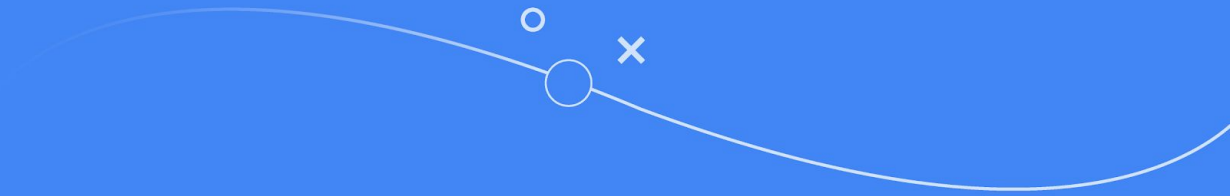




e-Conomy SEA 2018

Southeast Asia's internet economy hits an inflection point

Google™ TEMASEK



3rd edition of e-Conomy SEA by Google & Temasek, our research on Southeast Asia's internet economy

2016

e-Conomy SEA
2015-2025

2017

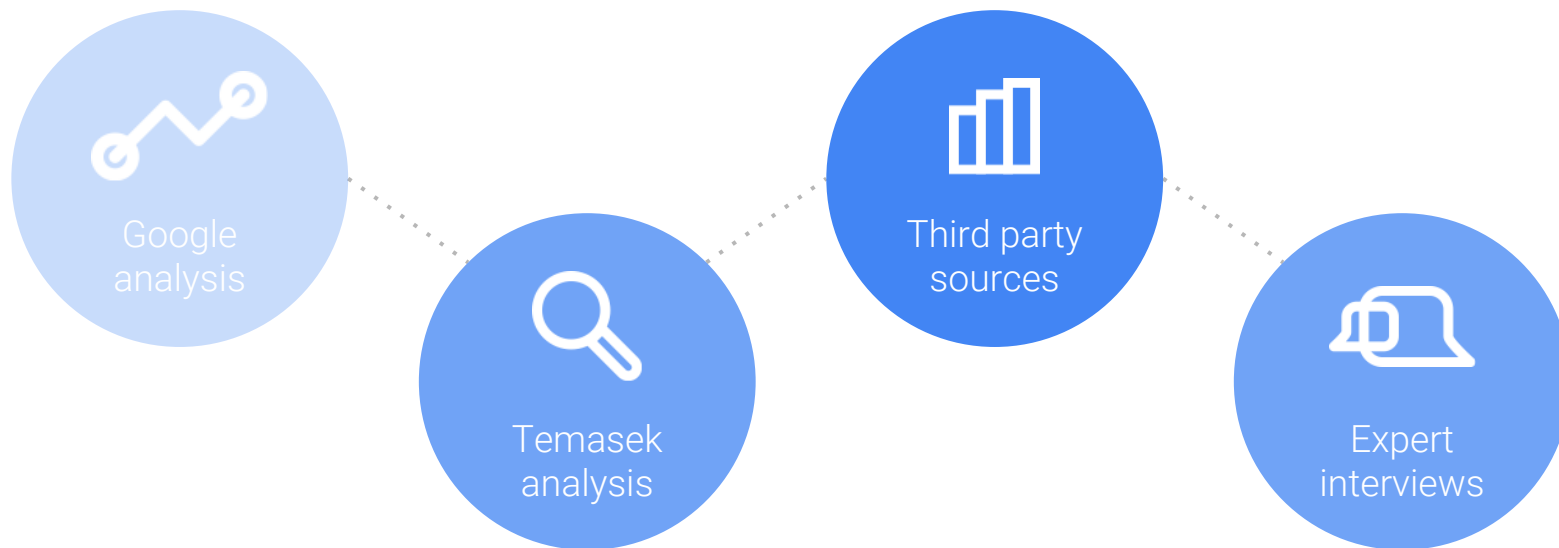
e-Conomy SEA
Spotlight

2018

e-Conomy SEA
2018



e-Conomy SEA research methodology



Research covers four sectors of the internet economy

Four **new sub-sectors** added in e-Conomy SEA 2018

e-Commerce



Marketplaces (SMB2C)
Malls (B2C)
"Brand.Com"

Online Media



Online Advertising
Online Gaming
Video on Demand
Music on Demand

Ride Hailing



Online Transport
Online Food Delivery

Online Travel



Online Flights
Online Hotels
Online Vacation Rentals



Sectors of the internet economy not yet covered due to lack of reliable data or nascent adoption

Social Commerce



Financial Services



Healthcare



Education





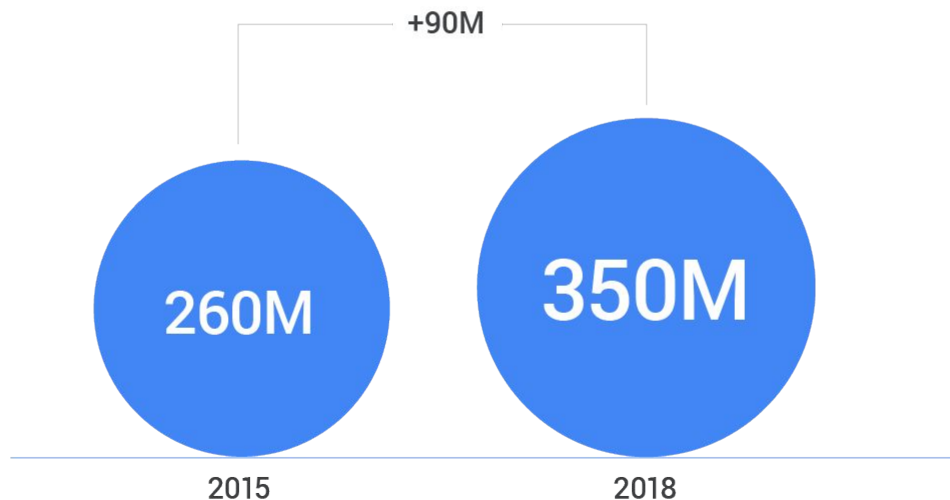
e-Conomy SEA 2018

Headlines



350M mobile-first internet users in Southeast Asia; Southeast Asians most engaged mobile users globally

Internet users in Southeast Asia



SEA is mobile-first - more than **90% of users** connect to the internet via mobile

Indonesia, Malaysia, Philippines, Thailand
among the Top 10 most engaged countries on mobile internet globally¹



