

1Q FY17 FINANCIAL RESULTS

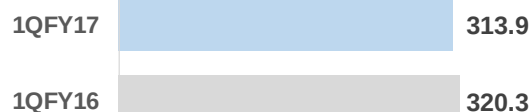
8 August 2016

FINANCIAL OVERVIEW – 1Q FY2017

Revenue (\$'m)

313.9

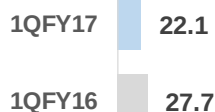
-\$6.5m
-2.0%



EBIT (\$'m)

22.1

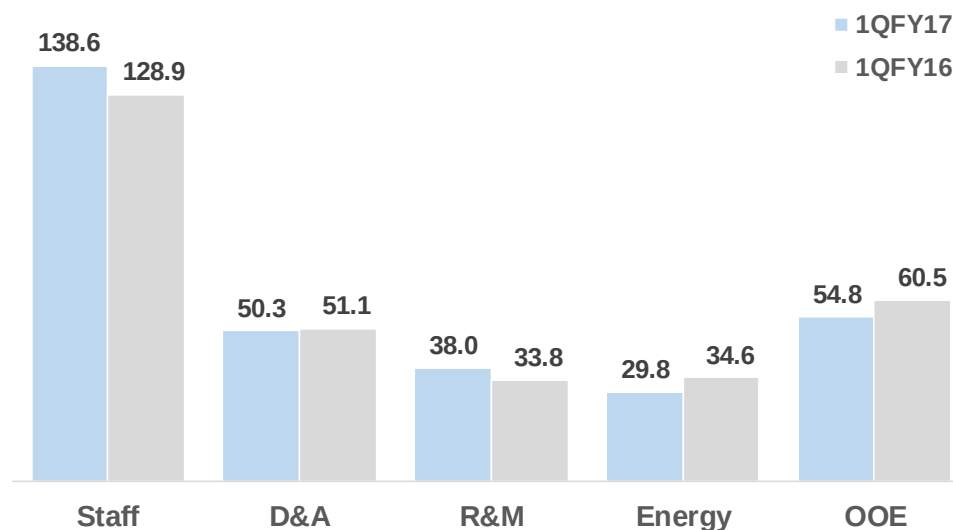
-\$5.6m
-20.3%



OPEX (\$'m)

311.5

+\$2.5m
0.8%



PATMI (\$'m)

15.5

-\$4.6m
-22.9%

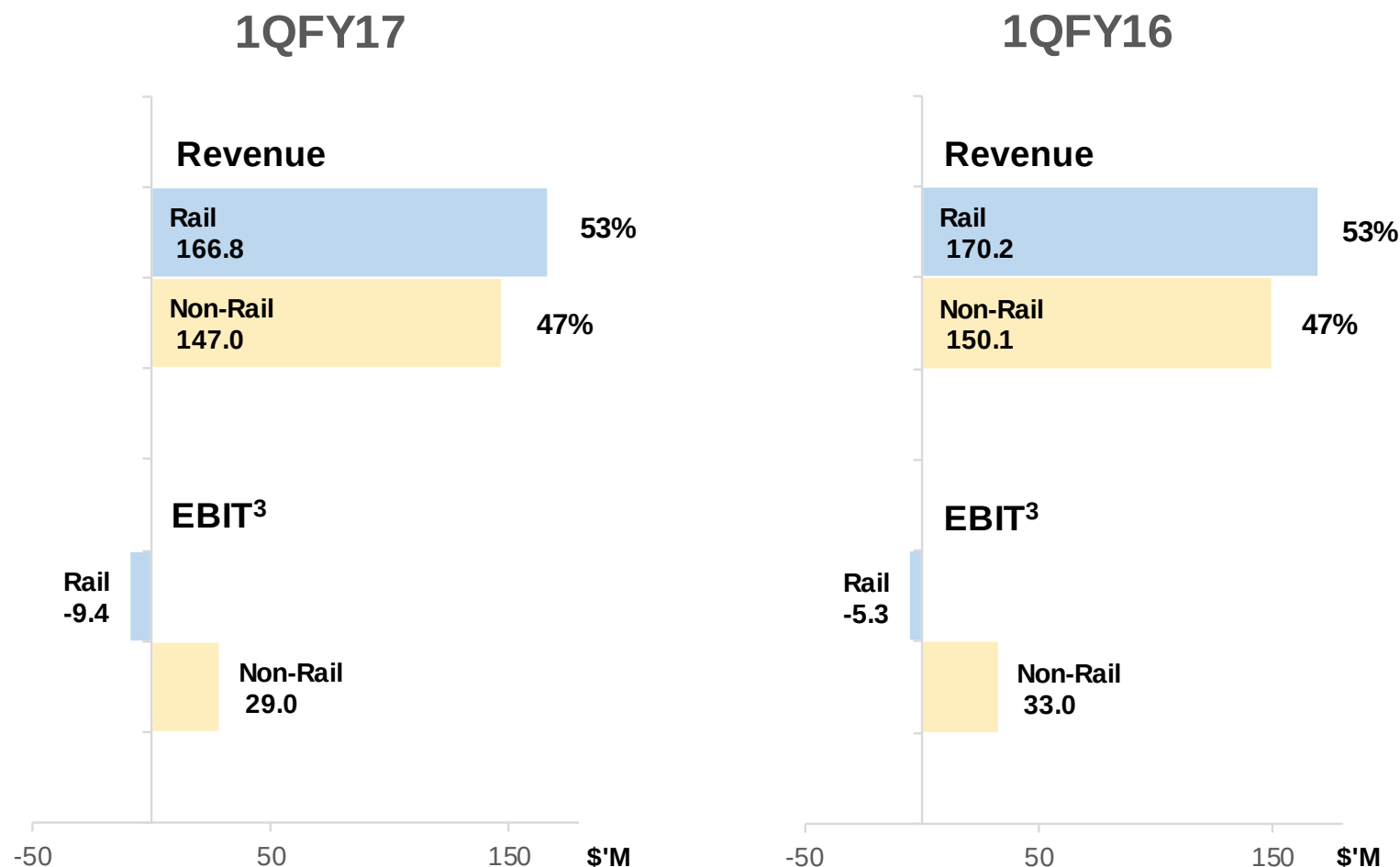
Balance Sheet (\$'M)	Jun 16	Mar 16	Var
Assets	2,618.3	2,720.0	-\$101.7m
Liabilities	1,689.5	1,805.8	-\$116.3m
Equity	928.8	914.2	+\$14.6m
Cash	135.2	232.2	-\$97.0m
Free Cash Flow for the period	(38.1)	(40.6)	+\$2.5m

