

2022: a record year for MENA IPOs

EY IPO services have helped many companies across the MENA region on their IPO journey from going private to public.

MENA IPO Eye: Q4 2022 and year-end report
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About this report

EY MENA IPO Eye report is released every quarter and looks at the IPO markets, trends and outlook for the MENA region. The current report provides insights, facts and figures on the MENA IPO market during Q4 2022 and the year-end. You will find this report on the [EY IPO Eye resources](#) page on the website and you can subscribe to receive it every quarter. All values are US\$ unless otherwise noted.

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MENA IPO market

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MENA IPOs had a stellar 2022, with interest and liquidity in the region continuing to go against global trends.

The number of IPOs in Q4 2022 was the highest in number (20 IPOs); however, Q2 2022 raised the highest proceeds with the listing of DEWA on the DFM which raised a record US\$6.1b. 2023 will be the year to watch with a healthy IPO pipeline across the region against a backdrop of a challenging and volatile global economic environment.

Brad Watson

EY MENA Strategy and Transactions Leader



01

MENA IPO market

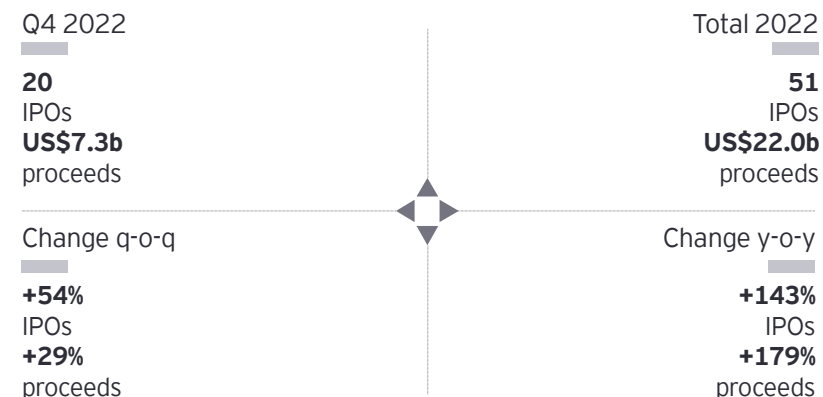


MENA IPO market summary: record IPO activity during Q4 2022 across MENA markets

Key highlights: IPOs

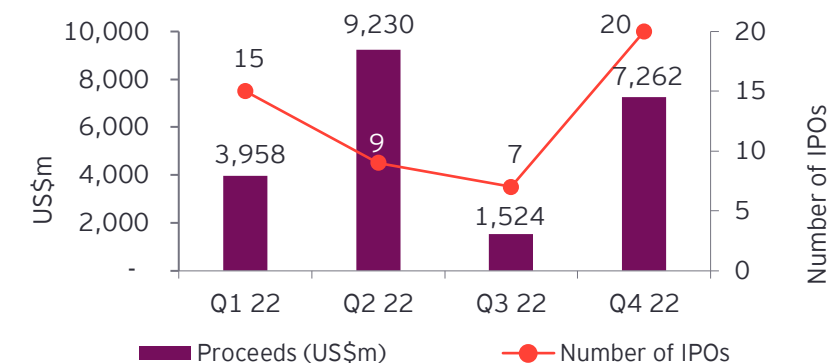
- ▶ MENA IPO markets saw 20 IPOs during Q4 2022 raising US\$7.3b in proceeds. This brings the total number of MENA IPOs during 2022 to a record number of 51 IPOs (2021: 21 IPOs), with total proceeds of US\$22.0b.
- ▶ Americana Restaurants International PLC (Americana) was a first-time dual offering and concurrent IPO on the Abu Dhabi Securities Exchange (ADX) and the Tadawul. In total, 30% of the equity was offered to raise US\$1.8b in total proceeds.
- ▶ Q4 2022 saw seven IPOs on the Tadawul Main Market with proceeds of US\$4.7b (including the dual listing and concurrent IPO of Americana). Saudi Arabia's largest IPO during Q4 2022 was Saudi Aramco Base Oil Company (Luberef) which raised US\$1.3b. Other IPOs on the Tadawul during this period included Arabian Drilling Company, Marafiq Power & Water Utility Co for Jubail & Yanbu, Riyadh Cables Group Company, Perfect Presentation For Commercial Service Company, and Al Saif Stores for Development & Investment Company.
- ▶ ADX welcomed three listings in the quarter, namely Americana, Burjeel Holdings PLC and Bayanat AI PLC which raised a combined total of US\$14b. In addition, there were two new listings on the Dubai Financial Market (DFM): Emirates Central Cooling Systems Corporation (Empower) (raising US\$724.1m) and Taaleem Holdings PSC in the education sector (raising US\$204.2m, 100% primary offering).
- ▶ Similar to Q3, Q4 2022 also saw some activity return to the wider MENA region, with the IPOs of Pearl REIF (raising US\$60.7m) on the Muscat Stock Exchange Akdital Holding S.A (raised US\$75.6m) on the Casablanca Stock Exchange and Assurances Maghreb Vie S.A (US\$14.6m raised) on the Tunis Stock Exchange.
- ▶ During Q4 2022, the Nomu-Parallel Market saw six IPOs raising US\$65.2m and two direct listings (Sure Global Tech Co and Edarat Co. for Communication & Information Technology) taking the total number to 13 for the whole year. Rayan Advanced Industrial Co. canceled its planned listing on the Nomu-Parallel market in December 2022 due to canceled subscriptions. In addition, Al Ranz also canceled its listing in consultation with its financial advisors.
- ▶ MENA IPO 2023 activity looks positive, with a number of companies announcing their listing plans across the region. Saudi Arabia started 2023 with the IPO of Leen Al Khair Trading Company, which began trading on the Nomu-Parallel Market on 1 January 2023. In addition, Nofoth Food Products Co completed its subscription in December 2022 for its Nomu-Parallel market listing in 2023. In Qatar, the direct listing of Damaan Islamic Insurance Company, "Beema," listed on the Qatar Stock Exchange (QSE) Main Market on 16 January 2023. Meeza also announced its intention to list in Q1 2023.

