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Quarterly Financial Newsletter

GCC AND UAE : ECONOMIC AND FINANCIAL TRENDS

2022 - 2023

January 2023



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GCC Market Trends and Future Outlook-2023

UAE and other GCC countries were able to bounce back after a sharp drop in growth during 2020 due to pandemic.

As illustrated in Table 1, almost all GCC countries have been able to record higher GDP growth during 2021 and 2022.

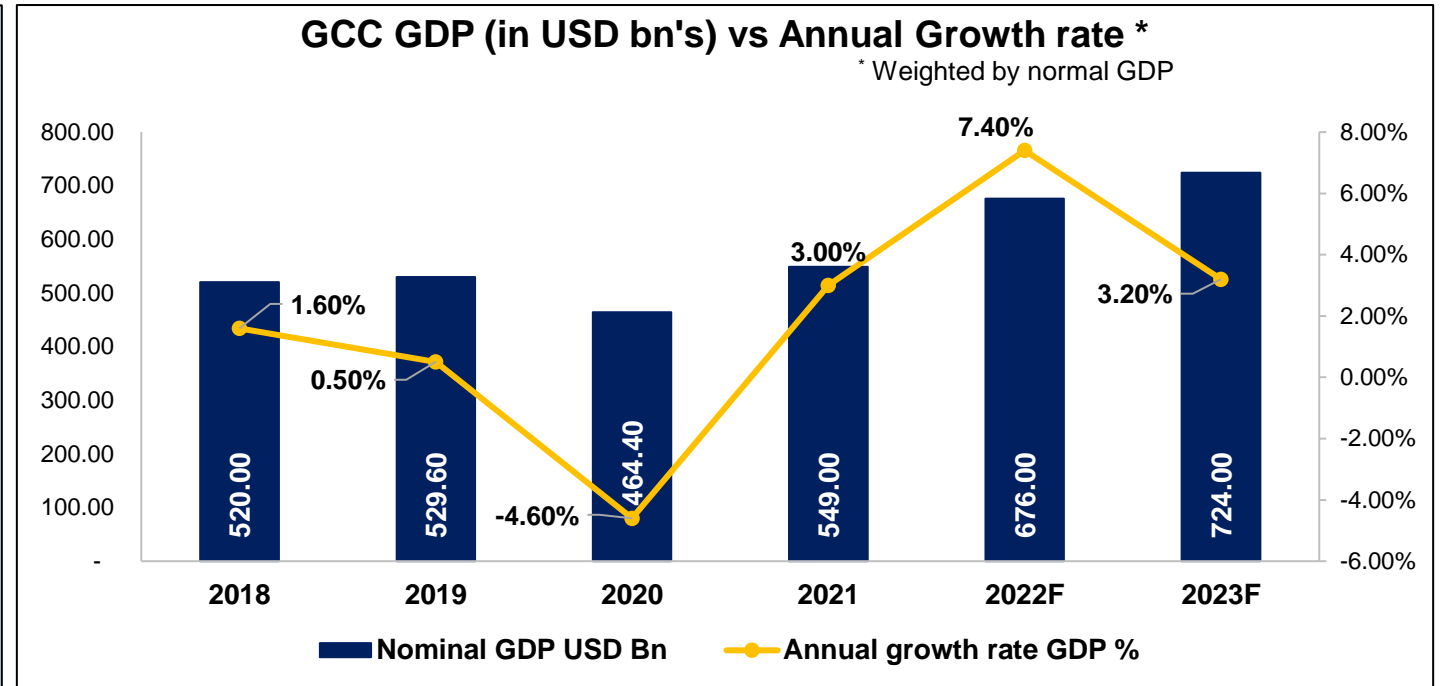
FY 2022 has been an exceptional year for all the GCC economies (UAE Expo 2020, FIFA World Cup Qatar, NEOM KSA) which have grown at the fastest pace in almost a decade. The UAE had the highest growth rate among GCC countries in 2021 and 2022 followed by Saudi Arabia as they were able to ramp up oil production by 15% last year and sharp rise in oil prices since the beginning of Russia – Ukraine War.

The growth has been primarily due to double digit increase in oil production, higher oil prices, and effective management of inflation. This has resulted in large surplus generated by each GCC country.

The GCC outlook is stable and optimistic for 2023. As per IMF, growth will moderate to 3.20% (P.Y. 7.40%) despite the weaker external environment and recession headwinds in US and Europe. UAE is however expected to grow at 3.9%, highest in the GCC. Oil and gas output growth is expected to slow this year due to lower demand in major economies such as China and US, and increased focus on green energy.

