

# Building Bridges of Connectivity: Empowering Logistics with Advanced Infrastructure in the Region

M&A and Transactions Advisory

July 2023



# Contents

<b>Section</b>	<b>Page</b>
Deal Activity on the Rise : Global Deal Outlook	3
Global Logistics Outlook: Unlocking Growth and Advancements	4
Revolutionizing the GCC Region through Strategic Infrastructure Investments	5
Boosting Growth: Infrastructure Enhancements in the GCC and wider MENA region	6
Select Market Multiples in Global Logistics Market	7
Recent M&A Activity in the Logistics Space	8
Upcoming Logistics and Transportation Events in the Region	9
Glossary	10
M&A and Transactions Advisory Offering	11
M&A and Transaction Advisory Team	12

# Deal Activity on the Rise: Global Deal Outlook

**USD 125 Bn**

Global M&A Deal Value in H1 2023

**1,957**

Global Total M&A Deal Count in H1 2023

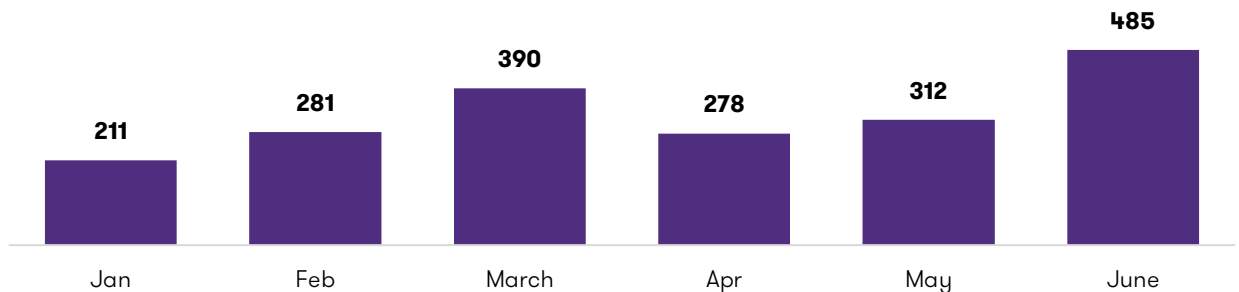
**USD 6.2 Bn**

MENA M&A Deal Value in H1 2023

**38**

Number of MENA IPOs in H1 2023

## Global Deal Count (H1 2023)



- During the second quarter of 2023, global deal activity experienced impressive growth of 22%. This increase indicates a robust path to recovery in the transaction space. Investment bankers, financial advisors and lawyers remain buoyant, expressing optimism that stock markets will continue to stabilize and restore confidence among key stakeholders, leading to an increased pursuit of deals.
- In Q2 2023, the number of global deals surpassed those in Q1 2023, with transaction announcements reaching \$60.1 Bn. This increase in deal activity quarter on quarter further fuels optimism for those closely observing the global M&A market's ongoing recovery.
- As we move into the second half of 2023, there is a positive outlook for a rise in global M&A activity. Investors are strategically focusing on managing long-term risks and adopting transformative approaches to achieve higher profit margins. This proactive stance indicates a growing willingness among businesses to embrace opportunities and adapt their strategies for continued growth.

## Economic Outlook



As per the latest report from the International Monetary Fund (IMF), the global economy is projected to witness a moderate recovery in 2024, with a growth rate of 2.4%. This growth is expected amidst the ongoing monetary policy tightening, which is a response to the challenges posed by high inflation.



In contrast, the Middle East and North Africa (MENA) region is experiencing an exceptionally positive outlook. The region is witnessing substantial capital inflows, primarily driven by increased foreign direct investment.



