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GRAB.OQ - Q4 2021 Grab Holdings Ltd Earnings Call

EVENT DATE/TIME: MARCH 03, 2022 / 1:00PM GMT

CORPORATE PARTICIPANTS

Ming-Hokng Maa *Grab Holdings Limited - President*

Peter Oey *Grab Holdings Limited - CFO*

Anthony Tan *Grab Holdings Limited - Co-Founder, Chairman & CEO*

Vivian Tong *Grab Holdings Limited - Head of U.S. Investor Relations*

CONFERENCE CALL PARTICIPANTS

Alicia Yap *Citigroup Inc., Research Division - MD & Head of Pan-Asia Internet Research*

Mark Goodridge *Morgan Stanley, Research Division - Equity Analyst*

Mark Stephen F. Mahaney *Evercore Inc. - Senior MD & Head of Internet Research of Evercore ISI*

Navin Killa *UBS Investment Bank, Research Division - Analyst*

Pang Vittayaamnuaykoon *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Piyush Choudhary *HSBC, Research Division - Telecoms Analyst, South East Asia*

Ranjan Sharma *JPMorgan Chase & Co, Research Division - Analyst*

Thomas Chong *Jefferies LLC, Research Division - Equity Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen. Thank you for standing by, and welcome to Grab Holdings Fourth Quarter 2021 Earnings Conference Call.

(Operator Instructions)

I would now like to turn the conference over to your speaker host, Vivian Tong, Head of U.S. Investor Relations.

Vivian Tong - *Grab Holdings Limited - Head of U.S. Investor Relations*

Good day, everyone, and welcome to Grab's Fourth Quarter 2021 Earnings Presentation. This is Vivian Tong, Head of U.S. Investor Relations at Grab. And joining me today are Anthony Tan, Chief Executive Officer; Ming Maa, President; and Peter Oey, Chief Financial Officer.

During the call today, Anthony will discuss our key business updates, and Peter will share detailed insights with you on our fourth quarter and full year 2021 financial results. Following prepared remarks, we'll open up the call for questions where Anthony, Peter and Ming will respond to Q&A.

As a reminder before we begin, today's discussion contains forward-looking statements about the company's future business and financial performance. These comments are based on our predictions and expectations as of today. Actual events and results could differ materially due to a number of risks and uncertainties and including those mentioned in our Form F-1 registration statement and other filings with the SEC.

The discussion today also contains operating metrics and non-IFRS financial measures. The comparable IFRS financial measures are included in this quarter's earnings materials. For more information and additional disclosures on recent business performance, please refer to our earnings press release and supplemental presentation for a detailed fourth quarter and fiscal year 2021 financial review, which can be found on our IR website. Should you have any questions after this presentation, please reach out to investor.relations@grab.com.

And with that, I will turn the call over to Anthony to deliver opening remarks.

Anthony Tan - *Grab Holdings Limited - Co-Founder, Chairman & CEO*

Thank you so much for joining our first-ever earnings call as a public company. We had our best year yet in 2021, and I'm so proud of Grabbers and what we've been able to accomplish. Thank you to all our Grabbers around the globe in all their contribution in driving Southeast Asia forward. I also want to express our deep appreciation to our driver and merchant partners who continue to deliver day in and day out.

Before diving into the details of our performance for this year, I'd like to spend a moment on the Grab story. Hooi Ling and I co-founded Grab in 2012 with a mission and that mission is to drive Southeast Asia forward by creating economic empowerment for everyone. And since then, we've evolved into a single everyday, everything super app that is enabling millions of people each day to order food, groceries, hail a ride, pay for purchase and access financial services like lending, insurance and more, all in 1 app and we are just getting started. And during 2022, we continue to be intensely focused on our 3 key priorities: Firstly, we are focused on winning the hearts and minds of more users across the region by introducing the benefits of the Superapp to more users by being hyper local in how we serve the region and by delivering even better user experiences and better service levels. This will further solidify our category leadership in Southeast Asia.

Secondly, we'll continue to invest in the growth of our key business segments. We're addressing massive market opportunities and see tremendous headroom for growth in our user base and opportunity to drive greater wallet share from our existing users. And third and final, we will continue to reduce our cost to serve. We want to be the most capital-efficient provider in the market, and this is where our Superapp product strategy provides us with this advantage.

With this backdrop, let's dive into the results for the year. We had another record year for Grab with tremendous year-over-year growth that saw us achieve a total GMV of USD 16.1 billion, exceeding our GMV guidance for the year. We also delivered against our adjusted EBITDA guidance as we continue to progress on our path to profitability. This was in spite of a difficult COVID environment where lockdowns were markedly harsher in Southeast Asia in 2021.

GMV grew 26% year-over-year in the fourth quarter to $4.5 billion. As of the fourth quarter, our MTUs are at the highest point since COVID lockdowns began. Our data also shows that in 2021, our users are spending 31% more on our platform compared to the year before. These results bear testament to the resilience and the growing relevance of the Superapp and effectiveness of our Superapp product strategy.

