

Southwest Asia Exit Landscape Report 2.0



Golden Gate Ventures



The Global Private
Equity Initiative

Introduction

Golden Gate Ventures conducted a Southeast Asian Landscape report for the first time in 2015. This Bamboo report was meant to give an in-depth view of the potential for Southeast Asia. Since then the Southeast Asia startup ecosystem grew from strength to strength. The potential of the ecosystem was clear, although questions remained about potential liquidity events. This led Golden Gate Ventures in partnership with INSEAD to publishing the first edition of the Exit Landscape report in 2019. The report helped analyse some of the growth levers for the exit landscape across Southeast Asia. A combination of new capital investing in growth companies, increase of secondary transactions and regional unicorns acquiring startups, lifted the exits to new heights. In our second edition, we discuss the impact of the pandemic on the exit landscape forecast and the rise of SPACs in Southeast Asia.

INSEAD has once again partnered with Golden Gate Ventures for the second edition of the report.

Golden Gate Ventures conducted the research for this report through General Partner (GP) and Limited Partner (LP) surveys (page 22 to 28). These investors were selected by INSEAD and Golden Gate Ventures, and all have experience with technology investments in Southeast Asia. The surveys provide a unique and valuable glimpse at on-the-ground trends from the perspective of seasoned investors.

Proprietary technology data was used for the second part of the research. Since 2012, Golden Gate Ventures tracked the Southeast Asian startup ecosystem. Data such as timing between funding rounds and fundraising success rates have been instrumental for drafting this report. In addition to surveys and proprietary data, this report also incorporates data from public databases and reports to provide a comprehensive view of the exit landscape in the region and expectations for the exciting years ahead.



Executive Summary

This report provides an analysis and **forecast of the exit landscape** of technology startups in Southeast Asia in 2020 and 2021. The report is the second edition of Golden Gate Ventures' exit analysis. Southeast Asia has seen an increase in interest for the startup ecosystem. Despite the pandemic, startups across Southeast Asia combined managed to raise US\$8.2B (source Cento Ventures / Tech In Asia). Funding in 2020 was understandably lower than 2019, but remained resilient. Two important facts to note are that 50% of funding went to unicorns such as Grab, Go-Jek and Traveloka. More importantly the same reporting by Cento Ventures showed an increase (26% from 2019) in deals between US\$50M - US\$100M. These rounds are typically Series B and C rounds and provide a strong pipeline for potential exits over the coming 3 - 4 years. The start of 2021 showcased the best start in the Southeast Asian venture capital industry in history. With US\$6B in funding in Q1 (Sources Dealstreet Asia, PWC, Genesis Ventures), the ecosystem got off to a stellar start.

Methods of analysis for the report included trend analysis using both proprietary data from Golden Gate Ventures as well as public databases and reports. Acquired data was analysed internally first and shared with general partners and limited partners for their expert review. Lastly the Golden Gate Ventures team combined historical data, current trends and fundraising dynamics to forecast exits across Southeast Asia. Similar to the previous report the predictions of the number of exits has been determined by:

- Probability of the exit
- Time to exit
- Historical and forecasted funding
- Forecasted future exits of growth venture companies (partially driven by venture capital fund secondaries).

The report also looks at the probability of local and regional tech unicorns acquiring companies as part of their growth strategy.

"Exits are very difficult to predict. *Unexpected* events in 2020 initially slowed down fundraising, M&A and exit activities. The latter part of 2020 and the start of 2021 showed a resilient tech industry across Southeast Asia and increased investor appetite for this *asset class*."



Michael Lints

Partner
Golden Gate Ventures

Executive Summary

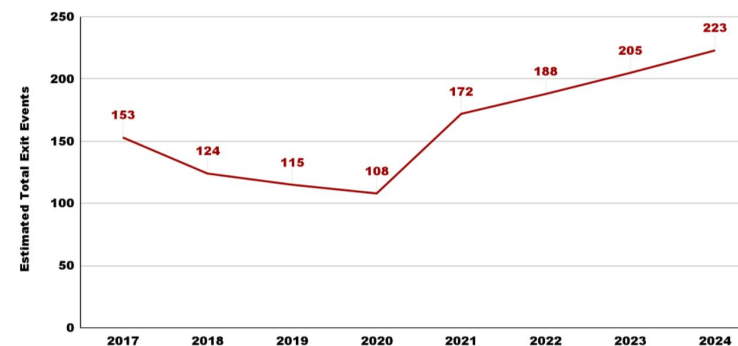
Results of the data analysed and expert analyses led to the following **key findings**

1. 2020 slowed down the pace of exits but Golden Gate Ventures foresees **continued strong forecast** for Southeast Asian exits between 2021 and 2024.
2. **Large pipeline** of B and C startups with the ability to raise capital faster.
3. The rise of **SPACs** has increased the interest of institutional investors for Southeast Asian tech startups.
4. Southeast Asian decacorns **leveraging public markets** for new acquisitions.

1. Continued strong forecast

The number of exits in 2019 (115) and 2020 (107) slowed down in comparison to 2018 (124). Respectively due to startups staying venture backed longer and COVID-19. 2020 saw a slowdown in global M&A activity in the first quarters of the year. Global M&A was down 35% compared to the last quarter in 2020 according to Dealogic. The second half of 2020 saw recovery of global M&A. Southeast Asia started the first quarter strong with a record amount of funding for startups. Encouraged by the entry of more late stage investors (private equity), secondary buyers, SPACs and in general a welcoming public market for technology companies we forecast the number of exits between 2020 - 2022 will total to 468 (vs 412 previous Exit Landscape report). **The majority of the exits remain driven by M&A activity (80%) in comparison to IPOs (5%) and Secondary sales (15%).**

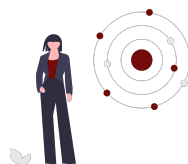
The positive sentiment around the Southeast Asian tech ecosystem is fuel for a positive 2021 outlook for acquisitions. A recent report from EY showed "Optimism about the road to recovery and confidence in growth and opportunities within the region feeds robust M&A appetite." The report continues "With the wind in their sails and anticipation high for a swift shift from resilience to recovery, more than half (56%) of Southeast Asian executives say they are looking to actively pursue M&A in the next 12 months — the highest since 2012 and beating the 11-year average of 44%."



Executive Summary

2. Venture Growth Pipeline

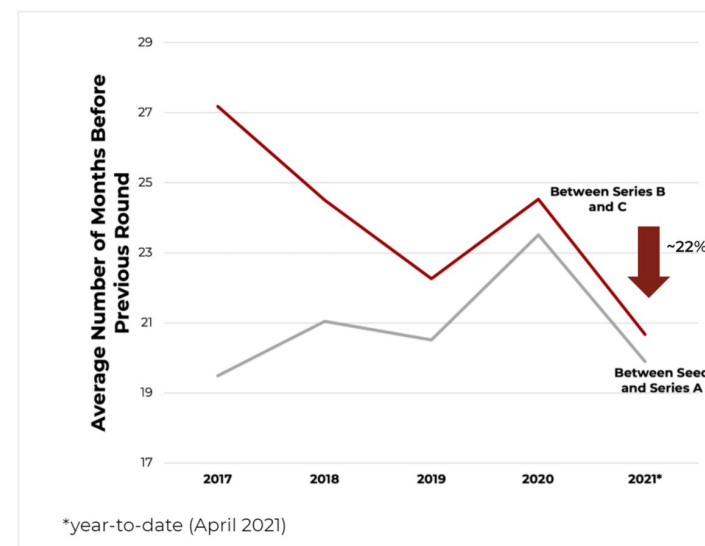
2017 through 2019 saw encouraging signs of a maturing startup technology ecosystem in Southeast Asia. Late stage deals (valued over US\$60M) have progressively increased by an average of 1.6x Y-o-Y from 2017 through to 2019. Fueled by various forms of growth capital (corporate investors, venture capital and private equity funds), startups have been able to raise larger rounds faster **~22%** (see graph). There has been a convergence in the average time between funding rounds—startups now take a shorter time to raise series B and C rounds (less than 21 months average). A recent report from The Ken confirmed more overseas investors (e.g. Valar, a16z and Hedosophia) are making investors locally or are opening up a local office in Southeast Asia.



An **increase** in later stage capital will lead to startups staying private longer (as we have seen in other markets such as the US). This is not necessarily a negative development for exits, because late stage companies have a **higher probability** of exiting than earlier stage companies (respectively 12% vs 22%).



One of our conclusions from the **previous report** was that the first cohort of institutional venture funds launched in 2010 - 2012 will get to the end of their fund life from 2020 onwards. The general partners for these funds will drive exits before closing the fund. This means a significant increase in M&A transactions and secondaries. Typically a secondary transaction on the fund level is based on the best performing companies in the fund's portfolio (later stage venture companies post series B). A recent secondary transaction by LGT in a 2010 vintage SEA based fund as reported by Secondariesinvestors.com shows appetite for assets in the region and the potential for exits from 2010 - 2012 vintage funds. Portfolios with a significant percentage of late stage companies will increasingly become targets for secondary buyers, increasing the number of exits for Southeast Asia.

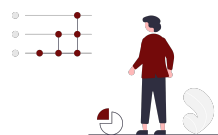


Executive Summary

3. The Rise of SPACs

SPACs have significantly impacted the ability of companies to list on stock exchanges in the US. The astronomical rise of SPACs has increased interest in Southeast Asia's technology startups. The New York Stock Exchange has listed 111 SPACs in 2021 so far, including several focused on Southeast Asia. Between 2020 and 2021 capital raised by Southeast Asia focused SPACs climbed from **US\$1.52B** to **US\$3.55B**. The potential of SPACs for the region are obvious, but there is no guarantee of successful mergers between the target companies and the SPACs. Grab, being the most high profile announced SPAC merger with a value of US\$40B, and a number of companies from Vietnam, Indonesia and Singapore are closely exploring a listing through the SPAC route.

The rise of SPACs is not without risks for Southeast Asia. The public markets will look at Southeast Asian SPAC mergers with interest. An unsuccessful SPAC merger will leave its imprint on sentiment and could negatively impact interest or momentum.



4. Leveraging Public Markets

One trend the market hasn't seen yet is Southeast Asian public technology companies acquiring in the region. Although private companies like Grab, Gojek and Trax have made a number of acquisitions (in total 22), Golden Gate Ventures expects an increase after these unicorns are publicly listed. The stock markets provide a pool of liquidity which can be leveraged to finance acquisitions.

Limitations of the report

The report does not include any judgement or opinion about the value of exits for individual investors or of individual investments. This report is meant to provide a trend analysis on the exit landscape based on a combination of data sources. The value of individual M&A/Trade Sale exits are typically not publicly available.

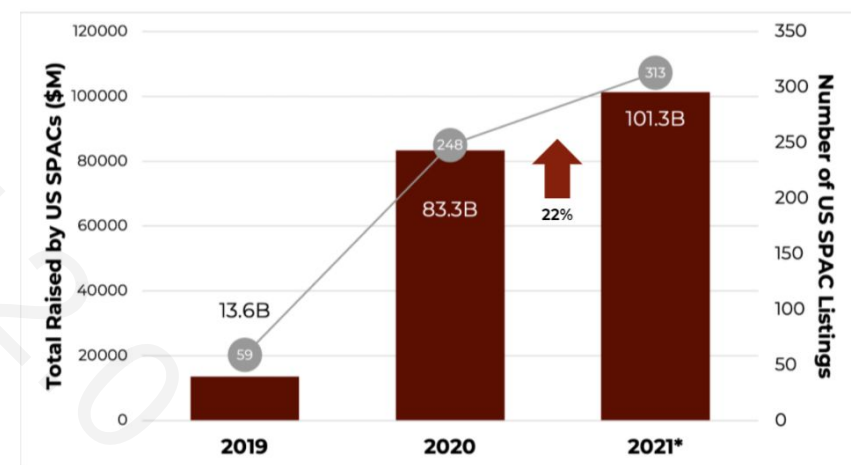
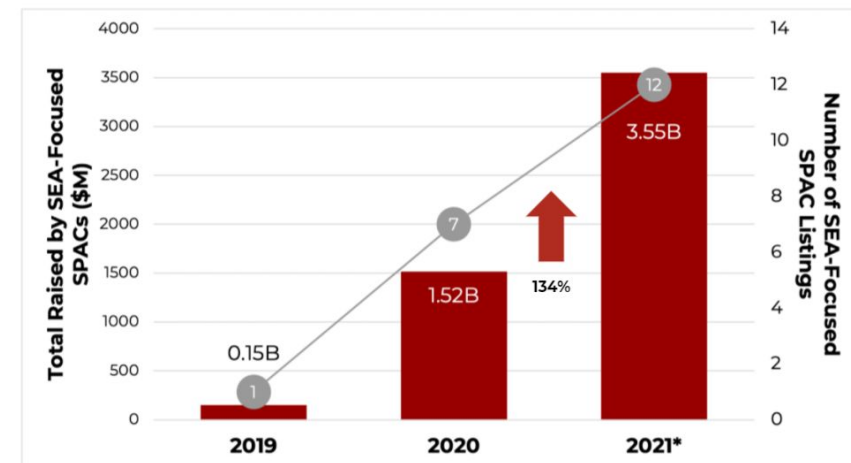








Table of Contents

	A Look Back on 2018-2020.....	8
	Overview of 2020.....	13
	Exit Routes.....	19
	Future Outlook.....	26
	Key Metrics.....	41
	Appendix.....	54

A Look Back on 2018 & 2019

Southeast Asia's Tremendous Trajectory

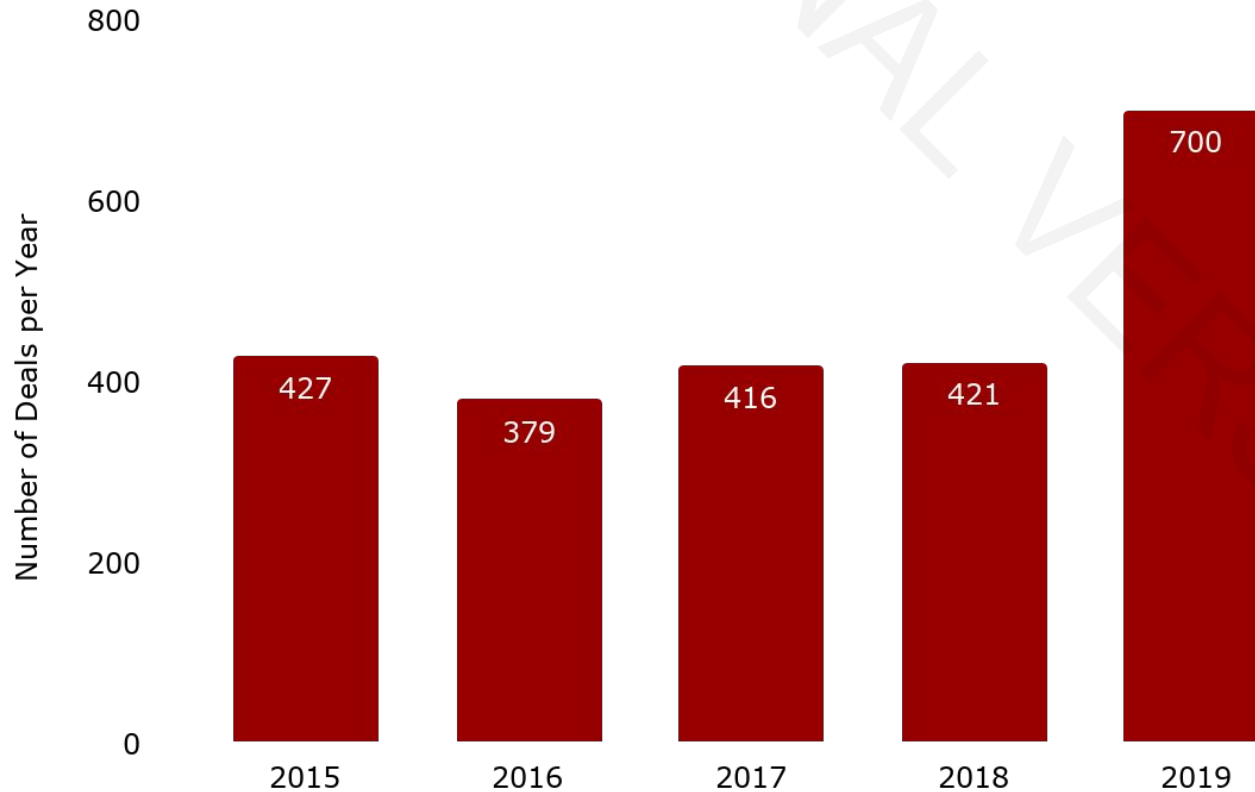
Internet usage in Southeast Asia continues to multiply, with 360M users in 2019.

