

# COMFORT DELGRO



## **FY2019 Financial Results Presentation**

**14<sup>th</sup> February 2020**

# Contents

- Review of Financial Results
- Business Outlook



# REVIEW OF FINANCIAL RESULTS

## Financial summary – FY2019 vs FY2018

	FY2019	FY2018	Fav/(Adv)
Revenue (\$'m)	3,905.7	3,805.2	100.5 / 2.6%
Op Costs (\$'m)	(3,489.9)	(3,366.4)	(123.5) / (3.7%)
Op Profit (\$'m)	415.8	438.8	(23.0) / (5.2%)
<i>OP Profit Margin (%)</i>	<i>10.6%</i>	<i>11.5%</i>	
PAT (\$'m)	318.2	358.8	(40.6) / (11.3%)
PATMI (\$'m)	265.1	303.3	(38.2) / (12.6%)

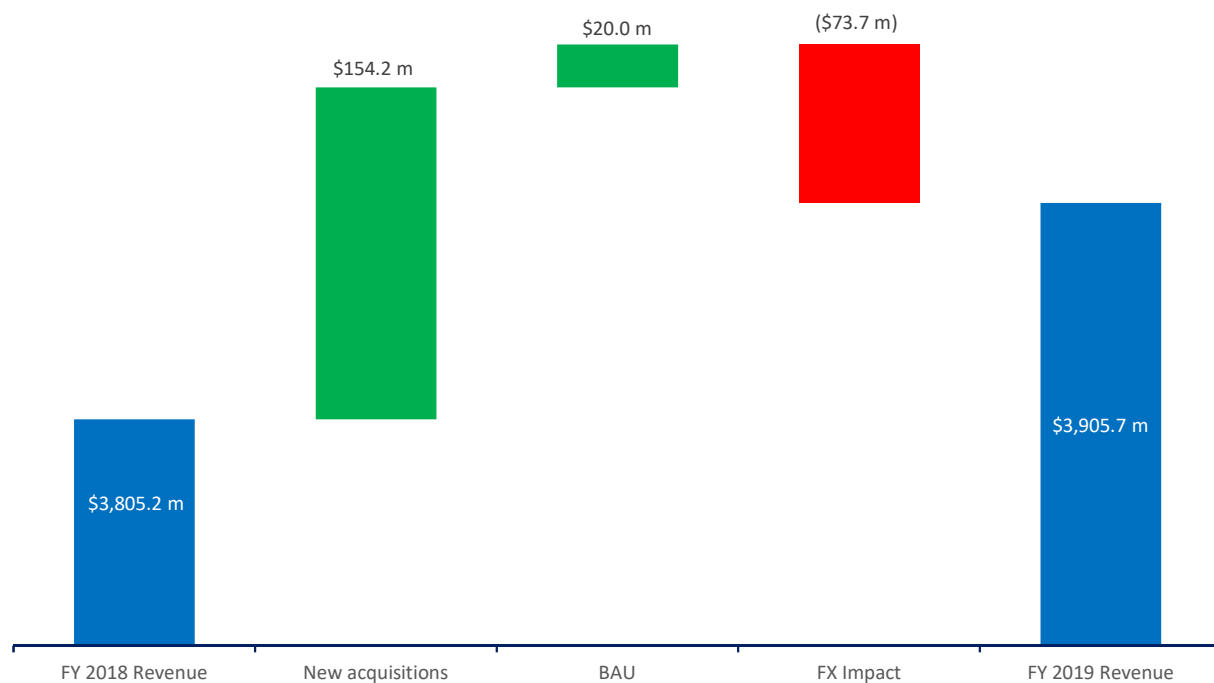
- Revenue ↑\$100.5m - public transport services in SG and AU ↑\$168.1m, taxi and automotive engineering services ↓(\$73.3m)
- Operating costs ↑(\$123.5m) - public transport cost pressures ↑(\$160.3m), smaller taxi fleet ↓\$32.7m
- Operating profit ↓(\$23.0m) - as a result of the above
- PAT ↓(\$38.2m) - lower operating profit, increased finance costs from external borrowings and higher income tax expense from overseas operations

