Private equity briefing: Southeast Asia
September 2018
This quarterly briefing offers you a roundup of the private equity and venture capital deals along with capital activities across major sectors in the quarter and trends that are shaping investment decisions today.

It distills the perspectives of EY teams of subject-matter professionals in the region into pertinent insights to keep you ahead in navigating the private equity landscape.
PE and VC investment activity in Southeast Asia has been at a record high this year, having witnessed the completion of its largest deal ever at the beginning of the year. It continues to remain active during 2Q18.

The overall value of PE deals completed in 2018 was c.US$1.3b, across the 36 deals closed. Singapore garnered maximum interest from PE and VC investors as it contributed 56% to the aggregated deal value in 2018, followed by Malaysia contributing 26% and Indonesia contributing 14%. Excluding large-cap deals, the aggregate investment in small- and mid-cap deals in 2Q18 took a quantum leap by 87%, reaching US$1.3b from US$709m during the same period last year (2Q17) as investors continue to bet on higher economic growth, rising investment in technology and growing middle class.

Consumer products and retail (30%) and technology (25%) emerged as the key sectors attracting the majority of the PE and VC investments in 2Q18 by deal value. In terms of deal volume, technology continued to drive momentum as it witnessed 19 out of 36 deals, which were completed in 2Q18. As expected, technology will remain a high priority sector in the region.

Two of the largest investments in 2Q18 were CVC Capital Partners’ investments in Munchy’s Group, the snack food manufacturer, in Malaysia for US$250m; and PT Garudafood Putra Putri Jaya, the snack maker, in Indonesia for US$150m. In addition, the Singapore-based crane supplier Tat Hong Holdings Limited was privatized by the family of CEO, Mr. Roland Ng San Tiong and Standard Chartered Private Equity.

PE exits experienced a decline in 2Q18 with four deals valued at US$443m, down 28% from a year ago (2Q17). The previous quarter (1Q18) saw a significant increase in exit value due to the completion of two large buyouts that were secondary transactions. With the growing number of PE assets coming to the end of their investment life, we do expect exit activity to remain healthy over the next 12 months.

We expect the momentum in deal activity to continue for the rest of the year. PE fundraising remained robust despite being lower than the record levels in previous years. There were six Asia-Pacific domiciled PE and VC funds with a focus on Southeast Asia that reached their final close, raising an aggregate US$942m compared with 11 funds closed in 2Q17 raising an aggregate US$1.4b. VC fundraising saw a significant upswing of more than 70% from 1H17 to 1H18 (US$701m), driven by three funds that raised more than US$100m each.
Embrace the dramatically increasing role of digital

The advent and implementation of digital technologies is dramatically impacting the ways that PE firms organize and execute – not only at the firm level, but in the way they drive value across their portfolios. Helping investees fully embrace a digital mindset that permeates all aspects of their business is increasingly one of the most significant value drivers for PE firms, regardless of their sector specialization, geography, strategy or size.

Investee companies are continually entering the PE ecosystem with varying levels of sophistication. For PE firms, the first step is a full assessment to understand where companies fall within the spectrum and what resources they’ll need to collect, harness and utilize their data. Involving operating resources and advisors well versed in digital during the diligence phase is increasingly essential.

Some of the ways that PE firms are helping companies navigate today’s rapidly changing landscape include:

► Defining and articulating a digital strategy
► Developing an enhanced customer experience
► Revamping and digitally enabling supply chains
► Integrating their front-office systems with back-office information technology (IT) framework
► Putting into place robust cybersecurity measures
► Digitally enabling the finance function
► Acquiring and implementing new technologies

While data analytics is at the center of this, it’s important to note that it’s just one component, with robotic process automation (RPA), artificial intelligence (AI), the internet of things (IoT) and other emergent technologies all making their way into the PE ecosystem.

Topics to be discussed in this issue

Food technology (commonly referred to as foodtech) companies have been gaining popularity in Southeast Asia in recent years and numerous companies are vying for consumers’ attention and wallet share. In this issue, EY will share thoughts on the emerging trends in this sector.

