

5<sup>th</sup> May 2014

## SIA ENGINEERING GROUP POSTS NET PROFIT OF \$265.7M FOR FY2013-14

### HIGHLIGHTS OF THE GROUP'S PERFORMANCE

|   | FY2013-14              |                          | 4 <sup>th</sup> Quarter FY2013-14 |                          |
|---|------------------------|--------------------------|-----------------------------------|--------------------------|
|   | Apr 2013 -<br>Mar 2014 | Year-on-Year<br>% Change | Jan - Mar<br>2014                 | Year-on-Year<br>% Change |
| • Revenue   | \$1,178.2M             | + 2.7                    | \$311.1M                          | + 9.7                    |
| • Operating profit  | \$115.6M               | - 9.8                    | \$34.2M                           | + 10.7                   |
| • Share of profits of associated and<br>joint venture companies, net of tax | \$162.6M               | + 8.3                    | \$36.1M                           | - 5.0                    |
| • Profit attributable to owners<br>of the parent                            | \$265.7M               | - 1.6                    | \$65.2M                           | - 1.1                    |
| • Basic earnings per share  | 23.88 cts              | - 2.6                    | 5.85 cts                          | - 1.8                    |

### GROUP EARNINGS

#### Financial Year 2013-14

SIAEC Group posted a profit attributable to owners of the parent of \$265.7 million for the financial year ended 31 March 2014.

Revenue grew by \$31.5 million or 2.7%, mainly due to an increase in line maintenance and airframe and component overhaul work, while expenditure increased \$44.0 million or 4.3%. As a result, operating profit was \$12.5 million or 9.8% lower at \$115.6 million. The increase in expenditure came mainly from higher staff costs, subcontract and material costs. Performance for the year was also impacted by an exchange loss of \$3.6 million as compared to a gain of \$1.2 million last year.

Associated and joint venture companies showed steady growth, as share of profits increased \$12.5 million or 8.3% to \$162.6 million. This represented 61% of the Group's net profit. The main contributors were the engine repair and overhaul centres which accounted for \$125.0 million of the share of profits, an increase of \$12.4 million or 11.0% from last year.

Basic earnings per share was 23.88 cents for this financial year.

Note: The SIAEC Group's audited financial results for the financial year ended 31 March 2014 were announced on 5 May 2014. 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 FY2013-14

The Group recorded healthy revenue growth of \$27.6 million or 9.7%, with contributions across all business segments, particularly from airframe and component services. In line with the higher revenue, expenditure increased \$24.3 million or 9.6% due to higher subcontract and material costs. There was also an exchange loss of \$1.0 million in the current period as compared to a gain of \$3.3 million in the same period last year. As revenue grew at a higher rate than the increase in expenditure, operating profit in this quarter was \$3.3 million or 10.7% higher.

Share of profits of associated and joint venture companies decreased by \$1.9 million or 5.0% to \$36.1 million. The engine repair and overhaul centres contributed \$26.2 million to the share of profits in this quarter, a decrease of \$2.7 million or 9.3% from the corresponding quarter last year.

Basic earnings per share was 5.85 cents for this quarter.

#### **GROUP FINANCIAL POSITION**

As at 31 March 2014, equity attributable to owners of the parent of \$1,360.9 million was \$59.0 million or 4.5% higher than at 31 March 2013.

Total assets increased by \$74.4 million or 4.6% to \$1,707.1 million at the end of FY2013-14. The cash balance of the Group as at 31 March 2014 amounted to \$535.7 million.

Net asset value per share of 122.0 cents as at 31 March 2014 was 4.3 cents or 3.7% higher than a year ago.

#### **DIVIDEND**

The Board is recommending a final ordinary dividend of 13.0 cents per share. Together with the interim dividend of 7.0 cents per share paid earlier, the ordinary dividend payment for FY2013-14 will be 20.0 cents per share. In addition, the Board recommends a special dividend of 5.0 cents per share, which will bring the total dividend payment for FY2013-14 to 25.0 cents per share. Subject to shareholders' approval at the Annual General Meeting on 21 July 2014, payment of the final ordinary and special dividends, amounting to approximately \$200.8 million, will be made on 7 August 2014.

## **OUTLOOK**

Airlines in Asia continue to grow, generating demand for MRO services. However, the aviation industry faces competitive challenges, exerting pressure on MRO rates.

The Group will remain focused on initiatives to improve productivity and efficiency, to enhance our competitive position.

With our cluster of strategic partnerships, diversified service offerings and strong balance sheet, the Group is well-positioned to pursue suitable opportunities for sustainable growth.

Overall, the performance of the Group is expected to remain stable.

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(For the complete fourth quarter and financial year FY2013-14 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

|   | FY<br>2013-14      | FY<br>2012-13      | 4 <sup>th</sup> Quarter<br>2013-14 | 4 <sup>th</sup> Quarter<br>2012-13 |
|---|--------------------|--------------------|------------------------------------|------------------------------------|
| <b>Financial Results (\$ million)</b>                   |                    |                    |                                    |                                    |
| Total revenue   | 1,178.2            | 1,146.7            | 311.1                              | 283.5                              |
| Total expenditure                                       | 1,062.6            | 1,018.6            | 276.9                              | 252.6                              |
| Operating profit  | 115.6              | 128.1              | 34.2                               | 30.9                               |
| Non-operating items                                     | 2.0                | 1.8                | 0.7                                | 0.6                                |
| Dividend income from long term investment               | 13.8               | 17.0               | 2.2                                | 3.7                                |
| Share of profits of associated companies, net of tax    | 68.6               | 55.2               | 14.1                               | 12.6                               |
| Share of profits of joint venture companies, net of tax | 94.0               | 94.9               | 22.0                               | 25.4                               |
| Profit before taxation                                  | 294.0              | 297.0              | 73.2                               | 73.2                               |
| Profit attributable to owners of the parent             | 265.7              | 270.1              | 65.2                               | 65.9                               |
| <b>Per Share Data</b>                                   |                    |                    |                                    |                                    |
| Earnings before tax (cents)                             | 26.42              | 26.94              | 6.56                               | 6.62                               |
| Earnings after tax (cents) - basic <sup>R1</sup>        | 23.88              | 24.51              | 5.85                               | 5.96                               |
| - diluted <sup>R2</sup>                                 | 23.69              | 24.30              | 5.80                               | 5.91                               |
|   | <b>As at</b>       | <b>As at</b>       |                                    |                                    |
|   | <b>31 Mar 2014</b> | <b>31 Mar 2013</b> |                                    |                                    |
| <b>Financial Position (\$ million)</b>                  |                    |                    |                                    |                                    |
| Share capital   | 387.3              | 348.1              |                                    |                                    |
| Reserves  |                    |                    |                                    |                                    |
| Share-based compensation reserve                        | 23.9               | 31.9               |                                    |                                    |
| Foreign currency translation reserve                    | (127.7)            | (134.5)            |                                    |                                    |
| Fair value reserve                                      | (0.6)              | (0.6)              |                                    |                                    |
| General reserve   | 1,078.0            | 1,057.0            |                                    |                                    |
| Equity attributable to owners of the parent             | 1,360.9            | 1,301.9            |                                    |                                    |
| Total assets  | 1,707.1            | 1,632.7            |                                    |                                    |
| Net asset value per share (cents) <sup>R3</sup>         | 122.0              | 117.7              |                                    |                                    |

<sup>R1</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.

<sup>R2</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 after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted shares granted to employees.

<sup>R3</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.