

# Grab Holdings (GRAB US)

## Regional on-demand champion

### Leading Southeast Asia superapp; initiate BUY

Initiate BUY with SOTP TP of USD4.32, offering 30% potential upside. As a regional superapp with category leadership in ride-hailing, online food delivery and e-wallets, we see Grab as a beneficiary of economic digitisation and rising affluence in Southeast Asia. We forecast gross merchandise value (GMV)/adj. net revenue CAGR of 27%/31% over 2021-25E, respectively. We are projecting Grab to deliver adj. EBITDA/PATMI break-even by 2024/25E, respectively. As regional economies reopen, stronger than expected mobility segment recovery may be a catalyst.

### Superapp drives strong retention

Grab's superapp model promotes stickiness (1-year retention of users who use >3 offerings is 86%, vs. 1 offering is 37%). This makes Grab more efficient with incentives, which we see as key to its ability to achieve profitability over time (total incentives per monthly transacting users in 2019: USD80, 2021, USD74, 2025E: USD65). Grab also boasts strong hyperlocal execution across the diverse countries of Southeast Asia, allowing it to scale its user base. Grab has localised 'boots-on-the-ground' / app-features/ transport modes, and even has its own proprietary maps and mapping technology to boost transit efficiency.

### Reopening drives mobility; delivery behaviour sticky

Grab's mobility offerings reduce travel time from 20% (Thailand) to 70% (Philippines) vs. public transportation. We expect economic reopening to drive mobility segment recovery. Southeast Asia is witnessing a surge in increasingly affluent dual-income households, many with little time to cook at home and this is fuelling the food delivery and mobility businesses. Despite loosening restrictions, Grab observes deliveries becoming integral to daily life (average order value +41%/ transactions per MTU +28% vs. pre-Covid). We project 2021-25E mobility GMV CAGR of 27%, and normalised deliveries GMV CAGR of 28% (2021: +56%).

### Key risks

Following the c.70% share price drop since the SPAC merger in Dec 2021, we see Grab's risk-reward as attractive in the next 24 months as it strives for profitability. Any price war and/ or higher incentives than our forecasts may result if competition intensifies, hurting profitability. Rising inflation and/or regulatory changes that require pension contributions by Grab to driver-partners could also hurt its path to profitability. A resurgence of Covid-19 related lockdowns is a risk for mobility. Co-founder Mr. Anthony Tan has 63% of voting rights (owns 6%), which may create risks for minority shareholders who may find it difficult to exercise control over the company's direction.

FYE Dec (USD m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	469	675	1,043	2,026	3,025
EBITDA	(911)	(1,210)	(1,743)	(1,236)	(636)
Core net profit	(2,608)	(3,459)	(1,782)	(1,268)	(727)
Core FDEPS (cts)	(1,875.9)	(92.3)	(47.2)	(33.0)	(18.4)
Core FDEPS growth(%)	nm	nm	nm	nm	nm
Net DPS (cts)	0.0	0.0	0.0	0.0	0.0
Core FD P/E (x)	nm	nm	nm	nm	nm
P/BV (x)	nm	3.4	1.9	2.2	2.3
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAA (%)	(49.8)	(41.6)	(17.0)	(13.5)	(8.1)
EV/EBITDA (x)	nm	nm	nm	nm	nm
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash

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# BUY

Share Price USD 3.32  
12m Price Target USD 4.32 (+30%)

### Company Description

Grab is a leading Southeast Asian superapp with core verticals in deliveries, mobility and financial services.

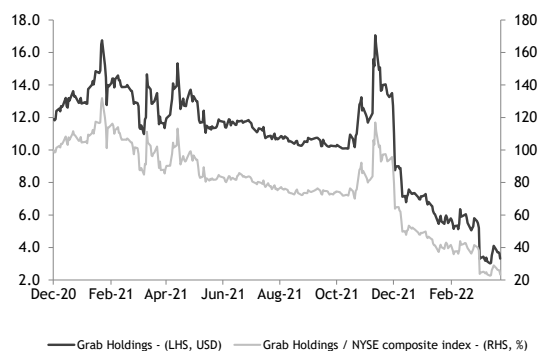
### Statistics

52w high/low (USD)	17.06/3.03
3m avg turnover (USDm)	44.4
Free float (%)	51.0
Issued shares (m)	3,618
Market capitalisation	USD12.0B
	USD12.0B

### Major shareholders:

SB Investment Advisers (UK) Ltd.	19.3%
Uber Technologies, Inc.	14.8%
Didi Global, Inc.	7.7%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	(43)	(55)	(72)
Relative to index (%)	(44)	(54)	(75)

Source: FactSet

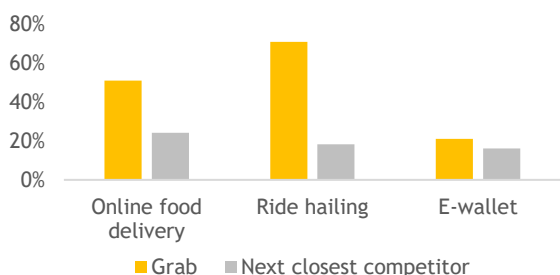
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## Value Proposition

- Grab has reinvented itself as an early stage superapp in Southeast Asia with core businesses in on-demand delivery, mobility/ride-hailing and digital financial services.
- Grab boasts regional category leadership in ride-hailing, online food delivery and e-wallets, according to Euromonitor.
- Grab believes its ability to localise costs effectively will allow it to succeed in the fragmented ASEAN region.
- We think that creating a superapp business model across ASEAN is achievable for Grab with the Grab-Singtel tie-up and other important strategic alliances.

### Grab boasts regional category leadership across 3 products

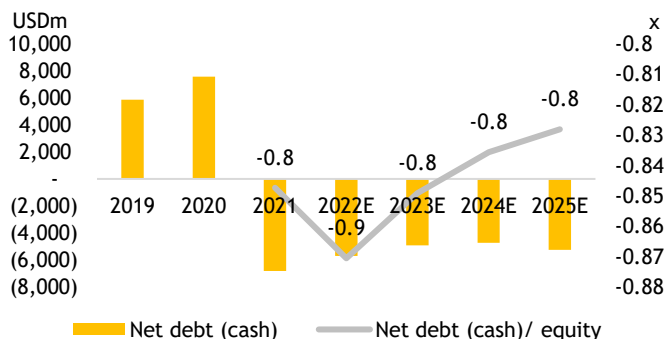


Source: Euromonitor

## Financial Metrics

- We project adjusted EBITDA breakeven in FY24E and PATMI breakeven in FY25E
- We forecast 2021-2025E GMV CAGR of 27% to USD42b, and adjusted net revenue CAGR of 31% to USD6.8b. Faster growth in adjusted net revenue is partially due to improving mix.
- We expect Grab to be in a net cash position through FY25E. We forecast negative FCF c.USD990m in FY22E, but this narrows to negative USD245m by FY24E.

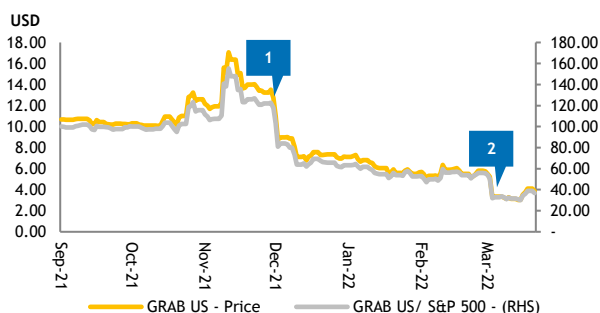
### Grab's balance sheet position



Source: Company, Maybank IBG Research

## Price Drivers

### Historical share price trend



Source: Company, Maybank IBG Research

1. De-SPAC of Altimeter Growth Corporation (AGC) following merger with Grab Holdings
2. 4Q21 revenue missed consensus expectations and fell 44% due to promotions and driver incentives

## Swing Factors

### Upside

- Improvements in mobility segment as the region adapts to living with COVID-19.
- Successful award of digital bank licenses in Malaysia and Indonesia and further ventures announced in Philippines and Thailand.
- Improvement in competitive position from coalescing of Grab-Singtel-Emtek-Bukalapak alliance into a multi-prong strategy in Indonesia against GoTo.

### Downside

- Higher-than-expected inflation and subsequent rises in interest rates.
- Deteriorating competitive position, especially for Ovo due to Gojek-Tokopedia merger in Indonesia.
- Divestment of stakes in Grab and re-entry of Uber or Didi in the region following expiration of non-compete agreement.

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Risk Rating & Score <sup>1</sup>	na
Score Momentum <sup>2</sup>	na
Last Updated	na
Controversy Score <sup>3</sup>	na

## Business Model & Industry Issues

- Grab espouses a 'double bottom line' to be both a viable business while creating a social impact.
- Grab's mobility and delivery segments are fundamentally sharing economy businesses, which have a positive impact environmentally by reducing car ownership and greenhouse gas emissions.
- As a whole, Grab has been promoting digitisation of businesses and the gig economy, creating livelihoods for people across the region. Notwithstanding, the economic security of gig-workers will likely continue to be a key social issue.
- The potential divestments by key executives and shareholders as disclosed in SEC file No. 333-261949 may raise questions about sufficient alignment between management and shareholders.

## Material E issues

- Grab reported that it saved 3.2m kg of CO2 emissions in 2017 and made contributions to reducing congestion in its markets.
- Over USD200m has been invested in electric and hybrid vehicles for the vehicle rental fleet since 2016, with around 31% of vehicles being electric or hybrid as of 1H21. Grab has also introduced a carbon offset feature, which allows consumers to contribute USD0.10 per ride to reforestation and conservation efforts in their country.
- Grab signed on to the WWF-Singapore (Plastic Action) Pact in 2020 committing to the 'No Plastic in Nature by 2030' pledge and encouraging the adoption of eco-friendly packaging and reduction of single-use plastics.

## Material S issues

- Grab has proliferated the gig economy across the region, opening up new employment opportunities. Notably, 46% of driver-partners did not earn an income before joining Grab and there are 1,100 deaf and physically impaired partners on the platform.
- Grab's promotion of price transparency in ride-hailing has helped to curtail profiteering by unscrupulous taxi drivers.
- On the flipside, gig economy workers are not currently considered as employees under most laws and are not entitled to certain protections, such as for work injury, but legislation to reform this is underway in some markets.
- Grab has aided in F&B establishments and street food sellers/hawkers to digitise in order to survive.
- However, Grab charges up to a 30% commission and requires partners to charge the same price on their platform as their physical stores, which the media reported was resulting in consistent losses for hawkers in Singapore. This situation has been mitigated somewhat through rebates by Grab and the Singapore government since the issue was raised. However, we remain concerned whether these issues will rise again when these rebates are curtailed.

## Key G metrics and issues

- The board consists of 6 members, 4 independent and the remaining 2 are co-founders Anthony Tan and Tan Hooi Ling. There are 2 women and 4 men on the board.
- There are 2 tranches of shares, with Class B carrying 45 votes and class A shares carrying 1 vote. Class B shares are held only by the key executives comprising co-founders Anthony Tan (137m shares, 3.7% stake) and Tan Hooi Ling (27.5m shares) and Group President Ming-Hokng Maa (17.6m shares), but under the shareholders' deed, all Class B shares are voted solely and deemed beneficially owned by Anthony Tan, giving him sole control over the company with 63.2% of the voting rights.
- As of 6 December 2021, Grab's principal shareholders, with stake sizes in percentage of ordinary shares were as follows: SVF Investments (18.7%), Uber (14.3%), Didi Chuxing (7.5%) and Toyota Motor Corp (6.0%).
- KPMG is and has been Grab's auditor since 2015.
- Altimeter, the sponsor promoter of the SPAC, together with JS Capital disclosed in SEC file No. 333-261949 its intent to potentially divest all or in part thereof of its shareholdings in Grab, comprising 90m class A shares and 16m warrants. There continues to be a three-year lock-up on the 12.3m sponsor promote shares.
- Key executives disclosed in SEC file No. 333-261949 their intent to potentially divest all or in part thereof their holdings of class A shares during the offering - Anthony Tan (86.2m), Ming-Hokng (12.8m) and Tan Hooi Ling (32.8m).

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

# 1. Investment thesis

## 1.1 Category leader and proven hyperlocal execution

Grab sees itself as Southeast Asia's leading superapp. Its key use cases today include i) ride-hailing, ii) food delivery, iii) grocery delivery, and iv) digital financial services. We are forecasting monthly transacting users (MTU) CAGR of 18% during 2021-25E to 47m. According to Euromonitor, Grab secured regional category leadership in ride-hailing, online food delivery and e-wallets in both 2020 and 2021, and in 2021, Grab's share was 2.1x/3.9x/1.3x larger than its closest peer.

Management attributes its category leadership in part to Grab's superapp strategy. Users who utilise more than one service on the Grab platform tend to exhibit better stickiness. Ride-hailing and food delivery are inherently competitive businesses, and barriers to entry are not high. In our view, Grab's competitive advantage lies in its i) superapp platform, ii) flywheel effect from robust ecosystem of growing user and partner bases, and iii) positive user experience. Collectively, we see this spurring greater levels of loyalty, which helps Grab become more efficient in the way it deploys incentives.

Grab has achieved regional category leadership across several verticals despite the diversity of cultures, languages, geographical characteristics and economic affluence across the different countries in Southeast Asia. We believe this speaks to Grab's ability to adapt to local user preferences.

## 1.2 The digitisation of Southeast Asia

In several Southeast Asian cities, traffic congestion is among the worst globally. Delivery platforms offer variety without the users having to endure congestion. Southeast Asia has lower car ownership levels compared to the US and China. Outside of Singapore, most cities do not have public transportation networks that are as robust as developed countries (Grab is able to reduce travel time vs. public transport by up to 70%). Southeast Asia also has a rising number of dual-income families which should i) boost discretionary consumption, and ii) result in less time spent cooking at home. On the back of these consumer trends, Euromonitor expects Southeast Asia ride-hailing GMV to enjoy 2020-25E CAGR of 33% (2020 SE Asia ride-hailing penetration: 3%, China: 12%, US: 5%), while GMV for food delivery is expected to grow at a CAGR of 24% in the same time-frame (normalising from +86%/+56% in 2020/21, respectively).

Covid-19 has accelerated the adoption of digital payments. Over time, we expect broader adoption of digital financial services to also grow alongside the increased vibrancy of the online economy (e.g. on-demand services, e-commerce, and peripheral opportunities like micro-financing), as well as offline (adoption from offline vendors to remain relevant). Euromonitor expects e-wallet transactions to see a 2020-25E CAGR of 29%. It also expects the market for online insurance purchases, digital lending and online investment to see a 32% CAGR over the same timeframe.

We project Grab to achieve adjusted EBITDA breakeven by FY24E, and PATMI breakeven by FY25E. The key difference between adj. EBITDA vs. headline EBITDA is that adj. EBITDA excludes stock-based compensation as well as other non-core items. Our projected path to profitability is driven by a 27% CAGR in GMV over 2021-25E to USD42b (FY21: USD16b). Of this, our CAGR expectations for delivery/mobility are 28%/27%, respectively. We believe our expectations for mobility GMV are conservative as these factors

in that the mobility segment will only recover its pre-Covid 2019 highs by 2024. Our adjusted EBITDA to GMV margin assumptions for deliveries (medium term: 3%) and mobility (medium term: 12%) are in line with guidance.

### 1.3 Valuation

We use a SOTP methodology to value Grab. We apply 2.3x FY23E EV/ sales for the deliveries business, in line with global peers, due to Grab's regional category leadership. For the mobility business, we append 2.2x FY23E EV/ sales, in line with Uber (2.2x) and Lyft (2.4x). We value the financial services business using 0.1x FY23 EV/GMV. This is in line with global peers, but a discount to fast growing peers like PayPal and Square to account for early stage risk. We value the digital banking opportunity at 1x FY22E P/B. This is in line with Bank Neo Commerce (BYBB ID, NR), and we think this is rational given both share similar operating environments (i.e. Bank Neo Commerce is based in Indonesia). FY22E net cash and its equivalents, as well as short-term investments make up c. USD1.50 per share in our valuation.

### 1.4 Risk

We perceive the biggest risks around Grab to be around dynamics that curtail its ability to achieve profitability over the medium term. This could be from increased competition (which spurs price wars and/or incentive spend) and/ or a rise in per unit costs for Grab or partners on its platform to deliver services.

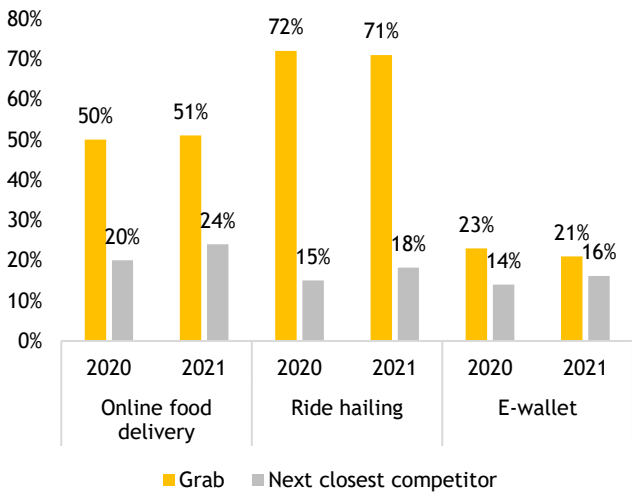
For example, rising inflation could lead to i) incentive levels increasing to ensure the livelihoods of driver partners, ii) reduced usage frequency among customers, which in turn increases driver-partners' idle time. We understand from our conversations with Grab that it acknowledges the risks of higher inflation, yet demand for mobility is currently resilient with usage dynamics driven by Covid-19 reopening. At the same time, we expect the impact of rising fuel prices on the delivery business to be more benign than the impact on the mobility business as driver-partners usually deliver via two-wheeler rather than four-wheeler vehicles. Grab also has other avenues to manage fuel costs for its driver partners, such as by negotiating subsidies with fuel station partners.

Another factor that could hurt Grab is if the government of the countries it operates in mandate pension contributions to gig-workers from technology platforms (such as Grab's) - such as what the Singapore government is currently studying. This could result in higher costs or contra-revenues (if contributions are paid out at the incentive level), which could delay Grab's path to profitability unless costs are successfully passed-on to consumers. In Singapore, Grab already co-funds Medisave for its driver partners.

From a stock price perspective, Grab's share price fell c.70% since the SPAC merger in Dec 2021 due to i) a broader sell-off in pre-earnings growth companies globally amid US rate hike and Russia-Ukraine geopolitical concerns, and ii) higher than expected incentives (e.g. to attract drivers on post-Covid reopening). While we are positive on Grab over a 24-month timeframe, we have observed that in the immediate term, pre-earnings growth stocks such as Grab have in times of heightened volatility traded according to macro factors instead of company fundamentals.

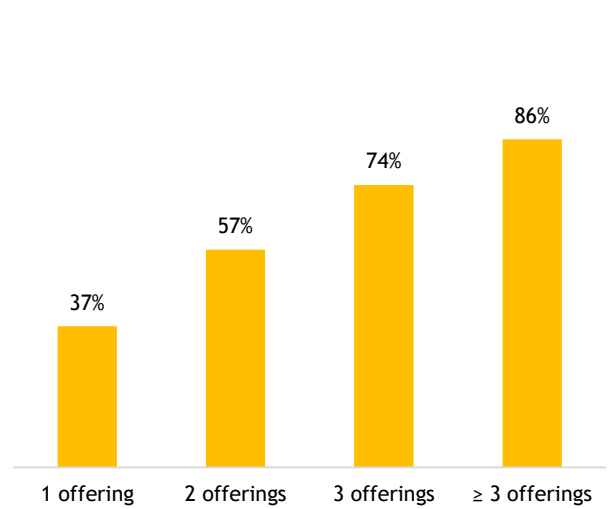
## 2. Focus charts

**Fig 1: Euromonitor regional category share**  
Grab has regional category share leadership over competitors



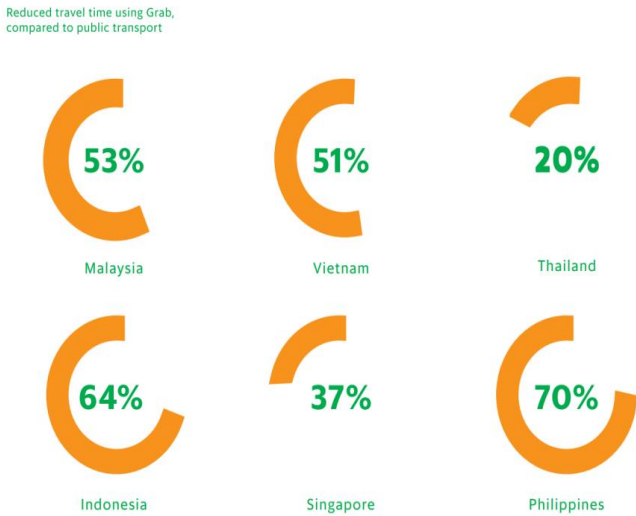
Source: Euromonitor, Maybank IBG Research

**Fig 2: Dec-2021 one-year retention rate**  
Users who use more than one service tend to be stickier



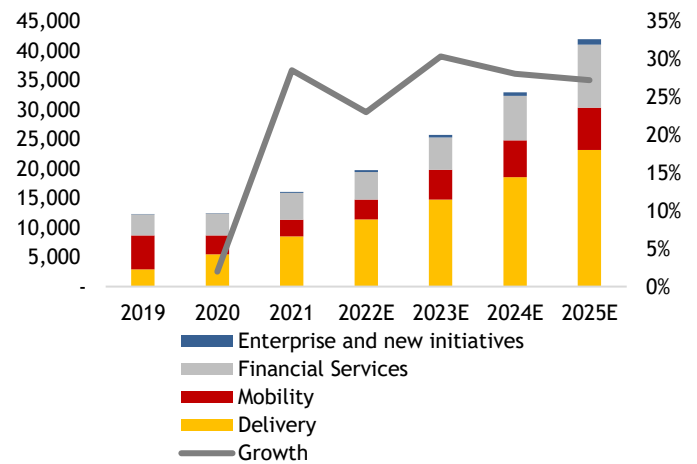
Source: Company

**Fig 3: Time savings using Grab's mobility platforms vs. public transport**  
Convenience is among key adoption factors for users



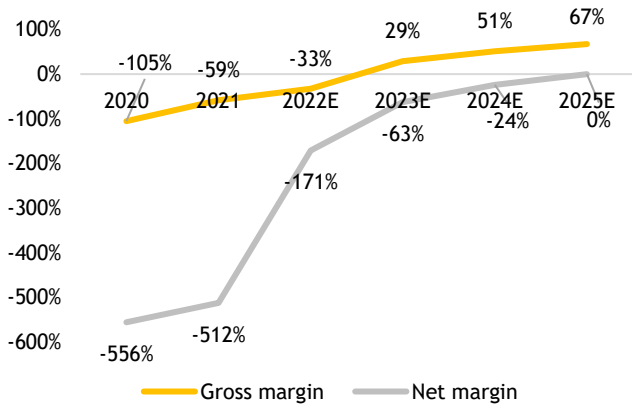
Source: Company

**Fig 4: GMV and growth**



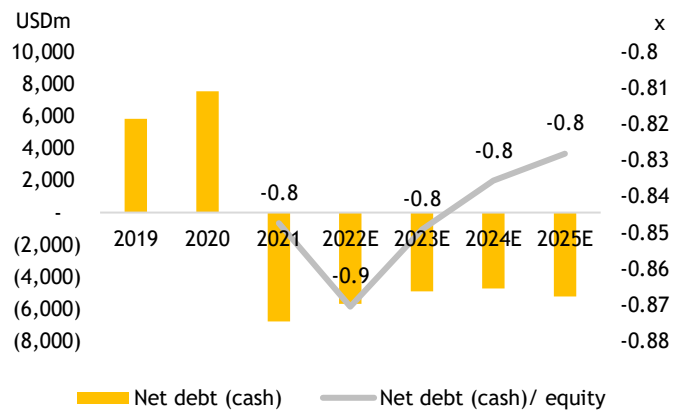
Source: Company, Maybank IBG Research

**Fig 5: Gross and net margin profile**



Source: Company, Maybank IBG Research

**Fig 6: Net debt (cash) and net gearing**



Source: Company, Maybank IBG Research



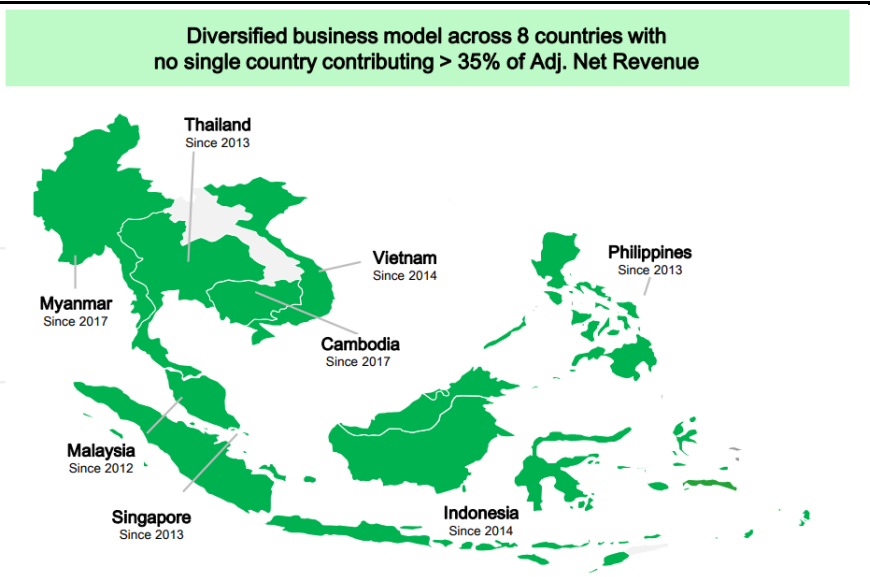
### 3. Corporate information

#### 3.1 Southeast Asia’s leading superapp

Grab sees itself as Southeast Asia’s leading superapp. It consists of four key businesses; mobility, deliveries, financial services, and enterprise and new initiatives. According to Euromonitor’s estimates, Grab was the category leader for online food delivery, ride hailing, as well as e-wallet payments in both 2020 and 2021. In Dec-21, Grab became publicly listed via its merger with Altimeter Growth Corp.

