

Transaction Trail

A look at mergers, acquisitions, private equity, venture capital deals and initial public offerings in Singapore, Malaysia and Indonesia



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Welcome Note

Welcome to the *Duff & Phelps Transaction Trail Report 2019* Issue. As we publish our eighth annual edition this year, we are extremely thankful to our readers for the sustained interest and encouragement provided to us throughout these years. This edition of the report covers mergers and acquisitions (M&A), private equity/venture capital (PE/VC) investments and initial public offerings (IPOs) in Singapore, Malaysia and Indonesia (the “Region”) for 2019*.

Global M&A activity edged lower in 2019 compared to 2018, against the backdrop of the U.S.-China trade war and other geopolitical uncertainties. Global M&A transaction value in 2019 was US\$3 trillion, with over 39,000 transactions, compared to US\$3.7 trillion over 46,000 transactions in 2018 (Source: Bloomberg).

During 2019, the Region** witnessed a lower but healthy overall deal activity with over US\$100 billion of value from M&A, PE/VC investments and IPOs, compared to the historic high of about US\$136 billion achieved in 2018. The decline in the region was also felt at the country-level across Singapore, Malaysia and Indonesia for 2019.

Singapore continues to be the driving force behind the M&A, PE/VC and IPO deals in the region, contributing over US\$81.2 billion to the value. There have been 10 M&A deals in the region in 2019, valued at over a billion U.S. dollars each.

Approximately two-thirds of the M&A value in Singapore has come from outbound acquisitions, followed by domestic M&A value with a share of 26% (which is considerably larger compared to 10% in 2018). Real estate was the top sector this year contributing to about 32% of M&A value, driven by several sizable privatization deals involving real estate companies and real estate investment trusts (REITs). The technology sector (24% of total deal value) took second spot, followed by industrials in third place.

PE/VC investments in Singapore maintained their momentum with total value of about US\$6.5 billion during the period (compared to US\$6.6 billion in 2018). In line with healthy levels of overall deal activity, PE/VC investments recorded higher volume with 166 PE/VC investments in 2019 compared to 154 deals in 2018. The IPO capital raised in Singapore witnessed a significant recovery in 2019 raising US\$2.3 billion, about four times the amount raised in 2018, largely due to several notable REIT listings during the year.

Malaysia has continued to witness lower levels of deal activity in 2019 with total deals in M&A, PE/VC and IPO valued at US\$10.7 billion, continuing the decline from 2018 (total deal value of US\$12.5 billion) and from the record levels witnessed in 2017 (US\$20.3 billion).

There was a similar decline in deal activity for Indonesia, particularly for domestic M&A transactions which declined to US\$0.7 billion compared to US\$8 billion in 2018. PE/VC investments in Indonesia also declined in 2019 to US\$1.4 billion, compared to US\$3.2 billion in 2018.

As we have been tracking transactions in the region over the last eight years, we note that the reported transaction values in M&A, PE/VC investments and IPOs have grown from US\$70 billion in 2013 to historic levels of US\$136 billion in 2018 and stabilizing at about US\$100 billion this year. It is interesting to observe the key trends that have emerged over the years – some dynamic changes at the one end of the spectrum and some things remain unchanged at the other.

The most prominent change that we have seen in the deal landscape here over the years has been the region’s ability to attract significant PE/VC investments, growing from US\$3.2 billion in 2013 to nearly US\$10 billion in 2019. The overarching reason for this has been the growth in the technology sector in the region. The share of the technology sector in PE/VC rose from 8% in 2013 to 52% in 2019 in Singapore and from 3% in 2015 to 51% in 2019 in Indonesia. With this dynamic development, we are witnessing changing patterns and blurring of the lines between M&A and PE investments with corporates investing in minority stakes and PE funds doing buyouts. On a similar note, differentiation between the PE and VC funds is diminishing as well, with late stage investors diversifying investments into pre-profit stage companies. The traditional exit options are changing too. With market volatility and slowing IPO listings, we are seeing longer holding periods for private investments and preferred exits shifting to trades or secondary sales.

Going forward, we seem to be at a crossroads – gazing at trade wars, political uncertainty and global volatility on one side, and increased technology adoption, availability of capital and resources and positive demographic changes in the Southeast Asian economies, on the other. Based on these considerations, we can continue to expect to see robust activity, which may come with significant disruptions and more changes to the landscape, in the near future. We hope you enjoy reading this report and we welcome your feedback, comments and suggestions.



Srividya Gopal
Managing Director
Duff & Phelps, Singapore

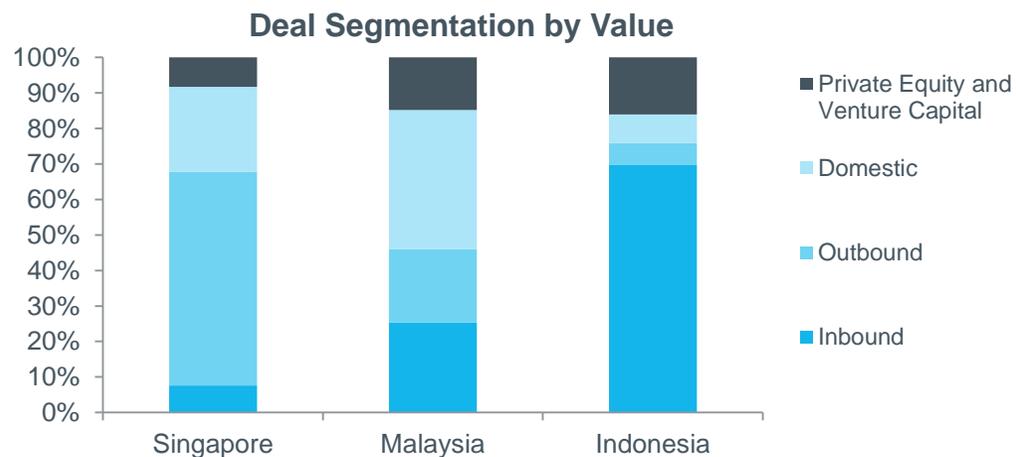
* December 2018 to November 2019

** “Region” refers to Singapore, Malaysia and Indonesia

Annual 2019 Deal Round-Up

Deal Summary	Singapore		Malaysia		Indonesia		Grand Total	
	Deal Vol.	Deal Value (US\$ Mn)	Deal Vol.	Deal Value (US\$ Mn)	Deal Vol.	Deal Value (US\$ Mn)	Deal Vol.	Deal Value (US\$ Mn)
2019 (YTD Nov' 19)								
Inbound	151	6,020	68	2,654	42	5,990	261	14,664
Outbound	291	47,500	38	2,178	7	522	336	50,199
Total Cross border	442	53,520	106	4,832	49	6,512	597	64,863
Domestic	188	18,910	147	4,108	45	689	380	23,707
Total Merger and Acquisitions	630	72,430	253	8,940	94	7,201	977	88,570
Regional Deals							37	994
Net Total Mergers and Acquisitions							940	87,576
Private Equity and Venture Capital	166	6,510	31	1,556	81	1,379	278	9,445
Total M&A, PE & VC	796	78,940	284	10,496	175	8,580	1,218	97,021
Initial Public Offerings (IPOs)	13	2,273	24	229	45	867	82	3,369
Total M&A, PE & VC, IPOs	809	81,213	308	10,725	220	9,447	1,300	100,390

The overall transaction value in the region stabilised at about US\$100 billion, compared to the record levels of US\$136 billion and US\$130 billion, in 2018 and 2017 respectively.



Deal Highlights

A total of 1,300 M&A, PE/VC investments and IPO deals were recorded in Singapore, Malaysia and Indonesia (the "Region") during 2019* (defined as the period between December 2018 and November 2019) with a combined value of US\$100.4 billion.

Singapore recorded a total M&A deal volume of 630 deals during this period, valued at US\$72.4 billion, compared to US\$99 billion in 2018. Outbound deals accounted for about 66% of the total deal value compared to 82% in 2018, followed by domestic deals (26% of total deal value) which have almost doubled in 2019 to reach US\$18.9 billion as compared to US\$9.9 billion in 2018. Inbound deals accounted for 8% of total transacted value.

During the same period, Singapore witnessed 166 PE/VC investments amounting to approximately US\$6.5 billion.

IPO listings in Singapore showed a significant increase in 2019, with IPO capital raised exceeding US\$2 billion compared to US\$523 million in 2018.

Malaysia recorded a total of 253 M&A deals during the year, valued at US\$8.9 billion, where domestic deals comprised approximately half (at 46%) of the total transacted value.

Indonesia recorded a decline in M&A deal value and volume for 2019 with 94 M&A deals amounting to approximately US\$7.2 billion compared to US\$15.1 billion in 2018.

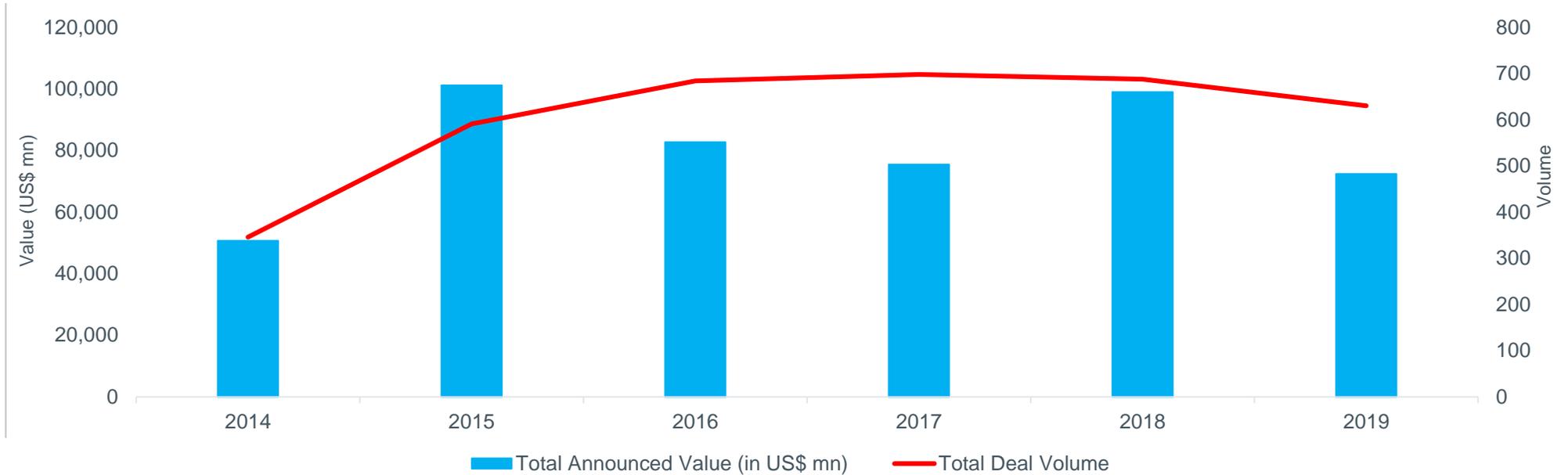
Regional PE/VC investments remained fairly active in 2019 with 278 PE/VC investments in the region accounting for approximately US\$9.5 billion in deal value.

Singapore 2019 Deal Round-Up

“Surrounded by a sea of developing economies, Singapore continues to be a first world port driving the M&A activity in the Southeast Asian region.”

