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With the growing interest in the region’s publicly listed companies and the increasing trend of initial public offerings (IPOs), particularly in the GCC areas, businesses are recognising the significance of implementing investor relations (IR) best practices. Acknowledging that you are vying for limited investor funds alongside other publicly traded companies underscores the need for a comprehensive strategy encompassing bilingual communications, regular quarterly releases, and the maintenance of sound governance practices. Undoubtedly, a robust IR strategy reinforces the discipline of listed companies.

We are pleased to present the findings of the 2023 Middle East Capital Markets Survey, conducted in partnership between the Middle East Investor Relations Association (MEIRA) and the Arab Federation of Capital Markets (AFCM). This survey was meticulously designed to gather valuable insights and feedback concerning the current state of IR practices in the MENA region, but also the overall perception of the regional markets. Our objective was to delve into various aspects, including ESG considerations, disclosure practices, market structure, foreign ownership, and other pertinent topics. Additionally, we aimed to identify emerging trends and compile recommendations that will be pivotal in shaping the future of IR.

After months of diligent data collection and thorough analysis, we have assembled a comprehensive report that illuminates the current landscape of IR practices in the MENA region. We are grateful for the overwhelming response from professionals across diverse industries and extend our heartfelt appreciation to all the participants for their invaluable contributions. Their insights and perspectives have significantly enriched our comprehension of the challenges and opportunities encountered by IR professionals in the region.

In conclusion, MEIRA and AFCM extend their sincere gratitude to the dedicated authors of this report for their unwavering commitment and hard work in bringing this invaluable research to fruition. Their expertise and dedication have been instrumental in producing a comprehensive and insightful analysis. We cordially invite you to peruse the report and leverage the intriguing findings that have emerged from this survey. We believe it will serve as a valuable resource for IR professionals, investors, and other stakeholders in the regional capital markets.

—
John Gollifer
General Manager, MEIRA

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Mr. Rami El-Dokany
Secretary General, Arab Federation of Capital Markets (AFCM)
For this edition of our customary Middle East IR Practitioners Survey, the Middle East IR Association (MEIRA) and the Arab Federation of Capital Markets (AFCM) have joined forces to reach a wider community of capital markets professionals. As a result, the survey has been completed by a total of 106 participants from all across the Middle East, including the GCC and the Levant.

In which market do you operate?

This year we have welcomed various participants, apart from listed companies, to share their views and thoughts on the current state of the regional capital markets. Listed companies continue to be the core of the respondents (48.11%), followed by stock exchanges at 28%, and private companies at 8%. Some other participants include brokerage firms, investment banks, advisors, and clearing houses.
Which stock market are you listed on?

- 36% The Egyptian Exchange (EGX)
- 24% Boursa Kuwait (BK)
- 18.67% Saudi Exchange (Tadawul)
- 8% Dubai Financial Market (DFM)
- 6.67% Abu Dhabi Securities Exchange (ADX)
- 2.67% Palestine Exchange (PEX)
- 2.67% Muscat Stock Exchange (MSX)
- 1.33% Bahrain Bourse (BHB)
- 1.33% Damascus Securities Exchange (DSE)
- 1.33% London Stock Exchange (LSE)
- 1.33% Qatar Stock Exchange (QE)
- 1.33% Other
Listed companies

Key insights

Looking at the publicly listed companies, the sectoral distribution varies:

Which sector are you in?

While the financial industry seems to be the majority option (34.67%), there are many other sectors that represent a diversified economy in the Middle East. Real Estate plays an important role as well as Consumer Goods. It is interesting as well to analyze the sectors by different markets, which offers a more comprehensive view of each of the country’s economic drivers.
Most of the listed companies in the region are small (49.33%) and mid-cap (28.00%). However, these percentages vary depending on the market, with Saudi Arabia and UAE comprising most of the large-cap companies, this being companies with more than USD 10bn market capitalisation.

**What is your market capitalisation?**

- Below USD1bn: 22.22%
- Between USD1bn and USD10bn: 22.22%
- Above USD10bn: 55.56%

Similarly, when we look at the free float, most of the respondents (65%) say that they have less than 50% of their shares as free float.