However, major economies like UAE, KSA and Qatar have committed to continue investments in infrastructure, diversify sources of revenues, boost production capacity that will contribute positively to headline GDP growth during 2023.

Source: (Inputs from Bloomberg and Crowe analysis)



Source: World Bank/ Emirates NBD Research

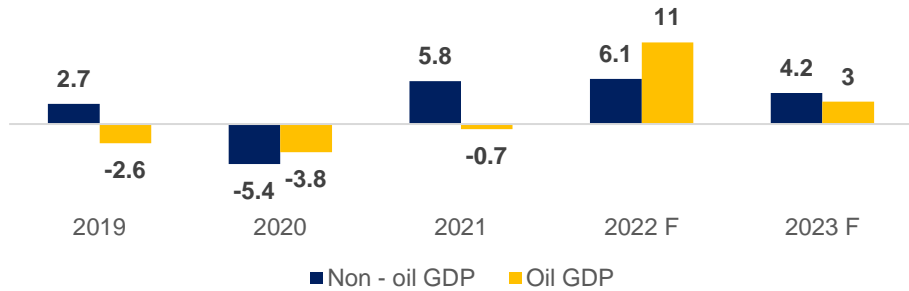
Table 1: Annual Growth rate GDP						
	2018	2019	2020	2021	2022 F	2023 F
United Arab Emirates	1.30%	1.10%	-5%	3.90%	7.60%	3.90%
Saudi Arabia	2.50%	0.30%	-4.10%	3.20%	8.30%	3.10%
Qatar	1.20%	0.80%	-3.60%	1.60%	4.50%	2.70%
Kuwait	2.40%	-0.60%	-8.90%	1.40%	8.00%	2.40%
Oman	1.30%	-1.10%	-3.20%	3.00%	5.10%	3.40%
Bahrain	2.10%	2.00%	-4.40%	2.20%	4.10%	3.20%

Source: World Bank/ Emirates NBD Research

UAE Market Past Trends and Future Outlook

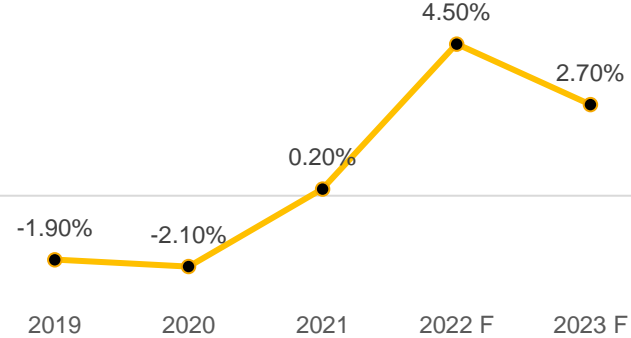
Sectoral Contribution

UAE Non-Oil and Oil Real GDP Growth rates and projections (%)