EY will also share perspective on Thailand as an investment market for PE. We consider the key economic trends as well as the growth opportunities, which contribute to the country’s attractiveness as a place to invest. The country’s gross domestic product (GDP) is projected to continue growing solidly in 2018 by 4.2-4.7%, primarily due to an increase in government consumption and public investment, recovery of private investment, and improved household income.

“It is an exciting time for PE in Southeast Asia and we continue to see momentum. The current story is about buying a good business and having an active value creation plan to make it great.”
The second quarter of 2018 witnessed the completion of 36 deals through which PE and VC invested US$1.3b across the Southeast Asia region.

Singapore saw the majority of activity, with PE and VC investors contributing 56% to the aggregated deal value in Q2 2018. The country witnessed 20 deals in Q2 2018 where PE and VC invested US$739m. As well, in Indonesia, PE and VC investment in Q2 2018 jumped 86% y-o-y, rising to US$186m from US$100m in 2017.

Consumer products and retail (30%) and technology (25%) were the key sectors attracting the majority of PE and VC investments by deal value in the Southeast Asia region in Q2 2018. By deal count, the technology sector witnessed 19 out of 36 deals completed in 2018.

PE and VC investment in 2018 has been at a record high due to two large secondary transactions being completed in Q1 2018 – Global Logistic Properties (GLP) for US$12b and Equis Energy for US$5b.

Note: Analysis based on completed deals only; small = deal value less than US$20m, mid = deal value of US$20m – US$500m, large = deal value more than US$500m; based on deal values disclosed.

Source: Thomson One, Dealogic, S&P Capital IQ, Pitchbook and Mergermarket
Table 1: Top investments in 2018

<table>
<thead>
<tr>
<th>Investment date</th>
<th>Company</th>
<th>Country</th>
<th>Sector</th>
<th>Value (US$m)</th>
<th>Acquirer or investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>June-18</td>
<td>Tat Hong Holdings Limited</td>
<td>Singapore</td>
<td>Other sectors</td>
<td>312.0</td>
<td>Standard Chartered Private Equity Ltd., Ng San Tiong</td>
</tr>
<tr>
<td>June-18</td>
<td>Munchy's Group</td>
<td>Malaysia</td>
<td>Consumer products and retail</td>
<td>250.0</td>
<td>CVC Capital Partners Limited</td>
</tr>
<tr>
<td>June-18</td>
<td>PT Garudafood Putra Putri Jaya</td>
<td>Indonesia</td>
<td>Consumer products and retail</td>
<td>150.0</td>
<td>CVC Capital Partners Limited</td>
</tr>
<tr>
<td>May-18</td>
<td>Carousell Pte. Ltd.</td>
<td>Singapore</td>
<td>Technology</td>
<td>85.0</td>
<td>Rakuten Ventures, EDBI Pte Ltd., DBS Bank Ltd., 500 Startups Management Company, Golden Gate Ventures and Sequoia Capital India Advisors Pvt. Ltd.</td>
</tr>
</tbody>
</table>

Source: Thomson One, Dealogic, S&P Capital IQ, Pitchbook and Mergermarket

“PE has a lot of dry powder, and entrepreneurs understand very well the value PE can bring. We therefore expect to see strong levels of PE investment over the next few quarters.”
There remains limited disclosure around PE exits in the region, with a number of deals going unreported and therefore not captured by the analysis.

Exit activity in 2Q18 saw four deals completed, with a total deal value of US$443m. The largest deal was the sale of Munchy’s Group, the snack food manufacturer in Malaysia, for US$250m to CVC Capital Partners in a secondary sale.

PE exits saw a significant increase in 1Q18 due to the two large-cap exits of GLP\(^1\) and Equis Energy.

A notable announcement during 2Q18 by Affinity Equity Partners-backed Malaysian poultry producer, Leong Hup International Sdn Bhd, seeking to raise US$600m through IPO. This exit is not reflected in the figures below as only completions are included.

Note: \(^1\)GLP was de-listed on 22 January 2018 from the Singapore Stock Exchange. As per Pitchbook data, GIC Private, Canada Pension Plan Investment Board, BOC International (US), and Ardian sold their stakes to Hopu Investments, Nesta Investment, Hillhouse Capital, China Vanke Company, Bank of China and management

Note: Analysis based on completed deals only; small = deal value less than US$20m, mid = deal value of US$20m – US$500m, large = deal value more than US$500m, based on deal values disclosed.