- Ashish McLaren,
Director, Duff & Phelps

Singapore M&A Yearly Trend Analysis



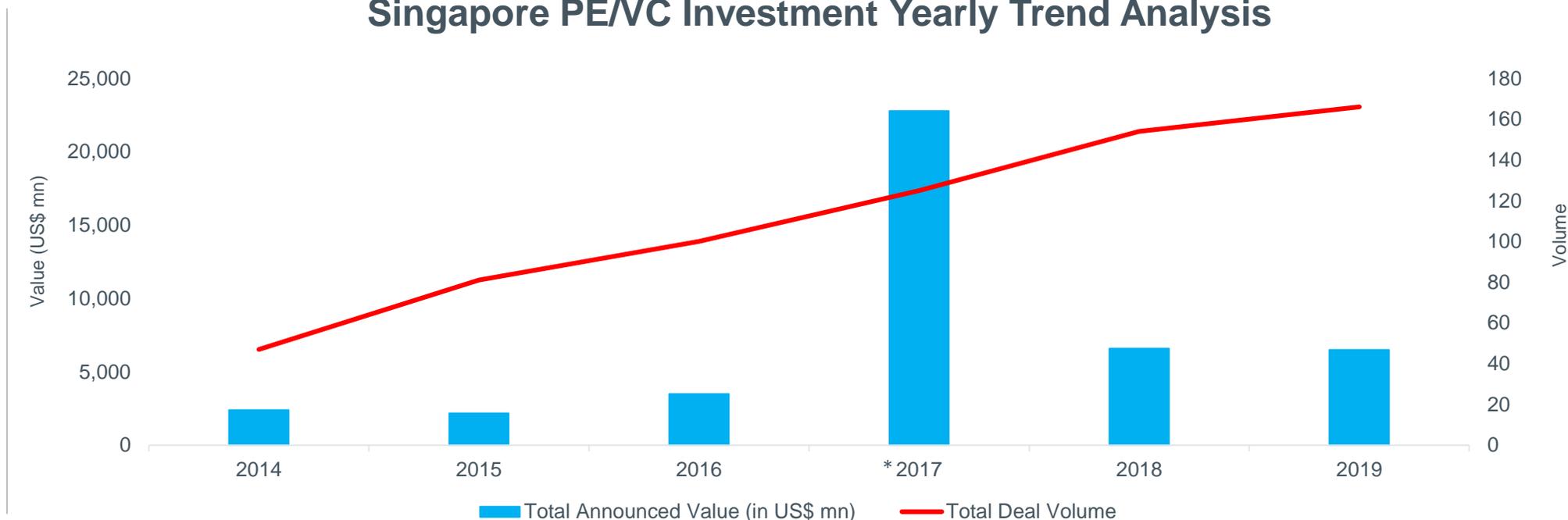
2014		2015		2016		2017		2018		2019	
Value (US\$ mn)	Volume										
50,728	346	101,171	591	82,712	684	75,436	698	99,037	688	72,430	630

- M&A deal volume has been stable within a range over the last five years.
- M&A deal values recorded in 2019 for Singapore were in line with the overall regional trend; and lower compared to 2018 and 2017.

Singapore 2019 Deal Round-Up

PE/VC investment activity in 2019 witnessed a new record high volume with 166 PE/VC investments in 2019, maintaining its total value at approx. US\$6.5 billion during the period.

Singapore PE/VC Investment Yearly Trend Analysis



2014		2015		2016		2017		2018		2019	
Value (US\$ mn)	Volume										
2,400	47	2,182	81	3,503	100	22,787	125	6,592	154	6,510	166

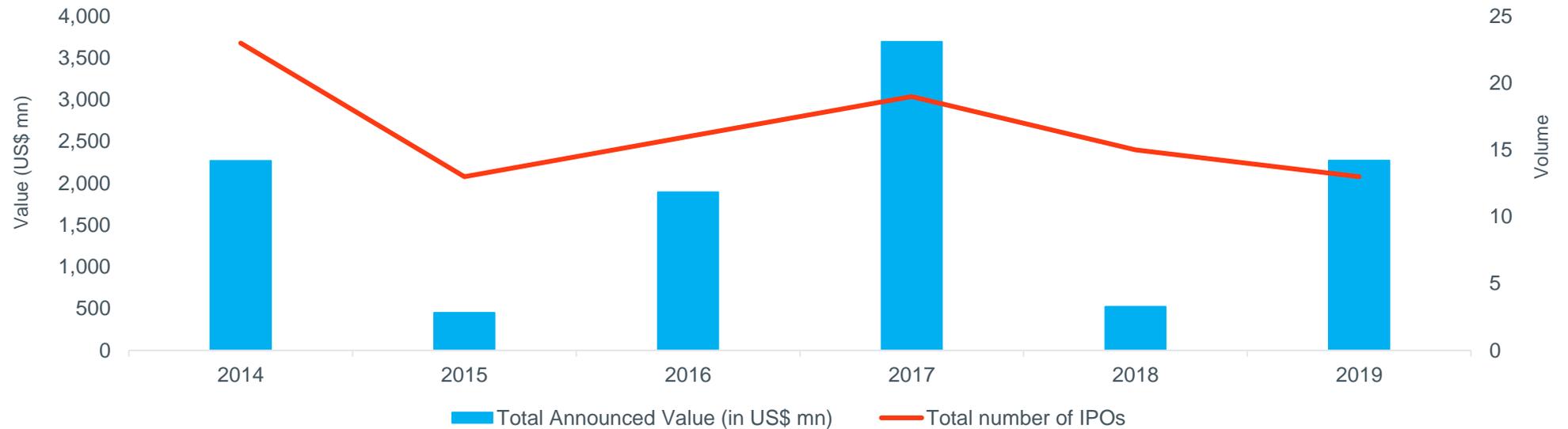
* 2017 driven by sizeable PE/VC buyouts, including the privatization of Global Logistic Properties Limited, and the acquisition of Equis Energy which accounted for more than 70% of PE/VC deal value in Singapore

Singapore 2019 Deal Round-Up

IPO performance witnessed a significant recovery in capital raised in 2019 due to several large REIT listings on SGX.

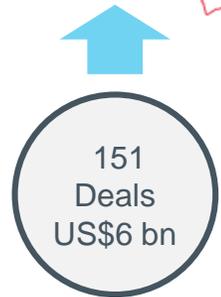
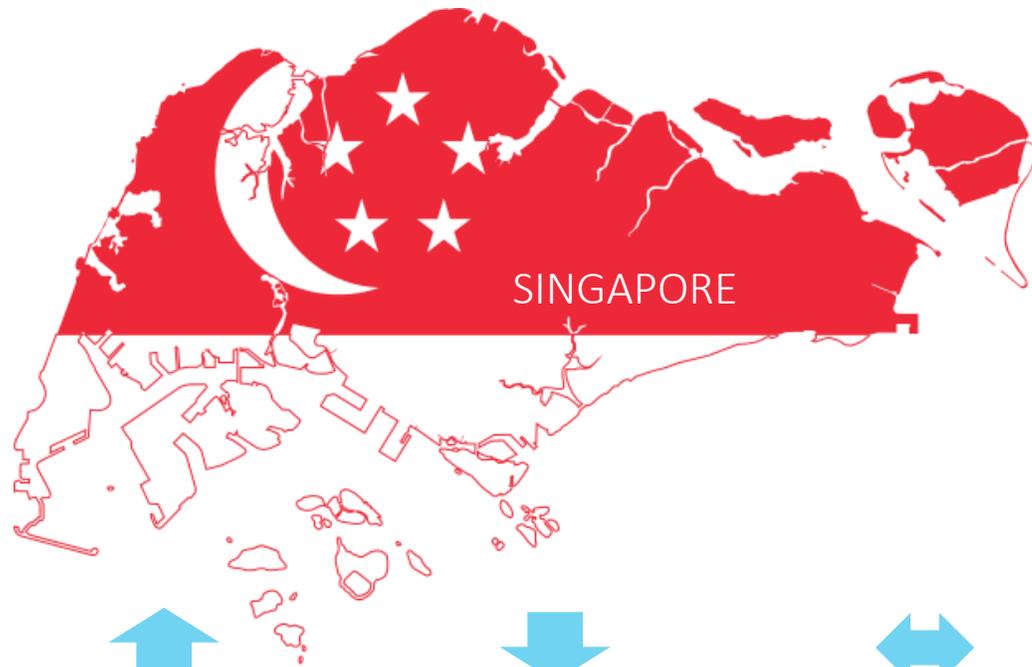
2019 witnessed a total of 13 IPOs raising capital of approximately US\$2.3 billion, up by more than 300% compared with the previous year.

Singapore IPO Yearly Trend Analysis



2014		2015		2016		2017		2018		2019	
Capital Raised (US\$ mn)	Listing Volume										
2,270	23	451	13	1,893	16	3,695	19	523	15	2,273	13

Overview of Singapore M&A Activity



Inbound

Top Sector:
Technology



Outbound

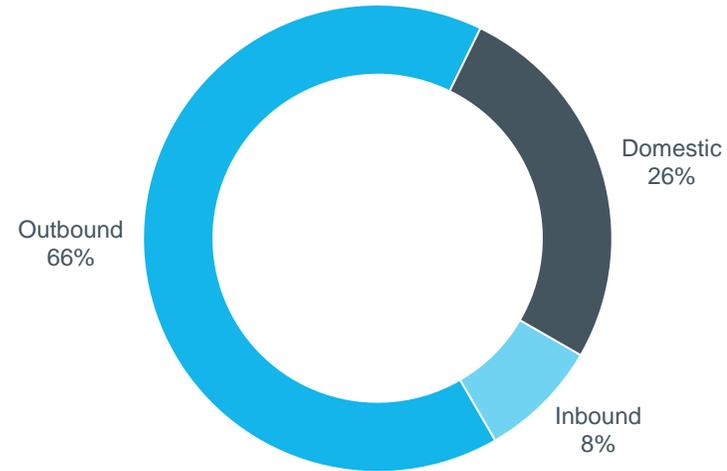
Top Sector:
Technology



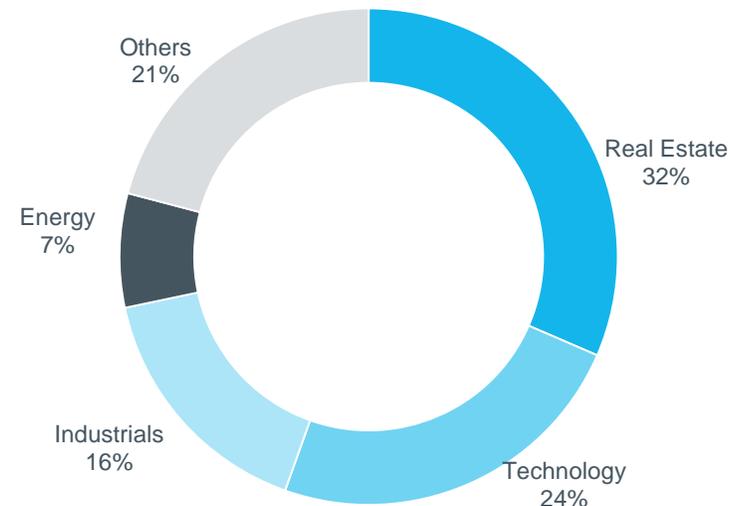
Domestic

Top Sector:
Real Estate

M&A Deal Value - % Share



M&A Deal Value by Sector



A total of 630 M&A transactions took place in 2019, with a total announced value of US\$72.4 billion.

Real estate was the dominant sector in 2019 with a total deal value of US\$22.8 billion, due to several large privatization and delisting deals in Singapore.

