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SMRT posts profit of \$91.0 million in FY2015 with improvement in Bus results, but Train suffers first ever quarterly loss

GROUP PERFORMANCE HIGHLIGHTS

Financial Highlights for Fourth Quarter and Full Year FY2015 Ended 31 March 2015¹						
	4QFY15	4QFY14	% Chg	FY15	FY14	% Chg
Revenue (\$m)	311.2	289.5	7.5	1,235.5	1,163.9	6.2
Other Operating Income (\$m)	19.3	12.4	54.9	58.0	42.1	37.5
Total Operating Expenses (\$m)	303.3	280.1	8.3	1,172.7	1,121.8	4.5
Operating Profit (\$m)	27.1	21.9	23.9	120.8	84.2	43.4
PATMI (\$m)	20.8	16.9	23.0	91.0	61.9	47.0
EBITDA (\$m)	78.6	67.3	16.8	313.9	255.5	22.9
Basic EPS (cents)	1.4	1.1	23.0	6.0	4.1	46.9
				As at 31 Mar 15	As at 31 Mar 14	% Chg
NTA Per Share² (cents)				55.6	51.8	7.3
Net Gearing (%)				77	60	17

Group Revenue increased 6.2% to \$1,235.5 million in FY2015 due to broad based revenue growth across most of the segments. Operating profit increased 43.4% to \$120.8 million in FY2015.

The Fare business registered an operating profit of \$3.1 million in FY2015 compared to an operating loss of \$25.0 million in FY2014 due mainly to better performance in the Bus operations. In 4Q FY2015, the Group's Fare business recorded an operating loss of \$3.2 million primarily from the Train operations which suffered its first ever quarterly loss of \$2.4 million. The loss was partially mitigated by improvement in the Bus operations which recorded an operating profit of \$0.9 million after 17 consecutive quarters of losses.

The Non-Fare business improved 8.3% and registered an operating profit of \$115.2 million in FY2015 due largely to an increase in profit for Rental segment and Taxi operations.

The higher profit from Share of results of associate and joint ventures was due mainly to improved financial performance of our investment in Shenzhen Zona. PATMI improved 47.0% to \$91.0 million.

¹ All figures are quoted in Singapore dollars.

² Excludes intangible assets.

The Board has proposed a final dividend of 1.75 cents per ordinary share (DPS). Including the interim DPS of 1.5 cents, this will bring total DPS in FY2015 to 3.25 cents. This represents a 54.4% payout from FY2015 PATMI of \$91.0 million.

Operating expenses rose 4.5% to \$1,172.7 million due mainly to higher depreciation, staff, other operating expenses and repairs and maintenance, partially offset by lower energy expenditure. Depreciation increased due mainly to the capitalisation of a larger train fleet as well as new taxis. Staff costs increased due mainly to increased headcount and salary increments. Other operating expenses increased due mainly to the costs associated with Kallang Wave mall and contribution to the Public Transport Fund (PTF) as part of the conditions set in the fare adjustment that took effect on 6 April 2014. This was partially offset by lower accident claim and insurance expenses. Repairs and maintenance (R&M) costs for Train operations increased due to more trains undergoing scheduled overhaul, a more intensified maintenance regime and higher cleaning costs. R&M for Taxi also saw an increase due to a larger fleet and overhaul works in line with the life cycle of the fleet. Energy costs fell on lower average electricity tariff and diesel cost, partially offset by higher consumption arising from a larger train and bus fleet, and increased train runs.

Total assets rose 22.4% to \$2.5 billion as at 31 March 2015 due mainly to higher property, plant and equipment from the addition of rail operating assets, trains, buses and taxis as well as higher trade and other receivables.

The Group ended the year with a cash balance of \$156.1 million, compared to \$155.5 million at the start of the year. It generated \$277.4 million of cash flows from operations and \$178.2 million from financing activities, and utilised \$455.8 million to invest mainly in property, plant and equipment. The Group's total borrowings stood at \$821.6 million, translating to a net gearing of 77%.

Business Performance³

Revenue and Operating Profit by Business For FY2015 Ended 31 March 2015						
	Revenue			Operating Profit		
S\$m	FY2015	FY2014	% Chg	FY2015	FY2014	% Chg
Train	644.2	623.8	3.3	13.4	5.5	144.6
LRT	9.8	10.3	(5.6)	(3.8)	(2.1)	(83.3)
Bus	238.1	217.8	9.3	(6.5)	(28.4)	77.0
Fare Subtotal	892.1	851.9	4.7	3.1	(25.0)	112.3
Taxi	142.9	132.5	7.8	13.7	9.6	42.6
Rental ⁴	120.4	97.6	23.3	79.6	73.4	8.4
Advertising ⁵	36.2	35.6	1.5	21.9	20.8	5.3
Engineering Services	15.2	21.8	(30.1)	(2.4)	3.8	(163.7)
Other Services	28.7	24.3	17.9	2.4	(1.2)	296.0
Non-Fare Subtotal	343.4	312.0	10.1	115.2	106.4	8.3
Investment Holding/ Group Elimination	-	-	n.m	2.5	2.8	(8.7)
Total	1,235.5	1,163.9	6.2	120.8	84.2	43.4

³ Details of the operating metrics are shown in the Annex on page 5.

⁴ Rental – the operating profit comprises EBIT attributed to Transit-oriented Rental business, and Other Property and Retail Management businesses.

⁵ Advertising – the operating profit comprises EBIT attributed to Transit-oriented Advertising business, and Other Media and Advertising businesses.

Fare Business

The Group's overall Fare business recorded an operating profit of \$3.1 million on total fare revenue of \$892.1 million for FY2015, an improvement from an operating loss of \$25.0 million in the previous year.