Key Indicators	1QFY17	1QFY16	Var
EBIT margin (%)	7.0	8.6	-1.6
PAT margin (%)	4.9	6.3	-1.4
ROE (%)	6.7	9.3	-2.6
EPS (cents)	1.02	1.32	-0.30
	Jun 16	Mar 16	Var
NTA/share (cents)	60.2	59.2	+1.0
Net gearing	0.67	0.64	+0.03

Financial Highlights

(\$'M)	1QFY17	1QFY16		Variance	
				\$'M	%
Revenue	313.9	320.3	↓	(6.5)	(2.0)
Operating expenses	(311.5)	(308.9)	↑	(2.5)	(0.8)
Operating profit (EBIT)	22.1	27.7	↓	(5.6)	(20.3)
PATMI	15.5	20.1	↓	(4.6)	(22.9)
EBITDA	72.3	78.8	↓	(6.4)	(8.2)
Basic EPS (cents)	1.02	1.32	↓	(0.3)	(22.9)

Rail¹ vs Non-Rail²

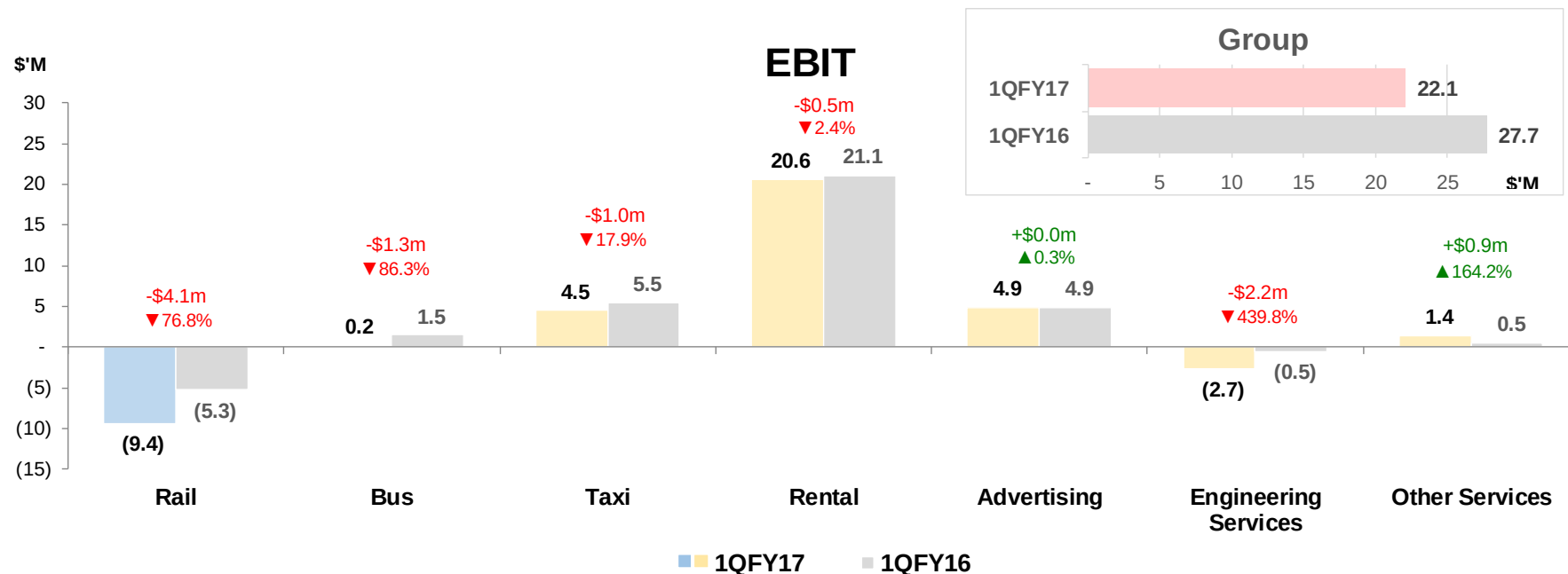
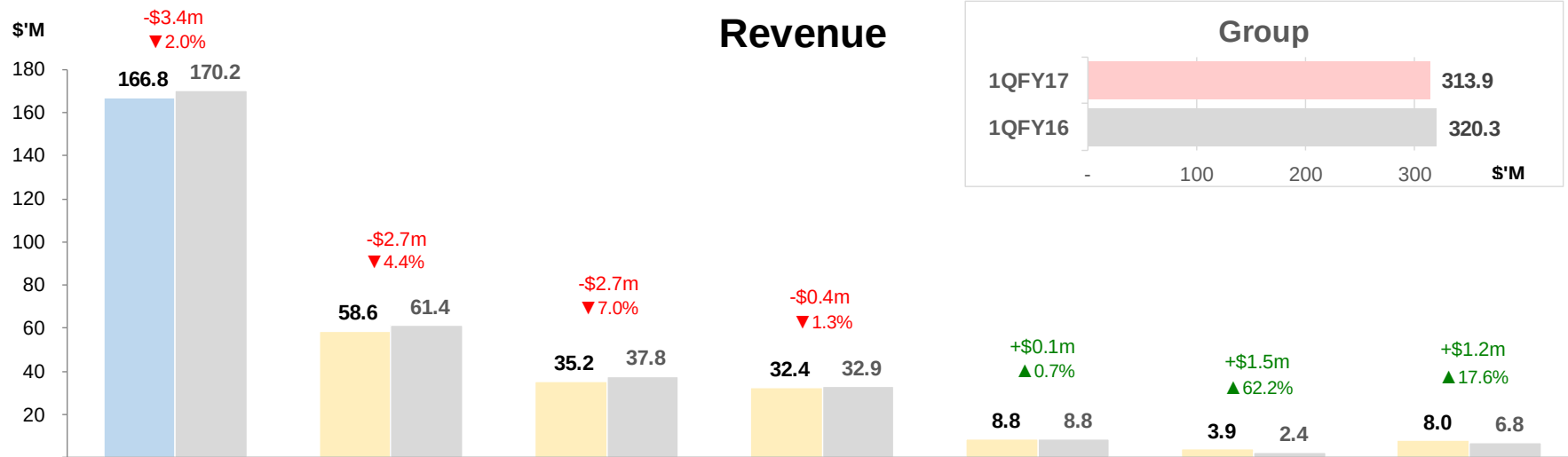


¹ Rail includes Trains and LRT.

² Non-Rail includes Bus, Taxi, Rental, Advertising, Engineering Services and Other Services.

³ Figures exclude Investment holding & support services, and elimination.

Segment Results (YoY)



Group Results

(\$'M)	1QFY17	1QFY16		Variance	
