

2H 2023 TRAVEL AND HOSPITALITY STRATEGY & INVESTMENT OUTLOOK REPORT

JUNE 2023

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ABOUT VELOCITY VENTURES

Leading Travel and Hospitality tech investor in Southeast Asia

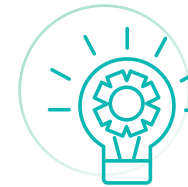
- The Only VC in SEA to focus on **Travel & Hospitality Tech**
- Investing across 5 technology verticals:
 1. Food & Beverage
 2. Experiences
 3. Accommodation
 4. Transportation/Mobility
 5. Travel Services



30+ years
of combined investing
experience



US\$3.8bn+
of combined transaction &
investment portfolio experience



8 portfolio companies
with 1 more in the pipeline

Aigens



Tablevibe

TripGuru



carbonclick





THE VELOCITY VALUE

Velocity Ventures leverages our exceptional breadth of macro and micro research to deliver incisive Travel & Hospitality and cross border thematic insights.

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This Strategy & Investment Outlook Report was produced in partnership with Pear Anderson.

ABOUT PEAR ANDERSON

Pear Anderson is a tourism and hospitality consultancy firm, specialising in Southeast Asia. Through market intelligence, consultancy and sales representation, they partner across the spectrum of tourism-related organisations to build a lasting foundation in the region.

Since the onset of the pandemic, Pear Anderson have published a weekly report and online dashboard, analysing the impact of COVID-19 on Southeast Asia's tourism and hospitality industry, and its subsequent recovery. Their work has been cited in mainstream media outlets, from BBC World News to Bloomberg, and they regularly speak at travel industry events.

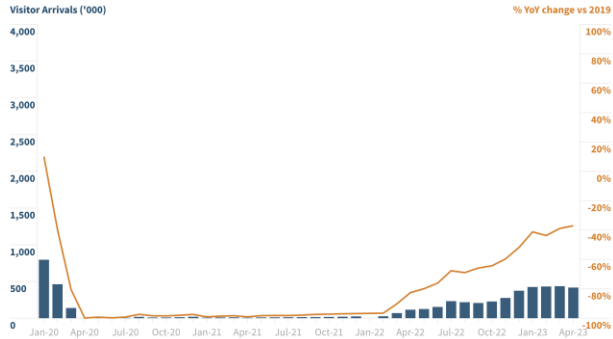
For more information on Pear Anderson and to view the dashboard, visit: www.pearanderson.com



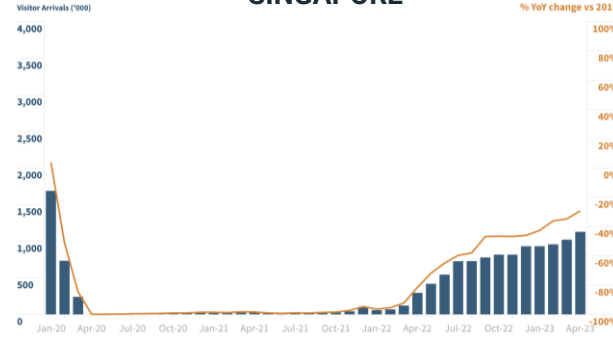
Southeast Asia: 2021/2022 International Arrivals



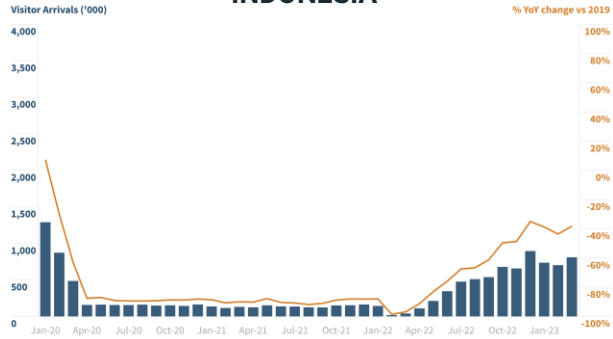
PHILIPPINES



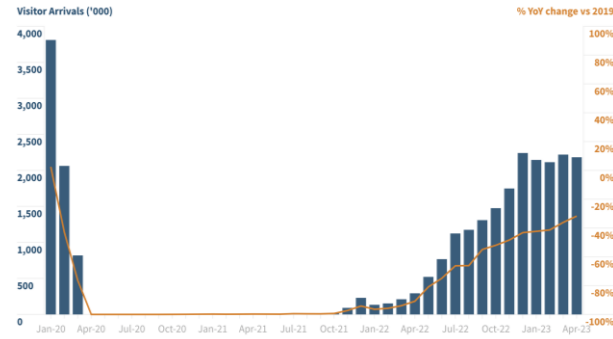
SINGAPORE



INDONESIA



THAILAND



MALAYSIA



VIETNAM



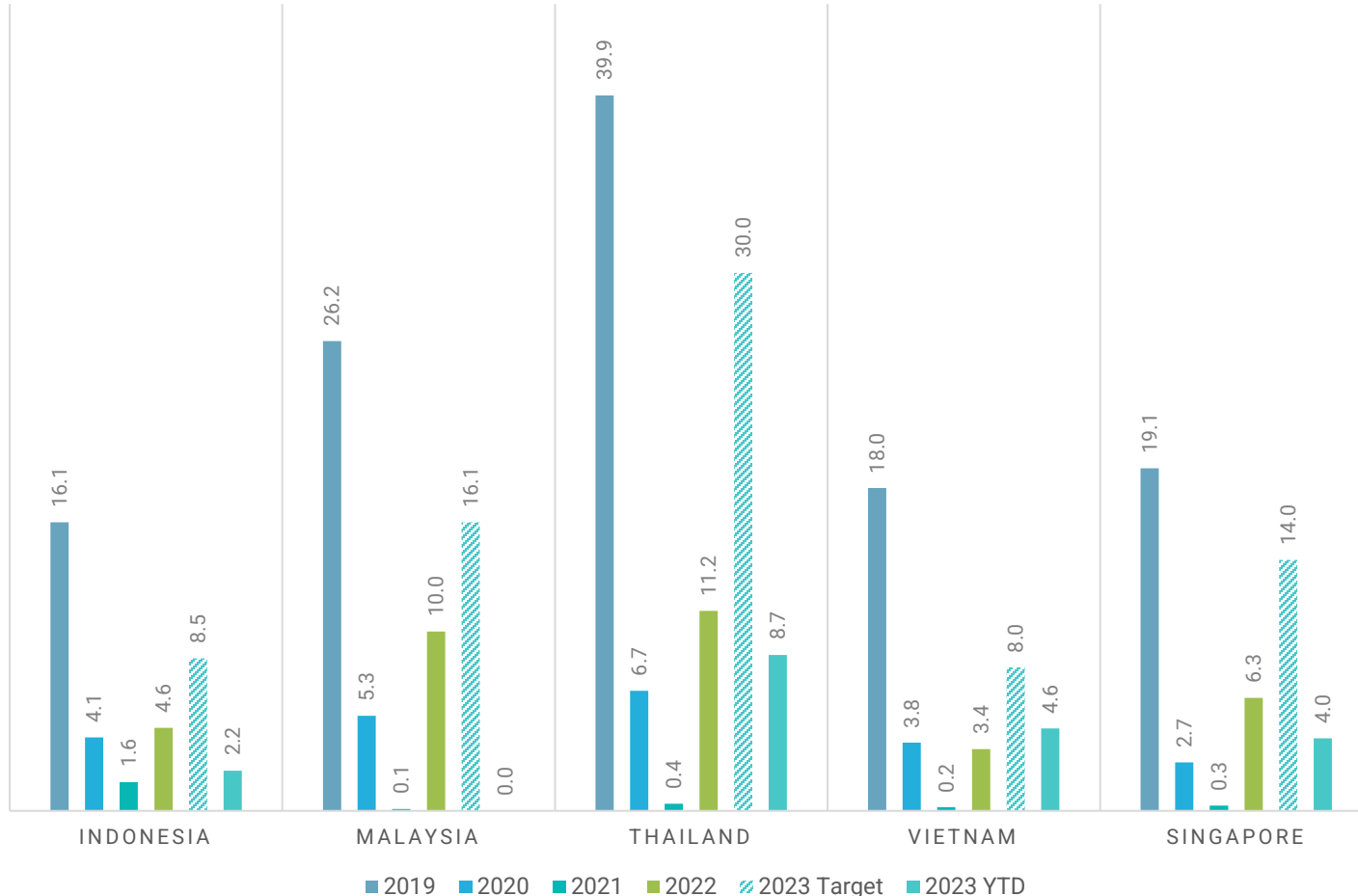
Inbound arrivals peaked during the year-end holidays and remained strong in 1Q 2023