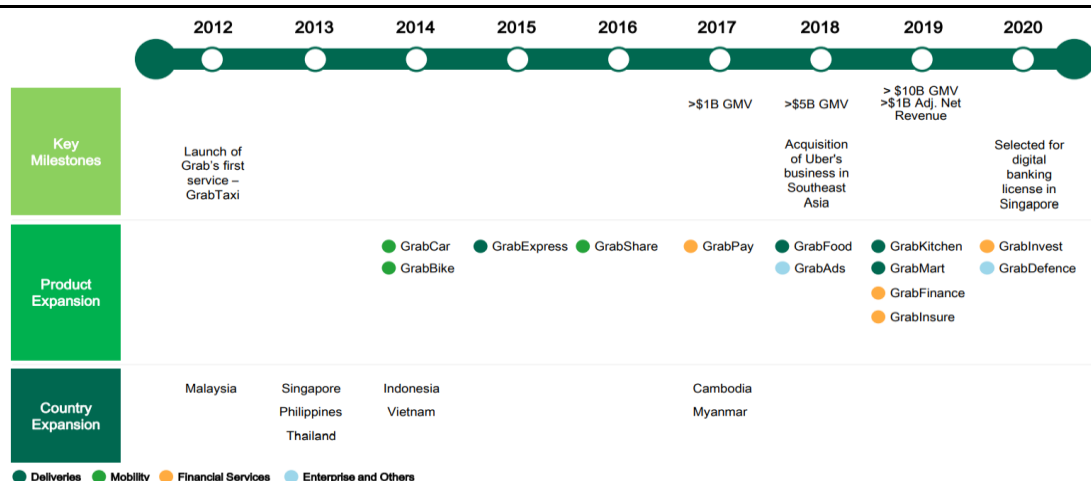
Grab’s Southeast Asian markets consist of Singapore, Malaysia, Cambodia, Indonesia, Myanmar, Philippines Thailand and Vietnam. Grab was founded in 2012 as a ride-hailing app in Malaysia (then known as ‘MyTeksi’). Grab subsequently branched into the food delivery and financial services business in 2018 and 2017, respectively. It was the acquisition of Uber in 2018 that laid the foundation for Grab’s entry into the food delivery business. In 2020, Grab was selected for a digital banking license in Singapore together with Singtel.

Fig 7: Grab’s geographical footprint



Source: Grab (Apr-21 investor presentation)

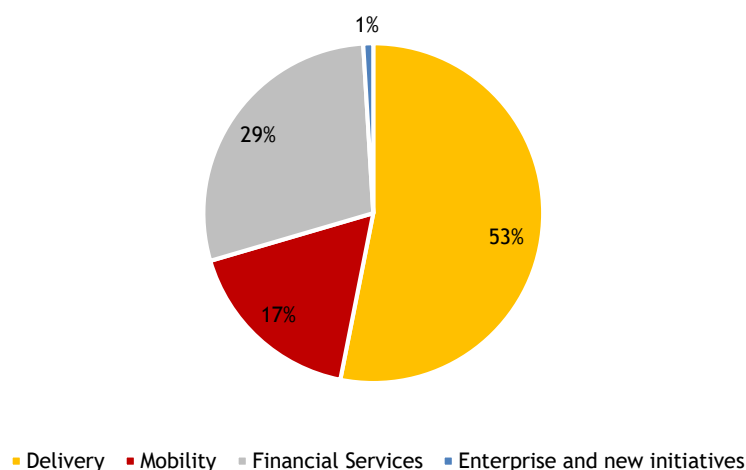
Fig 8: Key corporate milestones



Source: Grab (Apr-21 investor presentation)

Grab primarily generates revenue through the service fees and commissions paid by driver and merchant partners for the use of the Grab superapp to connect them with consumers and facilitate transactions. Grab offers various incentives to these partners, which are deducted from the fees normally collected from the partners. In some cases, incentives may exceed the fees earned by Grab. Grab also offers consumer incentives. Collectively, the incentives are recorded as reductions in revenue.

**Fig 9: GMV split (2021)**



Source: Company

The business model by segment is as follows:

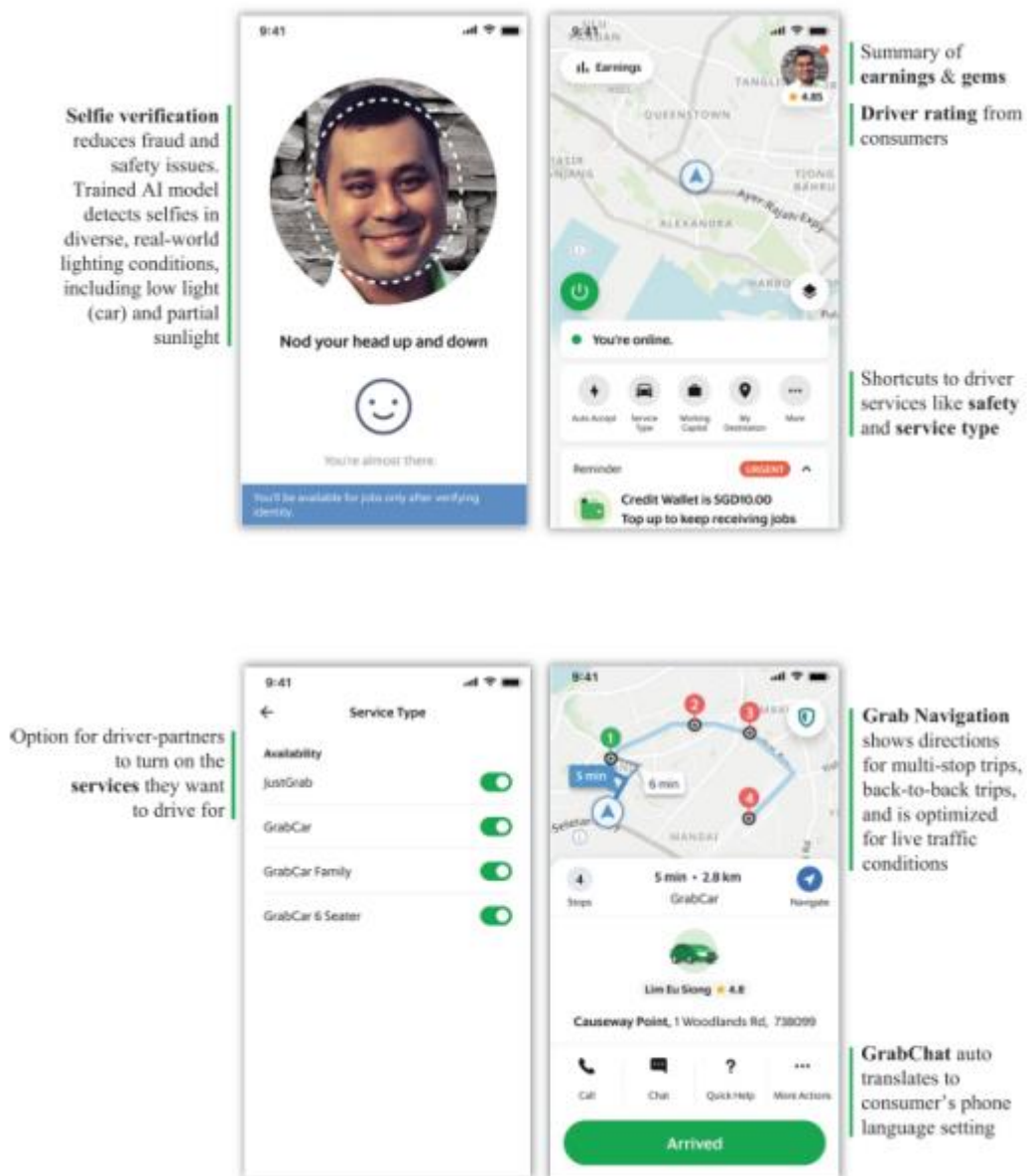
- Delivery:** Grab's delivery platform connects driver and merchant partners with consumers to facilitate on-demand and scheduled delivery of goods (incl. meals, groceries, packages). This segment includes GrabFood, GrabKitchen, GrabMart, GrabExpress and Grab Kios.
- Mobility:** Grab's mobility platform connects consumers with driver partners across various mobility options such as private cars, taxis, motorcycles (in certain countries), and carpooling. This segment includes GrabCar, GrabTaxi, JustGrab, GrabBike, GrabShare and GrabRentals. GrabRentals provides an affordable one-stop car rental service to driver-partners.
- Financial services:** Offers digital solutions to address the financial needs of driver and merchant-partners and consumers, including digital payments, lending, receivables factoring, insurance and wealth management. This segment includes GrabPay, GrabRewards, GrabFinance, GrabInsure, GrabInvest and OVO. OVO is a leading Indonesian digital payments and smart financial services provider. From lending and receivables, Grab generates revenue from interest income/factoring fees. For the other financial services, Grab generates revenue through commissions.
- Enterprise and new initiatives:** Grab has a growing suite of enterprise offerings, including GrabAds and GrabDefence. This segment also includes lifestyle services offered by 3<sup>rd</sup> party service providers to consumers through the Grab app. Such services include domestic services, flight and hotel bookings, subscriptions and more in certain countries. GrabAds provides online and offline advertising solutions for brands via mobile billboards, in-car engagement and in-app engagement. Mobile billboard turns Grab's fleet of vehicles into roving billboards to generate offline awareness. GrabDefence provides Grab's

in-house fraud detection and prevention technologies to 3<sup>rd</sup> party businesses.

### 3.2 Three superapps to target the entire ecosystem

In addition to the consumer superapp, Grab has a superapp for driver-partners as well as for merchant-partners. The driver-partners' superapp seamlessly supports them across mobility and delivery segments (food, grocery and packages). The driver-partners' superapp also allows drivers to track their earnings and rewards, access financial products and services, purchase goods and access training. Meanwhile, the merchant-partner platform is integrated across deliveries and financial services offerings across all GrabFood, GrabMart and GrabPay merchant-partners. The GrabMerchant platform offers easy-to-use onboarding, business performance insights, ad-manager to create advertisements, and in Thailand, Philippines and Singapore - low-interest loans to grow their businesses.

Fig 10: Example of driver-partners' superapp interface



Source: Company

Fig 11: Example of merchant-partners' superapp

Merchant-partners can self-onboard and begin selling on Grab within 3 days on average, significantly faster than other food delivery brands operating in the same countries\*

Activate GrabFood (sales, delivery and/or self pickups), payments, and more

Manager view has access to a full suite of services

Supplies provides raw materials

Ads & Promotion helps grow sales

Finance provides working capital

Employees manage user roles & access

Cashier view can manage in-store operations like orders, busy mode, out of stock and menu

Depending on country, Quick Cash loans are available to merchant-partners in their superapp

Manage loan plan and repayment schedule

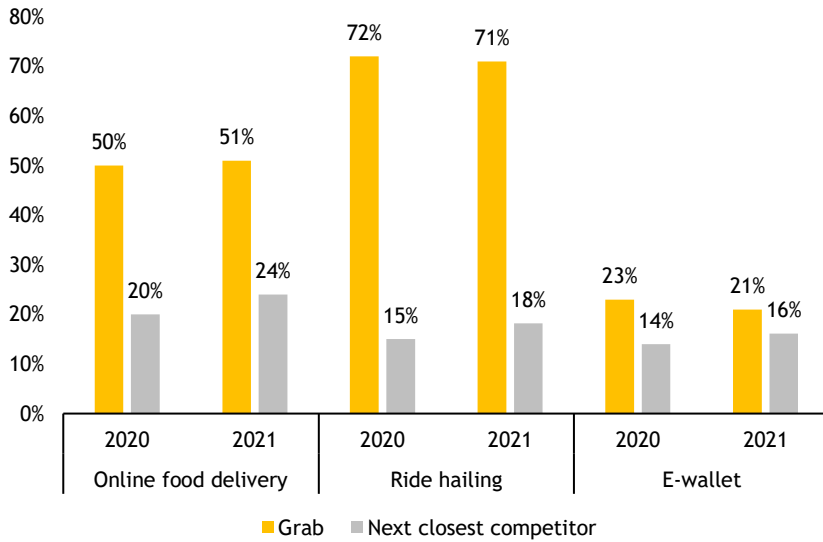
Source: Company

## 4. Strengths

### 4.1 Strong share of mind and category leadership

As highlighted in Fig 12, Grab has regional category leadership across the segments it operates in. Euromonitor estimates that Grab’s category share in online food delivery, ride hailing and e-wallet are 2.1x/3.9x/1.3x higher than the next closest competitor, respectively, in 2021.

**Fig 12: Grab’s category leadership across food delivery, ride hailing and e-wallet**

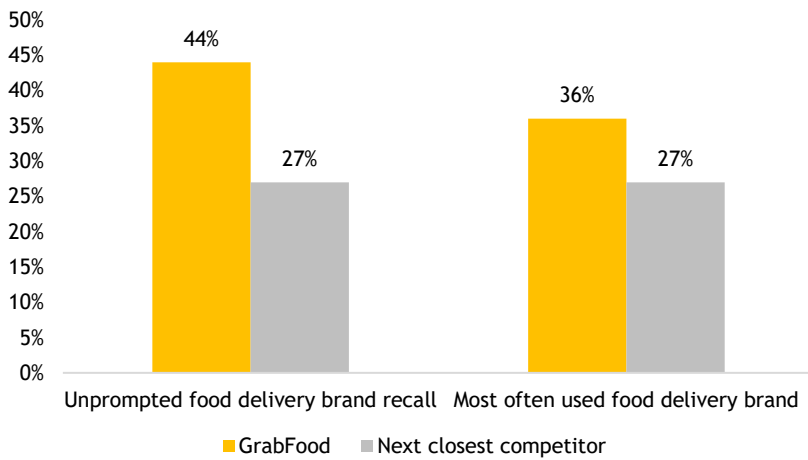


Source: Euromonitor, Company, Maybank IBG Research

We think Grab’s ability to attract and maintain consumers and partners stems from several key advantages, i) top-of-mind and a trusted brand among consumers; and ii) being able to attract and retain drivers and merchant-partners.

We believe Grab has an established brand presence among consumers in Southeast Asia which has allowed the app to be top-of-mind among consumers. In a 2021 survey across six ASEAN countries, Euromonitor found that GrabFood was the top brand that comes to consumers’ mind when it comes to food delivery service. For unprompted food delivery brand recall, GrabFood was the top brand for 44% of respondents (next closest competitor: 27%), while for most often-used food delivery brand, GrabFood was the top for 36% of respondents (next closest: 27%). In Sep-19 (i.e. pre-Covid-19), Grab was the top ranked brand of YouGov’s most positively talked about brands amongst millennials (18-34 year olds) in Singapore.

**Fig 13: In Euromonitor’s 2021 survey, GrabFood was top-of-mind for food delivery in 6 ASEAN countries (SG, MY, ID, TH, PH, VN)**  
 Base: respondents who have used online food delivery services in the past 6 months.



Source: Euromonitor

**Fig 14: Grab was the top word-of-mouth brand in Singapore, even before Covid-19 (52 weeks to 31-Aug-19)**

**YouGov NextGen brand rankings: Top 10**

These rankings are based upon YouGov BrandIndex’s Word of Mouth metric, which measures whether a respondent has discussed a brand with friends or family (whether in - person, online, or through social media) in the past two weeks. They are then filtered by positive Buzz - to sift out those who talk well of a brand from those who don’t - and age, so that only 18-34 year-olds’ views are measured. Scores averaged across the 52 weeks to 31 August 2019

Rank	Brand	Score
1	Grab	76.7
2	McDonald’s	75.5
3	Go-Jek	73.9
4	Netflix	71.6
5	Uniqlo	69.8
6	Facebook	68.3
7	Instagram	68.2
8	WhatsApp	68.0
9	Singapore Airlines	65.7
10	Apple iPhone	64.8

YouGov | yougov.com Source: YouGov BrandIndex, September 2019

Source: YouGov

**4.2 The ‘everyday, everything’ app (more verticals keeps driver-partners busy and happy)**

Widening our perspective, we believe another strength for Grab to attract and maintain a robust fleet of driver partners to keep customer experience strong is via its ‘everyday, everything’ approach.

As peak times for various activities such as transportation, food delivery, and packaging sending are different throughout the day, Grab - being a platform that caters to all of these services - is able to adapt and deploy resources matching consumer demand throughout the day. This helps minimize driver-partners' down time, and maximize earnings potential for delivery-partners.

During the Covid-19 pandemic in 2020, demand for deliveries rose significantly, while that for mobility fell drastically due to safe distancing requirements. Grab enabled more than 237,000 driver-partners who were previously serving the mobility segment to serve both mobility and delivery segments to adapt to changing demand.

**Fig 15: Grab's illustration of various activities that can be done on its platform throughout the day**

Everyday Everything App deeply integrated into consumers' lives



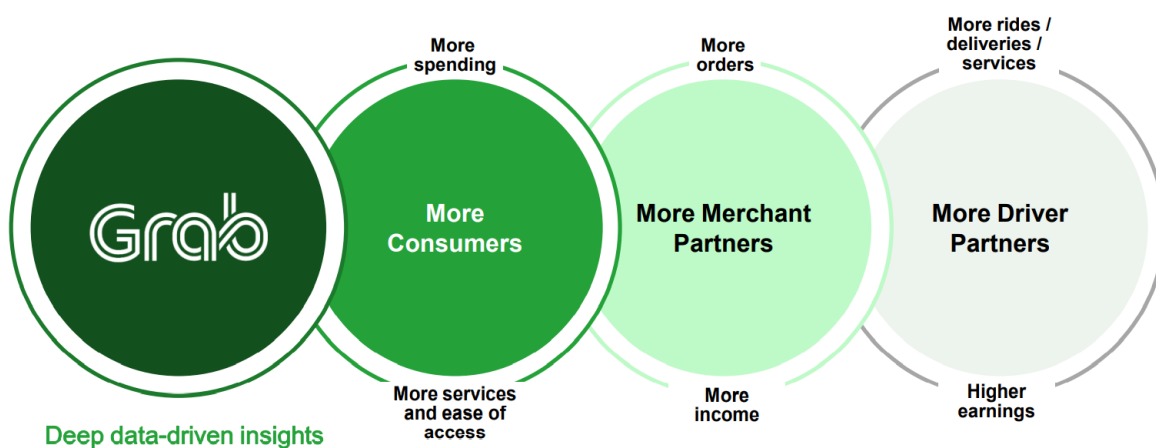
Source: Company

### 4.3 Spinning the flywheel

As Grab focuses on customer satisfaction and engagement, and as it adds on more offerings, this spurs a virtuous cycle for consumers to spend more, which in turn also attracts more driver-partners and merchant-partners - which builds onto the robustness of the Grab ecosystem.

**Fig 16: Flywheel effect**

Highly synergistic ecosystem designed to maximize usage and lower cost of service



Source: Grab (Apr-21 investor presentation)



As consumers become more engaged, they tend to spend more. For instance, the chart provided by Grab below illustrates that i) each cohort spend more every single year, and ii) newer cohorts tend to see spending grow faster than previous cohorts.

