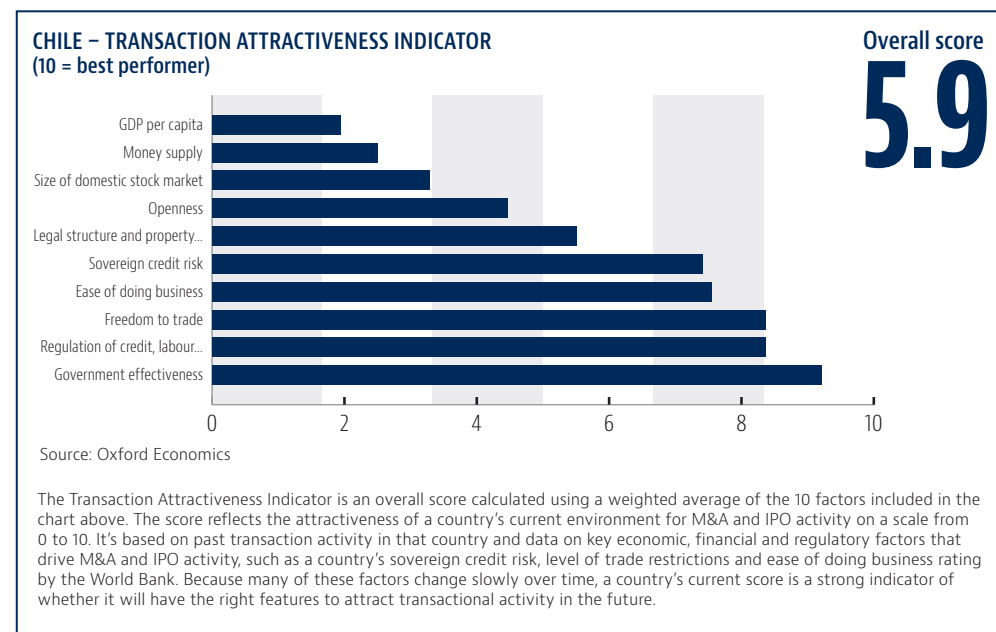


After 2018's flurry of large inbound deals, Chile's M&A activity has been more subdued this year, with domestic transactions expected at \$3.1bn and cross-border deals expected at \$5.8bn. At the end of June, Chilean retailer Cencosud's shopping centre division went public, in the largest-ever IPO in the Santiago market. With economy slowing, we see a softening in deal making next year and only a slow recovery in 2021-22.

### SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	Chile	Global
GDP growth (% annual)	2.7	2.8
Stock market capitalization (% of GDP)	89	97
Money supply (% of GDP)	74	111
Trade (% of GDP)	51	45
Ease of doing business (World Bank, DTF score, higher=better)	72	77
Legal structure (Fraser Institute)	5.5	6.6
Freedom to trade (Fraser Institute)	8.4	7.4

Source: Oxford Economics



### CHILE – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
<b>Total M&amp;A transactions (US\$bn)</b>	<b>20.5</b>	<b>4.6</b>	<b>16.2</b>	<b>8.9</b>	<b>7.8</b>	<b>9.2</b>	<b>10.4</b>
<b>% of Global M&amp;A transactions</b>	<b>0.6</b>	<b>0.2</b>	<b>0.5</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>
Domestic (US\$bn)	13.1	0.8	2.2	3.1	2.1	2.8	3.3
Cross-border, inbound (US\$bn)	7.4	3.8	14.0	5.8	5.7	6.5	7.0
<b>Total volume of M&amp;A transactions (Number of deals)</b>	<b>118</b>	<b>97</b>	<b>106</b>	<b>99</b>	<b>86</b>	<b>97</b>	<b>104</b>
Domestic (Number of deals)	47	46	46	50	38	43	48
Cross-border, inbound (Number of deals)	71	51	60	49	48	54	56
<b>Total IPO transactions (US\$m)</b>	<b>0.2</b>	<b>340.5</b>	<b>530.6</b>	<b>1,173.0</b>	<b>347.4</b>	<b>491.8</b>	<b>535.5</b>
<b>% Global IPO transactions</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.8</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>
Domestic (US\$m)	0.2	340.5	530.6	1,173.0	347.4	469.5	511.3
Cross-border (US\$m)	0.0	0.0	0.0	0.0	0.0	22.3	24.3

Source: Oxford Economics, Reuters

### CHILE – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
<b>Macroeconomic drivers</b>							
Real GDP growth (% yoy)	1.6	1.5	4.1	2.6	2.8	2.8	2.7
CPI (% yoy)	3.8	2.2	2.3	2.4	3.0	3.0	3.0
Merchandise trade (% of GDP)	51%	51%	53%	50%	48%	52%	52%
<b>Financial drivers</b>							
10-year government bond yield (%)	4.4	4.2	4.5	3.7	3.3	3.4	3.9
Equity prices (LCU, end of year % change)	14.2	35.0	-7.3	12.2	-6.4	5.7	5.5
Stock market capitalisation (US\$bn)	212.5	294.7	250.7	294.3	278.8	296.4	313.7

Source: Oxford Economics

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