

M&A Trends in Thailand

Q4 2022

KPMG in Thailand | Deal Advisory



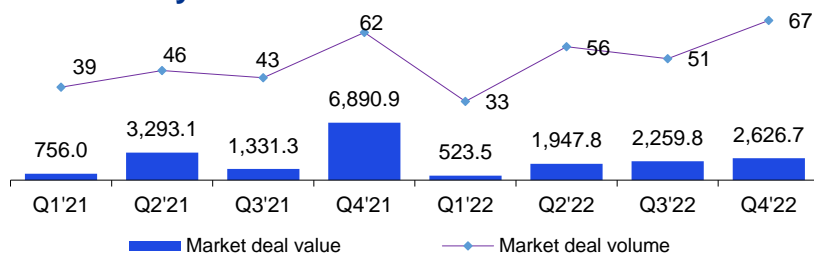
M&A activity in 2022 grew at a relatively stable level compared to 2021 in terms of deal volume; however, deal value was significantly less as fewer mega-deals occurred. Q4 2022 M&A activity was higher than the previous quarter, with 67 deals valued at USD 2.6 billion. Investments in Thai companies accounted for 55% of deal value in Q4 2022, while outbound deals represented 45%.

The Financial Services, Energy & Natural Resources, and Transport & Logistics sectors contributed 69% of the total Q4 2022 deal value. The largest deal in Q4 was JWD InfoLogistics' and SCG Logistics Management's planned merger to become an integrated logistics and supply chain solutions provider in ASEAN. Notable deals included Electricity Generating PCL's divestment of 3 geothermal plants in Indonesia for USD 485 mn and Gulf Energy Development's acquisition of Thaicom to develop its existing telecommunications portfolio by adding satellite capabilities.

Economic growth in Q4 2022 was primarily driven by rising consumer confidence, stronger private consumption and the recovery of tourism; key catalysts supporting these factors were the relaxation of lockdown regulations and travel restrictions. Continued expansionary policies by the Thai government, improving economic data, growth in inbound tourism, and China's reopening shall contribute to growth going forward. However, the long-term competitiveness of Thai goods and services will be challenged by the upcoming 20% rise in fuel tariff, a main component of electricity prices, and the 5% increase in minimum wages that came into effect in October 2022.

Looking ahead, a potentially low-growth environment globally in 2023 may boost the Thai M&A landscape as firms are expected to seek inorganic growth through acquisitions. Ongoing supply chain relocation into Southeast Asia also presents an opportunity for the economy. Amidst global macroeconomic uncertainties, Thai businesses are expected to seek capital whether from equity, debt or refinancing during 2023, as covid-related government and banking support comes to an end. This potential pressure on business owners may lead to a narrowing in the 'valuation gap' which investors have cited as an obstacle to deal-making during 2021 to 2022. In addition, the divestment of non-core assets to streamline portfolios as well as consolidation within industry segments to strengthen market positions are expected to be M&A themes in Thailand going forward.

M&A activity in Thailand

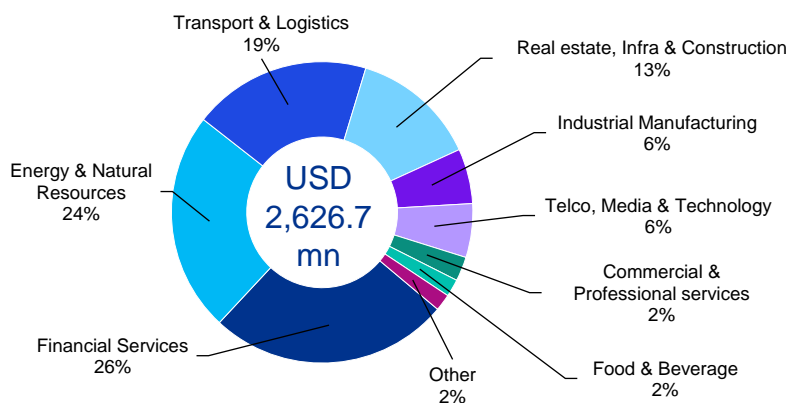


Q4 2022 Thailand M&A transaction value and volume

USD 2,626.7 mn

67 Deals

Q4 2022 M&A Transaction value by industry



Top Sectors by transaction volume	No. of Transactions
Real estate, Infra & Construction	13
Telco, Media & Technology	13
Energy & Natural Resources	11
Financial Services	8
Industrial Manufacturing	7
Commercial & Professional services	3
Food & Beverage	3
Transport & Logistics	2
Healthcare & Lifesciences	2
Automotive	2
Consumer & Retail	2
Education	1
Total	67

