

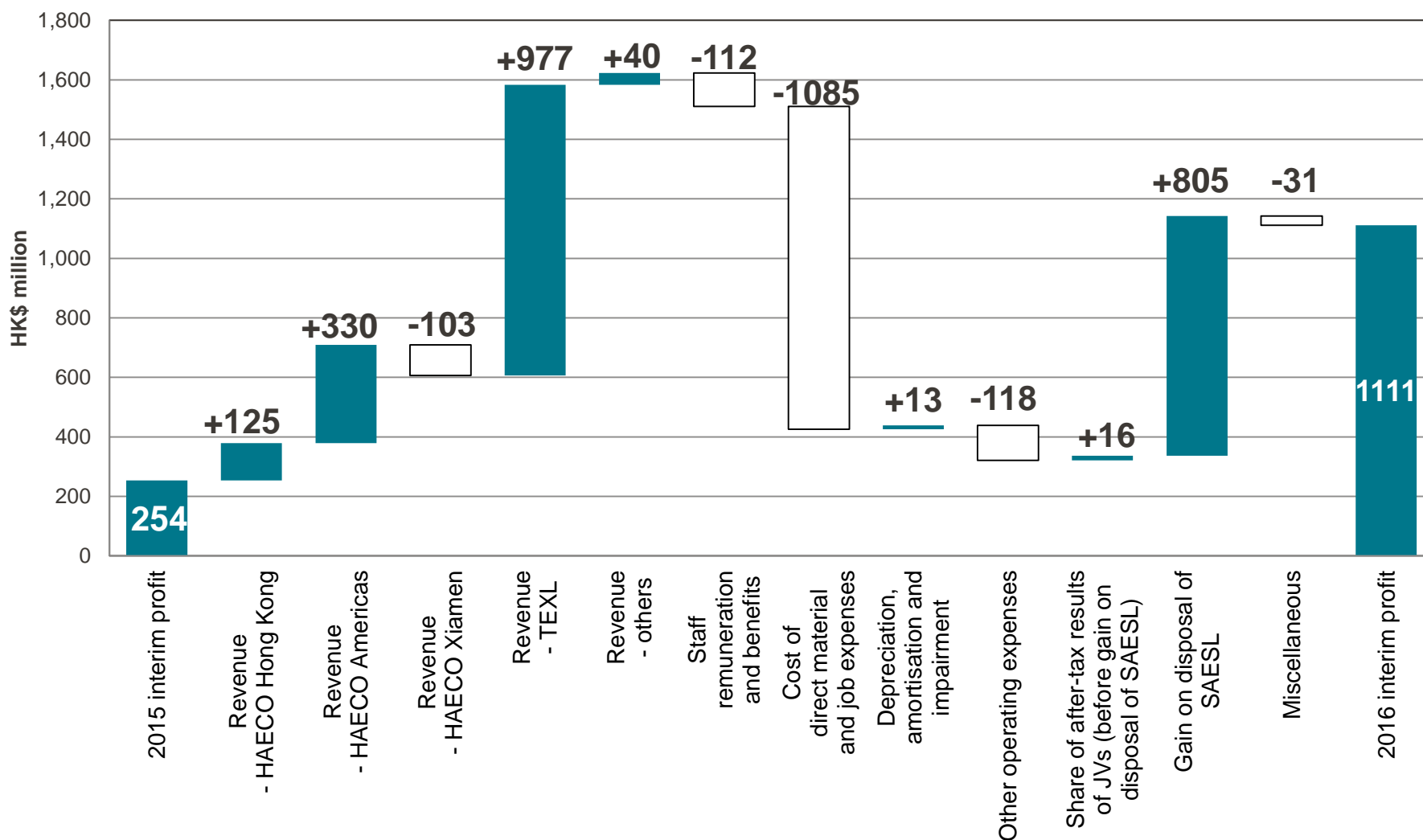
2016 Interim Results Analyst Briefing

16th August 2016

Financial Highlights

	Six months ended 30th Jun		Change
	2016	2015	
Attributable profit (HK\$M)	1,111	254	+337.4%
Adjusted attributable profit (HK\$M)	328	254	+29.1%
Revenue (HK\$M)	7,103	5,734	+23.9%
Earnings per share (HK\$)	6.68	1.53	+337.4%
1st interim dividend per share (HK\$)	0.63	0.60	+5.0%
Special interim dividend per share (HK\$)	2.35	-	N/A
	30th Jun	31st Dec	
	2016	2015	
Net borrowings (HK\$M)	2,201	2,710	-18.8%
Total equity (HK\$M)	8,123	7,186	+13.0%

Movement of Profit Attributable to the Company's Shareholders



Adjusted Profit Attributable to the Company's Shareholders



	Six months ended		Change
	30th Jun		
	2016	2015	
	HK\$M	HK\$M	
Profit attributable to the Company's shareholders	1,111	254	+337.4%
<i>Adjusting items</i>			
Gain on disposal of SAESL	(805)	-	N/A
Expenses associated with the disposal of SAESL	22	-	N/A
	328	254	+29.1%

Adjusted Profit Analysis by Companies

	Six months ended 30th Jun		Change
	2016 HK\$M	2015 HK\$M	
HAECO Hong Kong	104	99	+5.1%
HAECO Americas	(59)	(59)	+0.0%
HAECO Xiamen	47	46	+2.2%
TEXL	103	52	+98.1%
Share of:			
HAESL and SAESL	119	104	+14.4%
Other subsidiary and joint venture companies	14	12	+16.7%
Adjusted profit	328	254	+29.1%

The above attributable profit is adjusted so as to exclude the net gain on disposal of SAESL.

HAECO Hong Kong

- HAECO Hong Kong recorded a 5.1% increase in adjusted profit to HK\$104M in 1H 2016 compared to 1H 2015 while revenue recorded a 7.0% increase to HK\$1,902M.
- Performance for the line services was good. An average of 306 aircraft movements per day was handled in 1H 2016, an increase of 2.3% compared with 1H 2015. More work was done per movement. Line services manhours increased accordingly.
- Airframe services manhours sold reduced from 1.40M in 2015 1H to 1.38M in 2016 1H. The reduction reflected reduced demand and changes in customers' maintenance schedules.
