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Date of Issue: 31 October 2014

Embargo Date/Time: 31 October 2014/5.05 pm

SMRT reports \$25.3 million Profit for 2Q FY2015

GROUP PERFORMANCE HIGHLIGHTS

Financial Highlights for Second Quarter FY2015 Ended 30 September 2014 ¹						
	2QFY15	2QFY14	% Chg	1HFY15	1HFY14	% Chg
Revenue (\$m)	314.0	296.3	6.0%	611.1	581.1	5.2%
Other Operating Income (\$m)	12.2	9.5	27.7%	25.0	19.1	30.8%
Total Operating Expenses (\$m)	292.9	285.8	2.5%	573.5	557.9	2.8%
Operating Profit (\$m)	33.3	20.0	66.5%	62.6	42.2	48.3%
PATMI (\$m)	25.3	14.4	75.5%	47.6	30.8	54.9%
EBITDA (\$m)	80.2	62.8	27.7%	154.4	124.9	23.6%
Basic EPS (cents)	1.7	0.9	75.4%	3.1	2.0	54.9%
				As at 30 Sep 14	As at 31 Mar 14	% Chg
NTA Per Share ² (cents)				53.8	51.8	3.9
Net Gearing (%)				68	60	8

Group Revenue increased 6.0% to \$314.0 million in 2Q FY2015 due to broad based revenue growth across most of the segments. Operating profit increased 66.5% to \$33.3 million in 2Q FY2015 on the back of higher operating profit in Fare Business of \$5.5 million and in Non-Fare business of \$27.2 million. PATMI increased 75.5% to \$25.3 million.

The Board has declared an interim dividend of 1.5 cents per ordinary share.

Operating expenses rose 2.5% to \$292.9 million due mainly to higher staff and depreciation costs, partially offset by lower energy expenditure. Staff costs rose 3.8% to \$123.0 million due to increased headcount and salary increments. Depreciation increased 9.1% to \$49.4 million with the capitalisation of a newer taxi as well as a larger train fleet. Energy costs fell 8.7% to \$40.0 million on lower average electricity tariff, partially offset by higher diesel cost and consumption.

Total assets rose 15.3% to \$2.4 billion from \$2.1 billion as at 31 March 2014 due to higher property, plant and equipment, with the addition of rail operating assets, trains, taxis and buses as well as higher trade and other receivables.

The Group ended the quarter with cash balance of \$170.7 million, lower by \$36.5 million compared to start of the quarter. It generated \$129.0 million of cash flows from operations, offset against \$153.4 million outflow in investing activities, and \$12.4 million in financing cash outflow due mainly to dividend payment. The Group's total borrowings stood at \$740.9 million, translating to a net gearing of 68%.

¹ All figures are quoted in Singapore dollars.
² Excludes intangible assets.

Business Performance³

Revenue and Operating Profit by Business For Second Quarter FY2015 Ended 30 September 2014						
	Revenue			Operating Profit		
S\$m	2QFY15	2QFY14	% Chg	2QFY15	2QFY14	% Chg
Train	165.2	160.5	3.0	7.6	1.0	648.8
LRT	2.5	2.7	(8.5)	(0.7)	(0.4)	(64.7)
Bus	60.7	55.2	10.0	(1.4)	(7.4)	80.6
Fare Subtotal	228.4	218.4	4.6	5.5	(6.8)	180.8
Taxi	35.1	32.4	8.3	3.4	2.1	62.9
Rental ⁴	30.1	24.2	24.4	19.0	18.6	2.5
Advertising ⁵	9.4	8.6	9.5	5.2	4.8	9.3
Engineering Services	3.7	6.6	(43.9)	(0.9)	0.9	(197.5)
Other Services	7.3	6.1	19.0	0.5	(0.3)	278.6
Non-Fare Subtotal	85.5	77.9	9.9	27.2	26.1	4.1
Investment Holding/ Group Elimination	-	-	n.m	0.7	0.7	(5.8)
Total	314.0	296.3	6.0	33.3	20.0	66.5

Fare Business

The Group's overall Fare business recorded an operating profit of \$5.5 million for 2Q FY2015, an improvement from an operating loss of \$6.8 million in the previous corresponding period. This was due mainly to better performance in both the Train and Bus operations. Operating profit from **Train** operations increased by \$6.6 million on the back of higher revenue and lower electricity costs, partially offset by higher depreciation. **LRT** losses, however, widened from \$0.4 million to \$0.7 million. **Bus** operations improved from an operating loss of \$7.4 million to a lower operating loss of \$1.4 million due mainly to higher revenue and productivity gains.

