



SIA ENGINEERING GROUP POSTS PROFIT OF \$160.9M FOR FY2018-19

- **Operating profit was \$22.0 million lower**
- **Share of profits of associated and joint venture companies was \$4.1 million higher**
- **Absence of \$15.0 million gain on sale of an associated company**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	FY2018-19			4 th Quarter FY2018-19		
	Apr 2018 – Mar 2019	Year-on-Year % Change		Jan - Mar 2019	Year-on-Year % Change	
	\$'M	\$'M	%	\$'M	\$'M	%
• Revenue	1,020.9	-74.0	-6.8	256.0	-20.4	-7.4
• Operating profit	56.8	-22.0	-27.9	19.4	-1.8	-8.5
• Share of profits of associated and joint venture companies, net of tax	113.9	+4.1	+3.7	32.3	+7.3	+29.2
• Profit attributable to owners of the parent	160.9	-25.9	-13.9	49.3	-6.9	-12.3
• Basic earnings per share (cts)	14.38	-2.32	-13.9	4.40	-0.62	-12.4

GROUP EARNINGS

Financial Year 2018-19

SIAEC Group revenue was \$1,020.9 million, a decrease of \$74.0 million or 6.8%, mainly due to a decline in airframe and fleet management revenue. Expenditure at \$964.1 million was lower by \$52.0 million or 5.1%, largely due to a reduction in material and subcontract costs in line with the lower workload. Operating profit at \$56.8 million was \$22.0 million or 27.9% lower year-on-year.

Share of profits of associated and joint venture companies increased by \$4.1 million or 3.7% to \$113.9 million. Notwithstanding a one-time tax charge and an upward revision in tax provision by certain engine and component centres in FY2018-19 [Note 3], contributions from the engine and component segment increased \$5.5 million, to \$115.4 million. This was partially offset by a \$1.4 million decrease in contributions from the airframe and line maintenance segment.

Profit attributable to owners of the parent was \$160.9 million for the financial year ended 31 March 2019, a decrease of \$25.9 million or 13.9%. Profit last year included a \$15.0 million gain on the sale of the Group's shares in an associated company, Asian Compressor Technology Services Company Limited ("ACTS").

Basic earnings per share was 14.38 cents for the current financial year.

Fourth Quarter FY2018-19

Revenue declined by \$20.4 million or 7.4% to \$256.0 million, mainly from lower fleet management activities. Line maintenance revenue was also lower, mainly due to the loss in revenue contribution from a line maintenance subsidiary divested in the third quarter of FY2018-19. Expenditure decreased \$18.6 million or 7.3% to \$236.6 million, largely due to decreases in material and subcontract costs. Operating profit of \$19.4 million was \$1.8 million or 8.5% lower year-on-year.

Share of profits of associated and joint venture companies increased \$7.3 million or 29.2% to \$32.3 million. Share of profits from the engine and component segment amounted to \$31.8 million, an increase of \$6.5 million or 25.7%, while the contribution of \$0.5 million from the airframe and line maintenance segment was \$0.8 million higher than the same quarter last year.

Profit attributable to owners of the parent of \$49.3 million for the fourth quarter ended 31 March 2019, a decrease of \$6.9 million or 12.3% year-on-year. Excluding the \$15.0 million gain on divestment of ACTS, profit for the current quarter of \$49.3 million would have been \$8.1 million or 19.7% higher than the same period last year.

Basic earnings per share was 4.40 cents for the current quarter.

GROUP FINANCIAL POSITION

As at 31 March 2019, equity attributable to owners of the parent of \$1,528.6 million was \$44.9 million or 3.0% higher than 31 March 2018. The increase was mainly due to profits earned for the year and gain in foreign currency translation reserve as a result of the strengthening of the US dollar, partially offset by the payment of the final dividend in respect of FY2017-18 and interim dividend for FY2018-19.

Total assets stood at \$1,845.2 million at the end of FY2018-19, an increase of \$41.3 million or 2.3%. The cash balance of the Group as at 31 March 2019 amounted to \$521.6 million, \$21.9 million or 4.4% higher.

Net asset value per share as at 31 March 2019 was 136.6 cents.

Note 1: As required by the listing rules of the Singapore Exchange, the Group adopted the International Financial Reporting Standards (IFRS) with effect from 1 April 2018. The Group's audited financial statements for the financial year ended 31 March 2019 were prepared in accordance with IFRS. Prior year comparatives have been restated as mandated by the transition requirements.

