

# Deal Drivers: APAC Q3 2023

A spotlight on mergers and  
acquisitions trends in **2023**

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# Foreword: Global stronghold showcases its resilience

In spite of their many differences, it's hard not to draw comparisons between China and India. The former has long held the standing of APAC's number-one economy and geopolitical force, and continues to do so.

Nevertheless, the Chinese economy is navigating a number of challenges, including a real estate downturn, a plateauing population, and an underwhelming restart following its post-pandemic reopening at the beginning of 2023. On the economic front, momentum has been picking up recently. Annualized GDP growth beat expectations in Q3. The People's Bank of China kept interest rates unchanged at 3.65% during the quarter and took a number of measures to support growth, such as reducing the reserve requirement ratio for some banks. This conservatively stimulative approach appears to be yielding some early results.

## Relative strength

India, meanwhile, has been growing at a rapid clip recently and heavily tightening monetary conditions to keep inflation under control, moving in the opposite direction. Growth in Q3 is now set to slow, lagging expectations as consumer spending succumbs to higher prices and exports are tempered by lower global demand. But the overall picture contrasts quite starkly with China.

**These diverging paths aside, both countries and APAC at large are running well ahead of the developed world. Q3's M&A stats reflect this outperformance. Deal volume has held up far more robustly in APAC than in EMEA and the Americas in recent months.**

Notwithstanding China and Japan, APAC is dealing with the same inflationary pressures as other markets in the West, but its indefatigable and increasingly self-sustaining growth momentum is spurring dealmakers on as they strategically position themselves to capitalize on the world's most dynamic, youthful, and ascendant region. As ever, it would be unwise to bet against APAC's rising star.



# Outlook: APAC heat chart

There's been a lot of talk about China's stumbling start to the year as deflation briefly reared its head once again midway through 2023 and factory inventories remained heavily stocked. More recently, there have been promising if tentative signs that the country's gradual reopening and accommodative policies may finally be filtering through.

Certainly there is no shortage of deals in the offing across Greater China, judging by our forward-looking heat chart, which tracks 'companies for sale' stories on the Mergermarket intelligence tool. The chart is flashing red for almost all sectors across Greater China, the country seeing 1,456 reports regarding upcoming deals, just over half (51.2%) of the 2,844 stories attributable to APAC as a whole.

The country's immense industrials & chemicals (I&C) sector is primed to deliver the largest share of this deal flow. The heat chart shows that 387 stories were published involving assets in the space, more than a quarter of all stories about Chinese companies being sized up by acquirers across all sectors, and more than two-thirds of all reports involving I&C targets across APAC.

Heat chart based on potential companies for sale

	Greater China	Southeast Asia	South Korea	Japan	India	Australia & New Zealand	TOTAL
Industrials & chemicals	387	31	52	25	37	25	557
TMT	206	88	49	40	60	36	479
Financial services	117	46	15	19	49	44	290
Energy, mining & utilities	130	39	7	8	27	66	277
Consumer	97	29	31	7	33	79	276
Pharma, medical & biotech	136	35	10	7	46	35	269
Business services	122	24	9	7	31	40	233
Real estate	93	12	2	1	4	5	117
Construction	76	8	5	3	11	8	111
Leisure	34	19	11	1	6	29	100
Transportation	32	29	3	3	8	20	95
Agriculture	24	5		1		8	38
Defense	2						2
<b>TOTAL</b>	<b>1,456</b>	<b>365</b>	<b>194</b>	<b>122</b>	<b>312</b>	<b>395</b>	<b>2,844</b>



Note: The Intelligence Heat Charts are based on 'companies for sale' tracked by Mergermarket in the respective regions between April 01, 2023 and September 30, 2023. Opportunities are captured according to the dominant geography and sector of the potential target company.

In Q3, the I&C sector generated more deals in Greater China than any other industry, though technology, media, & telecommunications (TMT) led the region as a whole. If Asia's top economy stirs back to life and these reported I&C deals come to fruition, we could see TMT take a backseat in the near term. A potential cue for this is the fact China's Purchasing Manager Index moved back into the expansion range above 50 in September for the first time in five months.

TMT is still set to deliver its fair share of volume of course and in some markets has more anticipated deal flow than I&C. The second biggest supply of forthcoming deals in the sector after Greater China, with 206 potential TMT transactions, is Southeast Asia. Due diligence is being run on 88 TMT deals in this young, kinetic, high-growth subregion, a higher count than for any other industry. Similarly, the heat chart shows that India and Japan have 60 and 40 associated TMT deals, respectively, putting the industry in the lead in these markets as well. All told, there are 479 'for sale' stories to the sector's name.

Australia & New Zealand is expected to be busy over the coming months. This market had 395 deal reports, putting it just ahead of Southeast Asia's 365, while India is not far behind with 312 such stories. Although the consumer sector looks primed in Australia & New Zealand, this geographic market has a relatively even distribution of activity across most of its remaining sectors, and this is also true across APAC. Financial services, energy, mining & utilities (EMU), consumer, pharma, medical & biotech (PMB), and business services in descending order have between 290 and 233 deal reports. The largest and fastest growing regional economy globally offers abundant opportunities, but none more so than in its industrial subsectors as it further asserts itself as the world's biggest exporter.



# Summary: APAC M&A market momentum slips but stays afloat

APAC's M&A market is displaying relative buoyancy, a symptom of the region's unrelenting economic velocity. Through 2022 and the beginning of 2023, deal volume tracked well above the historic average.

Even as Q3 saw a deceleration, APAC held its ground, volume maintaining above levels observed through most of 2021. This steadfastness crowned APAC as the most performant market globally on a relative basis.

The region registered a total of 1,894 deals in Q3. This represents a 21% reduction quarter-on-quarter and a sharper fall of 28% year-on-year. Nevertheless, these were smaller drawbacks than seen in both the Americas and EMEA, reflecting APAC's standing as the paciest regional economy in the world. Total M&A value proved to be even more robust. An aggregate US\$179bn changed hands during Q3, a modest 2% lift from the previous quarter, although still down 10.5% when compared with Q3 last year.

## Sponsors stall

Private equity (PE) dealmaking lagged corporate M&A, its inherent reliance on debt to finance leveraged buyouts being somewhat of an Achilles' heel in the current high interest rate environment. PE deals tallied up to 406, marking a decline of 30% quarter-on-quarter and 42% year-on-year. Total deal value contributed by financial sponsors mirrored this decline, plunging to US\$25bn—a nearly 30% drop quarter-on-quarter and an even steeper 44.7% reduction year-on-year.

Across the entire M&A spectrum, the TMT sector took the lead with 486 deals valued at US\$38.2bn. However, it wasn't immune to the downward trend, witnessing 39% year-on-year and 28% quarter-on-quarter contractions on a volume basis. While value was down 32% on the year, the sector rebounded on previous months with an impressive 69.2% gain over Q2.

This was made possible thanks to some headline plays that included a US special purpose acquisition company (SPAC) merging with Chinese ride-hailing app Wanshun Technology Industrial Group for US\$4.3bn, and Walmart upsizing its interest in Indian e-commerce success story Flipkart Internet for US\$3.5bn, proving that tech is still very much on the menu.

## APAC M&A activity, 2020-Q3 2023



Source: Mergermarket



### Industrial might

The I&C sector, the backbone of APAC's economic engine, followed TMT with 352 deals, while its US\$31.7bn in total M&A value positioned it in third place overall. I&C saw a decline of 12% year-on-year and 14.8% quarter-on-quarter in terms of volume, while value more or less matched last year's Q3 performance in spite of a 51.9% plunge compared to Q2, which happened to be an outlying period for the industry.

