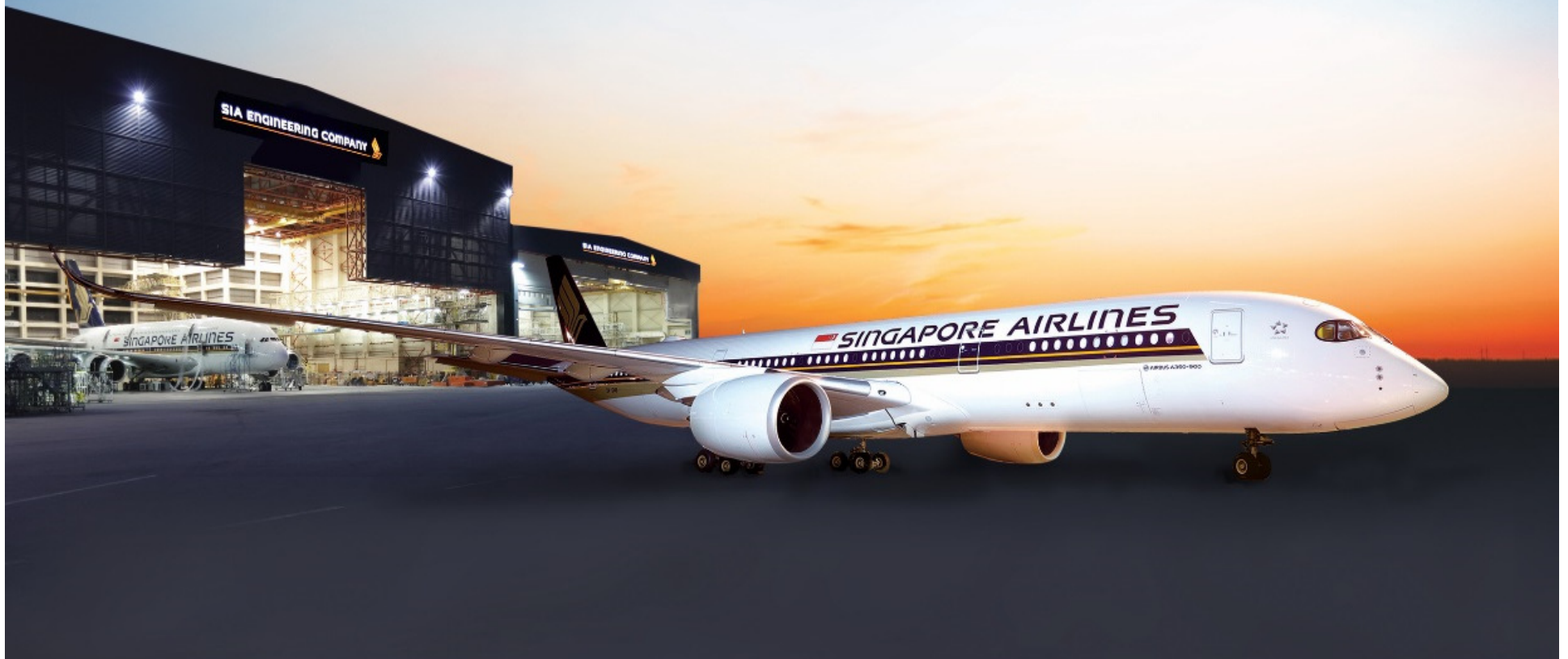
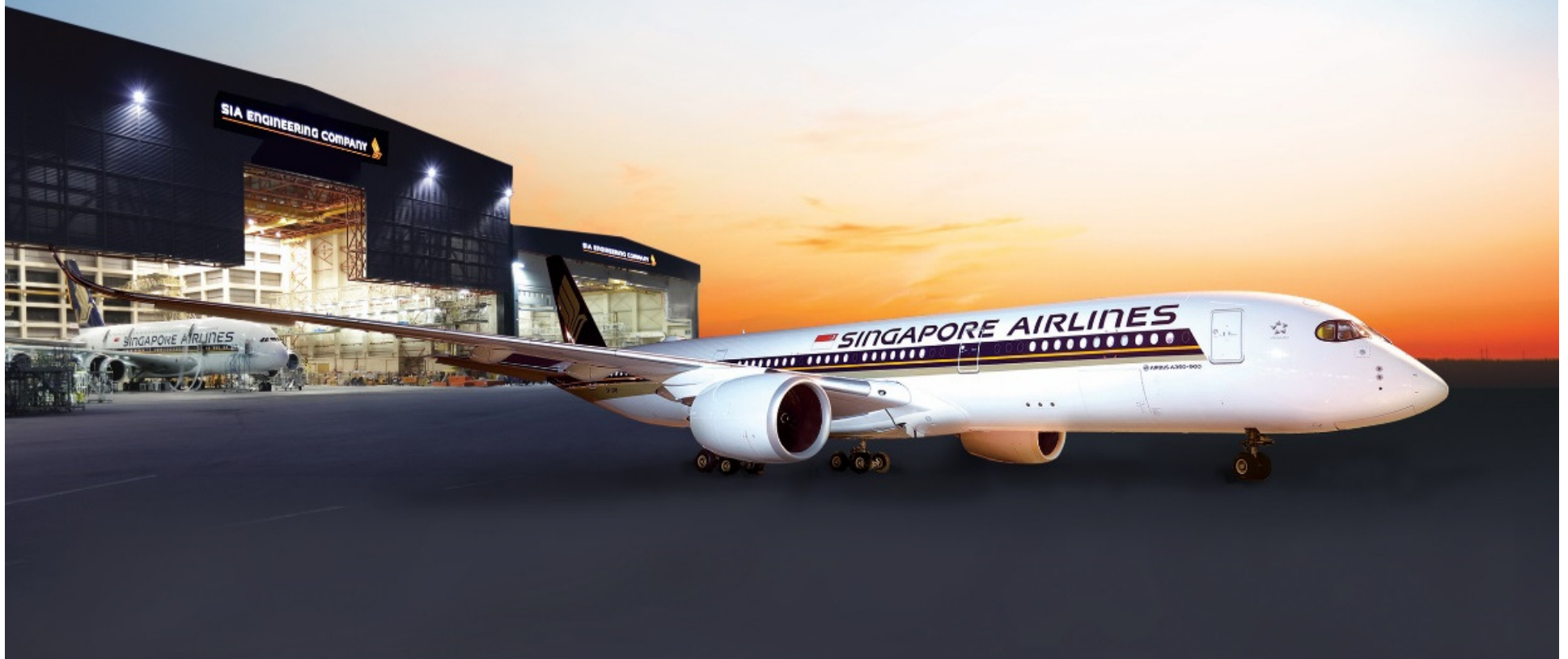


