

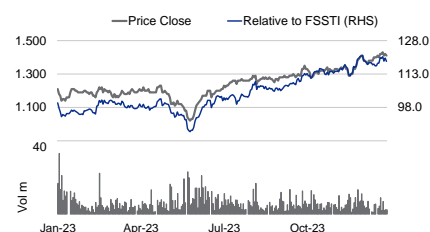
Singapore

**ADD** (no change)

Consensus ratings*:	Buy 8	Hold 1	Sell 0
Current price:	S\$1.41		
Target price:	S\$1.60 ▲		
Previous target:	S\$1.55		
Up/downside:	13.5%		
CGS-CIMB / Consensus:	2.7%		
Reuters:	CMDG.SI		
Bloomberg:	CD SP		
Market cap:	US\$2,298m		
	S\$3,054m		
Average daily turnover:	US\$5.51m		
	S\$7.41m		
Current shares o/s:	2,166m		
Free float:	99.6%		
*Source: Bloomberg			

**Key changes in this note**

- FY23F EPS lowered by 1.9% on later-than-expected taxi commission hike.
- FY24-25F EPS raised by 0.7-1.4% as we factor in contributions from A2B acquisition.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	2.2	6	16.5
Relative (%)	-1.4	5.7	18.7

<b>Major shareholders</b>	% held
Blackrock	7.0
Vanguard Group	2.7
Norges Bank	1.4

**Analyst(s)**



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# ComfortDelGro

## UK tailwinds fuel earnings growth in FY24F

- We forecast CD to record PATMI of S\$53m in 4Q23F (+6% qoq, +108% yoy), with UK margin expansion offsetting Singapore's seasonally weaker results.
- FY24F PATMI could expand by another 15% yoy, riding on favourable industry dynamics in the UK and further growth of taxi segment, in our view.
- Reiterate Add with a higher TP of S\$1.60 as we roll over valuation base year.

### 4Q23F preview: PATMI likely to double yoy

We project ComfortDelgro (CD) to record a PATMI of S\$53m for 4Q23F (+6% qoq, +108% yoy), wrapping up FY23F with a commendable 33% core PATMI growth. We expect the qoq earnings growth in 4Q23F to be driven by further margin expansion of its UK public bus business, which we think can more than offset Singapore's seasonally weaker results. Assuming an 80% dividend payout ratio, we estimate 6.7Scts DPS for FY23F, which translates into a healthy dividend yield of 4.8%.

### UK margin expansion remains the key profit driver in FY24F

We forecast CD to record another 15% yoy PATMI growth in FY24F, with continued tailwinds from: 1) UK margin expansion, and 2) taxi segment growth. Recall CD's UK operations first returned to positive EBIT of S\$6.1m in 3Q23 (1H23: -\$5.8m, FY22: -\$10.4m) as annual indexation of service fees on route anniversary (c.70% completed in 9M23) allowed CD to pass on the higher costs it had absorbed over the past year back to the UK government. Notably, CD has also achieved tender wins for bus routes in London at elevated margins, which it attributed to easing competitive pressure and operators increasingly pricing in larger cost buffers to cushion against potential shocks, given that the UK public bus service fees' indexation mechanism has proven to be less effective during periods of elevated inflation.

### Taxi segment earnings should continue to improve

CD's taxi commission hike in Singapore by 2% pts since 1 Jan 2024, coupled with lower taxi rental discounts in China with normalisation of activities post-Covid reopening, should aid taxi segment EBIT growth by 15% yoy in FY24F. On 22 Dec 2023, CD also announced the acquisition of A2B, the second largest player in Australia's domestic personal transport market. CD will fund the total consideration of A\$165m by existing cash and bank facilities. The transaction is valued at c.9x trailing EV/EBITDA and is expected to be completed in 1H24F. We estimate minimal EPS accretion at 1.4% of FY25F.

### Reiterate Add

Reiterate Add as we continue to like CD for its FY24F earnings growth and resiliency, while providing a decent dividend yield of 5.5% (FY24F). We raise our TP to S\$1.60 as we roll over our valuation base year to FY25F, still pegged to 16.2x P/E (0.5 s.d. above CD's five-year historical average). Re-rating catalysts include stronger earnings improvement in its UK operations, and new tender wins. Downside risks include slower margin recovery due to the inability to pass on costs, and negative forex translation impact given the strong Singapore dollar.

### Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (S\$m)	3,503	3,781	3,875	4,019	4,159
Operating EBITDA (S\$m)	576.1	627.2	642.2	693.8	720.5
Net Profit (S\$m)	123.0	173.1	181.5	209.0	218.0
Core EPS (S\$)	0.07	0.06	0.08	0.10	0.10
Core EPS Growth	21.9%	(6.7%)	32.7%	15.2%	4.3%
FD Core P/E (x)	20.83	22.33	16.83	14.61	14.01
DPS (S\$)	0.042	0.085	0.067	0.077	0.081
Dividend Yield	2.98%	6.01%	4.75%	5.47%	5.71%
EV/EBITDA (x)	5.15	4.50	4.30	4.04	3.74
P/FCFE (x)	9.76	10.17	10.80	19.64	9.49
Net Gearing	(16.7%)	(22.1%)	(23.8%)	(22.0%)	(25.1%)
P/BV (x)	1.14	1.19	1.19	1.16	1.14
ROE	5.51%	5.21%	7.06%	8.05%	8.23%
% Change In Core EPS Estimates			(1.92%)	0.72%	1.41%
EPS/Consensus EPS (x)			1.03	1.11	1.02

