

Think Piece: The Rise of M&A in Singapore by Japanese Companies and the Keys to Success

April 2024

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M&A by Japanese companies in Singapore in 2023 quadrupled from 2022

In 2023, M&A by Japanese companies in Singapore reached USD 3 billion, four times the level of the previous year and the highest level since 2020. Specifically, various M&A deals of various sizes were announced in a wide range of industries, from Sumitomo Life Insurance making SingLife a subsidiary with an additional investment of approximately JPY 170 billion to Watami, a major restaurant company, acquiring an approximately 80% stake in a local food company and two affiliated companies for approximately JPY 1 billion.

Singapore is a bridgehead for business expansion in the region

One of the major reasons for Japanese companies to conduct M&A overseas is the expected contraction of the domestic market against the backdrop of a declining birthrate, aging population, and shrinking population. In particular, Singapore is positioned by many Japanese companies as a core market for their Asian strategies, and in fact, Singapore accounts for the largest share of M&A by Japanese companies in Southeast Asia, at 45% of all announced M&A in 2023. In addition, 99% of Singapore companies are SMEs with less than 200 employees or sales of less than SGD 100 million, and the number of companies considering sale due to lack of successors is expected to increase, which may also be a factor in the increase in M&A.

Addressing issues that arise prior to PMI

The success or failure of an M&A depends on the post-merger integration process, or PMI, between the two companies, and careful planning and execution are essential to realize the strategies and synergies that have been drawn. However, even at the stage of M&A closing, there are still some problems that may cause the M&A to be abandoned. In my experience, there have been cases where an overseas M&A that was being examined was scrapped due to a change in the director in charge of overseas operations, where the growth strategy after the deal was unclear and the M&A itself was close to the objective, and where a lack of communication skills, including language skills, caused anxiety in the target company.

Achieving successful M&A with IGPI's support

IGPI Singapore provides assistance not only to Japanese companies but also to companies in Southeast Asian countries in developing overseas expansion and expansion strategies, as well as alliances with local partners in overseas markets. With an awareness of the issues mentioned above as a backdrop, we are committed to making M&A successful, while at the same time working closely with our clients to build relationships with the top management of the target companies. We would be happy to hear from you if you are considering M&A in the Southeast Asian region.

To find out more about how IGPI can provide consulting support for businesses, browse through [our insight articles](#) or [get in contact with us](#).

About the author

Mr. Ryota Yamazaki is the Director of IGPI Singapore. Before joining IGPI, Ryota worked in Deloitte Consulting in Singapore, where he was a leader in the areas of Consumer Business and Supply Chain & Logistics in Southeast Asia. His areas of expertise are Strategy & Operations such as market entry, Route-to-Market (RTM) strategy, business due diligence, and PMI. He started his career with A.P. Moller-Maersk Group as a management trainee and also worked for Kurt Salmon, where he had vast project experiences especially in Supply Chain & Logistics for the retail and consumer goods clients. Ryota graduated from the Faculty of Economics at Keio University.

About IGPI

[Industrial Growth Platform Inc. \(IGPI\)](#) is a premier Japanese business consulting firm with a presence and coverage across Asian markets. IGPI was established by former members of the Industrial Revitalization Corporation of Japan (IRCJ) in 2007. IRCJ, a US \$100 billion Japanese sovereign wealth fund, is known as one of the most successful turn-around funds supported by the Japanese government.

In 2017, IGPI collaborated with the Japan Bank for International Cooperation (JBIC) to form JBIC IG, providing investment advisory services and supporting overseas investment. In 2019, JBIC, along with BaltCap, jointly established Nordic Ninja, a €100 million venture capital fund to focus on deep tech sectors such as autonomous mobility, digital health, AR/VR/MR, artificial intelligence, robotics and IoT in the Nordic and Baltic region. In 2019, IGPI established IGPI Technology to focus on the area of science and technology. The company invests in technological ventures and provides hands-on management support. The company also provides business development support towards commercialization and monetization of technologies.

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