It demonstrates our ability to grow even in an uncertain environment. On mobility, while we're not completely out of the COVID woods yet, we're progressing strongly towards full recovery. We saw fourth quarter mobility GMV, up by 45% quarter-on-quarter. We're also seeing mobility GMV in the first 2 months of the year, growing modestly year-on-year as well. Consumers are eager to be out and about again, and we've observed greater nuance in how governments are responding to Omicron compared to the previous infection waves. Countries like Malaysia and Singapore have gradually loosened restrictions in spite of rising cases.

And while countries like Indonesia and the Philippines have introduced or reintroduced tighter restrictions in the first 2 months of the year. We're more optimistic about a recovery than we were in 2021. And we are investing to position our supply base strongly to capture the demand rebound ahead.

Turning to deliveries. It is clear to us that deliveries are becoming more and more integral to everyday life. Even through waves of loosening restrictions, our deliveries business has continued to perform strongly. Not only are we seeing our user base grow, users are ordering more frequently and they're spending more per order. Average order values have gone up by 41% in 2021 compared to 2019 before the onset of COVID. On a whole, GMV for our deliveries business expanded by 56% year-over-year in 2021.

For Financial Services, we continue to see strong momentum. The fourth quarter was another record quarter for us. And our total payments volume for 2021 was $12.1 billion, a 37% increase year-over-year. We're seeing good growth in products like buy now, pay later with fourth quarter TPVs being 5x higher than the year before. I'm also excited about our Digibank opportunities. The Grab- Singtel Digibank joint venture is getting ready to launch in Singapore this year. We're awaiting results in our Digibank license application in Malaysia, which the regulator has stated they expect to announce within March. We also recently acquired a 16.26% stake in Bank Fama in Indonesia, which we intend to use as a launch pad for our Indonesia digi banking ambitions.

A quick point on enterprise and new initiatives. We continue to expand our existing advertising and mapping offerings. While still a small and very young segment, the growth prospects are very exciting and we will continue to sharpen our value proposition with the expanding partner and client base that we are progressively building.

In our advertising business, for example, we have tripled the number of merchants on our ads platform between the fourth quarter of 2020 and the fourth quarter of 2021. I want to point out that the fourth quarter was a quarter of reinvestments for Grab and we expect some of this to continue into the first and second quarter. There are 3 drivers for this. First, we're preemptively investing to recalibrate driver supply to capture a strong recovery in mobility demand.

Similar to what was observed in other parts of the world, our driver supply base moderated down amid lower mobility demand in the third quarter. We're investing to pull drivers back even as we continue to find ways to increase your productivity on our platform. Not only are we seeing our driver pool grow, the utilization rates went up by 19% year-over-year in the fourth quarter and the average earnings per hour grew by 16%.

Second, we're strategically investing to maintain category leadership in Southeast Asia. According to Euromonitor, we remain the #1 category leader across our core verticals in 2021. We're 3.9x larger than the next largest competitor in ride-hailing, 2.1x larger in online food delivery and 1.3x larger in payments. The growth opportunity in Southeast Asia is tremendous across our verticals, and we're not the only ones who recognize this. Players in some markets have at times increased their promotion spend significantly. We will continue to invest as appropriate to maintain our lead. And while we have a fortress balance sheet to support this, we aim to do it in an efficient, judicious and disciplined manner.

As the category leader, we continue to lead in capital efficiency across the categories in which we operate. Let me share 2 quick examples. In Singapore, we retained a comfortable lead in category share for mobility while spending an estimated 4x less on promotions per ride in the fourth quarter compared to one of our competitors. This represents a 4:1 advantage in capital efficiency that Grab has.

In food deliveries, despite competition, we maintained category leadership in the region while driving greater efficiencies from our incentive spend across our core markets.

For example, on a per order basis across competitive markets such as Indonesia, Malaysia, Thailand and Vietnam, we estimate that our GMV to cost ratios are 25% to almost 100% more efficient than competitor averages. This demonstrates that our platform and Superapp product strategy affords us greater efficiencies in our incentive spend. Not only because of advantages from our Superapp flywheel, but also because of consumer loyalty and preference towards Grab.

Year-on-year, we are seeing the number of cross-vertical users grow. Users who use more than 2 or more Grab services have now reached 56% of our user base, up from 49% a year ago. Your retention rates are higher and they're spending more on our platform. This, in turn, drives higher customer lifetime value and greater efficiency in incentive spend. Third, we continue to invest into tech infrastructure and talent to support the pursuit of our long-term growth opportunities.

We're scaling up our cloud infrastructure, investing more in mapping out Southeast Asia in AI, analytics and in our ads platform. With all these investments, I want to emphasize that we don't expect these levels of investments to persist in the long run. With Southeast Asia still in the early stages of online adoption across our key categories, we see significant headroom for our TAM to increase. We're confident that the investments we are making are important, foundational and ones that we expect will pave the way for sustainable future growth.

I do also want to underscore that we continue to be laser focused on our path to profitability. Mobility continues to deliver best-in-class segment adjusted EBITDA margins. And across all our segments, we've seen our adjusted EBITDA margins improve year-over-year. Peter will share more on our margins and how we are thinking about the medium to long term.

