



Unlocking Vietnam's Private Capital Potential

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Introduction



Benjamin Sheridan

- Managing Director and Senior Partner at BCG's Singapore office, leading BCG Global Principal Investors Practice
- He advises Principal Investors on fund strategy, governance, and technology
- BA from Harvard University



Luan Nguyen

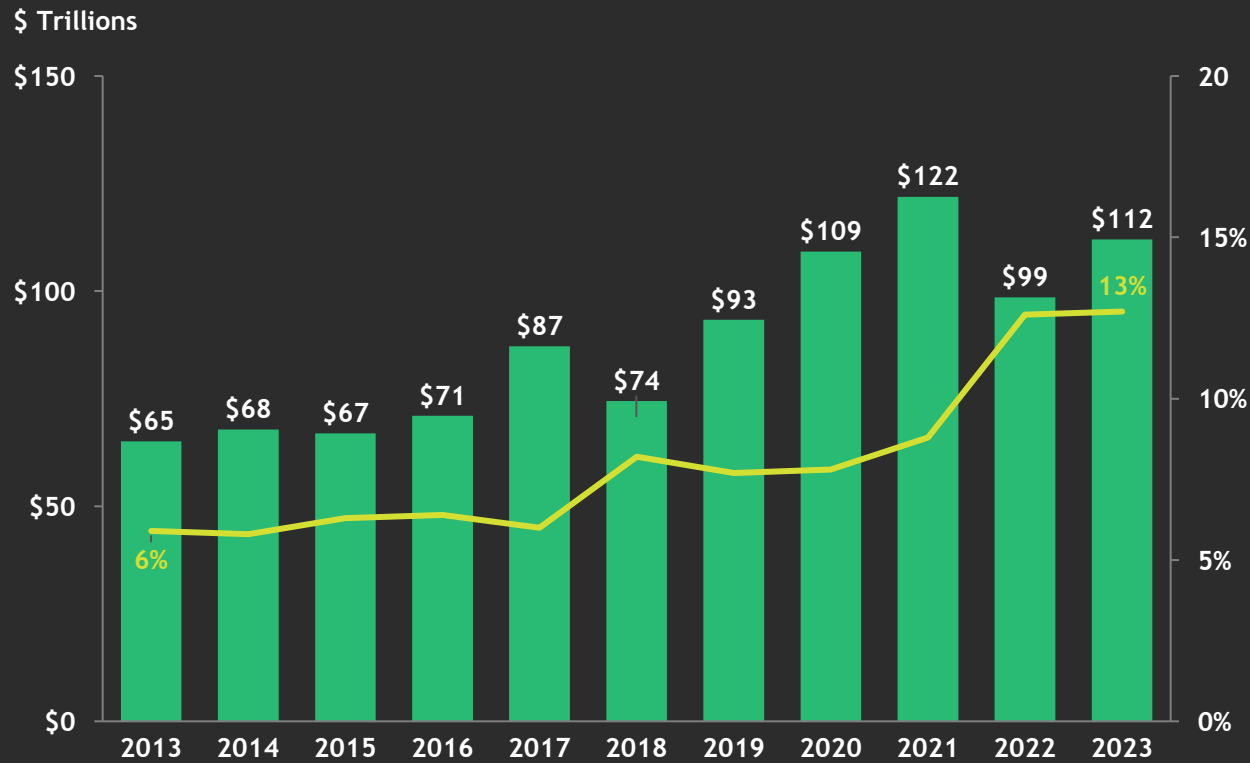
- Principal at BCG Ho Chi Minh City
- Led key BCG projects across private equity, fintech, banking, and retail in Asia and the Middle East
- His expertise includes GTM strategy, AI, digital acceleration, customer journey redesign, cost transformation, and salesforce effectiveness for global and Vietnam clients



Private capital is a resilient & fast-growing industry: AUM has grown 15x since 2003 vs. 3x growth in public markets

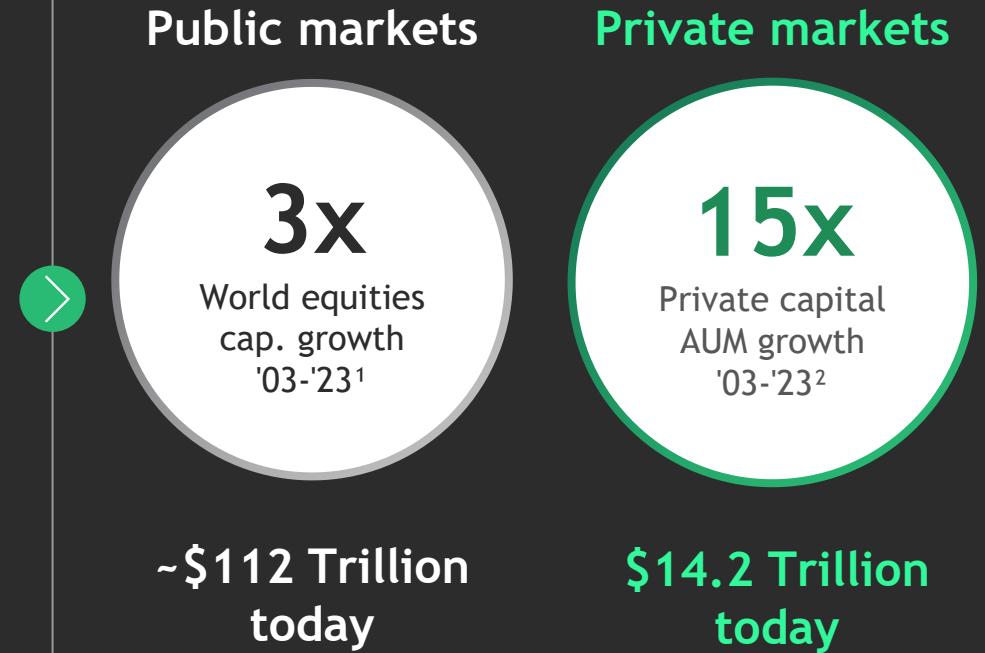
Private capital AUM¹ as a share of the total market cap of public equities globally x2 between 2013-2023

— Private capital AUM as a % of public equity market cap
 ■ Public equities market cap (worldwide)



Private markets experience substantial growth, increasing 15x over the past two decades

Public markets vs. Private markets growth globally, 2003-2023



1. Private capital AUM includes: PE, VC, Private Debt, Infrastructure, Natural Resources, and Real Estate

2. 13% = \$14.2T private capital AUM divided by \$112T public equities total market cap

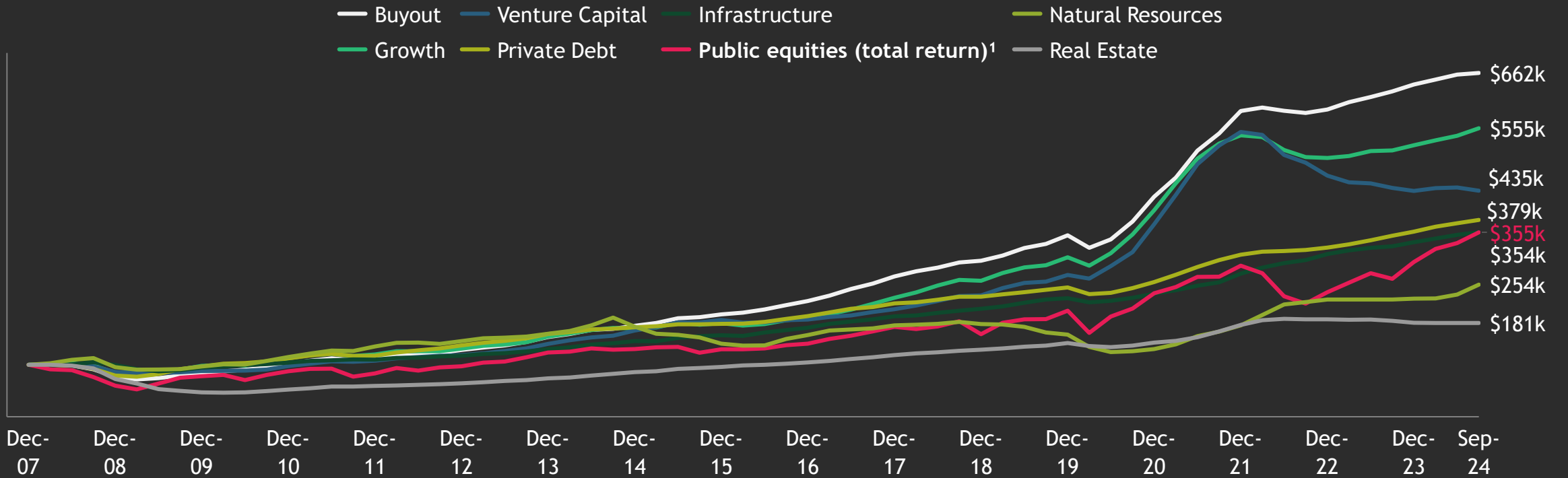
Source: Preqin (private capital AUM); WFE (public equities market cap globally)