Technology was the next most active sector which accounted for approximately 24% of the total value and was the top sector jointly for inbound and outbound M&A deals in Singapore.

Overview of Singapore M&A Activity

Top M&A Deals in Singapore during 2019

Acquirer	Target	Target Sector	Value (US\$ mn)	% Stake Acquired	Type
GIC Pte Ltd and others*	Ultimate Software Group Inc	Technology	11,000	100	Acquisition (Privatization)
GIC Pte Ltd and others*	Genesee & Wyoming Inc	Transportation	8,400	100	Acquisition (Privatization)
CapitaLand Ltd	Ascendas Pte Ltd, Singbridge Pte Ltd	Real Estate	8,125	100	Acquisition
GIC Pte Ltd and others*	Tallgrass Energy LP	Energy	3,300	44.0	Economic Interest
YY Inc	Bigo Technology Pte Ltd	Technology	1,453	68.3	Acquisition (Increasing stake from 31.7% to 100%)
OUE Commercial Real Estate Investment Trust	OUE Hospitality Trust	Real Estate	1,010	100	Acquisition (Privatization)
City Developments Ltd	Millennium & Copthorne Hotels PLC	Consumer Discretionary	987	34.8	Acquisition (Increasing stake from 65.2 to 100)

*Others refers to a consortium of investors.

GIC, together with its consortium partners, continues to dominate the top M&A deal value rankings with significant outbound investments made in the technology, transportation and energy sectors. Notable deals include the acquisition by GIC (and its consortium partners) of Ultimate Software Group Inc. for an aggregate value of US\$11 billion earlier this year.

Overview of Singapore M&A Activity

Top M&A (Non-Sovereign Wealth Fund) Deals in Singapore during 2019

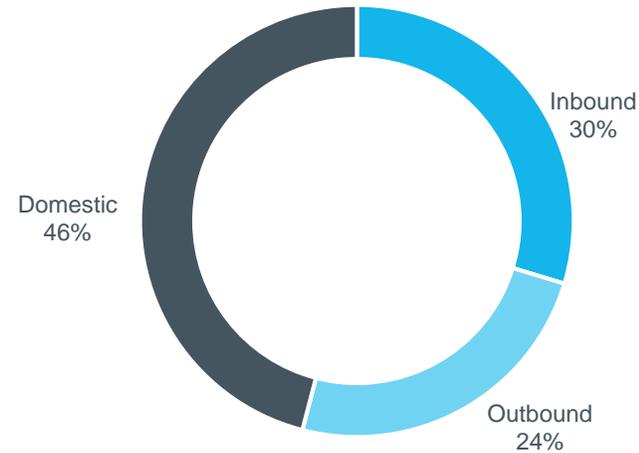
Acquirer	Target	Target Sector	Value (US\$ mn)	% Stake Acquired	Type
CapitaLand Ltd	Ascendas Pte Ltd, Singbridge Pte Ltd	Real Estate	8,125	100	Acquisition
YY Inc	Bigo Technology Pte Ltd	Technology	1,453	68.3	Acquisition (Increasing stake from 31.7% to 100%)
OUE Commercial Real Estate Investment Trust	OUE Hospitality Trust	Real Estate	1,010	100	Acquisition (Privatization)
City Developments Ltd	Millennium & Copthorne Hotels PLC	Consumer Discretionary	987	34.8	Acquisition (Increasing stake from 65.2 to 100)
Ascendas Real Estate Investment Trust	Ascendas US Holdco Pte Ltd	Real Estate	938	100	Acquisition

Excluding Sovereign Wealth Fund (SWF) deals, significant deal activity in 2019 included CapitaLand Ltd's acquisition of Ascendas Pte Ltd and Singbridge Pte Ltd for US\$8.1 billion, YY Inc's acquisition of Bigo Technology Pte Ltd for US\$1.5 billion, OUE Commercial REIT's privatization of OUE Hospitality Trust for US\$1 billion and others.

Overview of Malaysia M&A Activity



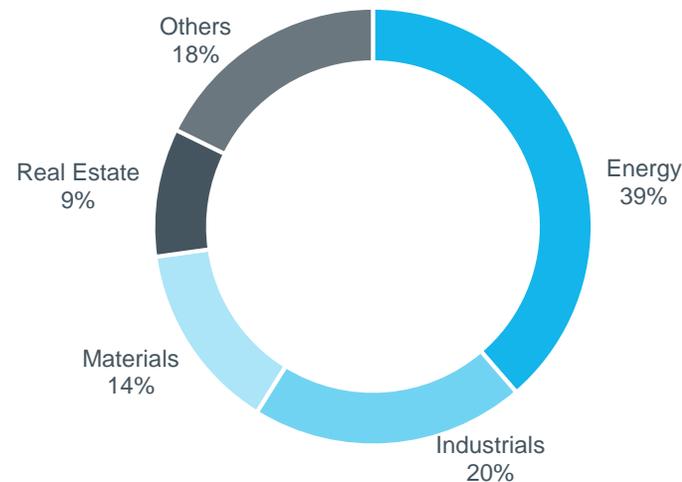
M&A Deal Value - % Share



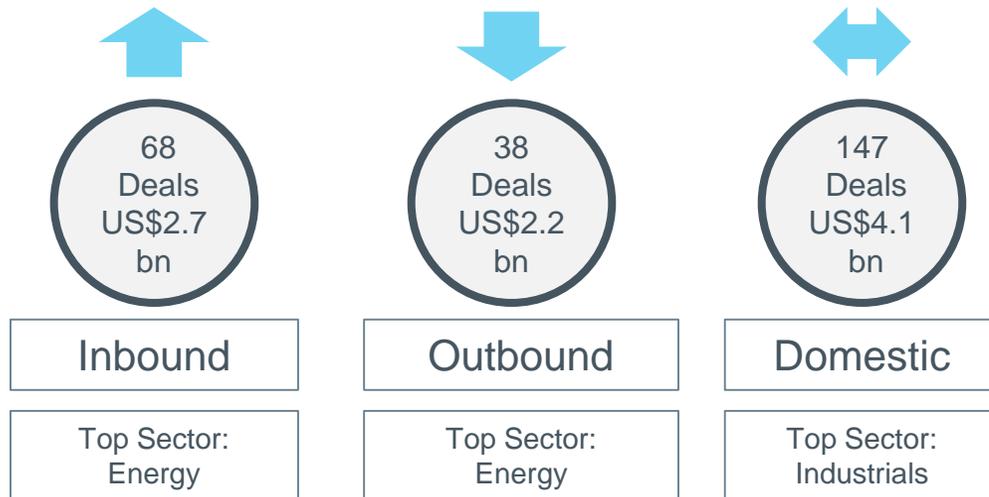
Malaysia witnessed M&A deal values at US\$8.9 billion, which was significantly below 2018 and 2017 levels of US\$11.4 billion and US\$ 17.6 billion respectively.

The energy sector in Malaysia continued to witness high-value inbound and outbound deal activity for Oil and Gas (“O&G”) assets, followed by industrials which was the top sector for domestic M&A.

M&A Deal Value by Sector



The two largest M&A transactions in 2019 for Malaysia were the corporate carve-out of Murphy Sabah Oil Company Ltd and Murphy Sarawak Oil Company Ltd by PTT Exploration and Production PCL; as well as the acquisition of Lingkarans Trans Kota Holdings Bhd by the Federation of Malaysia (Ministry of Finance).

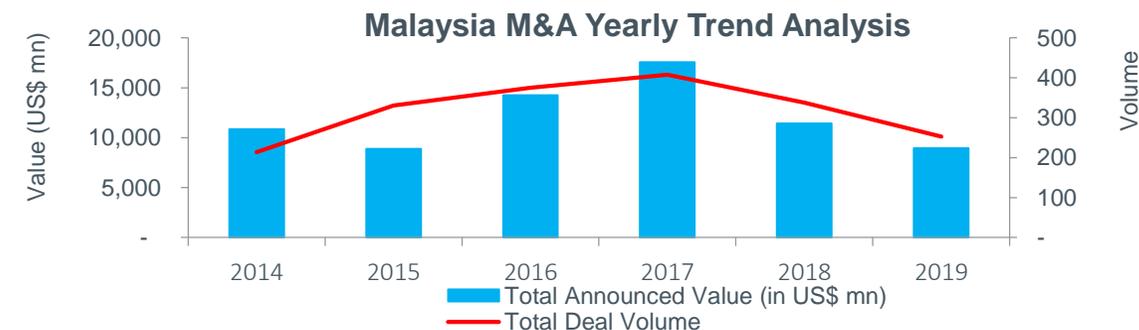


Overview of Malaysia M&A Activity

Top M&A Deals in Malaysia during 2019

Acquirer	Target	Target Sector	Value (US\$ mn)	% Stake Acquired	Type
PTT Exploration and Production PCL	Murphy Sabah Oil Company Ltd, Murphy Sarawak Oil Company Ltd	Energy	2,135	100	Acquisition
Federation of Malaysia (Ministry of Finance)	Lingkaran Trans Kota Holdings Bhd, 4 Toll highways	Industrials	1,497	100	Acquisition
Petroliam Nasional Bhd	Tartaruga Verde field, Module III of Espadarte	Energy	1,294	50.0	Majority
YTL Corp Bhd	Lafarge Malaysia Bhd	Materials	595	77.0	Majority
IHH Healthcare Bhd	Prince Court Medical Centre Sdn Bhd	Healthcare	244	100	Acquisition
Can-One Bhd	Kian Joo Can Factory Bhd	Materials	218	66.6	Acquisition (Increasing stake from 33.4% to 100%)
Mapletree Logistics Trust Management Ltd	Logistics property	Real Estate	197	100	Acquisition
Asia Dairy Creations Sdn Bhd	F&B Nutrition Sdn Bhd	Consumer Staples	191	100	Acquisition

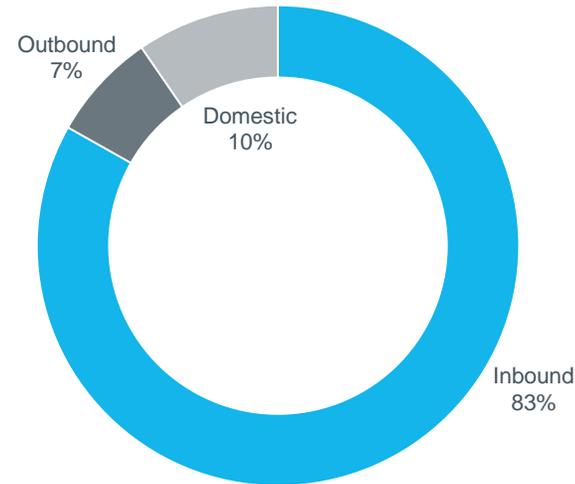
2014		2015		2016		2017		2018		2019	
Value (US\$ mn)	Volume										
10,871	214	8,870	331	14,253	375	17,573	408	11,439	338	8,940	253



