



## SIA ENGINEERING GROUP POSTS PROFIT OF \$59.3M FOR 1<sup>st</sup> HALF FY2023-24

### HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	1st half FY2023-24			2nd Quarter FY2023-24		
	Apr – Sep 2023	Year-on-Year Change		Jul - Sep 2023	Year-on-Year Change	
	\$'M	\$'M	%	\$'M	\$'M	%
• Revenue	514.0	+151.8	+41.9	252.1	+61.4	+32.2
• Operating profit/(loss)	0.1	+10.9	n.m.	(0.3)	+6.5	+95.6
• Share of profits of associated and joint venture companies, net of tax	50.0	+8.6	+20.8	28.1	+3.1	+12.4
• Profit attributable to owners of the parent	59.3	+26.8	+82.5	32.3	+12.6	+64.0
• Basic earnings per share (cents)	5.28	+2.39	+82.6	2.87	+1.12	+63.8

### GROUP EARNINGS

#### First Half FY2023-24

For the first half of the financial year ended 30 September 2023, the Group's operating performance improved by \$10.9 million year-on-year to a small operating profit of \$0.1 million. Against last year's low base, Group revenue grew 41.9% to \$514.0 million, largely driven by the increase in flight activities. All operating segments recorded higher revenue. Group expenditure also increased, but at a lower rate of 37.8% to \$513.9 million. The increase in expenditure was mainly due to higher manpower costs, materials costs, equipment running costs and debt impairment provision for a customer that has suspended operations.

As demand for aircraft maintenance, repair and overhaul rose with the recovery of flight activities, share of profits of associated and joint venture companies increased \$8.6 million (+20.8%) year-on-year to \$50.0 million. The breakdown of contribution by segments is as follows:

- \$48.5 million (+\$6.8 million) from the engine and component segment, and
- \$1.5 million (+\$1.8 million) from the airframe and line maintenance segment.

The Group's net profit for the first half ended 30 September 2023 was \$59.3 million, an improvement of \$26.8 million year-on-year.

Basic earnings per share for the first half of the financial year ended 30 September 2023 was 5.28 cents.

**Note 1:** The SIAEC Group's unaudited financial results for the half year ended 30 September 2023 were announced on 2 November 2023. 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 FY2023-24

For the second quarter, the Group recorded an operating loss of \$0.3 million, an improvement of \$6.5 million year-on-year as revenue growth of 32.2% outpaced the 27.8% increase in expenditure. Expenditure increased mainly due to higher manpower costs, material costs, equipment running costs and debt impairment provision for a customer that has suspended operations.

Share of profits of associated and joint venture companies for the quarter was \$28.1 million, an improvement of \$3.1 million (+12.4%) year-on-year, mainly from the engine and component segment.

The Group recorded a net profit of \$32.3 million for the quarter ended 30 September 2023, which was \$12.6 million higher year-on-year.

Basic earnings per share for the second quarter was 2.87 cents.

### **GROUP FINANCIAL POSITION**

As at 30 September 2023, equity attributable to owners of the parent was \$1,679.4 million, an increase of \$13.3 million (+0.8%) from 31 March 2023, mainly due to an increase in foreign currency translation reserve and profits earned for the period.

Total assets stood at \$2,020.9 million as of 30 September 2023, an increase of \$37.7 million (1.9%) from 31 March 2023. The Group's cash balance was \$593.7 million.

Net asset value per share as at 30 September 2023 was 149.5 cents.

### **INTERIM DIVIDEND**

The Company has declared an interim dividend of 2.0 cents per share.

### **BUSINESS UPDATE**

Demand for aircraft maintenance, repair and overhaul ("MRO") services for the half-year ended 30 September 2023 continued to be supported by the recovery in flight activities. With robust traffic recovery at Changi Airport, the number of flights handled by our Line Maintenance unit in Singapore reached 87% of pre-pandemic levels in the period, compared to 55% a year ago.

At Base Maintenance, demand for hangar checks remained strong. Besides generating additional capacity in Singapore through Lean practices to take advantage of the increase in demand, we incorporated a wholly-owned subsidiary in Malaysia, namely Base Maintenance Malaysia, in preparation for the expansion of our base maintenance network to include hangars in that country.

Similarly, the volume of inductions at our joint-venture engine and component shops has also increased. While supply chain disruptions and parts shortages continued to impact turnaround times, most of these shops have been able to deliver increases in output.

The completion of our acquisition of 49% of the share capital of Pos Aviation Engineering Services in Malaysia expanded the Group's geographical presence to 36 stations in eight countries. Additionally, we have signed a joint venture agreement to establish a line maintenance joint venture at the upcoming Techo International Airport in Phnom Penh, Cambodia.

We have also made progress in our efforts to expand our MRO capabilities. Our subsidiary, Asia Pacific Aircraft Component Services, was awarded additional licences by Honeywell to perform repair activities on the latter's Air Data Inertial Reference Unit products on Airbus aircraft and Pre-Cooler Control Valve products on Boeing 737 aircraft. In addition, we have signed an agreement with Eaton to form a component MRO joint venture to inspect, test, repair, maintain, modify and overhaul Eaton-manufactured aircraft components installed on airframe and engine fuel systems and hydraulics systems.

