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GRAB.OQ - Q3 2022 Grab Holdings Ltd Earnings Call

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PRESENTATION

Operator

Ladies and gentlemen, thank you for joining us today. My name is Maxine Campbell, and I will be your conference operator for this session. Welcome to Grab's Third Quarter 2022 Earnings Results.

(Operator Instructions)

I will now turn it over to Vivian Tong to start the call.

Vivian Tong - *Grab Holdings Limited - Head of US IR*

Good day, everyone, and welcome to Grab's Third Quarter 2022 Earnings Presentation. I'm Vivian Tong, Head of U.S. Investor Relations at Grab. And joining me today are Anthony Tan, Chief Executive Officer; Peter Oey, Chief Financial Officer; and Alex Hungate, Chief Operating Officer. During the call today, Anthony will discuss our key business updates, and Peter will share details of our third quarter 2022 financial results. Following prepared remarks, we'll open the call to questions where Anthony, Peter will respond to the Q&A.

As a reminder, today's forward-looking statements about the business and financial performance. These statements are based on our beliefs and expectations as of today. Actual events and results could differ materially due to a number of risks and uncertainties, including macroeconomic, industry, business, regulatory and other risks, which are described in our Form F-1 registration statement and other filings with the SEC. We do not undertake any obligation to update any forward-looking statements.

The discussion today also contains non-IFRS financial measures, which should be considered together with rather than a substitute for IFRS financial measures. A reconciliation of non-IFRS to IFRS financial measures is 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 third quarter 2022 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 his opening remarks.

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

Thank you, everyone, for joining us today. I'm pleased to report a strong set of third quarter results. On a year-on-year basis, group revenue was up over 140% and loss for the period improved substantially, both year-on-year and quarter-on-quarter. Monthly transacting users also grew 30% year-on-year, accelerating from 12% and 10% in the previous 2 quarters.

In the quarter, we achieved an important milestone. Greater optimization of our incentive spend has resulted in our deliveries turning segment adjusted EBITDA positive for the first time, 3 quarters ahead of our guidance. We also crossed our 10 billionth ride and deliveries mark in July, just 5 years after we managed 1 billion rides. We achieved these results by innovating to reduce our cost to serve and staying focused on growing and retaining high-quality users. As we look to scale our ecosystem profitably, we're also committed to adapting our product portfolio to meet the needs of the various consumer segments in this broad-based market.

Looking ahead, we're keenly monitoring the macroeconomic uncertainty, inflation, currency fluctuations and recessionary risk pose challenges to most businesses, but we remain optimistic about Southeast Asia's growth prospects that are underpinned by a rising tide of digitalization and an expanding consumer class.

I'll now give an overview of our performance before turning it over to Peter, who will give details on our outlook and financials. In the quarter, revenue in GMV for mobility recorded strong growth, doubling from the same period a year ago on robust demand and recovering driver supply. We're heartened by the demand-recovery trends we see in many of our markets. Economies have opened, travel has resumed, and people are heading back to offices.

Fulfillment rates -- a measure of how well we match demand and supply on our platform -- were near pre-COVID levels. The improvement in fulfillment rates is a result of our efforts to improve driver supply and productivity. Since the start of the year, we streamlined the onboarding process for drivers to allow them to start driving on Grab quicker. We're also improving outreach to potential driver partners and making it easier for them to lease cars by partnering with car rental companies. This groundwork is essential to accelerating the momentum in our mobility business.

With our mobility supply at 80% of where we were pre-COVID, there's still headroom for us to capture the strong demand recovery coming back online.

Looking ahead, we'll continue to innovate on our mobility services to meet the needs of our consumers and invest in platform enhancements to speed up driver-partner onboarding and improve productivity. For example, we rolled out affordable mobility solutions to meet consumer needs. In the Philippines, we relaunched GrabShare, an on-demand car pooling service. And in Indonesia, we launched an affordable short-distance two-wheel mobility service.

For our deliveries business, we saw solid growth despite the normalization of food delivery demand and our continued focus on cultivating and retaining high-quality users. In the quarter, revenue for deliveries tripled compared to the same period a year ago as we optimize our incentive spend and launch-product enhancements to reduce our cost to serve. We maintained our category leadership position in food delivery despite tapering incentives.

We saw our food business and delivery segment reach adjusted EBITDA breakeven in the third quarter, 3 quarters ahead of schedule for deliveries and 2 quarters ahead for food. This key milestone puts us on a stronger footing to pursue long-term growth opportunities within the delivery segment and sets us well on track to reach our target of 3-plus percent for margins.

In food delivery, we will continue to capture and retain high-quality users by offering them a wide variety of merchants and a superior app experience. At the same time, we are building out different services and launching product enhancements to cater to users seeking affordable options.

