

INDUSTRIALS EQUITY RESEARCH

SBS TRANSIT LTD

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Country: Singapore

Industry: Industrials

20 March 2026

RECOMMENDATION: BUYCurrent price: **S\$3.90**Target price: **S\$4.67**Issued shares: **312.6 million (31 December 2025)**Market capitalisation: **S\$1,190.9 million**52-week range: **S\$2.70 – S\$3.93**

PRICE PERFORMANCE



COMPANY DESCRIPTION

SBS Transit Ltd ("SBS") is Singapore's largest public bus operator and one of the two major rail operators in the country.

As of 2024, SBS operated approximately 200 bus routes with a fleet of over 3,300 buses and operated 81 train stations with a fleet of 200 trains. The company employed around 9,600 staff. In terms of rail operations, SBS operates the Downtown Line, North-East Line, and the Sengkang and Punggol LRT systems. It is also set to operate the upcoming Jurong Region Line via a joint venture with RATP Dev, with operations expected to commence in 2027. SBS is a listed subsidiary of ComfortDelGro Corporation.

SUMMARY

For FY2025 ended 31 December 2025, SBS's revenue fell by 2.7% to S\$1,517.4 million in FY2025 from S\$1,559.7 million in FY2024. The fall in revenue was mainly driven by the loss of the Jurong West bus package from September 2024. Profit after tax fell by 13.0% to S\$61.2 million in FY2025 from S\$70.3 million in FY2024. Diluted Earnings Per Share ("EPS") fell by 13.1% to 19.53 cents in FY2025 from 22.48 cents in FY2024. In FY2025, SBS declared a Dividend Per Share ("DPS") of 49.60 cents.

RECOMMENDATION

SBS's bus revenue declined in FY2025 following the loss of the Jurong West bus package, and it is projected to fall further in FY2026 when the Tampines bus package ends in the first half of the year. At the same time, MRT ridership is expected to continue rising as new stations come online and Singapore progresses toward the Land Transport Authority's long-term goal of having 8 in 10 households within a 10-minute walk of a train station by the 2030s. The resulting increase in rail revenue should help offset the anticipated decline in bus revenue. In addition, revenue from Other Commercial Services is expected to grow with a sustained shift toward digital campaigns.

Based on the historical average P/E multiple of 14.02x and Trailing Twelve Months ("TTM") diluted EPS of 19.53 cents, we estimate a target price of S\$2.74. Based on the historical average P/B multiple of 1.37x and Net Asset Value ("NAV") per share of S\$2.18, we estimate a target price of S\$2.98. Based on the historical average yield of 6.06% and current dividend yield of 12.78%, we estimate a target price of S\$8.19. By averaging the estimated target prices, we derive an overall target price of S\$4.64. The overall target price of S\$4.64 represents an upside potential of 18.9% from the current share price of S\$3.90.

Based on the peer average P/E multiple of 16.77x and TTM diluted EPS of 19.53 cents, we estimate a target price of S\$3.28. Based on the peer average P/B multiple of 0.95x and NAV per share of S\$2.18, we estimate a target price of S\$2.08. Based on the peer average yield of 5.74% and current dividend yield of 12.72%, we estimate a target price of S\$8.64. By averaging the estimated target prices, we derive an overall target price of S\$4.67.

The overall target price of S\$4.67 represents an upside potential of 19.6% from the current share price of S\$3.90. We adopt this as our final target price. Upside potential is further supported by catalysts such as securing the Serangoon-Eunos bus package, securing the Cross Island Line contract, and stronger-than-expected MRT ridership growth. Thus, the upside potential warrants a buy recommendation. However, downside risks include a prolonged MRT disruption, an extended Middle East conflict and an economic slowdown.

KEY FINANCIALS	Revenue	Earnings ⁽¹⁾	EPS ⁽²⁾	P/E	DPS	Dividend Yield	NAV per share	P/B
Year ended 31 December	(S\$ million)	(S\$ million)	(cents)	(x)	(cents)	(%)	(S\$)	(x)
2024 Actual	1,559.7	70.3	22.5	10.72	28.7	11.90%	2.3	1.05
2025 Actual	1,517.4	61.2	19.5	17.61	49.6	14.42%	2.2	1.58
2026 Projection	1,508.4	62.0	19.8	19.70	9.9	2.54%	-	-
2027 Projection	1,436.9	62.3	19.9	19.63	9.9	2.55%	-	-

Figures have been rounded. FY2026 & FY2027 P/E, P/B and dividend yield are based on the current share price of S\$3.90. FY2024 & FY2025 PE, PB and dividend yield are based on the share price after the release of their financial results (FY2024: S\$2.41, FY2025: S\$3.44).

⁽¹⁾ Profit after tax attributable to owners of the Company.

⁽²⁾ Earnings Per Share (diluted).

Source: SBS, FPA

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INDUSTRY OUTLOOK

(I) UPCOMING TRAIN STATIONS & LINES

On 4 March 2026, the Land Transport Authority (“LTA”) announced that it will complete the final stages of works and open new stations on the Circle Line (“CCL”), Downtown Line (“DTL”) and Thomson-East Coast Line (“TEL”) within this year.

The upcoming stations are summarised in **Exhibit 1**.

Exhibit 1: Upcoming Stations in 2026

MRT Line	Upcoming stations in 2026	Operator
Circle Line	Keppel Cantonment Prince Edward Road	SMRT
Thomson-East Coast Line	Bedok South Sungei Bedok	SMRT
Downtown Line	Xilin Sungei Bedok	SBS

Source: LTA, FPA

The new stations are intended to bring Singapore closer to its Land Transport Master Plan 2040 target of having 8 in 10 households within a 10-minute walk of a train station by the 2030s.

Meanwhile, the Jurong Region Line (“JRL”), which will be operated by SBS Transit Ltd (“SBS”) in partnership with French operator RATP Dev has experienced delays. Stage 1 of the line is now expected to open around mid-2028, pushed back from the original end-2027 timeline.

In contrast, Phase 1 of the Cross Island Line (“CRL”) remains on track to open in 2030, although LTA has yet to appoint an operator for the line.

(II) RIDERSHIP GROWTH

On 30 January 2026, Straits Times reported that ridership on the MRT and public buses continued to rise in 2025, though bus use remained below pre-pandemic levels, according to the LTA.

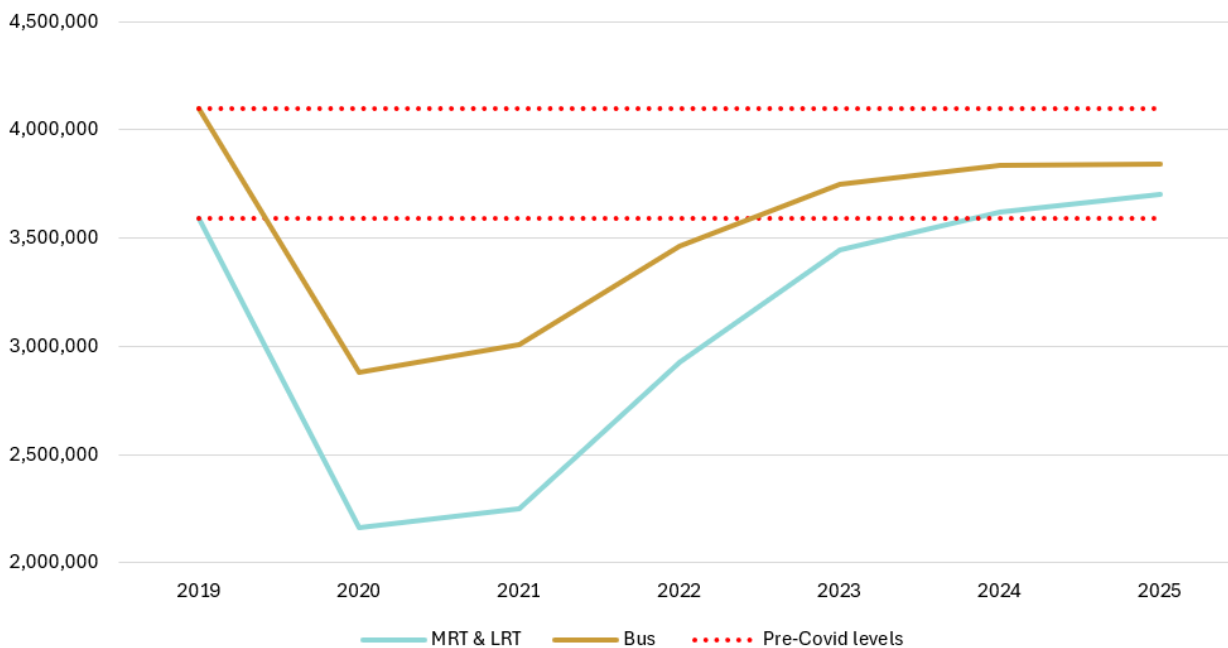
MRT ridership rose 2.29% to 3.49 million daily trips in 2025, up from 3.41 million in 2024, which is an increase of about 78,000 trips as shown in **Exhibit 2**. Bus ridership also rose to 3.841 million trips a day in 2025 from 3.837 million in 2024, although this remains below the pre-pandemic average of 4.1 million daily trips recorded in 2019.

