

Singapore

ADD (no change)

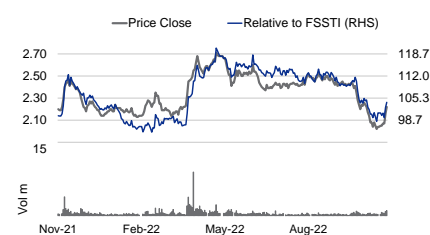
Consensus ratings*: Buy 2 Hold 1 Sell 0

| | |
|-------------------------|------------|
| Current price: | S\$2.22 |
| Target price: | S\$2.44 ▲ |
| Previous target: | S\$2.42 |
| Up/downside: | 9.9% |
| CGS-CIMB / Consensus: | -4.7% |
| Reuters: | SIAE.SI |
| Bloomberg: | SIE SP |
| Market cap: | US\$1,769m |
| | S\$2,495m |
| Average daily turnover: | US\$0.61m |
| | S\$0.86m |
| Current shares o/s: | 1,121m |
| Free float: | 22.4% |

*Source: Bloomberg

Key changes in this note

- FY23F EPS raised by 30%.
- FY24-25F EPS raised by 0.2-2.3%.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|------|------|-----|
| Absolute (%) | -0.9 | -9.8 | 0 |
| Relative (%) | -0.9 | -6.4 | 2.8 |

| Major shareholders | % held |
|--------------------|--------|
| Singapore Airlines | 77.6 |

Analyst(s)



Kenneth TAN

T (65) 6210 8678
E kenneth.tan@cgs-cimb.com

LIM Siew Khee

T (65) 6210 8664
E siewkhee.lim@cgs-cimb.com

SIA Engineering

Promising pace of recovery

- SIE's 1HFY3/23 net profit of S\$32m (+30% yoy) was above expectations due to stronger JV contribution (+213% yoy) from more engine inductions.
- Core business and JV/associates recovering faster than expected, but expect high staff costs to persist. Management maintained its cautious guidance.
- Our TP is raised slightly to S\$2.44, pegged to 1.6x CY23F P/BV. Net cash healthy at c.25% of current market cap.

Stronger revenue and JV contribution, but higher opex

SIE reported 1HFY3/23 net profit of S\$32m (-24% hoh, +30% yoy), forming 59% of our and 45% of Bloomberg consensus FY22F forecasts. This was below consensus expectations, but above ours due to stronger JV contribution. 1HFY23 revenue improved 37% yoy to S\$362m on the back of rising flight volumes at Changi Airport. EBIT loss widened to S\$10.8m (vs. 1H22: S\$6.7m loss), with higher revenue offset by higher material (+39% yoy) and staff costs (+51% yoy). Share of associates' and JV profits rose 54% yoy to S\$41m mainly from better engine and component works (SAESL). No interim dividends were proposed in view of the tough operating environment.

1HFY23 revenue recovered to 69% of pre-Covid-19 levels

Group revenue recovered to 69% of pre-Covid-19 levels in 1HFY23 (vs. 2HFY22: 59%), with both airframe overhaul and engine & component recording strong yoy growth of 35% and 51%, respectively. Flights handled by SIE at Changi Airport increased to 45k (+67% hoh, +118% yoy) in 1HFY23 in tandem with rising aviation traffic. Engine & component JVs/associates recorded stronger engine induction volumes in 1HFY23 from rising aircraft utilisation in the region. In view of the faster-than-expected pace of recovery, we raise our FY23-25F revenue by 1-7% and our associates/JV contribution by 2-19%.

Elevated staff costs likely to persist; guidance remains cautious

Staff costs rose further to S\$192m (+24% hoh, +51% yoy) in 1HFY23, which we attribute to 1) rising headcount, and 2) inflationary pressures. Management shared that the group increased its headcount in 1HFY23 ahead of the expected recovery in flight volumes. Line maintenance headcount is already close to desired levels, while further headcount increase is expected for base maintenance and engine services, according to the management. We raise our FY23-25F staff costs further by 3-7% accordingly.