For non-food deliveries, we are building a portfolio approach towards our grocery segment. In some markets like Malaysia, where we found a fit with our acquisition of Jaya Grocer, we can offer an end-to-end grocery retail experience within our app.

In other markets, we are exploring partnerships. For example, we recently announced a partnership with Trans Retail, one of Indonesia's largest grocery retailers.

Lastly, we believe our combined deliveries offerings together with our mobility services, allows us to offer attractive ecosystem-wide subscription plans.

In the quarter, we saw positive traction for Grab Unlimited, our ecosystem-wide subscription program. Looking ahead, we see steady performance of our delivery segment even as food delivery demand continues to normalize in a post-COVID world. We are confident that our strategy of adapting our offerings to cater to the different consumer segments allows us to cater to a broad-based market, which will enable us to continue to drive profitable growth.

Moving on to Financial Services. Revenue growth for overall Financial Services grew by 44% year-on-year, driven by higher contributions from our lending business. As we discussed during our Investor Day, our focus on ecosystem transactions has started to bear fruit. Our Financial Services segment adjusted EBITDA improved 9% quarter-on-quarter. Stripping out Digibank costs, GrabFin segment expenses in the third quarter declined by 4% quarter-on-quarter.

Loan disbursements for the quarter rose 121% year-on-year as we ramped up our ecosystem lending, such as loans to driver partners while maintaining a low single-digit NPL ratio. Our focus on ecosystem supportive Financial Services and driving off-platform transactions that have positive margins, will allow us to improve this segment's overall margins and revenue.

I also would like to give an update on our Digibanks. The end of August, the GXS Bank conducted a soft launch in Singapore with a small pool of users. The GXS Bank is the first of the 3 Digibanks we plan to launch in the region by end 2023. We are optimistic that these 3 Digibanks, one in Singapore, one in Malaysia and one in Indonesia will augment our Financial Services offerings and grow financial inclusion in Southeast Asia.

Lastly, I want to go over our enterprise segment. In the third quarter, our enterprise revenue rose 113% year-on-year, driven by gains in our advertising business. During our Investor Day in September, we spoke about the importance of enabling merchants through our ecosystem by helping them come online or grow their business. Advertising sits at the heart of this. By giving merchants access to data-driven targeting tools, we can help them get better returns from their advertising. This, in turn, helps them do better as a business, which brings in more revenue for us. Those merchants are getting 4 to 7x returns on your advertising spend on Grab in the third quarter this year. This makes Grab an effective performance-advertising tool that help businesses grow.

As we look ahead, we remain confident in the mobility business recovery, and we see a continued stabilization of our deliveries business, achieving segment-adjusted EBITDA breakeven for food and deliveries puts the wind in our sails as we continue to drive for profitable growth.

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

Peter Oey - *Grab Holdings Limited - CFO*

Thanks, Anthony. We're pleased to report a strong set of results this quarter. Revenues grew 143% year-on-year or 156% on a constant-currency basis to reach $382 million, an all-time high. We saw strong revenue growth across all our segments. Our mobility revenues doubled year-on-year, underpinned by the recovery in ride-hailing demand, while deliveries revenue more than tripled on the back of contributions from Jaya and overall GMV growth as well as lowered incentives as a percentage of GMV.

Financial Services and our enterprise segment recorded revenue growth of 44% and 113%, respectively. For GMV for the third quarter, we recorded growth of 26% year-on-year to reach $5.1 billion, also an all-time high. Our reported GMV for mobility and deliveries, along with our Financial Services, TPV, were also in line with our third quarter guidance.

Notably, our top-line results were further impacted by foreign-exchange translations given the stronger U.S. dollar. Hence, on a constant-currency basis, our GMV grew by 32% year-on-year. And on a quarter-on-quarter basis, group GMV and deliveries recorded constant currency growth of 4% and 2%, respectively.

For our commission rates, we saw an overall increase year-on-year. Deliveries commissions were up from 18.2% to 21.2%, Financial Services commissions up from 2.5% to 2.9%, while Mobility commissions remained relatively flat from 23.8% to 23.2%. Year-on-year, movements in deliveries and mobility commission rates were driven by shifts in product and country mix, while Financial Services commissions improved on the back of higher contributions from our lending business.

For our third quarter segment-adjusted EBITDA, margins improved by 174 basis points year-on-year and 131 basis points on a quarter-on-quarter basis. A key driver of this was our reduction on incentives as a percentage of GMV, which declined to 9.4% from 11.4% in the same period last year. And as a result, we are also pleased to achieve overall deliveries and food deliveries adjusted EBITDA breakeven for this quarter. Now these are 3 quarters and 2 quarters ahead of our guidance, respectively.

