M&A Attractiveness Index 2016

M&A Research Centre – MARC

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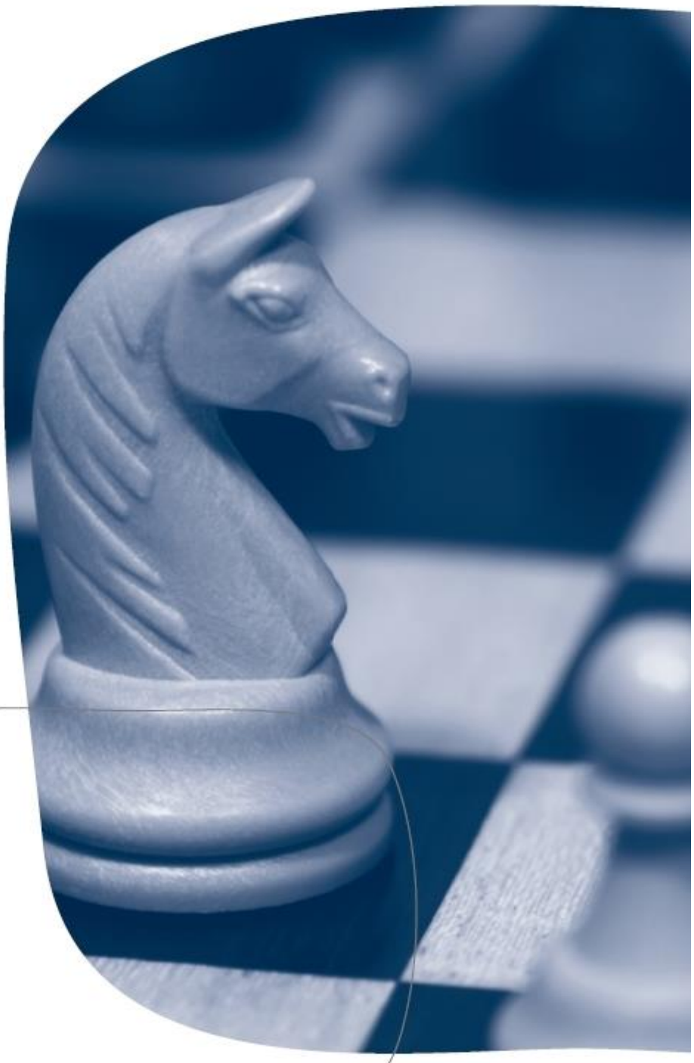

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Overview

Following the financial crisis since 2009, on average 38% of annual M&A activity has taken place in 'non-traditional' M&A markets, i.e. excluding North America, Western Europe, Australia, New Zealand and Japan *(Exhibit 1*) and is currently at 39%. This steady level of activity follows an increasing proportion of global gross domestic product (GDP) for these 'non-traditional' markets in the same period, currently 62% according to the IMF's 'World Economic Outlook Database'. The development of more robust rules and regulations, despite the unstable political and economic stability in the developed markets, has encouraged the rapid growth of domestic and inter-regional M&A activity in many countries within these markets, along with cross-border deals between developed and emerging countries.

Now in its seventh year, the MARC M&A Attractiveness Index Score (MAAIS) provides an update based on 2016 data and analysis, ranking a total of 147 countries worldwide. The Index provides for each country a percentage figure which indicates its attractiveness for domestic and in-bound M&A purposes, i.e., its ability to attract and sustain business activity. The proprietary methodology for ranking and assessing a country's attractiveness for M&A activity has been developed by the M&A Research Centre at Cass Business School.

The primary component of the Index comprises five categories of country development factors. The indicators which make up these factor groups have been discussed by a number of market practitioners and tested against historical market information, as described in the Sample and Methodology section at the end of this report. Twenty-three country development indicators have been aggregated into the following five factor groups:

- Regulatory and Political indicators (e.g., rule of law, political stability and control of corruption)
- Economic and Financial indicators (e.g., GDP size and growth, inflation, stock market capitalisation and access to financing)
- Technological indicators (e.g., innovation and level of high-tech exports)
- Socio-economic indicators (demographics)
- Infrastructure and Assets indicators (e.g., road and rail network, and number of registered companies).

