

# Land Transport Sector

## Taxi turnaround in sight



StocksBnB.com

### SINGAPORE | TRANSPORT SERVICES | UPDATE

30 July 2018

## OVERWEIGHT (Maintained)

- Maintain Overweight on the Land Transport sector, on the positive industry restructuring and the worst being over for the Taxi industry
- Maintain Accumulate on [ComfortDelGro](#); unchanged target price of \$2.69

### What is the news?

- Land Transport Authority (LTA) has published motor vehicle population and Taxi Driver Vocational Licence (TDVL) data for June 2018.

Figure 1: Taxi and Rental cars population, Taxi Driver Vocational Licence (TDVL) data

Y/E Dec	Jun-18	Jun-17	YoY	Dec-17	YTD	May-18	MoM
Taxi	21,164	25,699	-17.6%	23,140	-8.5%	21,237	-0.3%
Rental cars	68,817	63,259	+8.8%	68,083	+1.1%	68,341	+0.7%
Valid TDVL holders	96,336	98,369	-2.1%	96,085	+0.3%	96,090	+0.3%
	Jun-18	Jun-17	YoY	6M18	6M17	YoY	
TDVL issued	344	133	+159%	2,019	965	+109%	

Source: Bloomberg, LTA, PSR

- New entrant Tada has launched its ride-hailing app that uses blockchain to keep a record of rides. The platform has 2,000 drivers and does not charge them a commission. Tada does not feature dynamic pricing, but imposes a surcharge during peak periods. Tada joins Filo Technologies, Ryde, Kardi, Jugnoo and incumbent Grab in the ride-hailing space. Go-Jek has expressed its intention to launch in Singapore too.
- ComfortDelGro Corp will be buying up to 1,200 petrol-electric Hyundai Ioniq hybrid taxis. The taxis will be delivered by the middle of 2019. This includes the 200 hybrid taxis that were already purchased in May this year, and the subsequent tender for 500 more. There is an option for another 500 taxis.

### How do we view this?

#### The Positives

- Rate of decline in Taxi population shows sign of bottoming.** YoY contraction had peaked in April 2018 at -19%, and the pace of contraction has slowed down for two consecutive months. We believe the worst is over for the Taxi industry, in view of the positive impact following the exit of Uber and resultant restructuring of the ride-hailing industry. ComfortDelGro has also started buying new taxis.
- Rental cars YoY growth continues to taper down, reaching single-digit growth rate for the first-time in four years and seven months.** The last time there was single-digit growth was in November 2013, and the growth rate had remained double-digit ever since.
- Momentum for TDVL issued has been maintained.** Each of the six months YTD saw at least +22% YoY growth in TDVL issued. The total number of TDVL issued for 6M18 period has doubled YoY, and has been sufficient to offset the natural attrition of licence expiries. The number of valid TDVL holders remains flat at +0.3% YTD. We maintain our view that a sustained average of about 400 new TDVLs issued monthly would be sufficient to result in growth in number of valid TDVL holders.

#### The Negatives

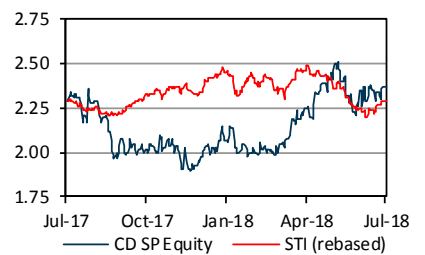
- +0.7% MoM growth in Rental cars population.** This comes as a surprise, as we were expecting a MoM decline instead. Our expectation was based upon earlier media reports of unhired cars from Lion City Rentals (LCR) being put up for sale in the used-car market, and only 51% of private hire chauffeurs had passed the Private Hire Car Driver's Vocational Licence (PDVL) by the June 30 deadline.

Note: ComfortDelGro Corp will be releasing 2Q FY18 financial results after market hours on Aug. 10.

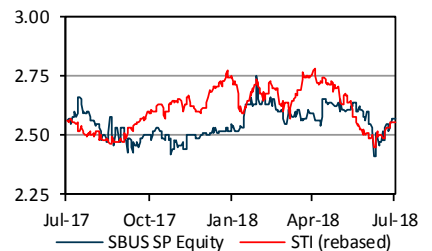
### STOCK & INDEX PERFORMANCE (%)

	1M TH	3M TH	1YR
COMFORTDELGRO	3.9	8.2	7.5
SBS TRANSIT	(0.4)	0.8	3.4
STIRETURN	2.5	(5.8)	2.8

### COMFORTDELGRO VS. STI



### SBS TRANSIT VS. STI



Source: Bloomberg, PSR

Richard Leow, CFA, CFTe, FRM (+65 6212 1848)

