

Kuwait Financial Centre K.P.S.C. "Markaz"

Kuwait M&A Report

2019-2021



Asset Management | Investment Banking

Kuwait M&A Report – 2019-2021

Transactions closed in Kuwait increased by 70% compared to 2020

April 2022

Research Highlights:

Provides a review of M&A transactions in the GCC region.

Markaz Research is available on:

Bloomberg - Type "MRKZ" <Go>
Thomson Research,
Reuters Knowledge
Nooz
Zawya Investor
ISI Emerging markets
Capital IQ
FactSet Research Connect
TheMarkets.com

Nouf Al Muraikhi

Asst. Analyst – Investment Banking
+965 2224 8000 Ext: 1187
nmuraikhi@markaz.com

Fay Al Bader

Analyst – Investment Banking
+965 2224 8000 Ext: 1160
fbader@markaz.com

Kuwait Financial Centre K.P.S.C. "Markaz"

P.O. Box 23444, Safat 13095, Kuwait
Tel: +965 2224 8000
Fax: +965 2242 5828
markaz.com

The Kuwaiti market enjoyed a healthy level of M&A activity throughout 2021, during which there was a total of 39 M&A transactions that closed targeting Kuwaiti companies. This implies a 70% growth in activity year over year and a 5% growth relative to 2019. Overall, Kuwaiti acquirers took the reigns on the deals, closing a total of 74 transactions, which accounts for 71% of the total number of transactions that closed, followed by other buyers, who accounted for 20% of these transactions, respectively. Other buyers comprise of transactions for which the buyer information was not available.

The transactions that closed involved companies that operate in various sectors. With that being said, the sectors that attracted the greatest level of activity between 2019-2021 were the Financials, Real Estate and Industrials sectors, who collectively accounted for 61% of the total number of closed transactions involving Kuwaiti targets.

Moreover, Kuwaiti acquirers also sealed 95 transactions throughout the past three years, 81 of which involved GCC companies (including Kuwait) while the remaining 14 targeted foreign companies. Kuwait acquirers demonstrated a specific interest in Egypt and the United Kingdom, in which they closed a total of four and three transactions, respectively.

Figure: M&A Transactions Closed - Kuwait Targets Only (by Buyer Country)

Country	2021	2020	2019	Total
China	0	0	1	1
Denmark	1	0	0	1
Egypt	1	0	0	1
France	1	0	0	1
India	1	0	0	1
Kuwait	23	19	32	74
Saudi Arabia	2	0	0	2
United Arab Emirates	0	2	0	2
Other*	10	6	5	21
Total	39	23	37	104

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Merger & Acquisition Deals

Transaction History (Closed) – Kuwaiti Buyers

M&A Transactions – Total Number of Acquisitions by Kuwait Acquirers

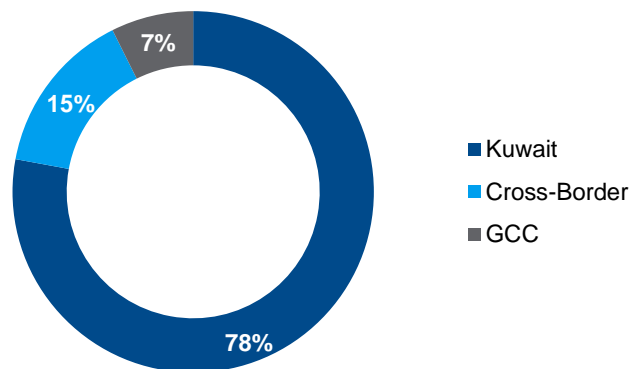
Country	2021	2020	2019	Total
Kuwait	23	19	32	74
GCC*	5	1	1	7
Cross-Border**	5	4	5	14
Total	33	24	38	95

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

*Note: Involves GCC countries other than Kuwait.

