

Transforming Business Success: The Power of Agile and Flexible Supply Chains

M&A and Transactions Advisory

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The Global and Regional Economic Outlook

USD 3.8 tn

Global M&A Deal Value in 2022

USD 759 bn

Global M&A Deal Value in Q4 2022

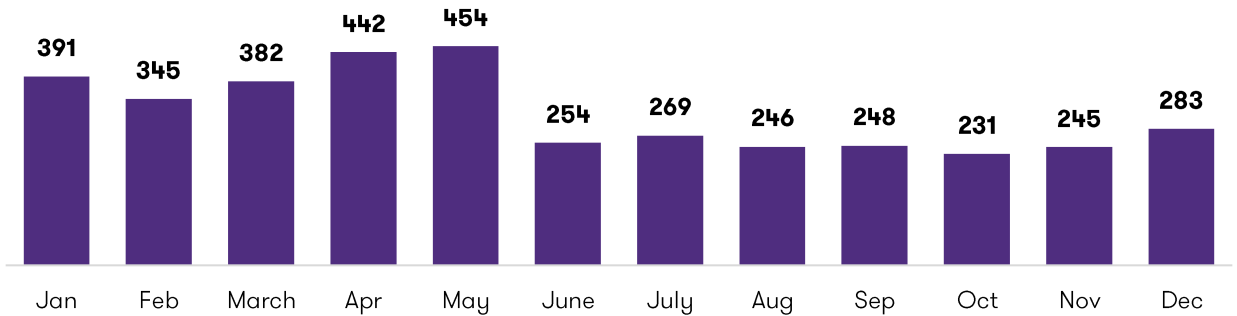
USD 85.2 bn

MENA M&A Deal Value in 2022

50

Number of MENA IPO's in 2022

2022 Global M&A Deal Value (USD 'bn)



- 2022 recorded a whopping 632 deals in the Middle East, with a staggering 89% of them originating from KSA, UAE, and Egypt. The growth in oil demand, investments from the region's sovereign wealth funds, and the expansion of domestic capital markets were the primary factors contributing to this trend.
- M&A activity in 2023 is set to remain buoyant, despite the decline observed in Q4 of 2022. Although the global economic outlook in the short term was affected by the geopolitical climate and inflation rates, businesses are actively seeking to leverage opportunities to enhance their return margins and expand their operations. According to S&P Global, Q1 witnessed three significant global deals worth approximately USD 10 billion, indicating a positive trend in the market.

Economic Outlook



The latest Global Economic Prospects report by the World Bank suggests that gross investment in emerging markets and developed economies is expected to increase by approximately 3.5% over the period of 2022-2024.



The IMF's 2023 report attributes UAE's impressive growth to various factors, such as the government's proactive measures to diversify the economy and significant investments in technology. These initiatives have led to the development of a business-friendly environment that has been instrumental in attracting foreign markets to the region.



Dubai's international airport has noted a significant increase of 67% in passenger numbers in Q4 2022 compared to the same period last year, reaching the highest levels since 2019. The tourism sector is expected to continue its recovery and predicts a 20% rise in international visitors in 2023, surpassing the pre-pandemic levels.

