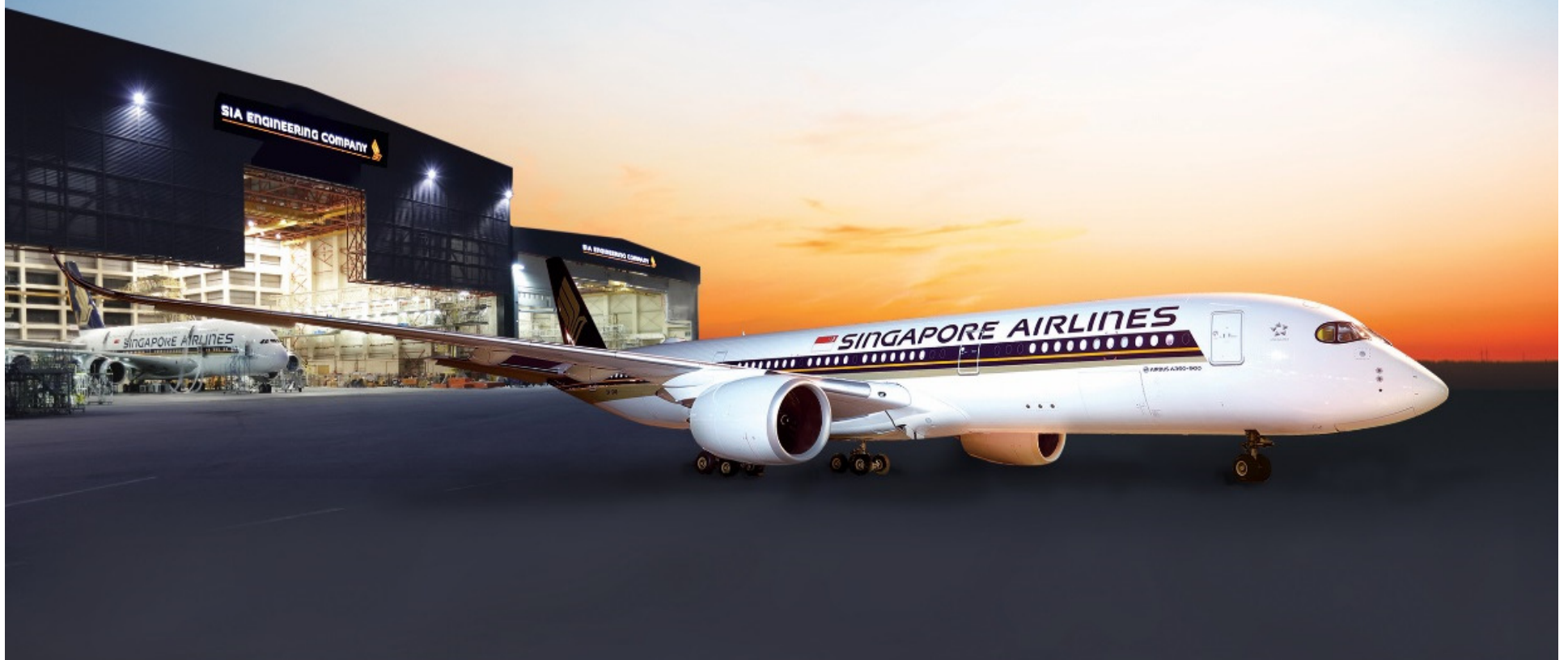
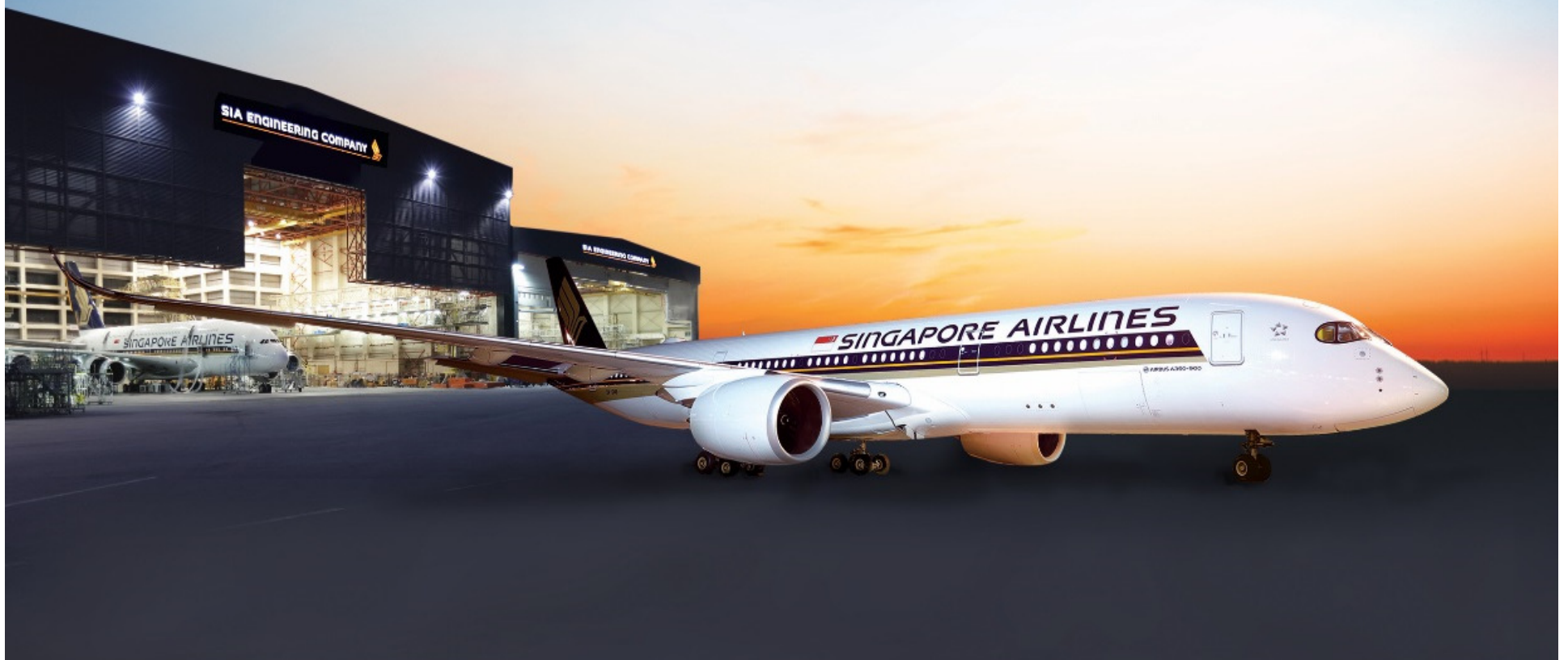


