Media Release

COMFORTDELGRO

COMFORTDELGRO'S RESULTS FOR HALF-YEAR ENDED 30 JUNE 2020

- ***Revenue for the first six months fell 20.8% to $1.53 billion, battered by the global shutdown brought on by the COVID-19 outbreak.***
- ***Group operating profit plunged by 97.0% to $6.6 million.***
- ***The Group fell into the red with a half-year loss of $6.0 million, compared to a profit of $146.3 million in 2019. Without the Government reliefs which totalled $60.1 million, the Group would have recorded a net loss of $66.1 million.***

Singapore, 14 August 2020 – ComfortDelGro Corporation today announced its unaudited results for the half year ended 30 June 2020.

Highlights:

	1H2020 ($m)	1H2019 ($m)	% change
Revenue[1]	1,526.7	1,927.0	-20.8
Operating Profit	6.6	222.4	-97.0
Net Loss/Profit Attributable to Shareholders	-6.0	146.3	N.M.
EBITDA[2]	246.8	433.6	-43.1
EPS (Based on existing share capital) - cents	-0.28	6.76	N.M.

Note: All figures in Singapore dollars
N.M.: Not meaningful.

Backdrop

The release of our half year results comes amid a global pandemic, the likes of which few of us have ever seen. The impact on the Group, and the world in general, has been significant. As countries started going into lockdown, from as early as January in China, governments have been rolling out assistance packages.

[1] *Certain comparative figures have been reclassified to conform to current period's presentation.*
[2] *EBITA excludes impairment and gain/loss on disposal.*

In Singapore, for example, the Government has, to-date, announced four budgets (Unity, Resilience, Solidarity and Fortitude) totalling some $100 billion. Wage and income supplements, as well as corporate assistance, have been key features of these Budgets. ComfortDelGro's operations around the world – Singapore, Australia, the United Kingdom, China, Ireland, Vietnam and Malaysia – have been hard-hit by the ongoing pandemic. The greatest impact on the Group thus far has been in the area of public transport ridership and taxi demand as countries go into lockdown in a bid to stem the spread of COVID-19. Social distancing measures like travel restrictions and working-from-home have all resulted in a massive plunge in taxi and public transport demand.

Chairman Lim Jit Poh described the past six months as "catastrophic".

He said: "The first six months of 2020 have been nothing short of catastrophic. The global economy has gone into tailspin, with record numbers of businesses shuttering and unemployment rates soaring. The magnitude of destruction brought on by the COVID-19 pandemic is massive and the worst may not be over. ComfortDelGro has not been spared. At half-time, we have plunged into the red with a net loss of $6 million. If not for governmental reliefs, that loss would have been $66.1 million.

"Given the continued uncertainty in the global landscape, the Board has decided not to declare a half-time dividend. This is the first time we have done this and we feel it is the only prudent thing to do as we need to conserve cash. We will be reviewing the final dividend at the end of the financial year in accordance with our existing dividend policy.

"Amid this environment of change, we are reviewing our business models and accelerating our digitalisation programmes. These are exceptional times and we will need to make exceptional decisions," he said.

<u>Group</u>

Group Revenue for the first six months of 2020 fell by 20.8% or $400.3 million to $1.53 billion as the economies we operate in went into lockdown amidst the global COVID-19 pandemic. The decrease in the topline was due mainly to lower rail ridership and mileages for the public transport services business, the extension of rental relief/waiver schemes to taxi drivers, a smaller taxi fleet for the automotive engineering services business and full/partial closure of operations of other business segments during the lockdown period.

The impact of the global pandemic was felt from as early on as January 2020 in China, where the Group operates a variety of businesses including taxi, driver training and bus station services. By March 2020, the lockdowns were extended to other countries including Singapore, Australia and the United Kingdom.

The Group also faced additional challenges relating to supply chain and labour supply as countries restricted cross-border movements, coupled with increased costs from additional cleaning and disinfecting measures as well as PPE to protect our frontline staff and our passengers.

For the half year ended 30 June 2020, the Group incurred a net loss attributable to Shareholders of $6.0m, compared to a net profit of $146.3 million during the corresponding period last year. Without the Government reliefs which totalled $60.1 million, the Group would have recorded a net loss attributable to Shareholders of $66.1 million for the half year just ended.

Although impairment reviews are typically performed at year-end, Management has reviewed the carrying value of assets and goodwill for any indication of impairment as at the end of the first half in light of the current circumstances. Management has assessed the value of assets and goodwill against their book carrying value as at 30 June 2020 based on various metrics, including utilisation, market values and cashflows and concluded that provision for impairment at $30.8 million is adequate and reasonable and will next be reviewed at year-end.

