



**SBS TRANSIT LTD**

Company Registration No.: 199206653M

**First Quarter 2017 Financial Statements**

The Board of Directors announces the unaudited results for the First Quarter ended 31 March 2017.

**1 GROUP INCOME STATEMENT**

	<b>Group</b>		
	<b>1st Qtr 2017 \$'000</b>	<b>1st Qtr 2016 \$'000</b>	<b>Incr/ (Decr) %</b>
<b>Revenue</b>	283,434	263,473	7.6
Staff costs	155,957	139,892	11.5
Repairs and maintenance costs	31,389	31,195	0.6
Fuel and electricity costs	30,919	28,946	6.8
Premises costs	12,999	11,840	9.8
Depreciation expense	24,252	18,585	30.5
Other operating costs	14,887	21,982	(32.3)
Total operating costs	<u>270,403</u>	<u>252,440</u>	7.1
<b>Operating profit</b>	13,031	11,033	18.1
Net income from investments	59	60	(1.7)
Finance costs	<u>(1,148)</u>	<u>(1,506)</u>	(23.8)
<b>Profit before taxation</b>	11,942	9,587	24.6
Taxation	<u>(1,707)</u>	<u>(1,503)</u>	13.6
<b>Profit attributable to shareholders</b>	<u><u>10,235</u></u>	<u><u>8,084</u></u>	26.6

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Mar	31 Dec	31 Mar	31 Dec
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	10,548	4,254	9,618	3,446
Trade receivables	128,497	77,238	127,395	76,284
Other receivables and prepayments	11,327	19,274	140,466	128,408
Inventories	69,016	59,695	61,464	53,000
<b>Total current assets</b>	<b>219,388</b>	<b>160,461</b>	<b>338,943</b>	<b>261,138</b>
<b>Non-current assets</b>				
Subsidiary	-	-	5,000	5,000
Investments	5,257	5,268	5,257	5,268
Prepayments	2,786	2,527	2,706	2,519
Vehicles, premises and equipment	849,427	866,186	835,266	851,924
Deferred tax assets	22,223	20,354	-	-
<b>Total non-current assets</b>	<b>879,693</b>	<b>894,335</b>	<b>848,229</b>	<b>864,711</b>
<b>Total assets</b>	<b>1,099,081</b>	<b>1,054,796</b>	<b>1,187,172</b>	<b>1,125,849</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	232,600	150,000	232,600	150,000
Trade and other payables	207,543	241,948	187,158	214,181
Deposits received	4,197	4,967	3,969	4,301
Insurance premiums payable and provision for accident claims	23,602	24,799	23,602	24,799
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	1,876	67	1,876	67
<b>Total current liabilities</b>	<b>489,810</b>	<b>441,773</b>	<b>469,197</b>	<b>413,340</b>
<b>Non-current liabilities</b>				
Borrowings	50,000	66,000	50,000	66,000
Deferred grants	7,495	7,709	7,495	7,709
Deposits received	5,280	4,802	4,239	3,908
Deferred tax liabilities	87,028	85,554	87,028	85,554
Provision for service benefits and long service awards	10,559	10,981	10,410	10,836
Fuel price equalisation account	19,992	19,992	19,992	19,992
<b>Total non-current liabilities</b>	<b>180,354</b>	<b>195,038</b>	<b>179,164</b>	<b>193,999</b>
<b>Total liabilities</b>	<b>670,164</b>	<b>636,811</b>	<b>648,361</b>	<b>607,339</b>
<b>Capital and reserves</b>				
Share capital	97,960	97,138	97,960	97,138
Other reserves	38,431	38,566	38,431	38,566
Accumulated profits	292,526	282,281	402,420	382,806
<b>Total equity</b>	<b>428,917</b>	<b>417,985</b>	<b>538,811</b>	<b>518,510</b>
<b>Total liabilities and equity</b>	<b>1,099,081</b>	<b>1,054,796</b>	<b>1,187,172</b>	<b>1,125,849</b>

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

	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unsecured</b>		
Amount repayable in one year or less, or on demand	232,600	150,000
Amount repayable after one year	50,000	66,000
	<u>282,600</u>	<u>216,000</u>

**Details of any collateral**

Not applicable.

