

CHAIRMAN'S STATEMENT

THE JOURNEY

2023 is a significant year for ComfortDelGro Corporation Limited. We celebrate 20 years of existence, of moving people and of delivering on our promises. It is also the start of a new era at ComfortDelGro, with new leadership navigating new challenges in a new world. For me, it is especially significant as it marks the year I step down as Chairman of a Group I helped form two decades ago. But I have never been big on goodbyes. They always seem so final. So, in this, my last message to you as Chairman, I will avoid the long farewells and instead share my thoughts on what has been achieved and what lies ahead for the Group.



Let me first give you a brief synopsis of how we came to be and where we are now.

The Merger of Comfort Group Ltd (essentially a taxi company) and DelGro Corporation Limited (essentially a bus company) in 2003 was a Scheme of Arrangement initiated by me together with the late Mr Kua Hong Pak. I was then the Chairman of Comfort and a Director of DelGro, while Hong Pak was a fellow Director of DelGro. The overwhelming mandate given by the two sets of Shareholders was well executed subsequently with Hong Pak as the Founding Managing Director/Group Chief Executive Officer (MD/Group CEO) and myself as the Founding Non-Executive Chairman.

The proforma market capitalisation of the combined entity – named simply ComfortDelGro Corporation Limited – was S\$1.5 billion in 2003. It then went on to reach a peak of S\$6.8 billion in 2015 before hovering around S\$2.6 billion now.

At the point of Merger, there was a net debt of S\$238 million, 34,948 vehicles and 16,951 staff (without counting taxi drivers who are not regarded as staff members).

At the end of last year, 2022, there was a net cash position of S\$653 million, 30,500 vehicles and 22,972 staff. The reduction in the number of vehicles was due entirely to the Singapore Authorities taking over ownership of the buses despite acquisitions by the Group. There was, however, a net increase of some S\$1 billion in cash and the added responsibility of looking after an additional 5,844 staff. This was despite the fact that no attempts were made to increase Shareholders' funds either through a rights issue or the issue of new shares, all the while maintaining our declared public policy of distributing at least 50% of our profit as dividends.

Throughout the 20 years that I have been with the Group as Founding Chairman, there have been many milestones, many highs and lows, many successes and unfortunately, many setbacks too.

We have faced major crises like the Severe Acute Respiratory Syndrome (SARS), several oil crises, the financial crisis as well as the unprecedented COVID-19 pandemic. We also have had to grapple with industry disruption with the arrival of new technology-driven service platforms.

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Though these were unexpected, we managed to venture into two entirely new businesses of rail transport in Singapore and New Zealand, and non-emergency ambulance services in Australia and Singapore.

Certainly, it has not been a smooth ride. But through it all, we have stayed the course, focussing on our core strengths in land transport whilst constantly exploring new areas of growth and investments.

We have flown the Singapore flag high in Australia, the United Kingdom (UK), Ireland and China – where we rank amongst the largest land transport players. We have built relationships over the years – not just with Regulators, Business Partners, Labour Unions, Suppliers, but with our Customers, and with you, our Shareholders.

We have done all these as a Group, as one family. This is something I am very proud of.

As we celebrate 20 years of existence this year, we look back with pride and humility. The future is a challenging one. The current global environment is fraught with uncertainty. High interest rates, inflation, recession and geopolitical tensions currently frame our operating sphere. As a land transport company, we continue to face strong headwinds brought about by competition.

FOUNDATIONS LAID

Over the years, we have invested heavily in the upkeep and upgrade of our fleet, our people and our supporting infrastructure. We have spared no expense in investing for the future. Our US\$100 million venture capital fund, which was set up for us to invest in a portfolio of

technology start-ups in the mobility and automotive industry globally, has been used strategically to identify start-ups which the Group can collaborate to expand our offerings and improve customer experience. It also invests in deep technology start-ups that help in building future capabilities, such as AVs, thereby helping to future-proof our business. With a global mandate, the fund continues to help bring new innovations to Singapore and the Group's overseas markets. As part of this fund, we have also set up a S\$30 million Autonomous Vehicle Centre of Excellence (AV CoE) aimed at building up our capabilities in the operation and maintenance of such vehicles.

