

Singapore

ADD (no change)

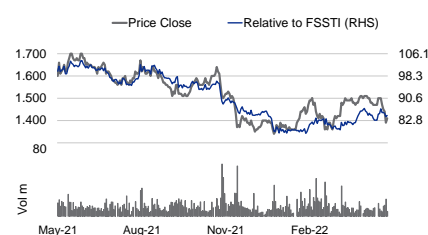
Consensus ratings*: Buy 10 Hold 1 Sell 0

Current price:	S\$1.41
Target price:	S\$1.80
Previous target:	S\$1.80
Up/downside:	27.7%
CGS-CIMB / Consensus:	1.9%
Reuters:	CMDG.SI
Bloomberg:	CD SP
Market cap:	US\$2,188m S\$3,056m
Average daily turnover:	US\$12.82m S\$17.45m
Current shares o/s:	2,167m
Free float:	99.6%

*Source: Bloomberg

Key changes in this note

➤ No changes.


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6	-3.4	-13.5
Relative (%)	-1.5	3.5	-15.7

Major shareholders	% held
Blackrock	7.0
Vanguard Group	2.7
Norges Bank	1.4

Analyst(s)


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ComfortDelGro

Returning to the new normal

- CD saw continued sequential earnings recovery in 1Q22 with core EBIT of S\$64.6m (+21% qoq, +26% yoy). Results were in line with expectations.
- Outlook positive with most operating geographies easing Covid related restrictions and returning to a “new normal”.
- CD has also tweaked its taxi revenue model since May 22 to better compete against PHV peers. Reiterate Add and TP of S\$1.80.

Sequential earnings recovery as mobility recovers

CD posted 1Q22 net profit of S\$76.7m (+30.4%), helped by S\$37.9m gain on asset disposal. Excluding government grants and exceptional items, CD's 1Q22 core EBIT came in at S\$64.6m (+20.5% qoq, +25.7% yoy), helped by improving economic activity levels in Singapore and the UK with easing Covid restrictions. We deem the results as in line with expectations, with 1Q22 core EBIT coming in at 20%/22% of our/Bloomberg consensus' FY22F, as we expect further earnings recovery in coming quarters.

Returning to the new normal

Most of CD's operating geographies have eased Covid-related restrictions YTD. We expect economic and social activities to pick up, which should aid CD's ridership recovery. In Singapore, after most of the pandemic restrictions were dropped (with all employees allowed to return to the workplace and group size limits removed), public transport ridership have recovered to 78% of pre-Covid levels in the last week of Apr 22 (first week of Jan: 67%), according to Land Transport Authority (LTA). In Australia and the UK, public bus schedules have returned to full service levels, and CD is seeing improvement in charter business activity levels. China is the only country which remains affected, though its contribution remains limited (3.5% of revenue in FY21).

Tweaking taxi revenue model to better compete against PHV peers

With the easing of restrictions, CD has seen an increase in daily taxi bookings. Together with recent fare revision, average daily net earnings of its taxi drivers are currently higher than the pre-Covid days. To compete better against private hire vehicle (PHV) platforms, CD announced that it will extend its taxi rental rebate through Sep 22 (to lower fixed cost for cabbies and narrowing rental gap vs. PHVs). Meanwhile, from May 22 onwards, it has started charging a 4% commission fee for bookings through its mobile app (c.45% of taxi rides are currently initiated through its app bookings). CD also plans to onboard more PHV drivers onto its booking platform to mitigate continued decline in taxi fleet.

Reiterate Add with a TP of S\$1.80

We reiterate our Add call as we expect further earnings recovery with easing of Covid restrictions. We forecast CD to report +43.5% yoy net profit for FY22F, helped by 1) lower taxi rebates, 2) higher rail ridership, and 3) increased charter activities as tourism recovers. Our TP is kept at S\$1.80, based on 16.8x CY23F P/E (+0.5 s.d. above CD's 5-year historical mean). Re-rating catalysts include faster than expected ridership recovery and tender win announcements. Downside risks include steep decline in taxi fleet size.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S\$m)	3,243	3,538	3,797	3,898	3,862
Operating EBITDA (S\$m)	553.7	611.6	744.7	785.5	792.5
Net Profit (S\$m)	60.8	130.1	205.7	228.6	237.0
Core EPS (S\$)	0.06	0.07	0.09	0.11	0.11
Core EPS Growth	(58.9%)	27.8%	33.7%	11.1%	3.7%
FD Core P/E (x)	25.39	19.87	14.85	13.37	12.89
DPS (S\$)	0.014	0.042	0.076	0.084	0.087
Dividend Yield	1.01%	2.98%	5.39%	5.99%	6.20%
EV/EBITDA (x)	5.93	4.85	3.74	3.43	3.35
P/FCFE (x)	9.61	9.76	9.04	9.72	10.84
Net Gearing	(6.2%)	(16.6%)	(21.4%)	(23.8%)	(24.7%)
P/BV (x)	1.15	1.13	1.09	1.07	1.05
ROE	4.59%	5.75%	7.47%	8.08%	8.22%
CGS-CIMB/Consensus EPS (x)			1.02	1.00	0.97

