



**SIA ENGINEERING GROUP POSTS PROFIT OF \$184.1M  
FOR FY2017-18**

**HIGHLIGHTS OF THE GROUP'S PERFORMANCE**

	FY2017-18		4 <sup>th</sup> Quarter FY2017-18	
	Apr 2017 – Mar 2018	Year-on-Year % Change	Jan - Mar 2018	Year-on-Year % Change
• Revenue	1,094.9	- 0.8	276.4	- 6.4
• Operating profit				
- before divestment of HAESL	76.4	- 18.1	20.6	- 13.8
- after divestment of HAESL	76.4	+ 6.1	20.6	- 13.8
• Share of profits of associated and joint venture companies, net of tax	109.8	+ 13.8	25.0	- 7.4
• Profit attributable to owners of the parent				
- before divestment of HAESL	184.1	+ 7.0	55.0	+ 19.8
- after divestment of HAESL	184.1	- 44.6	55.0	+ 19.8
• Basic earnings per share	16.45	- 44.5	4.91	+ 20.0

**GROUP EARNINGS**

Financial Year 2017-18

SIAEC Group recorded a profit attributable to owners of the parent of \$184.1 million for the financial year ended 31 March 2018. Profit last year included a gain from the divestment of the Group's 10% stake in Hong Kong Aero Engine Services Ltd ("HAESL") to Rolls-Royce Overseas Holdings Limited ("RROH") and Hong Kong Aircraft Engineering Company Limited ("HAECO"). Excluding the impact of this divestment, profit for the current financial year of \$184.1 million was \$12.1 million or 7.0% higher. After including the impact of this divestment, profit was lower by \$148.3 million or 44.6% compared to the last financial year.

Revenue at \$1,094.9 million was 0.8% or \$9.2 million lower year-on-year, mainly from lower fleet management revenue.

Expenditure at \$1,018.5 million was lower by \$13.6 million or 1.3%, mainly due to decrease in staff and subcontract costs, offset partially by an exchange loss of \$6.5 million compared to a \$5.5 million exchange gain last year. The decrease in staff costs was due mainly to the absence of the provision made for the profit-linked component of staff remuneration arising from the gain on HAESL divestment last year, offset by annual salary increments and increase in headcount at subsidiaries. Operating profit of \$76.4 million was \$4.4 million or 6.1% higher year-on-year. Excluding the profit-linked component of staff remuneration arising from the gain on divestment last year, operating profit was lower by \$16.9 million or 18.1%.

Note: The SIAEC Group's audited financial results for the financial year ended 31 March 2018 were announced on 15 May 2018. 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.)

Share of profits of associated and joint venture companies increased by \$13.3 million or 13.8% to \$109.8 million. Share of profits from the engine and component centres increased \$14.3 million or 15.0% to \$109.9 million. Contributions from the airframe and line maintenance segment decreased \$1.0 million to a loss of \$0.1 million from a profit of \$0.9 million last financial year, with higher start-up losses incurred by an associated company.

Basic earnings per share was 16.45 cents for the current financial year.

#### Fourth Quarter FY2017-18

The Group posted a profit attributable to owners of \$55.0 million for the fourth quarter ended 31 March 2018, an increase of \$9.1 million or 19.8% year-on-year. Profit for the quarter included a \$14.3 million gain on the sale of the Group's shares in an associated company, Asian Compressor Technology Services Company Limited ("ACTS").

Revenue decreased by \$19.0 million or 6.4% to \$276.4 million for the current quarter mainly due to lower airframe and component overhaul and fleet management revenue. Expenditure fell \$15.7 million or 5.8% to \$255.8 million, due primarily to decrease in staff and subcontract costs. The resulting operating profit of \$20.6 million was \$3.3 million or 13.8% lower compared to the same quarter last year.

Share of profits of associated and joint venture companies decreased \$2.0 million or 7.4% to \$25.0 million, mainly due to \$1.4 million lower share of profits from the engine and component centres.

Basic earnings per share was 4.91 cents for the current quarter.

#### **GROUP FINANCIAL POSITION**

As at 31 March 2018, equity attributable to owners of the parent of \$1,495.9 million was \$58.1 million or 3.7% lower than at 31 March 2017. The decrease was mainly due to payments of FY2016-17 final ordinary and special dividends, FY2017-18 interim dividend and higher foreign currency translation losses as a result of the weakening of US dollar against the Singapore dollar, partially offset by profits earned for the year.

Total assets stood at \$1,818.6 million at 31 March 2018, a decrease of \$99.7 million or 5.2% from 31 March 2017. The Group's cash balance amounted to \$499.7 million, \$102.0 million or 17.0% lower than at 31 March 2017, mainly due to dividends paid, offset in part by dividends received from associated and joint venture companies.

Net asset value per share as at 31 March 2018 was 133.8 cents.

## DIVIDEND

The Board is recommending a final ordinary dividend of 9.0 cents per share for FY2017-18. Together with the interim dividend of 4.0 cents per share paid earlier, the total dividend payment for FY2017-18 will be 13.0 cents per share.

Payment of the final dividend, which amounts to approximately \$100.6 million, is subject to shareholders' approval at the Annual General Meeting on 19 July 2018. The dividend will be paid on 7 August 2018.

## ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) (SFRS(I)) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As required by the listing rules of the Singapore Exchange, the Group will apply SFRS(I) with effect from 1 April 2018. The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I), and IFRS issued by the International Accounting Standards Board. In adopting the new framework, the Group is required to apply the specific transition requirements in "IFRS 1 First-time Adoption of IFRS".

