Singapore Company Update

ComfortDelGro

Bloomberg: CD SP | Reuters: CMDG.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

11 Mar 2024

BUY

Last Traded Price (8 Mar 2024): S$1.35 (STI: 3,147.09)
Price Target 12-mth: S$1.80 (33% upside) (Prev S$1.67)

Analysts

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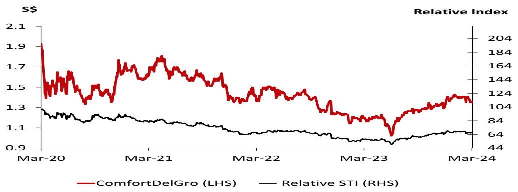
What's New

- Reiterate BUY with higher TP of S$1.80 on back of positive engines firing
- Further share price re-rating on the back of (i) growth in Taxi & Private Hire segment, (ii) the UK's public transport recovery, (iii) strategic bolt-on acquisitions
- FY23 net profit slightly ahead, momentum to continue; payout ratio at 80%
- FY24F/25F earnings forecasts raised by 6-9%; room for consensus to catch up

Price Relative



Forecasts and Valuation

FY Dec (S$m)	2022A	2023A	2024F	2025F
Revenue	3,781	3,880	4,461	4,651
EBITDA	628	638	770	827
Pre-tax Profit	273	280	345	384
Net Profit	173	181	224	250
Net Pft (Pre Ex.)	173	181	224	250
Net Pft Gth (Pre-ex) (%)	40.7	4.3	24.3	11.3
EPS (S cts)	7.98	8.32	10.3	11.5
EPS Pre Ex. (S cts)	7.98	8.32	10.3	11.5
EPS Gth Pre Ex (%)	41	4	24	11
Diluted EPS (S cts)	7.97	8.30	10.3	11.5
Net DPS (S cts)	8.48	6.66	8.12	9.07
BV Per Share (S cts)	118	120	123	127
PE (X)	16.9	16.2	13.1	11.7
PE Pre Ex. (X)	16.9	16.2	13.1	11.7
P/Cash Flow (X)	4.9	6.5	4.1	3.9
EV/EBITDA (X)	4.3	4.4	4.0	3.6
Net Div Yield (%)	6.3	4.9	6.0	6.7
P/Book Value (X)	1.1	1.1	1.1	1.1
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	6.6	7.0	8.5	9.2
Earnings Rev (%):			6	9
Consensus EPS (S cts):			9.5	9.9
Other Broker Recs:		B: 8	S: 0	H: 1

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

Three reasons for a share price re-rate

Investment Thesis:

Integrated taxi operator pivoting towards a commission-based business model. ComfortDelgro Group (CDG) is one of the largest global land transport operators with leading operations in Singapore, Australia, and the UK. The company is transforming itself to stay competitive in Singapore's point-to-point (P2P) market with the introduction of its ride-hailing app, Zig. We expect this pivot to be a major growth driver with multiple levers like changes in booking commission, integration with Gojek platform, introduction of auction-based model and levelling of P2P playing field in Singapore, amongst others.

Leveraging its balance sheet, the company is making strategic, earnings-accretive acquisitions in sectors within its domain and geographical expertise. 2023/2024 marks a strategic capital management shift to deploying its net cash position towards bolt-on (>S$100m) acquisitions. We believe the two major acquisitions announced – A2B and CMAC – were sensible ones. They were acquired at reasonable valuations (~25x PE), are earnings accretive, and align with CDG's geographical and transport domain expertise. We anticipate the company will continue to seek out opportunistic acquisitions to complement its overall long-term growth strategy.

Overall health of Singapore's P2P market is crucial for sustained margin and profitability in the Taxi & Private Hire segment. Notably, the Singapore P2P market demonstrated strong growth of 7.4% y-o-y in 2023, driven by a 4.1% ridership growth and 3.3% in average fare increases. We expect the P2P market to maintain its robust growth trajectory in 2024, driven by continued consumer demand for convenience and their willingness to pay a premium for it. We continue to watch signs of intensifying competition, to be reflected in fare price growth.

Maintain BUY with higher TP of S$1.80. This revised TP reflects our expectation of higher earnings resulting from a combination of factors, including a 7% transport fare increase, a 2% increase in booking commissions, and the recovery of UK & China businesses, among others. We anticipate further re-rating of the company's valuation given our confidence in its ability to deliver, and even exceed, our earnings growth expectations. Our valuation methodology combines a 1.3x P/BV multiple and a higher 5.5x forward EV/EBITDA multiple given its >20%+ growth going into FY24.

