

APAC MID-MARKET
M&A REPORT
Q1 FY25

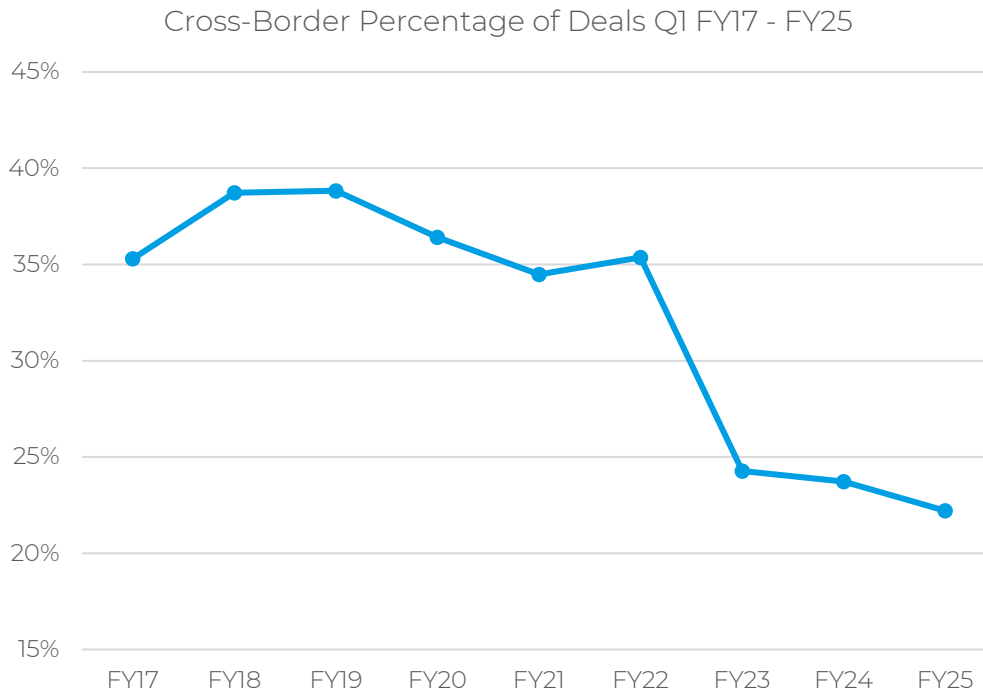


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Geopolitics and foreign investment restrictions have disrupted cross-border M&A

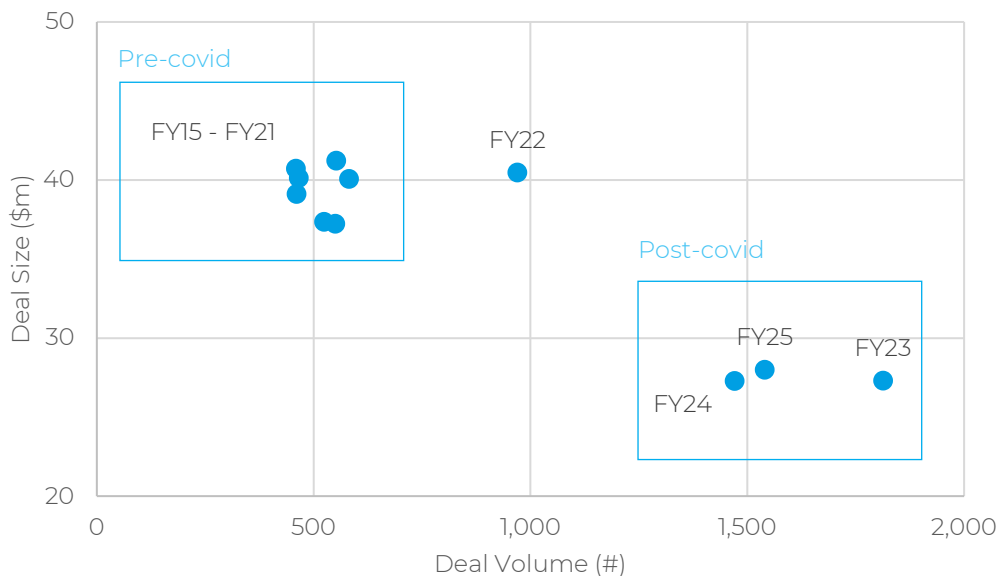
- Cross-border deals accounted for 22% of Q1 FY25 deals in APAC. This figure was 35% just three years ago and nearly 40% in FY18.
- The fall is on the back of increased geopolitical tensions in the APAC region such as China trade conflicts, foreign investment restrictions and a shift in focus towards a strong domestic economy.
- With several free-trade agreements and streamlined foreign investment review processes across the region, we expect this trend will revert to mean in the next few years.



