

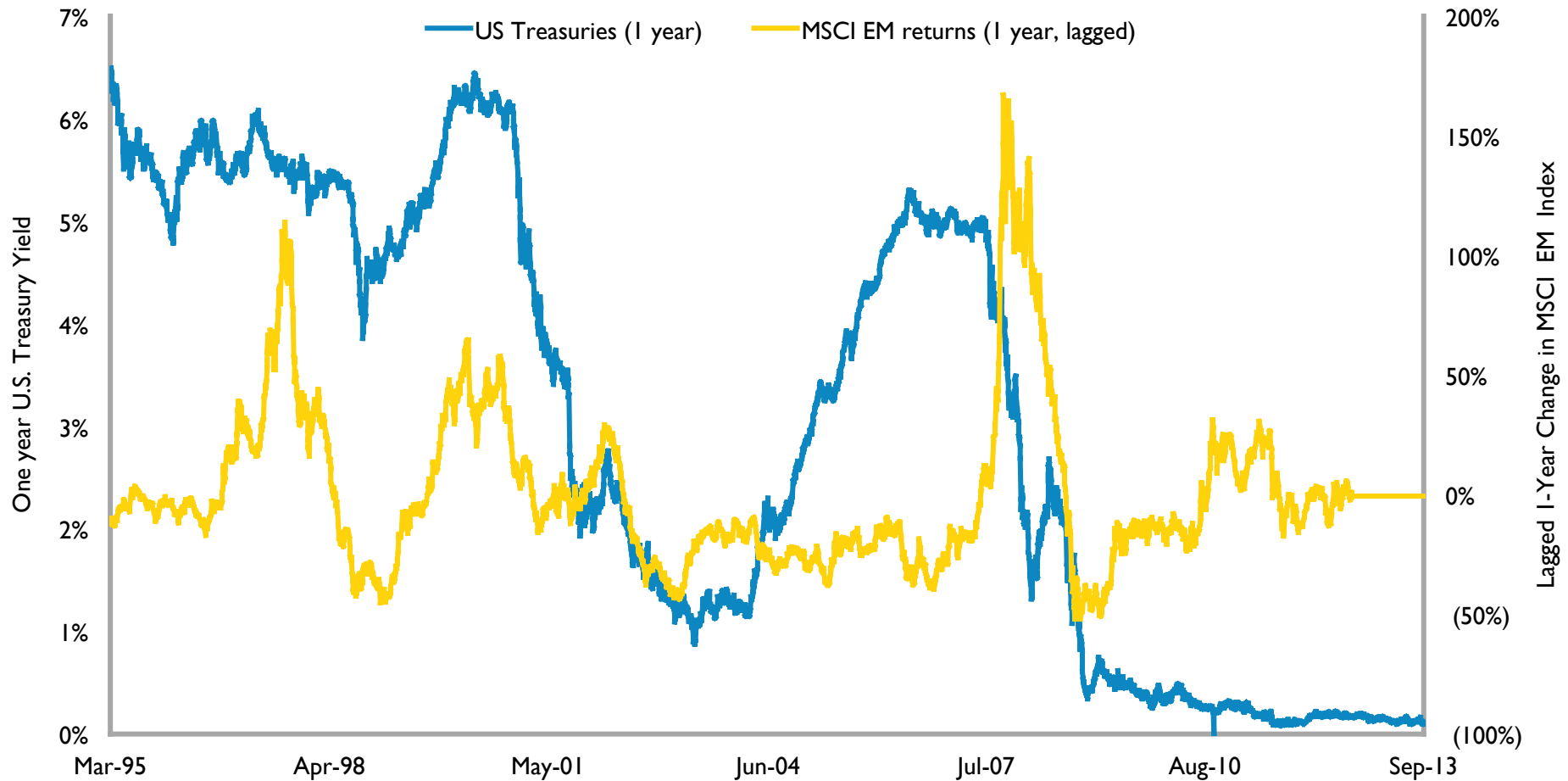


Khazanah Megatrends Forum 2014

Ganen Sarvananthan



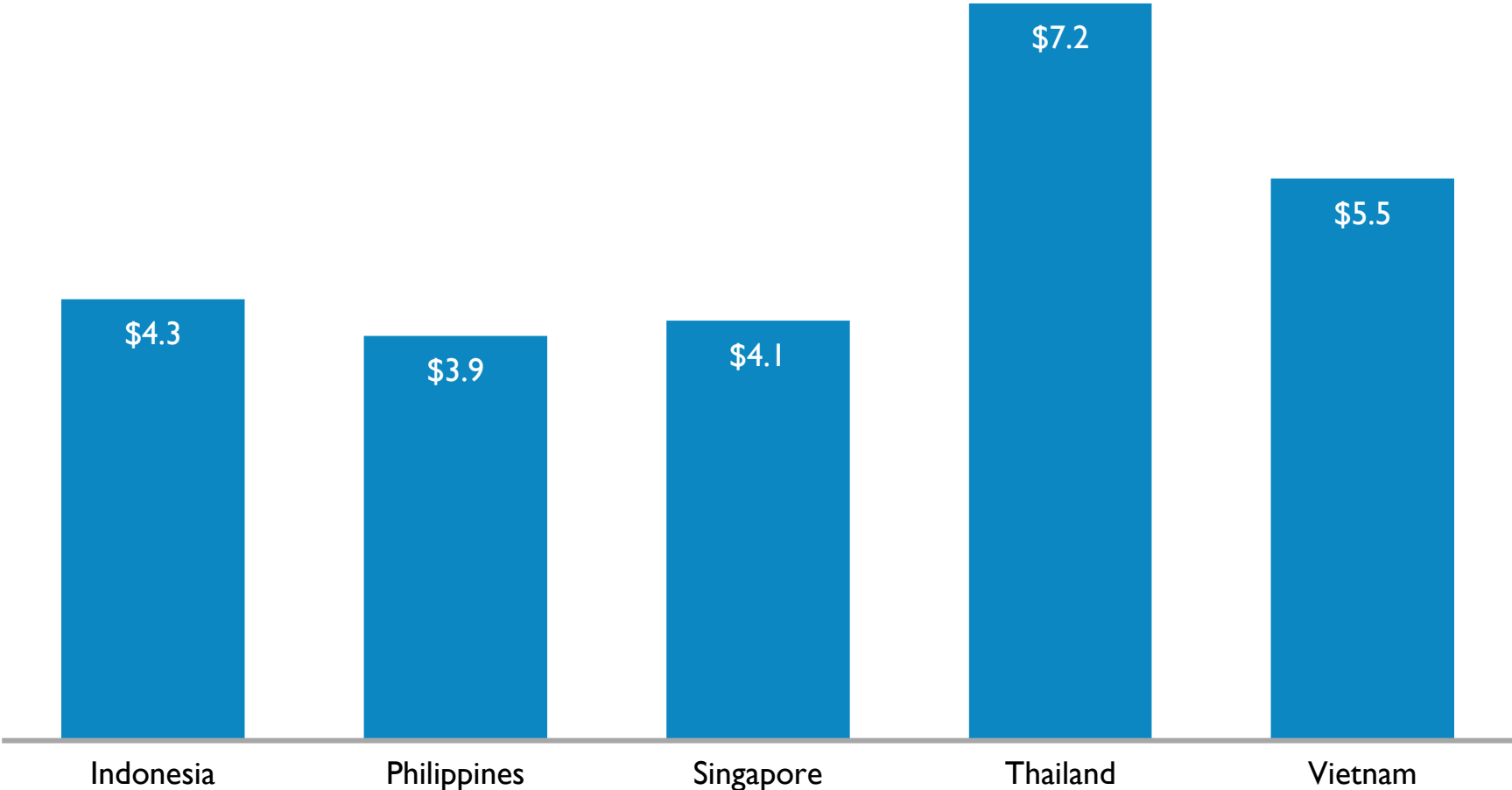
Absolute Returns May Be Headed Up



Higher returns in the US → Higher returns in Emerging Markets

Strong Portfolio Flows...

