

ASEAN Private Equity Deal Activity

Start-ups in ASEAN are drawing increasing attention from venture capital firms and several countries have put in place measures to encourage such activities. The appetite for venture capital investments has seen a growth in both the number of deals and aggregate value transacted between 2014 and 2015 YTD. On the other hand, buyout activity has yet to match the peak seen in 2014.

In 2014-2015 YTD, there were 401 venture capital deals completed in ASEAN, totalling \$2.2bn in aggregate value. When looking at buyout activities in the same timeframe, a total of 81 private equity-backed buyout deals were transacted at \$10.1bn. Singapore accounted for more than half of the aggregate value in both venture capital financings and private equity-backed buyouts.

Here, we provide a breakdown of the 10 most prominent firms, largest deals, notable exits and deals split by industry in both the venture capital and buyout space in ASEAN.

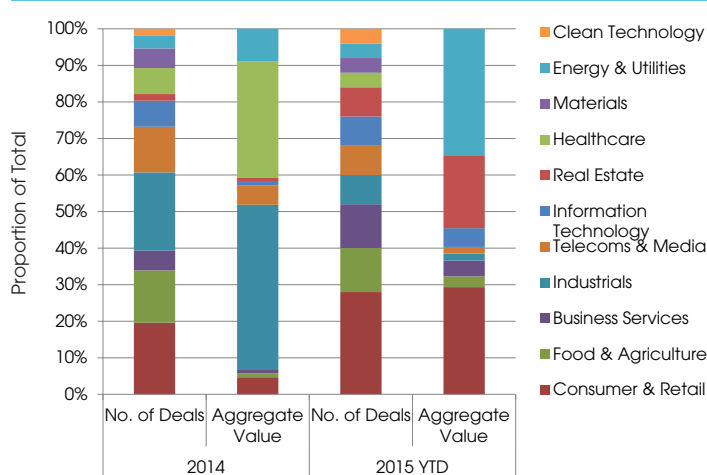
Fig. 1: 10 Most Prominent Buyout Firms Investing in ASEAN by Aggregate Transaction Value*, 2014-2015 YTD (As at 15 October 2015)

Investor	No. of Deals	Aggregate Transaction Size (\$mn)
EQT	1	2,673
China Development Bank Capital	1	2,518
Boyu Capital	1	2,518
Hopu Investment Management	1	2,518
KKR	3	1,174
Blackstone Group	1	800
Standard Chartered Private Equity	7	570
Carlyle Group	1	459
Warburg Pincus	3	259
Advent International	1	235

Source: Preqin Buyout Deals Analyst

*Includes multi-investor deals.

Fig. 2: Proportion of Number and Aggregate Value of Private Equity-Backed Buyout Deals in ASEAN by Industry, 2014-2015 YTD (As at 15 October 2015)



Source: Preqin Buyout Deals Analyst

Fig. 3: Five Largest Private Equity-Backed Buyout Deals in ASEAN, 2014-2015 YTD (As at 15 October 2015)

Portfolio Company	Investment Type	Deal Date	Deal Size (\$mn)	Investor(s)	Location	Industry
Sivantos	Buyout	Nov-14	2,673	EQT, Santo Holding	Singapore	Medical Devices
Global Logistic Properties Limited	PIPE	Feb-14	2,518	Bank of China Group Investment, Boyu Capital, China Development Bank Capital, China Life Insurance Company, Hopu Investment Management	Singapore	Logistics
Goodpack Ltd	Public-to-Private	May-14	1,120	KKR	Singapore	Logistics
Tamarind Energy	Buyout	Jul-14	800	Blackstone Group	Malaysia	Oil & Gas
PT XL Axiata TBK Telecom Towers	Add-on	Oct-14	459	Carlyle Group, PT Solusi Tunas Pratama Tbk	Indonesia	Telecoms

Source: Preqin Buyout Deals Analyst

Fig. 4: Notable Private Equity-Backed Exits in ASEAN, 2014-2015 YTD (As at 15 October 2015)

