

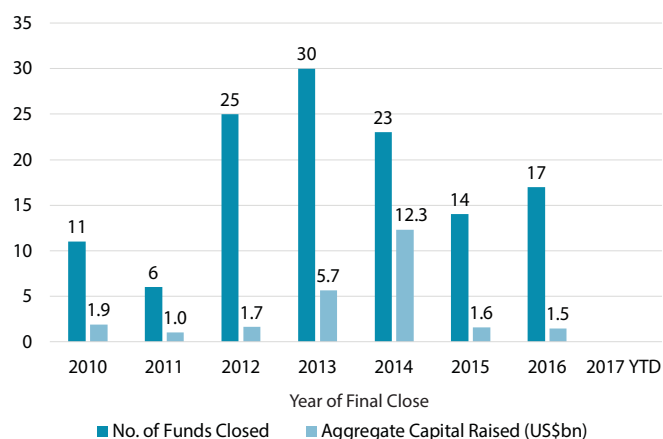
# ASEAN PRIVATE EQUITY UPDATE

We take a look at the private equity fundraising and deals sectors in the ASEAN region using data from Preqin's **Private Equity Online**.

Challenging conditions have affected ASEAN-focused private equity fundraising in the past two years, with the amount of capital raised annually significantly below the record US\$12.3bn secured in 2014 (Fig. 1). The majority (59%) of the 17 funds closed in 2016 were growth funds, while the remainder were venture capital vehicles. Interestingly, no buyout funds closed in 2016, the first time this has happened in seven years. Furthermore, none of the ASEAN-focused funds on the road are seeking investments in the buyout space, perhaps a signal that attention is being directed to high growth areas (Fig. 2). However, buyout deal activity in the region remained relatively strong over 2016, recording the second highest number (54) of deals since 2008, although the aggregate value of deals was lower than the US\$4.3bn in 2015 at US\$3.6bn (Fig. 3).

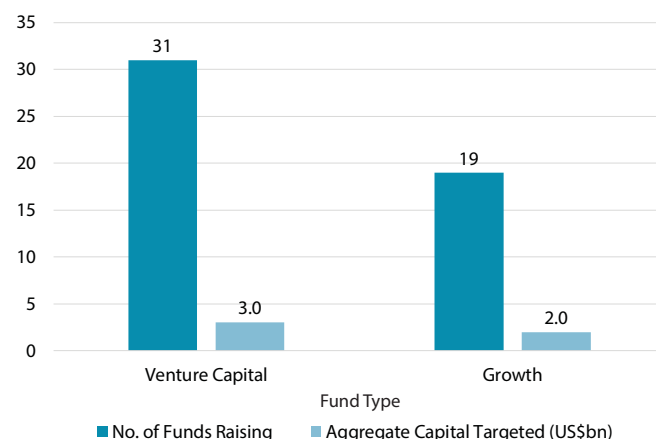
Venture capital on the other hand is seeing a surge in interest. In 2013, just 3% of the \$5.7bn raised by ASEAN-focused funds was focused on venture capital investment, which increased to 43% in 2016. Correspondingly, there has been a significant increase in venture capital deal activity in the region. As seen in Fig. 4, the number and value of deals are 2.8x and 10x higher than five years ago respectively, with 2016 representing the largest annual rise in aggregate value (+\$1.7bn). Individual deals are also becoming larger, with seven of the 10 largest venture capital deals since 2008 completed in the last two years.