				\$'M	%
Revenue	313.9	320.3		(6.5)	(2.0)
Other operating income	19.7	16.3		3.4	20.8
	333.5	336.6		(3.1)	(0.9)
Staff costs	(138.6)	(128.9)		(9.6)	(7.5)
Depreciation net Amortisation	(50.3)	(51.1)		0.8	1.6
Repairs & maintenance	(38.0)	(33.8)		(4.2)	(12.4)
Energy costs	(29.8)	(34.6)		4.7	13.7
Other operating expenses	(54.8)	(60.5)		5.7	9.4
Total OPEX	(311.5)	(308.9)		(2.5)	(0.8)
EBIT	22.1	27.7		(5.6)	(20.3)
PATMI	15.5	20.1		(4.6)	(22.9)

Rail (Fare) Results

(\$'M)	1QFY17	1QFY16		Variance	
				\$'M	%
Revenue	166.8	170.2		(3.4)	(2.0)
Other operating income	3.1	2.8		0.3	12.3
	169.9	173.0		(3.0)	(1.8)
Staff costs	(75.6)	(68.8)		(6.8)	(9.9)
Depreciation net Amortisation	(25.7)	(26.7)		1.0	3.6
Repairs & maintenance	(24.6)	(21.7)		(2.9)	(13.3)
Energy costs	(23.1)	(26.1)		3.0	11.4
Other operating expenses	(30.3)	(35.0)		4.7	13.5
Total OPEX	(179.3)	(178.3)		(1.0)	(0.6)
EBIT	(9.4)	(5.3)		(4.1)	(76.8)