For instance, we have made some strategic investments in new mobility technology start-ups including Haulio, a Singaporean start-up which uses a digital platform to connect first-mile container haulers with shippers. The start-up has been making significant inroads into the haulage business since it began operations in 2017 and now has a strong regional alliance of 800 trucking and haulage companies and a growing digital fleet of 10,000 first-mile vehicles. Not surprisingly, it has transacted about 2.5 million twenty-foot equivalent units (TEUs) since 2017, with over 50% of the TEUs transacted in 2021 alone.

We have also invested in Foretellix through our listed subsidiary – VICOM Ltd. Founded in 2015, Foretellix is a start-up providing software solutions for testing and verification of AVs. The company has assembled a strong team of experts with hundreds of years of experience in validation and verification, automotive, robotics, and machine learning. To-date, Foretellix is already working with dozens of the world's top Original Equipment Manufacturers (OEMs) and Tier-1 suppliers, including Volvo Group, DENSO Corporation, Valeo and NVIDIA.

As a land transport operator, we have also taken a firm position on the sustainability of our global fleet, working closely with vehicle manufacturers and regulators to roll out an environmentally friendly fleet. Across the globe, we have a variety of low-emission vehicles powered by hydrogen, compressed natural gas and electricity as we gradually phase out our diesel/petrol powered vehicles. For example, half of our total fleet of 8,200 taxis in China will be electric vehicles (EVs) by the end of 2023.

In Singapore, we have also embarked on a new business in EV charging infrastructure, working closely with our partner ENGIE and the Authorities to put in place an islandwide network of EV chargers. This is an important milestone, not just in our history but in Singapore's as well – marking the Company's expansion laterally into the EV charger sphere and a significant step in the nation's push for a more sustainable future. Our sustainability efforts have not gone unnoticed. For the fourth year in a row, we have been included in the prestigious Dow Jones Sustainability Asia Pacific Index. We are one of six Singapore companies to have been rewarded with a listing in the 13-year old regional index, which is the global standard in sustainability benchmarking.

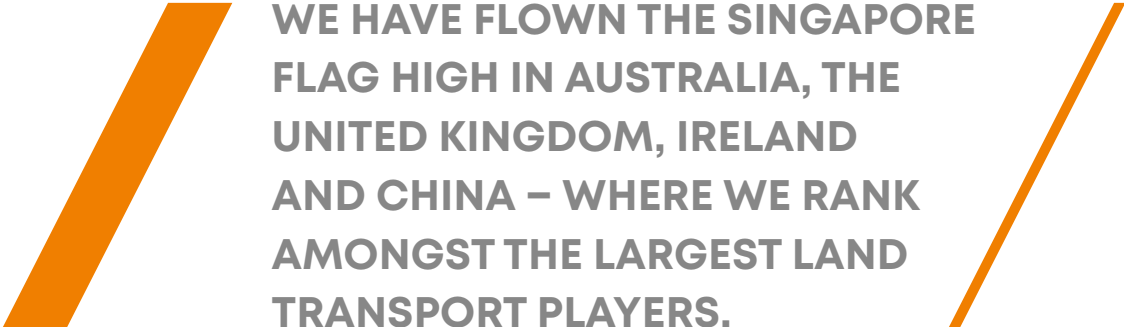
Beyond improvements to our sustainability footprint, we have also made significant progress in our efforts to grow our international portfolio as well as our rail business. Armed with 20 years of experience of operating the mass rapid transit and light rail systems in Singapore, we have successfully expanded into New Zealand, where we now operate Auckland's metropolitan railway, the country's largest urban train network, with our partner, UGL Rail Services. This was a major coup and it now gives us a track record that extends beyond Singapore. We hope to build on

this growth momentum and are actively bidding for several rail tenders internationally with strong partners, including one in Paris with French transport giant RATP Group.

Our plans to expand our rail business and beyond our existing geographies did not come by chance. We have been actively exploring opportunities and looking at new avenues of growth. We know that we cannot solely rely on our existing business in the existing locations for a long-term sustainable growth.

A case in point is Australia, which is now our single largest overseas investment destination. Since we entered the market in 2005, we have been investing over S\$1.17 billion in our businesses there. Over the last decade or so, we have built up a strong reputation. This no doubt played a part in our successful bids for three major contracts in Sydney in November 2022. The regional bus contracts, which totalled A\$1.7 billion, were for Sydney Metropolitan Bus Contracts Regions 4, 12 and 14 covering the City's northern and northwestern suburbs and the northern beaches. Beyond our extensive operations in New South Wales (NSW), we also run buses in Victoria, the Australia Capital Territory, the Northern Territory and Queensland. Other ComfortDelGro businesses include taxis in Western Australia (WA), non-emergency patient transport services in Victoria, NSW and WA and an outdoor advertising company based in Victoria and NSW. With a fleet of close to 4,200, we are one of the largest private land transport operators in Australia.