# SIA ENGINEERING COMPANY H1 FY2016/17 **Performance Review**



# SIA ENGINEERING COMPANY H1 FY2016/17 **Financial Review**



# 1H FY1617 Financial Highlights

- The Group recorded a profit attributable to owners of the parent of \$233.9M, an increase of \$148.1M
- During 1Q FY1617, the Group made a \$141.6M gain from divestment of HAESL and received a special dividend of \$36.4M from HAESL. Staff costs increased with a provision for profit-linked staff remuneration arising from the gain on divestment
- Operating profit before the provision was \$44.2M, a decrease of \$3.7M or 7.7%
- Before the impact of divestment, net profit was \$73.5M, a decrease of \$12.3M or 14.3%



# Summary of Group Results

## 1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %	
Revenue	536.4	543.3	-	1.3
Expenditure	513.5	495.4	+	3.7
Operating profit	22.9	47.9	-	52.2
Surplus on partial disposal of an assoc company	-	2.8		n.m.
Surplus on disposal of non-current asset held for sale	141.6	-		n.m.
Dividend income from non-current asset held for sale (divestment)	36.4	-		n.m.
Dividend income from non-current asset held for sale (before divestment)	3.1	3.2	-	3.1
Share of results of Assoc/JVs, net of tax	37.9	42.7	-	11.2
Profit before tax	243.4	97.3	+	150.2
Net profit	233.9	85.8	+	172.6
Net profit margin (%)	43.6	15.8	+	27.8

