



SBS TRANSIT LTD

Company Registration No.: 199206653M

Half-Year 2020 Financial Statements and Dividend Announcement

The Board of Directors announces the unaudited results for the Half-Year ended 30 June 2020.

1 GROUP INCOME STATEMENT

(i)	Group		
	1st Half 2020	1st Half 2019	Incr/ (Decr)
	\$'000	\$'000	%
Revenue	603,225	709,207	(14.9)
Staff costs	295,894	355,481	(16.8)
Repairs and maintenance costs	101,734	89,676	13.4
Fuel and electricity costs	47,609	89,106	(46.6)
Premises costs	20,570	24,042	(14.4)
Depreciation expense	52,030	51,483	1.1
Other operating costs	53,176	42,583	24.9
Total operating costs	571,013	652,371	(12.5)
Operating profit	32,212	56,836	(43.3)
Net income from investments	131	102	28.4
Finance costs	(1,825)	(2,172)	(16.0)
Profit before taxation	30,518	54,766	(44.3)
Tax credit (expense)	2,064	(9,915)	NM
Profit attributable to shareholders	32,582	44,851	(27.4)
Operating (Loss) Profit before COVID-19 Government reliefs			
	(29,365)	56,836	NM
<i>COVID-19 Government reliefs</i>			
	61,577	-	NM
Operating Profit after COVID-19 Government reliefs			
	32,212	56,836	(43.3)

Please refer to paragraph 14 for a detailed explanation of the Group's financial performance.

(ii) Included in the determination of net profit are the following items :

<i>After debiting :-</i>	Group		
	1st Half 2020	1st Half 2019	Incr/ (Decr)
	\$'000	\$'000	%
Provision for stock obsolescence	6,790	-	NM
Provision for doubtful debts	423	-	NM

NM – Not meaningful

Certain comparative figures have been reclassified to conform to current period's presentation.

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Short-term deposits and bank balances	94,547	31,463	89,237	30,280
Trade receivables	127,594	167,433	126,105	164,063
Other receivables and prepayments	90,768	67,748	371,165	317,693
Inventories	126,135	130,571	98,167	104,126
Total current assets	439,044	397,215	684,674	616,162
Non-current assets				
Subsidiary	-	-	5,000	5,000
Prepayments	6,008	3,385	5,821	3,327
Net Investment on sub-lease - non-current	271	-	271	-
Vehicles, premises and equipment	603,259	644,165	584,944	625,013
Right-of-use assets	64,812	70,980	64,812	70,980
Deferred tax assets	27,610	21,540	-	-
Total non-current assets	701,960	740,070	660,848	704,320
Total assets	1,141,004	1,137,285	1,345,522	1,320,482
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	75,000	75,000	75,000	75,000
Lease liabilities	11,825	11,375	11,825	11,375
Trade and other payables	253,188	257,866	214,857	219,384
Deposits received	2,994	3,560	2,451	2,917
Provision for accident claims	20,457	21,205	20,457	21,205
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	35,587	30,612	35,587	30,612
Total current liabilities	419,043	419,610	380,169	380,485
Non-current liabilities				
Lease liabilities	66,015	71,801	66,015	71,801
Deferred grants	6,253	6,248	6,253	6,248
Deposits received	6,935	6,618	5,883	5,553
Deferred tax liabilities	70,364	74,940	70,364	74,940
Provision for service benefits and long service awards	11,845	11,335	11,337	10,930
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	181,404	190,934	179,844	189,464
Total liabilities	600,447	610,544	560,013	569,949
Capital and reserves				
Share capital	100,499	100,499	100,499	100,499
Other reserves	40,177	40,543	40,299	40,285
Accumulated profits	399,881	385,699	644,711	609,749
Total equity	540,557	526,741	785,509	750,533
Total liabilities and equity	1,141,004	1,137,285	1,345,522	1,320,482

