AVCJ Weekly Digest | 02 November 2022 [View in browser]

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COVER STORY

SPORT INVESTMENT: INTO THE VALUE CHAIN

Investors are drawn to the structural nuances, sticky customer bases, and long tail of opportunities that exist in sports. Asia's role is small but growing.

Read more

Q&A

WEI ZHOU OF CHINA CREATION VENTURES

Wei Zhou, founder of China Creation Ventures (CCV), on why local GPs are targeting Southeast Asia, working with Chinese entrepreneurs overseas, and the prospects for renminbi and US dollar funds.
Read more

FUND FOCUS

BPEA CREDIT SPINS OUT, CLOSES FUND III

Baring Private Equity Asia's credit unit has entered a new phase as an independent manager with a fund more than three times larger than the previous vintage.
Read more

DEAL FOCUS

NSSK BUILDS OUT DRUGSTORE EMPIRE

NSSK found a rare succession-driven special situations deal in Japan's prosperous healthcare space with pharmacy operator Kraft. It is the eight-year-old private equity firm's largest deal to date.
Read more

DEAL FOCUS

REAP LOOKS BEYOND HONG KONG

Having proved its business model and build up a customer base in Hong Kong, small business credit specialist Reap will use part of its USD 40m Series A round to pursue international expansion.
Read more

By the Numbers

AVCJ RESEARCH

SOLID DOWN UNDER

Asia buyout activity has dropped sharply in 2022 as private equity firms struggle with macroeconomic uncertainty, geopolitical concerns, and rising financing costs. Approximately USD 55.3bn has been deployed to date, ahead of the 12-month total for 2020 but well short of the 2021 mark.

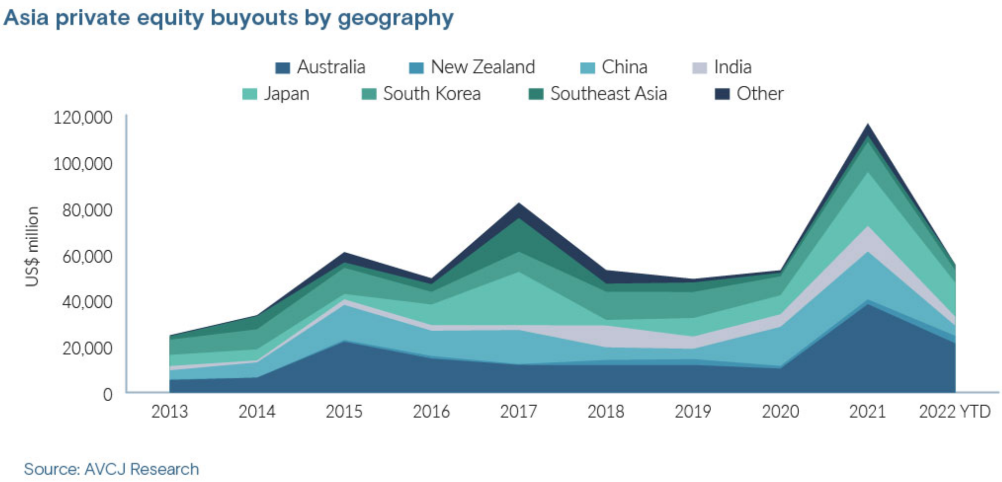
Every significant market has retreated, but the impact on Australia and New Zealand has been less pronounced. Together, they were responsible for 34% of regionwide buyouts in 2021, in US dollar terms, a few percentage points above the average for the prior eight years. In 2022, it's 44%.

Several more deals have been announced in the last few days, including TPG's AUD 2bn-plus (USD 1.3bn) acquisition of iNova Pharmaceuticals, BGH Capital and Sixth Street Partners' NZD 1.54bn (USD 933m) take-private of donor management business PushPay, and a AUD 483m acquisition of listed enterprise service player Elmo Software at a valuation of AUD 483m.

As far as the publicly listed companies are concerned, the GPs might have been tracking them for some time, conducted rudimentary due diligence, and be lying in wait for the stock price to reach an appropriate level. Similarly, this is the third time iNova has ended up with private equity, so the asset is reasonably well known.

If familiarity underpins conviction, perhaps stability enables persistence. While securing deal financing in the US remains difficult, private equity have a variety of options in Australia and New Zealand (which are supported by roughly the same lenders).

For example, the iNova deal was supported by three global credit investors (HPS Investments Partners, KKR Credit, and Barings Private Credit), one local investor (Metrics Credit Partners), and a couple of Asian banks (HSBC and Nomura), Debtwire, AVCJ's sister publication, reported.



All of the trends featured here were sourced from AVCJ's proprietary database, AVCJ Research, featuring comprehensive information on private equity deals, fundraises and exits.

Read more on AVCJ Research

The rest of the week

FUNDS

- Australia's Square Peg raises $550m across two VC funds
- China's Bright Capital raises $137m
- Investcorp, Fung Capital launch $500m GBA fund
- India's Jashvik Capital reaches first close on debut PE fund

DEALS

- Bain-led consortium closes tender for Japan's Hitachi Metals
- KKR buys Next Digital Engineering from Rohatyn
- Hidden Hill leads $330m round for Geely's China NEV unit
- 65 Equity invests $107m in Singapore's Cityneon
- US GP buys India's Acqueon from Everstone
- Axiom, Pavilion back Japan climate tech start-up Asuene
- Warburg Pincus, Malabar commit $60m to India wearables brand
- China's Welkin Capital puts IPO on hold
- Roc leads Series B for Australia carbon credits specialist
- BII leads $25m round for India's Kinara Capital

For your calendar

UPCOMING EVENTS

- **14 November 2022 -** AVCJ ESG Forum
- **14 November 2022 -** Diversity & Inclusion Forum
- **15-17 November 2022** - AVCJ Private Equity & Venture Forum
- **6 December 2022 -** Mergermarket M&A Forum - Hong Kong

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