



SIA ENGINEERING GROUP FULL YEAR RESULTS FOR FY2023-24

- The Group recorded a net profit of \$97.1M, an increase of 46% year-on-year
- The first full year operating profit since the onset of the COVID-19 pandemic
- Proposed final dividend of 6.0 cents per share

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	Full Year FY2023-24	Year-on-Year Change		2nd Half FY2023-24	Year-on-Year Change	
	\$'M	\$'M	%	\$'M	\$'M	%
Revenue	1,094.2	+298.2	+37.5	580.2	+146.4	+33.7
Operating profit	2.3	+28.6	n.m.	2.2	+17.7	n.m.
Share of profits of associated and joint venture companies, net of tax	101.0	+23.2	+29.8	51.0	+14.6	+40.1
Profit attributable to owners of the parent	97.1	+30.7	+46.2	37.8	+3.9	+11.5
Basic earnings per share (cents)	8.65	+2.74	+46.4	3.37	+0.35	+11.6

GROUP EARNINGS

Financial Year 2023-24

The Group posted revenue of \$1,094.2 million for the financial year ended 31 March 2024, which was 37.5% higher year-on-year, on the back of a continued recovery in demand for aircraft maintenance, repair and overhaul ("MRO") services. Group expenditure rose at a lower rate of 32.8%, with the increase mainly due to higher manpower costs and material usage.

With revenue growth surpassing the increase in expenditure, the Group's operating performance improved \$28.6 million year-on-year, from an operating loss of \$26.3 million last year to an operating profit of \$2.3 million this year. It was the first year of profit at the operating level since the onset of the pandemic. If we were to exclude the government wage support recorded last year, operating performance improved by \$39.8 million.

Share of profits from associated and joint venture companies also increased, by \$23.2 million (+29.8%) to \$101.0 million. Profits from the engine and component segment rose 28.2% to \$97.7 million, while profits from the airframe and line maintenance segment increased to \$3.3 million.

Note 1: The SIAEC Group's audited financial results for the financial year ended 31 March 2024 were announced on 10 May 2024. 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.

In the last quarter of the financial year, the Group exited from the Pratt & Whitney PW1500G engine Risk-Revenue Sharing Programme ("RRSP") and made a one-time write-off of \$25.1 million in net assets.

Including other non-operating items, the Group posted a net profit of \$97.1 million for the financial year ended 31 March 2024, \$30.7 million higher year-on-year.

Basic earnings per share was 8.65 cents for the financial year.

Second Half FY2023-24

In the second half of the financial year, the Group's operating profit was \$2.2 million, a turnaround of \$17.7 million from the operating loss of \$15.5 million in the same period last year. This was largely driven by a 33.7% increase in revenue as the continued recovery of flight activities drove demand for aircraft maintenance and overhaul. Expenditure rose at a slower pace of 28.6%, with the increase mainly stemming from a rise in manpower costs and materials usage.

Associated and joint venture companies benefited from healthy demand. Share of profits rose \$14.6 million to \$51.0 million. Of this, \$49.2 million came from the engine and component segment and \$1.8 million from the airframe and line maintenance segment.

In the last quarter of the financial year, the Group exited from the PW1500G engine RRSP and made a one-time non-cash write-off of \$25.1 million in net assets.

The Group net profit for the second half ended 31 March 2024 was \$37.8 million. Without the PW1500G engine RRSP write-off, the net profit would have been \$62.9 million, an improvement of \$29.0 million year-on-year.

Basic earnings per share for the second half was 3.37 cents.

GROUP FINANCIAL POSITION

As at 31 March 2024, equity attributable to owners of the parent was \$1,687.1 million, an increase of \$21.0 million (+1.3%) from 31 March 2023, mainly due to profits earned during the year, partially offset by dividend payment.

Total assets stood at \$2,088.3 million as of 31 March 2024, an increase of \$105.1 million (+5.3%) from 31 March 2023. The Group's cash balance was \$646.0 million.

Net asset value per share as at 31 March 2024 was 150.3 cents.

DIVIDEND

The Board is recommending a final ordinary dividend of 6.0 cents per share for FY2023-24.

Payment of the final dividend, which amounts to approximately \$67 million, is subject to shareholders' approval at the Annual General Meeting on 19 July 2024. The dividend will be paid on 14 August 2024.

Together with the interim dividend of 2.0 cents per share paid earlier, the total dividend payout for FY2023-24 will be 8.0 cents per share. For FY2022-23, the dividend payout was 5.5 cents per share.

BUSINESS UPDATES

Demand for aircraft MRO services was robust in the financial year ended 31 March 2024 as global air travel and flight activities edged closer to pre-pandemic levels. Correspondingly, the Group recorded revenue increase across all its business units and portfolio of companies as business volume increased.

The total number of flights handled during the year by Line Maintenance in Singapore was 39.1% higher than last year. The number of flights handled in March 2024 was 94.4% of pre-pandemic volume, compared to 78.7% in March 2023. At overseas Line Maintenance stations, there was a similar trend of increase in flights handled.

Demand for hangar checks at Base Maintenance remained healthy during the year, with a notable increase in the number of light checks as more aircraft returned to service. Base Maintenance's capacity across the region will be further boosted once the Subang hangars in Malaysia become operational in 2025.