- Inbound arrival numbers into Southeast Asia saw a strong revival during the year-end travel period, with Malaysia's arrival numbers reaching an impressive 92% of 2019 levels in Dec 2022
- Int'l arrivals have levelled out in Q1 as the region enters the low season, although the numbers are still steadily recovering, reaching 60%-70% of pre-pandemic levels
- Key inbound source markets into the region are ASEAN countries, Russia (largely for Bali and Phuket), India, the US, and South Korea. China is also gaining traction post-reopening, already climbing into the top 10 source markets for most Southeast Asian countries
- The summer (Jul-Sep) and the year-end (Nov-Jan) period are traditionally the peak inbound travel period into most Southeast Asian destinations, which will be an indicator of whether arrival numbers will continue to rise strongly

Southeast Asia: 2023 Forecasted International Arrivals



International Visitor Arrivals (millions)



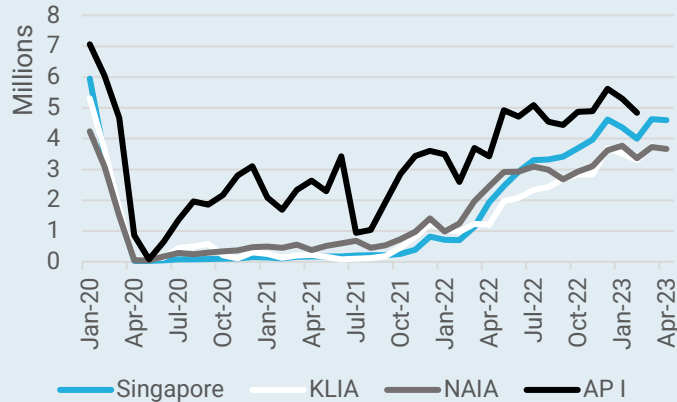
Ambitious targets set for 2023, with promising results shown in 1Q

- Southeast Asia saw positive results for 2022 with most markets achieving their int'l arrivals target, igniting confidence for an optimistic outlook for 2023
- Thailand, in particular, is aiming for an ambitious 30 million int'l arrivals, 75% of 2019 levels
- 2023 has shown strong results so far, with Thailand beating its 6 million target for 1Q and Vietnam surpassing its 2022 full-year int'l arrivals number in just 4 months. Indonesia increased its 2023 target from 7.4 million to 8.5 million due to "sudden strong momentum"
- Global economic slowdown still worries the region, but governments are banking on the rebound of the Chinese market to help them reach their targets

Transportation

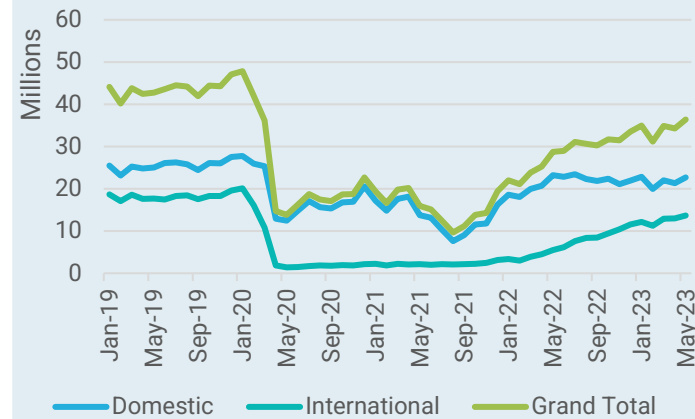


Total Air Passengers



Source: Angkasa Pura I, SingStat, Malaysia Airports Berhad
*Angkasa Pura I airports only (includes Denpasar, Surabaya)

Total Air Capacity Southeast Asia



Source: OAG

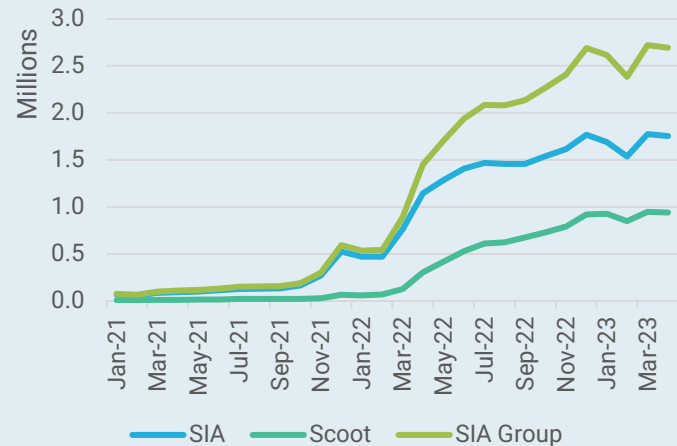
Air capacity in Southeast Asia is gradually returning to pre-pandemic levels

- Total seat capacity reached 85% of 2019 levels in May 2023, driven by domestic recovery (91% of 2019 levels)

Tourism recovery hinges on airlift recovery, but the aviation sector is still being held back by several factors

- High airfares still pose a challenge, although Capital A CEO believes that ticket prices have "peaked"
- Supply-chain disruptions are affecting the global aviation industry, with IATA expecting global airline capacity to be lower than expected in 2023, and remain constrained until 2025 at the earliest

SIA Group Passengers



Source Singapore Airlines Group

Airline Fleet Back in Service H1 2023 (%)



Source: Planespotters.net

Airlines showed positive results in 1Q 2023, a revival from pandemic-induced losses in the past years

- SIA Group records highest annual profit in its 76-year history, gaining \$2.16 billion SGD for FY 2022/23, following three straight years of losses. Its passenger capacity reached 79% of pre-pandemic levels as of end-Mar
- Thai Airways, Bangkok Airways, Cebu Pacific, also posted profits in 1Q, after recording losses in the previous year

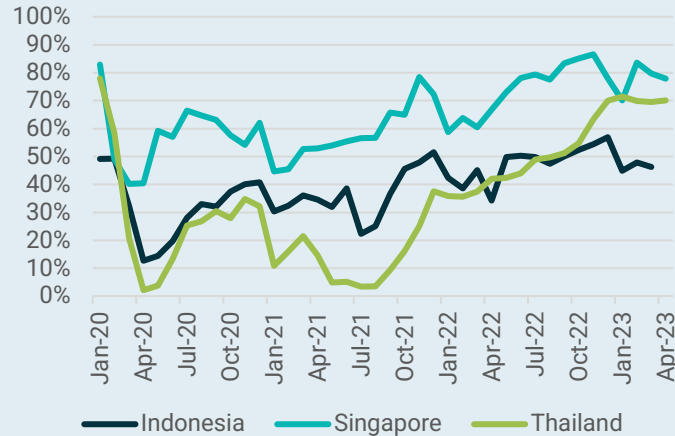
Fleet expansion and renewals

- PAL Holdings plans to acquire 10 more aircraft over the next 5 years, bringing its fleet to around 80
- Cebu Pacific to receive 10 SAF-powered NEO planes in 2023, supporting its goal to shift to an all-NEO fleet by 2028
- Nok Air plans to add six new narrow-body aircraft to its fleet and retire its 4 smaller turboprop Q-400s

Accommodation

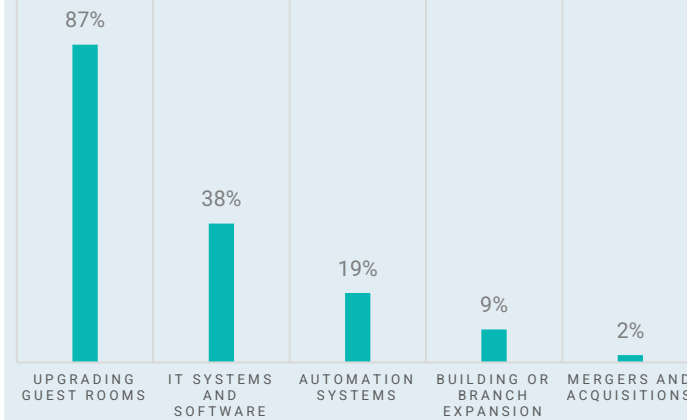


Hotel Occupancy (%)



