

What's Next?

Insights into how Asian Markets will look after COVID-19

Prepared for: **The Australian-Thai Chamber of Commerce**

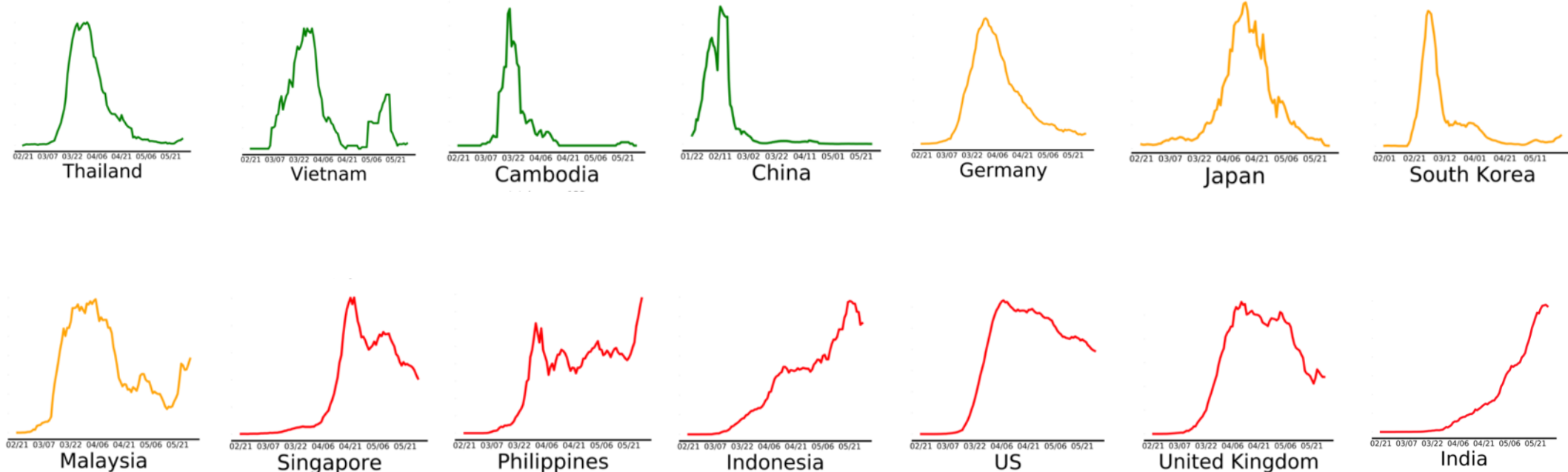
Presented by: **John Evans, Managing Director, Tractus Asia Ltd.**

Date: **11 June 2020**

As Covid-19 swept the world, certain Asian markets are getting back to “normal” before the EU or North America

Which ASEAN markets are beating Covid-19 compared to others?

