

Multiples Insights

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Multiples Insights on MENA region

This report is designed to give you a snapshot about the MENA region tackling multiple issues:

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Economic Outlook

- In Jordan, the European Bank for Reconstruction and Development (EBRD) and the French Development Finance Institution PROPARGO have provided 2 loans worth 100 MM USD (50 MM USD each) to fund the construction of three solar photovoltaic generation plants located in the area near Maan City in southern Jordan. The new plants will deliver 40 megawatts of much-needed generating capacity from a clean, reliable domestic resource, thereby reducing the country's dependence on hydrocarbons, especially since Jordan imports over 97% of the energy it consumes.
- Hong Kong is looking to sultanate Oman as a possible distribution hub for automobile and electronics products to the Gulf and African markets, and the financial center expects bilateral trade to grow by more than ten times over the next three to five years. Bilateral trade touched 153.9 MM USD in 2013, more than three times the total of 48



MM USD in 2003, when trading ties were first established. A large Hong Kong business delegation, organized by the Hong Kong Trade Development Council (HKTDC) in Muscat, featured 60 businessmen and women from nearly 30 companies in the region.

- The emirate of Abu Dhabi will raise electricity and water tariffs to fight waste and limit rapid consumption growth, in a fresh sign that falling oil prices are prompting Gulf governments to economize. Electricity tariffs for residential consumers will be hiked by between 10% and 40% from January 1st. Mindful of the risk of political discontent, Abu Dhabi and other Gulf economies have hesitated to reduce the excessive state subsidies they pay to keep electricity and water prices among the lowest in the world. But the plunge in global oil prices to four-year lows in recent months has reduced the huge surpluses that the governments earn from oil exports, and prompted them to look again at ways of saving money and reducing waste.
- Kuwait's economy grew modestly last year, according to the Kuwaiti government, contradicting an earlier estimate by the International Monetary Fund that gross domestic product shrank because of lower oil output. The widely differing numbers underline the difficulty of finding reliable economic statistics in the region, where many governments have not developed extensive systems for collecting data and disclose information only erratically. The Kuwaiti statistics office did not explain its differences with the IMF or the revisions of its data, but said it had made serious efforts towards refining the data collection and processing procedures, and estimation methods for the compilation of comprehensive National Income Accounts.
- According to a new study released by The Association of Chartered Certified Accountants (ACCA) and Institute of Management Accountants (IMA), the UAE has been rated as the world's second most SMEs friendly government in the world, after Singapore according to their Global SMEs Performance Review for 2013-2014 as small and medium enterprises (SMEs) in the UAE saw the greatest improvement all-round followed by those in the UK and Ireland. The results of the ACCA-IMA reports were echoed by the Global SMEs Survey by global insurer Zurich which found that the UAE-based SMEs were more positive than competitors in other countries about the opportunities that exist to reach new consumers.
- Qatar, the world's largest exporter of liquefied natural gas (LNG), is on track to become the world's leading exporter of industrial gas (helium) pushing US to the second position as exporter of the noble gas. With the initiation of Helium 2 plant in Ras Laffan (in December 2013), which is the largest production facility in the world, with a capacity of 1.3 BN standard cubic feet per year, the rate is nearly double Helium 1's yearly production, which is about 700 MM standard cubic feet per year. Qatar's helium expansion has come at a time when the demand for the product has grown faster than supply, putting pressure on the global market. The state is well

positioned to capitalize on the export of helium, especially when the price as well as demand for the 'noble gas' is expected to remain tight due to various global factors, including the policy in the US - the world's largest helium producer.

- Outlook for the Saudi Arabian banking system remains stable, reflecting strong operating environment, driven by high government spending and robust domestic consumption, according to the latest assessment by rating agency Moody's. The rating agency expects the Kingdom's banking sector to benefit from continued low problematic loan levels, strong loss-absorption capacity in the form of high capital buffers and stable internal capital generation, the benefits of low-cost deposit-based funding, and large liquidity buffers. Over the next 12 to 18 months, Moody's expect continued high government spending, robust domestic consumption and increased private-sector business activity to drive economic growth.

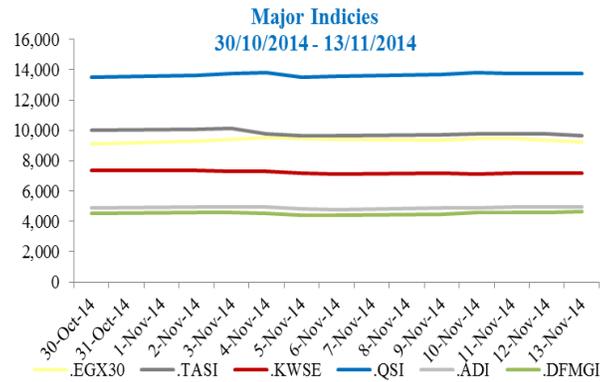
Political Events

- Gunmen in a fishing boat opened fire on an Egyptian naval launch which shot back, killing at least four of the attackers. No one immediately claimed responsibility for the assault in the Mediterranean north of the port of Damietta, near the Suez Canal. The military has faced attacks from Islamist militants based in the Sinai Peninsula further east, and smugglers also operate in the area. The military said in a statement it destroyed four of the militants' boats and captured 32 individuals in what it termed a "terrorist incident." Five navy forces were wounded and eight others were still unaccounted for.
- A group of Islamist scholars led by an influential Qatar-based cleric expressed "astonishment" that their organization had being designated a terrorist group by the United Arab Emirates (UAE). The International Union of Muslim Scholars urged the UAE to remove it from a list of 85 banned groups that the country, one of several Gulf Arab states that view political Islam as a security threat, had named. The union's chairman, Egyptian-born Youssef al-Qaradawi said that the inclusion of the group was not based on any analysis or investigation, whether legal, logical or rational. Other organizations on the list included Nusra Front and the Islamic State, whose fighters are battling in Syria and Iraq, several Shi'ite Muslim militant groups such as the Houthi movement in Yemen, and Egypt's Muslim Brotherhood.



