



SMRT CORPORATION LTD

**Citigroup Conference Presentation
August 2009**

Note on Forward-Looking Statements

The following presentation may contain forward looking statements relating to financial trends for future periods, compared to the results for previous periods. These forward looking statements are based on management's current views, expectations and assumptions including, but not limited to, prevailing or future economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of SMRT. Therefore, we advise you not to place undue reliance on these statements. In particular, such targets should not be regarded as a forecast or projection of future performance of SMRT. It should be noted that the actual performance of SMRT may vary significantly from such targets.



Contents

- Corporate Profile
- Financial Performance
- Key Strategic Thrusts
 - Highlights on Business Sectors
- Outlook for 2QFY10
- Q&A



Corporate Profile

- Listed in July 2000, SMRT Corporation is a multi-modal transport operator with market capitalisation of more than S\$2.0b on SGX
- **Fare businesses:**
 - Operates 3 MRT lines: North-South, East-West and Circle
 - Runs Singapore's first Light Rapid Transit system
 - Provides basic, premium and chartered bus services
- **Non-fare businesses:**
 - Leading taxi operator
 - Reaps increasing revenues from retail and advertising
 - Provides engineering consultancy, O&M and related services in Singapore and overseas



Milestones

- Nov 1987** Commenced first revenue train service and expanded North-South, East-West MRT network
- Oct 1999** Awarded licence to operate Bukit Panjang light rail
- Jul 2000** Listed on SGX
- Aug 2001** Awarded licence to operate Circle Line
- Dec 2001** Acquired TIBS Holdings – added bus and taxi services
- 2004** Expansion in Retail and Advertising
- 2007** First major overseas contract in Dubai
- 2009** Opening of Circle Line from May 2009
Investment in Zona Transportation Grp, Shenzhen



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Financial Performance (FY05 to FY09)

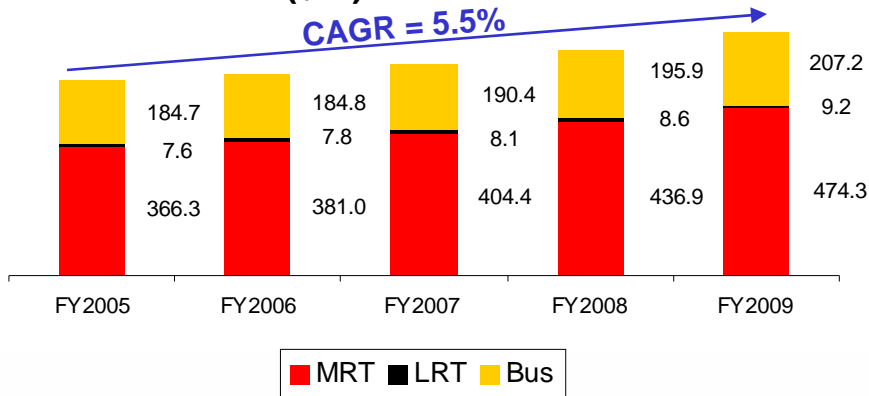
\$m	FY2009	FY2008	FY2007	FY2006	FY2005
Revenue	879.0	802.1	743.1	711.7	673.5
EBITDA	299.0	284.1	255.0	247.2	230.0
Profit after tax	162.7	149.9	135.8	103.6	126.6
EPS (cents)	10.7	9.9	9.0	6.9	8.4
Net DPS (cents)	7.75	7.75	7.0	5.6	5.2
ROE (%)	23.3	22.8	22.1	18.2	24.5
ROTA (%)	11.1	10.6	9.8	7.5	8.6

**Profit after tax – compounded growth rate of 6.5%
(FY2005 to FY2009)**



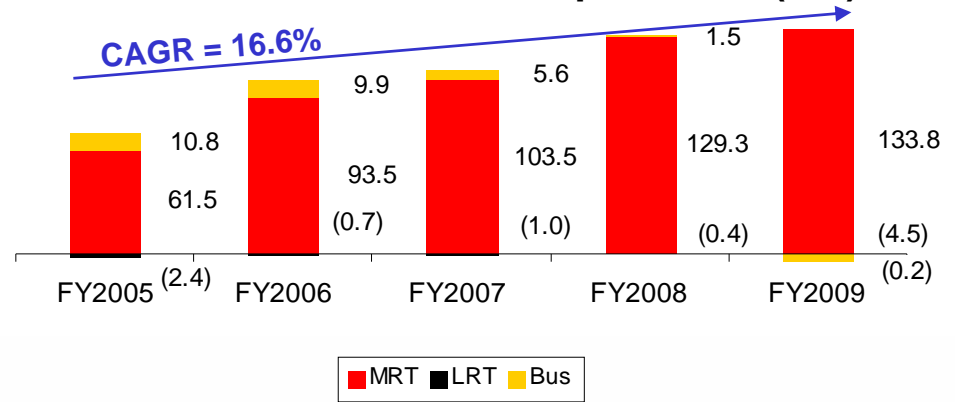
Segmental Performance

Fare Revenue (\$m)



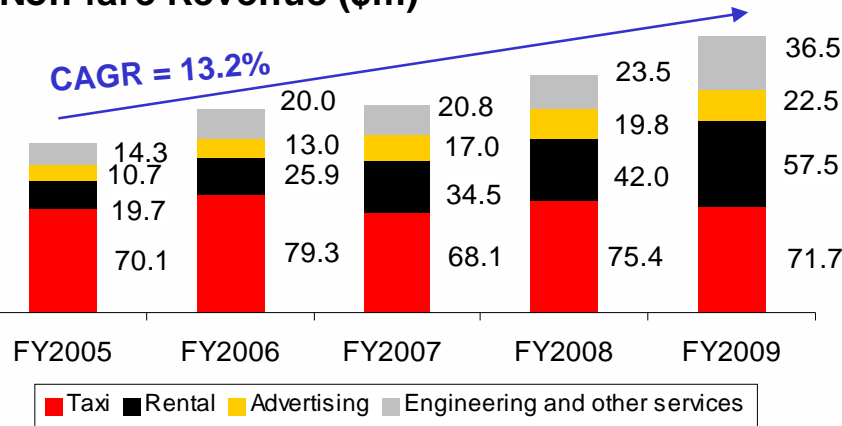
Fare: About 80% of Revenue (FY09)

EBIT from Fare Operations (\$m)



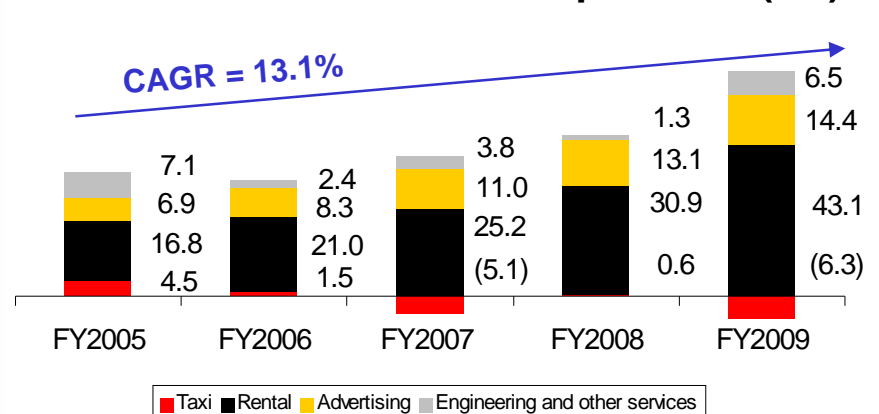
MRT: 70% of EBIT (FY09)

