



# FY19/20 and 1QFY20/21 Review

**18 August 2020**



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# Operational Review

# Core Business



## Line Maintenance

- 35 airports in 7 countries  
(expanding to 47 airports in 10 countries)



## Base Maintenance

- 6 hangars in Singapore
- 3 hangars in Philippines



## Fleet Management

- 86 aircraft from 7 airlines

# Core Business

## Line Maintenance



### Flights handled at Changi Airport

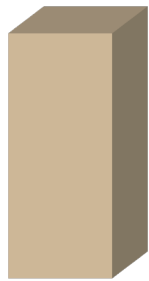
153,006



FY18/19

↓ 2.1%

149,804



FY19/20

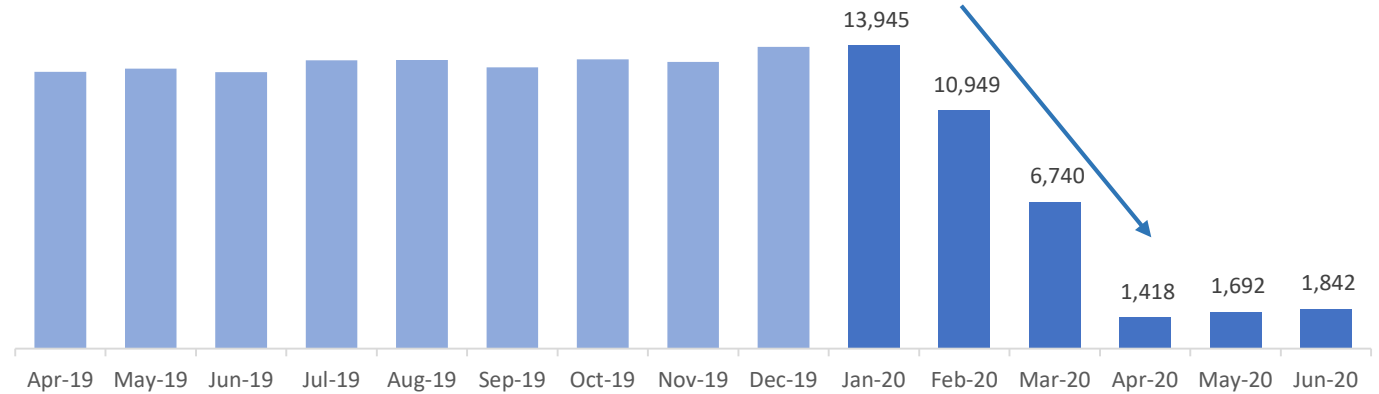
**13% of usual workload**

4,952



1Q FY20/21

## Monthly flights handled at Changi in FY19/20 and 1Q FY20/21



- Border controls and decline in travel demand led to drastic cuts in flight capacities and grounding of aircraft from February 2020
- Direct and immediate impact on line maintenance and cabin services business units at Singapore base, and at overseas line maintenance stations
- Flights handled in Singapore base fell to a historic low in 1Q FY20/21 (13% of pre-COVID-19 workload)

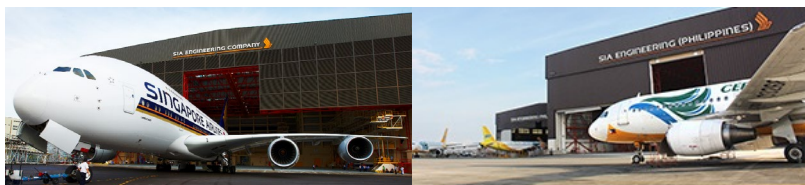
# Core Business

## Base Maintenance

Maintenance Checks at Singapore Base			
	FY18/19	FY19/20	1Q FY20/21
'A' Checks*	466	515	54
'C' Checks	71	69	15

\* Including 'A' checks performed by Line Maintenance at the apron

Maintenance Checks at Clark Base		
	FY19/20	FY18/19
'C' Checks	38	54



### Singapore Base

- Delayed impact of COVID-19 on base maintenance felt in 1Q FY20/21
- In 1Q FY20/21: number of light checks ↓ 55% y-o-y  
number of heavy checks ↓ 25% y-o-y

### Clark Base

- Affected by temporary closure due to a 6.1 magnitude earthquake and aftershocks in Central Philippines in April 2019
- Due to the Enhanced Community Quarantine (ECQ) in Luzon from 17 March 2020 to 15 May 2020, only a skeletal workforce continued operations based on government guidelines
- From 16-31 May, close to half of the workforce was allowed on-site

