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## SMRT REPORTS 7.7% GROWTH IN NET PROFIT TO \$42.6M FOR SECOND QUARTER FY2009

- 2QFY09 revenue increased 15.1% to \$227.0m
- Board of Directors recommends an interim ordinary dividend of 1.75 cents per share

### GROUP PERFORMANCE HIGHLIGHTS

Financial Highlights for Second Quarter and Half Year FY2009 Ended 30 September 2008 <sup>1</sup>						
	2QFY09	2QFY08	% Change	1HFY09	1HFY08	% Change
Revenue (\$m)	227.0	197.3	15.1	443.0	391.5	13.1
Other Operating Income (\$m)	6.7	4.3	57.7	12.4	8.0	53.9
EBITDA (\$m)	80.4	74.2	8.2	155.6	145.5	6.9
Total Operating Expenses (\$m)	(181.1)	(153.6)	17.9	(354.5)	(306.9)	15.5
EBIT (\$m)	52.6	48.0	9.7	100.8	92.6	8.9
Profit Before Tax (\$m)	51.6	47.2	9.1	100.0	92.6	8.0
Profit After Tax (\$m)	42.6	39.5	7.7	82.9	77.5	7.0
Basic Earnings Per Share (cents)	2.8	2.6	7.6	5.5	5.1	6.9
Economic Value Added (\$m)	31.9	29.2	9.4	60.7	56.1	8.2
	As at 30 Sep 08	As at 31 Mar 08	% Change			
Net Tangible Assets Per Share <sup>2</sup> (cents)	41.3	41.9	(1.4)			
Net Gearing	0.05	0.03	66.7			

Group revenue for the second quarter of FY09 ("2QFY09") grew 15.1% or \$29.7 million to \$227.0 million mainly driven by increased train and bus ridership and growth from rental and advertising revenue.

Compared to 2QFY08, total operating costs for 2QFY09 increased 17.9% or \$27.6 million to \$181.1 million due mainly to increases in staff costs, energy costs and other operating expenses. On account of higher revenue and other operating income partially offset by higher operating

<sup>1</sup> All figures are quoted in Singapore dollars.

<sup>2</sup> Excludes goodwill on consolidation.

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expenses, the Group achieved an operating profit of \$52.6 million, 9.7% higher than 2QFY08. As a result, 2QFY09 net profit after tax was \$42.6 million, 7.7% or \$3.0 million higher than 2QFY08, partially offset by higher income tax expense.

Group revenue for the first six months ended 30 September 2008 ("1HFY09") rose 13.1% to \$443.0 million. Total operating expenses for 1HFY09 was \$354.5 million, 15.5% higher as a result of higher staff, energy and other operating costs. Net profit after tax for 1HFY09 increased 7.0% to \$82.9 million as compared to 1HFY08 attributed mainly to higher operating profits, partially offset by higher income tax expense.

SMRT President and CEO Saw Phaik Hwa said: "SMRT has continued to grow its profits in this quarter. However, volatile energy costs, inflation and higher operational costs will have an impact on our performance. The environment is expected to be challenging in the next 12 months and with the preparations for the opening of Circle Line, we will continue to manage costs and grow our businesses."

The Group declared an interim ordinary dividend of 1.75 cents per share tax-exempt, one-tier for shareholders, equivalent to a dividend of \$26.5 million.

