



# **SMRT CORPORATION LTD**

**Investor Presentation  
18 – 19 September 2008**

# 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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
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# Corporate Profile

- Listed in July 2000, SMRT Corporation is the first listed metropolitan rail operator in the world
- Dominant operator of Singapore's rail system; significant bus and taxi operator
- Reaps increasing revenues from retail and advertising, as well as engineering consultancy, O&M and related services
- Strong cash flows and AAA-rated with market capitalisation of more than S\$2.0b on SGX



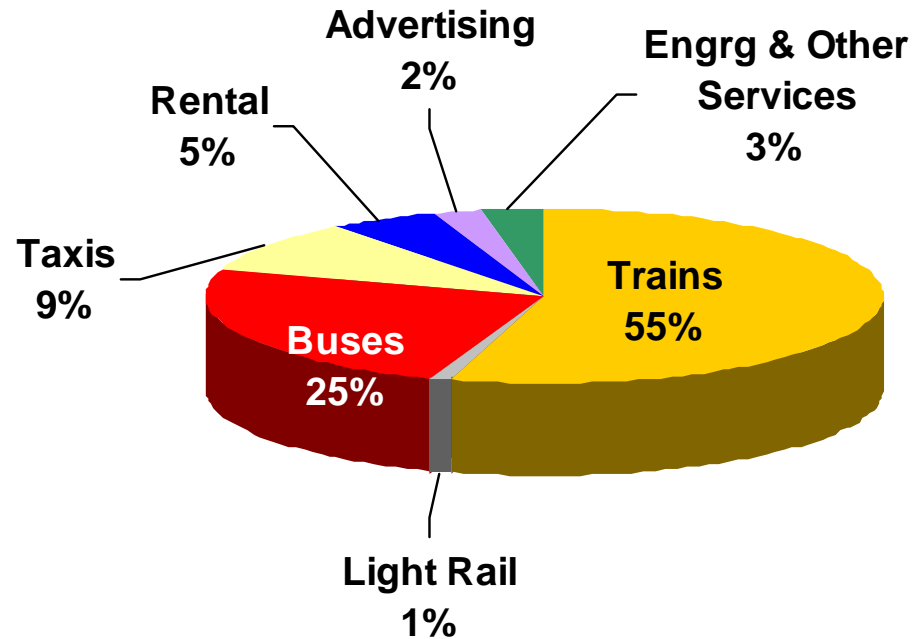
# Milestones

- Nov 1987** Commenced first revenue train service
- Apr 1998** Entered into Licence & Operating Agreement with LTA to operate EW and NS lines for 30 years till 2028
- Oct 1999** Awarded licence to operate Bukit Panjang light rail – first driverless system in Singapore – till 2028
- Jul 2000** Listing of SMRT shares on SGX
- Aug 2001** Awarded licence to operate Circle Line
- Dec 2001** Acquired TIBS Holdings
- 2004** Expansion in Retail and Advertising
- Aug 2007** Won Palm Jumeirah Rail Transit Mobilisation Contract



# Core Businesses

FY2008 Revenue by Business – Group Revenue of \$802.1m

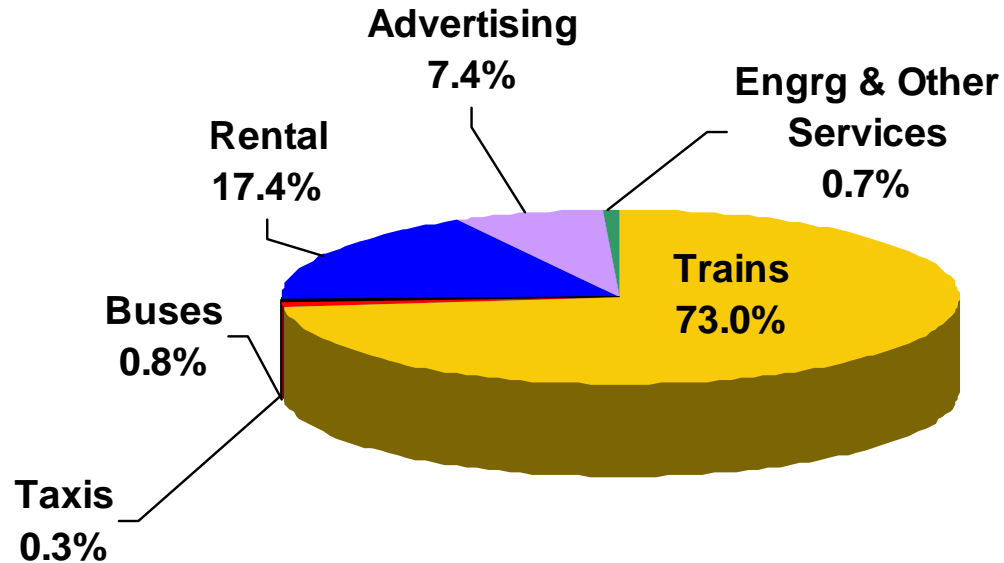


**Fare Revenue - 81%**  
**Non-fare Revenue - 19%**



# Core Businesses

FY2008 EBIT by Business – Group EBIT of \$178.0m



**Fare Revenue - 74%**  
**Non-fare Revenue - 26%**



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# Financial Performance (FY04 to FY08)