**Fig. 1: ASEAN-Focused Private Equity Fundraising, 2010 - 2017 YTD (As at April 2017)**



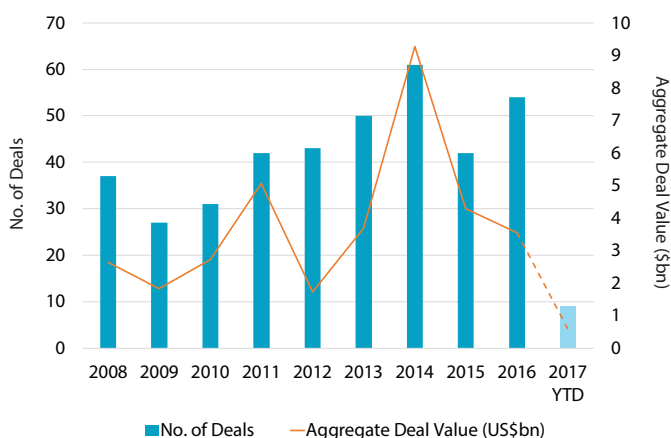
Source: Preqin Private Equity Online

**Fig. 2: ASEAN-Focused Private Equity Funds in Market by Type (As at April 2017)**



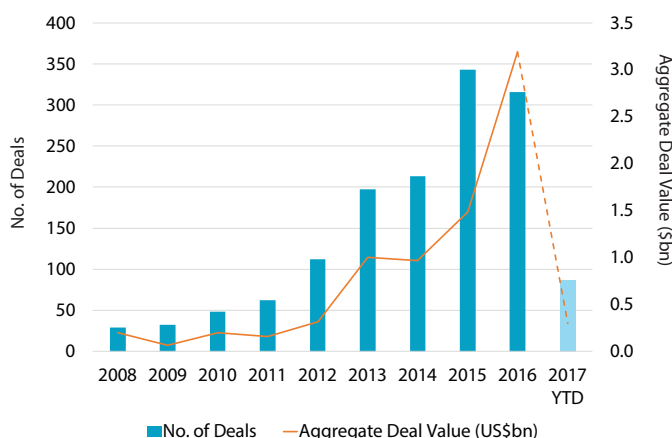
Source: Preqin Private Equity Online

**Fig. 3: Private Equity-Backed Buyout Deals in ASEAN, 2008 - 2017 YTD (As at April 2017)**



Source: Preqin Private Equity Online

**Fig. 4: Venture Capital Deals\* in ASEAN, 2008 - 2017 YTD (As at April 2017)**



Source: Preqin Private Equity Online

\*Figures exclude add-ons, grants, mergers, secondary stock purchases and venture debt.

# SVCA COMMENTARY: AUM IN 2016

In 2016, the assets under management\* (AUM) of private equity & venture capital (PE/VC) fund managers in Singapore grew more than 20% to exceed US\$35bn (Fig. 5).

## INVESTMENTS IN SOUTHEAST ASIA

Total PE/VC investments in Southeast Asia grew 43% from US\$3.9bn to US\$5.6bn. While PE investments in Southeast Asia grew 15% to US\$3bn, VC investments doubled to US\$2.6bn, fuelled largely by investments in “unicorns” such as GrabTaxi, Gojek and Garena. Larger venture capital rounds have also drawn the attention of traditional PE investors, such as KKR, which participated in the US\$550mn round in Indonesia’s Gojek alongside Warburg Pincus, Sequoia Capital and existing investors.

## INVESTMENTS BY SINGAPORE-BASED PE/VC FUND MANAGERS

PE investments by Singapore-based managers dropped more than 60% to US\$3.2bn, with fewer investments outside Singapore. PE investors focused on Singapore, where the public markets provided fertile ground for PE funds culminating in several take-private transactions, including Eu Yan Sang and Interplex from SGX, Select Group from Catalist and the carve-out of Foam Plastics Solutions from Broadway Industrial Group.

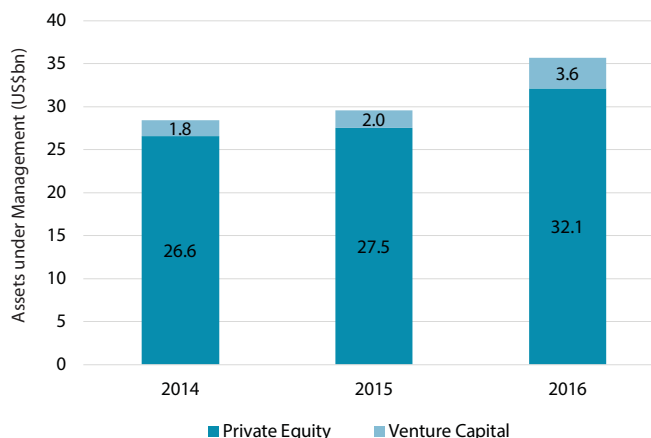
In contrast, VC investments by Singapore-based managers grew more than four times to reach US\$1.6bn. Geographic focus also shifted, with greater concentration in neighbouring ASEAN countries and beyond including China, India, the US and Israel. Singapore continued to be a gateway for funds invested in Southeast Asia, accounting for 35% of total PE/VC investments in the region.

## INVESTMENTS IN SINGAPORE TARGET COMPANIES

PE/VC investments in Singapore-headquartered companies grew 50% reaching US\$3.4bn in 2016. With the trend towards diversifying out of their home markets, fund managers in China and Japan are looking increasingly towards Southeast Asian opportunities. Singapore-headquartered companies have benefitted from this trend, capturing more than 60% of total investments in Southeast Asia in 2016.

While Singapore-based VC managers focused on earlier stage deals in the neighbouring ASEAN region, large foreign funds such as Softbank and Khazanah were attracted by sizeable investment opportunities in Singapore-headquartered GrabTaxi and Garena respectively. VC funding into Singapore-based target companies grew 47% to exceed US\$1.1bn in 2016.

Fig. 5: Singapore-Based Private Equity & Venture Capital Assets under Management, 2014 - 2016



Source: SVCA

## **SVCA** Singapore Venture Capital & Private Equity Association

Singapore Venture Capital & Private Equity Association (SVCA) was formed in 1992 to promote the development of the venture capital and private equity industry. It seeks to foster greater understanding of the importance of VC and PE to the economy in support of entrepreneurship and innovation. The association facilitates interaction and collaboration among its members. SVCA also acts as a platform for dialogue on regulatory and policy issues pertaining to VC and PE and builds linkages to centres of VC and PE activities in the region.

[www.svca.org.sg](http://www.svca.org.sg)

\*AUM estimates include committed capital (uncalled commitments or dry powder plus unrealized value of portfolio assets) for funds with principal management or invested capital for funds with discretionary/advisory management responsibilities in Singapore excluding sovereign wealth funds.