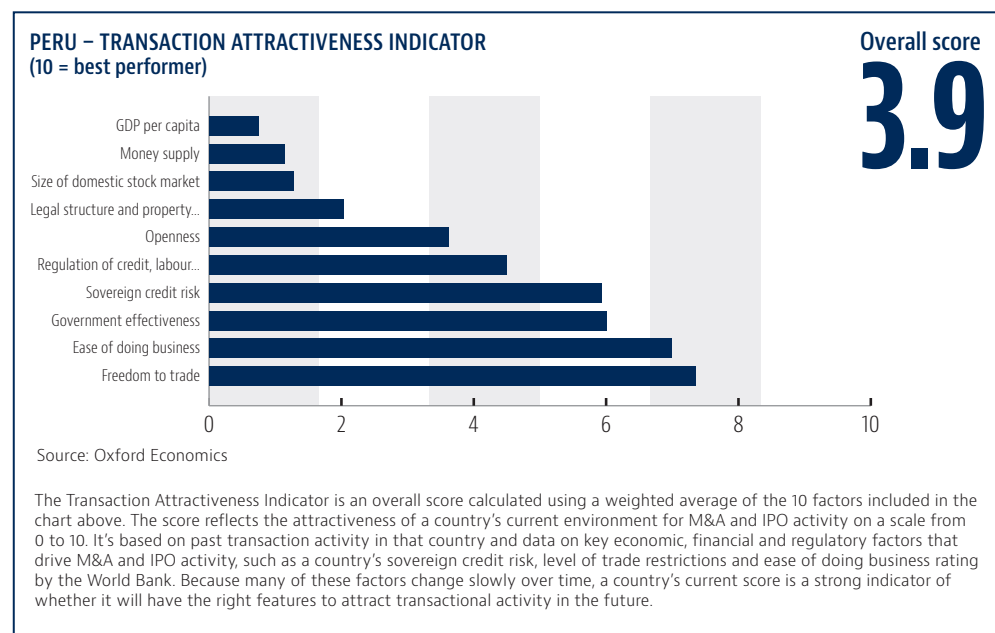


Following a trend shared by other major countries in the region, Peru's economy slowed this year and deal-making activity has also eased. We expect the M&A market to remain relatively subdued in coming months, as political uncertainty continues. But with the economy expected to recover after general elections, appetite for M&A should rebound strongly in subsequent years.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Peru	Global
GDP growth (% annual)	3.8	2.8
Stock market capitalization (% of GDP)	38	97
Money supply (% of GDP)	40	111
Trade (% of GDP)	45	45
Ease of doing business (World Bank, DTF score, higher=better)	69	77
Legal structure (Fraser Institute)	2.0	6.6
Freedom to trade (Fraser Institute)	73	74

Source: Oxford Economics



PERU – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	3.6	1.4	4.8	3.4	2.8	4.0	5.6
% of Global M&A transactions	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Domestic (US\$bn)	0.1	0.3	0.2	0.3	0.2	0.5	0.7
Cross-border, inbound (US\$bn)	3.5	1.1	4.6	3.1	2.5	3.6	4.9
Total volume of M&A transactions (Number of deals)	60	69	62	47	40	49	68
Domestic (Number of deals)	18	20	22	15	18	24	33
Cross-border, inbound (Number of deals)	42	49	40	32	22	25	35
Total IPO transactions (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cross-border (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Oxford Economics, Reuters

PERU – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	4.1	2.5	4.0	3.5	3.8	3.8	3.9
CPI (% yoy)	3.6	2.8	1.3	2.4	2.3	2.5	2.5
Merchandise trade (% of GDP)	43%	45%	46%	46%	45%	45%	45%
Financial drivers							
10-year government bond yield (%)	6.2	4.7	4.2	4.3	4.8	5.3	5.8
Equity prices (LCU, end of year % change)	12.4	271	174	7.8	-6.3	7.1	5.5
Stock market capitalisation (US\$bn)	81.1	99.2	93.4	99.7	93.5	100.1	105.5

Source: Oxford Economics

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