In the UK, we have also assembled a strong network of intercity coach operations in the city of London as well as in Wales, Scotland and Ireland. We have also grown our taxi circuit and private-hire business in Liverpool over the



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years, and will continue to look at new growth beyond our existing operations.

In Asia, we have a sizeable fleet of taxis in China. Thanks to strong support from the Government, our China fleet is now one of the greenest in our global portfolio.

Beyond China, we continue to explore opportunities in other parts of Asia, whilst taking into consideration regulatory policies and investment climates.

Even as we grow our footprint internationally, we have also paid close attention to strengthening ourselves internally. We have invested heavily in training our people, future-proofing them with digital skills and new technologies related to smart mobility. We have restructured ourselves internally to meet new challenges brought about by changes in the business environment as well as improvements in technology. For example, our taxi, private bus and car leasing businesses are now grouped together under one umbrella division called the Private Mobility Group. This enables us to synergise and leverage on our core strengths in land transport solutions, whilst making it easier for customers to gain access to the various services across the Group. The reorganisation has allowed for a more focussed approach in the development of novel and sustainable mobility solutions using digital technology and clean energy.

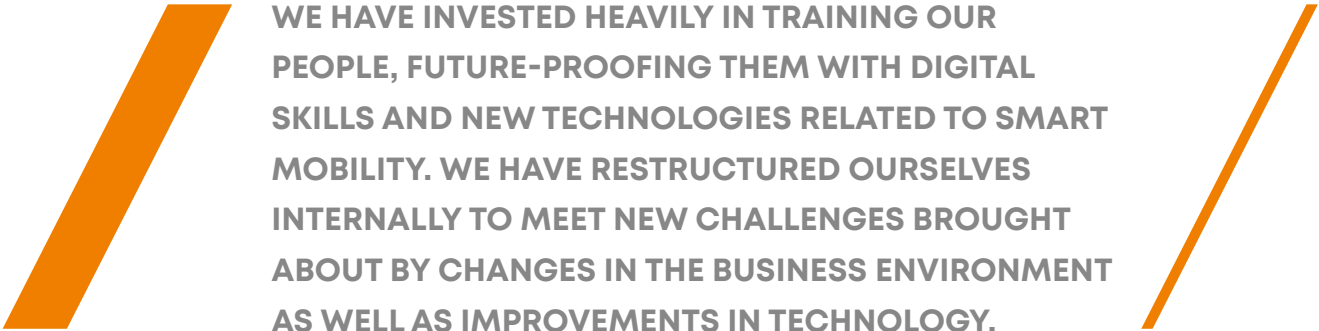
OUR PEOPLE

As ComfortDelGro entered the milestone year of 2023, which is the Group's 20th Anniversary, a new leadership team was put in place, led by the newly-appointed

Managing Director/Group CEO (MD/Group CEO), Mr Cheng Siak Kian. Siak Kian is no stranger to the Group, having joined us in 2015 as Senior Vice President before he was posted to Australia to head our operations in NSW and more recently, CEO of our listed subsidiary, SBS Transit Ltd. Under him, I am confident he will be able to steer the Group into its next phase of growth, as well as have the ability to navigate the highly regulated industries we operate in. He has the gumption to make difficult decisions as we face growing challenges in a highly competitive world, as well as the charisma and conviction to lead our global workforce of close to 23,000 into the future.

I would also like to express my deep appreciation to our previous MD/Group CEO, Mr Yang Ban Seng, who retired at the end of 2022. Besides further expansion to Australia, he also steered the Group through unprecedented challenges including the COVID-19 pandemic of 2020 and 2021. Even now, close to three years after it first reared its ugly head, the world is still recovering from its aftermath. Despite all that, Ban Seng had done a very commendable job, leading the team in exploring new opportunities and expanding our rail footprint internationally. He first joined the Comfort Group in 1989 and had spent the last 33 years with us. He has certainly earned a well-deserved retirement.