But surge in deal volumes overall post-pandemic continues into FY25

- 1,540 deals were inked in Q1, 5% growth on Q1 FY24. The average deal size was \$28m, in line with the last two years.
- Looking back to pre-COVID years we see a cluster of Q1's with deal volumes around 400 and average deal value of \$40m.
- Post-COVID deal volumes have surged to 1,500+ in Q1 whilst average deal volumes have fallen below \$30m.
- We observe this is part of a broader trend of greater activity in the lower end of the mid-market, small business consolidation in some industries and longer PE holding periods.

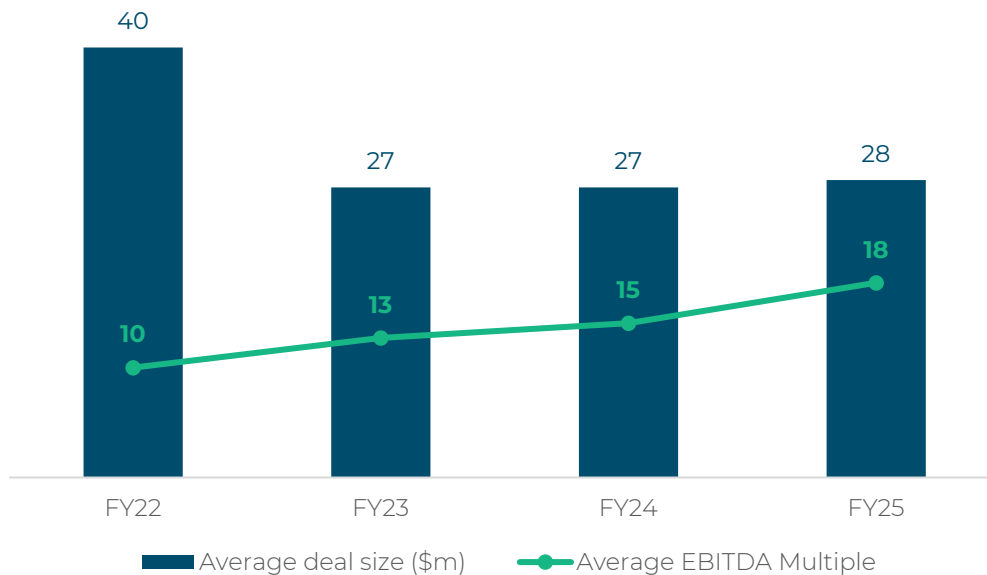
Q1 Deal Volumes and Size FY15 - FY25



Q1 earnings multiples have increased year-on-year since FY22

- Buyers paid an average of 18 times EBITDA in FY25.
- Q1 as a leading indicator of market sentiment for the year ahead in general. We've observed a steady increase in Q1 multiples every year since FY22, indicating buyers are bullish in FY25 and are willing to pay a premium in a competitive market.
- The average deal value has consistently been around \$27-28m after falling from \$40m in FY22.
- We exclude the top 5% of EBITDA multiples from the dataset to avoid outliers skewing the data.

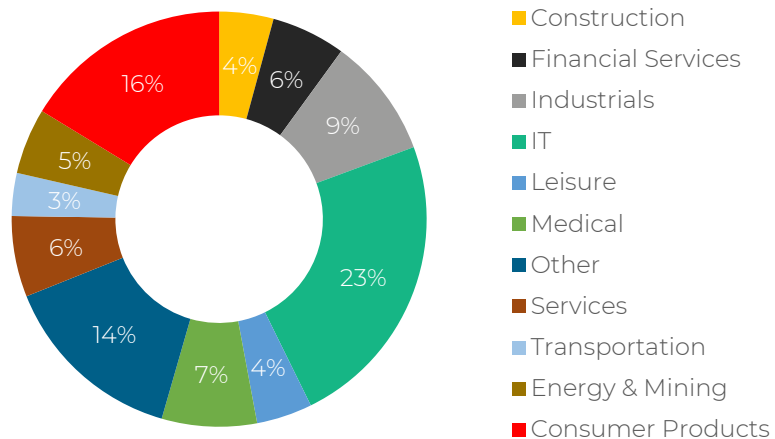
Deal size and multiples Q1 FY22 - FY25



Q1 M&A activity was concentrated in the IT and Consumer Products industries

- The Tech sector is always an M&A hotspot, and accounted for 23% of deals in Q1, unchanged from FY24.
- The Consumer Products sector also had a 16% share of deals, up from 10% in FY24.
- We've seen significant consolidation in the mid-market consumer sector driven by sluggish consumer demand and dealmakers chasing cost-synergies to fight cost pressures.

Number of Deals by Sector FY25 Q1 (%)



Notes

- Deals with value under \$150M were considered;
- Deal values and multiples are based on data from Mergermarket (accessed on 23/10/2024);
- Deal values and multiples are not always published due to the private nature of some transactions;
- This report is based on the availability of transaction metrics;
- Sub-sectors have been allocated towards larger sectors; and
- Deal metrics for the APAC region are excluding China.

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