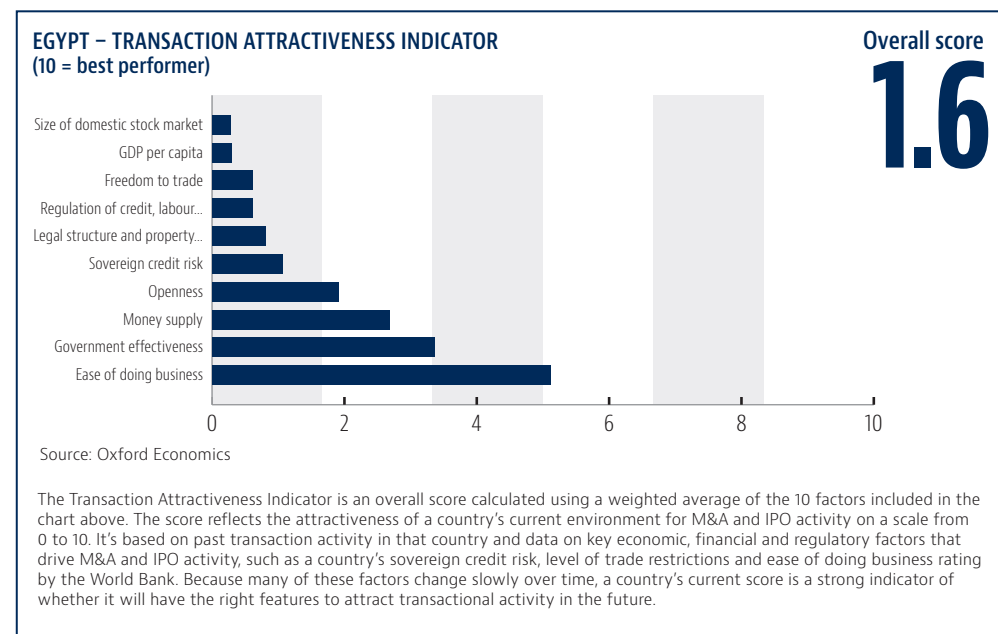


The economy has shown resilience despite the difficult global economic backdrop and we see a rate of GDP growth above 5% in the next few years. Deal making hit a soft patch in the first half of this year, especially on the domestic side, but we still expect total M&A at \$1.2bn for 2019 as a whole. On the back of the solid macroeconomic outlook and lucrative opportunities in the natural gas sector, we see total M&A picking up to \$1.5bn in 2020 and \$2.7bn in 2021 as foreign investors become more confident in the economy's medium-term prospects.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	Egypt	Global
GDP growth (% annual)	5.5	2.8
Stock market capitalization (% of GDP)	11	97
Money supply (% of GDP)	73	111
Trade (% of GDP)	36	45
Ease of doing business (World Bank, DTF score, higher=better)	59	77
Legal structure (Fraser Institute)	0.8	6.6
Freedom to trade (Fraser Institute)	0.6	7.4

Source: Oxford Economics



EGYPT – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	1.8	2.5	1.9	1.2	1.5	2.7	3.3
% of Global M&A transactions	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Domestic (US\$bn)	1.5	0.4	0.8	0.2	0.5	0.7	0.9
Cross-border, inbound (US\$bn)	0.3	2.1	1.1	1.0	1.1	1.9	2.4
Total volume of M&A transactions (Number of deals)	76	67	45	54	60	70	74
Domestic (Number of deals)	36	36	24	27	27	31	34
Cross-border, inbound (Number of deals)	40	31	21	27	33	39	40
Total IPO transactions (US\$m)	202.8	136.7	290.6	20.9	93.9	170.9	213.5
% Global IPO transactions	0.1	0.1	0.1	0.0	0.0	0.1	0.1
Domestic (US\$m)	202.8	136.7	290.6	20.9	93.9	170.9	177.3
Cross-border (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	36.2

Source: Oxford Economics, Reuters

EGYPT – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	4.3	4.1	5.3	5.6	5.7	5.5	5.4
CPI (% yoy)	13.8	29.5	14.4	11.0	10.2	9.7	9.2
Merchandise trade (% of GDP)	23%	35%	39%	36%	36%	36%	36%
Financial drivers							
10-year government bond yield (%)	17.2	17.0	16.6	16.2	15.8	15.6	15.4
Equity prices (LCU, end of year % change)	-2.2	67.1	14.7	-7.5	-6.7	10.7	7.2
Stock market capitalisation (US\$bn)	33.3	46.5	42.0	40.7	36.5	36.5	36.7

Source: Oxford Economics

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