SIA ENGINEERING COMPANY
H1 FY2016/17
Performance Review



SIA ENGINEERING COMPANY
H1 FY2016/17
Financial Review



1H FY1617 Financial Highlights

- The Group recorded a profit attributable to owners of the parent of \$233.9M, an increase of \$148.1M
- During 1Q FY1617, the Group made a \$141.6M gain from divestment of HAESL and received a special dividend of \$36.4M from HAESL. Staff costs increased with a provision for profit-linked staff remuneration arising from the gain on divestment
- Operating profit before the provision was \$44.2M, a decrease of \$3.7M or 7.7%
- Before the impact of divestment, net profit was \$73.5M, a decrease of \$12.3M or 14.3%



Summary of Group Results

1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %	
Revenue	536.4	543.3	-	1.3
Expenditure	513.5	495.4	+	3.7
Operating profit	22.9	47.9	-	52.2
Surplus on partial disposal of an assoc company	-	2.8		n.m.
Surplus on disposal of non-current asset held for sale	141.6	-		n.m.
Dividend income from non-current asset held for sale (divestment)	36.4	-		n.m.
Dividend income from non-current asset held for sale (before divestment)	3.1	3.2	-	3.1
Share of results of Assoc/JVs, net of tax	37.9	42.7	-	11.2
Profit before tax	243.4	97.3	+	150.2
Net profit	233.9	85.8	+	172.6
Net profit margin (%)	43.6	15.8	+	27.8