- Manhours sold for components and avionics work, together with those sold by HAECO Component Overhaul (Xiamen), were 0.11M in 1H 2016, an increase of 10% compared to 1H 2015. The increase reflected additional component maintenance capabilities.

HAECO Americas

- HAECO Americas generated total revenue of HK\$1,586M in the 1H of 2016, 26.3% up from the corresponding period in 2015.
- A loss of HK\$59M was incurred in 1H of 2016, the same as that in the same period last year. The airframe services performance was better, but fewer seats were sold.
- 1.74M airframe services manhours were sold, 12.3% more than 1H 2015. More airframes were overhauled. The beneficial effect on profits was partly offset by expenditure to improve efficiency and work flow.
- In the cabin and seat business, more Panasonic kit work was done. Fewer seats were sold (approximately 1,800 compared with 2,800 in 1H 2015). Demand for our old seats declined and the new ones did not start to be sold until the second quarter.

HAECO Xiamen

- HAECO Xiamen's revenue for the 1H of 2016 was HK\$835M, 11.0% reduced from the 1H of 2015
- HAECO Xiamen recorded a 2.2% increase in attributable profit in 1H 2016, to HK\$47M, due to a lower tax rate. Its pre-tax profit decreased because demand for airframe services was weak.
- 1.65M manhours were sold, 14.1% lower than the same period in 2015. Less work was performed for a major North American customer.
- The private jet results in 1H 2016 were worse than those of 1H 2015. It started to modify a private jet cabin. The work is expected to be finished in early 2017.
- HAECO Xiamen handled an average of 48 line services aircraft movements per day in 1H 2016, 6.7% more than in 1H 2015.
- The revenue from parts manufacturing and technical training both recorded an increase from 1H 2015 to 1H 2016.

