

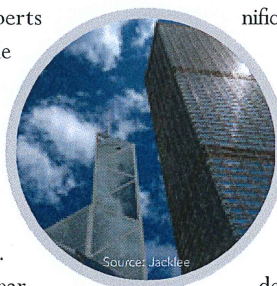
THE PEI AWARDS 2014: ASIA



LARGE-CAP FIRM OF THE YEAR IN ASIA

1. Kohlberg Kravis Roberts
2. The Carlyle Group
3. Baring Private Equity Asia

The winner of this award last year, Kohlberg Kravis Roberts (KKR) takes the title again, continuing to make innovative investments across Asian markets from its record-breaking \$6 billion Asia Fund II.



Source: JackLee

Kicking off the year by closing the \$1.6 billion corporate carve-out of Japan's Panasonic Healthcare, KKR kept itself busy with a number of investments. To name a few: the firm agreed the spin-out of Pioneer DJ and the \$1 billion buyout of UEL with CITIC Group, as well as venturing into Australia's agricultural market with Sundrop Farms, and a pioneering investment into China's food safety market.

The firm strengthened its Southeast Asia hand, as well as adding operating partners to the Capstone unit. It also claimed *PEI's* Exit of the Year in Asia, making 5x its money from an investment in Oriental Brewery, a landmark deal in Korea.



MID-MARKET FIRM OF THE YEAR IN ASIA

1. Navis Capital Partners
2. Morgan Stanley Private Equity Asia
3. Warburg Pincus

Once mainly known for its activities in Southeast Asia, Navis Capital Partners has been spreading its wings over the years. In 2014, the firm showed its pan-regional colours, investing \$650 million in deals

spanning Singapore, Australia and Hong Kong, among other markets.

The founders, who launched Navis in 1998, adhere to a strict 'buyouts-only' policy, which placed them ahead of the game, as many Asia-based managers are only now shifting their focus to control deals. Co-founder Nicholas Bloy believes this focus has contributed significantly to the firm's success over the years.

But 2014 was an exceptional year, he argues. "Last year we invested \$650 million, value uplift was about \$550 million, [we] exited about \$400 million, which was pretty damn close to all our targets – that only happens once in a decade," Bloy insists.

These figures helped Navis raise a \$1.5 billion fund, its seventh private equity offering and a welcome bonus in what would in any case have been a great year.



LIMITED PARTNER OF THE YEAR IN ASIA

1. Government of Singapore Investment Corporation
2. China Investment Corporation
3. Government Pension Investment Fund of Japan

The Government of Singapore Investment Corporation (GIC) is well known as one of private equity's biggest Asia-based supporters, and in terms of sophistication tends to be grouped with North American LPs rather than less experienced Asian institutions.

This perception is likely to continue. "Investing in private equity [is] a higher-risk activity, but the strategy has worked well for GIC so far," the fund said in its 2014 annual report. "Returns from the asset class since its introduction into the GIC Portfolio have exceeded returns from public equities."

Moreover, as well as investing heavily outside of Asia, last year GIC continued to



Singapore: Asia's most prominent LP hub

commit directly to markets closer to home, including joining Olympus Capital in a \$100 million China milk deal and investing \$84 million in Philippine hospitals business Neptune Stroika Holdings.

GIC had increased its allocation to private equity to 9 percent, as of 31 March 2014, up from 8 percent, with its target allocation currently between 11 and 15 percent.



EXIT OF THE YEAR IN ASIA

1. Oriental Brewery – KKR, Affinity Equity Partners
2. HCM Holdings – J-STAR
3. Mobile World – Mekong Capital

This year's winning exit in Asia came from a large, traditional buyout deal – through which, Kohlberg Kravis Roberts and Affinity Equity Partners demonstrated that applying the private equity model in Asia can be effective.

Once part of the conglomerate Doosan Group and maker of the popular Cass Beer, OB changed hands in May 2009, KKR buying the business from Anheuser-Busch InBev in a \$1.8 billion deal. Subsequently, KKR sold 50 percent to Affinity. >>



OB: KKR and Affinity cheers their success

» small- to mid-cap market in Japan, consistently doing deals and generating impressive returns.

