



VELOCITY
VENTURES

2H 2025 TRAVEL AND HOSPITALITY STRATEGY & INVESTMENT OUTLOOK REPORT



JULY 2025



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

Investing across 5 technology verticals

01. Travel Services
02. Transportation
03. Accommodation
04. Experiences
05. Food & Beverage



30+ years
of combined investing experience



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



>250+
Startups reviewed per year



12
Portfolio Companies

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FEAST

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ABOUT PEAR ANDERSON

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

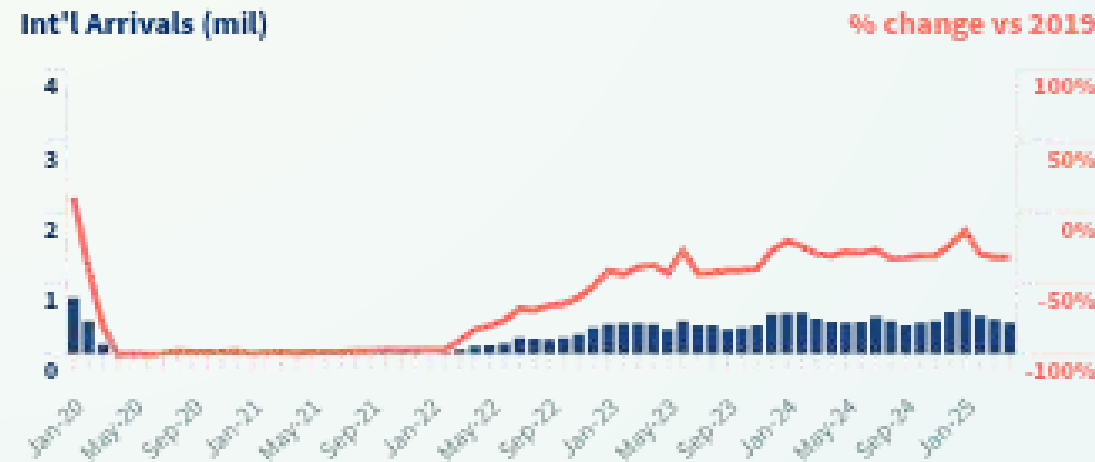
For more information on Pear Anderson and to view the dashboard, visit: pearanderson.com



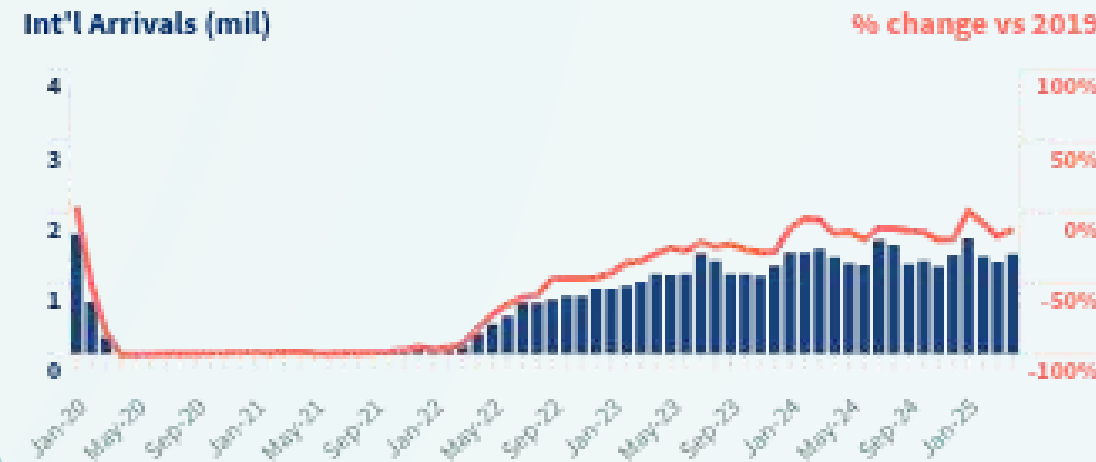
SOUTHEAST ASIA

Winners and Losers of the Recovery

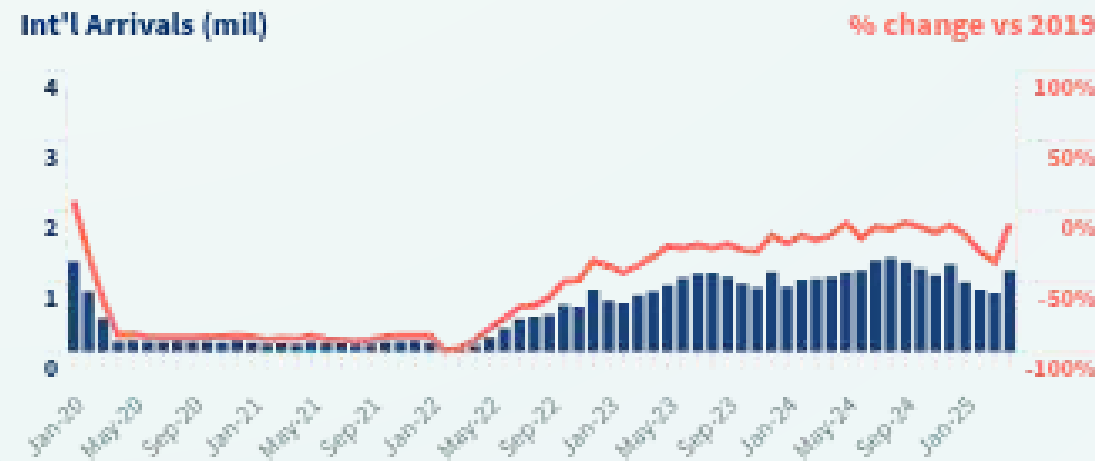
PHILIPPINES



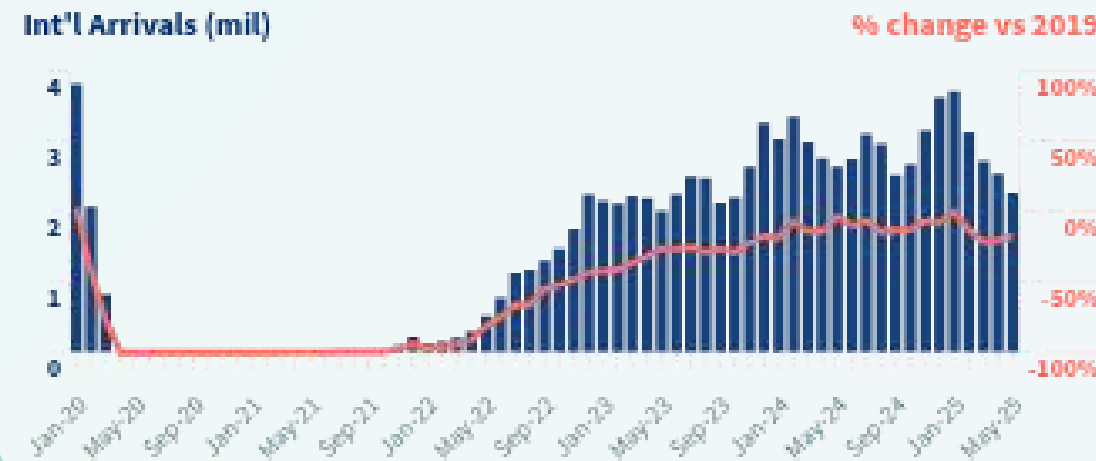
SINGAPORE



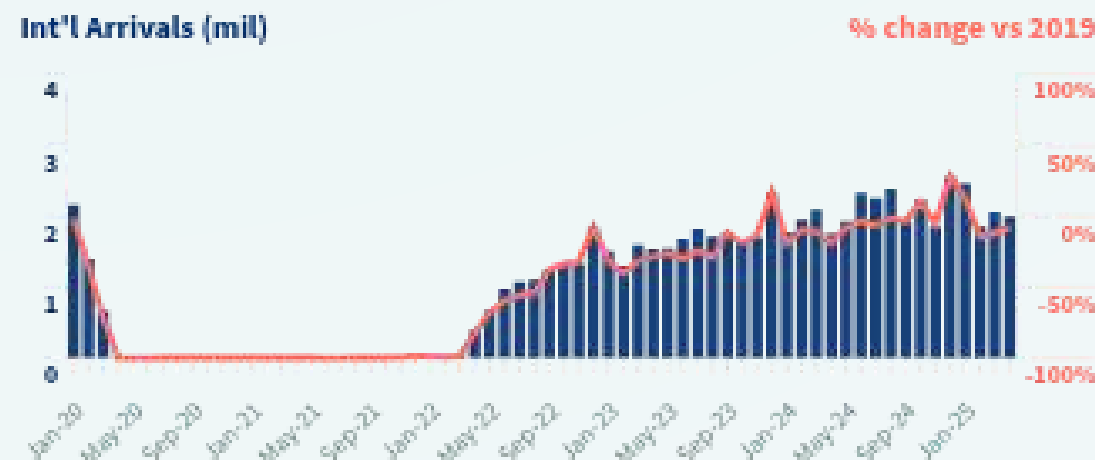
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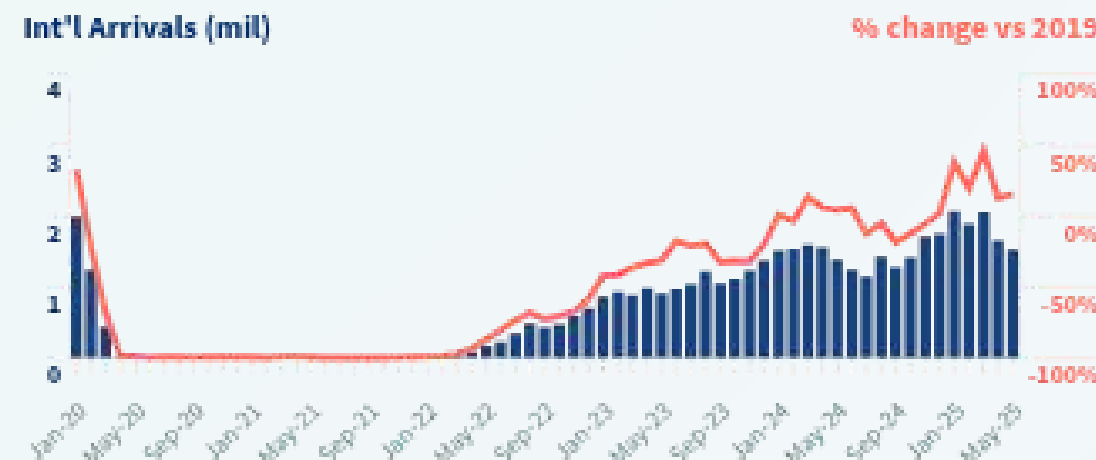
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MALAYSIA



VIETNAM



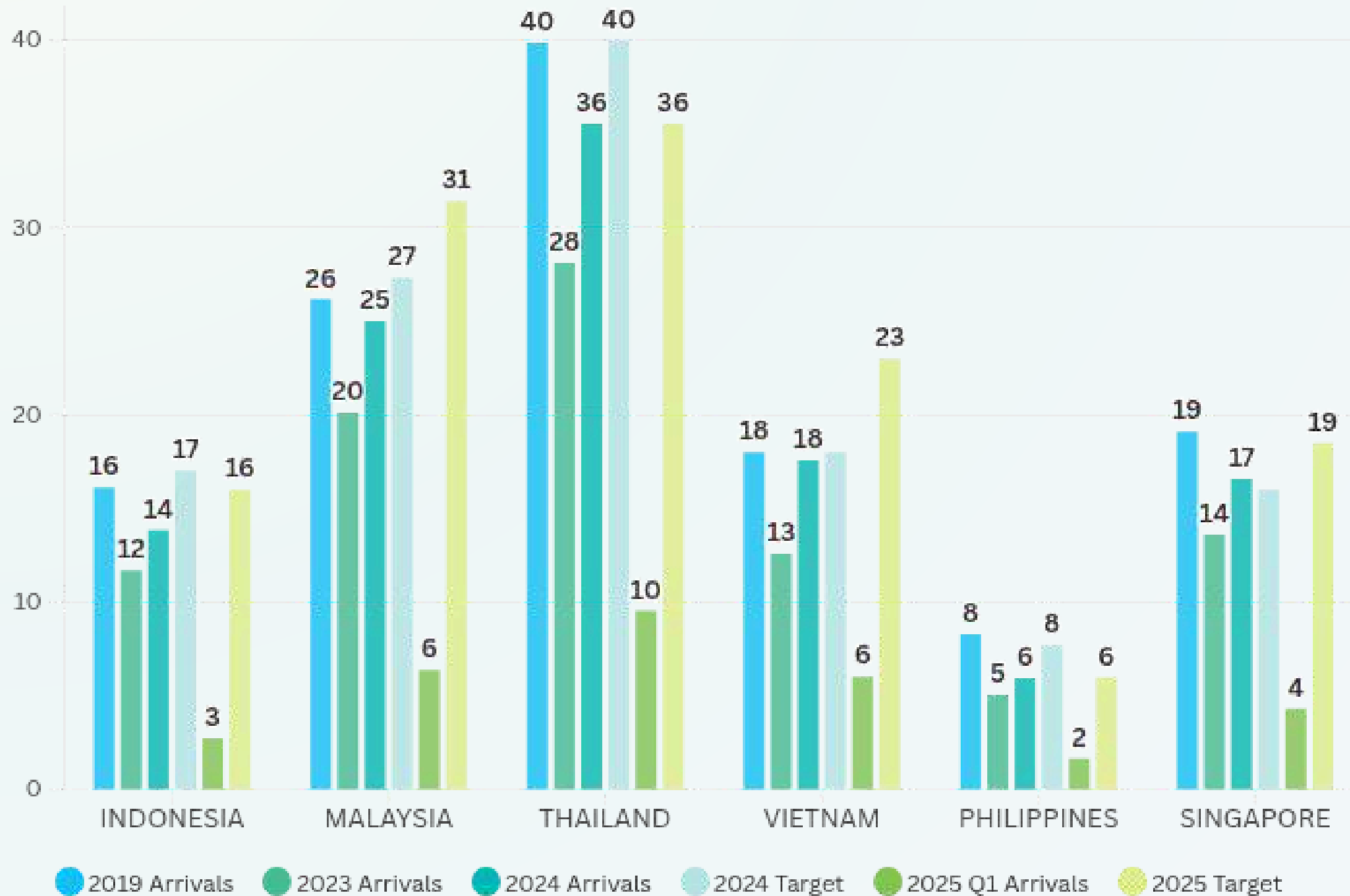
International arrivals recovery trends downward as low season begins