Exhibit 1*: M&A activity involving targets from non-traditional M&A markets.*

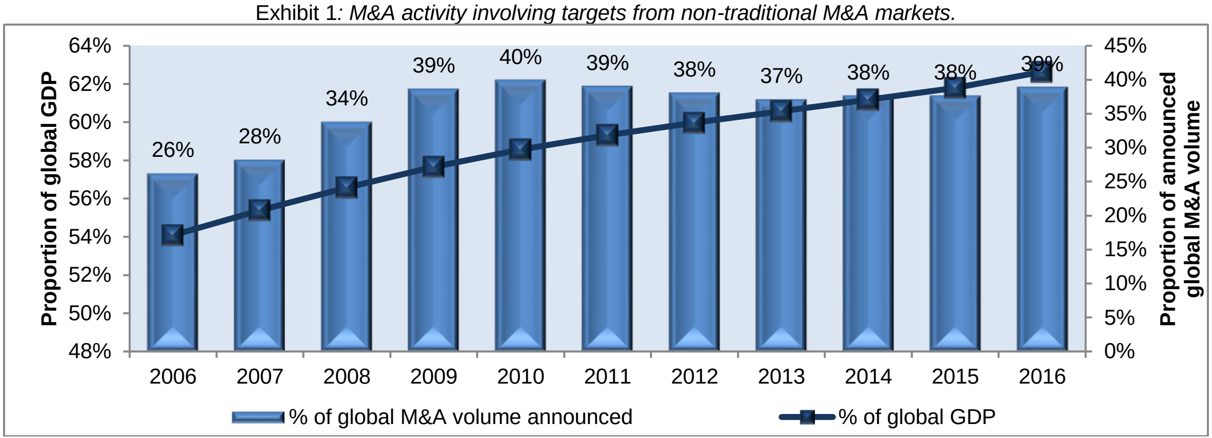


Exhibit 1 shows the M&A activity (the proportion of announced global minority and majority transactions) involving targets from non-traditional M&A markets plotted against those countries' proportion of global GDP (an average five-year forward estimate). Note that the data labels refer to the proportion of global announced M&A volume. For the purpose of this graph, 'non-traditional' M&A markets are defined as all countries excluding those in the 'traditional' M&A markets, namely North America, Western Europe, Australia, New Zealand and Japan.

Source: SDC Platinum (M&A data) and the IMF's 'World Economic Outlook Database' (GDP data)

2016 League Table: Top 10 Focus

E***xhibits 2(A), (B) and (C***) provide the ranking of **147 countries** worldwide which have been analysed using the *MARC M&A Attractiveness Index* for 2016. They are organised thus: 1-50 [2(A)], 51-100 [2(B)] and 101-147 [2(C)]. The exhibits present the changes in the rankings year-on-year and over a five-year period. Therefore, the direct comparison is with 2015 and 2011, providing both a trend and a current snapshot of the drivers contributing to positive or negative movements from an in-bound and domestic M&A perspective. The 'Market Opportunities' and 'Market Challenges' columns give the factor group range for each country, with the highest ranking factor group being presented as the country's most attractive feature or opportunity, whereas the lowest is the major challenge on a relative basis. Looking at the top ten countries and the regions they represent *(**Exhibit 2(A)**)*, two North American countries form part of the top ten of the MAAIS with the US leading the index and Canada in ninth position. Four European countries are in the top ten together with four Asian countries completing the final places in the top of the MAAIS list. The Netherlands is leading the European region ranked second in the global country list followed by the UK, Germany and Luxembourg in third, sixth and eighth positions respectively. For Asian countries, Singapore leads the region in fourth position of the global index followed by Hong Kong, Malaysia and South Korea. The highest factor group ranking for the US, UK, Germany and Luxembourg, is 'Infrastructure and Assets'. They all have high levels of good infrastructure such as registered companies, ports, rails and roads. The leading market opportunity for the Netherlands, Singapore, Hong Kong, Malaysia, and Canada is 'Technology', while 'Socio-economic' is the key factor group which kept South Korea high in the global ranking.

Notably, the two leading market challenges for almost all of all the top ten countries are 'Socio-economic' – to widely varying degrees, due to ageing and lower-growth populations and 'Economic and Financial' due to low GDP growth.

Movers and Shakers

As noted above, the 2016 Index also shows year-on-year and five-year movements for each country in the ranking. Interestingly, in the top ten of the index, both the Netherlands, UK and Germany gained two places while Canada gained seven year-on-year. Malaysia gained 24 rankings compared to the last five years due to improvement in 'Regulations'.

