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SIA GROUP POSTS FIRST QUARTER OPERATING PROFIT OF $556 MILLION ON SURGING PASSENGER DEMAND

- **Second highest quarterly operating profit in SIA Group's history[1]**
- **Operating cash surplus of $1,480 million for the first quarter**
- **Robust near-term forward passenger sales momentum**
- **Inflationary pressures including high fuel prices, heightened geo-political risks, and concerns about global economic outlook pose challenges to airline industry**

SIA GROUP FINANCIAL PERFORMANCE

First Quarter FY2022/23 – Profit and Loss

The Singapore Airlines (SIA) Group financial performance for the first quarter FY2022/23 is summarised as follows:

Group Financial Results	1st Quarter FY2022/23 ($ million)	4th Quarter FY2021/22 ($ million)	Better/ (Worse) (%)	1st Quarter FY2022/23 ($ million)	1st Quarter FY2021/22 ($ million)	Better/ (Worse) (%)
Total Revenue	**3,911**	**2,472**	**58.2**	**3,911**	**1,295**	**202.0**
Total Expenditure	**3,355**	**2,539**	**(32.1)**	**3,355**	**1,569**	**(113.8)**
Net Fuel Cost	1,273	746	(70.6)	1,273	360	(253.6)
Fuel Cost (before hedging)	*1,475*	*857*	*(72.1)*	*1,475*	*373*	*(295.4)*
Fuel Hedging Gain	*(202)*	*(111)*	*82.0*	*(202)*	*(13)*	*1,453.8*
Fair Value Gain on Fuel Derivatives	-	-	-	-	(72)	(100.0)
Non-fuel Expenditure	2,082	1,793	(16.1)	2,082	1,281	(62.5)
Operating Profit/(Loss)	**556**	**(67)**	**n.m.**	**556**	**(274)**	**n.m.**
Net Profit/(Loss)	**370**	**(210)**	**n.m.**	**370**	**(409)**	**n.m.**

The SIA Group's unaudited financial results for the first quarter ended 30 June 2022 were announced on 28 July 2022. A summary of the financial and operating statistics is shown in Annex A. All monetary figures are in Singapore Dollars. The Company refers to Singapore Airlines, the Parent Airline Company. The Group comprises the Company and its subsidiary, joint venture, and associated companies.

Note 1: SIA Group recorded its highest ever quarterly operating profit of $675 million in Q3 FY2007/08.

The SIA Group has proactively reviewed all aspects of our operations since the start of the pandemic, ensuring that the entire organisation is ready to rapidly respond to changes in the operating environment. Singapore Airlines and Scoot have been among the first carriers to launch services and start sales to points served out of Changi Airport since restrictions began to ease in September 2021. Group capacity ramped up from an average of 47% of pre-pandemic levels in the fourth quarter of FY2021/22 to 61% in the first quarter of FY2022/23, allowing it to capture the significant pent-up demand.

As a result, the SIA Group posted a record first-quarter operating profit of $556 million, which was also the second-highest quarterly profit in its history. This came as the demand for air travel rose sharply after Singapore fully opened its borders to vaccinated travellers in April 2022. SIA and Scoot carried 5.1 million passengers during the quarter – up 158.2% from the previous quarter and fourteen-fold higher than a year before. Passenger traffic and load factors were robust across all cabin classes and travel segments, as well as all regions except East Asia where border restrictions remain in certain markets. SIA's quarterly revenue per available seat-kilometre was 10.2 cents, a record for the full-service airline.

Passenger flown revenue rose $1,456 million (+119.3%) quarter-on-quarter to $2,676 million on the back of a 126.7% growth in traffic. Passenger load factor rose 34.1 percentage points to 79.0%, the highest since the onset of the pandemic, as the traffic growth outpaced the capacity expansion of 28.9%. Cargo flown revenue fell $17 million (-1.5%) to $1,096 million, as the demand for air freight dropped due to pandemic-related lockdowns in China. The decline in cargo loads (-3.6%) was mitigated by higher yields (+2.2%), amid capacity constraints on key lanes especially between Asia and Europe. Consequently, Group revenue rose $1,439 million (+58.2%) to $3,911 million.