Source: Thomson One, Dealogic, S&P Capital IQ, Pitchbook and Mergermarket
### Table 2: Top exits in 2018

<table>
<thead>
<tr>
<th>Investment date</th>
<th>Company</th>
<th>Country</th>
<th>Sector</th>
<th>Value (US$m)</th>
<th>Sponsor</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-18</td>
<td>Munchy's Group</td>
<td>Malaysia</td>
<td>Consumer products and retail</td>
<td>250.0</td>
<td>Tremendous Asia Partners Group, Kumpulan Wang Persaraan (Diperbadankan), Double-V Series Sdn. Bhd.</td>
<td>Secondary sale</td>
</tr>
<tr>
<td>Apr-18</td>
<td>Wah Loon Engineering Pte Ltd.</td>
<td>Singapore</td>
<td>Other sectors</td>
<td>189.8</td>
<td>Dymon Asia Private Equity, Alan Chong Sin Kiong</td>
<td>Trade sale</td>
</tr>
<tr>
<td>May-18</td>
<td>Intellicare Group</td>
<td>Philippines</td>
<td>Provider care</td>
<td>n.a.</td>
<td>Navegar</td>
<td>Trade sale</td>
</tr>
</tbody>
</table>

Source: Thomson One, Dealogic, S&P Capital IQ, Pitchbook, Mergermarket and The Business Times

“EY analysis of PE exits over the last few quarters demonstrates good returns on invested capital. As entry multiples rise, driving an active value creation agenda and solid exit preparation are the levers that PE can use to maximize value.”

In 2Q18, there were six Asia-Pacific-based PE and VC funds with focus on Southeast Asia that reached their final close raising an aggregate $942m, which is lower than the 11 funds closed in 2Q17 that raised an aggregate US$1.4b.

The average size of funds closed witnessed a 24% increase, rising from US$127m in 2Q17 to US$157m in 2Q18.

Funds raised during 1H18 declined to US$1.8b from US$4.8b in 1H17 as the fundraising environment became increasingly competitive.

PE comprised more than 60% of the aggregated size of funds closed in 1H18. However, PE fundraising declined from US$4.4b in 1H17 to US$1.1b in 1H18.

It is notable that VC fundraising witnessed an upswing from US$412m raised in 1H17 to US$701m in 1H18.

Figure 5: Fundraising activity* – Asia-Pacific domicile funds with Southeast Asia focus

Note: *Analysis includes all fund types, i.e., growth, early stage or venture, real estate, infrastructure, mezzanine, special situations, etc. It includes funds that are based out in Asia-Pacific and have a mandate to invest in Southeast Asia along with other geographic regions.

Source: Preqin
Dry powder committed to be invested in Asia continued to soar reflecting firm investor confidence. The largest Asia-Pacific domiciled fund that closed in 2018 with Southeast Asia as a region of focus was Dymon Asia Private Equity Fund II raising US$450m and aims to invests across range of industries primarily in Singapore.

Technology continued to be at the center of PE and VC capital allocation strategy as four of the largest five funds closed in 2018 were focused to invest in technology along with other sectors.

Quest for quality assets continues to remain inflated as PE and VC compete with corporate acquirers to leverage the same investment opportunities. Increasingly, PE firms must be able to articulate a differentiated source of value-add above and beyond their ability to invest capital.

Table 3: Top Asia-Pacific domicile funds raised in 2Q18 - with Southeast Asia region among the location focus for investment

