M&A MARKET OUTLOOK / MID-YEAR 2026

Europe – Southeast Asia M&A Mid-Year Outlook

The corridor accelerates: trade, capital and deals

Cross-border M&A advisory

June 2026

aenon-group.com

CONTENTS

Inside this edition

This is the inaugural edition of Ænon's half-yearly outlook on the Europe to Southeast Asia M&A corridor. It is a point-in-time assessment as of mid-2026: a look back at the latest completed data and a look forward to the second half of the year. By nature it draws on sources covering different windows, the most recent full-year figures, the first readings of 2026 and forecasts for the year ahead, and the relevant period is stated at each exhibit. It is interpretive by design: it reads the macro architecture and a curated set of signals for what they mean to cross-border principals, drawing on Ænon's own deal experience. Every figure is attributed to a named public source or to Ænon's work.

SECTION 01 / EXECUTIVE SUMMARY

The corridor enters an inflection year

The Europe to Southeast Asia axis is moving from gradual engagement to structural acceleration. Three forces now point the same way at the same time: a maturing wave of free-trade and investment agreements between the European Union and individual ASEAN economies, a regional monetary-easing cycle that lowers the cost of capital across most of the bloc, and a durable reconfiguration of global supply chains under China+1. For European strategic acquirers and sponsors, Southeast Asia is shifting from an opportunistic destination to a programmatic one.

That acceleration is not uniform. ASEAN currencies have polarised, growth rates span from above 6 percent to barely above 1, and central-bank room to ease differs sharply by country. The corridor's promise is real, but realising it in H2 2026 rewards country-level discrimination over passive regional exposure.

Our key calls for the second half of 2026

01 Flows accelerate on all three legs at once

We expect trade, capital and M&A flows across the corridor to accelerate together into H2 2026, rather than in the staggered fashion of prior cycles. The reinforcing combination of trade liberalisation, monetary easing and supply-chain relocation is the defining feature of the year.

02 Trade architecture becomes a deal catalyst

With the EU-Indonesia CEPA concluded and EU-Thailand talks targeted for mid-2026, the agreement pipeline stops being background context and starts shaping where European capital is deployed. Malaysia-EU FTA talks resumed in November 2025 after a thirteen-year pause, a particularly relevant signal for French industrial acquirers.

03 Mid-market industrials and platforms lead European entries

European strategic buyers will favour buy-and-build entries into industrial, energy-transition and digital-infrastructure platforms over headline mega-deals. This is where the corridor's European participants are most differentiated and where Ænon sees the deepest pipeline.

04 Currency polarisation reinforces country selection

The ringgit was Asia's best-performing currency in 2025 while the rupiah and peso weakened. This divergence, driven by easing-room and political factors, makes FX a first-order input to entry timing and structuring, not an afterthought.

05 Macro divergence demands country bets, not bloc bets

Vietnam and the Philippines carry strong momentum; Malaysia and Indonesia offer resilient domestic demand; Thailand faces a genuine growth and political constraint. The H2 opportunity set rewards country-level discrimination over regional generalisation.

