ComfortDelGro

A comfort pick

- Strong mobility recovery in Singapore — CD's rail ridership is back to 88% of pre-Covid levels, while P2P fares remained high despite easing pump prices.
- Overseas operations also improving, but recent AUD and GBP weakness could dampen pace of earnings recovery (forex translation impact).
- Maintain Add. Valuation attractive at 14% FCF yield and forward P/E, at 2 s.d. below historical mean, while offering defensive business model and net cash.

Singapore rail ridership back to 88% of pre-Covid levels

Mobility in Singapore has improved at a rapid clip YTD — as of Aug 2022, ComfortDelgro's (CD) daily rail ridership has returned to 88% of 2019 levels, ahead of our expectations of 85% by end-2022F (FY21 average: 61%). Meanwhile, demand-supply mismatch of point-to-point (P2P) transport (which includes both ride hailing and taxi) led fares to remain at high levels in 3Q22 (+c.30% yoy) despite easing pump prices. Improved driver net earnings paved way for CD to raise its commission rate for app bookings to 5% in Oct 2022 (4% previously). We see further room to raise rates as CD's commission rates remain lower vs. peers (Gojek: promotional rate of 10% till end-2022; Grab: 20%).

Forex headwinds could dampen overseas operations recovery

While we continue to expect operational improvements in overseas operations in 3Q22F from: 1) improving charter volumes in the UK and Australia, and 2) lower taxi rental rebates in China, recent AUD and GBP weakness could lead to negative forex translation impact, dampening CD's earnings recovery in 2H22F. In aggregate, overseas operations contribute 43%/28% of CD's revenue/core operating profit in 1H22. Assuming 10%/15% depreciation of A$/£ against S$, we see a potential 3.6% hit on CD's operating profit. Taking into account forex headwinds and potential near-term margin pressure from rising inflation, we lower our FY22-24F EPS by 2.0%-7.6%. We still forecast a sequential core net profit improvement in 2H22F to S$94m (+9% hoh, +50% yoy).

A defensive pick at 13.6% free cash flow yield; reiterate Add

Apart from the Covid-19 pandemic, CD has outperformed the MSCI Singapore Index over the past five periods of economic weakness over its 18 years of listing history. We attribute this to its defensive business model (public transport operations, vehicle inspection and testing services) and strong balance sheet. Trading at 2 s.d. below historical mean (12.9x FY23F P/E), we believe the market has more than priced in the negatives from recent developments (i.e. CD's exclusion from the Straits Times Index on 19 Sep, recent GBP volatility, and expectations of interest rates staying higher for longer). Reiterate Add, as we expect further earnings recovery as CD's key geographies return to a "new normal". Our S$1.56 TP is based on a lower FY23F P/E of 15.9x (5-year historical average) from 16.8x.

Catalysts and risks

Re-rating catalysts include further adjustments in taxi monetisation and tender win announcements. Downside risks include prolonged strict Covid-restrictions in China.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S$m)	3,243	3,538	3,776	3,889	3,893
Operating EBITDA (S$m)	553.7	611.6	738.0	754.2	778.9
Net Profit (S$m)	60.8	130.1	213.0	212.3	231.9
Core EPS (S$)	0.06	0.07	0.08	0.10	0.11
Core EPS Growth	(58.9%)	27.8%	17.5%	17.5%	9.2%
FD Core P/E (x)	22.69	17.75	15.10	12.86	11.77
DPS (S$)	0.014	0.042	0.079	0.078	0.086
Dividend Yield	1.13%	3.33%	6.24%	6.22%	6.80%
EV/EBITDA (x)	5.35	4.32	3.28	2.99	2.68
P/FCFE (x)	8.58	8.72	7.35	7.27	7.10
Net Gearing	(6.2%)	(16.6%)	(22.7%)	(27.4%)	(32.0%)
P/BV (x)	1.03	1.01	0.97	0.96	0.94
ROE	4.59%	5.75%	6.56%	7.51%	8.07%
% Change In Core EPS Estimates			(7.60%)	(5.52%)	(1.96%)
CGS-CIMB/Consensus EPS (x)			1.09	0.96	0.98

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Singapore

ADD *(no change)*

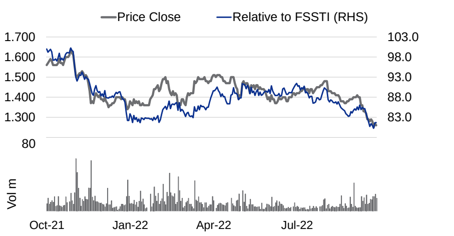
Consensus ratings*:	Buy 10	Hold 1	Sell 0

Current price:	S$1.26
Target price:	S$1.56
Previous target:	S$1.75
Up/downside:	23.8%
CGS-CIMB / Consensus:	-10.4%
Reuters:	CMDG.SI
Bloomberg:	CD SP
Market cap:	US$1,900m
	S$2,729m
Average daily turnover:	US$7.41m
	S$10.57m
Current shares o/s:	2,167m
Free float:	99.6%

**Source: Bloomberg*

Key changes in this note

- FY22-24F EPS lowered by 2.0%-7.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-8.7	-11.3	-19.2
Relative (%)	-2.8	-9.3	-18.3

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

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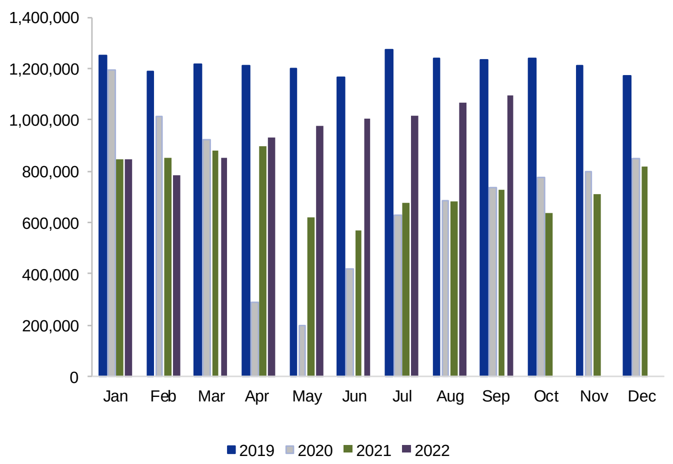
A comfort pick

Rapid ridership recovery to (almost) pre-Covid levels in Singapore; taxi commissions hiked in Oct 2022 ›

In Singapore, CD's rail ridership returned to 88% of pre-Covid-19 levels in Aug as the workforce progressively returned to offices and nightlife resumed. This exceeded our previous expectations of rail ridership recovering to 85% of pre-Covid levels by end-FY22F.

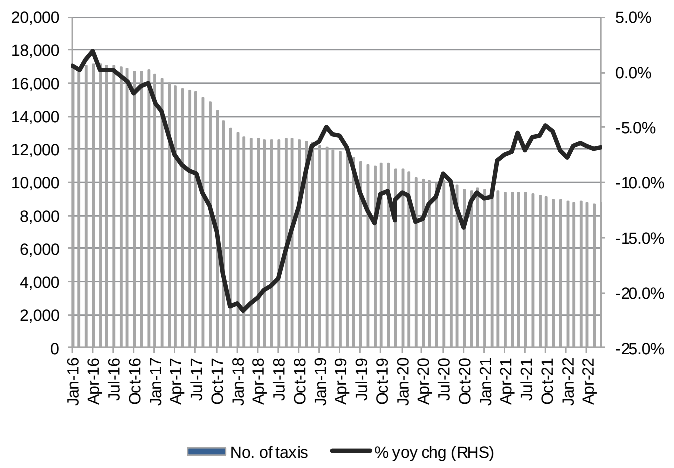
On the P2P transport (private mobility) front, the total population of private hire cars and taxis has also recovered by 2% from the lows in Mar 2022. The strong surge in demand outpaced supply growth, which resulted in private mobility fares surging between 22.8% and 42.4% since Jun 2021 (see Figs 3 and 4).