The Group plans to make the following allowable transition adjustments that have an impact on the financial statements:

- Use of fair values of certain aircraft rotatable spares as their new costs; and
- Resetting of the foreign currency translation reserve

The required comparative period for the transition to IFRS1, for the Group, is from 1 April 2017. The estimated impact of applying the above adjustments on 1 April 2017 is set out below:

	Increase/(Decrease)	
	General reserve As at 1 April 2017	Impact on restated FY2017-18 Profit
	\$ million	\$ million
Adjustment to aircraft rotatable spares	(15.9)	2.4
Cumulative translation differences	(68.0)	0.7
<b>Total (pre-tax)</b>	<b>(83.9)</b>	<b>3.1</b>
Tax effect	2.7	(0.4)
<b>Total (post-tax)</b>	<b>(81.2)</b>	<b>2.7</b>

For illustrative purposes, assuming the above adjustments had been effected in the FY2017-18 financial statements, the pro forma financial effects on the Group's financial ratios for FY2017-18 would have been as follows:

<b>Financial Metrics</b>	<b>FY2017-18</b>	<b>FY2017-18 (Restated)</b>
Earnings per Share (basic) (cents per share)	16.45	16.70
Earnings per Share (diluted) (cents per share)	16.42	16.67
	<b>As at 31 Mar 2018</b>	<b>As at 31 Mar 2018 (Restated)</b>
Net Asset Value (cents per share)	133.8	132.8
Price to Book Value	2.38	2.39

The effect of the reduction in values for aircraft rotatable spares is a reduction in depreciation expense. The estimated impact in the next three financial years is as follows:

<b>Increase in Profit (\$ million)</b>	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>FY2020-21</b>
Pre-tax	2.4	2.3	1.9
Post-tax	2.0	1.9	1.6

## **OUTLOOK**

To strengthen our position as a leading MRO, the Company has embarked on a transformation journey to enhance productivity, streamline processes and increase competitiveness. At the same time, we will continue to invest in innovation and technology to stay at the forefront of the industry.

Our portfolio of joint ventures further augment the Group's business, enabling us to gain access to new products, markets and technology. During the year, we have expanded our portfolio with the entry of joint ventures with GE Aviation and Stratasy Ltd.

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(For the complete fourth quarter and financial year FY2017-18 financial statements, please refer to our SGXNET Filing 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

	FY 2017-18	FY 2016-17	4 <sup>th</sup> Quarter 2017-18	4 <sup>th</sup> Quarter 2016-17
<b>Financial Results (\$ million)</b>				
Total revenue	1,094.9	1,104.1	276.4	295.4
Total expenditure <sup>R1</sup>	1,018.5	1,032.1	255.8	271.5
Operating profit <sup>R1</sup>	76.4	72.0	20.6	23.9
Non-operating items	5.9	3.2	2.0	0.9
Surplus on disposal/ partial disposal of an associated company	14.3	2.3	14.3	-
Surplus on disposal of non-current asset held for sale	-	141.6	-	-
Dividend income from non-current asset held for sale	-	39.5	-	-
Share of profits of associated companies, net of tax	69.5	64.9	16.6	22.0
Share of profits of joint venture companies, net of tax	40.3	31.6	8.4	5.0
Profit before taxation	206.4	355.1	61.9	51.8
Profit attributable to owners of the parent <sup>R2</sup>	184.1	332.4	55.0	45.9
<b>Per Share Data</b>				
Earnings before tax (cents)	18.45	31.65	5.54	4.62
Earnings after tax (cents) - basic <sup>R3</sup>	16.45	29.63	4.91	4.09
- diluted <sup>R4</sup>	16.42	29.57	4.90	4.09
	<b>As at 31 Mar 2018</b>	<b>As at 31 Mar 2017</b>		
<b>Financial Position (\$ million)</b>				
Share capital	420.0	420.0		
Treasury shares	(21.3)	(15.2)		
Reserves				
Capital reserve	2.8	2.7		
Share-based compensation reserve	7.1	16.0		
Foreign currency translation reserve	(106.2)	(68.0)		
Fair value reserve	3.6	(0.6)		
Equity transaction reserve	(2.4)	(2.4)		
General reserve	1,192.3	1,201.5		
Equity attributable to owners of the parent	1,495.9	1,554.0		
Total assets	1,818.6	1,918.3		
Net asset value per share (cents) <sup>R5</sup>	133.8	138.8		

<sup>R1</sup> The expenditure of \$1,032.1 million in FY2016-17 included a provision for the estimated increase in the profit-linked component of staff remuneration arising from the gain on divestment of Hong Kong Aero Engine Services Ltd ("HAESL"). Before the additional provision for staff costs, operating profit for the year was \$93.3 million. After taking into account this one-time impact, the Group showed an operating profit of \$72.0 million in FY2016-17.

<sup>R2</sup> Profit attributable to owners of the parent of \$332.4 million in FY2016-17 included a gain on divestment of HAESL of \$178.0 million and its corresponding impact on staff costs (net of tax adjustments). Before the divestment, profit attributable to owners of the parent was \$172.0 million in FY2016-17.

<sup>R3</sup> 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.

<sup>R4</sup> 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, performance shares and restricted shares granted to employees.

<sup>R5</sup> 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.