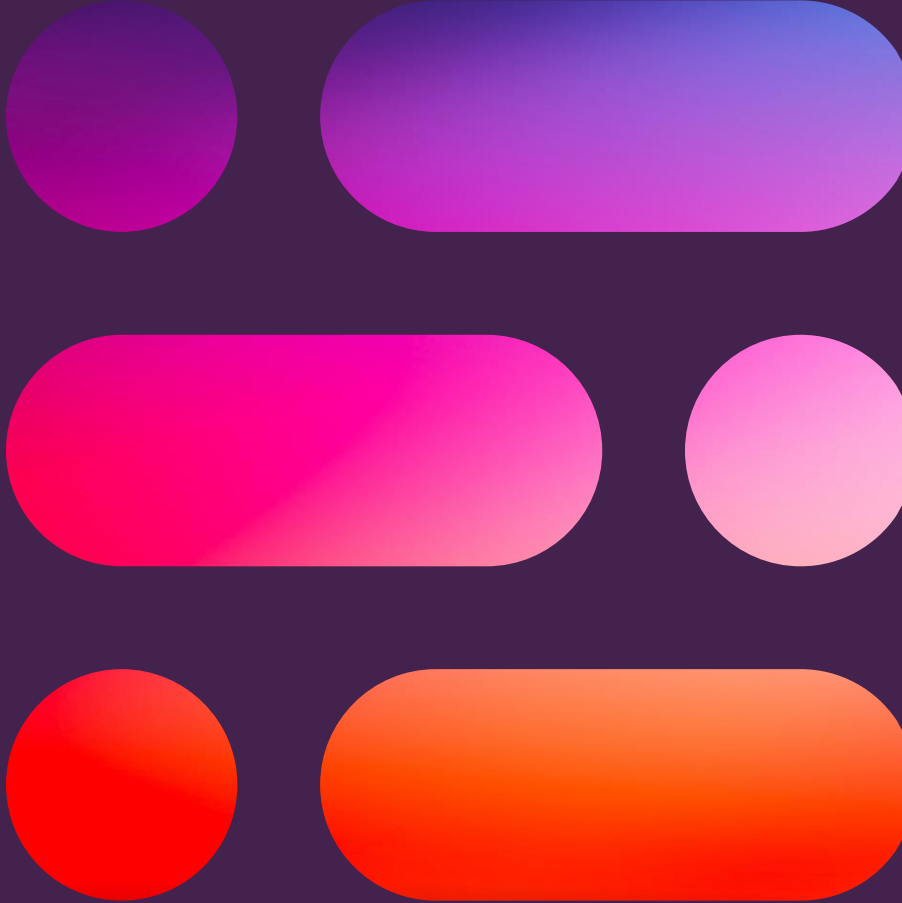


M&A Activity in APAC

Corporate and Investment Banking Practice

May 2022



Deal activity in APAC⁽¹⁾ has been subdued in 2022, as market sentiment was marred by global geopolitical developments



M&A activity in APAC⁽¹⁾ mirrored trends in global market

- Deal volumes in the APAC⁽¹⁾ marginally decreased after a strong show in 2021 and aggregated US\$369bn in YTD 2022 (down 6% Y-o-Y)
- Deal volumes in the global market also came down compared to 2021, aggregating US\$1.6tn in YTD 2022 (down 20% Y-o-Y)
 - Overall sentiment in M&A markets remained subdued, as the number of deals declined by 22% Y-o-Y in Q1 2022 (with 3,723 deals)
- M&A activity in APAC (on YTD basis) was partially backed by strong growth in India (up 143% Y-o-Y) and Singapore (up 96% Y-o-Y)
 - Technology and Industrial sectors were the leading contributors towards deal activity, comprising ~38% of total deals announced
 - Deal volumes in China plunged 45% Y-o-Y to \$94bn, in YTD 2022
- Out of ~18,000 deals announced globally, EMEA accounted for a 39% share whereas Americas and APAC accounted for a share of 32% and 29% respectively