Delivery segment-adjusted EBITDA margins exhibited a strong improvement year-on-year from negative 0.9% to a positive 0.4%, a 128 basis point improvement. For our mobility segment, adjusted EBITDA margins improved year-on-year from 12% to 12.5%, a 41 basis point improvement and in line with our expected steady-state assumptions. For Financial Services, adjusted EBITDA declined 38% year-on-year, while as a percentage of TPV, it shifted from negative 2.4% to negative 2.7% due to higher expenses in our digital banking business unit. However, on a quarter-on-quarter basis, Financial Services segment adjusted EBITDA improved 9% with GrabFin segment expenses declining by 4%. This came as a result of our strategic initiatives to focus on ecosystem transactions and streamline our GrabFin cost base that we shared during our recent Investor Day.

Turning to group adjusted EBITDA. Our margins improved from a negative 5.3% in the third quarter of 2021 to negative 3.2% in the third quarter of 2022. This represents an improvement of 209 basis points year-on-year. We also reported strong improvements in group adjusted EBITDA margins of 145 basis points from the prior quarter.

Our regional corporate costs for the third quarter of 2022 were $208 million, a 3% reduction from the prior quarter. As a percentage of GMV, regional corporate costs declined to 4.1% from 4.2% in the last quarter and from 4.4% in the third quarter last year. We continue to maintain focus on optimizing our cost base and on driving greater internal efficiencies.

As a management team, we are fully aware of the macroeconomic challenges that companies are experiencing globally. Since the start of this year, we have initiated a number of actions to reduce fixed costs in our core segments and to be more strategic on our incentive spend.

In deliveries, we have closed dark stores and Grab Kitchens in several markets, and for Financial Services, we are focusing off-platform to drive contribution positive transactions. For regional costs, we will aim to better optimize our cost structure by limiting discretionary spending while reinvesting proceeds towards R&D and tech development to support the ecosystem.

We began pausing or slowing hiring in various corporate departments. We've also been disciplined to optimize costs in non-headcount overheads. Our direct marketing spend in our regional costs, for example, declined by 28% quarter-on-quarter.

Overall, we remain confident in our trajectory and ability to meet the second half 2024 breakeven target.

As for our IFRS loss, we reported a third quarter loss of $342 million, representing a 65% improvement from our loss of $988 million in the prior year period. In addition, through reducing our adjusted EBITDA losses, the reduction in our IFRS loss was due to the elimination of noncash interest expense of Grab's convertible redeemable preference shares, which was no longer incurred when we became a public company.

We would like to highlight that our IFRS loss of $342 million includes $166 million of noncash expenses below our adjusted EBITDA line. Of this, $42 million was from the revaluation of Grab's equity investments, which are marked-to-market each quarter and $90 million was from stock-based compensation.

Turning to our balance sheet. Our liquidity and cash position continue to be strong and robust. We ended the third quarter with $7.4 billion of gross cash liquidity. Cash liquidity declined by $291 million from the end of the second quarter of 2022, predominantly attributed to adjusted EBITDA losses for the third quarter and also the repayment of borrowing and interest payments. Our net cash liquidity was $5.3 billion as of the end of the third quarter.

We will maintain a prudent stance in how we allocate and deploy our capital, in line with our capital-allocation framework that we outlined during Grab's Investor Day. Cash preservation is top of mind. As such, our Board of Directors have approved the repurchase of up to $750 million of our outstanding Term Loan B that was issued in January 2021. The repurchase is expected to create significant interest expense savings for Grab. With $5.3 billion of net cash liquidity as of the third quarter, we expect to have ample net cash buffer upon reaching our expected group adjusted EBITDA breakeven in the second half of 2024.

Turning now to guidance. Given that Grab's reporting currency is U.S. dollar, significant movement against the U.S. dollar throughout 2022 have driven foreign exchange headwinds. On a year-on-year basis, foreign exchange is expected to be $260 million headwind to GMV in the fourth quarter. As a result of this, we encourage investors to evaluate our top-line performance on a constant-currency basis alongside the IFRS numbers.

Given this backdrop, we are providing more granularity than typical to contextualize our fourth quarter and 2022 GMV guidance.

As we look ahead to the fourth quarter, we expect to see continued FX impacts. As such, we expect deliveries GMV in the fourth quarter to grow 5% to 10% year-on-year on a constant-currency basis. Factoring in roughly 6 percentage points FX headwind in the fourth quarter based on exchange rate forecast. This translates to deliveries GMV of $2.4 billion to $2.5 billion.

For mobility, we expect GMV in the fourth quarter to grow 54% to 60% year-on-year on a constant-currency basis. This translates to GMV of [$1.10 billion] (corrected by company after the call) to $1.15 billion. We expect to see continued improvement in the mobility segment with the normalization of ride-hailing demand as economies reopen.

For deliveries, we will continue to drive high-quality GMV transactions while maintaining a healthy marketplace. We remain bullish on our long-term thesis for deliveries and expect profitability to improve while we track towards our steady-state margin assumptions of 3% plus. Notably, several of the markets we operate in today are either near or above 3% margins.

