Grab Holdings

Achieved positive adj. EBITDA in 3Q23

- Grab achieved its first quarter of positive group adj. EBITDA in 3Q23 with continued on-demand GMV growth and margin expansion across segments.
- Grab believes that it can sustain healthy GMV growth momentum into 4Q23F, and lifted its revenue and adj. EBITDA guidance for FY23F.
- Grab remains committed to sustainable growth, with key focus on improving affordability of its services to grow total addressable market. Reiterate Add.

Singapore

ADD *(no change)*

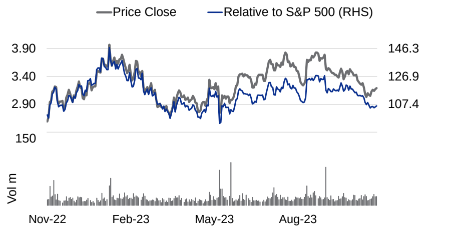
Consensus ratings*:	Buy 25	Hold 2	Sell 1

Current price:	US$3.19
Target price:	US$4.50
Previous target:	US$4.50
Up/downside:	41.1%
CGS-CIMB / Consensus:	-3.5%
Reuters:	GRAB.O
Bloomberg:	GRAB US
Market cap:	US$12,454m
	US$12,454m
Average daily turnover:	US$63.37m
	US$63.37m
Current shares o/s:	3,949m
Free float:	96.4%

*Source: Bloomberg

Key changes in this note

- We narrow our FY23F non-GAAP LPS by 17% and raise FY24-25F non-GAAP EPS by 7-9% due to higher margin assumptions.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-8.9	-12.4	14.3
Relative (%)	-10.7	-9.8	0.1

Major shareholders	% held
Softbank Group	18.9
Uber Technologies	14.5
Didi Chuxing	7.6

3Q23: First set of positive group adj. EBITDA

With Grab's continued on-demand GMV growth in 3Q23 to US$4.0bn (+3% qoq, +14% yoy) and fewer incentives, revenue of US$615m (+8% qoq, +61% yoy) and adj. EBITDA of US$29m came in ahead of expectations (page 2 for details). 9M23 GAAP PATMI made up 82%/87% of our/Bloomberg consensus full-year loss forecasts. **Key positives** in 3Q23 include: 1) continued strong growth momentum for mobility GMV at 7% qoq or 30% yoy, 2) positive adj. EBITDA growth across all four of its business segments; deliveries segment margin reached a record high of 3.4%, and 3) Grab raised FY23F revenue and adj. EBITDA guidance on strong performance YTD.

Sustaining healthy momentum into 4Q23F

Grab remains optimistic of sustaining its growth trajectory and guided for sequential GMV growth in both the mobility and deliveries segments in 4Q23F while keeping margins stable. A key emphasis is driving penetration of affordable services to further expand Grab's total addressable market. Despite the growing penetration of its affordable services over the past year, Grab was able to keep overall margins stable by ensuring product differentiation and continued optimisation of its price-laddering strategy. For example, Grab's "Saver" food delivery option will include order batching, with more advertisements for consumers to compensate for the lower delivery charges.

Committed to sustainable profitable growth

Grab committed to striking a healthy balance between growth and profitability, and strives to achieve a steady pace of adj. EBITDA growth in quarters ahead as it works towards its next milestone of achieving positive free cash flow. Beyond driving GMV growth of its on-demand services, Grab continues to invest in its fintech business (launch of digital banks in Malaysia and Indonesia remains on track for FY23F) and advertising business (deeper penetration via a wider rollout of its self-serve platform). We forecast Grab to achieve positive free cash flow by FY24F and GAAP profitability by FY25F.

Reiterate Add

Reiterate Add and SOP-based TP of US$4.50, as Grab continues to strive for sustainable and profitable growth beyond breaking even at the adj. EBITDA level, as it rides on sector tailwinds. Re-rating catalysts include stronger mobility GMV on the back of a recovery in tourism, and losses narrowing at a faster pace. Downside risks include macro headwinds dampening demand for Grab's services, leading to weaker GMV, and intensifying competition leading to near-term margin squeeze.

Financial Summary	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (US$m)	675	1,433	2,340	2,986	3,743
Operating EBITDA (US$m)	(1,211)	(1,041)	(235)	209	529
Net Profit (US$m)	(3,449)	(1,683)	(561)	(172)	106
Core EPADS (US$)	(0.70)	(0.24)	(0.03)	0.03	0.10
Core EPS Growth	14%	(66%)	(87%)		234%
FD Core P/E (x)	NA	NA	NA	103.9	31.1
DPADS (US$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	NA	NA	54.44	20.88
P/FCFE (x)	5.0	NA	109.3	38.6	24.4
Net Gearing	(35.1%)	(25.7%)	(28.4%)	(35.6%)	(44.6%)
P/BV (x)	1.63	2.11	2.36	2.48	2.46
ROE	(412%)	(14%)	(2%)	2%	8%
% Change In Core EPADS Estimates			12.9%	9.1%	7.0%
EPADS/Consensus EPADS (x)			0.23	(0.64)	7.32

