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Drawing Capital

Investing in the Internet Economy: Southeast Asia

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Investing in the Internet Economy: Southeast Asia

Presented by:

Sean van der Wal and Sagar Joshi



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Drawing Capital is an innovation-focused investment platform headquartered in Silicon Valley.

Drawing Capital aims to capture the expansion of a technology-forward world by investing in leaders that we believe carry undervalued growth. Our expertise in finance and data science enables us to participate in investment opportunities in public markets not captured by passive investing.

Table of Contents



Southeast Asia (SEA) Overview



Exploring the Internet Economy



Emerging Opportunities



Company and Sector Highlights



Summary & Resources



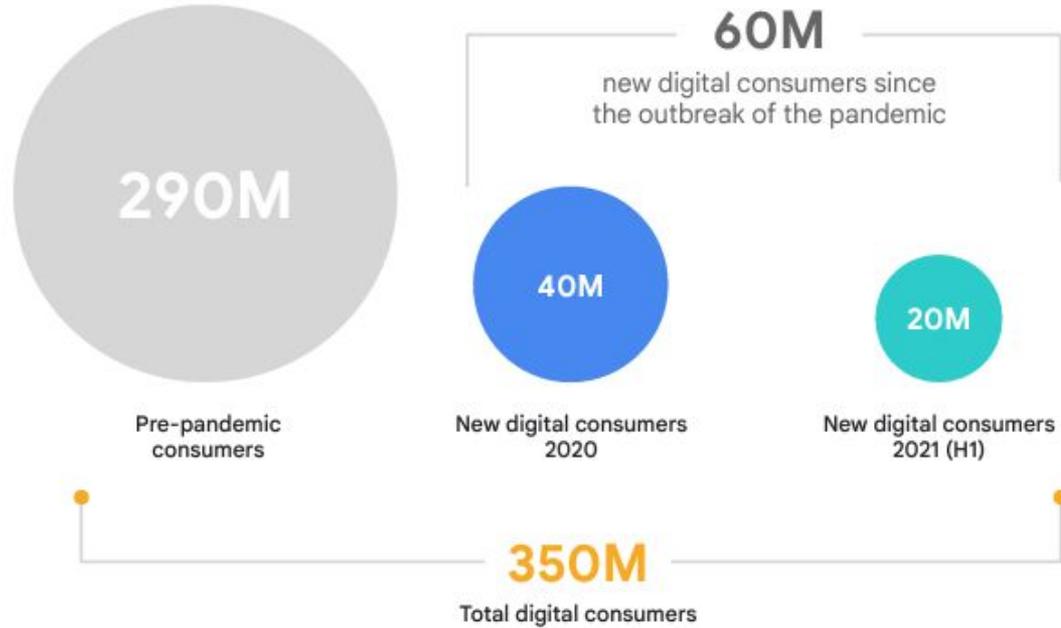
SEA Overview

- The growing number of users and increased usage intensity of digital services presents a large opportunity in SEA's internet economy.
- In aggregate, SEA consumers are increasingly accustomed to digital services to enable better experiences in everyday life.

