



AVCJ Triple Play: Key Takeaways from 2025 AVCJ Private Equity Conference

By Michel Brekelmans



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This year's AVCJ Private Equity (PE) Forum in Hong Kong provided a clear snapshot of where the PE industry in Asia stands and where it's heading. Conversations across panels and corridors made one thing evident: the era of easy capital is over, and the focus has shifted decisively toward operational excellence, sharper execution, and building real value inside portfolio companies.

In this white paper I share 3 short articles written in the weeks after the event. Each draws on key discussions from AVCJ 2025 and insights from 25+ years of advising PE investors and management teams across Asia on commercial due diligence and performance improvement.

1. Top 10 Takeaways from AVCJ 2025: Distils the principal themes from this year's forum, from the renewed focus on value creation and management quality to the continuing strength of Asia's consumer and healthcare sectors.

2. Why Value Creation Plans Are Breaking – and How to Fix Them: Explores why many value creation plans fail in practice and sets out a more pragmatic, step-by-step model for driving

operational improvement that aligns sponsors and management teams.

3. Where Asia PE Is Really Deploying: Consumer and Healthcare in a ‘No More Easy Money’ World: Looks at how leading GPs are building conviction and deploying capital in Asia’s most resilient sectors, consumer and healthcare, and how regional variations across Japan, India, China, and Southeast Asia are shaping deal strategies and exits.

Together, these articles capture how private equity in Asia is evolving: from deal-making to company-building, from financial leverage to operational leverage, and from growth narratives to repeatable, measurable performance improvement.



AVCJ in Hong Kong this year had a very clear message for anyone investing in Asia: the era of easy multiple expansion is over, and the next leg of returns will be earned the hard way – through disciplined value creation, sharper management choices, and a more precise sector and country lens. From conversations with GPs, LPs and operating partners across the region, there were ten themes that stood out – and they connect very directly to what I am seeing in commercial due diligence and performance improvement work across Asia.

1. Easy money is gone; value creation is non-negotiable.

The consensus across buyout, growth and sector panels was that financial engineering and passive beta exposure are no longer enough to hit return targets in Asia. With exit markets still uneven, vintage overhang building and LPs laser-focused on DPI, GPs are being pushed to underwrite returns on cash flow growth and operational change, not just on entry valuation and leverage. I wrote about this earlier in an [article in Nikkei Asia](#).

2. Value creation plans now start in diligence, not after signing.

Several firms described how the value creation plan is now effectively a workstream of the deal thesis, not a post-closing afterthought. Operating teams are pulled into due diligence earlier, challenged to quantify specific operational levers, and in some cases have their compensation linked to delivering those levers over the first 24–36 months of ownership.

3. Execution beats “1,000-slide” strategy decks.

A recurring complaint from both investors and management teams was that traditional value creation playbooks can overwhelm the organisation with long lists of initiatives and generic best practices. The more thoughtful GPs are shifting towards phased, step-by-step execution: aligning on a small number of non-negotiable initiatives, sequencing them over 100-day, one-year and three-year horizons, and rescoping plans as the macro and competitive environment shifts. For an example of a very tangible and executable value creation initiative, check out this [SCP/Asia paper](#) on optimising payment solutions, co-written with David Lunt.

4. The right CEO and C-suite make or break the deal.

Across Japan, India, Southeast Asia and China, there was strong agreement that the quality and fit of the CEO and top team are now central to underwriting, not an HR topic dealt with later. Panels highlighted the different challenges of founder-led businesses, corporate carve-outs and

“professionalised” companies, and how quickly the best investors are willing to make leadership changes when the trajectory is off. Read this [article in Nikkei Asia](#) that I wrote earlier this year on the challenging dynamic when the board is looking for performance improvements but management's instinct is 'to ride out the storm'.