Southeast Asia's internet economy reaches \$72B in 2018

\$50B

GMV in 2017



\$72B

GMV in 2018



Southeast Asia's internet economy hits an inflection point

2015-2017

User acquisition
National players
Funding constraints
Ecosystem challenges



2018 and beyond

Lifetime Value (LTV)
Regional leaders
Funding surge
Ecosystem maturity



**Internet economy on track to exceed \$240B by 2025,
\$40B more than estimated in our previous research**

\$72B

GMV in 2018



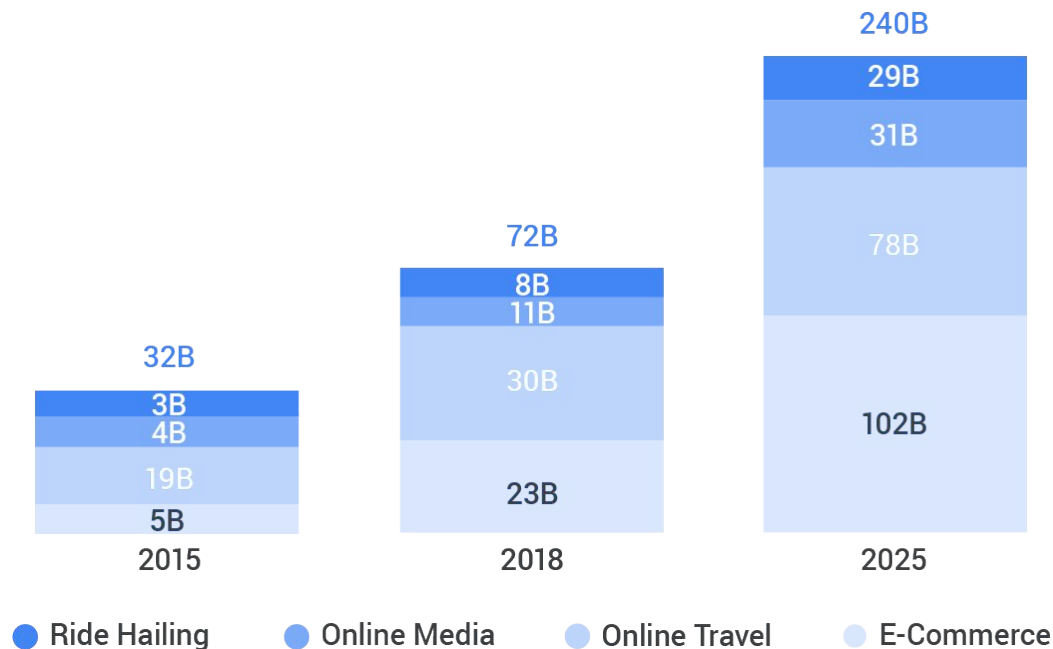
\$240B

GMV in 2025



Booming e-Commerce sector, Online Media accelerating

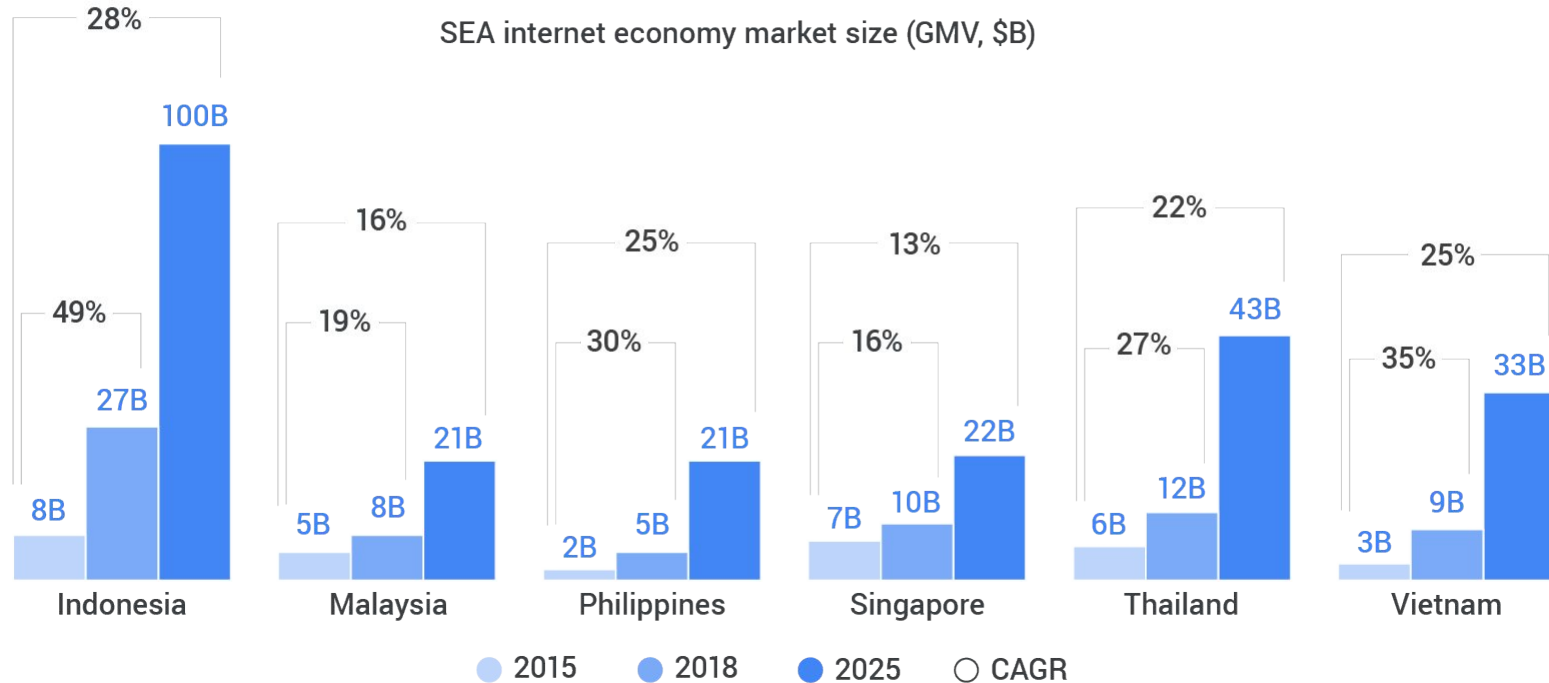
SEA internet economy market size (GMV, \$B)



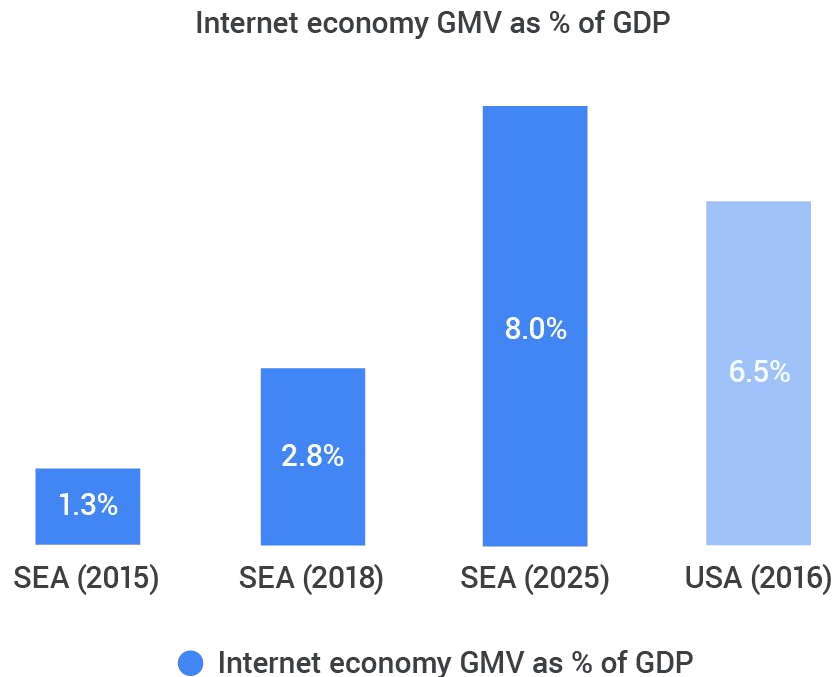
		CAGR '15-'18	CAGR '15-'25
Ride Hailing	●	39%	26%
Online Media	●	44%	24%
Online Travel	●	15%	15%
E-Commerce	●	62%	34%
Total		32%	22%



Indonesia largest (\$27B) and fastest growing (49% CAGR), will be a \$100B internet economy by 2025



Internet economy reaches 2.8% of GDP in 2018, will be 8% by 2025, approaching developed markets

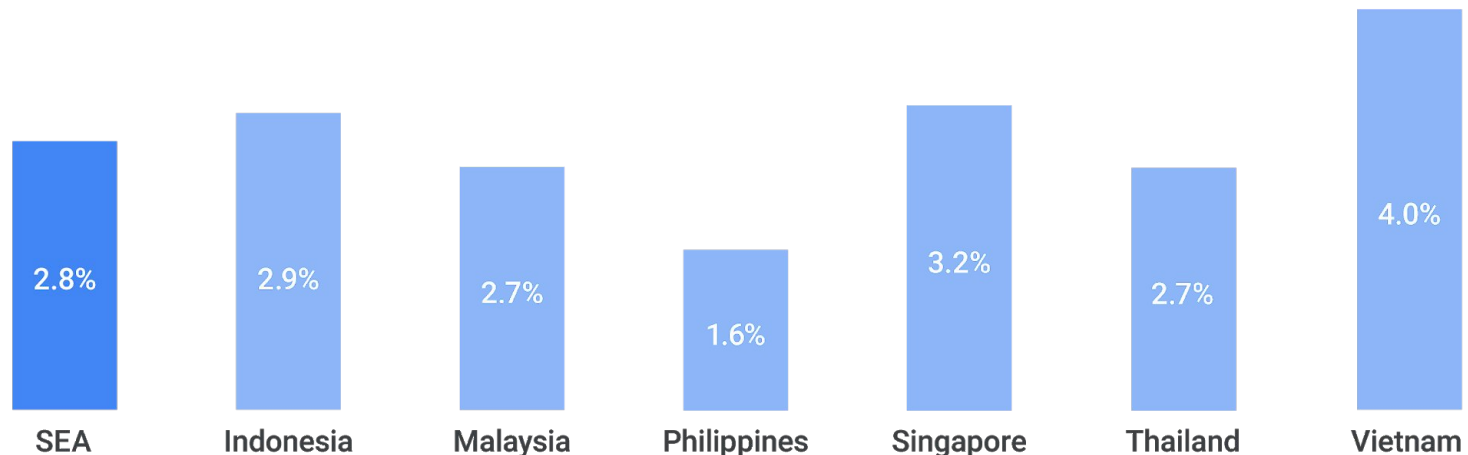


Note: GMV: Gross Merchandise Value; GDP: Gross Domestic Product.
Source: World Bank (GDP); US Bureau of Economic Analysis (USA).



Internet economy's contribution to GDP higher in Singapore and Vietnam, most headroom in Philippines

Internet economy GMV as % of GDP (2018)



● Internet economy GMV as % of GDP (2018)