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND LEASE LIABILITIES

	<u>30 Jun</u> <u>2020</u> <u>\$'000</u>	<u>31 Dec</u> <u>2019</u> <u>\$'000</u>
<u>Borrowings</u>		
Unsecured		
Amount repayable in one year or less, or on demand	75,000	75,000
Amount repayable after one year	-	-
	<u>75,000</u>	<u>75,000</u>
<u>Lease Liabilities</u>		
Secured		
Amount repayable in one year or less, or on demand	11,825	11,375
Amount repayable after one year	66,015	71,801
	<u>77,840</u>	<u>83,176</u>

Details of any collateral

The total secured lease liabilities relates to the adoption of SFRS(I) 16 *Leases*.

4 GROUP CASH FLOW STATEMENT

	Group	
	1st Half 2020 \$'000	1st Half 2019 \$'000
Operating activities		
Profit before taxation	30,518	54,766
Adjustments for:		
Depreciation expense	52,030	51,483
Finance costs	1,825	2,172
Net gain on disposal of vehicles and equipment	(344)	(85)
Interest income	(131)	(102)
Provision for service benefits and long service awards	961	554
Provision for accident claims	1,838	3,928
Provision for stock obsolescence	6,790	-
Provision for doubtful debts	423	-
Operating cash flows before movements in working capital	93,910	112,716
Changes in working capital	5,955	(114,679)
Cash generated from (used in) operations	99,865	(1,963)
Income tax paid	(3,532)	(10,936)
Interest paid arising from leases	(1,094)	(1,194)
Net cash from (used in) operating activities	95,239	(14,093)
Investing activities		
Interest received	99	115
Proceeds from disposal of vehicles and equipment	1,055	100
Purchase of vehicles, premises and equipment	(8,579)	(9,537)
Net cash used in investing activities	(7,425)	(9,322)
Financing activities		
New loans raised	55,500	203,500
Repayment of borrowings	(55,500)	(177,500)
Payments under lease liabilities	(5,595)	(4,928)
Proceeds from share issue	-	309
Interest paid	(735)	(950)
Dividends paid	(18,400)	(22,139)
Others	-	5
Net cash used in financing activities	(24,730)	(1,703)
Net increase (decrease) in cash and cash equivalents	63,084	(25,118)
Cash and cash equivalents at beginning of period	31,463	32,711
Cash and cash equivalents at end of period	94,547	7,593

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	1st Half 2020 \$'000	1st Half 2019 \$'000
Profit attributable to shareholders	32,582	44,851
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	(366)	1,982
Total comprehensive income attributable to shareholders	<u>32,216</u>	<u>46,833</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Half-Year ended 30 June 2020:

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2020	100,499	40,543	385,699	526,741
Total comprehensive income (expense) for the period				
Profit for the period	-	-	32,582	32,582
Other comprehensive expense for the period	-	(366)	-	(366)
Total	-	(366)	32,582	32,216
Transactions recognised directly in equity				
Payment of dividends	-	-	(18,400)	(18,400)
Total	-	-	(18,400)	(18,400)
Balance at 30 June 2020	100,499	40,177	399,881	540,557

Consolidated Statement of Changes in Equity for the Half-Year ended 30 June 2019:

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2019	100,162	38,628	348,835	487,625
Total comprehensive income for the period				
Profit for the period	-	-	44,851	44,851
Other comprehensive income for the period	-	1,982	-	1,982
Total	-	1,982	44,851	46,833
Transactions recognised directly in equity				
Exercise of share options	337	(28)	-	309
Payment of dividends	-	-	(22,139)	(22,139)
Other reserves	-	(5)	10	5
Total	337	(33)	(22,129)	(21,825)
Balance at 30 June 2019	100,499	40,577	371,557	512,633

