

Deal Drivers: APAC FY 2021

A spotlight on mergers and
acquisitions trends in **2021**

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Foreword: Rapid return to form in resurgent APAC

Having been the first to face the COVID-19 crisis, policymakers in APAC hoped they would also be the first to escape it but were disappointed with how 2021 turned out. While COVID-19 disruptions in the region were not as pronounced as in 2020, flare-ups did occur and governments were regularly forced to reintroduce restrictions. In parts of APAC, vaccination rates were slow, though countries including China, South Korea, Malaysia, and Japan did better.

Still, the region can at least be said to have learned to live with COVID-19—to the benefit of the economy. The IMF estimates that following the 2020 contraction, emerging and developing Asia posted positive GDP growth of 7.2% in 2021, led by India and China with growth of 9.5% and 8%, respectively. For 2022, the IMF is forecasting more modest growth, but still expects the region overall to expand by more than 5%.

The economic recovery has underpinned a return to M&A markets by corporates and investors alike. Dealmaking in APAC last year was up by one-third in volume terms on 2020, and by more than half in aggregate value terms. Indeed, M&A activity in the region last year comfortably exceeded the levels seen in 2019, prior to the pandemic.

COVID-19 continues to bring challenges, with the emergence of the Omicron variant at the end of 2021 serving as a reminder of the unpredictability of this crisis. Supply chain disruption is ongoing. Nevertheless, the M&A market in APAC does appear to have returned to full health. With the region leading the global economic recovery—and offering a litany of attractive assets and growth-minded trends—there is good reason to be optimistic about the outlook for 2022.



Outlook: APAC heat chart

According to our heat chart, which illustrates the distribution of “companies for sale” stories on the Mergermarket intelligence tool, industrials and chemicals (I&C) is the sector in which APAC dealmakers can expect to see the most activity, as was the case this time last year. In H2 2021, the industry amassed 822 stories about I&C companies coming to market in the region, representing just over one in five of the “for sale” stories logged in that period across all sectors (4,040).

The next most abundant industry is technology, media, and telecoms (TMT), with 750 stories, or just under 19% of the total. The consumer sector settles into a distant third place, with just over half as many “for sale” stories (389, or 9.6%) as TMT.

As might be expected, Greater China accounts for the bulk of the stories. Across all sectors, there were 2,195 stories about companies in Greater China coming to market, or more than half the regional total. Its presence in the abovementioned I&C sector is especially pronounced, with 583 (over 70%) of the 822 related stories.

Outside Greater China, activity in other parts of APAC is most visible in the always-popular TMT space, with economies as diverse as Southeast Asia (129 TMT “for sale” stories), Australia & New Zealand (98) and India (94) showing up as red-hot in the heat chart.

Heat chart based on potential companies for sale

	Greater China	South Korea	Japan	India	Southeast Asia	Australia & New Zealand	TOTAL
Industrials & chemicals	583	56	23	64	57	39	822
TMT	316	68	45	94	129	98	750
Consumer	175	35	17	54	47	61	389
Energy, mining & utilities	192	9	6	30	46	67	350
Financial services	164	10	7	43	65	47	336
Pharma, medical & biotech	173	23	9	57	20	53	335
Business services	170	12	23	34	50	41	330
Real estate	147	2	5	2	37	10	203
Leisure	69	17	10	13	14	42	165
Construction	116	11	4	13	14	6	164
Transportation	52	9	3	15	37	11	127
Agriculture	36			2	10	17	65
Defense	2			1	1		4
TOTAL	2,195	252	152	422	527	492	4,040



Note: The Intelligence Heat Charts are based on “companies for sale” tracked by Mergermarket in the respective regions between July 01, 2021 and December 31, 2021. Opportunities are captured according to the dominant geography and sector of the potential target company.

A woman with long dark hair, wearing a light green blazer, is shown in profile from the waist up, looking towards the right. She is carrying a black shoulder bag. The background is a blurred city skyline across a body of water, with a large ferry boat visible in the foreground. The scene is overlaid with a grid of colored rectangles: a yellow rectangle on the left containing the text 'All sectors', a yellow rectangle on the right, an orange rectangle in the middle, and a grey rectangle in the bottom right corner.

All sectors

Even after record Q4 2020, APAC reaches for higher highs

Economies across APAC bounced back strongly from the 2021 turbulence of the COVID-19 pandemic—and as the global economy continued to reopen in the wake of the crisis, APAC M&A activity surged ahead. The region recorded 5,683 transactions over the year with total deal value of almost US\$1.3tn, representing increases of 32% and 53%, respectively, compared to the previous year.

Moreover, unlike 2020, which was characterized by a sharp slowdown in M&A as COVID-19 hit, followed by a steep recovery, dealmaking in 2021 was quite sustained, building throughout the year.

Q1 2021 saw deal values and volumes slip back somewhat from the highs recorded in the final three months of 2020—unsurprising given the extraordinary levels of activity in that quarter as pent-up demand unwound—but nevertheless provided a very solid base. Thereafter, the pace picked up quickly. Q2 alone saw deals worth US\$390bn, while Q3 registered 1,574 M&A deal announcements across APAC, making these comfortably the busiest quarters of the past three years.

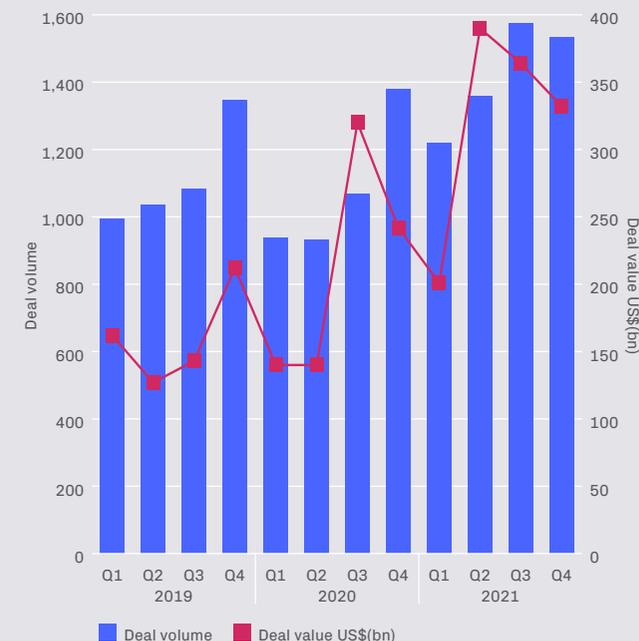
Big-ticket deals back on the table

After scaling that peak, the APAC M&A market did moderate somewhat in Q4. Still, the 1,533 deals—worth US\$332bn—seen over those three months represented a very healthy level of activity by historical standards. In volume terms, the market was 11% up on Q4 2020, while in value terms it grew 38% over the same period.

Such strong growth reflects the intensity of M&A at every level of the market, but one notable feature of 2021 was a sharp uptick in very large deals. Despite ongoing concerns about the potential for COVID-19 to undermine the global economy, dealmakers had the confidence to embrace transformational transactions.

In 2020, APAC hosted just 39 deals worth between US\$2bn and US\$5bn; in 2021, that figure rose to 72. Similarly, while 2020 saw only 20 deals worth over US\$5bn, last year saw 33 transactions of this scale announced in APAC.

All sectors M&A activity, 2019-2021



Source: Mergermarket



Mountains of dry powder

The role of private equity (PE) is another important part of APAC's 2021 M&A narrative. Still sitting on record levels of dry powder—and raising more funds—PE players were very active participants in dealmaking last year.

Indeed, at US\$328bn, the value of buyouts completed by PE investors over the course of the year was up by 159% on 2020. Exit activity was also up sharply, with US\$83bn worth of deals, more than three times the US\$26bn seen the previous year.

The dominance of the TMT sector was the other big theme of last year's APAC M&A activity. Indeed, it is difficult to overstate the extent to which TMT buoyed the overall figures.

Over the year, the TMT sector logged 1,228 transaction announcements worth US\$304bn across APAC. Those figures were 66% and 75% higher, respectively, than in 2020, which was a very strong year for dealmaking in that industry.

APAC top sectors by value | 2021

	US\$(m)
TMT	303,582
Energy, mining & utilities	171,321
Construction	159,819
Industrials & chemicals	146,094
Financial services	107,641

APAC top sectors by volume | 2021

	Deal count
TMT	1,228
Industrials & chemicals	1,088
Business services	547
Energy, mining & utilities	500
Pharma, medical & biotech	482

APAC top bidders by value | 2021

	US\$(m)
China	2,069
Japan	780
Australia	538
South Korea	474
USA	466

APAC top bidders by volume | 2021

	Deal count
China	471,326
USA	185,544
Australia	168,586
Japan	60,557
Hong Kong	59,090

Colossal construction

The only sector to see M&A activity at even half the levels logged in TMT was I&C, with 1,088 deals worth US\$171bn in 2021. The next busiest area of the market, business services, saw only 547 transaction announcements. And in value terms, construction took the number three spot, with US\$159bn worth of deals.

