



# **SMRT CORPORATION LTD**

**DBS Conference 2010  
Investor Presentation**

# 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 3QFY10
- Q&A



# Corporate Profile

## Fare Businesses

MRT



LRT



Buses



## Non-fare Businesses

Taxi



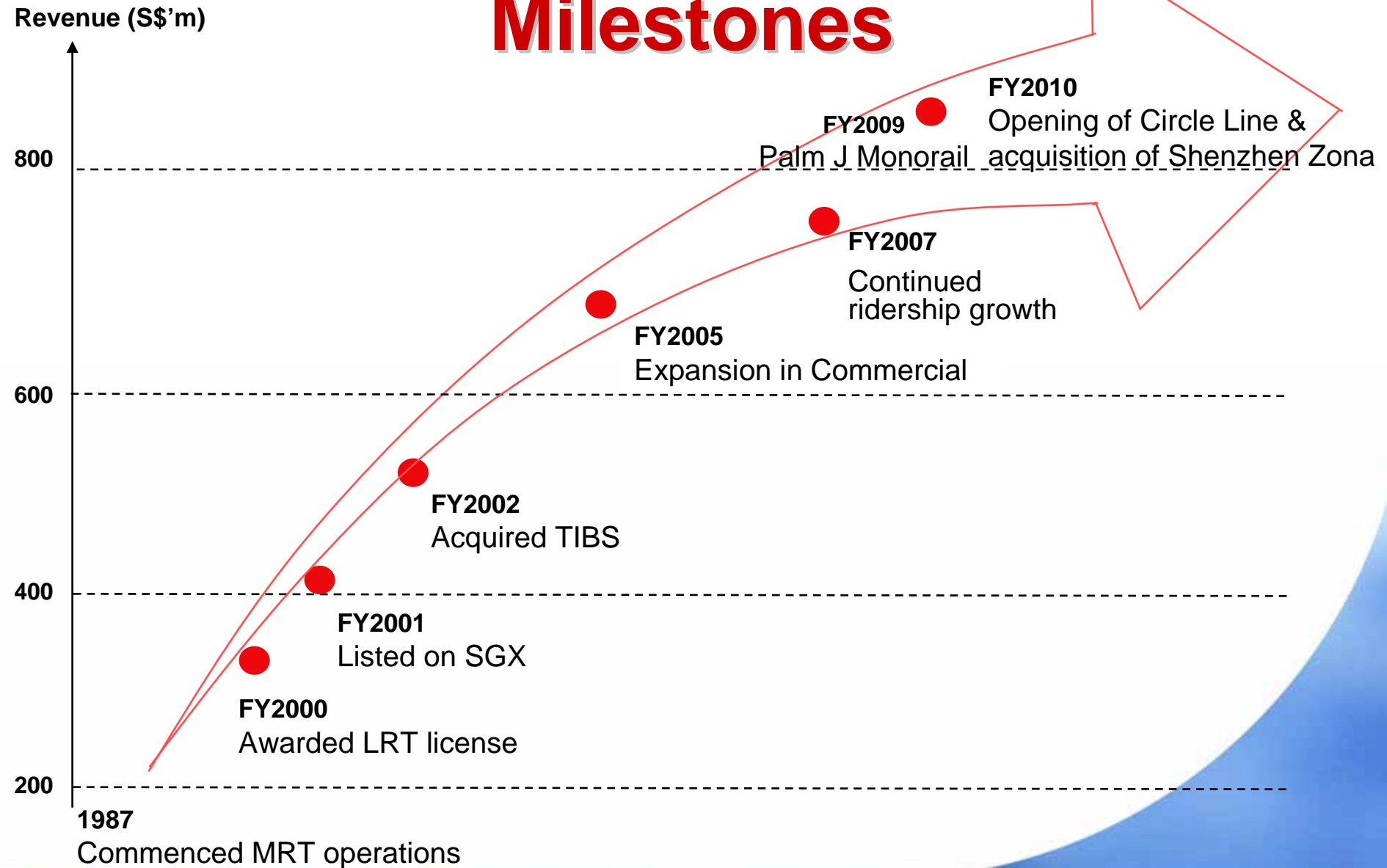
Retail & Advertising



Engineering  
Consultancy & Services



# Milestones



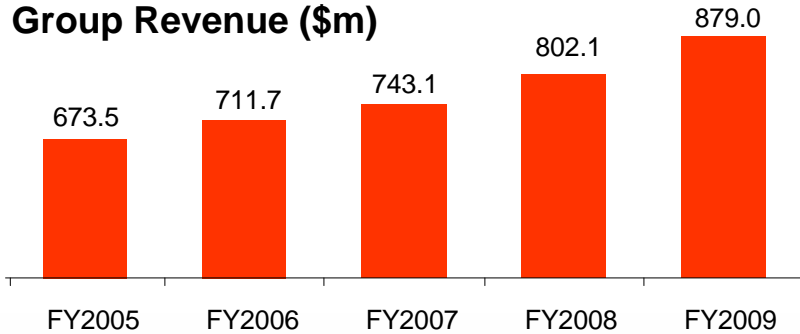
# Contents

- Corporate Profile
- Financial Performance
- Key Strategic Thrusts
  - Highlights on Business Sectors
- Outlook for 3QFY10
- Q&A

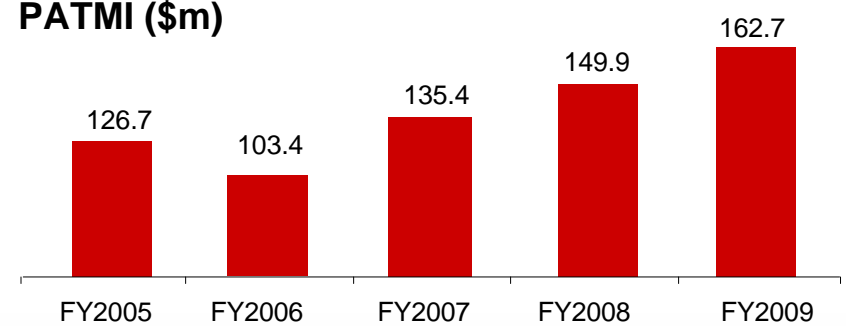


# Financial Performance (FY05 to FY09)

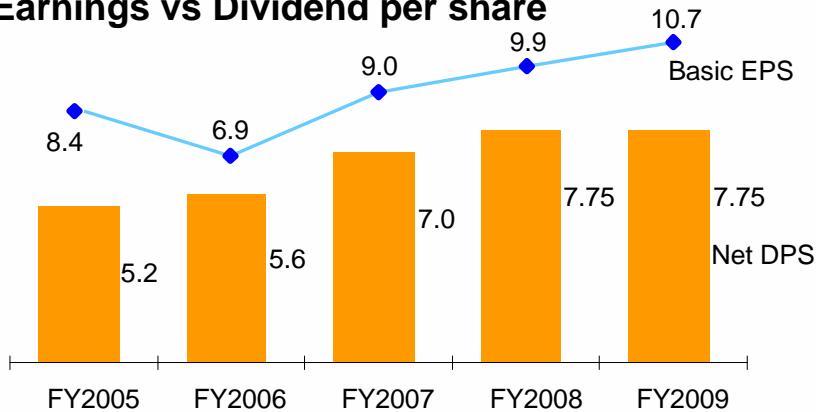
Group Revenue (\$m)



