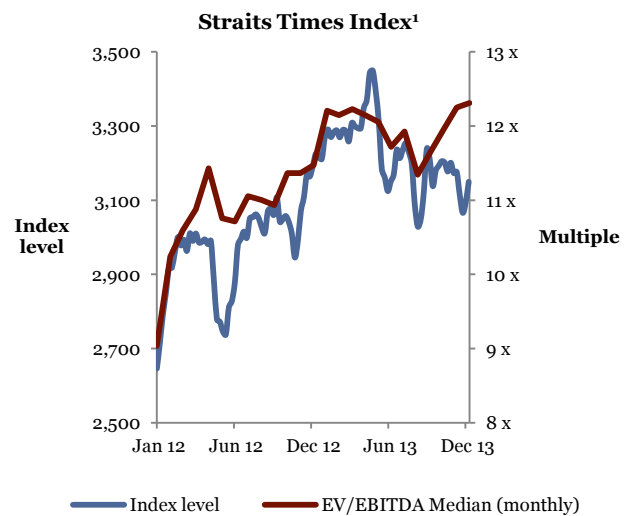
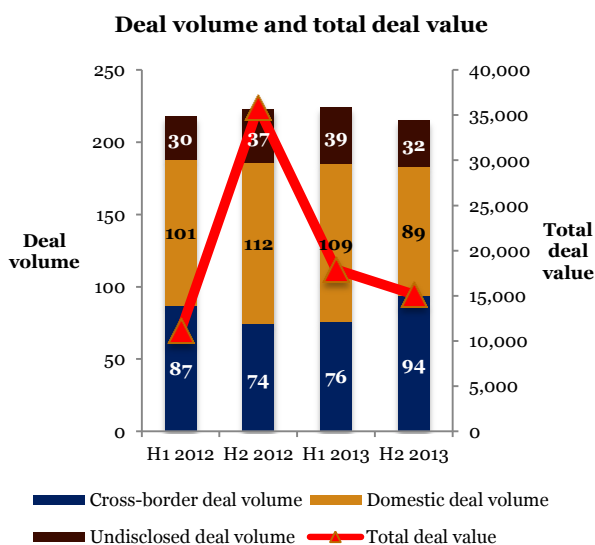


## Singapore Inbound M&A Highlights – Second Semester 2013 Update

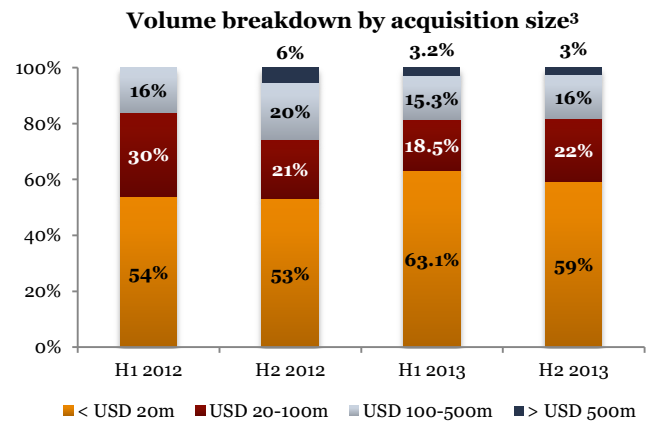
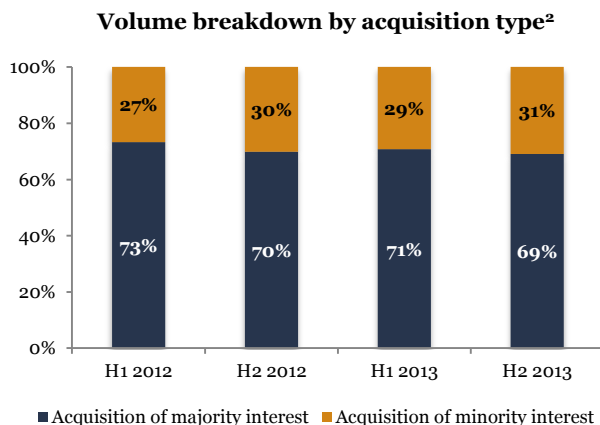
Date of publication: 11 February 2014

### Overall trends

M&A deal volumes in Singapore were flat throughout the two years to 31 December 2013. However, valuations of Singapore-listed companies saw increasing trends during the period. Total deal value and average deal size reached a peak in H2 2012, mostly as a result of two very large deals done during the semester that involved the acquisitions of Asia Pacific Breweries and Fraser and Neave. Taking these two deals aside, we consider that the stable deal trends largely reflect the long-standing stability of Singapore's economy and political situation.



