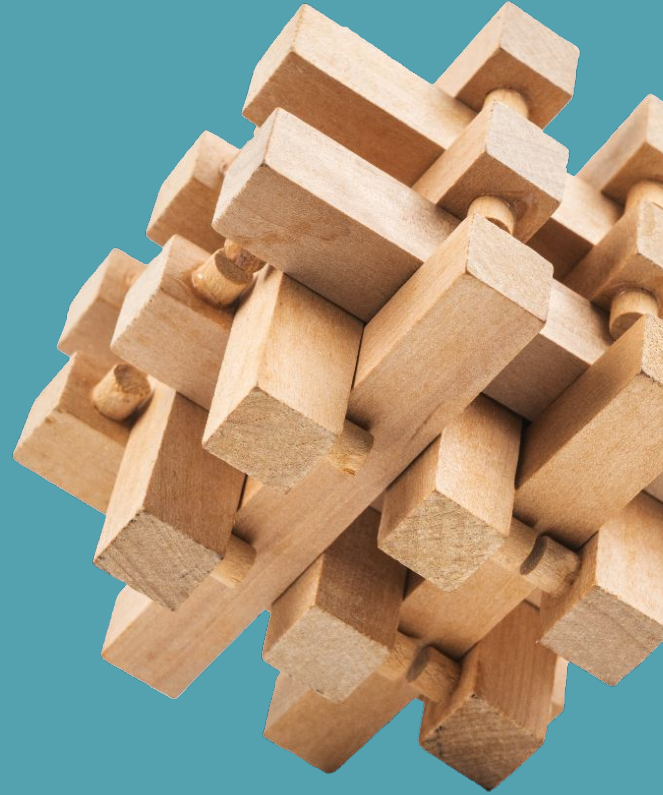


Yefira Market Insights

2023 Survey



Preface

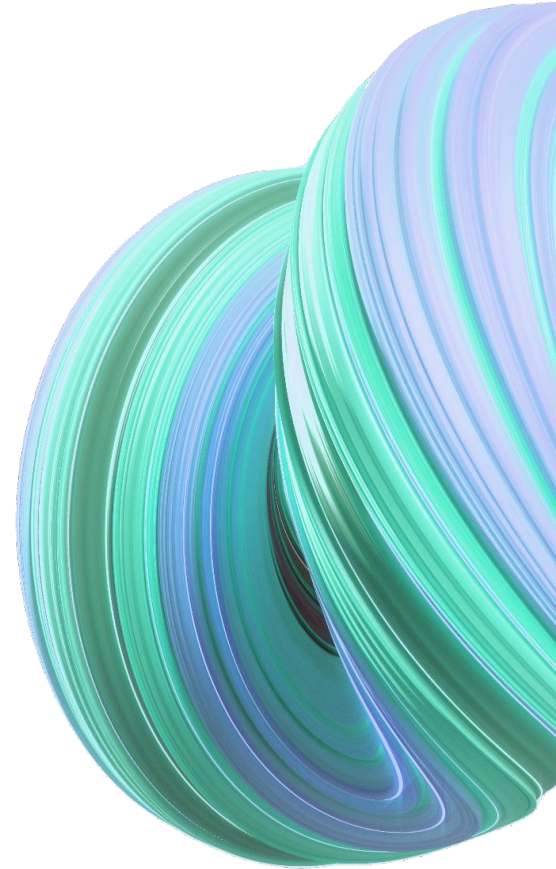
As we step into 2023, there is a paradoxical mix of uncertainty and optimism

- The aftershocks of the pandemic are gradually receding in terms of influencing long term business decision making.
- Most major consumer technology businesses are going into rebuilding mode after a year of rightsizing, amidst dwindling growth. This impacts the overall tech sector.
- Policies and measures to control inflation, and the looming recession in some parts of the globe, continue to re-shape customer demand.

The team at Yefira are keen to understand how these macro-factors impact market sentiments and corporate development decision making in key focus sectors like marketing services and related technologies

We are pleased to share with you some insightful findings from our **Yefira Market Insights 2023 Survey** that will hopefully help you better understand some key trends and guide your growth strategies for next year.

