June 2, 2022

Maybank

Grab Holdings (GRAB US)

Global speed bumps

Positive long-term but risks emerging

Even as we are positive towards Grab's long-term prospects and have recently raised FY22E revenue by 14% on stronger-than-expected guidance, we are also vigilant about global energy and food security risks to delivery and mobility segments. While we see risks to FY23E delivery GMV if the global fertilizer shortage results in food security/inflation concerns in Southeast Asia, mobility may be more resilient as the segment has shown demand inelasticity and correlates strongly with returning economic activity; As such, we maintain our SOTP TP at USD4.25.

Reinstatement of ride-sharing may be catalyst

We remain positive on mobility prospects as we continue to see reopening being a key driver of GMV and revenue recovery. We see the resumption of GrabShare as an understated possibility that will soften fuel inflation concerns and boost profitability, even as commission rates are increased and discounts are tapered. While we note increased fuel prices in the region (e.g. SG: +14.2% in May-22 vs. Oct-21), we also estimate that taxi ridership in Singapore, proxy for overall mobility services, will decrease by only around -0.1% per dollar increase in crude price in the long run, reflecting inelastic demand.

Deliveries may see long-tail risk from food issues

Where we see incremental risks to demand is primarily in deliveries, particularly from risks arising from global food security issues. Food prices have risen 19% (UN FAO Index) since the start of the year and we see long-tail risks of a food and agricultural crisis in Southeast Asia coming from the disruption of fertiliser supply, with the Philippines and Malaysia more vulnerable. As delivery services are discretionary consumption, we believe this may be more impacted by rising prices of food items.

Superapp should retain users as incentives taper

Looking ahead, we remain confident of Grab's ability to continue tapering incentives whilst maintaining or even improving retention (4Q21: ~53% 12M cohort retention rate, vs 4Q20: ~46%) and GMV/MTU (4Q21: USD173, +13% YoY) profile. Although marketing and consumer incentives were elevated to as high as USD17.1 per MTU in 4Q21 (+112% YoY), which coincided with GoTo's (GOTO IJ, CP IDR334, NR) pre-IPO period, circumstances are favourable for incentives to taper as the superapp helps with retention.

FYE Dec (USD m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	469	675	1,184	2,068	3,117
EBITDA	(911)	(1,210)	(1,458)	(1,029)	(584)
Core net profit	(2,608)	(3,450)	(1,319)	(827)	(420)
Core FDEPS (cts)	(1,875.9)	(92.1)	(35.2)	(22.0)	(11.2)
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	1.4	1.5	1.5
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAA (%)	(49.8)	(41.5)	(12.6)	(8.9)	(4.8)
EV/EBITDA (x)	nm	nm	nm	nm	nm
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	na	na	na
MKE vs. Consensus (%)	-	-	na	na	na

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BUY

Share Price	USD 2.64
12m Price Target	USD 4.25 (+61%)
Previous Price Target	*USD 4.25*

Company Description

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

Statistics

52w high/low (USD)	17.06/2.32
3m avg turnover (USDm)	17.7
Free float (%)	51.0
Issued shares (m)	3,709
Market capitalisation	USD9.8B
	USD9.8B

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 (%)	(15)	(49)	(78)
Relative to index (%)	(16)	(49)	(76)

Source: FactSet

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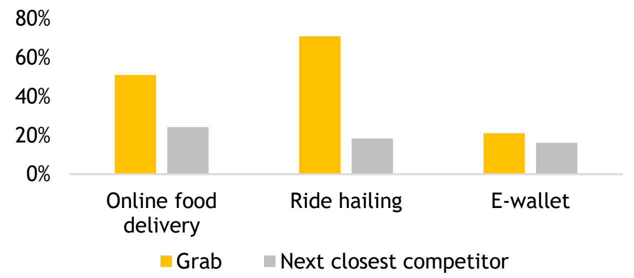
Tear Sheet Insert

Internet
Singapore

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.

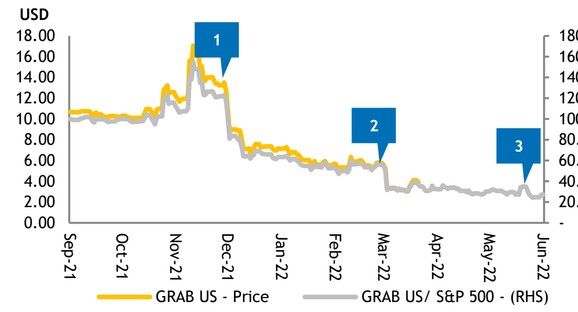
Grab boasts regional category leadership across 3 products



Source: Euromonitor

Price Drivers

Historical share price trend



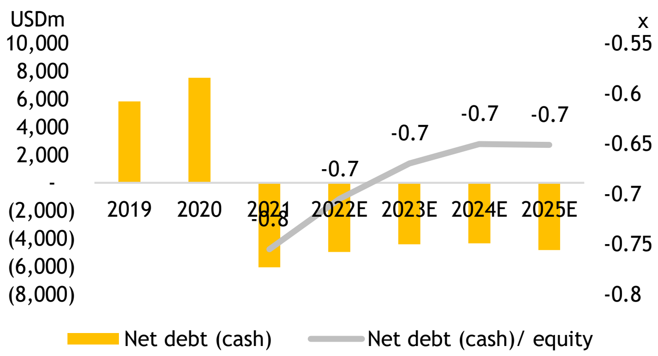
Source: Company, Maybank IBG Research

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.
3. 1Q22 results exceeded expectations due to reopening recovery.

Financial Metrics

- We project adjusted EBITDA breakeven in FY24E and PATMI breakeven in FY25E
- We forecast 2021-2025E GMV CAGR of 28% to USD45b, 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 FCF -USD1,179m in FY22E, but this narrows to -USD266m by FY24E.

