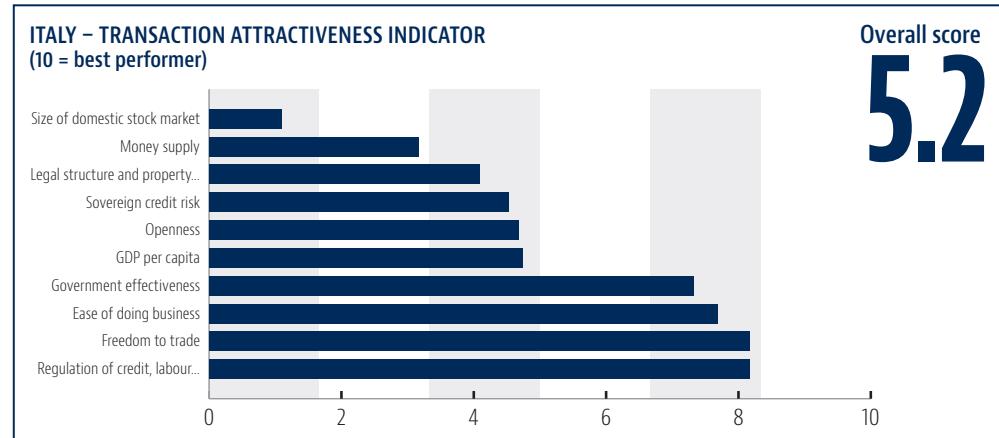


As deal making in 2019 benefits from the completion of the long-running Luxottica-Essilor merger and the \$6.5bn acquisition of Magneti Marelli by CK Holdings, we see total M&A at \$47.5bn for the year as a whole. But with the economy struggling, and we expect M&A to drop to \$39.3bn next year before starting a slow recovery in 2021 thanks to a more favourable global outlook and stronger stock market trends. We see total IPOs reaching \$3.1bn in 2019, up from \$1.9bn in 2018, thanks largely to the public offering of NEXI.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Italy	Global
GDP growth (% annual)	0.4	2.8
Stock market capitalization (% of GDP)	35	97
Money supply (% of GDP)	91	111
Trade (% of GDP)	52	45
Ease of doing business (World Bank, DTF score, higher=better)	73	77
Legal structure (Fraser Institute)	4.1	6.6
Freedom to trade (Fraser Institute)	8.2	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.

ITALY – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	62.9	29.0	67.0	47.5	39.3	41.5	45.8
% of Global M&A transactions	1.9	1.0	2.0	1.7	1.9	1.5	1.5
Domestic (US\$bn)	20.7	13.3	16.4	12.1	11.4	12.5	14.7
Cross-border, inbound (US\$bn)	42.2	15.7	50.6	35.3	27.9	29.1	31.1
Total volume of M&A transactions (Number of deals)	896	976	1,034	865	731	761	800
Domestic (Number of deals)	471	539	575	493	421	445	476
Cross-border, inbound (Number of deals)	425	437	459	372	310	316	324
Total IPO transactions (US\$bn)	1.6	6.0	1.9	3.1	1.4	2.7	3.6
% of Global IPO transactions	1.2	3.0	0.9	2.0	0.7	1.4	1.7
Domestic (US\$bn)	1.6	2.7	1.7	0.3	0.7	2.0	2.7
Cross-border (US\$bn)	0.0	3.3	0.2	2.8	0.7	0.8	0.9

Source: Oxford Economics, Reuters

ITALY – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	1.2	1.8	0.7	0.1	0.4	0.5	0.7
CPI (% yoy)	-0.1	1.2	1.1	0.8	0.9	1.3	1.6
Merchandise trade (% of GDP)	48%	50%	50%	51%	52%	53%	53%
Financial drivers							
10-year government bond yield (%)	1.5	2.1	2.6	2.2	2.5	3.0	3.4
Equity prices (LCU, end of year % change)	-10.2	13.6	-16.1	17.7	-3.8	4.7	3.1
Stock market capitalisation (US\$bn)	553.5	7676	621.0	714.9	704.6	755.7	797.7

Source: Oxford Economics

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