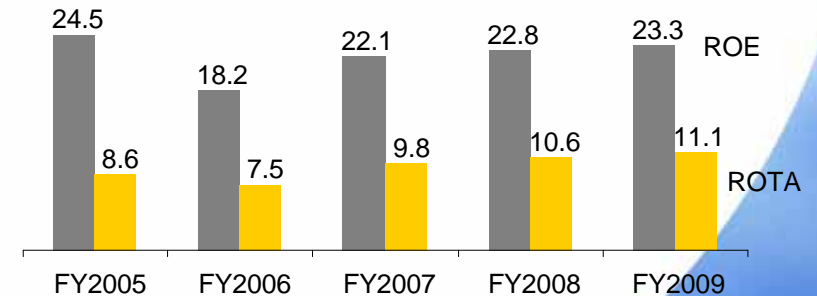
PATMI (\$m)



Earnings vs Dividend per share



ROE vs ROTA (%)

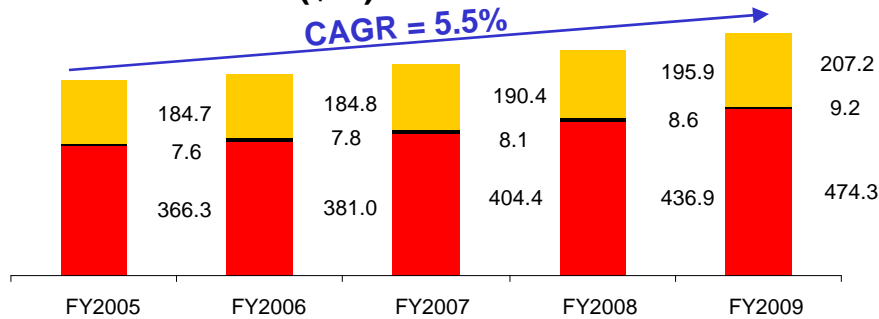


Growth in revenue and profits over 5 years

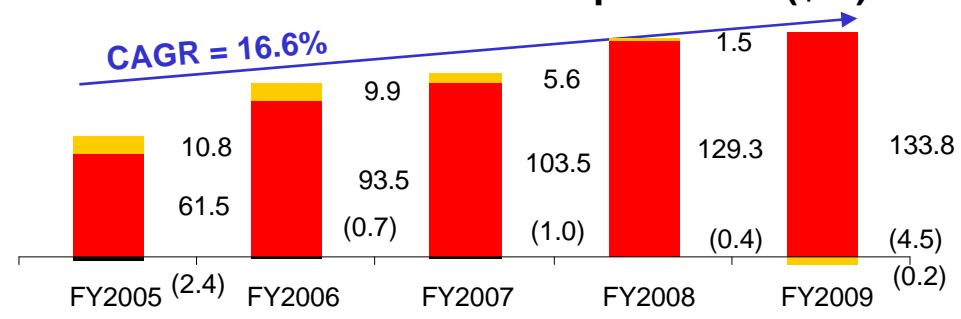


# Segmental Performance

Fare Revenue (\$m)

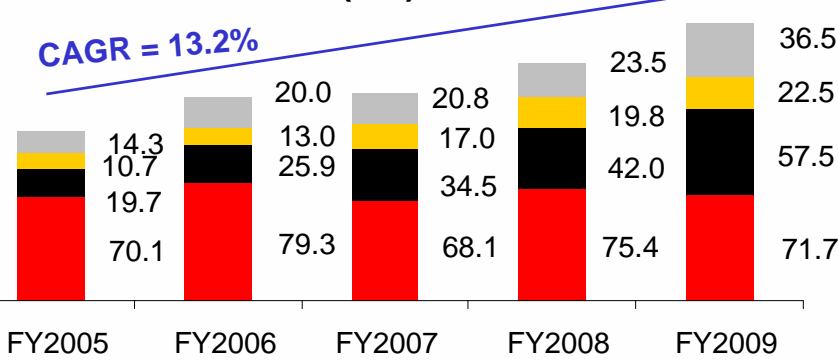


EBIT from Fare Operations (\$m)

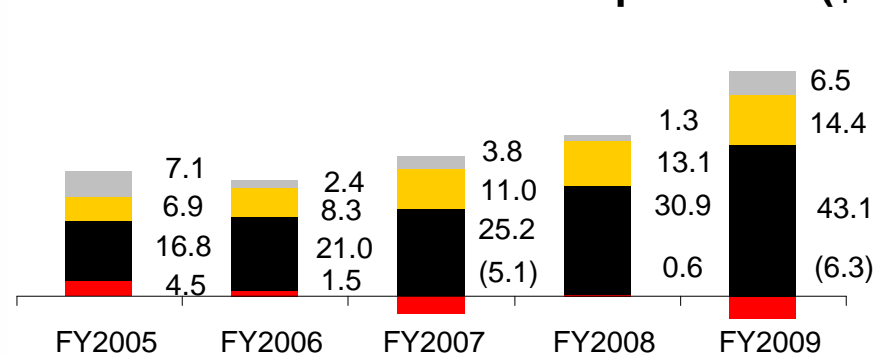


■ MRT ■ LRT ■ Bus

Non-fare Revenue (\$m)



EBIT from Non-fare Operations (\$m)



