



Exclusive: GrowthGate Capital plans Dubai IPO for Logistics Firm

DUBAI (Reuters) - Buyout firm GrowthGate Capital plans to take freight-forwarding company Able Logistics Group public in Dubai around the end of this year, a senior GrowthGate executive told Reuters, in a sign of growing strength in the region's equity markets.

"We aim to make it this year or early next year," Haythem Macki, a partner at GrowthGate, said. "The market is ready for it - there's a lot of liquidity now."

Macki said the share sale was expected to take place on Dubai Financial Market (DFM), the bigger of Dubai's two stock exchanges, which has not seen any initial public offerings since the global financial crisis hit the region in 2009.

Because of weakness in primary markets, private equity and buyout firms in the Gulf have found it difficult to exit their investments over the past five years, but GrowthGate's plan may signal that is changing.

"There's a change in the tide," Macki said, adding that investors and banks were regaining their appetite for risk, though they put more emphasis on transparency and good corporate governance than they did before the crisis.

GrowthGate owns 70 percent of Able after a series of investments that began in 2007. Set up in 2001, Able has annual turnover of about \$200 million and operations across Gulf Arab countries and in Hong Kong; it also provides land transport and warehousing services.

Macki said GrowthGate was in the process of choosing investment bankers to handle the sale, which would take his firm's stake in Able well below 50 percent, though it might retain a minority stake. Details have not been decided, he said.

The listing would give investors fresh exposure to one of Dubai's biggest and fastest-growing industries. At present only two logistics companies, Aramex (ARMX.DU) and Kuwait-based Agility (AGLT.KW), are listed in Dubai.

RECAPITALISATION

Earlier this year, Able conducted a leveraged recapitalization in which it took on fresh debt and paid a cash dividend to shareholders. Bank of Sharjah BOS.AD was the main lender for the deal, Macki said, declining to reveal the size of the loan.

The latest dividend means GrowthGate has earned about 158 percent to date on its original investment, Macki said without giving a monetary figure.

GrowthGate's plan for the Able float coincides with other signs that a large equity issuance pipeline is building in the Gulf.

CAPM Investment has said it hopes in coming weeks to conduct the first IPO on the DFM in five years, taking public a cash shell firm that would invest in the fashion retailing and food and beverage sectors.

Emirates REIT, a real estate investment trust, aims to list its shares on Nasdaq Dubai, the smaller of the emirate's two exchanges, in coming months. Emaar Properties (EMAR.DU) plans to list its shopping malls and retail unit on Nasdaq Dubai and in London.

In Saudi Arabia, Construction Products Holding, a building materials firm in which Standard Chartered's (STAN.L) private equity arm owns a minority stake, has said it could float 30 percent of its shares this year, while the government plans a listing for National Commercial Bank NCMBK.UL, the country's largest lender by assets.

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