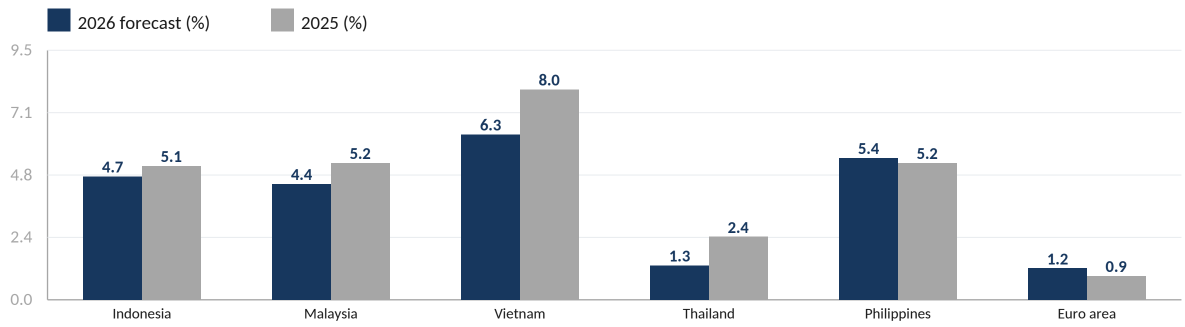
SECTION 02 / MACRO BACKDROP

A region easing into growth

Southeast Asia enters mid-2026 growing faster than the developed world while moderating from the post-pandemic peaks of 2025. The World Bank places East Asia and Pacific growth at roughly 4.2 percent for 2026, with the ASEAN-5 around the same level. The deceleration from 2025 is real but orderly, and it is occurring against a backdrop of falling policy rates across most of the bloc, supportive for transaction activity and acquisition finance.

A common external factor runs through the early-2026 picture: an escalation of Middle East tensions from late February 2026 lifted global energy prices, feeding inflation in the more import-dependent economies and complicating the easing path in Vietnam and Indonesia in particular. We treat this as the principal swing risk to the macro case rather than a structural break in the corridor thesis, and return to it in Section 08.

Growth: ASEAN versus the euro area



Sources: World Bank East Asia and Pacific Economic Update (April 2026); national statistics offices. Vietnam 2025 reflects full-year outturn of ~8.0%.

Policy rates and inflation, a divergent easing cycle

The monetary backdrop is the single most deal-relevant macro variable this year. Bank Indonesia has delivered cumulative cuts of 150 basis points since September 2024, holding at 4.75 percent through early 2026 to defend the rupiah. Bank Negara Malaysia has kept the Overnight Policy Rate at 2.75 percent, a deliberately neutral stance. The Bank of Thailand sits near 1.50 percent after extended easing, while the Philippine central bank holds around 5.0 percent. Singapore runs policy through its exchange-rate band rather than a policy rate, with the appreciation path left unchanged.

Economy	2026 GDP*	Policy rate**	Inflation***	M&A read
Indonesia	4.7%	4.75%	~4.8% (Feb)	Resilient demand
Malaysia	4.4%	2.75%	1.5–2.5% t	Stable, FDI-led
Vietnam	6.3%	4.50%	~5.6% (May)	Strongest momentum
Thailand	1.3%	~1.50%	Low / soft	Constrained
Philippines	Resilient	~5.0%	Moderate	Domestic-driven
Singapore	Resilient	S$NEER band (SORA ~1.0%)	1–2% t	Regional hub

** World Bank / national 2026 forecasts. ** Central-bank benchmark, early 2026. Singapore has no policy rate; the MAS manages the S$NEER exchange-rate band, with the market SORA shown for comparison. *** Latest CPI or central-bank target (t). Sources: Bank Indonesia, Bank Negara Malaysia, Bank of Thailand, Bangko Sentral ng Pilipinas, MAS, State Bank of Vietnam, Trading Economics, AMRO (April 2026).*

SECTION 03 / COUNTRY PROFILES

Six economies, six different trades

Indonesia

ASEAN's largest economy, with a market above 280 million people. GDP grew 5.39 percent year-on-year in Q4 2025, the strongest since 2022, ahead of the World Bank's 4.7 percent 2026 forecast. Bank Indonesia holds at 4.75 percent, prioritising rupiah stability over further easing as energy-driven inflation rose to roughly 4.8 percent in February 2026. The concluded EU-Indonesia CEPA, paired with an Investment Protection Agreement, is the single most consequential trade development in the corridor and reframes Indonesia as a strategic, rules-based destination for European capital.

Vietnam

The corridor's growth leader. After an exceptional ~8.0 percent in 2025, growth is seen near 6.0 to 7.2 percent in 2026, with the government signalling double-digit ambition. The State Bank of Vietnam holds an accommodative ~4.5 percent stance, but inflation has become the regional outlier, reaching ~5.6 percent in May 2026 on energy and transport costs. Vietnam's existing EU free-trade agreement, its recent upgrade to a Comprehensive Strategic Partnership with the EU, and its central role in China+1 manufacturing keep it the most active European-entry market for industrials and electronics.