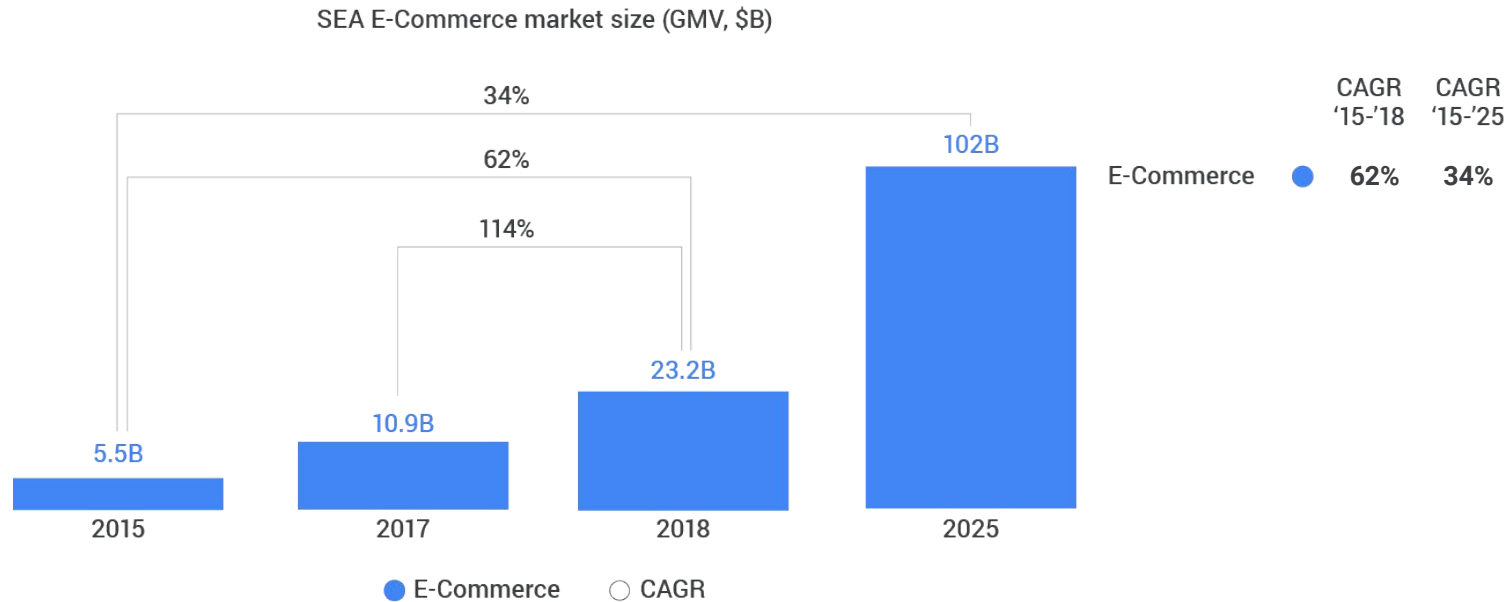


e-Conomy SEA 2018

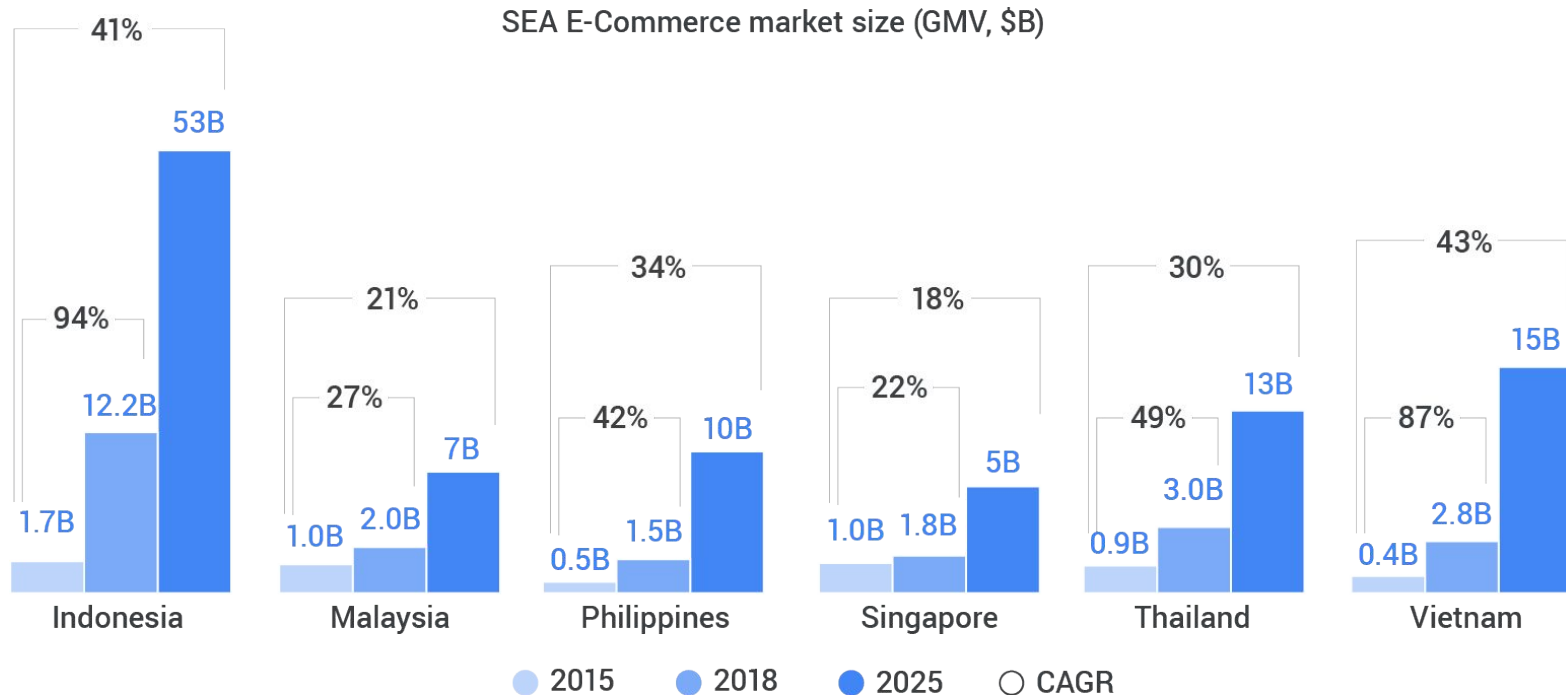
Key sector trends



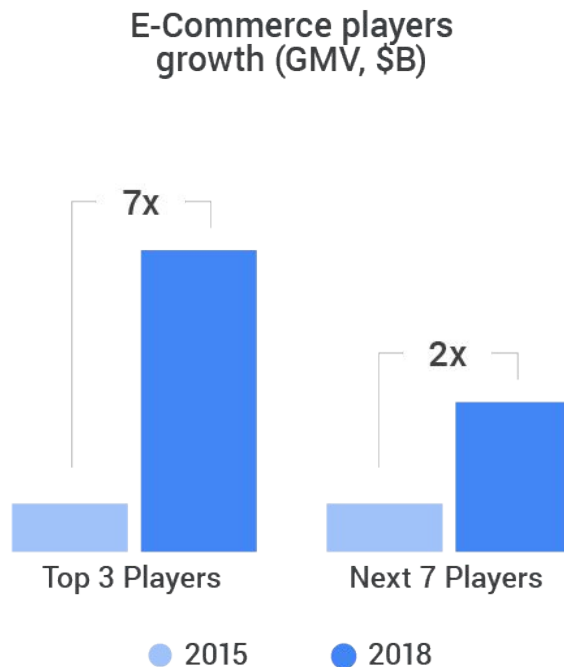
e-Commerce: doubles up year on year to \$23B in 2018, will be a \$100B+ business by 2025



e-Commerce: Indonesia market hits \$12B at 94% CAGR, accounts for more than \$1 in \$2 spent in the region



e-Commerce: sector boom propelled by top 3 players



e-Commerce: inflection drivers

2015-2017

User acquisition
Consumer promotions
Marketing investments
Logistics networks
VC funding



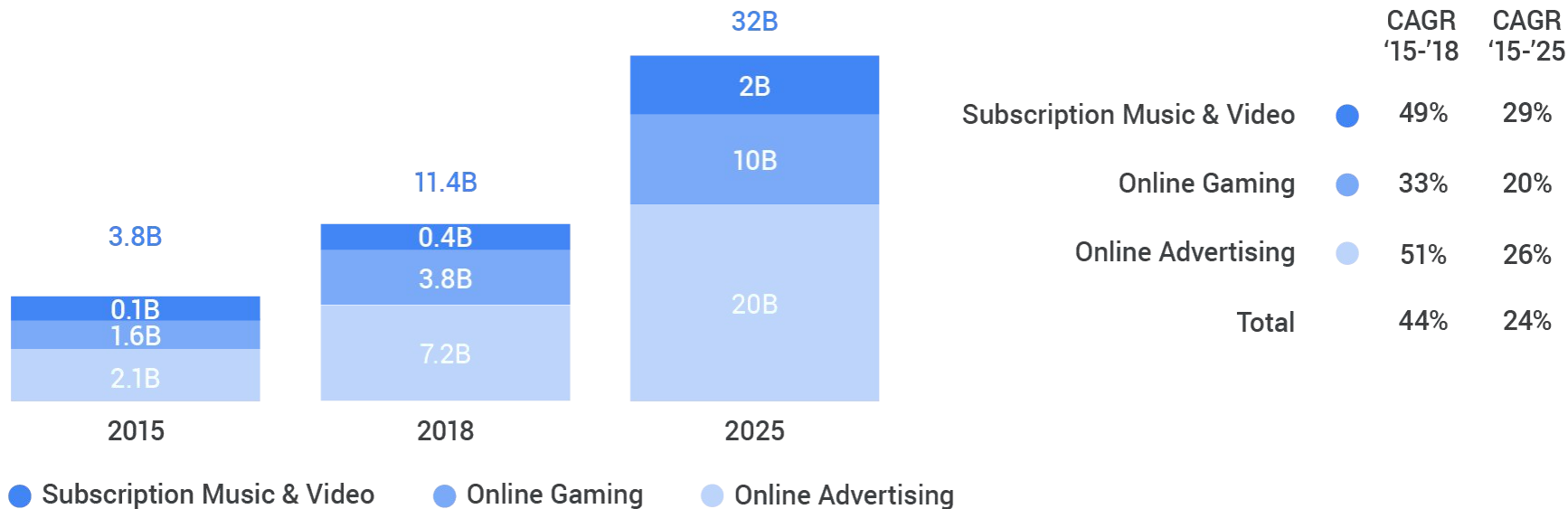
2018 and beyond

Country leadership
Category leadership
Segment leadership
Lazada, Shopee, Tokopedia
Monetization



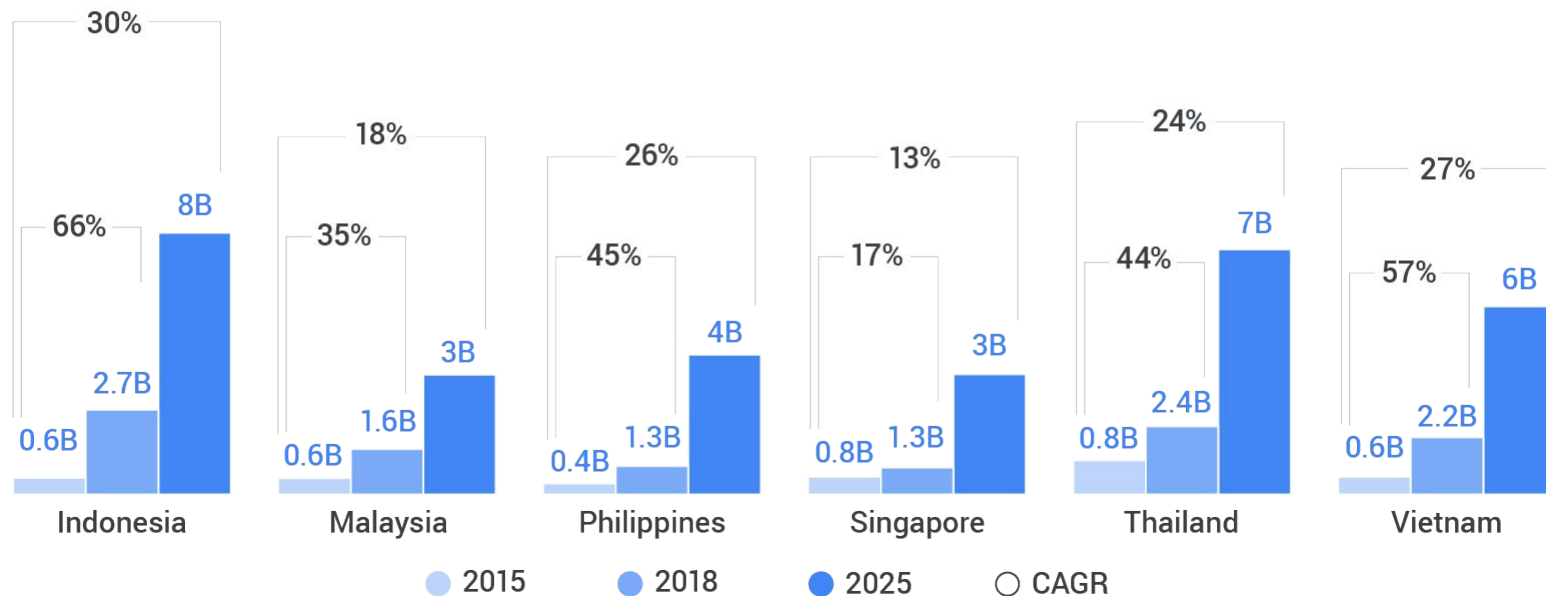
Online Media: tops \$11B in 2018 driven by Ads, Gaming; emerging Subscription Music & Video on Demand

