

Some background



Ardent Capital – Operator VC

Founded: 4 years ago in Bangkok

Founding team: Previously founded Ensogo, Admax, NewMedia Edge. All

successfully exited. All in multiple markets.

Current Portfolio: 17+ companies, including aCommerce, Moxy, Bizzy.

Countries: TH, ID, SG, PH, MY, HK, LK.

Model:

- Build and Operate invest US\$5M+, majority owners. aCommerce
- Venture investing Up to \$400K, minority owners.

Araya Hutasuwan, VP

Ardent Capital, Bangkok

Manages 8 companies in portfolio, board observers in 3

2 years entrepreneur, 1 year in Myanmar, 4 years in Investment Banking MBA Kellogg School of Management, BBA Thammasat



Ardent Capital Core Team





Dr. Adrian Vanzyl

CEO & Co-Founder

Blumberg Capital, SLI-Systems, LinkExchange,
LookSmart, Sausage Software

MD, Monash University, Australia
Three company IPOs, over \$4.5B of exits



General Counsel

Cooley LLP, Skadden Arps Slate Meagher & Flom,
Simpson Thacher & Bartlett LLP
J.D./MBA, University of Denver
B.A., Duke University

Jim Thompson



Tee Suraphongchai

Director & Head of Ventures

Central Department Store Thailand

Lehman Brothers New York

MBA, Stanford University; BA, Brown University



Head of Finance
Teshkeel Media Group, Addax Investment Bank
MBA, Maastricht School of Management
BEng Mechanical, University of Manchester
Extensive startup experience. Co-founding team
member of Addax Investment Bank and THE 99,
both winning major awards and recognitions.

Frankie Shum



Vice President
Phatra Securities Plc.
MBA, Kellogg School of Management
BBA, Thammasat University Thailand
Executed 2 largest M&As in Thailand insurance
and healthcare industry, 1 LBO and 2 private
placements of over \$250M

Araya Hutasuwan



John Thornton

Head of Recruitment
Project2 Inc.
Spring Information Technology
Robert Walters
AVIVA Plc.

BA Leeds University - International Relations

BTEC National Diploma - Art & Design



Senior Analyst

Phatra Securities Plc.

BBA, Thammasat University Thailand
Executed IPO of BTSGIF, the first
infrastructure fund and largest IPO from
Thailand, over \$1.8B

Kawin Panusittikorn

Agenda



- 1) Why Thailand
- 2) Thailand Market Overview
- 3) Current Thai Startup Ecosystem
- 4) Challenges and Opportunities

www.ardentcapital.com for more information



Why Thailand



- Reasonable legal setup (BOI is a great structure)
- Corruption in private sector is low
- Reasonable payments infrastructure
- Good credit card and banking penetration in the population
- Reasonable logistics (transport and traffic are OK)
- High mobile phone penetration (> 100% penetration)
- High smartphone penetration
- High quality mobile broadband
- Large market
- Closed language market, price premium on exit







Goldilocks Principle for SEA



- We do not start in Singapore
 - the market is too small
 - the exits are too small
 - It proves little, experience not relevant to the rest of SEA
 - Too easy, too many competitors
 - Expensive
- We do not start in Indonesia
 - it is too difficult as a first market, with too many challenges
 - Legal, infrastructure, ownership, payments, staffing
- We start in Thailand
 - because it is difficult, but not too difficult
 - Lessons learnt are applicable to rest of region
- After Thailand
 - Indonesia
 - Then Philippines, Malaysia, Singapore, and Vietnam







Thailand – Key Stats



- 67M population not fragmented
- 147% mobile penetration from 107% in 2010
- 83M 3G subscribers
- 24M active mobile app users (37% of total population) access mobile applications every day)
- 496M photos uploaded in 2014, highest in the world
- Mobile subscribers 99M vs fixed 5.6M



