

# MedGulf Set to Float 25% of Stock

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RIYADH — MedGulf (Insurance and Reinsurance) will float 20 million shares worth SR200 million at the par value of SR10 each starting on Saturday.

The initial public offering (IPO) represents 25 percent of MedGulf's stock and will be sold to the public through 11 authorized banks. It marks a major step en route to becoming a joint stock company from the Kingdom's insurance sector.

Addressing a press conference, Saleh Al-Sagri, chairman of MedGulf, said the National Commercial Bank (NCB) and the Saudi Investment Bank (SAIB) will manage the flotation. BMG and SAIB will act as financial advisers.

He said that in line with the Ministerial Council resolution, the shares would go on sale without any bonus premium to convert MedGulf into a joint stock company.

It becomes the second company from the insurance sector to go public following the flotation by Al-Malaz Insurance Co. on Feb. 3.

The company has announced that subscription forms, along with the prospectus, will be available at all branches of the designated banks. Financial highlights of the company have also been posted on its website: [www.medgulf.com.sa](http://www.medgulf.com.sa) as well as



From left: Abdullah Al-Shamsi, corporate banking head, Saudi Investment Bank; BMG Financial Advisors Chief Executive Officer Basil M. Al-Ghalayini; Saleh Al-Sagri, chairman, MedGulf; Lutfi Al-Zain, managing director, MedGulf and Hisham Hatoum of NCB, seen at the press conference on Wednesday. (AN photo by Abdullah Ateeq)

on the Capital Market Authority's website: [www.cma.org.sa](http://www.cma.org.sa).

Elaborating on MedGulf's IPO, BMG Financial Advisors Chief Executive Officer Basil M. Al-Ghalayini said the market was currently in need of such offering. He underlined the company's strong position in the insurance sector and said the rate of return to the investors was much higher than from other sectors.

Al-Ghalayini said MedGulf, capitalized at SR800 million, was among the 13 insurance companies licensed by the Saudi Arabian Monetary Agency (SAMA). The

IPOs of the remaining 11 companies from this sector will be floated for public subscription by the end of this year. Together, they are expected to inject SR2.6 billion into the market, of which SR936 million will be channeled in IPOs. He said IPOs from this sector would be different for various reasons. For one thing, the mandatory health insurance policy for expatriates is giving a big boost to the market, which has experienced rapid growth in terms of expansion of existing medical facilities or addition of new ones.

He pointed out that the highly encour-

aging response to the IPO floated by Al-Malaz Insurance Co. early this month was an "eloquent testimony to the strength of the Saudi economy and return of confidence by the public in new IPOs from the insurance sector."

Speaking on behalf of NCB, Hisham Hatoum said "the growth of the insurance market is projected to double in the next two years. MedGulf as a leading provider of insurance and reinsurance services, has positioned itself strongly in this sector, in the Kingdom, the Middle East and beyond," he added.