SEA Online Media market size (GMV, \$B)



Online Media: Indonesia, Thailand, Vietnam all over \$2B

SEA Online Media market size (GMV, \$B)



Online Media: inflection drivers

2015-2017

- Internet users growth
- Mobile engagement
- Free music & video
- Global games & content
- Online Ads by digital natives



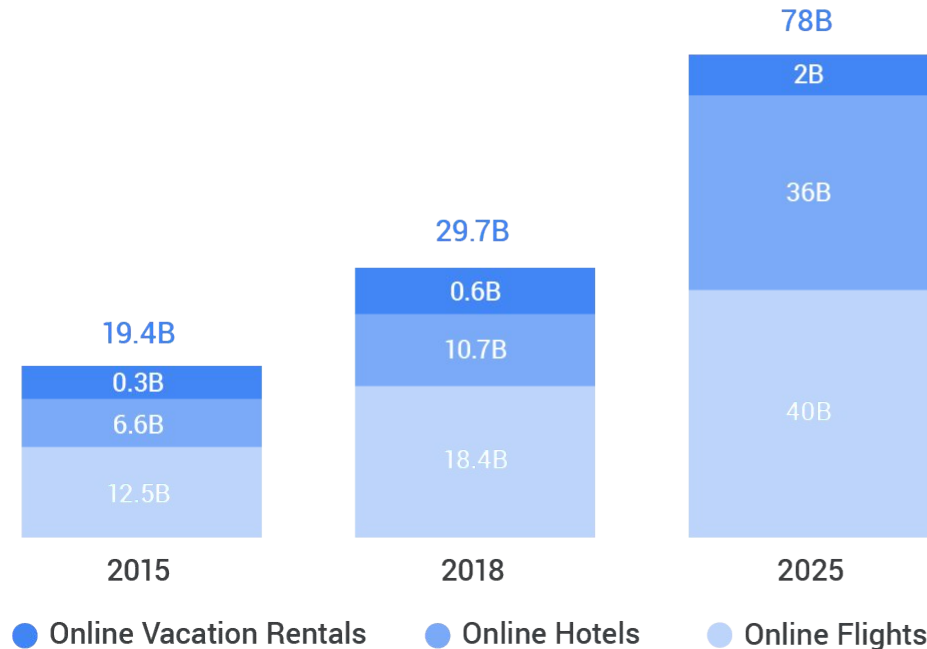
2018 and beyond

- Internet users growth
- Video streaming
- Paid music & video
- Local developers & creators
- Online Ads by millions of SMBs



Online Travel: \$30B Flights and Hotels booked online, Online Vacation Rentals also gaining popularity

SEA Online Travel market size (GMV, \$B)

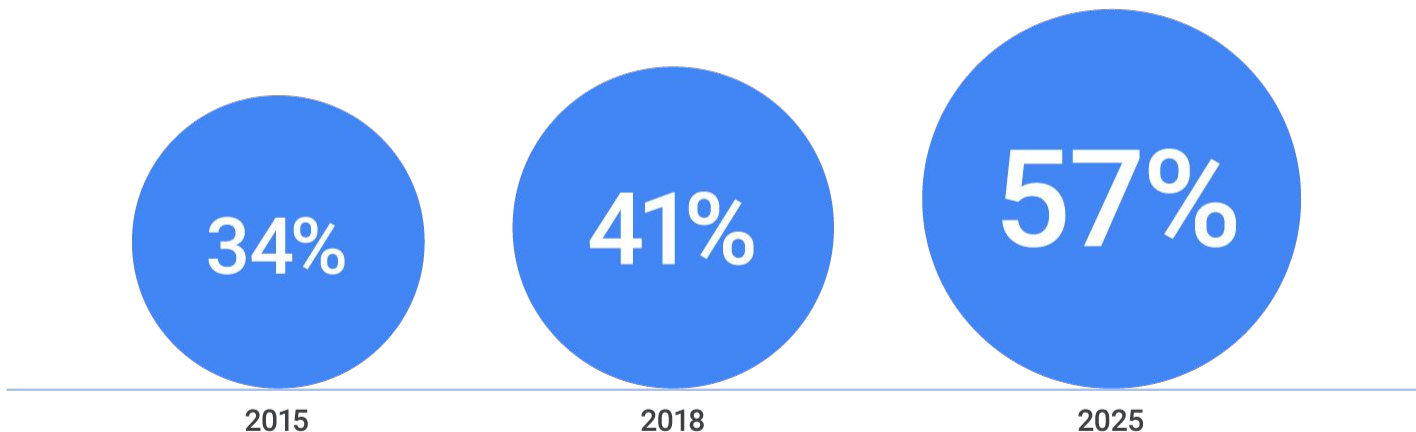


		CAGR '15-'18	CAGR '15-'25
Online Vacation Rentals	●	23%	19%
Online Hotels	●	18%	19%
Online Flights	●	14%	12%
Total		15%	15%

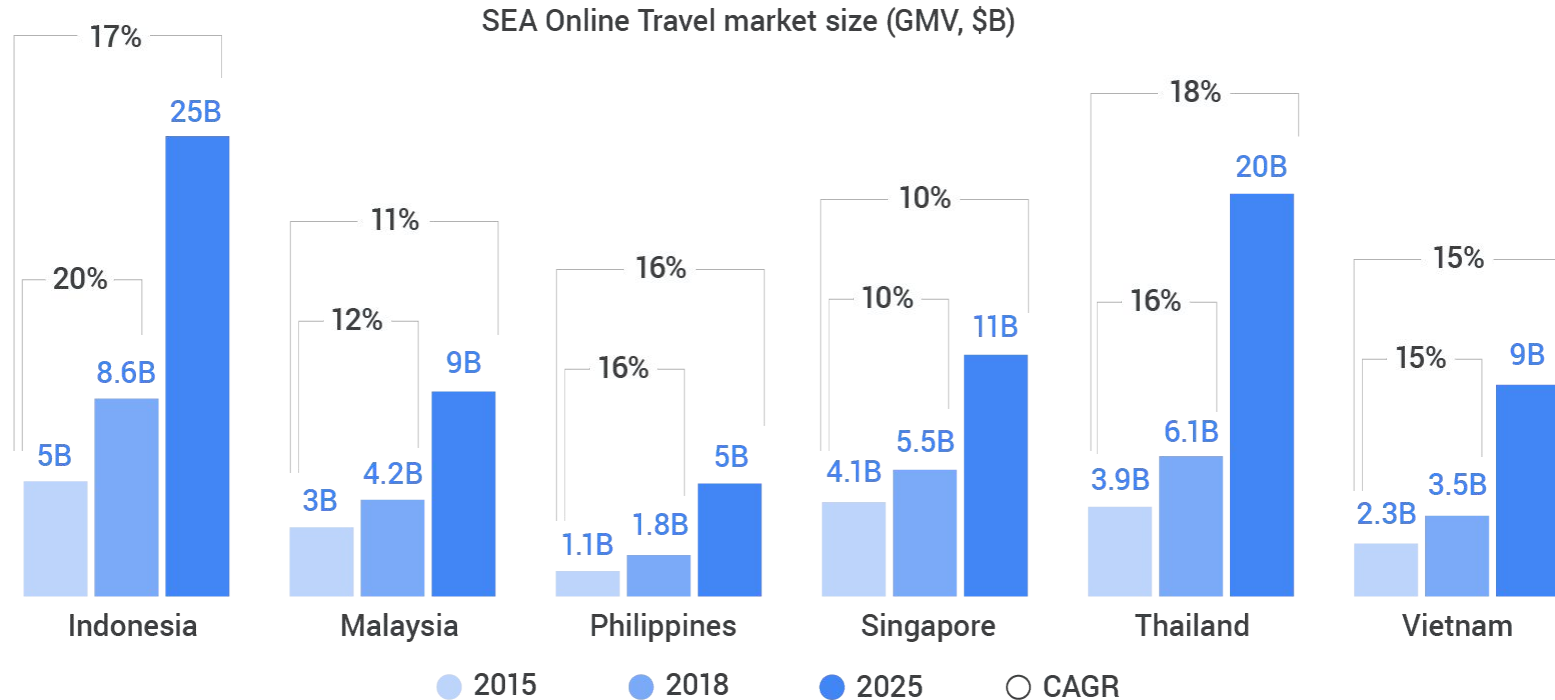


Online Travel: headroom for growth as bookings go online

Online travel bookings as % of total travel bookings



Online Travel: Indonesia, Singapore, Thailand largest; Online Travel Aggregators driving growth across region



Online Travel: inflection drivers

2015-2017

Online Travel Aggregators
Airlines
Hotel chains
Mobile



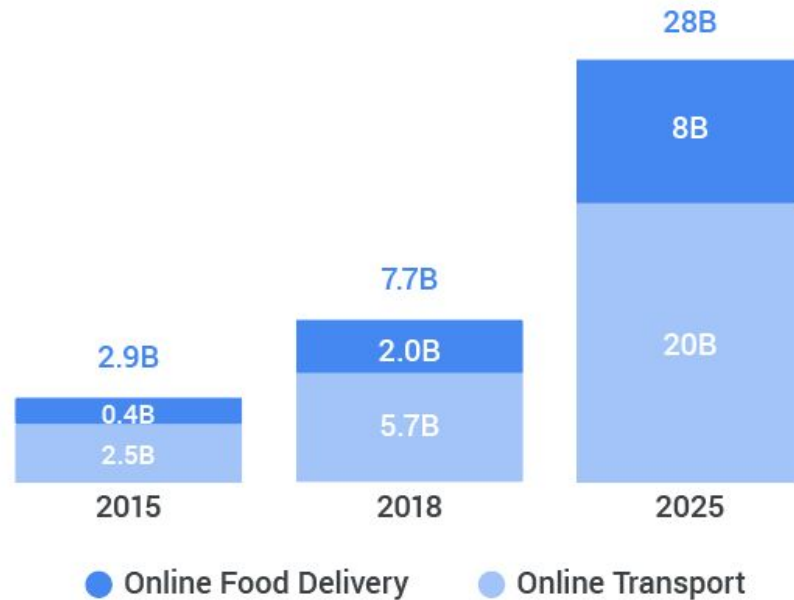
2018 and beyond

Online Travel Aggregators
Vacation rentals
“Long tail” hotels
Experiences



Ride Hailing: Online Transport grows close to \$6B, Online Food Delivery hits \$2B, to exceed \$8B by 2025

