



FY20/21 Review

5 May 2021



Operational Review

Core Business



Line Maintenance

- 30 airports in 7 countries
(expanding to 41 airports in 9 countries)



Base Maintenance

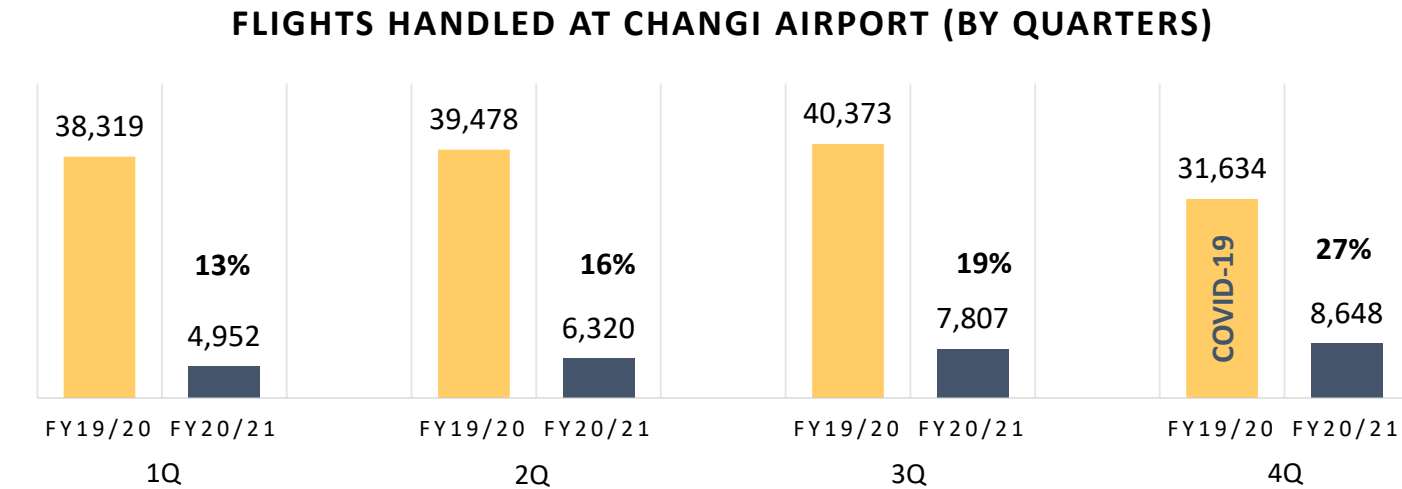
- 6 hangars in Singapore
- 3 hangars in Philippines



Fleet Management

- 80 aircraft from 9 airlines

Line Maintenance



- Number of flights handled in FY20/21 was 18.5% of the number for FY19/20
- Pace of recovery is steady but slow
- Work demand mainly includes aircraft preservation work and reliability modifications

Base Maintenance



Maintenance Checks at Singapore Base

	FY19/20	FY20/21
Light Checks*	515	223
Heavy Checks	72	60

* Including 'A' checks performed by Line Maintenance at the apron

Maintenance Checks at Clark Base

	FY19/20	FY20/21
Heavy Checks	38	10

Singapore Base

- Low flight activities and the widespread grounding of aircraft by airlines led to:
 - extension of maintenance intervals
 - fewer aircraft maintenance checks

Clark Base

- Operations were affected by quarantine measures implemented by the Philippines government since March 2020
- Half of the workforce were allowed on-site when restrictions eased in June 2020

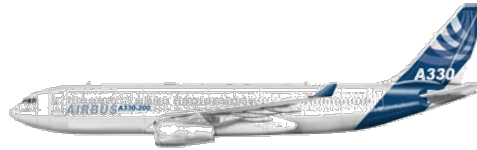
Fleet Management

Fleet Size

A320
46 aircraft



A330
4 aircraft



737
23 aircraft



747
7 aircraft



FMP Fleet: 80 aircraft

Customers



- Work volume declined sharply as a result of low flight hours
- However, we expanded our customer base with the addition of Vietravel Airlines

2H Customer Contracts

Line Maintenance

Renewed:



New:



Base Maintenance

New:



Fleet Management

Renewed:



New:



2H Customer Contracts

Line Maintenance International



Response to COVID-19

- Maintained vigilance to ensure workplace safety and the well-being of all staff
- Continually updated staff on safe-management measures and WFH arrangements
- Over 80% of our workforce have been vaccinated against COVID-19



- Increased cabin disinfection services for airline customers, using latest electrostatic spray equipment. Electrostatically charged disinfectant particles are dispersed to attach to aircraft surfaces, providing better efficacy in terms of coverage and coating compared to traditional fogging method
- 20% productivity improvement and reduced turnaround time for each cabin disinfection



- Aircraft preservation maintenance work continues to ensure airworthiness of aircraft when flights resume
- Full suite of "Return to Service" checks ensure critical systems such as flight controls and engines are functional prior to flights



- Supporting hangar checks and engine changes for aircraft deleasing

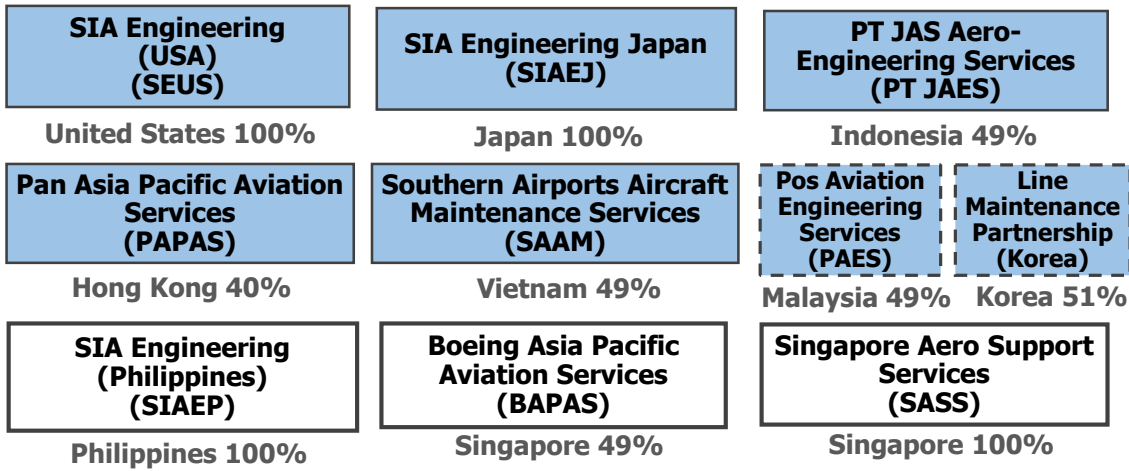


- Solutions for passenger-to-cargo space conversion to increase cargo capacity of passenger aircraft

Strategic Partnerships - JV Portfolio

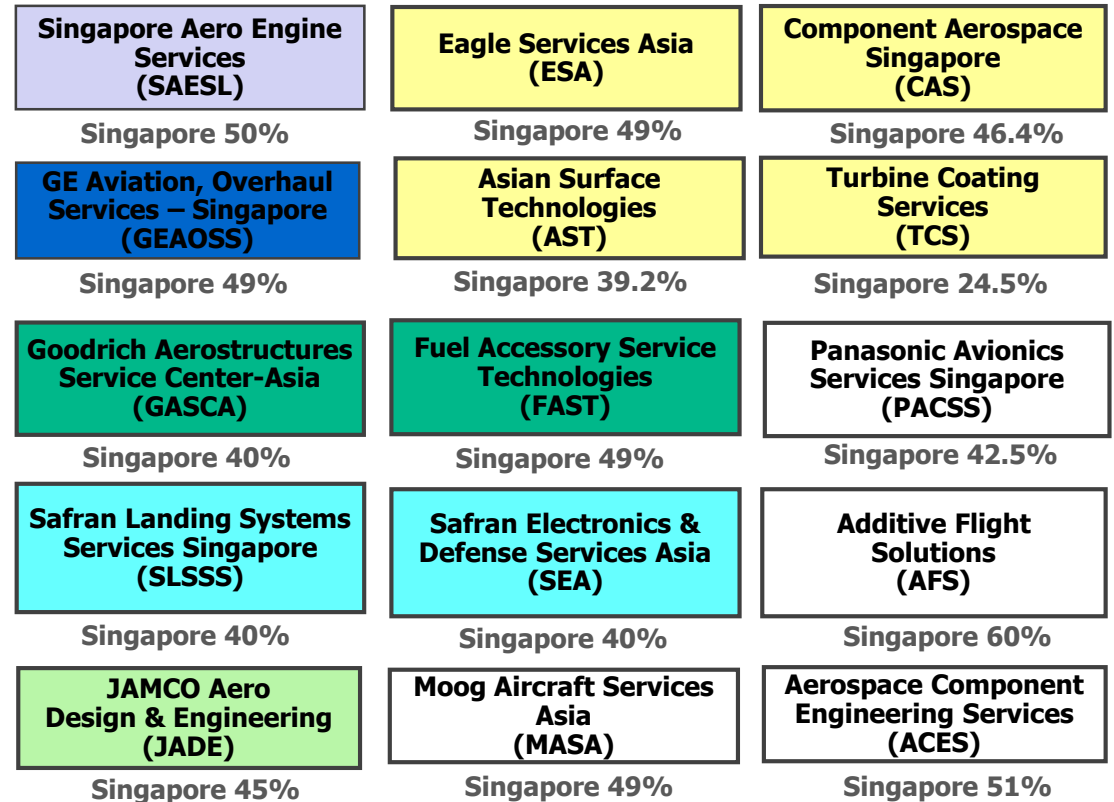
23 JVs Across 7 Countries
Total Revenue in FY20/21: S\$4B