Research Analyst

richardleowwt@phillip.com.sg

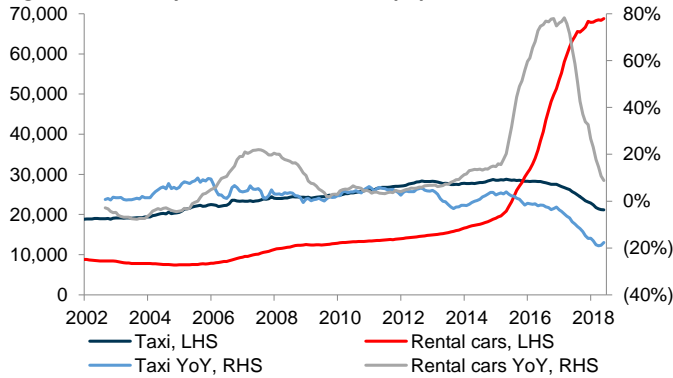
**Investment Action**

We maintain Overweight on the Land Transport sector, on the **positive industry restructuring** following the exit of Uber and the **worst being over for the Taxi industry**. We maintain our Accumulate rating on ComfortDelGro, with unchanged target price of \$2.69.

Our previous Land Transport sector [report](#) was published on 9 July.

**Appendix**

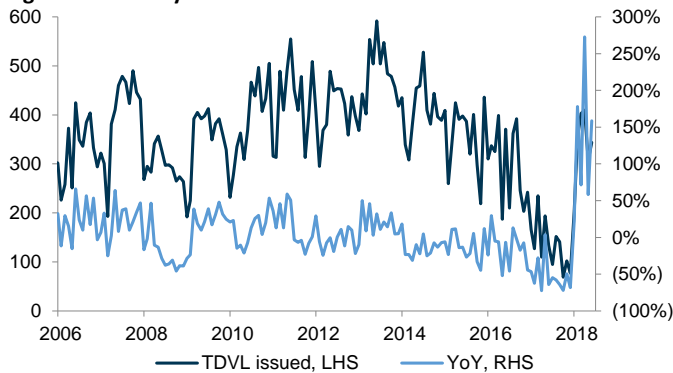
**Figure 2: Monthly Taxi and Rental cars population**



Source: Bloomberg, LTA, PSR

- Taxi population continues to contract, but YoY contraction shows sign of bottoming
- Rental cars YoY growth continues to taper down, reaching single-digit growth rate

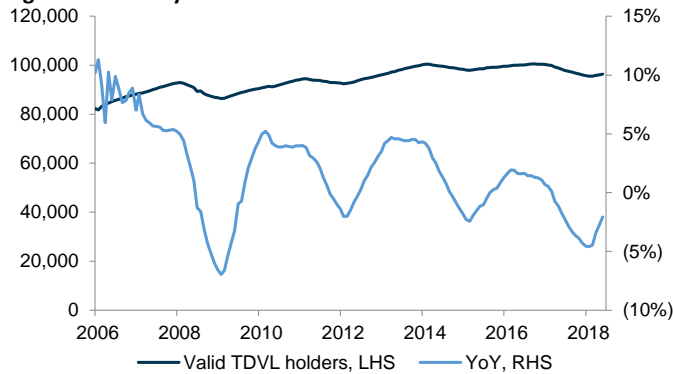
**Figure 3: Monthly No. of TDVL issued**



Source: LTA, PSR

- Sustained spike in TDVL issued

**Figure 4: Monthly total No. of valid TDVL holders**



Source: LTA, PSR

- Number of valid TDVL holders remain flat YTD

## Contact Information (Singapore Research Team)

## Head of Research

Paul Chew – [paulchewkl@phillip.com.sg](mailto:paulchewkl@phillip.com.sg)

## Research Operations Officer

Mohamed Amiruddin - [amiruddin@phillip.com.sg](mailto:amiruddin@phillip.com.sg)

## Banking and Finance

Tin Min Ying - [tinmy@phillip.com.sg](mailto:tinmy@phillip.com.sg)

## Oil &amp; Gas | Energy

Chen Guangzhi - [chengz@phillip.com.sg](mailto:chengz@phillip.com.sg)

## Telecommunications

Alvin Chia - [alvinchiawy@phillip.com.sg](mailto:alvinchiawy@phillip.com.sg)

## Transport | REITs (Industrial)

Richard Leow - [richardleowwt@phillip.com.sg](mailto:richardleowwt@phillip.com.sg)

## REITs (Commercial, Retail, Healthcare) | Property

Dehong Tan - [tandh@phillip.com.sg](mailto:tandh@phillip.com.sg)

## Technical Analysis

Jeremy Ng - [jeremyngch@phillip.com.sg](mailto:jeremyngch@phillip.com.sg)

## REITs (Commercial, Retail, Healthcare) | Property

Tara Wong - [tarawongsi@phillip.com.sg](mailto:tarawongsi@phillip.com.sg)

## US Equity

Ho Kang Wei - [hokw@phillip.com.sg](mailto:hokw@phillip.com.sg)