Rail Composite (Fare and Non-Fare) Results

(\$'M)	1QFY17	1QFY16		Variance	
				\$'M	%
Revenue	199.1	202.4		(3.3)	(1.6)
Other operating income	3.1	2.9		0.2	8.1
	202.2	205.3		(3.1)	(1.5)
Staff costs	(76.3)	(70.4)		(5.9)	(8.4)
Depreciation net Amortisation	(29.4)	(30.5)		1.1	3.7
Repairs & maintenance	(24.6)	(21.7)		(2.9)	(13.3)
Energy costs	(23.1)	(26.1)		3.0	11.4
Other operating expenses	(36.8)	(42.0)		5.2	12.4
Total OPEX	(190.2)	(190.7)		0.5	0.3
EBIT	12.1	14.6		(2.5)	(17.4)
<i>EBIT margin</i>	<i>6.1%</i>	<i>7.2%</i>			<i>-1.2%</i>

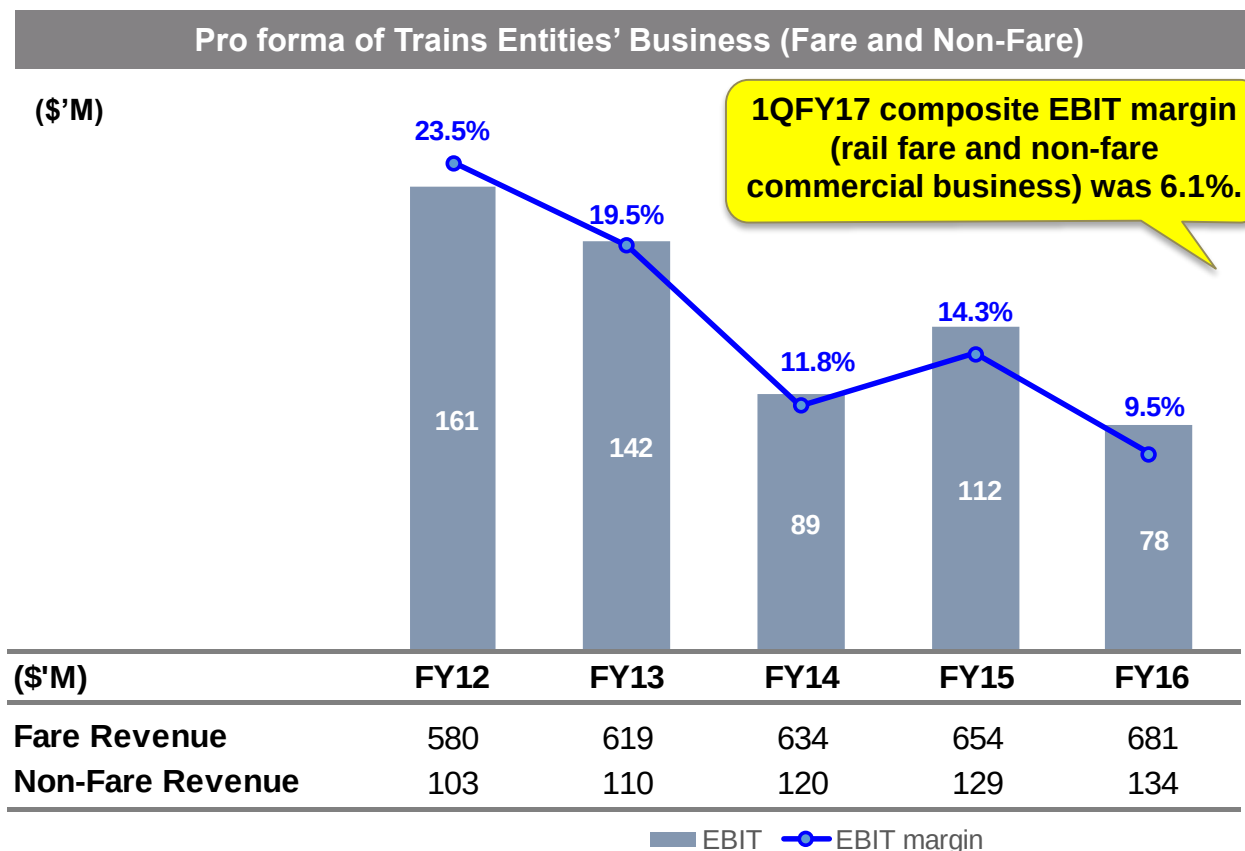
Declining Rail Profitability under CRFF

SMRT rail-related profitability has declined since FY12.