# Core Business

## Fleet Management

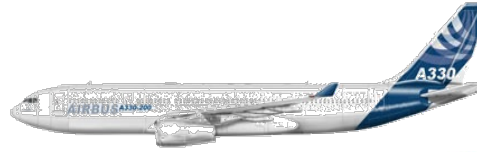
**A320**  
46 aircraft



**737**  
23 aircraft



**A330**  
8 aircraft



**747**  
7 aircraft



**777**  
2 aircraft



**FMP Fleet: 86 aircraft**

## Fleet Management Customers



Revenues for fleet management, which are largely based on flying hours, were impacted by the flight cancellations due to Covid-19 pandemic



# Innovation and Technology

The Innovation & Technology Group was established in 2016 to spearhead innovation drive with a commitment to invest up to \$50 million over 5 years

## Operations & Technology Capability Roadmap (2018)



Digital Collaboration



Smart Control Centre



Machine Vision



Automation and Robotics



Infrastructure & Supply Chain



Technology Enabled Training

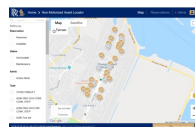


Digitally Enabled Workforce



### Smart MX

App provides engineers digital access to maintenance manuals and information required for their tasks.



### Track and Trace

App to locate and reserve non-motorised equipment using GPS based trackers.



Increase Productivity



### Automation at shops

Automated solutions for processes in workshops including scarfing and adhesive application.



### Supply chain automation

Improve efficiency of spares delivery, through introduction of Pneumatic Tube System (PTS) and self-service dispensing solutions.



Enhance Quality and Safety



### Machine vision

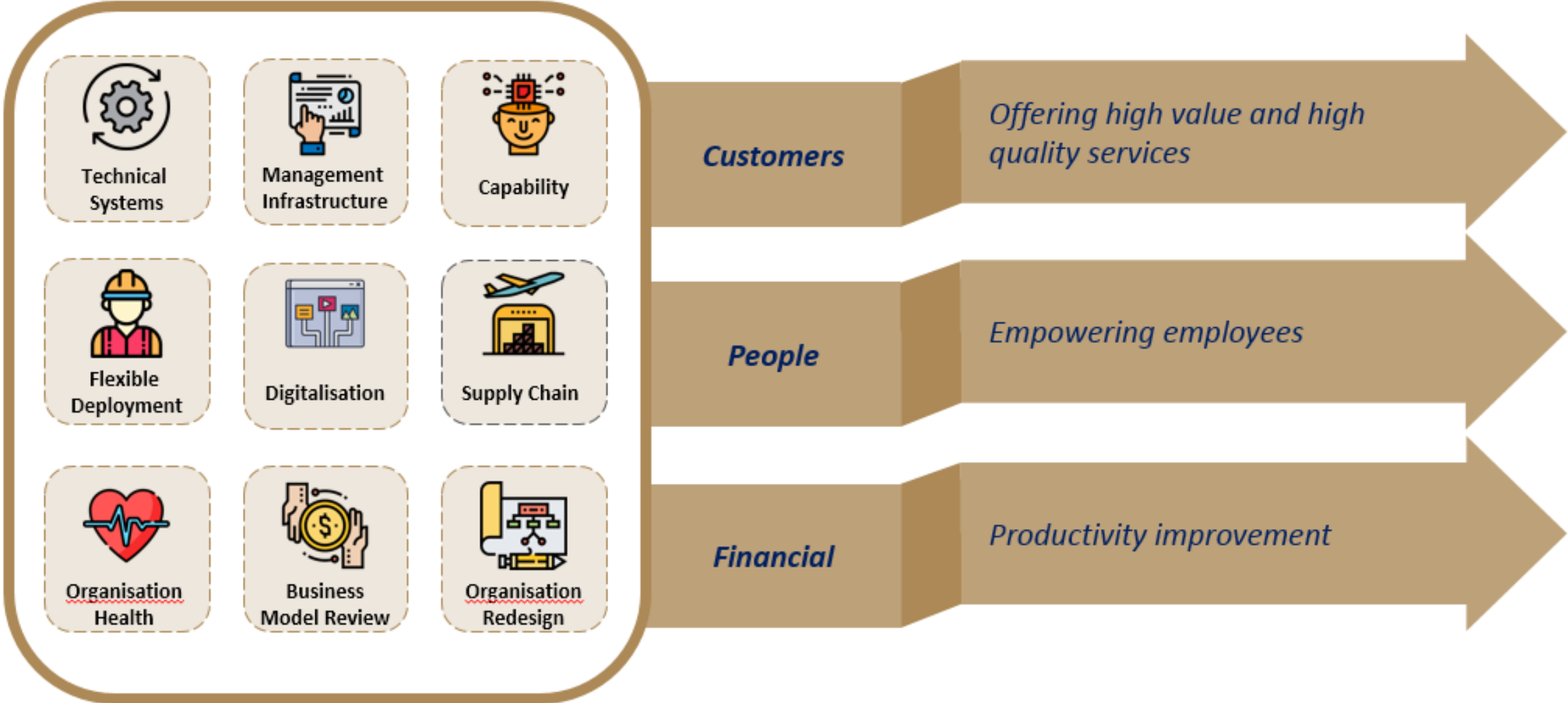
Driver fatigue and distraction detection system installed in vehicles.



