

MAGNiTT | SVC

2019-2023
SAUDI ARABIA
PRIVATE EQUITY REPORT

MAGNiTT Report, Sponsored by SVC

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01 Key Stakeholders Takeaways

Ammar Alkhudairy

Chairman,
SVC



With the growth the Kingdom is witnessing at the level of Private Equity Investment, in parallel with the expansion seen in the Venture Capital space, the various components of Private Capital in Saudi Arabia all seem to adopt a growth trajectory. This is supported by the numerous governmental programs within the Saudi Vision 2030 framework under the guidance of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and His Royal Highness the Crown Prince, Prince Mohammed bin Salman Al Saud. The framework has initiated numerous governmental programs within the Saudi Vision 2030. These initiatives aim to foster growth in the investment ecosystem and advancements in the legislative and regulatory framework. Additionally, there has been a notable presence of proactive private sector investors and forward-thinking entrepreneurs contributing to the ecosystem's vibrancy.

Following the launch of the 2023 Saudi Venture Capital Report, we unveil the first-of-its-kind Private Equity report that covers the State of private equity in Saudi Arabia over the past five years and outlines its promising growth trajectory. This report represents a significant milestone in our commitment to providing valuable market insights and contributing to understanding the evolving investment landscape in the Kingdom.

As we navigate through the report's key findings, it is evident that the Kingdom has experienced a surge in interest in Private Equity, reaching a peak funding of approximately \$4Bn in 2023. The growth has been steady since 2020, with a remarkable 3.7x increase in 2021 and a subsequent surge to 5.8x in 2022. These trends underscore the resilience and attractiveness of the Saudi Arabian market for private equity investments.

At SVC, we take pride in playing a pivotal role in the Private Equity landscape. We leverage expertise and strategic insights to drive value for our partners and stakeholders. Our commitment at SVC to fostering growth and innovation aligns seamlessly with the dynamic trends observed in the Saudi Arabian market, and we are excited about the opportunities that lie ahead.

Dr. Nabeel Koshak

CEO and Board Member,
SVC



Over the past few years, Saudi Arabia has witnessed a robust surge in private equity investment, culminating in an unprecedented record of nearly \$4Bn in 2023. This remarkable achievement stands as a testament to the nation's unwavering commitment to the Saudi Vision 2030, showcasing a relentless dedication to nurturing entrepreneurship and catalyzing investments. The historic accomplishment is the direct outcome of strategic initiatives and programs meticulously launched to accelerate the evolution of the venture capital ecosystem in Saudi Arabia at an unparalleled pace.

SVC, which remains a crucial player in developing the various Private Capital realms, plays a pivotal role in driving and sustaining the robust growth of the Private Equity landscape in the kingdom. Following its establishment in 2018, SVC's strategic initiatives have been instrumental in elevating the number of investors in Saudi Arabian companies and startups. Backed by the support of SVC's impactful contributions, the Private Equity funding injected into Saudi Arabian companies has surged an impressive eightfold, reaching a historic pinnacle of circa \$4Bn in 2023, a remarkable ascent from the \$524M million reported in 2018, the year SVC was inaugurated.

Alongside our commitment to the growth of Venture Capital, as reported in the 2023 Saudi Arabia Venture Capital Report published by MAGNiTT, we at SVC persist in our unwavering commitment to actively propelling the diverse facets of Private Capital in Saudi Arabia. This dedication is evident through initiating necessary investment programs and products, meticulously crafted based on a thorough analysis of the ecosystem's requirements and aligned with proven working models on both regional and global scales.

Key Stakeholders' Takeaways

Muhannad M. Qubbaj

Founding Partner,
Olive Rock Partners



The private equity landscape in Saudi Arabia is undergoing a dynamic transformation, becoming an increasingly diverse asset class. This evolution is propelled by government initiatives aimed at economic diversification and progressive regulatory reforms that attract both local and international investors seeking to contribute to and benefit from Saudi Arabia's growth trajectory. With its young and sophisticated demographics and strategic geographical location at the crossroads of three continents, the Kingdom is poised to capitalize on robust opportunities.

As Saudi Arabia continues its pursuit of economic development, the private equity sector is expected to play a crucial role in driving growth and fostering innovation across the economy. By investing in, supporting, and guiding local businesses, private equity firms enable expansion and job creation through strategic and financial expertise.

At Olive Rock Partners, we are highly optimistic about the evolution of the Saudi private equity landscape and ecosystem, observing significant progress over the past decade. The alignment of macro national strategies and visions, combined with visionary support from institutions such as SVC and Jada, solidifies the credibility and value addition of this asset class to the local economy.

Huda Al Lawati

Founder & CEO,
Aliph Capital



KSA stands at a pivotal intersection where a burgeoning and entrepreneurial private sector converges with economic diversification, creating exciting opportunities for investment and growth. Public investment is playing an active role in catalysing sectors, especially nascent and underpenetrated ones such as tourism, sports, and logistics.

We see clearly that PE has a leading role to play not only as a provider of capital but of capability, knowhow and technology to SMEs that are well-positioned to navigate one of the world's youngest and most digitally savvy markets.

To complete the cycle, new exit avenues have continued to emerge in the form of public market listings, strategic M&A and secondary activity amongst financial buyers, Saudi saw 35 companies listing on Tadawul or Nomu in 2023 and strategic players such as Savola, STC and Dallah Healthcare demonstrating healthy appetite for inorganic expansion.

Supported by the continued regulatory reform including the new companies law and an improved ecosystem for foreign investment alongside investors such as SVC and Jada, created to enable the PE sector, we at Aliph are keen to play our part in KSA's transformation.

