



# 1H FY2023/24 REVIEW

3 NOVEMBER 2023



## OPERATIONAL REVIEW

# CORE BUSINESS

## Line Maintenance



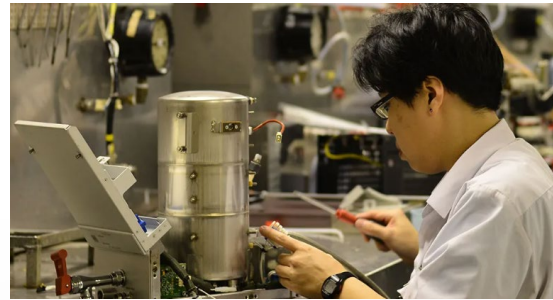
- 36 airports in 8 countries

## Base Maintenance



- 6 hangars in Singapore
- 3 hangars in Philippines

## Component Services



- 104 aircraft from 8 airlines under Inventory Technical Management
- 6 component support shops

## Engine Services



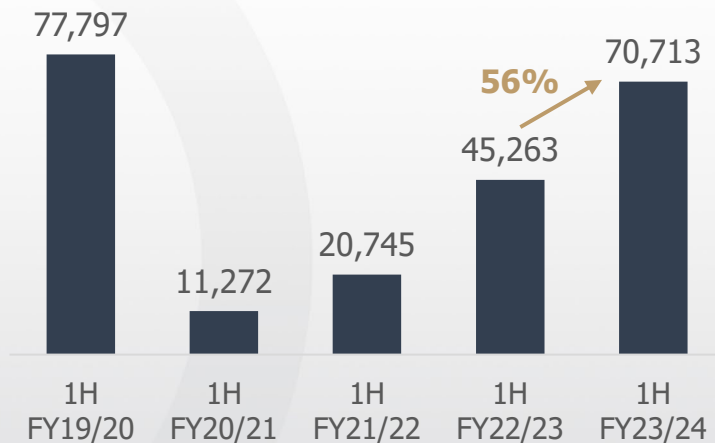
- CFM LEAP Quick Turn (QT) and Rolls-Royce On-Wing Services
- Engine test cell facility

# LINE MAINTENANCE

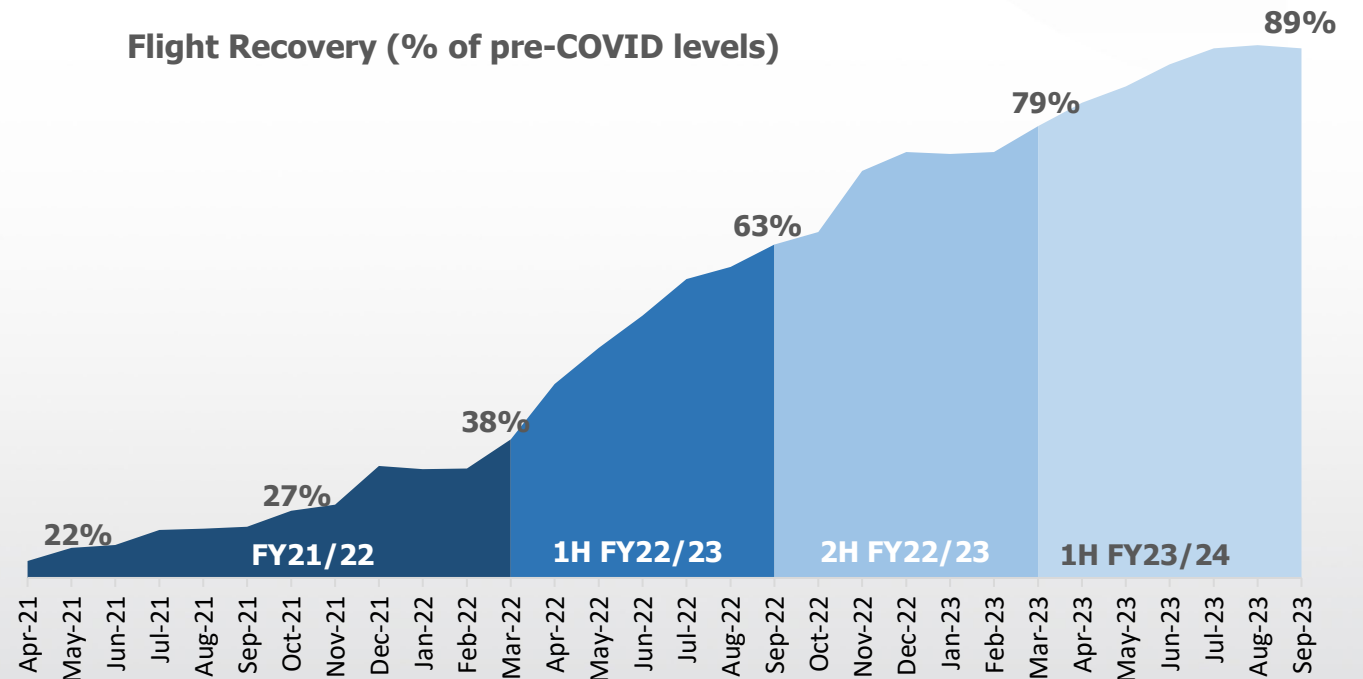
## Steady and Measured Improvement in Flight Activities

- Number of flights handled in 1H FY23/24 increased 56% compared to a year ago
- Flight recovery at the end of 1H FY23/24 was at 89%, an improvement of 10 percentage points over the half-year period
- Strengthening LMI network globally
  - Completed acquisition of 49% stake in Pos Aviation Engineering Services for line maintenance operations in Malaysia
  - Signed JVA for 51%-owned JV with Cambodia Airport Investment Co., Ltd at the new Techo Takhmao International Airport in Phnom Penh

Flights Handled at Changi Airport (Number)



Flight Recovery (% of pre-COVID levels)



# BASE MAINTENANCE

Strong Demand Met by Capacity Creation through Lean Practices

## Maintenance Checks at Singapore Base

	1H FY23/24	1H FY22/23
<b>Light Checks*</b>	<b>385</b>	258
<b>Heavy Checks</b>	<b>45</b>	42