### Virtual reality for training

Increased number of modules to enhance training efficiency for staff.

# Transformation





# Transformation

**Achieved  
improvements**

**Increased  
utilisation**

**Reduced turn-  
around-time**

**Increased  
throughput**

**Reduced  
operating costs**

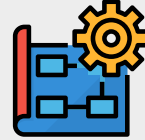
**Over 100  
initiatives  
implemented**



**Performance management strengthened** through performance dialogue and implementation of standard manhours



Staff training for **upskilling and broadening of skillsets**, enabling greater **flexibility in deployment**



**Joint Check Management** with **SIA** established, with **enhanced planning processes** and **improved task execution**



**Expanded capability and capacity** in **Powerplant Shop** to capture **new engine work** (e.g. Safran LEAP engine quick turn)



**Improved efficiency in material flow** through deployment of **technology** (e.g. AGVs, pneumatic delivery system and dispensing machines)

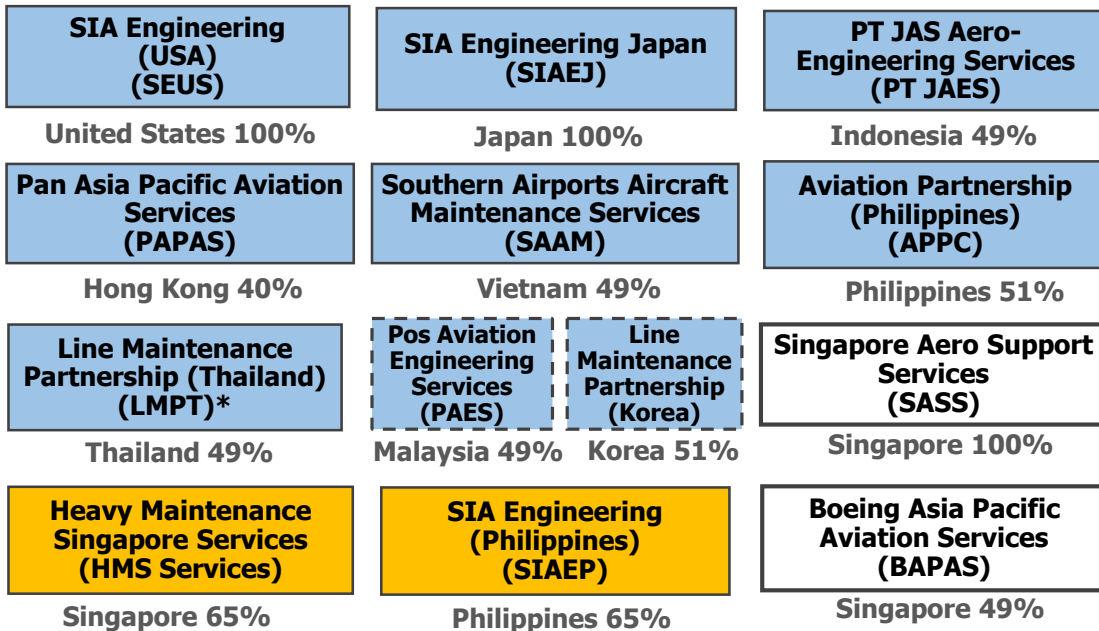


**Customised software** developed for **optimisation of inventory** and **component repair costs**

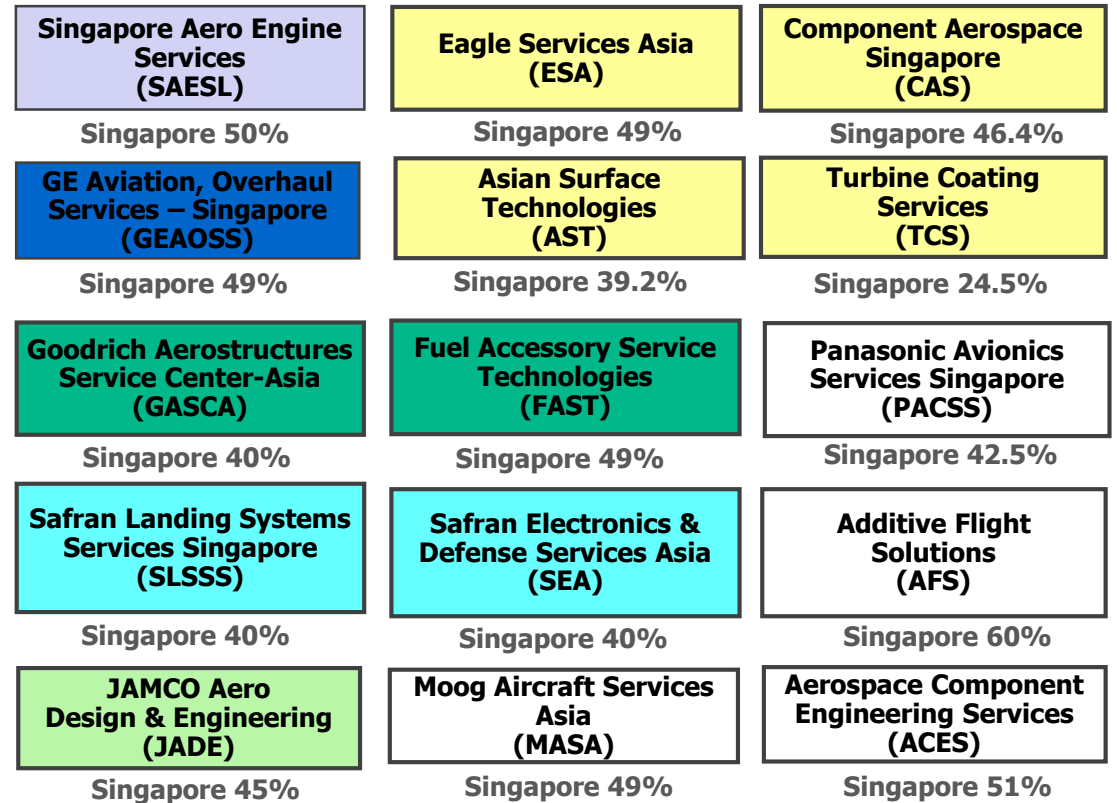
