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Portugal as Europe's ASEAN Soft Landing

Why Portuguese mid-caps (and selected Brazilian groups via Portugal) can use Malaysia and Singapore as an ASEAN gateway for growth, partnerships and M&A.

A cross-border M&A perspective
Franck da Silva, Founder & Managing Partner
September 2026

THE CONSENSUS TRADE MISSES THE ENTRY PROBLEM

Everyone debates which ASEAN market is largest. Few ask which one a Portuguese mid-cap can actually land in.

Portuguese industrial mid-caps already know how to export. Goods exports were roughly €79 billion in 2024, while food and beverage exports reached a record €8.19 billion. The harder board question is not whether Portugal can sell abroad. It is how to establish an ASEAN position without consuming several years of management attention on a greenfield in the wrong jurisdiction.

The consensus narrative pulls in two directions: go immediately to the largest growth markets, typically Indonesia or Vietnam, or wait for bilateral trade architecture to remove more friction. Both contain truth. Neither answers the practical question for a €50 million to €500 million industrial company: where should the first regional team, P&L and acquisition cheque sit without over-committing balance sheet and management bandwidth?

This note argues that **a durable soft-landing model for many Portuguese mid-cap industrials is a Malaysia-Singapore pairing**, rather than a single-country bet. Singapore solves governance, financing and regional coordination; Malaysia adds industrial depth, localisation and a more economical operating base. Indonesia, Vietnam, Thailand and the Philippines remain essential markets, but they do not always need to be the first corporate seat.

Deal implication. The corridor is most actionable when trade becomes owned capability: an off-market Malaysian bolt-on, a Singapore commercial or holding platform, a staged JV, or a reverse transaction in which Southeast Asian capital acquires a Portuguese manufacturing or brand base.

€79bn

Portugal goods exports, 2024

€145.7m

Malaysia-Portugal goods trade,
2024

€8.19bn

Portugal food & beverage exports,
2024 (record)

WHY PORTUGAL NOW

Export muscle, competitive engineering economics, and clusters that map onto Southeast Asian demand.

An export base that already thinks beyond the home market

Portugal's industrial clusters map cleanly onto Southeast Asian demand: moulds and precision metal, electrical and industrial equipment, construction systems, food and ingredients, and selected industrial software and engineering services. The internationalisation habit already exists; what is missing for many mid-caps is an ASEAN playbook designed around control, capital and execution rather than trade promotion alone.

The gap sits in execution

Trade fairs, missions and institutional visits can open a door. They rarely produce a target list, a qualified partner or a signed term sheet. For a Portuguese mid-cap, the first ASEAN move depends on proprietary origination, local partner screening and diligence run on the ground, because public evidence of Portuguese mid-market transactions in Malaysia and Singapore remains thin and many relevant targets are founder-owned businesses that are not for sale on the open market.

Trade architecture is becoming more useful

Singapore and Vietnam already have free-trade agreements with the EU. The EU-Indonesia CEPA, concluded in September 2025, is heading to signature in late 2026. EU-Malaysia negotiations, relaunched in January 2025, aim to conclude by 2027. For a Portuguese board, these agreements do not replace local presence. They increase the value of having a regional operating structure in place before tariff, procurement and regulatory advantages fully crystallise.

Brazil via Portugal: a real but still selective lane

Shared language, EU market access and existing Portuguese operating companies make Portugal a useful bridge for some Brazilian groups. The public record does not support the claim that Brazilian industrials systematically use Portugal as their ASEAN launchpad, and this note does not pretend otherwise. The more credible thesis is that Portugal can be **one route within a wider Lusophone-to-SEA architecture**, particularly where a Brazilian shareholder already controls an EU operating company, cash pool, IP or management team.

ASEAN ENTRY: WHY MALAYSIA AND/OR SINGAPORE

Start where the business can be governed. Expand where the volume is.

The EU-ASEAN Business Council's September 2026 survey found 78% of surveyed European business leaders expect ASEAN trade and investment to increase over five years. Expansion interest was led by Vietnam (64%) and Indonesia (57%), followed by Malaysia and Thailand (49% each), Singapore (44%) and the Philippines (43%). That ranking is useful for market ambition, but it should not be confused with entry design.