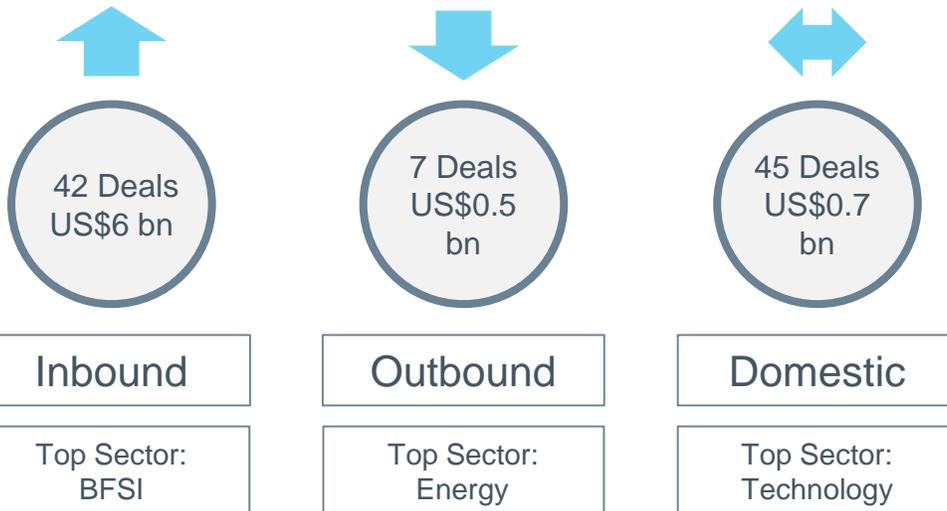
Overview of Indonesian M&A Activity



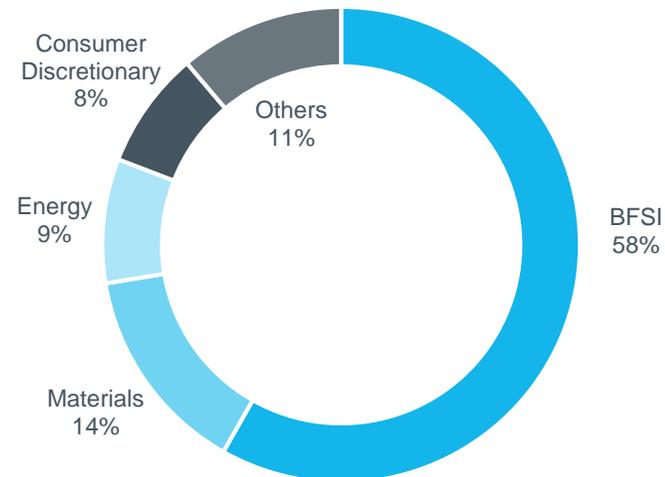
M&A Deal Value - % Share



M&A deal volume reached a total of 94 deals in Indonesia with total announced deal value of approximately US\$7.2 billion. Inbound M&A took up the majority share (83%) of total deal value.



M&A Deal Value by Sector



BFSI was the largest sector in value terms exceeding US\$4 billion in 2019, mainly due to sizeable inbound M&A deals involving Indonesian banks.

Overview of Indonesian M&A Activity

Top M&A Deals in Indonesia during 2019

Acquirer	Target	Target Sector	Value (US\$ mn)	% Stake Acquired	Type
MUFG Bank, Ltd.	PT Bank Danamon Indonesia Tbk	BFSI	3,506	54	Majority (Increasing stake from 40% to 94%)
Siam Cement PCL	PT Fajar Surya Wisesa Tbk	Materials	665	55	Majority
Cie Generale des Etablissements Michelin SCA	PT Multistrada Arah Sarana Tbk	Consumer	545	100	Acquisition (Privatization)
PT Medco Energi Internasional Tbk	Ophir Energy Ltd	Energy	520	100	Acquisition (Privatization)
Wilton Resources Corporation Limited	PT Renuka Coalindo Tbk	Materials	278	100	Acquisition
MS&AD Insurance Group Holdings Inc	PT Asuransi Jiwa Sinarmas MSIG Tbk	BFSI	269	30	Majority (Increasing stake from 50% to 80%)

2014		2015		2016		2017		2018		2019	
Value (US\$ mn)	Volume										
5,065	75	1,570	104	8,449	131	6,618	137	15,108	130	7,201	94

Indonesia deal activity in 2019 reduced significantly, with total deal values declining to US\$7.2 billion compared with US\$15.1 billion in 2018. Overall transaction volume fell in 2019 to 94 deals from 130 deals in 2018.



Private Equity / Venture Capital Investment Snapshot in the Region

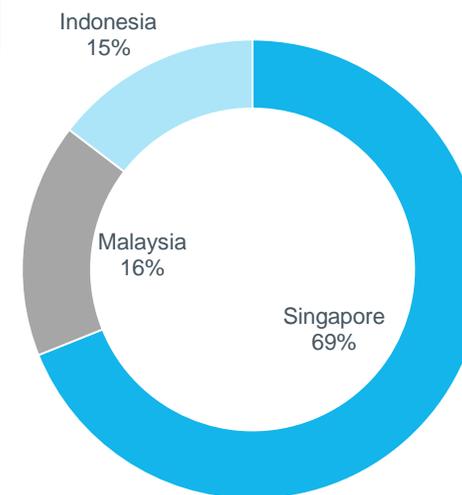
Top PE/VC Deals in the region for 2019

Investor(s)	Investee	Sector	Country	Investment Value (US\$ mn)
SoftBank Group Corp	Grab Holdings Inc	Technology	Singapore	1,460
Hong Leong Financial Group Bhd, TPG Capital LP	Several Hospitals/ Clinics under Columbia Asia Healthcare	Healthcare	Malaysia	1,200
Allianz Real Estate GmbH, GAW Capital Advisors Ltd	DUO Tower and DUO Galleria	Real Estate	Singapore	1,159
EQT Partners AB	Health Management International Ltd	Healthcare	Singapore	485
GIC Pte Ltd and others*	Traveloka Holding Ltd	Technology	Singapore	420
Asian Development Bank	Jawa-1 combined cycle gas turbine	Energy	Indonesia	305
Invesco Ltd, Experian PLC	Grab Holdings Inc	Technology	Singapore	300
Sofina SA, EDBI Pte Ltd, Sequoia Capital Operations LLC and others*	Zilingo Pte Ltd	Technology	Singapore	226
Temasek Holdings Pte Ltd, United Overseas Bank Ltd	InnoVen Capital Pte Ltd	BFSI	Singapore	200

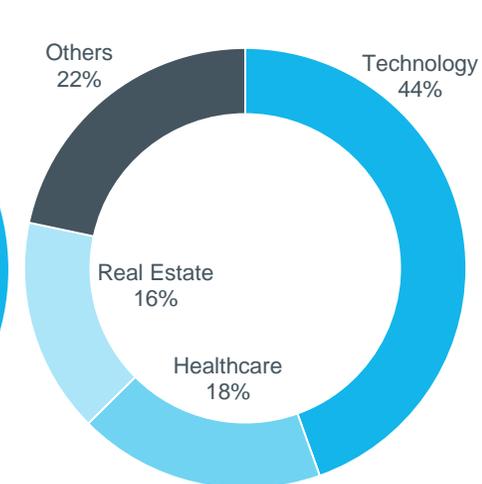
* Others refers to a consortium of investors.

Regional PE/VC	2015		2016		2017		2018		2019	
	Deal Volume	Deal Value (US\$ mn)								
Singapore	81	2,182	100	3,503	125	22,787	154	6,592	166	6,510
Malaysia	21	46	27	1,135	23	1,037	33	953	31	1,556
Indonesia	26	460	33	1,474	35	2,395	37	3,249	81	1,379

Deal Value by Region



Deal Value by Sector



PE/VC deals transacted in 2019 amounted to 278 deals with combined deal value of approximately US\$9.4 billion. For most sizeable PE/VC investments in the technology sector, investor consortiums included both VC funds and corporates. Singapore was the largest contributor in the region for PE/VC investment with total deal value of approximately US\$6.5 billion.

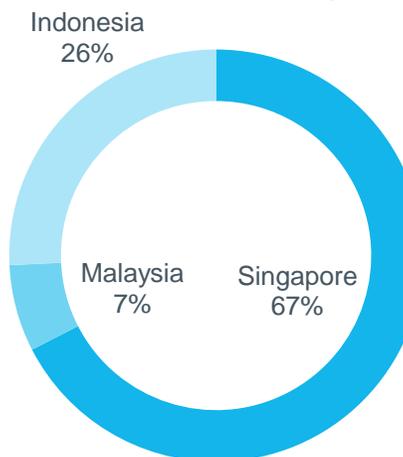
Technology was the top contributing sector for PE/VC deals, accounting for more than 40% of deal values followed by the healthcare and real estate sectors.

IPOs in the Region

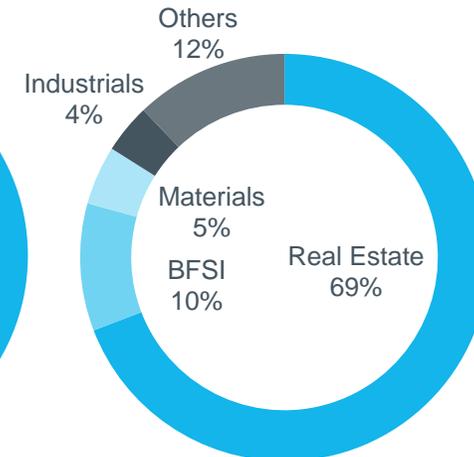
Top IPOs in the Region during 2019

Company Name	Capital Raised (US\$ mn)	Sector	IPO Exchange
Prime US REIT	612	Real Estate	Singapore Exchange
Eagle Hospitality Trust	566	Real Estate	Singapore Exchange
Lendlease Global Commercial REIT	544	Real Estate	Singapore Exchange
ARA US Hospitality Trust	498	Real Estate	Singapore Exchange
PT Asuransi Jiwa Sinarmas MSIG Tbk	334	BFSI	Jakarta Exchange
PT Gunung Raja Paksi Tbk	73	Materials	Jakarta Exchange
Leong Hup International Bhd	67	Agriculture	Bursa Exchange
PT MNC Vision Networks Tbk	59	Media and Communication	Jakarta Exchange
PT Pollux Investasi Internasional Tbk	45	Real Estate	Jakarta Exchange
PT Digital Mediatama Maxima Tbk	44	Consumer Discretionary	Jakarta Exchange
AME Elite Consortium Bhd	27	Industrials	Bursa Exchange
PT Bali Bintang Sejahtera Tbk	25	Consumer Discretionary	Jakarta Malaysia

IPO Deal Value by Region



IPO Deal Value by Sector



Regional IPOs	2015		2016		2017		2018		2019	
	Listing Volume	Capital Raised (US\$ mn)								
Singapore	13	451	16	1,893	19	3,695	15	523	13	2,273
Malaysia	8	744	11	214	14	1,647	22	150	24	229
Indonesia	13	765	14	907	26	625	57	1,106	45	867

IPO listings in Singapore and Malaysia for 2019 were significantly above 2018 levels, in particular for Singapore where total capital raised of US\$2.3 billion was four times larger than 2018 due to several large REIT listings on SGX.