Airframe and Line Maintenance



- Divested 51% stake in Aviation Partnership (Philippines) Corporation to Cebu Air
- Line Maintenance JV with NokScoot Airlines in Thailand in the process of dissolution

Engine and Component



JV Partners:  Pratt & Whitney  Rolls-Royce  GE  Jamco  Safran  Collins

 Line Maintenance International (LMI)  LMI (pending)  Others

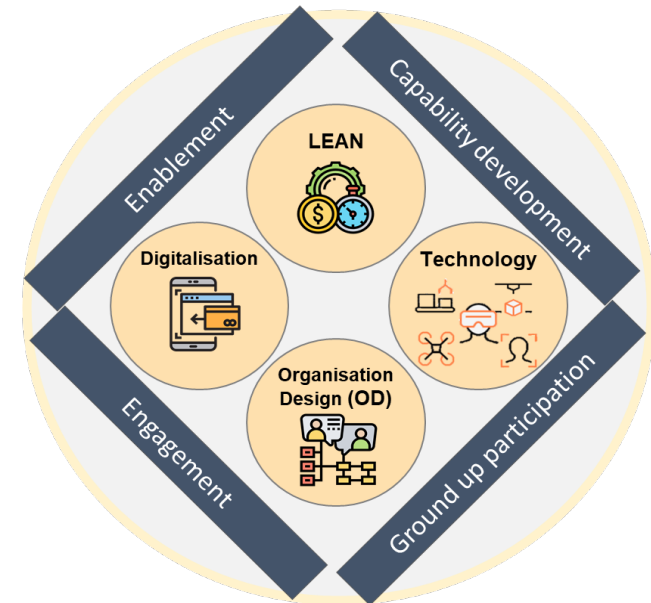
Update on Transformation

- Boost competitiveness and emerge stronger in post COVID-19 landscape
- Create value for customers and other stakeholders
- Strengthen ecosystem and improve culture

Transformation Phase 2 officially launched on 20 January 2021



Planned investments of \$40M in digitalisation, technology and reskilling our staff over 3 years



THE BUSINESS TIMES

SIAEC launches phase 2 transformation; flights handled at 20% of pre-Covid level

RAE WEE

JAN 20, 2021 04:21 PM

THE number of flights handled by SIA Engineering Company (SIAEC) currently stands at about 20 per cent of its pre-Covid-19 level, said chief executive Ng Chin Hwee.

