



Investment Perspectives in Thailand

Dr Adrian Vanzyl

adrian@ardentcap.com

This presentation will be available at www.ardentcap.com

▶ Thailand + Tech investing = genius or crazy?

- Why we are all here – topline SEA numbers
- Protests, politics, coups – serious or noise?
- Ardent HQ in Thailand – Why specifically Bangkok?
- Thailand specifics
- The Thai ecosystem
- Opportunities for investors and entrepreneurs in Thailand
- Specific examples of what Ardent is doing

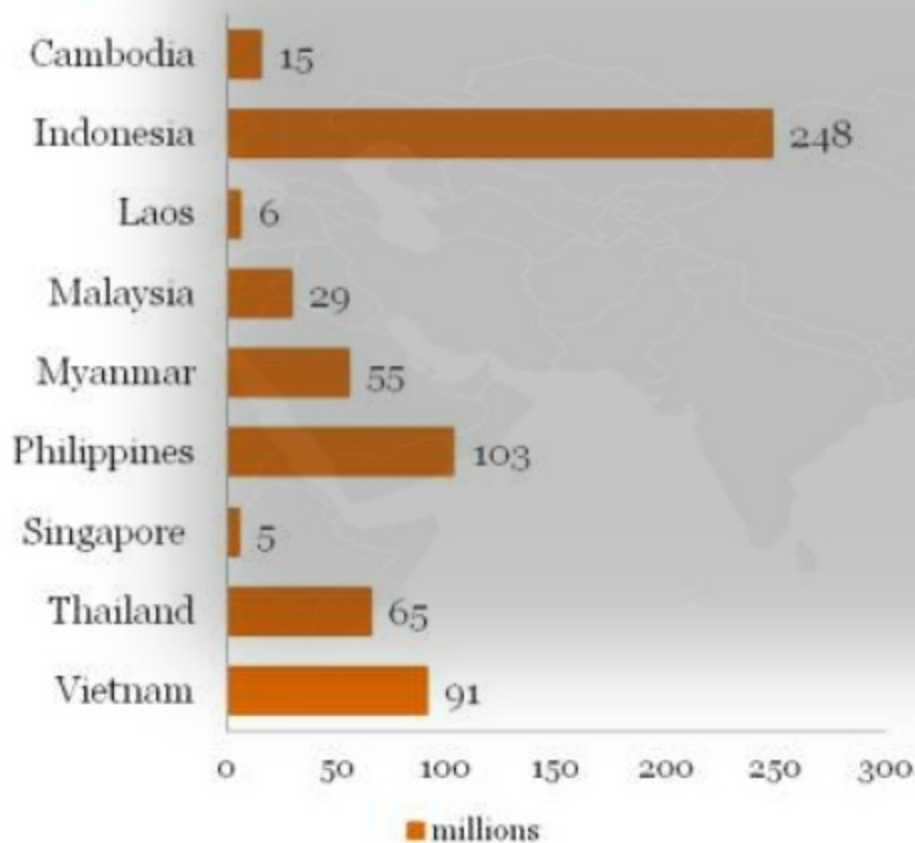
▶ Why SEA, Why Thailand?

- We raise almost all our money OUTSIDE of Thailand and SEA
- For example, last year's major investors for us included Japanese (Recruit, GMO, NTT Docomo, Cyberagent) and USA (Siemer)
- At some point we always have to explain SEA
- And in particular Thailand
- This is a very detailed deck with lots of data in the appendix that YOU can use to answer this same question
- Please download it from www.ardentcap.com

