

# ASIA-PACIFIC M&A

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# ROADMAP

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- 1 ASIA-PACIFIC LANDSCAPE**
- 2 M&A TRENDS**
- 3 M&A CHALLENGES**
- 4 2020 OUTLOOK**
- 5 Q&A**

# ASIA-PACIFIC LANDSCAPE



# ASIA-PACIFIC M&A - THE BIG PICTURE

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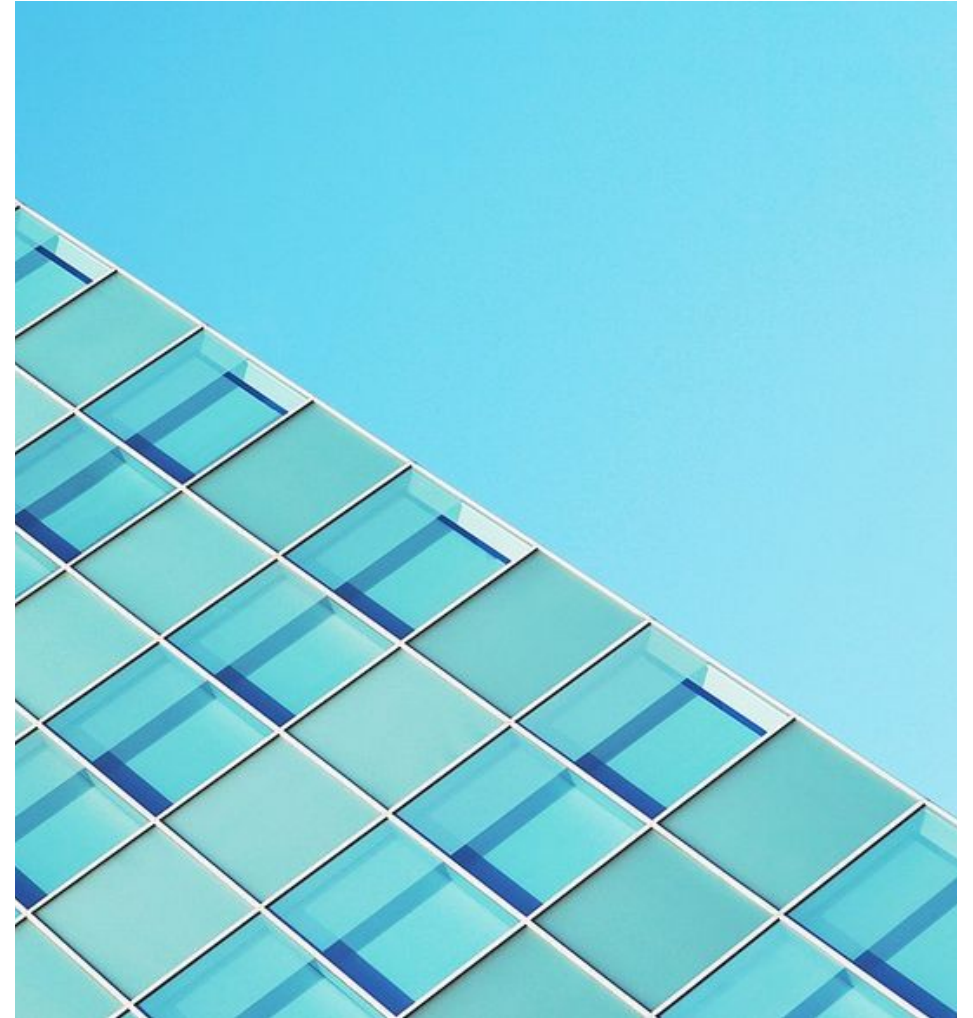


- **COMPLEX & DYNAMIC M&A ENVIRONMENT**
- **MACROECONOMIC EXPANSION IN ASIA-PACIFIC**
- **INTERCONNECTEDNESS OF ASIA-PACIFIC**
- **INNOVATIONS IN M&A DEALMAKING**
- **REFORMS IN FINANCIAL & CAPITAL MARKETS**

# EXPANSION OF ASIA-PACIFIC ECONOMIES

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- **ROBUST MACROECONOMIC GROWTH**
- **CHINA'S REGIONAL & GLOBAL SIGNIFICANCE**
  - US\$13.4 trillion GDP (6.8% GDP growth in 2018)
  - 19.2% of global GDP
  - Population of 1.4 billion people
  - Home to 9 of world's top 20 technology companies
- **FAVORABLE DEMOGRAPHIC TRENDS**
- **ROLE OF TECHNOLOGY & INNOVATION**



