

# JOINT STATEMENT

## BY CHAIRMAN & GROUP CEO

**2022 was a year in recovery with the lifting of most COVID-19 pandemic restrictions. Pre-pandemic normalcy started to return and public transport ridership increased after two years of depressed demand. We are grateful to our dedicated frontline staff, who had stood with us throughout all this time, where they had also observed pandemic measures strictly to keep themselves and our passengers safe when providing essential public transport services.**



**BOB TAN BENG HAI**  
CHAIRMAN



**JEFFREY SIM VEE MING**  
GROUP CHIEF EXECUTIVE OFFICER

Our passengers and our people remained at the heart of what we do as we worked hard to provide public transport services. We explored and embraced new technologies to enhance our effectiveness and productivity, elevate commuters' experience and optimise the sustainable use of resources. Partnerships were also established to strengthen our capabilities. It was certainly a year of opportunities, renewal and growth.

### **PUBLIC TRANSPORT SERVICES**

We entered into our sixth year of operations under the Bus Contracting Model in 2022. Under this model, the Government retains the fare revenue and owns all infrastructure and operating assets such as depots and buses. Bus operators are contracted and paid to operate public bus services through a competitive tendering process.

During the year under review, we operated a total of nine bus packages where two were tendered contracts. Collectively, we covered 218 bus routes with a market share of 62%.

Since 2018, we have been operating the two tendered contracts for a five-year term each. For the Seletar Bus Package, the Land Transport Authority (LTA) exercised its option in 2022 to extend the contract by another two years to March 2025. On the other hand, the contract for the Bukit Merah Bus Package will end in April 2024.

As for the seven bus packages under negotiated contracts, one of them - the Jurong West Bus Package - will expire in August 2024.

In November 2022, the LTA called for a cluster tender for the expiring two bus packages to enable the successful operator to tap on the synergy of the 43 service routes and reap cost efficiencies. As the biggest public bus operator in Singapore, we enjoy economies of scale and the benefits of synergy that come with it. Significantly, with our scale, we are able to explore new operational concepts and technologies more meaningfully to enhance productivity, raise the overall level of the local public bus industry and even lift it to world-class standards. We are therefore very excited to participate in the tender and will put in a competitive bid with a strong value proposition to the LTA.

In our rail business, we operated a total of 78 stations, comprising 16 MRT stations on the North East Line (NEL), 34 MRT stations on the Downtown Line (DTL), and 28 Light Rail Transit (LRT) stations on the Sengkang-Punggol LRT (SPLRT) systems. With a combined rail network spanning 83km, we maintained a market share of 30.6%.

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**IN MEAN KILOMETRE BETWEEN FAILURE (MKBF), WHICH IS THE INTERNATIONALLY USED MEASURE FOR RAILWAY RELIABILITY, THE DTL CLOCKED 4.05 MILLION TRAIN-KM, AND FOR THE SECOND CONSECUTIVE YEAR, REMAINED THE MOST RELIABLE MRT LINE NOT ONLY IN SINGAPORE BUT ALSO GLOBALLY.**

With the resumption of regular activities, demand for our rail services increased by 33% with a total of 360.7 million passenger trips made in 2022. Despite the increases, total ridership was 18.9% lower than the pre-COVID-19 levels of 2019.

In Mean Kilometre Between Failure (MKBF), which is the internationally used measure for railway reliability, the DTL clocked 4.05 million train-km, and for the second consecutive year, remained the most reliable MRT line not only in Singapore but also globally. We commend the DTL team for its commitment, dedication and hard work in delivering a stellar performance. The 20-year-old NEL also clocked a commendable 2.06 million train-km while a 28.4% improvement was achieved on the SPLRT with an MKBF of 438,000 train-km compared to the previous year's 341,000 train-km. Our performance has earned us the recognition as an innovative rail operator not just locally but also around the world.

## **MAKING JOURNEYS BETTER FOR VULNERABLE PASSENGERS**

We believe that public transportation is for all, including those with disabilities. We engaged the various Social Service Agencies regularly to find out about their beneficiaries' commuting experiences and explored how we can do better to serve them. Besides service training that included experiential learning for our frontline staff, we introduced initiatives to help vulnerable passengers travel safely under our signature "Travel with Confidence" programme.

In collaboration with Dementia Singapore, we introduced a wayfinding initiative - "Find Your Way" - to help persons living with dementia navigate our transport hubs safely. Aimed at promoting self-help and independence, it has been implemented with valued inputs and guidance from persons with dementia. Launched at the Toa Payoh Bus Interchange and Chinatown MRT Station, it received strong

support and positive feedback. In 2023, we will continue with another seven locations and assess if the initiative should be expanded.