MENA IPO overview



Notes: Change q-o-q reflects Q4 2021 vs. Q4 2022

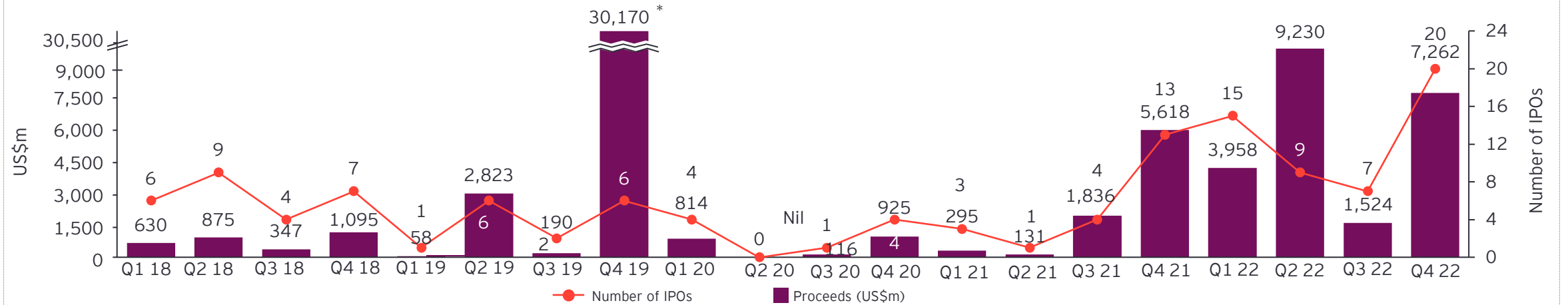
MENA IPO activity



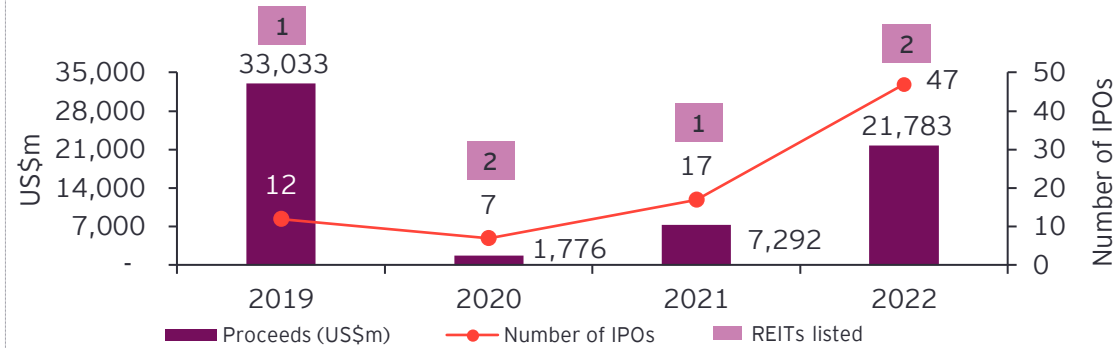
Source: Refinitiv Eikon, S&P Capital IQ.

MENA IPO market snapshot

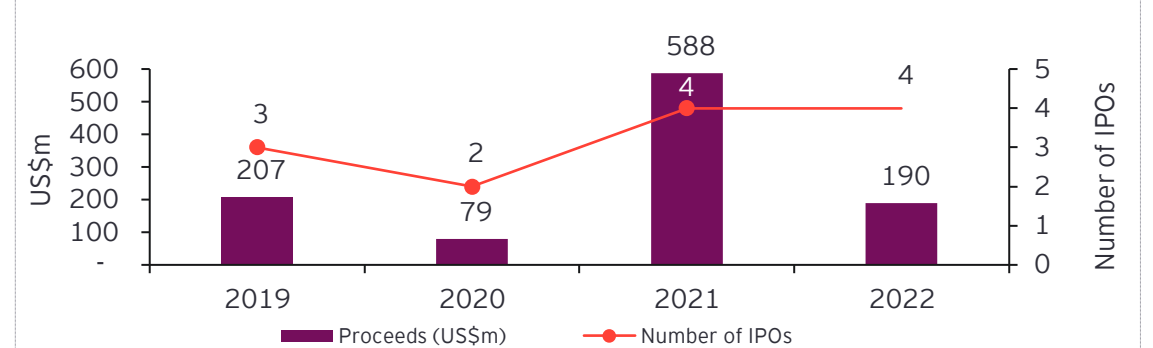
MENA IPO activity (Q1 2018 to Q4 2022)



GCC IPOs (2019-22)



Non-GCC IPOs (2019-22)



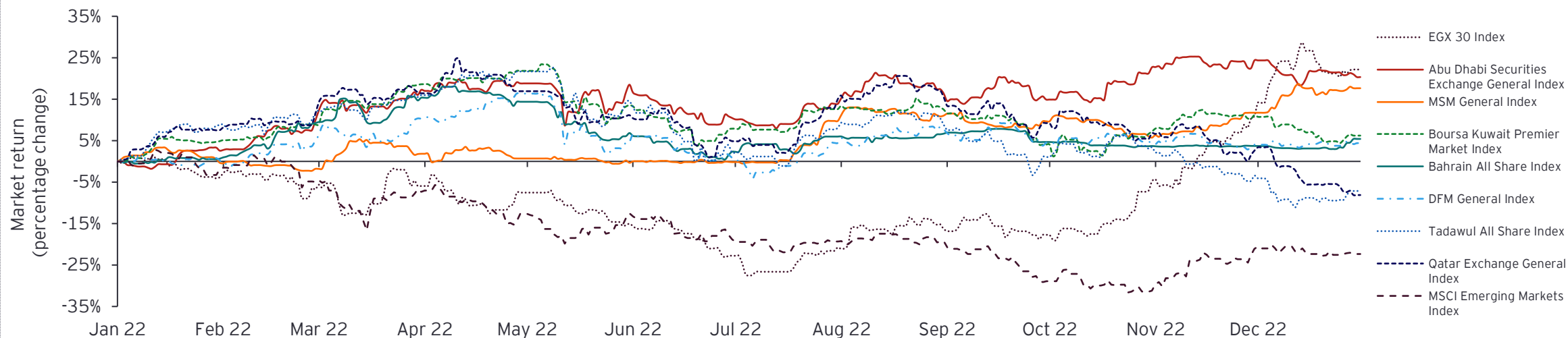
Notes: IPOs, including REIT listings, have been considered in each quarter based on the listing date.