FOUR YEAR CUMULATIVE PORTFOLIO FLOWS (2009 – 2012)
(\$ Billions)



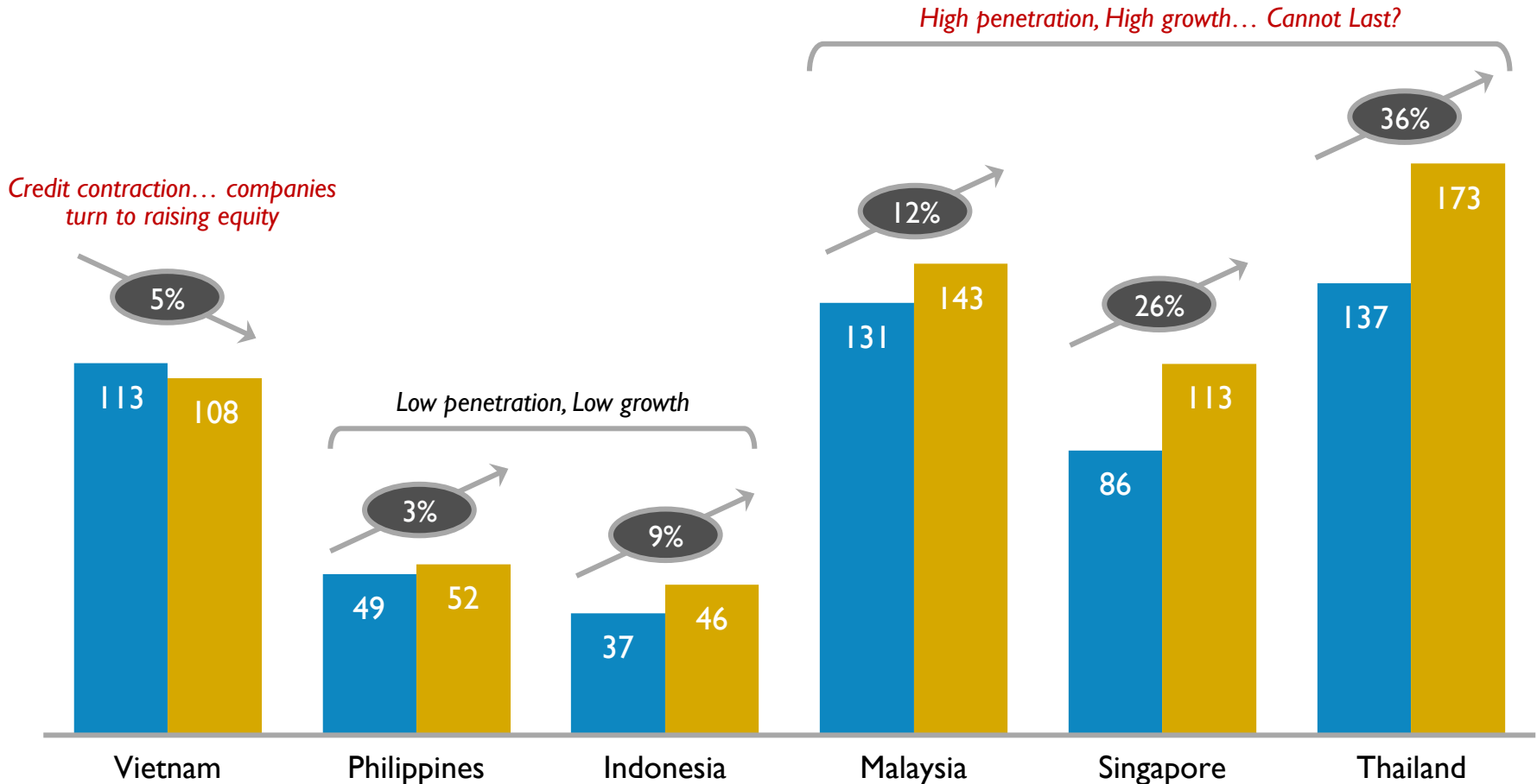
Data Source: World Bank



Liquidity moving into ASEAN in search of returns

... But Expansion in Lending Has Been Inconsistent ...

