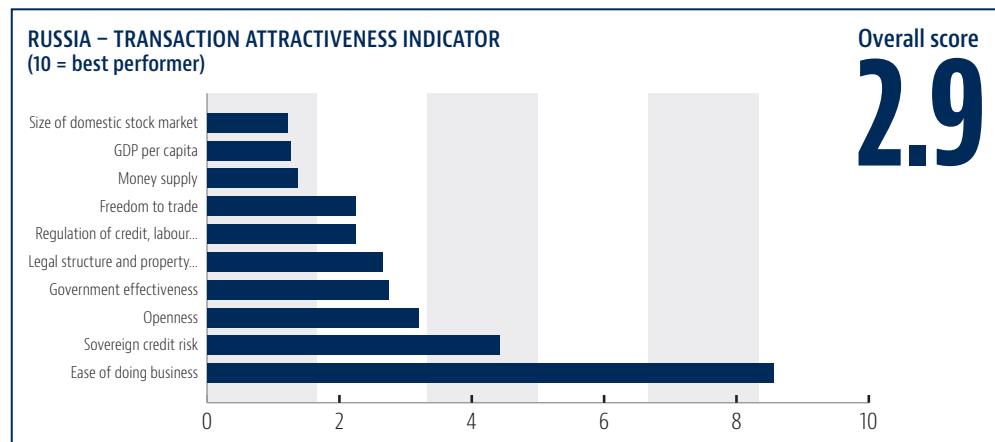


Russia's economy continues to be constrained by structural bottlenecks and a tight policy mix, as well as by existing Western sanctions and threat of new ones. The majority of M&A will likely continue to be driven by domestic transactions, with foreign investment in Russia remaining depressed amidst ongoing uncertainty due to sanctions.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Russia	Global
GDP growth (% annual)	1.4	2.8
Stock market capitalization (% of GDP)	38	97
Money supply (% of GDP)	44	111
Trade (% of GDP)	42	45
Ease of doing business (World Bank, DTF score, higher=better)	77	77
Legal structure (Fraser Institute)	2.7	6.6
Freedom to trade (Fraser Institute)	2.2	7.4

Source: Oxford Economics



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.

RUSSIA – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	24.4	34.5	11.7	12.3	10.8	23.1	26.7
% of Global M&A transactions	0.7	1.2	0.3	0.4	0.5	0.9	0.9
Domestic (US\$bn)	15.7	17.0	6.7	8.8	6.6	14.2	16.4
Cross-border, inbound (US\$bn)	8.7	17.5	5.1	3.6	4.2	9.0	10.3
Total volume of M&A transactions (Number of deals)	1,620	1,239	853	625	645	803	843
Domestic (Number of deals)	1,229	969	682	481	471	567	584
Cross-border, inbound (Number of deals)	391	270	171	144	174	236	259
Total IPO transactions (US\$mn)	6854	4864	0.0	0.0	0.0	200.1	210.0
% Global IPO transactions	0.5	0.2	0.0	0.0	0.0	0.1	0.1
Domestic (US\$mn)	498.8	427.1	0.0	0.0	0.0	106.8	112.1
Cross-border (US\$mn)	186.6	59.3	0.0	0.0	0.0	93.3	97.9

Source: Oxford Economics, Reuters

RUSSIA – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	0.3	1.7	2.2	0.9	1.8	1.5	1.3
CPI (% yoy)	7.1	3.7	2.9	4.6	3.9	4.3	4.0
Merchandise trade (% of GDP)	37%	40%	41%	42%	42%	43%	43%
Financial drivers							
10-year government bond yield (%)	8.9	7.8	8.0	7.8	7.4	7.5	7.5
Equity prices (LCU, end of year % change)	26.8	-5.5	12.3	19.6	-6.7	6.2	5.0
Stock market capitalisation (US\$bn)	622.1	623.4	576.1	765.0	728.1	779.8	817.6

Source: Oxford Economics

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