



**SBS TRANSIT LTD**

Company Registration No.: 199206653M

**First Quarter 2018 Financial Statements**

The Board of Directors announces the unaudited results for the First Quarter ended 31 March 2018.

**1 GROUP INCOME STATEMENT**

	<b>Group</b>		
	<b>1st Qtr 2018 \$'000</b>	<b>1st Qtr 2017 \$'000</b>	<b>Incr/ (Decr) %</b>
<b>Revenue</b>	328,182	283,434	15.8
Staff costs	171,990	155,957	10.3
Repairs and maintenance costs	42,126	31,389	34.2
Fuel and electricity costs	37,088	30,919	20.0
Premises costs	14,736	12,999	13.4
Depreciation expense	24,140	24,252	(0.5)
Other operating costs	17,528	14,887	17.7
Total operating costs	<u>307,608</u>	<u>270,403</u>	13.8
<b>Operating profit</b>	20,574	13,031	57.9
Net income from investments	59	59	-
Finance costs	(935)	(1,148)	(18.6)
<b>Profit before taxation</b>	<u>19,698</u>	<u>11,942</u>	64.9
Taxation	(2,939)	(1,707)	72.2
<b>Profit attributable to shareholders</b>	<u><u>16,759</u></u>	<u><u>10,235</u></u>	63.7

## 2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Mar	31 Dec	31 Mar	31 Dec
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	6,009	5,275	4,409	4,028
Investments	5,078	5,134	5,078	5,134
Trade receivables	118,893	122,582	115,189	119,470
Other receivables and prepayments	69,351	31,701	252,212	199,599
Inventories	98,419	94,012	85,938	82,997
<b>Total current assets</b>	<b>297,750</b>	<b>258,704</b>	<b>462,826</b>	<b>411,228</b>
<b>Non-current assets</b>				
Subsidiary	-	-	5,000	5,000
Prepayments	4,433	2,537	3,988	2,506
Vehicles, premises and equipment	754,750	803,844	735,188	783,821
Deferred tax assets	24,529	22,737	-	-
<b>Total non-current assets</b>	<b>783,712</b>	<b>829,118</b>	<b>744,176</b>	<b>791,327</b>
<b>Total assets</b>	<b>1,081,462</b>	<b>1,087,822</b>	<b>1,207,002</b>	<b>1,202,555</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	72,000	56,000	72,000	56,000
Trade and other payables	228,240	272,302	198,518	240,764
Deposits received	3,830	3,648	3,379	3,271
Insurance premiums payable and provision for accident claims	22,129	21,965	22,129	21,965
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	18,140	9,309	18,140	9,309
<b>Total current liabilities</b>	<b>364,331</b>	<b>383,216</b>	<b>334,158</b>	<b>351,301</b>
<b>Non-current liabilities</b>				
Borrowings	125,000	125,000	125,000	125,000
Deferred grants	6,799	6,958	6,799	6,958
Deposits received	5,589	5,600	4,416	4,390
Deferred tax liabilities	83,012	87,112	83,012	87,112
Provision for service benefits and long service awards	10,591	10,718	10,341	10,496
Fuel price equalisation account	19,992	19,992	19,992	19,992
<b>Total non-current liabilities</b>	<b>250,983</b>	<b>255,380</b>	<b>249,560</b>	<b>253,948</b>
<b>Total liabilities</b>	<b>615,314</b>	<b>638,596</b>	<b>583,718</b>	<b>605,249</b>
<b>Capital and reserves</b>				
Share capital	99,090	98,873	99,090	98,873
Other reserves	40,457	40,522	40,457	40,522
Accumulated profits	326,601	309,831	483,737	457,911
<b>Total equity</b>	<b>466,148</b>	<b>449,226</b>	<b>623,284</b>	<b>597,306</b>
<b>Total liabilities and equity</b>	<b>1,081,462</b>	<b>1,087,822</b>	<b>1,207,002</b>	<b>1,202,555</b>

**3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS**

	<b>31 Mar 2018</b>	<b>31 Dec 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unsecured</b>		
Amount repayable in one year or less, or on demand	72,000	56,000
Amount repayable after one year	125,000	125,000
	<u>197,000</u>	<u>181,000</u>

**Details of any collateral**

Not applicable.