**Fig 17: Grab’s GMV per user by cohort, indexed to year 1**

GMV per user <sup>(1,2)</sup> by cohort <sup>(3)</sup>, indexed to year 1

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
2016 cohort	1.00x	1.41x	1.93x	2.75x	3.63x	4.80x
2017 cohort	1.00x	1.49x	2.19x	2.78x	4.06x	
2018 cohort	1.00x	1.62x	2.06x	3.04x		
2019 cohort	1.00x	1.45x	2.13x			
2020 cohort	1.00x	1.45x				

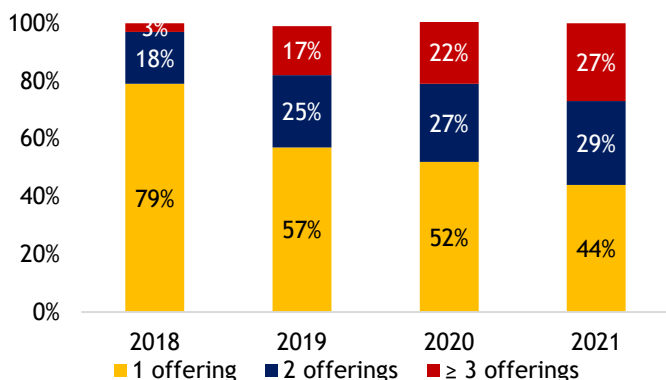
Notes: 1. Calculated as GMV per MTU. GMV means gross merchandise value, an operating metric representing the sum of the total dollar value of transactions from Grab’s services, including any applicable taxes, tips, tolls and fees, over the period of measurement. Users are defined as MTUs. MTUs means monthly transacting users, which is defined as the monthly number of unique users who transact via Grab’s products, where transact means to have successfully paid for any of Grab’s products. MTUs over an annual period are calculated based on the average of the MTUs for each month in the relevant period. 2. Includes only mobility and deliveries (excluding non-consumer services such as GrabRentals and GrabKios). 3. A cohort is defined as consumers who use any of the offerings on our platform for the first time in a specific year and continue to use our platform as of 2021.

Source: Company

#### 4.4 Extending verticals further to strengthen the super app proposition

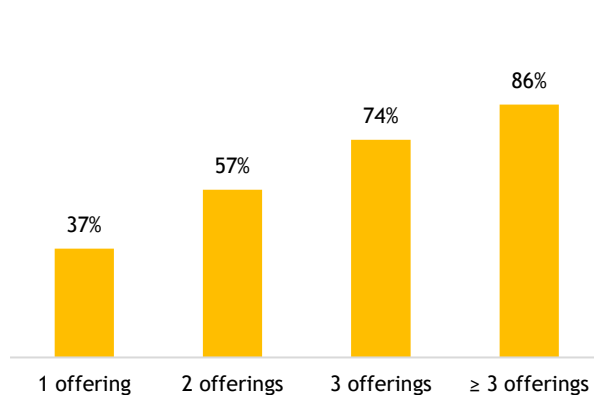
According to Grab, users that use more services tend to stay engaged in the Grab ecosystem for longer. In 2018, only 21% of its users use two offerings or more, whereas in 2021, around 56% of its users use more than two offerings on its platform. Grab has also observed that in 2021, users that use only 1 offering had a one-year retention rate of 37%, contrasting with 86% for users that use 3 offerings.

**Fig 18: % MTU split by number of services**  
Grab users are using more services over time...



Source: Company

**Fig 19: Dec-2021 one year retention rate**  
... and users who use multiple services tend to be stickier



Source: Company

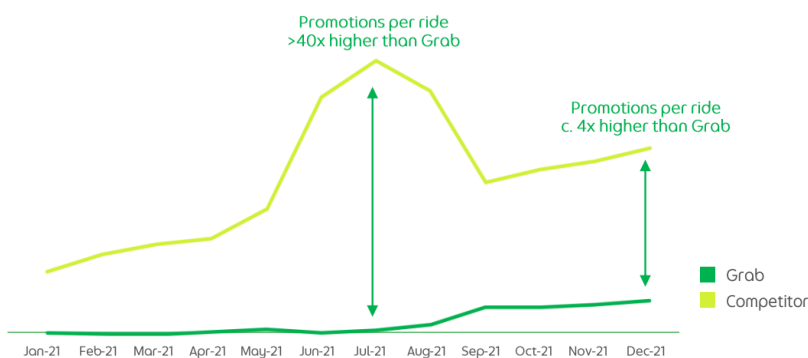
For instance, Grab’s mobility platform achieved adjusted EBITDA to GMV margin of 12% in 2021, which is far stronger than peers’ (Uber: 4%, Didi: 1% FY20). We believe Grab’s superior mobility EBITDA to GMV margins are a combination of i) a relatively stickier user base, driven by its multi-offering super app strategy, and ii) because Grab is a category leader in the vertical



- as compared to peers like Uber where they may not be a market leader in some markets. This, in turn, drives relative better transaction economics - where for instance, Grab is able to be more efficient with incentives as compared to other peers.

Underscoring Grab’s relative strength in a highly competitive market as a result of its sticky user base, Grab was able to maintain a comfortable lead in category leadership in 4Q21 despite spending 4x less on promotions per ride than a competitor (which we believe is Gojek) in Singapore.

**Fig 20: Grab maintained category leadership in Singapore despite competitors’ promotions per ride being significantly higher**

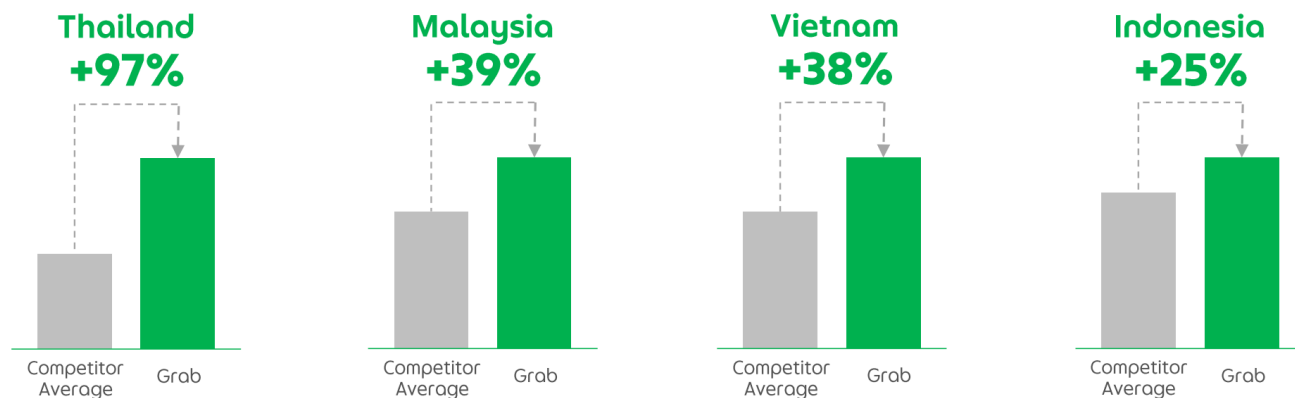


Source: Company

**Fig 21: Grab is more efficient with costs as compared to the average peer**

## Food Deliveries GMV to Cost Ratio Efficiency (1,2)

(Based on Grab’s estimates and on a per order basis with Grab indexed to 100% in Dec-2021)



Note: 1. Competitor’s data are calculated based on Grab’s internal estimates, leveraging observable promotions from publicly available sources and consumer survey panels. Competitor averages are calculated as a simple average of GMV to Cost per Order ratios for sizable and significant regional competitors that we monitor in each market. 2. Cost per order defined as Grab’s internally estimated (for competitors) and actual (for Grab) consumer incentives and merchant-funded subsidies.

Source: Company

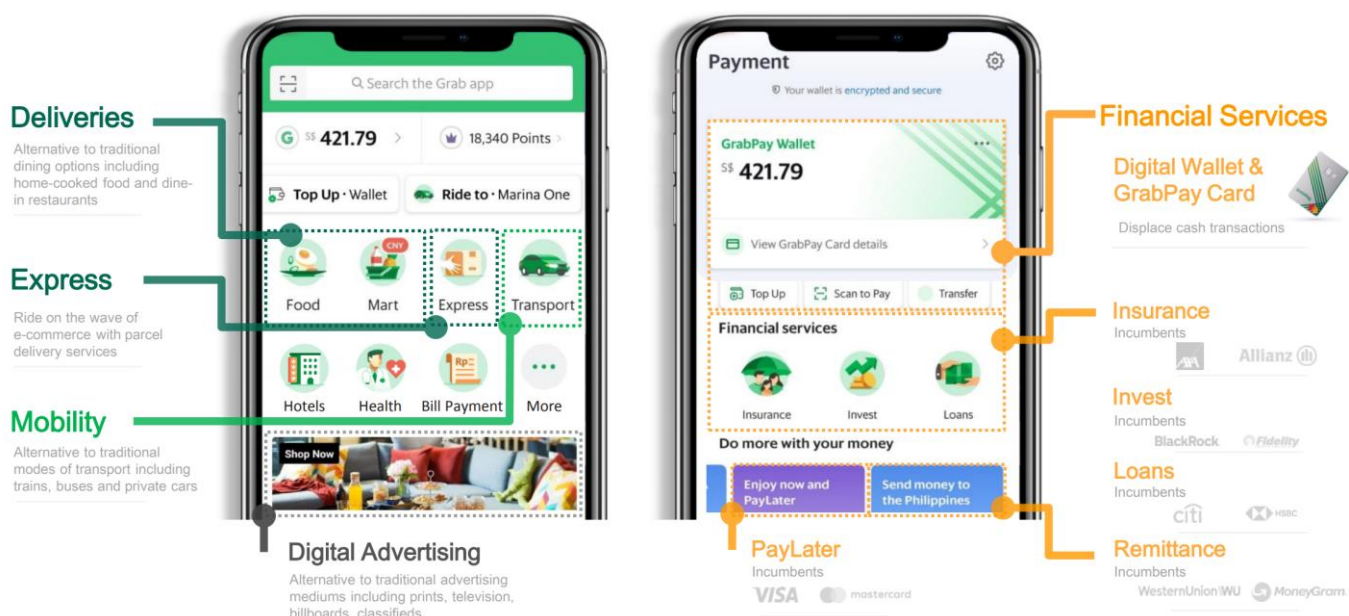
In that regard, Grab seems to be doubling down on extending the variety and depth of its services. For instance, in Malaysia, Grab has bought Jaya Grocer, a profitable and premium grocery store chain with 44 stores to boost the prospects of its delivery business domestically. Grab is also expanding into digital financial services via e-wallets, buy-now-pay-later, insurance, and financing, amongst others.

In pursuit of being the ‘lifestyle’ app in this region, Grab is building partnerships with multiple product and services providers on its platform. For instance, in ‘Shopping’, Grab has partnered with influential consumer brands such as Dyson, Shein, and Harvey Norman among others, while for

hotel bookings, Grab has partnered with Agoda and Booking.com. Taking a leaf from established superapps in North Asia, we do not rule out that Grab may over the long run integrate such services further by providing a more robust system of mini-apps across multiple services - thereby incrementally strengthening its position as a lifestyle app.

In the region, Grab’s superapp peers are have already or are undergoing a similar evolution. GoTo and Shopee have both ventured into food delivery and digital financial services. More advanced superapps such as WeChat (Tencent), Alipay (Alibaba) and Kakao have all developed their own mini-app open API systems, that allows third parties to develop apps within the superapp. This allows the superapp to charge a platform fee on partners without directly venturing into a new vertical. Grab announced that it would be launching its own open API platform called ‘GrabPlatform’ in July 2018.

Fig 22: Overview of the Grab super app



Source: Company

### 4.5 Proven hyperlocal execution

Southeast Asia consists of heterogenous countries at various stages of development, different cultures, as well as varying approaches to government. One of Grab’s success factors across multiple geographies is because of the hyperlocal approach it adopts. Grab has local ‘boots-on-the-ground’ execution teams. Around 90% of its workforce is local, including the technology teams in Indonesia, Malaysia, Singapore and Vietnam.

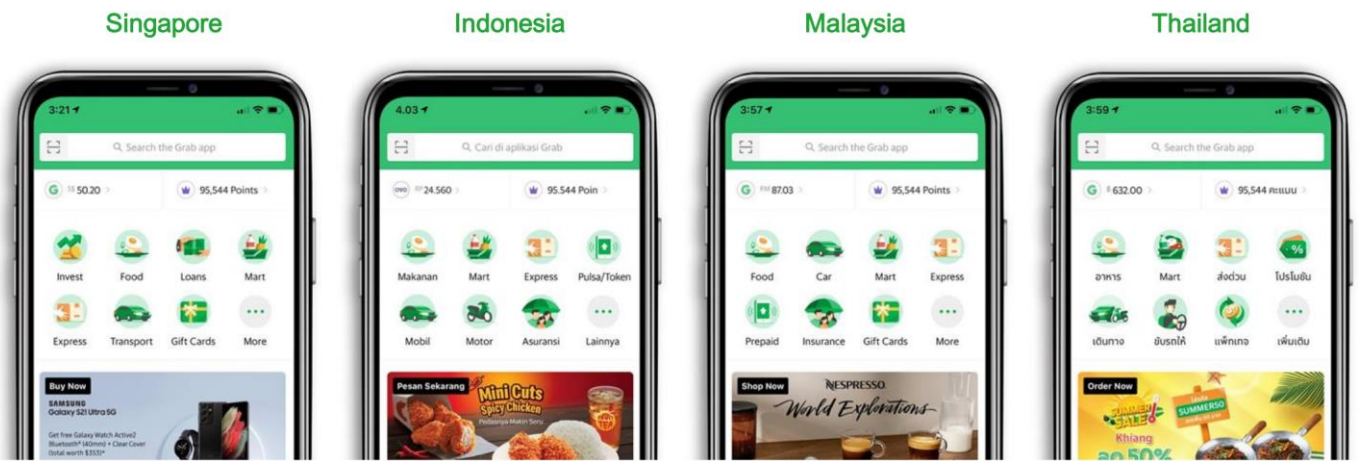
The user experience on the Grab app is customised to suit the needs of consumers, as well as driver- and merchant-partners in each locale. For instance, Grab provides locally popular transportation modes, such as GrabTukTuk in Cambodia and Thailand, and GrabTrike in the Philippines. In Singapore, Grab combines taxis and private hire cars under JustGrab (single fixed upfront fee offering) as passengers are largely indifferent to which car picks them up, as long as it is the fastest to arrive and there is upfront certainty to fares.

Whilst scalable, Grab’s technology is also flexible enough to be hyperlocal. User experiences are localised, taking into account languages and country

specific variations. For instance, the Grab app includes a secure chat with automatic translation between driver-partners and consumers.

Grab also invests in technology to strengthen its competitive advantage. For instance, many streets in the cities Grab operates are alleys or shortcuts that have not been mapped by mapping providers. These alleys or shortcuts are often utilised by two-wheel driver-partners. Grab collects this data and with its AI capabilities, has developed its proprietary mapping, routing, journey time prediction and point of interest capabilities. Collectively, this boosts convenience and the user experience of customers.

**Fig 23: Grab has localized superapps for each of its markets**



Source: Company

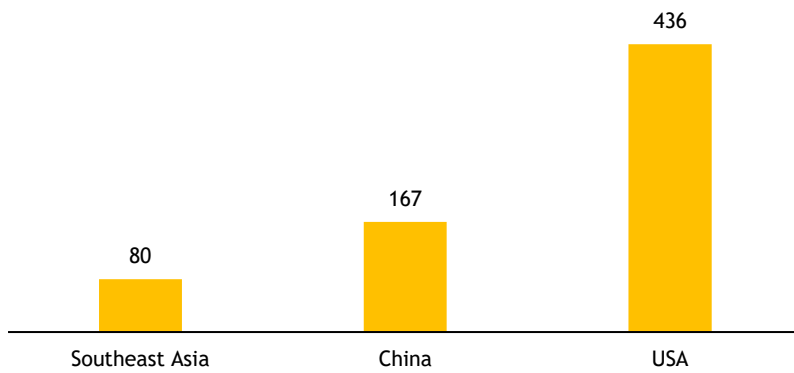
## 5. Outlook and competitive landscape

### 5.1 Ride hailing and delivery

#### Offering personal vehicle access and overcoming traffic congestion

Private car ownership is more expensive in Southeast Asia than in the US or China. According to Euromonitor, the ratio of car prices to average gross income in Southeast Asia is on average 6-18x that in the US in 2020. The average passenger car ownership rate is 80 per 1,000 in Southeast Asia, compared to 167 per 1,000 in China and 436 per 1,000 in the United States.

**Fig 24: Private car ownership per 1,000 population in Southeast Asia, China and USA**



Source: Euromonitor

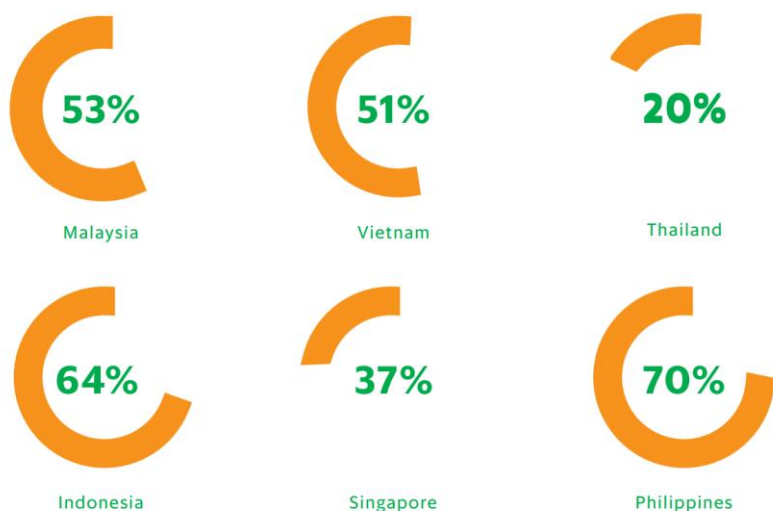
Most of the public transportation systems in key cities in Southeast Asia are not as developed as in many developed cities globally. Even in Singapore, where the public transport system is more developed as compared to other countries in the region, the adoption of ride hailing has been strong due to the convenience provided, as well as the reduction in traveling time.

The proposition of ride-hailing and delivery platforms such as Grab's is by matching transportation supply and demand and to boost utilisation of vehicles. This goes beyond matching the supply and demand for transportation, but also deliveries for food, groceries and packages.

Due to high and increasing population density in key Southeast Asian cities, traffic congestion in these cities is among the worst in the world. According to Euromonitor, the average commute time within major cities such as Greater Jakarta area is approximately 132 minutes compared to 67 minutes in New York. This further boosts the need for on-demand services like food delivery, allowing users to save time.

**Fig 25: Reduced time using Grab as compared to public transport in key Southeast Asian countries**

Reduced travel time using Grab, compared to public transport

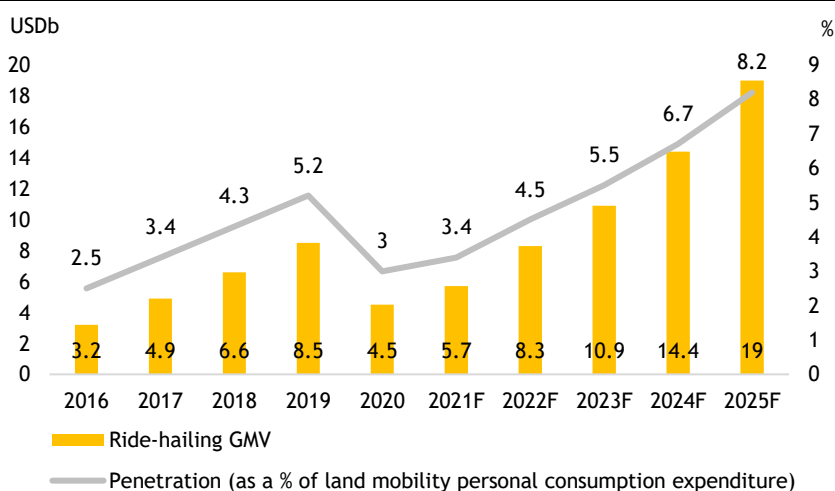


Source: Euromonitor

### Growth outlook

According to Euromonitor, SE Asia ride-hailing GMV is expected to enjoy 2020-25 CAGR of 33.4% to USD19b. In 2020, penetration was only 3%, as compared to China (12%) and USA (5%), signalling ample room for growth. Euromonitor expects ride-hailing demand to breach pre-Covid levels after 2022. In addition to rising domestic demand post-lockdowns, part of the demand recovery is also expected to come from recovery in tourism.

**Fig 26: Ride hailing GMV and penetration in Southeast Asia**



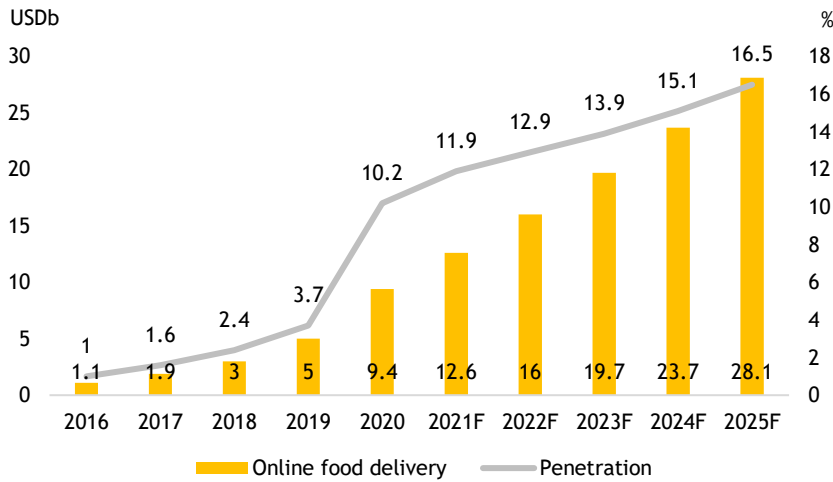
Source: Euromonitor

Meanwhile, rapid urbanisation and evolving consumer lifestyles are expected to underpin the adoption of food and grocery delivery and pickups. The underlying drivers of these are i) greater number of dual income families, ii) longer working hours, and iii) rising affluence that results in consumers having less time to cook or eat out and the means to outsource cooking. Covid-19 has also accelerated the adoption of food and grocery deliveries. Euromonitor expects online food delivery GMV to see a 24.4%

CAGR over 2020-25 to USD28.1b, while online grocery delivery GMV is expected to see a 23.8% CAGR to USD11.9b in the same time-frame.

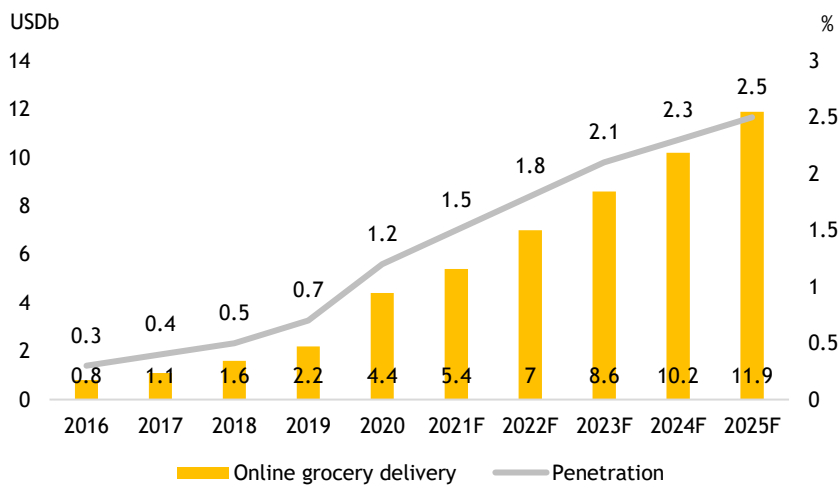
In Malaysia, Grab has doubled down in grocery delivery by acquiring a majority stake in Jaya Grocer, a leading mass-premium supermarket chain in Malaysia with 44 stores, with the aim to make on-demand groceries more accessible to Malaysian consumers.

