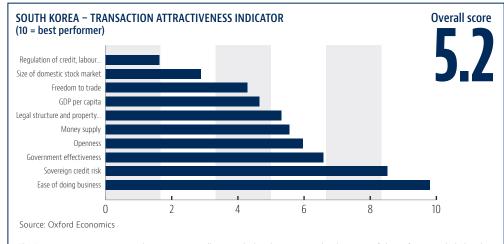


Global Transactions Forecast 2020 | SOUTH KOREA

Total M&A is expected to decline to \$57.1bn in 2019 and \$48.3bn in 2020, as global headwinds affecting exports and the trade dispute with Japan slow GDP to a post-crisis low of 2% in 2019 and 2.2% in 2020. We see activity rebounding from 2021, as more favourable international backdrop and stronger stock market trends trigger a recovery in the broader economy.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)								
	South Korea	Global						
GDP growth (% annual)	2.3	2.8						
Stock market capitalization (% of GDP)	73	97						
Money supply (% of GDP)	152	111						
Trade (% of GDP)	65	45						
Ease of doing business (World Bank, DTF score, higher=better)	84	77						
Legal structure (Fraser Institute)	5.3	6.6						
Freedom to trade (Fraser Institute)	4.3	7.4						

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.

SOUTH KOREA – M&A AND IPO TRANSACTIONS									
	2016	2017	2018	2019	2020	2021	2022		
Total M&A transactions (US\$bn)	44.6	63.5	59.8	57.1	48.3	61.8	67.6		
% of Global M&A transactions	1.3	2.2	1.8	2.0	2.3	2.3	2.3		
Domestic (US\$bn)	41.2	54.4	53.0	48.0	41.7	51.5	56.4		
Cross-border, inbound (US\$bn)	3.4	9.1	6.8	9.0	6.5	10.3	11.2		
Total volume of M&A transactions (Number of deals)	1,143	1,106	1,374	1,115	1,022	1,205	1,291		
Domestic (Number of deals)	995	980	1,257	1,033	949	1,097	1,175		
Cross-border, inbound (Number of deals)	148	126	117	82	73	108	116		
Total IPO transactions (US\$bn)	1.9	3.2	1.8	2.4	1.9	2.6	2.8		
% Global IPO transactions	1.4	1.6	0.9	1.6	0.9	1.3	1.3		
Domestic (US\$bn)	1.6	3.0	1.7	2.2	1.8	2.4	2.6		
Cross-border (US\$bn)	0.3	0.2	0.1	0.2	0.2	0.2	0.2		

Source: Oxford Economics, Reuters

SOUTH KOREA – FORECAST FOR THE ECONOMY									
	2016	2017	2018	2019	2020	2021	2022		
Macroeconomic drivers									
Real GDP growth (% yoy)	2.9	3.2	2.7	2.0	2.2	2.6	2.6		
CPI (% yoy)	1.0	1.9	1.5	0.9	2.1	2.1	1.8		
Merchandise trade (% of GDP)	66%	68%	68%	64%	64%	65%	66%		
Financial drivers									
10-year government bond yield (%)	1.7	2.3	2.5	1.6	1.4	1.6	2.0		
Equity prices (LCU, end of year % change)	3.3	21.8	-17.3	-4.5	-5.9	5.8	4.6		
Stock market capitalisation (US\$bn)	1,254.5	1,771.8	1,413.7	1,244.4	1,142.9	1,280.4	1,406.2		

Source: Oxford Economics

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