Complementing this initiative are the Go-to Points (GTPs), which serve as safe return points to offer assistance to persons with dementia who have lost their way. All our 50 MRT stations and 24 bus interchanges and terminals have been certified by the Agency for Integrated Care as GTPs and close to 750 staff attended specialised training to help persons with dementia.

The "Travel Buddy" initiative, was rolled out in December 2022 with the support of SPD - a local charity that helps people with disabilities. Upon request, trained staff accompany passengers with disabilities on their journeys and share practical tips in getting to their destinations to help them travel with confidence.

## **KEEPING OUR WORKPLACE SAFE**

Safety was a focal point as workplace fatalities in Singapore increased in 2022. This prompted the Ministry of Manpower to issue to all organisations a Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health (WSH) duties. It called for the integration of WSH practices into organisational processes and established clear responsibilities for Company Chief Executive Officers and directors in improving safety at the workplace and reinforced their accountability for accidents at work.

As safety remained a constant top priority in our operations, we were able to meet the requirements of the Code without much difficulty. This included aligning our business practices to the specified standards, reinforcing our safety resources, and streamlining our reporting of safety matters.

As part of the process, we reviewed our risk assessments and safe work procedures and conducted safety time-out

sessions. We also embraced a Just Culture and strongly encouraged staff to surface safety issues to improve safety standards at the workplace. We did this because we viewed the upholding of safe practices and reporting both their errors and system vulnerabilities as shared responsibilities between Management and staff.

As at 31 December 2022, we clocked 0.1 accident cases per 100,000 bus-km on the road. This was similar to 2021's rate and we remained committed to helping our Bus Captains (BCs) become safer drivers.

In 2022, we explored new technology solutions to avoid incidents involving runaway buses and reduce blind-spot related accidents. Following a successful trial, we are moving forward to install a device that emits audio alerts to remind BCs to engage their handbrakes whenever they leave their driving cabins. Meanwhile, the trial of a 360-degree 3D Surround View camera system to increase our BCs' visual awareness of their surroundings has been expanded to include more buses to assess its effectiveness.

## DEVELOPING OUR PEOPLE

We continued to invest in our employees by providing training to enhance their competency. This was reflected in the establishment of our Rail Training Institute in December 2022. Rail operations and engineering employees now have access to bite-sized courses and just-in-time training for almost immediate application. Leveraging on innovative technology such as Virtual Reality (VR), Augmented Reality (AR) and Mixed Reality, staff can learn on the go instead of having to attend physical sessions.

As more green buses come on stream, our bus technicians continued to attend training programmes to be equipped in handling high voltage vehicles safely. In November 2022, 46 of our technical staff were the first in the industry to be certified under the new National Electric Vehicle Specialist Safety (NESS) course. Earlier, they also attained the Certificate of Competency at the Expert level in a course that we had jointly developed with the ITE College West on handling high voltage buses. The rest of our 480 technicians continued to be put through the basic module to equip them with some basic knowledge of working with these systems.



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Besides technical skills, we remained committed to developing key soft skills in our employees. We collaborated with NTUC LearningHub for the development and delivery of critical core skills programmes under the SkillsFuture Singapore's Skills Framework for land transport workers.

### RECRUITMENT OF BUS CAPTAINS

As bus schedules were adjusted to cater to increased ridership, the need for more BCs intensified. The tight labour market unfortunately added to the challenging situation. To make the profession more attractive, we revised our salary package to be the most competitive in the industry and also highlighted our progressive wage model with alternative career progression paths mapped out for operations and management positions. We introduced four-day and five-day work weeks, in addition to our existing part-time scheme, to offer options to suit different work-life preferences of local applicants. The sign-on bonus was doubled while Singaporeans and Permanent Residents with heavy vehicle driving experience were offered higher starting salaries. As at 31 December 2022, we had 5,839 BCs of whom 733 were new hires.

### PARTNERSHIPS

In our continuous efforts to develop a steady pipeline of trained technicians for our public transport systems, we participated in ITE's Work-Study Diploma programme in Land Transport Engineering. Being the only public transport operator involved in this inaugural programme, we sponsored 21 students and paid them monthly salaries. Students divided their time between classroom studies and our workshops to obtain on-the-job training which gives them a good head start when they join the industry. We also participated in a similar programme with the other polytechnics.

We signed several Memoranda of Understanding with leading technology solutions providers to harness new and innovative technologies to elevate the commuting experience of our passengers. For instance, with Siemens Mobility, we are in a partnership to develop an Artificial Intelligence-based solution to optimise train deployment to cater better to passenger demand. If successful, this solution will be the first of its kind to be implemented in Asia Pacific.

