

# Exclusive | Over 50% of IPOs since 2000 in UAE trading below issue price

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Reflecting the bearish pattern of poor trading that has plagued the UAE and the wider Gulf equity markets, more than half of the IPOs that got listed on the UAE bourses during the past one and a half decade, are trading well below their issue prices. According to an analysis of the performance of companies listed on the UAE stock exchanges since 2000 by MubasherTrade and shared exclusively with Wealth Monitor, out of 30 IPOs since 2000 on the UAE bourses, 16 are trading below the issue price/offer price, while the rest 14 are trading above it (as of Feb 14, 2016). This means over 50% companies in the UAE listing since 2000 (see the list below) are trading below the price level at which they were offered to the investors for the first time, as markets corrected in the aftermath of lower oil prices. These include marquee stocks such as Emaar Properties whose IPO offer price was AED 10 way back in 2000, which (as of Feb 14) came down to AED 5.45, falling by 46%. Similarly, Drake & Skull's stocks were offered at AED 1 per share, which has dipped to AED 0.34, a fall of 66%.

In the list, those stocks marked in red are the ones which got floated in the past 5 years. "Undoubtedly, the current low oil price environment is having its toll on equity markets in the UAE and elsewhere across the GCC. Some stocks are already trading at all-time lows while others are below their IPO prices. On one hand, this creates negative sentiment for retail investors who make up the bulk of trading volumes in the market. On the other hand, it creates opportunities for value hunters who look for undervalued stocks. At current prices, DFMGI and ADSMI are traded at 8.8 times and 9.3 times forward earnings, which is 19% and 13% below their long-term 9-year averages," Amr Hussein Elalfy, MBA, CFA, Managing Director – Global Head of Research-MubasherTrade, told Wealth Monitor.

While the low oil prices have been the overarching factor for the decline, there are other factors at play that were responsible for the drop in the share prices of these IPOs. For instance, in case of real estate and construction stocks, the weak sentiment since September 2014 after properties' price reached pre-crisis level was a major factor. Besides, demand is hindered by more regulated market, mortgage cap and stronger USD. Also, oil price drop and macro slowdown in GCC continue to play on investor sentiments, reducing GCC investment in real estate market. Additionally, expected oversupply across hotel, retail and residential segment weighed on these stocks, according to MubasherTrade research. Similarly, for construction and contracting companies, the oil price drop negatively affected GCC government spending on project construction which resulted in contractors' receivables accumulation, increasing stalled project, project delays and cancellation. Also, the stiff competition among contractors in GCC depressed its profitability margins amid current challenging sector. Likewise, for companies operating in the energy sector, stock prices have been negatively impacted due to current volatile oil prices and the future uncertainty of prices rebound. This is the reason companies operating in the oil and gas sector are trading at huge discount.

## UAE-listed Stocks Trading Below Issue Price

Listing Date	Issuer Name	Offer Type	Offer Price (Trading Currency)	Price (as of 14 Feb 2016)	Offer To Date
26-Mar-00	Emaar Properties PJSC	IPO	10.00	5.45	(46%)
21-Mar-04	Amlak Finance PJSC	IPO	1.00	1.23	23%
4-Jan-05	Arabtec Holding Co	IPO	1.00	1.10	10%
5-Apr-05	Aldar Properties PJSC	IPO,Primary Share	1.00	2.38	138%
9-May-05	Aghia Group PJSC	IPO,Secondary Share	1.00	7.10	610%
16-Jun-05	Finance House PJSC	IPO	1.00	1.93	93%
16-Jul-05	Aramex PJSC	IPO,Primary Share	1.00	2.83	183%
17-Sep-05	Islamic Arab Insurance Co	IPO	1.00	0.37	(63%)
7-Oct-05	Abu Dhabi National Energy Co	IPO	1.10	0.40	(64%)
30-Oct-05	RAK Properties PJSC	IPO	1.00	0.57	(43%)
6-Dec-05	Dana Gas PJSC	IPO,Primary Share	1.00	0.51	(49%)
22-Apr-06	Emirates Integrated Telecommun	IPO	3.03	5.85	93%
15-Jan-07	Arkan Building Materials Co	IPO,Primary Share	1.00	0.92	(8%)
7-Feb-07	Gulf Navigation Holding	IPO	1.00	0.82	(18%)
7-Mar-07	Dubai Financial Market	IPO	1.00	1.10	10%
17-Jul-07	Air Arabia PJSC	IPO	1.00	1.23	23%
5-Sep-07	Deyaar Development PJSC	IPO	1.00	0.48	(52%)
22-Jun-08	Ajman Bank PJSC	IPO,Primary Share	1.00	2.40	140%
16-Mar-09	Drake & Scull International	IPO	1.00	0.34	(66%)
26-Mar-09	Green Crescent Insurance Co PJ	IPO	1.00	0.86	(14%)
1-May-11	Eshraq Properties Co PJSC	IPO	1.00	0.60	(40%)
20-Jun-11	Insurance House	IPO,Primary Share	1.04	0.81	(22%)
31-Dec-12	National Takaful Co Watania PJ	IPO	1.00	1.08	8%
8-Apr-14	Emirates REIT	IPO	1.36	1.17	(14%)
25-Sep-14	Marka PJSC	IPO,Primary Share Offering	1.00	1.28	28%
2-Oct-14	Emaar Malls Group PJSC	IPO,Secondary Share Offering	2.90	2.49	(14%)
30-Nov-14	Amanat Holdings PJSC	IPO,Primary Share Offering	1.00	0.81	(19%)
10-Dec-14	Dubai Parks & Resorts PJSC	IPO,Primary Share Offering,REG S	1.00	1.13	13%
12-Jan-15	Damac Real Estate Development	IPO	2.28	2.46	8%
9-Mar-15	Orascom Construction	IPO	14.34	6.05	(58%)

- The stocks shown within the shaded area in the list include the IPOs floated over the last 5 years
- The stocks marked red within the shaded area are the ones floated in the past 5 years but are currently trading below their issue prices
- All stocks are quoted in UAE Dirhams except for Emirates REIT and Orascom Construction, both of which are in US Dollars.