Emphasizing the importance of collaborative innovation in the rapidly evolving transportation and mobility space, Renault and Geely teamed up for a US\$4.4bn joint venture to bolster their high-efficiency powertrain R&D and production to better supply the growing electric vehicle (EV) market, the top I&C deal in the region. EV sales may have stalled this year as cash-constrained consumers watch their outgoings, but the long-term view is that these cars will displace traditional combustion-engine vehicles.

### APAC top sectors by value | Q3 2023

	US\$(m)
TMT	38,203
Financial services	32,496
Industrials & chemicals	31,713
Energy, mining & utilities	24,488
Pharma, medical & biotech	14,188

### APAC top sectors by volume | Q3 2023

	Deal count
TMT	486
Industrials & chemicals	352
Business services	220
Financial services	149
Pharma, medical & biotech	147

### APAC top bidders by value | Q3 2023

	US\$(m)
China	58,668
India	30,551
USA	20,558
Japan	16,248
South Korea	13,091

### APAC top bidders by volume | Q3 2023

	Deal count
Japan	578
China	553
Australia	135
South Korea	134
India	112

## Credit to India

Financial services made a big splash, the industry's deal value totaling US\$32.5bn, surging by 158% quarter-on-quarter. The crowning deal, not only in financial services but across all sectors, was Reliance Industries' US\$19.4bn spin-off of Jio Financial Services. This was the second momentous transaction in India's financial space in the past year, after HDFC Bank and Housing Development Finance Corporation's record-breaking US\$40bn merger in 2022, the biggest M&A deal in the subcontinent to date.

Consumer credit in India is on a notable upward path, fueled by fintech innovations and the population's improving creditworthiness. As aspirations of the burgeoning and vast middle class rise and the country's financial infrastructure becomes more inclusive, a growing number of Indians are leveraging credit options for purchasing homes and vehicles, and for financing education and travel.

One thing is abundantly clear—despite the moderate ebb in dealmaking, APAC's seemingly inextinguishable economic resilience is keeping activity flowing. The region continues to be a magnet for acquisitions and strategic partnerships, promising growth and innovation in the quarters to come. In this ever-evolving market, APAC's rising tide indeed lifts all boats.

## APAC top 10 announced deals, Q3 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	21-Aug-23	Reliance Industries Limited (Shareholders)	Jio Financial Services Ltd. (100% Stake)	Financial services	Reliance Industries Limited	19,353
2	03-Aug-23	China Oil & Gas Pipeline Network Corp.	PipeChina United Pipeline Co., Ltd. (22.96% Stake)	Energy, mining & utilities	Baoshan Iron & Steel Co., Ltd.; National Council for Social Security Fund; Taikang Insurance Group Inc.; Beijing Guolian Energy Industry Investment Fund	8,406
3	17-Aug-23	Celltrion Inc.	Celltrion Healthcare Co., Ltd. (100% Stake)	Pharma, medical & biotech		7,820
4	11-Jul-23	Renault S.A.; New H Powertrain Holding S.L.	Aurobay Technology Co., Ltd. (100% Stake); Aurobay International Pte. Ltd. (100% Stake)	Industrials & chemicals	Renault S.A.; Zhejiang Geely Holding Group Co., Ltd.; Geely Automobile Holdings Ltd.	4,402
5	14-Aug-23	AlphaVest Acquisition Corp.	Wanshun Technology Industrial Group Ltd. (100% Stake)	TMT		4,300
6	01-Aug-23	Vocus Group Ltd.	Vision Network Pty. Ltd. (100% Stake)	TMT	TPG Telecom Ltd.	4,189
7	04-Sep-23	Albemarle Corporation	Liontown Resources Limited (95.7% Stake)	Energy, mining & utilities		4,094
8	31-Jul-23	Walmart Inc.	Flipkart Internet Pvt. Ltd. (8.67% Stake)	TMT	Franklin Resources, Inc.; Accel; Tiger Global Management, LLC; Qatar Investment Authority; Binny Bansal (Private Investor); Antara Capital; Abu Dhabi Wealth Fund ADQ	3,500
9	02-Aug-23	Itochu Corp.	Itochu Techno-Solutions Corp. (38.76% Stake)	TMT		2,713
10	14-Aug-23	China Evergrande Group; Hui Ka Yan (Private Individual); DING Yumei (Private Individual)	China Evergrande New Energy Vehicle Group Ltd. (24.22% Stake)	Industrials & chemicals		2,672



# Greater China

# Dealmaking persists in spite of leverage jitters

China has seen its fair share of handwringing this year. Real estate developers are facing financial peril due to slowed property sales, risking illiquidity or insolvency if no significant bailouts follow. Historically, economic downturns compelled Beijing to encourage credit flows, but now, with a debt burden nearing triple its GDP, the government has been more concerned with reducing leverage in the system. Credit availability has been tight, with new loan issuance falling to a 14-year low in July.

However, August and September saw steady growth in China, aided by government bond issuance for infrastructure and stronger mortgage lending, easing some concerns. Despite a dip, Q3's GDP growth of 4.9% outpaced predictions, with a notable acceleration quarter-on-quarter to 1.3% from Q2's 0.5%. These are positive signs for APAC's largest economy at a time when the real estate sector's fortunes continue to hang in the balance.

In Q3 2023, China's M&A market volume contracted, registering a 15% decrease both year-on-year and quarter-on-quarter, settling at 605 transactions.

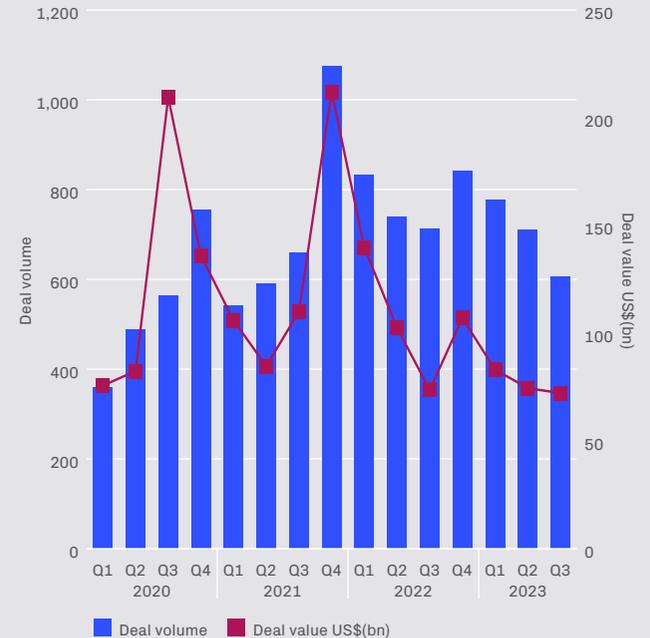
## Domestic domination

From a value perspective, the market exhibited resilience, reaching US\$72.2bn. This marked only a modest 3.1% decline quarter-on-quarter and a minimal 2% year-on-year fall.

One noticeable trend was the inclination towards more substantial transactions in Q3 compared to the preceding quarter, with China dominating APAC by securing four slots on the region's top-10 deal leaderboard.

The I&C sector, with the highest volume at 159 deals, saw a downturn of 12% year-on-year and 15.4% quarter-on-quarter. The TMT sector, although contributing 92 deals, faced the most substantial volume decline, falling 35% year-on-year and 21.4% quarter-on-quarter. In stark contrast, business services deals flourished, growing by 29% year-on-year and inching down by only 5.6% versus Q2.

## Greater China M&A activity, 2020-Q3 2023



Source: Mergermarket



### Grand ambitions

The I&C industry also had the most investment value, its aggregate of US\$23bn representing a 26% increase on the year, albeit a 13.4% decrease quarter-on-quarter. A defining transaction that speaks to the secular shift towards electrification saw embattled property developer China Evergrande Group bolster its EV division with a US\$2.7bn investment.

