

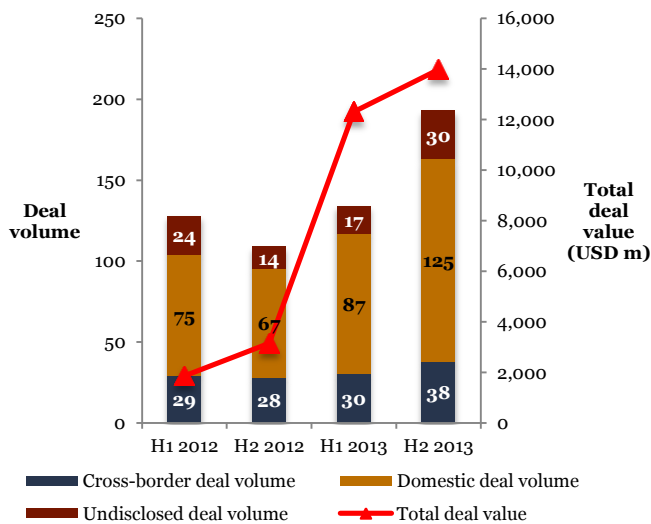
## Thailand Inbound M&A Highlights – Second Semester 2013 Update

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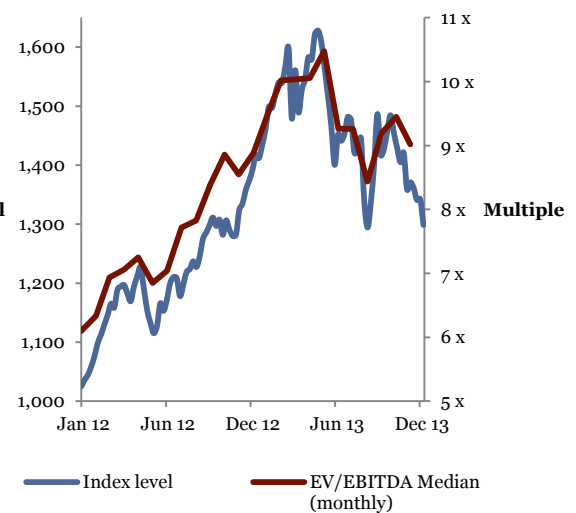
### Overall trends

Total M&A deal values in Thailand were exceptionally high in both H1 2013 and H2 2013, mainly due to a number of mega deals that took place in these two semesters, including CP ALL's acquisition of Siam Makro for USD 6.2 bn in H1 2013 and The Bank of Tokyo-Mitsubishi's acquisition of Bank Ayudhya for USD 5.7 bn in H2 2013. Driven by domestic acquirers' strong activity, deal volume also saw a surge in H2 2013. After increasing for the past few semesters, multiples of listed Thai companies declined in H2 2013, which were mainly due to anxiety over quantitative easing tapering by the Federal Reserve, as well as the escalating political unrest in Thailand.

Deal volume and total deal value

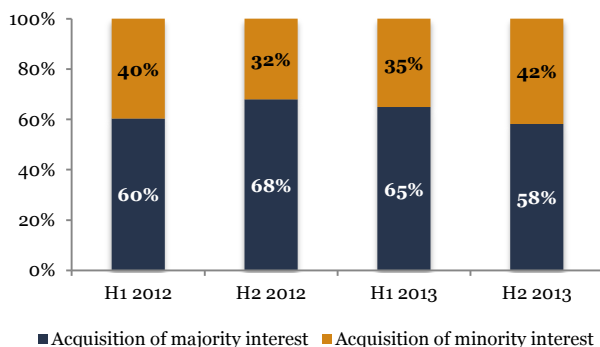


Stock Exchange of Thailand Index

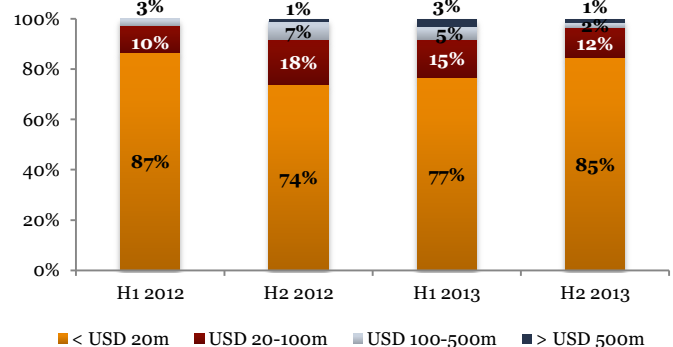


Small- to mid-sized acquisitions (deals of less than USD 100m each) represented more than 90 per cent of deals with a reported value during the two years to 31 December 2013. 70 per cent of these small-to-mid-sized deals were domestic deals, more than 60 per cent of which were done by companies in the financials, consumer discretionary and industrials sectors which appeared to see increasing consolidation.