■ Taxi ■ Rental ■ Advertising ■ Engineering and other services

**MRT: About 60% of FY09 Revenue and 70% EBIT**  
**Commercial: 9% FY09 Revenue and 30% EBIT**



# Group Highlights 1HFY10

Group revenue

\$445.3 m

1%

Operating profit

\$121.0 m

20%

Profit after tax

\$101.0 m

22%

Basic EPS

6.7 cents

22%

EVA

\$ 76.5 m

26%

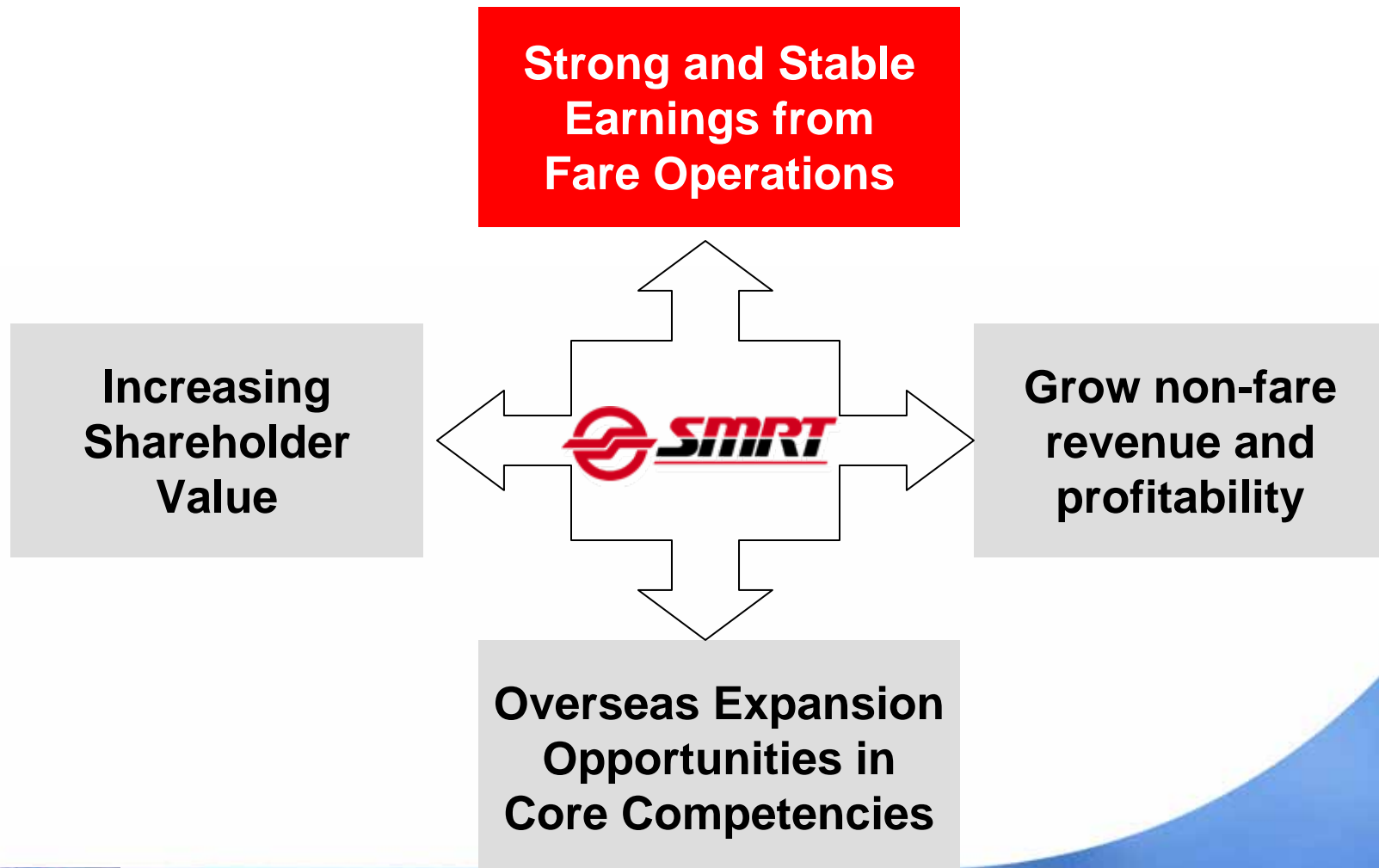


# Contents

- Corporate Profile
- Financial Performance
- Key Strategic Thrusts
  - Highlights on Business Sectors
- Outlook for 3QFY10
- Q&A



