

THRIVE

MAGAZINE

Issue 01

Accelerating Transformation

Exclusive insights

Accelerating transformation with Deals

Feature interviews: Expert talks

In conversation with KPMG's Deal Advisory Head and a specialist Legal M&A Partner





Foreword

Greetings to all! I'm excited to introduce the first issue of THRIVE Magazine, a new publication from KPMG in Thailand. THRIVE Magazine was created to accelerate transformation by keeping you updated on KPMG in Thailand's news and insights.

Our debut issue highlights Thailand's M&A landscape and updates, as well as insights from KPMG's Deal Advisory specialists, Ian and Khun Boonyaporn, who share their views on doing deals in the Thai market.

This issue also showcases our first KPMG Business Leaders' Summit, the business event aimed to be a physical platform for sharing knowledge, updates and insights with our firm's clients and interested parties. Embedded in this magazine, we also have publications that share valuable knowledge that you may be interested in.

In addition to the contents mentioned above, THRIVE Magazine gives you a glimpse into Life at KPMG, including highlights of our work culture, activities and atmosphere; and how we value our people. In this edition, we show you memorable moments from our recent KPMG New Year Party – how we wrapped up the year with joy and excitement.

Lastly, I hope THRIVE Magazine will offer you fresh insights and information, and add to your understanding of KPMG in Thailand. May the publication contribute to accelerating a successful transformation for everyone!

Charoen Phosamritert

CEO

KPMG in Thailand, Myanmar and Laos





Contents

04

Accelerating transformation with Deals

VE

06

Expert talks

R

09

Thrive events: Catalyzing transformation

TH

10

Knowledge accelerator

11

Thrive & Flourish: Wellbeing-first culture



Accelerating transformation with Deals

KPMG provides an insightful summary into the dynamics driving Thailand's Mergers & Acquisitions (M&A) environment in 2023. The article discusses the transformative wave in M&A in the past year which will impact the acceleration of deal activity in 2024.

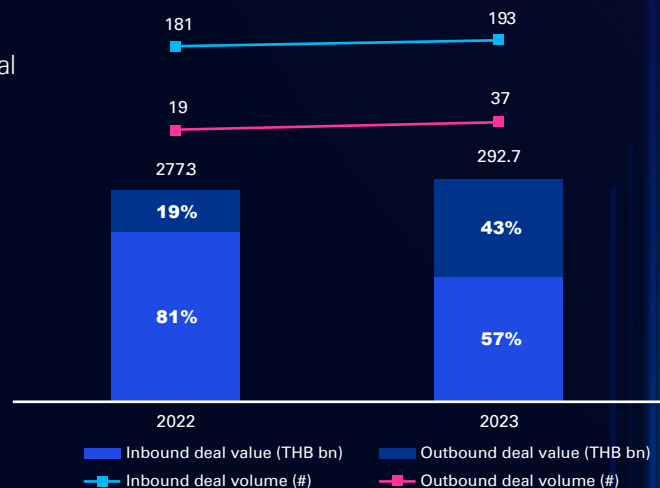
Review of 2023 M&A in Thailand

2023 saw positive momentum in the Thai deal landscape with transaction values increasing by 6% and volume by 15%. In total we saw 230 reported deals amounting to THB 293 billion. This positive trajectory, despite more challenging global conditions, was driven by favorable economic indicators such as reduced unemployment, heightened consumer confidence and the resurgence of the tourism sector, making Thailand an attractive M&A destination.

Within the region, where major markets have experienced a decline in deal activity, Thailand has maintained a stable rate of growth. Looking ahead we expect businesses to continue pursuing external growth strategies, sustaining the positive trend.

