



WINNING THE DEAL

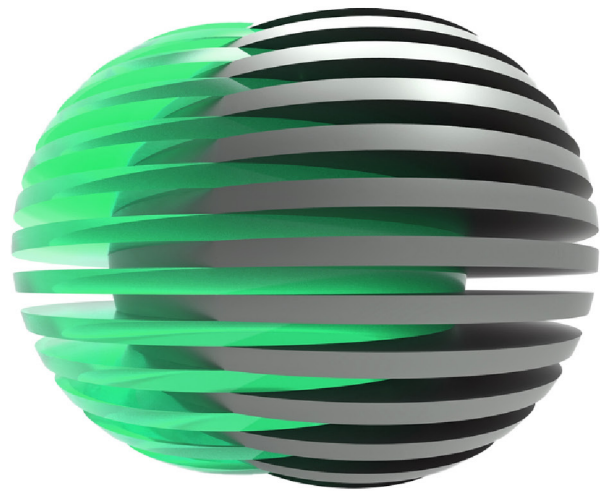
A PRE-M&A GUIDE

FOR BUSINESSES IN KSA & UAE

Mergers and acquisitions (M&A) have long been recognized as powerful levers for corporate growth, market expansion, and strategic repositioning. In dynamic economies such as the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE), M&A plays a pivotal role in helping companies seize emerging opportunities, navigate evolving market conditions, and strengthen their competitive positioning. As both markets undergo economic diversification, digital transformation, and regulatory shifts, M&A is becoming an increasingly integral component of corporate strategy.

ALIGNING INTERNAL CAPABILITIES WITH MARKET OPPORTUNITIES

A well-executed M&A strategy hinges on the alignment between an organization's internal strengths, strategic vision, and external market dynamics. This alignment ensures that companies pursue transactions that not only complement their existing capabilities but also unlock new avenues for growth. Conducting a structured evaluation of financial performance, operational efficiencies, and commercial potential enables businesses to identify critical gaps and determine how M&A can enhance their competitive advantage. Additionally, in-depth analysis of industry trends, competitive landscapes, and potential disruption factors allows companies to anticipate market shifts and proactively position themselves for long-term success.



SCALING UP VS. RESTRUCTURING

The Dual Tracks of M&A in KSA and UAE

In the KSA and UAE markets, M&A activity is shaped by a combination of internal corporate objectives and external market forces. Large-scale or corporate M&As are often driven by strategic imperatives such as organizational restructuring, leadership transitions, or capability enhancement to strengthen competitive positioning. In recent years, robust economic growth and greater access to capital have further fueled this momentum, empowering companies to undertake transformative acquisitions and expand through cross-border deals. **Moreover, with the ongoing economic transformation initiatives—such as Saudi Vision 2030 and the UAE’s National Investment Strategy 2031—M&A activity is poised to accelerate as businesses seek to consolidate operations, scale efficiently, and drive innovation.**

1 THE EVOLVING M&A LANDSCAPE IN SAUDI ARABIA

A Catalyst for Growth and Transformation

Saudi Arabia remains a leading M&A destination, driven by **Vision 2030's economic transformation efforts and a growing influx of foreign direct investment (FDI).** The Saudi government is actively fostering an investment-friendly environment, leveraging progressive regulatory reforms and public-private partnerships (PPP) to encourage corporate consolidation and strategic acquisitions.

RIISING M&A APPROVALS AND PIF's STRATEGIC MOVES



M&A approvals increased by 17.4% in 2024, reflecting a stronger regulatory framework for corporate deals.



PIF
صندوق
الاستثمارات العامة

The Public Investment Fund (PIF) manages **\$925 billion in assets**, making it **one of the world’s largest sovereign wealth funds.**



PIF’s strategic acquisitions, including a **51% stake in TAWAL in 2024**, showcase the fund’s role in reshaping key industries.

M&A as a Catalyst for Economic Diversification in Saudi Arabia

M&A has become a core mechanism for achieving the country's **economic diversification goals**, facilitating expansion into high-growth sectors beyond oil. **Key focus areas include technology, renewable energy, healthcare, and logistics**, all aligned with Saudi Arabia's efforts to create a globally competitive, knowledge-based economy.

1.1 | KEY DRIVERS OF M&A GROWTH IN SAUDI ARABIA

A) Reshaping Fragmented Industries

Companies are leveraging M&A as a strategic tool to enhance market efficiency by consolidating fragmented industries. Sectors such as cement, steel, and retail are experiencing heightened consolidation, enabling firms to eliminate redundancies, optimize resources, and drive operational efficiencies.