Heavy capital expenditure

Enhanced operating standards

Stagnating Fare Revenue

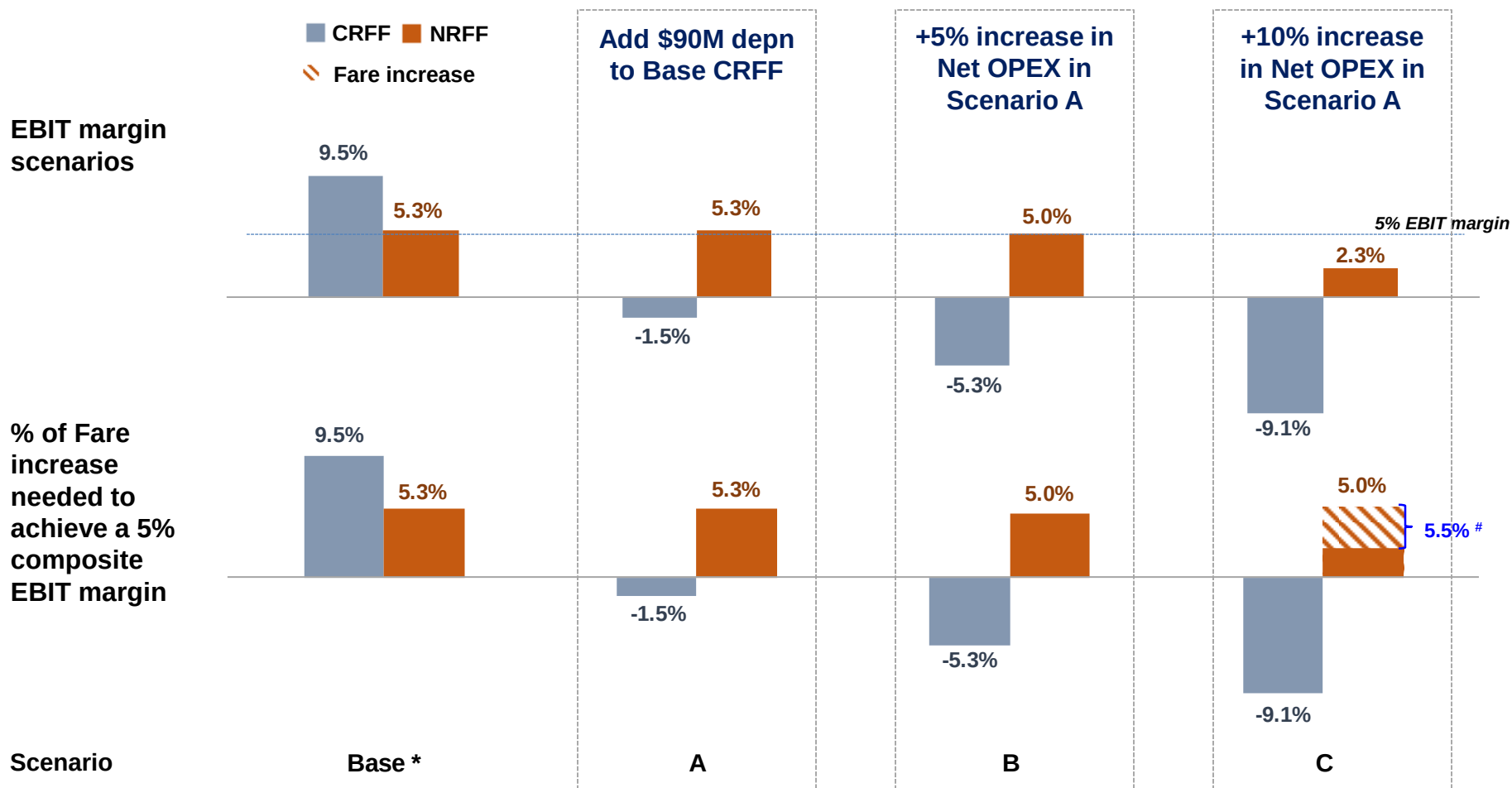


The trend of declining profitability is expected to persist under the CRFF as the additional capital expenditure and increased depreciation would exert additional pressure on the future cash flows and profits of the SMRT Trains entities.

Note: Net property tax refund relating to prior years' over-assessment have been excluded in FY16 and attributed back to respective years.