**Fig 27: Online food delivery GMV and penetration in Southeast Asia**



Source: Euromonitor

**Fig 28: Online grocery delivery GMV and penetration in Southeast Asia**

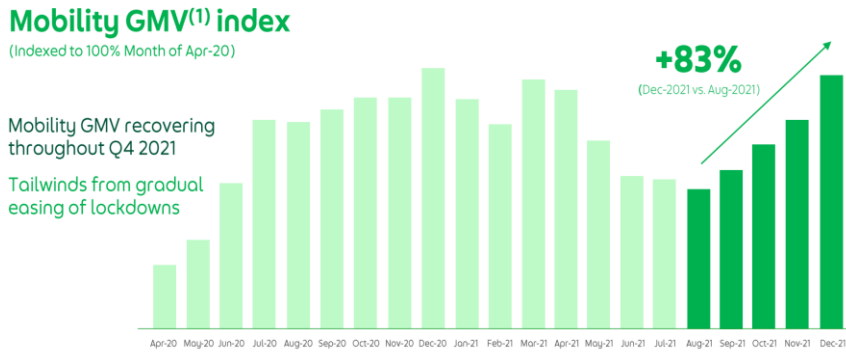


Source: Euromonitor

### Post-Covid-19 trends

As countries exit lockdowns, Grab anticipates a continued recovery in ride-hailing GMV. In its 4Q21 business update, Grab noted that its mobility GMV index has recovered by 83% as compared to Aug-21 when many countries were impacted by Covid-19 lock-downs.

**Fig 29: Grab’s mobility GMV index. Dec-21 shows an 83% recovery vs. Aug-21**

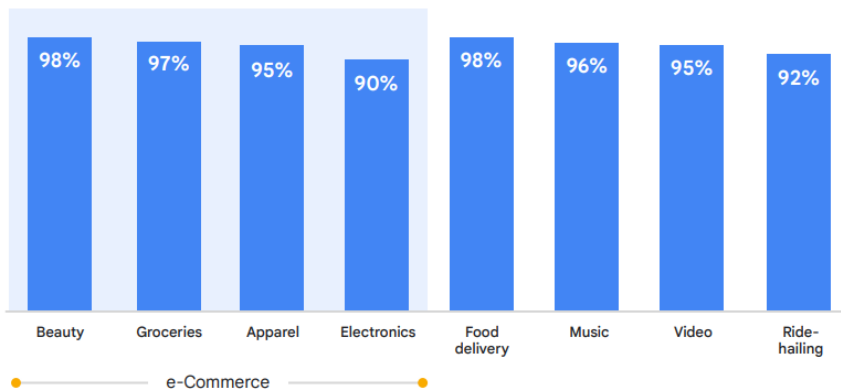


Note: 1. GMV means gross merchandise value, an operating metric representing the sum of the total dollar value of transactions from Grab’s services, including any applicable taxes, tips, tolls and fees, over the period of measurement

Source: Company

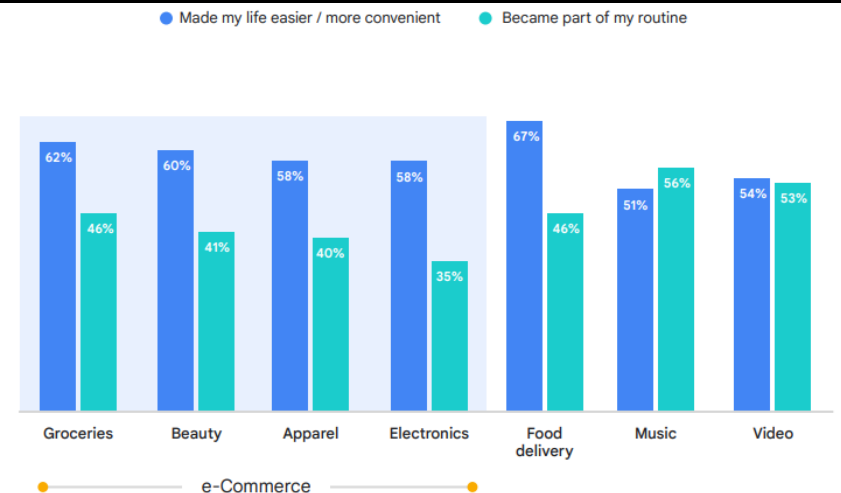
In a survey done by Kantar for Google, Temasek and Bain’s 2021 e-Conomy SEA, more than 60% of users surveyed have increased frequency of usage and spend on food delivery and groceries. Kantar also found that 97-98% of new consumers in 2020 continued using such services in 2021. More than 60% of respondents attributed the continued use of digital services (groceries and food delivery) to increased convenience, while 40% said that it has now become part of their normal routine. Grab’s average order value and transactions per MTU have also steadily increased over 2020-21, corroborating Kantar’s observations.

**Fig 30: % new consumers in 2020 who continued using digital services in 2021**



Source: Kantar, for Google, Temasek and Bain’s e-Conomy SEA 2021

**Fig 31: Reasons ASEAN consumers continue using digital services in 2021**

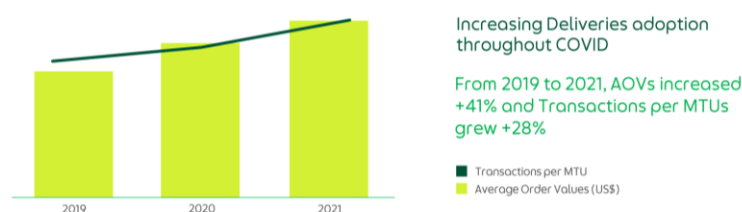


Source: Kantar, for Google, Temasek and Bain’s e-Conomy SEA 2021

Fig 32: Behavioural shift in delivery adoption

### Key Deliveries Metrics

(US\$ Average Order Values (AOV) <sup>(1)</sup> vs. Transactions per MTU <sup>(2)</sup>)



Source: Company

## Competitive outlook (Mobility)

In 2017, Grab raised a combined USD2b from Didi Chuxing and Softbank, gaining a non-compete agreement with Didi in the process. This non-compete agreement expired with Didi's divestment upon de-SPAC in Dec 2021.

It is noted that in 2018, Uber exited the Southeast Asian region, conceding the region to Grab and selling its regional operations to Grab for a reported 27.5% equity stake. Through this transaction, Grab formed a non-compete agreement with Uber and also acquired the UberEats food delivery service that was quickly rebranded into GrabFood. The non-compete agreement will expire the earlier of October 2023 or one year after disposal of shareholdings in Grab.

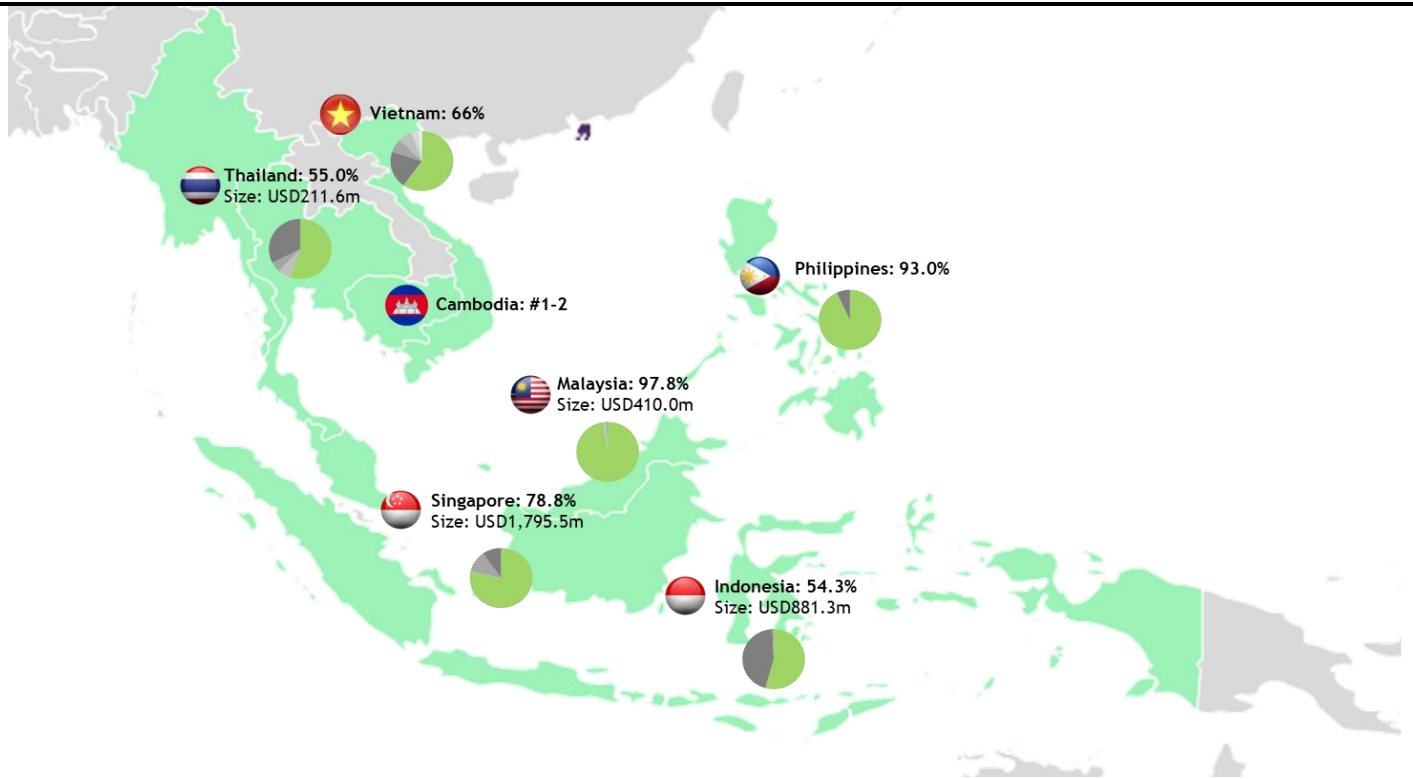
Fig 33: Mobility peers' financial summary

	Grab			Uber		
	FY19	FY20	FY21	FY19	FY20	FY21
Users (m)	24.7	14.6	12.5	111.0	93.0	118.0
GMV (USDm)	5,715	3,232	2,787	49,700	26,614	36,636
Revenue (USDm)	9	438	456	10,707	6,089	7,553
% take rate	0.2%	13.6%	16.4%	21.5%	22.9%	20.6%
AEBITDA (USDm)	(194)	307	345	2,071	1,169	1,596
Margin %	(2156%)	70.1%	75.7%	19.3%	19.2%	21.1%
% GMV	(3.4%)	9.5%	12.4%	4.2%	4.4%	4.4%
	Lyft			Didi		
	FY19	FY20	FY21	FY19	FY20	
Users (m)	21.9	13.7	11.8	429.0	493.0	
GMV (USDm)	na	na	na	32,819	30,823	
Revenue (USDm)	3,616	2,365	3,208	21,835	19,521	
% take rate	na	na	na	66.5%	63.3%	
AEBITDA (USDm)	(679)	(755)	93	101	61	
Margin %	(19%)	(31.9%)	2.9%	0.5%	0.3%	
% GMV	na	na	na	0.3%	0.2%	
	GoTo*					
	FY18	FY19	FY20			
Users (m)	na	na	na			
GMV (USDm)	2,451	3,899	2,894			
Revenue (USDm)	61	94	183			
% take rate	2.5%	2.4%	6.3%			
AEBITDA (USDm)	(797)	(1,177)	(566)			
Margin %	(1311%)	(1256.3%)	(309.8%)			
% GMV	na	na	na			

Note: GoTo numbers reflect the aggregate of on-demand services, which comprises of both mobility and delivery businesses. Source: Company



Fig 34: Mobility segment strategic landscape



Source: Maybank IBG Research, Euromonitor, Philippine Competition Commission, Statista, Q&Me, Web Analytics Consultants Association

In 2019, Grab managed to win market leadership from Gojek in Indonesia. Across all these markets, not inclusive of traditional taxi companies, Grab has significant market power, with a market HHI (Herfindahl-Hirschman index, a measure of market competitiveness) score >2500 across all markets. This explains Grab’s profitability in the ride hailing segment as Grab has been able to cut down total incentives (driver + customer) from 99.2% of gross billings to 30.1% of gross billings.

Fig 35: Mobility market share in select markets

Market	Metric	Select players (market share)	HHI est.	Source
Indonesia	GMV (USD881.3m)	Grab (54.3%) Gojek (45.0%) inDriver (0.7%)	4,974	2021 Euromonitor
Philippines	GMV	Grab (93%) Others - ePickmeUp, Go Lag, Hirna, Hype, MiCab, Owto, Ryd Global, Snappy, U-Hop, etc. (7%)	8,698	2018, Philippine Competition Commission
Thailand	GMV (USD211.6m)	Grab (55.0%) inDriver (6.6%) Gojek (5.5%) Other - AllThaiTaxi, GoBike, Bolt, ViaBus, etc (32.4%)	4,149	2021, Euromonitor
Malaysia	GMV (USD410.0m)	Grab (97.8%) inDriver (1.5%) Others - MyCar, EzCab, MULA, DACSEE, Riding Pink, etc. (0.7%)	9,568	2021, Euromonitor
Vietnam	People by usage	Grab (66%) Be (22%) FastGo (8%) MyGo (8%) VATO (4%) Others - GoViet (Gojek), Vinasun, Mai Linh, GoDee, Xelo, T.NET, etc. (2)	4,968	2021, Statista, Q&Me
Singapore	GMV (USD1,795m)	Grab (78.8%) Gojek (11.3%) Others - TADA, Ryde (9.9%)	6,435	2021, Euromonitor
Cambodia	Position	Grab (#1/#2) PassApp (#1/#2) Others - WeGo, TADA, Eagle, etc	NA	2021, Web Analytics Consultants Association

Source: Maybank IBG Research, Various; Note: Herfindahl-Hirschman Index (HHI) is an indication of market competition, where <1,500 is competitive, 1500-2500 is moderately concentrated, >2,500 up to a maximum of 10,000 is considered highly concentrated for mature industries. A higher score above 2,500 indicates greater regulatory risk through anti-trust action.

This market power has resulted in Grab attracting some anti-trust action, especially after Grab's acquisition of Uber's regional operations, which saw Grab slapped with a USD4.7m penalty by Singapore authorities, on top of restrictions until a competitor achieves 30% market share, and being placed under watch in Philippines, where it incurred fines several times for overpricing and other issues. In Malaysia, Grab, as of Feb 2022, is challenging a RM87m (USD21m) fine slapped on it by the competition watchdog MyCC. In Indonesia, Grab managed to quash a IDR49b (USD3.2m) fine slapped on it in 2020 by competition watchdog KPPU for alleged preferential treatment for drivers that rent cars through a Grab affiliate.

We think that given that Grab has mostly settled anti-trust issues in most of the countries, the prospects of further litigation provisions are lower moving forward. As the mobility market matures and Grab focuses on the 'everyday everything' superapp strategy, while targeting profitability, other smaller and non-threatening players will be able to compete, allaying concern of monopolistic behaviour. One significant player is the Tada, developed by blockchain company MVL, which is now present in Singapore, Cambodia and Vietnam. Additionally, with the expiration of its non-compete agreements with Didi and Uber, it is not to be precluded that these global giants may eye certain markets in the region. However, given Grab's large market share and driver base, which translates to low waiting times and superior service, Grab is still able to command a premium compared to peers and still has a significant lead even if Uber or Didi attempt re-entries into the region.

## Competitive outlook (Delivery)

The delivery business began in 2018 with the launch of GrabFood in 2018 in Indonesia and Thailand, as well as the acquisition of Uber's food delivery services operations in Singapore and Malaysia (alongside Uber's regional operations). Since then, GrabFood has been made available across much of ASEAN and has ventured into cloud kitchen operations with the GrabKitchen service.

Grab ventured into on-demand delivery for groceries in 2019 with the launch of the GrabMart service. Grab's current strategic focus within the delivery segment is this subcategory. Grab has been aggressive in expanding this business by partnering grocery chains across ASEAN, notably Indomaret (Salim Group) in Indonesia, Big C (Charoen Corporation) in Thailand, Lotus in Malaysia, S&R supermarket in the Philippines, and Mega Market in Vietnam. Grab at its 4Q21 investor call also announced the acquisition of Jaya Grocer, a mass-premium supermarket chain with 44 stores in Malaysia, marking its first foray directly into the grocery business

Delivery is Grab's fastest growing segment. Its 4Q21 GMV of USD2.4b represented growth of +52% YoY. As noted, this has been largely attributed to pandemic restrictions of varying severity from restrictions in the number of people dining, bans on dining in, to complete citywide lockdowns. This has spurred consumers to resort to food and grocery delivery services, while forcing F&B establishments to turn to food delivery apps to stay afloat.

Fig 36: Delivery peers' financial summary

	Grab			HelloFresh		
	FY19	FY20	FY21	FY19	FY20	FY21
Users (m)	10.7	14.8	na	37.5	74.3	117.32
GMV (USDm)	2,947	5,468	8,531	2,006	4,259	5,418
Revenue (USDm)	(638)	5	148	2,068	4,209	4,954
% take rate	(21.6%)	0.1%	1.7%	103.1%	98.8%	91.4%
AEBITDA (USDm)	(809)	(211)	(130)	53	567	592
Margin %	127%	(4220%)	(87.8%)	3%	13.5%	12.0%
% GMV	(27.5%)	(3.9%)	(1.5%)	2.6%	13.3%	10.9%
	DoorDash			Zomato		
	FY19	FY20	FY21	FY20	FY21	9M22
Users (m)	na	na	na	10.7	6.8	14.4
GMV (USDm)	8,039	24,664	41,944	1,720	1,369	2,042
Revenue (USDm)	885	2,886	4,888	399	288	394
% take rate	11.0%	11.7%	11.7%	23.2%	21.0%	19.3%
AEBITDA (USDm)	95	189	302	(5)	(1)	(1)
Margin %	10.7%	6.5%	6.2%	(1%)	(0.2%)	(0.3%)
% GMV	1.2%	0.8%	0.7%	(0.3%)	(0.0%)	(0.1%)
	Meituan			Deliveroo		
	FY19	FY20	9M21	FY19	FY20	FY21
Users (m)	450.5	510.6	na	na	4.7	7.5
GMV (USDm)	57,201	70,180	78,510	3,160	5,401	9,176
Revenue (USDm)	7,231	8,412	9,472	983	1,578	na
% take rate	12.6%	12.0%	12.1%	31.1%	29.2%	na
AEBITDA (USDm)	na	na	na	(289)	(16)	na
Margin %	na	na	na	(29%)	(1.0%)	na
% GMV	na	na	na	(9.1%)	(0.3%)	na
	Delivery Hero			Just Eat Takeaway		
	FY19	FY20	6M21	FY19	FY20	6M21
Users (m)	na	na	na	19.5	60.0	na
GMV (USDm)	8,500	13,875	16,293	3,477	24,075	34,533
Revenue (USDm)	1,415	2,775	3,007	475	2,292	2,163
% take rate	16.6%	20.0%	18.5%	13.7%	9.5%	6.3%
AEBITDA (USDm)	(493)	(637)	(429)	14	287	(428)
Margin %	(34.8%)	(23.0%)	(14.3%)	3%	12.5%	(19.8%)
% GMV	(5.8%)	(4.6%)	(2.6%)	0.4%	1.19%	(1.24%)

Source: Company reports

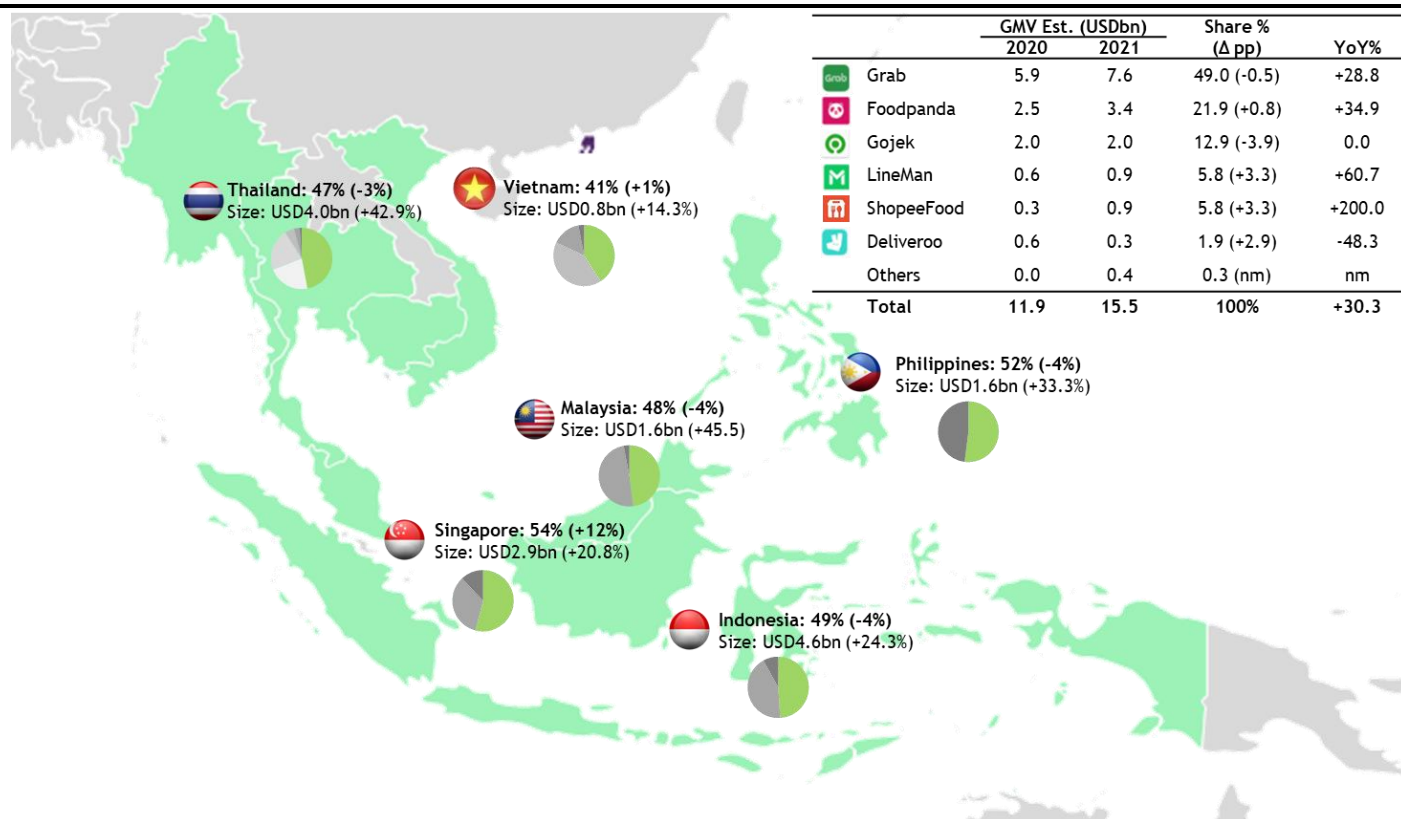
The recent improvement in profitability (AEBITDA GMV margin FY19: -27.5%, FY20 -3.9%, FY21: -1.5%) appears to be attributed to the pandemic, which has boosted Grab's ability to reduce both partner and consumer incentives. Consumer incentives fell from 34% of gross billings in FY19, to 15% in FY20, and then to 13% in FY21, while partner incentives fell from 65% of gross billings in FY19, to 22% in FY20 and 17% in FY21. The pandemic has increased spontaneous adoption of Grab as a food delivery service, while Mobility drivers have spontaneously moved to the Delivery business as they seek to continue making a living. Grab has given guidance that it expects along-run adjusted EBITDA margin of 3% of GMV. We believe that such a margin is reasonable and potential higher.