The largest movements would be expected to be further down the tables. Within the top 50, the most significant improvement over the past year is Iceland (38 places) followed by Kazakhstan (17), Romania (16) and Slovakia (16). 'Technology' is the greatest strength for Iceland, Kazakhstan and Slovakia while 'Infrastructure and Assets' is the main strength for Romania. Poland (-19), Russia (-17), Italy (-16), Hungary (-15) and Norway (-14) suffered a major drop in the global ranking. In the case of Poland and Italy, the drop was due to their 'Regulatory and Political' factor group while the 'Socio-economic' factor was the main challenge for Norway. Both Russia's and Hungary's drop are due to the 'Economic and Financial' factor group. In the case of Russia, the sanctions issue appears to be negatively reflected in the indicators with the lifting of sanctions on Iran moving it the opposite way.

Improvements over the five-year period show Oman leading the pack with a gain of 43 places followed by Vietnam (27), Slovakia (25), Malaysia (24), Greece (22) and Iceland (22). The countries that have lost the most ground are: Hungary (-38), Finland (-24), Australia (-19), New Zealand (-16) and Malta (-12).

Exhibit 2(A): *MARC M&A Attractiveness Index* 2016 - Country Ranking 1-50

Rank	Country	Index Score	Rank 1YR Δ	Rank 5YR Δ	Market Opportunities		Market Challenges	
1	United States	75%	1	0	Infrastructure & Assets	96%	Economic & Financial	78%
2	Netherlands	74%	2	2	Technological	92%	Socio-economic	59%
3	United Kingdom	74%	2	-1	Infrastructure & Assets	92%	Socio-economic	67%
4	Singapore	74%	-3	-1	Technological	97%	Socio-economic	69%
5	Hong Kong	73%	-2	1	Technological	95%	Socio-economic	73%
6	Germany	72%	2	-1	Infrastructure & Assets	97%	Economic & Financial	64%
7	Malaysia	72%	-1	24	Technological	94%	Regulatory & Political	76%
8	Luxembourg	71%	1	0	Infrastructure & Assets	84%	Socio-economic	49%
9	Canada	70%	7	-2	Technological	89%	Economic & Financial	69%
10	South Korea	70%	-3	4	Socio-economic	97%	Economic & Financial	71%
11	France	70%	0	1	Technological	94%	Socio-economic	63%
12	Spain	70%	9	9	Infrastructure & Assets	93%	Regulatory & Political	70%
13	United Arab Emirates	69%	-3	19	Regulatory & Political	81%	Economic & Financial	60%
14	Switzerland	69%	1	-1	Technological	94%	Infrastructure & Assets	47%
15	Vietnam	69%	-1	27	Socio-economic	92%	Regulatory & Political	56%
16	Sweden	68%	-4	0	Technological	89%	Socio-economic	48%
17	Belgium	68%	15	3	Technological	87%	Socio-economic	54%
18	Slovakia	67%	16	25	Technological	84%	Economic & Financial	50%
19	China	67%	5	-2	Infrastructure & Assets	99%	Regulatory & Political	50%
20	Denmark	67%	-2	6	Technological	89%	Socio-economic	42%
21	Czech Republic	66%	15	4	Technological	88%	Economic & Financial	55%
22	Chile	66%	0	13	Socio-economic	75%	Economic & Financial	61%
23	Malta	66%	15	-12	Technological	95%	Socio-economic	36%
24	Ireland	66%	-1	6	Technological	91%	Socio-economic	44%
25	Japan	66%	5	-6	Infrastructure & Assets	96%	Socio-economic	63%
26	Brazil	66%	-1	-3	Infrastructure & Assets	92%	Regulatory & Political	38%
27	Austria	66%	-10	-12	Technological	88%	Economic & Financial	57%
28	Australia	65%	-1	-19	Regulatory & Political	90%	Socio-economic	67%
29	Romania	65%	16	0	Infrastructure & Assets	75%	Economic & Financial	51%
30	Iceland	65%	38	22	Technological	92%	Socio-economic	33%
31	Thailand	65%	-5	6	Socio-economic	92%	Regulatory & Political	56%
32	Poland	65%	-19	-10	Socio-economic	86%	Regulatory & Political	53%
33	Norway	65%	-14	-9	Regulatory & Political	93%	Socio-economic	46%
34	Oman	64%	14	43	Regulatory & Political	73%	Economic & Financial	53%
35	Colombia	64%	14	6	Socio-economic	82%	Regulatory & Political	47%
36	Italy	64%	-16	-9	Infrastructure & Assets	93%	Regulatory & Political	55%
37	Turkey	64%	-8	-4	Infrastructure & Assets	85%	Technological	53%
38	Kazakhstan	63%	17	-4	Technological	89%	Economic & Financial	36%
39	Morocco	63%	1	6	Socio-economic	71%	Regulatory & Political	56%
40	Portugal	62%	-9	16	Regulatory & Political	72%	Socio-economic	53%
41	Costa Rica	62%	13	10	Technological	87%	Economic & Financial	46%
42	Finland	61%	-1	-24	Regulatory & Political	82%	Socio-economic	41%
43	Greece	61%	-8	22	Technological	80%	Socio-economic	51%
44	New Zealand	61%	-7	-16	Regulatory & Political	89%	Socio-economic	43%
45	Russia	61%	-17	-6	Socio-economic	93%	Economic & Financial	47%
46	Saudi Arabia	61%	15	-2	Socio-economic	79%	Technological	53%
47	Cyprus	60%	13	2	Technological	74%	Infrastructure & Assets	48%
48	Hungary	60%	-15	-38	Technological	87%	Economic & Financial	48%
49	Israel	60%	8	-2	Technological	88%	Socio-economic	42%
50	Peru	59%	13	17	Socio-economic	63%	Technological	55%