## Adjusted Operating Profit

	FY2019	FY2018	Fav/(Adv)
Op Profit (\$'m)	415.8	438.8	(23.0) / (5.2%)
Adjustments (\$'m)	27.3 <sup>1</sup>	(7.7) <sup>2</sup>	35.0 / NM
Adjusted Op Profit (\$'m)	443.1	431.1	12.0 / 2.8%

1. Taxi business impairment provisions
2. Income from surrender of lease

# Revenue Increased by \$100.5m or 2.6%



## Increase in Revenue from :

New Acquisitions	<b>\$154.2m</b>
FX Impact	<u><b>(\$12.0m)</b></u>
	<b>\$142.2m</b>

BAU	<b>\$20.0m</b>
FX Impact	<u><b>(\$61.7m)</b></u>
	<b>(\$41.7m)</b>

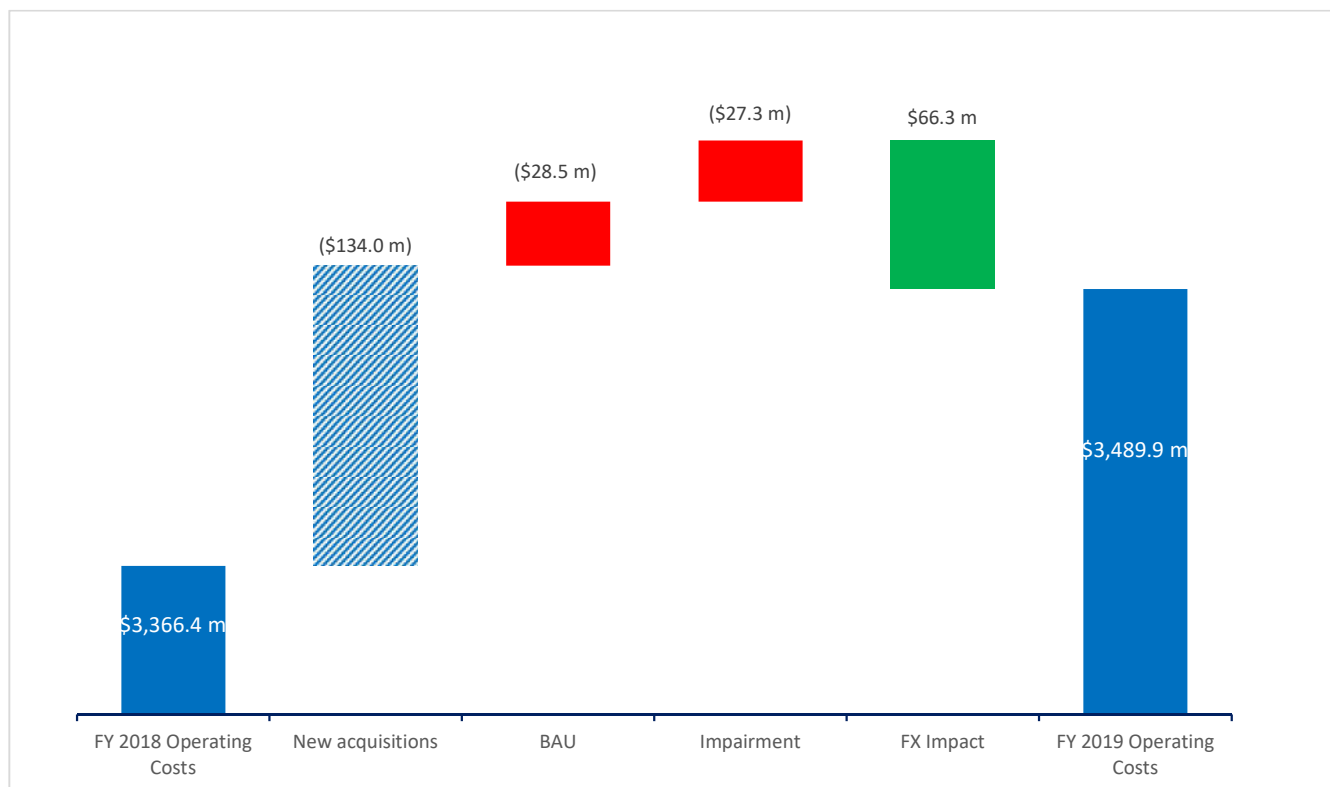
Net increase **\$100.5m**

## Forex Impact

AUD	<b>(\$39.3m)</b>
GBP	<b>(\$28.2m)</b>
RMB	<b>(\$5.1m)</b>
EUR	<u><b>(\$1.1m)</b></u>
	<u><u><b>(\$73.7m)</b></u></u>

