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Data Stories:

H1 2022 Private Equity and Venture Capital Trends in ASEAN

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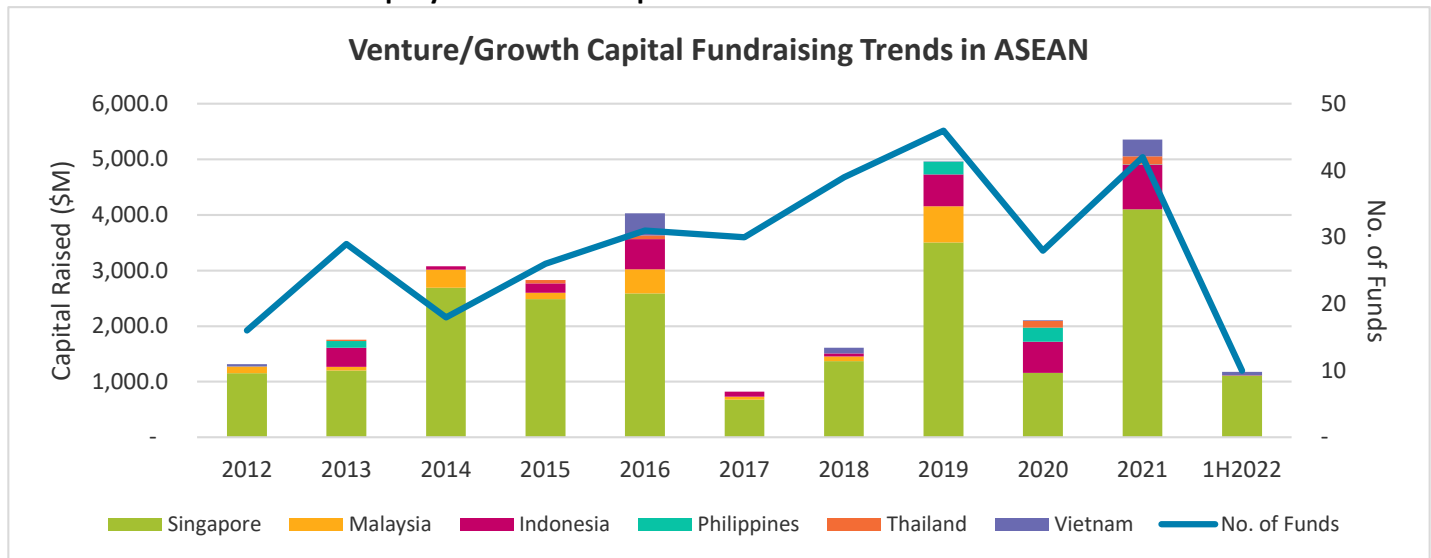
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Fundraising Trends

Fundraising by venture capital and growth funds across the ASEAN economies slowed in the first half of 2022. Only ten funds in the region managed to raise USD1.2bn, down 78% from USD5.4bn in the previous year, according to Preqin data on the [S&P Capital IQ Pro platform](#).

Funds have struggled to raise more money against a backdrop of rising interest rates, global geopolitical tensions, and lingering pandemic-related headwinds.

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Source: Preqin data on [S&P Capital IQ Pro platform](#) as of July 1, 2022. Charts/Tables for illustrative purposes only.

Singapore-based venture capital firm [Jungle Ventures](#) (MI KEY: 5815475) closed its [fourth fund](#) earlier in May totaling USD600mn, from a group of private equity and financial investors including [Temasek](#) (MI KEY: 4138769), [Stepstone](#) (NASDAQGS:STEP), and [Mizuho](#) (MI KEY: 114518) etc. The venture capital firm currently manages a total asset under management (AUM) of USD1bn, with 86 investments across technology, consumer, financials, and healthcare sectors, according to S&P Capital IQ Pro data.

The new fund is said to be focused on investing in early stage fintech companies across ASEAN and India markets, with a bite size of USD1mn to USD15mn in direct equity investment.