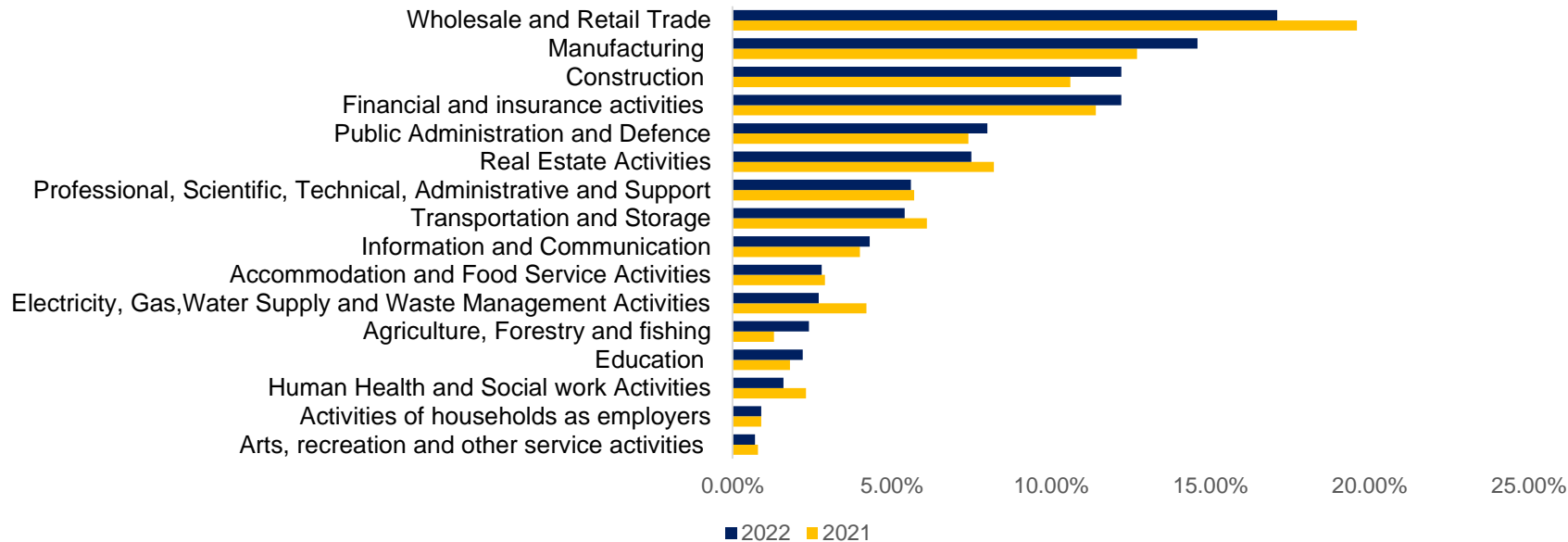


Inflation

UAE CPI Inflation (%)



Non - oil GDP sectors' share (%)



Overall real GDP continued to grow at a strong pace from 2019 - 2022 driven by oil and non- oil sectors.

Oil GDP had a strong growth of 11% while their non-oil sector grew by 6.1% and was driven by increase in travel and tourism, Expo 2020, and growth across a range of other services.

Wholesale and retail trade continues to contribute the highest to the non- oil sector followed by manufacturing, real estate, construction, financial and insurance sector.

Average headline CPI inflation has grown steadily post pandemic due to pent up demand, increase in transportation, logistics, food prices, higher hospitality rates and recreation component prices.

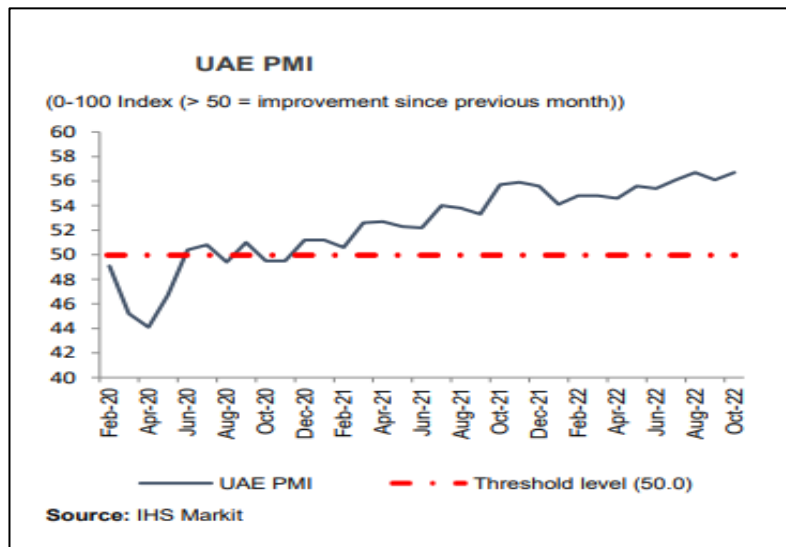
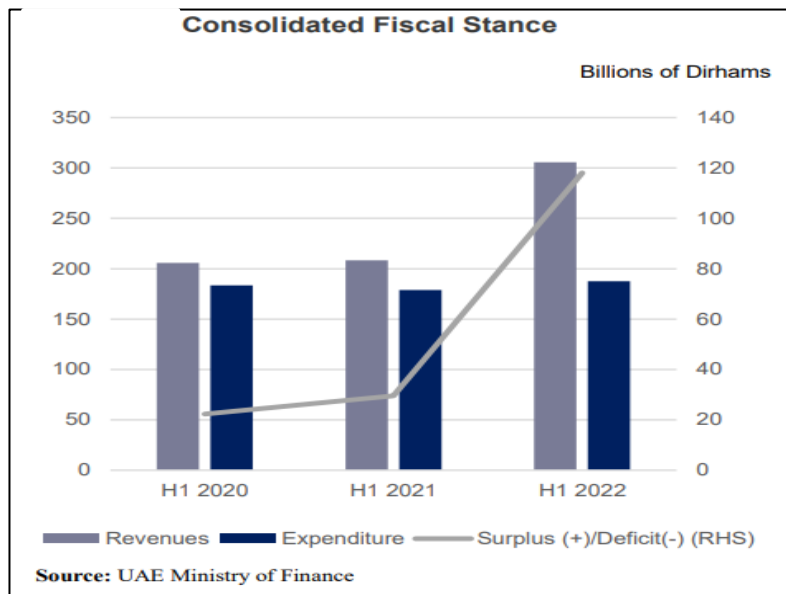
In 2022, Inflation went up to 4.50% driven by higher energy prices due to Russia-Ukraine conflict, imported inflation including supply chain disruption and rising employment.