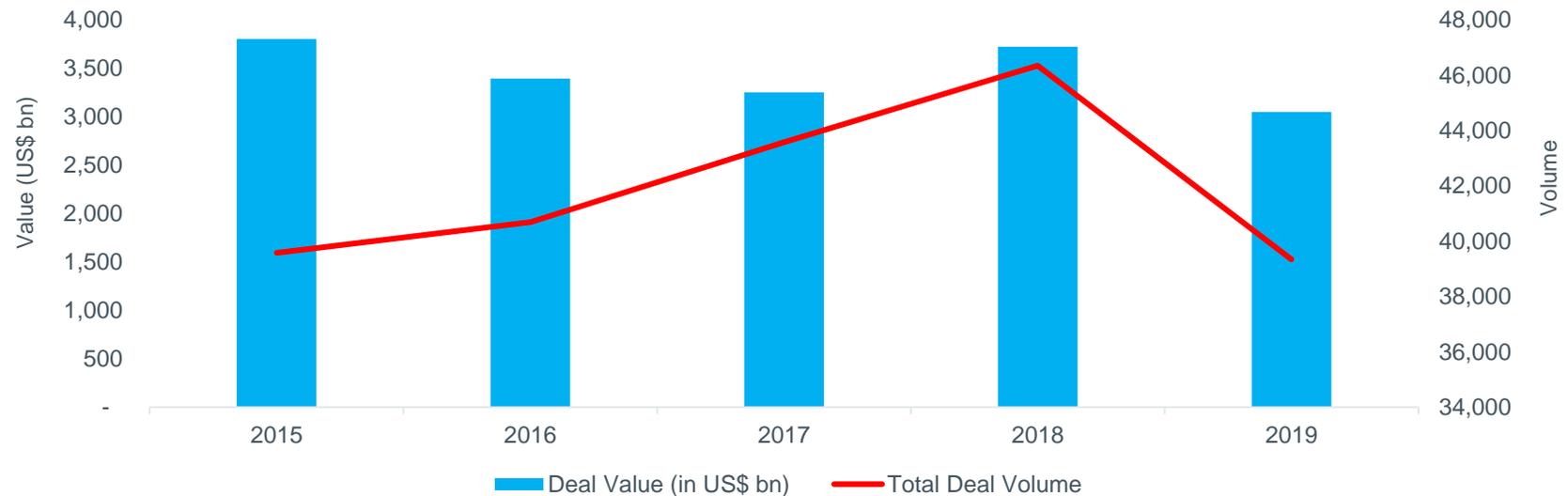
However, IPO listings in Indonesia for 2019 declined with total capital raised of US\$867 million compared to US\$1.1 billion raised in 2018.

Special Features I: Global M&A Trends

During 2019 there were a total of 39,331 transactions, representing an aggregate deal value of US\$3,048 billion.

Global M&A deal activity edged lower in 2019 in terms of deal value, in line with a decline in the number of M&A transactions compared to 2018.

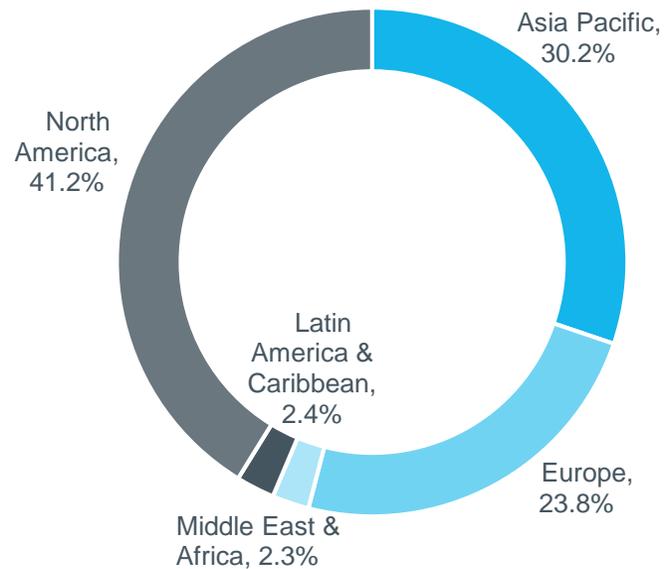
Global M&A Yearly Trend Analysis



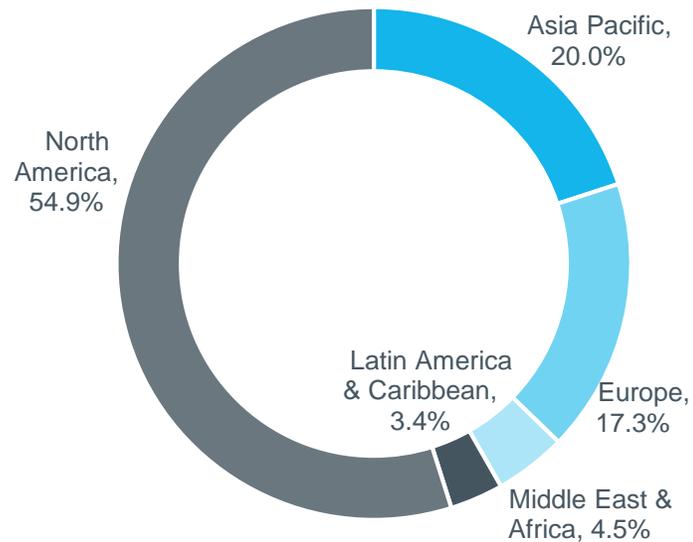
2014		2015		2016		2017		2018		2019	
Value (US\$ bn)	Volume										
3,142	34,018	3,801	39,570	3,393	40,685	3,250	43,573	3,723	46,340	3,048	39,331

Special Features I: Global M&A Trends

Global Regional Breakout by Volume



Global Regional Breakout by Value



Approximately 41% of global deal volume and 55% of deal value occurred in North America for 2019.

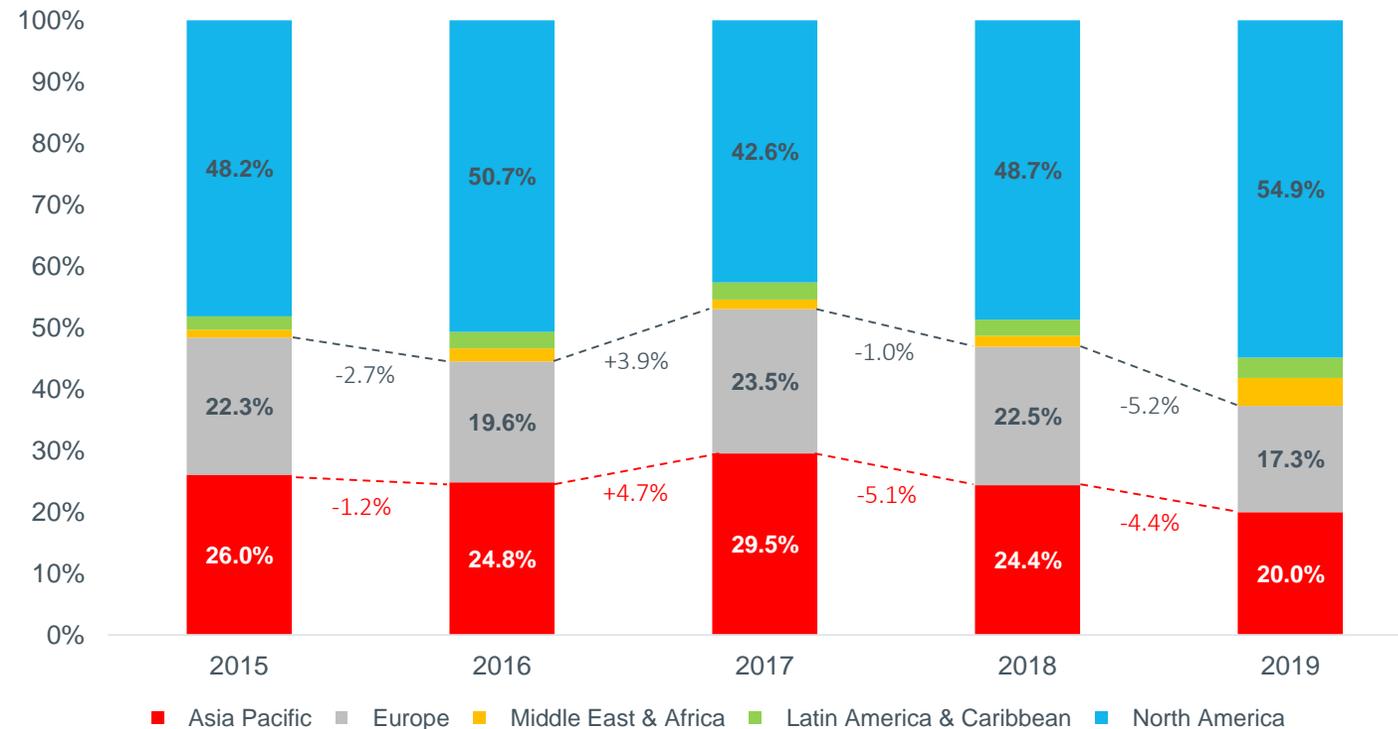
Asia Pacific remained a key contributor ahead of Europe, accounting for 20% of global M&A values in 2019, but reduced its share of global deal value compared to 2018 (24% of deal value).

Special Features I: Global M&A Trends

Global Regional Breakout by Value / Trend Analysis

Overall, North America's M&A deal value comprised about half of total global M&A deal value for the past 5 years.

In 2019, Europe and Asia Pacific's M&A deal values contributed to 17.3% and 20% of global M&A deal values, which was low compared to the past four years.



Special Features I: Global M&A Trends

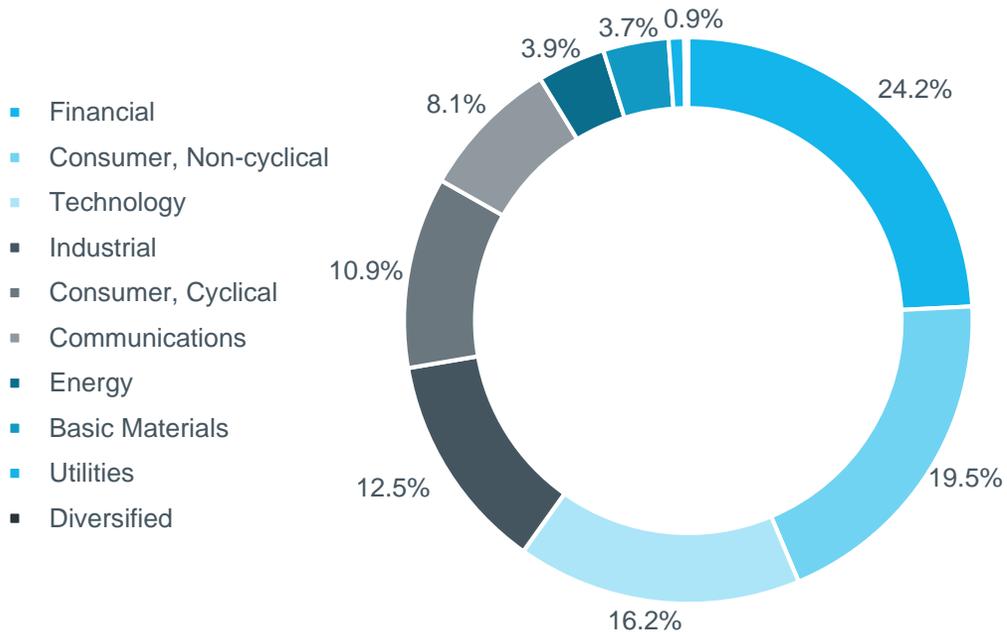
Top 10 Global M&A Deals during 2019

Acquirer	Target	Target Sector	Target Region	Value (US\$ mn)	Proposed Stake Acquisition (%)	Type
United Technologies Corp	Raytheon Co	Industrial	USA	90,017	100	Acquisition
Bristol-Myers Squibb Co	Celgene Corp	Consumer, Non-cyclical	USA	88,848	100	Acquisition
AbbVie Inc	Allergan PLC	Consumer, Non-cyclical	USA	83,791	100	Acquisition
Occidental Petroleum Corp	Anadarko Petroleum Corp	Energy	USA	55,162	100	Acquisition
Fidelity National Information Services Inc	Worldpay Inc	Consumer, Non-cyclical	USA	41,055	100	Acquisition
Fiserv Inc	First Data Corp	Technology	USA	38,171	100	Acquisition
Mylan NV	Upjohn (Pfizer off-patents drug unit)	Consumer, Non-cyclical	USA	32,685	100	Acquisition
BB&T Corp	SunTrust Banks Inc	Financial	USA	27,895	100	Acquisition
London Stock Exchange Group PLC	Refinitiv Holdings Ltd	Consumer, Non-cyclical	USA	27,000	100	Acquisition
Global Payments Inc	Total System Services Inc	Consumer, Non-cyclical	USA	25,014	100	Acquisition