Malaysia

A stable, FDI-led story and the focal market for Ænon's own corridor activity. GDP rose 5.4 percent year-on-year in Q1 2026; BNM projects 4 to 5 percent for the year and holds the OPR at 2.75 percent with inflation targeted at 1.5 to 2.5 percent. The ringgit was Asia's best-performing currency in 2025. Crucially, Malaysia-EU FTA (MEUFTA) negotiations resumed in November 2025 after a thirteen-year pause, with Malaysian officials explicitly framing deeper industrial linkages with France and citing 149 French-company projects already implemented. Malaysia is also the regional leader in the data-centre pipeline. This is the clearest macro-to-micro bridge in the report.

Thailand

The corridor's constrained economy. Growth is forecast at just 1.3 percent for 2026 on high household debt and political instability, and the Bank of Thailand sits near 1.50 percent after extended easing. Yet the EU-Thailand FTA, with its eighth round held in Brussels in February 2026 and a mid-2026 conclusion target, could re-rate the investment case precisely as this outlook publishes. The baht has been a regional outperformer. Thailand is the clearest example of trade architecture and currency strength outrunning the cyclical macro.

Philippines

A domestically driven, resilient economy with steady consumption and a central bank holding around 5.0 percent. Less exposed to export cycles than its neighbours, the Philippines offers European acquirers a consumer-and-services angle rather than a manufacturing-relocation one. EU-Philippines FTA negotiations resumed in March 2024. The peso has been among the weaker regional currencies, a function of trade deficit and domestic politics.

Singapore

The corridor's structuring and capital hub. The Monetary Authority of Singapore runs policy through the S$NEER exchange-rate band rather than a policy rate, left unchanged into 2026 with inflation expected at 1 to 2 percent and the market SORA around 1.0 percent. Singapore led the region with around US$143 billion of FDI in 2024 and remains the default holding-company and fund domicile for ASEAN transactions, as well as the first EU free-trade partner in the region. It anchors the legal and financial plumbing through which most European-ASEAN deals are executed.

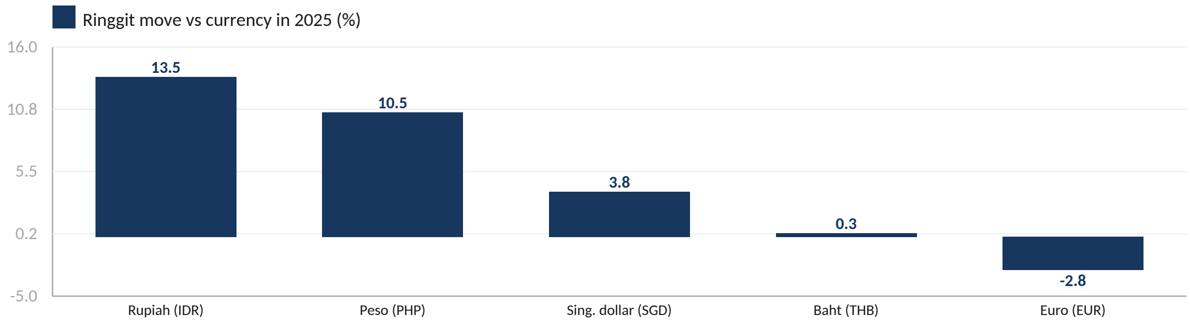
Sources: World Bank (April 2026); IMF WEO (April 2026); AMRO (April 2026); national central banks; European Commission DG Trade; ASEAN Investment Report 2025; national press.