Non-fare Revenue (\$m)



Commercial: 9% of Revenue (FY09)

EBIT from Non-fare Operations (\$m)



Commercial: 30% of EBIT (FY09)



Group Highlights 1QFY10

Group revenue	\$215.8 m	0%
Operating profit	\$ 57.8 m	20%
Profit after tax	\$ 48.2 m	20%
Basic EPS	3.2 cents	20%
EVA	\$ 35.7 m	24%

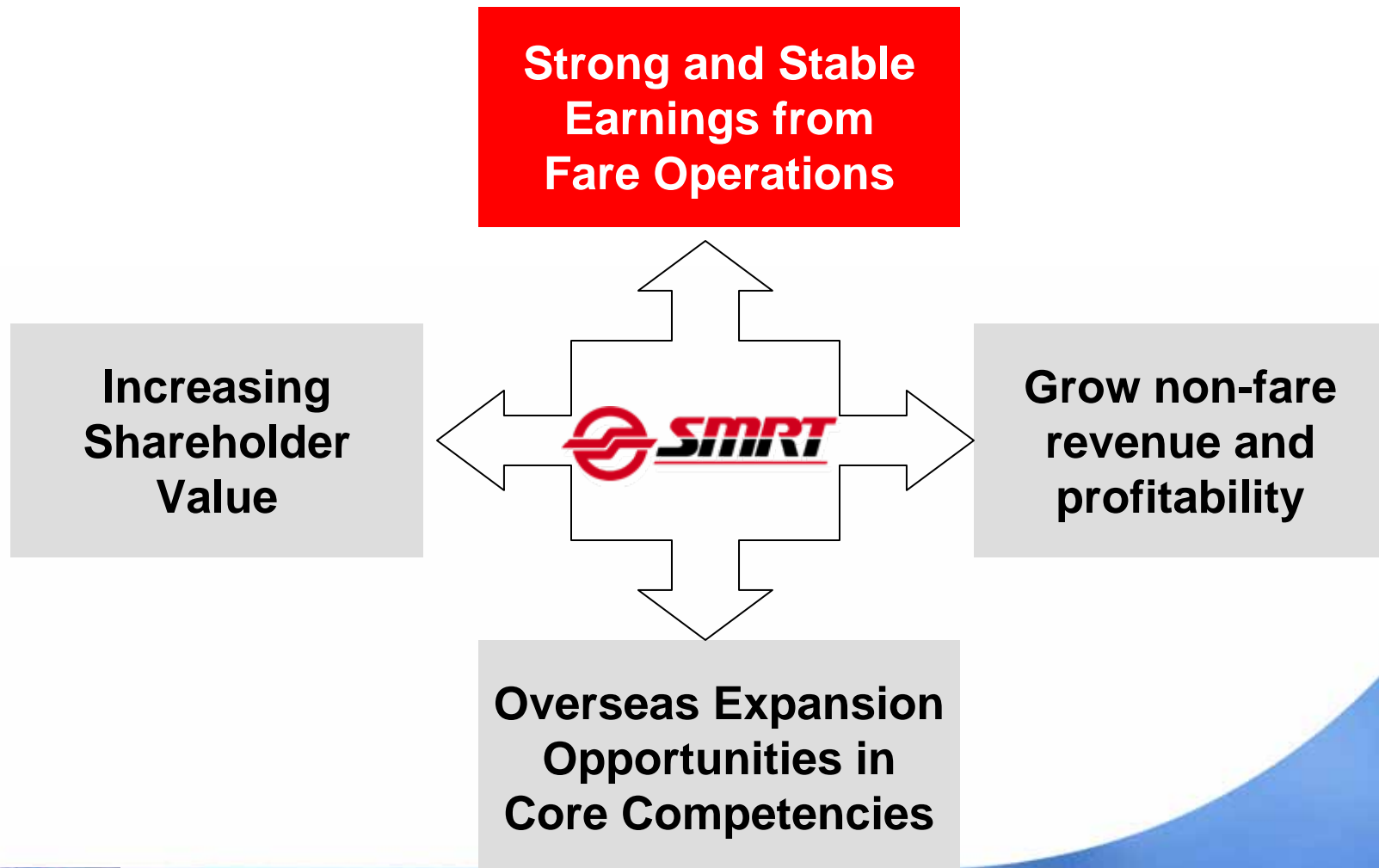


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Key Strategic Thrusts



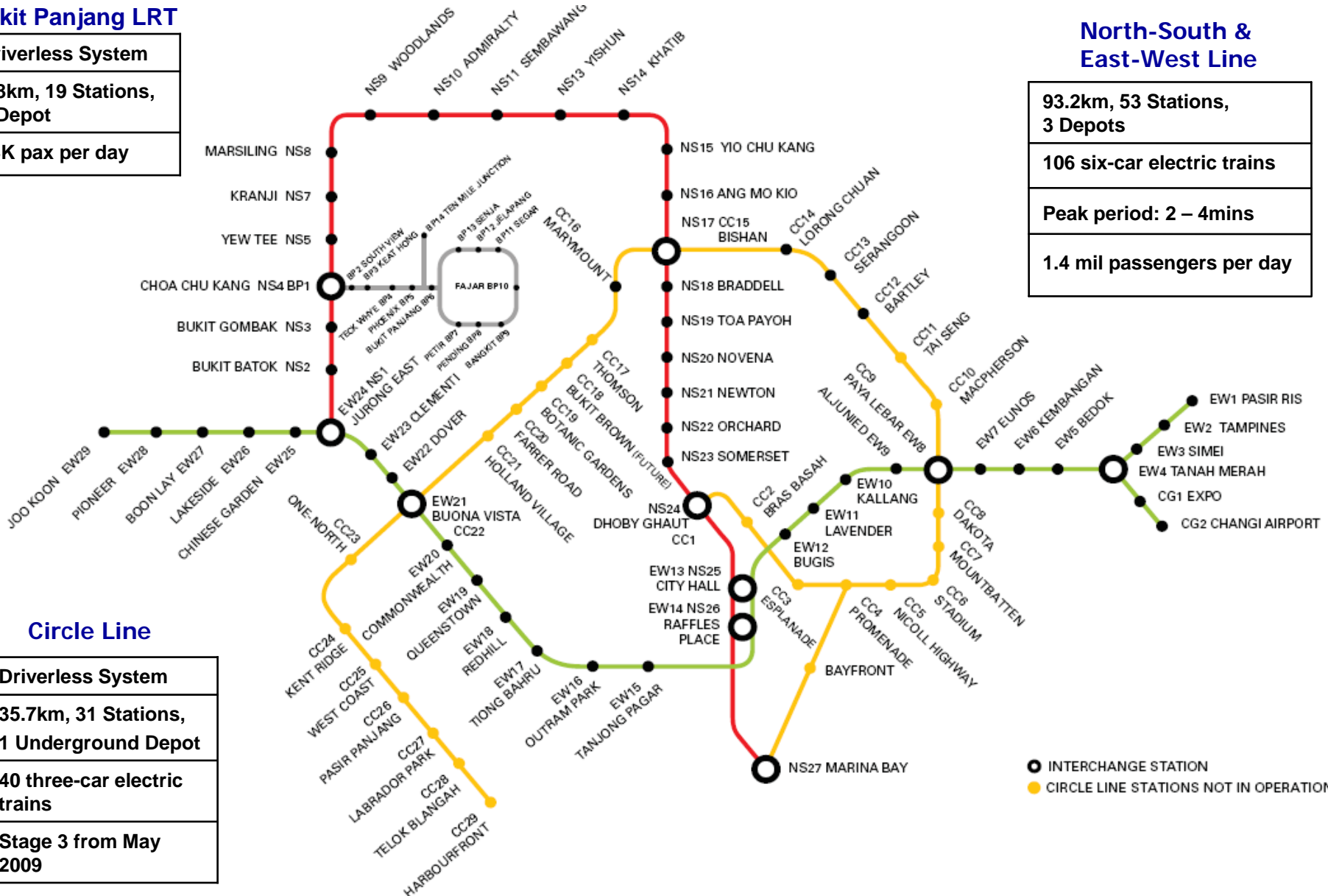
SMRT MRT Network

Bukit Panjang LRT

Driverless System
7.8km, 19 Stations, 1 Depot
44K pax per day

North-South & East-West Line

93.2km, 53 Stations, 3 Depots
106 six-car electric trains
Peak period: 2 – 4mins
1.4 mil passengers per day



Circle Line

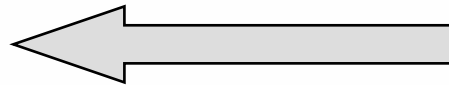
Driverless System
35.7km, 31 Stations, 1 Underground Depot
40 three-car electric trains
