

Mubadala Dealmaking Surges to Dwarf Mid-East Peers -- For Now

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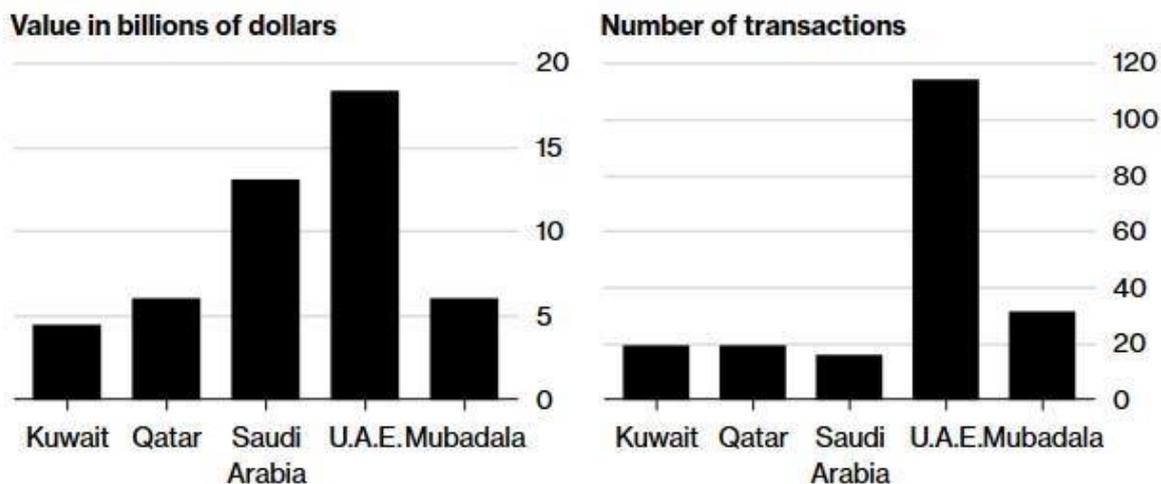
Khaldoon Al Mubarak Photographer: Glyn Kirk/AFP Via Getty Images

While Saudi Arabia's sovereign wealth fund might be attracting all the hype, business is brisk a little to the east in Abu Dhabi.

Mubadala Investment Co., which doubled in size after a tie-up with another local fund, is using its new scale to compete for global deals and sell assets. Since the start of 2017, it's completed 31 deals, according to the Sovereign Wealth Fund Institute, with more in the works. Saudi Arabia's Public Investment Fund completed 16 deals and boycott-hit Qatar Investment Authority did 19.

Mubadala Momentum

Abu Dhabi leads Gulf sovereign wealth fund transactions since January 2017



Source: Sovereign Wealth Fund Institute

NOTE: Saudi Arabia excludes commitments to SoftBank, Blackstone funds; U.A.E. data includes Mubadala

“Mubadala has always been an active investor, but in the past two years the focus has been shifting away from operational assets to investing,” said Rachel Pether, a senior adviser at the SWFI. “Although Mubadala has a long-term horizon, it’s only natural that they monetize assets when the capital can be better deployed elsewhere.”

[Read more: Mubadala to Compete for Global Deals With \\$250 Billion Portfolio](#)

Created in 2002, Mubadala is part of Abu Dhabi’s effort to diversify its economy by turning oil revenue into profitable investments, while attracting technology and jobs to the emirate. After combining with Abu Dhabi Investment Council in March, Mubadala plans to scout for investments more widely, Chief Executive Officer Khaldoon Al Mubarak said in May.

The fund is said to be opening an office in [Moscow](#) next month after buying Verno Capital’s private-equity advisory business. The company has done about 40 deals with Russia’s sovereign wealth fund.

Keeping Busy

Abu Dhabi's Mubadala is on a deal spree this year

| Month | Value | Deal |
|----------|---------|--|
| February | Unknown | Mubadala may sell shares in three companies in 2018, CEO says |
| January | \$920m | Mubadala said to explore options for its stakes in RHB Bank, including possible sale |
| July | \$427m | Mubadala sells about 39% of semiconductor maker AMD |
| July | Unknown | Mubadala said to mull sale of restaurant and nightclub operator Hakkasan |
| June | \$400m | Mubadala plans to create a fund to invest in European technology companies |
| June | \$2b | Sony buys EMI Music Publishing from a consortium led by Mubadala |
| March | \$8b | Goldman Sachs said to be arranging financing for Mubadala and EIG Global Energy Partners ahead of a bid for Petroleo Brasileiro's natural gas pipeline network |
| May | \$400m | Mubadala among potential bidders for U.A.E.'s Amana Healthcare |
| May | \$3.6b | Mubadala hires banks including Bank of America and Morgan Stanley to arrange IPO of Spain's Cepsa Trading |

Mubadala may sell shares in as many as three companies this year, including the largest aluminum producer in the Middle East, according to Al Mubarak. It's exploring options for Spain's Cepsa Trading SA that could be valued at around 10 billion euros (\$11.7 billion) in a sale or IPO. The fund is said to be seeking about 3 billion euros from the sale, which could make it the largest in Europe this year, according to data compiled by Bloomberg.

Qatar Spat

A diplomatic spat is hampering the QIA's ability to continue making headline-grabbing global deals. The year-long boycott by neighboring states including the United Arab Emirates and Saudi Arabia has forced the country's sovereign fund to focus on its economy and inject billions of dollars into local banks to shore up liquidity. The fund is still making some acquisitions, including a \$9 billion deal for [a stake](#) in Rosneft PJSC, asset sales are more common.

[Read more: Qatar Fund Is Said to Weigh Asset Sales as It Looks Homeward](#)

In Saudi Arabia, the delay in the initial public offering of Saudi Aramco could hinder the PIF's target to grow its assets to \$2 trillion by 2030 from about \$230 billion. The kingdom is looking for Plan B to propel its sovereign fund into the ranks of global giants after the share sale looks increasingly unlikely.

[What Now for Saudi Arabia's Planned \\$2 Trillion Fund? : QuickTake](#)

While the PIF is still doing deals -- it built roughly a [\\$2 billion stake](#) in Tesla Inc., the Financial Times reported on Tuesday -- international banks that flooded into the market on the hope of reaping fees may have been a little optimistic in their expectations, said Rachel Ziemba, a strategist at Alpha Z Advisors.

"Flows and implementation have been a bit more modest," she said. There's been "a cooling, or rather, shift to more realistic caution in the interest level of global banks in Saudi Arabia, as they adjust their expectations to a slower approach of issuance on the equity side."