ComfortDelGro Corporation (CD SP)

1H26: Maintain HOLD On Challenging Taxi/P2P Segment

Highlights

- 1H26 core OP (-18% yoy) and PATMI (-14% yoy) missed our expectations, forming 41% and 43% of our and consensus' 2026 forecasts.
- The miss was mainly due to the taxi/P2P segment, where 1H26 OP collapsed 47% yoy to S$35.35m, particularly in the B2C market.
- Maintain HOLD with an 8% lower target price of S$1.41 as we see limited near-term catalysts. For yield investors, CD offers a decent 5.3% for 2026.

1H26 Results

Year to 31 Dec (S$m)	1H26	yoy% chg	2Q26	yoy % chg	qoq % chg
Revenue	2561.6	5.7	1333.8	6.4	8.6
Operating profit	142.6	(17.3)	76.1	(16.4)	14.4
Core PATMI	85.1	(14.3)	44.5	(13.9)	10.4
Core operating margin (%)	5.6	(1.6ppt)	5.7	(1.7ppt)	0.3ppt
Core PATMI margin (%)	3.3	(0.8ppt)	3.3	(0.8ppt)	0ppt

	-------------------- Revenue --------------------			--------------- Operating Profit ---------------		
Year to 31 Dec (S$m)	2Q26	yoy % chg	qoq % chg	2Q26	yoy % chg	qoq % chg
Public Transport	909.9	12.2	11.7	42.0	5.5	11.4
Taxi & Private Hire Vehicles	234.2	(10.5)	(2.3)	18.4	(48.0)	7.6
Other Private Transport	126.0	4.7	16.1	2.3	(53.1)	(355.6)
Inspection & Testing Services	36.5	2.0	(0.5)	11.9	20.2	(1.7)
Other Segments	27.2	11.9	(4.2)	1.5	50.0	200.0

Source: CD, UOB Kay Hian

Analysis

- **Earnings below expectations.** ComfortDelGro Corporation (CD) reported lower 1H26 operating profit (OP) (-17% yoy) and core PATMI (-14% yoy) despite higher revenue (+6% yoy). Revenue was in line at 49% of our full-year estimates, but core OP and PATMI formed only 41% and 43% and were significantly below our and consensus' expectations.
- The miss was mainly due to the taxi/P2P segment, where 1H26 OP collapsed 47% yoy to S$35.35m, largely due to weakness in taxis' B2C market. On a positive note, VICOM delivered a strong beat on ERP 2.0 On-Board Unit (OBU) installation volumes, and public transport remained largely stable.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	4,477	5,059	5,069	5,163	5,333
EBITDA	691	773	694	697	703
Operating profit	323	373	292	296	313
Net profit (rep./act.)	211	230	180	180	191
PATMI (adj.)	205	215	180	180	191
EPS (S$ cent)	9.5	9.9	8.3	8.3	8.8
PE (x)	14.4	13.7	16.4	16.4	15.5
P/B (x)	1.1	1.1	1.1	1.1	1.1
EV/EBITDA (x)	5.9	5.3	5.9	5.8	5.8
Dividend yield (%)	5.7	6.3	5.3	5.6	5.8
Net margin (%)	4.7	4.6	3.5	3.5	3.6
Net debt/(cash) to equity (%)	7.3	27.1	28.6	26.4	24.7
Interest cover (x)	17.8	14.6	17.0	15.8	14.9
ROE (%)	8.1	8.9	6.9	6.9	7.2
Consensus net profit (S$m)	-	-	195	211	221
UOBKH/Consensus (x)	-	-	0.92	0.85	0.86

Source: CD, Bloomberg, UOB Kay Hian

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HOLD (Maintained)

Share Price	S$1.36
Target Price	S$1.41
Upside	+3.7%
Previous TP	S$1.54

Stock Data

GICS sector	Industrials
Bloomberg ticker:	CD SP
Shares issued (m):	2,166.0
Market Cap (US$m):	2,945.7
Market cap (US$m):	2,308.9
3-mth avg t'over (US$m):	10.9

Price Performance (%)

52-week high/low				S$1.56/S$1.26
1mth	3mth	6mth	1yr	YTD
1.5	6.3	(9.9)	(11.7)	(8.1)

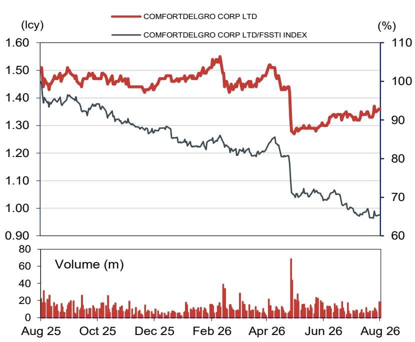
Major Shareholders (%)

Silchester International Investors	6.06

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.21
FY26 Net Cash/ Share (S$)	0.35

Price Chart



Source: Bloomberg

Company Description

ComfortDelGro Corporation provides land transportation services. The company offers bus, taxi, rail, car rental and leasing, automotive engineering services, inspection and testing services, driving centre, insurance broking services, and outdoor advertising.