As part of the change in leadership, ComfortDelGro will also streamline its reporting structure. The Singapore Group Corporate Office which houses all corporate functions was reorganised into the Corporate Services Division (Finance, Procurement, Information Technology, Human Resource, Investor Relations, Corporate Secretariat and Legal, Property and Security) under Group Deputy CEO



WE HAVE INVESTED HEAVILY IN TRAINING OUR PEOPLE, FUTURE-PROOFING THEM WITH DIGITAL SKILLS AND NEW TECHNOLOGIES RELATED TO SMART MOBILITY. WE HAVE RESTRUCTURED OURSELVES INTERNALLY TO MEET NEW CHALLENGES BROUGHT ABOUT BY CHANGES IN THE BUSINESS ENVIRONMENT AS WELL AS IMPROVEMENTS IN TECHNOLOGY.

Mr Koh Thong Hean, Derek; the Corporate Development Division (Business Development, Strategy, Technology, New Businesses and Digital Office) under Group Chief Corporate Development Officer, Mr Tan Lai Wah, Rudy; and the Corporate Affairs Division (Branding, Corporate Communications, Sustainability and Risk) under Group Chief Corporate Affairs Officer, Ms Tan I-Lin, Tammy.

Beyond Senior Management ranks, the Group has also been actively recruiting talented and qualified individuals as we future-proof ourselves. We strongly subscribe to the view that a company is only as good as its people which is why we spare no expense in searching for the best and the brightest.

PLANNED BOARD RENEWAL

In addition to Senior Management changes, there have also been changes in the composition of the Board through the years. This did not happen by coincidence but by design. Great care has been taken to ensure diversity, with a strong female representation and a good spread of skills and expertise. Being in the land transport business, with a large workforce, the concept of tripartism comprising Government, Labour and Industry has played an important role in the renewal of the Board. In fact, Board renewal, which started in 2017, has now resulted in a younger, more diversified and inclusive board with an average tenure of just 2.4 years for the current financial year. The longest-serving Director will have been on the Board for 5.5 years.

In the last year, the Board met many times to discuss key developments. Two special ad hoc committees were

also set up in 2022, one to review the appointment of new auditors and the other, to search for a new MD/ Group CEO. At subsidiary level, we have also appointed Independent Chairmen to the Boards of our two listed subsidiaries, SBS Transit and VICOM but ensured that an independent Director from ComfortDelGro and two Management staff including the MD/Group CEO, sit on these subsidiary Boards as we still hold a majority stake in these two companies. As a percentage of total Board composition, the three representatives are still in the minority.

At the upcoming Annual General Meeting (AGM) in April 2023, both Ms Sum Wai Fun Adeline and I will not be seeking re-election. With our exit, no Director on the Board would have served more than nine years. Mr Mark Christopher Greaves, who has been a Director with the Group since May 2020, will seek re-election.

Following my retirement after the AGM, Mark, if re-elected, will take over as Chairman. Mark is an accomplished banker and businessman. He spent 25 years with global merchant banking group, N M Rothschild & Sons, and subsequently left to set up his own corporate consulting and strategic advisory practice. He has been based in Asia for over 40 years and has extensive experience on listed company boards in Singapore, the UK and elsewhere. I seek your support in re-electing him as a Director.

With the new hard cap on the tenure of Directors or nine-year rule prescribed by SGX-ST for independent directors effective 2024, the Board has decided to create a Deputy

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Chairman position for better succession planning and to step in if the Chairman of the Board is not available or has recused himself from participating in the discussion due to a conflict of interest. Mr Choi Shing Kwok, who joined the Board in 2022, will be appointed Deputy Chairman after the upcoming AGM, if re-elected. Shing Kwok is the Director and CEO of the ISEAS-Yusof Ishak Institute, which does research on political, economic and socio-cultural developments in Southeast Asia. He is also the Chairman of Temasek's non-listed SP Services Limited, an energy services company, and a board member of the St Andrew's Mission Hospital, a medical charity. Before his retirement from the Civil Service in 2017, he was the Permanent Secretary (PS) of the then Ministry of the Environment and Water Resources for five years. He also served seven years as the PS of the Ministry of Transport before that.

I am confident that both Mark and Shing Kwok will be able to guide the Group to even greater successes going forward.

