Asia-Pacific Private Equity Report 2025

Most markets showed signs of bouncing back, but fund-raising remained in freefall.

Authors and acknowledgments

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The authors wish to thank Kiki Yang, coleader of Bain's Asia-Pacific Private Equity practice, for her overall guidance; Andrew Tymms, Anthony Wicht, and Vikram Chandrashekhar for their perspectives on portfolio growth imperative; Jisoo Ahn for his perspective on corporate carve-outs; Suvir Varma for his perspective on secondary exits; Sungwon Yoon, Wonpyo Choi, Yeounghoon Yang, Hao Zhou, Usman Akhtar, Jim Verbeeten, James Viles, Ben MacTiernan, and Sriwatsan Krishnan for their input on regional dynamics; Mike McKay and Brenda Rainey for their input; Winnie Xie and Owain Palmer for their contributions; Echo Han, Dhawal Pandey, Sanyam Sharma, Shilpi Bansal, Sanjukta Sen, Vedant Thapliyal, Nippun Aggarwal, and the team from the Bain Capability Network (Ira Kaur, Vikas Sharma, Deepak Bhawani, Shalini De, Siddhant Banerjee, Saloni Singh, and Kabir Singh Kochar) for their analytic support and research assistance; and Gail Edmondson for her editorial support.

We are grateful to Preqin and Asia Venture Capital Journal (AVCJ) for the valuable data they provided and for their responsiveness.

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At a Glance

- Asia-Pacific deal value increased 11% in 2024, and exit value rose in every country except China, but fund-raising declined sharply.
- India was the region's star performer in 2024—the only country with double-digit growth in both deal value and count.
- Global private equity funds are expanding their portfolio management teams in the Asia-Pacific region to focus on value creation.
- Carve-outs are on the rise, but it's harder to deliver strong returns; leading GPs rely on solid value creation plans to turn carve-outs into strong performers.

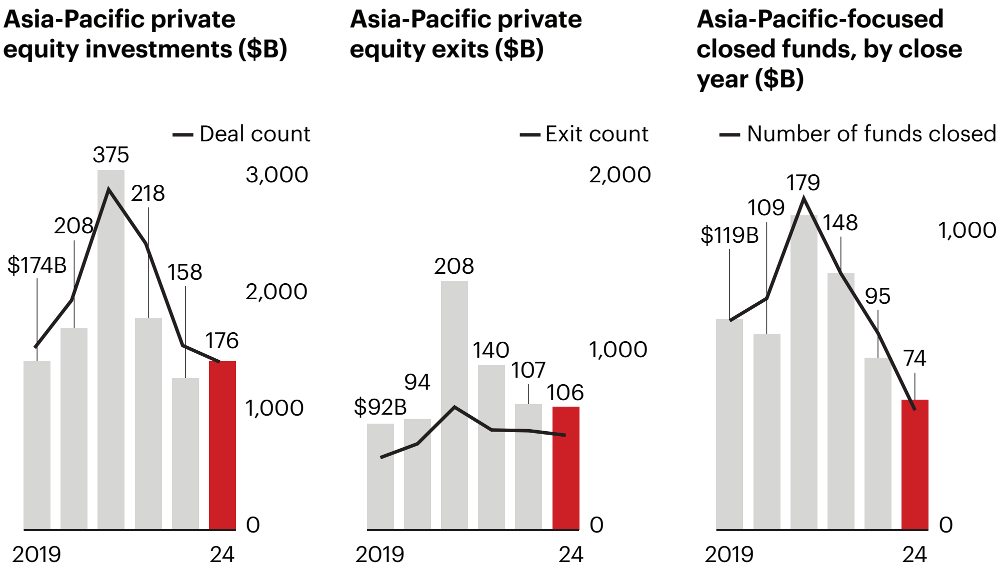
For private equity investors in the Asia-Pacific region, 2024 brought glimmers of recovery. Investment rose moderately in most countries, reversing two years of precipitous declines, while an 11% rebound in deal value for the region gave fund managers a jolt of optimism *(see Figure 1)*. Challenges remain, including economic uncertainty and geopolitical tensions, but improving macroeconomic conditions boosted investor sentiment.

Dealmaking activity in Asia-Pacific countries diverged sharply in 2024, reflecting changing dynamics in the region's economies. India was the region's best performer in 2024—the only country with double-digit growth in both deal value and count. As recently as 2020, China represented more than half of all Asia-Pacific deal value, but that share fell to 27% in 2024. In recent years, general partners (GPs) and limited partners (LPs) have channeled a greater share of investment dollars to India and Japan, and that trend continued in 2024.

Uncertain market conditions continued to fuel a surge in buyouts as GPs sought greater control over portfolio companies to manage risk and ensure value creation. Fund managers balanced their investments across different business sectors to diversify their exposure, seeking deals with strong business fundamentals, a sound exit strategy, and attractive entry valuation. Technology and cloud services, which have generated exponential growth but variable success rates in the past, continued to lose share. Sectors that are more resilient and lower risk, including communications and media, services, and financial services, gained share.

Intense competition for fewer attractive deals continued to squeeze weaker funds out of the market, and the number of active investors in the region declined significantly. The top 20 funds' contribution to total deal value remained above 40%.

Figure 1: Asia-Pacific deal value increased slightly, exits were flat, and fund-raising plunged further in 2024



Notes: Excludes real estate and deals/exits with a value under $10 million; fund-raising data excludes RMB-denominated funds
Sources: AVCJ; Preqin; Bain analysis

The number and value of exits in the Asia-Pacific market were flat, but a sharp drop in Greater China's exit value masked gains in other countries. Most fund managers across the region said the exit environment improved in 2024. Secondary sales became the largest exit type, as well as an attractive channel for GPs to accelerate distributions and for LPs to improve liquidity. India became the region's biggest exit market, powered by a large number of initial public offering (IPO) exits. The value of Asia-Pacific IPO exits fell to only 31% of total exit value in 2024, compared with the previous five-year average of 48%. The main reason for that decline was the sluggish public market performance in China and other markets.

The pressure on fund managers to make exits and increase distributions to LPs rose significantly in 2024. Among buyouts in the 2017–19 vintage valued at $100 million or more, only 26% had exited by the fifth year of ownership, compared with 43% for those in the 2011–13 vintage. By year-end 2024, the 2011–19 vintage group included more than 200 portfolio companies held more than four years, a powerful signal that GPs should be seeking an exit.

Achieving top returns has become increasingly challenging. The gap between top-performing funds and bottom-quartile funds is widening for the same vintage fund. The top-quartile funds from vintage 2017 have delivered an internal rate of return (IRR) of more than 25%, while the bottom-quartile funds are only producing a high single-digit IRR for the same period. Despite the growing gap in returns, fund managers expect returns to rebound in the next three to five years, according to Bain's 2024 Asia-Pacific Private Equity survey.

The fund-raising environment remained gloomy in 2024, and dry powder declined from a record level in 2023, reflecting challenging fund-raising conditions. Fund-raising at Asia-Pacific-focused funds fell 22% to a 10-year low (excluding RMB funds), mirroring the 23% decline in global fund-raising. Fund managers cited the challenge of too many groups competing for a shrinking pool of funds. As LPs gravitated to funds with a strong track record, large funds continued to get larger. CVC Capital Partners and TPG closed their biggest-ever Asia-Pacific-focused funds in 2024.

Net distribution was a bright spot for Asia-Pacific fund managers in 2024, turning positive for the first time since 2021. Our survey showed GPs were more optimistic about future returns, convinced that top-line growth and cost improvement will help power successful exits and returns.

Net distribution was a bright spot for Asia-Pacific fund managers in 2024, turning positive for the first time since 2021.

Fund managers continue to see top-line growth as the key factor behind strong returns, although nearly 50% say they fail to meet growth expectations in more than half the deals they close, according to our survey. To address that challenge, GPs are strengthening their portfolio management capabilities to support value creation and successful exits. Those that succeed have clear priorities, achieve strong execution, and ensure alignment with portfolio company management.

While fund managers are redoubling their focus on portfolio value creation, they continue to rank the search for attractive investment opportunities as a top priority. Corporate carve-outs rose in 2024, throwing a spotlight on carve-out returns. While carve-outs used to routinely outperform the average private equity buyout, increased competition and elevated multiples have made it harder to deliver strong returns on these complex transactions. The firms doing it right use an iron-clad value creation plan to transform carve-outs into strong performers.

What happened in 2024?

Deals: A cautious comeback

Private equity investors in the Asia-Pacific region reversed a two-year dealmaking slump in 2024 despite ongoing turbulence in global markets. Deal value rose 11%, while deal count declined 9%. It was not the robust recovery GPs would have wished for, and the rebound was uneven across the region. However, the flush of dealmaking helped boost investor sentiment, especially in India, where the surge in activity was strong.

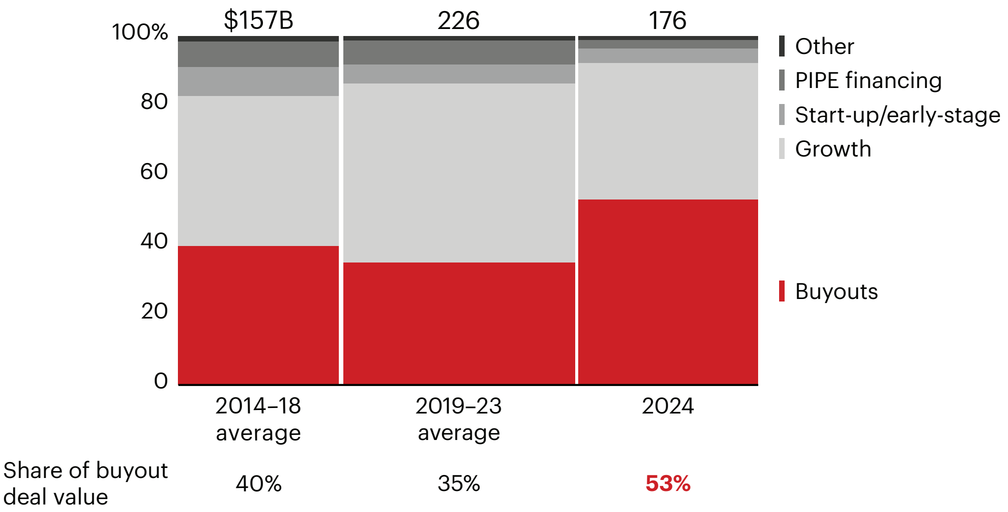
Wary of ongoing macroeconomic and market uncertainty, investors sought greater control to manage risks and ensure a clear path to increasing value. The share of buyout deals grew to more than 50%, while the percentage of growth deals shrank *(see Figure 2)*. Notably, the share of buyout deals rose in traditionally growth deal markets, including India, Southeast Asia, and Greater China. Lower interest rates across most of the region also fueled more buyouts. Overall, Asia-Pacific deals were larger. Average deal size in the region rose to $133 million, up 22% over 2023 and 12% higher than the previous five-year average. The number of megadeals, or deals valued at $1 billion or more, increased by 50% compared with 2023, lifting average deal size.