Based on market research by Momentum Works, Grab is the market leader in Thailand, Vietnam, Malaysia, Singapore, Philippines and Indonesia with aggregated category leadership of 49% market share. Grab's largest competitors in the region are Foodpanda (DeliveryHero), Gojek and LineMan (Line Corporation) and ShopeeFood (Sea), with the latter two being superapp platforms that have been growing rapidly, partly due to the low base effect.

Overall, the Delivery segment is a more competitive business as compared to Mobility and has not attracted significant anti-trust concerns. Grab has a significant advantage in this segment due to significant synergies with the mobility business such as, ready access to a pool of drivers and an already established rental fleet that can be deployed to the delivery business.

Grab's intention to enter the grocery on-demand delivery segment could also boost its segment adjusted EBITDA GMV margin based on its most comparable peer HelloFresh, which delivered an FY21 adjusted EBITDA GMV margin of 10.9%. While Grab is not the first online grocery player in ASEAN, with earlier peers RedMart and Honestbee, it is the first player of such a scale serving on an on-demand basis. The on-demand feature is significant, so much so that Lazada, which now owns RedMart, is using Grab's platform for order fulfilment.

Fig 37: Delivery segment strategic landscape 2021



Source: Maybank IBG Research, Momentum Works; Note: nm = not meaningful, Δ pp = percentage point change, Size: refers to total GMV value of entire market in USD

Fig 38: Delivery market share in select markets

Market	GMV (USDbn)	Select players (market share)	HHI est.
Indonesia	2020: 3.7	2020:	2020: 5,018
	2021: 4.6	Grab (53%) Gojek (47%)	2021: 4,250
Philippines	2020: 1.2	2020:	2020: 5,072
	2021: 1.6	Grab (56%) Foodpanda (44%)	2021: 5,008
Thailand	2020: 2.8	2020:	2020: 3,478
	2021: 4.0	Grab (50%) Foodpanda (23%) LineMan (20%) Gojek (7%)	2021: 3,177
Malaysia	2020: 1.1	2020:	2020: 5,008
	2021: 1.6	Grab (52%) Foodpanda (48%)	2021: 4,705
Vietnam	2020: 0.7	2020:	2020: 1,926
	2021: 0.8	Grab (40%) ShopeeFood (Now) (42%) Baemin (9%) Gojek (9%)	2021: 1,915
Singapore	2020: 2.4	2020:	2020: 3,496
	2021: 2.9	Grab (42%) Foodpanda (34%) Deliveroo (24%)	2021: 4,216

Source: Maybank IBG Research, Momentum Works; Note: Herfindahl-Hirschman Index (HHI) is an indication of market competition, where <1,500 is competitive, 1500-2500 is moderately concentrated, >2,500 up to a maximum of 10,000 is considered highly concentrated for mature industries. A higher score above 2,500 indicates greater regulatory risk through anti-trust action.

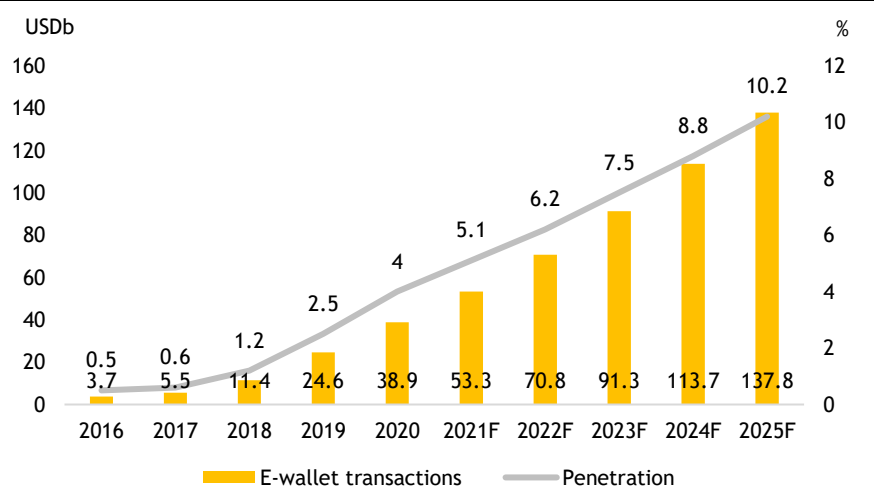
## 5.2 Digital financial services

### Confluence of factors driving adoption

Digital payments in Southeast Asia have seen rapid growth in recent years, driven by i) strong government encouragement of cashless payments, ii) increased merchant acceptance and attractive rewards relative to cash, as well as iii) high smartphone and internet penetration rates. Covid-19 has also catalysed the adoption of cashless and contactless payments due to hygiene and safe distancing considerations.

In Malaysia, the government partnered with the top three e-wallets to distribute USD178m as part of the ePenjana Economic Recovery Plan post-movement control order. According to Grab, GrabPay was the only non-government linked company e-wallet used by the government to distribute financial assistance to eligible citizens. In Singapore, the introduction of PayNow (P2P transfer service) was a crucial step in building the foundation for e-wallet adoption. Aside, the IMDA leads the 'Seniors Go Digital' program where senior citizens can learn to use e-payment tools such as QR codes at markets and food stalls and so on. In Thailand, Indonesia, the Philippines and Vietnam, adoption was driven by convenience relative to traditional methods of having to visit a physical payment counter for mobile top-ups, utility bill payments and remittance. According to Euromonitor's Digital Consumer Survey in 2020, 65% and 58% of consumers in Indonesia and Thailand have indicated that the ease of use of e-wallets is the main reason for using the payment method.

Fig 39: E-wallet transactions and penetration



Source: Euromonitor

Beyond e-wallets, other digital financial services such as insurance, wealth management and investment are also expected to enjoy robust growth, as suggested by Euromonitor's forecasts in the table below.

Fig 40: Growth prospects of digital financial products

Services	Metric	2020	2025	CAGR
Insurance purchase online	Gross written premium (USDb)	2	8	32%
Digital lending	Outstanding loans (USDb)	23	92	32%
Online investment	Online investment (USDb)	21	84	32%

Note: Represents ASEAN-6 only

Source: Euromonitor

Covid-19 was a catalyst for digital insurance adoption in Southeast Asia as face-to-face sales of insurance policies were largely suspended for periods in 2020. Euromonitor expects digitalisation trends for insurance is expected to stay. Grab has observed increased interest from consumers towards digital insurance for simple products due to increased convenience and have facilitated over 130m micro-insurance transactions throughout Apr-19 and Mar-21.

In the region, MSMEs (micro, small, and medium enterprises) and participants in the informal economy are among the key underbanked groups due to a lack of financial records or credit history. Regulators across the region are working to establish relevant frameworks to improve lending access to underserved and unserved segments. Grab was one of eight successful applicants for digital lending licenses issued by the Malaysian Ministry of Housing and Local Government in Nov-20, which aims to improve access to smaller loan amounts for the bottom 40% income group households. Meanwhile, the Bank of Thailand has approved the use of a wider range of alternative data such as online shopping information for digital loan assessment to build more robust credit profiles. Grab's ability to access how much its driver- and merchant- partners earn on its platform allows Grab to form a thorough credit profile and supports its ability to provide responsible lending offerings.

Meanwhile, digital wealth management is still at an early stage in Southeast Asia due to low financial literacy rates. The growth potential from such services is driven by customers' being more open to the concept of making investment decisions online. Across the industry, innovative products and services are emerging, for instance, robo-advisors and wealth management platforms. These platforms, best exemplified by Silicon Valley's Robinhood, have lowered the barriers to entry for individuals to participate in financial markets through easy-to-understand user interfaces and low commitment of capital.

## Overview of Grab's financial products and journey

Over time, we believe that Grab is likely to build its superapp around its financial services, and view its financial services ambitions positively. Grab and Singtel have created an alliance with a strong footprint across Asia (see Fig 41). In Dec-20, Singtel and Grab jointly won one of five digital bank licenses issued in Singapore, and have also acquired a combined 32.5% stake in Bank Fama in Indonesia as announced in media in Jan 2022.

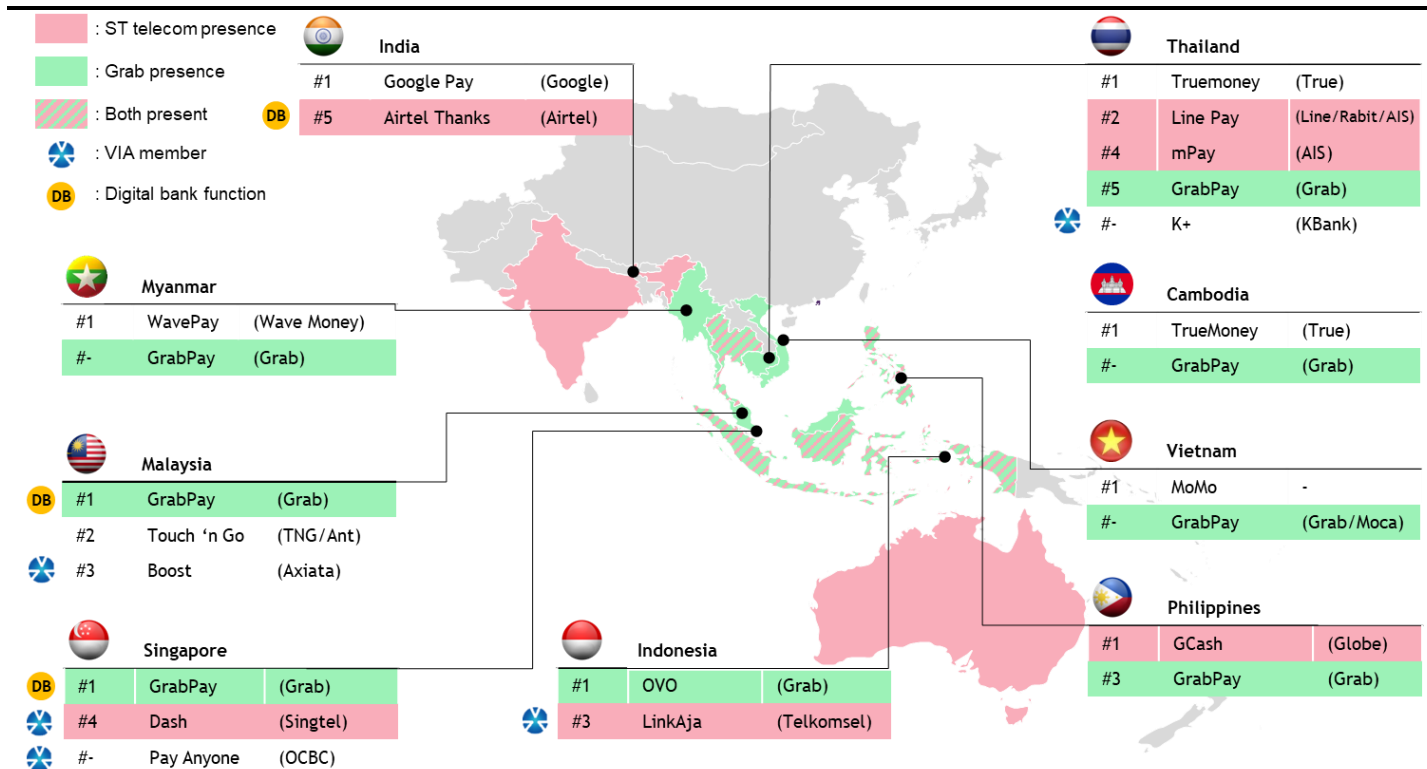
Grab's operational financial services are GrabPay, Grab Insurance, Grab invest and Grab PayLater. GrabPay remains a Grab's core financial services offering. Most of the revenue in this segment currently comes from charging merchants a fee for transactions.

GrabPay is a mobile wallet function embedded inside Grab. It also has a credit card collaboration with Mastercard, called the GrabPay Card, that allows for access to the Mastercard network worldwide. We expect that Grab's buy-now-pay-later (BNPL) services will play an increasingly important role in the future as the digital bank takes shape and tries to serve the underbanked segment. In our experience using the service, we noted that unlike traditional credit cards, Grab did not request any details on income or occupation in the approval process. Instead, it is likely that Grab relies on data it collects on the transaction history and creditworthiness in its interaction with each customer when it approves the credit card/BNPL feature. Total payment volume (TPV), equivalent to the



sum of on-Grab and off-Grab gross merchandise values, rose 37% to USD12.1b in 2021, and we expect a 31% CAGR over 2021-25E to USD36b.

**Fig 41: Singtel and Grab combined could make a pan-Asian financial services champion**

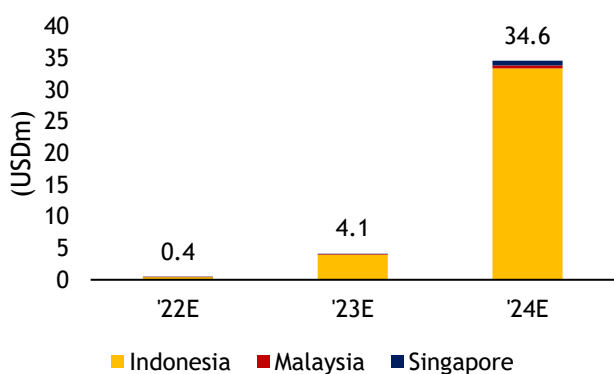


Note: ST = Singtel, digital banking license in Malaysia is still pending, Singtel & Grab have acquired stakes in Bank Fama in Indonesia, which has not been reflect since to intent has not yet been announced; Source: Statista, VIA, Singtel, Maybank IBG Reserch

### Digital banking - an anchor for the financial services businesses.

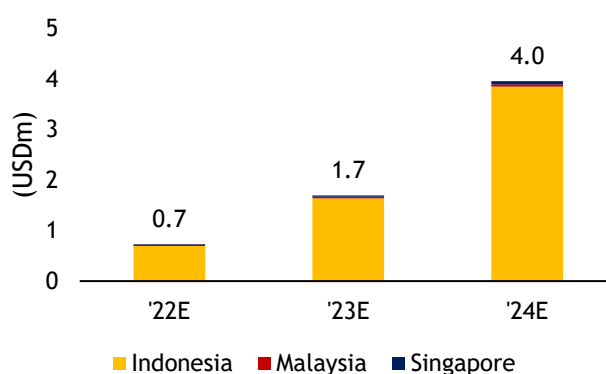
As noted earlier, Grab-Singtel is a digital bank license winner in Singapore, an applicant for one of five licenses in Malaysia and has a strategic stake in a bank in Indonesia. Given the digital payments landscape we have constructed in Fig 41, we think that Grab-Singtel could eventually pursue a digital bank in the Philippines and Thailand although management neither confirmed nor precluded such an idea during its 4Q21 investor call.

**Fig 42: Loan book forecast**



Source: Maybank IBG Research

**Fig 43: Capital base forecast**



Source: Maybank IBG Research



Using the methodology first outline in [Data is King \(January 7, 2020\)](#), [Not so Digiciting \(July 10, 2019\)](#) and [Let's get digital \(December 6, 2020\)](#), we estimated the digital banking opportunity in Singapore, Malaysia and Indonesia, assuming FY22 as the first year of operations (see Appendix 1 - a closer look at the digital banking opportunity), which was the used as an input into valuation estimate. Due to restrictions placed on capital, the growth potential in Singapore and Malaysia is likely to be constrained in the next three to five years. The Indonesian Bank Fama opportunity, given the high required starting capital base of IDR10trn (USD700m), no capital cap restrictions and growth assumptions similar to comparable digital banks in Indonesia and abroad, we believe is likely to be the most promising opportunity.

Overall, we are constructive towards Grab's digital financial services ambitions, including its digital banking ventures. This is in large part because we view that Grab has an advantage over current financial services incumbents in reaching the vast underbanked population in Southeast Asia. Another advantage that we believe Grab has is data from the underbanked population as this segment uses its services, or contributes to the platform as driver- or merchant- partners. Broadly, regulatory support in Southeast Asia seems to be currently favourable toward digital banking in financialising the underbanked. Lastly, as discussed above, Grab is also lowering the entry barriers to investment and other financial products by making these more accessible and user friendly. However, as building the digital finance business requires time and financial investments to scale and obtain returns, it is likely that the business will not be a material contributor to profitability in the near term.

### 5.3 How does Grab stack up vs. GoTo and Sea?

Based on our analysis of existing strengths and weaknesses of Grab vs. GoTo vs. Sea, we see an eventual outcome where Grab, GoTo and Sea eventually 'settle' in their turfs (i.e. in geographies and verticals that they dominate best), and co-exist in Southeast Asia.

**Fig 44: Overview of Grab, Sea and GoTo's offerings**

Player	On-demand services		E-commerce	Gaming
	Ride-hailing	Deliveries		
Grab	Yes	Yes	Yes. Grab is investing in groceries deliveries, and partnering other businesses	No
Sea	No	Yes. I.e. ShopeeFood in VN, MY, ID	Yes	Yes. Cashflow positive
GoTo	Yes	Yes. Via GoJek	Yes. Via Tokopedia	No

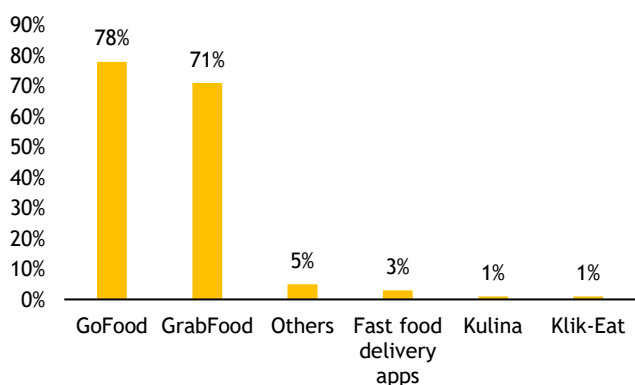
Note: Companies, Maybank IBG Research

For mobility and ride-hailing in most of Southeast Asia (with the exception of Indonesia), we believe Grab has the advantage of gaining dominant share from its hyperlocal approach and top-of-mind position. However, in Indonesia (c.40% of Southeast Asian population), we see Grab's potential challenged by GoTo.

We believe that the enlarged GoTo will bring synergies that intensify competition in Indonesia. We perceive GoTo's ability to combine e-commerce with on-demand mobility and delivery services as highly complementary in order to drive mindshare and 'share-of-lifestyle', which should also provide impetus for GoTo's digital finance ambitions. GoTo, being an Indonesian company, could also resonate stronger with locals on the basis of nationalistic pride. In Indonesia, Euromonitor estimates that

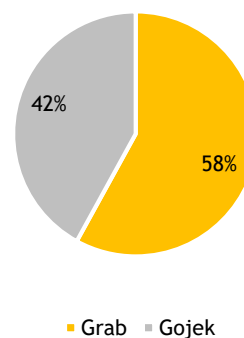
Grab/Gojek’s mobility market share was 54%/45% respectively, while that for deliveries is 49%/43%, respectively. Several other estimations also suggest close competition between the two. According to Rakuten Insight’s survey of 7,515 respondents, as of Aug-21, GoFood was the most used app for food delivery in Indonesia (78%), slightly edging out GrabFood (71%). Meanwhile, according to Statista, Grab had 58% of revenue market share of ride-hailing transportation during Mar-20 to Feb-21, beating GoJek (42%). Outside of Indonesia, we believe the long-term competitive pressures from GoTo towards Grab is less benign, as Tokopedia operates only in Indonesia (which also faces strong competition with regional champion Shopee), while c.80% of Gojek’s pre-Covid monthly average users were largely from Indonesia. We observe that Gojek is aggressively trying to build up its user base outside Indonesia (e.g. promotional campaigns in Singapore for ridehailing) ahead of the GoTo IPO. However, outside of Indonesia, we question whether GoTo will be able to secure the users gained once the promotional campaigns are over, as i) Grab’s offerings and features are generally thought of as superior to Gojek’s outside Indonesia; and ii) public investors are likely to place more pressure on loss-making companies to turn-around than private companies - in turn possibly forcing companies to be more judicious in deploying incentives over time.

**Fig 45: Survey on most used food delivery apps in Indonesia (Aug-21)**



Source: Rakuten Insight, Statista

**Fig 46: Ride-hailing revenue market share in Indonesia (Mar-20 to Feb-21)**







Source: Statista

On the financial services front, Sea will be a rival across multiple markets while GoTo will be a major challenger just in Indonesia. Given both Sea and GoTo’s presence in Indonesia, we believe the competitive dynamics there might be heightened relative to other ASEAN countries.

From the perspective of e-wallets in Indonesia, Statista estimates that OVO (Grab) had 111m users while ShopeePay (Sea) had 45m and Gopay (GoTo) 39m in Indonesia in 2020. A key reason for OVO’s prior success was because it is an open-source platform, for which a sizeable part of payment volume was contributed by Tokopedia. With the merger of Gojek and Tokopedia (GoTo), payment volumes from Tokopedia will be driven towards GoPay and away from OVO and have been so since the announcement of the GoTo merger, according to Grab in the 4Q21 earnings call. This is likely to slow Grab’s GMV growth in the near term, in our view. Meanwhile, GoTo has an 18% strategic stake in Indonesia’s leading digital bank Jago. However, Grab remains optimistic of its longer-term ambitions in Indonesia on the back of its partnerships. For instance, Grab has formed an alliance with Bukalapak, Salim Group, and Emtek Group. We believe this is significant as several synergies can accrue to the alliance. For instance, Bukalapak had 10.4m warungs (mom-and-pop retail kiosks) as at 3Q21, and Indomaret has some 19,000 cash in cash out points across Indonesia. This is important because these serve as touchpoints for consumers in rural Indonesia (43% in 2020) to

convert physical cash to digital in order to transact in the online economy. Beyond this, we do not rule out synergies with Telkomsel (35%-owned by Singtel) that allows Grab to tap into Telkomsel's current user base. For instance, Telkomsel currently has a Telkomsel Grab prepaid internet package at affordable prices that requires the user to sign up from the Grab application.

