

# INROADS



**AS THE GROUP ENTERS ITS SECOND DECADE OF EXISTENCE, IT HAS BROADENED ITS GROWTH STRATEGY AND EXPANDED INTO NEW AREAS OF BUSINESSES – WHILST LEVERAGING ON ITS CORE COMPETENCE AND STRENGTH IN THE LAND TRANSPORT FIELD.**

## RAIL

The effort to nurture rail as the Group's third pillar of growth is shaping up.

What started out as a foray into the Singapore rail sector more than two decades ago has now expanded beyond local shores. From a mere 41-km worth of both light and heavy rail then, the Group now operates an international rail network measuring 177km.

And that is just the beginning. With several bids ongoing at the start of 2023, the Group hopes that it will be able to significantly grow its rail footprint beyond just Singapore and New Zealand where it currently operates. It has, and continues to, actively participate in international tenders in both Europe and Australasia.

Not bad for a company that started out with zero expertise in the business way back in 1999, when 75%-owned subsidiary, SBS Transit, was first awarded a contract to operate the North East Line (NEL) measuring 20km, and two Light Rail Transit (LRT) systems spanning 21km in northeast Singapore.

The first few years of operations were not easy – especially since the NEL was a groundbreaker in many aspects. Other than being driverless, which meant commuters had to be convinced that it was safe to use, the team also had to deal with the fact that it was the first operator locally to use the Overhead Catenary System to power up the trains. It was a steep learning curve but in typical SBS Transit's "can do" spirit, the Company remained undaunted and determined as it forged its way ahead in uncharted territory.

In the preparatory works, no stones were left unturned in the quest to deliver a high level operating performance. When the 16-station NEL opened its doors for passenger service in June 2003, it was the world's first fully automated underground heavy metro system that set new engineering and technological benchmarks for the mass transit systems.

That experience catapulted ComfortDelGro and SBS Transit to the world stage. Operators from all over the world descended on Singapore shores, eager to see firsthand, how the underground driverless system worked.



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Year after year, SBS Transit continued to turn in a sterling report card for the NEL's reliable performance. It never failed to meet the regulator's operating performance standards and in fact strove to exceed them. For instance, in the first full year of its operations in 2004, train service availability averaged 99.86%, and in 2022, it was 99.91% which exceeded the regulator's defined standard of 98% while train peak hour schedule adherence for arrival averaged 98.40% and 98.89% for the same periods – way above the 95% standard, which has been revised to 96%, expected.

The success it had with the NEL encouraged SBS Transit to bid for the operations and maintenance of the Downtown Line (DTL) – Singapore's fifth Mass Rapid Transit (MRT) line, which is also a fully automated underground heavy rail system. Stretching over 42km with 34 stations, the DTL was a game changer in public transport as it provided convenient accessibility to new areas that were previously not served by the MRT network.

SBS Transit successfully won the tender and began passenger service progressively in three phases starting from 2013. The experience and expertise gained from operating and maintaining the NEL were invaluable and enabled DTL to ride on its success.

Notably, in reliability, its rail networks continued to set the benchmark for the industry. In 2021, the DTL held the distinction of being the most reliable MRT line

globally, when it clocked an impressive 4.19 million train-km in Mean Kilometres Between Failure (MKBF)<sup>3</sup>. The NEL clocked 2.06 million train-km while the nationwide MRT network averaged 1.99 million train-km. The stellar performances of the DTL and the NEL bear testament to SBS Transit's commitment, tenacity, and expertise to achieve operational excellence consistently for the passengers it serves.

Besides the two MRT lines, SBS Transit operates two LRT systems – the Sengkang LRT and the Punggol LRT – in two new residential towns. This brings the total rail network that it operates in Singapore to 83km with 78 stations in operation and a fleet of 192 trains. It owns 30.6% of market share in the local rail industry with a combined average daily ridership of 1.22 million in 2019 before the COVID-19 pandemic struck.

In the two decades of running train services, SBS Transit has amassed a wealth of knowledge and experience, in the key areas of technical, customer service and disaster recovery. It was therefore opportune for ComfortDelGro, its parent company, to look beyond Singapore to share its success story and export its world-class rail expertise by setting up ComfortDelGro Transit.

Strategically, ComfortDelGro Transit collaborated with renowned international rail partners to synergistically combine expertise, experience and resources to be more attractive when participating in tenders.

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<sup>3</sup> MKBF is an abbreviation that represents the hard work of its rail workers – one that measures rail reliability, by looking at the distance its trains can clock between failures. This is the internationally used measure for railway reliability.

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In New Zealand, it entered into an equal partnership with UGL Rail Services, an Australian rail operations and maintenance company under the CIMIC Group, to set up Auckland One Rail (AOR). In August 2021, the Auckland Transport Authority awarded AOR the contract to operate the Auckland Metro, which is the largest in New Zealand, comprising four lines representing 94km of rail network over 44 stations. Valued at S\$1.13 billion, the contract is for an initial term of eight years with an opportunity for further extensions.