FY16: CRFF vs NRFF

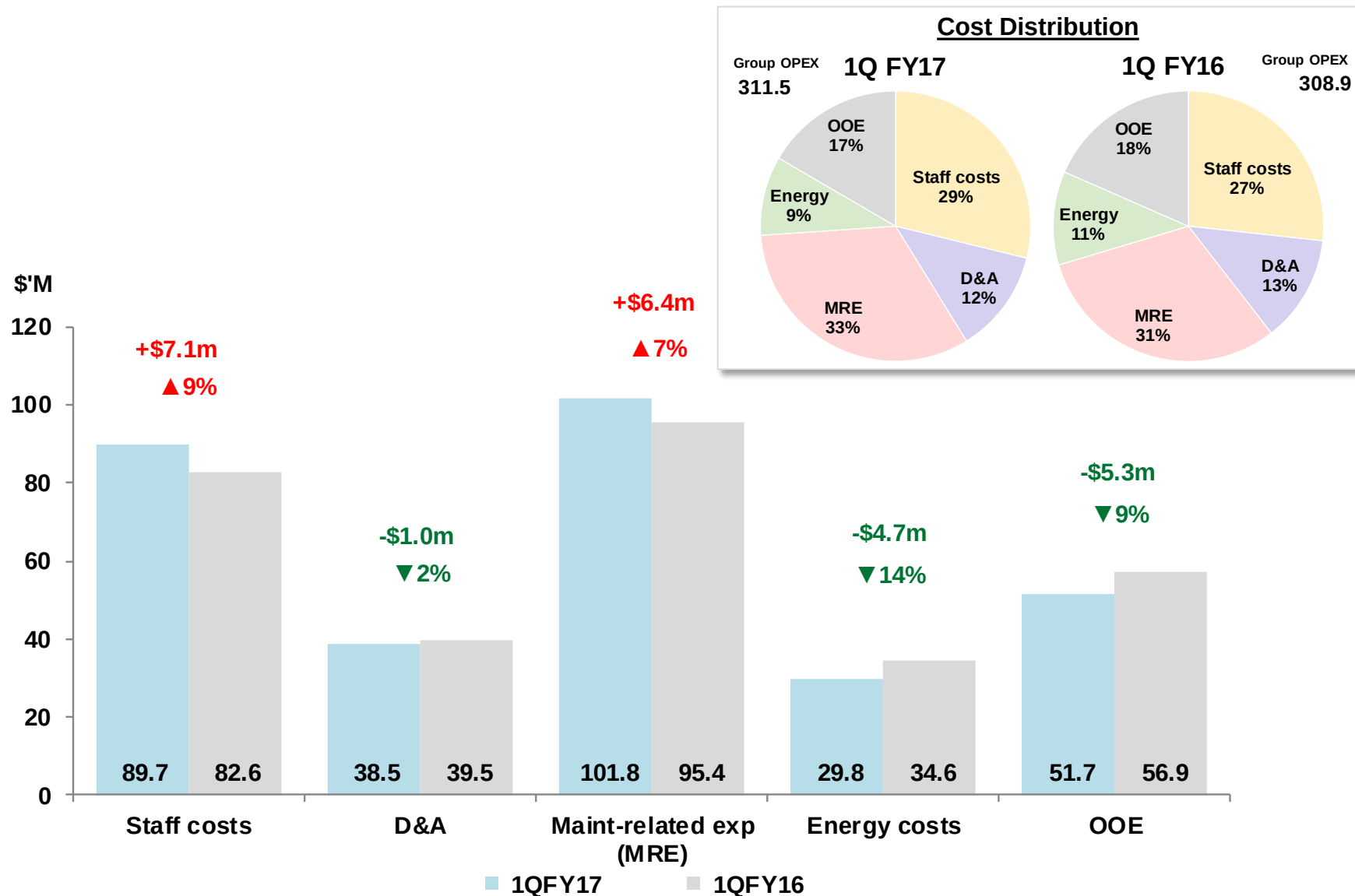
Trains Entities Business (Fare and Non-Fare) EBIT



* Net property tax refund relating to prior years' over-assessment have been excluded.