For Financial Services, we expect TPV to grow 12% to 15% year-on-year on a constant-currency basis, translating to $3.6 billion to $3.7 billion. This represents a decline on a quarter-on-quarter basis but is consistent with our refocus on driving the ecosystem and focusing only on contribution-positive transactions. As such, we do expect GMV to be softer in the fourth quarter for Financial Services but for revenues to continue to improve and overall segment adjusted EBITDA losses to reduce sequentially.

Looking at the full year 2022, we are confident that revenue can outperform our initial guidance range of $1.25 billion to [$1.30 billion] (corrected by company after the call) and as such, we are raising our guidance to be at $1.32 billion to $1.35 billion. This translates to 105% to 110% year-on-year growth on a constant-currency basis as we continue to focus on optimizing our incentive spend. We also reiterate our expectations to grow revenues by a strong 45% to 55% year-on-year in 2023 on a constant-currency basis. We are also raising our adjusted EBITDA expectations in the second half of 2022 to a $315 million loss from a $380 million loss previously, which implies a 40% half-on-half adjusted EBITDA improvement.

In terms of fiscal year GMV for 2022, we expect GMV growth to be 22% to 25% year-on-year from 21% to 25% previously. On a constant-currency basis, our GMV growth estimate is also now at 26% to 29% year-on-year.

In conclusion, we delivered a strong set of numbers in the third quarter. Anthony and I want to thank Grabbers for their hard work in making these results possible, and we want to express our deep appreciation for our driver and merchant partners.

Achieving breakeven in the overall delivery segment and food deliveries business in the third quarter is a critical milestone for Grab. While there is still a lot of work ahead of us, we are confident that our strong balance sheet, cost discipline and strategies will enable us to grow our segments sustainably.

Thank you very much for your time, and we will now open up the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Joining us on the question-and-answer session will be Anthony Tan, Chief Executive Officer; Peter Oey, Chief Financial Officer; and Alex Hungate, Chief Operating Officer.

(Operator Instructions)

Our first question today comes from Pang from Goldman Sachs.

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

Two questions from me. Firstly, in terms of EBITDA improvement. Congratulations management on driving a lot of this cost out from all your segments in the past few quarters with now, group EBITDA improved quite healthily and delivery is now breaking even also 3 quarters ahead of what you guided in terms of schedule.

On delivery specifically, what is now the next KPI you are looking to achieve in the near term? Are we going to push more for further margin improvement now? Or will you drive more in terms of growth going forward in the near term? And related to that as well in terms of your group EBITDA breakeven, why are you not bringing forward your group EBITDA breakeven target forward given that your delivery is already breaking even now?

Second question is around FinTech. We have seen cash burn improve quite nicely quarter-on-quarter despite your growth push into the digital bank. Are we already past the peak in terms of cash burn for your FinTech business? And what can we expect further in terms of growth and profitability into next few quarters?

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Thanks, Pang. This is Alex. I'm going to take the first part of your first question, and Peter will take the second part, and then I'll take the Financial Services question after that.

First of all, I want to say thank you, frankly, to all of our team for delivering the deliveries, EBITDA breakeven, 9 months ahead of schedule. We're all thrilled with that. There's a lot of hard work that went into it. The way that we've managed to optimize incentives and really focus on the stronger propositions for supermarket with best-in-class customer experience there. And then the marked proposition focusing much more on impulse buying and instant delivery occasions where we know that customers are less price-sensitive, that's allowed us to reach profitability.

Now we need to grow and continue to improve margins at the same time. So it's about profitable growth. It's not one or the other. We continue to do both. We still have in our line of sight, the 3%-plus margins that we had indicated we want to shoot for in deliveries overall. And so we're marching towards that as our next step.

Peter, do you want to talk about the group EBITDA breakeven?

Peter Oey - *Grab Holdings Limited - CFO*

Yes. Sure, Pang. On your question about group EBITDA breakeven timeline, as Alex mentioned, deliveries profitability was a very critical milestone for us. And we're just getting started here, and we're going to continue to accelerate the profitability timeline for deliveries to get to that steady-state margin. That's a key focus area for us.

We're also very focused Pang, on making sure our cost base also continues to be optimized as a business.

Now your question, is there room for upside for that time line for the second half 2024? Yes, there is upside and we see potential for that to accelerate. But where we are today, we are maintaining guidance for now, and we can continue to focus on the deliveries acceleration margin as well as just continue to refine the business and continue also to have that profitable growth that we saw this quarter again.

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Thanks, Peter. And then on your question on the GFG. Are we past the peak cash burn? Well, we did manage to reduce the burn rate for GFG overall by 9% in the quarter. So that's the result of the rationalization of the products that we described at Investor Day to focus on-platform where we know our customers best and where we have the strongest customer-value proposition. And we've also consolidated costs. So that rationalization of products and the reduction of some management overheads has allowed us to reduce cost by 4% for GFin. At the same time, we've grown our lending quite a bit, 121% year-on-year. And of course, that's helped us to grow revenue and improve margin as well.

