

Russia's economy is expected to grow only modestly in the coming few years as the country continues to recover from lower oil prices and international sanctions. Monetary policy will ease through 2017 as inflation slows, supporting domestic M&A activity. But inbound M&A will remain low compared to the commodity boom from 2011 to 2013. If relations between Russia and the west improve, Russia could experience higher transactional activity than we forecast in the next two to three years.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	26.5	16.7	21.8	19.1	31.2	35.7	27.6
% of Global M&A transactions	1.1	0.5	0.8	0.8	1.1	1.3	1.2
Domestic (US\$B)	21.3	8.5	14.3	14.6	26.6	30.5	23.4
Cross-border, inbound (US\$B)	5.2	8.2	7.5	4.6	4.6	5.2	4.2
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,515	1,334	1,061	1,455	1,788	1,927	1,383
Domestic (Number of deals)	1,236	1,057	845	1,202	1,539	1,653	1,158
Cross-border, inbound (Number of deals)	279	277	216	253	249	274	225
TOTAL IPO TRANSACTIONS (US\$M)	1,060.7	520.7	685.3	457.6	1,626.4	2,361.0	582.1
% Global IPO transactions	0.4	0.3	0.5	0.3	0.6	0.9	0.3
Domestic (US\$M)	1,060.7	228.6	0.0	457.6	1,489.0	1,971.4	408.0
Cross-border (US\$M)	0.0	292.1	685.3	0.0	137.4	389.6	174.1

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.7	-3.7	-0.6	1.2	1.4	1.2	1.2
CPI (% yoy)	7.8	15.5	7.1	5.0	4.0	4.0	4.0
Merchandise trade (% of GDP)	39	40	37	34	33	33	33
FINANCIAL DRIVERS							
10-year government bond yield (%)	9.4	11.1	8.9	8.8	8.5	8.3	8.1
Equity prices (LCU, end of year % change)	-45.2	-4.3	33.7	-5.7	17.0	6.4	-11.4
Stock market capitalization (US\$B)	386	393	478	488	559	594	538

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Russia	Global
GDP growth (% annual)	0.1	2.6
Stock market capitalization (% of GDP)	34	98
Money supply (% of GDP)	44	124
Trade (% of GDP)	34	42
Ease of doing business (World Bank)	67	62
Legal structure (Fraser Institute)	5.4	6.4
Freedom to trade (Fraser Institute)	6.1	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.