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## UK tailwinds fuel earnings growth in FY24F

### A2B acquisition

On 22 Dec 2023, CD entered into a binding Scheme Implementation Agreement (SIA) to acquire all the shares of A2B Australia Limited (A2B AU, Not Rated) that it does not already own for a cash offer price of A\$1.45/share (excluding the payment by A2B of a special dividend previously announced). The scheme values A2B's issued equity value at A\$182m. CD had previously already owned 9.25% of A2B's shares, hence aggregate consideration payable to acquire the remaining shares is A\$165.1m, which CD will fund through existing cash and bank facilities. The transaction is targeted for completion in 1H24F, according to CD. Assuming A2B is cash neutral post-special dividend payout, the transaction is valued at c.9x trailing EV/EBITDA. We assume minimal EPS accretion from A2B in FY25F at 1.4%.

Operating since 1976, A2B has grown to become a leading supplier of personal transportation services and solutions in Australia. According to A2B's presentation slides uploaded on its investor relations website, it is the second largest player in Australia's domestic personal transport market, behind Uber and ahead of all other providers. CD notes that the acquisition is in line with its strategy to scale its point-to-point mobility business in its key markets, and views A2B as highly complementary to its business as it enables CD to diversify its offerings in Australia, transforming it into a national multi-modal mobility player. CD also believes that A2B's fundamentals are attractive, with a proven track record of expansion, driven by underlying growth in customer demand and driver supply.

A2B has a two-division structure. Its B2C business segment is made up of taxi brands 13cabs and Silver Services, which have a fleet of 7,988 cars affiliated as of 11 Nov 2023 (+2.4% compared to end-FY6/23). A2B's taxi brands have a c.45% market share of Australia's taxi industry and c.25% market share of Australia's personal transport industry, according to A2B. This business segment generated A\$90.6m of revenue (+4.6% yoy) and A\$11.0m of EBITDA (FY6/22: -A\$10.0m) in FY6/23.

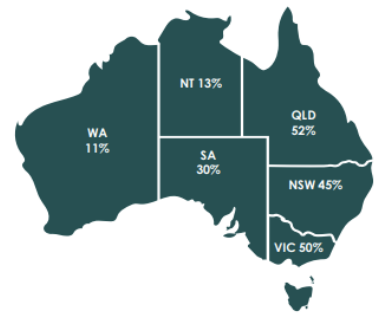
A2B's B2B business segment is made up of taxi payment platforms, equipment and corporate travel solutions. Some 18,000 taxis have A2B's Cabcharge payment systems installed, with a total of A\$854m in taxi fares processed in FY6/23. This business segment generated A\$61.1m of revenue (+38.9% yoy) and A\$9.1m of EBITDA (FY6/22: -A\$2.0m) in FY6/23.

**Figure 1: A2B is the second-largest provider of personal transportation services in Australia**

Market share

Provider	Taxi <sup>1</sup>	Personal Mobility <sup>1</sup>
Uber	N/A	50%
A2B	45%	25%
Black & White	13%	7%
Silvertop	6%	3%
Swan	6%	3%
GM Cabs	5%	N/A
Other	27%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>

A2B taxi Market share by state (total 45%)<sup>1</sup>



A2B used data from the IBISWorld Ridesharing Services in Australia report, as well as its internal data  
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

A2B has undergone a turnaround in FY6/23, with the company returning to profitability, and balance sheet strengthened with the divestment of non-core assets (sold three properties for a total of A\$105m). A2B guided publicly that it expects to see revenue and EBITDA growth of c.10% yoy in FY6/24F, primarily supported by incremental fleet increase, compounding effect of FY23 growth, and price increases. This is in spite of the softening macro-economic environment, which has impacted demand for trips due to a reduction in discretionary spend following recent interest rate increases.

**Figure 2: A2B returned to profitability in FY6/23**

Underlying Basis* (\$m)	FY23	FY22	Variance	Financial Performance
<b>Revenue</b>	<b>147.3</b>	<b>125.1</b>	<b>22.2</b>	<ul style="list-style-type: none"> <li>FY23 \$20.1m underlying EBITDA (+\$29.5m vs pcp), exceeding guidance</li> <li>FY23 \$5.1m underlying NPAT (+\$22.2m vs pcp)</li> <li>FY23 Statutory results                             <ul style="list-style-type: none"> <li>EBITDA of \$42.8m (+\$65.1m vs pcp)</li> <li>NPAT \$27.1m (+\$54.9m vs pcp)</li> </ul> </li> <li>Statutory results includes AASB16 impact, pre-tax \$21.3m gain on property transactions and \$1.6m in NSW taxi license compensation</li> <li>FY23 final dividend declared of \$0.05 per share fully franked</li> <li>Reinstatement of dividends in FY24</li> </ul>
Other income	0.3	2.6	(2.3)	
Expenses	(127.5)	(137.1)	9.7	
<b>EBITDA</b>	<b>20.1</b>	<b>(9.4)</b>	<b>29.5</b>	
Depreciation & Amortisation	(9.6)	(14.2)	4.6	
<b>EBIT</b>	<b>10.5</b>	<b>(23.6)</b>	<b>34.1</b>	
Finance costs	(3.1)	(0.9)	(2.2)	
<b>Profit before tax</b>	<b>7.4</b>	<b>(24.5)</b>	<b>31.9</b>	
Income Tax	(2.3)	7.3	(9.6)	
<b>NPAT</b>	<b>5.1</b>	<b>(17.1)</b>	<b>22.2</b>	
EBITDA margin	13.6%	(7.5%)		
<b>Earnings per share</b>	<b>4.2 cents</b>	<b>(14.1 cents)</b>		