Looking ahead, I expect 2022 to be another watershed year for Grab and for a few reasons. First, we're aiming to launch our very first Digibank in Singapore this year. Second, we will continue to pursue large opportunities in deliveries across both offline and online demand for prepared meals and groceries. So when our consumers are hungry for anything, whether it's a restaurant meal or home-cook dinner or just something to snack on, we want Grab to instinctively come top of mind for them.

Third, we'll continue to focus on the recovery of mobility. This is where we have a proven track record of 9 quarters of segment adjusted EBITDA profitability to date. As we march towards profitability, mobility will continue serving as a solid foundation for our other verticals and focus areas. I have deep conviction in our Superapp product strategy as our right to win and we'll continue to aim for the best product experience for our consumers in the market.

It is key to how we drive loyalty to our platform while reducing our cost to serve. We continue to stay true to our mission of driving economic empowerment across all of Southeast Asia and remain steadfast in executing our strategy.

I'll now turn the call over to Peter for a review of the financials.

Peter Oey - *Grab Holdings Limited - CFO*

Thanks, Anthony. Before I turn to the financial update, I wanted to update you about Grab's inclusion in the MSCI world index earlier this week on March 1. This month is another significant milestone for Grab, which will enhance our trading liquidity and improve our visibility to global investors.

Now turning to the financials. We ended 2021 with a strong fourth quarter and full year 2021 results, exceeding our expectations on top- line and meeting our guidance on our bottom line. The fourth quarter was our strongest quarter to date as GMV grew 26% year-over-year to $4.5 billion, driven by deliveries growth of 52% year-over-year. GMV for the year finished at $16.1 billion, a year-over-year increase of 29% and Deliveries GMV of $8.5 billion, growth of 56% for the same period.

Mobility GMV in the fourth quarter grew 45% over the third quarter. While we're still away from mobility recovering to pre-COVID levels, we are optimistic on mobility's future growth based on this quarter's strong recovery progress. Mobility GMV for the year finished at $2.8 billion.

Overall, across all our segments, we're seeing improvements in commission rates, which is defined as Grab's commissions before incentives as a percentage of GMV. Deliveries commissions are up from 17.5% to 18.2%. Mobility commissions are up from 21.7% to 23.8%, and financial services commissions up from 1.8% to 2.4%. Revenue on an IFRS basis for 2021 grew by 44% year-on-year to $675 million from $469 million. This marks our highest revenue achieved in the fiscal year. For the fourth quarter, revenue did decline to $122 million from $219 million year-on-year.

Now this was primarily due to the strategic investments made in higher driver incentives to meet the strong demand from lockdown reopenings in the third quarter across all markets and also higher consumer incentives in deliveries as we invested in our category leadership and acquiring new MTUs to our platform.

We made positive strides in improving our EBITDA margins in 2021. Segment adjusted EBITDA margins for 2021 as a percentage of GMV improved from negative 2% to negative 1%. Adjusted EBITDA margins for the group as a percentage of GMV also improved from negative 6% to negative 5% as we improved commission rates and scaled operating leverage at segment level.

For the fourth quarter, segment adjusted EBITDA declined to $113 million loss from $49 million loss in the fourth quarter of 2020, driven by the investments in incentives as I alluded to earlier. Focusing on segment adjusted EBITDA for deliveries, our margins improved from a negative 3.9% to negative 1.5% from 2020 to 2021. And we see core food deliveries being closer to breakeven, achieving segment adjusted EBITDA margin of negative 1% for 2021 compared to negative 4.5% in 2020. As for mobility segment adjusted EBITDA margin for 2021, we achieved 12.4% of GMV compared to 9.5% in 2020.

Turning to regional costs. This remains stable at approximately 4.4% as a percentage of GMV in 2021 relative to 2020. In 2021, we made key investments in scaling further our cloud infrastructure as well as critical talent to support growth of the existing business lines and new initiatives of the platform. Our IFRS loss for the fourth quarter was $1.1 billion, which includes $311 million non-cash interest expense related to Grab's convertible, redeemable preference shares that ceased upon Grab's public listing as well as $328 million related to one-time public listing related expenses.

For the full year 2021 IFRS loss was $3.6 billion, which includes $1.6 billion of non-cash interest expense related to convertible redeemable preference shares and $353 million related to one-time public listing related expenses. We continue to maintain a fortress balance sheet with $9 billion of cash liquidity as of the end of the fourth quarter including our $2 billion Term Loan B facility. Our net cash liquidity was $6.8 billion as of the end of the fourth quarter.

As we look into 2022 and the first quarter, we currently expect some slight disruptions to our mobility business with some of the minor lockdowns we've seen in certain cities as Southeast Asia reaches higher levels of Omicron cases in February and March. We are continuing to strengthen our driver supply to anticipate strong mobility demand recovery. For deliveries, we expect the momentum to continue as we double down on strategic initiatives like grocery deliveries.

Finally, for Financial Services, we are focusing on ensuring the successful launch of Digibank Singapore sometime in 2022. With that context, for the first quarter, we expect to see deliveries GMV of $2.4 billion to $2.5 billion. Mobility GMV of $750 million to $800 million and financial services TPV of $3.1 billion to $3.2 billion. From the second quarter to the fourth quarter of 2022, we expect group GMV growth for each quarter to accelerate to 30% to 35% year-on-year subject to the COVID recovery.