- Continued strong demand for hangar checks with the increase in flight activities and recovery of most international airlines
- Adoption of Lean practices generating additional capacity to capture the increase in demand
- Pursuing growth with the incorporation of a wholly-owned subsidiary, Base Maintenance Malaysia, to perform MRO services in Malaysia

## Maintenance Checks at Clark Base

	1H FY23/24	1H FY22/23
<b>Heavy Checks</b>	<b>12</b>	18



- Secured A321neo maintenance agreement with Hawaiian Airlines Inc.
- Signed non-binding MOU with Embraer to explore further partnership to include base maintenance services for Embraers' E-Jets E2 family of aircraft

\* Including 'A' checks performed by Line Maintenance at the apron

# COMPONENT SERVICES

## Sustained Increase in Work Volume from Higher Flight Activities

- Asia Pacific Aircraft Component Services (APACS) secured licensing rights from Honeywell for repair activities on Airbus Air Data Inertial Reference Unit (ADIRU) and Pre-Cooler Control Valve (PCCV) products
- Signed agreement for a 49%-owned component MRO JV with Eaton in Malaysia to perform maintenance on Eaton-manufactured aircraft components installed on airframe and engine fuel systems and hydraulics systems

### Component MRO Services

- Broaden component repair and overhaul capabilities through network of workshops and component MRO JVs, such as APACS with capabilities for more than 750 part numbers



### Inventory Technical Management

Number of Aircraft	1H FY23/24	1H FY22/23
A320	68	62
Boeing 737	23	24
Boeing 747	7	7
A330	6	6
<b>Total</b>	<b>104</b>	<b>99</b>



# ENGINE SERVICES

## Steady Growth and Capability Expansion from Higher Flight Activities

- Expanded On-Wing Services capabilities
  - Trent XWB Fan Track Liner Repair
  - Rolls-Royce External Gearbox replacement
- Continued ramp up at Aircraft Engine Services facility
- Expanded Engine Test Facility capabilities to include LEAP-1B engine test



# KEY CUSTOMER CONTRACTS

Growth in Third-party Customers in 1H FY23/24

## Line Maintenance

New



Renewed



## Line Maintenance International

New



## Base Maintenance

New



Extension of service





# STRATEGIC PARTNERSHIPS PORTFOLIO

24 Subsidiaries and Joint Ventures Across 8 Countries with Total Revenue of S\$3.7B in 1H FY23/24



- Line maintenance JV with Cambodia Airport Investment Co., Ltd at Techo Takhmao International Airport in Phnom Penh, Cambodia
- Component MRO JV with Eaton in Malaysia
- Completed acquisition of additional 10% stake in JADE (total 55%)
- Completed acquisition of 49% stake in PAES
- Incorporated a wholly-owned subsidiary in Malaysia (BMM)

## Airframe and Line Maintenance

<b>SIA Engineering (USA) (SEUS)</b> United States 100%	<b>SIA Engineering Japan (SIAEJ)</b> Japan 100%	<b>PT JAS Aero-Engineering Services (PT JAES)</b> Indonesia 49%
<b>Pan Asia Pacific Aviation Services (PAPAS)</b> Hong Kong 40%	<b>Southern Airports Aircraft Maintenance Services (SAAM)</b> Vietnam 49%	<b>Pos Aviation Engineering Services (PAES)</b> Malaysia 49%
<b>Line Maintenance Partnership (Cambodia)</b> Cambodia 51%	<b>SIA Engineering (Philippines) (SIAEP)</b> Philippines 100%	<b>Singapore Aero Support Services (SASS)</b> Singapore 100%
		<b>Line Maintenance Partnership (Korea)</b> Korea 51%
		<b>Base Maintenance Malaysia (BMM)</b> Malaysia 100%

**JV Partners:** Pratt & Whitney | Rolls-Royce | GE | Jamco | Safran | Collins | Line Maintenance International (LMI) | Others | JVs (Pending Incorporation)

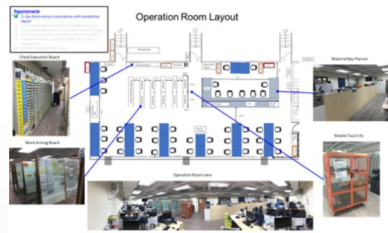
## Engine and Component

<b>Singapore Aero Engine Services (SAESL)</b> Singapore 50%	<b>Eagle Services Asia (ESA)</b> Singapore 49%	<b>Component Aerospace Singapore (CAS)</b> Singapore 46.4%
<b>GE Aviation, Overhaul Services – Singapore (GEOSS)</b> Singapore 49%	<b>JAMCO Aero Design &amp; Engineering (JADE)</b> Singapore 55%	<b>Turbine Coating Services (TCS)</b> Singapore 24.5%
<b>Goodrich Aerostructures Service Center-Asia (GASCA)</b> Singapore 40%	<b>Fuel Accessory Service Technologies (FAST)</b> Singapore 49%	<b>Panasonic Avionics Services Singapore (PACSS)</b> Singapore 42.5%
<b>Safran Landing Systems Services Singapore (SLSSS)</b> Singapore 40%	<b>Safran Electronics &amp; Defense Services Asia (SEA)</b> Singapore 40%	<b>Additive Flight Solutions (AFS)</b> Singapore 60%
<b>Moog Aircraft Services Asia (MASA)</b> Singapore 49%	<b>Aerospace Component Engineering Services (ACES)</b> Singapore 51%	<b>Asia Pacific Aircraft Component Services</b> Malaysia 75%
<b>Component MRO Partnership with Eaton</b> Malaysia 49%		

# Transitioning from Transformation to Continuous Improvement



## Key Outcomes



### Operational Excellence

- High utilisation through digitalisation and optimisation
- Consistent adherence and improvement against standard manhours through Lean, digitalisation and technology adoption

### Innovation in Service Delivery

- Development of new capabilities and improvement of existing tools to broaden service offering, improving staff and customer experience
- Smart and green initiatives to optimise asset utilisation, improve productivity and sustainability index

### Customer Intimacy

- Time saved for customers through digital connections, unified platform, intuitive self-service applications and data-enabled automation & alerts
- Proactive innovation to develop unique solutions & recommendations tailored to customers' requirements

### Total Employee Experience

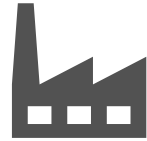
- Reduction of laborious tasks through digital and technology enablement
- Opportunities for professional growth
- Promoting a "test & learn" mindset, providing a conducive environment for staff to innovate and collaborate

# SUSTAINABILITY

## 2030 Sustainability Targets

SIAEC has set targets to achieve in key sustainability areas by 2030, serving to guide development and initiatives in this decade.