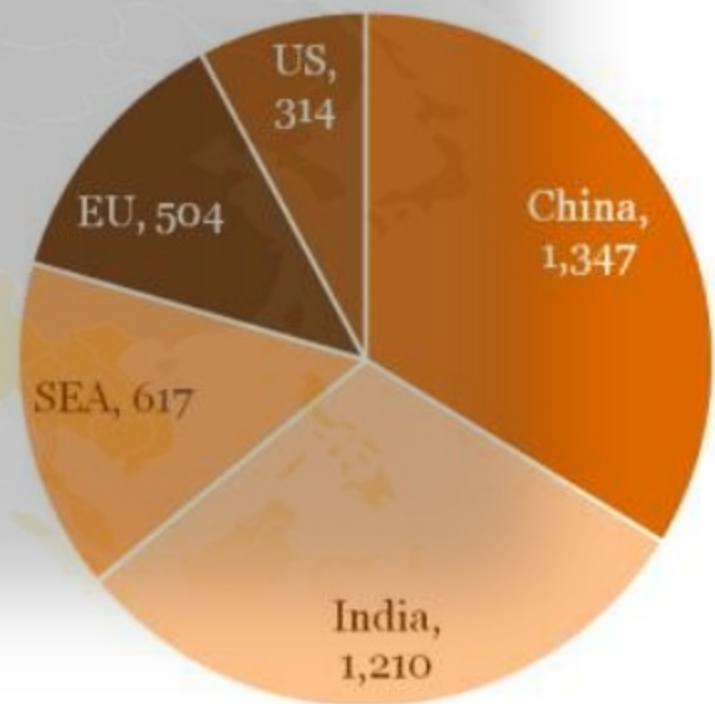
SE Asian Population

Southeast Asia is bigger (2x) than the US and bigger than the EU

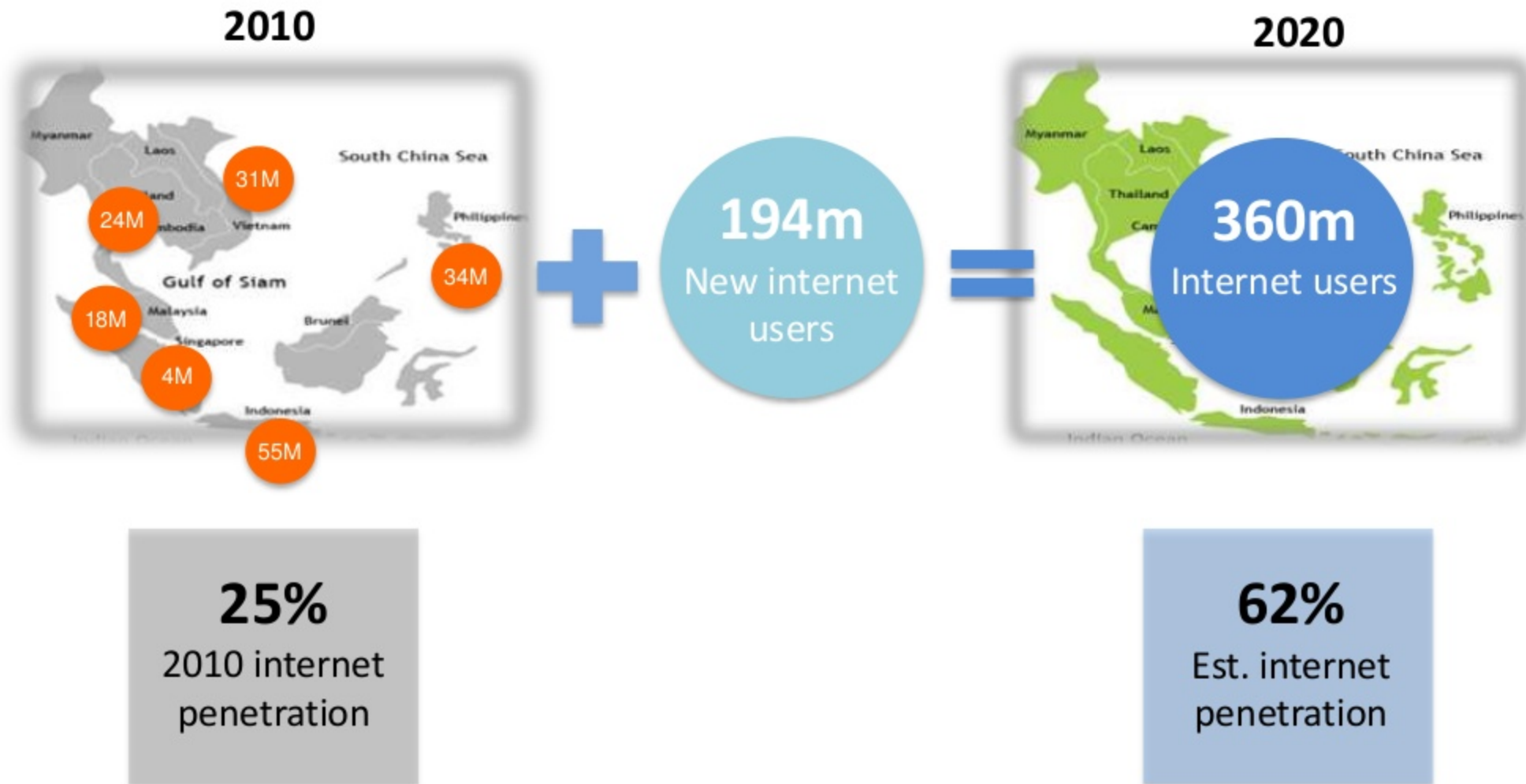
Population



Population in millions



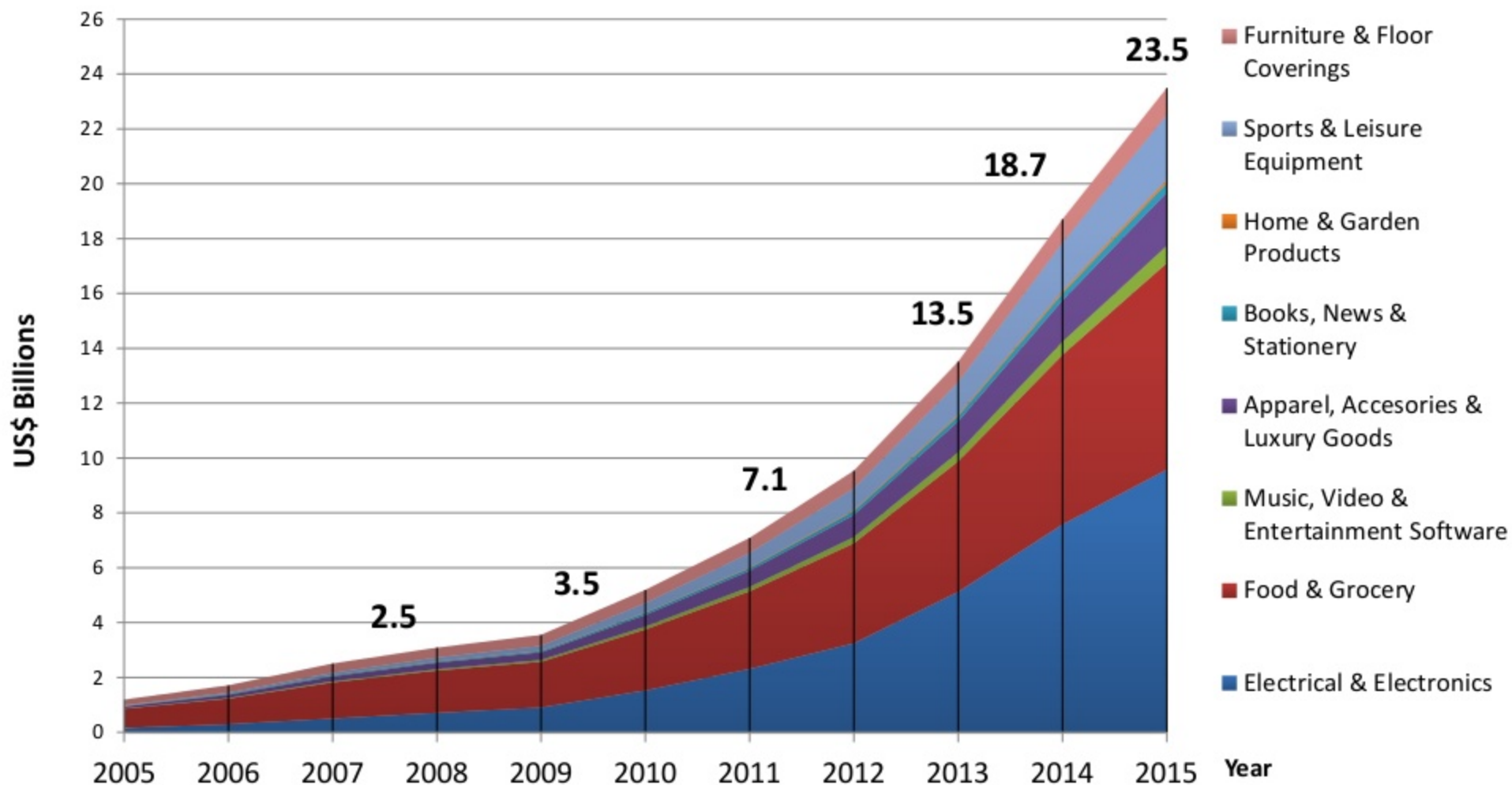
▶ Internet Penetration is Exploding



Source: We are Social, Accenture

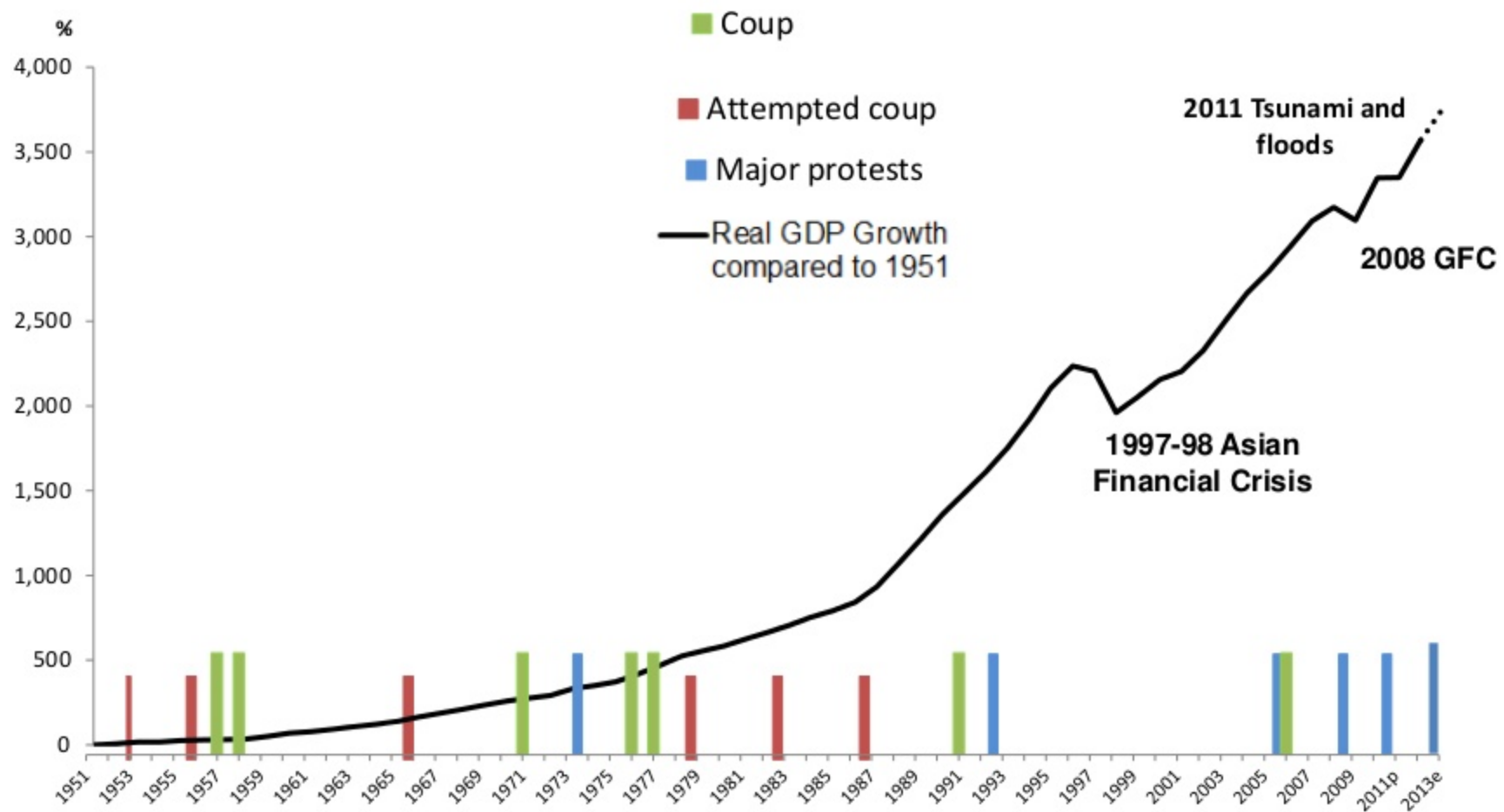
▶ Why SE Asia? eCommerce is exploding