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Achieved positive adj. EBITDA in 3Q23

Figure 1: Quarterly financial and operating metrics

Year End Dec 31												Prev.	
Net revenue (US$ m)	**3Q21**	**4Q21**	**1Q22**	**2Q22**	**3Q22**	**4Q22**	**1Q23**	**2Q23**	**3Q23**	**qoq%**	**yoy%**	**3Q23F**	**Var (%)**
Deliveries	49	1	91	134	171	267	275	292	306	5%	79%	311	-2%
Mobility	88	105	112	161	176	190	194	208	231	11%	31%	219	5%
Financial services	14	(1)	11	13	20	27	38	40	50	25%	150%	41	22%
Enterprise and new initiatives	7	16	14	14	15	17	18	27	28	4%	87%	29	-3%
Total net revenue	**157**	**122**	**228**	**321**	**382**	**502**	**525**	**567**	**615**	**8%**	**61%**	**600**	**3%**
Adjusted EBITDA (US$ m)													
Deliveries	(22)	(84)	(56)	(34)	9	46	60	69	88	28%	878%	80	10%
Mobility	64	76	82	125	135	152	152	163	180	10%	33%	170	6%
Financial services	(76)	(110)	(102)	(115)	(104)	(94)	(70)	(75)	(68)	-9%	-35%	(79)	-14%
Enterprise and new initiatives	1	5	1	5	8	7	8	15	21	40%	163%	17	26%
Total segment adjusted EBITDA	**(33)**	**(113)**	**(75)**	**(19)**	**48**	**111**	**150**	**172**	**221**	**28%**	**360%**	**188**	17%
Regional corporate costs	(181)	(192)	(212)	(214)	(209)	(223)	(216)	(192)	(192)	0%	-8%	(175)	10%
Total adjusted EBITDA	**(214)**	**(305)**	**(287)**	**(233)**	**(161)**	**(112)**	**(66)**	**(20)**	**29**	**-245%**	**-118%**	**13**	**116%**
Adjusted EBITDA to GMV ratio (%)													
Deliveries	-0.9%	-3.4%	-2.2%	-1.4%	0.4%	2.0%	2.6%	2.7%	3.4%	0.7% pts	3.0% pts	2.9%	0.4% pts
Mobility	12.1%	9.9%	9.8%	12.1%	12.4%	13.2%	12.5%	12.3%	12.8%	0.4% pts	0.4% pts	12.3%	0.5% pts
Financial services	-6.6%	-8.8%	-7.5%	-7.7%	-6.9%	-6.5%	-5.2%	-5.8%	-5.3%	0.4% pts	1.6% pts	-6.3%	0.9% pts
Enterprise and new initiatives	2.4%	9.8%	1.9%	9.6%	16.7%	15.2%	19.5%	30.0%	42.0%	12.0% pts	25.3% pts	29.0%	13.0% pts
Total adjusted EBITDA	**-5.3%**	**-6.8%**	**-6.0%**	**-4.6%**	**-3.2%**	**-2.2%**	**-1.3%**	**-0.4%**	**0.5%**	**0.9% pts**	**3.7% pts**	**0.2%**	**0.3% pts**
GMV (US$ m)													
Deliveries	2,318	2,438	2,562	2,476	2,439	2,350	2,344	2,573	2,608	1%	7%	2,727	-4%
Mobility	529	765	834	1,035	1,086	1,148	1,218	1,320	1,407	7%	30%	1,386	2%
Financial services	1,150	1,247	1,357	1,493	1,507	1,452	1,355	1,300	1,275	-2%	-15%	1,254	2%
Enterprise and new initiatives	41	51	52	52	48	46	41	50	50	0%	4%	58	-13%
Total GMV	**4,038**	**4,501**	**4,805**	**5,056**	**5,080**	**4,996**	**4,958**	**5,243**	**5,340**	**2%**	**5%**	**5,425**	**-2%**
Reconciliation between Adjusted EBITDA and Operating Income (US$ m)													
Total adjusted EBITDA	(214)	(305)	(287)	(233)	(161)	(112)	(66)	(20)	29	-245%	-118%	13	116%
Depreciation and amortisation	(86)	(89)	(34)	(38)	(38)	(40)	(35)	(36)	(37)	3%	-3%	(37)	1%
Stock-based compensation expenses	(106)	(110)	(121)	(111)	(90)	(90)	(103)	(65)	(70)	8%	-22%	(75)	-7%
Impairment losses	-	(13)	(3)	-	-	(2)	-	(1)	-	-100%	#DIV/0!	-	#DIV/0!
Others*	5	(40)	-	(2)	(1)	(10)	-	(54)	(15)	-72%	1400%	(25)	-40%
Operating income/(loss)	**(401)**	**(557)**	**(445)**	**(384)**	**(290)**	**(254)**	**(204)**	**(176)**	**(93)**	**-47%**	**-68%**	**(123)**	**-25%**