Figure 1: Average daily rail ridership of SBS Transit (CD's subsidiary)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: CD's taxi fleet in Singapore



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Price comparison across P2P operators (1) in S$

		Grab						Gojek						Ryde					
From	To	Jun 21	Feb 22	Apr 22	May 22	Jul 22	Sep 22	Jun 21	Feb 22	Apr 22	May 22	Jul 22	Sep 22	Jun 21	Feb 22	Apr 22	May 22	Jul 22	Sep 22
Weekday Morning 9am																			
Jewel L2 Drop Off	MBS Hotel Tower 3	18.30	18.60	19.10	18.10	18.80	18.80	18.80	29.80	22.70	21.40	17.60	20.40	16.60	22.10	24.10	21.90	25.10	24.40
Singapore Zoo	Bedok Mall	23.30	23.60	24.10	24.10	23.80	23.80	17.10	20.80	22.90	23.40	23.00	21.90	21.60	29.20	31.30	28.60	33.60	33.70
Ikea Alexandra	Nex Shopping Mall	15.30	14.60	15.10	15.10	19.80	14.80	13.20	17.90	17.80	14.50	18.60	17.90	12.60	17.40	18.90	17.20	19.60	18.70
Northpoint City	USS	23.30	28.60	40.10	35.10	38.80	38.80	31.00	35.10	41.70	29.60	34.70	46.40	21.30	30.10	36.20	31.70	39.20	33.00
NUH Medical Centre	Waterway Point	21.30	23.60	23.10	24.10	23.80	24.80	21.50	21.50	22.90	23.50	21.70	18.80	17.90	28.90	31.50	28.60	32.70	32.50
Weekday Afternoon 3pm																			
Jewel L2 Drop Off	MBS Hotel Tower 3	17.30	18.60	19.10	18.10	18.80	18.80	16.20	15.70	17.70	19.00	23.60	22.50	16.20	21.00	20.60	21.70	22.10	23.00
Singapore Zoo	Bedok Mall	23.30	23.60	24.10	24.10	23.80	23.80	22.90	19.30	20.70	27.60	24.60	23.60	21.90	27.00	26.80	29.30	28.50	30.40
Ikea Alexandra	Nex Shopping Mall	15.30	16.60	15.10	15.10	14.80	14.80	13.70	13.70	14.20	15.60	21.40	14.70	16.10	16.40	16.20	18.40	18.10	19.00
Northpoint City	USS	23.30	23.60	28.10	28.10	23.80	23.80	27.40	31.50	20.80	40.80	26.20	28.40	21.10	26.40	27.10	27.80	27.90	29.40
NUH Medical Centre	Waterway Point	24.30	23.60	23.10	24.10	26.80	28.80	27.10	26.00	24.30	28.20	44.30	32.90	22.10	27.40	26.90	29.50	30.10	31.90
Weekday Evening 6pm																			
Jewel L2 Drop Off	MBS Hotel Tower 3	18.30	20.60	26.10	19.10	18.80	28.80	18.00	17.50	40.20	23.40	29.70	30.60	18.60	27.20	24.30	23.80	23.10	25.20
Singapore Zoo	Bedok Mall	24.30	23.60	24.10	27.10	23.80	29.80	35.40	22.00	32.40	44.60	34.00	33.20	25.80	35.60	31.10	34.20	31.10	33.80
Ikea Alexandra	Nex Shopping Mall	15.30	27.60	31.10	27.80	31.80	32.80	12.60	21.60	27.50	22.40	31.60	26.30	17.10	22.30	29.30	29.90	26.60	20.70
Northpoint City	USS	24.30	38.60	27.10	35.10	28.80	31.80	31.60	38.00	31.40	42.00	35.60	39.30	25.30	40.10	29.70	36.00	31.30	32.70
NUH Medical Centre	Waterway Point	24.30	41.60	43.10	43.10	42.80	49.80	38.80	32.60	59.00	49.60	48.40	47.10	23.00	36.60	41.50	45.40	34.20	34.90
Average		**20.77**	**24.47**	**25.50**	**25.21**	**25.27**	**26.93**	**23.02**	**24.20**	**27.75**	**28.37**	**29.00**	**28.27**	**19.81**	**27.18**	**27.70**	**28.27**	**28.21**	**28.22**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Price comparison across P2P operators (2) in S$

		Tada						Comfort Delgro (Ride)						Comfort Delgro (Meter)			
From	To	Jun 21	Feb 22	Apr 22	May 22	Jul 22	Sep 22	Jun 21	Feb 22	Apr 22	May 22	Jul 22	Sep 22	Feb 22	Apr 22	Jul 22	Sep 22
Weekday Morning 9am																	
Jewel L2 Drop Off	MBS Hotel Tower 3	16.30	20.60	20.70	20.60	20.70	18.39	12.30	17.30	16.90	15.50	16.80	17.30	20.00 - 23.00	23.50 - 27.00	23.00 - 26.50	24.50 - 28.00
Singapore Zoo	Bedok Mall	23.30	24.80	26.00	25.28	24.90	24.62	17.30	20.00	23.20	26.30	25.90	39.40	28.00 - 32.00	34.50 - 39.50	32.50 - 37.50	35.50 - 40.50
Ikea Alexandra	Nex Shopping Mall	12.60	13.90	17.00	16.21	19.50	21.56	10.60	19.70	29.40	26.90	23.50	24.90	17.50 - 20.00	21.50 - 24.50	20.00 - 23.00	21.00 - 24.00
Northpoint City	USS	22.20	30.40	32.40	30.07	32.00	38.39	22.40	43.50	50.10	49.30	40.50	42.40	29.50 - 34.00	36.00 - 41.00	31.50 - 36.50	35.00 - 40.50
NUH Medical Centre	Waterway Point	17.90	22.30	22.00	22.53	23.00	24.92	9.70	20.20	26.50	25.50	23.60	33.60	28.00 - 32.50	34.00 - 39.00	30.50 - 35.00	33.50 - 38.50
Weekday Afternoon 3pm																	
Jewel L2 Drop Off	MBS Hotel Tower 3	19.00	20.00	17.90	18.55	20.40	18.69	15.00	11.80	13.00	13.10	14.00	14.00	17.00 - 19.50	18.50 - 21.50	18.50 - 21.50	18.50 - 21.50
Singapore Zoo	Bedok Mall	24.00	21.40	22.90	24.26	23.40	24.01	29.40	16.40	21.60	36.20	27.10	21.70	23.50 - 27.00	25.50 - 29.50	26.50 - 30.50	26.00 - 29.50
Ikea Alexandra	Nex Shopping Mall	17.00	15.60	14.00	17.13	18.40	15.63	14.50	10.50	13.90	20.80	19.30	17.10	15.00 - 17.50	16.00 - 18.50	16.50 - 18.50	16.50 - 19.00
Northpoint City	USS	24.30	23.20	24.60	28.54	25.00	24.62	32.70	24.30	33.30	38.40	24.60	29.30	25.00 - 29.00	27.00 - 31.50	27.50 - 31.50	30.00 - 34.50
NUH Medical Centre	Waterway Point	23.80	22.30	20.10	25.48	25.00	27.37	32.70	19.60	25.60	35.40	31.40	31.50	24.50 - 28.00	26.50 - 30.00	26.50 - 30.50	26.50 - 30.50
Weekday Evening 6pm																	
Jewel L2 Drop Off	MBS Hotel Tower 3	17.90	19.90	27.80	24.97	22.90	28.39	15.90	14.20	20.60	16.60	16.70	21.50	22.00 - 25.00	28.50 - 32.50	23.50 - 37.50	24.00 - 27.50
Singapore Zoo	Bedok Mall	23.30	27.80	32.30	34.55	30.20	25.64	22.20	42.40	36.60	50.80	41.70	41.90	31.50 - 36.50	34.00 - 39.00	35.00 - 40.00	38.50 - 44.00
Ikea Alexandra	Nex Shopping Mall	14.90	18.90	25.40	23.34	22.20	31.96	17.10	27.30	32.20	34.30	27.70	26.80	20.50 - 23.50	23.50 - 27.00	23.50 - 27.00	24.50 - 28.50
Northpoint City	USS	23.50	32.00	26.70	45.44	31.30	30.63	23.10	45.40	38.60	52.00	39.70	40.30	33.00 - 38.00	35.50 - 41.00	35.50 - 41.00	36.00 - 41.50
NUH Medical Centre	Waterway Point	21.50	33.50	36.60	33.73	35.00	50.42	36.60	44.40	49.90	51.30	42.70	39.50	32.50 - 37.00	35.50 - 41.00	36.00 - 41.00	37.50 - 43.00
Average		**20.10**	**23.11**	**24.43**	**26.05**	**24.93**	**27.02**	**20.77**	**25.13**	**28.76**	**32.83**	**27.68**	**29.41**	**26.33**	**30.08**	**29.60**	**30.62**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