Reiterate Add at a higher TP of S\$2.44, based on 1.6x CY23F P/BV

With our new assumptions, our FY23F EPS is raised by 30%, while FY24-25 EPS is tweaked up by 0.2-2.3%. Net cash remains healthy at S\$606m (c.25% of the group's current market cap). We reiterate Add at a slightly higher TP of S\$2.44, pegged to 1.6x CY23F P/BV, based on c.1 s.d. below the group's 6-year historical average. The group currently trades at 1.4x CY23F P/BV, 1.2 s.d. below historical mean. Re-rating catalysts include quicker improvement in labour shortages, and reopening of China. Downside risks include recession risks and margin erosion from rising cost pressures.

| Financial Summary | Mar-21A | Mar-22A | Mar-23F | Mar-24F | Mar-25F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (S\$m) | 443 | 566 | 769 | 913 | 1,001 |
| Operating EBITDA (S\$m) | 46.24 | 41.46 | 46.12 | 70.79 | 87.13 |
| Net Profit (S\$m) | (11.2) | 67.6 | 71.4 | 90.3 | 110.2 |
| Core EPS (S\$) | (0.010) | 0.060 | 0.064 | 0.080 | 0.098 |
| Core EPS Growth | (106%) | | 6% | 26% | 22% |
| FD Core P/E (x) | NA | 36.83 | 34.87 | 27.58 | 22.62 |
| DPS (S\$) | - | - | 0.050 | 0.070 | 0.090 |
| Dividend Yield | 0.00% | 0.00% | 2.25% | 3.15% | 4.05% |
| EV/EBITDA (x) | 31.61 | 34.51 | 30.04 | 19.19 | 15.23 |
| P/FCFE (x) | 13.37 | 65.85 | NA | 77.11 | 42.46 |
| Net Gearing | (39.2%) | (38.4%) | (36.4%) | (34.2%) | (32.2%) |
| P/BV (x) | 1.62 | 1.55 | 1.48 | 1.45 | 1.43 |
| ROE | (0.71%) | 4.30% | 4.34% | 5.32% | 6.36% |
| % Change In Core EPS Estimates | | | 29.6% | 2.3% | 0.2% |
| CGS-CIMB/Consensus EPS (x) | | | 0.99 | 0.76 | 0.73 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

| FYE Mar (\$m) | 1HFY23 | 1HFY22 | yoy % chg | 2HFY22 | hoh % chg | FY23F | FY22 | yoy % chg | Prev FY23F | Comments |
|----------------------|---------------|--------------|-------------|---------------|---------------|---------------|---------------|-------------|---------------|--|
| Revenue | 362.2 | 263.5 | 37.4 | 302.6 | 19.7 | 768.7 | 566.1 | 35.8 | 719.0 | In line. 1HFY23 formed 50% of our full-year forecast |
| Operating costs | (341.4) | (238.3) | 43.3 | (286.2) | 19.3 | (722.6) | (524.6) | 37.7 | (670.1) | Below expectations. Higher staff and material costs |
| EBITDA | 20.8 | 25.2 | (17.5) | 16.4 | 26.9 | 46.1 | 41.5 | 11.2 | 48.9 | |
| EBITDA margin (%) | 5.7% | 9.6% | | 5.4% | | 6.0% | 7.3% | | 6.8% | |
| Depn & amort | (31.6) | (31.9) | (0.9) | (31.5) | 0.3 | (64.0) | (63.3) | 1.0 | (59.6) | |
| EBIT | (10.8) | (6.7) | n.m. | (15.1) | n.m. | (17.8) | (21.9) | n.m. | (10.7) | Below expectations |
| Interest expense | (1.0) | (1.3) | (21.0) | (1.4) | (25.8) | (2.6) | (2.6) | (1.3) | (2.6) | |
| Interest & invt inc | 3.1 | 1.0 | 214.8 | 0.8 | 274.8 | 6.0 | 1.8 | 230.4 | 2.5 | |
| Associates' contrib | 41.4 | 26.8 | 54.3 | 52.3 | (20.8) | 87.0 | 79.1 | 10.0 | 73.2 | Above expectations. Stronger SAESL contribution |
| Exceptionals | 0.0 | 0.0 | n.m. | (10.6) | n.m. | 0.0 | (10.6) | n.m. | 0.0 | |
| Pretax profit | 32.7 | 19.7 | 66.2 | 29.5 | 10.8 | 72.6 | 49.2 | 47.6 | 62.4 | |
| Tax | (0.1) | 5.3 | (102.0) | 13.3 | (100.8) | (0.7) | 18.6 | (103.9) | (6.2) | |
| Tax rate (%) | -0.3% | 27.1% | | 45.0% | | -1.0% | 37.9% | | -10.0% | |
| Minority interests | (0.1) | 0.0 | n.m. | (0.2) | (58.5) | (0.4) | (0.2) | 145.4 | (1.0) | |
| Net profit | 32.5 | 25.0 | 29.8 | 42.6 | (23.7) | 71.4 | 67.6 | 5.7 | 55.1 | Above expectations. 1HFY23 formed 59% of our full-year forecast |
| EPS (Scts) | 2.9 | 2.2 | 29.6 | 3.8 | (23.7) | 6.4 | 6.0 | 5.7 | 4.9 | |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Flights handled and checks conducted continued to improve in 2QFY23

| | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Light checks | 54 | 55 | 53 | 61 | 85 | 77 | 92 | 94 | 118 | 140 |
| Heavy checks | 15 | 9 | 16 | 20 | 21 | 25 | 25 | 22 | 20 | 22 |
| Total | 69 | 64 | 69 | 81 | 106 | 102 | 117 | 116 | 138 | 162 |
| qoq (%) | | -51% | -7% | 8% | 17% | 31% | -4% | 15% | -1% | 19% |
| yoy % | | -51% | -58% | -55% | -43% | 54% | 59% | 70% | 43% | 30% |
| Flights handled at Changi | 4,952 | 6,320 | 7,807 | 8,648 | 9,755 | 10,990 | 12,860 | 14,280 | 20,281 | 24,982 |
| qoq (%) | | -84% | 28% | 24% | 11% | 13% | 13% | 17% | 11% | 42% |
| yoy % | | -87% | -84% | -81% | -73% | 97% | 74% | 65% | 65% | 108% |
| Fleet management size | 86 | 82 | 79 | 80 | 79 | 77 | 76 | 95 | 97 | 99 |
| qoq (%) | | -7% | -5% | -4% | 1% | -1% | -3% | -1% | 25% | 2% |
| yoy % | | 2% | 9% | 7% | -13% | -8% | -6% | -4% | 19% | 23% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Associates and JV contributions by segment

| | 1H21 | 2H21 | 1H22 | 2H22 | 1H23 | hoh | yoy |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Engine and component | | | | | | | |
| Engine centres | 22.4 | 0.6 | 17.3 | 39.8 | 26.0 | -35% | 50% |
| Component centres | 15.5 | 11.3 | 15.0 | 17.7 | 15.7 | -11% | 5% |
| | 37.9 | 11.9 | 32.3 | 57.5 | 41.7 | -27% | 29% |
| Airframe and line maintenar | (9.5) | (0.4) | (5.5) | (5.2) | (0.3) | -94% | -95% |
| Total | 28.4 | 11.5 | 26.8 | 52.3 | 41.4 | -21% | 54% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Associates and JV contributions

| | 1H21 | 2H21 | 1H22 | 2H22 | 1H23 | hoh | yoy |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Associates* | 13.6 | 12.2 | 21.5 | 28.2 | 24.6 | -13% | 15% |
| JVs** | 14.9 | (0.7) | 5.4 | 24.0 | 16.8 | -30% | 213% |
| Total | 28.4 | 11.5 | 26.8 | 52.3 | 41.4 | -21% | 54% |