6 Countries in SEA Have a Population of ~589 Million.

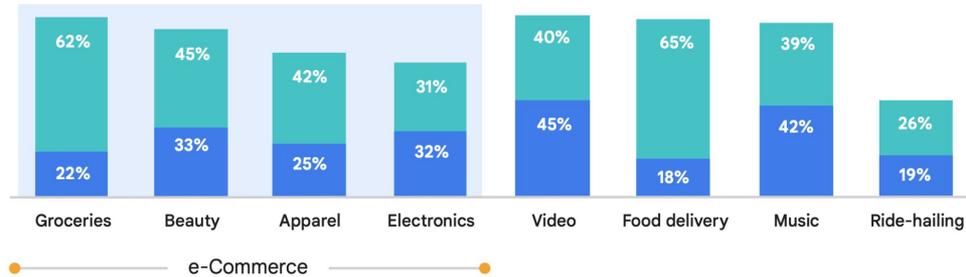


Digital Consumers Have Grown Rapidly Since the Pandemic Began

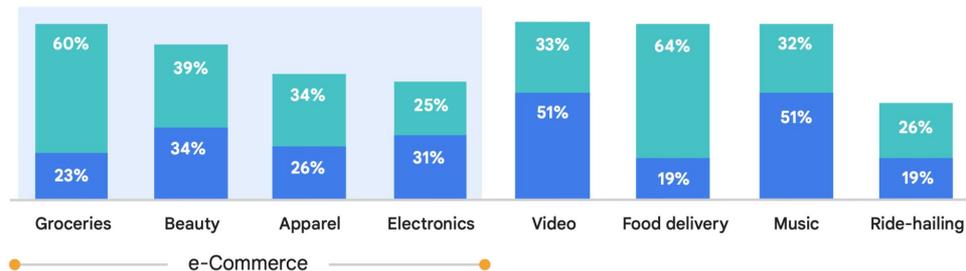


Utilization & Intensity Has Increased Across Several Categories in SEA

% split of users by how usage frequency has changed vs. pre-COVID



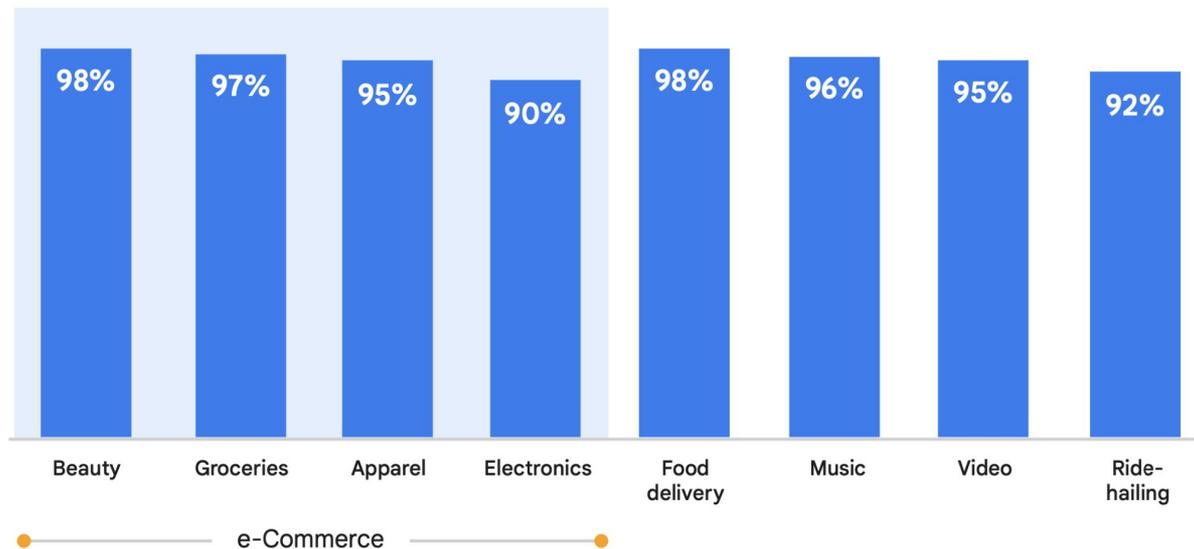
% split of users by how spend has changed vs. pre-COVID



● Remained the same ● Increased

Digital Services in SEA have High Consumer Retention

% of new consumers in 2020 who continue using the digital service in 2021



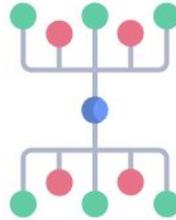
Google Has Dubbed the 2020's the "SEA Digital Decade"

Estimated \$1 Trillion GMV by 2030

TOP 3 DRIVERS



Continued Adoption



Deeper Usage



Consumer Behavior Shift



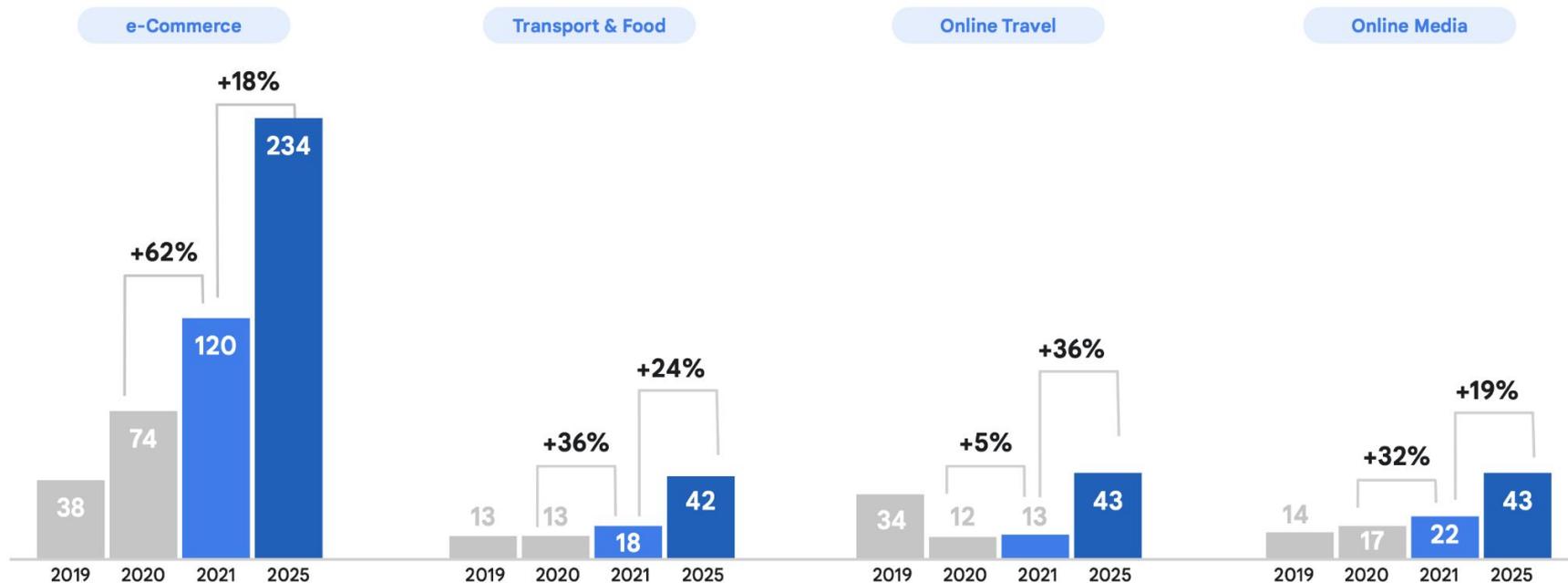
Exploring the Internet Economy

- E-commerce is one of the leading sectors in SEA's internet economy.
- Trends in e-commerce, transportation & food, online travel, online media, and digital financial services demonstrate post-pandemic optimism for future growth opportunities.