Fig 47: Grab's Key Indonesia Strategic Alliances

Partner	Business overview	Synergy with Grab
 Emtek	An IT, media and telecoms company founded and run by the Sariaatmadja family. Emtek runs 3 TV channels with 160m viewers and provides banking and retail payment solutions. Has cross-holdings with Grab as part of the strategic alliance. Owns major mobile wallet Dana.	<ul style="list-style-type: none"> <li>• Potential merger of Ovo and Dana is rumoured</li> <li>• Jointly pursue financial services opportunities, using local expertise in payment networks</li> </ul>
 Bukalapak	An IDX-listed Indonesian e-commerce company with 10.4 million MSME partners as of 3Q21, of which the majority are Warungs (small family-owned establishments). Bukalapak is also venturing into digital banking with a 12% stake taken in Allo Bank in Feb 2022. Bukalapak is backed by Emtek with 24% stake.	<ul style="list-style-type: none"> <li>• Jointly pursue digital banking opportunities; Grab has also taken a 2% stake in Allo Bank</li> <li>• Warung network can be used as cash-in-cash-out network</li> <li>• Integration of e-commerce platform into Grab superapp to acquire competitive parity with GoTo</li> </ul>
 Salim Group	One of Indonesia's largest conglomerates run by the Salim family, with major businesses in Philippines through Metro Pacific Investments. Indoritel, its retail business, has a 40% stake in one of Indonesia's largest minimart chains Indomaret, with 18,000 stores as of FY20. Owns CAR Life Insurance.	<ul style="list-style-type: none"> <li>• Jointly pursue digital banking and insurance opportunities; Salim Group has taken a 6% stake in Allo Bank</li> <li>• Grab has partnered Indomaret in Indonesia for its on-demand grocery business, and highlighted the cash-in-cash-out potential of the chain during 4Q21 investor call</li> <li>• Unexplored opportunities for collaboration in Philippines</li> </ul>
 Singtel Telkomsel	Singtel owns a 35% stake in Telkomsel, the leading mobile operator in Indonesia with almost 50% market share (164.7m subs). The other 65% stake is owned by state-owned Telkom Indonesia. Telkomsel has invested a total of USD450m in Grab's principal rival Gojek (GoTo).	<ul style="list-style-type: none"> <li>• Jointly pursue digital banking opportunities; Set up GXS Bank in Singapore, license in application in Malaysia and coinvested a combined 16% stake in Bank Fama Indonesia</li> <li>• Potentially act to constrain Telkomsel from leveraging its market dominating mobile base to advantage GoTo.</li> </ul>

Source: Company Information, News, Maybank IBG Research

Grab is the mobile wallet leader in Malaysia, where it has 15.1m users compared to nearest competitor Touch N Go's 14.3m users, and Singapore, where it has 3m users, compared to nearest competitor Favepay's 2.5m. Grab aims to consolidate its position as a financial services leader with digital banks in these three markets - GXS Bank in Singapore, Bank Fama in Indonesia and a digital license under review in Malaysia. SeaMoney has been aggressively marketing ShopeePay in Singapore and likely also markets where it has ecommerce dominance, with its QAU reaching 45.8m (+90%YoY) in 4Q21 and registering a TPV of USD17.2b for FY21, however, we do not have colour on the geographical breakdown.

Sea intends to further fortify its financial services position with digital banks (SeaBank) and directly compete with Grab in Indonesia and Singapore, with a license under review in Malaysia as well. Grab's digital banking strategy is pursued jointly with Singtel, which is notable since the group has associates in Thailand (AIS), Indonesia (Telkomsel) and the Philippines (Globe), with each telco player owning or having significant control over a leading mobile wallet in their region. Globe's GCash is the leader with 49.4% market share in Philippines, AIS's mPay has 1.2m users in Thailand and the challenger (#2) wallet, Line Rabbit Pay (6.1m users), is a joint venture with Line Corp, while Telkomsel is a major stakeholder in Linkaja (#3) with 40m users, based on Statista's metrics. Given Singtel's strategic partnership with Grab, it is very likely that they will be jointly pursuing financial services opportunities across these markets.

## 6. Financial analysis

### 6.1 P&L

#### GMV/ take rates/ adjusted net sales

We are forecasting Grab to reach near PATMI breakeven by FY25E, and adjusted EBITDA breakeven by FY24E. Our FY25E adjusted EBITDA to GMV margin assumption for Delivery is 3.4%, which we see as relatively in line with Grab’s guidance of 3% in the mid-to-long term. Meanwhile, our FY25E adjusted EBITDA to GMV margin for mobility is 12%, which is also in line with Grab’s medium-term guidance.

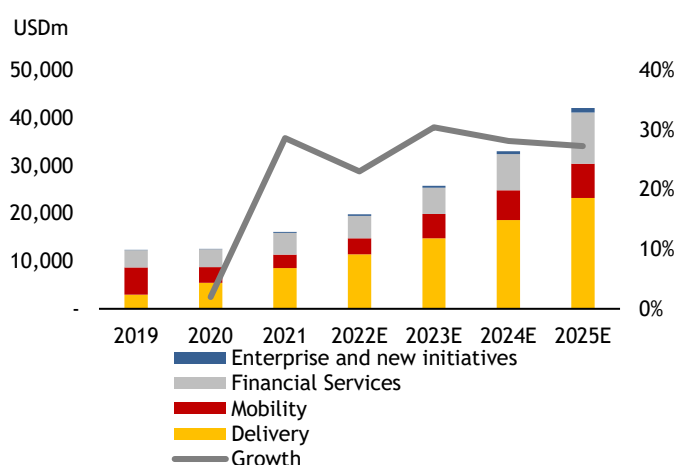
We expect group GMV to see a CAGR of 27.1% to USD42b over 2021-25. Of this, we expect deliveries and mobility GMV to grow at a CAGR of 28.4%/26.7%, respectively, over the same timeframe. For mobility, our assumption is that GMV will reach 2019 levels (i.e. pre-Covid-19) by 2024.

Our GMV assumptions for deliveries and mobility in FY22E is largely within management’s guidance. Downside risk for both deliveries and mobility GMV over 2022-23E is if economies that Grab operates in witness a slowdown in growth but increase in inflation that results in consumers scaling back their use of Grab’s platforms (e.g. cooking at home more frequently and/or reducing food delivery basket sizes, using cheaper modes of transport, or overall - just dialling back on discretionary spending). In contrast, the key upside risk to our mobility GMV assumptions in FY22-24E is if ASEAN countries exit Covid-19 related restrictions faster than expected, and if cross-border tourism recovers faster than expected.

Delivery take rates are expected to range between 17.4-17.6% over 2022-25E (2021: 17.1%), while mobility take rates are expected to be comparable to 2021 levels of 21%.

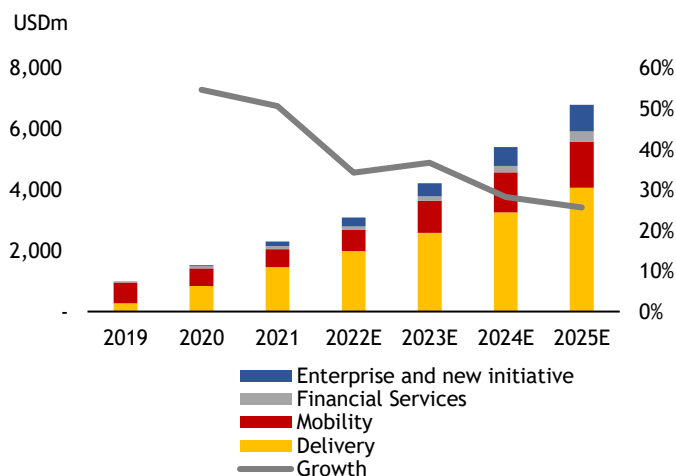
Over 2021-25, we expect adjusted net revenue to see a CAGR of 31.1%, as growth from financial services (CAGR: 33%) and enterprise (CAGR: 56%) outpace growth from deliveries (CAGR: 31%) and mobility (CAGR: 29%).

Fig 48: GMV and growth



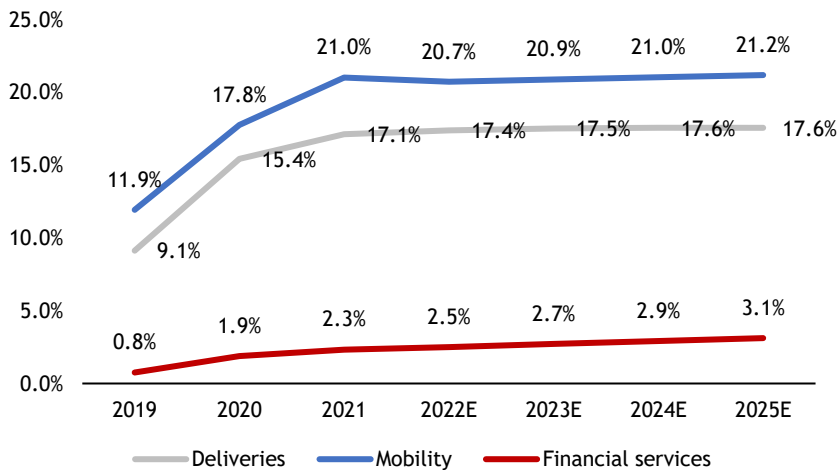
Source: Company, Maybank IBG Research

Fig 49: Adjusted net revenue and growth



Source: Company, Maybank IBG Research

Fig 50: Take rates



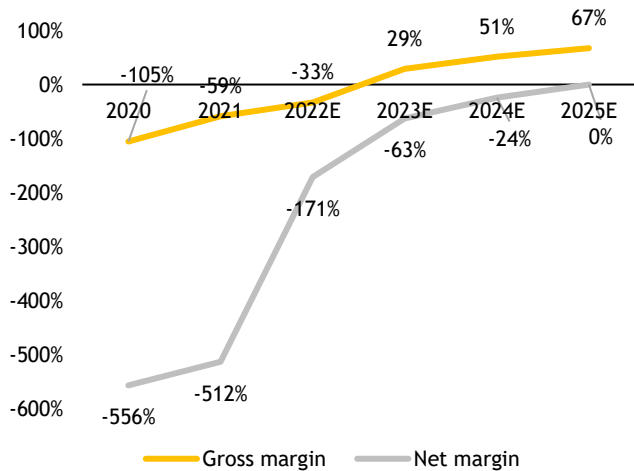
Source: Company, Maybank IBG Research

### Profitability and opex

We are expecting Grab to approach breakeven by 2025. If Grab is able to markedly reduce excess partner and consumer incentives without sacrificing GMV growth, we see the possibility of Grab becoming profitable earlier than 2025.

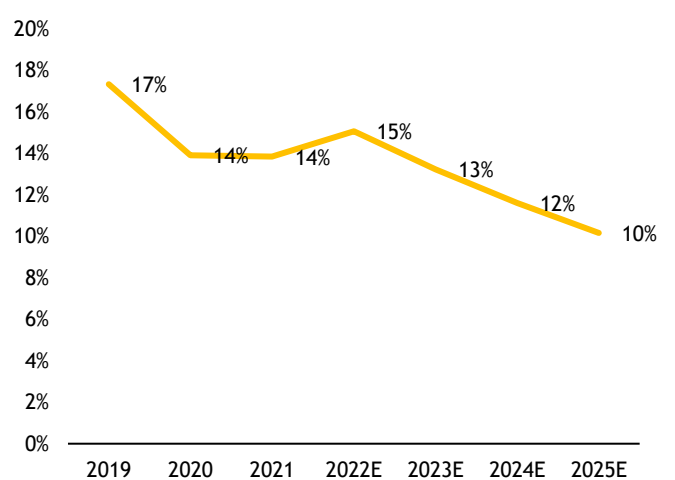
As we are expecting gross margin to expand from -59% in 2021 to 67% by 2025, a key risk to our view is if we have overestimated operating leverage gains. We assume sales & marketing expenses as a % of GMV to go from 1.8% in 2022E (similar levels to 4Q21) to 1.3% in 2025. At the same time, we expect G&A as a % of GMV to go from 3.9% in 2022 (similar to 4Q21) to reach 3.7% in 2025.

Fig 51: Gross and net margin



Source: Company, Maybank IBG Research

Fig 52: Cost of sales + Opex as a % of GMV



Source: Company, Maybank IBG Research

Fig 53: Key assumptions

Assumptions	2019	2020	2021	2022E	2023E	2024E	2025E
<b>GMV - group (USDm)</b>	<b>12,250</b>	<b>12,492</b>	<b>16,061</b>	<b>19,755</b>	<b>25,754</b>	<b>32,987</b>	<b>41,970</b>
<i>Growth</i>		2%	29%	23%	30%	28%	27%
<b>GMV - deliveries (USDm)</b>	<b>2,947</b>	<b>5,468</b>	<b>8,531</b>	<b>11,409</b>	<b>14,765</b>	<b>18,588</b>	<b>23,162</b>
<i>Growth</i>		86%	56%	34%	29%	26%	25%
<b>GMV - mobility (USDm)</b>	<b>5,715</b>	<b>3,232</b>	<b>2,787</b>	<b>3,371</b>	<b>5,058</b>	<b>6,215</b>	<b>7,192</b>
<i>Growth</i>		-43%	-14%	21%	50%	23%	16%
<b>GMV - financial services (USDm)</b>	<b>3,579</b>	<b>3,748</b>	<b>4,590</b>	<b>4,681</b>	<b>5,494</b>	<b>7,550</b>	<b>10,722</b>
<i>Growth</i>		5%	22%	2%	17%	37%	42%
<b>GMV - enterprise and new initiatives (USDm)</b>	<b>9</b>	<b>44</b>	<b>153</b>	<b>294</b>	<b>437</b>	<b>633</b>	<b>894</b>
<i>Growth</i>		389%	248%	92%	49%	45%	41%
<b>TPV - financial services (USDm)</b>	<b>7,773</b>	<b>8,856</b>	<b>12,149</b>	<b>15,354</b>	<b>20,348</b>	<b>26,927</b>	<b>36,001</b>
On-grab TPV (USDm)	4,000	4,900	7,507	10,672	14,854	19,376	25,280
<b>MTU - group (millions)</b>	<b>29.2</b>	<b>24.5</b>	<b>24.1</b>	<b>29.4</b>	<b>35.4</b>	<b>41.3</b>	<b>47.1</b>
<i>Growth</i>		-16%	-2%	22%	20%	17%	14%
<b>Take rate</b>							
Take rate - deliveries	9.1%	15.4%	17.1%	17.4%	17.5%	17.6%	17.6%
Take rate - mobility	11.9%	17.8%	21.0%	20.7%	20.9%	21.0%	21.2%
Take rate - financial services	0.8%	1.9%	2.3%	2.5%	2.7%	2.9%	3.1%
<b>Adjusted net revenue - group (USDm)</b>	<b>987</b>	<b>1,527</b>	<b>2,301</b>	<b>3,089</b>	<b>4,222</b>	<b>5,414</b>	<b>6,804</b>
Adjusted net revenue - deliveries	269	844	1,461	1,985	2,588	3,267	4,069
Adjusted net revenue - mobility	682	574	586	699	1,056	1,307	1,524
Adjusted net revenue - financial services	27	71	107	117	149	220	334
Adjusted net revenue - enterprise	9	38	147	288	429	620	877
<b>S&amp;M as a % of GMV - group</b>	<b>1.9%</b>	<b>1.2%</b>	<b>1.5%</b>	<b>1.8%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>1.3%</b>
<i>Growth</i>		-37%	59%	52%	14%	14%	14%
<b>G&amp;A as a % of GMV - group</b>	<b>2.5%</b>	<b>2.6%</b>	<b>3.4%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.7%</b>	<b>3.7%</b>
<i>Growth</i>		7.2%	67.2%	41.7%	30.4%	21.2%	27.2%

Source: Company, Maybank IBG Research

Fig 54: P&amp;L

P&L	2019	2020	2021E*	2022E	2023E	2024E	2025E
Deliveries	(638)	5	148	423	873	1,315	1,837
Mobility	9	438	456	472	833	1,128	1,402
Financial services	(229)	(10)	27	(5)	26	97	211
Enterprise and new initiatives	13	36	44	153	294	485	742
<b>Total revenues</b>	<b>(845)</b>	<b>469</b>	<b>675</b>	<b>1,043</b>	<b>2,026</b>	<b>3,025</b>	<b>4,191</b>
<b>Cost of revenue</b>	<b>(1,320.0)</b>	<b>(963.0)</b>	<b>(1,070)</b>	<b>(1,388)</b>	<b>(1,435)</b>	<b>(1,468)</b>	<b>(1,372)</b>
<b>Gross profit</b>	<b>(2,165.0)</b>	<b>(494.0)</b>	<b>(395.0)</b>	<b>(344.8)</b>	<b>590.7</b>	<b>1,557.1</b>	<b>2,819.7</b>
Sales and marketing	(238.0)	(151.0)	(240.0)	(363.9)	(413.1)	(468.9)	(532.3)
General and administrative	(304.0)	(326.0)	(545.0)	(772.5)	(1,007.1)	(1,220.5)	(1,552.9)
Research and development	(231.0)	(257.0)	(357.0)	(414.3)	(516.8)	(633.6)	(772.0)
Net impairment losses on financial assets	(56.0)	(63.0)	(19.0)	-	-	-	-
Other expenses	(30.0)	(40.0)	(11.0)	(36.0)	(36.0)	(36.0)	(36.0)
Other income	14.0	33.0	12.0	(24.0)	(24.0)	(24.0)	(24.0)
<b>Operating income/(loss)</b>	<b>(3,010.0)</b>	<b>(1,298.0)</b>	<b>(1,555.0)</b>	<b>(1,955.5)</b>	<b>(1,406.3)</b>	<b>(826.0)</b>	<b>(97.5)</b>
Add: depreciation & amortization	647.0	387.0	345.0	212.5	170.7	190.4	183.5
<b>EBITDA</b>	<b>(2,363.0)</b>	<b>(911.0)</b>	<b>(1,210.0)</b>	<b>(1,742.9)</b>	<b>(1,235.6)</b>	<b>(635.6)</b>	<b>86.0</b>
Interest income	85.0	53.0	65.0	246.5	224.3	194.5	198.0
Interest expense	(1,056.0)	(1,490.0)	(1,701.0)	(104.6)	(118.3)	(127.4)	(135.3)
Share of associates' income/(loss)	-	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)
<b>Income/(loss) before income tax</b>	<b>(3,981.0)</b>	<b>(2,743.0)</b>	<b>(3,552.0)</b>	<b>(1,821.6)</b>	<b>(1,308.3)</b>	<b>(766.9)</b>	<b>(42.8)</b>
Income tax expense	(7.0)	(2.0)	(3.0)	-	-	-	-
<b>Net income/(loss) before minority</b>	<b>(3,988.0)</b>	<b>(2,745.0)</b>	<b>(3,555.0)</b>	<b>(1,821.6)</b>	<b>(1,308.3)</b>	<b>(766.9)</b>	<b>(42.8)</b>
Minority interests	241.0	137.0	97.0	40.0	40.0	40.0	40.0
<b>Net income/(loss) after minority</b>	<b>(3,747.0)</b>	<b>(2,608.0)</b>	<b>(3,458.0)</b>	<b>(1,781.6)</b>	<b>(1,268.3)</b>	<b>(726.9)</b>	<b>(2.8)</b>
Gross margin	nm	-105%	-59%	-33%	29%	51%	67%
EBITDA margin	nm	-194%	-179%	-167%	-61%	-21%	2%
EBIT margin	nm	-277%	-230%	-188%	-69%	-27%	-2%
PBT margin	nm	-585%	-526%	-175%	-65%	-25%	-1%
Net margin	nm	-556%	-512%	-171%	-63%	-24%	0%
Adjusted EBITDA	(2,237.0)	(780.0)	(842.0)	(1,244.0)	(663.6)	7.0	802.4
AEBITDA deliveries	(809.0)	(211.0)	(130.0)	(220.3)	28.1	340.0	793.9
AEBITDA mobility	(194.0)	307.0	345.0	347.9	554.1	720.7	865.5
AEBITDA financial services	(548.0)	(331.0)	(349.0)	(358.0)	(298.0)	(214.2)	20.1
AEBITDA enterprise and new initiatives	(3.0)	9.0	9.0	32.6	57.1	94.9	151.7
Regional corporate costs	(683.0)	(554.0)	(1,045.3)	(1,046.2)	(1,004.9)	(934.5)	(1,028.8)

\*Reflects our post-merger estimates

Source: Company, Maybank IBG Research

Fig 55: MIBG vs consensus

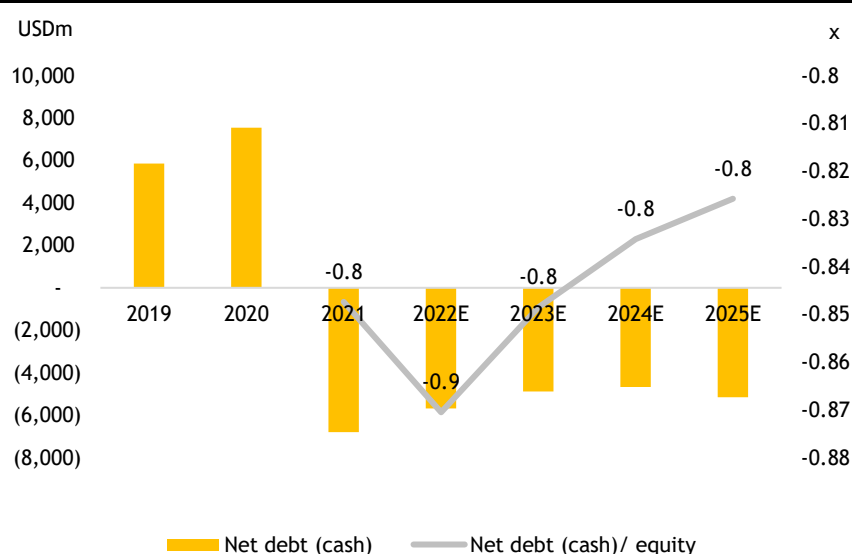
	2022E			2023E			2024E		
	MIBG	Csus	%	MIBG	Csus	%	MIBG	Csus	%
GMV (USDm)	19,755	21,321	-7.3%	25,754	29,537	-12.8%	32,987	31,537	4.6%
Sales (USDm)	1,043	1,483	-29.7%	2,026	2,642	-23.3%	3,025	3,415	-11.4%
Net profit (USDm)	(1,782)	(1,701)	4.7%	(1,268)	(1,262)	0.5%	(726.9)	(369)	97.2%

Source: Maybank IBG Research, FactSet (for GMV), Bloomberg (for sales and net profit)

## 6.2 Balance sheet and cash flow

Over FY22-25E, we expect Grab to remain in a net cash position. If Grab is able to contain losses within our expectation, and in the absence of a large acquisition, we believe the risk of further equity fundraising is not high. The key risk to this view is if we have underestimated investments that Grab has to incur, for instance, in digital finance. As we expect Grab to be unprofitable through our forecast horizon, we are not forecasting dividend pay-outs.

