

We expect completed M&A deals to accelerate in 2019, drawing on a relatively-robust economic outlook. Inflation is the key near-term risk, with price pressures accelerating in late 2018, driving the central bank to a tightening cycle. But we forecast this to stabilise through 2019, enabling financial conditions to become more supportive from 2020 onwards.

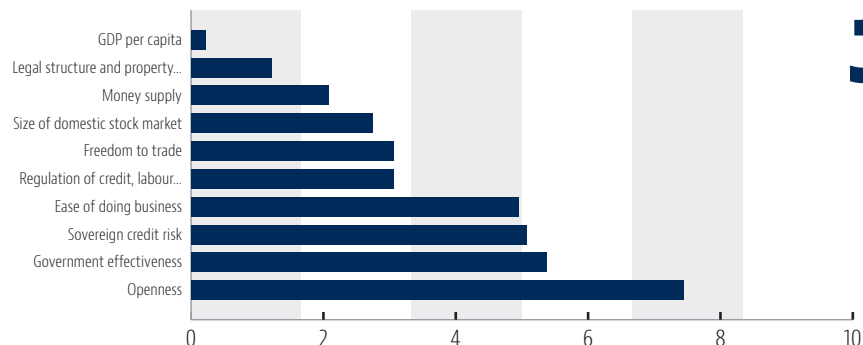
### SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	Philippines	Global
GDP growth (% annual)	5.6	2.8
Stock market capitalization (% of GDP)	73	97
Money supply (% of GDP)	63	111
Trade (% of GDP)	85	45
Ease of doing business (World Bank, DTF score, higher=better)	58	77
Legal structure (Fraser Institute)	1.2	6.6
Freedom to trade (Fraser Institute)	3.1	7.4

Source: Oxford Economics

### PHILIPPINES – TRANSACTION ATTRACTIVENESS INDICATOR (10 = best performer)

Overall score  
**3.4**



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.

### PHILIPPINES – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
<b>Total M&amp;A transactions (US\$bn)</b>	<b>5.3</b>	<b>2.6</b>	<b>5.0</b>	<b>3.5</b>	<b>2.7</b>	<b>4.1</b>	<b>5.1</b>
<b>% of Global M&amp;A transactions</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
Domestic (US\$bn)	4.2	0.8	3.7	2.4	1.8	2.8	3.6
Cross-border, inbound (US\$bn)	1.1	1.9	1.3	1.1	1.0	1.3	1.5
<b>Total volume of M&amp;A transactions (Number of deals)</b>	<b>80</b>	<b>70</b>	<b>86</b>	<b>72</b>	<b>63</b>	<b>89</b>	<b>110</b>
Domestic (Number of deals)	51	50	56	45	40	59	75
Cross-border, inbound (Number of deals)	29	20	30	27	23	30	35
<b>Total IPO transactions (US\$m)</b>	<b>1,001.0</b>	<b>464.9</b>	<b>153.1</b>	<b>107.2</b>	<b>282.7</b>	<b>451.3</b>	<b>569.3</b>
<b>% Global IPO transactions</b>	<b>0.7</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
Domestic (US\$m)	84.1	464.9	153.1	107.2	99.4	166.6	216.3
Cross-border (US\$m)	916.9	0.0	0.0	0.0	183.4	284.7	353.0

Source: Oxford Economics, Reuters

### PHILIPPINES – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
<b>Macroeconomic drivers</b>							
Real GDP growth (% yoy)	6.9	6.7	6.2	5.9	5.9	5.5	5.3
CPI (% yoy)	1.3	2.9	5.2	3.0	3.0	3.0	3.0
Merchandise trade (% of GDP)	66%	77%	79%	82%	86%	86%	87%
<b>Financial drivers</b>							
10-year government bond yield (%)	4.2	4.9	6.7	5.5	5.2	5.6	6.0
Equity prices (LCU, end of year % change)	-1.6	25.1	-12.8	14.0	-7.3	9.5	6.2
Stock market capitalisation (US\$bn)	239.7	290.4	258.2	302.1	282.2	316.4	343.0

Source: Oxford Economics

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