

Singapore Company Update

ComfortDelGro

Bloomberg: CD SP | Reuters: CMDG.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

20 Oct 2022

BUY

Last Traded Price (19 Oct 2022): S\$1.28 (STI: 3,022.80)
Price Target 12-mth: S\$1.95 (52% upside)

Analyst

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What's New

- Huge mismatch between share price performance and improving fundamentals
- Singapore taxi pivot to commission sharing provides more upside levers, besides just fleet expansion
- Sep'22 rail ridership shows steady m-o-m increase, 50% y-o-y surge; just 12% below 2019 levels
- BUY, TP: S\$1.95. Upside > downside with valuation at <1x P/BV, 12.3x PE, 2.6x EV/EBITDA and 5.9% FY23F yield

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2021A	2022F	2023F	2024F
Revenue	3,538	3,743	3,863	4,034
EBITDA	612	711	791	866
Pre-tax Profit	205	317	349	406
Net Profit	130	204	224	261
Net Pft (Pre Ex.)	130	166	224	261
Net Pft Gth (Pre-ex) (%)	110.5	27.5	35.2	16.4
EPS (S cts)	6.00	9.40	10.3	12.0
EPS Pre Ex. (S cts)	6.00	7.65	10.3	12.0
EPS Gth Pre Ex (%)	110	27	35	16
Diluted EPS (S cts)	5.99	9.38	10.3	12.0
Net DPS (S cts)	4.20	7.26	7.50	8.50
BV Per Share (S cts)	125	130	133	138
PE (X)	21.3	13.6	12.4	10.6
PE Pre Ex. (X)	21.3	16.7	12.4	10.6
P/Cash Flow (X)	4.2	3.7	3.8	3.5
EV/EBITDA (X)	4.3	3.2	2.6	2.1
Net Div Yield (%)	3.3	5.7	5.9	6.6
P/Book Value (X)	1.0	1.0	1.0	0.9
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	4.9	7.4	7.9	8.9
Earnings Rev (%):		0	1	2
Consensus EPS (S cts):		9.30	10.3	10.8
Other Broker Recs:		B: 10	S: 0	H: 1

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Worth betting on this attractively priced ride

Investment Thesis

Mismatch between improving mobility vs. valuation is an opportunity. The group's key markets (the UK, Singapore, and Australia) have moved towards living with COVID-19, but valuations for the counter remains at historical lows. Mobility trends in Singapore have already begun to normalise and this should be reflected in its operating performance. We are forecasting CD's FY22F net profit (pre-ex) to rise c.27% y-o-y and returning to 85%/98% of 2019 levels by 2023F/24F as CD's key segments see increased ridership and demand, but valuations are at still hovering at a record low.

Shift in its Singapore taxi rental model to ride up on improved mobility. With tightened liquidity, CD's ride-hailing competitors are looking towards a pathway to profitability, which could reduce aggressive pricing discounts. In addition, CD is also tweaking its taxi rental business model with an element of commission sharing which, in our view, provides more levers for potential revenue upside compared to the previous practice of relying on just fleet expansion and rental rates.

Evolving into a sustainability play. CD has embarked on multiple initiatives to turn its business segments green. The group has invested in green projects that include the provision of EV charging infrastructure and a greening of its bus and taxi fleet, which could potentially pave the way for inclusion in ESG indices.

Valuation:

Maintain BUY with a TP of S\$1.95 based on a blend of forward EV/EBITDA and PB valuations. We peg CDG to a forward EV/EBITDA of 5.3x and PB of 1.25x, both of which represent the -1SD level from the 10-year mean.

Where we differ:

We believe the market is looking at its taxi fleet numbers for earnings recovery, but could be missing the plot. Its business model pivot to commission in taxi fare bookings provides more levers for upside, in our view.

Key Risks to Our View:

COVID-19 has shown the deep impact to its business. Risks are reinstatement of pandemic restrictions, and intense competition from ride-hailing competitors leading to impact on taxi and loss of bus contracts.