Private capital asset classes have consistently **outperformed public markets** since 2007, with PE buyouts and growth funds delivering returns exceeding 5X

Private Capital's historical outperformance vs. Public Equities

Performance of a \$100,000 investment in Private Capital strategies vs. Public Equities¹ since 2007



1. Public equities total return measured by the MSCI World index
Source: Preqin's Quarterly Index Tool

What key opportunities do private capital investors want?

They seek markets with...

**Sustained
growth
and
stability**

**High
liquidity
at scale**

**Attractive
sectors**

What key opportunities do private capital investors want?

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Global/SEA



SEA has been one of the **fastest-growing** regions globally in the past decade, with sustained momentum ahead

Vietnam



Vietnam leads SEA in **resilient economic growth**, driven by FDI inflows, export-driven industries, and a dynamic consumer market

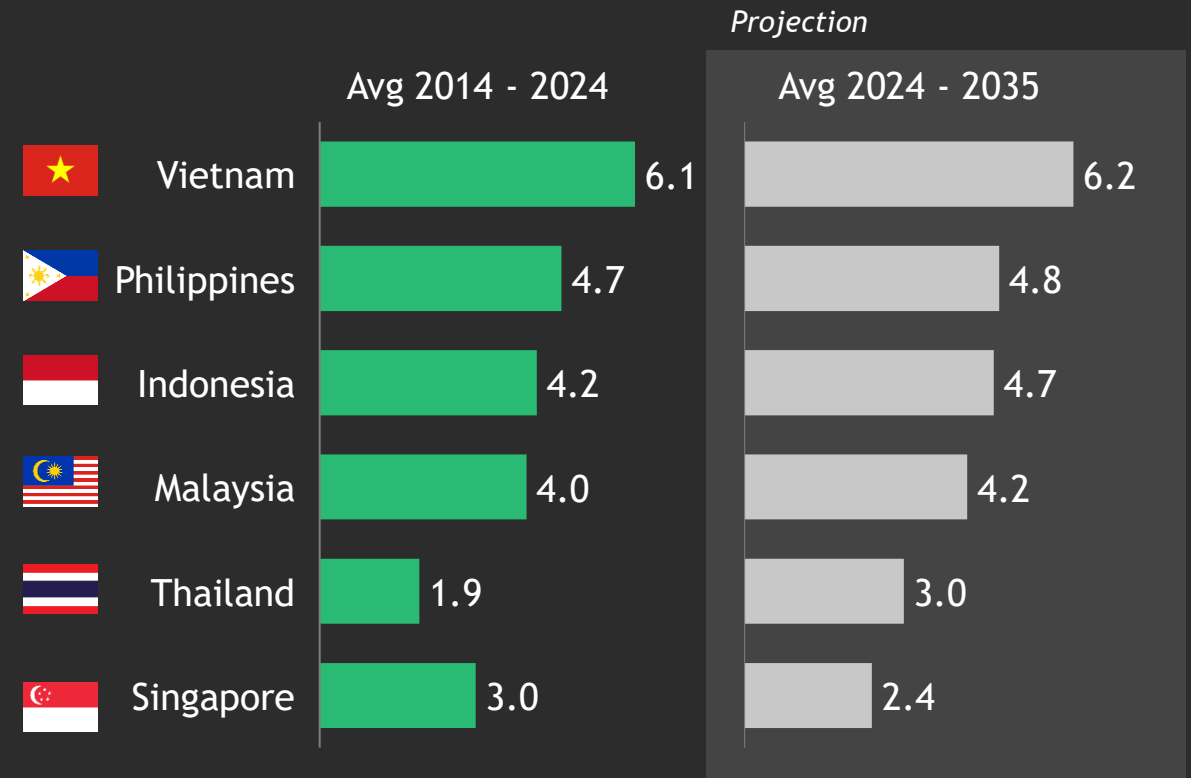


SEA offers one of the strongest growth potentials globally, with Vietnam leading the regional expansion

2024 GDP and projection of average 10 years real GDP growth worldwide¹

	2024	Avg 2024 - 2035
Worldwide	3.2	2.5
SEA	4.9	4.2
BRICS	5.0	3.6
Americas	2.5	2.0
MENA	1.9	2.8
EU	0.9	1.3

ASEAN - 6 Average annual real GDP growth 2014 - 2035 (%)