Additional fare increase required

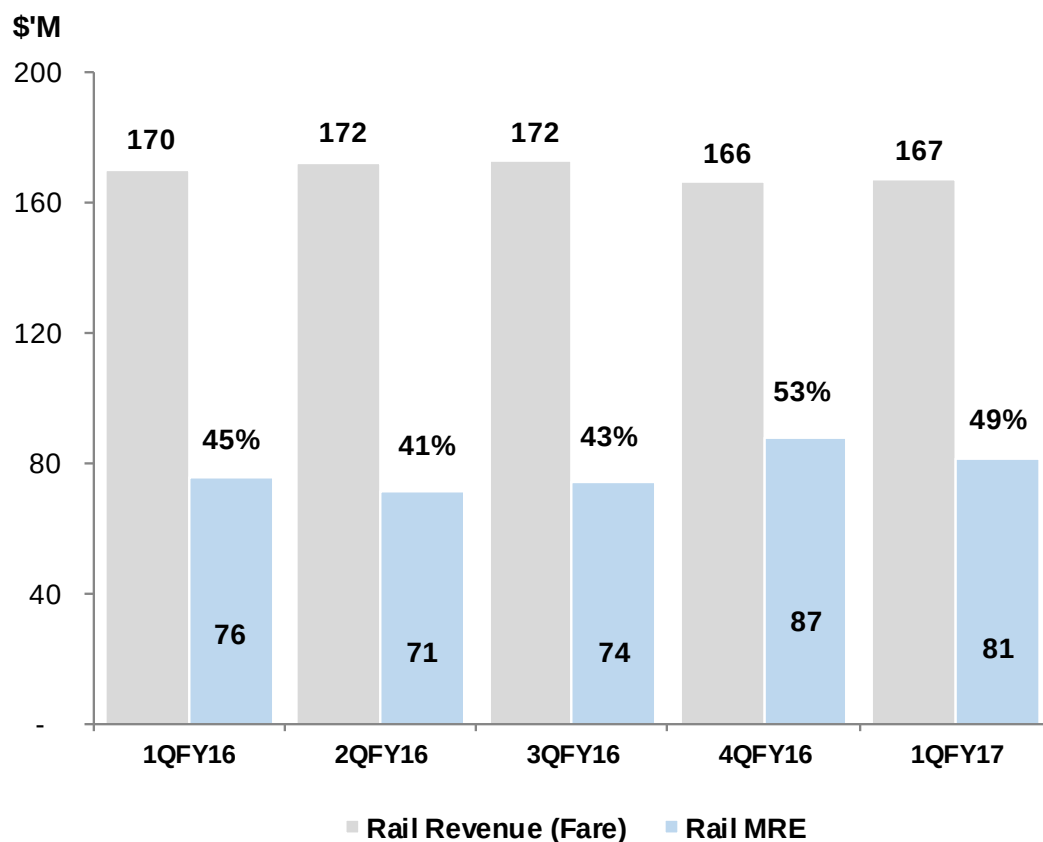
Re-categorised Operating Expenses



Rail MRE

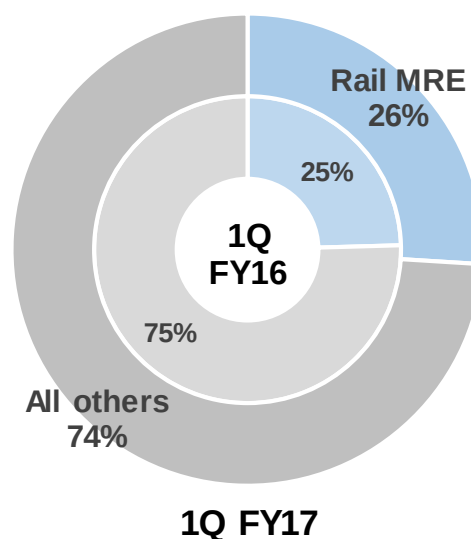
(\$'M)	1Q FY17	1Q FY16
Rail Revenue (Fare)	167	170
Rail MRE	81	76
MRE as % of Fare Rev	49%	45%

Rail MRE vs Rail Revenue (Fare)



Rail MRE vs Group OPEX

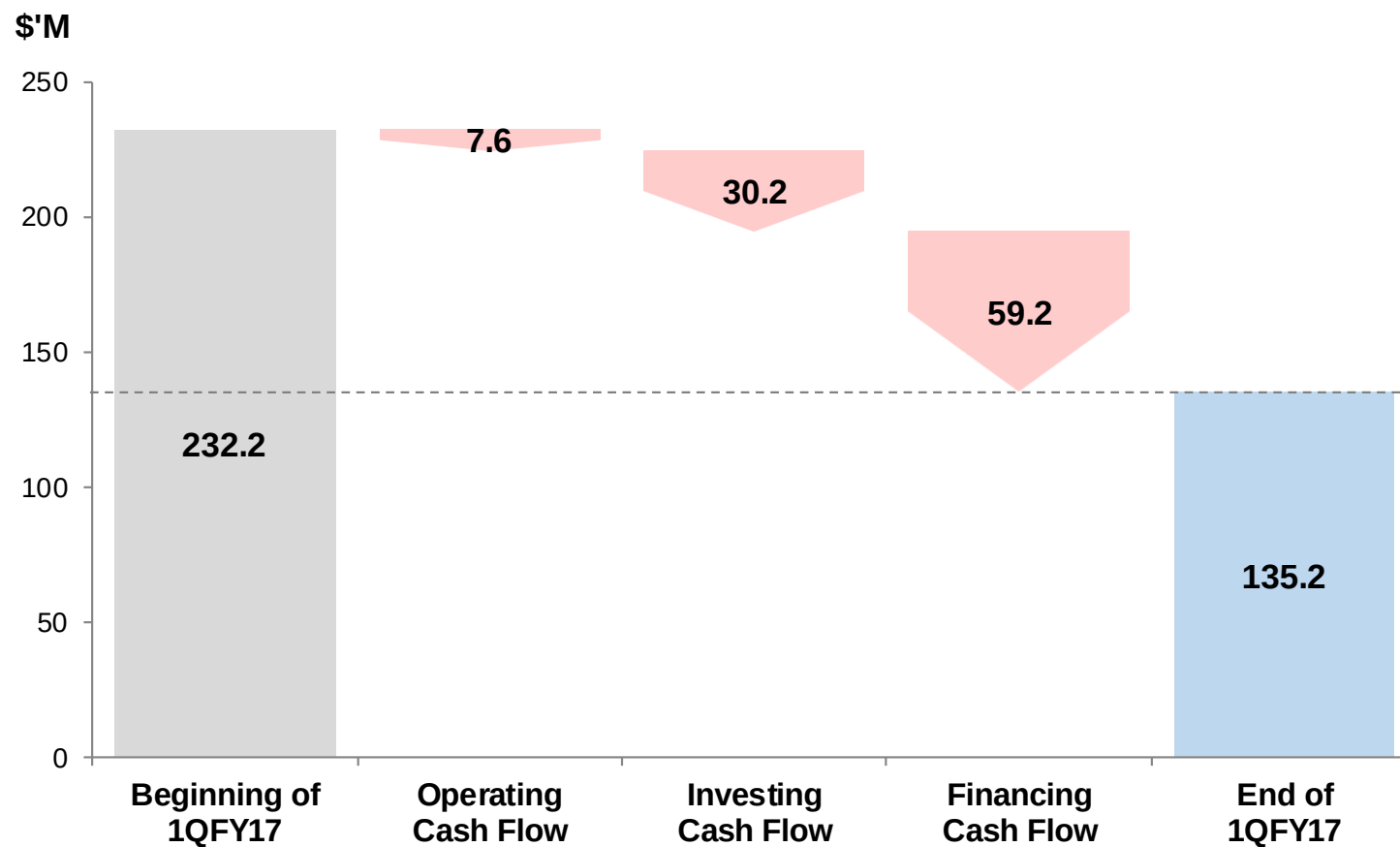
<u>Total Group OPEX</u>	<u>\$'M</u>
1QFY17	311
1QFY16	309