BeritaHarian

Suntikan \$40j bagi SIA Engineering tingkat upaya

Jan 21, 2021 | 05:30 AM



zhaobao

新航工程未来三年投资4000万元进行第二阶段转型

文 / 周岳翔
发布 / 2021年1月20日 1:09 PM
更新 / 2021年1月20日 1:44 PM



Implementing Lean

- With the successful implementation of pilot projects, we are scaling up Lean and launching projects enterprise-wide
- Scope of projects will not be limited to targeted functions, but encompass end-to-end processes such as planning, supply chain and documentation
- Lean training customised for staff based on job roles

25% reduction in TAT for 787 'A' Checks



30% reduction in TAT for 787 'C' Checks



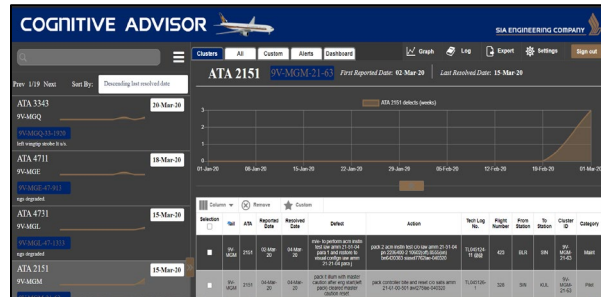
- Significant productivity improvements achieved during pilot projects at Line Maintenance and Base Maintenance
- Processes to handle additional work without affecting workflow
- Improvements and ideas from staff

Digitalisation and Technology

- We continue to invest in digitalisation and technology to develop new services, increase operational efficiency and add value to our customers, staff and partners
- Focused on accelerating development of digital infrastructure, change management and adopting agile approach to project development

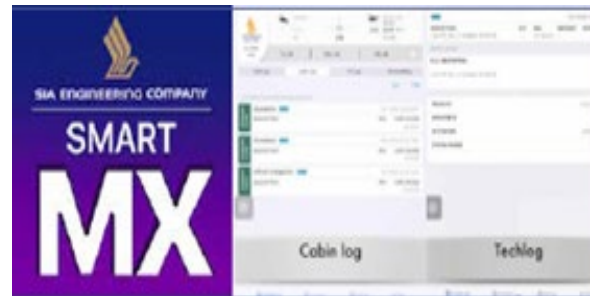
Project Examples

Cognitive Advisor



Collaboration with A*Star to identify aircraft defects using machine learning and natural language processing

Smart MX Platform



One-stop mobile application for engineers to access information on-the-go, update work status and access decision support tools

Engine Lifter



Collaboration with equipment manufacturer to develop an automated solution for engine change process

Sustainability

- SIAEC recognises the importance of Sustainability to our stakeholders
- We endeavour to foster a sustainability-oriented mindset throughout the organisation and embed sustainability practices in our operations
- A sustainability framework is in place to provide strategic direction and guidance on policies, taking into consideration key material environmental, social and governance factors
- We fully embrace the increased focus on sustainable development in the near and longer term



Sustainability

Solar Panels



SIAEC (Singapore)

- Operational in Dec 2020
- Generate 20% of SIAEC's electricity needs, equivalent to:
 - Consumption for 1,000 four-room HDB flats for a year

SIA Engineering (Philippines)

- Operational in March 2021
- Generates 15% of SIAEP's electricity needs

Green Building



- Hangar 2 awarded BCA Green Mark Platinum rating, as well as Super Low Energy Building (SLEB) status
- Hangar 2 also attained Water Efficient Building (WEB) certification from PUB

Electric Vehicles



Electric Tow Tractors

- Operational trial of electric tow tractors planned in hangars and apron
- 55% less carbon emissions than conventional diesel models