Source: STAN, MOTS, BPS

Thai Hotels' Investment Priorities



Source: Hoteliers' Confidence Survey by THA and Bank of Thailand

Accommodation sector sees continuous recovery

- Phuket's occupancy saw a sharp increase, and finally surpassed Bangkok's during 2022 YE, with the number remaining high throughout 1Q
- Singapore's ADR has gradually eased to SGD\$264.12 in May 2023, after hitting a 14-year high of SGD\$283.39 in Sep 2022

Manpower shortage remains a key issue in the hospitality sector

- Sarawak believes skilled-labour shortage remains one of the biggest problems in the state's hospitality industry
- The Tourism Council of Thailand is recruiting trainees from tourism and hospitality schools to fill labour shortages

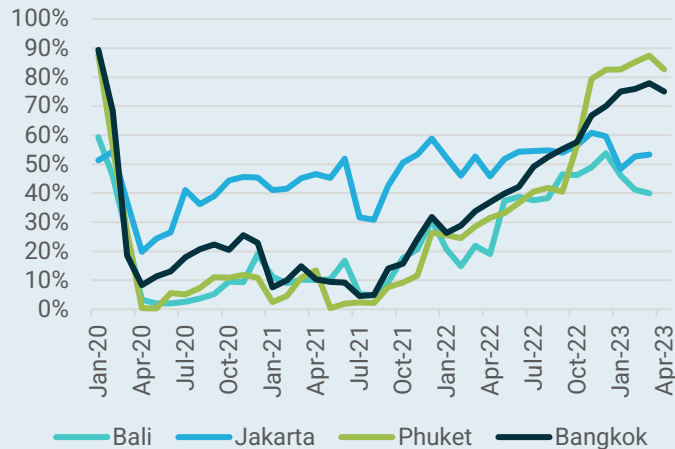
Technology advancement is playing a more pronounced role in the hospitality sector

- A Siteminder survey shows that 93% of Indonesians and Thais are interested to "pre-visit" their accommodation in the metaverse, well above the 72% global average
- A Hoteliers' survey by Thai Hotels Association shows that IT systems and software, as well as automation systems, are among the primary focus of investment for Thai hotels
- Singapore's Jobs Transformation Map assessed that 40 job roles in the sector are likely to be redesigned in the near future, of which 7 are expected to be significantly changed due to increased automation by AI, IoT, and Robotics, such as Sales Coordinator and Reservations Officer

Wellness retreats are gaining popularity in SEA

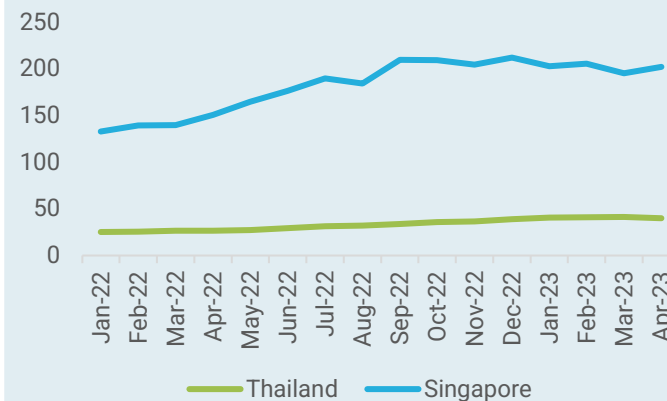
- Raffles Hotels & Resorts to launch its new "Retreat by Raffles" concept at Raffles Singapore and Raffles Bali
- Club Med Bintan hosts an annual wellness retreat

Regional Hotel Occupancy (%)



Source: MOTS, BPS

Average Room Rates Thailand & Singapore (USD)

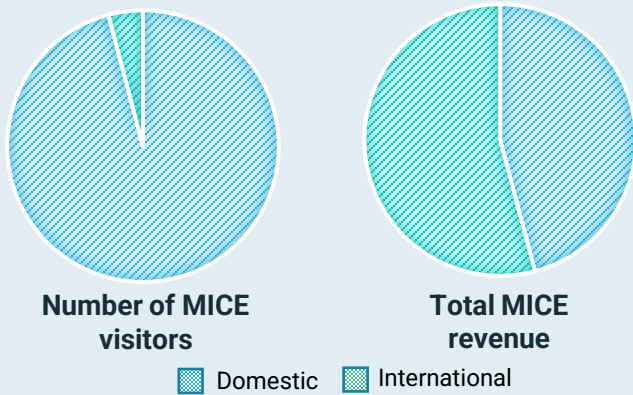


Source: STB, MOTS

Experiences

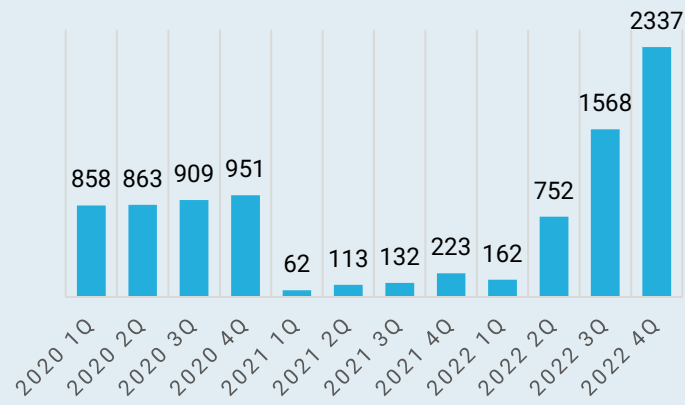


Split of Domestic vs International MICE Visitors & Spend in Thailand



Source: TAT

Sightseeing, Entertainment & Gaming Spend: Singapore (SGD\$ million)



Source: STAN

Revitalised MICE strategies put in place, seen as key strategy to increase both number of domestic and international visitors and spend

- Thailand Convention and Exhibition Bureau (TCEB) targeting 160 million MICE travellers and 945 billion THB revenue from 2023-2027
- Philippines developing roadmap to drive MICE revenue to 1.4 billion PHP by 2030, increase delegate spend per meeting by 19% and expand exhibition space from 71,000sqm in 2017 to 171,000 sqm
- Sarawak to evaluate MICE success in terms of legacy, rather than only delegate numbers and spend, through 5 key areas: sectoral growth, community development, environmental sustainability, good governance and economic impact

Singapore's SEG spend share stabilises in 4Q 2022

- Singapore's total Sightseeing, Entertainment and Gaming (SEG) spend increased by 49% QoQ, reaching SGD\$2,337 mil
- However, the overall share of spend has stabilised at 17%

Tourism players starting to experiment more seriously with metaverse and virtual solutions, although targets are optimistic

- Tourism Authority of Thailand (TAT) has signed an MoU with Bitkub to open a virtual tourism office in the Bitkub Metaverse in 3Q 2023, as well as a marketplace and exhibition
- Phase 1 to target 100,000 domestic tourists, generate 400 million THB, and attract 100 tour operators to feature their products
- Singapore Tourism Board (STB) has partnered with Google ARCore Early Access Program to launch 2 immersive AR experiences of iconic destinations
- Penang launched "Welcome to Penang VR" with 274 locations showcased and categorised
- More operators launching digital walking tours with audio guides, interactive elements with local communities

300,000

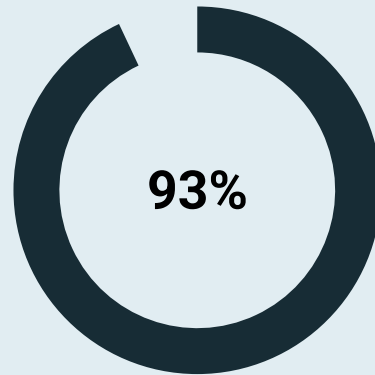
TAT Metaverse Users



100,000

Domestic Tourists

% of Malaysian businesses who believe promoting "Legacy" for MICE is a positive move to add value



