

8 October 2025

Industrials | Road & Rail

ComfortDelGro (CD SP)

Buy (Maintained)

SBS Transit's Loss Of Bus Package Is Not Material; BUY

Target Price (Return): SGD1.75 (+19%)
 Price (Market Cap): SGD1.47 (USD2,463m)
 ESG score: 3.4 (out of 4)
 Avg Daily Turnover (SGD/USD) 22.4m/17.4m

- **Keep BUY and SGD1.75 TP, 19% upside.** While SBS Transit's (SBUS SP, NR) loss of the Tampines Bus Package poses a small earnings drag for ComfortDelGro, we see limited structural impact. CD's long-term investment case remains underpinned by an upcoming seasonally strong 3Q, improving UK public transport margins, and stable Singapore point-to-point (P2P) revenue. Its balance sheet strength and capacity to pursue new contracts or M&A further support growth visibility. A mid-teens earnings CAGR and above-market FY26F yield of 6.4% reinforce our positive stance on the stock.

- **Loss of Tampines Bus Package.** SBS Transit, CD's Singapore bus subsidiary, will hand over the Tampines Bus Package to Go-Ahead Singapore (GAS) from Jul 2026, following the Land Transport Authority's (LTA) award of a SGD646m 5-year contract (with an optional two-five-year extension) to GAS. LTA, in its late Sep 2025 announcement, stated that the outcome was determined through a quality-weighted evaluation, with greater emphasis placed on operational quality, particularly electric-bus operations and maintenance capability, and overall cost savings vs the existing negotiated contract, even though the winning tender price was not the lowest. Under the new contract, GAS will begin operations at the new East Coast Integrated Depot, and manage Tampines Bus Interchange, Tampines Concourse Bus Interchange, Tampines North Bus Interchange and Changi Business Park Bus Terminal.

- **Limited earnings impact.** Based on EBIT margin assumptions of 5-7%, we estimate that the loss of the Tampines Bus Package would result in an annualised post tax earnings reduction of SGD5-7m for SBUS. As the handover takes effect in Jul 2026, the impact on that year's earnings will be roughly half of this amount. Given CD's c.74% stake in SBUS, the corresponding impact on CD's consolidated earnings is estimated at 0.7-0.9% for 2026F and 1.1-1.6% for 2027F. We maintain our earnings forecasts, as we expect SBUS to recover part of the shortfall through operational efficiencies and productivity gains in 2027. Moreover, CD's overseas bus operations, where it continues to bid for and renew contracts, are likely to more than offset the modest earnings impact in Singapore.

- **ESG premium.** Our TP includes a 6% ESG premium based on CD's ESG score of 3.4, which is above the country median.

Analyst

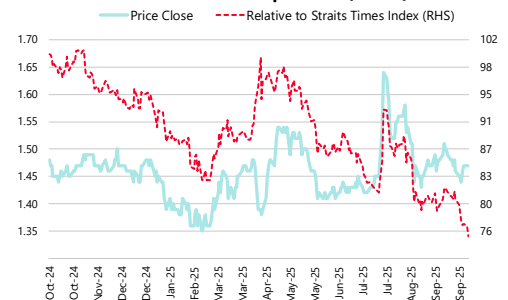
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(0.7)	0.0	2.8	5.8	(0.7)
Relative	(18.8)	(3.8)	(8.1)	(20.5)	(25.0)
52-wk Price low/high (SGD)				1.35	1.64

ComfortDelGro Corporation (CD SP)



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (SGDm)	3,880	4,477	4,823	5,121	5,402
Recurring net profit (SGDm)	181	211	246	290	342
Recurring net profit growth (%)	4.3	16.6	16.9	17.8	18.1
Recurring P/E (x)	17.65	15.14	12.94	10.99	9.31
P/B (x)	1.2	1.2	1.2	1.1	1.1
P/CF (x)	7.09	5.82	6.39	3.47	3.70
Dividend Yield (%)	4.5	5.3	5.8	6.4	7.0
EV/EBITDA (x)	4.87	5.46	5.19	4.52	4.02
Return on average equity (%)	7.0	8.1	9.2	10.4	11.8
Net debt to equity (%)	net cash	5.3	18.7	10.1	4.1

Source: Company data, RHB

Overall ESG Score: 3.4 (out of 4)

E Score: 3.0 (GOOD)

S Score: 3.7 (EXCELLENT)

G Score: 4.0 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis

In 2024, although ComfortDelGro's total Scope 1 and 2 GHG emissions were flat YoY, GHG emissions intensity declined by 13% YoY. CD aims to achieve a 54.6% reduction in absolute Scope 1 and Scope 2 GHG emissions from its operations by 2032. Similarly, it aims for a 61.2% reduction in absolute Scope 3 GHG emissions from fuel- and energy-related activities by 2032.

Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1	835,048	835,668	830,264	na
Scope 2	209,059	231,833	239,993	na
Scope 3	496,826	603,017	760,856	na
Total emissions	1,540,933	1,670,518	1,831,113	na

Source: Company data, RHB

Latest ESG-Related Developments

Globally, 76% of CD's total car fleet and 16% of its total bus fleet are cleaner energy vehicles. It aims to transition 90% of its global car fleet to cleaner energy vehicles by 2030 and 100% by 2040. Similarly, it plans to transition 50% of its global bus fleet to cleaner energy vehicles by 2030 and 100% by 2050.

CD's waste generated intensity reduced from 4.34 to 3.33 tonnes/SGDm revenue, and its water consumption intensity reduced from 0.380 to 0.313 megalitres/SGDm revenue.

CD continued to be included in the S&P Global Sustainability Yearbook 2024.

ESG Unbundled

Overall ESG Score: 3.4 (out of 4)

Last Updated: 24 June 2025

E Score: 3.0 (GOOD)

CD incorporated the creation of an energy-efficient transport system as one of its three key pillars of the sustainability framework. It set clear goals and targets for GHG emissions reduction, improvements in energy efficiency, the transition to green energy vehicles, and the use of renewable energy.

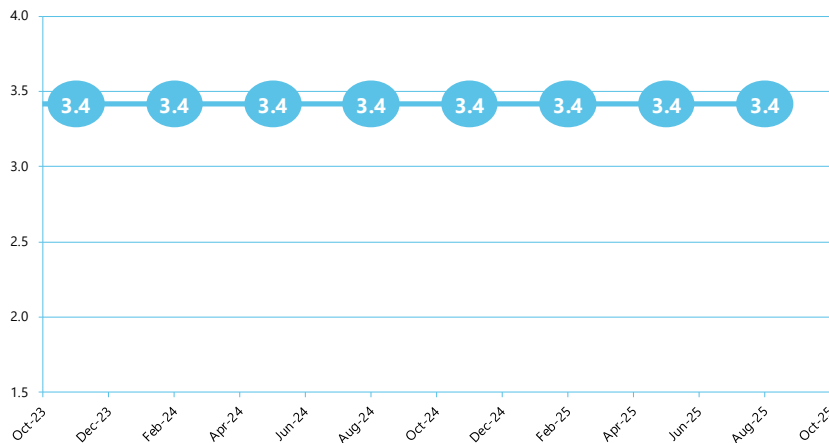
S Score: 3.7 (EXCELLENT)

CD is aiming to achieve zero workplace fatalities and workplace injury rates below the national averages in its operations. To ensure that its transport services are accessible to all, regardless of age or ability, CD has ensured that 100% of its public buses and trains are wheelchair-accessible.

G Score: 4.0 (EXCELLENT)

CD's board has 90% independent members. Reflecting on gender diversity, 30% of the board is made up of females, a minimum percentage that it intends to maintain. CD engages with governments and regulators on different levels to help shape public policy and regulations that support the land transport sector. ESG considerations have been integrated into senior management compensation, with ESG targets making up 25% of their annual balance score card performance and 20% of the longer-term employee share award scheme.

ESG Rating History



Source: RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-09-02	Buy	1.75	1.48
2025-06-24	Buy	1.75	1.43
2025-03-02	Buy	1.75	1.39
2024-10-28	Buy	1.70	1.46
2024-04-05	Buy	1.65	1.47
2024-03-05	Buy	1.65	1.36
2024-01-11	Buy	1.60	1.41
2023-11-15	Buy	1.50	1.33
2023-09-21	Buy	1.46	1.28
2023-08-24	Buy	1.40	1.27
2023-08-16	Buy	1.40	1.29
2023-06-30	Buy	1.35	1.16
2023-05-18	Buy	1.25	1.12
2023-03-15	Buy	1.40	1.18
2023-02-27	Buy	1.40	1.22

Source: RHB, Bloomberg

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