# Strategic Partnerships - JV Portfolio

**26 JVs Across 8 Countries**  
**Total Revenue in FY19/20: S\$5.6B**

## Airframe and Line Maintenance



## Engine and Component



**JV Partners:** ■ Pratt & Whitney ■ Rolls-Royce ■ GE ■ Jamco ■ Safran ■ Collins  
■ Base Maintenance International ■ Line Maintenance International  Others

\* Under review due to proposed liquidation of JV partner



# Financial Review

# FY19/20 Summary of Group Results

<b>Group</b>	<b>FY19/20 \$M</b>	<b>FY18/19 \$M</b>	<b>Variance %</b>
Revenue	994.1	1,020.9	- 2.6
Expenditure	926.4	964.1	- 3.9
Operating profit	67.7	56.8	+ 19.2
Share of profits of JVs & Assoc	127.9	113.9	+ 12.3
Provision for taxation	(14.0)	(18.1)	+ 22.7
Net profit	193.8	160.9	+ 20.4

- Strong performance for the first nine months sustained into the last quarter until significant flight cancellations severely impacted line maintenance business
- Improvement in operating profit was supported by the Company's Transformation efforts, which has delivered improvement in manpower utilization and reduced costs
- Weaker 4<sup>th</sup> quarter operating performance cushioned by government support schemes
- Higher share of profits of JVs & Assoc mainly due to the tax write-back at certain associated companies

# FY19/20 Segment Results

## Airframe and line maintenance

	\$M
Revenue	
- Consolidated	967.7
- Non-Consolidated	140.5
<b>Total Revenue</b>	<b>1,108.2</b>
<b>Group operating profit</b>	<b>71.2</b>
<b>Share of profits</b>	<b>(5.6)</b>