Volume breakdown by acquisition type<sup>1</sup>



Volume breakdown by acquisition size<sup>2</sup>

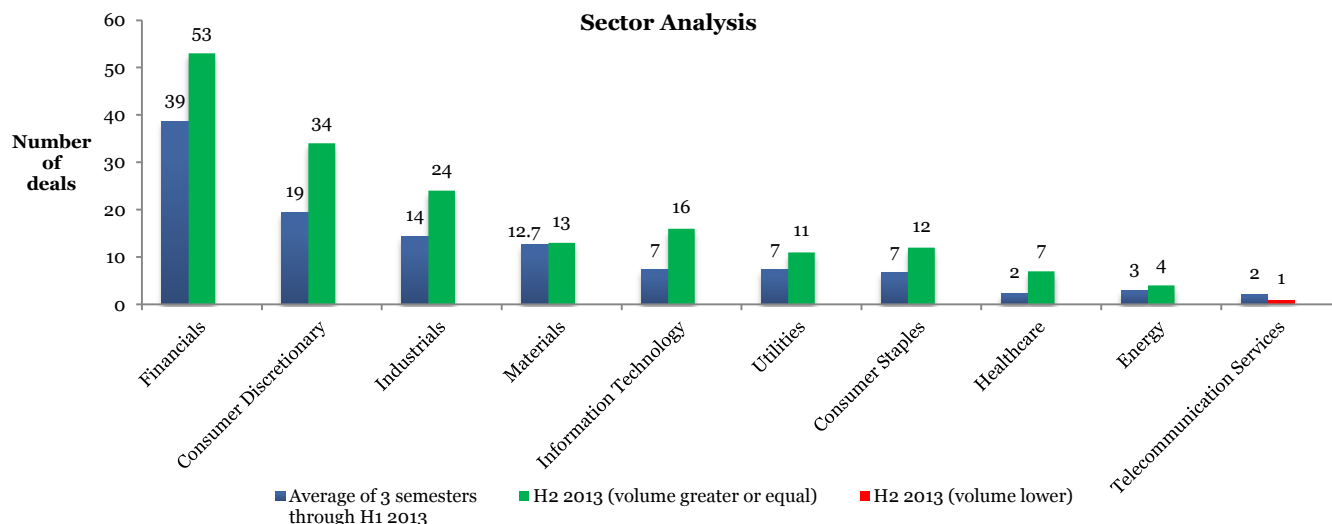


<sup>1</sup> Deals with undisclosed acquisition type (majority or minority acquisitions) represented 2.3 per cent of the total deal volume and were excluded from the chart

<sup>2</sup> Deals with undisclosed acquisition size represented 24.8 per cent of the total deal volume and were excluded from the chart