Expenditure grew by $816 million (+32.1%) quarter-on-quarter to $3,355 million. This consisted of a $527 million jump (+70.6%) in net fuel costs, and a $289 million increase (+16.1%) in non-fuel expenditure. Net fuel cost rose to $1,273 million, mainly on the 40% increase in fuel prices (+$414 million) and higher volumes uplifted (+$187 million), which was partially offset by higher fuel hedging gains (-$91 million). The 16.1% increase in non-fuel expenditure was well within the 28.9% increase in passenger capacity.

The Group posted an operating profit of $556 million, a $623 million improvement from the $67 million loss in the previous quarter. On a year-on-year basis, this was better by $830 million from the previous year's operating loss of $274 million.

The Group recorded a first quarter net profit of $370 million, versus a $210 million loss in the previous quarter (+$580 million). This was mainly due to the better operating performance (+$623 million), as well as the absence of $66 million in non-cash impairment charges, and partially offset by the tax expense incurred versus a tax credit last quarter (-$95 million). This was also an improvement of $779 million from a year before due to the better operating performance (+$830 million), lower share of losses of associated companies (+$25 million), lower net finance charges (+$14 million), and partly offset by a tax expense versus a tax credit last year (-$107 million).

The Group recorded an operating cash surplus[2] of $1,480 million for the three months, a quarter-on-quarter improvement of $978 million.

First Quarter FY2022/23 – Balance Sheet

As of 30 June 2022, the Group shareholders' equity was $22.9 billion, an increase of $0.5 billion from 31 March 2022. Cash and bank balances saw an increase of $2.3 billion, rising to $16.1 billion mainly due to net cash generated from operations including the proceeds from forward sales. As total debt balances remained at $15.7 billion, the Group's debt-equity ratio fell from 0.70 times to 0.68 times. In addition to the cash on hand, the Group retains access to $2.2 billion of committed lines of credit, all of which remain undrawn.

FLEET DEVELOPMENT

During the first quarter, SIA took delivery of two Airbus A350-900s, one of which joined the operating fleet. Three Boeing 737-8s that were delivered in the previous financial year also entered into service during the first quarter. One 737-8 that was delivered during the quarter will join the operating fleet after cabin retrofit. Scoot took delivery of one A320neo, which entered into service during the quarter together with two A321neo aircraft that were delivered in the previous quarter. One A320ceo was removed from the operating fleet in preparation for lease return.

SIA's operating fleet comprised 127 passenger aircraft[3] and seven freighters as of 30 June 2022, while Scoot had 55 passenger aircraft[4] in its operating fleet. With an average age of six years and three months, the Group operates one of the youngest and most fuel-efficient fleets in the airline industry[5]. This allows the Group to offer greater comfort and innovative products to customers, while further driving operating efficiency and supporting ongoing efforts to lower carbon emissions.

Note 2: Includes net cash provided by operating activities and repayment of lease liabilities, and excludes proceeds from forward sales.
Note 3: The 127-passenger aircraft fleet comprised 23 777-300ERs, 12 A380s, 59 A350s, 15 787-10s, 7 737-800s and 11 737-8s.
Note 4: The 55-passenger aircraft fleet comprised 10 787-8s, 10 787-9s, 20 A320ceos, 6 A320neos and 9 A321neos.
Note 5: The industry average fleet age as of July 2022 is around 15 years and 6 months according to Centre for Asia Pacific Aviation (CAPA).