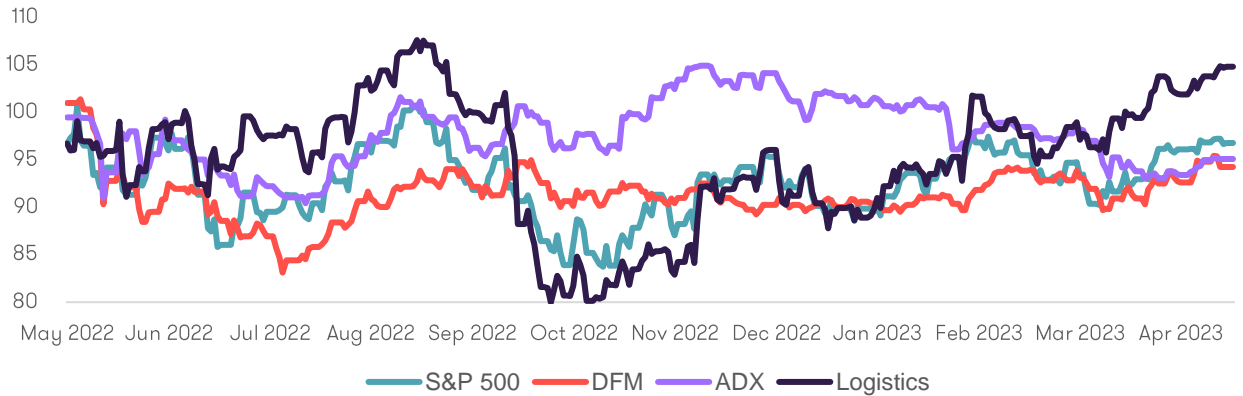


The CBUAE's prediction for 2023 remains unchanged at 3.9%. Although oil production is anticipated to decrease in accordance with OPEC+ agreements, the non-oil sector is projected to continue driving overall output growth.

Sources: Reuters, S&P Global Zaywa, UAE-EU.com, Bain & Company, Arabian Business, EIU, Reuters, Government of UAE, PwC

The Global Logistics Outlook

Logistics companies are entering an exciting period, where creating transportation ecosystems, investing in technologies, and ESG are the key focus areas. How effectively the major market players leverage these emerging trends will determine their ability to unlock efficiency and drive business growth.



- The global logistics market has demonstrated remarkable growth, aligned with the positive trends witnessed in the domestic stock markets during Q1 of 2023, despite a dip in the global market indices towards the end of 2022.
- We continue to see the logistics industry evolve in response to global economic and technological advancements. Key current areas of focus for logistics companies include automation, managing labour shortages, and implementing real-time tracking systems for efficient supply chain management. The adoption of emerging technologies is becoming increasingly critical for logistics companies to maintain their competitiveness on a global scale.



The global logistics market is poised for substantial growth between 2023 and 2029. The market is currently expanding at a steady rate, and as businesses continue to globalize, the demand for complex and interconnected supply chains to move goods across international borders is expected to increase. Additionally, with the development of international growth strategies by key players, the market is expected to maintain its upward trajectory over the projected horizon.



Significant growth is expected in emerging markets, driven by the increasing consumer demands and higher performance efficiency of logistics corridors between Asia and Africa or within Asia. This trend is reflected in the Logistics Performance Index, which highlights the importance of these trade corridors for the future of the logistics industry.



In 2023, geopolitical tensions have intensified, highlighting the importance of logistics partners that offer predictability, agility, mobility, and flexibility. The current environment underscores the need for companies to have the ability to navigate complex and unpredictable situations. As a result, logistics providers that can offer these qualities are in high demand, particularly in regions where geopolitical tensions are prevalent.

Source: IMF, hbr.org, Arab News, Research and Markets, Business Wire, Realty

Logistics: GCC and the broader MENA region

It is anticipated that the logistics sector in the MENA region will experience a Compound Annual Growth Rate (CAGR) of 6% over the next five years, with the UAE, KSA, and Egypt leading the way due to their swift uptake of technology, foreign investments, and burgeoning trade relations.

UAE

UAE logistics market to grow at 6.84% annually, to a total of \$11.87bn by 2026.

Dubai Government's collaboration with the private sector will enable projects across free zones and the Dubai Silk Road.

KSA

KSA climbs 17 places in World Bank logistics index. The sector will represent 10% of KSA's GDP by 2030 compared to the current 6%.

Key Growth Drivers – UAE & KSA



Infrastructure

Al Khomra Logistics Zone to be constructed in KSA to expand the country's maritime transport sector and create new investment opportunities.



Digitalisation

The Special Integrated Logistics Zone will use technology to streamline the movement of goods, including best-in-class inventory systems optimized for e-commerce.



E-Commerce Growth

Ecommerce market in UAE is expected to grow by 14.80% on an annual basis to reach \$30.7bn in 2023.

