

FY2015/16 Performance Review





SIA ENGINEERING
COMPANY

Financial Review



Summary of Group Results

FY1516

| | FY1516 \$M | FY1415 \$M | Variance % | |
|---|---------------|---------------|---------------|---------|
| Revenue | 1,112.7 | 1,120.6 | - | 0.7 |
| Expenditure | 1,008.3 | 1,036.6 | - | 2.7 |
| Operating profit | 104.4 | 84.0 | + | 24.3 |
| Surplus on disposal of a subsi company | - | 5.8 | | n.m. |
| Surplus on partial disposal of an assoc company | 2.8 | - | | n.m. |
| Loss on liquidation of an assoc company | (4.3) | - | | n.m. |
| Prov for impairment in an assoc company | (2.5) | - | | n.m. |
| Share of results of Assoc/JVs, net of tax | 94.2 | 106.3 | - | 11.4 |
| Profit before tax | 202.0 | 205.4 | - | 1.7 |
| Net profit | 176.6 | 183.3 | - | 3.7 |
| Net profit margin (%) | 15.9 | 16.4 | - | 0.5 ppt |



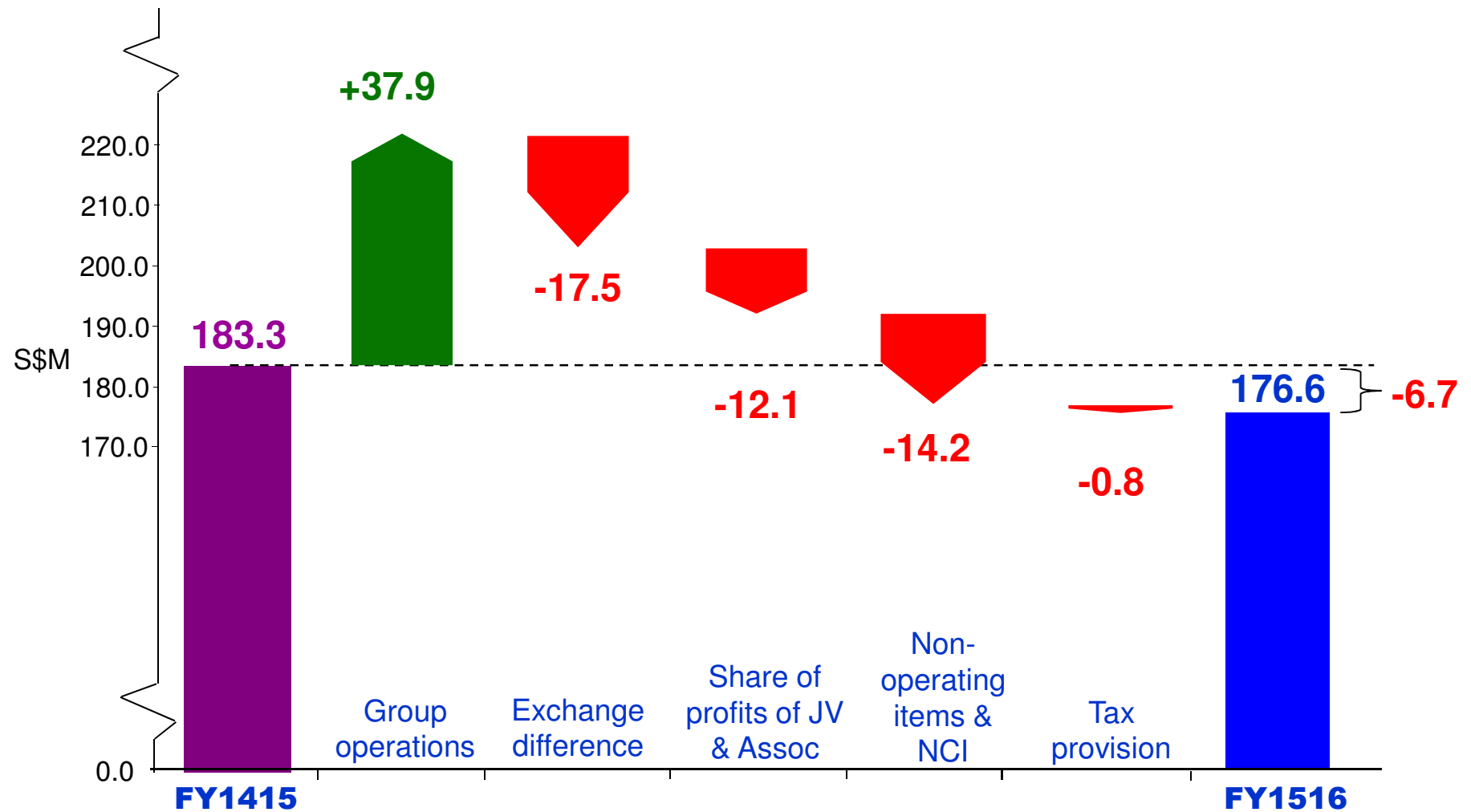
Summary of Group Results

4Q FY1516

| | 4QFY1516 | 4QFY1415 | Variance | |
|---|----------|----------|----------|---------|
| | \$M | \$M | % | |
| Revenue | 294.2 | 276.0 | + | 6.6 |
| Expenditure | 266.7 | 252.9 | + | 5.5 |
| Operating profit | 27.5 | 23.1 | + | 19.0 |
| Share of results of Assoc/JVs, net of tax | 18.3 | 21.3 | - | 14.1 |
| Profit before tax | 47.8 | 46.6 | + | 2.6 |
| Net profit | 41.4 | 41.4 | - | |
| Net profit margin (%) | 14.1 | 15.0 | - | 0.9 ppt |



Group Profit for FY2015/16



Joint Venture and Associated Companies

FY1516

| | FY1516 \$M | FY1415 \$M | Variance % |
|--|---------------|---------------|---------------|
| <u>Share of profits after tax</u> | | | |
| Repair and Overhaul | | | |
| - Engine Repair & Overhaul Centres | 50.7 | 67.6 | - 25.0 |
| - Others | 40.6 | 35.8 | + 13.4 |
| | 91.3 | 103.4 | - 11.7 |
