

THE RISE OF THE SOUTHEAST ASIAN TIGERS

ELEMENTS FOR SUCCESS IN SOUTHEAST ASIA

Webinar 28 March 2019
Business Sweden Southeast Asia



Hej! Thanks for joining today!



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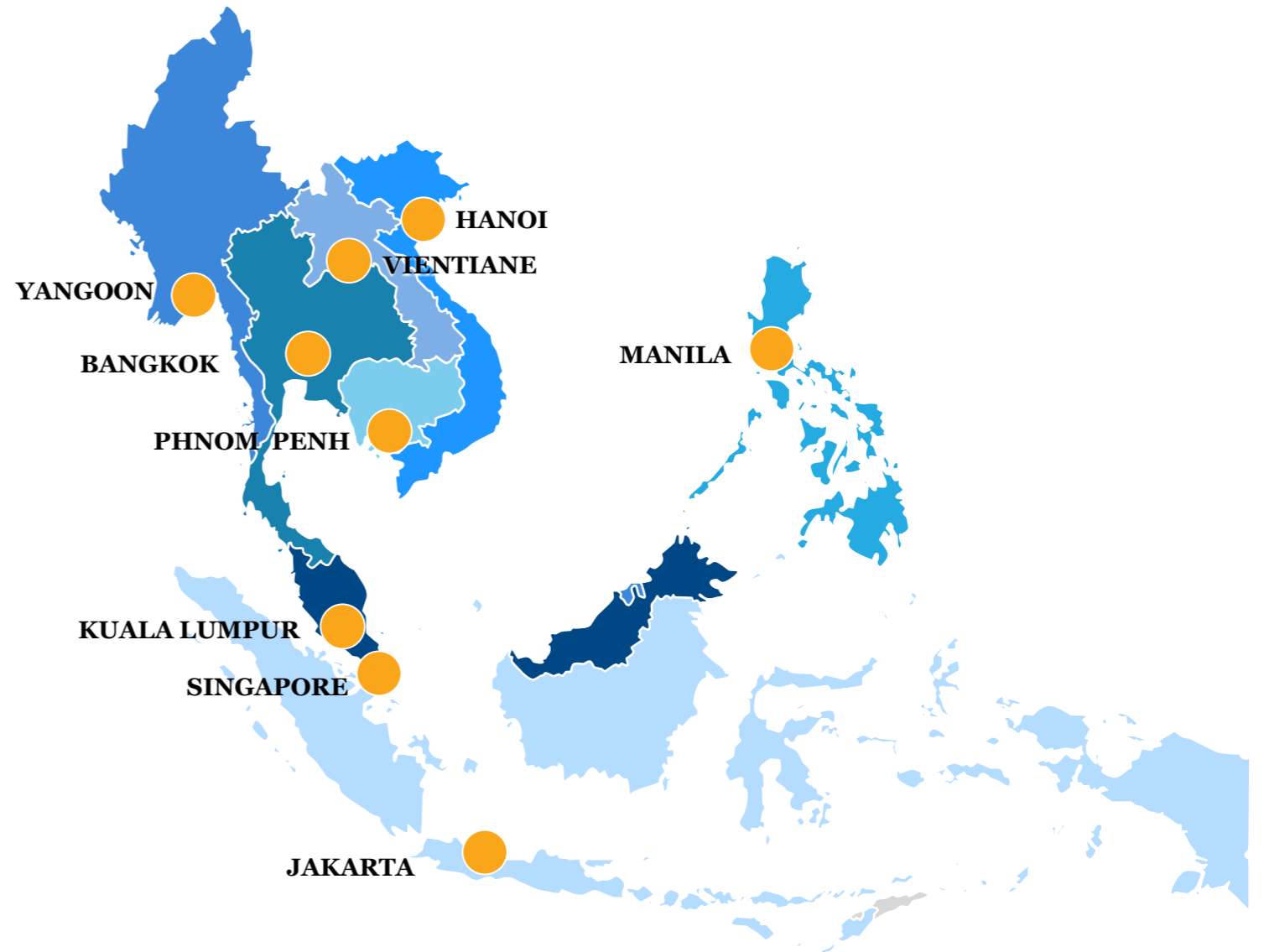


