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## **SIA ENGINEERING COMPANY POSTS 92% INCREASE IN FULL YEAR PROFIT OF \$223 MILLION**

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SINGAPORE – 17 May 2002 – For the financial year ended 31 March 2002, SIA Engineering Company Limited earned a profit attributable to shareholders of \$223.0 million, a 92.4% increase over the year before. Revenue grew 27.7% to \$835.6 million. The significant improvement in performance was achieved in a difficult environment, especially during the second half when the airline industry suffered a severe slowdown caused by the 11 September events.

The 27.7% increase in revenue, amounting to \$181.2 million, was derived mainly from core activities of airframe maintenance and component overhaul, and line maintenance. Revenue from airframe maintenance and component overhaul grew by 30.4%, supported by strong workload increase, while revenue from line maintenance grew by 23.6%, boosted by expanded work scope and volume at Singapore Changi Airport.

Expenditure increased at a lower rate of 17.0% to \$631.9 million, as a result of productivity improvement and cost-cutting measures. In addition, there were cost savings from non-payment of profit-sharing bonus, in line with the profit-sharing agreement based on profits of the SIA Group, which is applicable until the end of FY2003/04. A payment equivalent to 4.54 months basic wage (\$58.2 million) was made for FY2000/01.

The resulting Group operating profit for FY2001/02 increased by 71.4% to \$209.4 million.

A tenfold increase in the share of profits from the Group's associated companies and joint ventures contributed a total of \$42.4 million, which forms 19% of the Group's net profit.

Basic earnings per share rose 92.4% from 11.6 cents to 22.3 cents, while net tangible assets backing per share increased 40.8%, from 48.5 cents to 68.3 cents.

The Company is proposing a final dividend of 3 cents per share (with a par value of 10 cents). This brings the total dividend for FY01/02 to 4.5 cents per share, a 12.5% increase over the previous year.

The total dividend for FY2001/02 translates into a gross dividend yield of 2.2% (on the basis of the share price of \$2.07 at the close of 31 March 2002) and a payout ratio of 20.3%.

Commenting on the Company's operating performance, Mr William Tan, CEO of SIA Engineering Company said, "The impact on the MRO business post-September 11 has been mixed. Overall, the industry was resilient as maintenance checks are mandated by regulatory authorities. However, airlines may desert-park or reduce utilisation of older, less fuel-efficient aircraft to trim costs. As we service mainly newer aircraft models, we were less impacted by these measures."

"The current difficult environment has hastened airlines' efforts to improve their fleet operating efficiency by seeking MRO providers who can offer total, value-based solutions with competitive turnaround times. The Company is well positioned to tap this growing demand, with the fusion of our comprehensive in-house capabilities and the critical support services our joint-venture technology partners bring," he added.

SIA Engineering Company has been assiduously building up a business model that leverages on industry trends and capitalises on our strength as an airline and original equipment manufacturer linked MRO provider. While we have access to the modern fleet of 113 aircraft in the SIA Group, as well as a customer base of more than 80 airlines and equipment manufacturers, the Company is also strategically aligned with world-leading equipment makers such as Pratt & Whitney and Rolls-Royce, through its 16 joint ventures in Singapore, China, Hongkong, Taiwan and Ireland.

In addition to growing its capabilities and capacity in Singapore, SIA Engineering Company looks forward to enhancing its market share through acquisitions and alliances. In April 2002, the Company announced plans to acquire a 25% stake in Guangzhou Aircraft Maintenance Engineering Company (GAMECO), which maintains the 80-aircraft fleet of China's largest carrier, China Southern Airlines.

On prospects for the current financial year, Mr Tan said, "Barring unforeseen circumstances, we expect the Company's revenue to remain strong in FY2002/03."

### **About SIA Engineering Company**

SIA Engineering Company is a major provider of aircraft maintenance, repair and overhaul (MRO) services in Asia-Pacific. The Company has a client base of more than 80 international carriers and aerospace equipment manufacturers. It provides line maintenance services at Singapore Changi Airport for about 220 flights daily, as well as airframe and component overhaul on some of the most advanced and widely used commercial aircraft in the world.

16 joint ventures with original equipment manufacturers and airlines in Singapore, Ireland, China,

Hongkong and Taiwan increase the depth and breadth of the Company's comprehensive service offerings. The combined revenue of these joint ventures is approximately \$1.0 billion for the first half of FY2002/03, with 71% coming from non-Singapore Airlines customers. Taking into account SIA Engineering Company's equity holding in its joint ventures, non-SIA customers contributed approximately 33% of SIA Engineering Group's business.

SIA Engineering Company has approvals from 23 national aviation regulatory authorities to provide MRO services for aircraft registered in the United States of America, major European countries and Japan, among others.

### **About Singapore Aircraft Leasing Enterprise (SALE)**

Established in 1993, SALE has swiftly grown to become a major aircraft lessor. The company currently has a portfolio of 40 modern aircraft, with another 32 on firm order from Airbus and Boeing for delivery through 2008. The company has offices in Singapore, London, Washington D.C. and San Diego, California.

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