

PEI Awards 2018: Asia-Pacific winners

Who won what in Asia-Pacific, including awards for China, Australasia and Japan.

By **Staff Writer** - 1 March 2019

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Record fundraising in 2018 driven by mega-funds and tech deals in China – the dominant dealmaking force in the region – have headlined private equity’s activity in Asia-Pacific in 2018.

This year’s winners include private equity heavyweights entering new markets, the largest and most complex private equity buyout, the most influential limited partner digging deeper into China and country leaders securing proprietary deals in the mid-market.

Large-cap firm of the year in Asia

1. KKR
2. Bain Capital
3. Baring Private Equity Asia

With \$9.3 billion of dry powder from its third Asia flagship fund, KKR was busy with landmark deals in 2018 that showed the region is a top priority for the firm in the years ahead. The private heavyweight invested about \$1.6 billion in LCY Chemical – the largest private equity deal in Taiwan since 2012 and the first private equity take-private in the country. It also teamed up with Chinese tech giant Tencent and secured the largest private equity deal in the Philippines with technology company Voyager Innovations for \$175 million. In India, KKR entered the environmental services sector through its \$510 million acquisition of Ramky Enviro Engineers, one of the largest buyouts

there to-date. The firm was also highly acquisitive in China, with five transactions ranging from digital marketing solutions to hospital management.

Mid-market firm of the year in Asia

1. Navis Capital Partners
2. Advantage Partners
3. Quadrant Private Equity

Kuala Lumpur-based Navis retains the top spot among mid-market firms in Asia. The firm struck four deals in 2018, including its largest deal in Australia with the acquisition of medical devices supplier Device Technologies for about \$500 million. Navis invested in sustainable denim manufacturing business Saitex Holdings, as well as DZ Cards, a payment solutions provider in South-East Asia and Africa, and Everrise, a premium supermarket group in east Malaysia. The firm was also busy with divestments – Alliance Cosmetics Group was sold to Japanese strategic Mandom Corporation and printed circuits board solution provider MFS Technology to Hong Kong-based DCP Capital. What's more the firm began raising capital for its eighth fund which has a target of \$1.75 billion.

Limited partner of the year in Asia

1. CPPIB
2. Japan Post Bank and Japan Post Insurance
3. National University of Singapore

CPPIB's head of Asia-Pacific Suyi Kim has built an enviable Asia-Pacific business since establishing the Hong Kong office in 2008. Today, 25 percent of the C\$368 billion (\$277 billion; €246 billion) pension's total assets are invested in the region, with 10.5 percent of total assets in Greater China alone.

2018 was another busy year. The pension made fund commitments including \$500 million to Baring Private Equity Asia Fund VII, A\$200 million to BGH

Capital's debut fund, and \$380 million to PAG Asia III. Its direct investments include China internet content distribution platform Bytedance, online consumer finance and wealth management platform Du Xiaoman, and Indian educational technology firm Byju.

Deal of the year in Asia

1. **Bain Capital-led consortium for Toshiba Memory Corporation**
2. ChrysCapital for Mankind Pharma
3. KKR for Ramky Enviro Engineers

Bain Capital's Toshiba Memory acquisition is the largest-ever private equity buyout in Asia, valued at \$18 billion. The Bain Capital-led consortium – which includes Apple, Dell, Kingston, Seagate, SK Hynix and Hoya – was selected by Toshiba's Board as the preferred buyer of TMC after a protracted eight-month bidding war.

In an acquisition as large and complex as this, Bain's execution strategy involved a high degree of creativity and coordination across the firm's global platform. Aside from addressing concerns of a wide range of stakeholders, the firm also had to deal with complex legal issues – Toshiba was in litigation with Western Digital, which filed an injunction against the sale – as well as regulatory approval with Chinese authorities.

Exit of the year in Asia

1. **Baring Private Equity Asia for Halla Cement**
2. Partners Group for Trimco
3. COPE Private Equity for Serba Dinamik

Formerly known as Lafarge Halla Cement, Hong Kong-headquartered BPEA invested in the company in April 2016, carving the business out from parent company LafargeHolcim and creating a new standalone business with a fresh corporate identity. The pan-Asian manager had previously realised a successful investment in Lafarge's India cement business, so when Lafarge was looking to divest the business it approached BPEA. Post-acquisition, the firm carried out

several value creation initiatives which expanded margins by approximately 400 basis points and resulted in a 30 percent increase in EBITDA in the first 12 months of ownership. BPEA initiated a competitive sale process in late 2017 resulting in local Korean cement company Asia Cement acquiring the company. The sale generated a total return of 2.4x invested capital and a gross IRR of 71 percent in under two years.

Fundraise of the year (Asia-Pacific)

1. PAG
2. Hillhouse Capital Group
3. The Carlyle Group

Hong Kong's PAG collected \$6.1 billion for its third Asia-focused buyout fund after just six months in market, smashing its initial \$4.5 billion target. Almost all existing investors re-upped and demand far-exceeded Fund III's hard-cap, Weijian Shan, chairman and chief executive of PAG, told PEI at the time. The vehicle was roughly 60 percent larger than its predecessor, which closed on \$3.66 billion in 2015. PAG's efforts last year were also enough to attract a minority investment from Blackstone's Strategic Capital Holdings Fund.