**Note: Cross-border transactions involve targets outside of the GCC.

M&A Transactions – Geographical Distribution by Number of Transactions (2019-2021)**



**Note: All GCC countries excluding Kuwait.

Key Takeaways

- Throughout 2019-2021, Kuwaiti acquirers sealed a total of 95 transactions, demonstrating a 38% growth year over year between 2020 and 2021 and a 13% decline in activity between 2019 and 2021.
- Moreover, Kuwaiti acquirers primarily acquired local companies and acquired companies based in other parts of the GCC as well as countries cross-border, to a lesser extent. This is evident as 78% of the transactions that Kuwaiti buyers closed throughout 2019-2021 involved Kuwaiti companies, followed by GCC and cross-border targets, at 15% and 7%, respectively.

GCC Merger & Acquisition Deals
Kuwaiti Buyers

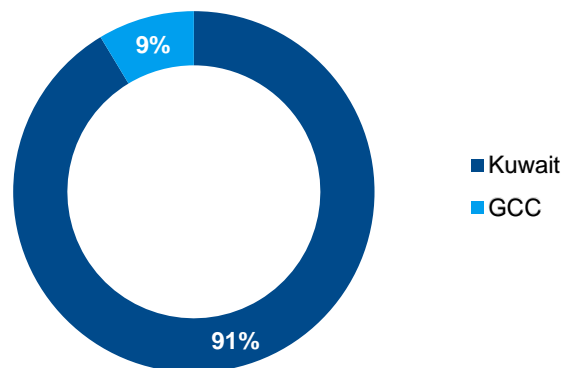
GCC Merger & Acquisition Deals

Transaction History (Closed) – Kuwaiti Buyers

GCC M&A Transactions – Number of Transactions by Target Country

Country	2021	2020	2019	Total
Bahrain	3	0	0	3
Kuwait	23	19	32	74
Oman	0	1	0	1
Qatar	0	0	0	0
Saudi Arabia	0	0	1	1
United Arab Emirates	2	0	0	2
Total	28	20	33	81

GCC M&A Transactions – Geographical Distribution by Number of Transactions (2019-2021)



Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

*Note: All GCC countries excluding Kuwait.

Key Takeaways

- Throughout 2019-2021, Kuwaiti acquirers sealed a total of 81 transactions involving GCC targets, demonstrating a 40% growth year over year between 2020 and 2021 and a 15% decline between 2019 and 2021.
- Investor confidence slowly grew as the uncertainty onset by the COVID-19 pandemic eased, as the total number of cases decreased, and as restrictions were uplifted. Although the market has not returned to historical M&A levels, it is evident a recovery is paving its way.
- Moreover, Kuwaiti acquirers primarily acquired local companies which is evident as 91% of the transactions closed involved Kuwaiti targets, whereas the remaining 9% involved companies in other GCC countries.
- With the exception of Qatar, Kuwaiti buyers closed at least one transaction involving companies throughout the GCC.

GCC Merger & Acquisition Deals

Top 5 Deals by Reported Value – Kuwaiti Buyers

GCC M&A Transactions – 2021

Target Company	Buyer	Target Country	Percent Sought	Deal Value (USDmn)	Status
AXA S.A. – Gulf Insurance Operations	Gulf Insurance Group	Multiple	100	475	Closed
Al Ansar United Real Estate Company	Al Futtouh Holding Company	Kuwait	45	161	Closed
Qurain Petrochemical Industries Company	Al Janah Holding Company	Kuwait	10	154	Closed
National Investments Company	Multiple	Kuwait	26	148	Closed
Heavy Engineering Industries & Shipbuilding Company	Gulf Cable & Electrical Industries Company	Kuwait	26	89	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Reuters, Markaz Analysis. These companies were selected based on available information.