# ECONOMIC INTERCONNECTEDNESS OF U.S.-ASIA PACIFIC ECONOMIES

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- **SUBSTANTIAL ECONOMIC INTERCONNECTEDNESS**
- **U.S.-CHINA ECONOMIC INTERDEPENDENCE**
  - China is U.S.'s largest goods trading partner (US\$737 billion in 2018)
  - U.S.-China services trade totaled US\$77.3 billion in 2018
  - U.S. foreign direct investment (FDI) in China totaled US\$7.6 billion in 2018
  - China's FDI in U.S. totaled US\$5.4 billion in 2018
- **SUPPLY CHAINS & DISTRIBUTION CHANNELS**
- **LOGISTICS SYSTEMS & DIGITAL NETWORKS**



# TRENDS

# CROSS-BORDER M&A INNOVATIONS IN ASIA-PACIFIC TRANSACTIONS

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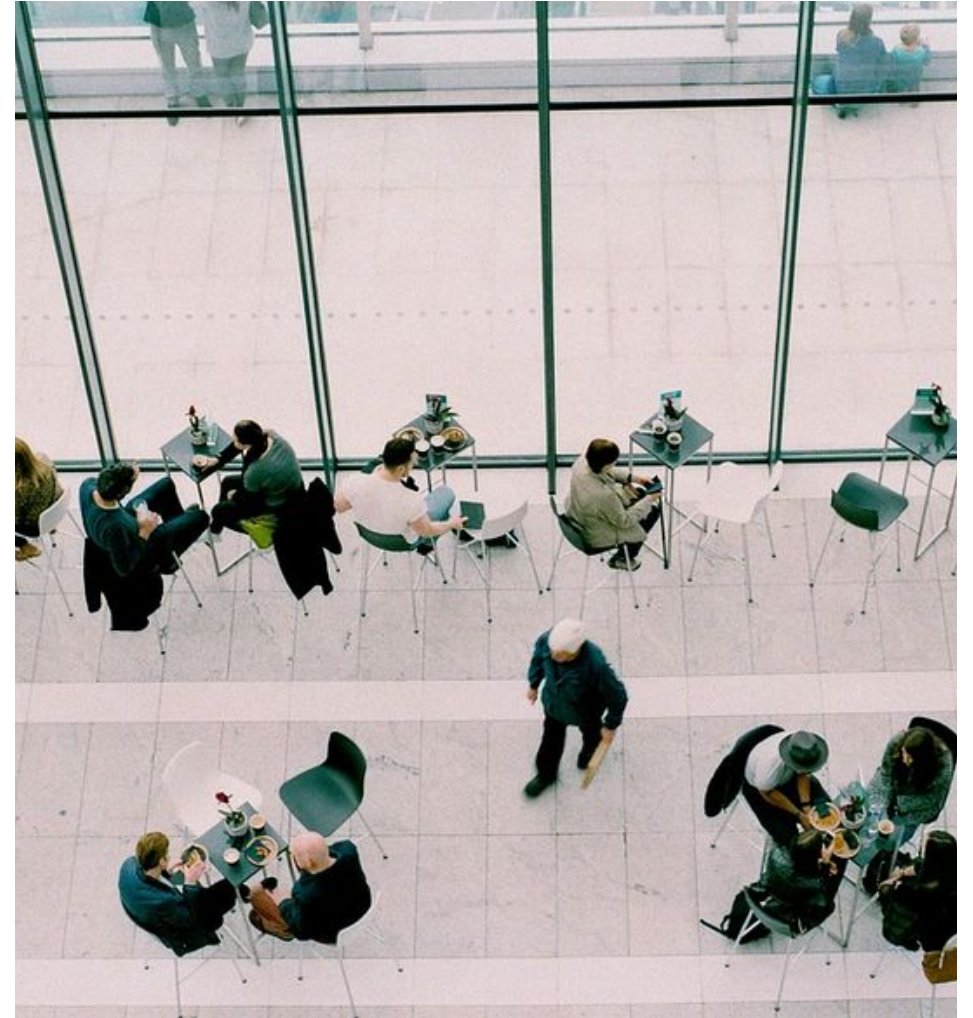


