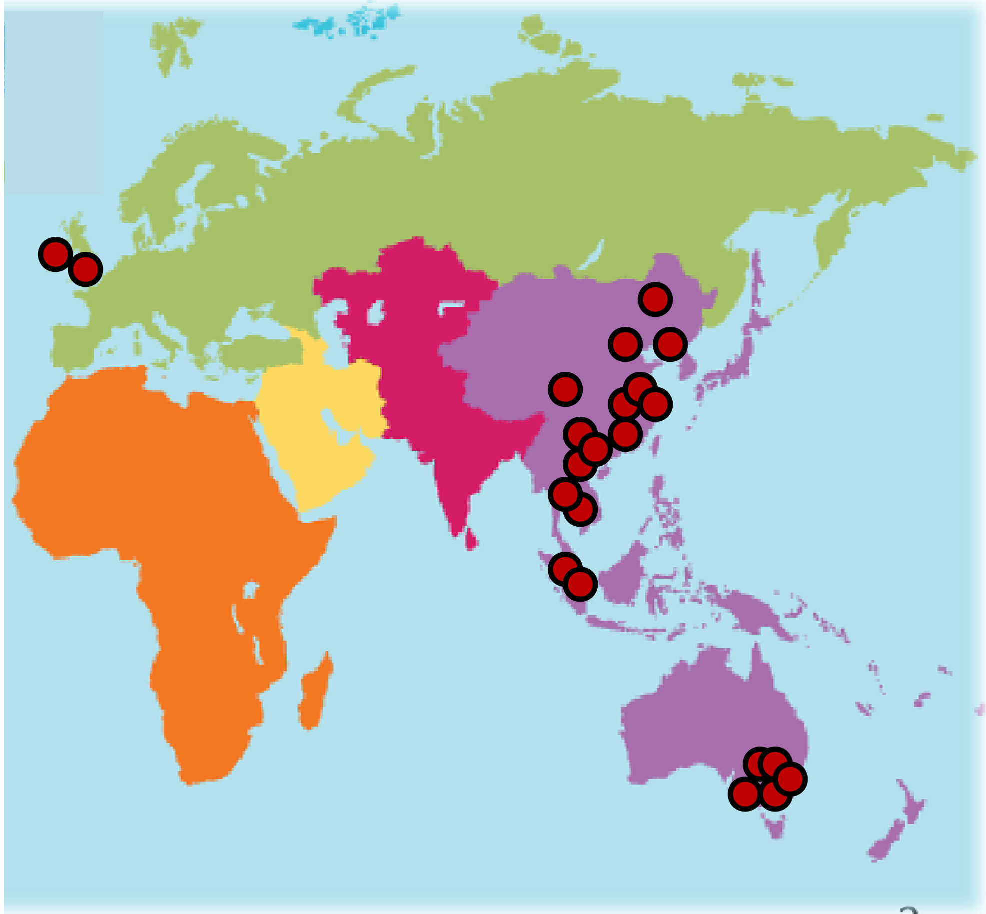
ComfortDelGro Corporation
CFA Global Investment Research Challenge

Crystal Research (Asia Pacific Region - Singapore)

April 2009

Corporate Profile

ComfortDelGro Corporation



Merger of Comfort Group & DelGro Corp in 2003

Conclusion

Domestic Earnings Depression Ahead

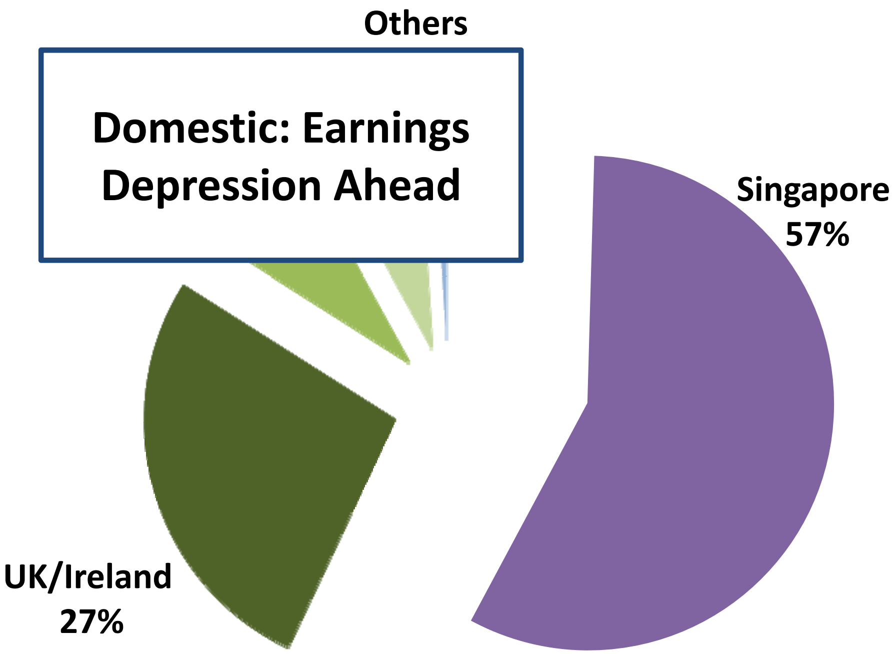
Momentum for International Growth Impeded

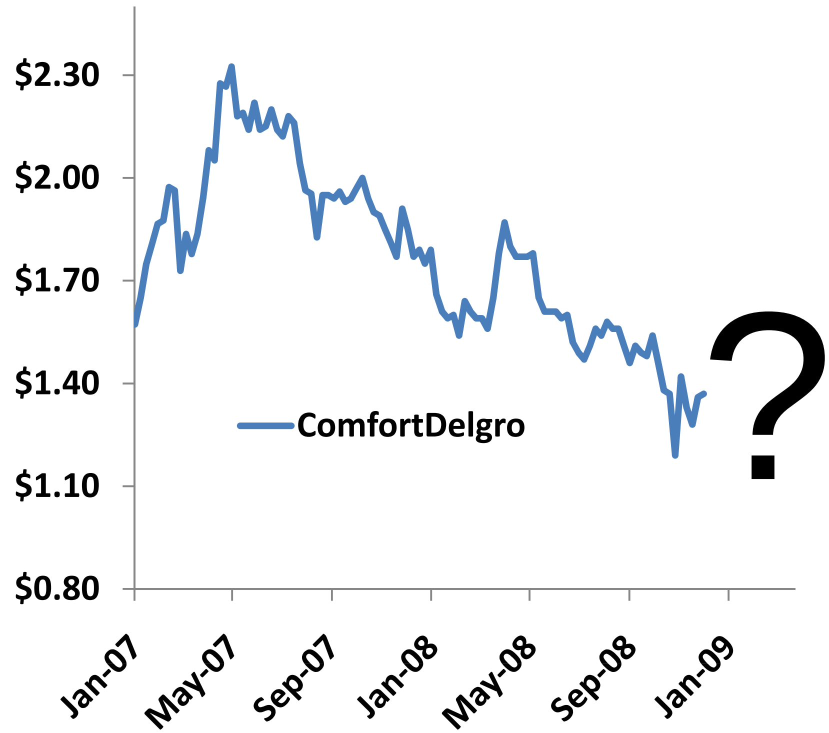
Expensive Valuation: Premium Unjustified

Dangers Lurking Beneath Commuter Cheers

- Three different valuation approaches suggest further downside of **18-25%** from current levels
- **SELL** reiterated
- Target price set at **$1.10** based on DCF – FCFF approach

Domestic: Earnings Depression Ahead

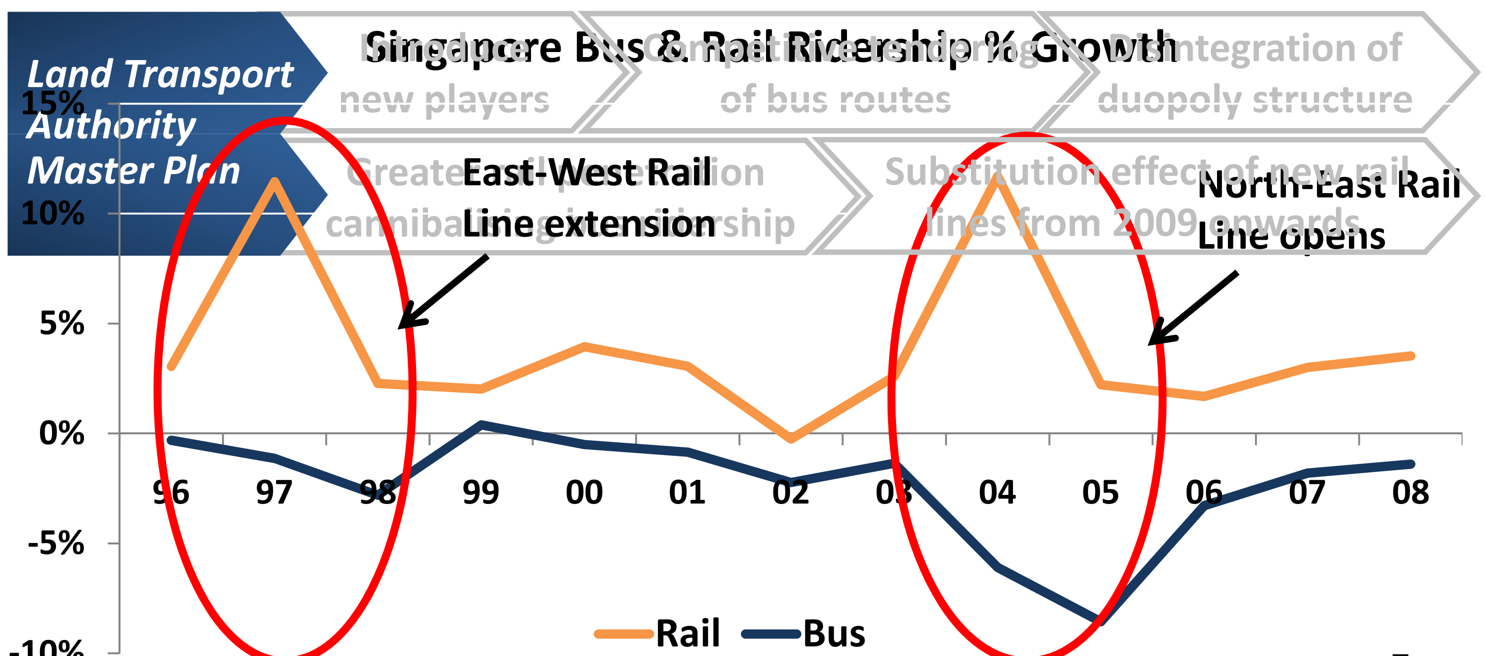




International: Impetus for Growth Hindered

Expensive Valuation: Premium Unjustified

Bus Revenue Facing Significant Headwinds



Source: Land Transport Authority (Singapore), Department of Statistics

Singapore Market Analysis

- Significant Headwinds in Bus Market
- **Erosion of Taxi Rental Margins**
- Immaterial Rail Contribution

Erosion of Margins from Taxi Rental

Falling demand during downturn → Highest taxi rental cost in industry → Comfort drivers leaving industry & switching operators → High idle rates in Comfort's large fleet

Source: Land Transport Authority(Singapore)

INTRODUCTION | **DOMESTIC OUTLOOK** | INTERNATIONAL STRATEGY | VALUATION | RISK REWARD ANALYSIS

Singapore Market Analysis

Significant Headwinds in Bus Market

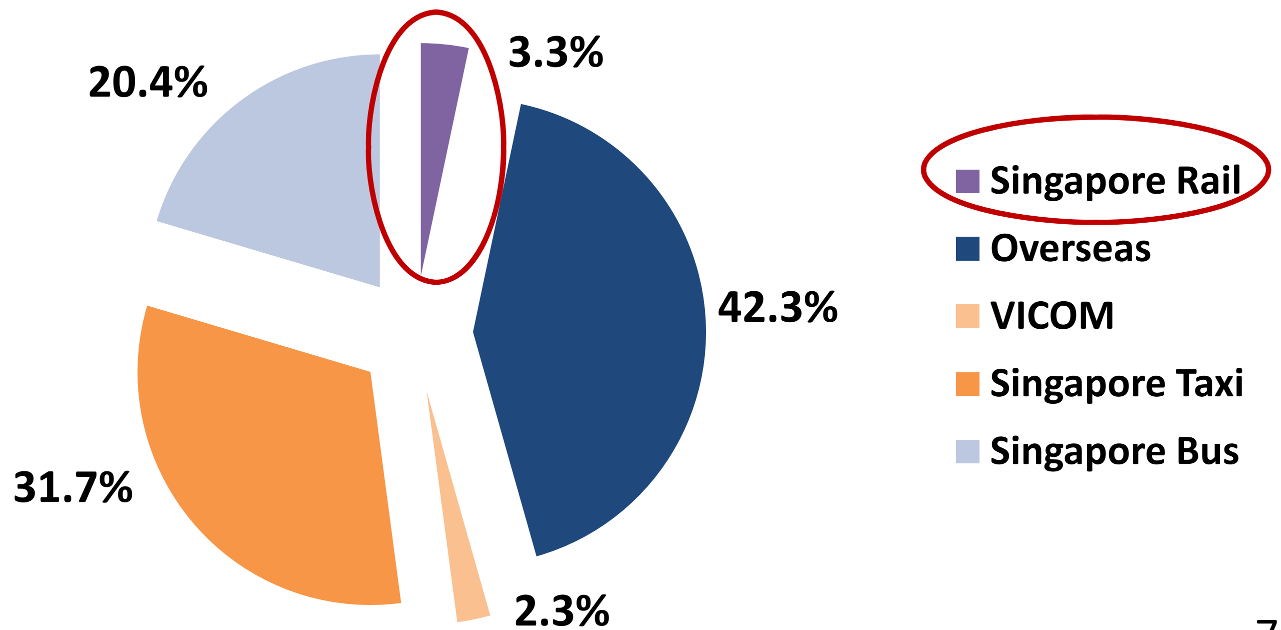
Erosion of Taxi Rental Margins

Immaterial Rail Contribution

North East Line (NEL) rail ridership saw 15% growth in 2008 → Housing projects to build critical mass along NEL → Boost if Comfort wins Downtown Line bid

Rail Revenue only 3.3% of Comfort's Total Revenue

Difficult to Project the Success of Downtown Line Bid



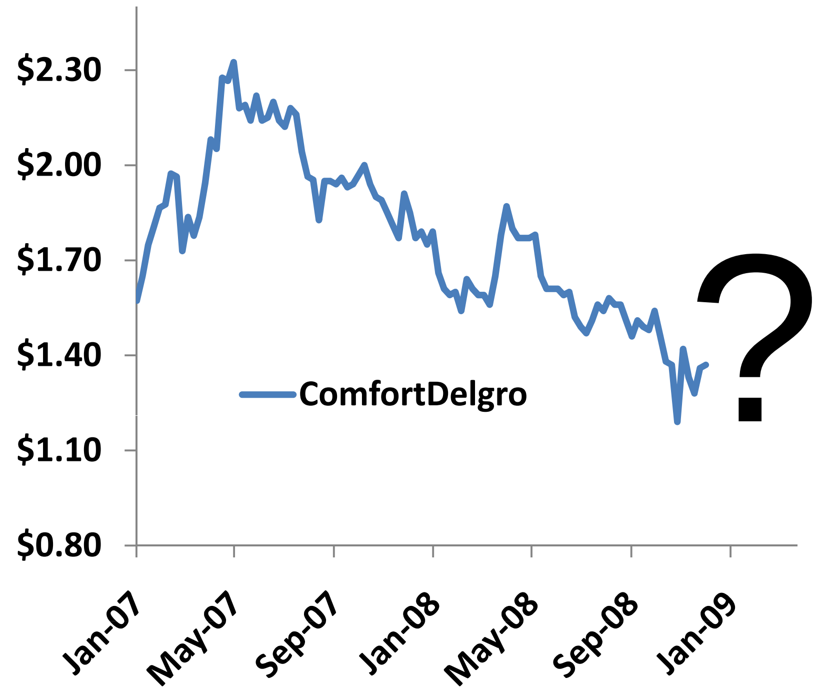
Source: Company data

Singapore (57%)

UK (27%)

Australia (7%)

China (8%)



Domestic: Earnings Depression Ahead

International: Impetus for Growth Hindered

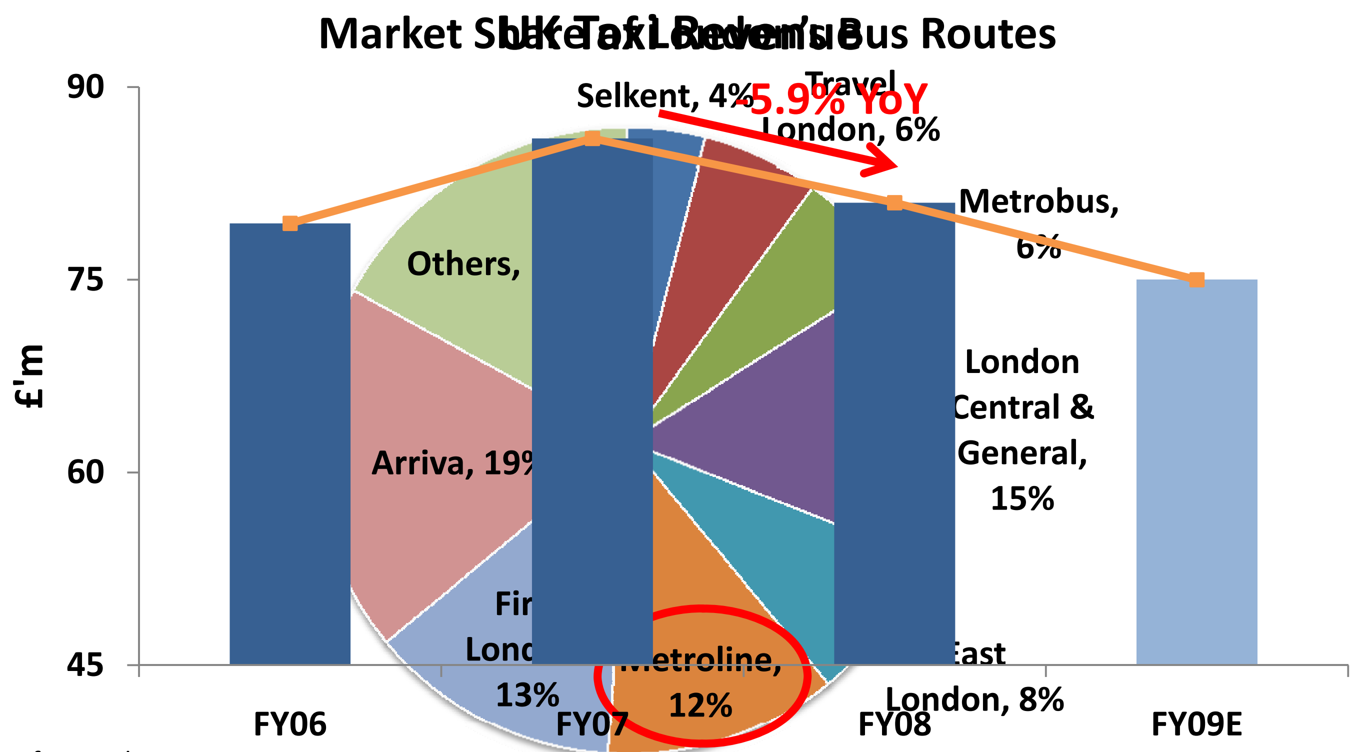
Expensive Valuation: Premium Unjustified

Overseas Market Analysis

- **UK Earnings Under Pressure**
- Inconsequential Positioning in Australia
- Heavy Regulation in China
- Acquisition Strategy Not Delivering

UK Business Faces Earnings Depression

UK bus market reached saturation point → Comfort will not benefit from increased bus ridership → Declining taxi ridership further depresses earnings



Source: Company data, Transport for London

INTRODUCTION | DOMESTIC OUTLOOK | **INTERNATIONAL STRATEGY** | VALUATION | RISK REWARD ANALYSIS

Overseas Market Analysis

Comfort's Inconsequential Positioning in Australia

- UK Earnings Under Pressure
- **Inconsequential Positioning in Australia**
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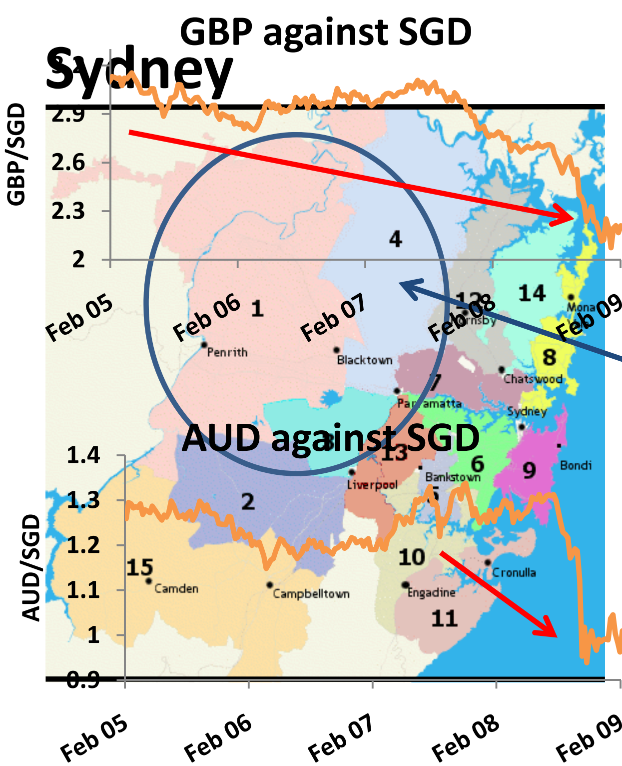
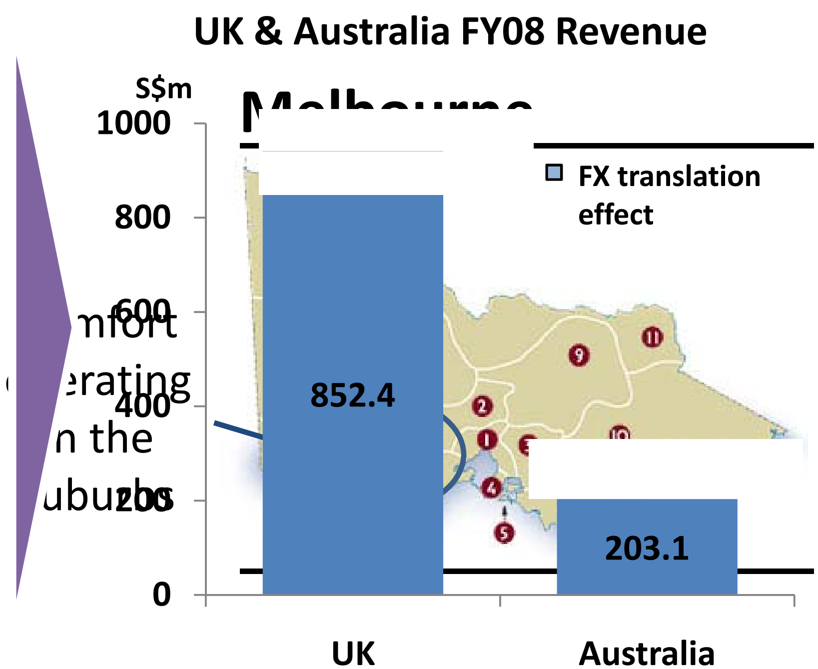
Comfort only operates buses in the suburbs → Only 25% of bus market privatised, minimal organic growth potential → Translation losses from UK and Australia