ppt





# Summary of Group Results

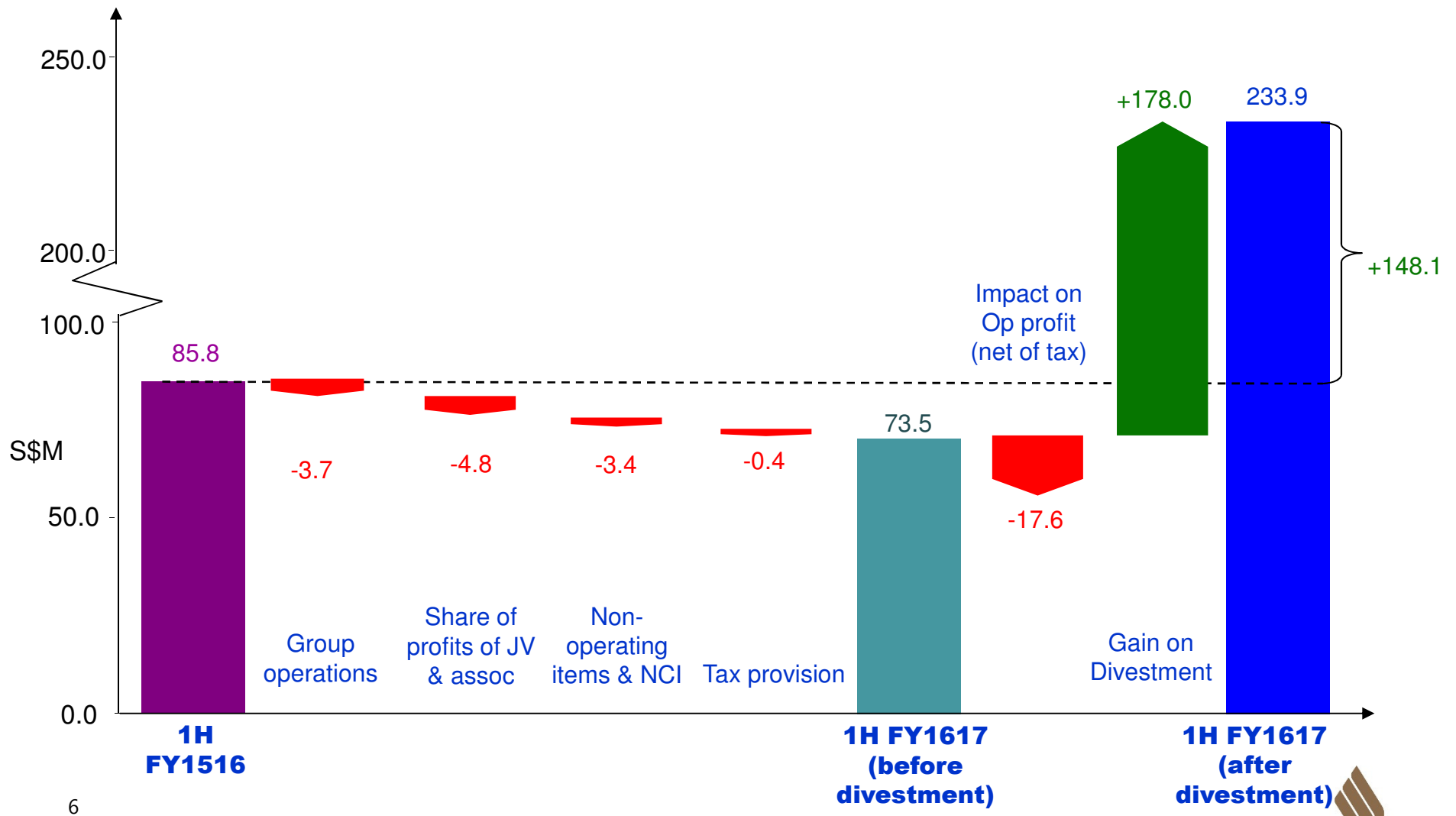
## 2Q FY1617

	2Q FY1617 \$M	2Q FY1516 \$M	Variance %	
Revenue	264.8	266.0	-	0.5
Expenditure	240.3	239.0	+	0.5
Operating profit	24.5	27.0	-	9.3
Surplus on partial disposal of an assoc company	-	2.8		n.m.
Dividend income from non-current asset held for sale	-	1.5		n.m.
Share of results of Assoc/JVs, net of tax	17.2	18.7	-	8.0
Profit before tax	42.3	50.4	-	16.1
Net profit	35.5	44.5	-	20.2
Net profit margin (%)	13.4	16.7	-	3.3 ppt

Profit in 2Q FY1516 included a \$2.8M gain arising from the partial disposal of an associated company and a \$1.5M dividend from HAESL that ceased following its divestment.



# Group Profit for 1H FY2016/17



# Joint Venture and Associated Companies

## 1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %
<b><u>Share of profits after tax</u></b>			
<b>Repair and Overhaul</b>			
- Engine Repair & Overhaul Centres	21.7	22.9	- 5.2
- Others	14.6	18.2	- 19.8
	<b>36.3</b>	<b>41.1</b>	<b>- 11.7</b>
<b>Line Maintenance</b>	<b>1.6</b>	<b>1.6</b>	<b>-</b>
	<b>37.9</b>	<b>42.7</b>	<b>- 11.2</b>

Contributions from the engine repair and overhaul centres at \$21.7M were lower by \$1.2M or 5.2%, mainly due to lower work content on the engines serviced by SAESL.



# Breakdown of Group Revenue

## 1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %
Airframe & Component Overhaul	218.6	219.3	- 0.3
Fleet Management	72.2	96.7	- 25.3
Repair & Overhaul	290.8	316.0	- 8.0
Line Maintenance	245.6	227.3	+ 8.1
	536.4	543.3	- 1.3

Revenue fell by 1.3%. The decrease in fleet management revenue was partially mitigated by higher line maintenance revenue.



# Group Expenditure

## 1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %
<b>Staff costs</b>	<b>259.0</b>	<b>232.2</b>	<b>+ 11.5</b>