\* Underlying results excludes the adoption of AASB 16 leases and excludes +\$22.7m (pre-tax) underlying adjustments (FY22 -\$12.9m)

- Operational Performance**
- Growth in key metrics continued, **fleet up 14.2%** vs 30 June 2022 and **taxi fares up 40.8%** on pcp
  - Network subscription pricing exceeded pre-COVID levels, with 2 price increases implemented in FY23
  - Fare growth driven by demand growth (82%) and fare rises across various states (18%)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

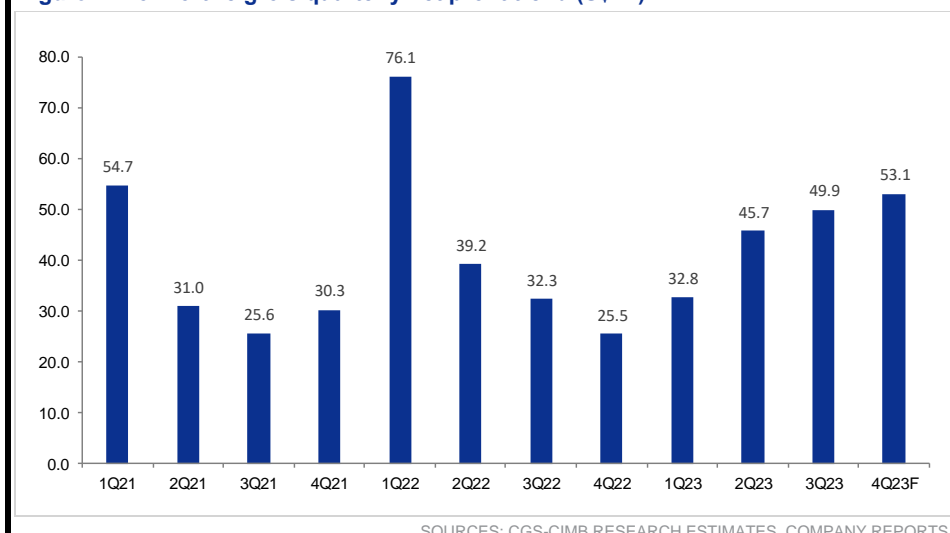
**Figure 3: A2B guided for further topline and EBITDA growth in FY6/24**

	FY23	FY24	
<b>Fleet 30 June</b> (number of cars)	7,803 (+14.2% YoY)	~+5%	Targeting ~+5% fleet growth or 400 cars in FY24, supported by strong driver pipeline, NSW deregulation and greater driver and vehicle availability
<b>Fares processed</b>	\$854m (+40.8% YoY)	flat on FY23	Fares processed projected to end in line with FY23, reflective of near-term recent softening in demand
<b>Revenue</b>	\$147.3m (+17.7% YoY)	~+10%	Revenue growth primarily supported by fleet (incremental fleet, compounding effect FY23 growth, price increases)
<b>EBITDA (margin)*</b>	\$20.1m 13.6%	~\$22m ~14%	FY24 EBITDA of ~\$22m, +\$2.0m or 10% inclusive of ~\$2.3m incremental rent post settlement O' Riordan St & Oakleigh Like-for-like EBITDA growth of ~\$4.3m or ~21% while the underlying margin of ~15%, excl. rent impact
<b>D&amp;A and Capex</b>	D&A \$9.6m Capex \$8.8m	D&A ~\$10m Capex \$10m - \$12m	One-off incremental ~\$3.5m investment to upgrade all in-car vehicle technology ahead of 3G shut down in June 2024. Level of internally developed software in line with FY23 of \$2.5m

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## 4Q23F preview

**Figure 4: ComfortDelGro's quarterly net profit trend (\$\$ m)**



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 5: Key reasons for net profit trend performance**

Period	Key reasons for net profit trend performance
2Q22	FX headwinds from S\$ strength and Covid-19 outbreaks in China resulted in higher taxi rebates.
3Q22	Driver shortages across geographies resulted in higher opex (more overtime spend, higher-fee agency workers etc to fulfil obligations). One month impact from Singapore bus service fee reduction on 5 renewed bus packages (part of framework agreement with Land Transport Authority reached in Nov 2021).
4Q22	Full quarter impact from Singapore bus service fee reduction and higher utilities charge for Singapore rail upon contract renewal. Pay deal reached with UK bus drivers to avert strike.
1Q23	Helped by higher public bus service fees in Singapore and Australia (service fee annual indexation) and rail fare adjustment in Singapore.
2Q23	Helped by reduction in taxi rental rebate in Singapore and China; partial cost pass-through of service fees for public bus operations in the UK.
3Q23	Helped by introduction of platform fees for rides booked via CDG Zig app and further cost pass-through of service fees for public bus operations in the UK.
4Q23F	Margin uplift from UK public bus operations service fee indexation/tender renewals, partially offset by seasonality weakness

