

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”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2015			
	2015 1Q	2014 1Q	Growth %
Revenue (\$m)	491	503	(2)
Earnings before interest and tax (EBIT) (\$m)	55.4	66.5	(17)
Other income, net (\$m)	6.3	3.6	75
Finance income/(costs), net (\$m)	2.3	(5.2)	146
Profit before tax (PBT) (\$m)	71.4	74.7	(4)
Profit attributable to shareholders (\$m)	57.3	60.5	(5)

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

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Aerospace sector unaudited results for the first quarter ended 31 March 2015

	1Q2015 \$'000	1Q2014 \$'000	+ / (-) %
1. (a) Revenue	490,849	502,804	(2.4)
(b) Cost of sales	(402,445)	(397,065)	1.4
(c) Gross Profit	88,404	105,739	(16.4)
(d) Distribution and selling expenses	650	(4,007)	(116.2)
(e) Administrative expenses	(28,978)	(30,142)	(3.9)
(f) Other operating expenses	(4,648)	(5,121)	(9.2)
(g) Profit from operations	55,428	66,469	(16.6)
(h) Other income	6,302	3,613	74.4
(i) Other expenses	-	(16)	(100.0)
(j) Other income, net	6,302	3,597	75.2
(k) Finance income	9,745	2,612	273.1
(l) Finance costs	(7,402)	(7,763)	(4.7)
(m) Finance income/(costs), net	2,343	(5,151)	(145.5)
(n) Share of results of associates and joint ventures, net of tax	7,411	9,766	(24.1)
(o) Profit before taxation	71,484	74,681	(4.3)
(p) Taxation	(11,997)	(11,861)	1.1
(q) Profit for the period	59,487	62,820	(5.3)
Attributable to:			
(r) Shareholders of the Company	57,270	60,472	(5.3)
(s) Non-controlling interests	2,217	2,348	(5.6)
	59,487	62,820	(5.3)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	16,214	14,937	8.5
(Write-back of allowance) / Allowance for doubtful debts & bad debts written off, net	(2,367)	323	<-500.0
Allowance for inventory obsolescence, net	5,783	2,298	151.7
(b) Finance income/(costs), net comprises			
Interest income	835	899	(7.1)
Foreign exchange gain, net	6,650	1,015	>500.0
Fair value changes of financial instruments/hedged items	(2,518)	(1,797)	40.1
Interest expenses	(2,625)	(5,318)	(50.6)
Others	1	50	(98.0)
	2,343	(5,151)	(145.5)

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	1Q2015 \$'000	1Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	12.1%	12.5%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	7.9%	7.5%	
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)
5. (a) There was an adjustment of \$568,000 for overprovision of current tax in respect of prior years. (1Q2014: There was an adjustment of \$861,000 and \$23,000 for overprovision of current tax and deferred tax respectively in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2015 \$'000	1Q2014 \$'000		1Q2015 \$'000	1Q2014 \$'000	
<u>By Business Group</u>						
Aircraft Maintenance & Modification	242,482	280,962	(13.7)	40,861	52,833	(22.7)
Component/Engine Repair & Overhaul	150,194	146,469	2.5	13,432	12,674	6.0
Engineering & Material Services	<u>98,173</u>	<u>75,373</u>	30.2	<u>17,191</u>	<u>9,174</u>	87.4
Total	<u>490,849</u>	<u>502,804</u>	(2.4)	<u>71,484</u>	<u>74,681</u>	(4.3)
<u>By Geographical Areas</u>						
Asia	264,691	256,714	3.1			
USA	142,322	191,378	(25.6)			
Europe	38,597	22,988	67.9			
Others	<u>45,239</u>	<u>31,724</u>	42.6			
Total	<u>490,849</u>	<u>502,804</u>	(2.4)			
<u>By Country of Incorporation</u>						
Asia	366,975	382,278	(4.0)			
USA	108,878	105,612	3.1			
Europe	14,556	14,528	0.2			
Others	<u>440</u>	<u>386</u>	14.0			
Total	<u>490,849</u>	<u>502,804</u>	(2.4)			

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7. Review of Performance

(a) Revenue

1Q2015 vs 1Q2014

1Q2015	1Q2014	Growth	
\$491m	\$503m	(\$12m)	(2%)

Revenue for 1Q2015 was comparable to that of 1Q2014. This was due to lower revenue in the **Aircraft Maintenance & Modification (AMM)** business group, partially offset by more Maintenance-by-the-Hour (MBH)TM programmes and project milestone completions in the **Engineering & Material Services (EMS)** business group.

(b) Profitability

1Q2015 vs 1Q2014

1Q2015	1Q2014	Growth	
\$71.4m	\$74.7m	(\$3.3m)	(4%)

The current quarter's PBT of \$71.4 million was comparable to 1Q2014 PBT of \$74.7 million by 4% or \$3.3 million. This was due to lower gross profit margin, partially offset by lower operating expenses and favourable foreign exchange impact.

8. Prospects

1H2015

Barring unforeseen circumstances, revenue and PBT for 1H2015 are expected to be comparable to 1H2014.

9. Balance Sheet

	31-Mar-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	687,382	671,068
Associates and joint ventures	319,113	322,508
Investments	12	12
Intangible assets	129,067	126,958
Long-term receivables, non-current	71	1,534
Deferred tax assets	19,932	19,941
Non-current assets	1,155,577	1,142,021
Current assets	1,399,620	1,383,006
Total assets	2,555,197	2,525,027
Current liabilities	1,159,861	1,139,953
Non-current liabilities	593,020	639,407
Total liabilities	1,752,881	1,779,360
Share capital and reserves	721,884	668,421
Non-controlling interests	80,432	77,246
Total equity and liabilities	2,555,197	2,525,027
Net current assets	239,759	243,053

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10. Statement of Cash Flows for the first quarter ended 31 March 2015

	1Q2015 \$'000	1Q2014 \$'000
Net cash from operating activities	107,583	22,357
Net cash used in investing activities	(21,332)	(19,689)
Proceeds from sale of property, plant and equipment	1,094	472
Dividends from associates	7,080	6,529
Dividends from investments	1	-
Purchase of property, plant and equipment	(29,507)	(14,666)
Acquisition of intangible assets	-	(12,024)
Net cash used in financing activities	(77,828)	(511)
Capital contribution from immediate holding company	-	216,000
Repayment of loan to immediate holding company	(245,664)	-
Proceeds from inter-company loans, net	170,000	46,546
Repayment of short-term bank loans	-	(257,857)
Repayment of lease obligations	(88)	(93)
Interest paid	(2,076)	(5,107)
Net increase in cash and cash equivalents	8,423	2,157
Cash and cash equivalents at beginning of the period	243,497	382,022
Exchange difference on cash and cash equivalents at beginning of the period	2,214	(2,334)
Cash and cash equivalents at end of the period	<u>254,134</u>	<u>381,845</u>

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