Stage 3 from May 2009

License and Operating Agreement (NS, EW lines)



- Owns **operating assets** including 106 trains, signaling system
- Maintains both operating and non-operating assets
- Complies with performance standards

Pays 1% license fee
of fare revenue



Granted 10 + 30 yr
contract ending in 2028

Land Transport Authority

- Owns **non-operating assets** including tunnels, tracks, stations

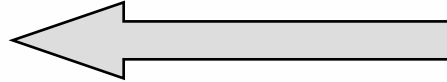
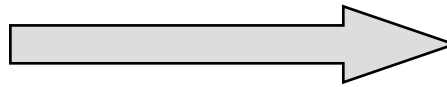


License and Operating Agreement (Circle line)

Pays 0.5% license fee of
fare and non-fare revenue



- Will own **operating assets** after ten years
- Maintains both operating and non-operating assets
- Complies with performance standards



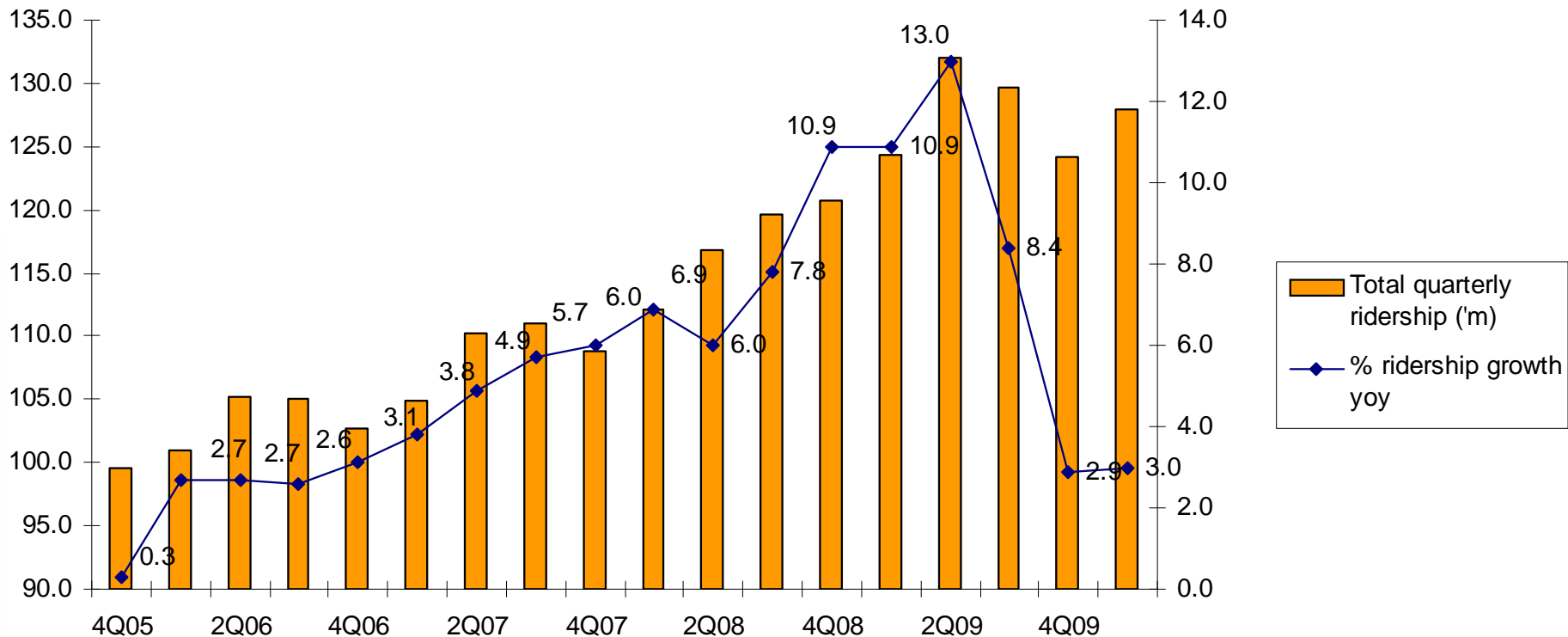
**10 + 30 yr license
effective from 4 May 2009**