E-commerce is the Leading Sector in SEA's Internet Economy

GMV per sector (\$B)

— CAGR



Data Source: SEA e-Economy Research Report 2021 by Google, Temasek, and Bain. 2021 and 2025 data are estimates from this report and are subject to change over time.

Three New Growth Areas of E-commerce

1

Increasing competition for user retention: A focus on improving retention leads to better user experiences with higher and more enduring revenue growth.

2

Enablement of Digital Financial Services: The rising popularity of new digital payments platforms such as e-wallets and buy-now-pay-later (BNPL) providers give purchasing power and efficiency to a broader population.

3

Rise of “Informal E-commerce”. Compared to traditional e-commerce, informal e-commerce is initiated through social media and messaging apps. Additionally, social commerce is increasingly influencing consumer spending decisions.

Large Growth Opportunity: All 6 SEA Countries Have Double-Digit Historical Growth & Growth Projections

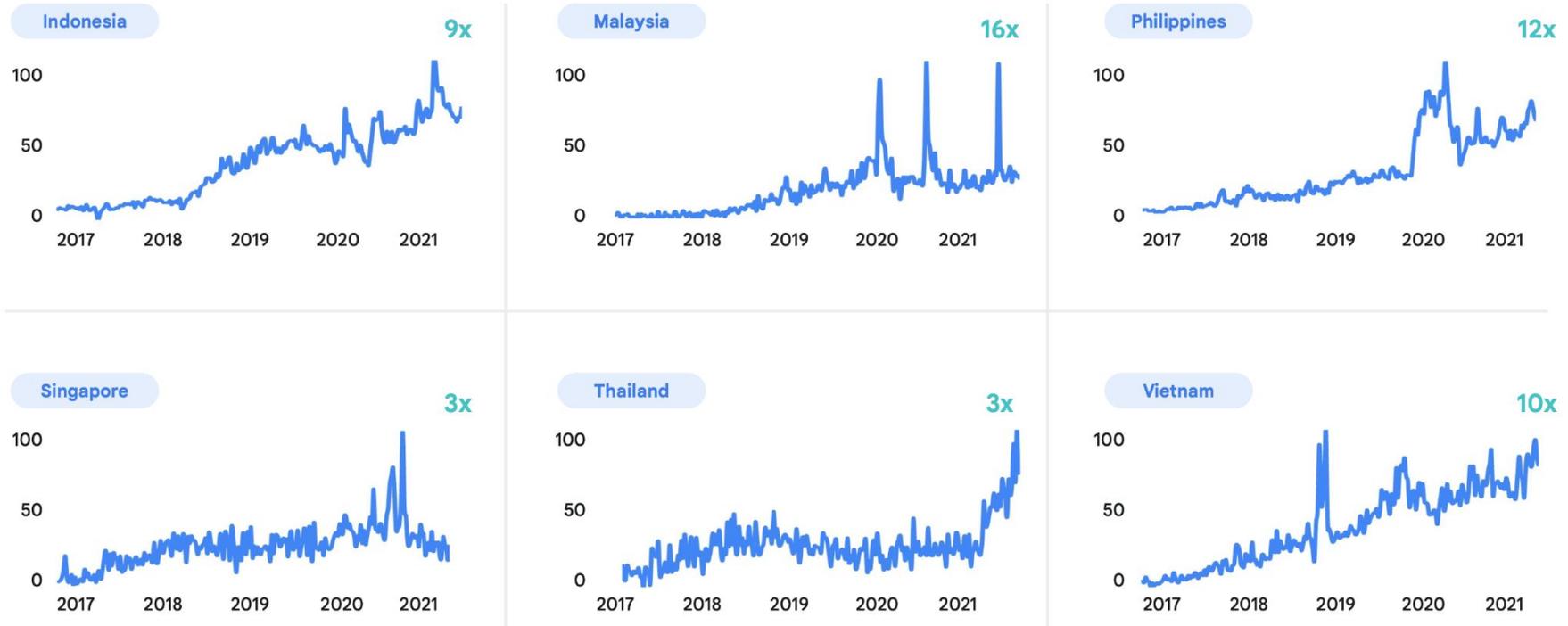
SEA internet economies, by GMV (\$B)