*Saudi Aramco listing.

Sources: Refinitiv Eikon, S&P Capital IQ.

MENA equity markets

MENA exchanges performance



Source: Refinitiv Eikon.

MENA equity performances experienced volatility during the course of 2022 as a result of rising interest rates, inflation and geopolitical unrest which impacted investor sentiment.

At the end of 2022, 24 out of the 51 MENA IPOs had a negative return compared to their IPO price.

Following a deal with IMF, **EGX-30** crossed the 2022 finishing line achieving y-o-y gains of 22.2% reversing earlier losses to become the Middle East's best performer in 2022. Abu Dhabi also finished strongly with its General Index generating a return of 20.3% followed by the MSM General Index at 17.6%. Boursa Kuwait increased by 6.2% followed by the Bahrain All Share index which increased by 5.5% and the DFM General Index was up at 4.4% for the year.

The Tadawul ended 2022 marking its first annual loss at 7.1% in seven years despite hitting its highest level in nearly 17 years in May 2022. Qatar Stock Exchange (QSE) also ended at a loss with an 8.1% decrease by the end of 2022.

Notes:

The US\$/EGP exchange rate has changed from 15.76 as of 1 January 2022 to 24.76 as of 31 December 2022.

Most GCC countries, including Saudi Arabia, the United Arab Emirates and Qatar, have their currencies pegged to the US\$.

MENA IPO performance for 2022 listed companies

MENA IPO pricing and performance: Q1 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	First-day return	Share price performance percentage*	Sector	Exchange
5 Jan 2022	Jahez International Company for Information System Technology	426.8	226.0	11%	-18%	Consumer discretionary	Tadawul (Nomu)
6 Jan 2022	Advance International Company for Communication and Information Technology	11.7	29.3	30%^	-45%	Technology	Tadawul (Nomu)
18 Jan 2022	Alwasail Industrial Company	12.7	5.1	30%^	-4%	Industrials	Tadawul (Nomu)
7 Feb 2022	Gas Arabian Services Co.	19.0	24.0	17%	-35%	Industrials	Tadawul (Nomu)
10 Feb 2022	Macro Group Pharmaceuticals	82.7	0.3	-7%	-57%	Health care	EGX
14 Feb 2022	East Pipes Integrated Company	134.4	21.3	6%	-53%	Materials	Tadawul
16 Feb 2022	Elm Information Security Co.	819.2	34.1	30%^	159%	Technology	Tadawul
20 Feb 2022	Raoom Trading Co.	21.3	21.3	30%^	41%	Industrials	Tadawul (Nomu)
27 Feb 2022	Barka Desalination Company	11.4	0.4	4%	-5%	Utilities	MSX
28 Feb 2022	Scientific & Medical Equipment House LLC	83.2	13.9	30%^	17%	Health care	Tadawul
2 Mar 2022	Al Jouf Healthy Water Bottling Co.	5.8	9.3	30%^	11%	Consumer staples	Tadawul (Nomu)
3 Mar 2022	Arabian International Healthcare Holding Co.	110.7	21.9	-4%	-55%	Health care	Tadawul (Nomu)
14 Mar 2022	Aldawaa Medical Services Co.	502.6	19.5	8%	-2%	Consumer staples	Tadawul
22 Mar 2022	Al Nahdi Medical Company	1,379.4	34.9	15%	27%	Consumer staples	Tadawul
29 Mar 2022	Al Masane Al Kobra Mining Company	336.8	16.8	30%^	14%	Materials	Tadawul

*Share price performance calculation: IPO price as compared with the closing price on 31 Dec 2022. + or - indicates change compared with the offer price at IPO. ^Indicates maximum daily price fluctuation limit was reached.
Sources: Refinitiv Eikon, S&P Capital IQ, stock exchange disclosures.

MENA IPO performance for 2022 listed companies

MENA IPO pricing and performance: Q2 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	First-day return	Share price performance percentage*	Sector	Exchange
12 Apr 2022	Dubai Electricity and Water Authority PJSC	6,076.9	0.7	16%	-6%	Utilities	DFM
20 Apr 2022	Saudi Home Loans Co.	159.9	5.3	30%^	2%	Banks	Tadawul
27 May 2022	ADC Acquisition Corp PJSC SPAC	99.9	2.7	9%	20%	Investment holding companies	ADX
3 Jun 2022	Borouge plc	2,005.2	0.7	22%	3%	Chemicals	ADX
12 Jun 2022	Arabian Food & Dairy Factories Co. (FADECO)	5.3	18.9	30%^	28%	Food and beverages	Tadawul (Nomu)
14 Jun 2022	Ladun Investment Co.	24.0	4.8	-6%	-12%	Real estate	Tadawul (Nomu)
16 Jun 2022	Amwaj International Co.	11.5	19.2	30%^	50%	Retailing	Tadawul (Nomu)
27 Jun 2022	Retal Urban Development Co.	383.9	32.0	1%	3%	Real estate	Tadawul
5 Jul 2022	TECOM Group	463.0	0.7	-9%	-16%	Real estate	DFM

*Share price performance calculation: IPO price as compared with the closing price on 31 Dec 2022. + or - indicates change compared with the offer price at IPO. ^Indicates maximum daily price fluctuation limit was reached.
Sources: Refinitiv Eikon, S&P Capital IQ, stock exchange disclosures.