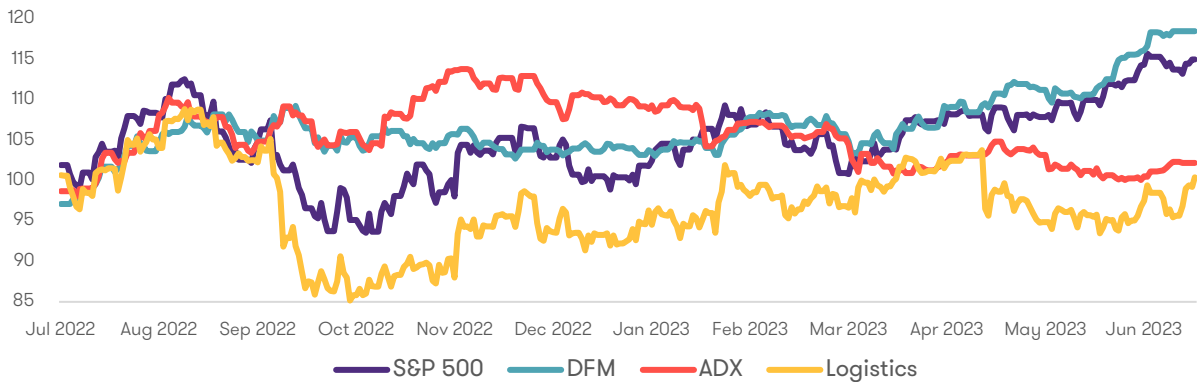
As we progress through 2023, the MENA region's economic landscape appears promising, presenting lucrative opportunities for investors and businesses to tap into its growth potential.

Sources: World Bank, IMF, Reuters, S&P Global Zaywa, UAE-EU.com, Arabian Business, EIU, Reuters, Government of UAE, Refinitiv Eikon

# The Global Logistics Outlook: Unlocking Growth

In the contemporary world, a country's approach to investing in the logistics and transportation sector holds paramount importance as a key indicator of its economic competitiveness and growth potential.

Equally critical is the focus on infrastructure development to support industrial expansion and adapt to the evolving demands of the modern era.



- Despite the challenges faced in Q2 2023, including escalating costs, geopolitical tensions, and labor shortages, the global logistics market shows a positive outlook in Q3 2023. Trade volumes are gradually recovering, and companies are prioritizing agility and resilience within their supply chains.
- The Fourth Industrial Revolution is reshaping companies through innovation and technology, and the successful amalgamation of these advancements with well-developed infrastructure and logistics capabilities becomes the pivotal determinant of a country's logistics performance.



In light of the Logistics Performance Index 2023, Singapore has ranked 1st in this edition. The country has made significant advancements in the logistics domain, cultivating a USD 1.2 Trn worth of trade per annum. Owing to its state-of-the-art transport infrastructure and expertise, countries like Egypt are looking to collaborate with the South Asian country as part of a long-term vision.



The Swedish Transport Administration, Trafikverket, is in works to digitize and manage roadside infrastructure with the use of artificial intelligence. They have partnered with Univrse's for their computer vision and big data specialization.



The expansion of the global logistics market is further bolstered by the progress in logistics infrastructure, including ports, airports and transportation networks. As countries continue to invest in enhancing their logistics infrastructure to promote trade and economic growth, the logistics services market is poised to experience significant gains.

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

# Boosting Growth: Infrastructure Development in the GCC and Wider MENA Region

The Middle East holds immense potential for economic growth, owing to its abundant hydrocarbon resources, strategic location and availability of skilled labor as the region strives for economic diversification.

## Key Growth Drivers

- The Gulf Cooperation Council (GCC) countries are reaping the benefits of their **strategic location**, positioned between Europe and Asia, which has made them vital hubs for international trade.
- The region is engaged in implementing initiatives to **enhance its logistics infrastructure**. This includes the development of ports, airports, and rail networks, along with investments in **advanced technology and automation**, to streamline and improve the efficiency of logistics operations.
- In order to **attract companies** and **encourage business operations**, the GCC has **successfully adopted many strategies**, such as establishment of free zones and the provision of tax incentives.