The 2024 Qassim Cement-Hail Cement acquisition was a strategic move to enhance efficiency and competitiveness in Saudi Arabia's highly fragmented cement industry.

B) Revenue Diversification & Strategic Expansion

Saudi firms are increasingly pursuing acquisitions in non-oil sectors to diversify revenue streams and mitigate exposure to global energy market fluctuations. The surge in M&A activity within fintech and e-commerce highlights corporate efforts to capitalize on Saudi Arabia's rapidly expanding digital economy.



Saudi Aramco's \$69.1 billion acquisition of SABIC was a strategic milestone in its diversification efforts, enabling a stronger foothold in the petrochemicals sector and reducing reliance on crude oil revenues.

C) Economic Diversification through Government-Led Investments & Public-Private Partnerships (PPP)

The Saudi government plays a critical role in shaping the M&A landscape through initiatives led by the PIF and National Development Funds. Additionally, the government's strong commitment to expanding PPP projects is driving greater private sector participation in key sectors such as infrastructure, energy, and logistics.



PIF's \$7 billion Murabaha credit facility in 2025 was secured to support its strategic acquisition pipeline, reinforcing its role in driving Saudi Arabia's economic transformation.

D) Technological Advancements & Innovation-Driven M&A

Saudi companies are actively acquiring firms with advanced technologies to enhance their digital capabilities and stay competitive in an evolving market. With a strong national focus on AI, cybersecurity, and cloud computing, M&A has emerged as a key driver of digital transformation.



Saudi Telecom Company's (STC) acquisition of AI-driven tech startups to support its digital services expansion.

E) Operational Streamlining & Cost Optimization

M&A is increasingly being leveraged to streamline operations and drive cost efficiencies, particularly in the healthcare and financial services sectors. In healthcare, mergers are integrating fragmented service providers, improving patient care, and optimizing resource allocation. Meanwhile, in the banking and financial sector, consolidations are enhancing regulatory compliance, mitigating risks, and accelerating the expansion of digital banking capabilities.

Key Takeaways

- M&A in Saudi Arabia goes beyond market expansion; it serves as a strategic catalyst for economic transformation aligned with Vision 2030.
- PIF and government-backed investment funds are at the forefront of large-scale acquisitions, prioritizing technology, infrastructure, and non-oil industries to diversify the economy.
- Both the private and public sectors are actively utilizing M&A to enhance competitiveness, drive market consolidation, accelerate technological advancements, and optimize operational efficiency.



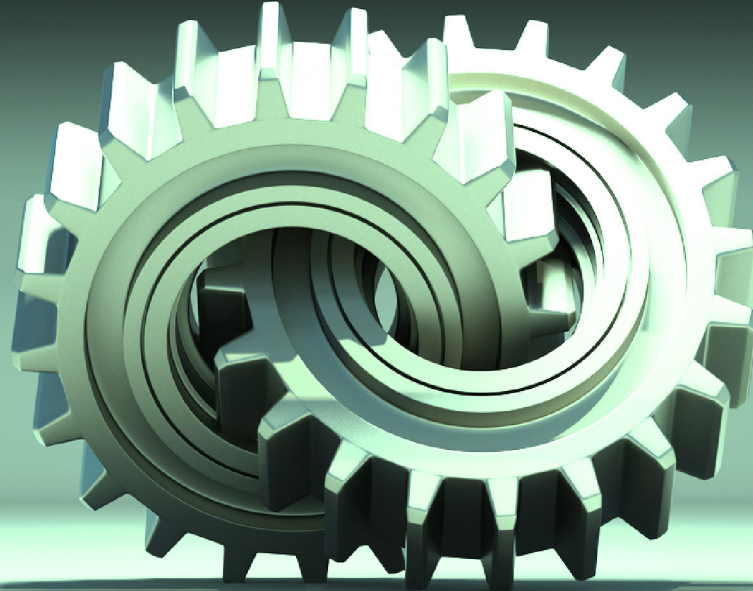
2 EVOLUTION OF M&A IN THE UAE’S DYNAMIC ECONOMY

The UAE has established itself as a pivotal hub for mergers and acquisitions in the Middle East, driven by its **strategic location, robust infrastructure, and progressive economic policies**. The nation's significant **expatriate population and the prominence of global business centers in Dubai and Abu Dhabi** contribute to a unique M&A environment.

