

Security and political stability remain major concerns for businesses and investors in Egypt, compounding the impacts of weaker energy prices on the country's economic outlook. Assuming the government addresses these concerns, inbound M&A activity should rebound in 2018, complementing a more gradual recovery in domestic M&A starting in 2017.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$M)	823.8	1,836.3	2,077.0	2,545.1	3,580.4	4,399.5	3,798.4
% of Global M&A transactions	0.0	0.1	0.1	0.1	0.1	0.2	0.2
Domestic (US\$M)	335.9	704.3	1,513.9	835.0	1,076.4	1,469.4	976.8
Cross-border, inbound (US\$M)	487.9	1,131.9	563.1	1,710.2	2,504.0	2,930.1	2,821.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	60	84	65	65	73	80	63
Domestic (Number of deals)	38	30	31	12	16	22	15
Cross-border, inbound (Number of deals)	22	54	34	53	57	58	48
TOTAL IPO TRANSACTIONS (US\$M)	235.2	635.3	202.8	431.5	526.9	640.2	272.9
% Global IPO transactions	0.1	0.3	0.2	0.3	0.2	0.2	0.1
Domestic (US\$M)	126.5	151.3	162.2	431.5	526.9	640.2	272.9
Cross-border (US\$M)	108.7	484.0	40.5	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.2	4.2	3.8	3.2	3.5	3.9	4.1
CPI (% yoy)	10.1	10.4	13.3	23.0	18.0	15.6	13.4
Merchandise trade (% of GDP)	27	22	23	33	33	35	36
FINANCIAL DRIVERS							
10-year government bond yield (%)	0.6	1.7	6.5	11.5	10.5	10.0	9.3
Equity prices (LCU, end of year % change)	31.6	-21.5	-3.6	5.0	12.0	16.8	-4.7
Stock market capitalization (US\$B)	70	55	42	35	34	34	30

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Egypt	Global
GDP growth (% annual)	3.8	2.6
Stock market capitalization (% of GDP)	15	98
Money supply (% of GDP)	75	124
Trade (% of GDP)	32	42
Ease of doing business (World Bank)	60	62
Legal structure (Fraser Institute)	4.2	6.4
Freedom to trade (Fraser Institute)	6.5	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



*The Transaction Attractiveness Indicator is an overall score calculated using a weighted average of the 10 factors included in the chart above. The score reflects the attractiveness of a country's current environment for M&A and IPO activity on a scale from 0 to 10. It's based on past transactional activity in that country and data on key economic, financial and regulatory factors that drive M&A and IPO activity. Because many of these factors change slowly over time, a country's current score is a strong indicator of whether it will have the right features to attract transactional activity in the future.