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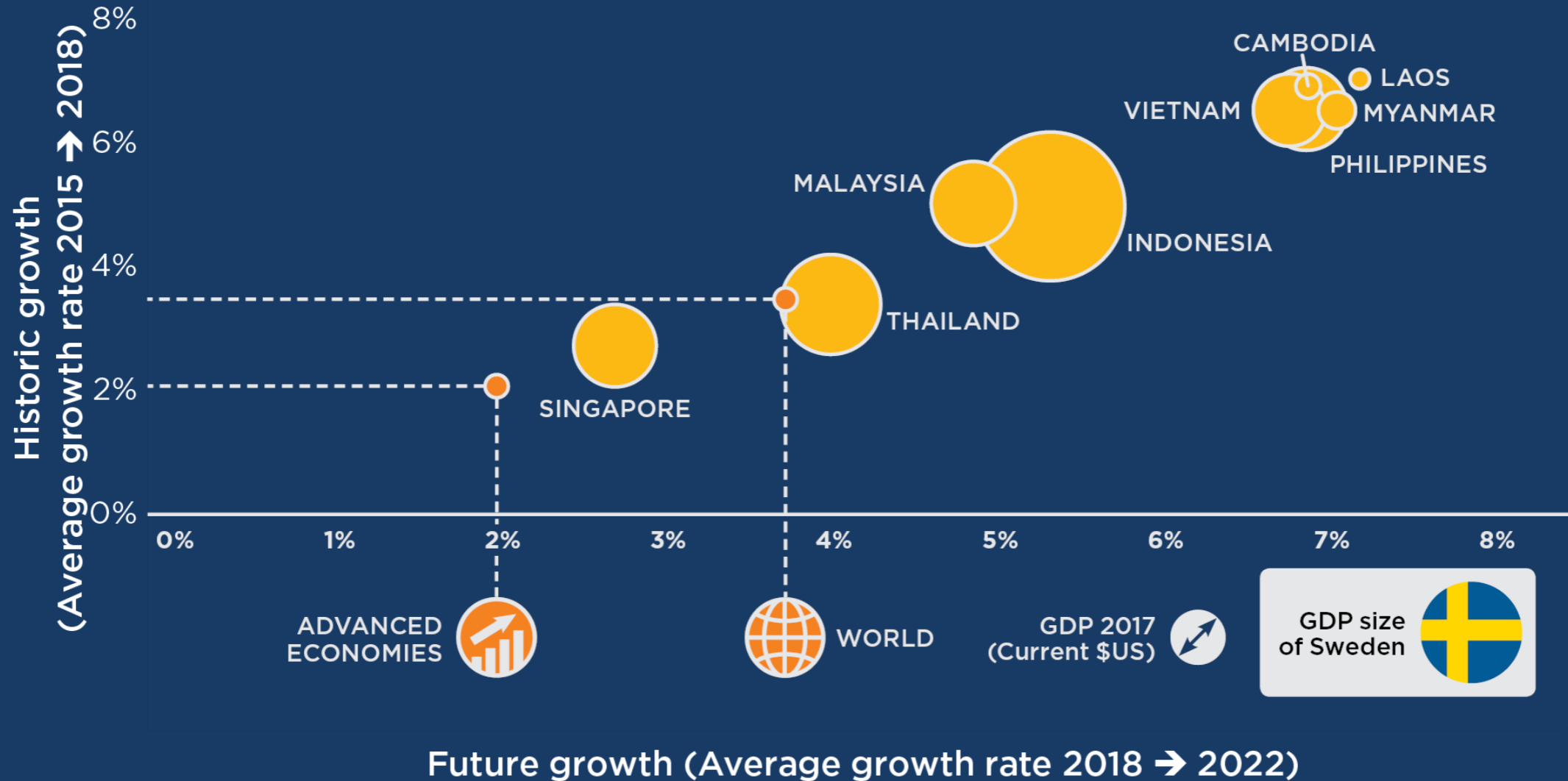
Three key take-aways from today's webinar

- 1. The growth is high and stable** – if you are not in Southeast Asia now you risk missing the growth opportunity of the next decade
- 2. SEA is in massive needs of solutions** – with massive investments in infrastructure, ongoing improvements in manufacturing and with digitally savvy, young confident consumers
- 3. You can still join the race** – if you target the right customer, develop your digital capabilities, bring innovation to the region and invest in establishing a high performing organization

A REGION OF UNTAPPED POTENTIAL
















HISTORIC VS. FORECASTED GDP GROWTH RATES; SOUTHEAST ASIA, WORLD & ADVANCED ECONOMIES



Source: IMF, Worldbank, Business Sweden Analysis

Integration despite diversity

- Economic, political and religious diverse region
- ASEAN remain committed to strengthening the partnership
- ASEAN Economic Community and ASEAN Smart Cities Network being examples of regional efforts

	GDP / Capita 2017 	Internet users % 	Net FDI in % of GDP 
Singapore	\$ 57 000		24 %
Brunei	\$ 28 000		-1 %
Malaysia	\$ 10 000		5 %
Thailand	\$ 6 500		1 %
Indonesia	\$ 3 800		1 %
Philippines	\$ 3 000		3 %
Vietnam	\$ 2 300		6 %
Myanmar	\$ 1 400		5 %
Cambodia	\$ 1 300		11 %
Laos	\$ 2 400		6 %

