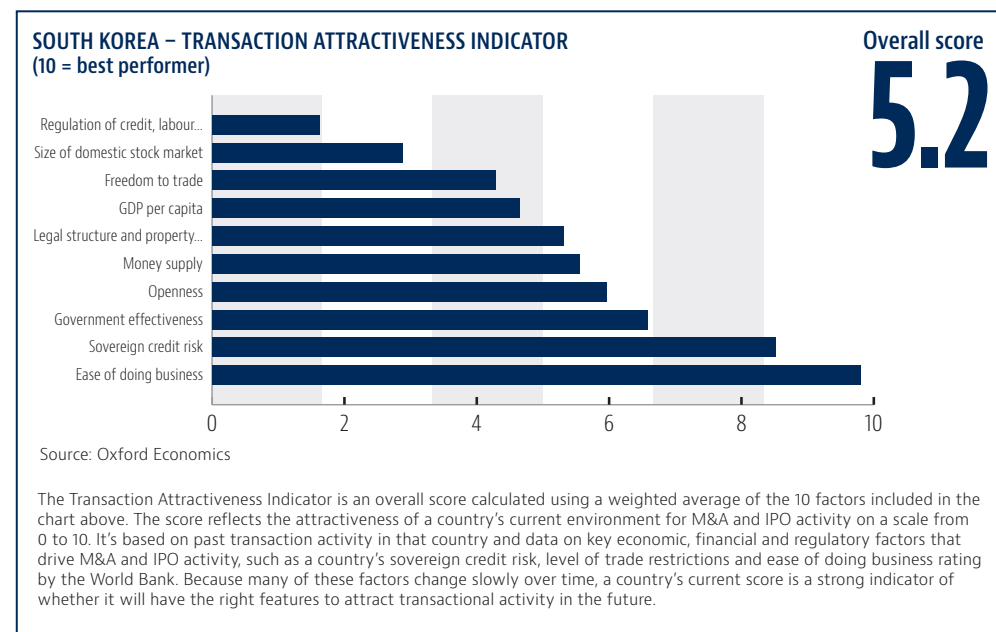


Total M&A is expected to decline to \$57.1bn in 2019 and \$48.3bn in 2020, as global headwinds affecting exports and the trade dispute with Japan slow GDP to a post-crisis low of 2% in 2019 and 2.2% in 2020. We see activity rebounding from 2021, as more favourable international backdrop and stronger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



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.