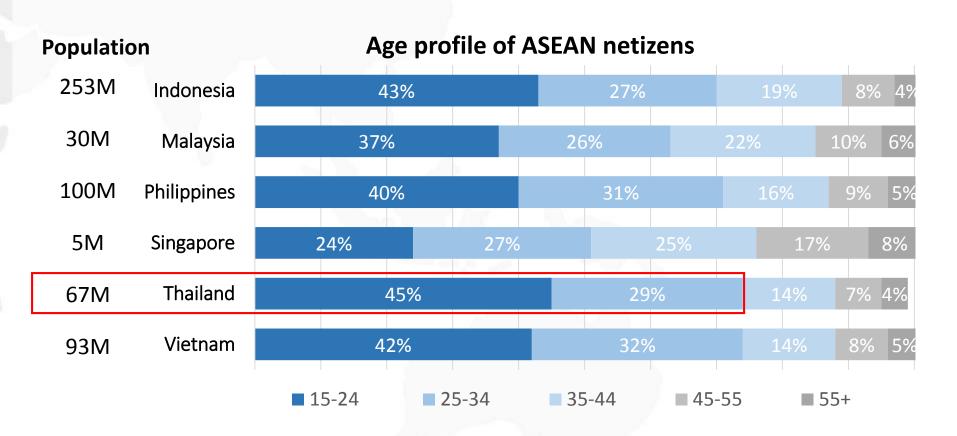




Thailand Market Overview: They are Young



74% of Thais are younger than 34



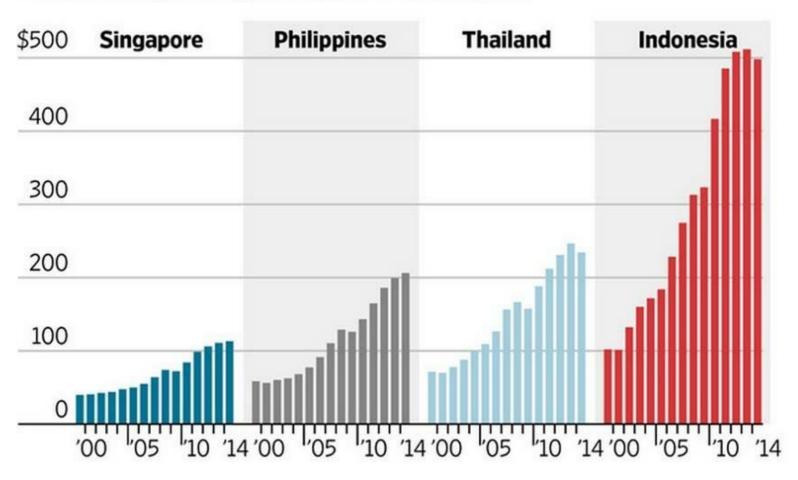
Source: UBS report "ASEAN E-commerce" at 13 June 2014 / Global Demographics



...and Becoming Richer



Household spending, in billions of U.S. dollars



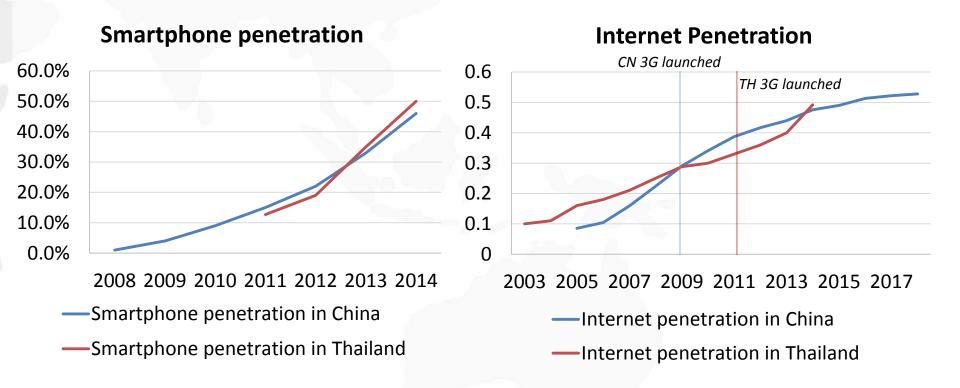
*Figures don't include oil and gas and banking sectors. Dollar amounts are based on exchange rates used by the Indonesian state budget, which put US\$1 at 11,600 rupiah in 2014. Sources: CEIC (household); Indonesia's Investment Coordinating Board (FDI); World Development Indicators (GDP) THE WALL STREET JOURNAL.