- Vietnam reached 46% above 2019 levels in March, before dropping down to +13% in April and inching upwards again to +15% in May. Nonetheless, Vietnam remains the only key Southeast Asian market whose recovery is consistently surpassing pre-pandemic levels, attributed to eased visa policies and intensified tourism promotion. Vietnam recently extended its visa waiver policies for 12 countries, including Japan and South Korea, until 2028. It also introduced temporary visa exemption for citizens of Switzerland, the Czech Republic, and Poland
- After successfully surpassing 2019 levels during the year-end period, Malaysia is back in the negatives, with April arrivals falling to 20% below pre-pandemic numbers
- Indonesia and Singapore saw arrivals dip down in February and March, with numbers sitting even below 2024 levels
- Thailand struggled in 1H 2025, as Chinese arrivals avoided the country due to safety concerns. The nation recorded its lowest recovery vs 2019 levels since the 2023 year-end season
- The Philippines remained one of the slowest recovering markets in Southeast Asia for international arrivals, made worse by the drop in arrivals from its top market, South Korea. Arrivals from South Korea YTD fell -18% YoY, still accounting for 22% of total international arrivals. Korean arrivals saw a significant 35% drop in April to only 73K visitors



SOUTHEAST ASIA 2025 FULL YEAR OUTLOOK

International Visitor Arrivals (millions)



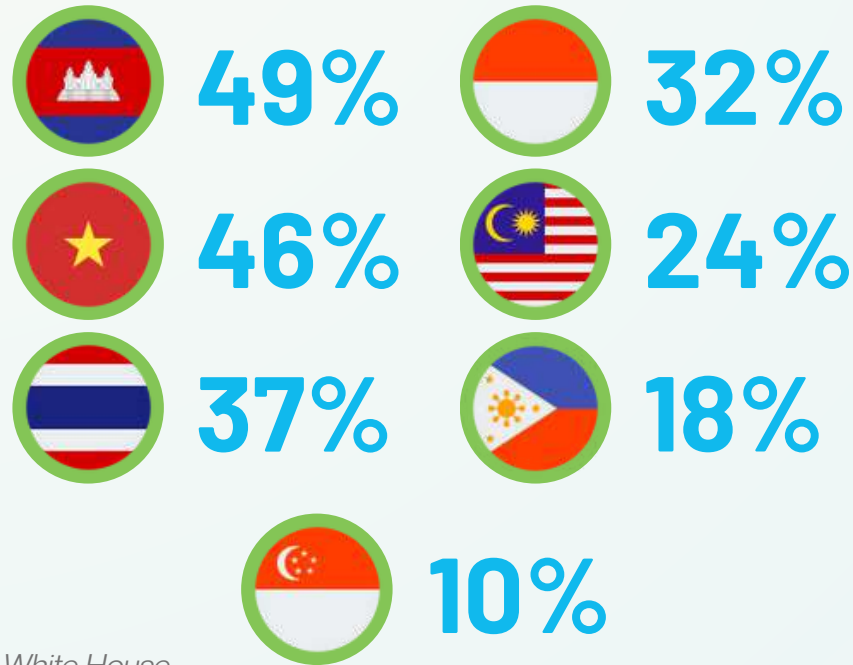
The tourism outlook for Southeast Asia in 2025 remains uncertain given the unstable state of global macroeconomics. Tourism boards such as Thailand have walked back ambitious goals set at the start of 2025. Whilst the region as a whole is unlikely to dip below FY 2024 figures, we forecast that it is unlikely to reach 2019 levels.

- Indonesia welcomed 2.7 mil international arrivals in 1Q 2025, or 17% of its annual target. Indonesia was the only country that did not reach 20% of its 2025 target by the end of 1Q. Average spending per foreign tourist in 1Q stood at \$1,277 USD, a decline compared to the previous two quarters
- Malaysia set an ambitious target of 31.4 mil arrivals in 2025 – over 5 mil above its 2019 results – ahead of Visit Malaysia 2026, which targets 35.6 mil international arrivals
- Thailand initially set a target of 39 mil international arrivals, one mil behind 2019 levels and its missed 2024 target. The significant drop in Chinese arrivals in 1Q 2025 caused a loss of confidence, and the arrivals targets was lowered to 35.5 mil, equal to its 2024 results. The country is in line to reach the downgraded target, already reaching 27% of the goal as of 1Q. Despite lower arrivals, Thailand is forecasting higher tourism receipts at \$56 bil USD, +10% YoY
- Vietnam reached a quarterly record of 6 mil arrivals in 1Q, and is on track to reach its high target of 23 mil. Revenue from travel and tourism services in 1Q 2025 also saw an 18% YoY increase to \$860 mil USD
- The Philippines kept its 2025 targets pessimistic, matching its 2024 international arrivals, which was just shy of 6 million. Arrivals reached 28% of this target in 1Q
- Singapore was the only country to reach its arrivals target in 2024, beating it by just over half a million. Last year's tourism receipts also reached an all-time high of \$30 bil SGD. Singapore is aiming to attract 18.5 mil arrivals in 2025, still slightly below pre-pandemic levels, but it is aiming to break the record for tourism receipts again with a target of \$29 bil to S\$31 bil SGD in 2025



TARIFFS SEED UNCERTAINTY

US proposed tariffs on Southeast Asia



Source: White House

Boeing aircraft on order



Source: VietJet, MAG, Thai Airways

US-proposed tariffs for ASEAN countries amongst some of highest globally

- Vietnam and Cambodia were surprised by the proposed high tariff rates, with Vietnam already engaging in multiple negotiations. Vietnam has approved a Trump Organisation investment in Hung Yen Province worth \$1.5 bil USD
- ASEAN declared that it would work collectively on its approach to tariffs, with the topic a priority at the May 2025 ASEAN Summit
- A China-US tariff trade war will have direct repercussions on ASEAN's economy, bringing both potential advantages (as Vietnam experienced during the last Trump administration), and negative impact from a weakening Chinese economy
- Whilst the tariffs have been blocked by US courts, tariffs are still permitted to be collected - and the lack of resolution yet on reciprocal tariffs between China-US means that the situation remains uncertain going into 2H 2025

Reforging of new alliances for ASEAN

- China's Xi Jinping embarked on a tour to Vietnam, Malaysia and Cambodia in April 2025, reinforcing the message that China is a stable partner of the region, and called for "economic globalisation that is more open, inclusive, balanced and beneficial to all". The visit concluded with a plethora of agreements signed on a range of industries, from COMAC to rare mineral processing knowledge
- The inaugural ASEAN-China-GCC trilateral meeting was held for the first time during the ASEAN Summit at the initiative of the Malaysian PM, with the PM saying that "this collective scale offers vast opportunities to synergise our markets, deepen innovation, and promote cross-regional investment", noting that combined, the regions have a GDP of \$24.9 trillion and a total population of 2.2 bil
- BRICS are another alliance that the ASEAN region is deepening a relationship, with a meeting between Malaysian PM and Vladimir Putin on how Malaysia can graduate from a partner member to full member. Indonesia became the first Southeast Asian country to formally join BRICS as a full member in Jan 2025, while Vietnam and Thailand are also partner members
- Meanwhile, the French President embarked on a tour of Southeast Asia, culminating at the Shangri-La Dialogue, where he urged Europe and the Indo-Pacific to ensure that they do not become "collateral victims of the imbalances linked to the choices made by the superpowers", and that they should pursue "strategic autonomy"

GDP outlook across Southeast Asia weakening

- Growth across trade-oriented ASEAN countries is expected to drop in 2025, with many Central Banks revising their projections downwards for this year - although all could change yet again

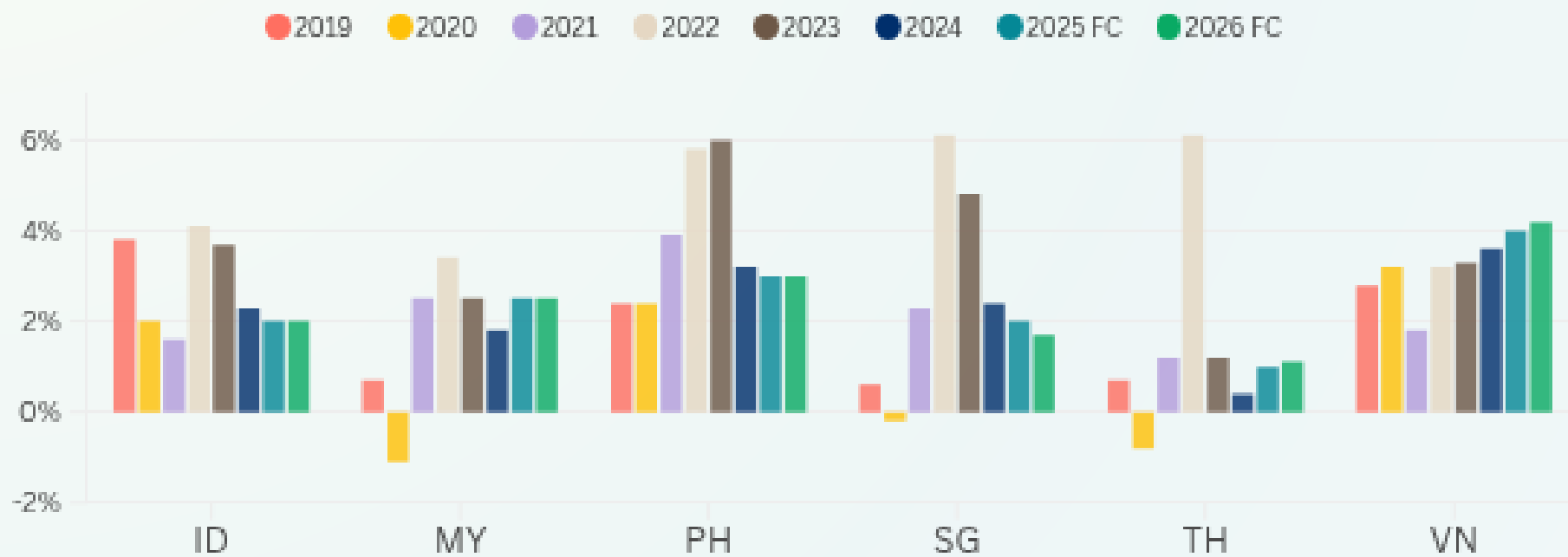
Currency fluctuation impacting inbound tourism appetite

- Exchange rates of ASEAN currencies vs the USD and EUR have swung since the announcement of the tariffs, in turns strengthening and weakening depending on the latest news. At some points, the THB was +5.2%, MYR +5.2%, SGD +4.6% and PHP +2.9% vs the USD
- The strengthening of the Thai Baht remains a concern for the Thai inbound tourism industry, as it struggles to remain competitive. Fluctuations also make managing costs more difficult for airlines, whose costs are typically in USD