- **CARGOES, JAFZA suite of software solutions** automate key processes at every stage of the supply chain
- **UAE ranked 11th** in the logistics Performance Index released by World Bank 2023.
- Key logistics infrastructure projects include **DP World's BoxBay** concept at **Jebel Ali's Terminal 4** and the **UAE's Etihad rail** initiatives.



The Middle East's geographical location places it strategically at the crossroads of East-West trade and commerce, making it a crucial transit point between the Far East and Europe. The increased focus on the infrastructure for this market, has attracted investors to set up operations in the region.



Saudi Arabia's Ministry of Transport & Logistics Services has unveiled an impressive **logistics strategy**, aiming to position the country to become a **global logistics powerhouse**. Presently, the logistics sector accounts for about 6% of the KSA GDP, and the plan aims to elevate this to c.10% by 2030.



In 2022, KSA made significant strides in its logistics infrastructure, adding **56 roads** spanning 1,610 km and **enhancing its air network** with the inauguration of King Salman International Airport, two terminals at King Khaled International Airport in Riyadh, along with the expansion of Al-Qaisumah Airport.

Source: IMF, hbr.org, Arab News, Research and Markets, Business Wire, Realty, Seatrade Marinetime new, Kearney, Ascela



# Revolutionising the GCC Region Through Strategic Infrastructure Investments

For the MENA region, logistics plays a vital role in economic diversification and attracting foreign direct investment. Notably, the global logistics performance index ranks the UAE and Qatar as top performers in the logistics industry due to their remarkable advancements in the region's logistics sector.

- The MENA region has experienced a remarkable 9.2% increase in international cargo, further solidifying its position as a hub for global cargo trade.
- The region's ports handle c.20% of global seaborne trade. With the view of becoming the hub for international trade, governments are making conscious efforts to increase investments to renovate and expand seaports.
- The limited availability of cheaper modes of transport and accessibility to low cost of fuel has increased demand for road transport.
- The rapid increase in international EXIM traffic has attracted investors to access logistics and warehousing facilities in the region, steering governments towards establishing state of the art facilities.

## Key Infrastructure Developments



**Emirates SkyCargo** expects to double its existing capacity through adding over 20 new destinations to its freighter network, offering further flexibility and services to its customers.

**Flyadeal**, Saudi Arabia's **budget airlines** recently launched many new international routes aiming to further facilitate air traffic, which has recently risen by 9% in H1 2023 as compared to H1 2022.



**DP World** has partnered with **Maersk** to enhance customer cargo movement at Jebal Ali Port, focusing on sustainability and operational efficiencies.

**Port of Duqm** in Oman plans to expand through establishing new plants and collaborating with local and international SMEs. According to the IMF, Port Salalah ranked second among the most efficient container ports in the world.



**Etihad Rail** has joined forces with DHL to enhance sustainable freight solutions in the region and position itself as a key gateway to the global market. The latter is anticipated to integrate rail as a primary mode of transportation within the UAE.

**WeBuild** and **JV Partner Shihb Al Jazira Contraction Company** have signed a contract to design and build "The Connector", a railway in NEOM along the north Red Sea, further optimizing supply chain flow in KSA and creating 4000+ jobs in the KSA market.



Bahrain's **InvestCorp** plans to invest USD 1 Bn in the real estate market across GCC, having recently bought a 215,000 square feet temperature-controlled warehouse in KSA to build their logistics portfolio within the region.

**Abu Dhabi Ports** has signed an agreement with metal producer and logistics giant, **Vale S.A** to establish a Mega Hub in Abu Dhabi which will cater to industrial complexes engaged in producing know-carbon products for the steelmaking industry.

