Golden Gate Ventures

Southeast Asia Exit Landscape

A NEW FRONTIER

In partnership with INSEAD The Global Private Equity Initiative

September, 2019

Our Motivation

Southeast Asia (SEA) has a young and vibrant technology startup ecosystem. An ecosystem that is **maturing at a rapid pace** with capital increasingly allocated to up and coming tech startups.

With the rise of unicorns, foreign venture capital and corporates, **Golden Gate Ventures** in partnership with **INSEAD** felt it was time to revisit earlier research (The Bamboo Report, Q3 2015*) relating to the exit landscape.

In the analysis we're taking a deeper look at the **historical exits** (strategic acquisitions, IPOs and trade sales) and make a forecast of potential exits for the next 6 years.

* https://goldengate.vc/bamboo-report-july-2015/

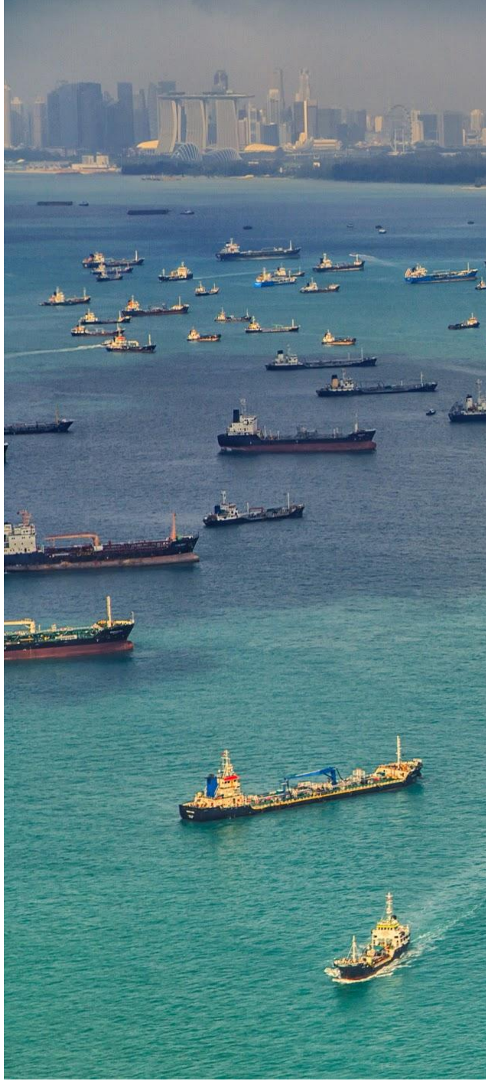


Table of Contents

Overview

Overview is a high level summary of the report and talks briefly about the methodology to come to the number of exits.

Perspectives

Perspectives gives an in-depth view of historical acquisitions, the general partner survey and funding dynamics in Southeast Asia.

Predictions

Predictions puts together historical data and assumptions on the funding landscape to come to an assessment of the exit landscape between 2020 and 2025.

Overview

An Evolving Landscape

We updated our previous forecast made in 2015 given numerous developments in the past few years

We re-looked our previous predictions (Bamboo Report, Q3 2015) and found them to be generally in line (albeit slightly too conservative) with the actual exits between 2016-2018.

With many recent developments in the past few years, such as the 2017 IPO of Sea Group on NYSE, Grab's acquisition of Uber SEA in 2018, **and the emergence of at least 6 new SEA unicorns since 2015,** we decided to re-evaluate the SEA exit landscape, conduct a survey in collaboration with INSEAD to gauge General Partners' (GP) sentiments, and develop a new forecast.

In this new forecast, we decided to employ a new methodology, leveraging past Southeast Asia (SEA) exit data, as well as inputs from global benchmarks and results from INSEAD's survey. **We are estimating at least 700 anticipated startup exits between 2023-2025,** and this is inline with the overall optimism that other GPs have according to the survey.

Among major drivers of future exits include: Unicorns becoming acquirer (example of Go-Jek* acquiring 7 other startups in SEA between 2017 - YTD 2019), growing Corporate VCs investment (Toyota's 1 billion investment into Grab was 2018's largest CVC deal, globally), growing global PEs participation (highlighted by Warburg Pincus's USD$4+ billion dedicated fund for SEA and China), and initiatives by various stock exchanges to support more startup listings sparked and inspired by Sea Group's IPO, and Razer's IPO in 2017.

*Disclaimer: Golden Gate Ventures is a shareholder in Go-Jek

Forecast | We foresee 700+ exits between 2023-2025

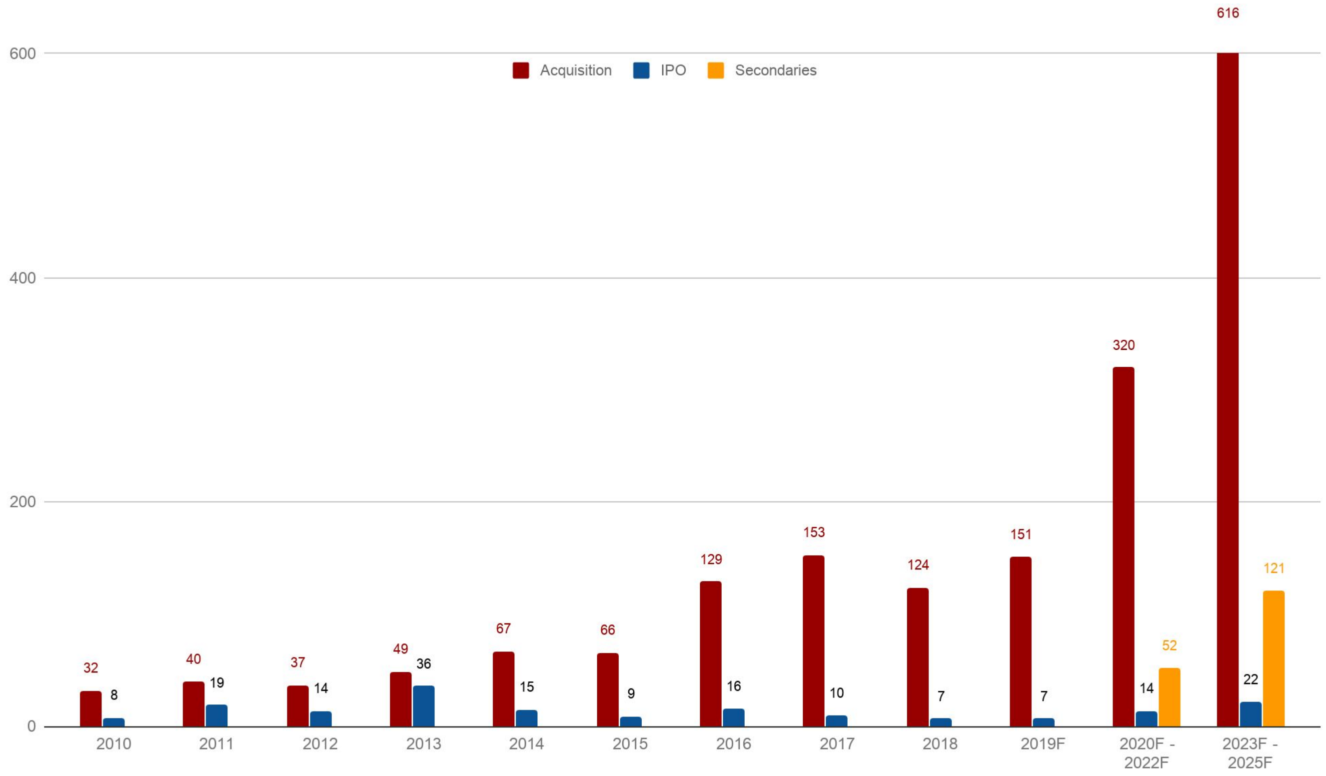
Our predictions: Number of exits by type