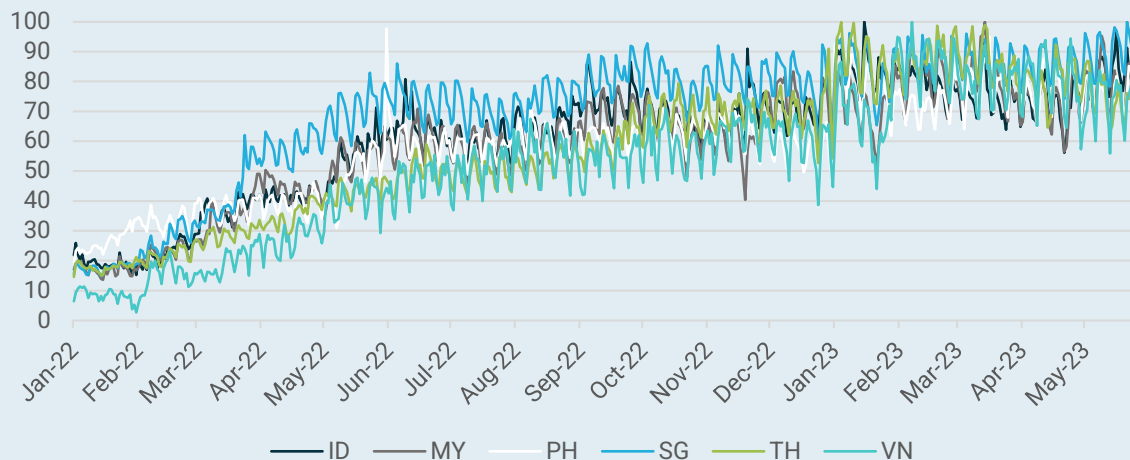
Source: Business Events Sarawak

Source: TAT

Travel Services



Outbound Travel Searches on Google to Worldwide Destinations



Source: Google Destination Insights. Y axis' 100 signifies highest interest levels in period Jan-22 to May-23

Top Revenue Generating Booking Channels 2022 for Hotels

RANK	INDONESIA	PHILIPPINES	THAILAND
1	Booking.com (+1)	Booking.com (+1)	Booking.com (-)
2	Agoda (+1)	Agoda (-1)	Agoda (-)
3	Expedia (+2)	Direct (-)	Direct (-)
4	Traveloka (-3)	Expedia (-)	Expedia (-)
5	Direct (+1)	Hotelbeds (+1)	Hotelbeds (-)
6	Tiket.com (-2)	Trip.com (-1)	Trip.com (+1)
7	Hotelbeds (-)	Traveloka (-)	Goibibo & Make My Trip (*)
8	Luxury Escapes (*)	WebBeds (+2)	Traveloka (-2)
9	Trip.com (+1)	Airbnb (-)	WebBeds (+1)
10	MG Bedbank (-1)	Hostelworld Group (*)	Luxury Escapes (newcomer)
11	Airbnb (-)	MG Bedbank (-)	Fusion Holidays (*)
12	Pegipegi (-4)	Klook (newcomer)	Tiket.com (newcomer)

Source: SiteMinder

* not in top 12 in 2022

Airline as OTA model comes under pressure over AirAsia Super App ticket sales of rival Malaysian airlines

- Malaysia Airlines and Lion Air Group allegedly sought injunctions over the Super App selling their flight tickets
- AirAsia claim that other airlines' flights "contribute a small percentage of our platform's revenue"

Destinations double down on agreements with online travel intermediaries to leverage their audiences

- Tourism Authority of Thailand (TAT) is partnering with Agoda, KKDay and Klook, expecting 59.5 million+ online impressions
- Singapore Tourism Board partnering with Klook to develop innovative experiences and share data. Klook saw 60% increase in ave traveller spend for Singapore in 2023 vs 2019

Consumer travel providers in region at start of implementing AI

- Capital A launch new chatbot, Ask Bo with enhanced AI and ML
- No major moves announced from home-developed players, such as Traveloka or Tiket.com to implement AI

Live streaming increasingly used to target Chinese travellers

- TAT, Singaporean travel agent Hong Thai are using Chinese social media live streaming platforms to target Chinese travellers
- Top live streaming platforms used in China include Alibaba's Taobao Live (68.5% of consumers), followed by Douyin and Kuaishou

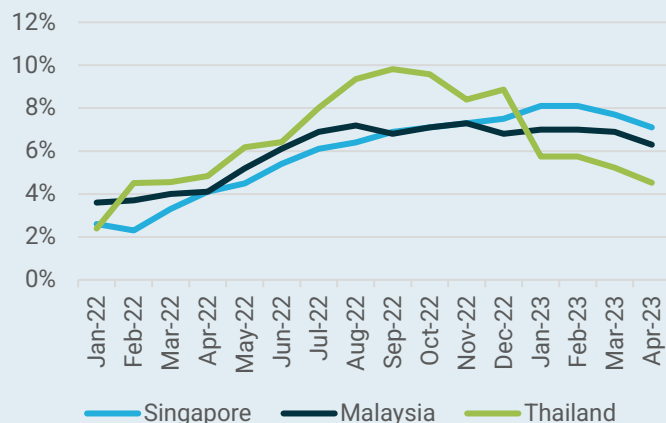
Booking channels see swings towards those with more international reach, rather than regionalised focus

- Domestic OTAs Traveloka, Pegipegi and Tiket.com all saw a drop in 2022 in their Indonesia rankings, whilst Luxury Escapes, an Australian OTA, comes in at #8 for Indonesia
- Thailand also sees the entry of Indian OTAs Goibibo and Make My Trip, driven by the increase in Indian arrivals to country

Food & Beverage

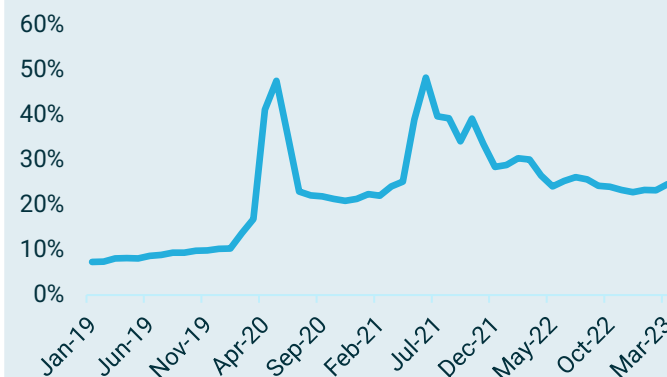


Food Inflation (%)



Source: DOSM, Singstat

Online Share of F&B Sales: Singapore (%)



Source: SingStat

Optimistic outlook for F&B businesses in 2023

- Philippines reported a 10-year high of business registrations with restaurants and food service activities in 2022
- Singapore also saw the number of newly established F&B businesses hit a 23-month high in Feb 2023
- In Indonesia, 76% of F&B businesses are optimistic of continuous expansion, whilst government forecasts expansion of 5-7% in 2023
- Vietnam F&B sector forecast to grow 18% YoY to \$30.7 billion in 2023

Local cuisine and gastronomy used as tool to boost overall tourist spend

- Michelin Guide Malaysia released end-2022, Michelin Guide Hanoi and HCMC to launch in 2023
- Thailand reported that the Michelin Guide Thailand had generated additional revenue of 223.34 million THB in 2022
- Thailand includes “Food” as one of its marketing 5F soft powers which it markets at tourists (Food, Film, Festival, Fight and Fashion)
- Hanoi’s Tourism Department will promote local cuisine in 2023-2025

Online share of F&B sales has stabilised in Singapore

- After hitting a high of 48% in Jun 2021, the online share of F&B sales has stayed consistently at the 23-25% mark for the last half year

Lack of qualified manpower holding back industry’s capacity to expand – and future roles need to be adapted significantly

- 60% of workers in Vietnam’s F&B industry do not have stable incomes and 40% do not receive training from their employers, leading to a 60% average job-hopping rate
- Singapore highlighted 4/10 jobs in F&B industry subject to medium/high degree of change, require extensive to moderate redesign