## Contact Information (Regional Member Companies)

## SINGAPORE

## Phillip Securities Pte Ltd

Raffles City Tower  
250, North Bridge Road #06-00  
Singapore 179101  
Tel +65 6533 6001  
Fax +65 6535 6631  
Website: [www.poems.com.sg](http://www.poems.com.sg)

## JAPAN

## Phillip Securities Japan, Ltd.

4-2 Nihonbashi Kabuto-cho Chuo-ku,  
Tokyo 103-0026  
Tel +81-3 3666 2101  
Fax +81-3 3666 6090  
Website: [www.phillip.co.jp](http://www.phillip.co.jp)

## THAILAND

## Phillip Securities (Thailand) Public Co. Ltd

15th Floor, Vorawat Building,  
849 Silom Road, Silom, Bangrak,  
Bangkok 10500 Thailand  
Tel +66-2 63517000 / 22680999  
Fax +66-2 22680921  
Website [www.phillip.co.th](http://www.phillip.co.th)

## UNITED STATES

## Phillip Capital Inc

141 W Jackson Blvd Ste 3050  
The Chicago Board of Trade Building  
Chicago, IL 60604 USA  
Tel +1-312 356 9000  
Fax +1-312 356 9005  
Website: [www.phillipusa.com](http://www.phillipusa.com)

## INDIA

## PhillipCapital (India) Private Limited

No.1, 18th Floor, Urmi Estate  
95, Ganpatrao Kadam Marg  
Lower Parel West, Mumbai 400-013  
Maharashtra, India  
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969  
Website: [www.phillipcapital.in](http://www.phillipcapital.in)

## CAMBODIA

## Phillip Bank Plc

Ground Floor of B-Office Centre, #61-64,  
Norodom Blvd Corner Street 306, Sangkat  
Boeung Keng Kang 1, Khan Chamkamorn,  
Phnom Penh, Cambodia  
Tel: 855 (0) 7796 6151/855 (0) 1620 0769  
Website: [www.phillipbank.com.kh](http://www.phillipbank.com.kh)

## MALAYSIA

## Phillip Capital Management Sdn Bhd

B-3-6 Block B Level 3 Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450  
Kuala Lumpur  
Tel +603 2162 8841  
Fax +603 2166 5099  
Website: [www.poems.com.my](http://www.poems.com.my)

## INDONESIA

## PT Phillip Securities Indonesia

ANZ Tower Level 23B,  
Jl Jend Sudirman Kav 33A  
Jakarta 10220 – Indonesia  
Tel +62-21 5790 0800  
Fax +62-21 5790 0809  
Website: [www.phillip.co.id](http://www.phillip.co.id)

## FRANCE

## King &amp; Shaxson Capital Limited

3rd Floor, 35 Rue de la Bienfaisance 75008  
Paris France  
Tel +33-1 45633100  
Fax +33-1 45636017  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## AUSTRALIA

## Phillip Capital Limited

Level 10, 330 Collins Street  
Melbourne, Victoria 3000, Australia  
Tel +61-03 8633 9803  
Fax +61-03 8633 9899  
Website: [www.phillipcapital.com.au](http://www.phillipcapital.com.au)

## TURKEY

## PhillipCapital Menkul Degerler

Dr. Cemil Bengü Cad. Hak Is Merkezi  
No. 2 Kat. 6A Caglayan  
34403 Istanbul, Turkey  
Tel: 0212 296 84 84  
Fax: 0212 233 69 29  
Website: [www.phillipcapital.com.tr](http://www.phillipcapital.com.tr)

## HONG KONG

## Phillip Securities (HK) Ltd

11/F United Centre 95 Queensway  
Hong Kong  
Tel +852 2277 6600  
Fax +852 2868 5307  
Websites: [www.phillip.com.hk](http://www.phillip.com.hk)

## CHINA

## Phillip Financial Advisory (Shanghai) Co Ltd

No 550 Yan An East Road,  
Ocean Tower Unit 2318,  
Postal code 200001  
Tel +86-21 5169 9200  
Fax +86-21 6351 2940  
Website: [www.phillip.com.cn](http://www.phillip.com.cn)

## UNITED KINGDOM

## King &amp; Shaxson Capital Limited

6th Floor, Candlewick House,  
120 Cannon Street,  
London, EC4N 6AS  
Tel +44-20 7426 5950  
Fax +44-20 7626 1757  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## SRI LANKA

## Asha Phillip Securities Limited

2<sup>nd</sup> Floor, Lakshmans Building,  
No. 321, Galle Road,  
Colombo 03, Sri Lanka  
Tel: (94) 11 2429 100  
Fax: (94) 11 2429 199  
Website: [www.ashaphillip.net](http://www.ashaphillip.net)

## DUBAI

## Phillip Futures DMCC

Member of the Dubai Gold and  
Commodities Exchange (DGEX)  
Unit No 601, Plot No 58, White Crown Bldg,  
Sheikh Zayed Road, P.O.Box 212291  
Dubai-UAE  
Tel: +971-4-3325052 / Fax: + 971-4-3328895

**Important Information**

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

**IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES**

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.