#### 4 GROUP CASH FLOW STATEMENT

	Group	
	1st Qtr 2018	1st Qtr 2017
	\$'000	\$'000
<b>Operating activities</b>		
Profit before taxation	19,698	11,942
Adjustments for:		
Depreciation expense	24,140	24,252
Finance costs	935	1,148
Net gain on disposal of vehicles and equipment	(39)	(17)
Interest income	(59)	(59)
Provision for service benefits and long service awards	203	115
Insurance premiums payable and provision for accident claims	1,066	(97)
Operating cash flows before movements in working capital	45,944	37,284
Changes in working capital	(83,515)	(88,575)
Cash used in operations	(37,571)	(51,291)
Income tax paid	-	(279)
Net cash used in operating activities	(37,571)	(51,570)
<b>Investing activities</b>		
Proceeds from disposal of vehicles and equipment	27,296	23
Purchase of vehicles, premises and equipment	(4,199)	(7,758)
Net cash from (used in) investing activities	23,097	(7,735)
<b>Financing activities</b>		
New loans raised	202,000	215,600
Repayment of borrowings	(186,000)	(149,000)
Proceeds from share issue	208	769
Interest paid	(1,011)	(1,777)
Others	11	7
Net cash from financing activities	15,208	65,599
Net increase in cash and cash equivalents	734	6,294
Cash and cash equivalents at beginning of period	5,275	4,254
<b>Cash and cash equivalents at end of period</b>	<b>6,009</b>	<b>10,548</b>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	<b>Group</b>	
	<b>1st Qtr</b>	<b>1st Qtr</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit attributable to shareholders</b>	16,759	10,235
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	-	(68)
Fair value adjustment on investments	(56)	(11)
<b>Total comprehensive income attributable to shareholders</b>	<u>16,703</u>	<u>10,156</u>

## 6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2018:

	<b>Group</b>			
	<b>Attributable to shareholders of the Company</b>			
	<b>Share capital \$'000</b>	<b>Other reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 January 2018</b>	98,873	40,522	309,831	449,226
<b>Total comprehensive income (expense) for the period</b>				
Profit for the period	-	-	16,759	16,759
Other comprehensive expense for the period	-	(56)	-	(56)
<b>Total</b>	-	(56)	16,759	16,703
<b>Transactions recognised directly in equity</b>				
Exercise of share options	217	(9)	-	208
Other reserves	-	-	11	11
<b>Total</b>	217	(9)	11	219
<b>Balance at 31 March 2018</b>	<u>99,090</u>	<u>40,457</u>	<u>326,601</u>	<u>466,148</u>
<b>Balance at 1 January 2017</b>	97,138	38,566	282,281	417,985
<b>Total comprehensive income (expense) for the period</b>				
Profit for the period	-	-	10,235	10,235
Other comprehensive expense for the period	-	(79)	-	(79)
<b>Total</b>	-	(79)	10,235	10,156
<b>Transactions recognised directly in equity</b>				
Exercise of share options	822	(53)	-	769
Other reserves	-	(3)	10	7
<b>Total</b>	822	(56)	10	776
<b>Balance at 31 March 2017</b>	<u>97,960</u>	<u>38,431</u>	<u>292,526</u>	<u>428,917</u>

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2018:

	<b>Company</b>			
	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated profits</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2018</b>	98,873	40,522	457,911	597,306
<b>Total comprehensive income (expense) for the period</b>				
Profit for the period	-	-	25,815	25,815
Other comprehensive expense for the period	-	(56)	-	(56)
<b>Total</b>	-	(56)	25,815	25,759
<b>Transactions recognised directly in equity</b>				
Exercise of share options	217	(9)	-	208
Other reserves	-	-	11	11
<b>Total</b>	217	(9)	11	219
<b>Balance at 31 March 2018</b>	<u>99,090</u>	<u>40,457</u>	<u>483,737</u>	<u>623,284</u>
<b>Balance at 1 January 2017</b>	97,138	38,566	382,806	518,510
<b>Total comprehensive income (expense) for the period</b>				
Profit for the period	-	-	19,604	19,604
Other comprehensive expense for the period	-	(79)	-	(79)
<b>Total</b>	-	(79)	19,604	19,525
<b>Transactions recognised directly in equity</b>				
Exercise of share options	822	(53)	-	769
Other reserves	-	(3)	10	7
<b>Total</b>	822	(56)	10	776
<b>Balance at 31 March 2017</b>	<u>97,960</u>	<u>38,431</u>	<u>402,420</u>	<u>538,811</u>

## **7 CHANGES IN COMPANY'S SHARE CAPITAL**

### Share Capital

Since 31 December 2017, 95,000 new ordinary shares were issued by the Company upon the exercise of options granted under the SBS Transit Share Option Scheme.

