

Increased welfare spending and perceptions that the new Central Bank Governor may support growth at the expense of price stability are causing some investors concern about Poland's otherwise robust economic outlook. These risks aside, we expect the country's domestic and inbound M&A activity to gradually strengthen and IPO activity to rebound in 2017. However, this forecast could be dampened by a disorderly Brexit given the scale of Polish migration into the UK in recent years.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	11.3	6.4	3.4	5.3	7.2	8.2	5.8
% of Global M&A transactions	0.5	0.2	0.1	0.2	0.2	0.3	0.2
Domestic (US\$B)	2.5	1.4	1.9	2.1	2.5	2.9	1.7
Cross-border, inbound (US\$B)	8.9	5.0	1.4	3.2	4.7	5.3	4.1
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	363	596	349	347	404	472	361
Domestic (Number of deals)	214	375	221	226	266	304	218
Cross-border, inbound (Number of deals)	149	221	128	121	138	168	143
TOTAL IPO TRANSACTIONS (US\$M)	391.6	444.4	285.9	804.9	1,685.7	2,255.2	1,601.0
% Global IPO transactions	0.1	0.2	0.2	0.5	0.6	0.8	0.8
Domestic (US\$M)	359.2	270.3	254.9	724.7	1,566.9	2,098.6	1,528.7
Cross-border (US\$M)	32.4	174.1	30.9	80.2	118.8	156.6	72.3

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	3.3	3.9	2.4	2.4	3.0	2.9	2.9
CPI (% yoy)	0.2	-0.9	-0.7	1.6	1.7	1.9	2.1
Merchandise trade (% of GDP)	78	80	82	87	90	92	94
FINANCIAL DRIVERS							
10-year government bond yield (%)	3.5	2.7	3.1	3.8	3.7	3.7	3.9
Equity prices (LCU, end of year % change)	0.3	-9.6	4.3	2.4	6.8	7.9	-10.3
Stock market capitalization (US\$B)	169	138	138	130	139	154	143

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Poland	Global
GDP growth (% annual)	2.9	2.6
Stock market capitalization (% of GDP)	29	98
Money supply (% of GDP)	69	124
Trade (% of GDP)	89	42
Ease of doing business (World Bank)	74	62
Legal structure (Fraser Institute)	6.4	6.4
Freedom to trade (Fraser Institute)	7.5	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.