



The New Mainstream: Islamic Private Equity and Competitiveness Case Study

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Introduction to Seera

- Formed in July 2006 by a number of prestigious financial, industrial and commercial partners.
- Mission is the offering of unique Shari'a compliant Private Equity investment opportunities.
- Paid up capital of over US\$291 million.
- Bank officially launched new identity on 23rd November 2008.

Direct Investments

Sector Based Funds



What is Seera's Investment Criteria?

GEOGRAPHY

- MENA, Asia & Europe
- Some affiliation to MENA

SECTORS

- Defensive
- Global presence in niche markets

GENERAL FEATURES

- Strong management
- Co. with strong growth potential
- Seera's value addition
- Majority stakes

FINANCIAL FEATURES

- EV btw \$50-200MM
- 3-5 year exist horizon
- Min. IRR based on asset class & risk profile



Shari'a constraints can be strategy drivers which lead to future benefits

Avoid Highly Leveraged companies

Challenges

- Reduces number of eligible companies
- Pressure on returns
- May require higher capital

Benefits

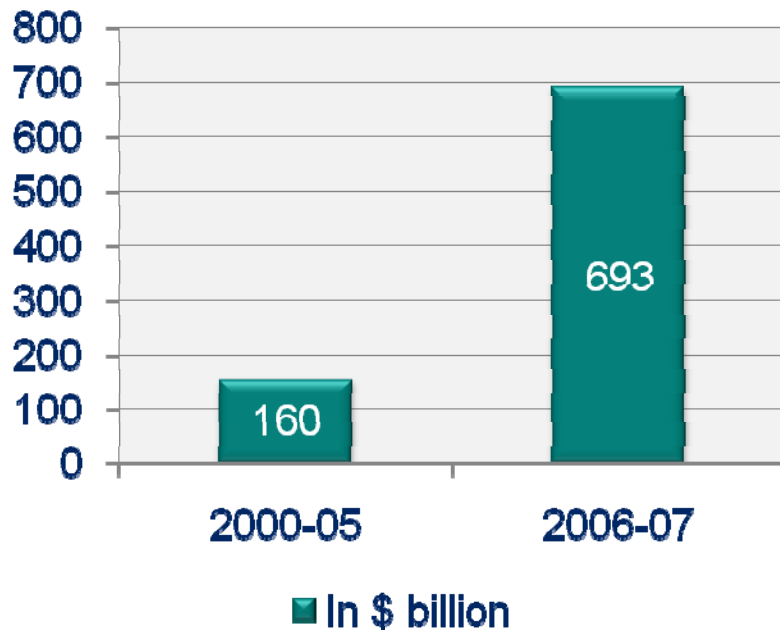
- Lower financing risk
- Allow for more add-ons



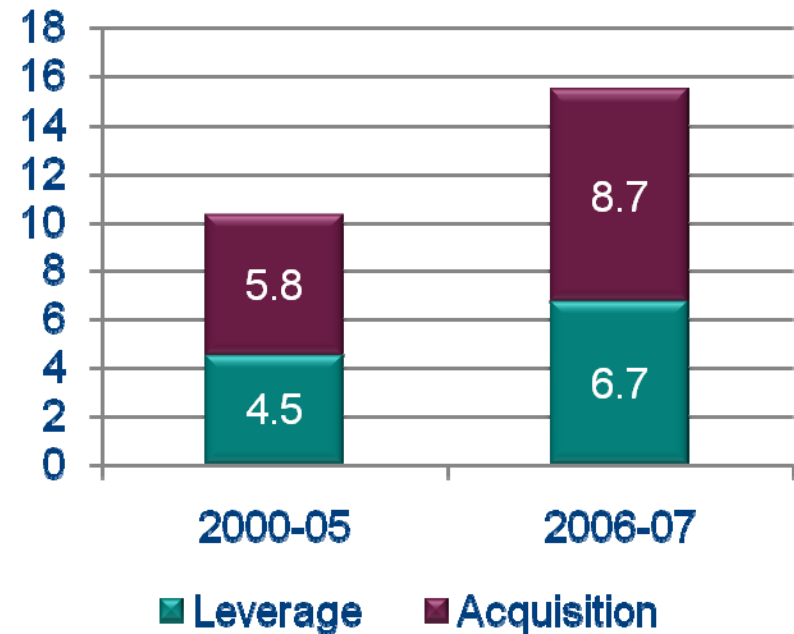
Global PE was becoming over-leveraged

- LBOs and EBITDA multiples increase.