The survey focuses on findings in the APAC region, but there are transferable learnings for other geographies



Survey details

Methodology	Online Quantitative survey
Base	N: 50
Respondent profile	Business owners, founders, senior partners, investors (inc angel, institutional), corporate strategists, executives, media professionals
Geography	70:30 (APAC: ROTW)

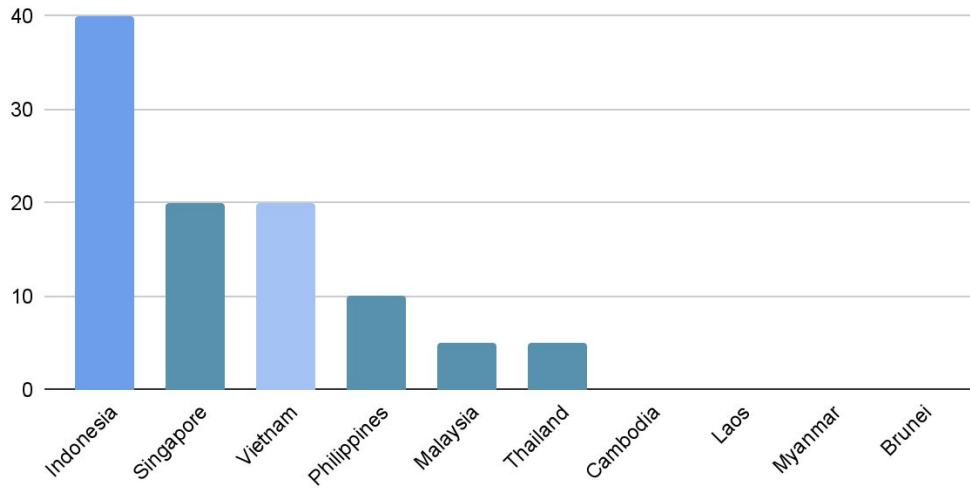


Geographies and sectors of interest



Indonesia leading the pack in SE Asia when it comes to positive investor sentiments

Which of the South East Asian countries in 2023, is expected to see the most growth and investor interest? (%)

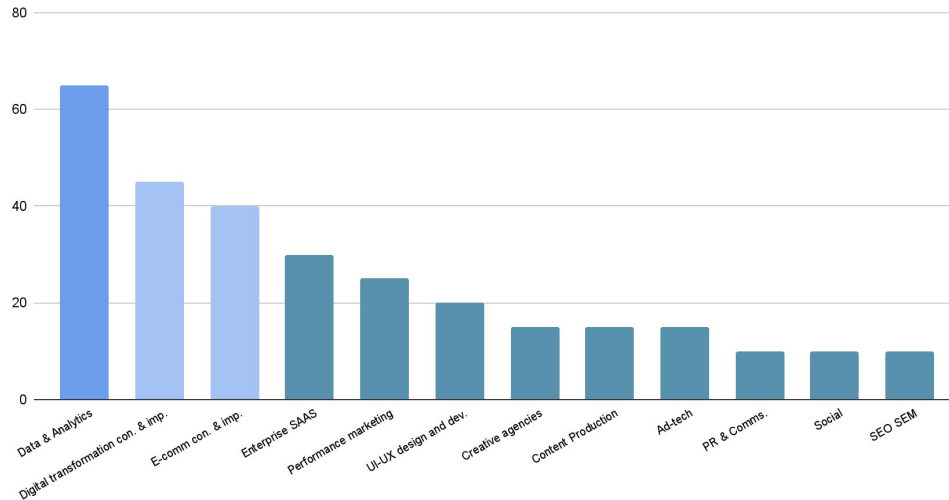


Indonesia's **scale and booming start-up culture** continues to woo investor sentiment.

Vietnam interestingly emerges as a strong market for investors owing to rapidly **growing outsourcing capabilities** for digital services and technology.