Grab's balance sheet position



Source: Company, Maybank IBG Research

Swing Factors

Upside

- Improvements in mobility segment as the region adapts to living with COVID-19, such as the resumption of GrabShare.
- Further digital bank ventures announced in Philippines and Thailand.
- Announcement of mini-apps feature in the style of other superapps (WeChat, Line, Zalo, etc.)
- 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, regional energy and food security issues 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[1]	na
Score Momentum[2]	na
Last Updated	na
Controversy Score[3]	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 CO_2 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).

[1]***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. [2]***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. [3]***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).

Our thoughts on current risks

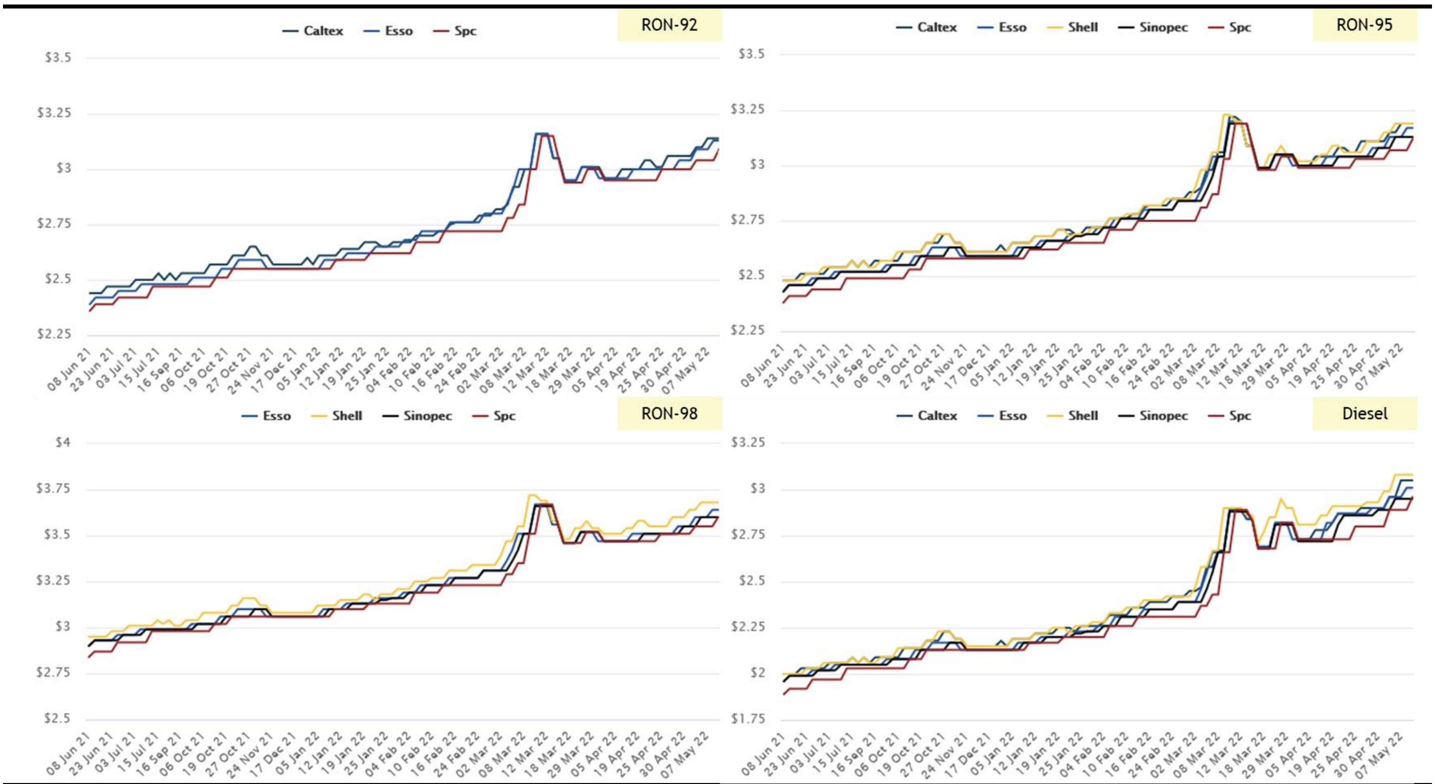
Even as we generally have a positive outlook for Grab, due to the realisation of macroeconomic headwinds from the Russia-Ukraine conflict raised as a risk in our initiation (Regional On-demand Champion, Appendix 2), which we believe to be increasing, we revisit the topic of risks and discuss the ramifications of recent developments and mitigating factors. Overall, we are: i) positive on the resiliency of mobility to fuel price increases and potential return of GrabShare; ii) we are more cautious on the delivery segment due to incremental global food security risks and the discretionary nature of delivery services, but robust 1Q22 results imply strong momentum; and, iii) positive on the ability of the superapp strategy to retain users even with incentive tapering.

Fuel cost increases: risk to mobility and delivery segments

Grab estimates that a 20% increase in fuel price should result in a 2-8% increase in ride fares for the end consumers, holding other variables constant. We concur with Grab that mobility demand is likely to remain resilient even in the face of rising fuel costs and fares primarily due to the inelastic nature of its services and the understatement possibility for the resumption of ride-sharing services (GrabShare).

Prior to the Russian invasion of Ukraine, Russia was the world's third largest oil producer at 10.5 mbbl/day (c.11% world production) in 2020, according to the US Energy Information Administration. As a result, pump prices have gradually moved up. For example, RON-92 prices reached a high of >SGD3.00/l in Singapore (Fig 1) (largest contribution to Grab by revenue) in May-22 and the highly subsidised Pertamax RON-92 in Indonesia (largest market by population) increased to IDR12,500/l on 1 April 2022 from IDR9,000/l.