Global LBOs increased by 3.3x



EBITDA multiple increased by 0.5x



Shari'a constraints can be strategy drivers which lead to future benefits

Majority Stake

Challenges

- Reducing number of eligible deals
- Sellers' resistance
- Increased need for liquidity

Benefits

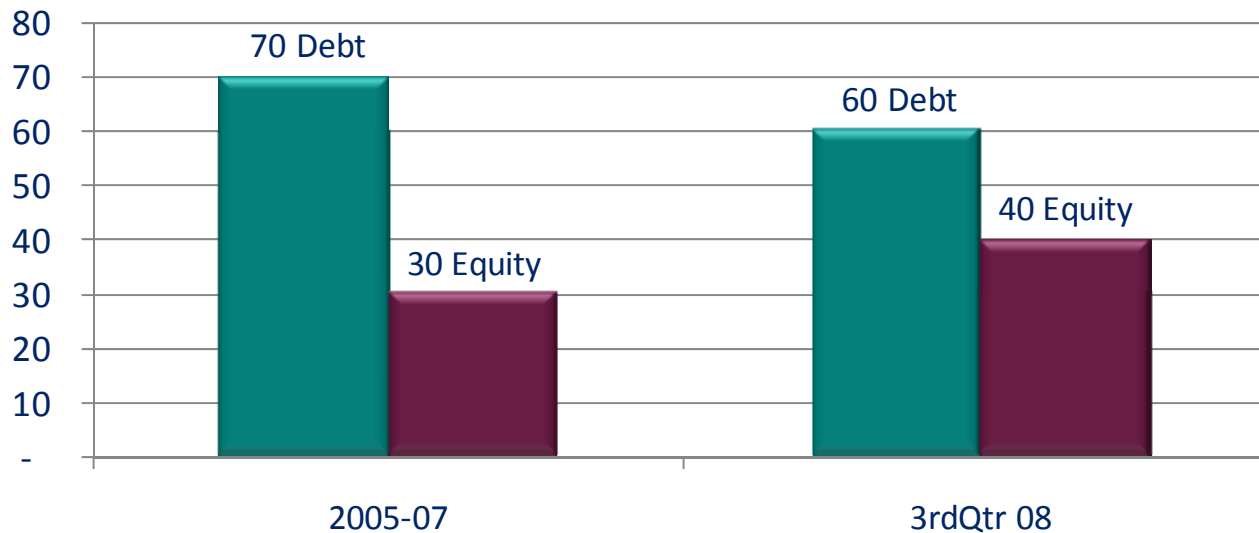
- Greater potential for value addition
- Exit flexibility
- Increased stability / higher returns
- Ensuring Shari'a compliance



Global PE transactions have reduced in size, number & leverage ratio

- But it is Seera's expectation that Shari'a compliant PE will increase as a percentage of Global PE.