### 2030 Targets



**Halve Scope 1 & 2 Emissions**  
(Against FY19/20 baseline)



**15% reduction in water intensity**  
(Against FY17/18 – FY19/20 average)



**30% Recycling Rate**

### Key Highlights (1H FY23/24)



Phased implementation of Task Force on Climate-Related Financial Disclosures (TCFD)



Investing in energy-efficient equipment



Engagement with key vendors and JVs



## FINANCIAL REVIEW

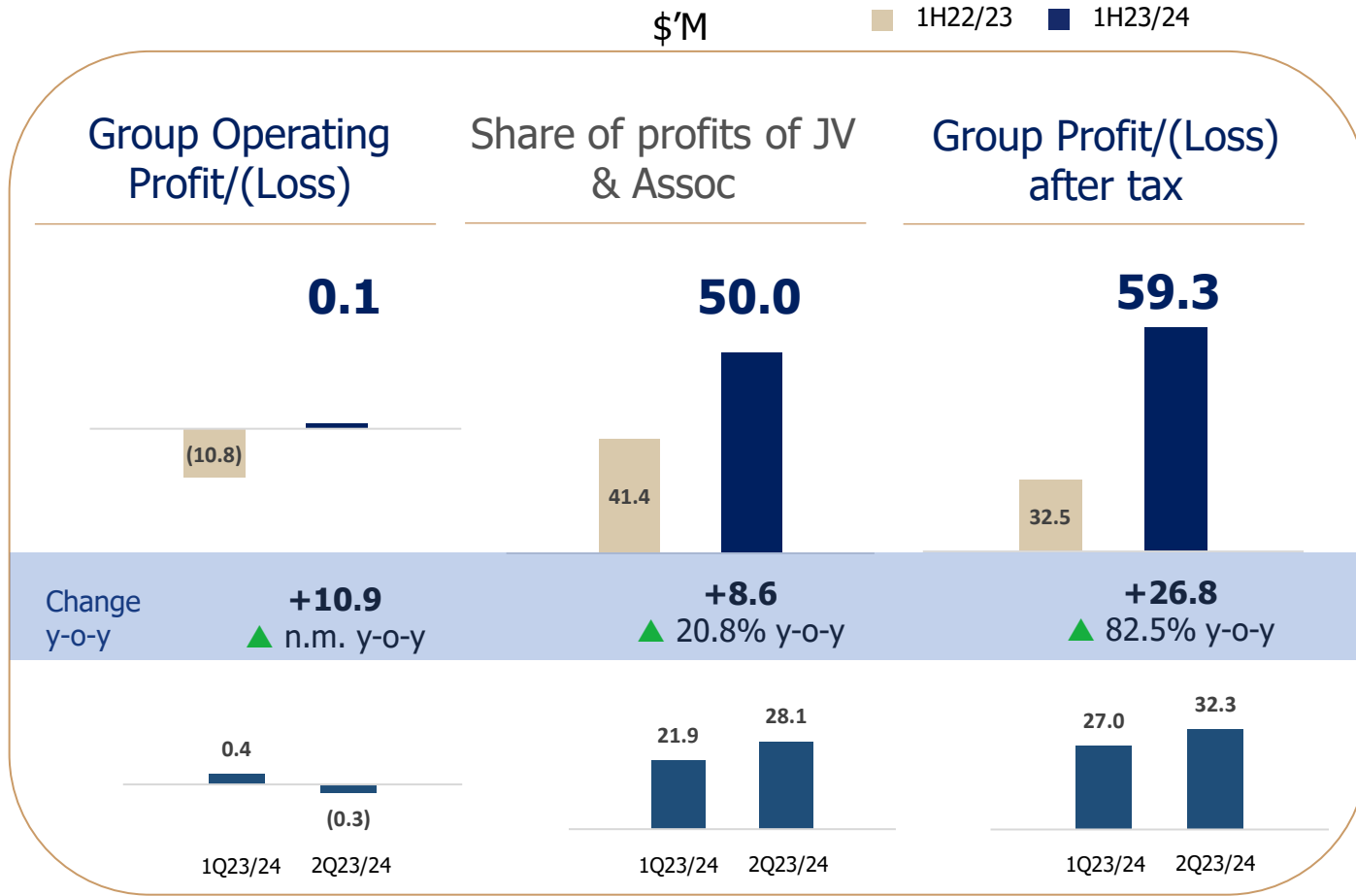
# Key Highlights

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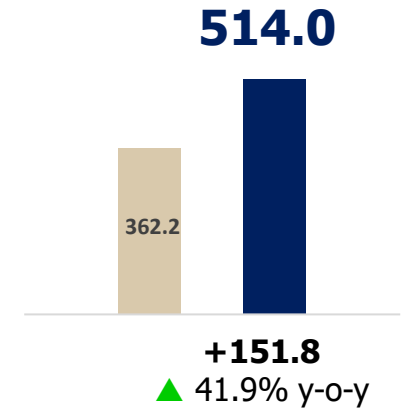


- Increase in MRO demand supported by recovery in flight activities during the period.
- Group recorded a net profit of \$59.3 million in 1H23/24, an improvement from net profit of \$32.5 million in 1H22/23.
- Operating performance returned to profit since pandemic; flights handled during the period represented about 87% of pre-pandemic volume.
- Higher share of profits as work inputs increased with further recovery of flight activities.
- The Company has declared an interim dividend of 2.0 cents per share.

