



M&A / Privatisations in the MESA Region

– Market trends and dynamics from a legal perspective

Matthew Glynn – Partner, Head of Telecoms

Middle East, South Asia and Africa

DLA Piper Middle East

A 5 minute report

- **Competition – diverse and intense**
- **Investment motives**
- **Opportunities**
- **Concerns**
- **Predictions**

Competition – diverse and intense

- many targets are attracting 20-30 bidders
- traditional players
- new breed of regional giants
 - Middle East – Etisalat, Qtel, MTC, Orascom
 - South Asia – Tata, Reliance, Bharti
 - China – China Mobile, China Telecom
 - Resurgent US interest
- Private equity
 - HiTs
 - Mubadala
- Vendor participation

Investment motives

- **Early movers – continue to build scale**
 - FORWARD, ACE, etc
- **Smaller gulf states**
 - keep pressure on price
 - cash rich but cross-border play not as successful
- **South Asia**
 - just waking up
 - cash rich, good home markets
- **Western world**
 - saturated markets
 - declining ARPU
- **China**
 - yet to start acquiring
 - extremely cash rich
- **Africa – Telkom SA, MTN etc**

Concerns

- **Price – like Dubai property prices**
- **Risk profile – assets are getting more challenging**
- **Level of due diligence**
- **Appetite for risk**
- **Transaction speed**
- **Caution**

Opportunities

- **Green field**
 - Phase 3/4 of liberalisation across MESA
 - Africa
- **Existing operator**
 - One merger of equals
 - Technology specific licenses + lobbying
 - Distressed asset throughout Africa
- **Privatization in Africa**
 - fixed-line +sweetners
 - mobile + sub-cable access
- **Private equity stakes**
- **Vendor stakes**

Predictions

- **3-4 brands across MESA**
- **5-6 brands across Africa**
 - not necessarily the current big names
- **merger of equals**
 - at least one attempt
 - may be an unusual match
 - regulatory constraints
- **consolidating global positions will be a bumpy role**
 - not enough professionals to go around
 - Africa strategies will prove challenging
- **Western operators will struggle**
 - speed of acquisition
 - risk profile