During 2014, the firm netted an 8x multiple on its sale of portfolio company Burn Holdings to Shinsei Corporate Investment and Creation Capital in a deal valued at around \$50 million.

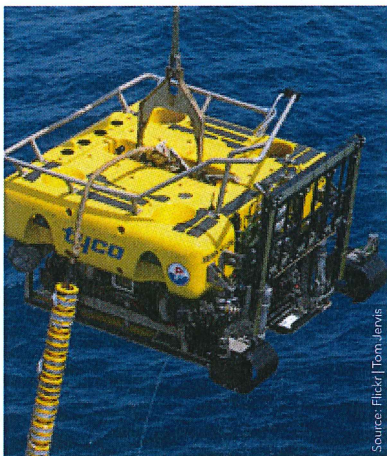
One month later, J-STAR sold HCM Holdings – which provides nursing care and housekeeping services to seniors – to Sohgo Security Services. In the process it delivered a multiple on its investment of approximately 5.1x and a 60 percent IRR.

FIRM OF THE YEAR IN KOREA

1. The Carlyle Group
2. IMM Private Equity
3. Morgan Stanley Private Equity Asia

It is not easy for foreign private equity firms to crack Korea. Made challenging by negative public sentiment and a difficult regulatory environment, getting access to good deals is tough to say the least – one of the reasons country managers tend to prevail.

However, in 2014 attention was drawn to The Carlyle Group's acquisition of a 100 percent stake in ADT Korea, Tyco



Tyco: Carlyle's ticket to Korea

International's Korean security business, for \$1.93 billion. It joined a number of firms buying up the Korea businesses of large multinationals.

Carlyle bought Tyco Fire & Security Services Korea and its subsidiaries (ADT Caps, Capstec and ADT Security), which together form ADT Korea – at the time marking Korea's largest US dollar buyout since 2008, according to the firm.

Sanghyun Lee, managing director in the Carlyle Asia buyout team, said: "Korea is one of the few countries in Asia that generate stable economic growth along with consistent deal flow of large buyout transactions."

FIRM OF THE YEAR IN INDIA

1. Everstone Capital
2. ICICI Venture
3. Tata Capital

Everstone Capital continues to hold the number one spot in India. Four times the winner of this award, the firm continued to actively invest during 2014, revealing a renewed focus on buyout opportunities – something investors are keen to hear more about.

"Buyouts are beginning to happen in this country. You are beginning to see that you can actually go and buy businesses, I see it on a daily basis. You'll find that our current fund we are investing will end up with two-thirds control transactions," founder Sameer Sain said at PEI's Mumbai event last year.

As well as investing consistently in a market where good deals are hard to find, Everstone ventured into new markets, with its first-ever investment in the IT sector, paying \$66 million for a majority stake in software firm Servion.

The firm significantly strengthened its management last year too, bringing in Goldman Sachs veteran Brooks Entwistle as



Modi Madness: LPs return to India

co-CEO, just as it launched its third private equity vehicle targeting \$650 million.

FIRM OF THE YEAR IN SOUTHEAST ASIA

1. Navis Capital Partners
2. Kohlberg Kravis Roberts
3. Creador

Despite our voters' acknowledgement of the firm's progression into a true pan-Asian player, with Navis winning Mid-Market Firm of the Year in Asia, the 16-year-old firm also continues to be recognised as the leading private equity investor in Southeast Asia.

Undoubtedly, a significant portion of the firm's \$1.5 billion Asia fund will be deployed in this part of the region, with other investments having some kind of growth angle which involves the region.

For example, its investment in Hong Kong-based Amazon Papyrus Chemicals Group, which closed in January, will be used to accelerate the company's growth plans regionally, as well as to streamline operations.

Navis, where Nick Bloy is co-managing partner, also closed a number of deals in Singapore in 2014, including Tri-Star, a Singapore-based oil and gas

component manufacturer, which was its seventh deal in the country. Months later it took a significant majority equity stake in gas pipe business Cladtek Holdings.