The recovery in dealmaking varied widely across Asia-Pacific countries. Greater China produced higher deal value than any other country in the region, but deal value rose only modestly, and its share of the market continued to drop. India was the region's No. 1 performer in 2024—the only country with double-digit growth in both deal value and count. Australia–New Zealand's deal value more than doubled, fueled by the $16 billion AirTrunk deal. Japan's deal count was unchanged, but deal value was down sharply vs. the previous year, which included multiple megadeals. In South Korea and Southeast Asia, dealmaking revived *(see Figures 3 and 4)*.

Looking at a longer time horizon, India and Japan were the only two markets that maintained a deal count in 2024 similar to the previous five-year average. Although India faces macroeconomic challenges, including inflation and consumption slowdown, it remains one of the fastest-growing countries in the region based on GDP, and investors are drawn to its strong growth fundamentals. In Japan, strong historical returns and expanding opportunities to take public companies private have encouraged investors and private equity funds to put more money to work.

Figure 2: The share of buyout deals rose above 50%, as investors opted for more control and less risk

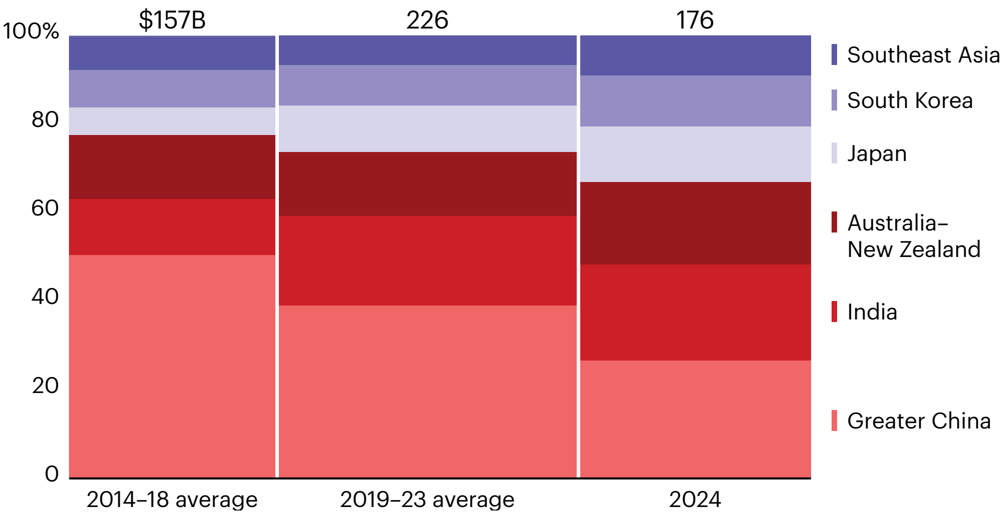
Share of Asia-Pacific investment value, by deal type



Notes: Excludes real estate and deals with a value under $10 million; PIPE financing is private investment in public equity; start-up/early-stage investments use financing for product development and initial marketing; the company may be in the process of being organized or may have been in business for a short time, but hasn't sold its product commercially; growth includes expansion, growth, mezzanine, and pre-IPO capital deals
Sources: AVCJ; Bain analysis

Figure 3: All countries increased their value share against the previous five-year average except for Greater China

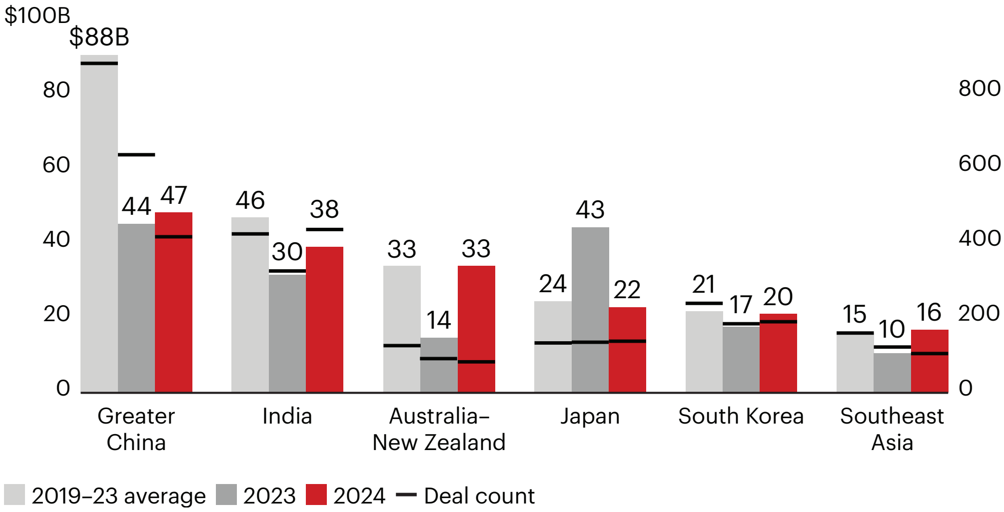
Share of Asia-Pacific private equity deal value, by region



Notes: Greater China includes China, Hong Kong, and Taiwan; excludes real estate and deals with a value under $10 million
Sources: AVCJ; Bain analysis

Figure 4: India was the only country to achieve double-digit growth in deal value and deal count in 2024

Asia-Pacific private equity deal value, by market ($B)



Note: Excludes real estate and deals with a value under $10 million
Sources: AVCJ; Bain analysis

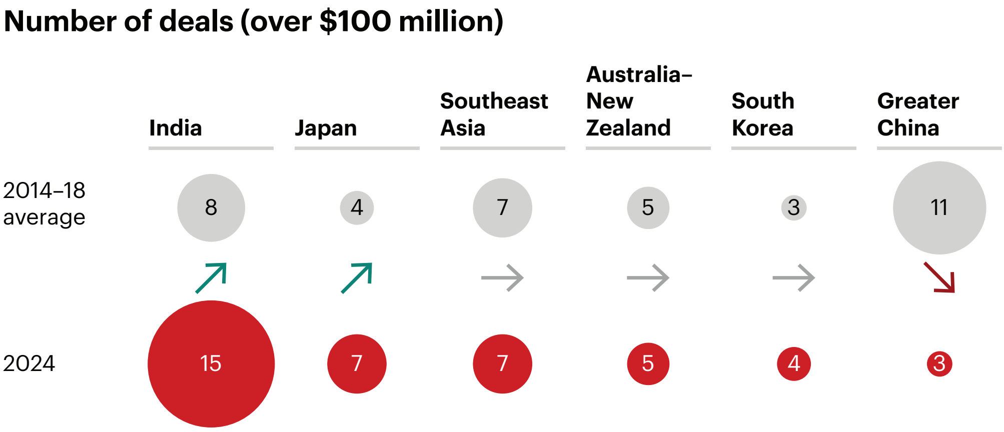
Fund manager attitudes mirrored the divergent levels of dealmaking activity across the region. Investors in India, Japan, and Australia-New Zealand were the most optimistic about the coming year. More than 70% of GPs in India thought 2024 was a better year. By contrast, almost 60% of Greater China investors thought it was worse than 2023.

Seven of the largest global fund managers who have invested in the Asia-Pacific private equity market for more than 25 years are rethinking their geographical mix and moving their focus away from China toward other markets. In 2024, these GPs closed almost twice as many deals in Japan and India as they averaged from 2014 to 2018 *(see Figure 5)*. Their investments in Greater China, by contrast, declined to less than one-third of the 2014–18 average.

Similarly, LPs recognize the attractiveness of India and Japan and endorse the strategic shift to those markets. In Preqin's 2024 global LP survey, Japan ranked No. 4 globally for the best private equity investment opportunities in developed markets (after the US, Western Europe, and the UK)—and it ranked No. 1 in the Asia-Pacific region. Among emerging markets, India ranked No. 1 globally.

Looking forward, major global private equity funds plan to double down in India and Japan and deploy more capital in those countries. Carlyle, for instance, aims to allocate about 30% to 35% of its new pan-Asia fund to India, making it the firm's largest market in Asia. Bain Capital plans to invest 20% of its Asia fund in India and is on track to invest up to $10 billion in India over the next three to five years.

Figure 5: Leading global fund managers are doing more deals in India and Japan



Notes: Excludes real estate and deals with a value under $100 million; peer funds include seven global multi-asset fund managers investing in the Asia-Pacific region for more than 25 years
Sources: AVCJ; Bain analysis

Greater sector diversity

Technology is still the dominant sector in private equity investing across the Asia-Pacific region, with the highest share of deal value and count. But GPs sought greater industry balance in their portfolios in 2024, eager to diversify their exposure in an uncertain environment. Technology's share of deal value shrank to 25%, down from 50% in 2018 *(see Figure 6)*. At the same time, investment in non-technology-related industries, such as communications and financial services, rose.

The share of the top three sectors in 2024 decreased to 60%, down from 73% in 2021. For the first time since 2018, technology was edged out as the top PE investment sector in South Korea, as investments in energy and natural resources overtook tech.

Communications and media, services, and financial services showed the highest growth rates in deal value over the previous year. The surge in communications investment was powered by several large deals in data centers, including the $16 billion AirTrunk deal. The financial services sector was buoyed by investments in India, including several sizable deals in property loan and personal loan businesses.

