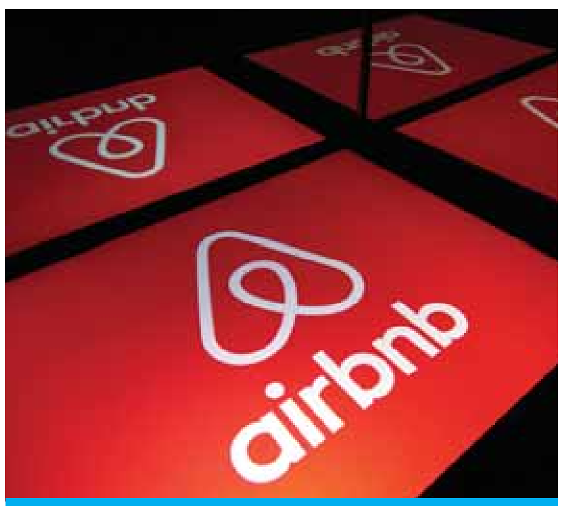
Airbnb, DoorDash lead 'unicorn parade' ending busy IPO year

Unicorns taking advantage of lifestyle changes due to pandemic

SAN FRANCISCO: Airbnb and DoorDash make their stock market debut this week as part of a "unicorn parade" capping a busy year for hot startups going public. The startups known as unicorns-valued in the billions-are poised to take advantage of a market hungry for young businesses promising fast growth, with some taking advantage of lifestyle changes due to the coronavirus pandemic.

This week's big initial public offerings (IPOs) include food-delivery service DoorDash, which has seen a surge during COVID-19 restrictions, to be followed by home-sharing platform Airbnb and e-commerce operation Wish. Firms going public with lofty valuations, some in the tens of billions, have been concentrated in technology, such as big data analytics group Palantir and cloud storage firm Snowflake earlier this year.

There have been 420 initial public offerings (IPOs) on US markets so far this year, some 88 percent more that at this point a year earlier, according to StockAnalysis.com. Companies have raised some $144.8 billion overall going public in US markets this year, the most by far in the past 25 years, according to Dealogic. "You are seeing some of the strongest tech companies of the last five to seven years come public, like Palantir," Wedbush analyst Dan Ives told AFP. "It has definitely been a strong year for IPOs." Appetite is particularly strong for "secular growth stories" in sectors such as e-commerce, cybersecurity, and cloud computing, Ives noted.



In this file illustration photo shows the logo of the online lodging service Airbnb displayed on a tablet in Paris. — AFP

Growth opportunities

Startups are tapping into a prime time to raise money in the public market while their business models look promising and the market is eager for opportunities, according to analysts. "It is a case of striking while the iron is hot, because there is going to be a market correction," said analyst Rob Enderle of Enderle group.

"You want to do an IPO and get your money before that happens." DoorDash is aiming high with an opening share price of $102, valuing the food delivery startup at $38.7 billion overall for its stock market debut Wednesday, according to US media reports.

DoorDash would be valued at $32.4 billion based on outstanding common stock alone, not adding in private stakes being held by insiders. That is still more than double the $16 billion that DoorDash was deemed worth during a private funding round in June.

San Francisco-based DoorDash is out to raise more than $3 billion with the share offering. Renaissance Capital said of the DoorDash IPO that the "December unicorn IPO parade begins." Delivery of meals and groceries has boomed during the pandemic, with restaurants offering no or limited dine-in options and people fearful of exposure to COVID-19.

San Francisco-based DoorDash, which competes with GrubHub and Uber Eats, operates a leading online platform connecting people ordering food with those willing to deliver it.

Some analysts are skeptical of the latest round of IPOs at current valuations. Investment research firm New Constructs chief executive David Trainer warned investors about the DoorDash market debut, branding it "ridiculous." Trainer argued that the DoorDash offering "holds no value... beyond bailing out private investors before unsuspecting public investors realize the business is not viable in its current form."

Travel rebound?

Airbnb, on the other hand, which has seen its business crushed along with the rest of the travel industry, promises to be a better bet once people around the world return to vacationing and adventures, according to New Constructs.