Methodology

1. Probability of Exit
2. Time to exit
3. Historical & Forecast Funding
4. Forecast Future Exit
5. Forecast Exit Split (Acquisitions, IPO, Secondaries)

Overall Trends

- In a **maturing ecosystem** most exits are driven by **regional** tech giants and not Chinese based tech-enabled corporates.
- **Secondaries** will become a bigger trend post 2022.
- Large increase in exits after 2022 due to **end of fund life** for early venture funds.
- Influx of **fresh capital** will help validate more business models and push more companies towards growth and pre-IPO stage.



Perspectives

Ventures Capital perspective on Southeast Asia exits

We are very optimistic that Southeast Asia will maintain its strong exit momentum

“Pipeline to exit has emerged clearly in the region by now. The first stage involving smaller acquisitions is - everywhere - as we all have seen. The second stage, the rollup of local startups into a consolidated, significant regional player, is picking up, with regional tech giants leading the pack with over 28 acquisitions made since 2014. It’s interesting to see how the third stage, the exit of regional entity itself (other than the Sea Group IPO and Lazada), will spring out in the coming years.”

Justin Hall, Partner Golden Gate Ventures

“We are very optimistic of the SEA startups exit trend going forward. And this has been confirmed by various global GPs surveyed by INSEAD (in collaboration with Golden Gate Ventures). In fact, a quarter of them have exceedingly favorable view, citing US/China instability as another major factor driving investments into Southeast Asian startups. More global investors, like Warburg Pincus (which has recently announced a fund dedicated to SEA and China) are looking closely at the region. The increase in capital will lead to more startups being able to expand across SEA and prove their long term sustainability. This will make them attractive acquisition targets in the long term. ”

Michael Lints, Partner Golden Gate Ventures

INSEAD GLOBAL PE Initiative

INSEAD The Global Private Equity Initiative

Perspectives from the academic field regarding the Southeast Asian landscape

The entrepreneurial ecosystem in Southeast Asia is thriving

"There is certainly no better time to be an entrepreneur in the thriving entrepreneurial ecosystem of Southeast Asia. Investors in Europe and the US are looking to increase their exposure to the funds in this region and those imminent exits will only increase their commitment. The growing interest of corporates in the startup space is certainly a development to watch; they may offer an additional exit avenue or fill funding gaps in certain countries."

Claudia Zeisberger, Professor of Entrepreneurship & Family Enterprise at INSEAD

Singapore Exchange | SGX

Perspectives from stock exchanges regarding the Southeast Asian landscape

Tech startups can count on continued support from the stock exchanges to raise funds

"SGX's suite of capital raising options allow companies to raise funds through equity and bond listings, and caters to the needs of companies at different stages of growth. SGX's partnerships and network, including our collaboration with Nasdaq, allow startups to tap the capital market in Singapore and globally, creating a platform of new opportunities to support their growth ambitions.

Founders can benefit from Singapore's stable, well-regulated and transparent business environment, as well as international connectivity, to focus on scaling and building their venture."

Chew Sutat, Senior Managing Director, Head of Global Sales and Origination at SGX

Key Exit Drivers

Increasing number of regional tech giants.

Regional tech companies are increasingly acquiring companies to expand their market reach or product range (**100% CAGR between 2015 - 2018**).

Increase of liquidity across various stages of venture.

Southeast Asia has seen an increasing number of local and regional VC funds. VC investment **increased in 2018 with 311 announced deals**, valued at US$5.2b, compared to 230 announced deals worth US$4.1b in 2017*.

Continued support from regional and global stock exchanges.

The region hasn't seen many IPOs to date. With the increase of **capital and validation** of the market Southeast Asia will see more companies ripe for an IPO.

First cohort of institutional venture funds are at the end of their fund life. The first cohort will exit their portfolio in the next 2 years.

2010 - 2012 saw the first cohort of institutional venture funds that invested in Southeast Asia tech startups. These funds in general will get to the end of their fund life from 2020. The general partners for these funds will drive exits before closing the fund. This means a significant increase in M&A transactions, secondaries, and acqui'hires. Venture funds raised after 2014 will start driving exits from 2022 onwards, etc. **Coming to the end of a fund life will be the first time in Southeast Asia and a key factor in the number of exits.**

***Sources:** EY

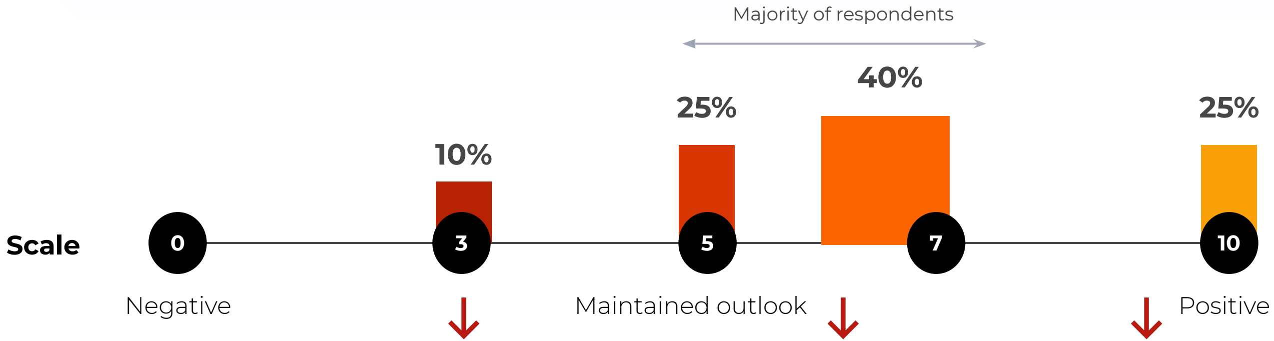
Survey Results | Rating the future outlook

Perspectives from Golden Gate Ventures-INSEAD's survey on SEA exit outlook

QUESTION ONE

How would you rate the future exit outlook, next 3 to 5 years, out of a scale 0-10?

