



ALVAREZ & MARSAL
SOUTHEAST ASIA & AUSTRALIA

PRIVATE EQUITY PERFORMANCE IMPROVEMENT

FROM PROMISE TO RETURNS: VALUE CREATION AND EXITS IN ASEAN PRIVATE EQUITY 2025

NOVEMBER 2025



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01/ FOREWORD



Over the past decade, Southeast Asia has emerged as a region of immense promise for private equity (PE) funds, fueled by an expanding middle class, rapid digital acceleration, and strong economic growth. Yet it remains a deeply fragmented and operationally complex market.

While deal activity remains tilted toward new investments, exit activity has slowed sharply in recent years, leaving firms with a growing backlog of unsold investments in their books.

In this environment, sponsors are recognizing the need to design and implement value creation plans that drive real operating improvements and ensure exit readiness. Our inaugural Southeast Asia PE Value Creation survey reflects this shift, showing how funds are prioritizing revenue growth and cash optimization measures to create value for their portfolio companies, while engaging earlier with internal teams and executing initiatives faster.

We find this development encouraging. A more deliberate and front-loaded approach to value creation will better prepare companies to withstand continued volatility, from trade and inflationary pressures to geopolitical instability. However, we are also conscious that many funds in the region may still lack the internal experience or institutional muscle to deploy these value creation programs effectively. Like any high-performance capability, value creation must be exercised consistently to deliver repeatable outcomes.

In this report, which follows similar studies conducted in Europe, the US, and Australia, we share key insights from our survey, uncovering areas where investors are getting it right and where structural gaps remain. We also explore the drivers, barriers, and evolving strategies that shape the value creation playbook in the region.

We hope you enjoy reading the insights of this report, and welcome the opportunity to discuss these challenges and how we can support your investment journey going forward.



MANAS TAMOTIA

Managing Director
Head of Private Equity Services
A&M Southeast Asia

INTRODUCTION



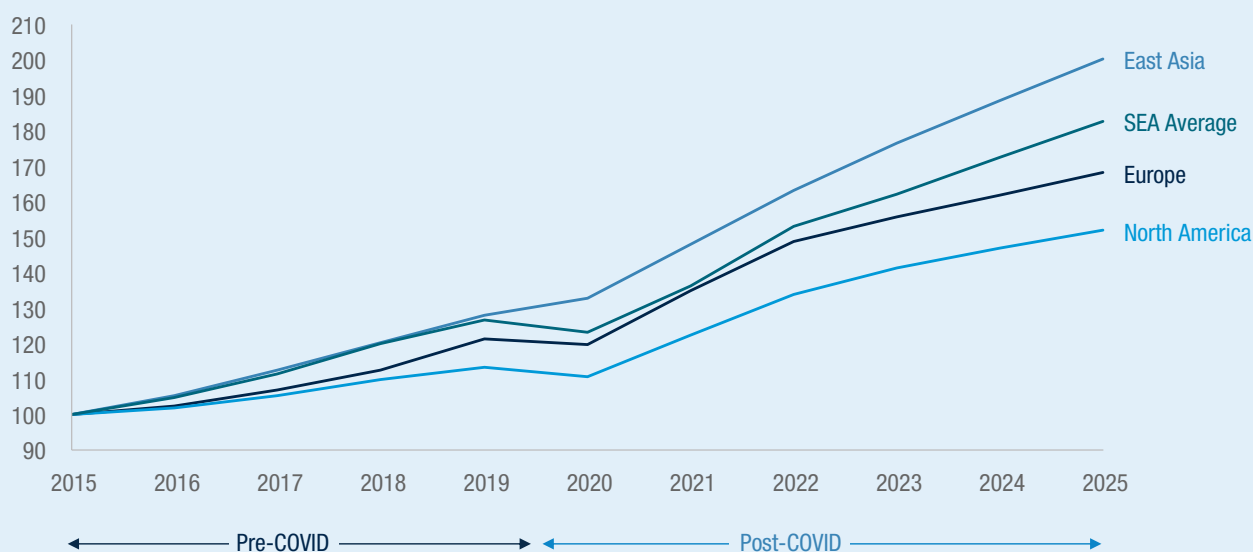
SOUTHEAST ASIA: THE NEW GROWTH FRONTIER FOR PE

Over the past decade, Southeast Asia (SEA) has firmly entered the radar of investors and General Partners (GPs) globally. Interest from money allocators has increased as the region's GDP growth rates outpaced those of Europe and North America, supported by dynamics such as rising productivity, an expanding middle class, and rapid digital adoption. More recently, SEA's role in the "China-plus-one" manufacturing strategy has further elevated its strategic significance.

However, the region is far from a single market. It spans a wide range of trade regimes, regulatory frameworks, and political systems, as well as highly diverse languages and cultures. Singapore stands out as an attractive gateway to the region's high-growth markets, with income levels exceeding most developed countries and a sophisticated financial and regulatory ecosystem.

Figure 1

GDP per capita, PPP (Indexed)