## Engine and component

	\$M
Revenue	
- Consolidated	26.4
- Non-Consolidated	5,205.6
<b>Total Revenue</b>	<b>5,232.0</b>
<b>Group operating profit</b>	<b>(3.5)</b>
<b>Share of profits</b>	<b>133.5</b>

# FY19/20 Financial Statistics

<b>Financial Statistics</b>	<b>FY19/20</b>	<b>FY18/19</b>	<b>Variance</b>	
Return on shareholders' funds (%)	12.3	10.7	+ 1.6	ppt
Basic earnings per share (cents)	17.30	14.38	+ 20.3	%
	<b>Mar-20</b>	<b>Mar-19</b>	<b>Variance</b>	
Net asset value per share (cents)	145.4	136.6	+ 6.4	%



# 1Q FY20/21 Summary of Group Results

<b>Group</b>	<b>1Q20/21</b>	<b>1Q19/20</b>	<b>Variance</b>
	<b>\$M</b>	<b>\$M</b>	<b>%</b>
Revenue	118.5	258.1	- 54.1
Operating (loss)/profit	(8.6)	17.7	n.m.
Share of profits of JVs & Assoc	13.7	26.0	- 47.3
Net profit	10.7	41.6	- 74.3

- Revenue was down 54.1%
- Expenditure was down 47.1% with cost measures implemented and grants from government support schemes
- The adverse impact of COVID-19 on the Group's financial performance for the first quarter was cushioned by grants from government support schemes; most significantly, the Jobs Support Scheme (JSS). Without this support, the Group would have recorded a loss of \$36.7 million.

# 1Q FY20/21 Group Balance Sheet

	Jun-20 \$M	Mar-20 \$M	Variance %
Share capital	420.0	420.0	-
Treasure shares	(13.7)	(13.7)	-
Capital reserve	2.8	2.8	-
Share-based compensation reserve	6.4	5.4	+ 18.5
Foreign currency translation reserve	2.4	16.0	- 85.0
Fair value reserve	(5.6)	(8.7)	- 35.6
Equity transaction reserve	(4.5)	(4.5)	-
General reserve	1,222.2	1,211.5	+ 0.9
Equity attributable to owners of the parent	1,630.0	1,628.8	+ 0.1
Cash and bank balances	562.6	519.7	+ 8.3
Receivables*	394.6	400.1	- 1.4
Total assets	2,018.7	2,005.5	+ 0.7
Total liabilities	361.1	344.5	+ 4.8

\* Receivables comprises trade debtors, contract assets, amount owing by immediate holding company and amounts owing by related parties.

- With low borrowings and strong cash position, the Group is in a healthy financial position to weather the COVID-19 pandemic.
- Nonetheless, given the fluidity of the situation, the Group will remain vigilant and continue to monitor events closely and secure additional financing facility as required.



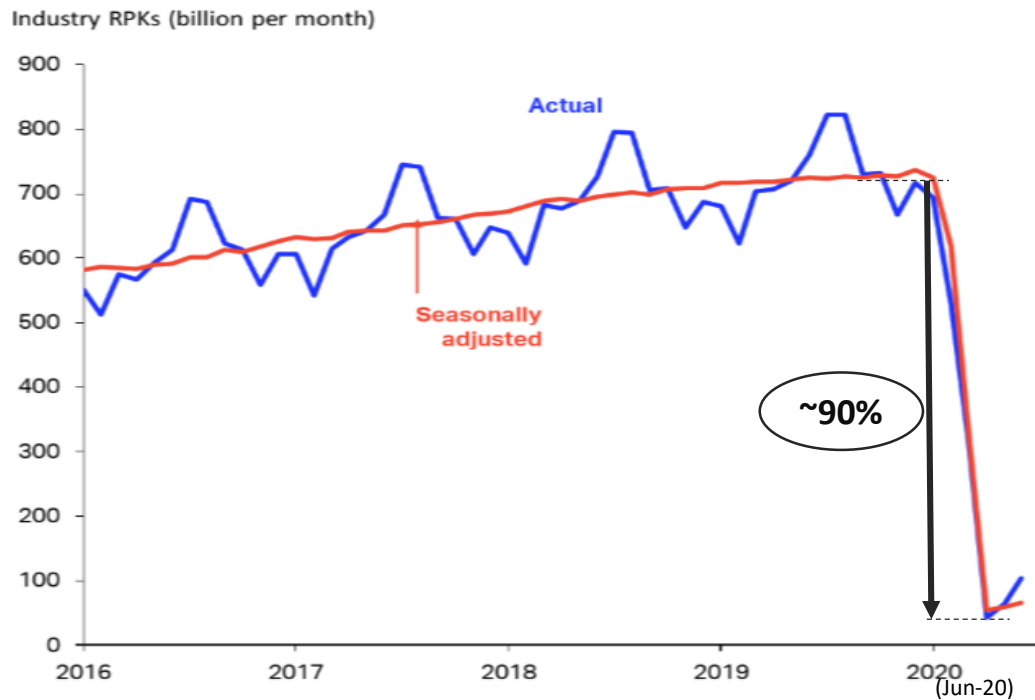
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# Impact of COVID-19 and Positioning for Recovery