**Note: Upon closing, Gulf Insurance Group (GIG) will own a total of 50% in AXA Cooperative Insurance Company; 18% will be acquired directly whereas 32% will be classified as an indirect investment as it is owned by AXA Gulf - Bahrain, which GIG will fully acquire. AXA Gulf has operations in Bahrain, Oman, Qatar and United Arab Emirates while AXA Cooperative Insurance Company and AXA Green Crescent Insurance Company are based in Saudi Arabia and UAE, respectively.*

Key Takeaways

- Gulf Insurance Group acquired AXA's insurance operations in the Gulf region for a total consideration of USD 475 million. As a part of this transaction, the group acquired the following: AXA Gulf (100%), AXA Cooperative Insurance Company (50%) and AXA Green Crescent Insurance Company (28%), from AXA and Yusuf Bin Ahmed Kanoo Group.*
- Al Futtouh Holding Company successfully acquired 45% of Al Ansar United Real Estate Company for a total consideration of USD 161 million; note, the target company is a subsidiary of Kuwait Projects Holding Company (KIPCO). It is worth noting that KIPCO intends to divest an additional 10% in the company however it has yet to finalize this transaction.
- Petrochemical Industries Company (PIC) divested 110 million shares in Qurain Petrochemical Industries Company (Qurain Petrochemical) equivalent to 10% of the company's share capital, for a total value of USD 154 million. PIC sold all shares to Al Janah Holding Company through an auction that concluded at USD 1.4 per share.
- Al Khair National for Stocks & Real Estate Group (Al Khair National) sold a 26% stake in National Investments Company (NIC) for a total consideration of USD 148 million, at an average of USD 0.7 per share. It is worth noting that Gulf Cable & Electrical Industries Company acquired approximately 14% of these shares, 205 million shares, for a total consideration of USD 79 million; the details regarding the remaining buyers have yet to be disclosed. As of year-end 2021, Al Khair National's total holdings in NIC stood at 38%.
- Gulf Cable & Electrical Industries Company successfully acquired 26% of Heavy Engineering Industries & Shipbuilding Company (HEISCO) for a total consideration of USD 89 million. HEISCO operates in the industrials sector, with a focus on construction and engineering.

GCC Merger & Acquisition Deals

Top 5 Deals by Reported Value – Kuwaiti Buyers

GCC M&A Transactions – 2020

Target Company	Buyer	Target Country	Percent Sought	Deal Value (USDmn)	Status
Kuwait Clearing Company	Bursa Kuwait Securities Company	Kuwait	13	39	Closed
Bursa Kuwait Securities Company	Gulf Cable & Electrical Industries Company	Kuwait	14	38	Closed
National Petroleum Services Company	Qurain Petrochemical Industries Company	Kuwait	9	35	Closed
Gulf Cable & Electrical Industries Company	Mirage Holding Limited Company	Kuwait	5	19	Closed
Al-Shifa Pharmaceutical Trading & Industries Company	Kuwait Saudi Pharmaceutical Industries Company	Kuwait	51	14	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Reuters, Markaz Analysis. These companies were selected based on available information.

Key Takeaways

- Arzan Financial Group divested a 13% stake in Kuwait Clearing Company to Bursa Kuwait Securities Company for a total transaction value of USD 39 million.
- Gulf Cable & Electrical Industries Company (Gulf Cable) has acquired a 14% stake (~29 million shares) in Bursa Kuwait for a total consideration of USD 38 million, at USD 1.3 per share. The firm purchased this stake from First Investment Company.
- Qurain Petrochemical Industries Company acquired an 9% stake, or ~9 million shares, in National Petroleum Services Company (NAPESCO) at USD 3.9 per share, for a total consideration of USD 35 million. With this additional stake, the firm has raised its total ownership share in NAPESCO to ~61%.
- Upon receiving an offer from Mirage Holding Limited, Al Khair Global for Buying & Selling Shares announced it sold a 5% stake, or 11 million shares, in Gulf Cable & Electrical Industries Company for USD 19 million, at USD 1.8 per share.
- Mezzan Holding Company announces it acquired a 51% stake in Al-Shifa Pharmaceutical Trading & Industries Company through its subsidiary Kuwait Saudi Pharmaceutical Industries Company, for a total transaction value of USD 14 million.