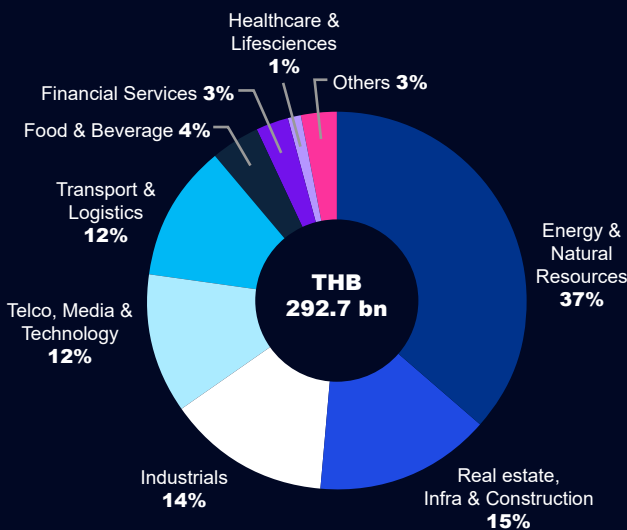
A closer look at events throughout the year reveals the impact of the domestic political situation on deal flow. An initially uncertain election outcome and unfavorable market conditions in early 2023 dampened deal appetite, and several planned IPOs were delayed. However, the anticipated stability following the formation of the new government improved sentiment for both inbound and outbound investors, despite continued global geopolitical uncertainty. This year, inbound and outbound deal volume experienced changes of +7% and +95% respectively, resulting in an overall deal volume split of 85% inbound to 16% outbound and value split of 57% outbound to 43% inbound.

M&A activity in Thailand



Legend: Inbound deal value (THB bn), Outbound deal value (THB bn), Inbound deal volume (#), Outbound deal volume (#)

The major investment themes in 2023 were in the Energy & Natural Resources, Industrials, Real Estate, Infrastructure & Construction sectors. The Thai government intends to cement the country's position as a manufacturing and industrial hub through further growth plans, such as the initiative to increase foreign direct investments in the Eastern Economic Corridor (EEC) and new S-curve industries. These strategies boost inbound investment, as global businesses contemplate the development of manufacturing facilities in the region. Thailand is also an attractive alternative for multinational corporations looking to de-risk their supply chains.



M&A transaction value by industry

The trajectory for M&A in Thailand suggests ongoing transformation. Anticipated rises in partnerships and joint ventures between local businesses and foreign investors underscore the strategic approach to leverage expertise and scalability. We expect to see a continuation of healthy M&A activity in Thailand.

Data criteria:

- Value data provided 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 USD100 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

Source: S&P Capital IQ, MergerMarkets, Stock Exchange of Thailand (SET)



Accelerating transformation with Deals

Unveiling the key drivers of 2024 M&A trends in Thailand

In the dynamic Thai M&A environment we have identified three key themes which we believe will drive deal activity in 2024: Value Creation, Distress and ESG.

Value Creation: Understanding the business and having a clear strategy to create value

Investment activity is dominated by investment funds and large corporations. Both are in search of growth and are backed with sufficient liquidity. However, with the current economic uncertainty, it is more important than ever that M&A decisions include a clear value creation strategy backed by data. This includes a strategic understanding of the market to create value that goes beyond the simple growth of market share or cost synergies, to enhance the competitive edge, accelerate innovation, and anticipate disruptions from new technologies.

To support this, we expect to see traditional financial, tax and legal due diligence increasingly accompanied with strategic, commercial and operational assessments to identify opportunities to further enhance value. Although management often has a deep understanding of the business and market, specific expertise and the use of data analytics can identify additional areas to create value before, during or after a deal, and provide actionable plans to execute post-deal.

ESG: Deals no longer solely focused on financial performance

The increasing emphasis on ESG factors is influencing M&A decisions globally, and Thailand is no exception. In 2024, businesses are incorporating sustainability considerations into their M&A strategies, recognizing the importance of responsible business practices. Companies are not only evaluating the financial aspects of a deal but also the potential environmental and social impacts, to align with stakeholder expectations.