We'll continue that mix of strategies going forward. And that will mean that the GFin burn will reduce sequentially going forward.

On the Digibanks, we're approaching 2023 when we'll launch all 3 of the banks. So this year, Singapore, as Anthony mentioned earlier, but we'll be adding Indonesia and Malaysia. So as indicated at Investor Day, you should expect the next few quarters for our investment in the build of the tech stack for the Digibanks to continue to require some higher investments. But after that, that will begin to -- that EBITDA burn from the banks will continue -- will start to decline. And as we indicated at Investor Day, you should expect that the combination of all 3 banks will be breakeven by 2026.

Operator

The next question comes from Venugopal Garre from Bernstein.

Venugopal Garre - *Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst*

Two questions from me. Firstly, on the mobility segment, very clearly, not just in Asia, but at a global level, this is one of the probably the most important and interesting market, which is recovering to see as in the entire tech space. I wanted to understand in the context of the sort of GMV growth targets that you have especially for the near term, sort of a 4% sequential midpoint Q-o-Q growth. Is that more thinking of taking a conservative view preserving profitability? And does it mean that you're willing to trade off market share for profitability? Or is it what is the situation in terms of market growth as well? So that's my first question.

And secondly, I wanted to sort of also touch base on the sort of cost structure side of things. Now on an overall overhead basis, when we look at some of the broader peer group, not just in Asia, but globally, they seem to be making a fairly aggressive effort towards reducing overheads which is a combination of both operating site changes as well as employee cuts, which has been fairly brutal in some places.

I wanted to understand that when you look at the cost structure, especially overhead, something like $200 million, the regional cost basically on a quarter-on-quarter basis, which is roughly $800 million for the year, is there any potential for you to cut down that materially to arrive at a slightly early breakeven at an EBITDA level?

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Thanks, Venu. Yes, let me take the first question again. I think Peter would want to take the second one. We are not trading off our category position for profitability. So we've maintained our category leadership in the region despite the optimization of incentives that you've seen over the last few quarters.

We're positioning supply ahead of the demand recovery. So in Q3, the number of monthly DAX driving for us increased by 4% quarter-on-quarter and 31% year-on-year. So our active DAX population is now 80% of what it was pre-COVID. So that's ahead of the demand recovery in COVID. No one knows for sure what that amount of recovery will look like but I can assure you, we're keeping track in terms of category position.

One of the things we want to do proactively to grow the TAM is to introduce more affordable services, like GrabShare and Grab Home in Indonesia, which allow us to target, for example, student populations that might be more cost-sensitive but who don't mind sharing a ride together from campus. So these services are being introduced progressively across the region, and they will help us to grow the addressable market by making those services more affordable. Peter, do you want to take the...

Peter Oey - *Grab Holdings Limited - CFO*

Yes. Venu, in terms of the overhead question that you had, as a public company, we've always been very disciplined in spending and I've reiterated this in a couple of quarters ago that since the beginning of this year, we've always -- we've taken proactive measures in maintaining the levels of spend, especially around the regional costs that you called out.

Since the beginning of this year, we have slowed our pace of hiring and also we've streamlined certain functions. Actually, certain departments have reduced their headcount and will remain judicious about our hiring and where we're being very deliberate in also in choosing not to backfill certain positions created by natural attrition. And also, like I said, we have seen reductions in headcount in certain departments.

So we'll continue to fine-tune that. It's an ongoing initiative that management is very focused on. We're also looking at other lines of costs. We called out that we've tightened direct marketing also in the third quarter. Direct-marketing costs came down by 28% quarter-on-quarter. And as we think about Q4 and 2023, we'll continue to adopt this prudent and disciplined approach.

We have a plan to bring down regional headcount by continuing with our approach of streamlining and reviewing our participation strategy and with natural attrition. So we'll continue to reduce non-essential and also non-discretionary spend, T&E, office expansions, office, CapEx, all these are all that we are looking at as a management team. So we know that the cost structure is important to our investor base so it's important to us that we continue to optimize this.

Operator

Our next question comes from Alicia Yap from Citi.

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

I have 2 questions. First of all, as we further optimizing the spending and also scale back the low-quality subsidy, what could be the attractive ways that we could further drive the cross-selling service adoption by our users? So how are you going to balance between driving the adoption of higher numbers of service frequency versus the -- your profitability target? Would that be any kind of short-term sacrifices in the top-line growth?

And then the second question very quickly follow up, given you have the share buyback program that you just announced, but then your cash position is also still pretty good. And so just wondering, would there be any consideration from potential M&A opportunity if there is a good candidate that come along, especially with many -- peers maybe their valuations also come down recently? If it's true, then in what business segment that you will be more proactively looking into?