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Returning to the new normal

Figure 1: Results comparison

FYE Dec (S\$ m)	1QFY22	1QFY21	yoy % chg	4QFY21	qoq % chg	Prev FY22F	Comments
Revenue	896	862	3.9	916	(2.2)	3,797	
Operating costs	(789)	(777)	1.5	(880)	(10.4)	(3,471)	
EBIT	107	85	25.6	35	204.6	326	
EBIT margin (%)	11.9%	9.9%		3.8%		8.6%	
Net profit	77	59	30.4	13	476.7	206	
EBITDA	164	187	(12.3)	155	6.1	745	
Core EBIT	65	52	24.2	54	20.5	326	1Q22 in line with expectations at 20%/22% of our/Bloomberg consensus FY22F, as we expect stronger performance in coming quarters with further ridership recovery
Revenue breakdown							
Public transport services	712	671	6.0	737	(3.4)	3,016	
Taxi	106	120	(11.2)	103	3.3	448	
Automotive Engineering	47	42	10.7	45	4.0	142	
Inspection & testing services	26	24	7.9	26	2.0	101	
Others	23	24	(3.7)	23	(0.4)	90	
Elimination	(18)	(19)	(5.7)	(18)	(1.1)	-	
Total revenue	896	862	3.9	916	(2.1)	3,797	
EBIT breakdown (excluding gov reliefs and non-recurring items)							
Public transport services	38	21	83.1	26	43.6	194	
Taxi	11	15	(24.8)	12	(6.8)	56	
Automotive Engineering	2	3	(19.2)	3	(16.0)	24	
Inspection & testing services	8	7	14.3	8	-	30	
Others	6	7	(20.8)	5	14.0	22	
Total core EBIT	65	52	24.2	54	20.5	326	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Key takeaways from analyst briefing and AGM

Operating environment

- As the Omicron Covid-19 wave subsides, CD expects economic and social activities to pick up.
- In Singapore, easing of social restrictions include lifting of 10.30 pm drinking hours curfew, allowing all staff to return to office and the opening up of borders in Apr 22.
- Similarly, most restrictions have been lifted in the UK, Australia and New Zealand.
- Across the geographies that CD operates in, China is the only country that is still considerably affected. CD has been impacted by lockdowns across various Chinese cities, including Shanghai and Jilin where it has taxi operations. However, the number of Covid-19 cases has dropped tremendously in Jilin, and CD expects business to resume soon. Similarly, in Shanghai, the city has started easing up a few days ago. In Beijing, there were reported cases but CD thinks the current situation is still stable without any transport disruption.

Public transport segment

- Bus contracting models across Singapore, Australia and London are pretty similar, CD is paid to run scheduled bus services, and do not take bus ridership nor revenue risk.
- Public bus schedules across all cities globally have reverted to full service levels as of 1Q22.

- In Singapore, rail ridership has recovered to 65-70% of pre-Covid levels as of 1Q22, compared to 60-65% at end-2021.
- Downtown Line has transitioned to a revised financing “cap and collar” framework with effect CY22, which will see the government shoulder a portion of ridership risks. This will ensure CD continue to deliver reliable train services in a financially sustainable manner.
- CD expects public transport ridership to improve in 2022 compared to 2021, although the “new normal” ridership level remains to be seen.
- In view of rising energy prices, CD mentioned that fuel expenses in public bus contracts are generally indexed on a monthly basis, hence impact on the CD’s profits is controlled. There is, however, some exposure of electricity costs for its rail operations in Singapore, but the quantum is not as significant when compared to overall fuel expenses.

Taxi

- While CD maintained its market share within the taxi industry at 60%, its Singapore taxi fleet continued to decline in 2021.
- CD believes that taxi and private hire vehicles (PHVs) cannot be viewed as separate businesses, as both are essentially point-to-point service providers. CD has hence forayed into the private hire business by renting out vehicles to private hire and onboarded PHV drivers onto its booking platform. This will help grow its supply of vehicles to cater for the increased demand in booking jobs. To date, CD has about 300 cars in its PHV fleet, in addition to its c.9,000 taxis.
- With improved taxi ridership, CD expects to scale down rental discounts this year. With the easing of restrictions, CD has seen an increase in daily taxi bookings which is higher than that of pre-Covid level. With higher taxi ridership and recent fare revision, the average daily net earnings of CD’s taxi drivers are also higher than the pre-Covid days.
- Taxi rental rebate of 15% was provided to taxi drivers in 1Q22. CD has announced that it will be extending the daily rental rebate till end-Sep 2022, with the goal of keeping its taxi rental competitive vs. the PHV industry. Meanwhile, CD has announced that it will be charging a 4% commission for bookings through its app. Currently, it is estimated that c.45% of the taxi rides are initiated through app bookings.
- CD continues to electrify its fleet. Across CD group, it already has over 2,300 EV taxis in China. CD has also placed an order for 100 EV taxis for the Singapore market, and is looking to put up 300 more EV taxis by year end once the charging infrastructure is ready.