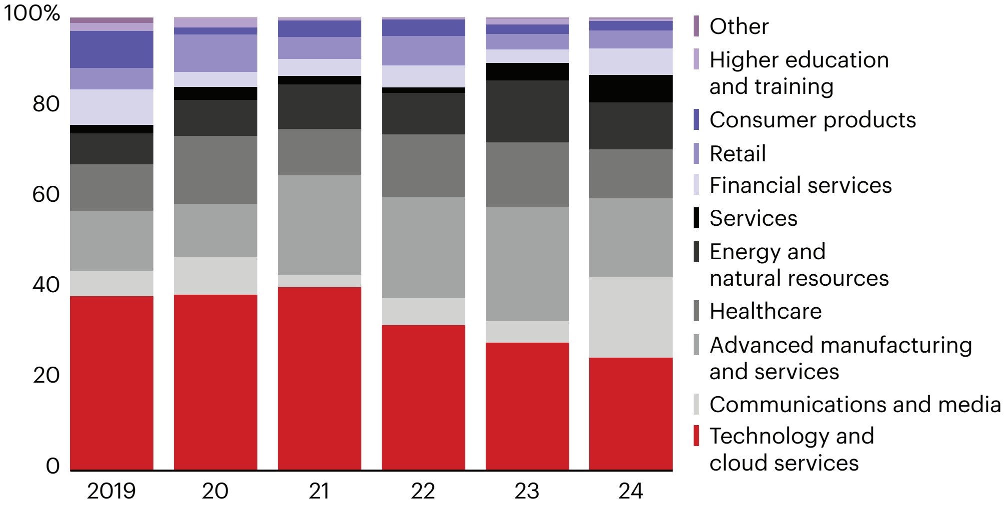
Investors said they are looking for deals with solid business fundamentals (39%); a clear exit strategy (37%); and an attractive entry multiple (32%). Solid business fundamentals ranked No. 1 in 2024, up from No. 3 in the previous year.

Competition favors the strong

The challenging private equity environment in the Asia-Pacific region is steadily squeezing out the bottom-ranked investors. In 2024, the number of active investors declined 10% to 2,412—the second drop in two years *(see Figure 7)*. Smaller funds are also struggling.

Figure 6: Investments were more balanced by industry, but technology remained the largest sector

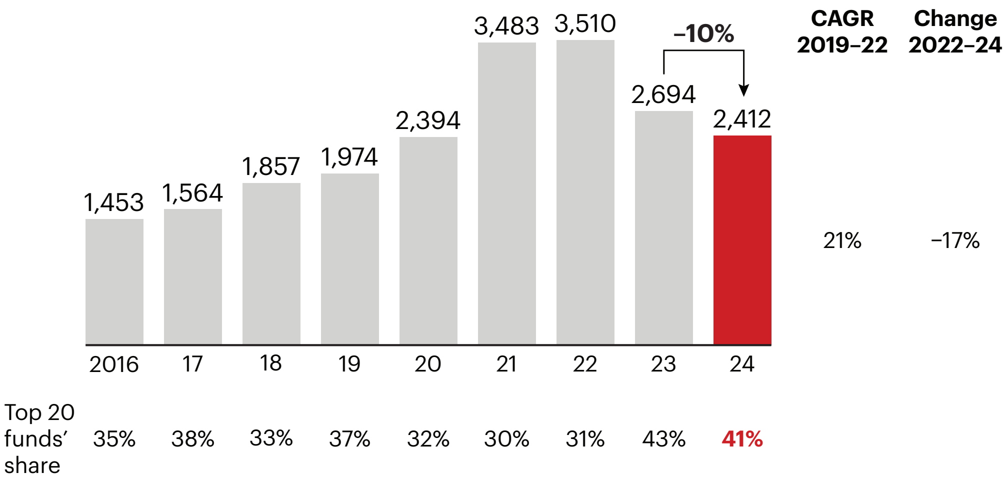
Percentage of Asia-Pacific private equity deal value, by sector



Notes: Other includes deals tagged under government/public sector, private equity, conglomerate, other industry, and no industry; excludes real estate and deals with a value under $10 million
Sources: AVCJ; Bain analysis

Figure 7: The number of active investors declined 10%; the top 20 funds' share of deal value remained over 40%

Number of active firms investing in the Asia-Pacific private equity market



Note: Excludes real estate and deals with a value under $10 million
Sources: AVCJ; Bain analysis

By contrast, the top 20 investors' share of total deal value remained high at 41%. Global fund managers and regional fund managers increased their share of deal value significantly in 2024 *(see Figure 8)*, and Asia-Pacific investors view these two groups as their biggest competitive threat.

While most investors in the region worried about macroeconomic trends and exit conditions, Japanese fund managers' top concern was greater competition from other fund managers (69%). The number of active investors in Japan rose 14% to more than 380 in 2024, bucking a regional trend of shrinking competition.

Underscoring Japan's attractive market dynamics, several major global investment firms, including Warburg Pincus and Ares Management, are setting up offices in the country.

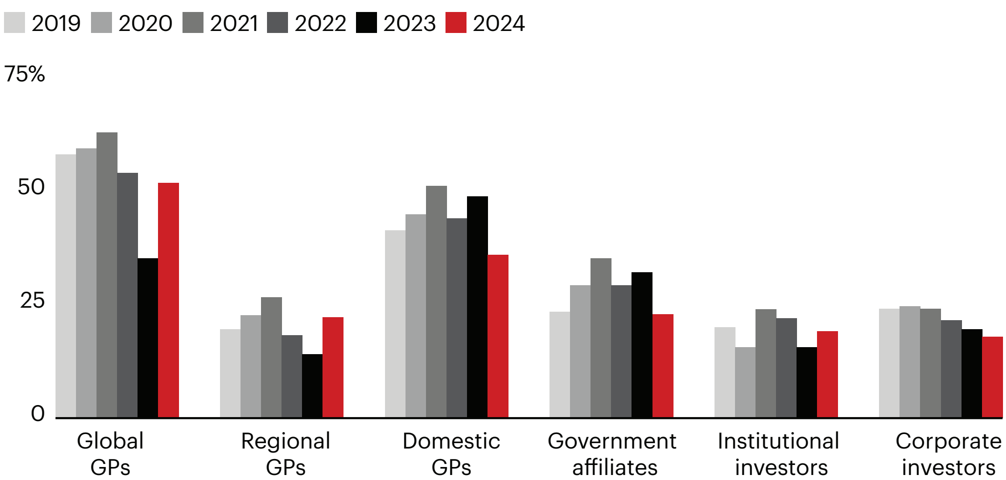
India's strong market dynamics are also attracting global PE funds to open local offices. The number of active investors in India rose 29% in 2024, helping fuel an increase in deal count and deal value.

Multiples rebound

Deal multiples—the ratio of enterprise value to EBIDTA—edged up after a sharp fall in 2023. The median deal multiple rose to 12.8 from 10.3 a year earlier *(see Figure 9)*. Factors contributing to the rebound include rising valuations of comparable companies listed on public markets across the region and public market recoveries or rallies. Competition also boosted multiples as fund managers chased a limited number of attractive deals. GPs cited high entry valuations as their second highest concern, after

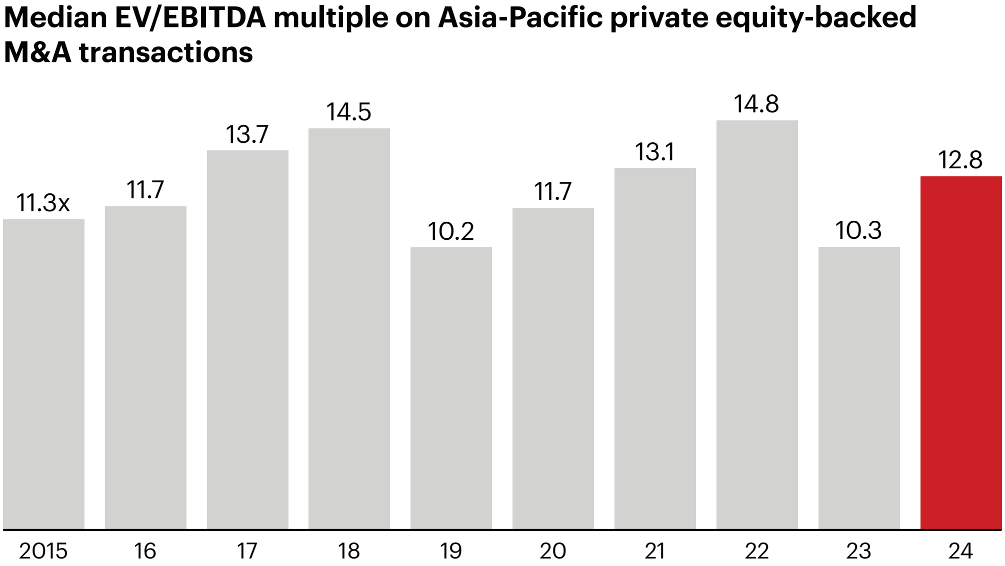
Figure 8: Global and regional GPs' share of deal value rebounded

Percentage of Asia-Pacific deals involving specific investor groups, weighted by value



Notes: The sum of percentages for each year is greater than 100% because many deals have more than one investor group; excludes real estate and deals with a value under $10 million
Sources: AVCJ; Bain analysis

Figure 9: Asia-Pacific deal multiples rebounded



Notes: EV is enterprise value; equity contribution includes contributed equity and rollover equity; based on pro forma trailing EBITDA; excludes multiples less than 1 or greater than 100
Source: S&P Capital IQ as of January 22, 2025

challenging exit conditions, according to our survey. And they are likely to remain a key issue. Over 70% of respondents expect valuations in the next two years to remain at a similar level or rise.