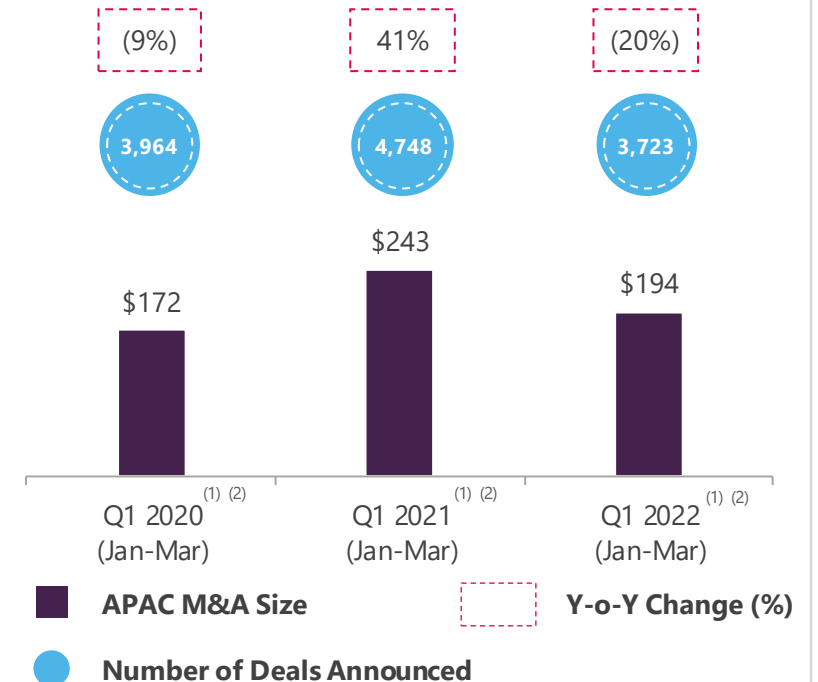
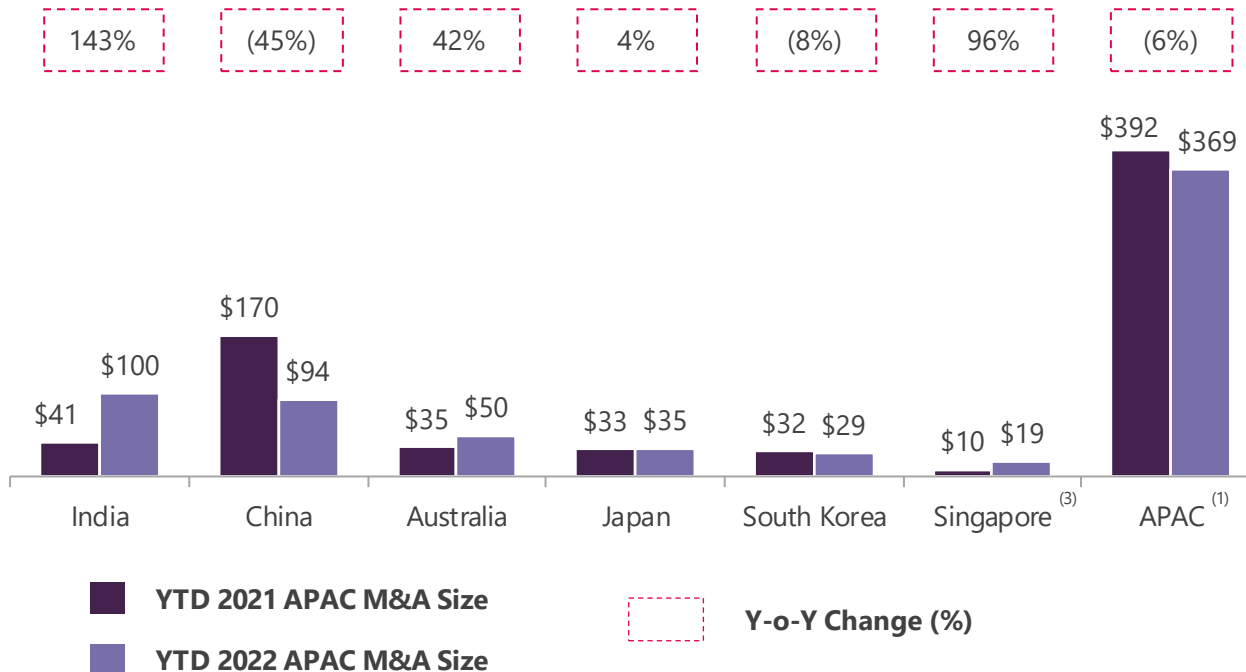
New COVID-19 variants continue to hurt economic recovery