● Winning
 ● Nearly there
 ● Need action



Source: <https://www.endcoronavirus.org/>

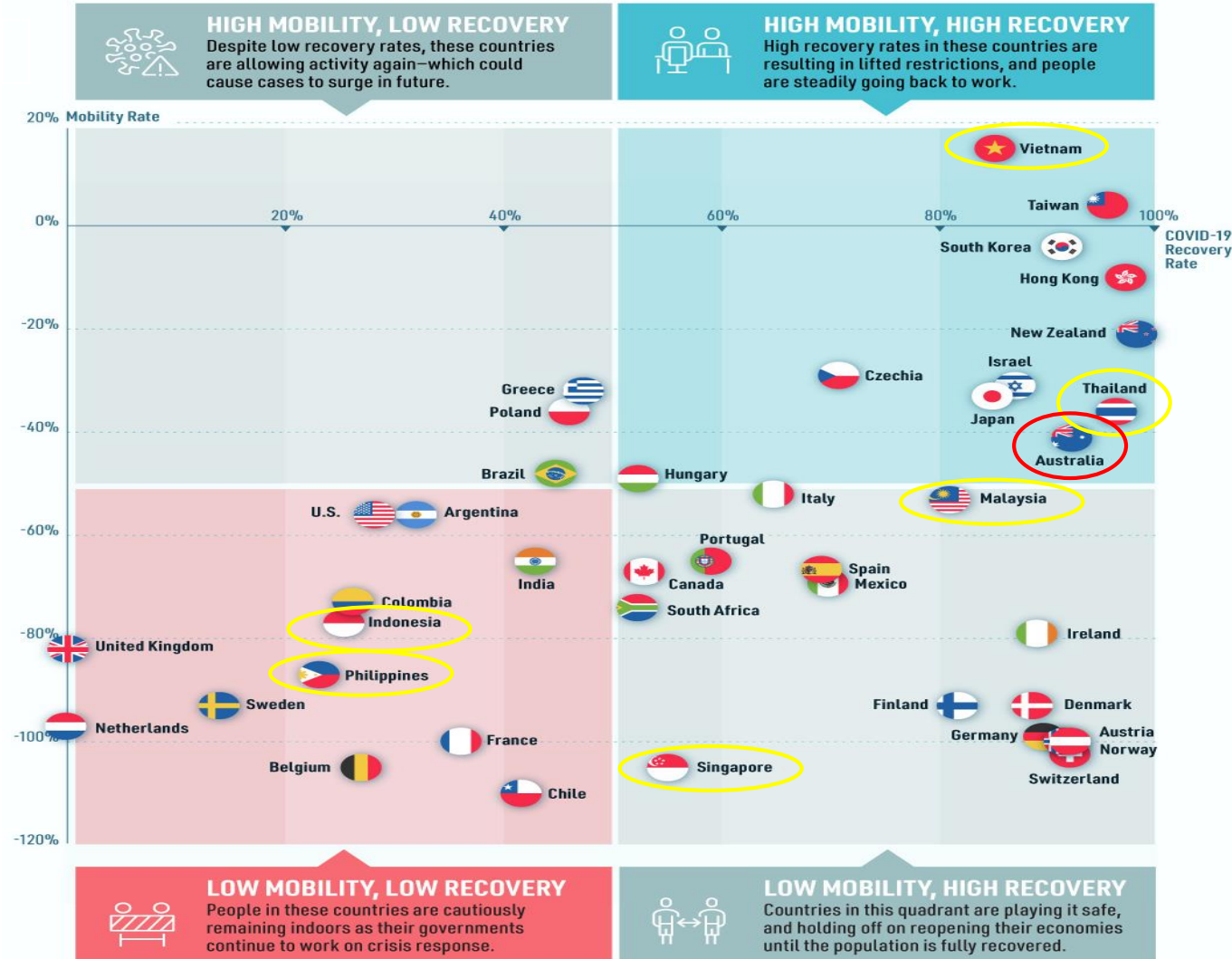
The Road to Recovery: Which Economies are Reopening?

The higher the country's mobility rate, the more economic activity this signifies
In most cases, mobility rate also correlates with a higher rate of recovery

X-Axis: Mobility Index

The change in activity around workplaces, subtracting activity around residences, measured as a percentage deviation from the baseline.

<https://www.google.com/covid19/mobility/>



Y- Axis: COVID-19 Recovery Rate

The number of recovered cases in a country is measured as the percentage of total cases.

<https://www.coronatracker.com/analytics/>

Source: Visual Capitalist (May 28, 2020)

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Top 6 ASEAN Markets



Indonesia eased its lock-down as of June 4
Already seeing foreign institutional investor activity



Malaysia's partial lockdown is to lift June 9 with
Government providing all states with stringent re-opening guidelines



The Philippines is struggling to slowly flatten the curve and the lockdown is planned to be fully lifted June 22nd



Singapore Phase 1 of lockdown is being lifted.
Cases mainly in the migrant worker community,