- New acquisitions revenue increased – mainly AU public transport services acquired in FY2018 made full year contribution in FY2019
- BAU revenues increased - SG public transport stronger; offset by lower SG taxi revenues after rental rebates and competition from Private Hire Vehicles (“PHV”)

## Operating Costs Increase by (\$123.5m) or (3.7%)



### Increase in Operating Costs from :

New Acquisitions	<b>(\$134.0m)</b>
FX Impact	<b>\$10.1m</b>
	<b>(\$123.9m)</b>

BAU	<b>(\$28.5m)</b>
Impairment	<b>(\$27.3m)</b>
FX Impact	<b>\$56.2m</b>
	<b>\$0.4m</b>

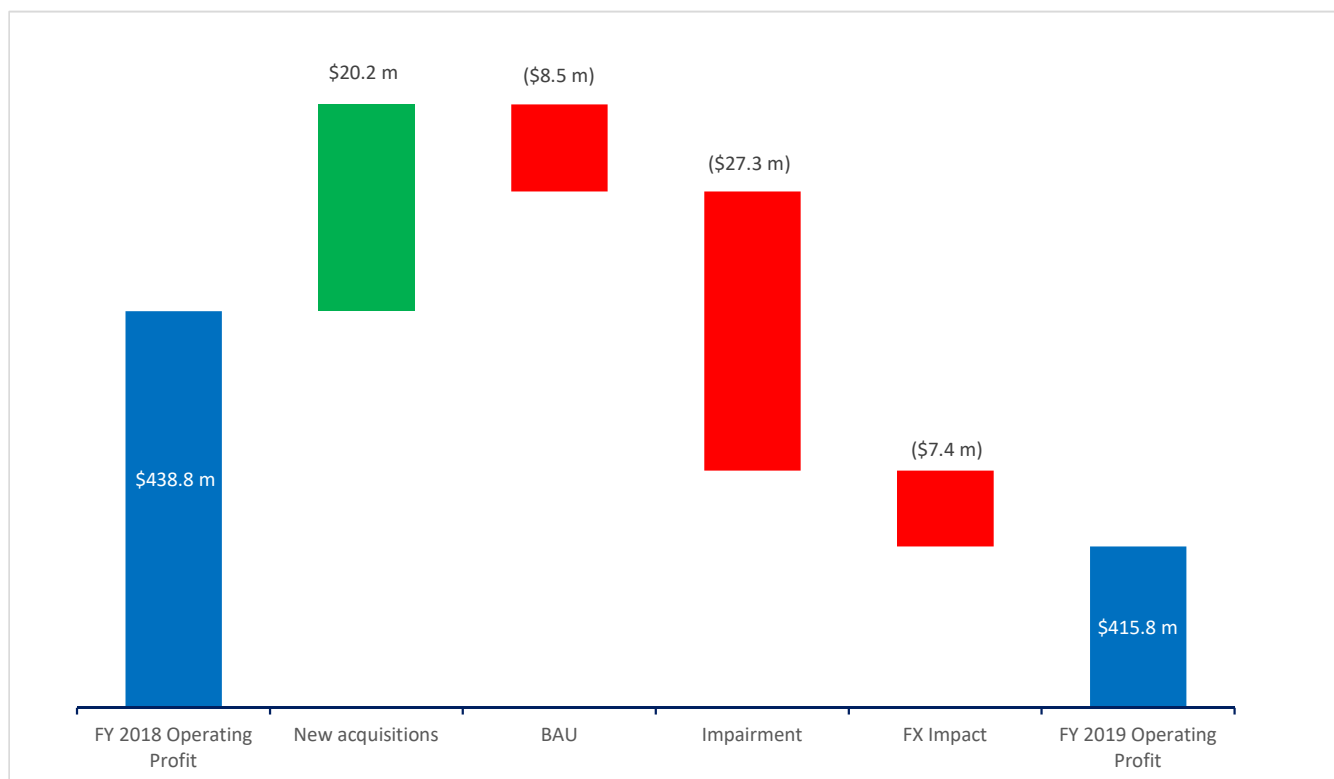
Net increase **(\$123.5m)**

### Forex Impact

AUD	<b>\$34.5m</b>
GBP	<b>\$26.9m</b>
RMB	<b>\$4.0m</b>
EUR	<b>\$0.9m</b>
	<b>\$66.3m</b>

- New acquisitions operating costs – mainly AU public transport services acquired in FY2018 made full year contribution in FY2019
- BAU operating costs increased - SG public transport services R&M and higher licence fee