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Thanks, Alicia. Let me take the first question again and then hand to Peter. You're right. Actually, we think that there are better ways of cross-selling than just providing incentives and promotions to consumers, in particular, embedding new services at the point of need in the customer journey. So they're completely seamless and embedded in the customer flow is ultimately the best way of cross-selling. So examples of that are things like scenario insurance, like ride cover or Buy Now Pay Later at the time of payment. So 62% of our users are now using 2 or more of our services, which is an increase versus 56% in the same quarter last year. So we'll continue to push on that.

The other thing that we're very focused on is our Net Promoter Score. So we want customers to have a propensity to want to buy new services from Grab and so we're very focused on keeping that on the increasing trend. And I'm pleased to say that did go up quarter-on-quarter as well. So those 2 things, I think, can help us continue to reduce incentives and yet still keep that cross-selling ratio that I described to you going up.

Service frequency is really important to us. Grab Unlimited is one of the key ways in which we drive service frequency. The frequency of Grab Unlimited customers is 3x the frequency of non-Grab Unlimited. We think about that not on a margin basis per transaction, but on an absolute contribution basis by each user. And we've -- the data that we have on Grad Unlimited is actually driving up the absolute contribution by user. So we're encouraged, and we've been continuing to push it out across the region. In the last quarter, we were 19% of deliveries GMV underneath Grab Unlimited subscriptions. And now we're at more than 1/4 of the GMV for deliveries. And that helps us build loyalty and build frequency with high potential value customers.

There are also other programs like the Signatures program, where we have exclusivity with certain merchants on our platform, and these are cornerstone merchants in each city that everybody wants to order from. Because of our large scale, they want to be exclusive with us, and we facilitate that and that's a way of continuing to drive high frequency.

And then in terms of the longer-term profitability more generally beyond deliveries and mobility, we're also driving the growth of Financial Services and the push towards lending, as I mentioned earlier, and on platform payments. And then finally, the ads business, which has grown very rapidly in the quarter with high margin continues to be something that we're very focused on growing quickly as we go into 2023 as well.

Peter, I think you're going to handle the last part.

Peter Oey - *Grab Holdings Limited - CFO*

Yes. Alicia, on your question around M&A opportunities, et cetera, we're very focused on organic growth. That's really top of mind for management, driving that, and you see that in another quarter of solid performance from us. So we're going to continue to focus on that. And also, we always take a prudent stance on how we deploy our capital. We mentioned that during Investor Day on our capital-allocation framework. Cash preservation is critical for us. And our bar on M&A is extremely high also.

So we'll continue to focus on organic growth. We'll continue also to make sure our balance sheet remains very strong. Our cash position continues to remain strong. And again, we are so laser focused on getting to profitability as a group, and we're going to continue to make sure that we get there as quickly as possible.

Operator

The next question comes from Piyush Choudhary from HSBC.

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

A couple of questions. Firstly, in the mobility segment, you have mentioned that the driver-supply situation has improved. But can you give a little bit more detail on which markets continue to face supply issues, like which markets are probably below the average of 80%, which you have highlighted?

Second question, in the delivery segment. Can you update us on your partnership with Trans Retail in Indonesia, progress of integration?

And if I may squeeze one more. On the cash flows, you have $160 million of investments during the quarter in terms of acquisitions and -- acquisition of interest in associated? Could you elaborate on those initiatives?

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Thanks, Piyush. Let me take the first 2 questions on mobility and then the Trans Retail partnership. So you're right, there are a couple of markets where driver supply is tight still. One is the Philippines, where there's some procedural issues around issuing licenses that we're trying to work through in terms of improving the processes with the authorities. And the other market where the driver supply is still tight is Singapore, not because there are not people -- drivers who want to drive. Actually, we have a backlog of drivers who want to drive. The issue is the supply of vehicles in Singapore. The number of vehicles in Singapore is strictly capped and that has resulted in imbalance between supply and demand, which is driving up the cost of vehicles, the certificate of entitlement and that's creating a barrier to the drivers being able to afford their own cars or even being able to rent cars as well.

So what we're working on there is improving the earnings for our drivers by using our artificial intelligence to help them get even more efficient during the day. So I'm pleased to say that our driver earnings in Singapore have gone up quarter-on-quarter, despite the fact that we've been reducing incentives. So that's a good sign for the future. Peter, do you want to take the next one?

Peter Oey - *Grab Holdings Limited - CFO*

Sure. Piyush, on the $160 million that you called out in the CFI line, really, it's continuing in 3 buckets there. One is our continuing investment into our digital bank in Indonesia. And secondly, also, we're -- as part of our partnership with Trans Retail also, we made an investment also in Trans. And thirdly, also, we made a small acquisition in Malaysia. It's more related to our merchant ability. It's a very small acquisition. So mainly Bank FAMA, Bank Indonesia that we're a digital bank and also our Trans Retail partnership.