More than 2,000 startups were funded by Venture Capital in Southeast Asia between 2015 to 2019.

In 2019, there were 11 unicorns in SEA: Bigo, Bukalapak, Gojek, Grab, Lazada, Razer, OVO, Sea Group, Traveloka, Tokopedia and VNG.

Transport & Food unicorns received the lion's share of all funds raised between 2016 and 2019 – US\$15B out of US\$40B.

Number of Deals Peaked in 2019



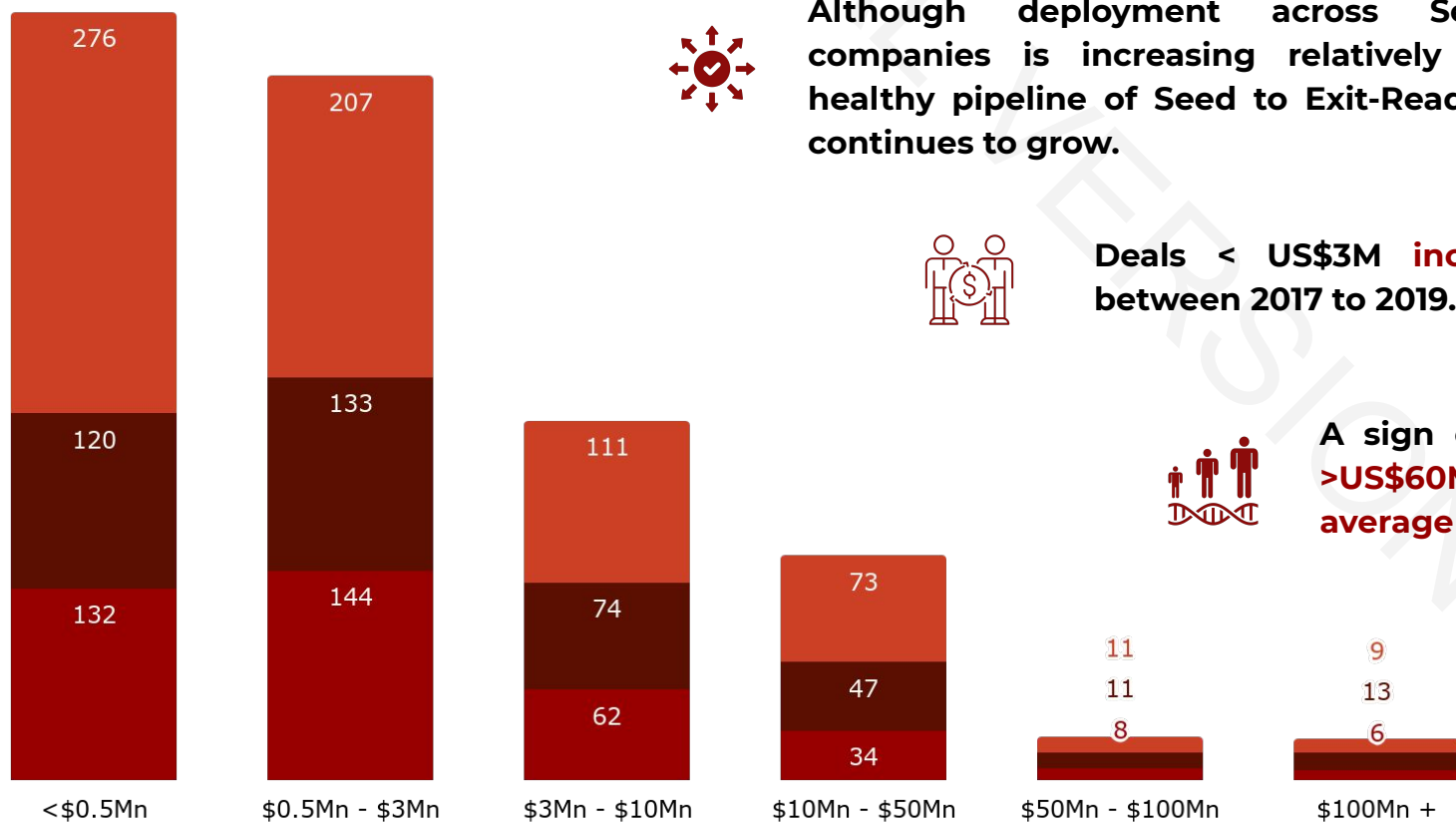
An estimated **US\$52B** of Venture Capital has been invested into Southeast Asia in the last 10 years. In 2020, the total investment stood at **US\$8.2B**. The start of 2021 has already broken all fundraising records for technology startups.

Fundraising by privately-held companies amounted to **US\$8.76B** in 2019.

Deal value in the **FinTech** surged to a record high of **US\$1.7B** in 2019, a 40% jump from 2018. This was driven by a blend of 1) increased deal count (15% increase in number of deals in 2019) and; 2) larger investments into payments and lending companies, such as VNpay and FinAccel. The fintech funding trend is continuing in 2021.

Number of Deals are Increasing across all Stages

2019 2018 2017



Although deployment across Series B-C companies is increasing relatively slowly, a healthy pipeline of Seed to Exit-Ready startups continues to grow.

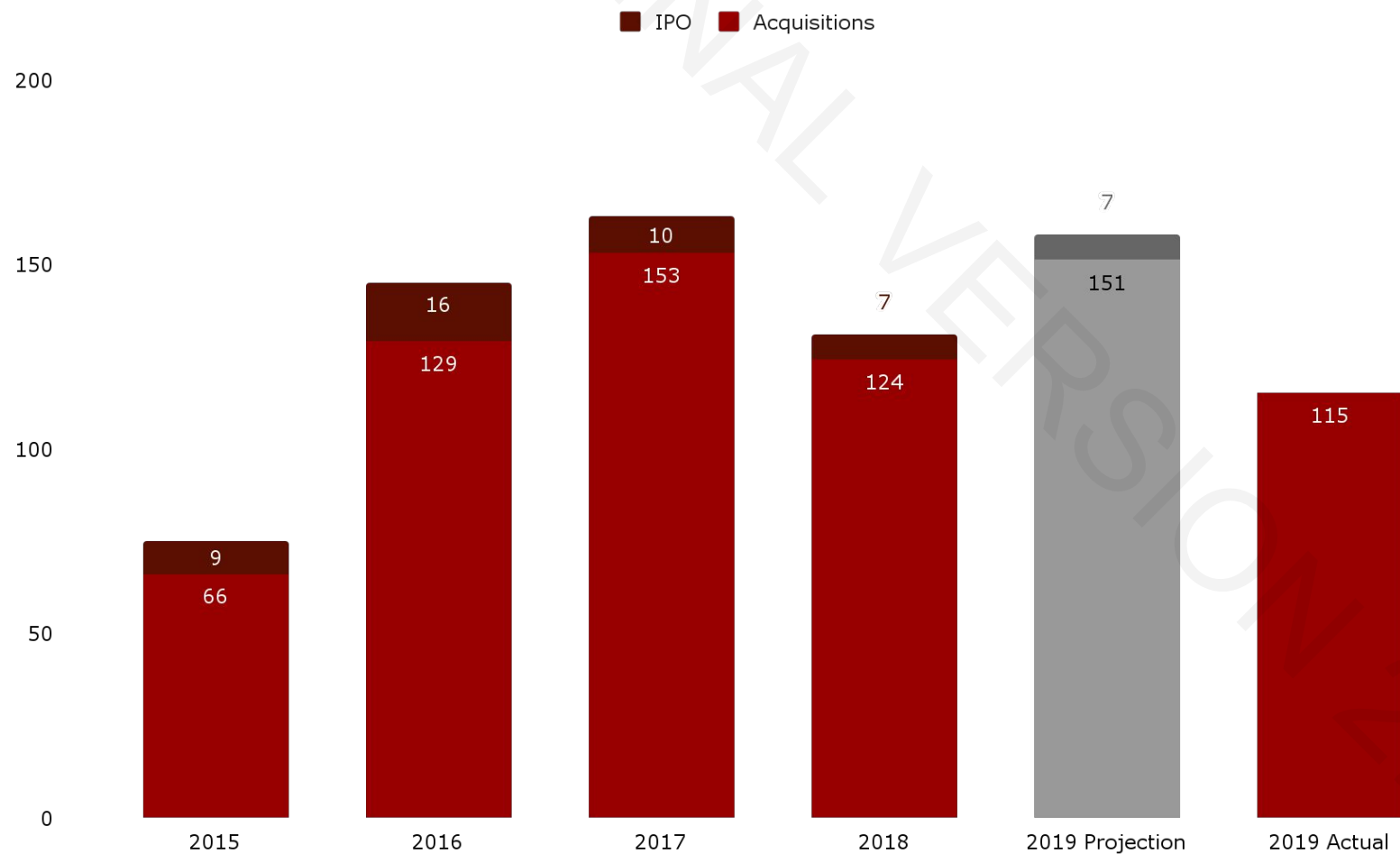


Deals < US\$3M increased nearly 2x between 2017 to 2019.



A sign of a maturing ecosystem, late stage deals >US\$60M have also progressively increased by an average of 1.6x Y-o-Y from 2017 through to 2019.

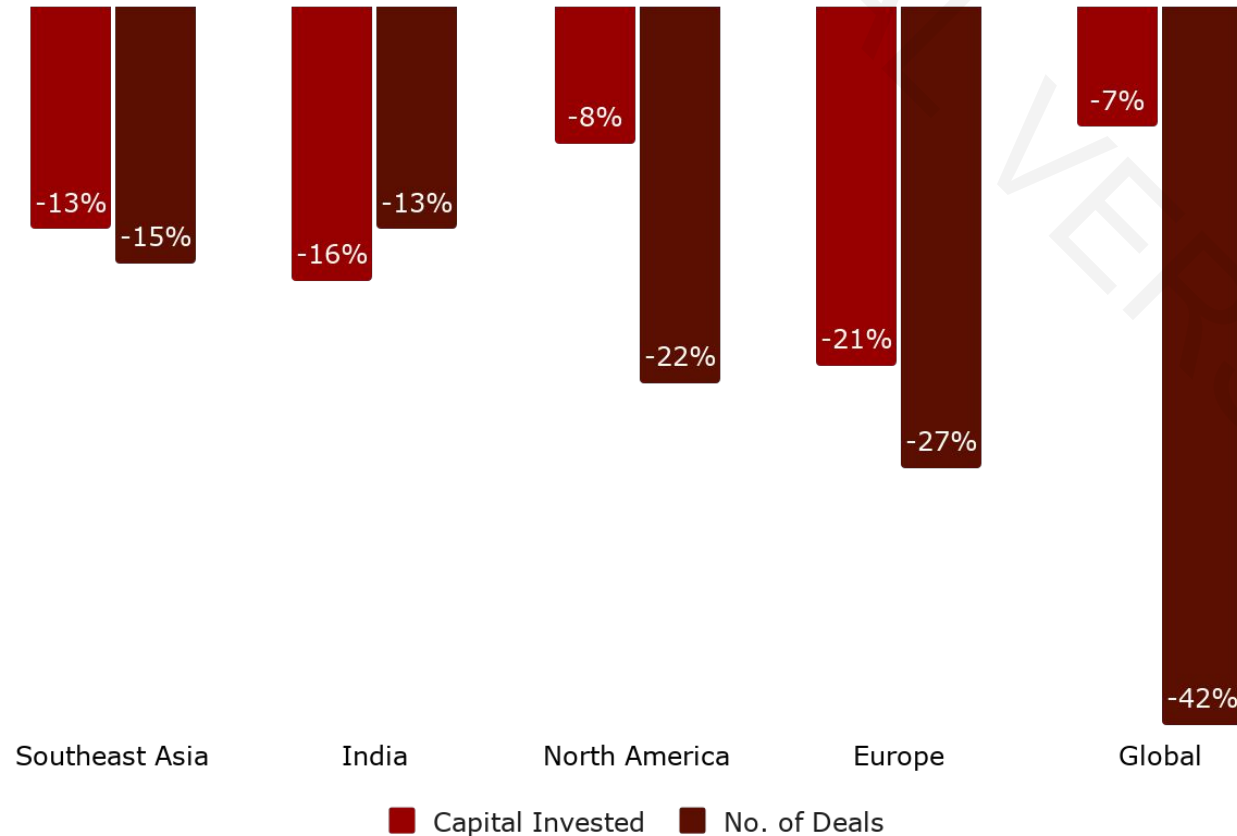
Number of Exit Events



Our previous projections for 2019 were slightly more aggressive than the actual results. The previous report didn't account for a strong growth in venture growth funding. Startups didn't have the immediate need or pressure to look for exits. Follow on funding was readily available for post Series A rounds.

Overview of 2020

Overall Investment Declined Globally During COVID



Golden Gate Ventures looked at the impact of COVID-19 for the Southeast Asian technology ecosystem. A decrease in funding and deal activity was to be expected. Southeast Asia saw a decrease of 13% in invested capital and 15% in number of deals in 2020.

Compared to other regions of the world, the Southeast Asian investment community showed strong resilience and was not as strongly impacted.