During its 2Q22 results briefing, CD noted that it has seen an increase in daily taxi bookings that is higher than that of pre-Covid levels, post-relaxation of Covid-19 measures. With higher taxi ridership and recent fare revisions, the average daily net earnings of CD's taxi drivers are higher than pre-Covid days.

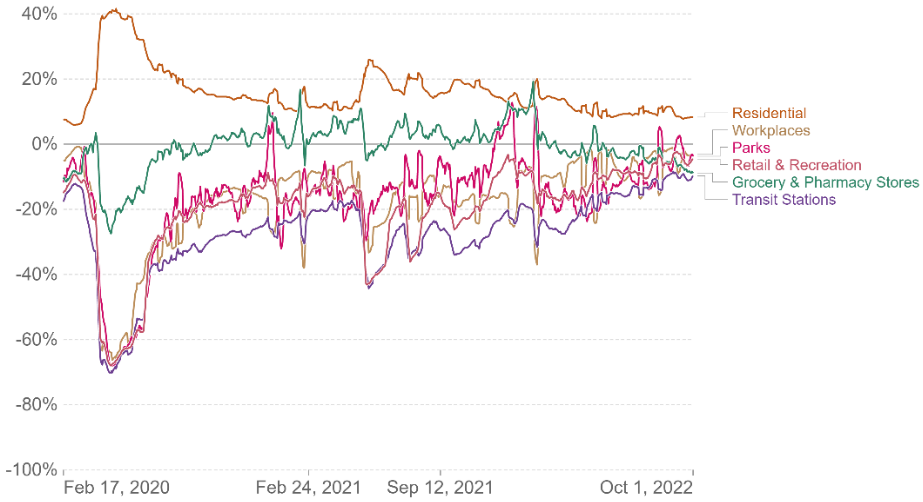
This paves the way for CD to further tweak its monetisation model for its taxi business. CD is working towards lowering the commercial risks for taxi drivers by reducing the daily taxi rental (fixed cost), while imposing commission charges on app bookings to take a slice of drivers' earnings. The move will narrow the business model difference between CD and ride-hailing platforms, including Grab and Gojek (where private car daily rentals can be c.30% lower vs. taxis, but with higher platform commissions of 10-20%).

As of Oct 2022, CD announced that it will be keeping its taxi rental rebate of 15% provided to taxi drivers, while raising its commission rate for bookings through its app to 5% (4% previously). Assuming: 1) an average taxi completes 20 rides per day, of which 50% are bookings through CD's mobile app, 2) with an average fare of S$18, we estimate commissions earned by CD from an average taxi could amount to S$9 (or c.8% of taxi rental). We believe further penetration of app bookings (82% of P2P trips in Singapore are currently ride-hail), or higher commission rates (narrowing the gap vs. ride-hail platforms) by CD can aid its gradual recovery to pre-Covid EBIT margins of 16%-18%. As of 1H22, CD's taxi segment EBIT margin (excl. government reliefs and one-off expenses) have recovered to 9.3% (2H21: 1.8%), despite having to provide S$10m in rental waivers due to lockdowns in various cities in China.

In the longer term, CD believes that taxi and private hire vehicles (PHVs) cannot be viewed as separate businesses, as both are essentially P2P service providers. CD has hence forayed into the private hire business by renting out vehicles for private hires 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, in our view. As of end-1H22, CD has about 300 cars in its PHV fleet, in addition to its c.9,000 taxis.

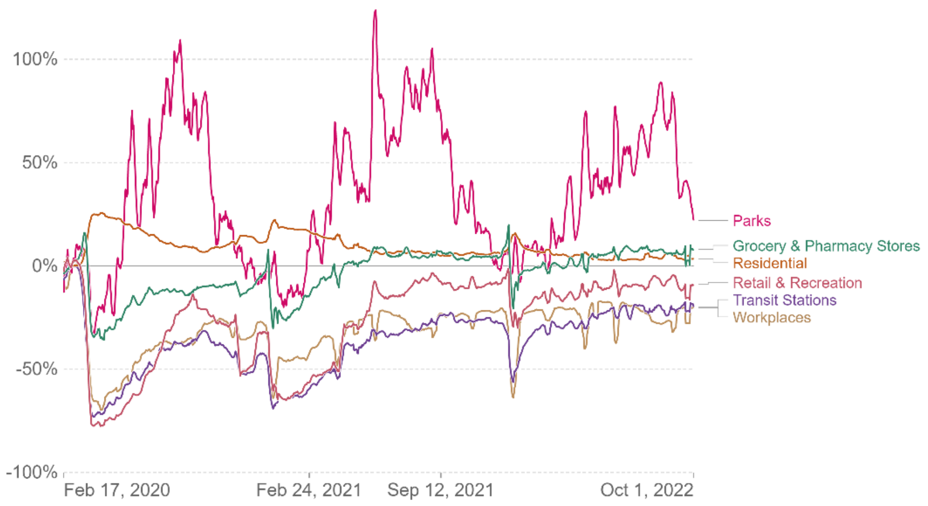
Overseas markets also seeing recovery, but forex headwinds could be a dampener ›

Figure 5: Singapore's population seem to have returned to office at a faster pace vs. UK and Australia



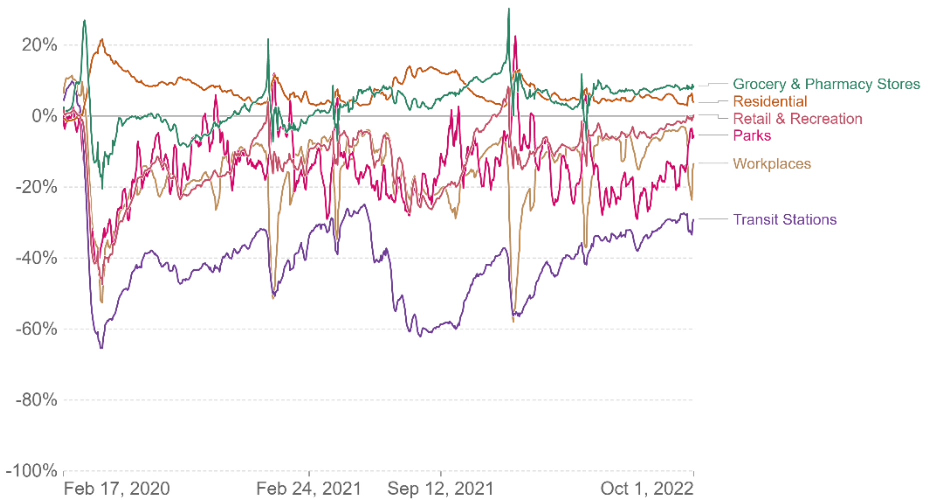
SOURCES: CGS-CIMB RESEARCH, GOOGLE MOBILITY