- In 2022, economic growth in APAC is poised to slow more than estimated earlier this year
- The emergence of new COVID-19 variants, challenges related to geopolitical tensions, and tightening financial conditions pose a potent threat to growth prospects
 - Countries such as Japan, South Korea, Vietnam and China have been reporting high number of cases recently
- In India, daily new cases remained low as on May 22, however states like Kerala, Karnataka and Maharashtra continued to witness a spike in infection rates with low hospitalization rate
 - As of May 22, 2022, India reported ~2,000 new cases with an overall recovery rate of 98.7%. The number of active cases also dipped to 14,832 while the daily positivity rate declined to 0.69%
 - Till May 22, 2022, India had administered over 1.92bn doses and inoculated ~73% of its population with the first dose
- APAC's GDP is expected to grow by 4.3% in 2022, led by India (8.2%). However, it is expected to slow down and grow by 3.8% in 2023

Despite a strong performance in 2021, deal momentum has got off to a slow start in 2022

- APAC⁽¹⁾ M&A markets remained relatively flat in terms of deal activity and declined by 6% in YTD 2022
 - Strong volume growth in India, Singapore and Australian markets, marginally improved the overall performance
 - Deal volumes in China and South Korea declined by 45% and 8% respectively, which dragged down the overall M&A growth

- In Q1 2022, the number of deals declined by 22% Y-o-Y, weighing on the overall deal volume which decreased by 20% Y-o-Y
- Q1 2022 marked the slowest opening quarter for M&A in last two years



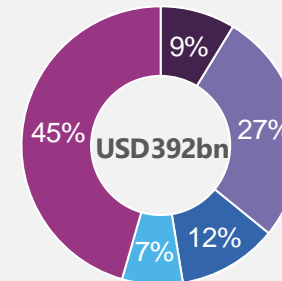
Source: Refinitiv; Data as of May 12, 2022; Figures in USDbn
1) Includes Japan

2) Refinitiv report ending March 31, 2020 & March 31, 2021 & March 31, 2022
3) Figures extrapolated using data until March 31, 2022

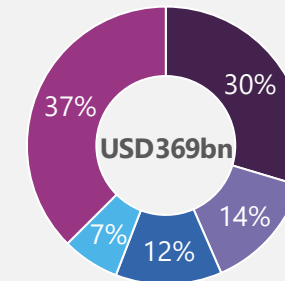
Financial sector witnessed a surge in deal making and reported highest Y-o-Y growth

- Financial sector emerged as the biggest contributor in deal making in YTD 2022 and accounted for 30% of the total deals⁽²⁾
 - Technology sector (in APAC) was the second highest contributor, with 14% of total deals⁽²⁾ and in line with global M&A markets where it accounted for 25% share
- Deals in Financials, Technology and Industrial sectors accounted for bulk (~56%) of M&A volumes
- Goldman Sachs, Morgan Stanley and Citigroup advised the highest number of deals among the top 10 deals in 2022

YTD 2021 APAC⁽¹⁾ M&A Size



YTD 2022 APAC⁽¹⁾ M&A Size



YTD 2022: Top Announced M&A (Based on Transaction Value)

Ann. Date	Target	Target's Advisor	Txn. Value (USDbn)	Acquirer	Acquirer's Advisor
15-May-22	Ambuja Cements	JPMorgan	\$6.2	Adani Group	-
28-Apr-22	Hitachi Transport System	Morgan Stanley / UBS	\$8.5	Kohlberg Kravis Roberts	BofA / SMBC Nikko Securities
20-Apr-22	Ramsay Health Care	UBS	\$20.9	Private Group	Credit Suisse AG
04-Apr-22	Housing Dvlp Fin Corp	Credit Suisse / Jefferies / Axis Bank	\$60.4	HDFC Bank	Morgan Stanley / Goldman Sachs
27-Mar-22	Natl Grid -Gas Transmission	Barclays / Goldman Sachs	\$12.7	Investor Group	Macquarie Group
16-Mar-22	Baring Private Equity Asia	Goldman Sachs / JPMorgan Chase	\$7.5	EQT AB	Morgan Stanley
07-Mar-22	Reden Solar SAS	Citigroup / EY/ Nomura	\$2.7	Investor Group	Goldman Sachs / Rothschild
28-Feb-22	Viatrix -Biosimilars Biz	PJT Partners LP	\$3.3	Biocon Biologics	Allegro Capital Advisors
27-Jan-22	Samsung Bioepis	Citigroup / Moelis & Co	\$2.3	Samsung Biologics	-
13-Jan-22	Citigroup -Consumer Banking	Citigroup	\$3.7	United Overseas Bank	Credit Suisse (Singapore)

Source: Company Press Releases and Refinitiv; Data as of May 12, 2022, Figures in USDbn