According to Associate Professor Raymond Ong from the National University of Singapore, the modest rise in bus usage is largely due to continued remote-work arrangements, and he noted that overall bus use still surpasses MRT ridership. He added that MRT ridership may have increased slightly following the 2024 opening of the fourth stage of the TEL, although the effect was limited.

Dr Samuel Chng from the Singapore University of Technology and Design observed that buses now serve more for coverage and first- and last-mile connectivity rather than moving the highest possible passenger volumes. He added that MRT ridership should continue to grow as the network expands.

Associate Professor Walter Theseira from the Singapore University of Social Sciences noted that public transport use is likely to remain structurally lower due to lasting changes in work and lifestyle patterns, including widespread flexible work arrangements and greater reliance on delivery services.

Exhibit 2: Average Daily Ridership for Public Transport Services (2019 – 2025)



Source: LTA, FPA

Therefore, as MRT connectivity expands, we expect bus ridership to plateau, as more commuters shift to rail services and rely less on buses for their daily travel patterns. This aligns with LTA's goal of having 8 in 10 households within a 10-minute walk of a train station by the 2030s. In contrast, MRT ridership is likely to continue rising as new stations and line extensions come online.

(III) MANPOWER COSTS

On 4 March 2026, Acting Transport Minister Jeffrey Siow told Parliament that there were “just not enough” Singaporeans interested in becoming bus drivers, and he expressed support for raising the starting salary, currently about S\$3,600 including overtime, to attract more recruits.

Since October 2024, SBS Transit has been offering a S\$20,000 sign-on bonus for Singaporeans and permanent residents who join as bus drivers, and it has seen an 8% increase in local hires in 2025 compared with 2024. Other operators, including Go-Ahead Singapore (“GAS”) and SMRT Buses, have introduced similar S\$20,000 bonuses to draw more applicants.

With multiple operators competing for a limited pool of local candidates and offering increasingly attractive incentives, manpower costs are expected to rise in the coming years as recruitment efforts intensify.

(IV) FUEL & ELECTRICITY PRICES

The U.S.–Israel strikes on Iran on 28 February 2026 have intensified Middle East tensions, leading to a sharp rise in global oil prices. Brent crude oil has surged by 46.7%, climbing to US\$103.3 on 17 March 2026 from US\$70.4 per barrel on 27 February 2026 as shown in **Exhibit 3**.

The U.S. Energy Information Administration (“EIA”) forecasts that Brent crude oil prices will remain above US\$95 per barrel over the next two months, before declining to below US\$80 per barrel in Q3 2026 and approximately US\$70 per barrel by year-end. The EIA also expects prices to average around US\$64 per barrel in 2027.

This spike in oil prices is expected to create knock-on effects for Singapore’s economy. Higher energy costs typically filter through transport and logistics first, before spreading to sectors such as food, retail, and construction as production and distribution costs rise. Petrol prices have already begun to increase.

According to Oxford Economics, Singapore has buffering measures such as quarterly electricity tariff adjustments and the Monetary Authority of Singapore’s (“MAS”) exchange-rate policy that help smooth out volatile global energy prices, although these tools can only mitigate rather than fully absorb external shocks.

OCBC noted that if crude oil prices remain around US\$92 per barrel for the rest of the year, Singapore’s headline CPI could rise from 1.3% to 1.8%. With geopolitical risks still unfolding, upward pressure on both fuel and electricity prices appears likely in the near term.

Exhibit 3: Brent Crude Oil Prices (February 2026 – March 2026)



Source: Trading Economics

RECENT SHARE PRICE DEVELOPMENTS

Over the past year, SBS's share price rose by 42.9% to S\$3.90 on 20 March 2026 from S\$2.73 on 20 March 2025 as shown in Exhibit 4.

Exhibit 4: Share Price Performance (Last 12 Months)



Source: Investing.com, FPA

On 2 April 2025, US President Trump announced universal & “reciprocal tariffs” on US trading partners. Share price fell by 3.8% to S\$2.82 on 9 April 2025 from S\$2.93 on 2 April 2025.

On 8 May 2025, Cheng Siak Kian, Deputy Chairman of SBS, and Jeffrey Sim Vee Ming, Group CEO, acquired 27,500 and 38,750 ordinary shares respectively. These shares were awarded under the SBS Executive Share Scheme. Following the transaction, Cheng Siak Kian holds a total of 62,500 shares, representing a 0.02% stake in the company, while Jeffrey Sim Vee Ming holds 63,750 shares, also amounting to a 0.02% stake. Share price rose by 0.7% to S\$2.72 on 15 May 2025 from S\$2.70 on 8 May 2025.

On 9 May 2025, SBS released its Q1 FY2025 business update. Revenue fell by 4.7% to S\$373.8 million in Q1 FY2025 from S\$392.1 million in Q1 FY2024. Net profit fell by 6.2% to S\$15.9 million in Q1 FY2025 from S\$17.0 million in Q1 FY2024. Share price fell by 0.7% to S\$2.71 on 16 May 2025 from S\$2.73 on 9 May 2025.

On 21 July 2025, MAS announced the appointment of the first batch of asset managers under the S\$5 billion Equity Market Development Programme (“EQDP”). MAS plans to place an initial amount of S\$1.1 billion for management with these managers to improve the liquidity in the bourse. Since the announcement, the share price has risen by 7.5% to S\$3.15 on 28 July 2025 from S\$2.93 on 21 July 2025.

On 11 August 2025, SBS released its H1 FY2025 results. Revenue fell by 4.5% to S\$745.9 million in H1 FY2025 from S\$781.4 million in H1 FY2024. Net profit fell by 7.7% to S\$31.1 million in H1 FY2025 from S\$33.7 million in H1 FY2024. SBS proposed an interim dividend of 8.95 cents. Share price fell by 1.3% to S\$3.17 on 18 August 2025 from S\$3.21 on 11 August 2025.

On 19 September 2025, LTA announced that the Tampines bus package will be awarded to GAS. SBS, the incumbent operator for Tampines, will hand over operations to GAS on 5 July 2026. Although SBS submitted a lower bid than GAS, the contract was awarded to GAS based on its highest overall score. GAS's proposal included initiatives aimed at enhancing the industry's capabilities for large-scale electric bus deployment. Share price fell by 3.3% to S\$3.22 on 26 September 2025 from S\$3.33 on 19 September 2025.

On 14 October 2025, the Public Transport Council ("PTC") announced that it would raise overall public fares by 5.0% after conducting its annual Fare Review Exercise. This fare hike would increase SBS's annual revenue by S\$17.6 million. Share price remained unchanged at S\$3.20 between 14 October 2025 and 21 October 2025.

On 11 November 2025, SBS released its Q3 FY2025 business update. Revenue fell by 3.8% to S\$1,132.3 million in the first nine months of FY2025 from S\$1,177.5 million in the first nine months of FY2024. Net profit fell by 12.3% to S\$45.5 million in the first nine months of FY2025 from S\$51.9 million in the first nine months of FY2024. Share price fell by 3.7% to S\$3.13 on 18 November 2025 from S\$3.25 on 11 November 2025.

On 24 February 2026, SBS released its full-year FY2025 results. Revenue fell by 2.7% to S\$1,517.4 million in FY2025 from S\$1,559.7 million in FY2024. Net profit fell by 13.0% to S\$61.2 million in FY2025 from S\$70.3 million in FY2024. SBS proposed a final dividend of 8.66 cents and a special dividend of 31.99 cents for H2 FY2025, bringing total dividends for FY2025 to 49.60 cents. Share price rose by 12.2% to S\$3.86 on 3 March 2026 from S\$3.44 on 24 February 2026.

FINANCIAL ANALYSIS

In this section, we will provide a review of SBS's financial performance for the full year ended 31 December 2025 (FY2025).

(I) FINANCIAL REVIEW

Revenue:

SBS's revenue fell by 2.7% to S\$1.52 billion in FY2025 from S\$1.56 billion in FY2024 as shown in **Exhibit 5**.

Revenue from Public Transport Services fell by 3.0% to S\$1.45 billion in FY2025 from S\$1.50 billion in FY2024. The decrease was mainly attributed to lower bus revenue, largely due to the loss of the Jurong West bus package from September 2024. This was partially offset by higher rail revenue, supported by increased average rail fares and ridership. This increase in rail fares followed the PTC's fare review on 9 September 2024, which approved an overall 6.0% fare hike effective 28 December 2024.