SECTION 04 / CURRENCIES AND CAPITAL FLOWS

Polarisation is the signal

If one relationship captures why ASEAN cannot be traded as a single bloc in 2026, it is the ringgit's performance against its regional peers. The Malaysian ringgit was the best-performing currency in Asia in 2025, strengthening close to 10 percent against the US dollar to around 4.07, supported by solid growth, a trade surplus, fiscal improvement and central-bank readiness to manage volatility. Measured against its neighbours, the divergence is stark: the ringgit gained markedly on the Indonesian rupiah and the Philippine peso, held broadly level with the Thai baht (itself a strong performer), and slipped against the euro.

Ringgit performance against key currencies, 2025



Figures are year-to-date appreciation of the ringgit against each currency in 2025, as reported in December 2025. A positive bar means the ringgit strengthened against that currency; the negative euro bar means the ringgit weakened against the euro. Sources: Bernama; New Straits Times; The Edge Malaysia (December 2025).

For cross-border acquirers the implication is concrete. A strengthening ringgit raises the local-currency cost of a euro-funded acquisition but signals macro stability and reduces repatriation risk; weaker neighbouring currencies can improve entry economics but introduce hedging and translation considerations. FX is therefore a first-order input to entry timing and deal structuring this year, not a residual.

Capital flows: ASEAN as a magnet

The investment backdrop is strong and tilted toward the corridor's favoured sectors. According to the ASEAN Investment Report 2025, the region attracted approximately US$226 billion of FDI in 2024, an 8 percent increase even as global FDI fell 11 percent, keeping ASEAN the leading recipient among developing regions for a fourth consecutive year. Manufacturing FDI rose nearly 150 percent to about US$44 billion, and the European Union features among the major source economies alongside the United States and China.

Destination	2024 FDI inflow*	Primary draw
Singapore	~US$143bn	Hub, HQ, fund domicile
Indonesia	~US$24bn	Manufacturing, resources, EV-nickel
Vietnam	~US$20bn	Electronics, China+1
Malaysia / Thailand	Steady	Digital infra, advanced mfg, energy
ASEAN total	~US$226bn	+8% y/y vs -11% global

** ASEAN Investment Report 2025 (ASEAN Secretariat / UNCTAD), 2024 data. Figures rounded and indicative.*

SECTION 05 / TRADE ARCHITECTURE

The agreement pipeline becomes the story

For most of the past decade, EU-ASEAN trade liberalisation advanced bilaterally and slowly. In 2025 and 2026 that pipeline reached critical mass. The EU-Indonesia CEPA, concluded on 23 September 2025 after nearly a decade of negotiation, is the third EU agreement with a Southeast Asian economy after Singapore and Vietnam, and the most ambitious yet. It removes up to 98 percent of tariffs and, on Indonesian timelines, targets entry into force around January 2027 following signature in 2026 and ratification on both sides.

The momentum is broad. The EU-Thailand FTA advanced to its eighth round in Brussels in February 2026, built around market access, rules and sustainability, with both sides targeting a mid-2026 conclusion. Malaysia-EU (MEUFTA) talks resumed in November 2025 after a thirteen-year hiatus. EU-Philippines negotiations resumed in March 2024. And a bloc-to-bloc EU-ASEAN framework, long dormant, has re-entered official conversation. Each agreement individually lowers friction; together they signal a structural tilt in how Europe and Southeast Asia intend to trade and invest.

EU agreement	Counterparty	Status (mid-2026)	Corridor relevance
In force	Singapore	Operational since Nov 2019	Hub / structuring
In force	Vietnam	Operational since Aug 2020	Manufacturing entry
CEPA + IPA	Indonesia	Concluded Sep 2025; EIF ~2027 t	Strategic re-rating
FTA	Thailand	8th round Feb 2026; mid-26 target	Catalyst pending
MEUFTA	Malaysia	Talks resumed Nov 2025	French-industrial angle
FTA	Philippines	Talks resumed Mar 2024	Consumer / services
Framework	ASEAN bloc	Re-entered discussion	Long-term optionality

EIF entry into force; IPA Investment Protection Agreement; t target. Sources: European Commission DG Trade; European Parliament Legislative Train; national trade ministries (2025–2026).