Source: Federal Competitiveness and Statistics Centre (2015 - 2021) and CBUAE (2022 - 2023)

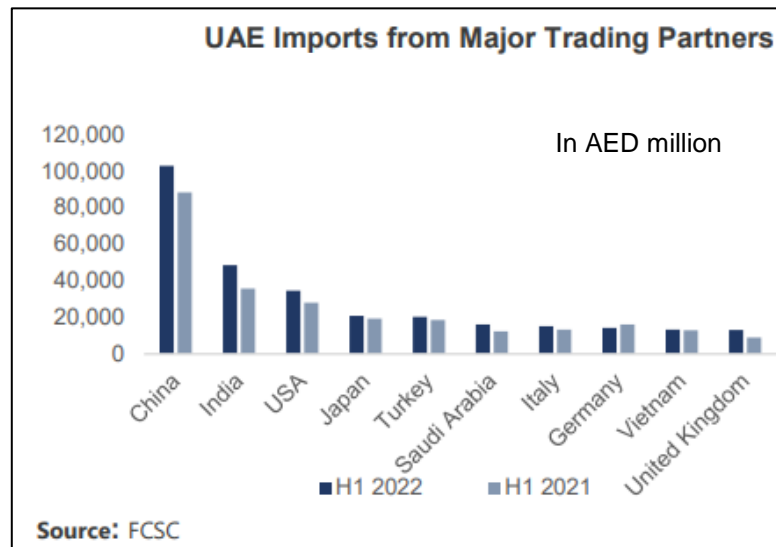
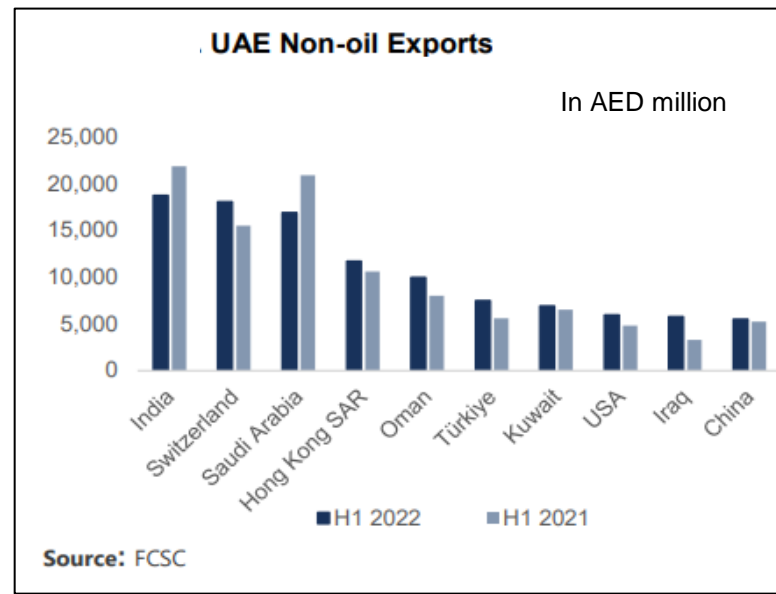
Source : CBUAE quarterly and annual reports

UAE Market- Trade Trends and Future Outlook

Government / Private Investment



Major Trading Partners 2022



Government revenues increased Y-o-Y in the first half of 2022 by 46.7% to AED 305.6 billion due to increase in taxes and social contributions. The total expenditures reached AED 187.6 billion increasing by 4.9%, attributed to higher spending in all categories such as goods, services, compensation etc. except subsidies and social benefits.

As a result, consolidated fiscal balance recorded a surplus of AED 118 billion compared to 29.5 billion in H1 2020.

UAE's total non- oil exports which includes pearls, stones, precious metals, rubber etc increased Y-o-Y by 6.2% in the first half of 2022 and reached AED 172.7 billion. India is the major trading partner followed by Switzerland and Saudi Arabia.