Figure 6: Work from home seems to be more prevalent in the UK (in the new normal), with workplace traffic still significantly below pre-Covid levels



SOURCES: CGS-CIMB RESEARCH, GOOGLE MOBILITY

Figure 7: Australia's transit station traffic remains at c.30% below pre-Covid levels despite more people returning to workplaces



SOURCES: CGS-CIMB RESEARCH, GOOGLE MOBILITY

China likely emerged from the worst of Covid lockdowns »

In 1H22, CD provided c.S$10m in taxi rental waivers due to lockdowns in various cities in China. We believe that most of CD's key operating cities (Beijing, Shanghai, Shenyang, Jilin) saw some form of movement curbs in 2Q22, most notably Shanghai's two-month lockdown.

While numerous curbs were imposed in other Chinese cities as well in 3Q22, we note that cities where CD has operations in were less affected, with the exception of Chengdu (two-week lockdown in Sep). We hence believe that taxi rental rebates will ease on a qoq basis in China, which will aid CD's taxi segment to see further sequential improvement in operating profit.

Figure 8: 2022 China's Covid-19 restrictions

Date	Development
4-Jan	1.1 million people in Yuzhou, Henan received stay at home order after three asymptomatic COVID-19 cases were reported. In the evening of the same day, Zhengzhou told its residents in risky areas that they could not leave the city without approval from health control authorities. The Xi'an outbreak appeared to ease, with 35 local symptomatic cases reported that day.
11-Jan	The city of Zhengzhou has upgraded measures and closed down non-essential services during a citywide mass testing campaign while Anyang has been placed under lockdown.
24-Jan	Lockdown restrictions were lifted in Xi'an while 2 million residents of Fengtai district of Beijing underwent mass testing. On 25 January, the border city of Suifenhe was placed into lockdown.
7-Feb	The city of Baise in Guangxi province has been placed under lockdown after 37 symptomatic cases were reported on the day before.
11-Mar	The city of Changchun of Jilin Province was placed into lockdown after the highest single day spike in cases since the Wuhan outbreak was reported. Food shortages related to shutdown measures were reported. Sporadic outbreaks have been reported in Laixi and Huangdao of Shandong province.
14-Mar	The city of Shenzhen was placed on lockdown, with factories halting production after new virus cases doubled nationwide to almost 3,400. The neighboring city of Hong Kong was also battling a severe outbreak since January. Schools and public transport were closed in Shanghai and people were forbidden to enter or exit Jilin as the entire province is closed to curb the virus spread.
15-Mar	The whole area of Langfang city, Hebei and the factory center of Dongguan in Guangdong were put into lockdown. The earlier shutdown of Shenzhen has forced manufacturers such as Toyota, Volkswagen and Apple's supplier Foxconn to suspend operations. The Shenzhen lockdowns ended on 23 March.
23-Mar	Lockdowns were implemented in the cities of Tangshan and Shenyang
28-Mar	China announced the largest city-wide lockdown since the outbreak began in which Shanghai will be locked down in two stages. The city of Shanghai became the country's COVID-19 epicenter after a surge in cases. Shanghai's lockdowns has hit operations at the city's ports, causing disruptions on the logistical chain to the manufacturing hubs nearby. There were reports of panic buying to stock up supplies in the city.
30-Mar	The city of Xuzhou in Jiangsu has imposed a three-days lockdown.
4-Apr	Officials in Suzhou announced a new mutation of the Omicron variant was detected in Changshu. The city of Baicheng in Inner Mongolia was put into lockdown
9-Apr	It is estimated that 23 Chinese cities, home to an estimated 193 million people and contribute 22% of China's GDP, have been implementing either full or partial lockdowns. In Shanghai, residents have reported food shortages due to lockdown measures. Videos have emerged on social media showing Shanghai residents engaging in protests and clashes with police over quarantine policies.
11-Apr	Authorities in Guangzhou closed the city to most arrivals and only allowed citizens with a "definite need" to leave. Lockdown measures continue to spread to other cities in China as restrictions on movement were reported in Suzhou, Zhengzhou, Taiyuan and Ningde.
16-Apr	A temporary partial lockdown was again imposed in Xi'an after dozens of infections were reported. On 19 April, Tangshan re-enforced partial lockdowns in some of its districts.
26-Apr	Baotou in Inner Mongolia announced it will lock down for a week while Beijing begins mass testing of nearly all of its 21 million residents. On 28 April, Hangzhou started mass testing while the wholesale hub of Yiwu and the port city of Qinhuangdao were put into lockdown.
30-Apr	China recorded 47 deaths from Covid within 24 hours, bringing the total toll above 5,000. A Caixin media report cited that Handan, Lu'an, Quanzhou, Suqian, Wuhu, Xining, Xuzhou along with many cities in Jilin, Shanxi, Heilongjiang, Jiangsu and Shaanxi was locked down in April, with more than 30 million people affected. The province of Jilin began to gradually lift COVID-19 control measures from the end of April. It reported a GDP shrinkage of 7.9% during the first quarter of 2022.
3-May	The city of Zhengzhou imposed new movement restrictions, which halts all activities and only allows each household to one person with a negative test result to go out once a day to purchase basic supplies.
13-May	Beijing authorities announced that parts of Chaoyang, Fangshan and Shunyi districts would be subject to tighter curbs. On 22 May, lockdowns have been imposed on those three districts along with Haidian and Fengtai.
24-May	The city of Tianjin locked down its central district, causing delays and blank sailings at its ports.
31-May	Shanghai began to start lifting its strick lockdown measures, allowing people to return to work and malls and shops to re-open in "low-risk" areas. In some neighborhoods and districts, residents were ordered to stay home until mid-June after completion of rounds of rigorous testing.
6-Jun	Beijing authorities further relaxed curbs by allowing indoor dining while the city of Erenhot and the Sonid Right Banner of Xilin Gol, Inner Mongolia have imposed lockdowns.
13-Jun	An outbreak linked to a nightclub forced Beijing authorities to shut down the Workers' Stadium and Sanlitun leisure and nightlife districts. Despite the flare up, Beijing declared an "initial victory" over COVID-19 on 16 June and allowed schools to resume in-class teaching on 27 June.
29-Jun	The county of Sixian of Anhui was put into lockdown. On July 1, Anhui put a second county, Lingbi, under lockdown.
6-Jul	Shanghai reported the most virus infections since late May, with sporadic cases also propped up in Xuzhou and Wuxi. On 9 July, the city of Haikou on Hainan Island imposed seven-day restrictions that shut down businesses and public venues.
10-Jul	Qinyang in Henan province almost completely locked down its residents while Xi'an and Lanzhou moved to tighter curbs. On 12 July, Wugang, Zhumadian and Pingdingshan in Henan implemented a three days implementation of strict closed control.
13-Jul	Huaiyuan of Anhui and Lanzhou of Gansu were reported to have shifted into full lockdown. On 14 July, China reported an increase in cases tally as a new cluster emerged around Beihai, Guangxi. On 17 July, lockdown was imposed in Beihai and the tourist island of Weizhou, trapping more than 2,000 holidaymakers.
27-Jul	Authorities in Wuhan shut down Jiangxia District of almost a million people after detecting four asymptomatic cases. Throughout July, Shenzhen's biggest manufacturers including Foxconn, Huawei and BYD were forced to operate within a "closed loop" restricted system as the manufacturing hub was battling its latest Covid outbreak.
3-Aug	The export hub of Yiwu in Zhejiang suspended public gatherings and locked down some areas to cope with COVID-19 flare ups.
6-Aug	Authorities in the resort city of Sanya of Hainan announced movement restrictions after hundreds of cases were reported, leaving around 80,000 tourists stranded. Danzhou, Qionghai and other cities on the island also enforced lockdown measures.
8-Aug	Lhasa, the regional capital of Tibet recorded one symptomatic patient and seventeen asymptomatic cases while Shigatse, Tibet's second biggest city imposed three days of curbs. The region reported only one infection in 2020, and had remained clear of cases since then. On 10 August, Ürümqi in Xinjiang started a five-day lockdown of its key districts. Other cities in Xinjiang including Yining, Korla, Aksu and Turpan were also hit by circuit breaking mechanism.
21-Aug	Taigu and Pingyao of Shanxi and Nanchong of Sichuan went into lockdown. On 28 August, Hebei authorities issued a stay-at-home order for residents of Xianghe, Zhuozhou and all urban districts of Shijiazhuang. On 31 August, Daqing in Heilongjiang was put into lockdown.
1-Sep	Chengdu announced a lockdown of its 21.2 million residents, the most populous city to be locked down since Shanghai in earlier 2022. Other major cities including Shenzhen and Dalian also stepped up COVID restrictions. On 5 September, Guiyang sealed off six of its districts to contain Covid outbreak. On 15 September, lockdowns were mostly lifted in Chengdu.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Breakdown of CD's China operations (8,825 operating fleet as of end-FY21)

