

After a record year for deals in 2018, we anticipate activity to revert to more “normal” levels in 2019, with total M&A seen at \$52.1bn. Despite global headwinds, India’s GDP is forecast to grow by close to 7% through 2019-2022 and Modi’s re-election should promote a favourable business environment, reviving private investment in the next few years. We expect total M&A to show resilience in 2020, at \$44.6bn, and to speed up from 2021 thanks to business-friendly reforms and a more favourable global backdrop.

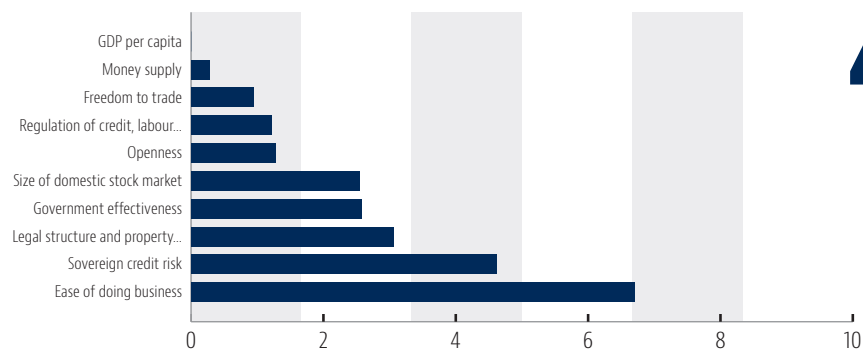
SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	India	Global
GDP growth (% annual)	6.8	2.8
Stock market capitalization (% of GDP)	66	97
Money supply (% of GDP)	19	111
Trade (% of GDP)	33	45
Ease of doing business (World Bank, DTF score, higher=better)	67	77
Legal structure (Fraser Institute)	3.1	6.6
Freedom to trade (Fraser Institute)	0.9	7.4

Source: Oxford Economics

INDIA – TRANSACTION ATTRACTIVENESS INDICATOR (10 = best performer)

Overall score
2.3



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.

INDIA – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	24.9	57.1	81.6	52.1	44.6	48.6	59.3
% of Global M&A transactions	0.8	2.0	2.4	1.8	2.1	1.8	2.0
Domestic (US\$bn)	11.9	22.2	37.2	36.4	29.4	30.0	34.9
Cross-border, inbound (US\$bn)	13.1	34.9	44.4	15.7	15.2	18.6	24.5
Total volume of M&A transactions (Number of deals)	807	1,110	1,230	1,024	935	1,014	1,124
Domestic (Number of deals)	525	771	833	665	589	600	671
Cross-border, inbound (Number of deals)	282	339	397	359	346	414	453
Total IPO transactions (US\$bn)	4.1	11.6	5.5	3.4	2.7	4.3	5.2
% Global IPO transactions	3.0	5.8	2.6	2.2	1.3	2.2	2.4
Domestic (US\$bn)	4.0	11.6	5.0	3.4	2.7	4.2	5.1
Cross-border (US\$bn)	0.1	0.0	0.6	0.0	0.0	0.1	0.1

Source: Oxford Economics, Reuters

INDIA – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	8.7	6.9	7.4	6.5	7.1	6.9	6.8
CPI (% yoy)	5.0	3.3	4.0	3.3	4.9	5.1	4.8
Merchandise trade (% of GDP)	30%	31%	34%	33%	33%	32%	32%
Financial drivers							
10-year government bond yield (%)	7.2	6.7	7.7	7.0	6.9	7.3	7.4
Equity prices (LCU, end of year % change)	1.9	27.9	5.9	7.5	-7.0	8.6	5.5
Stock market capitalisation (US\$bn)	1,566.7	2,331.6	2,083.5	2,258.4	2,118.4	2,285.5	2,375.5

Source: Oxford Economics

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