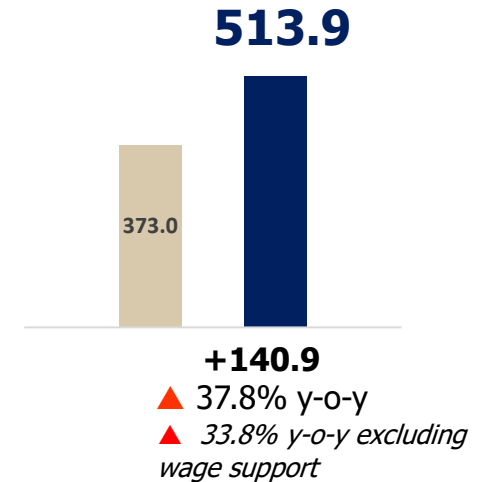
# Summary of 1H23/24 Group Results



## Group Revenue

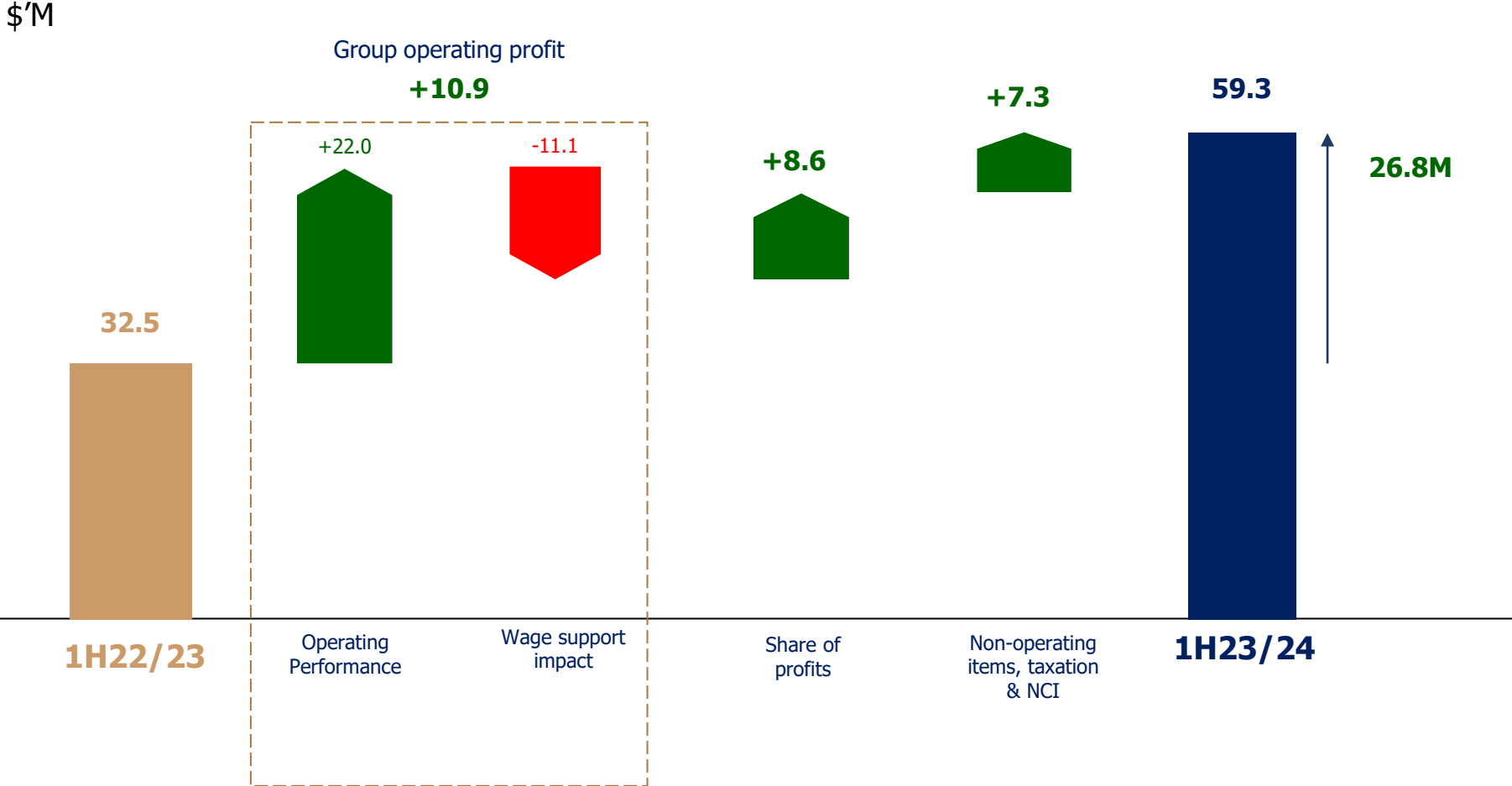