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 6: Price comparisons across P2P operators (1) in S\$, based on our channel checks**

From	To	Grab					Gojek					Ryde				
		Nov 22	Feb 23	Jun 23	Oct 23	Jan 24	Nov 22	Feb 23	Jun 23	Jun 23	Jun 23	Nov 22	Feb 23	Jun 23	Jun 23	Jun 23
<b>Weekday Morning 9am</b>																
Jewel L2 Drop Off	MBS Hotel Tower 3	25.80	18.60	20.40	26.20	33.20	19.70	21.10	18.50	25.10	25.90	30.60	25.50	32.70	23.50	25.21
Singapore Zoo	Bedok Mall	25.80	23.80	26.60	26.60	26.90	24.10	27.30	22.30	24.10	23.00	40.30	35.30	44.90	31.50	35.60
Ikea Alexandra	Nex Shopping Mall	21.80	17.80	19.60	15.60	25.10	27.70	23.10	20.60	19.50	25.30	25.00	20.10	28.10	18.60	26.73
Northpoint City	USS	43.80	42.80	38.30	32.50	43.30	36.10	56.30	41.40	39.00	26.70	45.70	37.90	44.10	33.10	38.04
NUH Medical Centre	Waterway Point	24.80	24.80	27.00	27.00	29.00	19.70	25.10	25.90	31.70	27.10	41.90	34.20	46.50	32.10	41.00
<b>Weekday Afternoon 3pm</b>																
Jewel L2 Drop Off	MBS Hotel Tower 3	19.00	18.80	20.40	20.40	20.70	21.70	27.10	20.80	21.50	18.00	23.10	24.50	24.10	22.10	22.45
Singapore Zoo	Bedok Mall	23.80	23.80	26.60	26.60	27.50	23.60	21.80	23.80	23.50	24.40	30.50	32.60	31.60	29.70	30.30
Ikea Alexandra	Nex Shopping Mall	14.80	15.80	15.60	16.00	15.90	16.20	15.20	13.50	17.10	14.70	19.10	18.90	18.20	20.70	17.05
Northpoint City	USS	23.80	23.80	26.60	26.60	26.80	30.50	24.60	26.00	22.00	25.70	29.40	31.30	30.90	29.10	29.08
NUH Medical Centre	Waterway Point	27.00	24.80	27.00	35.20	27.30	33.10	24.60	23.30	35.10	23.70	31.90	32.40	32.10	34.10	30.20
<b>Weekday Evening 6pm</b>																
Jewel L2 Drop Off	MBS Hotel Tower 3	27.20	29.80	20.40	20.40	27.50	31.00	33.60	22.80	24.50	28.00	25.20	28.70	28.70	23.50	26.02
Singapore Zoo	Bedok Mall	29.20	30.80	26.60	29.40	26.90	33.20	38.30	22.80	26.30	24.00	34.20	40.40	34.40	31.80	29.18
Ikea Alexandra	Nex Shopping Mall	32.80	37.80	26.50	25.70	25.20	26.30	33.70	20.90	30.20	24.90	20.80	29.90	20.90	25.40	28.36
Northpoint City	USS	31.00	31.80	26.60	31.30	27.00	40.00	40.20	24.80	37.70	29.70	32.70	38.50	31.40	32.20	28.57
NUH Medical Centre	Waterway Point	45.80	44.80	43.40	49.30	48.80	48.10	64.50	41.90	39.10	37.90	34.90	45.70	34.80	39.30	41.31
<b>Average</b>		<b>27.76</b>	<b>27.32</b>	<b>26.11</b>	<b>27.25</b>	<b>28.74</b>	<b>28.73</b>	<b>31.77</b>	<b>24.62</b>	<b>27.76</b>	<b>25.27</b>	<b>31.02</b>	<b>31.73</b>	<b>32.23</b>	<b>28.45</b>	<b>29.94</b>