DOMESTIC CREDIT 2009 VS. 2013
(% of GDP)



Data Source: World Bank

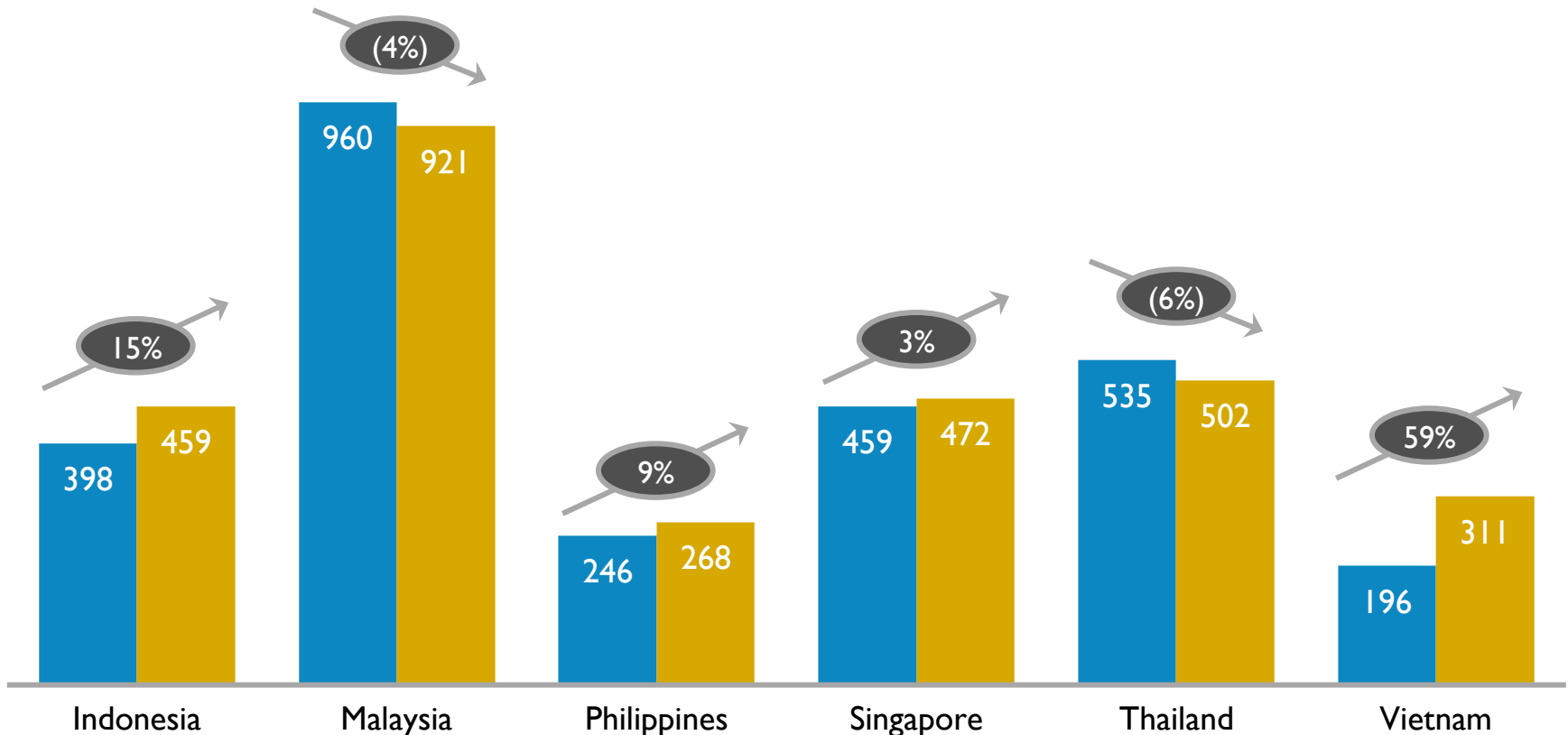
Credit not flowing where it is needed

... And Few New Listings ...