The research firm said Airbnb "has a plausible path to profitability and growth" if it can contain costs while expanding its global footprint. The vacation rental platform, expected to hit the market Thursday, has fared better than travel industry peers with its home-sharing platform offering more appeal during the pandemic. A key question is whether these emerging firms represent the future or are just a flash in the pan. A strong stock market could bring out more IPOs including from the online financial groups such as Robinhood and SoFi.

Some analysts say the pandemic has distorted the economy and that it's too soon to know how these emerging firms will fare. "How long will the party last? No one knows," said Charlie Bilello of Compound Advisors in a research note, adding that "IPO fever (is) as hot as it's been since 1999-2000." "While there are certainly parallels to manias of the past, 2020 has taught us once again that every time is different," he noted. — AFP

Global security giant G4S backs £3.8bn US takeover

LONDON: Bosses at British security giant G4S, which guards sites including prisons, offices and Covid test-centers, yesterday backed a £3.8-billion takeover from US rival Allied Universal that trumps a bid from Canada's GardaWorld. G4S announced in a statement posted on the London Stock Exchange that its board was "unanimously recommending" Allied's new offer, worth the equivalent of $5.1 billion or 4.2 billion euros, after concluding that 245 pence per share was "fair and reasonable". The UK security titan, which in recent years has been caught up in scandals across the world, added that it has rejected GardaWorld's improved £3.7-billion bid which lodged last week and was pitched at 235 pence per share. The combined company will have total revenues of around $18 billion with a "world-leading" integrated security business and a strong international platform.

"The combination of G4S and Allied Universal creates the global leader in security with over 750,000 employees, industry leading capabilities and unrivalled market coverage," said G4S Chief Executive Ashley Almanza in the statement. "This unique and compelling combination will offer customers exceptional service and provides employees with an exciting future."

The London-listed company had already turned down a £3.25-billion proposal from Allied in early November, arguing that this conditional approach had undervalued its prospects.

Steve Jones, president and chief executive of Allied Universal, added yesterday that the group was "delighted" to win the board's recommendation. "Our businesses know each other well, we share a similar culture and values and I am excited about what the combination of Allied Universal and G4S can deliver," he said. "G4S has an excellent service offering, an enviable global customer portfolio and it is led by a highly experienced management team." G4S, which itself employs 533,000 staff across 85 countries, had faced a takeover tussle between Allied and GardaWorld with both suitors pledging to vastly improve its tarnished image. —AFP

Potential sectors for investment in Bangladesh

Bangladesh is one of the fastest growing economies in the world. A recent report of PwC, a renowned economy reviewer projects that Bangladesh is going to be the 23rd largest global economy in the world by 2050. The investors who are intelligent and far-sighted, forward looking may be able to take this unique opportunity of investment advantage in Bangladesh. Its business friendly policies, suitable geographical location and skilled labor force at cheap wages are the basic facilities to beacon the entrepreneurs. The potential investment areas in Bangladesh cover wide range of opportunities. To facilitate the potential investor there is Bangladesh Investment Development Authority (BIDA), which is a government agency responsible for encouraging and facilitating investment in Bangladesh. For getting relevant information, you may visit website of BIDA http://bida.gov.bd/. Here, only few sectors are highlighted.

Agri-business sector

Bangladesh is one of the top five largest global exporters of fresh produce. The country fetched $909 million, up 35 percent from that of FY 2018, by exporting food-related products. The abundance of natural resources supports a range of highly profitable investment opportunities in the agro-sector. Extremely fertile land presents excellent opportunities for investors seeking to export or to meet the rapidly growing local demand for agricultural products.