With Extremely Fast Internet Adoption



Thailand requires 1.5 vs 3 years to reach the same online penetration level as China's post 3G



Source: CNNIC, UBS estimates





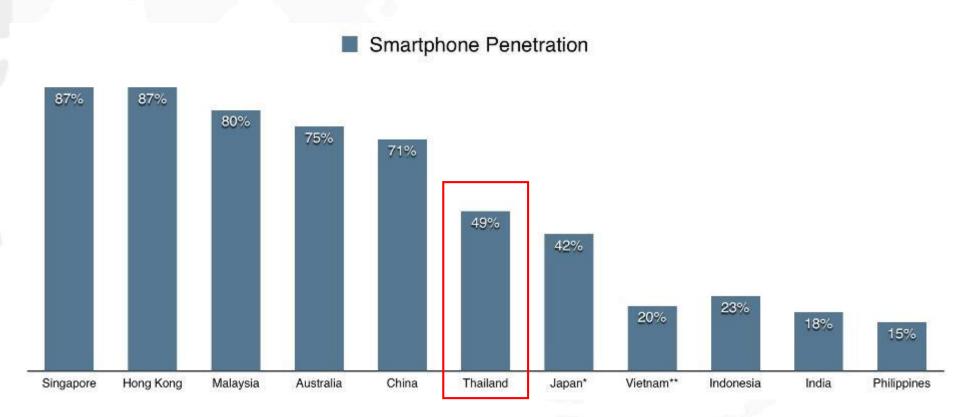


Still Room for Smartphone Growth in Thailand



Smartphones priced under USD300 accounts for 50% of total Thai smartphone market (20% are under USD60)

Android remains dominant, increased market share from 32% in 2011 to 74% in Q1 2015



Source: Nielsen 2014 Asian Mobile consumer report, http://www.chandlernguyen.com/blog/2014/04/12/is-mobile-first-the-right-strategy-for-apac/



LINE is Phenomenal



Key LINE Stats from Thailand

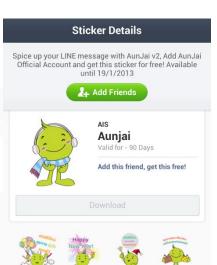
- Of 600M+ LINE users around the world, Thai is the third largest
- 33M+ users in Thailand alone
- Came out of no where in June 2011, now rivalling FB
- Largest direct to consumer channel in the country, largest active reach

AIS

- 200k+ registrations on AIS account within 24 hours
- 60M+ uses of AIS stickers in one day

BigC

- Within 3 months after launched (July 2014)
- 500k LINE friends
- 350% increased in web traffic
- 2,000% increased in call center traffic













And Facebook is Dominant



- Thailand has the 3rd largest Facebook population in the world with 35 million users
- Bangkok has more Facebook users than any other city in the world with 20 million
- **Spend an avg. of 2.35** hours per day on the site
- **34M+** using the site regularly every month
- 24M+ users access Facebook daily in Thailand
- 94%+ of users return to Facebook every month
- 32M+ access Facebook on their mobiles
- 65% used the platform to search for brand info
- 70% of Thais are connected to at least one SME's page on Facebook
- **1.2M+ businesses** have an active page on the social-media platform
- **78% of Thais used Facebook to reconnect** with old friends and colleagues
- Rolled out Instagram adverts in Thailand, now has 7.1M active users a month
- Launched Thailand office on 17 Sept

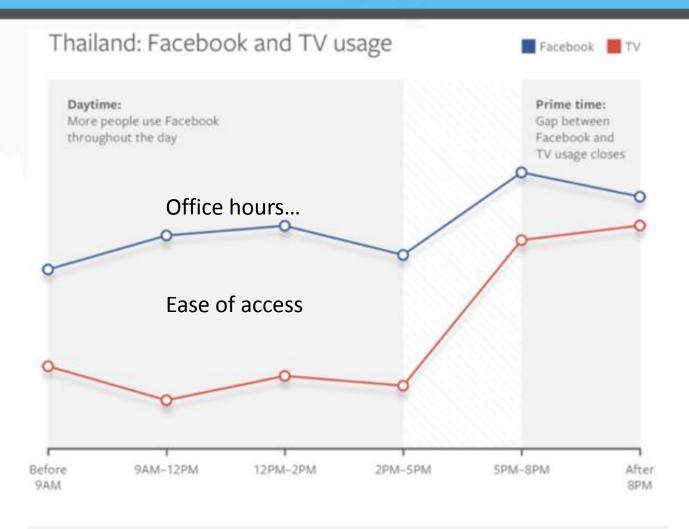






Facebook outperforms TV all day





Source: Facebook-commissioned TNS study of people ages 16+ in Thailand, Jun 2014.