THE UAE’S M&A SURGE

A Global Investment Hub Driving Strategic Growth

<h4>Global Business Hub</h4> <p>The UAE’s strategic location and robust infrastructure make it a key gateway for international investments, with Dubai and Abu Dhabi leading M&A activity.</p>	<h4>MENA Market Leader</h4> <p>In 2024, the UAE accounted for 60% of total inbound M&A volume and 67% of total inbound deal value in MENA, reinforcing its attractiveness to foreign investors.</p>
<h4>Investor-Friendly Regulations</h4> <p>Business-friendly regulations and free-zone structures provide a seamless pathway for cross-border acquisitions, attracting global investors.</p>	<h4>Sectoral Diversification</h4> <p>M&A is accelerating growth in high-potential industries such as fintech, logistics, and renewable energy, supporting the UAE’s diversification efforts.</p>
<h4>Role of Sovereign Wealth Funds</h4> <p>Leading sovereign wealth funds such as ADIA and Mubadala are spearheading M&A in high-growth sectors, particularly technology and healthcare, to drive long-term economic growth.</p>	<h4>Regulatory Advancements</h4> <p>Continuous regulatory enhancements have fueled an influx of cross-border M&A, solidifying the UAE’s reputation as a global investment powerhouse.</p>



2.1 | KEY DRIVERS OF M&A GROWTH IN UAE

A) Expatriate Investment and Exit Strategies

The transient nature of the UAE's expatriate population significantly impacts M&A trends, shaping both investment strategies and exit mechanisms

Short-Term Investment Strategies

Many expatriate entrepreneurs build businesses with the intent to sell, leveraging M&A to exit at a premium before relocating or retiring.

M&A as an Exit Strategy

Acquisitions provide expatriate business owners with liquidity, ensuring smoother transitions while maintaining business continuity.

Business-Friendly Regulations

The UAE's flexible business laws simplify company sales and acquisitions, attracting both local and foreign investors looking for strategic expansion opportunities.

B) Sectoral Attraction and Growth

Several industries in the UAE are prime targets for M&A due to high demand, strong investor interest, and strategic growth potential.

Key Drivers & Trends

- ▼ The UAE's **digital transformation agenda** is fueling M&A in **fintech, AI, and cybersecurity**.
- ▼ Strategic acquisitions help firms **enhance digital capabilities** and stay competitive.



Technology

Examples

The UAE Digital Economy Strategy aims to **double the digital sector's GDP contribution** in the next decade, driving M&A in tech.

Key Drivers & Trends

- ▼ The dynamic real-estate market, **driven by expatriate demand and a growing tourism industry**, continues to be a significant area for consolidation and investment.



Real Estate

Examples

Dubai's **off-plan real-estate market** has seen a surge in M&A deals, with developers acquiring smaller players to capitalize on rising demand.

Key Drivers & Trends

- ▼ The UAE's position as a global financial hub is **driving M&A in banking, insurance, and investment services**.
- ▼ Consolidations are aimed at enhancing **operational scale, financial resilience, and competitiveness**.



Financial Services

Examples

Mergers among **leading UAE banks** are strengthening the sector's ability to compete internationally.

2.2 | RECENT MAJOR M&A DEALS IN THE UAE

Esyasoft's Acquisition of Good Energy



- ▼ In January 2025, Esyasoft, a company controlled by Abu Dhabi's ruling family, agreed to a near-£100 million takeover of British green electricity provider Good Energy.
- ▼ The deal aims to expand Good Energy's offerings and international presence.

ADNOC's Acquisition of Covestro



- ▼ In October 2024, Abu Dhabi National Oil Company (ADNOC) pursued the acquisition of German chemicals manufacturer Covestro for approximately \$16.3 billion.
- ▼ This move aligns with ADNOC's strategy to expand its presence in the chemicals sector and diversify its portfolio.

EDGE Group's Acquisition of Strategic Development Fund (SDF)



- ▼ In December 2023, UAE-based defense conglomerate EDGE Group assumed full ownership of Abu Dhabi's Strategic Development Fund (SDF).
- ▼ The acquisition enhances EDGE's investment portfolio and strengthens its defense capabilities.