Source: Company Data, NSW Ministry of Transport

Overseas Market Analysis

- UK Earnings Under Pressure
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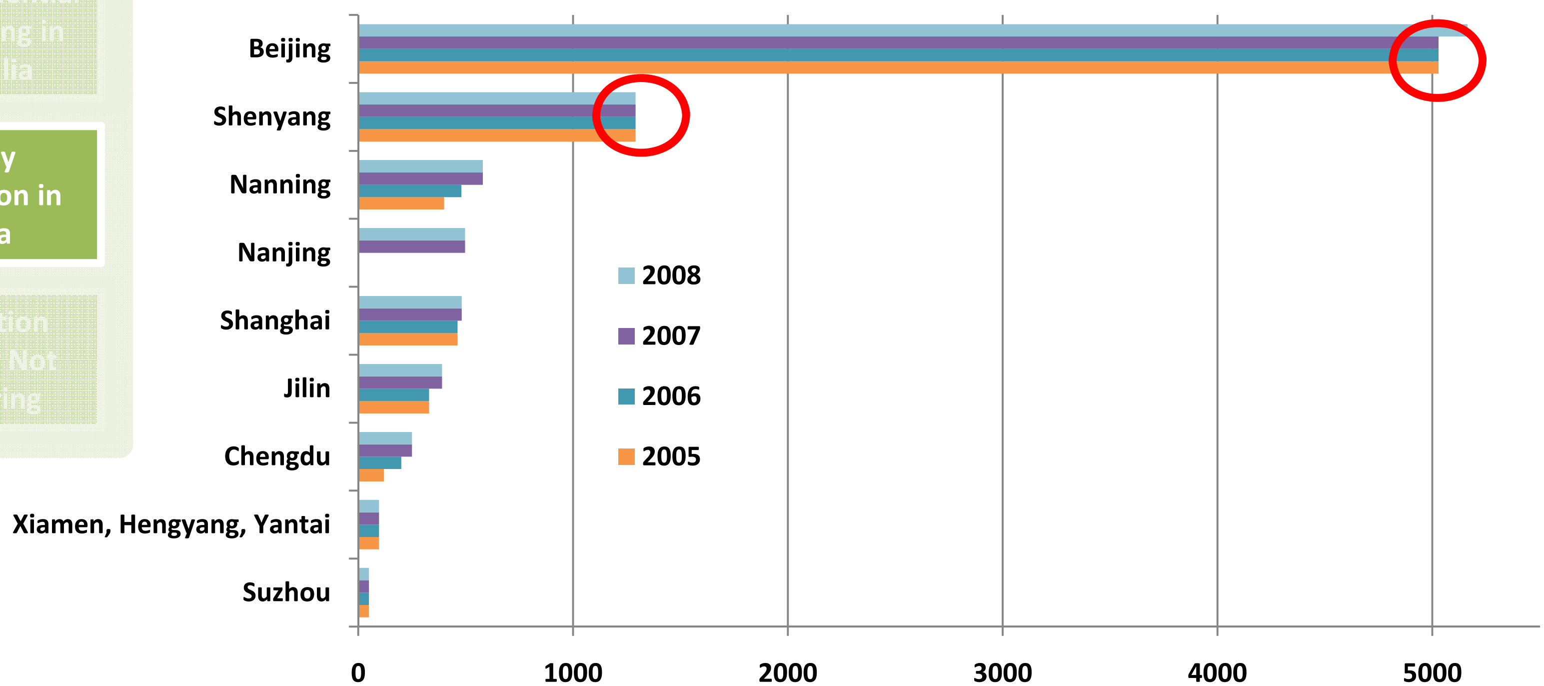
- Acquisition Strategy Not Delivering

Chinese government stops issuing new taxi licenses → Comfort's China taxi fleet size remains stagnant for years

Taxi Fleet in China by Provinces ('05-'08)



Source: Company data

INTRODUCTION | DOMESTIC OUTLOOK | **INTERNATIONAL STRATEGY** | VALUATION | RISK REWARD ANALYSIS

Overseas Market Analysis

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- **Acquisition Strategy Not Delivering**

Inorganic Growth Strategy Unable to Meet Expectations

Difficult Acquisition Environment → Comfort's acquisition criteria concentrates on fleet size → Non yield-accretive acquisitions do not add value

Acquisition History

Date	Event	Transaction value (S$ m)	% Stake Acquired
2-Oct-08	Purchased 100% of Merseyside Radio Meter Cabs Ltd through subsidiary CityFleet (UK)	S$2.1	100
10-Jul-07	Acquired the bus routes and assets of Toronto Bus Services (In Australia)	S$18.9	100
2-Jul-07	Taxi JV with Nanjing Bulk Lifting & Transportation	S$17	70
5-Mar-07	Acquired 70% Your Taxi Ltd (in Birmingham)	S$1.08	70
3-Jan-07	Licence awarded to run its second inter-city coach service in Ireland (Galway to Cork, via Limerick)	-	
1-Nov-06	Increase stake in Cabcharge Australia to 5.01% (fr 0.95%)	S$41.65	5.01
16-Oct-06	JV with By-hour Driver Tra		80
4-Oct-06	Hunter Valley Buses has s 2 Contract with the Ministry and is worth about A$17.6		
3-Oct-06	Acquire 60% interest in the		60
26-Jul-06	Acquired the bus routes a Australia)		100
10-Jul-06	Acquired 70% of Flightlink International (in UK) - first private hire business for Comfort	S$1.43	70
10-May-06	Acquired private hire company Onward Travel Limited (in Edinburgh)	S$1.87	100

Decreasing acquisition over the years

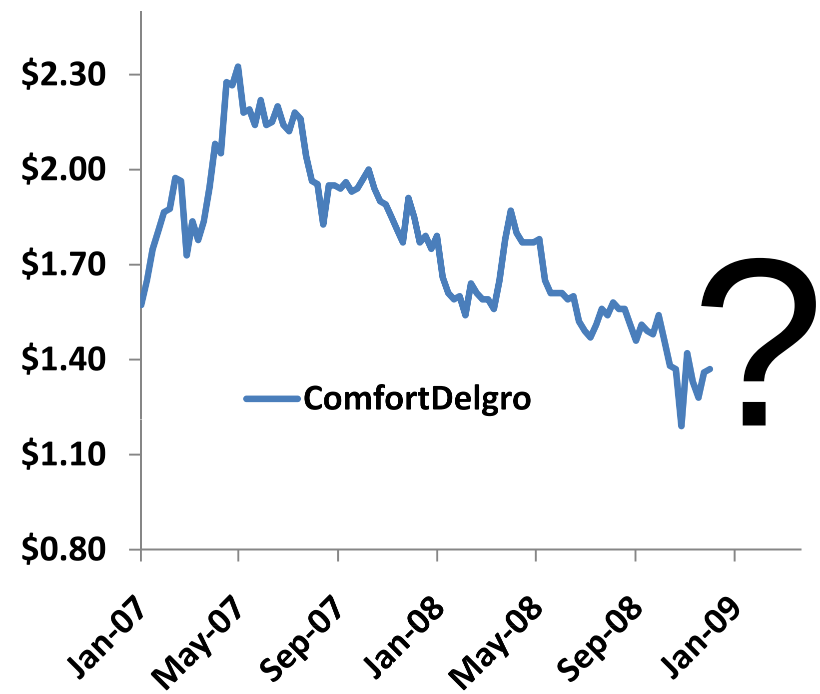
Source: Company data

Singapore (57%)

UK (27%)

Australia (7%)

China (8%)



Domestic: Earnings Depression Ahead

International: Impetus for Growth Hindered

Expensive Valuation: Premium Unjustified

	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E	
Total Revenue	**3125.6**	**3136.4**	**3197.2**	**3291.1**	**3394.2**	
Less: Operating Expenses	2583.9	2603.2	2656.6	2736.0	2818.7	
EBITDA	**541.7**	**533.2**	**540.6**	**555.1**	**575.4**	
Less: Depreciation & Amortization	263.7	263.5	268.6	276.5	285.1	
EBIT	278.0	269.7	272.1	278.7	290.3	296.1
*(1-Tax Rate)	228.0	221.2	225.8	231.3	241.0	245.8
Add: Depreciation & Amortization	263.7	263.5	268.6	276.5	285.1	
Less: CAPEX	283.0	255.3	278.0	283.5	293.0	
Less: Change in NOWC	-9.3	-7.2	-0.3	-0.5	-0.8	
Free Cashflow	218.0	236.6	216.6	224.7	233.9	194.1
Terminal Value						2799.9
Total	218.0	236.6	216.6	224.7	233.9	2994.0

Revenue growth FY2009 at 0.5%, FY2010 to FY2012 at an average of 2.7%

Higher depreciation as more vehicle purchases and acquisitions are made

Average CAPEX per annum at $280mil from FY2009 to FY2012

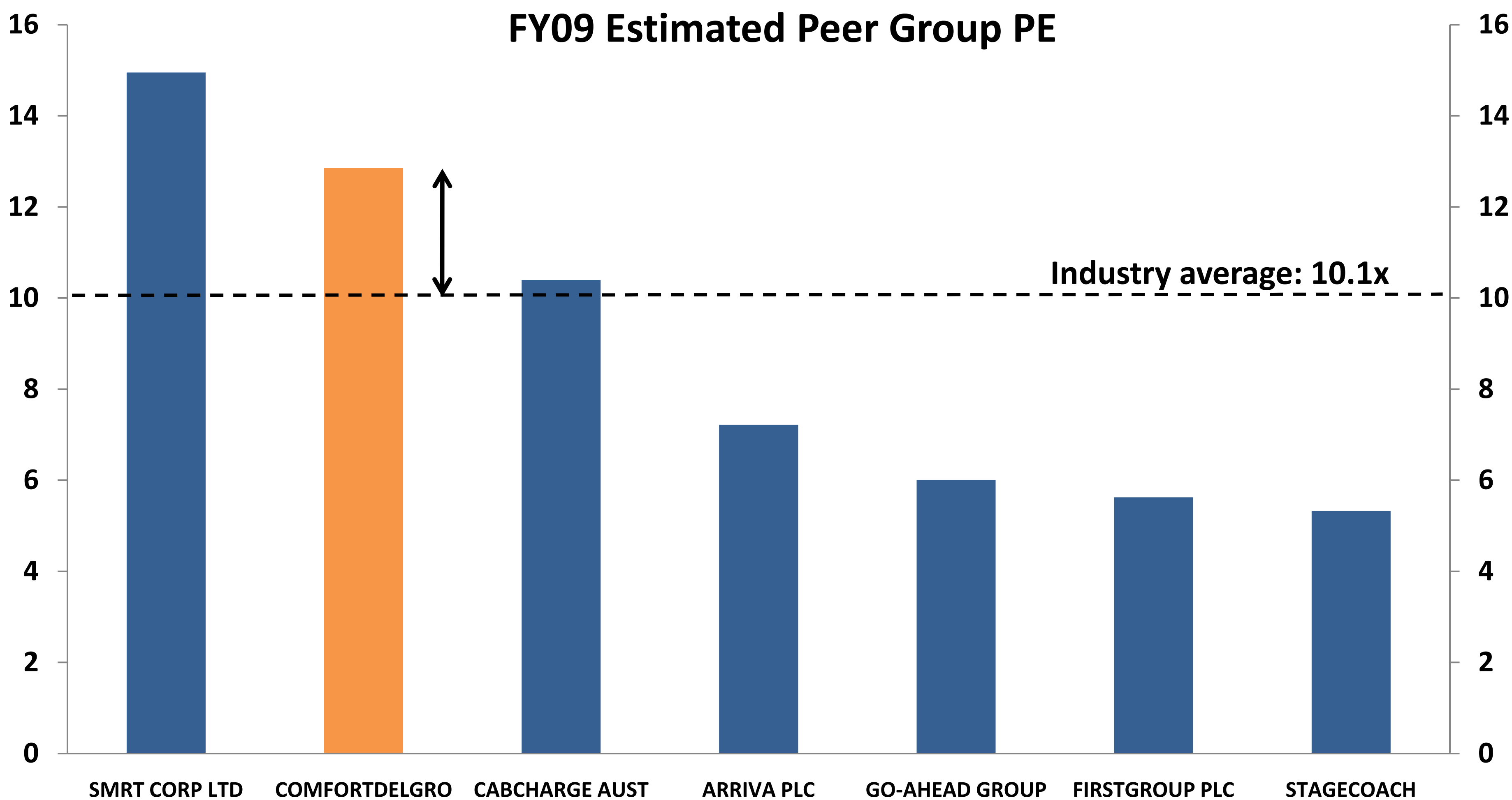
Present Value @ FY2008	$2,677m
Add: FY2009 Cash & Securities	460m
Less: Total Debt	424m
Less: Minorities	420m
Equity Value	$2,293m
Total Outstanding Shares	2085.6m
Implied value per share	**$1.10**

Terminal Growth: 2%

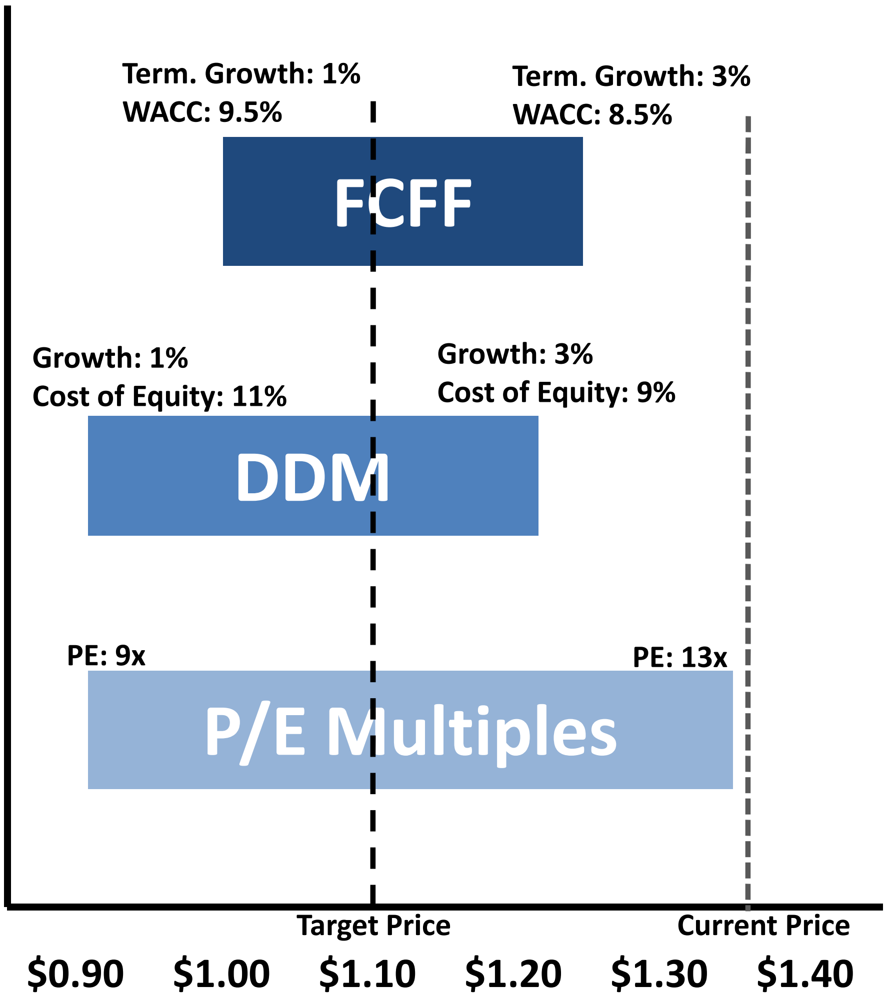
Terminal ROIC: 9.5%

WACC 9.1%

Discounted Cash flow Valuation Model



Source: Bloomberg Estimates



Methodology	FY09 Target Price	% Downside ($1.35 as of 27Mar09)
Free Cash Flow to Firm	$1.10	18.5%
Dividend Discount Model	$1.01	25.2%
Price Earning Multiples – Industry Peers	$1.05	22.2%

		Likelihood? Impact on earnings?	Justification of likelihood
Domestic Events	Winning Bid of New Rail Line - Downtown Line	**Medium** Negligible	**Lost previous rail bid despite being the hot contender** Rail line only begins operation in FY2013 Historically rail took at least 3 years to be profitable NPV impact limited by time horizon and uncertainties
	Deregulation of Bus Routes	**High** Double edged sword	**Government will begin deregulation in mid-09** More players will be introduced into bus market Incumbent will fight to retain their bus routes Full effect of de-regulation will only be seen after 2011
International Events	Early Global Economic Recovery	**Low** >8%	**Global economies in deep recession** **Consensus view that economy will only pick up >FY2009** UK and Singapore taxi business might pick up, favourable FX movement might occur
	More Acquisition Deals Available	**Low** Indeterminate	**Protectionist government policies in downturn** **Cumbersome approval process of regulators** Takes time to be profitable through inorganic growth

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Discounted Cash flow Valuation Model

Key Assumptions for Singapore Revenue Projection

	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Singapore:							
SBS Bus Daily Ridership (mil)	2.1	2.2	2.30	2.39	2.46	2.53	2.58
Ave Fare per Passenger per Trij	0.72	0.75	0.75	0.74	0.73	0.73	0.74
SBS Bus Revenue (mil)	**546.80**	**590.00**	**633.00**	**641.86**	**654.51**	**670.87**	**691.13**
Total Taxi Fleet	14800	15000	16359	16768	17103	17274	17447
Daily Revenue Per Taxi	95	102	103	105	108	110	110
Annual Taxi Revenue (mil)	**513.19**	**557.00**	**615.00**	**643.37**	**676.13**	**696.28**	**703.24**
NEL Daily Ridership (mil)	0.27	0.31	0.34	0.38	0.41	0.43	0.46
Ave Fare Per Passenger per Trij	0.78	0.81	0.82	0.80	0.79	0.79	0.80
Annual NEL Revenue (mil)	**76.60**	**90.50**	**101.50**	**110.84**	**118.51**	**125.62**	**133.22**
Other Revenue (mil)	402.71	367.30	439.10	443.49	447.93	452.41	456.93
Total Singapore Revenue	**1539.3**	**1604.8**	**1788.60**	**1839.56**	**1897.07**	**1945.17**	**1984.52**
Singapore Operating Profit	**184.90**	**193.20**	**146.37**	**143.49**	**147.97**	**151.72**	**156.78**

- Launch of circle line in FY2010
- Bus ridership increase 4% as more passengers rely on public transport during recession
- Changes in fee structure
- Changes in bus planning system from long haul to feeder

- Idle rates at 3% throughout
- Shift from Toyota Crown ($95) to Hyundai hybrid ($104) and limos
- Competitors vying for taxi drivers

- Strong growth momentum projected for NEL → FY09E 12% growth
- PTC rebates for commuters
- 1% growth for support divisions
- 40% Fuel costs hedged for FY2009

Key Assumptions for UK Revenue Projection

	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
United Kingdom:							
Total Bus Routes	93	95	95	96	97	98	100
Contracted Fee per Route	7	7.5	6.6	5.94	5.64	5.64	5.70
Metroline Revenue (mil)	**650.4**	**723.1**	**627.0**	**569.9**	**546.9**	**552.3**	**569.0**
Total Taxi Fleet	3500	3500	3500	3395	3327	3327	3327
Taxi Revenue (mil)	238.6	258.2	225.4	202.86	198.80	198.80	198.80
Total UK Revenue (mil)	**889.00**	**981.30**	**852.40**	**772.80**	**745.66**	**751.13**	**767.81**
UK Operating Profit (mil)	**60.40**	**75.10**	**43.67**	**42.50**	**37.28**	**33.50**	**34.55**

- Harder to secure further bus routes contract due to increasing regulation
- Pound expected to depreciate by 10% by FY09, management pessimistic about outlook
- Cost plus basis of contracts

- Taxi fleet expected to remain constant due to sluggish UK economy
- Management projects declining corporate contracts
- Impact of depreciating cable on the taxi revenue

Key Assumptions for Revenue Projection of China, Australia & other Countries

	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
China:							
Total Taxi Fleet	7800	8500	9100	9464	9937	10434	11060
Average Taxi Revenue	11200	12500	12870	13385	14054	14757	15495
Total Bus Fleet	2400	2600	2900	3103	3320	3586	3873
Annual Revenue Per Vehicle	18500	18700	18900	19089	19280	19665	20059
Other Revenue (mil)	56	62	69	69	69	70	70
Total China Revenue (mil)	**187.90**	**216.47**	**240.93**	**254.91**	**272.67**	**294.49**	**319.06**
China Operating Profit (mil)	**42.40**	**40.90**	**52.60**	**50.98**	**53.17**	**57.43**	**60.62**
Australia:							
Total Bus Routes	123	129	136	160	167	175	186
Annual Fare per Route	1.07	1.38	1.49	1.42	1.43	1.46	1.49
Total Australia Revenue (mil)	**131.6**	**177.9**	**203.1**	**227.68**	**239.15**	**256.13**	**276.93**
Australia Operating Profit (mil)	**17.45**	**25.40**	**35.20**	**32.56**	**33.48**	**35.86**	**38.22**
Other Countries Revenue (mil)	14.00	13.00	12.30	11.7	11.5	11.5	11.5
Other Countries Operating Profi	0.25	0.20	0.16	**0.18**	**0.17**	**0.17**	**0.17**
Total Revenue	**2761.80**	**2993.47**	**3097.33**	**3106.64**	**3166.00**	**3258.38**	**3359.77**
Total Operating Profit	**305.40**	**334.80**	**289.10**	**269.70**	**272.08**	**278.68**	**290.34**

- China to clamp down on illegal taxi drivers → inorganic growth forward
- Ave. top line growth projected at 7.3% partly due to appreciating CNY

- Kefford acquisition to add additional 4% to earnings BUT
- Aussie expected remain weak
- Cost plus basis structure

- Management project decline in Malaysia
- Vietnam and others countries to maintain earnings

Key projection trends

Growth Values	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Revenue Growth	8.0%	3.6%	0.3%	1.9%	2.9%	3.1%
EBIT Growth	9.6%	-17.0%	-3.0%	0.9%	2.4%	4.2%
Net Income Growth	-8.8%	-10.3%	-10.8%	2.6%	3.7%	6.5%
EPS Growth	-9.4%	-10.3%	-10.8%	2.6%	3.7%	6.5%
Free Cashflow Growth	41.8%	-29.7%	8.5%	-8.4%	3.7%	4.1%
ROIC	13.4%	11.4%	10.0%	9.2%	8.6%	8.2%
Singapore Revenue Growth	4.3%	11.5%	2.8%	3.1%	2.5%	2.0%
Singapore EBIT Growth	12.0%	8.2%	7.8%	7.8%	7.8%	7.9%
UK Revenue Growth	10.4%	-13.1%	-9.3%	-3.5%	0.7%	2.2%
UK EBIT Growth	7.7%	5.1%	5.5%	5.0%	4.5%	4.5%
China Revenue Growth	15.2%	11.3%	5.8%	7.0%	8.0%	8.3%
China EBIT Growth	18.9%	21.8%	20.0%	19.5%	19.5%	19.0%
Australia Revenue Growth	35.2%	14.2%	12.1%	5.0%	7.1%	8.1%
Australia EBIT Growth	14.3%	17.3%	14.3%	14.0%	14.0%	13.8%

