

ComfortDelGro Corp Ltd

UK the shining light



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SINGAPORE | TRANSPORT SERVICES | 4Q24 RESULTS

1 March 2025

- FY24 results beat expectations. Revenue/PATMI was 104%/112% of our FY24e forecast. UK operating profit spiked 4-fold to S\$18mn from the renewal of higher margin bus contracts and acquisition of CMAC and Addison Lee.
- Excluding acquisitions, we estimate operating earnings declined 3% YoY in 4Q24 to S\$77.3mn. Weakness was largely in the China taxi and the Singapore rail operations. Dividends per share rose 16.7% YoY to 7.77 cents, as the company continues with its aggressive 80% payout ratio. ComfortDelgro pays an attractive forward yield of 6.4%.
- We raised our FY25e revenue and PATMI by 4%/9% respectively. Our DCF target price has been increased to S\$1.68 (prev. S\$1.63) and we upgrade our recommendation to BUY from ACCUMULATE. Growth drivers in FY25e include the Addison Lee acquisition, improving Singapore rail earnings, expanding UK bus routes and margins, and better availability of bus drivers in Australia. Taxi operations will face competition in the near term from new ride-hailing operators in Singapore and softer revenue in China due to weak economic conditions.

BUY (Upgraded)

LAST CLOSE PRICE	SGD 1.39
FORECAST DIV	SGD 0.0897
TARGET PRICE	SGD 1.68
TOTAL RETURN	27.3%

COMPANY DATA

BLOOMBERG CODE:	CD SP
O/S SHARES (MN) :	2,166
MARKET CAP (SGD mn) :	3,011
52 - WK HI/LO (SGD) :	1.53 / 1.32
3M Average Daily T/O (mn) :	5.0

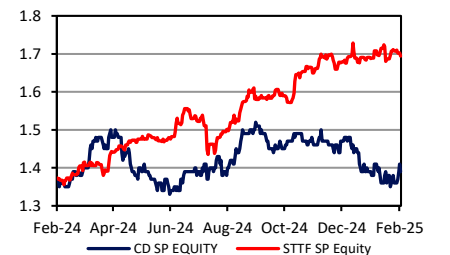
MAJOR SHAREHOLDERS

Silchester International Investors LLP	8.0%
Ameriprise Financial Inc	6.2%
Bank of Montreal	5.1%

TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	1.4	-3.4	-4.7
STTF	3.3	5.7	4.0

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec (\$\$mn)	FY23	FY24	FY 25e	FY 26e
Revenue	3,880	4,477	4,892	5,170
PATMI, adj	174.1	205.4	249.0	271.7
EPS, adj. (cents)	8.0	9.5	11.5	12.5
P/E, adj. (x)	17.3	14.7	12.1	11.1
BVPS (cents)	139	140	145	151
P/B (x)	1.0	1.0	1.0	0.9
DPS (cents)	6.7	7.8	9.0	9.8
Div. Yield (%)	4.8	5.6	6.4	7.0

Source: Bloomberg, PSR

VALUATION METHOD

DCF (WACC: 9.2%; Terminal g: 1.0%)

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Results at a glance

SGD mn	4Q24	4Q23	YoY	Comments
Revenue	1,178.6	1,021.4	15.4%	
- Public transport	776.8	784.7	-1.0%	
- Taxi & private hire	241.3	149.2	61.7%	
- Other private transport	102.9	36.4	182.7%	
EBIT (Segment)	90.6	79.5	14.0%	Excl. acquisitions EBIT down 3%.
- Public transport	37.6	33.0	13.9%	
- Taxi & private hire	35.9	34.9	2.9%	Excl. acquisition earnings down 28%.
- Other private transport	5.7	(2.0)	n.m.	CMAC contributed S\$2.7mn.
EBIT (Country)				
- Singapore	54.8	55.4	-1.1%	
- UK/Ireland	18.3	3.6	408.3%	Excl. acquisition earnings up 225%.
- Australia	14.2	12.7	11.8%	Excl. A2B earnings was down 41%.
- China	3.3	7.8	-57.7%	
PATMI	57.7	52.1	10.7%	
PATMI - normalised	57.1	49.3	15.8%	Excluding disposal gains.
DPS - Final (cents)	2.90	2.85	1.8%	80% Payout ratio (FY22: 70%).

Source: Company, PSR

The Positive

+ Jump in UK earnings. Excluding the CMAC and Addison Lee acquisitions, UK earnings surged 225% YoY to S\$11.7mn in 4Q24. Bus routes in the UK continue to be repriced at higher margins. We believe earnings in the UK were negatively impacted by one-off professional fees in the acquisition of Addison Lee, completed in November 2024.