[0 = "Much more negative", 5 = "Maintaining similar outlook", 10 = "Much brighter outlook"]



Few new positive catalysts but serious risk of **global down-turn** and/or VC bubble burst.

Few significant changes related to **emergence of larger strategic players**, funds, industry & startups maturing.

US/China instability to drive investment to SEA, which is among regions with largest online populations; somewhat lower competition.

Survey Results | Factors affecting the landscape

Perspectives from Golden Gate Ventures-INSEAD's survey on SEA exit outlook

QUESTION TWO

What do you think are the **most important factors affecting the exit landscape?**

Liquidity/Funding

[+] More dry powder; Larger funds, & strategic players; High valuations make exit attractive.

[-] Too much funding, VC investments price correction.

Activities

[+] Unicorns becoming acquirers; Late-stage doing secondary sales; More inorganic growth; Emergence of regional consolidators.

Macro

[+] SEA's GDP growth.

[-] China's slow down.

Startups; Enablers

[+] Many startups maturing, thinking about IPOs; initiatives by exchanges.

[-] Weak governance/operations and structures.

Misc.

[-] Growing competition; Stock markets don't understand VC investments.

Survey Results | Economic cycles

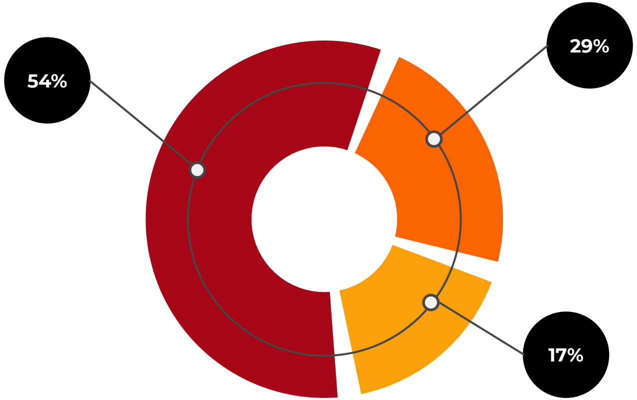
Perspectives from Golden Gate Ventures-INSEAD's survey on SEA exit outlook

QUESTION THREE

SEA startups have only been enjoying the expanding econ. cycle so far, **how do you think startups and other players in the ecosystem are prepared for a possible downturn?**

NOT PREPARED

- Low revenue, zero/low profits.
- Founders/managements have no experience or are not incentivized to believe there'll be downturn.
- Proper contingency plans required otherwise will suffer from lower growth and high burn rate.



SHOULD BE OKAY

- Would be able to cope much better than rest of world due to ability to reduce costs.
- VC/PE as asset class is generally counter cyclical; startups may weather downturns better than listed companies.

NO DOWNTURN

Recent Dev. & Trends | Recent positive trends set to propel more exits

Key themes affecting the landscape

Unicorns becoming acquirers

Largest acquisition made by SEA unicorns in 2019 is Singapore headquartered Trax* acquiring Shopkick (for $200 m)

California-based rewards app, to merge data from its in-store shelf tracking service with Shopkick's shopper data.

Growing Corporate VC investments

One of the largest CVC-backed investment in 2018 took place in SEA: Toyota invested $1 bn **("largest-ever investment globally by an automotive manufacturer")** into **Grab's Series H** financing round, alongside Yamaha, Hyundai, Microsoft, and many others.

Growing Global PEs participation

Global PEs are looking further into the region as apparent by **emergence of SEA-dedicated funds**, such as by **Warburg Pincus**. "Southeast Asia is exhibiting many of the strong investment themes and trends which have driven our China business over the last 25 years."

Initiatives & supports from stock exchanges

Several initiatives by regional and international stock exchanges are **poised to accommodate further listings** of Southeast Asian startups.

*Disclaimer: Trax also services markets outside SEA

Recent Dev. & Trends | SEA unicorns have emerged as major exit drivers

Key themes affecting the landscape

- Recent acquisitions spree made by SEA unicorns particularly **Gojek** and **Trax** highlights **how unicorns have emerged as potentially the biggest drivers of exits** in the region, as suggested by Nikkei Asian Review in its June 2019 article.
- Virtually all SEA unicorns have made **at least one acquisition.**
- As shown in the table, several unicorns including **Traveloka**, **Razer**, and **Trax** went on acquisitions spree as they achieved unicorns status. **Gojek**, however, embarked upon its acquisition journey even a couple years before they became unicorn.

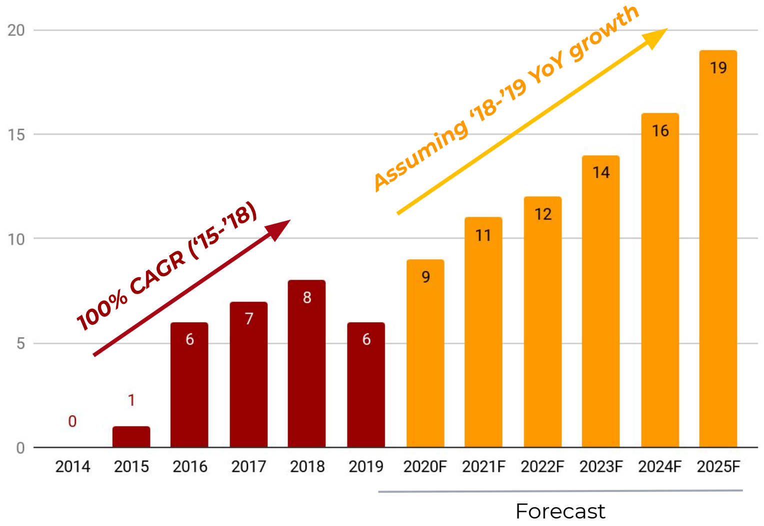
Unicorn	Year Became Unicorn	No. of acqui-sitions	Acquisitions (year)
Go-Jek	2018	11	AirCTO ('19), Coins.ph ('19), Promogo ('18), Pianta ('16), Midtrans ('17), PT Ruma ('17), C42 ('16), MVCommerce ('16), Leftshift Tech ('16), Kartuku ('17), LOKET ('17)
Trax	2019	4	Planorama ('19), Shopkick ('19), LenzTech ('19), Quri ('18)
Razer	2015	4	OUYA ('15), MOL ('18), THX ('16), Nextbit ('17)
Traveloka	2017	3	Mytour ('18), Pegipegi ('18), Travel Book ('18)
Grab	2018	2	Kudo ('17), iKaaz ('18)
Sea	2015	1	Foody ('17)
Tokopedia	2018	1	Bridestory ('19)
Bukalapak	2017	1	Prelo ('18)
Lazada	2014	1	RedMart ('16)

