

Low labor costs and an improving business environment make Vietnam an attractive destination for inbound M&A activity, which is expected to grow every year through 2019. Domestic M&A activity will also rise, and IPOs will pick up in 2019 and 2020. Political risk remains a concern for investors, however, as Vietnam aims to transition to a more consumer-based growth model like China.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$M)	741.0	2,185.4	4,585.5	1,731.3	2,007.1	2,165.2	1,357.6
% of Global M&A transactions	0.0	0.2	0.2	0.1	0.1	0.1	0.1
Domestic (US\$M)	592.5	1,140.1	1,166.3	1,274.6	1,419.5	1,493.7	806.3
Cross-border, inbound (US\$M)	148.5	1,045.3	3,419.2	456.7	587.5	671.5	551.2
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	236	372	373	320	345	352	212
Domestic (Number of deals)	183	303	289	258	277	281	152
Cross-border, inbound (Number of deals)	53	69	84	62	68	71	60
TOTAL IPO TRANSACTIONS (US\$M)	427.5	50.2	172.0	409.8	717.0	947.8	327.7
% Global IPO transactions	0.2	0.0	0.1	0.2	0.3	0.3	0.2
Domestic (US\$M)	427.5	50.2	172.0	409.8	717.0	947.8	327.7
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)	6.0	6.7	6.0	6.7	6.7	6.4	6.3
CPI (% yoy)	4.1	0.6	3.4	3.9	4.0	4.0	4.0
Merchandise trade (% of GDP)	155	166	170	174	179	183	188
FINANCIAL DRIVERS							
10-year government bond yield (%)	-	-	-	-	-	-	-
Equity prices (LCU, end of year % change)	8.1	6.1	0.5	10.0	10.6	11.5	-7.7
Stock market capitalization (US\$B)	46	52	55	60	64	70	75

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Vietnam	Global
GDP growth (% annual)	6.5	2.6
Stock market capitalization (% of GDP)	27	98
Money supply (% of GDP)	146	124
Trade (% of GDP)	179	42
Ease of doing business (World Bank)	64	62
Legal structure (Fraser Institute)	5.4	6.4
Freedom to trade (Fraser Institute)	6.5	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.