



SBS TRANSIT LTD

Company Registration No.: 199206653M

Second Quarter 2018 Financial Statements and Dividend Announcement

The Board of Directors announces the unaudited results for the Second Quarter and Half-Year ended 30 June 2018.

1 GROUP INCOME STATEMENT

	Group					
	2nd Qtr 2018	2nd Qtr 2017	Incr/ (Decr)	1st Half 2018	1st Half 2017	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	344,915	287,797	19.8	673,097	571,231	17.8
Staff costs	172,578	153,424	12.5	344,568	309,381	11.4
Repairs and maintenance costs	43,762	34,542	26.7	85,888	65,931	30.3
Fuel and electricity costs	45,288	29,938	51.3	82,376	60,857	35.4
Premises costs	15,774	13,954	13.0	30,510	26,953	13.2
Depreciation expense	23,127	24,118	(4.1)	47,267	48,370	(2.3)
Other operating costs	20,612	15,650	31.7	38,140	30,537	24.9
Total operating costs	<u>321,141</u>	<u>271,626</u>	18.2	<u>628,749</u>	<u>542,029</u>	16.0
Operating profit	23,774	16,171	47.0	44,348	29,202	51.9
Net income from investments	61	61	-	120	120	-
Finance costs	(1,020)	(1,205)	(15.4)	(1,955)	(2,353)	(16.9)
Profit before taxation	<u>22,815</u>	<u>15,027</u>	51.8	<u>42,513</u>	<u>26,969</u>	57.6
Taxation	(3,384)	(2,320)	45.9	(6,323)	(4,027)	57.0
Profit attributable to shareholders	<u><u>19,431</u></u>	<u><u>12,707</u></u>	52.9	<u><u>36,190</u></u>	<u><u>22,942</u></u>	57.7

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2018 \$'000	31 Dec 2017 \$'000	30 Jun 2018 \$'000	31 Dec 2017 \$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	6,542	5,275	4,931	4,028
Investments	5,046	5,134	5,046	5,134
Trade receivables	125,554	122,582	122,559	119,470
Other receivables and prepayments	62,357	31,701	254,727	199,599
Inventories	107,997	94,012	94,096	82,997
Total current assets	<u>307,496</u>	<u>258,704</u>	<u>481,359</u>	<u>411,228</u>
Non-current assets				
Subsidiary	-	-	5,000	5,000
Prepayments	3,764	2,537	3,363	2,506
Vehicles, premises and equipment	736,074	803,844	716,850	783,821
Deferred tax assets	26,387	22,737	-	-
Total non-current assets	<u>766,225</u>	<u>829,118</u>	<u>725,213</u>	<u>791,327</u>
Total assets	<u>1,073,721</u>	<u>1,087,822</u>	<u>1,206,572</u>	<u>1,202,555</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	56,500	56,000	56,500	56,000
Trade and other payables	248,306	272,302	216,541	240,764
Deposits received	3,868	3,648	3,449	3,271
Insurance premiums payable and provision for accident claims	21,459	21,965	21,459	21,965
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	24,773	9,309	24,773	9,309
Total current liabilities	<u>374,898</u>	<u>383,216</u>	<u>342,714</u>	<u>351,301</u>
Non-current liabilities				
Borrowings	100,000	125,000	100,000	125,000
Deferred grants	6,639	6,958	6,639	6,958
Deposits received	5,634	5,600	4,407	4,390
Deferred tax liabilities	81,604	87,112	81,604	87,112
Provision for service benefits and long service awards	10,685	10,718	10,428	10,496
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	<u>224,554</u>	<u>255,380</u>	<u>223,070</u>	<u>253,948</u>
Total liabilities	<u>599,452</u>	<u>638,596</u>	<u>565,784</u>	<u>605,249</u>
Capital and reserves				
Share capital	100,163	98,873	100,163	98,873
Other reserves	40,365	40,522	40,365	40,522
Accumulated profits	333,741	309,831	500,260	457,911
Total equity	<u>474,269</u>	<u>449,226</u>	<u>640,788</u>	<u>597,306</u>
Total liabilities and equity	<u>1,073,721</u>	<u>1,087,822</u>	<u>1,206,572</u>	<u>1,202,555</u>

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
Unsecured		
Amount repayable in one year or less, or on demand	56,500	56,000
Amount repayable after one year	100,000	125,000
	<u>156,500</u>	<u>181,000</u>

Details of any collateral

Not applicable.