As at 31 March 2018, the total number of issued shares was 311,179,766 (31 December 2017: 311,084,766).

### Outstanding Shares – SBS Transit Share Option Scheme

The SBS Transit Share Option Scheme was not renewed following its expiry on 8 June 2010.

As at 31 March 2018, there were unexercised options for 945,000 (31 March 2017: 2,485,000) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 31 March 2018, the Company does not hold any treasury shares.

## **8 AUDIT**

The financial statements have not been audited or reviewed.

## **9 AUDITOR'S 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 2017.

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards on 1 January 2018.

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

## **11 CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

As above.



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

Earnings per ordinary share

	<b>Group</b>	
	<b>1st Qtr 2018</b>	<b>1st Qtr 2017</b>
Earnings per ordinary share for the period based on profit attributable to shareholders:-		
(i) Based on the weighted average number of ordinary shares in issue (cents)	5.39	3.30
(ii) On a fully diluted basis (cents)	5.38	3.30

EBITDA

	<b>Group</b>	
	<b>1st Qtr 2018</b>	<b>1st Qtr 2017</b>
(i) EBITDA (\$'000)	44,714	37,283
(ii) EBITDA margin (%)	13.6	13.2

**13 NET ASSET VALUE PER ORDINARY SHARE**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2018</b>	<b>31 Dec 2017</b>	<b>31 Mar 2018</b>	<b>31 Dec 2017</b>
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.50	1.44	2.00	1.90

## 14 REVIEW OF GROUP PERFORMANCE

### Performance Review

Group revenue of \$328.2m for 1Q18 increased by 15.8% or \$44.8m from \$283.4m for 1Q17 while Group operating costs of \$307.6m increased by 13.8% or \$37.2m from \$270.4m for 1Q17.

Group operating profit of \$20.6m for 1Q18 was 57.9% or \$7.6m higher than that of \$13.0m for 1Q17.

Net income from investments of \$59k for 1Q18 remained the same as that for 1Q17.

Finance costs of \$0.9m for 1Q18 were 18.6% or \$0.2m lower than that of \$1.1m for 1Q17.

Consequently, Group profit before taxation of \$19.7m for 1Q18 was 64.9% or \$7.8m higher than that of \$11.9m for 1Q17.

Taxation of \$2.9m for 1Q18 was higher than that of \$1.7m for 1Q17 by 72.2% or \$1.2m due mainly to higher profits for 1Q18.

Group profit attributable to shareholders of the Company of \$16.8m for 1Q18 was 63.7% or \$6.6m higher than that of \$10.2m for 1Q17.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Public Transport Services of \$313.3m for 1Q18 was higher by 16.3% or \$43.8m compared to \$269.5m for 1Q17 due mainly to higher fees earned under the Bus Contracting Model (BCM) with higher operated mileage, higher ridership from rail services with the commencement of Downtown Line (DTL) 3 from 21 October 2017 and higher other operating income, offset by lower average rail fare from the fare reduction effective 29 December 2017. Higher other operating income was mainly from the one-off recovery of Seletar pre-operation costs and income from the provision of shuttle services. For 1Q18, average daily ridership for the DTL grew by 75.8% to 431k passenger trips due to DTL 3 commencement. Average daily ridership for North-East Line grew by 0.9% to 584k passenger trips and that for the Light Rail Transit by 4.6% to 128k passenger trips as compared to that of 1Q17. Operating profit for 1Q18 at \$10.4m increased by \$6.3m compared to \$4.1m for 1Q17 due mainly to higher revenue, offset by higher staff costs, higher repairs and maintenance costs, higher fuel and electricity costs, higher premises costs and higher other operating costs.

Revenue from Other Commercial Services of \$14.9m for 1Q18 was higher by 6.6% or \$0.9m compared to \$14.0m for 1Q17 due mainly to higher advertising revenue following the commencement of DTL 3. Consequently, operating profit for 1Q18 at \$10.2m increased by 13.3% or \$1.2m compared to \$9.0m for 1Q17.

