



**SIA ENGINEERING GROUP POSTS
PROFIT OF \$32.5M FOR 1st HALF FY2022-23**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	<u>1st half FY2022-23</u>			<u>2nd Quarter FY2022-23</u>		
	Apr – Sep 2022	Year-on-Year Change		Jul - Sep 2022	Year-on-Year Change	
	\$'M	\$'M	%	\$'M	\$'M	%
• Revenue	362.2	+98.7	+37.5	190.7	+52.5	+38.0
• Operating loss	(10.8)	-4.1	-61.2	(6.8)	-3.0	-78.9
• Share of profits of associated and joint venture companies, net of tax	41.4	+14.6	+54.5	25.0	+13.0	+108.3
• Profit attributable to owners of the parent	32.5	+7.5	+30.0	19.7	+9.2	+87.6
• Basic earnings per share (cents)	2.89	+0.66	+29.6	1.75	+0.81	+86.2

GROUP EARNINGS

First Half FY2022-23

The Group recorded revenue of \$362.2 million for the first half of the financial year ended 30 September 2022, an improvement of \$98.7 million (+37.5%) year-on-year, largely driven by the increase in flight activities and all segments recorded higher revenue. Group expenditure increased at a higher rate of 38.0% (\$102.8 million) to \$373.0 million year-on-year mainly due to the stepping down of government wage support. Excluding wage support, expenditure increase was 21.2%, with manpower costs and material costs rising in tandem with higher business activities.

As revenue growth was not sufficient to offset the increase in expenditure, the Group incurred a higher operating loss of \$10.8 million as compared to the operating loss of \$6.7 million in the same period last year. Excluding wage support, operating performance improved \$31.5 million.

Share of profits of associated and joint venture companies was \$41.4 million. This was \$14.6 million (+54.5%) higher year-on-year due to

- \$9.4 million (+29.1%) increase in contribution from the engine and component segment arising from increase in work input, and
- \$5.2 million (+94.5%) improvement from the airframe and line maintenance segment.

The Group's net profit for the first half ended 30 September 2022 was \$32.5 million, an improvement of \$7.5 million year-on-year. Excluding wage support, Group profit was \$21.4 million.

Note 1: The SIAEC Group's unaudited financial results for the half year ended 30 September 2022 were announced on 1 November 2022. A summary of the financial statistics is shown in Annex A. All monetary figures are in Singapore Dollars. The Group comprises the Company and its subsidiary, associated and joint venture companies.

Basic earnings per share for the first half of the financial year ended 30 September 2022 was 2.89 cents.

Second Quarter FY2022-23

In the second quarter ended 30 September 2022, the Group recorded an operating loss of \$6.8 million, a deterioration of \$3.0 million year-on-year as revenue grew by 38.0% to \$190.7 million, while expenditure rose at a higher rate of 39.1% to \$197.5 million. The increase in revenue was largely driven by higher flight activities and all segments recorded higher revenue. Expenditure increased mainly due to lower government wage support, higher manpower costs and material costs.

Share of profits of associated and joint venture companies was \$25.0 million, an improvement of \$13.0 million (+108.3%) year-on-year due to

- \$9.8 million higher contributions from the engine and component segment, and
- \$3.2 million improvement from the airframe and line maintenance segment.

The Group recorded a net profit of \$19.7 million for the quarter ended 30 September 2022, an improvement of \$9.2 million year-on-year. Excluding wage support, net profit was \$17.3 million.

Basic earnings per share for the second quarter was 1.75 cents.

GROUP FINANCIAL POSITION

As at 30 September 2022, equity attributable to owners of the parent was \$1,681.4 million, an increase of \$70.7 million (+4.4%) from 31 March 2022, mainly due to increase in foreign currency translation reserve and profits earned for the period.

Total assets stood at \$1,936.2 million as of 30 September 2022, an increase of \$98.0 million (5.3%) from 31 March 2022. The Group's cash balance was \$605.6 million with no borrowings.

Net asset value per share as at 30 September 2022 was 149.6 cents.

INTERIM DIVIDEND

The Company will not be declaring any interim dividend due to operating losses and uncertainties in macroeconomic conditions.

BUSINESS UPDATE

As Singapore removed most of the remaining travel restrictions, the number of flights handled by our Line Maintenance unit in Singapore in the first half of the financial year FY2022-23 doubled year-on-year, representing approximately 55% of pre-pandemic volume.

The increase in flight activities has led to an increase in demand for MRO services as operators look to return grounded aircraft back to service. Base Maintenance has secured new customers and a long-term contract during the period.