LISTED COMPANIES

(Number)

■ 2009 ■ 2012



Data Source: World Bank

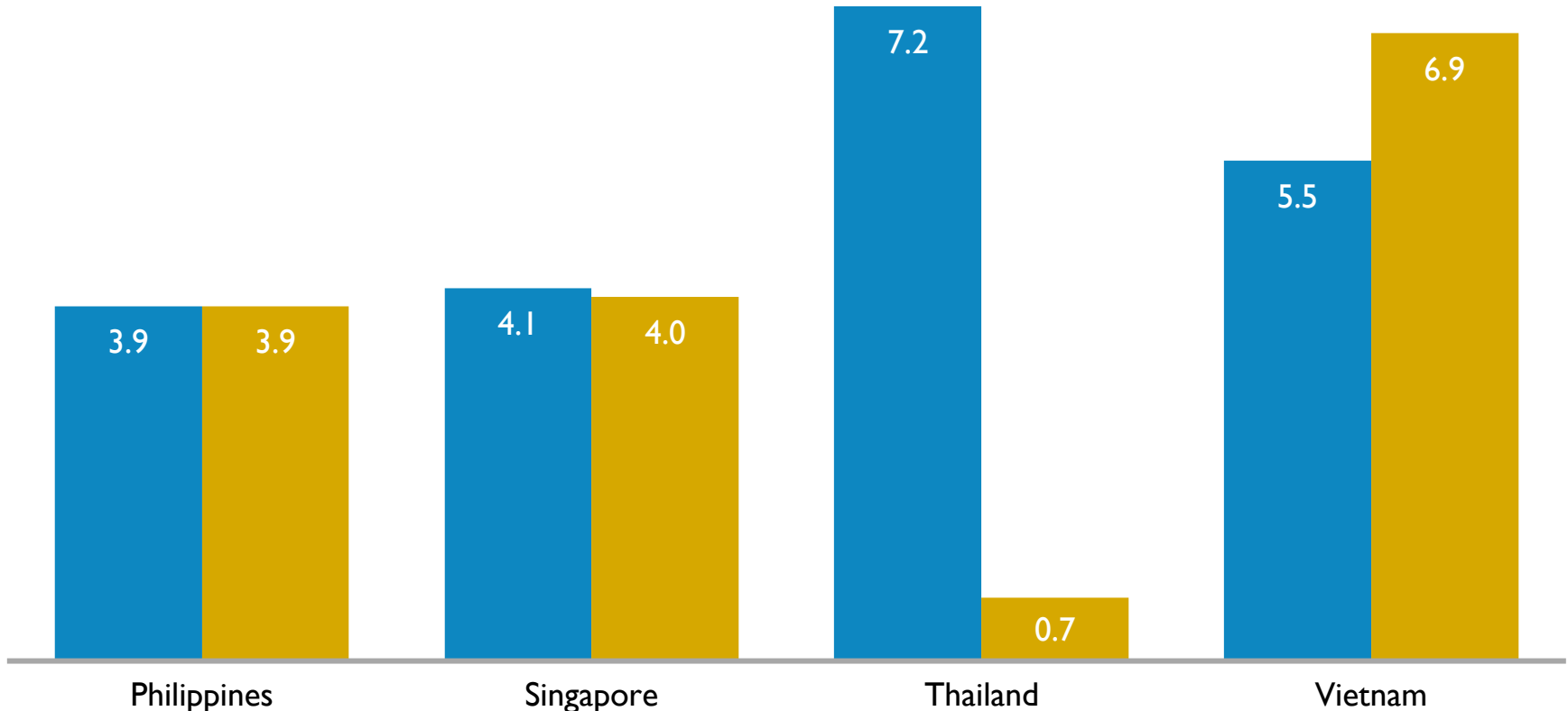
So existing companies have benefited from the liquidity

... And Momentum has Already Slowed

CUMULATIVE PORTFOLIO FLOWS (2009 – 2012 VS 2013)

(\$ Billions)

■ 2009 to 2012 ■ 2009 to 2013



Data Source: World Bank

Flows starting to reverse? (except Vietnam)

Absolute returns poised to rise

Strong portfolio inflows...

... but existing listed companies
benefiting the most ...