With industry partners, we explored a data-driven approach to optimise productivity and ensure a more sustainable use of resources in the maintenance of trains as well as the replacement of component parts.

### SUSTAINABILITY

In 2022, our bus fleet comprised 3,562 buses - all of which were wheelchair-accessible. Nine in 10 buses were rated

Euro 5 and above which minimised environmental pollution. We also operated 56 green buses comprising 31 fully electric and 25 diesel-hybrid ones.

In recognition of our efforts to adopt water efficient measures in our premises and processes, 87 of our premises were awarded the Water Efficient Building (Basic) Certification from the PUB.

More details can be found in the Sustainability Report that has been produced with this Annual Report.

### RECOGNITION AND AWARDS

At the Singapore Corporate Awards, SBS Transit received the prestigious Best Managed Board Award (Gold) and the Best Risk Management Award (Gold) in the mid-cap category for exemplary corporate governance practices. We also bagged the Best Annual Report Award (Silver).

We also won the Excellence Award for Shareholder Communications as well as the Runner-up Award for Most Transparent Company (Industrials) at the Securities Investors Association (Singapore) Investors' Choice Awards.

In the Singapore Governance and Transparency Index 2022, we took the 17th position among 489 companies



while in the ASEAN Corporate Governance Scorecard, we were placed 26th against a field of Singapore's 100 largest listed companies.

At the workplace, we were the only public transport operator to be ranked among the top 200 best employers in Singapore in a study conducted by The Straits Times and global data firm, Statista.

In safety, our two bus packages - Bedok and Jurong West - won the Operational and Workplace Safety Excellence and Merit Awards respectively at the LTA's Public Transport Safety and Security Awards Day.

We also received recognition for our commitment towards and support for our rail workers' health and safety from the NTUC which presented us with the U Safe Champion Award.

At the Land Transport Excellence Awards 2022 organised by the LTA, we were conferred the Excellence and Merit awards in the "Best Land Transport Operations and Maintenance Initiatives" category, and our Last Mile Safety programme won the Excellence award in the "Innovative/Effective Safety Programme" category. We also received the merit prize in the "Best Service Partner (Service Delivery)" award.

Our staff also made us immensely proud. Our bus technicians continued to dominate the top two spots for the second year running as they pitted against the best in the industry in the LTA's BusTech Grand Challenge.

Senior BC Ng Swee Fatt received the SkillsFuture Fellowships 2022 from the President of Singapore, Mdm Halimah Yacob. This came with a \$10,000 training grant.

Our people also continued to be lauded for service excellence at the national Excellent Service Awards and the National Kindness Award-Transport Gold.

In the Public Transport Council's annual commuter satisfaction survey, we received a satisfaction rating of 93.8% compared to the industry's 92.7%. Our rail overall satisfaction score was 8.2, compared to the industry's average of 8.0, while our bus operations scored 7.7, which was on par with the industry's average.

### CIVIL SUIT

The legal suit that 13 BCs have brought against the Company in 2019 came to a close with all their claims dismissed in the High Court in August 2022. Following the verdict, there was no appeal put forth by the lawyer representing the plaintiff, Mr Chua Qwong Meng, whose suit was a test case binding on



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the other BCs. We had defended our case with vigour as we had not only complied with the Employment Act but had also gone beyond in the interest of our BCs.

### SHARING EXPERTISE

With the wealth of knowledge and experience that we have amassed in our rail operations and maintenance, we took a milestone step forward to offer rail consultancy services with the setting up of SBS Transit Mobility Pte Ltd. Through this entity, we collaborated with renowned international rail partners to share best practices and experiences to further enhance our rail expertise and strengthen our capabilities when tendering for new rail lines.

### FINANCIAL PERFORMANCE

Group Total Revenue for 2022 increased by 15.6% from \$1,310.8 million to \$1,515.3 million.

Revenue from Public Transport Services, which comprised bus and rail services, increased by 15.8% or \$199.7 million to \$1,465.0 million due mainly to higher fuel indexation from higher oil prices, and higher rail revenue from increased ridership. Demand for rail services rose by 33% with close to 360.7 million passenger trips made in 2022 as more people returned to work and leisure activities with the lifting of COVID-19 restrictions. This was, however, 18.9% below the pre-COVID-19 levels of 2019.

Revenue from Other Commercial Services business increased by 10.6% or \$4.8 million to \$50.3 million due mainly to higher advertising revenue as more advertisers resumed their campaigns.

