

APAC SPAC IPO proceeds forecast to top USD 35 billion by 2025, nearly one-third of IPO proceeds in the region, as more Asian economies embrace the SPAC listing model

Quinlan & Associates sees huge wallet opportunity on offer for sponsors and investment banks as Asia warms up to SPACs, though numerous challenges need to be overcome

Hong Kong, 2 December 2021 – Quinlan & Associates, a leading independent strategy consultancy specialising in the financial services industry, has released an in-depth report examining the outlook for SPACs in Asia and the rest of the world.

The report, titled *Spectacular: The Dawn of a New Era for SPACs*, explores in detail how the SPAC model stacks up against traditional listing routes, including the comparative benefits they deliver, the salient challenges they currently face, and the key ingredients needed for sponsors to create a recipe for success.

‘On the back of two decades of robust economic growth, the number of companies in operation across the world continues to touch new all-time highs, reaching 214 million in 2020,’ said Benjamin Quinlan, CEO & Managing Partner of Quinlan & Associates, and lead author of the report. ‘However, while the number of companies in existence has grown by 40% over the past decade, the number of listings has increased by only 18% over the same period.’

Given the various shortcomings of existing traditional routes of going public, namely Initial Public Offerings (“IPOs”) and Direct Placement Offerings (“DPOs”), the number of listed companies has grown at less than half the rate of increase in the overall number of companies. ‘With an estimated shortfall of 10,000 companies not going public between 2009 to 2020, a significant wallet opportunity may have been left on table,’ continued Mr. Quinlan.

The report discusses how the SPAC process offers an alternative route to going public that not only alleviates the shortfalls of the traditional IPO process but does so without incurring the disadvantages associated with a DPO, thereby combining the best of both worlds. According to the report, with the number of traditional IPOs taking place declining in recent years and a growing number of private companies delaying their public listings, SPACs provide an opportunity for the marketplace to revive the activity that investors have missed over the last few decades, while also benefitting issuers and sponsors as well.

‘Having witnessed robust adoption in North America and Europe, Asia is the natural next step for the SPAC community to focus on, especially as economies like Hong Kong and Singapore explore the roll-out of SPACs on their home soil,’ said Marcus Consolini, co-author of the report. ‘We estimate that SPACs could account for as much as USD 35 billion worth of IPO proceeds in APAC by 2025, up from just USD 0.2 billion in 2016, with sponsors primed to potentially enjoy outsized returns.’

‘While we expect SPACs to become a rainmaker for sponsors, there remain issues around exorbitant underwriting fees, lacklustre post-de-SPAC-ing returns, and target sourcing difficulties,’ stated Mr. Quinlan, going on to add, ‘we have identified six key ingredients that sponsors can leverage to create a recipe for success: (1) operator-led; (2) network centrality; (3) geographic expansion; (4) versatile expertise; (5) robust governance; and (6) negotiation strategies.’

The report concludes that it is not feasible for all sponsors in the marketplace to be able to build-up their internal capabilities to a strong-enough level to succeed in the race against time to de-SPAC successfully, asserting that sponsors may choose to outsource parts of the SPAC lifecycle in a modular manner, including: (1) executive search; (2) corporate governance structuring; (3) target screening; (4) geographic / sectoral expertise provision; (5) expert network connectivity; (6) due diligence services; (7) negotiation support; and (8) ongoing post-close support.

About Quinlan & Associates

Quinlan & Associates is a leading independent strategy consulting firm specialising in the financial services industry. The Company is the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting, communications, and employee training, Quinlan & Associates translates cutting-edge advice into commercially executable solutions. With a team of top-tier financial services and strategy consulting professionals, and a global network of alliance partners, Quinlan & Associates provides its clients with the most up-to-date industry insights from around the world, positioning the Company as a leader in its field.

For more information, please visit www.quinlanandassociates.com.

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