

1H FY05/ 06
Performance Review
Analyst/ Media Briefing

28 October 2005

Financial Review

Summary of Group Results – 1H FY05/06

	FY05/06 1H S\$M	FY04/05 1H S\$M	Variance %
Revenue	463.5	<i>(restated)</i> 408.0	+ 13.6
Expenditure	404.1	347.9	+ 16.2
Operating Profit	59.4	60.1	- 1.2
Share of associate and JV profits	52.1	34.0	+ 53.2
Profit attributable to shareholders	105.6	85.4	+ 23.7
Net profit margin (%)	22.8	20.9	+ 1.9 pts

Group Revenue Composition

	FY05/06 1H S\$M	FY04/05 1H S\$M	Variance %
		<i>(restated)</i>	
Labour revenue	325.8	271.4	+ 20.0
Material revenue	110.4	109.5	+ 0.8
Fleet management	15.7	13.2	+ 18.9
Others	11.6	13.9	- 16.5
Revenue	463.5	408.0	+ 13.6
% of non-SIA work	23%	23%	-

Group Expenditure

	FY05/06 1H S\$M	FY04/05 1H S\$M	Variance %
		<i>(restated)</i>	
Staff costs	179.6	175.9	+ 2.1
Materials	115.8	111.4	+ 3.9
Overheads	108.7	60.6	+ 79.4
Expenditure	404.1	347.9	+ 16.2

Group Financial Statistics

	Sep 05	Mar 05	Variance %
		<i>(restated)</i>	
Shareholders' funds (S\$M)	945.7	858.5	+ 10.2
Net asset value per share (cents)	92.1	84.4	+ 9.1
	FY05/06 1H	FY04/05 1H	Variance
Return on average shareholders' funds (MAA)*	21.9%	19.5%	+ 2.4 pts

Interim Dividend (Ordinary)	4.0 cents/share [#]	S\$41.1M
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Annualised gross dividend yield[^]	3.4%
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* MAA denotes moving annual average

10 cents par value

6 ^ based on share price of \$2.38 as at 30 September 2005

SIA ENGINEERING COMPANY



Summary of Group Results – 2Q FY05/06

	FY05/06 2Q S\$M	FY04/05 2Q S\$M	Variance %
		<i>(restated)</i>	
Revenue	240.0	206.7	+ 16.1
Expenditure	213.6	179.4	+ 19.1
Operating profit	26.4	27.3	- 3.3
Share of associate and JV profits	24.7	19.2	+ 28.6
Profit attributable to shareholders	50.4	42.0	+ 20.0
Net profit margin (%)	21.0	20.3	+ 0.7 pts
% of non-SIA work	22%	24%	- 2 pts

Operational Review

Line Maintenance

Flights Handled at Changi Airport:

Q2 FY05/ 06

21,331

Q2 FY04/ 05

19,227

Change

+ 11%

SINGAPORE CHANGI AIRPORT



Airframe & Component Overhaul

	<u>Q2 05/ 06</u>	<u>Q2 04/ 05</u>
D checks	11	6
C checks	32	33
A checks	94	101

Major Events in H1 FY05/ 06

2 new Subsidiaries - SIAEC (51%):

- **Aviation Partnership Corporation (Philippines) formed with Cebu Pacific Air**
 - Line maintenance in the Philippines
 - Commenced operations in Jul 05
- **Aerospace Component Services formed with Parker Aerospace**
 - Overhaul of hydraulic components
 - Commenced operations in Oct 05



New Contracts for Airframe Maintenance & Component Overhaul

	Airline	Aircraft	Checks
 Air Canada	Air Canada	A340	C
 nwa NORTHWEST AIRLINES	Northwest Airlines	B747-400	C & D
 Martinair	Martin Air	B747-200	D
 IBERWORLD	Iberworld	A320	C
 JAL JAPAN AIRLINES	Japan Airlines	A300-600	C
 AIR-INDIA	Air India	A310	C
	GO Air	A320	FMP

Diverse Customer Base

for Airframe Maintenance & Component Overhaul



North America (New):

- Air Canada
- Northwest Airlines

Existing:

- Atlas Air
- Federal Express

EUROPE (New):

- Martin Air
- Iberworld

Existing:

- Air Atlanta

Middle East

Existing:

- Dubai Air Wing

ASIA (New):

- Japan Airlines
- Air India
- GO Air

Existing:

- Air Pacific
- Air Canada
- Dragonair
- Thai Airways
- Air Paradise
- Air China Cargo



Outlook for Q3 FY05/ 06

- Competitive environment
- Growth in passenger and cargo traffic
- Sustained demand for MRO
- Soaring fuel prices
- Pressure on MRO rates

Thank You