



# Asia-Pacific Private Equity Report 2024

Staying the course amid upheaval

**BAIN & COMPANY** 

## Authors and acknowledgments

This report was prepared by:

**Sebastien Lamy**, a Bain & Company partner based in Tokyo and coleader of the firm's Asia-Pacific Private Equity practice;

**Lachlan McMurdo**, a partner based in Melbourne and a member of Bain's Australia Private Equity practice; and

**Elsa Sit**, practice vice president with Bain's Asia-Pacific Private Equity practice.

The authors wish to thank Kiki Yang, coleader of Bain's Asia-Pacific Private Equity practice, for her overall guidance; Wonpyo Choi, Kukhyoe Koo, Ben MacTiernan, Alex Boulton, and David Zehner for their perspectives on improving portfolio exit value; Brenda Rainey and Johanne Dessard for their perspectives on asset class diversification; Usman Akhtar, Alex Boulton, Andrea Campagnoli, Meng-Yang Lee, Mai Nguyen, Hao Zhou, Wonpyo Choi, Sungwon Yoon, Sriwatsan Krishnan, A Prabhav Kashyap, Aditya Muralidhar, James Viles, Ben MacTiernan, and Jim Verbeeten for their input on regional dynamics; Joy McConnochie and Owain Palmer for their contributions; Echo Han, Dhawal Pandey, Sanyam Sharma, Shilpi Bansal, and the team from the Bain Capability Network (Ira Kaur, Munish Basrar, Vikas Sharma, Deepak Bhawani, Shalini De, Siddhant Banerjee, Saloni Singh, and Kabir Singh Kochar) for their analytic support and research assistance; and Gail Edmondson for her editorial support.

We are grateful to Preqin and Asia Venture Capital Journal (AVCJ) for the valuable data they provided and for their responsiveness.

This work is based on secondary market research, analysis of financial information available or provided to Bain & Company and a range of interviews with industry participants. Bain & Company has not independently verified any such information provided or available to Bain and makes no representation or warranty, express or implied, that such information is accurate or complete. Projected market and financial information, analyses and conclusions contained herein are based on the information described above and on Bain & Company's judgment, and should not be construed as definitive forecasts or guarantees of future performance or results. The information and analysis herein does not constitute advice of any kind, is not intended to be used for investment purposes, and neither Bain & Company nor any of its subsidiaries or their respective officers, directors, shareholders, employees or agents accept any responsibility or liability with respect to the use of or reliance on any information or analysis contained in this document. This work is copyright Bain & Company and may not be published, transmitted, broadcast, copied, reproduced or reprinted in whole or in part without the explicit written permission of Bain & Company.

## Contents

Asia-Pacific Private Equity: Investors pulled back, and deal activity plunged .....	2
What happened in 2023?.....	5
Deals all but stopped .....	5
Spotlight on energy and natural resources .....	9
Competition shrinks .....	11
Multiples plunge.....	13
Exits drop again .....	14
Fund-raising plummets .....	16
Returns remain attractive .....	21
Improving portfolio exit value .....	24
Finding a good fit .....	26
A smart approach to asset class diversification .....	29
Private credit and infrastructure.....	30
Aim to outperform .....	33
Market definition.....	36

## Asia-Pacific Private Equity: Investors pulled back, and deal activity plunged

- ▶ The number of private equity deals and exits fell sharply in most markets amid ongoing uncertainty.
- ▶ Asia-Pacific PE funds raised just \$100 billion in 2023, the lowest level in a decade.
- ▶ Faced with a tough market, GPs developed new strategies to find buyers and improve exit value.
- ▶ Alternative asset classes such as infrastructure and private credit offer a growth opportunity for Asia-Pacific-focused funds.

For the second year in a row, uncertainty hovered over Asia-Pacific private equity (PE) markets. Many investors put dealmaking on hold in 2023, worried about slowing economic growth across much of the region, persistently high interest rates that raise the cost of PE debt, and volatile public stock markets. Ongoing geopolitical tensions and global conflicts reinforced investors' concerns. Unable to fathom what was ahead, funds retrenched to wait out the storm. The unsettling mix of macroeconomic conditions was investors' key concern, according to Bain's 2024 Asia-Pacific Private Equity survey.

Deal value fell to \$147 billion, extending the dealmaking slump that began in 2022. Exits plunged, and fund-raising declined to its lowest level in 10 years (*see Figure 1*).

Investors remained especially cautious of buying companies in Greater China, and a murky economic outlook affected the entire region. Global general partners (GPs) reduced their investments in Asia-Pacific countries, and deals and exits declined.