- **Public transport remains resilient.** 1H26 segment revenue rose 9.8% to S$1.72b, coming in line with our expectations, while OP of S$79.7m (+4.2% yoy) came below expectations. Growth was supported by contractual indexation, renewed London bus contracts at better margins and new Victoria contracts in Australia. SBS Transit (SBST) revenue grew 5.3% yoy on higher bus service fees and rail revenue, with NEL and DTL daily ridership up 1.5% and 1.0% yoy respectively. Public transport now accounts for 67% of group revenue, with over 97% of contracts exceeding five years, supporting strong earnings visibility.
- **Tampines loss and Serangoon-Eunos losses remain near-term headwinds.** The Tampines Bus Package was handed over to Go-Ahead from Jul 26, while SBST will hand over the Serangoon-Eunos Bus Package to SMRT from Jun 27. These losses will weigh on Singapore bus revenue, partly offset by higher rail fares and continued NEL/DTL ridership growth. Jurong Region Line (JRL) operations from 2028 should provide a medium-term earnings stream, while ongoing overseas tenders offer further upside.
- **Taxi/P2P: Recovery underway but challenges remain.** 1H26 core OP fell 47.4% yoy to S$35.5m, reflecting continued competitive pressure across key markets. Singapore's taxi fleet declined yoy despite PHV fleet growth, Australia saw network contraction amid ride-hailing competition and cautious consumer spending, while UK premium demand remained affected by the Middle East conflict. Encouragingly, B2B remained stable as CD continues to reposition the business towards higher-value premium and enterprise mobility, while scaling its platform and Autonomous Vehicle (AV) capabilities, though recovery is likely to remain gradual amid intense B2C competition.
- **Inspection & testing: Expected to wind down.** 1H26 revenue rose 6.7% yoy to S$73.2m, while OP increased 27.0% yoy to S$24.0m, driven by higher ERP 2.0 OBU installation revenue. With installation activities scheduled to end in Dec 2026, we expect OBU-related revenue and earnings contribution to taper in 2027 as the project winds down.

Valuation/Recommendation

- **Maintain HOLD with an 8% lower target price of S$1.41 (S$1.54 previously)** following our earnings revision. Our target price is pegged to an unchanged 17x 2026F PE or CD's 10-year average long-term PE.
- CD's 2026 dividend yield remains decent at 5.3%. However, P2P headwinds and the absence of a near-term recovery catalyst remain. Key catalysts include: a) tangible P2P sequential recovery, and b) evidence of UK airport transfer volumes recovering on geopolitical de-escalation.

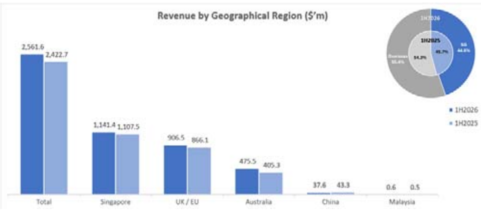
Earnings Revision/Risk

- We lower our 2026-28 revenue and earnings forecasts by 2.2%/3.5%/3.5% and 8.7%/12.6%/11.4%, primarily on a material downgrade to P2P OP due to Singapore taxi fleet contraction, competitive pressure in the taxi's B2C segment, alongside the cessation of the OBU installation activities at the end-26.

Share Price Catalyst

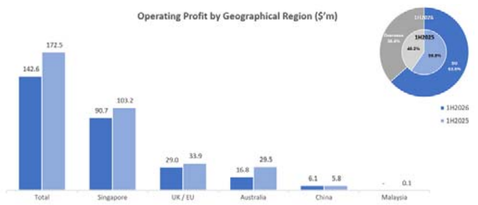
- Tangible P2P sequential recovery.
- Evidence of UK airport transfer volumes recovering on geopolitical de-escalation.