GCC's top players in the logistics domain

In order of top countries from left to right



Key Players

aramex
delivery unlimited



مجموعة موانئ أبوظبي
AD PORTS GROUP



Other Fast Facts

- The strategic location of Gulf countries connects the Transportation and Logistics (T&L) industry to over 3.5 billion potential clients worldwide, with 30% of global trade passing through the Gulf of Aden and the Red Sea.
- In 2022, the UAE ranked as the most competitive market in the GCC according to the annual Emerging Markets Logistics Index.
- S&P Global Ratings predicts a resilient performance in 2023 for corporate and infrastructure issuers in GCC countries, citing their stable earnings profiles, strong balance sheets, and healthy funding and maturity profiles.

Source: Mordor Intelligence, Emerging Markets Logistics Index, Arab news, Statista

Agility and Flexibility in the Logistics Industry

Agility is crucial to maintaining a competitive edge in the current ever-changing market, as it allows businesses to respond quickly and efficiently to fluctuations in demand and supply. This, in turn, helps to reduce costs and increase efficiency. In 2023, the logistics sector is expected to prioritize supply chain agility and flexibility, as businesses seek to meet the growing demand for products and services.

Why Agility?

Agile logistics systems can quickly respond to unexpected environmental changes that could cause delays and other issues.

The rebound from the Covid-19 pandemic and recovery from the Russia-Ukraine war have highlighted the growing importance of the supply chain model.

To cultivate an agile supply chain, businesses must focus on a) Optimizing and enhancing logistics operations b) Adapting and implementing advanced technologies and c) Increasing operational visibility and real-time data accessibility.



Why Flexibility?

To gain a competitive edge, companies must ensure that their logistics planning is flexible and capable of adjusting operations and processes in warehouses or other distribution platforms, without compromising business performance.

Implementing a digital process system, like a Warehouse Management System, with built-in software that recognizes dynamics in the facility can optimize resources and significantly improve the productivity of logistics operations.

Industry leader Amazon utilizes advanced algorithms and real-time data to manage its inventory and shipping processes, enabling the company to quickly adapt to changes in demand and employ flexibility in its logistical operations.



Sources: Sag Logistics, DCL logistics, Navata Road Transport , Interlake Mecalux

Industry Tailwinds Supporting Agility and Flexibility in the Regional Logistics Sector

Current Trends and Developments

GCC's Competitive Edge: What works

Big Data and Digital Systems



A warehouse management system can analyze data from warehouses to evaluate capacity, consumer trends, and optimal stock levels for each area at any given time.



In 2023, DP World announced the first commercial use of BOXBAY High Bay Storage system - a pioneering technology to ensure fully automated storage systems, eliminating 350,000 unproductive moves per year.

Geographical Outreach



Scalability in logistics allows businesses to adjust their operations to meet changing demands, optimize supply chain management, and efficiently utilize resources, resulting in long-term growth and profitability.



AD Ports has access to multiple trade corridors globally through its acquisition of Noatum (Spain) and TTEK (Barbados). The Group has also signed a joint venture agreement to enter the Uzbekistan logistics market.

Product Line Expansion



Personalization, sustainability, and agility are key trends driving the expansion of product lines. Companies that can effectively manage the complexities of product line expansion can gain a competitive advantage.



DP World recently opened a new oil terminal at Berbera Port. The terminal will cater to the growing demand for edible oils in the East African region and provide a reliable supply chain for producers and distributors.

Just-in-Time Technique (JIT)



JIT (Just-in-Time) in logistics helps reduce inventory levels and costs while improving efficiency and customer satisfaction by producing and delivering products or materials just in time to be used in the production process.



Emirates Group uses JIT in logistics to manage their inventory of aircraft parts and in-flight catering operations. They utilize logistics software to track the location and status of aircraft parts, and reduce costs associated with storing and handling inventory.

Green Logistics



Green logistics aims to reduce the environmental impact of logistics operations. Current trends in green logistics include the use of electric vehicles, alternative fuels, and other sustainable practices driven by the need to reduce emissions, meet sustainability targets, and improve efficiency.















