News Release

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.

Aerospace

"Higher Revenue"

FINANCIAL HIGHLIGHTS For the year ended 31 December 2016			
	2016 FY	**2015 FY**	**Growth %**
Revenue ($m)	2,493	2,096	19
Earnings before interest and tax (EBIT) ($m)	240.4	222.0	8
Other income, net ($m)	18.4	23.3	(21)
Finance income/(costs), net ($m)	(0.6)	6.4	(109)
Profit before tax (PBT) ($m)	300.3	290.6	3
Profit attributable to shareholders ($m)	234.4	226.7	3
Economic value added (EVA) ($m)	154.1	169.5	(9)

"The Aerospace sector achieved comparable profits despite headwinds. We will continue to strengthen our core competency as a total aviation support provider and invest in capabilities such as data analytics to enhance service offerings and create better value for customers worldwide."

Lim Serh Ghee, President

N.B.: All currencies are in Singapore dollars.

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Aerospace

Aerospace sector audited results for the year ended 31 December 2016:

			FY2016 $'000	FY2015 $'000	+ / (-) %
1.	(a)	**Revenue**	**2,492,857**	**2,095,614**	**19.0**
	(b)	Cost of sales	(2,081,493)	(1,732,054)	20.2
	(c)	**Gross Profit**	**411,364**	**363,560**	**13.1**
	(d)	Distribution and selling expenses	(12,059)	(8,355)	44.3
	(e)	Administrative expenses	(118,873)	(114,536)	3.8
	(f)	Other operating expenses	(40,001)	(18,656)	114.4
	(g)	**Profit from operations**	**240,431**	**222,013**	**8.3**
	(h)	Other income	22,736	23,856	(4.7)
	(i)	Other expenses	(4,339)	(578)	>500
	(j)	Other income/(expenses), net	18,397	23,278	(21.0)
	(k)	Finance income	11,431	25,596	(55.3)
	(l)	Finance costs	(12,038)	(19,157)	(37.2)
	(m)	Finance income/(costs), net	(607)	6,439	(109.4)
	(n)	Share of results of associates and joint ventures, net of tax	42,097	38,870	8.3
	(o)	**Profit before taxation**	**300,318**	**290,600**	**3.3**
	(p)	Taxation	(49,102)	(56,900)	(13.7)
	(q)	**Profit for the year**	**251,216**	**233,700**	**7.5**
		Attributable to:			
	(r)	**Shareholders of the Company**	**234,385**	**226,720**	**3.4**
	(s)	Non-controlling interests	16,831	6,980	141.1
			251,216	**233,700**	**7.5**

2.	(a)	Profit from operations is arrived at after charging/(crediting) the following:			
		Depreciation and amortisation	112,988	71,470	58.1
		Allowance for doubtful debts & bad debts written off, net	1,215	1,871	(35.1)
		Allowance for inventory obsolescence, net	44,273	29,522	50.0
		Impairment losses / write-off of intangible assets	2,667	143	>500
	(b)	Finance income/(costs), net comprises:			
		Interest income	4,408	3,054	44.3
		Foreign exchange gain/(loss), net	4,426	11,670	(62.1)
		Fair value changes of financial instruments/hedged items	(11)	56	(119.6)
		Interest expenses	(9,434)	(8,344)	13.1
		Others	4	3	33.3
			(607)	6,439	(109.4)

		FY2016	FY2015	+ / (-)
		$'000	$'000	%
3. (a)	Profit for the year [1(q) above] as a percentage of revenue	10.1%	11.2%	
(b)	Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of year	28.1%	29.2%	
4. (a)	Revenue reported for first half year	1,244,119	1,007,557	23.5
(b)	Profit for the period reported for first half year	117,857	117,095	0.7
(c)	Revenue reported for second half year	1,248,738	1,088,057	14.8
(d)	Profit for the period reported for second half year	133,359	116,605	14.4

5. (a) There was an adjustment of $982,000 and $6,706,000 for overprovision of current tax and deferred tax respectively in respect of prior years. (There was an adjustment of $9,028,000 for overprovision of current tax and $12,875,000 for underprovision of deferred tax in respect of prior years.)

(b) There was no disposal of property during the year.