Financial Review

FY20/21 Financial Highlights

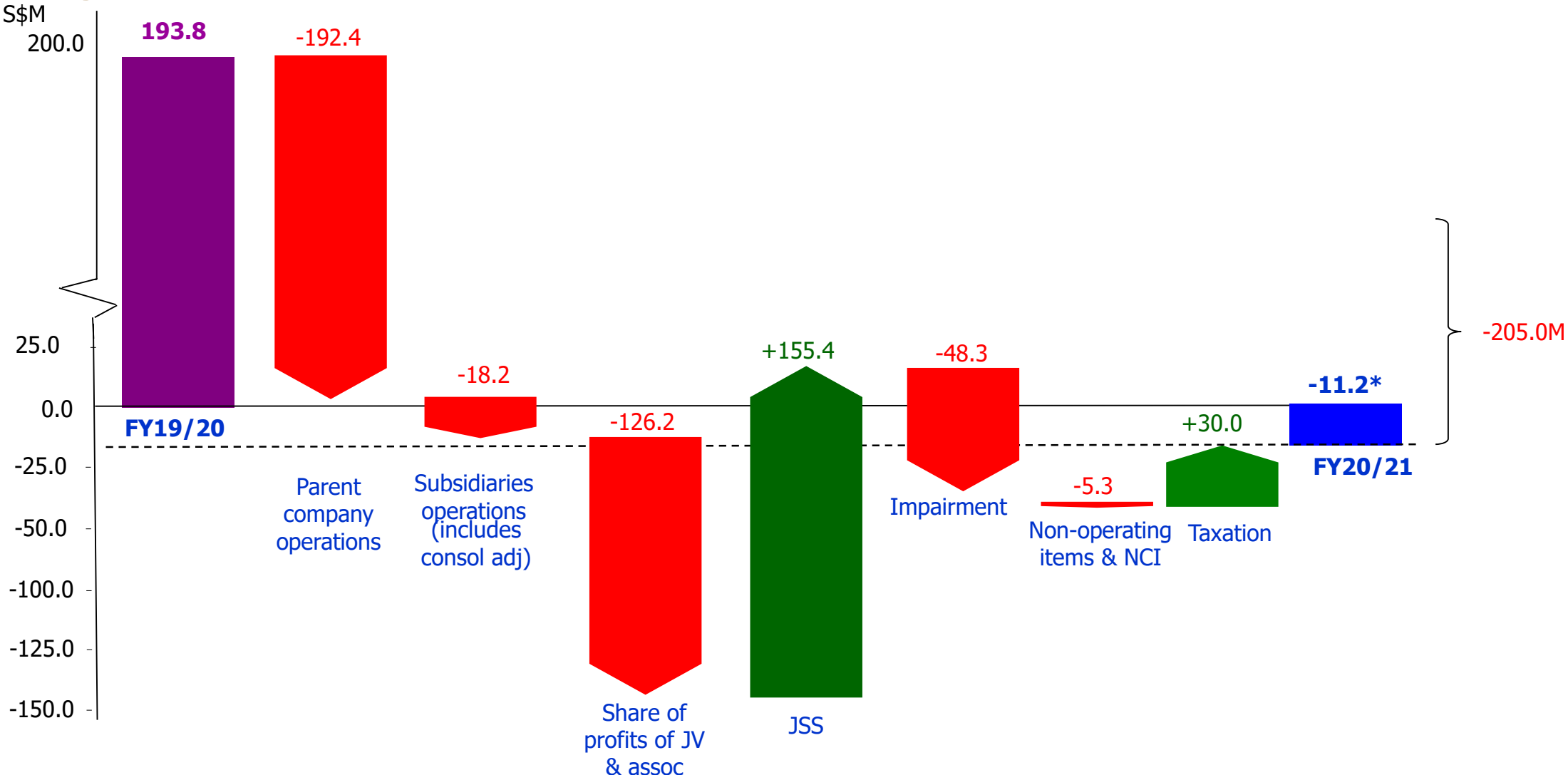
- Adverse impact of COVID-19 pandemic on air travel impacted all business segments of the Group during the financial year.
- The Group recorded a net loss of \$11.2 million for FY20/21 as compared to a net profit of \$193.8 million for FY19/20.
- Group operating loss was \$25.0 million for FY20/21 as compared to an operating profit of \$67.7 million for FY19/20.
- Share of profits of associated and joint venture companies decreased 68.8% to \$39.9 million.
- Non-cash impairment losses on base maintenance unit's assets of \$35.0 million (in Q2) and engine programme of \$11.4 million (in Q3).
- No dividend proposed in view of losses incurred, need to sustain business through continuing uncertainties and retain financial flexibility to pursue business opportunity.

Summary of Group Results FY20/21

Group	FY20/21	FY19/20	Variance	
	\$M	\$M	\$M	%
Revenue	443.0	994.1	- 551.1	- 55.4
Expenditure	468.0	926.4	- 458.4	- 49.5
Operating (loss)/profit	(25.0)	67.7	- 92.7	n.m.
Share of profits of JV & Assoc	39.9	127.9	- 88.0	- 68.8
Other non-operating items and taxation	(26.1)	(1.8)	- 24.3	n.m.
Group (loss)/profit after tax	(11.2)	193.8	- 205.0	n.m.

