

3<sup>rd</sup> February 2015

## SIA ENGINEERING GROUP POSTS GROUP PROFIT OF \$46.3M FOR 3<sup>RD</sup> QUARTER 2014-15

### HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	3 <sup>rd</sup> Quarter FY2014-15		9 months FY2014-15	
	Oct - Dec 2014	Year-on-Year % Change	Apr - Dec 2014	Year-on-Year % Change
• Revenue	\$265.3M	- 6.5	\$844.6M	- 2.6
• Operating profit	\$24.3M	- 3.6	\$60.9M	- 25.2
• Share of profits from associated and joint venture companies, net of tax	\$25.3M	- 33.2	\$85.0M	- 32.8
• Profit attributable to owners of the parent	\$46.3M	- 23.5	\$141.9M	- 29.2
• Basic earnings per share	4.13 cts	- 23.9	12.67 cts	- 29.7

### GROUP EARNINGS

#### Third Quarter FY2014-15

SIAEC Group posted a profit attributable to owners of the parent of \$46.3 million for the quarter ended 31 December 2014.

During the quarter, revenue decreased by \$18.5 million or 6.5% to \$265.3 million. Airframe and component overhaul revenue declined as work content was lower with fewer heavy checks. This decrease was mitigated by higher fleet management and line maintenance revenue. Expenditure decreased by \$17.6 million or 6.8% to \$241.0 million as the reduction in heavy checks resulted in lower material usage. Operating profit of \$24.3 million for the quarter was \$0.9 million or 3.6% lower than that for the same quarter last year.

Share of profits from associated and joint venture companies decreased by \$12.6 million or 33.2% to \$25.3 million. The decrease came mainly from the engine repair and overhaul centres, whose contributions fell by \$19.0 million or 54.9% to \$15.6 million this quarter. The retirement of older engines, as well as engine improvement modifications and longer engine "on-wing" life of certain aircraft models, resulted in a reduction in engine shop visits.

Basic earnings per share was 4.13 cents for the current quarter.

Note: The SIAEC Group's unaudited financial results for the third quarter and nine months ended 31 December 2014 were announced on 3 February 2015. 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.)

## Year-to-date (April - December 2014)

The Group recorded a profit attributable to owners of the parent of \$141.9 million for the nine months ended 31 December 2014.

Revenue decreased by \$22.5 million or 2.6% to \$844.6 million as a result of a decrease in airframe and component overhaul revenue. Expenditure at \$783.7 million was \$2.0 million or 0.3% lower, resulting in an operating profit of \$60.9 million.

Share of profits of associates and joint venture companies was \$85.0 million, a decline of \$41.5 million or 32.8%, arising from a decrease of \$44.0 million or 44.6% in contributions from the engine repair and overhaul centres.

## **GROUP FINANCIAL POSITION**

Equity attributable to owners of the parent at \$1,264.8 million was \$96.1 million or 7.1% lower than at 31 March 2014, following the payment of the final dividend in respect of FY2013-14 and interim dividend for FY2014-15, partially offset by profits earned for the period.

The cash balance of the Group was \$364.9 million as at 31 December 2014. Total assets amounted to \$1,575.4 million.

Net asset value per share as at 31 December 2014 was 112.8 cents.

## **OUTLOOK**

Overall, the operating environment remains challenging. While heavy maintenance business is stabilizing, engine shop visits will continue to decline.

With intense competition and increasing business costs, the pressure on margins will remain. We will continue with our efforts to manage costs that have yielded improvements in productivity and operating efficiencies.

With its strong balance sheet, the Group is well positioned to meet the challenges, and will continue to pursue various opportunities and strategic initiatives.

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(For the complete third quarter and nine months FY2014-15 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)).

**For more information, please contact:**

Chia Peck Yong

Senior Manager Public Affairs

SIA Engineering Company

Tel: (65) 6541-5134

Fax: (65) 6546-0679

Mobile: 9863-0982

E-mail: [peckyong\\_chia@singaporeair.com.sg](mailto:peckyong_chia@singaporeair.com.sg)

*Company Registration No: 198201025C*

## GROUP FINANCIAL STATISTICS

	3 <sup>rd</sup> Quarter 2014-15	3 <sup>rd</sup> Quarter 2013-14	9 months 2014-15	9 months 2013-14
<b>Financial Results (\$ million)</b>				
Total revenue	265.3	283.8	844.6	867.1
Total expenditure	241.0	258.6	783.7	785.7
Operating profit	24.3	25.2	60.9	81.4
Non-operating items	0.4	0.3	6.5	1.3
Dividend income from long term investment	2.1	3.4	6.4	11.6
Share of profits of associated companies, net of tax	12.5	19.2	37.4	54.5
Share of profits of joint venture companies, net of tax	12.8	18.7	47.6	72.0
Profit before taxation	52.1	66.8	158.8	220.8
Profit attributable to owners of the parent	46.3	60.5	141.9	200.5
<b>Per Share Data</b>				
Earnings before tax (cents)	4.65	6.00	14.18	19.85
Earnings after tax (cents) - basic <sup>R1</sup>	4.13	5.43	12.67	18.03
- diluted <sup>R2</sup>	4.12	5.39	12.60	17.88

	As at 31 Dec 2014	As at 31 Mar 2014
<b>Financial Position (\$ million)</b>		
Share capital	409.6	387.3
Reserves		
Share-based compensation reserve	20.1	23.9
Foreign currency translation reserve	(103.1)	(127.7)
Fair value reserve	(10.3)	(0.6)
Equity transaction reserve	(2.4)	-
General reserve	950.9	1,078.0
Equity attributable to owners of the parent	1,264.8	1,360.9
Total assets	1,575.4	1,707.1
Net asset value per share (cents) <sup>R3</sup>	112.8	122.0

<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.