Garments & textile sector

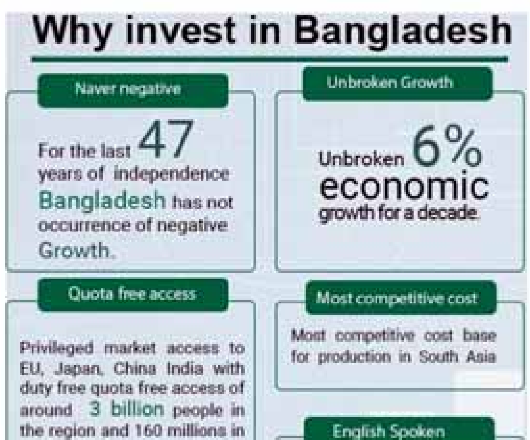
Bangladeshi factories design and produce products for the world's leading brands. Bangladesh is the 2nd largest global Ready Made Garment Exporter after China. Its Textiles & Apparels (T&A) exports have increased last five years from $25.49 billion in 2015 to $34.13 billion in 2019. This rapidly growing sector offers a unique competitive edge that supports profitable expansion into new strategic markets. The growing trend in the T&A sector means that Bangladesh is perfectly positioned to appeal to foreign investors. There are currently 4,500 operating garment factories in Bangladesh.

ICT business sector

ICT and IT related business services in Bangladesh are a vibrant sector supported by an enthusiastic culture and a government committed to providing a pro-business climate for all investors. The World Bank reported: ICT service exports in Bangladesh accounted for $5.25 million in 2017. 800 IT companies are now thriving in the country and capturing a share of the international markets. To attract investors, the Bangladeshi Government has established the Bangladesh Hi-tech Park Authority (BHTPA), dedicated to establish, manage and operate technology business parks throughout the country. Hi-Tech park is full of opportunities to invest in Hi-Tech industry and promote businesses which are knowledge and capital-based Information technology, Software Technology, Bio-Tech, Renewable Green Energy & Tech, IT Hardware/Enabled-Services and R&D etc. are major areas of investment in the Hi-Tech industry in Bangladesh.

Pharmaceutical sector

In Bangladesh, Pharmaceutical Export Opportunities are projected to be over $450 million by 2025. Bangladesh will be producing its own pharmaceutical API leading to the opportunity for global export to exceed $6 billion by 2025. After meeting, 98 percent of local demand, Bangladesh is currently exporting pharma-products to 147 countries across four continents, including highly regulated markets in the European Union and Australia. The WTO TRIPS agreement permits Bangladesh to reverse-engineer patented generics till 2033 to sell locally and export to markets around the world. Pharma manufacturers have made large investments into their state-of-the-art manufacturing facilities. Many companies have been accredited by leading global regulatory authorities including USA Food and Drug Administration (FDA), along with accreditation from authorities in the EU, UK, Canada, UAE, Gulf Cooperation Council, Australia and Taiwan to exports items.



Healthcare sector

- Around $2 billion of the untapped healthcare, the market is now in Bangladesh.
- Bangladesh spends around $2.04 billion abroad for medical treatment in a year. This amount is 1.94 percent of total GDP of Bangladesh.
- The demand of healthcare growing 21 percent annually.
- The demand for health care services is accelerating because of increasing purchasing power of the growing middle and upper middle classes.

Medical equipment sector

- The medical device market was projected to $243.6 million in 2018
- Hospitals in Bangladesh experienced up to 22.5 percent growth in patients in 2011
- The large medical equipment market of Bangladesh is almost import dependent
- Medical equipment manufacturing is a potential sector to invest and set up plants in Bangladesh
- Huge private hospitals in recent years represent the best opportunity for selling expensive high-end equipment and medical devices.
- Government builds hundreds of new healthcare facilities and upgrades existing facilities and equipment.

Ship building sector

Among many sectors, ship building is an important activity in Bangladesh. Some of the highlights are:

- Number of Companies: 130
- Ships made in Bangladesh are 15 percent cheaper than even Chinese ships and are of the same quality
- The productivity of labors is good & average hourly labor charge in is only $ 1.00
- Global shipbuilding market size is $1,600 billion. 1 percent of the global order for only small ships market the amount will be worth $4 billion for Bangladesh
- Present capacity is 0.84 percent of global shipbuilding production
- Declared as "Thrust Sector" in a different policy.
- 5 percent incentive on export.

Power sector

Recently Bangladesh started construction of the 2.4-gigawatt (GW) Rooppur Nuclear Power Plant expected to go into operation in 2023. The largest energy consumers in Bangladesh are industries and the residential sector, followed by the commercial and agricultural sectors. Bangladesh will need an estimated 34,000 MW of power by 2030 to sustain its economic growth of over 7 percent. As the country progresses through a phase of development, automation is key to its economy. With continued industrialization, the importance of power generation and electricity supply becomes a key government priority. The power sector is a capital-intensive industry; huge investments are required in order to generate additional capacity. Private sector Power Generation Policy of Bangladesh has offered attractive fiscal and non-fiscal incentives.