— CAGR



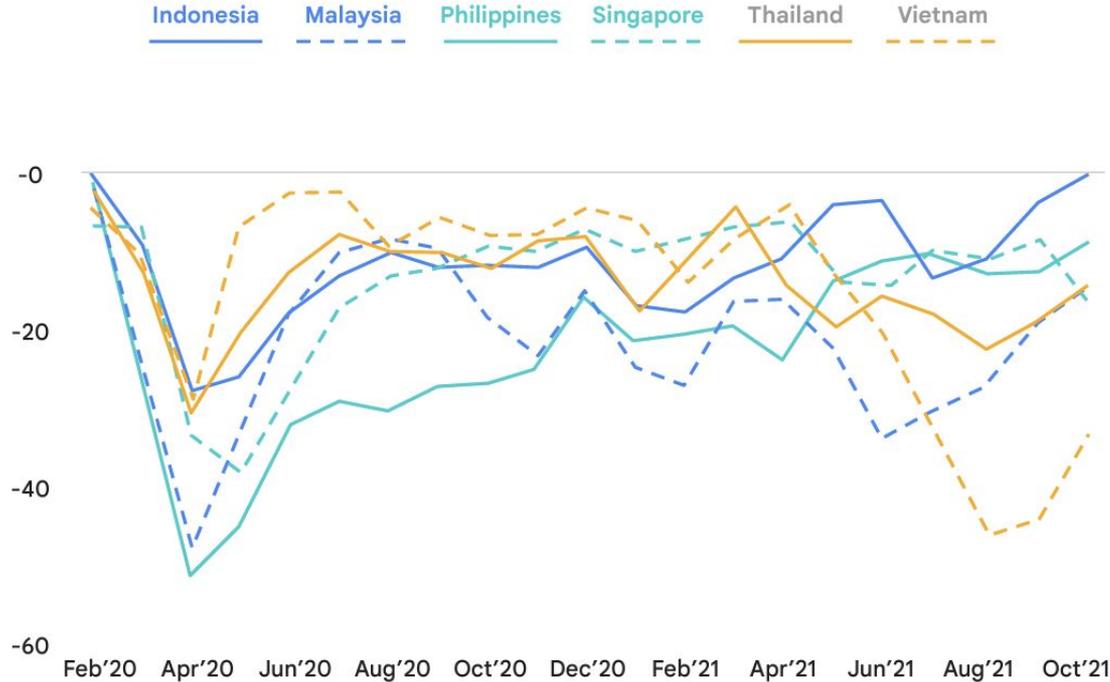


Google Search Trends Indicate Rising Interest in E-Wallet Payments & Services, with Malaysia & the Philippines Experiencing the Highest Rise



Transportation Continues to Feel Pressure as Lockdowns Persist

Commute Volume Adjustment, Indexed to Jan '20



Source: Google Mobility Report (as of 1st week of Oct 2021); Google-commissioned Kantar SEA e-Economy Research 2021. SEA e-Economy Research Report 2021 by Google, Temasek, and Bain.



Digitally-enabled Food Delivery Services Continue to Thrive

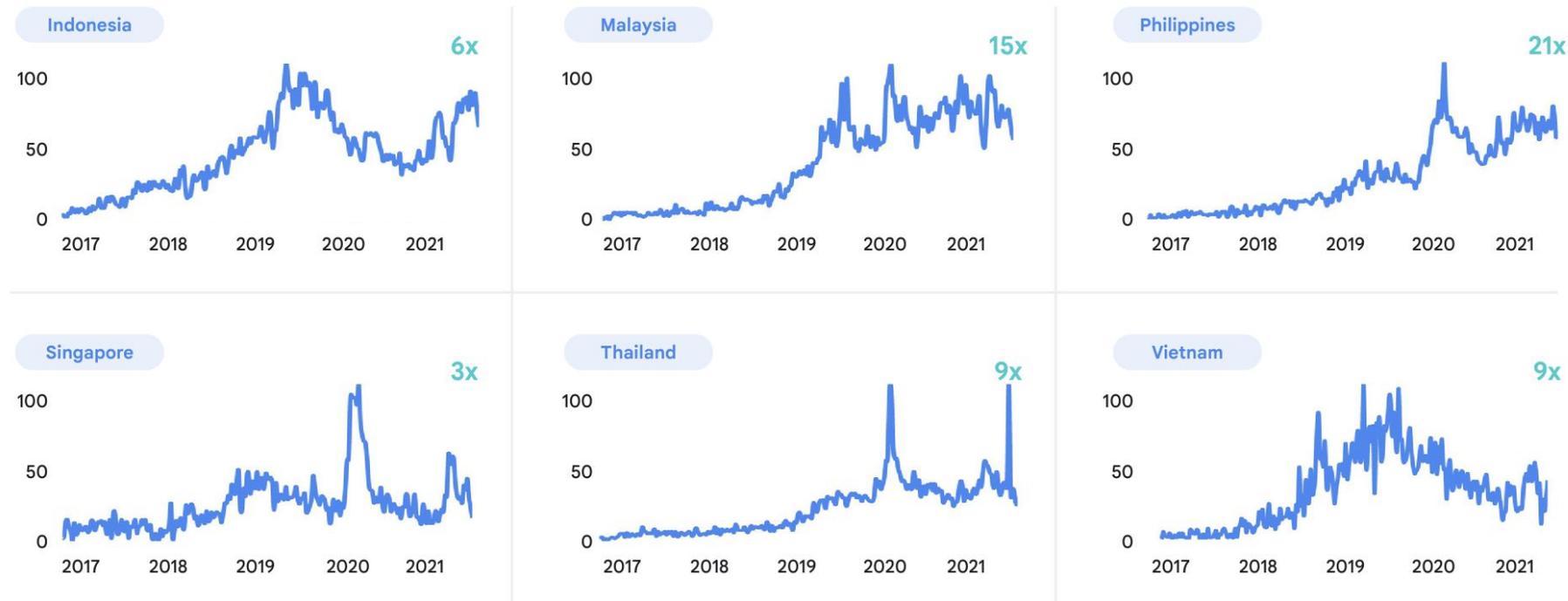
Food delivery is the **most penetrated platform** in SEA's internet economy.

~**71%** of internet users have ordered meals with a food delivery service at least once.

~**65%** of users have increased their frequency of food deliveries.