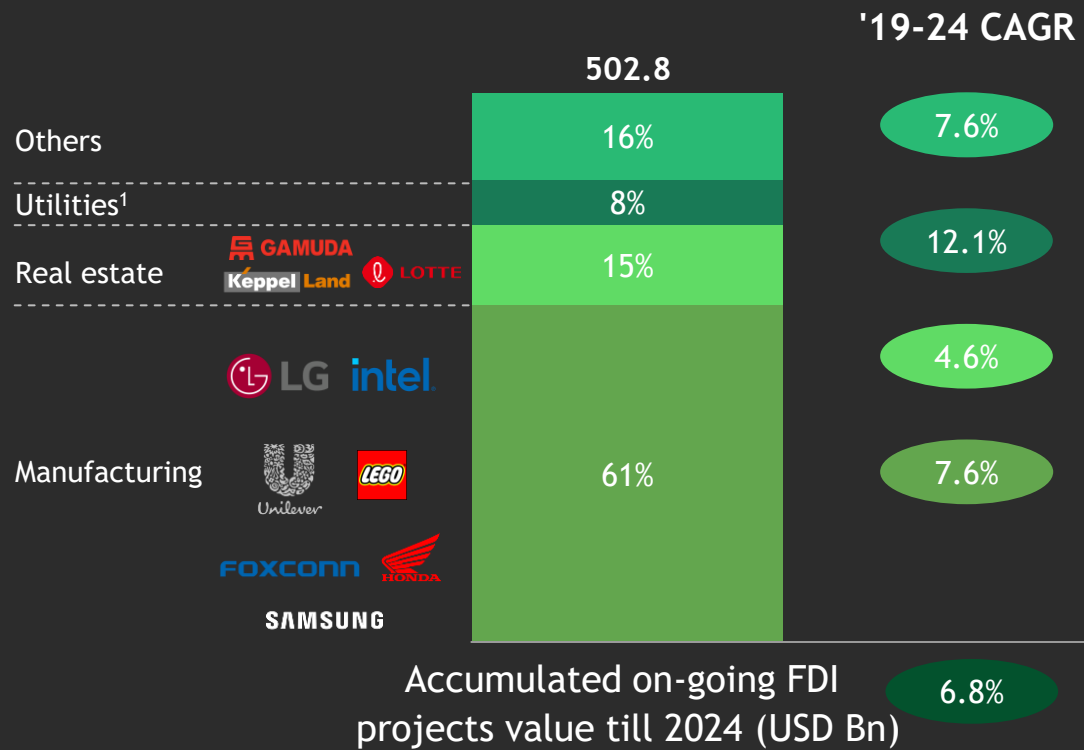
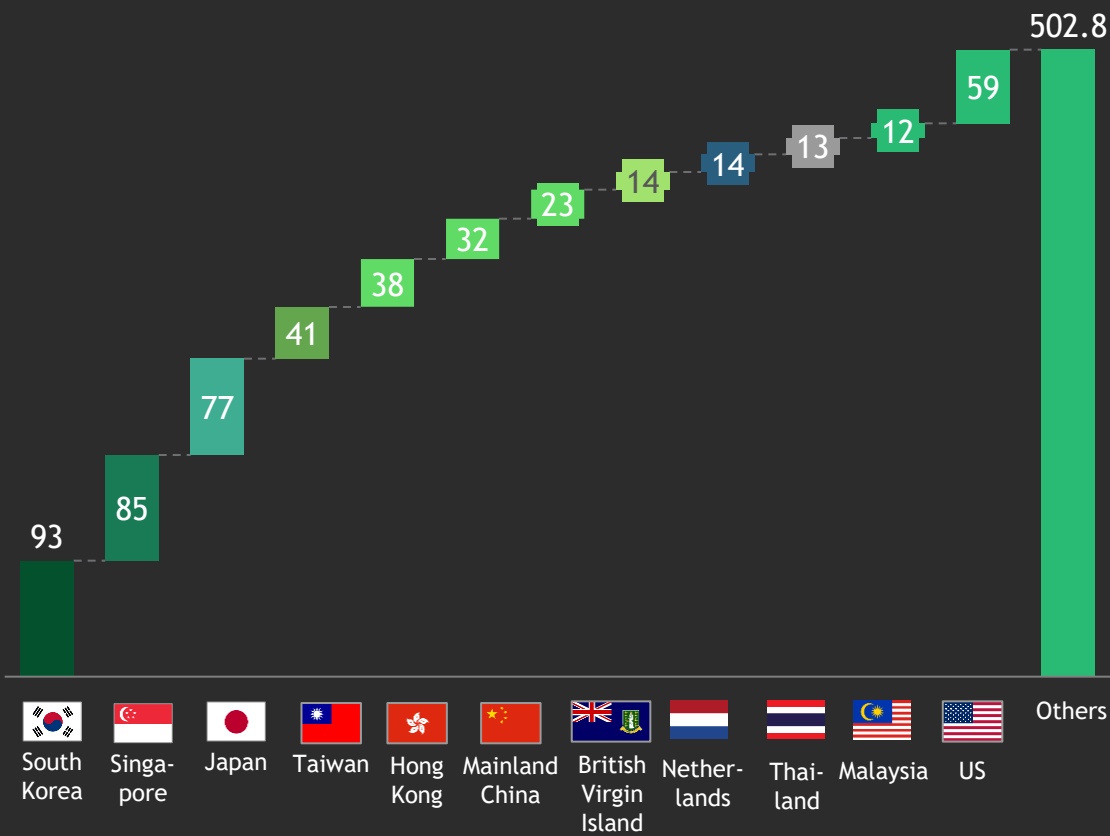
Note: 1. Selected some regions
Source: Oxford Economics, BCG analysis



Quality capital inflow from FDI supporting for the economy, positioning Vietnam as a strategic supply chain hub in Asia

~42,000 FDI projects are ongoing, with accumulated value reaching ~USD 500 Bn by the end of 2024, primarily from Asia-based investors (USD Bn)

FDI growth reached ~7% '19-24 CAGR, 84% of FDI fund was allocated to Manufacturing, Real estate, and Utilities



1. Utilities includes producing and distributing electricity, gas, water, air condition etc.

Source: FIA; VIR; BCG analysis

What key opportunities do private capital investors want?

Vietnam market shows...

**Sustained
growth
and
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**High
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**Attractive
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What key opportunities do private capital investors want?

They seek markets with...

**High
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at scale**

Global/SEA



- Since 2021, market exits have slowed, prompting investors to prioritize liquidity, focusing on DPI over IRR
- Large-scale funds with sizable investment opportunities attract LPs
- Asia attracts significant large deals and strong deal flow; however, SEA lags behind its peers

Vietnam



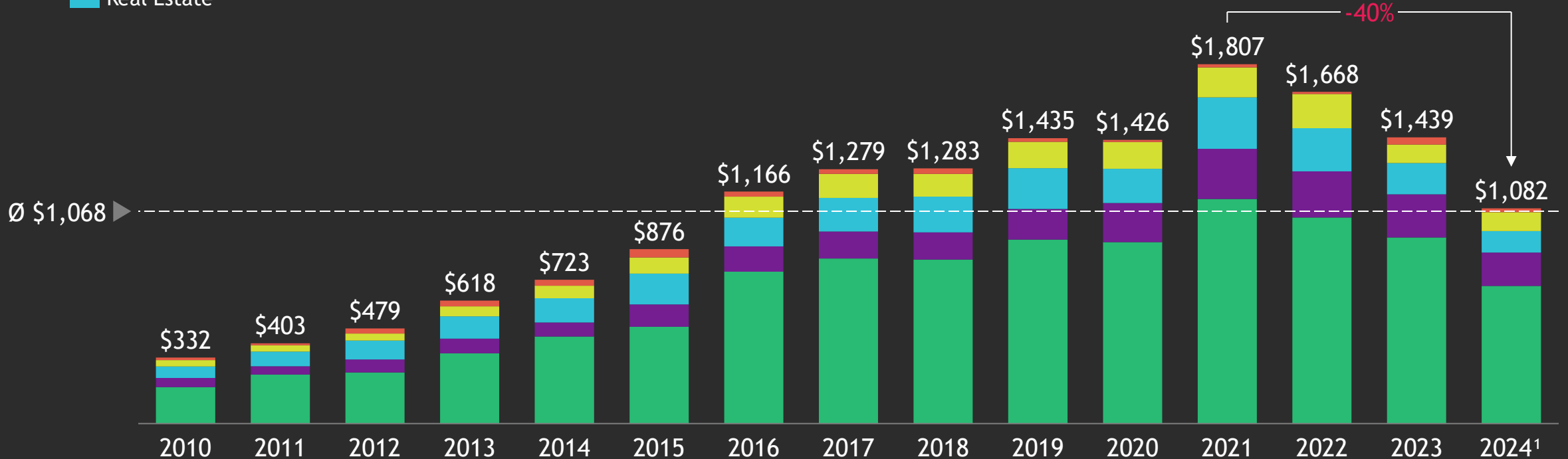
- Among SEA peers, Vietnam has a limited pipeline for large-scale deals, and its market shows weak liquidity with few IPOs



Private capital fundraising remains sluggish as a result of **tight liquidity**, declining by 40% since '21; ~\$1.1T as of 2024

Private capital fundraising globally, 2010 - 2024 (\$B)

- Natural Resources
- Infrastructure
- Real Estate
- Private Debt
- Private Equity²



