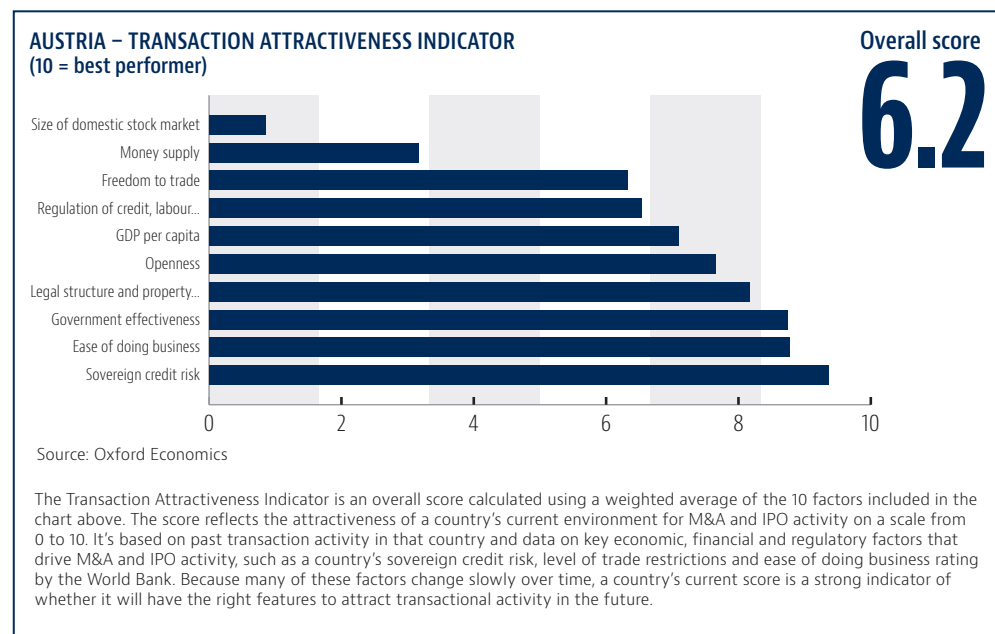


Weaker global trade is weighing on Austria's economy and total M&A is expected to come in at \$3.9 this year, down from \$13.2bn in 2018. Inbound transactions dominate the market and we see this trend continuing in the coming years, as competitive Austrian companies attract the interest of overseas buyers. In line with other Eurozone economies, we expect trade headwinds and bleak industrial production prospects to weigh on deal making in 2019-20 before more favourable stock valuations trigger an upturn in 2021.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	Austria	Global
GDP growth (% annual)	1.6	2.8
Stock market capitalization (% of GDP)	28	97
Money supply (% of GDP)	88	111
Trade (% of GDP)	83	45
Ease of doing business (World Bank, DTF score, higher=better)	79	77
Legal structure (Fraser Institute)	8.2	6.6
Freedom to trade (Fraser Institute)	6.3	7.4

Source: Oxford Economics



AUSTRIA – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	15.4	4.5	13.2	3.9	3.4	4.8	5.0
% of Global M&A transactions	0.5	0.2	0.4	0.1	0.2	0.2	0.2
Domestic (US\$bn)	12.5	0.4	0.1	0.8	0.6	0.8	0.9
Cross-border, inbound (US\$bn)	2.9	4.1	13.1	3.1	2.8	3.9	4.1
Total volume of M&A transactions (Number of deals)	148	112	111	80	79	93	95
Domestic (Number of deals)	52	40	28	20	20	25	25
Cross-border, inbound (Number of deals)	96	72	83	60	59	68	70
Total IPO transactions (US\$m)	0.0	1,976.5	0.0	337.1	200.2	318.9	396.0
% Global IPO transactions	0.0	1.0	0.0	0.2	0.1	0.2	0.2
Domestic (US\$m)	0.0	0.0	0.0	43.0	21.7	30.4	32.0
Cross-border (US\$m)	0.0	1,976.5	0.0	294.1	178.4	288.4	364.0

Source: Oxford Economics, Reuters

AUSTRIA – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	2.1	2.7	2.6	1.5	1.3	1.8	1.8
CPI (% yoy)	0.9	2.1	2.0	1.5	1.5	1.7	1.9
Merchandise trade (% of GDP)	81%	82%	83%	84%	83%	83%	83%
Financial drivers							
10-year government bond yield (%)	0.4	0.6	0.7	0.1	0.0	0.6	1.0
Equity prices (LCU, end of year % change)	9.2	30.6	-19.7	15.2	-4.3	3.9	3.4
Stock market capitalisation (US\$bn)	121.0	150.6	116.8	131.6	129.0	137.4	145.5

Source: Oxford Economics

IPO calculations account for the tentative Aramco listing in 2020 that has the potential to raise up to US 100 billion.