Land Transport Authority

- Owns **operating and non-operating assets**



Ridership from Fare Operations

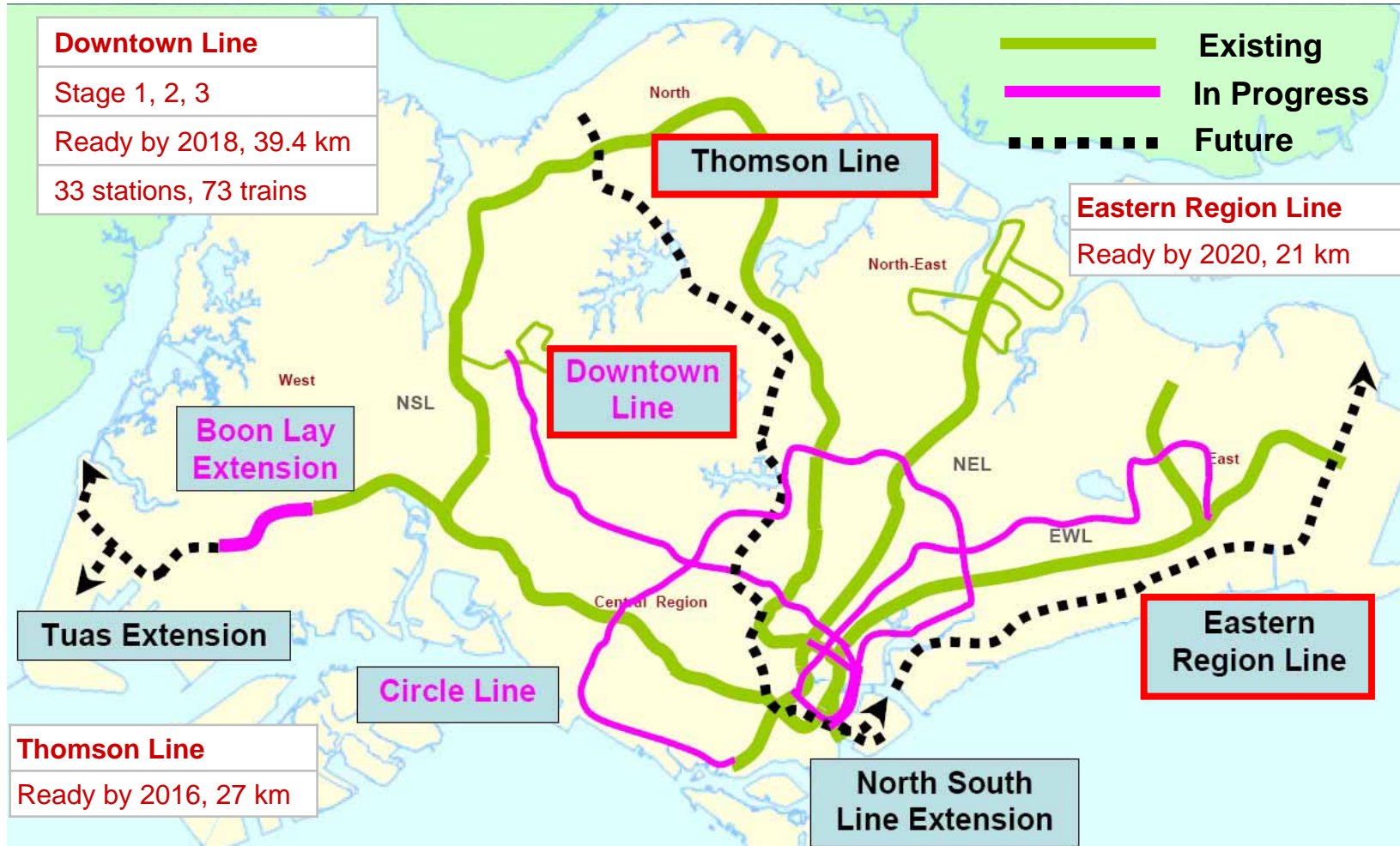


**Continued yoy increase in MRT Passenger Ridership
- Q1FY10 MRT ridership increased 3% yoy to 128m**



Capitalise on New Opportunities

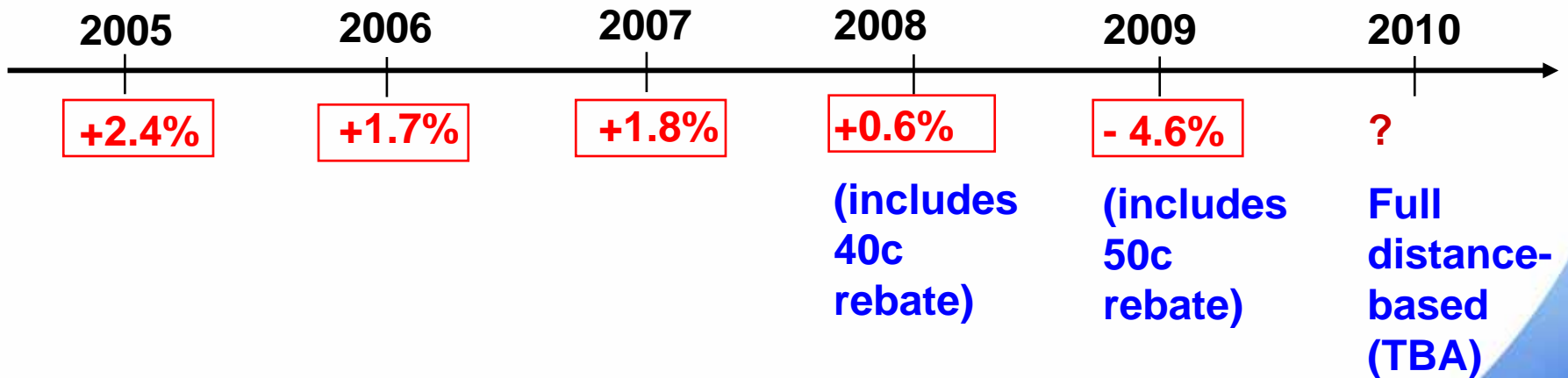
Three New MRT Lines



Fare Adjustment Formula

$$0.5 \times \text{CPI} + 0.5 \times \text{WI} - 1.5\%$$

where 1.5% is the productivity index valid for 3 years



Bus Network



Basic Bus Services

80 Bus Services
More than 890 buses
Bus ridership 288m, up 3.9%



Premium & Chartered Bus Services

13 premium bus services
More than 66 buses and mini-buses



SMRT Buses: Areas of Responsibility

- Interchange
- Depot
- SMRT Bus Service Routes



Achieving Service Excellence

- Service Excellence
 - ‘Best Metro’
 - ‘Best Metro-Asia Pacific’
- Focus on customer experience
 - About 1000 more train runs per week
 - Estimated cost of \$6m per year
- Investments in transport network
 - Mid-life upgrade for 66 trains and more than 700 buses
 - Will purchase more than 130 buses