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Closed date</th>
<th>Manager</th>
<th>Type</th>
<th>Final size (US$m)</th>
<th>Location focus</th>
<th>Industry focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dymon Asia Private Equity (S.E. Asia) Fund II</td>
<td>May-18</td>
<td>Dymon Asia Private Equity</td>
<td>Balanced</td>
<td>450.0</td>
<td>Southeast Asia (particularly Singapore)</td>
<td>Diversified</td>
</tr>
<tr>
<td>KIP NPS Re-up Fund</td>
<td>May-18</td>
<td>Korea Investment Partners</td>
<td>Expansion or late stage</td>
<td>264.4</td>
<td>Southeast Asia, Europe, Far East, South Korea, US</td>
<td>Technology, IT, biotechnology, biomedical, diversified</td>
</tr>
<tr>
<td>Electronic World Trade Platform Ecosystem Fund</td>
<td>May-18</td>
<td>Electronic World Trade Platform Ecosystem Fund Management</td>
<td>Growth</td>
<td>94.1</td>
<td>Southeast Asia and rest of Asia, including Central Asia, Far East, Greater China, South Asia; Global</td>
<td>Technology</td>
</tr>
<tr>
<td>Myanmar Opportunities Fund II</td>
<td>May-18</td>
<td>Delta Capital Myanmar</td>
<td>Growth</td>
<td>66.0</td>
<td>Myanmar</td>
<td></td>
</tr>
<tr>
<td>Reinventure Fund III</td>
<td>May-18</td>
<td>Reinventure Ventures (general)</td>
<td>Growth</td>
<td>37.6</td>
<td>Australia, New Zealand, Singapore</td>
<td>Technology, financial services</td>
</tr>
</tbody>
</table>

Southeast Asia focused fundraising by global PE houses remained robust in 2Q18, which saw the closing of two US$1b+ funds. Blackstone Group and AEW Capital Management closed funds worth US$2.3b and US1.1b respectively in June 2018.

Notably, two of the top three PE and VC funds based outside of Asia with a Southeast Asia investment focus that closed in 2Q18 were Buyout funds. Real estate was the other dominant strategy as the second-largest fund closed, AEW Value Investors Asia III, is committed to invest in commercial assets.

Table 4: Top non-Asia-Pacific domicile funds raised in 2Q18 - with Southeast Asia region among the location focus for investment

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Closed date</th>
<th>Manager</th>
<th>Type</th>
<th>Final size (US$m)</th>
<th>Location focus</th>
<th>Industry focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackstone Capital Partners Asia</td>
<td>Jun-18</td>
<td>Blackstone Group</td>
<td>Buyout</td>
<td>2.3</td>
<td>Southeast Asia, Australasia, China, India, Japan, South Korea and rest of Asia</td>
<td>Health care, consumer products, consumer services, manufacturing</td>
</tr>
<tr>
<td>AEW Value Investors Asia III</td>
<td>Jun-18</td>
<td>AEW Capital Management</td>
<td>Real estate</td>
<td>1.1</td>
<td>Asia, Mainland China, Hong Kong, Singapore, South Korea</td>
<td>Property</td>
</tr>
<tr>
<td>EQT Mid Market Asia III</td>
<td>May-18</td>
<td>EQT</td>
<td>Buyout</td>
<td>0.8</td>
<td>Southeast Asia, Greater China and rest of Asia, Europe</td>
<td>Technology, telecoms, health care, consumer services, media, business services</td>
</tr>
</tbody>
</table>

Source: Preqin
The recent past has witnessed an unprecedented mushrooming of foodtech companies offering a mix of food delivery, meal subscription and restaurant booking services, among others. Millennials are increasingly seeking convenience and variety, resulting in a shift from home-cooking toward eating out and on-demand food delivery. The key ingredients for a successful recipe include:

► A large merchant base to attract diners with greater availability of cuisine and restaurant options, which helps to drive customer acquisition and loyalty
► A combination of mom-and-pop stores, standalone restaurants and large restaurant chains is required to cater to all segments of the spending pyramid
► Frequent promotions to attract diners to use the service
► Competitive commission rates that are critical to maintain and grow the merchant and restaurant base
► Good driver acquisition and retention rates improve the ability of companies to service and respond to growing diner demand
► Scalable, high-performance technology infrastructure that can efficiently and reliably handle increased usage, as well as the deployment of new features (e.g., payments, virtual reality) and products (artificial intelligence-enabled kiosks)
► Increased presence and concentration in metropolitan markets and college campus towns.

The global foodtech landscape is as shown below. Recently, software only, software + logistics and ride hailing companies have been converging on their services offered to consumers.