Key Risks

Resurgence of inflation in UK would hurt public transport segment margins and could return the business to a loss.

At A Glance

Issued Capital (m shrs)	2,166
Mkt. Cap (Sm/USm)	2,924 / 2,197
Major Shareholders (%)	
Sichester Inernational Investors	7.1
Ameriprise Financial	5,1
Free Float (%)	87.8
3m Avg. Daily Val (US$m)	5.1
GIC Industry : Industrials / Transportation	

DBS Insights Direct

Watchlist the stock on Insights Direct to receive prompt updates

ed: PJ/ sa: DT, PY, CS

WHAT'S NEW

Looking forward to another year of strong growth

Why do we believe the stock has more leg room to run?

We reiterate our positive counter view on three key reasons, with continued earnings recovery and earnings upgrade by market consensus underpinning a further re-rate. CDG stock has delivered a market-beating total return of >30% from a low of S$1.01 in Jun '23. Nonetheless, we believe the ride is still not over, based on three key reasons: (i) Multiple growth levers in a growing Singapore point-to-point (P2P) market; (ii) the worst being over for the public transport segment; and (iii) sensible bolt-on acquisitions to drive future growth.

We revised our FY24/25F forecasts up by 6%/ 9%, and project net profit to grow by 24% to S$224m in FY24F, 8% above consensus. We believe there is room for consensus to catch up as quarters unfold.

1) Multiple levers in a growing Singapore P2P market

We reiterate our prior view that the market's view on the group's taxi fleet as a profitability trend could be missing the picture. The shift towards commission sharing provides multiple levers for its taxi business to enjoy upsides, namely from fare increases, a higher number of rides, and higher proportion of ride hailing vs. street hailing.

Recently, we also saw the government announcing measures to level the playing field between taxis and private hires: (i) Extending the statutory lifespan of taxis from eight-10 years, and (ii) inspection frequency for taxis under three years old to be reduced from biannually to annually.

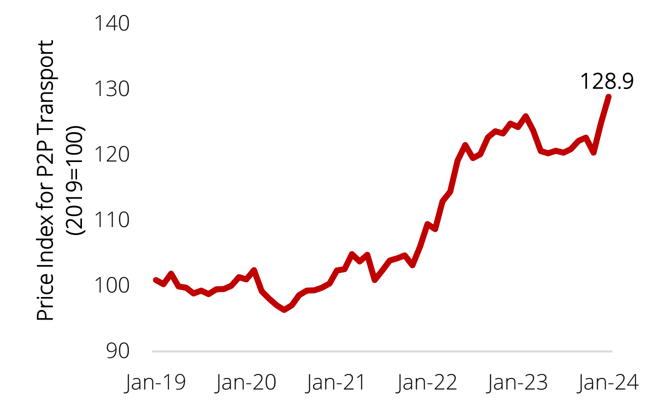
We summarise our views on the Singapore P2P landscape and outlook for CDG as follows:

Segment	Performance in 2023 (y-o-y)	Outlook & DBS estimates	Commentaries
P2P industry overall sales ($)	+7.4%	Outlook: ↗ DBS estimates: +6%	- In 2023, overall industry sales growth of +7.4% was driven by ridership growth (taxi and ride-hail) of +4.1% and average fare growth of +3.3% - In 2024F, we project overall growth of +6% on a +3% ridership growth and a +3% pricing effect
Total Rides (#)	+4.1%	Outlook: ↗ DBS estimates: +3%	- Resilient demand from a combination of major events (Singapore Airshow, Taylor Swift concert, amongst others) and growing consumer preference for affordable convenience
Pricing ($)	+3.3%	Outlook: ↗ DBS estimates: +3%	- In-line with MAS's headline inflation target of +2.5-3.5%
P2P Vehicle Count (#)	+8.5%	Outlook: ↗ DBS estimates: +5%	- Assume a 2% quarterly growth, in line with 2023's growth trend - Year to end with P2P vehicle count at 72k, 2% under the pre-COVID high of 74k
Platform fees ($)	S$0.70	Outlook: ➞ DBS estimates: S$0.70	- Increase unlikely, as quantum is in line with competition - We expect platform fees to accordingly more than double and increase from an est. S$5m in FY23A to S$13m in FY24F on an annualized basis, coupled with booking volume growth
Booking commissions (%)	5%	Outlook: ↗ DBS estimates: 7%	- Major growth driver given headroom for higher commissions relative to market leader Grab's rate of 20.3% compared to CDG's 7% for taxis (10% for CDG's cars and 12% for non-CDG's cars) - Gojek-CDG platform integration (likely in 2Q24) to allow drivers on both platforms to benefit from higher job flow, justifying an increase in booking commissions - Accordingly, we assumed a reasonable 1%-point increase in commission rate FY25F onwards