Source: IMF, Zawya, Hotelier Middleast, Ascela

# 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 **\$430 Mn and \$5 Bn**.
- 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 EBITD	EBIT DA +1	LTM EBIT	LTM Earnings	Earnings +1
<b><u>MENA</u></b>				<i>US\$</i>	<i>US\$m</i>			
Agility Public Warehousing Company KSC	Kuwait	2.1	5,683	18.7x	11.1x	16.5x	22.5x	1.8x
Gulf Warehousing Company QPSC	Qatar	0.9	555	8.7x	7.3x	11.4x	7.9x	8.2x
Aramex PJSC	UAE	0.8	1,196	10.4x	7.2x	14.7x	29.6x	18.1x
Abu Dhabi Ports Company PJSC		1.8	9,230	16.5x	11.8x	16.8x	24.9x	20.8x
<b>Mean</b>				<b>13.6x</b>	<b>9.3x</b>	<b>14.8x</b>	<b>21.2x</b>	<b>12.2x</b>
<b>Median</b>				<b>13.4x</b>	<b>9.2x</b>	<b>15.6x</b>	<b>23.7x</b>	<b>13.2x</b>
<b>Max</b>				<b>18.7x</b>	<b>11.8x</b>	<b>16.8x</b>	<b>29.6x</b>	<b>20.8x</b>
<b>Min</b>				<b>8.7x</b>	<b>7.2x</b>	<b>11.4x</b>	<b>7.9x</b>	<b>1.8x</b>
<b><u>Emerging</u></b>								
Allcargo Logistics Ltd	India	3.7	898	7.7x	5.3x	6.9x	10.8x	10.0x
CTS International Logistics Corp Ltd	China	1.3	1,670	10.6x	7.2x	8.4x	13.9x	11.3x
ZTO Express (Cayman) Inc	China	26.0	21,229	14.4x	9.6x	13.5x	19.9x	16.0x
Kerry Express (Thailand) PCL	Thailand	0.3	504	NA	14.5x	NA	NA	NA
<b>Mean</b>				<b>10.9x</b>	<b>9.1x</b>	<b>9.6x</b>	<b>14.9x</b>	<b>12.4x</b>
<b>Median</b>				<b>10.6x</b>	<b>8.4x</b>	<b>8.4x</b>	<b>13.9x</b>	<b>11.3x</b>
<b>Max</b>				<b>14.4x</b>	<b>14.5x</b>	<b>13.5x</b>	<b>19.9x</b>	<b>16.0x</b>
<b>Min</b>				<b>7.7x</b>	<b>5.3x</b>	<b>6.9x</b>	<b>10.8x</b>	<b>10.0x</b>
<b><u>Developed</u></b>								
DFDS AS	Denmark	36.4	2,137	6.0x	6.0x	12.5x	7.0x	8.0x
KRS Corp	Japan	6.4	164	7.0x	5.8x	NA	17.4x	12.9x
Sumitomo Warehouse Co Ltd	Japan	16.9	1,367	6.1x	9.7x	NA	8.5x	15.7x
ArcBest Corp	USA	109.1	2,613	3.1x	5.2x	7.7x	10.1x	11.1x
Clipper Logistics PLC	UK	NA	1,095	11.6x	NA	NA	NA	NA
<b>Mean</b>				<b>6.8x</b>	<b>6.7x</b>	<b>10.1x</b>	<b>10.8x</b>	<b>11.9x</b>
<b>Median</b>				<b>6.1x</b>	<b>5.9x</b>	<b>10.1x</b>	<b>9.3x</b>	<b>12.0x</b>
<b>Max</b>				<b>11.6x</b>	<b>9.7x</b>	<b>12.5x</b>	<b>17.4x</b>	<b>15.7x</b>
<b>Min</b>				<b>3.1x</b>	<b>5.2x</b>	<b>7.7x</b>	<b>7.0x</b>	<b>8.0x</b>

Valuations in the developed markets are yet to recover from the subdued economic activity in 2022 and the prolonged recovery during the times of high inflationary pressures, 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 30 June 2023. NA 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.