Fig 1: Pump prices in Singapore (SGD)



Source: Motorist.sg

Fig 2: Fuel price changes in the ASEAN-6

	Gasoline price (USD)		Change
	Oct-21	May-22	
Indonesia	0.54	0.53	+1.9%
Vietnam	1.02	1.18	+15.6%
Philippines	1.26	1.41	+11.9%
Thailand	1.14	1.36	+19.3%
Malaysia	0.49	0.47	-4.1%
Singapore	1.90	2.17	+14.2

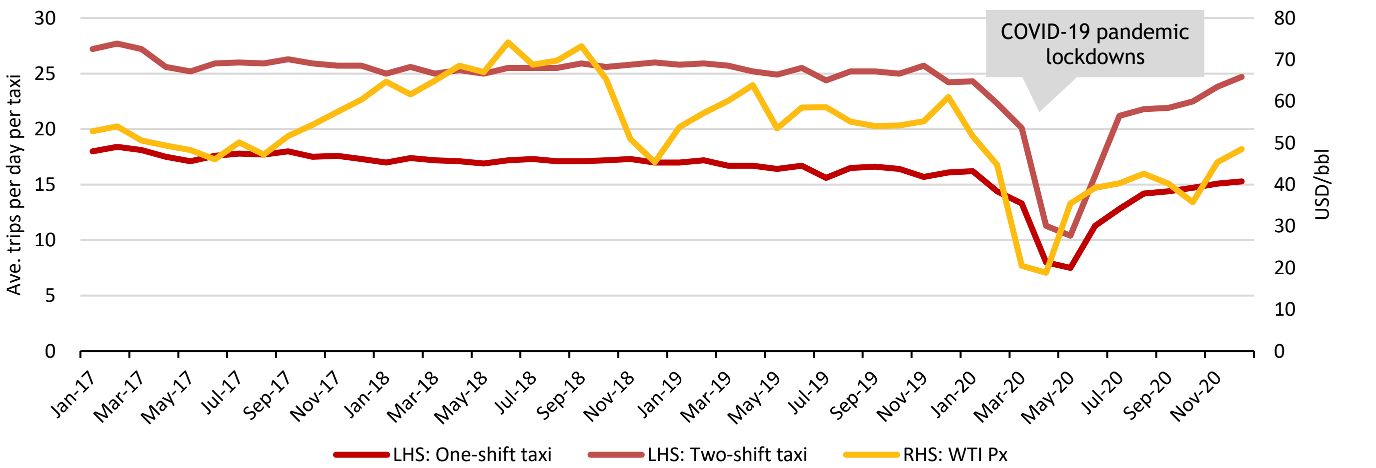
Source: Tradingeconomics.sg, Wayback Machine, Maybank IBG Research

Grab has several measures to relieve fuel costs for driver-partners; They have a partnership with Caltex in Singapore with discounts of c.29% and launched A PHP25m assistance fund in Philippines. The subsidies from Grab will likely impact them through higher expenses.

There are indications and we expect Grab to pass on rising fuel costs on to consumers through fare increases; Grab rolled out in Vietnam a VND2,000 increase in starting fare and an increase of VND600/km trip fare in Vietnam from 10 March 2022 and introduced a SGD0.50 driver fee in Singapore from 1 April 2022. In Indonesia, where fares are fixed at IDR3,500-6,500/km by the regulator, authorities are considering an upward revision of the price floor.

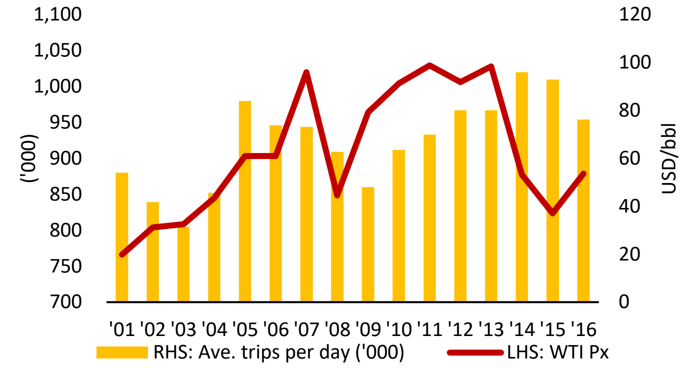
We believe that the short-term fluctuations in crude should not directly result in a reduction in ridership. Examining available taxi ridership data in Singapore and crude price development (Fig 3-5), we found that oil prices have a negligible effect on ridership in the short-term horizon, but exhibited a mild impact on ridership in the long-term horizon. We attribute this to a few factors: i) upstream price fluctuations in crude do not immediately translate into price increases downstream in refined products due to various cushioning factors such as other inputs into the refining process and worldwide storage capacity; and, ii) the nature of taxi/ride-hailing services are generally inelastic, in that consumers generally rely on these services for urgent use and, in the case of rural areas with poor public transport connectivity, for essential use. We estimate that each dollar increase in oil price translates to –0.1% decrease in ridership on a riders per day per taxi basis. However, the scope of this study is limited to Singapore only, due to the availability of data, and may not be generalizable to other markets.

Fig 3: Oil price and impact on overall taxi ridership 2017-2020 (monthly)
Ridership fluctuations are generally not sensitive to short-run fluctuation of crude prices…



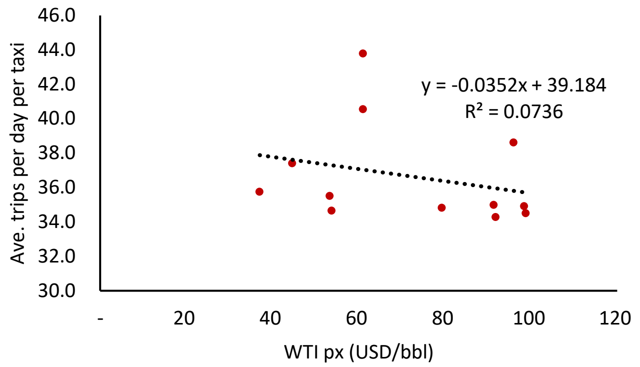
Note: WTI Price (Px) - extracted from Bloomberg code CL1 COMB Comdty
Source: Bloomberg, LTA, Data.gov.sg, Maybank IBG Research