# Key Strategic Thrusts



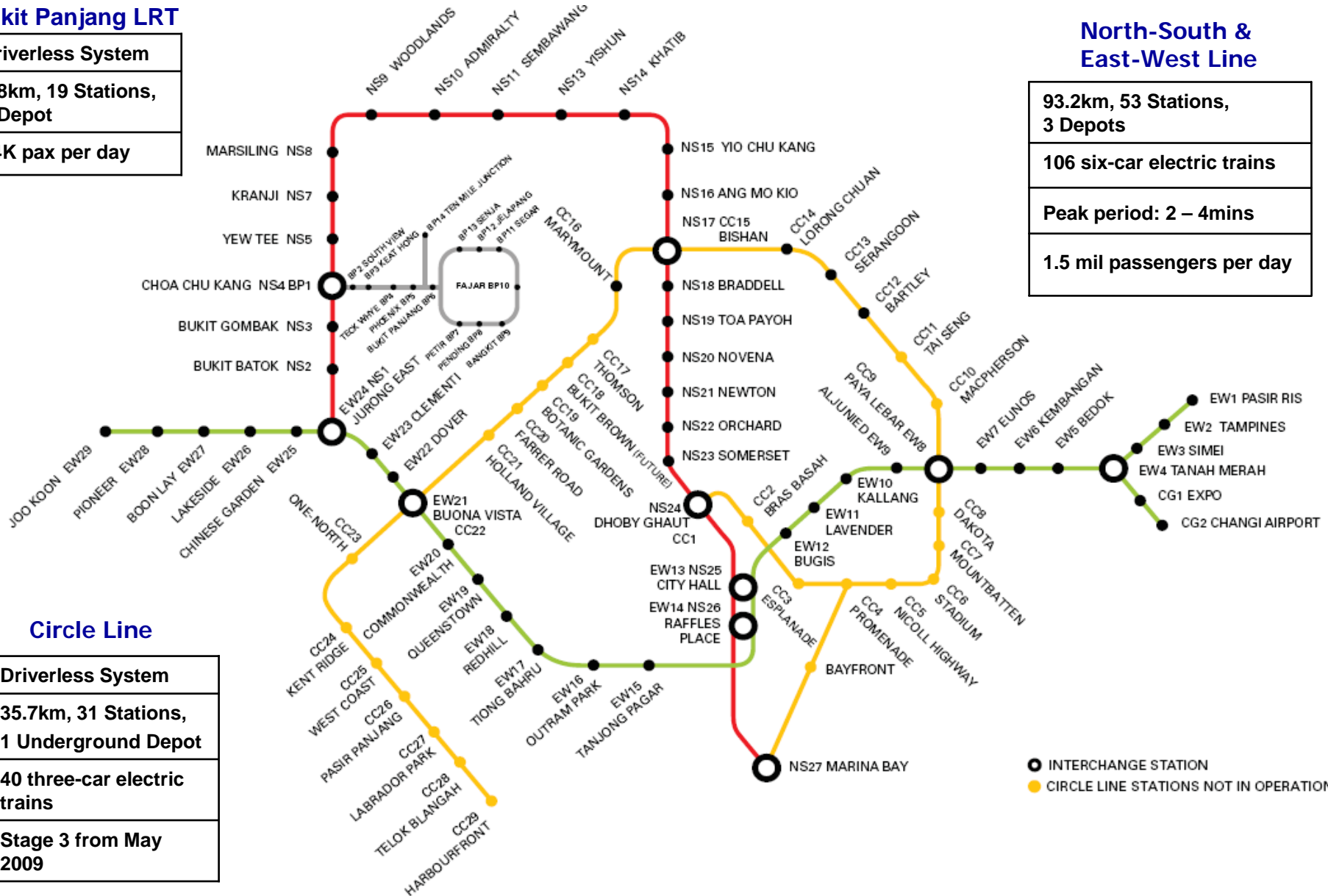
# SMRT MRT Network

## 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
1.5 mil passengers per day



## Circle Line

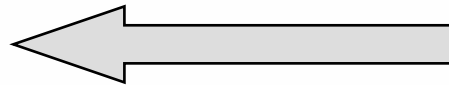
Driverless System
35.7km, 31 Stations, 1 Underground Depot
40 three-car electric trains
Stage 3 from May 2009

# 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

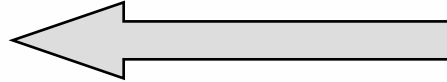
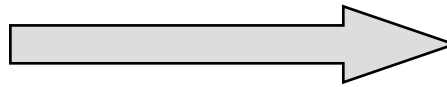


# License and Operating Agreement (Circle line)

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



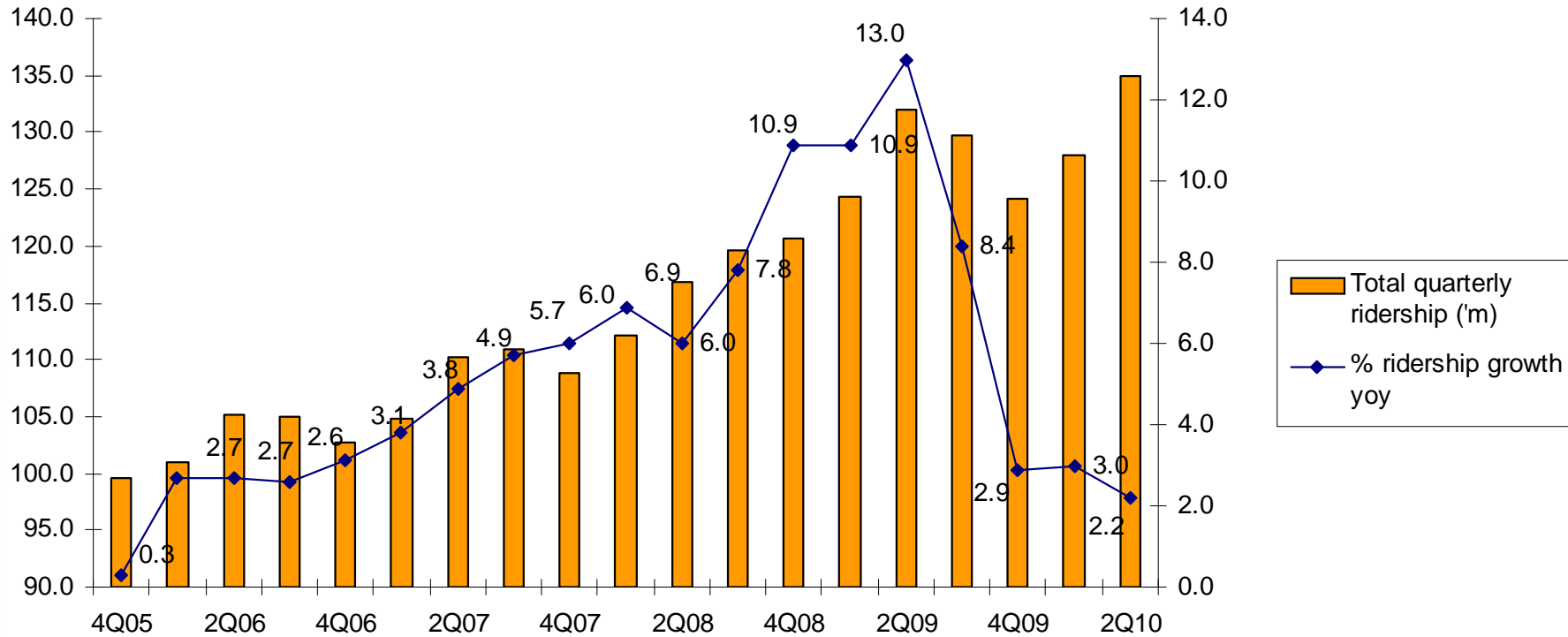
**10 + 30 yr license  
effective from 4 May 2009**