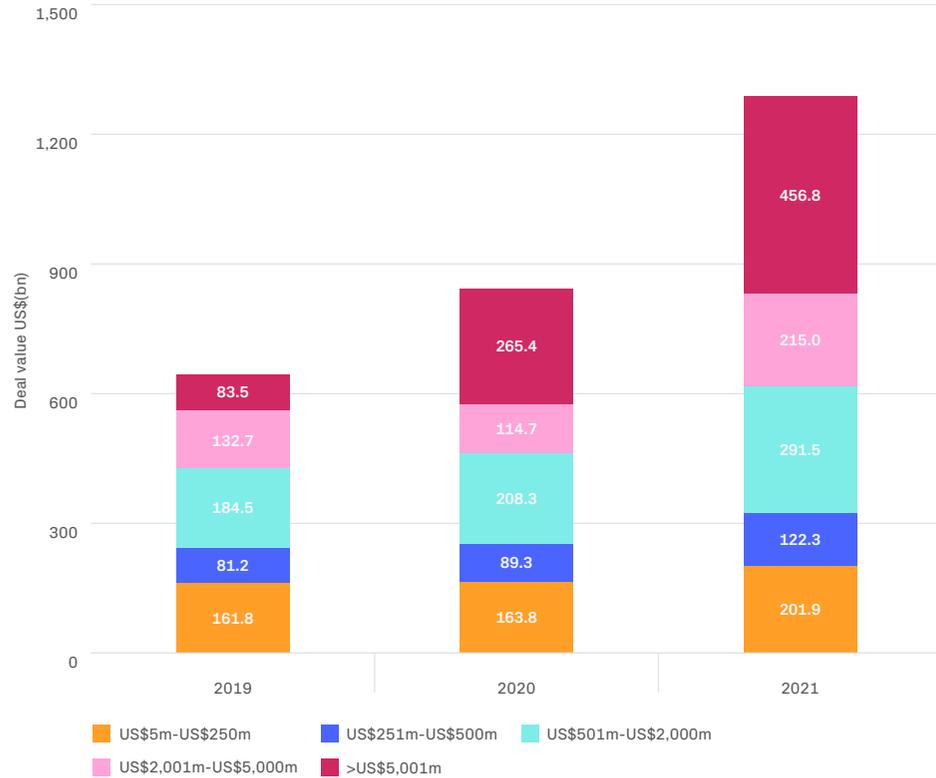
Construction's figure for last year—up 454% in value terms on 2020—is due largely to the effect of a single deal. The tie up between Sichuan Railway and Sichuan Transportation, worth US\$112bn, was by some distance the largest M&A transaction overall in APAC during 2021, and accounted for nearly three-quarters of the total deal value in the sector.

Indeed, the year's biggest transaction was worth almost three times more than the second-largest deal of 2021, the US\$38bn stock-for-stock merger between the special purpose acquisition company (SPAC) Altimeter Growth and the Singaporean technology company Grab Holdings. The third-largest deal in APAC overall in 2021 also came in the TMT space, with Block Inc's US\$27bn purchase of Australian payments specialist Afterpay becoming the biggest ever M&A transaction in the country's history.

All sectors top 10 announced deals, 2021

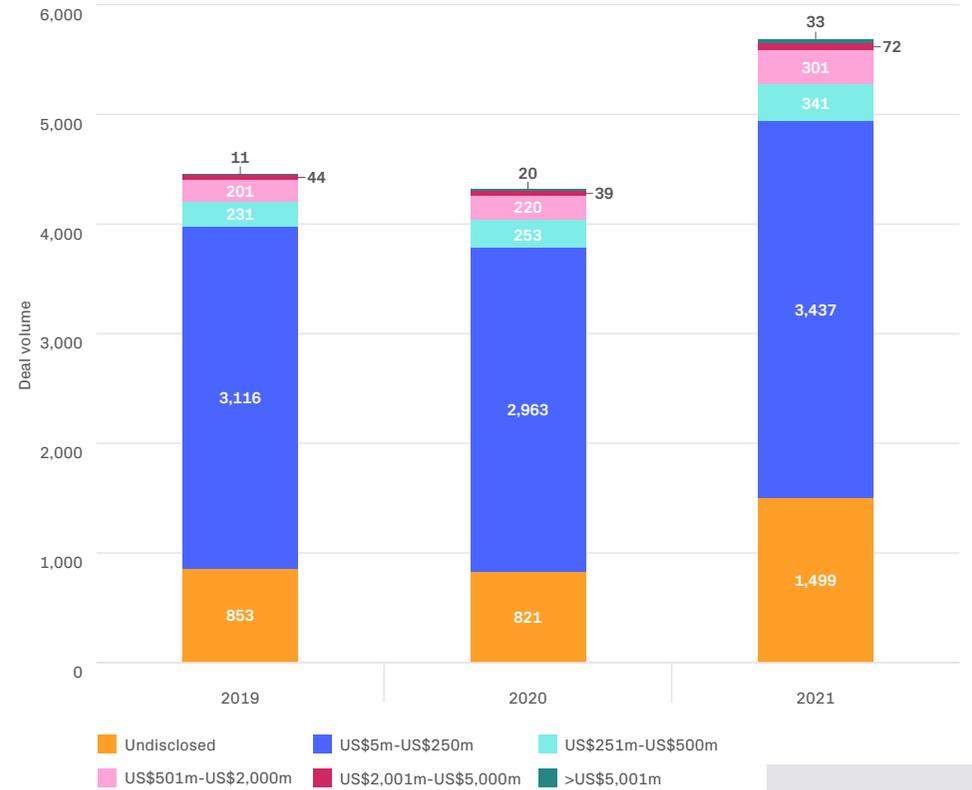
	Announced date	Bidder company	Target company	Target dominant sector	Vendor company	Deal value (US\$m)
1	02-Apr-21	Sichuan Railway Investment Group Co., Ltd.	Sichuan Transportation Investment Group Co., Ltd.	Construction		111,535
2	13-Apr-21	Altimeter Growth Corporation	Grab Holdings Inc	TMT		37,720
3	01-Aug-21	Block Inc	Afterpay Limited	TMT		26,649
4	08-Nov-21	Consortium for Sydney Airport Holdings	Sydney Airport Holdings Limited (100% Stake)	Transportation		23,516
5	05-Jul-21	Sydney Aviation Alliance	Sydney Airport Holdings Limited (85% Stake)	Transportation		21,734
6	19-Apr-21	Gulf Energy Development Public Company Limited	Advanced Info Service Plc	TMT		15,871
7	03-Mar-21	Xinjiang Tianshan Cement Co., Ltd.	China United Cement Group Co., Ltd.; South Cement Company Limited (99.93% Stake); Sinoma Cement Co., Ltd.; Southwest Cement Co., Ltd. (95.72% Stake)	Construction	An investor group led by China National Building Material Co., Ltd.	15,173
8	17-Aug-21	Woodside Petroleum Limited	BHP Petroleum International Pty Ltd	Energy, mining & utilities	BHP Group Limited	13,715
9	21-Sep-21	APA Group Ltd	Ausnet Services Ltd	Energy, mining & utilities		13,378
10	20-Sep-21	Alberta Investment Management Corporation; Brookfield Capital Partners Ltd.; Kinetic Super; Investment Management Corporation of Ontario	Ausnet Services Ltd	Energy, mining & utilities		13,340

All sectors M&A value split by deal size



Source: Mergermarket

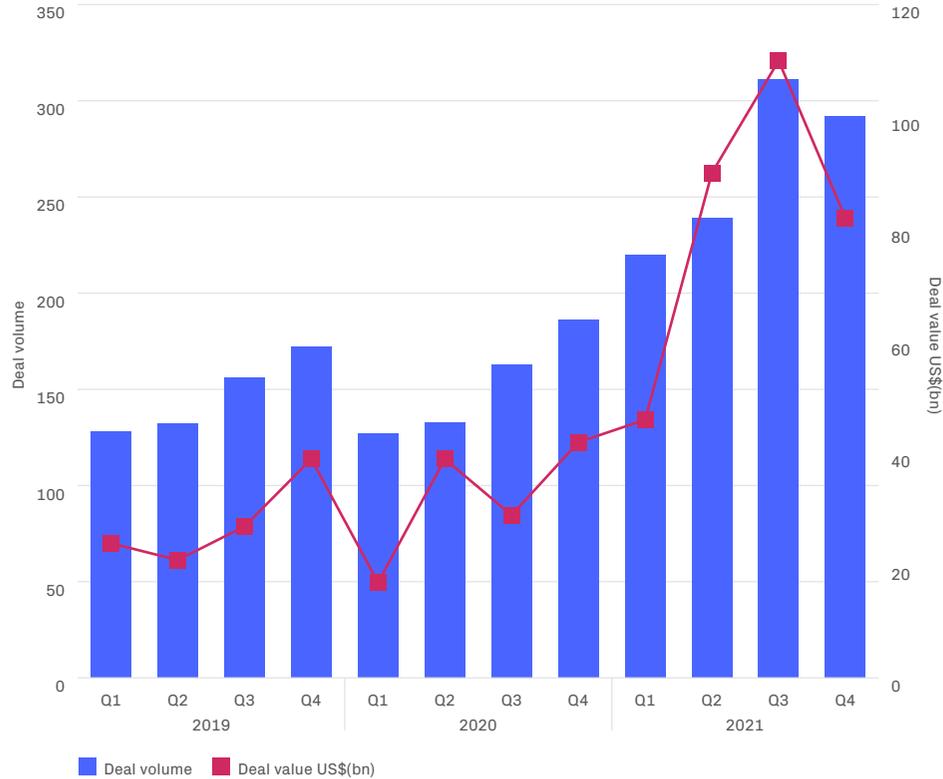
All sectors M&A volume split by deal size