Revenue from Other Commercial Services rose by 5.1% to S\$62.8 million in FY2025 from S\$59.8 million in FY2024. This increase was mainly driven by advertisers launching more digital campaigns, including the SG60 advertisements on buses.

Exhibit 5: Revenue (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Public Transport Services	1,499,977	1,454,548	(45,429)	(3.03%)
Other Commercial Services	59,751	62,802	3,051	5.11%
Total Revenue	1,559,728	1,517,350	(42,378)	(2.72%)

Source: SBS, FPA

SBS's revenue from FY2021 to FY2025 is summarised in **Exhibit 6**.

Exhibit 6: Revenue (FY2021 – FY2024)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Public Transport Services	1,265,331	1,464,995	1,470,277	1,499,977	1,454,548
Other Commercial Services	45,511	50,316	56,859	59,751	62,802
Total Revenue	1,310,842	1,515,311	1,527,136	1,559,728	1,517,350
<i>Growth</i>		15.60%	0.78%	2.13%	(2.72%)

Source: SBS, FPA

Operating Profit:

Total operating costs fell by 2.5% to S\$1.45 billion in FY2025 from S\$1.49 billion in FY2024. The decline was mainly driven by lower fuel and electricity costs as average diesel and electricity prices eased, partially offset by higher rail licence charge and higher staff costs.

Operating profit fell by 6.9% to S\$68.1 million in FY2025 from S\$73.2 million in FY2024.

Operating margin fell to 4.49% in FY2025 from 4.69% in FY2024.

Operating profit for FY2024 and FY2025 is summarised in **Exhibit 7**.

Exhibit 7: Operating Profit (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Revenue	1,559,728	1,517,350	(42,378)	(2.72%)
Operating cost				
Staff costs	(756,740)	(765,596)	(8,856)	1.17%
Repair & maintenance costs	(203,093)	(196,643)	6,450	(3.18%)
Fuel & electricity costs	(262,063)	(204,342)	57,721	(22.03%)
Premises costs	(51,747)	(53,899)	(2,152)	4.16%
Depreciation expense	(87,158)	(82,507)	4,651	(5.34%)
Other operating costs	(125,761)	(146,243)	(20,482)	16.29%
Total operating costs	(1,486,562)	(1,449,230)	37,332	(2.51%)
Operating profit	73,166	68,120	(5,046)	(6.90%)
<i>Operating margin</i>	<i>4.69%</i>	<i>4.49%</i>	-	-

Source: SBS, FPA

From FY2021 to FY2025, operating margin rose to 4.49% in FY2025 from 4.09% in FY2021 as shown in **Exhibit 8**.

Exhibit 8: Operating Profit (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	1,310,842	1,515,311	1,527,136	1,559,728	1,517,350
Operating cost					
Staff costs	(625,554)	(735,928)	(737,646)	(756,740)	(765,596)
Repair & maintenance costs	(204,404)	(206,558)	(201,416)	(203,093)	(196,643)
Fuel & electricity costs	(148,703)	(259,288)	(281,551)	(262,063)	(204,342)
Premises costs	(47,063)	(56,226)	(44,716)	(51,747)	(53,899)
Depreciation expense	(105,340)	(93,991)	(92,618)	(87,158)	(82,507)
Other operating costs	(126,224)	(83,412)	(92,537)	(125,761)	(146,243)
Total operating costs	(1,257,288)	(1,435,403)	(1,450,484)	(1,486,562)	(1,449,230)
Operating profit	53,554	79,908	76,652	73,166	68,120
<i>Growth</i>		49.21%	(4.07%)	(4.55%)	(6.90%)
<i>Operating margin</i>	4.09%	5.27%	5.02%	4.69%	4.49%

Source: SBS, FPA

A breakdown of operating profit for Public Transport Services segment and the Other Commercial Services is shown in **Exhibit 9**.

Exhibit 9: Operating Profit for Public Transport Services & Other Commercial Services (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Public Transport Services revenue	1,265,331	1,464,995	1,470,277	1,499,977	1,454,548
Operating profit for Public Transport Services	30,978	50,753	40,192	53,756	45,143
<i>Operating margin</i>	2.45%	3.46%	2.73%	3.58%	3.10%
Other Commercial Services revenue	45,511	50,316	56,859	59,751	62,802
Operating profit for Other Commercial Services	22,576	29,155	36,460	19,410	22,977
<i>Operating margin</i>	49.61%	57.94%	64.12%	32.48%	36.59%
Total operating profit	53,554	79,908	76,652	73,166	68,120

Source: SBS, FPA

Profit before Tax:

Interest income fell by 41.7% to S\$6.4 million in FY2025 from S\$11.1 million in FY2024 as shown in **Exhibit 10**.

Finance costs fell by 17.1% to S\$0.60 million in FY2025 from S\$0.73 million in FY2024.

As a result, profit before tax fell by 11.4% to S\$74.0 million in FY2025 from S\$83.5 million in FY2024.

Exhibit 10: Profit before Tax (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Operating profit	73,166	68,120	(5,046)	(6.90%)
Interest income	11,065	6,447	(4,618)	(41.74%)
Finance costs	(726)	(602)	124	(17.08%)
Profit before tax	83,505	73,965	(9,540)	(11.42%)

Source: SBS, FPA

We compare the effective interest rates for interest income and finance costs. The effective interest rate for interest income from short-term deposits and bank balances fell to 1.68% in FY2025 from 2.87% in FY2024 as shown in **Exhibit 11**. This decrease is consistent with global interest rate cuts. In contrast, the effective interest rate for finance costs rose to 5.13% in FY2025 from 4.10% in FY2024.

Exhibit 11: Effective Interest Rates for Interest Income & Finance Costs (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Interest income	11,065	6,447	(4,618)	(41.74%)
Short-term deposits & bank balances	384,993	384,323	(670)	(0.17%)
<i>Effective interest rate</i>	<i>2.87%</i>	<i>1.68%</i>	-	-
Finance costs	(726)	(602)	124	(17.08%)
Lease liabilities (Current + Non-current)	17,713	11,742	(5,971)	(33.71%)
<i>Effective interest rate</i>	<i>(4.10%)</i>	<i>(5.13%)</i>	-	-

Source: SBS, FPA

Profit before tax from FY2021 to FY2025 is summarised in **Exhibit 12**.

Exhibit 12: Profit before Tax (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Operating profit	53,554	79,908	76,652	73,166	68,120
Interest income	291	4,524	12,834	11,065	6,447
Finance costs	(1,339)	(1,473)	(1,515)	(726)	(602)
Profit before tax	52,506	82,959	87,971	83,505	73,965

Source: SBS, FPA

Profit after Tax:

Profit after tax fell by 13.0% to S\$61.2 million in FY2025 from S\$70.3 million in FY2024 as shown in **Exhibit 13**.

Exhibit 13: Profit after Tax (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit before tax	83,505	73,965	(9,540)	(11.42%)
Tax expense	(13,204)	(12,771)	433	(3.28%)
Profit after tax	70,301	61,194	(9,107)	(12.95%)
<i>Calculated tax rate</i>	<i>(15.81%)</i>	<i>(17.27%)</i>	-	-

Source: SBS, FPA

Profit after tax from FY2021 to FY2025 is summarised in **Exhibit 14**.

Exhibit 14: Profit after Tax (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Profit before tax	52,506	82,959	87,971	83,505	73,965
Tax expense	(872)	(14,937)	(18,895)	(13,204)	(12,771)
Profit after tax	51,634	68,022	69,076	70,301	61,194

Source: SBS, FPA

Profit attributable to Shareholders of the Company:

Profit attributable to shareholders of the company fell by 13.0% to S\$61.2 million in FY2025 from S\$70.3 million in FY2024 as shown in **Exhibit 15**.

Exhibit 15: Profit attributable to Shareholders of the Company (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit after tax	70,301	61,194	(9,107)	(12.95%)
Less: Non-controlling interests	-	(2)	(2)	n.m.
Profit attributable to shareholders of the company	70,301	61,196	(9,105)	(12.95%)

Source: SBS, FPA

Profit attributable to shareholders of the company from FY2021 to FY2025 is summarised in **Exhibit 16**.

Exhibit 16: Profit attributable to Shareholders of the Company (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Profit after tax	51,634	68,022	69,076	70,301	61,194
Less: Non-controlling interests	-	-	-	-	(2)
Profit attributable to shareholders of the company	51,634	68,022	69,076	70,301	61,196

Source: SBS, FPA

Earnings per share (“EPS”):

Basic EPS fell by 13.0% to 19.59 cents in FY2025 from 22.52 cents in FY2024 as shown in **Exhibit 17**.

Diluted EPS fell by 13.1% to 19.53 cents in FY2025 from 22.48 cents in FY2024.

Exhibit 17: EPS (FY2024 vs FY2025)

S\$ cents	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Basic EPS	22.52	19.59	(2.93)	(13.01%)
Diluted EPS	22.48	19.53	(2.95)	(13.12%)

Source: SBS, FPA

EPS from FY2021 to FY2025 is summarised in **Exhibit 18**.