## Group Expenditure

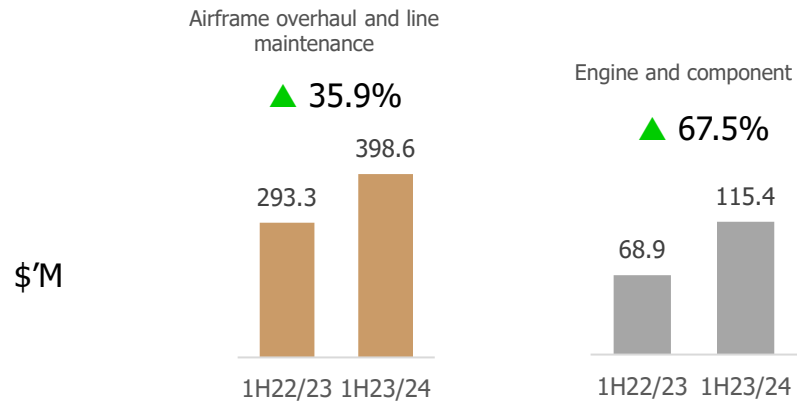
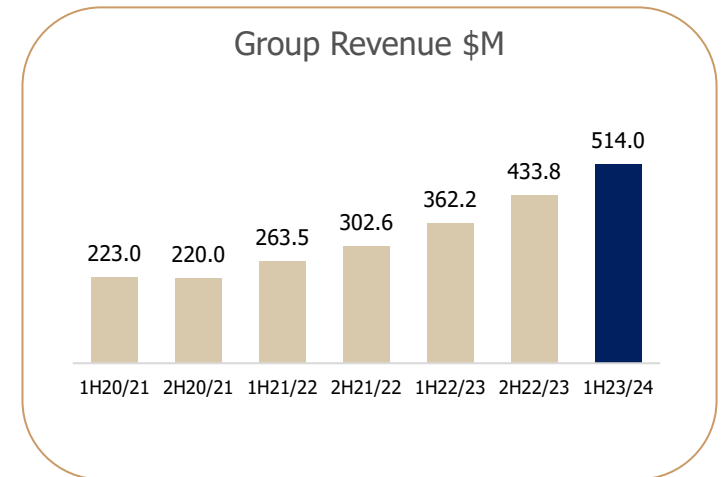
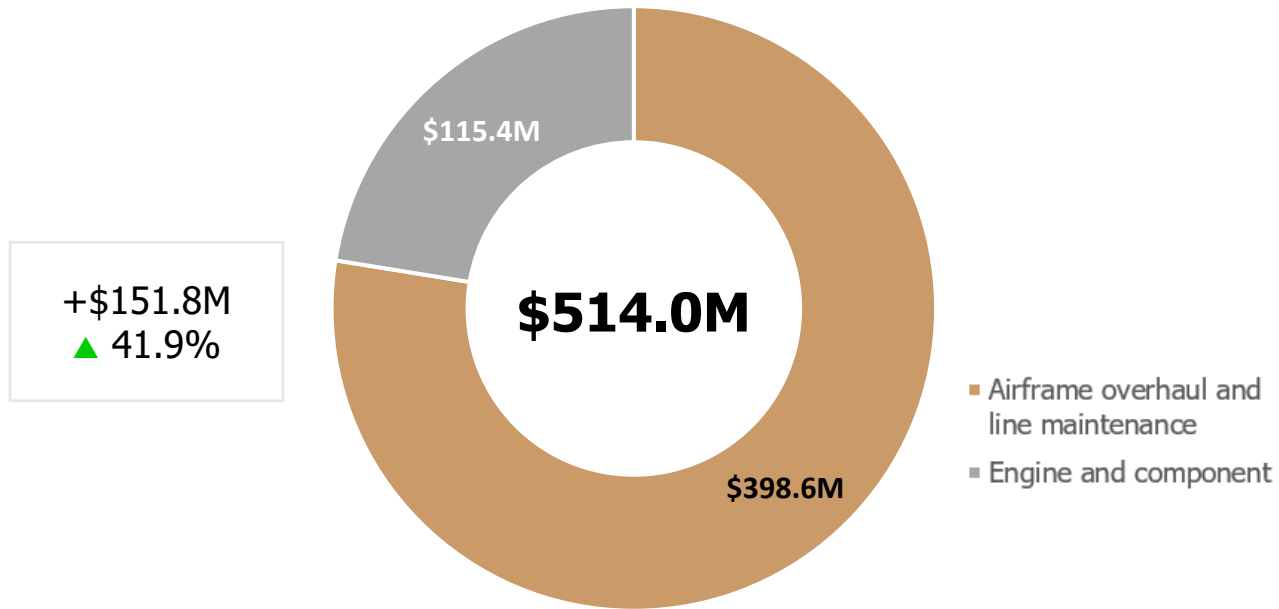