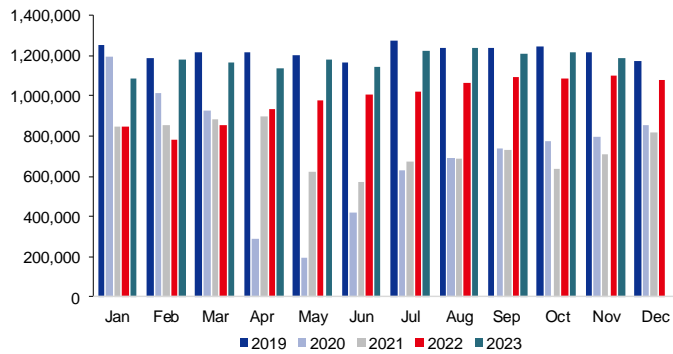
SOURCES: CGS-CIMB RESEARCH

**Figure 7: Price comparisons across P2P operators (2) in S\$, based on our channel checks**

From	To	Tada					Comfort Delgro (Ride)					Comfort Delgro (Meter)				
		Nov 22	Feb 23	Jun 23	Oct 23	Jan 24	Nov 22	Feb 23	Jun 23	Oct 23	Jan 24	Nov 22	Feb 23	Jun 23	Oct 23	Jan 24
<b>Weekday Morning 9am</b>																
Jewel L2 Drop Off	MBS Hotel Tower 3	19.09	18.50	20.74	20.00	20.00	25.50	18.50	24.50	25.20	27.70	26.00 - 30.00	19.00-22.00	25.00-29.00	26.70-30.20	25.70-29.20
Singapore Zoo	Bedok Mall	24.62	22.80	23.50	24.00	25.00	44.60	29.80	42.60	31.50	41.50	36.50 - 41.50	31.50-36.00	36.00-41.50	35.20-40.70	37.20-42.70
Ikea Alexandra	Nex Shopping Mall	27.17	18.00	23.60	22.60	29.90	25.20	18.50	24.20	20.10	24.00	21.00 - 24.00	19.00-22.00	21.00-24.00	22.20-25.70	21.70-25.20
Northpoint City	USS	48.69	49.00	38.59	27.90	46.40	46.20	41.20	42.30	34.60	56.00	37.50 - 43.00	28.50-32.50	36.00-41.00	38.70-44.20	37.70-43.20
NUH Medical Centre	Waterway Point	27.06	21.00	25.54	22.20	30.60	34.60	20.40	35.70	32.80	46.70	33.50 - 38.50	26.50-30.50	33.00-38.00	36.70-42.20	35.70-40.70
<b>Weekday Afternoon 3pm</b>																
Jewel L2 Drop Off	MBS Hotel Tower 3	20.10	19.00	19.72	21.00	19.00	14.00	20.50	20.00	19.70	26.70	18.50-21.50	18.50-21.50	18.50-21.00	20.20-23.20	19.70-22.70
Singapore Zoo	Bedok Mall	24.20	26.90	24.01	25.00	23.90	21.60	30.60	23.80	36.30	26.60	26.00-29.50	25.50-29.50	26.00-29.50	27.20-31.20	27.20-31.20
Ikea Alexandra	Nex Shopping Mall	17.00	15.90	15.64	18.30	16.70	18.40	16.00	12.50	15.40	15.90	16.50-19.00	16.50-18.50	16.00-18.50	17.20-19.70	17.20-19.70
Northpoint City	USS	24.00	23.90	25.84	26.20	25.30	31.40	30.70	22.70	26.60	29.90	29.00-32.00	27.50-31.50	27.50-31.50	29.70-34.20	29.70-34.20
NUH Medical Centre	Waterway Point	27.20	21.50	23.39	29.60	24.60	31.50	42.90	25.70	37.90	28.10	26.50-31.00	26.00-30.00	26.00-30.00	28.20-32.20	28.20-32.20
<b>Weekday Evening 6pm</b>																
Jewel L2 Drop Off	MBS Hotel Tower 3	27.80	26.00	23.70	23.90	25.80	21.50	24.00	24.00	25.70	31.20	24.00-27.50	22.50-26.00	22.00-25.00	23.70-27.20	25.70-29.70
Singapore Zoo	Bedok Mall	26.10	29.50	26.76	31.90	25.50	41.90	61.50	30.10	48.00	26.70	38.50-44.00	39.00-44.50	33.00-37.50	32.20-36.70	34.70-40.20
Ikea Alexandra	Nex Shopping Mall	31.55	34.00	23.19	22.00	21.90	27.20	31.60	26.70	31.10	25.30	24.50-28.50	24.50-28.00	22.50-26.00	19.70-22.70	23.70-27.20
Northpoint City	USS	31.21	29.30	26.15	27.90	26.80	40.30	56.50	39.30	40.80	31.80	37.00-42.00	43.00-49.00	33.00-38.00	43.20-49.70	37.70-43.20
NUH Medical Centre	Waterway Point	38.50	49.20	31.55	31.70	34.60	39.50	48.20	39.60	52.50	48.50	37.00-43.00	36.50-42.00	33.00-38.00	33.20-38.20	35.20-40.20
<b>Average</b>		<b>27.62</b>	<b>26.97</b>	<b>24.79</b>	<b>24.95</b>	<b>26.40</b>	<b>30.89</b>	<b>32.73</b>	<b>28.91</b>	<b>31.88</b>	<b>32.44</b>	<b>30.90</b>	<b>28.92</b>	<b>29.23</b>	<b>31.07</b>	<b>31.28</b>

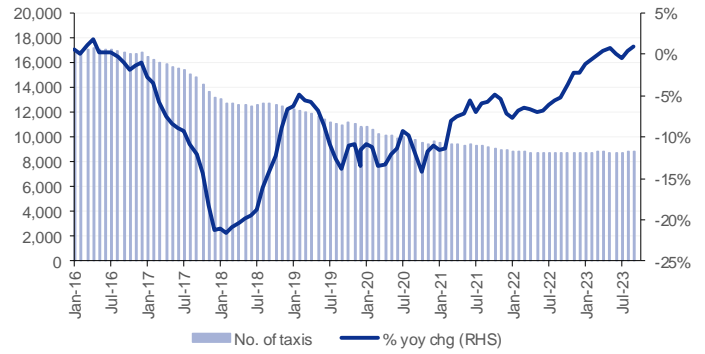
SOURCES: CGS-CIMB RESEARCH

**Figure 8: Average daily rail ridership of SBS Transit**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: CD's taxi fleet in Singapore**