Orhan Osmansoy

Managing Partner (UAE & KSA),
TVM Capital Healthcare



Saudi Arabia continues to be a hot spot for private capital investment in the region. This is testament to a thriving and buoyant economy that is drawing local and foreign capital. In the context of our sector focus, we feel that exciting growth prospects in the healthcare industry fueled by "Vision 2023" and the Health Sector Transformation Program are creating large opportunities for private healthcare players and investors.

Over the past few years, we have witnessed a complete reorganization of the healthcare industry in the Kingdom, which coupled with a growing and well-regulated economy and the influx of enabling technology in healthcare are all making way for very compelling opportunities and new care paradigms.

As such, opportunities created by the wave of innovation in healthcare and life sciences and the growth and transformation of private healthcare in Saudi Arabia are providing the basis for attractive opportunities. To this end, with our new fund, we are deploying substantial capital and are very optimistic about the prospects in the Kingdom.

02 Private Equity Methodology

What is Private Capital?

Private Capital considers a collection of investment strategies, usually facilitated through funds, that are focused on private assets i.e. assets not accessible through public markets. Private Capital, as a term, covers diverse investment classes.

- For Private Capital, involvement in these assets or asset categories commonly takes the form of limited partnerships, with investors known as LPs.
- General Partners, identified as GPs, function as investment managers, overseeing the mobilization and allocation of capital from the LPs.
- Investments can be made in these asset classes by sovereign entities, large corporates, or individuals off-balance sheet directly into each of the asset classes.

The Six Pillars of Private Capital

Below is an overview of the six pillars that constitute Private Capital. MAGNiTT and SVC have historically collaborated to cover the Venture Capital investment landscape. This report is the natural extension that looks to cover Private Equity investments.



Venture Capital

Covered in FY 2023 Saudi Arabia VC Report



Private Equity

Focus of this Report



Private Debt and Venture Debt



Real Estate



Infrastructure



Natural Resources

What is Private Equity?

Private Equity is situated within the realm of alternative asset classes under “Private Capital”. PE investments are directed towards well-established enterprises in conventional sectors traded for equity or ownership shares.

- Private Equity constitutes an asset category wherein funds are invested in non-publicly traded companies, leading to the acquisition of equity or ownership.
- It is capital raised through LP Structures, co investment funds, separate accounts and private mandates for investment programs into non-listed businesses.
- Companies involved in PE are not publicly listed or traded on stock exchanges. Investors may acquire public companies, causing a transition from public to private.

MAGNiTT'S Private Equity Methodology for Data Capture

Below are the categories of investments that form the basis of analysis in this Private Equity Report. Note that investment data in this report does not include transactions in Venture Capital, Private Debt, Venture Debt, Real Estate, Infrastructure and Natural Resources.



Buyouts

The process of acquisition of a controlling interest in a company by an investor with an intention to exit over a 6-7 year period.



Private Equity Growth

Minority interest investment in a well-established company with the aim of accelerating their growth. Examples include investments in VC backed tech companies and SMEs for less than 50% ownership.



Leveraged Buyout

Acquisition of a controlling interest in a company by utilizing a mix of equity and a substantial portion of debt, which the company is obligated to repay over a period of time.



Add ons

Where a private equity firm, or another purchaser, buys a company and merges it with an established business already present in the buyer's portfolio, known as a platform company.

Private Equity versus Venture Capital | Business Objectives

Below is an overview of the differences of the business objectives of a Venture Capital transaction versus a Private Equity transaction.

Venture Capital (VC)	Main Objectives	Private Equity (PE)
<p>Acquire a minority stake in tech-enabled startups with the objective of hyper-growth</p>		<p>Majority stake investment in established enterprises to foster growth for exit</p>
<p>VC/ CVC/ Accelerators/ Family Office/ Individual/ VC FoF</p>	Investor Type	<p>Private Equity/ Sovereign/ PE FoF</p>
<p>Early to mid-stage companies with high growth potential, focused on Technology</p>	Company Type	<p>Mid-stage to mature companies across all industries</p>
<p>High Risk-the possibility of returns stemming from successful startups</p>	Risk Level	<p>Moderate Risk-Investments are made in companies with known record</p>
<p>People (Founders/Leaders)</p>	Starting Point	<p>Financial Figures</p>

Private Equity versus Venture Capital | Financial Objectives

Below we compare the financial objectives of a Venture Capital transaction and how it compares to a Private Equity transaction.

Venture Capital (VC)	Private Equity (PE)
Minority stake of less than 50%	Controlling stake of 51% and up, most often 100%
\$10M Range	\$100M to \$10Bn Ballpark
Only Equity (Cash)	Combination of Equity & Debt
Exit after 4-7 Years	Exit after 6-10 years
>10X Return Targets	>15% IRR

Private Equity Report | Objectives & Goals

Below is an overview of the objectives of this first report with MAGNiTT sponsored by SVC.



01

Coverage

As the Private Capital landscape continues to evolve in the Kingdom, Private equity is a natural evolution of data capture from the already existing Venture Capital data, research, and analysis.



02

Transparency

Building on the success of the Saudi Arabia Venture Capital report, this Private Equity report looks to provide regular reporting and a spotlight on a key and growing asset class within the Kingdom.



03

Benchmarking

While this particular report is focused on Saudi Arabia with time, we look to incorporate and develop benchmarks for the Private Equity industry in Saudi Arabia across the wider MENA and Emerging Venture Market space.



04

Market Oversight

Building regional and international awareness of the PE sector in Saudi Arabia can help drive its growth and development based on trends of market size, sectors, and investments and support policymakers in strategy development.

