

## News Release

*Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.*

### Aerospace

#### “Comparable Profits”

<b>FINANCIAL HIGHLIGHTS</b> For the second quarter ended 30 June 2015			
	<b>2015 2Q</b>	<b>2014 2Q</b>	<b>Growth %</b>
Revenue (\$m)	517	539	(4)
Earnings before interest and tax (EBIT) (\$m)	61.0	69.2	(12)
Other income, net (\$m)	1.0	1.5	(32)
Finance income/(costs), net (\$m)	(0.9)	(4.1)	78
Profit before tax (PBT) (\$m)	70.6	72.9	(3)
Profit attributable to shareholders (\$m)	56.7	55.4	2

- Economic Value Added for the first half of 2015 was \$86.9 million

*“The Sector continues to invest for the future, broadening our service offerings, to remain relevant in this competitive environment.*

*We remain focused on our freighter conversions strategy as we added A320/A321P2F to our conversion portfolio.*

*Our cabin interiors strategy takes root as we move upstream in the value chain, developing products such as the economy class aircraft seats and offering turnkey cabin reconfiguration solutions.”*

*Lim Serh Ghee, President*

N.B.: All currencies are in Singapore dollars.

## Aerospace

### Aerospace sector unaudited results for the second quarter ended 30 June 2015

	2Q2015 \$'000	2Q2014 \$'000	+ / (-) %
<b>1. (a) Revenue</b>	<b>516,708</b>	<b>539,300</b>	<b>(4.2)</b>
(b) Cost of sales	(420,722)	(432,386)	(2.7)
<b>(c) Gross Profit</b>	<b>95,986</b>	<b>106,914</b>	<b>(10.2)</b>
(d) Distribution and selling expenses	(1,615)	(2,029)	(20.4)
(e) Administrative expenses	(28,638)	(30,645)	(6.5)
(f) Other operating expenses	(4,714)	(5,031)	(6.3)
<b>(g) Profit from operations</b>	<b>61,019</b>	<b>69,209</b>	<b>(11.8)</b>
(h) Other income, net	1,121	1,486	(24.6)
(i) Other expenses	(110)	(1)	>500
(j) Other income/(expenses), net	1,011	1,485	(31.9)
(k) Finance income	2,786	438	>500
(l) Finance costs	(3,684)	(4,563)	(19.3)
(m) Finance income/(costs), net	(898)	(4,125)	(78.2)
(n) Share of results of associates and joint ventures, net of tax	9,458	6,322	49.6
<b>(o) Profit before taxation</b>	<b>70,590</b>	<b>72,891</b>	<b>(3.2)</b>
(p) Taxation	(12,982)	(15,320)	(15.3)
<b>(q) Profit for the period</b>	<b>57,608</b>	<b>57,571</b>	<b>0.1</b>
Attributable to:			
(r) <b>Shareholders of the Company</b>	<b>56,715</b>	<b>55,392</b>	<b>2.4</b>
(s) Non-controlling interests	893	2,179	(59.0)
	<b>57,608</b>	<b>57,571</b>	<b>0.1</b>
<b>2. (a) Profit from operations is arrived at after charging/(crediting) the following:</b>			
Depreciation and amortisation	16,924	14,639	15.6
(Write-back of allowance)/allowance for doubtful debts & bad debts written off, net	(478)	201	(337.8)
Allowance for stock obsolescence, net	2,127	3,137	(32.2)
<b>(b) Finance income/(costs), net comprises:</b>			
Interest income	679	1,303	(47.9)
Foreign exchange gain/(loss), net	309	(867)	(135.6)
Fair value changes of financial instruments / hedged items	54	(155)	(134.8)
Interest expenses	(1,940)	(4,407)	(56.0)
Others	-	1	(100.0)
	(898)	(4,125)	(78.2)

## Aerospace

	2Q2015 \$'000	2Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	11.1%	10.7%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	8.0%	7.0%	
4. (a) Revenue reported for first quarter	490,849	502,804	(2.4)
(b) Profit for the period reported for first quarter	59,487	62,820	(5.3)
(c) Revenue reported for second quarter	516,708	539,300	(4.2)
(d) Profit for the period reported for second quarter	57,608	57,571	0.1
(e) Revenue reported for first half year	1,007,557	1,042,104	(3.3)
(f) Profit for the period reported for first half year	117,095	120,391	(2.7)
5. (a) There was an overprovision of \$85,000 and \$322,000 for current and deferred tax respectively in respect of prior years. (2Q2014: There was an underprovision of \$8,000 for current tax and overprovision of \$299,000 of deferred tax in respect of prior years).			
(b) There was no disposal of property during the second quarter.			

