



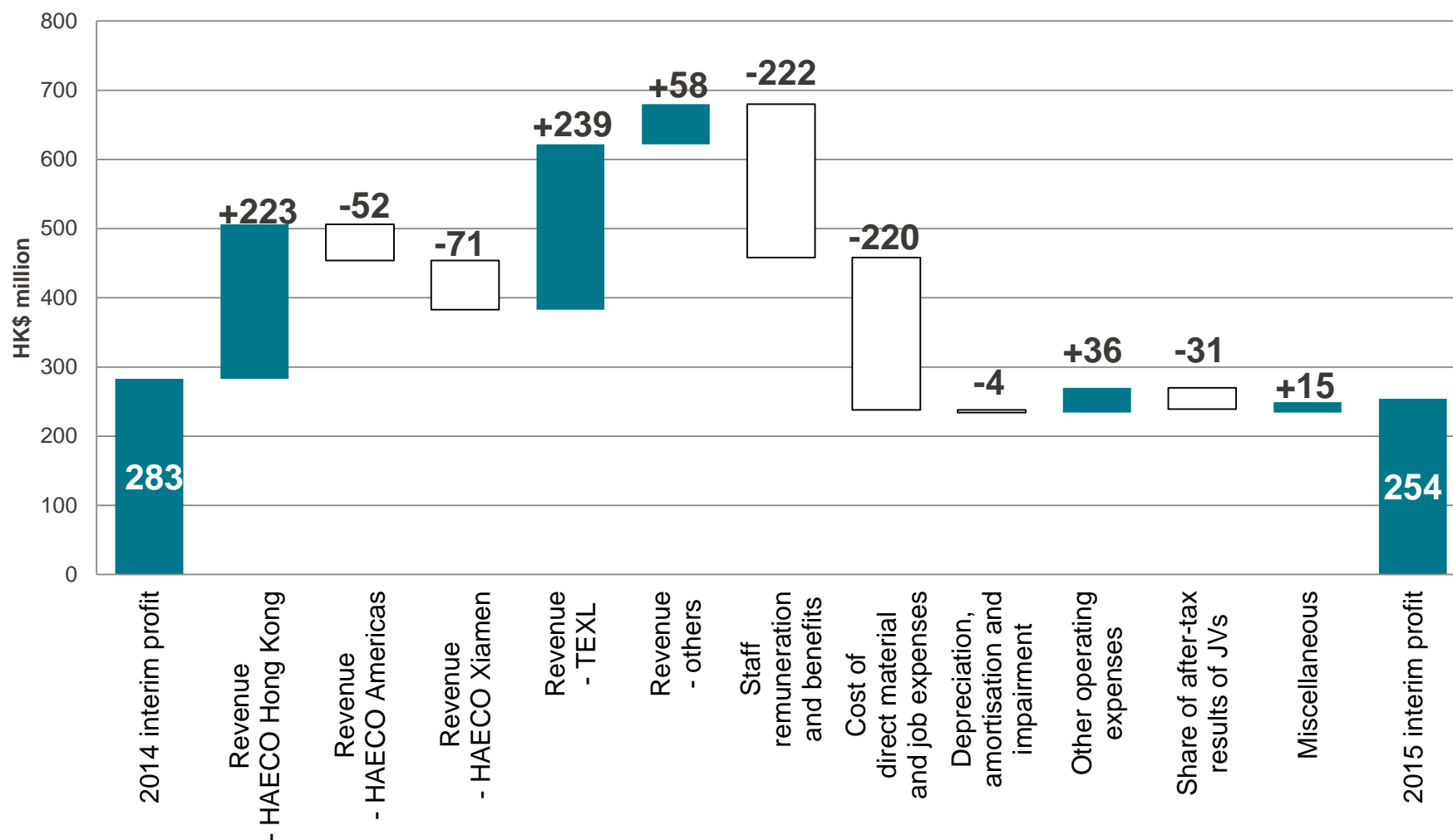
2015 Interim Results Analyst Briefing

18th August 2015

Interim Results

	Six months ended 30th Jun		Change
	2015	2014	
Attributable profit (HK\$M)	254	283	-10.2%
Revenue (HK\$M)	5,734	5,337	+7.4%
Earnings per share (HK\$)	1.53	1.70	-10.2%
1st interim dividend per share (HK\$)	0.60	0.65	-7.7%
	30th Jun	31st Dec	
	2015	2014	
Net borrowings (HK\$M)	2,621	2,610	+0.4%
Total equity (HK\$M)	7,392	7,387	+0.1%
Gearing ratio	35.5%	35.3%	+0.2%pt

