



SIA ENGINEERING GROUP POSTS PROFIT OF \$68.8M FOR 1st HALF FY2024-25

- **Group net profit increased by 16% year-on-year to \$68.8M**
- **Interim dividend of 2.0 cents per share**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	<u>1st half FY2024-25</u>			<u>2nd Quarter FY2024-25</u>		
	Apr – Sep	Year-on-Year		Jul - Sep	Year-on-Year	
	2024	Change		2024	Change	
	\$'M	\$'M	%	\$'M	\$'M	%
• Revenue	576.2	+62.2	+12.1	307.5	+55.4	+22.0
• Operating profit	3.4	+3.3	n.m.	2.4	+2.7	n.m.
• Share of profits of associated and joint venture companies, net of tax	58.6	+8.6	+17.2	30.6	+2.5	+8.9
• Profit attributable to owners of the parent	68.8	+9.5	+16.0	35.6	+3.3	+10.2
• Basic earnings per share (cents)	6.13	+0.85	+16.1	3.17	+0.30	+10.5

GROUP EARNINGS

First Half FY2024-25

Demand for maintenance, repair and overhaul services ("MRO") remained healthy in the first half of the financial year ended 30 September 2024. All operating segments recorded higher revenue. Group revenue grew 12.1% year-on-year to \$576.2 million, while Group expenditure increased at a lower rate of 11.5% to \$572.8 million. The increase in expenditure was mainly due to higher material costs, manpower costs and repair costs, and an exchange loss as compared to an exchange gain recorded in the comparative period. Consequently, the Group's operating performance improved by \$3.3 million year-on-year to an operating profit of \$3.4 million.

Share of profits of associated and joint venture companies also increased, by \$8.6 million (+17.2%) year-on-year to \$58.6 million. The breakdown of contribution by segments is as follows:

- \$56.2 million (+\$7.7 million) from the engine and component segment, and
- \$2.4 million (+\$0.9 million) from the airframe and line maintenance segment.

The Group's net profit for the first half ended 30 September 2024 was \$68.8 million, an improvement of \$9.5 million year-on-year.

Basic earnings per share for the first half of the financial year ended 30 September 2024 was 6.13 cents.

Note 1: The SIAEC Group's unaudited financial results for the half year ended 30 September 2024 were announced on 5 November 2024. 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 FY2024-25

For the second quarter, the Group recorded an operating profit of \$2.4 million, an improvement of \$2.7 million year-on-year as revenue growth of 22.0% outpaced the 20.9% increase in expenditure. Expenditure increased mainly due to higher material costs, staff costs, subcontract costs and an exchange loss as compared to comparative period's exchange gain.

Share of profits of associated and joint venture companies for the quarter was \$30.6 million, an improvement of \$2.5 million (+8.9%) year-on-year.

The Group recorded a net profit of \$35.6 million for the quarter ended 30 September 2024, which was \$3.3 million higher year-on-year.

Basic earnings per share for the second quarter was 3.17 cents.

GROUP FINANCIAL POSITION

As of 30 September 2024, equity attributable to owners of the parent was \$1,647.4 million, a decrease of \$39.7 million (-2.4%) from 31 March 2024, mainly due to the payment of final dividend for the last financial year and a decrease in the foreign currency translation reserve, partially offset by profits earned during the period.

Total assets stood at \$2,014.1 million as of 30 September 2024, a decrease of \$74.2 million (-3.6%) from 31 March 2024 mainly due to a decrease in cash balances, partially offset by an increase in receivables. The Group's cash balance was \$493.2 million.

Net asset value per share as at 30 September 2024 was 147.0 cents.

INTERIM DIVIDEND

The Company has declared an interim dividend of 2.0 cents per share. The dividend will be paid on 29 November 2024.

BUSINESS UPDATES

Line Maintenance demand across the Group's network continued to increase year-on-year. In Singapore, 9% more flights were handled compared to the same period last year and at the end of September 2024, the number of transits handled was 95% of pre-pandemic volume, compared to 89% a year ago.

Fewer aircraft checks were completed at Base Maintenance's Singapore hangars in the first half of the financial year ended 30 September 2024 compared to the same period in the prior year due to a higher mix of legacy aircraft checks with heavier work content as well as cabin refurbishments. The duration of some aircraft checks was also extended because of supply chain constraints that led to longer lead times to obtain relevant aircraft spares. SIA Engineering Philippines completed more aircraft checks year-on-year and was recently appointed as the first Embraer Authorised Service Centre in Asia-Pacific to service Embraer E-Jets E2 aircraft. In the meantime, preparation work for Base Maintenance Malaysia is on track, with the first of two hangars in Subang scheduled to begin operations in the second half of 2025. The increase in hangar capacity is timely as SIAEC has been appointed to perform the cabin retrofit of SIA's A350 long-haul fleet starting from 2026.