Statement of Changes in Equity of the Company for the Half-Year ended 30 June 2020:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2020	100,499	40,285	609,749	750,533
Total comprehensive income for the year				
Profit for the year	-	-	53,362	53,362
Other comprehensive income for the year	-	14	-	14
Total	-	14	53,362	53,376
Transactions recognised directly in equity				
Payment of dividends	-	-	(18,400)	(18,400)
Total	-	-	(18,400)	(18,400)
Balance at 30 June 2020	100,499	40,299	644,711	785,509

Statement of Changes in Equity of the Company for the Half-Year ended 30 June 2019:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	100,162	39,450	534,435	674,047
Total comprehensive income for the year				
Profit for the year	-	-	57,111	57,111
Other comprehensive income for the year	-	1,006	-	1,006
Total	-	1,006	57,111	58,117
Transactions recognised directly in equity				
Exercise of share options	337	(28)	-	309
Payment of dividends	-	-	(22,139)	(22,139)
Other reserves	-	(5)	10	5
Total	337	(33)	(22,129)	(21,825)
Balance at 30 June 2019	100,499	40,423	569,417	710,339

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the First Half ended 30 June 2020, no new ordinary shares were issued by the Company.

As at 30 June 2020, the total number of issued shares was 311,864,766 (31 December 2019: 311,864,766).

As at 30 June 2020, the Company does not hold any treasury shares.

8 AUDIT

The financial statements have not been audited or reviewed.

9 AUDITORS' REPORT

Not applicable.

10 ACCOUNTING POLICIES

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the year ended 31 December 2019.

In the current financial period, the Group has adopted all the new and revised Singapore Financial Reporting Standards (International) (SFRS(I)s) that are relevant to its operations and effective for annual periods beginning on 1 January 2020.

The adoption of these new and revised SFRS(I)s has no material effect on the amounts reported for the current or prior years.

11 CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

Not applicable.

12 GROUP EARNINGS PER ORDINARY SHARE AND EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

Earnings per ordinary share - Basic and Diluted

	Group	
	1st Half 2020	1st Half 2019
Based on weighted average number of ordinary shares in issue (cents)	10.45	14.39

EBITDA

	Group	
	1st Half 2020	1st Half 2019
(i) EBITDA (\$'000)	84,242	108,319
(ii) EBITDA margin (%)	14.0	15.3

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per ordinary share based on issued share capital at the end of the year (dollars)	1.73	1.69	2.52	2.41

14 REVIEW OF GROUP PERFORMANCE

Performance Review

The release of our Half-Year results comes amid a global pandemic, the likes of which few of us have ever seen. The impact on the Group, and the world in general, has been significant. As countries started going into lockdown, from as early as January in China, Governments have been rolling out assistance packages.

In Singapore, the Government has, to-date, announced four budgets (Unity Budget, Resilience Budget, Solidarity Budget and Fortitude Budget) totalling some \$100 billion. Wage and income supplements, as well as corporate assistance, have been key features of these Budgets.

SBS Transit's operations have been hard-hit by the ongoing pandemic. Demand for rail services fell significantly during the Circuit Breaker (CB) period which was necessary to stem the spread of COVID-19. Social distancing measures like travel restrictions and working from home have all resulted in a massive plunge in public transport demand.

Group revenue of \$603.2m for YTD June 2020 (1H20) decreased by 14.9% or \$106.0m from \$709.2m for the same period last year (1H19) while Group operating costs of \$571.0m for 1H20 decreased by 12.5% or \$81.4m from \$652.4m for 1H19.

Group operating profit of \$32.2m for 1H20 was 43.3% or \$24.6m lower than that of \$56.8m for 1H19.