- 5. Asia PE has become an operator's game.** The history of private equity evolution – from leverage-driven returns, to sector specialisation, to in-house value creation teams – is now playing out fully in Asia. Large global and regional managers talked about building substantial operating benches in areas like manufacturing, procurement, digital, AI and pricing, and pushing these capabilities into portfolio companies much earlier in the hold period.
- 6. Consumer and healthcare remain core hunting grounds.** Despite macro noise, the mood around consumer and healthcare was strikingly resilient. In markets like China, India and Southeast Asia, rising middle-class consumption, domestic brand strength and structural under-investment in healthcare infrastructure continue to generate a deep pipeline of targets for both growth and control deals.
- 7. China is shifting from pure growth to disciplined “value for money”.** On China, the discussion has clearly moved from whether to exit the market to how to lean into a new regime of lower growth, better pricing, and more reasonable entry multiples. Speakers highlighted domestic brands gaining share across multiple categories, a large pool of household savings, and the ability to acquire quality businesses at valuations that finally reflect the new reality – but with more emphasis on cash generation and operational improvement than in the past.
- 8. Japan, India and Southeast Asia are absorbing reallocated risk capital.** The regional portfolio construction conversations reflected a durable shift: less

China-only exposure, and more balanced allocations across Japan, India, Southeast Asia and Australasia. Japan was repeatedly described as a multi-year opportunity grounded in corporate carve-outs and succession issues, India as a market where public exits and financial services/healthcare are driving DPI, and Southeast Asia as a long-term consumption and “buy-and-build” story.

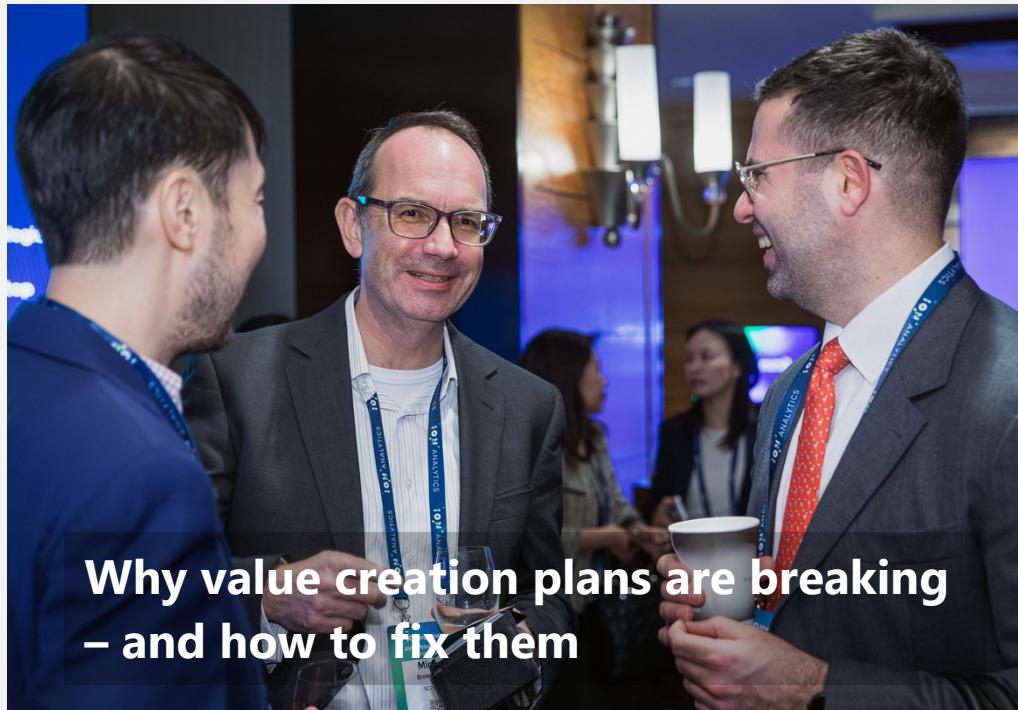
9. Exits are now a design principle, not a closing slide. With DPI under scrutiny, the best funds are designing exit pathways from day one, rather than hoping for a good IPO window three to five years out. That means clarifying the likely buyer universe, building optionality across strategic buyers, secondary sponsors, IPO and continuation vehicles, and actively investing in vendor readiness and management’s ability to tell the equity story well before a formal process.

10. AI and ESG are moving from “narrative” to “P&L”. Two themes that used to sit in the “nice-to-have” section – AI and ESG – are now being treated as direct value creation levers. On AI, there is growing focus on practical applications such as workflow automation, pricing, and demand forecasting, while on ESG the conversation has shifted from compliance to topics like decarbonisation, supply chain resilience and customer acquisition, especially in sectors like industrials, logistics, healthcare and consumer.