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Yes. Your last question was on Trans Retail, so let me pick that up. Our plan there is to use the technology that we are building for Jaya in Malaysia to gray store enable, Trans Retail network across Indonesia. This is a -- we believe, is a cost-advantaged position for online groceries because it basically sweats the assets that already exist, the Trans Mart hypermarts have space for us to do gray store, where the picking is done by the staff in the store and then the same inventory, the same supply chain and the same premises are shared across online and offline customer bases, which gets you much better asset turns. So that's the principle.

The technology is the same technology that we are building for Jaya so we can reuse that technology as well. So we think this is a good way to grow sustainably in the Indonesian supermarket space.

Operator

The next question comes from Mark Mahaney from Evercore.

Unidentified Analyst

This is Jian Li for Mark Mahaney. I guess I have a couple of high-level questions. One is on just the mobility recovery, obviously, benefiting from reopening. But aside from this, are you seeing any more kind of permanent shifts or new mobility use cases that are sticking post-COVID versus pre-COVID?

And the second is just read on the macro impact because you mentioned introducing some more affordable services. Are you seeing macro insensitivity from consumer demand either on mobility or either food or grocery delivery? And also Grab Ads obviously growing very healthily. Any anticipation on the merchants macro sensitivity in the next few quarters?

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Okay. Yes, 3 questions there. Let me take the mobility recovery. The nature of the demand on recovery is very similar to what we saw pre-COVID. There is one area which is missing, if you like, from the pre-COVID pattern, which is the Chinese tourists and the Chinese business people. This makes up in some markets like Thailand, a very high proportion of the use cases for Grab. The airport rides are particularly profitable. And therefore, we are -- we -- one of the catalysts for growth for us in mobility looking forward would be a relaxation of the travel requirements for Chinese. So that's something, I guess, as shareholders and analysts, will be important for you to be aware of. Other than that, I think the patterns are quite similar. Anthony, I think you want to cover the macro question?

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

Thanks, Jian Li. So on the macro impacts, a few things. I think number one, on inflation. We do see higher fuel and food and goods costs, which obviously affects our driver and merchant partners. There's also some weakening of some of our local currencies against a stronger dollar. Now for us, the important part is remaining nimble and agile, especially during times when it's uncertain, and we adapt quickly as the macroeconomic situation evolves.

Now you talk about how -- number one is being extremely prudent with managing our costs as we are committed to profitable growth. Peter talked about revenue more than doubled while loss for the quarter substantially improved. Our incentives came down, as you saw, to 9.4%, even while, as Alex shared, overall customer satisfaction went up, and then the delivery segment, adjusted EBITDA turned positive, 3/4 above -- ahead of guidance.

Now going back, we are very, very focused on thinking how do we address this sensitivity, especially as we drive for more affordable services for our users and partners. We talked about it with whether it's our delivery time windows where users can choose for our deliveries that drives lower cost and lower price. That's win-win-win for everyone. We see it with other options, for example, as we increase onboarding, which means fulfillment rates have improved and surge has come down as well. So these are ways in which we are also making sure.

I would also share what Alex reiterated on GrabShare in Philippines. These are ways that we continue to drive mobility costs down. That will be win-win for the driver, the customer and for us.

Alexander Charles Hungate - *Grab Holdings Limited - COO*

And Jian Li, let me just pick up your question on Grab Ads. Our return on advertising spend on the Grab Ads platform is really high. It's north of 3x. And sometimes, in some cases, we're getting 6x return. So the macro situation -- with those kinds of returns, the macro situation is not impacting our demand for Grab Ads.

What we're trying to do is introduce auction pricing for our Ads platform that as we build demand, we will see hopefully an improvement in pricing as a result of growing demand for the auction-clearing mechanism for the pricing. We're also looking for opportunities to add inventory without impacting the customer experience. And then finally, we have 4 million merchants on the platform. Our goal is -- we're just scratching the surface with the penetration of ads as a capability. Our goal is to use our new self-serve ads platform to start to go further down the long tail.

So some of the small guys can get access to the sophisticated targeting that the big guys already use. So I think all 3 of those things should help us with our ads growth going forward, improving, obviously, the 100%-plus growth in revenue year-on-year is strong. But we think that we're still only just scratching the surface of the opportunity here.

Operator

The next question comes from Ranjan Sharma from JPMorgan.

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

Two questions from my side. Firstly, on the loan that you are repurchasing, what is the interest rate on that, please?

And second question is one of your competitors is expressing a view that they might look to exit some countries in ASEAN. But I think based on what you're saying is that you're not necessarily a purchase of these assets, right? Or could you look at acquiring assets of someone who might be leaving the country?

Peter Oey - *Grab Holdings Limited - CFO*

So Ranjan, on the TLB, we took this TLB in January 2021. The term on the structure was LIBOR plus 450.

