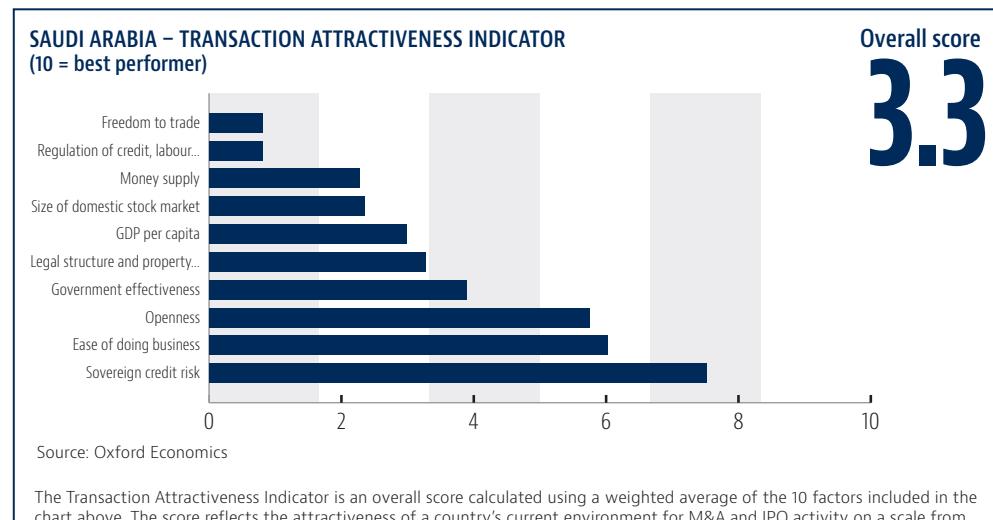


The Saudi economy has slowed sharply against a backdrop of oil production cutbacks, but growth should recover from 2020 as oil output normalises and structural economic reforms start to take hold. The M&A market received a boost in 2019 from three large transactions, but we assume deal values return to more normal levels in coming years. And while we have seen relatively subdued IPO activity this year, the anticipated listing of Saudi Aramco should provide a one-off (c.\$40bn) boost to IPO proceeds in 2020.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Saudi Arabia	Global
GDP growth (% annual)	1.6	2.8
Stock market capitalization (% of GDP)	68	97
Money supply (% of GDP)	71	111
Trade (% of GDP)	66	45
Ease of doing business (World Bank, DTF score, higher=better)	64	77
Legal structure (Fraser Institute)	3.3	6.6
Freedom to trade (Fraser Institute)	0.8	7.4

Source: Oxford Economics



SAUDI ARABIA – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	1.2	3.3	1.6	11.5	1.5	2.0	2.2
% of Global M&A transactions	0.0	0.1	0.0	0.4	0.1	0.1	0.1
Domestic (US\$bn)	0.7	2.7	0.7	7.6	0.8	1.2	1.2
Cross-border, inbound (US\$bn)	0.5	0.6	0.8	3.9	0.7	0.9	0.9
Total volume of M&A transactions (Number of deals)	38	46	42	49	29	35	37
Domestic (Number of deals)	24	22	16	34	16	19	20
Cross-border, inbound (Number of deals)	14	24	26	15	13	16	17
Total IPO transactions (US\$mn)	639.3	255.9	737.6	1,102.1	40,616.1	941.6	1,014.7
% Global IPO transactions	0.5	0.1	0.3	0.7	18.9	0.5	0.5
Domestic (US\$mn)	639.3	255.9	737.6	1,102.1	40,616.1	941.6	1,014.7
Cross-border (US\$mn)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Oxford Economics, Reuters

SAUDI ARABIA – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	1.7	-0.7	2.2	0.5	2.0	1.9	2.0
CPI (% yoy)	2.0	-0.9	3.1	-0.8	1.7	1.8	1.9
Merchandise trade (% of GDP)	65%	63%	66%	65%	66%	66%	66%
Financial drivers							
10-year government bond yield (%)	1.3	1.4	2.3	2.8	2.9	3.4	3.9
Equity prices (LCU, end of year % change)	4.6	-0.2	8.5	13.2	-6.8	8.2	7.8
Stock market capitalisation (US\$bn)	448.8	451.4	496.4	561.9	523.5	566.3	610.3

Source: Oxford Economics

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