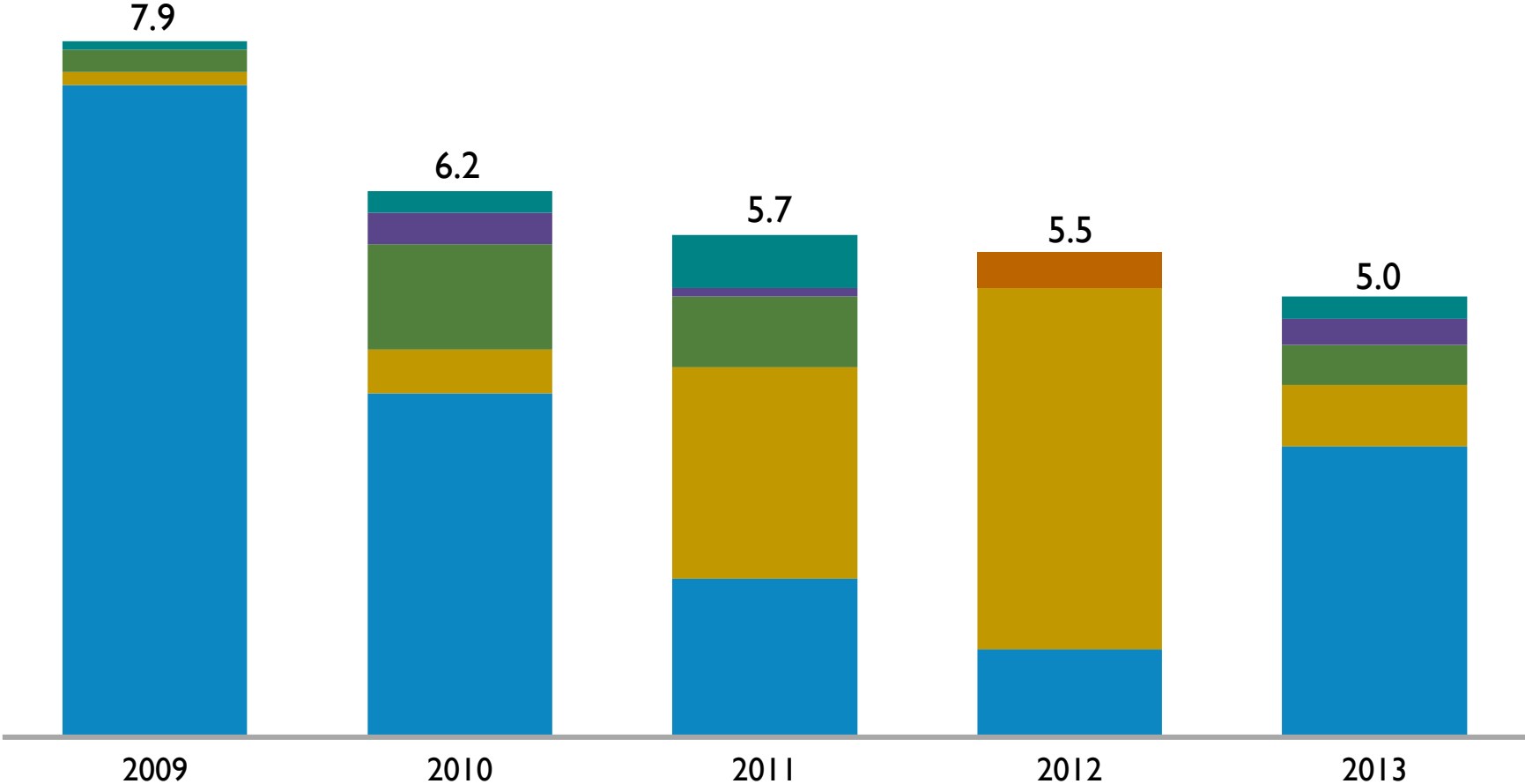
... and credit not flowing where it is needed

Private equity can fill the gap

Private Equity Moves Dynamically Across SE Asia

SEA DEAL VALUE ADDRESSED MARKET
(\$ Billions)

