



SBS TRANSIT LTD

Company Registration No.: 199206653M

Third Quarter 2017 Financial Statements

The Board of Directors announces the unaudited results for the Third Quarter and 9 Months ended 30 September 2017.

1 GROUP INCOME STATEMENT

	Group					
	3rd Qtr 2017	3rd Qtr 2016	Incr/ (Decr)	9 Months 2017	9 Months 2016	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	294,999	274,673	7.4	866,230	807,155	7.3
Staff costs	153,879	144,363	6.6	463,260	423,718	9.3
Repairs and maintenance costs	38,566	33,965	13.5	104,497	98,348	6.3
Fuel and electricity costs	32,661	32,523	0.4	93,518	94,893	(1.4)
Premises costs	14,373	13,019	10.4	41,326	37,342	10.7
Depreciation expense	24,268	20,155	20.4	72,638	57,192	27.0
Other operating costs	17,237	20,658	(16.6)	47,774	65,012	(26.5)
Total operating costs	<u>280,984</u>	<u>264,683</u>	6.2	<u>823,013</u>	<u>776,505</u>	6.0
Operating profit	14,015	9,990	40.3	43,217	30,650	41.0
Net income from investments	61	61	-	181	182	(0.5)
Finance costs	<u>(1,143)</u>	<u>(1,178)</u>	(3.0)	<u>(3,496)</u>	<u>(3,914)</u>	(10.7)
Profit before taxation	12,933	8,873	45.8	39,902	26,918	48.2
Taxation	<u>(1,821)</u>	<u>(1,053)</u>	72.9	<u>(5,848)</u>	<u>(3,766)</u>	55.3
Profit attributable to shareholders	<u>11,112</u>	<u>7,820</u>	42.1	<u>34,054</u>	<u>23,152</u>	47.1

2 STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep</u>	<u>31 Dec</u>	<u>30 Sep</u>	<u>31 Dec</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>ASSETS</u>				
Current assets				
Cash and bank balances	5,162	4,254	4,261	3,446
Trade receivables	114,152	77,238	112,766	76,284
Other receivables and prepayments	25,631	19,274	176,736	128,408
Inventories	85,752	59,695	75,936	53,000
Total current assets	230,697	160,461	369,699	261,138
Non-current assets				
Subsidiary	-	-	5,000	5,000
Investments	5,185	5,268	5,185	5,268
Prepayments	3,073	2,527	3,034	2,519
Vehicles, premises and equipment	814,622	866,186	800,439	851,924
Deferred tax assets	26,668	20,354	-	-
Total non-current assets	849,548	894,335	813,658	864,711
Total assets	1,080,245	1,054,796	1,183,357	1,125,849
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	14,500	150,000	14,500	150,000
Trade and other payables	244,148	241,948	216,538	214,181
Deposits received	3,621	4,967	3,461	4,301
Insurance premiums payable and provision for accident claims	22,304	24,799	22,304	24,799
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	5,974	67	5,974	67
Total current liabilities	310,539	441,773	282,769	413,340
Non-current liabilities				
Borrowings	200,000	66,000	200,000	66,000
Deferred grants	7,124	7,709	7,124	7,709
Deposits received	5,761	4,802	4,346	3,908
Deferred tax liabilities	91,014	85,554	91,014	85,554
Provision for service benefits and long service awards	10,547	10,981	10,344	10,836
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	334,438	195,038	332,820	193,999
Total liabilities	644,977	636,811	615,589	607,339
Capital and reserves				
Share capital	98,713	97,138	98,713	97,138
Other reserves	39,798	38,566	39,798	38,566
Accumulated profits	296,757	282,281	429,257	382,806
Total equity	435,268	417,985	567,768	518,510
Total liabilities and equity	1,080,245	1,054,796	1,183,357	1,125,849

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	30 Sep 2017	31 Dec 2016
	\$'000	\$'000
Unsecured		
Amount repayable in one year or less, or on demand	14,500	150,000
Amount repayable after one year	200,000	66,000
	<u>214,500</u>	<u>216,000</u>

Details of any collateral

Not applicable.