As the semesters progressed, acquisitions of controlling interests gradually made up lesser proportions of the total deal volume. We attribute this trend to the fact that 27 per cent of all controlling-interest acquisitions were real-estate related deals which have seen a significant drop in volume (112 deals in 2012 versus 73 deals in 2013) as a result of the property cooling measures introduced in Singapore.



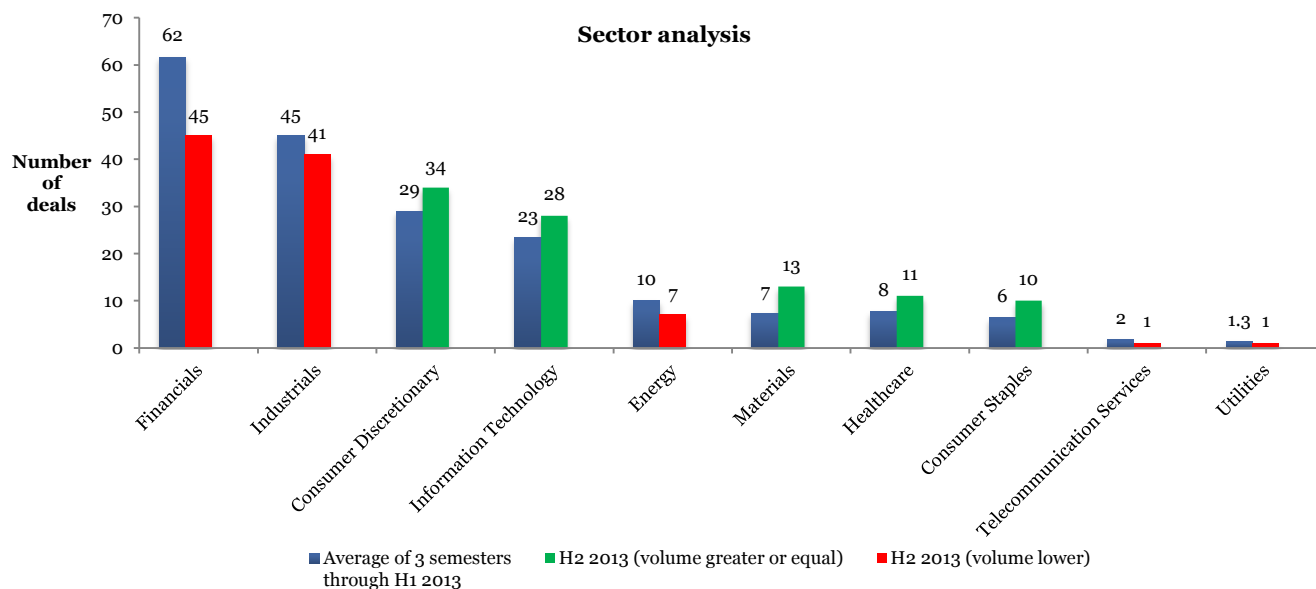
<sup>1</sup> Straits Times Index (STI) is comprised of the largest 30 listed companies in Singapore by market capitalization. For the analysis of EV/EBITDA median, we have used the 30 companies which were the constituents of STI on 31 December 2013.

<sup>2</sup> Deals with undisclosed acquisition type (majority or minority acquisitions) represented 1.8 per cent of the total deal volume and were excluded from the chart

<sup>3</sup> Deals with undisclosed acquisition size represented 28.1 per cent of the total deal volume and were excluded from the chart

