

As a key EU economy, Germany experienced slower GDP growth in 2016 as a result of Brexit and the potential that the UK, one of its major trading partners, could suffer an economic downturn. But Germany's robust domestic economy and growing trade relations with the rest of the world should support a pickup in M&A and IPO activity in 2017 and 2018, easing in 2019 along with the wider European economy.

| M&A AND IPO TRANSACTIONS | | | | | | | |
|---|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f | 2020f |
| TOTAL M&A TRANSACTIONS (US\$B) | 76.3 | 71.7 | 40.7 | 86.0 | 106.5 | 105.5 | 97.4 |
| % of Global M&A transactions | 3.1 | 2.1 | 1.4 | 3.4 | 3.6 | 3.8 | 4.2 |
| Domestic (US\$B) | 13.5 | 24.7 | 13.1 | 27.9 | 35.4 | 31.6 | 29.7 |
| Cross-border, inbound (US\$B) | 62.8 | 47.0 | 27.6 | 58.1 | 71.1 | 73.9 | 67.7 |
| TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals) | 1,331 | 1,295 | 989 | 1,232 | 1,425 | 1,423 | 1,320 |
| Domestic (Number of deals) | 745 | 726 | 485 | 687 | 825 | 737 | 692 |
| Cross-border, inbound (Number of deals) | 586 | 569 | 504 | 545 | 600 | 686 | 628 |
| TOTAL IPO TRANSACTIONS (US\$B) | 4.7 | 7.9 | 5.7 | 4.4 | 6.2 | 3.9 | 2.3 |
| % Global IPO transactions | 1.7 | 3.9 | 4.3 | 2.6 | 2.3 | 1.4 | 1.2 |
| Domestic (US\$B) | 4.1 | 6.7 | 5.3 | 3.0 | 4.5 | 2.7 | 1.4 |
| Cross-border (US\$B) | 0.6 | 1.2 | 0.4 | 1.4 | 1.8 | 1.2 | 0.9 |

| FORECAST FOR THE ECONOMY | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f | 2020f |
| MACROECONOMIC DRIVERS | | | | | | | |
| Real GDP growth (% yoy) | 1.6 | 1.5 | 1.8 | 1.5 | 1.4 | 1.2 | 1.0 |
| CPI (% yoy) | 0.9 | 0.2 | 0.5 | 1.6 | 1.9 | 2.2 | 2.2 |
| Merchandise trade (% of GDP) | 69 | 69 | 67 | 68 | 68 | 69 | 70 |
| FINANCIAL DRIVERS | | | | | | | |
| 10-year government bond yield (%) | 1.2 | 0.5 | 0.1 | 0.5 | 0.8 | 1.2 | 1.4 |
| Equity prices (LCU, end of year % change) | 2.7 | 9.6 | 4.1 | 10.0 | 5.6 | -7.0 | -3.4 |
| Stock market capitalization (US\$B) | 1,739 | 1,716 | 1,784 | 1,809 | 1,883 | 1,834 | 1,810 |

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

| | Germany | Global |
|---|------------|------------|
| GDP growth (% annual) | 1.4 | 2.6 |
| Stock market capitalization (% of GDP) | 52 | 98 |
| Money supply (% of GDP) | 92 | 124 |
| Trade (% of GDP) | 69 | 42 |
| Ease of doing business (World Bank) | 80 | 62 |
| Legal structure (Fraser Institute) | 7.8 | 6.4 |
| Freedom to trade (Fraser Institute) | 7.7 | 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.