

8th November 2018

**SIA ENGINEERING GROUP POSTS PROFIT OF \$78.5M
FOR 1st HALF FY2018-19**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	1 st Half FY2018-19		2 nd Quarter FY2018-19	
	Apr - Sep 2018	Year-on-Year % Change	Jul - Sep 2018	Year-on-Year % Change
• Revenue	\$509.0M	- 7.0	\$251.3M	- 8.5
• Operating profit	\$21.5M	- 44.6	\$11.3M	- 43.8
• Share of profits of associated and joint venture companies, net of tax	\$62.4M	+ 41.8	\$30.0M	+31.0
• Profit attributable to owners of the parent	\$78.5M	+ 4.2	\$38.0M	- 1.6
• Basic earnings per share	7.02 cts	+ 4.5	3.40 cts	- 1.2

GROUP EARNINGS

First Half FY2018-19

SIAEC Group recorded a profit attributable to owners of the parent of \$78.5 million for the half year ended 30 September 2018.

Revenue of \$509.0 million saw a decrease of \$38.5 million or 7.0%, mainly from lower airframe and fleet management revenue. Expenditure came down by \$21.2 million or 4.2%, mainly from lower material and subcontract services costs, as well as an exchange gain of \$1.7 million compared to an exchange loss of \$2.8 million in the corresponding period last year. Operating profit at \$21.5 million was \$17.3 million or 44.6% lower.

Share of profits of associated and joint venture companies increased \$18.4 million or 41.8% to \$62.4 million, with the engine and component centres contributing \$62.1 million, an increase of \$18.0 million or 40.8%, while the airframe and line maintenance segment earned a profit of \$0.3 million, a turnaround from a \$0.1 million loss incurred in the same period last year.

Basic earnings per share was 7.02 cents for the current period.

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 second quarter and half year ended 30 September 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 second quarter and half year ended 30 September 2018 were announced on 8 November 2018. 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.)

Second Quarter FY2018-19

The Group posted a profit attributable to owners of the parent of \$38.0 million for the second quarter of FY2018-19, which was \$0.6 million or 1.6% lower than the same quarter last year.

Revenue decreased by \$23.4 million or 8.5% to \$251.3 million, mainly due to lower airframe and fleet management revenue. Expenditure at \$240.0 million was \$14.6 million or 5.7% lower, primarily due to decreases in material and subcontract costs. Operating profit decreased by \$8.8 million or 43.8% to \$11.3 million.

Share of profits of associated and joint venture companies increased \$7.1 million or 31.0% to \$30.0 million, with a \$6.3 million increase in share of profits from the engine and component centres and a \$0.8 million increase in contributions from the airframe and line maintenance segment.

Basic earnings per share was 3.40 cents for the current quarter.

GROUP FINANCIAL POSITION

As at 30 September 2018, equity attributable to owners of the parent of \$1,485.4 million was \$1.7 million or 0.1% higher than at 31 March 2018, with profits earned for the half year 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 payment of the final dividend in respect of FY2017-18.

The cash balance of the Group was \$455.0 million, a decrease of \$44.7 million or 8.9%. Total assets stood at \$1,791.1 million at 30 September 2018.

Net asset value per share as at 30 September 2018 was 132.7 cents.

DIVIDEND

The Company has declared an interim dividend of 3.0 cents per share.

OUTLOOK

With longer maintenance intervals and lighter work content arising from new-generation aircraft, coupled with keen competition, the operating environment will remain challenging.

The transformation journey we have started has been gaining momentum with the progressive implementation of a wide range of measures including innovation and technology. The full benefits will materialise over time.

Our initiatives to build new capabilities and enter into synergistic partnerships have served us well. The engine and component businesses of some of our major joint ventures and associated companies are expected to continue to contribute positively to our bottom line.

-----End -----

(For the complete second quarter and first half FY2018-19 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at www.siaec.com.sg).

For more information, please contact:

Tan May Lyn
Acting Manager Corporate
SIA Engineering Company Limited
Tel: (65) 6548 1157
E-mail: maylyn_tan@singaporeair.com.sg

Company Registration No: 198201025C

GROUP FINANCIAL STATISTICS

	1 st Half 2018-19	1 st Half 2017-18 (Restated) ^{R1}	2 nd Quarter 2018-19	2 nd Quarter 2017-18 (Restated) ^{R1}
Financial Results (\$ million)				
Total revenue	509.0	547.5	251.3	274.7
Total expenditure	487.5	508.7	240.0	254.6
Operating profit	21.5	38.8	11.3	20.1
Non-operating items	3.4	2.6	1.9	1.5
Share of profits of associated companies, net of tax	41.6	35.0	19.6	18.2
Share of profits of joint venture companies, net of tax	20.8	9.0	10.4	4.7
Profit before taxation	87.3	85.4	43.2	44.5
Profit attributable to owners of the parent	78.5	75.3	38.0	38.6

Per Share Data

Earnings after tax (cents) - basic ^{R2}	7.02	6.72	3.40	3.44
- diluted ^{R3}	7.01	6.71	3.39	3.44

As at **As at**
30 Sep 2018 **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	3.8	7.1
Foreign currency translation reserve	(14.5)	(38.9)
Fair value reserve	0.7	3.6
Equity transaction reserve	(2.4)	(2.4)
General reserve	1,092.9	1,112.8
Equity attributable to owners of the parent	1,485.4	1,483.7
Total assets	1,791.1	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 second quarter and half year ended 30 September 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.