*mainly Eagle Services for P&W engines

**mainly SAESL for Rolls Royce engines

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Earnings revision

| FYE Mar (\$m) | Old | | | New | | | % change | | |
|----------------------|--------|-------|-------|--------|-------|---------|----------|--------|--------|
| | FY23F | FY24F | FY25F | FY23F | FY24F | FY25F | FY23F | FY24F | FY25F |
| Revenue | 719.0 | 903.2 | 991.6 | 768.7 | 913.5 | 1,001.5 | 6.9% | 1.1% | 1.0% |
| Operating profit | (10.7) | 8.2 | 23.3 | (17.8) | 4.7 | 20.0 | 66.9% | -43.2% | -13.9% |
| Assoc & JVs | 73.2 | 91.5 | 100.6 | 87.0 | 93.5 | 100.5 | 18.9% | 2.3% | -0.1% |
| Recurring net profit | 55.1 | 88.3 | 109.9 | 71.4 | 90.3 | 110.2 | 29.6% | 2.3% | 0.2% |
| Core EPS (Scts) | 4.9 | 7.9 | 9.8 | 6.4 | 8.0 | 9.8 | 29.6% | 2.3% | 0.2% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: SIA Engineering P/BV (x)

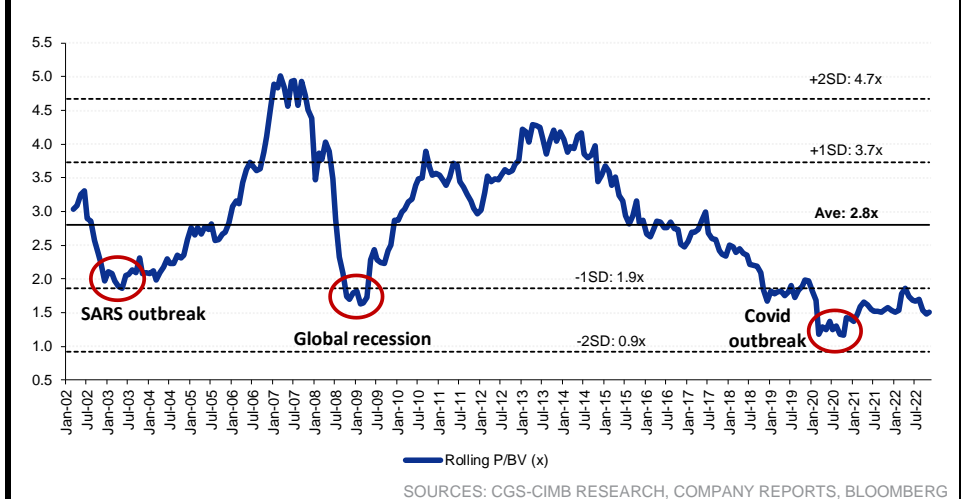
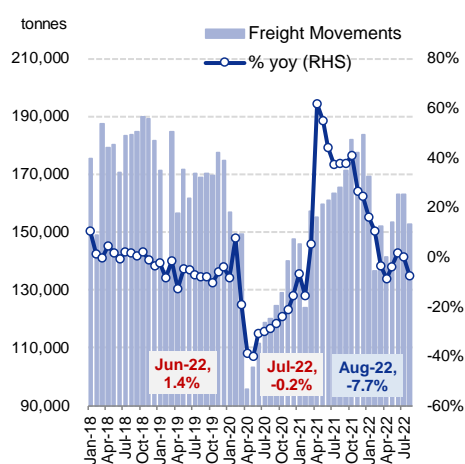
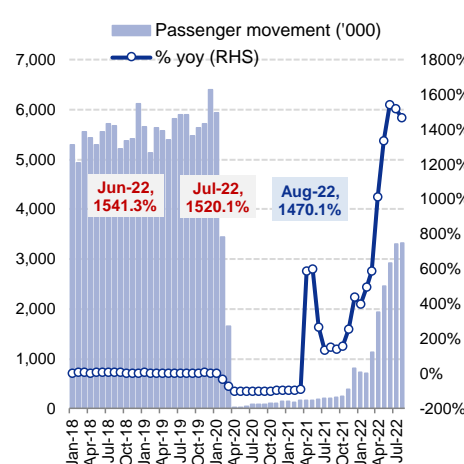