Note: Indexed (2015 = 100)
Source: International Monetary Fund



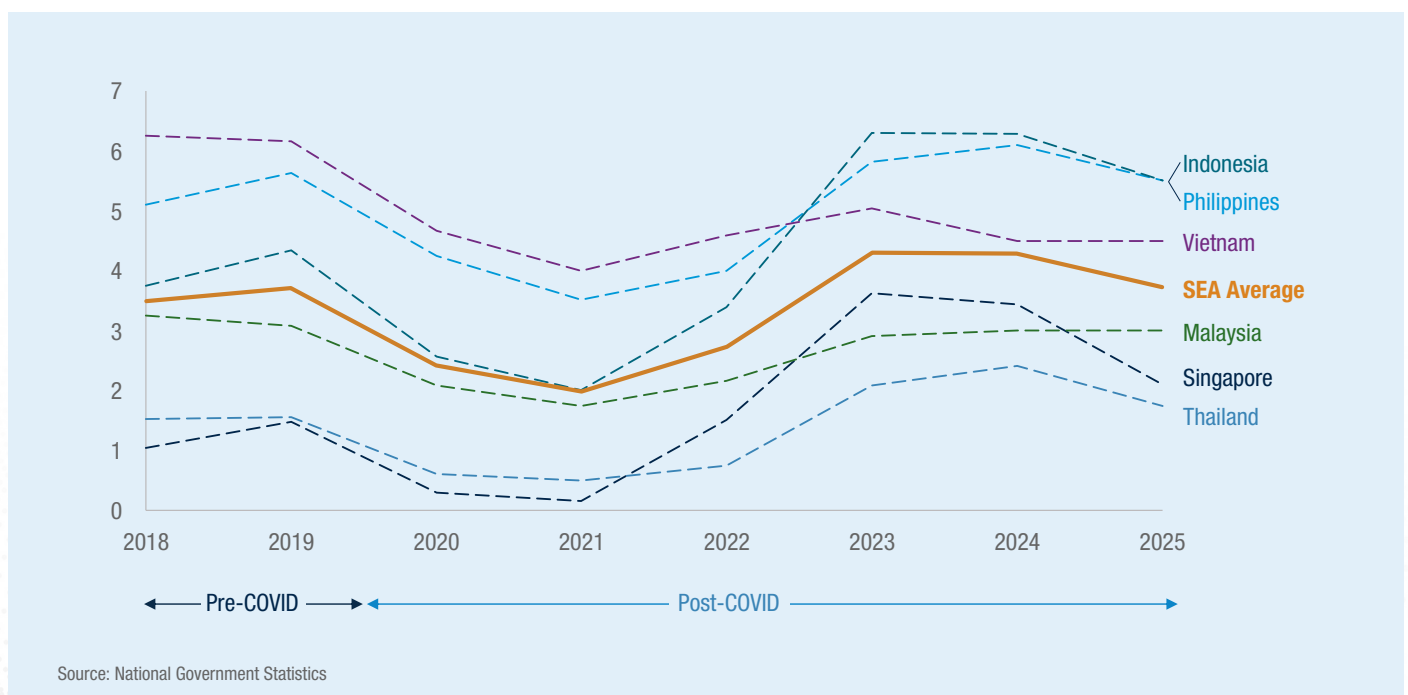
Macroeconomic trends have also diverged significantly in recent years. While Thailand and Singapore have benefitted from favorable interest rates, policymakers in Indonesia and the Philippines have adopted more hawkish monetary stances.

Similarly, GDP growth since the pandemic has been uneven. In 2024, Vietnam's GDP is estimated to be 67% higher than its 2015–2019 average; in Thailand, it is only 14% higher¹. Private consumption mirrors this divergence, with several markets still trailing their pre-pandemic performance.

Finally, the political landscape remains fragmented, with diverse governing models, military influence, and rising nationalism impeding coordinated responses to systemic challenges like US tariffs and climate change.

¹ A&M analysis, International Monetary Fund data

Figure 2
Interest Rates in SEA





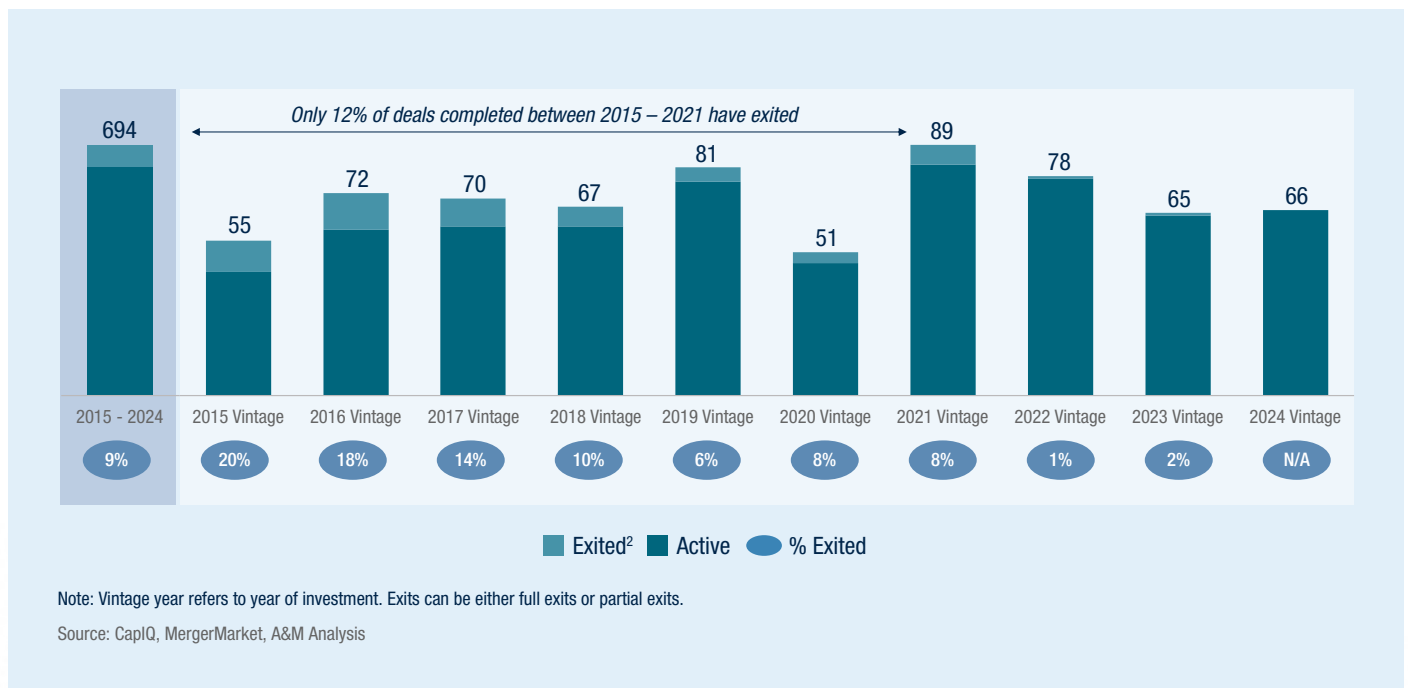
EXITS AND PE'S GROWING ASSET BACKLOG

Within the region's emerging PE market, the slow pace of exits and the growing number of aging assets in portfolios are a growing concern. According to A&M's analysis, between 2015 and 2024, sponsors active in the region completed 694 deals but achieved only 59 exits, or just 9% of these investments. (see Figure 3).

Notably, only 12% of deals made between 2015 and 2021 have been exited, meaning many assets are being held

well beyond their typical 4-6 year holding period. This is creating pressure for GPs to accelerate divestments and realize returns for investors. The issue is particularly acute in the technology sector which, despite being the most invested industry by PE, has one of the lowest exit rates at just 4%. In contrast, consumer and industrials, two of the most targeted sectors, have relatively higher exit rates, of 14% and 11%, respectively.