The automaker has been making share sales to fund the production of new-energy cars as China looks to accelerate its transition towards cleaner and more sustainable transportation, while Evergrande is diversifying its operations beyond the troubled real estate sector.

Following the same theme, the largest I&C deal and second biggest transaction in China in Q3 was a joint venture valued at US\$4.4bn. Aurobay's owner Geely Holding, Geely Auto, and Renault Group combined their combustion powertrain businesses under the venture to develop, manufacture, and supply next-generation hybrid and efficient powertrains to meet global demand for EVs. The new company comprises 17 plants and two operational centers, one in Europe and one in China, and is projected to achieve US\$16.3bn in annual revenue.

### China top sectors by value | Q3 2023

	US\$(m)
Industrials & chemicals	23,006
TMT	13,964
Energy, mining & utilities	13,897
Real estate	5,198
Financial services	4,608

### China top sectors by volume | Q3 2023

	Deal count
Industrials & chemicals	159
TMT	92
Business services	67
Pharma, medical & biotech	60
Energy, mining & utilities	53

### China top bidders by value | Q3 2023

	US\$(m)
China	55,861
Hong Kong SAR	5,160
France	4,402
USA	4,325
Germany	682

### China top bidders by volume | Q3 2023

	Deal count
China	537
Hong Kong SAR	25
USA	11
Taiwan	8
Singapore	5

## Deals in the pipeline

The EMU sector showed the most impressive growth of the three highest value sectors, boasting a 76% year-on-year and 80.1% quarter-on-quarter increase to accumulate US\$13.9bn. In the biggest of these and the largest overall across all sectors, state-owned China Oil and Gas Pipeline Network, also known as PipeChina, bought the remaining 23% stake in natural gas pipeline operator United Pipeline that it did not already own for US\$8.4bn. Although the country has been leaning more heavily on coal to improve its energy security in the wake of the Ukraine war, it has significantly boosted its use of natural gas in recent years as a bridge fuel in its ongoing energy transition.

Meanwhile, the TMT sector's value surged by 20% year-on-year and a remarkable 59.5% quarter-on-quarter to reach US\$14bn, putting it behind I&C. The biggest TMT deal and third biggest across all sectors, worth US\$4.3bn, involved Nasdaq-listed SPAC AlphaVest Acquisition Corp backing on-demand ride-hailing app Wanshun Technology.

China seems to be softening its position towards tech following a crackdown in 2021 to curb unchecked growth and monopolistic behavior. In February, the State Administration for Market Regulation outlined its agenda for the year, focusing on maintaining the "bottom line of development security" and strengthening its "linkage effect" with international markets. This was viewed as part of a series of public-facing maneuvers signaling a positive transition in the government's approach towards the tech industry.

## Greater China top 10 announced deals, Q3 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	03-Aug-23	China Oil & Gas Pipeline Network Corp	PipeChina United Pipeline Co., Ltd. (22.96% Stake)	Energy, mining & utilities	Baoshan Iron & Steel Co., Ltd.; National Council for Social Security Fund; Taikang Insurance Group Inc.; Beijing Guolian Energy Industry Investment Fund	8,406
2	11-Jul-23	Renault S.A.; New H Powertrain Holding S.L.	Aurobay Technology Co., Ltd. (100% Stake); Aurobay International Pte. Ltd. (100% Stake)	Industrials & chemicals	Renault S.A.; Zhejiang Geely Holding Group Co., Ltd.; Geely Automobile Holdings Ltd.	4,402
3	14-Aug-23	AlphaVest Acquisition Corp	Wanshun Technology Industrial Group Ltd. (100% Stake)	TMT		4,300
4	14-Aug-23	China Evergrande Group; Hui Ka Yan (Private Individual); DING Yumei (Private Individual)	China Evergrande New Energy Vehicle Group Ltd. (24.22% Stake)	Industrials & chemicals		2,672
5	28-Aug-23	BYD Electronic (International) Company Limited	Juno Newco Target Holdco Singapore Pte. Ltd. (100% Stake)	Industrials & chemicals	Jabil Inc.	2,169
6	04-Sep-23	Undisclosed Acquirer	GTA Semiconductor Co., Ltd.	TMT		1,872
7	13-Sep-23	Guangdong Kaihong Technology Co., Ltd.	Xinneng Mining Co., Ltd. (100% Stake)	Energy, mining & utilities	ENN Natural Gas Co., Ltd.	1,440
8	11-Sep-23	Dalian Thermal Power Co., Ltd.	Kanghui New Material Technology Co., Ltd. (100% Stake)	Industrials & chemicals	Hengli Petrochemical Co., Ltd.; Jiangsu Hengli Chemical Fiber Co., Ltd.	1,393
9	16-Aug-23	CCB Financial Asset Investment Co., Ltd.; FAW Equity Investment (Tianjin) Co., Ltd.; China Integrated Circuit Industry Investment Fund Phase 2 Co., Ltd.; Shenzhen Major Industry Investment Group; China State-owned Enterprise Structural Adjustment Fund Phase II Co., Ltd.; Shenzhen Bao'an Industrial Capital Operation Co., Ltd.; Shenzhen Guiding Fund Investment Co., Ltd.; Gongrong Jintou (Beijing) Emerging Industry Equity Investment Fund Partnership; CCB Pilot Strategic Emerging Industry Development Fund (L.P.); Qianhai CSSC (Shenzhen) Smart Ocean Private Equity Fund Partnership (L.P.)	Runpeng Semiconductor (Shenzhen) Co., Ltd. (65.7% Stake)	TMT		1,377
10	04-Sep-23	Swire Properties Limited	Shanghai Dongmao Real Estate Co., Ltd. (40% Stake); Shanghai Yaolong Investment Company Limited (40% Stake)	Real estate	Shanghai Pudong Land Holding (Group) Co., Ltd.; Shanghai Lujiazui (Group) Co., Ltd.	1,339



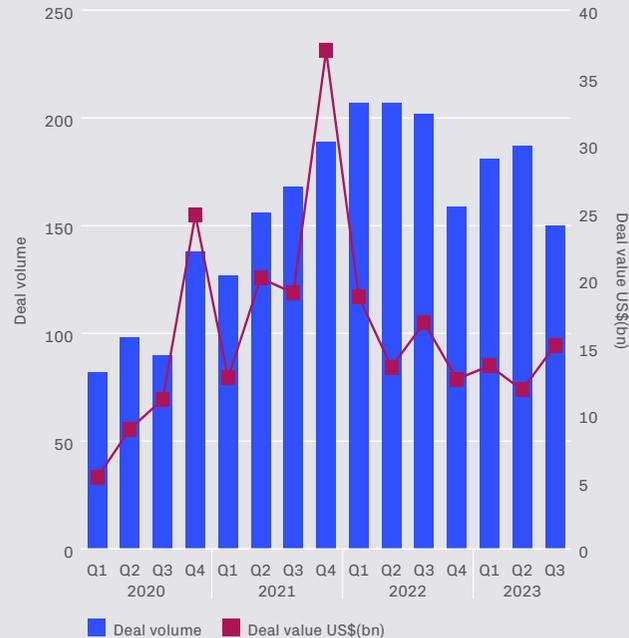
South Korea

# Blockbuster PMB deal saves the day

South Korea currently has one of the lowest growth rates in APAC. In October, the IMF projected the country's economy to expand by an unremarkable 1% this year. Inflation, however, has been on the cooler side and among the lowest rates in the G20. Q3 started with the lowest CPI in more than two years, bottoming at 2.3% in July. That would have left the Bank of Korea some room for maneuver to stimulate growth.