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: Results comparison (based on US GAAP results)

FYE Dec (S$)	3Q23	3Q22	yoy % chg	2Q23	qoq % chg	FY23F	FY22	yoy % chg	Prev FY23F
Revenue	**615**	**382**	***61***	**567**	***8***	**2,340**	**1,433**	***63***	**2,334**
Cost of revenue	(375)	(321)	*17*	(376)	*(0)*	(1,525)	(1,356)	*12*	(1,601)
Gross profit	**240**	**61**	***293***	**191**	***26***	**815**	**77**	***959***	**734**
GPM (%)	39.0%	16.0%	*144*	33.7%	*16*	34.8%	5.4%	*548*	31.4%
Adjusted EBITDA	**29**	**(161)**	***(118)***	**(20)**	***(245)***	**(20)**	**(793)**	***(98)***	**(35)**
Adjusted EBITDA margin (%)	4.7%	-42.1%	*(111)*	-3.5%	*(234)*	-0.8%	-55.3%	*(98)*	-1.5%
Operating profit	**(93)**	**(290)**	***(68)***	**(176)**	***(47)***	**(551)**	**(1,373)**	***(60)***	**(564)**
Finance income	54	38	*n.m.*	53	*2*	119	107	*11*	65
Finance costs	(40)	(82)	*(51)*	(28)	*43*	(114)	(460)	*(75)*	(74)
Associates' contribution	(4)	(4)	*0*	(2)	*100*	(6)	(8)	*(25)*	(3)
Profit before tax	**(83)**	**(338)**	***(75)***	**(153)**	***(46)***	**(548)**	**(1,734)**	***(68)***	**(577)**
Income tax expense	(16)	(4)	*n.m.*	5	*n.m.*	(43)	(6)	*622*	(32)
Non-controlling interests	(8)	(15)	*(47)*	(13)	*(38)*	(35)	(57)	*(39)*	(37)
Net profit	**(91)**	**(327)**	***(72)***	**(135)**	***(33)***	**(556)**	**(1,683)**	***(67)***	**(572)**
Core net profit	**7**	**(193)**	***(104)***	**(7)**	***(200)***	**(117)**	**(944)**	***(88)***	**(141)**
EPS (US$)	**(0.02)**	**(0.08)**	***(75)***	**(0.03)**	***(33)***	**(0.14)**	**(0.44)**	***(69)***	**(0.14)**
Core EPS (US$)	**(0.02)**	**(0.08)**	***(75)***	**(0.00)**	***1,186***	**(0.03)**	**(0.25)**	***(88)***	**(0.03)**

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Analyst briefing takeaways

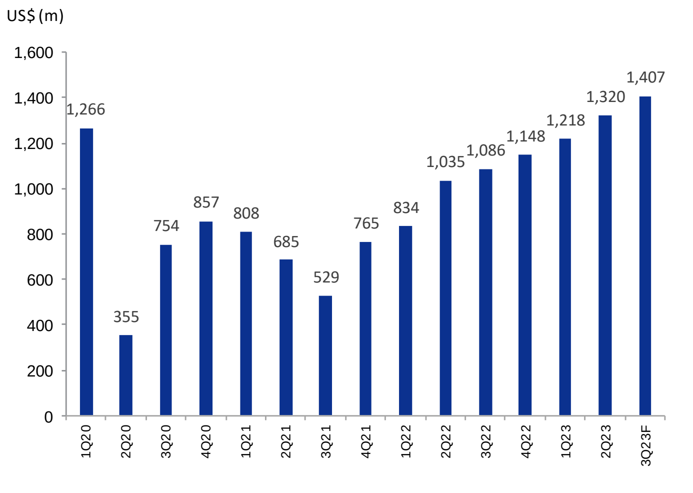
Overall

- 3Q23 total GMV rose 5% yoy to US$5.3bn (+6% yoy on a constant currency basis), driven by growth in both the mobility and deliveries segments. Notably, on-demand GMV grew by 3% qoq or 14% yoy.
- 3Q23 revenue grew robustly by 61% yoy (+62% yoy on a constant currency basis) to US$615m. This was above both our expectations of US$600m, as well as Bloomberg consensus forecast of US$598m.
- Grab achieved its first positive group adj. EBITDA of US$29m in 3Q23, above our expectations of US$13m and Bloomberg consensus forecast of US$9m.
- 3Q23 net loss of US$91m (-33% qoq, -71% yoy) was narrower than our expectations of US$106m, but wider than Bloomberg consensus forecast of US$81m. 9M23 net loss formed 82% of our and 87% of Bloomberg consensus' FY23F net loss forecast.
- In view of the strong performance YTD, Grab raised its FY23 revenue guidance to US$2.31bn-2.33bn (from US$2.2bn-2.3bn). Its FY23 adj. EBITDA guidance was also raised to negative US$20m-25m (from negative US$30m-40m).
- Looking ahead, Grab cited three key guardrails: 1) to achieve a steady pace of adj. EBITDA growth, 2) to continue executing profitable growth as it strives to achieve its next milestone of positive free cash flow, and 3) to drive further operating leverage.