# COVID-19

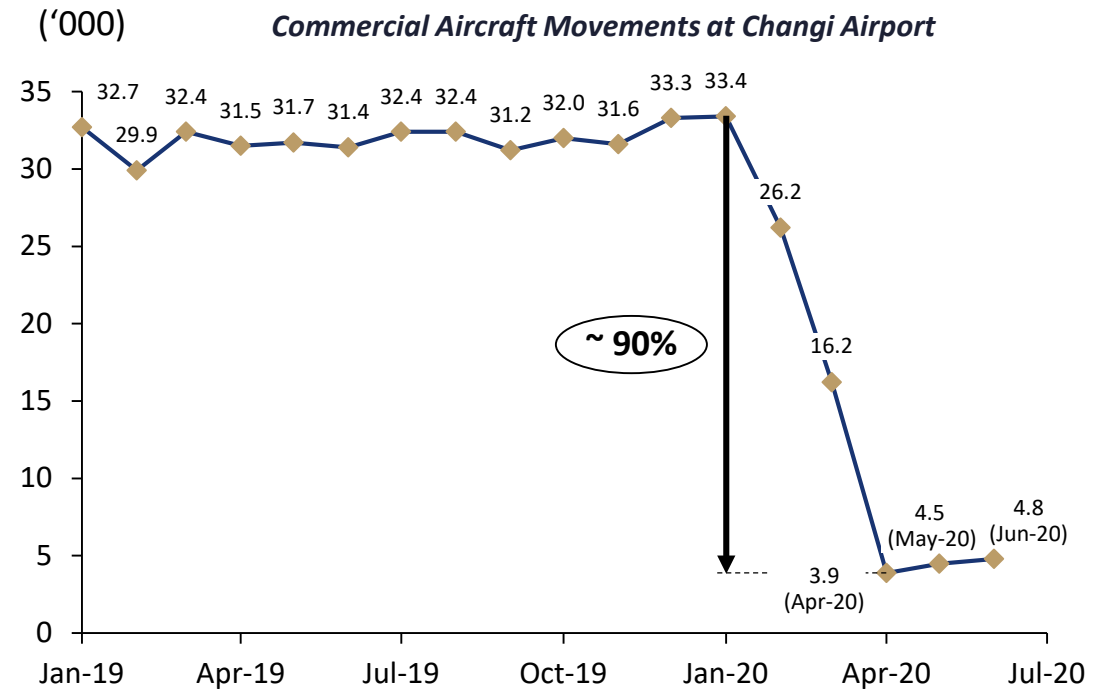
- **Unprecedented Impact on the Aviation Industry**

**Airlines experienced Significant Flight Reductions with Extensive Travel Restrictions still being imposed**



Source: IATA Economics, IATA Monthly Statistics

**Airlines Likely to Face Continued Challenges in 2020-2021**



Source: Changi Airport Air Traffic Statistics

# COVID-19

- Flight frequencies handled by the Group hit a historic low, given the slow progress towards global lifting of border controls and travel restrictions
- Impact felt across all Business Segments