Since then, however, inflation has picked up, reaching 3.7% in September. For now, it is unlikely the central bank will soften its hawkish stance. Digging deeper, this recent rebound appears to stem from the higher price of oil and preparations for Chuseok—the Korean Thanksgiving Day, one of the nation's biggest and most important holidays—and not from the services sector, the area of the economy where inflation typically proves to be stickiest.

South Korea M&A activity, 2020-Q3 2023



Source: Mergermarket

## Tracking the regional trend line

Total M&A volume in South Korea fell to 150 deals in Q3, representing a 20% decline compared to the previous quarter and a 26% year-on-year drop, closely tracking the trend line observed for APAC as a whole.

Assuming activity settles around this level, the market is in relatively good shape compared to recent performance. Q3 was more or less in line with the final quarter of 2022, when momentum was winding down at the end of a record year.

I&C led volume with 47 deals, experiencing a negligible 2% annual decline and a 19% quarterly decrease. Following this was TMT with 34 deals, a substantial year-on-year regression of 44% and a 12.8% quarter-on-quarter dip. Additionally, the consumer, business services, and financial services sectors reported roughly equal volumes, with 15, 14, and 13 deals, respectively. The outperformer of the three was business services, its deal count moving up by 40% on the year and 40% on the preceding three-month period.

### South Korea top sectors by value | Q3 2023

	US\$(m)
Pharma, medical & biotech	7,972
Industrials & chemicals	2,567
TMT	1,542
Construction	568
Consumer	529

### South Korea top sectors by volume | Q3 2023

	Deal count
Industrials & chemicals	47
TMT	34
Consumer	15
Business services	14
Financial services	13

### South Korea top bidders by value | Q3 2023

	US\$(m)
South Korea	13,031
USA	943
China	891
Singapore	118
United Kingdom	53

### South Korea top bidders by volume | Q3 2023

	Deal count
South Korea	129
USA	8
China	3
Japan	2
Singapore	2

### Simplifying structures

Total M&A value stood at US\$15.1bn, marking a noteworthy 28.1% increase quarter-on-quarter and a relatively benign year-on-year decrease of 10.5%. More than half of this was owed to the PMB sector logging an almost 22-fold annual surge, nearly tripling Q2's performance. In turn, almost all of the sector's value had a single blockbuster deal to thank.

In a move aimed at further cementing its position in the pharmaceutical industry, Celltrion executed a monumental US\$7.8bn tie-up in Q3, absorbing its affiliate, Celltrion Healthcare. The target handles the overseas distribution of

Celltrion's biosimilar products, while its other affiliate Celltrion Pharm handles its domestic sales. There are further plans to integrate Celltrion Pharm in the near future, after the business decided against a three-way merger as there were too many moving parts.

The enlarged entity aims to develop new drug candidates and invest in the digital health sector. It is already among Korea's top-20 companies by market capitalization, the recent consolidation being not only the largest M&A deal in the country in Q3 but APAC's second biggest of the quarter.



## South Korea top 10 announced deals, Q3 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	17-Aug-23	Celltrion Inc.	Celltrion Healthcare Co., Ltd. (100% Stake)	Pharma, medical & biotech		7,820
2	27-Sep-23	Hefei Xinmei Materials Technology Co.	LG Chem Ltd. (polarizing film material business) (100% Stake)	Industrials & chemicals	LG Chem Ltd.	616
3	30-Aug-23	HMG Global LLC	Korea Zinc Co., Ltd. (5% Stake)	Industrials & chemicals		399
4	21-Jul-23	Government of South Korea	SR Co., Ltd. (58.94% Stake)	Transportation		279
5	27-Jul-23	OCI Holdings Co., Ltd.	OCI Co., Ltd. (32.15% Stake)	Industrials & chemicals		275
6	07-Jul-23	SKC Co., Ltd.; Helios Private Equity	ISC Co., Ltd. (29.46% Stake)	TMT	Mason Capital Corp; Cactus Private Equity; Helios Private Equity; Youngbae Jeong (Private Individual)	267
7	14-Jul-23	TPG Inc.	Samhwa (100% Stake)	Construction		237
8	27-Sep-23	Shanjin Optoelectronics Suzhou	LG Chem Ltd. (polarizing film business) (100% Stake)	Industrials & chemicals	LG Chem Ltd.	200
9	22-Aug-23	Kyobo Life Insurance Co., Ltd.	Kyobo Securities Co., Ltd. (43.69% Stake)	Financial services		187
10	08-Aug-23	IGIS Asset Management Co., Ltd.	Yongsan The Prime Building (100% Stake)	Real estate	Shinhan Alpha REIT Co., Ltd.	181

### Battery powered

The I&C sector saw US\$2.6bn worth of deals but faced a substantial 54% year-on-year drop and a 46% decrease quarter-on-quarter. Three of South Korea's top-10 deals were I&C plays, including its third and second largest. HMG Global, the investment arm of Hyundai Motor Group, acquired a 5% stake in the world's top lead and zinc smelter, Korea Zinc, for US\$399m.

The strategic minority investment aims to secure a stable supply of key battery materials for Hyundai's EVs, the pair agreeing to co-operate on procurement and other areas such as recycling. They will first establish nickel supplies while securing key materials meeting regulations under the US Inflation Reduction Act for EV tax credits, through joint purchases of minerals and investments in mining developments.

This was topped only by LG Chem's US\$616m sale of its polarizing film materials to Chinese industrial group Xinmei Materials Technology. Polarizing films are used to eliminate screen reflections and deployed in liquid crystal displays (LCDs) and organic light-emitting diode (OLED) displays for cars and smart devices such as Apple's iPhone. LG Chem offloaded the asset to focus on its battery materials, sustainability, and innovative drugs businesses to propel its growth. Whether prompting the sell side or buy side into action, sustainability continues to be one of the most reliable M&A drivers.

An aerial photograph of the Tokyo skyline at sunset. The Rainbow Bridge is prominent in the foreground, spanning across the water. The city's skyscrapers are illuminated by the golden light of the setting sun. The sky is filled with scattered clouds, some of which are highlighted by a grid of semi-transparent colored rectangles in shades of orange, yellow, and grey. The word "Japan" is written in a simple, dark font on a bright yellow rectangular background in the lower-left quadrant.

Japan

# TMT leads during slow patch for Japanese M&A

Japan has long grappled with fragile growth and deflation, and contrary to the tightening monetary stance observed globally, Japan's central bank adheres to an ultra-loose policy to support its economy. In September, inflation fell for the third consecutive month, to 3%, and according to the latest IMF forecast GDP is projected to grow at 2.3% this year, above the historical average.

Following its September meeting, the Bank of Japan reaffirmed its commitment to maintaining short-term interest rates at minus 0.1%, and capping the 10-year Japanese government bond yield around zero.

The central bank's policy statement emphasized a patient continuation of monetary easing for the foreseeable future in light of the "extremely high uncertainties" clouding both the domestic and global growth outlook. In this respect, Japan is something of an anomaly with the closest exception being China, which is taking a similarly loose, if less dovish, approach.