THE IMPACT OF TARIFFS ON SE ASIAN TOURISM

Inflation



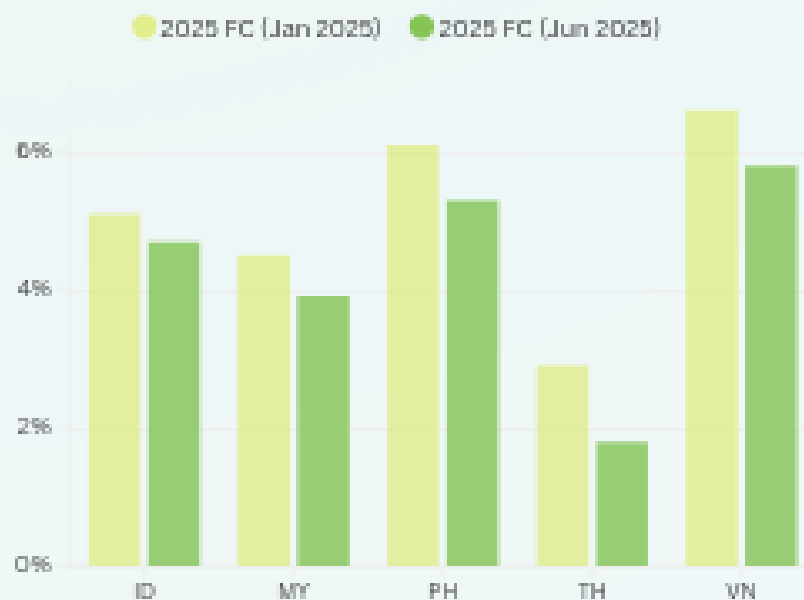
Source: ADB

Aircraft become pawns, suffer collateral damage in tariff negotiations

- Airlines in Vietnam and Thailand have scrambled to make deals with Boeing to expand their fleets, with notable deals including Vietjet's \$200 mil USD and Thai Airways' 45 Boeing 787-9s
- The Association of Asia Pacific Airlines expects airlines to pay more for their orders, as the supply chain for aircraft manufacturing stretches across several markets. It also sees 20% of deliveries being delayed due to supply chain issues, which are only set to worsen with the implementation (or threats) of tariffs
- Whilst at the start of the year, it looked like more ASEAN airlines were open to China's COMAC, they may be compelled to purchase more Boeing aircraft instead. COMAC also relies heavily on the imports of parts from the US, and the US is said to have suspended engine sales to COMAC
- With Singapore's trade surplus with the US giving it some breathing room vs other ASEAN airlines, Scoot is diversifying its fleet between Airbus, Boeing, and Embraer with 14-16 new aircraft arrivals in 2025: 4 Embraer, 7-9 Airbus A320s, and 3 Boeing 787s
- Jetfuel is also likely to increase once again, after previously stabilising, with the Israel-Iran conflict triggering a jump in global oil prices

GDP Forecast

2025



Source: World Bank

2026



Southeast Asia could be sheltered from some of the biggest travel industry fallout

- A drop in Chinese arrivals is the biggest concern for inbound tourism to ASEAN, thanks to a potentially weakened Chinese economy and a loss in consumer confidence
- However, that has not yet materialised - WeChat Pay transactions for the May Golden Week show a +37% increase in spending, whilst Alipay reported +15% in overseas spending from Chinese travellers
- Southeast Asia could also benefit from a decrease in Chinese traveller spend, as Chinese travellers switch from longer-haul destinations to shorter-haul, better value ones
- Intra-Asian arrivals account for ~80% of Asia's international arrivals overall, with flight capacity recording a strong recovery for China, Southeast Asia, Japan, and Korea routes in 2024

Oxford Economics predicts APAC inbound travel will recover, but more slowly in 2025

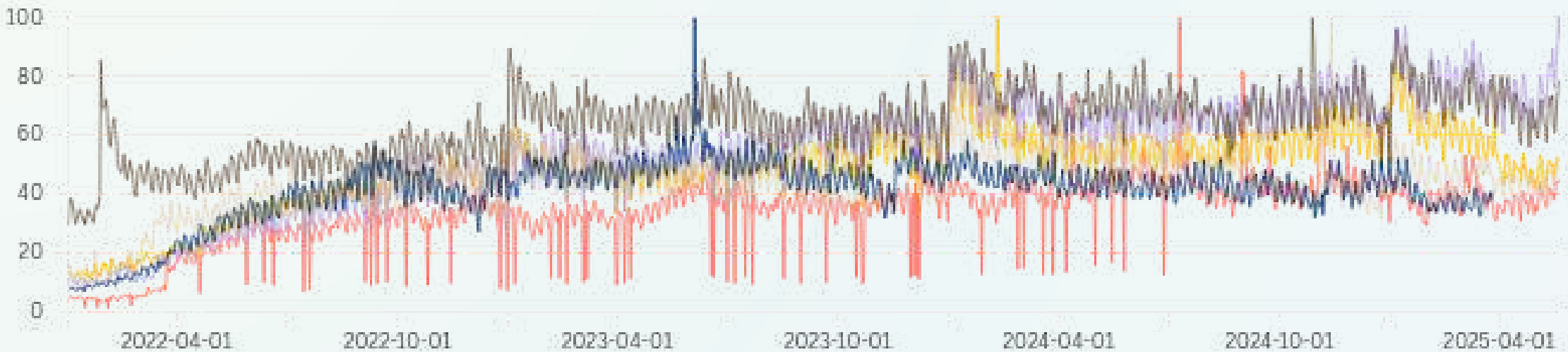
- APAC inbound travel could be 8% weaker compared to their baseline projection for 2025 and 2026, generating a +1% recovery to pre-pandemic levels



TRAVEL SERVICES

Inbound Travel Searches on Google from Worldwide Destinations

Indonesia Malaysia Thailand Vietnam Philippines Singapore



Source: Google Destination Insights

Top Hotel Booking Sources 2024

	Indonesia	Malaysia	Philippines	Thailand
1	Booking.com	Booking.com	Booking.com	Booking.com
2	Expedia Group	Agoda	Agoda	Agoda
3	Agoda	Trip.com	Hotel websites (direct booking)	Hotel websites (direct booking)
4	Hotel websites (direct booking)	Expedia Group	Expedia Group	Expedia Group
5	Traveloka	Hotel websites (direct booking)	Trip.com	Trip.com
6	Hotelbeds	Hotelbeds	Hotelbeds	Hotelbeds
7	Trip.com	Traveloka	Klook	Tiket.com
8	Tiket.com	Tiket.com	DidaTravel	Goibibo & MakeMyTrip
9	Luxury Escapes	WebBeds	WebBeds	Traveloka
10	MG Bedbank	DidaTravel	Tiket.com	WebBeds

Source: SiteMinder's Hotel Booking Trends 2024

Southeast Asian OTAs make strategic moves to strengthen market position

- Traveloka launched its Traveloka Partners Network (TPN), a series of B2B solutions designed for suppliers seeking access to Southeast Asia's travel market. The platform offered connectivity to Traveloka's inventory, real-time analytics, and integration options
- AirAsia MOVE plans to phase out "AirAsia" from its name over the next 18 to 24 months, aiming to rebrand itself as a "travel experience" with a brand loyalty that is unattached to the airline

AirAsia MOVE under scrutiny in the Philippines

- The Department of Transportation Secretary ordered the Civil Aeronautics Board to shut down and file criminal charges against AirAsia Move for allegedly selling tickets of local airlines at a higher price following the transport crisis in Eastern Visayas
- AirAsia MOVE blamed temporary data synchronisation issues with flight pricing partners for the discrepancies, insisting that the error also affected other OTAs

Booking Holdings remained Southeast Asia's preferred hotel booking channel

- Booking.com and Agoda retained their first and second places as the top booking channels in Malaysia, Philippines and Thailand
- In Indonesia, Expedia Group ranks above Agoda for the first time since 2019, attributed to the rise in long-haul travel
- MG Bedbanks was acquired by Creador in early Jan 2025

Klook solidifies its presence in Southeast Asia

- Klook entered Malaysia and Thailand's Top 12 lists for the first time, both ranking at 11th place, while also rising two spots in the Philippines
- In the Philippines, Klook has partnered with Hospitality Innovators, Inc. to offer themed stays and curated bundles on the platform, as well as exclusive benefits such as early check-in, late check-out, and room upgrades in HII managed hotels
- Klook also offers tickets bundled with hotel stays for international fans looking to attend various global concerts in Singapore. Filipinos were the top buyers globally of Klook ticket bundles for Taylor Swift's "The Eras Tour" in Singapore in 2024, at around 10%-15% of total bundles sold

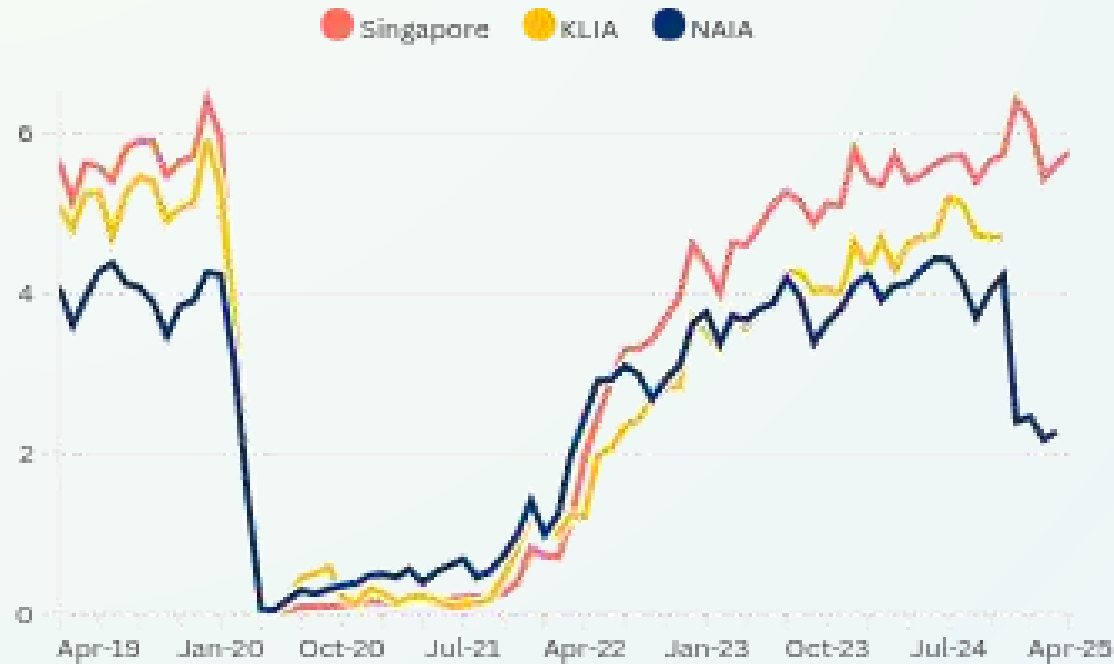
Grab utilises agentic AI solutions to support merchants and drivers

- Grab's new AI Merchant Assistant - a chatbot powered by Large Language Models (LLMs) - provides merchants with personalised business suggestions, as well as other daily tasks like creating ad campaigns and updating menus
- The AI ride-guidance, now used by 250,000 drivers across Southeast Asia, uses real-time and historical data to predict where ride demand will be highest



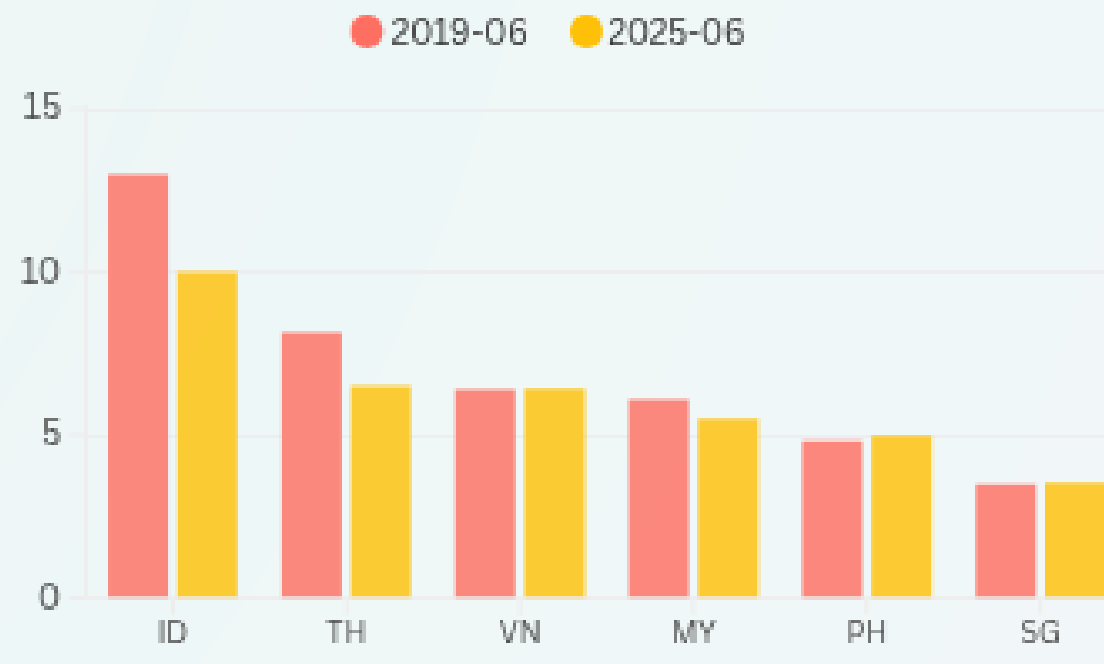
TRANSPORT

Total Air Passengers (mil)



