



January 27, 2022

Non US Internet|NA • Company Update

Non-China Internet • SE Asia Internet

## Grab Holdings Limited (NASDAQ: GRAB)

### SE Asia food delivery market share consolidated

- Latest report from Momentum Works showed GRAB lost 1ppt market share in food delivery to 49% in 2021. From another angle, however, GRAB lost share in four of the six markets.
- SEA was the biggest winner and Delivery Hero (DH) also gained. Gojek and Deliveroo are among the losers. GRAB's strategy is to fine-tune its offering to maintain share while attaining better profitability.
- We maintain our SELL rating and TP.

### SE Asia food delivery is still at very early stage

At US\$15.5bn a year SE Asia's food delivery GMV was only ~14.6% of its prepared meal market. GRAB achieved ~50% market share mainly because food delivery and shared mobility share the same rider base, a situation that doesn't exist elsewhere in the world. However, as SE Asia upgrading its road infrastructure, such overlap will disappear over time.

### Shopee made initial inroads into key countries

Shopee Food achieved 8% market share in Indonesia in 2021, from almost zero a year ago. Its total market share in Southeast Asia expanded from 3% in 2020 (only in Vietnam) to 6% (Indonesia, Vietnam, Thailand, Malaysia). DH gained 1ppt market share overall. GRAB lost shares in Indonesia, Thailand, Malaysia, Philippines by (3-4ppt). The loss was partly offset by gaining 12ppt share in Singapore, but such gain isn't sustainable, in our view.

### Forfeiting user gain is the wrong strategy at present time

As outlined in our initiation, *<Caught between a rock and a hard place>*, GRAB's problem is its small albeit highly frequent user base. First to market is meaningless if it is not first to scale.

### Further consolidation and market entry are likely

Thailand-only LINEMAN (LINE) and Vietnam-only Baemin (DH) both gained market shares. We foresee DH to continue its acquisition spree. Online grocery is at the intersection between e-commerce and O2O. DH and Shopee bear resemblance to Meituan and Pinduoduo, both of which become sizable players in online grocery. Shared mobility leader doubling as food delivery leader is an anomaly. We believe GRAB should increase, not decrease, its investments.

### Summary financial data

Highlights	2019A	2020A	2021E	2022E	2023E
Revenue (US\$ mn)	(845)	469	722	1,249	1,789
Non-GAAP operating income (US\$ mn)	(2,976)	(1,345)	(1,108)	(1,740)	(1,180)
GAAP net loss (US\$ mn)	(3,988)	(1,413)	(2,979)	(1,803)	(1,240)
Non-GAAP EPS (US\$)			(0.71)	(0.42)	(0.29)
P/E			(8)	(14)	(21)
Free cash flow yield (%)	(8.4%)	1.2%	(5.5%)	(6.5%)	(7.3%)

Source: Bloomberg, Blue Lotus (as of Jan. 27, 2022)

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Blue Lotus Capital Advisors Limited

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Bloomberg, Blue Lotus Capital Advisors Limited and subject companies. Consensus forward estimates are used in analysis. Past performance is not indicative of future results. Investors should consider this report as only a single factor in making their investment decision.

BUY

HOLD

SELL

Target Price: US\$ 3.0

Current Price: 5.94

RIC: (NASDAQ: GRAB)

BBG: GRAB US

Market cap (US\$ mn)

22,222

Average daily volume (US\$ mn)

42

Shares out/float (m)

3,618.2/2,579.2

Source: Bloomberg, Blue Lotus (as of Jan. 27, 2022)

### Key Changes

	New	Old	Diff
BLRI Recommendation	SELL	SELL	-
BLRI Target Price	US\$ 3.0	US\$ 3.0	-
FY2022E EPS (US\$)	(0.42)	(0.43)	-
FY2023E EPS (US\$)	(0.29)	(0.30)	-
FY2024E EPS (US\$)	(0.26)	(0.27)	-

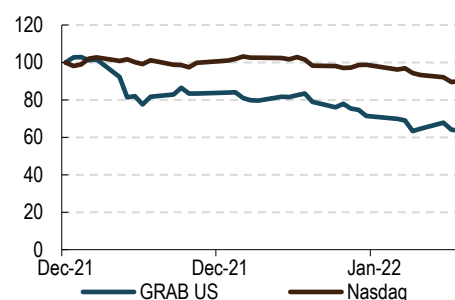
Source: Blue Lotus (as of Jan. 27, 2022)

### BLRI vs. The Street

No. of Bloomberg Recommendations	11
Target price vs. Bloomberg mean	(71.5%)
1-year-fwd EPS vs. Bloomberg mean	(62.8%)
Bloomberg recommendation	5.0

Source: Bloomberg Recommendation, Blue Lotus (1=SELL,5=BUY) (as of Jan. 27, 2022)

### Price performance and volume data



Source: Bloomberg (as of Jan. 27, 2022)

### Research team



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# Grab Holdings Limited: Financial Summary