SEA Ride Hailing market size (GMV, \$B)

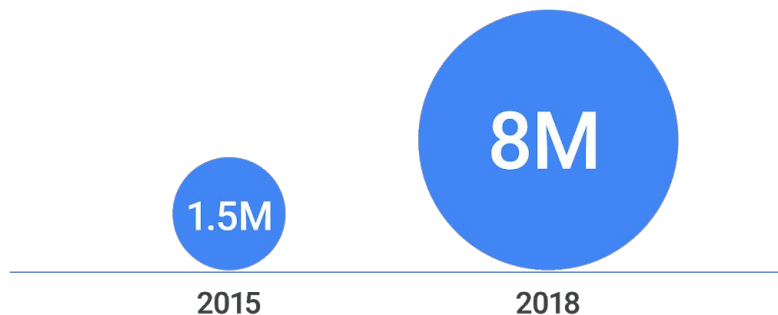


		CAGR '15-'18	CAGR '15-'25
Online Food Delivery	●	73%	36%
Online Transport	●	32%	23%
Total		39%	26%

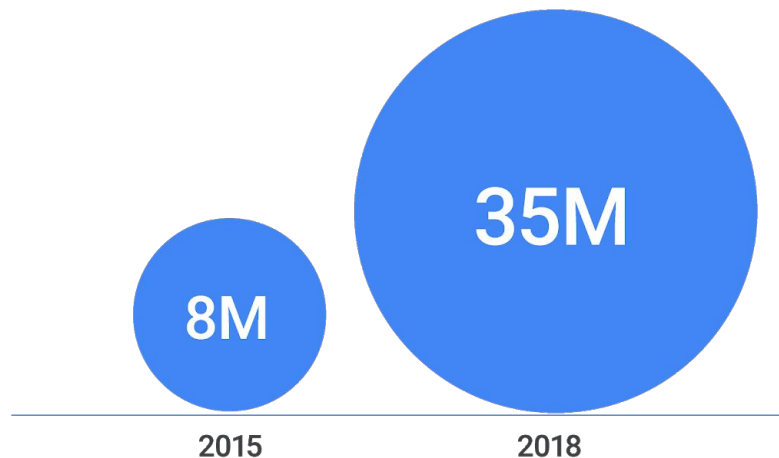


Ride Hailing: continuous increase in service adoption, 35M active riders take 8M rides on an average day

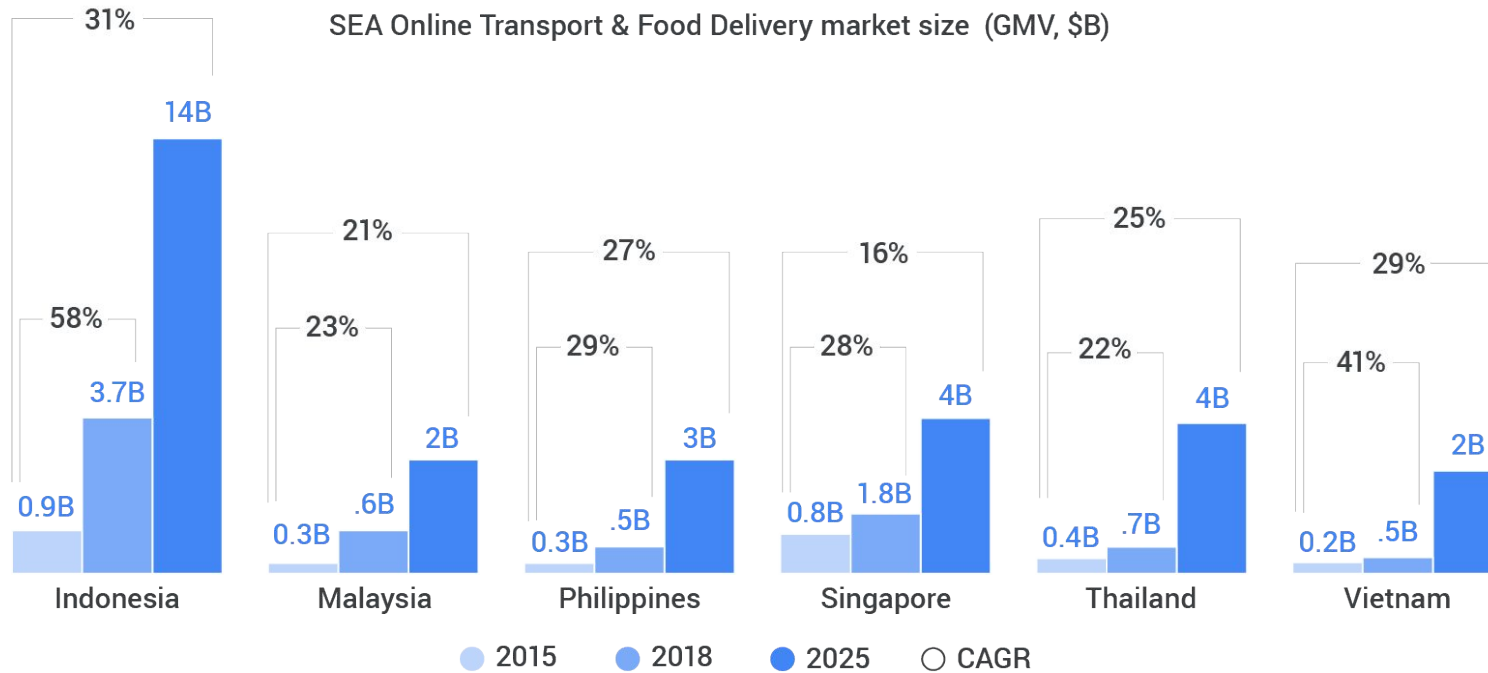
Ride Hailing (daily rides)



Ride Hailing (active users)



Ride Hailing: Indonesia large (\$3.7B) and fastest growing; sizable Singapore market (\$1.8B) driven by higher fares



Ride Hailing: inflection drivers

2015-2017

Transport
Geo expansion
Riders promotions
Drivers incentives
VC funding



2018 and beyond

Consolidation
Food delivery
Financial services
“Everyday apps”
Profitability





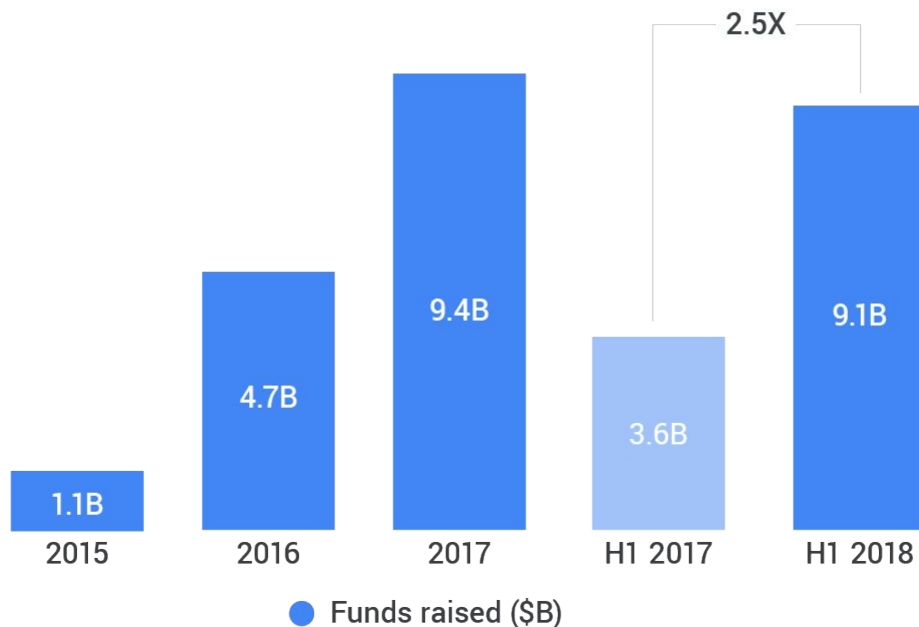
e-Conomy SEA 2018

Funding



Record year for internet economy fundraising in SEA, \$9.1B raised in the first half of 2018, \$24B since 2015

SEA internet economy fundraising (\$B) 2015-H1 2018



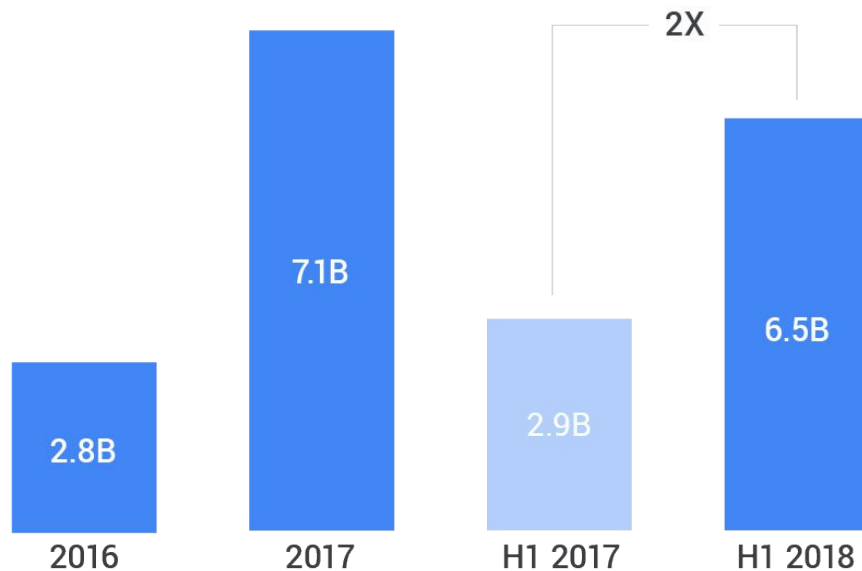
\$24B

Raised since 2015,
half of the **\$40-50B** funds
required to build a **\$200B+**
internet economy by 2025