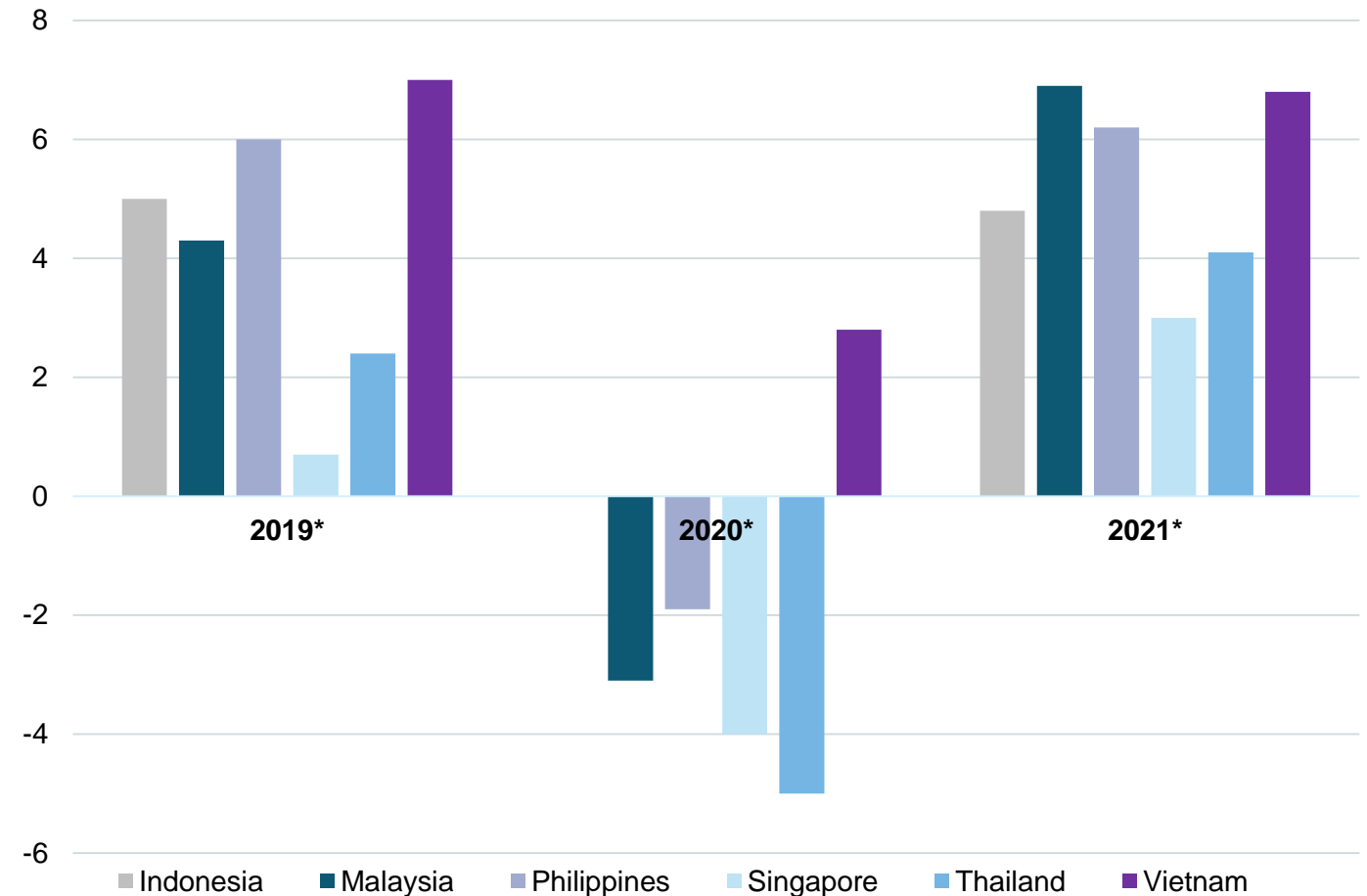


Thailand will complete its lockdown by July 1
malls and restaurants forecast to be fully open,
tourism to potentially starts in July or August



Vietnam flattened the curve Lockdown lifted as of May 7
Domestic tourism on the rise.