Stock Markets

- Aabar Investments, a subsidiary of the United Arab Emirates' sovereign wealth fund, acquired a 5.1% stake at 285 MM EGP in Palm Hills, Egypt's second-largest listed real estate developer.
- Brent Crude prices dropped to a four-year low below 80 USD, the level upon which KSA's budget was formed causing companies in the petrochemical sectors to decline.
- KSA's Mobily announced a cut to its profits for 2013 and first half of 2014 by 381.2 MM USD due to accounting errors. This has caused profits for the third quarter of 2014 to drop by 71%. Moreover, shares have fallen by 18.5%.



Index Watchlist		15 Days% Change	YTD% Change
Egypt	.EGX30	▲ 1.6%	▲ 37%
	Construction & Materials	▲ 3.8%	▲ 27.3%
	Telecommunication	▲ 4.3%	▲ 5.8%
	Banking	▲ 2.5%	▲ 49.2%
KSA	.TASI	▼ -3.5%	▲ 13%
	Petrochemicals	▼ -5.3%	▼ -3.8%
	Banks & Financial Services	▼ -0.1%	▲ 20.6%
	Telecommunication & Information	▼ -19.3%	▼ -14.6%
Kuwait	.KWSE	▼ -2.2%	▼ -4.6%
	Banking	▼ -0.5%	▲ 9.0%
	Telecommunication	▼ -2.5%	▼ -5.6%
	Financial Services	▼ -1.3%	▲ 2.7%
	Real Estate	▼ -1.7%	▼ -3.0%
	Industrials	▲ 0.1%	▲ 10.2%
Qatar	.QSI	▲ 1.7%	▲ 32%
	Banking & Financial Services	▲ 1.3%	▲ 40.3%
	Industrials	▲ 2.8%	▲ 30.2%
	Real Estate	▲ 2.6%	▲ 39.8%
	Telecommunication	▼ -4.1%	▲ 3.7%
UAE, Abu Dhabi	.ADI	▲ 1.9%	▲ 15%
	Banking	▲ 2.0%	▲ 23.1%
	Telecommunication	— 0.0%	▼ -1.7%
	Real Estate	▲ 5.5%	▲ 15.6%
UAE, Dubai	.DFMGI	▲ 2.5%	▲ 38%
	Banking	▲ 0.6%	▲ 42.3%
	Real Estate & Construction	▲ 3.9%	▲ 65.5%
	Investments & Financial Services	▲ 0.4%	▲ 23.7%
	Telecommunication	▼ -1.5%	▼ -20.4%

Major Companies Transactions

- **Telecom Egypt may not exit Vodafone stake after landing new license**

Egypt's fixed-line monopoly Telecom Egypt said it may not sell its 45% stake in mobile operator Vodafone Egypt once it receives a license to offer its own mobile services. The Egyptian government, which owns 80% of Telecom Egypt, has said that for competition reasons the company would need to exit Vodafone Egypt once it has the new unified fixed-line and mobile license, which it expects to get in coming

months. However, Chief Executive said the company had not been notified of any exit date and could look at alternative options such as a taking a controlling stake in Vodafone, if the government approved.

- **Abu Dhabi's Aabar raises Arabtec stake to 34.9%**

Abu Dhabi state fund Aabar Investments raised its stake in Dubai-listed construction firm Arabtec to 34.93% from 18.94% with an off-market trade, the bourse said in a statement. The trade was done at a price of 5 AED each, compared to the shares' closing market price of 4.26 AED. Aabar bought the shares from former Arabtec Chief Executive Hasan Ismaik, who abruptly resigned in June after differences of opinion with Aabar. The stake held by Ismaik and companies related to him has now dropped to 11.8%.

- **Curtis, KPMG tie-up for anti-bribery initiative in Oman**

The Oman offices of international law firm Curtis, Mallet-Prevost, Colt & Mosle and KPMG, the global audit, tax and advisory firm, will jointly offer comprehensive anti-bribery and corruption procedures, processes, training and support to Omani companies, and international organizations with business interests in the sultanate. The collaboration between the market leading professional firms in Oman is a response to the Oman government's increased focus on eliminating bribery and corruption. This includes the introduction and implementation of new local and international legislation, which has led to an increase in demand for such services by businesses throughout the sultanate.

- **Lamprell wins 1.34 BN AED Abu Dhabi contract**

UAE-based Lamprell received a new contract worth about 365 MM USD (1.34 BN AED) from Abu Dhabi's National Drilling Co. (NDC) for two jack up drilling rigs. National Drilling also has the right to exercise options for three more jack up rigs of the same design. Lamprell has previously been awarded contracts by NDC for a series of six identical rigs and it's on schedule to complete construction of the final two jack up rigs, having delivered the first four on time and on budget. The rigs will be constructed at Lamprell's facility in Hamriyah, UAE, with planned delivery dates in Q4 2016 and Q2 2017, respectively.

- **Barclays sued by Saudi developer for 10 BN USD**

A Saudi real estate company has sued Barclays for 10 BN USD, claiming the bank ceased pursuing lease payments due from the Saudi government on military complexes in the kingdom in order to obtain a lucrative banking license there. The company, Jadawel International, a unit of London-based MBI International Holdings Inc., claims Barclays hatched a fake scheme to secure the rare Saudi banking license, selling out Jadawel in the process, according to the lawsuit filed in New York State Supreme Court. On the other hand, Barclays believes the claim is without foundation and will vigorously defend it.

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