### 6. Business Group Information

#### By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2015 \$'000	2014 \$'000		2015 \$'000	2014 \$'000	
<b>Second Quarter</b>						
Aircraft Maintenance & Modification	292,432	295,644	(1.1)	42,229	50,151	(15.8)
Component/Engine Repair & Overhaul	136,444	153,687	(11.2)	15,731	7,835	100.8
Engineering & Material Services	87,832	89,969	(2.4)	12,630	14,905	(15.3)
Total	<u>516,708</u>	<u>539,300</u>	(4.2)	<u>70,590</u>	<u>72,891</u>	(3.2)
<b>First Half Year</b>						
Aircraft Maintenance & Modification	534,914	576,606	(7.2)	83,090	102,984	(19.3)
Component/Engine Repair & Overhaul	286,638	300,156	(4.5)	29,163	20,509	42.2
Engineering & Material Services	186,005	165,342	12.5	29,821	24,079	23.8
Total	<u>1,007,557</u>	<u>1,042,104</u>	(3.3)	<u>142,074</u>	<u>147,572</u>	(3.7)

#### By Geographical Areas

	Revenue		+ / (-) %
	2Q2015 \$'000	2Q2014 \$'000	
Asia	287,404	289,824	(0.8)
USA	156,305	180,596	(13.5)
Europe	35,191	19,063	84.6
Others	37,808	49,817	(24.1)
Total	<u>516,708</u>	<u>539,300</u>	(4.2)

#### By Country of Incorporation

Asia	378,184	407,082	(7.1)
USA	123,628	117,484	5.2
Europe	14,506	14,449	0.4
Others	390	285	36.8
Total	<u>516,708</u>	<u>539,300</u>	(4.2)

## Aerospace

### 7. Review of Performance

#### (a) Revenue

##### 2Q2015 vs 2Q2014

2Q2015	2Q2014	Growth	
\$517m	\$539m	(\$22m)	(4%)

Revenue for 2Q2015 was \$22 million lower compared to that of 2Q2014. This was due mainly to lower revenue in the **Component/Engine Repair & Overhaul (CERO)** business group, attributable to lower output in the engines division.

#### (b) Profitability

##### 2Q2015 vs 2Q2014

2Q2015	2Q2014	Growth	
\$70.6m	\$72.9m	(\$2.3m)	(3%)

The current quarter's PBT of \$70.6 million was comparable to 2Q2014 PBT of \$72.9 million. This was because of lower gross profit due to lower revenue and sales mix, partially offset by lower operating expenses and finance costs as well as higher contributions from associates.

### 8. Prospects

##### 2H2015

Barring unforeseen circumstances, revenue and PBT for 2H2015 are expected to be comparable to 1H2015.

### 9. Balance Sheet

	30-Jun-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	680,487	671,068
Associates and joint ventures	321,373	322,508
Investments	12	12
Intangible assets	127,379	126,958
Long-term receivables, non-current	70	1,534
Deferred tax assets	19,423	19,941
Non-current assets	1,148,744	1,142,021
Current assets	1,399,388	1,383,006
<b>Total assets</b>	<b>2,548,132</b>	<b>2,525,027</b>
Current liabilities	1,169,956	1,139,953
Non-current liabilities	587,932	639,407
<b>Total liabilities</b>	<b>1,757,888</b>	<b>1,779,360</b>
Share capital and reserves	710,897	668,421
Non-controlling interests	79,347	77,246
<b>Total equity and liabilities</b>	<b>2,548,132</b>	<b>2,525,027</b>
<b>Net current assets</b>	<b>229,432</b>	<b>243,053</b>

## Aerospace

### 10. Statement of Cash Flows for the second quarter ended 30 June 2015

	2Q2015 \$'000	2Q2014 \$'000
Net cash from operating activities	<b>6,565</b>	<b>85,558</b>
Net cash used in investing activities	<b>(5,619)</b>	<b>(7,213)</b>
Proceeds from sale of property, plant and equipment	119	251
Dividends from associated companies	8,106	7,653
Dividends from investments	-	1
Purchase of property, plant and equipment	(13,844)	(14,110)
Acquisition of subsidiaries	-	(1,008)
Net cash used in financing activities	<b>(58,675)</b>	<b>(97,341)</b>
Capital contribution from minority shareholders of a subsidiary	588	-
Proceeds from/(repayment of) short-term loans from related corporations, net	16,414	(36,264)
Repayment of long term bank loans, net	(6,504)	-
Repayment of short term loans, net	-	(21)
Repayment of lease obligations	(80)	(95)
Dividend paid to shareholder	(65,990)	(56,433)
Dividend paid to non-controlling interests	(2,531)	(601)
Interest paid	(572)	(3,927)
Net increase/(decrease) in cash and cash equivalents	<b>(57,729)</b>	<b>(18,996)</b>
Cash and cash equivalents at beginning of period	254,134	381,845
Exchange difference on cash and cash equivalents	(1,666)	(1,845)
Cash and cash equivalents at end of period	<b><u>194,739</u></b>	<b><u>361,004</u></b>

### 11. Economic Value Added (EVA)

EVA for 1H2015 was \$86.9 million, an increase of \$4.9 million or 6% over 1H2014. The weighted average cost of capital was 5.5% for 2015 (2014: 5.6%).

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