facebook IQ

http://www.socialmediatoday.com/social-business/adhutchinson/2015-08-08/facebook-releases-new-data-south-east-asian-market-report









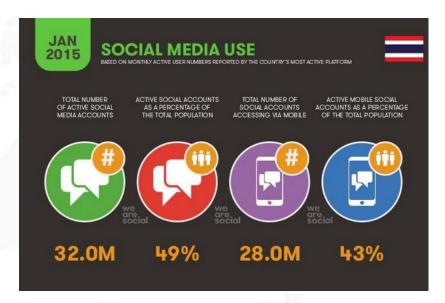
Line and Instagram Shaping M-Commerce



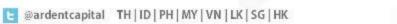


Social Media in Thailand

- Dubbed Instagram capital of the world in 2013
 - Siam Paragon Mall most instagrammed place
- Thais spend around 4 hours a day online w/ mobile
 - 3 hours 46 minutes of that on social media
- Instagram-Line-Commerce Phenomenon
 - Browse on Instagram, purchase via Line



https://www.techinasia.com/line-instagram-ecommerce-thailand/





In TH 65+ Browse the Least, Buy the Most



In Thailand, data from multi-category ecommerce marketplace:

| Generation | Ecommerce Conversion Rate | % of Sessions |
|------------|------------------------------|---------------|
| 18-24 | 0.7% | 24% |
| 25-34 | 1.1% | 42% |
| 35-44 | 1.7% | 22% |
| 45-54 | 1.1% | 9% |
| 55-64 | 0.8% | 3% |
| 65+ | 2% | 1% |

Source: aCommerce Internal Data



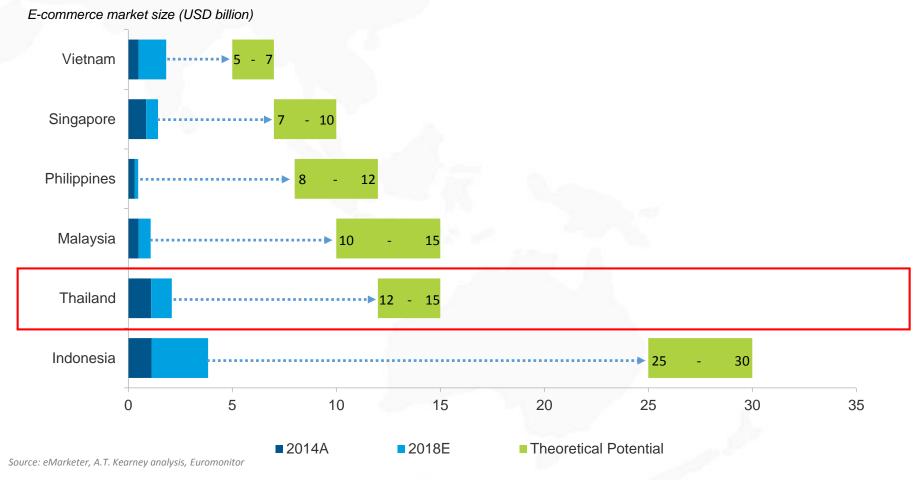




Thailand's Ecommerce Potential is Massive



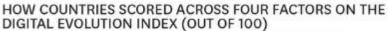
A.T. Kearney forecasts a theoretical e-commerce market size of USD67 – 89 billion for ASEAN in the future, with Thailand and Indonesia, having biggest growth potential





Digital Development in Global Perspective







Next phase of growth is going to be harder to achieve
- Improve infrastructure and nurturing sophisticated domestic

Potential to develop strong digital economies though overall score still low

consumers

RATE OF CHANGE IN DIGITAL EVOLUTION FROM 2008–2013

Source: Digital Evolution Index, The Fletcher School at Tufts University, https://hbr.org/2015/02/where-the-digital-economy-is-moving-the-fastest



Thai Tech Startup Ecosystem Map - Techsauce



Thai tech startup ecosystem map

by techsauce.co (Aug 2015)