Investments by Jungle Ventures in Q2

Company	Country	Industry	Round Type	Total Rounds of Financing	Total Amount Raised (\$000)	Transaction Size (\$M)	Investment Date
CardUp Pte Ltd.	Singapore	Internet Software and Services	NA	3	1,680	NA	29-Jun-22
Leap Finance Inc.	India	Specialty Finance: Consumer Focused	Series D	4	151,273	74.78	22-Jun-22
Educa Corporation	Vietnam	Home Entertainment Software	Venture	2	10,000	8.00	27-May-22
Invictus Insurance Broking Services Private Limited	India	Insurance Broker	Series E	5	197,004	120.00	29-Apr-22
Dat Bike Vietnam Company Limited	Vietnam	Motorcycle Manufacturers	Series A	2	7,955	5.30	28-Apr-22
Believe Pte Ltd.	Singapore	Personal and Beauty Products: Producers	Series C	1	55,000	55.00	21-Apr-22
Vay Network Services Pvt. Ltd.	India	Application Software	Series C	3	56,732	52.69	5-Apr-22

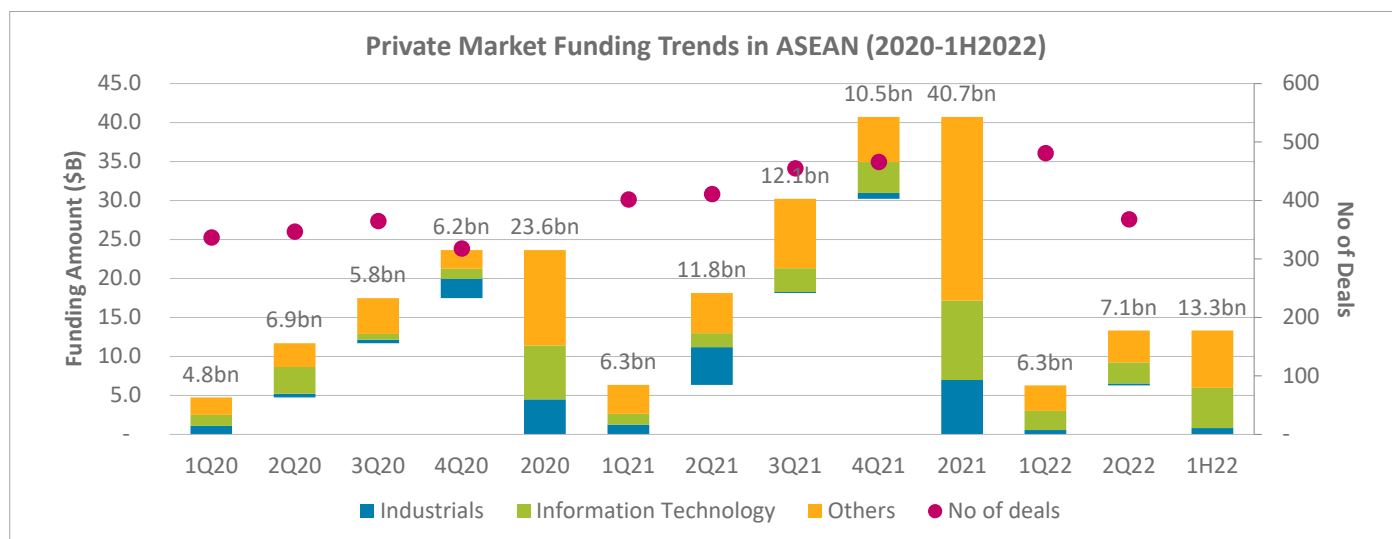
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Private Market Funding Trends

Private funding in ASEAN was impacted by the slowdown in fundraising and subdued investor sentiment. ASEAN start-ups raised a total value of USD7.1bn in the second quarter of 2022, down nearly 40% from USD11.8bn a year ago. The industrials sector saw the biggest losses, falling from USD4.9bn to just USD300mn, while funding in information technology rose 50% to USD2.7bn from USD1.8bn.

The overall decline is also related to the scarcity of mega deals – there were five deals over USD1bn last year, including [Grab](#) (NASDAQS:GRAB), [Flipkart](#) (MI KEY: 5303187), [PT Lotte](#) (MI KEY: 7667022) and [MediaTek](#) (two deals) (MI KEY: 4551166), with a combined deal value of USD10.9bn, while the biggest deal this year being [Coda payment](#) (MI KEY: 5250740), a digital content monetization platform which raised USD690mn in April led by [GIC](#) (MI KEY: 4005446), [Insight Venture](#) (MI KEY: 4158699), and [Smash Capital](#) (MI KEY: 105954532).