The profit generated in 1H20 was largely lifted by Government Grants of \$61.6m, mainly from the wage subsidy for a period of 10 months under the Jobs Support Scheme (JSS) with the payout commencing from April 2020 under the Singapore Budgets to relieve companies from the effects of COVID-19 crisis. Without the Government Grants, the Group would have recorded an operating loss of \$29.4m for 1H20. These Government Grants cushioned the adverse financial impact due to COVID-19 where we experience significant drop in revenue from reduced ridership and operating mileage, rental rebates given to tenants and reduced advertising especially during the CB period from 7 April 2020 to 1 June 2020. While Singapore entered into Phase 1: Safe Re-Opening from 2 June to 18 June 2020 and progressed into Phase 2: Safe Transition from 19 June 2020, ridership while improved from the CB period, it remained much reduced from pre-Covid days and other commercial services continued to be depressed. In addition, higher operating costs were incurred for enhanced cleaning and disinfecting costs for our Buses, Trains, interchanges and depots and provision of accommodation for Malaysian staff affected by Malaysia border closure which commenced from 18 March 2020.

Net income from investments of \$131k for 1H20 was 28.4% or \$29k higher than that of \$102k for 1H19.

Finance costs of \$1.8m for 1H20 were 16.0% or \$0.4m lower than that of \$2.2m for 1H19.

Consequently, Group profit before taxation of \$30.5m for 1H20 was 44.3% or \$24.3m lower than that of \$54.8m for 1H19.

Tax credit for 1H20 was \$2.1m as compared to tax expense of \$9.9m for 1H19 due mainly to the tax exemption for the receipt of JSS and the resultant loss position.

Group profit attributable to shareholders of the Company of \$32.6m for 1H20 was 27.4% or \$12.3m lower than that of \$44.9m for 1H19.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Public Transport Services of \$586.8m for 1H20 was lower by 13.4% or \$90.5m compared to \$677.3m for 1H19 due mainly to lower rail ridership due to CB partially offset by higher average fare arising from the fare increase effective 28 December 2019, lower service fees from lower fuel indexation and operated mileage. For 1H20, average daily ridership for the Downtown Line (DTL) dropped by 46.4% to 253k passenger trips while average fare for DTL was higher than that for 1H19 by 14.7% or 10.5 cents. Average daily ridership for North-East Line (NEL) dropped by 44.2% to 332k passenger trips and that for the Light Rail Transit (SPLRT) by 36.9% to 88k passenger trips as compared to that of 1H19. Average fare for NEL was higher than that for 1H19 by 16.6% or 11.7 cents and that for SPLRT by 8.7% or 3.9 cents compared to that of 1H19. Operating profit for 1H20 at \$21.2m decreased by 38.9% or \$13.5m from \$34.7m for 1H19 due mainly to lower revenue, higher repairs and maintenance costs and higher other operating costs, offset by lower staff costs mainly attributable to JSS received and lower fuel and electricity costs.

Revenue from Other Commercial Services of \$16.4m for 1H20 was lower by 48.8% or \$15.6m compared to \$32.0m for 1H19 due mainly to lower advertising revenue mostly attributable to lesser rail and bus campaigns rolled out during CB period and rental rebates given to tenants. Consequently, operating profit for 1H20 at \$11.0m decreased by 50.2% or \$11.1m compared to \$22.1m for 1H19.

Statement of Financial Position

As at 30 June 2020, total equity for the Group increased by 2.6% or \$13.8m to \$540.6m as compared to 31 December 2019 due mainly to profits generated from operations, partially offset by the dividends paid.

Group total assets increased by 0.3% or \$3.7m to \$1,141.0m due to an increase in current assets of \$41.8m, partially offset by a decrease in non-current assets of \$38.1m. The increase in current assets was due mainly to the increase in short-term deposits and bank balances and other receivables, partially offset by decreases in trade receivables and inventories. The decrease in non-current assets was due mainly to the depreciation of vehicles, premises and equipment.

Group total liabilities decreased by 1.7% or \$10.1m to \$600.4m due to a decrease in non-current liabilities of \$9.5m and a decrease of current liabilities of \$0.6m. The decrease in non-current liabilities was due mainly to decreases in lease liabilities and deferred tax liabilities.