### **OPERATING PERFORMANCE BY BUSINESS**

S\$m	Revenue			Operating Profit		
	2QFY09	2QFY08	% Increase / (Decrease)	2QFY09	2QFY08	% Increase / (Decrease)
MRT	122.8	108.0	13.7	37.1	33.6	10.5
LRT	2.3	2.1	10.0	0.2	(0.1)	295.2
Buses	53.5	48.6	10.1	(0.9)	0.8	(207.5)
<b>Fare Subtotal</b>	<b>178.7</b>	<b>158.7</b>	<b>12.6</b>	<b>36.4</b>	<b>34.3</b>	<b>6.0</b>
Taxis	18.4	19.0	(3.2)	(0.5)	0.2	(351.0)
Rental	14.2	9.8	44.7	10.7	7.7	39.3
Advertising	6.0	4.8	25.6	3.7	3.1	19.9
Engineering & Other Services	9.7	4.9	97.0	0.9	0.9	1.5
<b>Non-fare Subtotal</b>	<b>48.3</b>	<b>38.6</b>	<b>25.4</b>	<b>14.8</b>	<b>11.9</b>	<b>24.6</b>
Group Elimination/ Investment Holding	-	-	-	1.4	1.8	(19.6)

Revenue from **MRT operations** grew 13.7% or \$14.8 million to \$122.8 million in 2QFY09 and 11.0% or \$23.6 million to \$238.4 million in 1HFY09 driven by growth in average daily ridership. Ridership growth, partially offset by higher staff and electricity costs, led to an operating profit of \$37.1 million in 2QFY09, an increase of 10.5% over 2QFY08, and \$72.0 million in 1HFY09, 9.8% higher over 1HFY08.

Driven by ridership growth, **LRT** revenue was 10.0% higher at \$2.3 million in 2QFY09 and 7.1% higher at \$4.5 million in 1HFY09. As a result, LRT operations posted a slight profit of \$0.2 million in 2QFY09 as compared to a loss of \$0.1 million in 2QFY08 and an operating profit of \$0.1 million in 1HFY09 as compared to an operating loss of \$0.2 million in 1HFY08.

**Bus** revenue was 10.1% higher at \$53.5 million in 2QFY09 and improved 7.7% to \$104.4 million in 1HFY09 led by higher ridership growth. However, increases in diesel costs resulted in an operating loss of \$0.9 million in 2QFY09 and an operating loss of \$4.2 million in 1HFY09.

**Taxi** rental revenue declined by 3.2% to \$18.4 million in 2QFY09 as compared to 2QFY08 due to a lower average hired-out fleet. This also led to an operating loss of \$0.5 million in 2QFY09. For 1HFY09, Taxi revenue increased 1.0% to \$37.3 million on the back of a higher average hired-out rate. An operating loss of \$1.8 million was however posted for 1HFY09 due to diesel subsidies, higher repair and maintenance cost, depreciation and loss on disposal of taxis.

**Rental** revenue in 2QFY09 rose 44.7% to \$14.2 million and also increased 45.9% to \$28.0 million in 1HFY09 as a result of better yield and increased space following the redevelopment of commercial spaces at various MRT stations. Rental operating profits improved 39.3% to \$10.7 million in 2QFY09 and also grew 45.0% to \$21.0 million in 1HFY09.

**Advertising** revenue increased 25.6% to \$6.0 million in 2QFY09 and 14.9% to \$11.6 million in 1HFY09 as compared to the previous corresponding periods on account of increased advertising on buses, trains and MRT stations. This led to 2QFY09 operating profits of \$3.7 million, 19.9% higher than 2QFY08, and 1HFY09 operating profits of \$7.4 million, 16.3% more than 1HFY08.

Revenue from **Engineering and Other Services** increased 97.0% to \$9.7 million in 2QFY09 and doubled to \$18.7 million in 1HFY09 due mainly to higher sale of diesel and consultancy revenue from the Palm Jumeirah Project in Dubai. Operating profits in this segment improved slightly to \$0.9 million in 2QFY09 and grew 50.4% to \$2.9 million in 1HFY09 as compared to the previous periods.

Details of the operating metrics are stated in the **Annex** on page 6.

### **OUTLOOK AND PROSPECTS**

Revenue from Train and Bus operations is expected to be higher in 3QFY09 as compared to 3QFY08 due mainly to ridership growth.

Revenue from Rental is expected to be higher in 3QFY09 as compared to 3QFY08. The higher revenue is expected to be contributed mainly by better rental yield and increased space following the redevelopment of various MRT stations.