<b>Materials</b>	<b>93.0</b>	<b>90.9</b>	<b>+ 2.3</b>
<b>Subcontract costs</b>	<b>66.8</b>	<b>77.8</b>	<b>- 14.1</b>
<b>Overheads</b>	<b>94.7</b>	<b>94.5</b>	<b>+ 0.2</b>
<b>Expenditure</b>	<b>513.5</b>	<b>495.4</b>	<b>+ 3.7</b>

Expenditure rose by 3.7%, with an 11.5% increase in staff costs, partially offset by a decrease in subcontract costs. The increase in staff costs was due mainly to a provision made for the profit-linked component of staff costs arising from the gain on divestment of HAESL.





# Group Operating Profit by Segment

## 1H FY1617

	1H FY1617 (Before divestment of HAESL) \$M	1H FY1617 (After divestment of HAESL) \$M	1H FY1516 \$M	Variance 1H FY1617 (Before divestment of HAESL) vs 1H FY1516 %
Repair & Overhaul	(8.7)	(21.1)	(6.7)	-29.9
Line Maintenance	52.9	44.0	54.6	-3.1
	44.2	22.9	47.9	-7.7

Group's operating profit in 1H FY1617 was impacted by a provision for the estimated increase in the profit-linked component of staff remuneration arising from the gain on divestment of HAESL. Before the additional provision for staff costs, operating profit for the half year was \$44.2M.



# SIA vs Non-SIA Revenue

## 1H FY1617

	SIA \$M	Non-SIA \$M	Total \$M
<b>SIAEC</b>	<b>335.8</b>	<b>146.2</b>	<b>482.0</b>
<i>% of non-SIA work</i>		<b>30%</b>	
<b>Subsidiary Cos</b>	<b>31.4</b>	<b>47.2</b>	<b>78.6</b>
<i>% of non-SIA work</i>		<b>60%</b>	
<b>JV &amp; Associated Cos</b>			
- Repair & Overhaul	333.6	1,323.6	1,657.2
- Line Maintenance	7.5	15.2	22.7
	<b>341.1</b>	<b>1,338.8</b>	<b>1,679.9</b>
<i>% of non-SIA work</i>		<b>80%</b>	
<b>Combined revenue</b>	<b>708.3</b>	<b>1,532.2</b>	<b>2,240.5</b>
<i>% of non-SIA work</i>		<b>68%</b>	

% of non-SIA revenue increased by 4ppt from 64% in 1H FY1516 to 68% in 1H FY1617.