With measures taken to mitigate ongoing supply chain challenges, the Group's network of engine and component shops was able to meet the increase in demand and generated more output year-on-year. In addition to the expansion of engine shops in Singapore, a 49%-owned joint venture, Eaton Aero Services ("EAS"), was established in June 2024. EAS's new facility in Selangor, Malaysia, will provide MRO services for Eaton-manufactured aircraft components, and is expected to be fully operational by early 2026.

As a result of the investments for business expansion in terms of capacity, geographical reach and repair capabilities to position for long-term growth, the Group will incur associated start-up and development costs over the next two to three years.

SIAEC was honoured to receive two awards from Aviation Week Network at the recent MRO Asia Pacific Awards 2024. We were recognised for our commitment to delivering exceptional service and support to our customers with the "Aftermarket Service Provider of the Year" Award, and for our "1SIAEC" campaign to promote the collective products and services of SIAEC and our joint ventures under the SIAEC brand with the "Marketing Campaign of the Year" Award. Our commitment to developing talent and creating a positive workplace culture was also recognised by the Singapore Human Resources Institute, with SIAEC being recognised for "Excellence in Learning, Development, Coaching & Mentoring" and "Excellence in Talent Management & Acquisition" at the Singapore HR Awards 2024.

OUTLOOK

MRO demand continues to be driven by healthy air travel demand. In addition, delays in the delivery of new aircraft have also resulted in airlines keeping older aircraft in operation and needing MRO support for those aircraft. At the same time, however, the industry continues to face pressures from supply chain constraints, rising costs, tight manpower supply and heightened geopolitical tensions. Likewise, the Company is contending with similar challenges, particularly supply chain issues and elevated costs.

To tap the opportunities and address the challenges, we remain focused on strengthening core competencies and expanding our MRO capabilities, capacity, and geographical presence through investments and collaborations to augment our MRO ecosystem. Apart from maintaining strict cost discipline, we are ramping up efforts to integrate and institutionalise Lean principles and digitalisation

efforts through an Enterprise Operating System framework. Additionally, we remain committed to building a steady pipeline of skilled talent through partnerships with Institutes of Higher Learning.

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(For the complete first half FY2024-25 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

	1H24/25 (\$'M)	1H23/24 (\$'M)
Financial Results		
Revenue	576.2	514.0
Operating profit	3.4	0.1
Share of profits of associated and joint venture companies, net of tax	58.6	50.0
Net profit	68.8	59.3
Per Share Data		
Earnings after tax (cents) - basic ^{R1}	6.13	5.28
- diluted ^{R2}	6.10	5.26

	1Q24/25 (\$'M)	2Q24/25 (\$'M)	2Q23/24 (\$'M)
Financial Results			
Revenue	268.7	307.5	252.1
Operating profit/(loss)	1.0	2.4	(0.3)
Share of profits of associated and joint venture companies, net of tax	28.0	30.6	28.1
Net profit	33.2	35.6	32.3
Per Share Data			
Earnings after tax (cents) - basic ^{R1}	2.96	3.17	2.87
- diluted ^{R2}	2.95	3.15	2.86

	As at 30 Sep 2024 (\$'M)	As at 31 Mar 2024 (\$'M)
Financial Position		
Share capital	420.0	420.0
Treasury shares	(7.3)	(4.5)
Capital reserve	(0.1)	(0.4)
Share-based compensation reserve	4.1	7.5
Foreign currency translation reserve	(65.3)	(24.1)
Fair value reserve	4.8	(1.3)
Equity transaction reserve	(2.2)	(2.2)
General reserve	1,293.4	1,292.1
Equity attributable to owners of the parent	1,647.4	1,687.1
Cash and bank balances	493.2	646.0
Receivables ^{R3}	307.5	272.3
Total assets	2,014.1	2,088.3
Total liabilities	350.1	385.0
Net asset value per share (cents) ^{R4}	147.0	150.3
Return on equity holders' funds (%) ^{R5}	6.4	5.8

COMPANY OPERATING STATISTICS AT SINGAPORE BASE

	1H24/25	1H23/24
Flights handled at Changi Airport by line maintenance	77,282	70,713
Number of heavy checks performed at Singapore base	33	45
Number of light checks performed at Singapore base	347	385
Fleet size managed by fleet management business ^{R6}	188	107

	1Q24/25	2Q24/25	2Q23/24
Flights handled at Changi Airport by line maintenance	38,119	39,163	36,540
Number of heavy checks performed at Singapore base	18	15	22
Number of light checks performed at Singapore base	171	176	212
Fleet size managed by fleet management business ^{R6}	187	188	107

- 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.