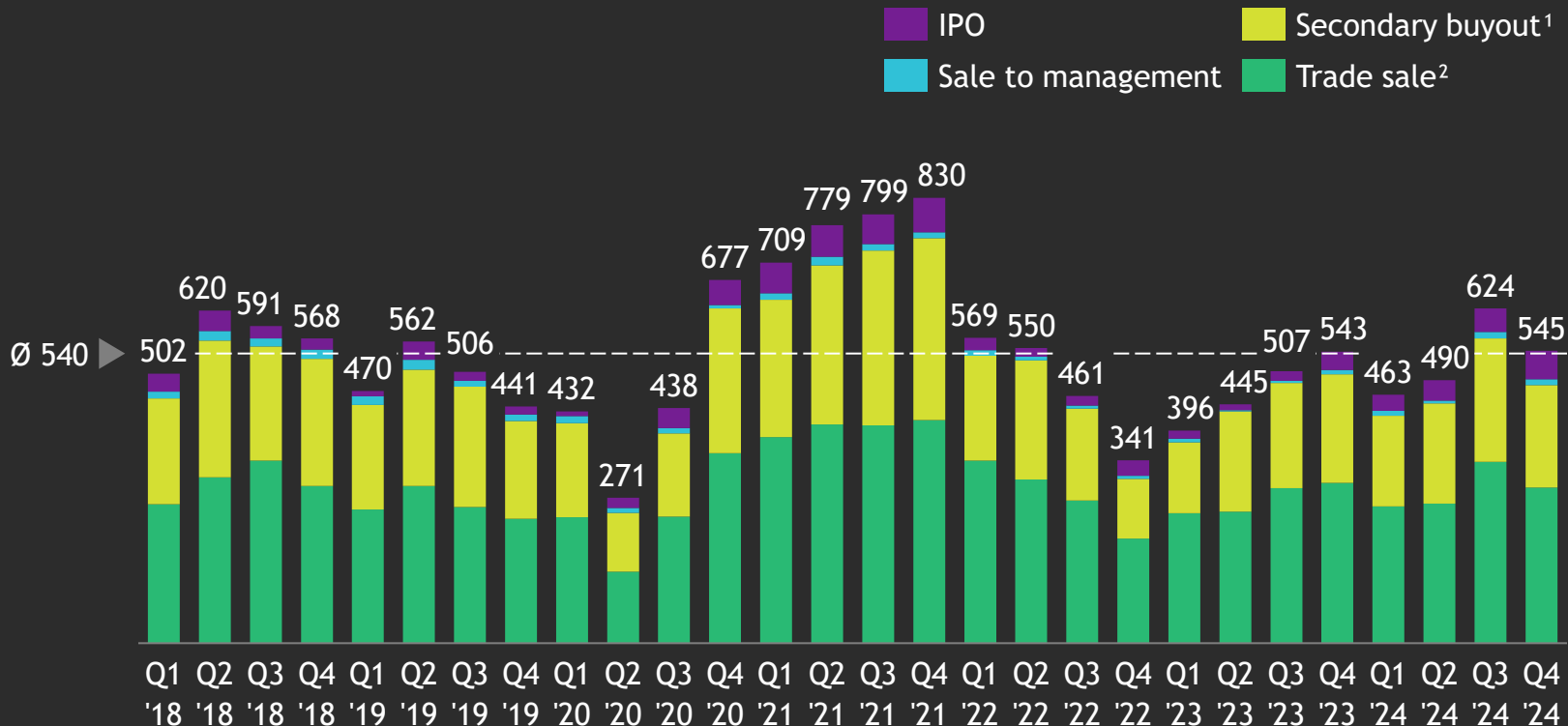
1 Full-year 2024 data; 2 PE includes all PE strategies including VC
Source: Preqin



There has been a **large decline in exits** since 2021 with slow recovery pace; LP investors now **underline distributions rather than IRR**

Exit deal activity has not fully recovered from 2021

of global PE buyouts exits by quarter & by type, Q1'18 - Q4'24



LPs are seeking out GPs that have been successful at returning capital:



Raj Ganguly,
Co-founder &
Co-CEO of B
Capital

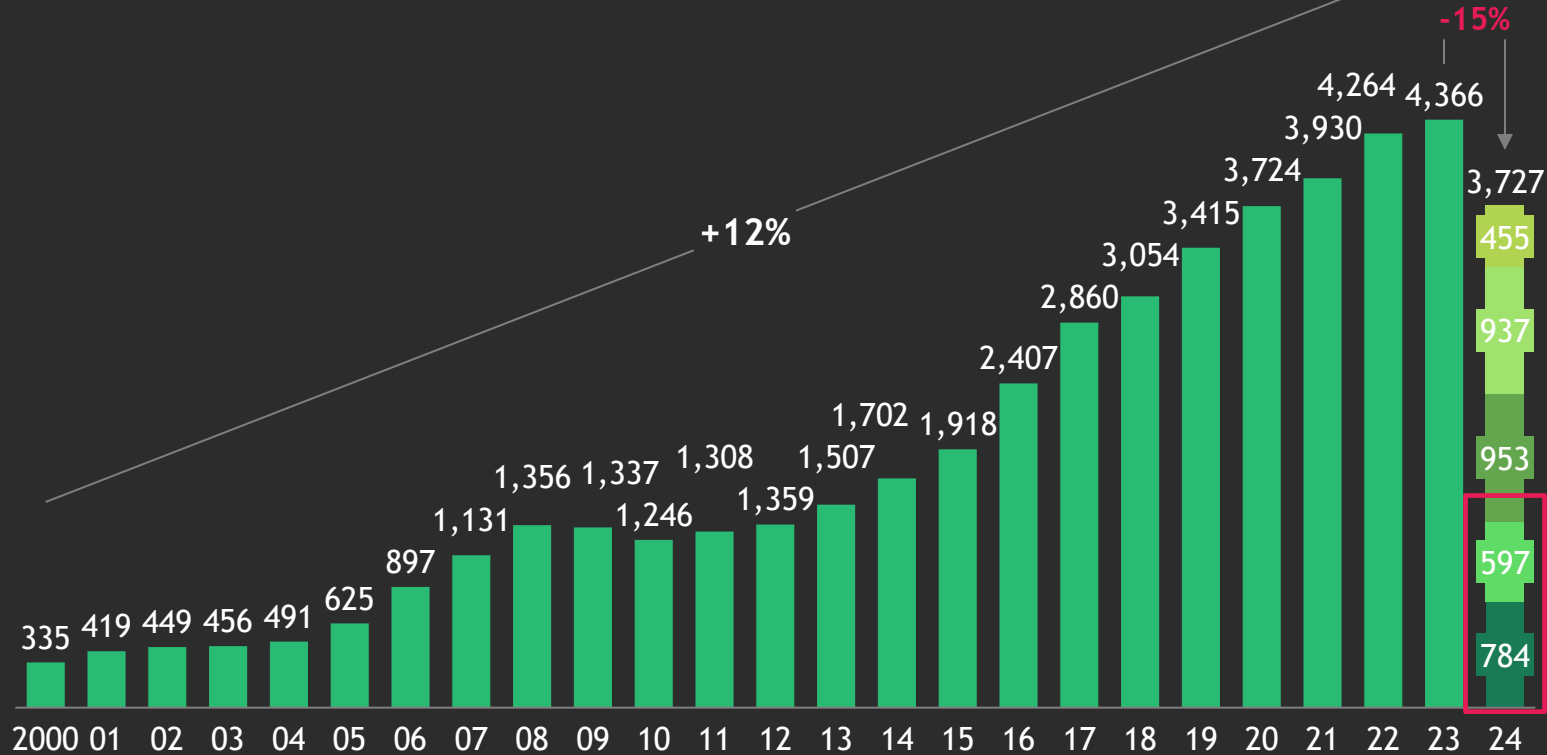
“ DPI is the new IRR

1 Secondary buyout: the PE-backed company is sold to another PE firm / GP
 2 Trade sale: the PE-backed company is sold to another company (i.e. a strategic acquisition)
 Source: Preqin - Charts & League Tables database tool



Although dry powder fell 15% in 2024 from 2023's record high, pressure still exists to **deploy the fund to potential markets**

Global private capital dry powder by vintage year (\$B)



■ Vintage 2024
 ■ Vintage 2022
 ■ Vintage 2020 or older
■ Vintage 2023
 ■ Vintage 2021
 ■ Private capital dry powder