03 Executive Summary



The Kingdom has seen growing interest in Private Equity over the past five years, with Private Equity value at a peak of \$4Bn in 2023.

Private equity investment has been growing steadily since 2020. After a 3.7X rise in 2021, Private Equity broke through the billion-dollar range in 2022 at 5.9X its 2021 level.



The breakdown of Private Equity transactions saw a rising focus on Buyout transactions, which reported an increase in their share to total by 20PP between 2020 and 2023. In parallel, the share of Growth transactions rose by 2PP over the same period.

The breakdown of PE investment across the past five years was mostly covered by Buyout transaction values, which, on average, captured 80% of the total capital deployed in PE transactions.



Food & Beverages was the most transacted industry across Private Equity between 2019 and 2023, while Manufacturing topped the industries with 46% of the total investment in the covered period.

The industries that received the biggest Private Equity investments accounted for 94% of the total Private Equity value over the past five years. 88% of the total Private Equity investment was attributed to Buyout transactions across the top five industries.



The top five Private Equity investments reported across the past five years captured a share of 76% of the total investment and were closed between 2021 and 2023.

The transactions reigned down from Manufacturing, Financial Services, Healthcare, and Telecommunications.



Over the past five years, 49 investors have actively participated in shaping the Private Equity landscape in Saudi Arabia.

Investors supporting multiple Private Equity transactions were divided between Investment Companies and Asset Managers, featuring the presence of both Private Equity Firms and Corporates.

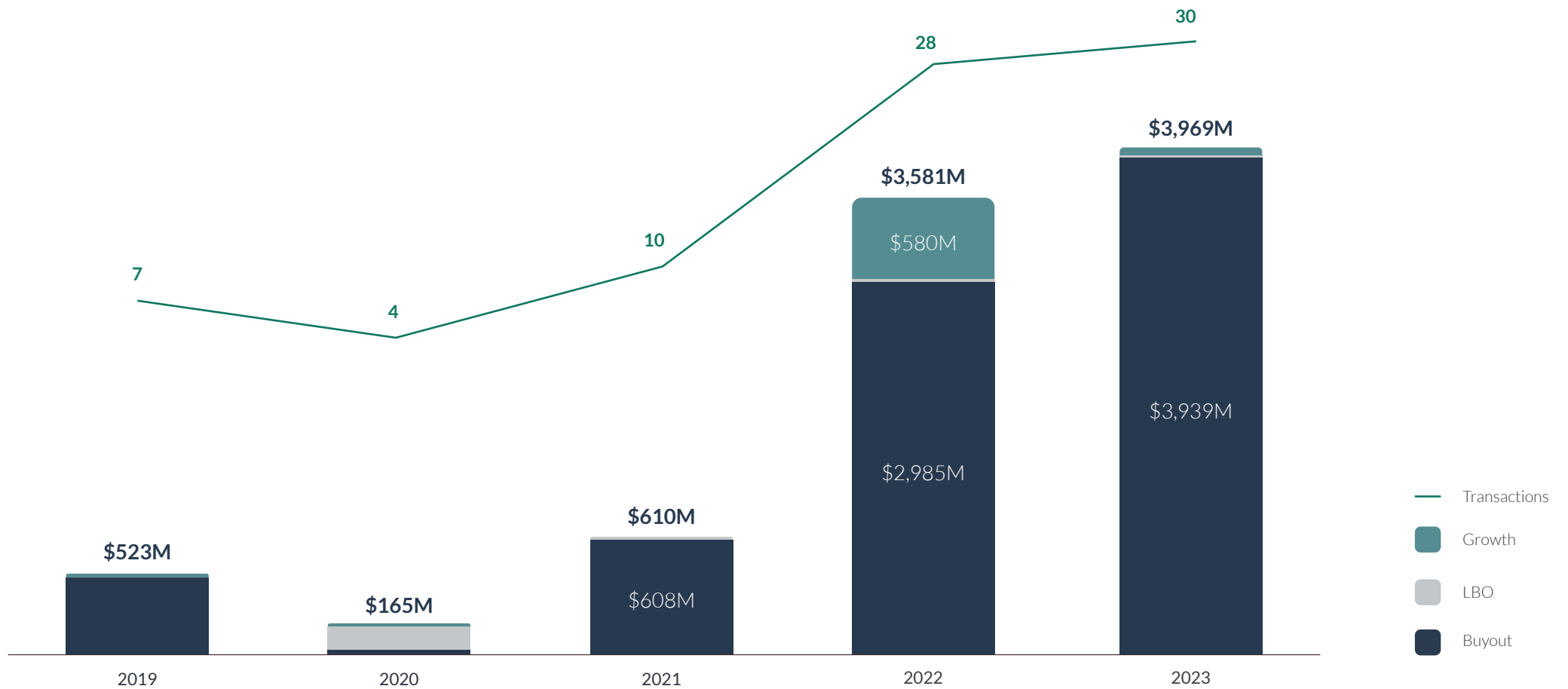
04 Private Equity Activity

Private Equity Yearly Evolution | 2019-2023

Saudi Arabia has seen three years of consecutive Private Equity investment growth, closing 2023 with \$4BN worth of transactions.

- Private Equity in the Kingdom saw a 5YR CAGR of 66% in investment and 44% in transactions between 2019 and 2023.
- Investment from Buyout transactions has been the main driver of Private Equity investment since 2021.