Source: [S&P Capital IQ Pro platform](#) data as of July 1, 2022. Charts/Tables for illustrative purposes only.

Internet software and services industry continued to lead, with a total funding value rising 33.4% quarter-on-quarter to USD1.1bn, despite a 34.4% decline in the number of deals to 63. Application software came in second, albeit both deal value and volume decreased. Health-tech, systems software, specialty finance and payments companies are gaining momentum from investors, driving up both deal value and volume.

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Top 10 Industry Verticles By Deal Value	Deal Value (\$M)			Deal Count		
	1Q2022	2Q2022	% change	1Q2022	2Q2022	% change
Internet Software and Services	829.6	1,106.8	33.4%	96	63	-34.4%
Application Software	825.6	554.7	-32.8%	59	47	-20.3%
Internet and Direct Marketing Retail	311.2	405.8	30.4%	30	12	-60.0%
Healthcare Technology	14.7	364.3	2383.9%	9	10	11.1%
Systems Software	101.6	341.7	236.4%	6	7	16.7%
Specialty Finance: Commercial Focused	101.3	324.9	220.7%	2	7	250.0%
Home Entertainment Software	86.0	255.3	196.9%	30	20	-33.3%
Payment Service Providers and Gateways	0.6	234.6	42496.9%	2	5	150.0%
Payment Processors	31.0	202.0	550.6%	1	4	300.0%
Biotechnology	285.0	151.5	-46.8%	3	5	66.7%

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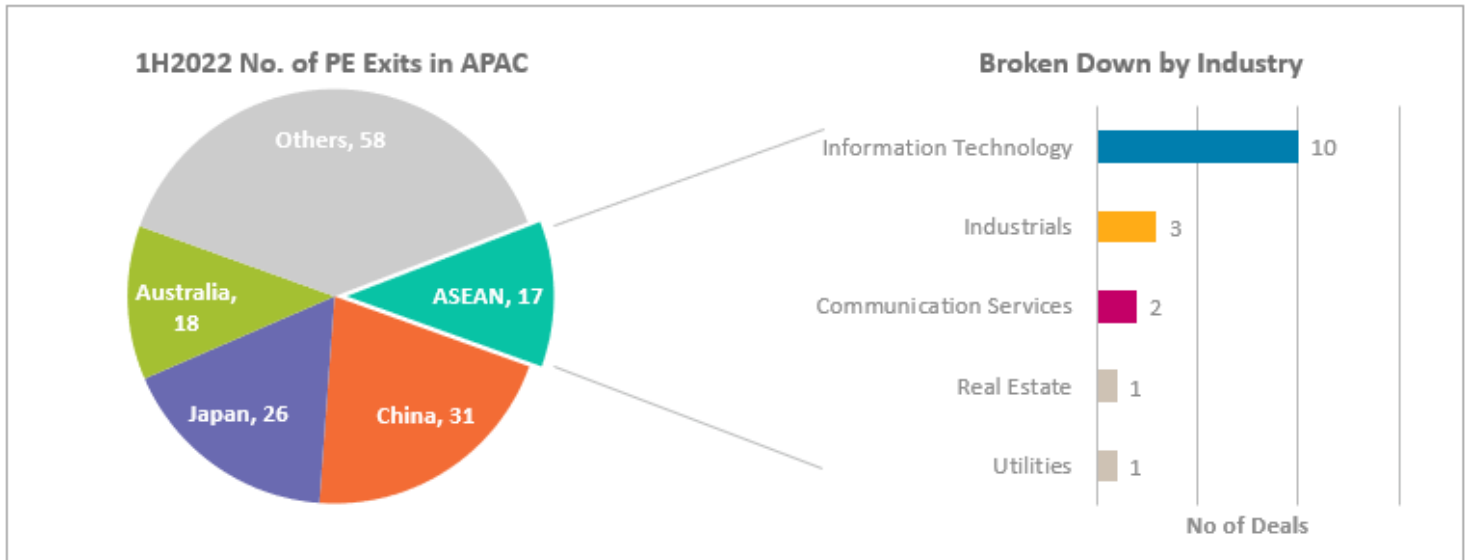
A handful of companies have joined the unicorn club, including Singapore-based biotech start-up [Novotech](#) (MI KEY: 100450043), backed by [GIC](#) (MI KEY: 4005446), [Sequoia Capital](#) (MI KEY: 4151885) and [TPG](#) (MI KEY: 14911328), and digital therapeutics solutions provider [Biofourmis](#) (MI KEY: 5327957), each valued at USD3bn and USD1.3bn in their latest funding round. Growth management platform [Insider](#) (MI KEY: 5264177) and payments companies [Voyager](#) (MI KEY: 11011855) and [Omise](#) (MI KEY: 5282676) are also valued at more than USD1bn.