Growth plans

- CD continues to be exploring growth opportunities. CD plans to continue to identify and seize opportunities to expand its rail investments through tendering for more local and overseas rail projects. It also plans to scout for opportunities to expand its presence in other growing cities for countries it already has presence in, for example China, the UK, and Australia.

Rail tenders

- Tender wins to operate the Auckland Rail Network last year marks CD’s successful foray into the New Zealand market. This is operational in CY22. Together with joint venture partner, CD operate four lines covering 95km for the next eight years on a cost-plus model, with an annual contract revenue of about S\$100m. Contributions from this business will be accounted under the associate line.
- In France, CD signed an agreement with RATP, a French government owned company and the largest rail operator in Paris, to jointly tender

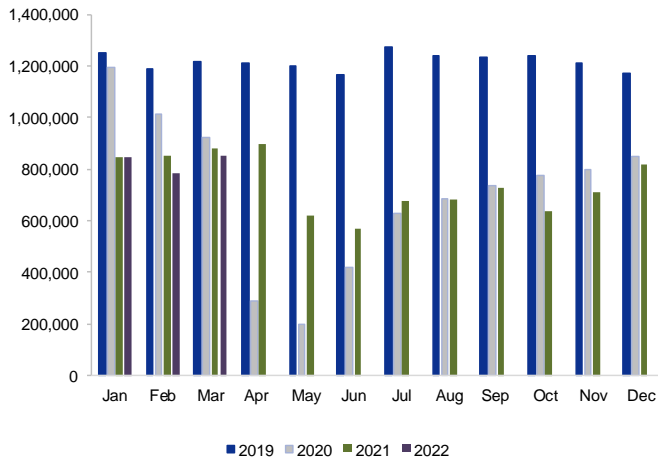
for rail projects last year. The consortium has been shortlisted for the rail tenders for the Greater Paris Express Line 15, 16 and 17. If awarded, these contract tenders will be for a minimum of six years with further extension options. These systems are expected to start full operations in 2025/2026.

- CD's consortium with its Australian partners has also been shortlisted for the Western Sydney Airport rail project. This is a 23km long line being delivered as a Private-Public Partnership (PPP) with a 15-year O&M (operations and maintenance) contract tenure. It is slated to start operations in 2027.
- Locally, efforts are underway to prepare for the bid for the two new LTA contracts, the new 24km long Jurong Regional Line and the Cross-Island Line, estimated to be 60km long. The two lines are scheduled to commence operations in 2027 and 2030 respectively.

Potential expansion

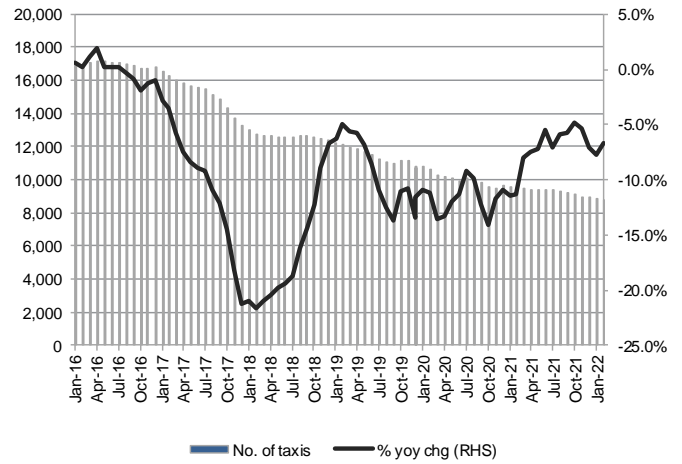
- In China, CD is looking at taxi opportunities in 2nd tier cities such as Hainan and Huizhou. CD believes that margins for the taxi business in Chinese cities are still attractive, as taxi and ride hailing platforms co-exist under strong regulatory controls.
- In the UK, although Metroline continues to maintain its No. 2 position with a market share of 18% in the London bus market, CD expects further deterioration of margins given the TfL (Transport for London) is in deep deficit, and operating costs have unduly increased with higher energy prices and post Brexit's tight labour market condition. CD plans to diversify to other cities in the UK – it is participating in the Greater Manchester Bus Franchise tender representing up to 300 buses with a 5-year contract tenure. The operations are expected by CD to start at the end of 2023.
- CD continues to believe in the potential of the Australia market and is constantly on the look-out for bolt-on acquisitions of family-owned coach operations to build up its regional business covering both contract and charter service. Over the past six months, CD has successfully acquired two such businesses and added 60 buses to its fleet in Queensland. CD has also participated in the bid for two new bus packages of about 350 buses in Western Australia, and is awaiting the award outcome.
- For the Australia IPO which was shelved, CD mentioned that it will revisit the option when market conditions improve further in the future, together with other options.