Figure 3
PE deal status by vintage year



The scale of the exit challenge in the SEA PE market is also evident in our survey: 47% of respondents have exited only 25% of their investments made before 2021, while a further 27% have not achieved any exits from that period.

Looking ahead, investors seemed split about their exit prospects: just under half of funds surveyed expect the environment to remain mixed with both opportunities and challenges in the next three years, while a slightly smaller group (40%) anticipate an improvement in market conditions and buyer appetite. Only 13% expect exit conditions to deteriorate further.

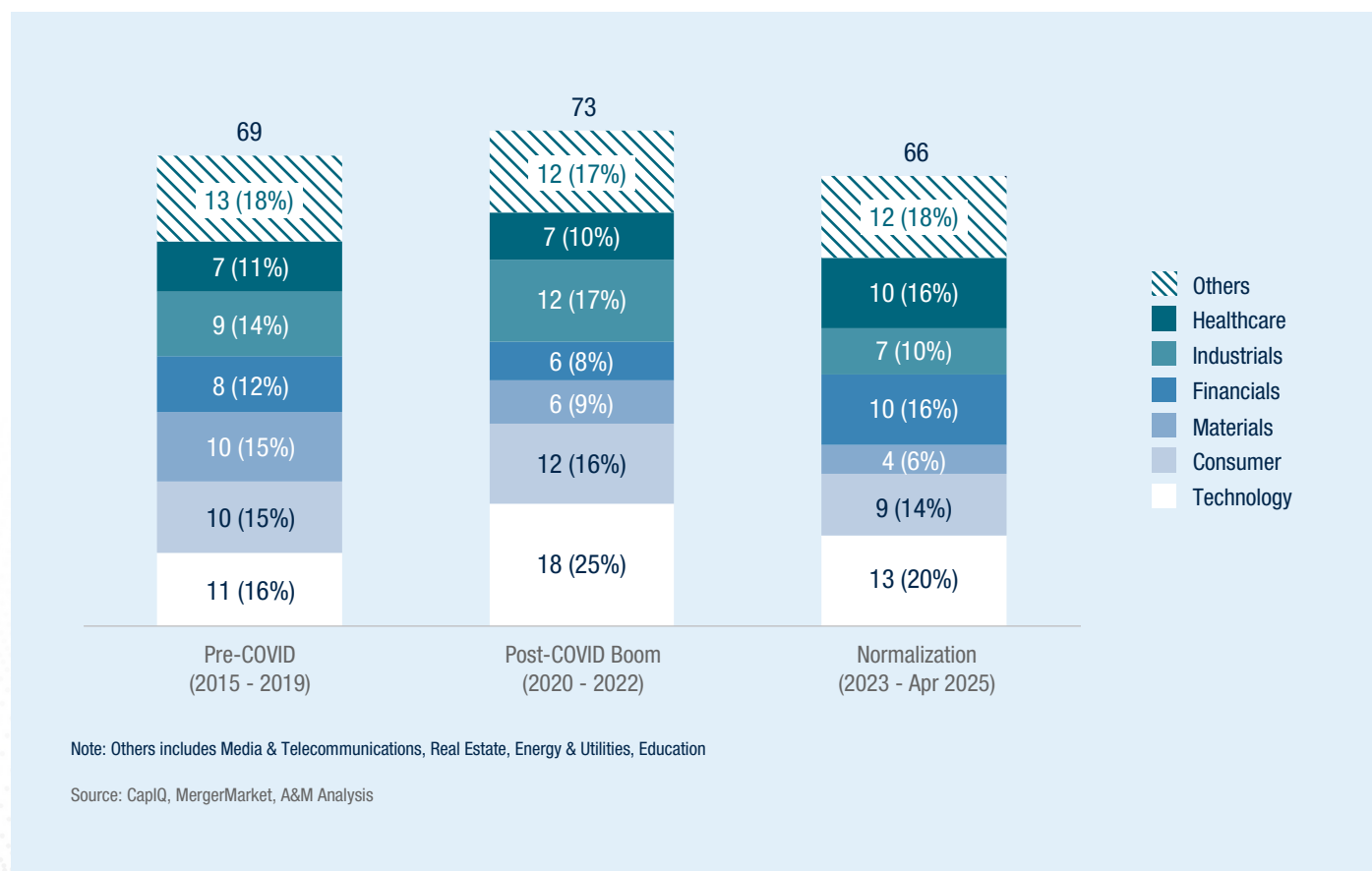


M&A AND VALUATION DYNAMICS SHIFT

PE deal activity has slowed following the post-Covid boom period, falling below historical averages in the past two years. Sector allocation has also shifted, with increased deal flow in healthcare and financials and a decline in materials and industrials.