At A Glance

Issued Capital (m shrs)	2,167
Mkt. Cap (\$m/US\$m)	2,774 / 1,952
Major Shareholders (%)	
Ameriprise Financial Inc	6.3
Blackrock Inc	5.0
Free Float (%)	88.7
3m Avg. Daily Val (US\$m)	8.1

GIC Industry: Industrials / Transportation



Watchlist the stock on Insights Direct to receive prompt updates



ComfortDelGro

WHAT'S NEW

Mismatch between recovery and valuations

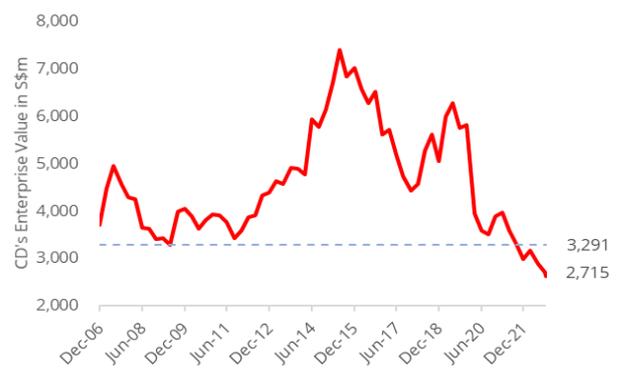
Huge mismatch between recovery and valuations; reiterate BUY on CD, TP: S\$1.95. Even though ComfortDelGro (CD) is in the slow lane of passenger land mobility, the dismal performance of its share price despite improved mobility amid easing restrictions in recent times is an enigma to us. One possibility is that the market could still be fixated on the impact of COVID-19 in the past two years and ignoring its steady recovery as well as its pivot in its business.

Of note, we are optimistic on CD for: (i) Recovery and potential upside to its taxi segment performance; (ii) public transport ridership having a steady m-o-m improvement and at c.90% of pre-COVID; and (iii) valuations being at a historical low despite a steady return to recovery. We also expect its upcoming 3Q22 business update to show y-o-y and q-o-q sequential improvement. Furthermore, we believe its defensive traits, net cash position, and steady business (notwithstanding further lockdowns) will help weather the current uncertainties.

CD is now trading at EV below GFC levels; is it warranted?
As of 18 October 2022, CD's EV has fallen below S\$2.6bn, (below levels last seen in GFC). This is despite CD's strong

earnings recovery in 1H22 and expected continued improvement in 2H22 and FY23F. We believe the weak share price is likely due to a combination of rising risk-free rates which affects the overall market and perceived negative outlook on the taxi business.

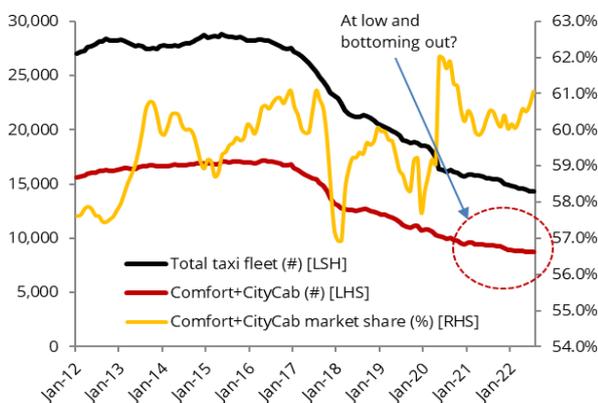
Fig 1: CD's Enterprise Value below that during GFC



Source: Bloomberg Finance L.P., DBS Bank

Taxi – tweaks in business model provides upside; not just from fleet expansion and rental rate hikes

Fig 2: CD Singapore taxi fleet bottomed out?