- Revenue declined 55% due to low flight activities and massive grounding of aircraft.
- Performance cushioned by grant from the Jobs Support Scheme (JSS) and cost mitigation measures.
- Performance of joint venture and associated companies also impacted by a one-time increase in tax provision in the fourth quarter.

Analysis of Group Profit – FY20/21



* Without JSS (\$181.2M), Group loss would have been \$192.4M.

Breakdown of Group Revenue FY20/21

Group Revenue	FY20/21	FY19/20	Variance	
	\$M	\$M	\$M	%
Airframe and line maintenance				
Airframe overhaul and line maintenance	376.6	879.3	- 502.7	- 57.2
Fleet management programme	51.7	88.4	- 36.7	- 41.5
	428.3	967.7	- 539.4	- 55.7
Engine and component	14.7	26.4	- 11.7	- 44.3
	443.0	994.1	- 551.1	- 55.4

Revenue declined across all business segments due to adverse impact of COVID-19 pandemic on air travel.

Group Expenditure FY20/21

Group Expenditure	FY20/21 \$M	FY19/20 \$M	Variance %
Staff costs	209.0	481.4	- 56.6
Material costs	33.0	110.1	- 70.0
Subcontract costs	60.5	128.5	- 52.9
Overheads	165.5	206.4	- 19.8
	468.0	926.4	- 49.5

Excluding JSS support, decrease in staff costs would be 30.6%.

Group Operating Profit FY20/21

Group Operating (Loss)/Profit	FY20/21 \$M	FY19/20 \$M	Variance %
Airframe and Line Maintenance	(27.6)	71.2	n.m.
Engine and Component	(4.2)	(3.5)	- 20.0
	(31.8)	67.7	n.m.

Joint Venture and Associated Companies FY20/21

Share of Profit/(Loss) After Tax	FY20/21 \$M	FY19/20 \$M	Variance %
Engine and component			
Engine centers	23.0	86.7	- 73.5
Component centers	26.8	46.8	- 42.7
	49.8	133.5	- 62.7
Airframe and line maintenance	(9.9)	(5.6)	- 76.8
	39.9	127.9	- 68.8

- Performance similarly impacted by low flight activities, resulting in low number of flights handled and fall in repair demand. This was partially mitigated by cost saving measures and JSS.
- Some of the group companies also incurred one-time staff redundancy costs and a one-time increase in tax provision in the fourth quarter.

Group Revenue FY20/21

(SIAEC, Subsidiaries, JV and Associated Companies)

Group Revenue	Company and subsidiaries	Associated companies *	Joint venture company *	Total	
	\$M	\$M	\$M	\$M	%
Airframe & line maintenance	428.3	88.0	-	516.3	- 53.4
Engine and component	14.7	2,077.6	1,677.9	3,770.2	- 27.9
	443.0	2,165.6	1,677.9	4,286.5	- 32.4

* Revenue of associated and joint venture companies are not consolidated in the Group's Income Statement as they are equity accounted.

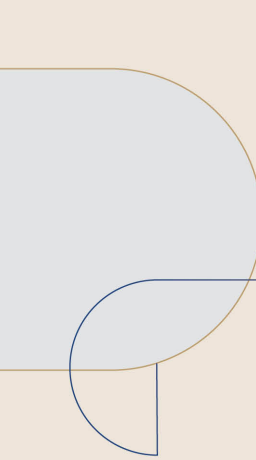
Group Balance Sheet

	Mar-21 \$M	Mar-20 \$M	Variance	
			\$M	%
Equity attributable to owners of the parent	1,533.6	1,628.8	- 95.2	- 5.8
Non-controlling interests	10.6	32.2	- 21.6	- 67.1
Total equity	1,544.2	1,661.0	- 116.8	- 7.0
Non-current liabilities	56.5	103.7	- 47.2	- 45.5
	1,600.7	1,764.7	- 164.0	- 9.3
<u>Represented by:</u>				
Non-current assets	883.8	1,007.4	- 123.6	- 12.3
Cash	616.0	519.7	+ 96.3	+ 18.5
Other current assets	310.0	478.4	- 168.4	- 35.2
Current assets	926.0	998.1	- 72.1	- 7.2
Current liabilities	(209.1)	(240.8)	+ 31.7	+ 13.2
Net current assets	716.9	757.3	- 40.4	- 5.3
	1,600.7	1,764.7	- 164.0	- 9.3

Low borrowings and healthy cash balance place the Group in a strong position to face the continuing market uncertainties.