## Line Maintenance and Cabin Services

87% reduction in flights handled at Changi Airport



## Fleet Management

88% decrease in flying hours of customers' aircraft



## Joint Ventures

Engines and Component shops are expecting lower work volumes

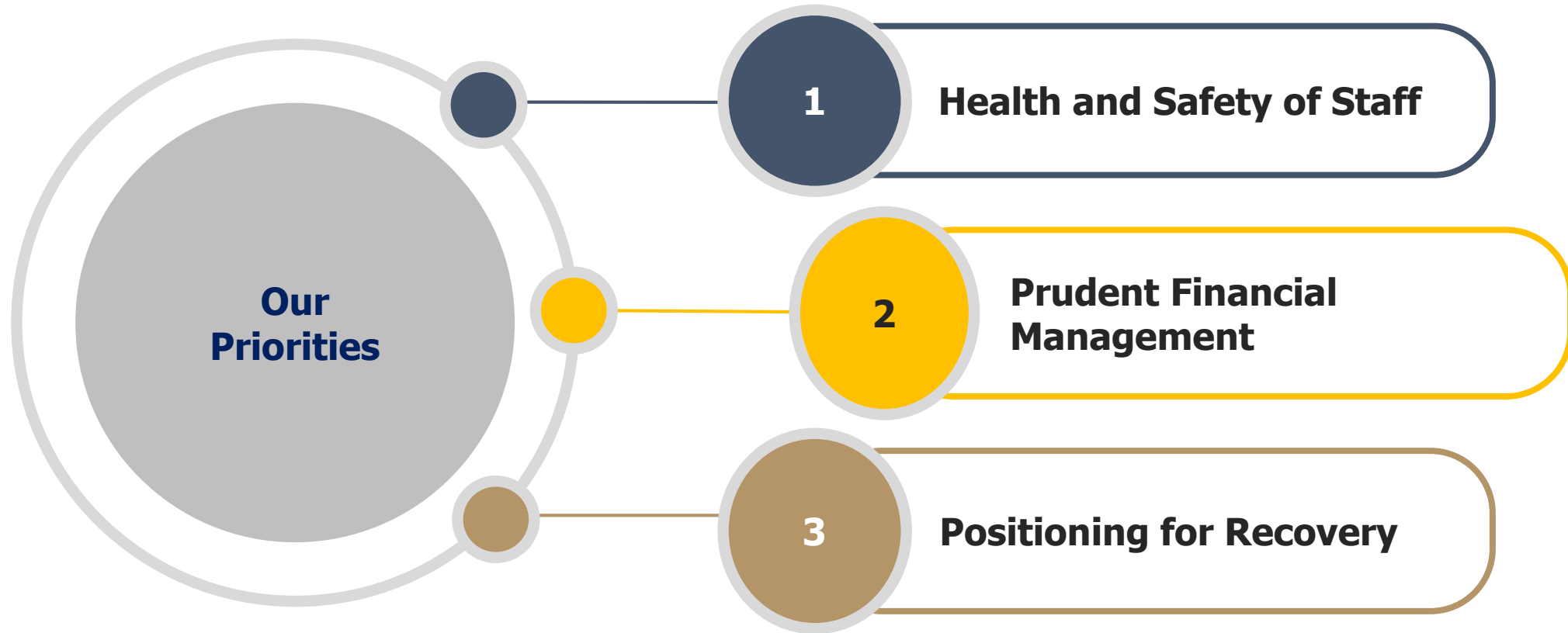


## Base Maintenance

Deferral of maintenance checks

**MRO recovery remains uncertain**

# COVID-19 – Our Priorities



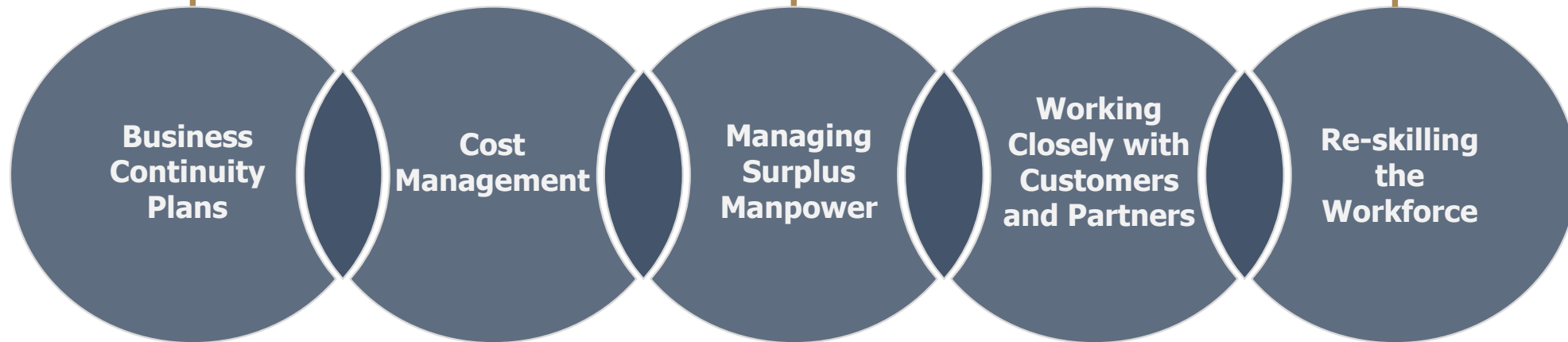


# COVID-19 – Our Priorities

- SIAEC and its local JVs continued to operate as essential service providers
- Implemented health and safe management measures in compliance with government advisories
- Telecommuting arrangements with cyber security measures in place