Figure 7: Changi Airport: Freight Movement (Singapore)



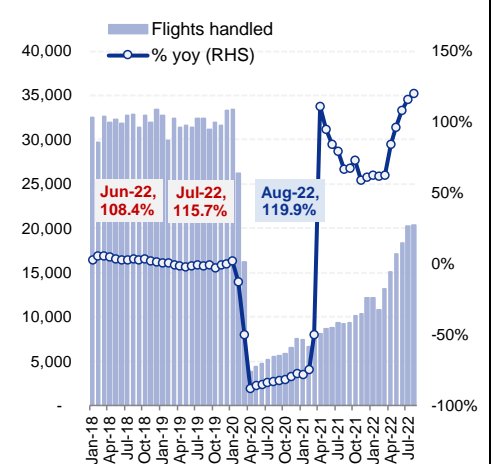
SOURCES: CGS-CIMB RESEARCH, CEIC

Figure 8: Changi Airport: Passenger Movement (Singapore)


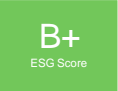

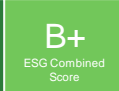





SOURCES: CGS-CIMB RESEARCH, CEIC

Figure 9: Changi Airport: No. of Flights (Singapore)

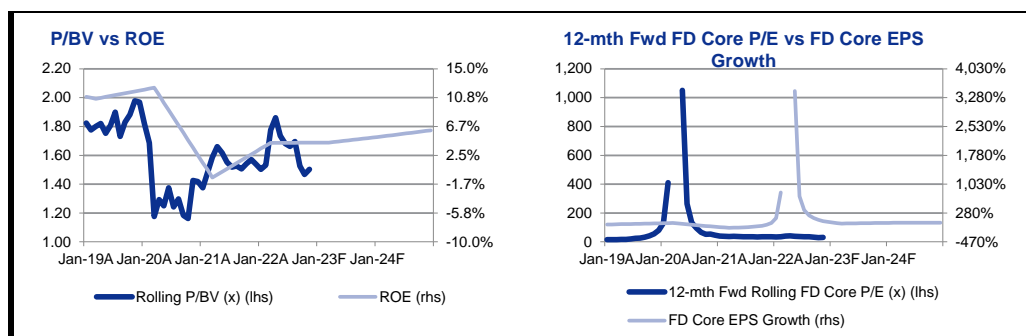


SOURCES: CGS-CIMB RESEARCH, CEIC

| Refinitiv ESG Scores | |
|--|--|
|  | |
|       | |
| <p>ESG in a nutshell</p> <p>SIE has made steady progress in improving its ESG standing via improved environmental and social initiatives. According to Refinitiv, the group's overall ESG score has improved from C- in 2016 to B in 2021. Its current score of B is split into E: B+ (weightage: 29.1%), S: B (weightage: 42.7%) and G: B- (weightage 28.2%). We believe the group will continue to improve its ESG standing as it strives towards its long-term 2030 carbon emissions target.</p> | |
| <p>Keep your eye on</p> <p>SIE was fined S\$230k in FY18 over a workplace safety lapse, which resulted in the death of a foreign worker at the Changi Hangar Complex. SIE was charged for failing to ensure an adequately safe workplace environment, as well as failing to implement adequate risk assessment. In FY20, an SIE employee fell from an aircraft while performing maintenance work, the result of which was fatal.</p> | <p>Implications</p> <p>As a company with labour-intensive operations, it is imperative for SIE to maintain high workplace safety standards. Since FY18, the group has steadily improved its safety measures, resulting in a decline in the reportable accident rate (accidents per million hours) from 2.06 in FY18 to 1.62 in FY20. However, we believe there is room for improvement, given the two workplace fatalities over the course of FY18-20. Positively, there were zero work-related fatalities in FY21. We will continue to monitor the group's adherence to high safety standards.</p> |
| <p>ESG highlights</p> <p>According to Refinitiv, SIE scored an overall ESG score of B in FY21, which is in line with its Singapore aviation services peer SATS (2021: B).</p> <p>SIE improved its environmental score to B+ from C- in 2018. We believe this was attributable to the installation of solar photovoltaic systems on the roofs of its buildings and hangars, which reduced its electricity consumption from non-renewable sources by 20%. SIE has also set a long-term target of achieving more than 24.48% reduction in 2013/14 carbon emissions intensity level by 2030.</p> <p>However, SIE scored lower on governance in FY21 at B- (FY20: B). We believe that this was due to lower proportion of non-executive and independent board members.