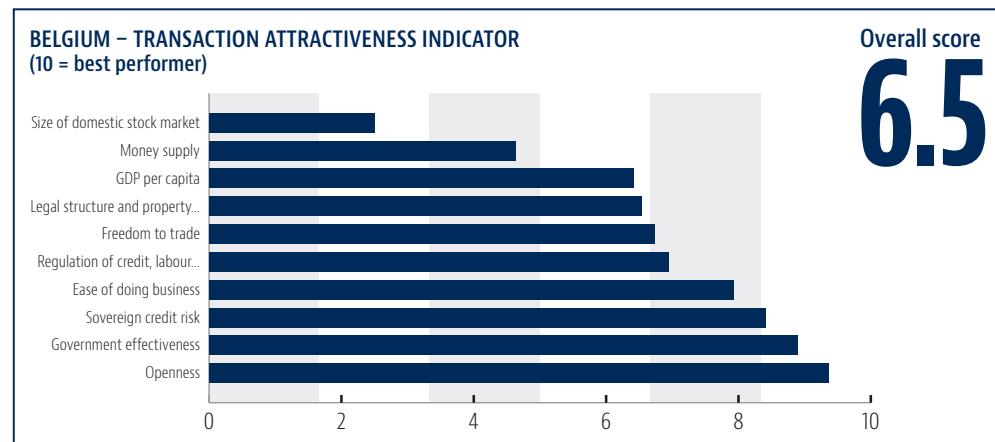


After the landmark \$4.8bn deal by Sanofi in 2018, Belgium's M&A activity has proved more subdued this year. The economy has slowed, as continued global trade tensions weighed on exports and difficulties in forming a new national government delayed public spending. We expect total M&A to remain subdued at \$5.6bn in 2019 and \$4.6b in 2020 before stronger stock valuations open the way for a sustained recovery in 2021-22.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Belgium	Global
GDP growth (% annual)	1.2	2.8
Stock market capitalization (% of GDP)	69	97
Money supply (% of GDP)	129	111
Trade (% of GDP)	137	45
Ease of doing business (World Bank, DTF score, higher=better)	74	77
Legal structure (Fraser Institute)	6.5	6.6
Freedom to trade (Fraser Institute)	6.7	7.4

Source: Oxford Economics



Source: Oxford Economics

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 transaction activity in that country and data on key economic, financial and regulatory factors that drive M&A and IPO activity, such as a country's sovereign credit risk, level of trade restrictions and ease of doing business rating by the World Bank. 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.

BELGIUM – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
<b>Total M&amp;A transactions (US\$bn)</b>	<b>16.9</b>	<b>6.0</b>	<b>9.0</b>	<b>5.6</b>	<b>4.6</b>	<b>8.7</b>	<b>11.6</b>
<b>% of Global M&amp;A transactions</b>	<b>0.5</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
Domestic (US\$bn)	1.0	0.5	1.0	0.3	0.3	0.8	0.8
Cross-border, inbound (US\$bn)	15.9	5.5	8.0	5.4	4.4	7.9	10.8
<b>Total volume of M&amp;A transactions (Number of deals)</b>	<b>269</b>	<b>275</b>	<b>272</b>	<b>234</b>	<b>215</b>	<b>263</b>	<b>288</b>
Domestic (Number of deals)	111	98	95	80	74	98	102
Cross-border, inbound (Number of deals)	158	177	177	154	141	165	186
<b>Total IPO transactions (US\$mn)</b>	<b>26.7</b>	<b>228.2</b>	<b>714.1</b>	<b>52.2</b>	<b>53.1</b>	<b>322.8</b>	<b>368.6</b>
<b>% Global IPO transactions</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>
Domestic (US\$mn)	26.7	0.0	0.0	52.2	53.1	170.6	178.1
Cross-border (US\$mn)	0.0	228.2	714.1	0.0	0.0	152.1	190.5

Source: Oxford Economics, Reuters

BELGIUM – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
<b>Macroeconomic drivers</b>							
Real GDP growth (% yoy)	1.5	1.7	1.4	1.2	1.1	1.2	1.4
CPI (% yoy)	2.0	2.1	2.1	1.7	1.5	1.6	1.9
Merchandise trade (% of GDP)	119%	123%	129%	135%	136%	137%	138%
<b>Financial drivers</b>							
10-year government bond yield (%)	0.5	0.7	0.8	0.2	0.2	0.9	1.4
Equity prices (LCU, end of year % change)	-2.5	10.3	-18.5	19.0	-3.9	4.4	2.7
Stock market capitalisation (US\$bn)	378.1	4378	3211	373.9	368.3	393.8	413.9

Source: Oxford Economics

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