## Recent Activity in the GCC 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
Jun 2023	Tranportr LTD	Investor Group			Abu Dhabi based digital freight platform receives funding.
May 2023	DUTCO	X-ELIO Energy SL			DUTCO and X-ELIO Announce Joint Venture to Create X-NOOR, a World-Class renewable energy development platform in the GCC.
March 2023	Calo Inc	500 Startups management Co LLC			Calo raises \$13 million pre-Series A round.
March 2023	RSA Cold Chain DWC LLC	Americold Realty Trust	USD 3.9 mn		US-listed cold storage firm Americold Realty Trust is investing \$3.9Bn for a 49% interest in Dubai-based RSA Cold Chain.
Feb 2023	A Saffa Logistics Co LLC	A Saffa Foods SAOG			Asaffa Foods Board Approves Unit A'Saffa Logistics' Merger With Co.
Feb 2023	Parcel Delivery WLL	Investor Group			Parcel, Bahrain's last-mile provider raises \$1 million.
Feb 2023	WeDeliver	Business Innovation Mine LLC (BIM)			BIM Ventures announced its investment in WeDelivers in a pre-series A investment round during the leap 2023 global Tech Event.
Feb 2023	Matajer Central Co	Investor Group	USD 133 mn		Matajer Central Co. announced that it has received \$133 million in funding from Kingdom Holding Company, Uni-Ventures, and other investors.

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



# Upcoming Logistics and Transportation Events in the Region



## Airline Economics Growth Frontiers Middle East & Africa

**Date:** 24 – 26 September 2023

The Airline Economics Growth Frontiers Dubai conference is the industry's leading conference in the Middle East & Africa region bringing together commercial aviation's leading Lessors, OEM's, Banks, Investors and Law firms.



## Supply Chain and Logistic Arabia 2023

**Date:** 25 – 27 September 2023

Supply Chain & Logistics Arabia will feature an impressive gathering of delegates and speakers encompassing serial entrepreneurs who have overcome multiple challenges to create success stories, dedicated innovators, and evangelists who had accomplished what no one thought could have been done in the sector in the region.



## Dubai World Congress for Self Driving Transport 2023

**Date:** 26 – 27 September 2023

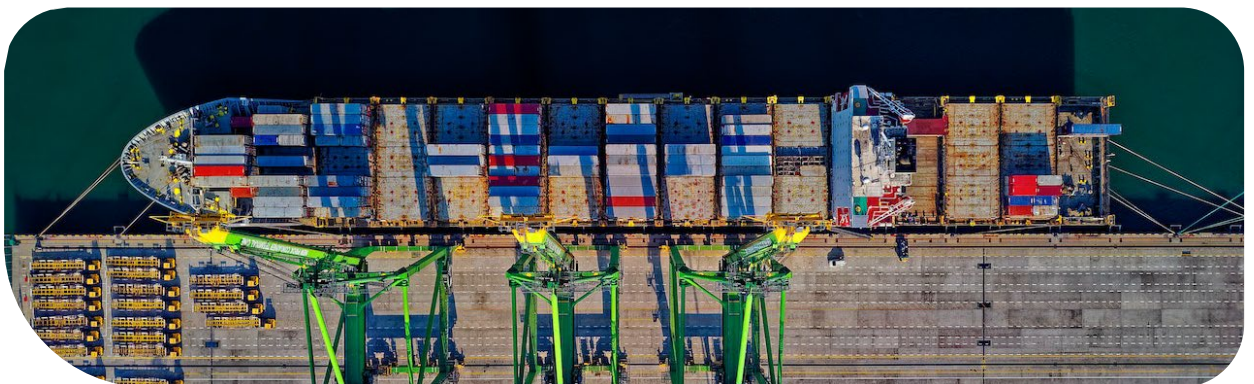
The Dubai World Congress for Self Driving Transport is a 2-day event that aims to raise awareness about modern and future transport by showcasing the impact of technology on investments and transport strategies. Leaders in future mobility will gather for an automotive conference and exhibition in Dubai.