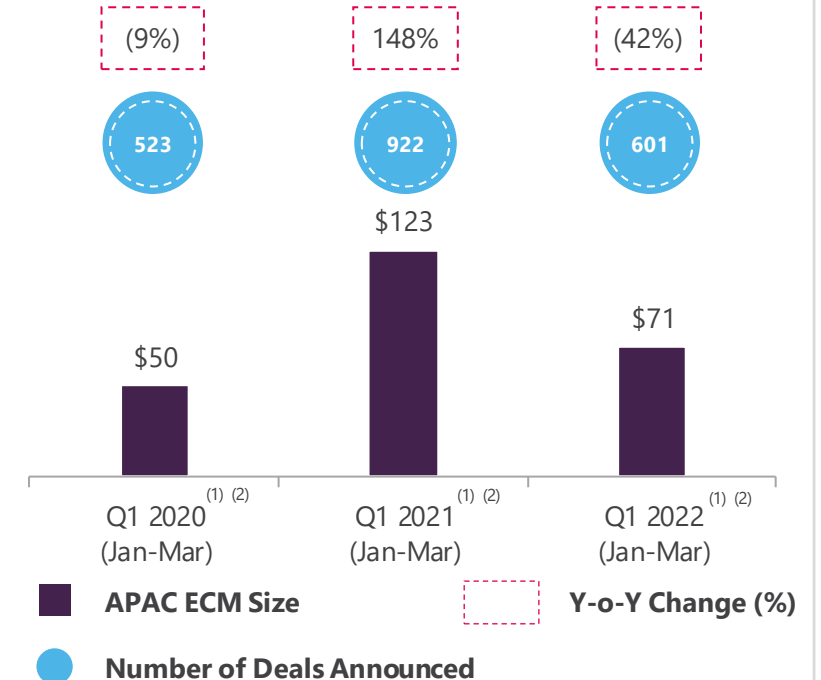
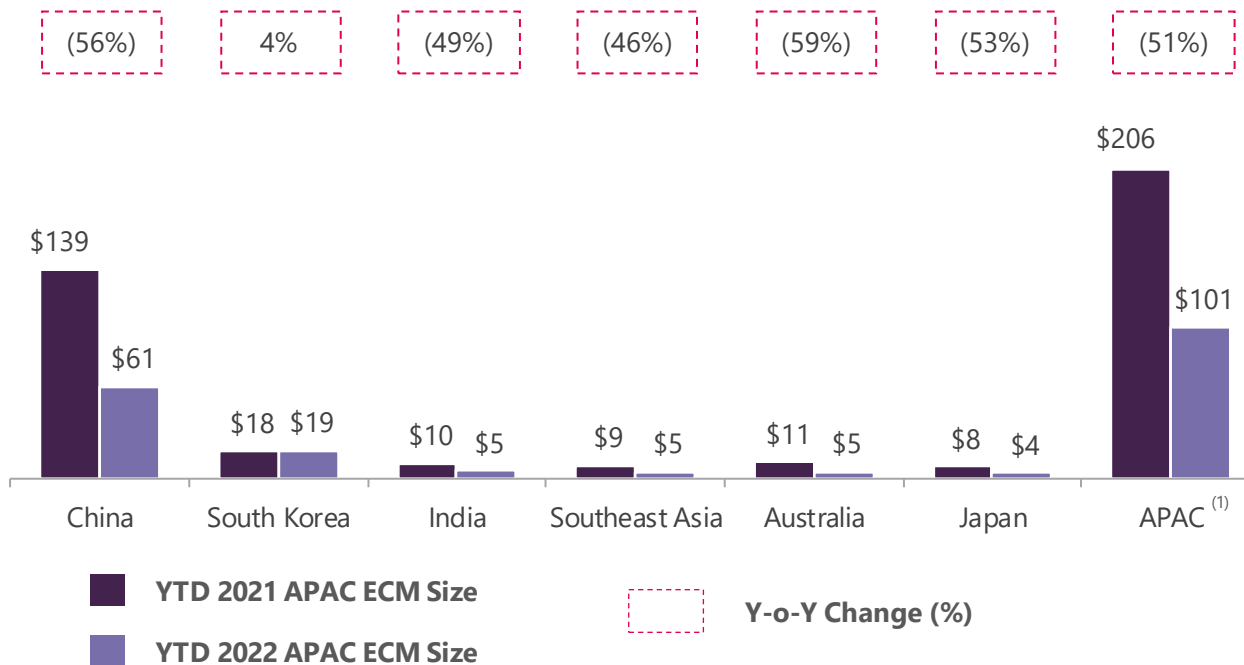
1) Includes Japan

2) In terms of deal value

ECM Markets – Steep decline in IPO & Follow-on offerings led to negative growth in ECM activity