Source: Singapore Department of Statistics and Land Transport Authority (LTA)

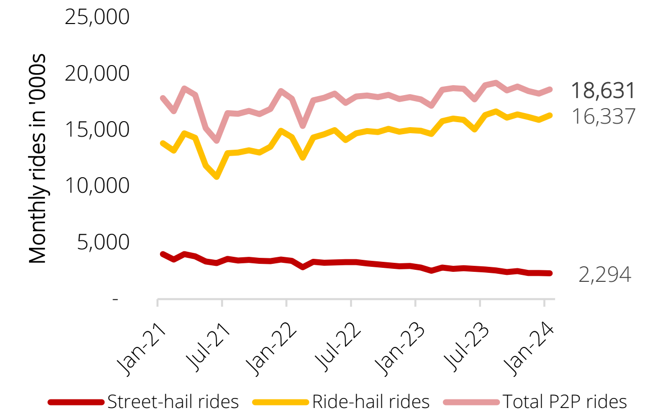
Beyond 2024, the company has been working on new features for its Zig app, amongst which is an auction mechanism. We believe this feature could be similar to InDrive, where passengers are able to quote their fare and nearby drivers could accept, decline, or counter. This would ensure more transparency and fairness in terms of fares vs. an algorithm-driven black box, promoting healthy growth for the industry.

Fares for P2P rides saw significant increases in 2022 due to driver shortage (since moderated)



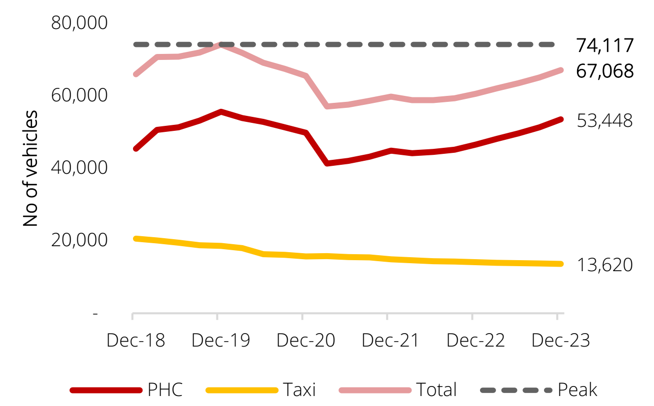
Source: Singapore Department of Statistics, CEIC, DBS Bank Ltd

Demand for P2P rides continue to be resilient amidst significant increases in fare pricing



Source: Singapore Land Transport Authority, DBS Bank Ltd

Supply of P2P vehicles remains 10% below pre-COVID high, suggesting tight supply-demand dynamics which should support fare prices



Source: Singapore Land Transport Authority, DBS Bank Ltd

2) Worst is mostly over in the public transport segment

The group's public transport segment should see continued improvement in operating profit in FY24F, driven by a turnaround in its UK business, and higher fares in Singapore rail, which mitigates lower contribution from buses and concession fee payable.

We summarise our views on the CDG's Public Transport segment as follows:

Segment	Performance in 2023	Outlook & DBS estimates	Commentaries
Overall public transport	Rev: +2.5% OP: -4.5% (excluding one-off Alperton disposal gain)	Outlook: ↗ DBS estimates Rev: +6.6% OP: +18.1%	Significant operating profit jump, driven by the UK's business turnaround, offset by lower profit at Singapore business
Singapore	Rev: +0.8% OP: -4.1%	Outlook: ↘ DBS estimates Rev: +4.4% OP: -4.0%	In 2023, operating profit was down due to higher fuel and electricity costs, which was hedged based on higher prices in 2022 In 2024F, revenue is expected to grow on the back of fare prices being 7% higher as well as higher performance incentives, slightly offset by loss of Jurong West package (effective Sep '24) Operating margin to see slight compression (from 5.0% to 4.6%) due to concession fee payable to LTA 2024 onwards in exchange for retaining its advertising business, which will more than offset the benefits of easing fuel and electricity cost and higher fare prices
Australia*	Rev: +6.5% (in A$ terms) OP: -3.3% (in A$ terms)	Outlook: ➞ DBS estimates Rev: +3.5% OP: +3.5%	In 2023, Australia business likely saw significant revenue uplift in A$ terms on elevated inflation indexation, while operating profit likely declined given renewed lower margin contracts kicking in In 2024F, we expect growth to be largely driven by inflation, expected at +3.5% by the Reserve Bank of Australia, with operating margin to remain flat at about 6%
UK*	Rev: +10.9% (in GBP terms) OP: n.m. (loss making in FY22 due to one-off bus driver payout and indexation lag effect)	Outlook: ↗ DBS estimates Rev: +7.0% OP: +432.9%	In 2023, the UK business likely saw significant revenue uplift in GBP terms on elevated inflation indexation, which, coupled with new higher margin contract renewals, helped operating profit turn positive from 2H23 In 2024, we expect growth to be largely driven by lagged inflation indexation of 7%, while operating profit should see significant uptick on improved operating margin of 3% as indexation effect kicks in while cost eases and contracts are renewed at much higher margin

*Source: Company, DBS Bank Ltd (*rough estimates as the company does not break down its public transport segment by geographies)*

3) Strategic bolt-on acquisitions to drive international growth

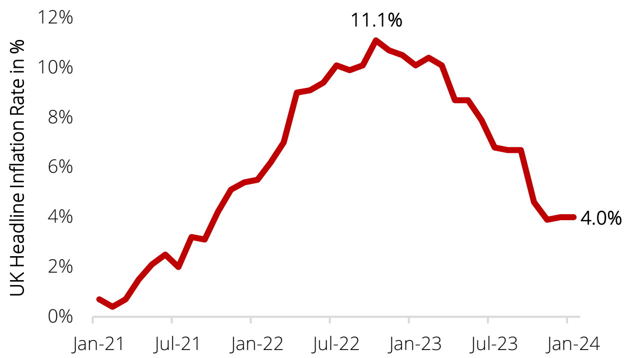
With the elevated interest rate environment, the company has identified attractive opportunities on the market. Given its solid balance sheet, it is well-positioned to opportunistically acquire with growth intentions. Management has conveyed that its acquisition criteria are (i) reasonable valuation, (ii) being earnings accretive, and (iii) within its domain and geographical expertise. We forecast the recent two acquisitions to contribute +3.1% pro-rata to FY24F earnings and +5.4% to FY25F earnings.

Management has signalled that it remains on the lookout for further acquisitions at ~S$100-200m ticket size. It has also stated its willingness to go into a net debt position if required. We believe this is a great sign that the company is actively managing capital by sourcing for attractive deals to drive continued growth of the company.

Fuel prices have corrected from the Jun '22 highs, which should allow CDG to reap some fuel and electricity cost savings

Source: Singapore Land Transport Authority, DBS Bank Ltd

UK inflation rate has eased significantly since a high of 11% in Oct '22, with Bank of England expecting inflation to fall to 2.75% by end of year



Source: UK Office for National Statistics, CEIC, DBS Bank Ltd

A2B acquisition expected to contribute +2.6% to FY25F earnings on an annualized basis considering 100% debt funding at 5% interest rate

in S$m	2022	2023	2024F	2025F
Attributable rev			150.3	155.6
Attributable PAT			2.3	6.2
% of Group PAT			1.1%	2.6%
in AS$m				
Revenue	137.7	156.3	164.1	169.0
OP	(10.4)	16.1	17.2	17.9
Interest costs			(9.9)	(8.3)
PBT			7.3	9.7
PAT			5.1	6.8
OP margin	-7.6%	10.3%	10.5%	10.6%
Acqusition cost in A$'m			165	165
Interest rate			6%	5%
AUDSGD	0.96	0.89	0.92	0.92