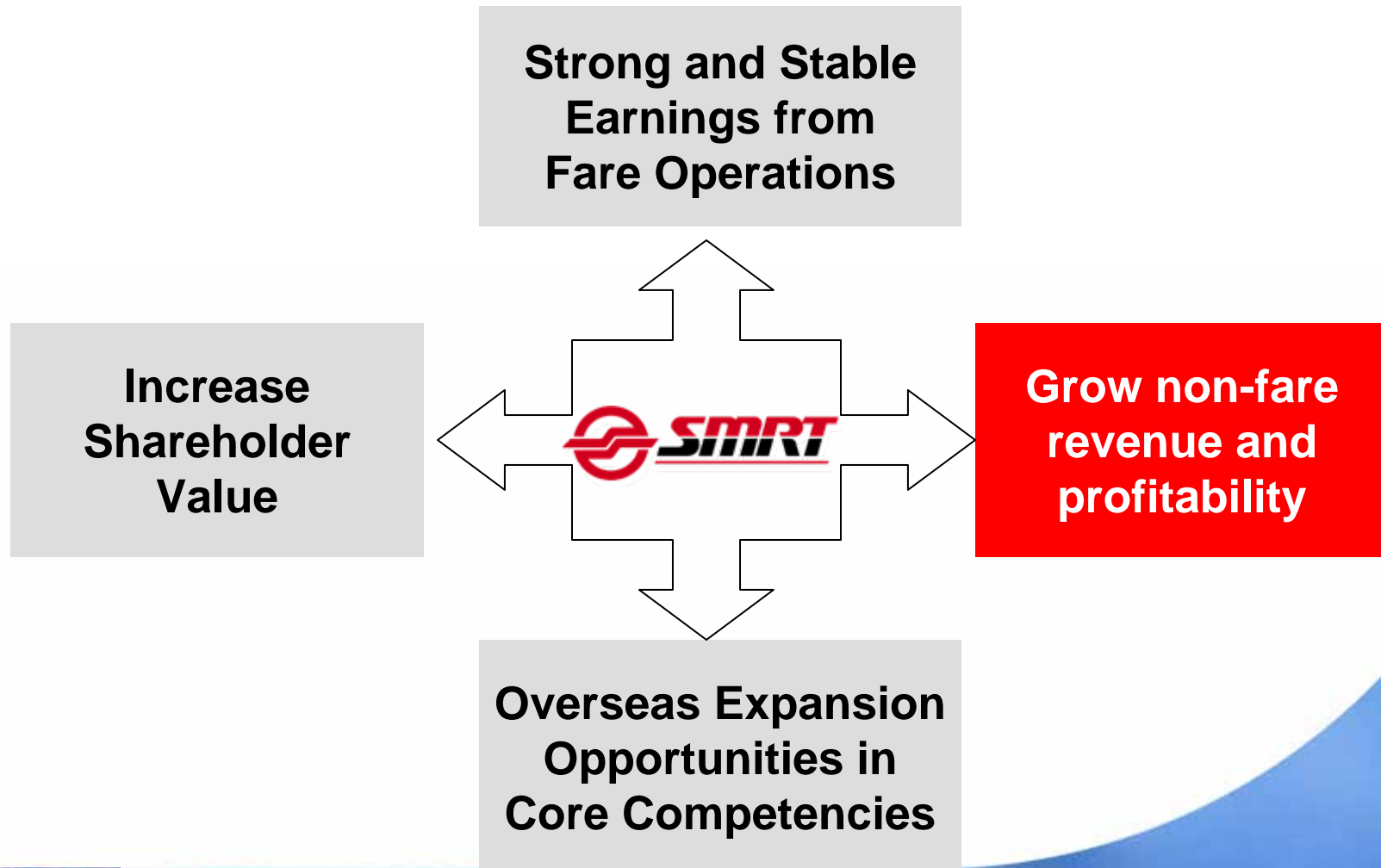
Fare Businesses (Train / LRT / Bus)

	Train			LRT			Bus		
	1Q10	1Q09	% chg	1Q10	1Q09	% chg	1Q10	1Q09	% chg
Avg. Daily Ridership ('000)	1,431	1,366	↑ 5%	43.9	43.1	↑ 2%	773.3	782.0	↓ 1%
Average Fare (cents)	90.3	93.0	↓ 3%	54.7	55.9	↓ 2%	66.4	69.4	↓ 4%
Revenue (\$m)	115.6	115.6	↓ 0%	2.2	2.2	↓ 0%	49.0	50.9	↓ 4%
EBIT (\$m)	36.7	34.0	↑ 8%	0.0	(0.1)	↑ 140%	1.2	(3.5)	↑ 136%

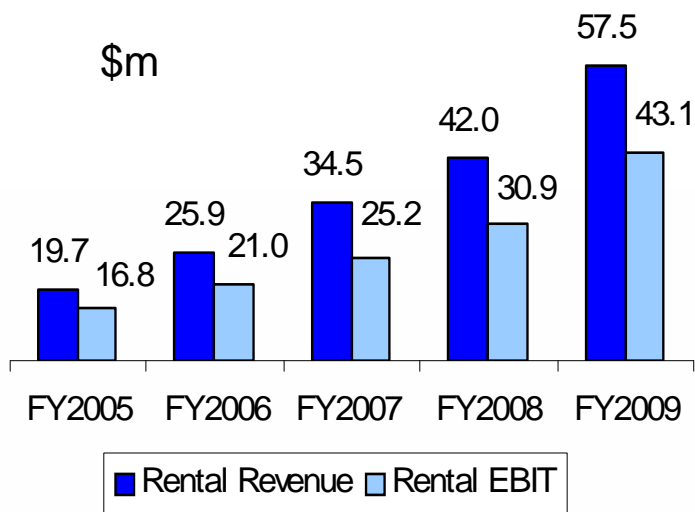
- Higher train operating profit due mainly to higher other operating income partially offset by higher R&M and electricity costs
- LRT operating profit due mainly to lower staff and related costs
- Bus operating profit due mainly to lower diesel cost