# Operating Profit Decreased by (\$23.0m) or (5.2%)



- New acquisitions operating profit increase - AU public transport services acquisitions
- BAU operating profit reduced - higher operating costs

## Increase in Operating Profit from :

New Acquisitions	<b>\$20.2m</b>
FX Impact	<b>(\$1.9m)</b>
	<b><u>\$18.3m</u></b>

BAU	<b>(\$8.5m)</b>
Impairment	<b>(\$27.3m)</b>
FX Impact	<b>(\$5.5m)</b>
	<b><u>(\$41.3m)</u></b>

Net decrease **(\$23.0m)**

## Forex Impact

AUD	<b>(\$4.8m)</b>
RMB	<b>(\$1.3m)</b>
GBP	<b>(\$1.1m)</b>
EUR	<b>(\$0.2m)</b>
	<b><u>(\$7.4m)</u></b>



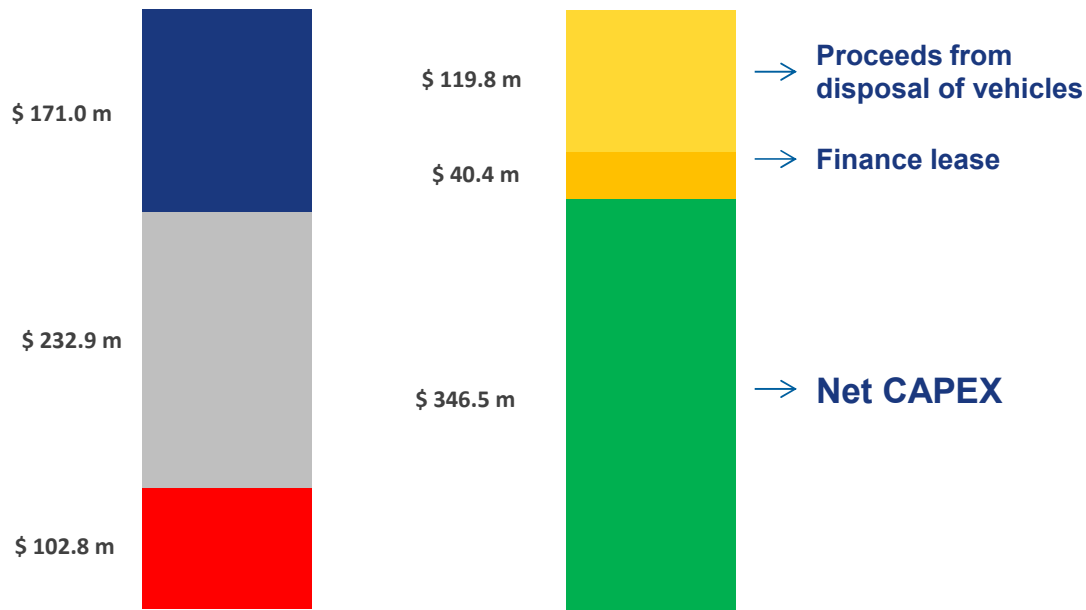
## Financial Position Remains Strong

	Dec 19	Dec 18	Fav/(Adv)
Cash and short-term deposits	\$594.2m	\$586.1m	\$8.1m / 1.4%
Borrowings + finance leases	(\$634.2m)	(\$569.9m)	(\$64.3m) / (11.3%)
Net (Debt) / Cash	(\$40.0m)	\$16.2m	(\$56.2m) / NM
Gross Gearing	21.1%	18.8%	2.3% points
Net Gearing	1.3%	N/A	1.3% points