Source: Company, DBS Bank Ltd estimates

CMAC acquisition expected to contribute +2.9% to FY25F earnings on an annualized basis considering 100% debt funding at 5% interest rate

in S$m	2022	2023	2024F	2025F
Attributable rev		255.3	227.0	281.5
Attributable PAT			4.7	7.1
% of Group PAT			2.1%	2.9%
in GBP'm				
Revenue	72.0	152.9	157.5	162.2
OP	(1.4)	7.6	9.4	9.9
Interest costs			(4.8)	(4.0)
PBT			4.6	5.9
PAT			3.2	4.1
OP margin	-1.9%	5.0%	6.0%	6.1%
Acqusition cost in GBP'm			80.2	80.2
Interest rate			6%	5%
GBPSGD	1.70	1.67	1.73	1.74

Source: Company, DBS Bank Ltd estimates

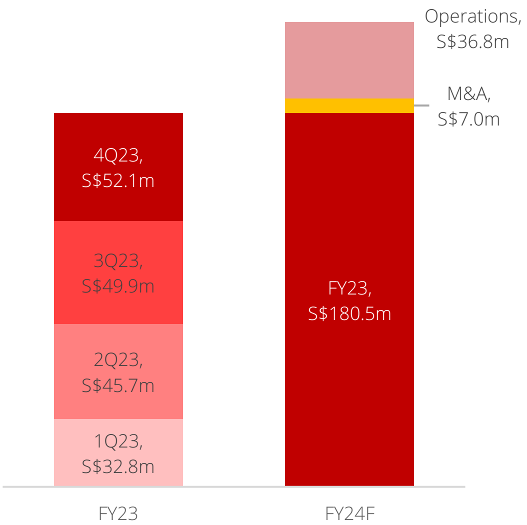
How are we confident in our consensus forecast?

Our FY24F earnings projection of S$224m is 7.7% above the consensus of S$208m. We believe our estimate is achievable based on the following:

1) **Reasonable earnings uplift of S$9m:** We can safely assume the company is able to achieve a FY24B (base case) of S$208m, derived from annualising 4Q23 earnings. Stripping out the S$7m incremental contribution from the two acquisitions, we assume a reasonable earnings uplift of S$9m, driven largely by a 2% higher booking commission, a 7% public transport fare increase, and continued a turnaround in UK public transport.

2) **UK public transport operating margin upside surprise:** We believe we have been conservative in our UK public transport operating margin recovery, having factored in margin recovery to a 3% level in FY24F, conservative given that it is below the typical 6-9% pre-COVID range and contracts have been renewed at a 10%+ margin. An earlier-than-expected recovery to the 5% margin could contribute an additional S$13m additional earnings uplift to our FY24F estimates.

Our FY24F estimates are reasonable, with a 16% contribution to overall growth from M&A and remaining 84% from operational growth, while still leaving room for upside surprise



Source: Company, DBS Bank Ltd estimates

What are the key events to watch out for in the upcoming year?

<u>1Q24</u>

UK Greater Manchester bus packages: We believe these new bus packages – if secured – would come at attractive operating margins of 5-10% given more sensible bidding environments in the UK.

<u>2Q24</u>

Gojek integration with Zig platform: Platform integration would allow drivers to receive bookings from commuters using both Gojek and Zig platforms. This will improve the stream of job flow for drivers and position the platforms to better compete with Grab.

LTA review of P2P industry structure and regulatory framework: We believe we would receive updates with the formal timelines of recently-announced changes to taxi lifespan and lower inspection frequency for newer taxis amongst others.

<u>4Q24</u>

Seletar bus package: SBS Transit won the previous contract, which will end in Mar '25. Based on the bids for the Jurong West and Bukit Merah bus packages, we believe the winning bid would remain around S$480m over the next five years (similar to the previous contract value) and the winning operator would likely be a toss-up between SBS Transit and SMRT.

Jurong Regional & Cross Island Line: These rail networks will be awarded on a gross cost model basis for the initial years, with the government bearing the revenue risk until ridership ramps up to a more sustainable level. We believe SMRT and SBS Transit will likely secure one line each to ensure that the local operator landscape remains competitive.

Results commentaries

FY23 posted another year of strong recovery (net profit +26.7% y-o-y excluding a one-off S$30.5m Alperton asset disposal gain) on strong growth in its Taxi & Private Hire segment. ComfortDelGro Group (CDG) reported its FY23 results with revenue and net profit up 2.6% and 4.3% (factoring in Alperton asset disposal gain) y-o-y to S$3.9bn and S$180.5m respectively.