MENA IPO performance for 2022 listed companies

MENA IPO pricing and performance: Q3 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	First-day return	Share price performance percentage*	Sector	Exchange
20 Jul 2022	Disty Technologies S.A	16.9	28.0	-11%	-28%	Retailers	Casablanca SE
9 Aug 2022	Alamar Foods Company	325.9	30.7	6%	20%	Consumer services	Tadawul
15 Aug 2022	Naqi Water Company	110.2	18.4	26%	-5%	Food and beverages	Tadawul
17 Aug 2022	Saudi Networkers Services Co.	28.4	18.9	-1%	-30%	Software and services	Tadawul (Nomu)
22 Aug 2022	International Human Resources Co.	4.5	9.1	30%^	65%	Commercial and professional services	Tadawul (Nomu)
7 Sep 2022	Naba Alsaha Medical Services Company	21.3	15.2	-8%	-25%	Health care equipment and services	Tadawul (Nomu)
29 Sep 2022	Salik Company PJSC	1,017.0	0.5	11%	24%	Transportation	DFM

*Share price performance calculation: IPO price as compared with the closing price on 31 Dec 2022. + or - indicates change compared with the offer price at IPO. ^Indicates maximum daily price fluctuation limit was reached.
Sources: Refinitiv Eikon, S&P Capital IQ, stock exchange disclosures.

MENA IPO performance for 2022 listed companies

MENA IPO pricing and performance: Q4 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	First-day return	Share price performance percentage*	Sector	Exchange	
5 Oct 2022	Arabian Plastic Industrial Co.	7.2	7.2	30%^	5%	Materials	Tadawul (Nomu)	
10 Oct 2022	Burjeel Holdings PLC	299.9	0.5	15%	14%	Healthcare Services & Equipment	ADX	
18 Oct 2022	Al Babtain Food (Abdulaziz and Mansour Ibrahim Albabtin Co.)	11.1	20.5	-17%	-35%	Food and beverages	Tadawul (Nomu)	
31 Oct 2022	Bayanat Al PLC	171.1	0.3	281%	356%	Industrial and commercial services	ADX	
7 Nov 2022	Arabian Drilling Co.	710.6	26.6	23%	13%	Energy	Tadawul	
14 Nov 2022	Pearl REIF	60.7	0.3	4%	3%	Real estate	MSX	
15 Nov 2022	Emirates Central Cooling Systems Corporation (Empower)	724.1	0.4	3%	8%	Industrial goods	DFM	
16 Nov 2022	Perfect Presentation For Commercial Service Co.	221.7	49.3	2%	-5%	Software and services	Tadawul	
17 Nov 2022	Knowledge Tower Trading Co.	3.7	10.6	30%^	50%	Retailing	Tadawul (Nomu)	
23 Nov 2022	Marafiq Power & Water Utility Co. for Jubail & Yanbu	894.7	12.2	3%	2%	Utilities	Tadawul	
29 Nov 2022	Taaleem Holdings PSC	204.2	0.8	-15%	-13%	Education	DFM	
30 Nov 2022	Al Waha REIT	8.6	2.7	1%	6%	REIT fund	Tadawul (Nomu)	
12 Dec 2022	Americana Restaurants International PLC	Dual listing**	901.3	0.7	2%	14%	Consumer services	ADX
12 Dec 2022	Americana Restaurants International PLC	Dual listing**	901.3	0.7	8%	13%	Consumer services	Tadawul
14 Dec 2022	Akdital Holding S.A	75.6	28.3	2%	-7%	Healthcare Services & Equipment	Casablanca SE	
19 Dec 2022	Riyadh Cables Group Co.	377.6	11.4	-12%	-16%	Capital goods	Tadawul	
20 Dec 2022	Molan Steel Co.	3.4	6.4	30%^	33%	Materials	Tadawul (Nomu)	
22 Dec 2022	Saudi Top Plastic Trading Co.	31.1	35.4	-11%	-15%	Materials	Tadawul (Nomu)	
23 Dec 2022	Assurances Maghreb Vie S.A	14.6	2.0	3%	3%	Insurance	Tunis SE	
27 Dec 2022	Al Saif Stores for Development & Investment Co.	321.2	30.6	-15%	-21%	Retailing	Tadawul	
28 Dec 2022	Saudi Aramco Base Oil Company (Luberef)	1,317.9	26.3	-4%	-6%	Materials	Tadawul	

Notes: All data as of 31 December 2022.

1. + or - indicates change compared with the offer price at IPO.

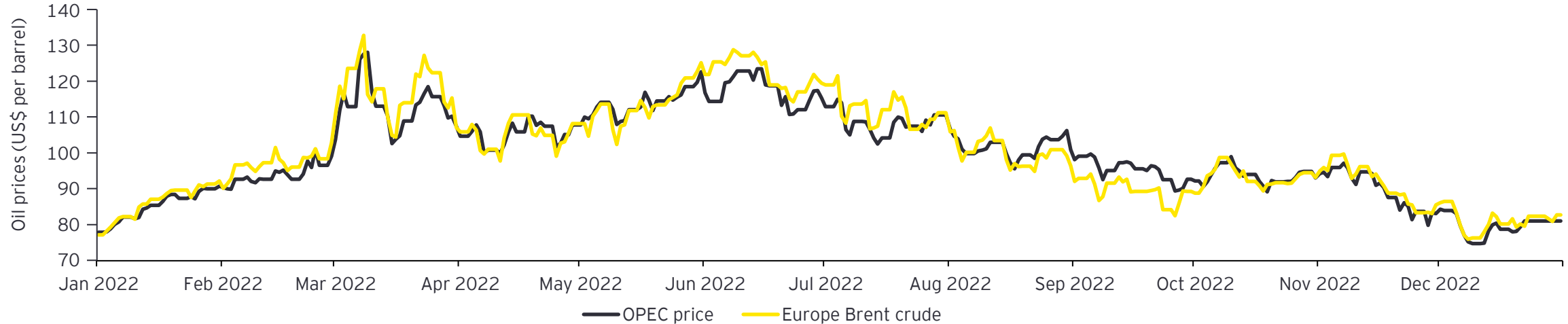
2. Share price performance measured by IPO price – 31 Dec 2022. ^Indicates maximum daily price fluctuation limit was reached.

Source: Refinitiv Eikon, S&P Capital IQ, stock exchange disclosures.

