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# Private equity deals in S-E Asia to double in 5 years

BY NG BEI SHAN



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KUALA LUMPUR: Underpinned by the conducive environment for private equity investments, CVC Capital Partners South-East Asia head Sigit Prasetya anticipates deals flow in the region, including Malaysia, to double in five years.

In the past five years, there were 33 private equity deals totalling US\$3.1bil (RM9.93bil) in Malaysia.

Prasetya said: "Although it is hard to predict (the numbers), business owners are more aware and receptive of private equity investments."

As there is no capital gain tax for private equity investments in Malaysia compared to 25% in Indonesia and the Philippines, it is more attractive for private equity funds to seek for deals here.

On top of that, Malaysia has well-regulated legal and capital market frameworks.

Regional private equity investors are also seeking for diversification from India and China to South-East Asia due to the economic and consumption growth.

However, he said the private equity market was relatively small here, many businesses were not for sale and there were too much money chasing after very few deals.

"Some investors may get disappointed because they don't get the investment opportunities due to high valuations.

"For us, we just have to stay disciplined. It's easy to make an investment but harder to make money out of the investment," he quipped.

HarbourVest Partners, LLC senior managing director and founder D. Brooks Zug said a growing market like Malaysia offered good opportunities for the growth of

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private equity firms.

"Although deals flow (in Malaysia) is thin, it is a growing market, which especially bodes well for private equity," he said.

On the overall private equity scene, which is cyclical, Zug said there was still upside for the asset type, supported by financing facilities available in the market as well as the buoyant equities market.


"Based on historical records, the performance of venture capital funds are positively correlated to the stock market," he said.

He noted that private equity funds had to pay much higher for a transaction due to cheap funding but there were still opportunities.

For HarbourVest, most of its investments are in the United States with less than 10% in South-East Asia.

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