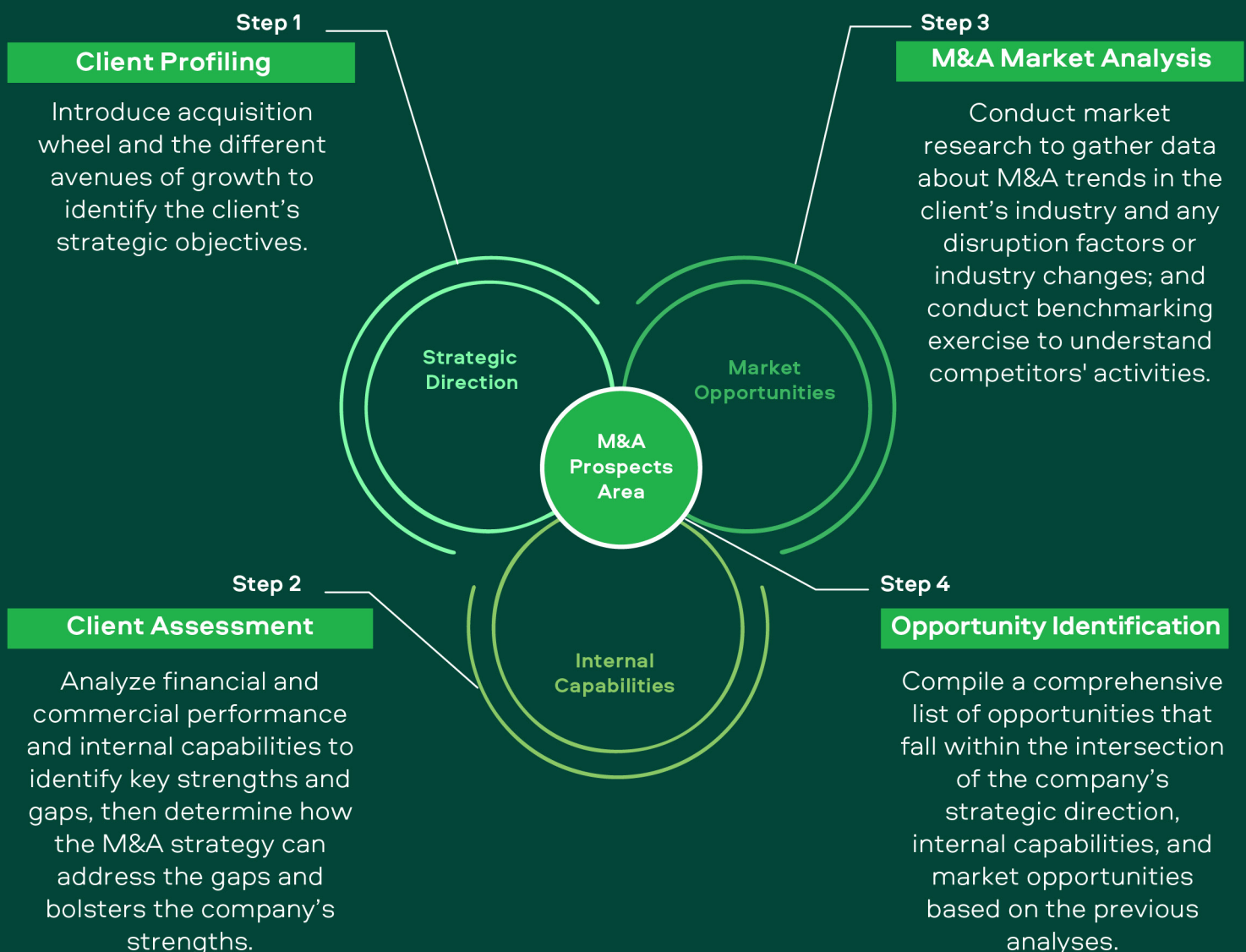
Key Takeaways

- ▼ The UAE's M&A landscape is shaped by its expatriate-driven economy, progressive regulations, and global investment appeal.
- ▼ Sovereign wealth funds and private investors are leading acquisitions in high-growth sectors such as technology, real estate, and finance.
- ▼ M&A serves as both a market expansion strategy and a key exit route for expatriate business owners seeking to maximize their returns.

3 WINNING M&A STRATEGIES FOR SUCCESS IN THE UAE AND KSA

A) Establishing a Strategic M&A Framework for Sustainable Growth

A successful M&A strategy must fall in the intersection between the Three Spheres of Interest (SOI): strategic direction, internal capabilities, and market opportunities to ensure the company maintains its identity; acquires the necessary infrastructure to compliment growth and remains competitive in dynamic markets.



B) Opportunity Analysis & Prioritization

Within the M&A Prospects Area, there exists multiple bundles of opportunities, that require thorough analysis, evaluation, and prioritization to maximize value creation. A comprehensive list of potential opportunities is first developed, aligned with the client's available growth avenues. These opportunities are then systematically filtered using a tailored set of criteria that reflects the client's strategic objectives and specific requirements.

