



SBS TRANSIT LTD

Company Registration No.: 199206653M

First Quarter 2019 Financial Statements

The Board of Directors announces the unaudited results for the First Quarter ended 31 March 2019.

1 GROUP INCOME STATEMENT

	Group		
	1st Qtr	1st Qtr	Incr/
	2019	2018	(Decr)
	\$'000	\$'000	%
Revenue	350,762	328,182	6.9
Staff costs	180,816	171,990	5.1
Repairs and maintenance costs	42,293	42,126	0.4
Fuel and electricity costs	41,859	37,088	12.9
Premises costs *	12,307	14,736	(16.5)
Depreciation expense *	25,618	24,140	6.1
Other operating costs	21,590	17,528	23.2
Total operating costs	324,483	307,608	5.5
Operating profit	26,279	20,574	27.7
Net income from investments	86	59	45.8
Finance costs *	(986)	(935)	5.5
Profit before taxation	25,379	19,698	28.8
Taxation	(4,714)	(2,939)	60.4
Profit attributable to shareholders	20,665	16,759	23.3

* Incorporates the effect of adoption of SFRS(I) 16 *Leases* from 1 January 2019.

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Mar 2019 \$'000	31 Dec 2018 \$'000	31 Mar 2019 \$'000	31 Dec 2018 \$'000
ASSETS				
Current assets				
Short-term deposits and bank balances	6,103	32,711	4,992	31,785
Trade receivables	134,467	123,509	130,256	120,225
Other receivables and prepayments	63,510	56,466	284,745	259,551
Inventories	120,111	117,142	99,975	99,102
Total current assets	<u>324,191</u>	<u>329,828</u>	<u>519,968</u>	<u>510,663</u>
Non-current assets				
Subsidiary	-	-	5,000	5,000
Prepayments	3,860	6,021	3,595	5,889
Vehicles, premises and equipment	688,936	705,304	669,419	685,463
Right-of-use assets *	75,252	-	75,252	-
Deferred tax assets	22,658	21,680	-	-
Total non-current assets	<u>790,706</u>	<u>733,005</u>	<u>753,266</u>	<u>696,352</u>
Total assets	<u>1,114,897</u>	<u>1,062,833</u>	<u>1,273,234</u>	<u>1,207,015</u>
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	19,500	-	19,500	-
Lease liabilities *	10,145	-	10,145	-
Trade and other payables	225,163	293,771	193,748	253,450
Deposits received	3,379	2,588	2,751	2,259
Insurance premiums payable and provision for accident claims	19,716	19,533	19,716	19,533
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	30,526	31,394	30,526	31,394
Total current liabilities	<u>328,421</u>	<u>367,278</u>	<u>296,378</u>	<u>326,628</u>
Non-current liabilities				
Borrowings	75,000	75,000	75,000	75,000
Lease liabilities *	76,435	-	76,435	-
Deferred grants	6,186	6,326	6,186	6,326
Deposits received	6,186	7,157	5,375	5,865
Deferred tax liabilities	80,438	77,676	80,438	77,676
Provision for service benefits and long service awards	10,878	11,004	10,562	10,706
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	<u>275,115</u>	<u>197,155</u>	<u>273,988</u>	<u>195,565</u>
Total liabilities	<u>603,536</u>	<u>564,433</u>	<u>570,366</u>	<u>522,193</u>
Capital and reserves				
Share capital	100,421	100,162	100,421	100,162
Other reserves	41,440	38,628	40,867	39,450
Accumulated profits *	369,500	359,610	561,580	545,210
Total equity	<u>511,361</u>	<u>498,400</u>	<u>702,868</u>	<u>684,822</u>
Total liabilities and equity	<u>1,114,897</u>	<u>1,062,833</u>	<u>1,273,234</u>	<u>1,207,015</u>

* The Group has adopted SFRS(I) 16 Leases on 1 January 2019. Please refer to paragraph 11 for further details.