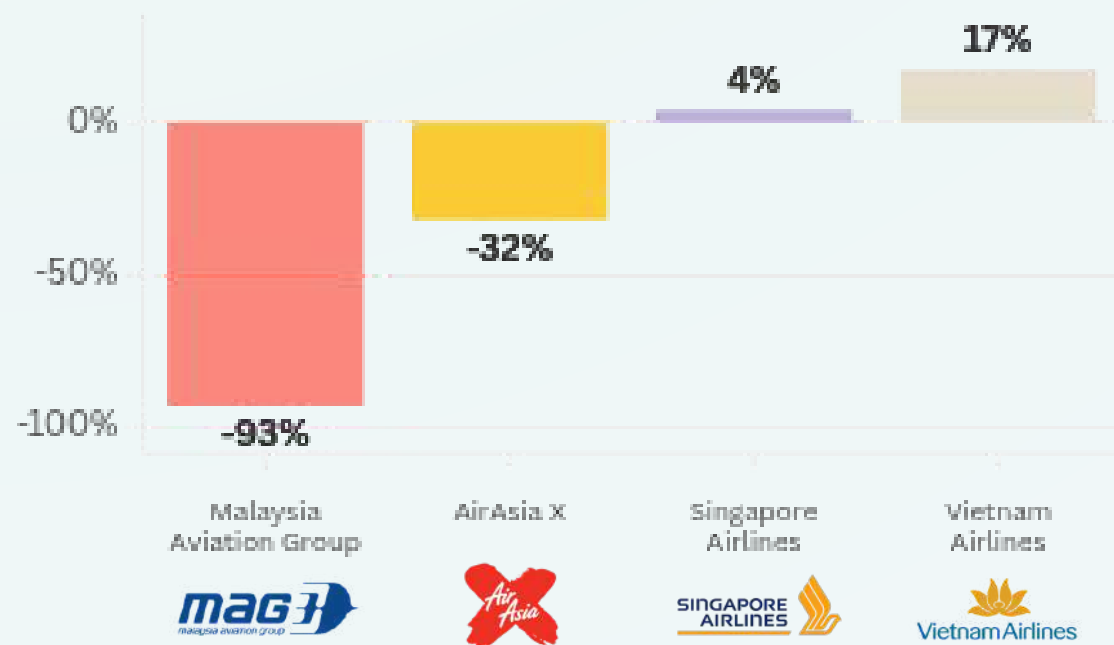
Source: Changi, MAHB, NAIA

Air Capacity Jun 2025 vs Jun 2024 (mil)



Source: OAG

Airlines' YoY change in net profit in 2024



Source: MAG, AirAsia X, SIA, Vietnam Airlines

Singapore Aviation Industry

Employs **36,000 workers**,
exceeding pre-pandemic levels

Singapore's MRO industry accounts for
10% share of global MRO

From 2022-2024, Singapore recorded
\$750 million SGD in investment commitment

Source: The Straits Times, CNA

Singapore, the Philippines, and Vietnam exceed Jun 2019 air capacity

- However, Indonesia and Thailand have still some way to regain their pre-pandemic air capacity levels

Southeast Asian airlines reported net profit in FY2024, but with a significant drop YoY due to rising competition and supply chain issues

- Malaysia Aviation Group's 18% capacity cut in 4Q 2024 wiped out its financial gains from 1Q-3Q 2024. MAG reported RM54 mil net profit for 2024, -93% YoY
- Singapore Airlines recorded a \$1.1 bil SGD gain from the Air India-Vistara merger. SIA blamed high competition for the drop in profit

Airport upgrades continue across Southeast Asia

- Singapore's Changi Airport started construction of T5. Once completed, T5 will increase the airport's capacity to 140 mil pax per year. It will focus on speeding up transfers and could even see air-sea connection links
- Cambodia's Techo International Airport in Phnom Penh set to open in Sep 2025

Airlines are turning to Sovereign Wealth Funds (SWF) to raise funds

- Capital A reportedly secured RM1 bil private placement, including \$100 mil USD from Saudi Arabia's Public Investment Fund, although the airline has yet to officially confirm the investment. Capital A is looking at listing on the Hong Kong exchange
- Indonesia's Danantara to fund Garuda Indonesia to purchase 15 new aircraft

Dedicated Umrah/ Haj terminal opened in Indonesia

- Soekarno-Hatta Airport restructured Terminal 2F as a dedicated Umrah/ Haj terminal under Saudi Arabia's Makkah Route

Jetstar Asia to close on 31 Jul due to an increase in costs, airport fees, and strong competition - SIA Group seizes advantage

- Scoot to take over Okinawa, Labuan Bajo and Medan routes, which were solely served by Jetstar Asia from Singapore later in 2025/ 2026
- SIA Group is offering 100 pilot and 200 cabin crew jobs to Jetstar Asia employees



ACCOMMODATION

Hotel Occupancy



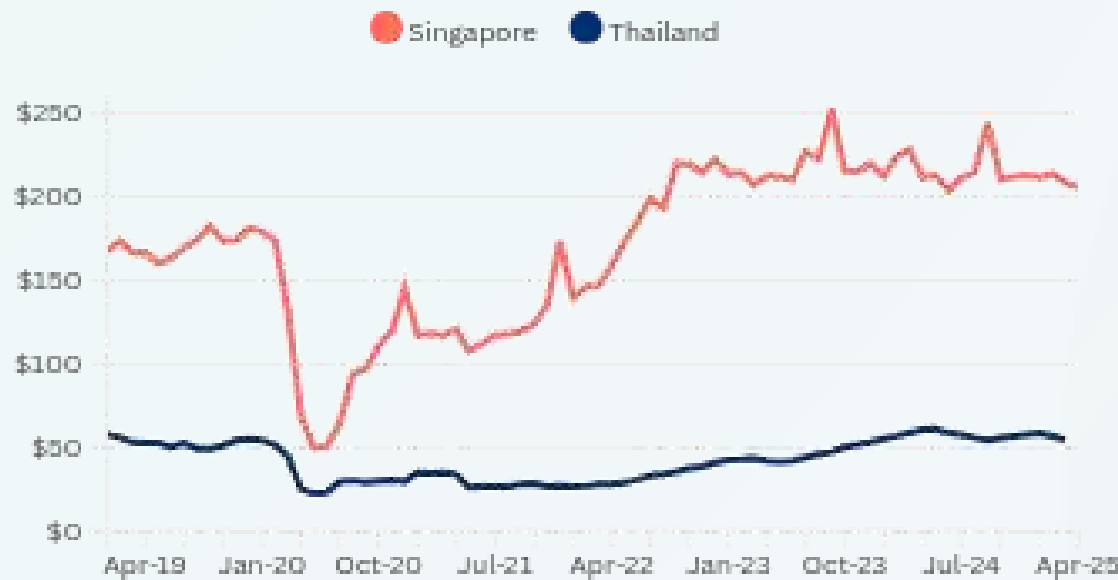
Singapore RevPAR (SGD)



Regional Hotel Occupancy (%)



Average Room Rates Thailand & Singapore (USD)



Kuala Lumpur and Bangkok lead in 2025 room openings in APAC

- CoStar's data shows there are over 511k rooms in construction, 47k rooms in final planning, and 396k rooms in the planning stage in APAC
- Kuala Lumpur and Bangkok to see 3.8k and 3.2k room openings in 2025

Unlicensed hotels and accommodation are causing concerns from the hotel industry across the region, budget hotels struggling

- The Malaysian Budget Hotel Association estimated that 30%-50% of total hospitality providers in Penang are unlicensed hotels
- Malaysia Association of Hotels reported 3-star hotels in 1Q 2025 saw -40% YoY ADR, -41% YoY RevPAR
- Indonesian Hotel and Restaurant Association of Bali reported a 20% drop in 1Q 2025 hotel occupancy, despite an increase in tourist arrivals YoY, the drop attributed to unlicensed accommodation
- HCMC banned short-term rentals, including Airbnb, in Mar 2025 following conflicts between residents and long-term renters

DoubleDragon, Philippines, to develop Hotel101 with 700 rooms, with opening in 2H 2028; to generate 5.25 bil PHP through unit sales

- The "condohotel" concept hotel will generate double revenue through the sale of rooms to individual owners and through room bookings
- DoubleDragon plans to have 50k rooms in the Philippines and 1 mil rooms in 100 countries by 2050, and is expected to be listed on the Nasdaq in Jun

The hotel industry in Indonesia is suffering from government austerity measures

- In an Apr 2025 PHRI survey, 97% of respondents reported a drop in occupancy rate, and 67% reported revenue losses from the government segment
- A May 2025 survey shows 90% of respondents reduced their daily workers
- Indonesian Event Industry Council estimates government cancellations caused \$27 mil USD in losses for businesses
- The Home Minister in Jun backtracked, allowing regional governments to undertake business trips and hold meetings to boost MICE, advising them to support struggling hotels - but the rebound has yet to be seen or felt



EXPERIENCES

Sightseeing, Entertainment & Gaming Share of Total Spend: Singapore (%)



Source: Singstat

Singapore Tourism Board aims to grow the MICE sector's tourism receipts' contribution from

4% → 10%
by 2040

Source: CNA

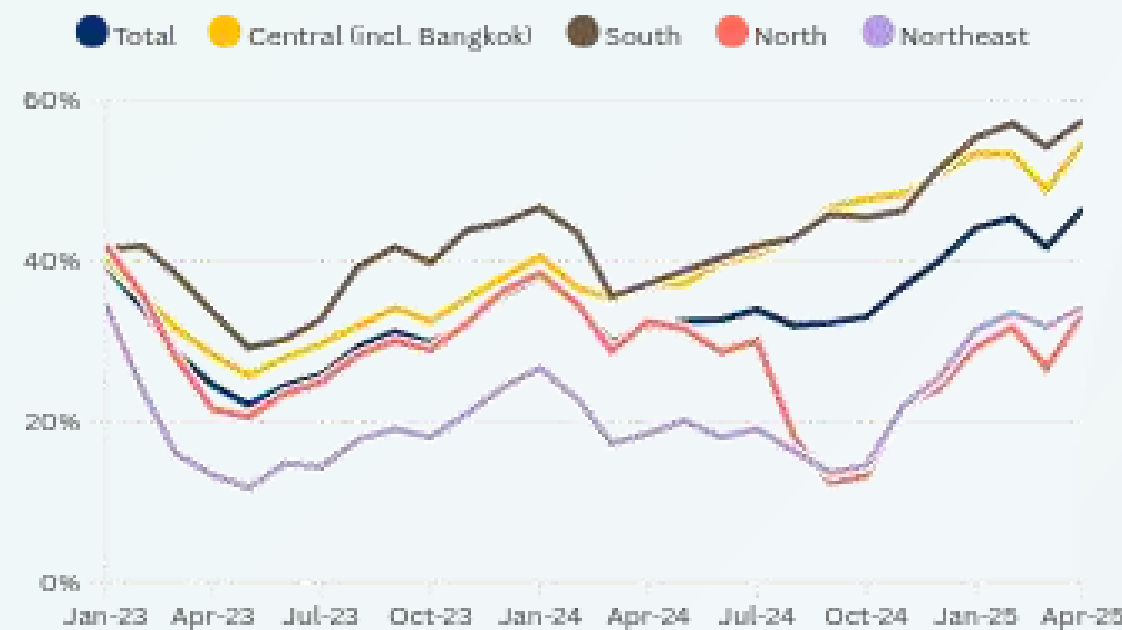
Citigroup report projects Thailand gambling revenue could reach

\$9.1 billion USD
by 2031

**Placing Thailand ahead of Singapore and
second in Asia after Macao**

Source: Nikkei Asia

Share of revenue from conference/seminar package to total tourism revenue by Thai region (%)



Source: Bank of Thailand

Thailand's entry into the casino industry to shake up the region's status quo - if the bill is passed

- Thai Cabinet approved a draft law for casino-entertainment complexes - however, their legalisation is still facing fierce opposition, and the deal is by no means guaranteed, with a special committee calling for a referendum. 7 international players are said to have expressed interest in developing the resorts, including MGM and Melco
- Cambodia saw \$63.1 mil USD casino revenue in 2024, +85% YoY
- Singapore granted a 3-year license to Marina Bay Sands, backed by \$2 bil USD in earnings for 2024 vs Resort World Sentosa's 2-year extension in late 2024. MBS received a \$12 bil SGD multi-tranche loan

Attractions incorporating more inclusive measures

- Legoland Malaysia Resort has become the first Certified Autism Centre (CAC) in Malaysia
- Singapore is opening 16 therapeutic gardens to help visitors with autism, dementia, anxiety, and ADHD. Singapore's National Parks Board (NPB) said it plans to have 30 free gardens by 2030

New platforms and AI-powered tools are launched to support the travel and MICE industry

- Singapore's MiceLah platform will offer an all-in-one platform to select venues, teambuilding, catering, and transportation. MiceLah plans to expand to Thailand, Indonesia, Malaysia, and India by Q3 2025
- BESarawak launched its AI.LEGACY tool for event planners "to measure the quantitative and qualitative impact of business events hosted in Sarawak"
- Cambodia launched AI-powered digital travel platform with real-time updates on crowd control, travel policies and reservations