Land Transport Authority

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



# Ridership from Fare Operations

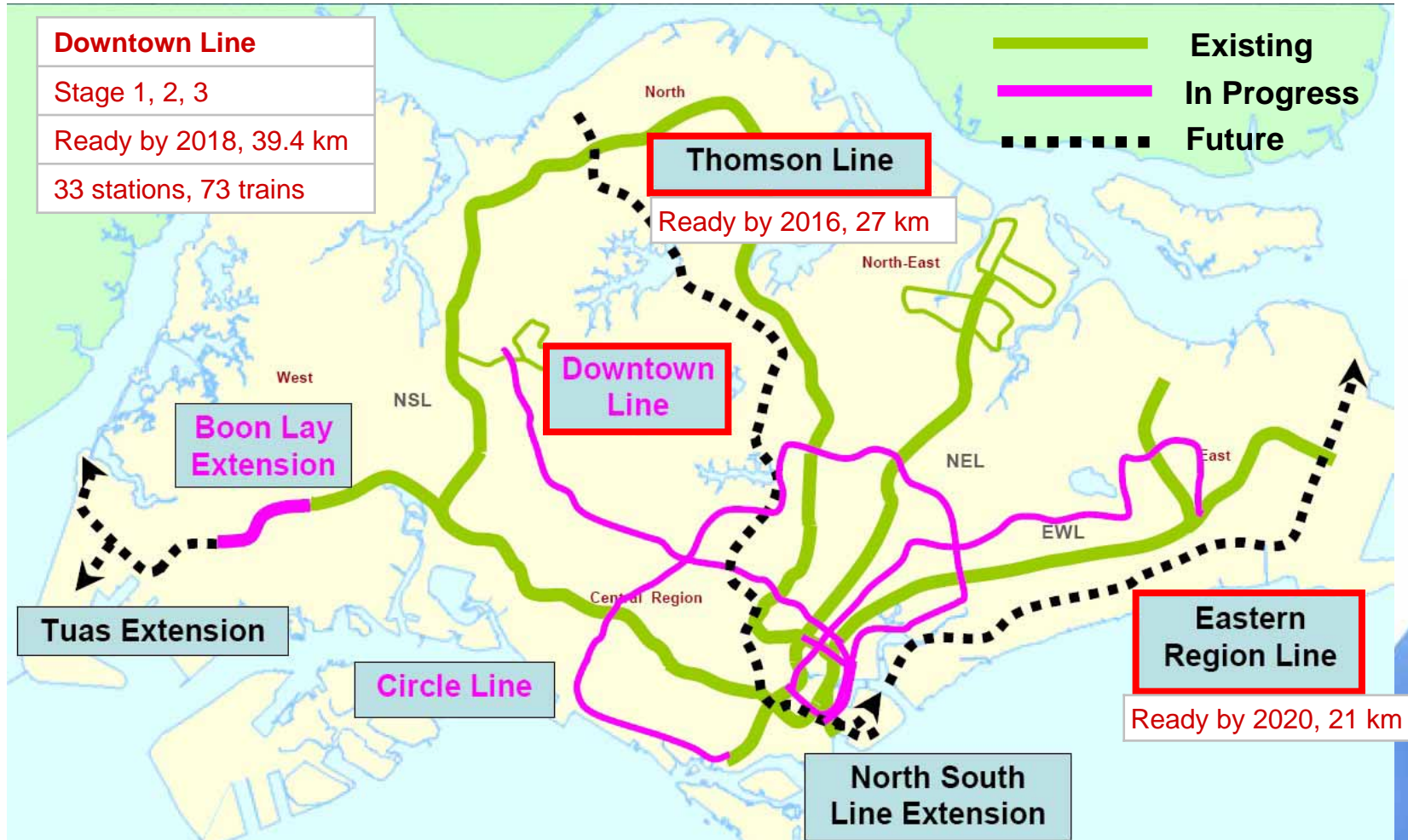


**MRT ridership continued to increase  
- Q2FY10 ridership increased 2.2% to 135m**



# Capitalise on New Opportunities

## Three New MRT Lines

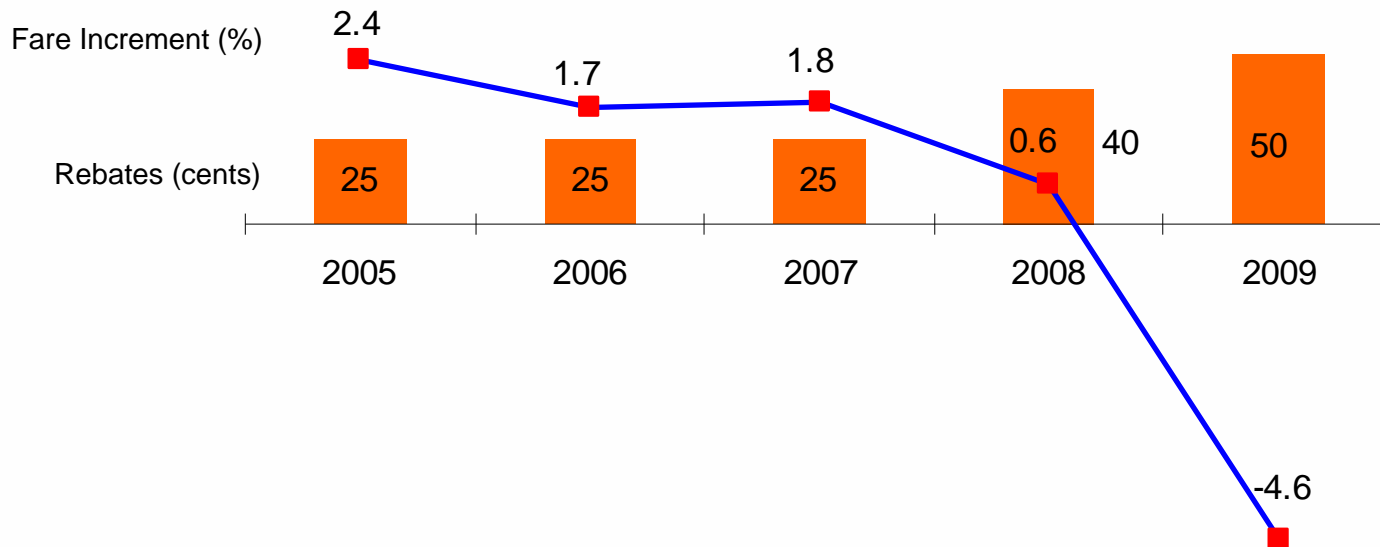


# Fare Adjustment

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



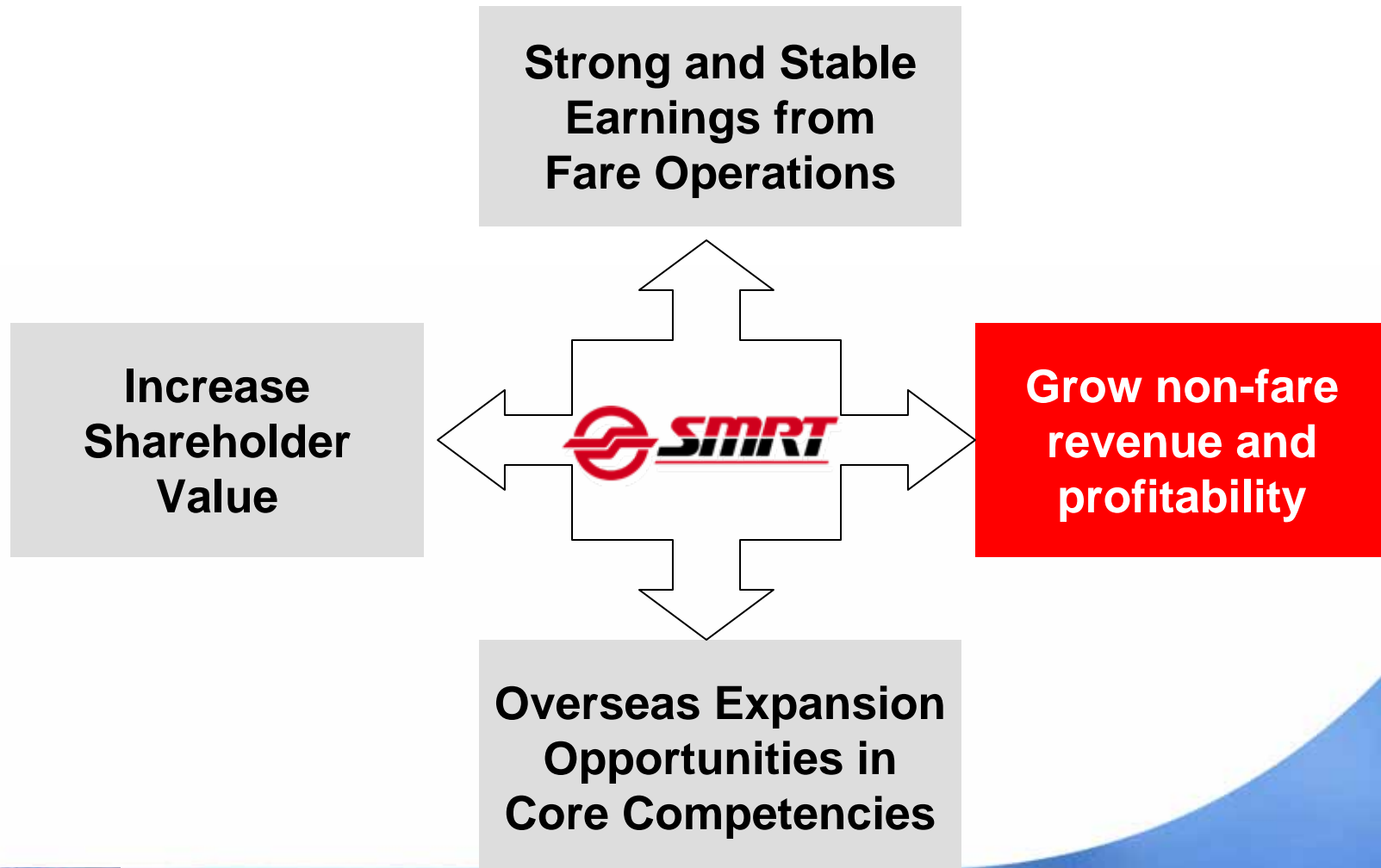
# Fare Businesses (Train / LRT / Bus)

	Train			LRT			Bus		
	1H10	1H09	% chg	1H10	1H09	% chg	1H10	1H09	% chg
Avg. Daily Ridership ('000)	1,437	1,401	↑ 3%	44.5	44.2	↑ 1%	788.0	795.3	↓ 1%
Average Fare (cents)	89.8	93.0	↓ 4%	53.7	56.1	↓ 4%	65.4	69.3	↓ 6%