Thailand, Philippines, & Indonesia Online Retail is Growing Fast! Online Retail Sales Forecast 2005 – 2015 – Source ICD Research



▶ GDP growth has not been affected by political instability

Despite frequent political turmoil, history has shown that the Thai economy has its own dynamics and its own momentum

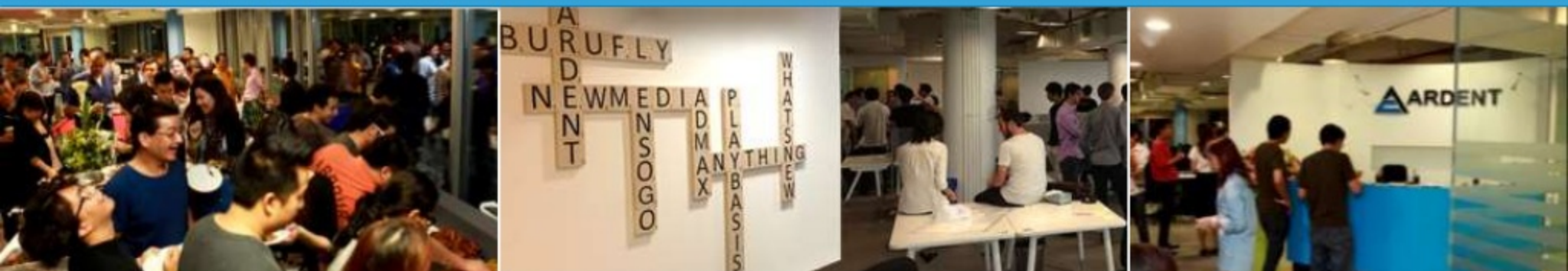


Source: GDP Data from Thailand's National Economic and Social Board

▶ Political instability: implications

- Immediate – tourism
 - Mid term – capital investment, factories
 - Long term – affects everything. Quality of life, exits, growth tied to GDP
-
- Thailand has survived so far despite the politics
 - Reality – life goes on. Offices open. Supermarkets open. Public transport unaffected. No anti western sentiment – this is 100% internal