Now looking beyond 2022, we see a path to profitability in sight for deliveries as we expect deliveries as a segment to reach segment adjusted EBITDA breakeven by the end of 2023 with core food delivery breakeven by the first half of 2023. This is complemented with our best-in-class mobility margins of 10% plus. We are targeting long-term segment adjusted EBITDA margins as a percentage of GMV for mobility of 12% and deliveries of 3%.

In conclusion, we are pleased with our strong performance this last quarter and 2021. We'll continue to compete in a more capital-efficient manner while at the same time, driving the flywheel of the Superapp ecosystem that continues to spin faster. With this, we remain optimistic about the recovery and growth opportunities ahead of us. Thank you very much for your time, and we will now open up the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

And our first question coming from the line of Alicia Yap with Citigroup.

Alicia Yap - *Citigroup Inc., Research Division - MD & Head of Pan-Asia Internet Research*

Congrats on the first earnings call as a public company. My question is related to the delivery business. First of all, so beyond the natural structural increase in the penetration ramp, what are some of the proactive measures that you will be using or push for more market shaking in the coming quarters? Would you continue to explore opportunity to acquire or invest some offline supermarket chain like the one Jaya in Malaysia.

And the follow-up question is on competitive landscape. So how would you balance between your target of breakeven by end of 2023 versus the market shaking, given the rising intensity of the competitive landscape. Would you foresee you would not need to spend more if the competition become irrational.

Ming-Hokng Maa - *Grab Holdings Limited - President*

This is Ming. Let me talk a little bit about how we think about growing penetration within the delivery market, and then I'll hand it over to Anthony and Peter to talk about some of the growth versus profitability aspects of this. I think very largely speaking, there's really 2 areas that we're really pushing on to really deepen our category position.

The first is really continuing to lower our cost to serve. So the more efficient we become with every single order, the more we unlock the markets for a broader set of consumers. So I think Anthony mentioned our advantages and cost to serve in certain markets like Thailand, for every dollar that we are investing into the market, we're generating about 97% higher GMV than our competition in deliveries. So again, it is about stretching our dollars, stretching our balance sheet and ensuring we have the lowest cost to serve.

The second area I would highlight is really laterally as we think about expanding the business and really future grouping for post-COVID recovery, expanding from food to Mart, fresh groceries I think the penetration rates that Anthony talked about earlier, 1% for groceries is really just an indication for how unlocked the market is and what the potential could be if we develop the right products at the right price points.

Anthony Tan - *Grab Holdings Limited - Co-Founder, Chairman & CEO*

Thanks, Alicia. Let me give you an update on competition. So I wouldn't comment on what competitors are doing, but let me tell you how we are maintaining our leading category position. So competition here has always been robust. That's what makes it really fun. Some of our peers have increased their spending to try and drive additional growth. We will continue to defend and build on our #1 category position.

And part of that includes some high investments, but we think of this in a very targeted judicious manner. If you refer to our earnings presentation, you'll see actually the capital efficiency of our spend is much better than our peers. Just take, for example, mobility in Singapore, even with that increased competition because of our Superapp scale, we're estimating what 4 to 1 capital advantage and therefore, believe we are very well positioned to protect, lead through very targeted promotional campaigns while still financially outperform the overall category.

And if you look at -- it's not just for mobility, but also for food deliveries. It's a highly competitive category, but despite that, we are still able to drive greater efficiencies from our incentive spend across our core markets. One example where I just came in the market in Thailand, where for every dollar we spend, we can almost get 2x the GMV relative to our peers.

So our share remains strong in categories with this massive headroom for growth, for example, in grocery delivery, it's only 1% penetration today. Our category share in ride-hailing is 1%, Peter talked about it, 51% for food delivery. This means that what it represents is customers' #1 choice. So we are seeing that even as our peers take some share, they're taking it from other competitors in our markets by targeting low AOV strategies, very different.

So we are in a strong position to respond to market dynamics with this balance sheet that Peter talked about. We have a 4:1 capital advantage. And despite heavy competition, we're maintaining our market share across very large categories. Now let me put it out there. We are going to be judicious in recalibrating our supply, our driver supply and we are incredibly confident in our ability to defend our territory.

Peter Oey - *Grab Holdings Limited - CFO*

Alicia, if I can just add on a little bit here. Also, you asked the question around incentives and spend. If you look at just the profitability, the unit economics of our deliveries business, we cited that our delivery segment adjusted EBITDA improved from 3.9% in 2020 to a negative 1.5% in 2021. So that's a big step up in terms of improvements.

And if you look at just our food delivery business, our EBITDA margin improved from negative 4.5% to negative 1%. So we have a path to continue to improve our unit economics of our business, especially on deliveries. And how we're doing that in a couple of things, you heard that our commission rates are up, and it's over 200 basis points up year-on-year on our deliveries business, but also just our average order value.

If you look at our order value today on deliveries, it's up 41% from 2019 to 2021. GMV per MTU also, if you look at our deliveries business, it's up 30% plus year-over-year. So we've got the levers to actually continue to improve the unit economics of our business. But as Anthony said, we're going to continue to invest in category leadership as the market is just so big, and we're going to continue to make our unit economics also improve at the same time. So I hope that's helpful to you.

