

Quarterly Private Equity Update

Southeast Asia

2023

Private equity (PE) activity in Southeast Asia (SEA) showed good momentum in the second half of 2023, compared with the first half. While macroeconomic headwinds persist, the positive momentum looks to continue into 2024. With significant dry powder available, 2024 may turn out to be a good milestone. However, investing in good assets is only part of the formula for success., with the other being an active value creation agenda.

In 2023, SEA saw a total of 22 deals deploying US\$3.9b. Health care deals accounted for more than one-third (36%) of PE investments in SEA, followed by sectors such as telecommunications and digital infrastructure (31%), and business services (15%).

2023 was a slower year for fundraising as well as exits. The two are somewhat linked as a slower return of capital to limited partners (LPs) resulted in a lower level of commitment to new funds raised. We expect to see higher exit activity in 2024 with secondaries being a popular exit choice.

While fundraising was slow in 2023, there was a lot of dry powder focused on the region. We expect to see private credit continue to gain momentum as an asset class, as well as in infrastructure and real estate.

2023: numbers in focus

US\$3.9b

Capital deployed across 22 deals

US\$3.3b

In PE-backed exits across 13 deals

With investors expecting deal activity to increase in 2024, SEA's PE landscape will be shaped by the following themes:

- ▶ Technology and artificial intelligence: Besides reshaping various sectors in SEA, it is creating significant demand for digital infrastructure.
- ▶ Transition to a low-carbon economy: Creating investment opportunities in the energy and other related sectors.
- ▶ Aspirational consumer: Driving demand for consumer products, services, better quality health care, accessible financial services and high-quality education.
- ▶ Fragmented business services landscape: Consolidation across various verticals to continue.
- ▶ Reshaping of the global manufacturing landscape: Companies are looking for supply chain resilience and are seeking out alternative supply chains and expanding their supply base. SEA as an attractive location for these companies.



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According to the October 2023 edition of the *EY CEO Outlook Pulse*, CEOs in Asia-Pacific remain largely optimistic and anticipate higher growth in 2024, despite potential barriers and ongoing risks.

65%

of CEOs expect higher revenue growth in 2024.

60%

of CEOs expect higher profitability in 2024.

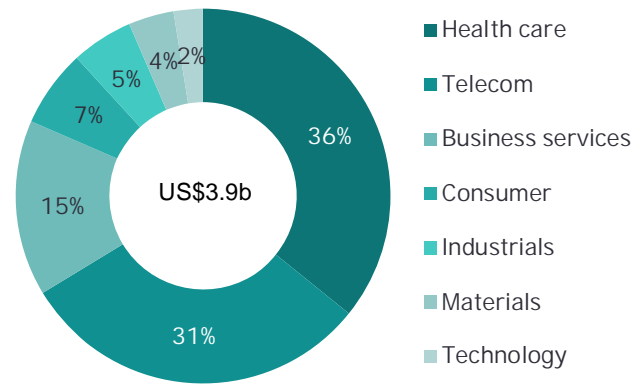
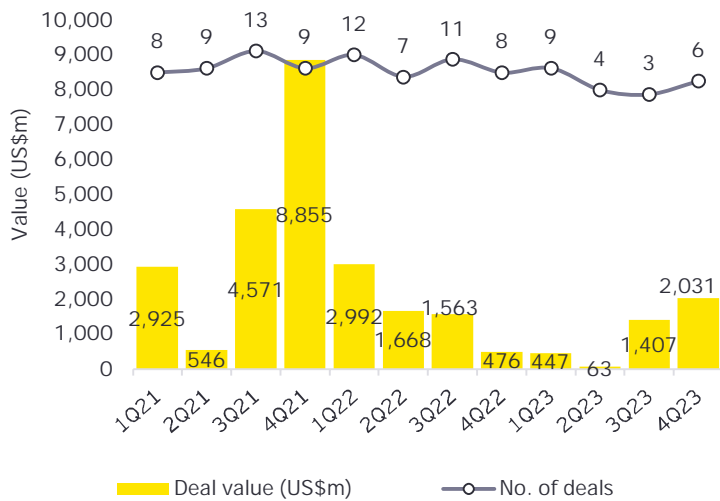
78%

of CEOs expect macroeconomic risks and technology disruption to have at least a "moderate" impact on their businesses.

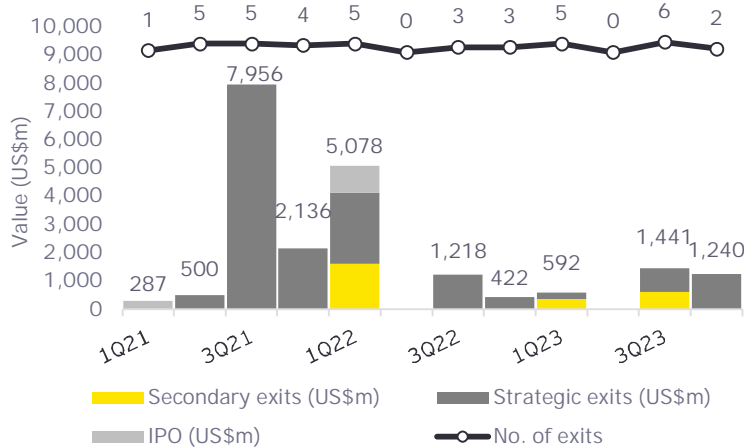
71%

of CEOs agree their organizations must act now on GenAI to avoid giving competitors a strategic advantage.

PE investments in SEA



PE-backed exits in SEA¹



SEA was affected by macroeconomic headwinds in 2023, with higher-for-longer interest rates and inflation resulting in lower demand for exports. However, GDP rates remain strong. Further, SEA's young workforce and growing middle class will continue to generate demand for innovative solutions, funded by the PE industry.

Top PE investments in 2023 (US\$m)

Target (HQ)	Sector	Investor	Deal value
Ramsay Sime Darby Health Care	Health care	TPG-backed Columbia Asia	1,220.0
SingTel regional data centre business (Singapore)	Telecom	KKR	807.0
QuEST Global Services (Singapore)	Business services	Carlyle	600.0

Top PE-backed exits in 2023 (US\$m)

Target (HQ)	Sector	PE seller	Exit value
Singapore Life Holdings (Singapore)	Financial services	TPG	1,193.0
QuEST Global Services (Singapore)	Business services	Advent; Bain Capital; GIC	600.0
MFS Technology (Singapore)	Technology	DCP Capital	460.0

Source: Dealogic, EY analysis.

Note: ¹IPO data till 3 December 2023; analysis includes all PE (excluding venture capital).

Contact us to explore these trends and discuss the implications for you.



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Southeast Asia Quarterly
Private Equity Update
This quarterly update looks at the private equity deal activity across Southeast Asia and provides analysis and insights on market trends and developments.

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