Operating profit from **Train** operations increased \$7.9 million in FY2015 on the back of higher revenue and productivity gains, partially offset by higher costs to support an expanded and ageing network, larger fleet, tightened regulatory standards and heightened operational demands. Despite an increase in revenue and lower electricity costs, Train operations recorded an operating loss of \$2.4 million in 4Q FY2015 compared to an operating profit in 4Q FY2014 due mainly to higher staff costs, depreciation and repairs and maintenance. **Bus** operations turned around in 4Q FY2015 and registered an operating profit of \$0.9 million compared to a loss in 4Q FY2014. As a result of higher revenue and productivity management efforts, partially offset by higher diesel consumption and headcount increase to cater to an expanded fleet. Bus operations recorded a lower operating loss of \$6.5 million in FY2015.

Non-Fare Business

Operating profit from the Non-Fare business increased by 8.3% in FY2015 due largely to improved profitability of the Taxi, Rental, Advertising and Other Services segments. **Taxi** profit increased by 42.6% to \$13.7 million due mainly to higher contribution from a change in fleet composition, as well as lower accident claim and insurance expenses. **Rental** profit increased by 8.4% to \$79.6 million, due mainly to higher rental renewal rates of commercial spaces and redevelopment of Ang Mo Kio Xchange. **Advertising** operating profit increased by 5.3% to \$21.9 million primarily from higher revenue and lower operating costs. Profit from **Other Services** improved to \$2.4 million, from an operating loss of \$1.2 million in the previous year as a result of higher contribution from external fleet maintenance.

OUTLOOK AND PROSPECTS

The Group continues to face increasing operating challenges in the Rail business environment with Train operations seeing its first ever loss in the last quarter. There is a need to increase operating expenses to cater to the enlarged fleet of trains, expansion of the network with the commencement of Tuas West Extension operations in FY2017, and intensified repair and maintenance works for the ageing rail system. Higher headcount will be required to meet tightened regulatory standards and heightened operational demands on service, reliability and capacity. Further investments will have to be made for the acquisition of new operating assets, asset renewal and life cycle upgrades. The effective fare adjustment of 1.9% which took effect in April 2015 and lower energy prices will only partially mitigate the increase in operating costs in the coming year. The Group will continue to be proactive in its productivity and cost management efforts.

The Group is continuing its discussions with the authorities on the transition to a new rail financing framework, and progress is being made.

Over the next 12 months, SMRT Buses will continue to participate in the tenders under the Government's new bus contracting model. However, the outcome of these will not have an impact on the results of the Group in the coming year.

The Group will continue to grow its Non-Fare businesses, build on its rail engineering capabilities, and explore local out-of-network and international opportunities.

SMRT's President and Group Chief Executive Officer, Mr Desmond Kuek, said:

"Our core focus remains with the intensified efforts to renew and upgrade our ageing rail systems, and further improve on our public transport service and reliability. We are making progress in building on our existing rail engineering capabilities, and expanding our Non-Fare businesses beyond our network and Singapore."

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Enclosures:

- 1) *Audited Financial Statements for the year ended 31 March 2015*
- 2) *Presentation for Results Briefing: FY2015 Financial Results*

ANNEX**OPERATING METRICS**

	4QFY15	4QFY14	3QFY15	4Q15 vs 4Q14 (%)	4Q15 vs 3Q15 (%)	FY2015	FY2014	FY15 vs FY14 (%)
Train								
Total Ridership ('000)	181,511	175,283	184,034	3.6	(1.4)	730,641	710,825	2.8
Average Daily Ridership ('000)	2,017	1,948	2,000	3.6	0.8	2,002	1,947	2.8
Average No. of Passengers/Car Operated	64.0	64.3	63.9	(0.4)	0.3	64.1	64.8	(1.0)
Average Peak Period Passenger Load/Car (No. of passengers) ¹	191.6	212.4	198.0	(9.8)	(3.1)	199.8	214.0	(6.6)
Average Fare (cents)	88.0	87.6	87.9	0.5	0.1	88.2	87.8	0.5
LRT								
Total Ridership ('000)	4,659	4,688	4,386	(0.6)	6.2	18,266	19,070	(4.2)
Average Daily Ridership ('000)	51.8	52.1	47.7	(0.6)	8.6	50.0	52.2	(4.2)
Average No. of Passengers/Train Operated	21.3	26.5	24.0	(19.6)	(11.2)	24.3	26.8	(9.4)
Average Fare (cents)	52.9	52.9	53.8	(0.1)	(1.7)	53.5	54.3	(1.5)
Bus								
Total Ridership ('000)	93,389	89,130	91,085	4.8	2.5	368,343	350,488	5.1
Average Daily Ridership ('000)	1,038.0	990.3	990.0	4.8	4.8	1,008.9	960.2	5.1
Load Factor ² (%)	21.0	26.3	20.6	(5.3)	0.4	22.7	26.1	(3.3)
Average Fare (cents)	63.7	60.9	64.3	4.5	(1.0)	64.0	61.5	4.1
Taxi								
Average Holding Fleet	3,607	3,389	3,644	6.4	(1.0)	3,461	3,301	4.8
Rental ³								
Average Lettable Space (sqm)	37,165	36,799	37,354	1.0	(0.5)	37,226	36,737	1.3
No. of Shops/Units (as of end-period)	784	777	784	0.9	0.0	784	777	0.9
Average Occupancy Rate (%)	98.4	97.5	98.5	0.9	(0.1)	98.5	98.9	(0.4)

¹ An average of estimated maximum half-hour pax load per car during peak hours for selected stations along North-South East-West Line and Circle Line.

² As different vehicle types have different capacities, the average occupancy rate of buses is expressed as load factor.

³ Figures relate to spaces at MRT stations only.