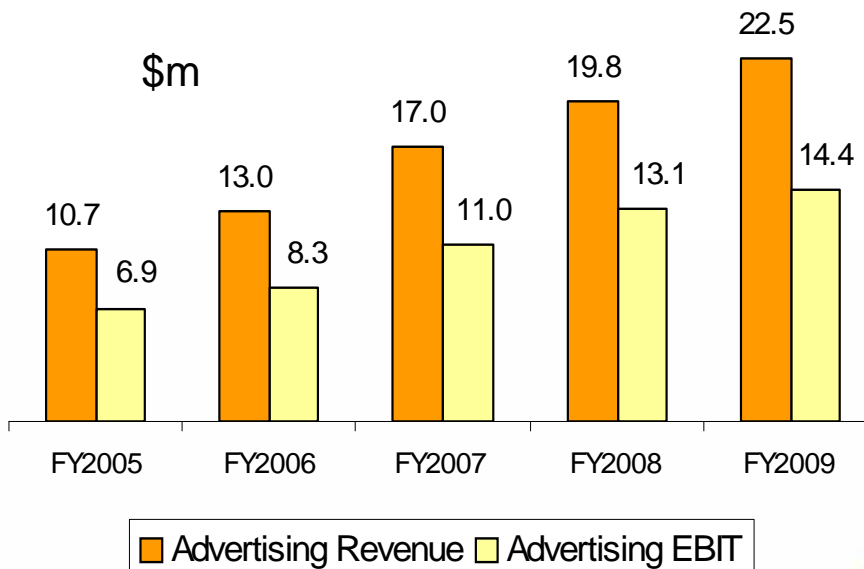
Key Strategic Thrusts



Growth in Rental and Advertising



Rental revenue 5-yr CAGR: 30.7%
Profits CAGR: 26.5%

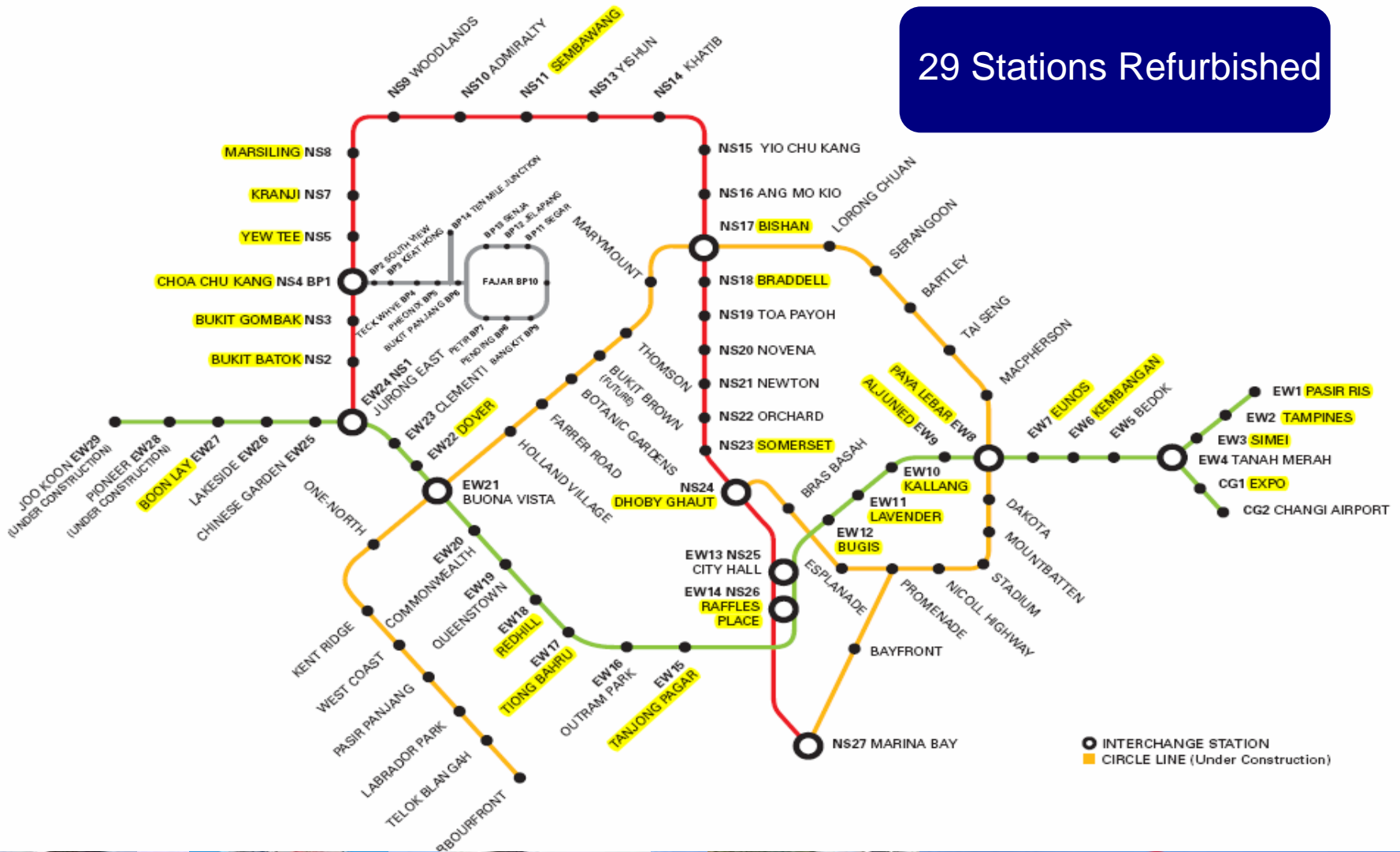


Ad revenue 5-yr CAGR: 20.5%
Profits CAGR: 20.4%








SMRT's Retail Presence

29 Stations Refurbished



Rental and Advertising

	Rental			Advertising		
	1Q10	1Q09	% chg	1Q10	1Q09	% chg
Average lettable space (sqm)	27,879	26,125	 7%	-	-	-
Revenue (\$m)	15.5	13.8	 12%	5.4	5.6	 5%
EBIT (\$m)	12.5	11.1	 13%	3.5	3.8	 10%

- Higher rental operating profit due to increased space and higher yields
- Lower advertising operating profit due mainly to weak economic environment



Rental and Advertising

- Rental strategy
 - FY10: Continue to renovate 5 more stations
 - FY11: Refurbish Xchanges at Orchard, Esplanade and Jurong East stations

- Advertising strategy
 - Grow overseas revenue streams
 - Introduce new advertising panels and Plasma TVs in stations