Fig 56: Net debt and net debt to equity



Source: Company, Maybank IBG Research

Fig 57: Balance sheet

Balance sheet	2019	2020	2021E*	2022E	2023E	2024E	2025E
Cash and cash equivalents	1,372	2,004	4,842	3,600	2,793	2,569	3,052
Restricted cash	139	169	2,298	2,298	2,298	2,298	2,298
Short-term investments	1,243	1,298	1,830	1,830	1,830	1,830	1,830
Inventories	5	3	1	1	1	1	1
Trade receivables	69	84	184	51	99	148	205
Other receivables	312	197	442	442	442	442	442
<b>Total current assets</b>	<b>3,140</b>	<b>3,755</b>	<b>9,597</b>	<b>8,223</b>	<b>7,463</b>	<b>7,289</b>	<b>7,829</b>
Property, plant and equipment	534	384	298	247	235	243	313
Intangible assets	1,180	913	697	749	751	758	768
Investment in associates and joint ventures	33	9	9	9	9	9	9
Deferred tax assets	-	-	-	-	-	-	-
Long-term investments	132	377	573	573	573	573	573
Other receivables	5	4	4	4	4	4	4
<b>Total noncurrent assets</b>	<b>1,884</b>	<b>1,687</b>	<b>1,581</b>	<b>1,582</b>	<b>1,572</b>	<b>1,587</b>	<b>1,666</b>
<b>Total assets</b>	<b>5,024</b>	<b>5,442</b>	<b>11,178</b>	<b>9,804</b>	<b>9,034.9</b>	<b>8,876</b>	<b>9,495</b>
Trade and other payables	619	661	946	1,193	1,204	1,211	1,189
Borrowings	161	140	46	40	38	38	38
Provisions	3	35	34	34	34	34	34
<b>Total current liabilities</b>	<b>783</b>	<b>836</b>	<b>1,026</b>	<b>1,266</b>	<b>1,276</b>	<b>1,283</b>	<b>1,261</b>
Convertible preference shares	8,256	10,767	-	-	-	-	-
Borrowings	184	111	2,129	2,008	1,970	1,932	1,903
Provisions	3	3	1	1	1	1	1
Other payables	16	18	2	2	2	2	2
Deferred tax liabilities	6	1	1	1	1	1	1
<b>Total noncurrent liabilities</b>	<b>8,465</b>	<b>10,900</b>	<b>2,133</b>	<b>2,012</b>	<b>1,974</b>	<b>1,936</b>	<b>1,907</b>
<b>TOTAL LIABILITIES</b>	<b>9,248</b>	<b>11,736</b>	<b>3,159</b>	<b>3,278</b>	<b>3,249</b>	<b>3,219</b>	<b>3,168</b>
Share capital	79	140	17,051	18,026	18,594	19,233	19,945
Non-controlling interests	67	105	126	86	46	6	(34)
Reserves	(4,370)	(6,539)	(9,158)	(11,587)	(12,855)	(13,582)	(13,585)
<b>Total equity</b>	<b>(4,224)</b>	<b>(6,294)</b>	<b>8,019</b>	<b>6,526</b>	<b>5,785</b>	<b>5,657</b>	<b>6,327</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,024</b>	<b>5,442</b>	<b>11,178</b>	<b>9,804</b>	<b>9,034.9</b>	<b>8,876</b>	<b>9,495</b>

\*Reflects our post-merger estimates as full FY21 balance sheet is not yet announced

Source: Company, Maybank IBG Research



Fig 58: Cashflow statement

Cash flow statement	2019	2020	2021	2022E	2023E	2024E	2025E
Profit/(loss) before taxation	(3,981.0)	(2,743.0)	(3,552.0)	(1,821.6)	(1,308.3)	(766.9)	(42.8)
Adjustments:							
Amortization of intangibles	538.0	261.0	204.4	66.8	34.9	40.6	50.9
Depreciation of PPE	109.0	126.0	140.6	145.8	135.7	149.8	132.5
Others	1,122.0	1,645.0	2,460.1	361.1	470.0	579.5	657.7
Operating cash flow before changes in WC	(2,212.0)	(711.0)	(746.9)	(1,248.0)	(667.6)	3.0	798.4
Changes in WC	108.0	75.0	(40.6)	380.0	(37.4)	(41.6)	(78.9)
Income tax paid	(8.0)	(7.0)	(10.0)	-	-	-	-
<b>Cash flow from operations</b>	<b>(2,112.0)</b>	<b>(643.0)</b>	<b>(797.5)</b>	<b>(868.0)</b>	<b>(705.0)</b>	<b>(38.6)</b>	<b>719.5</b>
Purchase of PPE, net	(92.0)	41.0	(44.0)	(94.9)	(123.7)	(158.4)	(201.6)
Purchase of intangibles, net	(42.0)	(18.0)	(14.3)	(28.5)	(37.1)	(47.5)	(60.5)
Purchase of investments, net	579.0	(359.0)	(2,640.2)	(470.3)	0.0	0.0	0.0
Acquisition of businesses, net of cash	(32.0)	(3.0)	(1.0)	-	-	-	-
Interest received	79.0	51.0	18.0	246.5	224.3	194.5	198.0
Others	(99.0)	(30.0)	(94.0)	-	-	-	-
<b>Cash flow from investing</b>	<b>393.0</b>	<b>(318.0)</b>	<b>(2,775.5)</b>	<b>(347.1)</b>	<b>63.5</b>	<b>(11.5)</b>	<b>(64.1)</b>
Proceeds and adjustments from SPAC transaction			4,317.6	-	-	-	-
Proceeds from exercise of share options	6.0	5.0	44.0	-	-	-	-
Proceeds from bank loans	-	8.0	1,944.0	-	-	-	-
Repayment of bank loans	(69.0)	(106.0)	(113.6)	(42.6)	(36.1)	(34.5)	(25.3)
Payment of lease liabilities	(28.0)	(30.0)	(13.8)	(3.6)	(3.6)	(3.6)	(3.6)
Proceeds from issuance of convertible redeemable preference shares	1,938.0	1,389.0	262.0	-	-	-	-
Interest paid	(20.0)	(17.0)	(91.2)	(104.6)	(118.3)	(127.4)	(135.3)
Others	124.0	329.0	217.0	-	-	-	-
<b>Cash flow from financing</b>	<b>1,951.0</b>	<b>1,578.0</b>	<b>6,566.0</b>	<b>(150.8)</b>	<b>(158.0)</b>	<b>(165.4)</b>	<b>(164.1)</b>
Effect of FX rate changes	12.0	15.0	(31.0)	-	(8.0)	(8.0)	(8.0)
<b>Net increase (decrease) in cash, CE and restricted cash</b>	<b>232.0</b>	<b>617.0</b>	<b>2,993.0</b>	<b>(1,365.9)</b>	<b>(799.5)</b>	<b>(215.5)</b>	<b>491.2</b>
Balance, beginning	1,128.0	1,372.0	2,004.0	4,966.0	3,600.1	2,792.5	2,569.1
<b>Balance, ending</b>	<b>1,372.0</b>	<b>2,004.0</b>	<b>4,966.0</b>	<b>3,600.1</b>	<b>2,792.5</b>	<b>2,569.1</b>	<b>3,052.3</b>
Free cash flow	(2,278.0)	(623.0)	(1,545.3)	(991.3)	(865.9)	(244.6)	457.4

\*Reflects our post-merger estimates as full FY21 balance sheet is not yet announced

Source: Company, Maybank IBG Research

## 7. Valuation

We use an SOTP methodology to value Grab. We apply 2.3x FY23E EV/ sales for the delivery business, in line with global peers, due to regional category leadership. For the mobility business, we append 2.2x FY23E EV/ sales, in line with Uber (2.2x) and Lyft (2.4x). We value the financial services business using 0.1x FY23 EV/GMV. This is in line with global peers, but a discount to fast growing peers like PayPal and Square to account for early-stage risk. We value the digital banking opportunity at 1x FY22E P/B. This is in line with Bank Neo Commerce, and we think this is rational given both share similar operating environments (i.e. Bank Neo Commerce is based in Indonesia).

Fig 59: SOTP

Business	Methodology	Multiple (x)	Metric	Value of metric (USDm)	Value of business (USDm)	Note
Delivery	EV/S	2.3	FY23E Revenue	3,612	8,128	In line with global peers given regional scale. For Grab, the metric is calculated using FY23E bookings less consumer incentives to be 'like-for-like' with peers
Mobility	EV/S	2.2	FY23E Revenue	833	1,832	Average to global peers given regional scale.
Financial Services	EV/GMV	0.1	FY23E GMV	5,494	549	In line with global peers. However, faster growing peers like PayPal and Square are trading at 0.2x and 0.3x respectively.
Digital banking	P/B	1.0	FY22 BV	134	134	Low of range on par with Bank Neo Commerce to discount for early stage risk of digital banking opportunities and due to identical operating environment.
				FY22E enterprise value (USDm)	10,643	
				FY22E net cash (USDm)	5,681	Incl. short term investments
				Equity value (USDm)	16,324	
				Number of shares (m)	3,777	
				Value per share (USD)	4.32	

Source: Maybank IBG Research

Fig 60: Peer comps

Company	FS	MKE	MKE TP	Price	Mcap	EV/S (x)		EV/GMV* (x)	
	Code	Rec	(LC)	(LC)	USDm	FY1	FY2	FY1	FY2
<b><u>Delivery</u></b>									
Meituan	3690-HK	NR	-	135.00	94,146	2.6	1.9	0.5	0.4
DoorDash	DASH-US	NR	-	105.29	33,394	5.3	4.3	0.6	0.5
Delivery Hero	DHER-DE	NR	-	37.24	10,267	1.1	0.8	0.2	0.2
HelloFresh	HFG-DE	NR	-	39.70	7,585	0.8	0.8	0.9	0.8
Just Eat Takeaway	TKWY-NL	NR	-	30.68	7,243	1.3	1.1	0.4	0.4
Deliveroo	ROO-GB	NR	-	1.14	2,810	0.3	0.3	0.1	0.1
<b>Market weighted average</b>						<b>2.9</b>	<b>2.3</b>	<b>0.5</b>	<b>0.4</b>
<b><u>Mobility</u></b>									
Uber	UBER-US	NR	-	34.06	66,569	2.7	2.2	0.6	0.5
Didi Chuxing	DIDI-US	NR	-	3.27	14,237	0.5	0.3	nm	nm
Lyft	LYFT-US	NR	-	37.51	12,752	3.1	2.4	nm	nm
<b>Market weighted average</b>						<b>2.7</b>	<b>2.2</b>	<b>0.6</b>	<b>0.5</b>
<b><u>Financial services</u></b>									
Visa	V-US	NR	-	218.43	362,905	12.5	11.0	0.02	0.02
Mastercard	MA-US	NR	-	349.0	338,455.0	15.4	13.1	0.1	0.0
PayPal	PYPL-US	NR	-	113.76	132,531	4.6	3.9	0.09	0.08
Square	SQ-US	NR	-	130.33	67,558	3.6	2.9	0.31	0.25
<b>Market weighted average</b>						<b>8.5</b>	<b>7.4</b>	<b>0.1</b>	<b>0.1</b>

\*Refers to EV/TPV for financial services

Source: FactSet, Bloomberg

## 8. Risks

### 8.1 Competition

Grab faces intense competition in the businesses that it participates in. In mobility and delivery, Grab competes driver- and merchant- partners, as well as for consumers. Grab acknowledges that the entry barriers for its segments and markets are low. Consumers may favour platforms with lowest cost or highest convenience. Meanwhile, driver- and merchant-partners may opt for platforms that provide them the opportunities for earnings.

In deliveries (incl. meals, groceries and last mile), regional competitors are Foodpanda and Gojek (primarily in Indonesia), and single market players are Deliveroo and Lalamove in Singapore, Now, Baemin and AhaMove in Vietnam, and Line Man Wongnai and Robinhood in Thailand. Some restaurants also have their own delivery services. In mobility, Grab faces competition from Gojek in Indonesia and certain countries in Southeast Asia, licensed taxi operators (e.g. ComfortDelGro in Singapore), as well as single-market ride-hailing app providers (e.g. Tada in Singapore, MyCar in Malaysia, and so on). Competitors in digital finance include ShopeePay (owned by Sea), GoPay (owned by GoJek), and single market players like Dana (Indonesia) and Touch 'n Go (Malaysia).

As the competitive landscape is intense, if Grab fails to keep consumers satisfied in the segments it competes in, it could cede share to competitors.

The non-compete agreement with Uber expires on 25 Mar'23, or one year after Uber disposes of all of its stake in Grab. Meanwhile, the non-compete agreement with Didi Chuxing expired upon the merger with Altimeter Growth Corp. The competitive landscape could be more intense if these players choose to enter Grab's markets.

### 8.2 Ability to reduce net loss and achieve profitability

Grab has paid large amounts of incentives to attract new driver and merchant partners and consumers to use its services. At times in the past, and possibly in the future, incentives have exceeded Grab's commissions and fees, resulting in negative revenue. Hence, Grab's ability to increase revenue and decrease net losses is significantly dependent on its ability to reduce incentives paid to driver and merchant partners, as well as to consumers.

As incentives have been used to encourage the use of Grab's platform, a reduction of incentives may result in decreased growth of users and/ or driver- and merchant partners - which may in turn also negatively impact revenue and earnings dynamics.

### 8.3 Funding and dilution risk

Issuances of equity or convertible debt may cause significant dilution to shareholders. If Grab, while lossmaking, runs into operational difficulties that result in difficulty raising capital, this may affect Grab's competitiveness or even its viability as a going concern.

### 8.4 Grab's financial services business may not be successful

The intersection of finance and digital services is a relatively recent phenomenon and comes with an abundance of uncertainty. Regulations is one such area. Regulators in certain markets, such as Singapore and

Malaysia have been reviewing buy now, pay later offerings to limit consumer overspending. As Grab grows and/or evolves its financial services offerings, it will be exposed to regulatory risk as well. Incumbents, be it existing banks or other financial services providers, may have greater experience, better access to capital or lower cost of capital than Grab. There are also new entrants in this space, such as Sea (awarded Singapore's digital full bank license) and Ant Group and a consortium led by Greenland Financial Holdings selected for the award of digital wholesale bank licenses.

## 8.5 Risk of reclassification of driver-partners as employees, or requirements for additional pension contributions

Grab believes that its driver-partners are independent contractors based on current frameworks, because they i) have the flexibility on when, where and what manner to provide services on the platform; ii) are able to provide services on its competitors' platforms; iii) have agreed with Grab's terms that their relationship does not constitute an employment relationship and iv) pay a commission for using the Grab platform, among other factors.

If there are changes in laws or regulations requiring Grab to classify driver-partners as employees, Grab would have to incur significant additional expenses. While Grab's view to the independent contractor status of driver partner status has generally been upheld in relevant jurisdictions, Grab continues to face challenges from driver-partners alleging employee status. Moreover, factors that could influence the discourse of the classification of driver-partners can be influenced by factors such as change in public opinion and political conditions.

In Singapore, one of Grab's key markets, the government is considering mandatory pension (i.e. CPF) contributions from private-hire and food delivery companies for gig workers to ensure the latter's retirement and housing needs. A recent survey by Singapore's Institute of Policy Studies also found that 84% of platform workers (referring to self-employed gig workers that partner with private hire and food delivery platforms like Grab's) worry about not having enough retirement savings. For now, platform workers contribute up to 10.5% of their earnings to their CPF Medisave accounts for healthcare needs.

If this is pushed through, this could result in rising business cost for Grab and delay path to profitability. Grab could also pass most of these costs to consumers. However, this could result in slower growth momentum as this could curtail new user growth or reduce frequency of use among price elastic customers.

## 8.6 Macro related risks

We believe rising inflation, a slowing economic environment, or even geopolitical tensions may slow Grab's growth and delay its path to profitability. For starters, inflation may lift prices of prepared meals as well as delivery costs. This may price Grab's offerings out of reach for price sensitive consumers, or at least reduce their frequency of use. Under a broad inflationary scenario, the cost of fulfilling Grab's services should rise alongside higher fuel costs. Driver-partners may also require higher incentives to make a viable living. An economic recession could also see users switch to more affordable alternatives, e.g. more home-cooked meals, and/or use of public transport.

## 9. Appendix 1 - a closer look at the digital banking opportunity

### Digital Banking in Singapore

Singapore is one of the most affluent countries in the world with a GDP per capita at PPP of USD98,483 (2020) with over 50 deposit-taking institutions and close to 100% banking penetration rate, of which the three leading banks, DBS, UOB and OCBC take the lion's 73% share of the depositary base based on 4Q21 data from MAS and the respective banks. However, 40% of the population remains underbanked due to ample higher yielding and less risky customer segments for leading banks to serve, which opens up the field for digital banks to serve through their lower cost digital business model and access to customer data that theoretically should allow them to lower risks of lending, thereby managing NPL.

In Singapore, Grab is one of four digital bank licensees and one of two Digital Full Bank (DFB) licensees that will eventually be allowed to take deposits from consumers, the other being Sea Group. As aforementioned, the bank is revealed to be called 'GXS Bank'. Digital Wholesale Banks (DWB) will not be touched upon in our discussion as they are not allowed to take deposits from retail customers. We refer to [Data is King \(January 7, 2020\)](#), [Not so Digiciting \(July 10, 2019\)](#) and [Let's get digital \(December 6, 2020\)](#) for deeper discussion about the digital bank landscape.

**Fig 61: Profiles of the digital bank licence winners in Singapore**

	Company	Company Business	Type of Licence	Consortium	Stake in Consortium
1	Grab Singtel	Technology Telecoms	Digital Full Bank Licence	Yes	60% 40%
2	Sea Limited	Entertainment, E- Commerce, Financial Payment	Digital Full Bank Licence	No	NA
3	Ant Group	Financial Technology	Digital Wholesale Bank Licence	No	NA
4	Greenland Financial Holdings Linklogis Beijing Co-operative Equity Investment Fund Management	Real estate developer (parent) Financial services Private equity	Digital Wholesale Bank Licence	Yes	NA

Source: MAS, Various sources

GXS Bank under the DFB licensing regime is subject to these notable constraints, some of which will be lifted when the bank hits paid-up capital of SGD1.5b:

- **Digital focus:** Allowed to operate only one physical 'place of business', with no access to ATMs or Cash Deposit Machines (CDMs), although cashback services through EFTPOS terminals (e.g. NETS network) at retail merchants are allowed.
- **Capital and liquidity constraints:** Subject to slightly higher risk-based capital requirement as a 'Domestic- Systematically Important Bank' (D-SIB) at 6.5% CET CAR, 10% total CAR, 2.5% capital conservation buffer and up to 2.5% countercyclical capital buffer.
- **Entry phase (estimated 1 to 2 years):** Subject to a minimum paid-up capital of SGD15m, an aggregate deposit cap of SGD50m and deposit per individual of SGD75k. It is not allowed to solicit deposits from the public, only shareholders, employees, related entities and existing customers (i.e. of Grab/Singtel). Whole deposits can be excluded from the aggregate deposit cap if it has a minimum paid up capital of SGD100m. Only simple capital market products are allowed to be

offered to individuals, if any. Unsecured lending facilities to individuals will not be allowed beyond two times the borrower's monthly income.

- **Progression phase:** Allowed to solicit deposits from the public, with a deposit cap of SGD75k per customer. Aggregate deposit cap will increase along with paid-in capital by a factor of x4.
- **Fully functioning (within 3 to 5 years):** GXS should meet the minimum paid-up capital requirement of SGD1.5b within 3-5 years, at which all deposit caps are removed.

We reproduce our synthetic virtual bank from [Not so Digitizing \(July 10, 2019\)](#) as an estimate on the size of the opportunity assuming the minimum equity injection of SGD15m at the outset.

**Fig 62: Singapore Synthetic virtual bank - DFB**

	2022E	2023E	2024E	CAGR	Notes
Total Assets SGDm	18	159	1,243	731%	
Loans SGDm	9	95	994	951.0%	
Loans as a % of total assets	50.0%	60.0%	80.0%		Significant holdings of cash as seen by UK examples at the start. Assume these will reach SG QFB levels gradually
Deposits SGDm	50	119	1,243	398.5%	
Loan to deposit ratio (%)	18.0%	80.0%	80.0%		Starting point in-line with Atom and Monzo. Thereafter, assuming it will reach levels seen in other SG QFBs, given MAS oversight
Equity SGDm	15	35	83	135.0%	Assumed at 135% 3-year CAGR: the growth rate seen by Atom and Monzo in the first 3-years of operations
Gearing (Assets-to-Equity)	1.2	4.5	15		Based on gearing levels seen at Atom and Monzo

Source: Maybank IBG Research

## Digital Banking in Malaysia

Malaysia is a middle-income country with a GDP per capita at PPP of USD27,913 (2020) with a population of 32.4m with 26 commercial banks and 17 Islamic banks operating in the country.

The application period for a digital banking license closed in June 2021 and attracted 29 applicants for the five licenses up for grabs. Notably, Sea has applied for a digital banking license as well, and we think that it is likely that it will be one of the winners of bid.



Fig 63: Applicants for Malaysia's digital banking license

	Company	Company Business	Consortium	Stake in Consortium
1	Grab Singtel	Technology Telecoms	Yes	NA
2	Boost (Axiata) RHB	Telecoms Banking	Yes	60% 40%
3	Sea YTL	Technology Conglomerate	No	NA
4	AirAsia SK Group	Airline Conglomerate	Yes	NA
5	AEON Credit AEON Financial Service	Credit card Credit card	No	NA
6	iFast	Fintech - investments	Yes	40%
7	Sunway Bangkok Bank Linklogis	Conglomerate Banking Financial services	Yes	NA
8	PUC Sabah Pahang	Technology State government State government	Yes	NA
9	Johor	State government	No	NA

Source: RHB, Singapore Business Review, Global Business Outlook, Bank Negara Malaysia, various

The digital bank under the Malaysian licensing regime is subject to these notable constraints, some of which will be lifted on application after three to five years:

- **Digital focus:** Physical offices allowed for administrative purposes, but branches are not allowed. Allowed to participate in the Shared ATM networks or to use other bank's machines.
- **Capital and liquidity constraints:** Maintain minimum total CAR of 8%, maintain high-quality liquidity asset above 25% of total on-balance sheet liabilities.
- **Foundational phase:** Maintain a minimum capital of RM100m, total assets limited to RM3b.
- **End of foundational phase (3 to 5 years):** Must achieve capital of RM300m unimpaired by losses by 5 years. If application is successful, minimum capital and asset constraints are lifted.

We apply our synthetic virtual bank methodology as an estimate of the size of the opportunity assuming the minimum equity injection of MYR100m at the outset.

Fig 64: Malaysia Synthetic virtual bank

	2022E	2023E	2024E	CAGR	Notes
Total Assets MYRm	120	636	3,000	400%	
Loans MYRm	60	356	1,859	456.6%	
Loans as a % of total assets	50.0%	56.0%	62.0%		Significant holdings of cash as seen by UK examples at the start. Assume these will reach MY industry levels gradually
Deposits MYRm	333	412	2,152	154.1%	
Loan to deposit ratio (%)	18.0%	86.4%	86.4%		Starting point in-line with Atom and Monzo. Thereafter, assuming it will reach levels seen in other MY banks
Equity MYRm	100	141	200	41.4%	Adjusted to grow gradually to hit MYR3b total asset cap
Gearing (Assets-to-Equity)	1.2	4.5	15		Based on gearing levels seen at Atom and Monzo

Source: Maybank IBG Research

## Digital Banking in Indonesia

Indonesia is the fourth most populous country in the world with 274m people and is considered to be approaching middle income status with a GDP per capita at PPP of USD12,070. It is a vast archipelago of 1,904,569 sq km, longer than the US is wide. Given the geographical challenge, the underbanked and unbanked population is large. As of 3Q21, it was reported by Bank Indonesia that there were only 18 office banks and 50 ATMs per 100,000 adults, making digital modes of transaction the most appealing. The banking system is highly fragmented with 107 commercial banks and 1,481 rural banks as of 3Q21. The largest banks by total assets are Bank Mandiri, BRI, BCA, BNI, BTN and CIMB Niaga.

