

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

“Revenue Exceeded \$2 Billion”

FINANCIAL HIGHLIGHTS			
For the year ended			
31 December 2012			
	2012 FY	2011 FY	Growth %
Revenue (\$m)	2,026	1,927	5
Earnings before interest and tax (EBIT) (\$m)	274.3	242.1	13
Other income, net (\$m)	16.1	8.0	102
Finance income/(costs), net (\$m)	(16.1)	(5.2)	(211)
Profit before tax (PBT) (\$m)	303.8	278.2	9
Profit attributable to shareholders (\$m)	253.2	231.8	9
Economic value added (EVA) (\$m)	189.7	180.0	5

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

“Good operating performance in 2012 amidst a challenging economic environment”

Chang Cheow Teck, President

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Aerospace sector audited results for the year ended 31 December 2012:

	FY2012 \$'000	FY2011 \$'000	+ / (-) %
1. (a) Revenue	2,025,627	1,926,800	5.1
(b) Cost of sales	(1,608,913)	(1,564,850)	2.8
(c) Gross Profit	416,714	361,950	15.1
(d) Distribution and selling expenses	(14,111)	(7,504)	88.0
(e) Administrative expenses	(110,177)	(96,512)	14.2
(f) Other operating expenses	(18,120)	(15,820)	14.5
(g) Profit from operations	274,306	242,114	13.3
(h) Other income, net	16,070	7,975	101.5
(i) Finance income	9,774	17,662	(44.7)
(j) Finance costs	(25,904)	(22,852)	13.4
(k) Finance income/(costs), net	(16,130)	(5,190)	210.8
(l) Share of results of associates and jointly controlled entities	29,517	33,299	(11.4)
(m) Profit before taxation	303,763	278,198	9.2
(n) Taxation	(46,491)	(41,831)	11.1
(o) Profit for the year	257,272	236,367	8.8
Attributable to:			
(p) Shareholders of the Company	253,242	231,794	9.3
(q) Non-controlling interests	4,030	4,573	(11.9)
	257,272	236,367	8.8

* NM - Not Meaningful

2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	49,014	57,773	(15.2)
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	4,544	989	359.5
Allowance/(write-back of allowance) for stock obsolescence, net	(7,430)	(10,620)	(30.0)
Impairment of intangible assets	-	-	NM
(b) Finance income/(costs), net comprises			
Interest income	2,655	2,486	6.8
Foreign exchange gain/(loss), net	(4,629)	3,874	(219.5)
Impairment/(write-back of impairment) in value of investments, net	-	-	NM
Interest expenses	(14,158)	(11,330)	25.0
Fair value changes of financial instruments / hedged items	2	(487)	(100.4)
Others	-	267	(100.0)
	(16,130)	(5,190)	210.8

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	FY2012 \$'000	FY2011 \$'000	+ / (-) %
3. (a) Profit for the year [1(o) above] as a percentage of revenue	12.7%	12.3%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of the year	52.0%	48.8%	
4. (a) Revenue reported for first half year	951,075	956,230	(0.5)
(b) Profit for the period reported for first half year	119,555	105,386	13.4
(c) Revenue reported for second half year	1,074,552	970,570	10.7
(d) Profit for the period reported for second half year	137,717	130,981	5.1
5. (a) There was an adjustment of \$15,121,000 for overprovision of current tax and underprovision of \$540,000 for deferred tax in respect of prior years. (FY2011: There was an adjustment of \$16,794,000 for overprovision of current tax and underprovision of \$5,411,000 for deferred tax in respect of prior years).			
(b) There was disposal of property for a gain of \$6,974,000. (FY2011: There was no disposal of property).			

6. Business Group Information

By Business Group

Fourth Quarter vs Third Quarter (unaudited)

	Revenue			Profit before Taxation		
	4Q2012 \$'000	3Q2012 \$'000	+ / (-) %	4Q2012 \$'000	3Q2012 \$'000	+ / (-) %
Aircraft Maintenance & Modification	286,426	254,332	12.6	33,408	41,331	(19.2)
Component/Engine Repair & Overhaul	200,703	169,919	18.1	20,938	31,727	(34.0)
Engineering & Material Services	79,163	84,009	(5.8)	22,705	12,300	84.6
Total	<u>566,292</u>	<u>508,260</u>	11.4	<u>77,051</u>	<u>85,358</u>	(9.7)

Full Year Ended 31 December

	Revenue			Profit before Taxation		
	FY2012 \$'000	FY2011 \$'000	+ / (-) %	FY2012 \$'000	FY2011 \$'000	+ / (-) %
Aircraft Maintenance & Modification	1,031,893	926,507	11.4	160,564	159,311	0.8
Component/Engine Repair & Overhaul	700,335	707,679	(1.0)	81,747	62,809	30.2
Engineering & Material Services	293,399	292,614	0.3	61,452	56,078	9.6
Total	<u>2,025,627</u>	<u>1,926,800</u>	5.1	<u>303,763</u>	<u>278,198</u>	9.2

	Revenue		
	FY2012 \$'000	FY2011 \$'000	+ / (-) %
Asia	1,014,902	982,548	3.3
USA	640,464	556,793	15.0
Europe	284,161	294,654	(3.6)
Others	86,100	92,805	(7.2)
Total	<u>2,025,627</u>	<u>1,926,800</u>	5.1

By Country of Incorporation

Asia	1,326,890	1,272,535	4.3
USA	442,699	375,743	17.8
Europe	249,295	268,840	(7.3)
Others	6,743	9,682	(30.4)
Total	<u>2,025,627</u>	<u>1,926,800</u>	5.1

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7. Review of Performance

(a) Revenue

<u>FY2012 vs FY2011</u>	FY2012	FY2011	Growth	
	\$2,026m	\$1,927m	\$99m	5%

Revenue for FY2012 was 5% or \$99 million higher compared to that of FY2011. This was due mainly to higher revenue in the **Aircraft Maintenance & Modification (AMM)** business group.