Recent Dev. & Trends | 28 acquisitions made by SEA unicorns in past 5 years

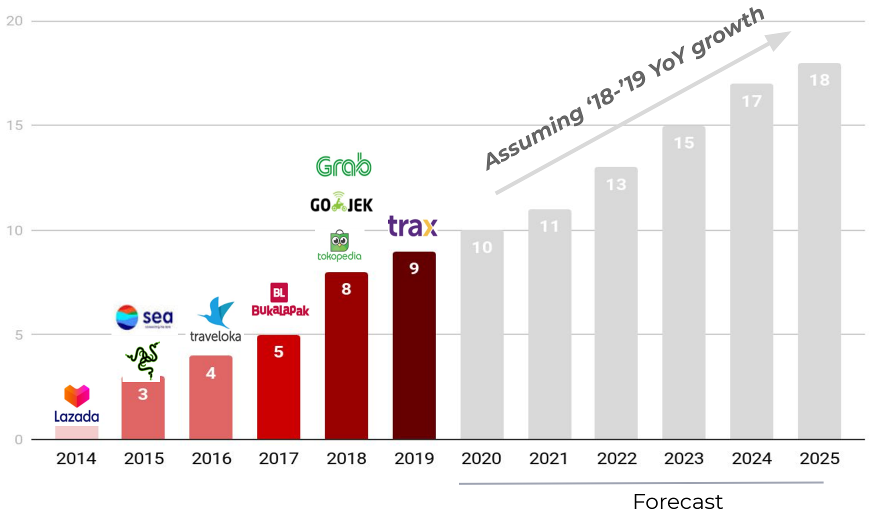
Key themes affecting the landscape

Total of 28 startup acquisitions by the 9 SEA unicorns to date. Annual growth rate for acquisitions is 100% over the period of 2014-2019.

More acquisitions are expected in the coming years as more unicorns will emerge (recent examples are Grab, Gojek, Tokopedia, and Trax in 2018-2019).



No. of acquisitions made by SEA unicorns (per year)



No. of SEA unicorns (cumulative)

Sources: Crunchbase Pro (accessed August 2019)

Recent Dev. & Trends | Growing Corporate VC presence & investment

Key themes affecting the landscape

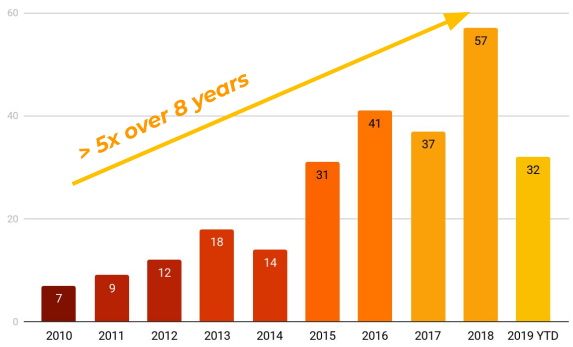
SEA-based CVCs[1]

Singapore	FAR EAST VENTURES, sph MEDIA FUND, CapitaLand, Keppel Capital, ST Engineering, Singtel innov8, PSA UNBOXED, Grab Ventures
Thailand	Digital Ventures, AddVentures by SCG, beacon venture capital, Galaxy Ventures, Krungsri Finnovate, Siri Ventures, InVent, Singha Ventures
Indonesia	central capital ventura, MDI, Prasetia, mandiri capital, GO-VENTURES
Malaysia	SUNWAY, RA Tree Intra
Philippines	KICKSTART, Springboard

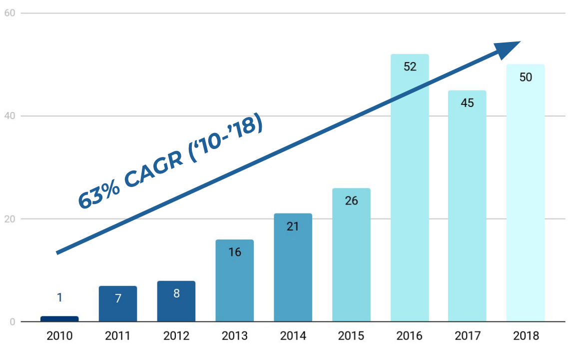
International CVCs[1]

Rakuten, NASPERS, Hubert Burda Media

Total no. of CVCs in SEA 1) (cumulative)



No. of investment made by SEA CVCs 1) (per year)



Most CVCs in SEA belong to traditional, family-run businesses / conglomerates / banks (e.g., SPH Media, MDI, Far East) rather than part of digital companies (like **Tencent, Alibaba, Google**) in China and USA.

"Entering the digital space is inevitable for corporate firms," Willson Cuaca, founder and managing director of an independent venture capital firm, East Ventures, points out in KrAsia [https://kr-asia.com/the-corporates-are-here]
"However, let's put CVCs into two categories: those that belong to traditional businesses such as family-run businesses, conglomerates, and telcos and those that are part of digital companies like Tencent, Alibaba, Google, and Microsoft. The majority of CVC firms in Southeast Asia belong to the former and I believe they have been beneficial to the overall startup ecosystem here."

As no. of CVCs grows remarkably over past decade, **CVC investments hit 50 in 2016, registering over 60% CAGR**.

Sources: Crunchbase Pro (accessed August 2019) **Note 1):** List of CVCs from Crunchbase (according to their definition)

Recent Dev. & Trends | More participation of global PE firms

Key themes affecting the landscape

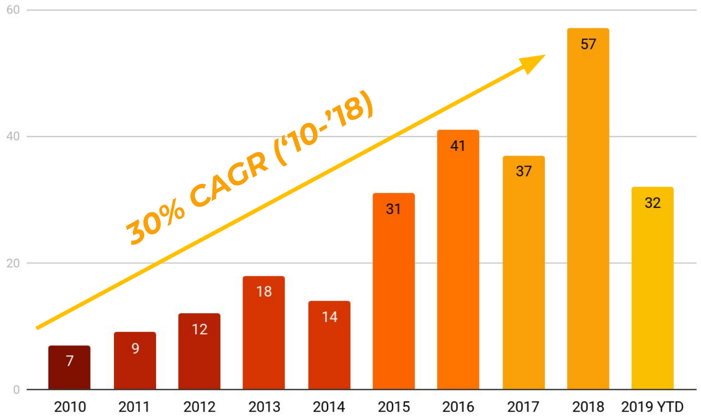
- Not only instances of mega funds (USD$500M+) emerging in SEA to cater to a flourishing ecosystem of founders and startups, we are also seeing **emergence of more institutional funds from North Asia**. On top of **Chinese** tech giants like Tencent and Alibaba, we are now seeing **Korean** (e.g., Hyundai, GS Shop) and **Japanese** (e.g., DCM) **institutions** placing greater emphasis on investment in the region.