Data, digital and e-comm consulting touted to be hottest acquisition spaces

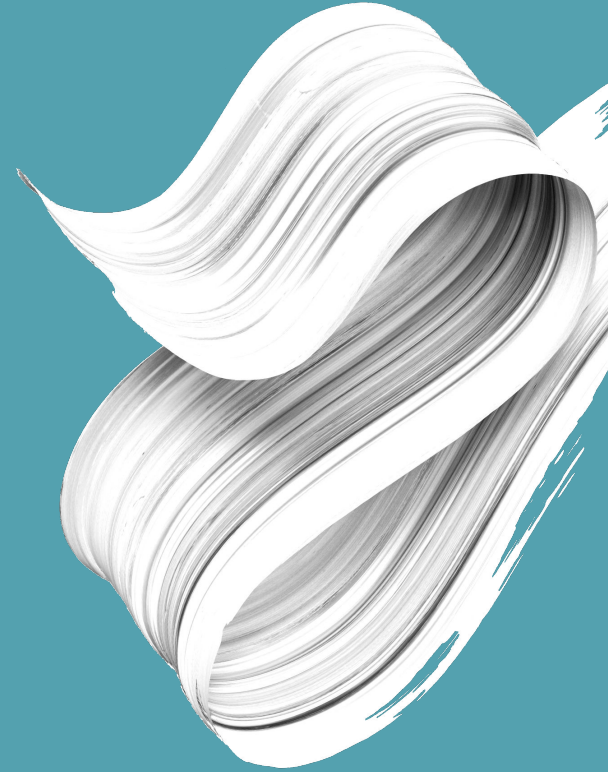
Pick the top 3 spaces, that will attract the most interest amongst buyers in Asia Pacific in 2023? (%)



As seamless and personalised CX become key discriminating factor for marketers to **lower CAC and increase CLTV**, data, digital and eCommerce tech and managed services is turning out to be the most lucrative inorganic growth area for buyers supporting the marketing industry.

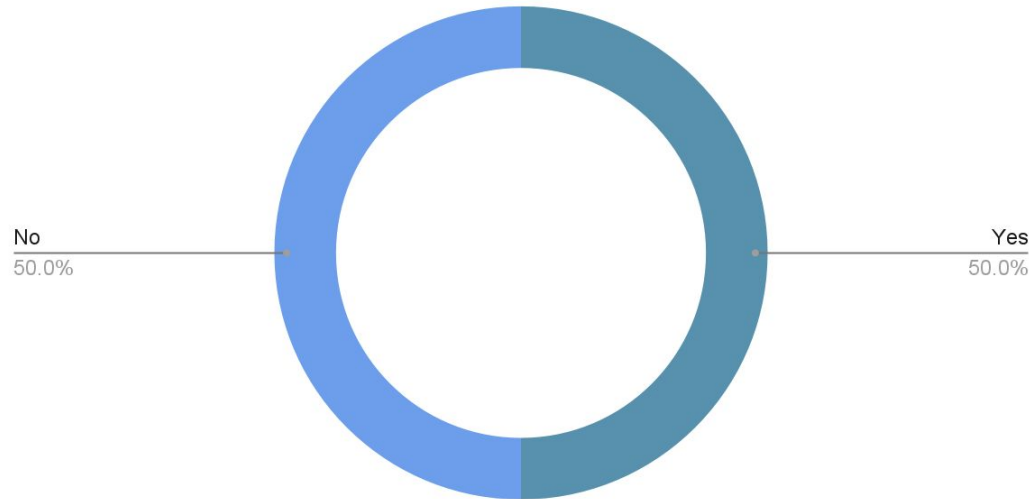
Content-based businesses are attracting less interest due to a lack of scalability and repeatability factor of the service offering

M&A and fund raising drivers and blockers



Divided opinion on impact in deal length due to the pandemic

Compared to M&A deals pre-pandemic, are the deals now taking longer to close? (%)

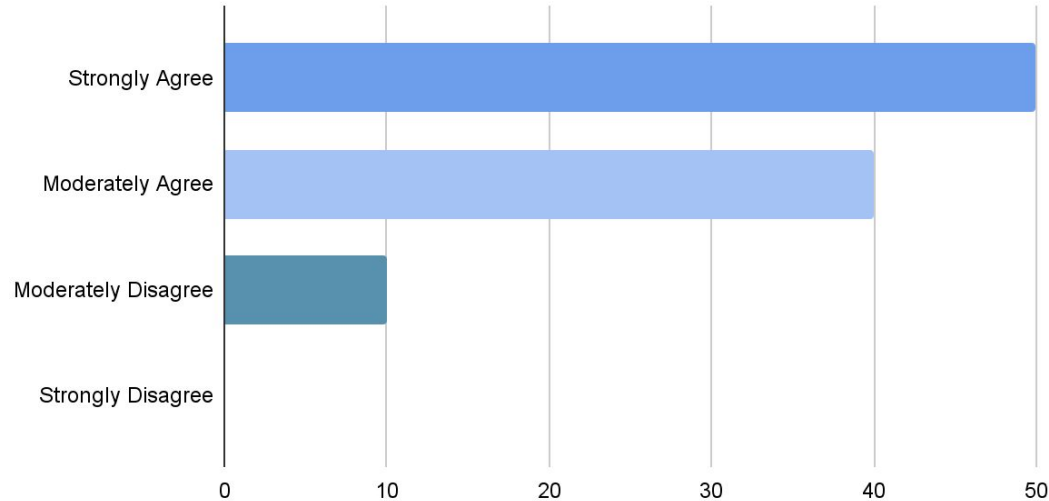


The market seems to be equally split when it comes to views on deal lengths in the past couple of years.