Exhibit 2(A) shows the *MARC M&A Attractiveness Index* 2016 ('Index Score' column) for the countries ranked between 1 and 50. The exhibit also provides the year-on-year and five-year changes in ranking for each country ('Rank 1YR' and 'Rank 5YR' columns). It also gives the range of factor group scores, with the highest ranked factor group and its corresponding score shown in the 'Market Opportunities' column and the lowest ranked factor group and its corresponding score shown in the 'Market Challenges' column.

Exhibit 2(B): *MARC M&A Attractiveness Index* 2016 - Country Ranking 51-100

Rank	Country	Index Score	Rank 1YR Δ	Rank 5YR Δ	Market Opportunities		Market Challenges	
51	Dominican Republic	59%	25	27	Infrastructure & Assets	61%	Socio-economic	47%
52	Mexico	59%	-13	9	Infrastructure & Assets	85%	Economic & Financial	54%
53	Kuwait	59%	19	20	Socio-economic	66%	Technological	54%
54	Ukraine	59%	2	-14	Socio-economic	87%	Economic & Financial	42%
55	Iran	59%	-2	32	Socio-economic	93%	Regulatory & Political	43%
56	Latvia	59%	3	-20	Technological	88%	Socio-economic	40%
57	Panama	58%	-14	1	Infrastructure & Assets	78%	Socio-economic	41%
58	India	58%	-11	5	Infrastructure & Assets	95%	Regulatory & Political	38%
59	Croatia	58%	-15	5	Technological	81%	Socio-economic	47%
60	Mongolia	57%	22	8	Regulatory & Political	65%	Economic & Financial	39%
61	Macedonia	57%	19	8	Regulatory & Political	66%	Economic & Financial	44%
62	Montenegro	57%	-10	10	Technological	85%	Socio-economic	43%
63	Mauritius	56%	7	28	Regulatory & Political	75%	Technological	38%
64	South Africa	56%	-14	-16	Infrastructure & Assets	81%	Regulatory & Political	51%
65	Serbia	56%	2	-12	Infrastructure & Assets	75%	Economic & Financial	40%
66	Georgia	56%	15	44	Regulatory & Political	72%	Infrastructure & Assets	29%
67	Indonesia	55%	-25	-5	Socio-economic	81%	Technological	45%
68	Bulgaria	55%	-22	-13	Technological	70%	Regulatory & Political	43%
69	Ecuador	54%	15	2	Infrastructure & Assets	67%	Regulatory & Political	34%
70	Slovenia	53%	-6	-20	Technological	74%	Socio-economic	49%
71	Philippines	53%	-13	8	Technological	83%	Regulatory & Political	44%
72	Kenya	52%	19	36	Technological	56%	Regulatory & Political	40%
73	Argentina	52%	1	-16	Infrastructure & Assets	76%	Economic & Financial	27%
74	Jamaica	52%	23	60	Infrastructure & Assets	58%	Economic & Financial	37%
75	Belarus	52%	12	-21	Socio-economic	72%	Economic & Financial	29%
76	Bangladesh	52%	14	17	Socio-economic	72%	Technological	16%
77	Lithuania	51%	-15	-39	Regulatory & Political	84%	Economic & Financial	41%
78	Honduras	51%	36	3	Economic & Financial	57%	Technological	30%
79	Armenia	50%	-13	9	Technological	63%	Infrastructure & Assets	30%
80	Uruguay	50%	-29	-10	Technological	73%	Economic & Financial	33%
81	Tunisia	49%	-10	-22	Socio-economic	73%	Infrastructure & Assets	46%
82	Bahamas	49%	-13	-8	Regulatory & Political	63%	Economic & Financial	46%
83	Azerbaijan	49%	-4	-23	Socio-economic	75%	Economic & Financial	36%
84	Côte d'Ivoire	49%	18	58	Economic & Financial	55%	Infrastructure & Assets	33%
85	Nigeria	48%	16	30	Infrastructure & Assets	59%	Regulatory & Political	28%
86	Estonia	48%	-8	-40	Technological	86%	Socio-economic	36%
87	Uzbekistan	48%	-14	5	Technological	72%	Economic & Financial	40%
88	Bolivia	48%	18	29	Technological	65%	Regulatory & Political	27%
89	Albania	48%	24	37	Regulatory & Political	56%	Infrastructure & Assets	24%
90	Bosnia and Herzegovina	47%	-7	17	Socio-economic	63%	Regulatory & Political	43%
91	Qatar	47%	-26	-7	Regulatory & Political	75%	Infrastructure & Assets	43%
92	Pakistan	46%	4	-10	Infrastructure & Assets	72%	Technological	25%
93	Mozambique	46%	14	13	Economic & Financial	49%	Technological	31%
94	Tanzania	46%	16	-4	Regulatory & Political	46%	Technological	19%
95	Sri Lanka	46%	0	9	Socio-economic	65%	Technological	30%
96	Cambodia	45%	12	27	Economic & Financial	61%	Technological	15%
97	Egypt	45%	-11	-12	Infrastructure & Assets	77%	Regulatory & Political	37%
98	Uganda	45%	-10	1	Socio-economic	83%	Technological	30%
99	Burkina Faso	45%	35	-2	Economic & Financial	50%	Infrastructure & Assets	15%
100	Sudan	44%	22	0	Socio-economic	50%	Technological	29%

