



**1H FY2022/23 REVIEW**  
**2 NOVEMBER 2022**

**GROWING  
SUSTAINABLY**



## OPERATIONAL REVIEW

**GROWING  
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# Core Business



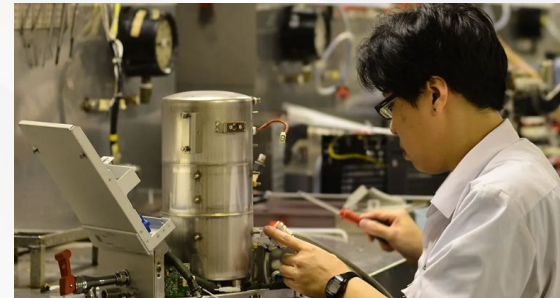
## Line Maintenance

- 27 airports in 7 countries



## Base Maintenance

- 6 hangars in Singapore
- 3 hangars in Philippines



## Component Services

- 99 aircraft from 9 airlines under Inventory Technical Management



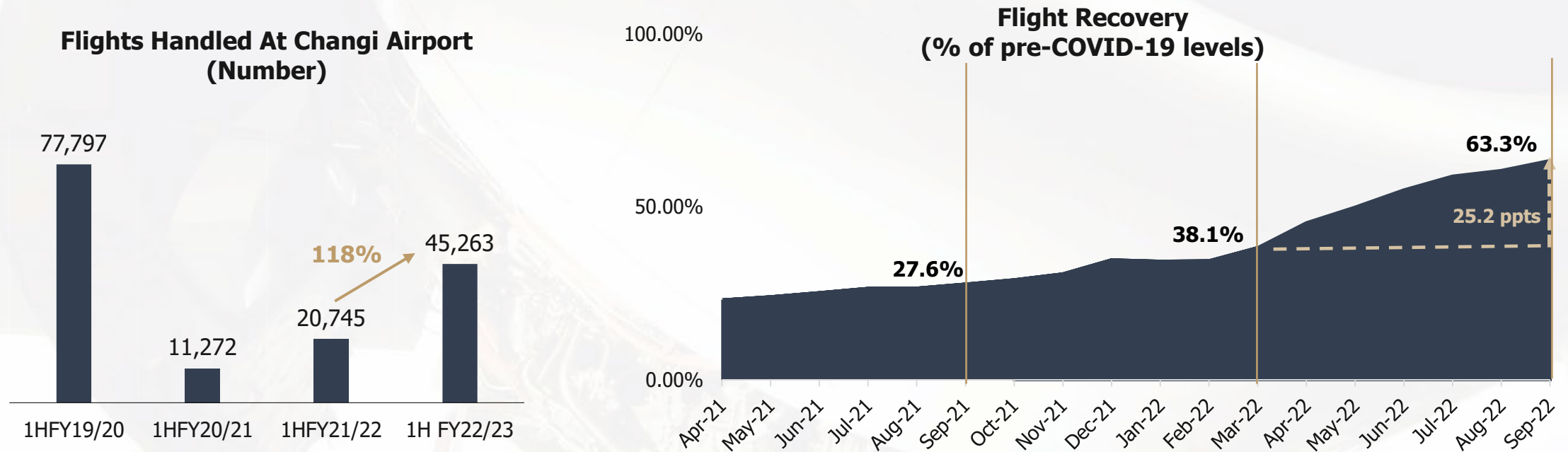
## Engine Services

- CFM LEAP Quick Turn (QT) Facility (opened in Feb 2022)



# Line Maintenance

- Number of flights handled in 1H FY22/23 doubled year-on-year
- Flight recovery at end of 1H was at 63.3%, an improvement of 25.2 percentage points over the half-year period
- Continued recruitment efforts in anticipation of sustained recovery



# Base Maintenance

## Maintenance Checks at Singapore Base

	1H FY21/22	1H FY22/23
<b>Light Checks*</b>	162	<b>258</b>
<b>Heavy Checks</b>	46	<b>42</b>



- The increase in flight activities internationally has led to an increase in demand for MRO services as operators look to return grounded aircraft back to service
- Secured new contracts during the first half of FY22/23 and signed a five-year agreement in October 2022 with Hawaiian Airlines for its A330-200 fleet
- Continued to widen the adoption of LEAN practices to meet this demand by reducing turnaround time and increasing capacity



## Maintenance Checks at Clark Base

	1H FY21/22	1H FY22/23
<b>Heavy Checks</b>	7	<b>18</b>



- Gradual recovery of check volumes at Clark Base, as travel restrictions previously implemented in the Philippines have been lifted

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

# Component Services

- Increase in work volume at component shops as flight activities continue to ramp up
- Secured 10-year MRO licensing of repair capabilities with Honeywell for 737NG, 737MAX and 787 Air Data Inertial Reference Unit component, to be set up at new component joint venture, SRT Malaysia (SRTM)
- Signed 10-year contract in October 2022 (after 1H FY22/23) with MYAirline to provide component pooling and repair support programme for its A320 fleet

## Component MRO Services

- Broaden component repair and overhaul capabilities through network of workshops and component MRO JVs, such as SRT Malaysia with capabilities for more than 750 part numbers for A320/A330 and 737 parts



## Inventory Technical Management



A320	737	747	A330
62 aircraft	24 aircraft	7 aircraft	6 aircraft



# Engine Services

- New Aircraft Engine Services facility opened in February 2022
  - provides Quick Turn and modification embodiment services for CFM LEAP-1A and LEAP-1B engines
  - Equipped to perform at least 60 Quick Turns per year with 50% more capacity to cope with surge demands
- Completed first CFM LEAP-1B engine quick turn in May 2022 and progressively increasing inductions as capacity ramps up
- Current total of 10 approval certificates from all relevant National Aviation Authorities