Secondaries firm of the year in Asia

1. GIC
2. HarbourVest Partners
3. NewQuest Capital Partners

One of the organisations giving traditional secondaries firms a run for their money is Singaporean sovereign wealth fund GIC, whose New York, London and Singapore-based secondaries team is at the forefront of the market's development. The unit's highlights last year include backing a yuan to dollar fund restructuring involving Shanghai's Loyal Valley Capital – a complex deal that set a market precedent – and restructuring two vehicles managed by tech-focused investor Vector Capital. “As a long-term investor, we will continue to leverage our knowledge across multiple asset classes and seek out valuable LP

opportunities,” says Yong Cheen Choo, GIC’s chief investment officer, private equity.

Secondaries deal of the year in Asia

1. ICG Strategic Equity, Credit Suisse Private Fund Group for Standard Chartered spinout
2. HarbourVest Partners for Telstra spinout
3. NewQuest, GIC, TR Capital, Siguler Guff and Eaton Partners for Loyal Valley Capital

Good things come to those who wait. This maxim certainly holds true for those involved in the spinout of Standard Chartered’s private equity team. The long-awaited deal involved backing the sale of PE assets on balance sheet and spinning out the emerging markets-focused captive team. The London-headquartered bank announced in 2015 it was reducing its private equity business and executed several secondaries deals with the help of Credit Suisse’s Private Fund Group. ICG’s Strategic Equity team, which has plans to develop existing offices in Hong Kong and Singapore, emerged as the buyer in this circa \$1 billion transaction, marking the final step in Standard Chartered’s plans to exit its private equity business.

Secondaries advisor of the year in Asia

1. Eaton Partners
2. Credit Suisse Private Fund Group
3. Greenhill

The Asian secondaries market continues full steam ahead with the region accounting for around 10 percent of 2018 global deal volume. Eaton Partners was the brains behind one of last year’s most innovative deals in Asia-Pacific: the yuan to dollar restructuring of a portfolio of assets held by Loyal Valley Capital. The transaction, understood to be the first transaction of its kind, involved stakes in early stage healthcare companies and Chinese “unicorns”. Eaton attracted high quality names to back the deal including Singapore sovereign wealth fund GIC, and the transaction was worth at least \$500 million.

Firm of the year in Australasia

1. **Quadrant Private Equity**
2. BGH Capital
3. Crescent Capital Partners

Sydney-based Quadrant set about deploying its newly raised A\$1.15 billion (\$820 million; €730 million) last year. The firm snapped up a majority stake in Aussie confectionary business Darrell Lea in January for a reported A\$200 million. Quadrant also bought into after-school care provider Junior Adventures Group in June for a reported A\$100 million. Quadrant Private Equity No.4, an A\$850 million 2014-vintage, was running at 1.79x total value to drawn and 33.3 percent net IRR as of 31 March 2018, according to documents prepared for the Royal Borough of Kensington and Chelsea Pension Fund.

Firm of the year in China

1. KKR
2. CITICPE
3. Warburg Pincus

KKR has made no secret of its dedication to Asia, and China is a huge part of its strategy in the region; the firm has invested more than \$4 billion in the Greater China market since it launched its Asia platform. In 2018 it grew its Chinese portfolio with acquisitions including Taiwan's first private equity take-private, of leading specialty chemicals producer LCY Chemical at a market cap of \$1.6 billion, and combining four digital media companies to form one-stop digital marketing company Cue & Co. With Asia once again a priority for the firm in 2019, we're expecting more exciting deals in the months to come.

Firm of the year in Japan

1. **Nippon Sangyo Suishin Kiko Ltd. (NSSK)**
2. J-STAR
3. CLSA Capital Partners

NSSK had a rampant year of deal making with at least six control buyouts completed in 2018, including wedding services business SOWA Project, toiletry products manufacturer NiwaQ and hotel group Castle Inn. Five of its six deals were sourced on a proprietary basis with a minimum two months of exclusivity. “The wave of middle market deal activity is beginning to look like the build up to a tsunami and NSSK is in the middle of it,” says managing partner Jun Tsusaka. “The number of divestitures of non-core business units by corporations will see a gradual and steady gain in the next five years and as a local firm we are well positioned.”

Firm of the year in Korea

1. **Affinity Equity Partners**
2. Hahn & Co
3. VIG Partners

Affinity Equity Partners deployed a healthy \$1.1 billion across four new deals and a follow-on investment in Korea last year. Deals included online retailer SSG.com, vehicle financing business Hyundai Commercial and Lock&Lock, a food storage business in China, Vietnam and Korea. The firm also completed a follow-on investment in Burger King Korea to accelerate store expansion in Korea and to establish a master franchise to develop the Burger King brand in Japan.