Fig 4: Oil price and impact on overall taxi ridership 2001-16 (yearly)



Note: WTI Price (Px) - extracted from Bloomberg code CL1 COMB Comdty
Source: Bloomberg, LTA, Data.gov.sg, Maybank IBG Research

Fig 5: Oil price against rides per day per taxi 2005-16
... but long-run ridership does have a mild negative correlation



Note: The number of data points is below 30 limits the generalisability of this analysis and correlation coefficient of 0.11 indicates that the oil price is a poor explanatory variable of ridership demand.
Source: Bloomberg, LTA, Data.gov.sg, Maybank IBG Research

Other considerations

Even as we have laid out the risks, we believe that there are several factors, mostly mitigating, that led us to conclude that the mobility segment will remain resilient:

- **Restoration of ride-sharing service (GrabShare):** As Covid-19 restrictions ease, the once popular GrabShare service that was suspended due to the pandemic may be allowed to operate again. We believe that the resumption of this service could be a major upside catalyst for the mobility business as this has three key benefits to Grab: i) the inflation impact of increasing fuel prices passed on to the end consumer could be diluted by potentially 50-75% per ride; ii) higher utilisation of four-wheeler yields greater earnings for drivers-partner and therefore attracting more drivers onboard; and, iii) greater price competitiveness vis-à-vis taxi companies that have started their own digital platforms - e.g. Comfortdelgro (CD SP, CP SGD1.46, BUY, TP SGD1.76, covered by Eric Ong) - to compete with Grab.

- **More-for-more, high reliability strategy:** Grab mentioned in 1Q22 call that they aim to be the "most reliable platform" and asserted that they were "better and cheaper" than their peers in their benchmarking analysis. Based on our experience interacting with the Grab service, we concur that Grab is indeed more reliable, but they are usually priced at a premium compared to their peers due to surge pricing during peak hours. This is still an optimal value proposition of a more-for-more offering by catering to more inelastic urgent rides at a higher price.

- **Inelasticity of demand:** Related to the above analysis in Fig 3-5, we believe that ridership demand is generally inelastic, based on taxi-ridership statistics in Singapore. By focusing on reliability, Grab appears to be targeting the higher margin segment of ride-hailing market for urgent and essential rides, which are even more inelastic.

- **Government fuel subsidies:** Indonesia and Malaysia both subsidise fuel prices through their state-owned oil companies, Petronas and Pertamina respectively, which has cushioned the impact on Grab in these countries, with gasoline prices having changed little since Oct-22 (Fig 2)

- **Lower fuel consumption of two-wheel drivers:** Grab also highlighted that the two-wheel fleet is more fuel efficient than four-wheelers. This is a major consideration for countries where two-wheel rides have a preponderance, such as Indonesia, and for the delivery service, which is mainly serviced by two-wheel partners.

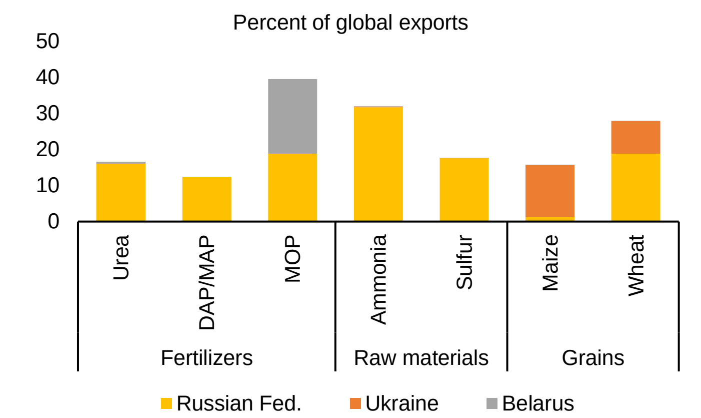
- **Driver supply advantage**: To support this strategy, Grab has been highly aggressive in ramping up the number of drivers on its mobility platform. Its monthly active driver partners rose 220,000 in 1Q22 vs. 3Q21 as Grab continued to attract supply to meet recovering demand. Grab attributes this to their driver acquisition strategies to including: i) targeted campaigns; ii) widened acquisition funnel (e.g. assisted onboarding); and iii) higher driver earnings due to a superior driver platform through the superapp ecosystem and continual innovation that reportedly yields drivers a 9% higher average earnings per hour. We also believe that Grab will have an advantage going forward given the shared driver base between delivery and mobility; Approximately two-thirds of drivers do both mobility and delivery.

Food cost increases: risks to delivery segment

The Russia-Ukraine conflict has exacerbated food inflation across the globe; Food prices have increased 19% since the start of the year (Fig 7). We think food security issues could pose a risk for Grab's delivery business across ASEAN of increased food prices and reduction in incomes, possibly resulting in demand destruction to discretionary food services as consumers turn to cheaper home-cooked food. Additionally, increases in fuel prices will increase the delivery fee component of the service. In general, we see little opportunity for Grab to mitigate these risks, apart from considering hedging instruments. However, given the strong 1Q22 GMV growth momentum and longer-term nature of these risks, we remain cautiously optimistic about this segment.