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND LEASE LIABILITIES

	31 Mar	31 Dec
	2019	2018
	\$'000	\$'000
<u>Borrowings</u>		
Unsecured		
Amount repayable in one year or less, or on demand	19,500	-
Amount repayable after one year	75,000	75,000
	<u>94,500</u>	<u>75,000</u>
<u>Lease Liabilities</u>		
Secured		
Amount repayable in one year or less, or on demand	10,145	-
Amount repayable after one year	76,435	-
	<u>86,580</u>	<u>-</u>

Details of any collateral

The total secured lease liabilities relates to the adoption of SFRS(I) 16 *Leases*.

4 GROUP CASH FLOW STATEMENT

	Group	
	1st Qtr 2019 \$'000	1st Qtr 2018 \$'000
Operating activities		
Profit before taxation	25,379	19,698
Adjustments for:		
Depreciation expense *	25,618	24,140
Finance costs *	986	935
Net gain on disposal of vehicles and equipment	(51)	(39)
Interest income	(86)	(59)
Provision for service benefits and long service awards	266	203
Insurance premiums payable and provision for accident claims	1,940	1,066
Operating cash flows before movements in working capital	<u>54,052</u>	<u>45,944</u>
Changes in working capital	<u>(88,452)</u>	<u>(83,515)</u>
Cash used in operations	(34,400)	(37,571)
Income tax paid	(4,378)	-
Interest paid arising from leases *	<u>(613)</u>	<u>-</u>
Net cash used in operating activities	<u>(39,391)</u>	<u>(37,571)</u>
Investing activities		
Interest received	98	-
Proceeds from disposal of vehicles and equipment	66	27,296
Purchase of vehicles, premises and equipment	<u>(4,318)</u>	<u>(4,199)</u>
Net cash (used in) from investing activities	<u>(4,154)</u>	<u>23,097</u>
Financing activities		
New loans raised	60,500	202,000
Repayment of borrowings	(41,000)	(186,000)
Payments under lease liabilities *	(2,434)	-
Proceeds from share issue	238	208
Interest paid	(367)	(1,011)
Others	-	11
Net cash from financing activities	<u>16,937</u>	<u>15,208</u>
Net (decrease) increase in cash and cash equivalents	(26,608)	734
Cash and cash equivalents at beginning of period	<u>32,711</u>	<u>5,275</u>
Cash and cash equivalents at end of period	<u><u>6,103</u></u>	<u><u>6,009</u></u>

* Incorporates the effect of adoption of SFRS(I) 16 Leases from 1 January 2019.

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	1st Qtr	1st Qtr
	2019	2018
	\$'000	\$'000
Profit attributable to shareholders	20,665	16,759
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	2,833	-
Fair value adjustment on investments	-	(56)
Total comprehensive income attributable to shareholders	<u>23,498</u>	<u>16,703</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2019:

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2019	100,162	38,628	359,610	498,400
Adoption of SFRS(I) 16 *	-	-	(10,775)	(10,775)
Balance at 1 January 2019 (as restated)	100,162	38,628	348,835	487,625
Total comprehensive income for the period				
Profit for the period	-	-	20,665	20,665
Other comprehensive income for the period	-	2,833	-	2,833
Total	-	2,833	20,665	23,498
Transactions recognised directly in equity				
Exercise of share options	259	(21)	-	238
Total	259	(21)	-	238
Balance at 31 March 2019	100,421	41,440	369,500	511,361
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

* The Group has adopted SFRS(I) 16 Leases on 1 January 2019 and adjusted the opening accumulated profits by the cumulative effect of initially applying the standard. Please refer to paragraph 11 for further details.

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2019:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	100,162	39,450	545,210	684,822
Adoption of SFRS(I) 16 *	-	-	(10,775)	(10,775)
Balance at 1 January 2019 (as restated)	100,162	39,450	534,435	674,047
Total comprehensive income for the period				
Profit for the period	-	-	27,145	27,145
Other comprehensive income for the period	-	1,438	-	1,438
Total	-	1,438	27,145	28,583
Transactions recognised directly in equity				
Exercise of share options	259	(21)	-	238
Total	259	(21)	-	238
Balance at 31 March 2019	100,421	40,867	561,580	702,868
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

* The Company has adopted SFRS(I) 16 *Leases* on 1 January 2019 and adjusted the opening accumulated profits by the cumulative effect of initially applying the standard. Please refer to paragraph 11 for further details.

