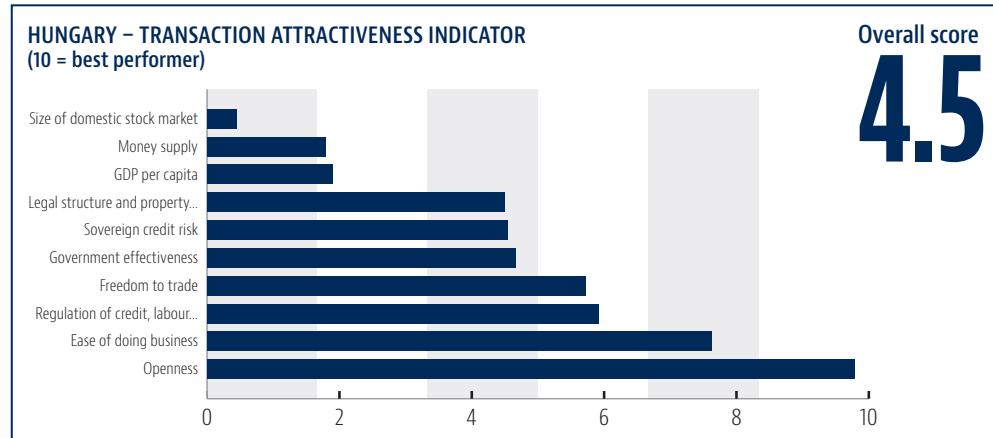


Despite global trade tensions and weak growth in Germany (Hungary's main trading partner), we still see Hungary's economic growth averaging above 3% in 2019-2022. After the \$3.4bn Telenoro ASA deal in 2018, we expect more modest deal values will bring total M&A of around \$0.7bn in 2019 and \$0.6bn in 2020.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Hungary	Global
GDP growth (% annual)	3.1	2.8
Stock market capitalization (% of GDP)	17	97
Money supply (% of GDP)	54	111
Trade (% of GDP)	180	45
Ease of doing business (World Bank, DTF score, higher=better)	72	77
Legal structure (Fraser Institute)	4.5	6.6
Freedom to trade (Fraser Institute)	5.7	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.

HUNGARY – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$mn)	585.2	1799.5	4156.1	693.1	585.0	807.3	938.8
% of Global M&A transactions	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Domestic (US\$mn)	539.5	601.6	257.5	559.5	450.5	496.3	535.8
Cross-border, inbound (US\$mn)	45.7	1,197.9	3,898.6	133.6	134.5	311.1	403.0
Total volume of M&A transactions (Number of deals)	83	110	89	77	74	84	90
Domestic (Number of deals)	39	53	55	42	38	40	42
Cross-border, inbound (Number of deals)	44	57	34	35	36	44	48
Total IPO transactions (US\$mn)	6.2	85.7	0.0	0.0	0.0	28.6	30.8
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (US\$mn)	1.9	0.0	0.0	0.0	0.0	0.0	0.0
Cross-border (US\$mn)	4.3	85.7	0.0	0.0	0.0	28.6	30.8

Source: Oxford Economics, Reuters

HUNGARY – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	2.2	4.3	5.0	4.7	3.0	2.6	2.3
CPI (% yoy)	0.4	2.3	2.8	3.5	3.4	3.2	3.1
Merchandise trade (% of GDP)	170%	173%	175%	179%	180%	180%	181%
Financial drivers							
10-year government bond yield (%)	3.1	3.0	3.1	2.8	2.9	3.3	3.7
Equity prices (LCU, end of year % change)	33.8	23.0	-0.6	7.1	-5.1	4.9	4.9
Stock market capitalisation (US\$bn)	22.6	31.6	28.9	29.9	29.2	31.5	34.0

Source: Oxford Economics

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