

IPO Activity Slows In First Quarter Of 2019

Although 2018 closed on a promising note in the IPO market, 2019 started slowly with just a single listing in the GCC in the first quarter of 2019, compared to four IPOs worth \$430 million in the same quarter last year, according to a recent PwC report.

Al Moammar Information Systems was the GCC's sole IPO in the first quarter, which raised \$58 million on Saudi's Tadawul to be the first ever IT company to list in the Kingdom. The slowdown in the GCC aligns with a global trend where global IPO proceeds fell by 64% to reach \$19.1 billion compared to the same quarter in 2018.

PwC's report refers to the continuing geopolitical uncertainties including Brexit, the US-China trade war, and the longest ever shutdown of the US government. Continued privatization efforts across Saudi Arabia, Oman and Kuwait is expected to drive activity across the region.

In 2019, the GCC recorded 17 IPOs, worth a total of \$2.2 billion, compared to 28 deals in 2017 worth \$3.3 billion, according to PwC data.

Gulf markets performed steadily overall, with Tadawul continuing to lead, followed closely by Boursa Kuwait, but global activity was muted, with IPO proceeds more than halved compared to the same quarter in 2018.

"Looking ahead, we expect some rebound in the level of GCC IPO activity compared to the levels seen in this quarter as a number of companies in the region have indicated their intention to list in the next 12 to 18 months," said Steve Drake, PwC Middle East Capital Markets Leader.

A number of GCC companies have announced their IPO plans, including Fawaz Alhokair Group, which will reportedly raise around \$1 billion in one of the Kingdom's biggest listings since 2014.

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