



# ***SIA ENGINEERING COMPANY***

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***FY2008/09  
Performance Review***

***12 May 2009***





# ***FINANCIAL REVIEW***



# Summary of Group Results

	FY08/09	FY07/08	Variance
	\$M	\$M	%
Revenue	1,045.3	1,009.6	+ 3.5
Expenditure	932.7	906.7	+ 2.9
Operating profit	112.6	102.9	+ 9.4
Share of JV & Assoc Cos Profits	173.0	157.8	+ 9.6
Profit before tax	300.7	285.5	+ 5.3
Net profit	260.6	253.8	+ 2.7
Net profit margin (%)	24.9	25.1	- 0.2 pts

# Group Revenue By Segment

	FY08/09	FY07/08	Variance
	\$M	\$M	%
Airframe & Component Overhaul	562.0	603.1	- 6.8
Line Maintenance	369.9	335.4	+ 10.3
Fleet Management	113.4	71.1	+ 59.5
	1,045.3	1,009.6	+ 3.5

# SIA vs Non-SIA Revenue

	SIA \$M	Non-SIA \$M	Total \$M
<b>SIAEC</b>	<b>671.3</b>	<b>321.6</b>	<b>992.9</b>
<i>% of non-SIA work</i>		<b>32%</b>	
<b>Subsidiary Cos</b>	<b>43.4</b>	<b>37.2</b>	<b>80.6</b>
<i>% of non-SIA work</i>		<b>46%</b>	
<b>JV &amp; Associated Cos</b>			
- Engine Overhaul Centres	769.2	1,433.6	2,202.8
- Others	45.4	596.1	641.5
	<b>814.6</b>	<b>2,029.7</b>	<b>2,844.3</b>
<i>% of non-SIA work</i>		<b>71%</b>	
<b>Combined revenue</b>	<b>1,529.3</b>	<b>2,388.5</b>	<b>3,917.8</b>
<i>% of non-SIA work</i>		<b>61%</b>	