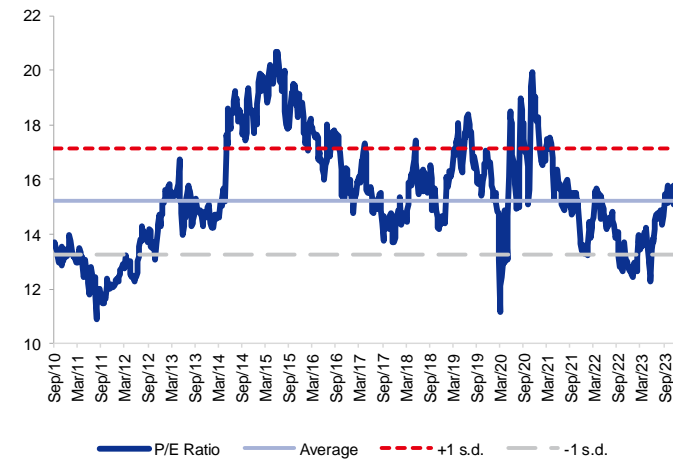
SOURCES: CGS-CIMB RESEARCH, LAND TRANSPORT AUTHORITY

**Figure 10: Earnings revision**

Earnings revision	FY23F			FY24F			FY25F		
(\$m) FYE Dec	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	3,875.1	3,875.1	0.0%	3,940.3	4,019.0	2.0%	4,023.8	4,158.8	3.4%
EBITDA	644.4	642.2	-0.4%	677.7	693.8	2.4%	697.8	720.5	3.3%
Net profit	185.0	181.5	-1.9%	207.5	209.0	0.7%	215.0	218.0	1.4%
Core net profit	185.0	181.5	-1.9%	207.5	209.0	0.7%	215.0	218.0	1.4%
Core EPS (S\$ cents)	8.5	8.4	-1.9%	9.6	9.6	0.7%	9.9	10.1	1.4%

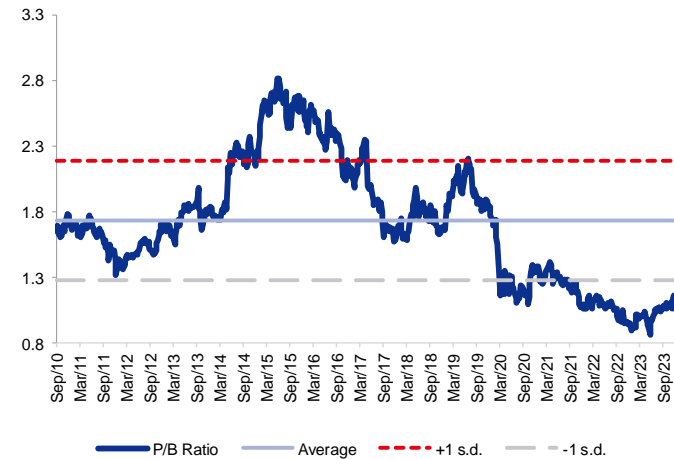
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 11: Historical P/E trend**




