

# THE GLOBAL ACQUISITIONS TRAIL

Mayfield Media's **Steve Monnington** looks at investment potential building in Asia, its hotspots, emerging markets and barriers to entry that can potentially make or sink your next international launch

If you have been reading the *Dealmakers* column in each edition of this magazine over the years, you will notice hotspots of acquisition activity.

Brazil was flavour of the month for a while, particularly between 2010 and 2012. Since 2010 there have been 13 acquisitions primarily involving UBM, Reed and Informa. Brazil's current economic woes are well documented so it's no surprise acquisition activity has declined markedly over the last year.

Turkey has gone through a full internationalisation process with 20 acquisitions and strategic partnerships since 2010. We have seen Tarsus, UBM, Reed, Fiera Milano and Messe Stuttgart enter the market and ITE and Hannover Fairs increasing their business base. M&A in Turkey has now peaked and there will be a significant drop in activity, not because of economic concerns but because most of the local organisers have now been acquired.

China has seen 35 acquisitions and strategic partnerships in the same period and the increasingly regional nature of the Chinese market should ensure it will continue to top the acquisition activity charts.

## The rise of the ASEAN market

Trends in acquisition activity in the ASEAN region (Association of South East Asian Nations) has been much harder to read with only 14 deals across the whole region since 2010. The low number of deals is due to a variety of different reasons, and it is necessary to look at each country to build up a



IF THERE IS GOING TO BE SOMETHING DRAMATIC ALONG THE LINES OF BRAZIL AND TURKEY, IT WILL BE IN INDONESIA



picture of acquisition activity and what the next few years may have in store.

The ASEAN region consists of 10 countries with a combined population of just over 600 million. It can be split into the five founding nations – Indonesia, Singapore, Thailand, Malaysia and Philippines and the countries that joined subsequently – Vietnam, Cambodia, Myanmar, Laos and Brunei. The sophistication of the exhibition sector including venue capacity and acquisition potential can be split along the same lines. Exhibition growth in the second group of countries has been modest and limited to launches.

Singapore hosts a number of important exhibitions and, for a country of approximately five million people, has a venue capacity that is the envy of most of its neighbours. However it doesn't feature on any of the international organisers' list of target markets because of the limited growth potential. Historically growth for trade shows was predicated on Singapore being the hub for the region but now, for new launches, organisers target the specific countries in which they want to develop their business.

Thailand is also one of the more mature markets in ASEAN but the factors that inhibit acquisition activity are quite different from those in Singapore. One of the biggest factors is the role of the Department of International Trade Promotion (DITP), which is the largest B2B organiser in Thailand running shows for a number of key sectors including jewellery, autoparts, giftware/houseware, food and logistics. These are traditionally sectors in which independent organisers would launch shows but the low pricing for the exhibitions together with the strength of the DITP (their primary aim is to promote export opportunities to Thai companies) has created a natural barrier to competition.

UBM and Reed have had established businesses there for many years and this international



presence, together with the dominance of the DITP, has inhibited the growth in the independent organiser sector meaning there is little for the international organisers to acquire. VNU created a joint venture with the TCC Exhibition and Convention Centre in early 2012 and more recently, Diversified Business Communications acquired 51 per cent of Kavin Intertrade (Franchise, Hospitality and Tourism). I don't expect to see much future acquisition activity - there are a handful of local organisers who could be acquired at some stage and there is always the possibility of the DITP selling a stake in some of their shows.

Malaysia has seen a good share of the acquisition activity over the last few years. UBM acquired the Malaysian International Furniture Shows and a number of events from local Malaysian organiser AMB Exhibitions and Events (which included shows in the water, livestock and energy sectors in Malaysia, Vietnam and the Philippines). ITE acquired three quarters of Tradelink (metalworking and industrial automation) and half of ECMI (which included beauty and laboratory shows in Malaysia, Indonesia and Vietnam). The Malaysian exhibition



sector is mature but there are still a number of private organisers running good shows so we should continue to see some acquisition activity, but nothing dramatic.

If there is going to be something dramatic, along the lines of Brazil and Turkey, it will be in Indonesia. Comprising 40 per cent of the total population of ASEAN, Indonesia is a late starter in the exhibition sector compared to Singapore, Thailand and Malaysia. The internationalisation of the market started a few years ago with a number of launches from UBM. Acquisition activity came in 2012, when Tarsus acquired 51 per cent of PTIA (infrastructure investment) and Reed took a 50 per cent stake in Panorama Convex, which runs a mixed portfolio of B2C and B2B shows including franchise, baby, mining and renovation.

In June ITE acquired 50 per cent of Debindo Unggal Buana Makmur (organiser of Indobuildtech), the largest acquisition in Indonesia so far. DMG also announced the launch of its Big 5 construction brand in partnership with the Tarsus/PTIA joint venture.

Indonesia's space race

Venue space in Jakarta has been a significant limiting factor for growth with two venues offering a total of 30,000sqm. This is set to increase to 190,000sqm with two new venues opening soon. The first of these, the Indonesia

Convention and Exhibition Centre, is due to open early next year - adding 50,000sqm of indoor space (and 50,000sqm outdoor) - and will be managed by Hannover Fairs International. This is a major development that will completely open up the market. There are a number of good local companies with market leading shows who have so far been reticent about engaging with the international organisers but I believe that it is just a matter of time.

The Philippines also suffers from a lack of venue space but, unlike Indonesia, there is no venue expansion programme on the horizon.

Overall for Southeast Asia, we can expect to see most acquisition activity in Indonesia followed by Malaysia and Philippines but if we look at the wider Asia territory, I believe that the South Korea market will also become more international. There are excellent venue facilities and also a number of good local players and it's only a matter of time before the international organisers start to land there.

Although China will continue to dominate the acquisition news for some time to come, it is also in these smaller markets where news will be made as more and more international organisers create businesses there. **EW**

**MALAYSIA HAS SEEN A GOOD SHARE OF THE ACQUISITION ACTIVITY OVER THE LAST FEW YEARS**

# Be the mayor

of the world's most compact metropolis

Welcome to Amsterdam, the most compact metropolis in the world! Your event will be highly visible in Amsterdam and make a lasting impression on your visitors. At Amsterdam RAI we would love to make you part of our city and help you achieve your event goals. To see what we can offer you for your event and what it means to be the mayor, visit: [www.rai.nl/mayor](http://www.rai.nl/mayor)

T +31 (0)20 549 17 22  
E [welcome@rai.nl](mailto:welcome@rai.nl)  
[www.rai.nl/mayor](http://www.rai.nl/mayor)