Debt to equity ratio



Case Study 1: Kosan Crisplant, Denmark

- Oil and Gas Sector

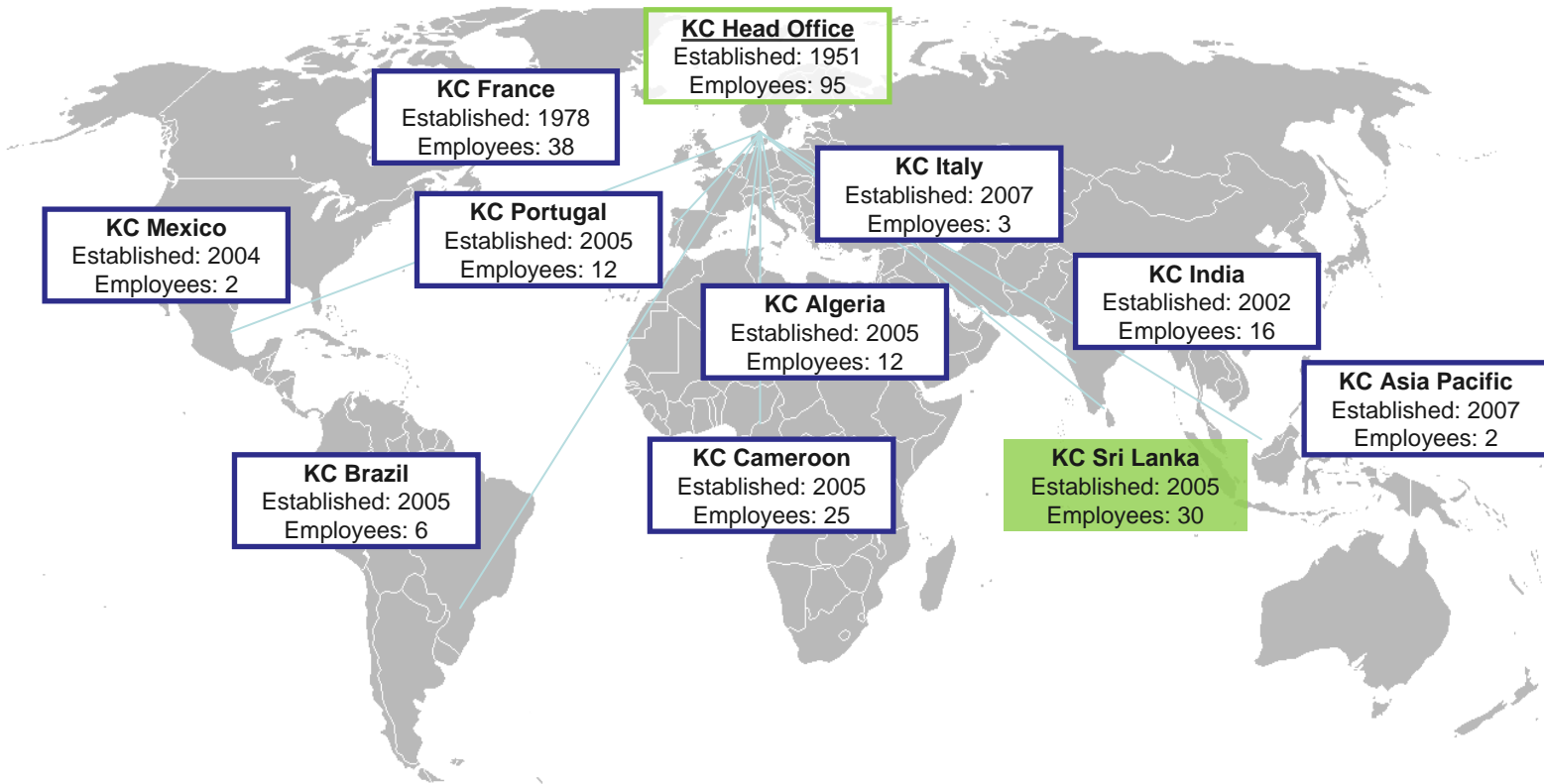




- Kosan Crisplant A/S is a global provider of systems and solutions for filling and reconditioning of liquefied petroleum gas (“LPG”) cylinders.
- More than 50 years in the business with 40% global market share.



