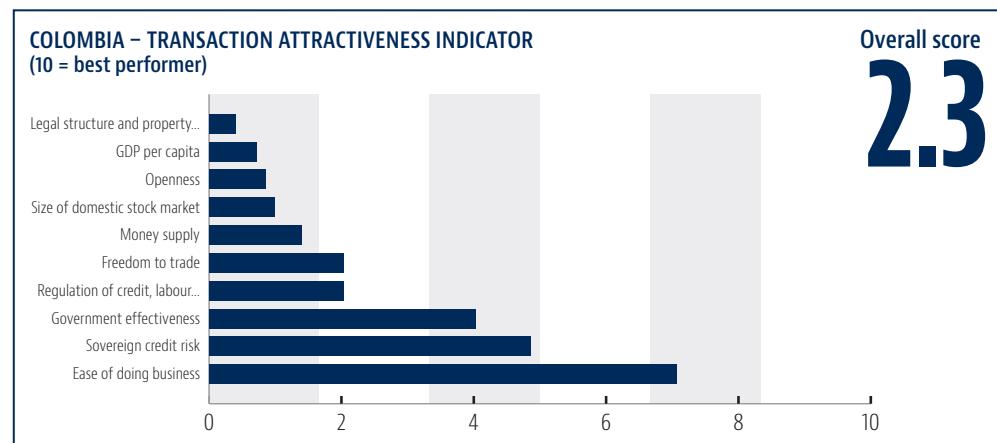


Colombia's economy is growing at a sustained pace and inflation is now under control, but deal making has failed to pick up significantly this year, notwithstanding some significant inbound M&A transactions. Going forward, we expect the cyclical economic recovery to continue, with solid domestic demand more than offsetting the impact of the global trade slowdown and EM currency volatility. We should therefore see a gradual recovery of deal making in the next couple of years as confidence in the macro outlook strengthens.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Colombia	Global
GDP growth (% annual)	3.2	2.8
Stock market capitalization (% of GDP)	31	97
Money supply (% of GDP)	46	111
Trade (% of GDP)	30	45
Ease of doing business (World Bank, DTF score, higher=better)	69	77
Legal structure (Fraser Institute)	0.4	6.6
Freedom to trade (Fraser Institute)	2.0	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.

COLOMBIA – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	4.3	1.4	2.0	1.3	1.6	2.9	4.1
% of Global M&A transactions	0.1	0.0	0.1	0.0	0.1	0.1	0.1
Domestic (US\$bn)	1.2	0.8	0.0	0.3	0.4	0.9	1.5
Cross-border, inbound (US\$bn)	3.1	0.6	2.0	1.1	1.1	2.1	2.6
Total volume of M&A transactions (Number of deals)	67	59	64	60	73	84	107
Domestic (Number of deals)	18	19	9	8	13	19	31
Cross-border, inbound (Number of deals)	49	40	55	52	60	65	76
Total IPO transactions (US\$mn)	0.0	0.0	0.0	15.0	13.6	157.9	167.5
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Domestic (US\$mn)	0.0	0.0	0.0	15.0	13.6	18.9	20.0
Cross-border (US\$mn)	0.0	0.0	0.0	0.0	0.0	139.0	147.4

Source: Oxford Economics, Reuters

COLOMBIA – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	2.1	1.4	2.6	2.8	3.4	3.3	3.4
CPI (% yoy)	7.5	4.3	3.2	3.3	3.3	3.1	3.0
Merchandise trade (% of GDP)	29%	29%	30%	32%	30%	30%	30%
Financial drivers							
10-year government bond yield (%)	7.8	6.6	6.7	5.5	5.8	6.0	6.0
Equity prices (LCU, end of year % change)	1.5	9.3	5.0	7.9	1.2	6.6	4.9
Stock market capitalisation (US\$bn)	103.8	121.5	103.8	104.0	106.2	111.4	115.8

Source: Oxford Economics

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