

While the French economy has proved resilient against a rather gloomy Eurozone picture, we see GDP growth slowing this year as external headwinds dampen consumer and business confidence. Similarly, deal making is expected to underperform in the near-term, with total M&A at \$56bn in 2019 and \$52bn in 2020. A pickup in deal making is foreseen in 2021-22, thanks to stronger stock market valuations and more favourable macroeconomic conditions.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

| | France | Global |
|---|--------|--------|
| GDP growth (% annual) | 1.4 | 2.8 |
| Stock market capitalization (% of GDP) | 96 | 97 |
| Money supply (% of GDP) | 93 | 111 |
| Trade (% of GDP) | 49 | 45 |
| Ease of doing business (World Bank, DTF score, higher=better) | 77 | 77 |
| Legal structure (Fraser Institute) | 6.1 | 6.6 |
| Freedom to trade (Fraser Institute) | 6.5 | 7.4 |

Source: Oxford Economics

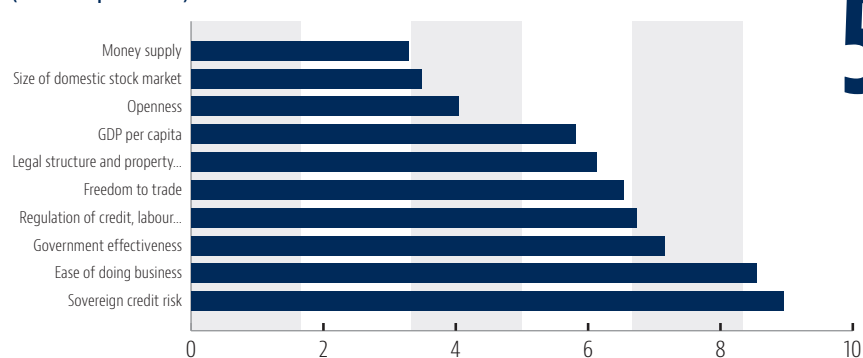
FRANCE – M&A AND IPO TRANSACTIONS

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------------|----------------|----------------|--------------|--------------|----------------|----------------|
| Total M&A transactions (US\$bn) | 77.9 | 110.9 | 76.1 | 56.4 | 52.3 | 79.3 | 94.1 |
| % of Global M&A transactions | 2.3 | 3.9 | 2.3 | 2.0 | 2.5 | 2.9 | 3.2 |
| Domestic (US\$bn) | 44.0 | 59.7 | 26.3 | 19.1 | 18.9 | 40.5 | 50.1 |
| Cross-border, inbound (US\$bn) | 33.8 | 51.2 | 49.8 | 37.4 | 33.5 | 38.8 | 43.9 |
| Total volume of M&A transactions (Number of deals) | 2,508 | 1,979 | 1,756 | 1,665 | 1,616 | 1,956 | 2,170 |
| Domestic (Number of deals) | 1,945 | 1,487 | 1,268 | 1,162 | 1,151 | 1,453 | 1,634 |
| Cross-border, inbound (Number of deals) | 563 | 492 | 488 | 503 | 465 | 503 | 536 |
| Total IPO transactions (US\$m) | 9870 | 2,735.8 | 1,251.6 | 513.8 | 542.5 | 1,621.7 | 2,043.7 |
| % Global IPO transactions | 0.7 | 1.4 | 0.6 | 0.3 | 0.3 | 0.8 | 0.9 |
| Domestic (US\$m) | 525.0 | 1,639.0 | 1,207.6 | 483.0 | 455.4 | 1,438.2 | 1,779.0 |
| Cross-border (US\$m) | 462.1 | 1,096.8 | 44.0 | 30.8 | 87.1 | 183.4 | 264.7 |

Source: Oxford Economics, Reuters

FRANCE – TRANSACTION ATTRACTIVENESS INDICATOR (10 = best performer)

Overall score
5.9



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.

FRANCE – FORECAST FOR THE ECONOMY

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Macroeconomic drivers | | | | | | | |
| Real GDP growth (% yoy) | 1.0 | 2.4 | 1.7 | 1.3 | 1.4 | 1.5 | 1.5 |
| CPI (% yoy) | 0.2 | 1.0 | 1.9 | 1.2 | 1.3 | 1.4 | 1.6 |
| Merchandise trade (% of GDP) | 46% | 48% | 48% | 49% | 49% | 49% | 50% |
| Financial drivers | | | | | | | |
| 10-year government bond yield (%) | 0.5 | 0.8 | 0.8 | 0.1 | 0.1 | 0.7 | 1.2 |
| Equity prices (LCU, end of year % change) | 4.8 | 11.0 | -12.0 | 16.9 | -3.8 | 4.5 | 3.2 |
| Stock market capitalisation (US\$bn) | 2,159.0 | 2,749.3 | 2,366.0 | 2,704.8 | 2,667.5 | 2,854.8 | 3,016.9 |

Source: Oxford Economics

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