



26<sup>th</sup> July 2016

**SIA ENGINEERING POSTS GROUP PROFIT OF \$198.4M  
FOR 1<sup>st</sup> QUARTER 2016-17**

**HIGHLIGHTS OF THE GROUP'S PERFORMANCE**

	1 <sup>st</sup> Quarter		Year-on-Year % Change
	2016-17	2015-16	
• Revenue	\$271.6M	\$277.3M	- 2.1
• Operating profit (before divestment)	\$19.7M	\$20.9M	-5.7
• Operating (loss)/profit (after divestment)	(\$1.6M)	\$20.9M	<i>nm</i>
• Share of profits of associated and joint venture companies, net of tax	\$20.7M	\$24.0M	- 13.8
• Profit attributable to owners of the parent	\$198.4M	\$41.3M	<i>nm</i>
• Basic earnings per share	17.67 cts	3.68 cts	<i>nm</i>

*nm – not meaningful*

**GROUP EARNINGS**

SIAEC Group posted a profit attributable to owners of the parent of \$198.4 million for the quarter ended 30 June 2016, an increase of \$157.1 million. During the quarter, the Group made a \$141.6 million gain from the divestment of its 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"). In addition, the Group received a special dividend of \$36.4 million from HAESL following the divestment of HAESL's 20% stake in Singapore Aero Engine Services Limited ("SAESL") to Rolls-Royce Singapore Pte Ltd ("RRS"), bringing the overall gain from the divestment to \$178.0 million.

Revenue decreased by \$5.7 million or 2.1% to \$271.6 million, attributable mainly to a drop in fleet management revenue. This was mitigated in part by higher revenue from line maintenance and airframe and component overhaul.

During the quarter, the Group made a provision for the estimated increase in the profit-linked component of staff remuneration arising from the gain on divestment, based on profitability-related key performance indicators. This was the main reason for the higher staff costs, which rose by \$22.9 million or 19.2%. The increase was partially offset by an exchange gain of \$1.2 million compared to a \$4.6 million exchange loss in the same period last year, as well as lower subcontract services costs. Before the additional provision for staff costs, operating profit for the quarter was \$19.7 million, a decrease of 5.7%. After taking into account the one-time impact on staff costs arising from the divestment, expenditure was \$273.2 million, an increase of \$16.8 million or 6.6%, and the Group showed an operating loss of \$1.6 million for the quarter.

Share of profits of associated and joint venture companies was \$20.7 million, a decrease of \$3.3 million or 13.8% from the corresponding quarter last year.

Basic earnings per share was 17.67 cents for the quarter ended 30 June 2016.

Note: The SIAEC Group's unaudited financial results for the first quarter ended 30 June 2016 were announced on 26 July 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, joint venture and associated companies.)

## **GROUP FINANCIAL POSITION**

As at 30 June 2016, equity attributable to owners of the parent increased \$63.9 million or 4.3% to \$1,549.4 million, mainly due to profits earned for the quarter, partially offset by a decrease in fair value reserves with the divestment of the Group's interest in HAESL. Total assets increased by \$101.2 million or 5.6% to \$1,923.3 million, mainly due to a \$256.7 million or 65.2% increase in the Group's cash balance to \$650.6 million with the cash consideration received from the divestment of HAESL, and dividend received from HAESL following the divestment of HAESL's 20% stake in SAESL. The increase was offset by the reduction of the Group's investment in HAESL.

Net asset value per share as at 30 June 2016 was 137.9 cents.

## **OUTLOOK**

The challenging operating environment is expected to persist, amidst growing global economic uncertainties.

Aided by a strong balance sheet, the Company will continue to invest in capabilities to handle new-generation aircraft, and on innovation initiatives and new technologies to enhance customers' fleet efficiencies and reliability, while generating higher productivity and process improvements.

With ongoing efforts to pursue strategic partnerships, the Group is well-positioned to seize long-term growth opportunities in the region.

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(For the complete first quarter 2016-17 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> Quarter 2016-17	1 <sup>st</sup> Quarter 2015-16
<b>Financial Results (\$ million)</b>		
Total revenue	271.6	277.3
Total expenditure <sup>R1</sup>	273.2	256.4
Operating (loss)/profit <sup>R1</sup>	(1.6)	20.9
Non-operating items	0.9	0.3
Surplus on disposal of non-current asset held for sale	141.6	-
Dividend income from non-current asset held for sale	39.5	1.7
Share of profits of associated companies, net of tax	13.3	14.5
Share of profits of joint venture companies, net of tax	7.4	9.5
Profit before taxation	201.1	46.9
Profit attributable to owners of the parent	198.4	41.3
<b>Per Share Data</b>		
Earnings before tax (cents)	17.91	4.18
Earnings after tax (cents) - basic <sup>R2</sup>	17.67	3.68
- diluted <sup>R3</sup>	17.63	3.67
	<b>As at 30 Jun 2016</b>	<b>As at 31 Mar 2016</b>
<b>Financial Position (\$ million)</b>		
Share capital	419.1	416.5
Treasury shares	(0.6)	(6.1)
Reserves		
Capital reserve	2.6	0.2
Share-based compensation reserve	14.7	18.4
Foreign currency translation reserve	(88.3)	(87.9)
Fair value reserve	(0.2)	140.7
Equity transaction reserve	(2.4)	(2.4)
General reserve	1,204.5	1,006.1
Equity attributable to owners of the parent	1,549.4	1,485.5
Total assets	1,923.3	1,822.1
Net asset value per share (cents) <sup>R4</sup>	137.9	132.4

<sup>R1</sup> The expenditure of \$273.2 million in Q1 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 quarter was \$19.7 million. After taking into account this one-time impact, the Group showed an operating loss of \$1.6 million in Q1 FY2016-17.

<sup>R2</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>R3</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>R4</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.