The European regulatory mirror

Trade architecture cuts both ways. The EU Industrial Acceleration Act, released in draft on 4 March 2026, consolidates local-manufacturing requirements, low-carbon standards and investment conditions into a single framework for the first time. For Southeast Asian exporters and for Asian capital entering Europe, this raises the importance of localisation and standards alignment, and it reinforces why European acquirers with operational footprints in ASEAN, rather than pure financial exposure, are increasingly advantaged.

SECTION 06 / SECTOR DEEP-DIVES

Where the corridor concentrates

Capital is not spreading evenly. Independent tracking and our own pipeline point to four sectors where European-ASEAN activity concentrates. Each has a distinct corridor logic.

Digital infrastructure

Data centres, subsea and terrestrial connectivity, fibre and AI-driven capacity are the fastest-moving theme. Malaysia alone accounts for roughly 60 percent of Southeast Asia's proposed data-centre pipeline and, with Thailand, is expected to lead regional data-centre load demand by 2035, according to Wood Mackenzie. The Asian Development Bank's US$70 billion energy and digital-infrastructure programme, with an Asia-Pacific digital highway component, further underwrites the build-out, with Indonesia, Vietnam and the Philippines among the largest expected beneficiaries. For European players the entry points are power, cooling, connectivity and the industrial supply chain around the racks rather than the hyperscale assets themselves.

Energy transition

Renewables, grid, storage and EV-linked supply chains form the second pillar, backed by national policy. Vietnam's storage-premium framework and new Electricity Law, Indonesia's hybrid-power and EV-nickel agenda, and Malaysia's market-driven decarbonisation reforms all channel capital into the sector. European involvement is already concrete: at the EU-Vietnam Global Gateway Business and Investment Forum in March 2026, the EU announced an investment package of over 560 million euros in sustainable transport and clean energy, including a 200 million euro EIB-Techcombank financing agreement for solar, wind, energy efficiency and electric mobility. In October 2025, France's EDF, alongside Japan's Itochu, was awarded a solar-plus-storage project in the region, a clear example of a European strategic entering ASEAN energy.

Industrials and advanced manufacturing

This is the European strategic-buyer heartland and the core of the China+1 thesis: electronics in Vietnam, semiconductors and electrical-and-electronics in Malaysia, automotive in Thailand. ASEAN manufacturing FDI rose nearly 150 percent to about US$44 billion in 2024. European mid-market champions are entering through buy-and-build platforms that combine local footprint with European engineering and standards, precisely the model the EU Industrial Acceleration Act rewards. Ænon's own corridor practice is concentrated here.

Healthcare

Demographics and rising incomes underpin steady, defensive deal flow across the larger consumer markets. Healthcare features consistently among the sectors where ASEAN capital concentrated through the latest reporting period, offering European acquirers a non-cyclical complement to the industrial and infrastructure themes.

Sources: Wood Mackenzie via CNBC (May 2026); Asian Development Bank (May 2026); EU EEAS / Global Gateway (March 2026); Orrick APAC Energy Pulse (March 2026); ASEAN Investment Report 2025; Conyers South & Southeast Asia M&A Report Q1 2026.

SECTION 07 / CROSS-BORDER DEAL FLOW

Selective, disciplined, sector-led

The micro picture is where honesty matters most, because the trackers disagree. How Southeast Asian M&A performed in 2025 depends entirely on what is measured and over which window. Reading the sources together is more instructive than picking one.

What the trackers say

Source	Scope	2025 reading
Mergermarket (FY25)	ASEAN-6 total M&A value	~US$60bn, down ~18% y/y
Bain & Company	ASEAN private equity	~US$14bn / 84 deals, down ~10%
Conyers (Sep25–Feb26)	ASEAN-5, 6-month count	375 deals, US$13.6bn
Advisory aggregates	ASEAN-6 announced	3,200+ deals, >US$130bn

Sources: Mergermarket FY25 Highlights via ION Analytics (January 2026); Bain & Company Southeast Asia Private Equity Report 2026 (April 2026); Conyers South & Southeast Asia M&A Report Q1 2026; Amafi Advisory (February 2026). Differences reflect scope (total M&A versus private equity), metric (value versus count) and window; figures are directional.