The Negative

- Weak earnings in Australia and China. Bus driver shortages in Australia are hurting margins. There have been incremental improvement as new batches of drivers are trained. China suffers from weak economic conditions where drivers may not renew their licenses as takings come down.

Outlook

We expect 2025 earnings to grow led by the UK.

- i. UK growth will stem from continued repricing of London bus routes, contribution from acquisition of Addison Lee, and commencement of the new Greater Manchester bus packages. There is also an opportunity to bid for more tenders in Merseyside and West Yorkshire.
- ii. Singapore's earnings are expected to decline modestly due to intensifying competition in the ride-hailing sector, especially with two new operators (Geo Lah and Trans-cab). Another weakness is Jurong West Package's loss in August 2024. However, rail earnings can recover after the decline in advertising concession fees (January 2024) and lower electricity prices.
- iii. Australian margins will creep up as bus driver shortages gradually ease. The A2B acquisition (in April 2024) will improve earnings in 1Q25.

Upgrade from ACCUMULATE to BUY with a higher TP of S\$1.68 (prev. S\$1.63)

We raised our FY25e revenue and PATMI by 4%/9% respectively.

Financials

Income Statement

SGD mn, Y/E Dec	FY22	FY23	FY24	FY 25e	FY 26e
Revenue	3,780.8	3,880.3	4,476.5	4,892.4	5,170.0
EBITDA	627.2	636.3	691.3	797.5	847.9
Depreciation & Amortisation	(357.2)	(364.2)	(368.4)	(400.1)	(415.8)
EBIT	270.0	272.1	322.9	397.4	432.1
Net Finance (Expense)/Inc	1.9	6.5	(7.2)	(20.2)	(20.4)
Profit Before Tax	272.7	280.0	317.5	377.2	411.7
Taxation	(54.2)	(55.0)	(61.8)	(71.7)	(78.2)
Profit After Tax	218.5	225.0	255.7	305.5	333.5
Non-controlling interest	45.4	44.5	45.2	56.6	61.8
PATMI, reported	173.1	180.5	210.5	249.0	271.7
PATMI, adj.	154.8	174.1	205.4	249.0	271.7

Per share data (cents)

	FY22	FY23	FY24	FY 25e	FY 26e
EPS, reported	8.0	8.3	9.7	11.5	12.5
EPS, adj.	7.1	8.0	9.5	11.5	12.5
DPS	8.5	6.7	7.8	9.0	9.8
BVPS	139	139	140	145	151

Cash Flow

SGD mn, Y/E Dec	FY22	FY23	FY24	FY 25e	FY 26e
CFO					
PBT	272.7	280.0	317.5	377.2	411.7
Adjustments	-	-	-	-	-
WC changes	59.0	(125.5)	(86.6)	(129.1)	(4.5)
Cash generated from ops	682.2	531.6	620.3	668.3	843.4
Others	(79.9)	(82.5)	(72.8)	(71.7)	(78.2)
Cashflow from ops	602.3	449.1	547.5	596.7	765.2
CFI					
CAPEX, net	(222.3)	(323.4)	(373.0)	(447.6)	(537.1)
Divd from associates & JVs	-	2.1	7.5	-	-
Others	(28.7)	(9.2)	(604.6)	4.8	4.5
Cashflow from investments	(251.0)	(330.5)	(970.1)	(442.8)	(532.6)
CFF					
Share issuance, net	-	3.7	-	-	-
Loans, net of repayments	(50.1)	47.8	722.2	-	-
Dividends	(171.3)	(211.9)	(190.3)	(180.9)	(202.9)
Others	(53.3)	(63.7)	(73.2)	(24.9)	(24.9)
Cashflow from financing	(274.7)	(224.1)	458.7	(205.8)	(227.8)
Effects of exchange rates	(28.7)	(4.6)	(0.6)	-	-
Net increase (decrease) in CCE	47.9	(110.1)	35.5	(52.0)	4.8
CCE, end	967.1	857.0	892.5	840.5	845.3