\$m	FY2008	FY2007	FY2006	FY2005	FY2004
Revenue	802.1	743.1	711.7	673.5	667.3
EBITDA	284.1	255.0	247.2	230.0	225.5
Profit after tax	149.9	135.8	103.6	126.6	90.2
EPS (cents)	9.9	9.0	6.9	8.4	6.0
Net DPS (cents)	7.75	7.0	5.6	5.2	3.6
ROE (%)	22.8	22.1	18.2	24.5	19.7
ROTA (%)	10.6	9.8	7.5	8.6	5.6

**Profit after tax – compounded growth rate of 13.5%  
(FY2004 to FY2008)**



# Financial Performance

## (1Q FY2009 YOY)

Group revenue	\$215.9m	↑ 11.2%
Operating profit	\$48.2m	↑ 8.0%
Profit after tax	\$40.3m	↑ 6.2%
EVA	\$28.9 m	↑ 7.0%
Basic EPS	2.7 cents	↑ 6.1%

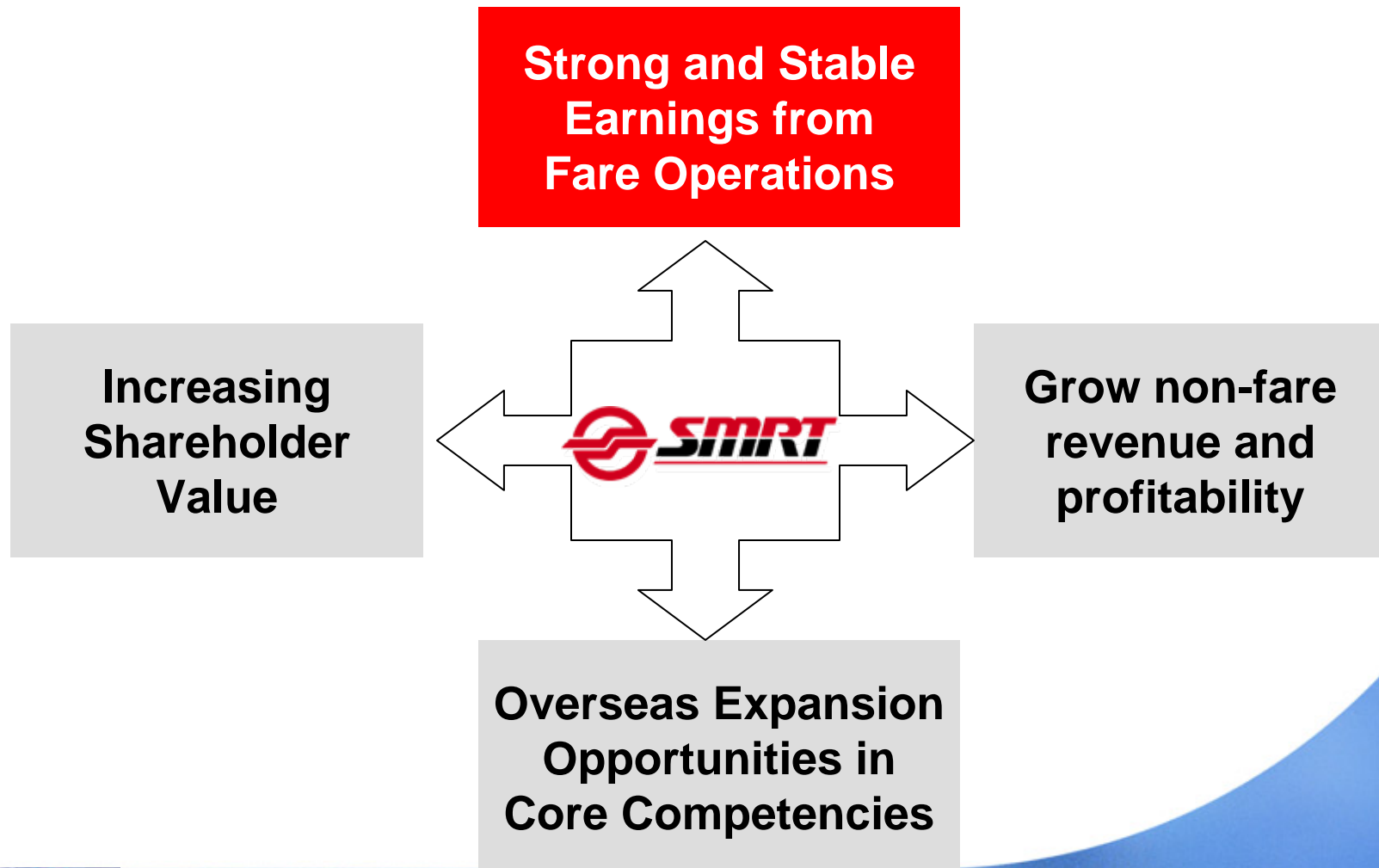


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# Key Strategic Thrusts



# At A Glance - Fare Operations



- Dominant rail operator in Singapore with 21 years of O&M experience
- Operates the North South and East West MRT lines and will operate Circle line from mid 2009
- Average daily ridership of **1.4M (1QFY09)**
- About **80% market share** based on daily ridership