The reconciliation is the insight. By value, headline ASEAN deal-making softened in 2025: Mergermarket records an 18 percent decline to around US$60 billion, with the region lagging a 33 percent Asia-Pacific rebound that was concentrated in Japan, Greater China and India. Yet this reflects an absence of mega-deals, not an absence of activity. Volume held up, capital stayed available, and deployment simply became more selective, favouring high-quality assets with strong management and clear exit paths. Two findings cut across every source: capital concentrated in digital infrastructure, healthcare, energy and industrials; and Singapore anchored the region while Malaysia posted the strongest year-on-year increase in deal value.

Selected Europe-linked transactions and commitments

Within that selective market, European participation is concrete and identifiable. The following publicly reported deals and commitments illustrate the corridor in motion. They are a curated, non-exhaustive selection, not a complete census.

Acquirer / sponsor	Target / project	Geography	Value*
Prudential (UK)	Prudential Assurance Malaysia (19%)	Malaysia	US$376m
EU Global Gateway	Sustainable transport, clean energy	Vietnam	>€560m
EIB with Techcombank	Solar, wind, e-mobility finance	Vietnam	€200m
EDF (France), Itochu	Solar-plus-storage award	Timor-Leste	n/d
Legrand (France)	SRS Power Engineering	Malaysia	n/d

** Reported deal or commitment value; n/d not disclosed. Commitments such as Global Gateway and the EIB facility are investment and financing packages, not M&A transactions. Sources: Conyers South & Southeast Asia M&A Report Q1 2026; EU EEAS / Global Gateway (March 2026); company disclosures; Ænon.*

The European angle within this flow is specific. European participation skews to strategic, operationally motivated entries in mid-market industrial and infrastructure platforms, plus selective stake-building in financial services, rather than the large-cap financial sponsors and intra-Asian strategics that drive headline volume. That is precisely the segment where the trade-architecture tailwinds bite hardest, and where Ænon concentrates its corridor practice. The Legrand transaction below is the clearest expression of that pattern.

Focus: Legrand in Malaysia, the corridor in microcosm

If the macro case needs a single transaction to make it concrete, it is Legrand's expansion in Malaysia. Ænon advised on Legrand's acquisition of SRS Power Engineering, a Malaysian platform, an operation that captures the corridor thesis in one move: a European industrial leader building out an ASEAN footprint through disciplined buy-and-build, in the precise market where EU-Malaysia trade ties are deepening.

> *“This is what the corridor looks like at deal level: not a one-off opportunistic purchase, but a European champion methodically assembling a regional platform, market by market, capability by capability. The macro tailwinds are real, but they are realised one transaction at a time.”*

- **European acquirer, ASEAN platform.** A French industrial leader entering Malaysia precisely as MEUFTA negotiations resume and French-company investment in the country deepens. Macro and micro reinforce each other.
- **Buy-and-build, not trophy M&A.** The thesis is capability and footprint expansion through mid-market consolidation, the model we expect to define European corridor entries in H2 2026.
- **Industrials at the core.** The transaction sits in the China+1 heartland where European strategics are most differentiated and where deal pipelines are deepest.
- **A strengthening-currency market.** Malaysia's ringgit was Asia's strongest in 2025, signalling the macro stability that underwrites long-horizon industrial commitments.

We present this as a single, illustrative focus rather than a comprehensive deal census. It is the clearest expression in our own practice of the pattern this outlook describes: the corridor advancing through deliberate, operationally grounded European investment into Southeast Asian platforms.

SECTION 08 / RISKS TO THE THESIS

What would slow the corridor

A constructive call is only credible if it states what could break it. We see four principal risks to the acceleration thesis for H2 2026.