■ Singapore ■ Malaysia ■ Indonesia ■ Philippines ■ Thailand ■ Vietnam



Source: AVCJ, Bain

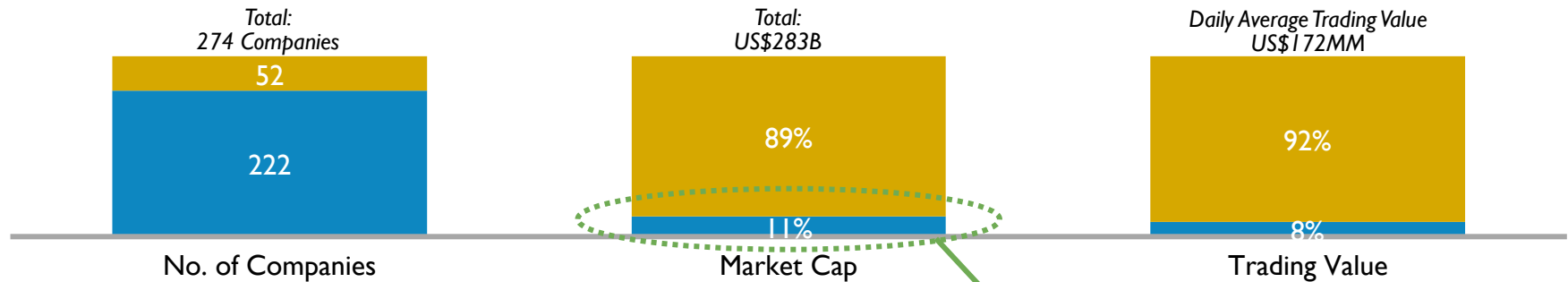
Headline Market Multiples Not the Whole Story

PCOMP COMPOSITION

(Average LTM P/E)

■ Small Cap (<US\$1B)

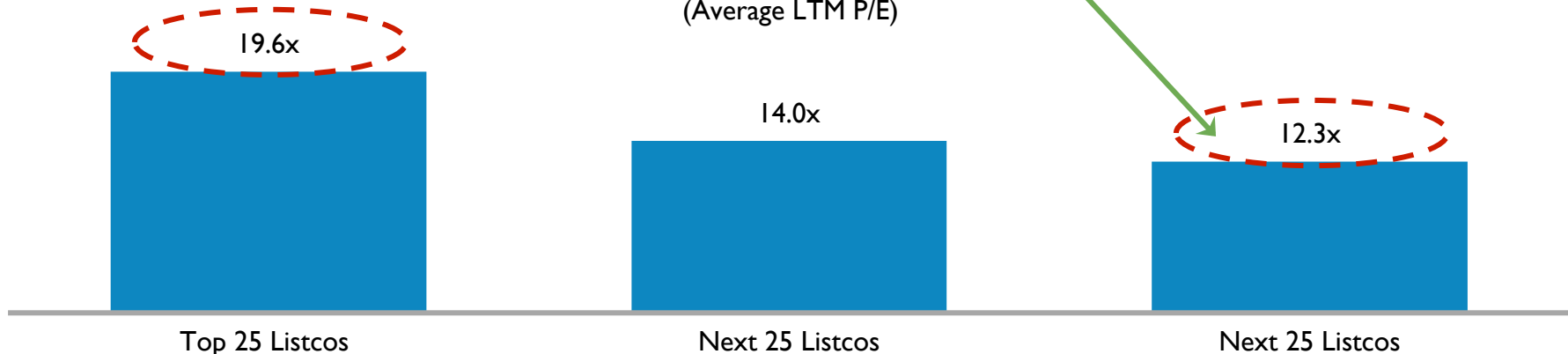
■ Large Cap (>US\$1B)



Source: Bloomberg

PHILIPPINES VALUATION

(Average LTM P/E)