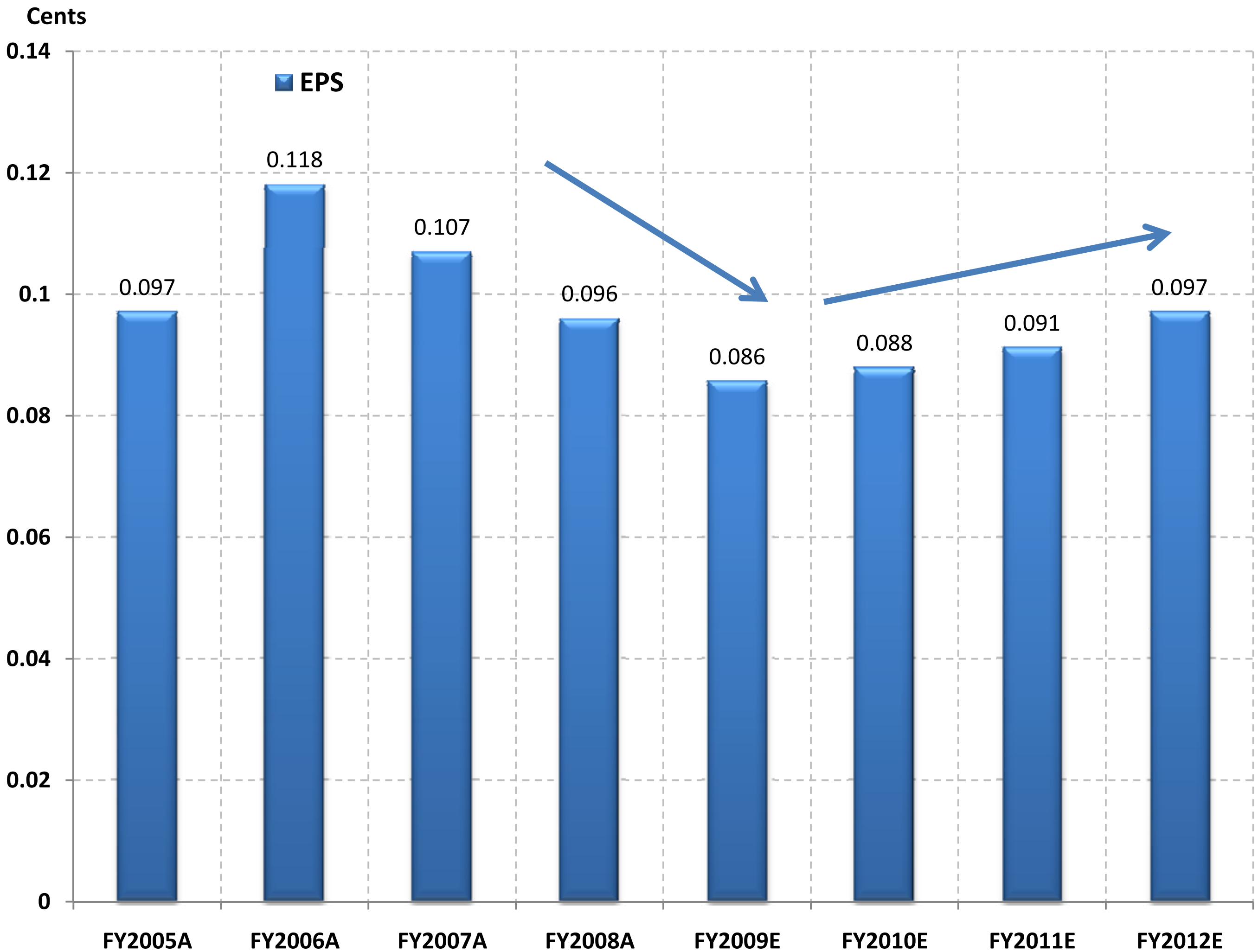
Financial Ratios

Profitability Ratio	FY2004A	FY2005A	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
ROA	7.9%	7.6%	7.9%	6.7%	6.0%	5.0%	4.8%	4.7%	4.7%
ROE	15.6%	15.4%	17.0%	15.0%	12.9%	10.2%	9.4%	8.7%	8.3%
Gross Profit Margin	28.1%	25.5%	19.9%	20.0%	17.3%	17.0%	16.9%	16.9%	17.0%
Operating Profit Margin	16.0%	14.2%	10.9%	11.1%	8.9%	8.6%	8.5%	8.5%	8.6%
Net Margin	9.5%	8.9%	8.8%	7.4%	6.4%	5.7%	5.7%	5.8%	6.0%
ROIC	10.8%	14.2%	12.5%	13.4%	11.4%	10.0%	9.2%	8.6%	8.2%

Du Pont Ratio	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
ROE	17.0%	15.0%	12.9%	10.2%	9.4%	8.7%	8.3%
Op Margin (EBIT/Sales)	10.9%	11.1%	8.9%	8.6%	8.5%	8.5%	8.6%
Capital Turnover (Sales/Assets)	90.5%	91.0%	93.3%	88.6%	84.5%	81.4%	78.8%
Financial Cost ratio (PBT/EBIT)	118.1%	99.9%	108.0%	99.7%	101.4%	102.7%	104.9%
Financial Structure Ratio (Assets/Com Equity)	214.0%	223.7%	215.3%	203.1%	193.7%	185.0%	175.9%
Tax Effect ratio (Net Profit/PBT)	67.8%	66.7%	66.6%	66.4%	66.4%	66.4%	66.4%

LEVERAGE RATIOS	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Debt/Common Equity	28.1%	32.0%	26.5%	24.3%	22.6%	21.2%	19.8%
LT Debt/Common Equity	14.1%	21.1%	15.8%	14.8%	14.0%	13.3%	12.7%
Debt/Asset	13.1%	14.3%	12.3%	12.0%	11.6%	11.3%	11.1%
Equity/Asset	46.7%	44.7%	46.4%	49.2%	51.4%	53.4%	55.8%
Dividend Payout	74.5%	82.0%	53.9%	50.0%	50.0%	50.0%	50.0%

Earnings Per Share



- EPS contracted 10.3% for FY08
- Further contraction of 10.8% for FY09 as economy bottoms
- Ave. EPS 4.3% growth for FY10, FY11 & FY12
- Against backdrop of 9% WACC

Consensus Earnings Estimates

EquityEE

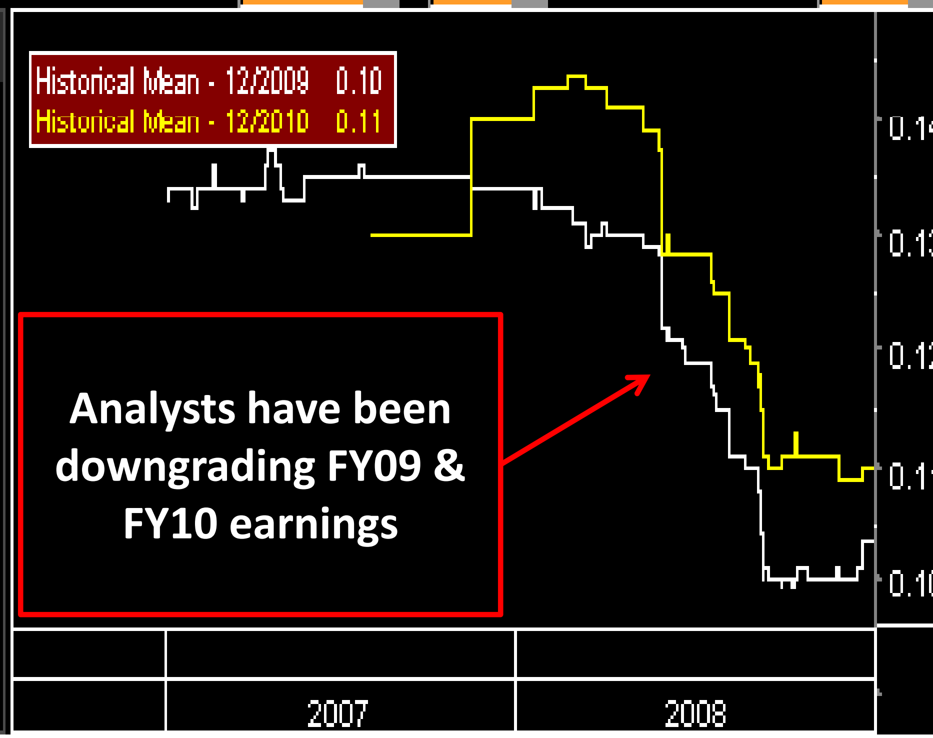
98<GO> for Consensus Attributes, #<GO> to view history

CD SP Equity | 95) Actions | 96) Overview | 97) Alert | BEst Consensus Detail

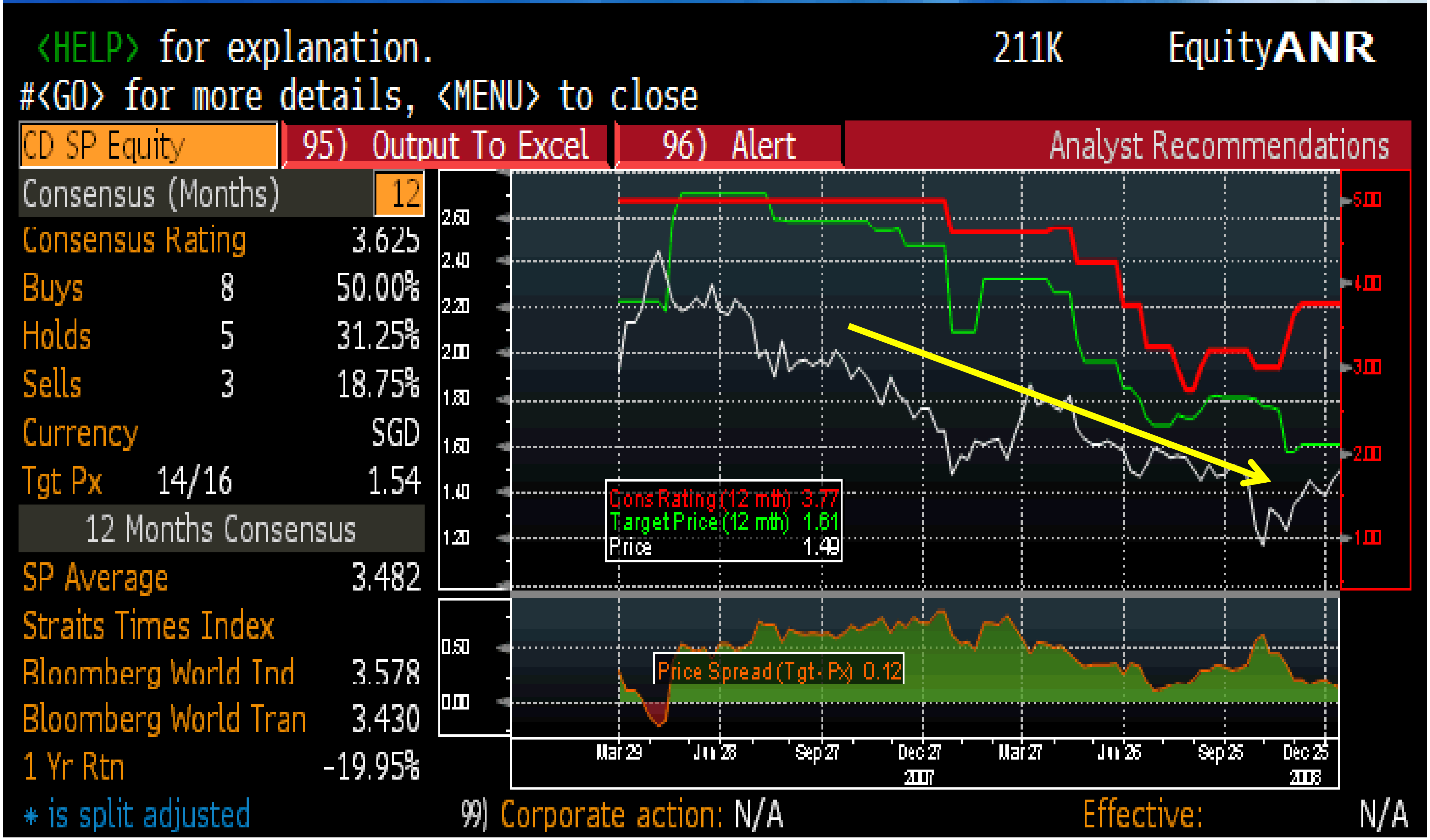
Estimate: EPS Adjusted+ | Last Event (Earnings) 02/12/09

Consensus: ◉ Standard ○ 28 Days ○ Post Event | Period 2009+ - Yr | Cur SGD

Consensus	12/2009	12/2010
Mean Estimate	0.105	0.110
High Estimate	0.120	0.120
Median Estimate	0.105	0.110
Low Estimate	0.089	0.089
Standard Deviation	0.009	0.010
4 weeks change	0.000	-0.001
4 weeks up/down	2 / 2	0 / 1
Number of Estimates	16(16)	16(16)
P/E 14.077 Est P/E	12.857	12.273



Consensus Analyst Recommendations



Capital Expenditure & Non Cash Working Capital

	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Add: Depreciation & Amortization	263.7	263.5	268.6	276.5	285.1
Less: CAPEX	283.0	255.3	278.0	283.5	293.0
Less: Change in NOWC	-9.3	-7.2	-0.3	-0.5	-0.8

Modest change in non cash working capital due to nature of the transportation business model

- Although management intends to pursue inorganic growth, they remain vague on the acquisition criteria, expected capex or any other yardstick
- Historically, capex around $250mn to $350mn

Equipment Overhaul

- $427 mil in replacing 40% of Scania buses
- Selective catalytic reduction system (UK)
- Leak detection systems installation
- Upgrading taxis to Euro IV compliant (SG)
- Phasing out Toyota crown to Hyundai Sonata

Acquisitions & Licenses

- $96.75mil cash for Kefford deal ($147mn)
- $16.2mil Jia Run Taxi
- $50mil per annum on acquisitions
- $2mil Merseyside Radio Meter Cabs
- $4mil - $10mil of licenses per annum

WACC - Calculations

Key Inputs:

Links:
-Risk
-Beta
-Debt
-Equity1
-Equity2

Risk Free Rate: 3.68%

Using historical 10year SGS bonds

Adjusted Beta: 0.904

Regressing Comfort returns over STI

WACC: 9.07%

Cost of Debt: 5.58%

Synthetic AAA rating

Cost of Equity: 9.71%

Equity risk premium 6.5%

Risk Free Rate

Risk Free Rate (Using 10Y SGS Bond)	
1996	4.80%
1997	4.40%
1998	4.48%
1999	4.56%
2000	4.09%
2001	3.97%
2002	2.55%
2003	3.75%
2004	2.58%
2005	3.21%
2006	3.05%
2007	2.68%
2008	*2.05%
Average	**3.68%**

2008 risk free rate excluded

Calculation of Beta

CD SP Equity	Price	Return	STI Index	Price	Return
20/11/2003	0.6809	0.0397	**20/11/2003**	1707.46	-0.0537
21/11/2003	0.7085	0.0000	**21/11/2003**	1618.17	0.0387
28/11/2003	0.7085	0.0129	**28/11/2003**	1681.97	0.0111
5/12/2003	0.7177	0.0064	**5/12/2003**	1700.78	-0.0035
12/12/2003	0.7223	-0.0064	**12/12/2003**	1694.82	-0.0127
19/12/2003	0.7177	0.0379	**19/12/2003**	1673.45	0.0132
26/12/2003	0.7454	0.0244	**26/12/2003**	1695.64	0.0368
2/1/2004	0.7638	0.0865	**2/1/2004**	1759.21	0.0267
9/1/2004	0.8328	0.0998	**9/1/2004**	1806.83	-0.0086
16/1/2004	0.9202	0.0000	**16/1/2004**	1791.44	0.0314
23/1/2004	0.9202	-0.0888	**23/1/2004**	1848.67	-0.0194
30/1/2004	0.842	0.0323	**30/1/2004**	1813.24	-0.0025
6/2/2004	0.8696	-0.0268	**6/2/2004**	1808.74	0.0094
13/2/2004	0.8466	-0.0331	**13/2/2004**	1825.74	0.0145
20/2/2004	0.819	0.0599	**20/2/2004**	1852.36	-0.0020
27/2/2004	0.8696	0.0157	**27/2/2004**	1848.66	-0.0057
5/3/2004	0.8834	0.0358	**5/3/2004**	1838.24	-0.0295
12/3/2004	0.9156	0.0442	**12/3/2004**	1784.72	-0.0003
19/3/2004	0.957	0.1005	**19/3/2004**	1784.16	-0.0050
26/3/2004	1.0582	0.0257	**26/3/2004**	1775.19	0.0304
2/4/2004	1.0858	-0.0085	**2/4/2004**	1829.98	0.0094
9/4/2004	1.0766	0.0253	**9/4/2004**	1847.2	-0.0247
16/4/2004	1.1042	0.0083	**16/4/2004**	1802.07	0.0085
23/4/2004	1.1134	0.0164	**23/4/2004**	1817.47	-0.0129
30/4/2004	1.1318	-0.0415	**30/4/2004**	1794.17	0.0003

	Regression Method:
Beta	0.856
Adjusted Beta	**0.904**

Calculation of Adjusted Cost of Debt

	2008	2007	2006	2005	2004	2003
Interest Expenses	27.40	23.10	22.70	22.70	17.60	22.30
Short Term Debt	166.60	161.9	201.7	408.7	179.6	134.5
Long Term Debt	245.30	312.6	203.3	109	252.7	317.7
Total Debt	411.90	474.50	405.00	517.70	432.30	452.20
Cost of Debt	6.65%	4.87%	5.60%	4.38%	4.07%	4.93%

Average Cost of debt	5.09%
Adjusted Cost of Debt	**5.58%**

24-Feb-09	Moody's
BAA	8.16%
A	6.54%
AA	6.19%
AAA	**5.58%**

Calculation of Cost of Equity & WACC

Cost of Equity (CAPM Model)	
Risk Free	3.68%
Beta	0.904
Market Risk Premium	6.6%
Cost of Equity	9.71%

Key Inputs	
Risk Free Rate	3.68%
Corporate Tax Rate	17%
Shares outstanding (mil)	2085.64
Adjusted Cost of Debt	5.58%
Current Stock Price	$1.35
Cost of Equity	9.71%
Debt ratio	12.60%
Equity ratio	87.40%
WACC	**9.07%**

Country weighted cost of equity

Country	Cost of Equity	Weight
Singapore	9.7%	50
UK	9.8%	25
China	12%	15
Australia	10%	10
Total cost of equity	**10.1%**	

Adjusted WACC: 9.53%

Current WACC: **9.07%** (Using Country Weight will depress valuations further)

Sensitivity Analysis – Terminal Growth vs. WACC

		Terminal Growth					
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**	**3.5%**
	7.5%	$ 1.38	$ 1.41	$ 1.45	$ 1.49	$ 1.54	$ 1.60
	8.0%	$ 1.27	$ 1.29	$ 1.32	$ 1.34	$ 1.37	$ 1.41
	8.5%	$ 1.18	$ 1.19	$ 1.21	$ 1.22	$ 1.24	$ 1.26
WACC	**9.0%**	$ 1.09	$ 1.10	$ 1.11	$ 1.12	$ 1.13	$ 1.14
	9.5%	$ 1.02	$ 1.02	$ 1.03	$ 1.03	$ 1.04	$ 1.04
	10.0%	$ 0.95	$ 0.96	$ 0.96	$ 0.96	$ 0.96	$ 0.96
	10.5%	$ 0.90	$ 0.89	$ 0.89	$ 0.89	$ 0.89	$ 0.88

Best Case **Base Case** **Worst Case**

Income Statement

Income Statement Pro Forma

	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E		FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Sales Revenue Breakdown:															
Revenue	2761.80	2980.80	3097.30	3106.64	3166.00	3258.38	3359.77								
Other Revenue	31.30	35.80	28.30	29.72	31.20	32.76	34.40								
Total Revenue	**2793.10**	**3016.60**	**3125.60**	**3136.35**	**3197.20**	**3291.14**	**3394.16**								
Staff Costs	862.90	950.70	945.40	947.52	965.63	1010.10	1075.12	Staff/Rev	31.24%	31.89%	30.52%	30.50%	30.50%	31.00%	32.00%
Energy & Fuel costs	196.00	216.90	285.40	242.32	243.78	254.15	268.78	Fuel/Rev	7.10%	7.28%	9.21%	7.80%	7.70%	7.80%	8.00%
Depreciation & Amortization	249.50	269.10	263.70	263.45	268.56	276.46	285.11	DA Growth	8.93%	8.92%	8.44%	8.40%	8.40%	8.40%	8.40%
Material & Consumables	265.80	247.20	329.40	313.64	319.72	329.11	339.42	Mat/Rev	9.52%	8.19%	10.54%	10.00%	10.00%	10.00%	10.00%
Taxi Driver Benefits	80.60	66.60	77.70	85.47	89.74	71.79	68.21	en. Growth		-17.37%	16.67%	10.00%	5.00%	-20.00%	-5.00%
Road and Diesel Taxes	115.30	115.50	115.50	115.50	115.50	115.50	115.50	Constant							
Insurance & Accident Claims	77.10	96.10	105.70	119.18	121.49	128.35	132.37	Claims/Rev	2.76%	3.44%	3.78%	3.80%	3.80%	3.90%	3.90%
Repair and Maintenance	159.30	179.70	172.10	194.45	198.23	204.05	210.44	Repair/Rev	5.70%	6.43%	6.16%	6.20%	6.20%	6.20%	6.20%
Other Operating Expenses	481.20	540.00	552.70	585.11	602.46	622.94	608.88	Vehicle leasing costs, premise cost, payment for contracted services							
Total Operating Expenses	2487.70	2681.80	2847.60	2866.65	2925.12	3012.46	3103.83								
EBIT	**305.40**	**334.80**	**278.00**	**269.70**	**272.08**	**278.68**	**290.34**								
Interest Income	35.60	22.80	23.20	26.67	30.90	34.53	39.88	come/Cash	14.98%	7.16%	5.68%	5.80%	5.80%	5.80%	5.80%
Interest Expense	22.30	23.10	27.40	27.57	27.10	27.03	25.56	ost of Debt	5.51%	4.87%	6.65%	6.50%	6.20%	6.00%	5.50%
Exceptional Item	42.10	0.00	26.50	0.00	0.00	0.00	0.00								
EBT	**360.80**	**334.50**	**300.30**	**268.81**	**275.88**	**286.18**	**304.65**								
Taxation	71.00	61.20	51.10	45.70	46.90	48.65	51.79	Tax Rate:			18%	17%	17%	17%	17%
Minority Interest	45.20	50.30	49.10	44.62	45.80	47.51	50.57	MI	20%						
Net income	**244.60**	**223.00**	**200.10**	**178.49**	**183.18**	**190.02**	**202.29**								
Shares Outstanding (mil)	2072.30	2085.64	2085.64	2085.64	2085.64	2085.64	2085.64								
Earnings Per Share ($)	**0.118**	**0.107**	**0.096**	**0.086**	**0.088**	**0.091**	**0.097**								