Figure 2: Average daily rail ridership of SBS Transit



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: CD's taxi fleet in Singapore



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Price comparison across point-to-point (P2P) operators (1) in S\$

From	To	Grab					Gojek					Ryde				
		Jun-21	Feb-22	Mar-22	Apr-22	May-22	Jun-21	Feb-22	Mar-22	Apr-22	May-22	Jun-21	Feb-22	Mar-22	Apr-22	May-22
Weekday Morning 9am																
Jewel L2 Drop Off	MBS Hotel Tower 3	18.30	18.60	18.60	19.10	18.10	18.80	29.80	20.00	22.70	21.40	16.60	22.10	23.60	24.10	21.90
Singapore Zoo	Bedok Mall	23.30	23.60	23.60	24.10	24.10	17.10	20.80	22.50	22.90	23.40	21.60	29.20	31.00	31.30	28.60
Ikea Alexandra	Nex Shopping Mall	15.30	14.60	15.60	15.10	15.10	13.20	17.90	16.60	17.80	14.50	12.60	17.40	18.20	18.90	17.20
Northpoint City	USS	23.30	28.60	27.60	40.10	35.10	31.00	35.10	36.20	41.70	29.60	21.30	30.10	29.20	36.20	31.70
NUH Medical Centre	Waterway Point	21.30	23.60	22.60	23.10	24.10	21.50	21.50	22.10	22.90	23.50	17.90	28.90	30.20	31.50	28.60
Weekday Afternoon 3pm																
Jewel L2 Drop Off	MBS Hotel Tower 3	18.30	18.60	18.60	19.10	18.10	18.00	15.70	17.60	17.70	19.00	18.60	21.00	21.00	20.60	21.70
Singapore Zoo	Bedok Mall	24.30	23.60	23.60	24.10	24.10	35.40	19.30	19.60	20.70	27.60	25.80	27.00	27.00	26.80	29.30
Ikea Alexandra	Nex Shopping Mall	15.30	16.60	16.60	15.10	15.10	12.60	13.70	13.30	14.20	15.60	17.10	16.40	16.50	16.20	18.40
Northpoint City	USS	24.30	23.60	25.60	28.10	28.10	31.60	31.50	35.40	20.80	40.80	25.30	26.40	26.40	27.10	27.80
NUH Medical Centre	Waterway Point	24.30	23.60	23.60	23.10	24.10	38.80	26.00	27.00	24.30	28.20	23.00	27.40	27.40	26.90	29.50
Weekday Evening 6pm																
Jewel L2 Drop Off	MBS Hotel Tower 3	17.30	20.60	18.60	26.10	19.10	16.20	17.50	28.60	40.20	23.40	16.20	27.20	24.70	24.30	23.80
Singapore Zoo	Bedok Mall	23.30	23.60	23.60	24.10	27.10	22.90	22.00	33.90	32.40	44.60	21.90	35.60	33.20	31.10	34.20
Ikea Alexandra	Nex Shopping Mall	15.30	27.60	27.60	31.10	27.80	13.70	21.60	20.80	27.50	22.40	16.10	22.30	25.60	29.30	29.90
Northpoint City	USS	23.30	38.60	25.60	27.10	35.10	27.40	38.00	29.80	31.40	42.00	21.10	40.10	31.30	29.70	36.00
NUH Medical Centre	Waterway Point	24.30	41.60	38.60	43.10	43.10	27.10	32.60	40.90	59.00	49.60	22.10	36.60	38.60	41.50	45.40
Average		20.77	24.47	23.33	25.50	25.21	23.02	24.20	25.62	27.75	28.37	19.81	27.18	26.93	27.70	28.27

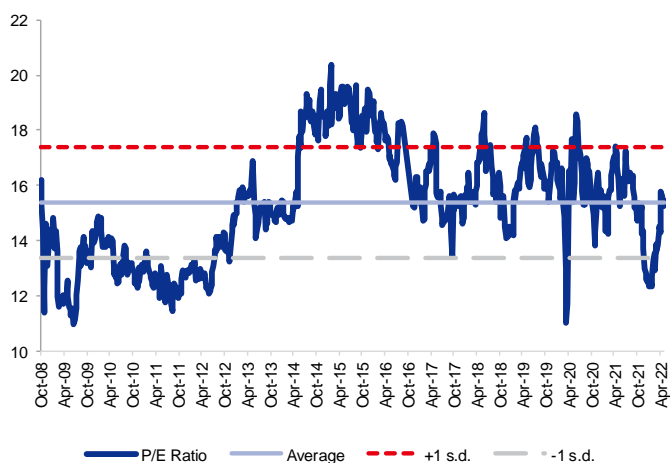
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Price comparison across P2P operators (2) in S\$