ComfortDelGro Managing Director/Group CEO, Mr Yang Ban Seng, said: “Like many companies in the world, we were not spared from the onslaught brought on by the COVID-19 pandemic. As the cases surged globally, we had to work fast to ensure that our 20,000-odd staff worldwide, especially our many frontline workers, were properly equipped and protected to carry out their duties. And as economies went into lockdown, and work-from-home became the new norm, we explored all options to ensure that we continued to run our businesses without letting any of our staff go. We also extended rental rebates to our many taxi hirers in the various cites that we operate in to ensure that they could continue to put food on their tables. In Singapore, where we have a fleet of 10,000 taxis, we even waived taxi rentals fully as demand dwindled to practically zero.

“Being an operator of essential transport services, we looked at how best we could keep our buses, trains and taxis safe for our passengers in a global pandemic. Besides increasing cleaning and disinfecting schedules, we also started trialling acrylic barriers to protects drivers and passengers.

“As we enter the second half year, there are still many uncertainties with regards to the trajectory of the virus and by extension, global recovery. In view of that, we continue to stand prepared for any eventualities” he said.

<u>Financial Position</u>

The financial position of the Group as at 30 June 2020 remained strong. Total Equity decreased by $129.7 million to $2.9 billion as at 30 June 2020 due mainly to payment of final dividend for 2019. Total Assets decreased by $171.1 million to $5.2 billion while total liabilities decreased by $41.4 million to $2.3 billion as at 30 June 2020.

<u>Operations Review</u>

- Public Transport Services

Revenue from the Group’s Public Transport Services Business, which comprises bus and rail services, fell by 12.9% to $1.2 billion due mainly to lower rail ridership in Singapore during Circuit Breaker (CB) period partially offset by higher average fare arising from the fare increase effective 28 December 2019, lower service fees from lower fuel indexation and operated mileage in Singapore and lower mileage operated in the UK from fewer routes compared to the previous year. Vehicle and outdoor advertising was also severely affected by the plunge in global economic activity.

- Taxi

Revenue from the Group's Taxi Business plunged by 47.2% to $178.6 million for the first half-year due to a smaller operating fleet and various COVID-19 relief schemes extended to drivers including a full rental waiver during the CB period in Singapore and reduced taxi rental in China in response to COVID-19 lockdowns.

- Automotive and Engineering Services

Revenue from the Group's Automotive Engineering Services Business for the first six months of the year dropped by 36.0% to $82.1 million due mainly to a smaller Singapore taxi fleet and lower volumes from the partial suspension of operations during CB period.

- Inspection and Testing Services

Revenue from the Group's Inspection and Testing Services Business fell by 22.1% to $39.9 million due to lower business volumes during the CB period.

- Other Businesses

Revenue from the Group's Driving Centre Business fell by 34.0% to $15.5 million due to full closure of operations during CB period. Revenue from the Group's Car Rental and Leasing Business increased by 4.5% to $13.9 million due to larger fleet size, albeit at lower rental rates while revenue from the Group's Bus Station Business in China decreased by 41.9% to $6.8 million due to lower activity levels from travel restrictions in lockdown conditions.

Dividend

No interim dividend has been declared due to the first half loss and the ongoing uncertainty brought on by the global pandemic.

Commentary

The full economic impact of COVID-19 is still unfolding, the scale and duration of which remains uncertain. Activity levels are recovering slowly during the gradual and cautious reopening post Circuit Breaker period in Singapore and lockdowns in Australia and the UK. However, the resurgence of COVID-19 cases, as experienced in some cities in China and Australia recently, that resulted in reinstatement of lockdown measures is likely to recur until a vaccine is available. Governments have provided significant temporary relief for the near-term but the sustainability of such reliefs is uncertain. The future Global economy post-COVID-19 will be different arising from socio-economic factors such as work from home arrangements and changes to supply chain management. With the challenging outlook, revenues are expected to remain depressed and margins under pressure. The Group is monitoring the situation and adapting to the changing circumstances by ensuring its service levels are maintained while refining its internal cost structures and operational efficiencies. The safety and well-being of our staff and customers continue to be a key area of focus.

Notwithstanding the current uncertainties, with a strong balance sheet the Group remains committed to its long term mobility strategy and continues to transform and build its capabilities while looking for growth opportunities in overseas markets.

Background

ComfortDelGro is one of the world's largest land transport companies with a total fleet size of about 41,200 buses, taxis and rental vehicles. We also run 83km of light and heavy rail networks in Singapore. Our global operations span seven countries – Singapore, Australia, China, the United Kingdom, Ireland, Vietnam and Malaysia.