Bullish Themes Continue to Drive SEA



8 out of 10 Southeast Asians viewed technology as “very helpful” during the pandemic. It has, no doubt, become an indispensable part of people’s daily lives.



As the Southeast Asia ecosystem matures and remained vibrant in the face of COVID-19, VNPAY became the 12th Unicorn in 2020. This connects to theme #3.



In 2019, the eEconomy SEA Report identified six key barriers to growth:

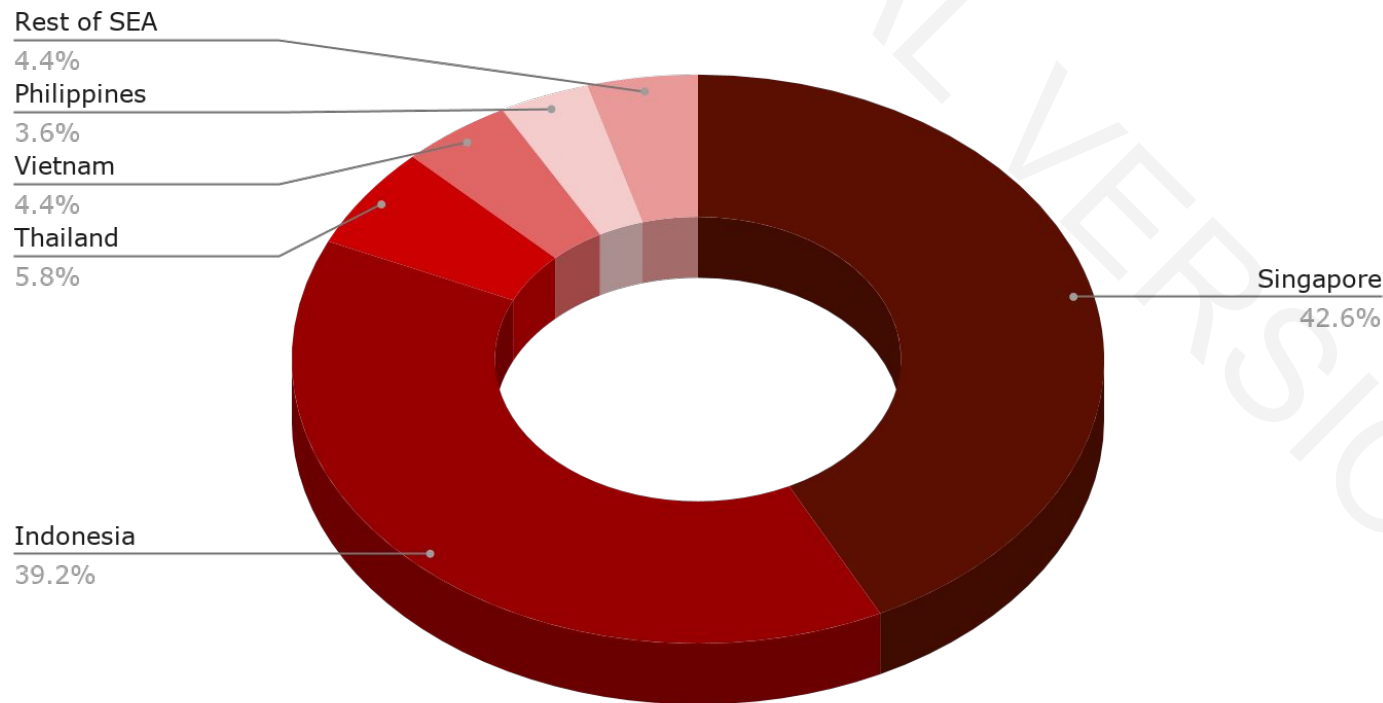
- Internet Access
- Funding
- Consumer Trust
- Payments
- Logistics
- Talent

In 2020, all but Talent have made significant progress - especially, Payments and Consumer Trust.

Talent, however, remains a key blocker that all parties continue to work on.

Mobility, vocational training, wage access and upskilling - are key themes that will define the future of work and future of Southeast Asia.

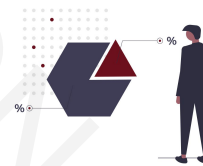
Deal Activity by Region in 2020



Fundraising by privately-held companies stood at US\$8.2B, just around 3% lower than US\$8.76B in 2019. Unsurprisingly, fewer mega deals occurred amidst the pandemic.



This drop could be attributed to corrections in company valuations as investors increased focus on unit economics, sustainable growth and scaled back on large bets.



Singapore continues to be the hotspot with around US\$3.66B raised, a large portion of this going to Grab (raised US\$1.6B).



Indonesia came a close second. Vietnam, Thailand and Philippines also increasingly attractive as economies mature.

M&A Continues to Drive Exits

Despite the pandemic, 2020 recorded an est. **45 M&A deals**.

Ecommerce, fintech, media, adtech, and social networking-related companies made up almost half of all the M&A in the region.

Average deal size stood at US\$74.7M and Singapore topped the chart.

Gojek increased their number of acquisitions to thirteen. Making the company one of the top acquirers in the region. Its acquisitions include Moka, Locket, and MVCommerce. Grab has made less acquisitions, but has been an active investor.



The IPO Exit Route

Challenges and Opportunities for Asian Exchange Listings

Asian Exchanges and accessibility

Most Asian exchanges have stringent listing requirements, which can amount to relative high costs (vs opportunity) and longer pre-listing preparation. Enabling dual listings, bringing down standards for substance, disclosure and reporting and broadening local access to brokerage services could be potential solutions offered by different exchanges.

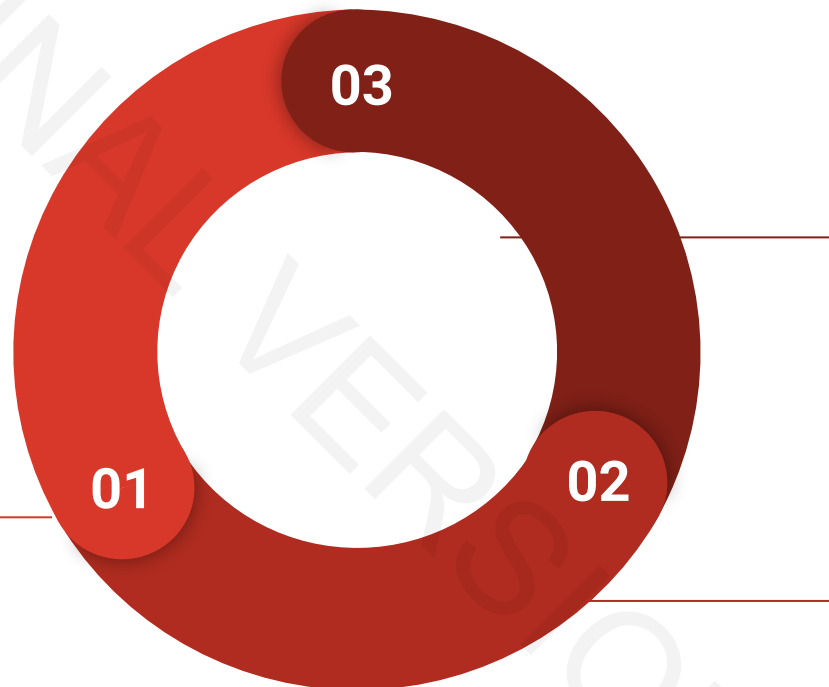
A migration is being made by leading Asian exchanges such as the **SGX (Singapore Exchange)**. The SGX initiated a consultation round earlier in 2021, which should lead to SPACs being able to list on the exchange later in the year. With interest from local and regional family offices and other institutional funds, this should increase the potential for Southeast Asian technology startups to list.



"Over the past year, we have welcomed numerous technology listings in the deep tech, e-commerce, data and payment sectors. These companies have demonstrated resilience and the ability to tap the public markets despite the ongoing pandemic. The robust global institutional participation at IPO and post-listing performance and liquidity reflect the burgeoning investor appetite for this sector.

Looking ahead, we are confident that our upcoming SPAC framework will further meet the needs of the market – this will be an additional listing option that offers price certainty and speed to market for next-generation high-growth companies across diverse sectors including technology. We will continue to work closely with the ecosystem to anchor Southeast Asia as a global technology and capital raising hub."

- Mr. Mohamed Nasser Ismail, Senior Vice President, Global Head of Equity Capital Markets



HKEX Remains China Heavy

With China at its hinterland, HKEX already has many Chinese Tech companies listed. Ongoing China-trade tensions may deter SEA companies from entering the Greater China region and consequently, from favorably listing on HKEX.

Low Liquidity

Refinancing from secondary markets post-IPO remains low, retail investors largely remain excluded, and dual listings with established standard exchanges with high tolerance for below institutional-grade assets and access to deeper pools of liquidity are only slowly emerging.

NYSE is Bullish on SEA

“[The NYSE is] incredibly bullish on Southeast Asia. The ingredients are all there. A large market, strong and growing mobile and internet penetration, and a young, tech-savvy and increasingly affluent population have contributed to the growth of several fantastic companies (especially in the tech space).”



Delano Musafer

Head of Asia-Pacific Capital Markets

NYSE



US Exchange Listing Possibilities

“For Southeast Asia tech companies, the NYSE is the more proven destination of choice, as evident by the reception of companies like Sea. Indeed, we expect to see several IPOs from Southeast Asian startups over the next two years.”

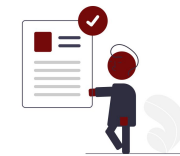
Delano Musaffer, Head of Asia-Pacific Capital Markets, NYSE



Unlike the past where trade sales were more common than IPO listings, things are changing. Provided companies satisfy minimum market cap requirements and demonstrate global best practice (corporate governance, ESG compliance, etc.), Southeast Asian companies should be confident they can list in the US without any major issues.



For ‘new economy’ companies, a U.S. listing offers significant advantages such as the most sophisticated tech investor base, unmatched liquidity, a truly global profile and prestige.



The SEC recently approved NYSE’s proposal to allow direct listings with a capital raise, creating another pathway for companies to access the public markets.

In 2020 SEA Group saw phenomenal growth of their share price on the NYSE (~ +385%).

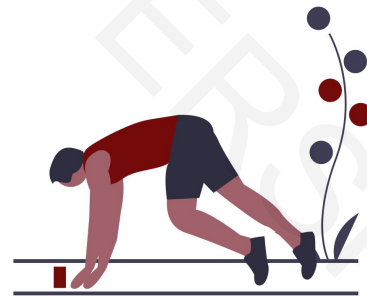
Key Factors Affecting Companies Going Public in Next 2-3 Years

SUPPLY

There is a significant pipeline of APAC companies interested in going public over the next 3 years.

Many of these are 'new economy' companies, which view going public as a natural way to raise capital to grow their businesses, and offering shareholders a liquidity event.

Assuming favorable market conditions and a relatively stable geopolitical environment, [NYSE] see no reason why companies should *not* choose to go public.



DEMAND

Sea's NYSE IPO in 2017 and its aftermarket performance has greatly increased interest in an NYSE listing amongst SE Asian 'new economy' companies.

International investors are hungry for 'growth at scale' investment opportunities.

Asia- Pacific is an obvious market.

[NYSE] don't see a decrease in appetite for quality growth stories from the region over the next 2 to 3 years.

Snapshot: Special Purpose Acquisition Companies

Unique Vehicle

Especially in SEA, SPACs present a unique opportunity for companies to go public globally while avoiding the complexity of listing in regional markets.

Global Boom

219 SPACs raised > USD 79 B in 2020. In 2021, 8 Asia focused SPACs have raised USD 2.3 B, already exceeding that of 2019.

Asia Surge

The NYSE has already listed 111 SPACs globally in 2021 including several focused on Asia. Appetite on both the sponsor and the investor side seem strong.

Bridgetown & Bridgetown 2

US\$550M & US\$260M
Richard Li & Thiel Capital
“New economy” in SEA (2 also covers South Asia)

COVA

US\$261M
Jun Hong Heng, KV Dillon, Alvin S.
Tech in SEA or US

Catcha

US\$300M
Patrick Grove, Luke Elliot, Wai Kit Wong
“New economy” in APAC, preferably SEA or Australia

Provident

US\$230M
Winarto Kartono
Consumption-focused for disruptive growth in SEA

B Capital

US\$300M
Eduardo Saverin, Raj Ganguly
Technology (Global)

L Catterton

US\$250M
L Catterton Asia
Consumer Tech in Asia

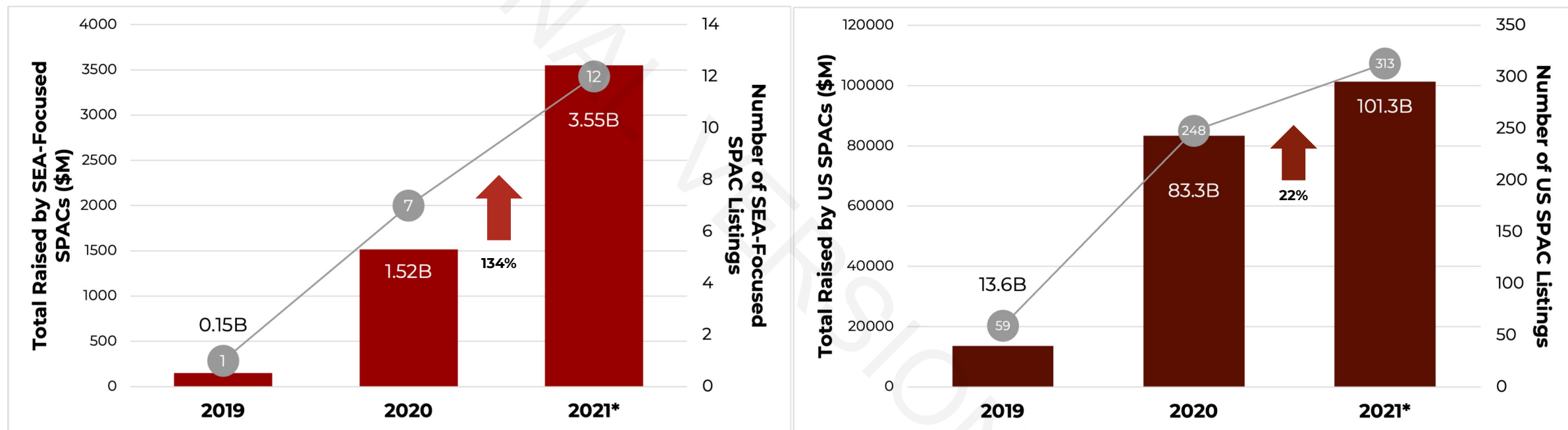
Silver Crest

US\$300M
Leon Meng
Consumer Tech Global & Regional

Vickers

US\$120M
Jeffrey Chi, Chris Ho
Tech (General)

Growth in SEA-Focused SPACs



The growth of SEA-focused SPACs have outpaced overall growth in US SPACs, with value increasing **910%** vs 513% between 2020 and 2019, and **134%** vs 22% between 2021* and 2020. Number of deals increased **600%** vs 320% between 2020 and 2019, and **71%** vs 26% between 2021* and 2020.