#### 4 GROUP CASH FLOW STATEMENT

	Group	
	1st Qtr 2017 \$'000	1st Qtr 2016 \$'000
<b>Operating activities</b>		
Profit before taxation	11,942	9,587
Adjustments for:		
Depreciation expense	24,252	18,585
Finance costs	1,148	1,506
Net gain on disposal of vehicles and equipment	(17)	(176)
Interest income	(59)	(60)
Grant income	-	(24,029)
Operating cash flows before movements in working capital	37,266	5,413
Changes in working capital	(88,557)	35,072
Cash (used in) generated from operations	(51,291)	40,485
Income tax paid	(279)	(10)
Net cash (used in) from operating activities	(51,570)	40,475
<b>Investing activities</b>		
Proceeds from disposal of vehicles and equipment	23	187
Purchase of vehicles, premises and equipment	(7,758)	(4,929)
Net cash used in investing activities	(7,735)	(4,742)
<b>Financing activities</b>		
New loans raised	215,600	154,500
Repayment of borrowings	(149,000)	(213,500)
Proceeds from share issue	769	48
Grants received	-	26,211
Interest paid	(1,777)	(2,579)
Others	7	-
Net cash from (used in) financing activities	65,599	(35,320)
Net increase in cash and cash equivalents	6,294	413
Cash and cash equivalents at beginning of period	4,254	4,379
<b>Cash and cash equivalents at end of period</b>	<b>10,548</b>	<b>4,792</b>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	<b>Group</b>	
	<b>1st Qtr</b>	<b>1st Qtr</b>
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit attributable to shareholders</b>	10,235	8,084
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	(68)	1,934
Fair value adjustment on investments	(11)	38
<b>Total comprehensive income attributable to shareholders</b>	<u>10,156</u>	<u>10,056</u>

## 6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2017:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
<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>	97,960	38,431	292,526	428,917
<b>Balance at 1 January 2016</b>	94,786	(17,492)	261,400	338,694
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	8,084	8,084
Other comprehensive income for the period	-	1,972	-	1,972
<b>Total</b>	-	1,972	8,084	10,056
<b>Transactions recognised directly in equity</b>				
Exercise of share options	52	(4)	-	48
Other reserves	-	(36)	36	-
<b>Total</b>	52	(40)	36	48
<b>Balance at 31 March 2016</b>	94,838	(15,560)	269,520	348,798

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2017:

	<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 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>
<b>Balance at 1 January 2016</b>	94,786	(17,017)	334,030	411,799
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	12,808	12,808
Other comprehensive income for the period	-	1,887	-	1,887
<b>Total</b>	-	1,887	12,808	14,695
<b>Transactions recognised directly in equity</b>				
Exercise of share options	52	(4)	-	48
Other reserves	-	(36)	36	-
<b>Total</b>	52	(40)	36	48
<b>Balance at 31 March 2016</b>	<u>94,838</u>	<u>(15,170)</u>	<u>346,874</u>	<u>426,542</u>

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

### Share Capital

Since 31 December 2016, 420,000 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 2017, the total number of issued shares was 310,674,766 (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 31 March 2017, there were unexercised options for 2,485,000 (31 March 2016: 4,200,000) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 31 March 2017, 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 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

	<b>Group</b>	
	<b>1st Qtr 2017</b>	<b>1st Qtr 2016</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)	3.30	2.61
(ii) On a fully diluted basis (cents)	3.30	2.61

EBITDA

	<b>Group</b>	
	<b>1st Qtr 2017</b>	<b>1st Qtr 2016</b>
(i) EBITDA (\$'000)	37,283	29,618
(ii) EBITDA margin (%)	13.2	11.2

**13 NET ASSET VALUE PER ORDINARY SHARE**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.38	1.35	1.73	1.67

## 14 REVIEW OF GROUP PERFORMANCE

### Performance Review

Group revenue of \$283.4m for 1Q17 increased by 7.6% or \$19.9m from \$263.5m for 1Q16 while Group operating costs of \$270.4m increased by 7.1% or \$18.0m from \$252.4m for 1Q16.

Group operating profit of \$13.0m for 1Q17 was 18.1% or \$2.0m higher than that of \$11.0m for 1Q16.