Source: Mergermarket

All sectors PE buyouts

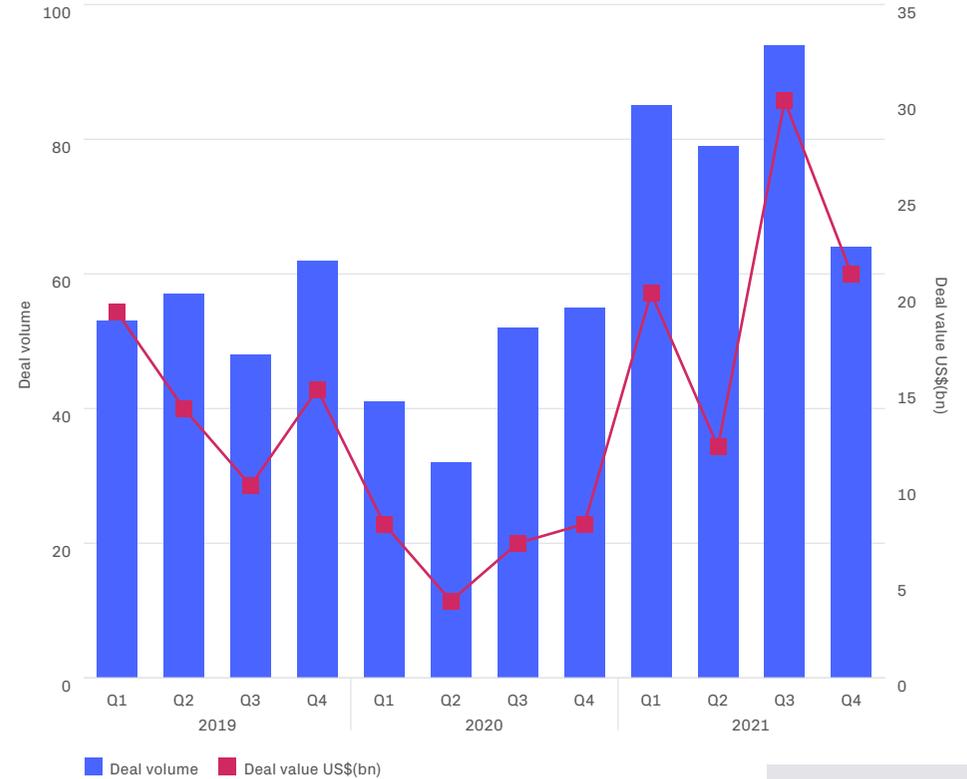
Based on announced buyouts, excluding those that lapsed or were withdrawn, where the dominant location of the target is in APAC.



Source: Mergermarket

All sectors PE exits

Based on announced exits, excluding those that lapsed or were withdrawn, where the dominant location of the target is in APAC.



Source: Mergermarket

All sectors league tables

Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Morgan Stanley	220,356	98
2	1	China International Capital	209,103	78
3	4	Goldman Sachs & Co	183,534	85
4	19	Citi	178,388	66
5	10	JPMorgan	168,204	71
6	6	UBS Investment Bank	122,247	50
7	11	Bank of America	90,749	52
8	3	CITIC Securities Co	73,784	62
9	408	Barrenjoey Capital Partners	65,638	10
10	22	Macquarie Group	57,627	51

Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	13	Herbert Smith Freehills	159,512	134
2	53	Allens	157,177	93
3	22	King & Wood Mallesons	122,431	110
4	64	Gilbert + Tobin	88,204	93
5	6	Sullivan & Cromwell	76,174	19
6	74	Ropes & Gray	62,830	33
7	21	Skadden Arps Slate Meagher & Flom	58,274	18
8	10	Latham & Watkins	53,842	64
9	7	Davis Polk & Wardwell	52,071	28
10	16	AZB & Partners	49,016	146

Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	PwC	30,782	204
2	6	KPMG	25,493	154
3	3	EY	45,526	150
4	2	Deloitte	21,192	122
5	5	Morgan Stanley	220,356	98
6	9	Goldman Sachs & Co	183,534	85
7	4	China International Capital	209,103	78
8	11	JPMorgan	168,204	71
9	14	Citi	178,388	66
10	8	Nomura Holdings	20,372	66

Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	7	AZB & Partners	49,016	146
2	8	Herbert Smith Freehills	159,512	134
3	1	Shardul Amarchand Mangaldas & Co	47,469	124
4	9	Nishimura & Asahi	38,249	124
5	4	Mori Hamada & Matsumoto	35,447	116
6	2	Cyril Amarchand Mangaldas	48,318	114
7	3	King & Wood Mallesons	122,431	110
8	6	Kim & Chang	48,577	107
9	5	Fangda Partners	37,826	102
10	15	Anderson Mori & Tomotsune	30,721	101

All sectors league tables—mid-market

Financial advisors by value—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	1	PwC	8,259	106
2	2	EY	6,272	67
3	7	KPMG	5,754	68
4	4	Deloitte	4,453	44
5	5	China International Capital	3,542	24
6	8	Sumitomo Mitsui Financial Group	3,134	34
7	15	Avendus Capital Pvt	2,747	20
8	3	CITIC Securities Co	2,628	19
9	6	Nomura Holdings	2,536	25
10	28	CEC Capital	2,340	18

Financial advisors by volume—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	1	PwC	8,259	106
2	4	KPMG	5,754	68
3	2	EY	6,272	67
4	3	Deloitte	4,453	44
5	7	Sumitomo Mitsui Financial Group	3,134	34
6	6	Nomura Holdings	2,536	25
7	8	China International Capital	3,542	24
8	9	Mizuho Financial Group	2,000	24
9	17	Avendus Capital Pvt	2,747	20
10	18	Morgan Stanley	2,149	20

Legal advisors by value—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	6	AZB & Partners	7,716	75
2	4	Cyril Amarchand Mangaldas	6,254	61
3	2	Shardul Amarchand Mangaldas & Co	6,158	65
4	1	Kim & Chang	5,899	63
5	15	Lee & Ko	5,308	64
6	5	King & Wood Mallesons	4,759	48
7	3	Fangda Partners	4,686	46
8	10	Khaitan & Co	4,522	54
9	7	Nishimura & Asahi	4,127	53
10	9	Herbert Smith Freehills	3,713	51

Legal advisors by volume—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	8	AZB & Partners	7,716	75
2	2	Shardul Amarchand Mangaldas & Co	6,158	65
3	7	Lee & Ko	5,308	64
4	1	Kim & Chang	5,899	63
5	3	Cyril Amarchand Mangaldas	6,254	61
6	6	Khaitan & Co	4,522	54
7	11	Nishimura & Asahi	4,127	53
8	9	Herbert Smith Freehills	3,713	51
9	5	King & Wood Mallesons	4,759	48
10	4	Fangda Partners	4,686	46

All sectors league tables—PR advisors

PR advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Sard Verbinnen & Co	42,399	22
2	10	Joele Frank Wilkinson Brimmer Katcher	40,593	18
3	65	Blueshirt Group	37,866	3
4	1	Brunswick Group	30,343	13
5	8	Domestique Consulting	28,627	10
6	6	Finsbury Glover Hering	14,128	11
7	38	ICR	11,432	10
8	12	FTI Consulting	9,319	18
9	-	P&L Corporate Communications	8,969	1
10	24	GRACosway	8,633	9

PR advisors by value—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	17	Joele Frank Wilkinson Brimmer Katcher	970	7
2	1	Sard Verbinnen & Co	942	7
3	8	Kekst CNC (Publicis)	895	8
4	3	FTI Consulting	677	6
5	4	Adfactors PR	500	5
6	9	Citadel Magnus	476	7
7	10	GRACosway	467	4
8	7	ICR	412	3
9	29	Citigate Dewe Rogerson	354	3
10	-	SEC Newgate S.p.A.	353	4

PR advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Sard Verbinnen & Co	42,399	22
2	5	Kekst CNC (Publicis)	2,525	19
3	13	Joele Frank Wilkinson Brimmer Katcher	40,593	18
4	3	FTI Consulting	9,319	18
5	2	Brunswick Group	30,343	13
6	6	Citadel Magnus	3,947	12
7	7	Finsbury Glover Hering	14,128	11
8	10	Adfactors PR	1,761	11
9	8	Domestique Consulting	28,627	10
10	23	ICR	11,432	10

PR advisors by volume—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	11	Kekst CNC (Publicis)	895	8
2	21	Joele Frank Wilkinson Brimmer Katcher	970	7
3	2	Sard Verbinnen & Co	942	7
4	3	Citadel Magnus	476	7
5	1	FTI Consulting	677	6
6	8	Adfactors PR	500	5
7	9	Cannings Strategic Communications	38	5
8	13	GRACosway	467	4
9	-	SEC Newgate S.p.A.	353	4
10	10	ICR	412	3

A woman with long brown hair, wearing a light pink top, is sitting at a white desk in a clothing store. She is smiling and looking at a laptop. She is holding a white and black mug. In the background, another woman is holding up a yellow top with black stripes. There are several cardboard boxes on the desk, some with shipping labels. A yellow banner is overlaid on the image with the word "Consumer" in black text.

Consumer

Despite COVID volatility, consumer M&A showed its mettle

Consumer-facing businesses have been remarkably hard-hit by COVID-19. In the early days of the pandemic, lockdowns and other restrictions changed consumer behavior, and there was an acceleration of the shift to online retail. While conditions normalized somewhat during 2021, supply chain difficulties are continuing to hamstring the sector.

Consumer confidence fluctuated throughout 2021 as break-outs of the virus emerged periodically in various parts of the region. In Q2, for example, the Conference Board survey reported that consumer confidence in China was at an all-time high, while simultaneously recording sharp drops in confidence in countries including India, Taiwan, and Singapore.

Such volatility might have been expected to dampen M&A activity. Still, in volume terms, the sector did see a 15% pick-up compared to 2020, with 451 transactions over 2021. By and large, however, those deals were smaller than in the previous year. Indeed, 2021 saw just US\$58bn worth of deals in the APAC consumer sector—down 26% from 2020, and down too on 2019's total of US\$69bn.

Omicron anxiety

Q1 2021 was the weakest of all for consumer M&A in APAC, with only 96 deals worth US\$7bn announced. Activity picked up over the rest of the year, with both Q2 and Q3 recording more transactions than in the corresponding quarters of 2020. But Q4 again saw more modest activity—perhaps reflecting nervousness around the Omicron variant—with 116 deals worth only US\$10bn in aggregate.

