



SIA ENGINEERING GROUP POSTS PROFIT OF \$49.4M FOR 3RD QUARTER FY2015-16

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	3 rd Quarter FY2015-16		9 months FY2015-16	
	Oct - Dec 2015	Year-on-Year % Change	Apr - Dec 2015	Year-on-Year % Change
• Revenue	\$275.2M	+ 3.7	\$818.5M	- 3.1
• Operating profit	\$29.0M	+ 19.3	\$76.9M	+ 26.3
• Share of profits from associated and joint venture companies, net of tax	\$33.2M	+ 31.2	\$75.9M	- 10.7
• Profit attributable to owners of the parent	\$49.4M	+ 6.7	\$135.2M	- 4.7
• Basic earnings per share	4.40 cts	+ 6.5	12.04 cts	- 5.0

GROUP EARNINGS

Third Quarter FY2015-16

SIAEC Group posted a profit attributable to owners of the parent of \$49.4 million for the quarter ended 31 December 2015, \$3.1 million or 6.7% higher than the corresponding quarter last year. This was mainly due to an increase in share of profits, boosted by one-time gains, from the associated and joint venture companies.

During the quarter, revenue grew \$9.9 million or 3.7% to \$275.2 million. The increase in revenue was mainly from higher fleet management and line maintenance revenue. Expenditure increased at a lower rate of \$5.2 million or 2.2% to \$246.2 million, with increases in material and staff costs mitigated by decreases in other expenses. As a result, operating profit of \$29.0 million was \$4.7 million or 19.3% higher than the same quarter last year.

Share of profits from associated and joint venture companies rose \$7.9 million or 31.2% to \$33.2 million, mainly contributed by one-time restructuring gains, including profit from the sale of facilities. The contributions from the engine repair and overhaul centres increased by \$4.0 million or 25.6% to \$19.6 million.

During the quarter, the Group recognized a \$4.3 million loss on the closure of an associated company, and made a \$2.5 million provision for impairment for another associated company.

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

Note: The SIAEC Group's unaudited financial results for the third quarter and nine months ended 31 December 2015 were announced on 1 February 2016. 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 2015)

The Group recorded a profit attributable to owners of the parent of \$135.2 million for the nine months ended 31 December 2015.

Revenue at \$818.5 million was lower by \$26.1 million or 3.1%, primarily due to lower airframe and component overhaul revenue, offset in part by higher line maintenance and fleet management revenue. Expenditure decreased at a higher rate of \$42.1 million or 5.4% to \$741.6 million, largely from reductions in subcontract and staff costs. The resulting operating profit of \$76.9 million was \$16.0 million or 26.3% higher than the previous year.

Share of profits from associated and joint venture companies was \$75.9 million, a decrease of \$9.1 million or 10.7%, as contributions from the engine repair and overhaul centres at \$42.5 million were \$12.2 million or 22.3% lower.

Basic earnings per share was 12.04 cents for the current period.

GROUP FINANCIAL POSITION

As at 31 December 2015, equity attributable to owners of the parent of \$1,473.5 million was \$148.6 million or 11.2% higher than at 31 March 2015, mainly due to a fair value adjustment for the Group's interest in Hong Kong Aero Engine Services Ltd ("HAESL"). In line with its announcement on 23 November 2015 on the proposed divestment of its 10% stake in HAESL to Rolls-Royce Overseas Holdings Limited ("RROH") and Hong Kong Aircraft Engineering Company Limited ("HAECO"), the Group increased the carrying value of HAESL by \$149.4 million to \$164.0 million. The completion of this transaction is conditional upon the approval of relevant national competition authorities.

Total assets increased \$138.5 million or 8.4% to \$1,795.1 million at 31 December 2015, mainly due to the fair value adjustment of \$149.4 million in HAESL. The cash balance of the Group was \$335.7 million, a decrease of \$128.0 million or 27.6%. Investments in associated companies at \$368.3 million increased \$40.6 million or 12.4%, mainly due to the capital injection of \$23.5 million into Boeing Asia Pacific Aviation Services, our joint venture with Boeing.

Net asset value per share as at 31 December 2015 was 131.3 cents.

OUTLOOK

The operating conditions for the MRO industry remain challenging and the Company will continue its efforts to control costs and strengthen efficiencies. Reduced shop visits and lower work content will impact the performance of the engine shops, resulting in declining contributions from the associated and joint venture companies.

Ongoing initiatives to streamline and rationalise our core businesses will enhance the Group's overall competitiveness and service offerings going forward.

Supported by a strong balance sheet, the Group will continue to pursue strategic partnerships with leading industry players to capitalise on emerging opportunities in the region.

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(For the complete third quarter and nine months FY2015-16 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

	3rd Quarter 2015-16	3rd Quarter 2014-15	9 months 2015-16	9 months 2014-15
Financial Results (\$ million)				
Total revenue	275.2	265.3	818.5	844.6
Total expenditure	246.2	241.0	741.6	783.7
Operating profit	29.0	24.3	76.9	60.9
Non-operating items	(6.6)	0.4	(3.1)	6.5
Dividend income from long term investment	1.3	2.1	4.5	6.4
Share of profits of associated companies, net of tax	15.7	12.5	37.0	37.4
Share of profits of joint venture companies, net of tax	17.5	12.8	38.9	47.6
Profit before taxation	56.9	52.1	154.2	158.8
Profit attributable to owners of the parent	49.4	46.3	135.2	141.9
Per Share Data				
Earnings before tax (cents)	5.06	4.65	13.73	14.18
Earnings after tax (cents) - basic ^{R1}	4.40	4.13	12.04	12.67
- diluted ^{R2}	4.39	4.12	12.01	12.60
	As at	As at		
	31 Dec 2015	31 Mar 2015		
Financial Position (\$ million)				
Share capital	416.5	410.7		
Treasury shares	(4.3)	-		
Reserves				
Share-based compensation reserve	19.6	20.2		
Foreign currency translation reserve	(62.6)	(81.7)		
Fair value reserve	142.1	(14.2)		
Equity transaction reserve	(2.4)	(2.4)		
General reserve	964.6	992.3		
Equity attributable to owners of the parent	1,473.5	1,324.9		
Total assets	1,795.1	1,656.6		
Net asset value per share (cents) ^{R3}	131.3	118.1		

^{R1} 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 excluding treasury shares.

^{R2} 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 excluding treasury shares, after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted shares granted to employees.

^{R3} Net asset value per share is computed by dividing equity attributable to owners of the parent by the number of ordinary shares in issue excluding treasury shares.