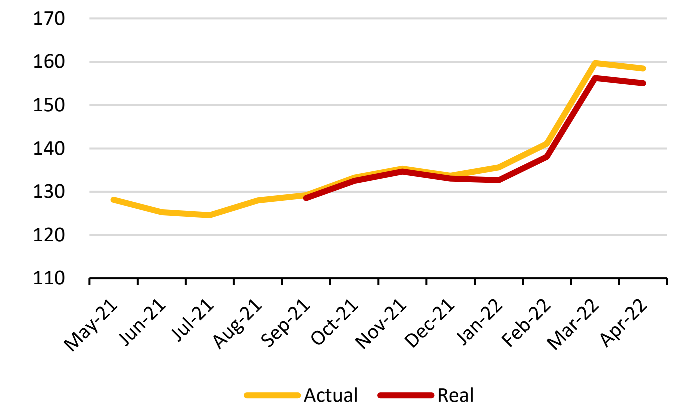
The most direct impact to global food security from the conflict in Ukraine is the impact to wheat supply. Ukraine and Russia were the #1 (34.49m MT) and #3 (21.02m MT) largest exporters of wheat in 2019/20, representing 28.6% of world exports, according to US Department of Agriculture (USDA) data. Ukraine is unable to export its current wheat harvest as the Black Sea ports (accounting ~90% of Ukraine's wheat export capacity) are currently under pressure, and moving forward, the conflict has impeded the current planting season. Meanwhile, Russia has been sanctioned and has itself enacted an export ban on wheat from March to June 2022. The opening up of trade following the dissolution of the USSR allowed the vast lands and agricultural capacity of the former Soviet bloc to enter the trading system, supporting the 46% growth of global population from 5.37b (1991) to 7.84b (2021 est.), according to World Bank data. Wheat prices have already spiked >25% from before the war and the global food situation could worsen (1) in the short-run due to export bans on food and also (2) in the long-run due to the supply destruction of fertilisers due to sanctions and export controls.

Fig 6: Russia, Ukraine and Belarus fertiliser and grain export global contribution
The three countries are major food and fertiliser exporters



Note: DAP = diammonium phosphate. MOP = muriate of potash. Data for 2019, except grains (2020).
Sources: International Fertilizer Association, U.S. Department of Agriculture, World Bank, UN CMO Report April 2022

Fig 7: FAO food price index
Food prices are rapidly climbing globally, it is 19% higher than the start of the year



Note: Indexed to 2014-2016 price
Source: UN Food and Agriculture Organisation

- **(1) - Governments may enact further export controls to curb food inflation out of domestic political considerations**. Indonesia, the world's largest exporter of edible oils announced a brief export ban on palm oil export in April 2022 to curb rising local prices. India followed with a wheat ban in May 2022, while Malaysia enacted a chicken export ban in May 2022. As shortages across various commodities hit the market, food-protectionism risk rises as net exporters may enact such export curbs to address domestic political concerns.

- **(2) - Fertiliser shortage caused by sanctions and export bans may compromise soft commodity yields:** Russia is the 4th largest producer of nitrogen fertiliser (N) at 9.43m MT (8% world), the 5th biggest producer of phosphate (P) at 3.76m MT (8% world) and the 3rd largest producer of potash (K) at 7.05m MT (16% world), while Belarus is the 2rd largest producer of potash at 7.26m MT (17% world) in 2018, according to the World Bank estimates. This is worsening an already tight fertilizer situation following China's export ban of fertilizers in 2H21. China is the world's largest producer and consumer of nitrogen and phosphate fertilizers, and a major net exporter of the same; Nitrogen – production: 28.9m MT, consumption: 23.3m MT, 2018; Phosphate – production: 17.6m MT, consumption: 12.0m MT, 2018. China is also the largest consumer and a major net importer of potash fertilizers; Potash – production: 5.4m MT, consumption: 9.3m MT, 2018. There are no major sources of P and K in the Southeast Asian region; The next largest net exporters of K, excluding Belarus and Russia, are Canada, Israel and Germany, while the countries for P are China, Morocco and Saudi Arabia. This raises the risk that if Southeast Asian countries are unable to secure their fertilizer supply, food security could be a long-tail risk coming FY23E.

Due to the scale of the impact of fertilizers on crop-yield productivity, Sri Lanka's decision to ban the import of chemical fertilisers is April 2021 is expected by experts interviewed by Reuters to reduce rice yields by 30% and result in a 30% increase in retail price this year. Should Southeast Asian countries fail to secure any chemical fertilizers and suffer such a drop in rice yields, Thailand and Vietnam will no longer be major exporters of rice, while Indonesia would turn from nearly self-sufficient to a major importer of rice. Palm oil production, which is a major agricultural activity in ASEAN, especially in Indonesia and Malaysia, is also highly dependent on chemical fertilisers to maintain yields, with long-term ramifications to each crop cycle should fertiliser not be applied regularly.

As such, ASEAN economies could be adversely affected by the current shortage of fertilizers, many of which are major agricultural producers. Based on USDA and World Bank data, we review the food security situation of the ASEAN-6 countries where Grab has a presence (Fig 8).

Fig 8: Food security risk assessment for ASEAN-6

Philippines, Malaysia and Indonesia are the most vulnerable to a food crisis.

