

**HD** Herbert Smith Freehills: **M&A Market in Asia Pacific ends 2013 on a High**

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Singapore, Jan. 8 -- The **M&A** market in Asia Pacific enjoyed a strong resurgence in the last quarter of 2013, with increased activity across a range of sectors and larger deal values demonstrating a renewed confidence and a positive outlook for 2014, according to Rebecca Maslen-Stannage partner at Herbert Smith Freehills.

"The first nine months of 2013 were challenging for **M&A** markets across Asia Pacific. However, in the last quarter we witnessed a strong turn-around with firms in a sprint to the finish of what was an otherwise moderate year. We've started to see a considerable return to confidence and I would expect to see further improvement in 2014," commented Maslen-Stannage.

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Thomson Reuters' latest **M&A** Legal Advisor League Tables show that in 2013 deal volumes in Australia reached US\$107.2 **billion** - an increase of 22.5% on 2012, while the value of announced **M&A** deals in Asia rose by 1.6% to a total value of US\$459.9 **billion**.

"Considering that in 2013 global **M&A** deal value declined by 6% and the number of deals also fell, Asia Pacific's **M&A** performance is very impressive." said Maslen-Stannage.

"A bright spot in global **M&A** was the return of buy-side private **equity** activity, which was up 22% globally. However, in this region, we're also seeing substantial increases in activity across a range of sectors including **property**, infrastructure, industrials and healthcare. This broad market bounce provides further promise of a robust 2014," commented Maslen-Stannage.

"Three months ago, we predicted that there would be a jump in **M&A** activity in the last quarter of 2013 followed by a positive 2014. It's a welcome development to see our predictions now being reflected in the market," said Simon Haddy, partner at Herbert Smith Freehills.

**M&A** performance across the region:

Australia

According to Simon Haddy, in 2013 Australia's **M&A** market was bolstered by a wave of demergers: "Demergers were prominent in 2013, particularly in the last quarter, as investors looked for new ways to unlock value and drive shareholder returns. We saw many high profile examples including Westfield, Brambles and Amcor."

Along with a rise in demergers and increased finance sector investment, the Australian market also benefited from a rush of IPO activity in the last quarter.

"**M&A** typically follows IPO activity and 2013 was a strong year for IPOs, with a six-fold increase in IPO fund raising compared to the previous year. With a number of high profile businesses expected to float in 2014, we can anticipate continued growth," said Haddy.

According to the Thomson Reuters' **M&A** Legal Advisor League Tables, in 2013 Australian cross border activity totalled US\$43.1 **billion**; the materials sector led the inbound investments market with a 27.8% share, while outbound activity reached US\$13.7 **billion**.

Asia

Austin Sweeney, a **Hong Kong**-based partner of Herbert Smith Freehills said, "2013 was a quiet year for capital markets in Asia, however since November the market started to open up and a number of potential

launches that had been in the pipeline for the past two to three years, started to take place. **M&A**; also picked up in the last quarter of the year."

"For instance, there were a good number of investments into the US, Australia and Europe from **Chinese** companies, especially in the **commercial** and **residential** real **estate** sectors."

In Asia in 2013, outbound investment increased by 11.3% compared to the previous year, led by the **energy** and power sector (representing 42.3% of the market share). **China** performed well in cross-border activity increasing 6.3% on 2012.

"Looking ahead, I expect there to be some further market improvement in 2014. Privately owned enterprises in **China** are already on the lookout for good value **M&A**; targets - an opportunistic consequence of the low prices of target corporations following a slow year. In addition, I hope to see more of **China's** state-owned enterprises look outside their home markets for new sources of revenue growth," explained Sweeney.

Herbert Smith Freehills is cementing its position as the leading legal advisor for **M&A**; in Asia Pacific. The **firm** again performed strongly in the Thomson Reuters **M&A**; Legal Advisor League Tables for Asia Pacific including ranking first by value of announced and completed deals in Asia Pacific (ex-Japan). The **firm** also ranked first by value and number of announced and completed deals in Australia and New Zealand. Globally, the **firm** was ranked 13th in terms of announced deals.

Herbert Smith Freehills advised on some of Asia Pacific's most strategic and market defining deals of 2013, illustrating the strength, flexibility and diversity of the **firm's** capabilities. Highlights include advising; Axiata on the **acquisition** of Smart Mobile in Cambodia; **China** National Petroleum Corporation on its **acquisition** of a 28.57% **stake** in Eni East Africa SpA, a wholly owned subsidiary of Eni SpA, for US\$4.2 **billion**; Mitsui & Co. Ltd, on its **acquisition** of 28% **equity stake** in International Power (Australia) Holdings Pty Ltd from French electric utility **company** GDF SUEZ S.A; Goldman Sachs on its investment into the Indian cable television services **company** Den Networks; Wesfarmers on its **sale** of the insurance division to Insurance Australia **Group**; NSW Ports Consortium on its successful bid for Port Botany and Port Kembla; Fairfax Media on its **sale** of Stayz; Commonwealth Bank of Australia in relation to the proposed takeover bids announced for Commonwealth **Property** Office Fund; Murray Goulburn on its takeover bid for Warrnambool **Cheese & Butter**; TPG Capital on its **acquisition** of Ingham Enterprises; and Australian Infrastructure Fund on the **sale** of its Australian and European airport assets to Future Fund.

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