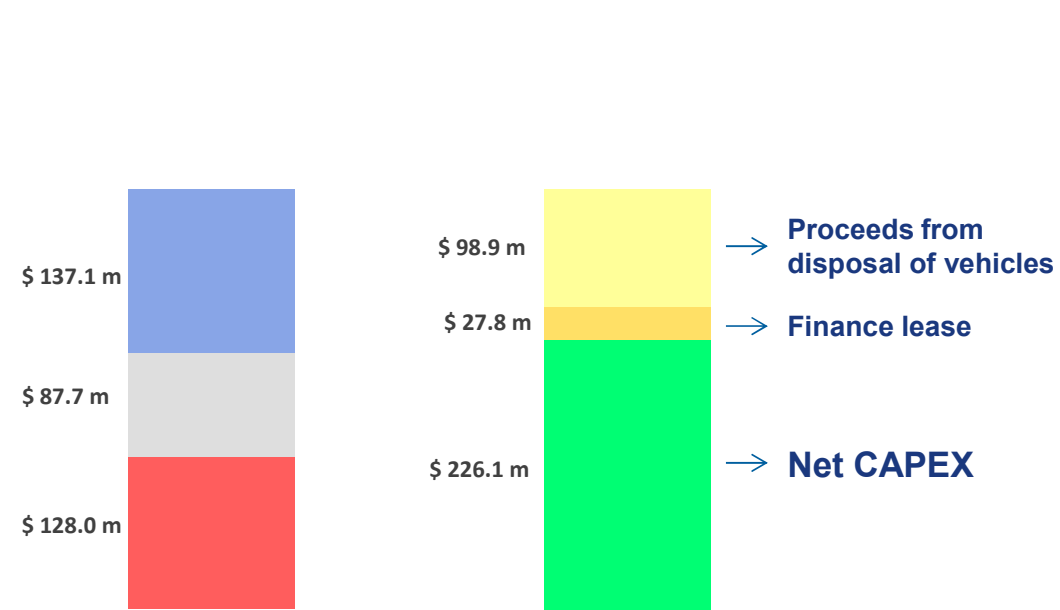
- Cash and short-term deposits balances remained stable
- Borrowings and finance leases (excluding SFRS(I) 16 Leases) increased due to UK CAPEX and AU M&A
- Negligible net gearing

# CAPEX

**FY2019**  
\$506.7m



**FY2018**  
\$352.8m



■ Buses    
 ■ Taxis    
 ■ Other vehicles, equipment and buildings

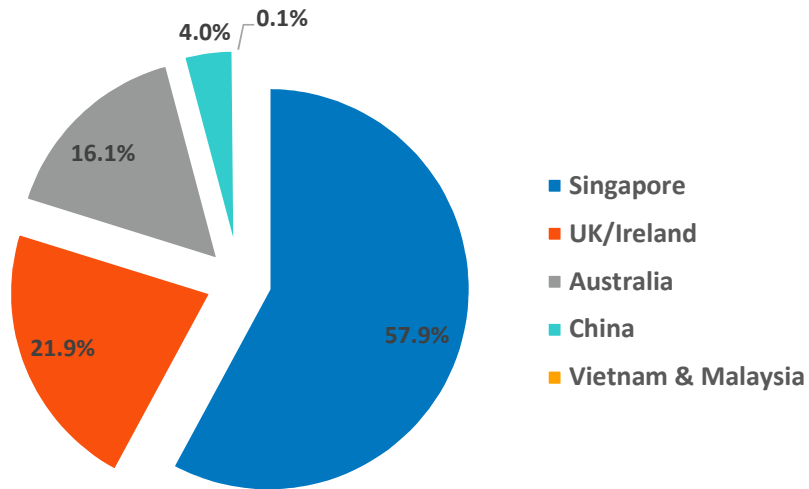
- Taxi – SG taxi fleet renewal and replacement with hybrid vehicles programme continued
- Buses – purchase of hybrid bus fleet in AU and UK fleet replacement