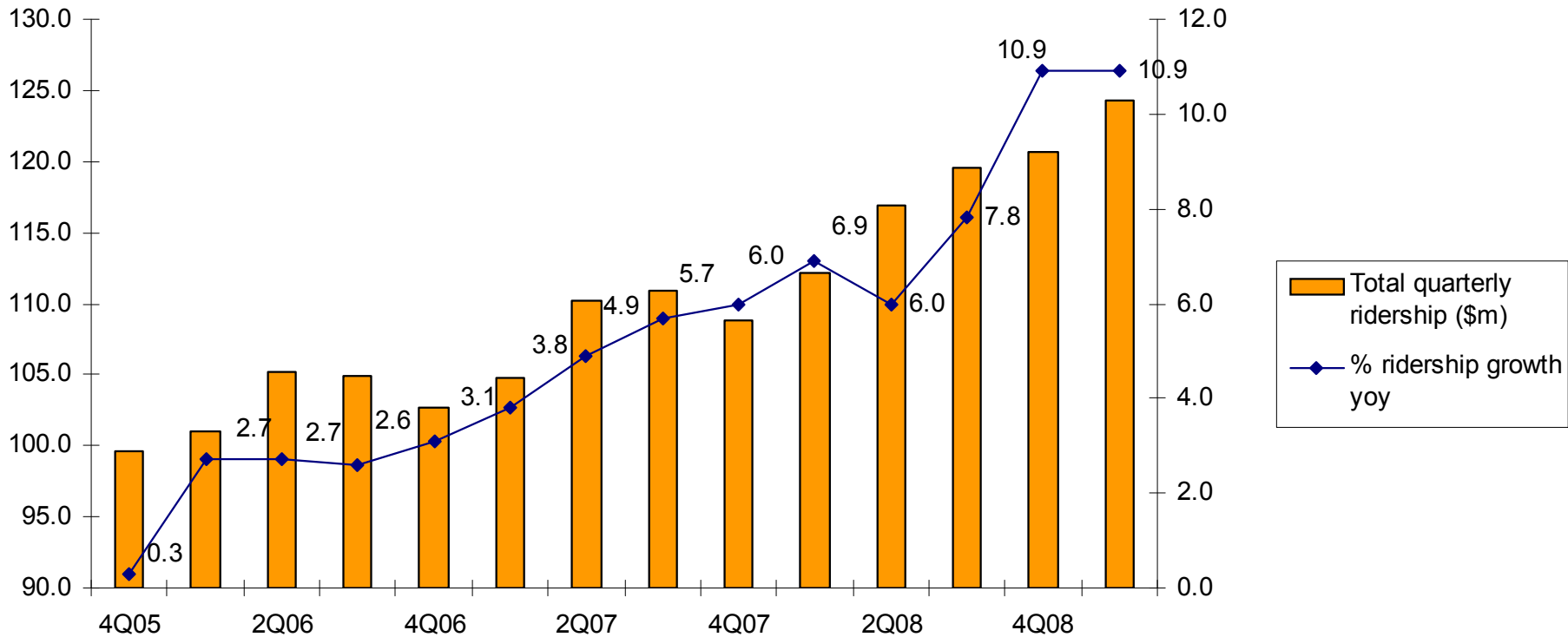
- Operates first LRT system at Bukit Panjang since 1989
- Network comprises 7.8km linking 14 stations
- Average daily ridership of **43.1K (1QFY09)**



- Owns about 860 buses running 80 basic bus services between Western and North-Western areas and the rest of Singapore
- Average daily ridership of **781.9K (1QFY09)**
- About **25% market share** based on daily ridership