For many Portuguese mid-caps, a first regional seat should allow management to hire in English, bank reliably, protect IP, execute a JV or SPA under familiar legal practice, recruit regional management and remain within mid-market capital discipline.

Singapore: governance, capital and structure

Singapore remains the region's main legal-financial and holding-company hub for cross-border transactions. For Portuguese companies that need a regional commercial seat, a HoldCo, financing access or a platform for acquisitions across several ASEAN markets, Singapore is often the cleanest control point, and its free-trade agreement with the EU has been in force since November 2019.

Malaysia: industrial scale and localisation

Malaysia combines an English-capable commercial environment with deep electrical and electronics, industrial and engineering ecosystems. The Johor-Singapore Special Economic Zone formalises the complementarity: the January 2025 agreement targets 11 sectors, 50 projects in five years, 100 within ten and up to 20,000 skilled jobs. The strategic logic is straightforward: Singapore for regional mandate and capital; Johor and wider Malaysia for production, service, operators and cost.

Why not necessarily start in Indonesia, Vietnam or Thailand?

They remain essential expansion markets. But for a Portuguese mid-cap without a local partner bench, Bahasa or Vietnamese operating depth, or appetite for a multi-year licensing and land build-out, they can be harder first corporate seats. The sequencing thesis is not "avoid the large markets"; it is to **establish a governable regional platform first, then deploy capital into the large markets with a management team and partner network already in place.**

Bilateral Malaysia-Portugal goods trade was only €145.7 million in 2024 on Malaysian figures, which is small relative to Portugal's export base. The composition already points to adjacency: on Portuguese figures, exports to Malaysia are led by electrical equipment, machinery and technical instruments, while imports from Malaysia are led by electrical and electronic products and rubber.

SECTOR LENSES

Where Portuguese capability maps to Southeast Asian demand.

1. Industrials, metalworking, moulds and automation

Portugal's metalworking and mould clusters are among its most internationalised. Malaysia's E&E and advanced manufacturing base creates demand for tooling, precision components, secondary processes and automation integration. The most credible deal shapes are bolt-on acquisitions of specialised workshops, JVs with distributors or integrators holding OEM approvals, and selective greenfield capacity only when customer offtake underwrites the capex.

2. Energy, critical power and renewables adjacency

EDP Renováveis' acquisition of Singapore-based Sunseap is a large-cap proof point for the platform logic: acquire a regional base rather than replicate a series of country-by-country greenfields. At mid-market level, the more relevant layer is electrical distribution, power protection, EPCC niches, O&M and industrial energy-efficiency equipment serving data centres, factories and commercial loads.

3. Food, agro and ingredients

Portugal's food and beverage exports reached €8.19 billion in 2024. Singapore offers an import-dependent commercial hub; Malaysia adds halal-capable processing and distribution scale. The 2024 opening of Singapore to Portuguese pork products is a concrete example of market access becoming commercial infrastructure. Distribution with earn-outs, minority investments in importers and regional manufacturing partnerships are more realistic than prestige-led brand expansion.

4. Construction systems and engineered metals

Industrial parks, data centres and infrastructure create recurring demand for engineered steel, facades, building systems, specialist contracting and modular solutions. Public evidence of Portuguese mid-cap M&A in Malaysia and Singapore remains thin. That makes proprietary origination more relevant than auction chasing.

5. Tech and industrial services

This should remain selective. Portugal has credible cybersecurity, industrial software and engineering-services pockets, but recent public examples of Portuguese mid-market acquisitions in Singapore or Malaysia are scarce. The opportunity is real; the evidence does not justify presenting it as the primary corridor today.

DEAL PATTERNS

Bolt-on, staged JV or greenfield?