Figure 4

Average number of PE entries per year by period

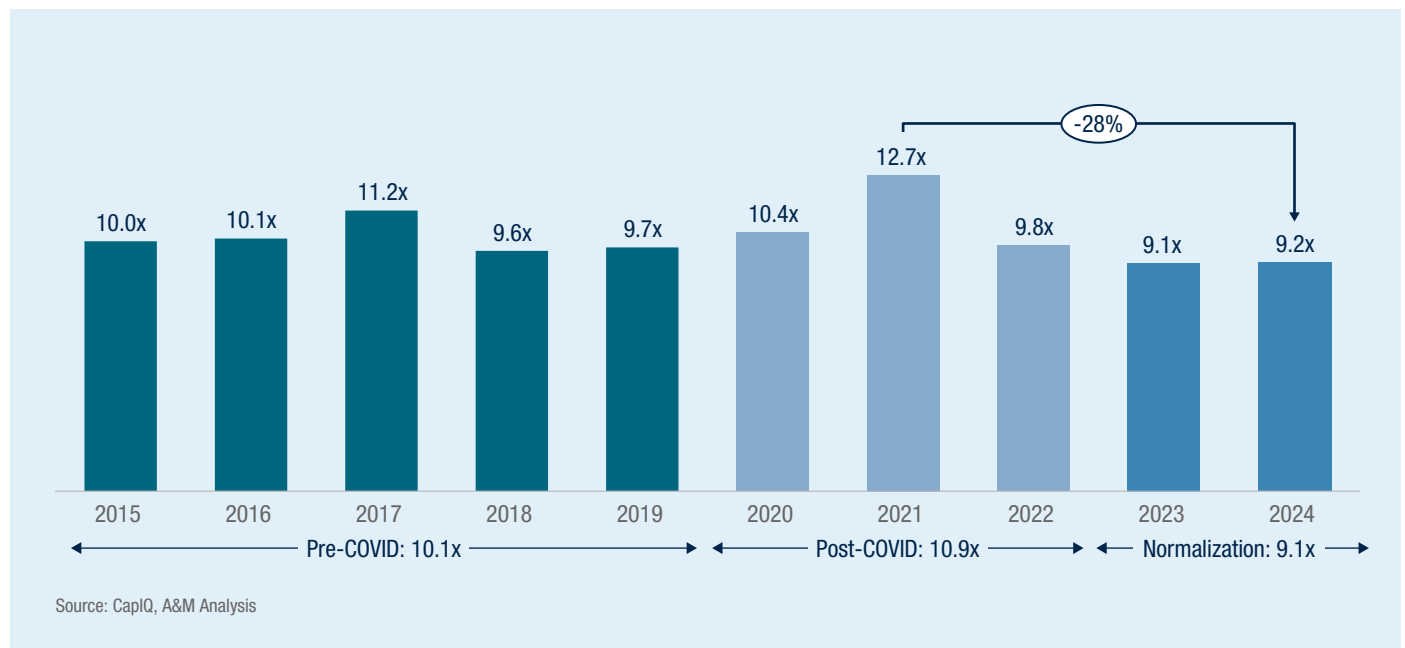


In the 2023-2025 “normalization” period, defensive sectors have shown resilience. Healthcare assets, for example, continue to benefit from aging populations, rising middle-class spend, and resurgent medical tourism, as highlighted by IHH Healthcare’s \$900 million purchase of Island Hospital in Malaysia.² Financial services also remain active as incumbent banks in Singapore and Malaysia report resilient margins and regulators reopen license windows for digital banks.

² IHH Healthcare - Proposed acquisition of Island Hospital

Valuations are trending lower across the board. Between 2021 and 2024, the median EV/EBITDA multiple in SEA fell 27% to 9.2X. Across economic cycles, averages fell from 10.1x (2015-19) to 9.1x (2023-YTD2025). Listed-peer data show industrials valuations trading down to near 10x in mid-2024, while materials dipped below 9x after shedding more than a turn since 2022. Even healthcare, still among the most expensive sectors despite the post-Covid correction, has eased from mid-teens peaks to low-teens multiples.

Figure 5
EV/EBITDA of publicly listed companies in SEA



These valuation dynamics point to even tougher exit journeys going forward. With fewer natural buyers in capital-intensive verticals, shrinking strategic budgets, and lower headline multiples, the risk of value erosion only grows as assets stay in portfolios for extended periods. Funds therefore face heightened pressure to design and implement value creation plans that drive operating improvements, margin expansion, working-capital optimization, and platform roll-ups early in the holding cycle, to offset limited prospects for multiple expansion at exit.





SOUTHEAST ASIA OPPORTUNITY DEMANDS NEW PLAYBOOK

Global and regional funds continue to raise and deploy capital across the region. New strategies such as private credit, special situations, real estate, and infrastructure are also gaining traction, boosting the wider private capital ecosystem.

Southeast Asia stands to benefit further from investors shifting exposure away from China amid escalating US-China trade tensions. However, capturing these relocation tailwinds will depend on the region's ability to sustain its appeal as an alternative manufacturing hub. Recent tariff threats by US President Donald Trump, including potential levies on Vietnam, could risk its positioning over the longer term.

Despite these complexities, selective opportunities remain for funds willing to engage actively on the ground. Ironically, tariff uncertainty may serve as a catalyst, pushing investors and management teams to accelerate professionalization,

boost productivity, and implement transformation efforts across portfolio companies. These moves can help rebalance cost structures, absorb trade shocks, and build lasting resilience in the face of global volatility.

Our survey shows most sponsors aim to execute their value creation plans quickly, often within 12 months of acquisition. Yet even with stronger discipline around early planning, execution remains a weak link. Investors still struggle with overstretched internal teams and limited capacity on the ground, a critical risk to delivering on value creation goals and promised returns.

In the pages ahead, we unpack the insights from our inaugural survey to explain how funds are adapting their value creation playbooks to this new reality, and what it takes to unlock SEA's full PE potential.



Our survey shows most sponsors aim to execute their value creation plans quickly, often within 12 months of acquisition.



EXECUTIVE SUMMARY



Some key findings from our inaugural value creation survey:

EXIT PRESSURES ARE MOUNTING

ONLY **12%** 

of deals from 2015-2021
have exited.

27% 

of funds have yet to exit any
deal from before 2021.

VALUE CREATION EXTENDS BEYOND COST-CUTTING

43% 

of funds rank revenue initiatives as their
top value creation priority.

33% 

are focused on cash and working
capital improvements.

ADAPTING TO ONGOING VOLATILITY

70% 

have adjusted or plan to adjust value
creation due to tariffs.

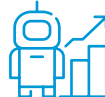
**FOOTPRINT REVIEW
AND COST MITIGATION** 

initiatives are
common responses.

AI DEPLOYMENT IN EARLY DAYS

57% 

of funds use AI for financial data
analysis and insights.

40% 

use AI for scenario planning and
risk strategy.



“Funds in the region are prioritizing revenue growth and cash optimization measures to create value, while engaging earlier with internal teams and executing initiatives faster.”

Manas Tamotia, Managing Director, A&M Southeast Asia



1. REVENUE AND LIQUIDITY AS THE FIRST LINES OF ACTION

Value creation has become an important pathway to boost returns as the industry handles a valuation retreat after the post-Covid deal boom. In line with more mature markets in the US and Europe, an overwhelming 93% of PE funds in SEA consider value creation plans as the core component of their investment thesis.