In January 2023, ADNOC declared its plan to reduce its carbon footprint by 25% by 2030 by utilizing solar panels to power service stations and implementing biofuel for its vehicle fleet, in line with UAE's 2030 Green Agenda of achieving sustainability.

Source: Forbes Middle East, Gulf Business, Zawya, The National News, Saglogistic, Logistics Middleeast

Recent Activity in the Logistics Space

The high level of M&A activity in GCC continues to attract global investment and fuel economic growth, as investors within the logistics space remain acquisitive.

Date	Target	Acquirer	Implied Value	Target Country	Overview of Transaction
Mar 2023	TTEK	Maqta Gateway (AD Ports)	USD 26.7 mn		Maqta Gateway has acquired TTEK for \$26.7 million to expand its digital trade solutions portfolio.
Feb 2023	Fraser Surrey Docks	DP World			DP World has acquired Fraser Surrey Docks, the largest multipurpose deep-sea marine terminal on the West Coast of North America.
Dec 2022	OMV	ADNOC			ADNOC acquired a 24.9 per cent shareholding in OMV from Mubadala.
Nov 2022	Noatum	AD Ports	USD 172.9 mn		AD Ports acquires a global integrated logistics platform based in Spain
Oct 2022	MyUS	Aramex	USD 265 mn		Aramex completes acquisition of e-commerce platform MyUS based in Florida
Sep 2022	Transmar	AD Ports			AD Ports Group acquires equity stake in regional container shipping company, Transmar
Sep 2022	Monta	DHL			DHL Supply Chain has announced the acquisition of a majority stake in Dutch e-commerce specialist Monta
Aug 2022	John Menzies	Agility Logistics	USD 924 mn		Acquisition of British aviation services company John Menzies by Agility Logistics

Precedent transactions and share price data sourced from Eikon. Transactions are selected based on available transaction data, size and, where available, geographical relevance.

Sources: Refinitiv Eikon, The National News, Zawya, Arab News, Gulf Business, Tech Crunch, The Startup Scene

Select Market Multiples in Global Logistics Market

- The market multiples selected below are based upon **companies operating in the logistics sector** with Last Twelve Months (LTM) revenue of **between \$600m and \$5b**.
- This range reflects companies with **similar turnover to the MENA companies**, in order to provide a comparable point of reference.

Company Name	HQ	Share Price	Market Cap	EV / EBITDA		EV / EBIT	P/E	
				LTM EBITDA	EBITDA +1	LTM EBIT	LTM Earnings	Earnings +1
MENA				US\$	US\$m			
Agility Public Warehousing Company KSCP	Kuwait	2.01	5,421	21.4x	10.9x	33.1x	40.9x	1.9x
Kuwait and Gulf Link Transport Company KPSC	Kuwait	0.16	46	8.2x	12.1x	227.6x	1.7x	22.4x
Abu Dhabi Ports Company PJSC	UAE	1.78	8,704	17.7x	10.7x	26.2x	24.9x	8.0x
Qatar Navigation QPSC	Qatar	2.37	2,566	10.1x	7.5x	16.4x	9.2x	18.0x
Aramex PJSC	UAE	0.90	1,312	10.2x	7.6x	25.5x	29.9x	9.5x
Mean				13.5x	9.7x	65.8x	21.3x	12.0x
Median				10.2x	10.7x	26.2x	24.9x	9.5x
Max				21.4x	12.1x	227.6x	40.9x	22.4x
Min				8.2x	7.5x	16.4x	1.7x	1.9x
Emerging								
Triple i Logistics PCL	Thailand	0.36	299	27.0x	23.9x	35.2x	12.4x	13.8x
Leo Global Logistics PCL	Thailand	0.22	94	8.0x	6.8x	8.4x	10.7x	10.1x
Gke Corporation Ltd	Singapore	0.06	46	5.3x	11.2x	15.5x	31.6x	9.3x
CJ Century Logistics Holdings Bhd	Malaysia	0.11	64	4.5x	4.7x	7.9x	9.8x	8.3x
Tiong Nam Logistics Holdings Bhd	Malaysia	0.16	87	13.1x	11.4x	25.1x	81.6x	12.5x
CTS International Logistics Corp Ltd	China	1.38	1,815	9.9x	7.4x	9.9x	13.4x	11.1x
Allcargo Logistics Ltd	India	3.31	1,064	6.9x	6.1x	8.7x	8.3x	9.7x
Mean				10.7x	10.2x	15.8x	24.0x	10.7x
Median				8.0x	7.4x	9.9x	12.4x	10.1x
Max				27.0x	23.9x	35.2x	81.6x	13.8x
Min				4.5x	4.7x	7.9x	8.3x	8.3x
Developed								
Expeditors International of Washington Inc	USA	109.67	17,009	8.0x	13.1x	8.2x	13.4x	20.7x
DSV A/S	Denmark	181.70	42,283	10.6x	13.5x	12.7x	17.3x	21.8x
Deutsche Post AG	Germany	46.72	57,871	5.6x	6.2x	8.3x	9.9x	12.4x
Titanium Transportation Group Inc	Canada	2.30	87	3.5x	4.4x	6.4x	4.8x	10.0x
Air Transport Services Group Inc	USA	19.53	1,488	4.6x	4.2x	10.2x	9.2x	9.7x
Mean				6.4x	8.3x	9.2x	10.9x	14.9x
Median				5.6x	6.2x	8.3x	9.9x	12.4x
Max				10.6x	13.5x	12.7x	17.3x	21.8x
Min				3.5x	4.2x	6.4x	4.8x	9.7x