5YR Private Equity evolution in Saudi Arabia by Value (\$) and number of Transactions (#)

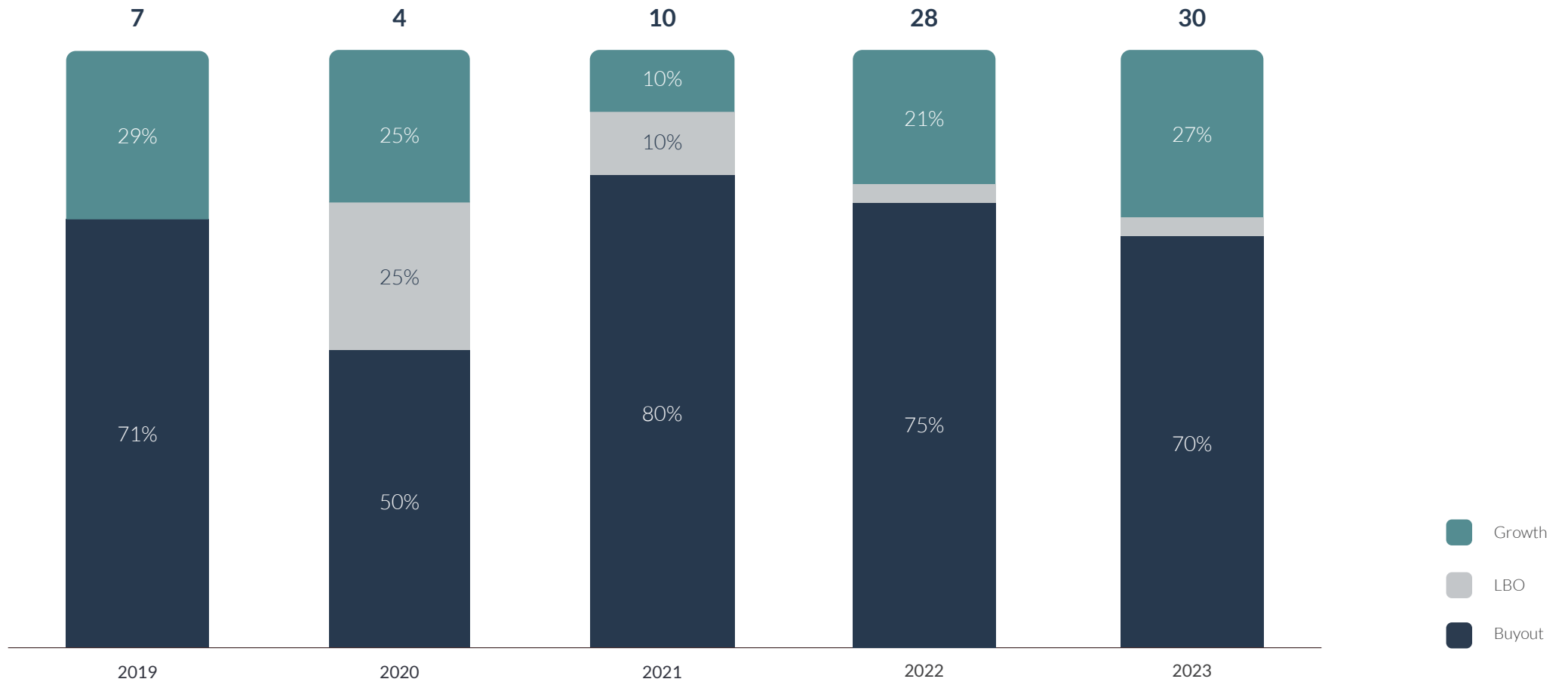


Private Equity Transaction Type Evolution | 2019-2023

Transactions in the Kingdom have been largely concentrated in Buyouts and Growth Investments.

- In 2021, the Buyout share of total transactions reported its highest level of 80%.
- Leveraged Buyout activity in the Kingdom has been limited over the past five years, capturing a minority share of total PE transactions closed.

Yearly Private Equity Transactions Evolution in Saudi Arabia by Type (%)

