

Southeast Asia Private Equity Pulse

2024 in review

Private equity (PE) activity in Southeast Asia (SEA) witnessed good momentum in 2024 compared to the previous year. Deal value increased by 221% year on year and deal volume increased by 103%.

In 2024, there were a total of 67 deals deploying over US\$15.8b in capital. This was primarily driven by eight large-ticket investments (valued at US\$1b or more), contributing approximately 67% of total deal value during the year. Deal activity notably picked up through the course of 2024, compared with the previous year and we expect this momentum to carry into 2025.

Infrastructure sector saw strong investor interest

Infrastructure was the most active sector, contributing 40% of SEA's total PE deal value in 2024. With demand created from the migration to cloud and the progressive maturing of artificial intelligence (AI) technology, PE firms remain highly active in building out digital infrastructure capabilities in telecommunications, tower companies, data centers and fiber optics across the region. With countries such as Indonesia, Vietnam, Thailand, Malaysia and the Philippines leading major infrastructure initiatives, SEA has also become a compelling destination for investors looking to benefit from the shift in global supply chains.

Other sectors such as real estate and consumer constituted 20% and 13% of the total PE deal value, respectively. The rising middle class consumer theme in SEA is a megatrend that will drive PE interest in various sectors such as consumer, health care and financial services. Business services also remains an attractive investment thesis given the significant opportunities for consolidation in this space.

Interest in SEA markets continues to grow

Singapore, due to its favorable regulatory and financial environment for entrepreneurs and private capital,

2024: Numbers in focus

US\$15.8b

in capital deployed
across 67 deals

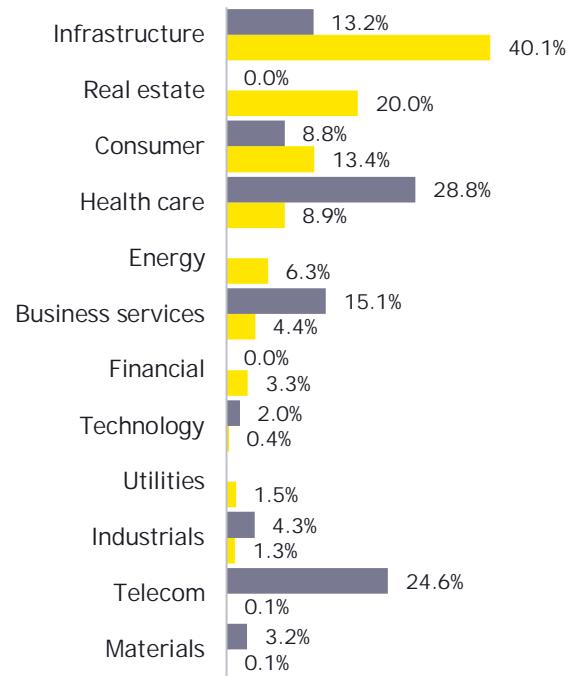
US\$5.9b

in PE-backed exits
across 27 deals

accounted for 45%, by deal value and volume. Malaysia, Indonesia and the Philippines collectively contributed about 55% of total PE deal value and about 43% in PE deal volume in 2024.

PE deals accounted for some 10% of overall mergers and acquisition (M&A) deal volume in SEA in 2024, compared with some 11% in the prior year.

SEA PE investment value by sector (2024 vs. 2023)



■ 2023 ■ 2024

Note:

Data used in this report is sourced from Dealogic and Pitchbook.

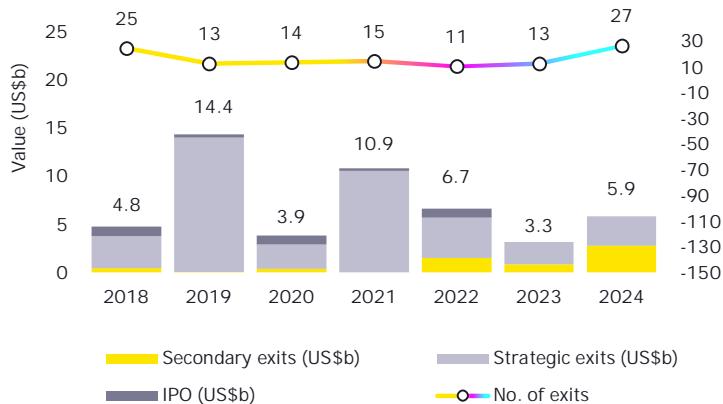
Deals include both announced and closed PE deals; analysis does not include venture capital activity.

