

F R O S T & S U L L I V A N



Market
Engineering

Analysis of Southeast Asian eCommerce Market

A \$25-billion Market Opportunity in 2020

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Drivers for eCommerce

eCommerce Market: Key Market Drivers, Southeast Asia, 2016–2020

Drivers	1–2 Years	3–4 Years	5th Year
Growing middle class population across Southeast Asia	H	H	M
Internet population is growing rapidly	H	H	M
Adoption of smartphones is increasing in Southeast Asia	H	H	M
Mobile penetration is increasing and remains high across the region	H	M	L
Activation of the Trans Pacific Partnership Agreement (TPPA)	M	H	H

Impact Ratings: H = High, M = Medium, L = Low

Source: Frost & Sullivan

eCommerce Restraints

eCommerce Market: Key Market Restraints, Southeast Asia, 2016–2020

Restraints	1–2 Years	3–4 Years	5th Year
Poor logistics is common across Southeast Asia	H	H	M
Cash transactions are still dominant , as online payment methods are yet to become popular	H	M	M

Impact Ratings: H = High, M = Medium, L = Low

Source: Frost & Sullivan

ASEAN-6—Recent Investments and M&A Deals*

Alibaba → \$1 B → Lazada

The Chinese eCommerce giant Alibaba acquired controlling stake in Lazada, the leading B2C marketplace platform in Southeast Asia, for \$1 billion in April 2016

Ardent Capital
NTT Docomo
SMVD
CyberAgent
Inspire Ventures → \$10.7 M → aCommerce

aCommerce, a Thailand-based platform builder for eCommerce, closed a series A funding round of \$10.7 million from Ardent Capital (TH) and NTT Docomo (JP) in June 2014

Lippo Group → Matahari Mall

Indonesia's Lippo Group founded and invested in an eCommerce venture Matahari Mall (an eCommerce marketplace) with more than \$200 million in February 2015

Alibaba → \$138 M → SingPost

Alibaba, the Chinese eCommerce player, invested an additional S\$187.1 million (\$138 million) in SingPost, an eCommerce logistics company (Singapore), to increase its stake to 14.51% in July 2015

Vingroup → \$50 M → Adayroi

Adayroi, the newest eMarketplace platform in Vietnam, received the biggest local funding from one of the leading business groups in Vietnam, Vingroup, in September 2015

Ascend Group → \$145 M → iTrueMart Weloveshopping

In November 2015, Ascend Group (a spin-off subsidiary of C.P. Group and True Corporation in Thailand) invested \$145 million to expand its eCommerce business under iTrueMart and Weloveshopping (both are eMarketplaces)

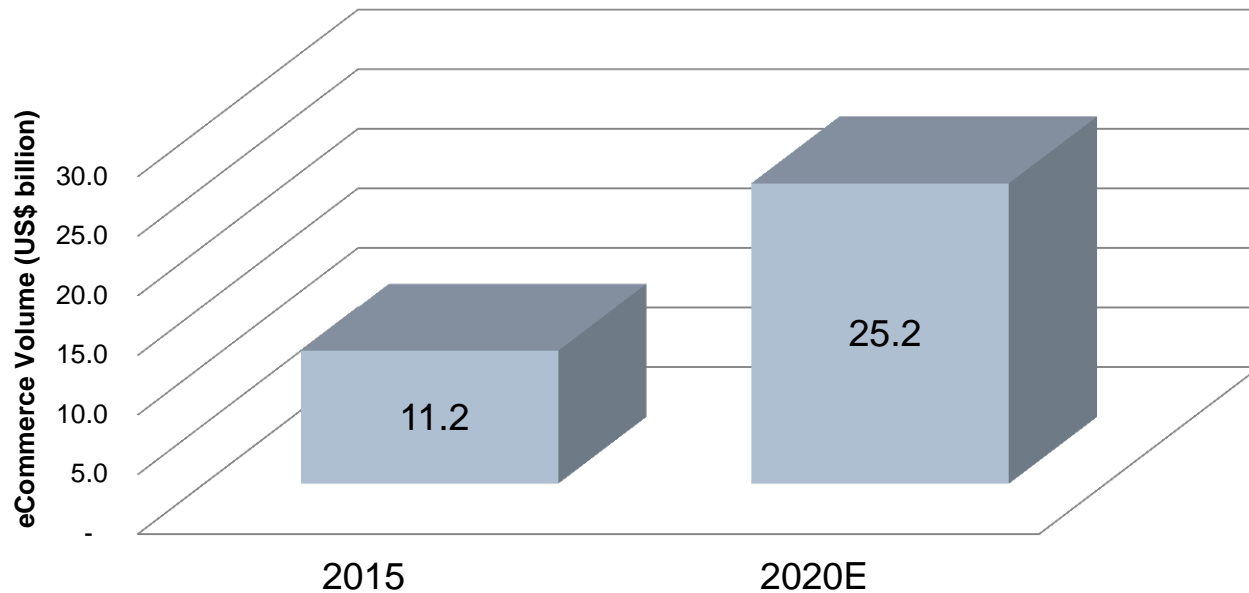
*These are not the only eCommerce M&A deals that took place in the last two years. These deals are presented only to show the flavor and scale of what is happening in Southeast Asia.

Source: Frost & Sullivan

ASEAN-6* eCommerce Market Forecast

- The Southeast Asian region has a huge upside potential for eCommerce activities.
- The region's eCommerce volume is expected to grow at 17.7% CAGR and exceed \$25 billion in 2020.

eCommerce Market: Revenue Forecast, ASEAN-6, 2015–2020



*2016 to 2020's value are estimated

*ASEAN 6 includes Indonesia, Malaysia, Vietnam, Singapore, Thailand, the Philippines

Source: Frost & Sullivan