FOOD & BEVERAGE

Food Inflation



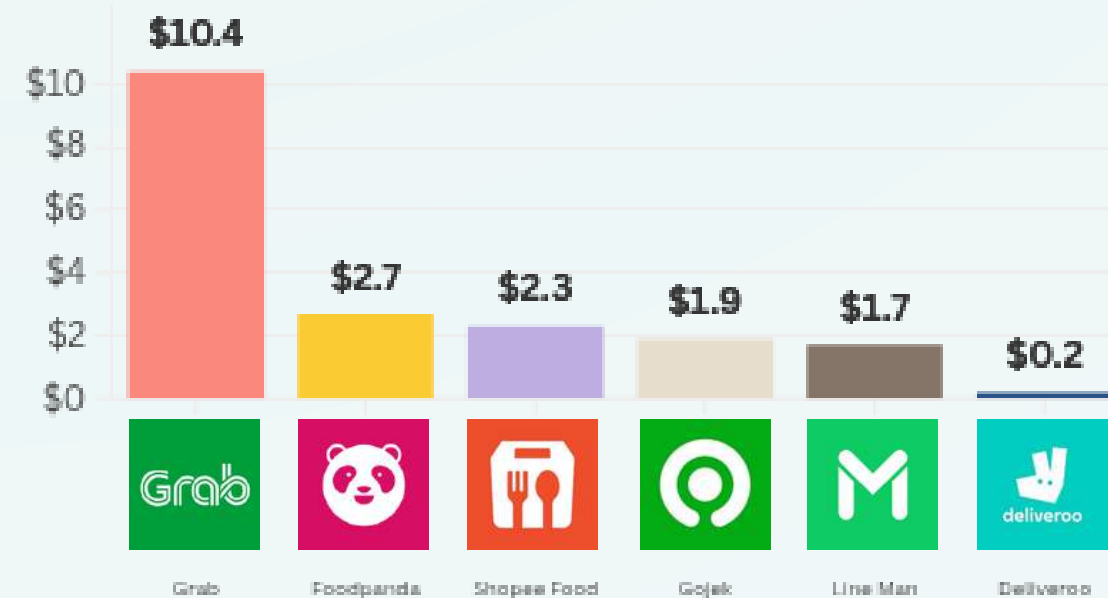
Source: DOSM, Singstat, Bureau of Trade and Economic Indices Thailand

Share of Online F&B Sales in Singapore



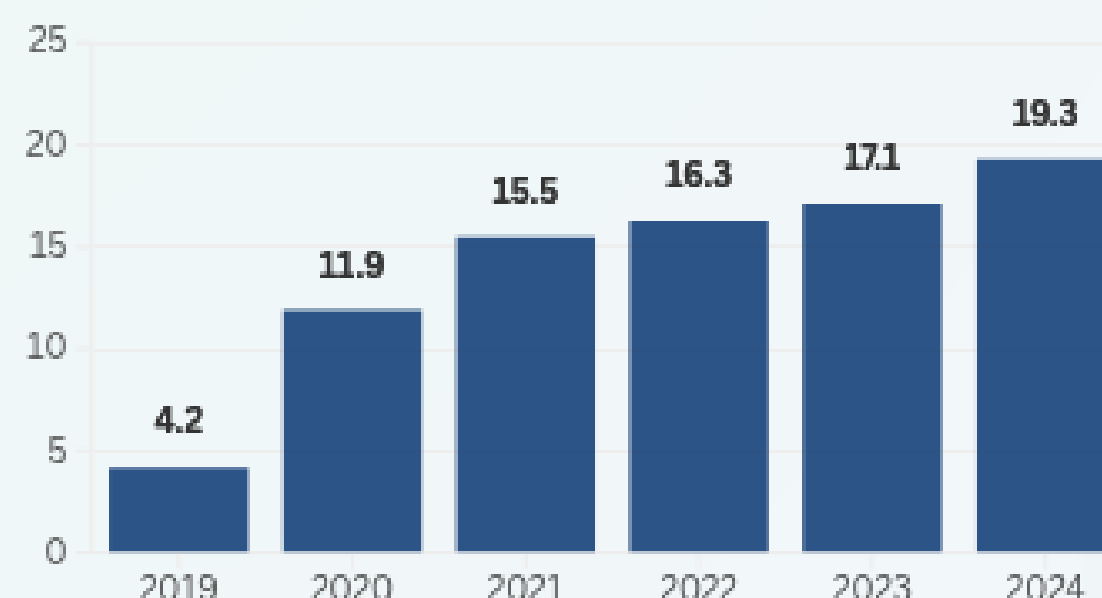
Source: Singstat

SEA Food Delivery GMV 2024 by Platform (billion USD)



Source: Momentum Works

SEA Total Food Delivery GMV (billion USD)



Source: Momentum Works

Southeast Asia's food delivery market continues to grow, with Grab dominating the region

- Momentum Work's report showed that food delivery value in Southeast Asia reached \$19.3 bil USD in 2024, +13% YoY
- Vietnam saw the highest growth at +26% YoY, followed by Indonesia at +18% YoY
- Grab continues to be at the top with a 54% market share, while ShopeeFood overtakes Gojek to become the third biggest platform

Foodpanda's exit shakes up Thailand's food delivery scene

- After never reporting a profit in its 13 years of operations in Thailand, Foodpanda officially exited the market on 23 May
- Thai delivery app Robinhood is set to take advantage of the loss, partnering with Foodpanda to seamlessly transfer FoodPanda's customers, restaurant partners, and delivery riders to Robinhood
- ThaiHealth and Chulalongkorn University's Asia Research Cluster for Social Solidarity and Inclusive Economy launched "Tamsang-Tamsong" (Order and Deliver), a low-cost platform designed to be accessible to street food vendors. The platform charges only 5-6 THB per transaction, compared to the 35% commission charged by mainstream platforms

Taking in-flight meal services to new heights

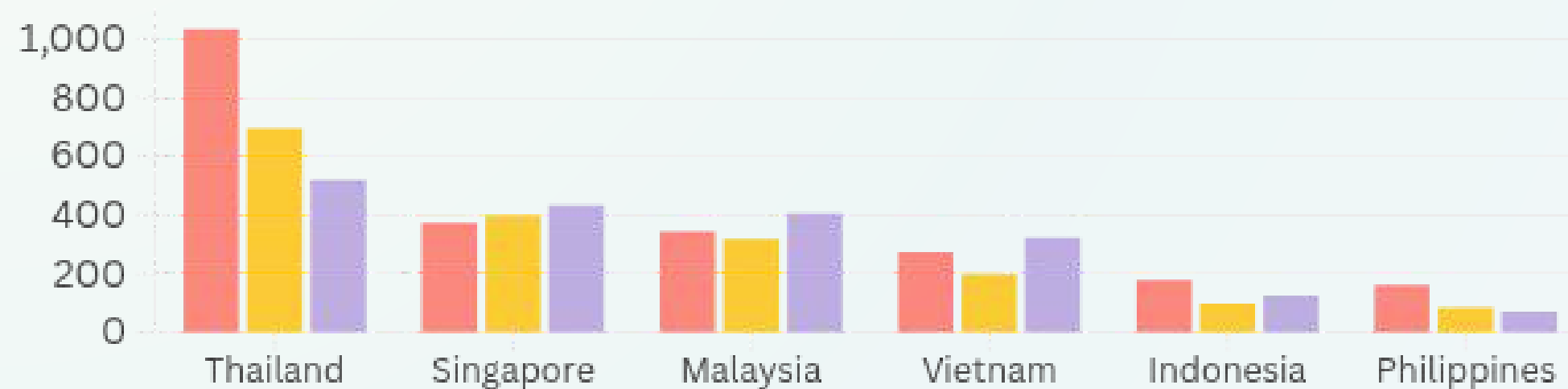
- Dusit Foods Co Ltd partnered with Thai Airways International for the "Streets to Sky" project, bringing famous Thai street food dishes to the airline's economy class cabin on international routes, showcasing Thai soft power through food to global travellers
- Singapore Airlines collaborated with Masterchef judge Monica Galetti for its spring and summer menu, available on flights departing from the UK between March and August 2025



CHINA REMAINS CENTRAL TO SE ASIA TOURISM

China's International Air Capacity to Southeast Asia ('000)

● June 2019 ● June 2024 ● June 2025



Source: OAG

Chinese Arrivals to Thailand ('000)



Source: Thailand Ministry of Tourism and Sports

China remains a key tourism driver for most countries in the region

- Chinese visitors occupied over a quarter (26%) of all international arrivals to Vietnam in Q1
- ForwardKeys reported that Malaysia and Singapore recorded +41% and +26% growth in Chinese outbound travel vs 2019 during the 2025 Chinese New Year holidays
- Indonesia targets 2 mil Chinese arrivals in 2025, +70% above 2024 results

Safety concerns pushed Chinese tourists away from Thailand

- Chinese tourist arrivals to Thailand dropped -24% YoY in Q1, attributed to the kidnapping case of a Chinese actor on the Thai-Myanmar border, the earthquake that affected Bangkok in Mar, and crackdowns on call centre scams involving Chinese nationals
- The Thai Hotels Association reported 4,572 room cancellations from Chinese tourists in Jan 2025 alone following the kidnapping case
- Thai AirAsia said that China only accounted for just 17% of its total international route capacity as of Mar 2025, down from over 30% in 2019. The airline is considering reducing flights from Thailand to China by at least 15% in response to the slowdown

Businesses concerned that visa waivers' long period of stay is being misused for illegal work

- Malaysia and China's plan to extend a mutual visa-free scheme from 30 to 90 days sparked concerns among local businesses, especially MSMEs, that it would lead to an increase in Chinese nationals working illegally in Malaysia
- TAT Governor reported that Thai tourism operators called on the government to consider reducing the length of visa-free stays for Chinese nationals from 60 to 15 days, due to concerns about foreign scammers exploiting the visa-free policy

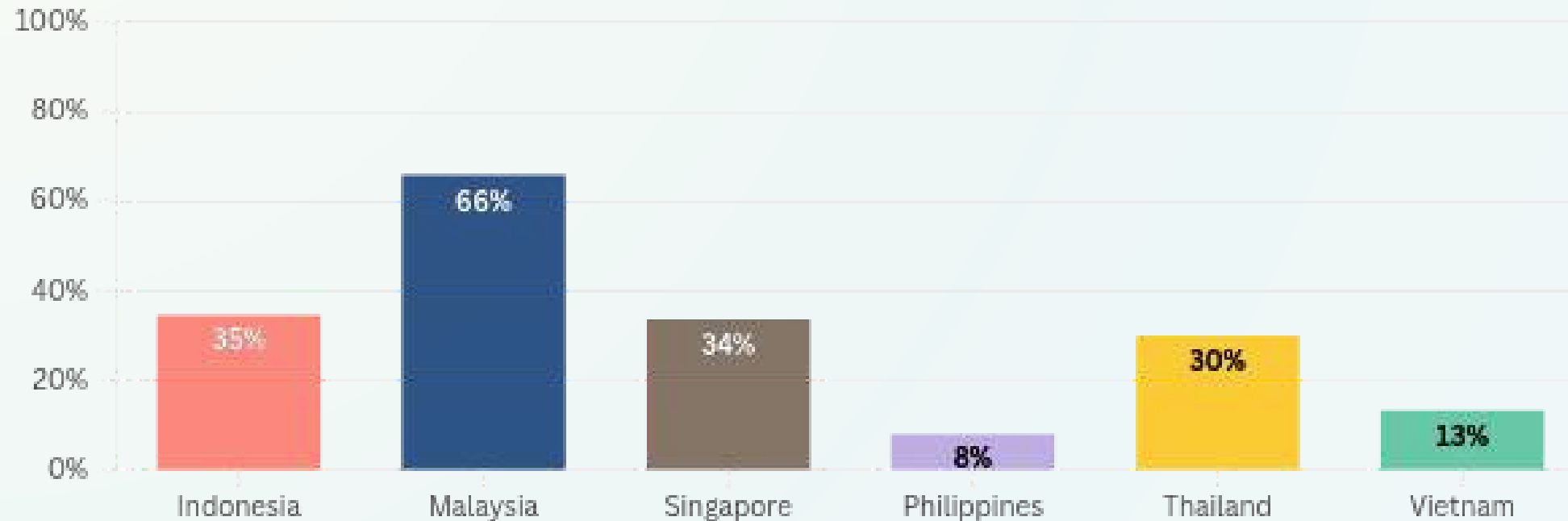
Southeast Asia and China continue to promote tourism cooperation

- Indonesia and China signed an MoU to strengthen tourism cooperation through exchanging business contacts and information, joint efforts to promote the two countries, and the establishment of official non-profit tourism promotion offices in the other's territory
- China added Indonesia to its 10-day visa-free transit programme, which is expected to make the already popular destination even more appealing to Indonesian tourists
- China also recently launched the "ASEAN Visa", a five-year multiple-entry visas for eligible individuals visiting China for business purposes
- Rail connections with China are also strengthening, with the approval of the second phase of the Thailand-China high-speed rail project, which will connect Nakhon Ratchasima and Nong Khai. A railway linking Vietnam's northern coast to Kunming will begin construction in 2025, with China and Vietnam agreeing to conduct feasibility studies for two more railway links