## Sector analysis

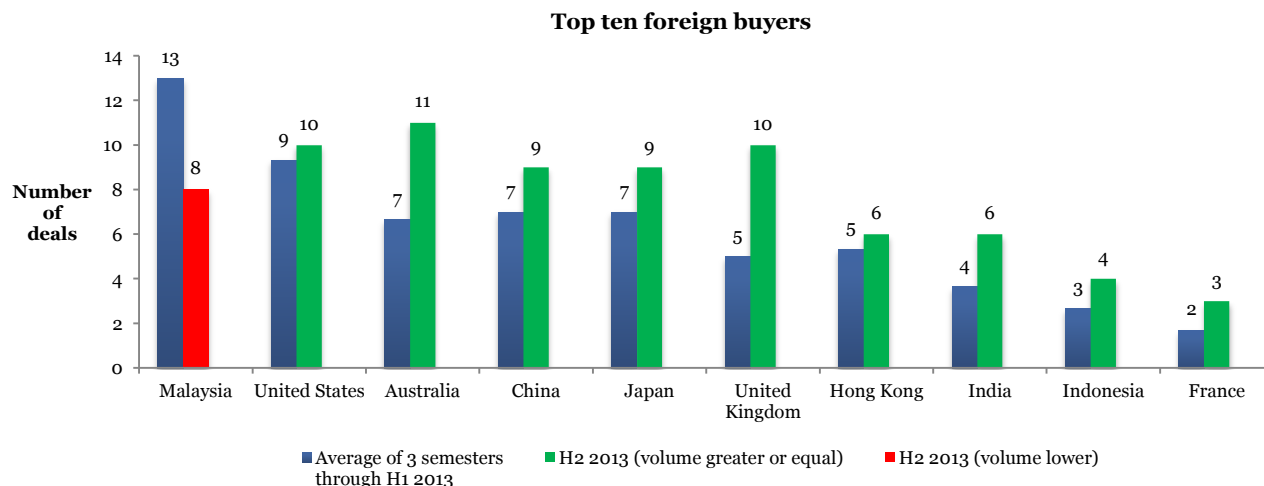
Financials sector, which was the dominant sector in the three semesters to H1 2013, saw a significantly lower volume in H2 2013. We attribute this evolution to the decline in real-estate related deals which made up 89% of the financial sector's total deal volume. Meanwhile, deal volumes in the other sectors were generally flat with slight variations in H2 2013 as compared to the previous three semesters, reflecting the overall stability in the Singapore economy.



## Buyer country analysis (cross-border deals)

Every country in the top ten foreign acquirers list saw higher deal volume in H2 2013 as compared to the previous three semesters, with the exception of Malaysia. We consider that these positive trends reflected the overall recovery of the global economy, particularly in Western countries. It is interesting to note that consumer discretionary and industrial sectors were the biggest contributors (45 per cent) to the increase in deal volumes amongst the Western buyers. Arguably, European and North American markets for these two sectors have already matured and Singapore, as an important trading hub in Asia, is a logical place to go to access the fast-growing Asian market.

In addition, we consider that the lower deal volume from Malaysian buyers in H2 2013 was a result of political uncertainties in Malaysia before the general elections in May 2013, which caused Malaysian buyers to delay the start of acquisition processes until well after the elections.



## Top ten cross-border completed deals (two years to 31 December 2013)

Eight out of the top ten cross-border deals were majority-shares acquisitions. Three out of the top ten deals were in the industrials sector.

#	Date <sup>(1)</sup>	Target	Acquirer	Acquirer nation	Target sector	Percentage acquired	Deal value (USD m)
1	Sep-12; Jul-12	Fraser and Neave Ltd	International Beverage Holdings Ltd; Charoen Sirivadhanabhakdi; Khunying Wanna Sirivadhanabhakdi	Thailand	<b>Industrials</b>	<b>65%</b>	6,882
2	Jul-12	Asia Pacific Breweries Limited	Heineken International BV	Netherlands	Consumer Staples	<b>53%</b>	5,994
3	Oct-12	Kian Ann Engineering Ltd	Invicta Holdings Ltd	South Africa	<b>Industrials</b>	<b>100%</b>	1,128
4	Jul-12	Infastech (Singapore) Pte Ltd	Emhart Teknologies, LLC	United States	<b>Industrials</b>	<b>100%</b>	908
5	Mar-13	GMR Energy (Singapore) Pte Ltd	First Pacific Company Ltd; Meralco PowerGen Corporation	Hong Kong	Utilities	<b>70%</b>	638
6	Aug-13	Bever Pharmaceutical Pte Ltd	OJSC Pharmstandard	Cyprus	Healthcare	<b>100%</b>	590
7	Feb-12	IM Flash Singapore, LLP	Micron Semiconductor Asia Pte Ltd	United States	Information Technology	18%	466
8	Aug-12	Sakari Resources Limited	PTT Mining Limited	Thailand	Energy	26%	459
9	Jan-13	Land Parcel at Ang Mo Kio Ave 2	Pinehill Investments Pte Ltd	Hong Kong	Financials	<b>100%</b>	448
10	Dec-13	The Westin Singapore	Daisho Co Ltd	Japan	Consumer Discretionary	<b>100%</b>	369

<sup>(1)</sup> Last semester shaded in blue

## Prospective

We expect M&A activity in Singapore to remain stable or see only marginal volume growth over the near-to-medium term as the country's M&A market is relatively mature in comparison to its Southeast Asian neighbours.

## Sources

Information on M&A transactions were extracted from Capital IQ and subsequently processed by Pickering Pacific.

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