## Fiscal year ends-31-Dec

### Exhibit 1. Income statement

(USD mn)	2020A	2021E	2022E
Revenue	469	722	1,249
Delivery	5	166	52
Mobility	438	482	951
Financial services	(10)	42	101
Enterprise and new initiatives	36	31	145
Cost of revenue	(963)	(996)	(1,713)
Gross profit	(494)	(274)	(464)
Sales & marketing	(151)	(208)	(324)
G&A	(326)	(471)	(625)
R&D	(257)	(330)	(464)
Net impairment on financial assets	(63)	(20)	(20)
Other expenses	(40)	0	0
Operating income, GAAP	(1,399)	(1,271)	(1,865)
Operating income, non-GAAP	(1,345)	(1,108)	(1,740)
Finance income	53	101	128
Finance cost	(1,490)	(1,801)	(58)
Share of loss of equity investees	(8)	(8)	(8)
Loss before tax	(1,411)	(2,979)	(1,803)
Income tax (credit)	(2)	0	0
Loss for the period	(1,413)	(2,979)	(1,803)

Source: Grab Holdings Limited (as of Jan. 27, 2022)

### Exhibit 2. Balance sheet

(USD mn)	2020A	2021E	2022E
Non-current assets	1,687	2,197	2,204
PPE	384	550	721
Intangible assets & goodwill	913	735	570
Other investments	377	900	900
Other receivables	4	4	4
Current assets	3,755	9,882	8,603
Inventories	3	4	7
Trade and other receivables	281	463	647
Other investments	1,298	1,532	1,532
Cash and cash equivalents	2,173	7,883	6,417
Total assets	5,442	12,079	10,807
Current liabilities	836	859	1,281
Loans and borrowings	140	140	70
Trade and other payables	661	684	1,176
Non-current liabilities	10,900	1,898	1,910
Convertible preferred shares	10,767	0	0
Loans and borrowings	111	1,875	1,875
Other payables	18	19	32
Equity	(6,294)	9,323	7,616
Share capital and premium	140	250	250
Reserves	3,951	22,193	22,139
Accumulated losses	(10,490)	(13,231)	(14,889)
Non-controlling interest	105	110	116
Total liabilities and equity	5,442	12,079	10,807

Source: Grab Holdings Limited (as of Jan. 27, 2022)

### Company Description

Grab operates a leading superapp in Southeast Asia, with services including food deliveries, mobility and digital financial services across 400 cities in eight countries. Grab is the category leader in 2020 by GMV in food deliveries, mobility, and GTV in e-wallets segment. In FY 2020, food deliveries, mobility and financial service segments generated 44%, 26%, 30% of total GMV, respectively.

### Industry View

We expect food delivery, mobility, and financial services industries continue to expand, driven by increasing disposable income, rising urbanization and deepening online penetration. We expect Grab's total addressable market to exceed USD 180bn by 2025.

### Exhibit 3. Cash flow statement

(USD mn)	2020A	2021E	2022E
Loss before income tax	(1,411)	(2,979)	(1,803)
Adjustment for:			
Amortization of intangibles	261	197	200
Depreciation	126	102	137
Impairment on PPE	(87)	(10)	(16)
Equity settled payments	54	163	125
Finance costs	1,490	1,801	58
Impairment on financial assets	63	30	0
Finance income	(53)	(101)	(128)
Change in working capitals	144	(160)	305
Trade receivables	100	(182)	(184)
Trade payables	42	23	493
Cash used in operations	635	(958)	(1,121)
Capex	(63)	(278)	(324)
Purchase of intangible assets	(6)	(15)	(22)
Cash used in investments	(357)	(293)	(345)
Proceeds from borrowings	8	1,944	0
Repayment of borrowings	(106)	(180)	0
Proceeds from issuance of CB	1,389	500	0
Proceeds from subscription of interest by minority	329	400	0
Net cash from financing	1,603	2,589	0
Net increase in cash and cash equivalent	1,881	1,338	(1,466)
Cash at beginning	1,511	2,173	7,883
Cash at end	2,173	7,883	6,417

Source: Grab Holdings Limited (as of Jan. 27, 2022)

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**Exhibit 4. 2021 Southeast Asia food delivery market landscape**

Market share	SING	INDO	VIET	THAI	MALAY	PHIL	Total	21/20 GMV YoY	21/20 share gain (loss)
Market size (US\$ bn)	2.9	4.6	0.8	4.0	1.6	1.6	15.5	30%	
GRAB	54%	49%	41%	47%	48%	52%	49%	29%	(1ppt)
Foodpanda/Baemin (Delivery Hero)	34%	NM	15%	22%	49%	48%	23%	39%	1ppt
Gojek (GoTo)	NM	43%	3%	NM	NM	NM	13%	0%	(4ppt)
Deliveroo	12%	NM	NM	NM	NM	NM	2%	(48%)	(3ppt)
Lineman (LINE)	NM	NM	NM	22%	NM	NM	6%	61%	1ppt
NOW/Foody/Shopee Food (SEA)	NM	8%	41%	3%	3%	NM	6%	200%	3ppt
Robinhood	NM	NM	NM	5%	NM	NM	1%	NM	1ppt
Airasia	NM	NM	NM	1%	NM	NM	0%	NM	0ppt

Source: Momentum Works, Blue Lotus (as of Jan.27, 2022)

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