



## **SIA ENGINEERING GROUP BUSINESS UPDATES FOR 3<sup>rd</sup> QUARTER FY2023-24**

### **BUSINESS UPDATES**

Demand for aircraft maintenance, repair and overhaul (“MRO”) services remained healthy in the third quarter of FY2023-24 (“3Q 2023/24”) as global flight activities moved steadily closer to pre-pandemic levels. In Singapore, the number of flights handled by Line Maintenance was 94% of pre-pandemic levels in December 2023 compared to 75% a year ago. The increase in demand was broad-based. However, at the industry level, supply chain challenges have continued to affect turnaround times and output rates.

In December 2023, we established a third base maintenance hub in the Asia-Pacific region. Our wholly-owned subsidiary, Base Maintenance Malaysia Sdn. Bhd., leased two hangars at Sultan Abdul Aziz Shah Airport, Selangor, Malaysia for a period of 15 years, with an option to renew for a further term of 15 years. The Subang hangars, which have a combined capacity for six simultaneous aircraft checks, are expected to enhance our capacity for airframe checks and complement our component and line maintenance joint ventures in Malaysia when they become operationally ready in 2025.

During the quarter, we acquired an additional 10% stake in JAMCO Aero Design & Engineering Private Limited (“JADE”), making JADE a 55%-owned subsidiary. Through this acquisition, we are now in a better position to further develop our cabin maintenance and retrofit services.

### **OUTLOOK**

Global air travel is projected to surpass pre-Covid levels in 2024 as Asia-Pacific makes a full recovery, which in turn is expected to drive demand for MRO services. However, headwinds from macroeconomic and geopolitical uncertainties, along with tight labour market conditions, may exacerbate inflationary pressures and supply chain issues, and impact our near-term operating margin.

To ensure that we remain competitive, we continue to prioritise cost management and drive productivity through our Continuous Improvement programme. As part of this, we will further deepen Lean and digitalisation to enhance the efficiency and core competencies of our workforce as well as infuse a mindset of continuous improvement among them.

In line with our commitment to achieve sustainable business growth, we will continue to invest in growing our MRO capabilities and expanding our geographical presence, while nurturing our portfolio of partnerships and joint ventures.

## **GROUP FINANCIAL PERFORMANCE**

The Group recorded revenue of \$291.7 million for 3Q 2023/24, an increase of 40.2% year-on-year. Group expenditure rose at a lower rate of 33.8% to \$295.1 million mainly due to increase in manpower costs and material costs.

As revenue growth was higher than the rise in expenditure, the Group incurred a lower operating loss of \$3.4 million compared to the operating loss of \$12.5 million in the same period last year. If we exclude the impact of foreign exchange loss, the Group would have achieved an operating profit of \$0.5 million in 3Q 2023/24.

Share of profits of associated and joint venture companies for the quarter was \$23.8 million, \$4.5 million higher year-on-year. The engine and component segment recorded an improvement of \$5.2 million, mainly due to increase in workload and work content. The airframe and line maintenance segment registered lower profits year-on-year, largely due to a one-time adjustment in the same period last year; excluding this adjustment, share of profits increased \$0.6 million year-on-year.

The Group recorded a net profit of \$26.9 million for the quarter ended 31 December 2023, an improvement of \$14.1 million year-on-year.

As of 31 December 2023, equity attributable to owners of the parent was \$1,660.5 million, a reduction of \$5.6 million (-0.3%) from 31 March 2023, mainly due to dividend payments made, partially offset by profits earned during the period.

Total assets as of 31 December 2023 was \$2,050.5 million, \$67.3 million (+3.4%) higher than 31 March 2023, with the Group's cash balance at \$578.9 million.

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## GROUP FINANCIAL STATISTICS

	3Q23/24 (\$'M)	3Q22/23 (\$'M)	9M23/24 (\$'M)	9M22/23 (\$'M)
<b>Financial Results</b>				
Revenue	291.7	208.1	805.7	570.3
Operating loss	(3.4)	(12.5)	(3.3)	(23.3)
Share of profits of associated and joint venture companies, net of tax	23.8	19.3	73.8	60.7
Net profit	26.9	12.8	86.2	45.3
<b>Per Share Data</b>				
Earnings after tax (cents) - basic <sup>R1</sup>	2.40	1.14	7.68	4.04
- diluted <sup>R2</sup>	2.39	1.14	7.64	4.02

	As at 31 Dec 2023 (\$'M)	As at 31 Mar 2023 (\$'M)
<b>Financial Position</b>		
Share capital	420.0	420.0
Treasury shares	(2.6)	(5.0)
Capital reserve	(0.4)	(0.5)
Share-based compensation reserve	6.0	5.8
Foreign currency translation reserve	(43.5)	(35.3)
Fair value reserve	2.4	4.4
Equity transaction reserve	(2.2)	(2.2)
General reserve	1,280.8	1,278.9
Equity attributable to owners of the parent	1,660.5	1,666.1
Cash and bank balances	578.9	633.0
Receivables <sup>R3</sup>	307.0	256.5
Total assets	2,050.5	1,983.2
Total liabilities	374.5	306.5
Net asset value per share (cents) <sup>R4</sup>	147.9	148.5
Return on equity holders' funds (%) <sup>R5</sup>	6.6	4.1

## COMPANY OPERATING STATISTICS AT SINGAPORE BASE

	3Q23/24	3Q22/23	9M23/24	9M22/23
Flights handled at Changi Airport by line maintenance	37,154	29,181	107,867	74,444
Number of heavy checks performed at Singapore base	24	28	69	70
Number of light checks performed at Singapore base	199	151	584	409
Fleet size managed by inventory technical management business	92	108	92	108

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.