### Figure 6: Global foodtech landscape

<table>
<thead>
<tr>
<th>Software only (order-only platform model)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples include Just Eat, Delivery Here, Takeaway.com, Grubhub</td>
</tr>
<tr>
<td>These companies offer consumers a network of online food ordering sites with restaurant partners, the restaurant handles delivery.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Software + logistics (integrated delivery model)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples include Deliveroo, ele.me, Swiggy, Doordash, Foodora</td>
</tr>
<tr>
<td>These companies focus on both, optimizing the food ordering platform as well as delivering restaurant meals to the end-consumer.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ride hailing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples include Uber Eats, Go Food, Grab Food</td>
</tr>
<tr>
<td>The ride-hailing platforms have moved into the food delivery space by providing software and logistics.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vertically integrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples include FreshMenu, Munchery</td>
</tr>
<tr>
<td>These companies offer consumers fresh cooked food and delivery services under one umbrella. They design menus and cook the food in-house.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prepared groceries or meal kits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples include Hello Fresh, Plated, Albertsons, Blue Apron</td>
</tr>
<tr>
<td>Grocery delivery or meal kits offer weekly subscription models, which deliver fresh ingredients in specific proportions, along with printed recipe cards.</td>
</tr>
</tbody>
</table>

Source: EY analysis; industry reports; company websites
Who are the players?

The food delivery landscape consists of three types of competitors: asset-heavy marketing platforms, ride-hailing or customer platforms, and captive restaurant chain players such as KFC, McDelivery. Food delivery is becoming an integral part of ride-hailing companies and they have the financial muscle power and assets to capture a large share of the massive food delivery opportunity. Going forward, ride-hailing players and marketing platforms are likely to gain market share from captive players, as captive players are likely to outsource their delivery to online aggregators.

Ride-hailing players’ existing customer base coupled with their ability to organize the food market for both mom-and-pop stores (e.g., Go-Jek in Indonesia) and large restaurant chains (e.g., GrabFood in Singapore) is their key competitive advantage over other players. In the long term, ownership of delivery capabilities is likely to be more profitable for foodtech companies and in-house delivery models is likely to have higher profitability than the third-party or independent contractor model.

The major online food delivery firms have taken the public route in recent years, i.e., GrubHub, Just Eat, Delivery Hero and Takeaway.com, and have all seen their market cap soar since listing. The past year has witnessed mega funding rounds in food ordering and delivery companies with multiple entrants into the unicorn club.

Recent notable deals within the global foodtech industry include:

- September 2017: London-headquartered Deliveroo raised US$385m in funding at a reported valuation of US$2.0b.
- February 2018: Indian food ordering and restaurant discovery platform Zomato raised US$150m from Ant Financial Services Group, valuing the company at c.US$1.1b.
- March 2018: US-based Doordash raised US$535m in a Series D round, valuing the company at a reported US$1.4b.
- April 2018: Alibaba acquired 100% of Ele.me, China’s leading food delivery platform for enterprise value of US$9.5b (with a reported equity infusion of US$2.0b).
- June 2018: India’s leading food delivery service provider Swiggy raised US$210m, valuing it at roughly US$1.3b.

Intense competition

Competition in the Singapore foodtech market is intense with the entry of multiple global players. Foodpanda was the early entrant in Singapore. The past year saw the entry of Deliveroo and GrabFood (after acquiring UberEats). Other credible players that have joined the fray include Honestbee, hawker-focused WhyQ, and curated food delivery provider Plum.

In another clear sign that competition will continue to intensify in the food delivery segment, Go-Food has expressed intention to launch in the Singapore market. A recent notable foodtech deal in Singapore includes Chope, a player focused on connecting diners and restaurants and vice versa through discovery, reservations, and dining deals, raising US$13m from Square Peg Capital, C31 Ventures and Moelis Australia. Existing investors NSI Ventures, Susquehanna International Group, DSG Consumer Partners, and SPH Ventures also participated.

The large e-commerce companies and retailers envious keen interest in grocery delivery and meal kits delivery. Amazon’s acquisition of Whole Foods point toward increased competition and further cost pressures in the grocery delivery landscape. In September 2017, Albertsons acquired meal kit delivery startup Plated for US$125m, a strategic move by the grocery retailer as it seeks to stay ahead of its competition.