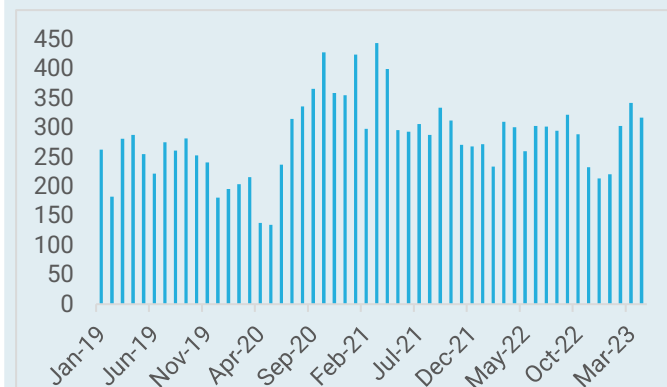


10%-20%

Boost in tourism spend generated by the Michelin Guide Thailand

Source: TAT

Number of Newly Established F&B Businesses in Singapore

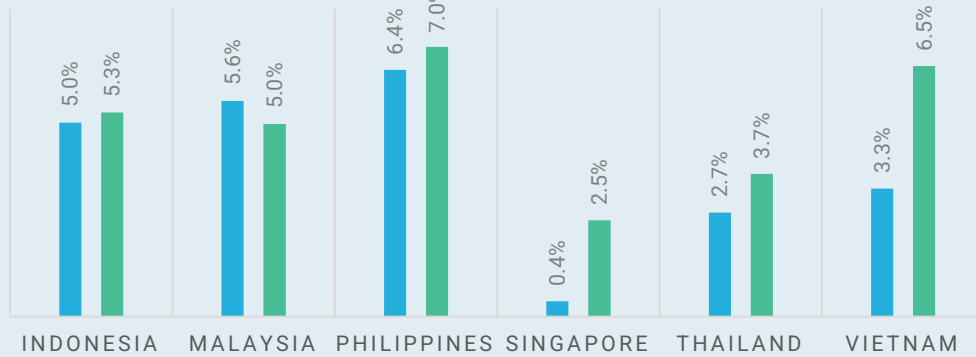


Source: SingStat

2023 Economic Outlook Remains Comparatively Strong

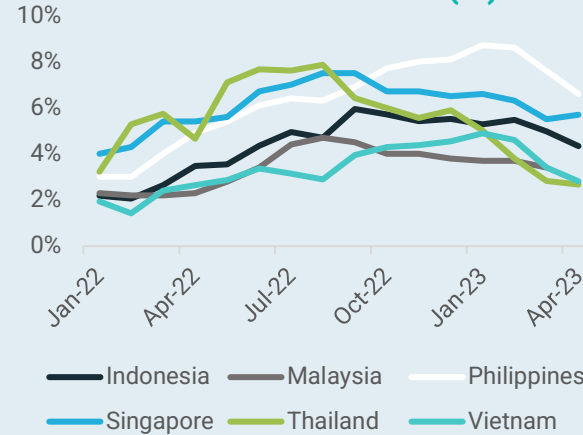


1Q 2023 & FY 2023 GDP Growth (%)



Source: Various Finance Ministries ■ Q1 2023 GDP ■ FY2023 FC

Headline Inflation (%)



Jet Fuel Costs:
Asia & Oceania, w/e 2 June

\$/barrel	vs. 1 wk ago	vs. 1 mth ago	vs. 1 yr ago
85.47	-3.8%	-0.7%	-44.5%

Source: IATA, Jet Fuel Price Monitor

Weakest GDP growth expected in Singapore from Southeast Asian region, others see stronger performance than forecast in 1Q 2023

- Thailand's 2.7% GDP growth rate and Malaysia's 5.6% in 1Q 2023 was attributed to a rebound in private consumption as well as growth in tourism, whilst Indonesia's 5.03% was put down to a commodities export boom. Vietnam and the Philippines saw a slower expansion in 1Q 2023, with exports hit in Vietnam, whilst the Philippines' household consumption fell for the 4th consecutive quarter
- Singapore noted that its growth would remain low in 2023, but it expects aviation and tourism sectors to remain positive
- Headline inflation is trending downwards for the majority of the region, easing pressures on household spending

Jet fuel costs on a downward trend

- S&P Global's Jet Fuel Price Index has dropped back down from its peak in mid-2022, and is now lower than Jan 2022
- With airlines no longer able to rely on high fuel costs as a pretext for keeping airfares high, they may soon find that they need to reevaluate their pricing strategies

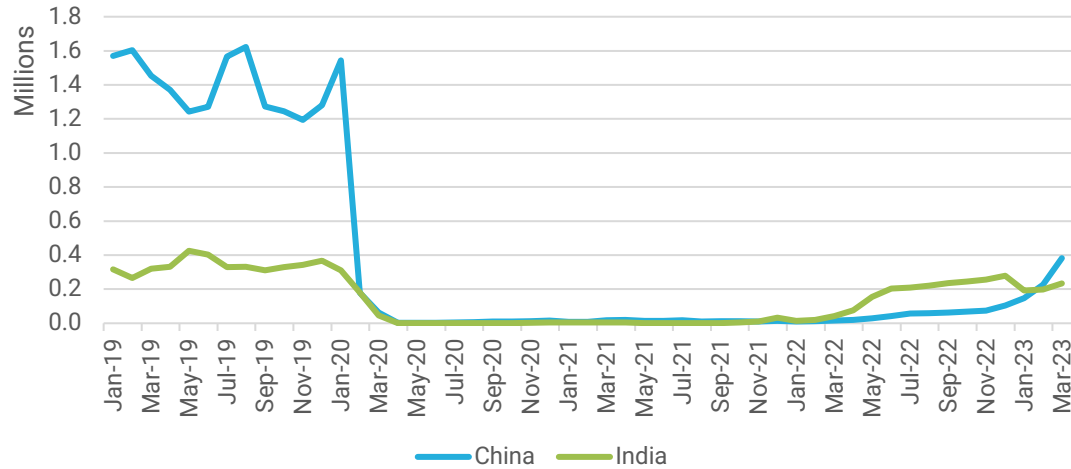
Cross border payments pick up

- More concrete steps have been taken to introduce cross-border payment systems, with Singapore-Malaysia and Malaysia-Indonesia launching QR code payment connectivity, and Indonesia-Singapore to launch in 2H 2023
- Alipay+ is now integrated into Singapore's SGQR payment system. Alipay reported in May 2023 that total transaction value made by Chinese tourists in Singapore had doubled QoQ in 1Q 2023
- Cambodia announced that visitors from China are now able to pay in yuan at all tourism businesses across the country

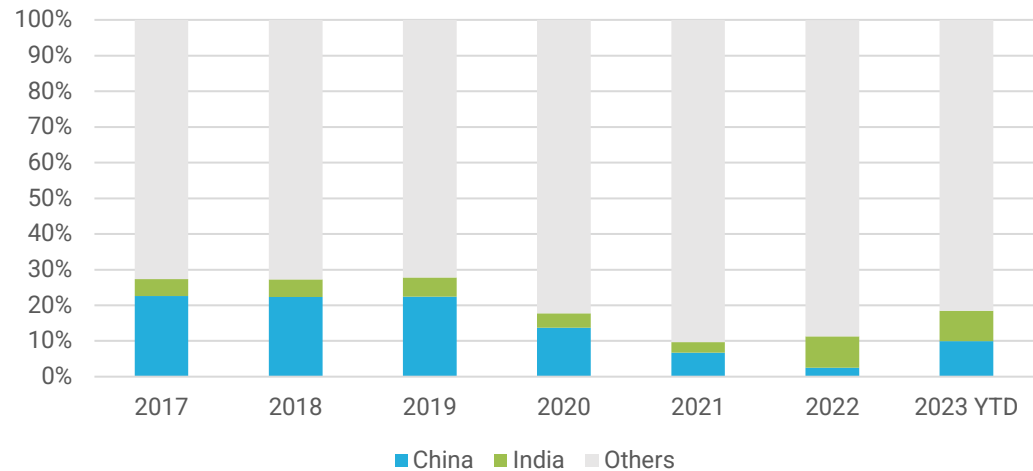
China and India Lead Southeast Asia's Tourism Recovery