- Voluntary and compulsory no-pay leave while protecting jobs
- Furlough for staff on re-employment contracts
- Redeployed staff to areas with work demand

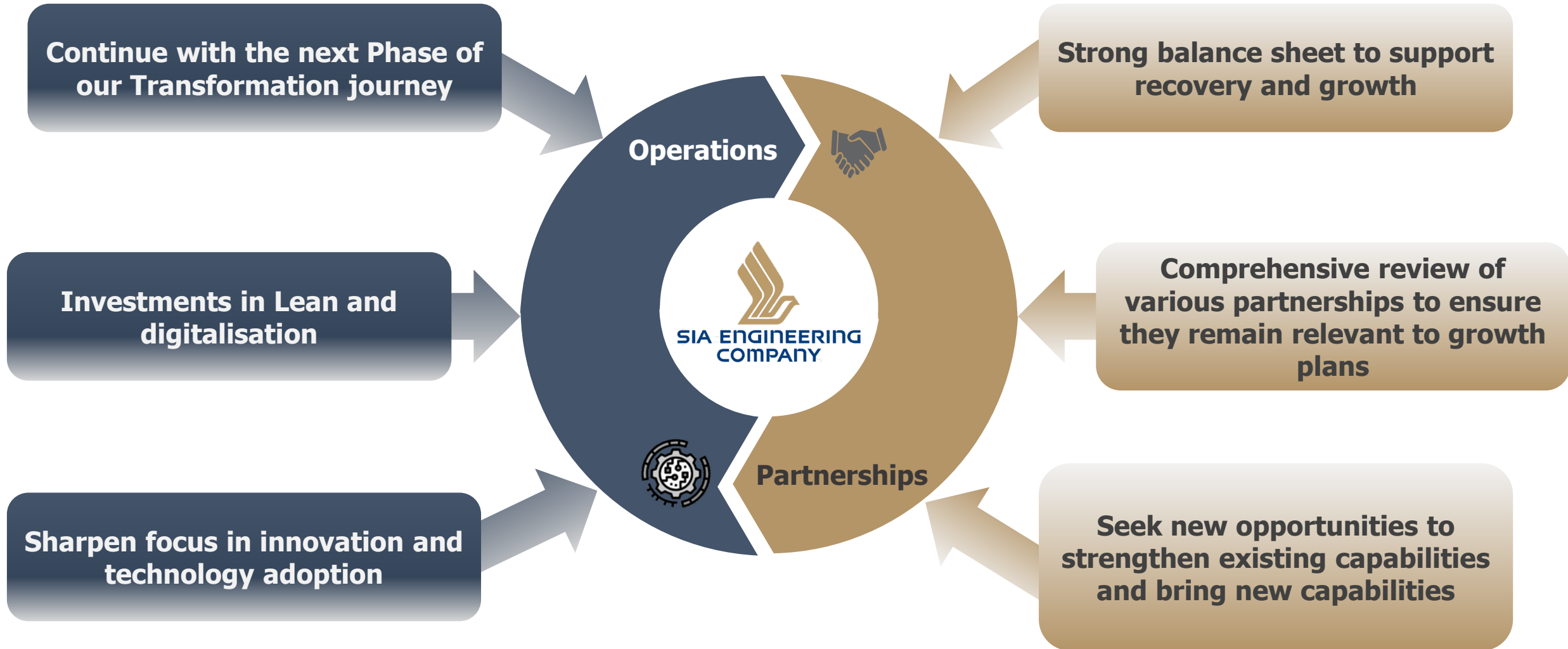
- Schedule staff for technical and soft-skill training courses



- Job Support Scheme (JSS)
- Cuts in Management salaries and Directors fees
- Reduced operating costs and deferred non-critical capital expenditure

- Bring forward some maintenance checks
- Preservation work for customer aircraft not in operation
- Cabin disinfection

# COVID-19 – Positioning for Recovery





**Thank you**