Private Equity Exits

Private equity exits are unlikely to surpass last year's record. In the first half of the year, only 150 exits were announced/completed in Asia Pacific, with a total deal value of USD20.8bn, nearly a third of last year's deal value and volume.

ASEAN saw 17 deals for a total value of USD2.3bn, compared to 39 deals totaling USD11.2bn last year. Information technology targets led the way with 10 exits, followed by industrials and communication services with 3 exits and 2 exits, respectively.

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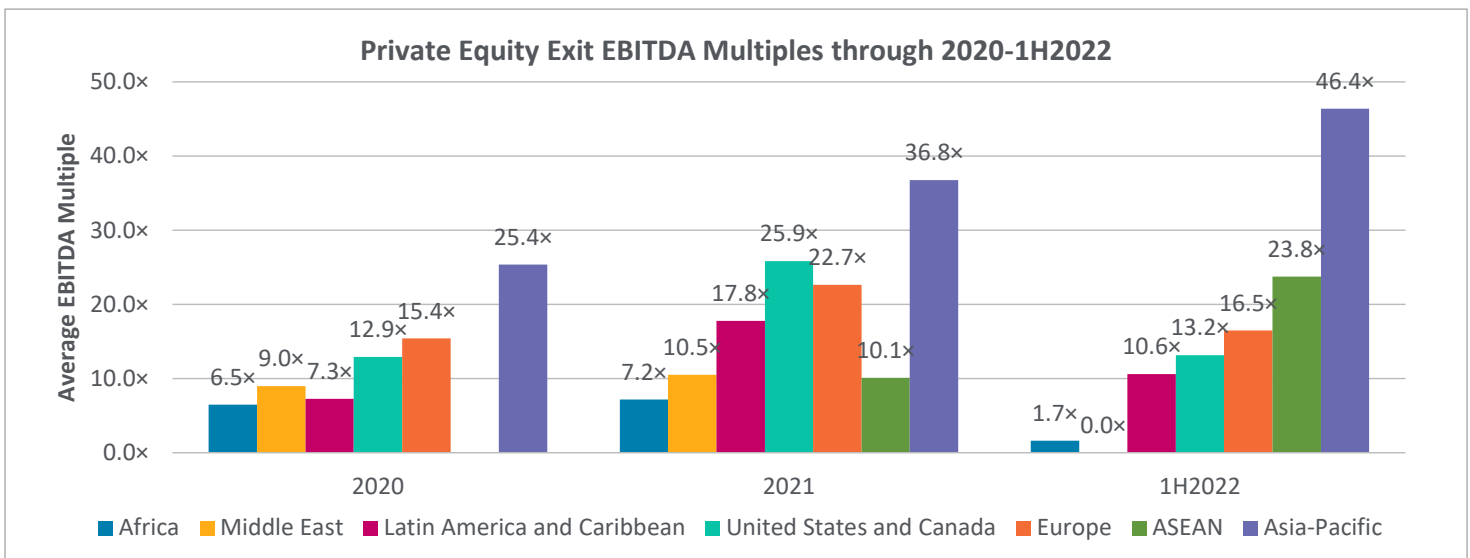


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Valuations remain high amid weaker overall market conditions. The average exit EBITDA multiple for private equity firms in Asia Pacific hit a record high of 46.4x, up from 36.8x in 2021 and 25.4x in 2020.

ASEAN's exit multiple also reached a new high of 23.8x, up from 10.1x last year.

