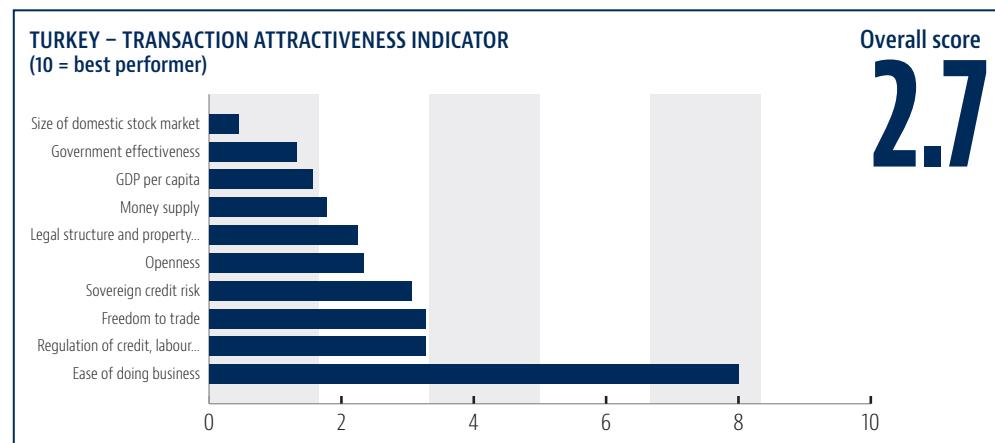


With the economy continuing to feel the impact of last year's currency crisis, the M&A market is expected to be relatively subdued this year. Small and medium sized transactions are likely to dominate private sector deals in the near term, but there is also the potential for some major privatisations, including the sale of companies transferred to Savings and Deposits Insurance Fund (SDIF). If realised, these public transactions would be a key component supporting overall deal values.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Turkey	Global
GDP growth (% annual)	2.3	2.8
Stock market capitalization (% of GDP)	16	97
Money supply (% of GDP)	55	111
Trade (% of GDP)	36	45
Ease of doing business (World Bank, DTF score, higher=better)	74	77
Legal structure (Fraser Institute)	2.2	6.6
Freedom to trade (Fraser Institute)	3.3	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.

TURKEY – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	7.6	7.4	7.0	7.4	6.8	8.3	8.8
% of Global M&A transactions	0.2	0.3	0.2	0.3	0.3	0.3	0.3
Domestic (US\$bn)	1.9	2.9	5.1	2.6	2.6	3.4	3.5
Cross-border, inbound (US\$bn)	5.7	4.5	1.9	4.7	4.2	5.0	5.2
Total volume of M&A transactions (Number of deals)	166	137	155	140	123	131	135
Domestic (Number of deals)	90	68	105	70	70	75	77
Cross-border, inbound (Number of deals)	76	69	50	70	53	56	58
Total IPO transactions (US\$mn)	119.9	339.0	1,283.4	77.9	68.5	444.5	560.8
% Global IPO transactions	0.1	0.2	0.6	0.1	0.0	0.2	0.3
Domestic (US\$mn)	119.9	339.0	1,283.4	77.9	68.5	444.5	560.8
Cross-border (US\$mn)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Oxford Economics, Reuters

TURKEY – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	3.3	7.3	2.9	-1.5	2.6	4.1	4.0
CPI (% yoy)	7.8	11.1	16.2	17.0	13.3	12.0	11.0
Merchandise trade (% of GDP)	38%	39%	37%	35%	36%	36%	37%
Financial drivers							
10-year government bond yield (%)	10.2	11.1	15.9	16.3	14.5	13.2	12.4
Equity prices (LCU, end of year % change)	8.9	47.6	-20.9	9.4	-7.3	8.9	4.9
Stock market capitalisation (US\$bn)	171.8	227.5	149.3	151.1	140.1	153.4	161.6

Source: Oxford Economics

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