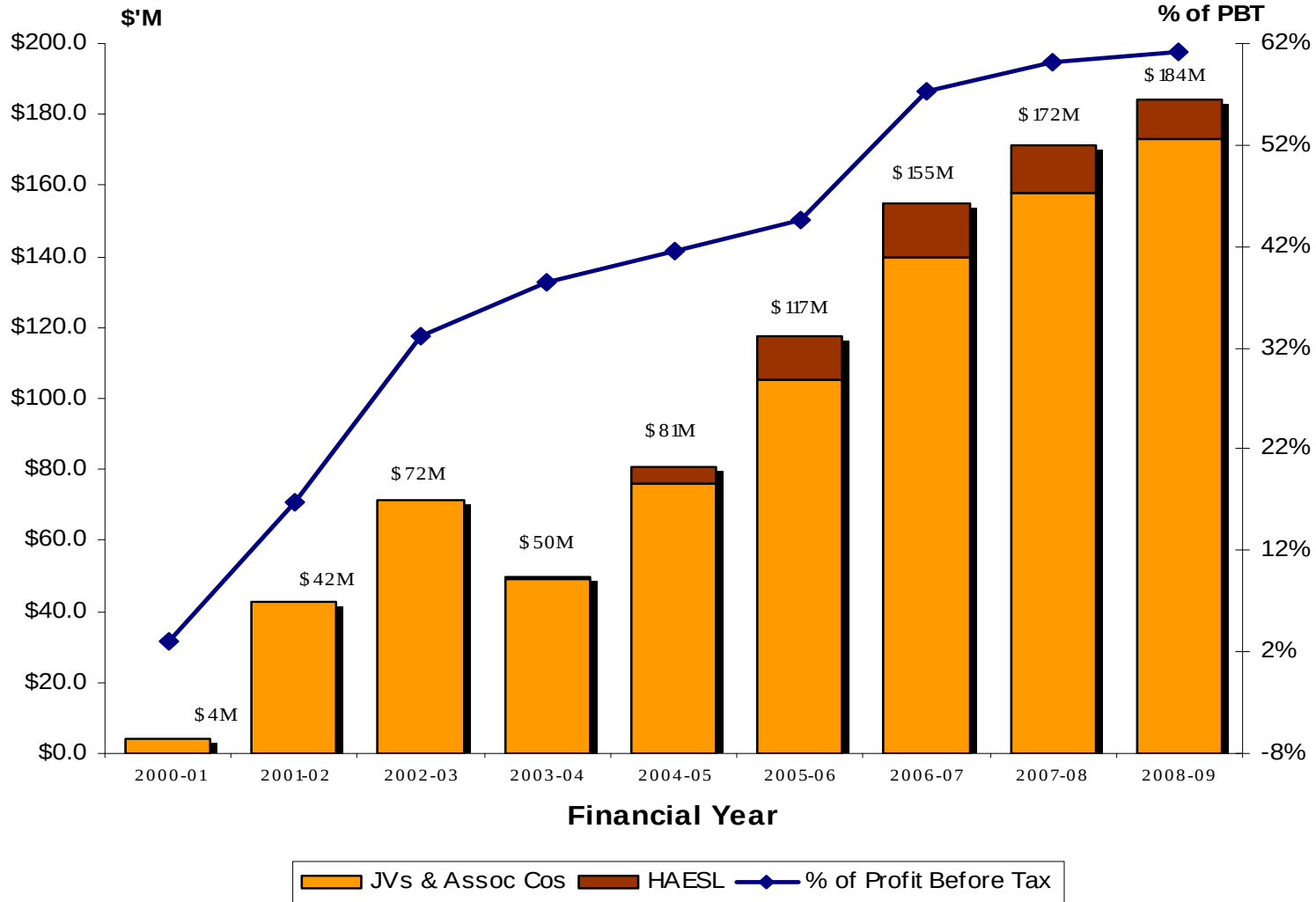
# Group Expenditure

	<b>FY08/09</b>	<b>FY07/08</b>	<b>Variance</b>
	<b>\$M</b>	<b>\$M</b>	<b>%</b>
<b>Staff costs</b>	<b>429.5</b>	<b>440.0</b>	<b>- 2.4</b>
<b>Materials</b>	<b>229.9</b>	<b>235.6</b>	<b>- 2.4</b>
<b>Subcontract costs</b>	<b>108.6</b>	<b>82.3</b>	<b>+ 32.0</b>
<b>Overheads</b>	<b>164.7</b>	<b>148.8</b>	<b>+ 10.7</b>
<b>Expenditure</b>	<b>932.7</b>	<b>906.7</b>	<b>+ 2.9</b>

# Profit Attribution

	FY08/09 \$M	FY07/08 \$M	Variance %
<b><u>Operating Segments</u></b>			
Airframe & Component Overhaul	32.1	50.0	- 35.8
Line Maintenance	76.4	42.4	+ 80.2
Fleet Management	4.1	10.5	- 61.0
	<b>112.6</b>	<b>102.9</b>	<b>+ 9.4</b>
<b><u>JVs and Associated Cos</u></b>			
Engine Overhaul	108.4	90.2	+ 20.2
Others	64.6	67.6	- 4.4
	<b>173.0</b>	<b>157.8</b>	<b>+ 9.6</b>