GPs are still sitting on almost \$4 trillion in dry powder

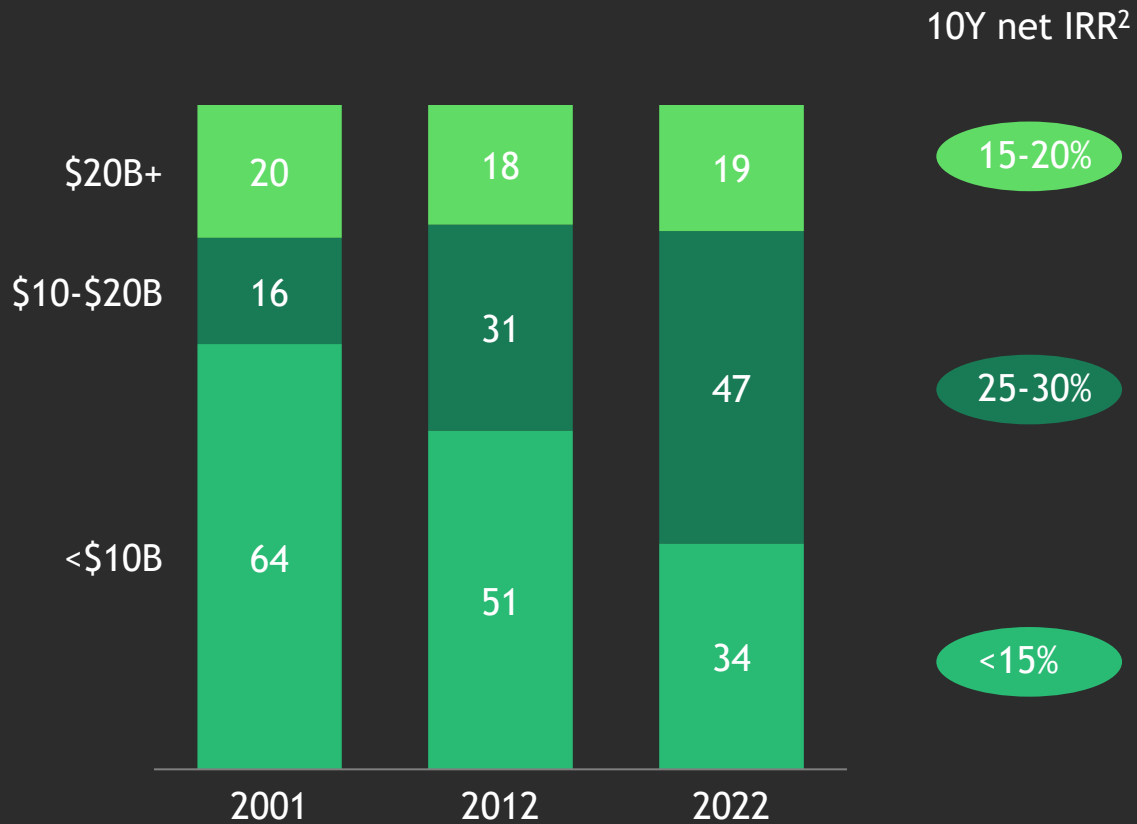


37% of that is four years old or older - creating a larger incentive than normal for GPs to get off the sidelines and start buying

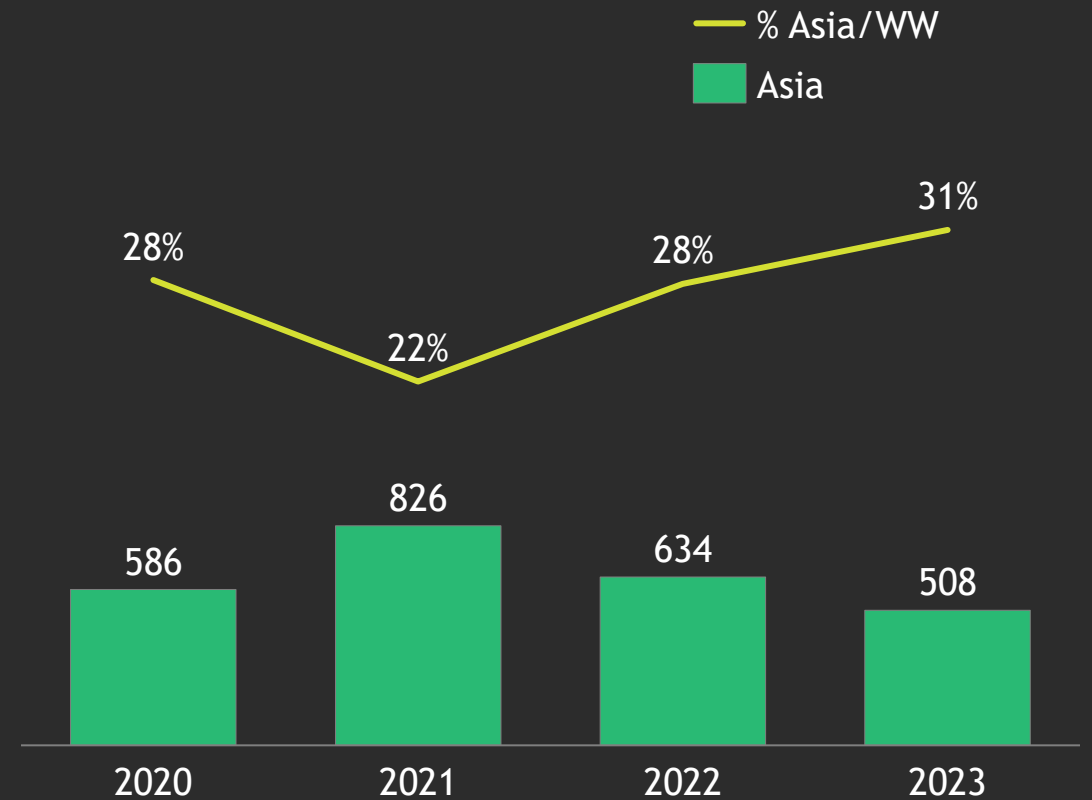


Globally, LPs seek sizable funds and large-scale investment opportunities

Share of private equity buyout funds raised by fund size¹
(% of total annual funds raised)



Asia attracts 30% global large deal (\$100M) with 500+ deal annually (deal count, %)

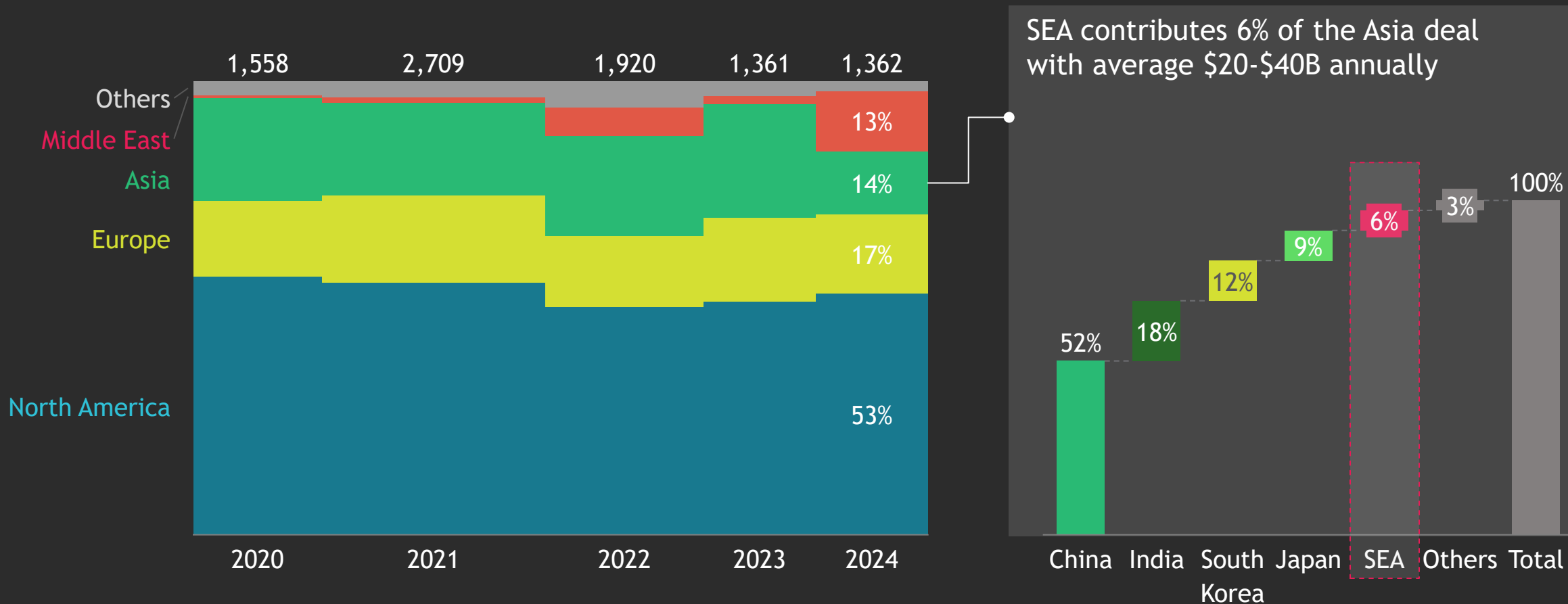


Note: 1. The latest flagship fund size publicly disclosed, 2. IRR = internal rate of return. Weighted average by private equity fund volume, 2009-2019
Sources: Preqin; BCG analysis.