Group operating costs increased by 14.2% or \$178.1 million to \$1,435.4 million due mainly to higher fuel and electricity costs as well as staff costs. The spike in energy prices pushed fuel and electricity costs up by 74.4% or \$110.6 million to \$259.3 million. Staff costs, which is the Group's largest cost

component, increased by 17.6% or \$110.4 million to \$735.9 million due to a competitive labour market.

Consequently, the Group posted an operating profit of \$79.9 million which was an increase of 49.2% or \$26.3 million compared to 2021.

Tax expense increased sharply by \$14.0 million to \$14.9 million due mainly to tax exemption from the Government's Jobs Support Scheme grant in 2021 and higher profits generated in 2022. As a result, the Group delivered a net profit attributable to shareholders of \$68.0 million - an increase of 31.7% or \$16.4 million.

Earnings per share was 21.81 cents, which was 31.7% higher than the 16.56 cents earned previously. As at 31 December 2022, total equity for the Group increased by 7.1% or \$42.7 million to \$644.3 million due mainly to profits generated from operations, partially offset by the dividends paid.

Your Directors have proposed a tax-exempt one-tier final dividend of 5.45 cents per share. Together with the tax-exempt one-tier interim dividend of 5.45 cents paid earlier, the total tax-exempt one-tier dividend to be paid out in 2022 will be 10.90 cents per share, 33% higher than the previous year. The dividend payout of 50% is in line with our dividend policy of distributing at least half of our profits as dividends. Based on year-end closing price of \$2.58, the dividend yield is 4.2%.

### LOOKING AHEAD

2023 is a significant year for us as SBS Transit turns 50. We will be holding a series of activities to mark our historical milestones of travelling together with our commuters. It will be an opportunity to celebrate with our people who have contributed to our success as well as with our commuters who have supported us all along. The community will also not be forgotten in our celebratory activities.

With the Government lifting all pandemic measures from February 2023, we expect demand for our services to continue to grow. Concurrently, we are mindful of the increased cost pressures from manpower and electricity. This becomes ever more critical for us to work with the LTA to implement more resource optimisation initiatives. It also presents opportunities for us to further explore ideas and solutions to reap greater productivity savings as well as institute long-term, sustainable processes and practices to reduce energy and resource usage.

We expect the tenders for the Jurong Region Line (JRL) and the Cross Island Line (CRL) to be announced by the LTA in the first half of 2023. The 24-km long JRL will be Singapore's seventh MRT line and serve the western areas including the Jurong Innovation District and the Nanyang Technological University. The CRL, which will be more than 50-km long, will raise the MRT network resilience with many interchange stations planned. We expect that it will greatly improve connectivity for commuters across Singapore. In anticipation, we have partnered French giant, RATP Dev, since 2020 to tap on their international expertise in engineering and operations to strengthen our bid offerings.

Besides being an inclusive public transport operator, we will step up efforts in the hiring of persons with disabilities. We believe in providing meaningful jobs to them and are confident that they can do well and contribute to the success of our Company. Currently, we have several of them who work on our frontline to provide assistance to commuters at the MRT stations and they are a testament to this.

### **APPRECIATION**

On behalf of the Board of Directors, we would like to place on record our deep appreciation to Mr Cheng Siak Kian, the former Group CEO of SBS Transit, who is now the Managing Director and Group CEO of our parent company, ComfortDelGro Corporation, for his leadership, invaluable contributions, and dedication over the past three years. He had steered the Company to be more focussed in delivering positive travel experiences for our passengers and in becoming a more caring and inclusive public transport operator. During the pandemic, he successfully galvanised our staff into a cohesive team to continue to deliver reliable public transport services for our passengers and kept staff morale high. I am delighted he has agreed to remain on the Board as our Deputy Chairman.

As Chairman, I am pleased to congratulate Jeffrey in his new appointment as Group CEO and look forward to his further contributions in particular in delivering our public transport services with a sharper focus on sustainability.

Together, we would like to thank our staff for their commitment, dedication and hard work in providing reliable public transport services every day. In spite of the challenges faced, they remained resilient and undaunted.

To our fellow Directors, thank you for your invaluable advice and contributions, continued guidance and unwavering support.

We would also like to thank the National Transport Workers' Union, the Authorities, Constituency Advisors and Grassroots Leaders for their cooperation, assistance, understanding and support.

A special word of thanks goes to the various Social Service Agencies which worked with us to make the commuting experience better for our vulnerable passengers.

To our passengers, thank you for your support and patronage. We remain committed to improving our services and service standards in meeting your travel needs.

Last but not least, we would like to express our deep appreciation to our loyal Shareholders.

### **BOB TAN BENG HAI**

CHAIRMAN

### **JEFFREY SIM VEE MING**

GROUP CHIEF EXECUTIVE OFFICER

MARCH 2023