



Divestiture trends across Asia Pacific

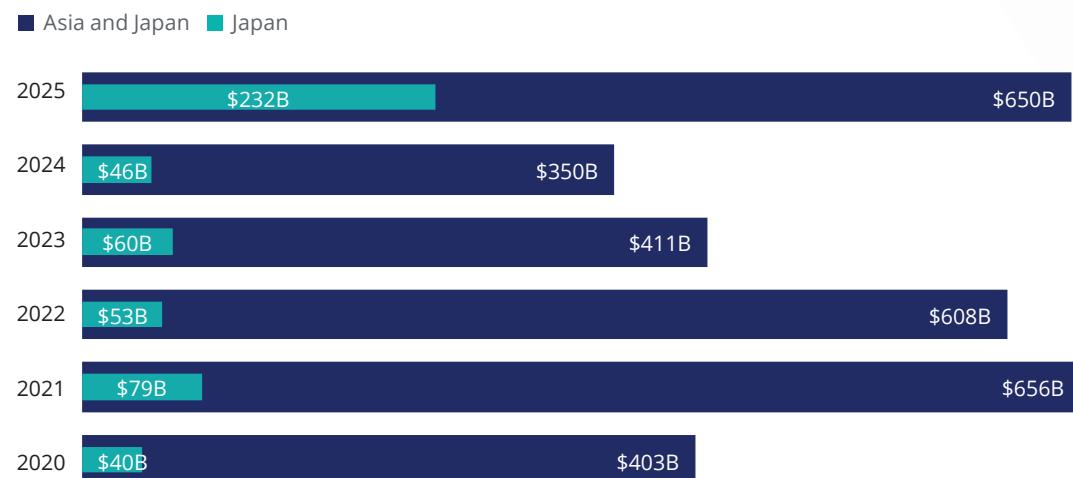
Asia Pacific divestitures: A new dawn for M&A and portfolio rebalancing

Asia Pacific emerged as one of the strongest global M&A regions in 2025 in terms of value and volume, led by Japan, China, and India. Japan's record M&A year, driven by corporate governance reforms and activist pressure, illustrates the region's accelerating shift toward portfolio rebalancing. Corporate carve-outs and take-privates also surged across Asia Pacific, reflecting rising capital-efficiency expectations and the maturation of local and cross-border deal markets.¹⁴

In particular, Japan M&A deals outperformed in value and more than tripled year over year (H1 2025 compared to previous year) with a record \$232 billion worth of deals. Corporates in Japan are undergoing significant conglomerate rationalization, spurred by activist investors and Tokyo Stock Exchange reforms aimed at improving capital efficiency. The dominant theme for M&A in Japan is portfolio rebalancing driving strong deal and divestiture activity.

Private equity (PE) in Asia Pacific has also demonstrated remarkable strength in 2025. Japan has remained very active, with increased PE buyout activity by both value and count (\$22.2 billion across 192 deals as of H1 2025, up 207% and 36% from last year, respectively). Throughout Asia Pacific deal count has increased approximately 7% with 565 deals announced H1 2025, marking the second best H1 in the last decade by deal count.¹⁵

Figure 15: Asia Pacific annual deal value, 5 years



Source: Deloitte analysis of London Stock Exchange Group (LSEG) data through June 30, 2025, accessed November 2025



Carve-outs have become a defining Asia Pacific theme. Limited availability of PE-owned assets is pushing investors toward complex corporate divestitures, where governance reform, cash-generation needs, and operating model modernization create attractive opportunities. Half of the region's largest PE investments in H1 2025 were carve-outs, underscoring the shift toward intentionally designed separations and operational value creation.

Divestments and take-private deals have also surged to approximately \$47 billion year-to-date through Q3 2025, marking a historic acceleration in privatization activity across the region, and are on track to nearly triple its 2024 annual deal value.

Challenges to value: Preparation and external volatility

Overall factors influencing divestiture valuations and transaction timing relate strongly to deal preparation quality, separation clarity, financing certainty, and effectively navigating the regulatory environment:

The dual role of deal preparation. Across Asia Pacific, deal preparation is one of the most influential levers shaping valuation outcomes, but it operates alongside other factors rather than as a single gating condition. High-quality financial and tax information, demonstrated value-creation potential, and clear separation plans are among the top drivers of higher-than-expected valuations.