Exhibit 18: EPS (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Basic EPS	16.56	21.81	22.15	22.52	19.59
Diluted EPS	16.56	21.81	22.15	22.48	19.53

Source: SBS, FPA

Dividend per share (“DPS”)

On 24 February 2026, SBS recommended a final dividend of 8.66 cents per share and a special dividend of 31.99 cents per share for FY2025. The total dividend for FY2025 amounts to 49.60 cents per share.

In FY2025, the Board reviewed the company’s cash position and upcoming cash requirements and determined that there was excess capital available for distribution. As a result, a special dividend was declared, leading to an unusually high total dividend payout for the year.

SBS’s dividend schedule is shown in **Exhibit 19**.

Exhibit 19: DPS Schedule (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Interim dividend	5.75	5.45	5.58	5.58	8.95
Final dividend	2.45	5.45	5.58	14.69	8.66
Special dividend	-	-	-	8.41	31.99
DPS	8.20	10.90	11.16	28.68	49.60

Source: SBS, FPA

According to SBS’s annual report, the company’s dividend policy is to distribute at least 50% of profit attributable to shareholders. The policy considers factors such as long-term shareholder value, cash availability, retained earnings, projected capital expenditure, and growth opportunities. Dividends are declared on a semi-annual basis.

A summary of SBS’s payout ratio between FY2021 and FY2025 is shown in **Exhibit 20**.

Exhibit 20: Payout Ratio (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Diluted EPS	16.56	21.81	22.15	22.48	19.53
DPS	8.20	10.90	11.16	28.68	49.60
<i>Payout ratio</i>	<i>49.52%</i>	<i>49.98%</i>	<i>50.38%</i>	<i>127.58%</i>	<i>253.97%</i>

Note: Payout ratio = DPS/EPS

Source: SBS, FPA

SBS's financial performance for FY2024 and FY2025 are summarised in **Exhibit 21**.

Exhibit 21: Financial Performance (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Revenue	1,559,728	1,517,350	(42,378)	(2.72%)
Staff costs	(756,740)	(765,596)	(8,856)	1.17%
Repair & maintenance costs	(203,093)	(196,643)	6,450	(3.18%)
Fuel & electricity costs	(262,063)	(204,342)	57,721	(22.03%)
Premises costs	(51,747)	(53,899)	(2,152)	4.16%
Depreciation expense	(87,158)	(82,507)	4,651	(5.34%)
Other operating costs	(125,761)	(146,243)	(20,482)	16.29%
Total operating costs	(1,486,562)	(1,449,230)	37,332	(2.51%)
Operating profit	73,166	68,120	(5,046)	(6.90%)
Interest income	11,065	6,447	(4,618)	(41.74%)
Finance costs	(726)	(602)	124	(17.08%)
Profit before tax	83,505	73,965	(9,540)	(11.42%)
Tax expense	(13,204)	(12,771)	433	(3.28%)
Profit after tax	70,301	61,194	(9,107)	(12.95%)
Less: Non-controlling interest	-	(2)	(2)	n.m.
Profit attributable to shareholders of the company	70,301	61,196	(9,105)	(12.95%)
Basic EPS (cents)	22.52	19.59	(2.93)	(13.01%)
Diluted EPS (cents)	22.48	19.53	(2.95)	(13.12%)
DPS (cents)	28.68	49.60	20.92	72.94%
Payout ratio	127.58%	253.97%	-	-

Source: SBS, FPA

(II) CAPITAL MANAGEMENT

SBS's total assets fell by 5.8% to S\$1.10 billion in FY2025 from S\$1.16 billion in FY2024. The decline was mainly due to a S\$56.7 million decrease in non-current assets driven by the depreciation of vehicles, premises, and equipment, as well as a S\$10.9 million decrease in current assets resulting from lower inventories and reduced trade and other receivables.

SBS's total liabilities fell by 7.0% to S\$410.4 million in FY2025 from S\$441.2 million in FY2024. This was mainly due to a S\$21.3 million decrease in current liabilities, reflecting lower trade and other payables and reduced income tax payable, and a S\$9.5 million decrease in non-current liabilities due to lower deferred tax liabilities and lease liabilities.

Total equity for SBS fell by 5.1% to S\$682.6 million in FY2025 from S\$719.5 million in FY2024, due mainly to dividends paid, partially offset by profits generated from operations.

A summary of SBS's balance sheet is shown in **Exhibit 22**.

Exhibit 22: Summary of SBS's Balance Sheet (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Total assets	1,160,668	1,093,021	(67,647)	(5.83%)
Total liabilities	441,194	410,417	(30,777)	(6.98%)
Total equity / net assets	719,474	682,604	(36,870)	(5.12%)
Equity attributable to shareholders of the company	719,474	681,856	(37,618)	(5.23%)
Equity attributable to non-controlling interests	-	748	748	n.m.
No. of issued shares ('000)	312,205	312,583	-	-
NAV per share (S\$)	2.30	2.18	(0.12)	(5.24%)

Source: SBS, FPA

FINANCIAL PROJECTIONS

In this section, we will be providing our projections for SBS's revenue, earnings and dividend distribution for FY2026 & FY2027.

(I) REVENUE PROJECTION

Public Transport Services:

To project revenue for FY2026 and FY2027, we first estimated the bus and rail revenue components from the Public Transport Services segment and projected them separately. Since SBS does not provide this breakdown, we derived the figures based on FY2025 revenue.

We estimate bus revenue at S\$751 million in FY2025. In FY2026, we expect it to fall to S\$705 million, as the Tampines Bus Package concludes in the first half of the year and operations are handed over to Go-Ahead Singapore. By FY2027, we project bus revenue to decline further to S\$613 million, driven by the scheduled end of the Serangoon–Eunos Bus Package in the first half of FY2027.

The explanation of the breakdown of bus revenue can be found in our initiation report (dated October 2025).

A summary of our projections for bus revenue is shown in **Exhibit 23**.

Exhibit 23: Estimated & Forecasted Bus Revenue (FY2025 – FY2027)

Operations	Estimated Revenue in FY2025 (S\$ millions)	Estimated Revenue in FY2026 (S\$ millions)	Estimated Revenue in FY2027 (S\$ millions)
Seletar Bus Package	105	105	105
Bukit Merah Bus Package	95	95	95
Tampines Bus Package (only until H1 FY2026)	92	46	-
Sengkang - Hougang Bus Package	92	92	92
Bedok Bus Package	92	92	92
Serangoon - Eunos Bus Package (only until H1 FY2027)	92	92	46
Clementi Bus Package	92	92	92
Bishan - Toa Payoh Bus Package	92	92	92
Bus revenue	751	705	613

Source: SBS, FPA

As such rail revenue for FY2025 is estimated to be S\$751 million as follows:

$$\begin{aligned} \text{Rail revenue for FY2025} &= \text{Public Transport Services revenue for FY2025} - \text{Bus revenue for FY2025} \\ &= \text{S\$1,455 million} - \text{S\$751 million} \\ &\approx \text{S\$704 million} \end{aligned}$$

On 14 October 2025, the PTC announced an overall fare adjustment of 5.0% as part of its annual fare review. The PTC also indicated that SBS is expected to contribute 20% of the anticipated revenue increase, which was estimated at S\$3.52 million. Based on this, we expect the fare hike to raise SBS's revenue by S\$17.60 million (S\$3.52 million \times 5).

We also project ridership to increase by 2.29% in FY2026, consistent with the rise observed in 2025 (as referenced on page 4) as more MRT stations come online. This increase in ridership is also expected to translate directly into a 2.29% increase in rail revenue,

Rail revenue for FY2026 is projected as follows:

$$\begin{aligned} \text{Forecasted rail revenue for FY2026} &= \text{S\$704 million} \times (100\% + 2.29\%) + \text{S\$17.6 million} \\ &\approx \text{S\$737.4 million} \end{aligned}$$

For FY2027, we project no fare hike, but revenue is to grow at another 2.29% as ridership steadily increases.

Rail revenue for FY2027 is projected as follows:

$$\begin{aligned} \text{Forecasted rail revenue for FY2027} &= \text{S\$737.4 million} \times (100\% + 2.29\%) \\ &= \text{S\$754.3 million} \end{aligned}$$

Our projections for Public Transport Services revenue are summarised in **Exhibit 24**.

Exhibit 24: Forecasted Public Transport Services Revenue for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Bus revenue	750,861	705,001	613,281
Rail revenue	703,687	737,401	754,287
Public Transport Services revenue	1,454,548	1,442,402	1,367,569

Source: SBS, FPA

Other Commercial Services:

We now turn to projecting revenue for the Other Commercial Services segment. Revenue in this segment grew in FY2024, supported by an increase in digital advertising campaigns, and this momentum continued into FY2025 with additional initiatives such as SG60 bus advertisements. Given the sustained shift toward digital formats and continued advertiser demand, we expect this segment to grow.