Amongst our technology adoption initiatives to boost our competitiveness and enhance value for our customers and stakeholders, we developed a suite of digital applications, under a unified digital platform, to support the dynamic and challenging operating environment at Line Maintenance. Through these applications, our staff and customers can access the latest information across operations workflows from maintenance task planning, assignment and tracking to reporting and task closure. We are honoured to be recognised for these efforts with the "Innovation of the Year" Award by Aviation Week Network, at the MRO Asia-Pacific Awards 2023.

## **OUTLOOK**

Driven by pent-up demand for air travel since the removal of travel restrictions in most countries, we have seen a robust recovery of flight activities which has, in turn, fuelled stronger demand for MRO work. While the rebound is encouraging, the industry still faces headwinds from macroeconomic and geopolitical uncertainties, inflationary pressures, supply chain disruptions and a tight labour market. These could weigh on business demand and operating margin recovery in the near-term. As part of our ongoing efforts to stay competitive, we continue to drive productivity and efficiency through our Continuous Improvement programme while closely managing costs amid inflationary pressures.

We also remain committed to seeking organic and inorganic growth opportunities that would enable the Group to serve a broader customer base and strengthen its position as a leading provider of MRO services in the Asia-Pacific region. To that end, we continue to explore avenues to enhance our MRO capabilities and expand our geographical reach into new markets whilst nurturing our portfolio of partnerships and joint ventures.

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(For the complete first half FY2023-24 financial statements, please refer to Interim Financial Statements or the Investor Relations page of our website at [www.siaec.com.sg](http://www.siaec.com.sg).)

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## GROUP FINANCIAL STATISTICS

	<b>1H23/24</b>	<b>1H22/23</b>
	<b>(\$'M)</b>	<b>(\$'M)</b>
<b>Financial Results</b>		
Revenue	514.0	362.2
Operating profit/(loss)	0.1	(10.8)
Share of profits of associated and joint venture companies, net of tax	50.0	41.4
Net profit	59.3	32.5
<b>Per Share Data</b>		
Earnings after tax (cents) - basic <sup>R1</sup>	5.28	2.89
- diluted <sup>R2</sup>	5.26	2.88

	<b>1Q23/24</b>	<b>2Q23/24</b>	<b>2Q22/23</b>
	<b>(\$'M)</b>	<b>(\$'M)</b>	<b>(\$'M)</b>
<b>Financial Results</b>			
Revenue	261.9	252.1	190.7
Operating profit/(loss)	0.4	(0.3)	(6.8)
Share of profits of associated and joint venture companies, net of tax	21.9	28.1	25.0
Net profit	27.0	32.3	19.7
<b>Per Share Data</b>			
Earnings after tax (cents) - basic <sup>R1</sup>	2.41	2.87	1.75
- diluted <sup>R2</sup>	2.40	2.86	1.75

	<b>As at 30 Sep 2023</b>	<b>As at 31 Mar 2023</b>
	<b>(\$'M)</b>	<b>(\$'M)</b>
<b>Financial Position</b>		
Share capital	420.0	420.0
Treasury shares	(1.2)	(5.0)
Capital reserve	(0.4)	(0.5)
Share-based compensation reserve	4.1	5.8
Foreign currency translation reserve	(17.6)	(35.3)
Fair value reserve	0.3	4.4
Equity transaction reserve	(2.2)	(2.2)
General reserve	1,276.4	1,278.9
Equity attributable to owners of the parent	<u>1,679.4</u>	<u>1,666.1</u>
Cash and bank balances	593.7	633.0
Receivables <sup>R3</sup>	272.0	256.5
Total assets	2020.9	1,983.2
Total liabilities	331.3	306.5
Net asset value per share (cents) <sup>R4</sup>	149.5	148.5
Return on equity holders' funds (%) <sup>R5</sup>	5.5	4.1

## COMPANY OPERATING STATISTICS AT SINGAPORE BASE

	<b>1H23/24</b>	<b>1H22/23</b>
Flights handled at Changi Airport by line maintenance	70,713	45,263
Number of heavy checks performed at Singapore base	45	42
Number of light checks performed at Singapore base	385	258
Fleet size managed by fleet management business <sup>R6</sup>	107	99

	<b>1Q23/24</b>	<b>2Q23/24</b>	<b>2Q22/23</b>
Flights handled at Changi Airport by line maintenance	34,173	36,540	24,982
Number of heavy checks performed at Singapore base	23	22	22
Number of light checks performed at Singapore base	173	212	140
Fleet size managed by fleet management business <sup>R6</sup>	114	107	99

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 vesting of all outstanding performance shares, restricted shares and deferred shares granted to employees.

R3 Receivables comprises trade debtors, contract assets, amount owing by immediate holding company and amounts owing by related parties.

R4 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.

R5 Return of equity holders' funds is profit attributable to the Company expressed as a percentage of the average equity holders' funds.

R6 Fleet size as at end of reporting period.