4 GROUP CASH FLOW STATEMENT

	Group			
	3rd Qtr 2017 \$'000	3rd Qtr 2016 \$'000	9 Months 2017 \$'000	9 Months 2016 \$'000
Operating activities				
Profit before taxation	12,933	8,873	39,902	26,918
Adjustments for:				
Depreciation expense	24,268	20,155	72,638	57,192
Finance costs	1,143	1,178	3,496	3,914
Net loss (gain) on disposal of vehicles and equipment	120	(192)	98	(621)
Interest income	(61)	(61)	(181)	(182)
Grant income	-	(17,883)	-	(69,291)
Operating cash flows before movements in working capital	<u>38,403</u>	<u>12,070</u>	<u>115,953</u>	<u>17,930</u>
Changes in working capital	<u>24,161</u>	<u>(65,373)</u>	<u>(68,441)</u>	<u>(29,369)</u>
Cash generated from (used in) operations	<u>62,564</u>	<u>(53,303)</u>	<u>47,512</u>	<u>(11,439)</u>
Income tax paid	<u>(416)</u>	<u>(14)</u>	<u>(1,111)</u>	<u>(39)</u>
Net cash from (used in) operating activities	<u>62,148</u>	<u>(53,317)</u>	<u>46,401</u>	<u>(11,478)</u>
Investing activities				
Interest received	-	1	121	122
Proceeds from disposal of vehicles and equipment	145	202	288	654
Purchase of vehicles, premises and equipment	<u>(11,021)</u>	<u>(2,550)</u>	<u>(22,006)</u>	<u>(13,261)</u>
Net cash used in investing activities	<u>(10,876)</u>	<u>(2,347)</u>	<u>(21,597)</u>	<u>(12,485)</u>
Financing activities				
New loans raised	253,500	64,500	658,100	290,500
Repayment of borrowings	(291,500)	(25,000)	(659,600)	(330,500)
Proceeds from share issue	327	905	1,487	2,094
Grants received	-	24,336	-	77,673
Interest paid	(1,840)	(1,841)	(4,169)	(4,992)
Dividends paid	(11,352)	(7,288)	(19,742)	(10,535)
Others	9	7	28	18
Net cash (used in) from financing activities	<u>(50,856)</u>	<u>55,619</u>	<u>(23,896)</u>	<u>24,258</u>
Net increase (decrease) in cash and cash equivalents	416	(45)	908	295
Cash and cash equivalents at beginning of period	<u>4,746</u>	<u>4,719</u>	<u>4,254</u>	<u>4,379</u>
Cash and cash equivalents at end of period	<u>5,162</u>	<u>4,674</u>	<u>5,162</u>	<u>4,674</u>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	3rd Qtr	3rd Qtr	9 Months	9 Months
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	11,112	7,820	34,054	23,152
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Revaluation of premises	-	40,265	-	40,265
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value adjustment on cash flow hedges	1,294	2,573	1,539	11,640
Fair value adjustment on investments	(53)	(2)	(83)	15
Total comprehensive income attributable to shareholders	<u>12,353</u>	<u>50,656</u>	<u>35,510</u>	<u>75,072</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Third Quarter and 9 Months ended 30 September 2017:

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2017	97,138	38,566	282,281	417,985
Total comprehensive income for the period				
Profit for the period	-	-	22,942	22,942
Other comprehensive income for the period	-	215	-	215
Total	-	215	22,942	23,157
Transactions recognised directly in equity				
Exercise of share options	1,233	(73)	-	1,160
Payment of dividends	-	-	(8,390)	(8,390)
Other reserves	-	(136)	155	19
Total	1,233	(209)	(8,235)	(7,211)
Balance at 30 June 2017	98,371	38,572	296,988	433,931
Total comprehensive income for the period				
Profit for the period	-	-	11,112	11,112
Other comprehensive income for the period	-	1,241	-	1,241
Total	-	1,241	11,112	12,353
Transactions recognised directly in equity				
Exercise of share options	342	(15)	-	327
Payment of dividends	-	-	(11,352)	(11,352)
Other reserves	-	-	9	9
Total	342	(15)	(11,343)	(11,016)
Balance at 30 September 2017	98,713	39,798	296,757	435,268

Consolidated Statement of Changes in Equity for the Third Quarter and 9 Months ended 30 September 2016:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	94,786	(17,492)	261,400	338,694
Total comprehensive income for the period				
Profit for the period	-	-	15,332	15,332
Other comprehensive income for the period	-	9,084	-	9,084
Total	-	9,084	15,332	24,416
Transactions recognised directly in equity				
Exercise of share options	1,245	(56)	-	1,189
Payment of dividends	-	-	(3,247)	(3,247)
Other reserves	-	(36)	47	11
Total	1,245	(92)	(3,200)	(2,047)
Balance at 30 June 2016	96,031	(8,500)	273,532	361,063
Total comprehensive income for the period				
Profit for the period	-	-	7,820	7,820
Other comprehensive income for the period	-	42,836	-	42,836
Total	-	42,836	7,820	50,656
Transactions recognised directly in equity				
Exercise of share options	952	(47)	-	905
Payment of dividends	-	-	(7,288)	(7,288)
Other reserves	-	-	7	7
Total	952	(47)	(7,281)	(6,376)
Balance at 30 September 2016	96,983	34,289	274,071	405,343