Total visitors from India and China for Indonesia, Singapore and Thailand



China and India's shares of total int'l visitors for Indonesia, Singapore and Thailand (%)



The Chinese market has shown impressive recovery since 8 Jan reopening, already making its way back among top source markets into Southeast Asia

- China was the 2nd largest source market into Thailand in Jan-Apr, 5th largest into Singapore in Jan-Apr, 6th largest into the Philippines in Jan-May, and 5th largest into Indonesia in Mar

Reviving the Chinese market is key, but governments are still keen on diversifying to other markets, particularly India, to boost overall recovery

- Malaysia, Thailand, Indonesia, Singapore all participated as exhibitors in the 2023 South Asia's Travel & Tourism Exchange (SATTE) in India, billed as the largest travel fair in India
- Singapore Tourism Board has launched the "Family Times" initiative to attract Indian travellers, offering various discounts on airfares and experiences

Arrival numbers from India into Southeast Asia overtook China in 2022 and remain high coming into 2023

- Indian arrivals accounted for an 9% share of the total int'l arrivals into Southeast Asia in 2022, up from 5% in 2019. Meanwhile, China's share fell sharply from 22% in 2019 to only 2% in 2022
- Chinese arrivals have already surpassed the number of Indian arrivals since reopening. However, India's share remain higher compared to pre-pandemic levels at 8%

Southeast Asia expects strong recovery for both the Chinese and Indian markets in 2023

- Singapore expects the number of Chinese arrivals to return to 60% of pre-pandemic levels in 2023, whilst Thailand expects it to return to pre-COVID levels of 1 million monthly from Oct
- Thailand expects Indian arrivals to return to pre-pandemic levels in 2023, whilst Malaysia expects full recovery by 2024

Governments are pushing to ease visa requirements for Chinese and Indians

- The Tourism Authority of Thailand pushed to increase the visa quota for Chinese tourists as demand rises, as the current quota of 84,000 visas issued per month is deemed insufficient to support the goal of 1 million Chinese arrivals monthly
- Philippines' Department of Tourism hosted a high-level convergence meeting to discuss visa reforms aimed at increasing international tourist arrivals, particularly from India and China
- Malaysia's Tourism Minister called for the expansion of the visa-on-arrival policy, especially for Chinese and Indian arrivals

Sustainability in the Spotlight

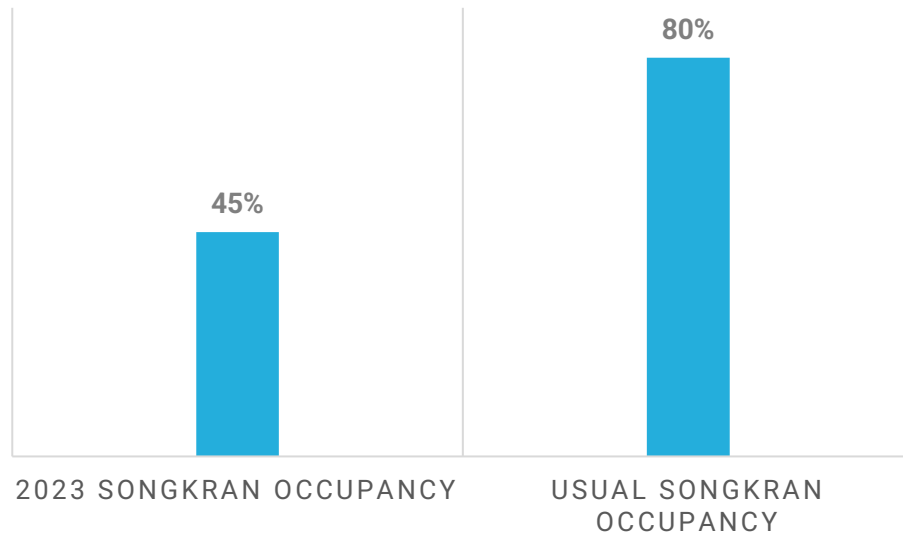


Environmental issues, both manmade and natural, continue to impact tourism industry and could pose one of the next biggest threats to recovery in the region

1-3.5 billion THB

Estimated tourism opportunity cost for 2019 haze pollution in Bangkok

Hotel Occupancy Chiang Mai



Source: K-Research, The Economist

Cross-boundary haze returned

- The recurring problem of air pollution, or “haze”, hit Northern Thailand and Laos hard in March and April 2023, with PM2.5 rising to hazardous levels
- This triggered lower-than-expected booking rates for Chiang Mai over the peak Songkran travel period, as well as became a hot button topic for the Thai general election
- Cross-boundary haze is also expected to become an issue later in the year for Indonesia, Malaysia and Singapore during their dry season

Region heats up over May

- Record breaking heatwaves were experienced across the region: Vietnam experienced highs of 44.1 degrees, Malaysia 35-37 degrees, Philippines 40 degrees and Singapore 37 degrees
- If these become an annual occurrence, they could shorten tourism seasons. They are also putting a strain on electricity supplies: Vietnam has started planned blackouts in certain areas, with outages of up to 7 hours

Manmade disasters have critical impact on tourism industry

- An oil spill in Oriental Mindoro in the Philippines is estimated to have cost the tourism industry 886 million PHP in lost revenue over 6 months, impacting 55 tourism businesses and 1,438 tourism workers

Sustainability in the Spotlight



Increased rhetoric over SAF mandates and potential, airports becoming more “environmentally-friendly”

**1 million
tonnes**

**New annual SAF capacity at Neste’s
Tuas South refinery in Singapore**

**500k
tonnes**

**Sarawak’s estimate of SAF annual
capacity produced from microalgae**

Sustainable Aviation Fuel (SAF) capacity expanded in region

- Neste’s capacity of Tuas South refinery in Singapore expanded production of SAF to 1 million tonnes annually, 10X its previous capacity. Neste has established an integrated SAF supply chain to Changi Airport
- Malaysia Aviation Group signed an MoU with Petronas Dagangan to make SAF available at a commercial scale, introduce SAF gradually across group from 2027
- Sarawak has produced SAF locally using microalgae, and is planning to scale production to create 500,000 tons of SAF per year. In addition, the state government is planning that its proposed boutique airline would be powered by locally-produced SAF
- Thai Airways signed an agreement with Bangchak Corp to collaborate on knowledge sharing to implement SAF

Bangkok’s Suvarnabhumi International Airport aims to be first environmentally-friendly airport in Thailand – but doesn’t go as far as Changi T5 aspirations

- Expectation that airport’s electricity will fully rely on solar panels installed on roof, renewable energy in 4 years’ time
- Airport’s transportation to be phased to electric vehicles

Will governments introduce SAF mandates for local airlines?

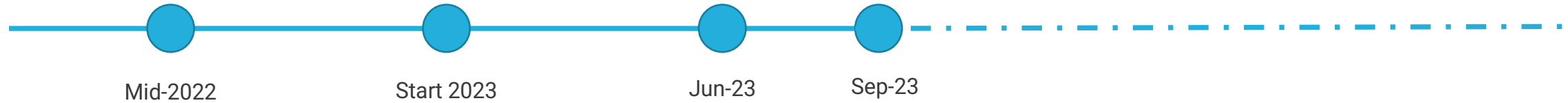
- Recommendations for SAF mandates and incentives may be included in the Singapore Sustainable Air Hub Blueprint, to be released later in 2023
- Singapore allocating \$50 million SGD to establish Aviation Sustainability Programme, with up to 70% funding for sector-wide projects, 50% for company-level projects
- Malaysian Transportation Minister noted that “eventually, sooner or later, we cannot escape from getting the airlines to reduce their carbon emission”, although no compulsory policies will be put into place yet

Sustainability in the Spotlight



Over-capacity issues start to come back, MICE sector implements sustainability-focused roadmaps

Postponed launch dates of Thailand's Tourism Fee



Singapore continues to lead the way for sustainable MICE initiatives in the region