What does all this mean for how GPs deploy and manage capital in Asia? In practical terms, it reinforces four beliefs that have been central to my work with private equity clients across the region. First, that the days of easy money are over, and operational improvement and value creation are now the decisive edge. Second, that having the right CEO and top team, aligned around a realistic but ambitious value creation plan, is the most powerful lever a sponsor controls. Third, that step-by-step execution – rather than an avalanche of slides – is what actually moves EBITDA and cash. And fourth, that consumer, healthcare and B2B will remain

attractive hunting grounds in Asia, provided investors underwrite to the new operating reality rather than the last cycle.

If you are wrestling with how to reflect these themes in your own deal theses, diligence scopes or value creation plans in Asia, very happy to compare notes.



Value creation plans have never looked better on paper and rarely looked worse in execution. That is clear not only from the discussions at AVCJ in Hong Kong last month, but also from many engagements with PE-owned portfolio companies in Asia and elsewhere over more than 25 years of working with management teams under private equity ownership.

Why plans are breaking

Many funds still build value creation plans as if they were marketing documents: exhaustive, impressive, and largely disconnected from how businesses actually run week to week. At AVCJ PE Summit last month, and in countless client boardrooms and steering committees over recent years, the same pattern repeats: a 100-page deck lands after signing, enthusiasm peaks in the first meeting, and then reality (macro noise, execution bandwidth, organisational politics) quietly erodes the plan.

Three forces are driving this breakdown. First, the end of “easy money” means returns must come from hard operational improvement and cash generation, not from multiple expansion and leverage alone. Second, holding periods are stretching and exit paths are less obvious, so value creation plans are being stress-tested over longer cycles and bumpier markets. Third, portfolio management now involves more complexity (AI, ESG, decarbonisation, new geographies) and the traditional linear plan simply cannot carry that weight without becoming unmanageable.

Overloaded ambitions, limited bandwidth

One recurring complaint at AVCJ, and very consistent with what management teams say privately on projects, is that consultants and deal teams still turn up with long lists of “global best practices”, all of which look sensible in isolation but collectively exceed the absorptive capacity of the organisation. Management often has a day job running plants, serving customers and managing crises; they do not have spare cycles to chase 40 parallel initiatives with unclear sequencing or impact.

Management view the VCP as something “the PE guys” need rather than as their own operating plan

The result is predictable. Easy wins are picked, a few pet projects move forward, and the more difficult but value-dense levers (pricing architecture, salesforce effectiveness, supply chain redesign, restructuring of underperforming units) get delayed into “phase two” that never really comes. Over time, both sides become cynical: sponsors doubt management’s ability to execute, and management view the VCP as something “the PE guys” need rather than as their own operating plan. Once a plan acquires that reputation inside the company, something unfortunately seen frequently in the past, it is very hard to rescue.

Misaligned ownership between sponsor and management

A second structural problem is ownership. Several AVCJ panellists were explicit: a value creation plan owned by the fund is a red flag; it has to be the management team’s plan, co-created but not imposed. That is entirely consistent with what I have seen play out across many PE-backed transformations over the years, where

plans built in isolation by the deal team simply failed to survive the first real budgeting cycle.

More effective GPs now push for genuine co-design: they come with hypotheses and benchmarks, but they expect the CEO and C-suite to define what is realistic, what must be reshaped, and what is off the table. This is especially important in Asia, where founder-led cultures, family dynamics and corporate carve-out legacies mean that trust and face matter as much as numbers. When plans are framed as “our plan” rather than “your plan”, the quality of debate, prioritisation and follow-through changes very quickly, a pattern I have seen across multiple engagements with both regional and global sponsors.

Not enough focus on the “who”

Another theme was how often deals underestimate the leadership and talent re-wiring required to execute a serious VCP. Across multiple panels, investors admitted that they usually end up changing at least the CFO and often key commercial leaders once the real work starts. That observation matches what has been necessary, again and again, in PE-owned portfolio companies: until the finance and commercial chairs are strong, even relatively simple operational initiatives struggle to stick.

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In founder-led companies, the business may have strong entrepreneurial energy but weak systems, governance and pricing sophistication; in corporate carve-outs, there may be professional processes but little commercial aggression or ownership mindset. Without the “right” CEO and C-suite for the journey, not just for the deal, even beautifully thought-through plans stall. This has been particularly visible in consumer and healthcare, where regulatory nuance, brand building and channel strategy place a premium on operator quality and where mis-aligned leadership can easily burn one or two years of the hold period.