Interest in Food Delivery Services Remains Significantly Elevated

Search Volumes By Country, Indexed to 2017 Levels



Source: Google Mobility Report (as of 1st week of Oct 2021); Google-commissioned Kantar SEA e-Economy Research 2021. SEA e-Economy Research Report 2021 by Google, Temasek, and Bain

Online Travel Industry Continues to See Headwinds

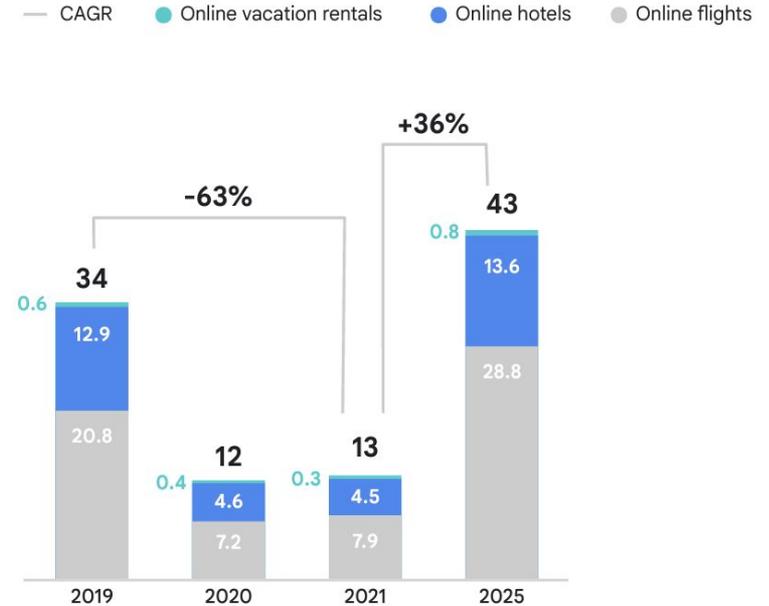
1

While domestic flights have returned halfway back to pre-coronavirus levels, international travel is down about 95%, indicating the importance of domestic tourism spending in an industry that faced significant headwinds with the pandemic.

2

Optimism for demand in international travel, vaccine effectiveness, lifting of travel restrictions, and strong consumer financial health are key drivers in the road to recovery for international travel.

Online travel GMV (\$B)

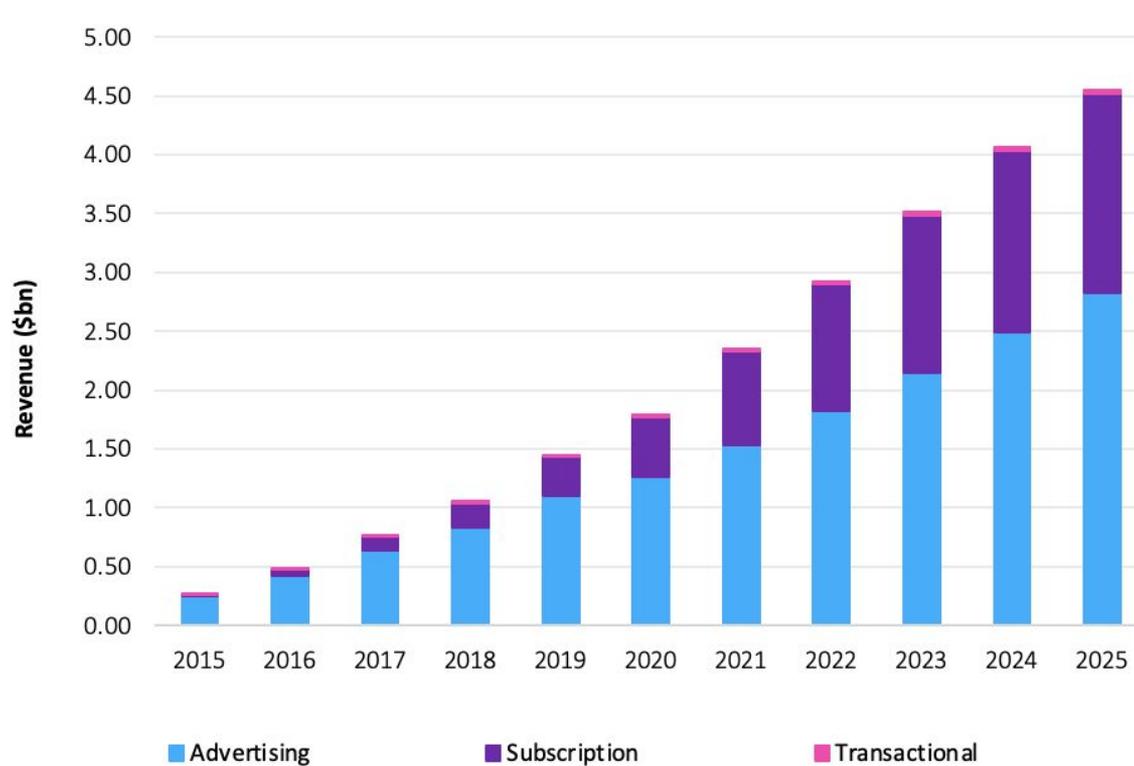


VTL Announcement from Singapore Provides Rebound Optimism

Search trends for Germany spiked by +700% on the day Singapore announced the Vaccinated Travel Lane (VTL).



