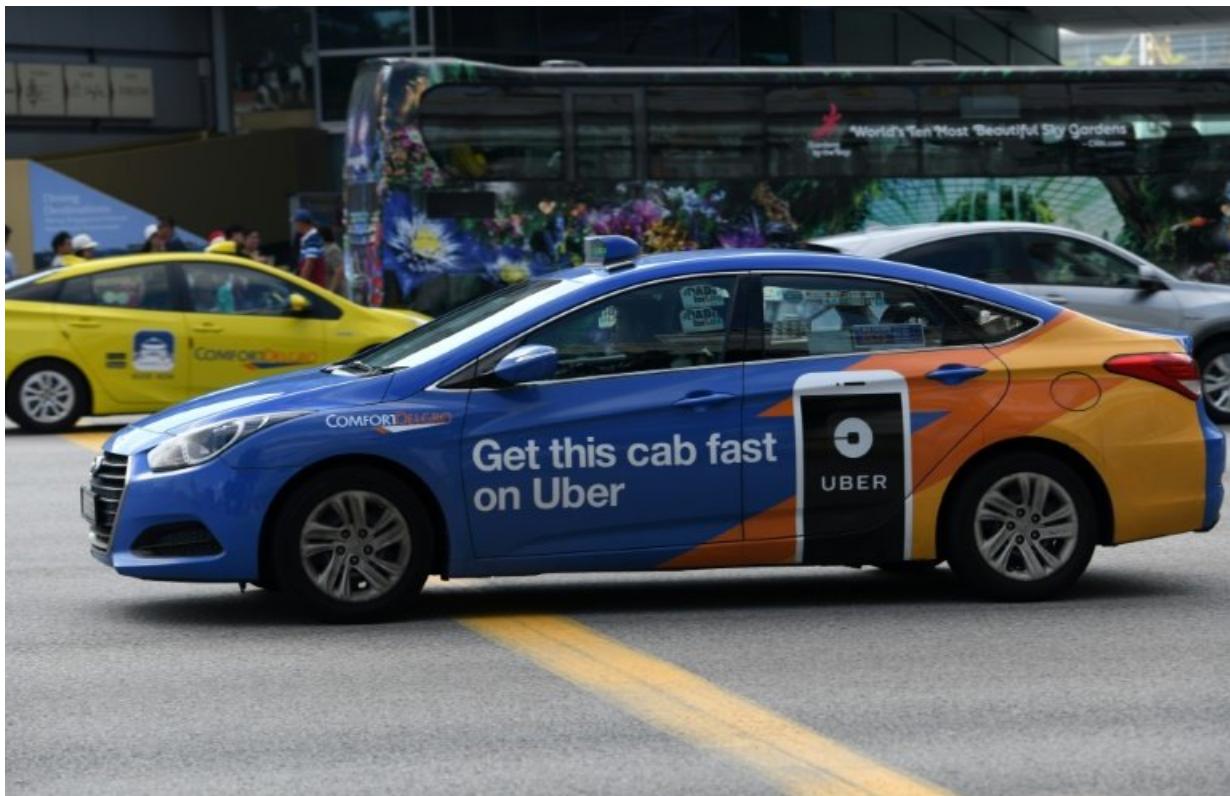


Uber exits SE Asia in new retreat from global markets

March 26 2018, by Sam Reeves



Singapore-based Grab is taking over the ride-sharing and food delivery operations of Uber in Southeast Asia

Uber sold its Southeast Asian business to rival Grab on Monday, ending a bruising battle between the ride-hailing behemoths and marking the US firm's latest retreat from international markets.

Singapore-based Grab is taking over the ride-sharing and food delivery operations of Uber in the region, with the California-headquartered company to receive a 27.5 percent stake in the business in return.

The sale is Uber's latest withdrawal from a market where it had faced tough competition, as new chief executive Dara Khosrowshahi seeks to stem huge losses and move past a series of scandals.

After a fierce battle, Uber sold its China operations to rival Didi Chuxing in 2016 in return for a stake, and last year the US firm merged in Russia with the taxi-hailing app of internet giant Yandex.

The deal with Grab—which operates in eight Southeast Asian countries—is similar to the one struck with Didi, and ends a fight for market share in a region that is home to some 650 million people and an increasingly affluent middle class.

"Today's acquisition marks the beginning of a new era," said Grab chief executive Anthony Tan. "The combined business is the leader in platform and cost efficiency in the region."

Khosrowshahi, who is joining Grab's board as part of the agreement, said: "This deal is a testament to Uber's exceptional growth across Southeast Asia over the last five years. It will help us double down on our plans for growth."

The value of the deal, which Grab said was the largest ever acquisition by a Southeast Asian internet company, was not disclosed.

Grab has long been the dominant force in ride-hailing in Southeast Asia and speculation mounted that a deal with Uber was on the cards after Japanese financial titan Softbank invested huge sums in the US firm.

Softbank is also a major investor in Grab, and is known for pushing for consolidation in the global ride-hailing industry, which has been losing billions of dollars a year due to turf wars.

'Fewer choices for commuters'

As part of Monday's deal, Grab is combining Uber's food delivery service in the region with its own and plans to expand it to more countries.

While both sides said the move would benefit customers, analysts raised concerns a lack of competition could push up prices.

"Industry consolidation will mean fewer choices for commuters and fares are likely to trend higher over time as the remaining players seek to improve their profitability longer term," Corrine Png, a transport analyst from Singapore-based research firm Crucial Perspective, told AFP.

Grab, launched in 2012, has poured money into expanding its regional fleet and now operates in 195 cities in Singapore, Indonesia, the Philippines, Malaysia, Thailand, Vietnam, Myanmar and Cambodia.

As well as linking customers up with private cars, it has services offering motorbike taxis in some countries, regular taxis and carpooling, as well as food and package delivery.

Before the acquisition, Uber operated in 64 cities in eight Southeast Asian countries.

Competition between ride-hailing apps has been heating up in Southeast Asia, with the market forecast to grow more than five times to \$13.1 billion by 2025, according to a 2016 report by Singapore sovereign wealth fund Temasek.

Uber is the largest firm of its kind with a presence in more than 600 cities, but it has been rocked by scandals and is facing fierce competition from rivals in Asia and Europe.

Chief executive Travis Kalanick was ousted in June last year after missteps including allegations of executive misconduct, a toxic workplace atmosphere and potentially unethical competitive practices.

New boss Khosrowshahi has vowed to turn the company around as Uber gears up for a 2019 public share offering.

But he has a fight on his hands—Uber's losses in 2017 grew to \$4.5 billion from the \$2.8 billion the company lost a year earlier.

© 2018 AFP

Citation: Uber exits SE Asia in new retreat from global markets (2018, March 26) retrieved 20 September 2024 from <https://phys.org/news/2018-03-uber-exits-se-asia-retreat.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.