

26<sup>th</sup> July 2019

## SIA ENGINEERING GROUP POSTS PROFIT OF \$41.6M FOR 1<sup>st</sup> QUARTER 2019-20

- **Group results improved 2.7% due to higher operating profit**

### HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	1 <sup>st</sup> Quarter		Change	
	<u>2019-20</u>	<u>2018-19</u>	\$'M	%
• Revenue	258.1	257.7	+0.4	+0.2
• Operating profit	17.7	10.2	+7.5	+73.5
• Share of profits of associated and joint venture companies, net of tax	26.0	32.4	-6.4	-19.8
• Profit attributable to owners of the parent	41.6	40.5	+1.1	+2.7
• Basic earnings per share (cts)	3.72	3.62	+0.10	+2.8

### GROUP EARNINGS

For the first quarter of FY2019-20, SIAEC Group posted a revenue of \$258.1 million, comparable year-on-year. Revenue from the airframe and line maintenance segment was \$2.3 million higher. This was partially offset by a \$1.9 million decrease in revenue from the engine and component segment. Expenditure at \$240.4 million was lower by \$7.1 million or 2.9%, mainly due to a reduction in material costs. As a result, operating profit increased \$7.5 million or 73.5% to \$17.7 million.

Share of profits of associated and joint venture companies was \$26.0 million, \$6.4 million or 19.8% lower year-on-year, with the engine and component segment turning in a profit of \$26.7 million and the airframe and line maintenance segment incurring a loss of \$0.7 million. Contributions from the engine and component segment decreased \$6.1 million, mainly due to higher expenses incurred by an engine centre as it gears up for new engine capabilities, while contributions from the airframe and line maintenance segment decreased by \$0.3 million.

Profit attributable to owners of the parent was \$41.6 million for the quarter ended 30 June 2019, an increase of \$1.1 million or 2.7%.

Basic earnings per share was 3.72 cents for the current quarter.

**Note:** The SIAEC Group's unaudited financial results for the first quarter ended 30 June 2019 were announced on 26 July 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, associated and joint venture companies.)

## **GROUP FINANCIAL POSITION**

As at 30 June 2019, equity attributable to owners of the parent was \$1,569.2 million, \$40.6 million or 2.7% higher than 31 March 2019, mainly due to profits earned for the quarter. Total assets stood at \$1,989.4 million as of 30 June 2019, an increase of \$144.2 million or 7.8%, primarily due to the recognition of right-of-use assets. The recognition of right-of-use assets arose from the capitalisation of the present value of future lease payments for all leases under the new accounting standard, IFRS 16 Leases, which was adopted from 1 April 2019. The Group's cash balance at \$593.5 million was \$71.9 million or 13.8% higher than at 31 March 2019.

Net asset value per share as at 30 June 2019 was 140.2 cents.

## **OUTLOOK**

We have begun to see improvement in manpower utilization, productivity and turnaround time from our Transformation initiatives and adoption of technologies. More initiatives will be implemented Company-wide to further improve performance. Nonetheless, the operating environment remains challenging.

We continue to pursue our strategy of joint ventures and alliances. Together with our partners, we shall work on opportunities to strengthen the breadth and depth of our joint ventures to sustain our growth.

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(For the complete first quarter FY2019-20 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at [www.siaec.com.sg](http://www.siaec.com.sg)).

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## GROUP FINANCIAL STATISTICS

	<b>1<sup>st</sup> Quarter 2019-20</b>	<b>1<sup>st</sup> Quarter 2018-19</b>
<b>Financial Results (\$ million)</b>		
Total revenue	258.1	257.7
Total expenditure	240.4	247.5
Operating profit	17.7	10.2
Non-operating items	2.0	1.5
Share of profits of associated companies, net of tax	15.3	22.0
Share of profits of joint venture companies, net of tax	10.7	10.4
Profit before taxation	45.7	44.1
Profit attributable to owners of the parent	41.6	40.5

### Per Share Data

Earnings after tax (cents) - basic <sup>R1</sup>	3.72	3.62
- diluted <sup>R2</sup>	3.71	3.62

	<b>As at 30 Jun 2019</b>	<b>As at 31 Mar 2019</b>
<b>Financial Position (\$ million)</b>		
Share capital	420.0	420.0
Treasury shares	(18.0)	(18.0)
Reserves		
Capital reserve	2.9	2.9
Share-based compensation reserve	6.5	5.6
Foreign currency translation reserve	(19.1)	(18.2)
Fair value reserve	(1.9)	(0.9)
Equity transaction reserve	(4.5)	(4.5)
General reserve	1,183.3	1,141.7
Equity attributable to owners of the parent	1,569.2	1,528.6
 Total assets	 1,989.4	 1,845.2
 Net asset value per share (cents) <sup>R3</sup>	 140.2	 136.6

<sup>R1</sup> 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.

<sup>R2</sup> 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 and vesting of all outstanding performance shares and restricted shares granted to employees.

<sup>R3</sup> 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.