Operator

Our next question coming from the line of Mark Mahaney from Evercore ISI.

Mark Stephen F. Mahaney - *Evercore Inc. - Senior MD & Head of Internet Research of Evercore ISI*

Two questions, please. You talked about this acceleration in growth during the year to 30% to 35%, leaving aside what happens with COVID Omicron. Could you talk about what factors would cause those growth rates to come in better or worse than expected? And then on the delivery side, can you talk about to date, the success you've had in expanding beyond food to grocery and convenience. Just a way that we can track the -- your expansion beyond core food and deliveries just in terms of consumer demand.

Peter Oey - *Grab Holdings Limited - CFO*

Sure. Mark . I'll take the first one here, and I'll get Anthony or Ming also just to chime in on how we're thinking about deliveries. So yes, we -- in our guidance for the Q2 to Q4, we are expressing that GMV acceleration to be between 30% to 35%. So what's -- you asked question about what's upside. But I think as we think about our deliveries business, there's 2 factors here. Our deliveries business, we've got also the Grab supermarket that we're heavily investing in.

And as you see, our GrabMart business as a whole has been tremendously growing, and that's going from strength to strength. If you look at our growth alone, our mart grew 300% on a year-over-year basis. So you've got that lever that we're pulling that we can also on supermarket.

And if you look at mobility, mobility is just getting started. If you look at the quarter-on-quarter growth, it's 45% for our mobility business. And we've got mobility also as the economy opens up here in Southeast Asia as people are starting to travel in Southeast Asia as airports are starting to open up here. Well, we're cautiously optimistic in terms of how the government will react to the rising cases. But so far, what we've seen, we seem to be seeing some good traction in our mobility business.

Ming-Hokng Maa - *Grab Holdings Limited - President*

Mike, let me just follow up on your second question regarding some expansion metrics on outside of food and -- food vertical. I think the first thing is our expansion verticals are still quite young. And we are looking at some significant opportunities to expand both in Mart as well as supermarket. We're not breaking specific metrics out, but I think you can get an indication of how the cross-sell is occurring.

Peter and Anthony talked about our MTU spend growing by 41% from 2019 to 2021. Part of this is obviously increased baskets within food delivery itself. But while this is also coming from cross-sells into larger baskets in the Grocery basket or Mart basket. So that gives you a little bit of sense for where we're heading. The last thing I'll mention is when you look at our new customer acquisitions within Mart, a very high percentage, call it, about 80% or more comes from our food vertical. And so you'll see that top of the funnel coming from either rides or food really at the top and then really funneling down to some of our other expansion verticals here.

Operator

Our next question coming from the line of Navin Killa with UBS.

Navin Killa - *UBS Investment Bank, Research Division - Analyst*

If I can squeeze 2 questions here. First of all, on the financial services side, I mean, the guidance that you have provided for the first quarter does imply a bit of slowdown. I was just wondering how much of this could be the result of the Gojek Tokopedia merger? And generally, if you could just talk a little bit about the impact of that in terms of the magnitude and the time frame over which we expect that to play out. And then secondly, you talked about Digibank in Singapore, Indonesia. Is there a strategy around Digibank in other markets beyond Malaysia? And obviously, I mean Thailand, Philippines and Vietnam.

Peter Oey - *Grab Holdings Limited - CFO*

Right. Sure, Navin. Let me just kick it off around the TPV question that you asked and -- also just around GoTo, I'll ask Anthony just to speak a little bit about that. That's something that's been paying very close attention to. So on the TPV, if you heard on our call earlier, we did achieve record TPV for our business, our financial services with the $12 billion in 2021. Now if you break that down between our on and off platform also, we see tremendous growth in our on-platform growth. It was over 50% year-over-year.

But if you look at also just outside of Indonesia, our financial services business grew by over 100% that's on the off-platform side. So there's some good momentum that we're seeing for our Financial Services business. Now it is also tracking close to how the mobility trend is coming back. If you recall, third quarter was quite severe in terms of lockdowns for us. So as the economy comes back up, as mobility comes back up and people are moving around also merchants getting back online, we're actually running on the back of that.

So we're seeing fairly good traction coming out of our off-platform business as well as an on platform for our GFG business.

Anthony Tan - *Grab Holdings Limited - Co-Founder, Chairman & CEO*

So on the Tokopedia -- what we've seen is the TPV from Tokopedia has been in decline for some time. And that was actually fully expected when Tokopedia and Gojek announced the merger. So it didn't catch us by surprise at all. However, what we see is an opportunity to grow meaningfully with other partners that we've onboard in our open ecosystem. And thankfully, we've had this open ecosystem since day 1, and that has been core to our strategy.

So while Tokopedia has been a large support of OVO, OVO became a leading #1 wallet not because of one partner, but because we have multi-partners, and I'll talk about them. Number one, we're talking about Indomaret. . Innomart, I think Peter alluded to it just now 19,000 cash-in, cash-out. I think that is a massive network. We talk about the partners with big e-commerce platforms like Lazada, JD.id, Bukalapak, great online partnerships. So there will be short-term impact on the merger on OVO and where we see Tokopedia moving to GoTo, we don't believe this fundamentally changes the long-term opportunity for OVO.