SOURCE: WORLD BANK, EF, HDI



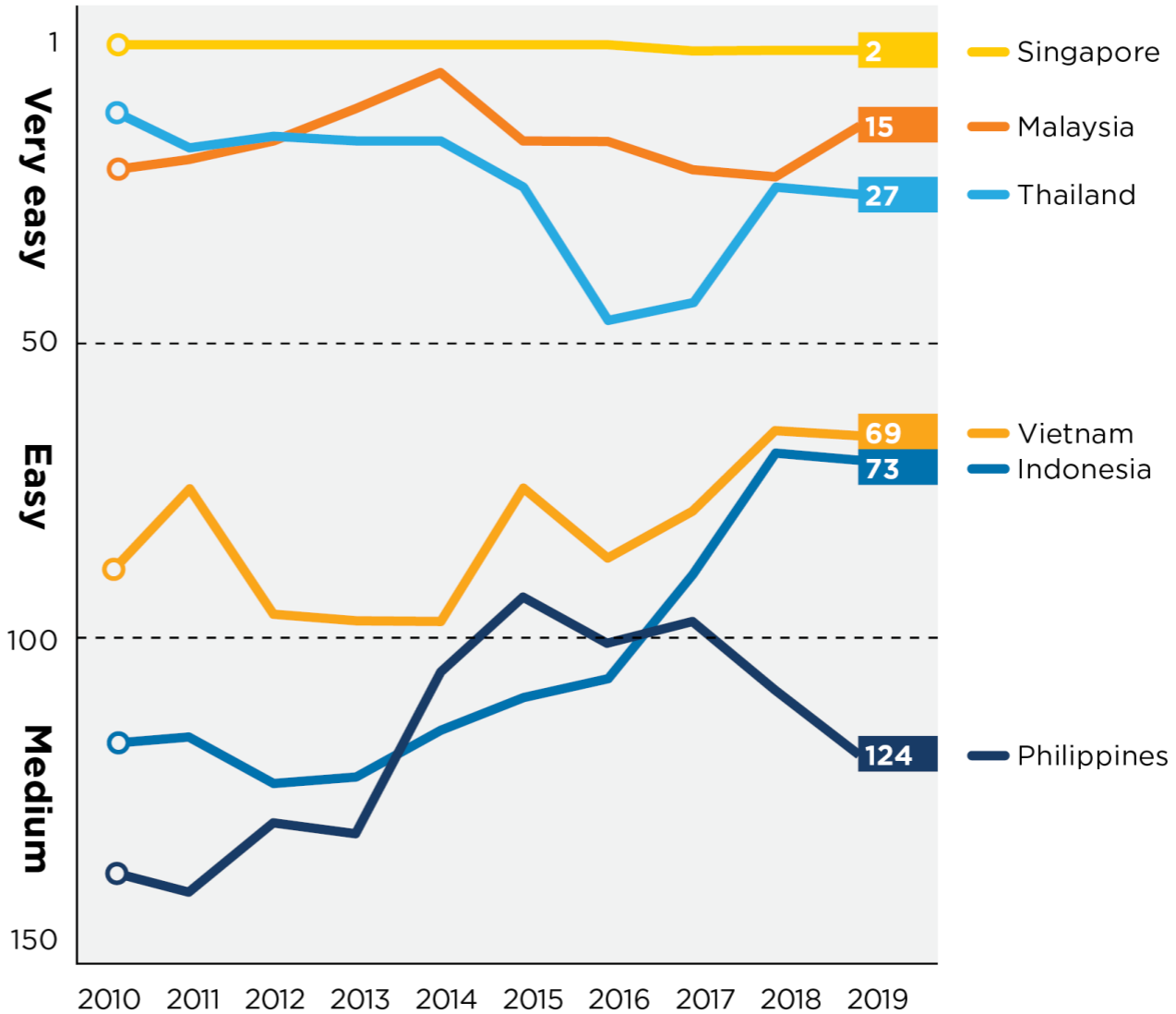


Challenges remain:

- Infrastructure
- Imports
- Corruption
- Political

Improvements in ease of doing business

Despite a positive trend in most countries, many of the Southeast Asian nations are in significant need of reforms in order to improve the business environment and tackle a range of issues with regards to corruption, transparency, human rights violations etc.