Mobility segment

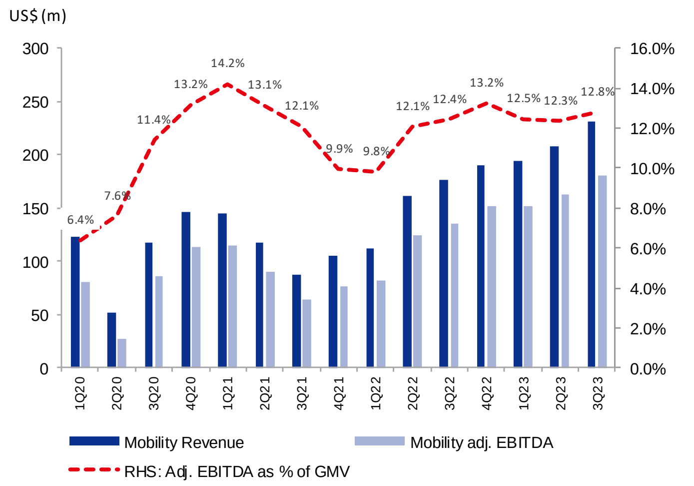
- 3Q23 GMV rose to US$1.4bn (+7% qoq, +30% yoy) on the back of improving driver supply, which allowed Grab to capture the recovery in tourism ride-hailing demand, and stronger domestic demand. Revenue was up 31% yoy accordingly.
- 3Q23 segment adjusted EBITDA-to-GMV margin rose 0.4% pts both on a qoq and yoy basis to 12.8% on improved operating leverage.
- The number of airport rides rose by 9% yoy in 3Q23 (reaching 84% of pre-Covid levels) as international tourist demand recovered further. Grab is seeing a meaningful impact from its partnerships with third-party apps such as WeChat, Alipay, Ctrip and Kakao.
- Management continued to improve driver supply, with monthly active drivers up 9% yoy in 3Q23, hitting 87% of pre-Covid levels. Surge pricing declined by 1.1% pts qoq or 2.4% pts yoy in 3Q23. Meanwhile, earnings per transit hour of driver-partners on Grab platform grew by 8% yoy.
- Driver retention rates remained healthy in 3Q23 at c.90%.
- Grab continues to grow affordable offerings to increase its total addressable market. During the quarter, Grab's mobility monthly transacting users (MTUs) and transactions in the Philippines grew by 18% and 28% qoq, respectively, primarily driven by the re-launch of the enhanced MOVE IT app (Grab's two-wheel ride-hailing service) in May.
- For 4Q23F, Grab expects sequential growth of mobility GMV, and targets to exit FY23F with mobility GMV run-rate close to pre-Covid levels. Grab guided for adj. EBITDA margin to remain stable qoq in 4Q23F.

Figure 3: Mobility GMV



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Mobility segment financial metrics

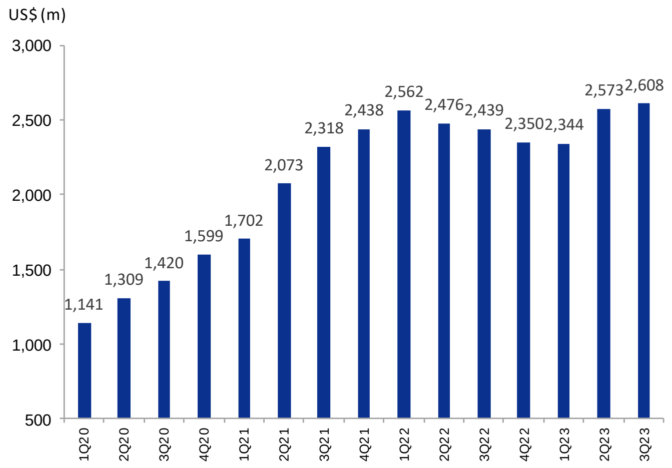


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Deliveries segment »

