- Transportation

Grab acquires Uber in Southeast Asia

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FRANCISCO – Ride-hailing firm Uber Technologies Inc. has agreed to sell its Southeast Asian business to bigger regional rival Grab, the firms said yesterday, marking the United States-based company's second retreat from an Asian market.



In a statement yesterday, Grab said the deal would involve taking over Uber's operations in countries like the Philippines, Cambodia, Malaysia, Myanmar, Singapore, Thailand and Vietnam.

The industry's first big consolidaSINGAPORE/SAN tion in Southeast Asia, home to about 640 million people, puts pressure on Indonesia's Go-Jek, which is backed by Alphabet Inc.'s Google and China's Tencent Holdings Ltd. A shake-up in Asia's fiercely

competitive ride-hailing industry became likely earlier this year when Japan-based SoftBank Group Corp.'s Vision Fund made a multibillion-dollar investment in Uber.

"It was really a very independent decision by both companies," Grab president Ming Maa told Reuters, adding that SoftBank chief executive officer Masayoshi Son was "highly supportive."Uber will take a 27.5-percent stake in Singaporebased Grab and Uber CEO Dara Khosrowshahi will join Grab's board. Grab was last valued at an estimated $6 billion.

"It will help us double down on our plans for growth as we invest heavily in our products and technology," Khosrowshahi said in a statement.

A Grab spokeswoman said all Uber employees in its Southeast Asian operations would be offered employment in Grab.

For Grab, the deal will help its mealdelivery service, which will now merge with Uber Eats, compete with Go-Jek, according to a person close to Grab.

Go-Jek is a dominant player in Indonesia, the region's biggest economy, and has rapidly expanded beyond ride-hailing to digital payments, food delivery, ondemand cleaning and massage.

"Go-Jek is such a different app, with different behaviors, it is something I can't see Grab competing with well in Indonesia for a long time, like at least a year," Vinnie Lauria, partner at

Southeast Asia's Golden Gate Ventures, said.

Ride-hailing companies throughout Asia have relied heavily on discounts and promotions, driving down profit margins and increasing pressure for consolidation.

Uber, which is preparing for a potential initial public offering in 2019, lost $4.5 billion last year and is facing fierce competition as well as a regulatory crackdown in Europe. Uber invested $700 million in its Southeast Asia business, less than the $2 billion it burned through in China before ceding its operations there to Didi.

April 8 transition

With the deal, Uber informed its rider subscribers through an email that it would transition services to the Grab platform in less than two weeks.

"What this means for you: we will be transitioning our services over to the Grab platform by April 8, 2018, so all requests after that date should be made from the Grab app," Uber said.

Uber said its riders in the affected markets would need to download the Grab app and create an account so that they could avail themselves of the services.

"The combined services of Grab and Uber signal a wider network of TNVS drivers and passengers and improved ride-sharing services," Grab Philippines country head Brian Cu said, referring to the transport network vehicle service.

He said passengers stand to benefit from the deal in terms of having a larger fleet of drivers, being able to use in-app loyalty program GrabRewards to earn and redeem points, using mobile wallet service GrabPay and being able to avail of GrabExpress to get parcels delivered on-demand with real-time tracking.

For drivers, Cu said the benefits include having more passengers and getting access to Grab's driver support services, incentives and offers and additional services to protect and enhance their welfare, such as personal accident insurance and micro-financing.

Commenting on the deal, Philippine Competition Commission (PCC) chairman Arsenio Balisacan said no notification has been filed before the anti-trust body on the acquisition.

"If the parties meet the new threshold, now set at P2 billion for size of transaction and P5 billion for size of party, they should notify the PCC within 30 days after signing of their definitive agreement," he said.

Both Grab and Uber have filed a fare hike petition, which is set to be heard by transport regulators on April 3.