Revenue (\$m)	238.9	238.4	↑ 0%	4.4	4.5	↓ 3%	100.0	104.4	↓ 4%
EBIT (\$m)	75.4	70.1	↑ 8%	0.2	0.0	↑ 138%	3.1	(4.5)	↑ 168%

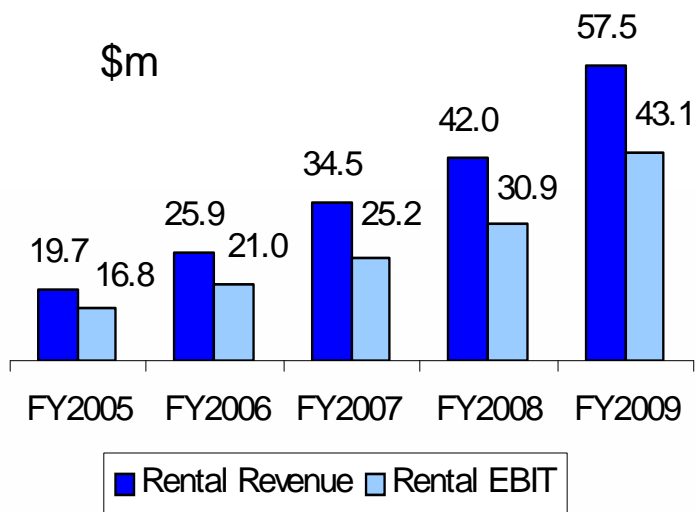
- Higher train operating profit due mainly to higher other operating income partially offset by higher R&M and electricity costs
- LRT operating profit due mainly to lower staff and related costs
- Bus operating profit due mainly to lower diesel cost



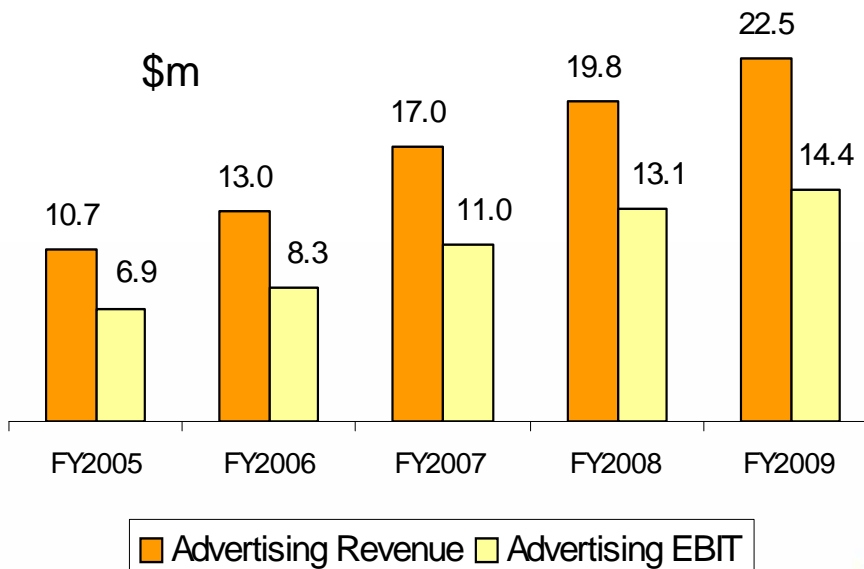
# Key Strategic Thrusts



# 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%**



# Rental and Advertising

	Rental			Advertising		
	1H10	1H09	% chg	1H10	1H09	% chg
Average lettable space (sqm)	29,225	26,592	↑ 10%	-	-	-
Revenue (\$m)	31.5	28.0	↑ 13%	10.8	11.6	↓ 7%
EBIT (\$m)	25.2	22.6	↑ 12%	6.9	7.7	↓ 10%