Source: LTA, DBS Bank

Fig 3: Simulation of commission based on fare takings/ day at 5% rate

Assumptions:		Comments
(1) Number of trips per day (#)	17	Estimated from LTA statistics (2019)
(2) Fare (S\$) per trip	17.5	Estimated
(3) Est. Avg total fares per day (S\$)	297.5	(1) x (2)
(4) Avg % of street/ ride hail per taxi	50%	Estimate % of ride vs street hail
(5) Commission rate (S\$/ taxi/ day)	\$ 7.44	Based on 5% rate (as of Oct'22 comms rate)

Commission based on estimation of fares and number of trips per day, as well as % of ride-hail vs total taxi trips.

Source: DBS Bank estimates

Taxi: From outright traditional taxi rental model → rental-cum-commission model. Traditionally, the market has looked at CD's taxi operations based on its fleet numbers, daily rental, and hired-out rates. Given that the taxi fleet in Singapore has shrunk drastically from the impact of ride-hail/ Private Hire Vehicles (PHV) and COVID-19 restrictions, the total fleet size has shrunk by almost half since 2014 (Fig 2 on page 2).

With the fleet size (LTA Jul'22 statistics) at c.8.7k and rental discount of 15% remaining, the market could be sceptical of CD's operating performance, thinking that its taxi could be stuck at the bottom. However, we think there could be a silver lining instead. We note that there has been a pivot of CD's management of its taxi revenue towards the **rental-cum-commission based model**, away from its traditional model of fleet size and rental rates to drive top-line.

Singapore taxi revenue includes a 4% fare from app bookings since May; increased to 5% from Oct'22. CD continues to maintain its 15% rental discount rate in Singapore, which we estimate reduces c.\$48m per annum off its total taxi rental revenue potential based on its current fleet (8.7k taxis). As one may already be aware, CD has introduced a commission rate of 4% fare takings via its app since May 2022. We believed this was introduced while maintaining its 15% taxi rental discount

with the gradual reopening to lower fixed cost hurdle for taxi drivers with the fluid COVID-19 reopening pace then.

What is the benefit of this ride-hail fare commission? Revenue sharing model provides upside to taxi segment revenue. The commission rate has since been increased to 5% since Oct'22 (Fig 3), which we estimate could generate an est. S\$24m in revenue per annum, partially offsetting rental revenue loss from rental discounts. **As taxi ridership recovers back to pre-COVID levels, every 1% increase in commission could generate est. S\$4.7m per annum for CD (see Fig 4).** We believe management has done this to retain/attract drivers into the CD network with rental discounts while gradually hiking booking commissions (depending on total ridership and taxi drivers' fare takings) to recover lost rental revenue.

... and more levers to adjust beyond fleet and rental rates increase. At current fares and trip conditions (fares, % of ride-hail, # of trips per day), we estimate that the 15% rental discount could be fully mitigated with a commission rate of 10% for ride-hail trips. Alternatively, should ride-hail proportion increase to 60% of total and at a commission rate of 8%, this should also make up the rental discount (see scenario table in Fig 5). While there would likely be more variability in its taxi revenue, **we believe this strategy provides management with more levers for upside to revenue vis-à-vis previously where revenue relied largely only on rental rates and fleet size.**

Fig 4: Total comms scenario based on commission rate

Commission revenue per annum	S\$m	Comment
@ 5%	23.6	Based on fleet size of 8.7k taxis, and at 50% ride hail, 17 trips/day with an average fare of S\$17.50
@ 6%	28.3	
@ 7%	33.1	
@ 8%	37.8	
@ 9%	42.5	
@ 10%	47.2	