# 1H FY22/23 Key Customer Contracts

## Line Maintenance

### Renewed



### New



## Line Maintenance International

### New



## Base Maintenance

### New



## Component Services

### New





# Strategic Partnerships – JV Portfolio

22 JVs across 8 Countries with Total Revenue of S\$3B in 1H FY22/23



- Completed the acquisition of 75% stake in SR Technics Malaysia Sdn Bhd in May 2022
- Cessation of Boeing Asia Pacific Aviation Services (BAPAS) operations in August 2022

## Airframe and Line Maintenance

**SIA Engineering (USA) (SEUS)**  
United States 100%

**SIA Engineering Japan (SIAEJ)**  
Japan 100%

**PT JAS Aero-Engineering Services (PT JAES)**  
Indonesia 49%

**Pan Asia Pacific Aviation Services (PAPAS)**  
Hong Kong 40%

**Southern Airports Aircraft Maintenance Services (SAAM)**  
Vietnam 49%

**Pos Aviation Engineering Services (PAES)**  
Malaysia 49%

**Line Maintenance Partnership (Korea)**  
Korea 51%

**SIA Engineering (Philippines) (SIAEP)**  
Philippines 100%

**Singapore Aero Support Services (SASS)**  
Singapore 100%

## Engine and Component

**Singapore Aero Engine Services (SAESL)**  
Singapore 50%

**Eagle Services Asia (ESA)**  
Singapore 49%

**Component Aerospace Singapore (CAS)**  
Singapore 46.4%

**GE Aviation, Overhaul Services – Singapore (GEOSS)**  
Singapore 49%

**JAMCO Aero Design & Engineering (JADE)**  
Singapore 45%

**Turbine Coating Services (TCS)**  
Singapore 24.5%

**Goodrich Aerostructures Service Center-Asia (GASCA)**  
Singapore 40%

**Fuel Accessory Service Technologies (FAST)**  
Singapore 49%

**Panasonic Avionics Services Singapore (PACSS)**  
Singapore 42.5%

**Safran Landing Systems Services Singapore (SLSSS)**  
Singapore 40%

**Safran Electronics & Defense Services Asia (SEA)**  
Singapore 40%

**Additive Flight Solutions (AFS)**  
Singapore 60%

**Moog Aircraft Services Asia (MASA)**  
Singapore 49%

**Aerospace Component Engineering Services (ACES)**  
Singapore 51%

**SR Technics Malaysia**  
Malaysia 75%

JV Partners:

Pratt & Whitney

Rolls-Royce

GE

Jamco

Safran

Collins

Line Maintenance International (LMI)

LMI (Pending)

Others

# Transformation Phase 2

## Delivering through three key levers

Scaling Up **Lean**



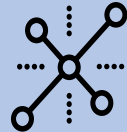
Advancing **Digitalisation and Technology**



Sustaining an **Innovation Culture**



Sustaining training to achieve high Lean awareness



Implementing digital platforms in accordance with digital roadmap



Established Launchbay Labs for staff ideation and iteration



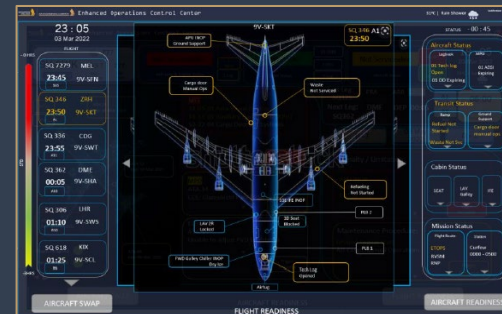
More than 20% reduction in turnaround time through Lean across business units



Continued refinement of data mart and data lake to for analytics



Ground up ideas from staff leading to improvements in process and equipment design





## FINANCIAL REVIEW

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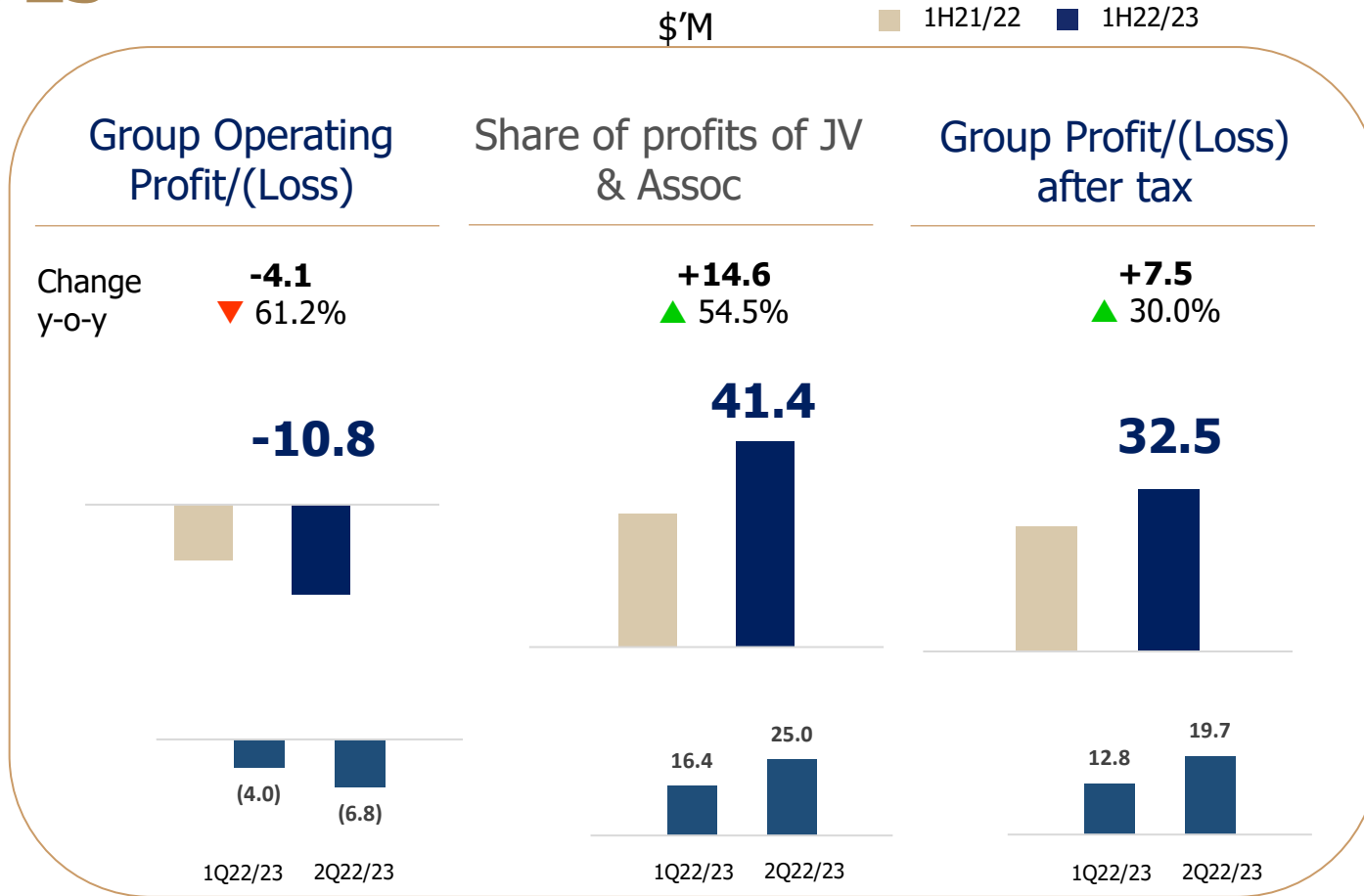
# Key Highlights