ppt



Summary of Group Results

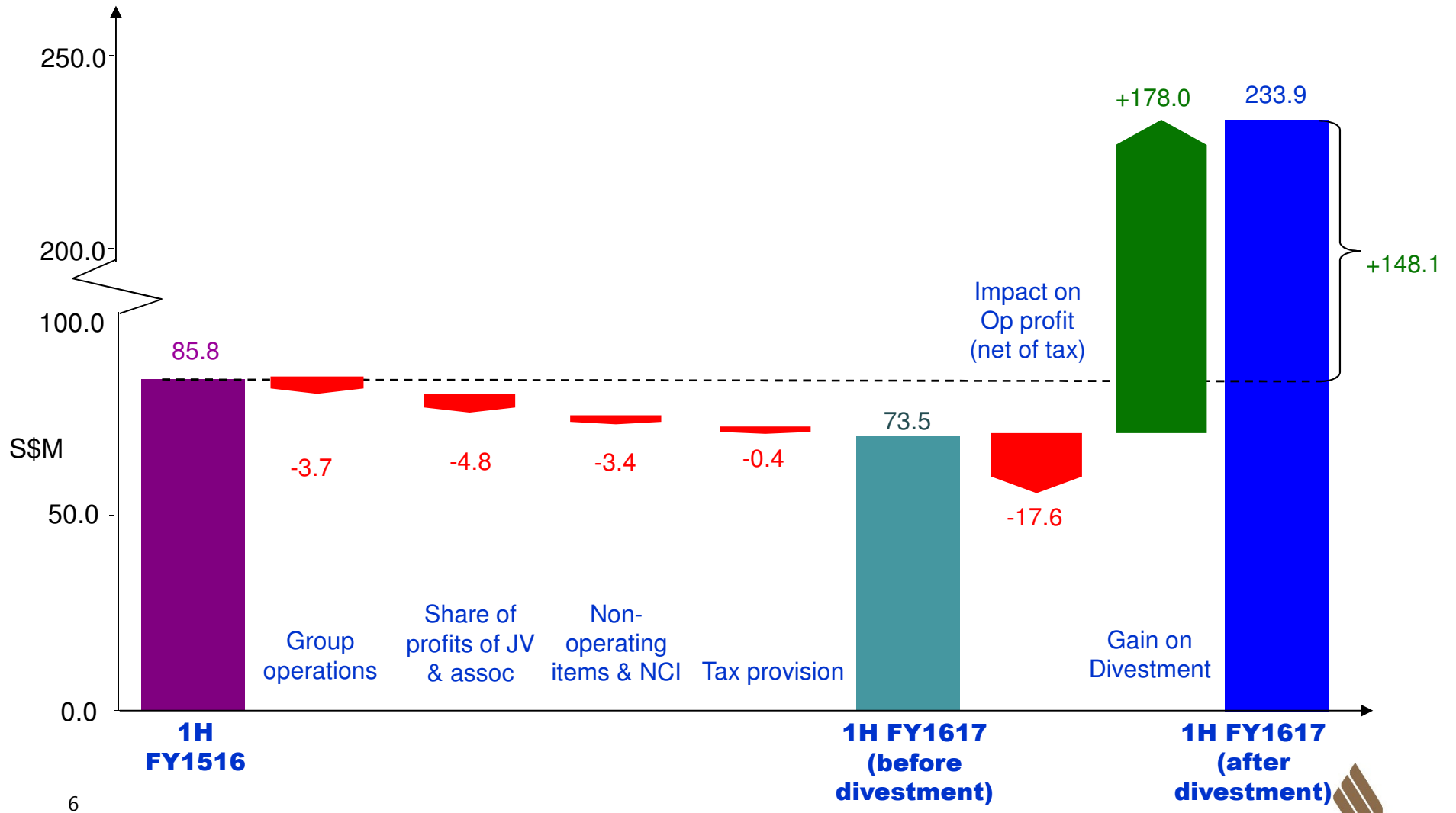
2Q FY1617

	2Q FY1617	2Q FY1516	Variance	
	\$M	\$M		%
Revenue	264.8	266.0	-	0.5
Expenditure	240.3	239.0	+	0.5
Operating profit	24.5	27.0	-	9.3
Surplus on partial disposal of an assoc company	-	2.8		n.m.
Dividend income from non-current asset held for sale	-	1.5		n.m.
Share of results of Assoc/JVs, net of tax	17.2	18.7	-	8.0
Profit before tax	42.3	50.4	-	16.1
Net profit	35.5	44.5	-	20.2
Net profit margin (%)	13.4	16.7	-	3.3 ppt

Profit in 2Q FY1516 included a \$2.8M gain arising from the partial disposal of an associated company and a \$1.5M dividend from HAESL that ceased following its divestment.



Group Profit for 1H FY2016/17



Joint Venture and Associated Companies

1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %
<u>Share of profits after tax</u>			
Repair and Overhaul			
- Engine Repair & Overhaul Centres	21.7	22.9	- 5.2
- Others	14.6	18.2	- 19.8
	36.3	41.1	- 11.7
Line Maintenance	1.6	1.6	-
	37.9	42.7	- 11.2

Contributions from the engine repair and overhaul centres at \$21.7M were lower by \$1.2M or 5.2%, mainly due to lower work content on the engines serviced by SAESL.



