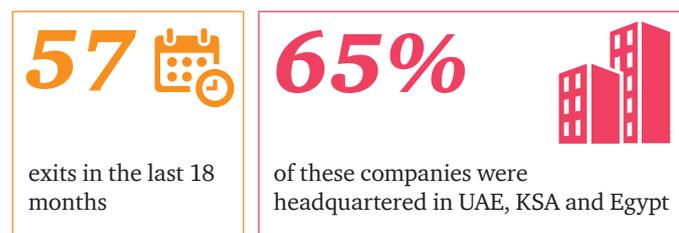


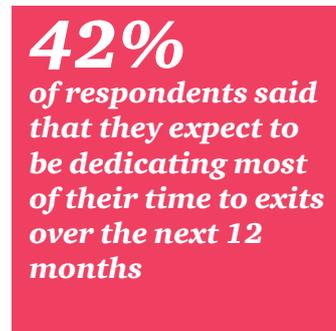
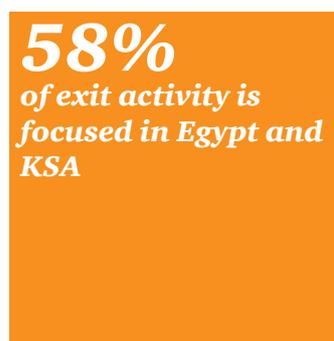
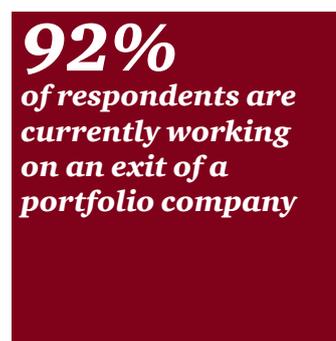
Maximising your exit value

It's been a busy eighteen months when it comes to exits. Despite the decline in the oil price, financial sponsors secured 57 exits over the period, including 12 IPOs. A good proportion of these were either fully or partially on overseas exchanges though. The figures below exclude the numerous exit processes commenced over the same period but which have yet to conclude.



Activity levels

Our market soundings suggested that a high proportion of the market (90% of the financial sponsors we spoke with in region) were currently working on an exit. Egypt and the Kingdom of Saudi Arabia featured highly, somewhat unsurprisingly given portfolio allocations.



Market sentiment

In the near term, it is evident that economic headwinds are increasing. However, it was encouraging to hear that over 75% of people we spoke to expect to continue to focus on exits in 2016 to at least the same level or greater.

50% of respondents said that market sentiment in terms of exits had worsened in comparison to 2014

...but 75% of respondents expect exit activity to continue at the same level or increase

Exit routes

Most people we spoke to noted a trade sale and/or a secondary sale remained their most likely exit routes in the near term. The development of a functioning secondary market, something that has mostly eluded the region to date, is more likely than ever and most sponsors would welcome it as a new alternative exit route. A smaller number of respondents are running "dual track" processes, giving them flexibility over either an IPO or trade sale.



55% of respondents were confident of a secondary market developing in the region



67% of respondents found increased interest of international PE houses in the region to be favourable



Key takeaways

In light of the above and subsequent client discussions, our key takeaways for Exits are:

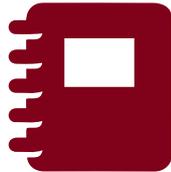
1

Exits will still remain relatively high on the agenda in 2016



2

Portfolio management and value creation remain a key focus



3

It is never too soon to plan for an exit



4

Expect to see the secondary market develop into a viable exit route in 2016



“Your exit strategy is as important on the way into an investment as it is on the way out. Making sure the numbers are clean and can be readily produced for third party scrutiny, regular re-confirmation of possible exit routes, likely buyer communities etc. – all of this is second nature to sophisticated financial sponsors who want to be able to move fast and maximise value. All of the above will be relevant in 2016 alongside robust value creation to protect against potential economic headwinds.”

Richard Rollinshaw, Private Equity Leader



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