Although Indonesia's first digital bank, Bank Jago, was created following a change in management of the former Bank Artos Indonesia in 2019, it was only in October 2021 that the regulatory framework was effective. There are currently more than a dozen digital banks licensed in progress with licensing by the Indonesia Financial Services Authority (OJK), most of which are regional or domestic traditional banks.

In general, the regulations favour acquisition of a local bank for conversion into a digital bank ever since foreign ownership caps were lifted from 40% to 99%.

**Fig 65: Profiles of the known licensed and operational digital banks in Indonesia**

	Company	Sponsor(s)	Sponsor industry	Notable affiliates*
1	Jenius	BTPN	Banking	-
2	Jago	NA	Founders	Gojek, Bibit
3	Neobank	Bank Neo Commerce	Banking	Akulaku, Crowdo, Modat, Rakyat, Restock.id
4	SeaBank	Sea Group, Bank BKE	Technology	-
6	Line Bank	KEB Hana Bank (69%), Line (20%)	Banking Technology	-
7	Blu	BCA	Banking	Blibli
8	Motion Banking	MNC Bank	Banking	-
9	Bank Aladin	John Kusuma	Founder	-
10	Wokee+	Bank Bukopin	Banking	-
11	Livin'	Bank Mandiri	Banking	-
12	Digibank	DBS	Banking	-
13	TMRW	UOB	Banking	-
14	Nyala	OCBC	Banking	-
15	Bank Aladin Syariah	Aladin Global Ventures	VC	-

Note: Affiliates refers to notable shareholders or strategic allies; Source: KrAsia, Various sources, Maybank IBG Research

Most of the earlier entrants were sponsored by established banks in Indonesia. Most notable in the list, however, are the superapp rivals. SeaBank has set up in Indonesia, LineBank in Indonesia was set up in partnership with Hana Bank, while Gojek has a strategic alliance and a 22% stake in Jago. Gojek has begun allowing cross-compatibility and cross-selling with Jago.

The digital bank under the OJK licensing regime in POJK 13/2021 is subject to these notable constraints:

- **Lower bar for digital focus:** No limit on branches. A converted BHI (acronym for Indonesian Legal Entity Bank) is still allowed to maintain existing physical branches.
- **Establishment:** As a new establishment or transformation from a BHI Bank (Indonesian legal entity).

- **Capital constraints:** Maintain a minimum paid-up capital of IDR10trn (USD700m), of which 30% (digital bank) or 40% (conventional bank) of that amount must be deposited before application of license.

Late compared to its rivals Sea and Gojek, Singtel and Grab took a 16.3% stake each (32.6% combined), worth IDR500b (USD35m), in Bank Fama in Jan 2022, which was just after media conglomerate Emtek acquired a 93% controlling stake in Bank Fama reported in Nov 2021. As aforementioned,

We apply our synthetic virtual bank methodology as an estimate on the size of the opportunity assuming the minimum equity injection of IDR10trn at the outset. Since Bank Fama reportedly has a net asset value of just IDR1.04trn (USD73m) as of 1H21, Singtel-Grab will need to shore up the equity to hit the IDR10trn threshold. It is to note that our loan book growth profile is considered reasonable when compared to Indonesian peers given that Bank Jago's loan book stands at IDR5.4b, having launched its digital banking platform in April 2021.

**Fig 66: Indonesia Synthetic virtual bank**

	2022E	2023E	2024E	CAGR	Notes
Total Assets IDRtrn	12	106	828	731%	
Loans IDRtrn	6	57	480	794.4%	
Loans as a % of total assets	50.0%	54.0%	57.9%		Significant holdings of cash as seen by UK examples at the start. Assume these will reach ID Industry levels gradually
Deposits IDRtrn	33	72	607	326.6%	
Loan to deposit ratio (%)	18.0%	79.1%	79.1%		Starting point in-line with Atom and Monzo. Thereafter, assuming it will reach levels seen in other ID Banks
Equity IDRtrn	10	24	55	135.0%	Assumed at 135% 3-year CAGR: the growth rate seen by Atom and Monzo in the first 3-years of operations
Gearing (Assets-to-Equity)	1.2	4.5	15		Based on gearing levels seen at Atom and Monzo

Source: Maybank IBG Research

## 10. Appendix 2 - Scenario and sensitivity analysis

### Worst case scenario: Impact of Russia-Ukraine war

Fig 67 shows our expected worst-case scenarios on inflationary impact of food and fuel prices as a result of the Russia-Ukraine war towards Grab's mobility and deliveries segments. The metrics that we used as a proxy for our sensitivity study are NYMEX WTI USD/bbl and wheat cents/bushel for fuel and food prices respectively. We also assume full pass through to the business. Our scenario analysis is done based on the most aggressive upward price forecast revision from Bloomberg (CPFC function) from 24 Jan 2022 before the crisis to 9 March 2022 thereafter.

We assume unitary price elasticity of demand for both delivery and mobility services. We also assume the maintenance of consumer incentives on an absolute dollar basis, which is recorded net of adjusted revenue, on the rationale that increase in prices will impact the number of transactions through the average transaction frequency per user, rather than the number of users.

According to Grab, a 20% increase in fuel prices should result in a 2-8% increase in ride fares to consumers. By our calculations, food and fuel inputs comprise of the low teens and low single digit percentages of delivery transaction values, while fuel inputs make up high single digits to low-teens of mobility transaction fares. Due to consumer incentives being netted off after adjusted net revenue but before revenue, the estimate impact to the revenue line is greater than the impact of GMV. Due to the low revenue base of the base case, the impact to the Delivery is higher on a percentage basis.

Key limitations of our methodology:

- The usage of wheat prices as the index of food prices is aggressive given that rice is the staple consumed in ASEAN and does not account for domestic production of food in the region.
- The assumption that consumer incentives are maintained on an absolute dollar basis may not be realistic as Grab is likely to adjust this figure downwards as a percentage of GMV
- The goods and services that Grab provides may not necessarily have a unitarity elasticity of demand across all categories. It is likely that Grab's mobility services may be more inelastic due to lack of public transport infrastructure and services.
- The fuel price impact may not be reflective of oil price increases due to various factors such as fuel subsidies, notably in Malaysia and Indonesia, and export curbs enacted in response to fuel shortage.
- Grab may elect to absorb part of the cost of fuel price increases through subsidies, as it has done in Philippines, which will bypass the topline and directly impact cost items.

The Ukraine-Russia war has disrupted global commodity markets. Russia supplies 7 million bbls a day, roughly 10% of the world's crude supply, which has caused oil prices to spike. Generally, the market expects global oil prices to stay elevated in the short to medium term to adjust to the removal of Urals crude from the global trades system. Combined together Ukraine and Russia make up roughly 30% of global wheat exports, which will directly impact this current crop cycle. With longer running implications on global food yields, Russia is the largest exporter of nitrate fertilizers at 3.6m tonnes in 2020 while Belarus a leading export of potash products. This will

impact crop yields globally in the medium term, with risk of famines in less food secure regions.

**Fig 67: Worst case scenario analysis**

	Unit	FY22E	FY23E	FY24E	FY25E
Fuel price (vs base)		+58.8%	+29.4%	+18.6%	+5.6%
Food input price (vs base)		60.8%	79.1%	78.0%	57.9%
<b>Delivery</b>					
GMV	[USDm]	10,460	13,317	16,834	21,580
vs base	[%]	-8.3%	-9.8%	-9.4%	-6.8%
Gross billings	[USDm]	1,916	2,459	3,117	3,996
vs base	[%]	-8.3%	-9.8%	-9.4%	-6.8%
Adjusted net revenue	[USDm]	1,820	2,335	2,958	3,791
vs base	[%]	-8.3%	-9.8%	-9.4%	-6.8%
Revenue	[USDm]	315	708	1,114	1,656
vs base	[%]	-25.4%	-18.9%	-15.3%	-9.9%
<b>Mobility</b>					
GMV	[USDm]	3,141	4,886	6,081	7,146
vs base	[%]	-6.8%	-3.4%	-2.2%	-0.6%
Gross billings	[USDm]	747	1,171	1,469	1,741
vs base	[%]	-6.8%	-3.4%	-2.2%	-0.6%
Adjusted net revenue	[USDm]	651	1,020	1,279	1,515
vs base	[%]	-6.8%	-3.4%	-2.2%	-0.6%
Revenue	[USDm]	430	800	1,101	1,392
vs base	[%]	-8.9%	-3.9%	-2.4%	-0.7%

Source: Maybank IBG Research

### Sensitivity analysis incentives

We conducted sensitivity analysis of our incentive as a percentage of gross billing (GB) assumptions on a quarterly basis. Given Mobility's high net revenue position, it is least sensitive to incentive increases, while Financial Services is the most sensitive.

**Fig 68: Delivery revenue sensitivity to incentives**

% GB	Revenue				Incentives as % GB			
	FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY25E
+0%	423	874	1,319	1,845	79.8%	68.0%	61.8%	57.1%
+5%	319	738	1,146	1,630	84.8%	73.0%	66.8%	62.1%
+10%	214	602	974	1,415	89.8%	78.0%	71.8%	67.1%
+15%	110	465	801	1,200	94.8%	83.0%	76.8%	72.1%
+20%	5	329	629	985	99.8%	88.0%	81.8%	77.1%
+25%	(99)	192	456	769	104.8%	93.0%	86.8%	82.1%
+30%	(204)	56	284	554	109.8%	98.0%	91.8%	87.1%
+35%	(309)	(81)	112	339	114.8%	103.0%	96.8%	92.1%
+40%	(413)	(217)	(61)	124	119.8%	108.0%	101.8%	97.1%

Source: Maybank IBG Research

**Fig 69: Mobility revenue sensitivity to incentives**

% GB	Revenue				Incentives as % GB			
	FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY25E
+0%	472	834	1,130	1,406	41.1%	31.3%	24.9%	20.0%
+5%	403	732	1,025	1,309	49.7%	39.7%	31.9%	25.5%
+10%	334	630	920	1,212	58.4%	48.1%	38.8%	31.0%
+15%	265	528	815	1,115	67.0%	56.5%	45.8%	36.6%
+20%	196	426	711	1,018	75.6%	64.9%	52.8%	42.1%
+25%	126	324	606	920	84.2%	73.3%	59.7%	47.6%
+30%	57	222	501	823	92.9%	81.7%	66.7%	53.2%
+35%	(12)	120	396	726	101.5%	90.1%	73.7%	58.7%
+40%	(81)	18	291	629	110.1%	98.5%	80.7%	64.2%

Source: Maybank IBG Research

Fig 70: Financial revenue sensitivity to incentives

% GB	Revenue				Incentives as % GB			
	FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY25E
+0%	(5)	26	97	212	104.6%	82.5%	56.0%	36.9%
+5%	(8)	16	77	182	107.1%	89.2%	65.0%	45.9%
+10%	(11)	6	57	152	109.7%	95.8%	74.0%	54.9%
+15%	(14)	(4)	38	122	112.2%	102.4%	83.0%	63.9%
+20%	(17)	(14)	18	91	114.8%	109.0%	92.0%	72.9%
+25%	(20)	(23)	(2)	61	117.3%	115.7%	101.0%	81.9%
+30%	(23)	(33)	(22)	31	119.8%	122.3%	110.0%	90.9%
+35%	(26)	(43)	(42)	0	122.4%	128.9%	119.0%	99.9%
+40%	(29)	(53)	(62)	(30)	124.9%	135.5%	128.0%	108.9%

Source: Maybank IBG Research

### Worst case scenario: Implementation of CPF for ride-hailing workers

Pursuant to reports that the government may be considering making CPF contributions compulsory for gig-economy platforms such as Grab, we conduct this assessment on the worst-case impact. In such a scenario, Grab driver partners are reclassified as full-time workers and their remuneration is subject to additional 17% employer's CPF contribution. As Grab voluntarily contributes to 1.0% of commissions to driver partners' Medisave, the net increase in contribution is 16% for our scenario analysis. In addition to this impact to the bottom line, the classification of driver-partners as employees creates agency between the driver and Grab, resulting in changes in the accounting of the Singapore mobility revenue from a net basis to a gross basis, with driver incentives and commission being accounted for as employee expense.

Fig 71: Mobility EBITDA and impact of worst-case CPF impact

	Unit	FY22E	FY23E	FY24E	FY25E
EBITDA - Mobility	[USDm]	348	554	721	866
Less: CPF Impact	[USDm]	(17)	(26)	(31)	(36)
EBITDA - Mobility	[USDm]	331	528	689	829

Source: Maybank IBG Research

## 11. Appendix 3 - Key shareholders and related information

Fig 72: Key shareholders

Shareholder	Position	% O/S	Comment
Softbank	699,175,218	18.7%	
Uber	535,902,982	14.3%	Stake acquired in connection to Uber's regional exit. Disposal of shares will trigger termination of non-compete agreement earlier of one year after or 23 March 2023
Didi Chuxing	280,175,307	7.5%	Stake in connection to non-compete agreement that expired upon business combination
Anthony Tan Ping Yeow	224,161,662	6.0%	
Toyota Motors	222,906,079	6.0%	Strategic partner for vehicle fleet
Morgan Stanley	159,255,111	4.3%	
MUFJ	142,913,428	3.8%	
Capital Group	97,387,066	2.6%	
Altimer & Related <sup>(1)</sup>	88,058,565	2.4%	SPAC sponsor. 12.3m sponsor promote shares are under a 3 year lock up period
Invesco	44,484,753	1.2%	
T Rowe Price	28,814,537	0.8%	
Ming-Hokng Maa & Trusts	43,815,458	1.2%	Class B shares are held beneficially by Anthony Tan
Tan Hooi Ling	60,311,796	1.6%	Class B shares are held beneficially by Anthony Tan
JS Capital	2,500,000	0.1%	
Oey Peter Henry	2,280,755	0.1%	
Ong Chin Yin	2,447,508	0.1%	
Ng Shin Ein	216,633	0.0%	
Jay Oliver	432,692	0.0%	
Andrew Geoffrey Mills	246,323	0.0%	

Note: (1) Comprises the securities held by Altimeter Growth Holdings, Altimeter Partners Fund, Richard N Barton, Aishetu Fatima Dozie and Dev Ittycheria Source: Maybank IBG Research

Fig 73: Approval and disclosure for divestment of key executives and sponsors

Key executive	Position	Pre-SPAC			Post-SPAC		
		Class A Ordinary Shares	Class B Ordinary Shares	Warrants	Class A Ordinary Shares	Class B Ordinary Shares	Warrants
Anthony Tan Ping Yeow	Co-founder, CEO	86,207,942	137,953,720	-	-	137,953,720	-
Ming-Hokng Maa & Trusts	President	26,253,728	17,561,730	-	-	17,561,730	-
Tan Hooi Ling	Co-founder, COO	32,798,408	27,513,388	-	-	27,513,388	-
Oey Peter Henry	CFO	2,280,755	-	-	-	-	-
Ong Chin Yin	CPO	2,447,508	-	-	-	-	-
Ng Shin Ein	Board Member	216,633	-	-	-	-	-
Jay Oliver	Board Member	432,692	-	-	-	-	-
Andrew Geoffrey Mills	Board Member	246,323	-	-	-	-	-
Altimer related <sup>(1)</sup>	SPAC sponsor	88,058,565	-	15,500,000	-	-	-
JS Capital	SPAC sponsor	2,500,000	-	500,000	-	-	-

Note: (1) Comprises the securities held by Altimeter Growth Holdings, Altimeter Partners Fund, Richard N Barton, Aishetu Fatima Dozie and Dev Ittycheria, Altimeter's 12.3m sponsor promote shares are subject to a 3 year lock up following the business combination; Class B shares carry 45 votes, Class A shares carry 1 vote; Source: Grab

### Lock-up agreements

The key executives of Grab have contractually committed to not transfer any securities in Grab ('lock-up agreements') for:

- Up to five days applicable to 1,299,096,360 Class A shares: If shares exceed USD12.5 after the Grabs first earnings release following de-SPAC
- Up to 180 days from de-SPAC applicable to 2,598,192,720 (69.5% O/S) Class A shares: shares not applicable to the above
- Up to one year from de-SPAC applicable to 2,867,235 (0.1% O/S) Class A shares held by Peter Oey (CFO) and Ong Chin Yin (CPO)
- Up to three years from de-SPAC applicable to 32,451,891 (0.9% O/S) Class A shares
- Up to three years from de-SPAC applicable to 12,275,000 (0.3% O/S) Class A shares or other securities convertible / exercisable / exchangeable, held by sponsor (Altimeter)



FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Metrics</b>					
P/E (reported) (x)	nm	nm	nm	nm	nm
Core P/E (x)	nm	nm	nm	nm	nm
Core FD P/E (x)	nm	nm	nm	nm	nm
P/BV (x)	nm	3.4	1.9	2.2	2.3
P/NTA (x)	(0.2)	3.7	2.2	2.6	2.7
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	nm	nm	nm	nm	nm
EV/EBITDA (x)	nm	nm	nm	nm	nm
EV/EBIT (x)	nm	nm	nm	nm	nm

**INCOME STATEMENT (USD m)**

Revenue	469.0	675.0	1,042.8	2,025.8	3,024.9
EBITDA	(911.0)	(1,210.0)	(1,742.9)	(1,235.6)	(635.6)
Depreciation	(126.0)	(140.6)	(145.8)	(135.7)	(149.8)
Amortisation	(261.0)	(204.4)	(66.8)	(34.9)	(40.6)
EBIT	(1,298.0)	(1,555.0)	(1,955.5)	(1,406.3)	(826.0)
Net interest income / (exp)	(1,437.0)	(1,636.0)	141.9	106.0	67.1
Associates & JV	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	(353.0)	0.0	0.0	0.0
Pretax profit	(2,743.0)	(3,552.0)	(1,821.6)	(1,308.3)	(766.9)
Income tax	(2.0)	(3.0)	0.0	0.0	0.0
Minorities	137.0	97.0	40.0	40.0	40.0
Perpetual securities	0.0	(1.0)	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	(2,608.0)	(3,459.0)	(1,781.6)	(1,268.3)	(726.9)
Core net profit	(2,608.0)	(3,459.0)	(1,781.6)	(1,268.3)	(726.9)

**BALANCE SHEET (USD m)**

Cash & Short Term Investments	3,302.0	6,672.0	5,430.1	4,622.5	4,399.0
Accounts receivable	84.0	184.3	51.1	99.3	148.2
Inventory	3.0	0.9	1.1	1.1	1.1
Property, Plant & Equip (net)	384.0	297.7	246.8	234.8	243.5
Intangible assets	913.0	697.1	749.0	751.2	758.1
Investment in Associates & JVs	9.0	9.0	9.0	9.0	9.0
Other assets	747.0	3,317.0	3,317.0	3,317.0	3,317.0
<b>Total assets</b>	<b>5,442.0</b>	<b>11,178.0</b>	<b>9,804.1</b>	<b>9,034.9</b>	<b>8,876.0</b>
ST interest bearing debt	140.0	46.2	39.7	38.0	38.0
Accounts payable	109.0	67.2	314.1	324.9	332.3
LT interest bearing debt	10,878.0	2,128.8	2,007.8	1,969.8	1,931.7
Other liabilities	609.0	917.0	917.0	917.0	917.0
<b>Total Liabilities</b>	<b>11,736.0</b>	<b>3,159.0</b>	<b>3,278.4</b>	<b>3,249.5</b>	<b>3,218.9</b>
Shareholders Equity	(6,399.0)	7,893.0	6,439.7	5,739.4	5,651.1
Minority Interest	105.0	126.0	86.0	46.0	6.0
<b>Total shareholder equity</b>	<b>(6,294.0)</b>	<b>8,019.0</b>	<b>6,525.7</b>	<b>5,785.4</b>	<b>5,657.1</b>
<b>Total liabilities and equity</b>	<b>5,442.0</b>	<b>11,178.0</b>	<b>9,804.1</b>	<b>9,034.9</b>	<b>8,876.0</b>

**CASH FLOW (USD m)**

Pretax profit	(2,743.0)	(3,552.0)	(1,821.6)	(1,308.3)	(766.9)
Depreciation & amortisation	387.0	345.0	212.5	170.7	190.4
Adj net interest (income)/exp	1,437.0	2,091.1	(141.9)	(106.0)	(67.1)
Change in working capital	75.0	(40.6)	380.0	(37.4)	(41.6)
Cash taxes paid	(7.0)	(10.0)	0.0	0.0	0.0
Other operating cash flow	200.0	361.0	495.0	568.0	638.6
Cash flow from operations	(643.0)	(797.5)	(868.0)	(705.0)	(38.6)
Capex	23.0	(58.3)	(123.3)	(160.8)	(206.0)
Free cash flow	(620.0)	(855.8)	(991.3)	(865.9)	(244.6)
Dividends paid	0.0	0.0	0.0	0.0	0.0
Equity raised / (purchased)	329.0	4,534.6	0.0	0.0	0.0
Perpetual securities	1,389.0	262.0	0.0	0.0	0.0
Change in Debt	(128.0)	1,816.7	(46.2)	(39.7)	(38.0)
Other invest/financing cash flow	(353.0)	(2,764.4)	(328.4)	106.0	67.1
Effect of exch rate changes	15.0	(31.0)	0.0	(8.0)	(8.0)
Net cash flow	632.0	2,962.0	(1,365.9)	(807.5)	(223.5)

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	nm	43.9	54.5	94.3	49.3
EBITDA growth	nm	nm	nm	nm	nm
EBIT growth	nm	nm	nm	nm	nm
Pretax growth	nm	nm	nm	nm	nm
Reported net profit growth	nm	nm	nm	nm	nm
Core net profit growth	nm	nm	nm	nm	nm
<b>Profitability ratios (%)</b>					
EBITDA margin	nm	nm	nm	nm	nm
EBIT margin	nm	nm	nm	nm	nm
Pretax profit margin	nm	nm	nm	nm	nm
Payout ratio	0.0	0.0	0.0	0.0	0.0
<b>DuPont analysis</b>					
Net profit margin (%)	nm	nm	nm	nm	nm
Revenue/Assets (x)	0.1	0.1	0.1	0.2	0.3
Assets/Equity (x)	nm	1.4	1.5	1.6	1.6
ROAE (%)	na	na	na	na	na
ROAA (%)	(49.8)	(41.6)	(17.0)	(13.5)	(8.1)
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	21.3	42.6	(8.6)	(66.5)	(65.6)
Days receivable outstanding	58.7	71.5	40.6	13.4	14.7
Days inventory outstanding	1.5	0.7	0.3	0.3	0.3
Days payables outstanding	38.9	29.6	49.5	80.1	80.6
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	4.5	9.4	6.5	5.9	5.7
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	0.5	3.5	3.0	2.8	2.8
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	na	na	13.8	13.3	12.3
Debt/EBITDA (x)	nm	nm	nm	nm	nm
Capex/revenue (%)	nm	8.6	11.8	7.9	6.8
Net debt/ (net cash)	7,716.0	(4,497.0)	(3,382.6)	(2,614.7)	(2,429.3)

Source: Company; Maybank IBG Research

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