Group operating expenses for 3QFY09 are expected to be higher as compared to 3QFY08 due mainly to higher electricity and diesel costs and staff and related costs as headcount is expected to be higher with increased preparation work on Circle Line Stage 3 and increased train runs.

The price of diesel is expected to remain volatile in 3QFY09.

With the global economic slowdown, the operating environment is expected to be difficult for the next 12 months. The outlook for Taxi is expected to remain challenging. Bus is expected to sustain operating losses for FY2009 in view of the high diesel cost and its operations would also be affected by the implementation of more stringent Quality of Service standards.

Revenue service for Circle Line Stage 3 is expected to commence by mid 2009.

SMRT is expected to complete the acquisition of 49% equity interest in Shenzhen Zona Transportation Group Co. Ltd by 4QFY09.

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**Enclosures :**

- 1) *Unaudited Financial Statements for the Second Quarter ended 30 September 2008*
- 2) *Presentation for Analysts and Media Briefing: 2QFY09 Financial Results*
- 3) *Speech by Saw Phaik Hwa, President and Chief Executive Officer, and Lim Cheng Cheng, Executive Vice President and Chief Financial Officer, SMRT Corporation, at Analysts and Media Briefing on Second Quarter ended 30 September 2008*



**ANNEX**

	OPERATING METRICS					1H2009	1H2008	1H09 vs 1H08 (%)
	2QFY09	2QFY08	1QFY09	2Q09 vs 2Q08 (%)	2Q09 vs 1Q09 (%)			
<b><u>MRT</u></b>								
Total Ridership ('000)	132,038	116,844	124,311	13.0	6.2	256,348	228,946	12.0
Average Daily Ridership ('000)	1,435	1,270	1,366	13.0	5.1	1,401	1,251	12.0
Average No. of Passengers/Train Operated	442	436	453	1.4	(2.4)	448	432	3.6
Average Peak Period Passenger Load/Train (No. of passengers) <sup>1</sup>	1,314	1,277	1,278	2.9	2.8	1,296	1,258	3.0
Average Fare (cents)	93.0	92.4	93.0	0.6	0.0	93.0	93.3	(0.3)
<b><u>LRT</u></b>								
Total Ridership ('000)	4,165	3,827	3,926	8.8	6.1	8,091	7,480	8.2
Average Daily Ridership ('000)	45.3	41.6	43.1	8.8	4.9	44.2	40.9	8.2
Average No. of Passengers/Train Operated	24	22	23	8.7	3.9	24	22	8.4
Average Fare (cents)	56.4	55.8	55.9	1.0	0.9	56.1	56.7	(1.0)
<b><u>Buses</u></b>								
Total Ridership ('000)	74,390	70,335	71,163	5.8	4.5	145,554	138,100	5.4
Average Daily Ridership ('000)	809	765	782	5.8	3.4	795	755	5.4
Load Factor <sup>2</sup> (%)	25.3	23.7	24.1	6.9	5.1	24.6	23.4	4.9
Average Fare (cents)	69.1	67.4	69.4	2.6	(0.4)	69.2	68.2	1.5
<b><u>Taxis</u></b>								
Holding Fleet (as of end-period)	2,988	3,007	2,965	(0.6)	0.8	2,988	3,007	(0.6)
<b><u>Rental</u></b>								
Total Lettable Space (sqm) <sup>3</sup>	26,592	23,800	26,264	11.7	1.2	26,592	23,800	11.7
No. of Shops/Units as at end-period <sup>3</sup>	522	386	511	35.2	2.2	522	386	35.2
Average Occupancy Rate (%) <sup>3</sup>	99.4	97.8	99.1	1.6	0.4	99.3	98.1	1.2

<sup>1</sup> The peak period is measured on a half-hour basis.

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

<sup>3</sup> Figures relate to spaces at MRT stations only.