## Statement of Financial Position

As at 31 March 2018, total equity for the Group increased by 3.8% or \$16.9m to \$466.1m as compared to 31 December 2017 due mainly to profits generated from operations.

Group total assets decreased by 0.6% or \$6.4m to \$1,081.5m due to a decrease in non-current assets of \$45.4m, partially offset by an increase in current assets of \$39.0m. The decrease in non-current assets was due mainly to the decrease in vehicles, premises and equipment following the sale of certain rail operating assets to the Land Transport Authority (LTA) in conjunction with the transition to the New Rail Financing Framework (NRFF). The increase in current assets was due mainly to the increase in other receivables.

Group total liabilities decreased by 3.6% or \$23.3m to \$615.3m due to a decrease in current and non-current liabilities of \$18.9m and \$4.4m respectively. The decrease in current liabilities was due mainly to the decrease in trade and other payables, partially offset by the increase in borrowings and income tax payable. The decrease in non-current liabilities was due mainly to the decrease in deferred tax liabilities.

## Cash Flow

The net cash inflow of \$0.7m for 1Q18 was mainly from new loans raised and proceeds from the sale of certain rail operating assets to the LTA, partially offset by the repayment of borrowings, net cash used in operations, the purchase of vehicles, premises and equipment and interest paid.

As at 31 March 2018, the Group had cash and bank balances of \$6.0m. After accounting for the borrowings of \$197.0m, the Group had a net debt position of \$191.0m and a net gearing ratio of 41.0% which was higher than that of 39.1% as at 31 December 2017. The Group's gross gearing ratio was 42.3% as at 31 March 2018 compared to 40.3% as at 31 December 2017.

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

No forecast or prospect statement has been previously disclosed.

## 16 GROUP OUTLOOK

Revenue from Public Transport Services is expected to be higher.

Bus service revenue is expected to be higher with commencement of the Seletar Bus Package from 11 March 2018. On 23 February 2018, the Company was awarded the Bukit Merah Bus Package which will commence operations in the fourth quarter of 2018.

Rail service revenue is expected to be higher with a full year revenue contribution from DTL 3. However, this will be affected by the fare reduction effective 29 December 2017. With effect from 1 April 2018, the North-East Mass Rapid Transit System and the Sengkang and Punggol Light Rapid Transit Systems have transitioned to the New Rail Financing Framework.

Revenue from Other Commercial Services is expected to be maintained.

Operating costs will be higher with higher staff costs following salary adjustments, increments and the build up of staff for the Seletar Bus Package. Repairs and maintenance costs are expected to increase with DTL fully operational and higher overhaul requirements as the bus fleet ages. Premises costs are expected to be higher with full year effect of the opening of DTL 3 stations and Seletar Depot in addition to the recent handover of the Ulu Pandan Depot.

**17 DIVIDEND**

**(a) Current Financial Period Reported on**

Any dividend proposed for the current financial period reported on? None.

**(b) Corresponding Period of the Immediate Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

**(c) Date Payable**

Not applicable.

**(d) Books Closure Date**

Not applicable.

**18 GROUP SEGMENTAL INFORMATION**

By Business Activity

	<b>Public Transport Services</b>	<b>Other Commercial Services</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>1st Quarter 2018</u></b>			
Revenue	313,285	14,897	328,182
<b><u>Results</u></b>			
Segment results	10,415	10,159	20,574
Net income from investments			59
Finance costs			(935)
Profit before taxation			19,698
Taxation			(2,939)
Profit after taxation			<u>16,759</u>
<b><u>1st Quarter 2017</u></b>			
Revenue	269,462	13,972	283,434
<b><u>Results</u></b>			
Segment results	4,067	8,964	13,031
Net income from investments			59
Finance costs			(1,148)
Profit before taxation			11,942
Taxation			(1,707)
Profit after taxation			<u>10,235</u>

**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 Quarter 2018 financial results to be false or misleading in any material aspect.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh  
Chairman

Gan Juay Kiat  
Chief Executive Officer

**BY ORDER OF THE BOARD**

Chan Wan Tak, Wendy/Yeo Tee Yeok, Edwin  
Joint Company Secretaries

10 May 2018