

Quarterly Private Equity Update

Southeast Asia

Q1 2024

Private equity (PE) activity in Southeast Asia (SEA) showed good momentum in Q1 2024 compared with Q1 2023. Deal value and volume witnessed an increase of 31% and 89% year-over-year, respectively.

In Q1 2024, SEA saw a total of 17 deals deploying US\$586m. Real estate deals accounted for a third (33%) of PE investments by value, followed by health care (28%) and financial services (23%).

In terms of exits, Q1 2024 saw slower activity. PE-backed exits in SEA fell by c.57% in terms of exit value, compared with Q1 2023. SEA's IPO market also witnessed muted activity in the quarter. The lack of exits, coupled with the high amounts invested in the region over the past few years, have manifested in a growing secondary market.

Fundraising also remained sluggish during the quarter. Only two SEA-based funds (Fullerton Asia Carbon Action Fund and Asia Partners II) were closed, raising a cumulative sum of US\$574m. While private credit is still nascent in SEA, it has tremendous growth potential and opportunity for investors amid subdued deal and fundraising activity. According to the *EY PE Pulse Survey - Q1 2024*, most of the PE firms globally expect interest rates to remain static, at least in the short term.

What is your firm's view with respect to the trajectory for interest rates over the next 12 months?

We expect interest rates will remain higher for longer than the market is currently predicting

63%

We expect interest rates to decline in line with current market expectations

37%

Q1 2024: numbers in focus

US\$586m

Capital deployed
across 17 deals

US\$255m

In PE-backed exits
across 4 deals

Looking to the future: What might the rest of 2024 hold?

- ▶ The emphasis on bespoke transactions and unique deal structures (e.g., secondary deals, minority purchases, convertibles or structured investments, platform acquisitions) are expected to intensify.
- ▶ PE funds will continue to seek to drive value through operational improvements, particularly cash management and bolt-on investments.
- ▶ Opportunities across private credit space will grow, especially in mid market, where bespoke financing solutions are more attractive.
- ▶ Exit activity is expected to pick up in the period ahead.

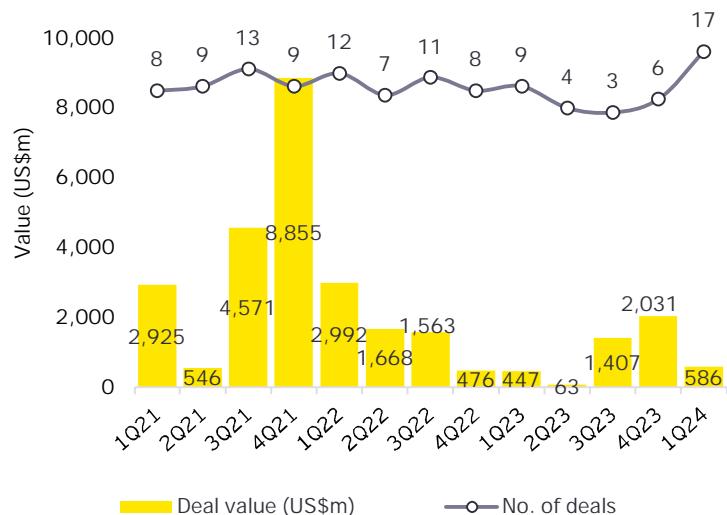


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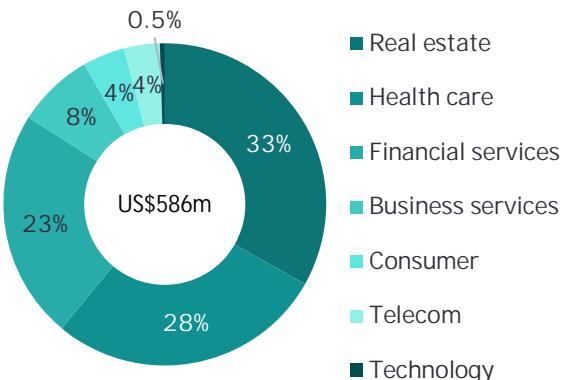


In line with the overall global PE landscape, PE activity in SEA started to pick up in Q1 2024. This should continue to accelerate over the next few quarters. Popular sectors include health care, consumer goods focused on health and wellness, education, digital infrastructure and business services.

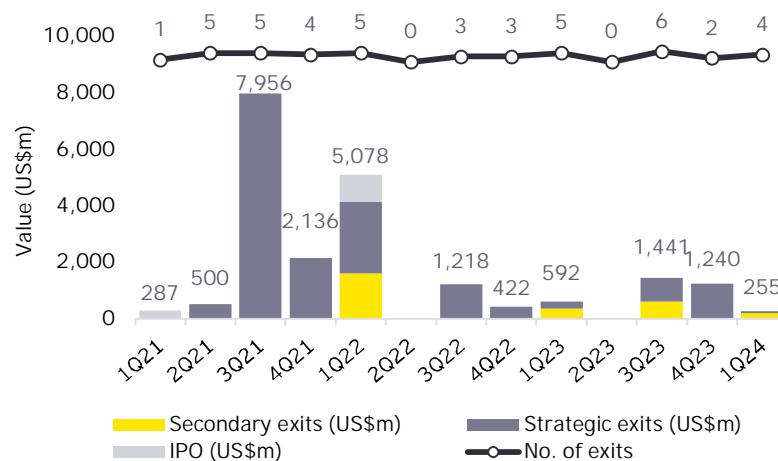
PE investments in SEA



Breakdown of PE investment value by sectors in Q1 2024



PE-backed exits in SEA



Amid SEA's estimated gross domestic product (GDP) growth rate of 4.6%¹ in 2024, lowering unemployment rates and strong contribution from tourism, prospects for the region stand positive, keeping investors interested.

Top PE investments in Q1 2024 (US\$m)

Target (HQ)	Sector	Investor	Deal value
Hotel G (Singapore)	Real estate	CapitaLand Investment Management and The Ascott Ltd.	180.0
Celltrion Inc (Asia-Pacific prescription drug business) (Singapore)	Health care	CBC Group	163.0
Asialink Finance (Philippines)	Financial services	Creditor Sdn Bhd	71.0

Top PE-backed exits in Q1 2024 (US\$m)

Target (HQ)	Sector	PE seller	Exit value
Hotel G (Singapore)	Real estate	Gaw Capital Partners	180.0
Premier Centre Group (Malaysia)	Industrials	Advantage Partners	75.0
In.Corp Global (Singapore)	Business services	TA Associates Management	n/a

Note:

¹ "Southeast Asia World Economic Outlook April 2024," International Monetary Fund website, [IMF DataMapper](#) accessed on 18 April 2024.

² Data used in this report is sourced from Dealogic.

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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