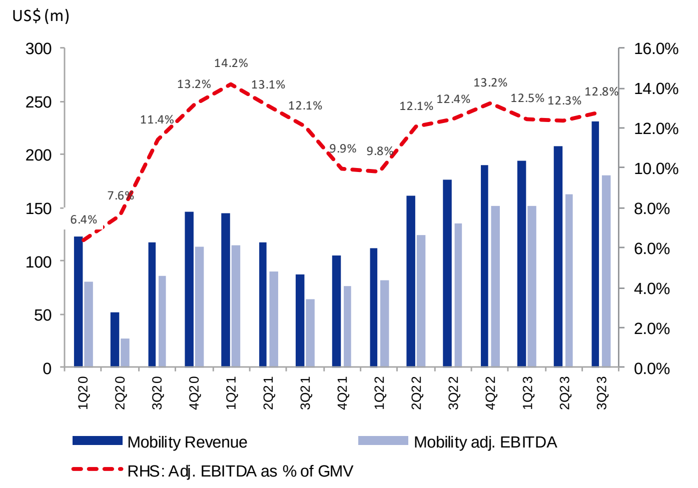
- 3Q23 GMV rose to US$2.6bn (+1% qoq, +7% yoy), driven by robust demand for food delivery services, increased affordable options for consumers, and deeper user engagement.
- 3Q23 revenue rose to US$306m (+5% qoq, +79% yoy) on 1) further reduction of incentives offered, and 2) continued GMV growth.
- Segment adjusted EBITDA-to-GMV margin rose to a new high of 3.4% (from 2.7% in 2Q23) due largely to optimised incentive spend and increased operational efficiencies.
- GrabUnlimited formed c.33% of deliveries GMV in 3Q23 (flat qoq), with users spending 4.2x more on average than non-subscribers. The retention rate of Grab Unlimited users was two times higher than non-subscribers in 3Q23.
- Grab continued to drive greater affordability of its services by expanding its saver delivery option to more cities. In Malaysia and Singapore where the services were first launched, Grab notes that the penetration of Saver deliveries has reached over a third of deliveries MTUs.
- Grab remains confident in its multi-segment strategy to drive GMV growth across consumer demographics without sacrificing margins. This is done via a ladder pricing approach – for example, consumers who use saver delivery options are served with more on-platform advertisements; while consumers who use premium options are served with more reliable and faster services.
- Platform efficiency continued to improve in 3Q23, with batching rates improving 5.2% pts yoy, while average driver-partner earnings per transit hour for batched orders were 5% higher compared to unbatched orders.
- Looking ahead, management expects further sequential GMV growth in 4Q23F as it continues to strike a balance between growth and profitability. Grab guided for stable segment margins in 4Q23F.

Figure 5: Deliveries GMV



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Mobility segment financial metrics



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Financial services segment

- 3Q23 GMV declined to US$1.3bn (-2% qoq, -15% yoy) as the group continued its efforts to focus more on in-platform transactions (payments and lending). Revenue rose to US$50m in 3Q23 (+25% qoq, +150% yoy) on increased lending contribution and improved monetisation of its payments business.
- 3Q23 adjusted LBITDA narrowed qoq to US$68m (2Q23: US$75m LBITDA) as improved operational efficiencies in GrabFin cost structure more than offset higher digibank-related costs.
- Total loans outstanding amounted to US$275m while customer deposits in GXS Bank stood at US$362m as of end-Sep 2023. Grab notes that its NPL stood in the low single-digits in 3Q23.
- In Sep 2023, Grab's Malaysia digital bank, GX Bank Berhad (GXBank) was the first of the five digital bank licence applicants to receive approval to commence operations from Bank Negara Malaysia, following the successful completion of an operational readiness review.

Enterprise and new initiatives segment

- 3Q23 segment revenue grew by 4% qoq or 87% yoy to US$27m, primarily driven by growing contributions from advertising. Grab notes that the total number of active advertisers who joined its self-serve platform grew by 83% yoy in 3Q23, as it continued to deepen advertising penetration among its merchant-partners.
- 3Q23 segment adjusted EBITDA grew 40% qoq or 163% yoy. 3Q23 EBITDA margin expanded to 41.0% as Grab improved the monetisation of its advertising offering.

Valuation and recommendation

We lift our FY23-25F adj. EBITDA forecasts and narrow our net loss assumptions as we raise our margin assumptions post the strong showing in 3Q23. We now expect Grab to achieve GAAP profitability by 1Q25F.