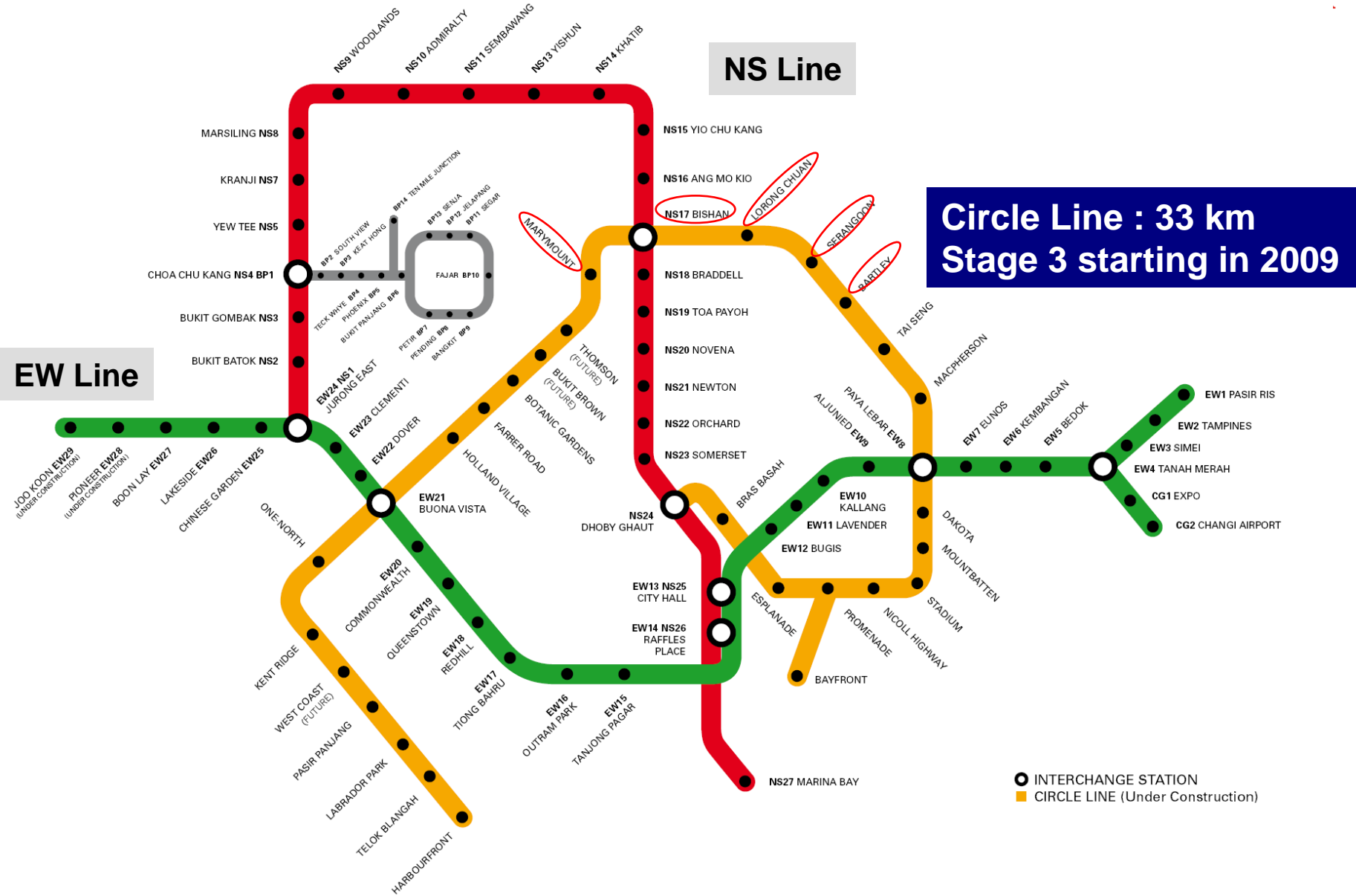
# Grow Ridership from Fare Operations



**Continued increase in MRT Passenger Ridership**  
 - Q1FY09 MRT ridership increased 10.9% yoy to 124.3m



# Grow Ridership from Circle Line



# Capitalise on New Opportunities

## Three New MRT Lines

- Downtown Line
  - DTL1 ready by 2013, DTL2 by 2015 and DTL3 by 2016
- Thomson Line
  - Ready by 2018
- Eastern Region Line
  - Ready by 2020



# Fare Adjustment

- Fares are regulated by Public Transport Council (PTC) and reviewed annually based on max. fare adjustment formula:
  - **$0.5\Delta\text{CPI} + 0.5\Delta\text{WI} - 1.5\%$**   
where 1.5% is the productivity index valid for 3 years
- Fare adjustment for Trains and Bus in 2008
  - Net  $\uparrow$  0.6% fare adjustment after increase in fare rebate from 25 cents to 40 cents
  - Expect to yield additional \$3m in fare revenue for full-year
- Distance-based through fare to be implemented



# Achieving Service Excellence

- Service Excellence
  - Best Passenger Experience award (Metro Awards)
  - Most Customer Friendly Transport award (Land Transport Excellence Awards)
- Focus on customer experience and comfort
  - About 800 more train runs per week
  - Estimated cost of \$5m per year
- Investments in transport network
  - Mid-life upgrade for 66 trains over three years from FY2006
  - Mid-life upgrade for more than 700 buses at \$26m until 2016
  - Purchasing more than 130 buses over next few years