Three key growth drivers – all spurred on by innovative technologies

GROWTH DRIVER

...DRIVEN BY

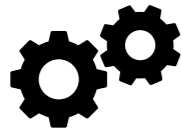
**INNOVATIVE
TECHNOLOGIES**



**NEED FOR
INFRASTRUCTURE
INVESTMENTS**



SMART CITIES



**TRANSFORMING
MANUFACTURING**



INDUSTRY 4.0



**THE EMERGING
MIDDLE CLASS IS
DIGITAL**

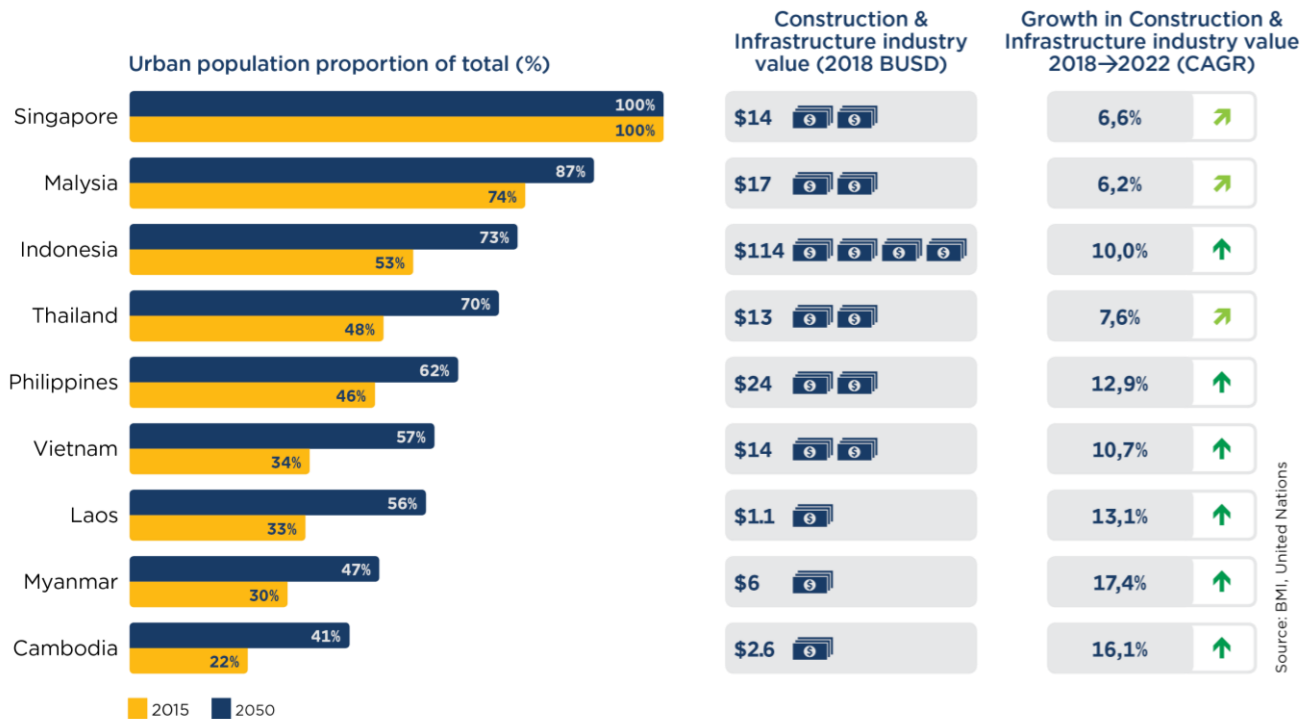


**E-COMMERCE,
PLATFORMS, SOCIAL
MEDIA ETC.**



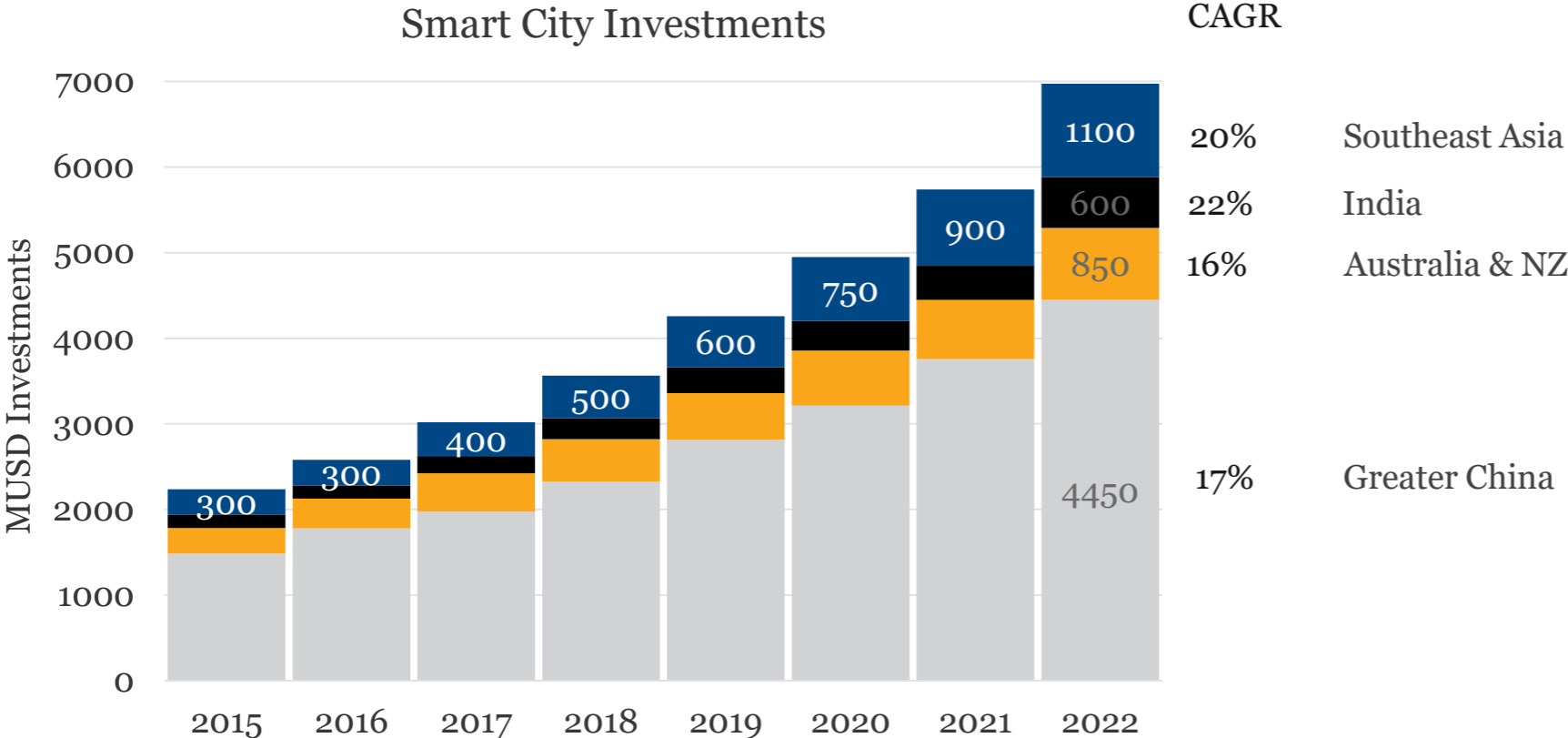
Need for infrastructure investments

- Rapid urbanisation with estimated urban population rates to reach 66% in 2050, up from 47% in 2015
- Large development in infrastructure
 - Transport
 - Energy
 - Construction



Jl. Satrio, Jakarta

Heavy investments in smart and sustainable cities



Source: Navigant Research



Volvo and Singapore University piloting autonomous buses

Singapore Built a Dedicated Town for Self-Driving Buses

The city-state's secure test park gathers information about autonomous vehicles.

By **Kyunghee Park** and **Krystal Chia**
den 5 juni 2018 05:00 +08
From **Hyperdrive**

Autonomous public bus to be launched by 2020

NTU and Volvo Buses to develop electric, driverless buses by 2019



Parliament: 14 autonomous vehicles currently being tested on roads with low traffic



Self-driving cars find clearer paths in Singapore, UK, Germany than US



Driverless vehicle rides in three new towns from 2022



A driverless shuttle being tested at Tembusu Beach in Sentosa. PHOTO: MINISTRY OF TRANSPORT
PUBLISHED: JUL 11 2018, 2:04 PM SGT
Singapore - There are currently 14 self-driving cars being tested on public roads here, but these are roads with low traffic to ensure the safety of all road users.

NEWS

Singapore to introduce new legislation for autonomous vehicles

With the government to provide autonomous vehicle legislation by the second half of 2018, Singapore will be at the forefront of self-driving vehicles testing.



