



**SIA ENGINEERING GROUP POSTS PROFIT OF \$74.3M  
FOR 1<sup>st</sup> HALF FY2017-18**

**HIGHLIGHTS OF THE GROUP'S PERFORMANCE**

	1 <sup>st</sup> Half FY2017-18		2 <sup>nd</sup> Quarter FY2017-18	
	Apr - Sep 2017	Year-on-Year % Change	Jul - Sep 2017	Year-on-Year % Change
• Revenue	\$547.5M	+ 2.1	\$274.7M	+ 3.7
• Operating profit				
- before divestment	\$37.6M	- 14.9	\$19.5M	- 20.4
- after divestment	\$37.6M	+ 64.2	\$19.5M	- 20.4
• Share of profits of associated and joint venture companies, net of tax	\$44.0M	+ 16.1	\$22.9M	+ 33.1
• Profit attributable to owners of the parent				
- before divestment	\$74.3M	+ 1.1	\$38.1M	+ 7.3
- after divestment	\$74.3M	- 68.2	\$38.1M	+ 7.3
• Basic earnings per share	6.63 cts	- 68.2	3.40 cts	+ 7.3

**GROUP EARNINGS**

First Half FY2017-18

SIAEC Group recorded a profit attributable to owners of the parent of \$74.3 million for the half year ended 30 September 2017. The results for the same period last year included a gain from the divestment of the Group's 10% stake in Hong Kong Aero Engine Services Ltd ("HAESL") to Rolls-Royce Overseas Holdings Limited ("RROH") and Hong Kong Aircraft Engineering Company Limited ("HAECO"). Excluding the impact of the divestment, profit for the current period of \$74.3 million was \$0.8 million or 1.1% higher. After including the impact of the divestment, profit for the current period was \$159.6 million or 68.2% lower.

Revenue at \$547.5 million was higher by \$11.1 million or 2.1%, with increase in line maintenance revenue offset in part by lower fleet management revenue. Expenditure at \$509.9 million was lower by \$3.6 million or 0.7%. Staff costs were lower mainly due to the absence of the provision made for the profit-linked component of staff remuneration arising from the gain on divestment last year, offset by annual salary increments and increase in headcount at subsidiaries. Operating profit of \$37.6 million was \$14.7 million or 64.2% higher. Excluding the profit-linked component of staff remuneration arising from the gain on divestment last year, operating profit was \$6.6 million or 14.9% lower.

Share of profits of associated and joint venture companies increased \$6.1 million or 16.1% to \$44.0 million, with higher contributions from most associated companies, in particular from Eagle Services Asia Private Limited as the work content of its engines shipped was higher. This was partially offset by lower contributions from Singapore Aero Engine Services Pte Ltd.

Basic earnings per share was 6.63 cents for the half year ended 30 September 2017.

Note: The SIAEC Group's unaudited financial results for the second quarter and half year ended 30 September 2017 were announced on 3 November 2017. 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.)

## Second Quarter FY2017-18

The Group posted a profit attributable to owners of the parent of \$38.1 million for the quarter ended 30 September 2017, an increase of \$2.6 million or 7.3%.

Revenue for the quarter was \$274.7 million, an increase of \$9.9 million or 3.7% as the growth in airframe and component overhaul and line maintenance revenue was partially offset by the decrease in fleet management revenue. Expenditure at \$255.2 million rose by \$14.9 million or 6.2%, mainly due to higher staff costs, an exchange loss of \$1.0 million against an exchange gain of \$3.8 million in the corresponding quarter last year, and a provision for impairment of trade debtors of \$1.6 million compared to a writeback of provision of \$0.6 million in the same quarter last year. The resulting operating profit of \$19.5 million was \$5.0 million or 20.4% lower.

Share of profits from associated and joint venture companies of \$22.9 million was higher by \$5.7 million or 33.1%.

Basic earnings per share was 3.40 cents for the current quarter, an increase of 7.3% from the same quarter last year.