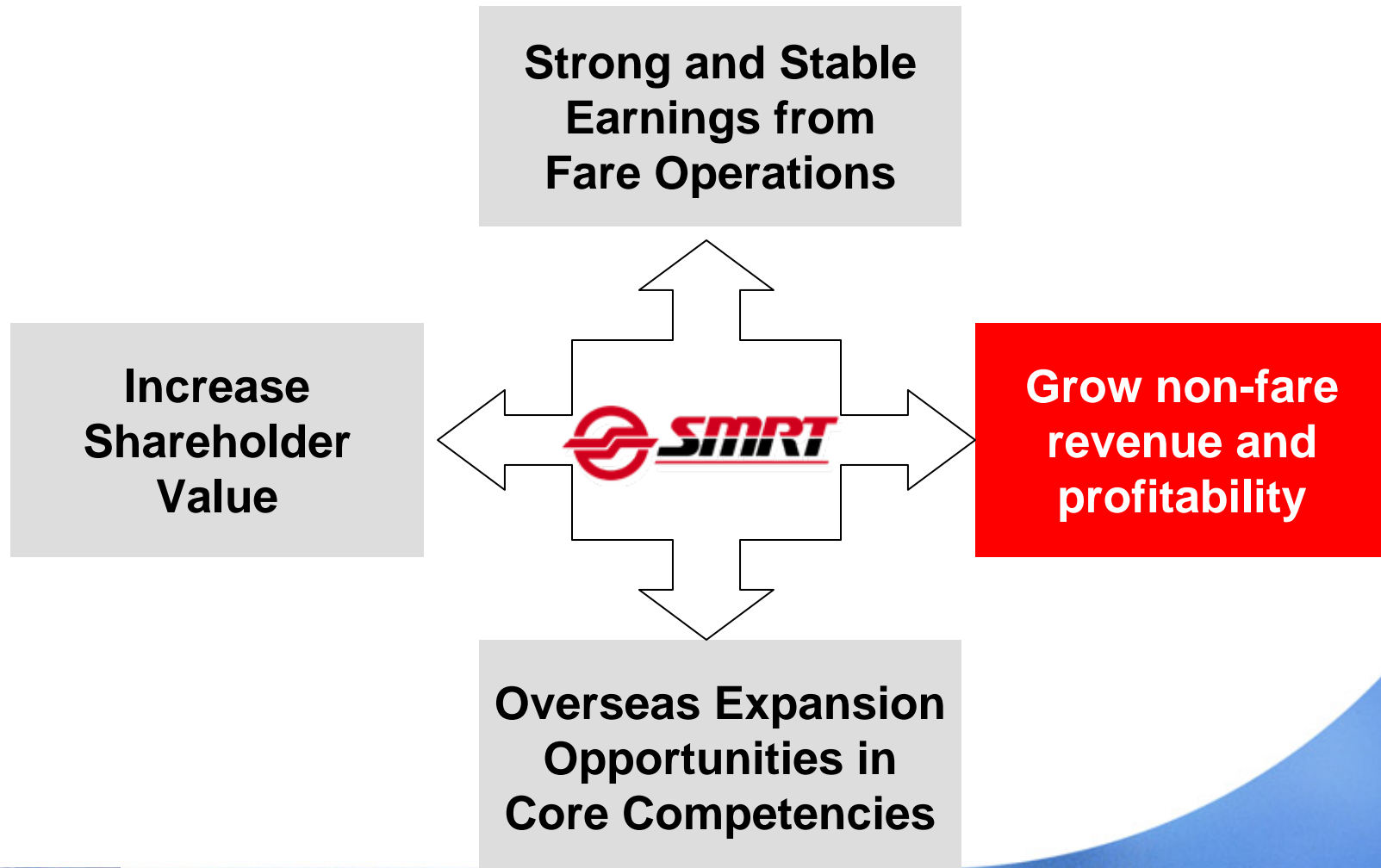
# Fare (MRT / LRT / BUS) 1QFY09 Update

	MRT			LRT			BUS		
	1Q09	1Q08	% chg	1Q09	1Q08	% chg	1Q09	1Q08	% chg
Total Ridership	124.3m	112.1m	10.9	3.9K	3.7K	7.5	71.1K	67.8K	5.0
Avg. Daily Ridership ('000)	1,366	1,232	10.9	43.1	40.2	7.5	781.9	744.7	5.0
Average Fare (cents)	93.0	94.2	(1.2)	55.9	57.6	(2.9)	69.4	69.1	0.4
Revenue (\$m)	115.6	106.8	8.2	2.2	2.1	4.3	50.9	48.3	5.3
EBIT (\$m)	34.9	32.0	9.1	(0.1)	(0.1)	18.8	(3.3)	0.5	(737.1)

- Higher MRT operating profits due to ridership growth offset by higher electricity costs
- Lower LRT operating loss due to higher average daily ridership
- Lower Bus operating profits due to higher diesel costs



# Key Strategic Thrusts



# At A Glance - Non-fare Operations



- Rental of station spaces (about 27,000 sqm)
- Total of **27 stations** refurbished to-date since FY2005



- Provides advertising spaces on trains, buses, taxis as well as in stations
- **About 18%** outdoor media market share



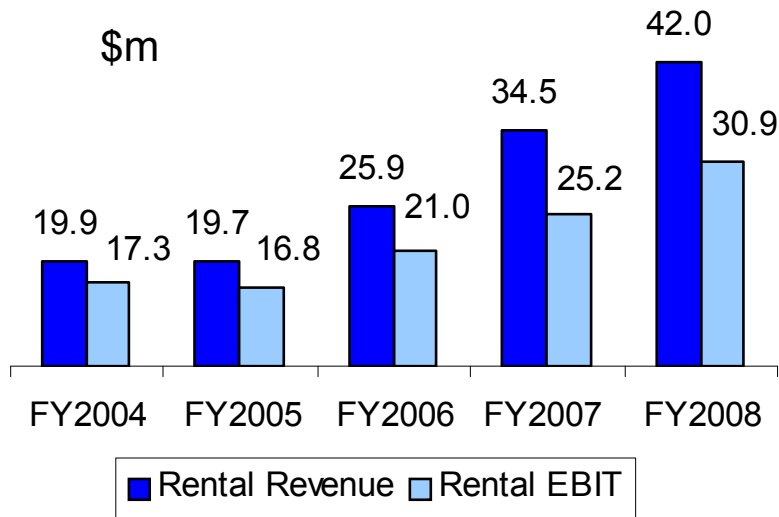
- Second largest taxi operator with 12% market share
- Manages and leases about 3,000 taxis



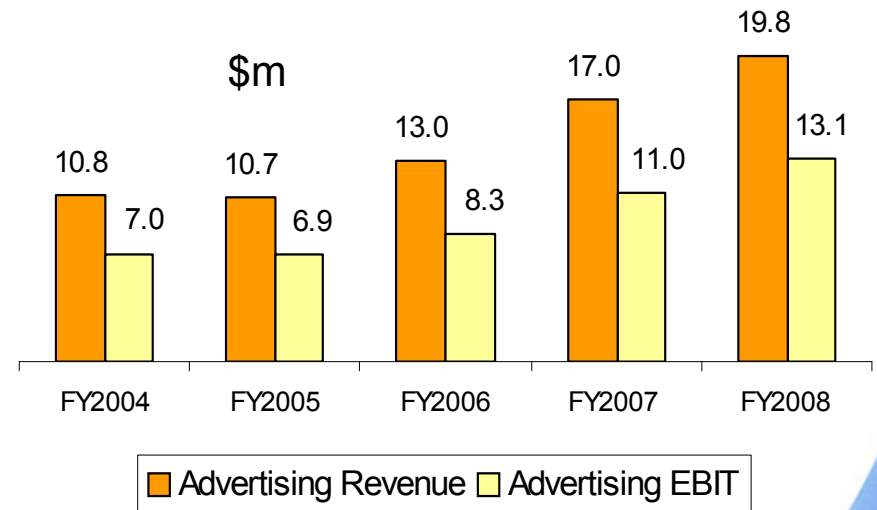
- Pursuing overseas land transport opportunities
- **First overseas project** in Dubai
- Leases fibre-optic cables



