

EVALUESERVE

M&A Activity in APAC

February 2021

Corporate and Investment Banking Practice



M&A in APAC⁽¹⁾ increased by 15% in 2020 primarily due to a surge of activity in Q3 2020

Overall M&A activity fared well in 2020

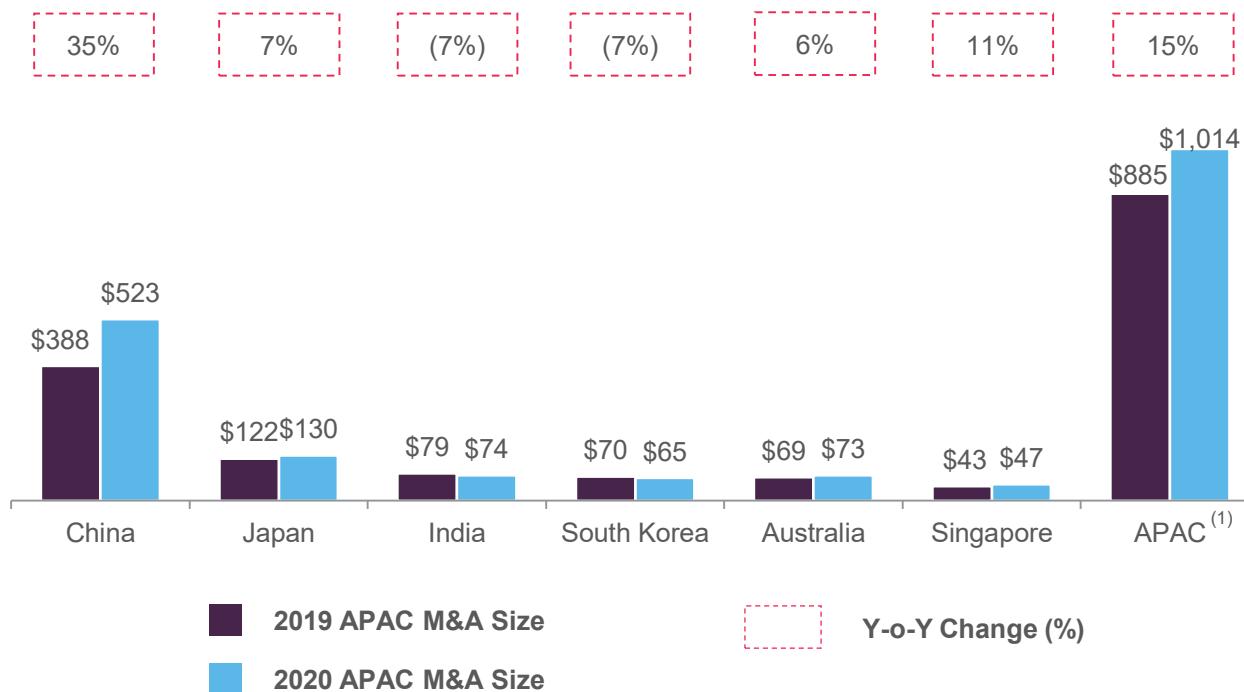
- Deal sentiment in markets such as China, Japan, Singapore, and Australia has remained upbeat since Q3 2020. This was the primary reason driving growth in APAC
- M&A deal volume in APAC⁽¹⁾ increased by 15% in 2020 compared with 2019
 - M&A deal value stood at USD1,014bn due to renewed market sentiment in the latter half of 2020
 - Of ~49,035 deals announced globally, APAC, North America, and EMEA accounted for 36%, 33%, and 31%, respectively
- APAC saw many high value deals in Q3 2020, with total deal value aggregating \$369bn - the highest ever third quarter on record
 - This was backed by domestic M&A and technology deals
 - The upside was driven by mega deals in China's O&G sector and Japan's Telecommunications sector

Resurgence of COVID-19 cases & new strain has brought some uncertainty towards revival of the economic growth