- Global players such as **Warburg Pincus** also recently announced **new $4.25 billion fund dedicated to Southeast Asia and China**

Global PEs with SEA investments

KKR, IDG Capital Partners, Blackstone, Warburg Pincus, Apax Partners, General Atlantic, dcm, IFC International Finance Corporation, Tiger Global, Oak Investment Partners, Summit Partners, Insight Partners, The Carlyle Group, TPG

No. of investments made in SEA by global PE funds (per year)



"SEA is exhibiting many of the strong investment themes and trends which have driven our China business over the last 25 years."

- Jeff Perlman, Managing Director of Warburg Pincus LLC

Source: Nikkei Asian Review - June 27, 2019

Sources: Crunchbase Pro (accessed August 2019)

Recent Dev. & Trends | More support from various stock exchanges

Key themes affecting the landscape

Global — Regional exchanges

United States

NASDAQ has established collaborative listings agreement with SGX to help build a ***funding pathway*** where startups can first list & raise capital on SGX before listing on NASDAQ (to attract more interests from institutional investors)

The **IPO of Sea Group on NYSE** in 2017 has set a precedent that leads to more SEA startups aspiring to list in the West, cementing the U.S. exchanges as an alternative to the Australian or other SEA exchanges

Indonesia

IDX Indonesia Stock Exchange Bursa Efek Indonesia

Indonesia's stock exchange (IDX) announced **plans to launch a dedicated technology section in 2019 to host IPOs by startups**

It has been working with financial regulator Otoritas Jasa Keuangan (OJK) to amend IPO rules, which currently require companies to be profitable within two years of listing. "***With this new technology board (and change in regulations), startups, including Go-Jek, will be able to list at IDX because they will have up to 6 years after listing to become profitable***," according to press release by IDX director Nyoman Yetna Setia

Singapore

SGX

SGX's Catalist Platform is supportive of the listing of technology startups - the rules are designed to facilitate inorganic growth/acquisitive strategies by startups as they expand, with only a public float requirement of 15% (vs. 25% in any other growth boards)

To expand its suite of funding options, **SGX also has invested into 1X** - the first and only regulated private securities exchange in Singapore

Singapore Exchange (SGX) introduced rules that make possible the listing of companies with dual class shares (DCS) structures as Singapore gears up for the New Economy. "SGX today joins global exchanges in Canada, Europe and the US where companies led by founder entrepreneurs who require funding for a rapid ramp-up of the business while retaining the ability to execute on a long-term strategy, are able to list. Investors who understand and agree with the business model and management of DCS companies will also have more choice.

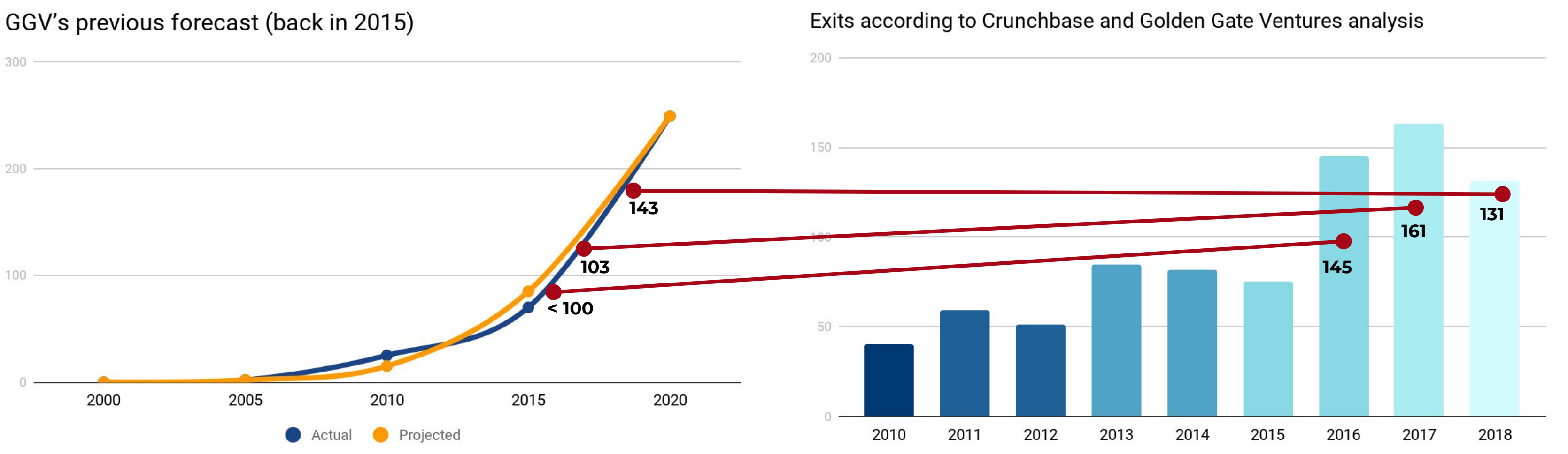
Other stock exchanges are: Japan (Mothers Board), Hong Kong and Australia (ASX).

Predictions

Predictions

Our previous predictions for 2016-2017 were slightly conservative compared to actual results.

Acquisition exits



Note: We applied a 15% haircut on the number of exits from Crunchbase as, when looking closely, we found Crunchbase to actually have included 10-15% non-tech deals within the period.

Sources: Golden Gate Ventures analysis, Crunchbase

Conclusion

An increase in available venture capital funding, will lead to more companies reaching the growth stage (with proven business models and scalability) and becoming acquisition targets for MNCs, tech corporates and private equity funds. The increase in late stage funding from PE funds (30%) and CVCs (63%) will prove crucial for a viable exit landscape.

Regional and US stock exchanges remain positive about listing technology startups in the coming years. Institutional investors will need education about the Southeast Asian potential.

Golden Gate Ventures foresees M&A, trade sales and secondary sales as the major driver for exits in Southeast Asia. Currently, strongest acquirers are local and regional tech giants as supposed to Chinese or global tech firms.

A word of caution. The report doesn't conclude if historical exits have showed good returns for VC funds and their limited partners. The current outlook for the ecosystem warrants reinvestments but the exits from the first cohort still need to happen at a large scale.

Regional tech giants will continue to acquire startups to strengthen their platforms and extend their market reach.