Work volume at engine and component shops is also higher, with healthy improvement in inductions. Inventory technical management services supported a larger fleet size due to a new contract secured and fleet growth of customer airlines. Since completion of the first LEAP engine quick turn at the new Aircraft Engine Services facility in the first quarter, the shop is progressively increasing inductions.

In May 2022, the Company acquired a 75% stake in SR Technics Malaysia Sdn Bhd. This acquisition expands our component repair and overhaul capabilities, creating further opportunities for business growth and innovation.

We continue to make progress in our transformation efforts through the three key levers of Lean, Digital and Technology. Implementation of Lean across various operation units continue to generate additional capacity. This has allowed us to secure long-term agreements such as a five-year airframe maintenance services agreement with Hawaiian Airlines for its A330-200 fleet and a 10-year Inventory Technical Management Programme with MY Airlines for its A320 fleet.

We are honoured to be awarded the 2022 "Asia MRO of the Year - Airframe" Award by Aviation Week Network, in recognition of our overall achievements, collaboration with partners, teamwork and marketing strategy.

OUTLOOK

While recovery of the aviation industry continues to gain traction, the outlook is uncertain due to an elevated risk of a global recession and geopolitical tensions. In addition, high inflation, wage pressure and cessation of wage support will pose challenges. The Group will maintain vigilance and nimbleness in managing our costs.

Along with our transformation efforts, we will seize opportunities to broaden our customer base, develop new capabilities and expand our geographical presence through acquisitions and partnerships to achieve sustainable business growth.

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(For the complete first half FY2022-23 financial statements, please refer to Interim Financial Statements or the Investor Relations page of our website at www.siaec.com.sg.)

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GROUP FINANCIAL STATISTICS

	1H22/23 (\$'M)	1H21/22 (\$'M)
Financial Results		
Revenue	362.2	263.5
Operating loss	(10.8)	(6.7)
Share of profits of associated and joint venture companies, net of tax	41.4	26.8
Net profit	32.5	25.0
Per Share Data		
Earnings after tax (cents) - basic ^{R1}	2.89	2.23
- diluted ^{R2}	2.88	2.22

	1Q22/23 (\$'M)	2Q22/23 (\$'M)	2Q21/22 (\$'M)
Financial Results			
Revenue	171.5	190.7	138.2
Operating loss	(4.0)	(6.8)	(3.8)
Share of profits of associated and joint venture companies, net of tax	16.4	25.0	12.0
Net profit	12.8	19.7	10.5
Per Share Data			
Earnings after tax (cents) - basic ^{R1}	1.14	1.75	0.94
- diluted ^{R2}	1.13	1.75	0.93

	As at 30 Sep 2022 (\$'M)	As at 31 Mar 2022 (\$'M)
Financial Position		
Share capital	420.0	420.0
Treasury shares	(1.0)	(5.8)
Capital reserve	(0.5)	1.5
Share-based compensation reserve	3.3	5.1
Foreign currency translation reserve	21.1	(19.8)
Fair value reserve	(3.6)	0.1
Equity transaction reserve	(2.2)	(2.2)
General reserve	1,244.3	1,211.8
Equity attributable to owners of the parent	1,681.4	1,610.7
Cash and bank balances	605.6	625.5
Receivables ^{R3}	243.7	217.0
Total assets	1,936.2	1,838.2
Total liabilities	243.6	216.9
Net asset value per share (cents) ^{R4}	149.6	143.5
Return on equity holders' funds (%) ^{R5}	4.6	4.3

COMPANY OPERATING STATISTICS AT SINGAPORE BASE

	1H22/23	1H21/22
Flights handled at Changi Airport by line maintenance	45,263	20,745
Number of heavy checks performed at Singapore base	42	46
Number of light checks performed at Singapore base	258	162
Fleet size managed by inventory technical management business ^{R6}	99	77

	1Q22/23	2Q22/23	2Q21/22
Flights handled at Changi Airport by line maintenance	20,281	24,982	10,990
Number of heavy checks performed at Singapore base	20	22	25
Number of light checks performed at Singapore base	118	140	77
Fleet size managed by inventory technical management business ^{R6}	97	99	77

R1 Earnings after tax per share (basic) is computed by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares in issue less treasury shares.

R2 Earnings after tax per share (diluted) is computed by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares in issue less treasury shares, after adjusting for the dilutive effect on the vesting of all outstanding performance shares, restricted shares and deferred shares granted to employees.

R3 Receivables comprises trade debtors, contract assets, amount owing by immediate holding company and amounts owing by related parties.

R4 Net asset value per share is computed by dividing equity attributable to owners of the parent by the number of ordinary shares in issue less treasury shares.

R5 Return of equity holders' funds is profit attributable to the Company expressed as a percentage of the average equity holders' funds.

R6 Fleet size as at end of reporting period.