*year-to-date (April 2021)

Future Outlook

Survey Introduction

In a partnership with the [INSEAD Global Private Equity Initiative](#), Golden Gate Ventures surveyed 16 Southeast Asia (SEA) Venture Capitalists and limited partners to gather both quantitative and qualitative data about their opinions on the region's market outlook, including factors believed to be of high importance, future growth patterns, and overall confidence. The topics this group were surveyed about were:

- Future exit outlook for the next 3 - 5 years
- The most important factors affecting the exit landscape
- The probability of Southeast Asian startups to successfully exit
- The split between different ways of exit (M&A, secondary, IPO)
- The economic impact due to COVID-19
- Potential for local stock exchanges

The results of the survey have been matched to Golden Gate Ventures' proprietary data.



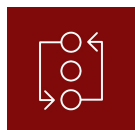
Survey Key Takeaways



While investors **confidence for regional growth** ranges from neutral to positive for the coming years, the majority believes that the region will continue to see strong growth overall. One important observation is the resilience of the ecosystem as a whole. Since 2014 the market overall has seen growth without any major declines.



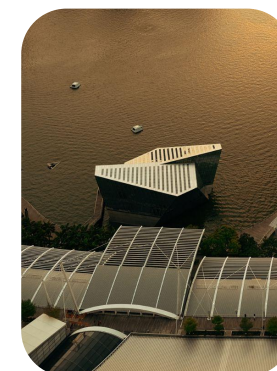
Growth will be fueled by an increasing appetite for technology, growing numbers internet users, and the sheer quantity of new startups and investment opportunities emerging. Encouraged by late stage rounds and foreign institutional capital entering the region.



The region must make it **easier** to list on **local exchanges** and continue along trends of consolidation to realize larger returns. First steps have been taken by the Singapore Stock Exchange (SGX) and the Indonesian Stock Exchange (IDX) to (potentially) allow SPAC listings. Consolidations are a double-edged sword. Companies with the ability to consolidate and roll up competitors will be a stronger target for an exit. On the flipside, companies that are being rolled up might not show the best return on investment.



One **concern** surveyed investors have is the readiness of Southeast Asian technology startups and founders before listing. Running a public company is vastly different than a private company. Not many founders in Southeast Asia have had experience in public markets and dealing with public market scrutiny. This could be a potential risk ahead of listing.



How would you rate the future exit outlook (3-5 years)?



On a Scale of 0-10 where:
0 = "Much more negative"
5 = "Maintaining similar outlook"
10 = "Much brighter outlook"

6.73

“More appetite for tech from PE, IPO and trade”

“Slightly better outlook”

“More tech giant interest in SEA, more SEA uni/deca corns trying to dominate local ecosystem.”

“Consolidation”

“Growing maturity of the market”

“Digitalization, local transformation”

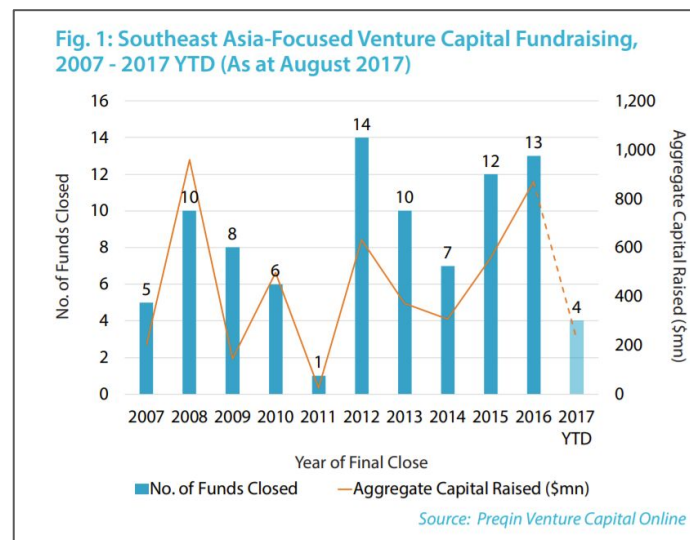
“Oversupply of exits”

Crucial Next 3 Years for SEA

Many 10-year venture capital funds in Southeast Asia began between 2010 and 2015. According to Preqin **50 funds** were raised in this time period. These funds will be pressed to return capital to their limited partners between now and 5 years. Note, that not every fund will successfully exit their portfolio and might need to liquidate a number of portfolio companies.

The next **1-3 years will be critical** to understand the success of Southeast Asia for the venture capital industry. Golden Gate Ventures is estimating the number of secondary transactions on funds and individual portfolio companies will increase (this is accounted for in the total number of forecasted exits).

A combination of increasingly more growth deals and a jump in the number of exits, could spur exponential growth in the number of investors and deals, contributing to the overall exit success of the region as a whole.



Outlook on Verticals

“With very few **exceptions (ride hailing and some ecommerce companies), companies in SEA still face a capital gap especially at growth equity stage (C, D rounds), they have had to stay lean even before the downturn so they will be more **resilient**” (INSEAD Survey)**

This being said, the number of growth equity stage rounds in 2021 is already showing strong momentum. Especially Fintech is seeing a positive inflow of new late stage capital.

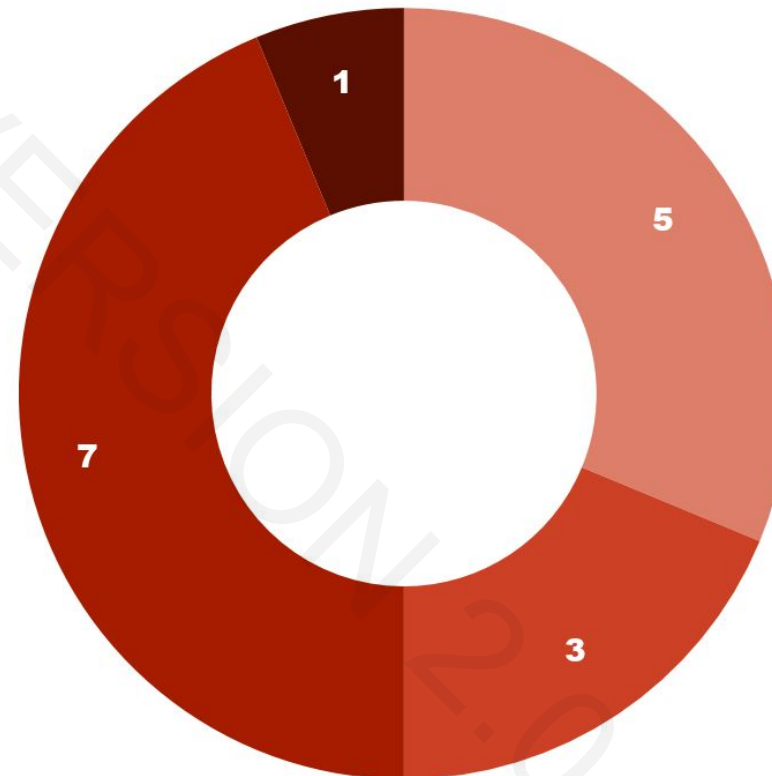


Investor Opinions on Exit Splits

The current exit split (2017, according to Slush Singapore) is 5% IPOs and 95% acquisitions. Some experts predict it will remain largely the same, 5% IPOs, 80% M&As and 15% secondary acquisitions.

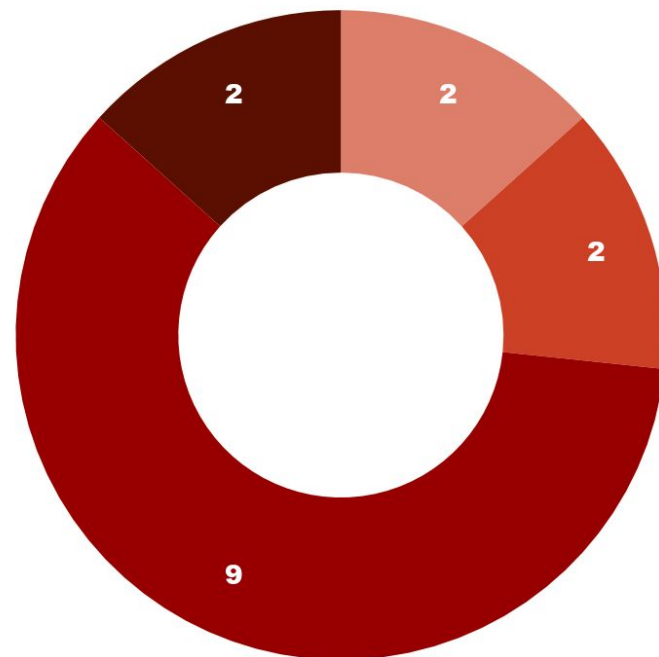
Do investors agree?

- **The split will remain about the same**
- **Lower proportion of IPOs but higher M&A**
- **Lower proportion of IPOs but higher secondary acquisition**
- **Higher Proportion of IPOs**



Investor Opinions on Exit Outlook

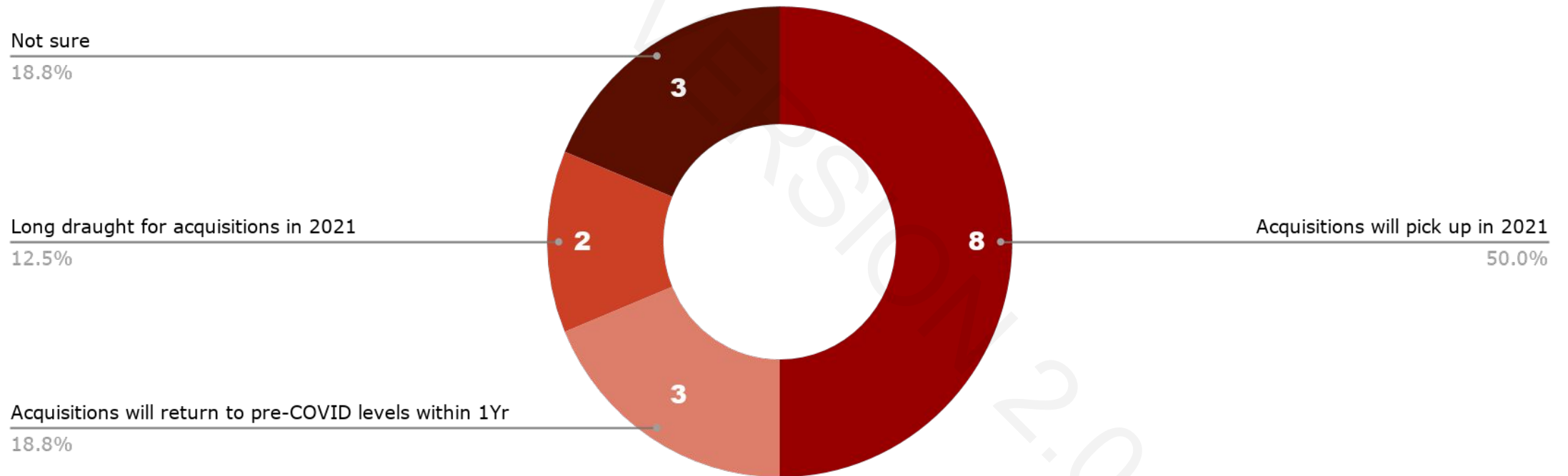
Globally, the "probability of reaching successful exit" (according to dealroom.co) from Seed stage is about 7%, Series A 12%, Series B 18%, Series C 22%, and from Series D is about 29%. Do you think this potentially reflects the chances for startups in Southeast Asia as well? If not, how do you think the chances are in Southeast Asia?



- This reflects the chances in Southeast Asia as well
- The chances overall should be slightly higher in SEA
- The chances overall should be slightly lower in Southeast Asia
- I don't think these chances can be applied to startups in Southeast Asia at all

Investor Opinions on Acquisitions Outlook

With mid-stage startups focused on sustainable growth amidst a slowdown in access to capital in 2020, cash rich companies are well positioned to acquire from 2021 onwards.



Key Factors Affecting Exits



Corporate Venture Capital (CVC)

Secondary Funds

“We are not seeing CVCs as active with new investments as expected (partially as a result of COVID), but we expect them to remain active players in the exit landscape, and we also **expect new allocations to early stage startups and accelerators will emerge from smart CVCs in late 2021 and early 2022**”














Economic & Political Instability

Need for Consolidation

“Many VCs will need to demonstrate exits in the coming years, so **there might [be] an increased proportion of supply-led exits**”

Sustained Exit Opportunity (Unicorns & Soon to be Unicorns)

Unicorn		No. of Acquisitions	Acquisitions (Year)
Gojek		13 (was 11)	WePay (2020), Moka (2020), 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		6 (was 4)	Survey.com ('20), Qopius ('20), Planorama ('19), Shopkick ('19), LenzTech ('19), Quri ('18)
Razer		5 (was 4)	Controller Gear ('21), MOL ('18), Nextbit Systems ('17), THX ('16), OUYA ('15)
Carousell		4	701 Search ('19), Duriana ('17), WatchOverMe ('16), Caarly ('16)
Traveloka		3	Mytour ('18), Pegipegi ('18), Travel Book ('18)
Grab		3 (was 2)	Bento ('20), iKaaz ('18), Kudo ('17)
Sea		2 (was 1)	Bank BKE ('21), Foody ('17)
Carro		1	Jualo ('19)
Tokopedia		1	Bridestory ('19)
Bukalapak		1	Prelo ('18)
Lazada		1	Redmart ('16)

2021 Rebound in Larger Acquisitions

Acquisitions <30M




2020

 **PolicyPal** 
acquired by  **AMTD** 尚乘

 **FOMO Pay** 
acquired by  **AMTD** 尚乘

 **AsiaKredit** 
acquired by  **gobear**

 **ASYCITY** 
acquired by  **DASH**

 **empatkali** 
acquired by  **afterpay**


 **Anterin** 
BEBASKAN PILIHANKU
acquired by  **MNC**

 **trukita** 
acquired by **waresix**

 **ConvoLab** 
acquired by  **eko**

 **Chilindo** 
acquired by  **CP GROUP**

2021 (YTD)

 **gobear** 
acquired by  **finder**

 **YukStay** 
acquired by  **FLOKO**

 **Orami** 
acquired by  **SIRCLO**

 **FairDee** 
acquired by  **Qoala**

Acquisitions ≥30M

2020



 **tradegecko** 
acquired for **80M** by  **intuit.**

 **MOKA** 
acquired for **130M** by  **gojek**




2021 (YTD)

 **fave** 
acquired for **45M** by  **Pine Labs**

 **lomotif** 
acquired for **125M** by **ZASH**

 **Stamped** 
acquired for **110M** by  **wecommerce**

 **xfers** 
30M partnership with  **PAYFAZZ**

 **bizzy** 
acquired for **40M** by  **Warung PINTAR**

2021: Big Mergers, Rise of SPACs

Public Listing



US\$4.5B, Apr 2021, NASDAQ via AGC SPAC



Grab, Southeast Asia's most valuable startup, is set to go public through a merger with Altimeter Growth Corp., a special purpose acquisition company (SPAC) listed on NASDAQ.