Accordingly, we forecast revenue for Other Commercial Services to grow by 5.1% in both FY2026 and FY2027, in line with the average growth rate recorded over FY2024 and FY2025.

Our projections are summarised in **Exhibit 25**.

Exhibit 25: Forecasted Other Commercial Services Revenue for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Other Commercial Services revenue	56,859	59,751	62,802	66,003	69,366
<i>Growth</i>		5.09%	5.11%	5.10%	5.10%

Source: SBS, FPA

Total revenue:

As a result, we project total revenue to reach S\$1,508.4 million in FY2026 and S\$1,436.9 million in FY2027 as shown in **Exhibit 26**.

Exhibit 26: Forecasted Revenue for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Public Transport Services revenue	1,454,548	1,442,402	1,367,569
Other Commercial Services revenue	62,802	66,003	69,366
Total revenue	1,517,350	1,508,405	1,436,935

Source: SBS, FPA

(II) EARNINGS PROJECTION**Staff costs:**

We assume that staff costs will remain at 50.46% of revenue in FY2026 and FY2027, consistent with the proportion observed in FY2025. Although staff costs are expected to decline following the expiry of the Tampines Bus Package in H1 FY2026 and the Serangoon–Eunos Bus Package in H1 FY2027, the cost ratio is likely to stay elevated. This reflects the continued tightness in the local bus-driver labour market (as referenced on page 5).

As such, staff costs are projected to be S\$761.1 million in FY2026 and S\$725.0 million in FY2027.

Staff costs projections are summarised in **Exhibit 27**.

Exhibit 27: Forecasted Staff Costs for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Staff costs	(737,646)	(756,740)	(765,596)	(761,083)	(725,022)
% of revenue	(48.30%)	(48.52%)	(50.46%)	(50.46%)	(50.46%)

Source: SBS, FPA

Repair & maintenance costs:

We assume repair & maintenance costs will remain at 12.96% of revenue in FY2026 and FY2027, consistent with the proportion observed in FY2025.

As such, repair & maintenance costs are projected to be S\$195.5 million in FY2026 and S\$186.2 million in FY2027.

Repair & maintenance costs projections are summarised in **Exhibit 28**.

Exhibit 28: Forecasted Repair & Maintenance Costs for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Repair & maintenance costs	(201,416)	(203,093)	(196,643)	(195,484)	(186,222)
% of revenue	(13.19%)	(13.02%)	(12.96%)	(12.96%)	(12.96%)

Source: SBS, FPA

Fuel & electricity costs:

In FY2026, we expect fuel & electricity costs to rise as oil prices increase amid the ongoing Middle East conflict. However, SBS has indicated that it employs hedging strategies to mitigate short-term volatility in fuel prices. Taking this into account, we project fuel & electricity costs to be 16.24% of revenue, in line with the average proportion over the past three years.

In FY2027, we expect these costs to ease as oil prices stabilise (as referenced on page 6). Accordingly, we forecast fuel and electricity costs to decline to 13.47% of revenue, returning to FY2025 levels.

Fuel & electricity costs are projected to be S\$244.9 million in FY2026 and S\$193.5 million in FY2027.

Fuel & electricity costs projections are summarised in **Exhibit 29**.

Exhibit 29: Forecasted Fuel & Electricity Costs for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Fuel & electricity costs	(281,551)	(262,063)	(204,342)	(244,892)	(193,512)
% of revenue	(18.44%)	(16.80%)	(13.47%)	(16.24%)	(13.47%)

Source: SBS, FPA

Premises costs:

We assume that premises costs will remain at 3.55% of revenue in FY2026 and FY2027, consistent with the proportion observed in FY2025.

As such, premises costs are projected to be S\$53.6 million in FY2026 and S\$51.0 million in FY2027.

Premises costs projections are summarised in **Exhibit 30**.

Exhibit 30: Forecasted Premises Costs for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Premises costs	(44,716)	(51,747)	(53,899)	(53,581)	(51,043)
% of revenue	(2.93%)	(3.32%)	(3.55%)	(3.55%)	(3.55%)

Source: SBS, FPA

Depreciation expense:

We assume depreciation expense will remain at 5.44% of revenue in FY2026 and FY2027, consistent with the proportion observed in FY2025.

As such, depreciation expense is projected to be S\$82.0 million in FY2026 and S\$78.1 million in FY2027.

Depreciation expense projections are summarised in **Exhibit 31**.

Exhibit 31: Forecasted Depreciation Expense for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Depreciation expense	(92,618)	(87,158)	(82,507)	(82,021)	(78,134)
% of revenue	(6.06%)	(5.59%)	(5.44%)	(5.44%)	(5.44%)

Source: SBS, FPA

Other operating costs:

To forecast other operating costs, we first estimate operating profit. This allows us to work backwards to derive these costs, given the structure of the variable licence charge under the New Rail Financing Framework (“NRFF”) Version Two.

Under this framework, rail operators pay a higher variable licence charge in stronger operating years and a lower charge in weaker years, as the LTA shares revenue risk by capping SBS’s rail operating margin (EBIT) within a 3.5%–5% range. Since this mechanism applies only to rail revenue, projecting operating profit provides the basis for estimating other operating costs. Further explanation of NRFF Version Two can be found in our initiation report (dated October 2025).

We project operating profit for the rail segment by applying a 4.25% operating margin to rail revenue, representing the midpoint of the NRFF Version Two margin range of 3.5%–5%.

Operating profit for rail segment is estimated to be S\$29.9 million in FY2025, and projected to be S\$31.3 million in FY2026 and S\$32.1 million in FY2027 as shown in **Exhibit 32**.

Exhibit 32: Forecasted Operating Profit for FY2026 and FY2027 (Rail Segment)

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Rail revenue	703,687	737,401	754,287
Operating profit for rail segment	29,907	31,340	32,057
<i>Operating margin</i>	4.25%	4.25%	4.25%

Source: SBS, FPA

Next, we estimate operating profit for bus segment in FY2025 as follows:

$$\begin{aligned} \text{Operating profit for bus segment in FY2025} &= \text{Operating profit for Public Transport Services in FY2025} - \text{Operating profit for rail segment in FY2025} \\ &= \text{S\$45.1 million} - \text{S\$29.9 million} \\ &= \text{S\$15.2 million} \end{aligned}$$

We then estimate the operating margin for the bus segment in FY2025 as follows:

$$\begin{aligned} \text{Operating margin for bus segment in FY2025} &= \text{Operating profit for bus segment in FY2025} \div \text{Bus revenue in FY2025} \\ &= \text{S\$15.2 million} \div \text{S\$750.9 million} \\ &\approx 2.03\% \end{aligned}$$

We applied this 2.03% margin to the forecasted bus revenue for FY2026 and FY2027 to derive the projected operating profit for the bus segment. Operating profit for the bus segment is projected to be S\$14.3 million in FY2026 and S\$12.4 million in FY2027, as shown in **Exhibit 33**.

Exhibit 33: Forecasted Operating Profit for FY2026 and FY2027 (Bus Segment)

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Bus revenue	750,861	705,001	613,281
Operating profit for bus segment	15,236	14,306	12,445
<i>Operating margin</i>	2.03%	2.03%	2.03%

Source: SBS, FPA

We project operating profit for the Other Commercial Services segment by assuming an operating margin of 36.59% in FY2026 and FY2027, consistent with the operating margin in FY2025.

Operating profit for Other Commercial Services is projected to be S\$24.1 million in FY2026 and S\$25.4 million in FY2027 as shown in **Exhibit 34**.

Exhibit 34: Forecasted Operating Profit for FY2026 and FY2027 (Other Commercial Services)

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Other Commercial Services revenue	62,802	66,003	69,366
Operating profit for Other Commercial Services	22,977	24,148	25,379
<i>Operating margin</i>	36.59%	36.59%	36.59%

Source: SBS, FPA

As a result, total operating profit is projected to be S\$69.8 million in FY2026 and S\$69.9 million in FY2027 as shown in **Exhibit 35**.

Exhibit 35: Forecasted Operating Profit for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Operating profit for rail segment	29,907	31,340	32,057
Operating profit for bus segment	15,236	14,306	12,445
Operating profit for Public Transport Services	45,143	45,645	44,502
Operating profit for Other Commercial Services	22,977	24,148	25,379
Total operating profit	68,120	69,793	69,880

Source: SBS, FPA

With the projected operating profit for FY2026 and FY2027, we derive the corresponding other operating costs.

Other operating costs are projected to be S\$101.6 million in FY2026 and S\$133.1 million in FY2027 as shown in **Exhibit 36**.