Taxi	Fleet size
Beijing	3,921
Jilin City, Jilin Province	710
Shenyang, Liaoning Province	1,516
Chengdu, Sichuan Province	719
Shanghai	484
Suzhou, Jiangsu Province	12
Nanjing, Jiangsu Province	516
Nanning, Guangxi Province	817
Subtotal	**8,695**
Driving Centre	
Chengdu, Sichuan Province	na
Bus Station	
Guangzhou, Guangdong Province	na
Construction Logistics	
Nanning, Guangxi Province	35

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

TfL's "managed decline" scenario avoided

On 30th Aug, Transport for London (TfL) announced that it had accepted a £3.6bn bailout from the federal government, which will keep its services running and fund maintenance and infrastructure projects through Mar 2024, after multiple rounds of negotiations. The agreed funding deal still has an unfunded gap in the budget, but TfL will be able to avoid a "managed decline" scenario of the transport network.

A report to the TfL board meeting on 12 Oct revealed plans to fill the £740m shortfall (to the end of FY2023-24) by further increasing efficiency savings, reducing its operating contingency and abandoning a plan to rebuild cash reserves. TfL will still have to see an additional £230m in efficiencies over and above an "already stretching" programme of recurring savings within its existing budget. To cover the £230m gap left by the federal government's long-term funding of TfL, London mayor Sadiq Khan has set up a £500m funding facility to ensure TfL can balance its books and help TfL adapt to the negative impacts of the pandemic without the need for significant service cuts.

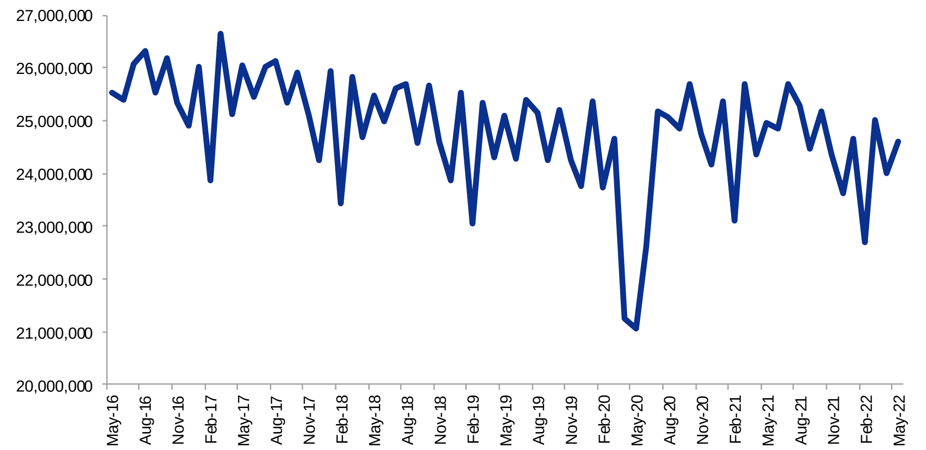
Figure 10: How TfL will make up the funding shortfall

Action	Savings
Cash balances to remain at £1.2bn rather than £1.4bn	£200M
Reduction of TfL contingency by £50M for the next two years	£100M
Changes reflected in Q1 forecast	£55M
Assumed benefit from inflation mechanism	£160M
Further efficiencies and savings	£230M
Total	**£745M**

SOURCES: CGS-CIMB RESEARCH, TRANSPORT FOR LONDON

As part of its plan to achieve financial savings, TfL plans to reduce 3.7% of its overall bus mileage by FY2023/24, in view of declining demand for bus services due to changing travel patterns (improved walking and cycling options) and introduction of new rail services. As of 28 Sep 2022, TfL has already reduced frequencies on 60 routes serving central and inner London (reducing overall bus mileage by 2%); TfL recently concluded its public consultation on further route adjustments, which will result in a further mileage adjustment of 1.6%. Parts of Outer London that have growth potential could gain buses, with Inner London losing buses on routes that are part-duplicated.

Figure 11: London's public bus mileage has been gradually declining due to changing travel patterns and the availability of different public transport options



SOURCES: CGS-CIMB RESEARCH, MAYOR OF LONDON

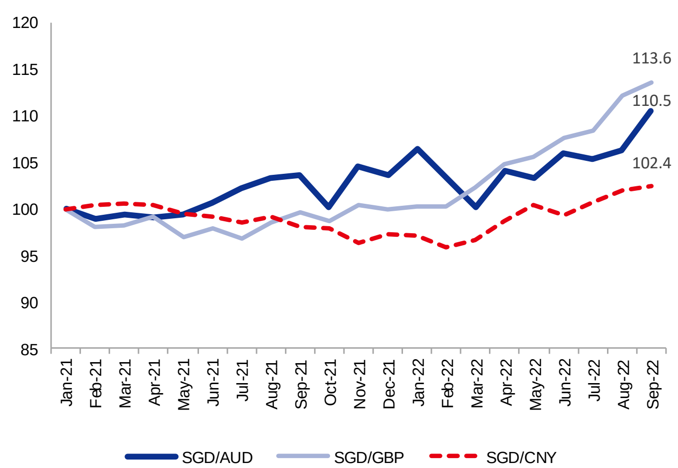
We estimate that CD's London bus operations run at approximately low-single-digit operating margins; hence a reduction in bus routes will likely have minimal impact on CD's UK operating profits. CD is looking to diversify to other cities in the UK — it is participating in the Greater Manchester Bus Franchise tender, which represents up to 300 buses with a 5-year contract tenure. The operations are expected to start at the end of 2023.

Forex headwinds could dampen pace of recovery; bear case scenario points to 3.6% OP impact ›

Australia and UK's slower pace of interest rate hikes (vs. the US), coupled with UK's recent surprise economic policy, have led to their respective currency weakness. This runs in contrast to Singapore, where the Monetary Authority of Singapore (MAS) increased slightly the rate of appreciation of the exchange rate policy band to battle against rising inflation and global supply snags. As a result, we note that A$ and GBP have depreciated against SGD YTD.