Mergers



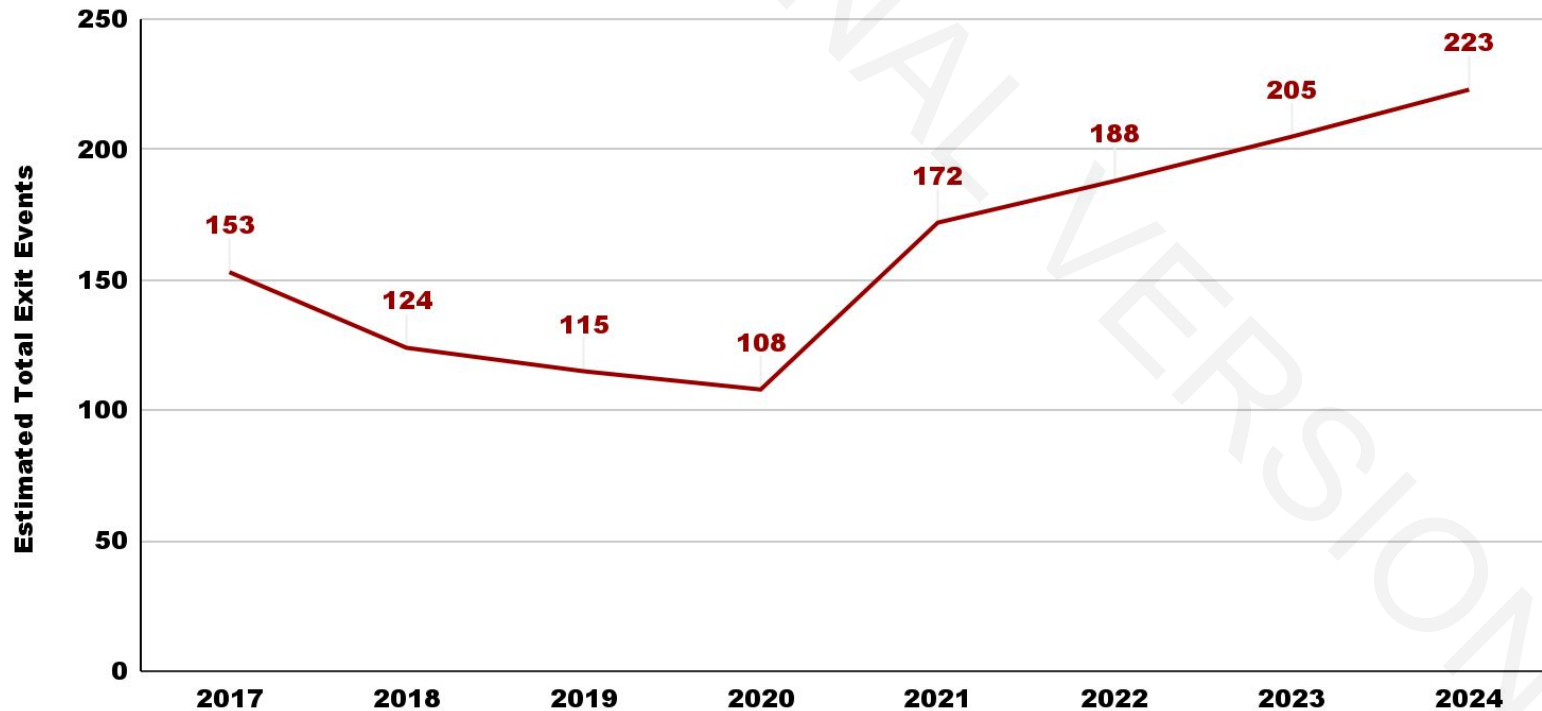
US\$2.41B, Jan 2021



US\$18B, Apr 2021



Projected Exits



Projected exit events are based on exponential regression and extrapolation of exit events from 2017 to 2021. The region has recovered quickly from a slightly slower 2020 and produces greater numbers of exits as of 2021. The largest **influence** of exits from 2021 onwards is:

- Continued interest in the region from institutional capital
- Pipeline of growth deals
- The influence of SPACs on the potential for technology startups to exit*
- Upcoming listed technology companies expanding their reach through acquisitions

* SPACs recently seen a dip in institutional investor interest due to decline in their overall value. The SPAC mechanism remains a flexible and feasible avenue for technology startups to list.

Conclusion

Momentum for an emerging ecosystem is crucial. The number of exits between 2018 and 2020 don't tell the entire story. As the number of exits in 2019 (115) and 2020 (107) slowed down in comparison to 2018 (124), one might argue the region has lost momentum. The slowdown in exits in 2019 can be explained by the number of companies looking to remain venture backed instead of looking for an early exit. Between 2018 and 2019 technology startups were able to raise over US\$19B in aggregate. Earlier stage startups have been raising larger rounds over the past years, helping to extend their runway. The average pre-seed round increased by 50%, and the average series A round increased by 32% from 2019 onwards. 2021 is already proving to be a record year for venture capital in Southeast Asia and we foresee growth in the number of exits from 2021 onwards. The pipeline for growth companies is increasing (fundraising momentum), thus enabling a healthier environment for exits in the long run.

- (1) Late stage companies become acquisitive as they are expanding their business (e.g. Grab, Gojek, Carro and Trax).
- (2) Well funded and fast growing late stage companies are more likely to either list on a stock exchange or being a larger acquisition target for incumbents.

Reviewing the previous INSEAD / Golden Gate Ventures Exit Landscape report and comparing the data with new insights, we can conclude that Southeast Asia is emerging when it comes to exits.

- Growth in funding for later stage technology companies
- Upcoming public listing for regional unicorns
- More listing opportunities and institutional exposure to the rise of SPACs
- Southeast Asia as a general growth market for incumbents



Key Metrics

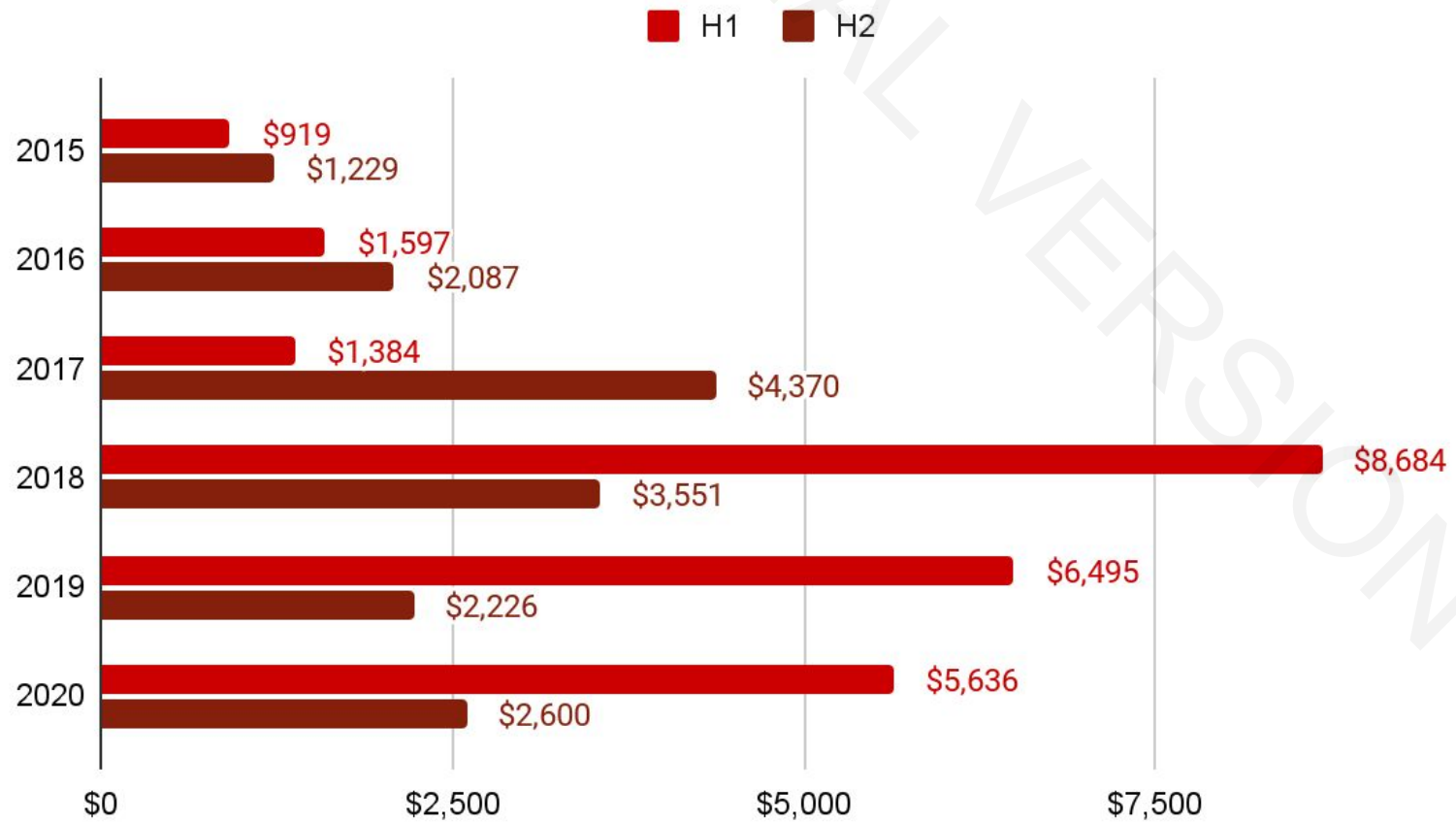
Overview



2020 has certainly been a unique year for all industries, including venture capital. Regions across the world have seen a decline in **VC investment** as economies struggle to respond to COVID-19. While SEA too was impacted and saw an overall decline in exits, it responded well compared to many other parts of the world with **US\$8.2B invested** in 2020.

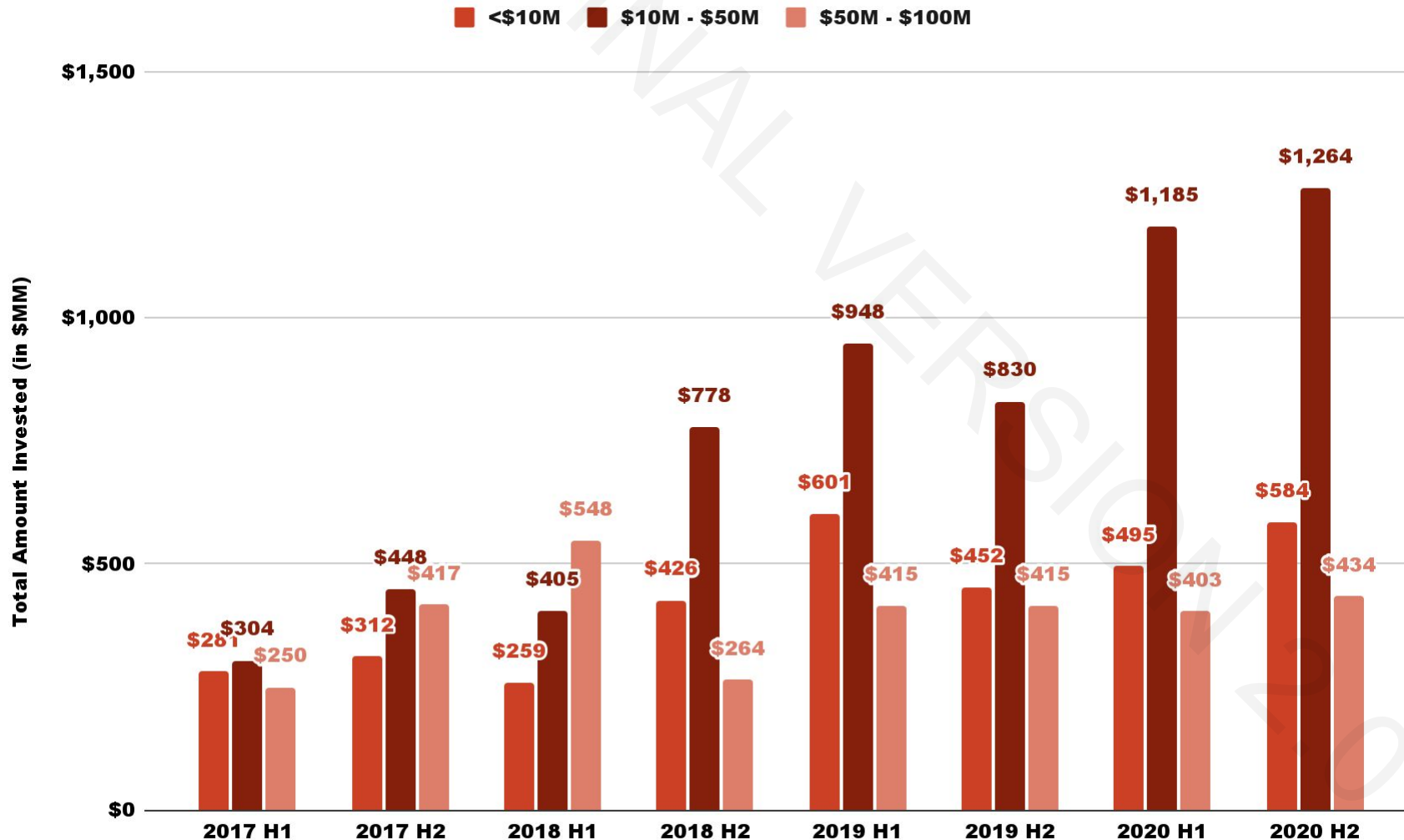
Total SEA Investments

Total Capital Invested (in \$M)