Ming-Hokng Maa - *Grab Holdings Limited - President*

Let me just touch on a few comments around our Digital Bank. You're absolutely right. Singapore is slated for launch this year. We have an application process in Malaysia and then we did recently invest in Bank Fama in Indonesia. So very attractive markets from a digital banking perspective. Now as it relates to thinking about expansion outside of those 3 core markets, we really view digital banking as just another very core segment in our cross vertical strategy.

So how do you make banking as easy as ordering it right? And as long as you provide the best product experience, and there's going to be a lot of very attractive cross-sell opportunities, both within our Superapp, as well as the partners that we work with in every country. So I think Indonesia is a very good example. We obviously have a very large ecosystem.

Our partner there, Emtek also has a very large digital ecosystem, and that creates the opportunity for us to really think about developing a very vibrant digital bank ecosystem. So we don't have any other countries to announce today, but you can really look across our -- country by country to see where we have strong -- strong ecosystems and those are candidates that we would look at.

Operator

And our next question coming from the line of Mark Goodridge with Morgan Stanley.

Mark Goodridge - *Morgan Stanley, Research Division - Equity Analyst*

I just had one question. Specifically looking at your steady-state margins. You're highlighting steady-state margins in your delivery business of about 3% and that's obviously pre some of those corporate overheads. So if we sort of allocate that in as well, it's probably closer to 2%. My question is, is that when we look at some of your global peers, they're talking about steady-state margins in their delivery business of closer to 5% to 6%. So my question is, why is Grab less ? Is there any structural reason why you guys cannot get up to those mid-single digit levels?

Peter Oey - *Grab Holdings Limited - CFO*

Mark, yes, let me take that one. Look, I think the way we think about our delivery business, it's still very early days for us also. If you look at it, it's on its 4th year now of its journey, and we're still growing, as you can tell just from the numbers we went through today.

And if you look at where we're heading in terms of our margin, we've made improvements already on a year-on-year basis. Now as we think about longer term, our deliveries business actually is quite mixed. As you can tell, we've got food, we've got mart, we've got supermarket, we've got Express as our courier service. We've got a very mixture of delivery services. I'm not going to comment on our peers or on our others, our competitors. But if you look at delivery mix, it is a mixed business, and that's critical.

And what we are continuing to improve is a couple of things. One is our food delivery, which is very core for us. And then we're going to continue to improve the unit economics of that business. And we've already seen that in the year-over-year basis that I quoted earlier, we're already nearly breakeven. And then if you look at our supermarket, which is still in the very early days, there's still room for improvement there in terms of margin.

So we'll continue to tweak and fine-tune the margins of our business as we go medium term to long term, we feel confident of the 3%. We feel pretty good about it. I think there could be upside potentially, we'll continue to work on it as we continue to grow our top line also at the same time.

Operator

Our next question coming from the line of Pang Vitt with Goldman Sachs.

Pang Vittayaamnuaykoon - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

I have 2 questions here. Firstly, can you talk about how has the reopening impacted your business so far with, of course, the Omicron still overhanging. But lastly, how do you think going to, let's say, opening already. People are returning back to work. We should generally see -- expect a nice pickup in terms of mobility momentum.

But latest that we hear is that there were challenges facing towards coming in from a driver supply. Are we still seeing that going on currently in the current dynamics? And how is the consideration like? And further more from that, do we see any reversal in growth rate for the segment that were beneficiary from COVID, for example, food delivery? What -- did you see any weakness coming in from those type -- that segment? That's my question number one.

And question number 2 is regarding the mobility EBITDA margins. EBITDA as a percentage of GMV slipped into 10% as of now -- in the fourth quarter. Question is, how should we think about this trend going forward, especially as we are heading towards reopening in this year, right? Do you have to spend more in order to get back both the user and driver on the platform? And in other words, how confident are you that you'll be able to actually get back to the margins that you are looking for as well the long term of 12%.

Anthony Tan - *Grab Holdings Limited - Co-Founder, Chairman & CEO*

Let me talk about COVID recovery. Now honestly, it will be presumptuous of me or anyone to give a specific timeline given how unpredictable COVID has been. What we can say is the eagerness for people to go out and about again. So every time we've seen restrictions loosen, we see a strong bounce back in mobility. Coming out of hard lockdown in Q3, our Q4 mobility GMV was up by 45% and we also see deliveries, and we will talk more about deliveries. I know that was your other question as well.

So we're also watching the impact of Omicron especially in this region. And there's also how certain countries have responded to it a bit different. Some have introduced minor movement restrictions like in Indonesia while others have pushed forward and said, look, COVID is endemic and they're just opening borders. So we are observing that people are getting more and more excited to go out. We are seeing waves of loosening restrictions. The good news is even with the losening restrictions, our deliveries are really here to stay. We've actually seen it grow from strength to strength year-on-year.