The Thai government's goals to achieve carbon neutrality and net-zero greenhouse gas emissions have spurred a nationwide shift towards ESG business models. This is supported by regulatory measures to promote ESG investing, such as ESG-related disclosure guidelines and the Thailand Sustainability Investment (THSI) list of companies that have passed the ESG criteria of the Stock Exchange of Thailand. This is reflected in the increasing demand we are seeing for ESG due diligence as part of the acquisition process.

Distress: Companies facing refinancing challenges offer investment opportunities

Although several sectors and many businesses in Thailand are thriving, we will see increasing stress in other areas. The impacts from the COVID-19 pandemic, current economic uncertainties and global disruptions have led to stress and distress across financial markets. With this tightening financial situation, liquidity from banks as well as the bond market has become increasingly limited, and some businesses are facing difficulties repaying and refinancing borrowings. When the doors to traditional refinancing options from banks and the bond market are closed, an opportunity arises for specialized distressed funds or strategic investors to step in and benefit from attractive valuations.

However, despite the prospect of high returns, investors should be aware that such investments do carry higher risks. Investors should take additional care to understand the situation of the business, including underlying operations, existing debt exposures and potential assets that can be used to secure debt or mezzanine financing.



Expert talks

Thailand remains a hub of growth and opportunity in South-East Asia. KPMG's Deal Advisory experts talk about various aspects of Thailand's M&A landscape and how to take advantage of those opportunities. Their perspectives and insights highlight the ongoing transformation shaping Thailand's deals environment.



Ian Thornhill

Head of Deal Advisory
KPMG in Thailand

In your opinion, where are the main opportunities in the next 12 months for deals and investments in Thailand?

Ian: I think the next 12 months will be one of the most interesting and dynamic periods in recent years for Thailand's deal environment.

On the one hand, we will see a strong M&A market for growth and expansion deals, which will attract local investors and multinationals looking to enter Thailand as a new market, along with private equity funds looking to deploy some of the substantial capital that they have already raised.

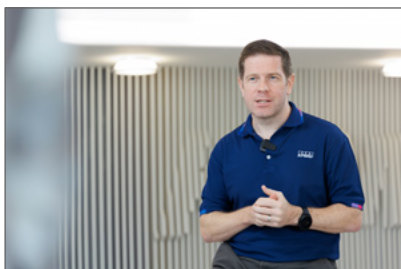
On the other hand, we must also acknowledge that globally there is a lot of economic uncertainty, and Thailand is not immune to these challenges. Along with the higher interest rate environment, we will see more businesses that struggle to repay or refinance their bonds and loans as they fall due.

This will lead to more companies becoming distressed, the need to raise funds to refinance and restructure the debts, and a need for turnaround.

So we will see an interesting mix of deals from both strong companies and sectors which continue to be attractive and demand high valuations, but also distressed M&A leading to opportunities for asset managers, credit funds and special situations funds and also strategic investors looking to acquire businesses at discounted valuations.



We will see an interesting mix of deals from both strong companies and sectors continuing to demand high valuations, and also distressed M&A leading to opportunities for specialist funds and strategic investors seeking discounted valuations.



Watch the interview video here



Expert talks

In your experience, what are some common challenges that dealmakers encounter in the Thai market, and what lessons have you learned from addressing these challenges?

Boonyaporn: Common challenges for dealmakers in the Thai market include misunderstanding market conditions, unclear regulatory issues, and specific party requirements.

To address these issues, market research and due diligence are crucial, covering legal, financial, tax, commercial, IT, and ESG aspects. Deal structuring, including entity selection, deal type, and other transactions are also vital.

The market research should include studies on regulatory landscape, competitor analysis, market and industry trends, and potential risks. From a legal perspective, issues should include licensing requirements, foreign investment restrictions, available incentives, process of repatriating funds, competition law, land zoning, and labor law.