# Growth in Rental and Advertising



**Rental revenue 5-yr CAGR: 20.5%**  
**Profits CAGR: 15.6%**



**Ad revenue 5-yr CAGR: 16.4%**  
**Profits CAGR: 17.0%**



# Rental of Retail Space 1QFY09 Update

	1Q09	1Q08	% chg
Total Let. Space (sqm)	26,264	23,088	13.8
Avg. Occupancy Rate (%)	99.1	98.4	0.6
Revenue (\$m)	13.8	9.4	47.2
EBIT (\$m)	10.3	6.8	51.4
EBIT margin (%)	74.6	72.6	2 pts

- **Rental strategy**

- 27 MRT stations refurbished since FY05
- Continue to develop remaining stations in network (total 51 stations)
- Focus on ROI at each station refurbishment
- Expect more than \$10m in rental revenue and 6 more stations to be refurbished in rest of FY2009



# Raffles Xchange



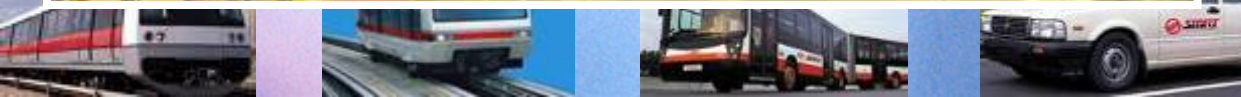
Then



raffles  
xchange



Now



# Tanjong Pagar Xchange

Then



Now



# Choa Chu Kang Xchange

Then



Now



# Advertising 1QFY09 Update

	1Q09	1Q08	% chg
Revenue (\$m)	5.6	5.3	5.3
EBIT (\$m)	3.7	3.3	12.9
EBIT margin (%)	65.7	61.2	4.5 pts

- **Advertising strategy**
  - Continue to innovate with exciting and new advertising mediums
    - Launched new Tunnel TV between Newton and Orchard station
  - Increase advertising space through station refurbishments
  - Seek overseas opportunities and partnerships



# Ad Campaigns - Baron's Strong Brew

Roving Knights at Orchard MRT



Concept train interior & exterior



Orchard MRT Linkway Wall



# Ad Campaigns – Canon Concept Station (City Hall)



# Ad Campaigns – Buses and Taxis



# Taxi

## 1QFY09 Update

	1Q09	1Q08	% chg
Holding fleet (as of end qtr)	2,965	3,014	(1.6)
Revenue (\$m)	18.9	17.9	5.6
EBIT (\$m)	(1.3)	(0.3)	(346.8)

- Hired-out rate above 90%
- Operating loss due to diesel subsidies and increased expenses
- Taxi Strategy:
  - Target to improve profitability
  - Vehicle fleet to cater to different segments: 200 Hyundai Azera (CNG) and 100 Chrysler 300C by end FY09
  - Increase corporate taxi services to hirers
  - Improve call booking system



