

J&A Capital Markets Report

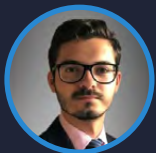
Logistic Technology in Southeast Asia

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Southeast Asia is one of the world's best-performing emerging markets. The combined GDP of the region has grown from \$29 billion in 1970 to \$2.97 trillion in 2020, a remarkable 10,116% increase. International trade has been a driving force behind the region's development. Several Southeast Asian countries rank among the most open to trade with the highest GDPs per capita of any nation.

Southeast Asia is strategically poised to link the manufacturing centers of the East to the consumer base in the West. This article outlines trade in Southeast Asia, the key role of technology within the sectors, and capital market activity in Southeast Asian logistic technology.

AUTHORS



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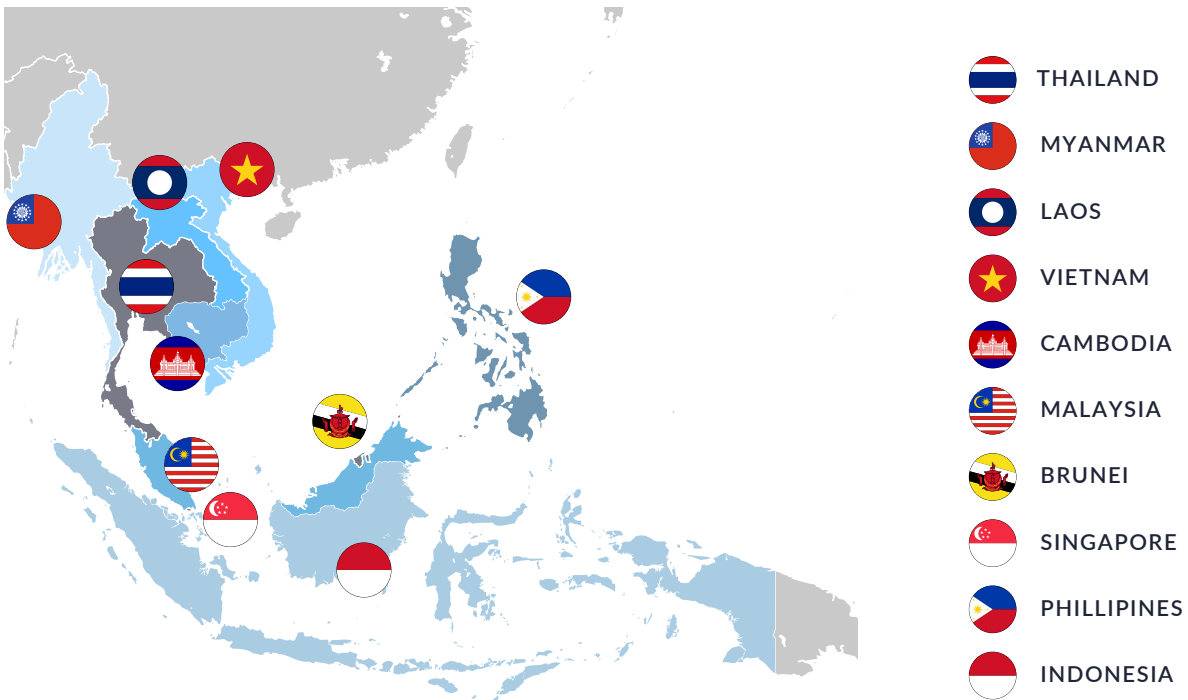


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Market Overview

In 2020, \$2.8 trillion of international trade occurred in Southeast Asia. The region has increased the quantity of internal trade through the Association of Southeast Asian Nations (ASEAN) and strengthened external trade.