Industry experts expect foodtech companies and their investors to intensify the focus on unit economics in the on-demand market coupled with strategic M&A activity to enter new markets or verticals. The publicly traded global foodtech companies have achieved scale with focus on different regions. However, at a country or regional level, two or three competitors will continue to co-exist, with consolidation continuing as venture capital funding has declined, and smaller players seek to be acquired by global companies looking to make regional forays.

“Going ahead, flawless execution will be the key to succeed in a competitive foodtech market environment. Companies will focus on increasing customer retention rate through personalization and attractive subscription models.”

Source: Industry reports; company websites

Joongshik Wang
EY Asean Digital Transaction
Advisory Services Leader and Partner
Ernst & Young Solutions LLP
With the domestic market recovering, Thailand’s core economic drivers support the view of solid future prospects for PE deals in the country.

- After y-o-y growth of 3.9% in 2017, Thailand’s GDP is projected to continue its strong growth by 4.2-4.7% in 2018. The expansion of government consumption and public investment, recovery of private investment and improved household income are key contributors to the growth forecast.

- In 2018, the Venture Capital & Private Equity Country Attractiveness Index ranked Thailand at 27th out of 125 countries assessed, for attractiveness based on economic activity, depth of capital market, taxation, investor protection and corporate governance.

- A gradual increase in urbanization has lifted private consumption expenditures and boosted consumer confidence, providing new investment opportunities in a wide range of sectors in Thailand.

- Although political uncertainty lies ahead and the domestic market needs to recover further, long-term infrastructure plans, especially the Eastern Economic Corridor (EEC) project ensures the competitive market in Thailand.

- The Thai capital market has shown stable growth in terms of both index points and trading value with a six-year CAGR at 8.8-9.4%, despite political uncertainties.

“Thailand is the land of smiles and also the land of opportunity. With sound fundamentals, good growth prospects and great companies, PEs would be wise to spend more time in this market.”

Source: Oxford Economics, NESDB, IESE
Key industries and opportunities in Thai market

► Between 2016 and 2019, the fastest growing sector in Thailand is hospitality (restaurants and hotels spending), with average annual spending growth of 17.5% projected in 2019. The dining-out culture and growth in domestic tourism are key drivers of an increase in total household spending per capita, driven by a wide choice of inexpensive meals and a range of well-marketed attractions in Thailand, respectively.

► The country’s second-fastest growing sector is health care, driven by rising demand for medical services and products influenced by an aging population, as well as the ability to charge premium prices.

Table 6: Notable PE transactions in Thailand

<table>
<thead>
<tr>
<th>Year</th>
<th>Portfolio firm</th>
<th>Sector</th>
<th>Buyer or investor</th>
<th>Stake acquired (%)</th>
<th>Deal size (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Aisance Co., Ltd.</td>
<td>Consumer</td>
<td>Lakeshore Capital</td>
<td>Undisclosed</td>
<td>16.0</td>
</tr>
<tr>
<td>2017</td>
<td>Pomelo Fashion Co., Ltd.</td>
<td>Consumer</td>
<td>Lombard Investments, Inc.; JD.com, Inc.; Provident Capital Partners, LLC</td>
<td>Undisclosed</td>
<td>19.0</td>
</tr>
<tr>
<td>2016</td>
<td>KKTrade Securities Co., Ltd.</td>
<td>Financial services</td>
<td>Yuanta Financial Holdings Co Ltd</td>
<td>99.9</td>
<td>19.6</td>
</tr>
<tr>
<td>2015</td>
<td>Plan B Media Public Company Limited</td>
<td>Advertising</td>
<td>Undisclosed company</td>
<td>14.8</td>
<td>21.6</td>
</tr>
<tr>
<td>2015</td>
<td>Nitipon International Group Co., Ltd.</td>
<td>Medical</td>
<td>Navis Capital Partners Limited</td>
<td>70.0</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2014</td>
<td>Wine Connection</td>
<td>Leisure</td>
<td>Abraaj Capital Holdings Limited; Aureos South-East Asia II Gp Limited; Oak SPV HK Limited</td>
<td>65.0</td>
<td>89.4</td>
</tr>
</tbody>
</table>