GCC Merger & Acquisition Deals

Top 5 Deals by Reported Value – Kuwaiti Buyers

GCC M&A Transactions – 2019

Target Company	Buyer	Target Country	Percent Sought	Deal Value (USDmn)	Status
Gulf Bank	Alghanim Trading Company	Kuwait	16	501	Closed
Jassim Transport & Stevedoring Company	Qurain Petrochemical Industries Company	Kuwait	60	138	Closed
Gulf Cable & Electrical Industries Company	Al Khair Global for Buying & Selling Shares	Kuwait	28	105	Closed
Quality Net General Trading & Contracting	Kuwait Telecommunications Company	Kuwait	100	93	Closed
Kuwait Saudi Pharmaceutical Industries Company	Mezzan Holding Company	Kuwait	67	65	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Reuters, Markaz Analysis. These companies were selected based on available information.

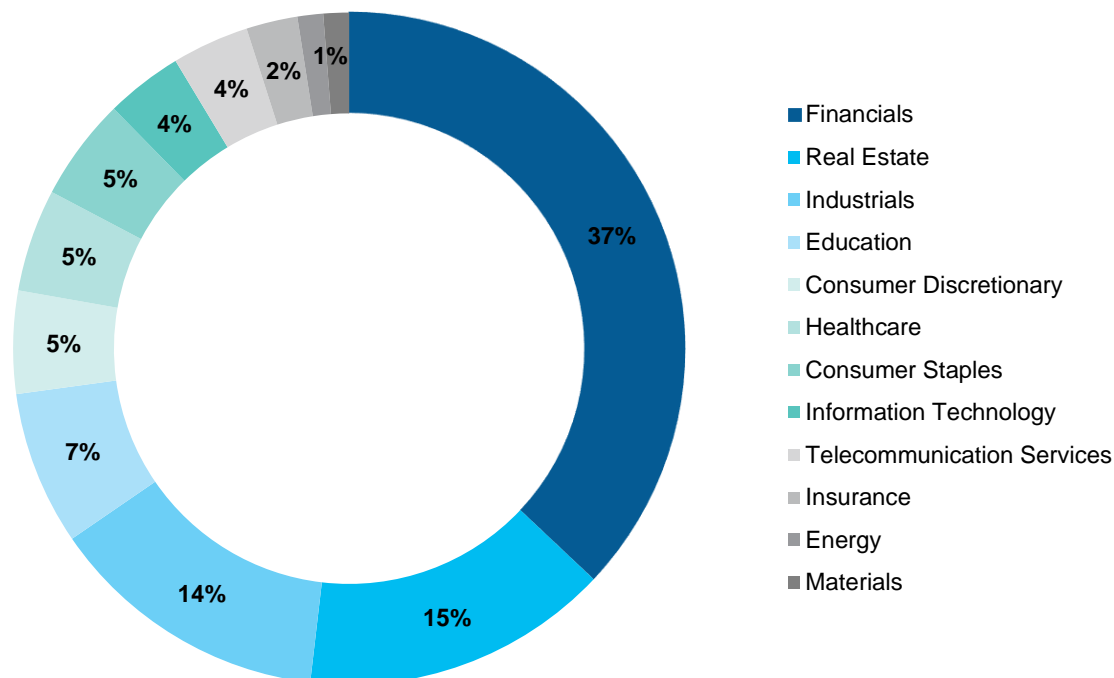
Key Takeaways

- Alghanim Trading Company acquired a 16% stake, or ~ 491 million shares of Gulf Bank for a total consideration of USD 501 million (USD + 1.0 per share) from Kuwait Investment Authority. Alghanim Trading Company raised its stake in Gulf Bank to ~ 33%.
- Qurain Petrochemical Industries Company (Qurain) acquired a 60% stake in Jassim Transport & Stevedoring Company for a total consideration of USD 138 million. Qurain financed 50% of the deal value through a credit facility that was secured from a local bank.
- Al Khair National for Stocks & Real Estate (Al Khair National) sold a 28% stake in Gulf Cable & Electrical Industries Company for a total consideration of USD 105 million, at USD 1.8 per share.
- Kuwait Telecommunications Company successfully acquired 100% of Quality Net General Trading & Contracting Company for a total consideration of USD 93 million from Bahrain Telecommunications Company and National Bank of Kuwait.
- Mezzan Holding Company has announced finalizing the acquisition of a 67% stake in Kuwait Saudi Pharmaceutical Industries Company (KSPICO) for a total transaction value of USD 65 million. KSPICO is a pharmaceutical company specializing in the development, manufacturing, and marketing of pharmaceutical products.