Exhibit 2(B) shows the *MARC M&A Attractiveness Index* 2016 ('Index Score' column) for the countries ranked between 51 and 100. The exhibit also provides the year-on-year and five-year changes in ranking for each country ('Rank 1YR' and 'Rank 5YR' columns). It also gives the range of factor group scores, with the highest ranked factor group and its corresponding score shown in the 'Market Opportunities' column and the lowest ranked factor group and its corresponding score shown in the 'Market Challenges' column.

Exhibit 2(C): *MARC M&A Attractiveness Index* 2016 - Country Ranking 101-147

Rank	Country	Index Score	Rank 1YR ∆	Rank 5YR ∆	Market Opportunities		Market Challenges	
101	Laos	44%	34	27	Economic & Financial	50%	Infrastructure & Assets	26%
102	Bahrain	44%	-27	-13	Technological	62%	Infrastructure & Assets	41%
103	Zambia	44%	24	-2	Regulatory & Political	53%	Technological	28%
104	Papua New Guinea	43%	-12	25	Economic & Financial	44%	Technological	27%
105	Lebanon	43%	-28	-30	Technological	61%	Regulatory & Political	40%
106	Jordan	43%	-12	-12	Economic & Financial	61%	Socio-economic	38%
107	Zimbabwe	42%	12	12	Infrastructure & Assets	52%	Technological	29%
108	Moldova	42%	-8	-13	Socio-economic	64%	Economic & Financial	23%
109	Fiji	41%	7	23	Regulatory & Political	50%	Socio-economic	34%
110	Algeria	41%	-12	14	Socio-economic	69%	Technological	21%
111	El Salvador	41%	-18	-25	Economic & Financial	51%	Infrastructure & Assets	34%
112	Paraguay	39%	-13	2	Infrastructure & Assets	63%	Regulatory & Political	35%
113	Iraq	38%	-2	-15	Economic & Financial	56%	Technological	13%
114	Brunei	38%	-11	-48	Technological	76%	Infrastructure & Assets	13%
115	Trinidad and Tobago	38%	-30	-39	Socio-economic	56%	Economic & Financial	36%
116	Seychelles	38%	5	6	Technological	60%	Infrastructure & Assets	20%
117	Botswana	37%	-5	-15	Regulatory & Political	57%	Technological	22%
118	Madagascar	37%	27	21	Socio-economic	44%	Technological	11%
119	Guatemala	37%	-31	-39	Infrastructure & Assets	57%	Regulatory & Political	37%
120	Congo, Dem. Rep.	37%	17	1	Socio-economic	48%	Technological	4%
121	Ghana	37%	-16	-3	Socio-economic	50%	Economic & Financial	34%
122	Venezuela	35%	-18	-10	Socio-economic	65%	Economic & Financial	26%
123	Cameroon	35%	-3	-12	Economic & Financial	47%	Infrastructure & Assets	22%
124	Ethiopia	35%	-7	-28	Socio-economic	53%	Infrastructure & Assets	26%
125	Nicaragua	34%	1	-16	Regulatory & Political	47%	Infrastructure & Assets	23%
126	Syria	32%	-1	1	Socio-economic	49%	Technological	32%