- ECM deal volumes in APAC⁽¹⁾ declined by 51% in YTD 2022, following the global markets which hit a six-year low in Q1 2022
 - South Korea was the only region that displayed growth in ECM offerings, aggregated US\$19bn (up 4% Y-o-Y)
 - ECM volumes plummeted in China, India, Australia and other parts of Southeast Asia

- China-domiciled IPOs totaled US\$17.1bn in Q1 2022, down 36% Y-o-Y
- Japanese ECM offerings stood at US\$3.2bn during Q1 2022, down 46% Y-o-Y, marking the slowest first quarter since 2020



Source: Refinitiv; Data as of May 12, 2022; Figures in USDbn

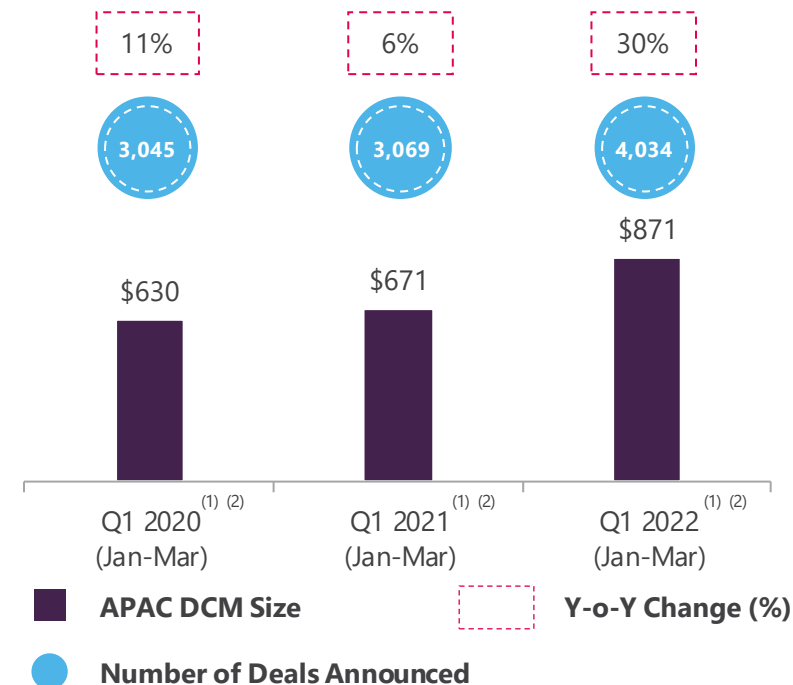
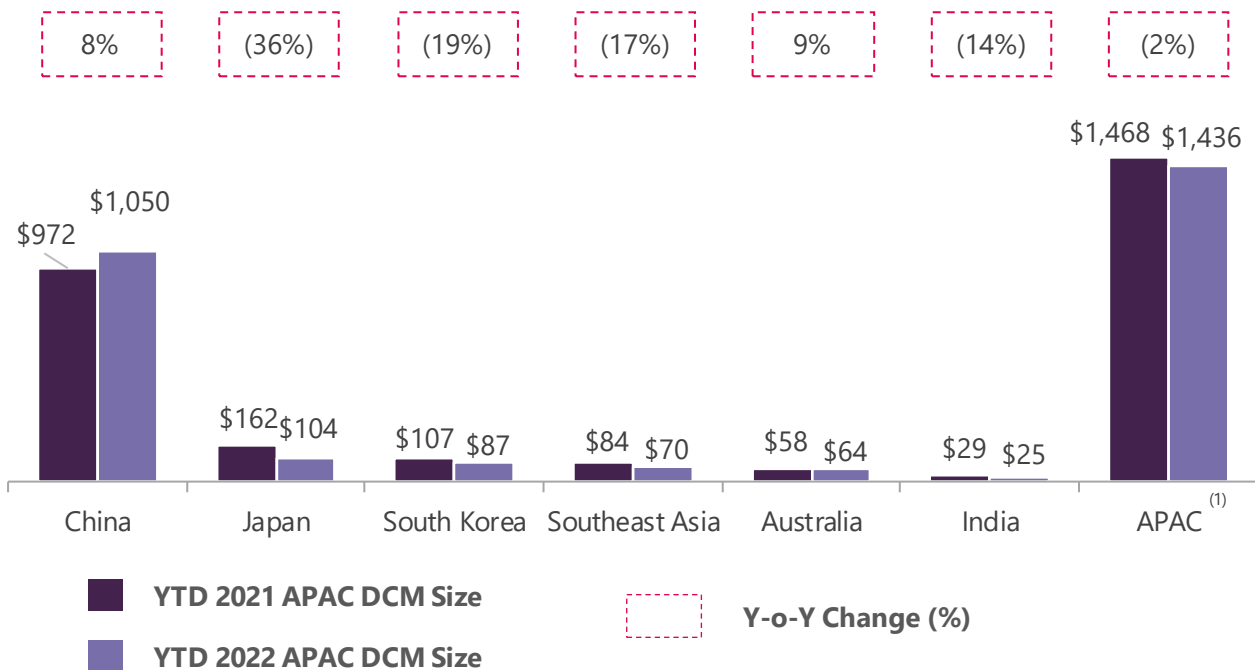
1) Includes Japan