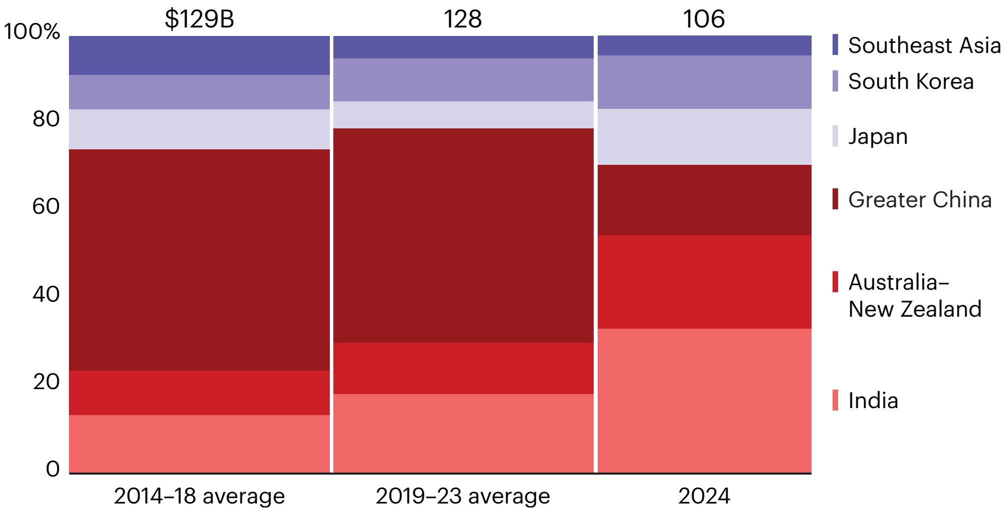
Exits: Diverse trends

Asia-Pacific investors ranked the exit environment as their top challenge in 2024, up from No. 3 a year earlier. Total exit value and count for the region were roughly flat, ending two years of precipitous decline. But a sharp drop in Greater China's exit value masked gains in other countries. Overall, Asia-Pacific exit value dipped 1% compared with 2023. Still, manager sentiment on exits improved in 2024, reflecting diverse trends across the region. More than 60% of GPs indicated the exit environment was similar to 2023 or better (vs. only 21% in 2023). That said, investor views differed widely from country to country. Around 60% of GPs in Korea and Greater China said 2024 was a more challenging year for exits, while 50% of GPs in India rated the year as more favorable.

India was the region's largest exit market in 2024 in terms of value and count. India's IPO exit value was up 78% year on year *(see Figures 10 and 11)*, powered by a vibrant stock market. The BSE Sensex stock market index of 30 prominent companies on the Bombay Stock Exchange rose more than 8% in 2024. Trading volume on the National Stock Exchange of India Limited (NSE), a leading exchange in Mumbai, and the Bombay Stock Exchange increased by 40% and 30%, respectively. The number of IPO listings on the NSE jumped 45% to a record 268.

Figure 10: India's share of exit value rose sharply; Greater China's share dropped below 20%

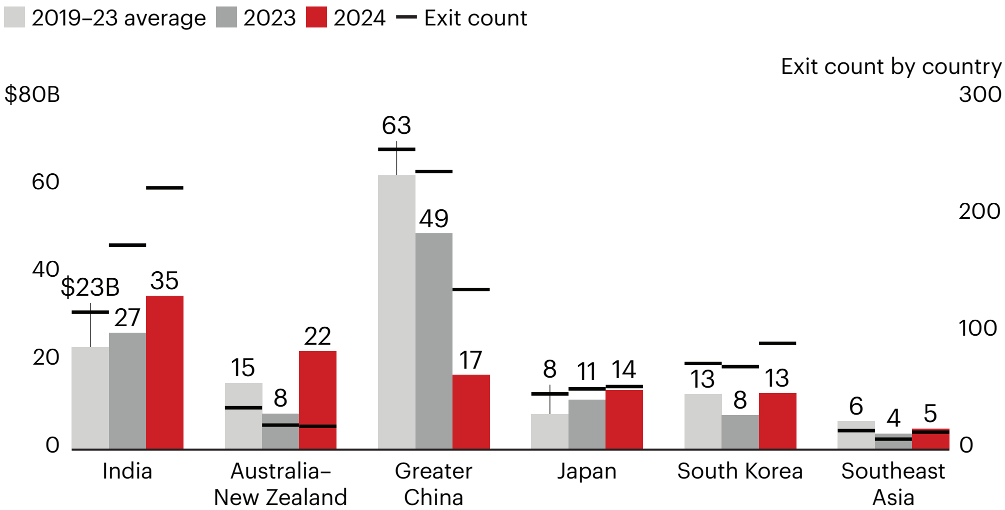
Share of Asia-Pacific private equity exit value, by region



Note: Excludes real estate and exits with a value under $10 million
Sources: AVCJ; Bain analysis

Figure 11: Exit value rose in most Asia-Pacific markets; Greater China was the only country with a drop in exit value and count

Asia-Pacific private equity exit value, by country ($B)



Note: Excludes real estate and exits with a value under $10 million
Sources: AVCJ; Bain analysis

Australia-New Zealand ranked No. 2 in exit value for the region, buoyed by the $16 billion AirTrunk exit. However, exit count fell by 5% vs. 2023.

Greater China posted the biggest decline in exit value and count. Exit value plunged by around 65% year on year, and exit count decreased more than 40%. The country's IPO exit value was down 70%, and secondary exits nearly dried up, with only one secondary sale for the year.

South Korea and Southeast Asia achieved double-digit growth in both exit count and value year on year. South Korea's surge was propelled by two secondary megaexits, or exits with a value of $1 billion or more, with Ecorbit ($2 billion) and Geo-Young ($1.4 billion). Southeast Asia had no IPOs in 2024, but its exit value was boosted by the PropertyGuru exit, which was secondary as well.

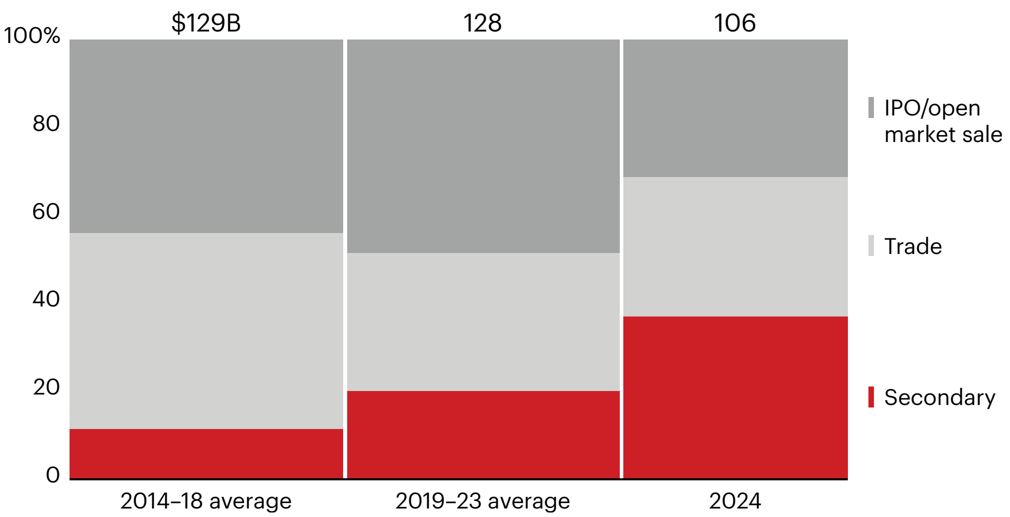
Japan produced the greatest number of megaexits, including Accordia Golf, Alinamin Pharmaceutical, and Kokusai Electric.

Secondary transactions were the region's largest exit channel in terms of value, bolstered by the $16 billion AirTrunk deal. As GPs look for ways to accelerate distributions and LPs insist on liquidity, the region's secondary market is likely to become even more active.

IPOs were the only channel where Asia-Pacific exit value and count declined *(see Figure 12)*. A key factor in the decline was Greater China's weak stock market performance compared with other Asia-Pacific countries. In 2023, Greater China accounted for 75% of the region's IPO value. In 2024, that number fell

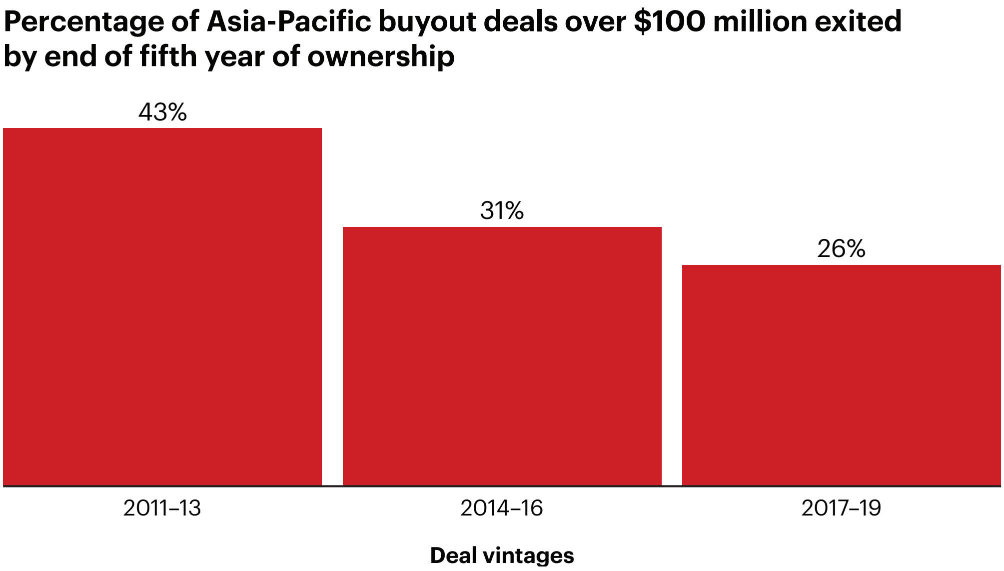
Figure 12: Secondary sales were the largest exit channel; the initial public offering channel shrank significantly

Share of Asia-Pacific private equity exit value, by channel



Note: Excludes real estate and exits with a value under $10 million
Sources: AVCJ; Bain analysis

Figure 13: Fund managers are under pressure to make successful exits



Notes: Only includes buyout deals with single investor in Asia-Pacific, a deal size greater than $100 million, and a completion date of 2011 or later; excludes real estate
Sources: AVCJ; Bain analysis

to 32%. Nearly 30% of fund managers across the region said the main impediment to successful exits was soft IPO markets. The region produced only two IPO megaexits in 2024: Kokusai Electric open market sale ($2 billion) and Swiggy ($1.4 billion), many fewer than in previous years.