</p> | <p>Implications</p> <p>We like that SIE has made efforts to improve its environmental performance, showing its commitment to environmental sustainability. The group also fares satisfactorily with regards to corporate governance, with little controversy in recent years. We have not factored this into our fundamental valuations yet.</p> |
| <p>Trends</p> <p>SIE has steadily improved its social score from D+ in FY17 to B in FY21.</p> <p>In FY18, SIE introduced various initiatives to promote safe workplace behaviour. These initiatives include introduction of an aircraft towing simulator offering risk-free virtual training to staff, automated guided vehicles (AGVs) with enhanced safety features and development of a computer-based workplace safety training module.</p> <p>In FY19, SIE introduced a flexible work arrangement scheme for non-shift employees, allowing greater flexibility in their working hours. A Sports & Recreation Committee was also founded to promote social and recreational activities for SIE employees.</p> | <p>Implications</p> <p>SIE is showing a clear commitment towards better safety and staff welfare, as shown from its efforts in recent years. We have not factored this into our fundamental valuations yet.</p> |

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

| (\$m) | Mar-21A | Mar-22A | Mar-23F | Mar-24F | Mar-25F |
|---|---------------|---------------|---------------|--------------|----------------|
| Total Net Revenues | 443.0 | 566.1 | 768.7 | 913.5 | 1,001.5 |
| Gross Profit | 382.5 | 485.3 | 657.3 | 781.0 | 856.2 |
| Operating EBITDA | 46.2 | 41.5 | 46.1 | 70.8 | 87.1 |
| Depreciation And Amortisation | (71.2) | (63.3) | (64.0) | (66.1) | (67.1) |
| Operating EBIT | (25.0) | (21.9) | (17.8) | 4.7 | 20.0 |
| Financial Income/(Expense) | 1.0 | (0.8) | 3.4 | 3.4 | 3.4 |
| Pretax Income/(Loss) from Assoc. | 39.9 | 79.1 | 87.0 | 93.5 | 100.5 |
| Non-Operating Income/(Expense) | (51.5) | (7.2) | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (pre-EI) | (35.6) | 49.2 | 72.6 | 101.6 | 124.0 |
| Exceptional Items | | | | | |
| Pre-tax Profit | (35.6) | 49.2 | 72.6 | 101.6 | 124.0 |
| Taxation | 16.0 | 18.6 | (0.7) | (10.7) | (13.0) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | (19.6) | 67.8 | 71.8 | 90.9 | 111.0 |
| Minority Interests | 8.3 | (0.2) | (0.4) | (0.6) | (0.8) |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | (11.2) | 67.6 | 71.4 | 90.3 | 110.2 |
| Recurring Net Profit | (11.2) | 67.6 | 71.4 | 90.3 | 110.2 |
| Fully Diluted Recurring Net Profit | (11.2) | 67.6 | 71.4 | 90.3 | 110.2 |