Figure 7: Earnings revision

	New			Old			% change		
FYE Dec (US$ m)	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
Revenue	**2,340**	**2,986**	**3,743**	**2,334**	**3,019**	**3,771**	**0.2%**	**-1.1%**	**-0.8%**
Deliveries	1,184	1,416	1,685	1,204	1,487	1,747	-1.7%	-4.8%	-3.6%
Mobility	872	1,089	1,293	867	1,091	1,294	0.5%	-0.2%	0.0%
Financial services	180	297	476	163	259	426	10.2%	14.8%	11.7%
Enterprise and new intiatives	104	184	289	100	183	305	4.5%	0.2%	-5.1%
Adjusted EBITDA	**(20)**	**389**	**804**	**(35)**	**316**	**687**	**-43.5%**	**23.1%**	**17.0%**
Deliveries	306	420	509	293	389	468	4.6%	8.0%	8.7%
Mobility	681	851	1,010	677	849	1,007	0.6%	0.2%	0.3%
Financial services	(285)	(237)	(125)	(303)	(272)	(171)	-5.8%	-12.9%	-27.2%
Enterprise and new intiatives	68	138	217	55	110	183	21.8%	25.3%	18.6%
Regional corporate costs	(790)	(783)	(808)	(758)	(760)	(800)	4.2%	3.0%	0.9%
Reported GAAP net profit	**(556)**	**(172)**	**106**	**(572)**	**(221)**	**43**	**-2.7%**	**-22.2%**	**144.4%**
Non-GAAP net profit	**(117)**	**127**	**429**	**(141)**	**116**	**401**	**-16.5%**	**9.1%**	**7.0%**
EPS (US$)	**(0.14)**	**(0.04)**	**0.03**	**(0.14)**	**(0.05)**	**0.01**	**-2.7%**	**-22.2%**	**144.4%**
Core EPS (US$)	**(0.03)**	**0.03**	**0.10**	**(0.03)**	**0.03**	**0.10**	**-16.5%**	**9.1%**	**7.0%**

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

We reiterate our Add call on Grab as we continue to believe that the easing competitive landscape can enable it to accelerate its path to profitability. Our SOP-based TP of US$4.50 is based on 3.7x FY24F EV/adjusted sales for Grab's on-demand services (pegged to 1 s.d. below the historical average of its peer group as many of the peers have a short listing history, which could skew the historical mean towards the higher end due to cheap financing, spurring higher valuations over the past two years), 0.1x FY24F EV/TPV for its financial services segment (in line with global fintech peers), and 15x FY24F EV/EBITDA for its enterprise and new initiatives segment (given the segment's high 106% EBITDA CAGR in FY22-25F).

Potential re-rating catalysts include stronger mobility GMV on the back of a stronger tourism recovery in Southeast Asia, and losses narrowing at a faster pace. Downside risks include macro headwinds dampening the demand for Grab's services (hurting GMV growth), intensifying competition leading to near-term margin squeeze, or a further rise in policy rate expectations affecting its valuations.

Figure 8: Sum-of parts (SOP) valuation

Segment	Basis	Multiple (x)	Base value (US$m)	Valuation (US$m)	Per ADR (US$)
Deliveries + Mobility	FY24F EV/Adj. Sales	3.7	2,883	10,521	2.5
Financial Services	FY24F EV/TPV	0.1	18,384	1,838	0.4
Enterprise & NI	FY24F EV/EBITDA	15.0	138	2,066	0.5
Net cash/(debt)	As of end-FY23F		4,242	4,242	1.0
Total equity value				**18,667**	
No. of shares outstanding (m)				4,130	
Target price (US$)				**4.50**	

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

ESG in a nutshell

Refinitiv ESG Scores

D+	A+	D+	D+	C-	D+
ESG Score	ESG Controversies Score	ESG Combined Score	ESG Environment Pillar Score	ESG Social Pillar Score	ESG Government Pillar Score

We think Grab has shown a clear commitment to become a triple bottomline company. Grab creates a positive social impact by providing jobs to local communities, and financially empowers businesses and individuals via its financial products. The group remains committed to promoting environmental sustainability and has set forth a 20-year decarbonisation roadmap in its 2021 ESG report. Grab has received several awards for its ESG efforts, a notable one being the MSCI ESG AA rating awarded on 13 Jun 2022. Should Grab continue to deliver on its sustainability efforts and raise its ESG profile further, we believe that it could enjoy greater interest from ESG-focused investors.

Keep your eye on

On 12 May 2022, Grab released its FY21 ESG report and announced three ESG-related goals: 1) doubling the number of marginalised individuals who earn incomes on its platform by 2025, 2) reaching 40% female leadership by 2030, and 3) achieving carbon neutrality by 2040.

In its FY22 ESG report, Grab reiterated its intention to 1) build sustainable partner livelihoods, 2) ensure a safe and trusted platform, and 3) mitigate environmental hazards.

Implications

We like that Grab has set long-term targets in its first ESG report since IPO, reaffirming the group's commitment to ESG efforts. From a social lens, increasing the number of marginalised employees is strongly positive, as this improves their standard of living and empowers local communities. Likewise, greater female diversity and carbon neutrality are positive for the group's environmental and governance aspects.

ESG highlights

On 13 Jun 2022, the group was awarded an MSCI ESG rating of AA, the second-highest ESG rating attainable by an organisation. Grab was also ranked among the world's top 100 female-friendly organisations by Forbes in 2021.