2) Refinitiv report ending March 31, 2020 & March 31, 2021 & March 31, 2022

DCM Markets – Healthcare, financial and material emerged as the only sectors to witness moderate growth this year

- Deal volumes in APAC⁽¹⁾ declined by 2% in YTD 2022, APAC accounted for ~60% of global deals
 - China and Australia registered strong volumes and posted Y-o-Y growth of 8% and 9%, respectively
 - DCM offerings in Japan, South Korea and India declined by 36%, 19% and 14% Y-o-Y respectively, which significantly affected the overall growth

- Bond offerings in Asian currencies stood at US\$827bn during Q1 2022, up 31% Y-o-Y
- Chinese Yuan offerings increased by 40% Y-o-Y in Q1 2022 and Japanese Yen offerings decreased by 10% in the same period, which marked a four-year low



Source: Refinitiv; Data as of May 12, 2022; Figures in USDbn

1) Includes Japan

2) Refinitiv report ending March 31, 2020 & March 31, 2021 & March 31, 2022

Economic impact from the Ukraine conflict likely to contribute to a significant slowdown in global growth in 2022

Country	Announced M&A Value (USD, bn)		Key Economic Indicators and COVID-19 Situation ⁽¹⁾
	2021	YTD 2022	
China	\$528.0bn (up 4% Y-o-Y)	\$93.5bn (down 45% Y-o-Y)	<ul style="list-style-type: none"> In Q1 2022, China's GDP beat the market forecasts and grew by 1.3% Q-o-Q and 4.8% Y-o-Y, backed up strong industrial output. The IMF estimates the country's GDP to increase by 4.4% in 2022 and 5.1% in 2023 The World Bank expects China's economy to slow down and grow by 5.0% in 2022 (down from 5.4%) The Shanghai Composite Index decreased by 15.4% in YTD 2022, after falling by 10.5% in Q1 2022 In April 2022, China's exports increased by 3.9% Y-o-Y (its slowest growth since June 2020), whereas imports remained unchanged Y-o-Y. As a result, the country witnessed a trade surplus of US\$51.1bn China's core CPI grew by 0.9% Y-o-Y in April 2022, compared to 1.1% growth in March. Its producer price index (PPI) jumped 8.0% Y-o-Y compared with an 8.3% rise in March 2022, beating the market expectations As of May 22, 2022, China reported 4,547 new COVID-19 cases as the country remained staunchly committed to its zero-tolerance approach to COVID-19. Until May 22, 2022, China had administered ~3.4bn doses of vaccine to its population and ~89% of its total population were fully vaccinated
Japan	\$99.6bn (down 23% Y-o-Y)	\$34.8bn (up 4% Y-o-Y)	<ul style="list-style-type: none"> In Q1 2022, Japan's GDP shrank by 0.2% Q-o-Q and 1.0% Y-o-Y as private consumption remained unchanged Q-o-Q. Further, COVID-19 related curbs hit the service sector and surging commodity prices created new pressures towards GDP growth. The IMF estimates Japan's GDP to grow by 2.4% (down from 3.3% earlier) in 2022 and 2.3% in 2023 Japan's exports surged by 12.5% Y-o-Y in April 2022 to US\$63bn, while imports increased by 28% Y-o-Y to US\$70bn due to soaring energy costs and weak currency. This led to a trade deficit of US\$7.0bn in April as the war in Ukraine, meanwhile, has pushed prices for oil and gas sharply higher The Nikkei 225 Index decreased by 9.4% in YTD 2022, after falling by 5.1% in Q1 2022 As of May 19, 2022, Japan reported 39,642 new cases (down by some 2,000 from a week ago). With ~81% of its population fully vaccinated, cases have been declining lately after the advisory issued by health experts of a possible outbreak of XE subvariant. However, signs of a potential 7th wave are emerging in the country Japan's services PMI (seasonally adjusted) increased to 50.7 in April from 49.4 in March and manufacturing PMI (seasonally adjusted) fell to 53.5 in April from 54.1 in March. Japan's services sector activity expanded for the first time in four months in April, as consumer sentiment recovered after the government lifted coronavirus curbs