Singapore

Singapore relooking road rules to allow for self-driving vehicles

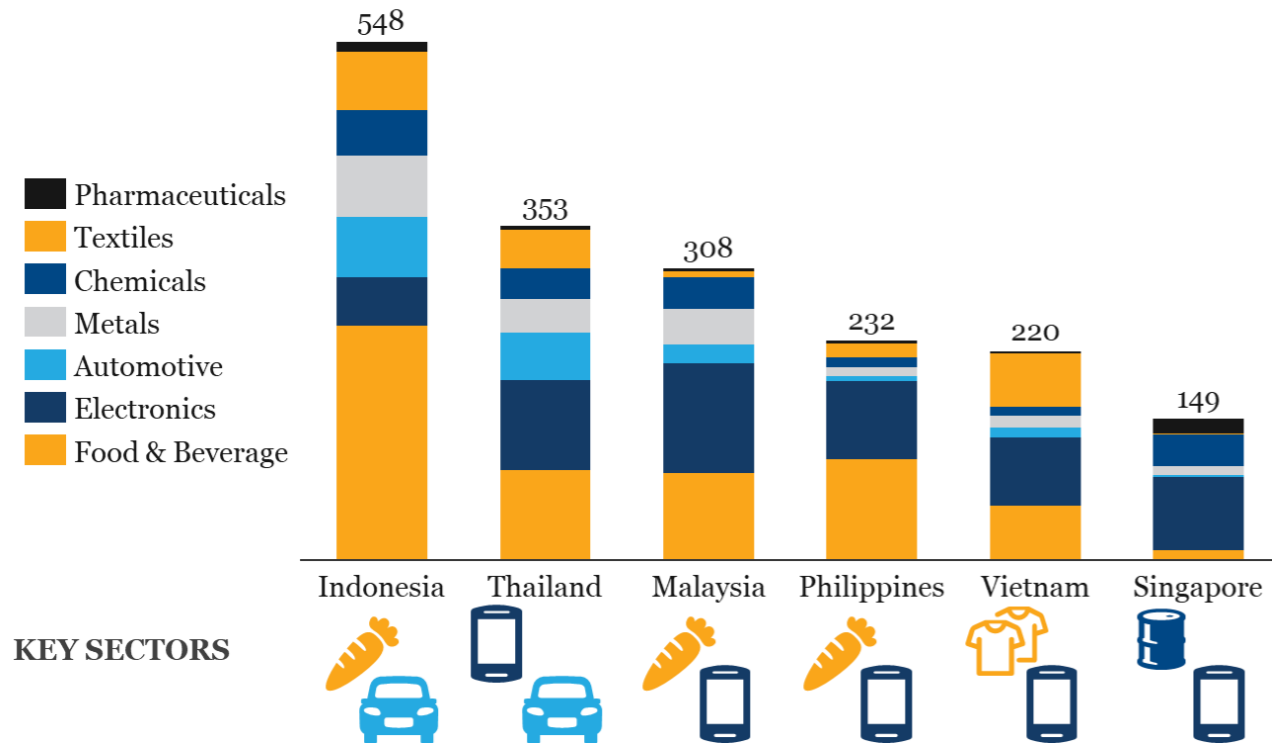
There are various areas being looked at such as how these autonomous vehicles should interact with other vehicles on the roads, says a Ministry of Transport official.



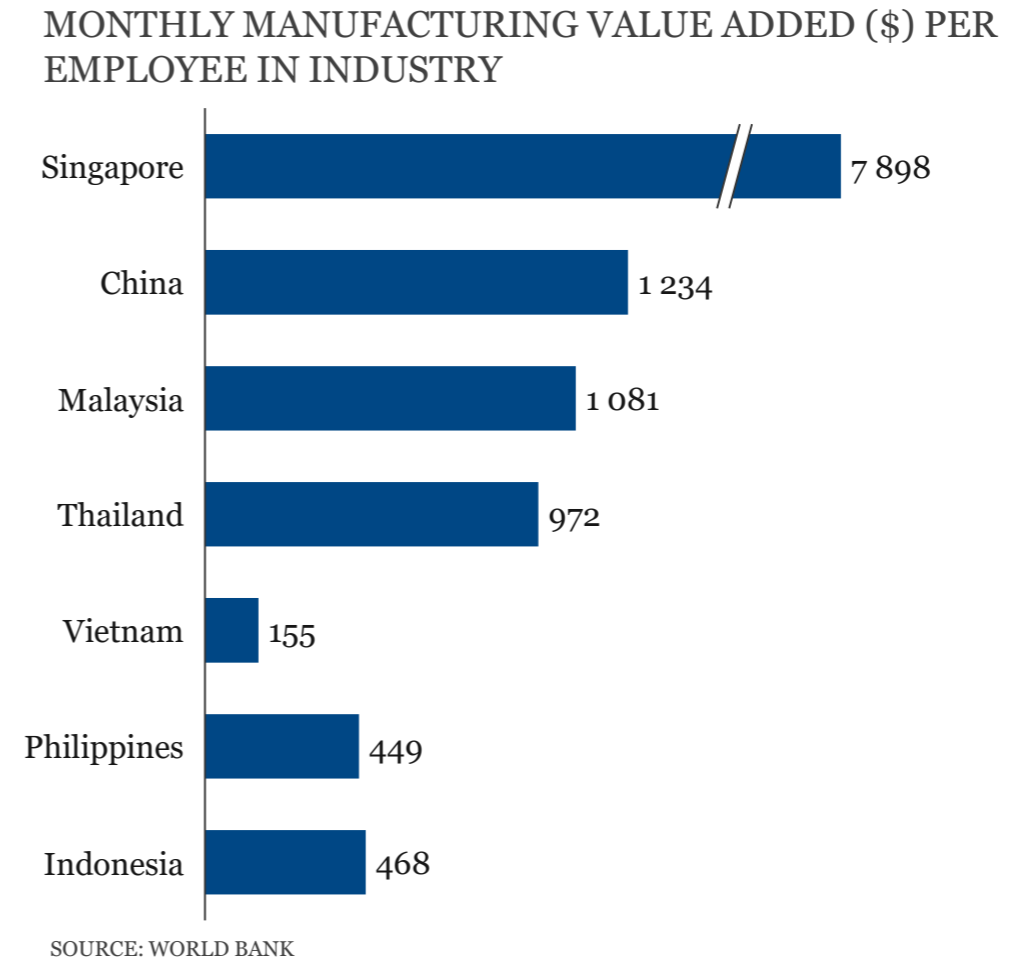
Transformation of the manufacturing sector

- Manufacturing important for Southeast Asian economies
- Large productivity growth needed
- Industry 4.0 plans in all countries