# Profit Contribution to SIAEC Group Profit



\* Includes dividends from HAESL



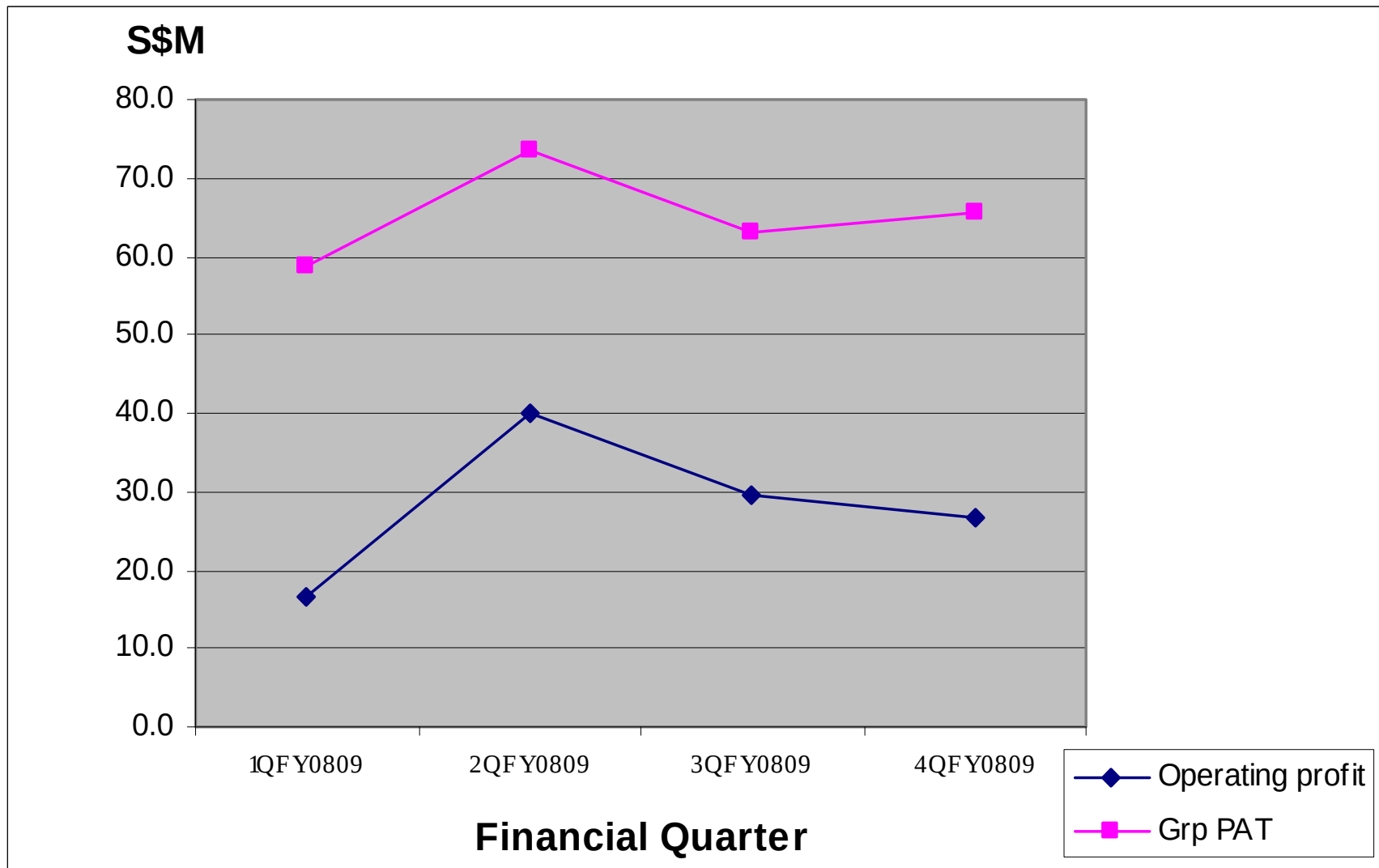
# Financial Statistics

	As at Mar 09	As at Mar 08	Variance %
Shareholders' equity (\$M)	1,228.9	1,125.3	+ 9.2
Net asset value per share (cents)	114.0	104.7	+ 8.9
Cash position (Grp) (\$M)	372.5	437.3	- 14.8
	FY08/09	FY07/08	
EPS (cents)	24.2	23.7	+ 2.1 %
Return on average shareholders' funds (%)	22.1	23.9	- 1.8 pts

# Summary of 4Q FY08/09 Group Results

	\$M	\$M	%
Revenue	245.8	225.1	+ 9.2
Expenditure	219.1	204.6	+ 7.1
Operating profit	26.7	20.5	+ 30.2
Share of JV & Assoc Cos Profits	47.8	36.8	+ 29.9
Profit before tax	76.9	63.8	+ 20.5
Net profit	65.5	55.2	+ 18.7
Net profit margin (%)	26.6	24.5	+ 2.1 pts