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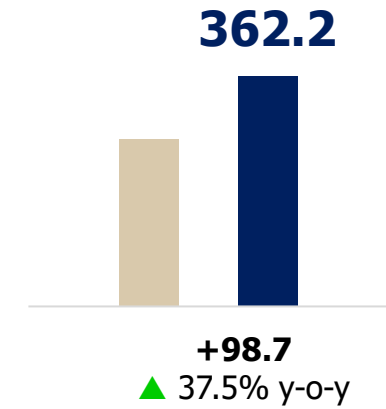


- Faster rate of recovery of flight activities during the period.
- Operating performance improved but not sufficient to offset reduction in wage support; slight increase in operating loss.
- Higher share of profits as work inputs increased with further recovery of flight activities.
- Group recorded a net profit of \$32.5 million for 1H22/23, an improvement from net profit of \$25.0 million for 1H21/22.
- Without wage support, Group has returned to profits.
- No interim dividend proposed in view of uncertainties on the recovery trajectory.

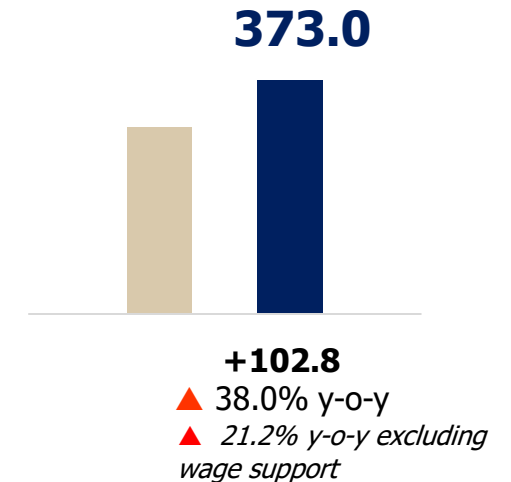
# Summary of Group Results 1H22/23



## Group Revenue

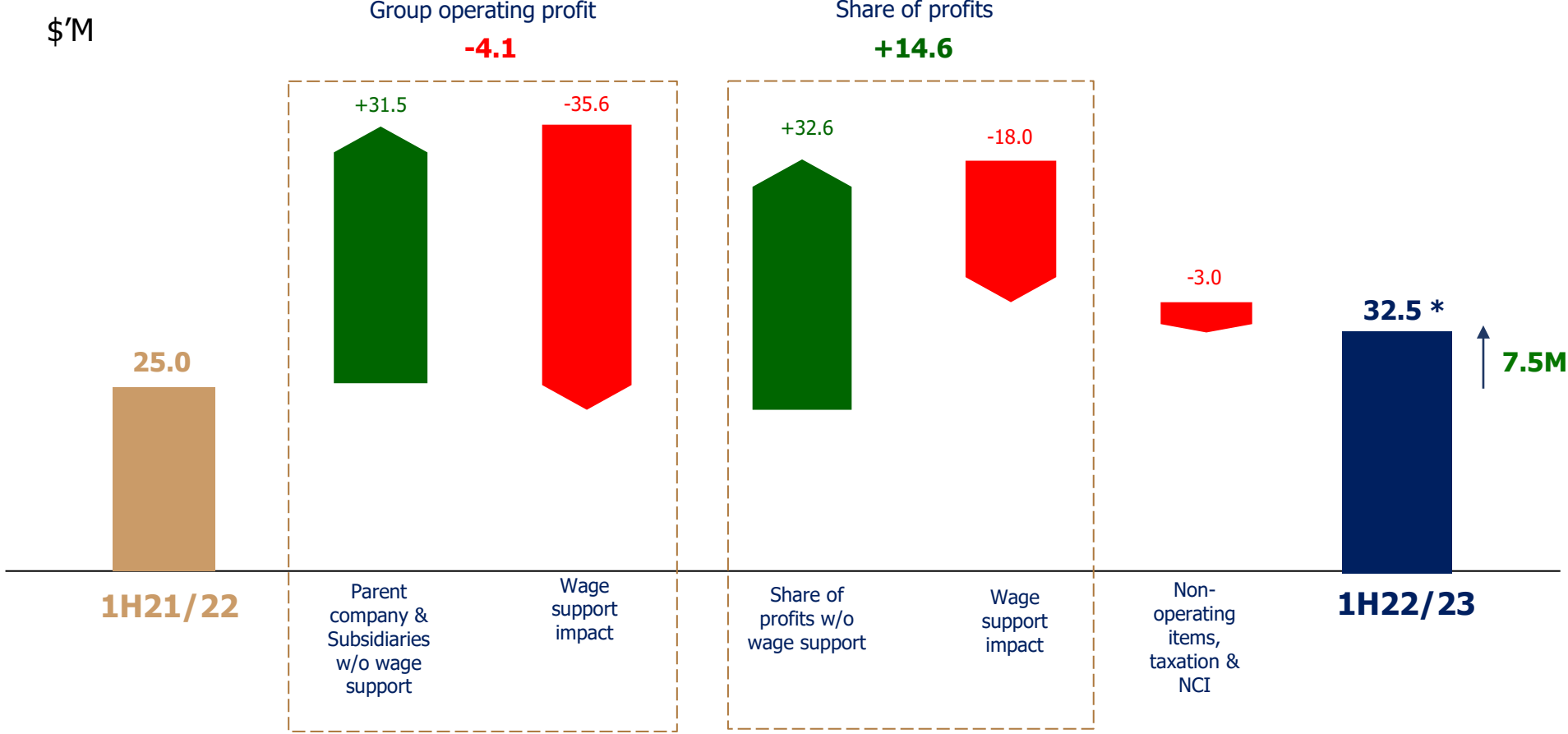


## Group Expenditure



- Revenue increased 38% with higher flight activities.
- Expenditure increased with lower government wage support and higher manpower costs.

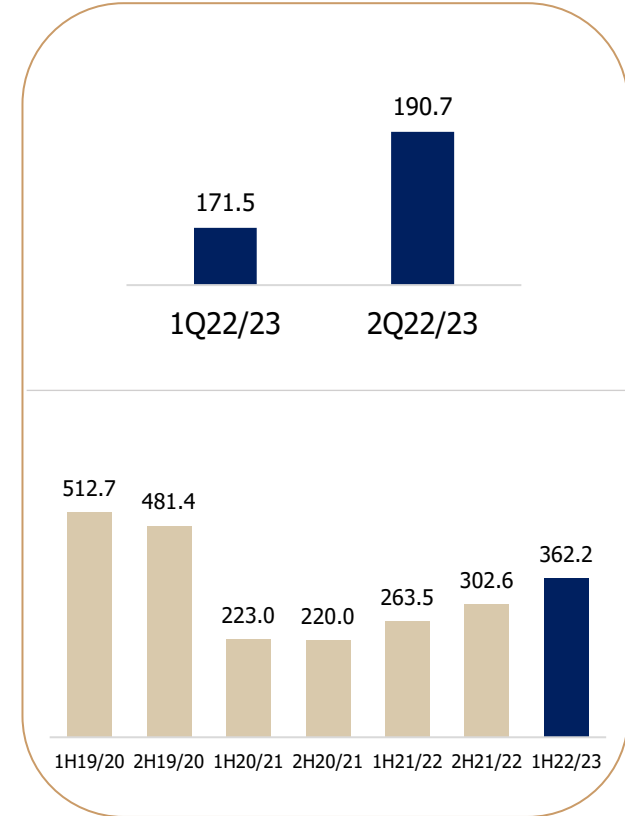
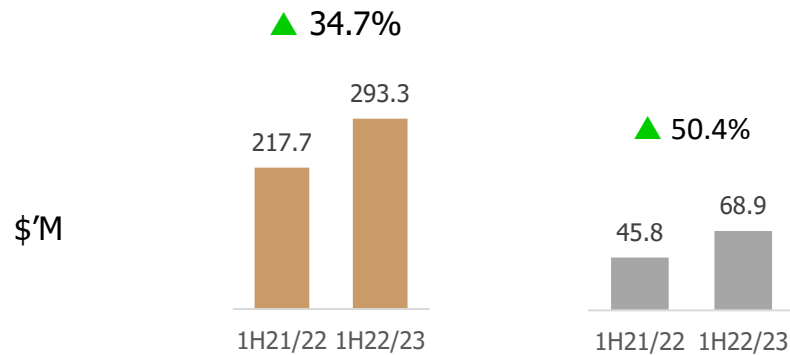
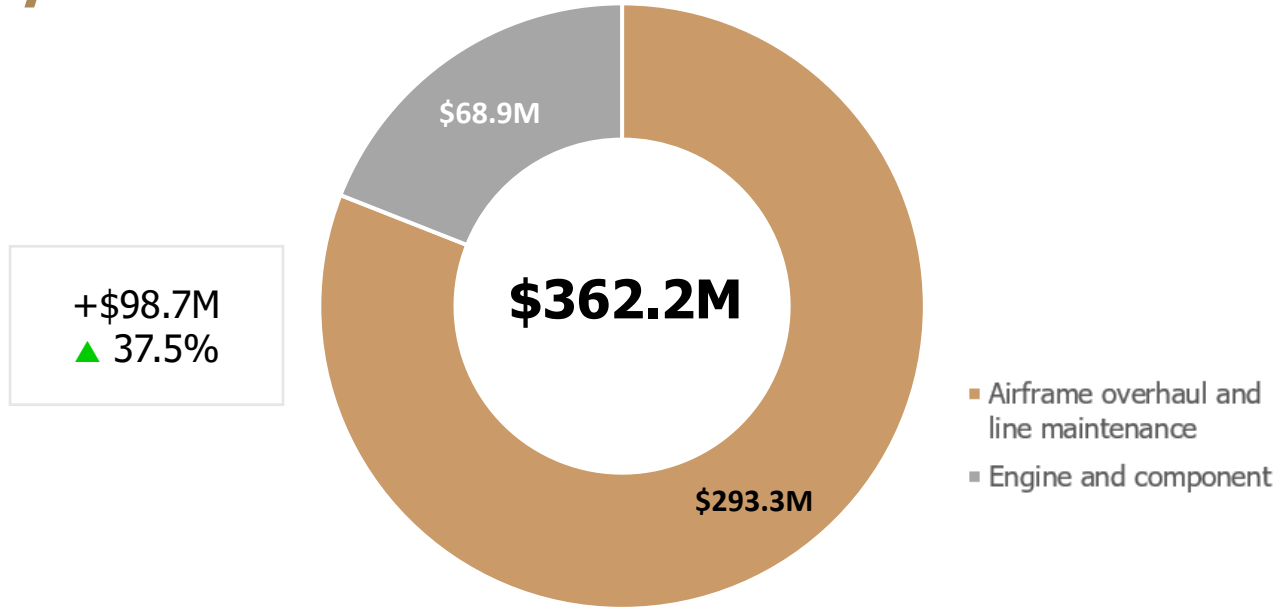
# Analysis of Group Profit – 1H22/23



