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M&A NEWSLETTER

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MARKET OVERVIEW

Vietnam Healthcare Industry: M&A Attraction in 2024

Driven by the rising demand in the healthcare sector, development potential of the M&A market, and abundant capital, Vietnam's healthcare sector is poised to become a bright spot for M&A activities in 2024.

Triggering large deals

From just few separate deals per annum in the past, during 2023, Vietnam's health and healthcare sector received a large foreign capital flow. In terms of both number and value of transactions, the healthcare sector recorded 11 M&A deals undertaken with a total disclosed value of USD 508 million, double that of 2022.

A notable highlight was in Q3/2023, when a series of investment deals in the healthcare sector were signed. Of these, the most remarkable transactions included Thomson Medical Group's (TMG) acquisition of FV Hospital and Dongwha Pharm's acquisition of more than half of the capital of the Trung Son Pharmacy chain. The fact that TMG spent USD 381.4 million, equivalent to more than VND 9,000 billion, owning FV Hospital shows the M&A market's attractiveness in Vietnam's healthcare sector.

According to Euromonitor, Vietnam's private healthcare market recorded a compound annual growth rate (CAGR) of 9.2% in terms of healthcare spending from 2017 to 2022. The main reasons for this growth are the rapid growth of the middle class, an aging population, and an increasing number of foreign immigrants.

According to the "Vietnam 2035 Report" by the Government of Vietnam and the World Bank, Vietnam is expected to become a country with a high proportion of middle class by 2035. In addition, the average life expectancy of the population has been also increasing rapidly, reaching 75.4 years by 2030, according to McKinsey's forecast. This population trend shows that the demand for healthcare services will continue to increase.

Furthermore, according to statistics from the Department of Tourism and the Department of Health of Ho Chi Minh City, Vietnam is also considered a potential destination for medical tourism, attracting about 300,000 foreign health care tourists annually, especially from neighboring countries such as Cambodia, Laos, and Myanmar.

Challenges and opportunities

However, the private healthcare market is not all roses. In fact, many private hospitals have been losing money for many consecutive years, partly due to inefficient operations and profit-seeking and partly due to the fact that most people still prefer public hospitals. Additionally, regulations on the socialization of healthcare also have many shortcomings that need to be improved.

The healthcare sector is expected to continue to be a "hot spot" for M&A in the Vietnamese market. The deals made in 2023 were typical examples of successful divestment opportunities for financial investors to strategic investors. This further strengthens investor confidence, creating an attractive force to attract even more investment into this sector.

It is forecast that the investment picture in the healthcare sector in Vietnam will continue to be vibrant, with many open investment opportunities. The characteristics and nature of deals and buying and selling parties will also become increasingly diverse. The diversity of transaction structures and the number of significant investment opportunities will drive the growth of M&A activities in the healthcare sector in Vietnam.



HIGHLIGHTED M&As

HIGHLIGHTED M&As

Vietnamese coffee chain Révi Coffee & Tea secures investment from foreign fund



Announcement date	16-02-2024
Investee	Revi Coffee Viet Nam JSC (Révi Coffee & Tea)
Investor	TNB Aura
Target	Revi Coffee Viet Nam JSC (Révi Coffee & Tea)
Investment type	Fund raising
Change of ownership's rate	N/A
Value	USD 1 million
Purpose: With this capital, Révi Coffee & Tea will continue to expand its operations, meeting the growing consumer demand for high-quality and convenient coffee.	



Investee: Révi Coffee & Tea

Founded by former GoViet leaders Nguyen Vu Duc and Nguyen Bao Linh, Révi Coffee & Tea opened its first store in May 2023. The chain offers high-quality coffee at reasonable prices with convenient and fast service thanks to the application of cashless payment methods. To date, Révi Coffee & Tea has 7 branches in Hanoi and 1 store in Ho Chi Minh City.



Investor: TNB Aura

TNB Aura is a Singapore-based venture capital fund management company that focuses on technology startups in Southeast Asia. The firm has invested in a number of Vietnamese technology companies, including T&C Logistics, Med247, Gimo, and others.

HIGHLIGHTED M&As

IGC Acquires Hong Duc School



Announcement date	20-02-2024
Acquiree	Hong Duc Primary - Secondary - High School (Hong Duc School)
Acquiror	IGC Education JSC (IGC)
Target	Hong Duc Primary - Secondary - High School (Hong Duc School)
Investment type	Secondary acquisition
Change of ownership's rate	0% → 100%
Value	N/A
This transaction is part of IGC's expansion strategy, which includes targeting areas in the North and further establishing its presence in the South.	



Acquiree: Hong Duc School

Established in 2007, Hong Duc High School is situated in Nhan Hoa commune, My Hao district, Hung Yen province.

Hong Duc High School delivers educational programs aligned with the Ministry of Education and Training's curriculum. The school also implements progressive teaching methodologies and furnishes contemporary classrooms with air conditioning and projectors to facilitate teaching and learning activities.



Acquiror: IGC

Established in 2007, IGC initially operated as a subsidiary of TTC Group. In May 2019, Navis Capital Partners acquired IGC's shares as TTC Group divested from non-core operations.

As of September 2023, IGC operates 25 educational establishments encompassing Kindergarten, High School, and College levels. IGC aims to double its student body to 10,000 by 2028 and establish one to two new schools annually.



OTHER TRANSACTIONS





OTHER TRANSACTIONS

NO.	TARGET	INVESTOR	VALUE	%	NOTE
1	Sinh Nam Metal (Vietnam) Co., Ltd.; UG M&E (Vietnam) Co., Ltd.	Coteccons Constructions JSC (Coteccons)	N/A	0% → 100%	<p>This transaction will expand Coteccons' operations and diversify its business activities, thereby increasing Coteccons' revenue stream and enhancing its brand reputation in the market.</p> <p>Coteccons is one of the leading corporations in Vietnam in the field of construction general contracting. Coteccons is the general contractor for the Landmark 81 project - the tallest building in Southeast Asia and the 17th tallest in the world.</p>
2	1Long Co., Ltd.	Iterative; Monk's Hill Ventures; R2VP; Orionis Capital.	USD 500.000	N/A	<p>1Long is a fintech platform that empowers users to achieve their financial goals sooner, pioneering a transformative approach to wealth management. By combining cutting-edge technology with intelligent investment strategies, 1Long delivers a personalized and responsible wealth management methodology.</p> <p>The capital will be utilized by 1Long to develop technology, build partnerships with wealth management experts and financial institutions, and expand its team.</p>
3	Hai An Transport and Stevedoring (Hai An)	SSI Asset Management Co Ltd (SSIAM); Development Bank of Japan (DBJ); Daiwa Securities Group Inc; Charoen Pokphand Group Co., Ltd. (CP Group)	USD 20 million	N/A	<p>Hai An is one of the leading companies in the maritime transportation industry in Vietnam. In 2024, Hai An is projected to increase its total capacity by 45% compared to the present, opening up opportunities for connecting with new domestic and international routes.</p> <p>Through this convertible bond issuance, Hai An will access financial resources to build a strong fleet to increase domestic transportation capacity and open new intra-Asia routes.</p>



Your trusted financial partner

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Please contact our professional advisors at Auxesia Holdings for assistance with capital fund raising, M&A execution, market research, review and restructuring business as well as other financial issues you may have during your business operation.

For more information, please visit our M&A Newsletter and contact us.