Market	Agri-sector (% GDP)	Staples (Production)	Staples (Consumption)	Cash crops (Production)	Fertiliser (Production)	Fertiliser (Consumption)	Food security risk
Indonesia	13.7%	Palm oil: #1 (43.5m MT, 2020/21, 58% world) Coconut oil: #2 (0.96m MT, 2020/21) Maize: #12 (11.8m MT, 2020/21)	Rice: #2 (35.4m MT, 2020,21); #2 net importer (0.65m MT, 2020/21, 1.8% of consumption) Wheat: #3 (10.5m MT, 2020/21)	Rubber: #2 (2.8m MT, 22% of world) Coffee: #4 (10.7m 60kg bags, 2020/21)	Nitro: #5 (3.65m MT, 2018)	Nitro: #5 (3.59m MT, net import 0.07m MT, 2018) Phosphate: #5 (1.26m MT, 2018) Potash: #5 (2.27m MT, 2018)	Moderate. Large population (273m) and #2 net import position for rice. Fertiliser usage is mainly for palm oil production, but land can be reallocated to rice production. Natural gas industry allows for nitrogen fertiliser production
Vietnam	14.9%	Rice: #5 (27.38m MT, 2020/21), #3 net exporter (4.47m MT, 2020/21) Coconut oil: #4 (0.19m MT, 2020/21)	Rice: #3 (4.47m MT, 2020/21) Maize: #4 net importer (12m MT, 2020/21)	Coffee: #2 (29m 60kg bags, 2020/21) Rubber: #3 (1.25m MT, 2020)	Nitro: #17 (1.07m MT, 2018)	Nitro: #10 (1.60m MT, net import 0.54m MT, 2018) Phosphates: #9 (0.82m MT, 2018)	Low. Major rice producing country with option of export bans in the event of shortages.
Philippines	10.2%	Coconut oil: #1 (1.58m MT, 2020/21), #2 net exporter (5.86m MT, 2020/21) Rice: #8 (12.42m MT, 2020/21)	Rice: #3 (12.45m MT, 2020/21); #2 net importer (2.2m MT, 15% of consumption, 2020/21)	Bananas: #3 (2.42m MT, 2019)			High. Large rice import dependence and low-income status.
Thailand	8.6%	Rice: #6 (18.86m MT, 2020/21) Palm oil: #3 (3.1m MT, 2020/21)	Rice: #- (12.7m MT, 2020/21)	Rubber: #1 (4.5m MT, 35% world, 2020)		Nitro: #18 (1.20m MT, 2018) Potash: #7 (0.62m MT, 2018)	Low. Major rice producing country with option to divert fertiliser and land use from palm oil to rice production or to enact export bans.
Malaysia	7.4%	Palm oil: #2 (19m MT, 25% world, 2020/21)	Rice: Import 200k MT per month, 2020, 30-40% of consumption	Rubber: #7 (0.51m MTU, 2018)		Potash: #6 (1.43m MTU, 2018)	High. Large net rice import position, but middle-income position may be a slight cushioning factor.
Singapore	-	Overall: Less than 10% of food consumption is domestic production; To raise to 30% by 2030.	-	-	-	-	Moderate. The government stockpiles ~3 months' worth of food. Its affluence is a major cushion and its position on trade routes gives it bargaining power.

Note: Nitro refers to nitrogen fertilisers such as ammonium nitrates, urea.

Source: UN Oct 2021 CMO Report, USDA WASDE Report, Statista, BPS Indonesia Gov't, GSO Vietnam Gov't, Maybank IBG Research

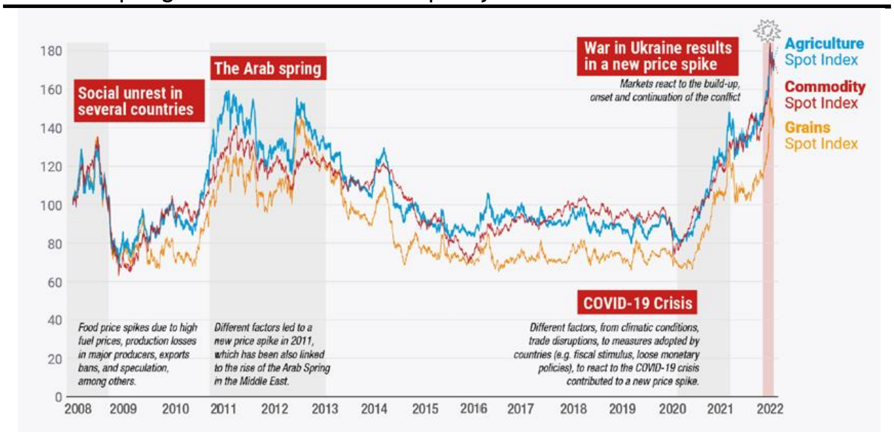
According to Grab, they are not seeing inflation impacts on-the-ground and we believe, based on our takeaways from the 1Q22 investor call, they have not yet sufficiently factored this into their outlook or guidance. We have also not factored this potential scenario into our forecast given: i) the longer horizon involved; ii) the possibility of a resolution to the fertilizer issue; and iii) agricultural policy adjustments by the respective governments in anticipation of this possible outlook.

Other considerations

- **Discretionary and premium angle of delivery services:** High agricultural output prices will put pressure on the F&B industry globally, and costs will be passed on to the end consumer where possible. Post-reopening, food delivery services will return to being a convenience/discretionary service, which exhibits a higher elasticity of demand. Grab's expansion into on-demand delivery is also more vulnerable as Jaya Grocers is a premium grocery chain and the tie up with Indomaret is also a premium service. This would be occurring in a backdrop of overall increasing prices, eating away at disposable incomes in the generally low-income ASEAN (ex. Singapore) region, if our worst-case scenario plays out.

- **Political instability is a low probability, high-impact risk:** According to the UNCTAD, civil unrest and food inflation is highly correlated (Fig 9), and in the UN report 'Global Impact of war in Ukraine on food, energy and finance systems', the rising cost of food in 2011 was partly to blame for the wave of civil unrest in the Middle East called the 'Arab Spring'. The spike in food price was in turn caused by wildfires in Russia that destroyed one-third of wheat harvests and required an export ban. Since the Russia-Ukraine conflict, the rise in cost has pushed Pakistan into a political crisis that led to the ouster of Prime Minister Imran Khan and Sri Lanka into a political and economic crisis that led to the resignation of Prime Minister Mahinda Rajapaksa. We see that the Southeast Asian region (ex. Myanmar and Thailand) as generally politically stable and assess the overall risk as low probability.