Financial Statistics

Financial Statistics	FY20/21	FY19/20	Variance
Return on shareholders' funds (%)	(0.7)	12.3	n.m.
Basic (loss)/earnings per share (cents)	(1.00)	17.30	n.m.
	Mar-21	Mar-20	Variance
Net asset value per share (cents)	136.8	145.4	- 5.9 %



Positioning for Recovery Emerging Stronger and more Resilient

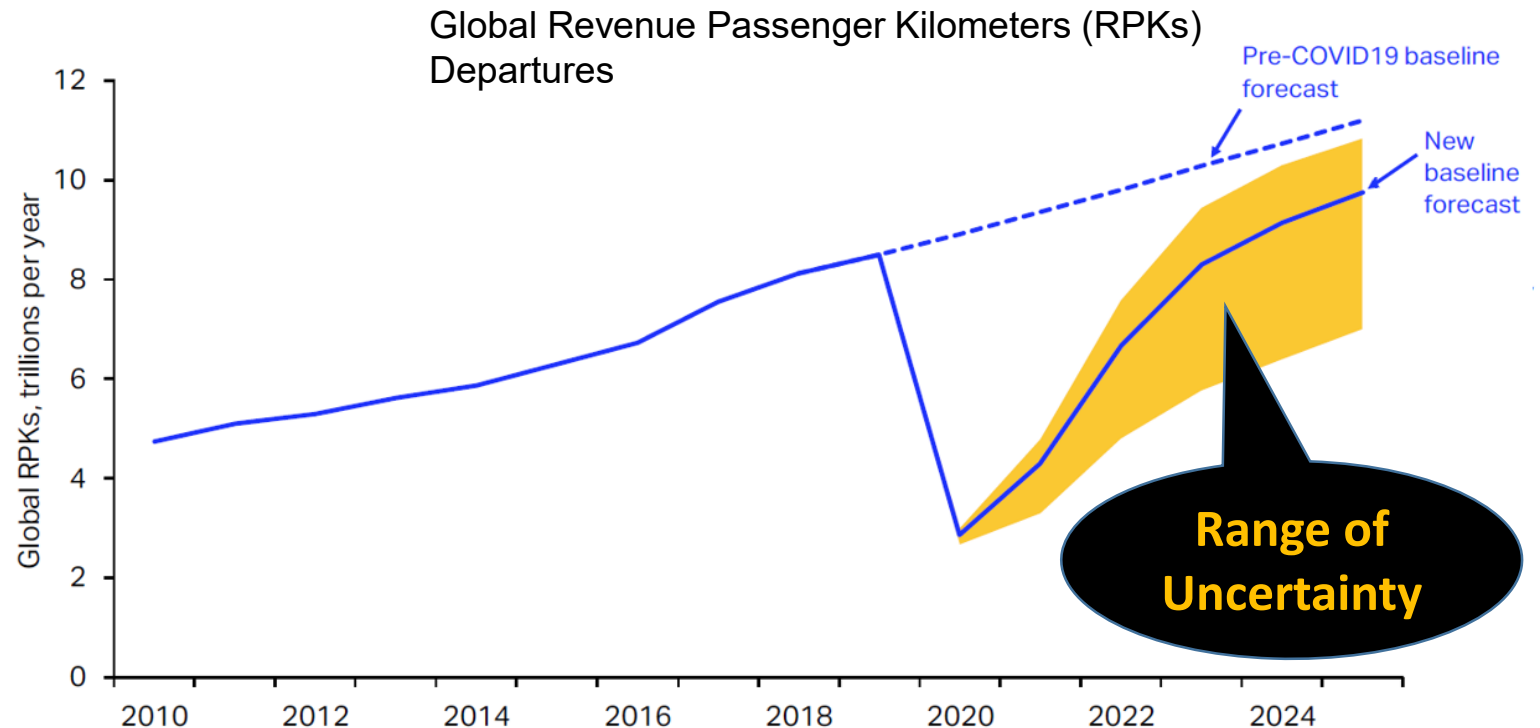
Outlook

Encouraging developments have raised optimism for a sustained recovery of international air travel, meaningful increase in flight frequencies and the subsequent demand for MRO services:

- Vaccination programmes across the world gather pace
- Countries resume bilateral discussions to implement air travel bubbles and green lanes
- Growing adoption of the IATA Travel Pass

Recovery path is still fraught with risks:

- Emergence of new COVID-19 strains
- Concerns over the efficacy of the vaccines against these variants
- Resurgence of infections driving some governments to implement renewed lockdowns



Source: IATA / Tourism Economics' Air Passenger Forecasts

Challenges Ahead

The sharp fall in demand for air travel significantly impacted the global aerospace industry

- Global MRO market and **aircraft deliveries decreased** by over 40% in 2020 (vs 2019)
- **Checks deferred** due to low flight activity, aircraft being parked or put into storage, and extension of maintenance intervals
- **Early retirement** of older aircraft resulting in drop in MRO spending
- **Significant change in the Used Serviceable Materials (USM)** landscape, leading to lag in JV recovery

Emerging Stronger and More Resilient

1

Remain vigilant and disciplined in the management of costs

2

Accelerate Transformation - invest in digitalisation, automation and adoption of Lean frameworks to raise productivity

3

Reshape our portfolio and investing in new capabilities and services

4

Pursue new opportunities to strengthen our JV portfolio

Remaining Vigilant and Resilient

Prudent Cost Management

- **Maintain cuts** in Management salaries and Directors fees, furlough for staff on re-employment contracts, voluntary and compulsory no-pay leave
- Continue **tight controls** on discretionary operating expenditure, even with the progressive step-down in Government support from the Job Support Scheme
- **Defer non-essential capital expenditure** without losing focus on investing for future recovery and growth

Position for Recovery

- **Resilient workforce - reskilling & upskilling**
- **Close relationship with customers and partners**
- **Readiness to respond quickly to market changes and uptick in flight activities**

Accelerating Pace of Transformation

Investing in digitalisation, automation and adoption of Lean frameworks to enhance efficiency and create value for customers

- Develop digital products through **agile methodology** with active staff participation in design thinking workshops and user-experience feedback
- **Collaborate with our network of partners** (including OEMs, research institutes, universities, starts-ups) for digital and technology adoption across the company
- **Implement** prioritised projects and **roll out** data analytics solutions
- **Strengthen culture** of continuous improvement through LEAN programme and capability development

Reshaping our Portfolio

And investing in new capabilities and services to strengthen our MRO services eco-system

Heavy Maintenance Singapore Services (HMSS)

- **HMSS became a wholly owned subsidiary** after SIAEC acquired the remaining 35% stake in HMSS from Airbus Services Asia Pacific
- Integration of HMSS into our Base Maintenance unit for greater efficiencies and competitiveness

SIA Engineering Philippines Corporation (SIAEP)

Aviation Partnership (Philippines) Corporation (APPC)

- **SIAEP became a wholly owned subsidiary** after SIAEC acquired Cebu Air's 35% stake
- SIAEP, with a **lower cost base**, is well positioned to **compete for the narrow body aircraft**
- **SIAEC divested its 51% stake in APPC** to Cebu Air

Line Maintenance Partnership (Thailand)

- JV in the process of dissolution consequent to the dissolution of NokScoot, our JV partner

Engine Services Division (ESD)

- Focused business unit to **grow aircraft engine services business** and **talent pool**
- **Increase participation** in engine MRO value chain
- **Enhance value proposition** to customers
 - Engine storage
 - Expand engine services capacity to ETF
 - Expand on-wing services

Pursuing New Opportunities to Strengthen our JV portfolio

Seizing investment opportunities to expand our capabilities and geographic reach

Potential Acquisition of SR Technics Malaysia

- **Narrowbody aircraft** - A320 family and 737 Max - **take up 68%*** of delivery forecast
- MOU for the proposed acquisition (in part of whole) to **tap on synergies**
- **Potential increase** in Component Repair capabilities
 - Capabilities of **750 part numbers** for A320/330 & 737 parts
- **Competitive cost base** for component repair
- **Revenue synergies** through complementary repair scope
- **Engine component repair capabilities** to support engine repair requirements

Strengthen SIAEC's position as the trusted global MRO partner of choice



Thank you