** Dual listing: Americana Restaurants International PLC total IPO proceeds equally split between ADX and Tadawul.

MENA oil price performance: increased oil prices bode well for producers in MENA economies

OPEC and Brent oil price



Source: Organization of the Petroleum Exporting Countries (OPEC) and Energy Information Association (EIA).

In Q4 2022, the oil market narrative continued to be dominated by the potential for a global recession triggered by central bank policies to fight inflation and speculation as to when interest rates might level-off or even fall. There are some market signals in sight that indicate stability. While policy statements continue to be hawkish, the two-year yield of US Treasury securities was essentially unchanged during the quarter, beginning at 4.22% and ending at 4.41%. Inflation metrics across the board have begun to ease. Brent spot market prices fell from US\$88.90 pb to US\$82.82 pb in contrast to a US\$23 pb decrease in Q3 2022. Oil and other commodity prices tend to be a leading indicator of economic turning points and by historical standards, the market moves so far don't indicate a dramatic slowdown in economic activity. The relaxation of COVID-19 pandemic restrictions and expectations of economic recovery is another tailwind in the market.

The market continues to offer superior returns to oil producers. So far, outside of state-owned oil companies, there is no indication of a burst of capital investment to take advantage of those returns. Capital market pressure to put returns over production growth and to reduce public companies' carbon footprint has led to much more conservative exploration and development plans than would be expected, given the history of previous cycles. All of these forces point to growing opportunities for MENA producers.

Source: Secondary research.

Source: EY Price Point: global oil and gas market outlook Q4 2022.

MENA IPO market

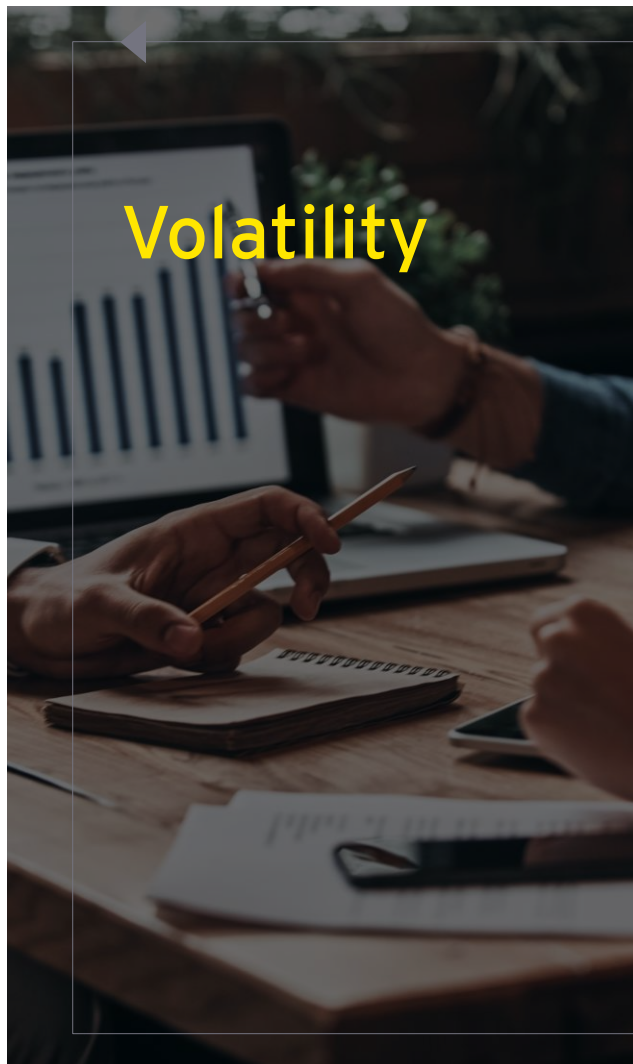
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The year 2022 marked a record year for MENA IPOs with a y-o-y growth of 179% in total proceeds raised from both state-owned and private companies. The region is coming together with the recent first-time regional dual listing and concurrent IPO of Americana Restaurants on the ADX and Tadawul, and announced collaborations with regional and international exchanges, as well as a unified set of ESG Disclosure Metrics by the GCC Exchanges Committee. The question remains whether the global economic outlook and lower GDP forecasts for the MENA region will impact expected listings for 2023 despite the pipeline of large government-backed and private company IPOs.

Gregory Hughes

EY MENA IPO Leader

Key factors to consider for IPO candidates



Volatility

Inflation and interest rates

Government policies and regulations

Recovery of economic activities

Geopolitical tensions or situations

ESG agenda

The COVID-19 pandemic

IPO candidates looking to go public will need to be well-prepared

- ▶ Demonstrate resilience with innovative business models, agility in navigating supply chain constraints and macroeconomic challenges, strong working capital management, and adapting to new ways of doing business post-COVID-19 pandemic.
- ▶ Be realistic and flexible about a lower valuation, given the poor post-IPO share price performance and increasing interest rates, and be well-prepared to seize on the windows of opportunity when they open.
- ▶ Conduct extensive pre-marketing and pre-IPO funding, complete with cornerstone investors, to mitigate uncertainty and improve pricing leverage.
- ▶ Consider the impact of geopolitical risks, macroeconomic factors (inflation and interest rates) and a changing regulatory environment (stock exchange reforms, securities regulations and environment, social and governance (ESG) requirements).
- ▶ Be able to clearly articulate an embedded ESG strategy and culture, from climate change mitigation initiatives to promoting board and management diversity.
- ▶ Consider all options, from alternative IPO process (direct listing or de-SPAC merger) to other financing methods (private capital, debt or trade sale).



IPO readiness assessment: how we help companies prepare for an IPO

Are you prepared?

Once you have decided to go public, you will need to map out all the necessary steps. **Advance preparation and planning are critical.** Unpredictable IPO markets make dual tracking, IPO readiness and internal preparation more important than ever. Be ready to kick-start execution when the IPO window of opportunity opens. Getting IPO ready in the correct way means **implementing change throughout the business, organization and corporate culture.** As a public company, you will be subject to increased filing requirements, transparency, compliance, scrutiny by investors and analysts, and overall accountability for delivering on promises.