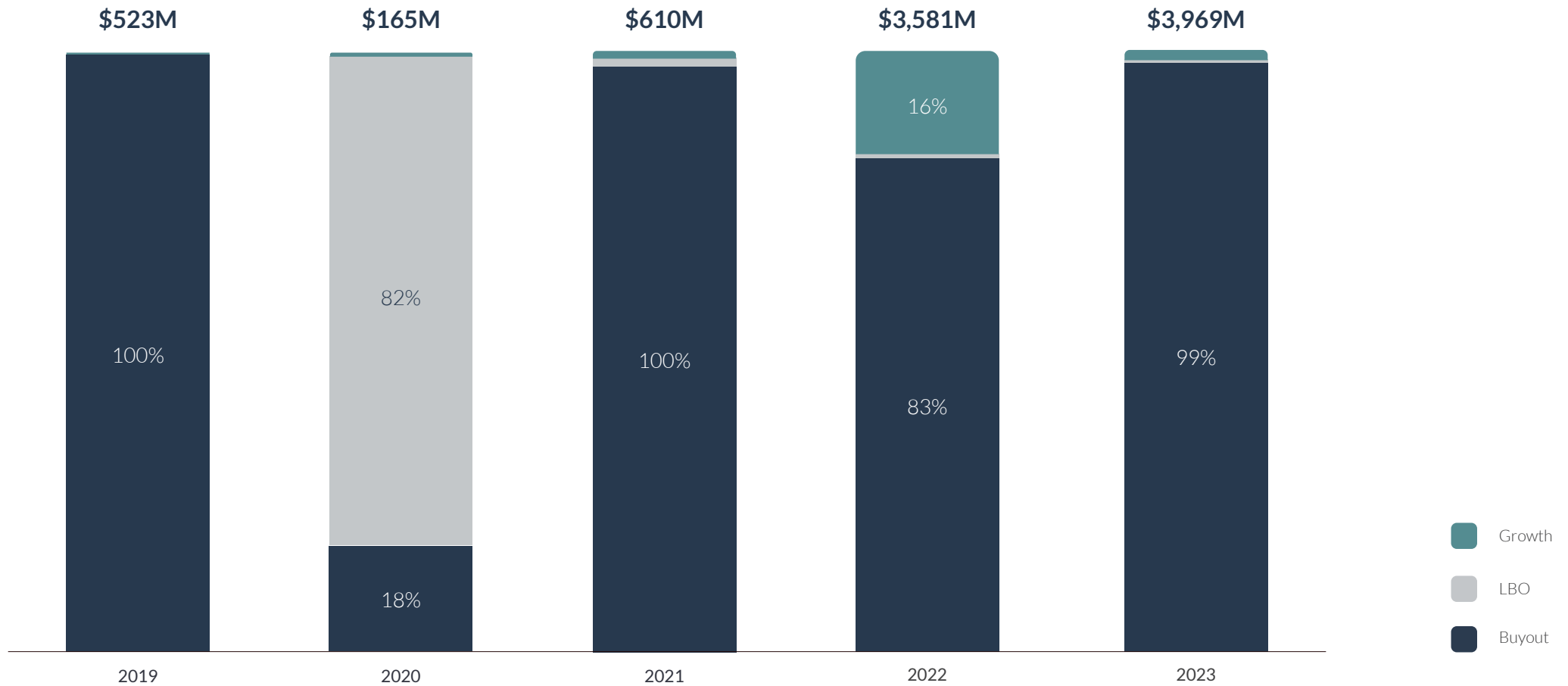


Private Equity Investment Type Evolution | 2019-2023

In Saudi Arabia, Private Equity investments were typically driven by Buyout transactions.

- Breakdown at the level of transactions was more diverse across Private Equity realms. Barring 2020, buyout value captured at least 80% of the capital deployed.
- In 2020, the value of Private Equity retreated by 68% YoY, and contrary to the covered years, the split was mostly focused on Leveraged Buyouts.

Yearly Private Equity Value Evolution in Saudi Arabia by Type (%)

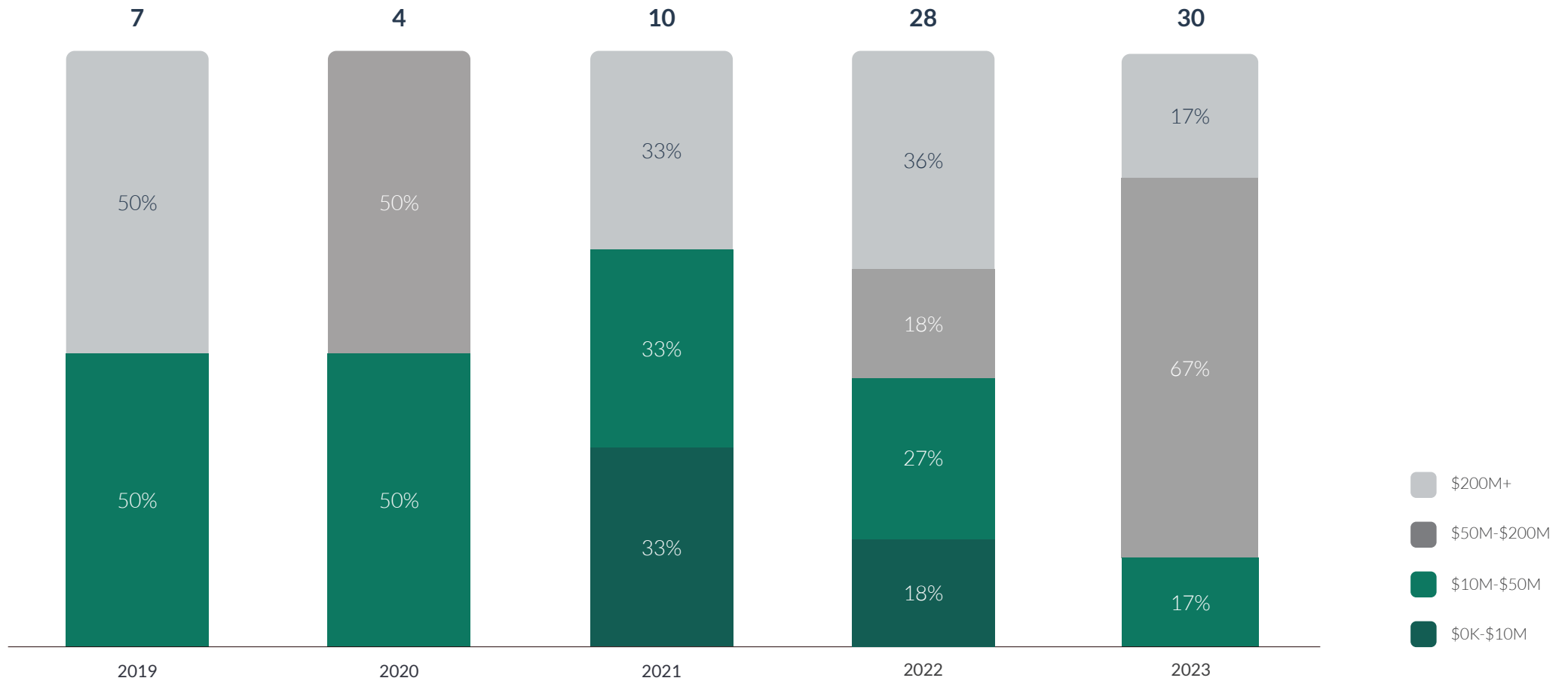


Private Equity Transaction Size Evolution | 2019-2023

Private Equity transaction sizes have continued to grow in the Kingdom over the last three years.