| Line Maintenance | 2.9 | 2.9 | - |
| | 94.2 | 106.3 | - 11.4 |



Breakdown of Group Revenue

FY1516

| | FY1516 \$M | FY1415 \$M | Variance % | |
|-------------------------------|---------------|---------------|---------------|-----|
| Airframe & Component Overhaul | 450.9 | 490.3 | - | 8.0 |
| Fleet Management | 201.7 | 188.1 | + | 7.2 |
| Repair & Overhaul | 652.6 | 678.4 | - | 3.8 |
| Line Maintenance | 460.1 | 442.2 | + | 4.0 |
| | 1,112.7 | 1,120.6 | - | 0.7 |



Group Expenditure

FY1516

| | FY1516 \$M | FY1415 \$M | Variance % | |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|------------|
| Staff costs | 462.9 | 476.7 | - | 2.9 |
| Materials | 188.8 | 176.7 | + | 6.8 |
| Subcontract costs | 161.3 | 178.5 | - | 9.6 |
| Overheads | 195.3 | 204.7 | - | 4.6 |
| Expenditure | 1,008.3 | 1,036.6 | - | 2.7 |



Group Operating Profit by Segment

FY1516

| | FY1516 \$M | FY1415 \$M | Variance % |
|-------------------|---------------|---------------|---------------|
| Repair & Overhaul | (3.4) | (14.3) | + 76.2 |
| Line Maintenance | 107.8 | 98.3 | + 9.7 |
| | 104.4 | 84.0 | + 24.3 |



SIA vs Non-SIA Revenue

FY1516

| | SIA \$M | Non-SIA \$M | Total \$M |
|--------------------------------|----------------|----------------|----------------|
| SIAEC | 706.0 | 318.8 | 1,024.8 |
| <i>% of non-SIA work</i> | | <i>31%</i> | |
| Subsidiary Cos | 61.0 | 76.1 | 137.1 |
| <i>% of non-SIA work</i> | | <i>56%</i> | |
| JV & Associated Cos | | | |
| - Repair & Overhaul | 583.8 | 2,203.2 | 2,787.0 |
| - Line Maintenance | 14.7 | 26.9 | 41.6 |
| | 598.5 | 2,230.1 | 2,828.6 |
| <i>% of non-SIA work</i> | | <i>79%</i> | |
| Combined revenue | 1,365.5 | 2,625.0 | 3,990.5 |
| <i>% of non-SIA work</i> | | <i>66%</i> | |