▶ Quick overview of Ardent Capital



- ➔ Ardent Capital is an operator VC headquartered in Bangkok with offices in Singapore and Indonesia, 300 staff across the portfolio, 120 in Bangkok
- ➔ Traditional VC – we make seed and early stage investments, with six investments made in past 18 months throughout Southeast Asia
- ➔ Labs business – we incubate companies in-house such as aCommerce and WhatsNew
- ➔ Three of founding team of six are Thai American (Paul, Tom, John)
- ➔ My background – 20 years doing Internet – 1 ASX IPO (Sausage Software), 1 NASDAQ IPO (LookSmart), 1 Microsoft Exit (LinkExchange), 1 NZX IPO, 12 years VC in San Francisco (Blumberg Capital), 7 years across SEA

▶ Ardent Capital team's exits in SE Asia in the last 3 years

newmedia+

sold to

stw group



sold to

k@mli



sold to

livingsocial

ARDENTCAPITAL

invested in

6 start-ups

► Why SE Asia? Converging Trends

- ➔ Sustainable GDP per capita growth (Avg. 5-6% est. 2013)
- ➔ Rising disposable income
- ➔ Growing mobile broadband penetration
- ➔ **Accelerating smartphone penetration**
- ➔ **Social Media penetration**
- ➔ Increasing Credit Card penetration
- ➔ AEC 2015

Over \$17B of branded and direct to consumer ecommerce coming into SEA in next 3 years



Unique Market – LINE has 20M users in Thailand...

Messaging apps are looking to diversify by ecommerce and a mix of:

Pictures



Music



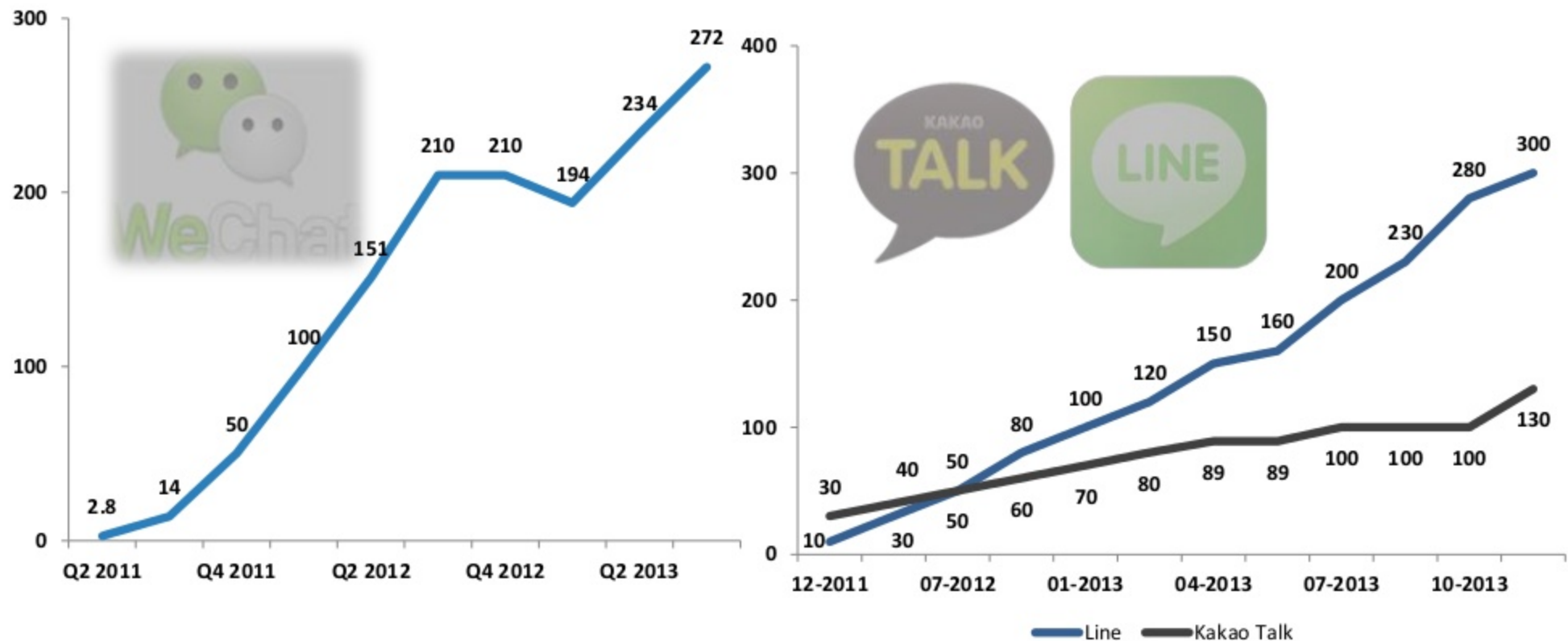
Newsfeed



Games



Stickers



Source: Statista 2013

aCommerce runs the eCommerce store for LINE

- LINE platform came out of nowhere in 18 months
- > 20M users in Thailand alone
- Mobile first
- Rivaling and exceeding Facebook member base
- The LINE store has 5.5M friends, majority of which were acquired in 72 hours
- Largest direct to consumer channel in the country, largest active reach
- Most campaigns sell out in minutes
- Last Monday – 700 vouchers, released at mid day, sold out 2 minutes later
- Platform where competitors are now doing
 - Movie sales, transactions, music, games, reservations
- What should Facebook do?