127	Kyrgyzstan	32%	3	-14	Regulatory & Political	48%	Infrastructure & Assets	18%
128	Senegal	32%	-10	12	Economic & Financial	57%	Infrastructure & Assets	26%
129	Antigua and Barbuda	31%	-1	6	Regulatory & Political	65%	Infrastructure & Assets	6%
130	Namibia	31%	-1	-25	Economic & Financial	47%	Infrastructure & Assets	22%
131	Cape Verde	31%	2	7	Regulatory & Political	54%	Infrastructure & Assets	28%
132	Angola	31%	6	4	Infrastructure & Assets	42%	Regulatory & Political	20%
133	Tajikistan	30%	-1	4	Technological	63%	Infrastructure & Assets	17%
134	Guyana	30%	-25	-31	Economic & Financial	45%	Infrastructure & Assets	28%
135	Liberia	29%	12	-10	Regulatory & Political	47%	Technological	7%
136	Swaziland	28%	10	11	Regulatory & Political	48%	Infrastructure & Assets	13%
137	Eritrea	28%	-22	-21	Technological	85%	Infrastructure & Assets	10%
138	Yemen	28%	-2	3	Socio-economic	49%	Economic & Financial	18%
139	Belize	26%	-16	-8	Economic & Financial	44%	Infrastructure & Assets	18%
140	Mali	25%	0	3	Economic & Financial	51%	Infrastructure & Assets	14%
141	Congo, Rep.	25%	-17	-11	Economic & Financial	40%	Technological	20%
142	Malawi	24%	-11	2	Regulatory & Political	46%	Technological	20%
143	Djibouti	24%	-2	-10	Regulatory & Political	43%	Technological	13%
144	Sierra Leone	24%	-2	-61	Regulatory & Political	40%	Technological	4%
145	Haiti	23%	-2	0	Socio-economic	45%	Technological	19%
146	Guinea	22%	-7	2	Regulatory & Political	40%	Infrastructure & Assets	12%
147	Mauritania	22%	-3	-1	Regulatory & Political	42%	Infrastructure & Assets	14%

Exhibit 2(C) shows the *MARC M&A Attractiveness Index* 2016 ('Index Score' column) for the countries ranked between 101 and 147. The exhibit also provides the year-on-year and five-year changes in ranking for each country ('Rank 1YR' and 'Rank 5YR' columns). It also gives the range of factor group scores, with the highest ranked factor group and its corresponding score shown in the 'Market Opportunities' column and the lowest ranked factor group and its corresponding score shown in the 'Market Challenges' column.

Regional M&A Attractiveness

Exhibit 3 provides the regional rankings by applying the *MARC M&A Attractiveness Index* for 2016. The 'Market Opportunities' and 'Market Challenges' columns give the factor group range for each region, with the highest ranking factor group presented as the region's most attractive feature or opportunity, whereas the lowest ranked factor group is shown as the major challenge which each region faces.

Unsurprisingly, the ranking correlates strongly with business maturity.