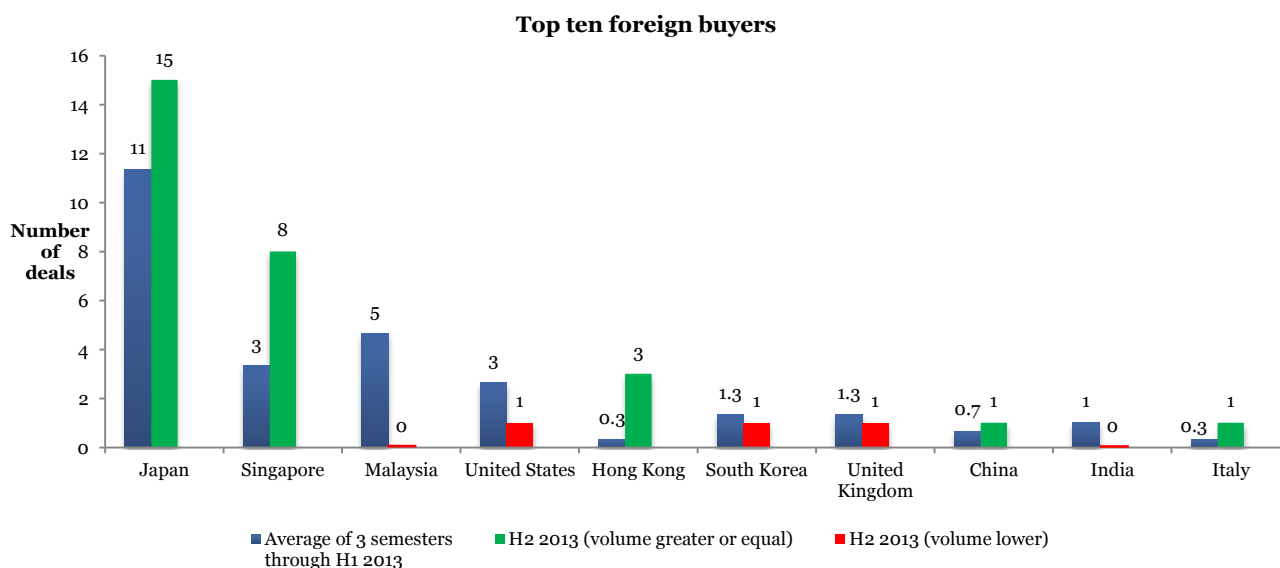
## Sector analysis

Every sector saw a higher deal volume in H2 2013 with the exception of telecommunication services. We consider that the overall increase in deal volume was attributed to the overall increase in domestic transactions in H2 2013 as local players began to turn to M&A to enhance their competitiveness. Although telecommunication services is an attractive sector in Thailand, regulatory limits and barriers limited M&A activity in this sector.



## Buyer country analysis (cross-border deals)

Japan was the clear leader as a foreign buyer and it saw a 36 per cent higher deal volume in H2 2013 compared to the average of the previous three semesters as Prime Minister Abe’s monetary policy encouraged Japanese buyers to make acquisitions. In addition, Singapore saw a significant increase in deal volume in H2 2013 led by the financial sector which continued to expand its regional strength. Furthermore, Malaysia, which was the second most active buyer in the average three semesters to H1 2013, did not complete any deals in H2 2013, presumably as a result of political uncertainties in Malaysia before the general elections in May 2013, which caused Malaysian buyers to delay the start of acquisition process until well after the elections.



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

Four of the top ten cross-border deals involved buyers from Japan. Three out of the top ten deals were in the consumer discretionary sector. Seven out of the top ten deals were majority-shares acquisitions.

#	Date <sup>(1)</sup>	Target	Acquirer	Acquirer nation	Target sector	Percentage acquired	Deal Value (USD m)
1	Jul-13	Bank of Ayudhya Public Company Limited	The Bank of Tokyo-Mitsubishi UFJ Ltd	Japan	Financials	75%	5,736
2	May-12	Pan Orient Energy (Thailand)	The Hong Kong and China Gas Company Limited	Hong Kong	Energy	100%	181
3	May-13	Asia Silicones Monomer Limited	Shin-Etsu Chemical Co Ltd	Japan	Materials	50%	148
4	Nov-13	Don Muang Tollway Public Co Ltd	First Pacific Company Ltd	Hong Kong	Industrials	29.45%	132
5	Apr-12	Mövenpick Resort & Spa Karon Beach Phuket	Crystal Caliber Sdn Bhd	Malaysia	Consumer Discretionary	100%	90
6	Aug-12	OLIC (Thailand) Limited	Fuji Pharma Co Ltd	Japan	Healthcare	>99%	54
7	Oct-12	Thai Cold Rolled Steel Sheet Public Company Limited	JFE Steel Corporation; Marubeni-Itochu Steel Inc	Japan	Materials	14%	50
8	Mar-12	Mercury Tower	City Developments Limited	Singapore	Financials	100%	39
9	Aug-12	San Miguel (Thailand) Co Ltd	Pepsi-Cola (Thai) Trading Co Ltd	United States	Consumer Discretionary	100%	35
10	Nov-12	Hotel Travel Ltd	MakeMyTrip Limited	India	Consumer Discretionary	100%	25

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

## Prospective

We expect M&A activity in Thailand to slow down in the short term due to lower economic growth in 2013, the recent anti-government protests and a weakened Thai baht versus foreign currencies. However, these events are unlikely to have significant impact on Thailand's M&A activity in the longer term as Thailand will likely remain a fast growing economy in the years to come.

## Sources

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

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