

1st November 2019

SIA ENGINEERING GROUP POSTS PROFIT OF \$87.6M FOR 1st HALF FY2019-20

- **11.6% improvement in Group profit underpinned by transformation efforts**
- **Interim dividend of 3 cents per share**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	1 st Half FY2019-20			2 nd Quarter FY2019-20		
	Apr - Sep	Year-on-Year		Jul - Sep	Year-on-Year	
	2019	% Change		2019	% Change	
	\$'M	\$'M	%	\$'M	\$'M	%
• Revenue	512.7	+3.7	+0.7	254.6	+3.3	+1.3
• Operating profit	37.3	+15.8	+73.5	19.6	+8.3	+73.5
• Share of profits of associated and joint venture companies, net of tax	53.4	-9.0	-14.4	27.4	-2.6	-8.7
• Profit attributable to owners of the parent	87.6	+9.1	+11.6	46.0	+8.0	+21.1
• Basic earnings per share (cts)	7.82	+0.80	+11.4	4.11	+0.71	+20.9

GROUP EARNINGS

First Half FY2019-20

Group net profit improved \$9.1 million (+11.6%) to \$87.6 million for the first half ended 30 September 2019. The increase came from an increase in operating profit, partially offset by a decrease in share of profits of associated and joint venture companies.

For the first half of FY2019-20, SIAEC Group's operating profit was \$37.3 million, \$15.8 million (+73.5%) higher year-on-year. Revenue increased \$3.7 million (+0.7%) to \$512.7 million, with a \$6.9 million increase in revenue from the airframe and line maintenance segment partially offset by a \$3.2 million decrease in revenue from the engine and component segment. Expenditure was \$475.4 million, a decrease of \$12.1 million (-2.5%), mainly due to a reduction in subcontract and material costs.

Share of profits of associated and joint venture companies at \$53.4 million was \$9.0 million (-14.4%) lower year-on-year, with a profit of \$55.1 million from the engine and component segment and a loss of \$1.7 million from the airframe and line maintenance segment. Contributions from the engine and component segment were \$7.0 million lower, primarily due to higher expenses incurred by an engine centre as it gears up for new engine capabilities, while contributions from the airframe and line maintenance segment decreased by \$2.0 million.

Basic earnings per share was 7.82 cents for the current period.

Note: The SIAEC Group's unaudited financial results for the second quarter and half year ended 30 September 2019 were announced on 1 November 2019. A summary of the financial statistics is shown in Annex A. All monetary figures are in Singapore Dollars. The Group comprises the Company and its subsidiary, associated and joint venture companies.

Second Quarter FY2019-20

Revenue at \$254.6 million was \$3.3 million (+1.3%) higher year-on-year. Revenue from the airframe and line maintenance segment increased \$4.6 million, offset in part by a \$1.3 million decrease in revenue from the engine and component segment. Expenditure decreased \$5.0 million (-2.1%) to \$235.0 million, mainly due to lower subcontract costs and a favourable exchange variance. As a result, operating profit increased \$8.3 million (+73.5%) to \$19.6 million.

Second quarter's share of profits from associated and joint venture companies was \$27.4 million, \$2.6 million (-8.7%) lower year-on-year, with \$28.5 million profit from the engine and component segment and a loss of \$1.1 million from the airframe and line maintenance segment. Contributions from the engine and component segment were \$0.9 million lower, while contributions from the airframe and line maintenance segment decreased \$1.7 million year-on-year.

Group net profit was \$46.0 million for the quarter ended 30 September 2019, \$8.0 million (+21.1%) higher than the corresponding quarter last year.

Basic earnings per share was 4.11 cents for the quarter.

GROUP FINANCIAL POSITION

As at 30 September 2019, equity attributable to owners of the parent was \$1,539.1 million, \$10.5 million (+0.7%) higher than at 31 March 2019, as profits earned for the half year and a gain in foreign currency translation reserve as a result of the strengthening of the US dollar against the Singapore dollar were partially offset by payment of the final dividend in respect of FY2018-19.

Total assets stood at \$1,940.2 million as of 30 September 2019, an increase of \$95.0 million (+5.1%), primarily due to the recognition of right-of-use assets. The recognition of right-of-use assets arose from the capitalisation of the present value of future lease payments for all leases under the new accounting standard, IFRS 16 Leases, which was adopted from 1 April 2019. The Group's cash balance at \$503.5 million was \$18.1 million (-3.5%) lower than at 31 March 2019.

Net asset value per share as at 30 September 2019 was 137.4 cents.

DIVIDEND

The Company has declared an interim dividend of 3.0 cents per share.

OUTLOOK

Our transformation efforts are translating into improvements in operating performance through reduced costs and better manpower utilization. In addition, our digital initiatives are gaining traction Company-wide. These efforts better position us to meet the ongoing challenges of an uncertain and difficult operating environment.

We will continue to strengthen our portfolio of strategic joint ventures and alliances to sustain our growth as a trusted partner in global MRO.

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(For the complete second quarter and first half FY2019-20 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at www.siaec.com.sg.)

For more information, please contact:

Tan May Lyn
Manager Corporate
SIA Engineering Company Limited
Tel: (65) 6548 1157
E-mail: maylyn_tan@singaporeair.com.sg

Company Registration No: 198201025C

GROUP FINANCIAL STATISTICS

	1 st Half 2019-20	1 st Half 2018-19	2 nd Quarter 2019-20	2 nd Quarter 2018-19
Financial Results (\$ million)				
Total revenue	512.7	509.0	254.6	251.3
Total expenditure	475.4	487.5	235.0	240.0
Operating profit	37.3	21.5	19.6	11.3
Non-operating items	6.1	3.4	4.1	1.9
Share of profits of associated companies, net of tax	33.1	41.6	17.8	19.6
Share of profits of joint venture company, net of tax	20.3	20.8	9.6	10.4
Profit before taxation	96.8	87.3	51.1	43.2
Profit attributable to owners of the parent	87.6	78.5	46.0	38.0
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	7.82	7.02	4.11	3.40
- diluted ^{R2}	7.80	7.01	4.10	3.39
	As at 30 Sep 2019	As at 31 Mar 2019		
Financial Position (\$ million)				
Share capital	420.0	420.0		
Treasury shares	(13.7)	(18.0)		
Reserves				
Capital reserve	2.8	2.9		
Share-based compensation reserve	3.6	5.6		
Foreign currency translation reserve	(4.9)	(18.2)		
Fair value reserve	(3.9)	(0.9)		
Equity transaction reserve	(4.5)	(4.5)		
General reserve	1,139.7	1,141.7		
Equity attributable to owners of the parent	1,539.1	1,528.6		
Total assets	1,940.2	1,845.2		
Net asset value per share (cents) ^{R3}	137.4	136.6		

R1 Earnings after tax per share (basic) is computed by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares in issue less treasury shares.

R2 Earnings after tax per share (diluted) is computed by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares in issue less treasury shares, after adjusting for the dilutive effect on the exercise of all outstanding share options and vesting of all outstanding performance shares, restricted shares and deferred shares granted to employees.

R3 Net asset value per share is computed by dividing equity attributable to owners of the parent by the number of ordinary shares in issue less treasury shares.