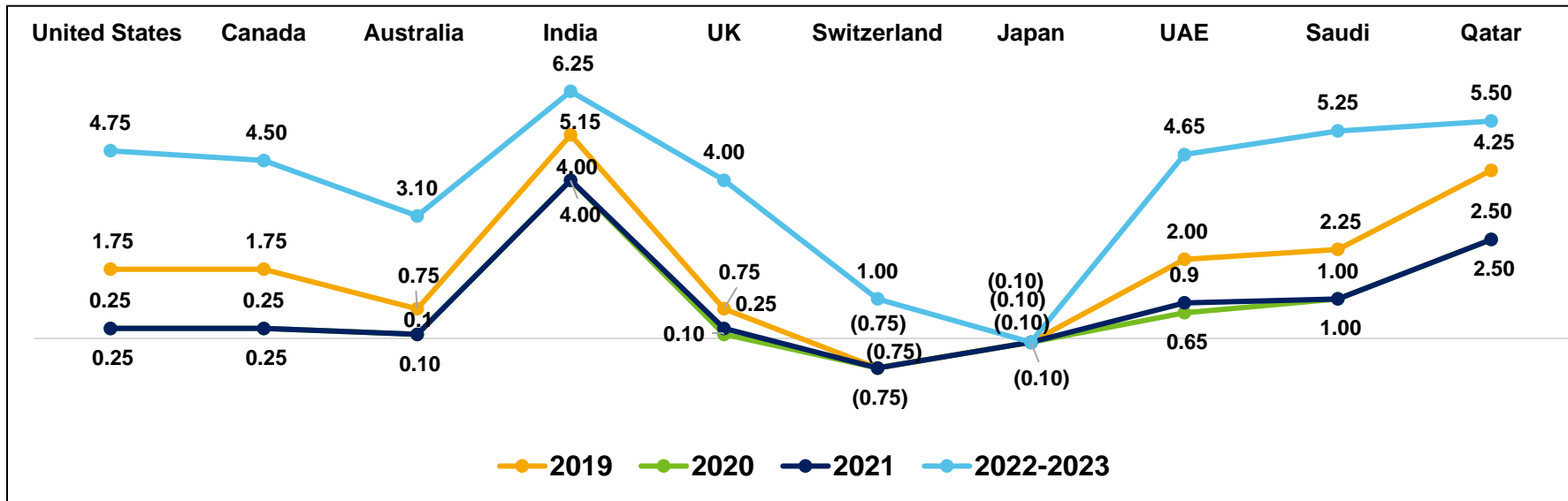
UAE's total imports which include products of chemicals and allied industries, vehicles of transports, precious metals etc rose by 17.9% in H1 2022(YOY) to reach AED 556.2 billion attributed by strong growth in non- hydrocarbon sector. The top trading partner were China, India and USA.

UAE's re-exports increased by 24.4% to reach AED 266.2 billion. The top re-export destinations are Saudi Arabia, Iraq, India, US and Kuwait. The most re-exported products are machinery, vehicles of transport, mineral products etc

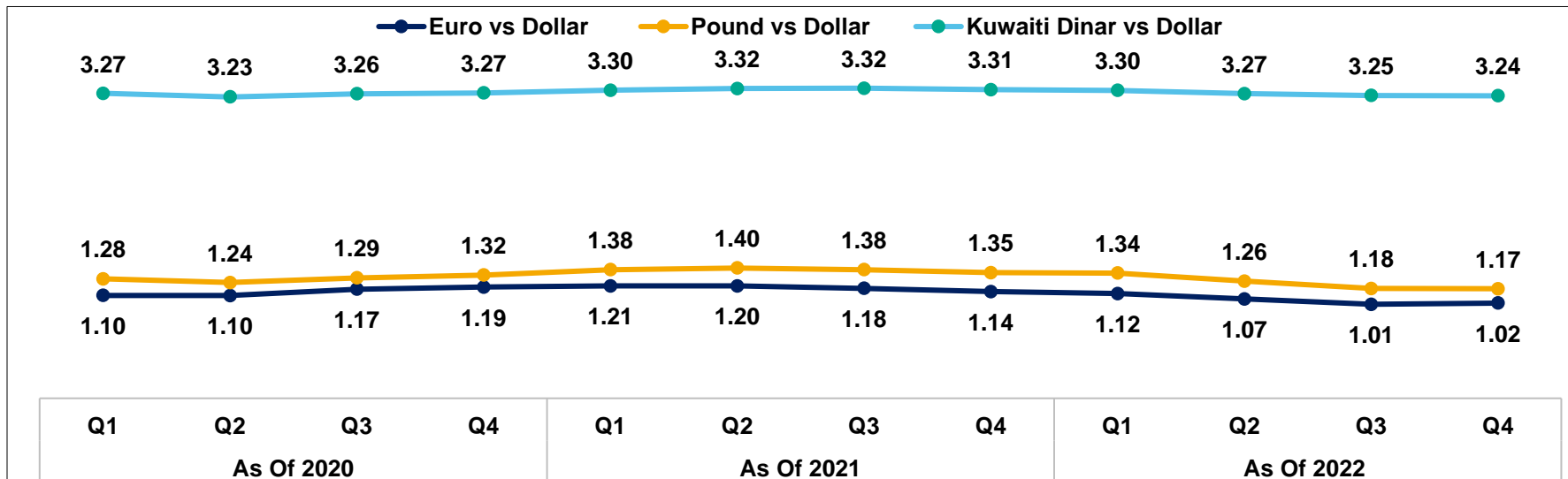
UAE's Purchasing Manager Index rose to 56.7 in October 2022 and has shown continuous improvement being above the threshold level of 50 since the pandemic period. This increase was partly driven by Expo 2020, which boosted travel and spending. Tourism and hospitality also picked up in the U.A.E as lockdown restrictions eased.