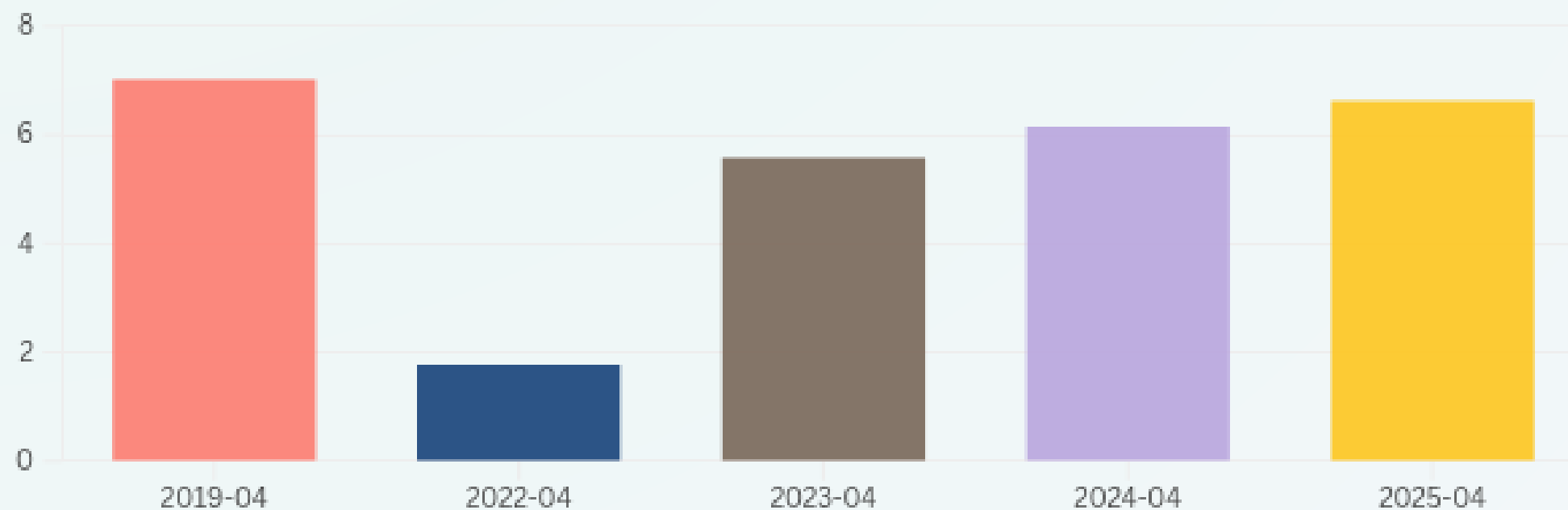
INTRA-ASEAN TRAVEL REMAINS STRONG

Share of ASEAN Arrivals from Total Arrivals 2024 (%)



Source: Statistics Indonesia, Singapore Tourism Board, DOT Philippines, Thailand Ministry of Tourism and Sports, Tourism Malaysia, VNAT

Intra-ASEAN Air Capacity (mil)



Source: OAG

ASEAN's interconnectedness drives travel demand

- Intra-ASEAN travel is growing, occupying around 45% of the total international arrivals to the region in 2024, up from 37% in 2019
- Intra-ASEAN air capacity in Southeast Asia, which was hard-hit during the pandemic, is recovering steadily, but has not quite reached pre-pandemic levels yet. There were 6.6 mil scheduled seats in Apr 2025, or -6% of 2019 levels
- Land travel is a preferred method for mainland Southeast Asians to travel to neighbouring countries. Nearly half (48%) of tourist arrivals to Malaysia arrived by land from Jan-Feb 2025, more than by air (45%)

Skirmishes at Cambodia-Thailand borders threatens ease of access by land

- Thailand has reduced the allowed stay for Cambodian visitors entering by land to 7 days from the previous 60 days for passport holders and from 15 days for border pass holders, in response to Cambodia cutting the visit limit to 7 days from 14 days for Thai visitors coming by land

e-Arrival cards increasingly confuse the arrivals process

- Whilst visa-free intra-ASEAN travel is available for ASEAN nationals, a growing number of ASEAN countries are implementing e-arrival cards: Thailand implemented its scheme on 1 May 2025, whilst Malaysia did so in Dec 2024, and Singapore post-pandemic
- Whilst these schemes will not discourage visitors in the same way a visa does, they add to the increasing fragmentation of the arrivals process

ASEAN countries band together to promote the region as one destination

- Thailand continues to push its idea of the "Six Countries, One Destination" initiative, extending invitations to Singapore, Cambodia, Malaysia, and Vietnam
- The initiative originally planned to include a Schengen-style single visa scheme among the six countries, although the possibility of this materialising is likely very low

Cross-border integration makes payment within ASEAN a breeze

- Bank Negara Malaysia and the National Bank of Cambodia launched the second phase of their cross-border payment cooperation
- Tourists from ASEAN countries can now sign up for Malaysia's TNG eWallet using their existing phone numbers and top up with credit or debit cards issued in their home countries
- Wise partnered with Singapore Tourism Board on campaigns to attract Malaysian travellers, offering complimentary cards for new sign ups while promoting Singapore's tourism attractions

Rail transport provides convenience for cross-border travel

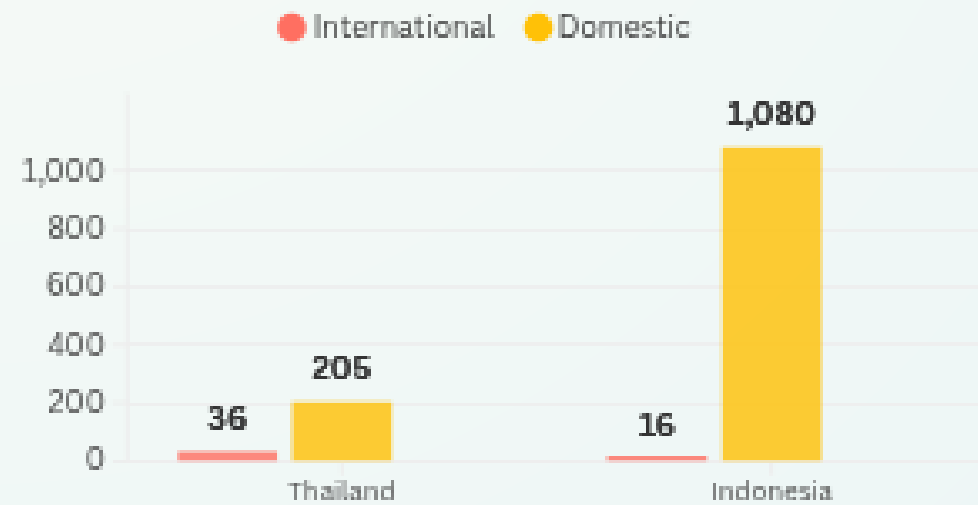
- The Thailand-Malaysia cross-rail route from Bangkok-Butterworth is set to restart in Jul 2025, and to extend to Kuala Lumpur later in 2025



DOMESTIC TRAVEL AND URBAN MOBILITY

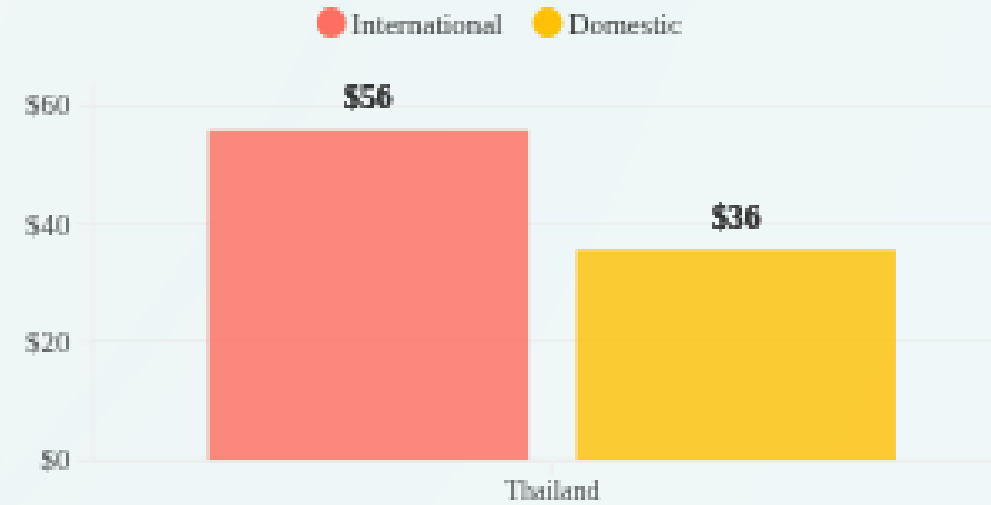
International vs Domestic Tourism Targets

2025 Number of Tourists Target (mil)



Source: TAT, Indonesian Ministry of Tourism

2025 Tourism Revenue Target (bil USD)



Domestic airfares remain high as governments fight to keep prices affordable

- Vietnam introduced a tiered pricing regulation for domestic flights based on flight distance from 1 Jan 2025, with the highest set at 4 mil VND for flights over 1,280 km
- Indonesia offered a 13-14% discount on airfares for the Eid holiday, supported by measures such as a reduction in airport service fees, fuel surcharge, aviation fuel prices, and VAT
- The Thai government, in partnership with local airlines, introduced a price cap reduction of 30% during Songkran, along with 25k additional seats for the period

Stimulus schemes and new travel packages encourage tourists to explore lesser-known destinations

- Thailand relaunched its domestic travel stimulus scheme with a focus on spreading tourism economic benefits, with plans to offer more subsidies for bookings in secondary cities compared to key tourism destinations
- Indonesia launched the 3B tour package that links North Bali, West Bali, and Banyuwangi in East Java. The tour is aimed at promoting less-visited areas of Bali and strengthen connections between Bali and Java

e-Hailing services come under fire

- The Indonesian Transport Workers Union (SPAI) opposed the proposed GoTo-Grab merger, fearing a monopoly in the online transportation market
- Taxi drivers in Thailand staged a protest against the government's decision to set up official pick-up spots for Grab at Suvarnabhumi Airport, claiming that it's threatening traditional taxi drivers' livelihoods

Southeast Asia makes efforts to improve urban mobility

- Hanoi will launch an integrated e-ticket system in Sep to address the fragmented automated ticketing across various transport modes. The e-ticket system will also integrate with automated toll collection, parking facilities, and services beyond Hanoi
- Thailand plans to introduce a flat fare of 20 THB for for all lines in the Bangkok light-rail commuter network by 30 Sep to make daily commute more accessible and affordable
- Cambodian super app Move signed an MoU to integrate BookMeBus' bus and ferry services into Move, strengthening its position as an all-in-one travel app