Following three tough years for exits, GPs face significant pressure to sell companies in their aging portfolios *(see Figure 13)*. Only 35% of Asia-Pacific fund managers achieved or exceeded the number of planned exits in 2024. More than 50% of GPs surveyed said they are increasing their focus on portfolio management and exits to differentiate themselves from the competition.

Among buyout deals with single investors from vintages 2017–19 valued at $100 million or more, only 26% were sold within five years of ownership, compared with 43% for vintages 2011–13. And by the end of 2024, more than 200 portfolio companies in this group of larger deals from vintages 2011–19 had surpassed the fourth year of ownership.

To address the challenges of aging Asia-Pacific portfolios, some global fund managers are expanding their portfolio operations teams. A Bain study of major global fund managers with a strong presence in the Asia-Pacific market showed the group added about 10% to portfolio team headcount in the region in 2024. For example, in April 2024, Carlyle appointed Masahiko Fukasawa to the newly created role of Head of Global Portfolio Solutions, Japan, to expand the team and strengthen Carlyle's portfolio operational value creation efforts in Japan and the Asia-Pacific region.

Fund-raising: A 10-year low

For the third year in a row, investors raising new funds (excluding RMB funds) continued to face significant challenges. The value of Asia-Pacific-focused funds raised in 2024 slumped to a 10-year low of $74 billion, down more than 20% year on year, and 43% lower than the previous five-year average.

Global fund-raising in 2024 was down 23%, excluding RMB funds, and Asia-Pacific's share of global fund-raising was a low 7%, down from 13% in 2021 *(see Figure 14)*.

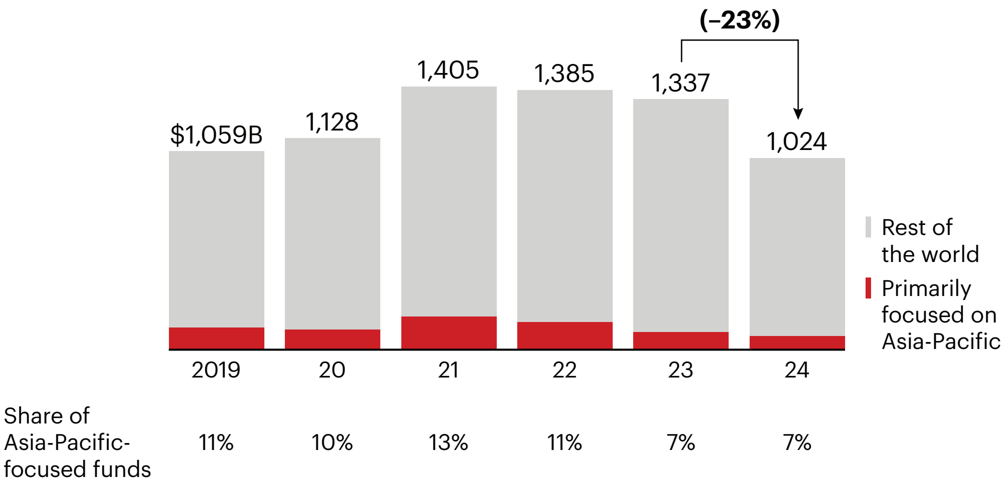
The final size of Asia-Pacific closed funds was 4.3% below target size on average, and it took fund managers longer to close new funds *(see Figure 15)*. The average time required to close a fund increased to 24 months.

The key impediment to fund-raising was the shortfall in exits. LPs need to see improved distributions to paid-in capital (DPI) through more exits to justify new commitments. In addition, GPs cited several reasons for the difficulty in closing funds, including strong competition for funding, LPs' reduced allocations to some Asia-Pacific countries, such as Greater China, and LPs' preference for funds with a strong track record.

GPs ranked competition as the most challenging factor in all countries except Greater China and Southeast Asia. One reason: Asia-Pacific's strong market performance in the last decade attracted a lot of investors who are now competing for a shrinking pie. More than three-quarters of GPs in Greater China cited reduced LP allocations in the region as a reason for the difficulty in closing funds.

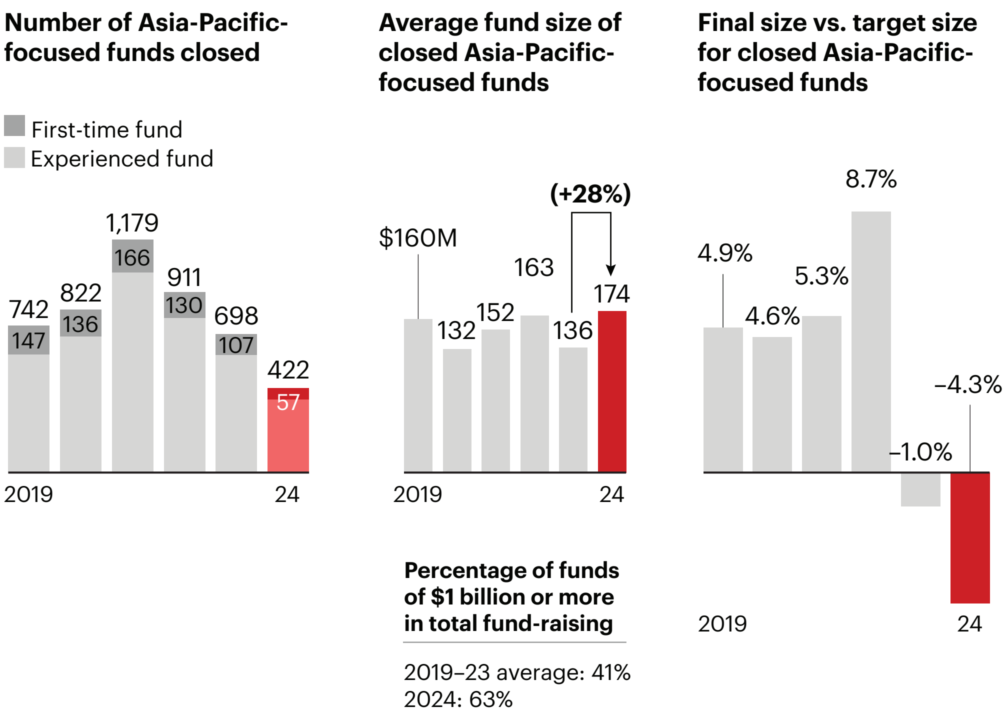
Figure 14: Global fund-raising declined 23%; the share of Asia-Pacific-focused funds remained low at 7%

Global private capital closed funds, by final size and year of final close ($B)



Notes: Includes closed-ended and commingled funds only; excludes real estate and RMB-denominated funds; data includes funds with final close and represents the year in which they held their final close
Sources: Preqin; Bain analysis

Figure 15: Fund-raising was difficult: Fewer funds closed, and the size of closed funds fell short of targets, but the average fund size grew



Notes: Funds closed include those focused only on the Asia-Pacific region; excludes real estate and RMB-denominated funds
Sources: Preqin; Bain analysis

Despite the downturn in 2024, investor sentiment for the next 12 months improved over the previous year. Only 45% of respondents judged the 2024 fund-raising environment as worse or much worse than the previous year. That number was 86% in 2023. Nearly a quarter of GPs believe fund-raising in 2025 will be somewhat easier, compared with only 11% in 2023.

Investors continued to migrate to quality funds with proven performance. The average size for closed funds was $174 million, up 28% year on year and 17% higher than the previous five-year average. Funds with a value of $1 billion or more accounted for 63% of total funds raised, up from the previous five-year average of 41%. The count share of these large funds was only 4%.

LPs favored global and regional funds with stronger track records. Examples include CVC's Asia VI fund, which closed at $6.8 billion, TPG's Asia VIII fund at $5.3 billion, and PAG's Asia IV fund at $4 billion. The CVC and TPG funds rank as the largest each has raised to date. The number of first-time funds declined sharply, and those that closed were smaller in size. The count of first-time funds dropped by more than 45% year on year, while the average size dropped roughly 40%. By comparison, experienced funds were 37% larger in value on average.

Investors continued to shift capital raised to pan-Asia funds to help reduce their exposure to market-specific risks. The share of pan-Asia funds in 2024 was nearly 60%, up from 36% in 2019 *(see Figure 16)*. At the same time, India- and Japan-focused funds increased their share significantly, from 7% to 10% and 7% to 15%, respectively, vs. the 2019 level.

Dry powder, or total unspent private equity capital, declined for the Asia-Pacific region from its record level in 2023. A difficult fund-raising environment contributed to the dip. The estimated level at mid-year 2024 was $260 billion, excluding RMB-denominated funds *(see Figure 17)*.

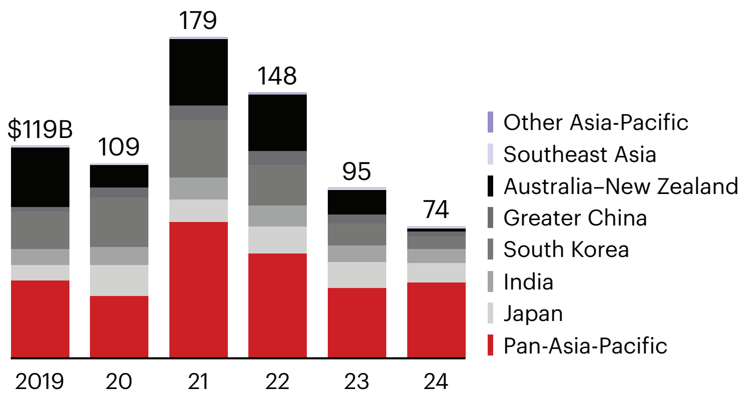
Returns remain challenging

The region's fund managers have mixed expectations on future returns, but our survey highlighted a noticeable optimism, with 87% of respondents stating they believe returns will not decrease in the coming three to five years, up from 61% in 2023 *(see Figure 18)*. The most important factors affecting returns on deals exited were top-line growth (53%) and cost improvement (41%). And GPs believe these factors will continue to influence deal success in the next five years.