# Cash Generation

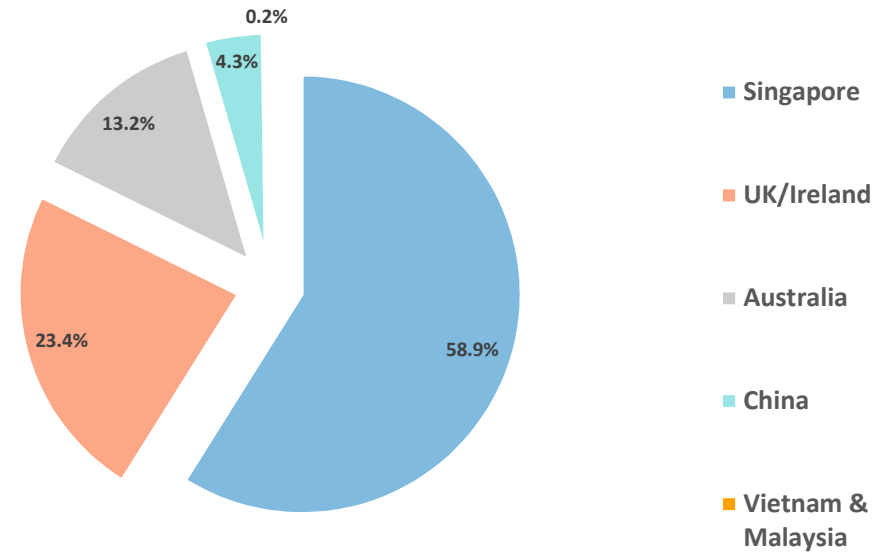
	FY2019 (\$'m)	
<b>Cash from Operating Activities</b>		<b>704.8</b>
<u>Utilisation of Cash:</u>		
Net CAPEX	(346.5)	
Dividends	(274.3)	
Tax	(89.5)	
Others	(17.7)	
<b>Total Utilisation of Cash</b>		<b>(728.0)</b>
<b>Net increase in Borrowings</b>		<b>31.3</b>
<b>Net Cash Inflow</b>		<b>8.1</b>