TEXL

- TEXL generated HK\$2,515M revenue for the 1H 2016, HK\$977M increased from the same period last year.
- In 1H 2016, TEXL completed 25 quick turn repairs and 23 performance restorations on GE90 engines, 10 more performance restorations than in 1H 2015.
- With more engines overhauled and more component repair work, TEXL recorded a significantly higher attributable profit in 1H 2016 than in 1H 2015, which represents a 98.1% increase to HK\$103M.

HAESL

- Excluding the profit on disposal of its interest in SAESL, HAESL recorded a 32.1% increase in profit in 1H 2016 compared to 1H 2015. More engines (60 compared with 53 in 1H 2015) were overhauled and more work was done per engine.
- SAESL, in which HAESL had a 20% interest until 30th June 2016, recorded a 47.8% decrease in profit in 1H 2016 compared to 1H 2015. Fewer engines were overhauled and less work was done per engine.
- The agreements for the restructuring of shareholdings in HAESL and SAESL were completed on 30th June 2016. The gain attributable to the Group arising from the disposal of HAESL's 20% shareholding in SAESL under the restructuring was HK\$805M.
- HAESL is now owned as to 50% by HAECO and 50% by Rolls-Royce and HAESL has no interest in SAESL.

Other Subsidiary and Joint Venture Companies

- HAECO ITM recorded a growth in operating profit but increased finance charges resulted in reduced attributable profits. The total number of aircraft for which services were provided in 1H 2016 was 270, an increase of 5.5% over 1H 2015.
- HAECO Landing Gear Services recorded a loss in 1H 2016 which was comparable to that in the corresponding period last year. Its results were adversely affected by strong competition.
- HAECO Component Overhaul (Xiamen) made a smaller loss in 1H 2016 than in 1H 2015. It did more work.
- HAECO Shanghai's average number of aircraft movements handled per day was 46 in 1H 2016, 15% more than that of 2015. Its profit increased accordingly.
- HAECO Line Services (Singapore) recorded a small profit in 1H 2016.
- HAECO Spirit AeroSystems did more work and made more profit before tax in 1H 2016 than in 1H 2015. Profit after tax fell, as it no longer had tax losses to utilise.