Source: Refinitiv; Data as of May 12, 2022, IMF and Press search

1) Benchmark indices include Shanghai Composite Index, Nikkei 225, Straits Times Index, BSE Sensex, ASX 200 and KOSPI. Data as of May 16, 2022

Economic impact from the Ukraine conflict likely to contribute to a significant slowdown in global growth in 2022

Country	Announced M&A Value (USD, bn)		Key Economic Indicators and COVID-19 Situation ⁽¹⁾
	2021	YTD 2022	
India	\$114.7bn (up 58% Y-o-Y)	\$100.4bn (up 143% Y-o-Y)	<ul style="list-style-type: none"> In Q3 2022 (October-December 2021), India's GDP increased by 5.4% Q-o-Q, touch below the market expectations. Growth in private consumption and demand slowed down during the quarter The IMF revised its forecast for India's GDP and expects it to grow by 8.2% in 2022. However, the World Bank recently slashed its growth forecast and expects a growth of 8.0% in 2022 (down from 8.7%) The BSE Sensex Index decreased by 10.5% in YTD 2022, after falling by 1.0% in Q1 2022 India's monthly merchandise exports exceeded the US\$40bn mark and aggregated US\$40.2bn in April 2022, compared with US\$30.7bn (up 31% Y-o-Y), whereas Imports also jumped by 30.9% and aggregated US\$60.3bn During the last fiscal year, exports increased to a record high of US\$417.8bn, whereas imports surged to US\$610.2bn. This meant that the trade deficit was US\$192.4bn for year FY21-22 (up 87.5% Y-o-Y) Although India managed to avoid grave effects of the third wave of COVID-19 infections earlier this year, however the transmission rate has recently surged in select parts of the country owing to Omicron's subvariants. As of May 22, ~64% of India's population was fully-vaccinated and the country reported c.2,000 cases with a 98.7% recovery rate
Australia	\$243.5bn (up 296% Y-o-Y)	\$50.3bn (up 42% Y-o-Y)	<ul style="list-style-type: none"> In Q4 2021, Australia's GDP grew by 3.4% Q-o-Q and 4.2% Y-o-Y, marking the strongest quarterly growth since 1976. The IMF estimates the country's GDP to grow by 4.2% in 2022 and 2.5% in 2023 As per the Australian Bureau of Statistics (ABS), the Australian economy grew by 3.4% compared to what it was before the pandemic. The upside was supported by opening of Australia's international borders, the substantial household savings over the past two years, a large pipeline of construction activity and ongoing support from country's macroeconomic policy The ASX 200 Index decreased by 6.5% in YTD 2022, after falling by 1.2% in Q1 2022 For March 2022, Australia reported a trade balance of US\$9.3bn on a seasonally adjusted basis As of May 19, 2022, Australia reported ~50,230 new cases and had 6.9mn confirmed cases of COVID-19. Further, c.84% of Australia's population was fully vaccinated as of May 19, as number of deaths in 2022 reached more than double of previous two years

Source: Refinitiv; Data as of May 12, 2022, IMF and Press search

1) Benchmark indices include Shanghai Composite Index, Nikkei 225, Straits Times Index, BSE Sensex, ASX 200 and KOSPI. Data as of May 16, 2022

Economic impact from the Ukraine conflict likely to contribute to a significant slowdown in global growth in 2022