- Improved performance driven by recovery of MRO demand

# Analysis of 1H23/24 Group Profit



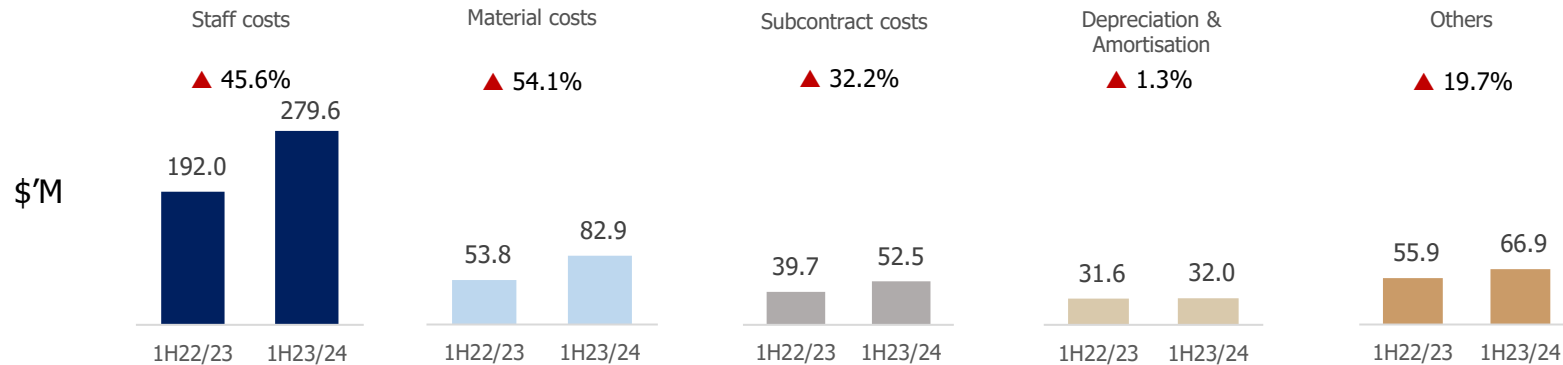
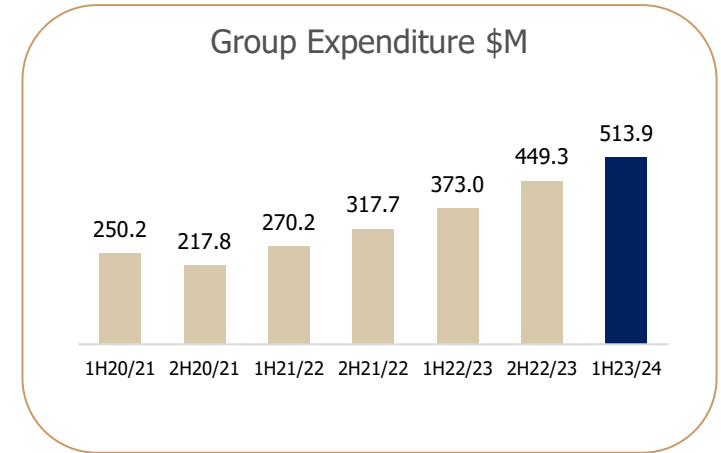
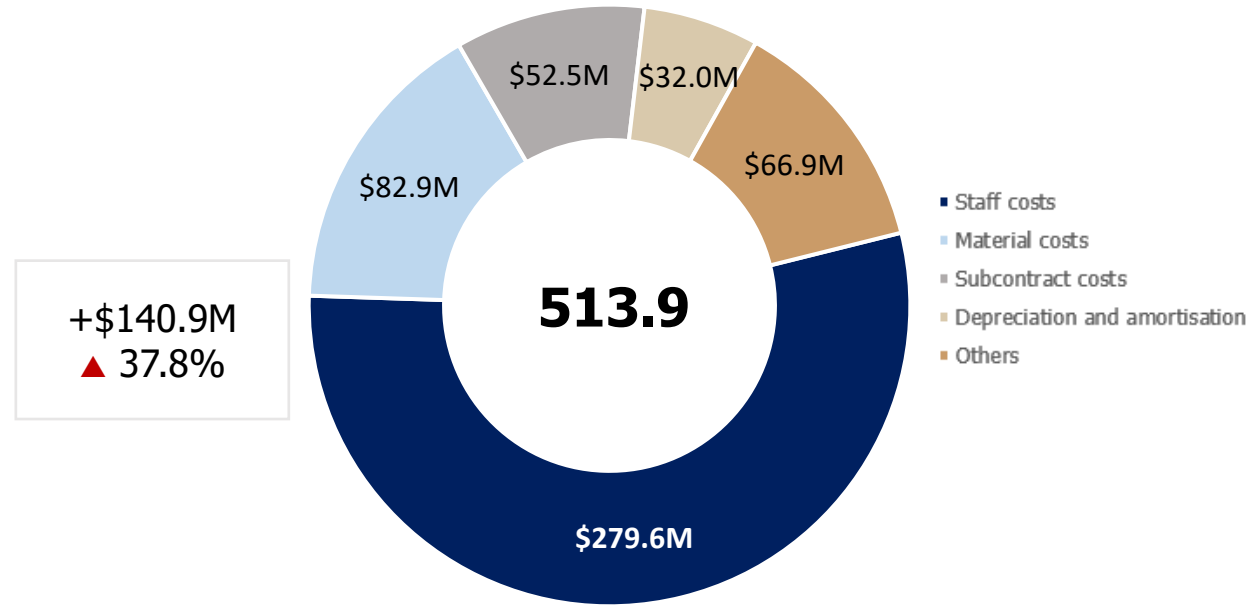
# Analysis of 1H23/24 Group Revenue



Revenue increase with recovery of flight activities.



# Analysis of 1H23/24 Group Expenditure

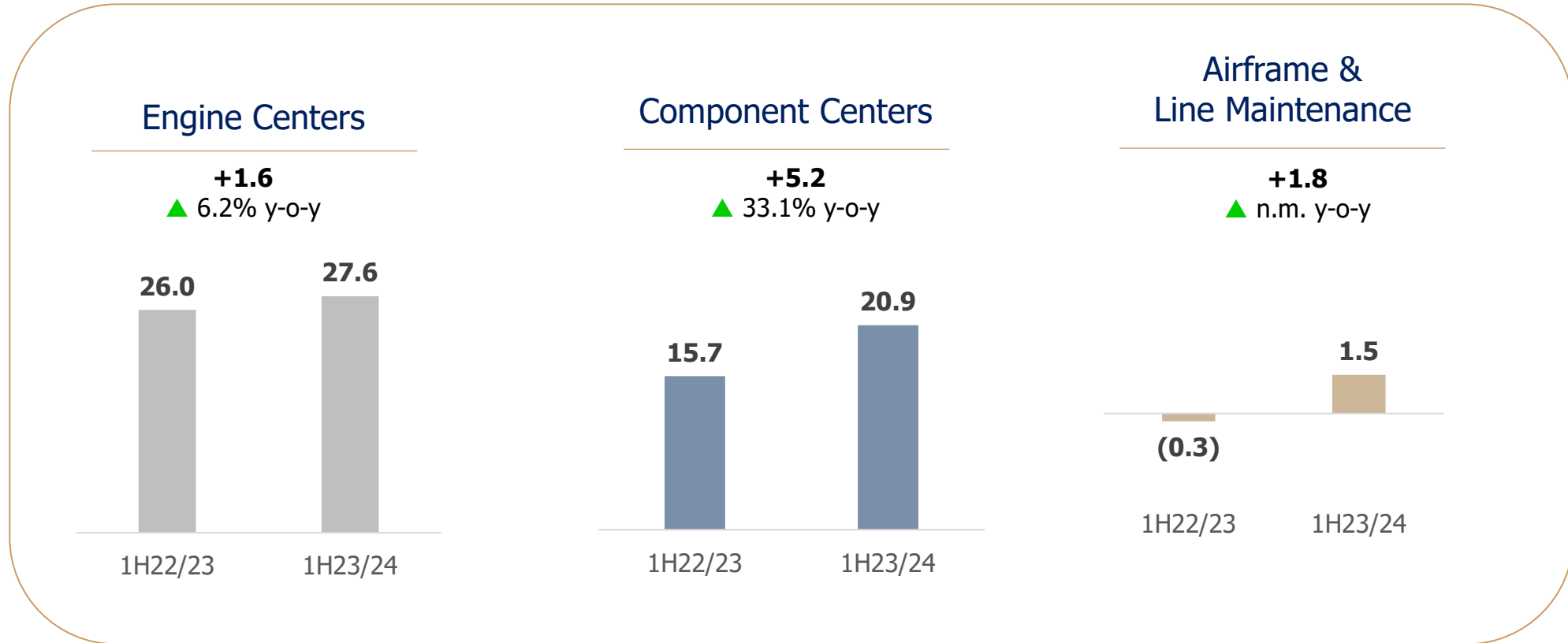


- Excluding wage support, staff cost was 37.7% higher year-on-year.
- Expenditure increase mainly due to higher manpower costs incurred to support increase in business activities.

