



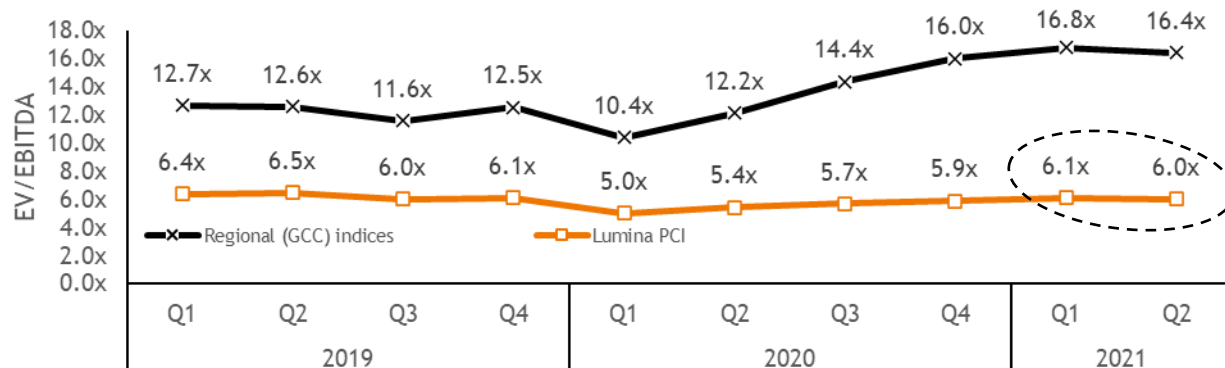
LUMINA

LPCI
Q2 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

The Q2 2021 LPCI remained flat at 6.0x reflecting consistent levels of deal activity. Public markets levelled off, after a strong Q12021, on the back of IPO activity particularly on the Tadawul.

We expect multiples to remain stable at this level, but with increased Q4 activity from regional family offices as they seek to reposition their investment portfolios with sustainability and impact investing firmly on the agenda.

Private equity continues to seek exits of equity positions and are emerging as key alternative providers of debt and flexible growth capital solutions to private companies.



Restructuring driving M&A

Restructurings in the GCC are fueling M&A in the construction, contracting, retail and hospitality sectors. The recent firming up of insolvency and bankruptcy laws are providing a more robust backdrop for orderly disposals and recapitalisations.

As a result, companies such as healthcare group NMC, family group Al Gosaibi and Arabtec, who submitted its bankruptcy petition to Dubai Court in March, are in the process of selling off assets including Arabtec Engineering Services, on which Lumina is appointed as lead adviser.



Financial institutions and Fintech

Banks and financial institutions are seeking to reach pragmatic solutions to balance sheet exposures and subsequently reposition for a strong recovery. This is evidenced by the recent merger of NCB and Samba to form the newly created Saudi National Bank with \$239bn in assets.

In addition, the recent rise of Fintech in the region continue to drive deal activity in the financial sector as these new companies challenge traditional banks and financial institutions due to their appeal to the younger, more tech savvy population.

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