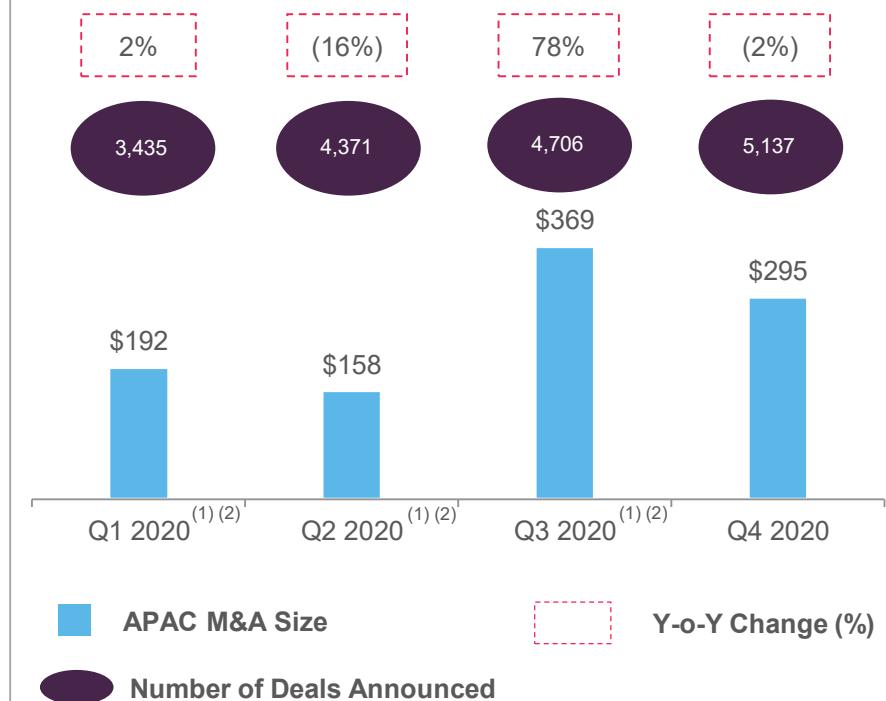
- The situation remains largely controlled in terms of overall COVID-19 cases across APAC regions
 - Although countries like China, Japan, Hong Kong, India and South Korea are still reporting steady number of cases, however the curve seems to be heading downwards
- Towards the end of 2020, Australia and New Zealand witnessed a brief rise in COVID-19 cases. However, strict measures by the governments restricted any community transmission or large-scale outbreak
- In India, daily number of cases are off the highs as witnessed in November and December, recovery rates (~97.0%) and fatality rates (~1.4%) have been continuously improving
- APAC's GDP is expected to decline by ~3.5% in 2020. However, it is expected to rebound in 2021 and grow by ~5.7%, led by India (11.5%) and China (8.1%)
- Multiple vaccine approvals and the launch of vaccination programs in a few countries have boosted hopes of recovery from the pandemic

M&A activity started recovering at the end of H1 2020; strong H2 2020 ensured double digit growth for the full year

- Increase in deal activity in H2 2020 drove growth in M&A deal value
 - ✓ Significant growth in China, Singapore and Japan enabled APAC M&A to beat the COVID-19 blues
 - ✓ India and South Korea were the only major countries with negative growth



- We witnessed incremental growth in number of deals from Q1 till Q4; however, Q3 recorded the highest overall deal value due to announcement of multiple big ticket deals



Source: Refinitiv; YTD as of December 31, 2020; SDC, Figures in USDbn

(1) Includes Japan

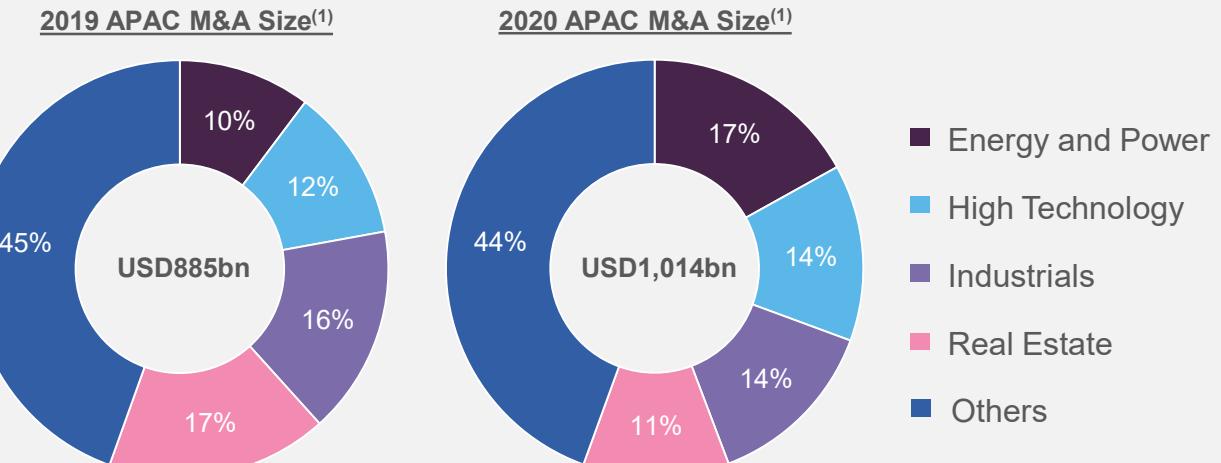
(2) Refinitiv report ending March 31, 2020 , June 30, 2020 & Sep 30, 2020

© Valueserve. All rights reserved.