4Q23 revenue and operating profit up 4.5% and 81.9% y-o-y respectively. Top-line growth was largely driven by UK Public Transport given the kicking in of indexation and renewal of contracts at higher rates. On operating profit, a significant increase was driven by (i) the low base from UK Public Transport business, which recorded a S$18m one-off bus driver back pay deal charge, (ii) reduction of taxi rebates in China on re-opening recovery, and (iii) improved profitability of local Singapore Taxi & Private Hire segment with the introduction of platform fees (effective Jul '22).

Final dividend of 3.76 Scts declared, bringing total FY23 dividend to 6.66 Scts. While the company did not declare any special dividend for FY23, it increased its overall dividend payout ratio to 80%. On an ordinary dividend basis, the FY23 total dividend of 6.66 Scts represents a 44.5% increase compared to 4.61 Scts in FY22.

Segmental commentaries

Public Transport: Revenue saw a 2.5% y-o-y increase, largely on UK public transport recovery on indexation and contract renewal. Operating profit – excluding Alperton disposal gains – was down 4.5% y-o-y. This was attributable to higher fuel and electricity costs at Singapore Public Transport business and lower margins for renewed Australian bus contracts, offset slightly by UK public transport recovery.

Taxi & Private Hire: Revenue saw a 3.6% y-o-y increase, largely coming from introduction of S$0.70 platform fee and higher booking commissions. The above-mentioned factors, coupled with lower rental discount, contributed to a 59% y-o-y increase in operating profit.

Other Private Transport/Inspection & Testing Services/Other segments: Revenue and operating profits for these segments remain relatively stable y-o-y.

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.

Interim Income Statement (S$m)

FY Dec	2H2022	1H2023	2H2023	% chg y-o-y	% chg h-o-h
Revenue	1,938	1,862	2,018	4.2	8.4
Other Oper. (Exp)/Inc	(1,839)	(1,747)	(1,863)	1.3	6.7
Operating Profit	99	115	155	56.6	34.2
Other Non Opg (Exp)/Inc	11	15	15	29.5	(2.7)
Associates & JV Inc	0	1	1	66.7	(44.4)
Net Interest (Exp)/Inc	(8)	(9)	(14)	(61.9)	(46.2)
Exceptional Gain/(Loss)	0	2	0	-	nm
Pre-tax Profit	102	124	156	53.2	26.4
Tax	(19)	(24)	(31)	63.0	32.1
Minority Interest	(25)	(22)	(23)	8.0	7.0
Net Profit	58	79	102	76.5	29.9
Net profit bef Except.	58	77	102	76.5	33.0
EBITDA	290	312	354	21.9	13.4
Margins (%)					
Opg Profit Margins	5.1	6.2	7.7		
Net Profit Margins	3.0	4.2	5.1		

Source of all data: Company, DBS Bank Ltd

Historical PE and PB band

Forward PE band (x)

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

PB band (x)

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

Key Assumptions

FY Dec	2021A	2022A	2023A	2024F	2025F
SGP avg taxi fleet (#)	9,300	8,789	8,786	8,800	8,800
App bookings (in m)	-	27.9	27.2	28.0	28.6
App bookings (in m)	3.00	3.00	3.00	7.00	7.00

Segmental Breakdown

FY Dec	2021A	2022A	2023A	2024F	2025F
Revenues (S$m)					
Public Transport	2,787	2,887	2,959	3,153	3,226
Taxi & Private Hire	426	555	575	725	825
Other Private Transport	174	150	144	374	385
Inspection & Testing	101	106	110	113	116
Others	90.3	83.9	93.0	95.8	98.7
Total	3,503	3,781	3,880	4,461	4,651
EBIT (S$m)					
Public Transport	131	163	120	142	160
Taxi & Private Hire	18.5	66.9	107	144	160
Other Private Transport	10.7	(5.4)	(1.6)	15.1	18.7
Inspection & Testing	30.6	32.6	33.0	34.0	35.0
Others	19.5	12.8	13.6	13.7	14.2
Total	210	270	272	349	389
EBIT Margins (%)					
Public Transport	4.7	5.7	4.1	4.5	5.0
Taxi & Private Hire	4.3	12.1	18.6	19.9	19.4
Other Private Transport	6.1	(3.6)	(1.1)	4.0	4.8
Inspection & Testing	30.3	30.8	30.1	30.1	30.1
Others	21.6	15.3	14.6	14.3	14.3
Total	6.0	7.1	7.0	7.8	8.4