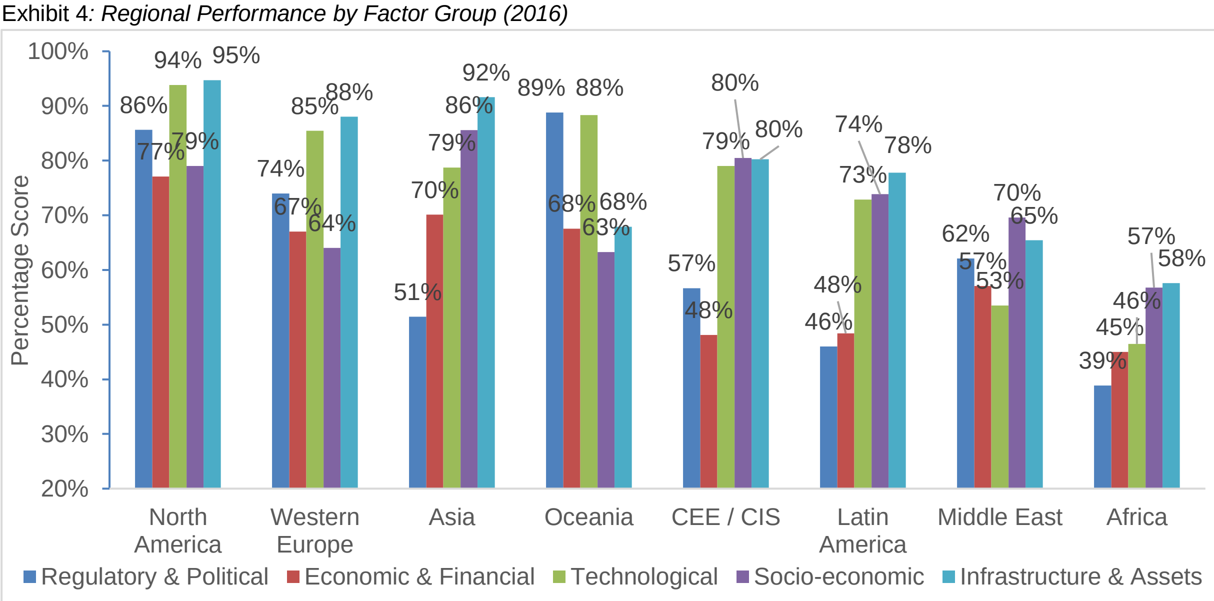
North America (1st) and Western Europe (2nd) are the highest ranked regions in terms of M&A attractiveness followed by Asia (3rd) and Oceania (4th). The less mature regions are CEE/CIS (5th), followed by Latin America (6th) and the Middle East (7th) and the last being Africa with the lowest index score of 49%, 37 percentage points below the score of North America. It is worth noting that Asia and Oceania have swapped places over the period of five years.

Exhibit 3*: Regional MARC M&A Attractiveness Index Score*

Rank		Index score	Index score (Y-Y)	Index score (Y-5)	Market Opportunities		Market Challenges	
1	North America	86%	0	0	Infrastructure & Assets	95%	Economic & Financial	65%
2	Western Europe	76%	0	0	Infrastructure & Assets	88%	Socio-economic	63%
3	Asia	75%	0	1	Infrastructure & Assets	92%	Regulatory & Political	51%
4	Oceania	75%	0	-1	Regulatory & Political	89%	Socio-economic	63%
5	CEE / CIS	69%	0	0	Socio-Economic	80%	Economic & Financial	41%
6	Latin America	64%	0	0	Infrastructure & Assets	78%	Regulatory & Political	34%
7	Middle East	62%	0	0	Socio-Economic	70%	Technology	54%
8	Africa	49%	0	0	Infrastructure & Assets	58%	Regulatory & Political	33%

Exhibit 4 shows the five factor groups across the eight regions for 2016. 'Technological', 'Regulatory and Political', and 'Infrastructure and Assets' create the most differentiation for North America as the strongest of all regions.

Exhibit 4*: Regional Performance by Factor Group (2016)*



Sample and Methodology

The Index is designed to evaluate the capacity of a given country to attract and sustain M&A activity. It is a weighted average composite of twenty-three indicators that aggregate into five factor groups: Regulatory and Political, Economic and Financial, Technological, Socio-economic, and Infrastructure and Assets ***(Exhibit 5)***.[1] In order to reach the final score for each country, we apportion a 75% weight to the index with the remaining 25% weighting provided by that year's domestic and in-bound cross-border M&A activity. The full Index includes the ratings for 147 countries.

Index data

As discussed by a number of authors (Appadu *et al*., 2016 [2]; Carapeto *et al.,* 2010, 2011[3]), there are macroeconomic, microeconomic, institutional and socio-economic developments which a country must undergo in order to become an established M&A market. The macroeconomic issues include a country's growth, fiscal policy and government spending on industrial development such as R&D and infrastructure. Tightly controlled economies are more likely to be slow to adapt to changes in market conditions and innovation. The microeconomic issues which affect M&A attractiveness include the structure of a country's industry (i.e., its breadth, maturity and prosperity) and the level of maturity of its financial market (i.e. the stability of its debt yields and size of its risk premia). Institutional developments, such as the sophistication of the banking system and development of the stock market, are pivotal to securing finance for deals. The soundness and reliability of the judiciary system in the local country diminishes the risk of expropriation of wealth, another important consideration for foreign investors. Key socio-economic issues which affect a country's attractiveness and the long-term sustainability of business investment include the size and demographics of the population. An ageing population, for example, will have a significant effect on future domestic consumer spending, in terms of both volume and habits. The sources of the indicator data shown in ***Exhibit 5*** are all publicly available, which ensures the ability to update the index annually. For each indicator, a recognised survey, report or database was identified and percentiles were calculated based on the full sample of the particular dataset. Percentiles are used as, for many of the indicators, the potential scale is indefinable and the distribution of countries is not even or normal. Consequently, the calculation of percentiles has been made depending on distributions rather than the full (potential) scale.