WB GDP growth forecasts (annual %)



Source (Actual GDP): World Bank's World Development Indicators (WDI) Database

*Source (GDP Forecast): World Bank's Global Economic Prospects (GEP) Database

**Note: Singapore GDP Forecast not available on World Bank's GEP Database

Covid-19 has forced almost every business to re-think their strategies – especially from a supply chain perspective



80%

of the companies realized they would be negatively impacted

60%

of companies reported a doubling of lead times because of reliance on China

45%

of companies DID NOT have alternatives in place in case their supply chain got impacted

Covid-19 is becoming a key driver of HR transformation

88%

of global organizations encouraging
“work from home”

Source: Gartner - Global HR Executives Survey March 2020



The new *normal* – working from home and essential vs. non-essential services



Hiring regulations; work permits and work-related travel



Impact on productivity, training and managing remote teams

97%

of global organizations who have
cancelled work travel

Source: Gartner - Global HR Executives Survey March 2020



Adoption of digital technologies and automation



Rise of a truly virtual, global labour pool

Winners, losers, and those in-between



Some Losers

Covid is just killing the business

- Real Estate
- Dine-in Restaurants
- Traditional Retail
- Tourism & Travel
- Automotive
- Ocean Freight

Some In- between

We are hanging in there

- Food service with take out
- Bricks & Mortar with E-Commerce
- Education
- Hospitals & Dental
- Insurance and banks
- Trucking

Some Winners

This is a blessing in disguise

- Food Delivery
- Med-tech & Pharma
- Media & Gaming
- Ecommerce
- Couriers & Delivery
- Financial & Risk Advisory

Zoom is big winner, and is now worth more than the 7 biggest airlines combined



Source: Visual Capitalist (May 15, 2020)

Thai Airways is certainly underwater and is seeking THB 50 B just to stay afloat in the short-term



ANCA, an investor in Thailand mitigating risk through diversification and innovation



- ANCA Thailand recently celebrated the grand opening of a new manufacturing facility at Amata City Rayong industrial estate (JUL 19TH, 2019)

"ANCA is very geographically diverse, that coupled with our diverse skillset, it means we are usually pretty safe. Our business model means that if the US is up and China is down, or vice versa, means we will always have a strong business somewhere. But with all of that, it has really been tested with COVID-19 impacting all industries across the world all at once." – Mr. Boland