Even the largest consumer transactions of 2021 were modest relative to those in other industries. Indeed, only one deal was worth more than US\$10bn, namely the US\$10.1bn demerger of Woolworths' drinks and hospitality subsidiary Endeavour Group, reflecting the Australian consumer group's desire to focus on its core business.

Other notable transactions also focused on consolidation. Thailand saw the second-biggest consumer deal of the year as C.P. Group moved to merge the operating companies—C.P. Retail Development Company and Siam Makro Public—of the retail chains it owns. The transaction was valued at US\$8.4bn.

Consumer M&A activity, 2019-2021



Source: Mergermarket



Short-term volatility

Beyond the top two deals of the year, consumer M&A was focused on much smaller transactions, including two separate US\$2bn transactions in Greater China's fast-growing infant nutrition market, the third- and fourth-biggest deals of the year. As the consumer sector in China continues to mature, we can expect more deals designed to capitalize on growing demand for premium products.

Tellingly, the majority of consumer sector deals in APAC last year were domestic or intraregional affairs, with relatively few transactions involving a suitor from other parts of the world (though US bidders did account for 24 deals). Buyers from Japan, South Korea, and China led the way in terms of deal volumes.

There is no denying the long-term potential of the region's consumer markets, particularly as their middle-class populations and spending power continue to grow in size. Still, the space simply felt too volatile for some participants last year.

Consumer top bidders by value | 2021

	US\$(m)
China	15,315
Australia	11,771
Thailand	10,066
Japan	4,073
Hong Kong	3,592

Consumer top bidders by volume | 2021

	Deal count
Japan	105
China	95
South Korea	59
Australia	53
India	26

Cresting consumer confidence

Some, however, were prepared to do deals. PE investors, notably, were enthusiastic buyers of APAC consumer businesses last year. They worked on 105 buyouts over the course of 2021 worth US\$14.7bn. That compared to only 59 deals worth US\$9.3bn in 2020. The consumer sector also saw more exits last year, with PE investors completing 32 such transactions, up from 23 in 2020.

Clearly, for dealmakers prepared to look beyond the volatility of the pandemic, there is continuing appetite for consumer businesses in the region.

As the economic recovery takes hold and confidence recovers, demand for exposure to the spending power of APAC consumers is likely to increase. There will be plenty more high-level M&A to come in the industry in the months and years ahead.

Consumer top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	10-May-21	Woolworths Group Limited (Shareholders)	Endeavour Group Limited (70.78% Stake)	Australia	Woolworths Group Limited	10,071
2	31-Aug-21	Siam Makro Public Co., Ltd.	C.P. Retail Development Company Limited (62.77% Stake)	Thailand	Charoen Pokphand Group Co., Ltd.; Charoen Pokphand Foods Public Company Limited; CP ALL Plc	8,404
3	27-Oct-21	Inner Mongolia Yili Industrial Group Co., Ltd.	Ausnutria Dairy Corporation Ltd (34.33% Stake)	China	Center Laboratories, Inc.	2,340
4	05-Jun-21	Primavera Capital Group	Reckitt Benckiser Group Plc (infant formula and child nutrition business in China)	China	Reckitt Benckiser Group Plc	2,200
5	25-Aug-21	Hillhouse Capital Management, Ltd.	Serta Simmons Holdings, LLC; King Koil (Shanghai) Sleep System Co., Ltd.	China	Advent International Corporation	2,000
6	26-Feb-21	MatsukiyoCocokara & Co.	Cocokara Fine Inc. (79.98% Stake)	Japan		1,347
7	26-Jul-21	GIC Private Limited; E-MART Inc.	Starbucks Coffee Korea Co., Ltd. (50% Stake)	South Korea	Starbucks Corporation	1,297
8	06-Dec-21	Fuji Co., Ltd.	Maxvalu Nishinohon Co., Ltd. (92.39% Stake)	Japan		1,184
9	20-Sep-21	FountainVest Partners	ZIWI Limited	New Zealand		1,057
10	03-Feb-21	CVC Capital Partners Limited	Fine Today Shiseido Co., Ltd. (65% Stake)	Japan	Shiseido Company, Limited	988

Consumer league tables

Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	1	UBS Investment Bank	11,302	6
2	15	Citi	10,903	3
3	17	Grant Samuel	10,600	2
4	-	Jarden	10,390	3
5	2	JPMorgan	10,357	3
6=	-	Bualuang Securities	8,404	1
6=	-	Kiatnakin Bank Public Company	8,404	1
6=	-	The Siam Commercial Bank PCL	8,404	1
6=	-	TISCO Securities Company	8,404	1
10	6	Morgan Stanley	5,008	5

Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	33	King & Wood Mallesons	14,119	11
2	109	Ashurst	10,675	4
3	3	Davis Polk & Wardwell	5,335	4
4	16	Clifford Chance	3,736	5
5	6	Allen & Overy	3,156	8
6	22	Anderson Mori & Tomotsune	3,001	19
7	27	Simpson Thacher & Bartlett	2,825	2
8	38	Haiwen & Partners	2,732	5
9	90	Morrison & Foerster	2,565	3
10	11	Slaughter and May	2,359	2

Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	PwC	2,382	26
2	12	KPMG	1,268	21
3	11	EY	3,492	17
4	5	Deloitte	1,762	17
5	2	Nomura Holdings	1,574	11
6	8	Sumitomo Mitsui Financial Group	1,448	10
7	14	Credit Suisse	2,882	7
8	48	Daiwa Securities Group / DC Advisory	2,722	7
9	9	UBS Investment Bank	11,302	6
10	16	Rothschild & Co	1,205	6

Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	11	Anderson Mori & Tomotsune	3,001	19
2	42	MinterEllison	1,567	16
3	8	King & Wood Mallesons	14,119	11
4	6	Mori Hamada & Matsumoto	1,216	11
5	40	Gilbert + Tobin	609	10
6	9	Kim & Chang	1,801	9
7	5	Allen & Overy	3,156	8
8	22	Lee & Ko	1,831	8
9	12	Herbert Smith Freehills	706	8
10	4	Nishimura & Asahi	291	8

Energy, mining & utilities



Post-crisis optimism precipitating rising demand for resources

Global economic contraction in 2020 led to reduced demand in the energy, mining, and utilities (EMU) sector; reduced consumption and depressed manufacturing meant there was less need for raw materials and power. The opposite is true in a buoyant economy, and this is what we saw in 2021. The oil price rose by as much as 70% last year, while the S&P GSCI Index of 24 major raw materials was up by 30%.

Attention was also focused on the energy sector for another reason. As the world leaders met in Glasgow for November's COP26 climate change summit, countries across APAC made new commitments on reducing carbon emissions, which is helping to spur ever-more growth in the renewables space.

Against this backdrop, M&A activity in the EMU sector increased in APAC during 2021. There were 500 transactions over the full year, compared to 413 in 2020 and 392 in pre-pandemic 2019.

EMU M&A activity, 2019-2021



Source: Mergermarket

Regaining consistency

The comparison of deal values with the previous year is, at first sight, less flattering. 2021's EMU deals totaled US\$171bn in value, down from \$182bn in 2020. Still, it's important to recognize that the 2020 figure included two huge deals in China involving the China Oil & Gas Pipeline Network, which contributed US\$84bn between them. Strip out the distorting effect of those very large transactions and 2021's figure looks very respectable. In 2019, after all, aggregate deal value in the APAC EMU sector reached only US\$68bn.

Overall, EMU M&A seemed to return to a more consistent pace last year following the turbulence of 2020. While Q1 2021 did see a drop-off in activity—following the rush to deal with pent-up demand in Q4 2020—transaction levels rose in Q2 and then leveled off over H2.

Two of countries in particular dominated EMU M&A in APAC last year. Chinese bidders were behind more than half the deals seen in the sector, with 271 transactions to their name, while their peers from resource-rich Australia accounted for a further 59. In value terms, those Chinese-led deals were worth US\$53.7bn in aggregate, while Australian bidders spent US\$45.2bn.

Keeping up with the competition

The Australian figure partly reflects the fact that the four largest EMU deals of the year in APAC all took place in the country. In the biggest of those transactions, Woodside Petroleum and BHP Petroleum announced plans for a US\$13.7bn merger in a deal approved in December by Australia's competition regulator; the merger will create one of the world's ten largest independent energy companies.

The next three biggest deals announced were connected, the Victoria-based energy delivery business AusNet Services finding itself targeted by three different bidders. In a fiercely contested battle between APA Group (Australia's largest natural gas infrastructure business), Alberta Investment Management (one of Canada's largest pension funds), and Brookfield (the Toronto-headquartered alternative investment giant), the two Canadian companies came out on top as the winning consortium. However, AusNet did face criticism from the Australian Takeovers Panel for not doing enough to force its suitors into a competitive auction.