Country	Announced M&A Value (USD, bn)		Key Economic Indicators and COVID-19 Situation ⁽¹⁾
	2021	YTD 2022	
Singapore	\$97.6bn (up 104% Y-o-Y)	\$18.7bn ⁽²⁾ (up 96% Y-o-Y)	<ul style="list-style-type: none"> In Q4 2021, Singapore's GDP grew by 2.3% Q-o-Q on a seasonally adjusted basis and 6.1% Y-o-Y. For full year 2021, the economy grew at 7.6% Y-o-Y, the fastest pace in more than a decade The IMF estimates Singapore's GDP to grow by 4.0% in 2022 and 2.9% in 2023 Based on the advance estimates, the Singapore economy grew by 0.4% Q-o-Q on a seasonally adjusted basis and 3.4% Y-o-Y, in Q1 2022. The construction sector grew by 1.8% on a Y-o-Y basis and the services industry expanded by 3.9% in Q1 2022 The Singapore Straits Time Index increased by 1.9% in YTD 2022, after surging by 8.8% in Q1 2022 Singapore had recently eased its COVID-19 related restrictions as the government said it would continue to monitor the local and global situation closely. As of May 18, 2022, c.92% of Singapore's population had completed the primary vaccination, whereas 75% of its population had also received the booster shot As of May 19, Singapore reported ~4,600 new cases as overall cases have surged in recent weeks
South Korea	\$123.1bn ⁽²⁾ (up 92% Y-o-Y)	\$29.0bn (down 8% Y-o-Y)	<ul style="list-style-type: none"> In Q1 2022, South Korea's GDP grew by 0.7% Q-o-Q (on a seasonally adjusted basis) and 3.1% Y-o-Y, as consumers and companies cut spending amid COVID-19 restrictions and surging inflation. The IMF estimates the country's GDP to grow by 2.5% in 2022 and 2.9% in 2023 The economic growth nearly halved in Q1 2022 as private consumption shrank by 0.5% while capital investment fell by 4%, the fastest decline in three years South Korea's exports in April grew by 12.6% Y-o-Y to US\$57.7bn, while imports grew by 18.6% to \$60.3bn. This resulted in a trade deficit of US\$2.6bn, up from a deficit of US\$140mn in previous month As of May 19, 2022, South Korea reported over 25,100 new daily COVID-19 cases, compared to c.28,100 cases a day before as the daily caseload continued to decline following the Omicron variant-driven resurgence. Further c.87% of the country's total population remained fully vaccinated and 65% had received the boosted shot The KOSPI Index decreased by 13.1% in YTD 2022, after falling by 7.7% in Q1 2022

Source: Refinitiv; Data as of May 12, 2022, IMF and Press search

1) Benchmark indices include Shanghai Composite Index, Nikkei 225, Straits Times Index, BSE Sensex, ASX 200 and KOSPI. Data as of May 16, 2022

2) Figures extrapolated using data until March 31, 2022

Global geopolitical developments and increasingly challenging policy trade-offs have increased risks to economic growth



Just as the economies of East Asia and the Pacific were recovering from the pandemic-induced shock, the war in Ukraine is weighing on growth momentum...The region's largely strong fundamentals and sound policies should help it weather these storms

— Manuela Ferro, World Bank
(Vice President, East Asia and Pacific)



While Asia's trade and financial exposures to Russia and Ukraine are limited, the region's economies will be affected by the crisis through higher commodity prices and slower growth in European trading partners.. Therefore, the region faces a stag-flationary outlook, with growth being lower than previously expected, and inflation being higher

— Anne-Marie Gulde-Wolf, IMF
(Acting Director, Asia-Pacific)



A lot of the world economies still depend on China. If it is in a relatively non-tightening mode versus the U.S., which is in a 5 to 7 times rate hike cycle, this is where we think it could be beneficial for China.. I would think that if relative monetary easing impacts how corporate earnings do in the first half, we should see good data start to come out in August. If and when that happens, I think there's a shot at the market reopening and investors having renewed confidence

— Selina Cheung, UBS
(Co-head, Equity Capital Markets, Asia)



Deal flow in M&A is fundamentally driven by the confidence boards have around the outlook for businesses and the macro developments in the world...The buyers are saying 'let's revisit whether the pricing we had in mind is still valid in markets like these' and the sellers are like 'do we really want to sell unless we get the prices we want

— Rohit Chatterji, JP Morgan
(Co-head of M&A, Asia Pacific)

Beyond short-term output losses, the pandemic and geopolitical conflict are likely to leave longer-lasting footprints

Economic forecast



Deal volume in APAC tumbled in Q1 2022 and dealmakers do not expect a near-term rebound as the Russia-Ukraine war, higher interest rates and economic uncertainty continue to hurt business sentiment. APAC's economic growth is expected to slowdown in 2022 and grow at ~4.3%

Containing COVID-19



APAC region was somehow weathering the recurrent COVID-19 storms, however newer variants gathered over the economic horizon and pulled back the economic growth. The COVID-19 related measures continue to dampen domestic consumption, private investment, and international tourism

Global factors



Rising inflation, higher interest rates and the ongoing climate emergency pose a big concern to global economies and can have a cascading effect on long-term growth prospects. Persistent upward pressure on oil prices has also added to the woes

A transformative shock



Just as a durable recovery from the pandemic-induced global economic collapse appeared in sight, the Ukraine situation has created a real prospect that a large part of the recent gains will be erased. This is expected to derail the M&A markets from its growth path

Outlook for 2022

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