

The Swiss Franc remains overvalued, dampening Switzerland's export competitiveness and business confidence in its economy. As a result, deal activity will remain subdued by historical standards, with M&A activity peaking at levels consistent with 2014, and IPO activity falling below this level. Switzerland will continue to attract inbound M&A activity, however, because of its institutional strength and low-risk investment environment.

| M&A AND IPO TRANSACTIONS | | | | | | | |
|---|----------------|----------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f | 2020f |
| TOTAL M&A TRANSACTIONS (US\$B) | 46.9 | 99.3 | 12.8 | 45.0 | 51.1 | 40.9 | 34.1 |
| % of Global M&A transactions | 1.9 | 2.9 | 0.5 | 1.8 | 1.7 | 1.5 | 1.5 |
| Domestic (US\$B) | 24.0 | 67.9 | 2.2 | 20.9 | 24.7 | 17.7 | 14.9 |
| Cross-border, inbound (US\$B) | 22.9 | 31.4 | 10.6 | 24.1 | 26.4 | 23.2 | 19.2 |
| TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals) | 301 | 290 | 228 | 309 | 347 | 276 | 242 |
| Domestic (Number of deals) | 186 | 158 | 123 | 211 | 240 | 182 | 164 |
| Cross-border, inbound (Number of deals) | 115 | 132 | 105 | 98 | 107 | 94 | 78 |
| TOTAL IPO TRANSACTIONS (US\$M) | 1,712.4 | 2,654.4 | 916.4 | 495.2 | 908.0 | 618.3 | 296.5 |
| % Global IPO transactions | 0.6 | 1.3 | 0.7 | 0.3 | 0.3 | 0.2 | 0.2 |
| Domestic (US\$M) | 1,712.4 | 0.0 | 916.4 | 495.2 | 908.0 | 618.3 | 296.5 |
| Cross-border (US\$M) | 0.0 | 2,654.4 | 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) | 2.0 | 0.8 | 1.4 | 1.8 | 1.8 | 1.6 | 1.4 |
| CPI (% yoy) | 0.0 | -1.1 | -0.4 | 0.3 | 0.7 | 1.0 | 1.2 |
| Merchandise trade (% of GDP) | 63 | 60 | 62 | 63 | 66 | 68 | 70 |
| FINANCIAL DRIVERS | | | | | | | |
| 10-year government bond yield (%) | 0.7 | -0.1 | -0.3 | 0.0 | 0.3 | 0.5 | 0.9 |
| Equity prices (LCU, end of year % change) | 13.0 | 2.7 | -4.8 | 7.4 | 3.7 | -6.8 | -3.6 |
| Stock market capitalization (US\$B) | 1,495 | 1,519 | 1,414 | 1,405 | 1,427 | 1,352 | 1,340 |

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

| | Switzerland | Global |
|---|-------------|------------|
| GDP growth (% annual) | 1.5 | 2.6 |
| Stock market capitalization (% of GDP) | 216 | 98 |
| Money supply (% of GDP) | 145 | 124 |
| Trade (% of GDP) | 66 | 42 |
| Ease of doing business (World Bank) | 78 | 62 |
| Legal structure (Fraser Institute) | 8.3 | 6.4 |
| Freedom to trade (Fraser Institute) | 7.1 | 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.