Omdia Forecasts a Doubling in Online Video Streaming Revenue in SEA by 2025



Online Gaming Industry Market Growth is Accelerating

Country	Market size (USD millions)	Growth rate from 2019 to 2020 (%)	Compound annual growth rate (CAGR) from 2017 to 2020 (%)	ARPU (USD)
Indonesia	1,680	31.1	20.9	23.58
Philippines	572	22.4	17.8	28.54
Vietnam	472	35.3	27	21.37
Thailand	667	25	19.8	36.84
Singapore	327	21	11.4	73.04
Malaysia	876	22.2	14.2	27.69

Online Media Sector Expected to Reach \$43B GMV by 2025

1

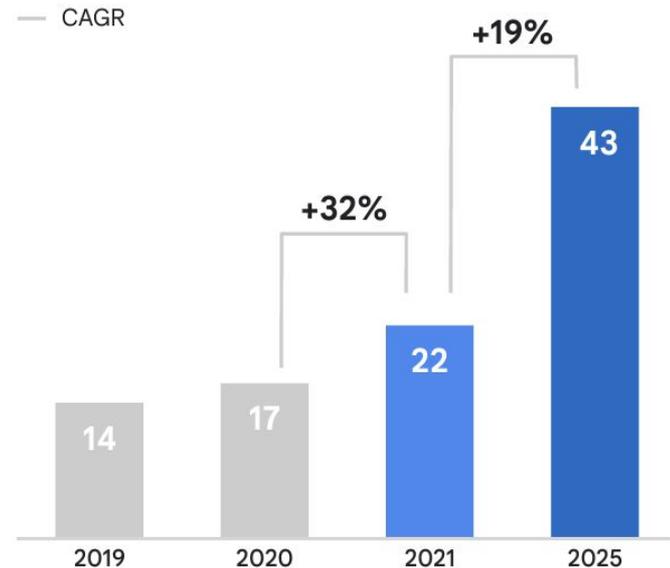
Further video-on-demand growth likely to come from:

1. User growth beyond urban areas
2. Subscriptions to multiple services
3. Change in subscription fees to adapt to changing LTV/CAC ratios.

2

In the gaming industry, average spend per user has increased, but wallet share remains small, leaving plenty of room for upward growth.

Online media GMV (\$B)



Digital Financial Services Today

■ Today



>70%

Consumers
Underbanked or unbanked today

88%

of industry experts
believe **digital FS will
improve access for the
underbanked by 2025**

67%

of industry experts
believe the **unbanked
will still have limited
access to FS by 2025**

US\$11B

**SEA digital financial services
revenue today**

(~5% of total SEA FS revenue)



>70%

SME merchants
Accept only cash today

70%

of those using only
cash are **likely
to accept digital
payments by 2025**

78%

are interested in using
an integrated payment
provider that offers
other services, like
analytics or lending

Digital Financial Services In 2025

■ 2025



~US\$38B
revenue in 2025
(~11% of total SEA FS revenue)

14%
of industry experts believe established FS institutions are well-prepared for digital innovation

53%
of industry experts believe FS disruption will more likely come from consumer tech platforms than from pure-play fintechs

44%
of industry experts believe regulators will support FS innovation



More Tailwinds for Growth in Digital Financial Services

1

Digital Services Growth Fuels E-wallet Adoption.

2

Merchant Adoption is Responding to Consumer Needs.

3

BNPL Traction is Skyrocketing

4

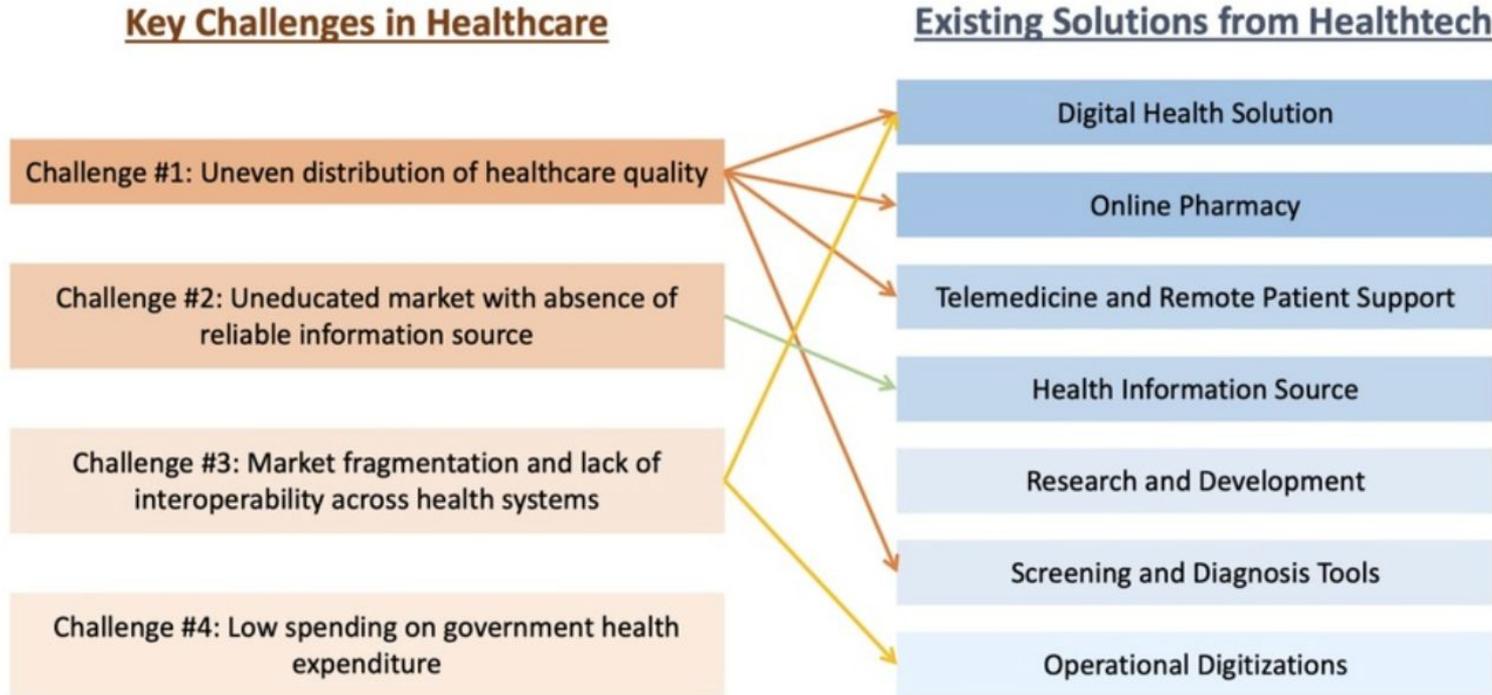
Digital Lending has High Projected Future Growth Rates.



