



City Research Online

City St George's, University of London

Citation: Moeller, S. & Appadu, N. (2017). M&A Attractiveness Index 2017. MARC Working Paper Series 2017.

This is the draft version of the paper.

This version of the publication may differ from the final published version. To cite this item please consult the publisher's version.

Permanent repository link: <https://openaccess.city.ac.uk/id/eprint/20837/>

Copyright and Reuse: Copyright and Moral Rights remain with the author(s) and/or copyright holders. Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge, unless otherwise indicated, provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way. For full details of reuse please refer to [City Research Online policy](#).



M&A Attractiveness Index 2017

M&A Research Centre – MARC

February 2018



MARC – Mergers & Acquisitions Research Centre

MARC is the Mergers and Acquisitions Research Centre at Cass Business School, City, University of London – the first research centre at a major business school to pursue focussed leading-edge research into the global mergers and acquisitions industry.

MARC blends the expertise of M&A accountants, bankers, lawyers, consultants and other key market participants with the academic excellence of Cass to provide fresh insights into the world of deal-making.

Corporations, regulators, professional services firms, exchanges and universities use MARC for swift access to research and practical ideas. From deal origination to closing, from financing to integration, from the hottest emerging markets to the board rooms of the biggest corporations, MARC researches the wide spectrum of mergers, acquisitions and corporate restructurings.

The contents and views set out in this publication reflect the views of the authors at the M&A Research Centre and are not necessarily the views of the sponsors of the Centre, and, moreover, should be seen in the context of the time they were made. The M&A Research Centre would like to express grateful thanks to its sponsors.

Senior Sponsors:



Sponsors:



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*), 2017 was also at 38%. 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 64% according to the IMF's 'World Economic Outlook Database'. The development of more robust rules and regulations, despite the unstable politics around the world and economic instability 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 eighth year, the MARC M&A Attractiveness Index Score (MAAIS) provides an update based on 2017 data and analysis, ranking a total of 146 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 and reviewed by both practitioners and academics at 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 networks and number of registered companies).

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

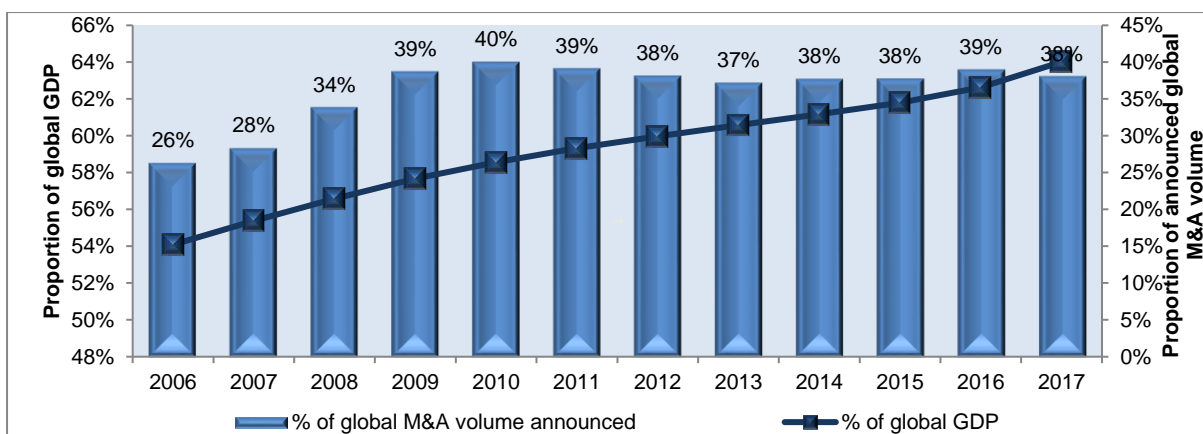


Exhibit 1 shows the M&A activity (the proportion of announced global minority and majority transactions) involving targets from non-traditional M&A markets plotted against those countries' proportion of global GDP (an average five-year forward estimate). Note that the data labels refer to the proportion 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)

2017 League Table: Top 10 Focus

Exhibits 2(A), (B) and (C) provide the ranking of 146 countries worldwide which have been analysed using the *MARC M&A Attractiveness Index* for 2017. 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 2016 and 2012, 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 seventh position. Four European countries are in the top ten together with three Asian countries

completing the final places in the top of the MAAIS list. The Netherlands is leading the European region ranked third in the global country list followed by the UK, Germany and Spain in fourth, fifth and ninth positions respectively. For Asian countries, Singapore leads the region in second position of the global index followed by Malaysia and Hong Kong. The highest factor group ranking for the US, Germany, Canada, and Spain, 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, UK and Malaysia is 'Technology', while 'Regulatory and Political' is the key factor group which kept Singapore, Australia and Hong Kong high in the global ranking.