Geographical Reach

Since Inception has set up 2,400 plants in more than 120 countries



-  Sales and Service Operations
-  Assembly Operations



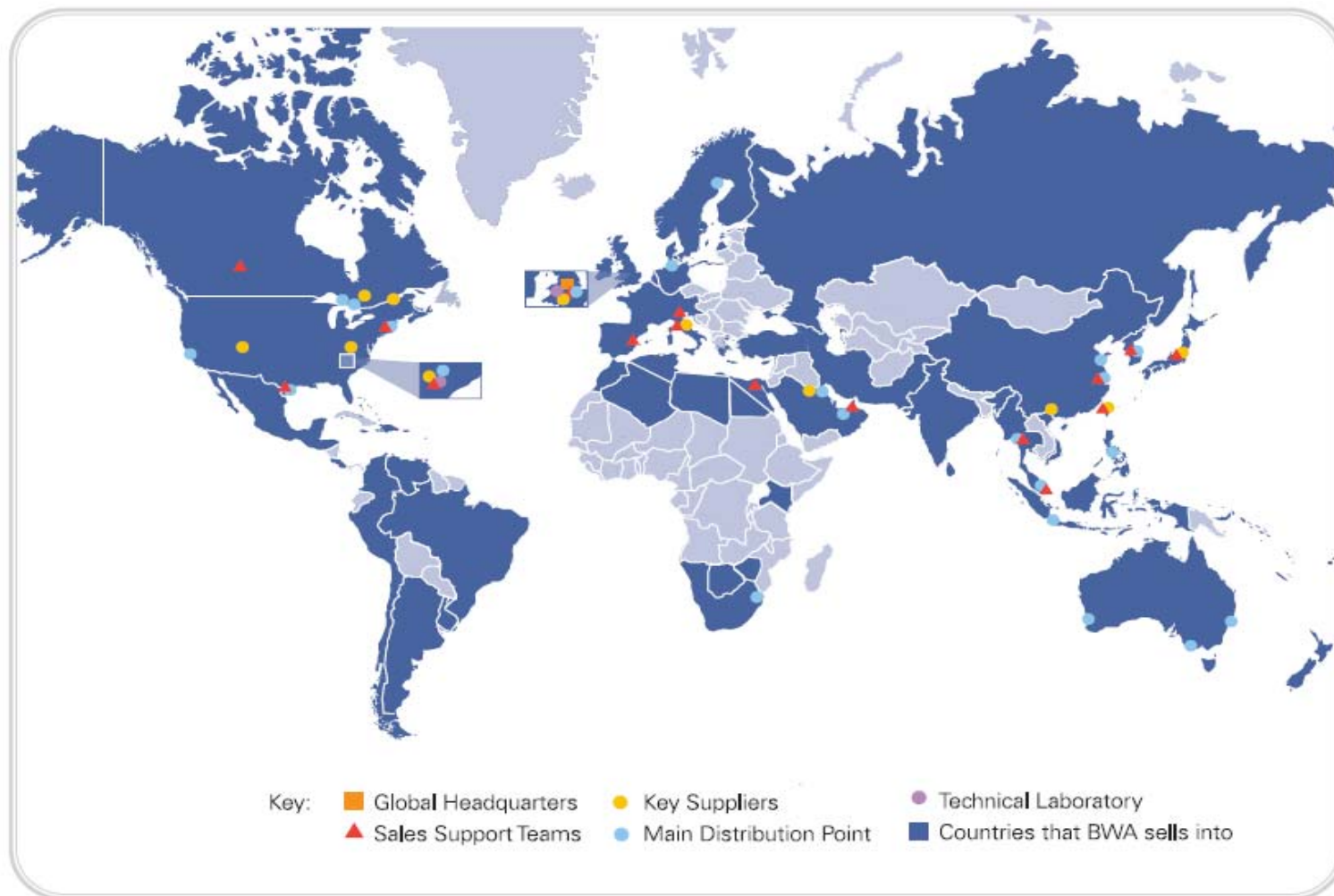
Case Study 2: BWA Water Additives, UK

- Specialty Chemicals Sector – BWA is a world leader in the water treatment market.
- Established in 1973 and headquartered in UK
- BWA focuses on three attractive and high growth segments
 - » Desalination: Thermal & Membrane,
 - » Industrial Water Treatment (“IWT”), &
 - » Oilfields

SCALE	CORROSION	MICROBIOLOGICAL
		



Geographical reach in more than 85 countries



Shari'a Related Issues

Challenges

- Currency Swaps
- Conventional Debt
- Legal Documentation

Responses

- (i) Currency Reverse Murabaha
- (ii) Important to look at global market players (natural hedge)
- Shari'a Compliant financing also available, even from global banks
- Availability of international



Overall fit with Seera's Investment Criteria

Parameters	Rationale	Evidence	
		Kosan	BWA
Majority shareholding	Minority shareholding does not allow control on Shari'a related issues	92%	88%
Global presence	To avoid regional risks (equitable distribution which is Shari'a compliant)	120 countries since 50 years	85 countries since 35 years
Global share	Ditto	40%	10-20% - IWT 55% - Desal.
EV	Per 2008 average, i.e. Seera will not indulge in over optimism	€65MM	US\$220MM
Avoid highly leveraged companies	Due to Shari'a compliance, low leverage allows many add-ons opportunities	None	Appro. 50:50



In Conclusion

- Shari'a compliant PE transactions have been able to compete globally.
- Although there are challenges, there are offsetting benefits especially in today's business climate.
- Shari'a compliant investment banks, faced with such challenges have been able to demonstrate that they are successful in achieving competitive returns.





THANK YOU