EMU top bidders by value | 2021

	US\$(m)
China	53,682
Australia	45,245
Canada	27,418
India	8,130
USA	8,037

EMU top bidders by volume | FY 2021

	Deal count
China	271
Australia	59
Japan	30
India	26
Thailand	12

EMU top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	17-Aug-21	Woodside Petroleum Limited	BHP Petroleum International Pty Ltd	Australia	BHP Group Limited	13,715
2	21-Sep-21	APA Group Ltd	Ausnet Services Ltd	Australia		13,378
3	20-Sep-21	Alberta Investment Management Corporation; Brookfield Capital Partners Ltd.; Kinetic Super; Investment Management Corporation of Ontario	Ausnet Services Ltd	Australia		13,340
4	20-Sep-21	Brookfield Asset Management Inc.	Ausnet Services Ltd	Australia		13,061
5	20-Jul-21	Santos Ltd	Oil Search Limited	Papua New Guinea		8,969
6	26-Nov-21	Industrial and Commercial Bank of China Limited; Bank of China Limited; China Construction Bank Corporation; State Grid Corporation of China; China Chengtong Holdings Group Company Limited; National Council for Social Security Fund; China Southern Power Grid Co., Ltd.; Sichuan Chuantou Energy Co., Ltd.; Guangdong Hengjian Investment Holding Co., Ltd.; ABC International; China Reform Holdings Corporation Ltd.	CGN Wind Energy Limited	China		4,775
7	24-Feb-21	RMG Acquisition Corp. II	ReNew Power Private Limited	India	Canada Pension Plan Investment Board; Global Environment Fund	3,584
8	19-May-21	Adani Green Energy Limited	SB Energy Holdings Limited	India	SoftBank Group Corp.; Bharti Enterprises Limited	3,500
9	23-Jan-21	Henan City Development Environment Co., Ltd.	Tus Environmental Science and Technology Development Co., Ltd.	China		3,488
10	24-May-21	Huadian Power International Corporation Limited	Huadian Fuxin Energy Development Company Limited (37.19% Stake)	China		3,305

Renewables revving up

Other notable deals announced in 2021 included the acquisitions of China's CGN Wind Energy and India's ReNew Power. The two deals, worth US\$4.8bn and US\$3.6bn, respectively, underline the interest in the APAC renewables sector.

The prospects for further high-level M&A activity look good. For one thing, the shift to cleaner energy across the region will continue to gather pace, prompting a rush to secure assets in the renewables space. Wind and solar assets continue to attract interest throughout APAC as governments plan their energy transitions.

In more traditional EMU segments, meanwhile, the generally positive outlook for the global economy should also support dealmaking. In the oil sector, for example, analysts from JP Morgan believe the oil price could reach as high as US\$125 per barrel in 2022, having started the year at around US\$85. Elsewhere, economists are also bullish about the outlook for non-precious metals prices.

EMU league tables

Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	16	Citi	52,928	10
2	6	Goldman Sachs & Co	49,503	14
3	31	Bank of America	43,205	15
4	-	Adara Partners	39,779	3
5	11	JPMorgan	33,491	10
6	14	Macquarie Group	24,873	11
7	7	Morgan Stanley	20,804	13
8	25	Barclays	18,961	5
9	-	Barrenjoey Capital Partners	15,427	3
10	-	Flagstaff Partners	13,737	2

Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	5	Herbert Smith Freehills	59,990	42
2	12	Allens	54,586	19
3	10	King & Wood Mallesons	36,081	17
4	11	Cyril Amarchand Mangaldas	18,359	12
5	-	Vinson & Elkins	13,785	3
6	97	Latham & Watkins	13,174	9
7	20	Linklaters	10,913	5
8	38	Shearman & Sterling	9,701	3
9	41	Khaitan & Co	9,510	9
10	91	Dentons	9,121	4

Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	35	Bank of America	43,205	15
2	10	Goldman Sachs & Co	49,503	14
3	1	China International Capital	10,331	14
4	5	EY	3,200	14
5	11	Morgan Stanley	20,804	13
6	2	CITIC Securities Co	5,006	13
7	4	Macquarie Group	24,873	11
8	31	Citi	52,928	10
9	9	JPMorgan	33,491	10
10	12	Rothschild & Co	12,699	10

Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Herbert Smith Freehills	59,990	42
2	5	Allens	54,586	19
3	3	King & Wood Mallesons	36,081	17
4	13	Ashurst	6,743	13
5	2	Cyril Amarchand Mangaldas	18,359	12
6	11	White & Case	2,771	10
7	102	Latham & Watkins	13,174	9
8	12	Khaitan & Co	9,510	9
9	7	AZB & Partners	7,843	9
10	100	Thomson Geer	257	9



Financial services

Growing consumer class points toward massive market growth

The APAC financial services sector is facing some remarkable disruptive trends. First, transformative demographic and economic change—data from consultants McKinsey reveal that 85% of Asia’s population did not have sufficient income at the start of this century to support discretionary spending, but that this figure will fall to 30% by 2030. That is a huge market of customers requiring more sophisticated financial products.

At the same time, APAC is leading the way in digitalizing the financial services market, in part because much of this new generation of customers are digital natives. Already, one in five of the world’s digital banks are based in the region, part of a broader fintech boom across APAC.

There is also the question of regulation. As the region’s financial industry matures and looks to compete on the global stage, it faces demanding regimes from international regulators. And some countries, notably China, are now taking an increasingly strict line.

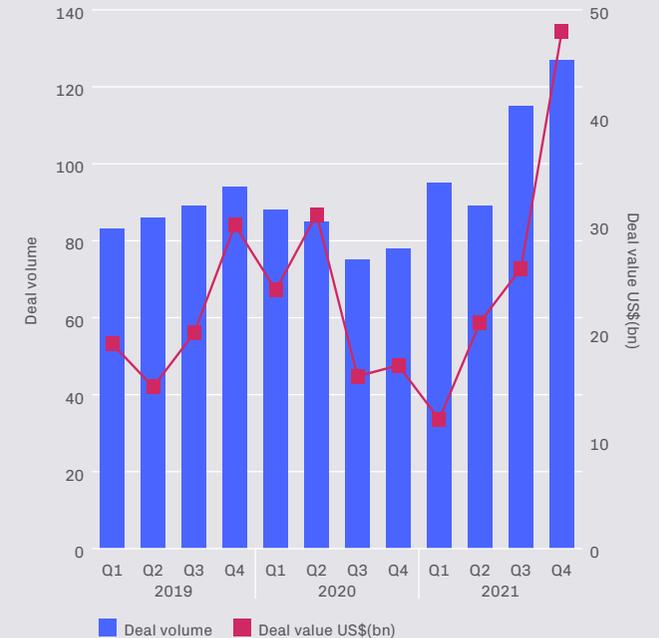
Many avenues to explore

This landscape provides fertile ground for M&A. Consolidation provides an opportunity to secure scale and manage costs, acquire new skills and intellectual property, and extend market reach. These drivers are underpinning an ongoing increase in financial services M&A across APAC.

While dealmaking did slip slightly in Q1 2021 compared to the end of 2020 (in common with several other sectors), both deal volume and aggregate value then rose in each successive quarter. Indeed, Q4 2021 saw the sector log its strongest three-month performance of the past three years.

Overall, there were 426 financial services deals last year, collectively worth US\$108bn. Those figures represent increases of 31% and 24%, respectively, from 2020, and were also up on the pre-pandemic 2019 totals.

Financial services M&A activity, 2019-2021



Source: Mergermarket



Reaching their potential

The consistent growth of M&A in the sector partly reflects the way financial services businesses have been less directly impacted by the COVID-19 pandemic than their counterparts in other industries. Clearly there has been disruption—and an impact on revenues as customers have faced challenges—but not to the extent seen elsewhere.

This has encouraged international dealmakers to investigate the region's potential, rather than waiting for every pandemic-related uncertainty to settle, as we've seen in other sectors. While Chinese acquirers were the most prolific dealmakers in APAC financial services in 2021, accounting for 122 transactions worth US\$27.9bn, interest in the region was global. US acquirers were involved in 49 deals, and bidders from the UK took part in a dozen transactions.

The PE sector was also a keen participant in financial services M&A. Last year saw 66 buyouts worth US\$27.1bn. That was 69% up in volume terms and a remarkable 185% increase by value, with transactions such as the KKR-led consortium's US\$4.6bn bid for Spark Infrastructure in Australia.

FS top bidders by value | 2021

	US\$(m)
China	27,861
USA	16,732
India	15,633
Australia	11,249
Japan	7,204

FS top bidders by volume | 2021

	Deal count
China	122
Australia	72
USA	49
Japan	39
South Korea	28

Time of transformation

Nonetheless, the biggest deal was a domestic affair, with a group of Chinese state investors led by CITIC Group investing US\$7.4bn into China Huarong Asset Management as part of a restructuring plan. The second-largest deal underlines the global theme, with Switzerland-based Chubb picking up the life, accident, and supplemental benefits business of Cigna Corp—which operates across seven APAC markets—for US\$5.5bn.

In India, meanwhile, Shriram Transport Finance and Shriram City Union announced a US\$5bn merger. The deal was the third-largest financial services sector transaction of the year and streamlines the Shriram group while driving additional scale.

Dealmaking looks set to be elevated in 2022 and beyond. With none of the big-picture trends in the sector showing any sign of dissipating, financial services businesses across APAC will continue to pursue consolidation and transformation. Meanwhile, the digital prowess of many businesses makes them attractive targets for global players.

There is also the possibility of distressed dealmaking in the Chinese banking sector, where there has been growing concern about a rise in bad debt in recent months, particularly in relation to the property market.