So what I can say about deliveries is there has been a structural shift actually in consumer behavior in our favor, actually. And we don't see this even in a time when the world normalizes. So overall, I would say we are cautiously optimistic. What is important that our long-term fundamentals remain intact, we stay extremely focused on our merchant partners, our driver partners and our consumers. And we know that our business has proven to be resilient even through the toughest time of COVID.

Peter Oey - *Grab Holdings Limited - CFO*

Your question around mobility EBITDA, if I can package it, I think you asked around expectations for 2022 and also how we're spending this year. Just continue what Anthony just mentioned earlier, mobility is coming back, and we saw that in the fourth quarter, 45% quarter-on-quarter growth. People are getting -- moving around again, which is great to see, airport rides are starting to come back up again.

But also at the same time, we've got to calibrate our driver supply. And then we're making investments in the fourth quarter on driver supply. And it's going to take about 1 or 2 quarters for us to get to the equilibrium for demand and supply to match together, and it's a marketplace at the end of the day.

So we're going to continue to invest on driver supply as the demand comes back up. Now as we think about margins, you had a question, can we get back to 12%. Here's what I will say, you've seen us 9 quarters now, our profitability for the mobility business. And this quarter -- last quarter, Q4, we did 12.4% of GMV. So we are seeing a track record of improving unit economics of our business. Now we will pull the levers as we need to invest in our driver supply to make sure that our consumers are getting the best and the fastest ride at the most optimal price at the same time.

At the same time also, we've got to think about our great drivers out there. Are we going to continue in making sure that the earnings are also been maintained or increased. If you look at what we've done over the last year, they're up 19% on a year-over-year basis. So we'll balance that to make sure that the marketplace is healthy and at the same time also improving the unit economics that you've seen us demonstrate quarter-over-quarter when it comes to mobility. So hope that's helpful to you.

Anthony Tan - *Grab Holdings Limited - Co-Founder, Chairman & CEO*

The other thing I'll just quickly jump in, Pang, is what we've seen in consumer behavior shift because of COVID is how GrabMart and Grab supermarket has really been appreciated by our consumers. We're really pleased with the uptake. Our Mart segment actually grew by almost 350% year-on-year between FY '20 and FY '21.

So we also see, I think, Ming alluded to it, 80% of our GrabMart consumers coming from our food delivery services. So what that tells us is a Superapp product strategy is working, and we strongly believe in our ability to expand and do so efficiently without significantly increasing CAC or customer acquisition costs. So for us, we will focus on delivering the best product experience, knowing this new consumer behavior and retain and capture this new segment of customers.

Operator

Our next question coming from the line of Piyush Choudhary with HSBC.

Piyush Choudhary - *HSBC, Research Division - Telecoms Analyst, South East Asia*

Can you tell us what is driving a softer outlook for GMV in the first quarter in both mobility and delivery because in mobility, your guidance is suggesting a decline by minus like 2% or maximum growth of 4%. And in delivery also, it's a decline of almost 2% to probably a growth of 2.6%. So any color on what's driving that guidance will be useful?

And if I may ask secondly, what do you think mobility GMV will be back to pre-COVID levels because in first quarter of March 2022, you used to make around $1.3 billion of GMV, right, quarterly GMV mobility. So when do you think that path will be achieved?

Peter Oey - *Grab Holdings Limited - CFO*

Hi Piyush, thanks for your question. Look, I think the way to think about our first quarter is it's -- there is some seasonal effect into this. Fourth quarter is traditionally our strongest quarter. And Q1 that is filled with holiday season here in Southeast Asia, as you whether it's Chinese New Year or other, also festive season celebrated across this region. So we baked that into our model.

The second thing I would say is around mobility. As you've heard from Anthony earlier, that we are seeing some minor disruptions in mobility as COVID cases are on the rise in these countries across Southeast Asia. Now they're still rising. So we're taking a more cautious approach and seeing in terms of mobility where there could be some minor disruptions.

Now stepping back out of those 2, our business overall, especially mobility, we feel confident in increasing quarter-on-quarter. We already saw January and February up on a year-over-year basis and a quarter-on-quarter basis. So we feel confident in terms of improving that.

On the delivery side, on the deliveries, this thing is not slowing down. Deliveries just continue to pump and that's great because why? We've got a couple of things happening there. We've got mart and supermarket chugging along really nicely, firing all cylinders. We've got also our food delivery business also going very strong. That's why I think we feel confident as we were in my guidance for the Q2 to Q4 for us to accelerate our growth from 30% to 35% in GMV.

Now your second question about mobility coming back to pre-COVID, when is that? The way we see it is if the government continues to loosen things up, if the government continues to make sure that airports are opening up, people are coming back to work, mobility is going to come back. We've seen it already. We saw it in the fourth quarter and it's just a matter of time. Now we've got to make sure we've got enough driver supply out there to meet those high demands. And we think by the end of this year -- the end of this year, we'll probably see -- you'll probably won't see to pre-COVID levels, but we're going to get close to pre-COVID levels. So hope that's helpful.

Piyush Choudhary - *HSBC, Research Division - Telecoms Analyst, South East Asia*

Yes. And can I just clarify your delivery guidance? Does that include the Jaya Grocer acquisition.

Peter Oey - *Grab Holdings Limited - CFO*

Can you please repeat that question again, Piyush?