## IAPH World Ports Conference 2023

**Date:** 30 October – 2 November 2023

The IAPH World Ports Conference evaluates the vital role of ports in global maritime trade and unites industry stakeholders for education, knowledge exchange, networking, and cooperation.



# Glossary

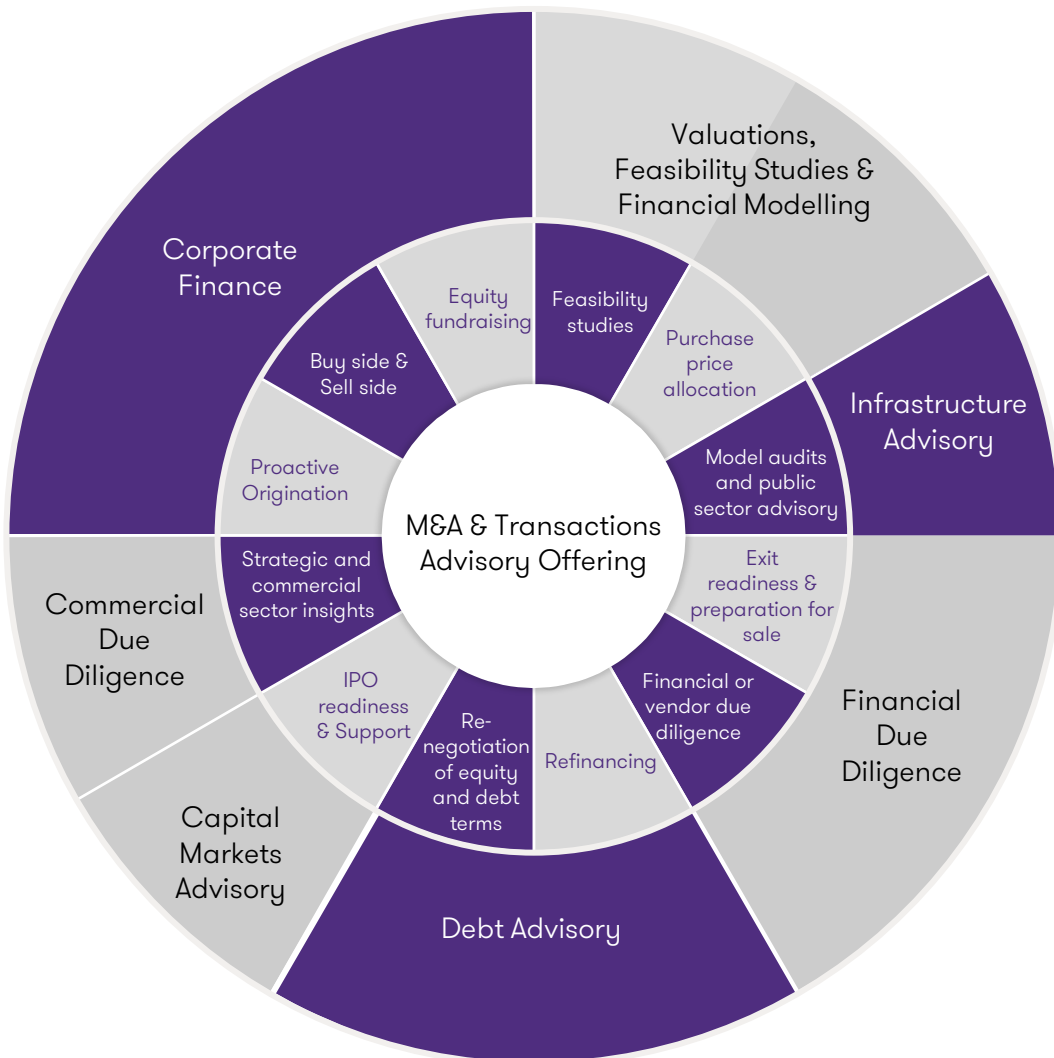
<b>Bn</b>	Billion
<b>CAGR</b>	Compound Annual Growth Rate
<b>EBITDA</b>	Earnings before Interest, Tax, Depreciation and Amortization
<b>EV</b>	Enterprise Value
<b>FDI</b>	Foreign Direct Investment
<b>GCC</b>	Gulf Corporate Council
<b>GDP</b>	Gross Domestic Product
<b>H1</b>	6 months ending June
<b>IMF</b>	International Monetary Fund
<b>IPO</b>	Initial Public Offering
<b>JAFZA</b>	Jabel Ali Free Zone Area
<b>KSA</b>	Kingdom of Saudi Arabia
<b>LTM</b>	Last Twelve Months
<b>M&amp;A</b>	Mergers and Acquisitions
<b>MENA</b>	Middle East North Africa
<b>P/E</b>	Price to Earnings Ratio
<b>Q1</b>	Quarter 1
<b>Q2</b>	Quarter 2
<b>UAE</b>	United Arab Emirates
<b>USD</b>	United States Dollars
<b>Vale S.A</b>	Vale South America

