



**SIA ENGINEERING GROUP POSTS PROFIT OF \$176.6M
FOR FY2015-16**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	FY2015-16		4 th Quarter FY2015-16	
	Apr 2015 - Mar 2016	Year-on-Year % Change	Jan - Mar 2016	Year-on-Year % Change
• Revenue	\$1,112.7M	- 0.7	\$294.2M	+ 6.6
• Operating profit	\$104.4M	+ 24.3	\$27.5M	+ 19.0
• Share of profits from associated and joint venture companies, net of tax	\$94.2M	- 11.4	\$18.3M	- 14.1
• Profit attributable to owners of the parent	\$176.6M	- 3.7	\$41.4M	-
• Basic earnings per share	15.74 cts	- 3.8	3.69 cts	-

GROUP EARNINGS

Financial Year 2015-16

SIAEC Group recorded a profit attributable to owners of the parent of \$176.6 million for the financial year ended 31 March 2016, \$6.7 million or 3.7% lower than last year.

Revenue fell by 0.7% from \$1,120.6 million to \$1,112.7 million. The decrease in airframe and component overhaul revenue was mitigated by higher line maintenance and fleet management revenue. Expenditure fell at a higher rate of 2.7% or \$28.3 million to \$1,008.3 million, in spite of a \$12.7 million exchange loss incurred compared to a \$4.8 million exchange gain in the previous year. Subcontract and staff costs registered the biggest decreases. With expenditure decreasing at a higher rate than revenue, operating profit increased \$20.4 million or 24.3% to \$104.4 million.

Share of profits from associated and joint venture companies at \$94.2 million saw a decrease of \$12.1 million or 11.4%. Contributions from the engine repair and overhaul centres at \$50.7 million were reduced by \$16.9 million or 25.0%, mainly due to lower work content on the engines serviced by Singapore Aero Engine Services Pte Ltd ("SAESL").

The Group recognized a \$4.3 million loss on the closure of an associated company, and made a \$2.5 million provision for impairment for another associated company. In addition, the Group recorded a \$2.8 million surplus on the partial disposal of an associated company during the year, compared to a \$5.8 million gain recognized from the restructuring of one of its subsidiaries in the previous year.

Basic earnings per share was 15.74 cents for the current financial year.

Note: The SIAEC Group's audited financial results for the financial year ended 31 March 2016 were announced on 10 May 2016. 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.)

Fourth Quarter FY2015-16

The Group posted a profit attributable to owners of the parent of \$41.4 million for the fourth quarter ended 31 March 2016, flat compared to the same period last year.

Revenue rose by \$18.2 million or 6.6% to \$294.2 million, with contributions from all the business units, particularly from line maintenance and fleet management. Expenditure increased \$13.8 million or 5.5% to \$266.7 million, with an increase in material costs, and an exchange loss of \$8.2 million compared to a \$1.6 million exchange gain in the corresponding quarter last year. This was partially mitigated by decreases in other expenses. As a result, operating profit grew by \$4.4 million or 19.0% to \$27.5 million.

Share of profits from associated and joint venture companies was \$18.3 million, \$3.0 million or 14.1% lower than the same quarter last year, with a \$4.7 million or 36.4% decrease in contributions from the engine repair and overhaul centres to \$8.2 million.

Basic earnings per share was 3.69 cents for the current quarter.

GROUP FINANCIAL POSITION

As at 31 March 2016, equity attributable to owners of the parent of \$1,485.5 million was \$160.6 million or 12.1% higher than at 31 March 2015, mainly due to a fair value adjustment for the Group's interest in Hong Kong Aero Engine Services Ltd ("HAESL"). Following the announcement on 23 November 2015 on the proposed divestment of its 10% stake in HAESL to Rolls-Royce Overseas Holdings Limited ("RROH") and Hong Kong Aircraft Engineering Company Limited ("HAECO"), the Group increased the carrying value of HAESL to \$156.5 million as at 31 March 2016, an increase of \$141.9 million from 31 March 2015. Also, the Group's equity interest in HAESL was reclassified from "Long-term investments" to "Non-current asset held for sale" in the balance sheet. The completion of this transaction is conditional upon the approval of relevant national competition authorities.