## **GROUP FINANCIAL POSITION**

As at 30 September 2017, equity attributable to owners of the parent amounted to \$1,452.5 million, \$101.5 million or 6.5% lower than at 31 March 2017. The decrease was mainly due to payment of the final dividend in respect of FY2016-17, and higher foreign currency translation reserve losses as a result of the weakening of the US dollar against the Singapore dollar, partially offset by profits earned for the period. The Group's cash balance decreased \$134.5 million or 22.4% to \$467.2 million, while total assets amounted to \$1,789.3 million.

Net asset value per share as at 30 September 2017 was 129.8 cents.

## **DIVIDEND**

The Company has declared an interim dividend of 4.0 cents per share.

## **OUTLOOK**

The MRO industry is faced with the challenges of new-generation aircraft and engines that require less frequent maintenance and lighter work content. There continues to be intense regional competition. Nonetheless, the significant increase in aircraft fleet will result in growth for the MRO industry.

The Company continues to invest in new technologies and pursue initiatives to enhance productivity and manage its costs. We remain focused on building capabilities for new-generation aircraft and engines and aligning our portfolio of joint ventures to tap new opportunities in the changing business environment.

The above initiatives will enhance our capability for new-generation aircraft and engines and position us for sustainable long-term growth.

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(For the complete second quarter and first half FY2017-18 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at [www.siaec.com.sg](http://www.siaec.com.sg)).

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## GROUP FINANCIAL STATISTICS

	1 <sup>st</sup> Half 2017-18	1 <sup>st</sup> Half 2016-17	2 <sup>nd</sup> Quarter 2017-18	2 <sup>nd</sup> Quarter 2016-17
<b>Financial Results (\$ million)</b>				
Total revenue	547.5	536.4	274.7	264.8
Total expenditure <sup>R1</sup>	509.9	513.5	255.2	240.3
Operating profit <sup>R1</sup>	37.6	22.9	19.5	24.5
Non-operating items	2.6	1.5	1.5	0.6
Surplus on disposal of non-current asset held for sale	-	141.6	-	-
Dividend income from non-current asset held for sale	-	39.5	-	-
Share of profits of associated companies, net of tax	35.0	25.6	18.2	12.3
Share of profits of joint venture companies, net of tax	9.0	12.3	4.7	4.9
Profit before taxation	84.2	243.4	43.9	42.3
Profit attributable to owners of the parent <sup>R2</sup>	74.3	233.9	38.1	35.5

### Per Share Data

Earnings before tax (cents)	7.52	21.68	3.92	3.77
Earnings after tax (cents) - basic <sup>R3</sup>	6.63	20.83	3.40	3.17
- diluted <sup>R4</sup>	6.62	20.79	3.39	3.16

**As at**                      **As at**  
**30 Sep 2017**    **31 Mar 2017**

### Financial Position (\$ million)

Share capital	420.0	420.0
Treasury shares	(17.4)	(15.2)
Reserves		
Capital reserve	2.8	2.7
Share-based compensation reserve	5.6	16.0
Foreign currency translation reserve	(85.5)	(68.0)
Fair value reserve	2.3	(0.6)
Equity transaction reserve	(2.4)	(2.4)
General reserve	1,127.1	1,201.5
Equity attributable to owners of the parent	1,452.5	1,554.0
Total assets	1,789.3	1,918.3
Net asset value per share (cents) <sup>R5</sup>	129.8	138.8

<sup>R1</sup> The expenditure of \$513.5 million in 1<sup>st</sup> half FY2016-17 included a provision for the estimated increase in the profit-linked component of staff remuneration arising from the gain on divestment of Hong Kong Aero Engine Services Ltd ("HAESL"). Before the additional provision for staff costs, operating profit for the period was \$44.2 million. After taking into account this one-time impact, the Group showed an operating profit of \$22.9 million in 1<sup>st</sup> half FY2016-17.

<sup>R2</sup> Profit attributable to owners of the parent of \$233.9 million in 1<sup>st</sup> half FY2016-17 included a gain on divestment of HAESL of \$178.0 million and its corresponding impact on staff costs (net of tax adjustments). Before the divestment, profit attributable to owners of the parent in 1<sup>st</sup> half FY2016-17 was \$73.5 million.

<sup>R3</sup> 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.

<sup>R4</sup> 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 exercise of all outstanding share options, performance shares and restricted shares granted to employees.

<sup>R5</sup> 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.