However, achieving fund managers' desired returns remains challenging. Just over half of the fund managers surveyed claimed to have achieved top-line growth targets for more than 50% of exits, and only

Figure 16: The share of pan-Asia-Pacific funds and India- and Japan-focused funds rose sharply compared with the pre-pandemic period

Asia-Pacific-focused private equity capital raised, by final year of close ($B)

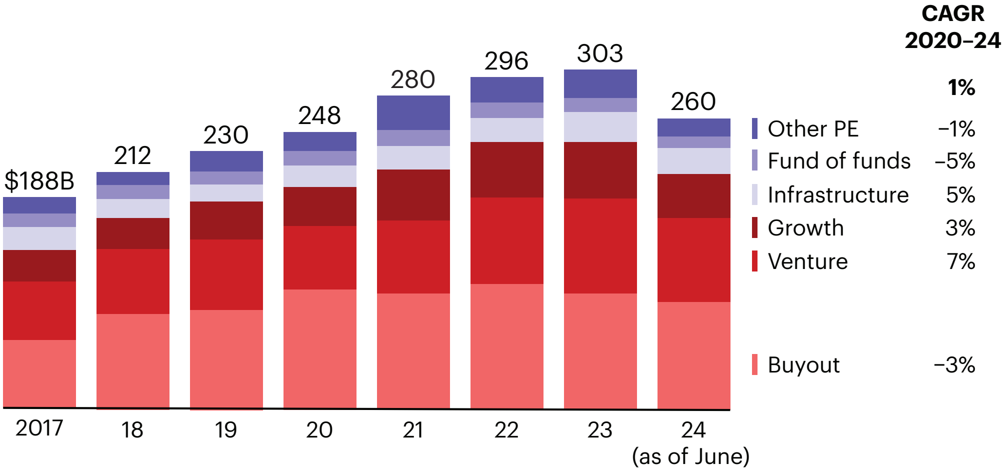


	2019	20	21	22	23	24
Share of pan-Asia-Pacific-focused funds	**36%**	32%	43%	40%	41%	**57%**
Share of Japan-focused funds	**7%**	16%	7%	10%	15%	**15%**
Share of India-focused funds	**7%**	9%	7%	8%	10%	**10%**

Note: Excludes real estate and RMB-denominated funds
Sources: Preqin; Bain analysis

Figure 17: Dry powder declined in 2024, but GPs remain under pressure to deploy capital

Unspent private equity capital at Asia-Pacific-focused funds at year-end ($B)

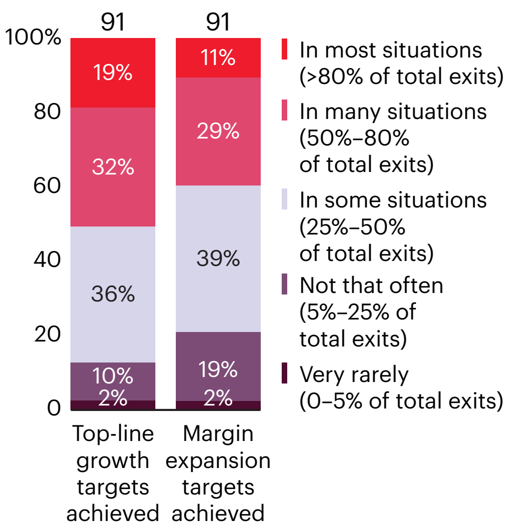


Note: Excludes real estate and RMB-denominated funds
Sources: Preqin; Bain analysis

Figure 18: Despite ongoing challenges, fund managers are more optimistic about 2025

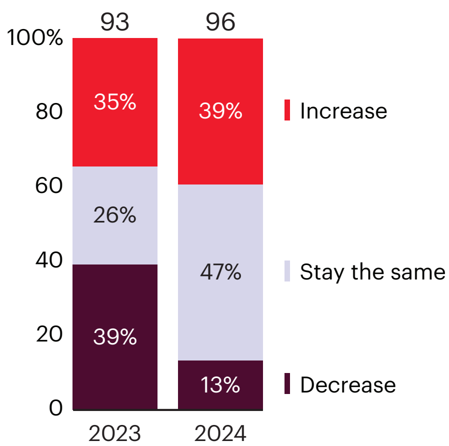
Did you achieve target top-line and margin expansion over the holding period?

Percentage of PE fund respondents



How are your net returns likely to evolve in the next 3 to 5 years?

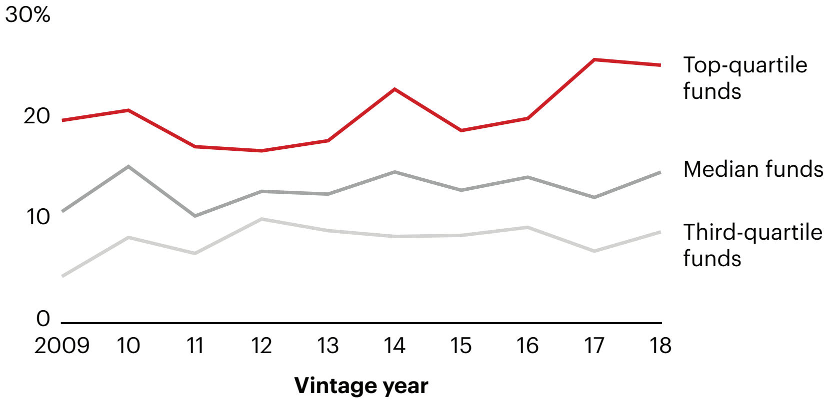
Percentage of PE fund respondents



Note: Respondents calculated as the weighted aggregate of responses across regions
Source: Bain & Company Asia-Pacific Private Equity Report surveys, 2025 (n=130) and 2024 (n=130)

Figure 19: Asia-Pacific returns remain steady across vintages, with the gap between top and bottom quartiles widening

Net internal rate of return for Asia-Pacific-focused funds, by vintage



	2009	10	11	12	13	14	15	16	17	18
Gap between top and third-quartile funds (percentage points)	15	13	11	7	9	15	10	11	**19**	**16**

Notes: Includes latest performance data available on Preqin; vintage year refers to year of initial investment; excludes real estate, infrastructure, and funds with no value or no available IRR; the chart for net IRR by vintage is as of January 2025
Source: Preqin

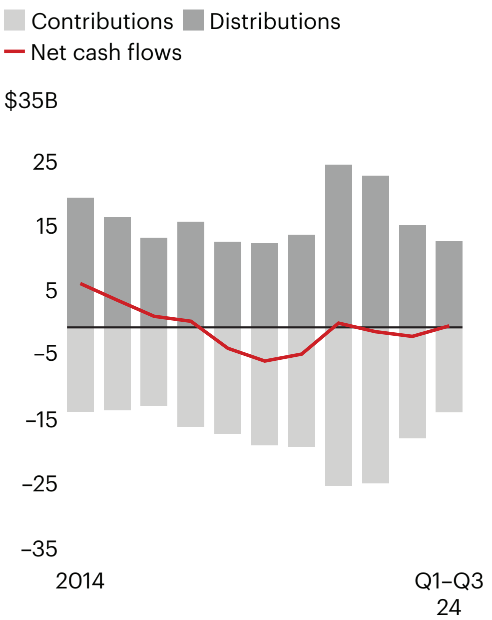
40% achieved margin expansion targets in more than 50% of the portfolio companies sold in the last two to three years.

For vintages in which returns are predominantly realized (2016–18), the top quartile funds have delivered internal rates of return (IRR) ranging from 20% to 26%. The performance gap between the top-quartile and bottom-quartile funds has widened for vintages 2017–18. Median returns remained stable *(see Figure 19).*

Asia-Pacific funds' net distribution to LPs improved slightly and was positive in 2024, recording a modest uptick year on year. Given the dismal exit performance of the past three years, fund managers will continue to make DPI a top priority *(see Figure 20).* According to the MSCI proprietary market index, private equity continued to outperform public markets, especially in the 10- and 20-year time periods.

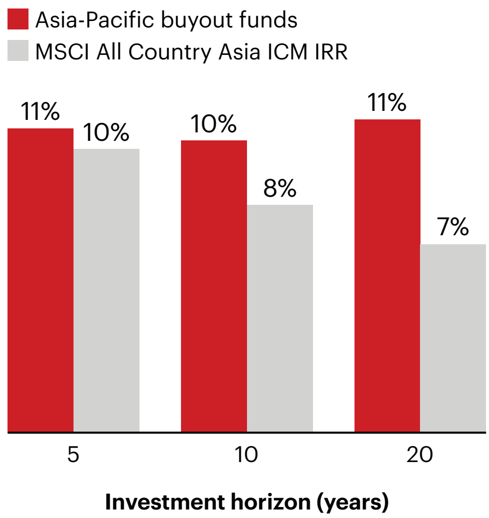
Figure 20: LPs had positive net cash flow for the first time since 2021; private equity continues to outperform public markets

Cash flow for Asia-Pacific buyout and growth funds ($B)



Asia-Pacific private equity vs. public market

End-to-end pooled net internal rate of return (as of September 2024)



Notes: Data for Asia-Pacific calculated in US dollars; MSCI All Country Asia ICM IRR is a proprietary private-to-public comparison from MSCI that evaluates what performance would have been had the dollars invested in private equity been invested in public markets instead
Source: MSCI (as of September 30, 2024)

The value creation imperative

The golden decade of multiple expansion is long over. Higher interest rates, slowing economic growth, and geopolitical tensions have reshaped the private equity landscape. Today, only 24% of Asia-Pacific GPs cite multiple expansion as a top contributor to performance, down from 69% five years ago *(see Figure 21)*.

Unable to count on market conditions driving up the value of portfolio companies relative to earnings, PE funds are turning to value creation plans (VCPs) that energize growth. In the Asia-Pacific region, 53% of GPs cite top-line growth as a key factor shaping 2024 returns, and they see that figure rising to 62% over the next five years, according to a recent Bain survey.

Many are also deploying generative AI, despite its complexity, as an additional force to propel the top line in a wide array of industries. Yet challenges persist. Nearly 50% of GPs we surveyed said they fail to meet the growth expectations for their portfolio companies in more than half the deals they close. Often, the problem is a lack of alignment between the PE fund and management on priorities and execution.