Financial services top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	17-Nov-21	Industrial and Commercial Bank of China Limited; CITIC Group Corporation; China Cinda Asset Management Co., Ltd.; China Insurance Investment Co., Ltd.	China Huarong Asset Management Co., Ltd. (48.87% Stake)	China		7,368
2	07-Oct-21	Chubb Ltd	Cigna Corporation (life and non-life insurance in APAC Region)	South Korea	Cigna Corporation	5,750
3	13-Dec-21	Shriram Transport Finance Company Limited	Shriram City Union Finance Ltd. (100% Stake)	India	Shriram Retail Holdings Pvt Ltd	5,017
4	07-Jun-21	Piramal Capital & Housing Finance	Dewan Housing Finance Corporation Limited	India		4,692
5	15-Jul-21	KKR & Co. Inc. ; Ontario Teachers' Pension Plan; Public Sector Pension Investment Board	Spark Infrastructure Group	Australia		4,637
6	01-Dec-21	Yankuang Group Co., Ltd.; Shandong Hi-Speed Group Co., Ltd.; Zaozhuang Coal Mining Group ; Shandong Expressway Investment Holding Co., Ltd.	Zhongtai Securities Co., Ltd. (31.37% Stake)	China	Shandong Iron and Steel Group Co., Ltd.	3,707
7	22-Jun-21	Washington H. Soul Pattinson & Company Limited	Milton Corporation Limited (96.7% Stake)	Australia		2,690
8	01-Nov-21	Westpac Banking Corporation	Westpac Banking Corporation (4.32% Stake)	Australia		2,630
9	12-Aug-21	China Development Financial Holdings Corporation	China Life Insurance Company Limited [Taiwan] (44.05% Stake)	Taiwan (China)		2,496
10	15-Oct-21	26 Capital Acquisition Corp	Tiger Resorts, Leisure and Entertainment Inc. (100% Stake)	China	Universal Entertainment Corporation	2,288

Financial services league tables

Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	3	Goldman Sachs & Co	29,598	17
2	4	Morgan Stanley	26,136	13
3	1	China International Capital	20,298	10
4	9	Citi	17,304	11
5	5	EY	17,127	14
6	2	CITIC Securities Co	13,606	5
7	16	Bank of America	11,594	10
8	40	HSBC	8,326	5
9	7	JPMorgan	7,517	9
10	90	Barrenjoey Capital Partners	7,267	2

Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	5	Goldman Sachs & Co	29,598	17
2	4	PwC	5,983	15
3	1	EY	17,127	14
4	8	Morgan Stanley	26,136	13
5	10	Citi	17,304	11
6	3	China International Capital	20,298	10
7	16	Bank of America	11,594	10
8	7	JPMorgan	7,517	9
9	9	KPMG	5,210	9
10	2	Deloitte	2,344	8

Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	16	King & Wood Mallesons	14,061	19
2	26	Sullivan & Cromwell	13,721	2
3	8	AZB & Partners	10,242	19
4	7	Kim & Chang	10,199	13
5	6	Nishimura & Asahi	9,545	12
6	21	Clifford Chance	9,230	5
7	33	Allens	9,100	14
8	47	Baker McKenzie	9,050	7
9	3	Davis Polk & Wardwell	8,971	2
10	-	Simpson Thacher & Bartlett	8,206	3

Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	9	King & Wood Mallesons	14,061	19
2	6	AZB & Partners	10,242	19
3	1	Cyril Amarchand Mangaldas	7,780	15
4	14	Allens	9,100	14
5	2	Herbert Smith Freehills	8,126	14
6	3	Kim & Chang	10,199	13
7	5	Nishimura & Asahi	9,545	12
8	4	Shardul Amarchand Mangaldas & Co	1,506	10
9	26	Fangda Partners	2,732	8
10	10	MinterEllison	1,350	8



Industrials & chemicals

In spite of global disruptions, I&C dealmaking powers ahead

I&C businesses entered 2021 feeling upbeat as demand recovered and output increased in the wake of 2020's pandemic disruption. The strong momentum seen in the final months of 2020 carried over into Q1, and with economic growth in APAC and the rest of the world bouncing back, there was every reason to be optimistic.

However, there were some problems ahead, with supply chain disturbance causing difficulties throughout the sector during H2 2021. In Japan, for example, a rise in industrial output in October was the first such increase for four months. In China, there was concern that industrial production was struggling to return to pre-pandemic growth levels. Similar worries surround India's industrial sector.

Despite this challenging backdrop, M&A in the I&C sector was sustained across APAC in 2021 – in fact, the pace of dealmaking accelerated as the year continued. Indeed, the sector was an M&A mainstay last year, second only to TMT in terms of deal volume.

Spiking activity

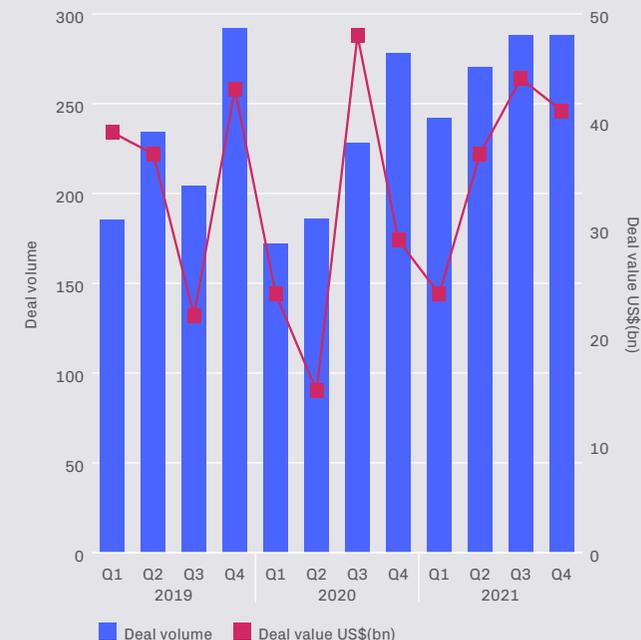
Overall, 2021 saw 1,088 I&C transactions announced in APAC, a 26% increase from the previous year. Those deals were collectively valued at US\$146bn, 25% up on 2020.

Those full-year totals reflect a relatively slow start to the year, with only 242 deals worth US\$24bn in Q1. But activity later spiked—Q3 was the second-busiest three-month period of dealmaking in the I&C sector of the past three years.

I&C activity was largely intraregional, with Chinese bidders accounting for almost half the deals in the sector—acquirers from Japan and South Korea were also particularly active. However, global interest in APAC I&C companies came from the US, where bidders were involved in 40 deals; by value, those transactions were worth US\$15.8bn, with only Chinese and South Korean bidders spending more.

Similarly, while Chinese targets accounted for four of the top 10 deals of the year, activity was spread across the region, with Singapore and Japan each seeing two of the top 10 deals, and South Korea and Taiwan also featuring.

I&C M&A activity, 2019-2021



Source: Mergermarket

I&C top bidders by value | 2021

	US\$(m)
China	75,001
South Korea	18,935
USA	15,805
Japan	13,962
Singapore	8,665

I&C top bidders by volume | 2021

	Deal count
China	496
Japan	165
South Korea	147
India	41
USA	40

Eyes toward the future

In the largest APAC I&C deal of 2021, announced in December, a consortium of bidders including China Great Wall Asset Management and China Investment Corporation made a bid to invest US\$9.4bn in the indebted semiconductor business Tsinghua Unigroup, though the company prefers to stick to its own restructuring plans.

The second-largest deal of the year in the region saw leading Chinese construction machinery manufacturer XCMG move to absorb Engineering Machinery in a deal worth just under US\$6bn. A bid for Japan's Hitachi Metals, owned by the eponymous conglomerate, was the third-biggest transaction of the year. PE group Bain Capital led a consortium offering US\$4.4bn for the company, which it believes is well-placed to benefit from surging global demand for electric vehicles.



I&C top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	11-Dec-21	China Great Wall Asset Management Co., Ltd.; China Investment Corporation; Zhuhai Huafa Group Co., Ltd.; JAC Capital Management Ltd; Wise Road Capital Ltd	Tsinghua Unigroup Ltd.	China		9,420
2	30-Sep-21	XCMG Construction Machinery Co., Ltd.	Xugong Construction Machinery Group Co., Ltd.	China	Xuzhou Construction Machinery Group Co., Ltd.	5,981
3	28-Apr-21	A consortium led by Bain Capital, L.P.	Hitachi Metals, Ltd. (53.38% Stake)	Japan	Hitachi, Ltd.	4,398
4	28-Apr-21	Consortium for Hitachi Metals	Hitachi Metals, Ltd. (46.62% Stake)	Japan		4,000
5	13-Jul-21	Ivanhoe Capital Acquisition Corp.	SES Holdings Pte. Ltd.	Singapore		3,110
6	22-Sep-21	Temasek Holdings Pte. Ltd.	SembCorp Marine Limited (53.39% Stake)	Singapore		3,073
7	13-May-21	Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sailboat Petrochemical Co., Ltd.	China	BOC Financial Asset Investment Co., Ltd.; CCB Financial Asset Investment Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.; Lianyungang Bohong Industrial Co., Ltd.	2,811
8	13-Aug-21	DTR Automotive Corporation	Doosan Machine Tools Co., Ltd.	South Korea	MBK Partners Inc.	2,444
9	08-Mar-21	DuPont de Nemours, Inc.	Laird Performance Materials	China	Advent International Corporation	2,300
10	16-Sep-21	Poema Global Holdings	Gogoro Inc.	Taiwan		2,131

Confident long-term prognosis

Bain was hardly alone in the PE space in targeting APAC I&C companies last year. Over 2021, PE investors announced 136 buyouts worth US\$42.6bn. In volume terms, that represented a 72% increase on 2020—and a very striking increase of 327% in value terms. PE investors were also active on exits, with 55 deals worth US\$8.5bn announced last year, more than double the 2020 figures of 27 deals worth US\$3.1bn.

There is good reason to expect further elevated M&A activity over the year to come. As our heat chart reveals, there is currently more speculation about impending deals in the APAC I&C sector than in any other industry. Dealmaking in China looks set to continue, but as the Hitachi transaction highlights, there is significant interest in opportunities across the region.

Concerns about supply chain disruption persist. However, these short-term difficulties aside, the sector should continue to benefit as global demand recovers. Structural trends such as the focus on digital manufacturing and the transition to net zero also promise to drive appetite for I&C dealmaking.