Time inconsistency: big promises, slow mobilisation

A quieter, but important, observation at AVCJ was around tempo. Many funds talk about three-year plans, but lose the first 12-18

'Time' is both a core risk dimension and key value driver

months to post-closing drift: integration friction, unfilled leadership roles, indecisive prioritisation and delayed implementation of key initiatives. By the time the organisation is truly moving, the clock is already ticking loudly on exit, and risk appetite for more transformative change drops. That pattern has shown up repeatedly across deals in different sectors and geographies.

Operationally disciplined firms now treat time as a core risk dimension. They push for tightly defined 100-day plans pre-close, lock in a one-year “mobilisation” agenda, and insist on seeing traction on a few critical metrics before the first full budget cycle. In parallel, exit committees or equivalent governance are active from year one, forcing the deal team to think backwards from what a credible equity story must look like and therefore which operational levers need to be proven early. The same backward-planning discipline has been essential in client work where the exit route is unclear at entry but the DPI expectations are not.

What successful plans look like now

So what is working? The most credible examples, both from GPs at AVCJ and from hands-on work with portfolio companies, share a few common traits. First, the plan is anchored in a small number of must-win battles (often no more than five) that are clearly linked to both value creation and the eventual exit story (for example, regional expansion in Southeast Asia, EBITDA uplift via pricing and mix, or a step-change in asset utilisation).

Second, those battles are broken into a sequence of tightly scoped initiatives, with explicit 100-day, one-year and three-year milestones. That step-by-step framing reduces overwhelm and creates natural review points where the sponsor and management can recalibrate for macro shocks, regulatory shifts or competitive response. Third, operating partners are integrated from diligence onwards, not parachuted in after close. These operating leaders often carry “scars” from prior roles and from previous funds, and know how to avoid common failure modes such as over-engineering dashboards, under-investing in line manager capability, or ignoring local culture in favour of head-office templates.

Step-by-step beats big-bang

A phrase that came up more than once was that you do not need to go from zero to 100 in one go; baby steps are acceptable (and often superior) if they compound. This applied not only to AI deployment and ESG initiatives, but to the core operational agenda: for example, tightening pricing discipline in one channel before rolling across the portfolio, or fixing working capital in a single business unit before institutionalising it group-wide.

Rather than aiming for perfection from the start, target small wins in a step-by-step manner

This step-wise approach is particularly important in Asia's mid-market, where management teams are often stretched and systems underdeveloped. Trying to run a full global playbook on day one (advanced analytics, zero-based budgeting, full-scale shared services, etc) can choke the organisation and trigger resistance. Starting with a focused, visible win (for example, a targeted procurement saving, a simpler incentive scheme for the sales team, or improved collection performance in one segment) can build credibility, free up cash and create momentum for the next wave of initiatives. Across many PE-owned businesses, that pattern of "prove, then scale" has consistently outperformed big-bang, all-at-once programmes.

Getting CEO and C-suite alignment

Step-by-step planning only works if the CEO and top team truly own it. Several investors at AVCJ talked about running "co-creation" workshops shortly after signing, where the draft VCP is deconstructed and rebuilt with management, with frank discussion of capacity constraints, sequencing, and trade-offs. In practice, those sessions are also where hard conversations happen about leadership changes, external hires and capability-building that will be required to deliver the plan.

An effective practice is to use the first six months to make the tough people and governance moves: bringing in a new CFO, upgrading marketing or digital leadership, closing the loop on reporting and MIS. Investors sometimes describe this as "failing fast" on the team, so that by the time the heavier value creation levers are pulled, there is a stable, aligned leadership in place to own them. That

rhythm of early team resets, then sustained execution, has been critical in many portfolio transformations that i have seen over the past few years.

Linking value creation to exit from day one

One subtle but powerful shift is that value creation and exit planning are now being treated as a single design problem. If the most likely buyer universe is a global strategic that values regional footprint and ESG credentials, the plan must visibly build those attributes; if the more probable route is a secondary sponsor sale, then the plan must create the kind of governance, KPI discipline and platform scalability that another PE owner will pay for.