INTEREST AND EXCHANGE RATE TRENDS IN GLOBAL MARKETS

Interest Rate Changes Trends since 2019 till date - Top 10 Countries Globally



Quarterly Trends in Major Currencies - 2020-2022



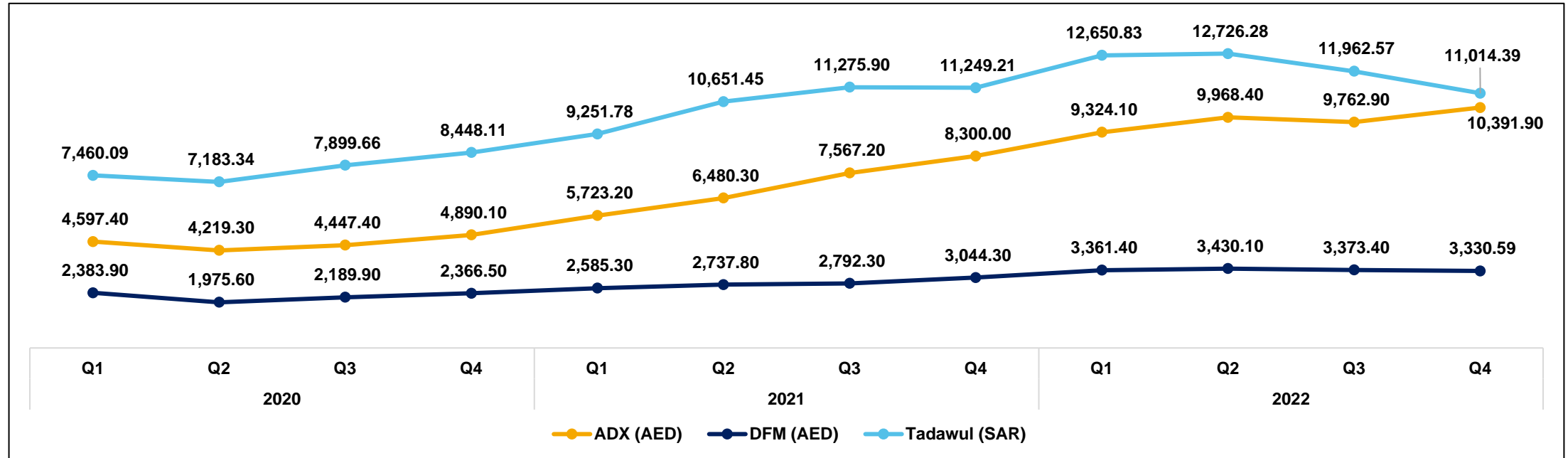
Post pandemic, the US interest rates have climbed from a low of 0.25% in 2020 to 4.75% in 2023 as US Fed Reserve implemented an aggressive monetary tightening policy to cool inflation from a high of around 9% in 2022, to an overall target of around 2% by 2024.

In UAE, the interest rates have climbed from a low of 0.65% in 2020 to 4.65% in 2023, owing to the change in US Federal Reserve's Interest on Reserve balances (IORB) taking the FED rate to 4.75%.

In KSA and Qatar, the interest rate increase stands at 5.25% and 5.50% respectively, at current levels.