# Breakdown of 1H23/24 Share of Profits after tax

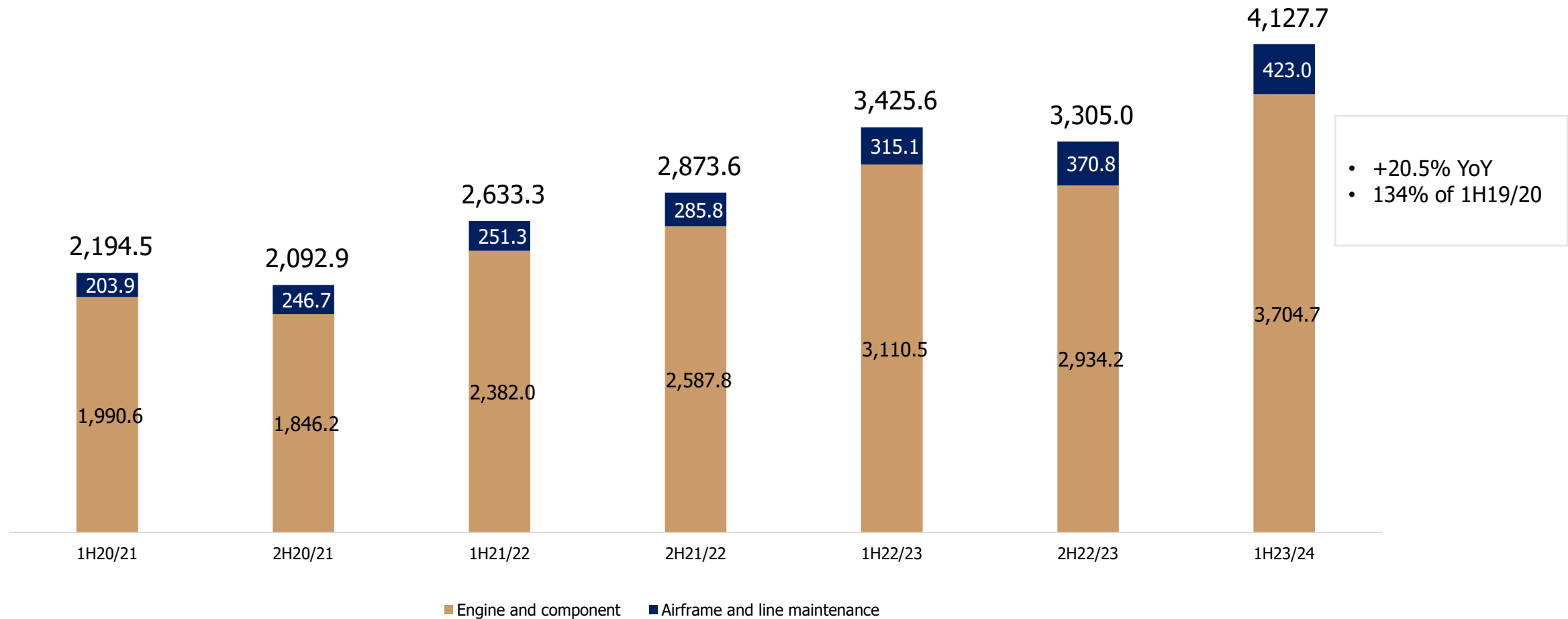
## Joint Venture and Associated Companies

\$'M



Share of profits from all segments registered improvement.

# Aggregate Revenue of SIAEC, Subsidiaries, JV and Associated Companies for 1H23/24



\* Revenue of associated and joint venture companies are not consolidated in the Group's Income Statement as they are equity accounted.

# Group Balance Sheet and Financial Statistics

	<b>Sep-23</b>	<b>Mar-23</b>	<b>Variance</b>	
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>%</b>
Total equity	1,689.5	1,676.7	+ 12.8	+ 0.8
Non-current liabilities	87.9	91.1	- 3.2	- 3.5
Current liabilities	243.5	215.4	+ 28.1	+ 13.0
Non-current assets	1,081.2	1,031.1	+ 50.1	+ 4.9
Cash	593.7	633.0	- 39.3	- 6.2
Other current assets	346.0	319.1	+ 26.9	+ 8.4
Net asset value per share (cents)	149.5	148.5	+ 0.7	%

	<b>1H23/24</b>	<b>1H22/23</b>	<b>Variance</b>
Return on shareholders' funds (%)	5.5	4.6	+ 0.9 ppts
Basic earnings per share (cents)	5.28	2.89	+ 82.7 %

- Increase in shareholders' funds was mainly due to profits earned and gain in foreign currency translation reserve with the strengthening of USD, partially offset by dividend payout during the period.
- Reduction in cash balance is mainly due to outflow from payment of dividends, capital expenditure and repayment of lease liabilities exceeding net operating cash inflow.

# Interim Dividend

	1H23/24	1H22/23	Variance
<b>Interim Dividend</b>			
Ordinary (in cents per share)	2.0	-	+ 100 %

Interim dividend will be paid on 29 November 2023



**OUTLOOK**

# 1H FY23/24 At a Glance



## **56% Increase in Flights Handled Against 1H FY22/23**

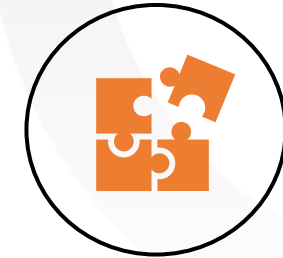
Flight recovery at 89%  
as at Sep-23



## **Pressing Ahead with Continuous Improvement**

Strengthening our core  
businesses by improving our  
competitiveness and margins

