

Saudi Arabia's policy measures to diversify and open its economy to overseas investors should boost transactional activity in the next two to three years. IPO activity, including the partial sale of Saudi Aramco, is expected to peak in 2019, albeit at half of 2014 levels. Both domestic and inbound deals will continue to drive M&A activity.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$M)	747.6	1,541.2	1,089.4	1,640.8	1,766.3	2,002.9	1,253.3
% of Global M&A transactions	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Domestic (US\$M)	279.3	769.7	606.8	822.0	908.6	995.6	604.7
Cross-border, inbound (US\$M)	468.3	771.5	482.5	818.8	857.8	1,007.3	648.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	39	43	35	44	47	55	36
Domestic (Number of deals)	23	22	21	26	28	31	19
Cross-border, inbound (Number of deals)	16	21	14	18	19	24	17
TOTAL IPO TRANSACTIONS (US\$M)	6,409.3	1,107.2	241.6	1,181.4	2,565.3	3,285.3	1,784.2
% Global IPO transactions	2.3	0.5	0.2	0.7	0.9	1.2	0.9
Domestic (US\$M)	6,409.3	1,107.2	241.6	1,181.4	2,565.3	3,285.3	1,784.2
Cross-border (US\$M)	0.0	0.0	0.0	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)	3.6	3.5	1.6	0.5	2.5	3.1	3.3
CPI (% yoy)	2.7	2.2	3.6	2.8	3.5	3.5	3.5
Merchandise trade (% of GDP)	66	55	50	51	51	51	52
FINANCIAL DRIVERS							
10-year government bond yield (%)	0.7	0.6	1.5	2.5	3.5	4.5	5.0
Equity prices (LCU, end of year % change)	-2.4	-171	0.9	-12.0	4.0	-0.7	-51
Stock market capitalization (US\$B)	483	421	425	393	409	406	385

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Saudi Arabia	Global
GDP growth (% annual)	2.4	2.6
Stock market capitalization (% of GDP)	54	98
Money supply (% of GDP)	65	124
Trade (% of GDP)	51	42
Ease of doing business (World Bank)	70	62
Legal structure (Fraser Institute)	7.2	6.4
Freedom to trade (Fraser Institute)	6.8	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.