Raffles Xchange

Then



raffles
xchange



Now



Tanjong Pagar Xchange

Then



Now



Choa Chu Kang Xchange

Then



Now



Showcase of the Shops within SMRT network



Advertising Campaigns – Promotion of GI-Joe Movie

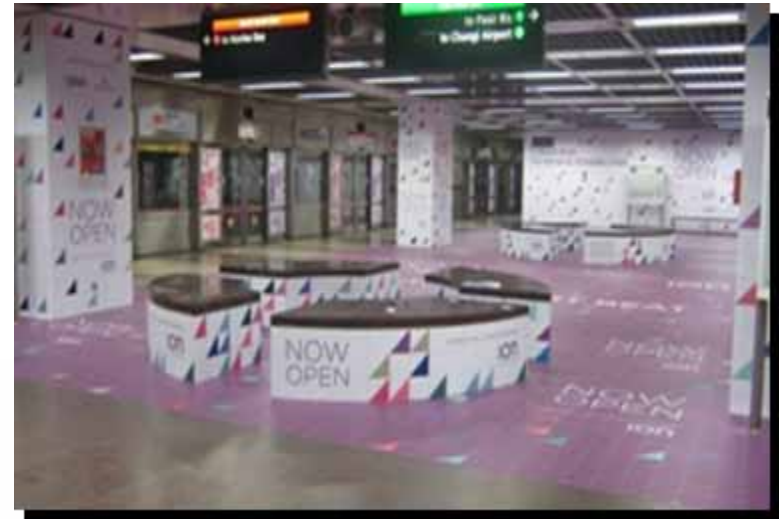


Advertising Campaigns

HBO Channel



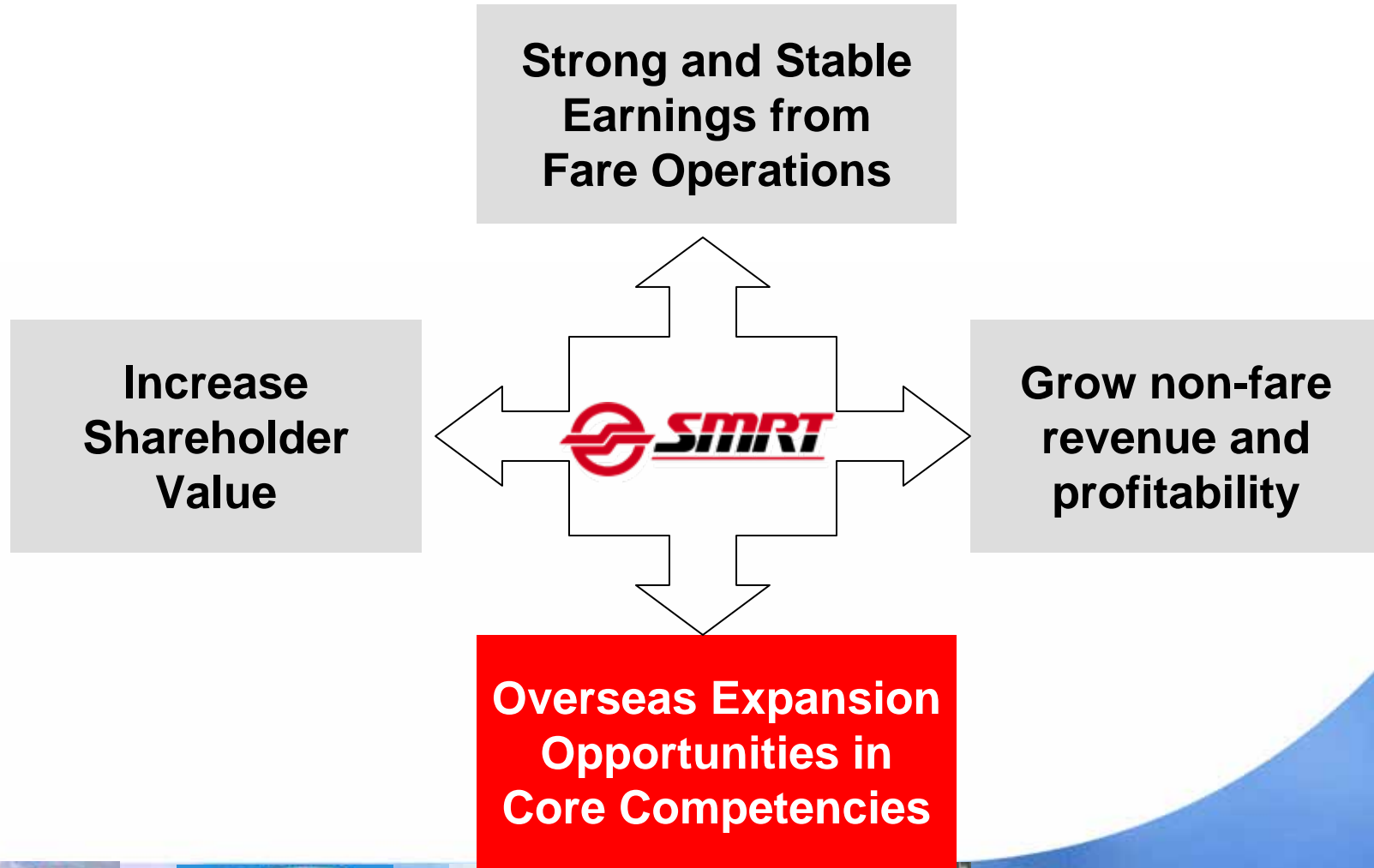
Ion Orchard



Ad Campaigns – Buses and Taxis



Key Strategic Thrusts



Engineering and Other Services and Taxi

	Engineering & Other Services			Taxi		
	1Q10	1Q09	% chg	1Q10	1Q09	% chg
Number of taxis	-	-	-	2,605	2,965	↓ 12%
Revenue (\$m)	10.6	8.9	↑ 19%	17.7	18.9	↓ 7%
EBIT (\$m)	1.4	2.0	↓ 30%	1.1	(1.3)	↑ 188%

- Lower Engineering & Other Services operating profit due mainly to lower taxi accident repairs
- Taxi operating profit due mainly to lower other operating expenses as a result of smaller average holding fleet



Palm Jumeirah Monorail



Signing Ceremony on Acquisition of Zona



Investment Rationale

One of the leading transport operators in Shenzhen

- Top-tier city, with strongest and fastest growing economy
- Leading operator in almost all business segments
- Successful track record in growing business
- Earnings expected to be accretive from first year of investment

High growth potential in all segments

- From 300 buses in 2002 to 803 buses within six years
- Secured Shenzhen's Municipal Government's approval to be appointed bus operator in growing BaoAn district

Long term partnership

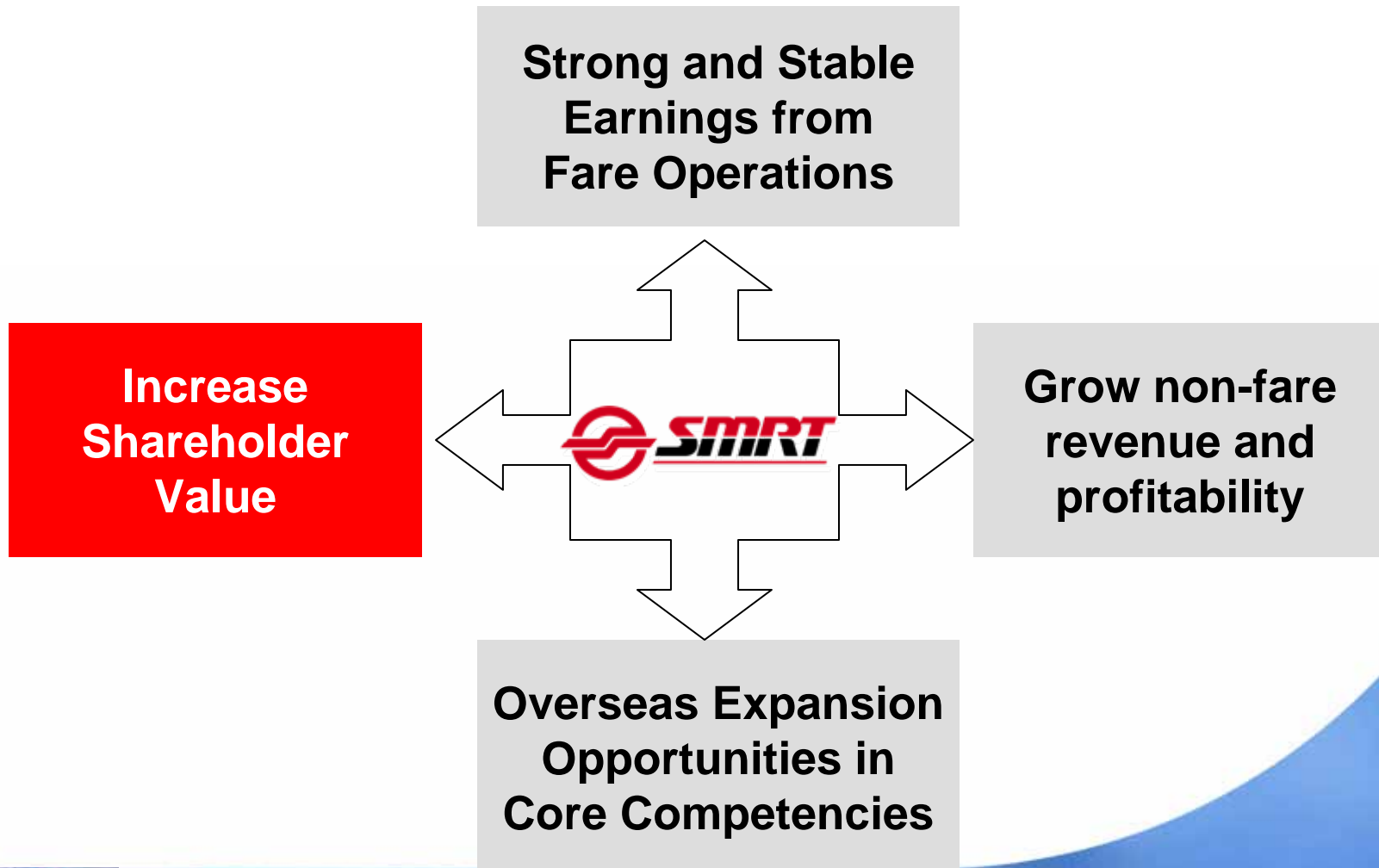
- Dynamic and highly experienced management team
- Strong relationship with local, regional and national transport industry players and authorities
- Well positioned for growth beyond Shenzhen