Early signs of exit activity recovery

Exits have been difficult globally over the past two years. With general partners (GPs) facing greater pressure from limited partners (LPs) for distributions, more are approaching secondaries buyers. As a region comprising mostly developing markets, the lion's share of investments in SEA are in growth-stage companies and minority stakes. This makes both exits and distributed paid-in capital generation more challenging.

Despite the challenges, there was an increase of 1.8x in exit value across SEA in 2024, compared with 2023. While strategic investors have historically been the preferred mode of exit, these investors have also been cautious in their acquisition strategy. The gap was filled by secondary transactions. Initial public offerings (IPOs) have historically not been a significant exit route. However, as IPO markets recover, more dual-track processes have been observed. Overall, we expect exit activity to gain momentum in 2025 as interest rates decline and strategic buyers come back to the market.

PE exits in SEA, by exit type



SEA fundraising activity

With muted activity in Greater China in 2024, LPs with an existing and ongoing allocation to Asia-Pacific are seeking a home for their capital in other high-growth markets, such as India and Southeast Asia. There are many factors to consider in how fundraising will shape in 2025, including the impact of possible tariffs under the Trump administration, successful exits so capital can recycle and the relative attractiveness of SEA against other markets in Asia-Pacific, such as Japan and India. However, SEA remains a long term attractive destination given its relative growth advantage vs. other global markets.

Top five SEA PE funds closed in 2024 (US\$m)

Fund name	Fund manager	Fund size
TPG Asia Fund VIII	TPG Capital	5,300.0
Asia Partners II	Asia Partners	474.0
Exacta Asia Investment III	Mizuho Asia Partners	320.0
9 Basil Fund II	9 Basil	100.0
Kamet Founders Fund I	Kamet Capital Partners	70.0

PE investors and sovereign wealth funds from the Middle East are proving to be a significant source of capital for Asia-Pacific; they committed a total of US\$64b of direct investments into Asia-Pacific in 2015-19, which jumped to US\$126b in 2020-2024. Of this invested capital, 12% was deployed in SEA during 2024.

In 2024, SEA witnessed eight PE fund closes, raising a cumulative of US\$6.3b, an 18% increase year-on-year. In the largest fundraising of the year, TPG Capital closed its Asia Fund VIII at US\$5.3b that aims at geographically distributed strategy of growth investing.

Outlook for 2025

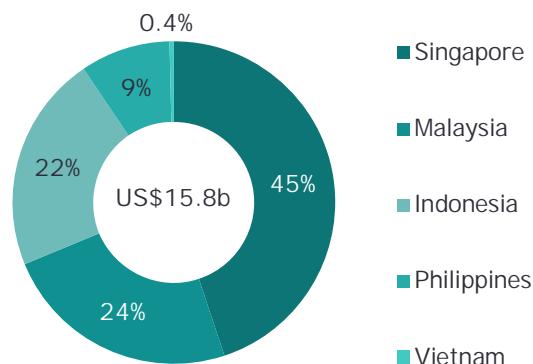
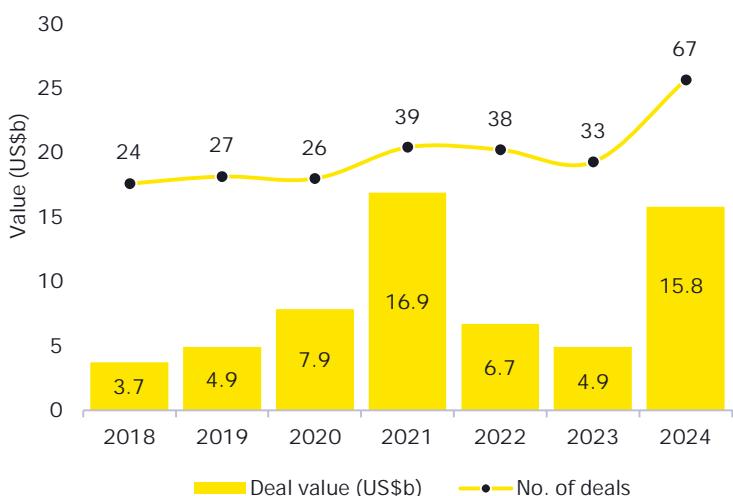
Key trends to watch in 2025 include:

- **Increase in deal activity:** There is a lot of momentum in the deal market and we expect 2025 will have more broad-based deal activity than 2024. GPs have a lot of dry powder to deploy, and with interest rates declining, we see the bid-ask spread continue to narrow. There will be some caution in sectors that could be impacted by trade restrictions as investors wait to see the policy of the incoming US administration.
- **Private credit:** While India and Australia have been the focus of private credit GPs, SEA is emerging as a promising market with nascent leverage buyouts and high-yield markets highlighting the need for private debt solutions.
- **Infrastructure:** PE players in the region will continue to invest in infrastructure with a focus on renewable energy and digital infrastructure. The strong growth of AI and other advanced technologies will require equally significant investment in data centers and PE investment will be core to navigating this growth.
- **Exits:** As strategic buyers return to the market, interest rates gradually decline and IPO markets improve, we expect exits to be robust.
- **Driving portfolio performance:** PE firms will continue to add operating capability to drive value in their portfolio. GPs will increasingly seek more control as well as greater say in how businesses are managed.
- **Digital disruption and AI:** GPs will increasingly harness the power of AI in many aspects from identifying investment trends to driving fund and portfolio performance.
- **GP consolidation:** We expect to see further M&A activity among the GPs as international firms look to fill gaps in their regional investment strategy.
- **Alternate sources of fundraising:** We expect GPs to increasingly focus on private wealth as a source of capital.

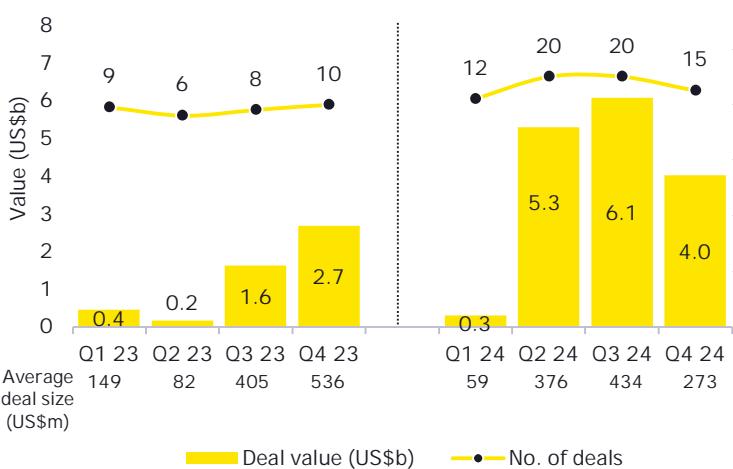


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EY Asia-Pacific Private Equity Leader

PE investments in SEA



Quarter-on-quarter SEA PE investments



In 2025, SEA is projected to achieve a GDP growth rate of 4.8%. Supported by a conducive interest rate environment, robust appeal across key sectors and initiatives aimed at improving exit performance, the outlook for private capital investment in the region remains positive. Geopolitics remains a headwind to watch out for.

Top PE investments in 2024 (US\$m)

Target (HQ)	Sector	Investor	Deal value
Malaysia Airports Holdings Bhd (Malaysia)	Infrastructure	Global Infrastructure Partners, ADIA, Khazanah Nasional Berhad, Employees Provident Fund	3,114.0
ST Telemedia Global Data Centres (Singapore)	Infrastructure	KKR, Singtel	1,300.0
Portfolio of property assets (business parks and specialist facilities) (Singapore)	Real estate	Warburg Pincus	1,229.4

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

Target (HQ)	Sector	PE seller	Exit value
Portfolio of property assets (business parks and specialist facilities) (Singapore)	Real estate	Blackstone Group	1,229.4
PropertyGuru (Singapore)	Real estate	KKR, TPG Capital	1,147.8
Island Hospital Sdn Bhd (Malaysia)	Health care	Affinity Equity Partners	966.0

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



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Areas of focus: Private equity, M&A and deal origination



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Southeast Asia Private Equity Pulse

This quarterly pulse looks at the private equity deal activity across Southeast Asia and provides analysis and insights on market trends and developments.

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