Non-Fare Business

Operating profit from the Non-Fare business increased by 4.1% due largely to improving profitability of Taxi, Rental and Advertising. **Taxi** profit increased 62.9% to \$3.4 million due to higher rental contribution and lower special tax on diesel vehicles arising from replacement of diesel taxis with hybrid taxis, and lower insurance expense resulting from better claim experience. **Rental** profit increased by 2.5% to \$19.0 million, due mainly to higher rental renewal rates of commercial spaces. **Advertising** profit increased by 9.3% to \$5.2 million, due mainly to increased advertising on trains, stations and taxis.

³ Details of the operating metrics are shown in the Annex on page 4.

⁴ Rental – the operating profit comprises EBIT attributed to Transit-oriented Rental business, and Other Property and Retail Management businesses.

⁵ Advertising – the operating profit comprises EBIT attributed to Transit-oriented Advertising business, and Other Media and Advertising businesses.

OUTLOOK AND PROSPECTS

The Fare business environment will continue to be challenging owing to heightened operational demands on service, reliability and capacity. The Group will strive to achieve further gains from its ongoing productivity improvement efforts and initiatives to help mitigate the impact of the increased cost pressures. The Group is continuing its discussions with the authorities on the transition to a new rail financing framework.

The recent tender called by the authorities on the first package of routes under the new bus contracting model will not have an impact on the results of the Group for the next 12 months.

The Group will continue to grow its Non-Fare business by building on its rail engineering capabilities, and exploring local out-of-network and international opportunities.

SMRT's President and Group Chief Executive Officer, Mr Desmond Kuek, said: *"We will continue our efforts to drive productivity improvement to help mitigate the impact of the increased cost pressures. With the recent incorporation of Singapore Rail Engineering in the Group, we are making a good start in building on our existing rail engineering capabilities for future growth."*

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Enclosures:

- 1) Unaudited Financial Statements for 2Q FY2015 ended 30 September 2014*
- 2) Presentation for Results Briefing: 2Q FY2015 Financial Results*

ANNEX**OPERATING METRICS**

	2QFY15	2QFY14	1QFY15	2Q15 vs 2Q14 (%)	2Q15 vs 1Q15(%)	1HFY15	1HFY14	1HFY15 vs 1HFY14 (%)
<u>Train</u>								
Total Ridership ('000)	187,008	182,192	178,088	2.6	5.0	365,096	356,978	2.3
Average Daily Ridership ('000)	2,033	1,980	1,957	2.6	3.9	1,995	1,951	2.3
Average No. of Passengers/Car Operated	64.6	65.5	63.7	(1.4)	1.4	64.3	65.4	(1.6)
Average Peak Period Passenger Load/Car (No. of passengers) ¹	203.4	217.9	206.6	(6.7)	(1.5)	204.9	216.9	(5.5)
Average Fare (cents)	88.4	88.1	88.7	0.3	(0.3)	88.5	88.0	0.6
<u>LRT</u>								
Total Ridership ('000)	4,667	5,005	4,554	(6.7)	2.5	9,221	9,849	(6.4)
Average Daily Ridership ('000)	50.7	54.4	50.0	(6.7)	1.4	50.4	53.8	(6.4)
Average No. of Passengers/Train Operated	26.1	27.9	25.9	(6.5)	0.6	25.4	27.5	(7.6)
Average Fare (cents)	53.3	54.4	53.9	(1.9)	(1.0)	53.7	54.3	(1.1)
<u>Bus</u>								
Total Ridership ('000)	94,637	89,131	89,232	6.2	6.1	183,869	174,699	5.2
Average Daily Ridership ('000)	1,029.0	969.0	980.6	6.2	4.9	1,004.6	953.1	5.4
Load Factor ² (%)	24.4	27.1	26.0	(2.7)	(1.6)	25.0	26.0	(1.0)
Average Fare (cents)	63.6	61.4	64.5	3.7	(1.4)	64.1	61.8	3.7
<u>Taxi</u>								
Average Holding Fleet	3,366	3,228	3,228	4.3	4.3	3,297	3,260	1.1
<u>Rental</u> ³								
Average Lettable Space (sqm)	37,423	36,656	36,961	2.1	1.2	37,192	36,685	1.4
No. of Shops/Units (as of end-period)	794	776	785	2.3	1.1	794	776	2.3
Average Occupancy Rate (%)	98.6	98.8	98.9	(0.2)	(0.3)	98.7	98.8	(0.1)

¹ An average of estimated maximum half-hour pax load per car during peak hours for selected stations along North-South East-West Line and Circle Line.

² As different vehicle types have different capacities, the average occupancy rate of buses is expressed as load factor.

³ Figures relate to spaces at MRT stations only.