Implications

We like that Grab is being commended for its commitments in the sustainability space. As Grab was only listed fairly recently in Dec 2021, we believe that such ESG accolades are positive as it could further elevate the group's profile among ESG-focused investors.

Trends

Grab reported a 30% yoy reduction in road accident rates in 2021, with overall road accidents per million rides declining from 1.292 in 2020 to 0.909 in 2021. In 2022, road accident rates rose slightly by 2% yoy to 0.930 road accidents per million rides.

On the environmental front, Grab powers all its corporate offices with 100% renewable energy sources via the purchase of unbundled renewable energy certificates (RECs). At end-2021, renewable energy constituted 42.8% of the group's total energy consumption, up from 0% in 2020. This proportion declined to 11.4% in 2022.

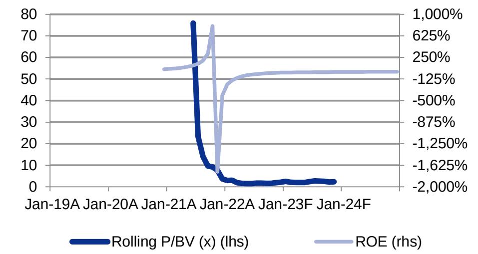
Implications

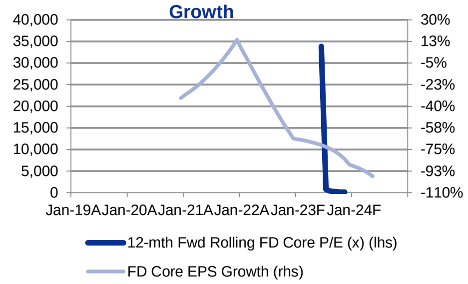
As Grab is a leading mobility and delivery service provider, we believe that safety is an imperative aspect for its management to focus on. Grab provides mandatory training on safe driving for its driver partners and provides in-app safety tools to help reduce the risk of road accidents. Continual improvement in safety metrics is a key indicator of management's emphasis on promoting road safety.

We believe that Grab's pivot to renewable energy consumption underscores its commitment to promoting a greener future. This is further corroborated by the group's decarbonisation roadmap, outlining its strategies for reducing and neutralising its emissions over the next 20 years. While we have not factored its EGS efforts into our valuations just yet, we think that Grab's clear environmental commitment could garner greater interest from ESG-focused investors.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS





Profit & Loss

(US$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Net Revenues	**675**	**1,433**	**2,340**	**2,986**	**3,743**
Gross Profit	**(395)**	**77**	**815**	**1,217**	**1,714**
Operating EBITDA	**(1,211)**	**(1,041)**	**(235)**	**209**	**529**
Depreciation And Amortisation	(344)	(332)	(315)	(297)	(241)
Operating EBIT	**(1,555)**	**(1,373)**	**(551)**	**(88)**	**289**
Financial Income/(Expense)	(1,989)	(353)	4	20	0
Pretax Income/(Loss) from Assoc.	(8)	(8)	(6)	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	**(3,552)**	**(1,734)**	**(553)**	**(68)**	**289**
Exceptional Items					
Pre-tax Profit	**(3,552)**	**(1,734)**	**(553)**	**(68)**	**289**
Taxation	(3)	(6)	(43)	(119)	(173)
Exceptional Income - post-tax					
Profit After Tax	**(3,555)**	**(1,740)**	**(596)**	**(187)**	**115**
Minority Interests	106	57	35	15	(9)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**(3,449)**	**(1,683)**	**(561)**	**(172)**	**106**
Recurring Net Profit	(2,748)	(944)	(122)	127	429
Fully Diluted Recurring Net Profit	**(2,748)**	**(944)**	**(122)**	**127**	**429**

