

**Remarks by Mr Seah Moon Ming, Chairman, SMRT
Corporation at Media Briefing on 31 July 2024
SMRT Kim Chuan Depot**

Good morning,

Friends from the media,

1. Thank you for joining us today as I share with you about the SMRT Group, and our key priorities in the coming year. This evening, we will be releasing our Group Review for the Financial Year ended 31 March 2024. This year the theme is **Charting New Frontiers of Excellence**.
2. I would like to share with you our journey of **stewarding public transport**. SMRT group, comprising over 10,000 employees ranging from frontline and technical staff to senior management team, come to work daily to serve our commuters and communities while building a resilient transport system. Our vision, “**Moving People, Enhancing Lifestyles**” is driven by our commitment to excellence.
3. We have worked diligently the last seven years to raise the reliability of our MRT lines. For the fifth consecutive year, since 2019, we have exceeded 1 million train-km in Mean Km Between Failure (MKBF). I was heartened when our

former Prime Minister, Mr Lee Hsien Loong, remarked at the recent May Day Rally, that our trains are as reliable as, if not better than, most other MRT systems in the world. Surveys consistently rank SMRT Trains among the best. However, we do not pursue high MKBF at all costs. We have achieved operational excellence in a financially disciplined and sustainable manner. We emphasize Kaizen culture, **optimal maintenance** and applying AI in O&M.

Bifurcation of PTO and Non-PTO Businesses

4. After achieving sustained train's reliability performance, setting the Rapid Transit System (RTS) Link between Singapore and Johor on a right path towards project completion by December 2026 and stabilising SMRT team while building AI and data capabilities under Hoon Ping's leadership over the past two years, it is timely to drive forward for stronger growth over the next five years. We recently structured the group into two pillars of growth or twin engines of growth, effective 1 July 2024: (1) **Engine A, which** focuses on regulated public transport business in Rail and Bus, and (2) **Engine B, which** focuses on non-fare businesses. These non-fare businesses include (a) **Strides**, which provides a range of mobility, digital and engineering services, and (b) **Stellar Lifestyle** businesses,

for better commuting experience. Each of these engines is led by a dedicated **team**.

5. **Engine A** is focused on building and further enhancing our operational and engineering capabilities for the good of the public transport industry. **Engine B** has developed deep capabilities which now complement and strengthen Engine A. For instance, our **Strides Digital** capabilities support vehicle electrification efforts of our Trains company in terms of fleet and battery management. Our **Stellar retail and advertising efforts**, through our Wink+ App, provide useful transit lifestyle information and services, enhancing our commuters' travel experience. Many of our "**Do Good**" efforts, like "**Community-in-Station**" and "**Go-To SMRT**" initiatives also strengthen Singapore's community-building efforts.
6. Hoon Ping, Group Chief Executive Officer of SMRT Corporation, will share more details about these initiatives. Yung Keat, Group Chief Financial Officer of SMRT Corporation, will brief you on the financial performance of SMRT Trains.

Fortifying the Core – Engine A

7. Our three primary areas of focus for Engine A are: **Regulation, Reputation and Responsibility, known as the 3Rs.**
8. We are committed to meeting the **Regulatory requirements and standards** mandated by LTA and MOT.
9. We strengthen our **Reputation** through consistently good operations and services. If a disruption happens despite our best efforts, SMRT strives to provide timely information and alternative travel means via trains or buses including going upstream to reduce congestion. Our engineers and operational staff work through the night to diagnose and address the issues so that trains services can run the next day. We share our engineering findings transparently with the public through Facebook. We are one of the few train operators globally committed to such a high standard of less than 24 hours' engineering diagnostic service.
10. We diligently exercise our **Responsibility** as a leading public transport operator (PTO). Beyond strengthening our own safety standards, we have recently established the **SMRT Rail Safety Experiential Centre** to share lessons

with our staff and other operators. Our efforts towards enhancing the safety standards of SMRT are ongoing, with our Safety Culture 1.0, 2.0 and 3.0 initiatives implemented over the last seven years. Beyond SMRT, as a Queen Bee for Safety in the land transport industry, we have collaborated with partners and sub-contractors in our ecosystem to encourage higher safety standards and recognise exemplary role models. In Aug 2024, we will launch an industry-wide safety seminar to emphasise this commitment.

11. **SMRT Buses** consistently outperforms regulatory targets, while providing inclusive travel experiences. We were the first PTO in Asia to deploy “NaviLens” in our bus interchanges, and we later introduced “NaviLens GO” to further enhance wayfinding. Our Mentor Bus Captains share knowledge with and impart best practices with their peers. We look forward to introducing quality service in Jurong West in September when we start operating this bus package.

Striving for Financial Sustainability in Trains (Engine A)

12. Within the group, SMRT Trains prioritises sustaining reliability and enhancing productivity. Nearly 90 per cent of

the over 6,000 staff employed by SMRT Trains are locals, enabling a strong Singaporean core. Our technical workforce comprises many ITE and polytechnic graduates. Kaizen is in our DNA. We will continue to do better than yesterday.

13. At SMRT, we have adopted **Kaizen for productivity, reliability, and safety**. Since 2018, **Kaizen for productivity** has yielded savings of over \$500 million. **Kaizen for reliability** has kept rail reliability above one million train-km in MKBF since 2019. **Kaizen for safety** has fostered a culture of ownership and accountability, achieving zero fatalities and no major injuries since 2021. We benchmark ourselves against aviation and oil & gas safety standards through our Standards, Compliance, and Enforcement system. Leveraging data, digital capabilities, and AI technologies, we monitor both leading and lagging indicators to enhance commuter and workforce safety. In August 2023, we launched **Overwatch** on the Circle Line to enhance situational awareness and response for reliability and service recovery. We are the only PTO to implement telematics across our entire bus fleet, enhancing operations and safety.

