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Headline: SMRT Trains records S\$86 million loss due to higher maintenance costs and lower ridership – and it's not just profits that have dipped

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A combination of higher maintenance costs and a fall in ridership led to SMRT Trains' multi-million dollar loss for the 2018 financial year. The Straits Times

Higher maintenance costs and declines in ridership have dealt a substantial blow to SMRT Trains' business, resulting in a massive loss despite improvements in rail reliability.

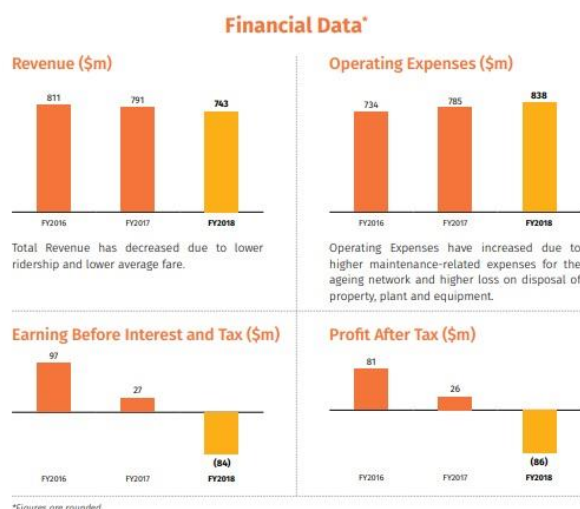
According to SMRT's Trains Operation Review 2018 published on Sunday (Jul 1), the company recorded a S\$86 million (\$63 million) after-tax loss for the 2018 financial year (FY2018) which ended on Mar 31.

The loss was in stark contrast to the previous financial year which saw an after-tax profit of S\$26 million.

SMRT registered a slight drop in total revenue from S\$791 million in FY2017 to S\$743 million in FY2018 which the company attributed to a fall in ridership and lower average fares.

Total ridership reached a four-year peak in FY2017 with 768 million rides but subsequently slumped in FY2018 which saw 753 million rides.

Operating expenses had increased from S\$785 million to S\$838 million due to higher costs of maintenance for the ageing rail network and higher loss on disposal of property, plant and equipment.



Profits were not the only thing that went through a decline however.

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The Public Transport Council's customer satisfaction survey revealed a noticeable fall in SMRT Trains' commuter approval ratings, from 96% in 2016 to 92% in 2017.

The Customer Satisfaction Index of Singapore by the Institute of Service Excellence at Singapore Management University also showed a single point drop in the company's average score from 66 to 65 (out of a total score of 100) over the same period of time.

SMRT Trains' CEO, Lee Ling Wee, said the company had acknowledged the dip in commuter satisfaction in the last year, especially after the installation of the new signalling system in mid-2017 and the two incidents later that year which affected services on the North-South and East-West Lines (NSEWL).

One of those incidents involved a tunnel flooding between Bishan and Braddell stations on the North-South Line.

Lee said: "Learning from the 7 October tunnel flooding episode, we have tightened work processes and supervisory checks across all levels in the organisation, and we will use resources more effectively as we get our renewal and maintenance efforts firmly back on track in building infrastructure and facilities management."

He added that efforts by SMRT Trains and the Land Transport Authority to modernise and renew the ageing NSEWL have led to improvements in rail reliability.

From April 2017 to March 2018, the Circle Line and East-West Line recorded marked improvements in their mean kilometres between failure (MKBF) – the number of kilometres clocked before encountering a delay lasting more than five minutes.

The MKBF for the Circle Line increased by more than two-fold over the 12-month period from 281,800km to 665,000km whereas the East-West Line's MKBF went up from 151,400km to 171,000km.

On the contrary, the North-South Line had a slide in performance, dropping from an MKBF of 180,400km to 97,000km because of initial teething issues on the new signalling system, said Lee.

Currently, SMRT Trains still falls short of its target MKBF of more than 700,000km on the NSEWL for 2018.

Lee noted that train stations will continue to experience early closures and late openings on selected days to facilitate the increase in engineering hours for the remaining ongoing renewal and upgrading works.