Notably, the two leading market challenges for almost 80% of all of 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 2017 Index also shows year-on-year and five-year movements for each country in the ranking. Interestingly, in the top ten of the index, there are no movements for the US, Singapore and Germany. Both the Netherlands and, UK swap ranking while Spain gained six places and is not in the top 10 of the ranking year-on-year. Spain and Malaysia gained nine and eight rankings over the last five years respectively.

The largest movements would be expected to be further down the tables. Within the top 50, the greatest improvement over the past year is Lithuania (28 places) followed by Hungary (19), Turkey (10) and Morocco (10). 'Regulatory and Political' is the greatest strength for Lithuania, while 'Infrastructure and Assets' is the main

strength for both Hungary and Turkey. Slovakia (-23), Brazil (-11) and the Czech Republic (-9) suffered major drops in the top 50 of the global ranking. In the case of Hungary and Brazil, the drop was due to their 'Regulatory and Political' factor group while the 'Economic and Financial' factor was the main challenge for the Czech Republic.

Improvements over the five-year period show Greece leading the pack with a gain of 27 places followed by Saudi Arabia (14), Latvia (13), Oman (12), and Switzerland (11) and Iceland (22). The countries that have lost the most ground in the top 50 over the five year period are: Czech Republic (-14), Slovakia (-13), Brazil (-11), Thailand (-8), and Malta (-7).

Exhibit 2(A): MARC M&A Attractiveness Index 2017 - Country Ranking 1-50

Rank	Country	Index Score	Rank 1YR Δ	Rank 5YR Δ	Market Opportunities	Market Challenges
1	United States	73%	0	0	Infrastructure & Assets	Economic & Financial
2	Singapore	72%	0	0	Regulatory & Political	Socio-economic
3	Netherlands	70%	1	2	Technological	Socio-economic
4	United Kingdom	69%	-1	-1	Technological	Socio-economic
5	Germany	69%	0	2	Infrastructure & Assets	Economic & Financial
6	Australia	67%	3	3	Regulatory & Political	Socio-economic
7	Canada	67%	-1	-3	Infrastructure & Assets	Economic & Financial
8	Malaysia	67%	2	8	Technological	Regulatory & Political
9	Spain	66%	6	9	Infrastructure & Assets	Regulatory & Political
10	Hong Kong	66%	-2	-2	Regulatory & Political	Socio-economic
11	France	66%	-4	-1	Infrastructure & Assets	Socio-economic
12	South Korea	65%	0	-6	Technological	Economic & Financial
13	Japan	65%	0	-2	Infrastructure & Assets	Socio-economic
14	China	65%	0	-1	Infrastructure & Assets	Regulatory & Political
15	United Arab Emirates	64%	1	4	Regulatory & Political	Economic & Financial
16	Sweden	64%	-5	-4	Regulatory & Political	Socio-economic
17	Belgium	64%	2	-2	Technological	Socio-economic
18	New Zealand	63%	6	4	Regulatory & Political	Socio-economic
19	Switzerland	63%	-2	11	Technological	Infrastructure & Assets
20	Austria	63%	6	6	Technological	Economic & Financial
21	Malta	63%	8	-7	Technological	Socio-economic
22	Norway	62%	-2	-2	Regulatory & Political	Socio-economic
23	Iceland	62%	-2	1	Technological	Socio-economic
24	Luxembourg	62%	3	-3	Regulatory & Political	Infrastructure & Assets
25	Thailand	61%	-2	-8	Socio-economic	Regulatory & Political
26	Ireland	61%	2	2	Technological	Socio-economic
27	Denmark	60%	-9	0	Regulatory & Political	Socio-economic
28	Poland	60%	7	1	Infrastructure & Assets	Regulatory & Political
29	Hungary	60%	19	5	Infrastructure & Assets	Economic & Financial
30	Chile	60%	2	1	Socio-economic	Technological
31	Finland	60%	3	-8	Regulatory & Political	Socio-economic
32	Oman	60%	8	12	Regulatory & Political	Technological
33	Romania	59%	-2	7	Infrastructure & Assets	Economic & Financial
34	Russia	59%	9	9	Infrastructure & Assets	Regulatory & Political
35	Colombia	59%	9	7	Socio-economic	Regulatory & Political
36	Morocco	59%	10	2	Economic & Financial	Technological
37	Italy	59%	-1	-1	Infrastructure & Assets	Regulatory & Political
38	Mexico	59%	-1	9	Infrastructure & Assets	Regulatory & Political
39	Czech Republic	58%	-9	-14	Infrastructure & Assets	Economic & Financial
40	Turkey	58%	10	-1	Infrastructure & Assets	Technological
41	Vietnam	58%	-16	-4	Socio-economic	Regulatory & Political
42	Iran	58%	-4	7	Socio-economic	Regulatory & Political
43	Portugal	58%	-1	-2	Regulatory & Political	Socio-economic
44	Brazil	57%	-11	-11	Socio-economic	Regulatory & Political
45	Slovakia	57%	-23	-13	Technological	Regulatory & Political
46	Greece	56%	9	27	Technological	Socio-economic
47	Lithuania	56%	28	6	Regulatory & Political	Socio-economic
48	Latvia	55%	6	13	Technological	Socio-economic
49	Israel	55%	-2	2	Technological	Socio-economic
50	Saudi Arabia	55%	-1	14	Socio-economic	Technological