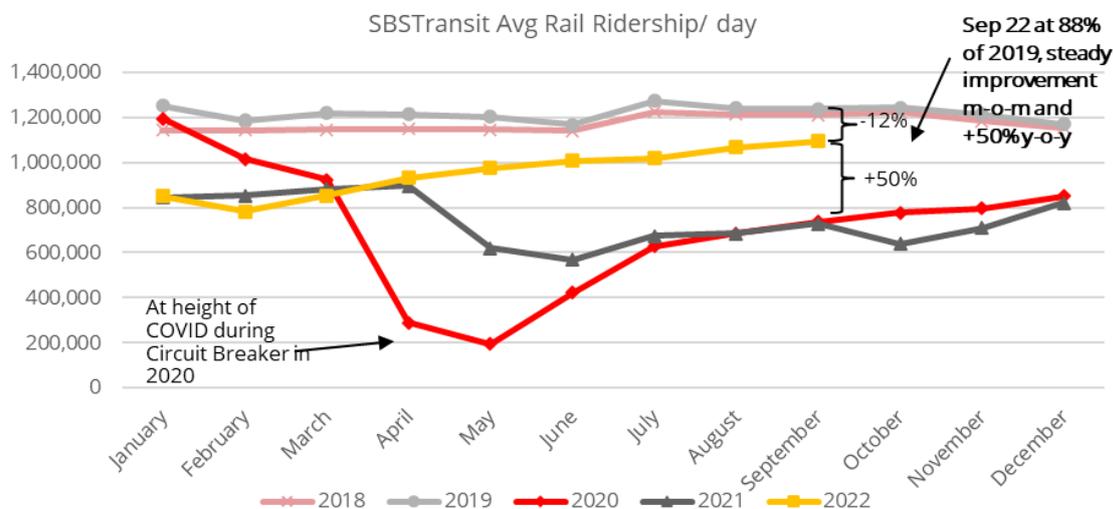
Source: DBS Bank

Fig 5: Scenario based on Ride-hail % and Commission rate

		Commission rate						
		S\$m	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
Ride-hail %	45%	21.3	25.5	29.8	34.0	38.3	42.5	
	50%	23.6	28.3	33.1	37.8	42.5	47.2	
	55%	26.0	31.2	36.4	41.6	46.8	52.0	
	60%	28.3	34.0	39.7	45.3	51.0	56.7	
	65%	30.7	36.8	43.0	49.1	55.3	61.4	
		%						

1) **Mobility pick up and ridership recovery; Public transport ridership at ~88% of pre-COVID as of Sep 22**

Fig 6: Average Daily Ridership at just 12% below pre-COVID in month Sep 22, +50% y-o-y



Source: SBSTransit, DBS Bank

Rail ridership has recovered to 88% of pre-COVID but share price still at rock bottom. In Singapore, which accounts for the majority of CD's public transport contribution, most restrictions have been lifted, with the latest lifting of Vaccination Differentiated Safe Management Measures (VDS) on 10 Oct 22. In fact, since 29 Aug 22, almost all Safe Management Measures (SMMs) have been stepped down.

Based on SBSTransit, rail ridership in the month of Sep 22, average daily ridership has steadily improved m-o-m, surged by 50% y-o-y and is now only ~12% below that in the month of Sep 19 (Fig 6). However, the share price is still lingering at a record low. Notwithstanding higher costs from inflation, we believe the disjunct between share price and ridership seems unwarranted.

Fare increase of 2.9% from 26 Dec 2022. The Singapore Public Transport Council (PTC) recently announced that in its [2022 Fare Review Exercise](#), it has decided to grant a fare adjustment of 2.9% which will be effective from 26 Dec 2022. With the transition of SBSTransit rail operations to the [New Rail Financing Framework \(NRF\)](#) from 1 Jan 2022, this has greatly removed the commercial volatility with a revenue and risk sharing model between the operator and the Land Transport Authority (LTA). Even with that, a higher ridership will bode well for its public transport operations and lower losses, in particular for its DTL, as we understand that it was still incurring losses prior to COVID.