<u>4Q2012 vs 3Q2012</u>	4Q2012	3Q2012	Growth	
	\$566m	\$508m	\$58m	11%

Revenue for 4Q2012 at \$566 million was 11% or \$58 million higher than that of 3Q2012 due mainly to higher revenue and more engines input in the **AMM** and **Component/Engine Repair & Overhaul (CERO)** business groups respectively.

(b) Profitability

<u>FY2012 vs FY2011</u>	FY2012	FY2011	Growth	
	\$303.8m	\$278.2m	\$25.6m	9%

The current year's profit before tax (PBT) of \$303.8 million was higher than FY2011 PBT of \$278.2 million by 9% or \$25.6 million. This was due to higher gross profit in line with higher revenue and favourable sales mix, higher other income, reduced partially by higher operating expenses, higher finance costs and lower contributions from associates.

<u>4Q2012 vs 3Q2012</u>	4Q2012	3Q2012	Growth	
	\$77.0m	\$85.3m	(\$8.3m)	(10%)

The current quarter's PBT of \$77.0 million was lower than 3Q2012 PBT of \$85.3 million by 10% or \$8.3 million. This was due mainly to higher operating expenses, higher finance costs and lower contributions from associates, offset partially by higher gross profit in line with higher revenue.

8. Prospects

FY2013

Barring unforeseen circumstances, revenue for FY2013 is expected to be comparable, whilst profit before tax is expected to be higher compared to FY2012.

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9. Balance Sheet

	31-Dec-12 \$'000	31-Dec-11 \$'000
Property, plant and equipment	630,709	836,777
Associates and jointly controlled entities	160,875	170,173
Investments	44	4
Intangible assets	43,359	9,846
Long-term receivables, non-current	26,109	40,076
Derivative financial instruments	20,516	11,834
Deferred tax assets	21,043	23,163
Non-current assets	902,655	1,091,873
Current assets	1,549,495	1,086,946
Total assets	2,452,150	2,178,819
Current liabilities	1,374,363	1,082,014
Non-current liabilities	601,082	629,349
Total liabilities	1,975,445	1,711,363
Share capital and reserves	420,708	420,024
Non-controlling interests	55,997	47,432
Total equity and liabilities	2,452,150	2,178,819
Net current assets	175,132	4,932

The decrease of \$206.1 million in property, plant and equipment was due mainly to the transfer of rotables to inventories, resulting from the Sector's foray into a new growth area, focusing on rotatable assets leasing, trading loan and exchange.

The increase in intangible assets of \$33.5 million was due mainly to the provisional intangible assets from the acquisitions of EcoServices, LLC (EcoServices) and Volant, LLC (Volant).

The initial accounting for the acquisitions of EcoServices and Volant had been determined provisionally under FRS 103 Business Combinations and the Sector would recognise any adjustments to this provisional value as a result of the initial accounting within 12 months of the acquisition date.

10. Statement of Cash Flows for the year ended 31 December 2012

	FY2012 \$'000	FY2011 \$'000
Net cash from operating activities	287,449	273,282
Net cash used in investing activities	(100,639)	(81,418)
Proceeds from sale of property, plant and equipment	8,873	4,500
Proceeds from disposal of associate	-	231
Dividends from associates	21,246	18,977
Capital reduction in associate	5,560	-
Dividends from investments	-	211
Proceeds from sale and maturity of investments	-	56
Purchase of property, plant and equipment	(87,255)	(75,789)
Investment in associates	-	(25,534)
Investment in a jointly controlled entity	(2,109)	(2,260)
Acquisition of subsidiaries	(46,954)	(1,810)
Net cash used in financing activities	(129,882)	(261,457)
Capital contribution from non-controlling interests	1,236	-
Capital payment to non-controlling interests for share capital reduction	(1,960)	-
Proceeds from short-term loans from related corporations, net	118,957	25,044
Proceeds from/(repayment of) from long-term loans from related corporations, net	17,291	(7,021)
Proceeds from long term bank loans, net	10,074	225,670
Repayment of short term bank loans, net	(9,959)	(246,510)
Repayment of lease obligations	(1,510)	(1,594)
Dividend paid to shareholder of the Company	(244,376)	(245,600)
Dividend paid to non-controlling interests	(5,655)	(559)
Interest paid	(13,980)	(10,887)
Net increase/(decrease) in cash and cash equivalents	56,928	(69,593)
Cash and cash equivalents at beginning of the year	253,836	323,770
Exchange difference on cash and cash equivalents at beginning of the year	(5,640)	(341)
Cash and cash equivalents at end of the year	305,124	253,836



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11. Economic Value Added (EVA)

EVA for FY2012 was \$189.7 million, an increase of \$9.7 million or 5.4% over FY2011. The weighted average cost of capital was 5.3% for 2012 (2011: 5.9%).

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