Thorough due diligence should be conducted upon identifying targets, covering financial, tax, legal, commercial, IT, and ESG aspects to identify and assess the risks and make informed decisions on the investment. Deal structuring involves combining commercial, tax, and legal considerations from due diligence and negotiation with the counterparty.

Once the commercial terms of a deal are agreed, a set of legal documentation should be carefully prepared to address the results from due diligence, responsibilities of parties and other terms and conditions.

Lastly, ensuring a smooth closing involves proactive communication and collaboration among all parties and relevant stakeholders.



Boonyaporn Donnapee

Legal Partner and Legal M&A specialist
KPMG in Thailand



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Watch the interview video here



Expert talks

KPMG is unique, as its Deal Advisory team in Thailand includes a team of specialist M&A lawyers. Can you please describe some of the advantages of this arrangement?

Boonyaporn: At KPMG in Thailand, our approach to M&A transactions is truly holistic. We work closely as one team with our Deal Advisory and Tax specialists to offer fully integrated M&A services, going beyond traditional legal and accounting paradigms.

This collaboration fosters a thorough understanding of potential risks and opportunities, without creating silos between different advisors.

Internally, our team benefits from learning opportunities across disciplines, while externally, we differentiate ourselves as a “true one-stop service provider for M&A”.

For our firm’s clients, this means we can act as lead counsel throughout the entire M&A process, providing integrated due diligence, preparation of transaction documents, negotiation, closing, and post-closing services.

Our aim is for transactions to run smoothly and for our clients’ interests to be protected without the need to seek advice from various advisors.



At KPMG in Thailand, our approach to M&A transactions is truly holistic. We differentiate ourselves as a ‘true one-stop service provider for M&A.’



How have recent market trends and developments in Thailand influenced your approach to deal advisory services? Can you provide examples of how you have adapted strategies or recommendations to align with the evolving business landscape?

Ian: As we all know the modern world is so much more complex than ever before. There is so much more information, and also the pace of change is so much more rapid than it has ever been.

We have therefore had to reshape how we work with our clients and how we advise them on deals to adapt to this new environment.

The traditional approach of providing an accounting, financial and tax report is no longer enough. Our clients need more rounded

and holistic advice in order to navigate the risks and opportunities of any deal.

So we invested in broadening our Deal Advisory team to include data and analytics specialists, strategy experts, value creation and operational improvement specialists as well as experienced lawyers and ESG teams.

They all work together and complement our core financial expertise so that we can work alongside our clients to see the full picture of any deal.

We focus on not just risks but also opportunities and upsides; we bring all of our experience and advice to help our clients to make the best decision to meet their goals.



Thrive events: Catalyzing transformation

KPMG in Thailand continues to organize industry events covering a wide range of sectors and expertise areas. These events aim to accelerate business transformation through the sharing of valuable insights and providing updated information in the areas of audit, tax, legal, deal advisory and consulting.



KPMG Business Leaders' Summit 2023 KPMG in Thailand collaborated with key alliances from private and public sectors. In the panel discussions, our honored guest speakers shared their insights into how Thai businesses can remain competitive and resilient amid ongoing challenges and the global economic slowdown, focusing on the following key points:

Tax & Legal

- BOI incentives to promote investment in specific industries and regions in Thailand offer opportunities for companies to benefit from investment and tax privileges.
- The Digital Tax Ecosystem is a taxpayer-centric concept that would help reduce the need for paper-based documents, decrease processing time for tax refunds and increase overall efficiency.

Deal Advisory & Consulting

- Mergers and Acquisitions (M&A) are a strategic approach for business transaction growth requiring integrated due diligence to ensure consistency with goals and to capture synergies.
- ESG is no longer an option but a necessity. It is imperative for success, enhancing competitiveness and enabling sustainable finance.
- Acquiring AI skills is essential for businesses to thrive today

For more information about the session click [HERE](#)

KPMG's AC Forum

KPMG's Audit Committee Institute Forum is a forum KPMG hosts for its clients' Audit Committee members, typically C-level executives and high-level management, to share ideas and perspectives on various topics, encouraging valuable discussions and interactions.