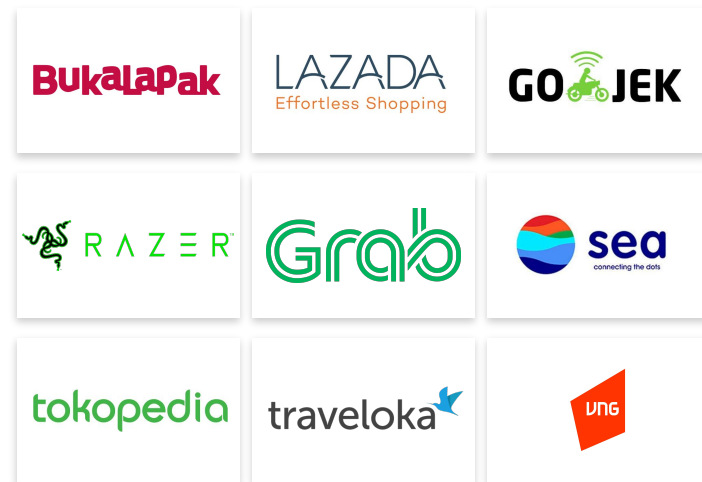


Most funding went to SEA's 9 unicorns (\$16B since 2016); Grab 1st decacorn (\$10B+ valuation), less than 20 globally

SEA unicorns fundraising (\$B) 2016-H1 2018



● Unicorns > \$1B

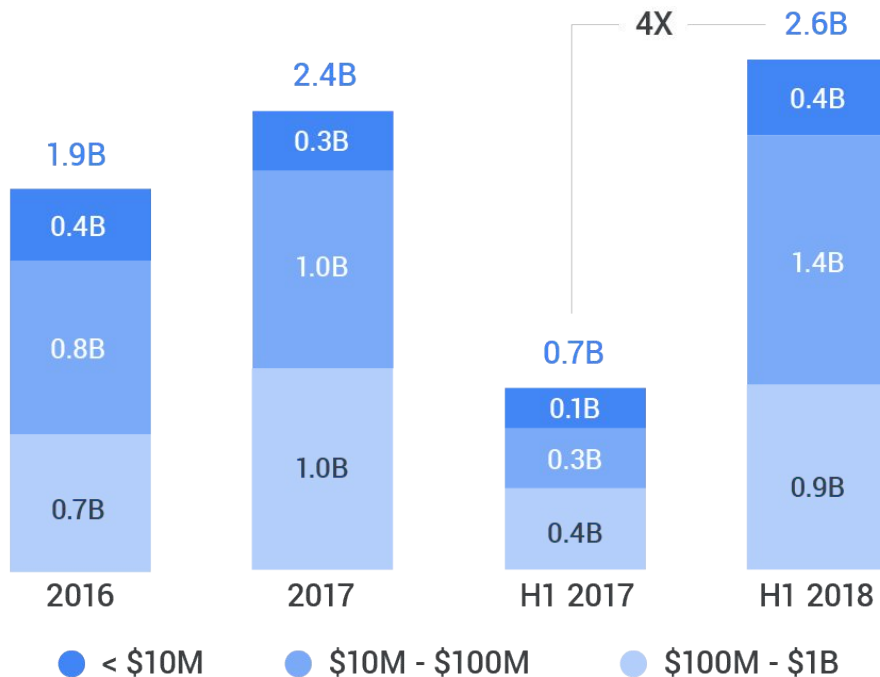


Note: H1 2018 fundraising figures include Grab Series H; unicorn refers to a privately-held company valued over \$1 billion; decacorn refers to a privately-held company valued over \$10 billion.



Rest of ecosystem attracted strong investors' interest; \$7 billion raised in 3 years, record \$2.6B in first half 2018

SEA non-unicorns fundraising (\$B) 2016-H1 2018



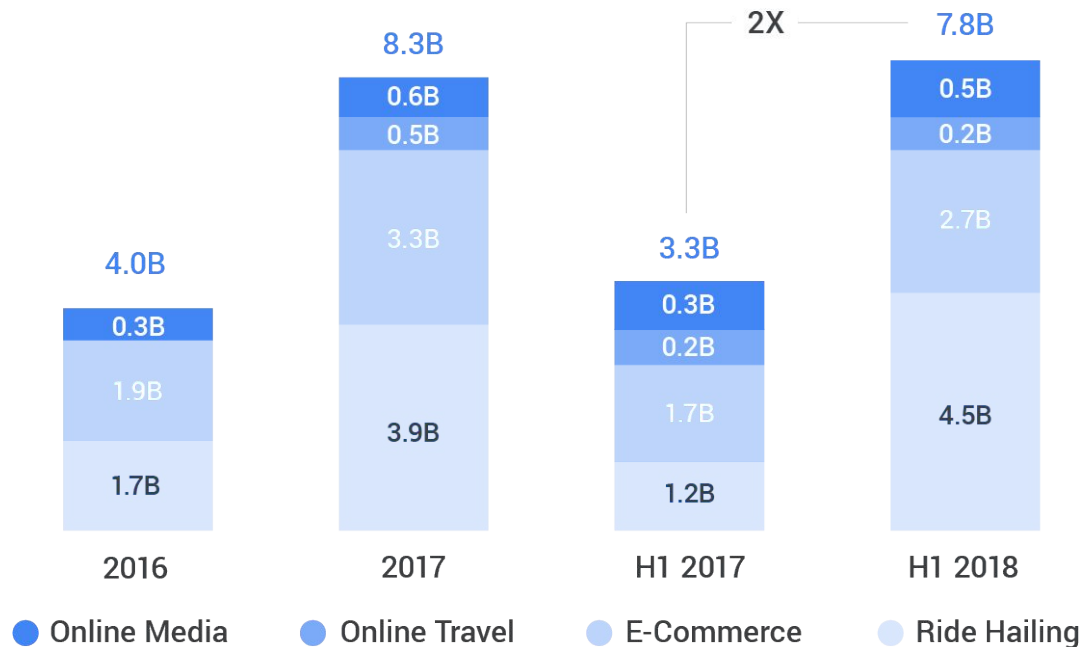
2,000+ internet companies received funding, collectively raising **\$7 billion in 3 years**

Companies valued \$10-\$100 million, the bedrock of the internet economy, **raised a record \$1.4 billion in 2018**



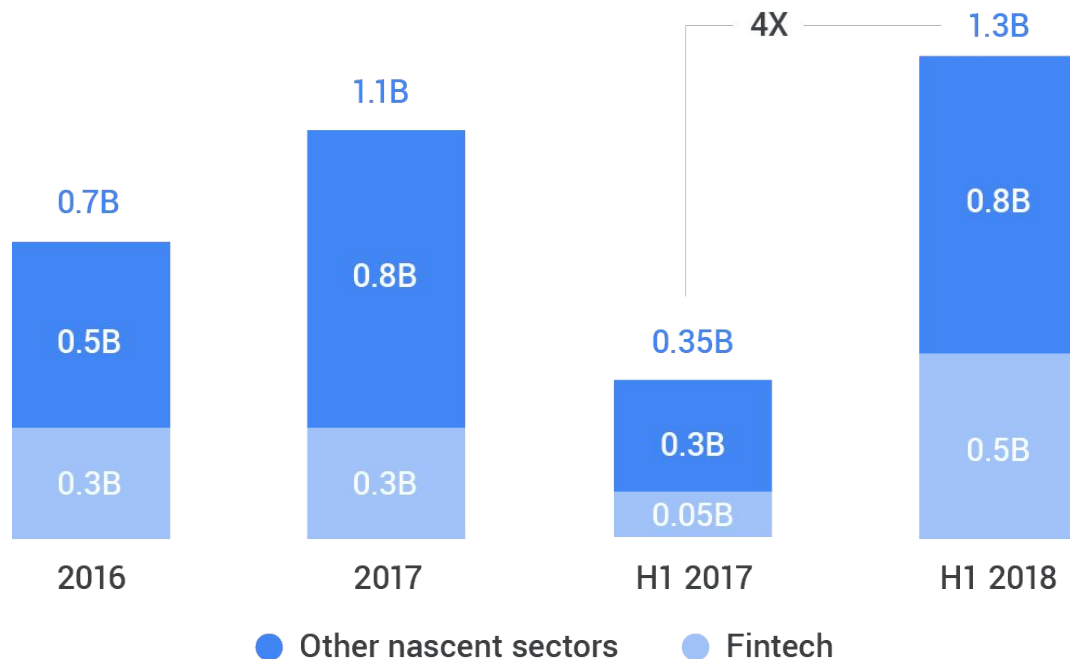
Ride Hailing (\$10B) and e-Commerce (\$8B) attracted \$3 out of \$4 dollars invested in the region

SEA main sectors fundraising (\$B) 2016-H1 2018



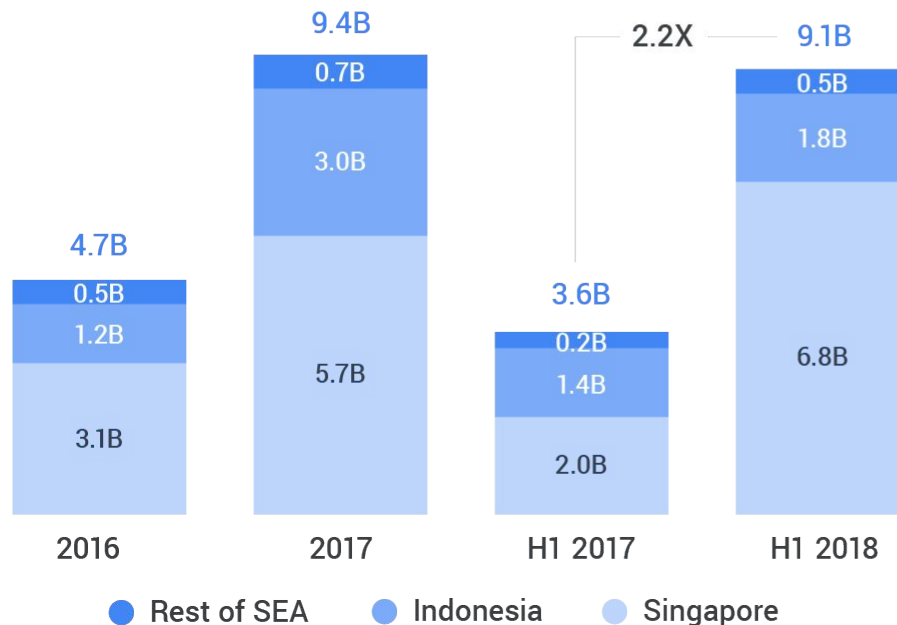
Fintech investments have surged in the 1st half of 2018, as in other nascent sectors; planting seeds for future growth