- Singapore Tourism Board/ Global Sustainable Tourism Council (GSTC) to develop global sustainability standards for MICE and attractions
- Singapore Association of Convention & Exhibition Organisers & Suppliers (SACEOS) and the Singapore Standards Council launched guidelines for waste management
- Singapore Expo has installed 17,000 solar panels on the rooftops of its convention halls, making it the largest single site for solar panel installation in the country. It is also planning an urban vertical farm and has the largest e-vehicle charging station

Thailand looking to transform MICE industry through certification

- TCEB aims to support MICE destinations to obtain certification from the Global Destination Sustainability Index, support MICE organisers to obtain the ISO 20121 certification as well as be Thailand Sustainable Event Management Standard certified

As overcrowding potential arises again, governments are searching out ways to mitigate it through tourism fees and quotas - but implementation is challenging

- Thailand's 300 THB tourism fee implementation date has been postponed multiple times since its approval, largely due to being unable to find the right implementation method, with airlines arguing that it creates disparity between passengers
- Bali's government has proposed both a tourism levy, which could be used for conservation projects, as well as a quota system – but how this could be achieved, timelines or fees involved, is unclear
- Boracay Island came under criticism over the Easter holidays for breaching its carrying capacity, leading to questions over how the limit can be enforced
- Hoi An similarly proposed a blanket entrance fee for its Ancient Town, which it later rescinded due to implementation, settling instead for charging group tours which can be more easily monitored
- Borobudur Temple, Indonesia, has piloted higher entrance fees for domestic and international travellers, as a conservation measure

Southeast Asia Going Big for Sports Tourism



January

February

- F1 Powerboat (F1H2O) Union Internationale Motonautique (UIM) World Championship (ID)

March

- FIM Superbike World Championship (WSBK) Motul Indonesian Round, 3-5 Mar, Pertamina Mandalika (ID) International Circuit

April

- International Half Marathon, Sihanouk (KH)

May

- SEA Games (KH)

June

- ASEAN Para Games (KH)

July

- L'Etape Johor by Tour De France 2023 (MY)
- Singapore Festival of Football

August

- Rip Curl Padang Padang Surf Competition
- ANOC World Beach Games 2023
- 2023 FIBA Basketball World Cup

September

- F1 Singapore Grand Prix 2023
- Le Tour de Langkawi

October

- MotoGP Indonesia
- MotoGP Thailand
- Kuala Lumpur Standard Chartered Marathon

November

- MotoGP Malaysia

December

- Standard Chartered Singapore Marathon
- Techcombank Ho Chi Minh City International Marathon

Governments are looking to sports events to drive visitors and spend

- Indonesia believes that sports tourism could grow up to \$1.2 billion USD by 2024, and has launched a bid to host the 2036 Olympics at its newly built capital Nusantara
- Cambodia's recently hosted SEA Games saw 16,000 international tourists per day

Hosting of sports events can pose risks in the region when politics clash

- FIFA cancelled Indonesia's hosting of the FIFA World Cup Under-20s due to political uncertainties
- The Tourism Ministry estimated losses of \$247 million USD

High price points are not an obstacle

- The most exclusive tickets for the 2023 F1 Singapore Grand Prix sold out within weeks of release, despite being priced at the highest ever rate of \$11,016 SGD

Travel & Hospitality Pain Points

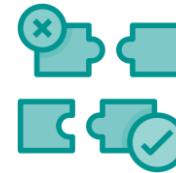
Post COVID-19 exposing legacy issues and industry challenges



Managing **labour** shortages, turnover, onboarding, training, and **changing employee expectations**



Introducing genuine **decarbonisation initiatives** and meeting customer **sustainability** expectations



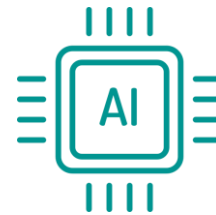
Dealing with a wide range of **technology options**, navigating integrations and quickly adopting them



Responding to rapidly **changes of distribution models by Influencers** and **emerging social media platforms** with the growing influence of super apps and search engines



Reaching the **Chinese consumer** and dealing with their closed and rapidly evolving tech ecosystem



Incorporating **Generative AI** into business processes



Aging of **Physical & Digital Infrastructure**



Leveraging data generated from digitalization to **know more about the traveller & consumer**



Adapting to the **blurring boundaries** of work and leisure; home and away



Forecasting demand in a more unstable world



Evolving product to appeal to **new age customer demands** such as **wellness, social-responsible and immersive tourism**

Corporate Challenges

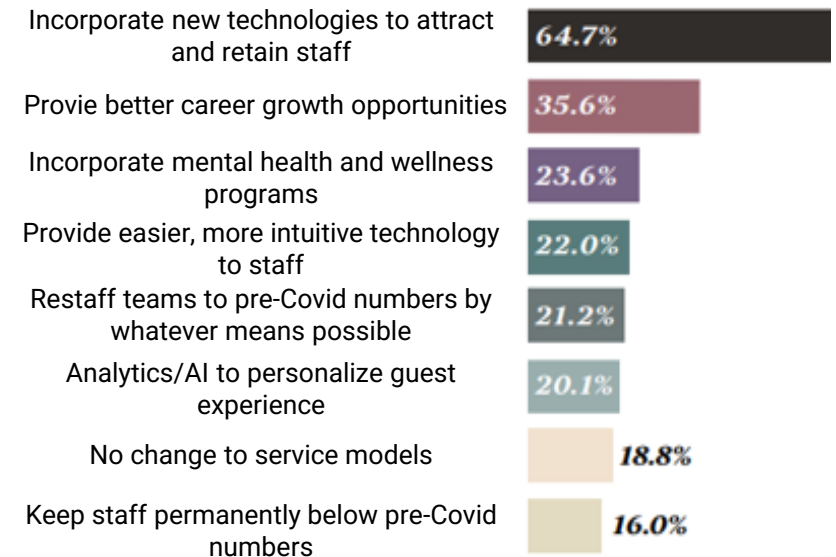


Manpower Management

Pain Points	Industry Observations
Manpower Allocation	The vast majority of hoteliers still rely on manual checklists, Excel workbooks, and phone calls for managing staff operations. - Skift
Improve Staff Productivity	Guests at posh Raffles Hotel can now bypass the butler service and order food, spa sessions and other treats with a click on a tablet that comes with the room. The Digitvalet Guestroom Management System (GRMS) is just one of a slew of initiatives that the hotel has put in place to increase productivity and combat manpower issues. The GRMS alone can do the work of about three staff. - Raffles Hotel
Staff Training	Marriott hotel trains its employees in loss prevention courses. Training employees improves the organizational capabilities as well as the employees' capabilities. The training programs are geared towards the improvement of the employees' skills, knowledge, and performance. - Marriott
Elderly employee safety and efficiency	Sad to say, hotel managers – unwittingly or not – often hold negative perceptions of older workers. People older than 50 make up less than a fifth of all hotel employees. - Hospitality Net

Survey on Hotels' roadmap to address Labour Shortage

Which of the following best reflect your 2025 labor strategy?



The survey highlights a large majority of hoteliers' willingness and interest to incorporate technological solutions in a bid to retain staff and improve operational efficiency.

Source: Skift, Oracle Survey

Corporate Challenges



Sustainability & Energy Management

Pain Points	Industry Observations
End-to-end sustainability management of data	Ahead of its 2023 Annual Meeting of Shareholders, Starbucks announced over \$50 million in planned investments to advance its ambitious target to cut its water and waste footprints in half by 2030. – Starbucks
Waste Segregation	Starbucks aims to cut its waste footprint by half by 2030. To achieve this goal Starbucks has set a target 50% reduction in waste sent to landfill from stores (including packaging that leaves stores) and direct operations, driven by a broader shift toward a circular economy. – United Airlines
Waste Measurement	Coca-Cola has been declared the worst plastic polluter in the world. It pumps out 200,000 bottles a minute, an equivalent of 3 million tons of plastic packaging a year. – Coca Cola
Balancing energy optimization and guest experience	We identified an opportunity to reduce energy consumption by replacing the existing chiller and condenser pumps as well as add control logic. The newly installed pumps are delivering a 36% energy saving which translates to approx. 120,000 kg of CO2 reduction. The system is now also fully optimized and responds to changes of load in the building through the installed variable speed drives with sensors. – Hilton



The research explained the definition of sustainable travelling, through 5 approaches. The results show a huge majority of consumers' willingness to be more sustainable, with reducing general waste being the most known approach.