Total assets increased \$165.5 million or 10.0% to \$1,822.1 million, mainly due to the increase in the carrying value of HAESL. The cash balance of the Group was \$393.9 million. Total investment in associated companies amounted to \$344.0 million, and this included a capital contribution of \$23.5 million during the year into Boeing Asia Pacific Aviation Services, our joint venture with Boeing.

Net asset value per share as at 31 March 2016 was 132.4 cents.

DIVIDEND

The Board is recommending a final ordinary dividend of 8.0 cents per share. Together with the interim dividend of 6.0 cents per share paid earlier, the total dividend payment for FY2015-16 will be 14.0 cents per share.

Payment of the final dividend, which amounts to approximately \$89.7 million, is subject to shareholders' approval at the Annual General Meeting on 22 July 2016. The dividend will be paid on 12 August 2016.

OUTLOOK

The operating environment for the MRO industry remains challenging. We will continue to invest in new competencies and capabilities to meet the changing technological demands as airlines replace their older fleets with the new-generation Airbus A350 and Boeing 787. With the lower work content and longer check intervals of these technologically advanced fleets, measures to strengthen competitiveness, gain market share and manage costs will remain our key priorities.

The 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, these joint ventures will leverage on the combined strengths of the companies to access a larger market.

With our strong balance sheet, we will continue to pursue strategic investments and partnerships.

-----End -----

(For the complete fourth quarter and financial year FY2015-16 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at www.siaec.com.sg).

For more information, please contact:

Chia Peck Yong

Senior Manager Public Affairs

SIA Engineering Company

Tel: (65) 6541-5134

Fax: (65) 6546-0679

Mobile: 9863-0982

E-mail: peckyong_chia@singaporeair.com.sg

Company Registration No: 198201025C

GROUP FINANCIAL STATISTICS

	FY 2015-16	FY 2014-15	4 th Quarter 2015-16	4 th Quarter 2014-15
Financial Results (\$ million)				
Total revenue	1,112.7	1,120.6	294.2	276.0
Total expenditure	1,008.3	1,036.6	266.7	252.9
Operating profit	104.4	84.0	27.5	23.1
Non-operating items	(2.7)	7.0	0.4	0.5
Dividend income from long term investment	6.1	8.1	1.6	1.7
Share of profits of associated companies, net of tax	50.4	45.5	13.4	8.1
Share of profits of joint venture companies, net of tax	43.8	60.8	4.9	13.2
Profit before taxation	202.0	205.4	47.8	46.6
Profit attributable to owners of the parent	176.6	183.3	41.4	41.4

Per Share Data

Earnings before tax (cents)	18.00	18.34	4.26	4.16
Earnings after tax (cents) - basic ^{R1}	15.74	16.36	3.69	3.69
- diluted ^{R2}	15.70	16.28	3.69	3.68

	As at 31 Mar 2016	As at 31 Mar 2015
--	----------------------	----------------------

Financial Position (\$ million)

Share capital	416.5	410.7
Treasury shares	(6.1)	-
Reserves		
Capital reserve	0.2	-
Share-based compensation reserve	18.4	20.2
Foreign currency translation reserve	(87.9)	(81.7)
Fair value reserve	140.7	(14.2)
Equity transaction reserve	(2.4)	(2.4)
General reserve	1,006.1	992.3
Equity attributable to owners of the parent	1,485.5	1,324.9
Total assets	1,822.1	1,656.6
Net asset value per share (cents) ^{R3}	132.4	118.1

^{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 exercise of all outstanding share options, performance shares and restricted shares granted to employees.

^{R3} 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.