Breakdown of Group Revenue

1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %
Airframe & Component Overhaul	218.6	219.3	- 0.3
Fleet Management	72.2	96.7	- 25.3
Repair & Overhaul	290.8	316.0	- 8.0
Line Maintenance	245.6	227.3	+ 8.1
	536.4	543.3	- 1.3

Revenue fell by 1.3%. The decrease in fleet management revenue was partially mitigated by higher line maintenance revenue.



Group Expenditure

1H FY1617

	1H FY1617 \$M	1H FY1516 \$M	Variance %
Staff costs	259.0	232.2	+ 11.5
Materials	93.0	90.9	+ 2.3
Subcontract costs	66.8	77.8	- 14.1
Overheads	94.7	94.5	+ 0.2
Expenditure	513.5	495.4	+ 3.7

Expenditure rose by 3.7%, with an 11.5% increase in staff costs, partially offset by a decrease in subcontract costs. The increase in staff costs was due mainly to a provision made for the profit-linked component of staff costs arising from the gain on divestment of HAESL.



Group Operating Profit by Segment

1H FY1617

	1H FY1617 (Before divestment of HAESL) \$M	1H FY1617 (After divestment of HAESL) \$M	1H FY1516 \$M	Variance 1H FY1617 (Before divestment of HAESL) vs 1H FY1516 %
Repair & Overhaul	(8.7)	(21.1)	(6.7)	-29.9
Line Maintenance	52.9	44.0	54.6	-3.1
	44.2	22.9	47.9	-7.7

Group's operating profit in 1H FY1617 was impacted by a provision for the estimated increase in the profit-linked component of staff remuneration arising from the gain on divestment of HAESL. Before the additional provision for staff costs, operating profit for the half year was \$44.2M.



SIA vs Non-SIA Revenue

1H FY1617

	SIA \$M	Non-SIA \$M	Total \$M
SIAEC	335.8	146.2	482.0
<i>% of non-SIA work</i>		30%	
Subsidiary Cos	31.4	47.2	78.6
<i>% of non-SIA work</i>		60%	
JV & Associated Cos			
- Repair & Overhaul	333.6	1,323.6	1,657.2
- Line Maintenance	7.5	15.2	22.7
	341.1	1,338.8	1,679.9
<i>% of non-SIA work</i>		80%	
Combined revenue	708.3	1,532.2	2,240.5
<i>% of non-SIA work</i>		68%	

% of non-SIA revenue increased by 4ppt from 64% in 1H FY1516 to 68% in 1H FY1617.



Group Balance Sheet

	30 Sep 2016 \$M	31 Mar 2016 \$M
Equity attributable to owners of the parent	1,496.3	1,485.5
Non-controlling interests	29.0	26.4
Total equity	1,525.3	1,511.9
Non-current liabilities	53.0	54.0
	1,578.3	1,565.9
<u>Represented by:</u>		
Non-current assets	910.9	895.8
Cash	539.8	393.9
Non-current asset held for sale	-	156.5
Other current assets	398.5	375.9
	938.3	926.3
Less: Current liabilities	(270.9)	(256.2)
Net current assets	667.4	670.1
	1,578.3	1,565.9



Financial Statistics

	1HFY1617 (Before divestment of HAESL)	1HFY1617 (After divestment of HAESL)	1HFY1516	Variance 1HFY1617 (Before divestment of HAESL) vs 1HFY1516
Basic earnings per share (cents)	6.55	20.83	7.65	-14.4 %
Return on average shareholders' funds (%)	11.7	22.9	13.3	-1.6 ppt
	Sep 16		Mar 16	Variance
Net asset value per share (cents)	131.6	133.3	132.4	-0.6 %

Before the impact of HAESL divestment, earnings per share was 6.55 cents. Earnings per share after divestment was 20.83 cents.