2) **Valuation at historical low.**

All the above said, while operations are reverting back to normality, its valuations are not. Looking at its Enterprise Value on page 2 (Fig 1), at S\$2.7bn, it is below GFC low even though share price remains around the same level given its current higher cash level. On a PB basis, the counter is trading at c.1x, which is -1.3 standard deviation below its five-year historical average.

PB band (x) at -1.3 std deviation below average



Source: Bloomberg Finance L.P., DBS Bank estimates

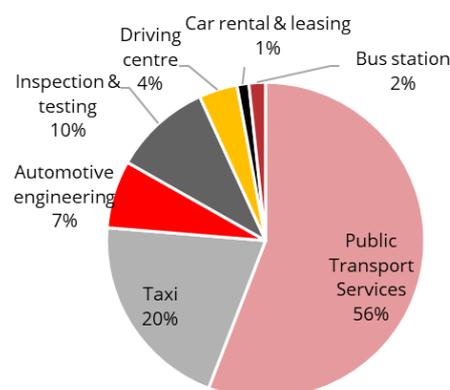
Valuation and forecasts

Defensive play, with low valuation and improving operating results. Our forecasts remain largely intact, with projections of recovery in its operations leading to net profit growth (excluding exceptional items) of 27%/ 35% to S\$166m/ S\$224m for FY22F/ FY23F, driven mainly by its public transport and taxi segments.

Even though its operations were impacted by COVID-19, we see CD still demonstrating **defensive traits** with significant portion of its business within more resilient and stable segments, particularly in the face of possible slowing business and growth climate. We estimate that about **70% of its FY23F operating profits are within these categories of public transport, inspection & testing and automotive engineering.**

Reiterate BUY, TP: S\$1.95. Share price performance has been dismal despite improving operating performance. We had expected its recent removal as an STI constituents to be the last overhang on its share price. At the current share price, the counter trades at an attractive and historical low PB of 0.98x, and an FY23F PE and EV/EBITDA of 12.4x and 2.6x, respectively. In addition, with its high cash level and its signal during 1H22 of paying special dividends (albeit out from its disposal gain), we see increasing willingness for its pay-out ratio to remain above 70%, hence implying a dividend yield of 5.7%/ 5.9% for FY22F/ 23F.

Defensive segments account for c.70% of FY23F operating profits



Source: DBS Bank estimates

Company Background

ComfortDelGro Corporation Limited (CDG) is a land transport service company. Its business includes bus, taxi, rail, and car rental and leasing, automotive engineering services, testing services, etc. Besides being a market leader for buses and taxis in Singapore, its business spans other geographies such as the UK, Australia, China, Vietnam, and Malaysia.

Peer comparison table

Company	Sector	Price (LCY)	Mkt Cap in S\$m	EV in S\$m	PB Ratio (x)	FY23 PE Ratio (x)	FY23 EV/EBITDA (x)	FY23 EV/EBIT (x)	FY23 EV/Sales (x)	TTM Div Yield (%)	Net Debt to S/H Equity (x)
ComfortDelgro	Road & Rail	1.27	2,751	2,606	1.0	12.5	3.5	7.8	0.7	5.0%	(0.2)
Keppel Infra	Gas Utilities	0.53	2,646	4,449	1.6	33.1	13.0	24.3	2.5	7.2%	0.7
Sembcorp Industries	Multi-Utilities	2.82	5,028	12,925	1.2	7.8	8.9	13.2	1.6	2.5%	1.6
SingTel	Diversified Telecommunication	2.49	41,103	50,827	1.5	14.3	12.1	37.4	3.2	3.7%	0.3
Starhub	Wireless Telecommunication Ser	1.05	1,816	2,938	4.7	12.8	5.7	13.1	1.2	6.1%	1.0
Netlink Trust	Diversified Telecommunication	0.86	3,332	3,884	1.2	34.2	14.1	36.5	10.1	6.0%	0.2
Wilmar	Food Products	3.52	21,970	59,869	0.8	8.3	10.3	14.6	0.6	4.7%	0.9
Sheng Siong	Food & Staples Retailing	1.62	2,436	2,278	5.6	18.2	11.7	14.0	1.6	3.9%	(0.4)
Average					2.4	18.4	10.8	21.9	3.0	4.9%	0.6
Kelsian (AUS)	Road & Rail	4.68	917	1,323	1.6	13.0	6.8	11.9	1.0	3.5%	0.7
National Express (UK)	Road & Rail	1.66	1,637	3,664	0.7	8.7	4.9	9.5	0.7	-	0.7
FirstGroup (UK)	Road & Rail	1.07	1,286	2,423	0.9	11.3	2.1	8.7	0.3	1.0%	0.7
Average					1.0	11.0	4.6	10.0	0.7	2.3%	0.5