Emerging Opportunities

- SEA has more than 20 technology unicorns.
- While e-commerce and digital financial services are the top two investment categories, health-tech and edtech growth is accelerating.

Key Challenges and Healthtech Solutions





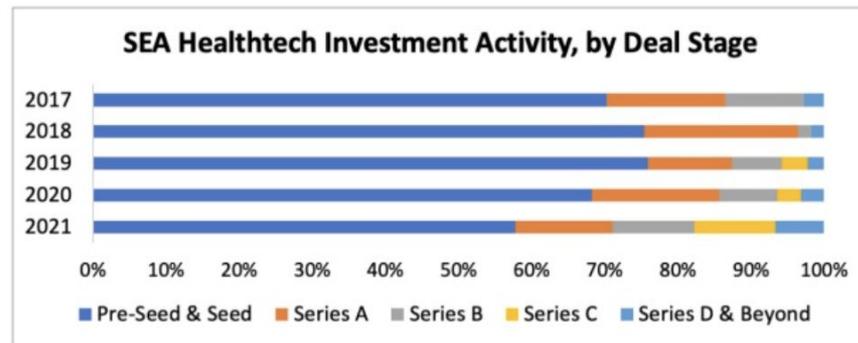
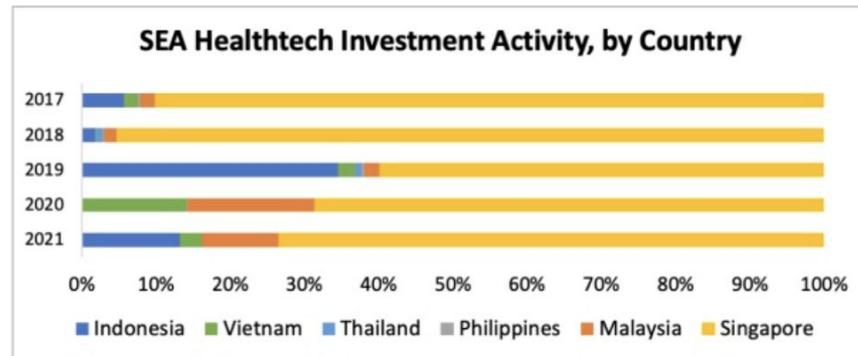
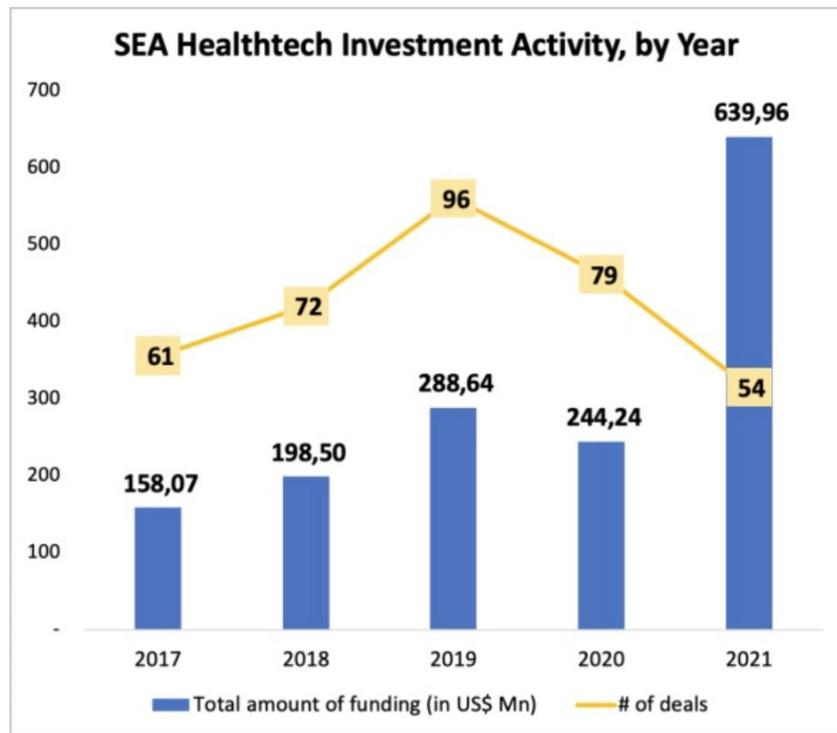
Healthtech Likely Has Significant Upside in Years Ahead