Exhibit 36: Forecasted Other Operating Costs for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Revenue	1,517,350	1,508,405	1,436,935
Add:			
Staff costs	(765,596)	(761,083)	(725,022)
Repair & maintenance costs	(196,643)	(195,484)	(186,222)
Fuel & electricity costs	(204,342)	(244,892)	(193,512)
Premises costs	(53,899)	(53,581)	(51,043)
Depreciation expense	(82,507)	(82,021)	(78,134)
Less: Operating profit	68,120	69,793	69,880
Other operating costs	(146,243)	(101,552)	(133,122)

Source: SBS, FPA

Profit before tax:

On 28 January 2026, the U.S. Federal Reserve (“Fed”) kept its policy rate unchanged at 3.50%–3.75%. J.P. Morgan¹ Global Research no longer expects the Fed to cut rates in 2026, noting that the U.S. economy appears to have settled into a slower but stable equilibrium, with both labour supply and demand growing at a moderated pace. As a result, the Fed is projected to maintain the federal funds rate at 3.50%–3.75% for the rest of 2026.

Looking further ahead, J.P. Morgan expects a 0.25% rate hike in Q3 2027, which would bring the federal funds rate to 3.75%–4.00%.

A summary of the projected federal funds rate is shown in **Exhibit 37**, and we have also included our estimate that the 2027 rate cut will occur in July (within Q3 2027).

Exhibit 37: Estimated Federal Funds Rate

	Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate
Jan 2025	4.25%	4.50%	4.38%	Jan 2026	3.50%	3.75%	3.63%	Jan 2027	3.50%	3.75%	3.63%
Feb 2025	4.25%	4.50%	4.38%	Feb 2026	3.50%	3.75%	3.63%	Feb 2027	3.50%	3.75%	3.63%
Mar 2025	4.25%	4.50%	4.38%	Mar 2026	3.50%	3.75%	3.63%	Mar 2027	3.50%	3.75%	3.63%
Apr 2025	4.25%	4.50%	4.38%	Apr 2026	3.50%	3.75%	3.63%	Apr 2027	3.50%	3.75%	3.63%
May 2025	4.25%	4.50%	4.38%	May 2026	3.50%	3.75%	3.63%	May 2027	3.50%	3.75%	3.63%
Jun 2025	4.25%	4.50%	4.38%	Jun 2026	3.50%	3.75%	3.63%	Jun 2027	3.50%	3.75%	3.63%
Jul 2025	4.25%	4.50%	4.38%	Jul 2026	3.50%	3.75%	3.63%	Jul 2027	3.75%	4.00%	3.88%
Aug 2025	4.25%	4.50%	4.38%	Aug 2026	3.50%	3.75%	3.63%	Aug 2027	3.75%	4.00%	3.88%
Sept 2025	4.00%	4.25%	4.13%	Sept 2026	3.50%	3.75%	3.63%	Sept 2027	3.75%	4.00%	3.88%
Oct 2025	3.75%	4.00%	3.88%	Oct 2026	3.50%	3.75%	3.63%	Oct 2027	3.75%	4.00%	3.88%
Nov 2025	3.75%	4.00%	3.88%	Nov 2026	3.50%	3.75%	3.63%	Nov 2027	3.75%	4.00%	3.88%
Dec 2025	3.50%	3.75%	3.63%	Dec 2026	3.50%	3.75%	3.63%	Dec 2027	3.75%	4.00%	3.88%
2025	-	-	4.21%	2026	-	-	3.63%	2027	-	-	3.75%

Source: Federal Reserve Bank of St. Louis, FPA estimates

We then calculated the proportion of decline it could have on the Fed Funds Rate as shown in **Exhibit 38**.

Exhibit 38: Forecasted Average Fed Funds Rate for FY2026 & FY2027

	FY2025	FY2026	FY2027
Average Fed Funds Rate	4.21%	3.63%	3.75%
Proportion of (decline)/increase	-	(13.86%)	3.45%

Source: US Federal Reserve, FPA

¹ J.P. Morgan is a global investment bank.

We assume SBS's effective interest rate will decline in line with any reduction in the Fed Funds Rate. We also project short-term deposits & bank balances to remain at FY2025 levels in FY2026 and FY2027. Based on these assumptions, interest income is projected to be S\$5.6 million in FY2026 and S\$5.7 million in FY2027 as shown in **Exhibit 39**.

Exhibit 39: Forecasted Interest Income for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Interest income	6,447	5,553	5,745
Short-term deposits & bank balances	384,323	384,323	384,323
Effective interest rate	1.68%	1.44%	1.49%
<i>Proportion of (decline)/increase</i>		<i>(13.86%)</i>	<i>3.45%</i>

Source: SBS, FPA

For finance costs, we project them to remain at FY2025 levels in FY2026 and FY2027 as shown in **Exhibit 40**.

Exhibit 40: Forecasted Finance Costs for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Finance costs	(602)	(602)	(602)

Source: SBS, FPA

As a result, profit before tax is projected to be S\$74.7 million in FY2026 and S\$75.0 million in FY2027 as shown in **Exhibit 41**.

Exhibit 41: Forecasted Profit Before Tax for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Operating profit	68,120	69,793	69,880
Interest income	6,447	5,553	5,745
Finance costs	(602)	(602)	(602)
Profit before tax	73,965	74,745	75,023

Source: SBS, FPA

Profit after tax:

We assume a tax rate of 17% for FY2026 and FY2027, in line with Singapore's corporate income tax rate. Profit after tax is projected to be S\$62.0 million in FY2026 and S\$62.3 million in FY2027 as shown in **Exhibit 42**.

Exhibit 42: Forecasted Profit after Tax for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Profit before tax	73,965	74,745	75,023
Tax expense	(12,771)	(12,707)	(12,754)
Profit after tax	61,194	62,038	62,269
<i>Effective tax rate</i>	<i>(17.27%)</i>	<i>(17.00%)</i>	<i>(17.00%)</i>

Source: SBS, FPA

Profit attributable to shareholders of the company:

We assume profit attributable to non-controlling interest to be 0 in FY2026 and FY2027. Consequently, profit attributable to shareholders is projected to be S\$62.0 million in FY2026 and S\$62.3 million in FY2027 as shown in **Exhibit 43**.

Exhibit 43: Forecasted Profit Attributable to Shareholder of the Company for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
(A) Profit attributable to Non-Controlling Interest ("NCI")	(2)	0	0
(B) Profit after tax	61,194	62,038	62,269
A as a % of B	(0.00%)	-	-
Profit after tax	61,194	62,038	62,269
Less: Profit attributable to NCI	(2)	0	0
Profit attributable to shareholders of the company	61,196	62,038	62,269

Source: SBS, FPA

EPS:

Using the profit attributable to shareholders in FY2025 together with basic and diluted EPS, we derive the weighted average number of shares. We assume this share count remains unchanged in FY2026 and FY2027. Based on this assumption, we project basic EPS to be 19.86 cents in FY2026 and 19.93 cents in FY2027, while diluted EPS is projected at 19.80 cents in FY2026 and 19.87 cents in FY2027 as shown in **Exhibit 44**.

Exhibit 44: Forecasted EPS for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Profit attributable to shareholders of the company	61,196	62,038	62,269
Weighted average number of ordinary shares for basic EPS ('000)	312,384	312,384	312,384
Basic EPS (cents)	19.59	19.86	19.93
Weighted average number of ordinary shares for diluted EPS ('000)	313,344	313,344	313,344
Diluted EPS (cents)	19.53	19.80	19.87

Source: SBS, FPA

DPS:

SBS targets a minimum dividend payout ratio of 50%. In FY2025, the payout ratio was 254.0%, reflecting an exceptionally high distribution for the year. For FY2026 and FY2027, we adopt a more conservative assumption and project a 50% payout ratio. Based on this, we forecast DPS of 9.90 cents for FY2026 and 9.94 cents for FY2027 as shown in **Exhibit 45**.

Exhibit 45: Forecasted DPS for FY2026 and FY2027

S\$ cents	Actual	Forecast	
	FY2025	FY2026	FY2027
Diluted EPS	19.53	19.80	19.87
DPS	49.60	9.90	9.94
<i>Payout ratio</i>	<i>253.97%</i>	<i>50.00%</i>	<i>50.00%</i>

Note: Payout ratio = DPS/EPS

Source: SBS, FPA

Our projections are summarised in **Exhibit 46**.