Balance Sheet Highlights

(\$'M)	30-Jun-16	31-Mar-16	Variance
Total Assets	2,618.3	2,720.0	(101.7)
<i>Cash and cash equivalents</i>	135.2	232.2	(97.0)
<i>Inventories</i>	80.0	80.1	(0.1)
<i>Interests in associates and joint ventures</i>	47.5	52.0	(4.6)
<i>Property, plant and equipment</i>	2,108.4	2,130.7	(22.3)
<i>Trade and other receivables</i>	215.0	192.2	22.8
Total Liabilities	1,689.5	1,805.8	(116.3)
<i>Trade & other payables</i>	614.5	667.8	(53.3)
<i>Total borrowings</i>	755.5	821.2	(65.6)
Total Equity	928.8	914.2	14.6
Net gearing (%)	67	64	3
NTA per share (cents)	60.19	59.21	0.97

Cash Flow Highlights



Outlook

- ❑ SMRT Corporation Ltd (“SMRT”) announced on 15 July 2016 that subject to the satisfaction or waiver of conditions precedent including SMRT shareholders’ approval for the proposed asset sale, SMRT Trains will transit to the new rail financing framework (“NRFF”) on 1 October 2016. Under the NRFF, SMRT Trains will operate under an asset-light model, focusing on providing quality service to commuters and maintaining the trains to ensure smooth operation. During the 15-year licence period, SMRT Trains will pay a licence charge to LTA for the right to use the operating assets and operate the North-South, East-West and Circle Lines and Bukit Panjang Light Rail Transit. The licence charge has been structured by LTA to enable SMRT Trains to achieve a composite (fare and non-fare) Earnings before Interest and Tax (“EBIT”) margin of about 5%. While the NRFF will provide a measure of risk mitigation and earnings stability that SMRT Trains presently does not have under the Current Rail Financing Framework (“CRFF”), there is no certainty that SMRT Trains will earn an EBIT margin of 5% as the risks relating to fare adjustments, operating expenditure increases, timing of asset renewal and regulatory changes, all of which may impact SMRT Trains’ profitability remain significant. SMRT has dispatched a circular to shareholders on 1 August 2016 and will hold an Extraordinary General Meeting on 29 September 2016 to seek shareholders’ approval for the proposed asset sale as part of the transition to the NRFF.

- ❑ Subsequently, SMRT, together with Belford Investments Pte. Ltd. (“Belford”), a wholly-owned subsidiary of Temasek Holdings (Private) Limited (“Temasek”), jointly announced on 20 July 2016, the proposed acquisition by Belford of all the issued ordinary shares in SMRT (other than those already held by Temasek) by way of a scheme of arrangement (the “Scheme”) in accordance with the Company’s Act (Chapter 50 of Singapore) and the Singapore Code on Take-overs and Mergers. The proposed privatisation will better enable Temasek to closely support the Group as it retools and reinforces its core skillsets in operations, engineering and maintenance, and allow minority shareholders to monetise their holdings through this Scheme and avoid the uncertainties of the transition. A Scheme document will be sent to shareholders in due course. Subject to regulatory and court approvals, SMRT expects to convene a Scheme meeting by September/October 2016.

Outlook

- ❑ The Group remains committed to deliver higher service quality to meet the needs of our commuters and to deliver higher rail reliability in accordance with the Maintenance Performance Standards set out by LTA. The Group is expected to incur higher operating expenses, particularly in staff costs, to meet the network's higher capacity needs and reliability requirements as well as additional headcount required for the commencement of the Tuas West Extension in FY2017.
- ❑ SMRT Buses will transit to the new Government Contracting Model from 1 September 2016. The Group is finalising the contracting terms with the authorities. The new model is fee-based, and has safeguards against inflation, wage and energy cost increases. SMRT Buses will also participate in the competitive bid for the next tender package in Seletar.
- ❑ The Group will continue to explore growth anchored on our core strengths in public transport operations and adjacent capabilities to develop our rail engineering expertise, expand our road and rail transport operational footprint, and extend our commercial out-of-network reach.



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