4 GROUP CASH FLOW STATEMENT

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	22,815	15,027	42,513	26,969
Adjustments for:				
Depreciation expense	23,127	24,118	47,267	48,370
Finance costs	1,020	1,205	1,955	2,353
Net gain on disposal of vehicles and equipment	(24)	(5)	(63)	(22)
Interest income	(61)	(61)	(120)	(120)
Provision for service benefits and long service awards	200	37	403	152
Insurance premiums payable and provision for accident claims	446	(9)	1,512	(106)
Operating cash flows before movements in working capital	47,523	40,312	93,467	77,596
Changes in working capital	9,378	(4,073)	(74,137)	(92,648)
Cash generated from (used in) operations	56,901	36,239	19,330	(15,052)
Income tax paid	(17)	(416)	(17)	(695)
Net cash from (used in) operating activities	56,884	35,823	19,313	(15,747)
Investing activities				
Interest received	121	121	121	121
Proceeds from disposal of vehicles and equipment	470	120	27,766	143
Purchase of vehicles, premises and equipment	(4,228)	(3,227)	(8,427)	(10,985)
Net cash (used in) from investing activities	(3,637)	(2,986)	19,460	(10,721)
Financing activities				
New loans raised	138,300	189,000	340,300	404,600
Repayment of borrowings	(178,800)	(219,100)	(364,800)	(368,100)
Proceeds from share issue	1,020	391	1,228	1,160
Interest paid	(936)	(552)	(1,947)	(2,329)
Dividends paid	(12,298)	(8,390)	(12,298)	(8,390)
Others	-	12	11	19
Net cash (used in) from financing activities	(52,714)	(38,639)	(37,506)	26,960
Net increase (decrease) in cash and cash equivalents	533	(5,802)	1,267	492
Cash and cash equivalents at beginning of period	6,009	10,548	5,275	4,254
Cash and cash equivalents at end of period	6,542	4,746	6,542	4,746

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	19,431	12,707	36,190	22,942
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value adjustment on cash flow hedges	-	313	-	245
Fair value adjustment on investments	(32)	(19)	(88)	(30)
Total comprehensive income attributable to shareholders	19,399	13,001	36,102	23,157

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Second Quarter and Half-Year ended 30 June 2018:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	98,873	40,522	309,831	449,226
Total comprehensive income (expense) for the period				
Profit for the period	-	-	16,759	16,759
Other comprehensive expense for the period	-	(56)	-	(56)
Total	-	(56)	16,759	16,703
Transactions recognised directly in equity				
Exercise of share options	217	(9)	-	208
Other reserves	-	-	11	11
Total	217	(9)	11	219
Balance at 31 March 2018	99,090	40,457	326,601	466,148
Total comprehensive income (expense) for the period				
Profit for the period	-	-	19,431	19,431
Other comprehensive expense for the period	-	(32)	-	(32)
Total	-	(32)	19,431	19,399
Transactions recognised directly in equity				
Exercise of share options	1,073	(53)	-	1,020
Payment of dividends	-	-	(12,298)	(12,298)
Other reserves	-	(7)	7	-
Total	1,073	(60)	(12,291)	(11,278)
Balance at 30 June 2018	100,163	40,365	333,741	474,269

Consolidated Statement of Changes in Equity for the Second Quarter and Half-Year ended 30 June 2017:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	97,138	38,566	282,281	417,985
Total comprehensive income (expense) for the period				
Profit for the period	-	-	10,235	10,235
Other comprehensive expense for the period	-	(79)	-	(79)
Total	-	(79)	10,235	10,156
Transactions recognised directly in equity				
Exercise of share options	822	(53)	-	769
Other reserves	-	(3)	10	7
Total	822	(56)	10	776
Balance at 31 March 2017	97,960	38,431	292,526	428,917
Total comprehensive income for the period				
Profit for the period	-	-	12,707	12,707
Other comprehensive income for the period	-	294	-	294
Total	-	294	12,707	13,001
Transactions recognised directly in equity				
Exercise of share options	411	(20)	-	391
Payment of dividends	-	-	(8,390)	(8,390)
Other reserves	-	(133)	145	12
Total	411	(153)	(8,245)	(7,987)
Balance at 30 June 2017	98,371	38,572	296,988	433,931

