



# SIA ENGINEERING POSTS GROUP PROFIT OF \$198.4M FOR 1ST QUARTER 2016-17

News / Finance



## GROUP EARNINGS

SIAEC Group posted a profit attributable to owners of the parent of \$198.4 million for the quarter ended 30 June 2016, an increase of \$157.1 million. During the quarter, the Group made a \$141.6 million gain from the divestment of its 10% stake in Hong Kong Aero Engine Services Ltd (“HAESL”) to Rolls-Royce Overseas Holdings Limited (“RROH”) and Hong Kong Aircraft Engineering Company Limited (“HAECO”). In addition, the Group received a special dividend of \$36.4 million from HAESL following the divestment of HAESL’s 20% stake in Singapore Aero Engine Services Limited (“SAESL”) to Rolls-Royce Singapore Pte Ltd (“RRS”), bringing the overall gain from the divestment to \$178.0 million.

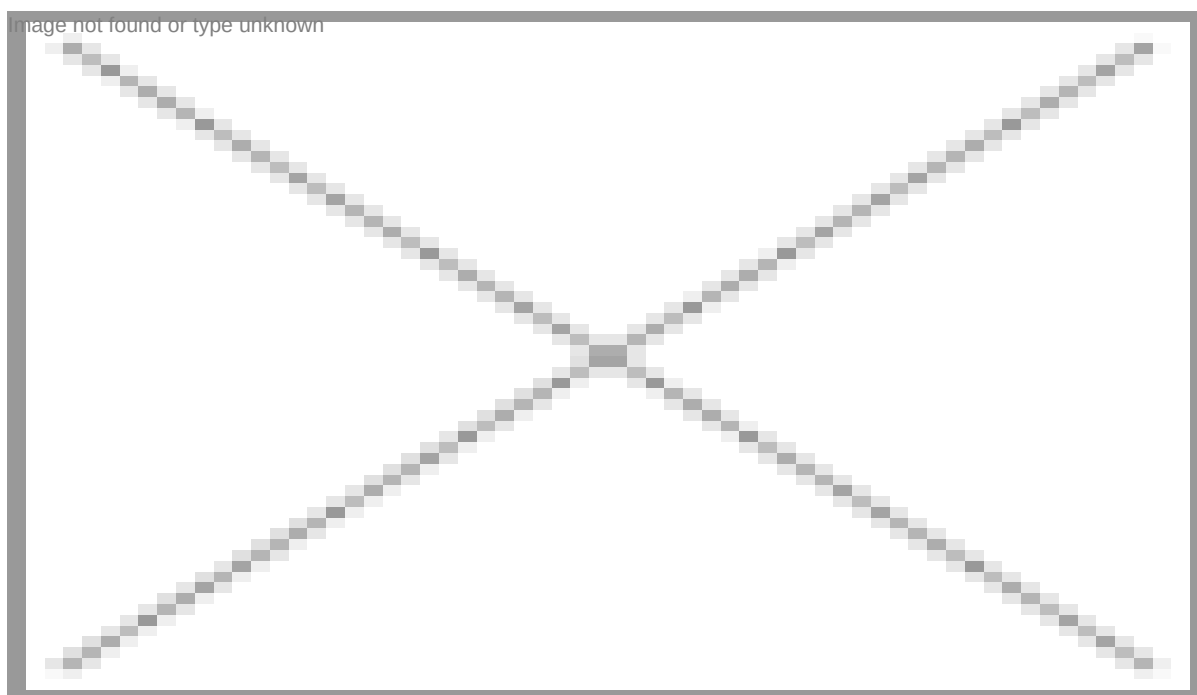
Revenue decreased by \$5.7 million or 2.1% to \$271.6 million, attributable mainly to a drop in fleet management revenue. This was mitigated in part by higher revenue from line maintenance and airframe and component overhaul.

During the quarter, the Group made a provision for the estimated increase in the profit-linked

component of staff remuneration arising from the gain on divestment, based on profitability-related key performance indicators. This was the main reason for the higher staff costs, which rose by \$22.9 million or 19.2%. The increase was partially offset by an exchange gain of \$1.2 million compared to a \$4.6 million exchange loss in the same period last year, as well as lower subcontract services costs. Before the additional provision for staff costs, operating profit for the quarter was \$19.7 million, a decrease of 5.7%. After taking into account the one-time impact on staff costs arising from the divestment, expenditure was \$273.2 million, an increase of \$16.8 million or 6.6%, and the Group showed an operating loss of \$1.6 million for the quarter.

Share of profits of associated and joint venture companies was \$20.7 million, a decrease of \$3.3 million or 13.8% from the corresponding quarter last year.

Basic earnings per share was 17.67 cents for the quarter ended 30 June 2016.



## GROUP FINANCIAL POSITION

As at 30 June 2016, equity attributable to owners of the parent increased \$63.9 million or 4.3% to \$1,549.4 million, mainly due to profits earned for the quarter, partially offset by a decrease in fair value reserves with the divestment of the Group's interest in HAESL. Total assets increased by \$101.2 million or 5.6% to \$1,923.3 million, mainly due to a \$256.7 million or 65.2% increase in the Group's cash balance to \$650.6 million with the cash consideration received from the divestment of HAESL, and dividend received from HAESL following the divestment of HAESL's 20% stake in SAESL. The increase was offset by the reduction of the Group's investment in HAESL.

Net asset value per share as at 30 June 2016 was 137.9 cents.

## OUTLOOK

The challenging operating environment is expected to persist, amidst growing global economic uncertainties.

Aided by a strong balance sheet, the Company will continue to invest in capabilities to handle new-generation aircraft, and on innovation initiatives and new technologies to enhance customers' fleet efficiencies and reliability, while generating higher productivity and process improvements.

With ongoing efforts to pursue strategic partnerships, the Group is well-positioned to seize long-term growth opportunities in the region.

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