Cash Flow

| (\$m) | Mar-21A | Mar-22A | Mar-23F | Mar-24F | Mar-25F |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| EBITDA | 46.2 | 41.5 | 46.1 | 70.8 | 87.1 |
| Cash Flow from Invt. & Assoc. | (39.9) | (79.1) | (87.0) | (93.5) | (100.5) |
| Change In Working Capital | 125.6 | (9.0) | (34.9) | (18.8) | (11.4) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | 43.5 | 81.4 | 58.6 | 65.1 | 72.1 |
| Net Interest (Paid)/Received | 2.9 | (0.9) | 3.4 | 3.4 | 3.4 |
| Tax Paid | (12.7) | (4.7) | (0.7) | (10.7) | (13.0) |
| Cashflow From Operations | 165.8 | 29.2 | (14.5) | 16.3 | 37.7 |
| Capex | (15.2) | (18.4) | (30.0) | (30.0) | (30.0) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | 38.0 | 34.2 | 41.0 | 46.0 | 51.0 |
| Cash Flow From Investing | 22.8 | 15.7 | 11.0 | 16.0 | 21.0 |
| Debt Raised/(repaid) | (2.5) | (7.1) | 0.0 | 0.0 | 0.0 |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (56.1) | 0.0 | 0.0 | (56.1) | (78.6) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (31.2) | (28.6) | (2.6) | (2.6) | (2.6) |
| Cash Flow From Financing | (89.8) | (35.7) | (2.6) | (58.7) | (81.2) |
| Total Cash Generated | 98.9 | 9.2 | (6.1) | (26.4) | (22.5) |
| Free Cashflow To Equity | 186.1 | 37.8 | (3.5) | 32.3 | 58.7 |
| Free Cashflow To Firm | 191.5 | 47.6 | (0.9) | 34.9 | 61.3 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

| (\$m) | Mar-21A | Mar-22A | Mar-23F | Mar-24F | Mar-25F |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Cash And Equivalents | 616 | 625 | 619 | 593 | 570 |
| Total Debtors | 35 | 35 | 54 | 64 | 70 |
| Inventories | 35 | 33 | 46 | 55 | 60 |
| Total Other Current Assets | 240 | 219 | 248 | 277 | 295 |
| Total Current Assets | 926 | 913 | 967 | 989 | 995 |
| Fixed Assets | 170 | 157 | 152 | 145 | 137 |
| Total Investments | 432 | 448 | 500 | 554 | 610 |
| Intangible Assets | 32 | 33 | 29 | 25 | 21 |
| Total Other Non-Current Assets | 250 | 287 | 287 | 287 | 287 |
| Total Non-current Assets | 884 | 925 | 968 | 1,011 | 1,054 |
| Short-term Debt | 7 | 3 | 3 | 3 | 3 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 157 | 128 | 154 | 183 | 200 |
| Other Current Liabilities | 45 | 47 | 47 | 47 | 47 |
| Total Current Liabilities | 209 | 178 | 204 | 233 | 250 |
| Total Long-term Debt | 3 | 0 | 0 | 0 | 0 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 54 | 39 | 39 | 39 | 39 |
| Total Non-current Liabilities | 56 | 39 | 39 | 39 | 39 |
| Total Provisions | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 265 | 217 | 243 | 272 | 289 |
| Shareholders' Equity | 1,534 | 1,611 | 1,682 | 1,716 | 1,748 |
| Minority Interests | 11 | 11 | 11 | 12 | 12 |
| Total Equity | 1,544 | 1,621 | 1,693 | 1,728 | 1,760 |