MANUFACTURING PRODUCTION OUTPUT 2018 AND KEY SECTORS

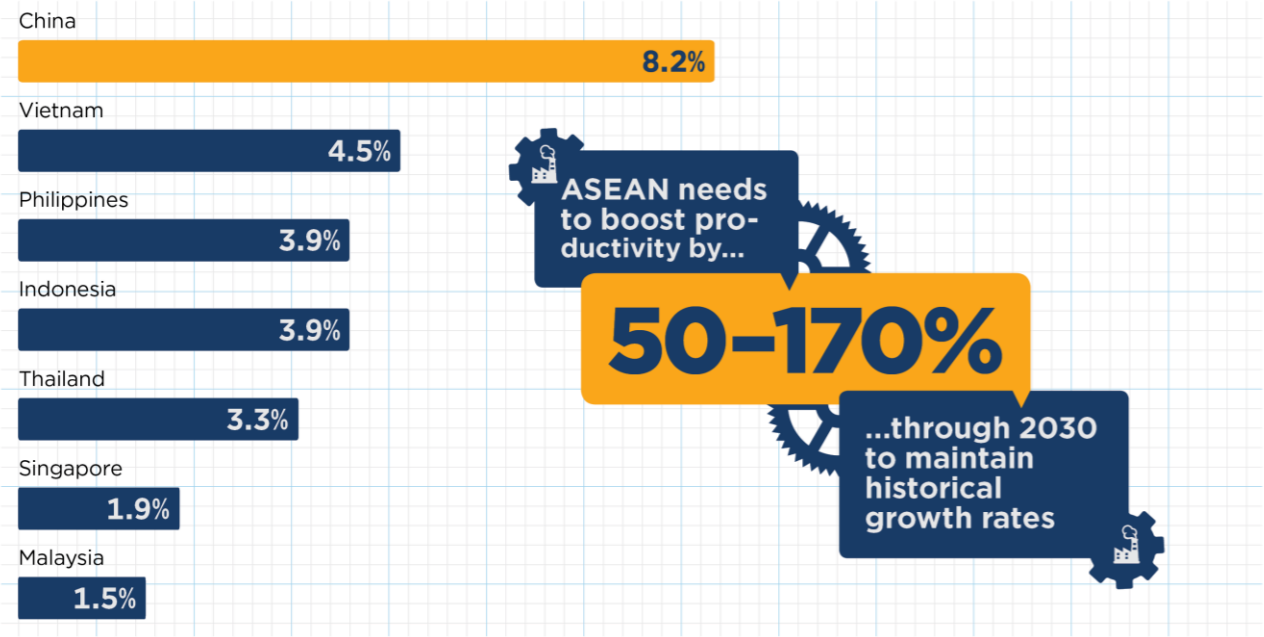


Large differences in wages but also in value add per employee

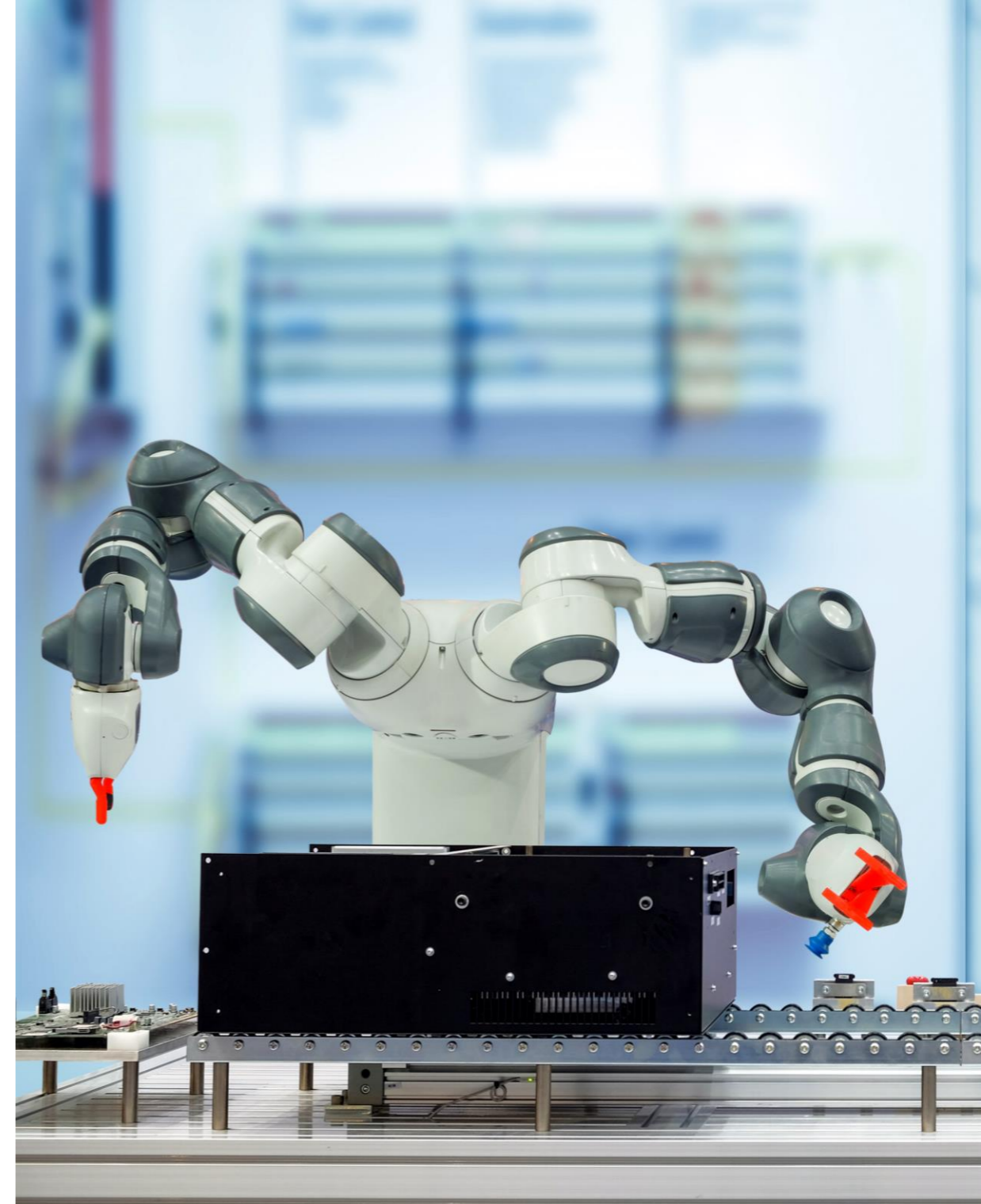


Productivity improvement and Industry 4.0

HISTORICAL PRODUCTIVITY ANNUAL GROWTH RATE (10Y CAGR 2008-2018)