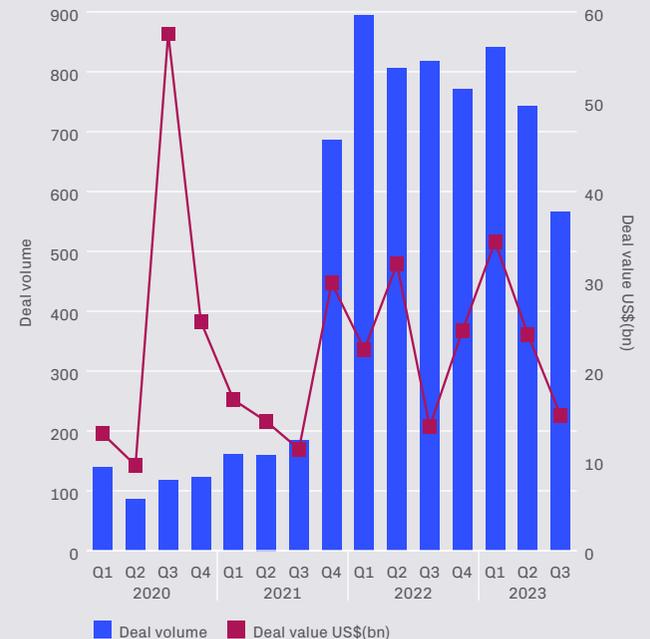
## Foreign disinterest

M&A witnessed a contraction in volume but saw a modest increase in value on a year-on-year basis. A total of 566 deals were recorded in Q3 2023, marking 24% quarter-on-quarter and 31% year-on-year negative deviations. Despite the volume shrinkage, total M&A value stood at US\$15.1bn, a 37.2% decrease quarter-on-quarter but a 9.3% upswing on the same period last year.

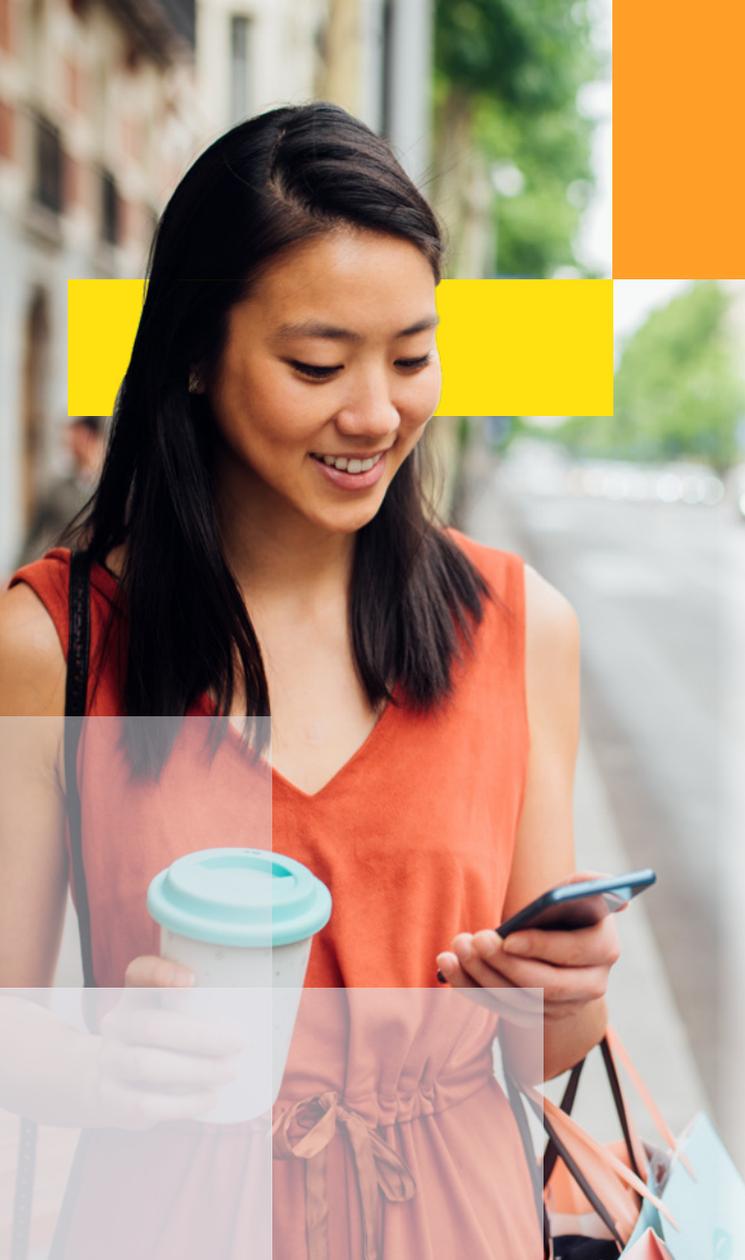
Acquisitions have generally scaled down in recent months. As evidence of this downsizing, only one Japanese deal was sizable enough to enter APAC's top 10, and then only in ninth place.

Foreign buyers were notably scarce in Q3, too. Recent corporate reforms, such as the revision of Japan's Corporate Governance Code in 2021, aim to diversify publicly-listed companies' ranks to enhance value, and to encourage the appointment of more independent outside directors and incentives. Despite these efforts, there has been a clear dominance of domestic activity. US acquirers, the most active foreign investors in Q3, accounted for only 13 of the country's 566 deals, a little over 2%.

## Japan M&A activity, 2020-Q3 2023



Source: Mergermarket



## Dissolving conflicts

TMT led in both volume and value terms with 241 deals worth US\$7.2bn, the latter representing a 150% leap in value year-on-year and up 108% quarter-on-quarter. This was achieved in spite of volume falling by 30% and 27.8% year-on-year and quarter-on-quarter, respectively. Three of the five largest deals in Japan during Q3 related to TMT targets, including the country's biggest transaction.

In this standout deal, Itochu Corp. took private its own IT services unit, Itochu Techno-Solutions, for US\$2.7bn by purchasing the business's 38.8% free float that was trading on the Tokyo Stock Exchange. Itochu is a diversified manufacturing group, its operations spanning textiles, machinery, metals, chemicals, and foodstuffs, while Techno-Solutions operates six data centers across Japan. Itochu said the deal was necessary to "dissolve structural conflicts of interest" between the two and enhance shareholder value, reflecting the emphasis that Japanese companies are now placing on corporate governance.

Toyota's sale of a nearly 3% interest in telco KDDI via a US\$1.8bn share buyback was the second biggest deal in Japan in Q3. The proceeds from this will be used by the world's largest carmaker (by revenues) to accelerate its vehicle electrification strategy. Toyota is plowing capital into improving the driving range and costs of its EV batteries to keep pace with rival auto manufacturers.

## Japan top sectors by value | Q3 2023

	US\$(m)
TMT	7,201
Real estate	4,096
Industrials & chemicals	1,050
Construction	587
Consumer	586

## Japan top sectors by volume | Q3 2023

	Deal count
TMT	241
Industrials & chemicals	81
Business services	70
Consumer	36
Pharma, medical & biotech	30

## Japan top bidders by value | Q3 2023

	US\$(m)
Japan	13,873
USA	785
Singapore	300
India	131
China	21

## Japan top bidders by volume | Q3 2023

	Deal count
Japan	540
USA	13
Singapore	5
Hong Kong SAR	3
China	2

## Yen down

Following TMT, the real estate sector emerged as a strong contender with a total value of US\$4.1bn, a notable 67% increase year-on-year despite a 30.9% decrease compared to Q2. This put the segment well ahead of I&C, which experienced a value contraction of 75% year-on-year and 87.9% quarter-on-quarter, to settle at just US\$1.1bn.

A sizable US\$900m portion of the real estate sector's US\$4.1bn sum came from a consortium comprising Singapore-based SC Capital Partners, the Abu Dhabi Investment Authority, and Goldman Sachs Asset Management picking up a hotel portfolio of 27 resorts from Daiwa House Industry. The portfolio will be managed by Japan Hotel REIT Advisors, majority owned by SC Capital, which is known for its proficiency in hotel asset management.

The backers aim to capitalize on Japan's recovering tourism sector, which is benefiting from the yen's weakness. US tourists have been taking advantage of the currency's decline, their money going a long way in no small part thanks to the central bank's ultra-dovish policy-setting.