Movement of Profit Attributable to the Company's Shareholders



Profit Attributable to the Company's Shareholders

	Six months ended 30th Jun		
	2015	2014	Change
	HK\$M	HK\$M	
HAECO Hong Kong	99	42	+135.7%
HAECO Americas	(59)	(3)	-1,866.7%
HAECO Xiamen	46	51	-9.8%
TEXL	52	68	-23.5%
Share of:			
HAESL and SAESL	104	136	-23.5%
Other subsidiary and joint venture companies	12	(11)	+209.1%
	254	283	-10.2%

HAECO Hong Kong

- Profit increased by 135.7% to HK\$99M while revenue recorded a 14.4% increase to HK\$1,777M.
- More airframe services work was done. Capacity increased from a larger workforce. Sold manhours were 1.40M, 11.1% higher than 1H 2014.
- Performance for the line services was good. More extensive work scopes were conducted per aircraft which generated higher workload and revenue for 1H 2015. Line services manhours increased by 2.7% from 1H 2014 despite an 8.6% decrease in aircraft movements handled to 299 per day.
- Component services were adversely affected by the costs of capability development. 0.10M manhours were sold, 9.1% less than in 1H 2014.

HAECO Americas

- A loss of HK\$59M was recorded in 1H 2015, compared to a loss of HK\$3M in the same period last year, principally reflecting a decline in airframe services activity.
- 1.55M airframe services manhours were sold, 10.4% fewer than the 1H 2014. Fewer airframes were overhauled as some significant contracts came to an end in 2014.
- The cabin solutions (non-seat) recorded an improved result arising from more Panasonic Global Communication Suite kit work was done.
- Fewer seats were sold (approximately 2,800 compared with 4,300 in the first half of 2014) since demand for HAECO Americas' existing seats declined and the new generation seats are not yet ready for sale.

HAECO Xiamen

- The Group's share of profit from HAECO Xiamen reduced 9.8% to HK\$46M. Total revenue in 1H 2015 was HK\$938M, 7.0% lower than that in 1H 2014.
- Airframe services manhours sold decreased from 1.97M in 1H 2014 to 1.92M in 1H 2015, reflecting its lower demand of cabin modification work.
- No aircraft were converted to freighters, whereas three aircraft had been converted to freighters in 1H 2014.
- There was less private jet work in this half year after the completion of a private jet conversion in January 2015. Only private jet work of small work scope was done thereafter.
- HAECO Xiamen handled an average of 45 line services aircraft movements per day in 1H 2015, a 12.5% increase from 2014 1H.

TEXL

- The pre-tax profit of TEXL (on 100% level) was HK\$96M in 1H 2015, representing a 15.7% growth from 1H 2014 as a result of more engine repair work.
- TEXL completed 25 quick turn repairs and 13 performance restorations, compared with 14 quick turn repairs and 15 performance restorations in the 1H 2014. Revenues increased 18.4% to HK\$1,538M accordingly.
- However, the Group's share of its profit was HK\$52M in this half year, reduced by 23.5% from 1H 2014, caused by the absence of unutilised tax losses.

HAESL

- ✈ The Group's share of HAESL profit, including SAESL, decreased 23.5% to HK\$104M, reflecting fewer engines overhauled.
- ✈ HAESL recorded a 14.7% decrease in profit. Engine output was 53 in 1H 2015 compared with 68 in 1H 2014. This reflected the retirement of Trent 500 engined aircraft and a reduction in the frequency of scheduled maintenance of Trent 700 engines.
- ✈ SAESL's profit reduced 43.9% resulting from fewer engines overhauled and less work done per engine.

