

A stack of various coins, including silver and gold, is shown in the foreground on the left side of the cover. The coins are stacked vertically, with some showing details like the number '2' and a star. The background is a blurred blue and white.

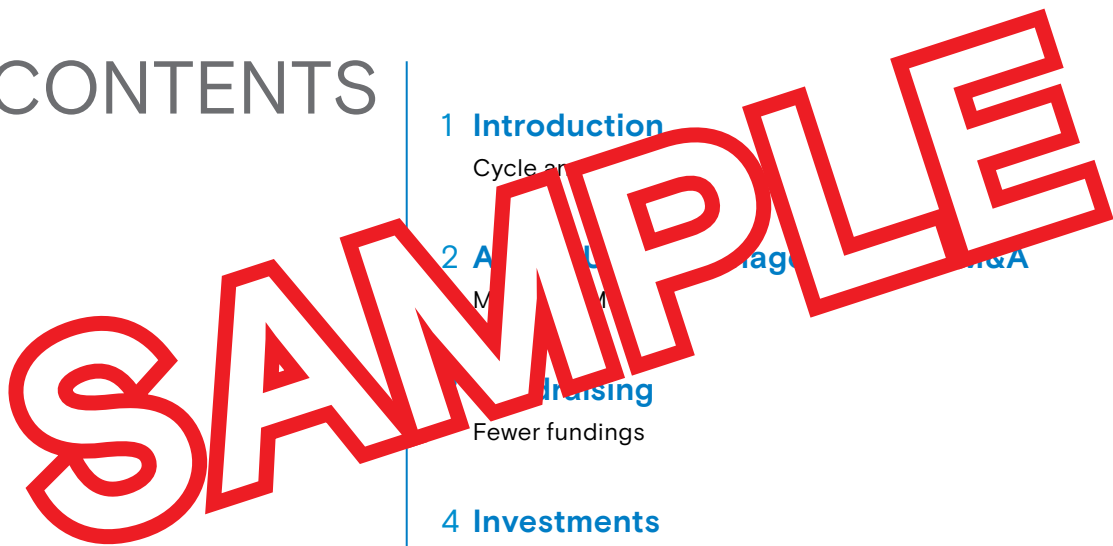
# Asian Private Equity and Venture Capital Review

2020

**SAMPLE**

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# Introduction

## Cycle and crisis

It's probably just as well that Asia Pacific private equity was already positioning for a downturn in 2019. Fundraising, investments and exits were down in the year compared to the previous year's peak. Across the board, market players were anticipating that the economic cycle was heading downwards, exacerbated by trade disputes between the US and China, and other macro-economic issues.

Continued economic uncertainty, combined with the global financial crisis, and although exposure to the secondary market more as a result of the global financial crisis, which is what we saw after the global financial crisis," said late in 2019. "Asian sellers will also come to market with portfolios – which could be global portfolios – and international LPs will also come to market with portfolios containing Asian positions."

All that uncertainty, hesitation and retrenchment has been sharply heightened by the coronavirus pandemic. The overall impact for the private equity industry and for the Asia Pacific region has yet to be fully assessed, and is the subject of feverish debate. Industry analyst PitchBook has warned that "PE is in triage mode."

Some GPs don't need to look far to see immediate impact. "Our portfolio is half in healthcare and half in consumer businesses. We have a couple of companies in hospitality – a group of hotels and an online travel agency. The hotels are probably going to be down 40% for the next couple of months, given the travel bans," says T.J. Kono, a partner at Japan-based Unison Capital. "The impact is far larger than what we saw after the global financial crisis."

Other firms look at the crisis and its consequences as something of a vindication of their model. Rodney Muse, a managing partner at Navis Capital Partners, describes the virus as "worse than SARS and more of a black swan for Asia than the global financial crisis." But, he adds, Navis has historically tended to use much less leverage than other firms. "Our model assumes these shocks happen and typically we have balance sheets that can survive such events."

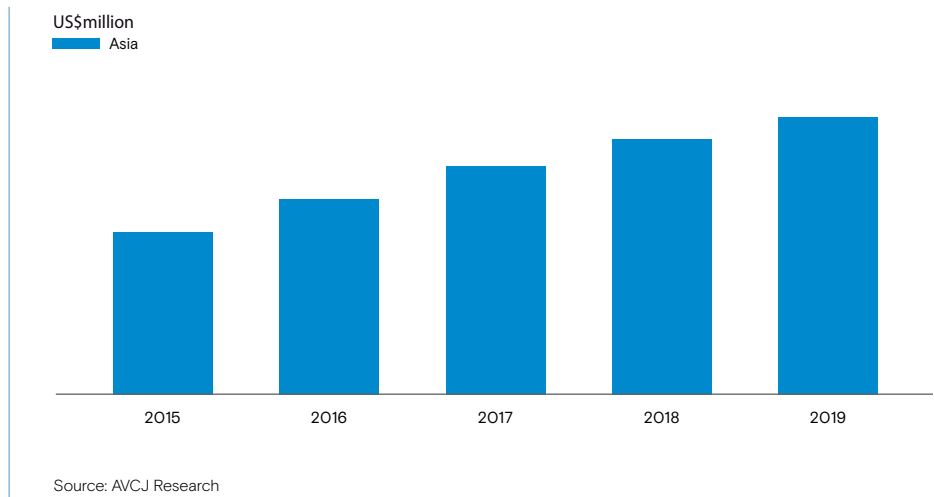
# Assets under management and M&A

## Mediocre M&A

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Total private equity assets under management in Asia Pacific grew by 8% in 2019 from the year before, to reach \$103.7 trillion. China maintained its position as the largest market, with \$43 billion in 2019. Hong Kong followed, with \$40 billion. India came in third at over \$161.5 billion in 2019, up from \$158 billion in 2018. South Korea came in fourth at over \$103.7 billion, up from \$103.7 billion in 2018. Singapore's private equity AUM stayed almost dead level, at just over \$43 billion and \$40 billion respectively.

Asia - Total Capital Under Management in Private Equity



# The exit environment

## Rockier realizations

Private equity-backed exits in 2019 saw an unsurprising pullback from 2018's exceptional peak of over \$124 billion from 507 deals disclosed, down 43.6% to just under \$70.2 billion from 440 exits, 21% disclosed. Private equity-backed IPOs, meanwhile, also saw almost exact parity in volume, with a 42.2% drop from 2018's \$48.65 billion in volume to just over \$28 billion disclosed from 167 IPOs.