From	To	Tada					Comfort Delgro (Ride)					Comfort Delgro (Meter)			
		Jun-21	Feb-22	Mar-22	Apr-22	May-22	Jun-21	Feb-22	Mar-22	Apr-22	May-22	Feb-22	Mar-22	Apr-22	May-22
Weekday Morning 9am															
Jewel L2 Drop Off	MBS Hotel Tower 3	16.30	20.60	18.40	20.70	20.60	12.30	17.30	16.00	16.90	15.50	20.00 - 23.00	22.50 - 26.00	23.50 - 27.00	22.50 - 26.00
Singapore Zoo	Bedok Mall	23.30	24.80	24.80	26.00	25.28	17.30	20.00	25.70	23.20	26.30	28.00 - 32.00	29.50 - 34.00	34.50 - 39.50	33.00 - 37.50
Ikea Alexandra	Nex Shopping Mall	12.60	13.90	14.90	17.00	16.21	10.60	19.70	22.90	29.40	26.90	17.50 - 20.00	19.00 - 21.50	21.50 - 24.50	20.00 - 23.00
Northpoint City	USS	22.20	30.40	25.10	32.40	30.07	22.40	43.50	46.80	50.10	49.30	29.50 - 34.00	31.50 - 36.00	36.00 - 41.00	34.00 - 39.00
NUH Medical Centre	Waterway Point	17.90	22.30	22.30	22.00	22.53	9.70	20.20	24.00	26.50	25.50	28.00 - 32.50	30.00 - 34.50	34.00 - 39.00	32.00 - 36.50
Weekday Afternoon 3pm															
Jewel L2 Drop Off	MBS Hotel Tower 3	19.00	20.00	16.90	17.90	18.55	15.00	11.80	12.40	13.00	13.10	17.00 - 19.50	18.00 - 20.50	18.50 - 21.50	18.50 - 21.50
Singapore Zoo	Bedok Mall	24.00	21.40	22.00	22.90	24.26	29.40	16.40	19.70	21.60	36.20	23.50 - 27.00	25.00 - 28.50	25.50 - 29.50	26.00 - 29.50
Ikea Alexandra	Nex Shopping Mall	17.00	15.60	13.50	14.00	17.13	14.50	10.50	11.20	13.90	20.80	15.00 - 17.50	15.50 - 18.00	16.00 - 18.50	16.00 - 18.50
Northpoint City	USS	24.30	23.20	23.20	24.60	28.54	32.70	24.30	30.60	33.30	38.40	25.00 - 29.00	26.50 - 30.50	27.00 - 31.50	27.50 - 31.50
NUH Medical Centre	Waterway Point	23.80	22.30	18.70	20.10	25.48	32.70	19.60	22.90	25.60	35.40	24.50 - 28.00	25.50 - 29.00	26.50 - 30.00	26.50 - 30.00
Weekday Evening 6pm															
Jewel L2 Drop Off	MBS Hotel Tower 3	17.90	19.90	19.80	27.80	24.97	15.90	14.20	15.80	20.60	16.60	22.00 - 25.00	23.00 - 26.50	28.50 - 32.50	24.00 - 27.50
Singapore Zoo	Bedok Mall	23.30	27.80	23.50	32.30	34.55	22.20	42.40	47.40	36.60	50.80	31.50 - 36.50	34.50 - 39.50	34.00 - 39.00	36.50 - 42.00
Ikea Alexandra	Nex Shopping Mall	14.90	18.90	20.50	25.40	23.34	17.10	27.30	26.70	32.20	34.30	20.50 - 23.50	23.00 - 26.50	23.50 - 27.00	24.50 - 28.00
Northpoint City	USS	23.50	32.00	26.70	26.70	45.44	23.10	45.40	47.50	38.60	52.00	33.00 - 38.00	34.50 - 39.50	35.50 - 41.00	37.00 - 42.50
NUH Medical Centre	Waterway Point	21.50	33.50	33.30	36.60	33.73	36.60	44.40	49.60	49.90	51.30	32.50 - 37.00	36.00 - 41.50	35.50 - 41.00	36.50 - 42.00
Average		20.10	23.11	21.57	24.43	26.05	20.77	25.13	27.95	28.76	32.83	26.33	28.20	30.08	29.65

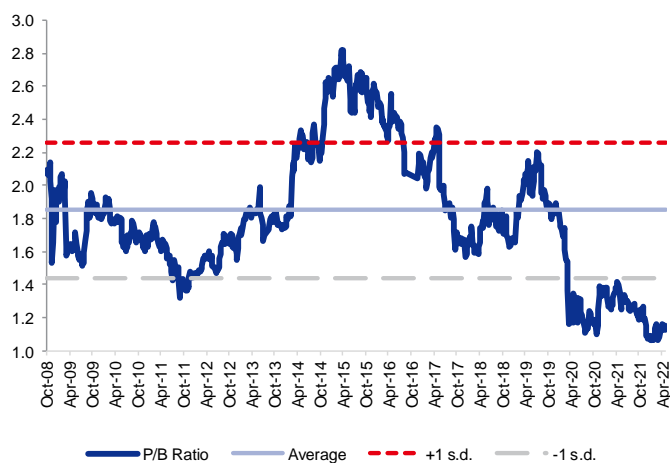
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Historical P/E trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Historical P/BV trend




SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (tcl curr)	Target Price (tcl curr)	Market Cap (US\$ m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY22F	CY23F		CY22F	CY23F	CY22F	CY23F	CY24F	CY22F	CY23F	CY22F	CY23F
Singapore																	
ComfortDelGro	CD SP	ADD	1.41	1.80	2,188	14.9	13.4	14.9%	1.09	1.07	7.5%	8.1%	8.2%	3.6	3.3	5.4%	6.0%
SBS Transit Ltd	SBUS SP	ADD	2.87	3.40	641	13.2	11.3	7.6%	1.41	1.32	11.2%	12.1%	12.5%	3.1	2.3	3.8%	4.4%
Thailand																	
BTS Group	BTS TB	Add	8.70	13.10	3,292	31.6	27.3	na	1.91	1.87	6.1%	6.9%	na	45.9	39.8	2.6%	2.9%
Hong Kong																	
MTR Corp Ltd	66 HK	Not rated	42.80	na	33,768	23.3	21.5	17.6%	1.44	1.38	6.8%	6.6%	8.1%	20.4	15.8	3.1%	3.2%
Simple average						20.7	18.4	13.4%	1.46	1.41	7.9%	8.4%	9.6%	18.3	15.3	3.7%	4.1%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
Note: Forecasts for Not rated companies are based on Bloomberg consensus estimates
DATA AS AT 13 MAY 2022

ESG in a nutshell		Refinitiv ESG Scores					
		B ESG Score	A+ ESG Controversies Score	B ESG Combined Score	B ESG Environment Pillar Score	B ESG Social Pillar Score	A- ESG Government Pillar Score
<p>ComfortDelgro Group (CD), a global land transport operator, has pledged to halve its Greenhouse Gas (GHG) emission intensity by 2030. At end-2020, CD has over 40,000 vehicles across seven countries. In Singapore, 57.1% of CD's taxi fleet are hybrid/electric vehicles; in China, 39.5% of taxis are CNG/electric vehicles; 66.8% of taxis in Australia are hybrid/electric and 46.6% of buses in the UK are hybrid/electric. Over the past three years, the proportion of hybrid taxis and buses have been increasing in CD's fleet globally, demonstrating its commitment to combat climate change. CD will be the first mobility operator in the region to commit to the Science-Based Target Initiative (SBTi), an international project to limit global warming to less than 2°C of the pre-industrial level.</p>							
<p>Keep your eye on</p> <p>Accident Frequency Rates (AFR) have increased from 1.83 in 2018 to 2.06 in 2020 for CD's key market in Singapore.</p>	<p>Implications</p> <p>AFR is one indication of workplace safety. Increasing AFR may present risks of fatalities to employees and passengers resulting in fines and compensations, which will be negative to earnings and pose reputational risks.</p>						
<p>ESG highlights</p> <p>CD is one of five companies selected for the inclusion in the Dow Jones Sustainability Index (DJSI) – Asia Pacific in 2020 for the second time. CD also maintained its rating in the top fifth percentile of the Sustainalytics ESG assessment in 2020. CD has also demonstrated social efforts by providing rental waivers and rebates for taxi drivers during the Covid-19 outbreak.</p>	<p>Implications</p> <p>This is likely positive for CD as the inclusion into DJSI could result in passive fund inflows from ESG funds focusing on sustainability investments.</p>						
<p>Trends</p> <p>Over the past three years, the proportion of CD's hybrid taxis/buses across its geographies have been increasing, demonstrating its commitment to provide cleaner energy transportation. It has been converting its global fleet to hybrid or electric vehicles and phasing out diesel-based vehicles.</p>	<p>Implications</p> <p>This is positive as it shows CD is in compliance with the latest emission standards in the markets in which it operates.</p>						

SOURCES: CGS-CIMB RESEARCH, REFINITIV

Appendix: ComfortDelgro/SBS Transit's (SBUS) latest framework agreement with LTA ►

Transition of DTL financing framework to NRFF (V2). The issue was first raised in the Parliament in Mar 2021 by ex-Transport Minister Mr Ong Ye Kung. In his speech, Mr Ong said the government will review the financing framework for the Downtown Line (DTL) to minimise the commercial risk for its rail operator, SBUS. Currently, the DTL MRT line runs under the New Rail Financing Framework (NRFF) Version One, where SBUS pays a fixed licence fee to operate the line. Fare revenue risk, which varies depending on rail ridership, is borne by SBUS. Other MRT lines, including North-South, East-West, Circle and North East lines, run under the NRFF Version 2. While fare revenue risk is still borne by the rail operators, the updated frameworks allow for lower commercial volatility. Under the NRFF (V2), the EBIT margin of rail operators is effectively capped at approximately 5%. In turn, it allows operators to co-share with the LTA fare revenue shortfalls and when the EBIT margin falls below the collar of 3.5%, subject to a limit of the amount of licence charge payable for the year.