This could be interpreted as the **acceleration of digital transformation-based acquisitions neutralised by slower movement in more traditional marketing services outfits.**

Profitability remains the cornerstone for valuation

Going into 2023, would profit still remain the main attribute for valuation? (%)

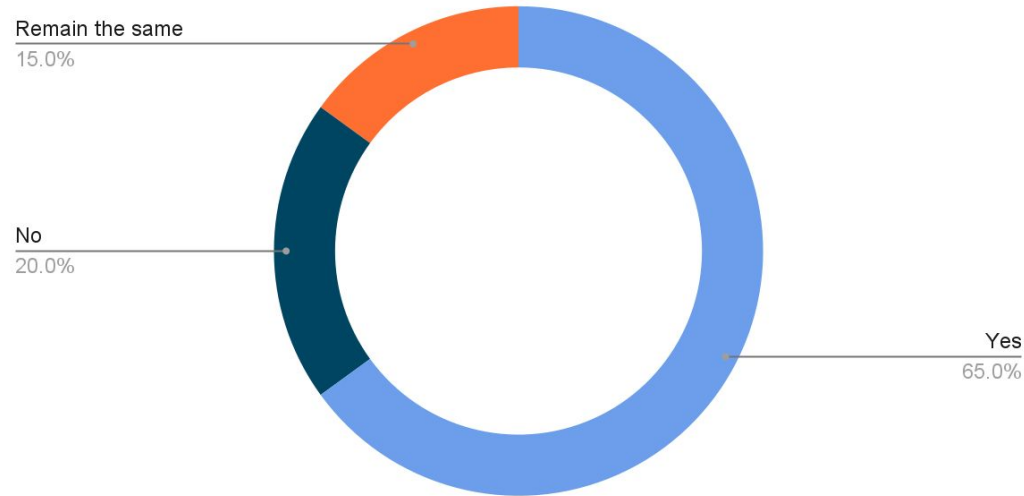


Top-line revenue growth at the cost of poor profit margins is working against the business health evaluation and is considered an **'unsustainable' model**.

The **20%+ EBITDA margin** continues to be an optimal benchmark for valuation for most buyers.

Venture debt emerges as a viable alternative amongst scale-ups

Will the interest in Venture debt increase amongst scale-ups in 2023? (%)



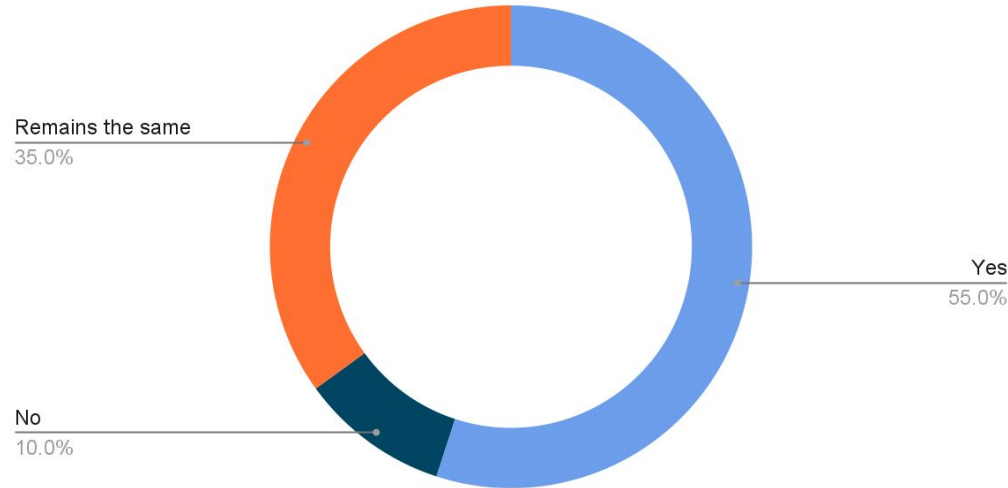
Scale-ups are now keen on being more diversified in their capital raising approach.