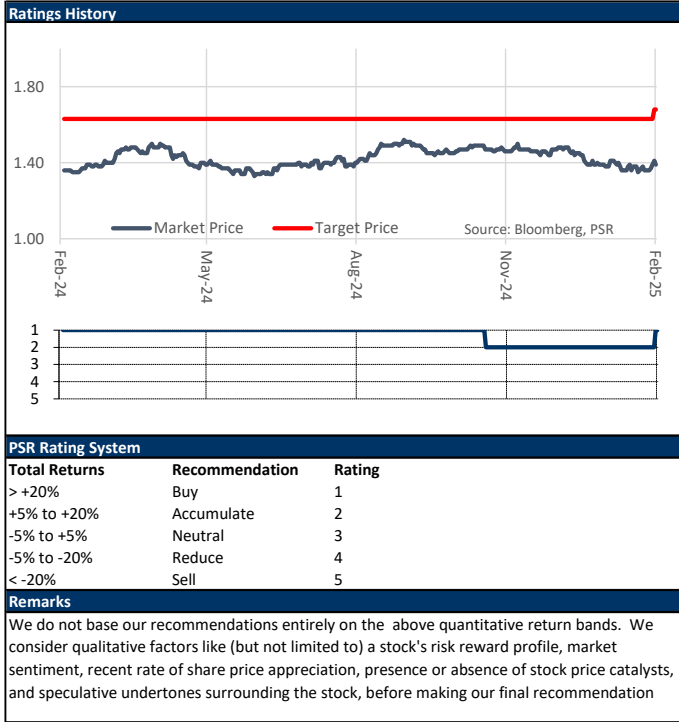
Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

SGD mn, Y/E Dec	FY22	FY23	FY24	FY 25e	FY 26e
ASSETS					
Cash	967.0	856.9	892.4	840.5	845.3
Accounts Receivables	476.7	532.7	725.7	572.1	574.4
Inventories	120.1	141.7	158.0	134.3	139.3
Prepayments	73.3	82.6	94.0	94.0	94.0
Others	7.6	0.2	29.0	29.0	29.0
Total current assets	1,644.7	1,614.1	1,899.1	1,669.9	1,682.0
PPE	2,038.4	2,012.1	2,129.6	2,177.1	2,298.5
Intangibles	816.3	822.6	1,458.2	1,458.2	1,458.2
Receivables	142.6	150.4	127.7	127.7	127.7
Others	59.9	90.5	111.2	111.2	111.2
Total non-current assets	3,057.2	3,075.6	3,826.7	3,874.2	3,995.6
Total Assets	4,701.9	4,689.7	5,725.8	5,544.2	5,677.5
LIABILITIES					
Short term loans	26.8	115.4	590.5	590.5	590.5
Accounts Payables	832.2	807.4	1,001.1	694.7	697.4
Others	181.8	168.8	209.1	209.1	209.1
Total current liabilities	1,040.8	1,091.6	1,800.7	1,494.3	1,497.0
Long term loans	265.4	234.9	491.1	491.1	491.1
Others	395.2	349.3	408.4	408.4	408.4
Total non-current liabilities	660.6	584.2	899.5	899.5	899.5
Total Liabilities	1,701.4	1,675.8	2,700.2	2,393.8	2,396.5
EQUITY					
Non-controlling interest	430.5	416.2	426.6	483.2	544.9
Shareholder Equity	2,568.9	2,597.7	2,599.0	2,667.1	2,736.0

Valuation Ratios

	FY22	FY23	FY24	FY 25e	FY 26e
P/E (x), adj.	19.5	17.3	14.7	12.1	11.1
P/B (x)	1.0	1.0	1.0	1.0	0.9
Dividend Yield	6.1%	4.8%	5.6%	6.4%	7.0%
Growth & Margins					
Growth					
Revenue	7.9%	2.6%	15.4%	9.3%	5.7%
EBITDA	8.9%	1.5%	8.6%	15.4%	6.3%
EBIT	35.1%	0.8%	18.7%	23.1%	8.7%
Net Income, adj.	5.4%	12.5%	18.0%	21.2%	9.1%
Margins					
EBITDA margin	16.6%	16.4%	15.4%	16.3%	16.4%
EBIT margin	7.1%	7.0%	7.2%	8.1%	8.4%
PBT margin	7.2%	7.2%	7.1%	7.7%	8.0%
Net Profit Margin	4.1%	4.5%	4.6%	5.1%	5.3%
Key Ratios					
ROE	5.9%	6.7%	7.9%	9.5%	10.1%
ROA	3.2%	3.7%	3.9%	4.4%	4.8%
Dividend Payout	118.7%	82.9%	81.9%	78.0%	78.0%
Net Debt or (Net Cash)	(675)	(507)	189	241	236
Net Gearing (x)	Net Cash	Net Cash	6.3%	7.7%	7.2%



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