\* Without wage support, Group profit would be \$21.4M.

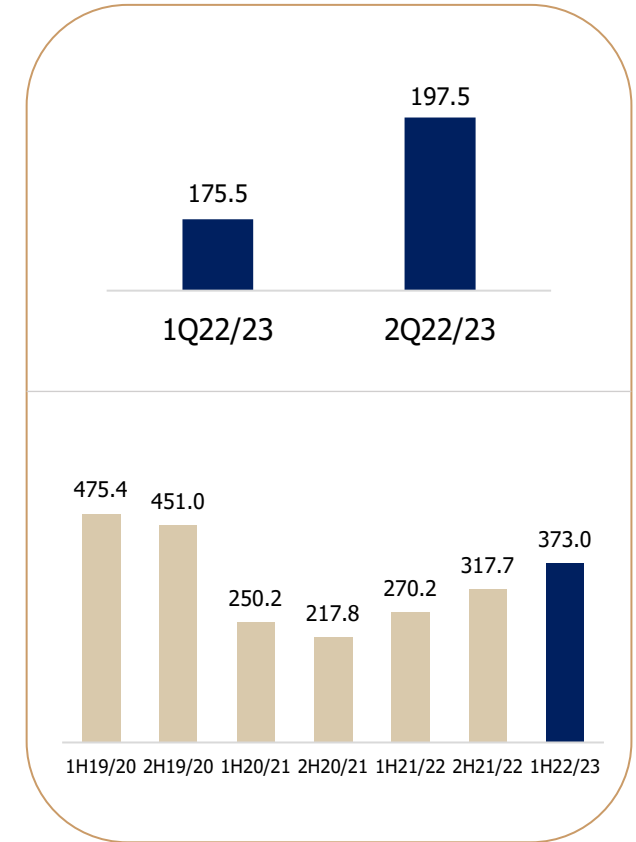
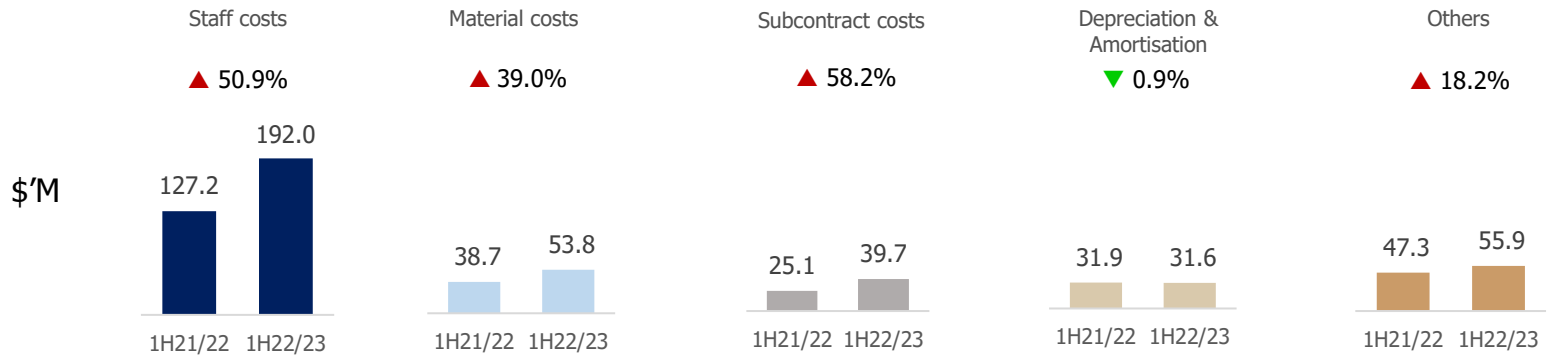
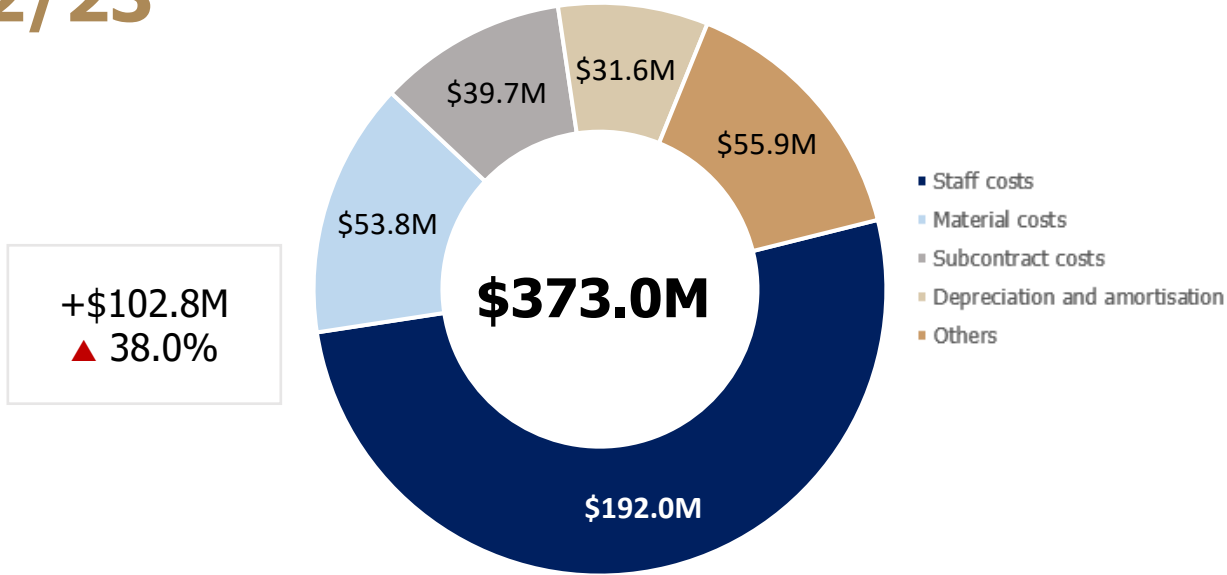