An exit-focussed and backwards-planning mindset sharpens priorities and keeps the VCP 'honest'

Some firms have formalised exit committees that challenge whether the VCP, as designed, will produce the equity story required for a strong outcome within the target hold period. This backwards-planning mindset tends to sharpen priorities: non-essential initiatives fall away, and more resources are directed to the few levers that will truly matter to the next owner, whether that is an IPO investor base, a trade buyer, or a continuation vehicle structure. In project work, tying each initiative explicitly to "who might ultimately pay for this improvement" has been a simple but powerful way to keep plans honest and avoid elegant but non-monetisable projects.

What this means for Asia PE operators

For investors and operating partners in Asia, the message is clear. The region still offers compelling opportunities in sectors like consumer and healthcare, and in themes such as succession-driven Japanese carve-outs, Chinese champions going global, and Southeast Asian consolidation plays. But capturing that upside now depends less on being in the right macro narrative, and more on the discipline of how value creation plans are built and run deal by deal.

In practice, that means treating VCPs as living operating documents, not fundraising collateral; co-owning them with management from the outset; sequencing initiatives into realistic 100-day, one-year

and three-year horizons; investing early in the right CEO and C-suite; and constantly re-anchoring efforts to the eventual exit path. The combination of what I heard at AVCJ last month and what I've seen across many PE-owned portfolio companies over the past 25+ years points in the same direction: in a "no more easy money" world, the sponsors who can pair sharp investment theses with genuinely executable, step-by-step value creation plans will be the ones who consistently outperform.

If you are re-thinking how to design or reboot value creation plans for PE-owned businesses in Asia, or want to stress-test an existing playbook against what is actually working on the ground, very happy to compare notes.



Private equity conversations in Asia have changed tone. The mood at AVCJ this year wasn't pessimistic – it was sober, focused, and distinctly more pragmatic. Gone are the days when capital inflows lifted all deals or when "growth at any price" could substitute for execution. The firms that will outperform the next cycle are those that build conviction in two sectors that continue to deliver despite the noise: consumer and healthcare.

Having spent much of the past two decades supporting PE funds and management teams across Asia, I've seen firsthand how these

sectors stand apart – not because they are fashionable, but because their fundamentals align with where Asian economies are actually going.

The New Reality: Growth Requires Work

The regional investing context has shifted. Easy money has evaporated, and return expectations are being reset from “growth multiple” to “execution multiple.” Funds that used to depend on rising valuations or cheap leverage are now investing with a three-word mantra: build, improve, exit.

AVCJ panels echoed what many of us see every day in due diligence: performance improvement and operational value creation are no longer optional extras; they are the thesis. Even large global managers that once led with financial structuring now lead with functional expertise – pricing, go-to-market, digital enablement, procurement, and leadership change.

Within that backdrop, consumer and healthcare keep coming up for one simple reason – both sectors have tangible levers for operational improvement and steady compounding growth, even in a tougher cost-of-capital environment.

Consumer: Local Brands, Lean Playbooks

If 2025 proved anything, it’s that consumer stories in Asia are becoming more domestically powered and operator-driven.

1. Local Brands Are Winning: Across China, Japan and Southeast Asia, AVCJ panellists highlighted the same trend: household savings and spending power are being reallocated towards local brands. In categories from beauty to beverages, domestic challengers now dominate market share. This reshapes what “premiumization” means: it’s not about imported cachet anymore; it’s about relevance, trust, and adaptability.

2. Buyouts Beat Growth Rounds. Ten years ago, Asia consumer deals were mostly minority growth plays. Now, buyouts and control deals are the growth segment. Sponsors are taking full ownership so they can install the governance, pricing discipline, and product pipeline management needed to compound earnings rather than just chase topline volume.

3. Execution Edges Out Excitement. The bigger opportunities are often surprisingly unglamorous: multi-country expansion for mid-tier brands; procurement and logistics optimization in fragmented distribution chains; digital enablement of route-to-market models. Investors want levers within management's control, not exposure to macro "maybes."

That sentiment tracks exactly with what we find in many commercial due diligence and value creation mandates: stronger margin control, better category rationale, and pragmatic brand-building deliver better economics than big marketing bets.

4. Consumer Tech Isn't Dead – It Just Grew Up. Even in the digital sphere, the focus is shifting from growth-at-all-costs to monetization discipline. Payments, loyalty, and data-driven personalization are still hot, but only when they directly expand contribution margin. "Show me the P&L impact" has replaced "show me the user growth curve."