GCC Merger & Acquisition Deals

By Sector (Closed) – Kuwaiti Buyers

Sector-wise Classification of Deals – (2019-2021)



Key Takeaways

- Throughout the past three years, Kuwaiti acquirers primarily targeted companies within the Financials, Real Estate and Industrials sectors. Collectively, these transactions accounted for 66% of the total transactions closed by Kuwaiti buyers within the GCC.
- The sectors that attracted the least level of activity were the Insurance, Energy and Materials sectors, which each accounted for less than 2% of the total activity (closed) throughout 2019-2021.

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Cross Border Merger & Acquisition Deals*

Kuwaiti Buyers

*Note: Cross boarder refers to countries outside of the GCC.

Cross Border Merger & Acquisition Deals

Transaction History (Closed) – Kuwaiti Buyers

M&A Transactions – Number of Transactions

Country	2021	2020	2019	Total
Belgium	0	0	1	1
Egypt	1	2	1	4
India	0	0	1	1
Kenya	1	0	0	1
South Korea	0	0	1	1
Singapore	1	0	0	1
Spain	0	0	1	1
United Kingdom	2	1	0	3
United States	0	1	0	1
Total	5	4	5	14

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Key Takeaways

- Throughout 2019-2021. Kuwaiti acquirers engaged in a total of 14 cross-border transactions.
- Kuwait acquirers demonstrated a specific interest in Egypt and the United Kingdom, in which they closed a total of 4 and 3 transactions, respectively.
- Aside from Egypt and the United Kingdom, Kuwaiti acquirers closed a total of one transaction each within the remaining countries mentioned.

Cross Border Merger & Acquisition Deals

Top 5 Deals by Reported Value – Kuwaiti Buyers

Targets & Buyers – 2019-2021

Year	Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
2019	SKC Company Limited	South Korea	Petrochemical Industries Company	49	476	Closed
2020	Digital Colony Management L.L.C.	United States	Wafra Inc.	-	400	Closed
2020	Bank of London and the Middle East	United Kingdom	Boubyan Bank	43	158	Closed
2019	Uniply Industries Limited	India	Markab Capital	21	59	Closed
2021	Signon Aviation	Kenya	National Aviation Services	51	40	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