Revenue by Geographical Region



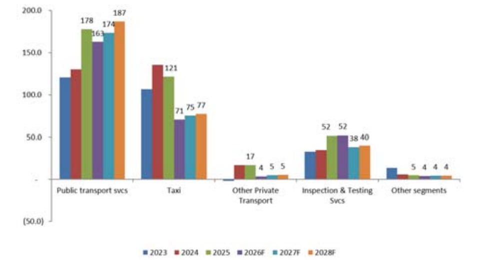
Source: CD, UOB Kay Hian

Operating Profit by Geographical Region



Source: CD, UOB Kay Hian

Segmental Annual Operating Profit Forecasts (S$m)



Source: CD, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	5,058.6	5,068.7	5,163.2	5,333.0
EBITDA	772.6	694.1	697.5	703.0
Deprec. & amort.	399.6	402.5	401.3	389.5
EBIT	373.0	291.6	296.2	313.5
Total other non-operating income	20.4	13.4	10.4	11.4
Associate contributions	0.8	1.4	2.0	2.6
Net interest income/(expense)	(52.8)	(40.9)	(44.0)	(47.2)
Pre-tax profit	341.4	265.6	264.6	280.3
Tax	(69.5)	(53.1)	(52.9)	(56.1)
Minorities	(41.6)	(32.9)	(31.7)	(33.6)
Net profit	230.3	179.5	179.9	190.6
Net profit (adj.)	214.7	179.5	179.9	190.6

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	2,339.3	2,237.8	2,186.5	2,147.0
Other LT assets	1,914.8	1,915.2	1,915.6	1,916.0
Cash/ST investment	868.4	824.2	876.3	918.5
Other current assets	1,016.4	1,126.9	1,146.3	1,180.6
Total assets	6,138.9	6,104.1	6,124.7	6,162.1
ST debt	387.4	387.4	387.4	387.4
Other current liabilities	1,149.7	1,103.1	1,120.2	1,149.2
LT debt	1,184.8	1,184.8	1,184.8	1,184.8
Other LT liabilities	436.3	436.3	436.3	436.3
Shareholders' equity	2,595.5	2,617.9	2,633.0	2,651.3
Minority interest	385.2	374.6	362.9	353.0
Total liabilities & equity	6,138.9	6,104.1	6,124.7	6,162.1

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	451.3	485.4	644.3	644.1
Pre-tax profit	341.4	265.6	264.6	280.3
Tax	(83.8)	(53.1)	(52.9)	(56.1)
Deprec. & amort.	399.6	402.5	401.3	389.5
Associates	0.0	0.0	0.0	0.0
Working capital changes	(153.1)	(468.2)	(499.8)	(415.4)
Non-cash items	75.2	27.5	33.6	35.8
Other operating cashflows	(128.0)	311.1	497.5	410.0
Investing	(502.5)	(288.0)	(340.0)	(339.0)
Capex (growth)	(565.4)	(301.0)	(350.0)	(350.0)
Investment	(74.2)	0.0	0.0	0.0
Proceeds from sale of assets	55.1	0.0	0.0	0.0
Others	82.0	13.0	10.0	11.0
Financing	26.2	(241.5)	(252.3)	(263.0)
Dividend payments	(220.2)	(200.6)	(208.2)	(215.8)
Proceeds from borrowings	3,747.2	0.0	0.0	0.0
Loan repayment	(3,269.7)	0.0	0.0	0.0
Others/interest paid	(231.1)	(40.9)	(44.0)	(47.2)
Net cash inflow (outflow)	(25.0)	(44.2)	52.1	42.2
Beginning cash & cash equivalent	892.4	868.4	824.2	876.3
Changes due to forex impact	1.0	0.0	0.0	0.0
Ending cash & cash equivalent	868.4	824.2	876.3	918.5

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	15.3	13.7	13.5	13.2
Pre-tax margin	6.7	5.2	5.1	5.3
Net margin	4.6	3.5	3.5	3.6
ROA	3.9	2.9	2.9	3.1
ROE	8.9	6.9	6.9	7.2
Growth				
Turnover	13.0	0.2	1.9	3.3
EBITDA	11.8	(10.2)	0.5	0.8
Pre-tax profit	7.5	(22.2)	(0.4)	6.0
Net profit	9.4	(22.0)	0.2	6.0
Net profit (adj.)	4.5	(16.4)	0.2	6.0
EPS	4.5	(16.4)	0.2	6.0
Leverage				
Debt to total capital	34.5	34.4	34.4	34.4
Debt to equity	60.6	60.1	59.7	59.3
Net debt/(cash) to equity	27.1	28.6	26.4	24.7
Interest cover (x)	14.6	17.0	15.8	14.9