Group Balance Sheet

| | 31 Mar 2016 \$M | 31 Mar 2015 \$M |
|---|--------------------|--------------------|
| Equity attributable to owners of the parent | 1,485.5* | 1,324.9 |
| Non-controlling interests | 26.4 | 24.7 |
| Total equity | 1,511.9 | 1,349.6 |
| Non-current liabilities | 54.0 | 50.5 |
| | 1,565.9 | 1,400.1 |
| <u>Represented by:</u> | | |
| Non-current assets | 895.8 | 884.1 |
| Cash | 393.9 | 463.7 |
| Non-current asset held for sale | 156.5 | - |
| Other current assets | 375.9 | 308.8 |
| | 926.3 | 772.5 |
| Less: Current liabilities | (256.2) | (256.5) |
| Net current assets | 670.1 | 516.0 |
| | 1,565.9 | 1,400.1 |

* Includes fair value uplift of HAESL amounting to S\$141.9M



Financial Statistics

| | FY1516 | FY1415 | Variance |
|--|---------------|---------------|------------------|
| Basic earnings per share (cents) | 15.74 | 16.36 | - 3.8 % |
| Return on average shareholders' funds (%) | 12.6 | 13.6 | - 1.0 ppt |

| | Mar 16 | Mar 15 | Variance |
|--|---------------|---------------|-----------------|
| Net asset value per share (cents) | 132.4 | 118.1 | + 12.1 % |



Final Dividend

| | FY1516 | FY1415 |
|--|--------------|-------------|
| <u>Final Dividend</u> <u>(in cents per share)</u> | | |
| Ordinary | 8.0 | 8.5 |
| Total Dividend | 14.0* | 14.5 |

* Inclusive of interim dividend of 6 cents per share paid on 24 November 2015.



Operational Review



Core Businesses



Line Maintenance

35 airports in 7 countries



Aircraft & Component Services

**6 hangars in Singapore
3 hangars in the Philippines**



Fleet Management

Fleet size: 156 aircraft



Line Maintenance

+2.8%
Flights handled at
Changi Airport

FY15/16

137,867

FY14/15

134,063

7 New Contracts



9 Renewed Contracts



Thai AirAsia Indonesia AirAsia



中國東方航空
CHINA EASTERN



SIA ENGINEERING COMPANY



Aircraft & Component Services

15 New/Renewed Contracts at Singapore base



Maintenance checks at Singapore base:

| | FY15/16 | FY14/15 |
|------------|---------|---------|
| 'A' checks | 373 | 376 |
| 'C' checks | 74 | 68 |
| 'D' checks | 16 | 17 |

Maintenance checks at Clark base:

| | FY15/16 | FY14/15 |
|------------|---------|---------|
| 'A' checks | 24 | 9 |
| 'C' checks | 25 | 18 |



SIA ENGINEERING COMPANY



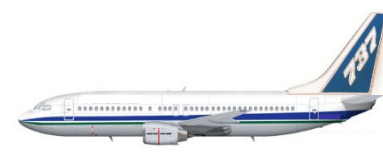
Fleet Management



90 aircraft



29 aircraft



17 aircraft



12 aircraft



8 aircraft

As at 31 Mar 2016

FMP Fleet Size: 156 aircraft



SIA ENGINEERING COMPANY



Strategic Partnerships

BOEING ASIA PACIFIC AVIATION SERVICES

Incorporated on 5 Oct 2015



49%



**Fleet Management Services
for Boeing 737, 747, 777 & 787**



Strategic Partnerships



Airframe Maintenance Joint Venture



65%



35%

**Airbus Centre of Excellence
in Asia for A380 and A350**



Strategic Partnerships



SIAEC appointed as On-Wing Services Provider
for Trent Family of Roll-Royce Engines



Strategic Partnerships



SIAEC appointed as On-site Support Provider
for CFM LEAP-1A and -1B Engines
in Asia Pacific



Strategic Partnerships

MOOG



MOU to establish Joint Venture



49%

MOOG 51%

**Moog Centre of Excellence
in Asia Pacific for Moog's products
on new-generation aircraft
such as Boeing 787 and A350**



Strategic Partnerships



Innovation & Technology Initiatives

Investment of up to \$50M

EDB Support

**Development of new innovations and
solutions to serve future MRO needs
of airline customers**



Outlook

- Operating environment remains challenging.
- Continue to invest in new competencies and capabilities to meet changing technological demands.
- Measures to strengthen competitiveness, gain market share and manage costs will remain key priorities.
- Recent joint ventures with Boeing and Airbus are significant strategic moves, important to the Group's continued and long-term growth. While they may not be accretive in the initial years, they will leverage on the combined strengths to access a larger market.
- With a strong balance sheet, we will continue to pursue strategic investments and partnerships.



FY2015/16 Performance Review

