

UBS Leading Southeast Asia Stock Sales With Billionaire Deals

By Joyce Koh - Jul 19, 2013 12:00 AM GMT+0800

UBS AG (UBSN) jumped to the lead among share-sale underwriters in Southeast Asia for the first time in six years, capitalizing on its relationships with wealthy families and a surge in equity offerings in countries including the Philippines.

The Swiss bank worked on deals equal to 37 percent of the total value of equity sales in the region in the first half, compared with 26 percent for second-placed CIMB Group Holdings Bhd., data compiled by Bloomberg show. UBS won roles on the biggest-ever share sales in the Philippines, Thailand and Indonesia, including PT Matahari Department Store (LPPF)'s \$1.4 billion offering in March.

UBS is pushing investment bankers and private bankers to cooperate to generate underwriting work in a region where the number of millionaires is rising faster than in developed economies, said Stuart Mackay, head of equity capital markets for Southeast Asia. The Zurich-based lender was tied with Citigroup Inc. as the biggest private bank in the Asia-Pacific region last year, according to the Boston Consulting Group.

"We've always worked closely, and the integration is getting even better," Mackay, who moved to Singapore from Hong Kong in 2011, said in an interview. "It was particularly clear to me that Southeast Asia was going to produce a lot of business for the next couple of years.

The value of initial public offerings and additional share sales in Southeast Asia more than tripled in the past decade and reached \$20.6 billion in the first half, overtaking Hong Kong for the first time, according to data compiled by Bloomberg.

Billionaire Deals

Fees on equity offerings followed, with the region generating \$276 million in the first half, topping Hong Kong's \$232 million, according to data provided by Freeman Consulting, a New York-based research firm.

UBS was among lead managers for Matahari's share sale in Indonesia and BTS Rail Mass Transit Growth Infrastructure Fund (BTSGIF)'s \$2.1 billion IPO in Thailand. It led arrangers of LT Group Inc.'s \$912 million share sale in the Philippines. Those three share sales were the biggest ever in their respective countries.

Several of UBS's equity deals were linked to wealthy families. GT Capital Holdings Inc. (GTCAP), which raised \$350 million in January, is the holding company of Philippine billionaire George Ty. In Thailand, CP All Pcl (CPALL), controlled by billionaire Dhanin Chearavanont's Charoen Pokphand Group, raised \$315 million in a February offering. LT Group, which sold \$912 million of stock, is owned by Philippine billionaire Lucio Tan.



Publication: Bloomberg

Date: 19 July 2013

Headline: UBS leading Southeast Asia stock sales with billionaire deals

Nouveau Riche

The dominant roles wealthy families play in the economies of Southeast Asia can make strong private-banking operations key to winning roles on deals, said Francis Koh, a professor of finance at the Singapore Management University.

“Southeast Asia is mainly made up of nouveau riche,” said Koh. “Private bankers can play a key role in orchestrating or looking for investment banking services for these rich clients.”

UBS also benefited from its dominant position in the Philippines, a market it entered in 1996 before most competitors and where share sales reached a record \$3.4 billion in the first half, according to data compiled by Bloomberg. The bank has 60 percent market share in country after working on \$2.4 billion of equity deals in the period, the data show.

“Businessmen are looking at their companies, finding out how to finance their growth, whether it’s through equity or debt,” said Lauro Baja III, who heads UBS’ Philippine unit.

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