# New Taxi Models

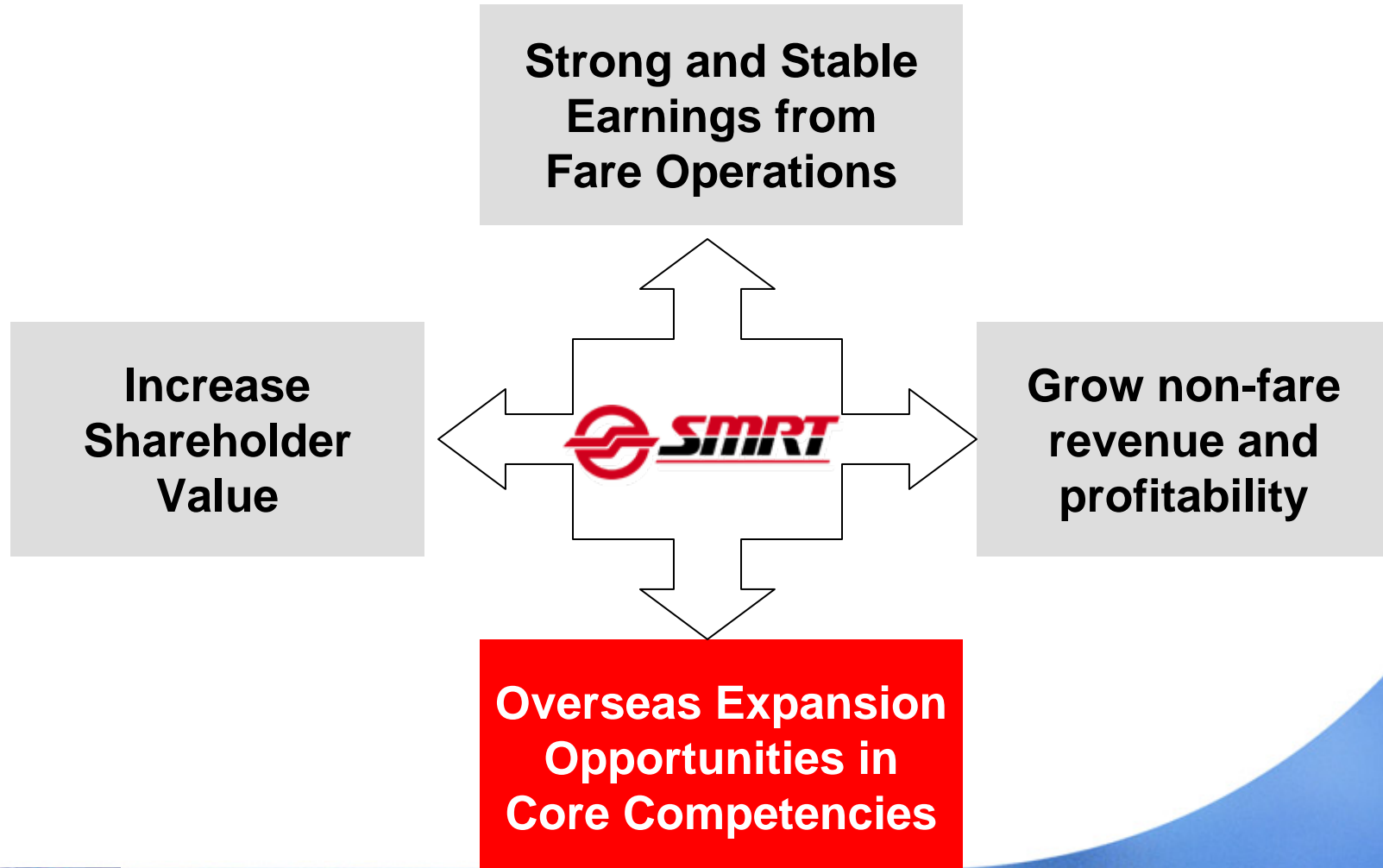


Hyundai Azera  
(CNG)

Chrysler (Euro IV)



# Key Strategic Thrusts



# Engineering & Other Services

## 1QFY09 Update

	1Q09	1Q08	% chg
Revenue (\$m)	8.9	4.3	107.3
EBIT (\$m)	2.0	1.0	95.6

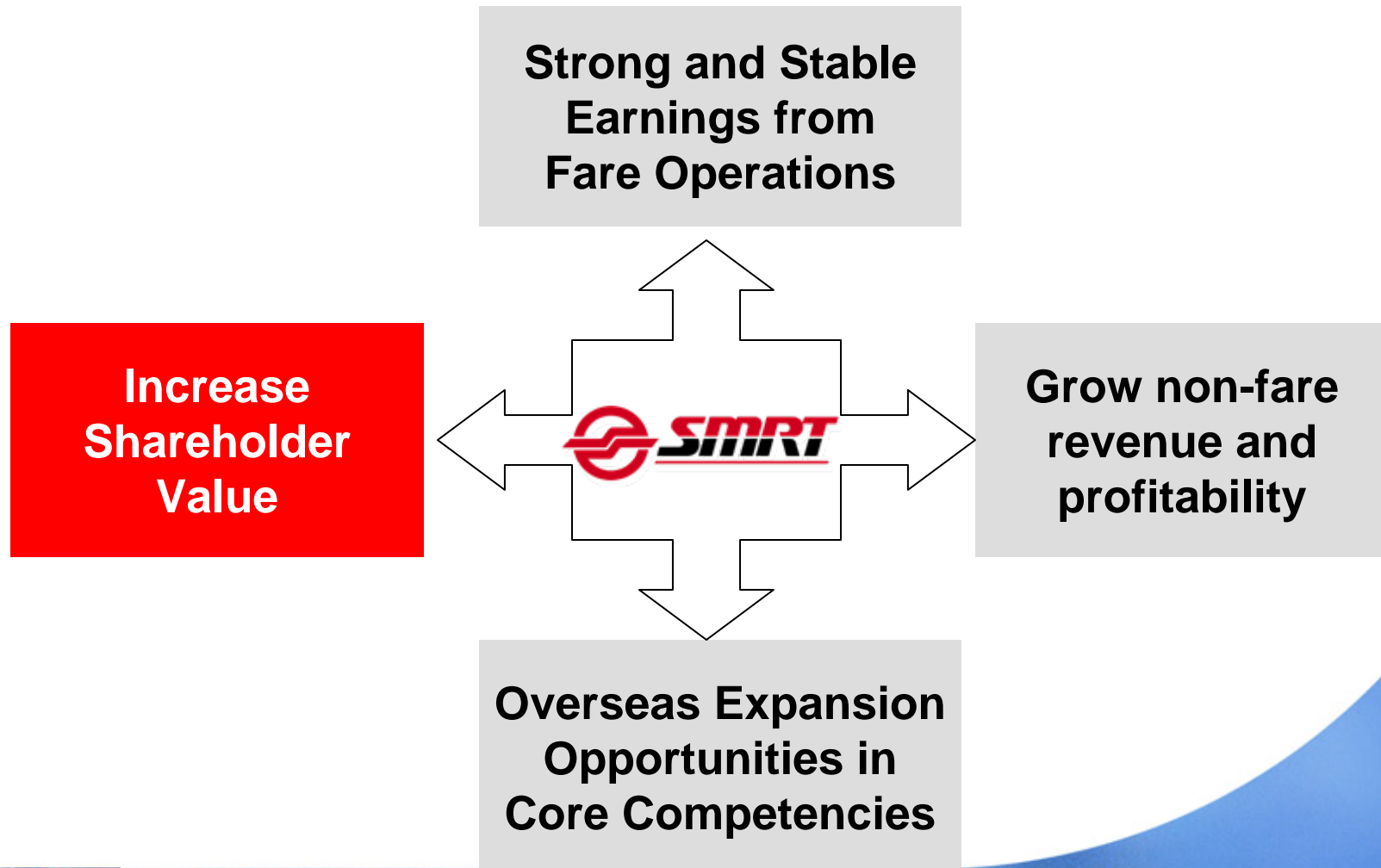
- **Overseas strategy:**
  - Focus on core competencies in train O&M, bus and taxi operations and providing rental and advertising services
  - Seek strategic investments and partners with emphasis on achieving good returns
  - Opportunities in Middle East and Asia