- Consistently in 2019 and 2020, transaction size ranging between \$10M and \$50M captured 50% of total transactions.
- As Private Equity activity in the Kingdom increased in 2022 and 2023, the breakdown across Transaction sizes shifted towards larger transactions of \$50M+.

Yearly Private Equity Transactions Evolution in Saudi Arabia by Size (%)



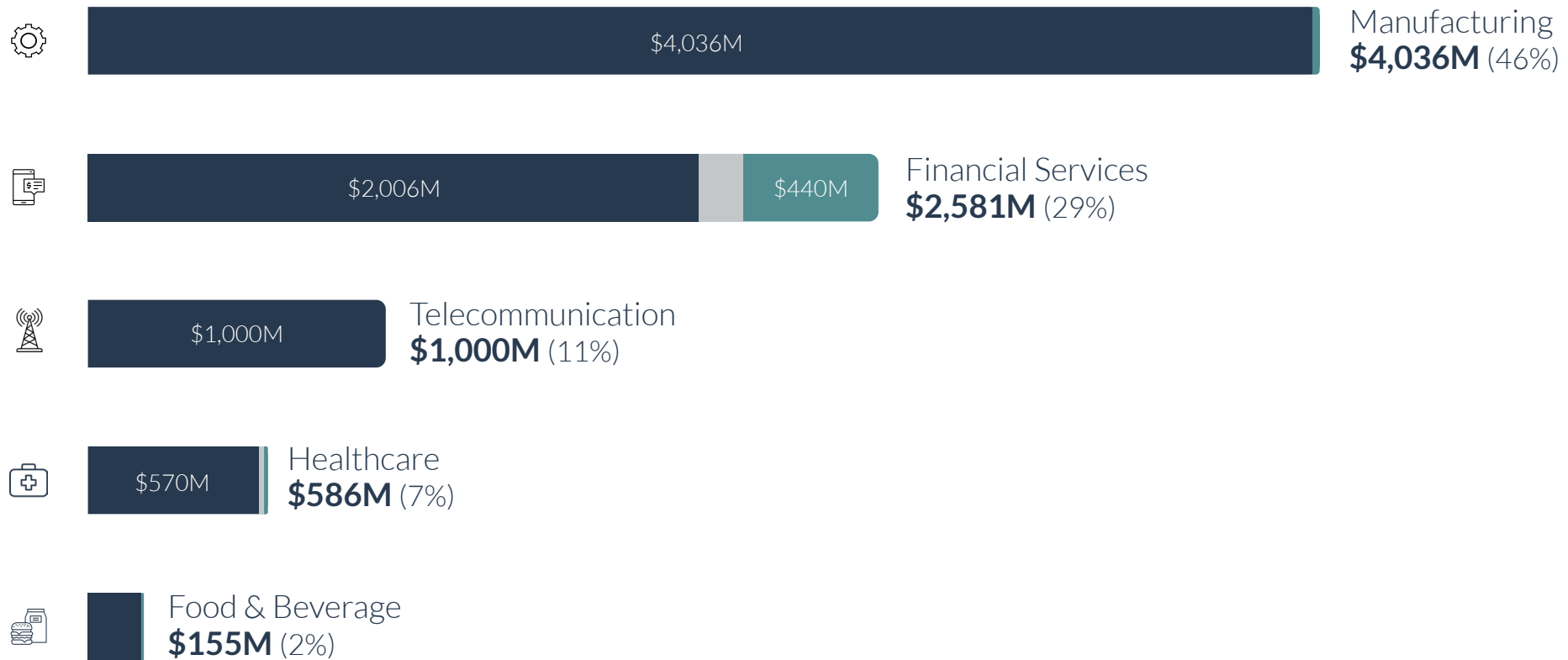
05 Industry Breakdown

Private Equity Industry Breakdown by Value | 2019-2023

Driven by Buyouts, manufacturing led the sectors with the highest Private Equity investment values between 2019 and 2023.

- Financial Services saw the most diverse split in investment type by value, with 78% from Buyouts, 17% from Growth investment, and 5% from Leverage Buyouts.
- The top five sectors accounted for 94% of total Private Equity value over the past five years.

