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## **SIA ENGINEERING POSTS 5.1% GROWTH IN REVENUE**

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SINGAPORE – 21 May 2003: For the financial year ended 31 March 2003, mainboard-listed SIA Engineering Company Limited posted a 5.1% growth in revenue to \$878.1 million. Net profit attributable to shareholders declined 8.0% to \$205.2 million, mainly because of the provision for profit sharing bonus to employees. Excluding bonus for the purpose of comparison with the results of FY2001/02 (when no bonus was paid), net profit for the year would have registered an increase of 15.0%.

The 5.1% increase in revenue, achieved under difficult operating conditions due to the slump in the aviation industry, came mainly from its core activity of airframe and component overhaul.

Revenue for airframe and component overhaul rose 7.2% to \$548.4 million, supported by workload increase. Revenue from the Company's other core activity, line maintenance, increased marginally by 1.7% to \$329.7 million, because of reduced traffic flow through Changi Airport.

Expenditure increased 16.6%, contributed mainly by provision for profit-sharing bonus, higher aviation insurance premium and lower recovery for doubtful debts.

The resulting Group operating profit for the year ended 31 March 2003 fell 30.8% to \$141.0 million.

The Group's associated companies and joint ventures contributed a total of \$71.1 million to net earnings, a rise of 67.7% over the previous year. Share of profits from associated and joint venture companies now forms 32.9% of the Group's pre-tax profit.

Basic earnings per share declined 8.0% from 22.3 cents to 20.5 cents, while net asset value per share increased 22.7%, from 68.3 cents to 83.7 cents.

The Company is proposing a final dividend of 2.5 cents per share (1.2 cents less income tax

at 22% and 1.3 cents tax-exempt). The par value of each share is 10 cents. This brings the total dividend for FY2002/03 to 4.5 cents per share, unchanged from FY2001/02. The total dividend for FY2002/03 translates into a gross dividend yield of 2.7% (based on the share price of \$1.65 at the close of trading on 31 March 2003) and a payout ratio of 23.1%.

Commenting on the Company's operating performance, Mr William Tan, Chief Executive Officer of SIA Engineering Company said, "The year started with airlines, beleaguered by the events of September 11, making a slow return to financial health. Against this backdrop, the Group performed creditably, registering top line growth and improving the performance of our joint ventures.

Towards the end of FY2002/03, however, the twin impact of SARS and the Iraq war dealt a devastating blow to airlines. In response to plummeting demand, Asian carriers, located at the epicentre of the SARS outbreak, drastically cut services and scaled back maintenance needs. To ride out this difficult period, the Company is taking prompt measures to cut costs and improve operating efficiencies.

Given the severity and extent of the SARS outbreak in Asia, the outlook for FY2003-04 remains uncertain. In the near term, with falling demand and softening of rates, we expect revenue in Q1FY2003-04 to be significantly lower than Q1FY2002-03, with an adverse impact on profitability."

### **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.

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