# Analysis of Group Revenue 1H22/23



Revenue increase with recovery of flight activities

# Analysis of Group Expenditure 1H22/23



- Excluding wage support, staff costs was 16.8% higher year-on-year.
- Expenditure increase mainly due to higher manpower costs incurred to support increase in business activities.

# Group Operating Profit by Segment 1H22/23

Group Operating Loss	1Q	2Q	1H22/23	1H21/22	Variance	
	\$M	\$M	\$M	\$M	\$M	%
Airframe and Line Maintenance	0.6	(2.2)	(1.6)	2.9	- 4.5	+ 155.2
Engine and Component	(4.6)	(4.6)	(9.2)	(9.6)	+ 0.4	+ 4.2
	<b>(4.0)</b>	<b>(6.8)</b>	<b>(10.8)</b>	<b>(6.7)</b>	<b>- 4.1</b>	<b>- 61.2</b>



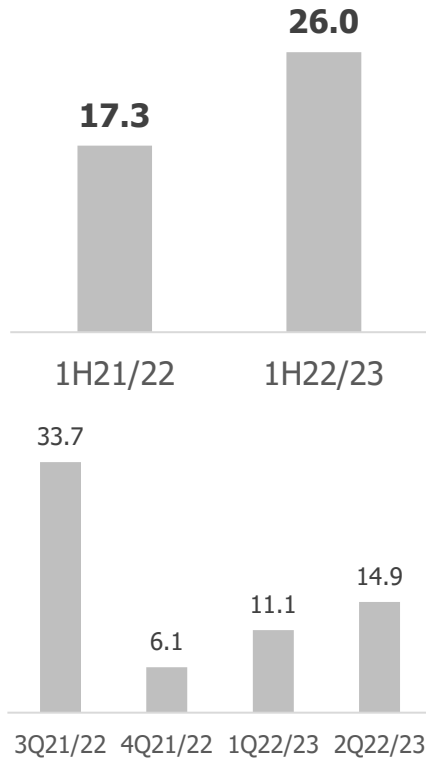
# Joint Venture and Associated Companies 1H22/23