Asia is the top 3 destination of private capital deal flows; however, SEA is lagging among peers in attracting the flow

Private capital deal by regions, 2020 - 2024 (\$B)



Source: Preqin



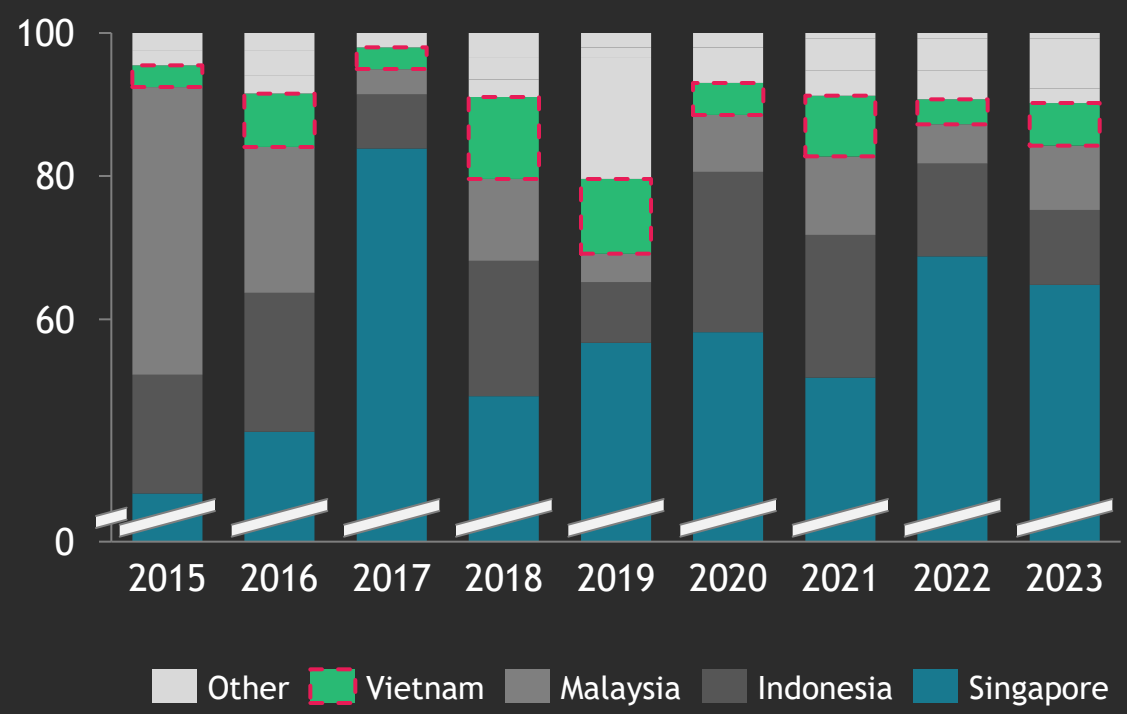
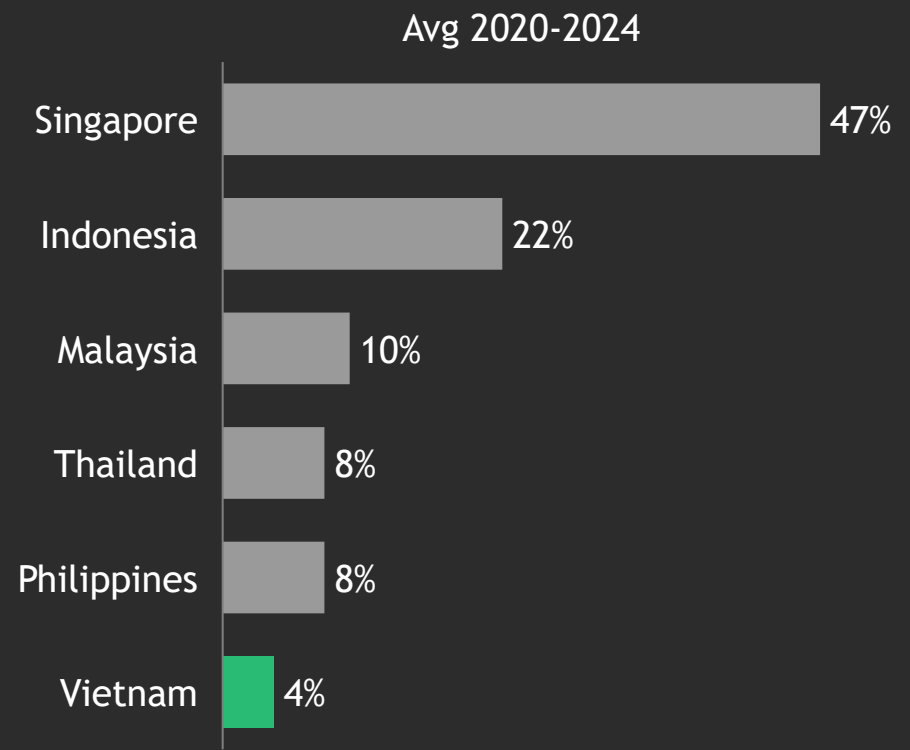
Vietnam has limited large-scale deal opportunities, leading to lower deal flow than its SEA peers

Vietnam represents approximately 4% of large deals in SEA from 2020 to 2024

Vietnam's deal value represents a small share of SEA and consistently lags leading peers

Proportion of deals in SEA > \$100M

Share of deal value by countries (%)



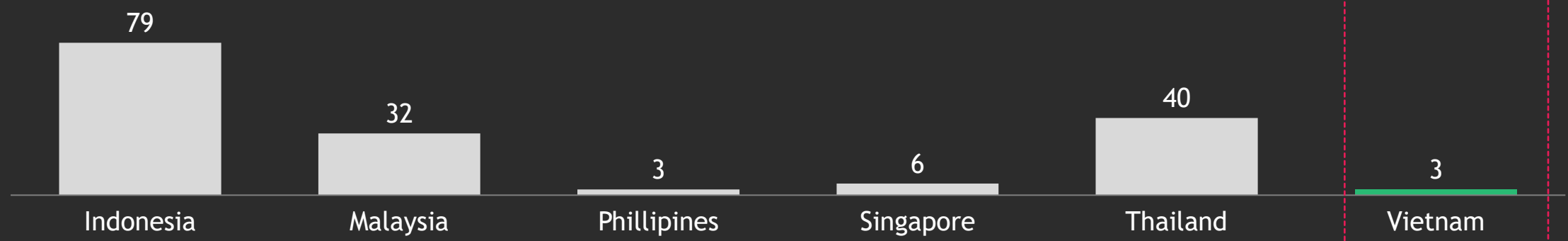
Source: Pitchbook, Preqin, BCG analysis



Vietnam's market shows limited liquidity and an unattractive exit landscape

Vietnam has the least active IPO market in SEA, both in deal count and value

Number of IPOs by SEA countries in 2023



Amount of IPOs raised by SEA countries in 2023 (\$Mn)



Source: Pitchbook, Preqin, BCG analysis

What key opportunities do private capital investors want?

Vietnam market shows...



What key opportunities do private capital investors want?

They seek markets with...