As CD reports its financial performance in S$ (while deriving profits from respective operating geographies in local currency terms), we believe it will suffer negative forex translation impacts from the latest currency movements.

Figure 12: S$ has appreciated against A$, GBP and Rmb YTD (rebased: Jan 2021=100)



	SGD/AUD	SGD/GBP	SGD/CNY
3Q21 average	1.01	0.54	4.77
2Q22 average	1.03	0.58	4.82
3Q22 average	1.06	0.61	4.93
qoq change (%)	2.8%	5.1%	2.2%
yoy change (%)	4.2%	13.3%	3.2%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

We attempt to quantify the forex impacts based on FY19 earnings (pre-Covid) and assumptions of S$-A$, S$-£ and S$-Rmb currency pairs at 1.16, 0.66 and 5.25, respectively (a further 5% depreciation from 12 Oct levels). Under this scenario, we estimate an operating profit impact of S$15m (3.6% of FY19 group OP); net profit impact should be lower given the higher tax rates in UK and Australia.

Figure 13: Financial performance by geographical segment

	2017		2018		2019		2020		2021		1H22	
	S$ m	%	S$ m	%	S$ m	%	S$ m	%	S$ m	%	S$ m	%
Revenue												
Singapore	2,107.1	*59.0*	2,232.8	*58.8*	2,258.9	*57.9*	1,769.8	*54.6*	1,903.4	*53.8*	1,068.0	*57.4*
United Kingdom / Ireland	855.5	*24.0*	890.8	*23.4*	853.8	*21.9*	733.9	*22.6*	807.2	*22.8*	380.7	*20.5*
Australia	421.8	*11.8*	503.2	*13.3*	627.6	*16.1*	622.1	*19.2*	700.9	*19.8*	360.6	*19.4*
China	178.9	*5.0*	164.2	*4.3*	155.7	*3.9*	113.4	*3.5*	124.2	*3.5*	49.4	*2.7*
Malaysia	2.6	*0.1*	2.5	*0.1*	2.5	*0.1*	2.0	*0.1*	1.9	*0.1*	1.0	*0.1*
Vietnam	5.3	*0.1*	2.9	*0.1*	2.6	*0.1*	1.4	*0.0*	0.7	*0.0*	0.2	*0.0*
Group	**3,571.2**	***100.0***	**3,796.4**	***100.0***	**3,901.1**	***100.0***	**3,242.6**	***100.0***	**3,538.3**	***100.0***	**1,859.9**	***100.0***
Operating profit												
Singapore	243.9	*59.6*	282.7	*64.4*	275.8	*66.3*	105.0	*86.3*	121.1	*57.7*	92.5	*52.7*
United Kingdom / Ireland	60.7	*14.8*	53.0	*12.1*	41.2	*9.9*	-28.0	*-23.0*	6.1	*2.9*	42.1*	*24.0**
Australia	60.1	*14.7*	64.1	*14.6*	78.0	*18.7*	34.3	*28.2*	57.6	*27.4*	36.0	*20.5*
China	44.0	*10.8*	39.5	*9.0*	20.6	*5.0*	10.9	*8.9*	26.1	*12.4*	5.1	*2.9*
Malaysia	0.5	*0.1*	0.4	*0.1*	0.4	*0.1*	0.2	*0.2*	0.1	*0.1*	0.1	*0.1*
Vietnam	-	-	-0.9	*-0.2*	-0.2	-	-0.7	*-0.6*	-1.0	*-0.5*	-0.2	*-0.1*
Group	**409.2**	***100.0***	**438.8**	***100.0***	**415.8**	***100.0***	**121.7**	***100.0***	**210.0**	***100.0***	**175.6**	***100.0***

*UK's operating profit in 1H22 was boosted by a S$37.2m one-off gain on disposal of Alperton property in London. Excluding this, UK operating profit would've come in at S$4.9m in 1H22, making up 3.5% of the Group's core operating profit during the period.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Taking into account potential forex headwinds and near-term margin pressure arising from inflation, we lower our FY22-24F EPS by 2.0%-7.6%.

Figure 14: Earnings revision

Earnings revision	FY22F			FY23F			FY24F		
(S$m) FYE Dec	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	3,775.7	3,775.7	0.0%	3,889.4	3,889.4	0.0%	3,892.6	3,892.6	0.0%
EBITDA	754.6	738.0	-2.2%	768.1	754.2	-1.8%	784.1	778.9	-0.7%
Net profit	227.8	213.0	-6.5%	224.8	212.3	-5.5%	236.6	231.9	-2.0%
Core net profit	195.6	180.8	-7.6%	224.8	212.3	-5.5%	236.6	231.9	-2.0%
Core EPS (S$ cents)	9.0	8.3	-7.6%	10.4	9.8	-5.5%	10.9	10.7	-2.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

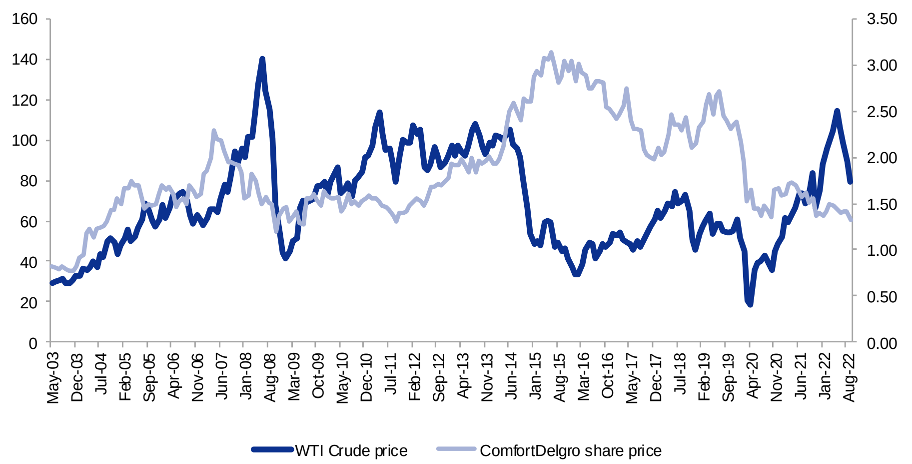
Minimal impact from higher oil prices

In view of rising energy prices, CD reaffirmed investors in its 1H22 presentation that the impacts from elevated fuel and electricity expenses, as well as inflation, were mostly offset by revenue indexation on public transport contracts.

We believe that there is still some exposure by CD in the form of potentially higher electricity costs for its rail operations in Singapore, but the quantum is not as significant when compared to overall fuel expenses.

Looking historically, we have observed a weak correlation between oil price and CD's share price. The correlation between the two since 2003 was -0.10.

Figure 15: Oil price and CD's share price have a weak correlation of -0.10



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Growth plans beyond FY22F

According to management, CD continues to explore growth opportunities. It 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, e.g. China, the UK, and Australia.

Rail tenders

- Tender win 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 its joint-venture partner, CD operates 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 2025/2026F.
- CD's consortium with its Australian partners has also been shortlisted for the Western Sydney Airport rail project. This is a 23-km long line being delivered as a private-public partnership (PPP), with a 15-year operations and maintenance (O&M) contract tenure. It is slated to start operation in 2027F.
- Locally, efforts are underway to prepare for the bid for the two new LTA contracts, the new 24 km-long Jurong Regional Line and the Cross-Island Line (estimated to be 60 km long). The two lines are scheduled to commence operations in 2027F and 2030F, 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 that the TfL is in deep deficit, and operating costs have unduly increased with higher energy prices and post-Brexit's tight labour market conditions. 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 to start at the end of 2023F.
- 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. YTD, 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 shelved Australia IPO, CD mentioned that it will revisit the option, along with others, when market conditions improve further in the future.

How defensive is ComfortDelgro?