Predictions

We used a different approach in this new forecast:

Methodology

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Probability of Exit	**Time to Exit**	**Historical & Forecast Funding**	**Forecast Future Exits**	**Forecast Exit Split (M&A, IPO, 2ndary)**
We look at global benchmarks and determine appropriate probability for existing SEA startups	We use data from Crunchbase to estimate SEA's average time to exit from different stages of startup	We look at SEA's previous funding trend and forecast future funding for 2019-2023, using previous CAGR	We apply probability of exit, in phases, according to avg. time to exit - to our forecasted no. of startups receiving funding in 2019-2023	We apply our assumption on exit split based on surveys conducted by INSEAD

Predictions

We looked at global benchmarks for probability of reaching successful exits and applied to Southeast Asia

Step 1: Probability of Exit

Global (USA & EU) benchmarks

Global (USA & EU) benchmarks

Probability of startups reaching successful exits based on different surveys conducted are:

	Radicle	dealroom.co	crunchbase news
Seed	3%	7%	9%
Series A	11%	12%	12%
Series B	16%	18%	14%
Series C	19%	22%	15%
Series D	22%	29%	16%

Radicle: Sample of 35,568 startups founded between 1990 and 2010, 6,856 of which eventually achieved IPO or acquisition

Dealroom.co: Sample of European startups, cohorts between 2010-2013, data (especially for seeds) potentially affected by survival bias

CB News: Sample of 15,600 USA-based tech companies founded between 2003-2013

Adjustments for SEA

We asked ~10 GPs if they think the global benchmarks potentially reflect the exit chances for startups in Southeast Asia

~65% of respondents believe the probability can be somewhat applied to startups in Southeast Asia

Split view (about half-half) on whether the probability should be adjusted slightly upward or downward when applying to Southeast Asian startups

Therefore, we assumed no adjustment needed

Our Assumptions

Based on our proprietary data we have been tracking for over 7 years and the survey results, we made the following assumptions:

Seed - 10%
Angel - 10%
Series A - 15%
Series B - 18%
Series C - 22%
Series D - 30%

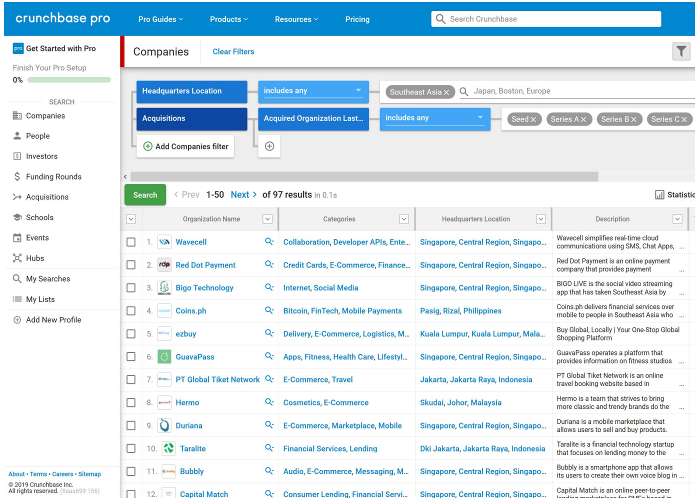
INSEAD The Global Private Equity Initiative

Predictions

We looked at 80+ past SEA exits to determine average time it took from latest stage of funding

Step 2: Time to Exit

CrunchBase's exhaustive list of past SEA exits



Avg. number of years to exit, from different latest funding stage

Exit data from Crunchbase, exhaustive (all cats), "all SEA (HQ)-based startups that have exited from Seed, A, B, C, D, E, F, G, H stages

	No.	Average (across stage)	Seed; number	Seed; time	Series A; number	Series A; time	Series B; number	Series B; time	Series C+; number	Series C+; time
Ads	3	1.9	2		0	1.9	0	1.9	1	1.9
Consulting	3	3.6	3		0	2.8	0	2.2	0	2
Ecommerce	23	2.3	7		11	2.6	2	1.8	3	1.6
Financial services	8	2.1	3	Avg. 7 years from proprie-tary data	3	1.5	2	1.3	0	1
Healthcare	3	1.7	1		1	2.2	0	2.0	1	1.8
Infotech	7	3	5		1	2.6	1	1.8	0	1.6
Internet	13	1.4	10		0	1.4	0	1.4	3	1.4
Manufacturing	4	3.8	1		1	5.4	1	3.5	1	3.2
Software	16	2.6	11		2	1.9	1	1.8	2	1.7
Others	4	2.8	2		2	2.3	0	2	0	1.8
Education	0									
Total	**84**	2.52	**45**	7	**21**	3-4	**7**	3-4	**11**	2-3

Our Assumptions

We initially wanted to use average time "by category", but the data from Crunchbase unfortunately does not map out.

Therefore, we decided to use **"7 years"** as avg. exit time from seed stage, across categories, and **"3-4 years"** from Series B+.

Predictions

We forecasted funding based on past CAGR and predicted no. of exits based on probability & time

Step 3: Forecast

Our Forecast

We used past CAGR ('15-'18) to estimate number of startups potentially funded between 2019-2023

We then applied appropriate probability of exit to the estimated number of startups in each stage, each year corresponding to the time lag (number of years to exit) as highlighted in different colors

	Funded	Funded	Funded	Funded	Funded	Funded	Funded	Funded	Funded	Funded	Exit	Exit	Exit	Exit	Exit	Exit	Exit
Latest funding	Before 2015	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Seed	324	190	240	246	286	327	375	430	493	565	20	24	27	34	43	44	51
Angel	66	32	34	43	42	46	50	54	59	65	8	12	18	21	7	7	8
A	97	47	38	59	89	110	136	168	209	258	20	26	31	37	44	52	61
B	23	8	11	19	44	73	119	196	321	527	8	10	16	22	36	59	96
C	12	5	0	5	12	16	22	30	41	55	5	9	10	8	11	14	19
D	5	1	2	1	6	10	18	30	51	88	3	5	9	7	12	21	35
E/F	1	0	0	1	1	1.32	2.74	5.62	10.42	17.75	1	3	5	1	3	5	9
Unknown	131	29	50	62	104	160	246	378	581	893	12	15	22	16	25	38	58
7M19 exits											73						
Sum	659	312	376	437	584	744	969	1,293	1,766	2,469	150	103	137	147	180	240	338
CAGR					23%				33%								15%

	Probability	Best case	Time to	Average
Seed	18%	10%	7	3.1
Angel	15%	10%	8	3.1
A	25%	15%	4	2.5
B	30%	16%	3	2.0
C	35%	20%	2	1.8
D	40%	24%	2	1.8
E/F	50%	24%	2	1.8
Unknown	10%		3	3.1

Exits	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
No. of M&As	21	32	40	37	49	67	66	129	153	124
	78%	80%	68%	73%	58%	82%	88%	89%	94%	95%
No. of IPOs	6	8	19	14	36	15	9	16	10	7
	22%	20%	32%	27%	42%	18%	12%	11%	6%	5%
Both	27	40	59	51	85	82	75	145	163	131
CAGR M&A										22%

Sanity Check

We compared our results with our previous forecast ("Asia Bamboo Report II") and a 'straightforward forecast' based on previous exits CAGR between 2009-2018.

Our new forecast is found to be very conservative.