Examining the investor profile, nearly 70% of respondents report foreign ownership below 20%. Nevertheless, the region has been advancing in this regard, with certain capital markets, such as Saudi Arabia, introducing a range of initiatives in recent years to entice a greater number of international investors. In September 2023, the Saudi Exchange introduced four new indices with the goal of attracting both local and international investors.

**What is your institutional/retail investor split(%)?**

- More retail than institutional: 20.00%
- More or less the same: 13.33%
- More institutional than retail: 66.67%
Although the region has a big retail investor base, the majority of the respondents affirm that their shareholder base is driven by institutional investors. Some markets might have a more diversified shareholder base, but in broader terms, institutional investors are the main driver.

Interestingly, when companies are asked about which other exchange they would pick if they were to dual-list, most of them have chosen another regional exchange. This is definitely a sign that the market is evolving to address other more sophisticated markets such as the US or London.

More than half of the respondents (52%) selected another regional exchange, followed by other international markets (22%). London comes third with 16% of the respondents and the US trails with 9% of the responses.

If you decide to dual-list on another market, which one would be your preference?

![Graph showing preference for dual-listing.

Some important conclusions could be drawn when companies are being asked which market change they would like to see in the regional capital markets. The responses highlight that companies are definitely eager to continue developing the different regional capital markets, with 60% of them selecting increasing liquidity as their top priority. In second position, we have “greater transparency”, “increased number of IPOs”, and “increased foreign ownership” feature with 44% of the responses. Improving the efficiency of the capital markets follows with 33% of the respondents selecting “greater financial education support” and “digitalization of financial markets”.

Contrary to popular perception, companies’ priorities are not set on relaxing market regulation since only 12% of them have selected “lighten regulation”.

Middle East Capital Markets Survey
What one market change would you like to see?

- Greater liquidity: 59.43%
- Consolidation of regional exchanges: 17.92%
- Tighter regulation: 7.55%
- Lighter regulation: 12.26%
- Greater financial educational support: 33.02%
- Greater transparency and disclosure: 44.34%
- Increased number of IPOs: 44.34%
- Increased foreign ownership: 44.34%
- Digitalization of financial markets: 33.02%
- Other: 8.7%
IR Communications and Practices

The IR profession is also evolving favorably in the region. While there are new trends, such as Artificial Intelligence (AI) and Environmental, Social and Governance (ESG) disclosures impacting the profession, companies in the Middle East are equipping themselves to compete with their international peers.

The role of Investor Relations (IR) within regional listed companies has transformed from a discretionary aspect to an indispensable strategic function. In fact, nearly 90% of survey participants confirm the presence of a dedicated IR specialist within their organizations, and 87% acknowledge the vital importance of ESG data disclosure for all listed companies. This year’s development in the GCC exchanges issuing a unified set of ESG metrics for listed firms further underscores the increasing significance of IR and ESG reporting in the region.

Does mandatory sustainability reporting make sense?

The vast majority of the respondents (68%) affirm that the IR function has improved considerably over the past few years, although they recognise that there are areas for improvement. On the other side, 20% of the survey participants think that the IR practices in the region are as per their international peers and only 9% believe that IROs underperformed compared to other regions.

The Future of IR

The IR function is evolving very quickly. New reporting requirements, technologies and international pressure are forcing IROs to enhance their skillset in order to meet investors’ expectations.

When asked about the key areas that IROs need to focus on when thinking about their own training and professional development, the responses vary.
Companies are placing an ever-greater emphasis on the need for expertise of ESG practices, reflecting the evolving landscape of corporate responsibility. The survey reveals that a substantial 66% of respondents are expressing a strong demand for additional ESG knowledge. Furthermore, the significance of effective strategic communication is underscored by a remarkable 72% of respondents who recognize the necessity for further expertise in this domain. These findings illuminate the growing awareness among businesses of the imperative to enhance their understanding and capabilities in both ESG and strategic communication, as they navigate the complex and interconnected facets of sustainability and corporate engagement. In this era of heightened scrutiny and accountability, companies are recognising the importance of equipping their teams with the knowledge and skills necessary to address these critical areas successfully.

What training matters does IR need to address?