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 31 December 2018, 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 31 March 2019, the total number of issued shares was 311,819,766 (31 December 2018: 311,669,766).

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 2019, there were unexercised options for 82,500 (31 March 2018: 945,000) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 31 March 2019, 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

Except as disclosed in para 11 below, the accounting policies and methods of computation in the financial statements for the current reporting period are consistent with those of the audited financial statements for the year ended 31 December 2018.

11 CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

SFRS(I) 16 *Leases* is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 resulted in most of the leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, it requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments resulting mainly in higher depreciation, lower lease payments (premises costs) and higher finance costs. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The ROU assets as at 31 March 2019 were largely related to leases of the office premises, bus depots and workshops occupied by the Group in the various locations. Accordingly, there was a corresponding increase in liabilities as at 31 March 2019.

The adoption of SFRS(I) 16 resulted in adjustments to the Statement of Financial Position of the Group and Company as at 1 January 2019. The differences from the Statement of Financial Position as previously reported at 31 December 2018 are as follows.

The Group and The Company

1 January 2019

\$'000

Increase in other receivables	201
Increase in right-of-use assets	78,038
Increase in lease liabilities	<u>(89,014)</u>
	<u>(10,775)</u>
Decrease in accumulated profits	<u>(10,775)</u>
Decrease in total equity	<u>(10,775)</u>

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

Earnings per ordinary share

	Group	
	1st Qtr 2019	1st Qtr 2018
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)	6.63	5.39
(ii) On a fully diluted basis (cents)	6.63	5.38

EBITDA

	Group	
	1st Qtr 2019	1st Qtr 2018
(i) EBITDA (\$'000)	51,897	44,714
(ii) EBITDA margin (%)	14.8	13.6

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.64	1.60	2.25	2.20

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$350.8m for 1Q19 increased by 6.9% or \$22.6m from \$328.2m for 1Q18 while Group operating costs of \$324.5m increased by 5.5% or \$16.9m from \$307.6m for 1Q18.

Group operating profit of \$26.3m for 1Q19 was 27.7% or \$5.7m higher than that of \$20.6m for 1Q18.

Net income from investments of \$86k for 1Q19 was 45.8% or \$27k higher than that of \$59k for 1Q18.

Finance costs of \$1.0m for 1Q19 were 5.5% or \$0.1m higher than that of \$0.9m for 1Q18. The increase was due to the adoption of SFRS(I) 16 amounting to \$0.6m, partially offset by lower finance costs of \$0.5m from lower borrowings.

Consequently, Group profit before taxation of \$25.4m for 1Q19 was 28.8% or \$5.7m higher than that of \$19.7m for 1Q18.

Taxation of \$4.7m for 1Q19 was higher than that of \$2.9m for 1Q18 by 60.4% or \$1.8m due mainly to higher profits for 1Q18 and write-back of overprovision for prior year's tax in 1Q18.

Group profit attributable to shareholders of the Company of \$20.7m for 1Q19 was 23.3% or \$3.9m higher than that of \$16.8m for 1Q18.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Public Transport Services of \$334.4m for 1Q19 was higher by 6.8% or \$21.1m compared to \$313.3m for 1Q18 due mainly to higher fees earned with higher operated mileage from bus services and higher ridership and average fare from rail services. For 1Q19, average daily ridership for the DTL grew by 10.4% to 476k passenger trips. Average daily ridership for North-East Line grew by 3.2% to 603k passenger trips and that for the Light Rail Transit by 10.4% to 141k passenger trips as compared to that of 1Q18. Operating profit for 1Q19 at \$15.0m increased by \$4.6m compared to \$10.4m for 1Q18 due mainly to higher revenue and lower premises costs, offset by higher staff costs, higher fuel and electricity costs, higher depreciation expense and higher other operating costs.