Statement of Changes in Equity of the Company for the Second Quarter and Half-Year ended 30 June 2018:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	98,873	40,522	457,911	597,306
Total comprehensive income (expense) for the period				
Profit for the period	-	-	25,815	25,815
Other comprehensive expense for the period	-	(56)	-	(56)
Total	-	(56)	25,815	25,759
Transactions recognised directly in equity				
Exercise of share options	217	(9)	-	208
Other reserves	-	-	11	11
Total	217	(9)	11	219
Balance at 31 March 2018	99,090	40,457	483,737	623,284
Total comprehensive income (expense) for the period				
Profit for the period	-	-	28,814	28,814
Other comprehensive expense for the period	-	(32)	-	(32)
Total	-	(32)	28,814	28,782
Transactions recognised directly in equity				
Exercise of share options	1,073	(53)	-	1,020
Payment of dividends	-	-	(12,298)	(12,298)
Other reserves	-	(7)	7	-
Total	1,073	(60)	(12,291)	(11,278)
Balance at 30 June 2018	100,163	40,365	500,260	640,788

Statement of Changes in Equity of the Company for the Second Quarter and Half-Year ended 30 June 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 (expense) for the period				
Profit for the period	-	-	19,604	19,604
Other comprehensive expense for the period	-	(79)	-	(79)
Total	-	(79)	19,604	19,525
Transactions recognised directly in equity				
Exercise of share options	822	(53)	-	769
Other reserves	-	(3)	10	7
Total	822	(56)	10	776
Balance at 31 March 2017	97,960	38,431	402,420	538,811
Total comprehensive income for the period				
Profit for the period	-	-	23,050	23,050
Other comprehensive income for the period	-	294	-	294
Total	-	294	23,050	23,344
Transactions recognised directly in equity				
Exercise of share options	411	(20)	-	391
Payment of dividends	-	-	(8,390)	(8,390)
Other reserves	-	(133)	145	12
Total	411	(153)	(8,245)	(7,987)
Balance at 30 June 2017	98,371	38,572	417,225	554,168

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 31 March 2018, 490,000 new ordinary shares were issued by the Company upon the exercise of options granted under the SBS Transit Share Option Scheme.

As at 30 June 2018, the total number of issued shares was 311,669,766 (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 30 June 2018, there were unexercised options for 382,500 (30 June 2017: 1,260,000) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 30 June 2018, 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 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

Not applicable.

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

Earnings per ordinary share

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
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)	6.24	4.09	11.63	7.38
(ii) On a fully diluted basis (cents)	6.24	4.09	11.62	7.38

EBITDA

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
(i) EBITDA (\$'000)	46,901	40,289	91,615	77,572
(ii) EBITDA margin (%)	13.6	14.0	13.6	13.6

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.52	1.44	2.06	1.90

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$344.9m for 2Q18 increased by 19.8% or \$57.1m from \$287.8m for 2Q17 while Group operating costs of \$321.1m increased by 18.2% or \$49.5m from \$271.6m for 2Q17.

Group operating profit of \$23.8m for 2Q18 was 47.0% or \$7.6m higher than that of \$16.2m for 2Q17.

Finance costs of \$1.0m for 2Q18 were 15.4% or \$0.2m lower than that of \$1.2m for 2Q17.

Consequently, Group profit before taxation of \$22.8m for 2Q18 was 51.8% or \$7.8m higher than that of \$15.0m for 2Q17.

Taxation of \$3.4m for 2Q18 was 45.9% or \$1.1m higher than that of \$2.3m for 2Q17 due mainly to higher profits for 2Q18.

Group profit attributable to shareholders of the Company of \$19.4m for 2Q18 was 52.9% or \$6.7m higher than that of \$12.7m for 2Q17.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Public Transport Services of \$330.1m for 2Q18 was higher by 20.3% or \$55.7m compared to \$274.4m for 2Q17 due mainly to higher fees earned with higher operated mileage following the commencement of the Seletar Bus Package in March 2018 and higher ridership from rail services with the commencement of Downtown Line (DTL) 3 from October 2017, offset by lower average fare due to the fare reduction effective 29 December 2017. For 2Q18, average daily ridership for the DTL grew by 80.6% to 437k passenger trips. Average daily ridership for North-East Line grew by 2.3% to 579k passenger trips and that for the Light Rail Transit by 8.1% to 129k passenger trips as compared to that of 2Q17. Operating profit for 2Q18 at \$13.9m increased by \$6.6m compared to \$7.3m for 2Q17 due mainly to higher revenue, offset by higher staff costs, higher fuel and electricity costs, higher repairs and maintenance costs and higher other operating costs. Despite the increase in rail ridership, rail operations continue to incur losses as the fare revenue is not sufficient to cover rising operating and maintenance costs.

Revenue from Other Commercial Services of \$14.8m for 2Q18 was higher by 10.7% or \$1.4m compared to \$13.4m for 2Q17 due mainly to higher advertising revenue following the commencement of DTL 3. Consequently, operating profit for 2Q18 at \$9.9m increased by 10.9% or \$1.0m compared to \$8.9m for 2Q17.