Energy and the Middle East

The dominant near-term risk. The escalation of Middle East tensions from late February 2026 lifted global energy prices and pushed inflation higher in Vietnam (to ~5.6 percent in May) and Indonesia. Prolonged high energy prices would delay monetary easing, raise financing costs and dampen domestic demand, blunting one of the three engines of the thesis.

US tariff policy and trade fragmentation

ASEAN exporters face elevated US tariffs, with reciprocal rates affecting Vietnam, Thailand and others. While this reinforces China+1 relocation in some respects, it also raises uncertainty over export demand and supply-chain economics, complicating the investment case for export-oriented targets.

Currency and capital-flow volatility

The same polarisation that informs country selection is itself a risk. Further rupiah or peso weakness, capital outflows from emerging markets during risk-off episodes, or abrupt shifts in US monetary policy could disrupt deal economics and hedging assumptions mid-process.

Political and execution risk

Thailand's political instability, Indonesia's policy and fiscal-credibility questions, and general execution complexity in cross-border ASEAN deals, including foreign-ownership limits and the need for local structuring, remain material. Ratification timelines on the trade agreements themselves could also slip, deferring the catalysts the thesis relies on.

SECTION 09 / H2 2026 OUTLOOK

Acceleration, with discrimination

Our central call for the second half of 2026 is straightforward: the Europe to Southeast Asia corridor accelerates across trade, currency and deal flows, and the relationship between the two regions deepens in kind as well as in degree. The three engines are aligned, and for the first time in this cycle they are firing together rather than in sequence.

What we expect to see by year-end

- **Trade.** EU-Indonesia CEPA moves through signature and ratification; an EU-Thailand conclusion around mid-year would be the catalyst event of H2. MEUFTA and EU-Philippines momentum builds. Each milestone pulls European capital toward the relevant market.
- **Capital and currency.** Selective monetary easing continues where inflation allows, notably Malaysia's stability and Indonesia's room to resume cuts, lowering financing costs. Currency polarisation persists and remains a first-order structuring input. The principal risk is energy-driven inflation delaying easing in Vietnam and Indonesia.
- **Deals.** European strategic entries concentrate in industrials, energy transition and digital infrastructure, executed as buy-and-build platforms through Singapore structures. We expect rising, not record, volume, disciplined by valuation and country selection.

The discipline the call requires

Acceleration is not uniformity. The same outlook that is constructive on the corridor as a whole counsels against treating ASEAN as one trade. Vietnam's momentum coexists with its inflation problem; Thailand's trade re-rating coexists with a 1.3 percent growth economy; Indonesia's strategic CEPA upside coexists with a central bank still defending its currency. The H2 opportunity rewards country-level selection and operational conviction over passive regional exposure. That is the discipline behind our optimism.

Franck da Silva
Founder & Managing Partner, Ænon

METHODOLOGY & SCOPE

How to read this outlook

This report is interpretive by design. Its purpose is not to reproduce the full transaction record of the Europe-Southeast Asia corridor, which specialist databases already do, but to read the macro architecture and a curated set of signals for what they mean to cross-border principals. Four rules govern the content.

- **Attribution.** Every macro and market figure is attributed to a named public source (multilateral institutions, central banks, recognised advisory and legal trackers, identified press) or to Ænon's own deal experience. Unsourced figures are excluded.
- **Mixed time windows, stated.** As a mid-2026 point-in-time assessment, the report combines the latest full-year 2025 data, the first 2026 readings and forecasts for the year ahead. These windows differ by indicator because that is what is currently published; the relevant period is stated at each exhibit rather than forced into a single quarter.
- **Directional aggregates.** Region-wide deal counts, FDI totals and currency moves are third-party and differ by methodology and measurement window. We present them as directional context, not as precise measurement.
- **Single focus.** The Legrand focus is illustrative, drawn from Ænon's own practice, and is not a comprehensive census of corridor transactions.

ÆNON

EUROPE | SOUTHEAST ASIA

aenon-group.com