We look at the MSCI Singapore performance over the past 18 years (since CD's IPO) and identified periods of down cycles, which include key events such as the Global Financial Crisis (GFC), Covid-19 outbreak, as well as periods when Singapore's GDP forecast was revised downwards as the market usually underperforms when macro fears flare.

Figure 16: ComfortDelgro typically outperformed MSCI Singapore in bad times

	Jul 05 - Oct 05	May 08 - Feb 09	Apr 11 - Dec 11	Jul 14 - Oct 14	Apr 15 - Jan 16	Mar 20 - Mar 22
	GDP ↓	GFC	GDP ↓	GDP ↓	GDP ↓	Covid-19
ComfortDelgro	-5.7%	-18.6%	-7.5%	1.9%	-7.8%	-23.6%
MSCI Singapore Index	-6.1%	-50.8%	-19.5%	-4.6%	-25.3%	-3.3%
Relative performance	**0.4%**	**32.2%**	**11.9%**	**6.5%**	**17.5%**	**-20.3%**

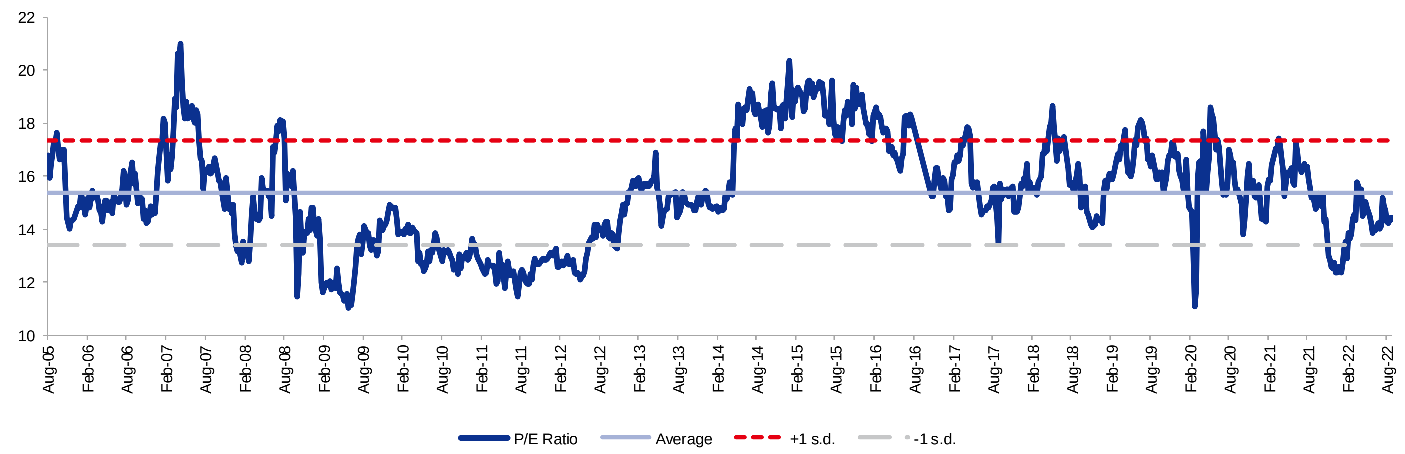
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

With the exception of the Covid-19 period (Mar 2020 till Mar 2022), CD has outperformed the index for the past 5 periods of economic slowdown. We believe CD's outperformance was mostly due to its defensive and cash-generative business model (public transport operations where ridership risks are mostly borne by governments, as well as inspection and testing services, where CD has a 75% market share of the Singapore market, as of FY21). CD has also been maintaining a strong balance sheet, with a net cash position since FY13.

Valuation & recommendation

Trading at 2 s.d. below historical mean (12.8x FY23F P/E), we believe the market has more than priced in negatives from recent developments (CD's exclusion from the Straits Times Index on 19 Sep, recent GBP volatility and expectations of interest rates staying higher for longer). Reiterate Add, as we expect further earnings recovery with CD's key geographies returning to a "new normal". Our TP of S$1.56 is based on a lower FY23F P/E of 15.9x (5-year historical average) from 16.8x previously.

Figure 17: ComfortDelgro's historical trough valuation since IPO is 11x forward P/E



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Our sensitivity analysis table below shows potential TP changes, based on: 1) varying level of changes to our FY23F EPS forecast, and 2) forward multiples attributable.

Since CD's IPO, its historical trough valuation of 11x forward P/E happened twice — once during the 2008 GFC, and secondly during the onset of Covid-19 in Mar 2020. Trough valuation of 11x FY23F P/E pegged to our current EPS forecast points to a bear-case TP of S$1.08, or a 14% downside from current levels.

Figure 18: Target price sensitivity analysis

	Changes to CGS-CIMB FY23F EPS estimates						
	-15%	-10%	-5%	0%	+5%	+10%	+15%
21.0x P/E (Historical peak)	1.75	1.85	1.95	2.06	2.16	2.26	2.37
18.6x P/E (2 s.d. above 5-year historical mean)	1.55	1.64	1.73	1.82	1.91	2.00	2.10
17.2x P/E (1 s.d. above 5-year historical mean)	1.43	1.52	1.60	1.69	1.77	1.85	1.94
15.9x P/E (5-year historical mean)	1.32	1.40	1.48	1.56	1.64	1.71	1.79
14.5x P/E (1 s.d. below 5-year historical mean)	1.21	1.28	1.35	1.42	1.49	1.56	1.63
13.1x P/E (2 s.d. below 5-year historical mean)	1.09	1.16	1.22	1.28	1.35	1.41	1.48
11.0x P/E (Historical trough)	0.92	0.97	1.02	1.08	1.13	1.19	1.24

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Recently stepped up share buybacks »

We note that CD has recently stepped up its frequency of share buybacks since late-Sep, when its share price fell below S$1.40. YTD, CD bought back a total of 951,900 shares, or 0.04% of its outstanding shares.

A "technical buy" on potential bearish exhaustion »

Figure 19: Our technical analyst sees ComfortDelgro as a "Technical Buy" on potential bearish exhaustion (12 Oct 2022)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

ESG in a nutshell

Refinitiv ESG Scores

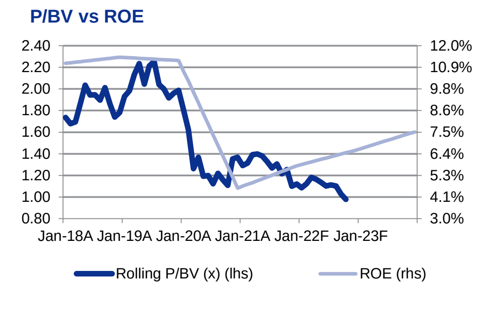
B	A+	B	A-	B-	B
ESG Score	ESG Controversies Score	ESG Combined Score	ESG Environment Pillar Score	ESG Social Pillar Score	ESG Government Pillar Score

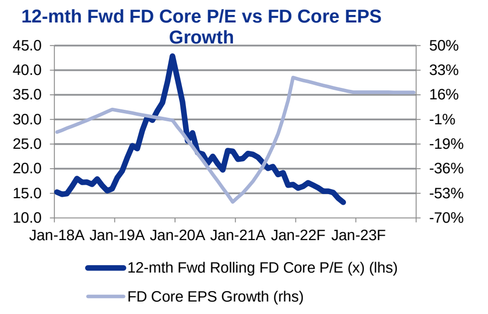
ComfortDelgro Group (CD), a global land transport operator, has pledged to achieve a 55% reduction in its greenhouse gas (GHG) emission intensity by 2032. At end-2021, CD has over 35,000 vehicles across seven countries. In Singapore, 65% of CD's taxi fleet are hybrid/electric vehicles; in China, 71% of taxis are CNG/electric vehicles; 73% of taxis in Australia are hybrid/electric and 55% of buses in the UK are hybrid/electric. Over the past three years, the proportion of hybrid taxis and buses in CD's fleet globally has been increasing, demonstrating its commitment to combat climate change. CD is committed to the Science Based Targets initiative (SBTi) and aims to achieve decarbonisation targets in line with the Paris Agreement goal to limit global warming to 1.5°C above pre-industrial levels.