Attractive sectors

Global/SEA



- Global capital increasingly flows into the **Technology, Industrial, and Services** sectors
- SEA market offers greater opportunities in **Consumer investments**, alongside a sustained appetite for **Tech**

Vietnam



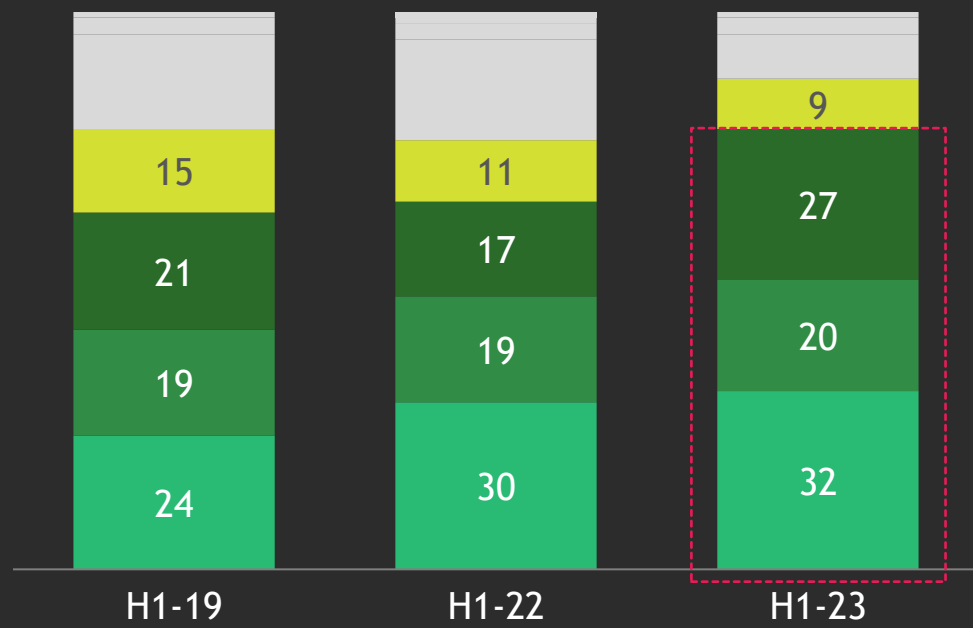
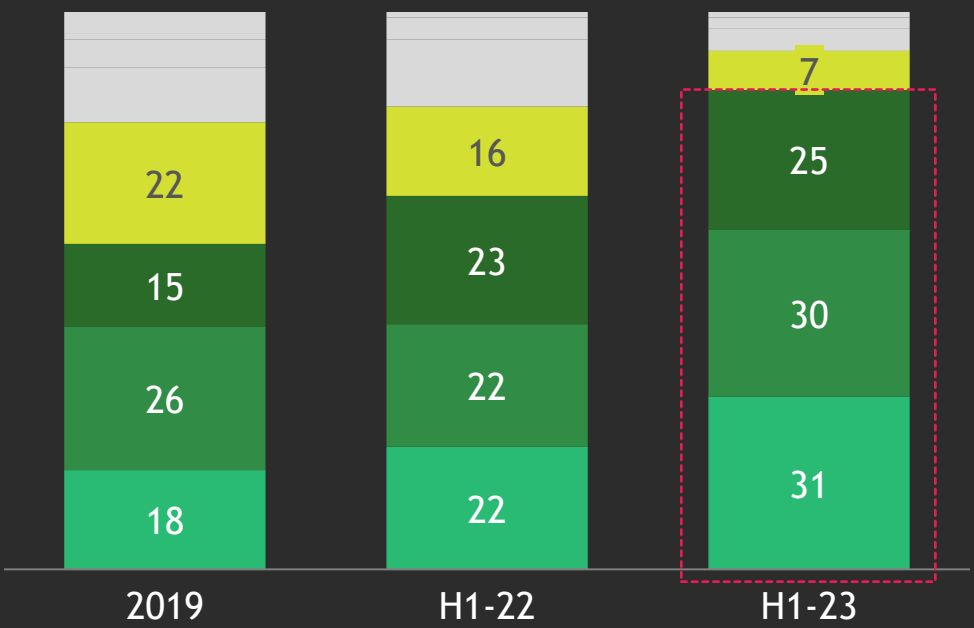
- With a dynamic consumer base and a growing MAC market, Vietnam has attracted major investors in **Consumer, Real Estate, and Technology** over the past five years. Education and Healthcare have recently emerged as bright spots



In developed markets, private capital increasingly flows to Technology, Industrial, & Services sectors

Europe share of PE investment deals by sector (%)

US share of PE investment deals by sector (%)



Services Industrial Software & Technology Consumer Others

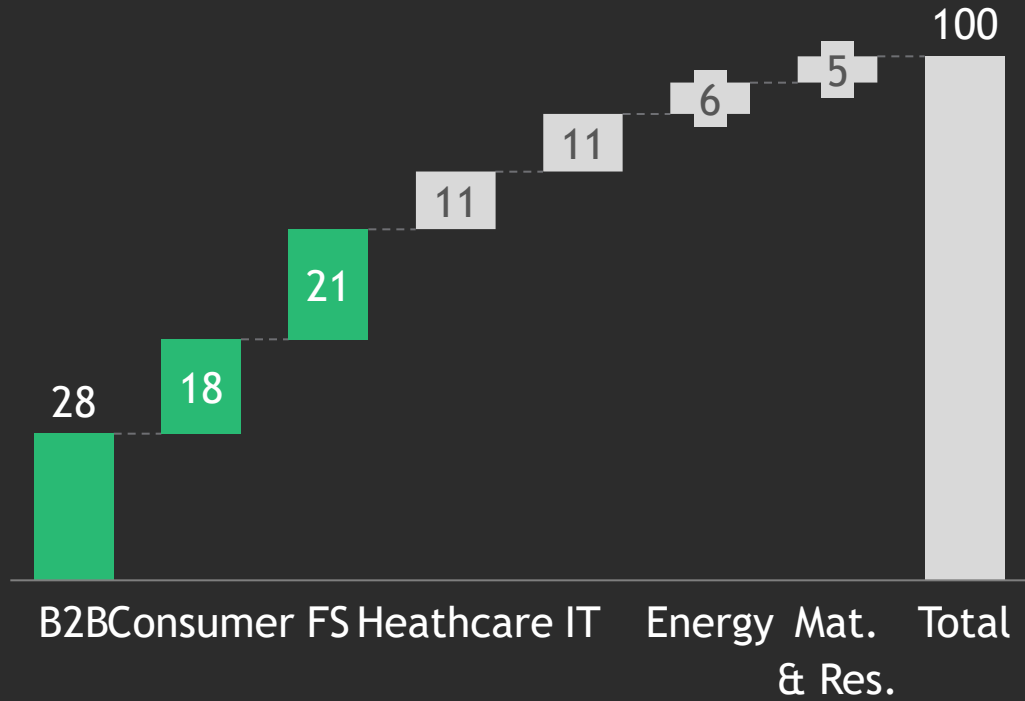
Source: Pitchbook, Unquote



SEA market presents more opportunities in **Consumer investment**, along with consistent **Tech appetite**