Other Subsidiary and Joint Venture Companies

- HAECO ITM recorded a growth in profit due to higher utilisation of rotatable parts as operations increased. The total number of aircraft for which services were provided was 256, an increase of 13.8% over 1H 2014.
- HAECO Landing Gear Services reported a smaller loss in 1H 2015 than in 1H 2014 (work only resumed in the second quarter and results were adversely affected by impairment and other provisions arising from the fire at its premises in late 2012).
- HAECO Shanghai's profit fell due to the expiry of some contracts. The average number of aircraft movements handled per day reduced by 16.7% to 40 in 1H 2015.
- HAECO Line Services (Singapore) recorded a small profit in 1H 2015, compared to a loss in the same period last year, due to an effective cost control.
- HAECO Spirit AeroSystems' profit in 1H 2015 was slightly lower than in 1H 2014. Revenues were similar, but staff costs were higher.

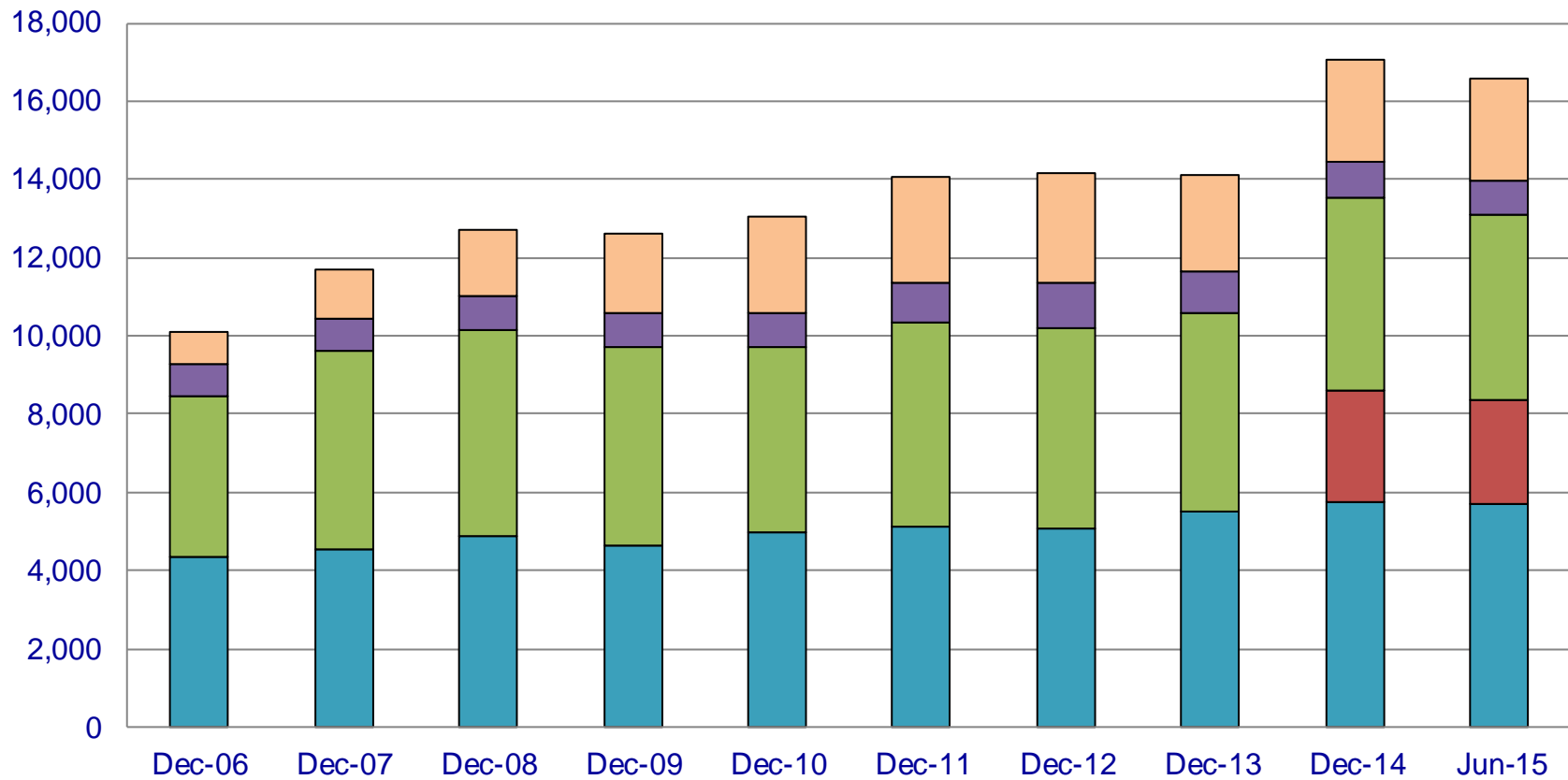
Airframe Services Sold Manhours and Line Services Aircraft Movements