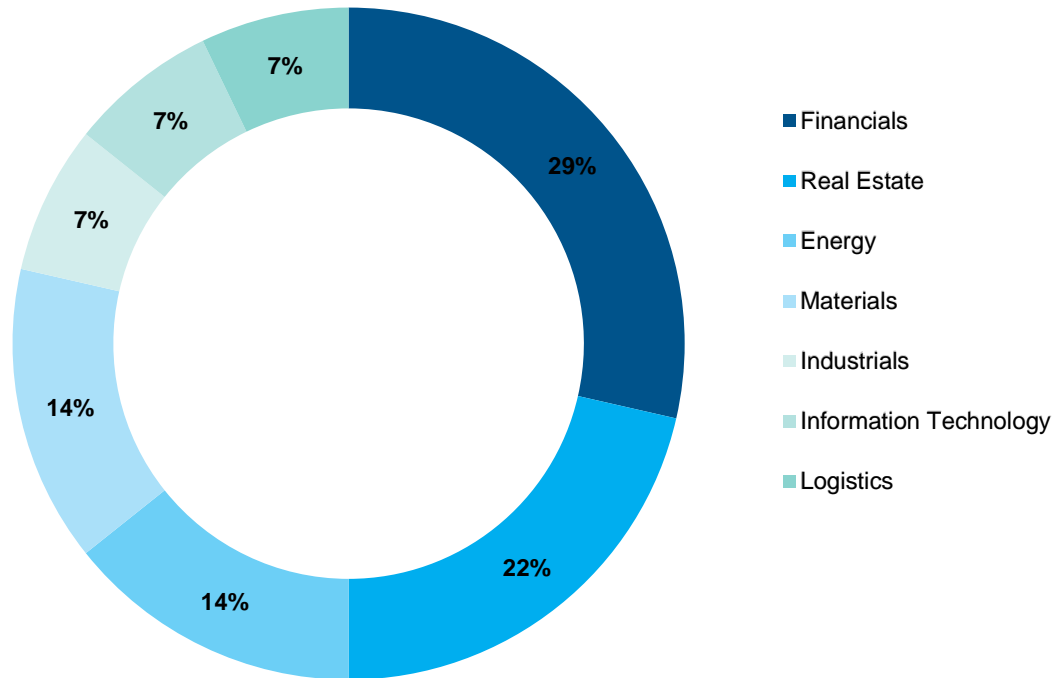
Key Takeaways

- Petrochemical Industries Company (PIC), a subsidiary of Kuwait Petroleum Corporation (KPC), acquired a 49% stake in South Korean SKC, a manufacturer and marketer of chemicals and film products for a reported USD 476 million.
- Wafra Inc, announces it acquired a minority stake in Digital Colony Management LLC, the digital investment management division of global investment firm Colony Capital, for USD 400 million. As part of the transaction, the New York-based investment firm will also make capital commitments to Digital Colony's current and future investment products for its growth and further expansion.
- Boubyan Bank successfully acquired a ~43% stake, or 73 million shares, of Bank of London and the Middle East Holdings (BLME) for a total consideration of USD 158 million. As such, Boubyan Bank raised its stake in BLME to +71%.
- Markab Capital, a middle east-focused multi-family office, has acquired a 21% stake in Uniply Industries Limited, a Chennai-based architectural, design and build turnkey solutions provider for a total consideration of USD 59 million.
- National Aviation Services (NAS) has successfully acquired a 51% stake in Signon Aviation, Kenya's largest aviation cargo management and ground handling company, for an enterprise value of USD 40 million. Under the terms of the agreement, NAS will manage the company's affairs, including its operations in Nairobi and Eldoret International Airports, two major African cargo hubs.

Cross Border Merger & Acquisition Deals

By Sector (Closed)

Sector-wise Classification of Deals – (2019-2021)



Key Takeaways

- Similar to their transactions within the GCC, Kuwaiti acquirers primarily targeted companies within the Financials and Real Estate sectors. Collectively, these transactions accounted for 51% of the total transactions closed by Kuwaiti buyers that involved foreign companies.
- The sectors that attracted the least level of activity were the Industrials, Information Technology and Logistics sectors, which each accounted for 7% of the total activity (closed) throughout 2019-2021.

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Merger & Acquisition Deals
Kuwaiti Targets

Merger & Acquisition Deals

Transaction History (Closed) – Kuwaiti Targets

GCC M&A Transactions – Number of Transactions (By Acquirer)

Country	2021	2020	2019	Total
China	0	0	1	1
Denmark	1	0	0	1
Egypt	1	0	0	1
France	1	0	0	1
India	1	0	0	1
Kuwait	23	19	32	74
Saudi Arabia	2	0	0	2
United Arab Emirates	0	2	0	2
Other*	10	6	5	21
Total	39	23	37	104

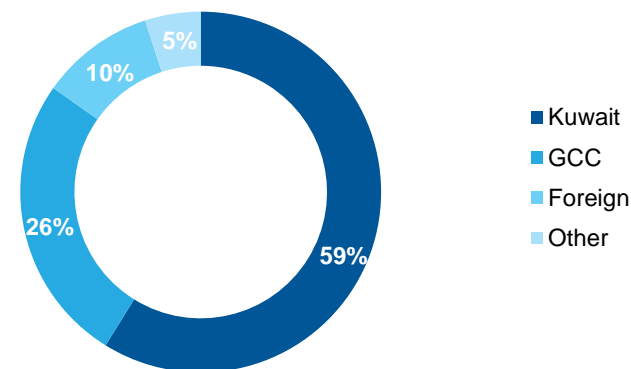
Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

*Other refers to deals where buyer information is not available.