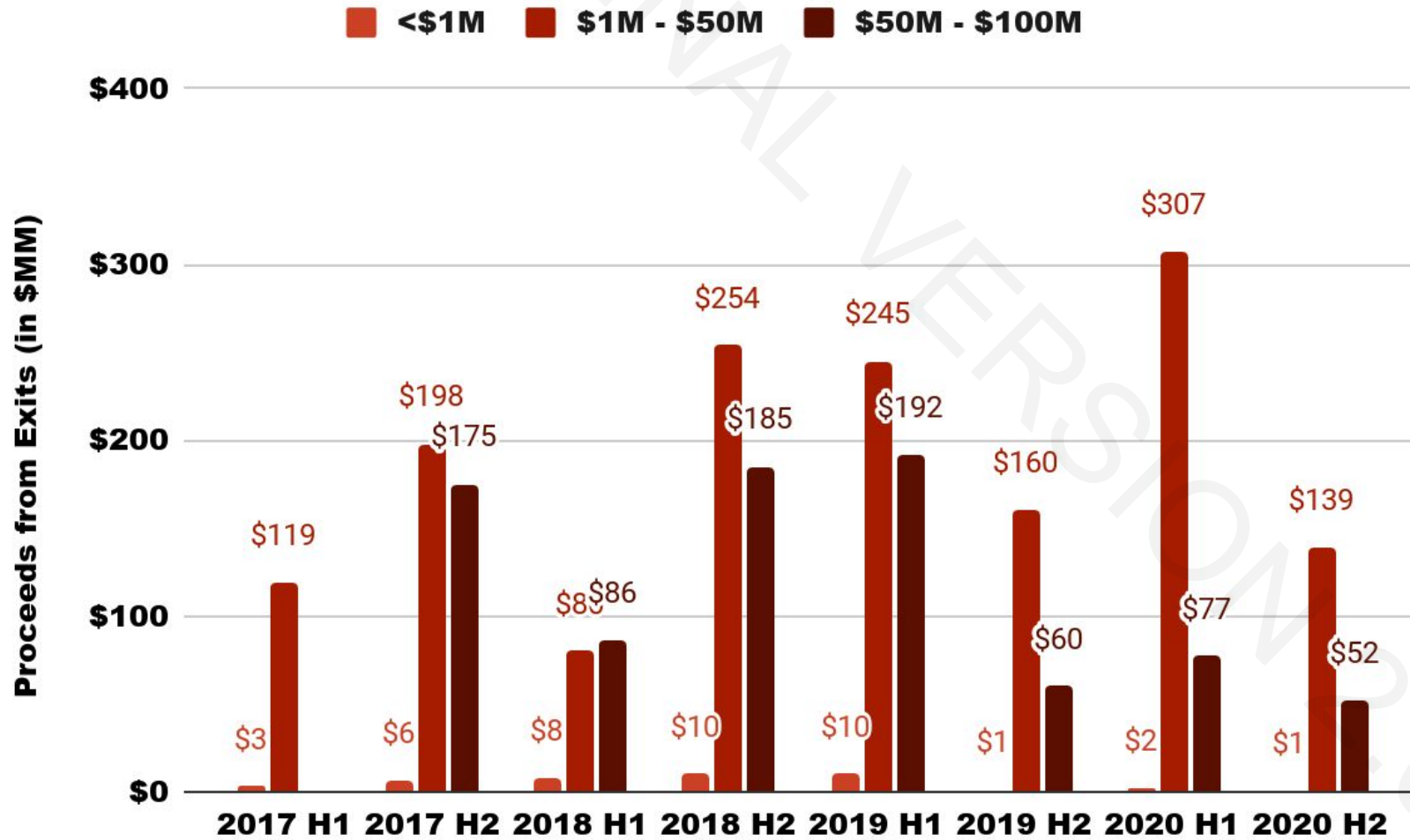
Note: H2 2020 data is an estimate based on [CrowdFundInsider](#) data

Investments below US\$100M



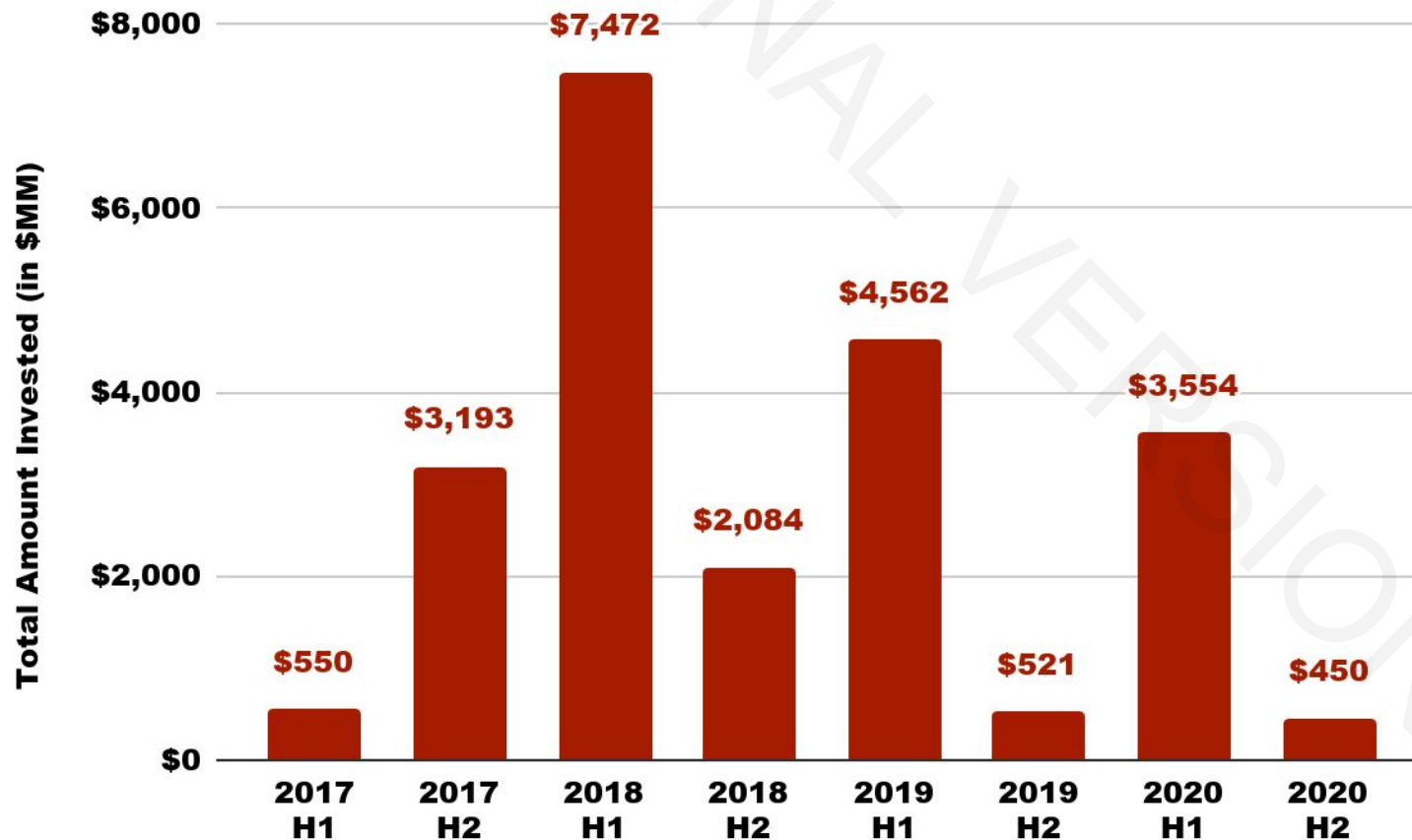
H2 2020 data is an estimate based on extrapolation of 2017-2019 data. From the presented 2017 through 2019 data linear lines of best fit were defined through the ordinary least squares method. These lines were extrapolated into H2 2020 to provide estimates.

Exit Events below US\$100M



Note: H2 2020 data is an estimate based on overall investment decline rate.

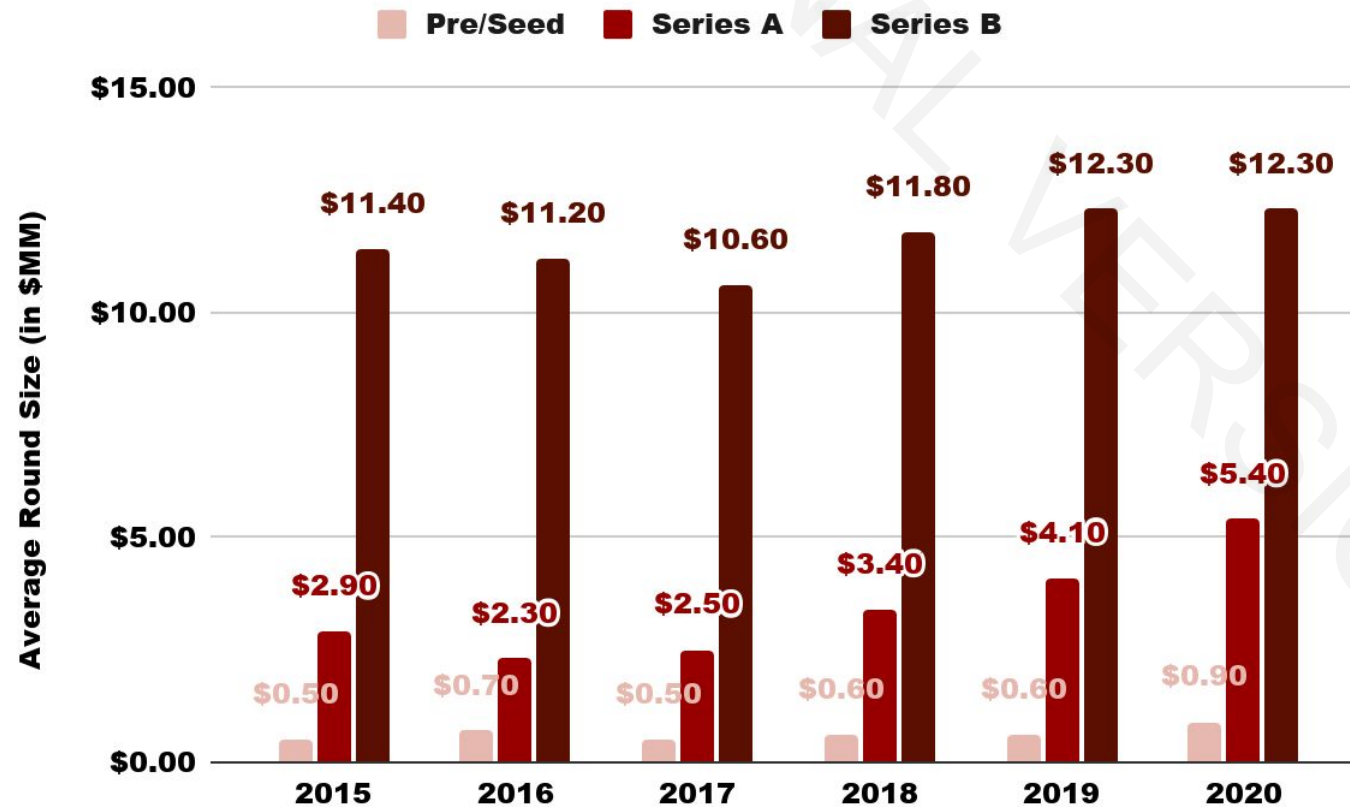
Investments above US\$100M



Decreases in high investments in 2020 due to the pandemic appear more significant than they are because large funding going into companies in prior years was abnormally high.

Note: H2 2020 data is an estimate based on overall investment decline rate.

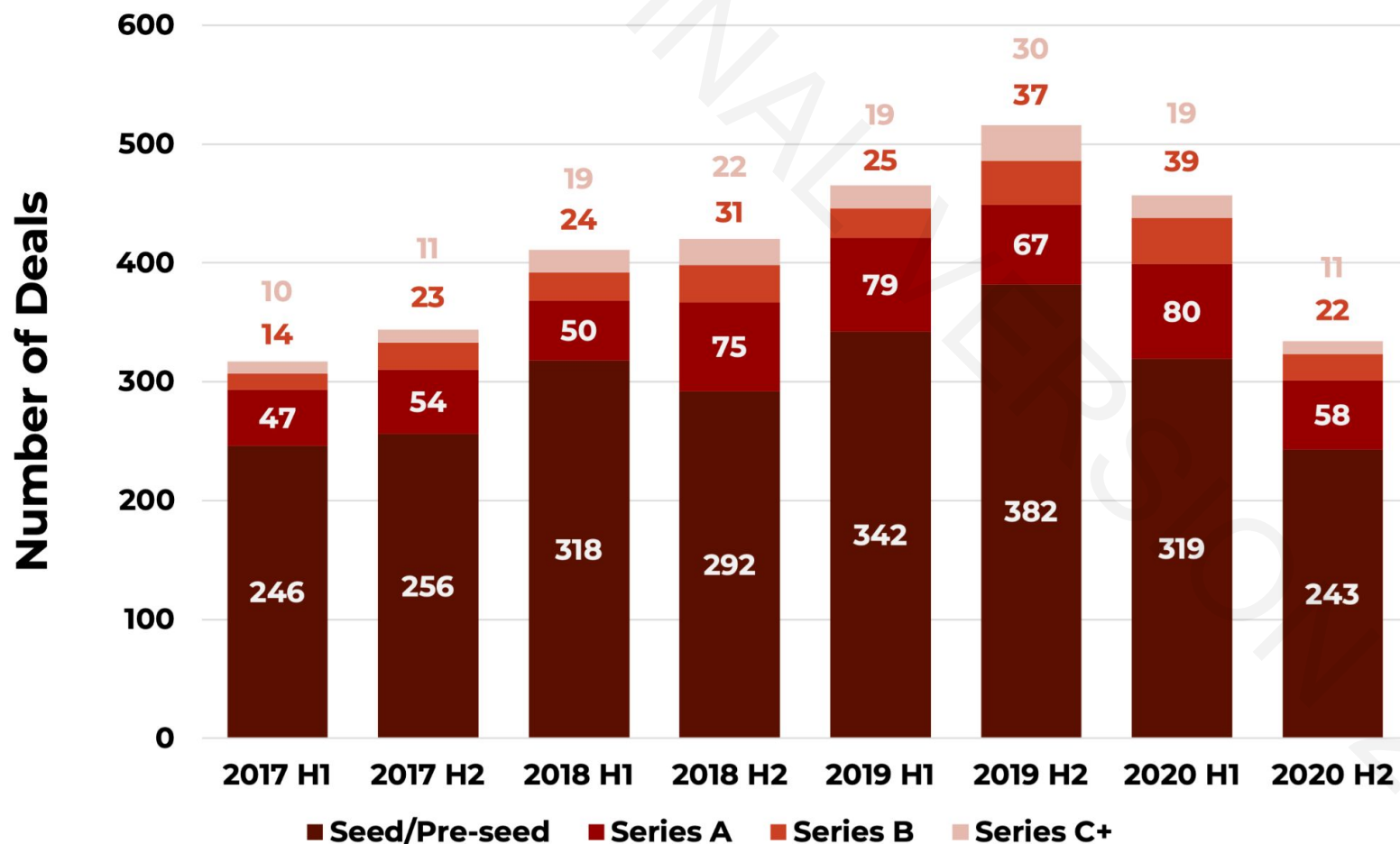
Average Deal Size by Series



The average Pre-Seed Round increased by **50%**, and the average Series A increased by **32%** from 2019 onwards.

