



SIA ENGINEERING GROUP POSTS PROFIT OF \$183.3M FOR FY2014-15

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	FY2014-15		4 th Quarter FY2014-15	
	Apr 2014 - Mar 2015	Year-on-Year % Change	Jan - Mar 2015	Year-on-Year % Change
• Revenue	\$1,120.6M	- 4.9	\$276.0M	- 11.3
• Operating profit	\$84.0M	- 27.3	\$23.1M	- 32.5
• Share of profits of associated and joint venture companies, net of tax	\$106.3M	- 34.6	\$21.3M	- 41.0
• Profit attributable to owners of the parent	\$183.3M	- 31.0	\$41.4M	- 36.5
• Basic earnings per share	16.36 cts	- 31.5	3.69 cts	- 36.9

GROUP EARNINGS

Financial Year 2014-15

SIAEC Group posted a profit attributable to owners of the parent of \$183.3 million for the financial year ended 31 March 2015.

Revenue was \$1,120.6 million, a decrease of \$57.6 million or 4.9%. Airframe and component overhaul revenue declined with fewer heavy checks, partially mitigated by higher fleet management revenue. Expenditure at \$1,036.6 million was lower by \$26.0 million or 2.4%, largely due to a reduction in material usage in line with the decline in the number of heavy checks and lower staff costs, offset by higher subcontract costs. The subcontract cost increases were mainly for the fleet management contracts, which typically require part of the obligations to be outsourced. Operating profit at \$84.0 million was \$31.6 million or 27.3% lower compared to the same period the previous year.

Share of profits of associated and joint venture companies fell by \$56.3 million or 34.6% to \$106.3 million. The contributions from the engine repair and overhaul centres decreased by \$57.4 million or 45.9% with reduced engine shop visits, arising from engine improvement modifications as well as an extension of the "on-wing" life of certain models and the continuing retirement of the older engine models.

Basic earnings per share was 16.36 cents for this financial year.

Note: The SIAEC Group's audited financial results for the financial year ended 31 March 2015 were announced on 12 May 2015. 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.)

Fourth Quarter FY2014-15

Revenue declined by \$35.1 million or 11.3% to \$276.0 million for the current quarter due to lower airframe and component overhaul revenue, while expenditure decreased by \$24.0 million or 8.7% to \$252.9 million. The resulting operating profit of \$23.1 million was \$11.1 million or 32.5% lower compared to the same quarter last year.

Share of profits of associated and joint venture companies decreased by \$14.8 million or 41.0% to \$21.3 million, mainly due to the weaker contributions from the engine repair and overhaul centres.

Basic earnings per share was 3.69 cents for the current quarter.

GROUP FINANCIAL POSITION

As at 31 March 2015, equity attributable to owners of the parent of \$1,324.9 million was \$36.0 million or 2.6% lower than at 31 March 2014. The decrease was mainly due to the payment of the final dividend in respect of FY2013-14 and interim dividend for FY2014-15, partially offset by profits earned for the period.

Total assets stood at \$1,656.6 million at the end of FY2014-15, a decrease of \$50.5 million or 3.0%. The cash balance of the Group as at 31 March 2015 amounted to \$463.7 million.

Net asset value per share as at 31 March 2015 was 118.1 cents.

DIVIDEND

The Board is recommending a final ordinary dividend of 8.5 cents per share. Together with the interim dividend of 6.0 cents per share paid earlier, the total dividend payment for FY2014-15 will be 14.5 cents per share.

Payment of the final dividend, which amounts to approximately \$95.3 million, is subject to shareholders' approval at the Annual General Meeting on 24 July 2015. The dividend will be paid on 13 August 2015.

OUTLOOK

The operating environment for the MRO industry remains challenging. Advancements in the newer generation engines have improved their reliability while the older generation engines are being phased out. These developments will continue to result in a reduction in engine shop visits in the next few years.

With the changing landscape in the MRO industry, the Company has been taking initiatives to position itself for the future. One such initiative is the fleet management joint venture with Boeing that will incorporate a part of our fleet management business. This joint venture is on track for commencement of operations in this financial year, although it is not expected to be accretive in the near term.

Given the growth in the operating fleet within the region, the Company remains confident that the demand for engine and aircraft MRO work will pick up in the future. With our strong balance sheet, the Group is well positioned to meet challenges, and we will continue to pursue various opportunities and strategic initiatives.

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(For the complete fourth quarter and financial year FY2014-15 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:

Chia Peck Yong

Senior Manager Public Affairs

SIA Engineering Company

Tel: (65) 6541-5134

Fax: (65) 6546-0679

Mobile: 9863-0982

E-mail: peckyong_chia@singaporeair.com.sg

Company Registration No: 198201025C

GROUP FINANCIAL STATISTICS

	FY 2014-15	FY 2013-14	4 th Quarter 2014-15	4 th Quarter 2013-14
Financial Results (\$ million)				
Total revenue	1,120.6	1,178.2	276.0	311.1
Total expenditure	1,036.6	1,062.6	252.9	276.9
Operating profit	84.0	115.6	23.1	34.2
Non-operating items	7.0	2.0	0.5	0.7
Dividend income from long term investment	8.1	13.8	1.7	2.2
Share of profits of associated companies, net of tax	45.5	68.6	8.1	14.1
Share of profits of joint venture companies, net of tax	60.8	94.0	13.2	22.0
Profit before taxation	205.4	294.0	46.6	73.2
Profit attributable to owners of the parent	183.3	265.7	41.4	65.2
Per Share Data				
Earnings before tax (cents)	18.34	26.42	4.16	6.56
Earnings after tax (cents) - basic ^{R1}	16.36	23.88	3.69	5.85
- diluted ^{R2}	16.28	23.69	3.68	5.80
	As at 31 Mar 2015	As at 31 Mar 2014		
Financial Position (\$ million)				
Share capital	410.7	387.3		
Reserves				
Share-based compensation reserve	20.2	23.9		
Foreign currency translation reserve	(81.7)	(127.7)		
Fair value reserve	(14.2)	(0.6)		
Equity transaction reserve	(2.4)	-		
General reserve	992.3	1,078.0		
Equity attributable to owners of the parent	1,324.9	1,360.9		
Total assets	1,656.6	1,707.1		
Net asset value per share (cents) ^{R3}	118.1	122.0		

^{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.

^{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 after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted 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.