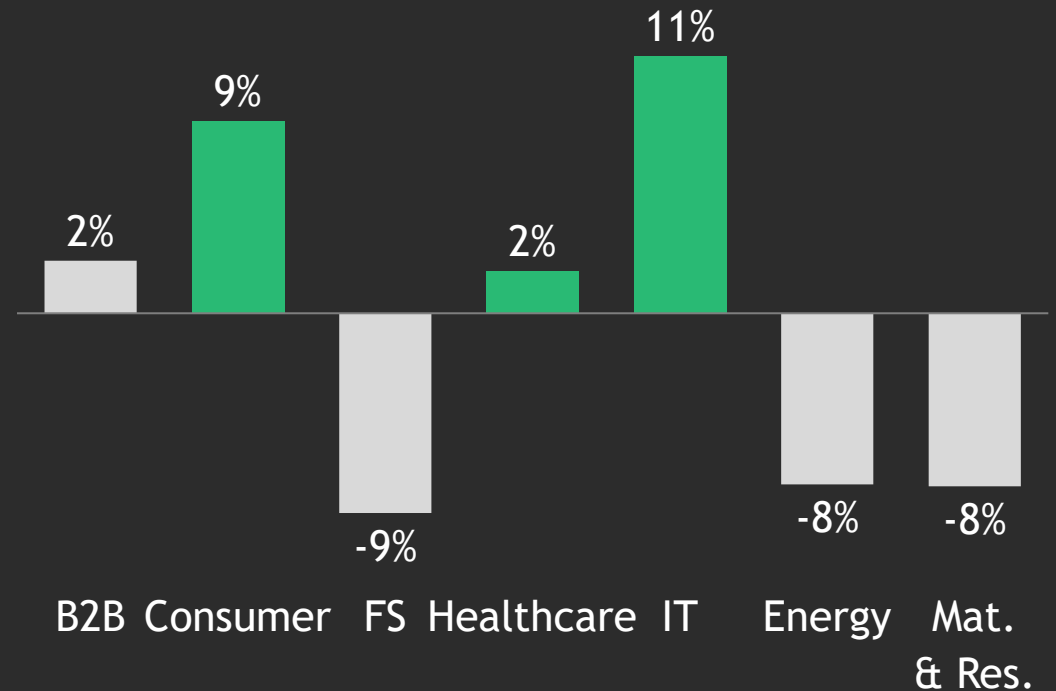
B2B, Consumer, Financial Services are top 3 biggest investment attractions

Share of SEA private capital deal value by sector in 2024 (%)



IT, Consumer and Healthcare saw the most drastic uptick in investment amount during 2023-2024

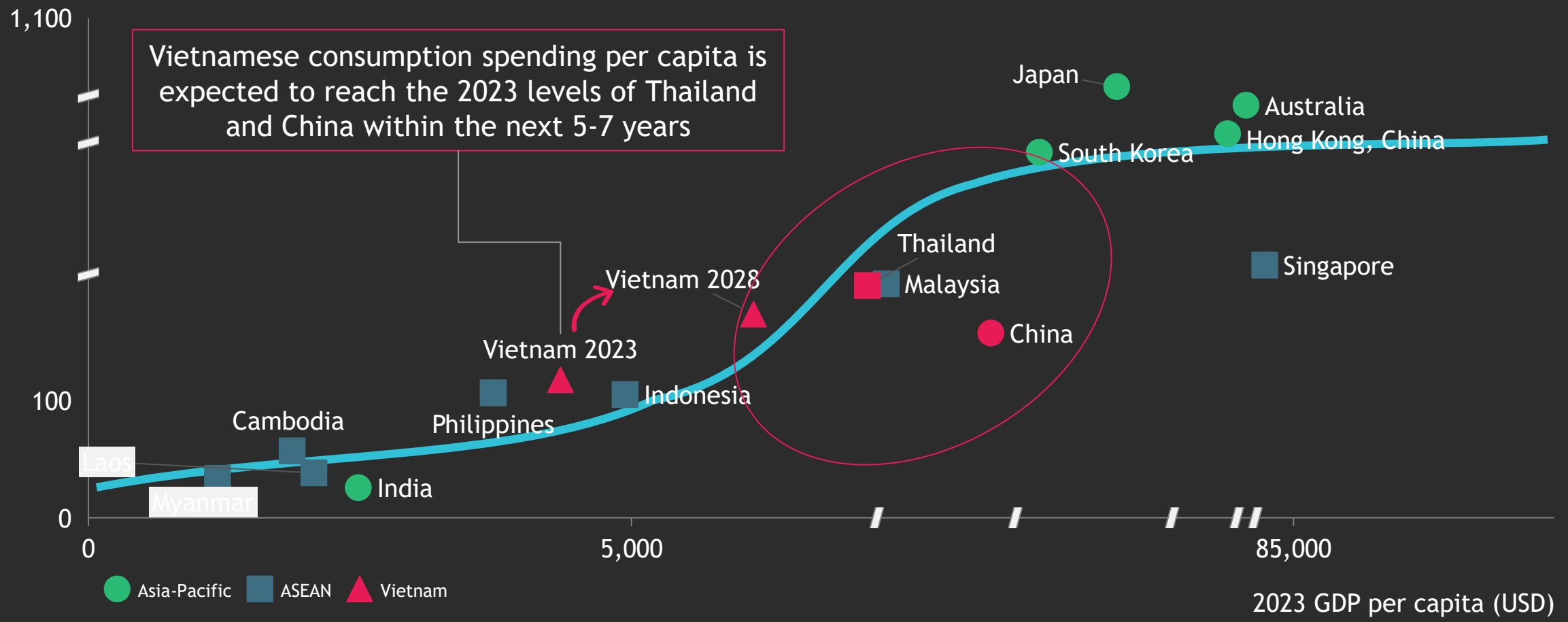
Change in share of SEA private capital deal value by sector 2023-2024 (%)





Vietnam's consumer market is growing steadily and is expected to be on par with Thailand and China in the next 7-10 years

2023 FMCG Category spending per capita (USD)



Category spending includes Staples Foods (Rice, Pasta, Noodles, Processed Food, Cereals), Meals and Soups (Ready meals), Sauces, Dips and Condiments, Plant-based Dairy, Beauty and Personal Care, Home Care
Source: Euromonitor

What key opportunities do private capital investors want?

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sectors**



In summary, Vietnam's market presents opportunities but faces challenges in attracting investors

Sustained growth and stability

High liquidity at scale

Attractive sectors

Global/SEA



SEA has been one of the **fastest-growing** regions globally in the past decade, with sustained momentum ahead

Investors prioritize **liquidity**, focusing on DPI over IRR. Large-scale investments attract LPs; however, **SEA lags in deal flow**

Global capital increasingly flows into the **Technology, Industrial, and Services** sectors

Vietnam



Vietnam leads SEA in **resilient economic growth**, driven by FDI inflows, export-driven industries, and a dynamic consumer market

Vietnam has a **limited pipeline** for large-scale deals, and its market shows **weak liquidity** with few IPOs

Vietnam has attracted investors in **Consumer, Real Estate, and Technology**. **Education and Healthcare** are emerging as bright spots





Three macroeconomic constraints in attracting private capitals; Vietnam government has taken strong actions to improve in the near term



Low productivity

- 72%** Workforce lacks formal training
- 8%** Population with standard ICT skill vs. 10% for Thailand and 42% for Malaysia
- 0.4%** Science & Tech investment account for 0.4% of GDP vs. 2.23% global average



Complex regulatory environment

- 50%** Foreign businesses in Vietnam face compliance challenges
- #70** Vietnam ranks #70 globally in "Ease of doing business" vs. #21 by TH and #12 by MA



Corporate governance

Strengthening governance frameworks, following robust compliance standards, is **critical to enhancing investor confidence and mitigating risks**



How can Vietnam enhance its attractiveness to investors?

Vietnam should align with investors' needs across the full 3-stage investment journey to maximize full potential



Attract

- Develop and promote Vietnam as a **vibrant financial hub for SEA**, with competitive advantages such as transparent and conducive legal & tax system, diverse investment-ready businesses
- **Centralize investment efforts** by aligning government and key agencies (e.g., NIC, VPCA) to foster a diversified, collaborative, and well-informed investor community



Retain

- Build a **technology-driven talent ecosystem** to capitalize on global investors' increasing tech & innovation appetite
- Ramp up **investments in infrastructure**, connectivity, and adoption of innovations to ensure long-term economic growth



Exit

- **Enhance IPO regulations** to be more transparent, flexible, and consistent to effectively support high-potential startups
- **Broaden liquidation channels** through digital platforms, providing diverse and accessible exit options for investors

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An aerial night view of a city skyline, featuring numerous skyscrapers and buildings illuminated by city lights. The scene is dark, with the lights of the buildings and streets providing the primary illumination. The BCG logo is prominently displayed in the center-left of the image.

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