Note: FYE 2020 data is an estimate based on H1 2020 data

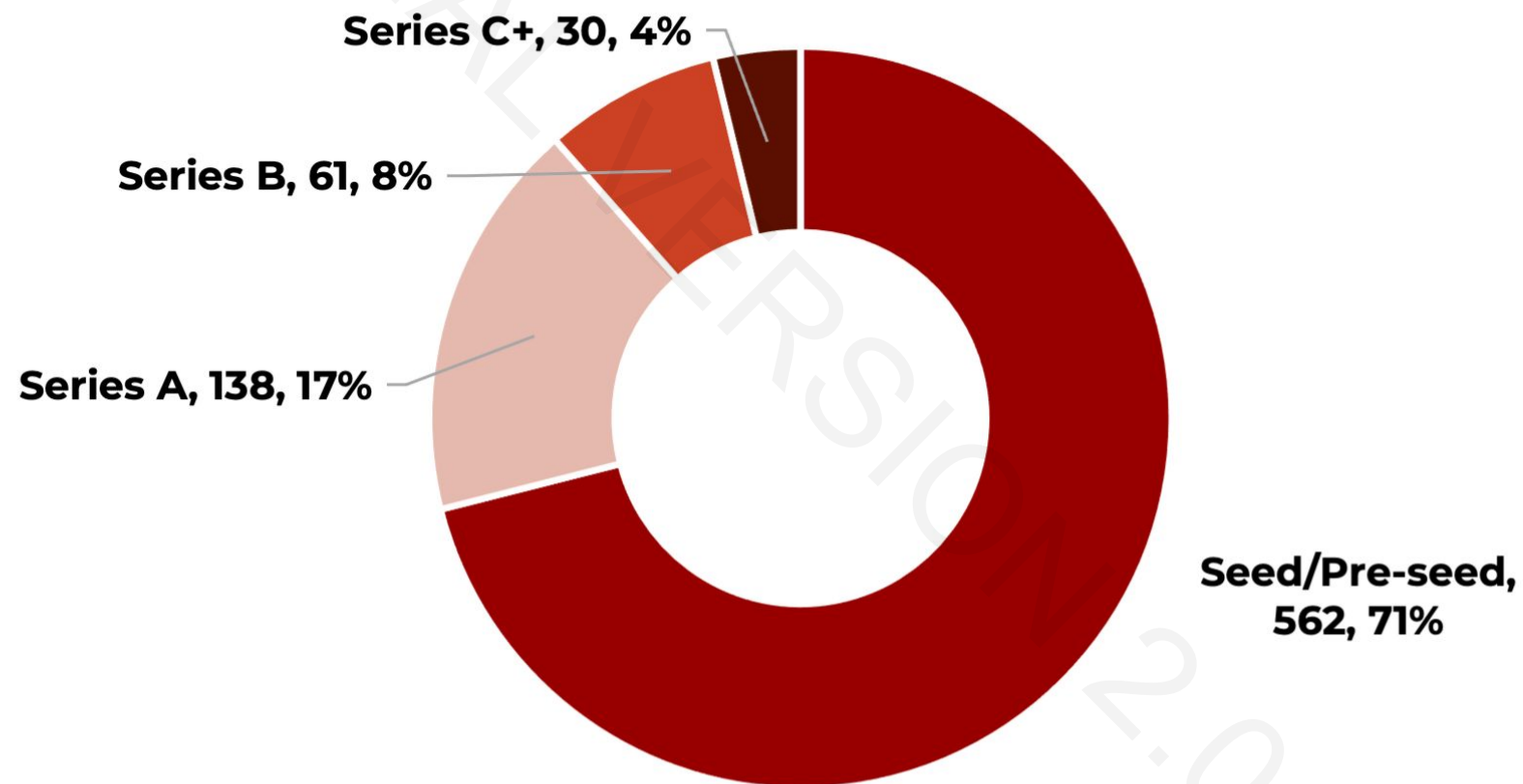
Deals By Series



While Series A and B deals remained persistent in 2020 H1, COVID-19 has put a downward pressure on the number of deals across the board. The sharp drop in number of seed/pre-seed deals, however, can be partly attributed to a **maturing ecosystem** and points towards greater follow-on rounds.

Source: Crunchbase (retrieved May 2021); other reports may exclude deals with undisclosed amounts.

2020 Deals by Series

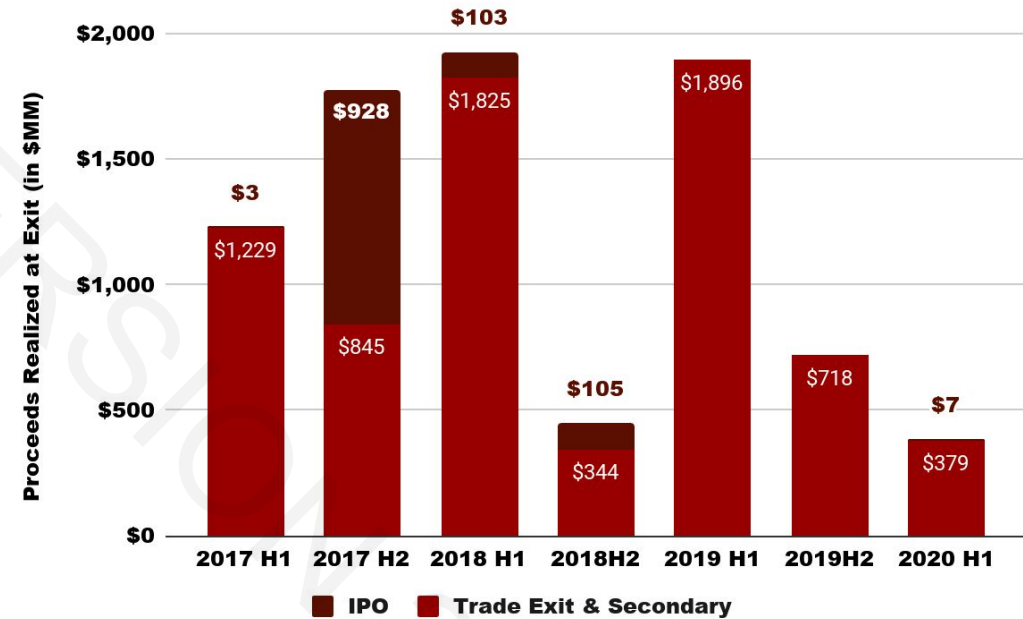
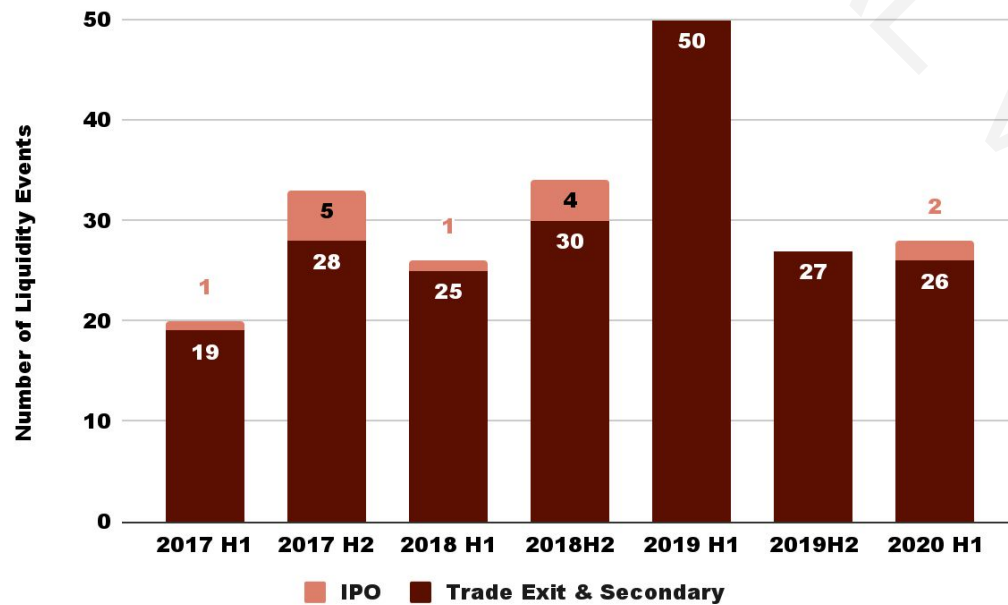


Source: Crunchbase (retrieved May 2021); other reports may exclude deals with undisclosed amounts.

Exits

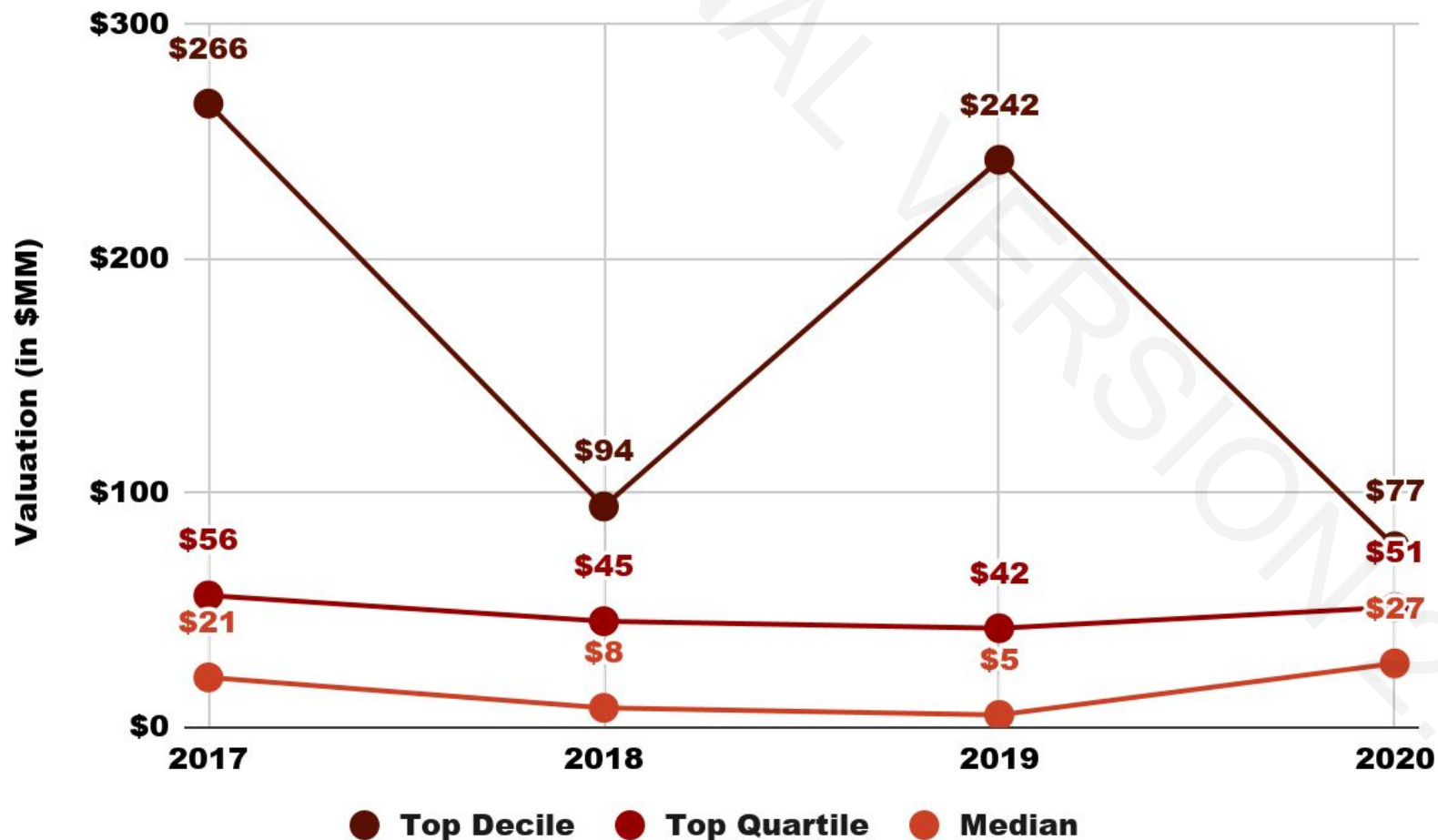
In the first half of 2020, Southeast Asian startups and investors saw **28 exits** across the region. Of these, the average valuation at exit was **US\$27 Million**. This also includes 2 IPOs and 26 acquisitions/secondaries, valued collectively at **US\$7 Million and US\$379 Million** respectively.

Number and value of Exits



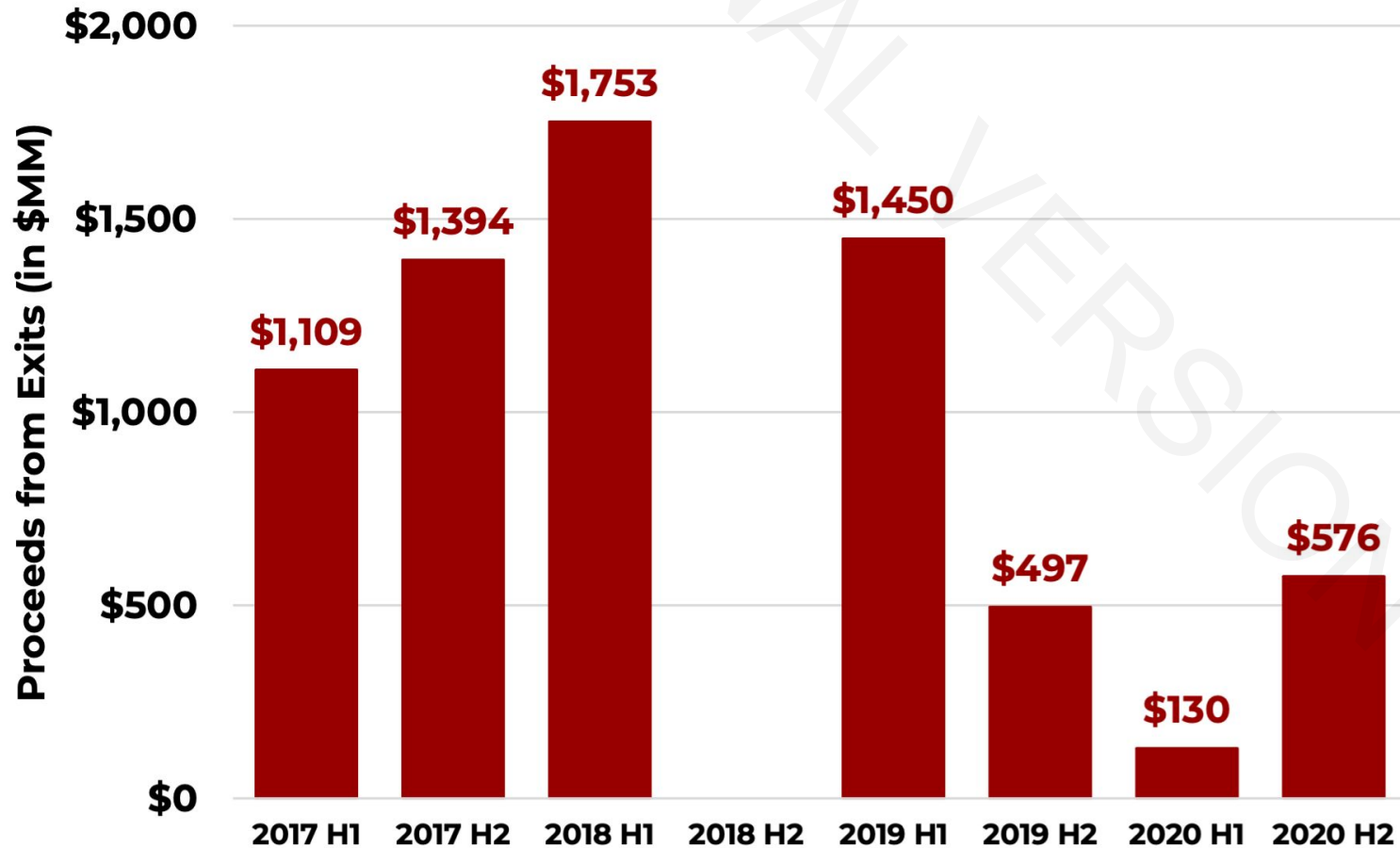
The main drivers for M&A are local and regional tech companies' expanding their reach across the region, acquiring a new customer base and acquiring talented teams and technology. 2021 onwards the ecosystem will see a more diverse group of acquirers.