Income Statement (S$m)

FY Dec	2021A	2022A	2023A	2024F	2025F
Revenue	3,503	3,781	3,880	4,461	4,651
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	3,503	3,781	3,880	4,461	4,651
Other Opng (Exp)/Inc	(3,303)	(3,511)	(3,608)	(4,112)	(4,262)
Operating Profit	200	270	272	349	389
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.10	0.80	1.40	1.40	1.40
Net Interest (Exp)/Inc	(5.2)	1.90	6.50	(5.6)	(5.8)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	195	273	280	345	384
Tax	(41.8)	(54.2)	(55.0)	(65.6)	(73.0)
Minority Interest	(29.9)	(45.4)	(44.5)	(55.3)	(61.6)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	123	173	181	224	250
Net Profit before Except.	123	173	181	224	250
EBITDA	576	628	638	770	827
Growth					
Revenue Gth (%)	8.5	7.9	2.6	15.0	4.2
EBITDA Gth (%)	(2.0)	9.0	1.5	20.8	7.4
Opg Profit Gth (%)	62.3	35.1	0.8	28.4	11.2
Net Profit Gth (Pre-ex) (%)	99.0	40.7	4.3	24.3	11.3
Margins & Ratio					
Gross Margins (%)	100.0	100.0	100.0	100.0	100.0
Opg Profit Margin (%)	5.7	7.1	7.0	7.8	8.4
Net Profit Margin (%)	3.5	4.6	4.7	5.0	5.4
ROAE (%)	4.6	6.6	7.0	8.5	9.2
ROA (%)	2.4	3.6	3.8	4.5	4.7
ROCE (%)	3.7	5.6	5.9	7.2	7.5
Div Payout Ratio (%)	74.0	106.2	80.0	78.5	78.9
Net Interest Cover (x)	38.4	NM	NM	62.7	66.8

Source: Company, DBS Bank Ltd

Interim Income Statement (S$m)

FY Dec	2H2021	1H2022	2H2022	1H2023	2H2023
Revenue	1,760	1,843	1,938	1,862	2,018
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	1,760	1,843	1,938	1,862	2,018
Other Oper. (Exp)/Inc	(1,693)	(1,711)	(1,839)	(1,747)	(1,863)
Operating Profit	66.9	132	98.9	115	155
Other Non Opg (Exp)/Inc	(3.2)	4.00	11.2	14.9	14.5
Associates & JV Inc	0.10	0.50	0.30	0.90	0.50
Net Interest (Exp)/Inc	0.70	(4.9)	(8.4)	(9.3)	(13.6)
Exceptional Gain/(Loss)	(1.7)	38.9	0.0	1.80	0.0
Pre-tax Profit	62.8	171	102	124	156
Tax	(17.5)	(35.0)	(19.2)	(23.7)	(31.3)
Minority Interest	(13.3)	(20.4)	(25.0)	(21.5)	(23.0)
Net Profit	32.0	115	57.8	78.5	102
Net profit bef Except.	33.7	76.4	57.8	76.7	102
EBITDA	260	314	290	312	354
Growth					
Revenue Gth (%)	1.0	4.7	5.1	(3.9)	8.4
EBITDA Gth (%)	(24.1)	21.1	(7.7)	7.5	13.4
Opg Profit Gth (%)	(49.7)	97.6	(25.2)	16.7	34.2
Net Profit Gth (%)	(64.8)	260.3	(49.9)	35.8	29.9
Margins					
Gross Margins (%)	100.0	100.0	100.0	100.0	100.0
Opg Profit Margins (%)	3.8	7.2	5.1	6.2	7.7
Net Profit Margins (%)	1.8	6.3	3.0	4.2	5.1

Balance Sheet (S$m)