Our latest AC Forum

Session 52: ESG Priorities -

Key considerations for Audit Committee

ESG issues continue to rise on stakeholders' agendas, and investors are placing greater emphasis on ESG-related risks and opportunities. The board of directors is accountable for an organization's sustainability and ESG strategies, but the audit committee plays a crucial role in ensuring proper implementation of ESG goals.

**ESG Priorities -
Key consideration
for Audit Committee**

Audit committee Forum No. 52



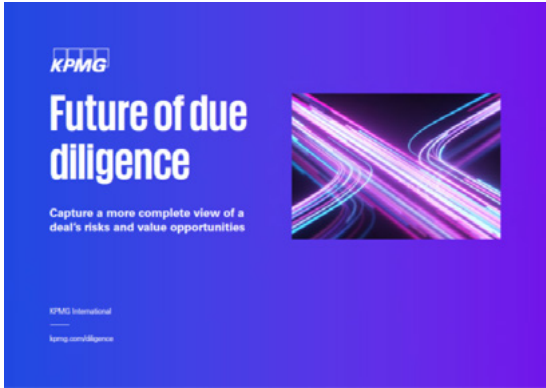
Stay informed about our upcoming events, click [HERE](#)



Knowledge accelerator

Click on the image to view the full publication

Accelerate your transformation in business and industry knowledge with KPMG's publications. We release a variety of publications that are filled with research-based insights.



Future of due diligence

Due diligence is essential for successful deals. KPMG's approach, Diligence+, goes beyond finances, considering various risks and using advanced tools to identify value and improvements pre-deal.

This publication offers an inside look at an evolved approach to due diligence that will help prepare dealmakers to compete in today's complex deal environment.



Accelerating transformation with M&A

The insurance industry is in a transformative phase due to geopolitical shifts, economic uncertainties, and changing consumer behaviors. This report explores how insurers

are rethinking strategies like mergers, alliances, and business models to adapt to these changes and meet evolving customer needs.



KPMG 2023 Asset Management CEO outlook

Based on interviews with 80 Asset Management CEOs in 11 key markets, this report finds that most industry leaders are optimistic about their sector and the global economy.



M&A trends in Thailand

The quarterly M&A update from Deal Advisory, KPMG in Thailand.



Restructuring trends & insights in Thailand

The quarterly trends and restructuring insights from Deal Advisory, KPMG in Thailand.



Capital market and business valuation insights

The Capital market and business valuation quarterly update from Deal Advisory Services, KPMG in Thailand.

Find more insights [HERE](#)



Thrive & Flourish: Wellbeing-first culture

At KPMG in Thailand, fostering a positive and inclusive culture is of the utmost importance. We strive to create an ethical and collaborative culture that values diverse perspectives and encourages speaking up. In addition, we prioritize the physical, mental, and psychological health of all staff through wellbeing initiatives, including a hybrid working model that promotes flexibility, adaptability, and work-life integration for optimal work experiences.

Various wellbeing and engagement programs are offered to our people under the 'Happy Together Series' campaign, along with other engaging activities and events throughout the year.



One of the most joyful occasions we shared together in 2023 was "KPMG's Music Mania New Year Party" taking place in December 2023. Based on the survey conducted prior the event, the party was shifted from an outdoor event to an indoor event to ensure that everyone could fully enjoy this new party style and experience a more intimate ambiance with music-inspired decorations. And a big shoutout to all our KPMG professionals who turned up in their musical costumes inspired by the four music genres: pop idol, EDM ravers, hip hop gangsters, and rock stars, eagerly awaiting to enjoy the live concert from our special guests, Khun Ink Waruntorn and the "MEAN" Band.

The celebration was also a way to thank all our valued employees who truly deserved to enjoy this fantastic moment together.



Watch the video here





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KPMG in Thailand



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