- **NEW GLOBAL STRATEGIES AMONG APAC BUSINESSES**
- **M&A BY APAC BUSINESSES IN FOREIGN MARKETS**
- **APAC Foothold in Key Markets**
- **U.S. ACQUIRERS REMAIN ACTIVE IN APAC BUT WANT EARLIER DEAL CLARITY**

# REFORMS IN ASIA-PACIFIC FINANCIAL & CAPITAL MARKETS

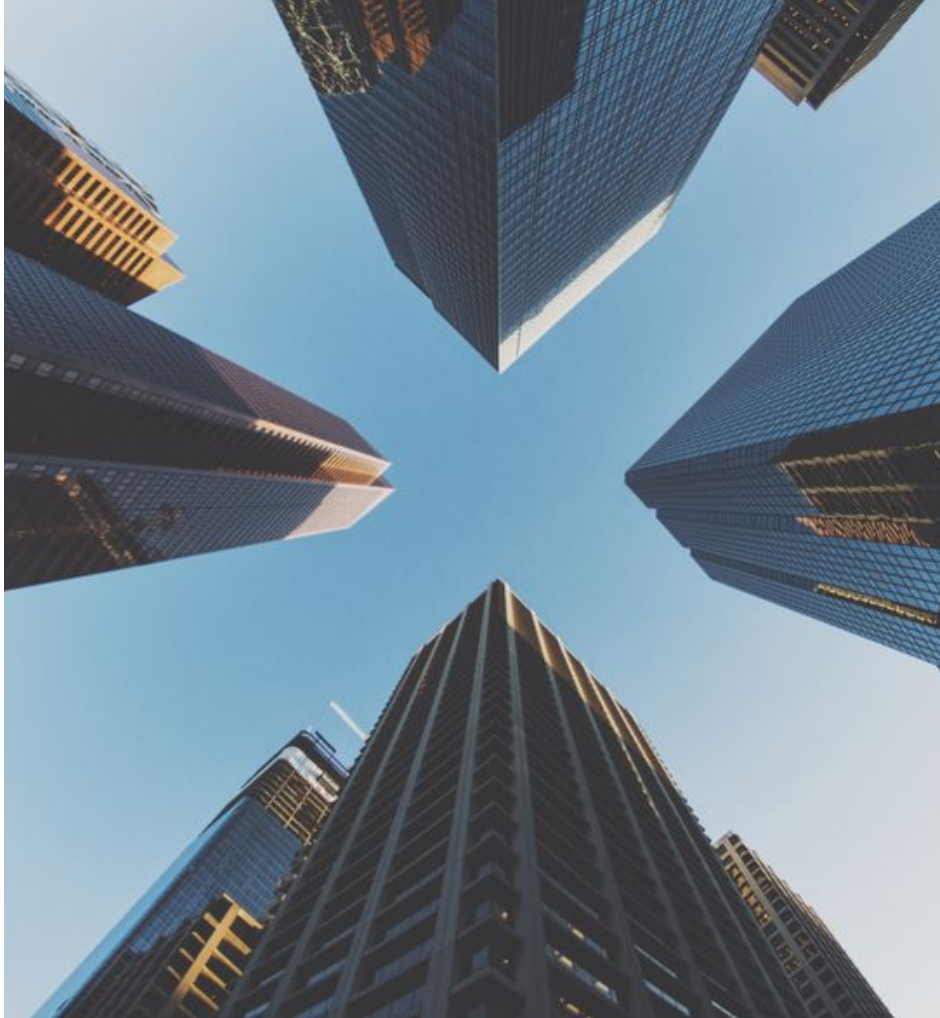
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- **CURRENT REFORM PROCESS IN KEY MARKETS**
- **FOCUS ON BETTER LIQUIDITY, TRANSPARENCY & ACCOUNTABILITY**
- **COMMITMENT TO STEMMING “SHADOW BANKING” PRACTICES**
- **OPENING OF PILOT FREE-TRADE ZONES**
- **ESTABLISHMENT OF FINANCIAL COURTS**



# U.S.-ASIA PACIFIC CROSS-BORDER M&A TRENDS

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- **REDUCTION IN CROSS-BORDER M&A VOLUMES**
- **CONTRAST WITH HISTORIC HIGHS IN 2016**
- **FAR FEWER CHINESE ACQUIRERS IN U.S. TODAY**
- **BLOCKED CROSS-BORDER M&A TRANSACTIONS**