Incubators/ Accelerators





Government

SOFTWARE PARK























Events and Workshops















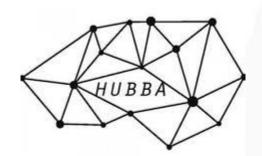
















Learn Graphic Design, Code and Social Media

Source: Thumbsup, Forbes

Many Activities in 2015 – Starting to see bigger deals



WearYouWant bags Series B round from Japan's Start Today



Playbasis Lands \$1.8M To **Fuel Its Gamification For Enterprise Push**



Yello Mobile acquires Computerlogy



Thailand's Blisby nets \$300K to bring its online handicrafts marketplace to the region



Omise raises \$2.6M to launch ecommerce payment solutions across **Southeast Asia**



Workplace chat app Eko gets \$5.7M series A funding to make teams productive, quit Slacking









CONFIDENTIAL

Many Activities Since 2014



Taamkru got \$620K led by 500 Startups









M&S Partners

Anywhere to Go got funding led by 500 Startups



CONFIDENTIAL



Wongnai got more funding to expand into Hair and Beauty Salon



aCommerce Raises \$10.7M to Serve SEA



Pomelo gets \$1.6M early stage funding to spread Korean fashion in SEA



Drivebot success to raise funding at Indiegogo within 6 days



Page 365 got funding from Galaxy Ventures



Ookbee got Series B funding from transcosmos





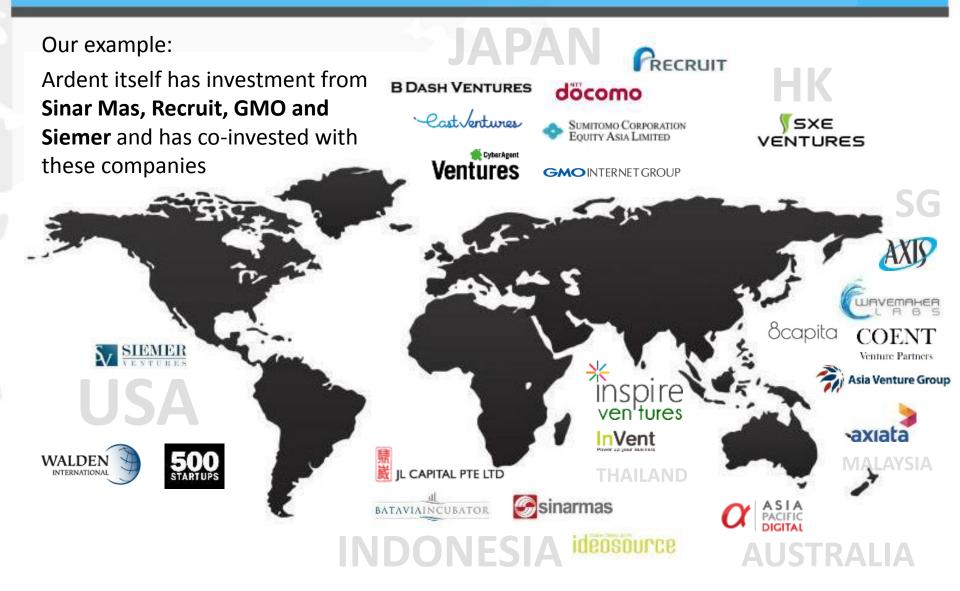






Strong Interests from International Investors







Thailand's Attractive Lifestyle









- Bangkok was the world's second most visited city in 2014
- +4M expats living in Thailand
- Tropical climate, access to world's top islands and beaches
- Low personal income taxes
- Need for niche talent leads to expat recruitment in tech
 - Lazada, Zalora, Rocket Internet, True, aCommerce all hire expatriate workers to fill specialized slots
 - For most startups, Thai language is a bonus but not needed





Key Challenges → **Opportunities**



- Talent pool
- Unstable political situation
- Slow economy need innovators and creators
- Differentiated ideas grill chicken
- Regional mindset
- Mentorship
- More role models







Hiring Market in Thailand



Cons

Pros

- Candidate driven market lead to job swap
- At least 10% and beyond for salary increase
- Large corporates and MNCs salary inflation

- Service sector steadily increase in the job market
- Over 2.5M students from 170 universities in Thailand
- Thailand is seen as Development Hub for MNC's (Thomson reuters, Agoda, Amadeus, etc.)