I&C league tables

Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	6	Morgan Stanley	21,238	15
2	10	Goldman Sachs & Co	16,986	7
3	5	CITIC Securities Co	13,250	20
4	4	China International Capital	12,604	8
5	2	Bank of America	10,390	6
6	17	Citi	10,178	11
7	14	Huatai Securities Co	9,135	4
8	1	Deloitte	7,680	28
9	9	KPMG	7,453	43
10	15	PwC	5,933	56

Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	3	Kim & Chang	12,245	32
2	4	Anderson Mori & Tomotsune	9,800	30
3	12	Nishimura & Asahi	8,704	33
4	1	Mori Hamada & Matsumoto	8,261	30
5	19	Lee & Ko	7,076	26
6	9	AllBright Law Offices	6,938	8
7	60	Latham & Watkins	6,093	4
8	30	Freshfields Bruckhaus Deringer	5,709	5
9	44	Kirkland & Ellis	5,698	4
10	33	Ropes & Gray	4,980	3

Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	PwC	5,933	56
2	4	KPMG	7,453	43
3	2	Deloitte	7,680	28
4	3	CITIC Securities Co	13,250	20
5	5	EY	2,439	20
6	9	Mizuho Financial Group	2,544	19
7	7	Nomura Holdings	2,663	17
8	10	Morgan Stanley	21,238	15
9	15	Citi	10,178	11
10	14	Sumitomo Mitsui Financial Group	1,569	11

Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	8	Nishimura & Asahi	8,704	33
2	1	Kim & Chang	12,245	32
3	11	Anderson Mori & Tomotsune	9,800	30
4	2	Mori Hamada & Matsumoto	8,261	30
5	12	Lee & Ko	7,076	26
6	16	Shin & Kim	2,433	15
7	23	Yulchon	930	14
8	36	TMI Associates	3,338	13
9	14	Nagashima Ohno & Tsunematsu	1,913	12
10	4	Cyril Amarchand Mangaldas	621	12

Pharma, medical & biotech



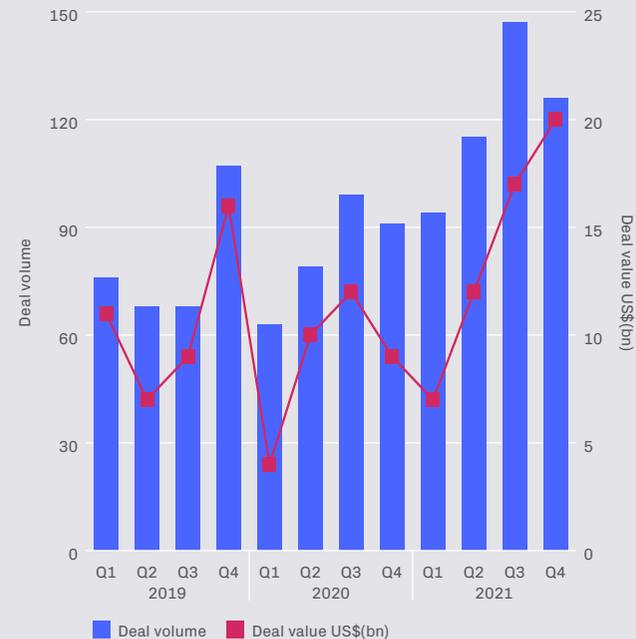
APAC – a center of excellence amid burgeoning healthcare consumption

The pharma, medical, and biotech (PMB) sector has commanded significant attention over the past two years—and APAC businesses have been at the center of the fight against COVID-19. Notably, the Chinese Sinopharm and Sinovac vaccines accounted for roughly half of all vaccinations administered globally last year.

Businesses across the region have accelerated their vaccine development work and caught the eye of big pharma worldwide. South Korea's biotech sector is now rightly regarded as one of the most important global hubs, driving the valuations of leading businesses ever higher last year. Japan, as ever, is another center of excellence.

Add the fact that APAC countries are a source of rapidly growing demand for drugs and medicines and the PMB story looks even more compelling. The growing middle-class populations of emerging markets are spending more on consumption, but they also now have disposable income to allocate to healthcare products.

PMB M&A activity, 2019-2021



Source: Mergermarket

Global interest in regional mainstays

These drivers make for an encouraging backdrop for PMB M&A in the region, which accelerated during 2021, when 482 transactions with an aggregate value of US\$55bn were announced in the sector. Those figures represent increases of 45% and 56%, respectively, from 2020. Nor was this simply a bounce-back from a year of pandemic-disrupted M&A—2021's totals were also significantly ahead of those posted in 2019.

Activity was particularly strong in H2, with deals worth US\$37bn in total announced—more than in the whole of 2020. These transactions took place across the region, though South Korean targets notably accounted for four of the top ten deals of the year, with China accounting for a further three (including two Hong Kong targets).

China was also well-represented among bidders, with Chinese companies involved in 197 bids in 2021, comfortably ahead of Japan with 54 bids. US bidders, with 43 deals, were also active participants in PMB M&A, underlining the global interest in the region's leading businesses.

PMB top bidders by value | 2021

	US\$(m)
China	19,120
USA	7,544
Australia	4,133
South Korea	4,087
Japan	3,252

PMB top bidders by volume | 2021

	Deal count
China	197
Japan	54
USA	43
Australia	41
India	36

Cut-throat competition

The competition for assets is stiff, with PE investors vying with corporate buyers. Indeed, the PE industry increased its interest in the PMB sector last year: PE investors announced 152 buyout proposals worth US\$20.7bn, ahead of the 2020 total of 90 deals worth US\$18.9bn. Exits were also up sharply—there were 32 such deals last year, more than three times as many as seen in 2020.

PE investors were involved in a number of the largest PMB deals in APAC last year. Those included the US\$1.7bn offer for Australian cancer care provider Icon announced by New York-based EQT Partners, the third-largest PMB transaction of 2021. Other notable PE deals included a Warburg Pincus-led consortium's US\$1.2bn bid for Hong Kong-based New Frontier Health, and a US\$1.5bn deal to buy South Korea's Hugel by a consortium led by the healthcare investment specialist CBC Group.

However, the biggest deal of all in the sector last year was the US\$2.7bn transaction announced between the US biopharmaceutical group Neurocrine Biosciences and Sosei Heptares of Japan. The US company is acquiring the rights to Sosei's research and development work in areas of medicine with the potential to generate commercial treatments for conditions such as Alzheimer's.



Bright cross-regional prospects

The second-largest PMB deal in APAC last year was an all-China affair. In May, Shanghai Pharmaceuticals raised US\$2.2bn through a sale of shares to investors Yunnan Baiyao and Shanghai Tandong. The funds will help Shanghai Pharmaceuticals scale its business and builds on previous collaborations with Yunnan Baiyao.

More such deals are likely to emerge in 2022, with interest in businesses across the region. Indeed, our heat map highlights a significant number of stories about potential targets in India, Australia, and New Zealand, as well as in China, where consolidation and investment are continuing at pace.

The leading role played by PMB companies in combating the pandemic has intensified interest in what the broader industry has to offer, encouraging both intraregional and international dealmaking. And Western businesses are likely to step up their activities in APAC to capture growing demand.

PMB top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	22-Nov-21	Neurocrine Biosciences, Inc.	Sosei Group Corporation (HTL-0016878 rights) (100% Stake)	Japan	Sosei Group Corporation	2,700
2	12-May-21	Yunnan Baiyao Group Co., Ltd.; Shanghai Tandong Enterprise Consulting Service Co., Ltd.	Shanghai Pharmaceuticals Holding Co., Ltd. (23.08% Stake)	China		2,231
3	19-Nov-21	EQT Partners AB; EQT Infrastructure Fund	Icon Group (70% Stake)	Australia	Goldman Sachs Asset Management, L.P.; QIC Limited; Pagoda Investment	1,741
4	16-Sep-21	Aprogen Medicines	Aprogen, Inc. (95.73% Stake)	South Korea		1,593
5	25-Aug-21	A consortium led by CBC Group	Hugel, Inc. (46.85% Stake)	South Korea	Bain Capital, L.P.	1,479
6	04-Aug-21	Warburg Pincus LLC; Goldman Sachs (private equity operations); Vivo Capital, LLC; Fosun International Limited	New Frontier Health Corporation (54.28% Stake)	Hong Kong		1,209
7	15-Sep-21	Artisan Acquisition Corp.	Prenetics Group Limited	Hong Kong		1,150
8	16-Nov-21	PPF a.s.; SOTIO a.s.	LegoChem Biosciences (ADC anti-cancer drug candidate) (100% Stake)	South Korea	LegoChem Biosciences Inc.	1,028
9	27-Dec-21	Glythera Limited	LegoChem Biosciences (ADC anti-cancer drug candidate) (100% Stake)	South Korea	LegoChem Biosciences Inc.	1,000
10	09-Dec-21	Ebos Group Limited	LifeHealthcare Group Limited (100% Stake)	Australia	Pacific Equity Partners Pty Ltd.	912

PMB league tables

Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	5	China International Capital	6,220	6
2	9	Goldman Sachs & Co	4,305	6
3	3	Morgan Stanley	4,025	9
4	12	Bank of America	3,698	5
5	40	Jefferies	3,461	5
6	35	Macquarie Group	2,378	5
7	4	JPMorgan	2,345	6
8	33	Maxa Capital	2,340	2
9	1	Nomura Holdings	2,246	6
10	17	CEC Capital	2,145	20

Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	12	Ropes & Gray	3,988	7
2	15	King & Wood Mallesons	3,976	12
3	10	Wilson Sonsini Goodrich & Rosati	3,718	6
4	58	Herbert Smith Freehills	3,098	10
5	23	Shardul Amarchand Mangaldas & Co	3,050	14
6	1	Fangda Partners	2,858	22
7	70	Gilbert + Tobin	2,788	14
8	7	Kirkland & Ellis	2,772	4
9	96	Shearman & Sterling	2,755	3
10	-	Orrick Herrington & Sutcliffe	2,700	2

Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	4	CEC Capital	2,145	20
2	3	PwC	1,265	17
3	1	Deloitte	1,900	16
4	7	EY	856	13
5	12	KPMG	1,143	10
6	5	China Renaissance Holdings	582	10
7	14	Morgan Stanley	4,025	9
8	13	Sumitomo Mitsui Financial Group	1,040	8
9	10	Rothschild & Co	944	7
10	29	Allier Capital	879	7

Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Fangda Partners	2,858	22
2	3	Shardul Amarchand Mangaldas & Co	3,050	14
3	37	Gilbert + Tobin	2,788	14
4	2	White & Case	1,768	13
5	6	King & Wood Mallesons	3,976	12
6	33	Allens	2,201	11
7	15	MinterEllison	519	11
8	34	Herbert Smith Freehills	3,098	10
9	14	AZB & Partners	1,434	10
10	5	Nishimura & Asahi	1,294	10

A man wearing a yellow hard hat, glasses, and a white shirt with small red and blue polka dots is shown in profile, looking at a smartphone. He is standing in front of a telecommunications tower with several antennas. The background is a clear blue sky. There are decorative colored bars: a yellow bar on the left containing the text, an orange bar behind the man's head, and a grey bar on the right.