Source: The Conference Board Total Economy Database, McKinsey



Localizing manufacturing competence

- Atlas Copco has presence in most markets in Southeast Asia with many international clients
- Korean companies are large investors in Vietnam, but the way to do business in Korea is different to Sweden and Vietnam
- Atlas Copco employed a Korean business development manager in Vietnam to cater to Korean customers

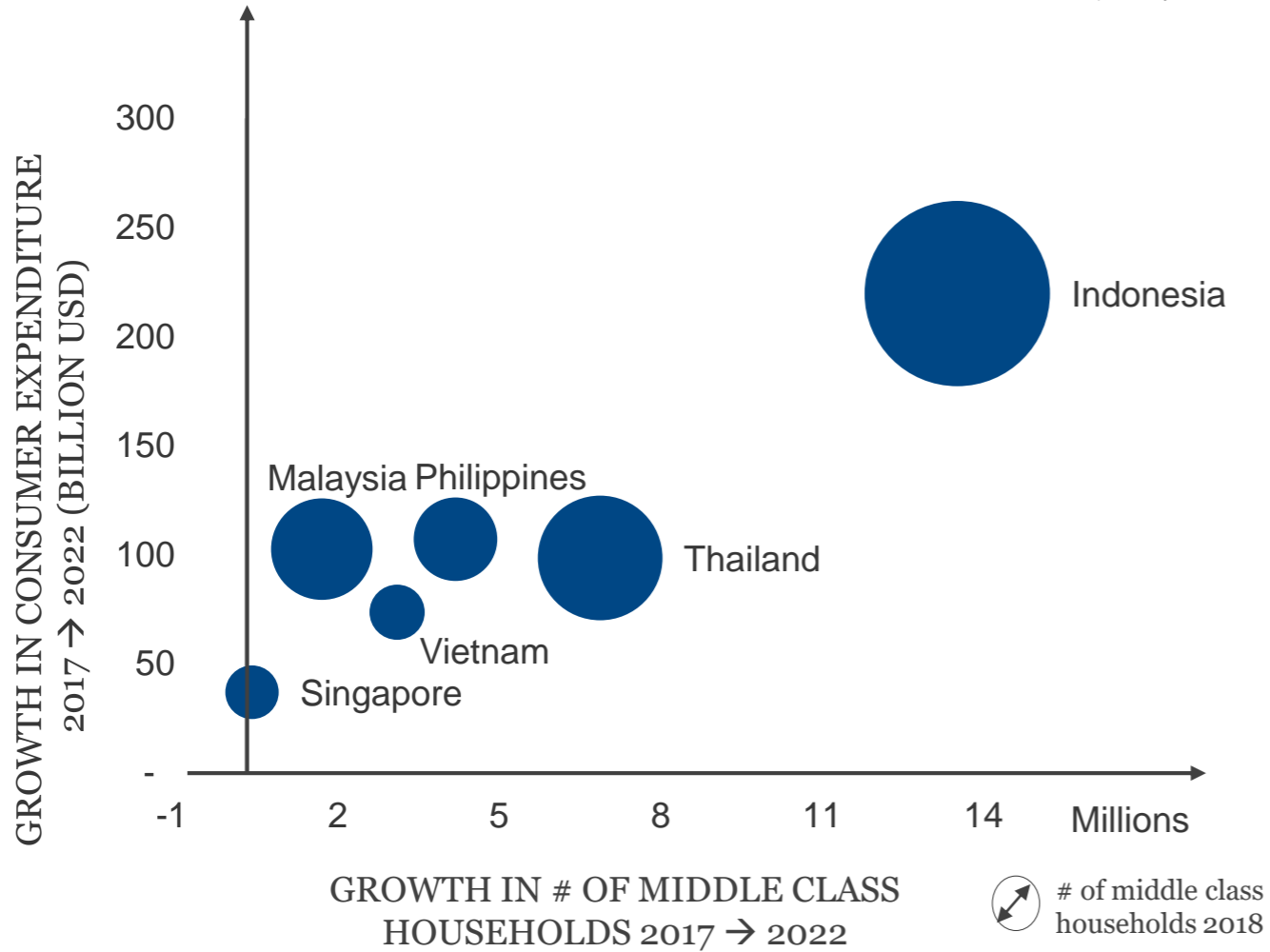
In order to succeed in Southeast Asia you need to know your customers and how to approach them in the markets



The emerging middle class is digital

- The middle class is growing in all Southeast Asian countries
- The majority of these are below 30 years old and have smartphones

GROWTH IN MIDDLE CLASS HOUSEHOLDS AND CONSUMER EXPENDITURE, 2017 → 2022



Southeast Asia follows China's pattern with platforms dominating e-commerce

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CONSOLIDATED E-COMMERCE MARKET