Key Takeaways

- Throughout 2019-2021, there was a total of 104 closed transactions involving Kuwaiti targets.
- Kuwaiti and other buyers made up most of total acquirers at 59% and 26%, respectively. Foreign and GCC made up 10% and 5%, respectively.
- 2021 witnessed the highest number of closed transactions at 39, while 23 and 37 transactions were recorded during 2020 and 2019, respectively.
- Over the years 2020 and 2021 Kuwaiti acquirers saw a year over year growth of 21% in comparison to -28% between 2019 and 2021. It is evident COVID significantly impacted the level of M&A activity, demonstrated by the significant drop in the year 2020.

Geographical Distribution by Number of Transactions (2021)**

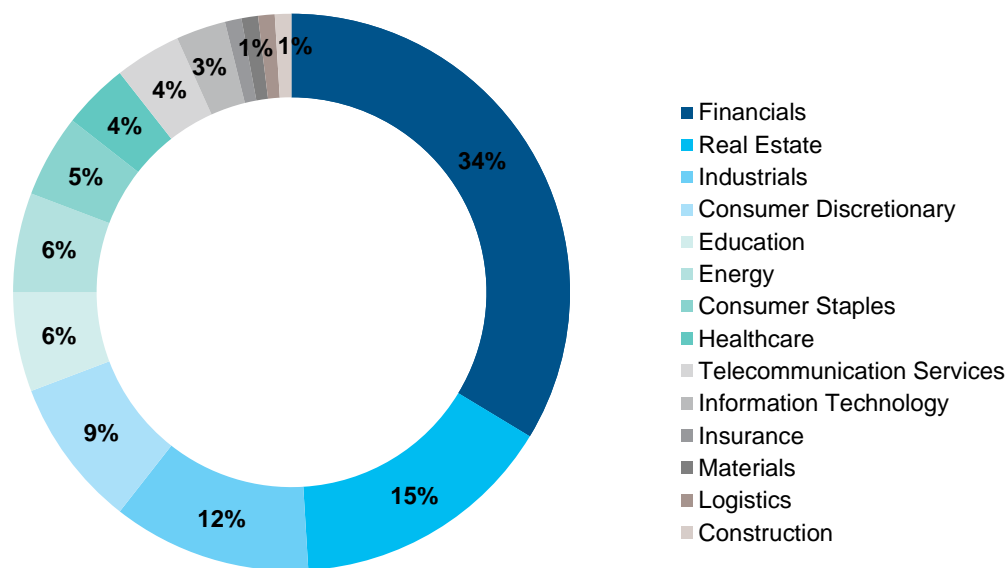


**Note: All GCC countries excluding Kuwait

Merger & Acquisition Deals

By Sector (Closed) – Kuwaiti Targets

Sector-wise Classification of Deals – 2019-2021



Key Takeaways

- 34% of closed transactions over the years 2019 to 2021 involved transactions in the Financials sector.
- Real Estate, Industrials, and Consumer Discretionary sectors made up 15%, 12%, and 9% of all closed transactions involving Kuwaiti targets.
- Insurance, Materials, Logistics, and Construction sectors accounted for the lowest number of closed transactions, each at 1% of total transactions closed.

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Merger & Acquisition Deals

Top 5 Deals by Reported Value (Closed) – Kuwaiti Targets

Targets & Buyers – 2019-2021

Year	Target Company	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)
2021	Agility's Global Integrated Logistics (GIL) business	DSV Panalpina A/S	Denmark	100	4,670
2019	Kuwait Energy PLC	United Energy Group Limited	China	100	477
2019	Schlumberger Limited - Middle East Onshore Drilling Business	Arabian Drilling Company	Saudi Arabia	100	415
2021	Advanced Technology Company	Qurain Petrochemical Industries Company	Kuwait	30	73
2019	Boursa Kuwait Securities Company	Multiple	Kuwait	44	65

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Reuters, Markaz Analysis. These companies were selected based on available information.