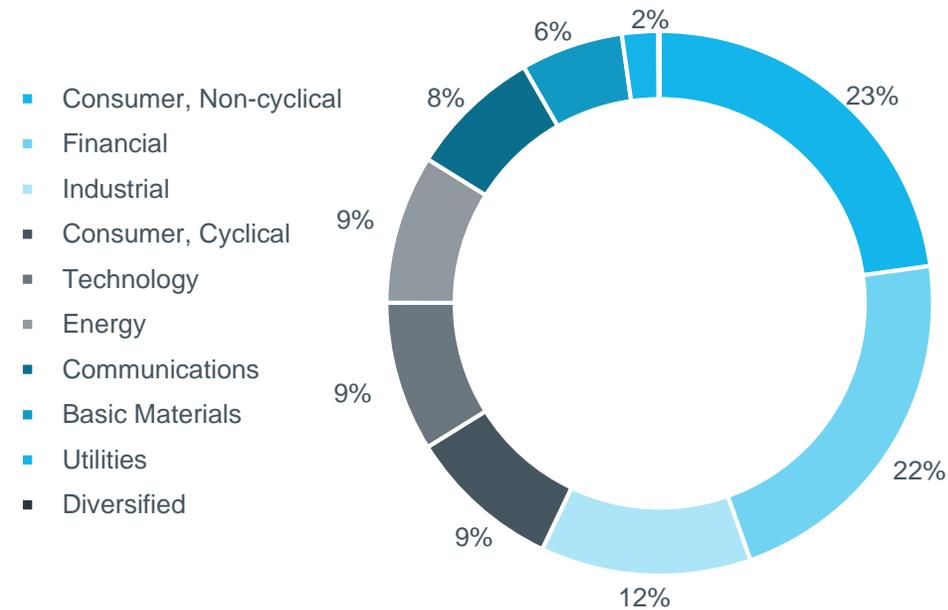
Source: Bloomberg

Special Features I: Global M&A Trends

Transaction Sector Breakout by Volume



Transaction Sector Breakout by Value



The financial sector continued to be the most acquisitive in 2019 in terms of deal volume, however, the consumer non-cyclical sector captured the larger share of overall M&A deal value.

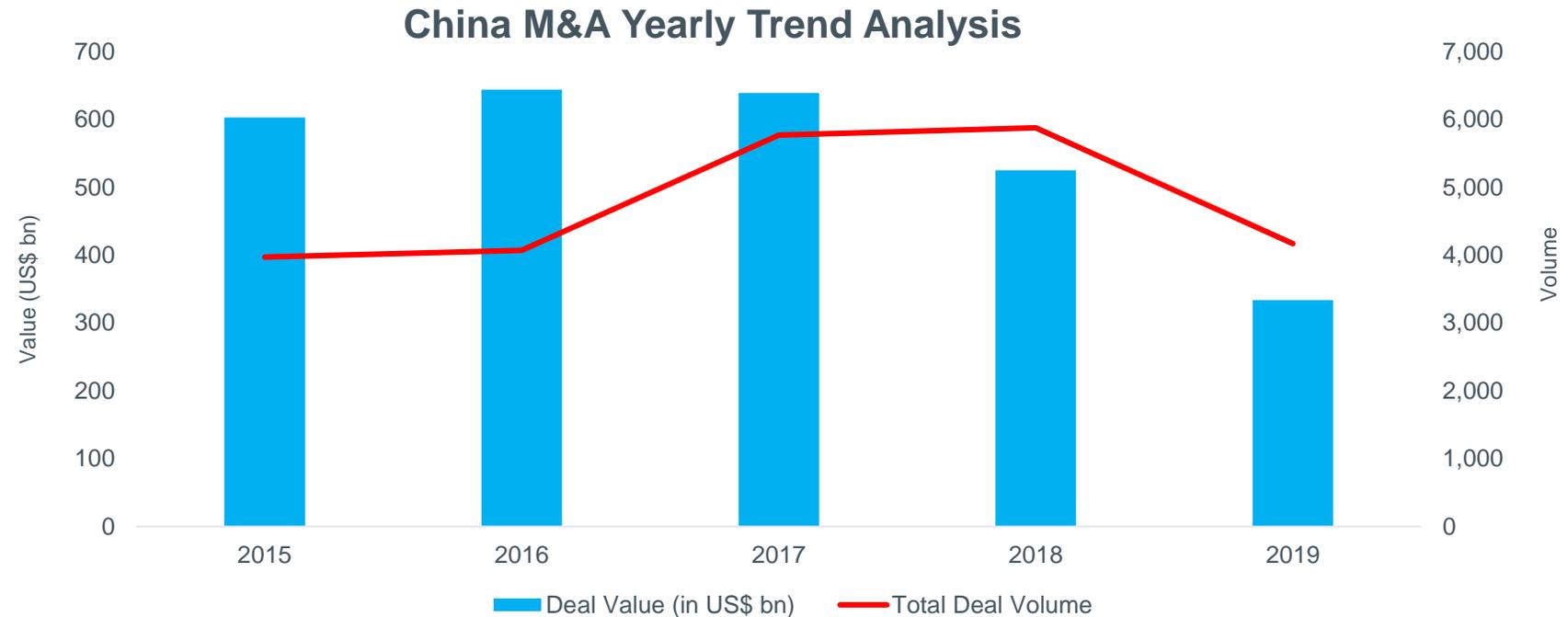
Source: Bloomberg

Duff & Phelps * Based on Bloomberg Industry Sector Classification

Special Features II: China M&A Trends

Overall, China M&A witnessed a considerable decline both in deal value and volume terms for 2019 compared to 2018.

Deal value declined by 36.4% to US\$334 billion, while deal volume declined by 29.1% to 4,169 deals in 2019.



2014		2015		2016		2017		2018		2019	
Value (US\$ bn)	Volume										
348	3,073	603	3,972	644	4,071	640	5,774	525	5,878	334	4,169

Special Features II: China M&A Trends

China's outbound M&A witnessed a continued decline in deal value during 2019, against the backdrop of capital control measures by China to curb large outbound deals, in addition to other political / regulatory uncertainties including the trade war.

China Outbound M&A Yearly Trend Analysis

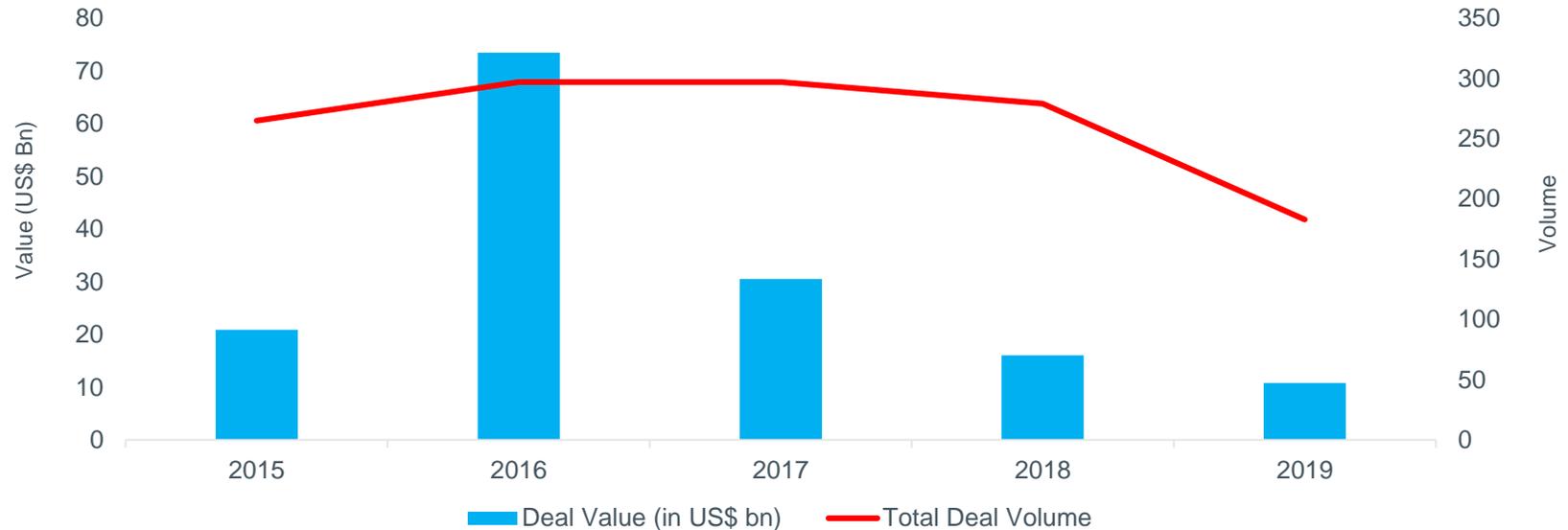


2014		2015		2016		2017		2018		2019	
Value (US\$ bn)	Volume										
73	549	103	831	239	997	170	1049	92	998	68	732

Special Features II: China M&A Trends

U.S.-China's outbound M&A witnessed a decline in deal values in 2019, impacted by the ongoing U.S.-China trade war, resulting in heightened review by U.S. regulators for China inbound M&A deals.

China – U.S. Outbound M&A Yearly Trend Analysis



2014		2015		2016		2017		2018		2019	
Value (US\$ bn)	Volume										
19	178	21	265	73	297	31	297	16	279	11	183