In terms of exchange rates, all the major currencies have depreciated against the US\$ Dollar, during 2020 to 2022. USD\$ has strengthened due to high fuel prices as a result of Russia-Ukraine conflict, supply chain disruptions, and overall energy crisis across Europe.

CAPITAL MARKETS PERFORMANCE TRENDS – UAE(ADX/DFM) and KSA (TADAWUL)



* Quarterly share price index are measured as the quarterly average of monthly changes

Quarterly Variation (%)	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ADX (AED)		-8.22%	5.41%	9.95%	17.04%	13.23%	16.77%	9.68%	12.34%	6.91%	-2.06%	6.44%
DFM (AED)		-17.13%	10.85%	8.06%	9.25%	5.90%	1.99%	9.02%	10.42%	2.04%	-1.65%	-1.27%
Tadawul (SAR)		-3.71%	9.97%	6.94%	9.51%	15.13%	5.86%	-0.24%	12.46%	0.60%	-6.00%	-7.93%

Strong performance and consistent growth in market returns post pandemic (Q4 2020- Q4 2022). ADX has registered a CAGR of 45.78%, while DFM has gained by 18.63%, while Tadawul index in KSA has also shown strong performance exhibiting a CAGR of 14.18%.

The annual increase Y-o-Y for the year 2022 slowed down with ADX registering a growth of 25.20% compared to 69.73% in 2021, DFM registering a growth of 9.40% compared to 28.64% in 2021 while Tadawul in KSA declined by 2% compared to a growth of 33.16% in 2021, due to difficult global market conditions.

Performance of some Top new listed IPO companies in UAE & KSA - 2022

Company Name	Sector	Date of listing	Index	Free Float	Open price in IPO	Current Price	Amount Raised	Net change
DEWA	Utilities	Apr-22	DFM	6.5%	AED 2.48	AED 2.40	AED 22.4 Bn	-3%
Borouge	Chemicals	May-22	ADX	10.0%	AED 2.45	AED 2.66	AED 7.34 Bn	9%
Abu Dhabi Ports Co. PJSC	Marine Port Services	Feb-22	ADX	17.2%	AED 3.20	AED 6.19	AED 4 Bn	93%
Salik Company PJSC	Transportation	Sep-22	DFM	20.0%	AED 2.00	AED 2.62	AED 3.7 Bn	31%
Bayanat	Technology	Oct-22	ADX	22.2%	AED 1.10	AED 4.70	AED 628 Mn	327%
Americana Restaurants International PLC	Restaurants	Nov-22	Tadawul & ADX	30.0%	AED 2.62	AED 3.51	AED 6.6 Bn	34%
Al Nahdi Medical Co	Consumer Staples	Mar-22	Tadawul	30.0%	SAR 131.00	SAR 186.00	SAR 5.1 Bn	42%
Saudi Aramco Base Oil Company - Luberef	Energy	Dec-22	Tadawul	30.0%	SAR 99.00	SAR 99.00	SAR 4.8 Bn	0%
Power & Water Utility Company for Jubail & Yanbu	Utilities	Oct-22	Tadawul	30.0%	SAR 46.00	SAR 47.45	SAR 3.36 Bn	3%
Elm Company	Technology	Feb-22	Tadawul	30.0%	SAR128.00	SAR 341.00	SAR 3 Bn	166%

The number of listed companies in **ADX** stands at 86 as of Sept 2022 with a market capitalization of AED 2,104.1 billion and for **DFM** the number of listed companies is 63 with a market capitalization of AED 566.9 billion.

Tadawul, KSA has 224 listed companies on its index with a market cap of AED 2,888 billion.

The best / not so good performers of new IPO listed entities in UAE and KSA during 2022. Total funds raised over AED 61Billion by these entities.






Bayanat (U.A.E) grew by 327%, followed by Elm Company, KSA also showed strong performance growing by 166% from its IPO listed price.

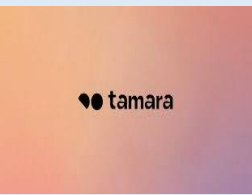
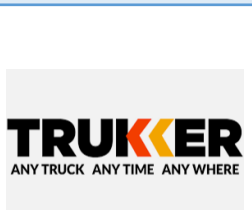

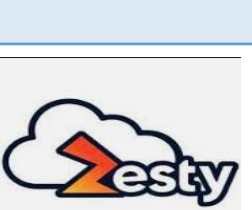

Other major listings include Abu Dhabi Ports, Salik, and Americana Restaurants.

DEWA price has dropped around 3% since their IPO listing on DFM in April.

The number of new IPO listings in the GCC Capital markets, and UAE especially is expected to grow at a rapid pace during 2023 showing great demand for supporting the countries privatization programs.