SEA nascent sectors fundraising (\$B) 2016-H1 2018



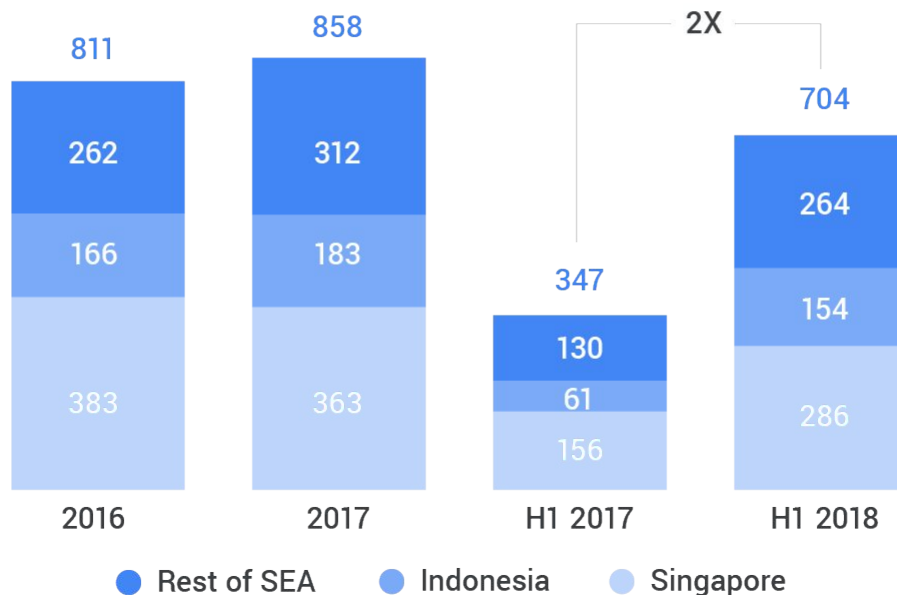
Most funds (\$16B) raised by Singapore-HQ companies, \$6B raised by Indonesian companies, \$2B in rest of SEA

SEA internet economy fundraising (\$B) 2016-H1 2018



Healthy deal flow also in rest of SEA, 800 deals since 2016; similar deal size across the region, excluding unicorns

SEA internet economy deals (#) 2016-H1 2018



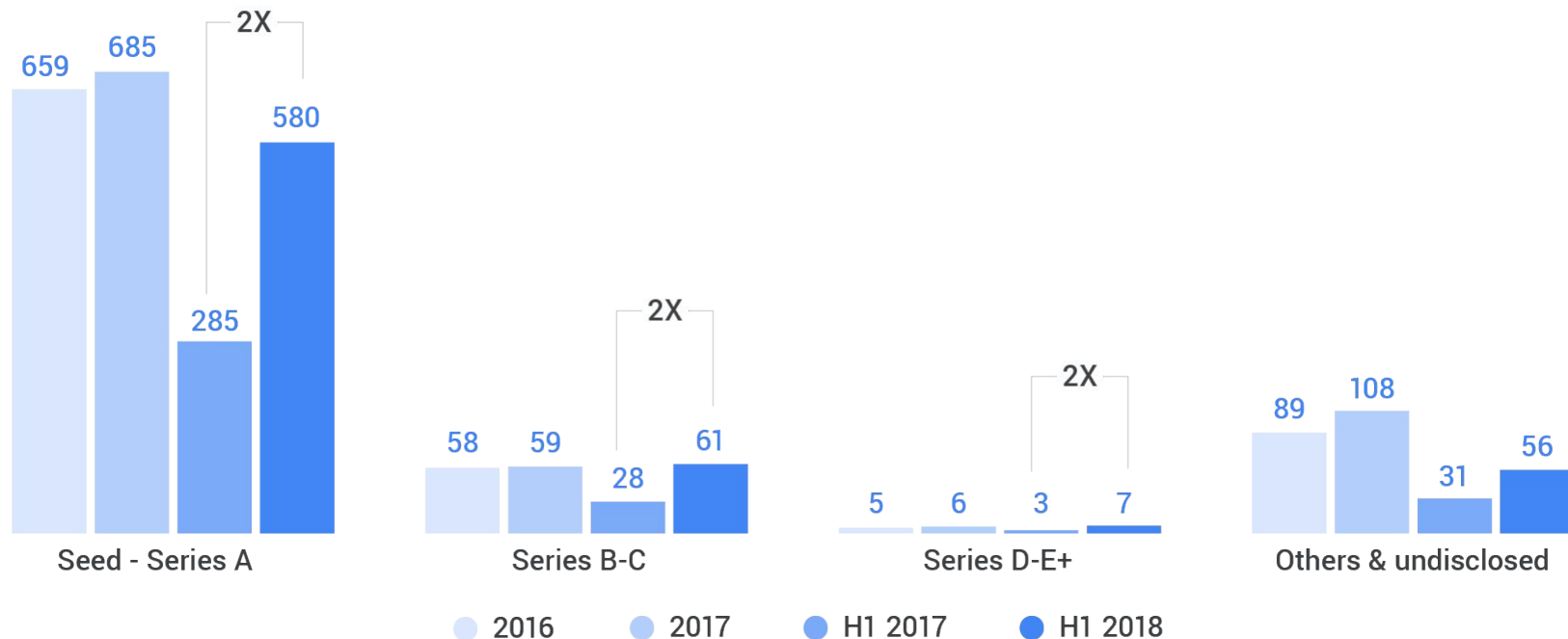
Excluding unicorns rounds,
comparable average deal size
in Singapore, Indonesia, RoSEA

\$6M / deal in Singapore
\$5M / deal in Indonesia
\$4M / deal in rest of SEA



Seed-Series A-B-C deal flow climbs 2x year on year, investors planting seeds for future ecosystem growth

SEA internet economy deals (#) 2016-H1 2018





e-Conomy SEA 2018

Ecosystem challenges



Visible progress towards solving the ecosystem challenges identified in our previous research