FINANCE

Group revenue for 2022 was S\$3.8 billion, an increase of S\$278.0 million or 7.9% from 2021. Including Government grants, revenue from the Group's overseas operations amounted to S\$1.6 billion for the year under review, representing 42.4% of Group's total revenue. The Group's operations in the UK contributed the lion's share of overseas revenue accounting for S\$795.3 million, followed closely behind by Australia with S\$690.1 million.

Group operating costs increased by 6.3% to S\$3.5 billion in line with higher activity levels, increased fuel and electricity costs and reduced COVID-19 Government

reliefs, partially offset by a favourable foreign currency translation of S\$102.9 million from the weaker Australian dollar and Sterling Pound.

Group operating profit increased by 35.1% to S\$270.0 million with an increase of S\$76.3 million coming from the underlying businesses partially offset by a net negative impact from the foreign currency translation of S\$6.1 million.

Earnings per share for 2022 was 7.99 cents. The net asset value per share was 118.6 cents.

The Balance Sheet maintained its healthy status. Group Total Assets decreased by 4.3% or S\$213.6 million to S\$4.7 billion. Group Total Borrowings and Lease Liabilities from financial institutions also decreased by S\$85.7 million to S\$313.6 million. I am therefore pleased to advise that we are in a net cash position of S\$653.4 million. The Group's gross gearing ratio as at 31 December 2022 was 10.5% compared to 12.8 % in 2021.

The Board of Directors is pleased to recommend a final tax-exempt one-tier dividend of 1.76 cents per share and a special dividend of 2.46 cents to commemorate the Group's 20th Anniversary. Together with the interim ordinary and special dividends of 2.85 cents and 1.41 cents respectively, the total dividend for 2022 would be 8.48 cents. The proposed dividend payout ratio on underlying profits for the year is 70%, in line with our declared policy of at least 50%. This is, of course, a special year with two special dividends, but so long as we have exceptional gains, we do intend to distribute the net gains subject to cash flow needs. Shareholders who have held onto their shares since listing in 2003 would have seen

THE GROUP'S OPERATIONS IN THE UK CONTRIBUTED THE LION'S SHARE OF OVERSEAS REVENUE ACCOUNTING FOR S\$795.3 MILLION, FOLLOWED CLOSELY BEHIND BY AUSTRALIA WITH S\$690.1 MILLION.

a compound annual growth rate of 7.1% with regards to total shareholder returns.

THE FUTURE

Twenty years have gone by in a flash. In that time, we have delivered on our promise to grow the business whilst laying the foundation for sustainable growth. We have invested extensively in both hardware and software capabilities for the short-term and long-term, building up our talent pool and putting in place systems and processes which can be easily replicated throughout our global operations.

We have spread our wings, growing from Singapore's largest land transport operator to one of the largest in the world with a unique and multidisciplinary footprint. Our fleet of buses, trains, taxis, private-hire and medical vehicles and specialised vehicles operate around the globe.

In the next 20, 30 and even 40 years, we will continue to deliver reliable, efficient and safe transport services to more people in more countries. We will also look at more ancillary businesses to branch into as we build upon our core strengths. Medical transport is something we have already started expanding into. This is likely to grow in importance as the world's population ages. We will have to explore possibilities in building an ecosystem focussed on the ageing population.

Thus far, we have been very focussed on moving people. We have started exploring moving goods and medicine in China and Singapore. Could the logistics business be a new growth area? We have also invested in technology start-ups with a strong focus on future

mobility technologies which not only complement our existing businesses but also provide us with new strategic capabilities. New businesses and new geographies will also have to be introduced and expanded. There is a limit to the expansion into related land transport businesses. Inter-sector transformation beyond land transport to sea and air and related sectors has to be seriously considered.

CONCLUSION


As ComfortDelGro embarks on our next stage of growth, under new leadership, I wish to extend it my best regards. I hope it continues to grow from strength to strength, and build upon the strong foundations that have been laid through the years.

To our Staff, Customers, Partners, Labour Unions and Regulators, thank you for the strong support you have given the Group and me through the years. To my fellow Board members, thank you for the camaraderie and thank you for honouring me with the Chairman Emeritus title. And to you, our Shareholders, let me take this opportunity to express my deepest appreciation for the confidence you have had in us.

LIM JIT POH

CHAIRMAN

MARCH 2023



**AS COMFORTDELGRO
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BEST REGARDS.**