Exhibit 46: Forecasted Financial Performance for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Revenue	1,527,136	1,559,728	1,517,350	1,508,405	1,436,935
Staff costs	(737,646)	(756,740)	(765,596)	(761,083)	(725,022)
Repair & maintenance costs	(201,416)	(203,093)	(196,643)	(195,484)	(186,222)
Fuel & electricity costs	(281,551)	(262,063)	(204,342)	(244,892)	(193,512)
Premises costs	(44,716)	(51,747)	(53,899)	(53,581)	(51,043)
Depreciation expense	(92,618)	(87,158)	(82,507)	(82,021)	(78,134)
Other operating costs	(92,537)	(125,761)	(146,243)	(101,552)	(133,122)
Total operating costs	(1,450,484)	(1,486,562)	(1,449,230)	(1,438,612)	(1,367,055)
Operating profit	76,652	73,166	68,120	69,793	69,880
Interest income	12,834	11,065	6,447	5,553	5,745
Finance costs	(1,515)	(726)	(602)	(602)	(602)
Profit before tax	87,971	83,505	73,965	74,745	75,023
Tax expense	(18,895)	(13,204)	(12,771)	(12,707)	(12,754)
Profit after tax	69,076	70,301	61,194	62,038	62,269
Less: Non-controlling interest	-	-	(2)	-	-
Profit attributable to shareholders of the company	69,076	70,301	61,196	62,038	62,269
Basic EPS (cents)	22.15	22.52	19.59	19.86	19.93
Diluted EPS (cents)	22.15	22.48	19.53	19.80	19.87
DPS (cents)	11.16	28.68	49.60	9.90	9.94
Payout ratio	50.38%	127.58%	253.97%	50.00%	50.00%

Source: SBS, FPA

VALUATION ANALYSIS

(I) PEER COMPARISON ANALYSIS

We performed a peer comparison analysis to review how SBS is faring against industry peers in terms of current valuation metrics. We selected peer companies that are like SBS in terms of industry and business operations. Then, we compared SBS against its peers in terms of P/E multiple, P/B multiple and dividend yield.

Below, we list the selected peer companies to compare with SBS (along with a brief description of each company) as follows:

i. MTR Corporation Ltd. (“MTR”; HKEX:0066)

MTR is a Hong Kong-based rail operator. It runs an extensive metro network in Hong Kong, including the Airport Express and Light Rail, and has expanded internationally with operations in cities like Beijing, Shenzhen, Melbourne, Sydney, and Stockholm. MTR also has a strong property development arm, leveraging its “rail plus property” model to generate income from residential and commercial projects near its stations.

ii. Transport International Holdings Ltd. (“TIH”; HKEX:0062)

TIH is a public transport operator in Hong Kong and Mainland China. It is the holding company of Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited, and several non-franchised transport providers. TIH also has business interests in property holdings and development in Hong Kong.

iii. ComfortDelGro Corporation Ltd. (“CDG”; SGX:C52)

CDG is a multi-modal transport operator with diverse businesses including taxi, bus, rail, car rental & leasing, automotive engineering & maintenance services, vehicle inspection & testing, driver training, insurance brokerage, and outdoor advertising. CDG operates across Singapore and internationally in countries such as the UK, Australia, China, and Malaysia. Its listed subsidiaries on the Singapore Exchange include SBS and VICOM Ltd.

iv. Singapore Airlines Ltd. (“SIA”; SGX:C6L)

SIA, together with subsidiaries, provide passenger and cargo air transportation services internationally. It also provides aircraft maintenance services, including technical and non-technical handling at the airport; line maintenance services; maintenance, repair, and overhaul of aircraft and cabin components/systems; repair and overhaul of hydromechanical equipment; aviation insurance; and airframe maintenance and overhaul services, as well as manufactures aircraft cabin equipment and tooling for the aerospace industry.

The results of our peer comparison analysis are shown in **Exhibit 47**.

Exhibit 47: Peer Comparison Analysis

Company	Currency	Stock Symbol	Price (S\$) as at 20 Mar '26	Market Cap (S\$ million)	Diluted EPS (cents) ⁽¹⁾	P/E	DPS (cents) ⁽²⁾	Dividend Yield (%)	NAV per share (S\$) ⁽³⁾	P/B
SBS Transit	SGD	S61	3.90	1,191	19.53	19.97	49.60	12.72%	2.18	1.79
Peer companies:										
SIA	SGD	C6L	6.60	21,383	37.10	17.79	38.00	5.76%	5.03	1.31
ComfortDelGro	SGD	C52	1.47	3,228	10.62	13.84	8.50	5.78%	1.20	1.23
MTR Corporation Ltd. ⁽⁴⁾	SGD	0066	5.35	31,992	38.49	13.91	21.37	3.99%	5.67	0.94
Transport International Holdings Ltd. ⁽⁴⁾	SGD	0062	1.76	907	8.16	21.56	13.05	7.42%	5.37	0.33
Peer average:						16.77		5.74%		0.95

(1) & (2) Trailing Twelve-Months ("TTM"). (3) Most recent financial statement. (4) Converted from Hong Kong Dollars ("HKD") to SGD using HKD to SGD exchange rate of 1:0.1631 as at 20 March 2026 from Yahoo Finance.

Source: HKEX, SGX Stock Screener, respective companies, FPA

(a) P/E multiple

Based on the results in **Exhibit 47**, SBS is currently trading at a P/E multiple of 19.97x which is higher than the peer average P/E of 16.77x. This suggests that SBS is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$3.28 if SBS is to trade at the peer average P/E of 16.77x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/E multiple)} &= \text{Peer average P/E} \times \text{TTM diluted EPS} \\
 &= 16.77 \times \text{S\$}0.1953 \\
 &\approx \text{S\$}3.28
 \end{aligned}$$

The estimated target price of S\$3.28 represents a downside potential of 16.0% from the current share price of S\$3.90.

(b) P/B multiple

Based on the results in **Exhibit 47**, SBS is currently trading at a P/B multiple of 1.79x which is higher than the peer average P/B of 0.95x. This suggests that SBS is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$2.08 if SBS is to trade at the peer average P/B of 0.95x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/B multiple)} &= \text{Peer average P/B} \times \text{NAV per share} \\
 &= 0.95 \times \text{S\$}2.18 \\
 &\approx \text{S\$}2.08
 \end{aligned}$$

The estimated target price of S\$2.08 represents a downside potential of 46.7% from the current share price of S\$3.90.

(c) Dividend yield

Based on the results in **Exhibit 47**, SBS's current dividend yield of 12.72% is more attractive than the peer average yield of 5.74%, which suggests that SBS is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$8.64 if SBS is to trade at the peer average yield of 5.74% as follows:

$$\begin{aligned} \text{Estimated target price (Dividend yield)} &= \frac{\text{Current yield}}{\text{Peer average yield}} \times \text{Current share price} \\ &= \frac{12.72\%}{5.74\%} \times \text{S\$3.90} \\ &\approx \text{S\$8.64} \end{aligned}$$

The estimated target price of S\$8.64 represents an upside potential of 121.6% from the current share price of S\$3.90.

(d) Target price

From our analysis, SBS seems to be overvalued in terms of its P/E and P/B multiple but undervalued in terms of its dividend yield. By averaging target prices based on P/E multiple, P/B multiple and dividend yield, we derive an overall target price of S\$4.67 as follows:

$$\begin{aligned} \text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \\ &\quad \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$3.28} + \text{S\$2.08} + \text{S\$8.64}] \\ &\approx \text{S\$4.67} \end{aligned}$$

The overall target price of S\$4.67 represents an upside potential of 19.6% from the current share price of S\$3.90.

(II) VALUATION ANALYSIS (BASED ON HISTORICAL P/E MULTIPLE, P/B MULTIPLE & YIELD)

We also performed a valuation analysis using SBS's historical P/E multiple, PB multiple and dividend yield over the past five financial years (H1 FY2021 – H2 FY2025) as shown in **Exhibit 48**.

Exhibit 48: Historical Share Price and Valuation Metrics

Period	Results release date	Share price (\$ ⁽¹⁾)	Diluted EPS (cents)	TTM EPS (cents)	P/E multiple	DPS (cents)	TTM DPS (cents)	Dividend yield	Payout ratio (TTM)	NAV per share (\$)	P/B multiple
H2 FY2025	24 Feb '26	3.86	9.59	19.53	19.76x	40.65	49.60	12.85%	253.97%	2.18	1.77x
H1 FY2025	11 Aug '25	3.17	9.94	21.63	14.66x	8.95	32.05	10.11%	148.17%	2.17	1.46x
H2 FY2024	25 Feb '25	2.65	11.69	22.48	11.79x	23.10	28.68	10.82%	127.58%	2.30	1.15x
H1 FY2024	13 Aug '24	2.39	10.79	21.79	10.97x	5.58	11.16	4.67%	51.22%	2.24	1.07x
H2 FY2023	27 Feb '24	2.62	11.00	22.15	11.83x	5.58	11.16	4.26%	50.38%	2.19	1.20x
H1 FY2023	14 Aug '23	2.57	11.15	21.85	11.76x	5.58	11.03	4.29%	50.48%	2.13	1.21x
H2 FY2022	22 Feb '23	2.72	10.70	21.81	12.47x	5.45	10.90	4.01%	49.98%	2.07	1.31x
H1 FY2022	10 Aug '22	2.86	11.11	15.97	17.91x	5.45	7.90	2.76%	49.47%	2.02	1.42x
H2 FY2021	23 Feb '22	2.93	4.86	16.56	17.69x	2.45	8.20	2.80%	49.52%	1.93	1.52x
H1 FY2021	12 Aug '21	3.02	11.70	26.57	11.37x	5.75	12.05	3.99%	45.35%	1.94	1.56x
Maximum					19.76x			12.85%			1.77x
Minimum					10.97x			2.76%			1.07x
Average (excl. values ≤ 0)					14.02x			6.06%			1.37x

(1) Share price based on seven days after results release date.