Exhibit 2(A) shows the MARC M&A Attractiveness Index 2017 ('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 2017 - Country Ranking 51-100

Rank	Country	Index Score	Rank 1YR Δ	Rank 5YR Δ	Market Opportunities	Market Challenges
51	India	54%	2	6	Infrastructure & Assets	Regulatory & Political
52	South Africa	54%	9	0	Infrastructure & Assets	Regulatory & Political
53	Indonesia	54%	3	-8	Socio-economic	Technological
54	Belarus	53%	5	39	Socio-economic	Economic & Financial
55	Kazakhstan	53%	-14	-20	Technological	Economic & Financial
56	Peru	53%	2	20	Socio-economic	Technological
57	Costa Rica	53%	-12	3	Technological	Economic & Financial
58	Uzbekistan	52%	37	7	Socio-economic	Regulatory & Political
59	Mauritius	52%	1	8	Regulatory & Political	Technological
60	Cyprus	52%	-8	-12	Regulatory & Political	Infrastructure & Assets
61	Croatia	52%	-4	-6	Technological	Socio-economic
62	Uruguay	51%	22	10	Technological	Economic & Financial
63	Ukraine	51%	6	7	Socio-economic	Regulatory & Political
64	Kuwait	50%	-13	11	Economic & Financial	Regulatory & Political
65	Tunisia	50%	15	-6	Socio-economic	Infrastructure & Assets
66	Brunei	50%	47	59	Technological	Infrastructure & Assets
67	Montenegro	50%	-28	-21	Infrastructure & Assets	Socio-economic
68	Moldova	50%	8	37	Socio-economic	Economic & Financial
69	Bahamas	50%	-3	-11	Regulatory & Political	Technological
70	Georgia	49%	-2	32	Regulatory & Political	Infrastructure & Assets
71	Bulgaria	49%	-4	-9	Technological	Regulatory & Political
72	Qatar	49%	-7	5	Regulatory & Political	Infrastructure & Assets
73	Philippines	49%	-3	-17	Economic & Financial	Regulatory & Political
74	Serbia	49%	-3	-20	Infrastructure & Assets	Economic & Financial
75	Panama	49%	-13	-12	Infrastructure & Assets	Technological
76	Ecuador	49%	-3	35	Infrastructure & Assets	Regulatory & Political
77	Argentina	49%	-3	2	Infrastructure & Assets	Economic & Financial
78	Slovenia	48%	-6	-9	Technological	Economic & Financial
79	Dominican Republic	47%	-15	-13	Infrastructure & Assets	Socio-economic
80	Pakistan	46%	12	42	Infrastructure & Assets	Regulatory & Political
81	Guatemala	46%	34	26	Economic & Financial	Regulatory & Political
82	Bahrain	45%	6	-11	Socio-economic	Infrastructure & Assets
83	Kenya	45%	3	5	Economic & Financial	Regulatory & Political
84	Seychelles	45%	17	30	Technological	Infrastructure & Assets
85	Estonia	45%	-6	-35	Regulatory & Political	Economic & Financial
86	Bolivia	45%	8	-1	Economic & Financial	Regulatory & Political
87	Honduras	45%	-5	10	Economic & Financial	Technological
88	Côte d'Ivoire	44%	-3	16	Economic & Financial	Infrastructure & Assets
89	Jordan	44%	2	1	Economic & Financial	Infrastructure & Assets
90	El Salvador	44%	20	11	Economic & Financial	Infrastructure & Assets
91	Macedonia	44%	-28	-23	Regulatory & Political	Infrastructure & Assets
92	Sri Lanka	43%	-2	-5	Socio-economic	Technological
93	Azerbaijan	43%	-16	-19	Socio-economic	Economic & Financial
94	Bosnia & Herzegovina	42%	-5	-14	Socio-economic	Regulatory & Political
95	Paraguay	41%	29	-14	Economic & Financial	Regulatory & Political
96	Ghana	41%	20	-14	Socio-economic	Infrastructure & Assets
97	Egypt	41%	0	-19	Infrastructure & Assets	Technological
98	Cambodia	40%	0	20	Economic & Financial	Technological
99	Lebanon	40%	5	-16	Socio-economic	Regulatory & Political
100	Uganda	39%	3	-2	Economic & Financial	Technological