# Group Balance Sheet

	30 Sep 2016 \$M	31 Mar 2016 \$M
Equity attributable to owners of the parent	1,496.3	1,485.5
Non-controlling interests	29.0	26.4
<b>Total equity</b>	<b>1,525.3</b>	<b>1,511.9</b>
<b>Non-current liabilities</b>	<b>53.0</b>	<b>54.0</b>
	<b>1,578.3</b>	<b>1,565.9</b>
<u>Represented by:</u>		
<b>Non-current assets</b>	<b>910.9</b>	<b>895.8</b>
Cash	539.8	393.9
Non-current asset held for sale	-	156.5
Other current assets	398.5	375.9
	938.3	926.3
Less: Current liabilities	(270.9)	(256.2)
<b>Net current assets</b>	<b>667.4</b>	<b>670.1</b>
	<b>1,578.3</b>	<b>1,565.9</b>



# Financial Statistics

	1HFY1617 (Before divestment of HAESL)	1HFY1617 (After divestment of HAESL)	1HFY1516	Variance 1HFY1617 (Before divestment of HAESL) vs 1HFY1516
Basic earnings per share (cents)	6.55	20.83	7.65	-14.4 %
Return on average shareholders' funds (%)	11.7	22.9	13.3	-1.6 ppt
	Sep 16		Mar 16	Variance
Net asset value per share (cents)	131.6	133.3	132.4	-0.6 %

Before the impact of HAESL divestment, earnings per share was 6.55 cents. Earnings per share after divestment was 20.83 cents.



# Interim Dividend

## Interim Dividend

(in cents per share)