Cash Flow

The net cash inflow of \$63.1m for 1H20 was from net cash generated from operating activities mainly from JSS received, partially offset by the payment of dividend, purchase of vehicles, premises and equipment and the repayment of lease liabilities.

As at 30 June 2020, the Group had short-term deposits and bank balances of \$94.5m. After accounting for the borrowings of \$75.0m, the Group was in a net cash position of \$19.5m. As at 31 December 2019, the Group's net gearing ratio (excluding lease liabilities arising from adoption of SFRS(I) 16) was 8.5%. The Group's gross gearing ratio (excluding lease liabilities arising from adoption of SFRS(I) 16) was 14.2% as at 30 June 2020 compared to 14.6% as at 31 December 2019.

15 ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

The full economic impact of the COVID-19 pandemic is still unfolding, the scale and duration of which remains uncertain. While Singapore has moved into Phase 2 of reopening of the economy from 19 June 2020, the risk of resurgence of infections in the community remains. We are currently still in Phase 2 and Phase 2 is expected to run for months before Phase 3 kicks in.

Revenue from Public Transport Services is expected to be lower compared to last year. Post CB, rail ridership is only at about 50% of pre-covid period, and ridership is expected to remain low during Phase 2 as working from home continues to be the default mode during Phase 2, and cross border travels remain restricted. Bus service revenue is expected to be lower due to lower fuel indexation and reduction in mileage due to curtailment of cross border and selected Central Business District services.

Revenue from Other Commercial Services is expected to be challenging due to the reduced footfall in the train stations and bus interchanges as a consequence of the lower ridership, and the overall poor economic outlook.

The Group continues to step up the frequency of cleaning of its premises, buses and trains in view of the ongoing COVID-19 pandemic. Repairs and maintenance costs are expected to increase with the on-going NEL/SPLRT fleet mid-life refurbishment, ageing bus and train fleets and continued investments in predictive maintenance capabilities to enhance service reliability. The adverse impact of COVID-19 on the Group's financial performance will be partially cushioned by grants from Government Support Schemes.

As we move into the Second Half of 2020, the business will continue to be impacted by the general poor economic outlook and reduced ridership. It will worsen if there is a second wave of COVID-19 infections, subject to the extent of the control measures undertaken by the Singapore Government to mitigate the spread of the disease.

17 DIVIDEND

(a) Current Financial Period Reported on

No interim dividend is declared for FY2020 in order to conserve cash over this period of COVID-19 uncertainties. FY2020 Final dividend will be reviewed at end of Second Half of 2020.

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	7.15 cents
Tax Rate	Exempt one-tier

18 GROUP SEGMENTAL INFORMATION

By Business Activity

	<u>Public Transport Services</u>	<u>Other Commercial Services</u>	<u>Total</u>
	\$'000	\$'000	\$'000
<u>First Half 2020</u>			
Revenue	586,785	16,440	603,225
<u>Results</u>			
Segment results	21,243	10,969	32,212
Net income from investments			131
Finance costs			(1,825)
Profit before taxation			30,518
Tax credit			2,064
Profit attributable to shareholders			<u>32,582</u>
<u>First Half 2019</u>			
Revenue	677,255	31,952	709,207
<u>Results</u>			
Segment results	34,689	22,147	56,836
Net income from investments			102
Finance costs			(2,172)
Profit before taxation			54,766
Tax expense			(9,915)
Profit attributable to shareholders			<u>44,851</u>

Certain comparative figures have been reclassified to conform to current period's presentation.

19 BREAKDOWN OF REVENUE

Not applicable.

20 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

Not applicable.

21 INTERESTED PERSON TRANSACTIONS

The Company does not have any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

22 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

23 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS UNDER SGX LISTING RULE 705(5) OF THE LISTING MANUAL

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the First Half 2020 financial results to be false or misleading in any material aspect.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Yang Ban Seng
Executive Deputy Chairman

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

13 August 2020