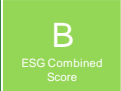





SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

**Figure 12: Historical P/BV trend**

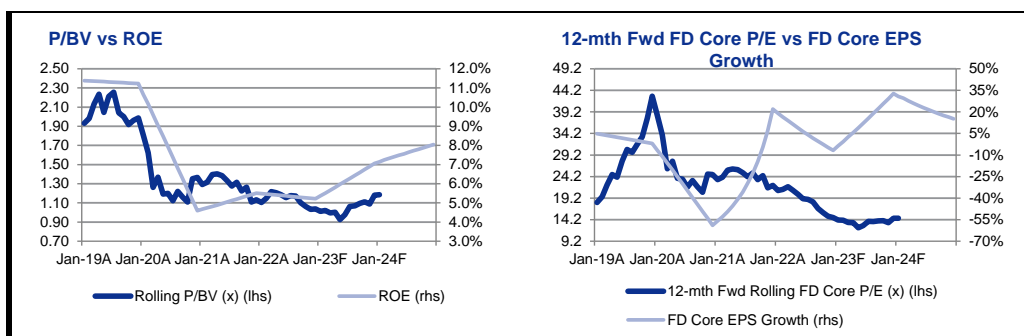


SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

 <b>Refinitiv ESG Scores</b>	
     	
<b>ESG in a nutshell</b>	
<p>ComfortDelgro Group (CD), a global land transport operator, has pledged to achieve a 55% reduction in its greenhouse gas (GHG) emission intensity by 2032 (base year: 2022). At end-2022, CD has a fleet of over 30,500 vehicles across seven countries. Hybrid/electric vehicles account for 47% of its fleet in Singapore, 65% in China, 14% in Australia, and 54% in the UK. 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.</p>	
<b>Keep your eye on</b>	<b>Implications</b>
<p>CD’s mean kilometre between failure (MKBF), which is the internationally used measure for railway reliability, set a record for the industry. Downtown Line (DTL) clocked 4.19m train-km in 2021 (compared to the nationwide MRT network’s average of 1.99m train-km).</p>	<p>We believe safety and reliability are two key imperative aspects for land transport operators. Continual improvement in safety metrics and reliability rating is a key indicator of management’s emphasis on promoting road safety, in our view.</p>
<b>ESG highlights</b>	<b>Implications</b>
<p>CD is one of six Singapore companies selected for inclusion in the Dow Jones Sustainability Index (DJSI) – Asia Pacific in 2022 (for the fourth year running). CD has also demonstrated social efforts by providing rental waivers and rebates for taxi drivers during the Covid-19 outbreak.</p>	<p>We like that CD is being commended for its commitment in the sustainability space. We believe such ESG accolades are positive as they could further elevate the company’s profile among ESG-focused investors.</p>
<b>Trends</b>	<b>Implications</b>
<p>Over the past three years, the proportion of CD’s hybrid taxis/buses across geographies has been increasing, demonstrating its commitment to providing cleaner energy transportation. CD has also been converting its global fleet to hybrid or electric vehicles and phasing out diesel-based vehicles. CD’s GHG emission intensity (tonnes of CO<sub>2</sub>e per S\$ m revenue) has trended lower over the past 3 years.</p>	<p>We believe CD’s pivot to renewable energy consumption underscores its commitment to promoting a greener future. This is further corroborated by its decarbonisation roadmap, outlining strategies for reducing and neutralising emissions over time, in our view.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>Total Net Revenues</b>	<b>3,503</b>	<b>3,781</b>	<b>3,875</b>	<b>4,019</b>	<b>4,159</b>
<b>Gross Profit</b>	<b>3,503</b>	<b>3,781</b>	<b>3,875</b>	<b>4,019</b>	<b>4,159</b>
<b>Operating EBITDA</b>	<b>576</b>	<b>627</b>	<b>642</b>	<b>694</b>	<b>721</b>
Depreciation And Amortisation	(376)	(357)	(366)	(377)	(389)
<b>Operating EBIT</b>	<b>200</b>	<b>270</b>	<b>276</b>	<b>317</b>	<b>331</b>
Financial Income/(Expense)	(5)	2	8	5	3
Pretax Income/(Loss) from Assoc.	0	1	2	2	2
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>195</b>	<b>273</b>	<b>286</b>	<b>324</b>	<b>336</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>195</b>	<b>273</b>	<b>286</b>	<b>324</b>	<b>336</b>
Taxation	(42)	(54)	(61)	(71)	(74)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>153</b>	<b>219</b>	<b>224</b>	<b>253</b>	<b>262</b>
Minority Interests	(30)	(45)	(43)	(44)	(44)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>123</b>	<b>173</b>	<b>181</b>	<b>209</b>	<b>218</b>
Recurring Net Profit	147	137	181	209	218
<b>Fully Diluted Recurring Net Profit</b>	<b>147</b>	<b>137</b>	<b>181</b>	<b>209</b>	<b>218</b>

### Cash Flow

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>EBITDA</b>	<b>576.1</b>	<b>627.2</b>	<b>642.2</b>	<b>693.8</b>	<b>720.5</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	106.1	59.0	4.0	(0.4)	4.9
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0	0.0
Other Operating Cashflow	50.7	(6.7)	0.0	0.0	0.0
Net Interest (Paid)/Received	(5.2)	1.9	8.0	4.9	3.0
Tax Paid	(71.3)	(79.9)	(61.4)	(71.3)	(73.9)
<b>Cashflow From Operations</b>	<b>656.4</b>	<b>601.5</b>	<b>592.7</b>	<b>627.1</b>	<b>654.5</b>
Capex	(223.8)	(302.8)	(310.0)	(321.5)	(332.7)
Disposals Of FAs/subsidiaries	14.2	48.0	0.0	(150.0)	0.0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	10.2	3.8	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(199.4)</b>	<b>(251.0)</b>	<b>(310.0)</b>	<b>(471.5)</b>	<b>(332.7)</b>
Debt Raised/(repaid)	(143.9)	(50.1)	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	(76.5)	(137.8)	(180.0)	(154.0)	(170.1)
Preferred Dividends					
Other Financing Cashflow	(66.8)	(86.8)	(53.4)	(43.6)	(43.1)
<b>Cash Flow From Financing</b>	<b>(287.2)</b>	<b>(274.7)</b>	<b>(233.4)</b>	<b>(197.6)</b>	<b>(213.2)</b>
Total Cash Generated	169.8	75.8	49.3	(42.1)	108.6
<b>Free Cashflow To Equity</b>	<b>313.1</b>	<b>300.4</b>	<b>282.7</b>	<b>155.5</b>	<b>321.8</b>
<b>Free Cashflow To Firm</b>	<b>468.3</b>	<b>363.8</b>	<b>300.7</b>	<b>173.5</b>	<b>339.8</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