# 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.



## Salmaan Khawaja

Partner  
M&A and Transactions Advisory

Salmaan is a Partner in the M&A and Transaction Advisory Practice at Grant Thornton UAE. He is a seasoned professional with in-depth experience in M&A, valuations, due diligence, corporate finance and IPOs.

**T** +971 52 537 3917  
**E** salmaan.khawaja@ae.gt.com



## Colm Treston

Director  
M&A and Transactions Advisory

Colm has significant experience in corporate finance, debt advisory and banking and structured finance helps in bringing a wide angled view to each engagement.

**T** +971 52 936 3812  
**E** colm.treston@ae.gt.com



## Neha Julka

Director  
M&A and Transactions Advisory

Neha is a chartered business valuer, management accountant and CFA holder with significant valuation expertise gained both locally and globally.

**T** +971 54 373 5405  
**E** neha.julka@ae.gt.com



## Ehsen Khokher

Director  
M&A and Transactions Advisory

Ehsen has extensive experience in the advisory and banking space in the UAE, KSA and UK markets and is a member of the Royal Institution of Chartered Surveyors and a CFA Charter Holder.

**T** +971 50 971 6756  
**E** ehsen.khokher@ae.gt.com



## Salim Hussein

Director  
M&A and Transactions Advisory

Salim has experience across a broad spectrum of industries including logistics, telecommunications, manufacturing, media, shipping, and oil & gas and has led several cross-border transactions and due diligence engagements.

**T** +971 55 604 9756  
**E** salim.husseini@ae.gt.com



## Qasim Memon

Associate Director  
M&A and Transactions Advisory

Qasim is a skilled and result oriented corporate finance advisor given his experience in the UK, complemented with cross-border transactional experience and a global contact base. Qasim is spearheading the team's logistics sector initiative.

**T** +971 50 270 6382  
**E** qasim.memon@ae.gt.com

## Abu Dhabi

Al Kamala Tower  
Office 1101, 11th Floor  
Zayed the 1<sup>st</sup> Street  
Abu Dhabi, UAE

**T** +971 2 666 9750

**F** +971 2 666 9816

## Dubai

The Offices 5  
Level 3, Office 303  
One Central, DWTC  
PO Box 1620  
Dubai, UAE

**T** +971 4 388 9925

**F** +971 4 388 9915

## Abu Dhabi

DD-16-121-031  
16<sup>th</sup> Fl. WeWork Hub 71  
Al Khatem Tower  
ADGM Square  
Al Maryah Island  
Abu Dhabi, UAE

**T** +971 2 666 9750

**F** +971 2 666 9816

## Sharjah

Al Bakr Tower  
Office 305  
7/9 Al Khan Street  
Sharjah, UAE

**T** +971 6 525 9691

**F** +971 6 525 9690