Note 2: The SIAEC Group's audited financial results for the financial year ended 31 March 2019 were announced on 10 May 2019. 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.)

Note 3: Restructuring plans at the parent company of these associated companies affected certain qualifying criteria of their group tax incentive scheme. In the absence of an agreed revised tax incentive scheme, a one-time tax charge was provided for and tax provision was revised upwards to the prevailing corporate tax rate.

DIVIDEND

The Board is recommending a final ordinary dividend of 8.0 cents per share for FY2018-19. Together with the interim dividend of 3.0 cents per share paid earlier, the total dividend payment for FY2018-19 will be 11.0 cents per share.

Payment of the final dividend, which amounts to approximately \$89.5 million, is subject to shareholders' approval at the Annual General Meeting on 19 July 2019. The dividend will be paid on 8 August 2019.

OUTLOOK

The MRO operating environment remains challenging. Added to that, revenue will be impacted by the unforeseen grounding of customers' aircraft.

Our Transformation journey is gaining traction with some initiatives generating productivity gains and creating capacity for growth. More of such initiatives will be progressively implemented over the next 3 years. We will also continue with our efforts to innovate and adopt technologies to complement these initiatives.

During the year, we had strengthened and expanded our network of strategic partnerships. Our associated company, Eagle Services Asia Pte Ltd, commenced maintenance for the PW1100G engines, which is one of the engines that power the new-generation A320neo aircraft. Joint venture companies ("JVs") formed previously, namely Heavy Maintenance Singapore Services Pte Ltd, Moog Aircraft Services Asia Pte Ltd and Additive Flight Solutions Pte Ltd, have commenced operations during the year. These JVs are in their gestation period and are not expected to be accretive in the near term. We also recently announced the plan to extend our line maintenance network to Thailand, in partnership with NokScoot Airlines Co., Ltd.

We will leverage our portfolio of JVs with strategic partners, diversified service offerings and strong balance sheet to pursue suitable opportunities for sustainable growth.

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(For the complete fourth quarter and financial year FY2018-19 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at www.siaec.com.sg).

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GROUP FINANCIAL STATISTICS

	FY 2018-19	FY 2017-18 ^{R1}	4 th Quarter 2018-19	4 th Quarter 2017-18 ^{R1}
Financial Results (\$ million)				
Total revenue	1,020.9	1,094.9	256.0	276.4
Total expenditure	964.1	1,061.1	236.6	255.2
Operating profit	56.8	78.8	19.4	21.2
Non-operating items	8.4	5.9	1.9	2.0
Surplus on disposal of an associated company	-	15.0	-	15.0
Share of profits of associated companies, net of tax	73.5	69.5	22.3	16.6
Share of profits of joint venture companies, net of tax	40.4	40.3	10.0	8.4
Profit before taxation	179.1	209.5	53.6	63.2
Profit attributable to owners of the parent	160.9	186.8	49.3	56.2
Per Share Data				
Earnings after tax (cents) - basic ^{R2}	14.38	16.70	4.40	5.02
- diluted ^{R3}	14.35	16.66	4.39	5.01
	As at 31 Mar 2019	As at 31 Mar 2018^{R1}		
Financial Position (\$ million)				
Share capital	420.0	420.0		
Treasury shares	(18.0)	(21.3)		
Reserves				
Capital reserve	2.9	2.8		
Share-based compensation reserve	5.6	7.1		
Foreign currency translation reserve	(18.2)	(38.9)		
Fair value reserve	(0.9)	3.6		
Equity transaction reserve	(4.5)	(2.4)		
General reserve	1,141.7	1,112.8		
Equity attributable to owners of the parent	1,528.6	1,483.7		
Total assets	1,845.2	1,803.9		
Net asset value per share (cents) ^{R4}	136.6	132.7		

^{R1} As required by the listing rules of the Singapore Exchange, the Group adopted the International Financial Reporting Standards (IFRS) with effect from 1 April 2018. The Group's audited financial statements for the financial year ended 31 March 2019 were prepared in accordance with IFRS. Prior year comparatives have been restated as mandated by the transition requirements.

^{R2} 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.

^{R3} 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 exercise of all outstanding share options and vesting of all outstanding performance shares and restricted shares granted to employees.

^{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.