Interim Dividend

Interim Dividend

(in cents per share)

Ordinary

1H FY1617

1H FY1516

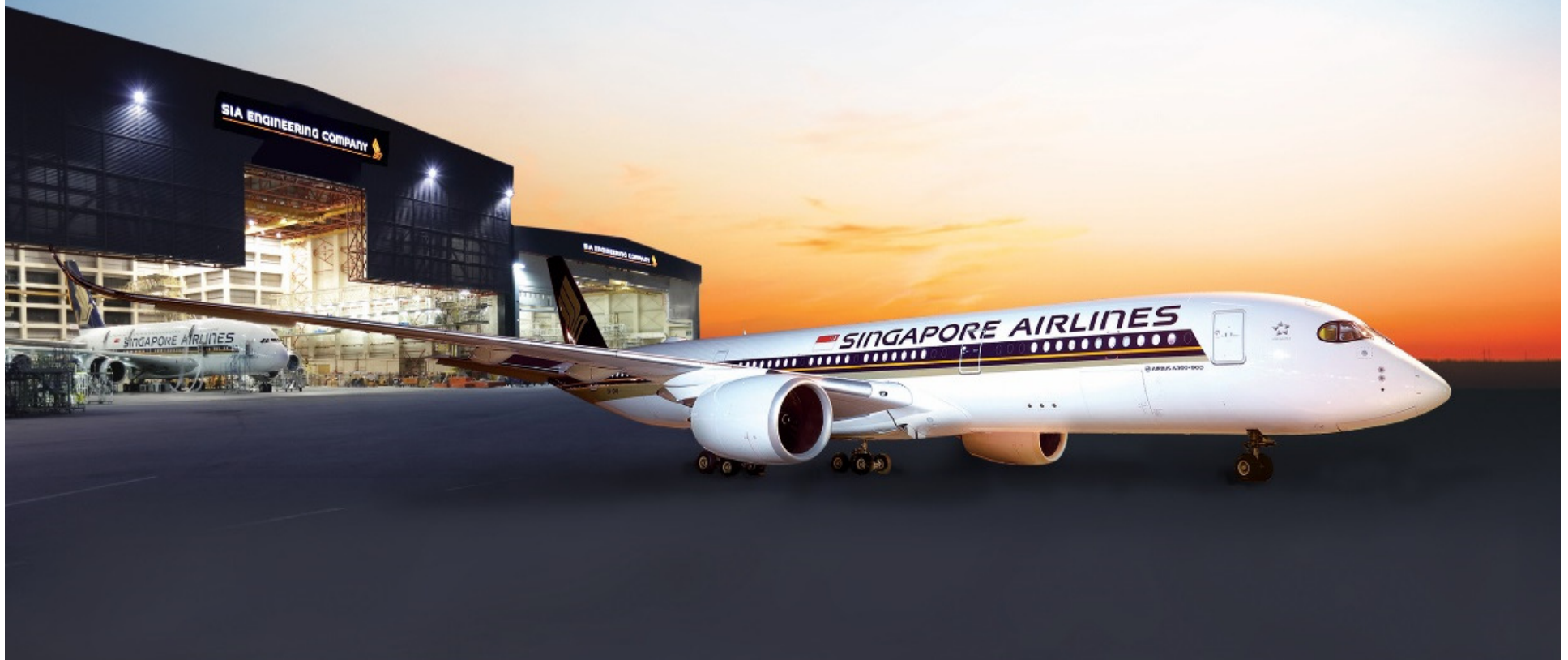
4.0

6.0

Interim dividend to be paid on 23 November 2016



SIA ENGINEERING COMPANY
H1 FY2016/17
Operational Review



Core Businesses

Line Maintenance



35 airports in 7 countries

Aircraft & Component Services



6 hangars in Singapore
3 hangars in Philippines

Fleet Management

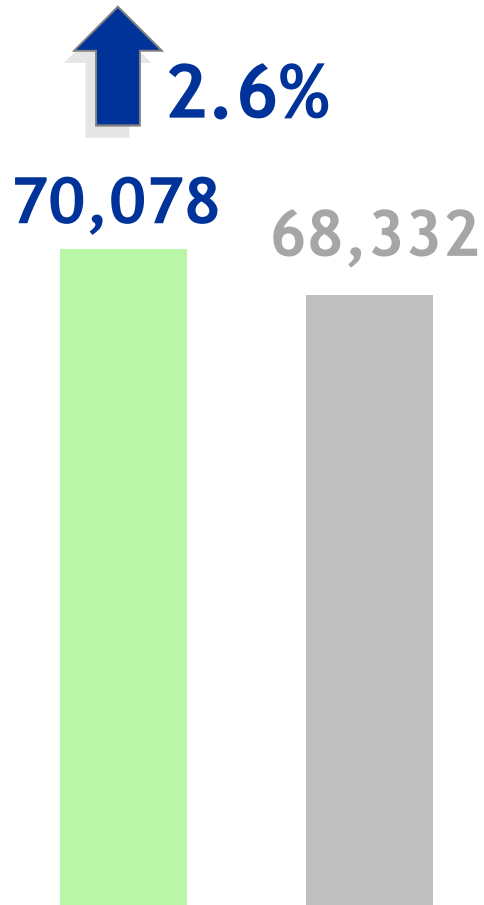


130 aircraft from 9 airlines



Line Maintenance

Flights handled at Changi Airport



17 H1 FY16/17 H1 FY15/16

4 New Contracts



9 Renewed Contracts



Aircraft & Component Services

8 New Contracts at Singapore Base

KOREAN AIR

tigerair
Australia



VEB Leasing

FIJI AIRWAYS

WAMOS
AIR

VIM
AIRLINES

ROSSIYA

Maintenance checks at Singapore base:

	<u>H1 FY16/17</u>	<u>H1 FY15/16</u>
'A' checks	215	190
'C' checks	45	46
'D' checks	5	6

Maintenance checks at Clark base:

	<u>H1 FY16/17</u>	<u>H1 FY15/16</u>
'C' checks	16	9



Fleet Management



65 aircraft



26 aircraft



19 aircraft



12 aircraft



8 aircraft

FMP fleet: 130 aircraft



Portfolio of Joint Ventures



Portfolio of Joint Ventures

Line & Heavy Maintenance

Aircraft Maintenance Services Australia (AMSA)

Australia 100%

Pan Asia Pacific Aviation Services (PAPAS)

Hong Kong 47.1%

PT JAS Aero-Engineering Services (PT JAES)

Indonesia 49%

Southern Airports Aircraft Maintenance Services (SAAM)

Vietnam 49%

Heavy Maintenance Singapore Services (HMS Services)

Singapore 65%

SIA Engineering (USA) (SEUS)

United States 100%

SIA Engineering (Philippines) (SIAEP)

Philippines 65%

Aviation Partnership (Philippines) (APlus)

Philippines 51%

Engine & Engine Components

Singapore Aero Engine Services (SAESL)

Singapore 50%

Asian Surface Technologies (AST)

Singapore 39.2%

Asian Compressor Technology Services (ACTS)

Taiwan 24.5%

Eagle Services Asia (ESA)

Singapore 49%

Component Aerospace Singapore (CAS)

Singapore 49%

International Aerospace Tubes Asia (IAT Asia)

Singapore 33.3%

Turbine Coating Services (TCS)

Singapore 24.5%

Aircraft Component & Services

Jamco Singapore (JS)

Singapore 20%

JAMCO Aero Design & Engineering (JADE)

Singapore 45%

Singapore Jamco Services (SJS)

Singapore 80%

Safran Electronics Asia (SEA)

Singapore 40%

Safran Landing Systems Services Singapore (SLSSS)

Singapore 40%

Fuel Accessory Service Technologies (FAST)

Singapore 49%

Goodrich Aerostructures Service Centre-Asia (GASCA)

Singapore 40%

Aerospace Component Engineering Services (ACES)

Singapore 51%

Panasonic Avionics Services Singapore (PACSS)

Singapore 42.5%

Boeing Asia Pacific Aviation Services (BAPAS)

Singapore 49%

JV Partners

Pratt & Whitney
 Rolls-Royce
 Cebu
 Jamco
 Safran
 UTAS
 Wholly-Owned
 Others



Key Developments



Formation of Heavy Maintenance JV

- ✓ Incorporation of Heavy Maintenance Singapore Services Pte Ltd
- ✓ SIAEC 65%, Airbus 35%
- ✓ Airframe maintenance, cabin upgrade and modification services for A380, A350 and A330 in Asia-Pacific and beyond
- ✓ Centre of Excellence for A380 and A350 heavy maintenance in Asia



Key Developments



Amalgamation of SAESL & IECO

- ✓ SAESL will be able to generate greater operational efficiencies, economies of scale & synergies
- ✓ SAESL positioned to compete more effectively for the global engine & component repair business
- ✓ Strategy to streamline & rationalise engine component JVs



Key Developments



Integration of CAS & IAT-A

- ✓ Strategy to streamline & rationalise engine component JVs
- ✓ Improve allocation of resources & streamlining of business processes
- ✓ Enhance operational efficiencies, economies of scale & synergies



Outlook

- Challenging outlook for the MRO industry, amid global economic uncertainties
- The Group will continue to restructure and streamline operations to enhance operating efficiencies.
- Pursuing strategic partnerships and undertaking initiatives to strengthen competitiveness for long-term growth, including investing in new technologies and advancing innovation.



SIA ENGINEERING COMPANY
H1 FY2016/17
Performance Review