TOP 10 START UP FUNDING ROUNDS DURING 2022 - MENA

	Name	Date of Investment	HQ	Industry	Funding Stage	Latest Raised Amount/ Valuation	Founded	Investor(s)
	EMPG Emerging markets Property group (EPMG)	October 2022	UAE	Unicorn based online classified platform – operates several online several classified platforms across emerging markets focused on MENA and South-East Asia	Undisclosed – To invest in its technology platform	\$200M / \$2B	2015	Affinity partners, KCK, Acacia Partners, Prosus
	Pure Harvest	June 2022	UAE	Agribusiness – focused on production of greenhouse fruit and vegetables using greenhouse tech	Convertible debt	\$180.5M/ NA	2016	Metric Capital partners, IMM Investment Corp, Olayan group, etc
	Yassir	November 2022	Algeria	Multi-Sided Marketplace - provides three-core services, namely ride-hailing, food and grocery delivery, and financial services.	Series B – Power its expansion into North Africa and throughout the world	\$150M / NA	2017	Bond, DN Capital, Dorsal Capital, Quiet Capital, Stanford Alumni Ventures, & Y Combinator
	Fenix games	November 2022	UAE	Gaming platform – creates publishing platform for blockchain games.	Undisclosed – Create a new kind of publisher for blockchain gaming	\$150M / NA	2022	Phoenix Group and Cypher Capital
	Insider	March 2022	Turkey	AI – enables marketers connect customer data across channels and predict behaviour	Series D	\$121 million / \$1.22B	2012	QIA, Sequoia Capital, Riverwood Capital, Wamda Capital, Esas Private Equity, Endeavor Catalyst

	Name	Date of Investment	HQ	Industry	Funding Stage	Latest Raised Amount/ Valuation	Founded	Investor(s)
	Tamara	Aug 2022	Saudi Arabia	Fintech – buy now pay later enabling customers to pay in installments	Series B – introduce new products & services, and expand to new markets	\$100 million / N.A	2020	Sanabil Investments, Coatue, Shoorooq partners, Checkout.ae, Endeavor Catalyst
	TruKker	September 2022	UAE	Logistics - Organizing the fragmented on-road logistics landscape using a digital freight platform	Series C – expansion plans into new countries and consider M&A to accelerate growth	\$100 million / \$20.6 billion	2016	InvestCorp and Mubadala Investment Co
	Beewise	March 2022	Israel	AgTech, Animal Feed, AI	Series C	\$80 million/ NA	2018	Insight Partners, Fortissimo Capital, Corner Ventures, lool Ventures, Atooro Fund, Meitav Dash Investments Ltd., Sanad Abu Dhabi
	Zesty	September 2022	Israel	EnterpriseTech – Cloud Management Platform that automatically adjusts cloud infrastructure	Series B – supporting product development and expanding workforce	\$75 Million / N.A	2019	B Capital, Sapphire Ventures, Nnext47, and S Capital
	Zid	October 2022	KSA	E-retail enablement company – enables retailers to sell and grow their online channels	Series B – to modernize the retail sector and finance their growth strategies	\$50 Million	2017	Impact 46, Waed ventures, Endeavour Catalyst, Global Ventures, Elm Company, Arzan, and MSA.

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Experience

More than 25 years extensive & diverse industry and professional practice profile, Vivek is heading as Partner-Corporate Finance & Tax advisory services with Crowe UAE for over 7 years.

He specializes and focused on M&A transaction advisory, valuations, due diligence of start ups including tax and regulatory compliance advisory

Professional Summary

Providing strategic financial assistance to private investors, multinationals and local companies in :

- Acquiring and financing target companies.
- CFO services and concluding multi-million dollar senior financing arrangements around USD 1B to date
- M&A Transaction advisory, Business Valuations
- Financial due diligence (Buy and sell side)
- Market Research and Feasibility studies
- Direct, Indirect Tax, TP, ESR, UBO, Corporate and regulatory compliance

Professional Affiliations

- Institute of Chartered Accountants(ICAI), Delhi, India
- ICAI, Dubai, UAE
- ISO 9000, FICCI

Client & Industry Focus

- Real estate
- Technology Start ups- Real estate portals, Wellness, Travel, Digital libraries, FinTech
- Media
- Marine services
- Industrials

Education

- B.Com Hons
- Chartered Accountant, FCA
- Business Valuation and Tax certifications
- ISO 9000- FICCI for banks
- Transfer Pricing Diploma- PWC



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