Firm of the year in India

1. **ChrysCapital**
2. Everstone Group
3. KKR

Mumbai’s ChrysCapital ended the year on a high, raising \$867 million for its eighth India-focused vehicle in its largest and fastest fundraise. ChrysCapital

VIII was significantly oversubscribed beyond the firm's \$850 million hard-cap and major investors in the previous fund re-upped commitments. The firm also deployed \$325 million in a tightly contested bid for a stake in Mankind Pharma alongside a consortium of LPs including GIC, Adams Street Partners, HarbourVest and Pantheon. ChrysCapital was a late entrant in the process and had to stave off competition from global PE bidders, before eventually winning through on its existing relationship with management.

Firm of the year in South-East Asia

1. KKR
2. Ekuinas
3. Warburg Pincus

For the third year running, KKR wins firm of the year in South-East Asia, beating Malaysian firm Ekuinas and Warburg Pincus. Its milestones in the region include a flagship investment in the Philippines and taking the lead role in an approximately \$145 million fundraising round for Singapore-based property technology group Property Guru. The firm invested \$175 million in Voyager Innovations with Tencent to acquire a substantial minority stake in the digital payments company, the largest investment in a Filipino technology company to date. Meanwhile, its investment in PropertyGuru, will support the company consolidate its position in the region, as it aims to take full control of Vietnam's No. 1 property portal Batdongsan.com.

Fund of funds manager of the year in Asia

1. LGT Capital Partners
2. Asia Alternatives
3. Pantheon

A first-time winner in Asia, LGT Capital Partners invested over \$800 million across primaries, secondaries and co-investments in 2018 and also raised over \$800 million for Asian strategies, including its flagship Asia Fund IV. With a presence in Asia since 1999 and four offices including over 30 people based in its Hong Kong headquarters, the firm has one of the most experienced and

most stable teams in the region. LGT Capital Partners has also actively integrated ESG into its private equity investment programmes since 2003 focusing on in-depth ESG due diligence and engagement. The firm has been publishing its annual ESG Report since 2013.

Placement agent of the year in Asia

1. Eaton Partners
2. Campbell Lutyens
3. UBS Private Funds Group

Four-time winner Eaton Partners has always taken a research-driven approach to identifying key themes in Asia and maps the market for best in class managers. Global partner and head of Asia for Eaton, Chris Lerner, says: “When done right, we think Asia can deliver outperformance so while we do not take on the largest funds and we only take on a small number of funds, it’s satisfying and motivating when investors recognise the quality of our ideas and fund managers. In 2018, the firm completed closes on five funds totalling more than \$1 billion in capital commitments including TMT-focused Huaxing Growth Capital, Beijing-based N5 Capital and Singapore-based Jungle Ventures.

Law firm of the year in Asia (fund formation)

1. Simpson Thacher & Bartlett
2. Ropes & Gray
3. Dechert

Simpson Thacher & Bartlett acted as sponsor counsel on several of the largest fundraisings in 2018 in the Asia Pacific region. The firm advised Affinity Equity Partners on its Fund V, which closed on \$6 billion in January, at the time the largest private equity fund ever raised by an Asia-based sponsor. It also assisted Blackstone on two landmark fundraising, including its first buyout fund dedicated to Asia. The firm advised Carlyle on Carlyle Asia Partners V, which closed on \$6.55 billion. It also helped Yunfeng Capital raise \$2.5 billion for its China-focused Yunfeng Fund III. “2018 was another

incredibly strong year for Simpson Thacher’s Asia private funds practice,” says Adam Furber, head of the firm’s Asia private funds practice in Hong Kong.

Law firm of the year in Asia (transactions)

1. Clifford Chance
2. Kirkland & Ellis
3. Ropes & Gray

Through its offices in Beijing, Hong Kong, Seoul, Shanghai, Singapore, Sydney and Tokyo, Clifford Chance advised major clients in Asia Pacific in 2018 including the Carlyle Group, Partners Group, CVC Capital Partners, Advantage Partners, TPG and Affinity Equity on deals in the region. The firm has most recently advised on Carlyle’s minority investment in Baidu’s divested financial services group, CVC’s 25 percent investment stake into RKE International, a toll road operator in China, and MBK Partners and TPG’s proposed merger of WTT and Hong Kong Broadband Network Limited.

“It has been an exciting year in the PE space across Asia Pacific and our team’s success is a testament to the delivery of the best legal advice across complex, international deals,” says Andrew Whan, head of the firm’s corporate practice in Asia Pacific.

Law firm of the year in Asia (secondaries)

1. Kirkland & Ellis
2. Dechert
3. Ropes & Gray

Kirkland & Ellis worked on high-profile secondaries transactions in 2018, with total volume of about \$30 billion globally. In Asia, it represented clients in \$5.2 billion-worth of secondaries transactions. These deals included three portfolio sales worth \$2.1 billion, six GP-led restructurings also worth \$2.1 billion, and a \$1 billion staple offer. In particular, Kirkland & Ellis represented HarbourVest in connection with the spin-out of the Telstra Ventures franchise. “Kirkland has the largest investment funds practice in Asia and the largest

dedicated secondaries investment practice in Asia, which allowed Kirkland to provide best-in-class legal services in 2018 for secondaries market transactions in a number of Asian jurisdictions, including India, China, Hong Kong, Japan and Singapore,” says Michael Belsley, global head of Kirkland’s secondary market practice.

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