Piyush Choudhary - *HSBC, Research Division - Telecoms Analyst, South East Asia*

Yes, on the delivery guidance, is your acquisition of Jaya Grocer, is that already built into the guidance?

Peter Oey - *Grab Holdings Limited - CFO*

So Jaya Grocer, we closed early at the end of January, that we're baking in 2 months' worth of their GMV and their revenue. So we're still in the period of integration with those folks. We're very excited in terms of what we're seeing so far in terms of what they can do. They have 44 stores now and growing. So yes, those numbers are built in.

Operator

Our next question coming from the line of Ranjan Sharma from JPMorgan.

Ranjan Sharma - *JPMorgan Chase & Co, Research Division - Analyst*

Two questions from my side. Firstly, on the delivery side, do you see any consolidation opportunities in Southeast Asia. Would you evaluate these opportunities as they come? Or do you think that you have the largest platform so you don't need to acquire or merge with someone else?

Secondly, on the investments needed to drive further growth in deliveries. What other opportunities do you see? Is this like investing in dark stores or buying more sort of market chains or would you rather explore strategic partnerships?

Ming-Hokng Maa - *Grab Holdings Limited - President*

Ranjan, let me talk a little bit about sort of M&A and then -- more broadly speaking M&A strategy. If you look at the category position here, within the free delivery space, we are more than double the size of #2. And so there's obviously certain countries, the longer tail of numbers 2, 3, 4, 5. But by and large, the forecast that we are underwriting, the path to profitability that we expect in the overall segment does not rely on M&A to achieve the business figures.

So it's all really based on organic developments. Having said that, if there are opportunities that come available and makes sense and is accretive for our shareholders. And again, continues to lower the cost to serve, then we will, of course, look at opportunities as they arise.

I think your second question was then around. I want just to make sure I clarify it. It was really around M&A strategy.

Ranjan Sharma - *JPMorgan Chase & Co, Research Division - Analyst*

Sorry, if I can repeat, like my question is, what are the other investments that you need to make to drive further growth in deliveries? Are you thinking in terms of dark stores buying more supermarket chain, strategic partnerships. So any thoughts that you can share?

Ming-Hokng Maa - *Grab Holdings Limited - President*

Yes. Sure thing. I would say the first thing that we always look at is really investing into our tech platform. That's always core #1. And anything that improves the product experience is really where we want to be making investments. So I think a lot about our advertising platform, think about some of our geo capabilities that we're putting in place to meet the overall delivery experience and literally the experience from the door as seamless as possible. Those are areas that we'll continue to invest in organically.

Now we deal with some of dark stores, and there is going to be a natural mix of, call it, first-party versus third-party assets within Mart and supermarkets. And I think it really is just a balance between really having the best customer experience in the case of 1P versus having the best diversity and the catalog of products for 3P. So we'll continue to experiment and optimize country by country. And as the case may be here.

Operator

And our last question coming from the line of Thomas Chong with Jefferies.

Thomas Chong - *Jefferies LLC, Research Division - Equity Analyst*

My question is about the enterprise and new initiatives. In particular, when we talk about the advertising business, which is a high-margin business and also we are also experiencing very good user growth. I just want to get some color about our thoughts in terms of this area and the long-term potential that we should be thinking.

Anthony Tan - *Grab Holdings Limited - Co-Founder, Chairman & CEO*

Thomas, really appreciate it. Let me talk about the ads opportunity for us. The key competitive advantage of our ads platform and Ming alluded to this, is the ability that we can close the loop, whether it's with our payments GrabPay and especially with the ability to send goods the sales fulfillment tech.

So merchants really value this because they're not just getting millions of eyeballs or it's not just about click through, right? It's -- more importantly, it's getting [DR] goods, goods they care about in the hands of customers. And because they can do this and they have that assurance because they're working the largest fulfillment army of drivers in the region, as a result of that, our advertising services to our merchant partners. What we are seeing is that merchant partners are willing to pay higher commission rates.

And I think Peter also alluded to the commission rates. Another competitive advantage is as we think about how we close the loop, what we see from a merchant perspective is they're tracking their ad dollars much better because of GrabPay and because of that sales fulfillment conversion rate. So the results have been very promising. What we are seeing is actually the number of merchants have tripled on our ads platform from the fourth quarter of 2020 to the fourth quarter of 2021.

Now we also see that there are other types of merchants. You name it, whether it's the Dyson, the Nike, the Samsungs, other big global names, but a bulk of our contributions come from the deliveries merchants. So ad is still very much early days for us. And as Ming said, we'll continue doubling down on investing and focusing and growing with this technology to help our merchant partners grow their sales.

Operator

I'm showing no further questions at this time. I would now like to turn the call back over to Peter Oey for any closing remarks.

Peter Oey - *Grab Holdings Limited - CFO*

Well, thank you, everyone, for taking the time to join our call today. Really appreciate all the questions. If you have any questions, just feel free to reach out to our Investor Relations team or visit our Investor Relations website. Once again, thank you. Appreciate it. Bye-bye.

Anthony Tan - *Grab Holdings Limited - Co-Founder, Chairman & CEO*

Thank you so much.

Operator

Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation. You may now disconnect.