Statement of Changes in Equity of the Company for the Third Quarter and 9 Months ended 30 September 2017:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	97,138	38,566	382,806	518,510
Total comprehensive income for the period				
Profit for the period	-	-	42,654	42,654
Other comprehensive income for the period	-	215	-	215
Total	-	215	42,654	42,869
Transactions recognised directly in equity				
Exercise of share options	1,233	(73)	-	1,160
Payment of dividends	-	-	(8,390)	(8,390)
Other reserves	-	(136)	155	19
Total	1,233	(209)	(8,235)	(7,211)
Balance at 30 June 2017	98,371	38,572	417,225	554,168
Total comprehensive income for the period				
Profit for the period	-	-	23,375	23,375
Other comprehensive income for the period	-	1,241	-	1,241
Total	-	1,241	23,375	24,616
Transactions recognised directly in equity				
Exercise of share options	342	(15)	-	327
Payment of dividends	-	-	(11,352)	(11,352)
Other reserves	-	-	9	9
Total	342	(15)	(11,343)	(11,016)
Balance at 30 September 2017	98,713	39,798	429,257	567,768

Statement of Changes in Equity of the Company for the Third Quarter and 9 Months ended 30 September 2016:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	94,786	(17,017)	334,030	411,799
Total comprehensive income for the period				
Profit for the period	-	-	27,388	27,388
Other comprehensive income for the period	-	8,692	-	8,692
Total	-	8,692	27,388	36,080
Transactions recognised directly in equity				
Exercise of share options	1,245	(56)	-	1,189
Payment of dividends	-	-	(3,247)	(3,247)
Other reserves	-	(36)	47	11
Total	1,245	(92)	(3,200)	(2,047)
Balance at 30 June 2016	96,031	(8,417)	358,218	445,832
Total comprehensive income for the period				
Profit for the period	-	-	15,166	15,166
Other comprehensive income for the period	-	42,784	-	42,784
Total	-	42,784	15,166	57,950
Transactions recognised directly in equity				
Exercise of share options	952	(47)	-	905
Payment of dividends	-	-	(7,288)	(7,288)
Other reserves	-	-	7	7
Total	952	(47)	(7,281)	(6,376)
Balance at 30 September 2016	96,983	34,320	366,103	497,406

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 30 June 2017, 150,000 new ordinary shares were issued by the Company upon the exercise of options granted under the SBS Transit Share Option Scheme.

As at 30 September 2017, the total number of issued shares was 311,014,766 (31 December 2016: 310,254,766).

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 30 September 2017, there were unexercised options for 1,110,000 (30 September 2016: 3,175,000) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 30 September 2017, 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 2016.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2017.

The adoption of these new and revised FRSs 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

	Group			
	3rd Qtr 2017	3rd Qtr 2016	9 Months 2017	9 Months 2016
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)	3.57	2.52	10.96	7.48
(ii) On a fully diluted basis (cents)	3.57	2.52	10.95	7.47

EBITDA

	Group			
	3rd Qtr 2017	3rd Qtr 2016	9 Months 2017	9 Months 2016
(i) EBITDA (\$'000)	38,283	30,145	115,855	87,842
(ii) EBITDA margin (%)	13.0	11.0	13.4	10.9

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.40	1.35	1.83	1.67

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$295.0m for 3Q17 increased by 7.4% or \$20.3m from \$274.7m for 3Q16 while Group operating costs of \$281.0m increased by 6.2% or \$16.3m from \$264.7m for 3Q16.

Group operating profit of \$14.0m for 3Q17 was 40.3% or \$4.0m higher than that of \$10.0m for 3Q16.

Finance costs of \$1.1m for 3Q17 were 3.0% or \$0.1m lower than that of \$1.2m for 3Q16.

Consequently, Group profit before taxation of \$12.9m for 3Q17 was 45.8% or \$4.0m higher than that of \$8.9m for 3Q16.

Taxation of \$1.8m for 3Q17 was higher than that of \$1.1m for 3Q16 by 72.9% or \$0.7m due mainly to higher profits for 3Q17.