Portfolio Company	Investment Date	Investment Type	Deal Size (\$mn)	Investors(s) (Entry)	Exit Date	Exit Type	Exit Value (\$mn)	Acquiror (Exit)	Location	Industry
Pacnet	Jan-08	Merger	-	Ashmore Investment Management, Asia Netcom, Clearwater Capital Partners, Pacific Internet, Spinnaker Capital	Dec-14	Trade Sale	697	Telstra	Singapore	Telecoms
PT Bank Tabungan Pensiunan Nasional	May-07	Buyout	200	Northstar Group, TPG	Feb-15	Private Placement	461	Sumitomo Mitsui Banking Corporation	Indonesia	Financial Services
Link Net	Jun-11	Growth Capital	275	CVC Capital Partners	Nov-14	Private Placement	450	-	Indonesia	Telecoms

Source: Preqin Buyout Deals Analyst

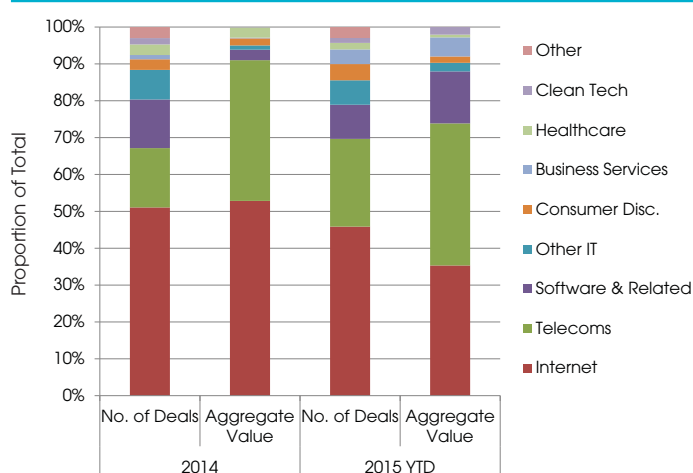
Fig. 5: 10 Most Prominent Venture Capital Firms Investing in ASEAN by Aggregate Transaction Value*, 2014-2015 YTD (As at 15 October 2015)

Investor	No. of Deals	Aggregate Transaction Size (\$mn)
Tiger Global Management	3	415
Coatue Management	1	350
Rocket Internet	3	274
Square Peg Capital	2	260
TPG	2	260
Verlinvest	1	249
Kinnevik	1	249
Sequoia Capital	7	200
Vertex Venture Holdings	9	120
500 Startups	45	108

Source: Preqin Venture Deals Analyst

*Includes multi-investor deals but excludes add-ons, grants, mergers, secondary stock purchases and venture debt.

Fig. 6: Proportion of Number and Aggregate Value of Venture Capital Deals** in ASEAN by Industry, 2014-2015 YTD (As at 15 October 2015)



Source: Preqin Venture Deals Analyst

Fig. 7: Five Largest Venture Capital Deals** in ASEAN, 2014-2015 YTD (As at 15 October 2015)

Portfolio Company	Stage	Deal Date	Deal Size (\$mn)	Investor(s)	Location	Industry
GrabTaxi Holdings Pte Ltd	Series E/Round 5	Aug-15	350	China Investment Corporation, Coatue Management, Didi Kuaidi, Softbank, Tiger Global Management	Singapore	Telecoms
GrabTaxi Holdings Pte Ltd	Series D/Round 4	Dec-14	250	Softbank	Singapore	Telecoms
Lazada	Unspecified Round	Nov-14	249	Kinnevik, Rocket Internet, Temasek Holdings, Verlinvest	Singapore	Internet
PropertyGuru	Series C/Round 3	Jun-15	130	Emtek Medika Corpora, Square Peg Capital, TPG	Singapore	Internet
Tokopedia	Unspecified Round	Oct-14	100	Sequoia Capital, Softbank	Indonesia	Internet

Source: Preqin Venture Deals Analyst

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

Fig. 8: Notable Venture Capital Exits in ASEAN, 2014-2015 YTD (As at 15 October 2015)

Portfolio Company	Date of First Investment	Investor(s) (Entry)	Total Known Funding (\$mn)	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (\$mn)	Industry	Location
Nonstop Games	Mar-13	Creandum, Lifeline Ventures	3	Trade Sale	Aug-14	King.com	90	Gaming	Singapore
Terratech Resources Pte Ltd***	Dec-12	Luminor Capital	12	IPO	Jul-14	-	20	Mining	Singapore
mig33***	May-07	Accel Partners, DCM, Digital Media Partners, Gree, Inc., Redpoint Ventures, Technology Venture Partners, Technology Venture Partners (Australia)	37	Private Placement	Sep-15	-	7	Telecoms	Singapore

Source: Preqin Venture Deals Analyst

***Denotes a partial exit

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Making Better Deals in Singapore and ASEAN

- Kabir Mathur, Director, KKR



At the recently concluded SVCA 23rd Anniversary Gala & Awards Dinner, fund managers were celebrated for outstanding deal and exit activity in ASEAN. Among them, KKR won PE Deal of the Year for its investment in Goodpack. We spoke to KKR's Kabir Mathur on how to navigate the region's private equity deal environment.