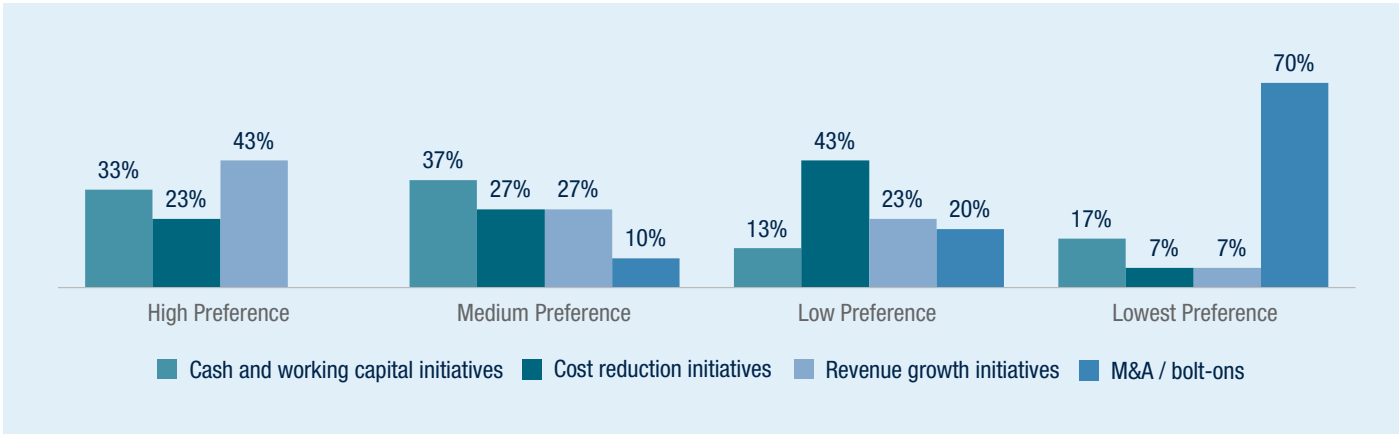
Also similar to their US and European peers, Southeast Asia funds are expanding their value creation scopes to include more revenue growth and liquidity initiatives. Forty-three percent of respondents rank revenue initiatives as their top focus, while 33% favor cash and working capital measures. Cost optimization is less of a priority, although it stands firmly as a secondary focus. M&A and bolt-on acquisitions rank lowest, reflecting the structural challenges of applying consolidation strategies across SEA's diverse markets.



Southeast Asia funds are expanding their value creation scopes to include more revenue growth and liquidity initiatives.



Figure 6
When considering value creation plans, rank the types of initiative you pursue from the lowest to highest preference.



To grow topline, cross-selling/up-selling and pricing optimization are the preferred levers, often deployed together to deepen customer value and increase average order value. This preference is supported by the region’s expanding middle class, where incremental gains in volume and pricing hold significant revenue upside.

Working capital initiatives such as receivables management, payables control, and inventory optimization are widely adopted due to their low execution risk and rapid impact on cash flow. These actions tend to follow standard playbooks and require minimal structural disruption, making them well-suited for resource-constrained environments.

On the cost side, operating model and process improvements remain the most broadly implemented strategy, especially when paired with technology transformation to streamline workflows. These efforts often involve headcount composition reviews and spend controls, offering scalable impact with relatively limited disruption. Their applicability across assets makes them a reliable starting point for operational enhancement in the region.



OUR RECOMMENDATIONS

-  Defer people strategies and technology overhauls until core operations are stabilized for greater acceptance and effectiveness.
-  A lack of talent to lead tech transformations will require external advisors to fill the gap with roadmaps, readiness assessments, and implementation support.
-  Prioritize quick fixes and operational improvements so the organization is better positioned to embrace broad-based change over time.
-  PE funds should prioritize including FP&A dashboards. Bringing in external consultants to rapidly create these dashboards and controls can help PEs monitor company performance in real time.



2. RETHINKING STRATEGIES IN RESPONSE TO MACRO VOLATILITY

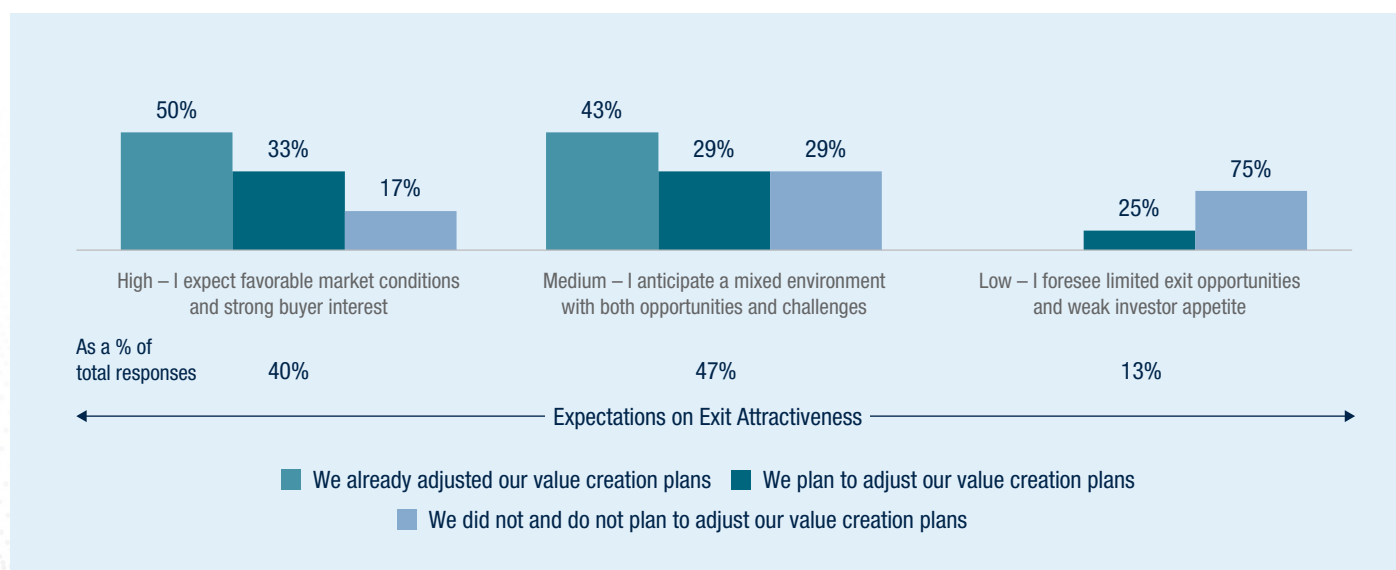
Our survey also reveals how funds have become more agile and adept at pivoting their value creation strategies to deal with a more uncertain macro environment, shaped by trade shocks, shifting policies, and geopolitical tensions.

For example, 70% of survey respondents have adjusted or are planning to adjust their plans in response to tariff volatility. Common countermeasures include revising international expansion and footprint plants, and accelerating initiatives to offset higher import/export costs.

Sixty-six percent of investors expect tariffs to lengthen exit timelines, prompting them to reassess how and where value can be created most effectively. Many funds are increasing the focus on building operational robustness or shifting to locally grounded growth models. SEA's strong demographics and expanding workforce make the latter a particularly viable and strategically sound strategy.