The award of the contract marks a very significant milestone in the Group's history. It not only represents its first rail operations outside of Singapore but also its maiden entry into New Zealand. It is also the first for a Singapore-owned transport company to operate passenger rail services beyond local shores. With the AOR commencing passenger service in January 2022, it more than doubled the Group's international rail network from 83km to 177km.

Meanwhile, the Group has been shortlisted for a rail tender in Paris with two French transport giants, the RATP Group and the Alstom Group. It is also exploring other opportunities not just only in Europe but also in other parts of the world.

The best, as they say, is yet to be.





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## MEDICAL TRANSPORT

We marked our entry into the fast-growing medical transport in 2018 through a A\$30 million acquisition of National Patient Transport (NPT), which is one of the largest private providers of non-emergency patient transport services in Australia. That deal enabled ComfortDelGro to immediately broaden its competency beyond its existing businesses of bus, taxi, rail, automotive engineering, inspection and testing, driving centre, car rental and leasing, bus station, insurance broking as well as outdoor advertising services.

Operating in Victoria, New South Wales and Western Australia – three states which ComfortDelGro already had a strong presence – NPT offers a range of healthcare transport services to major metropolitan hospital networks including walker, hoist and stretcher transport services and specialist services for high acuity and complex patients. NPT also operates a registered training organisation that is qualified to deliver and assess a range of non-emergency healthcare transport, first aid and resuscitation courses in Australia.

In the five years since NPT joined the ComfortDelGro stable of companies, it has grown from strength to strength, introducing new services in response to the community's needs and moving up the technology ladder with new investments. For example, new Stryker Stretchers with power load capability has replaced the traditional manual stretchers which are not only uncomfortable for vulnerable patients during loading and unloading, but also pose a greater risk to our staff when lifting the patients.



Armed with the valuable experience gleaned from operating non-emergency medical transport services in Australia, ComfortDelGro expanded into a similar sector in Singapore through the incorporation of ComfortDelGro MedCare (CMC), which commenced operations in February 2021. The years of operating NPT in Australia had served as a strong foundation for CMC which quickly worked to raise industry standards in safety and quality service. Drivers and medical escorts were recruited and put through rigorous training, a new fleet of ambulances were ordered with made-to-measure configurations that allowed for three standard-sized wheelchairs and five ambulant passengers. With its pro-safety and quality service orientation, CMC managed to build up to a fleet of 16 vehicles in just 10 months.

In January 2022, CMC acquired 90% of Ming Chuan Transportation, with a fleet of 76 vehicles. By the end of 2022, just two years after it first started operations, CMC had cemented its position as the largest wheelchair transport service provider in Singapore with a fleet of about 100 vehicles. It supports various organisations and clients from eldercare and dialysis centres and provides personalised medical escorted services for patients to and from their medical appointments.

**THE YEARS OF OPERATING NPT IN AUSTRALIA HAD SERVED AS A STRONG FOUNDATION FOR CMC WHICH QUICKLY WORKED TO RAISE INDUSTRY STANDARDS IN SAFETY AND QUALITY SERVICE.**





**OUR BUSINESSES IN CHINA HAVE EVOLVED OVER THE YEARS. OUR STRENGTH IN OPERATING TAXIS INCLUDING OUR KNOWLEDGE OF REGULATORY REQUIREMENTS, IMPLEMENTING SAFETY POLICIES AND MANAGING DRIVERS ARE ALL APPLICABLE IN THE LOGISTICS MARKET.**



## LOGISTICS

In November 2021, the Group entered into a 60:40 joint venture, Guangxi ComfortDelGro Logistics Co., Ltd, which would enable it to gain a foothold in the fast growth logistics industry in China. A total of 40 cement trucks hit the roads in Guangzhou and Chaozhou in October 2022, setting the stage for the Group's push into the logistics sector.

The investment in Guangxi ComfortDelGro Logistics comes two years after ComfortDelGro Rent-A-Car expanded into the heavy vehicle class in Singapore with 11 prime movers. These have been leased out to Haulio, a container trucking technology company, in which ComfortDelGro has had a stake made through its US\$100 million corporate venture capital fund.

With the latest investment, the Group will further explore logistics-related investment opportunities

which will not only leverage on our core capabilities in transportation, but also provide a new area of growth.

Mr Michael Huang, CEO (China) said: "Our businesses in China have evolved over the years. Our strength in operating taxis including our knowledge of regulatory requirements, implementing safety policies and managing drivers are all applicable in the logistics market.

"The economic slowdown resulting from the COVID-19 pandemic has made it difficult for many of the small operators to invest in new, environmentally friendly fleets, which is required by law. This is a golden opportunity for us – to not only help raise the green quotient of the sector through the investment of low-emissions vehicles, but also help consolidate the very fragmented industry," he said.