Revenue from Other Commercial Services of \$16.3m for 1Q19 was higher by 9.6% or \$1.4m compared to \$14.9m for 1Q18 due mainly to higher advertising revenue. Consequently, operating profit for 1Q19 at \$11.3m increased by 11.1% or \$1.1m compared to \$10.2m for 1Q18.

Statement of Financial Position

As at 31 March 2019, total equity for the Group increased by 2.6% or \$13.0m to \$511.4m as compared to 31 December 2018 due mainly to profits generated from operations and an increase in other reserves, partially offset by the prior years' adjustment arising from the adoption of SFRS(I) 16.

Group total assets increased by 4.9% or \$52.1m to \$1,114.9m due to an increase in non-current assets of \$57.7m, partially offset by a decrease in current assets of \$5.6m. The increase in non-current assets was due mainly to the recognition of ROU assets with the adoption of SFRS(I) 16, partially offset by depreciation of vehicles, premises and equipment for the period. The decrease in current assets was due mainly to the decrease in short-term deposits and bank balances, partially offset by the increase in trade and other receivables.

Group total liabilities increased by 6.9% or \$39.1m to \$603.5m due to an increase in non-current liabilities of \$78.0m, partially offset by the decrease in current liabilities of \$38.9m. The increase in non-current liabilities was due mainly to the recognition of lease liabilities with the adoption of SFRS(I) 16. The decrease in current liabilities was due mainly to a decrease in trade and other payables, partially offset by an increase in borrowings and the recognition of lease liabilities with the adoption of SFRS(I) 16.

Cash Flow

The net cash outflow of \$26.6m for 1Q19 was mainly from the repayment of borrowings, net cash used in operating activities, the purchase of vehicles, premises and equipment and the repayment of lease liabilities, partially offset by the new loans raised.

As at 31 March 2019, the Group had cash and bank balances of \$6.1m. After accounting for the borrowings of \$94.5m, the Group had a net debt position of \$88.4m and a net gearing ratio (excluding lease liabilities arising from adoption of SFRS(I) 16) of 17.3% which was higher than that of 8.5% as at 31 December 2018. The Group's gross gearing ratio (excluding lease liabilities arising from adoption of SFRS(I) 16) was 18.5% as at 31 March 2019 compared to 15.0% as at 31 December 2018.

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 grow.

Bus service revenue is expected to be higher with the full year contribution from the Seletar and Bukit Merah Bus Packages which commenced operations from March 2018 and November 2018 respectively.

Rail service revenue is expected to be higher with higher ridership as well as the fare adjustment of 4.3% effective from 29 December 2018. Notwithstanding this, the rail business will continue to face challenges from operating and maintenance costs. Repairs and maintenance costs are expected to rise with the NEL/SPLRT fleet in its mid-life cycle.

Revenue from Other Commercial Services is expected to be maintained.

With the full year operations for the Seletar and Bukit Merah Bus Packages, overall operating costs will increase. Staff costs are expected to be higher following salary adjustments and increments to retain and attract staff. Repairs and maintenance costs are expected to increase with the higher fleet size, higher maintenance requirements for the ageing bus fleet and the NEL/SPLRT fleet as well as investments in predictive maintenance capabilities to continuously enhance service reliability.

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

	Public Transport Services	Other Commercial Services	Total
	\$'000	\$'000	\$'000
<u>1st Quarter 2019</u>			
Revenue	334,435	16,327	350,762
<u>Results</u>			
Segment results	14,992	11,287	26,279
Net income from investments			86
Finance costs			(986)
Profit before taxation			<u>25,379</u>
Taxation			(4,714)
Profit after taxation			<u><u>20,665</u></u>
<u>1st Quarter 2018</u>			
Revenue	313,285	14,897	328,182
<u>Results</u>			
Segment results	10,415	10,159	20,574
Net income from investments			59
Finance costs			(935)
Profit before taxation			<u>19,698</u>
Taxation			(2,939)
Profit after taxation			<u><u>16,759</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 First Quarter 2019 financial results to be false or misleading in any material aspect.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Yang Ban Seng
Executive Deputy Chairman/Chief Executive Officer

BY ORDER OF THE BOARD

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

13 May 2019