

**Title:** M&A deals anticipated to flourish in Vietnam post-Covid-19

**Author:** Ngoc Thuy – **Source:** VietnamNet dated 16/07/20

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## M&A deals anticipated to flourish in Vietnam post-Covid-19

**The appetite for mergers and acquisitions (M&A) activities in Vietnam has not been dampened by the Covid-19 pandemic.**



Given Vietnam's safe and stable investment environment pre- and even during the global pandemic spike, Vietnam is in a position where M&A activities could be largely anticipated to flourish post Covid-19, according to PwC Vietnam.

"We have noticed that the appetite for M&A activities has not been dampened. It is understandable that local companies are now taking the lead as they are based in-country," said Ong Tiong Hooi, Transaction Services Partner, PwC Vietnam

"With Vietnam's economy on the road to recovery and the anticipated EU – Vietnam Free Trade Agreement (EVFTA) taking effect, the next six to 12 months would be interesting to watch how the "new normal" unfolds," added Tiong Hooi.

Among notable M&A deals in Vietnam are the government's sale of a nearly 54% stake in Saigon Beer Alcohol Beverage Corp (Sabeco) in 2017 to Vietnam Beverage, a local unit where ThaiBev holds control;

Or South Korea-based SK Group invested US\$1 billion in Vingroup in 2019.

In the first half of this year, 4,125 projects have had nearly US\$3.51 billion in capital contributed by foreign investors, up 2.6% in the number of projects but down 56.8% in value year-on-year.

### **New considerations required in uncertain times.**

Meanwhile, the impacts of the Covid-19 pandemic are drastically altering the global economic landscape, disrupting M&A environment and opening up new deal considerations for any party involved, stated PwC Vietnam.

The combination of initial shock that kept businesses' focus away from big investments and ongoing efforts to contain the virus in different parts of the world has put the brakes on both domestic and international deal-making.

However, after this phase, the need for companies to divest and restructure their balance sheet will spark opportunities. Companies that made deals during uncertain times may outperform their industry peers – a PwC analysis of companies having acquisitions during past recession suggests.

As companies, private equity firms and other investors start reassessing portfolios and strategies, the appetite to buy will grow as others decide to sell in order to focus on their core businesses. Those in a solid position would consider acquisitions and be nimble to capture the market during the downturn. Under the rippling effects the pandemic on world economy, deal-making for different industries, sectors and geographies have been impacted in varying ways. These factors are expected to change the M&A environment and raise new deal considerations. Potential buyers and sellers in this time of uncertainty need to be aware that traditional thinking might not apply in this new normal.

Amidst the unfolding disruptions in the global economic scene, results from PwC's CFO Pulse survey conducted in June 2020 suggested there remains a stable M&A appetite. 85% of companies responded that they are not changing their M&A strategy as a result of the Covid-19 pandemic