#OZLAZADA Day

Australian Trade & Investment Commission
In Partnership with Lazada Malaysia

25-29 January 2018
HOW TO ASK QUESTIONS

1. Select “Chat” function
2. Select “Host & Presenter”
3. Type your question here
3. Press ‘Send’
E-commerce Webinar with Lazada Malaysia
Agenda

- SEA & MY Ecommerce Trends
- Introduction to Lazada SEA & MY
- Introduction to Lazada Cross-border
There are 3 converging mega trends currently taking place in South East Asia

<table>
<thead>
<tr>
<th>Booming macro environment</th>
<th>Highly engaged and fast growing internet population</th>
<th>Lower barriers to entry through e-commerce for brands</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong GDP growth</strong></td>
<td><strong>Internet savvy population</strong></td>
<td><strong>Lower barriers to entry</strong></td>
</tr>
<tr>
<td>o SEA GDP expected to grow from $2T to $4.7T in 2020.</td>
<td>o Internet savvy population</td>
<td>o Brands can leverage on their existing access to tier 3/4 cities which are lacking offline retail alternatives</td>
</tr>
<tr>
<td>o 2016 SEA PPP-adjusted GDP per capita ($12K) close to that of China ($15K)</td>
<td>o Rapid adoption of low-cost mobile phones and tablets</td>
<td>o SKU level customer engagement and purchase data to enable <strong>data-backed decision making</strong></td>
</tr>
<tr>
<td><strong>Growing disposable income</strong></td>
<td>o increasing smartphone penetration</td>
<td></td>
</tr>
<tr>
<td>o 145M people achieving a disposable income greater than 3K USD in 2016</td>
<td>o accelerating the shift to online</td>
<td></td>
</tr>
<tr>
<td><strong>Young and growing population</strong></td>
<td><strong>Growing KOL e-commerce and online content</strong></td>
<td></td>
</tr>
<tr>
<td>o 60% of SEA population will be &lt; 35 by 2020, vs. 47% in China</td>
<td>o drives customers purchase decision</td>
<td></td>
</tr>
</tbody>
</table>

Source: Google | Temasek e-Conomy SEA, eMarketer
Consumers are becoming mobile...

- **3.8 hrs**
  - Time spent daily on phone

- **145%**
  - Mobile penetration

- **34%**
  - Look at their phones first thing in the morning

- **45%**
  - Mobile usage for online purchase outside cities

- **72%**
  - Use their phone on the go

Our Customers...

- **>50%** below 35
Agenda

- SEA & MY Ecommerce Trends
  - Introduction to Lazada SEA & MY
  - Introduction to Lazada Crossborder
Lazada Group business overview
Celebrating our 5th anniversary in March 2017

COMPANY OVERVIEW

- The **online destination site in SEA** for customers & brands
  - HQ in Singapore with local operations in 6 countries
  - Launched 5 markets in March 2012: ID, MY, VN, PH, TH
  - Launched Singapore in May 2014

- **One-stop shop** to access locally and internationally sourced >150M assortment across **18 categories**

- Created an **end-to-end ecosystem** enabled by best-in-class logistics and payments capabilities to address key challenges in South East Asia

- Backed by **leading sector specialists**

LAZADA PRESENCE

Source: IMF database and Company Data Feb 2017
Lazada is the leading shopping destination for SEA consumers

THE #1 SHOPPING DESTINATION IN SEA

MONTHLY TRAFFIC

400M+ visits
100M+ visitors
i.e. 1 visit/week

BRAND SEARCH FOR ECOMMERCE

#1 #1* #1

#1 #1 #1

SOCIAL MEDIA FOLLOWERS

Facebook 18M
Instagram 1M
LINE 22M
YouTube 100k

THE MOBILE MARKET LEADING PLATFORM

Installs of the Lazada Shopping app

74M+

Install penetration rate in SEA smartphones**

Apple 33%

Android 23%

71% of Lazada orders are coming from mobile

*including Redmart brand searches in Singapore
**App Annie – Jan 2017
Internal numbers are as of Feb 22nd 2017
Agenda

