



LUMINA

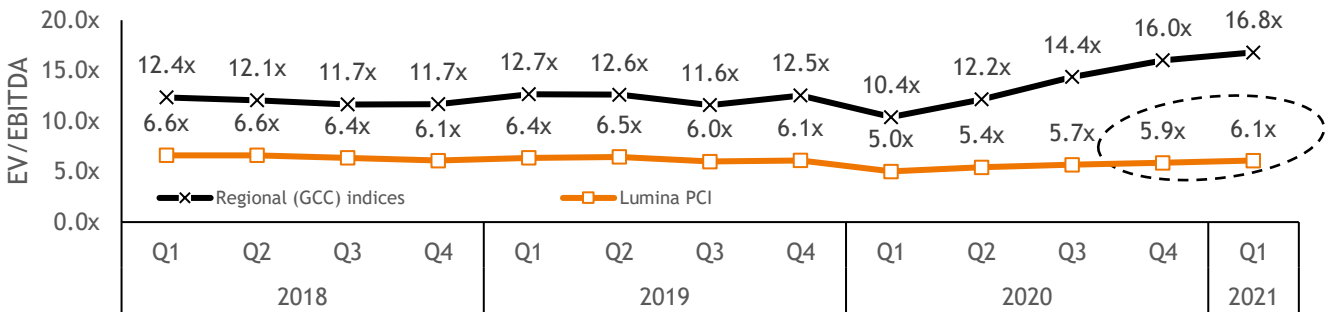
LPCI

Q1 2021

# LUMINA PRIVATE COMPANY INDEX (“LPCI”)

The first private company M&A index covering the GCC.

The LPCI tracks private company M&A transaction multiples across a broad range of sectors in the GCC. The index contains average pricing multiples\* from proprietary transactions on which LUMINA has advised, together with publicly available information on other private transactions in the market. The GCC Indices comprise average valuation multiples of the GCC public exchanges weighted by their respective market capitalisations.



Source: LUMINA transactions, Bloomberg

Note: \*Excludes Technology deals



## Regional trends

In Q1 2021 we saw the EV/EBITDA multiple further increase from 5.9x to 6.1x. This **upward trend** reflects Tadawul, ADX and DFM public market movements, where multiples increased from 16.0x to 16.8x.

Regional funds and family offices are seen to be much more actively looking at **new acquisitions** as they seek to **re-position their portfolios** for an expected growth period.

The recent closing of the first flour mills **privatization in KSA** shows that **deal making is firmly back in the region's largest market**. Demand for acquisitions reflects regional and international recognition of market opportunities.

Lumina's **recent hires** in KSA and the UK markets reflects our increasing cross-border deal confidence.



## Healthcare deals at attractive multiples

Amanat Holdings PJSC, a Dubai-based education and healthcare investment firm, acquired Cambridge Medical & Rehabilitation Center, a rehabilitation provider, for an enterprise value of USD 232mn. At an implied **EV/EBITDA, of 10.5x** the transaction provides a 4.6x (source: AnalyzeMarkets) return on capital to TVM Capital Healthcare and should provide further confidence on regional PE exits.

We expect **more healthcare deals** to close in the short term as Jadwa Investment is considering options for its stake in UEMedical, whereas NMC has started a process to explore options for its UAE and Oman operations. Other specialty healthcare services firms are also actively being pursued by regional strategics as they seek to **expand their services offerings across the value chain**.



## Popularity of private debt continues

In our previous quarter LPCI we identified the increasing popularity of **yielding convertible debt** financing instruments, driven by uncertainties in equity valuations of private companies. NBK Capital Partners' recent closing of a USD 300m Credit fund reflects the **confidence in the flexible capital solutions market**. With valuations rising, corporates are increasingly seen to be looking at mezzanine / hybrid deal structures as they bridge their growth capital requirements.

We believe that private debt / convertible structures **will remain popular as long as the valuation gap between buyers and sellers remains**, which we currently see happening as a result of disagreement on the Underlying EBITDA to base the valuation on as a result of pro-forma Covid-19 adjustments.

### CONTACTS:

George Traub  
Managing Partner  
[gtraub@lumina-advisers.com](mailto:gtraub@lumina-advisers.com)

Andrew Nichol  
Partner  
[anichol@lumina-advisers.com](mailto:anichol@lumina-advisers.com)