# CHALLENGES

# NEW COMMERCIAL & FINANCIAL REGULATIONS IN CHINA

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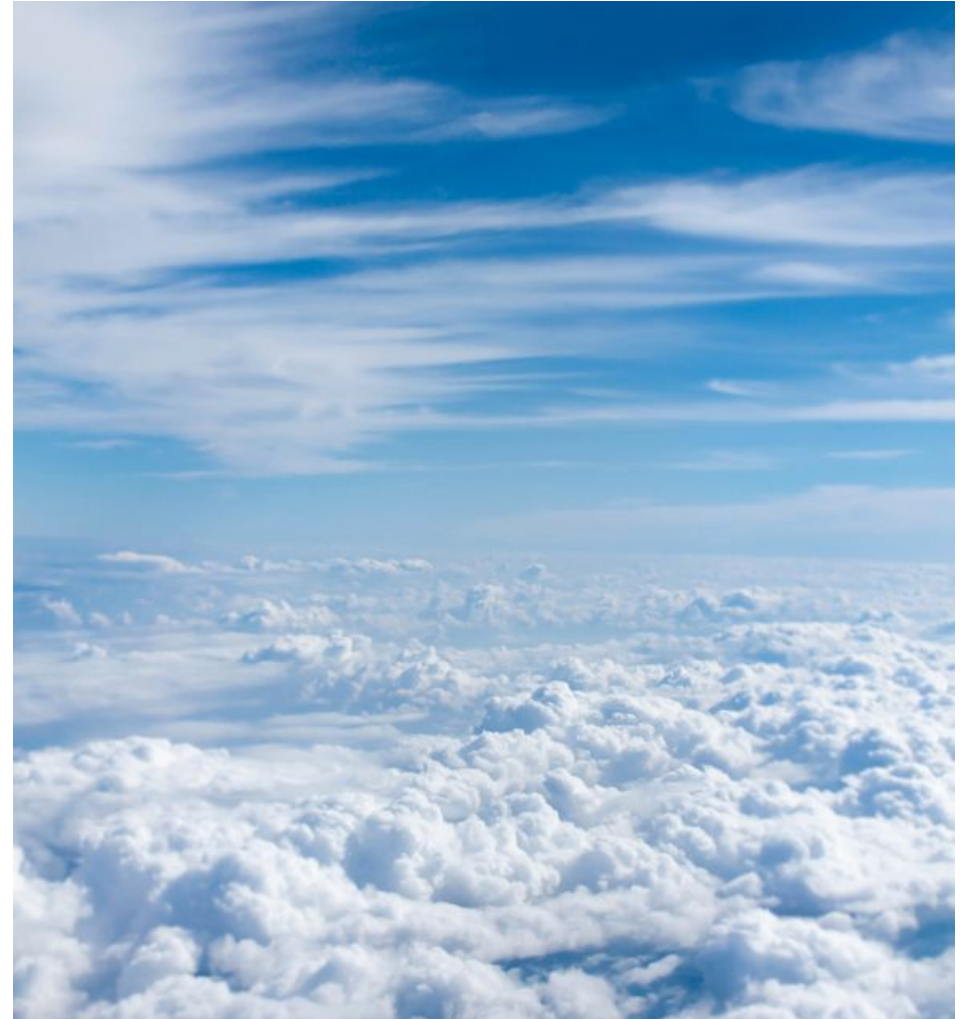


- **CAPITAL CONTROL RESTRICTIONS**
- **RESTRICTIONS ON “IRRATIONAL” OUTBOUND INVESTMENTS FROM CHINA**
- **FOCUS ON ADVANCED TECHNOLOGY SECTORS SUCH AS 5G INFRASTRUCTURE & ARTIFICIAL INTELLIGENCE**

# U.S. REGULATORY REGIME FOR CROSS-BORDER TRANSACTIONS

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- **HEIGHTENED CFIUS SCRUTINY OF CHINA-DERIVED M&A TRANSACTIONS**
- **IMPLEMENTATION OF FIRRMMA**
- **ROLL-OUT OF EXPORT CONTROL REFORM ACT**
- **INTENSIFIED REGULATORY REVIEW OF CHINA-DERIVED TRANSACTIONS**



# U.S.-CHINA TRADE IMPASSE

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- **U.S.-CHINA TRADE WAR**
- **BILATERAL TARIFFS**
- **BILATERAL ECONOMIC SANCTIONS**
- **RETRENCHMENT IN CHINA'S ECONOMIC REFORM PROCESS**
- **REDUCTION IN CROSS-BORDER M&A ACTIVITY**