New Taxi Models



Key Strategic Thrusts

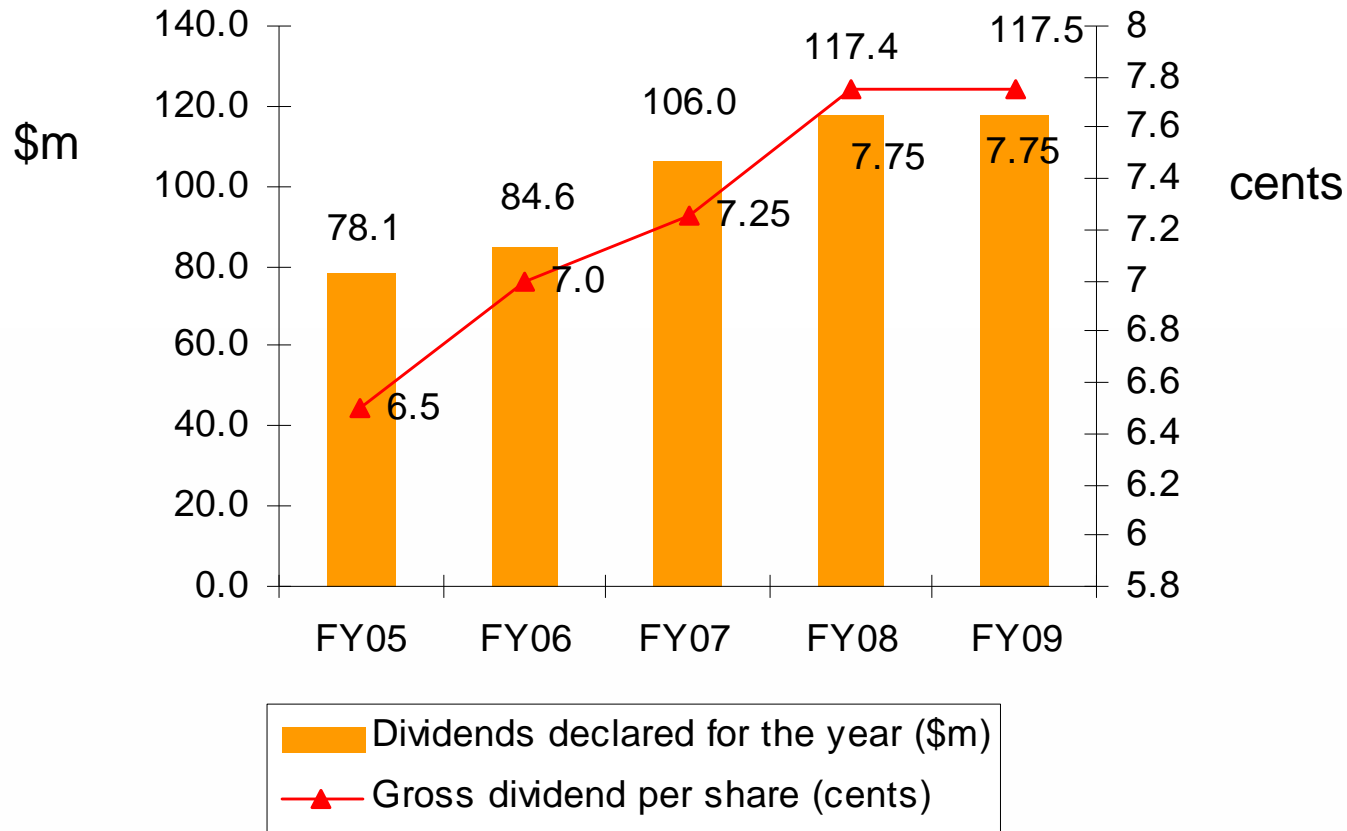


Approved Dividend Policy

- Endeavour to maintain or increase in terms of cents per share of dividend payout each year
- Endeavour to ensure a minimum payout ratio of 60% of PATMI per year for Interim and Final Ordinary Dividend
- In any particular financial year, may propose a special dividend to provide greater returns and yield
- Takes into account:
 - Long term objective of maximising shareholder value
 - Availability of cash and retained earnings
 - Expected financial performance
 - Projected capex and other investment plans



Increase Shareholder Value



CAGR of Dividends Declared (FY2005-2009) = 10.8%



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Outlook & Prospects

	2QFY10 as compared to 2QFY09
Train and Bus Revenue	<ul style="list-style-type: none"> Expected to be <u>lower</u> due mainly to reduction in fares and increased transfer rebates
Rental Revenue	<ul style="list-style-type: none"> Expected to be <u>higher</u> due mainly to increased space following the redevelopment of various MRT stations
Advertising Revenue	<ul style="list-style-type: none"> Expected to be <u>lower</u>
Taxi Performance	<ul style="list-style-type: none"> Revenue expected to be <u>lower</u> Operating performance expected to <u>improve</u>
Operating costs	<ul style="list-style-type: none"> R&M, staff and electricity costs expected to be <u>higher</u>

- For next 12 months, Group profitability will be impacted by continuing volatility in diesel prices, fare reduction package and the ramp-up costs for the remaining Circle Line stations



THANK YOU

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