# Revenue by Geographical Region

FY2019 Revenue by Geographical Region



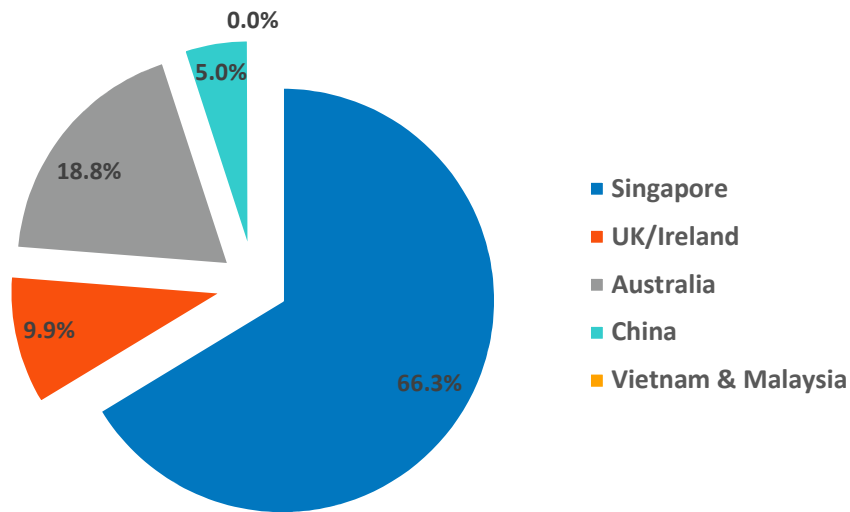
FY2018 Revenue by Geographical Region



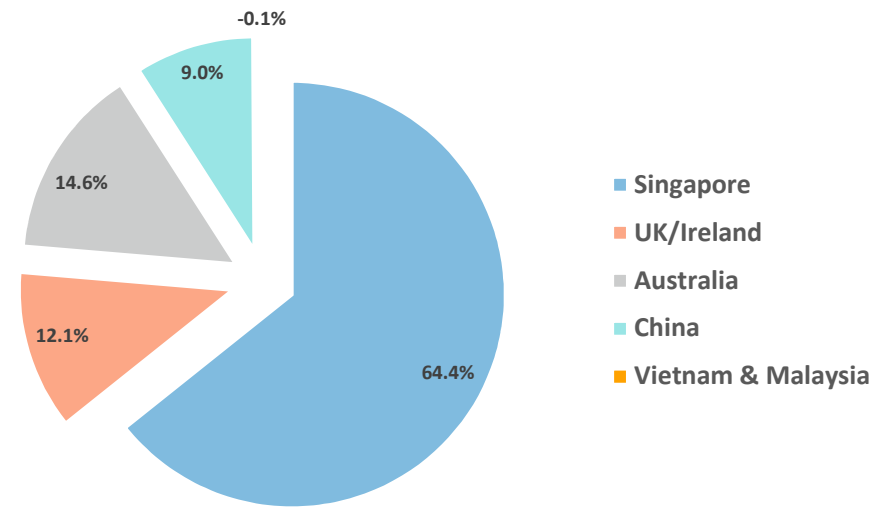
- FY2019 overseas revenue contribution of 42.1% (FY2018 : 41.1%)

# Operating Profit by Region

FY2019 Operating Profit by Geographical Region



FY2018 Operating Profit by Geographical Region



- FY2019 overseas operating profit contribution of 33.7% (FY2018 : 35.6%)

# Summary

- AU FY2018 acquisitions made full year contribution in FY2019
- SG public transportation services cost pressures, expected to continue
- Taxi business disrupted and impaired
- FX uncertainties
  - US / China – Only Phase 1 of trade agreement signed
  - Brexit – UK / EU trade agreements discussions to commence in 2020
- Cash generation and financial position strong, solid balance sheet

# BUSINESS OUTLOOK

# Business Outlook

- The 2019 novel coronavirus outbreak in Wuhan, China in December 2019 (“COVID-19”) quickly spread internationally despite efforts to contain it. How the outbreak will turn out is currently unclear and a prolonged outbreak is anticipated. COVID-19 and measures to fight it will result in the economic slowdown of affected countries. Our taxi, public transport and transport related businesses are witnessing lower ridership and volumes as we face significant operational challenges.
- Notwithstanding the current uncertainties, the Group maintains its long term focus on the mobility strategy and continues to transform and build capabilities.



**THANK YOU**

# Appendix – Group Income Statement

	Group		Incr / (Decr) %
	FY2019 \$'m	FY2018 \$'m	
<b>Revenue</b>	3,905.7	3,805.2	2.6
Staff costs	1,726.2	1,656.1	4.2
Depreciation and amortisation*	453.0	393.2	15.2
Fuel and electricity costs	303.8	295.5	2.8
Repairs and maintenance costs	304.8	286.9	6.2
Contract services	171.3	168.3	1.8
Materials and consumables costs	122.6	131.6	(6.8)
Insurance premiums and accident claims	94.5	96.9	(2.5)
Road tax and licence fees	94.5	100.6	(6.1)
Premises costs*	76.0	103.3	(26.4)
Advertising production and promotion costs*	23.4	23.5	(0.4)
Utilities and communication costs	21.2	20.9	1.4
Other operating costs*	98.6	89.6	10.0
<b>Total Operating Costs</b>	<b>3,489.9</b>	<b>3,366.4</b>	<b>3.7</b>
<b>Operating Profit</b>	<b>415.8</b>	<b>438.8</b>	<b>(5.2)</b>
Net Income from Investments	12.0	11.9	0.8
Finance Costs*	(21.2)	(11.4)	86.0
<b>Profit before Taxation</b>	<b>406.6</b>	<b>439.3</b>	<b>(7.4)</b>
Taxation	(88.4)	(80.5)	9.8
<b>Profit after Taxation</b>	<b>318.2</b>	<b>358.8</b>	<b>(11.3)</b>
Attributable to :			
<b>Shareholders of the Company</b>	<b>265.1</b>	<b>303.3</b>	<b>(12.6)</b>
Non-Controlling Interests	53.1	55.5	(4.3)
	<b>318.2</b>	<b>358.8</b>	<b>(11.3)</b>