Telecoms, media & technology

Era-defining trends propelling M&A in the TMT sector

TMT was the stand-out industry for APAC M&A in 2021. Unlike most other sectors, TMT companies saw more dealmaking activity in Q1 of the year than in Q4 2020, with 250 deals announced, up from 231.

From there, M&A activity accelerated, reaching a peak in value terms in Q2 (US\$117bn in aggregate) and in volume terms in Q3 (363 deals announced). Q4 was a little quieter, but still far ahead of the same periods in 2020 and pre-pandemic 2019.

The result was 1,228 APAC TMT deals worth US\$304bn in aggregate were announced over 2021, good for increases of 66% and 75%, respectively, on 2020's figures. TMT transactions accounted for more than a fifth of all APAC deals by volume last year, and almost a quarter by value.

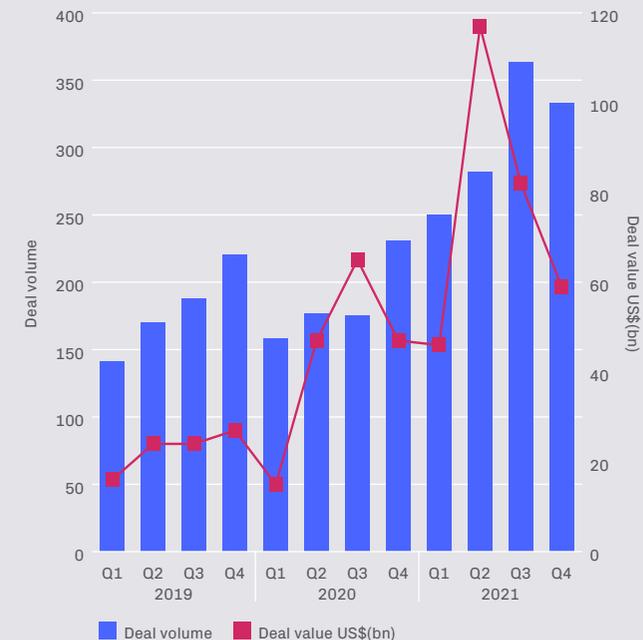
Riding the wave

This elevated level of TMT M&A is part of a global trend. The COVID-19 pandemic has accelerated a number of developments favoring TMT businesses, from the rise of remote working to the growth of e-commerce, all enabled by cloud-based tools and technologies. Digital transformation is a crucial theme across all industries, with TMT businesses well-placed to capitalize. The convergence of the media and telecoms subsectors is continuing at pace, with unprecedented demand for streaming content during the pandemic.

The biggest deal of all in the APAC TMT space last year spoke to many of those trends. Altimeter Growth, a SPAC, listed on the US Nasdaq market in September 2020 with the aim of targeting deals in the technology sector. Six months later, it announced a US\$37.7bn deal to acquire Grab Holdings of Singapore.

Grab describes itself as a “super app”, and has operations in eight Southeast Asian countries spanning subsectors including on-demand transport, food and groceries delivery, and mobile financial services. Altimeter believes this is just the beginning for the company and that it can go on to build a global footprint, competing with rivals like Uber and Deliveroo.

TMT M&A activity, 2019-2021



Source: Mergermarket



Cross-border mega-dealmaking

The fintech boom is ongoing, with technology companies increasingly taking the lead on financial services innovation. The second-biggest TMT deal of the year came in a similarly high-growth area, with US digital payments company Block agreeing to pay US\$26.6bn for Australia's Afterpay, which specializes in providing buy-now-pay-later services to customers such as retailers. Block is perhaps best known for its founder, Jack Dorsey, co-founder of Twitter.

These two megadeals involving US bidders meant that TMT was the only sector where bidders from China did not account for the largest slice of transactions by value last year in the region. US bidders made offers worth US\$104.5bn for APAC-based TMT companies in 2021, ahead of the Chinese total of US\$60.7bn. That said, Chinese buyers accounted for 311 bids, ahead of the US's 193. Japanese companies, with 185 offers, are also worth noting.

TMT top bidders by value | 2021

	US\$(m)
USA	104,532
China	60,738
Thailand	26,864
Japan	15,341
South Korea	14,312

TMT top bidders by volume | 2021

	Deal count
China	311
USA	193
Japan	185
South Korea	116
Australia	93

TMT top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	13-Apr-21	Altimeter Growth Corporation	Grab Holdings Inc	Singapore		37,720
2	01-Aug-21	Block Inc	Afterpay Limited	Australia		26,649
3	19-Apr-21	Gulf Energy Development Public Company Limited	Advanced Info Service Plc	Thailand		15,871
4	30-Apr-21	Ping An Insurance (Group) Company of China, Ltd.; Zhuhai Huafa Group Co., Ltd.	Peking University Founder Group Co., Ltd. (73% Stake)	China		8,177
5	17-May-21	PT Aplikasi Karya Anak Bangsa	Tokopedia Pt	Indonesia		7,560
6	19-Apr-21	Gulf Energy Development Public Company Limited	Intouch Holdings Public Company Limited (23.32% Stake)	Thailand		5,433
7	22-Nov-21	True Corporation Public Company Limited	Total Access Communication Public Company Limited (100% Stake)	Thailand		5,369
8	31-Aug-21	PayU Payments Private Limited	Indiaideas.com Limited	India	Temasek Holdings Pte. Ltd.; General Atlantic Service Company, L.P.; TA Associates Management, L.P.	4,727
9	22-Dec-21	Sony Corporation	Zee Entertainment Enterprises Limited	India		4,454
10	29-Oct-21	Hotel Properties Limited; Mapletree Investments Pte Ltd; CLA Real Estate Holdings Pte Ltd	Singapore Press Holdings Ltd. (100% Stake)	Singapore		4,441

Good times will continue to roll

Not that all TMT deals involve new market entrants or global bidders. The third-biggest APAC TMT transaction announced last year saw the Thai conglomerate Gulf Energy Development invest in Advanced Info Services, one of the country's leading telecoms operators. The deal was part of Gulf Energy's ongoing strategy to diversify its portfolio, with the higher-growth telecoms market offering a different type of return profile to the company's utility and power businesses.

Looking forward, it would be a bold move to forecast any kind of retrenchment in TMT dealmaking over 2022. Certainly, our heat map suggests continued interest in TMT targets across APAC.

In last year's FY report, we wondered whether the strength of TMT dealmaking in the region in 2020 was so strong that 2021 would struggle to match it, yet, 2021 proved to be even more of a blockbuster year. With digitalization continuing to cause disruption across the entire economy—and a scramble by incumbent players in many industries to modernize and innovate—it would be very difficult to bet against TMT dominating APAC M&A once again in 2022.

TMT league tables

Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Morgan Stanley	104,296	22
2	17	JPMorgan	66,315	17
3	2	Goldman Sachs & Co	63,172	26
4	23	Citi	45,425	14
5	24	UBS Investment Bank	44,868	18
6	21	Evercore	37,720	3
7=	110	Highbury Partnership	26,649	1
7=	-	Qatalyst Group	26,649	1
9	13	China International Capital	13,654	14
10	16	Huatai Securities Co	12,000	5

Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	75	Sullivan & Cromwell	52,917	9
2	13	Skadden Arps Slate Meagher & Flom	48,780	10
3	58	Ropes & Gray	46,291	14
4	192	Cooley	45,866	12
5	81	Hughes Hubbard & Reed	41,760	2
6	-	Travers Thorp Alberga	41,720	2
7	-	WilmerHale	37,720	1
8	120	Gilbert + Tobin	36,211	22
9	31	King & Wood Mallesons	34,482	21
10	198	Cravath, Swaine & Moore	32,769	2

Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	3	PwC	8,063	34
2	4	KPMG	6,668	32
3	9	EY	6,460	31
4	5	Goldman Sachs & Co	63,172	26
5	1	Morgan Stanley	104,296	22
6	14	UBS Investment Bank	44,868	18
7	35	Aventus Capital Pvt	8,866	18
8	19	JPMorgan	66,315	17
9	2	Deloitte	1,842	17
10	13	Citi	45,425	14

Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	3	AZB & Partners	18,056	59
2	1	Shardul Amarchand Mangaldas & Co	22,457	52
3	6	Cyril Amarchand Mangaldas	13,764	46
4	13	Khaitan & Co	9,262	41
5	2	Fangda Partners	16,233	37
6	16	DLA Piper	18,942	33
7	10	Mori Hamada & Matsumoto	8,698	31
8	14	Nishimura & Asahi	7,239	31
9	9	IndusLaw	4,434	31
10	11	Kim & Chang	13,604	30

About this report

Produced in partnership with Mergermarket, an Acuris company
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For a full version of the Mergermarket M&A deal database inclusion and league table criteria, go to: www.mergermarket.com/pdf/deal_criteria.pdf



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