SEA & MY Ecommerce Trends
Introduction to Lazada SEA & MY
Opportunities working with Lazada SEA
DFTZ with Lazada
Able to offer a simplified access to SEA markets from a centralised bonded hub with minimal barriers to entry

ASEAN’s regional fulfilment hub that your brands & products to access SEA markets – via a fast & simplified eCommerce platform

Direct access to more than 550M population across 6 countries

Centralized bonded warehouse for efficient sharing of inventory within the region, avoiding local warehousing, reducing complexity

Simplified set up to test target markets, leveraging on Lazada’s existing B2C expertise and logistics network

1 Single contract to access SEA markets : 1 set of terms and conditions

1 time content upload : you create your products in one platform only, Lazada takes care of replicating them in each platform

Lazada e-Logistics offers the best shipping rates and lead time in the region, with connectivity via Lazada Shipping Solutions
Malaysia Digital Free Trade Zone (DFTZ) to facilitate eCommerce trade within Southeast Asia

**Purchasing**
- Lazada customer base
- MY Lazada App / Website

**Fulfilment**
- Centralised and bonded warehouse
- Picking & Packing
- Picking, packing & customs clearance

**Delivery**
- Leverage existing logistics network
- Door to door delivery
- Door to door delivery

**Customer**
- Guaranteed customer satisfaction
- Receives package
- Receives package

**Malaysian customer**
- No Admin, Deposit or Signup Fee
- Shipping of Products to MY DFTZ warehouse by Sellers

**SEA-destination customer**
- Charges to Sellers:
  - Commission on product sold
  - Payment Gateway
  - Shipping fee E2E
  - Warehouse cost
- No cost for customer service

Source: Company Information July 2017
MY Fulfillment By Lazada Model

Solution for Merchants unable to facilitate MY fulfillment

YOU SELL IT, WE SHIP IT

End-to-end fulfillment solution

1. You send products to the Lazada fulfillment center
2. Lazada stores your products
3. Customer purchase your products
4. Lazada takes care of the pick & pack
5. Lazada delivers products to customer
6. Return management handled by Lazada

Full flexibility to only use FBL for parts of your assortment

Lazada will be responsible for your order fulfillment
We store, pick, pack & deliver all orders for you

Source: Google | Temasek eConomy SEA
Fulfilment to MY customers

<table>
<thead>
<tr>
<th>Categories</th>
<th>Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashion</td>
<td>10%</td>
</tr>
<tr>
<td>Accessories</td>
<td>12%</td>
</tr>
<tr>
<td>Electrical</td>
<td>Varies</td>
</tr>
<tr>
<td>Home &amp; Living</td>
<td>8% - 10%</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>7%</td>
</tr>
<tr>
<td>Groceries</td>
<td>6%</td>
</tr>
<tr>
<td>Baby</td>
<td>3%-10%</td>
</tr>
<tr>
<td>Appliances</td>
<td>3% - 7%</td>
</tr>
</tbody>
</table>

**FBL Handling Fee**

1.99 MYR / Item

Before GST

**Total Basket Size = $84.90**

Shipping Method = Standard Home & Living Commission = 10%

**Breakdown of Revenue**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$ 84.90</td>
</tr>
<tr>
<td>Add: Customer Shipping Fee</td>
<td>+ $ 18.00</td>
</tr>
<tr>
<td>Amount Collected from Customer</td>
<td>$ 102.90</td>
</tr>
<tr>
<td>less: 10% Commission</td>
<td>- $ 8.49</td>
</tr>
<tr>
<td>2% Payment fee</td>
<td>- $ 1.70</td>
</tr>
<tr>
<td>Seller Shipping Fee</td>
<td>- $ 5.00</td>
</tr>
<tr>
<td>FBL Fee</td>
<td>- $ 2.11</td>
</tr>
<tr>
<td>Revenue</td>
<td>$ 67.60</td>
</tr>
</tbody>
</table>

Total Weight: 13 kg

*above subject to changes*
Sign up Now to participate in OZLAZADA DAY
Start: 25th Jan – 29th Jan 2018

*Illustration only
THANK YOU!

ANY QUESTIONS?
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