Exhibit 2(B) shows the MARC M&A Attractiveness Index 2017 ('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 2017 - Country Ranking 101-147

Rank	Country	Index Score	Rank 1YR Δ	Rank 5YR Δ	Market Opportunities	Market Challenges		
101	Tanzania	39%	5	-6	Socio-economic	46%	Technological	12%
102	Sudan	38%	0	4	Socio-economic	50%	Regulatory & Political	26%
103	Mali	38%	33	35	Economic & Financial	63%	Technological	17%
104	Laos	38%	5	33	Economic & Financial	51%	Technological	20%
105	Nicaragua	38%	14	15	Socio-economic	46%	Technological	19%
106	Albania	36%	-13	-6	Regulatory & Political	54%	Infrastructure & Assets	25%
107	Trinidad and Tobago	36%	13	-23	Socio-economic	53%	Technological	40%
108	Bangladesh	36%	-30	-22	Socio-economic	77%	Technological	14%
109	Namibia	36%	16	4	Regulatory & Political	45%	Infrastructure & Assets	26%
110	Armenia	35%	-23	-18	Socio-economic	59%	Infrastructure & Assets	25%
111	Mongolia	35%	-30	-22	Regulatory & Political	60%	Economic & Financial	32%
112	Jamaica	34%	-29	-18	Infrastructure & Assets	54%	Technological	25%
113	Algeria	34%	5	-17	Socio-economic	66%	Technological	25%
114	Malawi	34%	25	10	Socio-economic	37%	Technological	20%
115	Nigeria	33%	-10	6	Infrastructure & Assets	56%	Regulatory & Political	21%
116	Fiji	32%	-20	0	Economic & Financial	47%	Socio-economic	34%
117	Cape Verde	32%	5	18	Economic & Financial	62%	Technological	23%
118	Senegal	32%	5	12	Economic & Financial	63%	Technological	27%
119	Congo, Dem. Rep.	32%	13	26	Socio-economic	48%	Technological	3%
120	Ethiopia	31%	-9	11	Socio-economic	54%	Technological	27%
121	Guinea	31%	23	25	Socio-economic	36%	Technological	13%
122	Mozambique	31%	-22	-31	Economic & Financial	45%	Regulatory & Political	31%
123	Botswana	31%	-24	-20	Regulatory & Political	57%	Technological	25%
124	Tajikistan	30%	5	-16	Technological	59%	Infrastructure & Assets	17%
125	Kyrgyzstan	30%	-8	2	Technological	54%	Infrastructure & Assets	20%
126	Yemen	29%	7	7	Socio-economic	48%	Regulatory & Political	22%
127	Burkina Faso	29%	-20	-18	Economic & Financial	60%	Infrastructure & Assets	19%
128	Venezuela	29%	0	0	Socio-economic	66%	Regulatory & Political	12%
129	Cameroon	28%	-21	-10	Economic & Financial	63%	Regulatory & Political	19%
130	Iraq	28%	-18	-20	Socio-economic	49%	Technological	13%
131	Antigua and Barbuda	28%	-4	-32	Regulatory & Political	55%	Infrastructure & Assets	8%
132	Syria	27%	-1	-3	Socio-economic	48%	Regulatory & Political	21%
133	Papua New Guinea	27%	-19	-1	Economic & Financial	50%	Technological	23%
134	Guyana	26%	0	-22	Economic & Financial	45%	Technological	23%
135	Congo, Rep.	24%	7	-12	Economic & Financial	56%	Technological	18%
136	Djibouti	24%	2	0	Economic & Financial	48%	Technological	11%
137	Belize	23%	0	-22	Economic & Financial	41%	Infrastructure & Assets	17%
138	Madagascar	23%	-17	6	Socio-economic	44%	Technological	9%
139	Solomon Islands	22%	2	-5	Regulatory & Political	53%	Infrastructure & Assets	6%
140	Liberia	22%	-14	2	Regulatory & Political	43%	Technological	6%
141	Haiti	22%	5	-15	Socio-economic	47%	Technological	13%
142	Angola	21%	-2	-3	Infrastructure & Assets	43%	Regulatory & Political	13%
143	Eritrea	20%	2	-2	Technological	42%	Infrastructure & Assets	3%
144	Sierra Leone	20%	-9	-27	Regulatory & Political	33%	Technological	8%
145	Swaziland	19%	-15	-5	Regulatory & Political	45%	Infrastructure & Assets	14%
146	Mauritania	19%	-3	-3	Regulatory & Political	34%	Infrastructure & Assets	15%