Source: Bloomberg Finance L.P., (prices as of 18 Oct 22)

Interim Income Statement (\$m)

FY Dec	1H2021	2H2021	1H2022	% chg y-o-y	% chg h-o-h
Revenue	1,743	1,796	1,860	6.7	3.6
Cost of Goods Sold	0	0	0	N/A	N/A
Gross Profit	1,743	1,796	1,860	6.7	3.6
Other Oper. (Exp)/Inc	(1,610)	(1,719)	(1,723)	7.1	0.3
Operating Profit	133	77	137	2.9	77.3
Other Non Opg (Exp)/Inc	3	(3)	4	25.0	(225.0)
Associates & JV Inc	0	0	1	nm	nm
Net Interest (Exp)/Inc	(6)	1	(5)	16.9	nm
Exceptional Gain/(Loss)	2	(2)	39	2,188.2	(2,388.2)
Pre-tax Profit	132	73	175	32.8	140.0
Tax	(24)	(21)	(36)	48.6	75.2
Minority Interest	(17)	(13)	(20)	(22.9)	53.4
Net Profit	91	39	119	30.4	203.6
Net profit bef Except.	89	41	80	(10.6)	95.6
EBITDA	342	270	331	(3.2)	22.7
Margins (%)					
Gross Margins	100.0	100.0	100.0		
Opg Profit Margins	7.6	4.3	7.3		
Net Profit Margins	5.2	2.2	6.4		

Source of all data: Company, DBS Bank

Historical PE and PB band



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

Key Assumptions

FY Dec	2020A	2021A	2022F	2023F	2024F
SGP avg taxi fleet (#)	10,122	9,300	8,900	8,900	8,900
SGP fare chg (%)	7.00	3.00	3.00	3.00	3.00
Chg in staff strength (%)	(3.23)	(1.00)	1.00	0.20	0.20

Segmental Breakdown

FY Dec	2020A	2021A	2022F	2023F	2024F
Revenues (\$\$ m)					
Public Transport Svc	2,568	2,822	2,954	3,027	3,160
Taxi	403	426	438	473	506
Automotive Engn	89	102	153	160	162
Vehicle Inspection	84	99	106	108	110
Others	84	90	92	95	96
Total	3,229	3,538	3,743	3,863	4,034
EBIT (\$\$ m)					
Public Transport Svc	126	131	168	194	205
Taxi	(64)	19	48	71	86
Automotive Engn	18	11	19	24	32
Vehicle Inspection	27	31	32	35	37
Others	17	20	14	26	43
Total	123	210	282	349	404
EBIT Margins (%)					
Public Transport Svc	4.9	4.6	5.7	6.4	6.5
Taxi	(16.0)	4.3	11.0	15.0	17.0
Automotive Engn	20.2	10.5	12.5	15.0	20.0
Vehicle Inspection	31.6	31.1	30.5	32.0	34.0
Others	20.6	21.6	15.6	27.0	45.0
Total	3.8	5.9	7.5	9.0	10.0