**BY THE NUMBERS... cont'd**
**Balance Sheet**

(S\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Cash And Equivalents	919	967	1,016	974	1,083
Total Debtors	570	550	564	585	605
Inventories	117	120	123	127	131
Total Other Current Assets	15	8	8	8	8
<b>Total Current Assets</b>	<b>1,621</b>	<b>1,645</b>	<b>1,711</b>	<b>1,694</b>	<b>1,827</b>
Fixed Assets	2,192	2,038	1,982	2,077	2,020
Total Investments	0	0	0	0	0
Intangible Assets	867	816	816	816	816
Total Other Non-Current Assets	235	201	203	205	207
<b>Total Non-current Assets</b>	<b>3,294</b>	<b>3,056</b>	<b>3,002</b>	<b>3,098</b>	<b>3,044</b>
Short-term Debt	52	40	40	40	40
Current Portion of Long-Term Debt					
Total Creditors	776	832	853	877	907
Other Current Liabilities	163	169	169	169	169
<b>Total Current Liabilities</b>	<b>990</b>	<b>1,041</b>	<b>1,062</b>	<b>1,086</b>	<b>1,116</b>
Total Long-term Debt	347	265	265	265	265
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	274	253	253	253	253
<b>Total Non-current Liabilities</b>	<b>622</b>	<b>518</b>	<b>518</b>	<b>518</b>	<b>518</b>
Total Provisions	194	142	142	142	142
<b>Total Liabilities</b>	<b>1,806</b>	<b>1,701</b>	<b>1,722</b>	<b>1,747</b>	<b>1,777</b>
Shareholders' Equity	2,679	2,569	2,570	2,625	2,673
Minority Interests	430	431	420	420	421
<b>Total Equity</b>	<b>3,108</b>	<b>2,999</b>	<b>2,990</b>	<b>3,045</b>	<b>3,094</b>

**Key Ratios**

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue Growth	8.02%	7.94%	2.49%	3.72%	3.48%
Operating EBITDA Growth	4.05%	8.87%	2.39%	8.04%	3.85%
Operating EBITDA Margin	16.4%	16.6%	16.6%	17.3%	17.3%
Net Cash Per Share (S\$)	0.24	0.31	0.33	0.31	0.36
BVPS (S\$)	1.24	1.19	1.19	1.21	1.23
Gross Interest Cover	17.68	20.30	15.33	17.62	18.39
Effective Tax Rate	21.5%	19.9%	21.5%	22.0%	22.0%
Net Dividend Payout Ratio	55.2%	80.8%	59.8%	59.7%	59.7%
Accounts Receivables Days	57.48	54.05	52.45	52.29	52.21
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 (%)	6.0%	8.8%	10.1%	11.9%	11.9%
ROCE (%)	5.5%	8.0%	8.8%	9.8%	10.0%
Return On Average Assets	4.05%	5.63%	5.90%	6.71%	6.89%

**Key Drivers**

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Daily rail riderships ('000)	743.0	948.1	1,068.5	1,100.5	1,133.5
SG taxi fleet	9,361.0	8,972.0	8,756.0	8,734.0	8,777.0
Taxi hire-out rate (%)	95.0%	95.0%	95.0%	95.0%	95.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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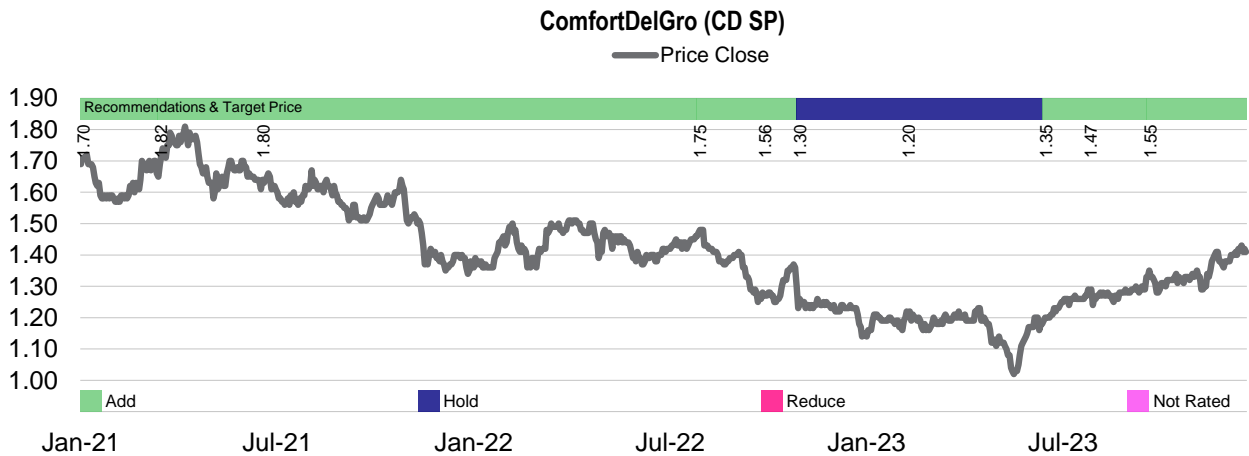
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2023		
636 companies under coverage for quarter ended on 31 December 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.5%	1.3%
Hold	22.5%	0.0%
Reduce	10.1%	0.2%

**Spitzer Chart for stock being researched ( 2 year data )**



<b>Recommendation Framework</b>	
<b>Stock Ratings</b>	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>	
<b>Sector Ratings</b>	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.
<b>Country Ratings</b>	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.