- Higher rental operating profit due to increased space, higher yields and the redevelopment of commercial spaces at various stations
- Lower advertising operating profit due mainly to the weak economic environment



# Existing Exchanges

Raffles Xchange



Tanjong Pagar Xchange



Choa Chu Kang Xchange

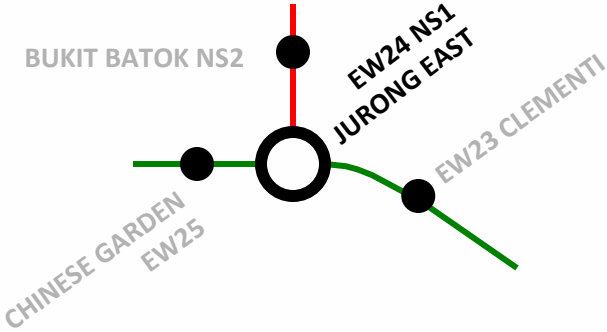


# New Xchanges

## Jurong East Xchange



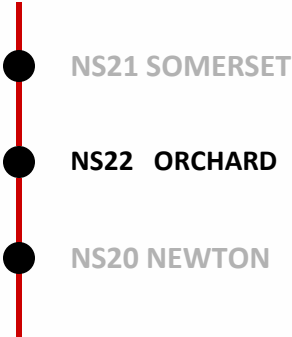
2,500 sqm



## Orchard Xchange



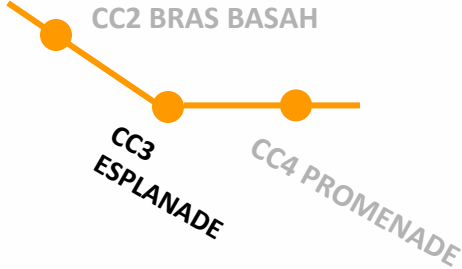
1,600 sqm



## Esplanade Xchange



2,000 sqm



# Advertising Campaigns – Launch of L’Oreal Products



# Advertising Campaigns

Nokia



Snickers



# Ad Campaigns – Buses and Taxis



# Key Strategic Thrusts

**Strong and Stable  
Earnings from  
Fare Operations**

**Increase  
Shareholder  
Value**

**Grow non-fare  
revenue and  
profitability**



**Overseas Expansion  
Opportunities in  
Core Competencies**



# Engineering and Other Services and Taxi

	Engineering & Other Services			Taxi		
	1H10	1H09	% chg	1H10	1H09	% chg
Number of taxis	-	-	-	2,579	2,988	14%
Revenue (\$m)	24.0	18.7	29%	35.6	37.3	5%
EBIT (\$m)	6.9	2.9	139%	1.9	(1.8)	206%

- Higher Engineering & Other Services operating profit due mainly to contribution from overseas projects
- 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

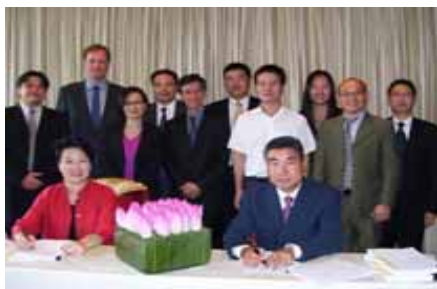
**Long term partnership**

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



# Financial Highlights on Shenzhen Zona

Signing Ceremony



Long Haul Bus: 78



Taxi: 830



Bus: 803

Chartered and Tourist buses: 142

Leased Cars: 260

(RMB' m)	2008	% Contribution	Revenue	EBITDA
Revenue	455.2	Public Bus	36%	30%
EBITDA	159.6	Taxi	29%	52%
PAT	24.1	Long Haul	14%	8%
		Car Leasing	4%	6%
		Others	17%	4%

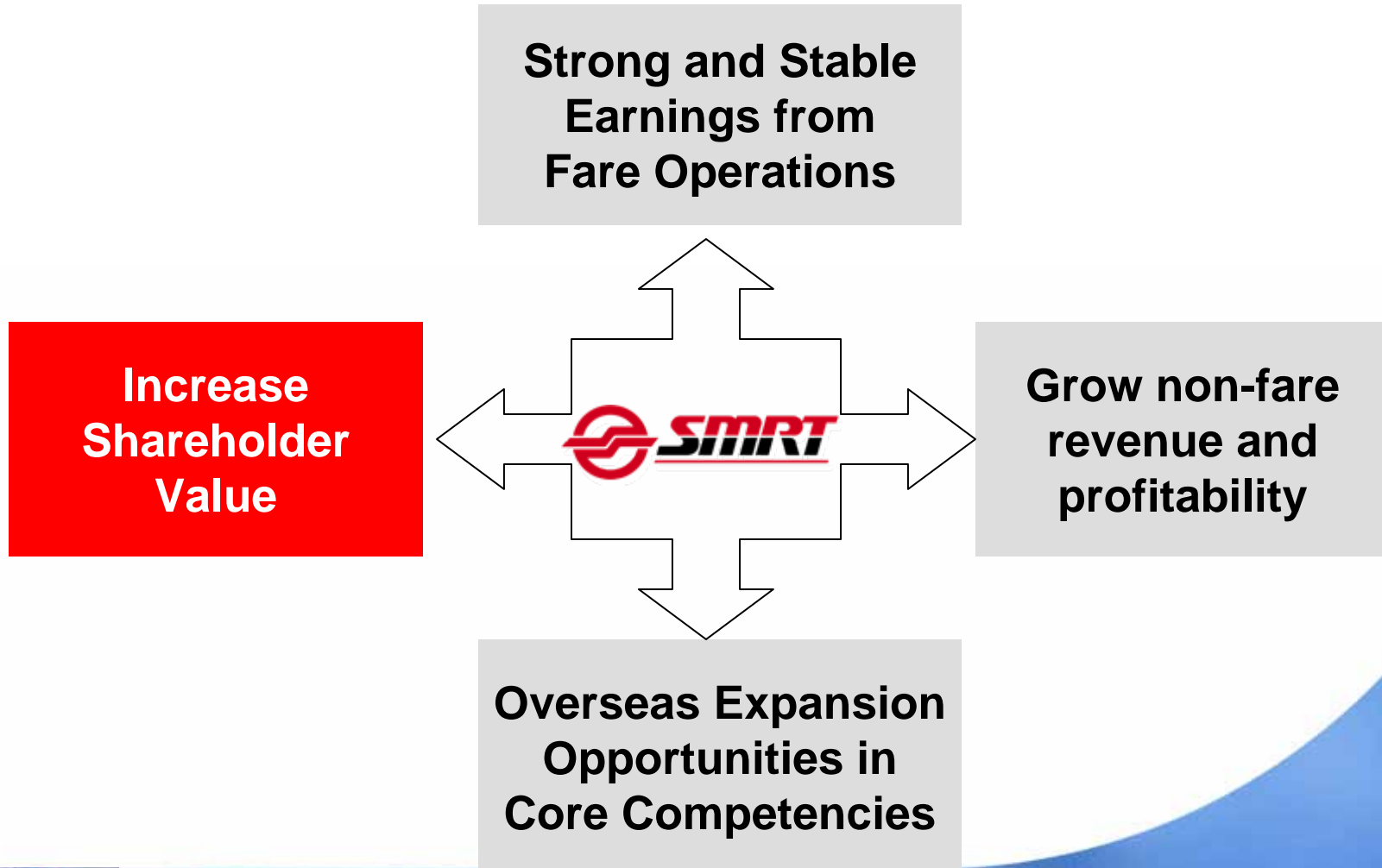
- Zona's profit after tax in 2010 and 2011 at least more than double
- Expect Zona's profit contribution to be material in 5 years' time