## Japan top 10 announced deals, Q3 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	02-Aug-23	Itochu Corp.	Itochu Techno-Solutions Corp. (38.76% Stake)	TMT		2,713
2	28-Jul-23	KDDI Corp.	KDDI Corp. (2.97% Stake)	TMT	TOYOTA MOTOR CORPORATION	1,775
3	19-Jul-23	Abu Dhabi Investment Authority; Goldman Sachs Asset Management L.P.; SC Capital Partners Pte. Ltd.	Daiwa House Industry Co., Ltd. (portfolio of 27 resort hotels in Japan) (100% Stake)	Real estate	Daiwa House Industry Co., Ltd.	900
4	16-Aug-23	Open House Group Co., Ltd.	Sanei Architecture Planning Co., Ltd. (100% Stake)	Real estate	Shinzo Koike (Private Individual); Rachel Co., Ltd.	706
5	08-Sep-23	Omron Corp.	JMDC Inc. (22.01% Stake)	TMT	Noritsu Koki Co., Ltd.	581
6	20-Jul-23	Sosei Group Corporation	Idorsia Pharmaceuticals Japan Ltd. (100% Stake); Idorsia Pharmaceuticals Korea Co., Ltd. (100% Stake)	Pharma, medical & biotech	Idorsia Ltd.	464
7	26-Sep-23	Mitsui Fudosan Co., Ltd.	Imperial Hotel Tower Building (land with leasehold interest) (35% Stake)	Real estate	Imperial Hotel, Ltd.	415
8	10-Aug-23	Itochu Corp.; BP Investment LLC	Daiken Corporation (63.66% Stake)	Construction		413
9	19-Jul-23	Invincible Investment Corp.	Tateshina Grand Hotel Takinoyu (100% Stake); Hotel MyStays Okayama (100% Stake); Hotel MyStays Aomori Station (100% Stake); Hotel MyStays Soga (100% Stake); Tazawako Lake Resort & Onsen (100% Stake); Fusaki Beach Resort Hotel & Villas (six hotel buildings) (100% Stake)	Real estate	Sheffield Asset SPC; Heijo SPC; Nippori SPC; Shiretoko SPC	412
10	29-Sep-23	DCM Holdings Co., Ltd.	Keiyo Co., Ltd. (69.02% Stake)	Consumer		406



India

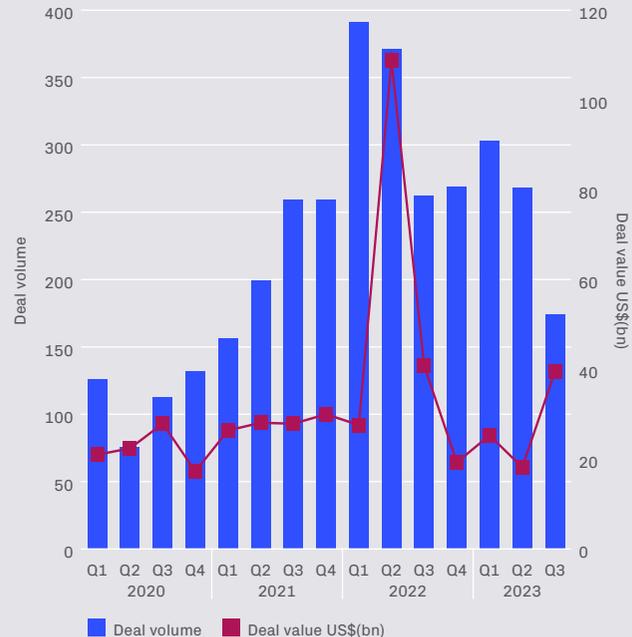
# M&A value explodes in an altogether quieter quarter

India is the fastest growing major economy in the world. Per the IMF's most recent forecast, the country's GDP growth in 2023 is expected to be around 6.3%, a downward revision from its previous projection but still far above the global average. The Reserve Bank of India has been putting the brakes on inflation, which has been yo-yoing over the past three years.

The central bank maintained interest rates at 6.5% for much of this year, its last hike coming in February, as it treads a fine line between containing prices and spurring growth. CPI was 5% in September having trended down through the quarter, but the country's readings have been volatile from month to month for some time.

India is finally having its moment in the sun after years of talk about its potential. Its surpassing of China in 2023 as the world's most populous nation is by no means arbitrary. There is much headroom in the subcontinent as its GDP per capita plays catch-up with China.

India M&A activity, 2020-Q3 2023



Source: Mergermarket

## The Americans are coming

The M&A landscape in India was less crowded in Q3 than it has been for some time. The country generated 174 deals, the lowest showing for two and a half years. But foreign investors have clearly bought into India's growth story, including those outside of APAC.

US acquirers were behind 24 transactions, or nearly 14% of the quarter's total deal tally. It seems the Modi administration's relaxing of foreign direct investment rules, streamlined deal approvals, digitalization efforts, and generally more open-door policy is encouraging buyers to the world's largest consumer market by headcount.

The highest volume was observed in the TMT sector with 47 transactions, although it marked significant decreases both year-on-year and on the previous quarter, of 53% and 42%, respectively. Following TMT, financial services recorded 30 deals, up 3% quarter-on-quarter and 43% compared to Q3 2022. The I&C sector, meanwhile, came in third place for volume, posting up 23 deals, a fall of 32% on both year-on-year and quarter-on-quarter bases.

## India top sectors by value | Q3 2023

	US\$(m)
Financial services	23,688
TMT	6,866
Industrials & chemicals	2,695
Consumer	2,102
Pharma, medical & biotech	1,975

## India top sectors by volume | Q3 2023

	Deal count
TMT	47
Financial services	30
Industrials & chemicals	23
Business services	16
Pharma, medical & biotech	15

## India top bidders by value | Q3 2023

	US\$(m)
India	30,370
USA	4,405
Belgium	1,049
Qatar	1,002
Singapore	653

## India top bidders by volume | Q3 2023

	Deal count
India	109
USA	24
Japan	8
France	6
Singapore	5

## Banking on growth

Total M&A value skyrocketed to US\$39.4bn between July and September, a 116% quarter-on-quarter surge. This is one of the highest quarterly value totals in the past four years, third only to Q2 and Q3 2022, the latter of which saw the US\$40bn merger of HDFC and HDFC Bank.

Financial services outshone all other sectors with a whopping US\$23.7bn, marking a 15-times multiple year-on-year and nine-times quarter-on-quarter. A significant chunk of this value is attributed to the demerger of Jio Financial Services from Reliance Industries, valued at US\$19.4bn. Though not much has been disclosed about Jio's exact operations, it is known that the business recently partnered with BlackRock to launch an asset management platform and will possibly expand into various other services including consumer and merchant lending, insurance broking, and payments.

Another remarkable deal in the sector, its second largest and third biggest across all sectors, was the US\$2.4bn reverse merger between IDFC Bank and IDFC. The all-stock transaction was initiated to simplify the entities' corporate structure and deliver a premium for shareholders. IDFC is a development finance institution under the government's Department of Financial Services that provides finance and advisory services for infrastructure projects, as well as asset management and investment banking. IDFC Bank meanwhile offers traditional banking services.