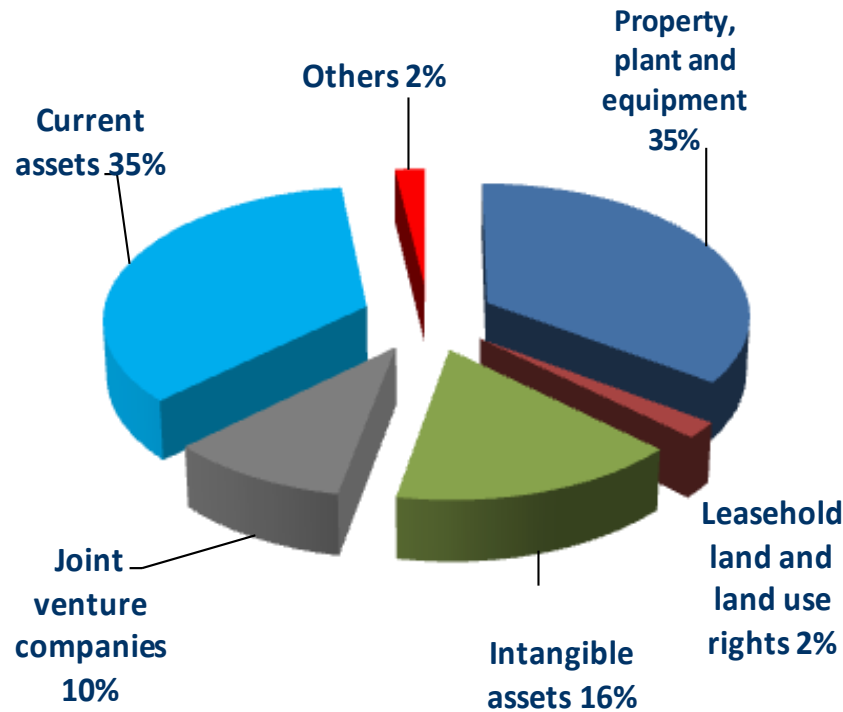
Key Operating Drivers

	Six months ended 30th Jun		Change
	2016	2015	
Airframe services sold manhours (in millions)			
HAECO Hong Kong	1.38	1.40	-1.4%
HAECO Americas	1.74	1.55	+12.3%
HAECO Xiamen	1.65	1.92	-14.1%
Total	4.77	4.87	-2.1%
Line services aircraft movements (per day)			
HAECO Hong Kong	306	299	+2.3%
HAECO Xiamen	48	45	+6.7%
HAECO Shanghai	46	40	+15.0%
Engine output			
TEXL - performance restorations	23	13	+76.9%
TEXL - quick turn repairs	25	25	+0.0%
HAESL	60	53	+13.2%