# New Taxi Models



# Key Strategic Thrusts

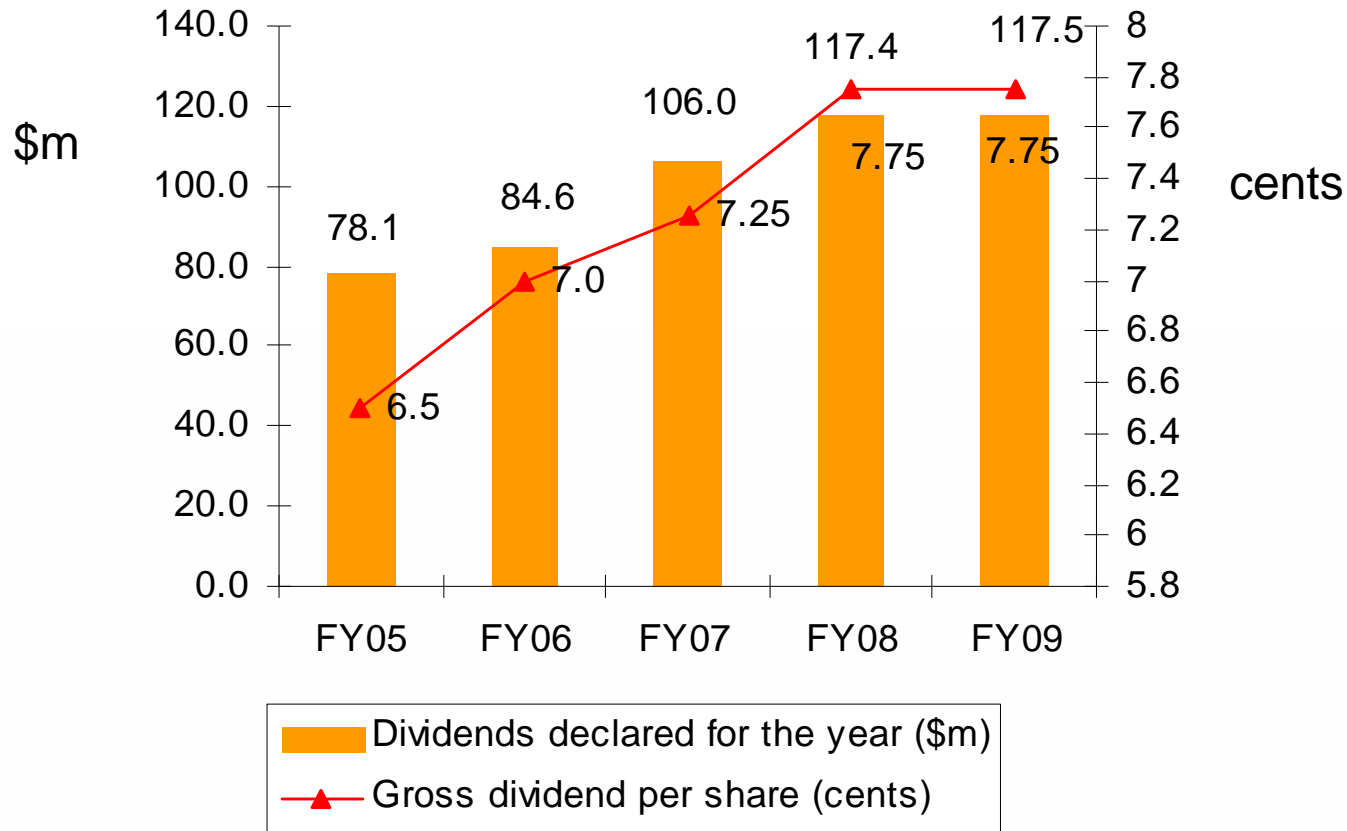


# Approved Dividend Policy

- 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%**



# Contents

- Corporate Profile
- Financial Performance
- Key Strategic Thrusts
  - Highlights on Business Sectors
- Outlook for 3QFY10
- Q&A



# Business Outlook

3QFY10 as compared to 3QFY09

## Revenue

**Non fare revenue**



Growth in rental revenue and fees from overseas projects

**Fare Revenue**



Fare reduction and increased transfer rebates

**Operating Expenses**  
**R&M**



Operation of CCL Stage 3 and increased train runs

**Staff Cost**



More bus service leaders, operation of CCL Stage 3, increased train runs

**Electricity Cost**



Electricity contract rate at 11% higher

**Finance Cost**



\$150m fixed rate notes issued in Oct 09



# THANK YOU

Visit

<http://www.smrt.com.sg/investors/investors.asp>

for media releases, announcements and presentations