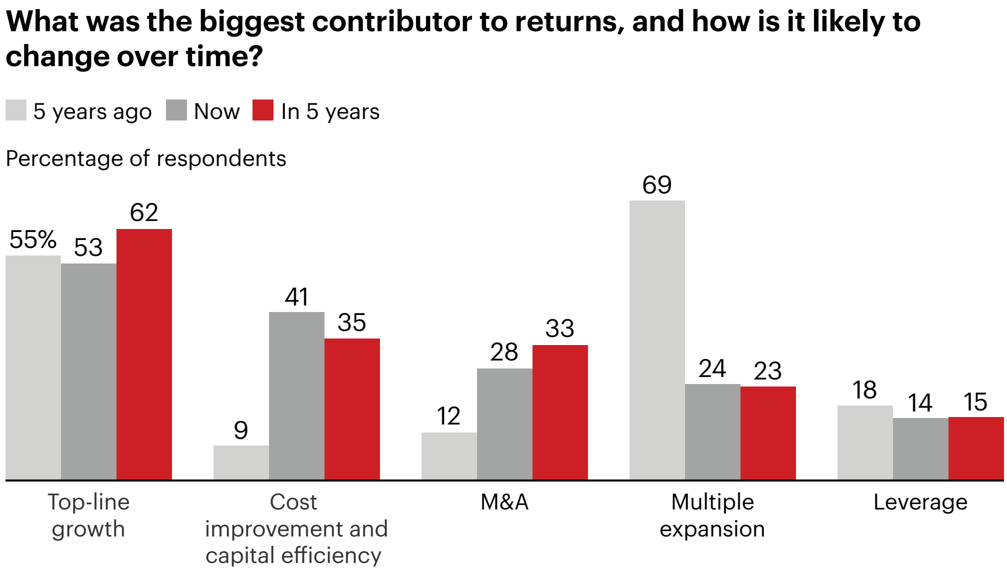
Path to value creation

The most effective VCPs succeed because they clarify strategic goals, focus on a small number of high-impact initiatives, and provide a roadmap for execution. These plans help PE owners and portfolio company management teams align on timelines, targets, and resources.

In recent years, growth-oriented strategies have become the centerpiece of around 60% of VCPs, reflecting their critical role in achieving outsized returns. While some strategies integrate growth and overall business transformation from the outset, others phase in strategic shifts later in the ownership period.

Advent International, for example, made growth its top priority when it acquired Bharat Serums and Vaccines (BSV), an Asia-Pacific-based pharmaceutical company. The VCP quickly fueled a rise in revenues while setting in place longer-term initiatives that enabled BSV to more than triple its valuation prior to its sale to a strategic acquirer. The rapid growth acceleration plan succeeded because the company's key strategic choices were well defined and due diligence had identified a clear set of growth opportunities.

Figure 21: GPs say top-line growth will be key to fueling future returns



Source: Bain & Company Asia-Pacific Private Equity Report survey, 2025 (n=130)

Advent, in fact, had a running start. It monitored BSV for several years prior to acquisition and worked closely with founders and management during the sales process and diligence to design a blueprint for growth. The plan overhauled the company's domestic go-to-market strategy, optimizing the salesforce network, distribution channels, licensing agreements, and pricing. At the same time, BSV expanded internationally into five high-potential markets, evolving from an export-focused sales model to one based on local presence and marketing. Increased R&D spending bolstered the product pipeline, while targeted acquisitions gave the company access to new products and markets, strengthening its leadership position in core domestic markets.

These efforts propelled annual revenue growth to 20% in the first three years of Advent's ownership, up from 10% prior to acquisition. BSV's international revenues more than doubled during the last three years of ownership and accounted for nearly half the company's revenue at the time of exit. Increased scale, new high-margin products, and optimized pricing helped boost BSV's EBITDA margin from 20% at the time of acquisition to 30% at the time of exit.

Balancing growth and strategy

Top funds refine strategy and pursue top-line growth initiatives in parallel when PE owners and company managers have not yet aligned on strategic priorities. One PE fund used that dual approach to transform the trajectory of a healthcare services provider operating across the Asia-Pacific region, doubling both revenue and EBITDA during the ownership period.

At the time of acquisition, the business had a strong core strategy and significant growth opportunities, but the fund and company management needed to determine which opportunities to prioritize. While aligning on strategic options, they pursued several obvious quick wins identified during diligence, including direct-to-consumer marketing campaigns, which boosted web traffic by 40%, and online bookings, which increased by 120%. Enhanced salesforce efficiency added additional revenue gains, creating the foundation for future growth.

In today's volatile market, value-creation plans are ever more critical to PE success. The best funds are making growth their edge.

As the business scaled, the PE team and management turned their attention to broader transformation. Generative AI solutions streamlined operations, automating online booking processes and cutting manual intervention by more than half in initial pilots. AI transcription tools reduced reporting time by over 50% in some cases, enabling employees to focus on higher-value work.

While most PE funds pursue some kind of value creation plan for most deals, top funds differentiate themselves in several ways. They do rigorous due diligence to validate their deal thesis and gauge the potential for value creation. They also identify immediate management priorities (strategy, growth, cost) and sequence initiatives accordingly. For the most important initiatives, top funds ensure the entire organization understands the plan's goals. They also make clear which managers are responsible for executing the plan, milestone deadlines, and key performance indicators to track progress.

In today's volatile market, VCPs are ever more critical to PE success. The best funds are making growth their edge.

PE-backed carve-outs are plentiful, but it's harder to find winners

Corporate carve-outs remain a significant source of private equity deals in the Asia-Pacific region, bucking a global decline. In 2024, carve-out deals totaled 20% of all buyouts over $100 million *(see Figure 22)*. But the days are gone when carve-outs produced sizzling multiples.

Since 2015, the results have been mixed. The median multiple on invested capital (MOIC) for carve-outs in the Asia-Pacific region between 2015 and 2021 was 1.4x, on a par with the MOIC for all PE deals. From 2000 to 2014, the median MOIC for carve-outs was 3.1x, compared with 1.9x for all PE deals *(see Figure 23)*.

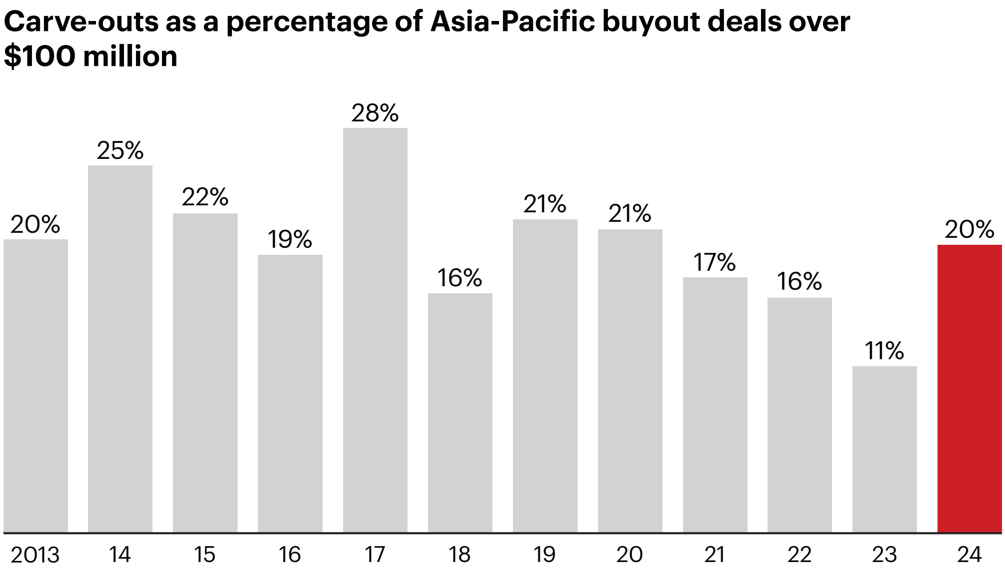
Despite lower average returns, 44% of Asia-Pacific general partners (GPs) we surveyed consider carve-outs a top investment opportunity *(see Figure 24)*. One reason: Huge conglomerates in Japan and Korea continue to rationalize operations and sell off business units. Since 2013, more than 25% of Japan's buyouts valued at more than $100 million have been carve-outs. These deals include some of the region's largest ever PE deals, such as Bain Capital's acquisition of Toshiba's memory chip unit (now known as Kioxia) and KKR's acquisition of Hitachi's logistics arm (Logisteed). Carveouts in South Korea during the same period represented nearly 30% of buyouts over $100 million.

The huge business groups in these countries have plenty of scope to continue rationalizing, especially in South Korea, where the combined revenue of the five largest chaebols, or family-led conglomerates, represents about 50% of the total revenue generated by the country's largest companies. In 2024, large carve-outs included Apollo's acquisition of Panasonic Automotive Systems in Japan and Affinity's purchase of SK Rent-a-Car and Lotte Rental in Korea. Carve-outs also increased throughout the Asia-Pacific region. In India, EQT and ChrysCapital jointly acquired 90% of HDFC's education loan arm, HDFC Credila, while Brookfield snapped up American Tower Corporation's operations in India. In Australia, Healius sold its diagnostic imaging arm, Lumus Imaging, to Affinity. In China, where full-control carve-outs have been rare in recent years, a PAG-led consortium acquired a 60% stake in Wanda Group's mall management business.