Impact of COVID-19

Income Statement (\$\$ m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Revenue	3,229	3,538	3,743	3,863	4,034
Cost of Goods Sold	0	0	0	0	0
Gross Profit	3,229	3,538	3,743	3,863	4,034
Other Opng (Exp)/Inc	(3,106)	(3,328)	(3,461)	(3,514)	(3,630)
Operating Profit	123	210	282	349	404
Other Non Opng (Exp)/Inc	0	0	0	0	0
Associates & IV Inc	0	0	2	2	2
Net Interest (Exp)/Inc	(6)	(5)	(5)	(2)	0
Exceptional Gain/(Loss)	0	0	38	0	0
Pre-tax Profit	117	205	317	349	406
Tax	(25)	(45)	(71)	(78)	(91)
Minority Interest	(31)	(30)	(42)	(46)	(53)
Preference Dividend	0	0	0	0	0
Net Profit	62	130	204	224	261
Net Profit before Except.	62	130	166	224	261
Net Pft (ex. BA gains)	N/A	N/A	N/A	N/A	N/A
EBITDA	588	612	711	791	866
Growth					
Revenue Gth (%)	(17.2)	9.6	5.8	3.2	4.4
EBITDA Gth (%)	(32.3)	4.0	16.2	11.3	9.4
Opg Profit Gth (%)	(70.4)	70.6	34.3	23.7	15.8
Net Profit Gth (%)	(76.7)	110.5	56.6	10.1	16.4
Margins & Ratio					
Opg Profit Margin (%)	3.8	5.9	7.5	9.0	10.0
Net Profit Margin (%)	1.9	3.7	5.4	5.8	6.5
ROAE (%)	2.4	4.9	7.4	7.9	8.9
ROA (%)	1.2	2.5	4.0	4.3	4.8
ROCE (%)	2.2	3.9	5.4	6.4	7.2
Div Payout Ratio (%)	50.1	70.0	77.3	72.5	70.7
Net Interest Cover (x)	20.9	41.2	53.9	155.8	1,447.8

Gain from Alperton property disposal in London

Source: Company, DBS Bank

Interim Income Statement (S\$m)

FY Dec	1H2020	2H2020	1H2021	2H2021	1H2022
Revenue	1,534	1,695	1,743	1,796	1,860
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	1,534	1,695	1,743	1,796	1,860
Other Oper. (Exp)/Inc	(1,528)	(1,578)	(1,610)	(1,719)	(1,723)
Operating Profit	5.80	117	133	77.1	137
Other Non Op (Exp)/Inc	5.00	(5.0)	3.20	(3.2)	4.00
Associates & JV Inc	0.0	0.0	0.0	0.0	0.50
Net Interest (Exp)/Inc	(8.2)	2.30	(5.9)	0.80	(4.9)
Exceptional Gain/(Loss)	0.0	0.0	1.70	(1.7)	38.9
Pre-tax Profit	2.60	115	132	73.0	175
Tax	(1.6)	(22.9)	(24.3)	(20.6)	(36.1)
Minority Interest	(7.6)	(23.3)	(16.6)	(13.3)	(20.4)
Net Profit	(6.6)	68.4	91.0	39.1	119
Net profit bef Except.	(6.6)	68.4	89.3	40.8	79.8
EBITDA	223	112	342	270	331
Growth					
Revenue Gth (%)	(22.4)	10.5	2.8	3.1	3.6
EBITDA Gth (%)	(48.0)	(49.6)	204.5	(21.1)	22.7
Opp Profit Gth (%)	(97.0)	1,922.4	13.3	(42.0)	77.3
Net Profit Gth (%)	(105.6)	(1,136.4)	33.0	(57.0)	203.6
Margins					
Gross Margins (%)	100.0	100.0	100.0	100.0	100.0
Opp Profit Margins (%)	0.4	6.9	7.6	4.3	7.3
Net Profit Margins (%)	(0.4)	4.0	5.2	2.2	6.4

1H21 had COVID-19 govt reliefs amounting to S\$57.2m, vs S\$9.8m in 1H22. These items are not booked under exceptionals. Excluding the reliefs in 1H21, net profit (before exceptionals) would have been S\$32.1m, indicating that 1H22 profit had more than doubled (comparing like-for-like).

