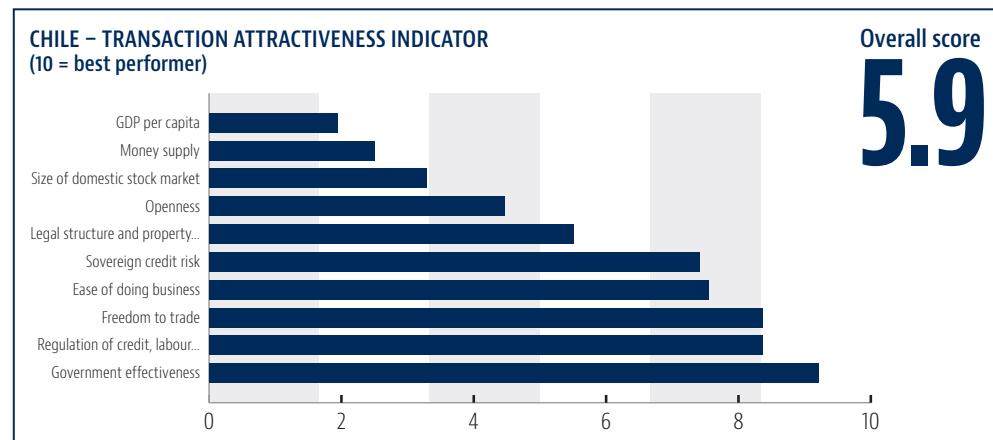


After 2018's flurry of large inbound deals, Chile's M&A activity has been more subdued this year, with domestic transactions expected at \$3.1bn and cross-border deals expected at \$5.8bn. At the end of June, Chilean retailer Cencosud's shopping centre division went public, in the largest-ever IPO in 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



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.

CHILE – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	20.5	4.6	16.2	8.9	7.8	9.2	10.4
% of Global M&A transactions	0.6	0.2	0.5	0.3	0.4	0.3	0.3
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
Total volume of M&A transactions (Number of deals)	118	97	106	99	86	97	104
Domestic (Number of deals)	47	46	46	50	38	43	48
Cross-border, inbound (Number of deals)	71	51	60	49	48	54	56
Total IPO transactions (US\$mn)	0.2	340.5	530.6	1,173.0	347.4	491.8	535.5
% Global IPO transactions	0.0	0.2	0.2	0.8	0.2	0.3	0.2
Domestic (US\$mn)	0.2	340.5	530.6	1,173.0	347.4	469.5	511.3
Cross-border (US\$mn)	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
Macroeconomic drivers							
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%
Financial drivers							
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.