Balance Sheet

Balance Sheet Pro Forma

	FY2006A	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Assets							
Current Assets							
Cash & Marketable Securities	237.60	318.30	408.30	459.85	532.71	595.41	687.52
Held For Trading Investments	173.10	94.60	42.00	42.00	42.00	42.00	42.00
Trade & Other Receivables	286.40	300.50	305.50	313.64	319.72	329.11	339.42
Inventories	44.70	50.50	51.80	53.32	54.35	55.95	57.70
Hedging Instruments	0.70	0.10	0.00	5.0	7.0	10.0	13.0
Total Current Assets	**742.50**	**764.00**	**807.60**	**873.80**	**955.78**	**1032.47**	**1139.64**
Non Current Assets							
Vehicles, premises and equipmen	1841.10	1966.90	1928.00	2021.49	2155.11	2298.91	2428.23
Long Term investments & Associa	147.10	129.40	158.70	170.00	170.00	170.00	170.00
Long Term Receivables	52.70	125.10	127.20	140.16	132.68	136.58	140.86
Taxi & Other Licences	215.50	235.70	249.10	264.05	279.89	296.68	314.48
Goodwill	84.70	94.90	81.00	85.00	85.00	85.00	85.00
Hedging Instruments	1.00	0.00	0.00	2.00	4.00	6.00	8.00
Total Assets	**3084.60**	**3316.00**	**3351.60**	**3556.50**	**3782.46**	**4025.65**	**4286.21**
Liabilities							
Current Liabilities							
Short Term Debt	201.70	161.90	166.60	166.60	166.60	166.60	166.60
Trade Payables	390.00	440.10	481.30	482.96	492.33	506.79	522.66
Other Current Liabilities	215.00	205.50	179.80	200.00	200.00	200.00	200.00
Total Current Liabilities	**806.70**	**807.50**	**827.70**	**849.56**	**858.93**	**873.39**	**889.26**
Non Current Liabilities							
Long Term Debt (w Finance Lease	203.30	312.60	245.30	257.57	270.44	283.97	298.16
Hedging Instruments	0.00	0.10	0.00	0.20	0.40	0.80	1.20
Deferred Tax Liabilities	130.30	127.70	121.00	100.00	100.00	100.00	100.00
Other Non Current Liabilities	114.30	169.00	180.90	170.00	180.00	180.00	150.00
Total Non Current Liabilities	**447.90**	**609.40**	**547.20**	**527.77**	**550.84**	**564.77**	**549.36**
Total Liabilties	**1254.60**	**1416.90**	**1374.90**	**1377.32**	**1409.77**	**1438.16**	**1438.62**
Equity attributes to shareholders	1441.30	1482.50	1556.80	1759.18	1952.69	2167.49	2427.59
Minority Interest	388.70	416.60	419.90	420.00	420.00	420.00	420.00
Total Equity	**1830.00**	**1899.10**	**1976.70**	**2179.18**	**2372.69**	**2587.49**	**2847.59**
Total liabilities & equity	**3084.60**	**3316.00**	**3351.60**	**3556.50**	**3782.46**	**4025.65**	**4286.21**

Statement of Cash Flow

Statement of Cash Flow

	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Operating Activities:						
Profit before Tax	$ 334.50	$ 300.30	$ 268.81	$ 275.88	$ 286.18	$ 304.65
Adjustments						
Depreciation& Amortization (+)	$ 269.10	$ 263.70	$ 263.45	$ 268.56	$ 276.46	$ 285.11
Interest Expense (+)	$ 23.10	$ 27.40	$ 27.57	$ 27.10	$ 27.03	$ 25.56
Interest Income (-)	$ (22.80)	$ (23.20)	$ (26.67)	$ (30.90)	$ (34.53)	$ (39.88)
Gain on Exceptional Item	$ -	$ (26.50)	$ -	$ -	$ -	$ -
Provision for impairment on Vehicles	$ 11.30	$ 9.60	$ 10.50	$ 9.80	$ 11.00	$ 10.20
Operating Activities before Change in WC	$ 615.20	$ 551.30	$ 543.66	$ 550.44	$ 566.14	$ 585.65
Adjust for changes in net working capital:						
Trade & Other Receivables	$ (14.10)	$ (5.00)	$ (8.14)	$ (6.09)	$ (9.39)	$ (10.30)
Inventories	$ (5.80)	$ (1.30)	$ (1.52)	$ (1.03)	$ (1.60)	$ (1.75)
Hedging Instruments	$ 0.60	$ 0.10	$ (5.00)	$ (2.00)	$ (3.00)	$ (3.00)
Short Term Debt	$ (39.80)	$ 4.70	$ -	$ -	$ -	$ -
Trade Payables	$ 50.10	$ 41.20	$ 1.66	$ 9.37	$ 14.46	$ 15.86
Held-for-trading investments	$ 107.10	$ 59.90	$ 42.00	$ 20.15	$ 42.00	$ 42.00
Other Current Liabilities	$ (9.50)	$ (25.70)	$ 20.20	$ -	$ -	$ -
Income Tax Paid	$ (61.20)	$ (51.10)	$ (45.70)	$ (46.90)	$ (48.65)	$ (51.79)
Net Cashflow from Operating Activities	**$ 642.60**	**$ 574.10**	**$ 547.16**	**$ 523.94**	**$ 559.96**	**$ 576.67**
Investing Activities						
(+) Proceeds from disposal of PP&E	116.10	86.40	$ 76.58	$ 77.84	$ 85.05	$ 102.55
(-) Purchase of PPE, License & Bus Routes	$ (345.10)	$ (369.40)	$ (331.83)	$ (355.84)	$ (368.55)	$ (395.55)
Net Capex	$ (229.00)	$ (283.00)	$ (255.25)	$ (278.00)	$ (283.50)	$ (293.00)
(+) Proceeds from Available for sale investments		$ 45.30	$ 48.10	$ 38.00	$ 28.00	$ 27.00
(-) Interest received	$ (23)	$ (23)	$ (27)	$ (31)	$ (35)	$ (40)
Dividend Received	$ 8	$ 4	$ 6	$ 5	$ 4	$ 4
Net cash from Investing Activities	**$ (244.3)**	**$ (256.6)**	**$ (227.8)**	**$ (265.9)**	**$ (286.0)**	**$ (301.9)**
Financing Activities						
Incr/(Decr) in Common Equity	$ 39.10	$ 74.30	$ 202.38	$ 193.51	$ 214.80	$ 260.10
Incr/(decr) in Debt	$ 69.50	$ (62.60)	$ 12.26	$ 8.87	$ (36.06)	$ (11.31)
Payment to Minority Interest	$ (27.90)	$ (3.30)	$ (17.14)	$ -	$ -	$ -
Finance Leases	$ (110.00)	$ (90.00)	$ (108.00)	$ (129.60)	$ (155.52)	$ (186.62)
Other Sources of Financing	$ (50.00)	$ (30.00)	$ (160.49)	$ (109.28)	$ (112.40)	$ (118.14)
Ordinary dividend paid	$ (210.90)	$ (107.80)	$ (89.24)	$ (91.59)	$ (95.01)	$ (101.14)
Interest Paid	$ (23.10)	$ (27.40)	$ (27.57)	$ (27.10)	$ (27.03)	$ (25.56)
Cash Flow from Financing Activities	**$ (313.30)**	**$ (246.80)**	**$ (187.80)**	**$ (155.19)**	**$ (211.23)**	**$ (182.68)**
Net Effect of Exchange rate changes in Subsidiarie	$ (4.30)	$ 19.30	$ (80.00)	$ (30.00)	$ -	$ -
Net Increase in Cash & Cash Equivalents	**$ 80.70**	**$ 90.00**	**$ 51.55**	**$ 72.86**	**$ 62.70**	**$ 92.11**
Cash at Beginning of Year	**$ 237.60**	**$ 318.30**	**$ 408.30**	**$ 459.85**	**$ 532.71**	**$ 595.41**
Cash at End of Year	**$ 318.30**	**$ 408.30**	**$ 459.85**	**$ 532.71**	**$ 595.41**	**$ 687.52**

Dividend Discount Model

Base Case	Net Profit (S$m)	Dividends to S/H (S$m)
FY03	133.9	18.4
FY04	200.6	160.2
FY05A	201.9	165.2
FY06A	244.6	157.4
FY07A	223.0	210.1
FY08A	200.1	110.5
FY09e	191.5	105.7
FY10e	214.2	118.3
FY11e	225.9	124.8
FY12e	238.7	131.8
FY13e	241.1	133.2
FY14e	243.5	134.5
FY15e	245.9	135.8
FY16e	248.4	223.6
Terminal Value		2508.9

ASSUMPTIONS AND TARGET PRICE

	Worst Case	Base Case	Best Case
Cost of Equity	10.0%	9.7%	9.0%
Initial 5-year Growth	1.0%	2.0%	3.0%
Terminal Growth	1.0%	2.0%	3.0%
Terminal ROE	10.0%	10.0%	10.0%
1 yr Price Target	**0.94**	**1.01**	**1.18**

Dividend payout ratio decreased from 85% to 50% in FY2008

Relative Valuation

Peer Valuation Table

Name	COMFORTDELGRO CO	SMRT CORP LTD	FIRSTGROUP PLC	STAGECOACH GROUP	ARRIVA PLC	GO-AHEAD GROUP	NATL EXPRESS GRP	CABCHARGE AUSTRA	**Industry Ave.**
Price (LC)	$ 1.35	$ 1.60	$ 267.50	$ 119.50	$ 393.25	$ 1,028.00	$ 188.00	$ 6.04	
Market Cap 'mil (USD)	$ 1,867	$ 1,608	$ 1,876	$ 1,254	$ 1,137	$ 643	$ 418	$ 503	
ROE (%)	13.2	22.8	18.7	84.1	15.0	62.2	23.4	24.5	35.8
FY09 PE(x)	13.0	14.4	7.8	5.6	7.5	22.2	2.2	11.2	10.1

Source: Bloomberg Estimates

		Target Price
Industry Average Fwd P/E	10.1	
Crystal Research Est. EPS	$ 0.086	$ 0.87
Current EPS	$ 0.096	$ 0.97
Bloomberg's E.EPS	$ 0.104	$ 1.05

Bloomberg Mean Est. EPS

- We use an independent est. EPS and the industry average P/E to arrive at a TP of $1.05.

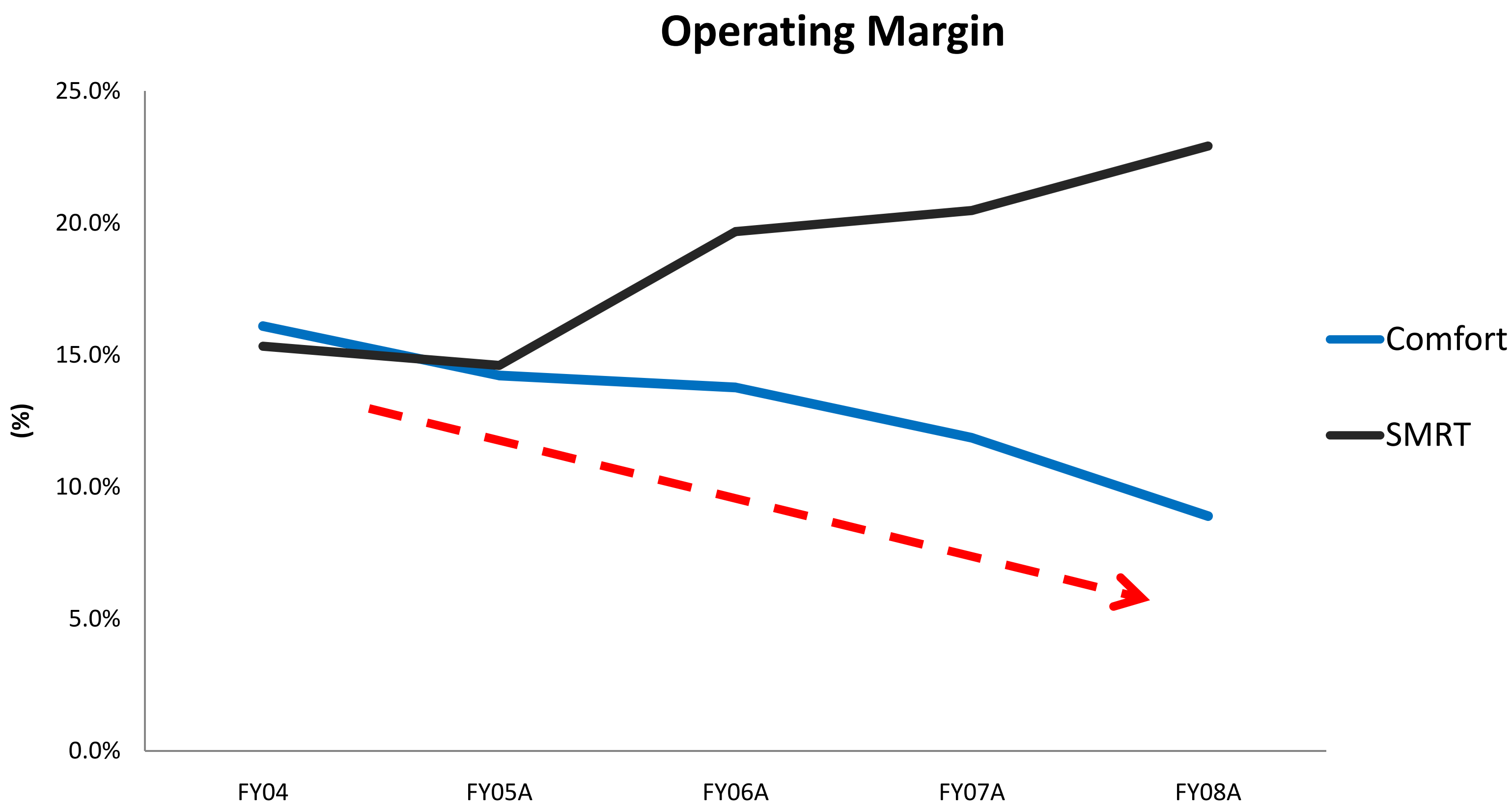
Comfort vs. SMRT - Dupont

	FY06A		FY07A		FY08A	
	Comfort	SMRT	Comfort	SMRT	Comfort	SMRT
5-factor Dupont						
ROE (%)	17.0%	17.7%	15.0%	21.2%	12.9%	22.1%
Op Margin	**13.8%**	**19.7%**	**11.9%**	**20.5%**	**8.9%**	**22.9%**
Capital Turnover	89.9%	51.4%	90.1%	53.9%	93.3%	55.8%
Financial Cost ratio	94.0%	93.1%	93.2%	93.5%	108.0%	95.6%
Financial Structure Ratio	213.1%	236.2%	223.3%	215.4%	215.3%	212.3%
Tax Effect ratio	68.4%	79.3%	67.7%	95.2%	66.6%	85.3%

Comfort trades at a comparable P/E to SMRT, however, ROE is **significantly lesser**.

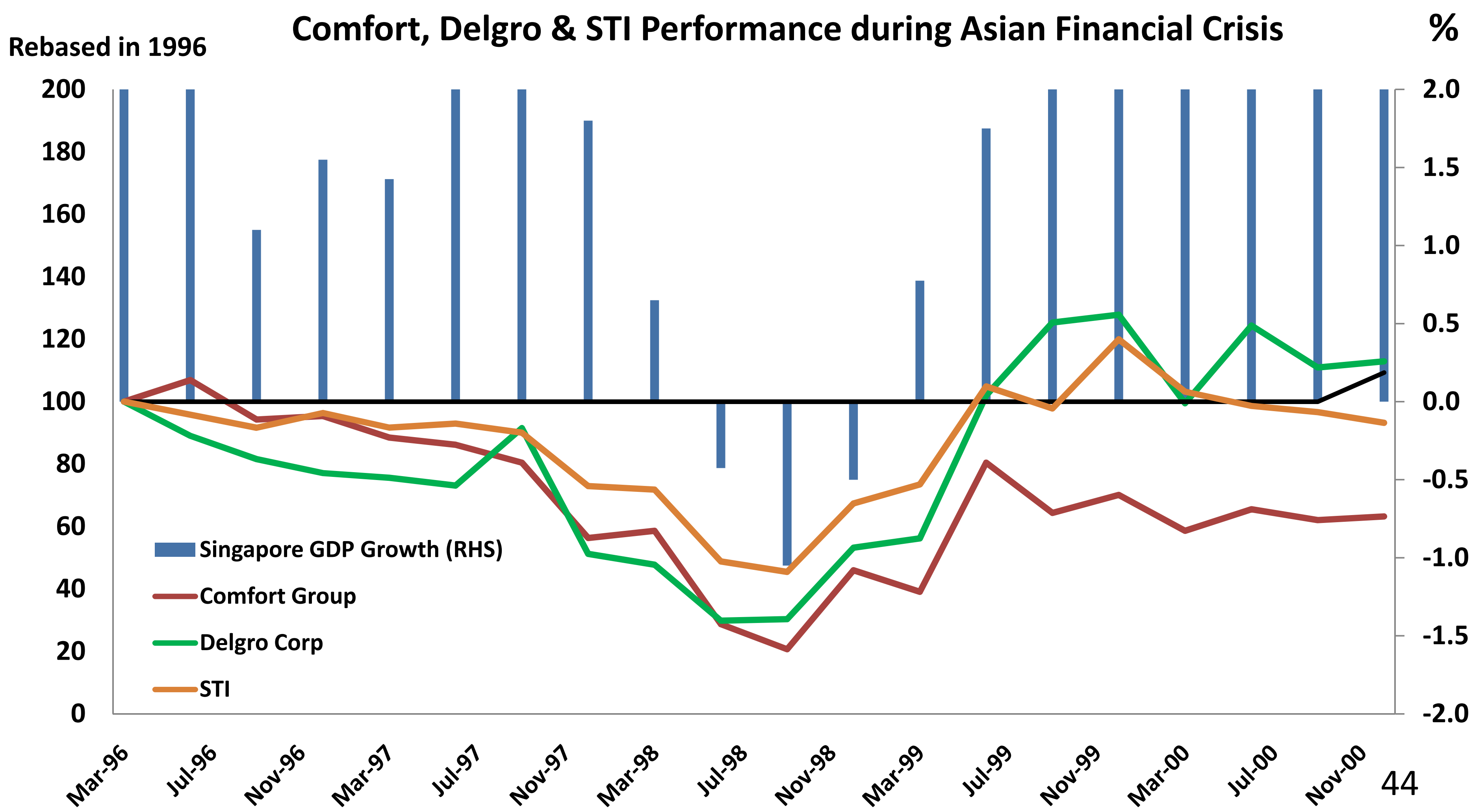
Reason: Comfort's Operating margin is much lesser than SMRT → Operating Margin on a downward trend

Declining Operating Margin (Vs. SMRT)

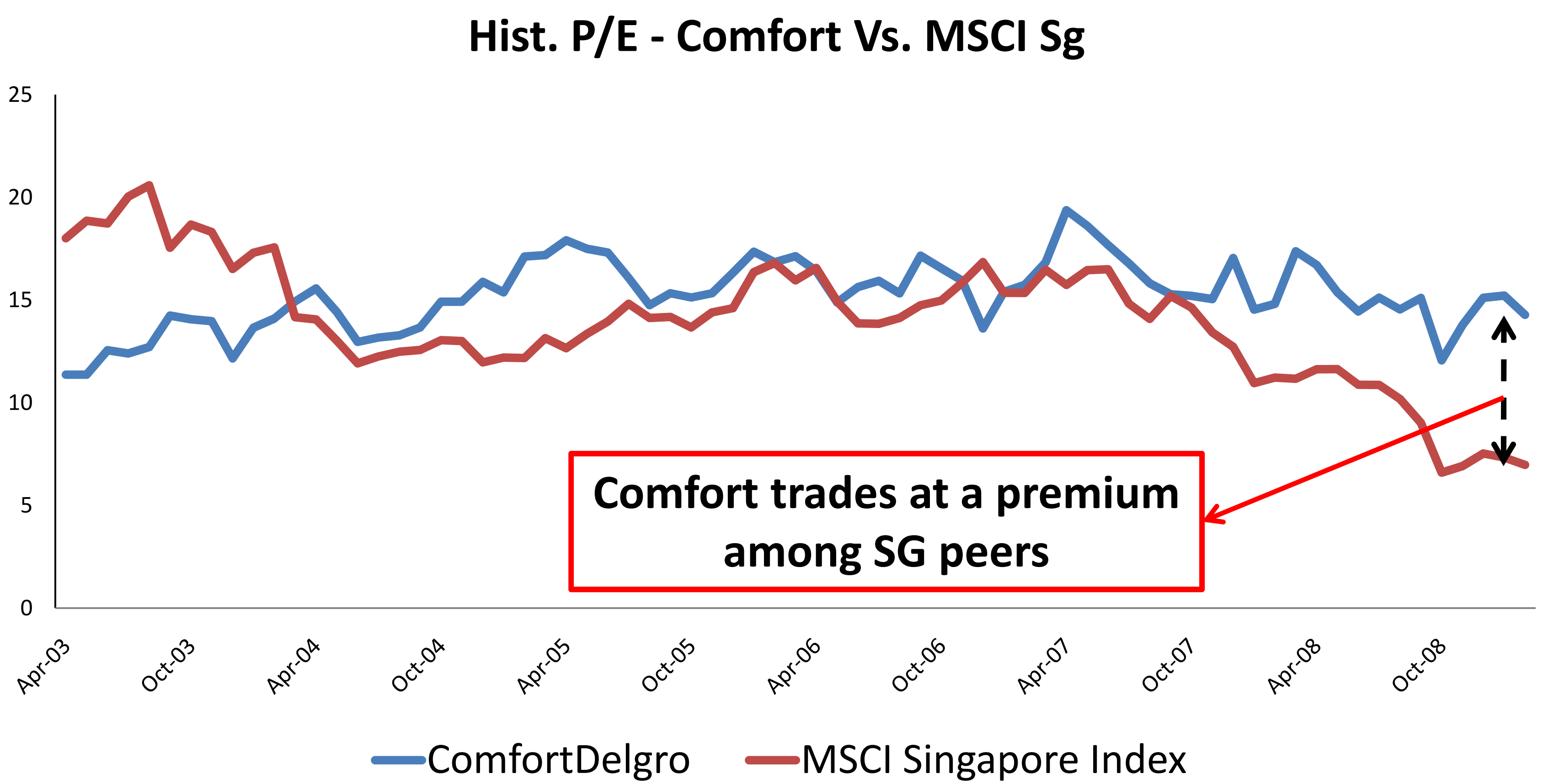


- Comfort faces declining operating margin due to its non-yield accretive acquisitions