Balance Sheet (S\$ m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Net Fixed Assets	2,620	2,431	2,254	2,113	2,004
Invts in Associates & JVs	1	1	3	5	7
Other LT Assets	1,217	935	937	939	976
Cash & ST Invts	743	919	1,342	1,604	1,849
Inventory	128	117	131	136	142
Debtors	533	537	499	515	538
Other Current Assets	67	15	15	15	15
Total Assets	5,309	4,955	5,182	5,328	5,531
ST Debt	141	24	100	100	100
Creditor	675	776	832	858	896
Other Current Liab	228	191	197	205	217
LT Debt	427	317	250	250	250
Other LT Liabilities	809	512	512	512	512
Shareholder's Equity	2,607	2,707	2,819	2,886	2,984
Minority Interests	422	430	472	517	571
Put Equity Reserve	N/A	N/A	N/A	N/A	N/A
Total Cap. & Liab.	5,309	4,955	5,182	5,328	5,531
Non-Cash Wkg. Capital	(174)	(297)	(383)	(397)	(419)
Net Cash/(Debt)	175	578	992	1,254	1,499
Debtors Turn (avg days)	48.2	55.2	50.5	47.9	47.6
Creditors Turn (avg days)	93.0	90.5	96.7	100.4	101.0
Inventory Turn (avg days)	19.3	15.3	14.9	15.8	16.0
Asset Turnover (x)	0.6	0.7	0.7	0.7	0.7
Current Ratio (x)	1.4	1.6	1.8	2.0	2.1
Quick Ratio (x)	1.2	1.5	1.6	1.8	2.0
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	18.7	57.0	71.4	85.7	100.0
Z-Score (X)	2.4	2.7	2.8	2.8	2.8

Projecting net cash to steadily increase, but have not assumed any significant acquisitions

Source: Company, DBS Bank

Cash Flow Statement (\$ m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Pre-Tax Profit	117	205	317	349	406
Dep. & Amort.	465	402	427	440	460
Tax Paid	(83)	(65)	(64)	(71)	(78)
Assoc. & JV Inc/(loss)	0	0	(2)	(2)	(2)
Chg in Wkg.Cap.	(28)	75	80	6	9
Other Operating CF	13	44	0	0	0
Net Operating CF	484	661	757	722	794
Capital Exp.(net)	(106)	(194)	(250)	(300)	(350)
Other Invt.(net)	(14)	(2)	(15)	(15)	(50)
Invt in Assoc. & JV	0	0	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	10	(7)	13	13	13
Net Investing CF	(110)	(204)	(252)	(302)	(387)
Div Paid	(115)	(77)	(91)	(157)	(163)
Chg in Gross Debt	(117)	(144)	9	0	0
Capital Issues	1	0	0	0	0
Other Financing CF	(11)	(67)	0	0	0
Net Financing CF	(241)	(287)	(82)	(157)	(163)
Currency Adjustments	16	6	0	0	0
Chg in Cash	149	176	423	263	245
Opg CFPS (S cts)	23.6	27.0	31.2	33.0	36.2
Free CFPS (S cts)	17.4	21.5	23.4	19.5	20.5

Source: Company, DBS Bank

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	08 Nov 21	1.64	2.06	BUY
2:	12 Nov 21	1.51	2.06	BUY
3:	02 Mar 22	1.41	1.95	BUY
4:	11 Apr 22	1.48	1.95	BUY
5:	17 May 22	1.47	1.95	BUY
6:	15 Aug 22	1.47	1.95	BUY

Source: DBS Bank

Analyst: Andy SIM, CFA

Singapore Research Team

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 20 Oct 2022 06:29:15 (SGT)

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