Deal data

The M&A data used in this report is sourced from the SDC Platinum database and has been restricted to include only deals in which there has been a change in ownership (controlling or non-controlling stakes) from one firm to another, i.e. excluding spin-offs, recapitalisations, self-tenders, exchange offers, repurchases or privatisations.

Restriction of indicators

The Index aims to cover all of the areas of a country's development which are relevant for M&A attractiveness purposes. Some indicators of importance, such as the development of the domestic bond market or level of education, have not been included due to issues of data availability. There will inevitably be other relevant indicators which have not been included, especially considering the global coverage of information and differences between geographical regions. However, the Index does provide a robust illustration of M&A attractiveness at a country level and can inform decision-making around deal-making in lesser-known markets.

[1] We also restrict the number of countries by only including countries with M&A data (change of control/majority).

2 Appadu,N, A.Faelten, S.Moeller and V. Vitkova. 2016."Assessing market attractiveness for mergers and acquisitions: the M&A Attractiveness Index Score". The European Journal of Finance 22(7-9):732-755

[3] Carapeto, M, Moeller, S, Faelten, A and A.Smolikova, 'M&A Maturity Index: Evidence from Seven Emerging Markets' (March 16, 2010). Available at SSRN: https://ssrn.com/abstract=1573029; Carapeto, M, Moeller, S, Faelten, A and A. Smolikova, 'Assessing Market Attractiveness for Mergers and Acquisitions: The MARC M&A Maturity Index'. Available at SSRN: https://ssrn.com/abstract=1786552

Exhibit 5: *MARC M&A Attractiveness Index data*

Factor Group	*Indicator*	*End of Data Period*[4]	*Source*
Regulatory and Political	Rule of law	2014	The World Bank 'Governance Matters 2014'
	Completion formalities	2016	Doing Business 2016 - Economy rankings
	Registering property	2016	Doing Business 2016 - Economy rankings
	Paying taxes	2016	Doing Business 2016 - Economy rankings
	Trading across borders	2016	Doing Business 2016 - Economy rankings
	Enforcing contracts	2016	Doing Business 2016 - Economy rankings
	Political stability	2013	The World Bank 'Governance Matters 2014'
	Sovereign debt rating	LY	Fitch 'Complete Sovereign Rating History 2013'
	Control of corruption	2013	The World Bank 'Governance Matters 2014'
Economic and Financial	GDP size	2016-20	IMF's 'World Economic Outlook Database' April 2016
	GDP growth - CAGR	2016-20[5]	IMF's 'World Economic Outlook Database' April 2016
	Inflation	2016-20	IMF's 'World Economic Outlook Database' April 2016
	Stock market capitalisation as % of GDP	LY	World Bank's 'World Development Indicators'
	Private credit provided as % of GDP	LY	World Bank's 'World Development Indicators'
Technological	High-technology exports	2016	World Bank's 'World Development Indicators'
	Innovation	2013	World Intellectual Property Organisation
	Internet users per 100 people	2015	World Bank's 'World Development Indicators'
Socio-economic	Population size	2016-20	IMF's 'World Economic Outlook Database' April 2016
	Population aged 15-64 (% of total)	LY	World Bank's 'World Development Indicators'
Infrastructure and Assets	Registered companies (>$1m total assets)	2016	Orbis (Bureau von Dijk) database
	Container port traffic (TEU)[6]	2014	World Bank's 'World Development Indicators'
	Railway lines (km)	2014	World Bank's 'World Development Indicators'
	Paved roads as % of total roads	2011	World Bank's 'World Development Indicators'

[4] 'LY' stands for 'Latest Year available'. '2016-20' indicates an average from 2016 to 2020 (estimated).

[5] Compounded annual growth rate between 2016 and 2020 (estimated).

[6] Twenty-foot equivalent unit

Notes on Authors

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