Cash Flow

(US$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
EBITDA	(1,211)	(1,041)	(235)	209	529
Cash Flow from Invt. & Assoc.	8	8	6	0	0
Change In Working Capital	(128)	(8)	109	101	94
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	2,096	452	112	0	0
Net Interest (Paid)/Received	(1,701)	(460)	(114)	0	0
Tax Paid	(3)	(6)	(43)	(119)	(173)
Cashflow From Operations	**(939)**	**(1,055)**	**(166)**	**191**	**450**
Capex	(73)	(120)	(126)	(132)	(139)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(16)	0	0	0	0
Other Investing Cashflow	(2,668)	431	411	282	236
Cash Flow From Investing	**(2,757)**	**311**	**285**	**150**	**97**
Debt Raised/(repaid)	6,206	0	0	0	0
Proceeds From Issue Of Shares	463	0	0	0	0
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(103)	(460)	(114)	0	0
Cash Flow From Financing	**6,566**	**(460)**	**(114)**	**0**	**0**
Total Cash Generated	2,870	(1,204)	5	341	547
Free Cashflow To Equity	**2,510**	**(744)**	**119**	**341**	**547**
Free Cashflow To Firm	**(1,995)**	**(284)**	**233**	**341**	**547**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(US$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Cash And Equivalents	4,991	3,787	3,792	4,133	4,681
Total Debtors	440	437	432	480	546
Inventories	4	4	5	5	6
Total Other Current Assets	3,240	2,916	2,624	2,362	2,126
Total Current Assets	**8,675**	**7,144**	**6,852**	**6,981**	**7,359**
Fixed Assets	441	441	443	450	448
Total Investments	1,255	1,247	1,241	1,241	1,241
Intangible Assets	675	463	271	99	0
Total Other Non-Current Assets	132	132	132	132	132
Total Non-current Assets	**2,503**	**2,283**	**2,088**	**1,922**	**1,821**
Short-term Debt	144	144	144	144	144
Current Portion of Long-Term Debt					
Total Creditors	847	836	940	1,090	1,251
Other Current Liabilities	35	35	35	35	35
Total Current Liabilities	**1,026**	**1,015**	**1,119**	**1,269**	**1,430**
Total Long-term Debt	2,031	2,031	2,031	2,031	2,031
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	102	102	102	102	102
Total Non-current Liabilities	**2,133**	**2,133**	**2,133**	**2,133**	**2,133**
Total Provisions	0	0	0	0	0
Total Liabilities	**3,159**	**3,148**	**3,252**	**3,402**	**3,563**
Shareholders' Equity	7,733	6,050	5,494	5,322	5,428
Minority Interests	286	229	194	179	189
Total Equity	**8,019**	**6,279**	**5,688**	**5,501**	**5,616**

Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue Growth	44%	112%	63%	28%	25%
Operating EBITDA Growth	33%	(14%)	(77%)	N/A	153%
Operating EBITDA Margin	(179%)	(73%)	(10%)	7%	14%
Net Cash Per ADS (US$)	0.71	0.40	0.40	0.47	0.60
BVPADS (US$)	1.96	1.51	1.35	1.29	1.29
Gross Interest Cover	(0.91)	(2.98)	(4.83)	N/A	N/A
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%	60.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	194.9	111.7	67.8	55.9	50.0
Inventory Days	1.19	1.09	1.04	1.03	1.03
Accounts Payables Days	257.2	226.5	212.5	210.0	210.6
ROIC (%)	(71.2%)	(34.0%)	(16.9%)	(8.3%)	4.8%
ROCE (%)	(71.8%)	(13.6%)	(5.3%)	(0.9%)	3.7%
Return On Average Assets	(18.8%)	(13.5%)	(6.5%)	(2.7%)	1.3%

Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total GMV	16,061.0	19,937.0	21,006.6	25,054.6	30,659.5
Total adjusted EBITDA	(842.0)	(793.0)	(19.8)	389.2	803.7

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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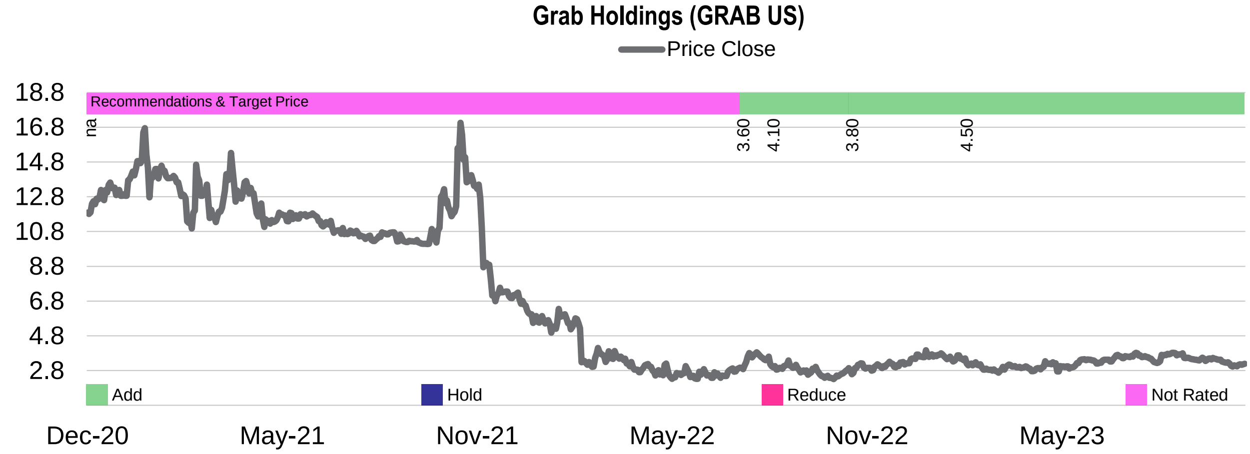
Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2023 634 companies under coverage for quarter ended on 30 September 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	66.7%	0.9%
Hold	23.7%	0.0%
Reduce	9.6%	0.2%

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework

Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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