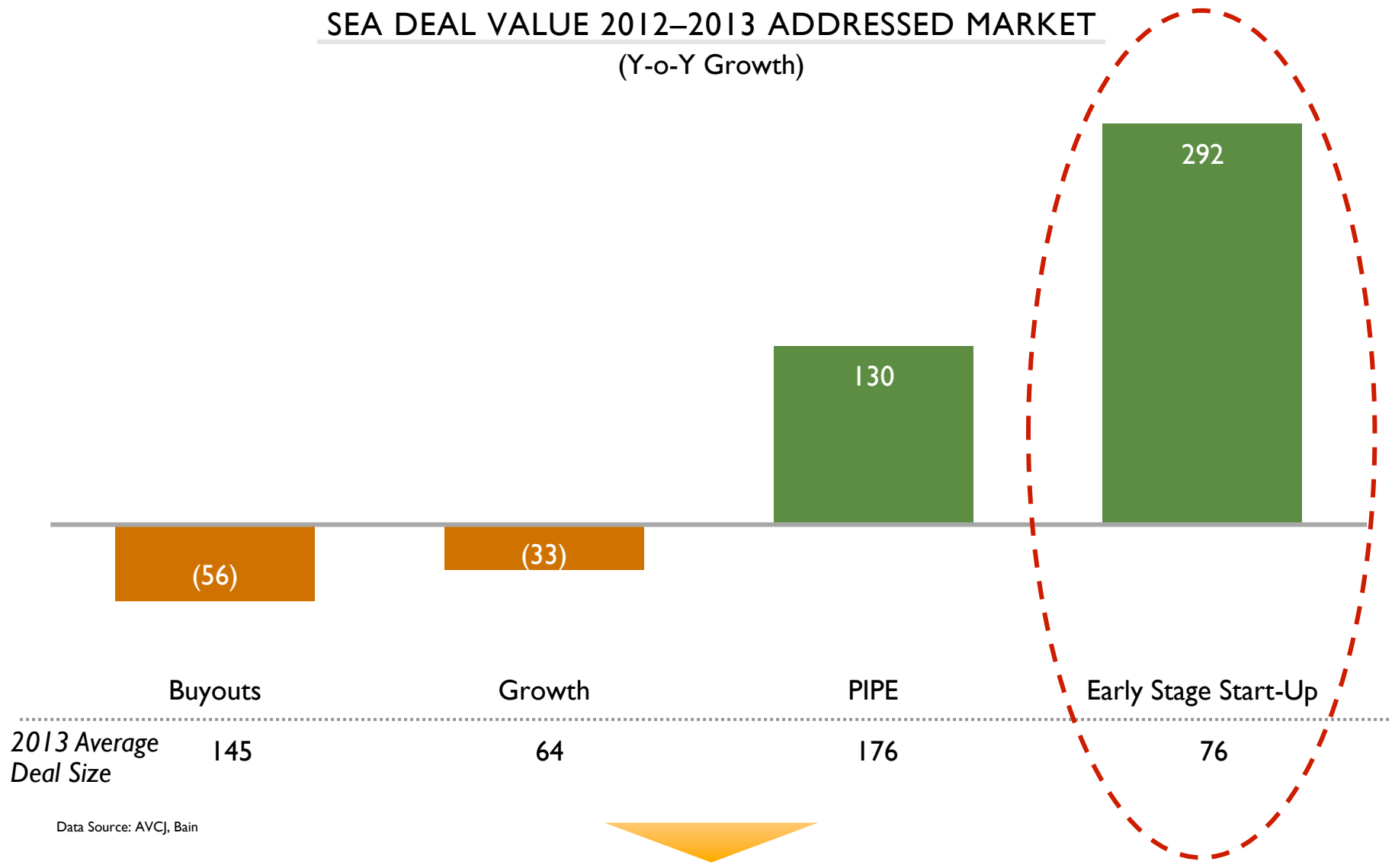


Source: Bloomberg

Large cap stocks skew the market multiples
(and represent the worst valuation vs. growth proposition)

South East Asia – Private Equity Deal Styles

SEA DEAL VALUE 2012-2013 ADDRESSED MARKET
(Y-o-Y Growth)



Data Source: AVCJ, Bain

Private equity moving to where liquidity is most needed

Large cap stocks have premium valuations...

... but small cap stocks are growing the fastest...

... and have weak access to credit and equity markets ...

Private equity can fill the gap

Talent – A Topic Worthy of a Longer Discussion

- ◆ Hire people smarter than yourself
- ◆ The best managers can build upon already positive macro dynamics
- ◆ Values are as important as ability
- ◆ The “right” organisational culture is business-specific, and can drive real value



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