Figure 7

Have you adjusted, or do you plan to adjust, your value creation plans in response to tariff announcements?



In another sign of funds' agility, our research shows that most investors are setting the tone for value creation early. 30% craft their strategy within the first 100 days and another 35% within the 12-month mark. Notably, 18% of respondents begin value creation planning in the pre-deal stage. Execution closely mirrors this cadence: 75% act within these early windows, with a preference for the 12-month (50% of funds) over immediate post-deal activation (25%).

The 12-month horizon strikes a balance: it avoids the pitfalls of rushing in too early – where targets might be mishandled – and mitigates the risk of delayed action, which can erode the compounding returns of value creation initiatives.

The consistent theme, however, is that once plans are in place, execution tends to follow quickly, emphasizing a disciplined and focused approach to value creation.

OUR RECOMMENDATIONS



Delays in execution erode momentum, making meaningful organizational change increasingly difficult to implement over time.



Successful implementation requires fostering trust with portfolio company management (PortCo) while maintaining an independent perspective to ensure disciplined execution.



Domestic markets can present attractive growth opportunities but scaling sustainably across the region will require deeper understanding across geographies, and are harder to execute.





3. MANAGEMENT AND OPERATING PARTNER DRIVE EXECUTION TOGETHER

There is broad consensus among investors on the role of PortCo management in delivering value creation plans, with 82% of respondents ranking them as the most critical on-the-ground contributors to execution success.

Fund operating partners follow closely, supporting the execution of value creation plans across various capacities. According to the survey, deal teams tend to engage more selectively, primarily in M&A strategy post-acquisition and exit strategy, rather than serving as ongoing value creation leads.

Figure 8
Who contributes to which part of the value creation?



Meanwhile, operating partners are more relied upon to lead operational transformation, drive cost optimization, and implement performance management systems/KPIs. They are also instrumental in executing high-impact projects and supporting cultural change within the organization. These capabilities underscore the critical role operating partners play in driving value creation implementation alongside management teams, particularly as programs grow in complexity and scale.

In our experience, the effectiveness of this model, where the operating team oversees and advises PortCo leadership, largely depends on the mindset and adaptability of the management team. When PortCo leadership is engaged and aligned with the PE vision, the structure can work well. But in scenarios where management is resistant to change, deeper integration with the operating team is required to realize exit value.

OUR RECOMMENDATIONS



Funds need to begin integrating more deeply with PortCo teams, especially in buyouts or controlling stake investments where driving long-term change is essential.



Embed joint ownership between deal and Ops team, by involving Ops team early, giving them clear responsibility for delivering operational improvements, and linking incentives to execution success and value creation milestones.





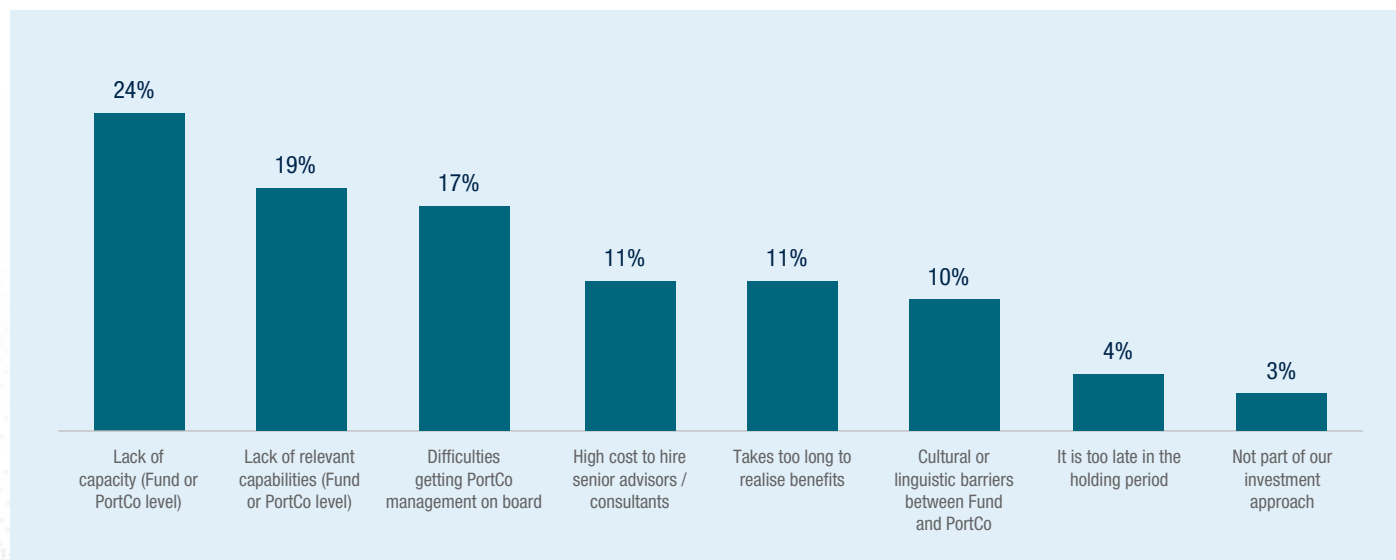
4. INTERNAL CAPABILITY GAPS ARE MAIN BARRIER TO EXECUTION

Our survey reveals that most PE firms in SEA set up their operating teams using a combination of internal and external resources. Over half of the respondents combine the expertise of the fund's senior advisers and former C-level executives with the operational capabilities of PortCo's mid-level managers. Another 30% rely on external executives and advisers on an "as-needed basis."

While this model brings strategic expertise, it also reveals a critical execution gap. PE value creation often demands a pace and intensity that PortCo teams are not equipped to manage without targeted, on-the-ground support.

Figure 9

What are the main barriers to implementing value creation and improving the exit attractiveness of your portfolio companies?





This challenge is further validated by our survey findings, which identified a lack of capabilities and capacity – either at the fund or PortCo level – as the biggest barriers to successfully implementing value creation programs and improving exit attractiveness.

The third most cited barrier was getting PortCo management on board. Many management teams overestimate their ability to deliver while underestimating the complexity of execution. This is where PE investors must adopt a more activist stance, either by embedding their own resources, hiring interim support, or contracting consultants who can coach frontline teams and drive execution at speed. In our experience, resistance from PortCo leadership can often be mitigated through more flexible engagement models, including modular scopes or outcome-linked contracting.

Taken together, these gaps picture a bleak scenario: stretched Ops teams, underprepared management, and underleveraged external support. Addressing them requires deliberate fund-level action, not just to plan, but to own the execution path with urgency.