To start the IPO planning and preparation process “on the right foot,” EY IPO readiness assessment can be used. It is a **structured approach designed to guide the company through a successful IPO transaction** to a strong debut in the IPO market. Successful businesses typically start to prepare 12 to 24 months before the IPO – in many cases, with an IPO readiness assessment.

What are the objectives and values of the EY IPO readiness assessment?

It is designed to guide your company through a **successful transformation from private to public status.** Executives also want to understand more of the “measures that matter” – what it takes to win in the capital markets. Typical objectives are:

- ▶ Define an IPO base case that would become important information for the assessment.
- ▶ Identify the IPO readiness gaps and assess the efforts required to get ready.
- ▶ Train the key people on IPO leading practices and regulatory requirements.
- ▶ Prioritize the gaps in an IPO roadmap.

Companies that have completed a successful IPO know that the process is truly a metamorphosis – a series of planned, pervasive changes undertaken to achieve long-term objectives.

Start your IPO journey with an EY IPO readiness assessment.

EY integrated assessment and program management of IPO readiness modules are tailored to suit each company's needs as it seeks to prepare the organization for a public listing event in the future. The core modules to consider are illustrated below.

1 Strategy

- ▶ IPO equity story
- ▶ IPO destination
- ▶ Issue concept

2 Structures

- ▶ Issuing company
- ▶ Group structure
- ▶ Governance and legal

3 Taxes

- ▶ Company level
- ▶ Shareholder level
- ▶ Transaction level

8 Timeline

- ▶ IPO timeline and regulatory approval
- ▶ Plan B options
- ▶ Project management and resources

**EY IPO
readiness
assessment**

4 Financial

- ▶ External and internal reporting
- ▶ Business plan and forecasting
- ▶ Prospectus
- ▶ Non-financial metrics

7 Leadership

- ▶ C-suite
- ▶ Board of directors
- ▶ Subcommittees
- ▶ Remuneration

6 Functions

- ▶ Investor relations
- ▶ Compliance
- ▶ Legal
- ▶ HR
- ▶ Sustainability
- ▶ CSR
- ▶ HSE

5 Systems

- ▶ Internal controls and audit
- ▶ Enterprise risk
- ▶ Compliance management
- ▶ IT security



02

GCC market
highlights



GCC capital market highlights: Saudi Arabia and the UAE continue to lead IPO activity

Saudi Arabia

- ▶ The IPO pipeline for 2023 and beyond looks positive with several companies announcing their intention to list. Governments and private companies are keen to sell equity while there is strong interest in the region.
- ▶ After the record growth in 2022, Saudi Arabia's GDP growth is forecast to slow down to between 3% to 4% in 2023. The government approved a US\$296b budget for 2023 after high oil prices boosted revenue in 2022, leading to the first fiscal surplus since 2013 of US\$27b. Saudi Arabia raised its fiscal surplus estimates for 2023, reflecting the Kingdom's confidence in its economic reform program.
- ▶ Saudi Arabia's Public Investment Fund (PIF) recently maintained the sixth spot in the list of top sovereign wealth funds in the world and is currently leading the economic diversification journey in the Kingdom with assets worth US\$607.4b* and a vision to continue listing its portfolio companies is expected to continue supporting the Saudi IPO activity in 2023.
- ▶ The Saudi Exchange, Muscat Stock Exchange (MSX), Edaa and Muscat Clearing signed agreements to allow companies to cross-list on both Saudi and Omani Exchanges.
- ▶ The Boursa Kuwait has signed a Memorandum of Understanding (MoU) with the Saudi Exchange that aims to continue to build on the partnership and form the basis of cooperation between the two stock exchange operators. The initiative is aimed at exploring collaboration opportunities in financial technology (FinTech), products, and developing sustainability, including ESG reporting and implementation, organizing mutual events, investor relations initiatives and cross-listing of companies on both exchanges.

UAE

- ▶ Despite global challenges, the strong growth for the non-oil sector will ensure that the UAE remains resilient.
- ▶ In 2022, the Dubai government listed five of the 10 committed government and state-owned companies on the DFM. In Abu Dhabi, ADNOC is preparing to list more of its subsidiaries including its logistics and gas units.

Sources: Refinitiv Eikon, Bloomberg, Reuters, Stock exchange announcements and other secondary research.

Source: *Sovereign Wealth Fund Institute (SWFINstitute.org)

GCC capital market highlights: Saudi Arabia and the UAE continue to lead IPO activity

Qatar

- ▶ Qatar approved its 2023 fiscal year budget with revenue estimated to increase 16.3%, Qatar's finance minister attributed the growth to a continued rising average oil prices.
- ▶ Qatar's economy will continue to expand at a healthy pace, although real GDP growth is expected to slow from approximately 5.5% in 2022 to approximately 3.7% in 2023. The economy has witnessed major growth over the past year in light of the large demand for liquified natural gas (LNG). The demand for Qatari gas coupled with the hosting of the 2022 FIFA World Cup reflected positively on the economy in 2022.

Kuwait

- ▶ Kuwait's newly-elected parliament approved the Gulf state's budget for 2022-23. The budget, which had been delayed by the elections in September 2022, includes spending of KWD23.5b, revenues of KWD23.4b and a deficit of KWD124m.
- ▶ The Bursa Kuwait is expecting more firms to list soon, several family-owned businesses expressed an interest in 2022, given the strong interest in the region.

Oman and Bahrain

- ▶ Oman's economy is expected to grow by 5.5% in 2023 as compared to the estimated 5.0% growth in 2022, mainly due to an increase in oil and gas production, according to the estimates released by the Ministry of Finance.
- ▶ A trio of IPOs linked to subsidiaries and affiliates of Oman Investment Authority (OIA) is expected to help energize the MSX during 2023. Some of the candidates include Abraj Energy, OQ Gas Networks and Majis Industrial.

Sources: Refinitiv Eikon, Bloomberg, Reuters, Stock exchange announcements and other secondary research.