Source: Statista, Booking.com

Corporate Challenges



Efficient & Effective Guest Communication

Pain Points	Industry Observations
Communication barrier between Front-facing staff and foreign guests	More than 1,000 Hyatt properties are set to deploy Medallia Zingle's messaging platform. Through the installation, guests at these hotels will be able to engage in real-time with on-property teams, with translation available in more than 100 languages via their preferred method of communication, including SMS text, in-app, web chat or social messaging apps such as WhatsApp. - Hyatt Place
Leveraging tech to resolve guest enquiries	A new cloud-based hotel Property Engagement Platform ("PEP"), co-developed by Hilton and HotelKey, is now powering more than 1,000 properties within the Hilton portfolio. The platform's ability to speed computer-based transactions at the front desk and throughout the hotel is helping reduce guest waits and increase the amount of time hotel team members can dedicate to providing personalized service. - Hilton
Inability to understand the customer	In 2022, we rolled out our next generation IHG mobile app, which is using data insights and new designs to offer a richer customer experience. The app allows us to quickly introduce new features, it also enables personal and timely marketing offers and provides seamless access to IHG One Reward including the ability to choose and redeem Milestone Rewards. - IHG
Synchronized updates across communication channels	To be effective, hotels must accommodate multiple methods — in person, text messages, app notifications — and ensure that those methods are easy to use and that the guest sees a response or resolution in a timely manner. - Sabre Hospitality

Main reasons for hotel to incorporate technology



Hotels are incentivized to incorporate technology in their operations for many reasons, with the main one being to improve guest experience.

Source: Statista

2H 2023: Technology Investment Opportunities






















Food & Beverage	Accommodation	Experiences	Travel Services	Transportation
Casual Worker Management Tools	Labour Management and Productivity Tools	Wellness & Medical Tourism	Generative AI	Labour Management and Productivity Tools
	Robotics and Automation	Socially-responsible & Immersive Tourism	Decentralized Distribution Platforms (Blockchain)	Sustainable Air Fuel Platforms
Food Waste Management & Sustainability		Engaging Digital Natives with Gamification & Augmented Reality		FX, Payments, Lending & Insurance, Buy Now Pay Later
Dynamic Pricing	Environmental & Energy Solutions	Social Commerce Enablers	Digital Identity	Net Zero Travel
	Personalized Guest Experiences	Virtual Event Platform		Synchronization and Real Time Data sharing
	The Great Merging between Short Term Rentals and Hotels	Distribution and Channel Management Tools	Specialist OTAs & Travel Distribution Platforms	Personalized Mobility
				Delay & Re-routing solutions





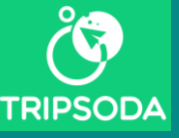





Start-Up Opportunities



Generative AI

Investment Thesis	Startup Opportunities
General AI Tools	   
Trip planning & Itinerary Management	    
Content Generation	    
Dynamic Pricing	    

Social Commerce Enablers

Investment Thesis	Startup Opportunities
Influencer Marketing Agencies	    
Digital Solutions for Direct Bookings	   
Customer Sentiment Analytics and Profiling	  
AI-Driven Personalization Tools	    

Start-Up Opportunities



The Great Merging between Short Term Rentals and Hotels

Investment Thesis	Startup Opportunities
Revenue Management targeted for short term rentals and room nights	
Hybrid Accommodation Models	
Vacation Rental Software	
Multi-channel distribution enablers	

Sustainability

Investment Thesis	Startup Opportunities
Waste Management Solutions	
Energy Management Solutions	
Solutions Facilitating Green Messaging and Conversions to Action	
Sustainable Air Fuels	

Investment Universe



Food & Beverage	Accommodation	Experiences	Travel Services	Transportation
<p>Sustainable Packaging Alternative Proteins Food Safety & Traceability</p> <p>Customer Feedback</p> <p>Casual Worker Management Tools Health & Nutrition</p> <p>Food Labour Management & Productivity Tools</p> <p>Procurement Platforms</p> <p>POS & Payments</p> <p>Food Waste Management Sustainable Food</p> <p>Contactless/Voice Ordering & Payment Customer Relationship Management</p> <p>Supply Chain & Procurement Omnichannel Restaurants</p> <p>Delivery and Cloud Kitchens</p> <p>Kitchen Robotics & Dynamic Pricing Digitization</p> <p>Contactless/Voice Ordering & Payment</p>	<p>Labour Management & Productivity Tools Wi-Fi 6</p> <p>Contactless/Voice/Robo Guest Interaction Tools</p> <p>Alternative Holiday Accommodation Smart Living Distribution platforms</p> <p>Revenue Management System</p> <p>Loyalty platforms Digital Nomads & Co-living Community</p> <p>Remote Working</p> <p>Great Merging between Short Term Rentals and Hotels</p> <p>Hotel Property & Customer Management System</p> <p>Cleaning, Air Quality and Environmental</p> <p>Environmental & Energy Solutions Local Event Engagement Platforms</p> <p>Experiential Accommodation</p> <p>Robotics & Automation</p>	<p>Digital/Contactless Customer Experience</p> <p>Yield Management Software NFTs</p> <p>Personalised Shopping Virtual Tours</p> <p>Distribution & Aggregation Platforms</p> <p>Contactless Retail Experience Event Organisation</p> <p>Virtual Event Platform</p> <p>Customer Engagement & Retention Wellness & Medical Tourism</p> <p>Wearables & Alternative Payment IOT Devices</p> <p>MICE Planning & Management Gamification, Immersive Theatres & Augmented Sites</p> <p>Digital and Franchise Tour Models</p> <p>Socially-responsible & Immersive Tourism</p> <p>Hybrid Events & Metaverse</p>	<p>Airport Check-In Consumer Data Analytics & AI</p> <p>Digital Identity</p> <p>Tour Booking & Tour Guide Empowerment</p> <p>Decentralized Distribution Platforms (Blockchain)</p> <p>FX, Payments, Lending & Insurance, Buy Now Pay Later</p> <p>Telecommunication & Roaming Service</p> <p>On Demand Covid-19 Testing</p> <p>Demand Engines for Direct Bookings Health Passport</p> <p>Specialist OTAs Social Commerce Enablers</p> <p>Cross-Language Communications</p> <p>Itinerary Construction Platforms Remote Travelling through Live Streaming</p> <p>Generative AI Social Media Marketing</p>	<p>Facial Recognition Software Co-Ownership & Sharing Mobility Platforms</p> <p>Carbon Reducing & Offsetting Digital Duty Free</p> <p>Frictionless Travel</p> <p>Sustainable Air Fuel Labour Solutions</p> <p>Digital/Contactless Customer Experience</p> <p>Labour Management & Productivity Tools</p> <p>Air Cargo Handling</p> <p>Air Ticket Distribution</p> <p>Loyalty Program Disruptors Net Zero Travel</p> <p>Seamless End-to-End Tracking Last Mile Delivery</p> <p>Synchronization and Real Time Data sharing</p> <p>Autonomous Aircraft Servicing Road Traffic Analysis</p> <p>Delay & Re-routing solutions Mobility-as-a-Service</p> <p>Personalized Mobility</p>

Invested Investible Areas Less Investible Areas

Key Catalysts & Risks



Key Catalysts

- Earlier-than-expected reopening in China creates a favorable effect on global economic activity, alleviating supply chain constraints and boosting international tourism recovery
- Inflation has peaked and declined consistently over the past quarters
- Declining energy prices is expected to bolster consumer spending and contribute modestly to a positive economic outlook
- Airline industry is recovering well as well as increasing capacity and is fast-approaching pre-pandemic levels

Key Risks

- Decelerating global growth and elevated recession risks
- Banking sector turmoil in the US sparked credit uncertainty and possibly further tighten financial conditions
- High interest rates amplify business risks and dampen the business outlook
- Possible pronounced consumer pullback given stubborn inflation and low consumer confidence
- Investment sentiment weaken as investors shift from inflation fears to growth concerns



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APPENDIX

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