Exhibit 2(C) shows the MARC M&A Attractiveness Index 2017 ('Index Score' column) for the countries ranked between 101 and 146. 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 for the *MARC M&A Attractiveness Index* for 2017. 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 48%, 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	85%	0	0	Infrastructure & Assets 94%	Economic & Financial 76%
2	Western Europe	75%	0	0	Infrastructure & Assets 87%	Socio-economic 63%
3	Asia	75%	0	1	Infrastructure & Assets 91%	Regulatory & Political 51%
4	Oceania	74%	0	-1	Regulatory & Political 88%	Socio-economic 63%
5	CEE / CIS	68%	0	0	Socio-Economic 80%	Economic & Financial 47%
6	Latin America	63%	0	0	Infrastructure & Assets 77%	Regulatory & Political 45%
7	Middle East	61%	0	0	Socio-Economic 69%	Technology 53%
8	Africa	48%	0	0	Infrastructure & Assets 57%	Regulatory & Political 39%

Exhibit 4 shows the five factor groups across the eight regions for 2017. 'Technological', 'Regulatory and Political', and 'Infrastructure and Assets' create the most differentiation for North America as the strongest of all regions.

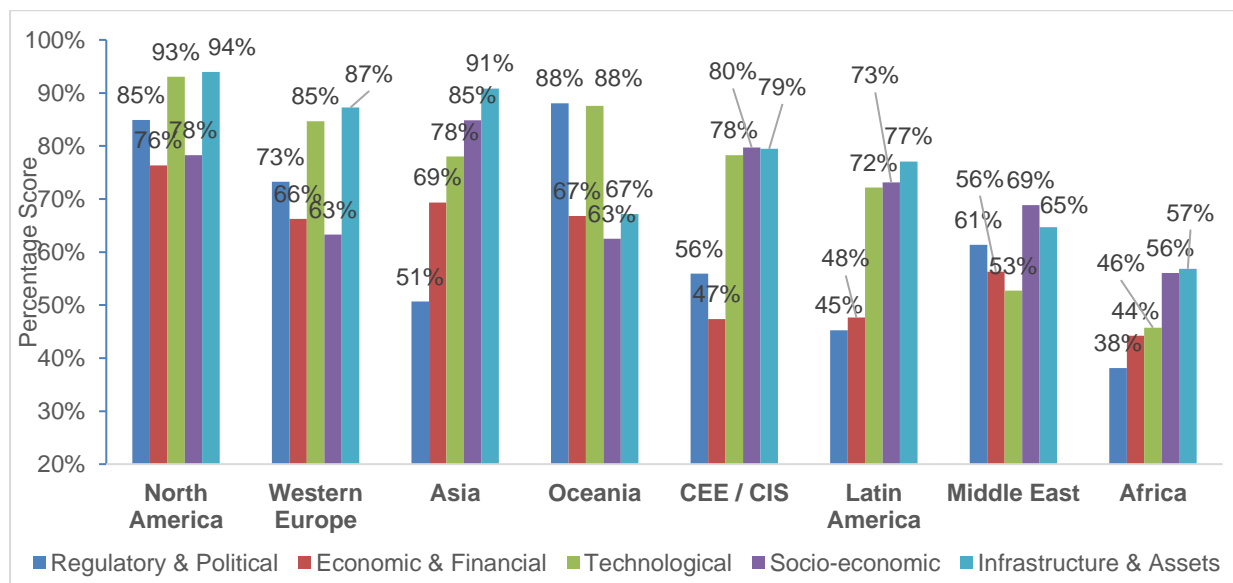


Exhibit 4: Regional Performance by Factor Group (2017)

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.*, 2017²; Carapeto *et al.*, 2010, 2011³), 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 and other micro factors. 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	2015	The World Bank 'Governance Matters 2015'
	Completion formalities	2017	Doing Business 2017 - Economy rankings
	Registering property	2017	Doing Business 2017 - Economy rankings
	Paying taxes	2017	Doing Business 2017 - Economy rankings
	Trading across borders	2017	Doing Business 2017 - Economy rankings
	Enforcing contracts	2017	Doing Business 2017 - Economy rankings
	Political stability	2015	The World Bank 'Governance Matters 2015'
	Sovereign debt rating	LY	Fitch 'Complete Sovereign Rating History 2013'
	Control of corruption	2015	The World Bank 'Governance Matters 2015'