	Six months ended 30th Jun		
	2015	2014	Change
Airframe services sold manhours (in millions)			
HAECO Hong Kong	1.40	1.26	+11.1%
HAECO Americas	1.55	1.73	-10.4%
HAECO Xiamen	1.92	1.97	-2.5%
Total	4.87	4.96	-1.8%
Line services aircraft movements (per day)			
HAECO Hong Kong	299	327	-8.6%
HAECO Xiamen	45	40	+12.5%
HAECO Shanghai	40	48	-16.7%
Engine output			
TEXL - performance restoration	13	15	-13.3%
TEXL - quick turn repair	25	14	+78.6%
HAESL	53	68	-22.1%

Operating Expenses

	<u>Six months ended 30th Jun</u>		
	2015	2014	Change
	HK\$M	HK\$M	
Staff remuneration and benefits	2,405	2,183	+10.2%
Cost of direct material and job expenses	2,387	2,167	+10.2%
Depreciation, amortisation and impairment	320	316	+1.3%
Other operating expenses	374	410	-8.8%
	5,486	5,076	+8.1%

Number of Staff

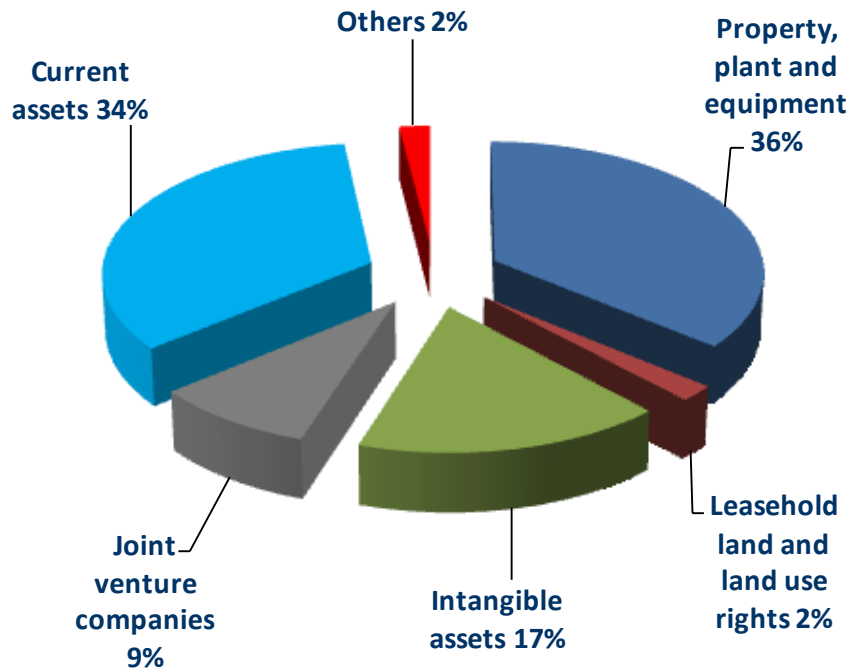


Other subsidiary and joint venture companies in which HAECO and HAECO Xiamen own at least 20%