## Share of Profit after tax

\$'M

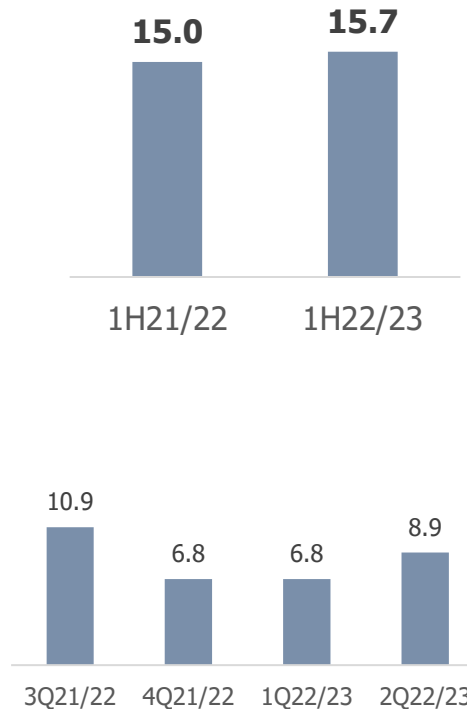
### Engine Centers

**+8.7**  
▲ 50.3% y-o-y



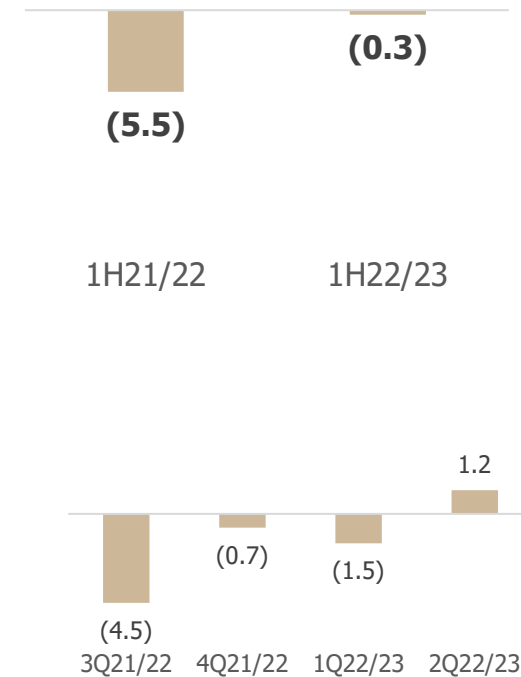
### Component Centers

**+0.7**  
▲ 4.7% y-o-y



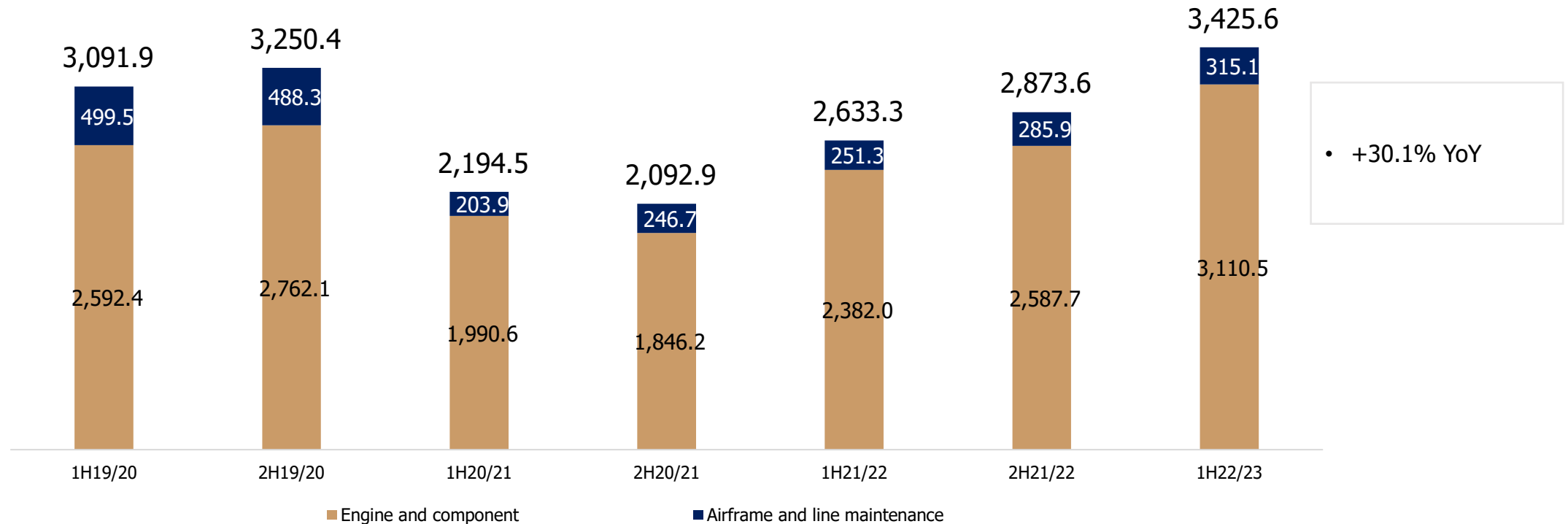
### Airframe & Line Maintenance

**+5.2**  
▲ 94.5% y-o-y



# Group Revenue 1H22/23 (SIAEC, Subsidiaries, JV and Associated Companies)

SIAEC, Subsidiaries, JV and Associated Companies Revenue \$'M



\* Revenue of associated and joint venture companies are not consolidated in the Group's Income Statement as they are equity accounted.

# Group Balance Sheet and Financial Statistics

	Sep-22 \$M	Mar-22 \$M	Variance	
			\$M	%
Total equity	1,692.6	1,621.3	+ 71.3	+ 4.4
Non-current liabilities	37.0	39.0	- 2.0	- 5.1
Current liabilities	206.6	177.9	+ 28.7	+ 16.1
Non-current assets	1,002.8	925.5	+ 77.3	+ 8.4
Cash	605.6	625.5	- 19.9	- 3.2
Other current assets	327.8	287.2	+ 40.6	+ 14.1
Net asset value per share (cents)	149.6	143.5	+ 4.3	%

	1H22/23	1H21/22	Variance	
Return on shareholders' funds (%)	4.6	2.1	+ 2.5	ppts
Basic earnings per share (cents)	2.89	2.23	+ 29.6	%

- Increase in equity was mainly due to gain in foreign currency translation reserve with the strengthening of USD and profits earned for the financial period.
- Reduction in cash balance is mainly due to outflow from capital expenditure and investments exceeding net operating cash inflow.





## OUTLOOK

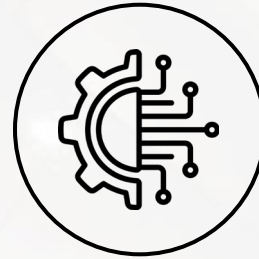
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# Summary of 1H FY22/23



## 67% Increase in Flights Handled Against Last Half Year

Flight recovery at 63% as at Sep-22, on track to meet Changi Airport's projection of 80% by year-end