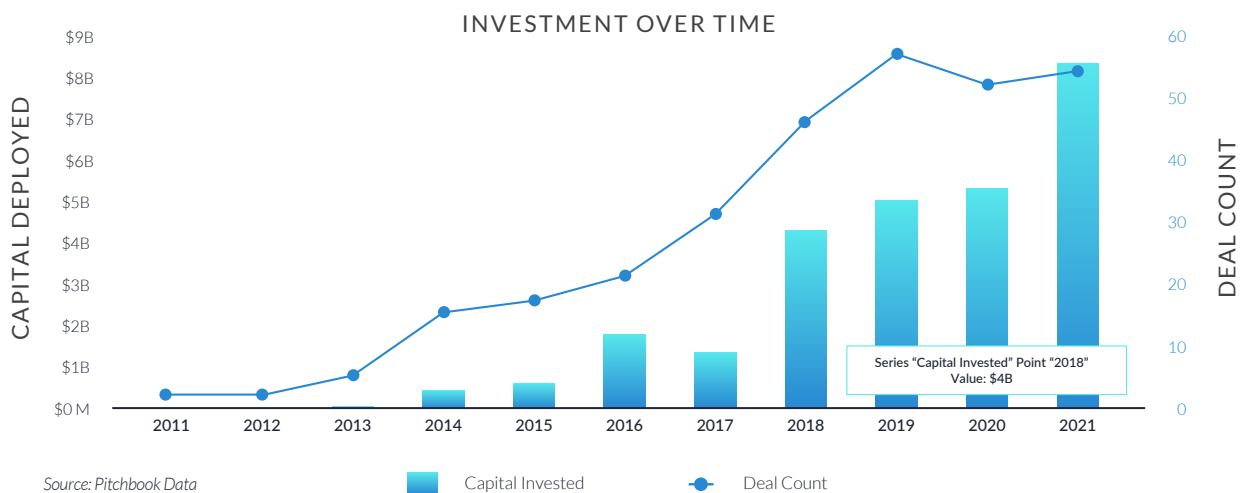
- Southeast Asia's largest trading partner is the Asia Pacific region, which comprises over \$1 trillion in trade annually.
- The United States and the European Union are significant partners. Over \$300 billion of trade conducted between each of these regions and Southeast Asia.
- Internal trade between members of ASEAN (which includes Singapore, Indonesia, Malaysia, Thailand, the Philippines, Vietnam, Laos, Brunei, Myanmar, and Cambodia) accounted for \$600 billion, or 22% of total international trade.

The logistics market in Southeast Asia is being driven by technological innovation. Logistics technology companies increase the speed, ease of use, and transparency of the supply chain process for customers, businesses, and logistics companies. The continued development of the region's logistic technology will be a key factor in the market's future growth.



Capital Market Activity in Southeast Asia – Logistic Technology

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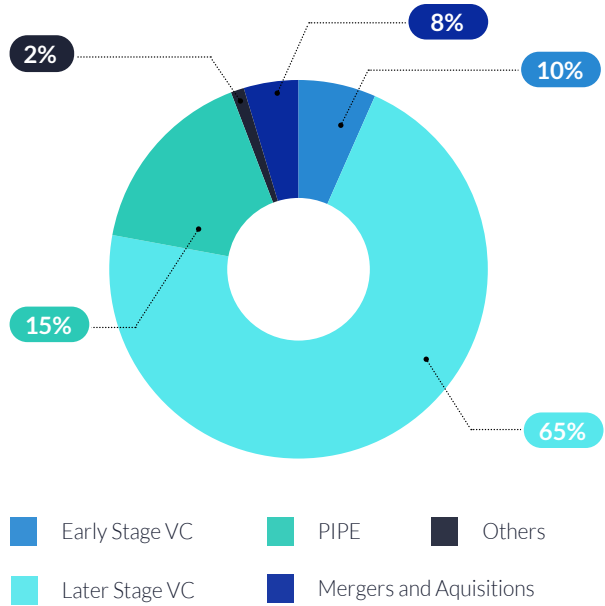


- Capital deployed in the freight technology sector increased 17-fold between 2014 and 2021 and was largely insignificant before 2014 in Southeast Asia.
- More than \$27 billion was deployed in the sector across 302 deals, with an average deal size of \$9 million. Deal count and capital deployment have increased steadily over time, and the first three quarters of 2021 have seen

the most significant market activity over the period.

- Ninja Van is a last-mile logistics technology platform that has conducted several investment rounds over the period. The most recent raise was a \$578 million Series E round, in which B Capital Group, Brunei Investment Agency, Burda Principal Investments, Carmenta Management, and five other groups invested.

Capital Deployed by Deal Type



- Late-stage venture capital deals represented 71% of capital deployed in the sector. This shows the abundance of growth-stage companies in the market.
- Mergers and acquisitions represented only 5% of capital deployed since 2010 in the sector. Most acquisitions have been conducted by large logistics corporations, but the limited activity shows a lack of consolidation in the market.
- Just 6% of capital deployment went to early-stage venture capital deals. This statistic shows that early-stage companies are present in the sector, but funding is difficult to acquire.

Southeast Asia is one of the world’s best-performing emerging markets, and trade has provided the basis for the region’s growth. Logistic technology will play a critical role in improving the efficiency and transparency of supply chains and the delivery process. Southeast Asia logistics firms will need to remain globally competitive and logistics technology will allow them to do so. J&A forecasts an increase in capital market activity in the Southeast Asia logistics technology market in 2022 and beyond.