Snapshot of Thailand-based PE and VC landscape

According to Mergermarket, during 1H18, Thailand-based PE and VC firms invested in three transactions, with total deal value of US$878m. Of this, US$820m was a transaction where a group of bidders (VCs, Chinese corporates and large Thai corporates) acquired a China-based technology company in May 2018.
Enablers

► The Government provides full support to the business sector through organizations such as the Board of Investment of Thailand and Industrial Estate Authority of Thailand, which promote investment and provide incentives for domestic and international investors whose investments will enhance Thailand's competitiveness.

► Although the general election has been postponed to early 2019, the Government believes that this will not have a major impact on investment in Thailand as the Thai economy continues to recover and investor confidence has risen.

► Thailand’s corporate income tax rate is 20%, the second-lowest in Southeast Asia, while its 7% VAT rate is lower than that of most neighboring countries.

► With more than 465,000km of roads, a nationwide highway network, railway lines connecting various regions, well-developed coastline, eight deep-water seaports and an established infrastructure, Thailand is well-equipped to be a hub in Southeast Asia, especially as its location offers numerous advantages for logistics and international trade businesses.

► Thailand’s labor market is the fourth-largest in Southeast Asia, consisting of some 38m people. Thailand’s 4.0 policy, which aims to transform the country into a digital economy, should create a labor force well-equipped for technology and innovation.

Investors’ shift in focus

► Key factors that create value for PE are the ability to maximize commercial excellence, foster competency digital technology, and develop skilled labor in an evolving market. Through these capabilities, PE firms can achieve and improve top-line growth, margins, and exit multiples.

Early stage opportunities

► With the rise in start-up initiatives and support from the Government, Thailand has emerged as a focal location for start-up investment opportunities. Due to a lack of research and development know-how and funding, Thailand start-ups have not reached their full potential, and this deficiency provides opportunities for PE firms and venture capital to invest and gain from the growth of start-ups.


“Thai companies have strong potential to be regional, and PE can be a great enabler for this.”
The EY PE Team comprises experienced professionals focused on PE and is supported by our deep sector insights around the world.

<table>
<thead>
<tr>
<th>PE enterprise</th>
<th>EY solutions</th>
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<tbody>
<tr>
<td>Key issues and needs</td>
<td>Management company</td>
</tr>
<tr>
<td>• Back office modernization</td>
<td>• Business process optimization</td>
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<tr>
<td>• Platform diversification</td>
<td>• Post-deal services</td>
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<tr>
<td>• Risk management</td>
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<tr>
<td>• Talent</td>
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<tr>
<td>• Cyber</td>
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<tr>
<td>• Agility in an uncertain world</td>
<td>Funds</td>
</tr>
<tr>
<td>• Putting dry powder to work</td>
<td>• Deal origination</td>
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<tr>
<td>• Increased regulatory scrutiny</td>
<td>• Integrated due diligence</td>
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<tr>
<td>Portfolio companies</td>
<td>Portfolio companies</td>
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<tr>
<td>• Value creation</td>
<td>• Value creation</td>
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<tr>
<td>• IT infrastructure</td>
<td>• Exit readiness and IPO</td>
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<tr>
<td>• Cyber</td>
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<tr>
<td>• Exit readiness</td>
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</tbody>
</table>

**Our capabilities**

- **Dedicated PE experience**: dedicated teams comprising former PE operating partners, seasoned operating executives and management consultants
- **Broad functional knowledge**: capabilities in PE fund structuring, portfolio audit, strategy, M&A and all core operating functions; experience in revenue enhancement, cost reduction, human capital and change management
- **Deep sector experience**: primary focus in oil and gas, consumer, industrial, health care, automotive, real estate, financial services, life sciences and technology, media and telecom industries; ability to tap into sub-sector professionals
- **Accelerated approach**: customized approach that is highly responsive and provides accelerated realization of benefits
- **Global capabilities**: dedicated teams that have extensive cross-border experience with access to more than 30,000 consultants operating in 140 countries with deep industry and functional know-how
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