## Transformation Efforts Continue

Resulted in more long-term contracts with 3<sup>rd</sup> party customers

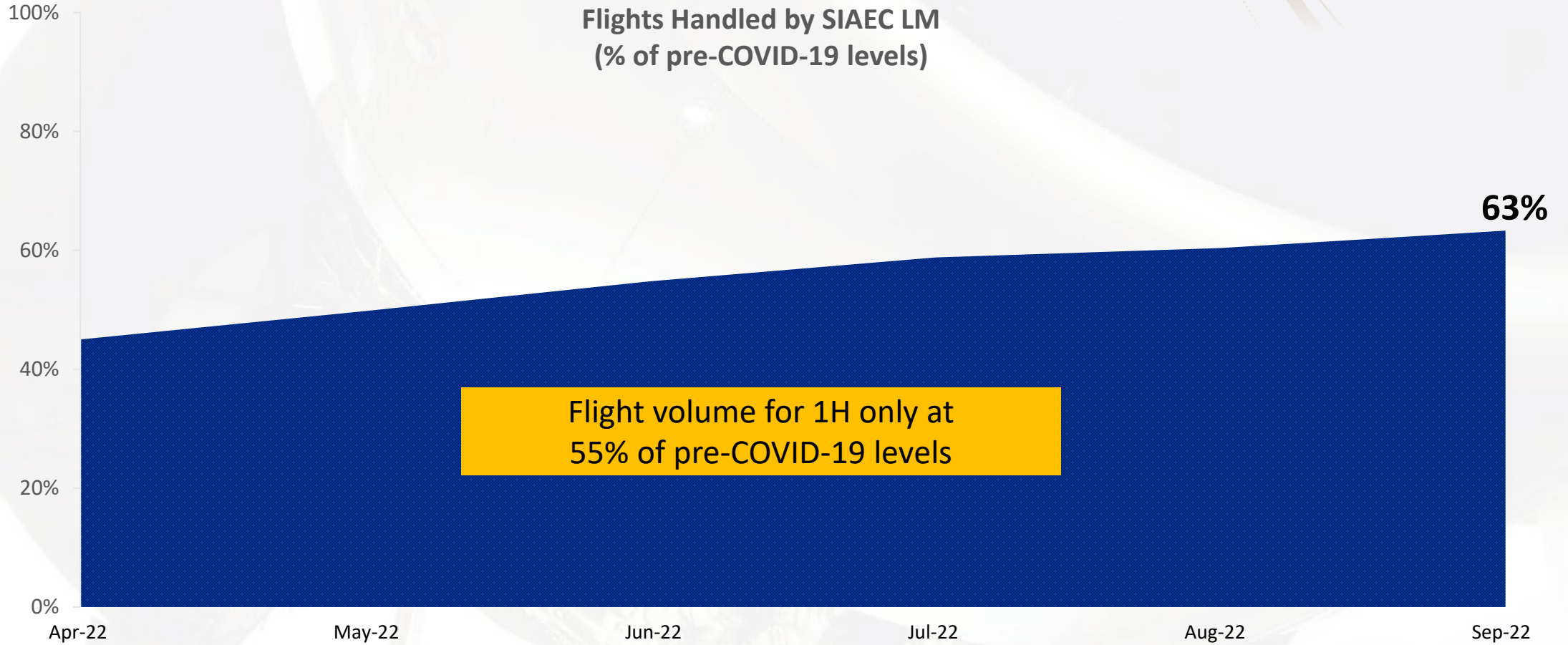


## Growth Plans Remain Intact

Capability expansion with SR Technics Malaysia on board

# Outlook

Flight recovery continues as flight restrictions in the region are gradually reduced



# Outlook

## Challenges remain



### Macroeconomic factors

- Supply chain disruptions due to the Russia-Ukraine conflict
- Persistent high inflation
- Rising interest rates
- Heightened risk of global recession



### Wage pressures

- Escalating costs of living putting upward pressure on wages



### Full recovery remains uncertain

- Full recovery not attainable until China opens up
- Potential new variants could still remain a concern on border restrictions



# Priorities

Remain vigilant and prudent in managing increase in costs



Ramp up manpower recruitment in preparation for continued flight recovery

Investment in digitalisation, technology and engineering capabilities



Company-wide Lean and Continuous Improvement initiatives to improve productivity

# Growth Opportunities



Invest in **new capabilities and services** for new generation aircraft



Seize opportunities for **organic growth and strengthen JV portfolio** in the region

## Positioned for growth

- Growing engine services business with new contracts and investments in **new capabilities and facilities**
- Component Services Division to grow component MRO business and **broaden repair capabilities** for new generation aircraft
- **Expansion of Line Maintenance International (LMI) network**
- **Expansion of our regional base maintenance network,** complementing other acquisitions in the region

# Net Zero by 2050



## Electrification

Plan underway to scale up adoption of electric tractors



## Clean Energy

Solar panels supply 19% & 30% of SIAEC & SIAEP's electricity needs, respectively

❖ *Reviewing the installation of additional solar panels in Singapore and Philippines operations*



## Facilities

Two of our hangars have been Certified Green Mark (**Platinum, Super Low Energy Building**)

❖ *Pursuing similar certifications for the rest of our buildings*



## Sustainable Aviation Fuel

Successful trial conducted on engine tests at test cell facility, with 32% lower carbon emissions compared to conventional fossil fuels

**SIAEC targets to reduce 50% of our Scope 1 and 2 carbon emissions\* by 2030**

*\*Against FY19/20 emission levels*

# Awards and Accolades



- “2022 Asia-Pacific MRO of the Year” Award by Airline Economics magazine
- Part of Airline Economics magazine’s annual Aviation 100 Awards, which recognises leading companies in the aviation industry across various award categories including MRO, lessors and airlines.
- Awardees were determined by a voting process that involved industry peers from across a range of aviation-related sectors, including airlines, lessors and OEMs.
- **Bronze Award for Best Risk Management** at the 2022 Singapore Corporate Awards
- The Singapore Corporate Awards is co-organised by the Institute of Singapore Chartered Accountants, Singapore Institute of Directors and The Business Times
- The award recognises companies that have established and disclosed adequate and effective risk management practices to support strategic direction
- 2022 “Asia MRO of the Year – Airframe” Award by Aviation Week Network
- Part of Aviation Week Network’s MRO Asia-Pacific Awards, which recognises the distinguished work undertaken by MROs and those within the aviation industry across various award categories
- A panel of judges reviewed and scored award submissions against criteria such as overall achievements, collaboration with partners, teamwork and marketing strategy