Economic and Financial	GDP size	2017-21	IMF's 'World Economic Outlook Database' April 2017
	GDP growth - CAGR	2017-21 ⁵	IMF's 'World Economic Outlook Database' April 2017
	Inflation	2017-21	IMF's 'World Economic Outlook Database' April 2017
	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	2015	World Intellectual Property Organisation
	Internet users per 100 people	2015	World Bank's 'World Development Indicators'
Socio-economic	Population size	2017-21	IMF's 'World Economic Outlook Database' April 2017
	Population aged 15-64 (% of total)	2016	World Bank's 'World Development Indicators'
Infrastructure and Assets	Registered companies (>\$1m total assets)	2017	Orbis (Bureau van Dijk) database
	Container port traffic (TEU) ⁶	2014	World Bank's 'World Development Indicators'
	Railway lines (km)	2015	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'. '2017-21' indicates an average from 2017 to 2021 (estimated).

⁵ Compounded annual growth rate between 2017 and 2021 (estimated).

⁶ Twenty-foot equivalent unit

Notes on Authors

Dr Naagush Appadu, Research Fellow at the M&A Research Centre. Both his research and teaching at Cass focus on M&A and related topics

Scott Moeller, Director of MARC and Professor in the Practice of Finance. His research and teaching focuses on the full range of mergers and acquisitions activities.

M&A Research Centre
Cass Business School
106 Bunhill Row
London EC1Y 8TZ
T: +44 (0)20 7040 5146
E: CassMARC@city.ac.uk
www.cass.city.ac.uk/marc



Cass Business School

In 2002, City University's Business School was renamed Sir John Cass Business School following a generous donation towards the development of its new building in Bunhill Row. The School's name is usually abbreviated to Cass Business School.

Sir John Cass's Foundation

Sir John Cass's Foundation has supported education in London since the 18th century and takes its name from its founder, Sir John Cass, who established a school in Aldgate in 1710. Born in the City of London in 1661, Sir John served as an MP for the City and was knighted in 1713.