# M&A EXECUTION RISK

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- **FOCUS ON CFIUS-RELATED RISK**
- **HIGHER M&A TRANSACTION FEES & EXPENSES**
- **LONGER TRANSACTION TIMELINES**
- **HEIGHTENED DEAL EXECUTION RISK**

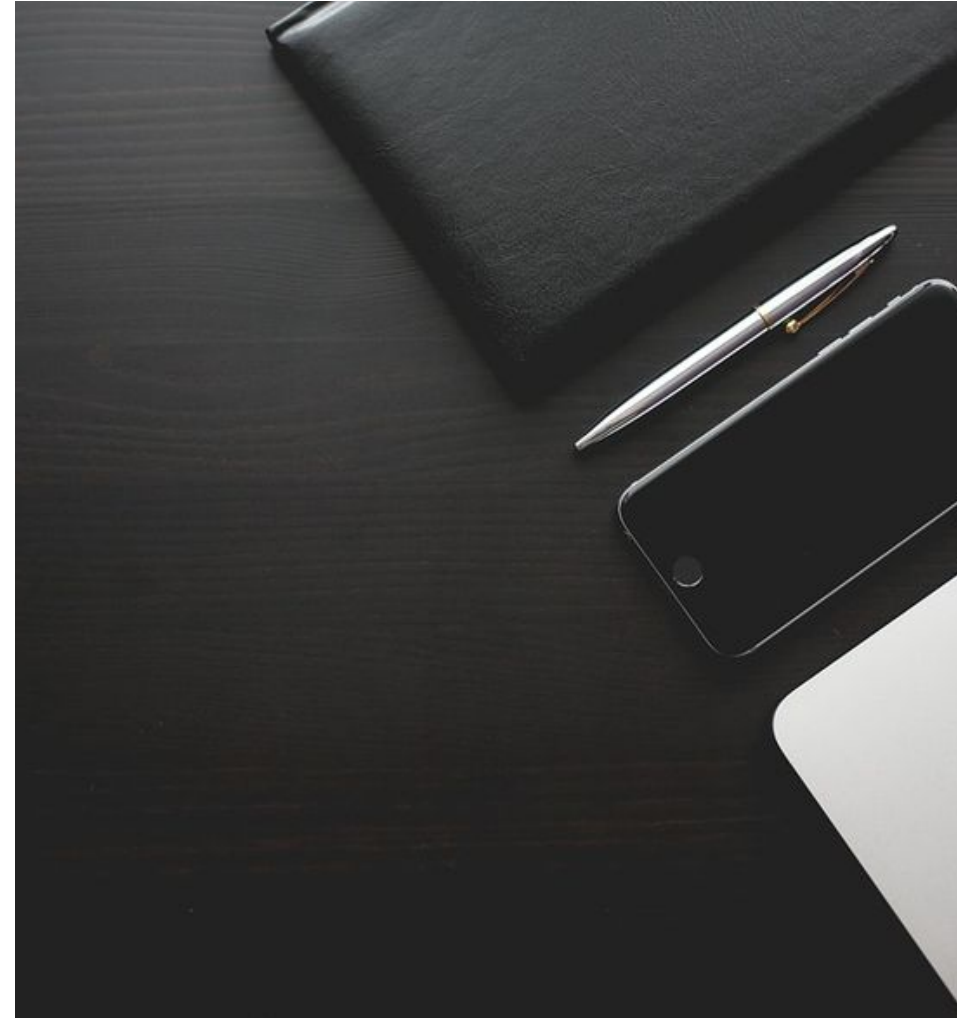


# 2020 OUTLOOK

# A “NEW NORMAL”?

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- **ENGAGEMENT VS. CONTAINMENT**
- **COOPERATION VS. COMPETITION**
- **OPEN MARKETS VS. PROTECTIONISM**
- **TACTICAL BRINKMANSHIP VS. STRATEGIC DIALOGUE**
- **EPISODIC VS. LASTING**



# INNOVATIONS IN ASIA-PACIFIC M&A

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- **MULTINATIONALS & INVESTMENT FIRMS POISED FOR RETURN TO SUSTAINABLE M&A LEVELS**
- **FOCUS ON FRONT-END M&A DUE DILIGENCE**
- **FOCUS ON CFIUS IN TRANSACTION DOCUMENTATION**
- **HEIGHTENED ATTENTION ON REGULATORY RISKS**

**Q&A**



# THANK YOU

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