The high valuations are somewhat skewed towards the tech and healthcare sectors, reflecting increased competition among potential buyers to chase quality assets in both sectors, and sponsors being more selective with many of these opportunities.



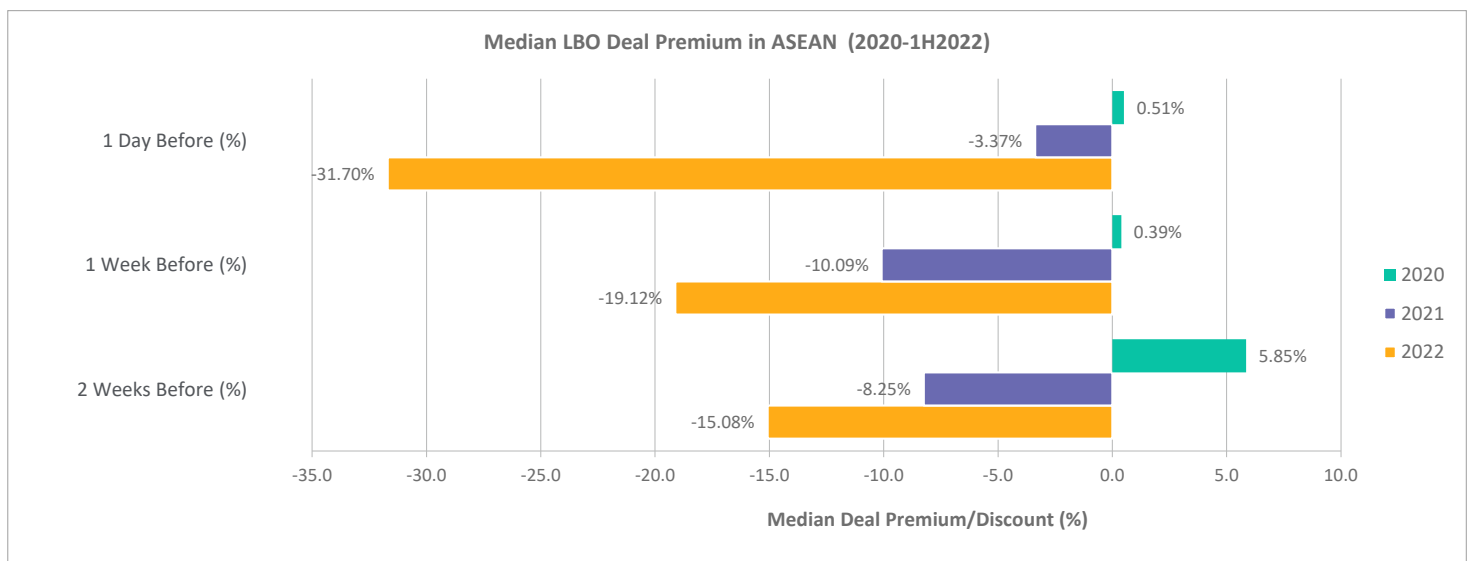
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Leveraged Buyouts

Leveraged buyout (LBO) deal activity in ASEAN was at its lowest point, with just five deals announced or completed in the second quarter. Private equity firms are only trading at rock-bottom prices for risk protection as the public markets continue to slump.

The median first-day premium for announced/closed LBO deals in the current year was a 31.7% discount, even worse than the 3.37% discount in the previous year.

Discounted acquisitions include [Morgan Stanley](#)'s (MI KEY: 4380166) SGD130mn bid of a 59.8% stake in real estate services provider [APAC Reality](#) (SGX:CLN) in April. The cash offer price of SGD0.61 per share represents a 30.06% discount to the target's last traded share price.



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Beyond The Numbers

Looking ahead, what does the future hold for private equity firms in ASEAN?

Inflation, digitalization, supply chain, environmental, social and governance (ESG) and fintech are the top five trends shaping 2022, according to the [findings](#) of our broker research team. Topics such as valuations, key drivers, long-term prospects and near-term challenges in the fintech space were also widely discussed in the region.

As the market matures from its nascent state, the behavior of today's private equity firms has certainly changed. Given the competitive pressures in such a depressed market, private equity firms will be eager to seek insights that can help them better navigate the current challenging environment.

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