Funding



Internet



Consumer
Trust



Talent



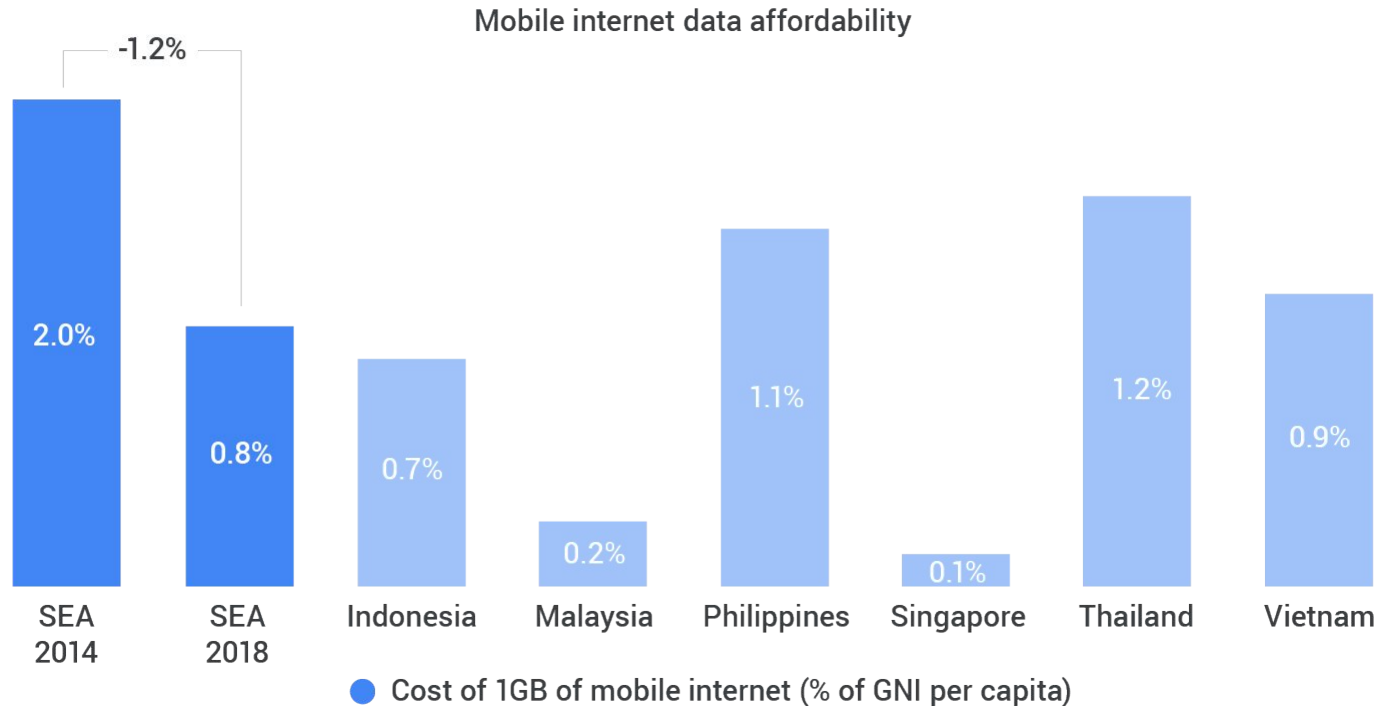
Logistics



Payments



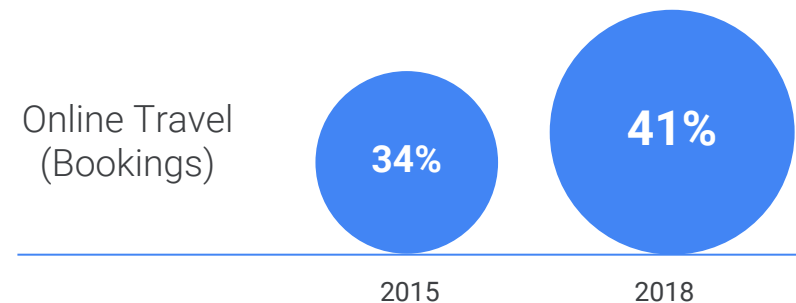
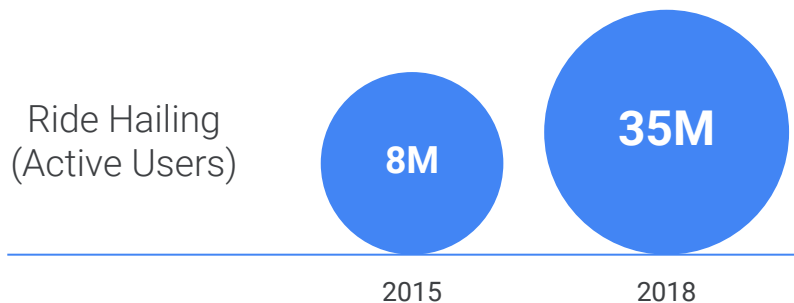
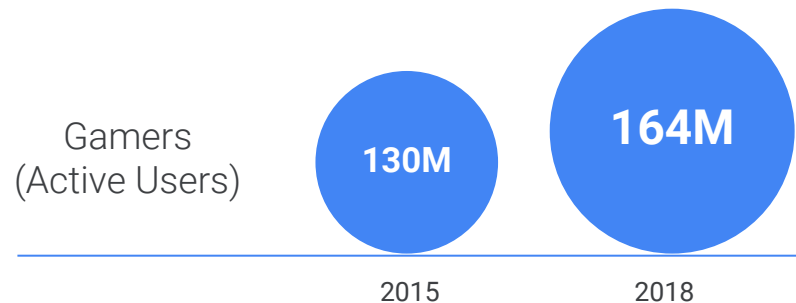
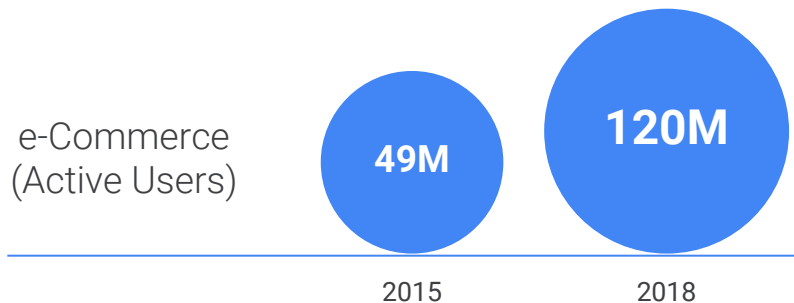
Internet: mobile internet becoming more affordable, 1GB of mobile data costs less than 1% of monthly income



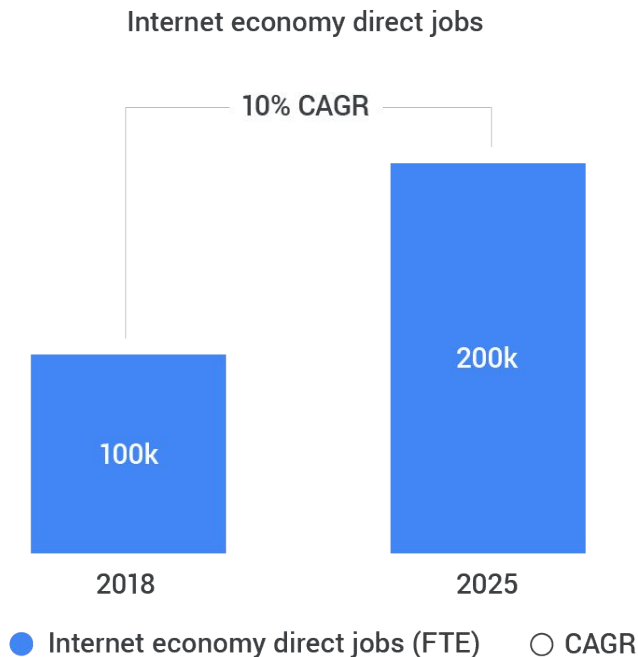
Note: GNI: Gross National Income.
Source: carriers websites (internet data cost), World Bank (GNI).



Consumer trust: rapidly increasing across sectors



Talent: internet economy employs 100k professionals, 200k by 2025; skilled jobs & employment growth



Highly skilled jobs

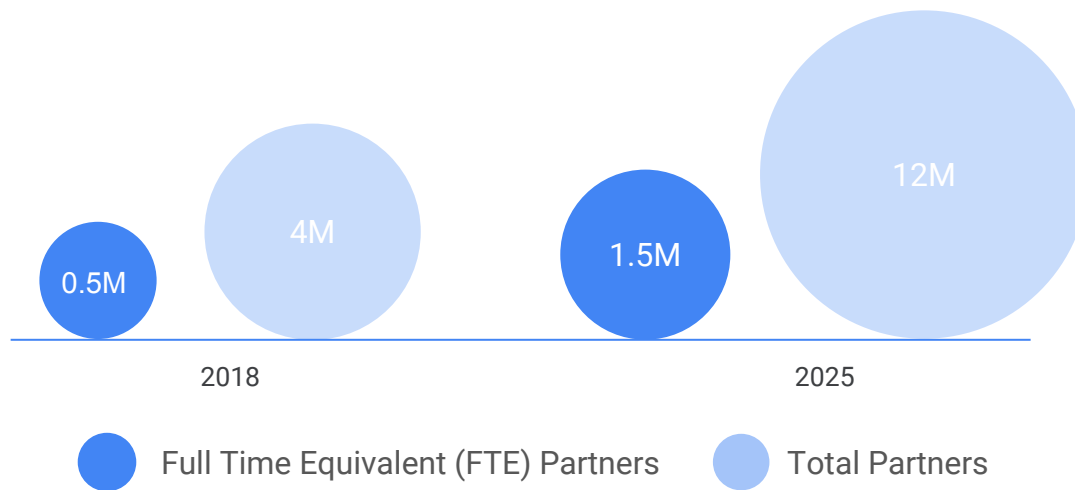
Internet economy jobs have salaries 3X to 5X higher vs. median wages

Employment growth

Internet economy 10% CAGR
Traditional economy <3% CAGR

Talent: internet economy engages millions of partners, with flexible jobs & income opportunities

Internet economy partner jobs



Flexible job

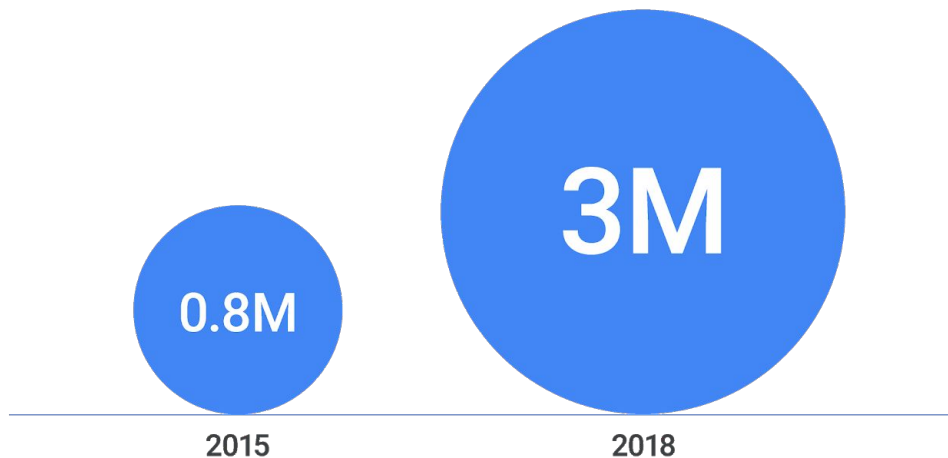
Full Time, Part Time
Personalized schedules

Income opportunities

20-30% higher wages vs.
alternative opportunities

Logistics: e-commerce players, logistic giants & startups all tackling huge growth in e-Commerce deliveries

E-Commerce deliveries (daily)



e-Commerce players

Lazada Express, Redmart

Established logistics

SingPost, JNE, DHL

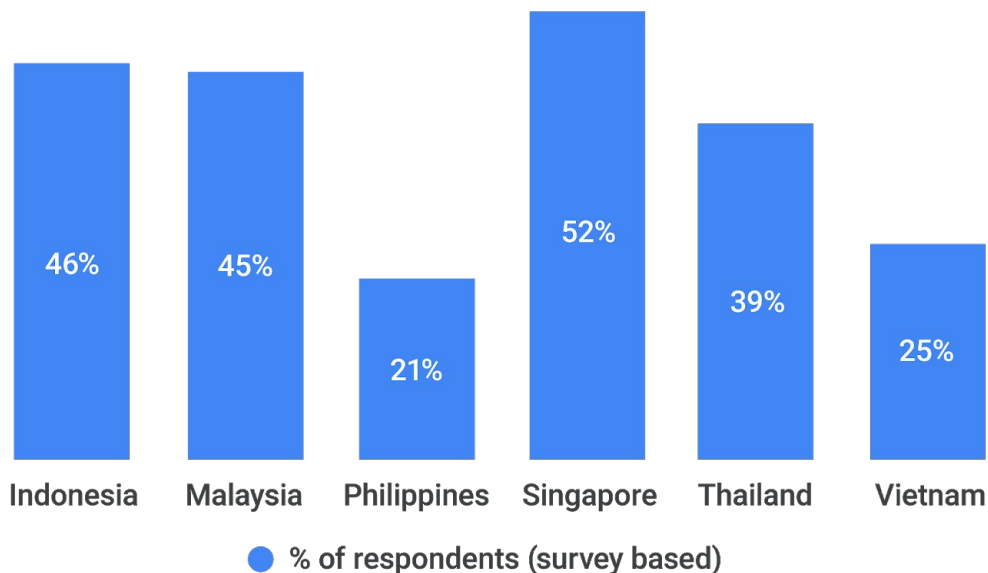
Logistics startups

J&T, NinjaVan



Payments: adoption of digital payments increasing, yet usage remains low; lack of widely accepted solutions

Digital payment services adoption



Multiple players offering digital payment services

Ride Hailing

Go-Pay (ID)
GrabPay (SEA)
Ovo (ID)
Kudo (ID)

Tech

Apple Pay
Google Pay
PayPal

e-Commerce

AirPay (SEA)

Telecom

Telkomsel t-cash (ID)
Globe GCASH (PH)
TrueMoney (TH)

Banks

DBS PayLah! (SG)
Mandiri e-Money (ID)








e-Conomy SEA 2018

Key takeaways



Key takeaways

-  **\$72 billion internet economy** hits an inflection point
-  **Record year** for fundraising, \$24 billion since 2015
-  **Visible progress solving** ecosystem challenges



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