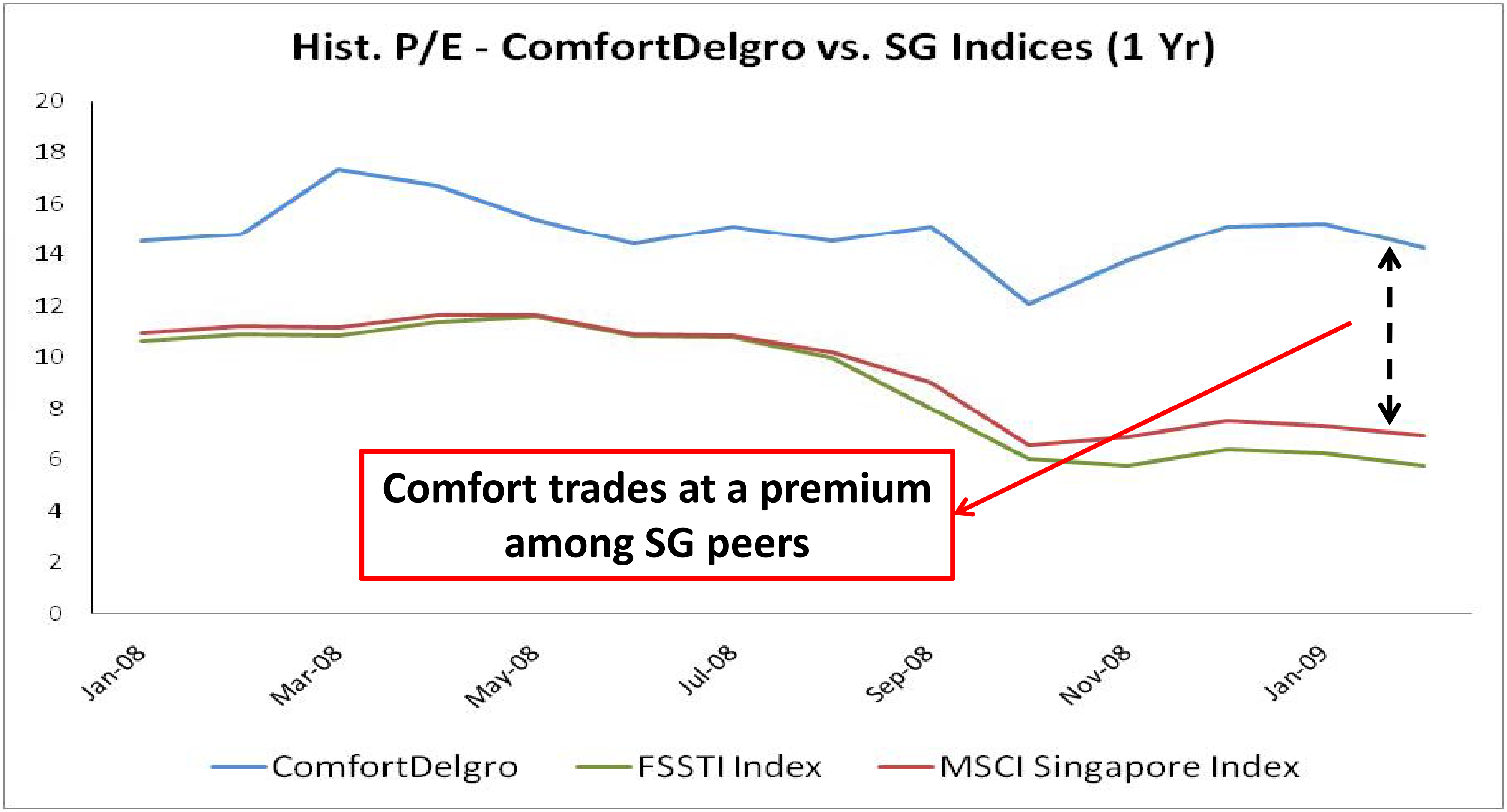
Defenseless During Downturn



Comfort P/E vs. MSCI Sg



Comfort vs. STI, MSCI SG

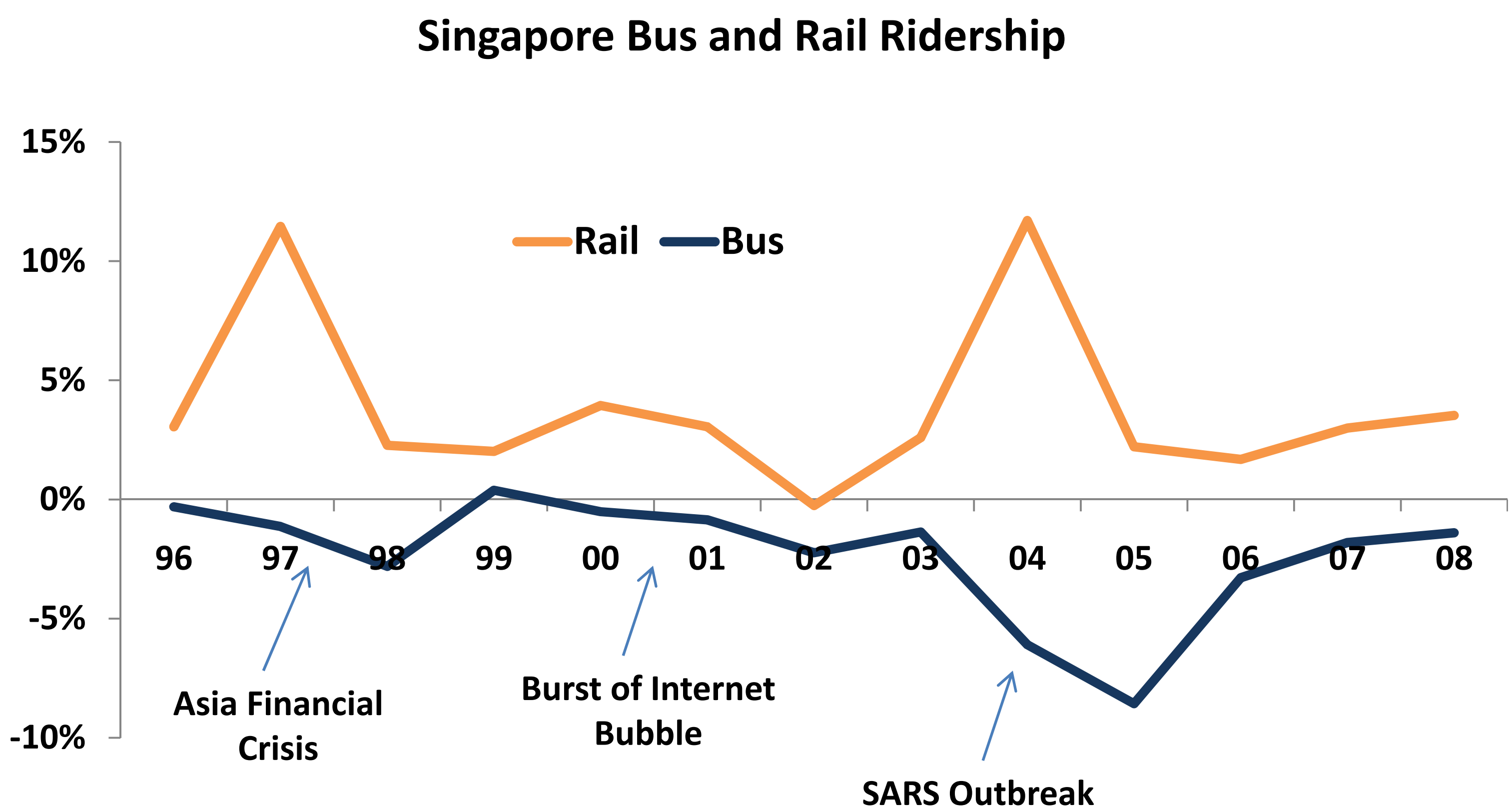


Singapore Budget 2009

Savings (S$ mn)	ComfortDelGro
(A) Waiver of special tax for un-hired taxis	3.7
(B) 30% road tax rebate (taxis) – passed on	8.1
(C) 30% road tax rebate (buses)	2.4
Sub-total savings (S$ mn)	14.3
Estimated gains (S$ mn) = (A) + (C)	6.2

→Gains of $6.2 mil is factored into the FCFF model

Bus Ridership During Downturns



Statistics have shown that during economic downturns, bus ridership will historically see low to negative YOY ridership growth

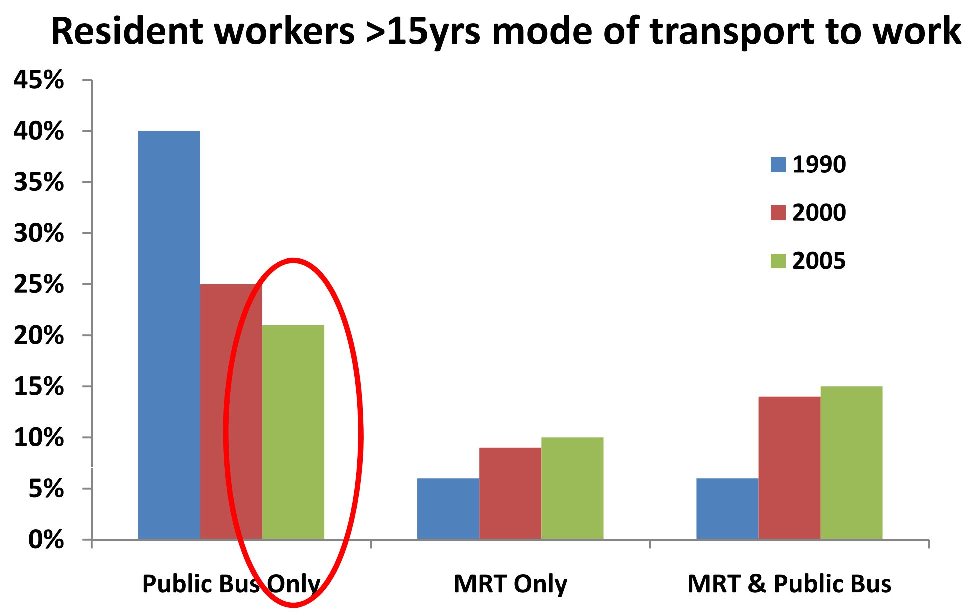
Competition in Public Bus Market

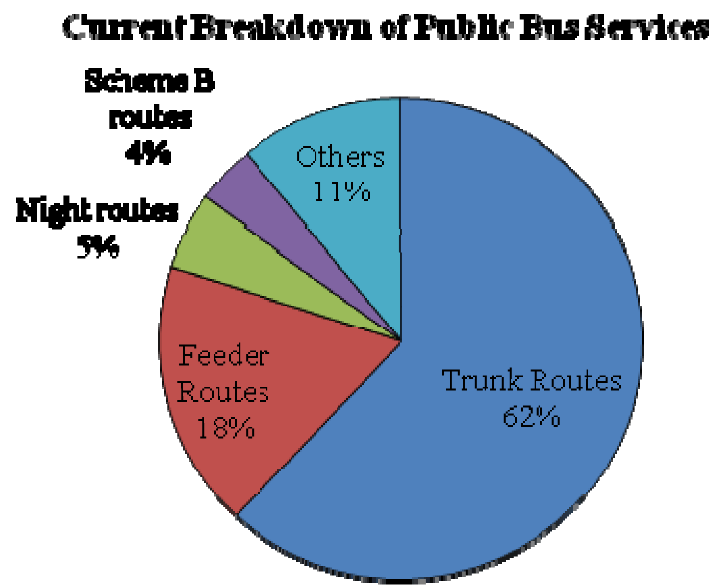
Competitive tender for provision of bus services in Jurong Island, 2003				
No	Name of tenderer	Max fare charge/pax/trip (S$)		
		Routes #4+#5	Routes #4+#6	Routes #4+#7
1	Transit Network Consortium	1.9	1.9	1.9
2	SBS Transit	2.3	2.3	2.3
3	Comfort Bus	2.8	2.8	2.8
4	Trans-United Corporation	2.8	2.8	2.8
5	Woodlands Transport Service	3.2	3.2	3.2

Source: LTA

LTA called for tender to provide bus services to Jurong Island in 2000 and 2003. Although SBS won the first tender in 2000, the second tender was won by the most price-competitive private operator, Transit Network Consortium in 2003. Also, the existence of two other private competitors in the bid further illustrates the risk of latent challengers in this space.

Trains Cannibalising Bus Ridership





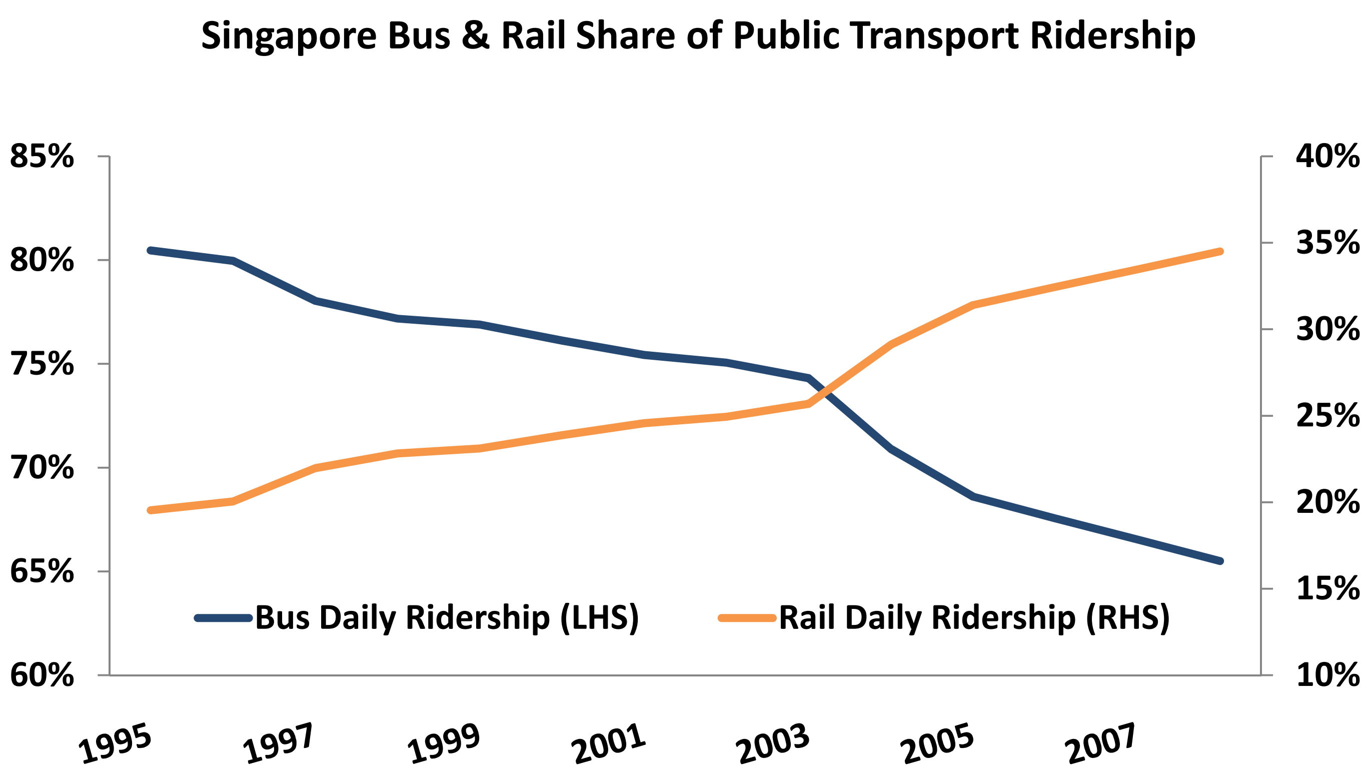
Based on population census in 2005, 40% of residents commute to work by bus, implying a huge potential pool of commuters that could shift to trains as their primary mode of transport.

Source: Department of Statistics

To transform bus infrastructure into a high-frequency feeder support model, LTA set to centralise bus-route planning and introduce competition in the near future.

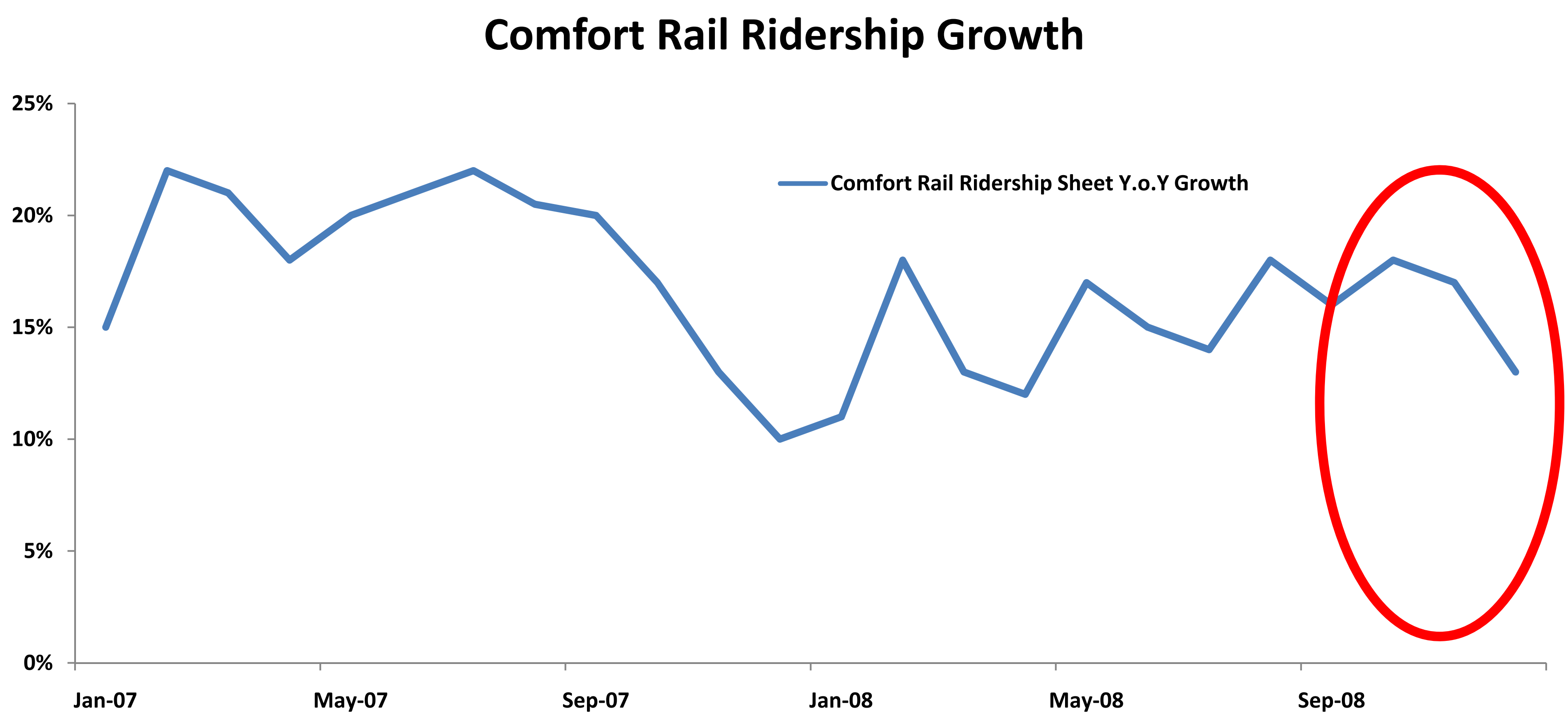
We expect bundling and tendering of routes, to allow duplication of resources through competition

