

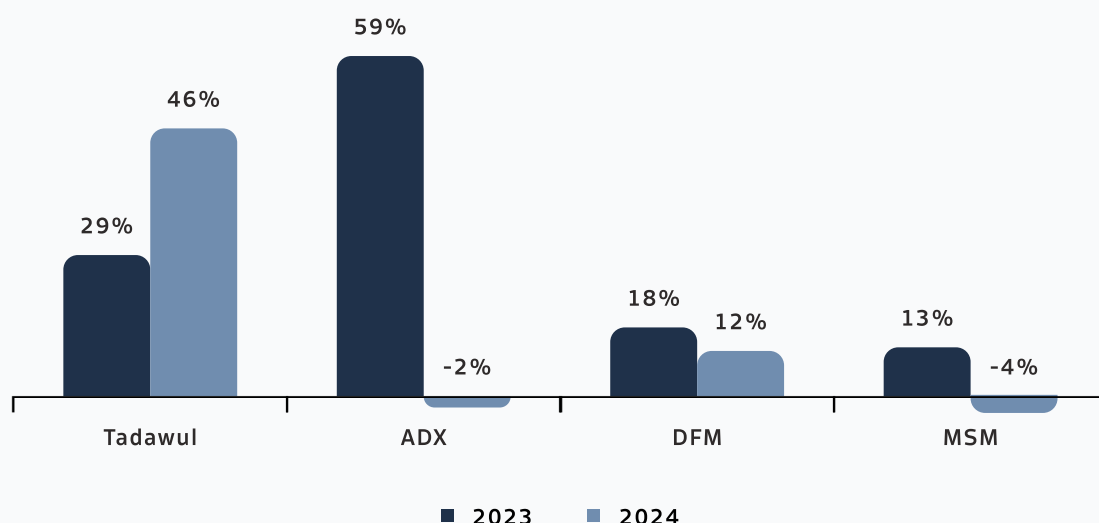
Insights

IPO boom continues – a “Shining Armor” in GCC Equities Investing

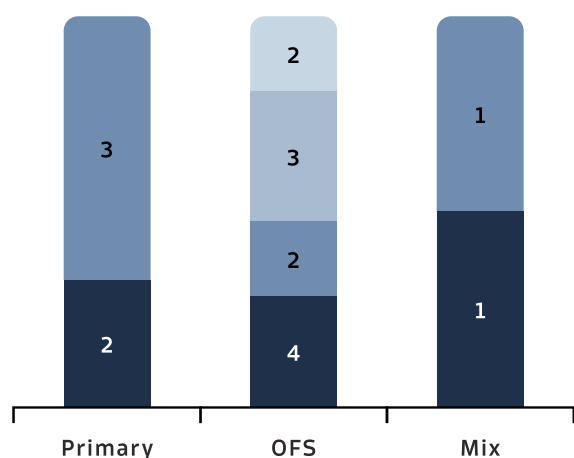


With more than 80 successful IPOs (2021-24) across GCC main exchanges, primary market activity has been robust and generally rewarding for investors. While KSA and UAE remain the most active markets for IPOs, Oman has also been fairly active, having successfully tapped the markets with four issuances during 2023-24. GCC companies have raised more than USD 50 billion through IPOs since 2021, with a large portion of it being offered for sale. The offerings have been across a range of sectors providing investors with decent breadth and diversification opportunities.

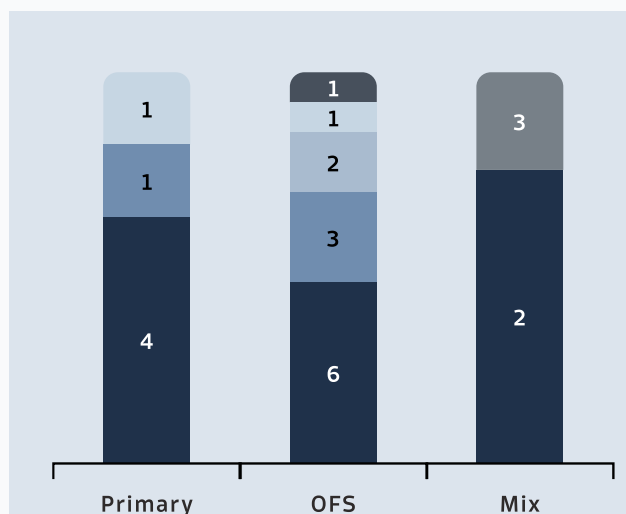
Average 1 week gains on listing



In terms of listing gains, KSA continues to be an outlier with more than 80% of the IPOs giving strong returns on debut. In 2024, KSA IPOs on average returned 45%+ in the first week of listing. This highlights the strength of its primary market in KSA at a time when the secondary market was broadly flat during the year. However, strong listing debut gains has been less of an occurrence in UAE while for Oman both IPOs had muted to negative debut in 2024. Additionally, weak listings of some of the much-anticipated IPOs, such as Lulu Hypermarket and Talabat, underscore the importance of careful analysis of valuations and growth expectations, particularly for ex-Saudi IPOs.



2023



2024

■ Tadawul ■ ADX ■ DFM ■ MSM ■ KWSE ■ BHB

Note: OFS – Offer for Sale

There were 22 offerings in GCC (main markets) in FY24, 12 of which were in TASI. We believe a similar momentum to prevail in FY25. In January 2025, Saudi CMA chairman stated that 55 IPO proposals are currently on table with a good share of companies from real estate sector. Even if a fraction of these issuances materializes in 2025, it will be another busy year of offerings for KSA. The airline sector, which has not participated in the current IPO boom, is also expected to witness two issuances, Etihad Airways and Flynas. Both airlines have ambitious growth plans, and we believe they would have done reasonably well in the positive sector dynamics post-Covid.

Oman continues its share of offerings into 2025, starting with Asyad Shipping. The Sultanate's IPOs have relied on generous dividend policy as a key selling factor, but its listings have still struggled to provide any meaningful gain on debut to IPO investors. This will be an important factor to gauge for Oman in 2025.

Other markets such as Kuwait, Qatar, and Bahrain could also witness more IPOs in FY25. Bahrain had its first successful IPO with Abraaj Restaurants listing in 4Q24. This can encourage many more family businesses to list in future. While, for Qatar, the only recent IPO was an IT services company in 2023, and for Kuwait, it has just been two offerings since Covid.

Robust primary markets reflect a flourishing equity market ecosystem, which not only provides founders and shareholders to raise funds at decent valuations but also enables retailers and Institutional investors to invest, participate and benefit from growth across diverse industries

and sectors. Current conditions of stable oil prices, investor friendly regulations, and improving disclosures and corporate governance have provided the much-needed fillip to the regional IPO momentum since 2021, which we expect to continue in 2025.



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