**Ordinary**

**1H FY1617**

**1H FY1516**

**4.0**

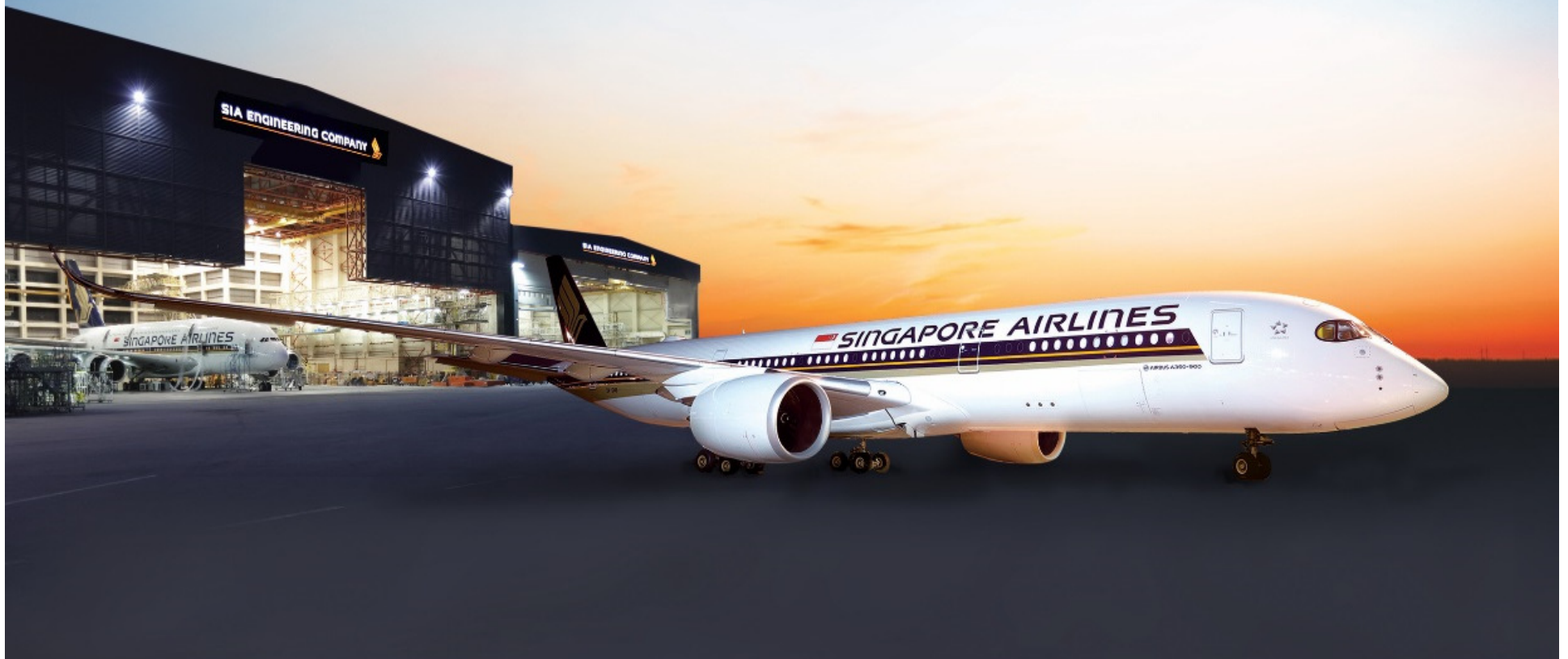
**6.0**

Interim dividend to be paid on 23 November 2016





# SIA ENGINEERING COMPANY H1 FY2016/17 **Operational Review**



# Core Businesses

## Line Maintenance



35 airports in 7 countries

## Aircraft & Component Services



6 hangars in Singapore  
3 hangars in Philippines

## Fleet Management

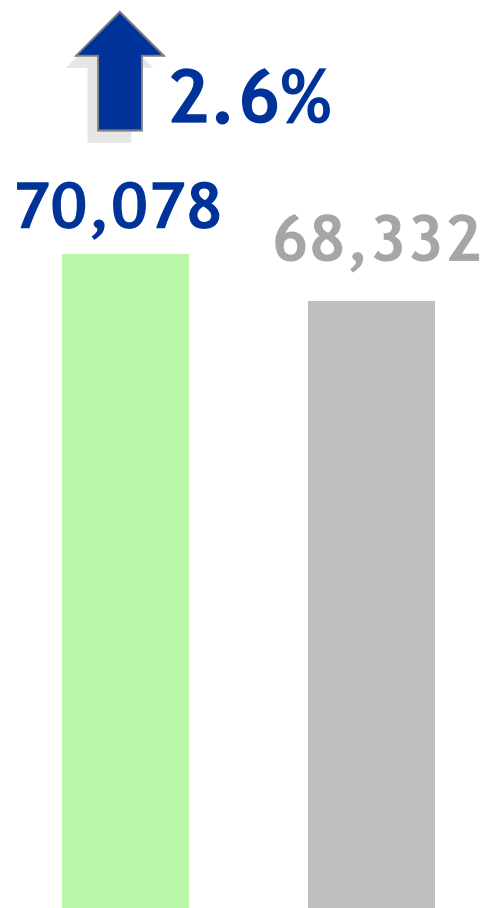


130 aircraft from 9 airlines



# Line Maintenance

Flights handled at Changi Airport



17 H1 FY16/17 H1 FY15/16

## 4 New Contracts



## 9 Renewed Contracts



# Aircraft & Component Services

## 8 New Contracts at Singapore Base

**KOREAN AIR**

**tigerair**  
Australia



**VEB** Leasing

**FIJI AIRWAYS**

**WAMOS**  
AIR

**VIM**  
AIRLINES

**ROSSIYA**

### Maintenance checks at Singapore base:

	<u>H1 FY16/17</u>	<u>H1 FY15/16</u>
'A' checks	<b>215</b>	<b>190</b>
'C' checks	<b>45</b>	<b>46</b>
'D' checks	<b>5</b>	<b>6</b>