Exit Valuations



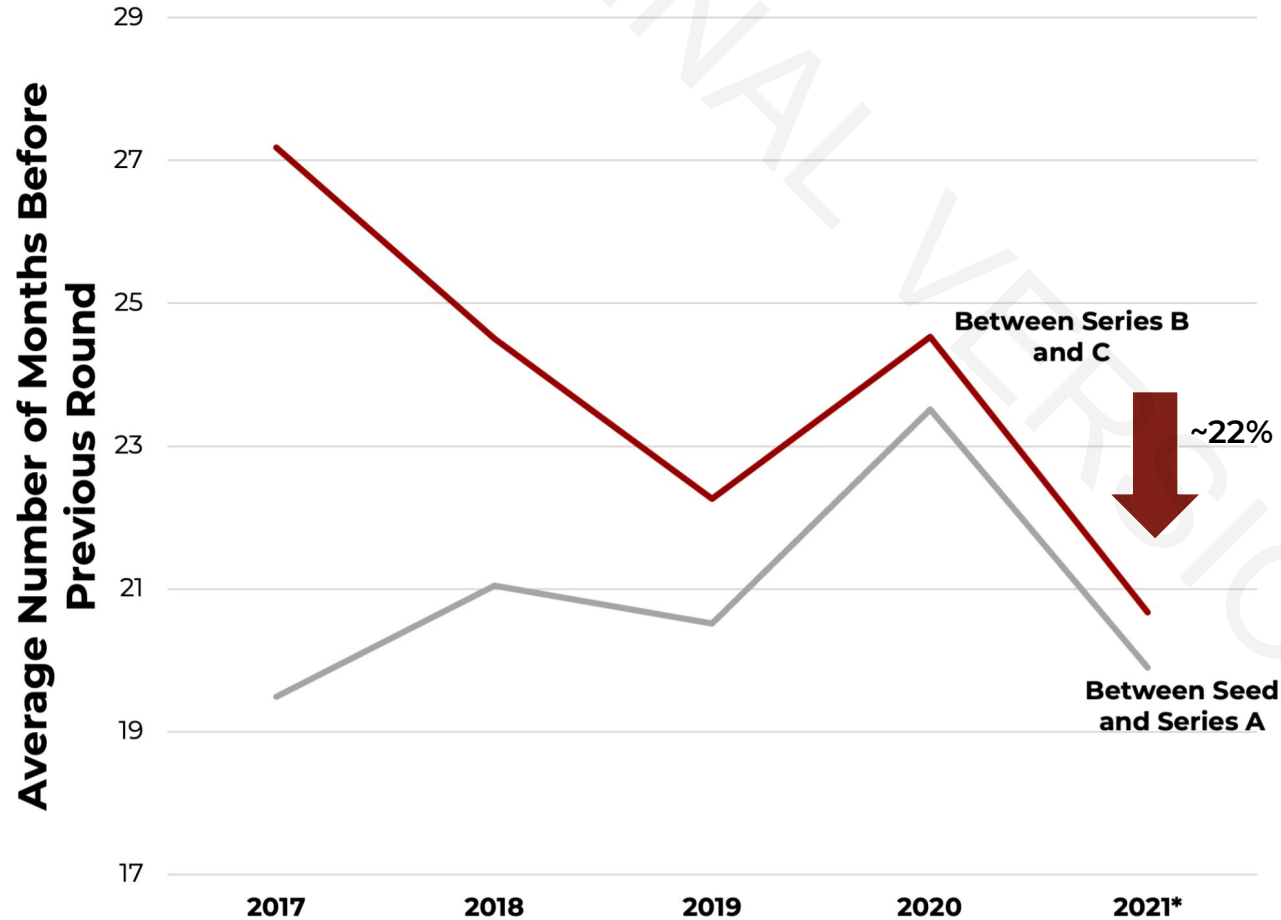
Exit proceeds have been getting smaller on average. This may be due to an influx of startups, particularly in retail and fintech, redistributing market share more evenly. Larger startups don't have the need to exit and will remain private longer. Earlier stage troubled companies might see the need to exit earlier as they can't raise follow on funding. Startups with the ability to raise funding will not be pressured to get acquired.

Exit Events above US\$100M



The number of large exit events has been decreasing since 2018. More money in the region has led to a preference of companies to raise over exiting. This may mean companies are overvalued, and it may show in the coming years if foreign investors are increasing their readiness to buy into SEA.

Convergence in Time between Rounds



There has been a convergence in the average time between funding rounds—startups now take a shorter time to raise series C rounds, indicating a maturing ecosystem and a positive outlook on exits.

*year-to-date (April 2021)

Appendix I

Contributors

Golden Gate Ventures



Golden Gate Ventures is a leading Southeast Asia focused venture capital firm headquartered in Singapore. Founded in 2011 by serial entrepreneurs, Golden Gate Ventures invests in audacious local companies in the consumer-driven internet and mobile sectors which offer superior growth and profitability. The firm has managed 3 early-stage funds and invested in 60+ companies across all major Southeast Asian countries: Singapore, Indonesia, Thailand, Vietnam, Malaysia, and Philippines.

Golden Gate Ventures is actively sought out by new economy venture owners because of its “entrepreneur first” reputation. The firm consistently utilizes its extensive network to access regional cross-border growth opportunities and applies best practices emerging in Silicon Valley.



“**Entrepreneur First**” – emphasis on accelerating **sustainable growth** and profitability through proven operational improvement strategies developed over multiple venture funds



Golden Gate Ventures helps the portfolio companies develop and implement **strategic and tactical growth initiatives**, including introducing partnerships with leading consumer brands and global organizations, developing digital growth strategy, helping talent recruitment, fundraising and improving internal governance, etc.



New York Stock Exchange

Delano Musafar is Head of Asia-Pacific Capital Markets for the New York Stock Exchange (NYSE).

As such, he is responsible for new IPOs/listings from across the entire APAC region, playing a leading role in their origination and also overseeing their execution e.g. Sea, Coupang, LINE, Takeda, Amcor, XPeng, One Connect, AMTD, Studio City; SPACs from Catcha, SC Health, D8, Tiga,, New Frontier. He also manages the relationships with APAC ex. Mainland China companies after they have listed on the NYSE.

He continually interacts with prospective issuers, PE/VC firms, sovereign wealth funds, investment banks, legal advisors, auditors, relevant government entities and other exchanges from the region.

Delano started his career in 1997 as an Equity Capital Markets banker at SBC Warburg (now UBS) based in London, working on numerous corporate and privatization IPOs and follow-ons throughout the EMEA and APAC regions. In 2006, he moved permanently to Asia, and worked at Morgan Stanley's and Nomura's APAC Equity Capital Markets teams in both Singapore and Hong Kong. Following that, he was Asia-Pacific Head at specialist IPO roadshow consultancies, which including working on the NYSE-listed US\$25B Alibaba IPO. He joined NYSE in January 2016.

Delano has a BSc in Economics from University College London (UCL) as well as an MSc in International Securities, Investment & Banking.



Delano Musafar
Head of Asia-Pacific Capital
Markets

INSEAD GLOBAL PE Initiative



Claudia Zeisberger

Professor of Entrepreneurship
& Family Enterprise at INSEAD

Professor Claudia Zeisberger is an Author, Angel Investor and Professor of Entrepreneurship & Family Enterprise at [INSEAD](#); she is the Founder and Academic Director of the school's private equity centre (GPEI). Before joining INSEAD in 2005, she spent 16 years in global investment banking.

Passionate about education, she devotes much of her time advising startups & is a mentor in [Google's Startup Accelerator](#). She ensures resilience of businesses in her work with corporates & institutional investors.

Professor Zeisberger teaches the Private Equity & Venture Capital, Corporate Turnaround and Risk Management electives and has been awarded the "Dean's Commendation for Excellence in MBA Teaching at INSEAD" annually since 2008.

Professor Zeisberger's books '[Mastering Private Equity](#) – Transformation via Venture Capital, Minority Investments & Buyouts' as well the corresponding case book '[Private Equity in Action](#)' have become THE standard textbooks.



Overview 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.



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.



Golden Gate Ventures



Nidhi Singh is a Pre-MBA Associate at Golden Gate Ventures.

Nidhi pursued Computer Engineering and Business at Nanyang Technological University and started her career with Citi Credit Sales & Trading in Hong Kong. Eager to intersect her love for tech with her background in finance, she then joined a Series-B B2B AI Startup HQ in Singapore. In 2 years, she has helped her Founders raise, build and grow the business as Director of Corporate Strategy. Nidhi is headed to The Wharton School for her MBA in Fall 2021. Outside of work, Nidhi enjoys reading non-fiction, Formula 1, running, playing golf, travelling and exploring bars!



Lucas Vining is an Analyst Intern at Golden Gate Ventures.

Lucas is currently a 3rd year student working to earn his Bachelors degree in Molecular Biology and Entrepreneurship at the George Washington University in Washington, D.C. While most of his academic training is in biology, his passion for entrepreneurship and the startup community drove him to found his first company, Ichosia Biotechnology in 2020. He has also founded Sa'akom Farms, a nonprofit dedicated to the alleviation of poverty in Cambodia through the implementation of hydroponic farming. In between work at Ichosia, Sa'akom, and Golden Gate Ventures, Lucas loves to run, play piano, and read up on the newest technology trends and innovations!

Michael Lints is a Partner at Golden Gate Ventures.

Michael Lints has over 20 years of experience helping innovative businesses obtain the resources, insights, and expertise they need in order to be successful. Michael has been a startup operator, investor, and mentor, and is currently a Partner at the Singapore-based venture capital firm Golden Gate Ventures. He joined the firm in 2013 and is currently leading growth venture efforts, which include LP fundraising and portfolio management for Golden Gate Venture's investments at Series B and beyond.



Jun Bin Ho is an Analyst Intern at Golden Gate Ventures.

Jun Bin is currently a first year student studying Business Management and Computer Science at New York University Abu Dhabi. Always excited to get hands on and generate impact, he had supported multiple startups with marketing and growth before joining his first VC, a Southeast Asian startup accelerator. There, he grew fascinated by the rapid development of the regional innovation ecosystem, and now actively advocates for students and young people to engage in the space. Outside of his work, Jun Bin is an avid portrait photography and enjoys museums, the beach and good wine.



Appendix II

Sources

Sources

Reports

- e-Conomy SEA 2020 report. Temasek, Google and Bain
- INSEAD - Golden Gate Ventures Exit Landscape report 2019
- Cento Ventures SE Asia Tech Investments FY 2019
- Preqin Venture Capital in Southeast Asia September 2017

Blogs/ Articles

- <https://www.cento.vc/southeast-asia-tech-investment-h1-2020/>
- <https://www.cento.vc/wp-content/uploads/2020/02/Cento-Ventures-SE-Asia-Tech-Investment-FY2019.pdf>
- <https://asavi.co/blog/spacs-m-a-and-asias-talent-future/>
- <https://markets.businessinsider.com/news/stocks/spacs-raised-73-billion-more-than-traditional-ipo-blank-checks-2020-12-1029906693>
- <https://www.techinasia.com/tech-merger-acquisition-southeast-asia>
- <https://www.dealstreetasia.com/stories/sea-q4-2020-review-223459/>
- <https://www.techinasia.com/tech-merger-acquisition-southeast-asia>
- <https://www.sgx.com/securities/ipo-performance>
- <https://www.asiapacific.ca/asia-watch/southeast-asias-tech-landscape-remains-attractive-despite>
- <https://www.dealstreetasia.com/stories/southeast-asia-seed-ecosystem-219507/>
- <https://www.vertexholdings.com/news/venture-capital-landscape-in-southeast-asia/>
- https://www.ey.com/en_sg/ccb/southeast-asia-mergers-acquisitions
- <https://www.techinasia.com/southeast-asian-tech-startups-raised-82b-2020-despite-covid19-impact>
- <https://www.businesstimes.com.sg/garage/singapore-takes-lions-share-of-venture-dollars-in-south-east-asia>
- <https://www.secondaryinvestor.com/lgt-doubles-down-on-asia-with-vertex-gp-led/>
- Crunchbase
- Tech In Asia
- e27

Legal Disclaimer

Disclaimer

This communication has been prepared by Golden Gate Venture's Research Team ("GGV") for general information only and is not intended to be relied upon in any way. Golden Gate Ventures is an early stage venture capital firm based in Singapore. We are an independent company incorporated in Singapore and are not affiliated to any other company outside of Singapore and the Cayman Islands. In particular Golden Gate Ventures is not associated in any way with GGV Capital based in Silicon Valley, United States of America and Shanghai, China or Golden Gate Capital based in San Francisco, United States of America. Our business takes us to various parts of the world, and there may be companies in those countries with a similar corporate name, but we are not in any way related to them.

Information, projections and images

Information contained in this communication has been obtained from materials and sources believed to be reliable at the date of publication, however GGV has not taken steps to verify or certify its accuracy or completeness. Opinions, projections and forecasts in this communication depend on the accuracy of any information and assumptions on which they are based, and on prevailing market conditions, for which GGV does not accept responsibility. No representations or warranties of any nature are given, intended or implied by GGV about this communication, any information, opinions and forecasts contained within this communication or the accuracy or enforceability of any material referred to in this communication.

GGV (including its employees, officers and agents) any of the employees of GGV referenced in the communication will not be liable, including in negligence, for any direct, indirect, special, incidental or consequential losses or damages arising out of or in any way connected with use of or reliance on anything in this communication. For the avoidance of doubt, GGV (including its employees, officers and agents) will not be liable for any investment decision based in whole or in part on the information or projections contained herein. All images are only for illustrative purposes. Given the above, GGV strongly advises all recipients of this communication to exercise caution and to conduct their own due diligence on the relevance, accuracy, completeness and currency of the information in this communication.