Continuing our pursuit of  
Continuous Improvement Culture



## **Executing our Core Strategies**

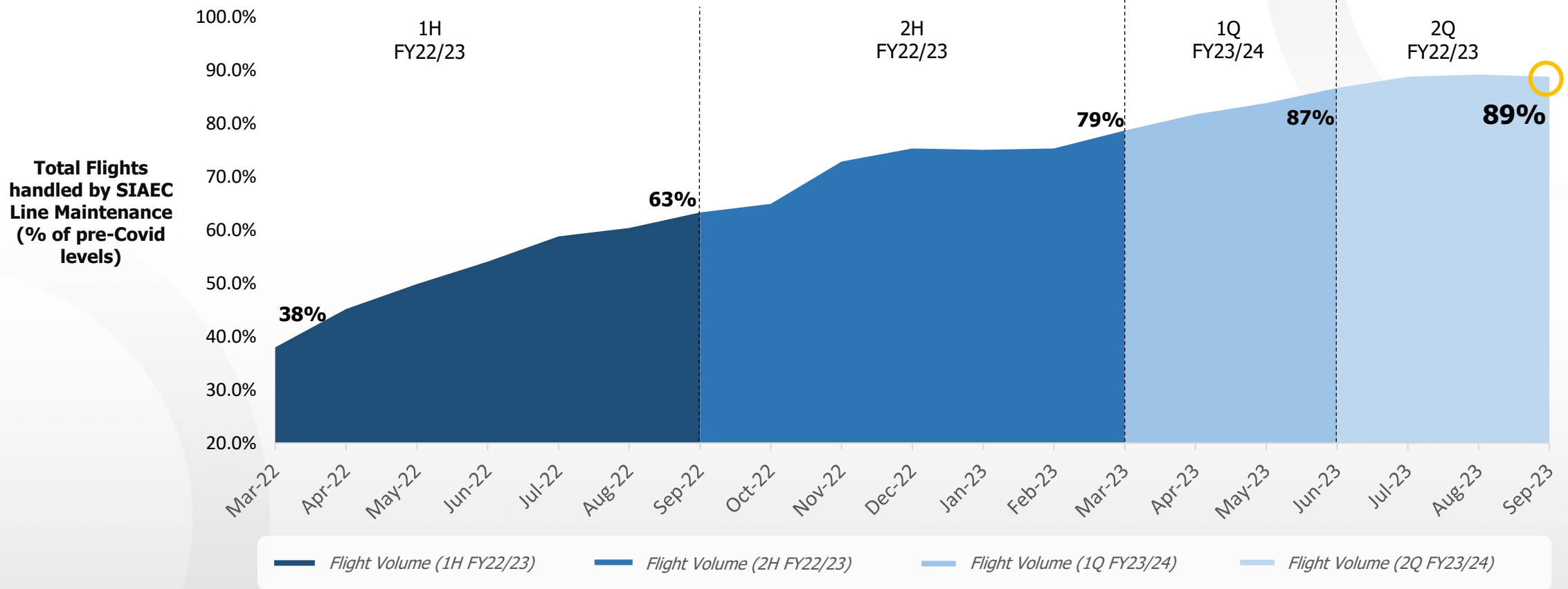
Further expansion overseas  
and increasing our  
presence in new markets

Growing our 3<sup>rd</sup> party  
business

Acquiring and developing  
new capabilities

# Flight Activity

## Approaching Full Recovery



**On track to reaching full recovery**



# Challenges



## Macroeconomic factors

- Geopolitical tensions and supply chain disruptions
- Inflation and increased costs
- High interest rates
- Continued risk of global recession



## Wage pressures

- Escalating cost of living putting upward pressure on wages



## Resource Constraints

- Competition from regional and global MROs for engineers and technicians
- Airlines remain constrained by aircraft delivery delays and crew shortages

# Priorities

## Our immediate needs



Remaining vigilant and prudent in managing increase in costs



Ramp up recruitment in preparation for growth beyond recovery



Seeking investment opportunities for growth development

# Strategic Pathways for Growth



Expand **overseas** and increase presence in **new markets**



Invest in **new capabilities** on new generation aircraft platforms



Grow **3<sup>rd</sup> Party Business**

## Gearing Up for Growth

- **Establish hangars regionally** and **expand LMI network**
- Set up component capabilities in **lower operating cost environment**
- **Deepen Collaboration** with SIA Group airlines to secure OEM partnership opportunities
- **Develop and Acquire new capabilities** across the group and JV network, through continued investments and partnerships with OEMs
- Strengthen marketing and sales to **grow long-term customer base** and **develop regional partnerships**
- **Diversify** customer portfolio for operational resilience

# Growth Opportunities

## Executing our strategies

### Line Maintenance

- Expand scope of services beyond transit handling
  - A-check contracts with Qantas and Jetstar
- Expand Line Maintenance International network worldwide
  - Commenced operations in Fukuoka
  - Acquired 49% stake in Pos Aviation Engineering Services in Malaysia
  - JV agreement with Cambodia Airport Investment Co Ltd

### Base Maintenance

- Expand Base Maintenance footprint overseas with the potential lease of two wide-body aircraft hangars in Subang, Malaysia
- Develop the structure and processes for Base Maintenance International network
- Increase long-term 3<sup>rd</sup> party customers
  - Hawaiian Airlines
  - United Airlines
  - Air India

### Component Services

- JV agreement with Eaton to form component MRO JV in Malaysia
- Expand Inventory Technical Management customer baseload:
  - Cambodia Airways
- Deepen partnerships with OEMs
  - Honeywell repair licenses awarded to APACs for Airbus ADIRU and PCCV products

### Engine Services

- Commenced LEAP-1A engines testing at Engine Test Facility
- Grow LEAP Quick-Turn, testing, and component and module repair capabilities
- Grow On-Wing Care capabilities for Rolls Royce Trent engines

# Awards & Accolades



- **MRO Asia-Pacific Awards 2023** "Innovation of the Year" by Aviation Week Network
- Recognition by industry peers and professionals of SIAEC's adaption of new technology and the benefits to the business

- **SkillsFuture Employer Awards 2023 (Silver)** by SkillsFuture SG
- Presented by the President of the Republic of Singapore to exemplary organisations that champion employees' skills development and build a lifelong learning culture at the workplace.

- **Talent Management (Silver)** and **Learning and Development with Coaching and Mentoring (Silver)** by Singapore Human Resource Institute
- These awards serve as a regional benchmark for advancing HR practices and recognise companies that set the standard for industry best-practices

**Thank you**