Public Transport Ridership Share



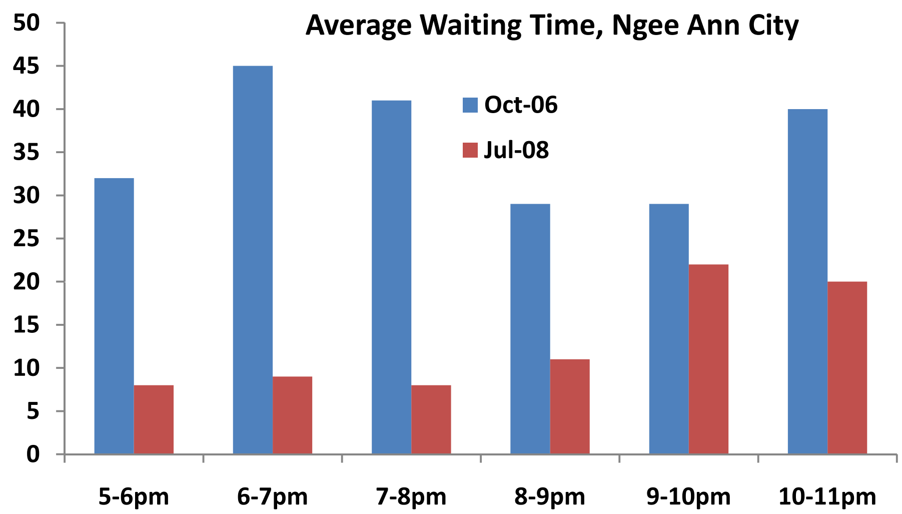
Source: LTA

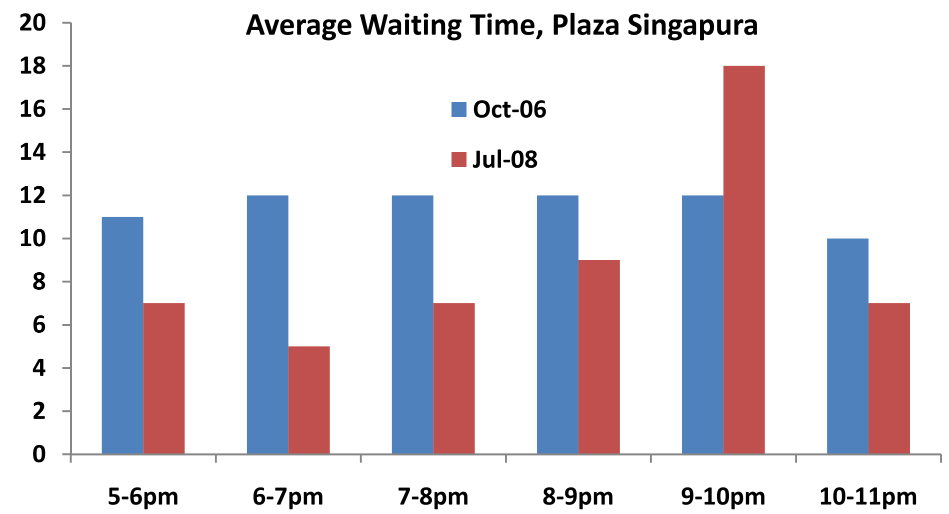
Rail Ridership Decreasing YOY Growth

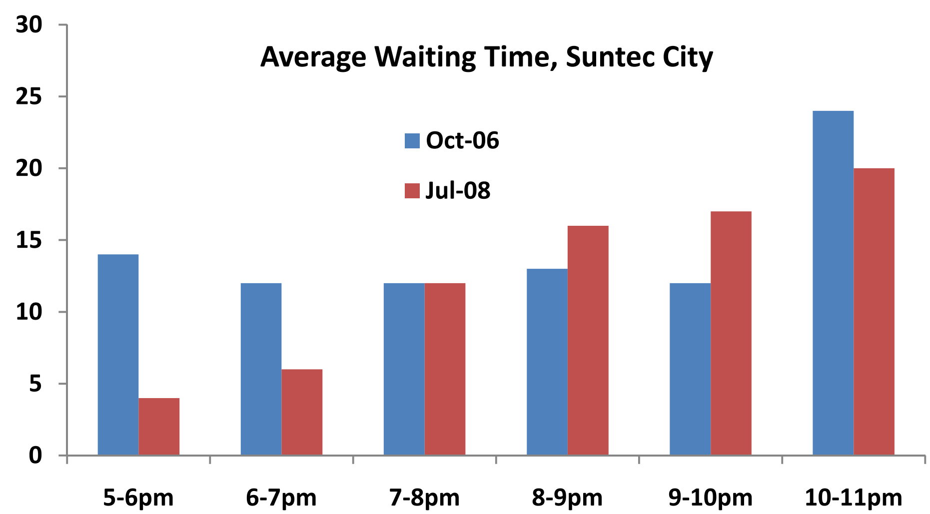


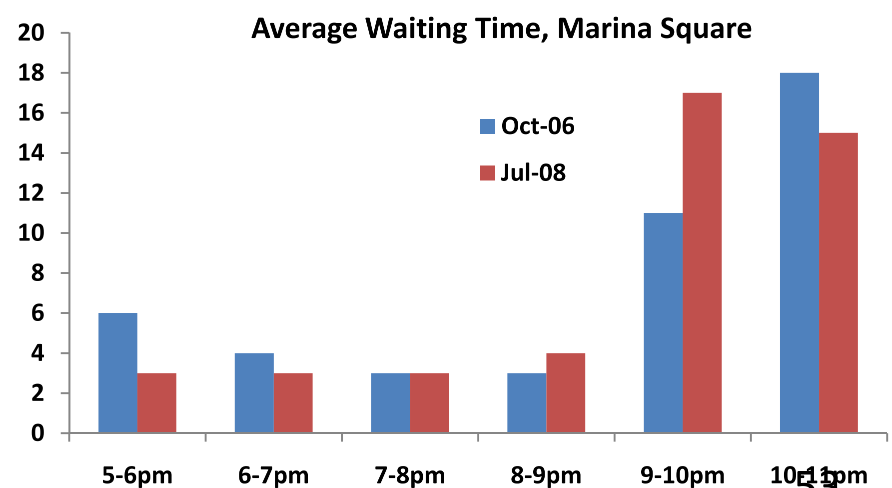
Source: LTA, SBST Annual Reports

Taxi Ridership During Downturns



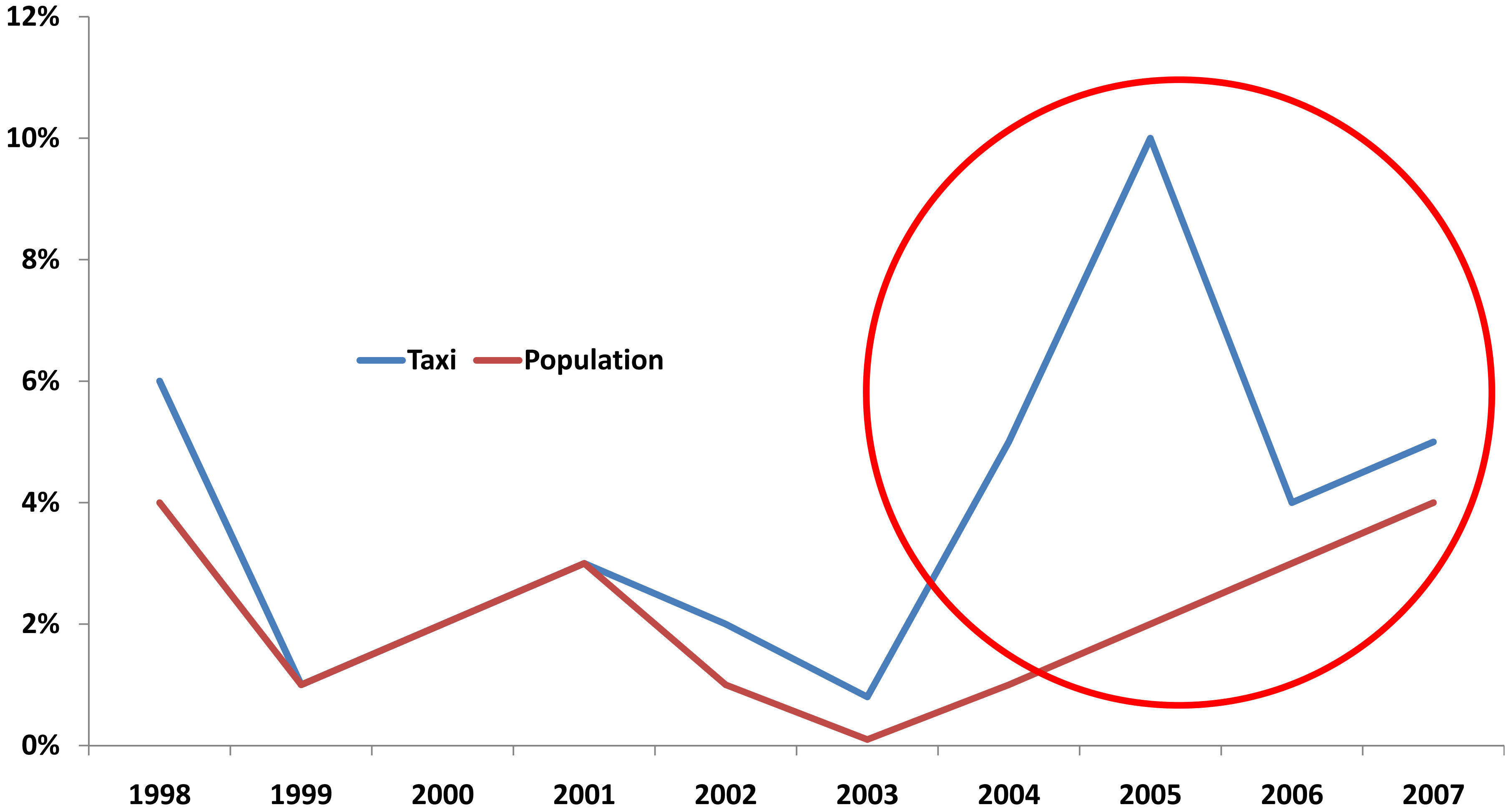






Source: LTA surveys done between 29Sep06-2Oct06 and 4Jul08-7Jul08

Taxi Growth Outpaces Population Growth

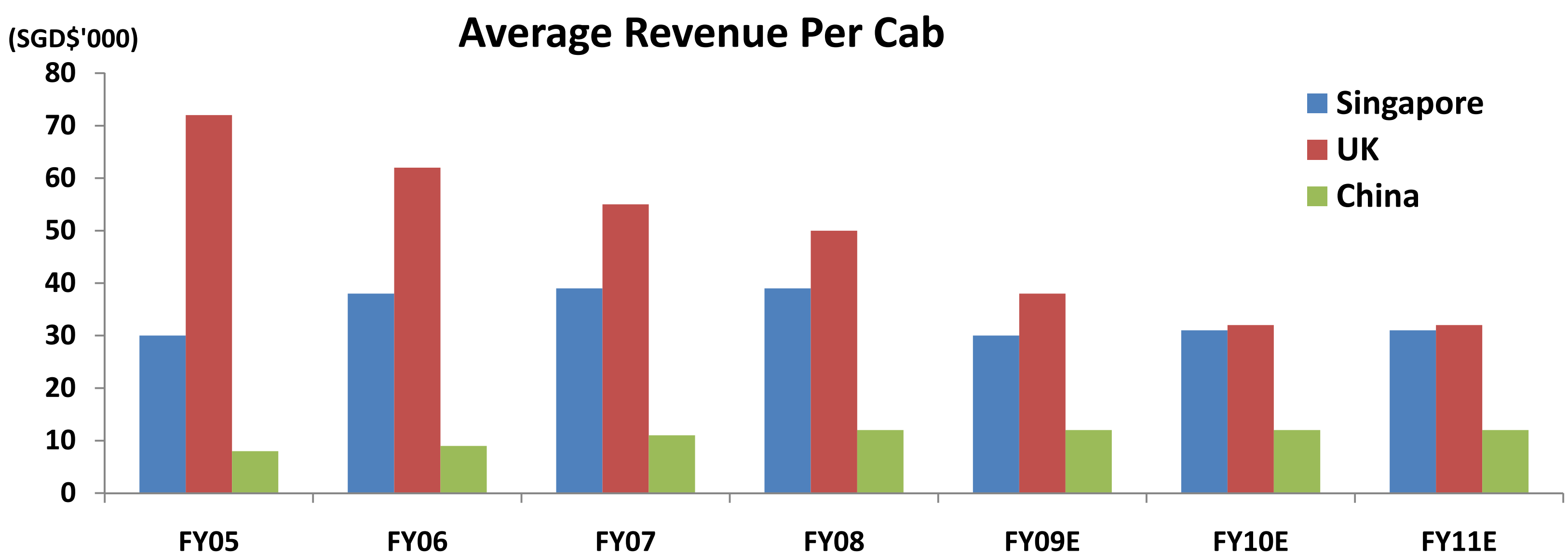


Source: Department of Statistics, LTA

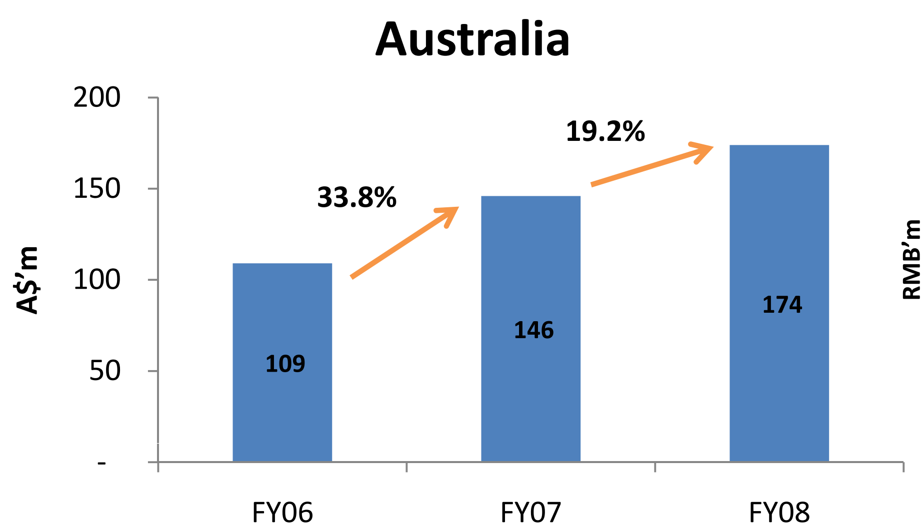
Monthly Cost for Cab Drivers

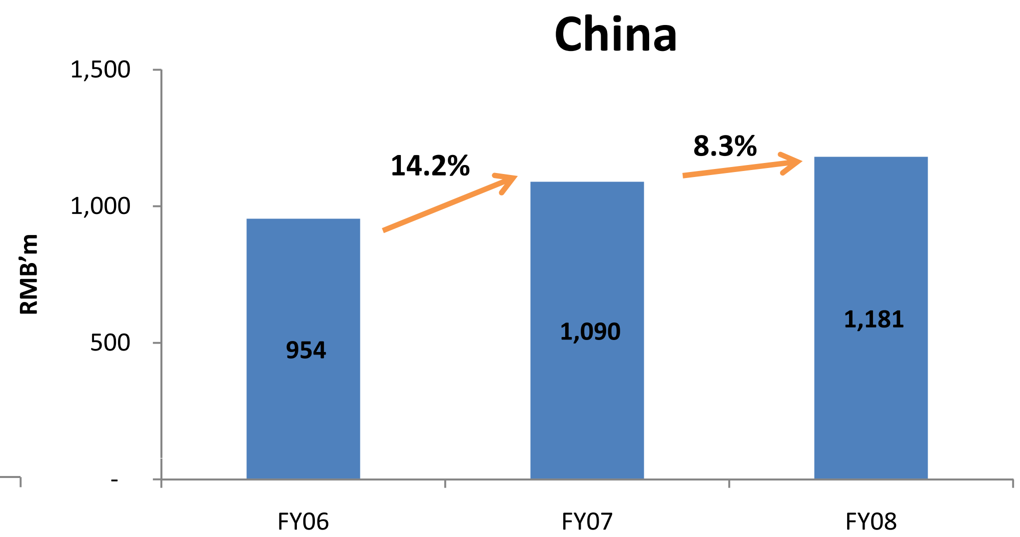
Factors	CD	SMRT	SMART Cab	Premier
Rental/day	S$95	S$65	S$82.50	S$88
Diesel incentives	S$1.18 effective px	S$90 diesel rebate/mth	NA	15% discount @ Caltex
Monthly diesel cost (40 l/day @S$1.20)	S$1416	S$1350	S$1440	S$1224
Driver's monthly cost	**S$4266**	**S$3300**	**S$3915**	**S$3864**

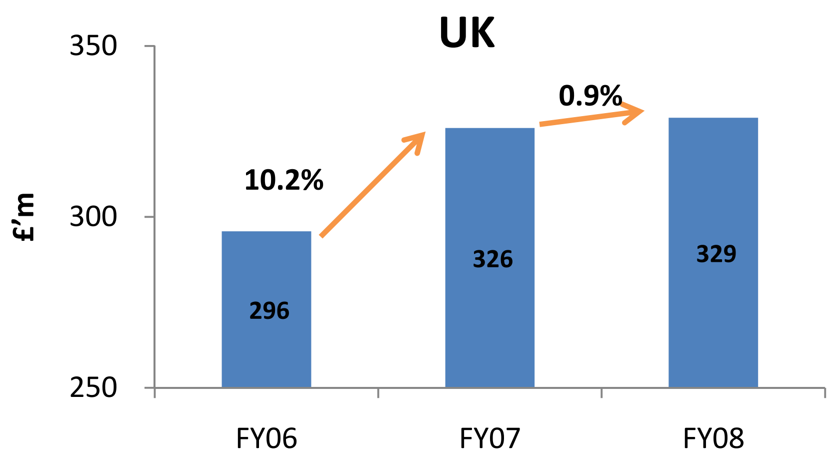
Source: LTA (RSD), SMRT & SBST Annual Reports



Slowing growth in local currencies earnings





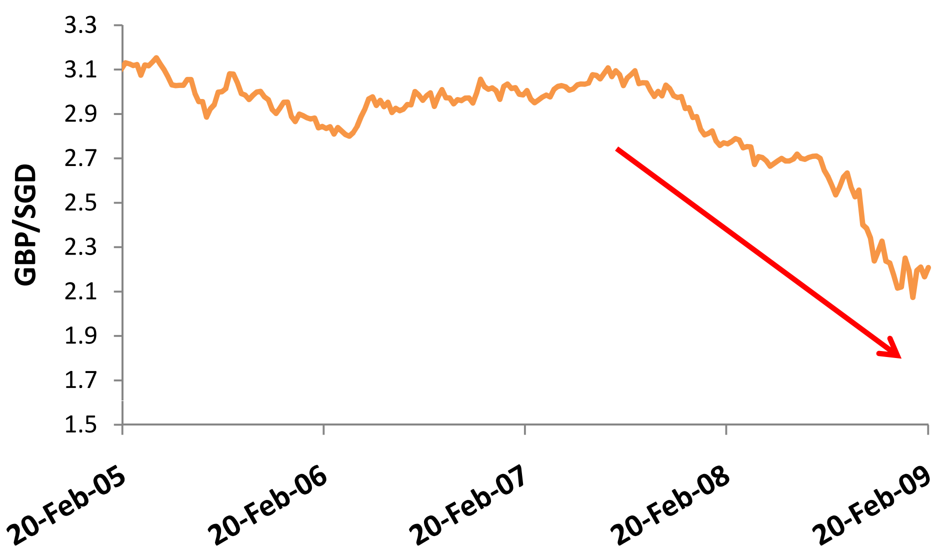


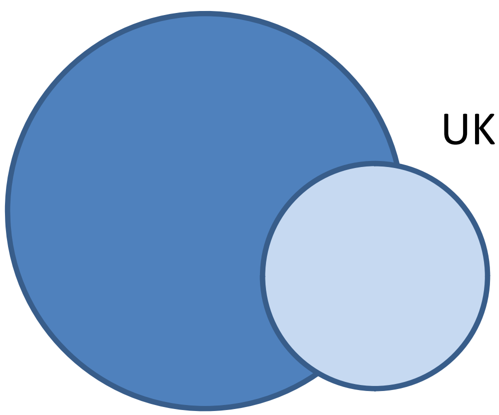
Further Currency Analysis

1. UK
2. Australia

Pound expected to depreciate further

GBP against SGD



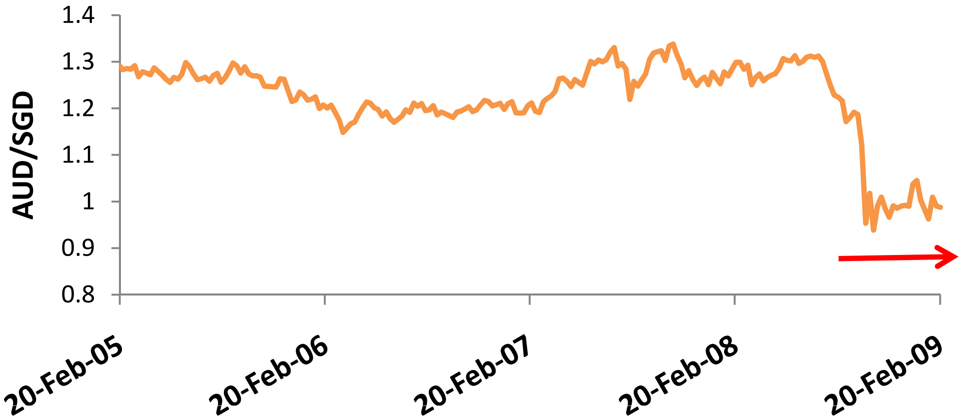


<u>REASONS</u>

- UK government's 150bps rates cut followed another 100bps, signaling a dampening economic outlook
- British economy to contract by 1.6% in FY09
- UK rescue package 25% of GDP resulting in money-printing that pushes down interest rates (quantitative easing)

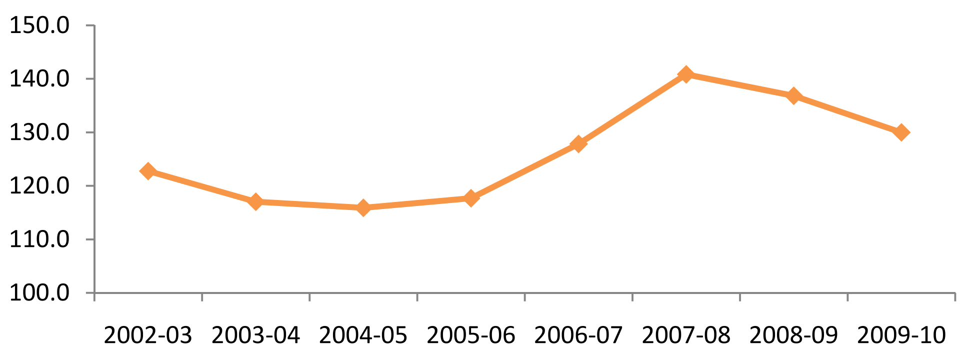
Australian dollar expected to stay low

AUD against SGD



Source: Bloomberg

Commodity Price Index in Australia (1997-98 = 100)



Source: ABARE Australia

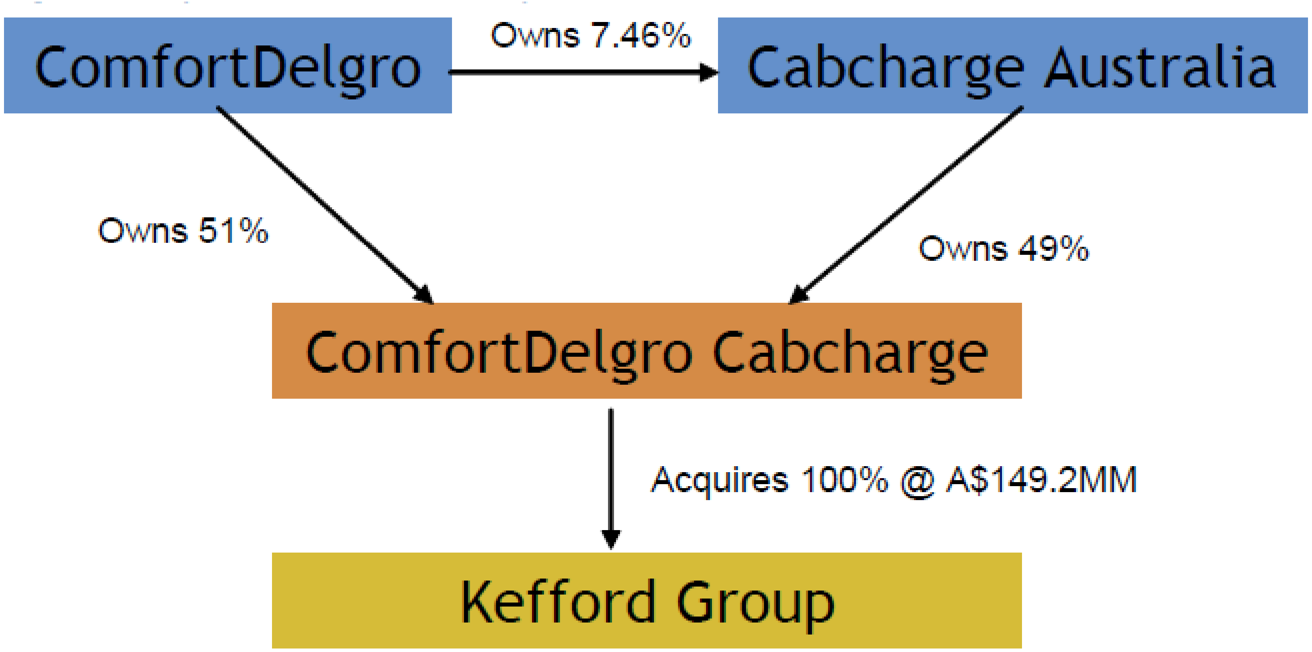
<u>REASONS</u>

- Government inclination to use further interest rate cuts to stimulate the economy

- Latest 100bps interest rate cuts signal further downside as current interest rate stands at 3.25%

- Poor commodity outlook likely to persist for FY09 & FY10, putting pressure on AUD

The Kefford Deal: Unjustified Cheers?