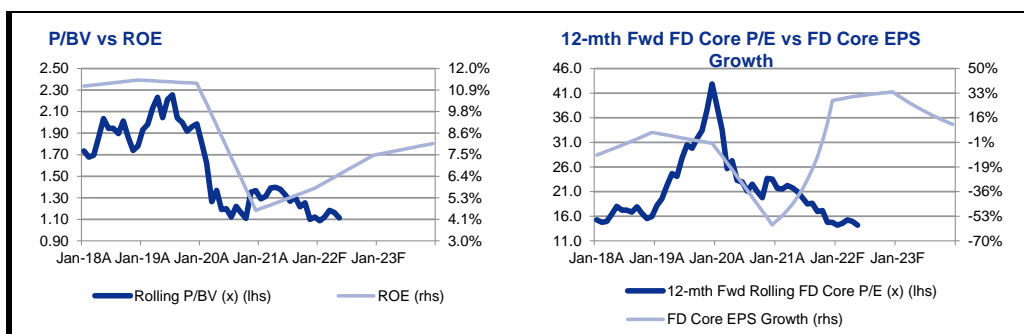
Material terms of the framework agreement to achieve balanced outcome:

- As part of the framework agreement, DTL's current operator SBS Transit DTL Pte Ltd will be renamed SBS Transit Rail Pte Ltd. All of SBUS's current rail operations (DTL, NEL and SPLRT) will be consolidated under this entity, with licence to operate the rail lines for the next 11 years (1 Jan 2022 to 31 Dec 2032).
- SBUS will continue to have the right to lease out the advertising spaces of the DTL, NEL and SPLRT until 31 Dec 2023. SBUS Rail will have to surrender the rail advertising business from 1 Jan 2024. LTA may allow SBST Rail to continue to operate the rail advertising business from 1 Jan 2024 until 31 Dec 2032 at a concession fee to be set by LTA in consultation with SBST Rail.
- SBUS has also renewed five contracts with LTA on the amendment of bus operation contracts. Service terms of the five contracts will be extended by an average of five years. However, the formula of the service fee payable by the LTA to SBUS will be revised to a rate that is benchmarked against recent bus tenders and lower than the current Service Fee.
- SBUS has also agreed to replace 241 of its own buses with newer government-owned buses which are more cost efficient to maintain.
- Pursuant to the framework agreement, SBUS has also agreed to forego certain claims previously made in connection with its bus contracts and rail licences. In addition, SBUS has also agreed to conduct improvement works in bus depots and interchanges, which will enhance conditions for land transport workers as well as public commuters, without seeking reimbursement for such capital expenditure from the LTA.

Figure 9: Estimated operating profit impact on ComfortDelgro for FY21-23F (\$\$ m)

	FY21	FY22F	FY23F	Remarks
1) DTL rail financing framework transition	0.0	30.0	35.0	Fixed licence charge was expected to increased by S\$5m annually, based on our expectations
2) Rail advertising rights expiry	0.0	0.0	0.0	Effective 1 Jan 2024, subject to further consultation
3) Bus contract service fee repricing	0.0	-11.3	-34.0	Effective 1 Sep 2022
4) Early replacement of SBST buses	-15.8	0.0	0.0	One-off impact in FY21. For FY22F and beyond, lower leasing income is offset by lower depreciation expense
5) Others	-3.4	0.0	0.0	Claims forgone
Net incremental impact	-19.2	18.7	1.0	

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	3,243	3,538	3,797	3,898	3,862
Gross Profit	3,243	3,538	3,797	3,898	3,862
Operating EBITDA	554	612	745	785	793
Depreciation And Amortisation	(432)	(402)	(419)	(427)	(421)
Operating EBIT	122	210	326	358	371
Financial Income/(Expense)	(6)	(5)	(3)	(3)	(3)
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	116	205	323	356	369
Exceptional Items					
Pre-tax Profit	116	205	323	356	369
Taxation	(24)	(45)	(70)	(77)	(79)
Exceptional Income - post-tax					
Profit After Tax	92	160	254	279	290
Minority Interests	(31)	(30)	(48)	(51)	(53)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	61	130	206	229	237
Recurring Net Profit	120	154	206	229	237
Fully Diluted Recurring Net Profit	120	154	206	229	237

Cash Flow

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	553.7	611.6	744.7	785.5	792.5
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(28.5)	75.0	(12.1)	(2.2)	(4.1)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0	0.0
Other Operating Cashflow	112.9	50.7	0.0	0.0	0.0
Net Interest (Paid)/Received	(5.9)	(5.1)	(2.5)	(2.5)	(2.5)
Tax Paid	(87.9)	(71.3)	(69.5)	(76.5)	(79.3)
Cashflow From Operations	544.3	660.9	660.6	704.3	706.6
Capex	(198.5)	(228.2)	(322.7)	(389.8)	(424.8)
Disposals Of FAs/subsidiaries	80.4	14.2	0.0	0.0	0.0
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	8.4	10.2	0.0	0.0	0.0
Cash Flow From Investing	(109.7)	(203.8)	(322.7)	(389.8)	(424.8)
Debt Raised/(repaid)	(116.6)	(143.9)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(114.6)	(76.5)	(111.3)	(171.9)	(185.6)
Preferred Dividends					
Other Financing Cashflow	(70.6)	(66.8)	(57.9)	(50.7)	(52.6)
Cash Flow From Financing	(301.8)	(287.2)	(169.3)	(222.6)	(238.1)
Total Cash Generated	132.8	169.9	168.6	91.8	43.7
Free Cashflow To Equity	318.0	313.2	337.8	314.4	281.8
Free Cashflow To Firm	449.3	468.4	347.8	324.4	291.8