Southeast Asia Ride-Hailing Market Projections 2024-2031

Market Size = US\$3.04 bil

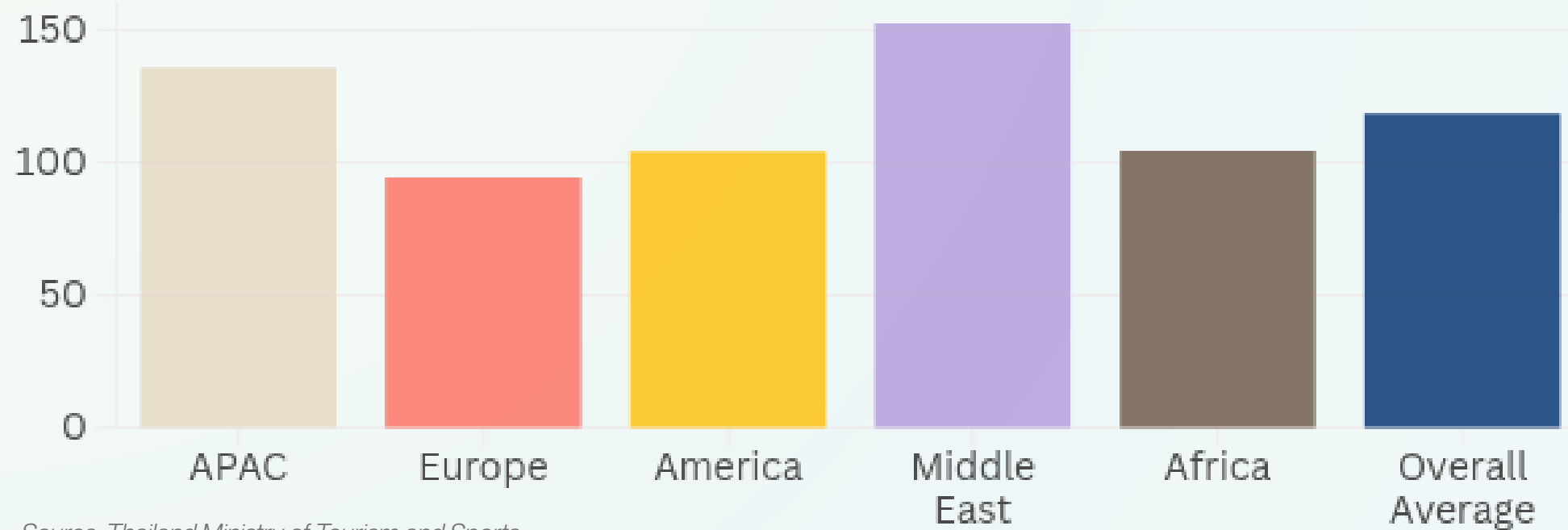
CAGR = 12%

Source: Cognitive Market Research

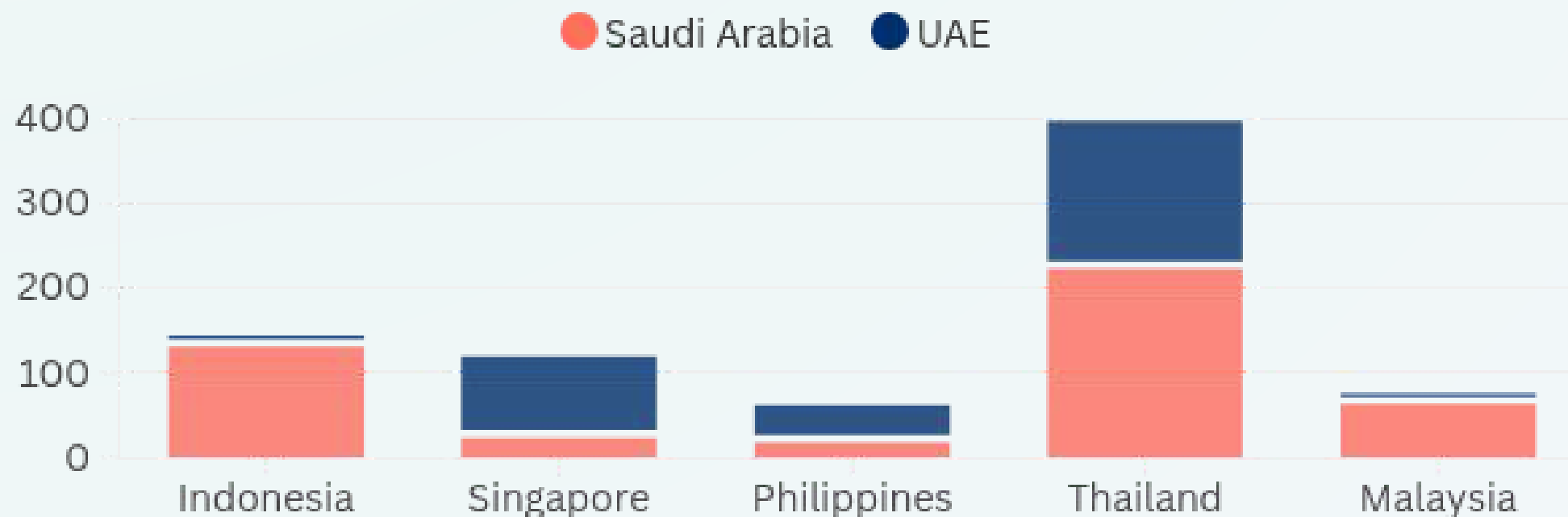


MIDDLE EAST SEEN AS AN EMERGING MARKET

2023 Per Capita Spending in Thailand (\$USD/day)



2024 Arrivals from Saudi Arabia and UAE to Southeast Asia ('000)



Southeast Asian nations eye high-spending Middle Eastern tourists

- Tourist arrivals from UAE to the Philippines rose by 667% vs 2019 levels in 2024, with a spend of \$70 mil USD in 2024, +537% vs pre-pandemic
- Tourism Authority of Thailand is shifting its focus to high-spending tourists from the UAE, Saudi Arabia, Oman, and Kuwait to boost tourism revenue as the Chinese market plummets. TAT reported that Middle Eastern tourists had the highest spending per trip in 2023
- Indonesia targets 249k tourists from the Middle East in 2025, +6% YoY

However, intensifying Israel-Iran conflict brings uncertainties to the region

- The conflict may make attracting Middle Eastern tourists less appealing for Southeast Asia, as well as weaken consumer sentiment for Middle Eastern travellers to leave the region
- Flights across the Middle East – including by Emirates, Etihad Airways, and Qatar Airways – remained suspended or rerouted due to airspace closures in Iran, Iraq, and Jordan caused by the escalating tensions. If flight airspace suspensions expand, it could make it even more difficult for Southeast Asia and Europe to reach one another, causing airfares to soar

Southeast Asia touts tourism products at the Arabian Travel Market

- Thailand, Malaysia, Indonesia, and the Philippines all participated at 2025 ATM
- The Philippine Tourism Promotions Board recorded 1.18 bil PHP worth of potential deals and partnerships, a record sales achievement from the event

Flight expansions from Southeast Asia to the Middle East on the horizon

- ATM 2025 witnessed several tie-ups between Southeast Asian countries and Middle Eastern Airlines in a bid to boost arrivals from the Middle East. The Philippines and Malaysia signed an MoU with Emirates, whilst Indonesia signed with Qatar Airways
- Capital A is aiming to expand into the Saudi Arabian market with new routes to Riyadh and Dammam, increased flights on its Jeddah-Kuala Lumpur route, and looking into new connections to Riyadh from Bangkok and Jakarta. Not only flights, Capital A plans to introduce its entire business ecosystem to Saudi Arabia, including AirAsia MOVE, logistics arm Teleport, and aircraft maintenance and engineering services Asia Digital Engineering

Meanwhile, Middle Eastern airlines look to Thailand as a gateway to reach secondary cities in Southeast Asia

- Qatar Airways opened the Doha-Penang route via Phuket, causing a 231% jump vs 2019 in seat capacity between Penang and Phuket
- Emirates is also joining the game with flights from Dubai to Da Nang and Siem Reap via Bangkok, while Turkish Airlines will begin flights from Istanbul to Phnom Penh via Bangkok



SUSTAINABILITY

**Southeast Asia's feedstocks
can supply**

**12% of global SAF demand
by 2050**

Source: Roundtable on Sustainable Biomaterials' Report

Singapore targets, by end of 2025:

**100% purpose-built MICE venues
80% of SACEOS members
60% of hotel rooms**

**to achieve
sustainability certification**

Source: MTI Singapore

World Weather Attribution's report shows global warming is intensifying climate change and causing extreme weather events in the region

- The research found typhoons in the Philippines were supercharged by climate change in 2024
- Another report shows Singapore recording 122 extra days of dangerous heat in 2024
- Singapore recorded its first dry spell since 2019 in Jul 2024 and the wettest November in 40 years in 2024. Meteorological Service Singapore linked these record-breaking temperatures and unusual rainfall patterns to climate change

Overtourism blamed for damage to coral, increase of waste pollution

- Reef Check Malaysia said illegal boats carrying tourists to Redang Island have caused severe damage to the ecosystem. A survey by the NGO shows 63% of the 315 islands recorded a decline in live coral cover

Efforts to produce Sustainable Aviation Fuel intensify across Southeast Asia, with many new players and investments

- SIA Group signed an MoU with Aether Fuels to potentially source neat SAF produced from waste carbon feedstock
- In Malaysia, FatHopes Energy (FHE) is leading SAF efforts through its MoU with Malaysia Aviation Group to explore used cooking oil (UCO) as a potential feedstock for SAF. FHE secured funding to construct SAF refineries in Port Klang, Selangor
- Department of Industrial Promotion (DIPROM), Bangchak Corporation Plc, the Thai Food Processors Association, and 4 large food companies signed an MoU to convert used cooking oil into SAF

Accommodation and convention venues employing new technologies to make their properties more sustainable

- Mandai Rainforest Resort will harvest rainwater for its flushing systems. The resort will feature an interactive system to remind users when power consumption exceeds recommended levels
- Singapore EXPO will use clean energy generated from its solar panels to power 100 of its MICE activities. They will also use energy-efficient lighting and HVAC systems

More electric buses, ridesharing vehicles to be deployed at popular destinations

- Phuket Provincial Administrative Organisation conducted a test run of electric bus fleets with a cost of 121.7 mil THB to replace existing 24 passenger trucks
- By 2030, Hanoi aims to convert all public buses into electric or green energy by 2030, HCMC to convert 400k ride sharing motorbikes to electric
- 10 electric buses launched in Bali to serve tourist destinations, schools, and universities, contributed by South Korea



TRAVEL & HOSPITALITY PAIN POINTS

Exposing legacy issues and industry challenges



Over-dependence on **lower yielding OTAs and GDSs**



Shifting consumer sentiment due to **global tensions**



Proliferation of intermediaries and **new distribution models**



Travellers have an ever increasing need for **duty of care**



Lack of **corporate travel autonomy**



Overtourism and mitigating its associated pressures



Fragmentation in urban mobility



Meeting customer **sustainability** expectations and regulatory requirements



Technology evolves faster than businesses can adapt



Lack of streamlining of travellers' booking journey



Responding to **new travel categories**



Facilitating the **digital transformation of traditional travel agents**



TECHNOLOGY EVOLVES FASTER THAN BUSINESSES CAN ADAPT

Deep diving into the pain point



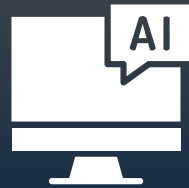
Challenge 1



TRAPPED WITH LEGACY CUSTOMER SUPPORT SYSTEMS

Lack of automation will lead to longer waiting time for services requested by customers, resulting in reduced amenities and services offered, and eventually to a diminished guest experience. When guest satisfaction and brand reputation is negatively impacted, a business will be headed towards failure. **-Hospitality Net**

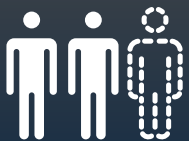
Challenge 2



ADAPTATION TO EMERGING AGENTIC AI TECHNOLOGY

Emergence of Agentic AI: Covers the end-to-end travel process where they automatically book flights, accommodations and experiences based on your tailored personal preferences, without one having to experience the troublesome of crafting an itinerary. Travelers receive 24/7 support through virtual chatbots and benefit from smart expense management and dynamic pricing; They are dynamic collaborators, enabling back-and-forth exchange that fosters a sense of partnership, and execute ideas rather than just providing them. **- Ciklum**

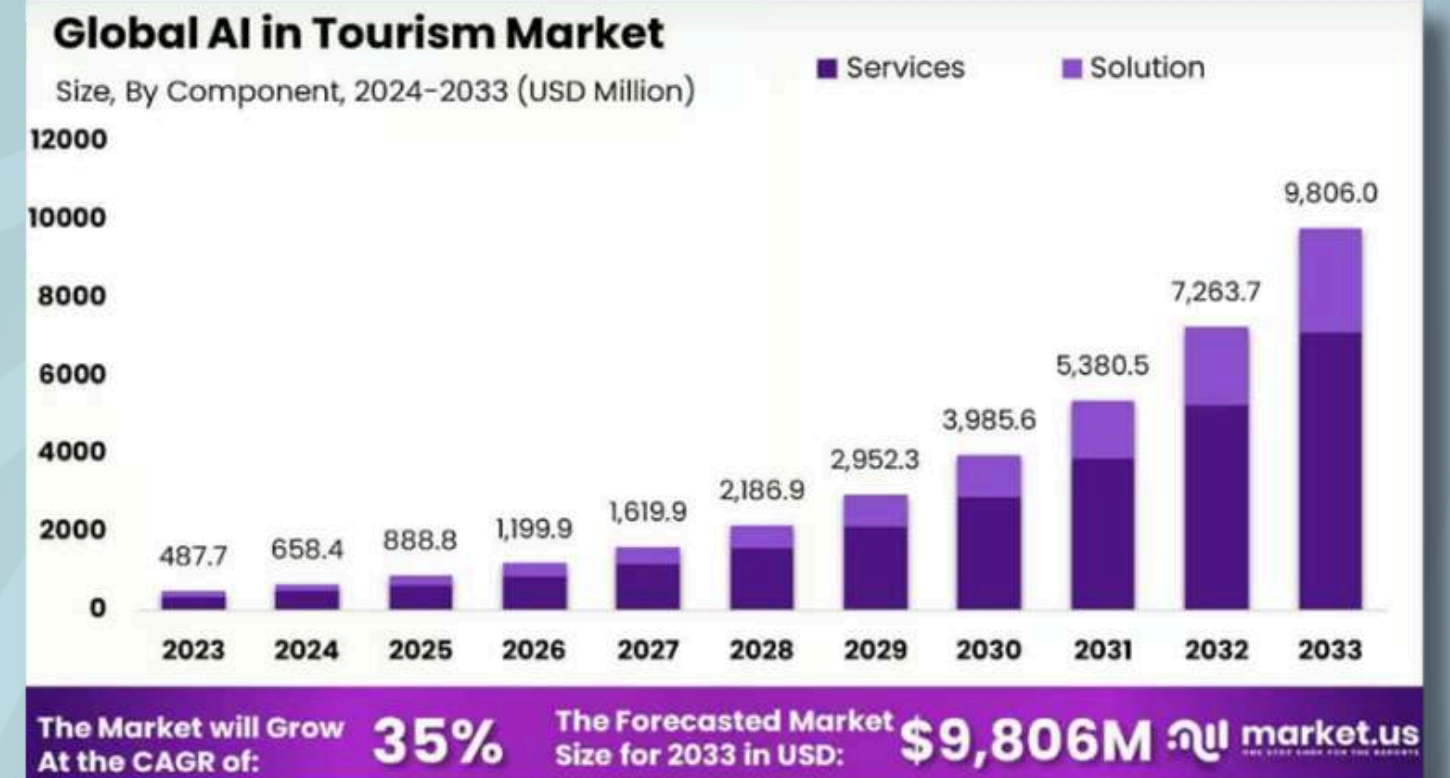
Challenge 3



MANAGING LABOUR SHORTAGES

Workers are often stretched thin as they uphold multiple roles, which can lead to potential errors and decreased efficiency. And because of the long working hours with a meagrely salary, labour shortages occur. With fewer workers, many businesses have had to reduce hours, limit capacity, or close specific areas of business, leading to decreased sales and losing valuable opportunities worth capitalising on. **-Amadeus**