# Group Performance – Quarterly Trend





# ***OPERATIONS REVIEW***



# ***A Challenging Environment in FY09/10***

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- ◆ **Since Q3, Group profit, mitigated by Budget 2009 initiatives, has declined due to sharp downturn in aviation business**
- ◆ **With the outlook for FY2009/10 remaining weak and likely to deteriorate further, the Group's performance will be impacted**



# ***Our Responses***

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## **BUSINESS**

- ◆ **Expand FMP customer base**
- ◆ **Entry into Middle East market**
- ◆ **Establish heavy maintenance base in lower cost locality – Philippines**
- ◆ **Line maintenance in Vietnam**
- ◆ **Line maintenance in LAX**
- ◆ **Diversifying into new products**
- ◆ **Hangar 6 equipped to handle A380 & B777**
- ◆ **Intensify marketing efforts to fill capacity**



# FMP Fleet Grows to 175 Aircraft

**Secured 4 FMP Contracts  
worth more than \$600M**



## 3 New Contracts



## 1 Renewed Contract



**Expand FMP Customer Base**



# Forging New Markets

**26 Mar 09**

## **Signed FMP contract with Gulf Air**

3-year contract covers Gulf Air's current Airbus fleet of 29 aircraft and 35 Airbus aircraft to be delivered in the future



**17 Apr 09**

## **Expanded scope of Gulf Air FMP contract**

Extended contract covers additional aircraft and scope of services, bringing total value of contracts with Gulf Air to US\$135M



**Entry into Middle East Market**



# Geographical Expansion

**4 Apr 08**

**Established first overseas heavy maintenance facility**

Signed J VA with Cebu Pacific Air to set up heavy maintenance facility in the Philippines



**8 Nov 08**

**Ground breaking of SIAEC hangar in Clark, Philippines**

**24 Feb 09**

**Established line maintenance foothold in Vietnam**

Signed J VA with Saigon Ground Services for line maintenance facility in Ho Chi Minh



**14 May 08**

**Incorporated line maintenance subsidiary in Los Angeles**

LAX line maintenance facility formed to support FMP customer V Australia

**Growing Global Footprint**

SIA ENGINEERING COMPANY



# First-Mover Advantage



**A380 maintenance  
(1<sup>st</sup> in the world)**



**B747-400 VVIP  
Cabin Modification**



**A330 Maintenance**



**A340 Cabin Modification**

**Diversifying into New Products**



# Airframe Maintenance



**17 New Contracts worth \$121M**



**...in addition to work performed for 20 existing customer airlines**

**Intensifying Marketing Efforts**

SIA ENGINEERING COMPANY





# Line Maintenance



## 10 New Contracts



## 7 Renewed Contracts



Intensifying Marketing Efforts



# ***Our Responses***

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## **COST MANAGEMENT**

- ◆ **Release of surplus contract staff**
- ◆ **2008: hiring freeze**
- ◆ **Apr 09: voluntary no-pay leave scheme**
- ◆ **May 09: management wage freeze**
- ◆ **Re-training of staff with SPUR**
- ◆ **Re-trained surplus staff redeployed to units with growth potential / overseas operations**



# *Our Responses*

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**Initiatives focused on:**

- ✓ **Strengthening fundamentals**
- ✓ **Enhancing competitiveness**

**.....for the long term**



# Proposed Final Dividend

	<b>FY08/09</b>	<b>FY07/08</b>
<b><u>Final Dividend (Tax Exempt One-Tier)</u></b>		
Ordinary (cents per share)	11.0	16.0
<b><u>Total Dividend (Tax Exempt One-Tier)</u></b>		
Ordinary (cents per share)	16.0	20.0
Gross dividend yield (%)	8.6 *	5.1
Payout ratio (%)	66.2 *	84.8

\* Inclusive of tax-exempt (one-tier) interim dividend of 5 cents/share (\$53.9M) paid on 28 November 2008.



*Thank You*