Kefford Group Summary

- Largest fleet operator in Victoria with 16% market share
- Operates a fleet of 328 buses spanning 66 routes under a newly renewed contract of 10 years
- Purchase consideration of A$149million
- Subject to regulatory approval, Crystal Research estimates a 2-3% boost in forecasted earnings

The Kefford Deal: Unjustified Cheers

Acquisition	$	149.2		
EBITDA (x)	$	24.9		
Income ($mil)	$	9.3		
	CD's Earnings		Cabcharge AU	
Cab Charge		51.00%		49.00%
Revenue	$	4.74	$	4.56
Cabcharge Australia				7.46%
			$	0.34
Total ($mil)	$	5.08		
Revenue from Kefford	$	5.08		2.28%

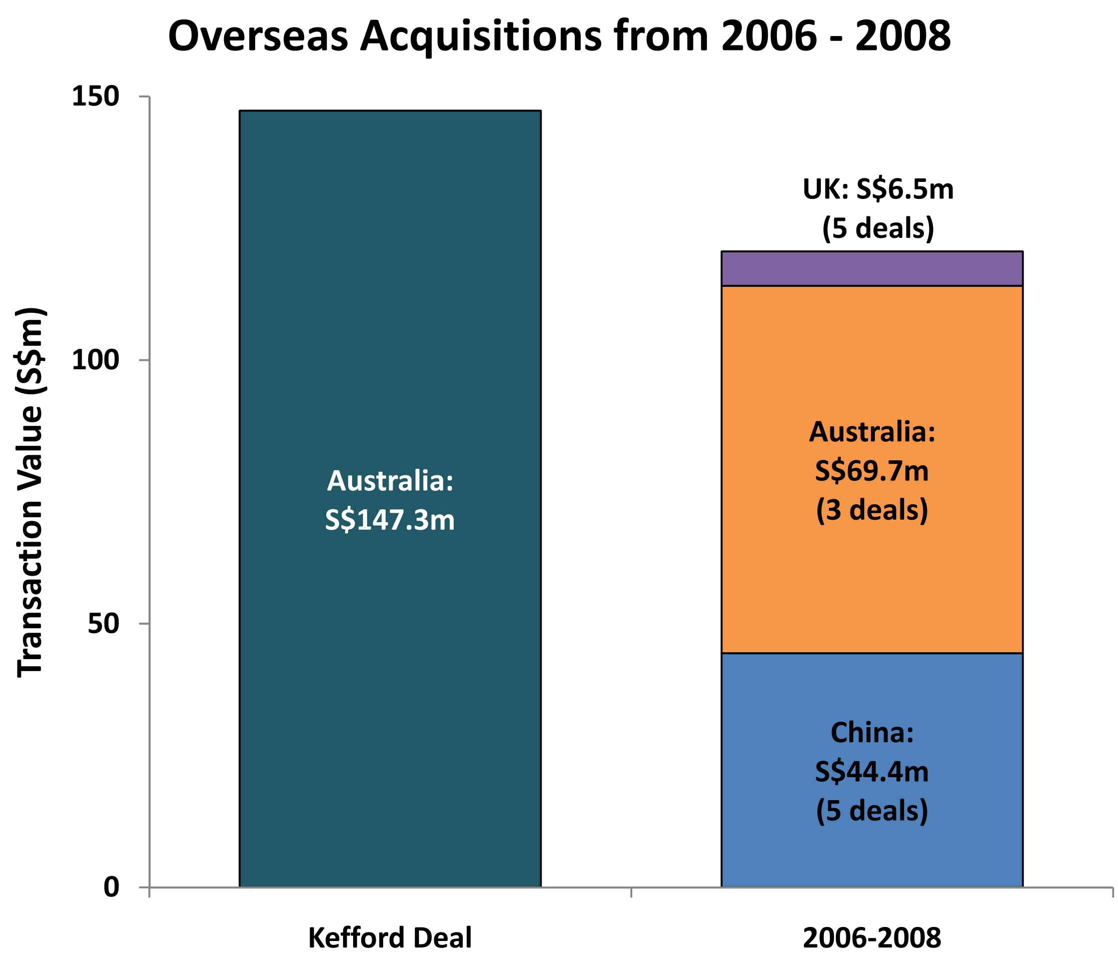
Kefford's Acquisition

-Based on 6.4x EBITDA acquisition price, we arrive at EBITDA for Kefford at AU$23.3/annum

-Revenue Cashflow attributable to CD is AU$11.47 after accounting for possible forex loss

-Represents $5mil to CD's bottom line and 2.28% of Net income FY07

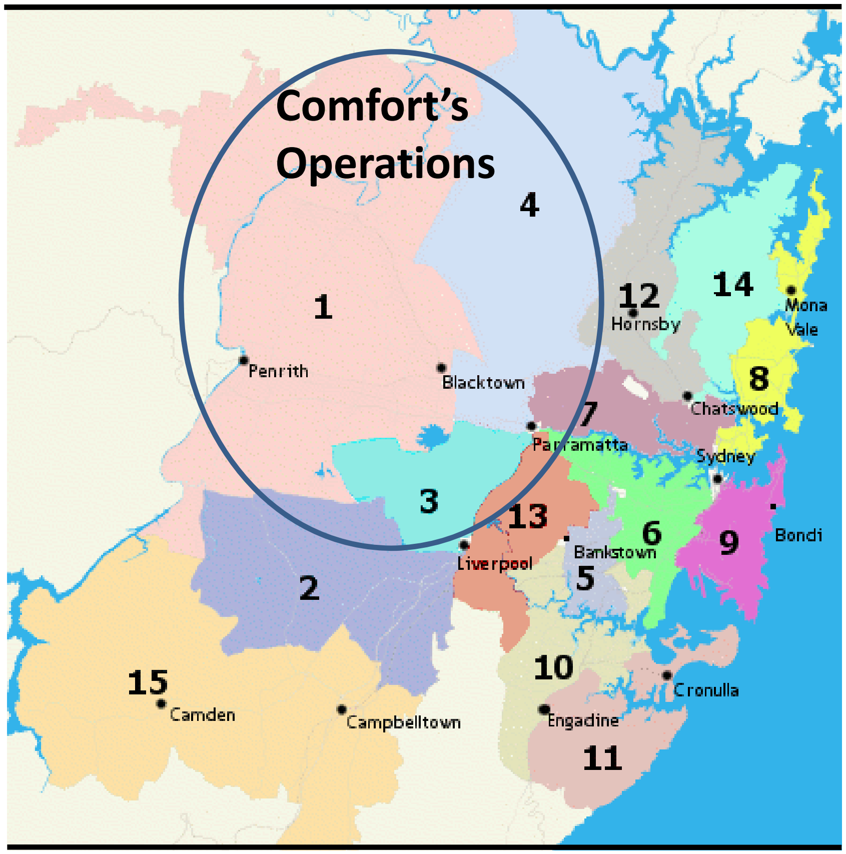
Kefford Deal is unprecedented



Source: Company Data

Comfort operating Hillbus and Westbus

Sydney

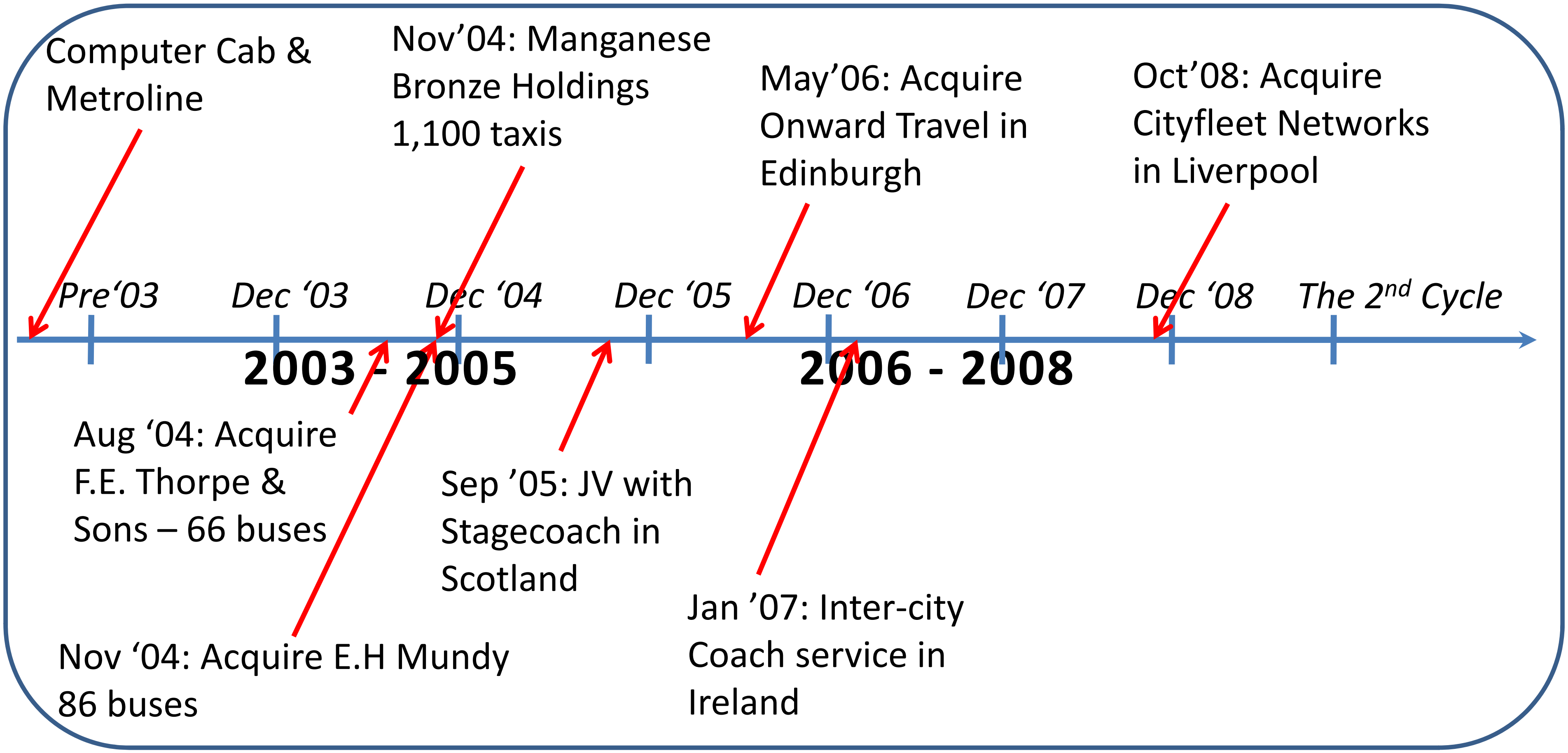


Operating Region	Operator
1	Busways Blacktown Westbus[1]
2	Interline Buses Busabout
3	Hopkinsons Metrolink Westbus[1] Buabout
4	Hillbus[1]
5	Punchbowl Buses
6 - 9	Sydney Buses
10	Veolia Transport NSW
11	Caringbah Buses
12	Shoreline
13	Veolia Transport NSW
14	Forest Coaches
15	Busways Campbelltown

Source: Company Data,
NSW Ministry of Transport

[1]Owned by ComfortDelgro

Timeline of Activities in UK



Timeline of Activities in Australia

2005 - 2008

Dec '05 | *Dec '06* | *Dec '07* | *Dec '08* | *The 2nd Cycle*

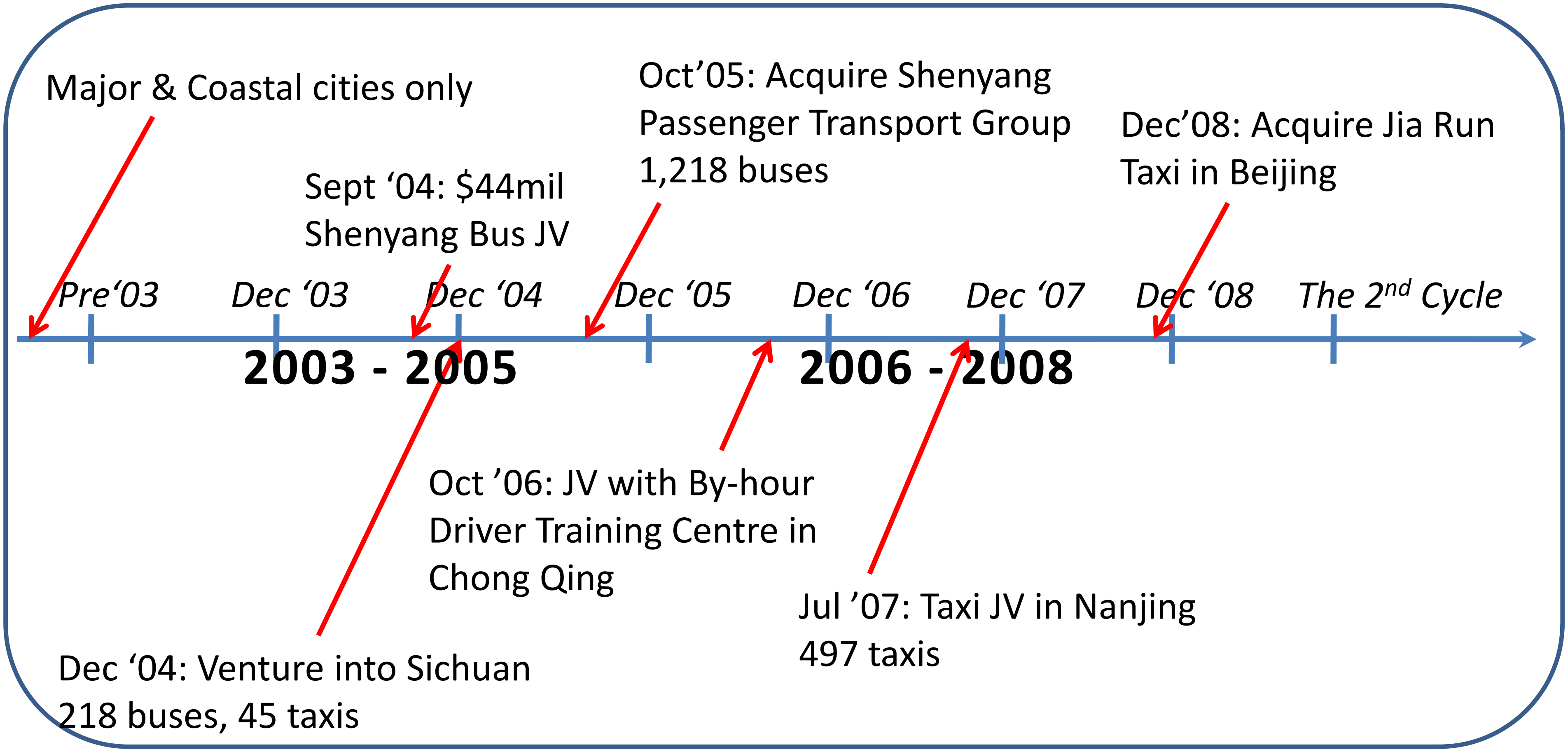
Aug '05: Entrance into Australia through Westbus
642 buses – S$135mil deal

Jul '06: Acquire Holroyd Bus Lines through CDC
29 buses - S$9.15mil deal

Jul '07: Acquire Toronto Bus Services through CDC
80 buses – S$19.14mil deal

Nov '07: Acquire Kefford (Victoria) through CDC
328 buses – S147.3mil

Timeline of Activities in China



Scenario Analysis (A) – Near term global economic recovery

USA	UK	Asia	Australia
▪ GDP shrank 6.2% in 4Q 2008 – most since 1982 ▪ Weekly jobless claims at 26yr high as unemployment hit 8.1% in February ▪ ISM business activity contracted for fifth consecutive month ▪ Industrial output contracted 11% in Feb – sharpest since 1975	▪ MPC cut bank rate down to 0.5%, -2.8% GDP for FY09 ▪ Unemployment at 2mil (6.5%) → expected to hit 10% ▪ Services PMI 43, Construction PMI 28 ▪ Auto sales (-22%), electrical appliances (-14%), building materials (-12%) ▪ Financial sector, UK's crown jewel is in shambles	▪ Singapore GDP FY09 (-2% to -5%) ▪ Industrial output fell by record 29% in January ▪ Decline in manufacturing activity was broad based – electronics down 43% ▪ China GDP FY09 reduced to 6.7% ▪ Exports plummeted 26% - largest in a decade	▪ Official GDP FY09 - 0.2%, FY10 -1.8% ▪ Rates cut of 400bps to 3.25% → further cuts of 125bps expected ▪ Business condition fell to lowest level since 1992 ▪ Unemployment at 4.3% → 6% in FY09 ▪ Plunge in commodities prices and export demands

Source: Business Monitor Online, Thomson Reuters, Bloomberg

Scenario Analysis (A) – Near term global economic recovery

Economy to bottom out in FY09, recovery in FY10 onwards

	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Total Revenue Growth	8.0%	3.6%	0.3%	1.9%	2.9%	3.1%
Operating Profit Growth	9.6%	-17.0%	-3.0%	0.9%	2.4%	4.2%

Present Value @ FY2009	$2,677.18
Add: FY2009 Cash & Securities	459.85
Less: Total Debt	424.17
Less: Minorities	419.90
Equity Value	$2,292.96
Total Outstanding Shares	2085.64
Implied value per share	**$1.10**

Economy has already bottomed out FY08, V shape recovery for FY09 onwards

	FY2007A	FY2008A	FY2009E	FY2010E	FY2011E	FY2012E
Total Revenue Growth	8.0%	3.6%	1.2%	3.7%	3.9%	4.0%
Operating Profit Growth	9.6%	-17.0%	0.5%	5.4%	8.2%	10.1%

Present Value @ FY2009	$2,914.80
Add: FY2009 Cash & Securities	459.85
Less: Total Debt	423.57
Less: Minorities	419.90
Equity Value	$2,531.18
Total Outstanding Shares	2085.64
Implied value per share	**$1.21**

Sensitivity Analysis – Economic Recovery

		Terminal Growth					
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**	**3.5%**
	7.5%	$ 1.38	$ 1.41	$ 1.45	$ 1.49	$ 1.54	$ 1.60
	8.0%	$ 1.27	$ 1.29	$ 1.32	$ 1.34	$ 1.37	$ 1.41
	8.5%	$ 1.18	$ 1.19	$ 1.21	$ 1.22	$ 1.24	$ 1.26
WACC	**9.0%**	$ 1.09	$ 1.10	$ 1.11	$ 1.12	$ 1.13	$ 1.14
	9.5%	$ 1.02	$ 1.02	$ 1.03	$ 1.03	$ 1.04	$ 1.04
	10.0%	$ 0.95	$ 0.96	$ 0.96	$ 0.96	$ 0.96	$ 0.96
	10.5%	$ 0.90	$ 0.89	$ 0.89	$ 0.89	$ 0.89	$ 0.88

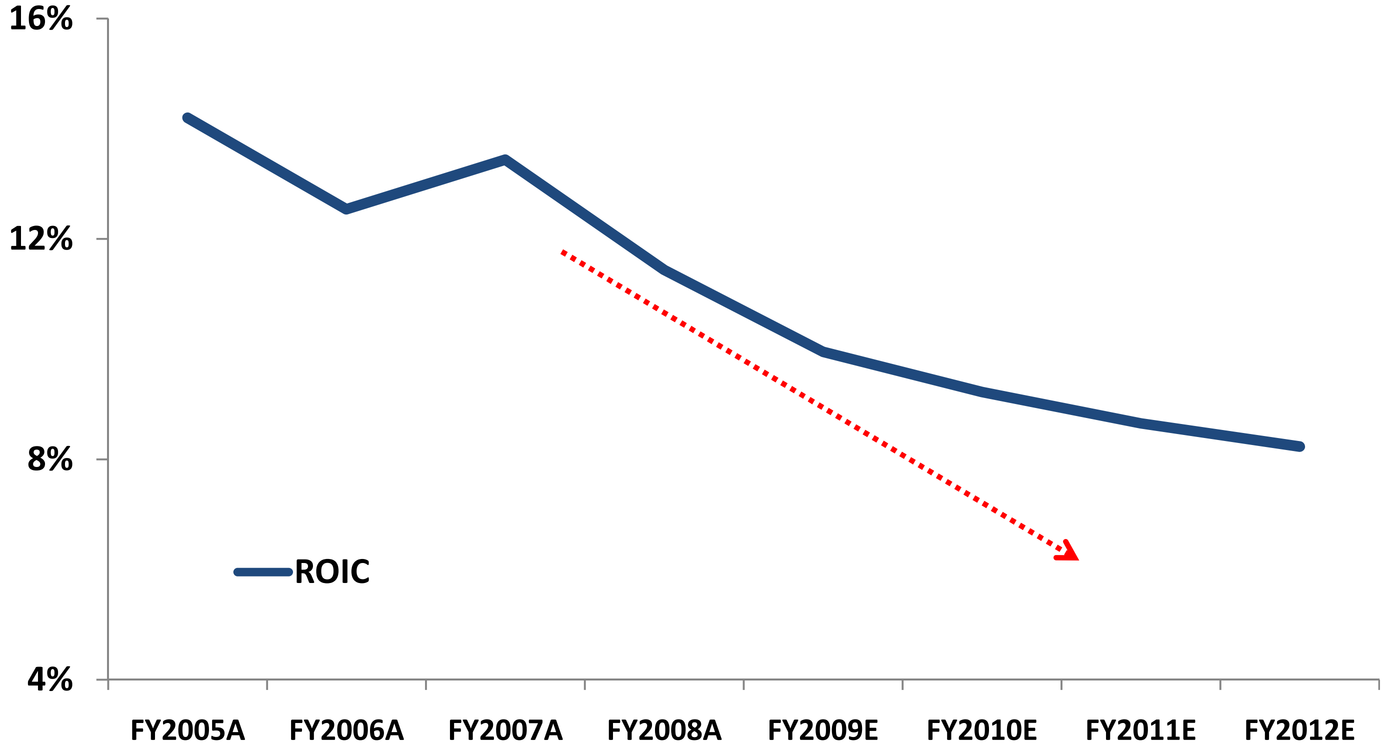
V Shape recovery **Recovery in 2H 2010** **Prolonged Recession**

Scenario Analysis (B) Acquisitions

	Scenario?	Likelihood? Justification?
Worst Case	• Weak M&A and acquisition environment • Cumbersome approval process by transportation authorities	**Medium -** Protectionism nature of government • China gov. has stopped issuing taxi licenses • UK market oligopolistic and saturated • Kefford deal is still awaiting regulatory approval
Base Case	• Acquire small bus operators through industry consolidation in Australia • Acquire small additions to fleet in China	**High-** Historically small annual acquisitions • Saturated in UK, only opportunities in Australia and China • Strategy of expanding overseas is fundamentally in place
Best Case	• In deep recession many companies are valued at a bargain → Comfort may take this opportunity to acquire larger transportation operators	**Low –** Hard to get approval by shareholders • Scaled back FY08 dividends to keep itself cash rich → management wants to defer non-critical capex → not likely to do large scale acquisitions

Acquisitions – The way to go?