Fig 9: Escalating food prices were blamed for catalysing social unrest
The Arab Spring in the Middle East was partly blamed on food inflation



Note: Price index, base year = 2008
Source: UN

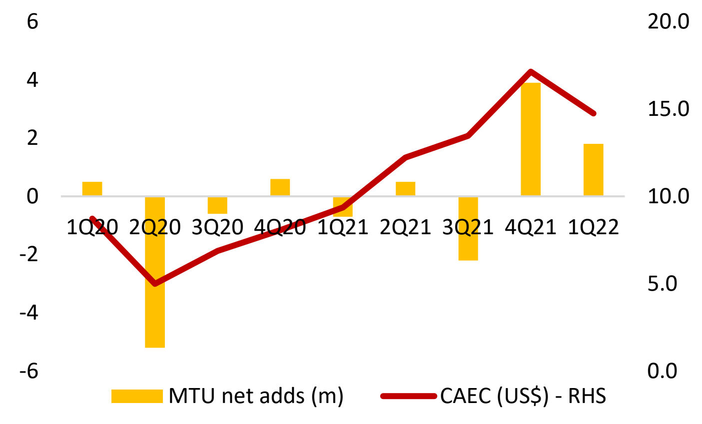
Incentives tapering: risks to customer acquisition and GMV

As marketing expenses and incentives are tapered, there is a risk customer acquisition will slow and transactions may taper. We think Grab's superapp strategy, which increases customer retention and customer spend, is a major mitigating factor. Additionally, the competitive environment appears conducive for incentive tapering.

Grab had elevated spending on marketing and incentives prior to the SPAC merger, which could have contributed to the increase in spend (GMV per MTU) and MTU net adds in 1Q22. Marketing costs and consumer incentives per MTU (or defined as customer engagement and acquisition cost) were as high as USD17.1 per MTU in

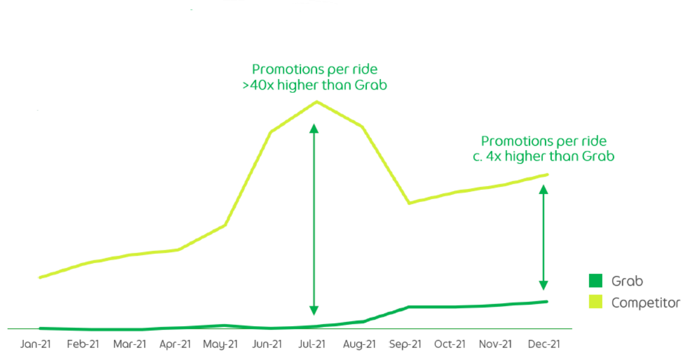
4Q21. This period was also around when rival GoTo was pursuing an IPO. We believe that given these events have passed, the environment is positive for consumer incentive tapering.

Fig 10: Customer engagement and acquisition cost and net adds
Increased marketing and incentive spend contributed to 1Q22's better-than- expected results..



Note: CAEC = customer acquisition and engagement cost, defined as market expenses and consumer incentives per MTU
Source: Company, Maybank IBG Research

Fig 11: Grab's incentive spend compared to nearest competitor
Grab's nearest competitor (GoTo) was elevating incentive spend in 2021, requiring Grab to respond in kind...



Source: Grab (4Q21 results)

We believe going forward, the superapp strategy should be able to hold on to users and serve as a moat against headwinds. We think even if the risks on the delivery segment play out, there is still strong growth potential in the financial services segment. The development of GrabAds could also benefit Grab through better recommendation engine algorithms and higher spontaneous engagement on the Grab platform. We also see the tapering of incentives as a positive development towards profitability.

Fig 12: SOTP

Business	Methodology	Multiple (x)	Metric	Value of metric (USDm)	Value of business (USDm)	Note
Delivery	EV/S	2.3	FY23E Revenue	3,563	8,194	Metric for Grab is calculated as FY23E gross billings less consumer incentives to be 'like-for-like' with peers
Mobility	EV/S	2.2	FY23E Revenue	922	2,028	
Financial Services	EV/GMV	0.1	FY23E GMV	6,476	648	
Digital banking	P/B	1.0	FY22 BV	134	134	
				FY22E enterprise value (USDm)	11,004	
				FY22E net cash (USDm)	4,956	Incl. short-term investments. Implies FY22E of USD1.32 per share. On FY21A, net cash per share was USD1.35.
				Equity value (USDm)	15,960	
				Number of shares (m)	3,752	
				Value per share (USD)	4.25	

