



Summary

It is clear that Grab Holdings is advancing to become one of Asia's biggest "everything apps" and will continue their trajectory to increase profit, margins, users, and share holder value. This thesis outlines a medium-term value play on a non-American software company that is quickly taking Asia by storm.

Business Overview

Grab Holdings hosts "super apps" in countries such as Cambodia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. These apps offer deliveries on consumer goods, ride sharing, and financial services. The company is headquartered in Singapore and was founded in 2012. Grab Holdings makes money through fee's, interest on lending, and advertising.

Investment Rationale

Grab has seen steady and consistent growth that would peak any investors interest. Grab just recently became profitable within the last few years and did so not by increasing their leverage, but decreasing it. Grab has widened their margins every single year for the past six years, growing revenue and leaving expenses the same. Grab has almost entirely wiped out its interest expense yet growing their interest income and fortifying their balance sheet with increasing cash reserves and asset growth.

Risks

Grab is subject to one very key risk and that is a slowing of their growth. This investment is a bet that Grab will continue the trajectory they have been on for many years. If their growth ends up slowing it is likely that my investment would suffer because of the stocks already insane P/E ratio. This is a bet that Grab will grow to meet a healthy P/E and if they were able to continue this growth through harsh times of unprofitability and large debt payments, there is no reason they cannot continue it under the reduced pressure they are under now.

Conclusion & Target

I'd like for Grab to continue to scale as a company and reflect that growth in their share price for the foreseeable future. I will continue to monitor the position and stay up to date with future growth and developments to make an accurate analysis on a day-to-day basis of the stocks future value. I do not have a hard stop on this position so it will remain on the smaller side of my max allocation limit, after any inkling of downturn I will downsize my position and continue to monitor until a decision to pull out or size back in can be made.