

Total M&A is expected to reach \$11.6bn in 2019 (mainly as a result of two large financial sector deals by Japanese companies) and decline to \$7.8bn in 2020. A rebound in deal making is foreseen in 2021-22, thanks to more favourable stock market trends and stronger economic growth prospects. The push for further infrastructure development will also continue with state-owned entities leading the way; the need for funding may push these SOEs to sell some of their assets, providing further impetus to M&A transactions. And the Government is expected to issue the much-anticipated new Negative List, which is predicted to open up more sectors for foreign investment.

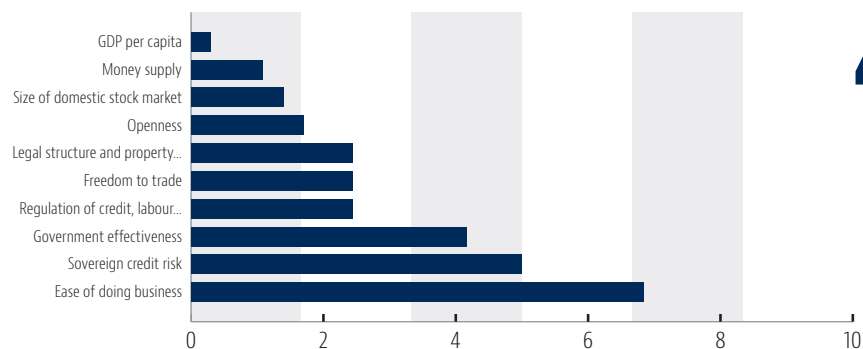
### SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	Indonesia	Global
GDP growth (% annual)	5.2	2.8
Stock market capitalization (% of GDP)	40	97
Money supply (% of GDP)	38	111
Trade (% of GDP)	35	45
Ease of doing business (World Bank, DTF score, higher=better)	68	77
Legal structure (Fraser Institute)	24	6.6
Freedom to trade (Fraser Institute)	24	74

Source: Oxford Economics

### INDONESIA – TRANSACTION ATTRACTIVENESS INDICATOR (10 = best performer)

Overall score  
**2.7**



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.

### INDONESIA – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
<b>Total M&amp;A transactions (US\$bn)</b>	<b>8.2</b>	<b>6.9</b>	<b>9.0</b>	<b>11.6</b>	<b>7.8</b>	<b>11.3</b>	<b>12.0</b>
<b>% of Global M&amp;A transactions</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Domestic (US\$bn)	4.6	1.9	4.4	3.4	2.3	3.8	4.3
Cross-border, inbound (US\$bn)	3.6	5.0	4.6	8.2	5.5	7.5	7.7
<b>Total volume of M&amp;A transactions (Number of deals)</b>	<b>109</b>	<b>126</b>	<b>123</b>	<b>146</b>	<b>126</b>	<b>147</b>	<b>157</b>
Domestic (Number of deals)	40	45	41	62	57	68	77
Cross-border, inbound (Number of deals)	69	81	82	84	69	79	80
<b>Total IPO transactions (US\$m)</b>	<b>1,037.6</b>	<b>766.8</b>	<b>1,294.2</b>	<b>1,082.1</b>	<b>913.0</b>	<b>1,206.3</b>	<b>1,362.5</b>
<b>% Global IPO transactions</b>	<b>0.8</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>0.4</b>	<b>0.6</b>	<b>0.6</b>
Domestic (US\$m)	952.8	711.0	1,294.2	1,082.1	913.0	1,139.3	1,293.4
Cross-border (US\$m)	84.8	55.9	0.0	0.0	0.0	67.0	69.2

Source: Oxford Economics, Reuters

### INDONESIA – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
<b>Macroeconomic drivers</b>							
Real GDP growth (% yoy)	5.0	5.1	5.2	5.0	5.1	5.3	5.3
CPI (% yoy)	3.5	3.8	3.2	3.2	3.4	3.4	3.3
Merchandise trade (% of GDP)	35%	36%	38%	34%	35%	36%	37%
<b>Financial drivers</b>							
10-year government bond yield (%)	7.6	6.9	7.4	7.6	7.5	7.5	7.6
Equity prices (LCU, end of year % change)	15.3	20.0	-2.5	4.4	-6.7	5.3	4.5
Stock market capitalisation (US\$bn)	425.8	520.7	486.8	521.9	492.6	522.0	548.6

Source: Oxford Economics

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