FY Dec	2021A	2022A	2023A	2024F	2025F
Net Fixed Assets	2,431	2,038	2,012	2,043	2,056
Invts in Associates & JVs	0.80	7.40	10.8	12.2	13.6
Other LT Assets	935	1,010	1,053	1,338	1,338
Cash	919	967	857	980	1,114
ST Investment	0.0	0.0	0.0	0.0	0.0
Inventory	117	120	142	163	170
Debtors	537	550	533	612	638
Net Intangibles Assets	867	816	823	1,108	1,108
Other Current Assets	15.4	7.60	82.8	82.8	82.8
Total Assets	4,955	4,701	4,690	5,230	5,412
ST Debt	23.9	26.8	115	115	115
Creditor	776	832	807	928	968
Other Current Liab	191	182	169	168	176
LT Debt	317	265	235	520	520
Other LT Liabilities	512	395	349	349	349
Shareholder's Equity	2,707	2,569	2,598	2,678	2,751
Minority Interests	430	431	416	472	533
Total Cap. & Liab.	4,955	4,701	4,690	5,230	5,412
Non-Cash Wkg. Capital	(297)	(336)	(219)	(239)	(252)
Net Cash/(Debt)	578	675	507	344	479
Debtors Turn (avg days)	55.8	52.5	50.9	46.8	49.1
Creditors Turn (avg days)	90.5	93.0	92.2	85.8	90.5
Inventory Turn (avg days)	15.3	13.7	14.7	15.1	15.9
Asset Turnover (x)	0.7	0.8	0.8	0.9	0.9
Current Ratio (x)	1.6	1.6	1.5	1.5	1.6
Quick Ratio (x)	1.5	1.5	1.3	1.3	1.4
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	57.0	76.1	92.3	70.8	70.8

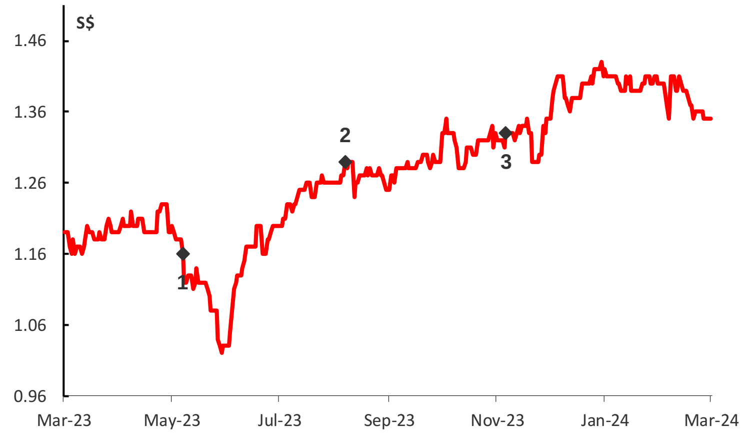
Source: Company, DBS Bank Ltd

Cash Flow Statement (S$m)

FY Dec	2021A	2022A	2023A	2024F	2025F
Pre-Tax Profit	195	273	280	345	384
Dep. & Amort.	376	357	364	419	437
Tax Paid	(64.7)	(64.4)	(65.6)	(66.0)	(65.6)
Assoc. & JV Inc/(loss)	(0.1)	(0.8)	(1.4)	(1.4)	(1.4)
Chg in Wkg.Cap.	75.0	59.0	(126)	19.9	6.50
Other Operating CF	79.7	(21.4)	(2.6)	0.0	0.0
Net Operating CF	661	602	449	717	761
Capital Exp.(net)	(194)	(222)	(323)	(450)	(450)
Other Invts.(net)	(2.2)	(2.1)	(13.4)	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	(7.3)	(26.6)	6.30	(285)	0.0
Net Investing CF	(204)	(251)	(331)	(735)	(450)
Div Paid	(76.5)	(138)	(154)	(144)	(176)
Chg in Gross Debt	(144)	(50.1)	47.8	285	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(66.8)	(86.8)	(118)	0.0	0.0
Net Financing CF	(287)	(275)	(224)	141	(176)
Currency Adjustments	6.40	(28.7)	(4.6)	0.0	0.0
Chg in Cash	176	47.9	(110)	123	135
Opg CFPS (S cts)	27.0	25.1	26.5	32.1	34.8
Free CFPS (S cts)	21.5	17.5	5.80	12.3	14.3

Source: Company, DBS Bank Ltd

Target Price & Ratings 12-mth History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	16 May 23	1.16	1.62	BUY
2:	16 Aug 23	1.29	1.65	BUY
3:	15 Nov 23	1.33	1.67	BUY

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

Source: DBS Bank Ltd

Analysts: Zheng Feng CHEE

Andy SIM, CFA

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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: 11 Mar 2024 17:03:22 (SGT)
Dissemination Date: 11 Mar 2024 17:50:20 (SGT)

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