▶ Bangkok is the TOP Facebook city

- Facebook counts > 20M users in Thailand, ranking 16th in the world. The Internet population in Thailand is same as Facebook penetration

#	City	Country	Users	Penetration
1	Bangkok	Thailand	8 682 940	104.34%
2	Jakarta	Indonesia	7 434 580	34.10%
3	Istanbul	Turkey	7 066 700	62.98%
4	London	United Kingdom	6 139 180	73.79%
5	Bogota	Colombia	6 112 120	82.15%
6	Sao Paulo	Brazil	5 718 220	29.88%
7	Mexico City	Mexico	4 294 820	23.30%
8	Santiago	Chile	4 129 700	73.35%
9	Mumbai	India	3 700 460	18.95%
10	Buenos Aires	Argentina	3 533 840	28.52%

Source: <http://www.socialbakers.com/blog/647-top-10-biggest-facebook-cities>

▶ Bangkok has the MOST Instragram'd locations

- Siam Paragon was the most Instragram'd location in 2013
- Bangkok International Airport was the most Instragram'd location in 2012

#	Location	Where?
1	Siam Paragon	Bangkok
2	Times Square	New York
3	Disneyland	California
4	Bellagio Fountains	Las Vegas
5	Disney World	Florida
6	Staples Center	Los Angeles
7	Central Park	New York
8	Dodger Stadium	Los Angeles
9	Bangkok International Airport	Bangkok
10	The High Line	New York

Source: <http://blog.instagram.com/post/69877035043/top-locations-2013>

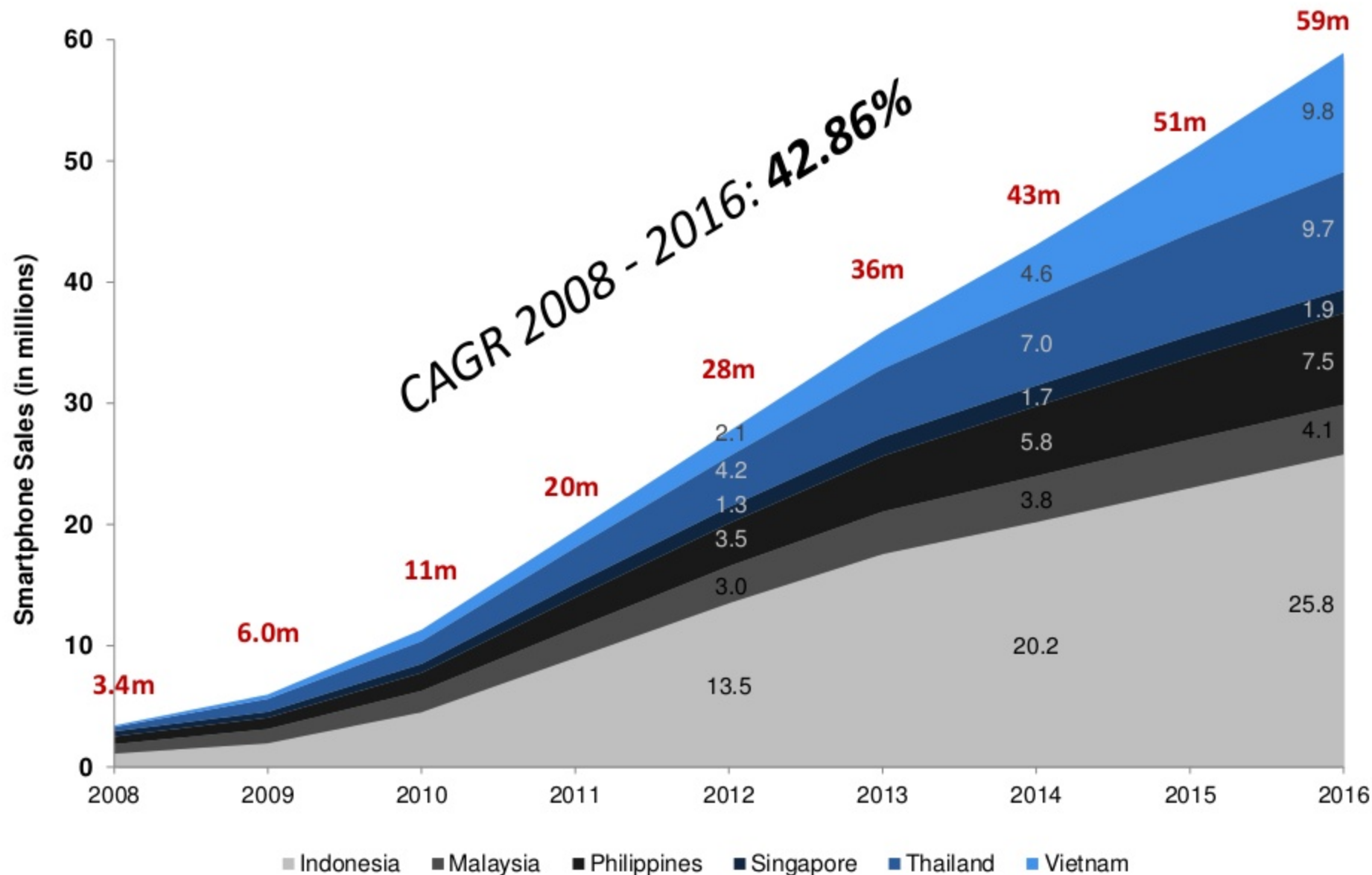
▶ Smartphone sales is robust and growing fast