Total Assets

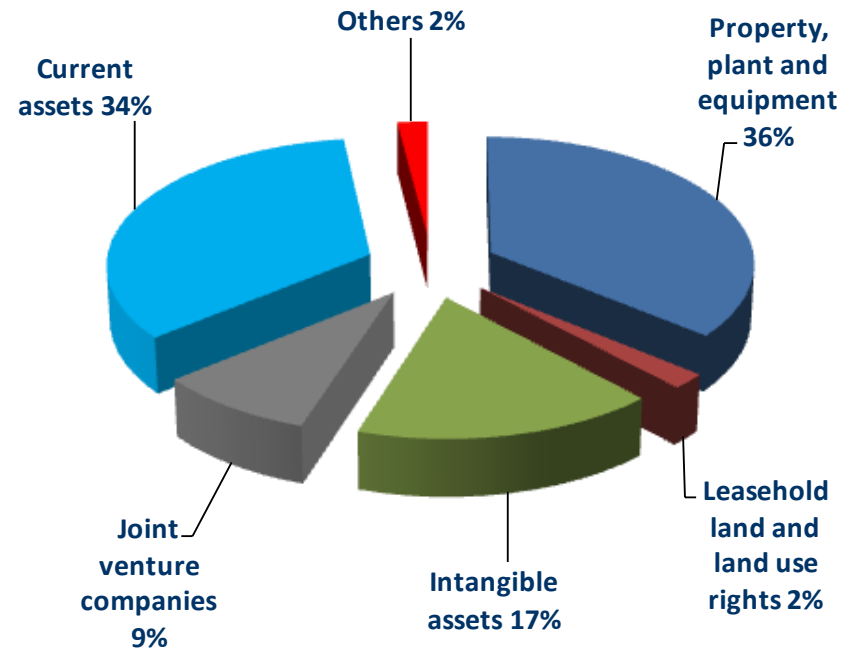


30th Jun 2016



HK\$15,333M

31st Dec 2015



HK\$14,672M

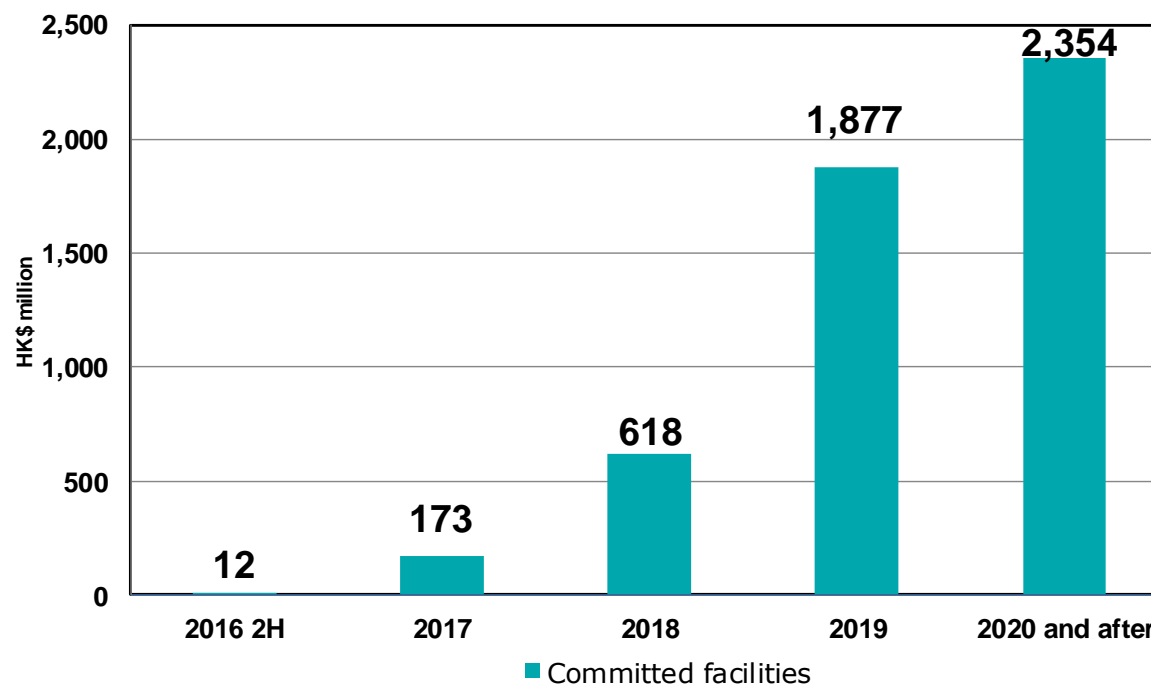
Net Borrowings Movement

	HK\$M	HK\$M
Net borrowings at 31st Dec 2015		(2,710)
Net cash inflow from operating activities		411
Dividends received		1,068
Dividends paid		(189)
Purchase of an additional 5% interest in HAESL		(452)
Net capex		
- Net investment in ITM rotatable spares	(128)	
- Other property, plant and equipment	(179)	(307)
Repayment to a related party		(7)
Other movements		(15)
<hr/>		
Net borrowings at 30th Jun 2016		(2,201)

Liquidity

	31st Dec 2015 HK\$M	30th Jun 2016 HK\$M	Change %
Bank balances and short-term deposits	1,427	1,714	20.1%
Total undrawn facilities:			
- Committed	1,766	1,077	-39.0%
- Uncommitted	1,930	1,835	-4.9%

Refinancing Profile at 30th June 2016



Prospects

- Demand for HAECO Hong Kong's airframe and component maintenance services is expected to be roughly stable in 2H 2016. Demand for its line services is expected to be firm.
- Demand for HAECO Americas' airframe services is expected to increase compared with 2H 2015, but seasonal factors mean that less work will be done than in 1H 2016. The seat business will continue to be adversely affected by reduction in demand for our older model seats. Forward bookings for cabin integration work are weak, but there will be more Panasonic Global Communication Suite work.
- Demand for HAECO Xiamen's airframe services is expected to be weak in 2H 2016. Less work will be done for a major North America customer. The adverse effect be offset in part by more work for customers outside North America and by PTF work
- HAESL's results in 2H are expected to be adversely affected by reduced demand for its engine overhaul services, although results for 2016 are likely to be better than those of 2015.
- TEXL's engine output is expected to remain stable.
- The results of HAECO Landing Gear Services will continue to be adversely affected by strong competition.



THANK YOU