### Maintenance checks at Clark base:

	<u>H1 FY16/17</u>	<u>H1 FY15/16</u>
'C' checks	<b>16</b>	<b>9</b>



# Fleet Management



65 aircraft



26 aircraft



19 aircraft



12 aircraft



8 aircraft

**FMP fleet: 130 aircraft**





# Portfolio of Joint Ventures

A world map with a blue background and white landmasses. The map is centered on the Pacific Ocean. Overlaid on the map is the text "25 JVs in 8 Countries" in a bold, yellow, sans-serif font. The text is positioned in the center of the map, over the Pacific Ocean.

**25 JVs in 8 Countries**



# Portfolio of Joint Ventures

## Line & Heavy Maintenance

Aircraft Maintenance Services Australia (AMSA)

Australia 100%

Pan Asia Pacific Aviation Services (PAPAS)

Hong Kong 47.1%

PT JAS Aero-Engineering Services (PT JAES)

Indonesia 49%

Southern Airports Aircraft Maintenance Services (SAAM)

Vietnam 49%

Heavy Maintenance Singapore Services (HMS Services)

Singapore 65%

SIA Engineering (USA) (SEUS)

United States 100%

SIA Engineering (Philippines) (SIAEP)

Philippines 65%

Aviation Partnership (Philippines) (APlus)

Philippines 51%

## Engine & Engine Components

Singapore Aero Engine Services (SAESL)

Singapore 50%

Asian Surface Technologies (AST)

Singapore 39.2%

Asian Compressor Technology Services (ACTS)

Taiwan 24.5%

Eagle Services Asia (ESA)

Singapore 49%

Component Aerospace Singapore (CAS)

Singapore 49%

International Aerospace Tubes Asia (IAT Asia)

Singapore 33.3%

Turbine Coating Services (TCS)

Singapore 24.5%

## Aircraft Component & Services

Jamco Singapore (JS)

Singapore 20%

JAMCO Aero Design & Engineering (JADE)

Singapore 45%

Singapore Jamco Services (SJS)

Singapore 80%

Safran Electronics Asia (SEA)

Singapore 40%

Safran Landing Systems Services Singapore (SLSSS)

Singapore 40%

Fuel Accessory Service Technologies (FAST)

Singapore 49%

Goodrich Aerostructures Service Centre-Asia (GASCA)

Singapore 40%

Aerospace Component Engineering Services (ACES)

Singapore 51%

Panasonic Avionics Services Singapore (PACSS)

Singapore 42.5%

Boeing Asia Pacific Aviation Services (BAPAS)

Singapore 49%

### JV Partners

Pratt & Whitney
  Rolls-Royce
  Cebu
  Jamco
  Safran
  UTAS
  Wholly-Owned
  Others



# Key Developments



## Formation of Heavy Maintenance JV

- ✓ Incorporation of Heavy Maintenance Singapore Services Pte Ltd
- ✓ SIAEC 65%, Airbus 35%
- ✓ Airframe maintenance, cabin upgrade and modification services for A380, A350 and A330 in Asia-Pacific and beyond
- ✓ Centre of Excellence for A380 and A350 heavy maintenance in Asia



# Key Developments



## Amalgamation of SAESL & IECO

- ✓ SAESL will be able to generate greater operational efficiencies, economies of scale & synergies
- ✓ SAESL positioned to compete more effectively for the global engine & component repair business
- ✓ Strategy to streamline & rationalise engine component JVs



# Key Developments



## Integration of CAS & IAT-A

- ✓ Strategy to streamline & rationalise engine component JVs
- ✓ Improve allocation of resources & streamlining of business processes
- ✓ Enhance operational efficiencies, economies of scale & synergies





# Outlook

- Challenging outlook for the MRO industry, amid global economic uncertainties
- The Group will continue to restructure and streamline operations to enhance operating efficiencies.
- Pursuing strategic partnerships and undertaking initiatives to strengthen competitiveness for long-term growth, including investing in new technologies and advancing innovation.



# SIA ENGINEERING COMPANY H1 FY2016/17 **Performance Review**