Special Features II: China M&A Trends

Top 10 China M&A Deals during 2019

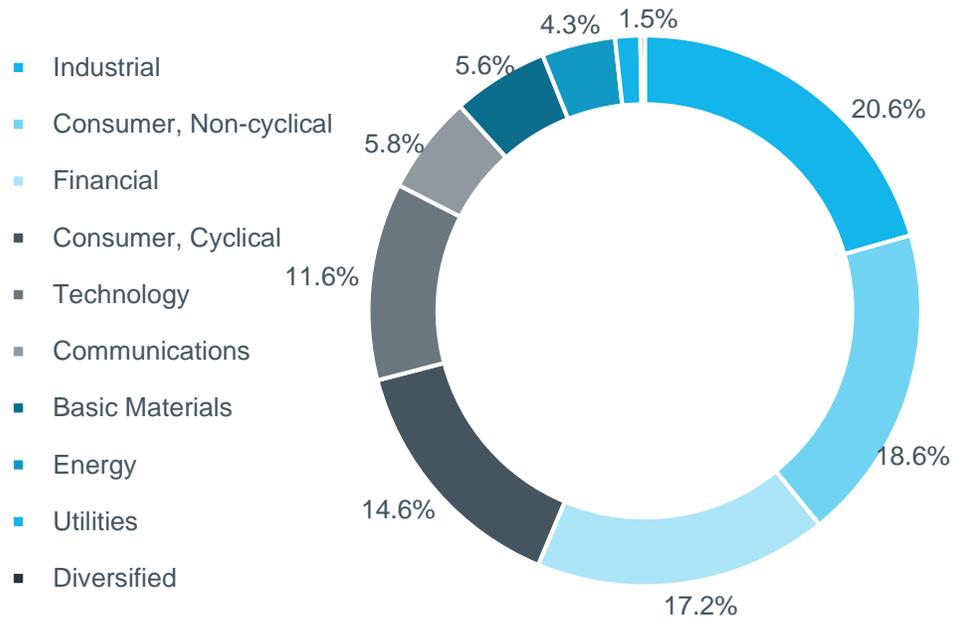
Acquirer	Target	Target Sector	Value (US\$ mn)	Proposed Stake Acquisition (%)	Type
China Huaneng Group Co Ltd	Huaneng Renewables Corp Ltd	Utilities	8,856	99.7	Acquisition (Increasing stake from 0.3% to 100%)
Wuhan Zhongshang Commercial Group Co Ltd	Beijing Easyhome Furnishing New Retail Chain Store	Consumer, Cyclical	5,643	100	Acquisition
China Telecommunications Corp and Consortium Group	Mindanao Islamic Telephone Co Inc	Communications	5,400	Not disclosed	N/A
FAW CAR Co Ltd	Faw Jiefang Automotive Co Ltd	Consumer, Cyclical	4,544	100	Acquisition
China Yangtze Power Co Ltd	Peruvian Opportunity Co SAC, Sempra Americas Bermuda Ltd	Financial	3,590	100	Acquisition
Alibaba Group Holding Ltd	Cainiao Smart Logistics Network Ltd	Financial	3,300	12	Majority (Increasing stake from 51% to 63%)
Citic Pacific Special Steel Group Co Ltd	Jiangyin Xingcheng Special Steel Works Co Ltd	Basic Materials	3,130	86.5	Majority
Unigroup Guoxin Microelectronics Co Ltd	Beijing Ziguang Liansheng Technology Co Ltd	Technology	3,076	100	Acquisition
Shimge Pump Industry Group Co Ltd	Tianshan Aluminium Co Ltd	Basic Materials	2,970	100	Acquisition
SPIC Dongfang New Energy Corp	State Power Investment Corp Capital Co Ltd	Financial	2,879	100	Acquisition

Source: Bloomberg

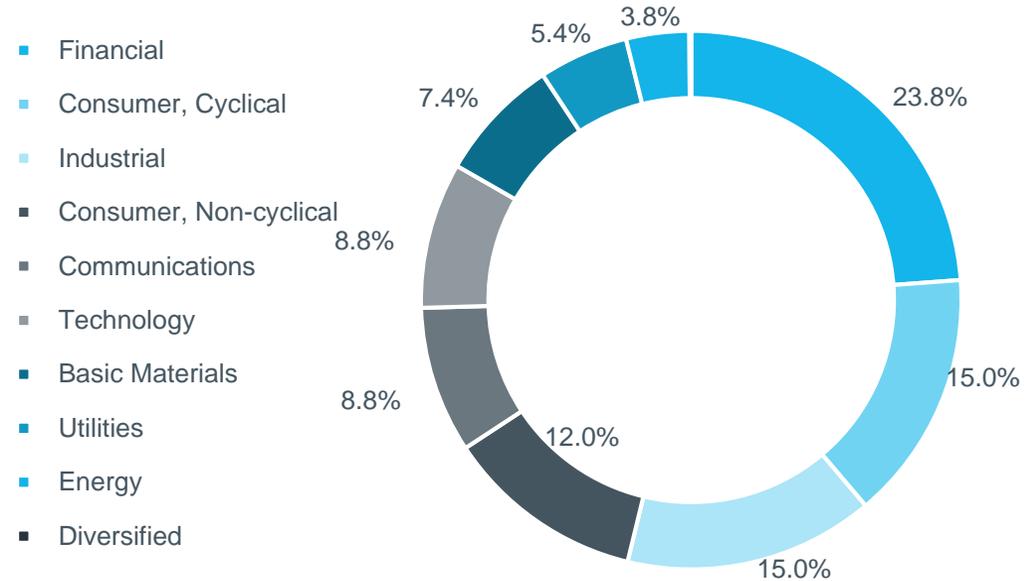
Special Features II: China M&A Trends

China M&A Trends

Transaction Sector Breakout by Volume



Transaction Sector Breakout by Value



The industrial sector led the China M&A market in terms of the deal volume, however, the financial sector was the dominant sector and captured the larger share of overall deal value.

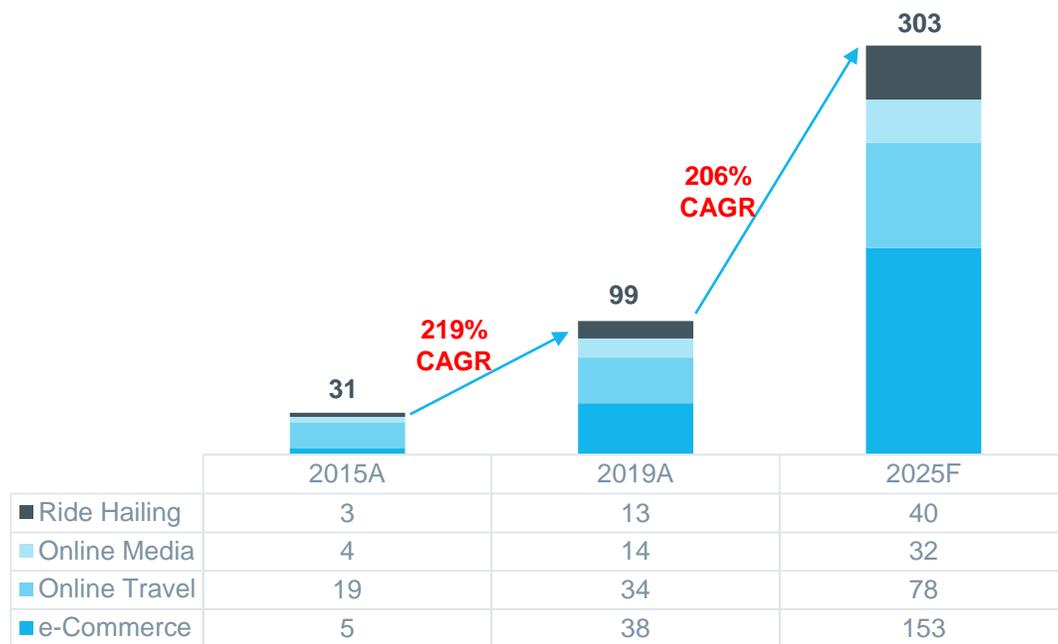
Source: Bloomberg

Special Features III: Tech Landscape

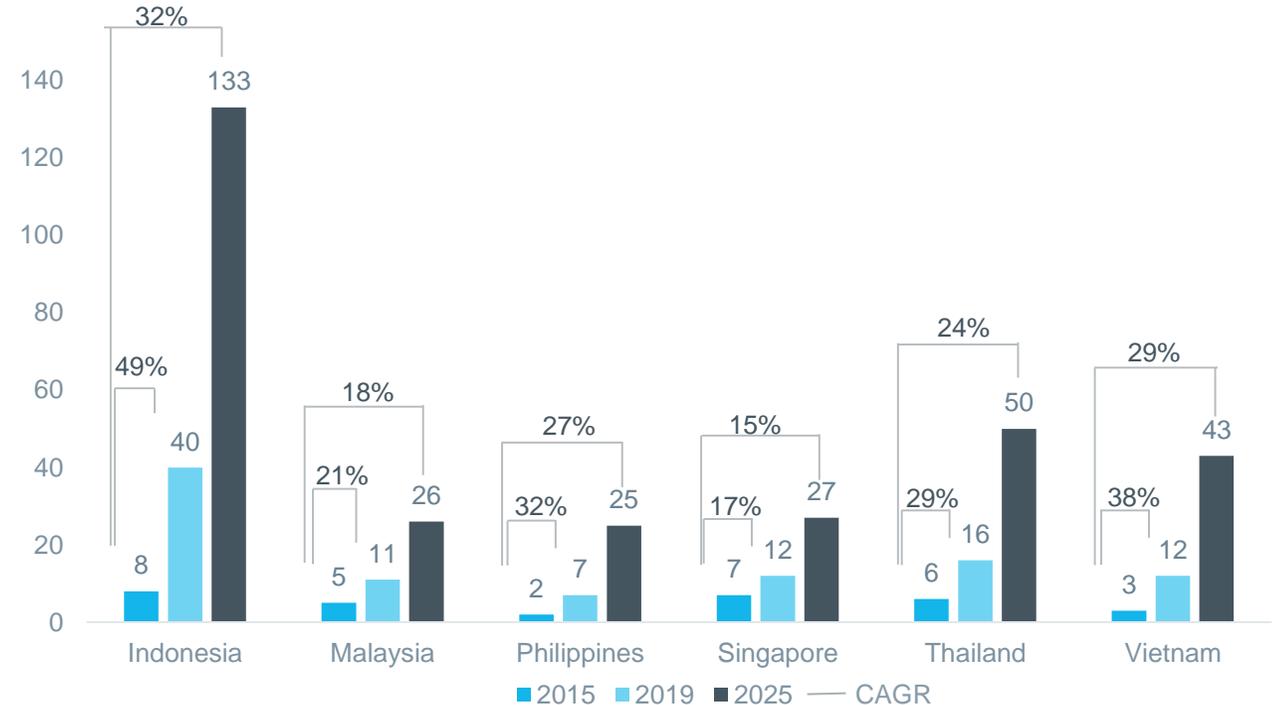
Southeast Asia's Internet Economy

- Southeast Asia's (SEA) internet economy is expected to reach US\$303 bn by 2025, with a CAGR of 206% from US\$99 bn in 2019.
- As the world's most engaged mobile internet region, SEA currently has 360 mn internet users as compared to 260 mn in 2015.
- E-commerce is SEA's largest and fastest growing sector at US\$38 bn in 2019, expected to reach US\$153 bn by 2025.
- Indonesia is SEA's fastest growing internet economy at US\$40 bn in 2019, on track to reach US\$133 bn by 2025.

