

## Travel &amp; leisure industry

## Rubicon to unveil GrowthGate Capital investment deal

Simeon Kerr in Dubai OCTOBER 5, 2009

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Rubicon, the Middle East's largest animation studio, is expected to announce on Monday that it has secured a 30 per cent equity investment from a Gulf buy-out firm.

The deal, the value of which will not be publicly disclosed, will see GrowthGate Capital subscribe to new shares as it invests a significant chunk of a \$75m three-year investment plan to allow Rubicon to compete on the global stage.

Jordan-based Rubicon is forecasting \$100m in revenue next year.

Coming on the heels of Yahoo's acquisition of fellow Amman start-up Maktoob, the deal is a landmark for Jordan's technology industry and points to a revival in appetite for regional private equity.

"The investment will take our co-productions up a level," Randa Ayoubi, founder and chief executive, told the FT. "We want to produce at the same calibre as Pixar but we need to invest in local and international capacity."

Rubicon will continue its co-production partnerships with MGM Studios on projects such as the animation *Pink Panther & Pals*, along with cartoon *Ben & Izzy*, but the company hopes that its long-term investments in facilities and staff will allow the production house to make feature films with its own brand name.

The company has grown to 370 staff with offices also in Los Angeles, Dubai and Manila from modest beginnings of 27 staff when it raised capital in 2004.

Ms Ayoubi, one of the Arab world's few high-profile female entrepreneurs, said that she envisioned further growth over the next three to four years ahead of a trade sale or initial public offering.

She is signing with privately held GrowthGate after knocking back interest from a couple of regional governments as the privately held fund is more likely to help Rubicon "yield financial and social results".

The deal may indicate that the region's private equity is turning a corner after a quiet year as funds sat on cash.

According to information provider Zawya, the number of regional private-equity entry transactions in the year to date has more than halved to 12 from 31 in the same period last year.

There has only been one exit this year compared with 12 last year as valuations collapsed and the crisis closed down the market for initial public offerings.

“Edutainment” – web-based software and gaming in mathematics, science and language – is another pillar of Rubicon’s business, which Ms Ayoubi says the company plans to build to 50 per cent of revenues.

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