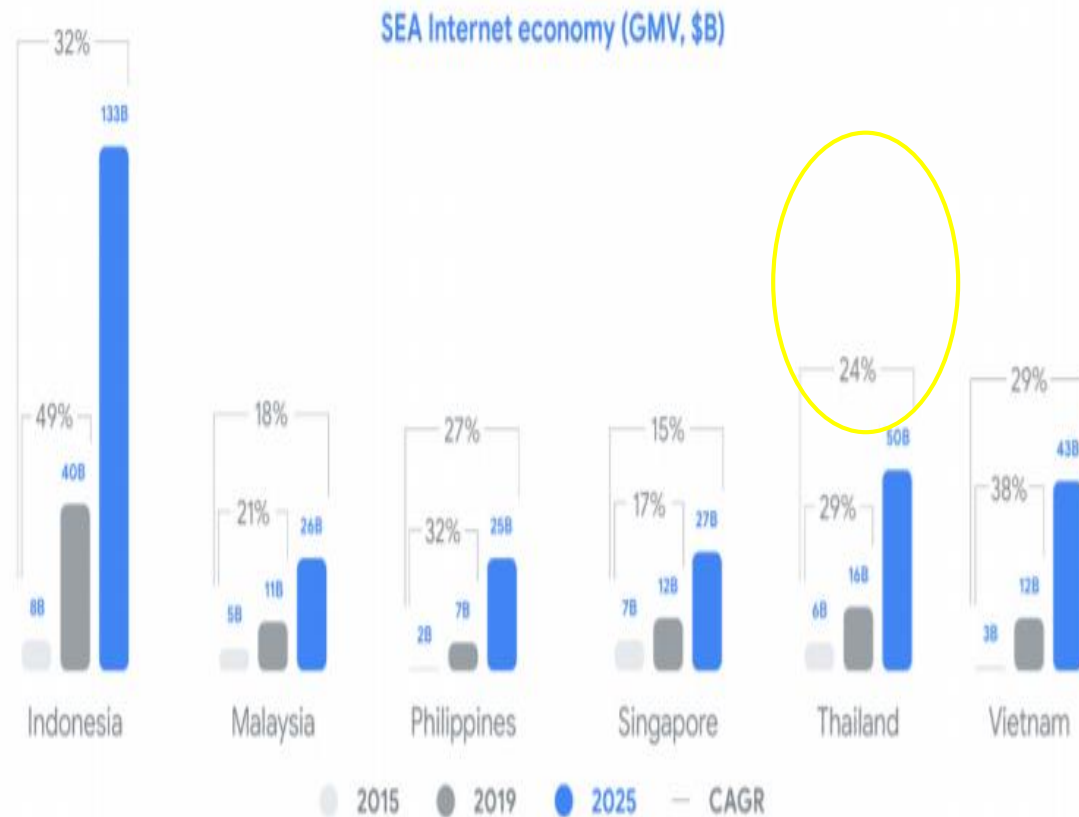
"The virus is having a severe impact on ANCA at present... it's not just our demand, but our supplies have had issues, shipment times have risen, it's been difficult at time to even get air freight for components," – Mr. Boland.

Though these support structures have kept the business steadfast, it is still unclear what the post-COVID-19 market will look like, both for manufacturers and their clients. One of the changes we are unsure about is the changes to the selling process. With the surge of video conferencing, I think there will be a lot more electronic webinars and so on rather than site visits." – Mr. Boland.



ANCA Co-Founder and Joint Managing Director, Pat Boland.

E-commerce is growing and winning in Thailand and across ASEAN



Source: e-Conomy SEA 2019 (Google, Temasek & Bain)

Annual e-Commerce B2C Spending by Category (2019)		
Category	Thailand	Y-o-Y Growth %
Electronics & Physical Media	US\$ 1.15 Bn	+7%
Fashion & Beauty	US\$ 1.03 Bn	+14%
Food & Personal Care	US\$ 0.69 Bn	+22%
Furniture & Appliances	US\$ 0.755 Bn	+15%
Toys, DIY & Hobbies	US\$ 0.68 Bn	+19%
Online Consumer Goods Spending	US\$ 4.31 Bn	-
Digital Music	US\$ 0.04 Bn	+9%
Travel & Accommodation	US\$ 6.12 Bn	+10%
Video Games	US\$ 0.22 Bn	+7%
Total B2C e-Commerce Spending	US\$ 10.69 Bn	-

Source: Digital 2020 Report (We Are Social & Hootsuite)



So, what to do now? Start by asking yourself three questions...



Have you thought about mitigating risk going forward?



Are you prepared for a post COVID-19 resurgence or will your recovery be slow?



Where do you see your business within a 3-year timeframe?

“In-betweeners” will have very different factors to consider...

If you are ‘in-betweener’ and are managing the crisis, what are your next steps?



Re-strategize parts of
your plan?



Adopt new technologies
or automate?



Consider changes to the team?

...than the 'winners'

If you are a 'winner', how do you keep your momentum going?



**Consider New
Geographies/Regions**



**Expand product lines and
capabilities into your core
marketplace geographies**



**Mergers and
Acquisitions**

Tractus provides trade and investment advisory services in Asia's emerging economies



Shanghai
Hong Kong
Yangon
Bangkok
Ho Chi Minh City
Singapore
Jakarta
Chennai
New Delhi
Los Angeles

Thank you

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