Forecast (new approach)

	2017A	2018A	2019F	2020-2022	2023-2025
M&A	153	124	~151	~320	~616
IPO	10	7	~7	~14	~22
Total	163	131	~158	~334	~638

Forecast (CAGR '09-'18)

	2017A	2018A	2019F	2020-2022	2023-2025
M&A	153	124	151	680	1230
IPO	10	7	8	35	65
Total	163	131	159	715	1,295

Forecast (previous GGV)

	2017F	2018F	2019F	2020-2022
M&A	100	140	190	250
IPO	3	3	3	3
Total	103	143	193	750+

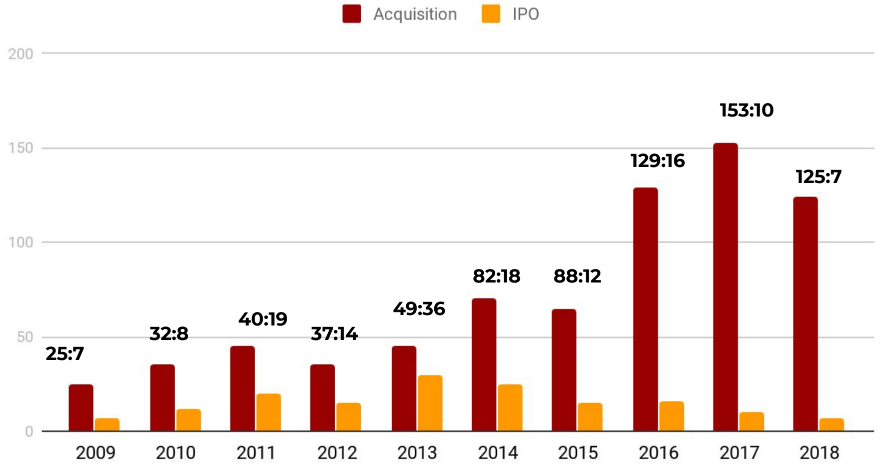
Predictions

We looked at 80+ past SEA exits to determine average time it took from latest stage of funding

Step 4: Forecast future exits

Previous exits trend, by type

Number of Successful Exits, split between Acquisition & IPO



Sources: Crunchbase Pro (accessed August 2019)

Views on future exit split

We asked ~10 GPs if they think the exit split currently about 95% M&A: 5% IPO would remain the same or evolve in certain direction

GPs expect the split to be roughly: 70-95% for M&A, 5-25% for secondary, and 1-5% or more for IPO

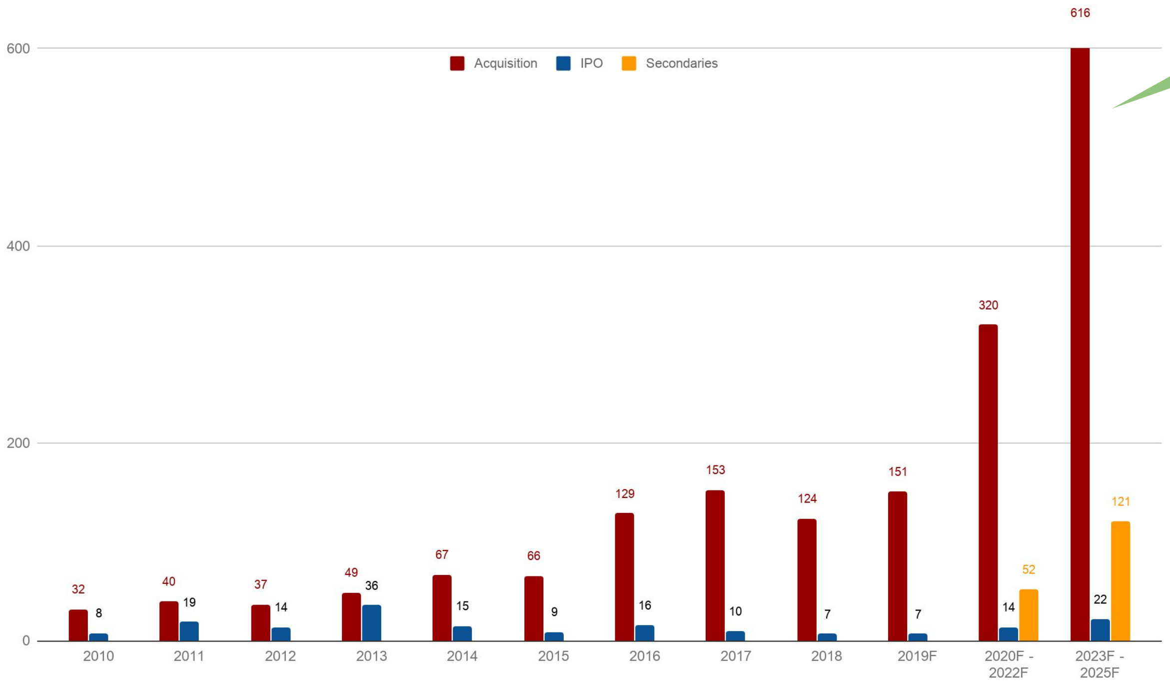
For IPO:
~37.5% of respondents believe IPO% would remain roughly the same
~37.5% believe IPO% would be lower (can potentially drop to as little as 1%)
~25% believe IPO% would be higher

For Acquisition:
Split view on whether proportion of strategic M&A or secondary acquisition would be higher

INSEAD The Global Private Equity Initiative

Predictions | Results

Step 5: Actual and forecasted exits by type



Sanity Check

Makes sense vs. China's ~10x number (7,500+) - see Appendix.

Our analysis yields a conservative baseline forecast of about:

120+ acquisition and close to 10 IPO exits in 2019.

Total of ~300+ acquisitions and ~15 IPO exits between 2020 and 2022.

Total of ~600 acquisitions and ~20 IPO exits between 2023-2025.

Thus, we expect to see at least 900+ exits for the next 6 years.

This is a slight 'markdown' from our previous prediction of 250 exits in 2020 alone.

Predictions

Looking at past data by vertical, we expect to see 50% of the exits respectively in SaaS & E-commerce

Results (by vertical)

Past Exits

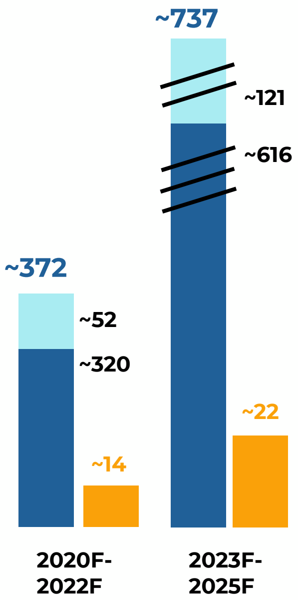
We looked at Crunchbase's data on 80+ previous exits in SEA (all that was found from each latest funding stage), and found the breakdown by verticals to be:

- 28% E-commerce
- 19% SaaS/Enterprise
- 19% Others
- 16% Leisure/Entertainment/Social media
- 10% FinTech
- 5% Manufacturing/D2C
- 4% Healthcare

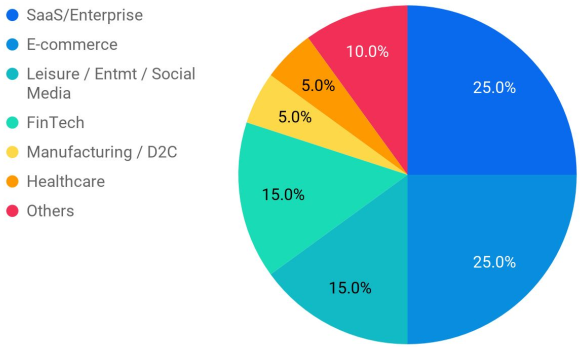
Our View & Justifications

For the period 2020-2025, we expect to see **higher % of SaaS/Enterprise and FinTech**, and potentially **slightly lower % for E-commerce** as marketplace as a business model seems to be losing its previous momentum.