- Set your company apart
- Communicate clear vision, core values and strategy
- **Invest in your staff**
- Take on interns and new grads
- Be prepared to come in early and make offers to secure best ones



Our View: The Next Big Online Businesses



eCommerce: B2C, C2C marketplace and B2B

Transports and logistics

Online/Mobile payment

Fin Tech



Big Players Paving the Way



- 2012 and before
 - true had WHOVEPING!
 - had ShopAt 7.com
 - VINTOUCH hosted AIS Startup
- Feb 2013: dtac hosted dtac accelerate
- May 2013: true launched True MART
- May 2013: true hosted
- Jan 2014: launched Cdiscount.com in ASEAN
- Mar 2015: Plaunched Central Electrical Control | Central Electrical Control | Central Electrical Control | Central Electrical | Centr













Opportunity in Fintech Space







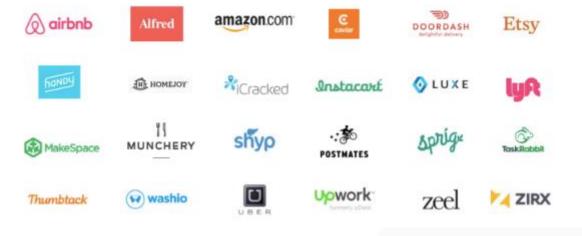
Trends Happening in the US

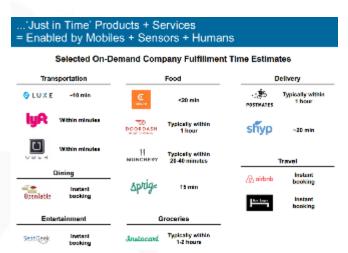


Sharing economy: marketplace + on-demand fulfilment for everything?

2nd Generation Online Platforms / Marketplaces for Services Rising = Optimizing for Mobile Internet Devices + On-Demand Local Delivery

Many Mobile-Enabled Urban Millennials Believe = Should Get What They Want (Products / Services / Work) When They Want It







Global Trends



Asian messaging leaders may move into becoming Central Communicatio n Hub with commerce, transportation, payment services

Messaging Platforms – Asia In-Country Leaders = Developing Evolving Playbooks...

| Developer Platform | KakaoDevelopers | WeChat API | Line Partner (2012) |
|----------------------------|----------------------------------|---------------------------------------|--|
| User Stories / Moments | Kakao Story (2012) | WeChat Moments | Line Home (2012) |
| Taxi Services | Kakao Taxi (2015) | Taxi services w/ Didi Dache (2014) | Launched taxi service in Tokyo (2015) |
| Food Delivery | * | Partnership with Foodpanda (2014) | Launched beta in Thailand (2015) |
| QR Codes | ✓ | QR code identity (2012) | ✓ |
| Media | Kakao Topic (2014) | ✓ | 1 |
| Commerce Kakao Page (2013) | | Delivery support w / Yixun (2013) | Line Mall (2013) |
| Games | Game Center (2012) | (2014) | (2011) |
| Stickers | (2012) | Sticker shop (2013) | (2011) |
| Payments | KakaoPay (2014) | (2013) | Line Pay (2014) |
| Video Calls / Chat | × | 1 | Video call update (2013) |
| Voice Calls | ice Calls Free VolP calls (2012) | | ✓ |
| Group Messaging | ✓ | ✓ | ✓ |
| Messaging | | ✓ | ✓ |
| Primary Country | Korea | China | Japan |
| Launch | March 2010 | January 2011 | June 2011 |
| Name | KakaoTalk | WeChat | LINE |
| | TALK | % | LINE |

Key Takeaways



- Young (74% of demographics)
- Increasing purchasing power
- Tech savvy
- Social media is everything (high concern on social status)
- Plentiful resources in ecosystem and growing
- Capital available
- Many activities since 2014 from nothing (6 out of 9 are eCommerce related)
- Less competition and huge opportunities
- Dream lifestyle









Thank You

Araya Hutasuwan (Noon) araya@ardentcapital.com

Twitter: @ardentcapital

Visit us at <u>www.ardentcapital.com</u>