Finally, external consultants' involvement in execution remains relatively limited. While over 60% of funds use them to develop value creation plans pre- and post-deal, only 21% bring them in for implementation. Consultant participation in project management offices or exit preparation is minimal, as many funds prefer to retain control rather than seek active support alongside management.

OUR RECOMMENDATIONS



To help execute value creation plans successfully, deploy specialized consulting resources to supplement the capabilities and increase the capacity of PE funds and internal operating teams.



This approach also fosters stronger relationships with the PortCo leadership and helps align them with the goals of organizational change.



Take a more interventionist approach to driving change and results. Value creation progress can be slow if funds are deferential to founders and families.



5. NARROW APPLICATIONS SUGGEST AI ADOPTION STILL NASCENT

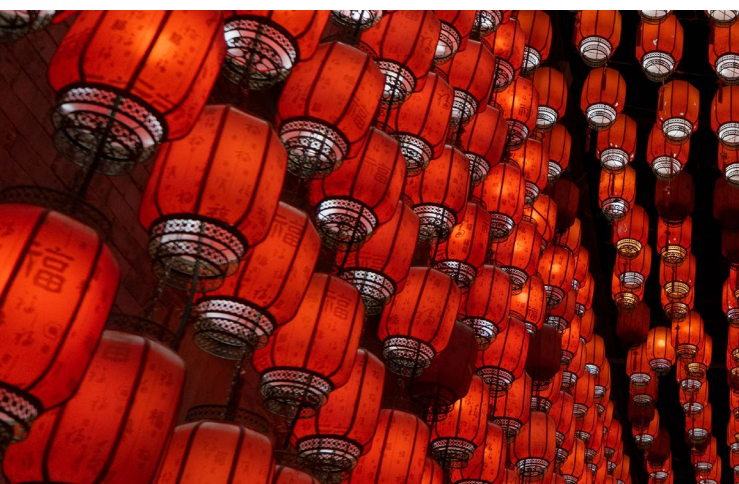
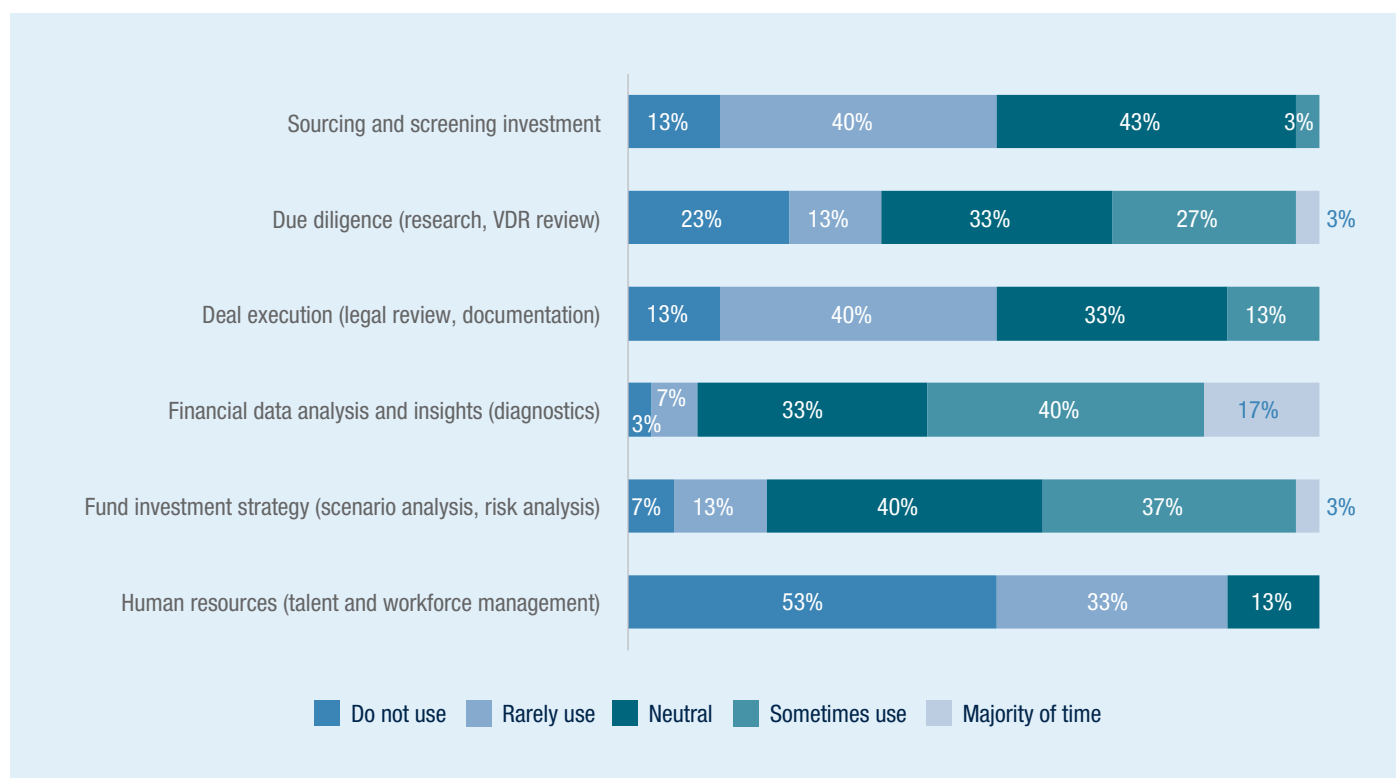
Despite the growing buzz around AI, our survey indicates that its deployment in value creation is uneven across use cases and investment stages. Diagnostics (financial data analysis and insights) and scenario and risk strategy (for fund investment strategy) stand out as the use cases with highest AI penetration.

This trend reflects a growing demand for data-driven transparency from both Limited Partners (LPs) and GPs, as well as the need to navigate a macro environment more prone to shocks and volatility.

AI-powered tools are being used to model downside scenarios and stress-test investment theses, serving not as a replacement for human judgment but as a strategic enabler that enhances decision-making.

Figure 10

To what extent are you using AI for each of the following?



OUR RECOMMENDATIONS



Develop internal talent to lay the groundwork for digital transformation before advancing to AI capabilities.



Appoint external advisors to assist with readiness assessment and implementation roadmap based on organizational tech enablers.



Collaborate with advisors to initiate the development of AI capabilities.



Leverage custom tools built on pre-existing large language models (LLMs) like OpenAI, Perplexity, etc.