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(S\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	743	919	1,088	1,179	1,223
Total Debtors	533	537	576	592	586
Inventories	128	117	122	124	123
Total Other Current Assets	20	15	17	17	17
Total Current Assets	1,424	1,588	1,802	1,912	1,949
Fixed Assets	2,604	2,431	2,334	2,297	2,301
Total Investments	0	0	0	0	0
Intangible Assets	870	867	867	867	867
Total Other Non-Current Assets	60	69	69	69	69
Total Non-current Assets	3,534	3,367	3,271	3,233	3,237
Short-term Debt	141	52	52	52	52
Current Portion of Long-Term Debt					
Total Creditors	675	776	809	825	813
Other Current Liabilities	197	163	163	163	163
Total Current Liabilities	1,013	990	1,023	1,039	1,028
Total Long-term Debt	411	347	347	347	347
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	255	287	287	287	287
Total Non-current Liabilities	667	634	634	634	634
Total Provisions	211	194	194	194	194
Total Liabilities	1,890	1,819	1,852	1,868	1,857
Shareholders' Equity	2,647	2,707	2,801	2,858	2,909
Minority Interests	422	430	420	420	420
Total Equity	3,069	3,136	3,221	3,278	3,329

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(17.0%)	9.1%	7.3%	2.7%	(0.9%)
Operating EBITDA Growth	(34.2%)	10.5%	21.8%	5.5%	0.9%
Operating EBITDA Margin	17.1%	17.3%	19.6%	20.1%	20.5%
Net Cash Per Share (S\$)	0.09	0.24	0.32	0.36	0.38
BVPS (S\$)	1.22	1.25	1.29	1.32	1.34
Gross Interest Cover	8.28	18.58	32.59	35.83	37.13
Effective Tax Rate	20.8%	21.9%	21.5%	21.5%	21.5%
Net Dividend Payout Ratio	36.5%	52.0%	59.8%	59.9%	59.9%
Accounts Receivables Days	48.09	55.20	53.50	54.67	55.80
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	3.1%	6.3%	10.5%	11.9%	12.5%
ROCE (%)	3.40%	5.72%	8.84%	9.52%	9.72%
Return On Average Assets	2.35%	4.24%	6.50%	7.01%	7.19%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Daily rail riderships ('000)	709.0	743.0	948.1	1,068.5	1,100.5
SG taxi fleet	10,139.0	9,361.0	9,084.0	8,861.0	8,611.0
Taxi hire-out rate (%)	92.0%	95.0%	95.0%	94.5%	95.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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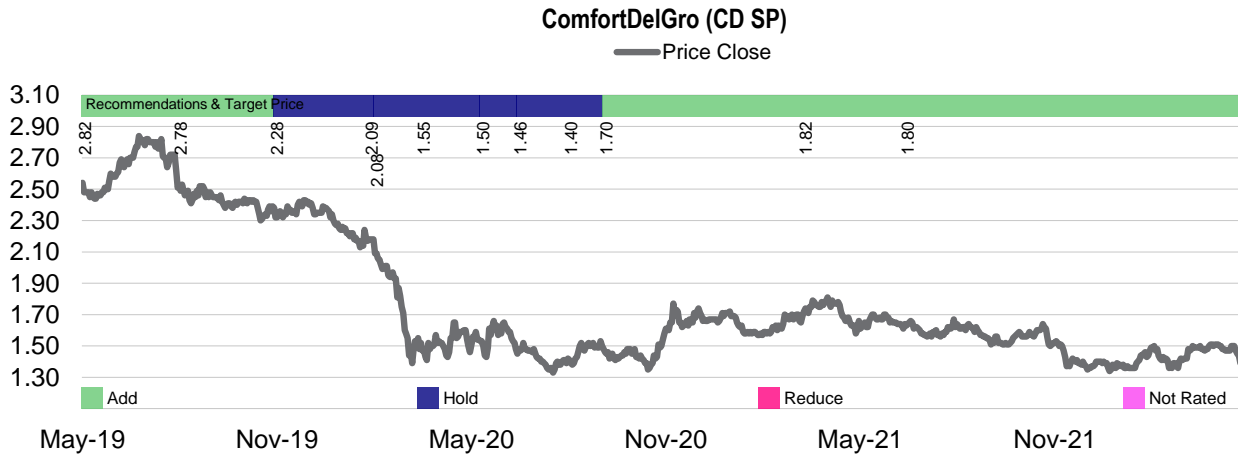
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.