Leather and leather goods

Bangladesh has a long established tanning industry which produces around 3-4 percent of the world's leather from a ready supply of raw materials. The country is an established and attractive location to source and outsource the manufacture of leather products. The leather industry is ideally suited to Bangladesh with its abundance of labor and natural resources at internationally competitive rates. It contributes more than $54.7 billion annually to the Economy. 207 tanneries produce 300 million ft2 of crust leather and 140.4 million ft2 of finished leather.

Ceramics industry

Bangladesh produces high-quality bone china. The industry caters to 85 percent of the ever-growing local demand and also serves a major portion of the export market: progressing towards being the 3rd largest sector in the next five years. The global market for ceramic products is predicted to be worth $408 billion by 2025. Bangladesh, being a gas-rich, low-labor-cost economy, is perfectly positioned to be a strategic partner in production and supply of ceramic products. Ceramic products are currently exported to more than 50 countries including USA, Europe, New Zealand and Australia.

Government incentives

Potential investors may be encouraged to invest in Bangladesh because of government incentives in the form of Tax holidays and tax exemptions, accelerated depreciation, exemption on import duties, tariff refund, double taxes prevention, bonded warehousing facilities, ownership, repatriation of invested capital, dividend and others. Potential investors are always welcome to invest Bangladesh, an Emerging Tiger of South Asia. — *Bangladesh Embassy, Kuwait*

This file photo shows a plant of German industrial conglomerate ThyssenKrupp (foreground) and smoke from a coal-fired power station in Duisburg, western Germany. — AFP

Green hydrogen: A fuel bursting with climate-saving potential

PARIS: In the battle against climate change, green hydrogen is being hailed as a potential miracle fuel that could help the world's worst-polluting industries slash carbon emissions. Hydrogen itself may have plenty of uses, but governments and companies are increasingly turning their attention to how to produce the resource in a climate-friendly fashion to make it truly green.

Zero-emissions panacea

Hydrogen is an abundant resource that gives off no emissions when it is burnt as fuel. No wonder governments and companies are falling over each other to extol its virtues. Its use as a fuel for spacecraft has prompted many to tout it as the future of the transport industry. European firm Airbus has said it wants to put the world's first hydrogen-powered commercial plane into service by 2035. Many major automakers already manufacture models using hydrogen fuel cells.

Transport policymakers are taking note. Plans are afoot for hydrogen-powered trains in Germany and Italy. In famously dirty industries, hydrogen is regarded as a particularly promising alternative to fossil fuels. Steelmakers like Germany's Thyssenkrupp are experimenting with creating hydrogen-powered furnaces. A broad agreement exists that hydrogen fuel has huge potential benefits, but the process of creating it is still the subject of heated debate.

Carbon conundrums

Scientists have understood for centuries how hydrogen can be produced from water via a process known as electrolysis whereby an electric current is passed through water, splitting it into hydrogen and oxygen. But this process requires power-which right now is still generated largely by burning coal and gas.

According to the International Energy Agency, global hydrogen production emitted 830 million tons of CO2 in 2017 — the equivalent of the combined emissions of Indonesia and the United Kingdom. Governments and companies are mulling three main options to make the process cleaner.

The first is "green hydrogen", which uses electrolysis of water powered by renewable energy. This would reduce emissions but it remains very costly. The second option is to obtain so-called blue hydrogen from natural gas, capturing the CO2 during the process. Firms including ExxonMobil and ENI are pushing for this, but the CO2 sequestration process remains uncertain and costly. The third option is low-carbon hydrogen produced by electrolysis but using nuclear electricity. China is the main proponent of this method, with nuclear energy falling out of favor elsewhere in the world. Governments are scrambling to frame policies encouraging the development of clean hydrogen. The EU wants to achieve between 12 and 14 percent hydrogen in its energy mix by 2050, up from two percent today. The bloc estimates the required funding at between 180 billion euros ($218 billion) and 470 billion. —AFP