Top Industries by Total Private Equity Value (\$) in Saudi Arabia in 2019-2023



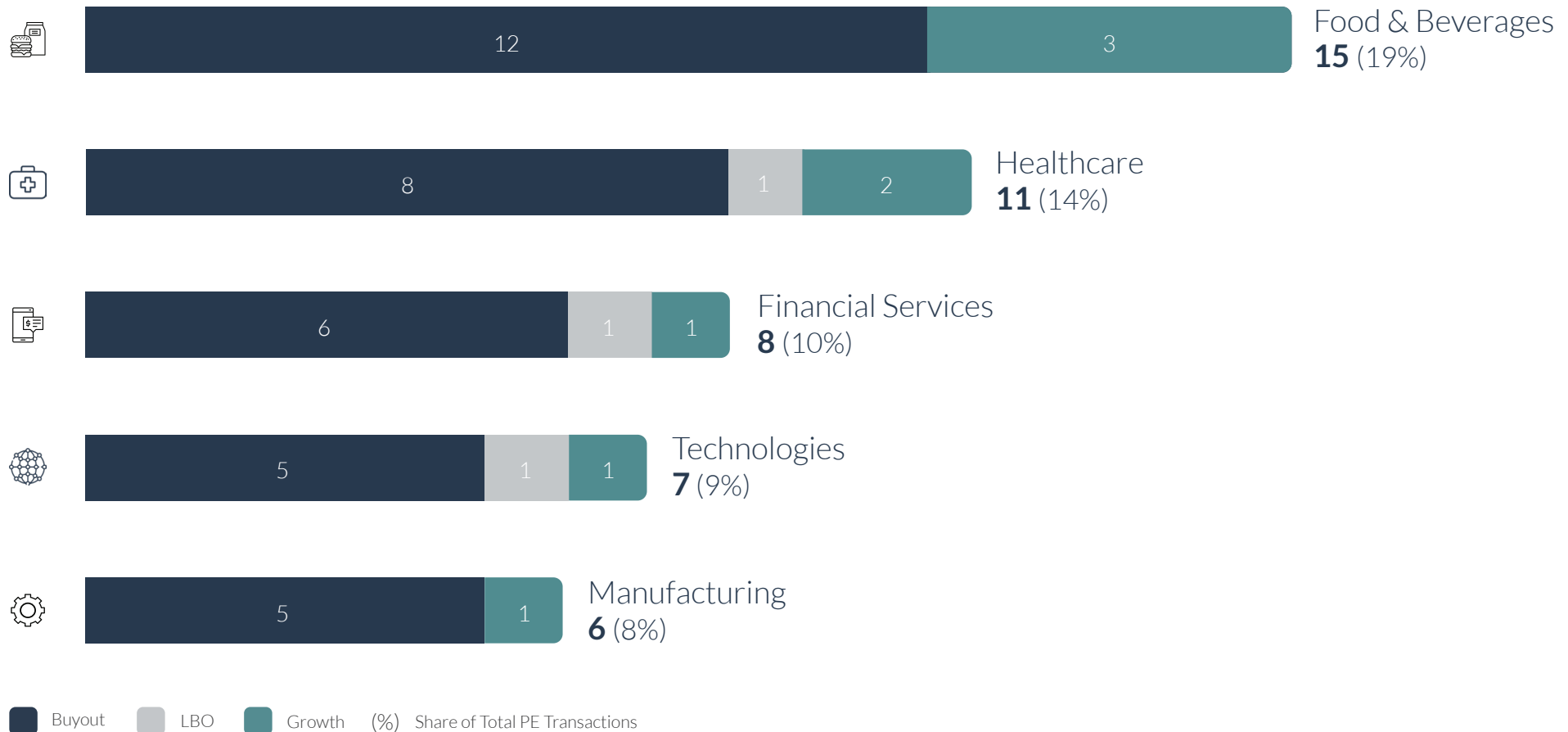
Buyout LBO Growth (%) Share of Total PE Funding

Private Equity Industry Breakdown by Transactions | 2019-2023

With 47 transactions, the top five sectors accounted for 59% of all Private Equity Transactions between 2019 and 2023.

- Buyout transactions across the top five industries accounted for 46% of PE activity, while Growth transactions across the top five industries captured 10%.
- Food & Beverages led in Buyout and Growth activity over the five-year period, yet did not report any LBO.

Top Industries by Total Private Equity Transactions (#) in Saudi Arabia in 2019-2023













06 Investment Analysis

Top 5 Private Equity Transactions | 2019-2023

The top five PE transactions by value in the Kingdom accounted for 76% of the total Private Equity between 2019 and 2023.

- Three of the top five transactions were closed in 2022 and contributed to 79% of the year's total transaction value.
- The biggest deal by Hadeed represented 37% of total PE value over the past five years and 83% of 2023's total Private Equity value.

	Company	Value	Investment Type	Year	Investor
1	 حديد hadeed	\$3,300M	Buyout	2023	 PIF صندوق الاستثمارات العامة
2	 المملكة KINGDOM شركة المملكة القابضة	\$1,500M	Buyout	2022	 PIF صندوق الاستثمارات العامة
3	 زين zain	\$807M	Buyout	2022	 PIF صندوق الاستثمارات العامة
4	 mc2 شركة المطاحن الثانية	\$568M	Buyout	2021	 Alrajhi Investment
5	 المسواك لطب الأسنان ALMESWAK DENTAL CLINICS	\$530M	Buyout	2022	 الخليج للاستثمار الإسلامي Gulf Islamic Investments

Private Equity Active Investors by # of Transactions | 2019-2023

The Private Equity landscape in Saudi Arabia has seen the participation of 49 investors over the past five years.

- Saudi Arabia's Public Investment Fund accounted for the largest number of transactions totaling 18, most of which were reported in 2022 and 2023.
- Investors backing two or more private equity transactions were split across Investment Companies and Asset Managers.

Private Equity Active Investors by # of Transactions | 2019-2023



Saudi Arabia Companies that earned Private Equity | 2019-2023

Below is a visual representation of the companies that were involved in a PE transactions over the last five years in the Kingdom.







07 About SVC

About SVC

SVC is an investment company established in 2018 and is a subsidiary of the SME Bank, part of the National Development Fund (NDF).

SVC aims to stimulate and sustain financing for startups and SMEs from pre-Seed to pre-IPO through investment in funds and direct investment in startups and SMEs. Since inception, SVC has backed 50 Private Capital (Venture Capital, Private Equity, Venture Debt, Private Debt) Funds that supported 700+ Startups and SMEs.