Statement of Financial Position

As at 30 June 2018, total equity increased by 5.6% or \$25.0m to \$474.3m as compared to 31 December 2017 due mainly to profits generated from operations, partially offset by payment of dividends.

Group total assets decreased by 1.3% or \$14.1m to \$1,073.7m due mainly to a decrease in non-current assets of \$62.9m, partially offset by an increase in current assets of \$48.8m. The decrease in non-current assets was due mainly to the decrease in vehicles, premises and equipment from depreciation expenses incurred for the period and the sale of certain rail operating assets to 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 and inventories.

Group total liabilities decreased by 6.1% or \$39.1m to \$599.5m due to a decrease in non-current and current liabilities of \$30.8m and \$8.3m respectively. The decrease in non-current liabilities was due mainly to the repayment of borrowings. The decrease in current liabilities was due mainly to the decrease in trade and other payables, partially offset by the increase in income tax payable.

Cash Flow

The net cash inflow of \$0.5m for 2Q18 was mainly from new loans raised, net cash generated from operations and proceeds from share issue, partially offset by the repayment of borrowings, dividends paid and the purchase of vehicles, premises and equipment.

As at 30 June 2018, the Group had cash and bank balances of \$6.5m. After accounting for the borrowings of \$156.5m, the Group had a net debt position of \$150.0m and a net gearing ratio of 31.6% which was lower than that of 39.1% as at 31 December 2017. The Group's gross gearing ratio was 33.0% as at 30 June 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 from both bus and rail.

The Group has commenced operations of the Seletar Bus Package from 11 March 2018. The Bukit Merah Bus Package is expected to start operations in the fourth quarter of 2018.

Rail service revenue is expected to be higher mainly due to a full year revenue contribution from DTL 3. Notwithstanding this, the rail business will continue to be challenging due to the fare reduction effective from 29 December 2017 and rising operating and maintenance costs.

Revenue from Other Commercial Services is expected to be maintained.

Operating costs will be higher with higher staff costs following salary adjustments and increments. Repairs and maintenance costs are expected to increase with DTL fully operational and higher maintenance requirements as the bus and train fleets age. Premises costs are also expected to be higher with the addition of Seletar and Ulu Pandan Depots.

17 DIVIDEND

(a) Current Financial Period Reported on

The Directors are pleased to declare a tax-exempt one-tier interim dividend of 5.80 cents (2017: 3.65 cents) per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	5.80 cents
Tax Rate	Exempt one-tier

(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	3.65 cents
Tax Rate	Exempt one-tier

(c) Date Payable

The interim dividend will be paid on 27 August 2018.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 18 August 2018 for the purposes of determining Shareholders' entitlements to the interim dividend.

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO building, Singapore 048544, up to 5.00 p.m. on 17 August 2018 will be registered to determine Shareholders' entitlements to the interim dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 17 August 2018 will be entitled to the interim dividend.

18 GROUP SEGMENTAL INFORMATION

By Business Activity

	Public Transport Services	Other Commercial Services	Total
	\$'000	\$'000	\$'000
<u>2nd Quarter 2018</u>			
Revenue	330,084	14,831	344,915
<u>Results</u>			
Segment results	13,895	9,879	23,774
Net income from investments			61
Finance costs			(1,020)
Profit before taxation			<u>22,815</u>
Taxation			(3,384)
Profit after taxation			<u><u>19,431</u></u>
<u>2nd Quarter 2017</u>			
Revenue	274,400	13,397	287,797
<u>Results</u>			
Segment results	7,260	8,911	16,171
Net income from investments			61
Finance costs			(1,205)
Profit before taxation			<u>15,027</u>
Taxation			(2,320)
Profit after taxation			<u><u>12,707</u></u>
<u>First Half 2018</u>			
Revenue	643,369	29,728	673,097
<u>Results</u>			
Segment results	24,310	20,038	44,348
Net income from investments			120
Finance costs			(1,955)
Profit before taxation			<u>42,513</u>
Taxation			(6,323)
Profit after taxation			<u><u>36,190</u></u>
<u>First Half 2017</u>			
Revenue	543,862	27,369	571,231
<u>Results</u>			
Segment results	11,327	17,875	29,202
Net income from investments			120
Finance costs			(2,353)
Profit before taxation			<u>26,969</u>
Taxation			(4,027)
Profit after taxation			<u><u>22,942</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 Second 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

8 August 2018