Key Ratios

| | Mar-21A | Mar-22A | Mar-23F | Mar-24F | Mar-25F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth | (55.4%) | 27.8% | 35.8% | 18.8% | 9.6% |
| Operating EBITDA Growth | (67.8%) | (10.3%) | 11.2% | 53.5% | 23.1% |
| Operating EBITDA Margin | 10.4% | 7.3% | 6.0% | 7.8% | 8.7% |
| Net Cash Per Share (S\$) | 0.54 | 0.55 | 0.55 | 0.53 | 0.51 |
| BVPS (S\$) | 1.37 | 1.44 | 1.50 | 1.53 | 1.56 |
| Gross Interest Cover | (8.54) | (8.31) | (6.86) | 1.80 | 7.71 |
| Effective Tax Rate | 0.0% | 0.0% | 1.0% | 10.5% | 10.5% |
| Net Dividend Payout Ratio | NA | NA | 78.5% | 87.0% | 91.7% |
| Accounts Receivables Days | 39.20 | 22.62 | 21.17 | 23.59 | 24.43 |
| Inventory Days | 225.0 | 153.8 | 129.5 | 139.4 | 144.4 |
| Accounts Payables Days | 1,008 | 643 | 461 | 465 | 481 |
| ROIC (%) | (1.73%) | (5.38%) | (3.00%) | 0.68% | 2.88% |
| ROCE (%) | (1.30%) | (1.26%) | (0.71%) | 0.62% | 1.49% |
| Return On Average Assets | (1.05%) | 3.78% | 3.63% | 4.47% | 5.33% |

Key Drivers

| | Mar-21A | Mar-22A | Mar-23F | Mar-24F | Mar-25F |
|--|---------|---------|---------|---------|---------|
| Airframe overhaul and line maintenance yoy (%) | -57.2% | 27.8% | 35.0% | 20.0% | 10.0% |
| Fleet management yoy (%) | -41.6% | 2.0% | 10.0% | 15.0% | 10.0% |
| Engine and component yoy (%) | -44.2% | 118.0% | 90.0% | 10.0% | 5.0% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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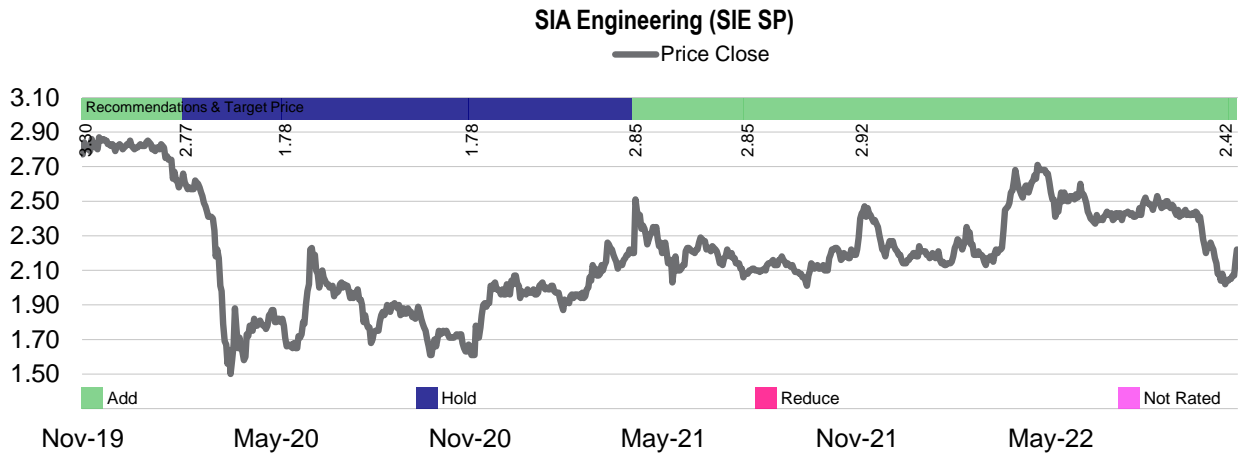
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| 643 companies under coverage for quarter ended on 30 June 2022 | | |
| | Rating Distribution (%) | Investment Banking clients (%) |
| Add | 68.4% | 0.8% |
| Hold | 24.6% | 0.0% |
| Reduce | 7.0% | 0.2% |

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.