**Please note that the earlier slides have already highlighted the largest transactions between 2019-2021. As such, the table above includes the next largest transactions that were announced closed throughout the period.*

Key Takeaways

- DSV Panalpina A/S has successfully completed its 100% acquisition of Global Integrated Logistics from Agility for a total consideration of USD 4,670 million. With this acquisition it is expected that the combined entity of DSV and GIL will have around 75,000 employees in more than 90 countries.
- United Energy Group Limited successfully acquires 100% of Kuwait Energy PLC for USD 477 million. Kuwait Energy is an independent oil and gas company that specializes in exploration, appraisal, development and production of hydrocarbons.
- Arabian Drilling Company has acquired Schlumberger's offshore drilling platforms in the Middle East namely, Kuwait, Oman, Iraq, and Pakistan, for a total consideration of USD 415 million. The acquisition is expected to boost ADC's business by establishing a leading national company in the regional market to invest in drilling and maintaining oil barrels.
- Qurain Petrochemical Industries Company acquired a 30% in Advanced Technology Company for a total consideration of USD 73 million; through a set of special deals.
- National Investments Company, Arzan Financial Group for Financing and Investment, and First Investment Company along with Athens Stock Exchange as an international operator, have collectively acquired a strategic stake, amounting to 44%, in Boursa Kuwait for a total transaction value of USD 65 million.

Merger & Acquisition Deals

Top 5 Deals by Reported Value (Announced) – Kuwaiti Targets

Targets & Buyers – 2019-2021

Year	Target Company	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)
2021	E-Portal Holding Company	Kuwait Telecom Company	Kuwait	100	76
2021	Oilfield Service Lines - Action Energy Company	National Energy Services Reunited Corporation	United States	100	50
2021	Al Ansar United Real Estate Company	Al Futtouh Holding Company	Kuwait	10	35
2021	Gulf Development Real Estate Company	Salbookh Trading Company	Kuwait	100	9
2021	Al Suhood Holding Company	Noor Financial Investment Company	Kuwait	-	3

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Reuters, Markaz Analysis. These companies were selected based on available information.

Key Takeaways

- Kuwait Telecom Company has penned a binding agreement to acquire 100% of E-Portal Holding Company and its local subsidiaries for a total consideration of USD 76 million. Closing is subject to obtaining necessary regulatory approvals.
- National Energy Services Reunited Corporation (National Energy Services) announced that it has signed a preliminary agreement to acquire Action Energy Company W.L.L., one of Kuwait's leading indigenous oilfield services company, for a total consideration of approximately USD 50 million. Under the terms of this agreement, National Energy Services will pay USD 36 million at closing, and an additional USD 13 million, six months post-closing, subject to the satisfaction of certain conditions.
- Upon receiving approval from the board of directors, Kuwait Project Company (KIPCO) announced it will be divesting an additional 10% stake in Al-Ansar United Real Estate Company to Al Futtouh Holding Company for a total value of USD 35 million. It is worth noting that the company recently sold a 45% stake in the company for USD 161 million in 2021. If successful, KIPCO would reduce its total stake to 45%.
- Salbookh Trading Company announced it has signed an agreement to acquire 100% of Gulf Development Real Estate Company for a total consideration of USD 9 million.
- Noor Financial Investment Company announced it has signed an agreement with one its subsidiaries (currently under liquidation) to acquire 9.5 million shares in Al Suhood Holding for approximately USD 3 million.

Kuwait Financial Centre K.P.S.C. "Markaz"

P.O. Box 23444, Safat 13095

State of Kuwait

Tel: +965 2224 8000

Fax: +965 2242 5828

Email: advisory@markaz.com

www.markaz.com

المركز
MARKAZ