# Uber and Lyft take different roads in search of profit



REUTERS/FILE

A passenger enters an Uber in New York City.

Uber Technologies Inc and Lyft Inc, the two leading US ride-hailing companies, are on divergent paths as Uber pours money into money-losing side businesses while smaller rival Lyft focuses on moving people around.

Uber shares shot up 9 per cent on Friday after the company said on Thursday it could achieve a measure of company-wide profitability in the fourth quarter of 2020, a year ahead of a previous target. That measure excludes expenses for stock-based compensation and other items. Uber still expects to lose more than \$1 billion for all of 2020.

Uber and Lyft, both based in San Francisco, are ride hailing's odd couple. Uber is much larger, with \$3.8 billion in revenues for the first nine months of 2019 compared to \$956 million for Lyft. At almost \$69 billion, Uber's market valuation is nearly five times that of Lyft's - and well ahead of automaker General Motors Co.

Uber operates in more markets around the world, although it has clashed with regulators in London and Germany and struggled in some Asian markets. Lyft focuses on North America.

Lyft has more quickly developed ways to retain high-paying repeat riders across its entire operation via a single subscription model it launched in October. Uber on Thursday

told investors 2020 would be the "year of subscriptions" when it plans to combine its loyalty programs across rides and food delivery into a single plan. Uber currently offers a crossplatform points rewards program and in 2018 launched a monthly subscription that protects riders against surge pricing because of traffic or weather, available in 40 U.S. cities.

Uber's ride-hailing business, which generates around three quarters of its revenue, is profitable right now. Uber's other operations are dragging down the company's bottom line. Over the past five years, Uber has built out its food-delivery business Eats, developed self-driving cars, worked on long-haul trucking operations and even on commercial passenger drone shuttles.

All of those businesses are money losers. Uber Eats recorded an adjusted EBITDA loss of \$777 million in the last two quarters of 2019, the two quarters for which it broke out that metric.

Most major analysts still prefer shares of Uber. Its size, the profitability of its ride-hailing segment and its ability to withstand regional downturns or regulatory pressure in a single market made it a safer long-term investment, said Angelo Zino, analyst at CFRA

But some analysts said Lyft is a less-risky bet. "We prefer Lyft because it focuses on the most profitable business in North America, the largest rides market," Cascend Securities analyst Eric

Uber and Lyft declined to comment.

Lyft is reporting fourth quarter earnings on Feb. 11. In October it told investors it would be adjusted EBITDA profitable by the end of 2021. Analysts said they did not expect Lyft to move its

Lyft has integrated public transit information into its app for seven U.S. cities in the hopes of turning its app into a single transportation platform. Uber has integrated transit information of eight U.S. cities and allows customers in Las Vegas and Denver to purchase public transit tickets through its app.



Anisuzzaman Chowdhury, vice chairman of the Bangladesh Association of Banks, launches a new company, UCB Asset Management Ltd, a subsidiary of United Commercial Bank, at the Westin Dhaka on Thursday. Mohammed Shawkat Jamil, CEO of the bank, and Arif Quadri, chairman of the newly launched company, were present.

### Govt has a new headache. It's the high interest rates on T-bills and bonds

This will require stronger revenue mobilisation, better utilisation of the foreign aid pipeline and expenditure rationalisation.

We have seen a tendency to add to subsidies one after another without any serious thought on their economic justification.

We also hear about wasteful expenditure by public officials on travel, vehicle purchase, and many other amenities.

Individually they appear small, but collectively they add pressure on the budget. There are many domestically funded projects in the annual development programme that can be put on hold without hurting the economy.

Prioritising expenditures must be the first priority in the efforts to contain public borrowing.

mobilisation Revenue can be strengthened first by not adding to tax expenditures through extension of new tax waivers and rebates and second through improving governance in tax administration by expanding in particular the use of automation processes.

Greater focus on accelerating the implementation of foreign-aided projects will help increase aid disbursements.

Particular attention is needed on addressing bottlenecks in public procurement and fund release processes.