That is also where adjacent initiatives like payment optimization, the topic of the [paper co-authored with David Lunt](#), become valuable. It's a practical example of how targeted, step-by-step improvements in friction points like authorization rates and cost of payments can lift margins without betting on headline growth.

Healthcare: Resilient, Regulated, and Regionally Varied

Healthcare is equally resilient – but for different reasons. The sector benefits from strong secular tailwinds: aging populations, expanding insurance coverage, and ongoing under-provision of

private care in emerging economies. Yet, it requires patient capital and operational discipline to translate that demand into returns.

- 1. Every Market, Its Own Playbook.** The conversation at AVCJ underscored the divergence: Japan remains a story of hospital modernization and succession; India's opportunity lies in private health and medtech scale-ups; China is pivoting from biotech exuberance to sustainable, cash-generative healthcare services. Across the region, GPs are moving from "fund healthcare exposure" to "build healthcare platforms."
- 2. From Growth to Governance.** For healthcare operators, credibility now drives valuation more than growth hype. Investors and acquirers are looking for improved compliance, transparent reimbursement processes, and digital transformation that reduces friction. Clinical quality and patient outcomes are finally being treated as financial differentiators, not soft KPIs.
- 3. Capital Efficiency Matters Again.** Healthtech, diagnostics, and specialized care chains remain popular, but the days of burning capital for market share are gone. The successful operators are those who can achieve scale with moderate capex intensity – often through bolt-ons, asset-light models, or partnerships. Panellists from EQT and KKR put it bluntly: "In healthcare, the best returns come from efficiency, not expansion."
- 4. ESG and Impact Converge with Healthcare.** Healthcare also sits at the crossroads of two undercurrents from AVCJ – ESG and impact investing. LPs are increasingly comfortable linking impact metrics (access, affordability, workforce development) to financial rewards. What was once a compliance box-tick has become a differentiator, especially for exits to global strategies or impact-oriented continuation vehicles.

From my own experience supporting healthcare deals in China and Southeast Asia, this evolution feels overdue. Many management teams have long treated ESG as an investor requirement; now they're seeing it as a competitive advantage – one that can drive recruitment, patient trust, and ultimately valuation.

Regional Nuances: Japan, India, China, and Southeast Asia

Every region tells a slightly different story for investors active in these two sectors.

- Japan: A treasure trove of mid-market succession opportunities. Consumer brands and healthcare services there combine stable cash flows with operational restructuring upside. Carve-outs, generational transitions, and margin gaps make Japan a long runway for hands-on PE.
- India: The engine of scale. Consumer and healthcare investments are buoyed by domestic demand and a functioning IPO market that keeps DPI moving. Healthcare, in particular, benefits from deregulation and capital-starved hospital chains ripe for professionalization.
- China: Finally investable again – selectively. Valuations have reset, and high-quality consumer and health players can now be acquired at reasonable multiples. The focus has shifted from “find the next unicorn” to “buy good businesses that throw off cash.” Patient capital is being rewarded again.
- Southeast Asia: The emerging middle class story still holds. Consumption will double by 2035, creating steady deal flow in education, private health, and branded consumer goods. But success demands cross-border execution and platform discipline, not country-by-country heroics.

Exits and the New Definition of “Attractive”

If capital deployment logic is maturing, so is exit logic. Trade buyers now expect cleaner governance, digital readiness, and proof of ESG

maturity; public markets reward predictable cash flow; and secondary sponsors want ready-to-scale platforms.

Consumer and healthcare businesses that systematically professionalize – from financial control to sustainability reporting – are commanding stronger exit multiples. The old model of “buy growth, sell a story” is being replaced by “buy substance, sell dependability.”

A Personal Take: Momentum Through Focus

From working side-by-side with portfolio management teams across more than two decades, what stands out most is how momentum is created not by grand strategy but by focus. The GPs getting it right in consumer and healthcare are those committing to repeatable operational moves – not chasing themes for the sake of it.

In this “no more easy money” world, patient execution has become the new differentiator. A clean P&L, a motivated CEO, and a three-year path to exit may not make headlines – but they do make returns.

If you’re revisiting where and how to deploy in Asia under tighter capital conditions, or how to build conviction in consumer and healthcare given changing exit dynamics, very happy to compare notes.

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