Conversely, when preparation is weak, sellers do face elevated risk; yet, in Asia Pacific, the strongest penalties more often stem from external factors such as limited bidder interest, unavailable tax benefits, and deteriorating market conditions. The lesson for leaders is clear: Strong preparation materially improves the odds of success, but it must be paired with a compelling value story and active management of market and bidder dynamics to meaningfully shift valuation outcomes.

Figure 16: Top factors impacting divestiture proceeds in Asia Pacific

	Positive impact	Negative impact
Quality of financial and tax information		
Demonstrated value-creation potential		
Separation plan clarity		
Favorable market conditions		
Tailored sale process		

Source: Deloitte 2026 Global Divestiture Survey; positive impact n=105, negative impact n=22; top 5 only



Seller versus buyer priorities. Sellers tend to prioritize external leverage (competition) and certainty to maximize value. Conversely, most buyers prioritize internal value creation (strategic fit), focusing on alignment with their internal long-term goals and execution feasibility.

External market conditions as swing factors. While effective internal execution (preparation) sets the baseline for value, external market conditions represent the most significant swing factor determining whether the realized price is higher or lower than expected. External volatility is a highly determinant factor of value.

Figure 17: Top factors in proceeding with a divestiture in Asia Pacific (Weighted rank score)

	Sellers	Buyers
(0.86) Speed and certainty to close		
(0.83) Buyer ability to execute quickly		
(0.81) Highest bid price		
(0.79) Buyer having funding secured		
(0.60) Buyer fit for management and employees		

Source: Deloitte 2026 Global Divestiture Survey; sellers n=226, buyers n=147



Regional nuances: Execution certainty and complexity

Success in the fast-growing and complex Asia Pacific divestiture and carve-out environment requires a rigorous focus on regulatory compliance, execution certainty, and highly detailed pre-sale preparation.

- **Master regulatory and tax risk.** Mitigating regional regulatory and tax complexity is heavily dependent on success and is often a key decision point. Cross-border buyers frequently underestimate the time required to align on governance, particularly when acquiring carved-out units from large conglomerate or family-owned structures. For instance, state-owned enterprise (SOE) divestitures in China are highly politically sensitive and involve many approval steps.
- **Prioritize speed and execution certainty.** Although price is always essential, Asia Pacific sellers place an unusually high value on a buyer's ability to *execute quickly and reliably*. This suggests that certainty of closing may outweigh achieving the absolute peak valuation. However, local cultural factors, such as hierarchical decision-making, and consensus-driven cultures (including unions and boards) in markets like Japan and South Korea, can slow down integration planning and execution.
- **Emphasize separation readiness.** Given that most Asia Pacific transactions involve complex carve-outs, achieving favorable valuations and efficient closing timelines require detailed, high-quality preparation and clear separation plans as non-negotiable requirements.



Outlook: Strong deal flow and technology integration

Asia Pacific's outlook for divestitures and carve-outs remains strong, supported by ongoing portfolio rebalancing, active private equity participation, and improving sentiment in several major markets. Continued macroeconomic stability, gradual monetary easing, and clearer regulatory pathways will be important factors in support of sustained activity across the region.

Transaction volume is expected to remain healthy, though concentrated in a smaller number of high-impact separations driven by optimization agendas and external interest rather than broad market saturation. Regulatory complexity and internal resource constraints will continue to shape execution timelines, reinforcing the importance of early preparation and structured separation planning.

Organizations across Asia Pacific are also expanding their strategic toolkits. Many are looking beyond traditional buy-sell constructs and are increasingly considering joint ventures, alliances, and other collaborative structures as alternatives to full divestitures or carve-outs.

Finally, technology integration will likely play an even greater role in 2026. High comfort with AI and GenAI tools is accelerating adoption of technology-enabled diligence, valuation modeling, and separation planning, positioning Asia Pacific to move toward more intentionally designed, data-driven divestitures.