Smartphone sales are expected to have a compound annual growth rate of **43%** from 2008 to 2016, reaching 59 million units in 2016



Source: GoogleResearch, Euromonitor 2013

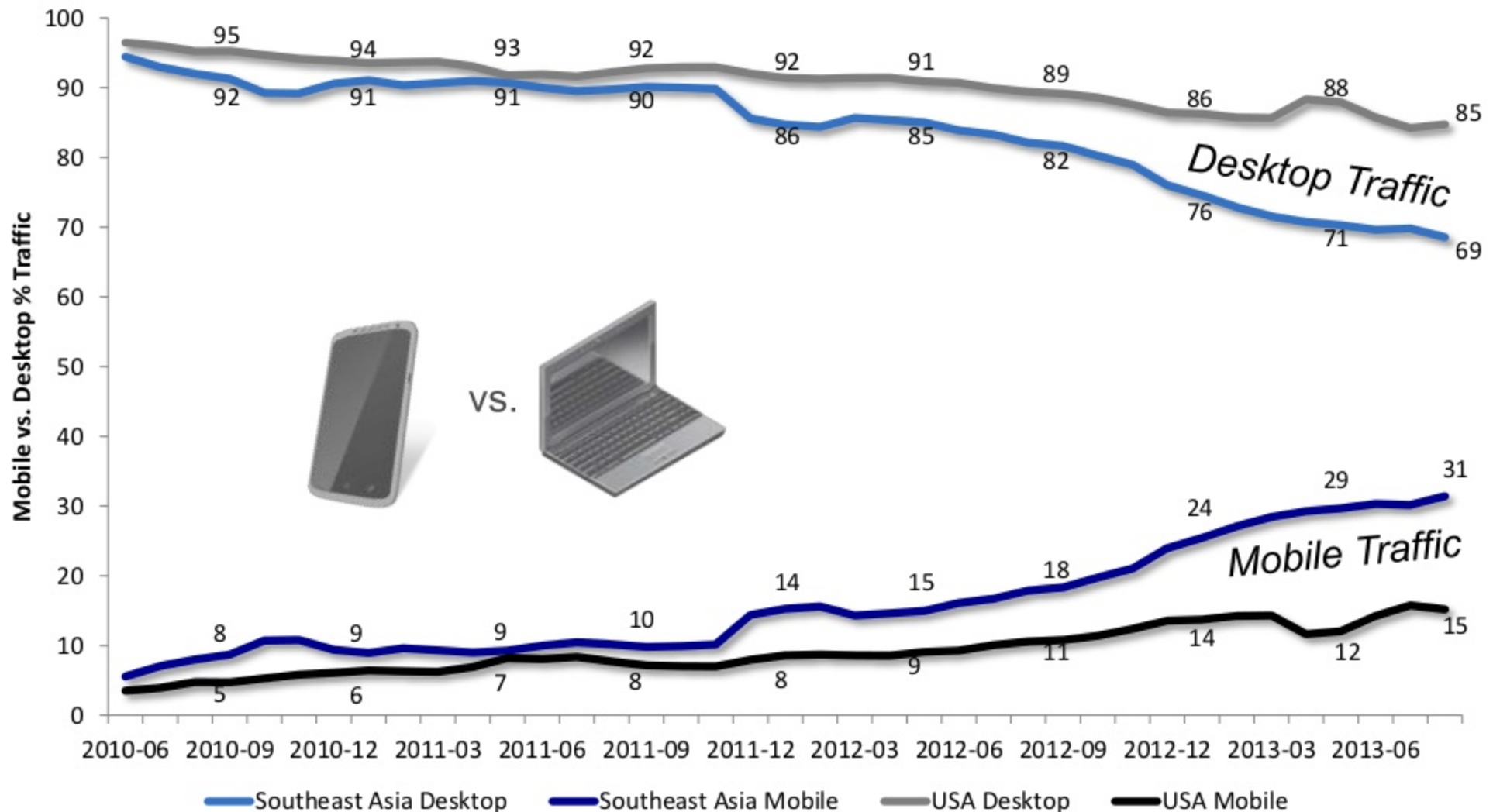
▶ Smartphone sales is robust and growing fast