Keep your eye on	Implications
In 2021, CD's vehicle collision rate (per million mile) decreased across markets to 0.28 in Singapore (2019: 0.31); 26.7 in the UK (2019: 48.2), and 19.8 (2019: 31.3) in Australia.	Vehicle collision rate is one indication of workplace safety. A high collision rate may present risks of fatalities to employees and passengers, resulting in fines and compensations, which will be negative to earnings and pose reputational risks.
ESG highlights	**Implications**
CD is one of four companies selected for the inclusion in the Dow Jones Sustainability Index (DJSI) — Asia Pacific in 2021 for the third time. CD also maintained its rating in the top fifth percentile of the Sustainalytics ESG assessment in 2021. CD has also demonstrated social efforts by providing rental waivers and rebates for taxi drivers during the Covid-19 outbreak.	This is likely positive for CD as the inclusion into DJSI could result in passive fund inflows from ESG funds focusing on sustainability investments.
Trends	**Implications**
Over the past three years, the proportion of CD's hybrid taxis/buses across its geographies has 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. This has helped the company's GHG emission intensity (tonnes of CO2e per SGDm revenue) trend lower over the past 3 years.	This is positive as it shows CD is in compliance with the latest emission standards in the markets in which it operates.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS





Profit & Loss

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	**3,243**	**3,538**	**3,776**	**3,889**	**3,893**
Gross Profit	**3,243**	**3,538**	**3,776**	**3,889**	**3,893**
Operating EBITDA	**554**	**612**	**738**	**754**	**779**
Depreciation And Amortisation	(432)	(402)	(417)	(430)	(427)
Operating EBIT	**122**	**210**	**321**	**324**	**352**
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**	**319**	**322**	**349**
Exceptional Items					
Pre-tax Profit	**116**	**205**	**319**	**322**	**349**
Taxation	(24)	(45)	(69)	(69)	(75)
Exceptional Income - post-tax					
Profit After Tax	**92**	**160**	**250**	**252**	**274**
Minority Interests	(31)	(30)	(37)	(40)	(42)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**61**	**130**	**213**	**212**	**232**
Recurring Net Profit	120	154	181	212	232
Fully Diluted Recurring Net Profit	**120**	**154**	**181**	**212**	**232**

Cash Flow

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	553.7	611.6	738.0	754.2	778.9
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(28.5)	75.0	(12.1)	4.2	(5.3)
(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)	(68.5)	(69.1)	(75.1)
Cashflow From Operations	**544.3**	**660.9**	**654.9**	**686.8**	**696.0**
Capex	(198.5)	(228.2)	(283.2)	(311.2)	(311.4)
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)**	**(283.2)**	**(311.2)**	**(311.4)**
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)	(113.7)	(170.2)	(176.1)
Preferred Dividends					
Other Financing Cashflow	(70.6)	(66.8)	(47.0)	(40.1)	(42.1)
Cash Flow From Financing	**(301.8)**	**(287.2)**	**(160.6)**	**(210.2)**	**(218.3)**
Total Cash Generated	132.8	169.9	211.1	165.4	166.3
Free Cashflow To Equity	**318.0**	**313.2**	**371.7**	**375.6**	**384.6**
Free Cashflow To Firm	**449.3**	**468.4**	**381.7**	**385.6**	**394.6**

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	1,130	1,296	1,462
Total Debtors	533	537	573	590	591
Inventories	128	117	121	125	124
Total Other Current Assets	20	15	16	17	17
Total Current Assets	**1,424**	**1,588**	**1,841**	**2,028**	**2,194**
Fixed Assets	2,604	2,431	2,297	2,178	2,062
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**	**3,233**	**3,114**	**2,998**
Short-term Debt	141	52	52	52	52
Current Portion of Long-Term Debt					
Total Creditors	675	776	805	831	825
Other Current Liabilities	197	163	163	163	163
Total Current Liabilities	**1,013**	**990**	**1,020**	**1,045**	**1,040**
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**	**1,848**	**1,874**	**1,868**
Shareholders' Equity	2,647	2,707	2,806	2,848	2,904
Minority Interests	422	430	420	420	420
Total Equity	**3,069**	**3,136**	**3,226**	**3,268**	**3,324**

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(17.0%)	9.1%	6.7%	3.0%	0.1%
Operating EBITDA Growth	(34.2%)	10.5%	20.7%	2.2%	3.3%
Operating EBITDA Margin	17.1%	17.3%	19.5%	19.4%	20.0%
Net Cash Per Share (S$)	0.09	0.24	0.34	0.41	0.49
BVPS (S$)	1.22	1.25	1.29	1.31	1.34
Gross Interest Cover	8.28	18.58	32.11	32.40	35.17
Effective Tax Rate	20.8%	21.9%	21.5%	21.5%	21.5%
Net Dividend Payout Ratio	36.5%	52.0%	60.5%	60.4%	60.4%
Accounts Receivables Days	48.09	55.20	53.64	54.58	55.51
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%	10.4%	10.9%	12.3%
ROCE (%)	3.40%	5.72%	8.71%	8.63%	9.23%
Return On Average Assets	2.35%	4.24%	6.40%	6.34%	6.81%

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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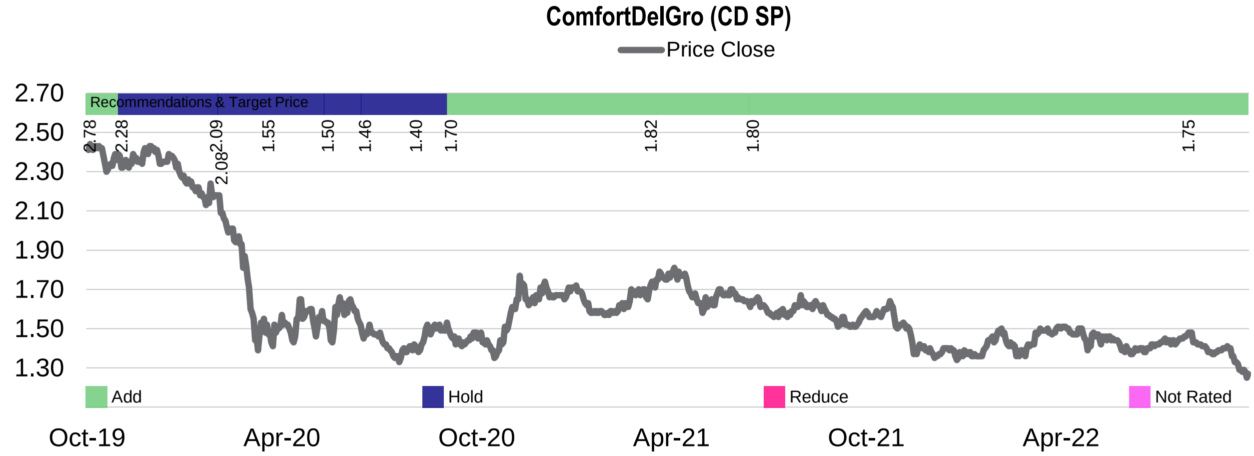
Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2022		
643 companies under coverage for quarter ended on 30 June 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	68.4%	0.8%
Hold	24.6%	0.0%
Reduce	7.0%	0.2%

Spitzer Chart for stock being researched (2 year data)



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.

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.

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.

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