## India top 10 announced deals, Q3 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	21-Aug-23	Reliance Industries Limited (Shareholders)	Jio Financial Services Ltd. (100% Stake)	Financial services	Reliance Industries Limited	19,353
2	31-Jul-23	Walmart Inc	Flipkart Internet Pvt. Ltd. (8.67% Stake)	TMT	Franklin Resources, Inc.; Accel; Tiger Global Management, LLC; Qatar Investment Authority; Binny Bansal (Private Investor); Antara Capital; Abu Dhabi Wealth Fund ADQ	3,500
3	03-Jul-23	IDFC First Bank Ltd.	IDFC Ltd. (100% Stake)	Financial services		2,402
4	01-Sep-23	Oil and Natural Gas Corporation Limited	ONGC Petro additions Limited (45.64% Stake)	Industrials & chemicals		1,799
5	17-Jul-23	Proximus S.A.; Proximus Opal S.A.	Route Mobile Ltd. (84.16% Stake)	TMT		1,049
6	23-Aug-23	Qatar Investment Authority	Reliance Retail Ventures Ltd. (0.99% Stake)	Consumer		1,002
7	21-Sep-23	Nirma Ltd.	Glenmark Life Sciences Ltd. (74.84% Stake)	Pharma, medical & biotech	Glenmark Pharmaceuticals Limited	678
8	07-Aug-23	Vijay Shekhar Sharma (Private Investor); Resilient Asset Management B.V.	One 97 Communications Ltd. (10.3% Stake)	TMT	Ant Group Co., Ltd.	629
9	28-Jul-23	BPEA EQT Ltd.; BPEA Private Equity Fund VIII	Indira IVF Hospital Pvt. Ltd. (60% Stake)	Pharma, medical & biotech	TA Associates Management L.P.; Dr Ajay Murdia (Private Individual); Dr Kshitiz Murdia (Private Individual); Dr Nitiz Murdia (Private Individual)	600
10	25-Sep-23	Burman Family Holdings; Puran Associates Pvt. Ltd.; M B Finmart Pvt. Ltd.; VIC Enterprises; Milky Investment & Trading	Religare Enterprises Limited (31% Stake)	Financial services		600

### Add to cart

The TMT sector was the second largest in value terms with US\$6.9bn, despite a sharp decline of 75% year-on-year, yet a notable increase of 110% versus the preceding quarter.

Walmart increased its ownership in Flipkart Internet by 8.7% with a US\$3.5bn investment, with Tiger Global selling its remaining stake alongside other exiting investors. The Indian e-commerce leader, together with its subsidiaries Myntra and Shopsy, holds around half of the country's online retail market, helping to expand the reach of domestic businesses.

Flipkart has been patiently eyeing an IPO with a valuation target between US\$60bn-US\$70bn, but has held off on those plans amid market uncertainty. It is highly anticipated as it would be one of India's largest tech debuts, signifying an important milestone for the country's burgeoning technology industry, which benefits from a deep talent base and supportive government policy. There is no doubt, technology will play a definitive role in India's inexorable rise.



# Southeast Asia

# Value slumps but buyers are placing their chips

Growth in Southeast Asia is set to slow slightly this year as raised interest rates sap momentum from the global economy and weaken demand for exports. ASEAN-6 economies—which include Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam—are expected to see their GDP expansion decelerate to 4.4% in 2023 from 5.6% in 2022. Indonesia and the Philippines are on course to maintain above 5%.

In terms of inflation, the broader region encompassing developing Asia is expected to see a decrease from 4.4% last year to 3.6% in 2023, while the likes of Indonesia, Malaysia, and Thailand are seeing prices rise at below this range. Monetary tightening measures have been initiated across the subregion to address price escalation, easing it towards pre-pandemic averages. Central banks in the territory are nearing the end of their inflation-fighting measures, economists foreseeing the tightening cycle concluding after 25 to 50 basis points of moves in the upcoming months.

## Take a byte

The subregion displayed modest deal activity during Q3 2023, with no transaction valued at more than US\$2bn and none making it into APAC's top-10 deals of the quarter. This reflected cautious optimism against the backdrop of an unpredictable economic recovery.

Although down on previous periods, strategic realignments and market expansion efforts by both local and international firms continue. Total M&A volume of 149 deals represents a decrease of 19% quarter-on-quarter and 34% year-on-year, while value came down by 54.2% quarter-on-quarter and 24.4% year-on-year to US\$14.9bn.

TMT led proceedings with 34 deals and US\$3.8bn invested, ahead of all other sectors on both counts. The fifth and fourth largest of Southeast Asia's transactions were TMT plays, the smallest of the two being an US\$807m investment by KKR for a 20% stake in Singapore Telecommunications' regional data center business. The collaboration aims to accelerate the company's expansion across ASEAN markets such as Singapore, Indonesia, and Thailand.

## Southeast Asia M&A activity, 2020-Q3 2023



Source: Mergermarket



### Online sales

Slightly larger in size, Alibaba made an US\$845m investment in Singaporean e-commerce company Lazada, expanding its footprint beyond China into faster-growing Southeast Asia. Alibaba previously invested in a controlling stake in the business, which aims to crack the European market by taking on the likes of Amazon and Zalando. TMT beat every other sector despite a notable 53% dip in volume year-on-year and a 30.6% quarterly decline. Total M&A value in the industry witnessed a 65.1% quarter-on-quarter rise and a 46% shortfall on Q3 in 2022.

The I&C, EMU, and consumer industries each contributed US\$2.1bn to the subregion in Q3, though it was I&C that saw the most activity with 22 deals, which was flat on the year and a 15.8% increase on the prior quarter. The standout deal in the sector was UMW's acquisition of Sime Darby, valued at US\$1.3bn. The merger brings together two diversified Malaysian industrial holding groups with the aim of consolidating their automotive supply chain assets and interests in Perodua, the country's biggest carmaker.

Southeast Asian countries are vying to become major players in the global production of EVs, to which end Malaysia has introduced several incentives including investments, tax breaks, and transitioning its own government's fleet to EVs.

### SE Asia top sectors by value | Q3 2023

	US\$(m)
TMT	3,850
Industrials & chemicals	2,129
Energy, mining & utilities	2,126
Consumer	2,115
Financial services	1,862

### SE Asia top sectors by volume | Q3 2023

	Deal count
TMT	34
Industrials & chemicals	22
Energy, mining & utilities	19
Business services	17
Pharma, medical & biotech	15

### SE Asia top bidders by value | Q3 2023

	US\$(m)
Malaysia	3,201
USA	2,067
United Kingdom	1,923
China	1,753
Indonesia	1,542

### SE Asia top bidders by volume | Q3 2023

	Deal count
Malaysia	26
Singapore	22
Japan	18
USA	17
Indonesia	17

## Taste the feeling

On the consumer front, the biggest deal unfolded as Philippine conglomerate Aboitiz Equity Ventures and Coca-Cola Europacific Partners (CEP) collaborated to acquire Coca-Cola Beverages Philippines under a joint venture (JV), for an enterprise value of US\$1.8bn.

Securing the local franchise bottler of Coke products will mean both parties will tap into the Philippines' thriving beverage market, with the UK's CEP managing the bottling operations of the business. Statista estimates this market will grow by a compound annual growth rate of 14.7% through 2027. The JV pushed consumer value up by 37% year-on-year and fivefold compared to Q2.

Although subdued in volume, Southeast Asia's M&A market exhibited a number of engagements geared towards long-term market positioning to capture its consumer-facing growth areas. Global tech giants are venturing further into the subregion, blue-chip sponsors continue to scout for opportunities, and local conglomerates are consolidating their highest-potential business lines, a sure sign of growth-minded acquirers' strategic foresight.