The author is an economist

#### Shanghai to help Tesla resume production amid coronavirus spread

REUTERS, Shanghai

US electric carmaker Tesla's factory in China's financial hub of Shanghai will resume production on Feb. 10 with assistance to help it cope with a spreading epidemic of coronavirus, a Shanghai government official said on

Many factories across China shut in late January for the

Lunar New Year holiday that was originally due to end on Jan. 30 but which was extended in a bid to contain the spread of the new flu-like virus that has killed more than 700 people.

Tesla warned on Jan. 30 that it would see a 1-1.5 week delay in the ramp-up of Shanghai-built Model 3 cars as a result of the epidemic, which has severely disrupted communications and supply chains across China.

Tesla Vice President Tao Lin said this week that production would restart on Feb. 10 and that car deliveries from the plant would be temporarily delayed.



ANM Mahfuz, head of the consumer banking division of Prime Bank, and Masudur Rahim, CEO of Clean Fuel Filling Station Ltd, exchange documents after signing a deal at the bank's head office recently. The bank's credit cardholders will get equal monthly instalment facility at zero interest on LPG Conversion at the Clean Fuel.

#### Govt has a new headache. It's the high interest rates on T-bills and bonds

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In the first six months of the fiscal year, the government's bank borrowing increased eight times to Tk 43,587 crore, according to central bank statistics.

Earlier, the IMF and the World Bank suggested the government to reduce borrowing from savings certificate due to high interest rates: about 11 per cent. But the recent high interest of Treasury bills and bonds

suggests a similar problem has been created: it fuel the borrowing cost of the government through the banking

Not just that, banks will be tempted to lend to the government instead of the private sector because of high interest rates of Treasury bills and bonds.

The central bank data shows private sector credit increased only 4.25 per cent between the months of July and December last year. A year earlier, it had increased 5.65 per cent.

#### Grim December for EU's top economies caps year of trade war

AFP, Frankfurt

Industrial production fell back sharply in both Germany and France in December, official data showed Friday, closing off a year that saw trade conflicts above all weigh on the top EU economies.

Manufacturing output was down 3.5 percent month-on-month in Germany and 2.8 percent in its western neighbour, data from Germany's Destatis and France's Insee statistics authorities showed.

"there are very few In Germany, positive elements to find in the December industrial data," ING bank economist Carsten Brzeski said, adding that the figures point to Europe's top economy shrinking in the fourth quarter. The US and China last month signed a "phase one" trade deal designed to ease commercial tensions, whose knock-on effects last year battered European manufacturers.

#### Go head-to-head with India, Vietnam to hit \$5b in exports

Kabir also urged companies to maintain proper documentation as it will help them get more promising orders from abroad.

CEO of Genex Infosys, proposed that the government fix the infrastructure issue first.

Providing IT facilities at the district level

"\$5 billion is a very minimum target. India has companies that earn that much revenue each year solely from outsourced projects." Mojumder also requested the government to finalise a market standard so that even local companies do not compromise their quality in the name of

firms to grow.

Bangladesh Association of Call Centres and Outsourcing (BACCO), said although they run a tax exempted business, the National Board of Revenue suddenly demanded Tk 2

Resolving the issue was a lengthy process and he faced harassment from different quarters in the process, Sharif added.

to earn \$1 billion from the export of ICT products by 2021 has already been achieved.

To attain their current goal, the government recently targeted 60 countries as export destinations, said numerous

#### importing components and exporting cars globally. But supply lines are crucial in an ever more interconnected worldwide economy and the coronavirus outbreak in China has seen Beijing order factories closed in several areas as it seeks

to contain the epidemic. As a result, Hyundai -- which with its affiliate Kia ranks as the world's fifth-largest auto manufacturer -- has run out of the wiring harnesses that connect vehicles' complex electronics

The most productive car factory in the world

fell quiet on Friday as South Korea's Hyundai

suspended operations at its giant Ulsan complex,

hamstrung by a lack of parts with the coronavirus

vehicles annually, in a coastal location facilitating

The five-plant network can make 1.4 million

outbreak crippling China's industrial output.