- ESG: 69.81%
- Finance: 58.49%
- Communications: 65.09%
- Leadership: 28.30%
- Technology: 31.13%
- Other: 3.77%

What additional areas of expertise does IR need?

- Strategic Communications: 72.64%
- Sustainability: 66.04%
- Corporate Governance: 57.55%
- Other: 6.60%
Artificial Intelligence (AI) is a new topic that it is affecting many aspects of our lives and how it is going to impact, in particular, the IR function is still unknown. However, most of the respondents (60%), believe that AI is going to affect the IR function, and 59% of them think that it is going to affect in a positive way versus 5% that see it as a threat.

In conclusion, the findings emphasize the need for a more coordinated effort from all market players, highlighting the importance of bolstering profile and corporate access. This underscores the growing demand for increased company research and the exploration of various platforms and channels, including traditional media and active social media engagement, to amplify the information disseminated by companies. It’s essential to recognize that Investor Relations ultimately constitutes a competition for both attention and capital. On a more positive note, the survey reflects an optimistic view, with over 60% of respondents expressing confidence in the younger generation’s unique opportunity to build successful careers in Investor Relations within the dynamic Middle Eastern landscape, brimming with opportunities for further growth and the continued development of its capital markets.
Annex

Egypt

Which sector are you in?

- Financials 28.13%
- Industrials 18.75%
- Real Estate 9.38%
- Other 15.63%
- Basic Materials 3.13%
- Consumer Services 3.13%
- Energy 3.13%
- Healthcare 3.13%

What is your market capitalisation?

- Below USD1bn 84.38%
- Between USD1bn and USD10bn 6.25%
- Above USD10bn 9.38%

What is your free float?

- Below 30% 43.75%
- Between 30% and 50% 40.63%
- More than 50% 15.63%

What is your foreign ownership?

- Less than 20% 53.13%
- Between 20% and 50% 21.88%
- More than 50% 25%

What is your institutional/retail investor split?

- More institutional than retail 68.75%
- More or less the same 6.25%
- More retail than institutional 25%
Kuwait

Which sector are you in?

- Financials: 55.56%
- Real Estate: 11.11%
- Industrials: 5.56%
- Consumer Goods: 11.11%
- Other: 16.67%

What is your market capitalisation?

- Below USD1bn: 38.89%
- Between USD1bn and USD10bn: 44.44%
- Above USD10bn: 16.67%

What is your free float?

- Below 30%: 16.67%
- Between 30% and 50%: 55.56%
- More than 50%: 27.78%

What is your foreign ownership?

- Less than 20%: 94.44%
- Between 20% and 50%: 5.56%

What is your institutional/retail investor split?

- More or less the same: 22.22%
- More institutional than retail: 61.11%
- More retail than institutional: 16.67%
Saudi Arabia

Which sector are you in?

- Consumer Goods: 23.08%
- TMT: 15.38%
- Real Estate: 7.69%
- Financials: 15.38%
- Energy: 15.38%
- Utilities: 7.69%
- Other: 15.38%

What is your market capitalisation?

- Below USD1bn: 53.85%
- Between USD1bn and USD10bn: 46.15%
- Above USD10bn: 0%

What is your free float?

- Below 30%: 30.77%
- Between 30% and 50%: 38.46%
- More than 50%: 30.77%

What is your foreign ownership?

- Less than 20%: 100%

What is your institutional/retail investor split?

- More or less the same: 15.38%
- More institutional than retail: 23.08%
- More retail than institutional: 61.54%
Which sector are you in?
- Financials: 44.44%
- Real Estate: 33.33%
- Consumer Goods: 11.11%
- Industrials: 11.11%

What is your market capitalisation?
- Below USD1bn: 22.22%
- Between USD1bn and USD10bn: 22.22%
- Above USD10bn: 55.56%

What is your free float?
- Below 30%: 55.56%
- Between 30% and 50%: 33.33%
- More than 50%: 11.11%

What is your foreign ownership?
- Less than 20%: 66.67%
- Between 20% and 50%: 33.33%
- More than 50%: 0%

What is your institutional/retail investor split?
- More or less the same: 11.11%
- More retail than institutional: 88.89%