1. Investment in Funds

1.1 - Venture Capital Funds	Accelerator and Startup Studio Funds
	
1.2 - Private Equity Funds	1.3 - Venture Debt and Private Debt Funds
	

2. Direct Investments

Direct investment in startups and SMEs to catalyze investments for strategic or financially-driven objectives.

Learn more about SVC at svc.com.sa

08 About MAGNiTT

About MAGNiTT

The number one platform for verified venture capital data in the Middle East, Africa, Pakistan, Turkey, and Southeast Asia

MAGNiTT, an enterprise SaaS solution provider headquartered in the Dubai International Financial Centre (DIFC), is the number one source of verified investor, start-up, and funding data in the Middle East, Africa, Pakistan, Turkey, and Southeast Asia



MAGNiTT's software helps its subscribers identify the right investment opportunities through its 32,000-strong database, allowing you to conduct market research, identify leads, and create impactful data-led presentations.



MAGNiTT aids decision-making by providing real-time dashboards allowing subscribers to generate in-depth reports, track and monitor trends, and identify business critical insights within the venture capital industry.



MAGNiTT has become the region's largest source of venture capital data and analytics and is the reference for worldwide media, including The Wall Street Journal, Bloomberg, World Economic Forum, The Financial Times, Al Arabiya, and The National.



Organisations including big tech, investors, governments, and consulting firms rely on MAGNiTT every day to inform their venture capital decisions and increase their competitive advantage.

[Contact Us](#) get access to more insights and speak to our team for a demo

MAGNiTT 's Data

32,000
Startups

11,000
Investment Firms

16,000
Funding Rounds

9,000
Founders

900
Exits

4,000
Investors

We Are The Reference For

العربية
alarabiya

Gulf Business

Bloomberg

CNN

Entrepreneur

crunchbase news

The National

Khaleej Times

+wamda

WORLD
ECONOMIC
FORUM

ARAB NEWS

TC
TechCrunch

TECHINASIA

THE WALL STREET JOURNAL
WSJ

FT
FINANCIAL
TIMES

MAGNiTT's proprietary database and software provides access to data from multiple sources: user-submitted data verified by MAGNiTT, aggregated public information, data engineered by MAGNiTT. All non-engineered data is verified and curated with an extensive process for inclusion in its analytic reports.

Data is the foundation of thriving entrepreneurship ecosystems.

Proprietary

Startups and institutions list their proprietary information on their funding amount, stage, date, and investors directly onto the MAGNiTT platform. All funding data is validated through a rigorous process. To ensure comprehensiveness in the data, on a quarterly basis a follow-up with verified funding institutions on MAGNiTT occurs, requesting details on all their investments, including stage, amount, date, and other co-investors. This includes, and is not limited to, VCs, CVCs, angel groups, accelerators, university funds and family offices for MAGNiTT's focus geographies.

Public

We undertake a continued gathering of public announcements and press releases on the venture funding landscape across MAGNiTT's focus geographies.

Engineering Data

Where information is incomplete or undisclosed, proprietary algorithms that tap into MAGNiTT's databases are used to create estimates for undisclosed data with factors including but not limited to year of funding, location of startup, stage of investment and the company's industry.

MAGNiTT encourages you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, reach out to MAGNiTT directly. Below is an outline of the approach and criteria used in MAGNiTT's research analysis:

What is included: Equity financing into private companies. Funding rounds included must be to VC-backed companies. VC-backed companies are defined as companies that have received funding at any point from: venture capital firms, corporate venture arms, accelerator programmes, or Angel investors. Where disclosed Angel investments are made at early stages these deals are included once verified.

Excludes: It excludes debt or other non-equity funding, lending capital, grants and ICOs.

Exits: M&A and IPOs are treated as exits: excluded from funding data, but included in exit data. Exit types that are excluded from this report are buyouts and secondary rounds.

Transaction date: Where provided the date of the transaction is based on the closing date of the round. Where this is unavailable, it is recorded as the announced date per public record.

Data lags: The data contained in this report comes directly from MAGNiTT, reported as of **January 4th 2024**. Data lags are most pronounced at the earliest stages of venture activity. The data aggregated for these rounds during the latest quarter, specifically with seed funding, increases significantly after the end of that quarter.

Verified Rounds: To ensure accuracy and confidence in our data, MAGNiTT undertakes a verification process for each funding round based on the following process:

- Direct confirmation from the funding institution or investor
- Validated if there is a 3rd party source for the investment round from credible media sources or press releases.
- Various regulatory filings where applicable
- A round is not verified if it has none of the above 3rd party reference

Country HQ: In each of our venture reports, the location for which the data is analysed is based on the startup's HQ as chosen and verified by the startup and reflected on the MAGNiTT platform. When analysing a particular geography, our research does not include:

- Investments in startups from diaspora founders
- Funding for startups who have their main HQ outside of our coverage with only a subsidiary or branch in that country

Primary Industry: In each of our venture reports, the industry by which the data is analysed is based on the startup's Primary Industry (main operational focus) as chosen and verified by the startup and reflected on the MAGNiTT platform. When analysing a particular industry, our research does not include:

- Startups whose secondary focus is that industry


Historical changes: We continue to improve historical data as we further verify our data sets and expand by geography while reaching out to new funding Institutions. Continued improvements in our technology and data operations will lead to more accurate and comprehensive data sets on the platform for our research analysis.

▶ All underlying data from the report is available online via magnitt.com/funding-rounds. For more info please visit magnitt.com or contact support@magnitt.com

▶ If you feel your firm has been underrepresented, please send an email to data@magnitt.com and we can work together to ensure your firm's investment data is up-to-date

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