

7th February 2020

SIA ENGINEERING GROUP POSTS PROFIT OF \$54.0M FOR 3rd QUARTER FY2019-20

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	3 rd Quarter FY2019-20			9 months FY2019-20		
	Oct - Dec	Year-on-Year		Apr - Dec	Year-on-Year	
	2019	Change		2019	Change	
	\$'M	\$'M	%	\$'M	\$'M	%
• Revenue	252.1	-3.8	-1.5	764.8	-0.1	*
• Operating profit	16.1	+0.2	+1.3	53.4	+16.0	+42.8
• Share of profits of associated and joint venture companies, net of tax	39.6	+20.4	+106.3	93.0	+11.4	+14.0
• Profit attributable to owners of the parent	54.0	+20.9	+63.1	141.6	+30.0	+26.9
• Basic earnings per share (cts)	4.82	+1.87	+63.4	12.64	+2.67	+26.8

* Less than 0.1%

GROUP EARNINGS

Third Quarter FY2019-20

For the quarter ended 31 December 2019, the Group achieved an operating profit of \$16.1 million, which was comparable year-on-year, with stronger performance by the parent company and weaker performance by the subsidiary companies. Group revenue at \$252.1 million was \$3.8 million (-1.5%) lower, mainly due to a \$3.9 million decrease in airframe and line maintenance revenue. Expenditure decreased \$4.0 million (-1.7%) to \$236.0 million, primarily due to lower material expenses.

Share of profits from associated and joint venture companies was \$39.6 million, \$20.4 million (+106.3%) higher year-on-year, with \$21.9 million higher contributions from the engine and component segment and \$1.5 million lower contributions from the airframe and line maintenance segment. Higher contributions from the engine and component segment were mainly due to the writeback of tax provisions following the confirmation of tax concession granted for certain engine and component centres, as compared to a one-time tax charge in the same quarter last year when the qualification for the tax concession was affected by restructuring plans at the parent company of these centres. Excluding these one-time adjustments, share of profits from associated and joint venture companies was comparable year-on-year.

Group profit increased \$20.9 million (+63.1%) to \$54.0 million for the quarter ended 31 December 2019, mainly due to higher share of profits of associated and joint venture companies, improved performance from the parent company and lower contributions from the subsidiary companies.

Basic earnings per share was 4.82 cents for the quarter.

Note 1: The SIAEC Group's unaudited financial results for the third quarter and nine months ended 31 December 2019 were announced on 7 February 2020. 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 2019)

For the nine months ended December 2019, SIAEC Group posted a revenue of \$764.8 million which was flat year-on-year, with a \$3.1 million decrease in revenue from the engine and component segment mitigated largely by a \$3.0 million increase in revenue from the airframe and line maintenance segment. Expenditure was \$711.4 million, a reduction of \$16.1 million (-2.2%), mainly due to a decrease in material and subcontract costs. As a result, operating profit was \$53.4 million, \$16.0 million (+42.8%) higher year-on-year; largely due to the stronger performance of the parent company.

Share of profits of associated and joint venture companies at \$93.0 million was \$11.4 million (+14.0%) higher year-on-year, with \$15.0 million higher contributions from the engine and component segment and \$3.6 million lower contributions from the airframe and line maintenance segment. Higher contributions from the engine and component centres were mainly due to the writeback of tax provision in the third quarter as compared to a one-time tax charge in the same quarter last year, partially offset by higher expenses incurred by an engine centre as it gears up for new engine capabilities.

Group net profit improved \$30.0 million (+26.9%) to \$141.6 million for the period ended 31 December 2019 mainly due to the higher share of profits of associated and joint venture companies, stronger performance of the parent company and lower contributions from the subsidiary companies.

Basic earnings per share was 12.64 cents for the current period.

GROUP FINANCIAL POSITION

As at 31 December 2019, equity attributable to owners of the parent was \$1,545.7 million, an increase of \$17.1 million (+1.1%) compared to 31 March 2019, as profits earned for the period were partially offset by payment of the final and interim dividends in respect of FY2018-19 and FY19-20 respectively.

Total assets stood at \$1,955.7 million as of 31 December 2019, an increase of \$110.5 million (+6.0%), mainly 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 \$496.9 million was \$24.7 million (-4.7%) lower than at 31 March 2019.

Net asset value per share as at 31 December 2019 was 138.0 cents.

OUTLOOK

The overall operating environment has become increasingly challenging because of the rapidly evolving novel coronavirus situation. We will stay focused on the implementation of our Transformation initiatives to deliver improvements in the Company's operating performance.

We will work closely with our strategic joint ventures and alliances to drive sustainable growth for the Group, including the recently incorporated GE Aviation, Overhaul Services – Singapore, our engine overhaul joint venture with GE Aviation.

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(For the complete third quarter and nine months FY2019-20 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 2019-20	3 rd quarter 2018-19	9 months 2019-20	9 months 2018-19
Financial Results (\$ million)				
Total revenue	252.1	255.9	764.8	764.9
Total expenditure	236.0	240.0	711.4	727.5
Operating profit	16.1	15.9	53.4	37.4
Non-operating items	1.3	3.1	7.4	6.5
Share of profits of associated companies, net of tax	27.8	9.6	60.9	51.2
Share of profits of joint venture company, net of tax	11.8	9.6	32.1	30.4
Profit before taxation	57.0	38.2	153.8	125.5
Profit attributable to owners of the parent	54.0	33.1	141.6	111.6
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	4.82	2.95	12.64	9.97
- diluted ^{R2}	4.80	2.95	12.61	9.95

	As at 31 Dec 2019	As at 31 Mar 2019
Financial Position (\$ million)		
Share capital	420.0	420.0
Treasury shares	(13.7)	(18.0)
Reserves		
Capital reserve	2.8	2.9
Share-based compensation reserve	4.5	5.6
Foreign currency translation reserve	(22.3)	(18.2)
Fair value reserve	(1.2)	(0.9)
Equity transaction reserve	(4.5)	(4.5)
General reserve	1,160.1	1,141.7
Equity attributable to owners of the parent	1,545.7	1,528.6
Total assets	1,955.7	1,845.2
Net asset value per share (cents) ^{R3}	138.0	136.6

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 less 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 less treasury shares, after adjusting for the dilutive effect on the exercise of all outstanding share options and vesting of all outstanding performance shares, restricted shares and deferred 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 less treasury shares.