What challenges have you encountered in the private equity landscape in Singapore?

Singapore is probably the most developed market from a private equity ecosystem and transaction perspective in Southeast Asia, which helps when it comes to matters like deal execution and financing, yet also attracts other private equity firms for that very reason. Singapore is one of the most competitive markets in the region, and we expect this interest will continue to increase given the moderation you are seeing in other markets like China right now.

Another big challenge is finding talent – especially local talent – for both our investing teams and our portfolio companies. We are constantly on the lookout for very high-quality people but there are not many who fit our criteria in terms of being both very capable locally while possessing global, best-in-class investing or operating skills.

There is also the usual problem of finding good companies and stakeholders behind them, but that is really part and parcel of what we do worldwide as investors. So far, Singapore has been a market where we have managed to do this successfully.

How do you secure deals in this competitive environment?

It is not an easy industry to get deals done in. For those of us who are successful, a few key things matter. The first is taking a solutions approach, and really understanding what issues are on the top of entrepreneurs' minds. Many of these people are not necessarily the most financially sophisticated, but they are operationally very knowledgeable about their own businesses. The reason we are entering into transactions with them is because there are some particular strategic, operational or capital needs they are trying to solve. The key is being in a position where we understand that and work with them to design a solution that fulfils both their and our objectives.

The second is having a real value proposition beyond just capital. You need to prove that you have – and will make available – actual capabilities and resources to drive your portfolio partners' business plan and thesis. This is why KKR has built many of its unique specialist resources, including partnering with KKR Capstone which helps with operational improvement, our Public Affairs team or our Capital Markets team.

Third, much of our strategy has been built around taking the best of what KKR represents as a leading global private equity firm and allying that to very localized teams. We focus on building proprietary, long-term relationships with entrepreneurs. Having people who have deep personal networks and ties to the countries we cover is hugely beneficial.

Finally, we now benefit from having built our track record with our other companies, which has been very helpful in reinforcing KKR's value proposition. We often encourage entrepreneurs or owners (Goodpack is an example) to speak with some of these founders and entrepreneurs whom we have worked with previously and hear directly from them what that experience is like. Fortunately, it has been a very positive reinforcement of the model that we have built.

The number of public-to-private transactions, such as KKR's investment in Goodpack, has generally been in decline since the Global Financial Crisis; what unique opportunities do you think this deal type presents?

We apply broadly the same procedure and partnership approach whether they are buyout, minority, control, public or private investments. For public-to-private investments, the plus is that these will typically be control transactions, so we have a far greater ability to implement and execute our operational plan. In most instances, though, the broad theme is similar in that the companies we are investing in lack resources, network or the capability to make their companies better. Sometimes this requires taking a longer term view, and bridging that gap for public companies is very difficult given the need to deal with quarterly reporting and retail shareholders who may not want to take a three- to five-year view and instead, focus on next quarter's earnings.

What is your outlook on the Singaporean and wider ASEAN private equity industry?

My sense is that there is an increasing amount of capital and resources being dedicated to the region. Deal flow historically has been lumpy but if you look across Asia there are really only two or three big regional blocks that will continue to drive growth, and Southeast Asia is one of them. When you think about private equity as an asset class and as a source of capital in Southeast Asia, it is still a very nascent industry. So the hope is that private equity will become a much more deeply embedded alternative for entrepreneurs who are looking to exit or develop their businesses. Right now, the volume and size of private equity transactions can be really volatile in terms of which markets are guiding them. So the hope is also that some of this development happens and the ASEAN Economic Community (AEC) will certainly help create a greater and more consistent source of flows across each of these markets.

Kabir Mathur joined KKR in 2008 and is a Director in the Singapore office, where he focuses on KKR's investing and portfolio management activities across Southeast Asia. He is currently a member of the board of directors of Goodpack and MMI Holdings.

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