Source: GoogleResearch, Euromonitor 2013

▶ Mobile and desktop usage is converging in SE Asia

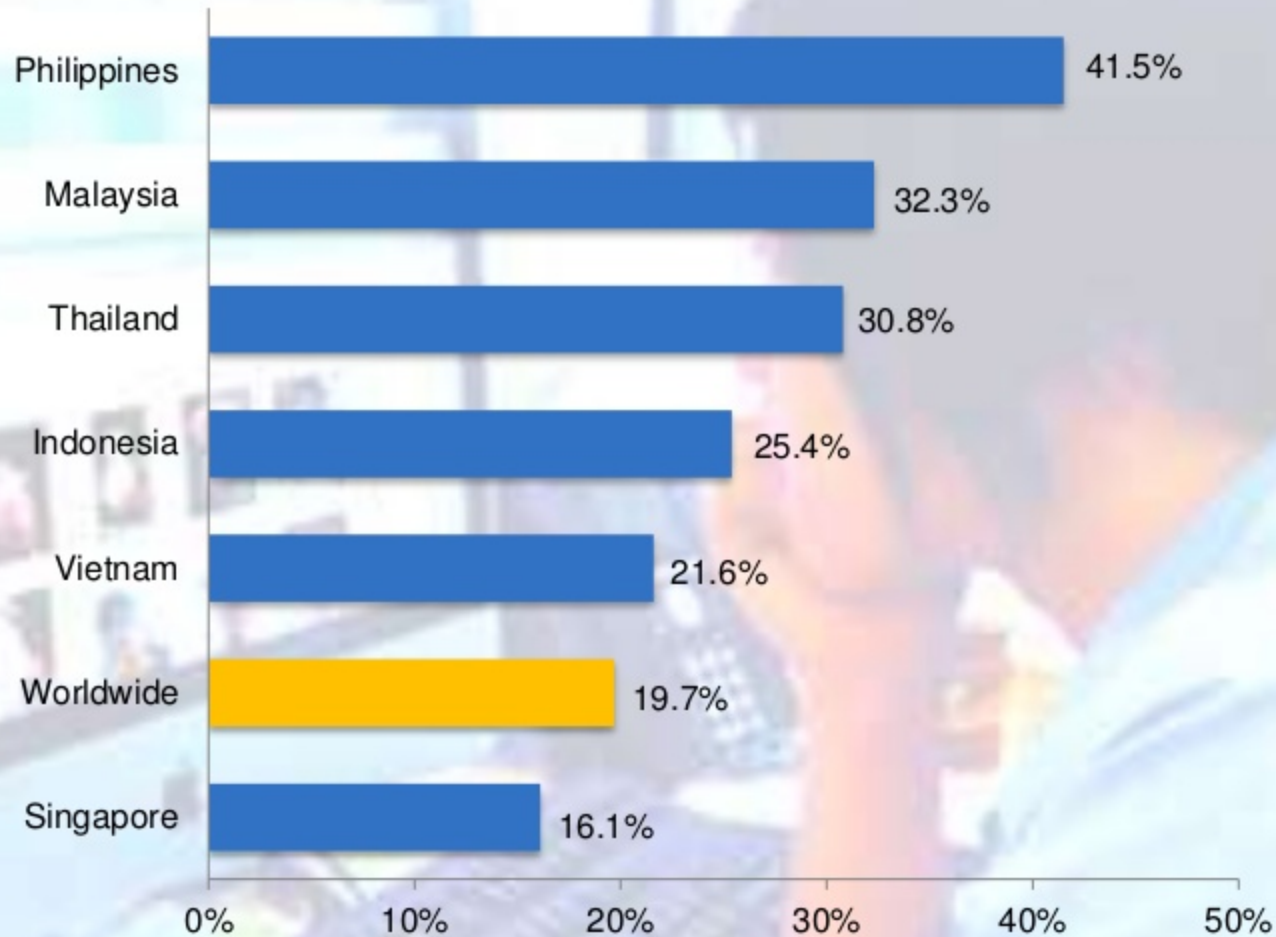
Southeast Asia is outpacing the US toward an equal mobile/desktop traffic share...



Source: StatCounter 2013

▶ Social networks take up a large share of time online

Social Network Share of Time Spent Online



Source: Southeast Asia Digital Future in Focus 2013, ComScore

▶ Most Promising Emerging Markets for Investors

Rank	Country	Overall Score
1	China	80.2
2	Thailand	63.5
3	Peru	60.9
4	Chile	56.5
5	Malaysia	52.4
6	Poland	51.3
7	Turkey	50.9
8	Russia	50.5
9	Indonesia	49.8
10	Czech Republic	47.7
11	Hungary	47.4
12	Colombia	47.1
13	South Africa	44.7
14	Mexico	44.0
15	India	42.3

* March 2012 issue of
Bloomberg Markets