

South Africa's economy has slowed abruptly, with 2019 likely to be the worst year since the recession following the global financial crisis in 2009. While the M&A market is likely to remain weak in the near-term, the projected strengthening of the economy in 2020-21 should support a modest recovery in deal-making activity.

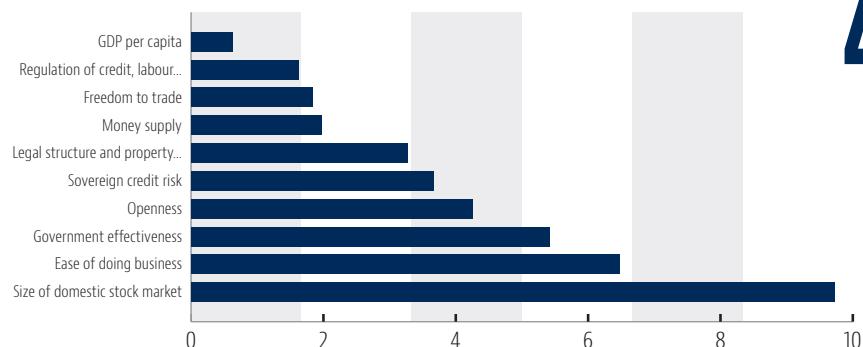
### SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	South Africa	Global
GDP growth (% annual)	1.3	2.8
Stock market capitalization (% of GDP)	237	97
Money supply (% of GDP)	60	111
Trade (% of GDP)	50	45
Ease of doing business (World Bank, DTF score, higher=better)	66	77
Legal structure (Fraser Institute)	3.3	6.6
Freedom to trade (Fraser Institute)	1.8	7.4

Source: Oxford Economics

### SOUTH AFRICA – TRANSACTION ATTRACTIVENESS INDICATOR (10 = best performer)

Overall score  
**4.2**



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.

### SOUTH AFRICA – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
<b>Total M&amp;A transactions (US\$bn)</b>	<b>12.2</b>	<b>7.7</b>	<b>6.1</b>	<b>10.1</b>	<b>5.2</b>	<b>9.4</b>	<b>12.0</b>
<b>% of Global M&amp;A transactions</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
Domestic (US\$bn)	2.5	2.9	3.8	4.0	2.7	4.3	5.2
Cross-border, inbound (US\$bn)	9.7	4.8	2.3	6.1	2.5	5.1	6.8
<b>Total volume of M&amp;A transactions (Number of deals)</b>	<b>209</b>	<b>213</b>	<b>161</b>	<b>120</b>	<b>109</b>	<b>138</b>	<b>173</b>
Domestic (Number of deals)	142	138	102	65	63	72	87
Cross-border, inbound (Number of deals)	67	75	59	55	46	66	86
<b>Total IPO transactions (US\$m)</b>	<b>762.0</b>	<b>1,705.8</b>	<b>915.1</b>	<b>0.0</b>	<b>211.0</b>	<b>634.7</b>	<b>912.3</b>
<b>% Global IPO transactions</b>	<b>0.6</b>	<b>0.9</b>	<b>0.4</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>
Domestic (US\$m)	762.0	1,683.4	634.7	0.0	211.0	634.7	772.1
Cross-border (US\$m)	0.0	22.4	280.4	0.0	0.0	0.0	140.2

Source: Oxford Economics, Reuters

### SOUTH AFRICA – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
<b>Macroeconomic drivers</b>							
Real GDP growth (% yoy)	0.4	1.4	0.8	0.1	1.0	2.0	2.3
CPI (% yoy)	6.3	5.3	4.6	4.4	5.0	4.8	4.9
Merchandise trade (% of GDP)	50%	50%	51%	50%	50%	50%	50%
<b>Financial drivers</b>							
10-year government bond yield (%)	9.0	8.8	8.7	8.5	8.3	8.5	8.8
Equity prices (LCU, end of year % change)	-0.1	17.5	-11.4	8.4	-6.8	7.2	3.6
Stock market capitalisation (US\$bn)	951.3	1,231.0	865.3	926.2	848.9	891.0	906.7

Source: Oxford Economics

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