Source: AVCJ, MergerMarkets, S&P Capital IQ
 Note: Other includes Automotive, Consumer & Retail, Education and Healthcare & Lifesciences

Selected transactions

No.	Deal value (USD mn)	Stake (%)	Announced date	Target name	Target country	Target industry	Buyer name	Buyer country
1	501.8	100.0	26-Oct-22	SCG Logistics Management Co., Ltd.	Thailand	Transport & Logistics	JWD InfoLogistics PCL.	Thailand
2	493.5	75.0	24-Nov-22	HC Consumer Finance Philippines Inc. PT Home Credit Indonesia	Philippines & Indonesia	Financial Services	Bank of Ayudhya PCL. and other investors	Thailand & others
3	485	20.0 / 30.3	27-Dec-22	Star Energy Geothermal Pte Ltd. Star Phoenix Geothermal JV BV	Singapore & Indonesia	Energy & Natural Resources	Star Energy Group Holdings Pte. Ltd. ¹⁾	Singapore
4	119.8	41.1	7-Nov-22	Thaicom PCL.	Thailand	Telco, Media & Technology	Gulf Energy Development PCL.	Thailand
5	101.4	2.0	18-Nov-22	Thai Life Insurance PCL.	Thailand	Financial Services	Meiji Yasuda Life Insurance Company	Japan
6	79.3	100.0	28-Oct-22	Nam Seng Insurance PCL.	Thailand	Financial Services	ThaiSri Insurance PCL.	Thailand
7	74.4	100.0	15-Dec-22	ADC-JV 28 Co., Ltd.	Thailand	Real estate, Infra & Construction	Green Zone Development Limited	Thailand
8	60.4	100.0	6-Dec-22	Busrakham Oil and Gas Ltd.	Thailand	Energy & Natural Resources	Valeura Energy Inc.	Canada
9	56.9	60.0	11-Nov-22	Recycling Holding Volendam B.V.	Netherlands	Industrial Manufacturing	SCG Chemicals Co., Ltd.	Thailand
10	41.8	100.0	30-Dec-22	Bay Computing Co., Ltd.	Thailand	Commercial & Professional services	Beryl 8 Plus PCL.	Thailand

Source: AVCJ, Company website, MergerMarkets, S&P Capital IQ, SET
 Note:1) Electricity Generating PCL. divested its stake in the entities to Star Energy Group Holdings Pte Ltd

Data criteria

- Value data provided in the various charts represent the aggregate value of the deals for which a value was stated. Please note that values are disclosed for approximately 50% of all deals
- Deals are included where a stake of 30% or more has been acquired in the target. If the stake acquired is less than 30% then the deal is included if the value is equal to or exceeds the equivalent of USD 100 million
- All deals included have been announced but may not necessarily have closed
- Activities excluded from the data include restructurings where ultimate shareholders' interests are not affected

KPMG Deal Advisory

Whether you need to buy, sell, partner, fund or fix a business, our Deal Advisory team works to help you find, secure, and drive value throughout the business life cycle.



Contact us



Ian Thornhill
Partner,
Head of Deal Advisory
ithornhill@kpmg.co.th
Tel: +66 2677 2297



Surayos Chuephanich
Partner, Deal Advisory
M&A Specialist
surayos@kpmg.co.th
Tel: +66 2677 2752



Canopus Safdar
Partner, Deal Advisory
Valuation Specialist
csafdar@kpmg.co.th
Tel: +66 2677 2603



Matt Crane
Partner, Deal Advisory
Value Creation Specialist
mcrane1@kpmg.co.th
Tel: +66 2677 2154



Dominic Kobel
Associate Director, Deal Advisory
M&A Specialist
dkobel@kpmg.co.th
Tel: +66 2677 2606



Darli Moe Mya
Associate Director, Deal Advisory
M&A Specialist
mdarli@kpmg.co.th
Tel: +66 2677 2247

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. Transaction figures are based on announced transactions only. Deal value for certain transactions were not disclosed and accordingly not reflected in the total value.

© 2023 KPMG Phoomchai Business Advisory Ltd., a Thai limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name, logo are registered trademarks or trademarks of KPMG International.