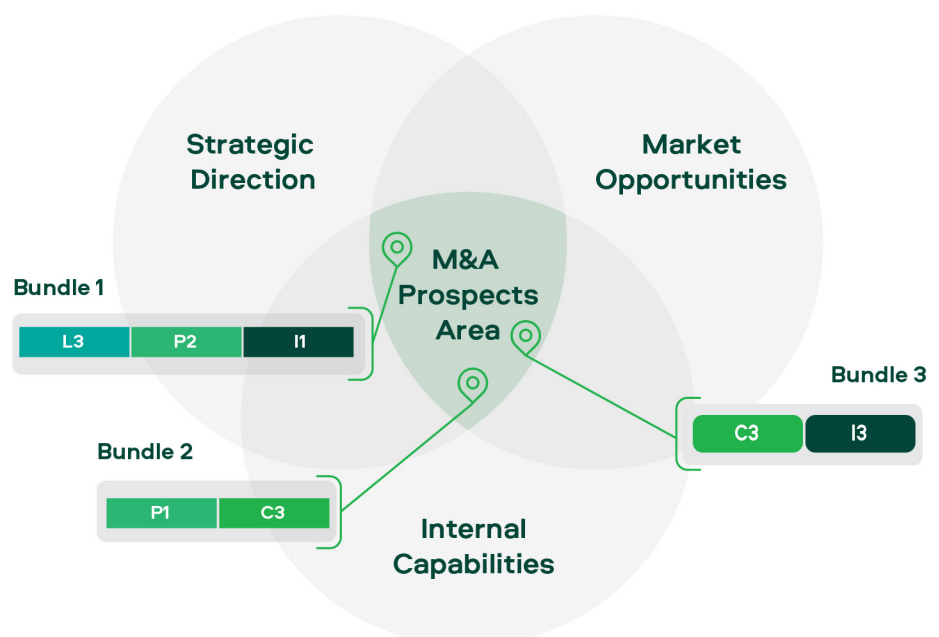
An exhaustive list of opportunities are identified based on the avenues of growth that are available to the client. The Three Spheres of Interest (SOI) provide a strong basis.

Location	Product	Customer	Industry
L1	P1	C1	I1
L2	P2	C2	I2
L3	P3	C3	I3
L4	P4	C4	I4

► Identified opportunities are then narrowed down based on a set of filtration criteria that is specific to the client's needs and objectives.

► This gives us a shortlist of opportunities from which we can create bundles.

The opportunity bundles may be positioned in different parts of the M&A prospects area, depending on their alignment and skewness towards one of The Three Spheres of Interest (SOI).



C) Execution and Deal Structuring

Once the filtered list of opportunities has been aligned with the client's strategic goals, the focus shifts to selecting the most viable target(s). From there, the execution phase begins—where value creation is operationalized through rigorous due diligence, valuation analysis, and deal structuring to mitigate risks and maximize synergies.

D) Post-Merger Integration and Long-Term Strategic Alignment

The success of an M&A deal doesn't end with acquisition—it hinges on seamless post-merger integration (PMI) and alignment with long-term business objectives. A well-executed PMI strategy ensures that synergies are realized, cultural and operational gaps are bridged, and the newly combined entity achieves sustainable growth.

A structured integration plan ensures operational efficiency and cultural alignment between the acquiring and acquired companies.

Performance tracking mechanisms should be in place to monitor financial outcomes and ensure that projected synergies materialize.

The M&A roadmap should remain adaptable, allowing the company to pivot its strategy based on evolving market conditions.

Key Takeaways

- Identifying the right opportunities through rigorous market research, profiling, and strategic alignment lays the foundation for M&A success.
- Screening and prioritization enable businesses to focus on high-value acquisitions that enhance long-term competitive positioning.
- Robust financial modeling, thorough due diligence, and effective deal structuring are essential for maximizing value creation.
- Seamless post-merger integration (PMI) is critical for realizing expected synergies and ensuring sustainable growth.

The M&A landscape in Saudi Arabia and the UAE are shaped by economic diversification, government-led investments, and evolving market trends. Saudi Arabia's Vision 2030 has accelerated M&A activity, particularly in non-oil industries and PPPs, with PIF driving major acquisitions. Meanwhile, the UAE's global investment appeal, expatriate-driven economy, and regulatory advancements have positioned it as a key market for cross-border deals, with sovereign wealth funds leading investments in technology, finance, and real estate.

A data-driven approach is essential for identifying acquisition targets that align with internal capabilities and long-term growth strategies. Effective execution—through financial modeling, due diligence, and optimal deal structuring—ensures risk mitigation and value creation, while post-merger integration (PMI) is crucial for realizing synergies and sustaining operational efficiency.

By leveraging industry intelligence, regulatory insights, and market trends, businesses can enhance their M&A success. As Saudi Arabia and the UAE advance their economic transformation, M&A will remain a critical driver of corporate growth, market consolidation, and competitive positioning.

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