03

Non-GCC market
highlights

Non-GCC capital market highlights: Egypt could witness the resurrection of the state-owned IPO program in 2023

Egypt

EGX performance during 2022

- ▶ Despite a lower number of IPOs and trading volumes compared to the GCC markets, gains on the EGX outperformed the largest GCC markets (Tadawul and ADX) by achieving a yearly gain of 22.2%. This was attributed to several factors including:
 - ▶ Signing the International Monetary Fund (IMF) loan agreement accompanied with the central bank support to allow lenders greater flexibility in currency trading.
 - ▶ The government announced its planned exit from some of the economic activities and increasing reliance on the private sector.
 - ▶ The EGX was used as a hedging tool against fluctuations in the prices of consumer products.
 - ▶ The appointment of new heads both at the Central Bank of Egypt and the capital market.
- ▶ Capital increases either through cash or free shares were the highest since 2016. Total capital increases in FY22 were EGP30.2b compared to EGP18.4b in FY21.

EGX IPO outlook in 2023

- ▶ The long-awaited state-owned IPO program that was first announced in 2017 is expected to be resumed in 2023.
- ▶ Companies that are expected to be listed: Banque du Caire, Alex Bank, Egyptian Linear Alkyl Benzene (E-LAB), Egyptian Drilling Company, Misr Life Insurance, Enppi, Assiut Oil Refining Company, MEDOR, Egyptian Ethylene and Derivatives Company (ETHYDCO), Methanex and Wadi for Fertilizers and Phosphate Industries Company.

Other Non-GCC

- ▶ In 2022, there were three IPOs in other non-GCC countries. They include Assurances Magherbia Vie SA from Tunisia and Akdital Holding S.A and Ditsy Technologies SA from Morocco, which raised a total of US\$107.1m in proceeds.

Sources: Refinitiv Eikon, Reuters, Stock exchange announcements and other secondary research.

Notes:

1. The US\$/EGP exchange rate has changed from 15.76 as of 1 January 2022 to 24.76 as of 31 December 2022.
2. Most GCC countries, including Saudi Arabia, the UAE and Qatar, have their currencies pegged to the US\$.



04

Global IPO market



Global IPO market

Investors are refocusing on business and economic fundamentals.

“

A record year for IPOs in 2021 gave way to increasing volatility from rising geopolitical tensions, inflation and aggressive interest rate hikes. Weakened stock markets, valuations and post-IPO performances have further deterred IPO investor sentiment. As the pipeline continues to build, many companies are waiting for the right time to revive their IPO plan. Still, with tightening market liquidity, investors are more risk-averse and favor companies that can demonstrate resilient business models in profitability and cash flows, while clearly articulating their ESG agendas.

Paul Go

EY Global IPO Leader

Q4 2022 IPO activity

Global	Q4 2022	Q4 2021	Percentage change
Number of IPOs	334	663	-50%
Proceeds (US\$b)	31.9	118.3	-73%
Americas	Q4 2022	Q4 2021	Percentage change
Number of IPOs	16	112	-86%
Proceeds (US\$b)	1.5	40.5	-96%
Asia-Pacific	Q4 2022	Q4 2021	Percentage change
Number of IPOs	229	332	-31%
Proceeds (US\$b)	19.3	46.7	-59%
EMEIA	Q4 2022	Q4 2021	Percentage change
Number of IPOs	89	219	-59%
Proceeds (US\$b)	11.1	31.1	-64%

Note: Q4 2022 refers to the fourth quarter of 2022 and covers completed IPOs from 1 October 2022 to 5 December 2022, plus expected IPOs by 31 December 2022 (forecasted as of 5 December 2022).

Sources: EY analysis, Dealogic.

The Q4 2022 global IPO market remained subdued, with 334 IPOs raising US\$31.9b, a y-o-y of 50% and 73% down by number and proceeds, respectively.

Q4 2022 is the lowest Q4 showing by number and proceeds for more than 10 years.

Despite the decline from last year, there are some bright spots in this quarter – Japan completed its largest IPO of the year and a slew of listings in Saudi Arabia.

EY Global IPO trends 2022

2022 IPO activity

Global	2022	2021	Percentage change
Number of IPOs	1,333	2,436	-45%
Proceeds (US\$b)	179.5	459.9	-61%
Americas	2022	2021	Percentage change
Number of IPOs	130	532	-76%
Proceeds (US\$b)	9.0	174.5	-95%
Asia-Pacific	2022	2021	Percentage change
Number of IPOs	845	1,148	-26%
Proceeds (US\$b)	120.6	175.4	-31%
EMEIA	2022	2021	Percentage change
Number of IPOs	358	756	-53%
Proceeds (US\$b)	49.9	110.0	-55%

The Americas IPO activity sank to a 13-year low by volume and a 20-year low by value after a record-breaking 2021, as markets were affected by volatility and policies undertaken to combat inflation.

Asia-Pacific markets performed relatively better due to record IPO proceeds raised in Mainland China and active IPO markets in Indonesia and Malaysia.

In EMEIA, Europe IPO proceeds were down 78%, affected by geopolitical turmoil; MENA was up 115% by proceeds as it benefited from the large energy and other IPOs completed, coupled with the initiative rolled out by the government's privatization plan.

EY Global IPO trends 2022

Note: 2022 refers to the full calendar year and covers completed IPOs from 1 January 2022 to 5 December 2022, plus expected IPOs by 31 December 2022 (forecasted as of 5 December 2022). Sources: EY analysis, Dealogic.

Global IPO market: a year in review



- ▶ IPOs have slowed to a crawl in 2022, with the number of deals down by 45% and proceeds dropping by 61% compared with a record-breaking year in 2021. But compared with pre-pandemic 2019, IPO numbers are up by 16% in 2022.
- ▶ Companies have been generally hesitant to come to the market with equity offerings, and the reset in corporate valuations has also discouraged companies from pursuing public listings.
- ▶ Financial sponsors have significantly reduced exit activities, including public listings this year. In 2022, financial-backed IPOs have shrunk to a 20-year low and accounted for only 5% of the total number of IPOs.
- ▶ Under this higher and increasing interest rate environment in 2022, investors are reallocating their portfolios to less risky assets. Company valuations were depressed due to interest rate increases and weak equity prices, which affected many companies' prospective IPO plans.
- ▶ The energy supply shock, pushed energy prices higher and another bout of inflation, with Europe being hit the hardest. This, however, also created a more favorable IPO window for the energy companies to go public, thus boosting IPO activities in the Middle East, China and some ASEAN countries.
- ▶ Geopolitically, US-China regulations and government policies, coupled with a slowdown in the US capital market, have significantly halted the flow of Chinese companies listing on the US exchanges. As a result, cross-border IPO activities are down by 61% from 2021.

