

A MESSAGE FROM THE CHAIRMAN



**TWENTY YEARS AGO,
A GEM OF AN IDEA
WAS HATCHED OVER A MEAL.**

THE INTENT WAS TO MERGE TWO VERY SIMILAR TRANSPORT COMPANIES TO ACHIEVE GREATER ECONOMIES OF SCALE AND SECURE A HIGHER CHANCE OF SURVIVAL IN THE INCREASINGLY GLOBAL COMPETITIVE ENVIRONMENT. IT WAS A SIMPLE YET FAIRLY RADICAL IDEA THEN, WITH SOME QUARTERS QUESTIONING WHETHER IT WAS THE RIGHT ONE - THE PROVERBIAL "DON'T FIX IT IF IT AIN'T BROKE" THEORY I GUESS.

A MESSAGE FROM THE CHAIRMAN

Two decades on, I believe we have proven the naysayers resoundingly wrong. In fact, I am convinced that if Comfort Group and DelGro Corporation had remained as two separate entities, competing against each other in the local and global sphere, their very survival might have already been called into question.

For sure, the land transport industry has been pummelled by shockwave after shockwave in the last few years. From disruption in the taxi industry with the arrival of ride-hailing apps, to the growing trend amongst scheduled bus regulators to award contracts based on tenders, the changes have been seismic. Add to that the onslaught of a global pandemic and the challenges might well have been too great for a smaller company to endure.

But, sheer size alone is not enough to guarantee survival and growth in this day and age. ComfortDelGro has had to transform itself to meet the changing demands from consumers and investors alike.

Transportation is no longer just about moving people from point to point. It has also gone beyond the experience of the journey itself. Today, the mobility experience begins well before the actual trip starts, and ends well after the final drop off. A lot of the mobility experience begins with the phone, which has become the single most ubiquitous device on earth. Mobile apps are now the most important tools with which transport companies arm themselves with as they wage war against each other. Apps that are easy to navigate, offer users a slew of innovative services in a single platform will most certainly triumph over those that don't.

What all this means is that transport companies have to innovate and invest – in a big and brave way – in new technology. Buying the newest, most comfortable and fuel-efficient vehicle is no longer enough. We now have to invest in app development centres, recruit data mining and data analyst specialists, and hone our marketing skills, whilst looking at the latest offerings from vehicle manufacturers. We have to invest in the future - now. In other words, we have to future-proof ourselves.

This is something we have been doing for a while now. The digital age has made it imperative that we look at technology not just as an enabler, but as a driver. Indeed, the unexpected arrival of the COVID-19 pandemic in early-2020 made it even more imperative that we enhance our agility, speed and data-driven decision-making processes. Technology is now a key driver for the business and over the last three years (2019-2022), we have invested S\$320 million in modernising our digital infrastructure, enterprise and business applications and enhancing cyber-security. This is close to double what we spent in the same period before that (2016-2019). We have also set up a US\$100 million venture capital fund and made several investments in promising start-ups with capabilities in mobility technologies and solutions. This will complement our business whilst providing us with new strategic capabilities.

Even as we have invested extensively in the hardware, we have certainly not forgotten the "software" – our people. Without them, ComfortDelGro will not exist.

TRANSPORTATION IS NO LONGER JUST ABOUT MOVING PEOPLE FROM POINT TO POINT. IT HAS ALSO GONE BEYOND THE EXPERIENCE OF THE JOURNEY ITSELF.

Our people remain at the very heart of our business and form the foundation of our existence. To ensure that we continue to strengthen this core pillar, we have spared no expense in training and retraining our employees, building up the spirit of cohesiveness and encouraging innovative and creative thinking.

As part of our evolution, we have also made significant inroads in the area of sustainability. Extreme weather events caused by climate change, high-profile sustainability-related events such as the 26th United Nations Climate Change Conference of the Parties, the launch of the Singapore Green Plan 2030 and the ongoing pandemic, have raised the public's awareness of climate change and social and corporate governance (ESG) issues. This has brought many new opportunities and risks for countries and businesses.

For example, in March 2021, the Group committed S\$50 million in clean energy technology and research as part of a larger push towards upping its overall sustainability quotient. Significantly, the Group has also committed to the Science Based Targets initiative and is on track to reduce its greenhouse gas emissions by approximately 65% by 2032. To this end, we have invested heavily in newer and cleaner vehicles.

Certainly, we have always kept at the forefront of technology where our fleet is concerned. In the last 20 years, the composition of our fleet has evolved significantly, from a purely diesel one to a decidedly cleaner and greener one. Today, our global fleet of buses, taxis, private-hire and medical vehicles run on

environmentally friendly fuel combinations like electric/diesel hybrids, electric, hydrogen and compressed natural gas (CNG).

With the increased availability of electric charging facilities in many of the geographies we operate in, we have accelerated the roll-out of electric vehicles (EVs). This has thus enabled us to advance our efforts in the sustainability arena. EVs emit significantly less CO₂ emissions compared to petrol, CNG and diesel cars.

But even as we look back at 20 years of evolution, we must ensure that we are prepared to take on the challenges of the future. To this end, we have started delving into the intriguing world of the autonomous vehicle (AV). In early-2022, we established a S\$30 million AV Centre of Excellence which will focus on the research and development of AV-related capabilities over the next five years. With it, we will be able to develop a technology platform to support the delivery of mobility services using AVs, with a view of deploying them commercially.

To further broaden our base, we have also expanded beyond passenger transport services into the logistics field. Thus far, we have established a small foothold in the fast growth logistics industry in China with a fleet of 40 trucks to deliver concrete to private and government projects in Guangzhou and Chaozhou in Southern China. We also lease out prime movers in Singapore as part of our rental and leasing business. With these, we intend to further explore logistics-related investment opportunities which will not only

leverage on our core capabilities in transportation, but also provide a new area of growth.

With populations ageing faster than they are renewing, we have also made inroads into the medical transport industry and intend to explore ways we can further grow this business by building an ecosystem of medical testing, transportation and care-matching.

Certainly, the road thus far has been challenging but very rewarding. As we look ahead into the next 20, 40 and even 100 years, it is my hope that this book will serve as a useful reference for those interested not just in the history of ComfortDelGro, but the evolution of the land transport industry in general. But above all, I hope that the next generations of the ComfortDelGro family will find inspiration in these pages and continue to grow the business with that strong DNA that has brought us to where we are today, with pride and conviction. Always.



LIM JIT POH
CHAIRMAN
ComfortDelGro Corporation
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