SIAEC recently expanded the scope of its Services Agreement with Scoot to include the latter's new Embraer E190-E2 fleet. The contract, which commenced on 1 April 2024, is for a period of 58 months and is estimated to generate \$52 million in revenue.

Inductions at our engine and component shops also increased during the year. In addition, the Company commenced the provision of component support coverage for Air India's Airbus A320 fleet in March 2024, under a 12-year contract.

Our engine and component joint ventures ("JVs") saw higher engine deliveries and component repair volume in parallel with the recovery in the aviation industry. To capture the expected growth in MRO demand, Singapore Aero Engine Services ("SAESL"), our joint venture with Rolls-Royce, is expanding its capabilities and increasing its overhaul capacity by 40%. Similarly, another joint venture with Pratt & Whitney, Eagle Services Asia ("ESA"), has added a new facility to boost its GTF engine overhaul capacity by two-thirds.

Arising from our regular portfolio review and rationalization, a few changes were made during the year. These included the divestment of a 60% stake in Additive Flight Solutions and exit from the PW1500G engine Risk-Revenue Sharing Programme ("RRSP") with Pratt & Whitney. The latter will allow the Company to deploy capital, which would otherwise have been used to support the funding of the RRSP, to other areas that are better aligned with its growth strategy. These include a line maintenance joint

venture in Cambodia, a component MRO joint venture in Malaysia for Eaton-manufactured aircraft components, and the expansion of our line maintenance presence in Malaysia with the completion of our acquisition of 49% of the share capital of Pos Aviation Engineering Services, which have all been announced earlier.

The Company continued to roll out initiatives to improve productivity and efficiency through its Continuous Improvement programme. Among the key initiatives was the implementation of a digital task planning and management system at Base Maintenance and Line Maintenance to streamline production planning, control and execution processes for aircraft checks and maintenance tasks. Enhancements are also being made to the Company's Operating System to further improve planning and production processes and performance standards, as well as raise productivity levels.

OUTLOOK

Demand for MRO services looks healthy as global air travel and flight activities edge closer to pre-pandemic levels. However, a tight labour market, supply chain issues and inflation remain key concerns that weigh on our near-term operating margins.

To address such challenges and strengthen our capacity, we continue to maintain cost discipline and leverage productivity improvements through our Continuous Improvement programme, including digitalisation efforts and workforce upskilling. In tandem with this, we continue to pursue strategies to amplify our MRO capabilities, capacities and geographical footprint through partnerships.

We remain committed to achieving net zero carbon emissions by 2050. We continue to tap into renewable energy and adopt more energy efficient equipment.

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(For the complete FY2023-24 financial statements, please refer to our SGXNET filing or the Investor Relations page of our website at www.siaec.com.sg.)

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GROUP FINANCIAL STATISTICS

	FY23/24 (\$'M)	FY22/23 (\$'M)
Financial Results		
Revenue	1,094.2	796.0
Operating profit/(loss)	2.3	(26.3)
Share of profits of associated and joint venture companies, net of tax	101.0	77.8
Net profit	97.1	66.4
Per Share Data		
Earnings after tax (cents) - basic ^{R1}	8.65	5.91
- diluted ^{R2}	8.61	5.89

	4Q23/24 (\$'M)	4Q22/23 (\$'M)	2H23/24 (\$'M)	2H22/23 (\$'M)
Financial Results				
Revenue	288.5	225.7	580.2	433.8
Operating profit/(loss)	5.6	(3.0)	2.2	(15.5)
Share of profits of associated and joint venture companies, net of tax	27.2	17.1	51.0	36.4
Net profit	10.9	21.1	37.8	33.9
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	0.97	1.88	3.37	3.02
- diluted ^{R2}	0.97	1.87	3.35	3.01

	As at 31 Mar 2024 (\$'M)	As at 31 Mar 2023 (\$'M)
Financial Position		
Share capital	420.0	420.0
Treasury shares	(4.5)	(5.0)
Capital reserve	(0.4)	(0.5)
Share-based compensation reserve	7.5	5.8
Foreign currency translation reserve	(24.1)	(35.3)
Fair value reserve	(1.3)	4.4
Equity transaction reserve	(2.2)	(2.2)
General reserve	1,292.1	1,278.9
Equity attributable to owners of the parent	<u>1,687.1</u>	<u>1,666.1</u>
Cash and bank balances	646.0	633.0
Receivables ^{R3}	272.3	256.5
Total assets	2,088.3	1,983.2
Total liabilities	385.0	306.5
Net asset value per share (cents) ^{R4}	150.3	148.5
Return on equity holders' funds (%) ^{R5}	5.8	4.1

COMPANY OPERATING STATISTICS AT SINGAPORE BASE

	FY23/24	FY22/23		
Flights handled at Changi Airport by line maintenance	146,289	105,139		
Number of heavy checks performed at Singapore base	89	94		
Number of light checks performed at Singapore base	773	568		
Fleet size managed by fleet management business ^{R6}	186	109		
	4Q23/24	4Q22/23	2H23/24	2H22/23
Flights handled at Changi Airport by line maintenance	38,422	30,695	75,576	59,876
Number of heavy checks performed at Singapore base	20	24	44	52
Number of light checks performed at Singapore base	189	159	388	310
Fleet size managed by fleet management business ^{R6}	186	109	186	109

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.