Source: SBS, Yahoo! Finance, FPA

(a) P/E multiple

As shown in **Exhibit 48**, SBS's historical average P/E multiple was 14.02x which is lower than its current P/E multiple of 19.97x. This suggests that SBS is overvalued at the current share price. Based on the historical average P/E multiple of 14.02x and TTM diluted EPS of 19.53 cents, we estimate a target price of S\$2.74 as follows:

$$\begin{aligned}
 \text{Estimated Target Price} &= \text{Historical Average P/E} \times \text{TTM diluted EPS} \\
 &= 14.02 \times \text{S\$}0.1953 \\
 &\approx \text{S\$}2.74
 \end{aligned}$$

The target price of S\$2.74 represents a downside potential of 29.8% from the current share price of S\$3.90.

(b) P/B multiple

As shown in **Exhibit 48**, SBS's historical average P/B multiple was 1.37x which is lower than its current P/B multiple of 1.79x. This suggests that SBS is overvalued at the current share price. Based on the historical average P/B multiple of 1.37x and NAV per share of S\$2.18 in FY2025, we estimate a target price of S\$2.98 as follows:

$$\begin{aligned}\text{Estimated Target Price} &= \text{Historical Average P/B} \times \text{NAV per share} \\ &= 1.37 \times \text{S\$2.18} \\ &\approx \text{S\$2.98}\end{aligned}$$

The target price of S\$2.98 represents a downside potential of 23.7% from the current share price of S\$3.90.

(c) Dividend yield

As shown in **Exhibit 48**, SBS's historical average yield was 6.06%, which is less attractive than its current yield of 12.72%. This suggests that SBS is undervalued at the current share price. Based on the historical average dividend yield of 6.06% and current yield of 12.72%, we estimate a target price of S\$8.19 as follows:

$$\begin{aligned}\text{Estimated Target Price} &= \frac{\text{Current yield}}{\text{Historical average yield}} \times \text{Current share price} \\ &= \frac{12.72\%}{6.06\%} \times \text{S\$3.90} \\ &\approx \text{S\$8.19}\end{aligned}$$

The target price of S\$8.19 represents an upside potential of 110.0% from the current share price of S\$3.90.

(d) Target price

From our analysis, SBS seems to be overvalued in terms of its historical average P/E and P/B multiple. However, SBS may be undervalued in terms of its historical average yield. By averaging our estimated target prices based on historical average P/E multiple, P/B multiple and yield, we derive a target price of S\$4.64 as follows:

$$\begin{aligned}\text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (Historical P/E multiple)} + \text{Estimated target price (Historical P/B multiple)} + \text{Estimated target price (Historical dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$2.74} + \text{S\$2.98} + \text{S\$8.19}] \\ &\approx \text{S\$4.64}\end{aligned}$$

The target price of S\$4.64 represents an upside potential of 18.9% from the current share price of S\$3.90.

POTENTIAL CATALYSTS

(I) SECURING OF SERANGOON-EUNOS BUS PACKAGE

The Serangoon–Eunos Bus Package, currently operated by SBS, will end in June 2027. On 19 December 2025, the LTA launched a tender for operators to bid for the next contract period, running from June 2027 to June 2032, with an option to extend for a further two to five years. The tender will close on 17 April 2026.

If SBS secures the package, it would help stabilise and lift bus revenue, reversing the expected decline and providing an earnings boost over the next few years.

(II) SECURING OF CROSS ISLAND LINE CONTRACT

The Cross Island Line (“CRL”) is Singapore’s eighth MRT line. It will serve existing and future developments in the eastern, western, and north-eastern corridors, connecting major hubs such as Jurong Lake District, Punggol Digital District, and the Changi region. The line will be constructed in three phases, with Phase 1 targeted for completion by 2030.

In May 2023, the LTA called for tenders to operate both the JRL and the CRL, inviting SMRT and SBS to submit bids. LTA awarded the JRL contract to SBS but has yet to award the CRL contract, citing that the tenderers’ proposals did not adequately address the uncertainties of operating the line when service begins in six years. LTA will select the CRL operator at a later stage.

If the tender is reopened and SBS wins the bid, it could increase SBS’s revenue, though this would only be realized once the line becomes operational, earliest by 2030. Nevertheless, investors may begin pricing in the potential upside ahead of operations.

(III) STRONGER-THAN-EXPECTED MRT RIDERSHIP GROWTH

If MRT ridership growth exceeds our assumptions, driven by new station openings, increased commuter flows, or a stronger return-to-office trend, rail revenue would rise accordingly. This would translate into higher operating profit and improved earnings.

INVESTMENT RECOMMENDATION

SBS's bus revenue declined in FY2025 following the loss of the Jurong West bus package, and it is projected to fall further in FY2026 when the Tampines bus package ends in the first half of the year. At the same time, MRT ridership is expected to continue rising as new stations come online and Singapore progresses toward the LTA's long-term goal of having 8 in 10 households within a 10-minute walk of a train station by the 2030s. The resulting increase in rail revenue should help offset the anticipated decline in bus revenue. In addition, revenue from Other Commercial Services is expected to grow with a sustained shift toward digital campaigns.

Based on the historical average P/E multiple of 14.02x and TTM diluted EPS of 19.53 cents, we estimate a target price of S\$2.74. Based on the historical average P/B multiple of 1.37x and NAV per share of S\$2.18, we estimate a target price of S\$2.98. Based on the historical average yield of 6.06% and current dividend yield of 12.72%, we estimate a target price of S\$8.19. By averaging the estimated target prices, we derive an overall target price of S\$4.64 as follows:

$$\begin{aligned} \text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (Historical P/E multiple)} + \text{Estimated target price (Historical P/B multiple)} + \text{Estimated target price (Historical dividend yield)}] \\ &= \frac{1}{3} \times [S\$2.74 + S\$2.98 + S\$8.19] \\ &\approx S\$4.64 \end{aligned}$$

The overall target price of S\$4.64 represents an upside potential of 18.9% from the current share price of S\$3.90.

Based on the peer average P/E multiple of 16.77x and TTM diluted EPS of 19.53 cents, we estimate a target price of S\$3.28. Based on the peer average P/B multiple of 0.95x and NAV per share of S\$2.18, we estimate a target price of S\$2.08. Based on the peer average yield of 5.74% and current dividend yield of 12.72%, we estimate a target price of S\$8.64. By averaging the estimated target prices, we derive an overall target price of S\$4.67 as follows:

$$\begin{aligned} \text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [S\$3.28 + S\$2.08 + S\$8.64] \\ &\approx S\$4.67 \end{aligned}$$

The overall target price of S\$4.67 represents an upside potential of 19.6% from the current share price of S\$3.90, and we adopt this as our final target price. Upside potential is further supported by catalysts such as securing the Serangoon-Eunos bus package, securing the Cross Island Line contract, and stronger-than-expected MRT ridership growth. Thus, the upside potential warrants a buy recommendation.

However, there are risks to our target price which we discuss on the next page.

RISKS TO TARGET PRICE

(I) PROLONGED MRT DISRUPTION

On 25 September 2024, a dislodged axle box caused the wheels of a train to fall off the track, damaging the East-West Line between Jurong East and Buona Vista stations. The disruption lasted six days, from 24 to 30 September. During this period, SMRT bore the cost of repairs and provided free bridging buses, regular bus services, and shuttle train services at the affected stations. The total cost amounted to over S\$10 million.

As a result of the disruption, LTA imposed a financial penalty of S\$2.4 million on SMRT.

If a similar incident were to occur with SBS, it would significantly impact both revenue and costs, leading to lower net income and reduced dividend payouts.

(II) PROLONGED MIDDLE EAST CONFLICT

A prolonged conflict in the Middle East poses a significant risk to SBS's cost structure. Heightened geopolitical tensions could lead to sustained volatility or spikes in global oil prices, which would raise both fuel and electricity costs despite SBS's hedging practices. Persistently elevated energy prices may place pressure on operating expenses and compress margins. Should energy costs remain high for an extended period, this could result in lower earnings.

(III) ECONOMIC SLOWDOWN

A prolonged Middle East conflict could slow Singapore's economic growth and weaken labour market conditions. As more firms cut costs or reduce headcount, MRT ridership may fall, with fewer people commuting due to unemployment. This would, in turn, lead to lower rail revenue for SBS.

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