

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 \$4.6bn in 2020 before stronger stock valuations open the way for a sustained recovery in 2021-22.

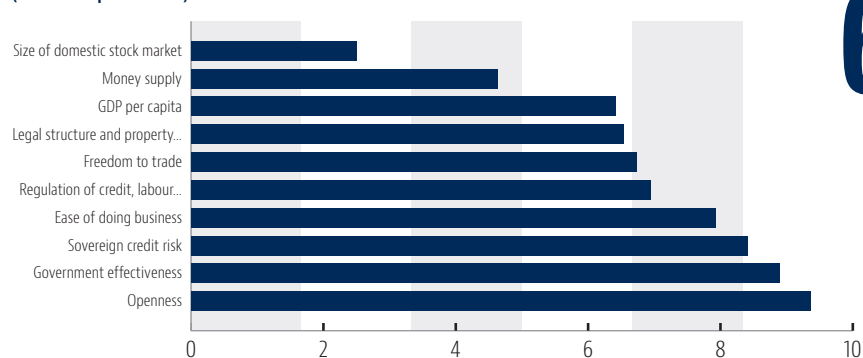
SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	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

BELGIUM – TRANSACTION ATTRACTIVENESS INDICATOR (10 = best performer)

Overall score
6.5



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
Total M&A transactions (US\$bn)	16.9	6.0	9.0	5.6	4.6	8.7	11.6
% of Global M&A transactions	0.5	0.2	0.3	0.2	0.2	0.3	0.4
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
Total volume of M&A transactions (Number of deals)	269	275	272	234	215	263	288
Domestic (Number of deals)	111	98	95	80	74	98	102
Cross-border, inbound (Number of deals)	158	177	177	154	141	165	186
Total IPO transactions (US\$m)	26.7	228.2	714.1	52.2	53.1	322.8	368.6
% Global IPO transactions	0.0	0.1	0.3	0.0	0.0	0.2	0.2
Domestic (US\$m)	26.7	0.0	0.0	52.2	53.1	170.6	178.1
Cross-border (US\$m)	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
Macroeconomic drivers							
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%
Financial drivers							
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	437.8	321.1	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.