

BRI Pulse

Pakistan Q2 2021

Attracting New Equity Capital

Venture Capital, IPOs and Corporate Investments into Rashakai SEZ

Pakistan Start-up Ecosystem H1 2021 – Strong Growth/Increased Visibility across MENA

- Pakistan's ecosystem during H1 saw \$120 million investment in 35 deals; almost double the \$66 million during all of 2020 over 48 deals
- 20 of the 35 deals saw investment amounts more than \$1 million increasing the average investment size from \$1.4 million in H1 2020 to \$3.4 million in H1 2021
- 37% of total VC funding in Pakistan was focussed on seven Fintech start-ups, up from zero Fintech in H1 2020
- E-commerce sector investments represented 30% of total volume; 36% of capital raised, outperforming the sector across MENA
- Pakistani start-ups accounted for 7% of total VC investment volume in Emerging Venture Markets (MENA, Turkey, Pakistan)
- 72% of Pakistani start-up investors were international, of which 43% were USA based

PSX Recent IPOs

- On 13th July, Citi Pharma announced that it had raised Rs4.1 billion against an issue size of Rs2 billion in its IPO on 9th July. The issue was oversubscribed by 2X. The book building was a success with the strike price at Rs32/share (floor price was Rs28/share). 500+ institutional investors involved in the book building; 340 investors were successful. The general public portion was oversubscribed by 1.6X. The added to the float of PSX's pharma sector
- On 30th June, PSX saw strong full year 2021 market results with 8 IPO/equity offerings completed in which issuers raised Rs20 billion, the highest sum by corporates in 14 years – the with 12 transactions in 2007
- On 29th June, the Pakistan Aluminium Beverage Cans Ltd (PABC), the local Coca-Cola can maker, offered 23.4 million shares or 25% of its IPO (Ashmore UK stake) at the strike price of Rs49 (floor price Rs35). The book-building phase of PABC was 3.3X and highest ever participation of Rs10.8 billion by investors, making PABC the largest IPO after Interloop (2019). PABC, which planned to raise Rs3.3 billion, ended up raising Rs4.6 billion

Rashakai SEZ Recent Developments

- Launched at the end of May 2021
- Rashakai SEZ is strategically positioned to increase trade between Pakistan and Afghanistan
- Seven enterprises have now applied to join CPEC's Rashakai SEZ
- According CRBC (its developer), these enterprises operate in construction materials, steel, chemical engineering and auto spare parts
- On 5th August, Century Steel (Pvt) Ltd, a Chinese iron and steel conglomerate announced that it will invest \$360 million in the Rashakai SEZ, becoming the 1st foreign enterprise to establish its plant in the SEZ. Initial investments to be \$50 million

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