Valuations in the developed markets are yet to recover from the subdued economic activity in 2022, whereas regional and emerging markets are already showing signs of prospects via attractive forward market multiples.

Market multiples sourced from Refinitiv Eikon. As information correct as of 31 December 2022. NM indicates data not available. Companies are indicative and do not represent the entire universe of logistics providers in each region. Where relevant and of interest, companies will be added and removed from the data set on an ongoing basis.

Upcoming Logistics and Transportation Events in the Region

airportshow Dubai Airport Show

Date: 09 – 11 May 2023

The biggest yearly airport exhibition worldwide is The Airport Show, which aims to emphasize the significance of events in facilitating business prospects between prominent airport suppliers and service providers worldwide, and the decision-makers of regional aviation airports. This event will persist in its mission to promote fruitful collaborations within the industry.

Helishow Heli Show DUBAI

Date: 14 -15 June 2023

Helishow Dubai is a specialized event in the Middle East that focuses solely on the Helicopter and Manned-Unmanned Aerial Vehicle Technology & Operations industry. As the only event of its kind in the region, it serves as an ideal platform for the global VTOL community to connect and engage with potential customers, including state representatives and trade visitors from the MENA and Indian Subcontinent regions.

SeatradeMaritime LOGISTICS MIDDLE EAST

Seatrade Maritime and Logistics Middle East

Date: 16 – 18 May 2023

The upcoming event will unite top maritime experts from various parts of the Middle East. It will establish a connection between ship owners, shipyards, port operators, government officials, and industry professionals through a top-notch conference program and an exhibition featuring top suppliers, services, and solutions in the maritime industry.

SUPPLY CHAIN & LOGISTICS Arabia Building Excellence for Robust Economic Growth

Supply Chain and Logistics Arabia

Date: 19 – 20 July 2023

The highly anticipated Supply Chain & Logistics Arabia event will bring together a remarkable assembly of delegates and speakers in the future. This event promises to feature industry pioneers who have established new benchmarks and acted as evangelists, achieving the seemingly impossible in the sector within the region.