OUTLOOK FOR AI IMPLEMENTATION



Evidently, the integrating of AI into the tourism sector will only get increasingly common. Not only will they be implemented by accommodation providers, but to all our other key sub-verticals. Management systems, robot assistants, data analytics are all sophisticated technologies that can be adopted in our different pillars of investment. It will be prudent to explore such technologies that transforms legacy standards into efficient processes



SHIFTING CONSUMER SENTIMENT DUE TO GLOBAL TENSIONS

Deep diving into the pain point



Challenge 1



RIISING NATIONALISM DETERS CROSS-BORDER TRAVEL

The impact of deglobalization on tourism is profound. We are seeing a significant shift towards domestic and culturally familiar travel, with tourists preferring destinations that align with their political and social values. **-Eureka!ert**

Challenge 2



WAR AND CONFLICT SPURS WORRY FOR PERCEIVED SAFETY

Only around 500,000 tourists visited Israel in 2024 between January and June, compared to about two million up to the same point in 2023. Around 10% of hotels in Israel are facing imminent financial collapse due to a steep decline in occupancy rates. **-Skift**

Challenge 3

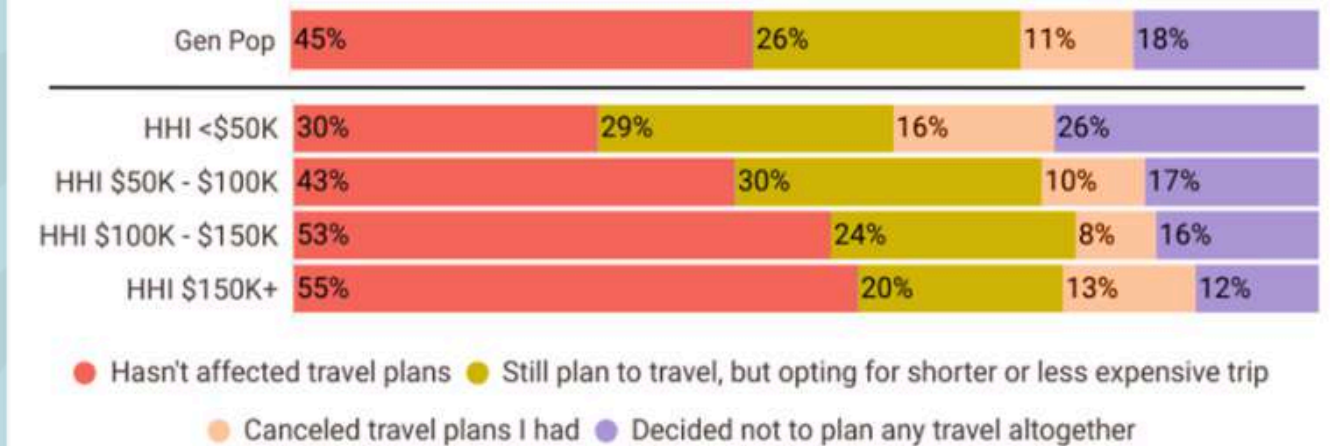


ECONOMIC PRESSURE DISCOURAGES PRICE-SENSITIVE TRAVELLERS

Consumer sentiment has started to slide, weighed down by tariff threats, persistent inflation and layoffs in the public and private sectors. People signalling plans to go on vacation dropped to the lowest level since 2021. **-WSJ**

EFFECTS OF TARIFFS ON TRAVEL AND HOSPITALITY

How have potential tariff impacts and rising prices affected your upcoming spring and/or summer vacation travel plans, if at all? by Household income (Among those with original travel plans)



In the US, 55% of travellers say rising prices and tariff worries have forced them to change their plans in some way. Tariffs set off a cascade of economic pressures that dampen consumer spending, posing a significant threat to the travel and hospitality sector which relies heavily on disposable income. Yet amid this disruption lies opportunity. Service providers that pivot toward domestic travel can capture a market shift: while cross-border trips decline, consumers remain eager for shorter, more affordable getaways. Businesses that adapt quickly stand to turn uncertainty into growth.



FRAGMENTATION IN URBAN MOBILITY

Deep diving into the pain point



Challenge 1



LACK OF INTERMODAL INTEGRATION

By combining the strengths of each mode, intermodal travel can create a more seamless and user-centred journey that meets a broader range of mobility demands. **-Science Direct**

Challenge 2



INCONSISTENT DIGITAL PLATFORMS AND ACCESS

57% of commuters in APAC prefer a one-stop digital service for advanced bookings and payments across all public transportation modes. **-Visa**

Challenge 3



DATA SILOS BETWEEN PUBLIC AND PRIVATE OPERATORS

EY emphasizes that the future of eMobility relies on collaborative data sharing and standardization. With the rapid increase in electric vehicles (EVs), interoperability and information sharing are crucial to enhance the customer journey and unlock value for ecosystem players. **-EY**

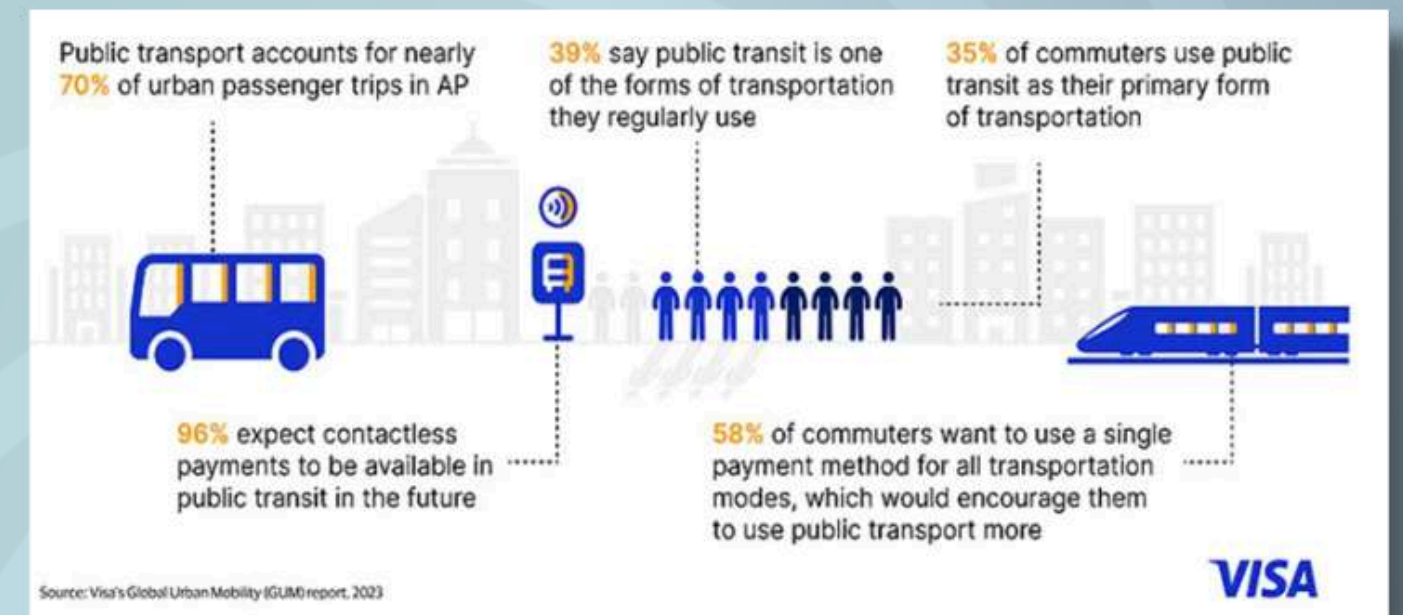
Challenge 4



INEFFICIENT PRICING AND PAYMENT SYSTEMS

A significant 70% of travel companies report challenges in handling the diverse payment methods preferred by customers across various markets. This fragmentation complicates transactions and increases operational costs. **-TNGlobal**

FUTURE OF PUBLIC TRANSIT IN APAC



Major players like Visa are actively promoting public urban mobility by standardizing payment systems and simplifying transactions for users. As the travel and hospitality sector embraces these streamlined processes, consumer adoption of public urban travel transportation is set to rise. The resulting convenience will not only attract more travelers but also justify premium pricing, paving the way for higher margins and stronger profitability.



2H 2025: TECHNOLOGY INVESTMENT OPPORTUNITIES

TRAVEL SERVICES

TRANSPORTATION

ACCOMMODATION

EXPERIENCES

FOOD & BEVERAGE

Agentic AI Agents

Spatial Intelligence
Infrastructure

Biometric Travel Systems

Data Intelligence & Analytics

Corporate Travel Solutions

Geospatial AI & Route
Optimisation

Sustainable Mobility

Urban Mobility

Tourism Transit Infrastructure

Autonomous Mobility Tech

Smart Living

Hybrid Hospitality

Eco-Immersive
Accommodations

Revenue and Operations
Optimisation

Intelligent Guest Analytics

Event & Tour Aggregators

Cultural & Regenerative Tourism

AR/VR Experiences

Agentic Travel Concierge

MICE & Event Infrastructure

Alternative Proteins &
Cultivated Meat

Food Security, Waste
Management & Sustainability

Robotics & Automation



START-UP OPPORTUNITIES

Prospects that could captivate investors

Cognitive Intelligent Travel Technologies

Investment Thesis

Start-up Opportunity

Agentic AI Agents

QUANTUM
TEMPLE

INTELLIVISTM
Powered By **NEURON.AI**

Robotics and Automation

Qstay Experience
The Quality

SHEEVA

OTTONOMY.IOTM

Data Intelligence and Analytics

relugroup **R**

TwinMatrix

Urban Mobility Innovations

Investment Thesis

Start-up Opportunity

Mobility-as-a-Service (MaaS)

Jatri

shuttlers

Micromobility

bingo

yulu

Multi-Modal Travel Aggregators

bp
BuuPass

Book a Way

Intelligent Transportation Systems (ITS)

MCS

itc



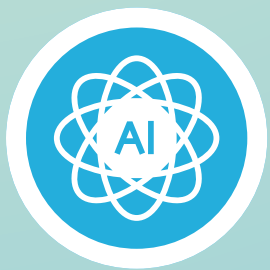
KEY CATALYSTS & RISKS

Investment outlook

KEY CATALYSTS



Macro – While the global outlook seems rather bleak, key regions like the GCC are heavily allocating capital into building their Travel and Hospitality sector, with key policies such as the UAE Tourism Strategy 2031 and Saudi's Vision 2030 accelerating the growth of the Travel and Hospitality ecosystem. It will be rewarding to capitalise on the macro tailwinds the GCC is experiencing now.

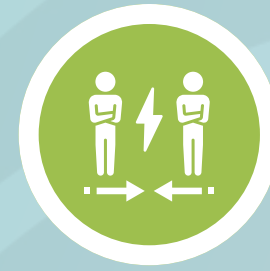


Industry – Rise of promising technology such as Agentic AI will reshape the Travel and Hospitality sector. This technology embeds a 'human touch' to interactions, from automating booking processes to deconflicting changes, they are set to deliver speed and service at unprecedented scale.



Individual – While cross-border travel remains subdued, domestic tourism is proving resilient. Data indicates strong demand for staycations and road trips, offering a timely opportunity for Travel and Hospitality providers to pivot toward local markets. As consumers seek safer, more accessible getaways, the domestic segment is poised for renewed growth.

KEY RISKS



Macro – Amid escalating geopolitical tensions, persistent supply chain disruptions, and growing political instability, the global macroeconomic environment is poised to tighten further. As uncertainty rises, discretionary spending is likely to decline, weighing heavily on the Travel and Hospitality sector. Strained international relations may also heighten perceived risks around cross-border travel, deterring consumers who increasingly view overseas trips as physically precarious.



Industry – With rising costs and declining revenues, profit margins across the Travel and Hospitality sector are under strain. Liquidity pressures are mounting, forcing suppliers into tough choices: pass costs to price-sensitive consumers, cut prices to chase volume (which fuels intense competition), or simply exit the market altogether. Each path underscores the growing fragility of the sector.



Individual – With the unstable political climate, people would be more conservative on where their money is spent, spending merely on essentials (Household items, staple food). Since the Travel and Hospitality sector thrives on discretionary spending, it will be experiencing low periods of activity.



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