Global IPO market: looking ahead to 2023

- ▶ As the global market has started to show signs of lower volatility, together with the general expectation that the interest rate hikes should slow down and end during 2023, more favorable conditions seem to be set in place for global IPO activities to regain greater momentum by H2 2023.
- ▶ A strong IPO pipeline has been built, and companies are waiting for the window to open. Industry-leading and iconic companies that investors “must own” in their portfolios should be well received in the market, and the successful blockbuster IPOs will be the icebreakers long anticipated by the market participants.
- ▶ Other than the government’s monetary policies, the stabilization of geopolitical tensions or conflicts, energy supplies and price easing may help to avert a global economic recession, which would otherwise be detrimental to companies’ earnings, stock market performance and therefore the window for IPO transactions.
- ▶ As many technology stocks have suffered a steep drop in valuation and share price over the last two years, investors now place greater focus on company fundamentals, profitability and positive cash flows over growth projections.
- ▶ Companies should be prepared to articulate their ESG strategies to investors. There is a positive correlation between companies’ post-IPO share price performance and the communication of their ESG strategies.
- ▶ Most special purpose acquisition companies (SPACs) listed since 2020 are fast approaching their two-year de-SPAC window where they either have to find a target to merge or return the IPO proceeds to investors. We expect the SPAC IPO market to return to its more normalized pre-2021 level.



2022 refers to the full calendar year and covers completed IPOs from 1 January 2022 to 5 December 2022, plus expected IPOs by 31 December 2022 (forecasted as of 5 December 2022). Sources: EY analysis, Dealogic.

SPAC IPOs remain low and are affected by the after-market performance

2022

All amounts in US\$

Global

Americas

2022 y-o-y 2022 y-o-y

155 IPOs ▼ 77% 85 IPOs ▼ 86%

US\$16.5b proceeds ▼ 90% US\$13.5b proceeds ▼ 92%

EMEA

Asia-Pacific

2022 y-o-y 2022 y-o-y

23 IPOs ▼ 48% 47 IPOs ▲ 124%

US\$1.8b proceeds ▼ 80% US\$1.2b proceeds ▲ 335%

SPAC IPOs: quarterly analysis

	Number			Proceeds (US\$b)		
	2022	2021	y-o-y	2022	2021	y-o-y
Q1	72	310	-77%	11.3	99.8	-89%
Q2	36	82	-56%	3.4	17.0	-80%
Q3	28	106	-74%	1.4	19.2	-93%
Q4	19	184	-90%	0.4	36.0	-99%
Total	155	682	-77%	16.5	172.0	-90%

There is a glut of SPACs yet to announce or complete a de-SPAC and face liquidation by the expiration period in the next six months. An increase in redemption, regulatory scrutiny and tightened market liquidity coupled with poor stock price performance have dampened investors' appetite and momentum during most of 2022.

2022 covers completed SPAC IPOs from 1 January 2022 to 5 December 2022. Q4 2022 refers to the fourth quarter of 2022 and covers completed IPOs from 1 October 2022 to 5 December 2022 Sources: EY analysis, Dealogic, SPACInsider.

Top SPAC IPO destinations by major geographies

Americas exchanges	SPAC IPO	Number		Proceeds US\$m	
	Stock exchange	2022	2021	2022	2021
	US NASDAQ	71	430	10,733	100,751
US NYSE	12	183	2,483	61,717	
Toronto (Main board and Venture)	2	4	253	286	
Total	85	617	13,469	162,754	

Asia-Pacific exchanges	SPAC IPO	Number		Proceeds US\$m	
	Stock exchange	2022	2021	2022	2021
	South Korea (KOSPI and KOSDAQ)	40	21	327	272
Hong Kong (HKEx)	4	0	512	0	
Singapore (SGX)	3	0	345	0	
Total	47	21	1,184	272	

EMEA exchanges	SPAC IPO	Number		Proceeds US\$m	
	Stock exchange	2022	2021	2022	2021
	London (Main and AIM)	14	9	721	385
Euronext (Amsterdam, Paris)	3	20	609	5,408	
Deutsche Börse	2	4	363	1,111	
Abu Dhabi (ADX)	1	0	100	0	
Czech Republic Prague (PSE)	1	0	23	0	
Sweden Spotlight	2	1	5	3	
NASDAQ OMX and First North (Stockholm, Helsinki)	0	6	0	1,154	
Others	0	4	0	866	
Total	23	44	1,821	8,927	

2022 covers completed SPAC IPOs from 1 January 2022 to 5 December 2022. Sources: EY analysis, Dealogic, SPACInsider.



05

Appendix

IPO activity per stock exchange

IPO activity per stock exchange

Stock exchange	IPOs Q4 2022	IPOs LTM ¹ Q4 2022	IPOs since 2018 ²
Tadawul-Main Market	7	17	46
Tadawul-Nomu	6	19	24
ADX	3	5	8
DFM	2	5	6
EGX	0	1	11
Boursa Kuwait	0	0	2
MSX	1	2	8
Bahrain SE	0	0	1
QSE	0	0	3
Casablanca SE	1	2	6
Tunis SE	1	1	3

Notes:

1. Last 12 months (LTM).
2. Up to 31 Dec 2022.

Sources: Refinitiv Eikon, S&P Capital IQ.



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About this report

EY MENA IPO Eye report is released every quarter and looks at the IPO markets, trends and outlook for the MENA region. The current report provides insights, facts and figures on the MENA IPO market during Q4 2022 and the year-end. You will find this report on the [EY IPO website](#) and you can subscribe to receive it every quarter.

All values are in US\$ unless otherwise stated.



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