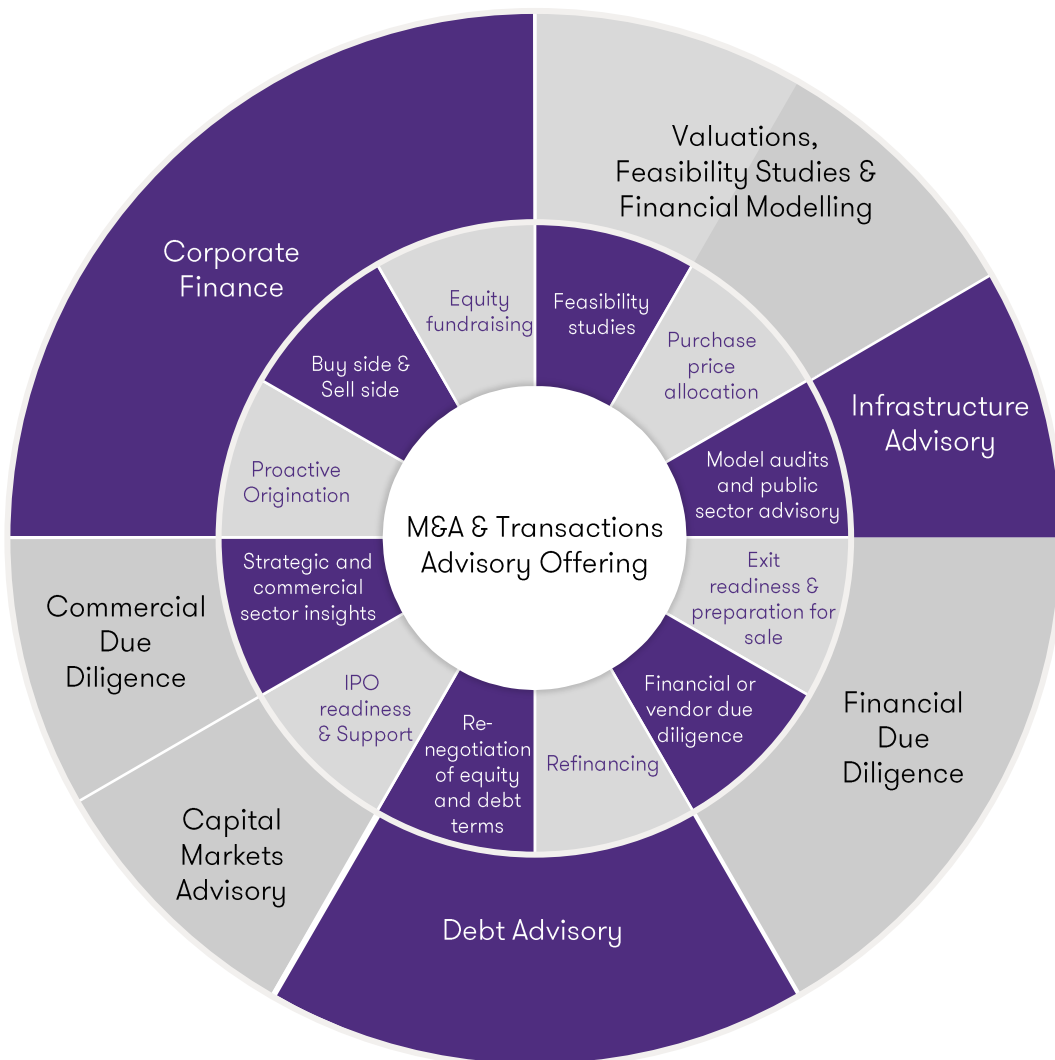


M&A and Transactions Advisory Offering

Our team of seasoned professionals possesses a wealth of experience in delivering comprehensive support and guidance to ensure a successful outcome, whether you are looking to sell your business or acquire a new one.

At our firm, we understand that transactions can be complex and time-consuming processes. With our in-depth understanding of the market and its dynamics, we can help you navigate the complexities of M&A transactions and create long-term value for your business. Our commitment to delivering unparalleled services extends to working closely with you to achieve your business objectives and provide you with the best possible service.

We invite you to partner with us, and we are confident in our ability to deliver high-quality services and create long-term value for your business.



M&A and Transactions Advisory Team

Our M&A and Transactions Advisory team actively originates and executes transactions across a range of sectors. Some of the current as well as recently completed transactions include businesses in logistics, technology, real estate, food & beverage, healthcare, education, financial services and oil & gas.

Our culture of providing tailored advice proactively to our clients throughout a transaction enables us to develop an in-depth understanding of our clients' objectives, which is at the core of our pragmatic solution offering.



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