CONCLUSION



The PE opportunity in Southeast Asia today is vast, underpinned by compelling growth fundamentals and global trade tailwinds. But this deeply fragmented market is also fraught with challenges. Global investors often lack deep local insight to navigate regional nuances, even if they bring their experience from large markets like China, India, Japan or Korea. Domestic players may have stronger market familiarity, but need to overcome gaps in institutional investing and operational expertise.

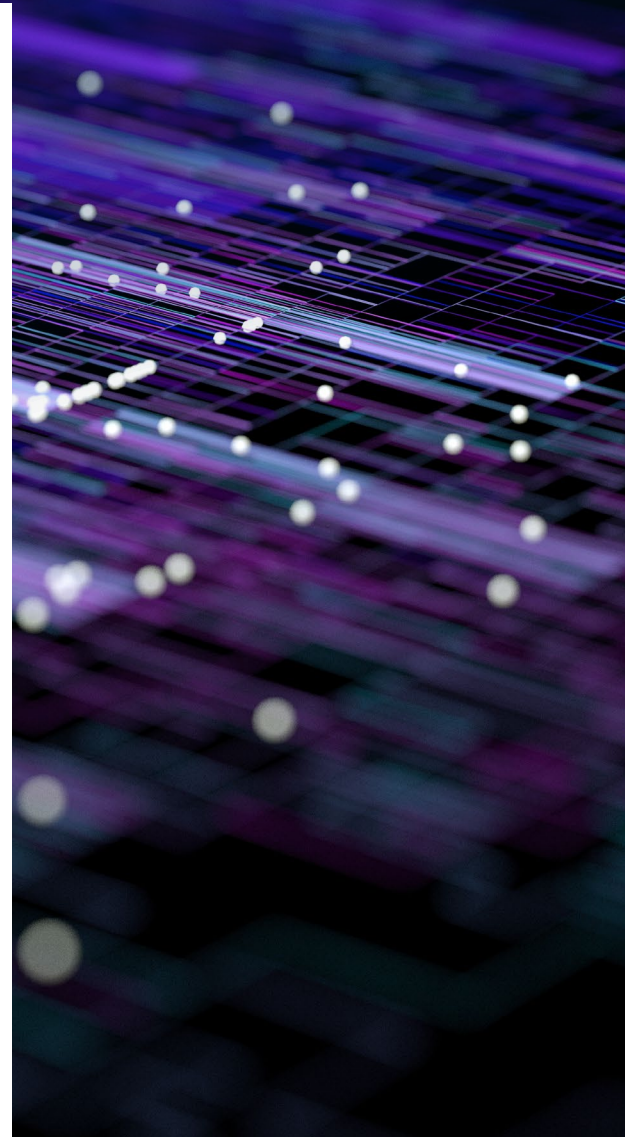
Compounding this complexity is the slow pace of exits – a global phenomenon that is even more acute in Southeast Asia. A&M's analysis shows that just 12% of investments made in SEA between 2015 and 2021 have been exited. Our survey findings confirm this trend, with 74% of respondents still holding most – or all – of their pre-2021 investments.

The good news is that funds are actively recalibrating their value creation models in response to these headwinds. Our survey shows that value creation strategies are becoming more intentional, front-loaded, and locally grounded. Sponsors are prioritizing revenue acceleration and liquidity generation as the first lines of action, supplementing them with cost and operational levers that can be executed with minimal disruption.

Our study, however, also sheds light on funds' pain points. Execution is an area where many are facing challenges, often triggered by limited internal capabilities, stretched resources, and a lack of engagement from PortCo management teams. The relatively scope of AI applications suggest that AI adoption remains nascent, and not mature enough yet to address the operational gaps investors and PortCos in the region face.

Global funds operating in the region may benefit from lean, flexible on-the-ground teams which can help them adapt playbooks to local nuances. Meanwhile, domestic funds can strengthen their position by partnering to build capabilities in scalable governance, digital enablement, and long-term value creation. External advisors can play a critical role, not only in execution delivery and program management, but also in helping funds build long-term capabilities.

Looking ahead, while the region's long-term fundamentals remain attractive, bridging the delivery gap through targeted external support will be essential to realizing sustainable value creation.



HOW A&M CAN HELP

Alvarez & Marsal (A&M) partners with investors to navigate the region's complexity through hands-on execution, tailored value creation, and practical transformation strategies across the full investment lifecycle.

PRE-DEAL SUPPORT

We help de-risk transactions and accelerate decision-making through:

- Operational value-creation focused due diligence integrated tightly with financial, tax, and commercial diligence work.
- Carve-out and separation planning.
- Readiness assessments for integration, transformation, and post-deal value creation.

POST-DEAL STABILIZATION

Our experts mobilize quickly to drive early impact across commercial, operational, and liquidity levers through:

- Integration support and interim C-level placement.
- Cost takeout and working capital improvement.
- Operating model design and business plan execution.
- Bolt-on M&A assessment and synergy capture.

PERFORMANCE IMPROVEMENT AND GROWTH ENABLEMENT

Our team of experts enable sponsors to scale EBITDA through:

- Sales effectiveness and cross/up-selling strategy.
- Pricing and margin optimization.
- Supply chain, inventory, and selling, general and administrative expenses SG&A efficiency.
- Strategic growth planning and domestic market activation.

TURNAROUND AND CRISIS MANAGEMENT

We step in to stabilize with speed and operational depth through:

- Crisis C-level/CRO deployment.
- Liquidity control and short-term cash preservation with rapid turnaround.
- Stakeholder and board engagement for confidence restoration.

EXIT PREPARATION

Our team drives structured, execution-ready exit programs through:

- End-to-end vendor due diligence (VDD) and sell-side support.
- Exit readiness and value articulation.
- Carve-out execution and Project Management Office (PMO) leadership.

A&M helps bridge these gaps directly with senior-led teams, operational expertise, and local market adaptability. We also collaborate with PortCo leadership by embedding transformation offices, building accountability, and driving execution alongside strategic planning.

METHODOLOGY

In June 2025, research firm Statista Q, on behalf of Alvarez & Marsal (A&M), surveyed 30 private equity fund managers and operating partners active in Southeast Asia. The survey included predominantly closed questions and was conducted via phone interviews. Results were collated and analyzed by A&M and are presented here in an anonymized form.



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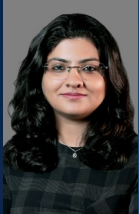
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ABOUT ALVAREZ & MARSAL

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