

Press Release

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Egypt M&A deal values soar during the first half of 2021 reflecting the global and Middle Eastern trends: Baker McKenzie Report

- Egypt deal values almost quadrupled (394%) and volumes increased by half (50%) from H1 2020
- Overall global deal making continued its strong rebound, outpacing both halves of 2020 (H1 2020 and H2 2020)
- Overall Middle East deal volumes surged up by around 59% and 48% from H1 2020 and H2 2020, respectively despite a slight dip of 7% in values
- Deal making activity in Egypt concentrated on domestic transactions with 59 deals in H1 2021
- UAE dominates inbound cross-border M&A as top acquirer by volume and value

Cairo, Egypt, 12 September 2021 – M&A transactions in Egypt has ramped up during the first half of 2021 (H1 2021) with 111 deals with value exceeding USD 4 billion as compared to only 74 deals worth USD 906 million in H1 2020, according to the latest report by global law firm Baker McKenzie*.

The trend was reflected globally and in the Middle East. According to the Report, global M&A activity saw a strong rebound during the first half of 2021 (H1 2021) as total deal values soared by 120% and volumes by 22% from H1 2020. In the Middle East, M&A activity continued its upward trend having 307 deals in the first half of 2021 (H1 2021); a significant increase by 59% and 48% when compared to the same period last year (H1 2020) as well as to the second half of 2020 (H2 2020), respectively. As for total deal values, the report recorded a 7% drop from USD 43.5 billion in H1 2020 to 40.3 billion in H1 2021 whereas values doubled in comparison to H2 2020 that registered deal values of USD 13.2 billion.

Commenting on Egypt's M&A activity for the first half of the current year, **Mohamed Ghannam, Managing Partner at Helmy, Hamza & Partners, Baker McKenzie Cairo** said: "Despite the challenging global economic backdrop which varies in each country, M&A transactions in Egypt has been robust in the first half of 2021. During H1 2021, Egypt marked the most popular regional target market for outbound M&A and the second by volume with 18 deals valued at USD 1.8 billion."

Total M&A Deal Activity

Includes domestic and cross-border deals

Overall deal making in Egypt was up across most months of H1 2021, with March as the busiest and the highest month recording 25 deals with a total of USD 2.2 billion.

Domestic transactions were slightly higher compared to **cross-border** in terms of volume (59 deals vs 52 deals) however, cross border deals were bigger in terms of value with a total of USD 2.8 billion (a Y-o-Y increase of 278%) as compared to USD 1.6 billion for domestic deals (a Y-o-Y increase of 925%).

When comparing domestic deals in H1 2021 to H1 2020, we note that deal activity rose dramatically in both volume and value in H1 2021 compared to the same period last year, with about 40% increase in deal volumes (59 deals vs 42 in H1 2020), and deal values soaring from USD 162 million to USD 1.6 billion.

The same applies to **cross-border** deals which significantly provided a larger total value of USD 2.8 billion in H1 2021 versus USD 744 million in H1 2020 as well as a higher volume of 52 versus 32 for the same periods.

Hani Nassef, M&A Partner at Helmy, Hamza & Partners, Baker McKenzie Cairo, said: “Interestingly, Egypt has been increasingly active and the domestic investment environment has been following the same bullish trend in the Middle East and globally. With a stable post-pandemic economy, we do expect further growth momentum for M&A transactions in the country in the coming months and leading to the New Year.”

Mohamed Barakat, M&A Partner and co-head of M&A at Helmy, Hamza & Partners, Baker McKenzie Cairo, added: “We are expecting to see more acquisition deals in the second half of 2021 that vary between acquisition deals in the form of assets and stocks in a number of economic sectors that has investment opportunities and in various stages.”

Inbound Cross-Border M&A Deal Activity

Includes targets in Egypt and acquirers outside Egypt

Majority of cross-border deals were inbound in nature with 39 deals worth USD 2.5 billion compared to only 13 outbound deals totaling USD 231 million.

There was an increase in activity for inbound deals across all sectors, however, the **Financials** industry served as the top target of inbound investors with 10 deals, up 900% compared to previous year. **Healthcare** came in second with 6 deals.

Value-wise, **Healthcare** was the top sector with USD 1.5 billion in total value, followed by **Financials** with USD 617 million. This is evident with the acquisition of Amoun Pharmaceutical Co by Abu Dhabi Developmental Holding Co for USD 740 million which was the top inbound deal of the period.

The United Arab Emirates remained the **top acquirer country** by volume with 11 inbound deals in H1 2021, 120% higher than H1 2020. United States ranked second by volume at 8 deals followed by Saudi Arabia and the United Kingdom with 5 deals each. In terms of deal values, the United Arab Emirates also came first amounting to USD 1.7 billion followed by Libya with USD 429 million.

Outbound Cross-Border M&A Deal Activity

Includes acquirers from Egypt and targets outside Egypt

For outbound deals, the **Consumer Products and Services**, and **Energy & Power** topped with 3 deals each. In addition, **Consumer Products and Services** was also the top industry value-wise with USD 122 million.

The United Arab Emirates served as the **top investment target country** for Egyptian companies in the region, making 5 deals in the period followed by Kuwait with 2 deals. As for values, Ghana came first featuring the USD 121 million deal to acquire Ghana's Right to Dream by Al Mansour Holding was the top outbound transaction. Kuwait came second with USD 54 million.

- Ends -

Notes to Editor:

About Baker McKenzie

Baker McKenzie helps clients overcome the challenges of competing in the global economy. We solve complex legal problems across borders and practice areas. Our unique culture, developed over 70 years, enables our 13,000 people to understand local markets and navigate multiple jurisdictions, working together as trusted colleagues and friends to instill confidence in our clients. (www.bakermckenzie.com)

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About Helmy, Hamza & Partners, Baker McKenzie Cairo

Helmy, Hamza & Partners, Baker McKenzie Cairo, is one of the oldest established international law firms in the Egyptian legal market. Combining in-depth knowledge of local laws with the experience of a global firm, we help you navigate the legal and business landscape in Egypt and worldwide.

Baker McKenzie Cairo currently employs approximately 40 lawyers, including 4 partners and 8 of counsels, all of whom have an outstanding knowledge of the local legal, business, social and cultural environment. While most of us are Egyptian by training, we are all international and global in our know-how, experience and practice.

Collaborating with colleagues in other firm offices as well as with local law firms where needed, we can seamlessly guide you through the intricacies of Egypt's regulatory environment without the interface issues that can occur between international and local counsel. Working as a cohesive team means we can provide efficient, high-quality service with less duplication.

We have unrivalled international resources across 78 offices worldwide. Practicing in Egypt since 1986, our firm is deeply committed to furthering your business interests both within the Middle East and globally.



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* Methodology - Cross-border M&A

The information in this press release is based on Refinitiv data for global announced M&A transactions with standard exclusions. We define cross-border deal-making as any M&A activity where the target is not in the same country as the acquirer ultimate parent, cross-regional (or interregional) deal-making as any M&A activity where the target and acquirer ultimate parent are based in separate regions, and domestic deal-making as any M&A activity where the target and the acquirer ultimate parent are based in the same country.

For the purpose of this report, the Middle East was defined as: Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, United Arab Emirates and Yemen. M&A activity refers to all deals ranked as of 30 June 2021.