

News Release

Contact: Nadine El Hassan
Public Relations Regional Leader
Deloitte Middle East
Tel: +961 (01) 748 444
Email: nelhassan@deloitte.com

Deloitte survey: Middle East fertile territory for Chinese outbound M&A investments

- 50% of survey respondents find consumer business assets in the Middle East attractive
- 60% of respondents expect the ME to see a sizable number of Energy and Resources Chinese outbound M&A investments
- 45% of respondents expect the ME to see a sizable number of Real Estate and Construction Chinese outbound M&A investments

04 February, 2014 -The fifth edition of the [Deloitte](#) 2013 Greater China outbound Mergers & Acquisitions (M&As) spotlight, '[Graduating up the value chain](#)' survey finds that Chinese outbound M&A investments increased over the first half of 2013 as local investors became increasingly confident about overseas prospects in the new economic normal. The Deloitte 2013 outbound M&A survey suggests that close to three-quarters of respondents (all based in China) say that levels of outbound M&A would rise in the coming 12 months.

The Deloitte report states that over the first six months of 2013, 98 outbound deals, worth a cumulative US\$ 35.3 billion were announced, whereas for the same period in 2012, 97 transactions worth US\$ 22.9 billion came to market.

The Deloitte report also finds that the composition of these deals has remained broadly similar to previous years, with data showing that the focus of outbound deals flow remained within the Energy and Resources and Consumer Business industries in the Middle East and globally. Over H1 2013, outbound deals in these two sectors accounted for 53.1 percent of total volumes (valued at US\$29.1bn), up from 50.5 percent (valued at US\$17bn) over the same period in 2012.

"Respondents are more optimistic about the China outbound M&A landscape than they were 12 months ago" explains James Babb, Clients & Industries Leader, and responsible for the China Services Group at Deloitte Middle East. "A cumulative 74 percent of respondents believe that activity will increase over the coming 12 months, whereas when interviewed the same time last year, just two-thirds of respondents answered similarly".

Key findings of the report include:

- 63 percent of respondents surveyed expect the Middle East to see a sizable number of Consumer business and Transportation Chinese outbound M&A investments taking place, ahead of North and South America (45 and 44 percent) and Africa (35 percent). The Middle East ranked third after Asia and Europe.
- 60 percent of respondents surveyed expect the Middle East to see a sizable number of Energy and Resources Chinese outbound M&A investments taking place, ahead of Europe (49 percent).



- 45 percent of respondents surveyed expect the Middle East to see a sizable number of Real estate and Construction outbound M&A investments taking place, after Asia (76%), Africa (55%) and South America (51%). On the other hand, real estate investments in North America and Europe are expected to make up a minor proportion of the total.
- 52 percent of respondents surveyed expect the Middle East to see a sizable number of Financial Services Chinese outbound M&A activity taking place, ahead of Europe and Africa (47% each), South America (44%) and North America (18%). The Middle East ranked second only to Asia among respondents.
- Less than 10% of respondents expect the Middle East to have Chinese outbound M&A activity in the following industries: technology, media and telecommunications (TMT), Life Sciences and healthcare, and manufacturing.

“China's oil giant Sinopec to acquire \$3.1 billion stake in Apache Egypt assets is one of the latest examples of growing China's interest to directly invest in the Middle East region” added Babb.

Deloitte Middle East will host the 2014 EMEA Chinese Services Group Meeting. The 2.5 day event will be held in Dubai, UAE in the March/April timeframe and will involve prominent Deloitte experts from throughout EMEA as well as the China Firm.

To view the whole report, go to: <http://bit.ly/1gsZKER>

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