Source: Maybank IBG Research

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Metrics					
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	1.4	1.5	1.5
P/NTA (x)	(0.2)	3.8	1.6	1.7	1.6
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	1,184.0	2,068.0	3,117.0
EBITDA	(911.0)	(1,210.0)	(1,457.7)	(1,029.2)	(583.9)
Depreciation	(126.0)	(109.0)	(100.4)	(102.0)	(110.3)
Amortisation	(261.0)	(236.0)	(13.3)	(13.7)	(15.8)
EBIT	(1,298.0)	(1,555.0)	(1,571.4)	(1,144.9)	(710.1)
Net interest income /(exp)	(1,437.0)	(1,636.0)	155.5	221.1	192.3
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)	(1,423.9)	(931.8)	(525.7)
Income tax	(2.0)	(3.0)	(1.2)	(0.8)	(0.4)
Minorities	137.0	106.0	106.0	106.0	106.0
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)	(3,450.0)	(1,319.1)	(826.6)	(420.2)
Core net profit	(2,608.0)	(3,450.0)	(1,319.1)	(826.6)	(420.2)
BALANCE SHEET (USD m)					
Cash & Short Term Investments	3,302.0	8,078.0	6,484.7	5,524.7	5,026.0
Accounts receivable	84.0	95.0	166.6	291.1	438.7
Inventory	3.0	4.0	4.8	5.8	7.2
Property, Plant & Equip (net)	384.0	441.0	444.0	473.7	539.1
Intangible assets	913.0	675.0	675.7	679.9	687.9
Investment in Associates & JVs	9.0	14.0	6.0	(2.0)	(10.0)
Other assets	747.0	1,871.0	1,913.0	1,913.0	1,913.0
Total assets	**5,442.0**	**11,178.0**	**9,694.8**	**8,886.3**	**8,601.9**
ST interest bearing debt	140.0	144.0	426.3	424.7	420.6
Accounts payable	109.0	167.0	201.4	242.9	301.5
LT interest bearing debt	10,878.0	2,031.0	1,255.2	830.5	409.9
Other liabilities	609.0	817.0	783.0	783.0	783.0
Total Liabilities	**11,736.0**	**3,159.0**	**2,665.9**	**2,281.1**	**1,915.0**
Shareholders Equity	(6,399.0)	7,733.0	6,848.9	6,531.2	6,719.0
Minority Interest	105.0	286.0	180.0	74.0	(32.0)
Total shareholder equity	**(6,294.0)**	**8,019.0**	**7,028.9**	**6,605.2**	**6,687.0**
Total liabilities and equity	**5,442.0**	**11,178.0**	**9,694.8**	**8,886.3**	**8,601.9**
CASH FLOW (USD m)					
Pretax profit	(2,743.0)	(3,552.0)	(1,423.9)	(931.8)	(525.7)
Depreciation & amortisation	387.0	345.0	113.7	115.7	126.2
Adj net interest (income)/exp	1,437.0	1,636.0	(155.5)	(221.1)	(192.3)
Change in working capital	75.0	(128.0)	(38.0)	(83.9)	(90.5)
Cash taxes paid	(7.0)	(3.0)	(1.2)	(0.8)	(0.4)
Other operating cash flow	200.0	756.0	435.0	508.9	608.0
Cash flow from operations	(643.0)	(938.0)	(1,062.0)	(605.1)	(66.8)
Capex	(40.0)	(85.0)	(117.4)	(149.7)	(199.5)
Free cash flow	(683.0)	(1,023.0)	(1,179.3)	(754.7)	(266.3)
Dividends paid	0.0	0.0	0.0	0.0	0.0
Equity raised / (purchased)	329.0	4,408.0	0.0	0.0	0.0
Perpetual securities	1,389.0	463.0	0.0	0.0	0.0
Change in Debt	(128.0)	1,780.0	(493.5)	(426.3)	(424.7)
Other invest/financing cash flow	(290.0)	(2,757.0)	(775.5)	221.1	192.3
Effect of exch rate changes	15.0	(37.0)	0.0	0.0	0.0
Net cash flow	632.0	2,834.0	(2,448.3)	(960.0)	(498.7)

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Ratios					
Growth ratios (%)					
Revenue growth	nm	43.9	75.4	74.7	50.7
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
Profitability ratios (%)					
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
DuPont analysis					
Net profit margin (%)	nm	nm	nm	nm	nm
Revenue/Assets (x)	0.1	0.1	0.1	0.2	0.4
Assets/Equity (x)	nm	1.4	1.4	1.4	1.3
ROAE (%)	na	na	na	na	na
ROAA (%)	(49.8)	(41.5)	(12.6)	(8.9)	(4.8)
Liquidity & Efficiency					
Cash conversion cycle	21.3	2.5	(10.4)	(10.3)	(7.4)
Days receivable outstanding	58.7	47.7	39.8	39.8	42.1
Days inventory outstanding	1.5	1.2	1.2	1.2	1.2
Days payables outstanding	38.9	46.4	51.4	51.4	50.7
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	4.5	8.5	5.3	4.6	4.2
Leverage & Expense Analysis					
Asset/Liability (x)	0.5	3.5	3.6	3.9	4.5
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	10.1	5.2	3.7
Debt/EBITDA (x)	nm	nm	nm	nm	nm
Capex/revenue (%)	8.5	12.6	9.9	7.2	6.4
Net debt/ (net cash)	7,716.0	(5,903.0)	(4,803.2)	(4,269.5)	(4,195.5)

Source: Company; Maybank IBG Research

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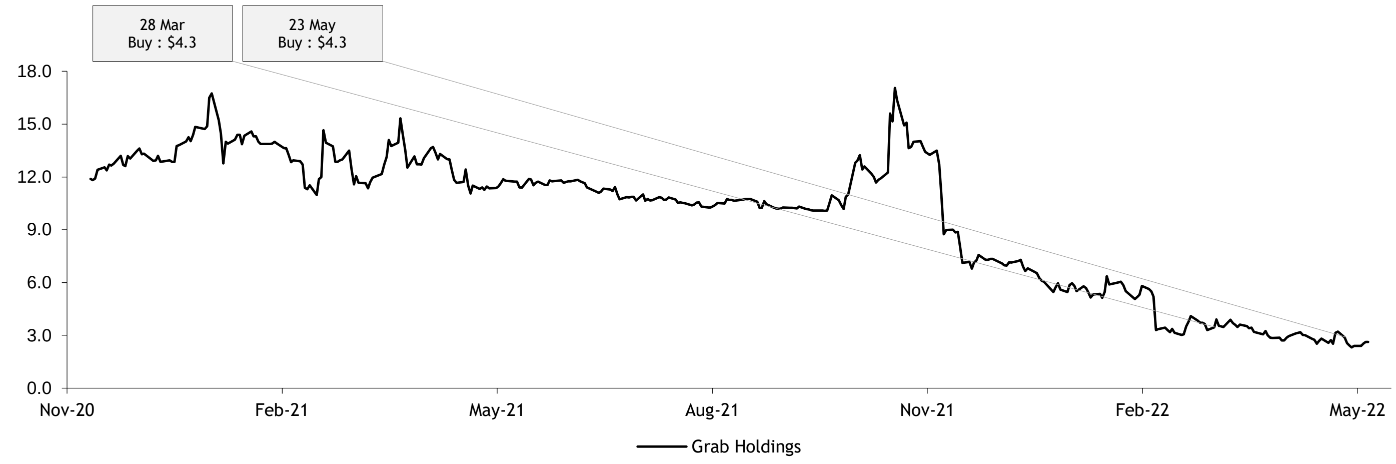
Historical recommendations and target price: Grab Holdings (GRAB US)



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