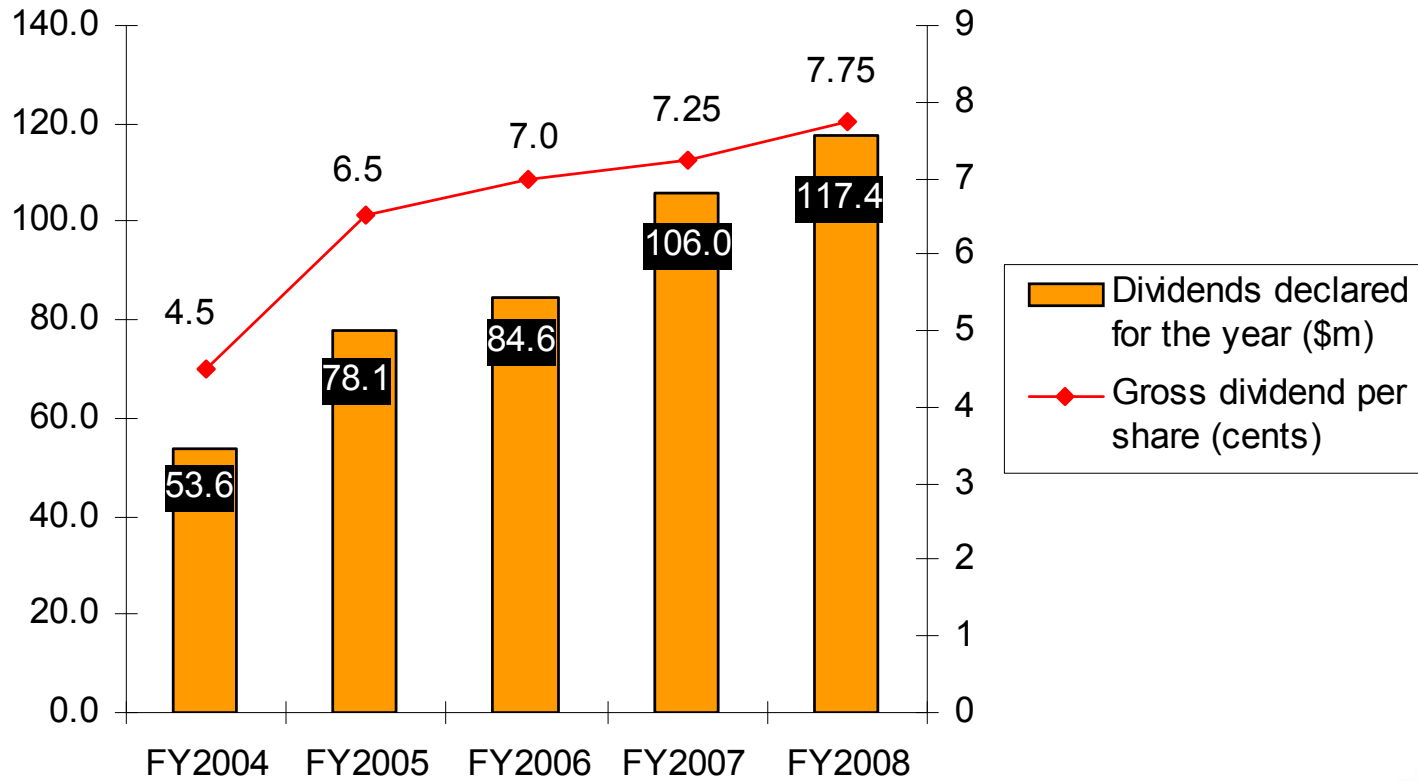
# Palm Jumeirah Monorail



# Key Strategic Thrusts



# Increase Shareholder Value



# 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



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# BUSINESS OUTLOOK

- **Revenue in 2QFY09 as compared to 2QFY08:**
  - Fare revenue for Train and Bus is expected to be higher due mainly to ridership growth
  - Revenue from Taxi is also expected to marginally increase due to a higher average hired-out fleet
  - Revenue from Rental and Advertising is expected to be higher
- **Revenue service for CCL Stage 3 expected to commence in mid 2009**



# BUSINESS OUTLOOK

- **Operating costs expected to be higher in 2QFY09 as compared to 2QFY08 due mainly to:**
  - Electricity rates for new six-month contract 30% higher as compared to previous contract
  - Higher diesel costs
  - Higher staff and related cost with increased headcount in preparation for Circle Line Stage 3
- **Operating environment expected to be challenging for next 12 months as cost of diesel and electricity is likely to remain high. If this persists, Bus operations will continue to operate at a loss.**



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# THANK YOU

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