In terms of your second question on competitors exiting, look, I think we're -- I think Alicia asked a similar question around M&A or opportunities, we're very focused on our organic growth. We see a lot of opportunities ahead of us in all segments of our business. So we're just going to be heads-down focused on just looking at how we can continue to serve our consumers and also our merchants and our drivers in an organic way.

Again, capital allocation, we have a very strict framework within Grab here and cash preservation is critical. And also we'll be very prudent in how we deploy capital.

Operator

The next question comes from Thomas Chong from Jefferies.

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

My first question is about the competitive landscape. I think given that all the players are rationalizing the investment, focus on ROI on their strategies, are we seeing any changes in the competitive landscape in the medium term?

And my second question is about our user experience or how we can do more to add value, to users or merchants and drivers partner? What do you think is the number one priority that we need to do in 2023 in order to differentiate us from peers?

Alexander Charles Hungate - *Grab Holdings Limited - COO*

Thanks, Thomas. This is Alex. Let me take that. Yes, there is a lot of news flow about competitors rationalizing and potentially exiting markets as some of the questions referred to. This should -- if this continues, of course, this should reduce the competitive intensity going forward.

One of the upsides of the increased cost of capital when you -- when one does have a strong balance sheet is that competitors have to get rational and they have -- and some of them can't survive faced with intense competition. So if this continues, indeed, we might have reduced competitive intensity in the future.

User experience is a really key topic for us. One of the opportunities that we're looking at currently is with our data scientists is continuing to look at the acquisition funnel, the onboarding funnel and looking for opportunities just to tweak if we can just improve a percentage or point here or there. The numbers -- the impact to the bottom-line reduction in acquisition costs, improvement in retention and frequency of repurchase, et cetera, these things can make massive differences in terms of the bottom line.

So there's a lot of work going on, on our funnels. We are very lucky to work with some very talented data scientists who can actually help us to do that fine-tuning and then some really creative marketeers as well who can help us to nudge the consumer behavior. So I'm glad you raised the question. It's certainly something that we, as a management team, talk about all the time, the customer experience, how can we improve the funnel, how can we improve the sell-throughs. So thanks for recognizing that. That's an important, but often unsung part of what makes a successful company implement well.

Operator

The next question comes from Jiong Shao from Barclays.

Jiong Shao - *Barclays Bank PLC, Research Division - Analyst*

I have 2 questions. First is on a longer-term perspective. I was wondering if you can share with us some of your thoughts on how we should think about CAGR growth for both mobility and delivery, let's say, for the next 3 years to help us understand longer-term opportunities for Grab?

My second question is somewhat near term is that if I look at your OpEx for the quarter, it came down sequentially in all 3 line items. How we should think about going forward in terms of either absolute dollars or as a percentage of GMV or revenue? How we should think about going forward how that will trend, which obviously will affect profitability?

Peter Oey - *Grab Holdings Limited - CFO*

Jiong, let me take those couple of questions. So on the long-term perspective on growth itself, we -- where you saw that we're continuing to pose growth in our revenue lines, and we're committed for 2023 to grow revenue of 45% to 55% on a constant-currency basis. We're quite -- we remain bullish on the prospect of mobility also. We still have ways to go in mobility coming back to get the pre-COVID levels.

So Alex talked about -- earlier about all the use cases that we're seeing. We're keeping up with demand. We're increasing supply in the mobility front. We're fingers-crossed, the Chinese borders will open up also. Deliveries, we continue to be confident and also bullish in terms of what we can do with grocery delivery. We're just scratching the surface with our nonlocal commerce there so -- and then as Alex also talked about.

So if you step back, looking at just our long-term prospect of our business today, organic growth remains to be robust. We're going to continue to improve engagement on our platform itself, and we're committed on the 45% -- 55% revenue growth in 2023.

Now on the OpEx line, your question around how should we think about this in absolute dollars, we're going to continue to optimize our cost structure where -- look where everything -- we're looking at all line items headcount and non-headcount items. We're going to be very prudent in terms of how we deploy capital also and how we're looking at our hiring. So we're -- you'll see that we are continuing to focus on this line item. And we -- in 2023, you'll see reduction in regional headcount. We're also -- we'll continue to focus on associated costs with those headcount also to come down. So we'll focus on this line item and we'll continue to get to that profitability of second half 2024 as a group as a main priority for us.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Peter for any closing remarks.

Peter Oey - *Grab Holdings Limited - CFO*

Thank you, everyone, just for taking the time today. If you have any questions, please feel free to reach out to our Investor Relations team or visit our Investor Relations website. Talk to you next quarter. Thank you, everyone.

Operator

Thank you. This concludes Grab's Third Quarter 2022 Earnings Conference Call. Thank you for your participation. You may now disconnect your lines.