Net income from investments of \$59k for 1Q17 was 1.7% or \$1k lower than that of \$60k for 1Q16.

Finance costs of \$1.1m for 1Q17 were 23.8% or \$0.4m lower than that of \$1.5m for 1Q16.

Consequently, Group profit before taxation of \$11.9m for 1Q17 was 24.6% or \$2.3m higher than that of \$9.6m for 1Q16.

Taxation of \$1.7m for 1Q17 was higher than that of \$1.5m for 1Q16 by 13.6% or \$0.2m due mainly to higher profits for 1Q17.

Group profit attributable to shareholders of the Company of \$10.2m for 1Q17 was 26.6% or \$2.1m higher than that of \$8.1m for 1Q16.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Public Transport Services of \$269.4m for 1Q17 was higher by 9.2% or \$22.7m compared to \$246.7m for 1Q16 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. For 1Q17, average daily ridership for the Downtown Line (DTL) grew by 19.1% to 245k passenger trips. Average daily ridership for North-East Line grew by 3.9% to 579k passenger trips and that for the Light Rail Transit by 11.3% to 122k passenger trips as compared to that of 1Q16. Operating profit for 1Q17 at \$4.0m increased by \$3.6m compared to \$0.4m for 1Q16 due mainly to higher revenue and lower other operating costs, offset by higher staff costs, higher depreciation, higher fuel and electricity costs and higher premises costs.

Revenue from Other Commercial Services of \$14.0m for 1Q17 was lower by 16.5% or \$2.7m compared to \$16.7m for 1Q16 due mainly to lower advertising revenue. Operating profit for 1Q17 at \$9.0m decreased by 15.9% or \$1.7m compared to \$10.7m for 1Q16 due mainly to lower revenue, offset by lower advertising expenses and lower staff costs.

## **Statement of Financial Position**

As at 31 March 2017, total equity for the Group increased by 2.6% or \$10.9m to \$428.9m as compared to 31 December 2016 due mainly to profits generated from operations.

Group total assets increased by 4.2% or \$44.3m to \$1,099.1m due to an increase in current assets of \$58.9m, partially offset by a decrease in non-current assets of \$14.6m. The increase in current assets was due mainly to the increase in trade receivables and inventories. The decrease in non-current assets was due mainly to the decrease in vehicles, premises and equipment, partially offset by an increase in deferred tax assets.

Group total liabilities increased by 5.2% or \$33.3m to \$670.2m due to an increase in current liabilities of \$48.0m, partially offset by the decrease in non-current liabilities of \$14.7m. The increase in current liabilities was due mainly to the increase in borrowings, partially offset by the decrease in trade and other payables. The decrease in non-current liabilities was due mainly to the repayment of borrowings, partially offset by an increase in deferred tax liabilities.

## **Cash Flow**

The net cash inflow of \$6.3m for 1Q17 was mainly from the new loans raised, partially offset by the repayment of borrowings, net cash used in operations, purchase of vehicles, premises and equipment and interest paid.

As at 31 March 2017, the Group had cash and bank balances of \$10.5m. After accounting for the borrowings of \$282.6m, the Group had a net debt position of \$272.1m and a net gearing ratio of 63.4% which was higher than that of 50.7% as at 31 December 2016. The Group's gross gearing ratio was 65.9% as at 31 March 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. Rail service revenue is expected to be higher with higher ridership although this will be affected by the fare reduction from 30 December 2016. Bus service revenue is expected to be higher with a full year contribution of revenue under the BCM.

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 as well as the build-up of staff strength in preparation for DTL 3. Repairs and maintenance costs are also expected to be higher as more such works are carried out.

SBS Transit Ltd has been awarded the Seletar Bus Package. As it commences in March 2018, it will not have any impact on the current financial year.

**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 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>
<b><u>1st Quarter 2016</u></b>			
Revenue	246,734	16,739	263,473
<b><u>Results</u></b>			
Segment results	379	10,654	11,033
Net income from investments			60
Finance costs			(1,506)
Profit before taxation			9,587
Taxation			(1,503)
Profit after taxation			<u>8,084</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 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  
Company Secretary

11 May 2017