This follows the learnings from the previous generation of start-ups who **over-diluted equity at an early stage**.

That said, venture debt remains a complex and niche fund source with a need for expert navigation.

Interest rates & inflation showing significant impact in current business operations

Are rising interest rates and inflation already having an undesired impact on your business? (%)



More than half of the respondents feel that rising interest rates and inflation are 'negatively' impacting their businesses.

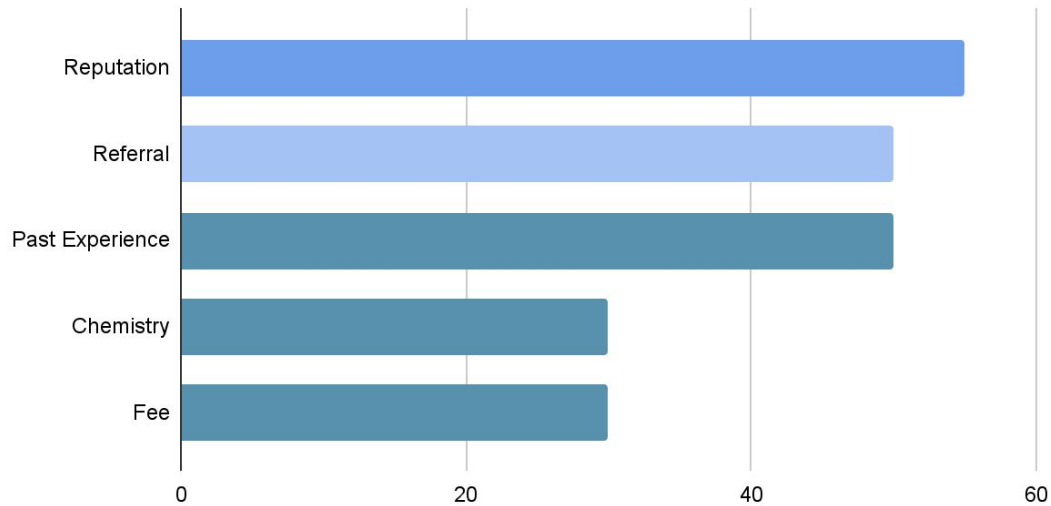
Key reasons cited are the **rising cost of goods and services** as well as **apprehensions around capital borrowing**, especially amongst the SMEs

Sellers: Selecting the right partner
and route for maximising value



Reputation a must. Fee matters least

Pick the top 2 amongst the following attributes, when deciding on choosing a corporate finance advisory firm (%)



The findings clearly point to **reputation** outranking any other factor when a client chooses the appropriate **corporate finance advisory firm**. Targeted awareness amongst industry influencers and positive word of mouth plays a critical role.

Strong referrals and similar past experiences help in narrowing down the choices.

Engagement fee is not a major criterion as clients continue to seek capable and trustworthy partners.

Recent sellers views on improving the sale and advisor screening process



55%

More open to alternative capital options



40%

Do more background diligence

About Yefira:

Headquartered in Singapore, Yefira is a corporate finance advisory boutique specialising in sourcing, structuring and executing transactions in mergers & acquisitions, capital raising, asset finance and driving business development strategies in the ASEAN region.

We are best known for our work in the digital marketing, advertising, media, mar-tech, ad-Tech, tech consulting & implementation, and communications M&A space.

We have expertise in shipping, aviation and energy sectors with wide-ranging deal experience in sale-and-leasebacks, senior, mezzanine debt financing, equity raising and hybrid structures.

Our primary focus is acting for issuers in Asia, we also have investor relationships in asset finance capitals of New York, London, Rotterdam, Beijing, Shanghai and Hong Kong. We harness our network to connect businesses with opportunities and relationships in the market. Our business consultation is infused with an understanding that success is driven by clarity of narrative and ensuring all stake holders are aligned with the same vision.





YEFIRA

www.yefira.group

GEORGE KYPRAIOS

**CHIEF EXECUTIVE OFFICER,
YEFIRA GROUP**

+65 9339 0858
gkypraios@e-yefira.com

HARIZ JUNID

**VICE PRESIDENT,
YEFIRA GROUP**

+65 9799 5481
hariz@e-yefira.com