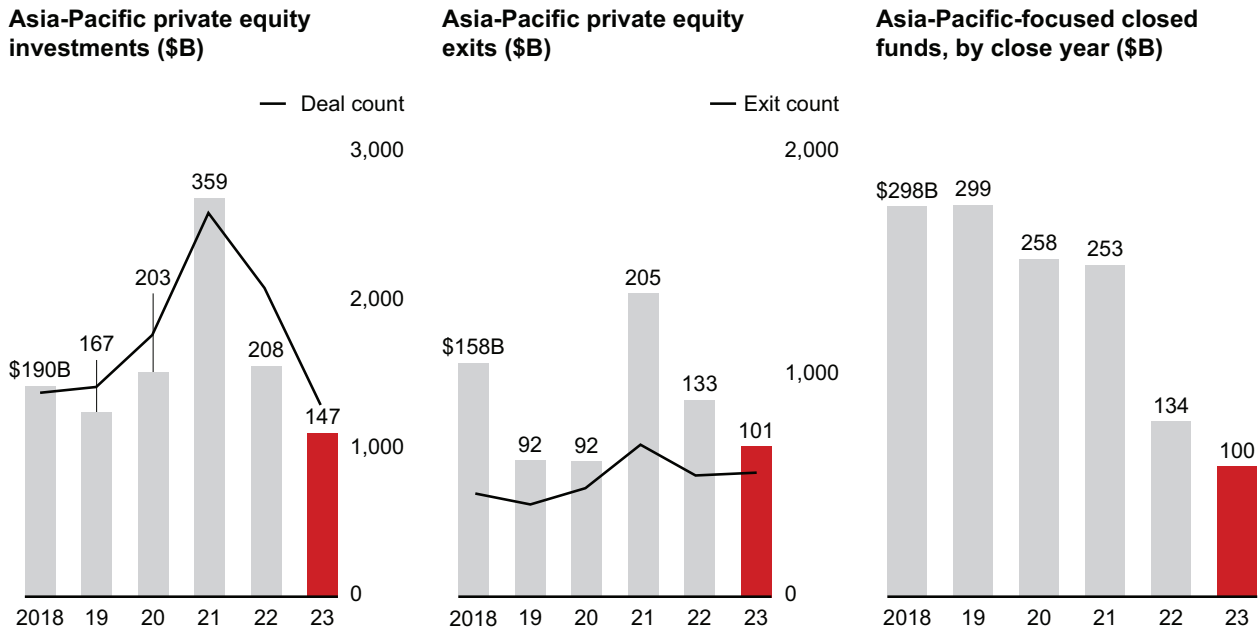
Japan was the only market to buck the trend, with a rise in deal activity. Investors found comfort in Japan's deep pool of target companies with performance improvement potential, its stable regulatory environment, and persistently low interest rates.

Technology was again the largest industry sector in terms of deals and exits. The energy and natural resources sector was the only investment area in which deal value and volume grew—a sign that investors are increasingly betting on assets related to the energy transition.

Greater China's exits via initial public offerings (IPOs) were by far the biggest source of exit activity, mostly in technology-related sectors (such as semiconductors) that are typically the domain of government-affiliated funds. Excluding IPOs in Greater China, exit value fell to \$65 billion, down 30% from the previous five-year average.

Asia-Pacific Private Equity Report 2024

**Figure 1:** Asia-Pacific deal value, exit value, and fund-raising plunged further in 2023



Note: Excludes real estate  
Sources: AVCJ; Preqin; Bain analysis

Grappling with the sixth year in a row of low or negative net cash flow, limited partners (LPs) put new allocations largely on hold. Many limited fund-raising to funds with demonstrated success, exposure to preferred markets, and differentiated strategies.

Asia-Pacific PE assets under management (AUM) dropped to 27% of global AUM, a second year of decline following more than a decade of steady share growth (see Figure 2).

By year-end, several signs of market improvement began to appear, but the timing of a recovery remains unclear. Inflation rates began falling in most markets after spiking in 2022. Interest rates in most Asia-Pacific markets are forecast to decline in late 2024 or 2025. And some currencies that depreciated against the US dollar in 2022 and 2023 started to recover. Finally, stocks ended the year with strong performance in most markets, except China and Southeast Asia.

PE returns were a bright spot in 2023, reconfirming that PE is still an attractive investment class, far outperforming public markets over 5-,10-, and 20-year horizons. And at year-end, industry data pointed to consistently high levels of dry powder in the region, ensuring funds have ample capital to do more deals.

New sectors hold promise once a recovery takes off. Disruptive innovations like generative AI are creating fresh opportunities. Our research shows most GPs are using generative AI to mitigate risk,

以上内容仅为本文档的试下载部分，为可阅读页数的一半内容。如要下载或阅读全文，请访问：<https://d.book118.com/296003030115010123>