



**SIA ENGINEERING GROUP POSTS PROFIT OF \$33.1M
FOR 3rd QUARTER FY2018-19**

- **Operating profit was \$2.9 million lower**
- **Share of profits of associated and joint venture companies was \$21.6 million lower mainly due to one-time events of \$20.9 million**

	3 RD Quarter FY2018-19		9 months FY2018-19	
	Oct - Dec 2018	Year-on-Year % Change	Apr - Dec 2018	Year-on-Year % Change
• Revenue	\$255.9M	- 5.6	\$764.9M	- 6.5
• Operating profit	\$15.9M	- 15.4	\$37.4M	- 35.1
• Share of profits of associated and joint venture companies, net of tax	\$19.2M	- 52.9	\$81.6M	- 3.8
• Profit attributable to owners of the parent	\$33.1M	- 40.1	\$111.6M	- 14.5
• Basic earnings per share	2.95 cts	- 40.4	9.97 cts	- 14.6

GROUP EARNINGS

Third Quarter FY2018-19

The Group posted a profit attributable to owners of the parent of \$33.1 million for the third quarter of FY2018-19, a decrease of \$22.2 million or 40.1%. \$20.9 million of the decrease was mainly due to one-time events from the associated and joint venture companies.

Operating profit of \$15.9 million was \$2.9 million or 15.4% lower year-on-year. Revenue of \$255.9 million was lower by \$15.1 million or 5.6%, mainly from lower airframe and fleet management revenue, partially mitigated by higher line maintenance revenue. Expenditure at \$240.0 million decreased at a lower rate of 4.8%, mainly due to lower material costs in line with the lower workload.

Share of profits of associated and joint venture companies at \$19.2 million was \$21.6 million or 52.9% lower year-on-year, due mainly to the impact of one-time events of \$20.9 million, which included, inter alia,:-

- a revision in fee structure of an engine shop in 2018 that evened out its revenue over the year instead of a lump sum adjustment in the third quarter of the last financial year;
- a foreign exchange adjustment made for the functional currency change of an associated company; and
- a one-time tax charge booked by certain associated companies in the current quarter [Note 3].

Basic earnings per share was 2.95 cents for the current period.

Year-to-date (April – December 2018)

The Group recorded a profit attributable to owners of the parent of \$111.6 million for the nine months ended 31 December 2018, a decrease of \$19.0 million or 14.5%.

Revenue at \$764.9 million was lower by \$53.6 million or 6.5%, primarily due to lower airframe and fleet management revenue, offset in part by higher line maintenance revenue. Expenditure decreased \$33.4 million or 4.4% to \$727.5 million, largely from decreases in material and subcontract costs. Operating profit decreased by \$20.2 million or 35.1% to \$37.4 million.

Share of profits of associated and joint venture companies was \$81.6 million, a decrease of \$3.2 million or 3.8%. Contributions from the engine and component centres were \$1.0 million lower, while contributions from the airframe and line maintenance segment were \$2.2 million lower. In the third quarter of FY2018-19, certain engine and component centres provided a one-time tax adjustment [Note 3]. Excluding this adjustment, contributions from the engine and component segment would be higher.

Basic earnings per share was 9.97 cents for the current period.

GROUP FINANCIAL POSITION

As at 31 December 2018, equity attributable to owners of the parent of \$1,485.1 million was \$1.4 million or 0.1% higher than at 31 March 2018, with profits earned for the period and a gain in foreign currency translation reserve as a result of the strengthening of the US dollar against the Singapore dollar largely offset by the payment of the final and interim dividends in respect of FY2017-18 and FY2018-19 respectively.

Total assets decreased \$16.1 million or 0.9% to \$1,787.8 million at 31 December 2018. The cash balance of the Group was \$471.4 million, a decrease of \$28.3 million or 5.7%.

Net asset value per share as at 31 December 2018 was 132.7 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 unaudited financial statements for the third quarter and nine months ended 31 December 2018 were prepared in accordance with IFRS. Prior year comparatives have been restated as mandated by the transition requirements.

Note 2: The SIAEC Group's unaudited financial results for the third quarter and nine months ended 31 December 2018 were announced on 8 February 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, joint venture and associated 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, tax provision was revised upwards to the prevailing corporate tax rate.

OUTLOOK

The operating environment remains challenging. The Company will continue to focus on our transformation journey and investments in technologies. We will manage our portfolio of joint ventures to drive sustainable growth.

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(For the complete third quarter and nine months 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

	3 rd quarter 2018-19	3 rd quarter 2017-18 (Restated) ^{R1}	9 months 2018-19	9 months 2017-18 (Restated) ^{R1}
Financial Results (\$ million)				
Total revenue	255.9	271.0	764.9	818.5
Total expenditure	240.0	252.2	727.5	760.9
Operating profit	15.9	18.8	37.4	57.6
Non-operating items	3.1	1.3	6.5	3.9
Share of profits of associated companies, net of tax	9.6	17.9	51.2	52.9
Share of profits of joint venture companies, net of tax	9.6	22.9	30.4	31.9
Profit before taxation	38.2	60.9	125.5	146.3
Profit attributable to owners of the parent	33.1	55.3	111.6	130.6
Per Share Data				
Earnings after tax (cents) - basic ^{R2}	2.95	4.95	9.97	11.67
- diluted ^{R3}	2.95	4.94	9.95	11.65

As at **As at**
31 Dec 2018 **31 Mar 2018**
(Restated)^{R1}

	As at 31 Dec 2018	As at 31 Mar 2018 (Restated) ^{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	4.7	7.1
Foreign currency translation reserve	(14.3)	(38.9)
Fair value reserve	(0.2)	3.6
Equity transaction reserve	(2.4)	(2.4)
General reserve	1,092.4	1,112.8
Equity attributable to owners of the parent	1,485.1	1,483.7
Total assets	1,787.8	1,803.9
Net asset value per share (cents) ^{R4}	132.7	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 unaudited financial statements for the third quarter and nine months ended 31 December 2018 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, 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.