Our Forecast:



Est. of Potential Exits by Vertical



Assuming:

25% E-commerce
25% SaaS / Enterprise
15% Leisure / Entmt / Social Media
15% FinTech
5% MFG / D2C
5% Healthcare
10% Others

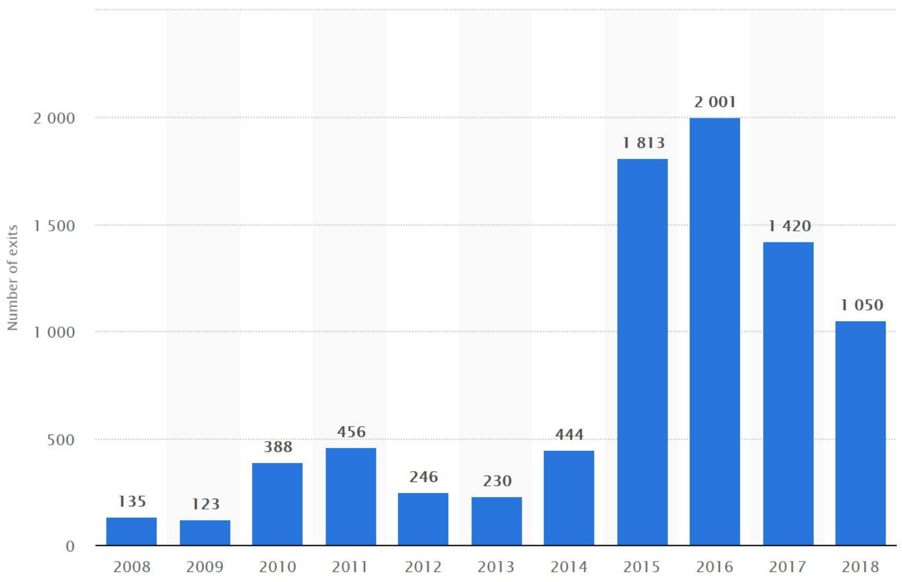
Sources: Crunchbase Pro (accessed August 2019)

Appendix

China

Secondary acquisitions were on average around 1,500 between 2015-2018, assuming they contribute at most 20% of total exit, the the number of exits would be 7,500+

Number of venture capital investment exits in China from 2008 to 2018



DESCRIPTION SOURCE MORE INFORMATION

by Shu Han,
last edited Apr 9, 2019

The graph shows venture capital exits in China from 2008 to 2018. In 2018, 1,050 venture capital investments in China were exited. Venture capital, also called risk capital, is defined as a temporary equity investment in young, innovative, non-listed companies that tend to stand out despite a lack of earning power but nevertheless with an above-average growth potential.

Sources: Statista (accessed August 2019)

Overview Golden Gate Ventures

The Firm

- **Established 2011,** first investment in 2012
- Offices in Singapore, Malaysia, and Indonesia
- Team of 18 with 8 investment professionals
- **Raised three Asian VC funds**, with over US$200M total assets under management
- **Named Top 5 VC in SEA** by KPMG, and third most active from by CB Insights

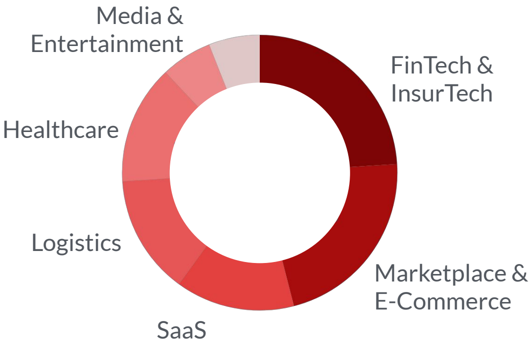
Historical Performance*

- Portfolio companies raised over US$600M
- Investment focus in all the major Southeast Asian markets, with a **focus on mobile**.
- 45+ investments across 8 countries
- Over US$5B+ total valuation by portfolio
- Respective **IRRs of >20%** for Fund I and Fund II

Limited Partners

TEMASEK HOLDINGS
MITSUI FUDOSAN
Hanwha
Eduardo Saverin
NAVER
中國信託金控 CTBC HOLDING
MISTLETOE

By Industry



By Geography

- Singapore
- Indonesia
- Thailand
- Vietnam
- Malaysia
- Philippines
- Hong Kong
- Taiwan
- South. Korea

Notable Investments

carousell
funding societies
omise
CARRO
MONEYSMART
ritase.com
ALODOKTER
redmart
xendit

* *Total portfolio valuation and funds raised is based on latest follow rounds of portfolio companies. IRR calculation is based on unrealized returns (2012 - YTD 2019)*

Overview INSEAD

About INSEAD

As one of the world's leading and largest graduate business schools, INSEAD brings together people, cultures and ideas to develop responsible leaders who transform business and society. Our research, teaching and partnerships reflect this global perspective and cultural diversity.

With campuses in Europe (France), Asia (Singapore) and the Middle East (Abu Dhabi), INSEAD's business education and research spans three continents. Our 155 renowned Faculty members from 40 countries inspire more than 1,300 degree participants annually in our MBA, Executive MBA, Specialised Master's degrees (Master in Finance, Executive Master in Change) and PhD programmes. In addition, more than 12,000 executives participate in INSEAD Executive Education programmes each year.
INSEAD continues to conduct cutting-edge research and innovate across all our programmes. We provide business leaders with the knowledge and awareness to operate anywhere. These core values drive academic excellence and serve the global community as The Business School for the World.

About GPEI

The Global Private Equity Initiative (GPEI) drives teaching, research and events in the field of private equity and related alternative investments at INSEAD.

It was launched in 2009 to combine the rigour and reach of the school's research capabilities with the talents of global professionals in the private equity industry. The GPEI aims to enhance the productivity of the capital deployed in this asset class and focuses attention on newer areas shaping the industry such as impact investing and operational value creation, and specific groups of LPs like family offices and sovereign wealth funds.

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Southeast Asia Exit Landscape
A New Frontier

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