Market Size By Sector* (US\$ bn)



Market Size By Country* (US\$ bn)



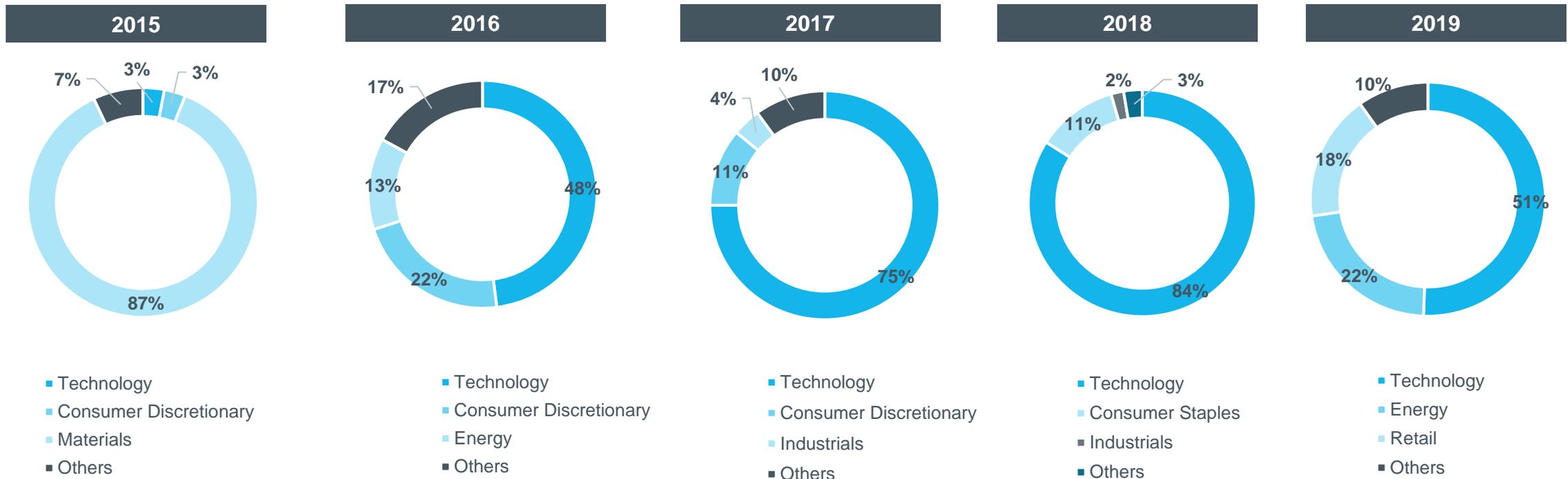
*Based on Gross Merchandise Value (GMV)
Source: Google-Temasek-Bain e-Conomy SEA 2019 report

Special Features III: Tech Landscape

Increasing Investment into New Economy Companies in Indonesia

- Over the past five years, PE/VC investment in Indonesia attributable to the technology sector grew by a CAGR of 217% from US\$13.8 mn or 3% of total investment value in 2015 to US\$1.4 bn or 51% of total investment value in 2019.
- Though PE/VC investment in Indonesia's technology sector declined by almost half in 2019 compared to 2018, it continued to be at a healthy level of US\$1.4 bn.

PE/VC Investment in Indonesia by Sector



Special Features III: Tech Landscape

Top 10* Tech Startup Deals in the Region During 2019

Acquirer/Investor	Target	Target Country	Target Sub-Sector	Proceeds* (US\$ mn)	Deal Type
SoftBank Vision Fund	GrabTaxi Holdings Pte Ltd	Singapore	Transportation	1,460	Investment
YY Inc	Bigo Technology Pte Ltd	Singapore	Communications	1,453	Acquisition
701Search Pte Ltd	Carousell Pte Ltd	Singapore	E-Commerce	850	Acquisition
GIC Pte Ltd and others	Traveloka Holding Ltd	Indonesia	E-Commerce	420	Investment
Invesco Ltd, Experian PLC	Grab Holdings Inc	Singapore	Transportation	300	Investment
Vanguard International Semiconductor	Fab 3E	Singapore	Semiconductor	236	Acquisition
Investa Wahana Development PT	KinerjaPay Corp	Indonesia	Fintech	200	Acquisition
Sofina SA, EDBI Pte Ltd and others	Zilingo Pte Ltd	Singapore	Internet Services	226	Investment
Platinum Equity LLC	PCI Pte Ltd	Singapore	Internet Services	194	Acquisition
Keppel DC REIT	DataCentre One Pte Ltd	Singapore	Data Centres	146	Acquisition

Over the last five years, the technology sector has been one of the largest contributors to deal-making activity in the region. PE/VC investment in the region's technology sector increased by more than five times from US\$672 million in 2015 to US\$4.2 billion in 2019. Transportation and e-commerce sub-sectors dominated technology deals during 2019.

*Based on disclosed funding and investors

Special Features III: Tech Landscape

Unicorns of Southeast Asia^[1]

- Southeast Asia is home to 10 unicorns, half of which are based in Indonesia.
- During 2019, two new unicorns were created, including OVO and Bigo.^[2]
- Emerging unicorns in the region include Carousell, Iflix, PropertyGuru, Zilingo and others.
- Investor focus for unicorns is gradually shifting from growth-at-all-costs to profitability.

Company	Business Description	Incorporation	HQ Country	Valuation* (US\$ mn)	Fund Raised* (US\$ mn)
Grab Holdings	Online platform for on-demand booking	2012	Singapore	14,000	9,100
Go-Jek	Online platform for on-demand booking	2010	Indonesia	9,500	3,300
Tokopedia	Online marketplace	2009	Indonesia	7,000	2,400
Traveloka	Online travel aggregator	2012	Indonesia	4,500	920
OVO	Digital payment provider	2017	Indonesia	2,900	Undisclosed
Bukalapak	Online marketplace	2011	Indonesia	2,500	50
Trax	Computer vision solutions	2010	Singapore	1,300	387
One Championship	Sports media platform	2011	Singapore	1,000	266
Revolution Precrafted	Developer of prefabricated properties	2015	Philippines	1,000	15
VNG	Online content platform	2004	Vietnam	1,600	1

Key Highlights

Ranking	Company
Highest-Valued	Grab
Highest-Funded	Grab
Youngest	OVO
Oldest	VNG

“We don’t look for unicorns, we look for rhinoceroses. It’s the humble, quiet, underappreciated company. It’s got a horn, but it’s worth US\$1 bn on a P/E multiple, not on a revenue multiple.”
 – Managing Partner of Singapore-based Alternative Investment Fund

^[1] Based on disclosed unicorns, excluding the ex-unicorns which have been listed, such as Sea Ltd and Razer, and Lazada which was acquired by Alibaba.

^[2] Bigo was acquired by YY Inc in March 2019, and has been excluded from the list of unicorns.

*Based on disclosed figures (rounded-up)

Source: CNBC, TechCrunch, DealStreetAsia and Tech In Asia

Special Features III: Tech Landscape

China Strengthens its Position as a Unicorn Hub and Tech IPO Destination

China Leads Unicorn Rankings

- As of October 2019, China had more unicorns as compared to the U.S. Out of the 494 unicorns globally, 42% or 206 unicorns are China-based companies.
- China is home to the world's top three highest-valued unicorns, including Ant Financial, ByteDance (Toutiao) and Didi Chuxing.

Top 5* Tech Unicorns in China

Company	Sector	Incorporation	Valuation* (US\$ bn)
Ant Financial	Fintech	2014	150
ByteDance (Toutiao)	Online content	2017	75
Didi Chuxing	Transportation	2014	56
Kuaishou	Online content	2015	18
DJI Innovations	Electronics	2015	15

- Upcoming IPOs of China tech unicorns include the spin-off listing of Ant Financial (Alibaba's fintech platform) and OneConnect (PingAn's fintech platform).

^[1] Red Chip company refers to one that is based in Mainland China but incorporated internationally and listed in Hong Kong.

*Based on disclosed figures (rounded-up)

Source: STAR Market website, Financial Times and Hurun report

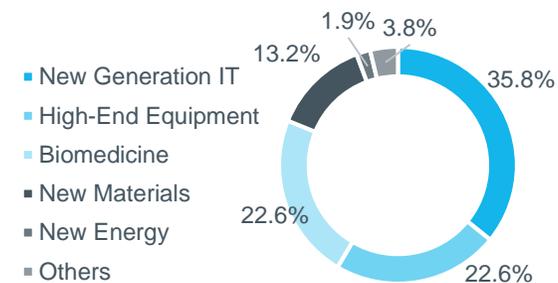
Shanghai Stock Exchange (SSE) Introduces the Science and Technology Innovation Board (STAR)

- In July 2019, SSE launched the STAR Market, a new sub-market which permits listings of loss-making technology companies, including pre-revenue biotech companies, and stock offerings or depository receipts of Red Chip companies.^[1]
- Trading is restricted to investors with approved trading licenses.

"We will fully enforce a share offering system that is based on information disclosure, supporting the growth of technology firms to make breakthroughs in innovations in core technologies."
 – Chairman of China Securities Regulatory Commission

Key Highlights - STAR Market

Number of IPOs	56
Market Capitalization	US\$ 14 bn
Average P/E	65.5x
Pipeline Companies	190



Special Features III: Tech Landscape

Hong Kong Maintains its Spot as a Top IPO Destination in Asia

- Hong Kong continues to top the global IPO rankings in terms of funds raised in 2019.
- Hong Kong Stock Exchange (HKEX) added new listing rules in 2018, which allowed listing of biotech companies that did not meet the Main Board's requirements, Dual-Class Share (DCS)^[1] structures and a concessionary secondary listing route for Greater China and international companies.
- HKEX's new regime has attracted IPOs of new economy^[2] companies, such as Xiaomi, Meituan Dianping and others, in 2018. The trend continued in 2019, with the top IPOs including Alibaba's secondary listing on HKEX as the world's largest IPO in 2019.

While the Hong Kong Stock Exchange has made several reforms to encourage new economy listings over the past few years and continues to maintain its strong liquidity, global uncertainties and the current unrest in Hong Kong could impact the short to medium term outlook for its capital markets.

Top 5^[3] Tech IPOs on HKEX During 2019

	Alibaba	Maoyan Entertainment	Koolearn	CMGE	Weimob
Sub-Sector	E-commerce	Entertainment	Edutech	Mobile Gaming	Cloud-based solutions
IPO Date	26 Nov'19	4 Feb'19	28 Mar'19	31 Oct'19	18 Jan'19
IPO Funds	US\$ 12.9 bn	US\$ 250 mn	US\$ 214 mn	US\$ 167 mn	US\$ 96 mn
IPO Valuation*	US\$ 513.0 bn	US\$ 2.2 bn	US\$ 21.2 bn	US\$ 820 mn	US\$ 710 mn
Founded	1999	2012	2005	2011	2013

^[1] Dual-Class Share (DCS) structures comprise a class of stock, often distributed to founding shareholders, that carries more voting rights than the ordinary shares sold to the public.

^[2] New Economy includes sectors like internet, biotechnology and others.

^[3] In terms of IPO funds raised

*Based on disclosed figures (rounded-up)

Source: HKEX website, Bloomberg and TechCrunch

Sector Definitions

BFSI (Banking, Financial Services and Insurance) — Includes banks, diversified financial services and insurance services

Consumer Discretionary — Includes consumer durables, apparel, accessories and luxury goods, hotels, restaurants and leisure

Consumer Staples — Includes consumer-focused sectors such as food and beverages, breweries and distilleries, household and personal care products, and agricultural products

Education — schools, colleges and learning centers

Energy — Includes sub-classifications such as alternate energy, energy equipment and services, oil and gas drilling, and oil and gas equipment and services

Healthcare — Includes healthcare providers and services, healthcare equipment and supplies, and pharmaceuticals and biotechnology

Industrials — Broadly includes capital goods, construction and engineering, electrical equipment, industrial and trading conglomerates, commercial services and supplies, transportation services and infrastructure (includes air, marine and land transport)

Materials — Includes specialty and industrial chemicals, industrial gases, agricultural fertilizers and chemicals, metal and glass containers, paper and plastic products, metals and mining

Media and Communication — Includes media, advertising, broadcasting and cable tv, movies and entertainment and publishing

Sector Definitions

Professional Services — Includes consulting services, employment services, legal and professional organizations, and environmental services

Real Estate — real estate management and development, REITs

Retail — Includes internet and catalog retail, multiline retail such as hypermarkets and supermarkets, and specialty retail

SWF – Sovereign Wealth Fund

Technology — Includes sub-classifications such as hardware, semiconductors, software, design, manufacturing and distribution of technology, technology services

Telecommunication — Includes telecommunication equipment and data service providers

Utilities — power, water

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Disclaimer

Annual Issue 2019 – Duff & Phelps' *Transaction Trail* is compiled based on deal information available during the December 2018 to November 2019 period for transactions in the region.

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