Carve-out appeal

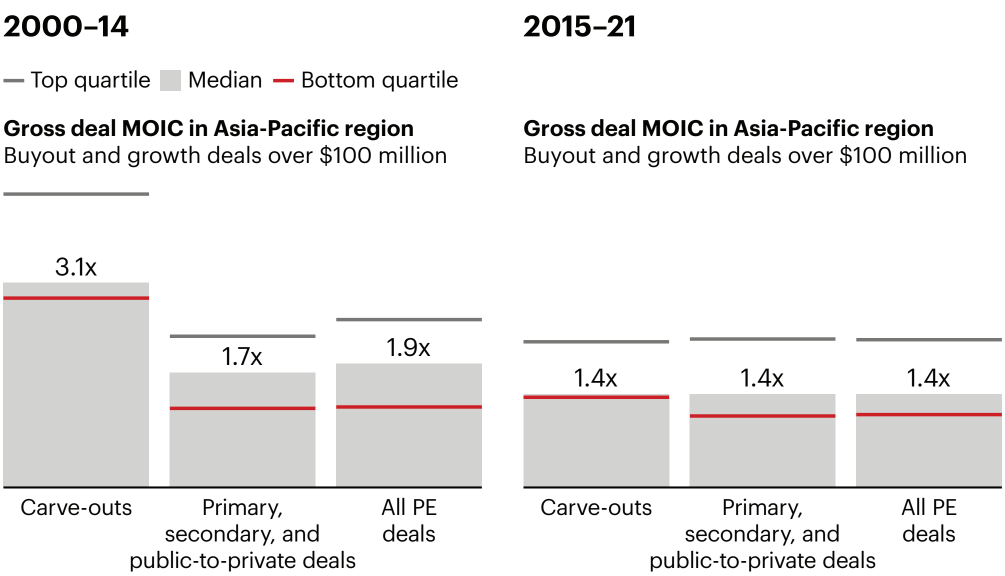
The classic corporate carve-out rides on the thesis that a private equity company could unlock significantly more value from a non-core business than its corporate parent could. These businesses may

Figure 22: Carve-out deals rose sharply in 2024, after three years of decline



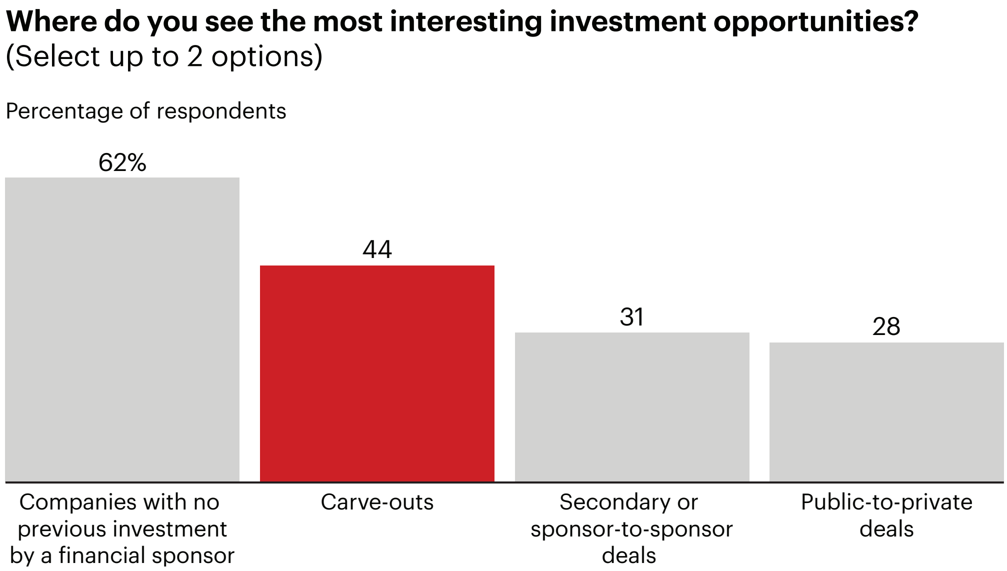
Sources: AVCJ; Bain analysis

Figure 23: Carve-outs once outperformed other deal types; since 2015, that advantage has eroded



Notes: All calculations in US dollars; deal universe includes fully and partially realized deals in the Asia-Pacific region, transactions over $100 million in equity check size (excludes debt), buyout and growth deals; MOIC (multiple on invested capital) is the ratio of total distributed capital plus remaining unrealized value divided by total investment cost
Source: DealEdge

Figure 24: GPs see greater opportunity in carve-outs than secondary and public-to-private deals



Notes: Excludes other responses (2%); carve-outs: subsidiaries or select assets/operations of larger corporation or conglomerate; secondary or sponsor-to-sponsor deals: company is fully or partly owned by a financial sponsor
Source: Bain & Company Asia-Pacific Private Equity Report survey, 2025 (n=130)

underperform simply because the corporate owner has other priorities. Value flows from a sharper strategy, capital injection, more efficient operations, or finding new ways to grow—all while freeing the business from corporate constraints and slow decision making. Corporate sellers, eager for a share of the upside potential, often take a minority stake in the new company.

Historically, another factor has also been critical—the carve-out discount. These assets have tended to sell at a lower multiple than standalone buyouts because separating them is costly and complex, limiting the number of potential buyers. As private equity has become more competitive, however, the sheer volume of firms pursuing these deals has put upward pressure on multiples, and corporate owners have become smarter about running competitive auctions. These factors have pushed up acquisition prices and turned the spotlight on private equity's ability to add value—or not.

Top-performing PE firms heed several key principles when pursuing carve-outs:

Value creation shapes the agenda. Any good buyout starts with a robust thesis for improving the asset. But carve-outs add an additional layer of complexity since the investor must extricate the business from its corporate parent and set it up as a fully independent enterprise. It doesn't help that few carve-outs have standalone financial reporting, making it difficult to break down shared costs and determine the real profitability of the business.

Separation fundamentals are important. Seasoned carve-out sponsors know how to determine which of the business's personnel, assets, legal entities, data, and systems are included in the deal perimeter (vs. held back by the parent). Planning must untangle a spaghetti bowl of complex interdependencies with the parent in finance, human resources, and IT. Clean separation requires amending hundreds or thousands of agreements with suppliers, service providers, and other third parties. And buyers need special expertise in drafting the many transition service agreements (TSAs) that lay out the services and support that the seller will extend to the new company for a defined period. Indeed, there's an art to structuring the transaction so the seller views the separation process as "our problem," not just "your problem."

But in negotiating this thicket of challenges, the most effective carve-out sponsors keep a sharp focus on the value creation plan. The overarching rationale for the deal helps acquirers prioritize what's critical to achieve and in what sequence. Crisp execution increases the odds of success. If management cuts costs when growth initiatives are needed or spends two years transferring the ERP system at the expense of building new tools to better understand customer needs, the waste of time, energy, and resources can quickly diminish the return.

In negotiating this thicket of challenges, the most effective carve-out sponsors keep a sharp focus on the value creation plan.

Take the case of an international PE fund that acquired the facility management and maintenance subsidiary of a large conglomerate and is now on track to double EBIDTA over a five-year period. The due diligence had convinced the investor that it had an opportunity to accelerate growth and improve performance. At the time of purchase, the subsidiary was healthy and was growing at a steady but modest rate, with stable margins. It served some external customers, but its largest customers and more than half of its revenue still came from captive clients within the conglomerate.

The PE fund worked with the management team to acquire new customers outside the former parent group by bidding on more contracts. It also helped the group improve its success rate by enhancing sales capabilities and processes. Another major initiative involved moving beyond traditional facility management into higher value-added, high-margin businesses such as property management and lease management. To support these changes, the new owner invested in a more advanced integrated sales system and revised the rewards structure and incentives for sales teams.

Tough decisions can't wait. One reason large, bureaucratic businesses often underperform is because leaders defer sensitive or painful decisions. They continue funding underperforming business units, unprofitable geographies, excess management layers, inefficient marketing, subpar suppliers, and underutilized real estate portfolios.

Delayed decisions may be a symptom of corporate sloth or blurred focus. But large corporations may also have different objectives than PE investors, not to mention a lower cost of capital and more lenient timelines. A corporate owner, for instance, might support a business with strong top-line growth, but poor cash flow, simply to burnish quarterly revenue or avoid admitting defeat. PE owners rarely have that luxury.

What's essential is hitting the ground at full speed with the license to make changes immediately. That was the plan when an international PE fund acquired the subsidiary of a large company producing a range of industrial equipment, hardware, and electronics. Due diligence had revealed a business with strong products in many categories and vigorous customer advocates. However, it was clear the business was not performing at full potential. It had flat or slightly declining market share in several categories, and its margins were considerably lower than those of its peers.

The PE fund quickly overhauled the company's organizational structure, installing a new CEO and senior management. The transformation led to significant efficiencies in headcount and reduced spending in functions such as general and administrative roles, sales, product management, and marketing.

The new owner also identified that cost inefficiencies weren't the only reason the company's margins lagged peers. On many products, the pricing level after discounts had not kept up with cost growth in many product categories and regions. The PE fund helped the management team selectively implement increases in list prices and tighten protocols for discounts for offerings where there was limited risk of customer churn. Those efforts have put the PE fund quickly on course to exceed its margin improvement and growth targets.

Matching leadership to mission. Rapidly addressing talent issues can often make or break a deal. Many carve-outs come with capable leaders who have grown up in a cozy, slow-moving corporate world. But PE-backed carve-outs are anything but cozy and slow moving. Managers not trained in transforming businesses may underperform when PE investors ask them to dial up the metabolism. And they might not have the skills that are vital to executing the new strategy.

PE firms need to quickly identify which roles and functions are required to deliver on the deal's ambition and what needs to be accomplished over what period. That provides a fact base for rapidly finding and installing executives with the right experiences, capabilities, and motivations to meet those requirements, whether they come from inside the company or are recruited externally.

Go in prepared. The decline in carve-out performance underscores how challenging it is to get carve-outs right. Yet deep expertise, careful due diligence, and active management can pave the way to top-tier results. The firms getting this right start with a clear, actionable value creation plan.

Standing up a new company is only half the battle when it comes to carve-out success. Outperforming the averages relies on moving rapidly from Day 1 to ensure that a clear deal thesis translates into next-level performance.

Market definition

The Asia-Pacific private equity market as defined for this report

Includes:

- Investments and exits with announced value of $10 million or more
- Investments and exits completed in the Asia-Pacific region: Greater China (China, Taiwan, Hong Kong, and Macau), India, Japan, South Korea, Australia and New Zealand, Southeast Asia (Singapore, Indonesia, Malaysia, Thailand, Vietnam, the Philippines, Laos, Cambodia, Brunei, and Myanmar), and other countries in the region
- Investments that have closed and those at the agreement-in-principle or definitive agreement stage

Excludes:

- Franchise funding, seed, and R&D deals
- Any non-PE, non-VC deals (including M&A and consolidation)
- Real estate (including hotels and lodging) and real estate investment trusts
- Pure hedge fund PIPE investments (private investments in public equity with hedge fund as the single investor)
- Fund-raising of RMB-denominated funds

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