Investment activity is accelerating, with the **first half of 2021 outpacing all of 2020 in dollar terms.**

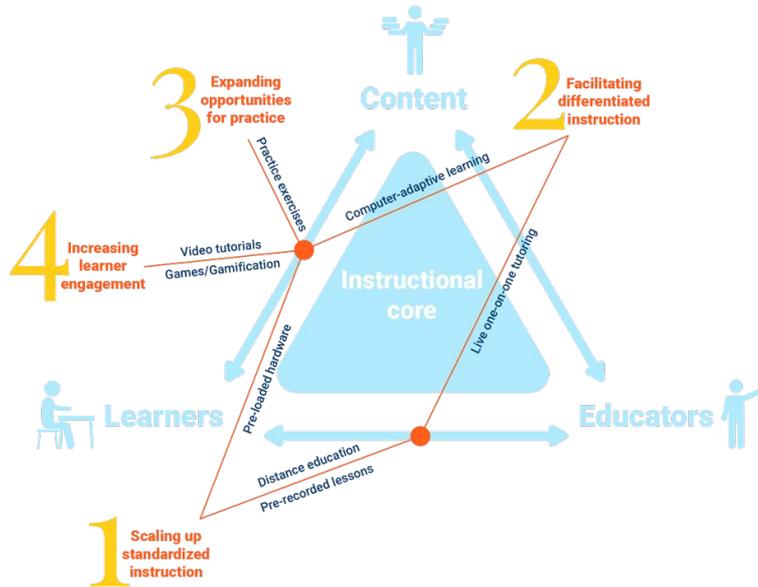
Inadequate access to face-to-face appointments has spurred quick adoption in digital healthcare tools

A COVID-19-induced secular shift in consumer behavior extends well into healthcare and investors are honing in on the next big wave of digital healthcare companies.

SEA Healthtech Investment Landscape

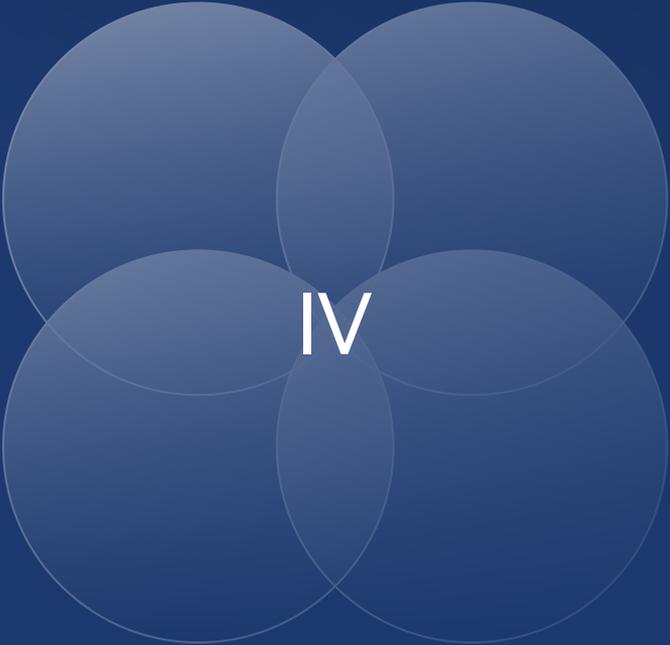


Edtech as a Solution for Solving Problems in Educational Access, Affordability, and Quality



Digitally-enabled learnings provides...

1. Quality content at scale.
2. Differentiated instruction through computer- adapted learning and live one-on-one tutoring.
3. Opportunity to revisit areas of weakness in a self-paced environment.
4. Increased engagement through gamified experiences.



IV

Company & Sector Highlights

- Opportunities exist in both private & public companies in SEA.
- Equity ETFs can be used to track specific themes, outsource the individual stock selection to a third party, and get access to a basket of stocks.



SEA Company Examples

Grab	Flash Express	Ascend Money	J&T Express
Traveloka	Ovo	Xendit	Ajaib
Sky Mavis	Revolution Precrafted	Mynt	Carsome
GoTo Group	MoMo	PropertyGuru	Sea Limited (\$SE)



Related ETF Ideas

Name	Ticker	1-Yr (%)	3-Yr (%)
Emerging Markets Internet & E-commerce ETF	EMQQ	-24.88%	+61.09%
Vanguard FTSE Emerging Markets	VWO	+3.10%	+33.08%
FirstTrust Emerging Markets AlphaDEX Fund	DEM	+9.53%	+16.43%

Summary

1

Southeast Asian countries provide a unique and compelling investment theme through their internet economy. With the pandemic as the gunshot that started the race, several companies and industries are accelerating towards a digitally-forward world to grow market share and scale through better user experiences.

2

Though there are many areas of opportunity such as digital financial services, online media, healthtech, and food and transportation services, the e-commerce industry will likely remain the most prevalent theme for the next few years.

3

Global investment into SEA-specific companies reached new highs in 2021, highlighting investor optimism about this region of the world economy. With a strong and growing internet consumer base, several companies now have the opportunity to expand offerings in new markets or deepen existing relationships with ready and eager consumers.

4

As many citizens of SEA countries have a lack of access to quality healthcare, education, and banking, several new companies are being formed to service the needs of this underserved populous at scale. Early-stage investors could consider focusing some of their attention on growing total addressable markets in SEA healthtech, edtech, and fintech.

Resources



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