Group profit attributable to shareholders of the Company of \$11.1m for 3Q17 was 42.1% or \$3.3m higher than that of \$7.8m for 3Q16.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Public Transport Services of \$280.5m for 3Q17 was higher by 8.3% or \$21.6m compared to \$258.9m for 3Q16 due mainly to contribution from bus services with the transition to the Bus Contracting Model (BCM) and higher ridership from rail services, offset by lower average rail fare from the fare reduction effective 30 December 2016 and lower other operating income. For 3Q17, average daily ridership for the Downtown Line (DTL) grew by 10.2% to 258k passenger trips. Average daily ridership for North-East Line grew by 1.3% to 585k passenger trips and that for the Light Rail Transit by 3.5% to 122k passenger trips as compared to that of 3Q16. Operating profit for 3Q17 at \$5.8m increased by \$5.6m from \$0.2m for 3Q16 due mainly to higher revenue and lower other operating costs, offset by higher staff costs, higher repairs and maintenance costs, higher depreciation and higher premises costs.

Revenue from Other Commercial Services of \$14.5m for 3Q17 was lower by 7.7% or \$1.3m compared to \$15.8m for 3Q16 due to lower advertising and rental revenue. Consequently, operating profit for 3Q17 at \$8.2m decreased by 16.4% or \$1.6m compared to \$9.8m for 3Q16.

Statement of Financial Position

As at 30 September 2017, total equity for the Group increased by 4.1% or \$17.3m to \$435.3m as compared to that as at 31 December 2016 due to profits generated from operations and an increase in other reserves, partially offset by payment of dividends.

Group total assets increased by 2.4% or \$25.4m to \$1,080.2m due to an increase in current assets of \$70.2m, partially offset by a decrease in non-current assets of \$44.8m. The increase in current assets was due mainly to the increase in trade receivables, inventories and other receivables and prepayments. The decrease in non-current assets was due mainly to the decrease in vehicles, premises and equipment, partially offset by the increase in deferred tax assets.

Group total liabilities increased by 1.3% or \$8.2m to \$645.0m due to an increase in non-current liabilities of \$139.4m, partially offset by the decrease in current liabilities of \$131.2m. The increase in non-current liabilities was due mainly to the refinancing of the second series of the Medium Term Notes and the increase in deferred tax liabilities. The decrease in current liabilities was due mainly to the maturity of the second series of the Medium Term Notes due in September 2017, partially offset by an increase in income tax payable.

Cash Flow

The net cash inflow of \$0.4m for 3Q17 was mainly from the new loans raised, net cash generated from operations and proceeds from share issue, partially offset by repayment of borrowings, purchase of vehicles, premises and equipment and payments of dividends and interest.

As at 30 September 2017, the Group had cash and bank balances of \$5.2m. After accounting for the borrowings of \$214.5m, the Group had a net debt position of \$209.3m and a net gearing ratio of 48.1% which was lower than that of 50.7% as at 31 December 2016. The Group's gross gearing ratio was 49.3% as at 30 September 2017 compared to 51.7% as at 31 December 2016.

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 a full year contribution of revenue under the BCM. Rail service revenue is expected to be higher with higher ridership from the opening of DTL 3 on 21 October 2017. Rail fare revenue will be affected by the fare adjustment effective 29 December 2017 as announced by the Public Transport Council.

Revenue from Other Commercial Services is expected to be lower due mainly to the loss of Loyang and Bulim packages.

Operating costs will be higher with higher staff costs following the salary adjustments and increments. Repairs and maintenance are expected to be higher. Premises costs are expected to be higher with higher upkeeping costs and more DTL stations.

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

	<u>Public Transport Services</u> \$'000	<u>Other Commerical Services</u> \$'000	<u>Total</u> \$'000
<u>3rd Quarter 2017</u>			
Revenue	280,450	14,549	294,999
<u>Results</u>			
Segment results	5,837	8,178	14,015
Net income from investments			61
Finance costs			<u>(1,143)</u>
Profit before taxation			12,933
Taxation			<u>(1,821)</u>
Profit after taxation			<u><u>11,112</u></u>
<u>3rd Quarter 2016</u>			
Revenue	258,909	15,764	274,673
<u>Results</u>			
Segment results	208	9,782	9,990
Net income from investments			61
Finance costs			<u>(1,178)</u>
Profit before taxation			8,873
Taxation			<u>(1,053)</u>
Profit after taxation			<u><u>7,820</u></u>
<u>9 Months 2017</u>			
Revenue	824,312	41,918	866,230
<u>Results</u>			
Segment results	17,164	26,053	43,217
Net income from investments			181
Finance costs			<u>(3,496)</u>
Profit before taxation			39,902
Taxation			<u>(5,848)</u>
Profit after taxation			<u><u>34,054</u></u>
<u>9 Months 2016</u>			
Revenue	758,838	48,317	807,155
<u>Results</u>			
Segment results	152	30,498	30,650
Net income from investments			182
Finance costs			<u>(3,914)</u>
Profit before taxation			26,918
Taxation			<u>(3,766)</u>
Profit after taxation			<u><u>23,152</u></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 Third Quarter 2017 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

9 November 2017