It is having to suspend production at its factories across South Korea, putting 25,000 workers on forced leave and partial wages, healthy victims of the disease outbreak across the Yellow Sea.

"It's a shame that I can't come to work and have to accept a pay cut," said an Ulsan production line staffer surnamed Park. "It's a very uncomfortable feeling." The closures could be the first example of a phenomenon that rolls out around the world, analysts say.

The impact on Hyundai will be eye-watering, with analysts estimating a five-day South Korean shutdown to cost the firm at least six hundred billion won (\$500 million).

Hyundai is not the only corporate casualty: Kia will suspend three plants for a day on Monday, the South Korean unit of French automaker Renault is considering stopping its factory in Busan next week, and Fiat Chrysler CEO Mike Manley told the FT his firm could be forced to halt one of its European factories.

Analysts warn of broader troubles if Beijing extends the Lunar New Year holiday further as the coronavirus -- which according to official figures has infected more than 31,000 people in China and killed 636 -- continues to spread.

"The biggest problem is that we don't know how the outbreak in China will unfold," said Cheong In-kyo, an economics professor at Ulsan on Friday.

# biggest capacity car plant

Coronavirus claims world's

"South Korean companies rely heavily on China for parts and components. The problem is even if just one part is missing, you can't do anything." The disruption was only just beginning, he added, and warned it would spread beyond the auto sector. "There is not a single category that is not manufactured in China." - 'Everyone is impacted' - The People's Republic is the world's biggest exporter of goods,

with the US by far its largest trading partner.

Exports to the US from China and Hong Kong combined -- many goods are shipped via the financial hub -- totalled more than \$450 billion last year, followed by Japan with more than \$150 billion. South Korea and Vietnam also both imported goods worth more than \$100 billion from the pair.

"China has become an integral part of the global manufacturing supply chain, accounting for about one-fifth of global manufacturing output," said Mark Zandi, chief economist at Moody's Analytics.

Its neighbours will be hit by supply chain effects first, he said, naming Taiwan and Vietnam,

The effects in the US would be delayed by the length of the supply lines, said Kristin Dziczek of the Center for Automotive Research in Ann Arbor, Michigan, but there would be secondary impacts on parts from other overseas markets built with Chinese items.

Automakers and suppliers were "evaluating

and planning how to navigate the disruptions" she said. "But there is no capacity the size of China sitting idle waiting to fill in the gaps and it's difficult to move quickly in this environment when everyone is impacted." - 'So dependent' The global car industry was plunged into

turmoil when a single Renesas Electronics factory in Japan -- making a vital and widelyused microcontroller -- was put out of action by the 2011 Fukushima earthquake. Supply lines have since become much more

diversified, analysts say.

"Car manufacturers have a system of multiple sourcing because the risk would be too big to have only one supplier in one place for a particular part," said Ferdinand Dudenhoeffer, director of Germany's Center Automotive Research.



The picture shows the main entrance of a factory of Hyundai Motors in the southeastern port of

Prince Mojumder, co-founder and

Establishing a business setup in Bangladesh is very costly but the government has a role to play here.

might be important but before that, setting up few a tech parks where established companies could expand their businesses would help them achieve the target.

Various entrepreneurs also requested the government to eradicate any harassment they may face, effectively helping their

Wahid Sharif, president of the

The government's previous objective

speakers during the session.

## ICB's baffling investment decision

So, ICB ranked eighth out of the total of nine closed-end fund managers on the basis of NAV return in 2019.

hurt stock investors, the overall mutual fund sector is struggling to attract investors, said a top official of an asset manager preferring anonymity. "Investors don't

want to purchase mutual funds even after their price becomes lucrative compared with the NAV," he added.

At present, closed-end mutual funds' As some asset managers' performance aggregate price is 57.3 per cent compared to the NAV.

As many as 33 of the 37 listed mutual funds traded under their face value on Thursday last week.