EVALUESERVE

Deal sentiment improved gradually throughout the year

- Deal activity in the Energy and Power sector increased to 17% in 2020, compared with 10% in 2019
 - ✓ Mega deals involving Marathon Petroleum, PetroChina, and Kunlun Energy led the pack
- Technology was the second-best sector in terms of overall deal making, following the global M&A trend which registered an all time high in 2020



2020: Top Announced M&A (Based on Transaction Value)

Ann. Date	Target	Target's Domicile	Txn. Value (USDbn)	Acquirer	Acquirer's Domicile
24-Dec-20	Kunlun Energy (Dalian LNG terminal)	China	\$6.3	China Oil & Gas Pipeline	China
9-Dec-20	Infratil	New Zealand	\$5.8	Australian Super	Australia
27-Oct-20	China Gezhouba Group	China	\$14.4	China Energy Engineering	China
25-Oct-20	Coca-Cola Amatil	Australia	\$5.7	Coca-Cola European Partners	United Kingdom
20-Oct-20	Intel ⁽²⁾	United States	\$9.0	SK Hynix	South Korea
29-Sep-20	NTT DoCoMo	Japan	\$40.2	Nippon Telegraph & Telephone	Japan
21-Aug-20	Wuthelam Holdings	Singapore	\$12.1	Nippon Paint Holdings	Japan
23-July-20	Marathon Petroleum ⁽³⁾	United States	\$21.1	Seven & i Holdings Co	Japan
23-July-20	Petro China - Pipeline assets	China	\$49.1	China Oil & Gas Pipeline	China
3-Apr-20	Bank of Jinzhou - Credit assets	China	\$6.4	Beijing Chengfang Huida	China
2-Apr-20	58.Com	China	\$6.7	Quantum Bloom	China
21-Mar-20	Liaoning Zhongwang	China	\$6.6	CRED Holding	China

⁴ Source: Company Press Releases and Refinitiv; YTD as of December 31, 2020, Figures in USDbn

(1) Includes Japan

(2) For Nand Memory unit

(3) For Speedway Gas Stations

© Valueserve. All rights reserved.

EVALUESERVE

Strong fiscal policies, domestic investments & roll-out of vaccines to hold the key for markets

Country	Announced M&A Value (USD, bn)		Key Economic Indicators and COVID-19 Situation ⁽¹⁾
	2019	2020	
China	\$387.7bn (down by 12% Y-o-Y)	\$523.3bn (up by 35% Y-o-Y)	<ul style="list-style-type: none"> In Q4 2020, China's GDP grew by 2.6% Q-o-Q and by 2.3% Y-o-Y in 2020, the slowest growth rate in last 45 years. The IMF estimates the country's GDP to increase by 8.1% in 2021 The World Bank expects the Chinese economy to expand by nearly 8.0% in 2021 The Shanghai Composite Index increased by 12.6% in 2020, after declining by 10.9% in Q1 2020 Trade surplus rose to a record USD78.2bn in December, exceeding the previous high of USD75.4bn in November, as export growth outstripped imports and closed at USD535.0bn in 2020 (the highest since 2015) The government recently approved vaccine for the general public, while China based Sinopharm is ramping up the production for mass vaccination across the country However, China's manufacturing index fell for second consecutive month, with PMI falling to 51.3 in January 2021, while the non-manufacturing gauge dropped to 52.4 from 55.7 in December 2020. Travel curbs, recent lockdown in Northern China & continuously falling service PMI may slowdown the overall economic recovery
Japan	\$121.8bn (up by 40% Y-o-Y)	\$130.4bn (up by 7% Y-o-Y)	<ul style="list-style-type: none"> In Q3 2020, Japan's GDP grew by 22.9% Y-o-Y and 5.3% Q-o-Q. The IMF estimates the GDP to decline by 5.1% in 2020, and then grow by 3.1% in 2021 As per the Ministry of Finance, exports increased by 2.4%, while imports fell by 11.6% Y-o-Y in December 2020. Both exports and imports declined by 11.1% and 13.8%, respectively, for the full year 2020 The Nikkei 225 Index recovered well and increased by 18.3% in 2020, after declining by 18.5% in Q1 2020 The Government of Japan recently announced a state of emergency in Tokyo, Kanagawa, Saitama, and Chiba prompted by surging number of COVID-19 cases. It is expected to extend the restrictions to seven more neighboring prefectures In December 2020, Japan's cabinet approved a third supplementary budget to fund a fresh USD708bn stimulus package to increase focus on investment in new growth areas such as green and digital innovation

⁵ Source: Refinitiv; YTD as of December 31, 2020, IMF, SDC and Press search

(1) Benchmark indices include Shanghai Composite Index, Nikkei 225, Straits Times Index, BSE Sensex, ASX 200 and KOSPI . Data as of December 31, 2020