## Southeast Asia top 10 announced deals, Q3 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	02-Aug-23	Aboitiz Equity Ventures, Inc.; Coca-Cola Europacific Partners Plc	Coca-Cola Beverages Philippines Inc. (100% Stake)	Consumer	The Coca-Cola Company	1,800
2	24-Aug-23	Sime Darby Bhd	UMW Holdings Bhd (100% Stake)	Industrials & chemicals	Employees Provident Fund of Malaysia; Permodalan Nasional Berhad; Amanah Raya Berhad; Kumpulan Wang Persaraan (Diperbadankan)	1,258
3	03-Aug-23	HHG Capital Corp.	Perfect Hexagon Group Ltd. (100% Stake)	Financial services		990
4	19-Jul-23	Alibaba Group Holding Ltd.	Lazada Group	TMT		845
5	17-Sep-23	KKR & Co., Inc.	Singapore Telecommunications Ltd. (regional data centre business) (20% Stake)	TMT	Singapore Telecommunications Limited	807
6	13-Sep-23	Sumitomo Life Insurance Co., Ltd.	Singapore Life Holdings Pte. Ltd. (25.94% Stake)	Financial services	Aviva Plc	683
7	25-Jul-23	Pertamina (Persero), PT; PT Pertamina Hulu Energi	Shell Plc (Masela Block) (35% Stake)	Energy, mining & utilities	Shell Plc	650
8	24-Aug-23	Kuala Lumpur Kepong Bhd	Boustead Plantations Bhd (65% Stake)	Agriculture	Lembaga Tabung Angkatan Tentera	644
9	06-Jul-23	DUET Acquisition Corp.	Fenix 360 Pte. Ltd. (100% Stake)	TMT		600
10	08-Aug-23	Carlyle Group Inc.; Ajit Prabhu (Private Individual)	QuEST Global Services Pte. Ltd. (36% Stake)	Business services	Bain Capital L.P.; Advent International Corp.; GIC Pte. Ltd.	600

# Australia & New Zealand



# Bumper EMU deals define activity in resource-rich subregion

Australia's economy has been running at a moderate pace, as the cost of living and declining wealth bears down on consumers. The IMF has projected real GDP growth of 1.8% for the year. CPI was back on the rise again as of August, up 5.2% on an annualized basis compared with 4.9% a month prior. That said, core inflation has been softening, so it is too early to say whether price increases have become entrenched or this is a passing phase tied to short-term energy price movements.

In New Zealand, growth of 1.1% is expected for the year and inflation is in approximately the same range as Australia. Encouragingly, consumer price increases fell to a two-year low in Q3, the 5.6% reading coming in below expectations. Of course, with an economy around one-seventh the size of Australia's, New Zealand has one of the smallest M&A markets in the APAC region.

## Value pops

In Q3, the M&A market in Australia & New Zealand witnessed a distinct dip in volume, sliding to a more than two-year low with 239 deals, reminiscent of figures from Q1 2021. This marked a 12% quarter-on-quarter and a 37% year-on-year decline.

However, conditions were brighter in value terms, with US\$22bn worth of transactions being recorded, signifying a robust 71.3% increase quarter-on-quarter, albeit a 23.6% decline year-on-year. Australia stood out in APAC, joining the ranks of China and India by having two deals featured in the top 10 across the region.

M&A among the leading industries was evenly distributed. TMT, EMU, and business services counted the highest volume, with 38, 37, and 36 deals, respectively. Notably, the EMU sector saw a 9% increase in volume year-on-year, despite a modest 2.6% quarter-on-quarter dip, and it was also a frontrunner measured by total invested capital over the period.

## Australia & New Zealand M&A activity, 2020-Q3 2023



Source: Mergermarket



### Powering on

No sector had more big-ticket deals than EMU, three making their way into the subregion's top 10. A total of US\$7.3bn was logged, a 13% decrease on the year but 2.6 times higher than Q2's sum, although it should be noted that this covers all announced deals, and it is not necessarily the case that all will reach completion.

A significant deal in this sector was the US\$1.1bn acquisition of Alinta Energy Pilbara Holdings and Alinta Energy by APA Group, a move aligning with the broader shift towards renewable energy. This acquisition encompassed dual-fuel gas- and diesel-fired power stations and substantial infrastructure crucial for the energy demands of the local mining sector in Pilbara, echoing a trend towards decarbonization seen in other parts of the developed world.

The biggest EMU deal announcement, however, was ultimately stopped short. Albemarle Corporation, a US maker of specialty chemicals for EV batteries, made a US\$4.1bn offer for Australian lithium developer Liontown Resources. However, the bid was pulled in mid-October due to Australia's wealthiest person, Gina Rinehart, acquiring a substantial stake in Liontown, effectively thwarting the acquisition. Following the withdrawal, no further acquisition talks have occurred and Albemarle is weighing other options to fund its lithium projects.

### ANZ top sectors by value | Q3 2023

	US\$(m)
Energy, mining & utilities	7,329
TMT	4,779
Agriculture	1,712
Consumer	1,605
Financial services	1,567

### ANZ top sectors by volume | Q3 2023

	Deal count
TMT	38
Energy, mining & utilities	37
Business services	36
Consumer	29
Financial services	28

### ANZ top bidders by value | Q3 2023

	US\$(m)
Australia	9,232
USA	8,034
Japan	1,028
Hong Kong SAR	909
Canada	438

### ANZ top bidders by volume | Q3 2023

	Deal count
Australia	135
USA	34
United Kingdom	15
New Zealand	12
Japan	6

## Diligence expiry

TMT's deal value of US\$4.8bn represented a 47% year-on-year rise. This included Australia's largest acquisition, in which Vocus Group made a US\$4.2bn bid for certain assets of TPG Telecom, including its wholesale broadband business Vision Network. It's possible, though, that the deal will go the same way as Lontown.

Vocus' exclusivity period for conducting due diligence on the business ended following an extension. Discussions are ongoing but price is a sticking point, and TPG was open to competing bids as of early October. The telecom group has been restructuring, creating Vision Network through its broadband network reorganization, and sought to sell 70%-80% of it. Vocus' bid made in August encompassed more assets, making for a larger deal than initially envisioned.

The third largest deal after Vision Network and Lontown was an agriculture play. A consortium spearheaded by US PE firm Paine Schwartz Partners clinched the acquisition of Australia's largest fruit and vegetable company, Costa Group, in a transaction valued at US\$1.4bn. The listed agribusiness, in which Paine had previously been building a stake, has been grappling with weather-induced adversities affecting its crop yields. With a vast expanse of operations encompassing 7,200 hectares of farmland in Australia, facilities in Morocco and China, and a diverse produce range including berries, mushrooms, citrus fruits, tomatoes, and avocados, the company plays a critical role in Australia's food security.

## Australia & New Zealand top 10 announced deals, Q3 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	01-Aug-23	Vocus Group Ltd.	Vision Network Pty. Ltd. (100% Stake)	TMT	TPG Telecom Ltd.	4,189
2	04-Sep-23	Albemarle Corporation	Liontown Resources Limited (95.7% Stake)	Energy, mining & utilities		4,094
3	04-Jul-23	Paine Schwartz Partners LLC; British Columbia Investment Management Corporation; Driscoll's Inc	Costa Group Holdings Ltd. (86.24% Stake)	Agriculture		1,475
4	23-Aug-23	APA Group (Australia)	Alinta Energy Pilbara Holdings Pty. Ltd. (100% Stake); Alinta Energy (Newman Storage) Pty. Ltd. (100% Stake)	Energy, mining & utilities	Cheng Yu Tung Family (Holdings) Ltd. (BVI)	1,110
5	08-Aug-23	Advent International Corp.	Zimmermann Wear Pty. Ltd.	Consumer	Style Capital SGR S.p.A.	981
6	24-Aug-23	PAG Asia Capital Ltd.	Australian Venue Co., Ltd.	Leisure	KKR & Co., Inc.	902
7	08-Aug-23	LNG Japan Corp.	Woodside Energy Group Ltd. (Scarborough gas field development project) (10% Stake)	Energy, mining & utilities	Woodside Energy Group Ltd.	500
8	20-Aug-23	Marsh & McLennan Companies Inc.	Honan Insurance Group Pty. Ltd. (100% Stake)	Financial services	TA Associates Management L.P.	448
9	07-Aug-23	Abacus Property Group (Shareholders)	Abacus Storage King REIT (40.52% Stake)	Real estate	Abacus Property Group	429
10	26-Jul-23	Regal Partners Ltd	Pacific Current Group Ltd. (100% Stake)	Financial services		398

### About this report

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