HAESL HAECO Xiamen HAECO Americas HAECO Hong Kong

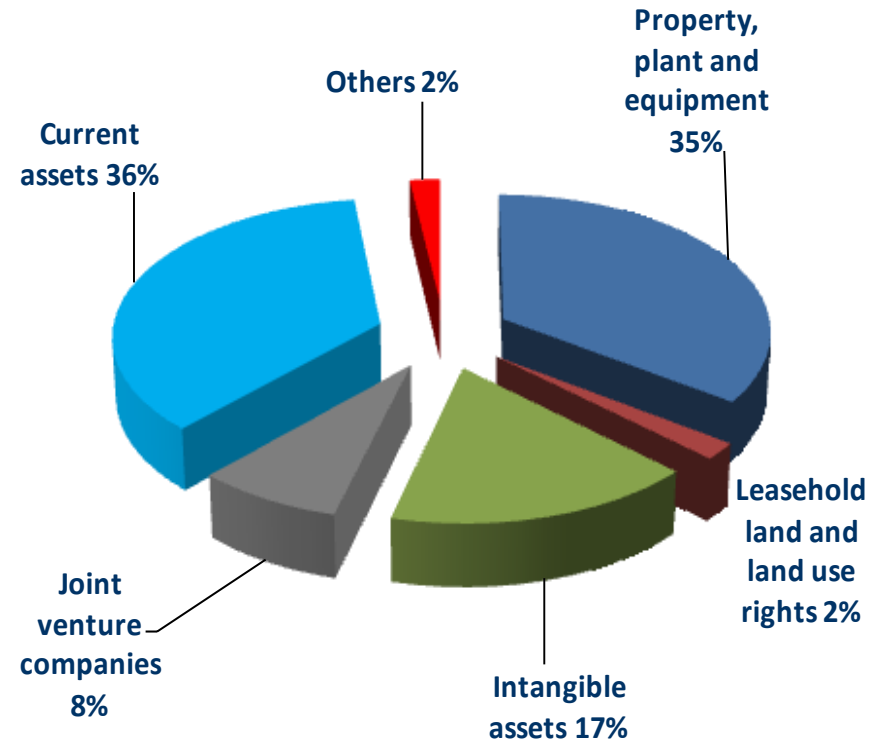
Assets

30th Jun 2015



HK\$14,678M

31st Dec 2014



HK\$15,044M

Net Borrowings Movement

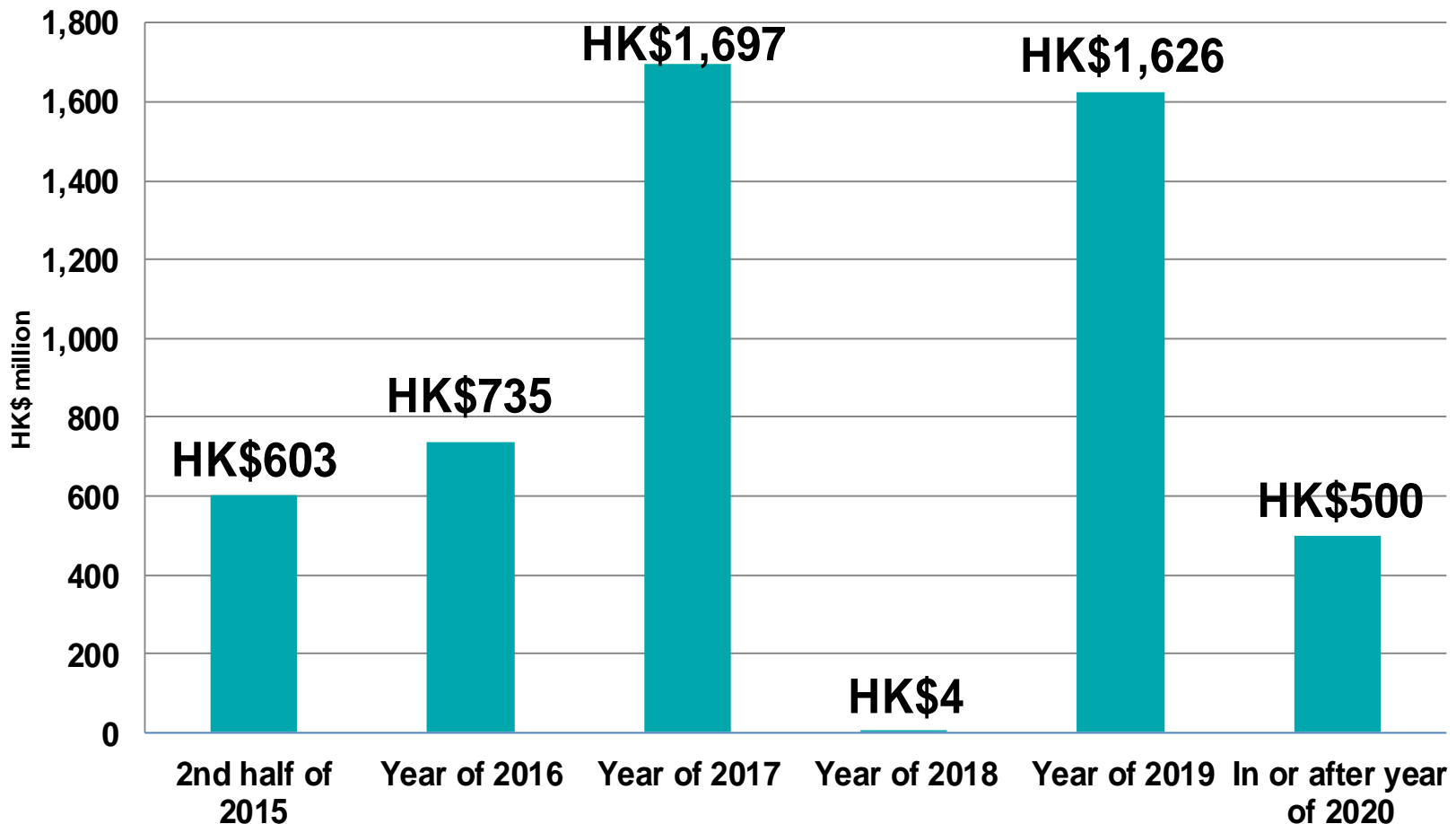
	HK\$M	HK\$M
Net borrowings at 1st Jan 2015		(2,610)
Net cash inflow from operating activities		426
Dividends received		106
Dividends paid		(291)
Net capex		
- ITM investment in rotatable spares	(169)	
- Other property, plant and equipment	(149)	(318)
Advance from a related party		77
Other movements		(11)
Net borrowings at 30th Jun 2015		(2,621)

Liquidity

Loan facilities as at	30th Jun <u>2015</u> HK\$M	31st Dec <u>2015</u> HK\$M	31st Dec <u>2016</u> HK\$M	31st Dec <u>2017</u> HK\$M
Available	7,183	5,902	3,831	2,134
Committed	5,169	4,566	3,831	2,134
Uncommitted	2,014	1,336	-	-
<hr/>				
		In <u>2015 2H</u> HK\$M	In <u>2016</u> HK\$M	In or beyond <u>2017</u> HK\$M
Capital commitment payment profile		812	708	103

Total Available Committed Facilities by Maturity

As at 30th June 2015



Prospects

- ✈ HAECO Hong Kong's aircraft maintenance capacity for the longer term is expected to grow with an increase in the workforce in 2H 2015, although there will be an associated cost of training additional staff in the short term. The workload for line services in Hong Kong is expected to remain stable.
- ✈ Demand for the airframe services of HAECO Americas is expected to remain low.
- ✈ Demand for HAECO Xiamen's airframe maintenance in 2H 2015 is likely to be lower than that in 1H 2015.
- ✈ TEXL's engine output is expected to remain stable.
- ✈ HAESL's performance is expected to continue to be adversely affected by a continued reduction in demand for its engine overhaul services.



THANK YOU