- Historical ROIC has declined due to dilutive overseas acquisitions
- For instance, Shenyang's bus business (market leader) was acquired in FY04 but continued to post losses through FY08
- ROIC expected to decline from 13.5% peak in FY07 to 10% in FY09E



Source: Thomson Reuters, Crystal Research

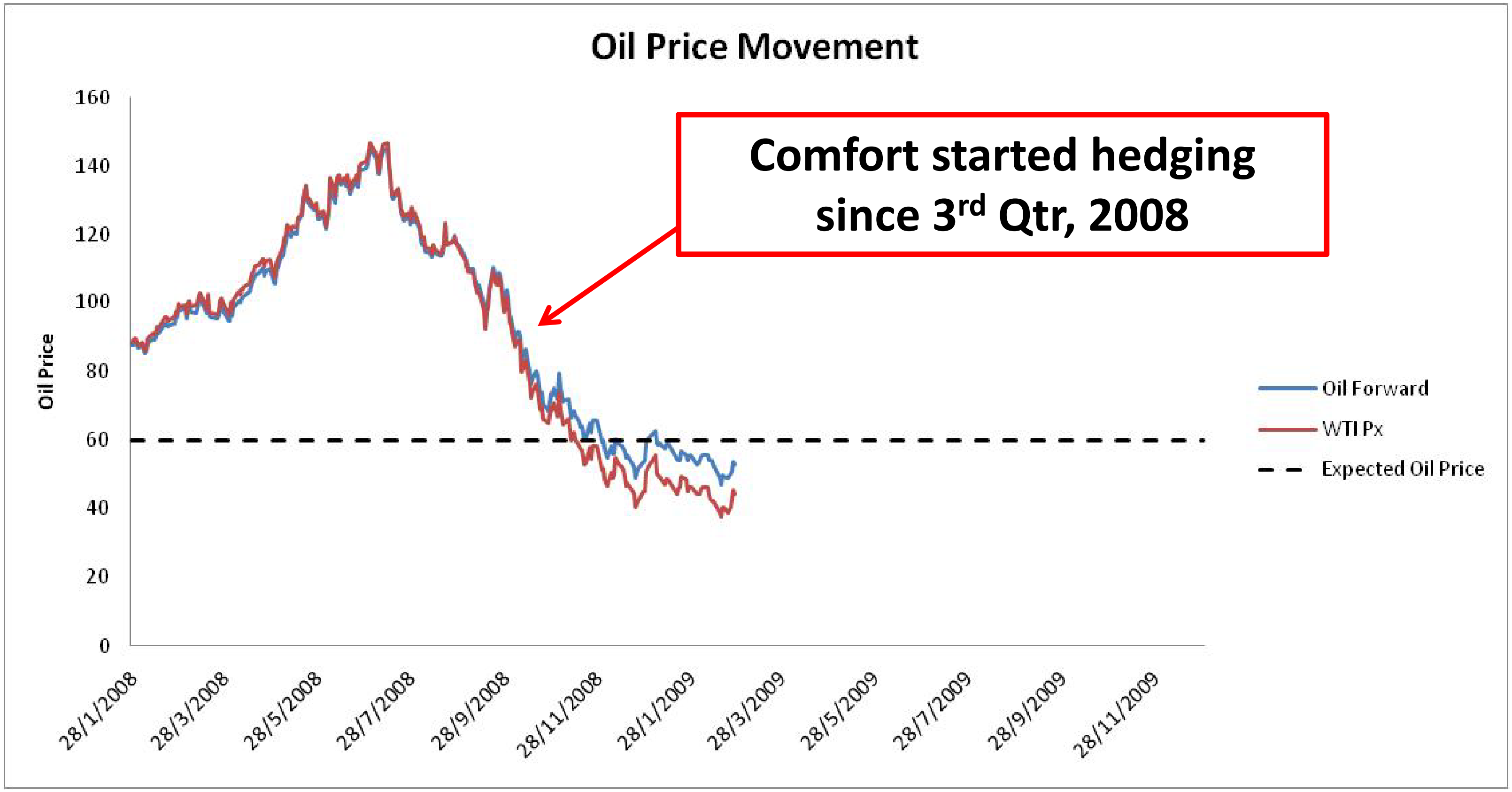
Oil Sensitivity Analysis

- Estimate for every 10% change in oil prices, Comfort's net income would fluctuate by 13%
- Expect oil prices to average US$60/bbl in FY09

	Crude Oil Reference Price	change	FY09E Net Income	change
	79.2	+20%	110.68	-25.5%
	66.0	+10%	148.56	-12.8%
Base Case	**60.0**	**0%**	**170.37**	**0.0%**
	54.0	-10%	192.01	12.7%
	43.2	-20%	240.97	25.5%
Source: Crystal Research	30.2	-30%	333.02	38.2%

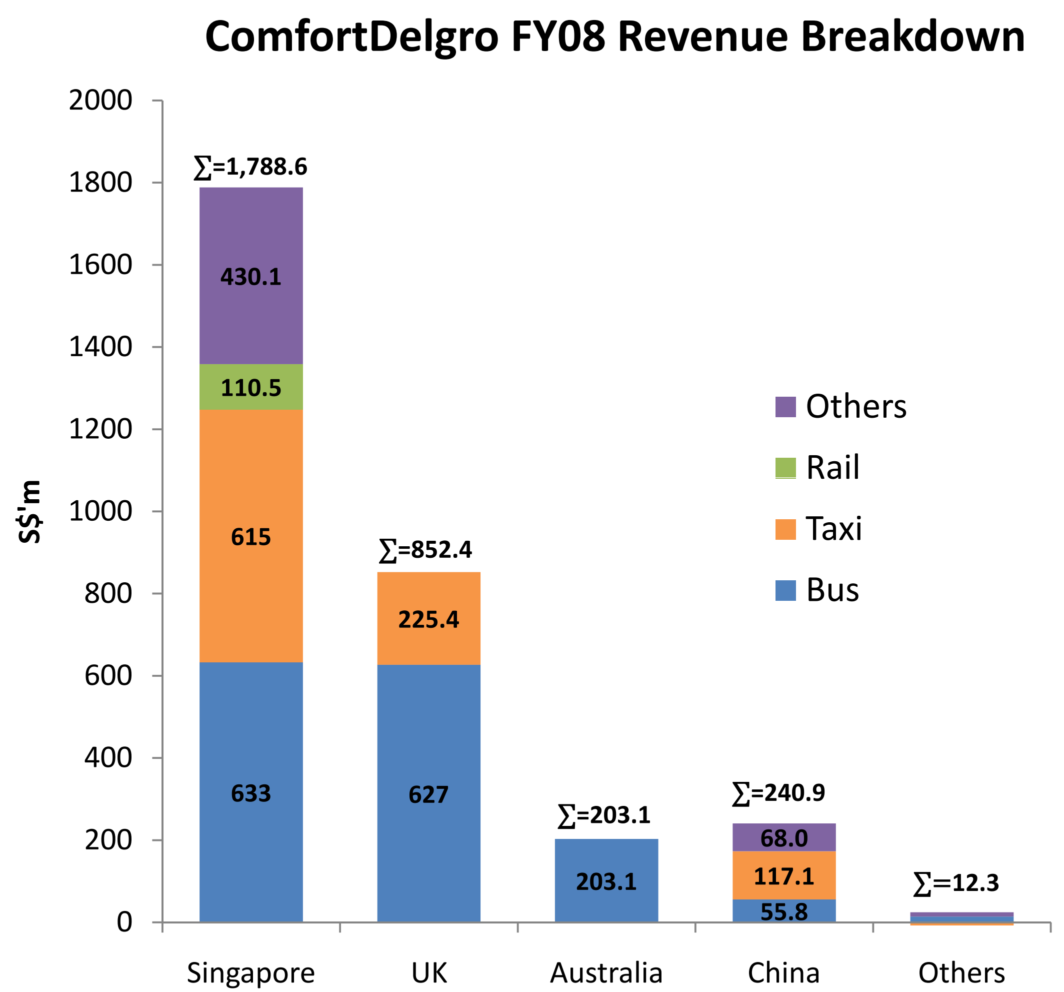
- Comfort hedged 40% of its oil needs for FY09 in 4Q08 when oil prices were still at a high (untimely hedge) → estimate hedged oil price to average US$100/bbl
- Do not expect net income to have such large upside risk in view of comfort's untimely hedging practices

Oil Price Chart



- We expect oil price to smoothen out and average at US$60/bbl
- Comfort's untimely hedged has caused it to lose out on the drop in oil price

FY08 Revenue Breakdown by Country



Source: Company Data

Management Expectations of Comfort's Operations in 2009

Singapore

Bus	↑
Taxi	↔
Rail	↑
Car Rental	↓
Auto Engrg	↔
Veh. Insp.	↑
Diesel Sales	↓
Driving Centre	↔

Source: Company Media Release

UK

Bus	↔
Taxi	↓

Australia

Bus	↑

Vietnam

Taxi	↔

Malaysia

Car Rental	↓

China

Shenyang	Bus ↑	Taxi ↔		
Beijing		Taxi ↔	Rental ↓	Others ↑
Guangzhou			Bus Station ↔	
Chengdu		Taxi ↔	Rental ↓	Others ↑
Shanghai	Bus ↑	Taxi ↔		
Chongqing			Driver Centre ↔	
Suzhou	Bus ↑	Taxi ↔	Car Dealership ↓	
Jilin City		Taxi ↔		
Nanning		Taxi ↔		
Nanjing		Taxi ↔		
X,Y,H		Taxi ↔		

↔ Maintain

↑ Improve

↓ Decline

Capex Assumption

Management Missteps

OUR MISSION

To be the world's number one land transport operator in terms of fleet size, profitability and growth within the next four to six years.

Fleet Size

Profitability

Growth

Fleet size 2nd in the world

Grown to 2nd largest transport company in fleet size by acquisitions over the past 5 years

Declining Profit Margin & ROIC

Non-yield accretive acquisitions have hurt profitability.

E.g. China's Shenyang business still unprofitable after 4 years

Did not enter markets that have highest profit margins

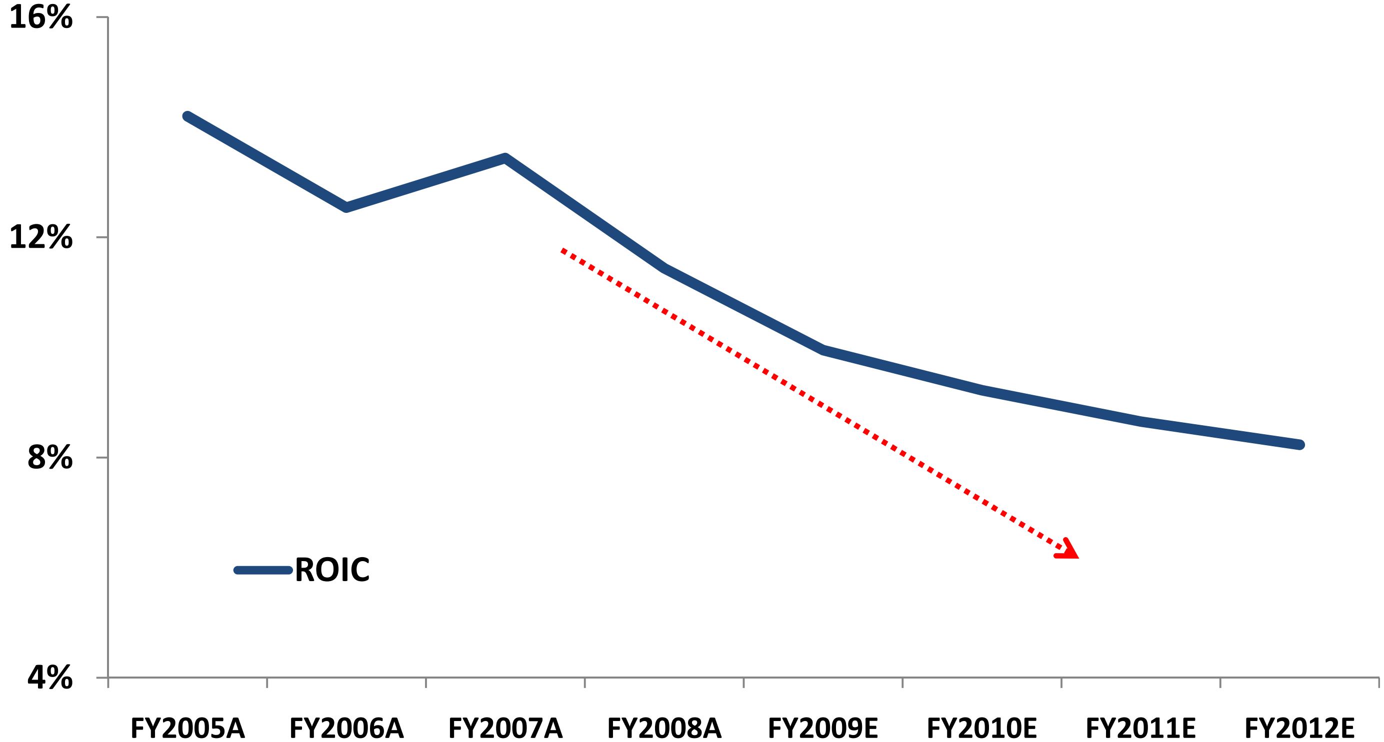
Upside growth curbed by Government & PTC

Management has strong historical ties to Government.

National interest placed before shareholder's interest (fare revision)

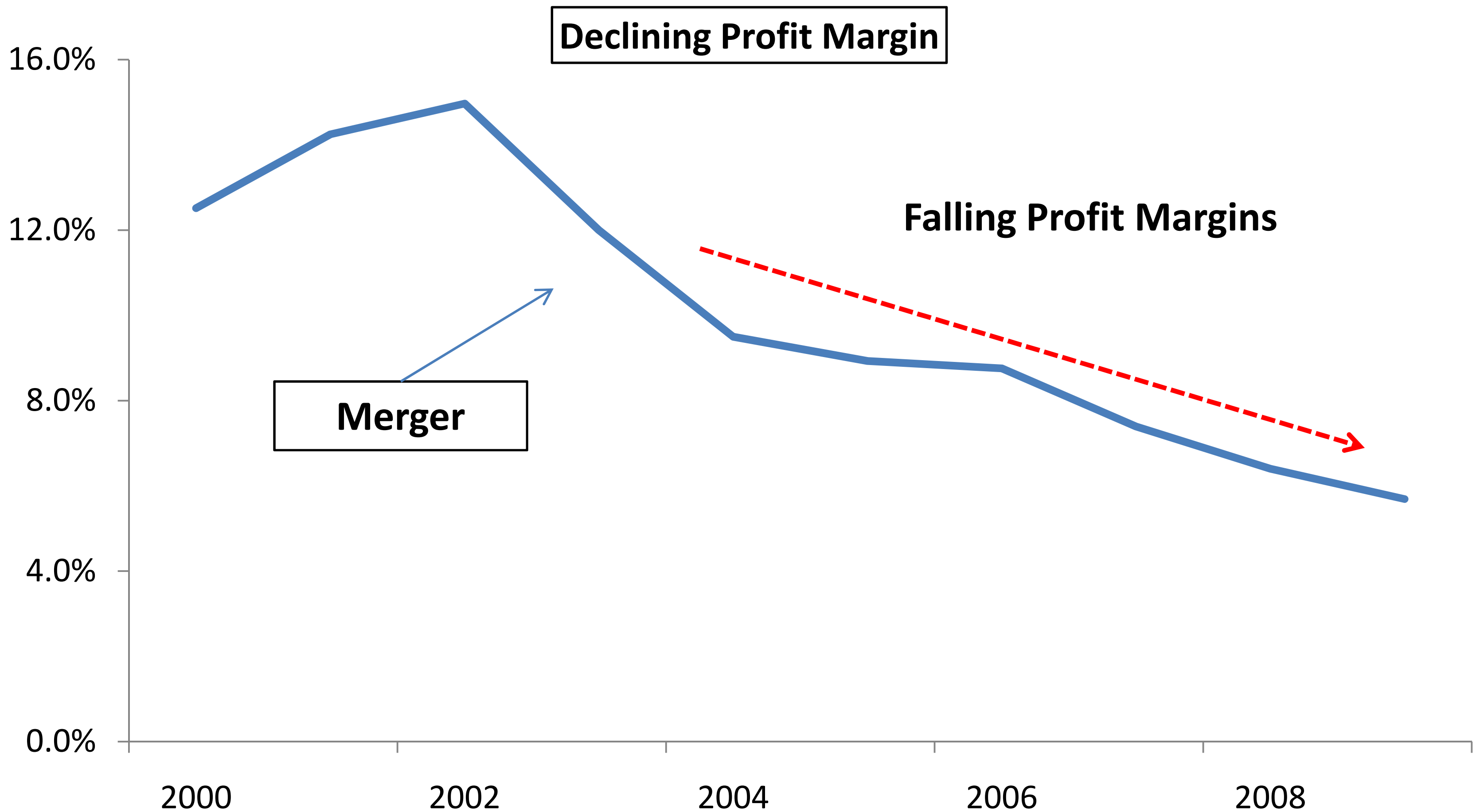
Acquisitions – The way to go?

- Historical ROIC has declined due to dilutive overseas acquisitions
- For instance, Shenyang's bus business (market leader) was acquired in FY04 but continued to post losses through FY08
- ROIC expected to decline from 13.5% peak in FY07 to 10% in FY09E



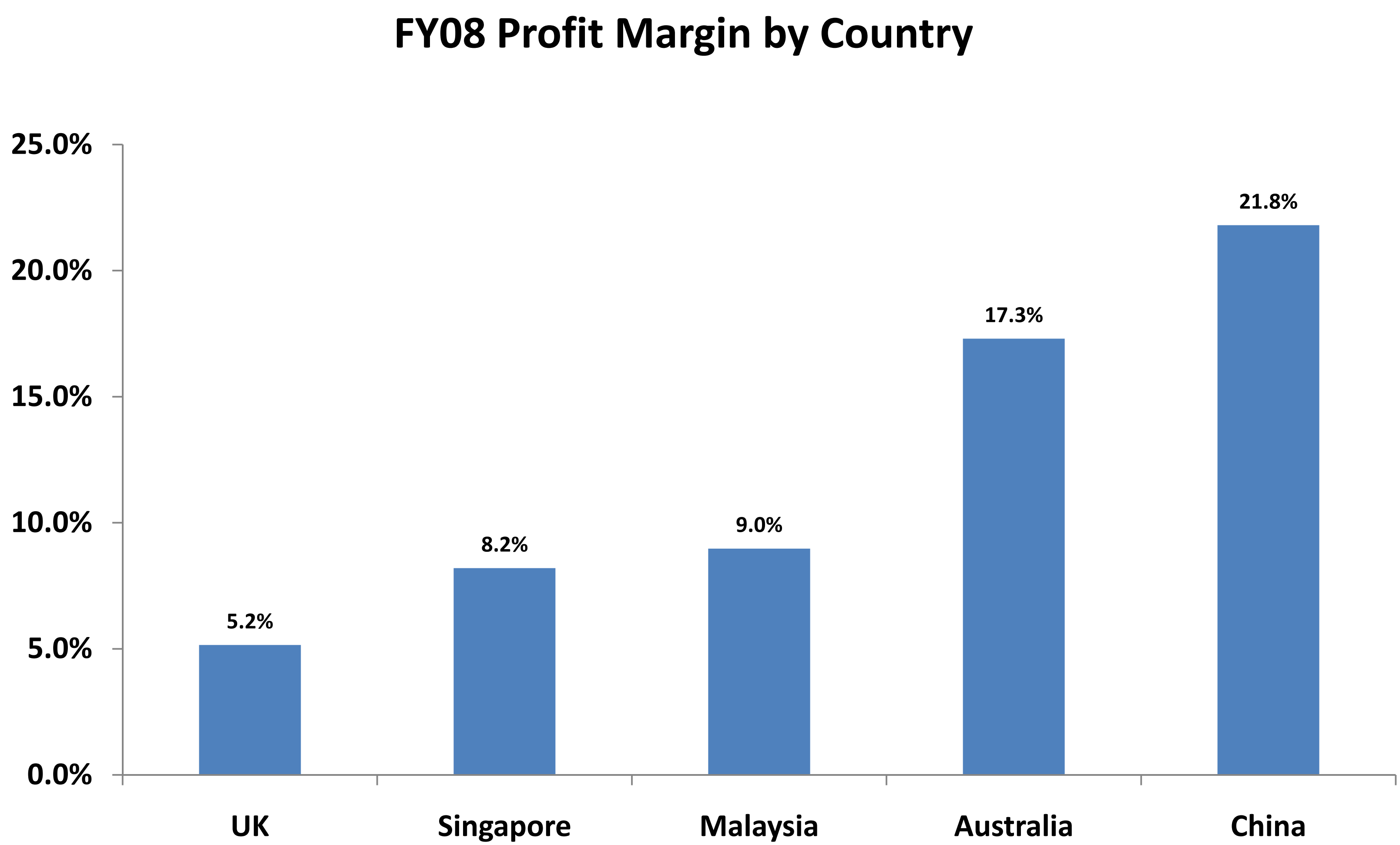
Source: Thomson Reuters, Crystal Research

Declining Profitability



- Non-yield accretive acquisitions has caused profit margin to fall

Growth in Strategic Markets



Source: Department of Statistics, LTA

Ownership of ComfortDelgro

Top Ten Investors

Investor Name	% O/S	Pos	Pos Chg	% Pos Chg	Filing Date	Filing Type	Equity Assets ($MM)	Investor Type	Country
Singapore Labour Foundation	12.11	252,616,594	0	0.00	03-Mar-2008	Other Substantial/Declarable	333.61	Strategic Entities	Singapore
Silchester International Investors Ltd.	8.04	167,667,000	41,255,000	32.64	13-Jun-2008	Other Substantial/Declarable	8,882.96	Investment Managers	United Kingdom
Capital Research Global Investors	6.10	127,225,000	20,378,000	19.07	10-Oct-2008	Other Substantial/Declarable	311,335.72	Investment Managers	United States
Comgest S.A.	2.45	51,000,000	0	0.00	30-Sep-2008	Aggregate MFs	6,316.68	Investment Managers	France
Barclays Global Investors, N.A.	1.92	40,043,000	-748,000	-1.83	31-Jan-2009	Aggregate MFs	500,030.01	Investment Managers	United States
Arnhold and S. Bleichroeder Advisers, LLC	1.49	31,016,875	0	0.00	30-Nov-2008	Aggregate MFs	23,026.18	Investment Managers	United States
Columbia Wanger Asset Management, L.P.	1.27	26,590,000	0	0.00	31-Jan-2009	Aggregate MFs	19,271.31	Investment Managers	United States
Templeton Asset Management (Singapore) Ltd.	1.03	21,499,714	1,130,000	5.55	30-Sep-2008	Aggregate MFs	22,699.90	Investment Managers	Singapore
Morgan Stanley Investment Management Ltd. (UK)	0.77	16,149,000	0	0.00	28-Feb-2009	Aggregate MFs	33,328.73	Investment Managers	United Kingdom
Putnam Investment Management, L.L.C.	0.77	15,958,000	-2,744,000	-14.67	31-Dec-2008	Aggregate MFs	46,107.57	Investment Managers	United States

Senior Management

Position	Name
Chairman	Mr. Lim Jit Poh
Chief Executive Officer	Mr. Kua Hong Pak
Chief Financial Officer	Mr. Choo Chek Siew
Chief Information Officer	Mr. Ng Tong Sing
SVP– Business Development	Ms. Eng Sok Yong

Chairman – Lim Jit Poh

- Appointed non executive Chairman of group in 2003. Chairman for both Remuneration and Investment committee

- **Former top civil servant** and Fulbright scholar. He was **awarded the Public Administration medal in 1972 and three awards by National Trade Union Congress**, namely Friend of Labour award in 1986, Meritorious Service award in 1990 and Distinguished Service award in 2000.

- Mr Lim had been **directly involved in negotiations with business partners and relevant authorities** on various joint venture projects in the ASEAN region as well as in China, Hong Kong, United Kingdom, Australia and Mauritius. He was also involved in the management of these operations.

- Mr Lim was a Council Member of the Singapore Chinese Chamber of Commerce and Industry and the National University of Singapore, and a member of the Singapore British Business Council.

CEO – Kua Hong Pak

- Appointed Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited in 2003.

- Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited where he **managed its Singapore and its overseas operations in the United States, United Kingdom, China, Japan, Hong Kong and Australia.**

- Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, PSA International Pte Ltd, PSA Corporation Limited, StarHub Ltd, Ringier Print (HK) Limited and Cabcharge Australia Limited.

- He is also an **Honorary Citizen of Shenyang City, China**. In recognition of his contributions to community service, he was awarded the **Public Service Medal in 1991 and Public Service Star in 1996** by the President of the Republic of Singapore and re-appointed a **Justice of the Peace in 2005**. He was awarded a **Medal of Commendation** by the National Trades Union Congress in 2005.

CFO – Choo Chek Siew

- Group Financial Officer of ComfortDelGro Corp Ltd since 2003. He is responsible for the Group s Financial and Statutory Reporting, Budgeting, Financial Control & Policies, Treasury & Debt Management and Taxation.

- He started his career with **PricewaterhouseCoopers** and moved on to become Group Internal Audit Manager of United Engineers Ltd. Mr Choo was the **Regional Financial Controller at Citibank** N.A and Chief of Staff at Union Bank of Switzerland before joining the Development Bank of Singapore Ltd as Head of Integration.

- He holds a Bachelor of Economics (Hons) from the Australia National University and is an Australian Chartered Accountant.

CIO – Ng Tong Sing

- Joined as Group Information Officer of ComfortDelGro Corp Ltd in June 2003. He oversees the Groups' IT functions and applications and supports strategic and business needs.

- Mr Ng started his career at the **Systems & Computer Organisation of the Ministry of Defence.** He has held senior management positions in several IT services firms catering to the needs of Government agencies, airlines, banks and logistic companies in the region.

- Prior to joining the Group, he was the **Executive Vice President, Operations at Singapore Computer Systems Limited**.

- He holds a Bachelor of Science (Systems Engineering) (1st Class Hons) from the University of Bath in the United Kingdom.

SVP – Eng Sok Yong

- Joined the Group in February 2007 and is the Senior Vice President (Group Business Development), with responsibilities for the Group's business development.

- She is also the Senior Vice President, Corporate Development of SBS Transit Ltd, where she oversees the support departments as well as the Rental and Premises department.

- Prior to joining the Group, Ms Eng was the **Group Director of Policy and Planning, Land Transport Authority (LTA).** She was **in charge of corporate communications, policy development, infrastructure and strategic planning in the LTA**.

- Before this, she was Assistant Director in the Ministry of Trade and Industry, in charge of Singapore s multi-lateral negotiations in the World Trade Organisation.

- Ms Eng was a Public Service Commission (PSC) scholar and holds a Master of Science from the London School of Economics.