Pattern	When it fits	Indicative capital profile	Main risk
Singapore commercial seat + ASEAN sales	First 12-24 months; product already exportable	OpEx-led	Distributor capture; weak local service depth
Malaysian bolt-on	Need localisation, workforce, licences or OEM approvals	Often €5m-€40m equity for specialist industrials	Founder dependency; customer concentration; diligence quality
Singapore HoldCo + Malaysian OpCo	Regional contracts, financing, IP and governance	Structuring cost + operating equity	Substance and transfer-pricing requirements
JV with staged call option	Partner contributes licences, land, relationships or operating assets	Minority first, control later	Deadlock, IP leakage, call-option valuation
Johor / JS-SEZ greenfield	Named offtake or multi-year customer contract	Capex-led; incentives may offset cost	Execution delay, labour and incentive conditionality
Reverse: ASEAN buyer of Portuguese asset	EU manufacturing seat, specialist industrials, food or brands	Mid-market to large mid-market	Integration, succession, energy and labour economics

Risks / what fails

Seat and substance diligence. Singapore entities that exist only on paper create banking, incentive and tax problems. Malaysian targets require rigorous licensing, land, environmental, foreign-equity and related-party diligence.

Partner selection. A distributor who becomes a gatekeeper or a JV partner seeking technology without a credible path to value-sharing can destroy the economics of a decade-long market-entry plan. Call options, IP schedules, non-compete geography and deadlock mechanics are business terms, not legal decoration.

Importing the European playbook. Service response, warranties, customer payment culture and procurement processes can differ materially from Iberian norms. A Singapore seat without local service capability is still only a brochure.

Starting too big. A large-market greenfield can absorb management bandwidth before the company has a regional P&L. Sequencing is a risk-control tool, not a lack of ambition.

Over-reading diplomacy. Workshops, ambassadorial visits and FTA headlines are useful leading indicators. They are not revenue. Track signed contracts, licensed entities, named partners and closed transactions.

WHAT THIS MEANS FOR BOARDS

A practical checklist for Portuguese and Lusophone industrials.

- 01 Choose a soft-landing pair, not a ten-country map.**
A sensible starting hypothesis for many mid-caps is a Singapore commercial/holding seat plus Malaysian operating depth, with Indonesia, Vietnam and Thailand as phase-two deployment markets.
- 02 Build a proprietary target list before the first trip.**
Founder-owned specialists in Malaysia rarely appear in auction processes. Identify, screen and approach them directly, with an advisor who knows the ground.
- 03 Choose the entry instrument before the market narrative.**
Export, bolt-on, staged JV or greenfield each implies different capital, control and timing.
- 04 Budget for the company you can integrate.**
If equity capacity is €10m-€30m, target founder-owned specialists that fit management reality rather than €300m platform processes.
- 05 Run local diligence like a principal.**
Licences, land, key-man risk, customer concentration, IP, related-party leases and HoldCo substance should be underwriting items from day one.
- 06 Localise service capability.**
Installed base and response time frequently matter more than a regional HQ slide.
- 07 Use trade agreements as timing inputs.**
EU-Singapore and EU-Vietnam are in force; EU-Indonesia CEPA is heading to signature; EU-Malaysia talks aim to conclude by 2027. None replaces a local operating strategy.
- 08 Keep Brazil-via-Portugal precise.**
Define what the Portuguese entity actually controls before adding an ASEAN layer.
- 09 Pre-agree kill criteria.**
If no credible partner, target or licensing path appears within a defined period, stop or restructure before sunk cost becomes strategy.
- 10 Appoint one accountable executive.**
One sponsor, one P&L, one quarterly scorecard.

HOW ÆNON CAN HELP

From first hypothesis to signed transaction.

Most of the work described in this note happens before any public process: finding founder-owned targets, qualifying local partners, structuring the Singapore and Malaysia layers and running diligence on the ground. That is where Ænon works, for European industrials entering Southeast Asia and for Southeast Asian groups looking at European assets.

For a Portuguese or Lusophone board weighing its first move in the region, a first conversation usually covers which soft-landing structure fits the company, what a realistic acquisition budget can buy locally, and which partners or targets are worth meeting on a first trip. **We are glad to have that conversation, in confidence and without commitment.**

ABOUT ÆNON

Ænon is an independent cross-border M&A advisory firm focused on transactions involving Southeast Asia and selected international corridors. Its established franchise connects European buyers and sellers with the region, with a predominant focus on buy-side origination. Ænon combines sector knowledge, proprietary sourcing and on-the-ground relationships to identify and execute opportunities that are often not available on the open market.

To discuss your company's ASEAN entry, contact Franck da Silva directly at contact@ænon-group.com or on LinkedIn at [linkedin.com/in/franckdasilva](https://www.linkedin.com/in/franckdasilva).

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