

Private Equity Industry Turns Its Attention to Southeast Asia

Interest in ASEAN is rising, and venture capital in particular is booming

The outlook for the private equity and venture capital industry in Southeast Asia is promising. Fundraising has hit new highs in recent years – a record 17 ASEAN-focused venture capital funds raised \$0.9bn in 2018, although buyout and growth fundraising was below historical levels. In the first half of the year, venture capital funds have raised a further \$0.5bn, and buyout and growth funds have already matched 2018's total. There are a further 70 ASEAN-focused funds currently in market, targeting an aggregate \$8.5bn in capital. A large proportion of the interest in the region comes from international investors – 84% of the known investors in ASEAN-focused funds are based outside the region, while half of domestic investors on Preqin's platform are currently active in private equity.

For more information and analysis, see the full *Private Equity & Venture Capital in Southeast Asia* report here: <https://docs.preqin.com/reports/Preqin-Markets-in-Focus-Private-Equity-and-Venture-Capital-in-Southeast-Asia-2019.pdf>

Ee Fai Kam, Head of Asia Research & Operations:

“Southeast Asia presents a wealth of opportunities to private equity and venture capital investors, and clearly many of them are starting to take an increased interest in the region. With several large cities on the global stage, and governments that are encouraging entrepreneurship and technological innovation, these countries make fertile ground for venture capital investment in particular. But the fractured regulatory environment can pose a challenge for investment, and investors characterize it as ‘diverse’, ‘fragmented’ and ‘segmented’. Alongside that, political uncertainty in some corners may be putting a brake on larger scale buyout investment, and it remains to be seen whether domestic investors will turn to the asset class in greater numbers. However, as investments and appetite are increasing in the region the future seems bright for ASEAN private equity.”

Key Southeast Asia Private Equity & Venture Capital Facts:

- **ASEAN-focused venture capital fundraising reached its record figures in 2018**, as 17 funds secured \$0.9bn. In 2019 so far, a further six funds have secured \$0.5bn, putting 2019 on course to match the previous year.
- **After the buyout and growth fundraising peak in the region in 2014 – twelve funds raised \$3.9bn – fundraising has declined.** Six funds secured just \$0.8bn in 2018, but that total has already been equalled in 2019 YTD.
- As at December 2018, **ASEAN-based assets under management in private equity & venture capital rose slightly to \$28bn**, up from \$26bn a year prior.
- **There are 70 ASEAN-focused private equity funds in market** as of June 2019, targeting an aggregate \$8.5bn.
- The region has recorded **222 venture capital deals in 2019 YTD**, on track to match the record 441 recorded in 2018. Total deal value for the year so far stands at \$3.4bn.
- **Buyout-backed dealmaking has slowed down.** Just 20 deals have been announced in 2019 YTD, worth a combined \$0.4bn. This is some way off the 68 deals that were announced in 2017 for a collective \$14bn.
- Most known **investors in ASEAN-focused funds (84%) are based outside the region.** Only 53% of institutions based in ASEAN are actively allocating to private equity.

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