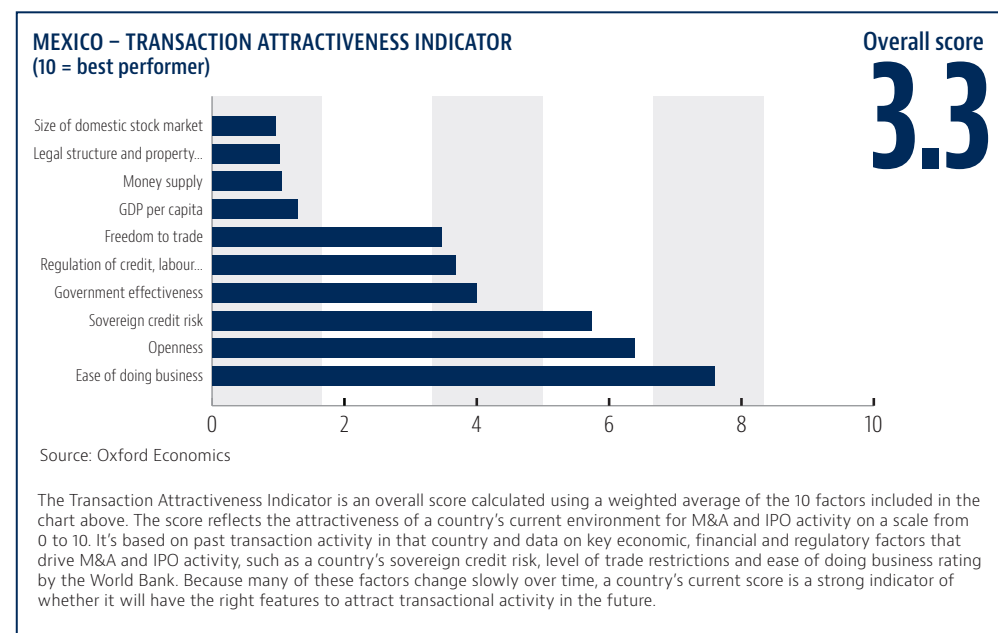


Total M&A transactions are expected to remain stable at around \$7.3bn this year, after \$7.2bn in 2018. We forecast deal making to slow to \$4.9bn in 2020, as the weak external backdrop contains the chances of a rapid economic recovery. A renewed pick-up is forecast in 2021-22, thanks to stronger economic growth prospects and more favourable stock market trends.

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

|   | Mexico | Global |
|---|--------|--------|
| GDP growth (% annual)   | 1.6    | 2.8    |
| Stock market capitalization (% of GDP)                        | 30     | 97     |
| Money supply (% of GDP)                                       | 38     | 111    |
| Trade (% of GDP)  | 68     | 45     |
| Ease of doing business (World Bank, DTF score, higher=better) | 72     | 77     |
| Legal structure (Fraser Institute)                            | 1.0    | 6.6    |
| Freedom to trade (Fraser Institute)                           | 3.5    | 7.4    |

Source: Oxford Economics



### MEXICO – M&A AND IPO TRANSACTIONS

|   | 2016         | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           |
|---|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total M&amp;A transactions (US\$bn)</b>                    | <b>12.5</b>  | <b>8.0</b>     | <b>7.2</b>     | <b>7.3</b>     | <b>4.9</b>     | <b>10.8</b>    | <b>13.8</b>    |
| <b>% of Global M&amp;A transactions</b>                       | <b>0.4</b>   | <b>0.3</b>     | <b>0.2</b>     | <b>0.3</b>     | <b>0.2</b>     | <b>0.4</b>     | <b>0.5</b>     |
| Domestic (US\$bn)   | 4.7          | 2.4            | 2.9            | 1.7            | 1.7            | 5.5            | 6.6            |
| Cross-border, inbound (US\$bn)                                | 7.8          | 5.7            | 4.4            | 5.7            | 3.2            | 5.2            | 7.3            |
| <b>Total volume of M&amp;A transactions (Number of deals)</b> | <b>161</b>   | <b>146</b>     | <b>144</b>     | <b>97</b>      | <b>102</b>     | <b>145</b>     | <b>168</b>     |
| Domestic (Number of deals)                                    | 79           | 50             | 57             | 28             | 34             | 65             | 77             |
| Cross-border, inbound (Number of deals)                       | 82           | 96             | 87             | 69             | 68             | 80             | 91             |
| <b>Total IPO transactions (US\$m)</b>                         | <b>905.1</b> | <b>3,247.1</b> | <b>2,728.7</b> | <b>1,364.4</b> | <b>1,606.1</b> | <b>2,479.0</b> | <b>2,661.5</b> |
| <b>% Global IPO transactions</b>                              | <b>0.7</b>   | <b>1.6</b>     | <b>1.3</b>     | <b>0.9</b>     | <b>0.7</b>     | <b>1.3</b>     | <b>1.2</b>     |
| Domestic (US\$m)  | 804.6        | 3,247.1        | 2,728.7        | 1,364.4        | 1,606.1        | 2,277.9        | 2,445.6        |
| Cross-border (US\$m)  | 100.5        | 0.0            | 0.0            | 0.0            | 0.0            | 201.1          | 215.9          |

Source: Oxford Economics, Reuters

### MEXICO – FORECAST FOR THE ECONOMY

|   | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|---|-------|-------|-------|-------|-------|-------|-------|
| <b>Macroeconomic drivers</b>              |       |       |       |       |       |       |       |
| Real GDP growth (% yoy)                   | 2.6   | 2.4   | 2.0   | 0.5   | 1.6   | 1.9   | 2.4   |
| CPI (% yoy)                               | 2.8   | 6.0   | 4.9   | 3.9   | 3.6   | 3.5   | 3.4   |
| Merchandise trade (% of GDP)              | 64%   | 66%   | 69%   | 68%   | 68%   | 68%   | 68%   |
| <b>Financial drivers</b>                  |       |       |       |       |       |       |       |
| 10-year government bond yield (%)         | 6.2   | 7.2   | 7.9   | 7.9   | 7.8   | 7.8   | 7.6   |
| Equity prices (LCU, end of year % change) | 6.2   | 8.1   | -15.6 | 7.0   | -6.2  | 7.1   | 4.4   |
| Stock market capitalisation (US\$bn)      | 352.0 | 417.0 | 385.1 | 424.8 | 398.3 | 423.5 | 437.6 |

Source: Oxford Economics

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