

23rd July 2021

SIA ENGINEERING GROUP BUSINESS UPDATES FOR 1ST QUARTER FY2021-22

BUSINESS UPDATES

The number of flights handled continues to increase but the pace of recovery slowed during the quarter as rising cases of the more infectious variant of COVID-19 resulted in tightening of border restrictions. Against the low base last year, the number of flights handled at our Singapore base during the quarter was 97% higher year-on-year. However, as compared to last quarter, the increase was only 13%, with the increase largely coming from the base carriers at Changi Airport. Flight activities at our overseas line maintenance companies experienced similar slow recovery over the last quarter.

At our Base Maintenance facilities, more aircraft maintenance checks were secured from active marketing efforts. However, these checks were of lighter work content as compared to the checks performed in the same period last year.

Work volume for fleet management business and at our joint venture companies remained low due to slow pace of recovery in flight activities of client airlines. In line with our announced plans, we commenced operating our engine services under the newly formed Engine Services Division.

Measures previously taken to mitigate manpower surpluses and manage operating cost were largely maintained, in light of the slow growth for the quarter. We remained prudent with capital expenditure, without losing focus on opportunities to invest in capability and capacity expansion to lay the foundation for future recovery and growth.

To ensure the continuation of business and workplace safety and the well-being of all employees, the necessary safe management measures were strictly enforced. Such measures were stepped up during the quarter, in compliance with advisories applicable during the Heightened Alert phase. Currently, over 90% of our workforce has been vaccinated against COVID-19. Employees have been strongly encouraged to receive the vaccination.

Pilot initiatives launched under Phase 2 of our Transformation programme are gaining traction and our plans to broaden the scope of these initiatives remain on track.

OUTLOOK

Amidst the encouraging pace of global vaccination efforts, countries with high vaccination levels are exploring the easing of travel restrictions. The trajectory for a sustained recovery remains uncertain and rests on the global vaccination and infection rates as well as border restrictions. The uptick in flight volume from home-based carriers has been encouraging but any meaningful increase in flight frequencies is not expected to materialise in the short term.

The Company is pressing ahead with its Transformation efforts to emerge stronger in the post-COVID-19 future. This will complement efforts in reshaping the portfolio of subsidiaries and joint ventures to strengthen its ability to build new capabilities for existing and new generation aircraft and components amidst a changing business environment.

GROUP FINANCIAL PERFORMANCE

The Group recorded revenue of \$125.3 million for the first quarter of FY2021-22, \$6.8 million higher year-on-year (+5.7%) largely driven by higher flight activities. Group expenditure at \$128.2 million was slightly higher year-on-year (+0.9%) as cost management measures partially offset lower grants from government support schemes. Consequently, the Group incurred a lower operating loss of \$2.9 million compared to the operating loss of \$8.6 million in the same quarter last year.

Share of profits of associated and joint venture companies was \$14.8 million, an increase of \$1.1 million (+8.0%) year-on-year. Contributions from the engine and component segment decreased \$1.1 million (-5.7%) to \$18.3 million, while the airframe and line maintenance segment turned in a lower loss of \$3.5 million, an improvement of \$2.2 million year-on-year.

Consequently, Group net profit increased 35.5% year-on-year to \$14.5 million for the quarter ended 30 June 2021.

The performance for the quarter continued to be supported by grants from government support schemes; most significantly, the Jobs Support Scheme (JSS). Although support from JSS was lower than the same period last year, it substantially cushioned the impact of low flight activities. Without this support, the Group would have recorded a loss of \$24.1 million.

As at 30 June 2021, equity attributable to owners of the parent was \$1,548.9 million, comparable to 31 March 2021.

Total assets stood at \$1,805.4 million as of 30 June 2021, a decrease of \$4.4 million (-0.2%) from 31 March 2021. The Group continues to maintain a strong cash balance of \$683.5 million to tide us through uncertain recovery and to meet our deferred capital commitments.

Basic earnings per share and net asset value per share as at 30 June 2021 was 1.30 cents and 138.1 cents respectively.

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GROUP FINANCIAL STATISTICS

	1Q21/22 (\$'M)	1Q20/21 (\$'M)	Change (%)
Financial Results			
Revenue	125.3	118.5	+5.7
Operating loss	(2.9)	(8.6)	+66.3
Share of profits of associated and joint venture companies, net of tax	14.8	13.7	+8.0
Net profit	14.5	10.7	+35.5

Per Share Data

Earnings after tax (cents) - basic ^{R1}	1.30	0.96
- diluted ^{R2}	1.29	0.95

	As at 30 Jun 2021 (\$'M)	As at 31 Mar 2021 (\$'M)
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Financial Position

Share capital	420.0	420.0
Treasury shares	(9.8)	(9.8)
Capital reserve	2.7	2.7
Share-based compensation reserve	5.6	4.8
Foreign currency translation reserve	(24.1)	(23.8)
Fair value reserve	(2.0)	(2.2)
Equity transaction reserve	(2.2)	(2.2)
General reserve	1,158.7	1,144.1
Equity attributable to owners of the parent	1,548.9	1,533.6
Cash and bank balances	683.5	616.0
Receivables ^{R3}	173.6	223.9
Total assets	1,805.4	1,809.8
Total liabilities	246.3	265.6
Net asset value per share (cents) ^{R4}	138.1	136.8
Return on equity holders' funds (%) ^{R5}	(0.5)	(0.7)

COMPANY OPERATING STATISTICS AT SINGAPORE BASE

	1Q21/22	1Q20/21
Flights handled at Changi Airport by line maintenance	9,755	4,952
Number of heavy checks performed at Singapore base	21	15
Number of light checks performed at Singapore base	85	54
Fleet size managed by fleet management business ^{R6}	79	86

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.