14. Within our regulated business, fares have not kept pace with rising costs. Our transport fares remain among the lowest in the world. We appreciate the support of MOT and LTA in implementing a new Reliability & Performance Incentive Framework from 1 January 2024 to 31 December 2028. This framework is tied closely to our trains' KPIs and helps to partially bridge the gap caused by low fare revenue. Our Kaizen savings of about \$100 million further eases these financial challenges.

Achieving Group Financial Sustainability through Engine B

15. Beyond the regulated public transport businesses, we have established the following key commercial entities to complement and support Engine A, and to enhance commuter travel experience.
16. **Strides Premier**, formed following the merger of Strides Taxi and Premier Taxi, now provides a range of services, including Taxis, PHCs and Automotive services. We established **Stellar Lifestyle** with the primary aim of enhancing commuter experience, making travel on our SMRT-operated MRT lines delightful. Stellar Lifestyle implemented two innovative solutions – **Staytion**, which offers co-working facilities primarily within train stations and

other commercial spaces in Singapore. It provides flexible workspace solutions, including hot desks, private studios, and meeting rooms; and **Hive 2.0 @ Esplanade**, a refreshed initiative on the Circle Line that continuously fosters a pro-enterprise environment by collaborating with SMEs.

17. Last November, our subsidiary **Stellar Ace** won LTA's Road Assets Advertising Operator Contract to become the largest player in the outdoor advertising space in Singapore.
18. Based on our strong track record, **Strides Engineering** secured the contract for operations and maintenance for the Sentosa Monorail. Over the next five years, we are confident that our Engine B businesses will grow properly and substantially.

RTS Link and Strides International

19. Unique to SMRT, our responsibility extends beyond providing public transport here in Singapore. We play a national strategic role through building the \$3.6 billion cross-border Rapid Transit System (RTS) Link, between Singapore and Johor.

20. We are on track to complete the RTS Link project and commence revenue operations. When operational, the service will bring families, communities, and societies closer together, enabling us to provide services beyond transport. This project will not only boost travel growth but also strengthen people-to-people ties, spur investment gains in the new Special Economic Zone, and promote trade links and tourism between Singapore and Malaysia. This is a game-changer for both Singapore and Johor. SMRT is partnering with Prasarana to operationalize the RTS Link. Our relationship extends beyond project work, into exchange of expertise, lessons, and deep friendships.

21. Just two months ago, SMRT warmly welcomed His Majesty Agong Ibrahim to visit the Thomson East-Coast Line. On his first overseas state visit to Singapore, Agong took a ride from Springleaf Station to Woodlands North Station which connects to the RTS link.

The Liquidation of EVCo

22. We are not that perfect at times.

23. In line with our **SMRT Kaizen culture**, I would like to share with you lessons learnt from the liquidation of one of our subsidiaries, EVCo, a joint venture between Di Shang Tie and Strides Holdings. When we launched EVCO in 2022, we had high hopes of it being a game-changer in the sustainable mobility market.

24. EVCo had acquired far more vehicles than secured customers and had no real prospect of meeting the sales targets. It was also burdened by excessive bank borrowing and had a debt over equity ratio of more than 2:1. Consequently, it faced high interest charges, significant inventory warehousing costs and rapid vehicle depreciation. There was no way for the company to be sustainable nor profitable. Rapid cash burn led to the eventual collapse of EVCo. We became aware of the impending failure when EVCo requested for additional shareholder capital injection in October last year. At that point, the management team of EVCo revealed that the company was in big trouble. As the shareholder of STRIDES Holdings, SMRT had to step in to meet the main creditor and discuss the best way forward.

We decided on voluntary creditor liquidation. An independent liquidator was then appointed. The sale of all 529 light commercial EVs to Pan Pacific Leasing was completed within three months, marking the successful liquidation of EVCo's tangible assets. As a result, the total loss to the strides holdings was its shareholding value of \$6 million over two financial years.

25. Throughout this process, we ensured that the dedicated EVCo staff were taken care of, and that those with the right values and skills were re-deployed to other parts of SMRT so that they can continue to serve. I share this experience with you today even though it was painful for SMRT and me, to underscore the importance of having the courage to confront problems without hesitation, the courage to make tough decisions and take swift actions to protect our reputation and mitigate the financial impact to shareholders and stakeholders.

A Happier Workplace

26. In this financial year, SMRT is dedicated to fostering a happier workplace by reinforcing our Purpose and nurturing a sense of belonging. "A Happier Workplace" signifies a

physically and psychologically safe environment that engenders trust and strengthens collaboration.

27. A supportive work culture at SMRT empowers our people to thrive and bolsters the company's growth. By adhering to our principle of 'Right People, Right Job, and Right Fit,' we will train and equip our local workforce, enabling them to achieve their fullest potential and making SMRT an attractive place for talent retention.

Closing

28. SMRT will continue our efforts to achieve safe, reliable, and commuter-centric services of a global standard. Our staff will continue to serve commuters with care and sincerity. Our consistent operational and maintenance performance will build trust with the public and stakeholders. This has been our journey, stewarding public transport, and we will keep enhancing our transit lifestyle efforts to provide a delightful commuter experience for all.
29. I hope you will find today's briefing useful. Thank you.