\* Incorporates the effect of adoption of SFRS(I) 16 Leases from 1 January 2019

# Appendix – Group Statement of Financial Position

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$'m	\$'m	\$'m	\$'m
<b>ASSETS</b>				
<b>Current assets</b>				
Short-term deposits and bank balances	594.2	586.1	159.7	159.9
Trade receivables	318.7	275.4	-	-
Other receivables and prepayments	255.5	277.0	15.8	32.3
Inventories	150.7	138.7	-	-
<b>Total current assets</b>	<b>1,319.1</b>	<b>1,277.2</b>	<b>175.5</b>	<b>192.2</b>
<b>Non-current assets</b>				
Subsidiaries	-	-	1,230.7	1,230.7
Associates	0.7	0.9	-	-
Investments	24.4	29.6	12.7	19.0
Other receivables and prepayments	4.0	6.2	351.1	338.1
Grant receivables	280.3	212.8	-	-
Vehicles, premises and equipment	2,706.1	2,691.3	3.2	5.1
Right-of-use assets*	173.6	-	5.3	-
Taxi licences and rights under contract	204.5	218.9	-	-
Goodwill	644.2	677.5	-	-
Deferred tax assets	22.1	22.3	-	-
<b>Total non-current assets</b>	<b>4,059.9</b>	<b>3,859.5</b>	<b>1,603.0</b>	<b>1,592.9</b>
<b>Total assets</b>	<b>5,379.0</b>	<b>5,136.7</b>	<b>1,778.5</b>	<b>1,785.1</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	198.8	71.1	-	5.8
Lease liabilities from financial institutions	28.2	19.3	-	-
Lease liabilities*	27.6	-	4.0	-
Trade and other payables	670.3	691.0	167.9	169.0
Deferred grants	27.6	91.4	-	-
Fuel price equalisation account	20.0	20.0	-	-
Provision for accident claims	51.6	52.0	-	-
Income tax payable	91.7	64.5	0.9	0.3
<b>Total current liabilities</b>	<b>1,115.8</b>	<b>1,009.3</b>	<b>172.8</b>	<b>175.1</b>
<b>Non-current liabilities</b>				
Borrowings	331.3	414.1	331.3	338.0
Lease liabilities from financial institutions	75.9	65.4	-	-
Lease liabilities*	176.1	-	30.5	-
Deferred grants	364.9	271.1	-	-
Other liabilities	75.9	80.3	0.1	0.1
Fuel price equalisation account	20.0	20.0	-	-
Deferred tax liabilities	210.1	249.4	1.3	1.3
<b>Total non-current liabilities</b>	<b>1,254.2</b>	<b>1,100.3</b>	<b>363.2</b>	<b>339.4</b>
<b>Total liabilities</b>	<b>2,370.0</b>	<b>2,109.6</b>	<b>536.0</b>	<b>514.5</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	692.2	691.1	692.2	691.1
Other reserves	64.5	80.9	(38.0)	(32.0)
Foreign currency translation reserve	(93.6)	(81.5)	-	-
Accumulated profits *	1,931.9	1,923.1	588.3	611.5
<b>Equity attributable to shareholders of the Company</b>	<b>2,595.0</b>	<b>2,613.6</b>	<b>1,242.5</b>	<b>1,270.6</b>
Non-controlling interests	414.0	413.5	-	-
<b>Total equity</b>	<b>3,009.0</b>	<b>3,027.1</b>	<b>1,242.5</b>	<b>1,270.6</b>
<b>Total liabilities and equity</b>	<b>5,379.0</b>	<b>5,136.7</b>	<b>1,778.5</b>	<b>1,785.1</b>