6. Business Group Information

By Business Group

Full Year Ended 31 December	**Revenue**			**Profit before Taxation**		
	FY2016	**FY2015**	**+ / (-)**	**FY2016**	**FY2015**	**+ / (-)**
	$'000	$'000	%	$'000	$'000	%
Aircraft Maintenance & Modification	1,089,752	1,045,085	4.3	170,608	172,445	(1.1)
Component/Engine Repair & Overhaul	605,810	652,531	(7.2)	45,323	59,812	(24.2)
Engineering & Material Services	797,295	397,998	100.3	84,387	58,343	44.6
Total	2,492,857	2,095,614	19.0	300,318	290,600	3.3

	Revenue		
	FY2016	**FY2015**	
	$'000	$'000	
By Geographical Areas			
Asia	1,159,835	1,184,914	(2.1)
USA	691,205	589,748	17.2
Europe	454,627	139,382	226.2
Others	187,190	181,570	3.1
Total	2,492,857	2,095,614	19.0
By Country of Incorporation			
Asia	1,514,603	1,579,225	(4.1)
USA	502,895	454,136	10.7
Europe	473,316	60,425	683.3
Others	2,043	1,828	11.8
Total	2,492,857	2,095,614	19.0

7. Review of Performance

(a) Revenue

FY2016 vs FY2015

FY2016	FY2015	Growth	
$2,493m	$2,096m	$397m	19%

Aerospace sector's FY2016 revenue of $2,493 million was 19% or $397 million higher than that of FY2015. **Engineering & Materials Services (EMS)** business group recorded higher revenue, partially offset by lower revenue from **Component/Engine Repair & Overhaul (CERO)** business group. **Aircraft Maintenance & Modification (AMM)** business group reported comparable revenue. Included in the **EMS** business group was sales from Elbe Flugzeugwerke GmbH (EFW) which became a subsidiary effective January 2016.

(b) Profitability

FY2016 vs FY2015

FY2016	FY2015	Growth	
$300.3m	$290.6m	$9.7m	3%

Aerospace sector's profit before tax (PBT) of $300.3 million in FY2016 was comparable to that achieved in FY2015. This was due to higher gross profit, in line with higher revenue, partially offset by higher operating expenses and lower finance income.

8. Prospects

FY2017

Barring unforeseen circumstances, FY2017 revenue and profit before tax are expected to be comparable to FY2016.

9. Balance Sheet

	31-Dec-16 $'000	**31-Dec-15** $'000
Property, plant and equipment	833,628	820,145
Associates and joint ventures	244,263	311,473
Investments	12	12
Intangible assets	433,294	141,239
Long-term receivables, non-current	2,333	64
Deferred tax assets	27,356	11,840
Employee benefits	151	-
Derivative financial instruments, non-current	221	136
Non-current assets	1,541,258	1,284,909
Current assets	1,473,578	1,355,186
Total assets	**3,014,836**	**2,640,095**
Current liabilities	1,339,342	1,262,967
Non-current liabilities	691,214	611,257
Total liabilities	**2,030,556**	**1,874,224**
Share capital and reserves	740,805	686,310
Non-controlling interests	243,475	79,561
Total equity and liabilities	**3,014,836**	**2,640,095**
Net current assets	**134,236**	**92,219**

On 1 January 2016, the Sector acquired an additional 20% equity interest, increasing its shareholdings from 35% to 55% in EFW. This resulted in an increase in the Sector's net assets due to the consolidation of EFW's identifiable net assets stated at fair value.

10. Statement of Cash Flows for the year ended 31 December 2016

	FY2016 $'000	FY2015 $'000
Net cash from operating activities	**469,077**	**350,010**
Net cash used in investing activities	**(177,632)**	**(175,280)**
Proceeds from sale of property, plant and equipment	3,237	1,175
Dividends from associates	33,906	34,291
Dividends from investments	4	3
Purchase of property, plant and equipment	(137,620)	(199,059)
Development of intangible assets	(62,421)	(7,455)
Additional investment in an associate	(34,776)	-
Acquisition of a subsidiary, net of cash acquired	9,127	(4,235)
Deconsolidation of a subsidiary	10,911	-
Net cash used in financing activities	**(254,213)**	**(190,682)**
Capital contribution from non-controlling interests	448	588
Proceeds from related corporation loans	2,140	77,596
Repayment of related corporation loans	(251,943)	(240,988)
Proceeds from long term bank loans, net	32,545	72,562
Proceeds from short term bank loans, net	61,409	436
Repayment of lease obligations	(947)	(546)
Dividend paid to shareholder	(80,639)	(81,764)
Dividend paid to non-controlling interests	(8,024)	(7,410)
Interest paid	(9,202)	(11,156)
Net increase/(decrease) in cash and cash equivalents	**37,232**	**(15,952)**
Cash and cash equivalents at beginning of the year	234,274	243,497
Exchange difference on cash and cash equivalents at beginning of the year	1,177	6,729
Cash and cash equivalents at end of the year	**272,683**	**234,274**

11. Economic Value Added (EVA)

EVA for FY2016 was $154.1 million, a decrease of $15.4 million or 9% over FY2015. The weighted average cost of capital was 5.6% for 2016 (2015: 5.5%).

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