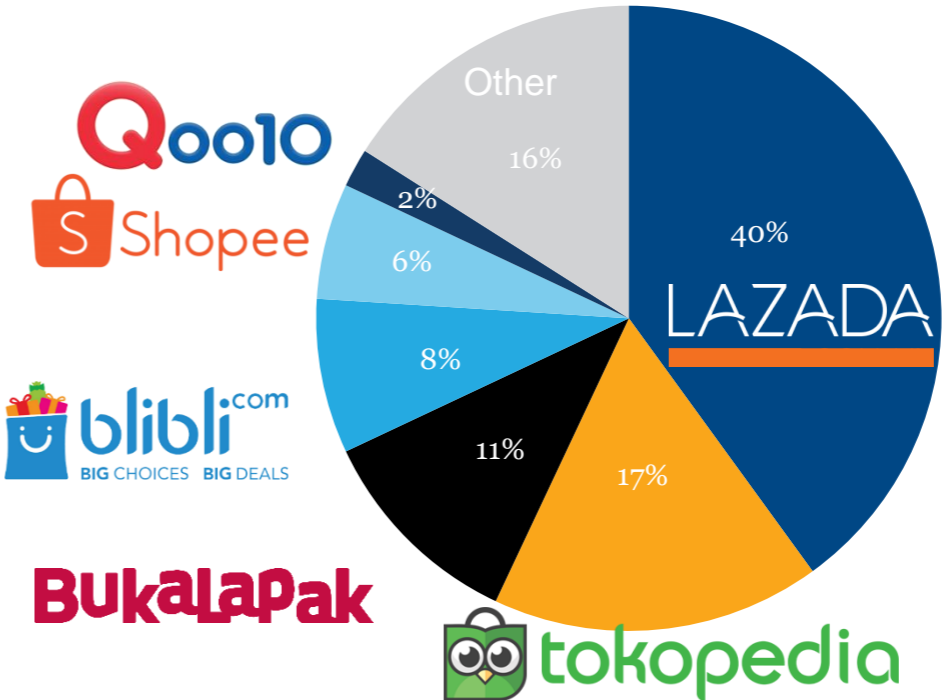
6 E-COMMERCE PLATFORMS HAVE >80% OF THE TRAFFIC
- 

INDONESIA HAS THE MOST TRAFFIC IN SEA

> 60% OF MONTHLY TRAFFIC IS IN INDONESIA
- 

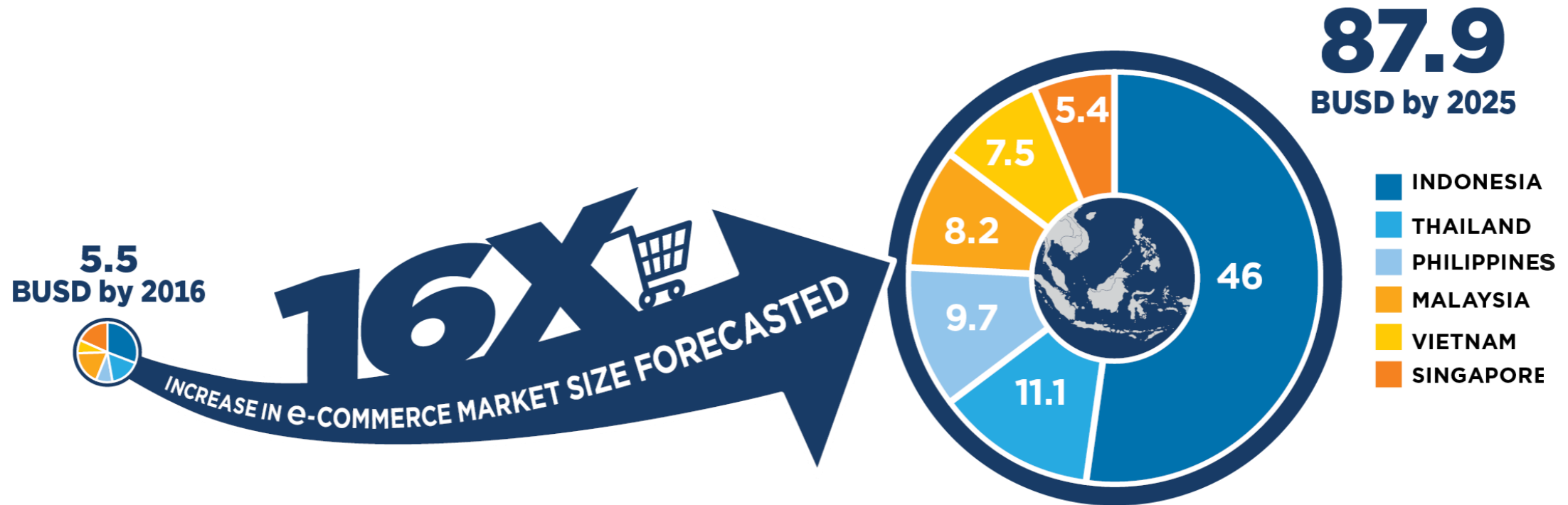
SOME PLATFORMS ARE PRESENT IN ALL SEA MARKETS (E.G. LAZADA) WHILE OTHERS ARE, AS OF TODAY, COUNTRY EXCLUSIVE (E.G. TOKOPEDIA)

MONTHLY TRAFFIC (2017 AVG), 100% = 638 MILLION



SOURCE: BUSINESS SWEDEN ANALYSIS, OECD, TEMASEK & GOOGLE ASIA, SOUTHEAST ASIA DIGITAL CONSUMER SURVEY (BAIN & COMPANY)

Digital consumers use platforms in an exploding e-commerce market



240
MILLION
Internet users

700
MILLION
Mobile subscriptions

15%
CAGR
Since 2015

5,5
BUSD
Market value in 2016

Source: Temasek & Google Asia, Southeast Asia Digital Consumer Survey (Bain & Company)

Reaching customers everywhere

- Daniel Wellington have been in Southeast Asia for many years and are experts in being where the customers are
- With presence in malls, own stores, own website, pop-ups and on the major platforms, Daniel Wellington is using all channels



Being present in the relevant local channels with a coherent communication enable retail companies to win consumers

LAZADA CO.ID

Category ▾

Secure | <https://www.danielwellington.com/id>

DW

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Danie Official


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NEW

Elements for success in Southeast Asia



An aerial photograph showing a multi-lane highway with several cars driving. To the left of the highway is a large agricultural field with rows of crops. To the right is a developed area with buildings, a water tower, and a circular road. In the far background, a large, rounded mountain rises against a clear blue sky with a few wispy clouds.

“We are confident that Swedish companies can and should invest and increase their presence in Southeast Asia, to take part of the growth journey this dynamic region is on”

Business Sweden is present in more than 20 markets across the APAC region, and our mission is your success



15
trade offices in
Asia & the
Pacific

500+
Projects performed
yearly

20+
International markets where
we provide strategic support

150
growth
consultants

200+
Business
incubator
capacity

**Did you
know that..**
95 Swedish companies are housed
in our facilities?