NETWORK DEVELOPMENT

During the quarter, SIA and Scoot reinstated services to several destinations in South East Asia (Cebu, Davao, Hat Yai, Kota Kinabalu, and Medan), as well as Nanjing, China. Scoot launched new services to Jeju, South Korea. As of 30 June 2022, the Group's passenger network covered 98 destinations[6] in 36 countries and territories, and is getting closer to the pre-pandemic network[7]. SIA served 72 destinations[6], Scoot 47 destinations[6], and the cargo network comprised 107 destinations[6].

In response to the strong demand for air travel, the SIA Group will adjust the SIA and Scoot network in the Northern Winter operating season (30 October 2022 to 25 March 2023). SIA will increase services to points across Japan, restore its Indian network to pre-pandemic levels, add more flights to Los Angeles and Paris, and continue its direct services to Vancouver. Scoot will launch non-stop services to Tokyo (Narita) and Osaka, as well as add more flights to Bangkok, Cebu, Manila, Seoul and Surabaya.

Group capacity is projected to go up to around 68% of pre-pandemic levels in the second quarter of FY2022/23, and around 76% by the third quarter of FY2022/23.

TRAVEL RECOVERY

The SIA Group has strengthened its operational and financial foundations during the Covid-19 pandemic, and will continue to invest in our people and the business to meet our growth plans and ensure that we emerge stronger. Cabin crew recruitment resumed in February 2022 after a two-year hiatus to replace staff who left during the pandemic for a variety of reasons. New aircraft deliveries and higher aircraft utilisation will support network expansion. The Group has ramped up resources at the various touchpoints to beyond pre-Covid levels, and increased the number of online self-service options, to better support customers. We are working closely with our ecosystem partners globally to continue to improve the airport experience for our customers.

SIA's all-new flagship SilverKris Lounge and KrisFlyer Gold Lounge at Singapore's Changi Airport Terminal 3 were officially unveiled on 30 May 2022, with extensive customer engagement and research going into this thoughtfully redesigned $50 million facility. This shows SIA's commitment to the premium brand and growth strategy, reinforces its position as Changi Airport's anchor airline, and reflects the Group's confidence in Singapore's future as a pre-eminent air hub.

The Group remains firmly committed to its sustainability goals. SIA now offers more opportunities for corporate customers and travellers to mitigate carbon emissions using Sustainable Aviation Fuel (SAF) credits. The sale of these credits is part of the Singapore SAF pilot, in partnership with the Civil Aviation Authority of Singapore and Temasek, to advance the use of sustainable fuels in Singapore.

Note 6: Number of destinations include Singapore.
Note 7: The pre-pandemic network for the SIA Group consists of 137 destinations in 37 countries and territories, including Singapore.

As part of the pilot, refined jet fuel was blended with 1,000 tonnes of neat sustainable fuel and delivered to Changi Airport's fuel hydrant system on 7 July 2022. This blend has been uplifted on to SIA and Scoot flights departing Singapore. This study will help to validate SAF integration options at Changi Airport, and better understand the operational factors that could lead to the greater adoption of sustainable fuels in Singapore. It marks an important milestone in the Group's decarbonisation journey, and supports our commitment to achieve net zero carbon emissions by 2050.

OUTLOOK

Travel demand is expected to remain robust in the near-term as we head into the year-end holiday travel period, with forward sales staying buoyant for the next three months up to October 2022.

While cargo demand from Asia has been recovering, this is being offset by seasonally slower air cargo activity during the summer. Yields are expected to remain higher than pre-Covid levels in the near to medium term as air cargo capacity remains tight on key trade lanes to and from Asia, particularly between Europe and Asia, amid the Russia-Ukraine conflict. Changes to the Covid-19 situation in China may also impact the ongoing recovery in the country's export volumes.

Inflationary pressures including elevated fuel prices remain a concern. Interest rate hikes and slowing economic growth in many countries around the world, including the SIA Group's key markets, are risk factors to passenger travel recovery and air cargo demand which we are monitoring closely.

As we navigate these uncertainties, the Group will keep a tight rein on costs, reinforce our operational and financial foundations, and invest in our products, services, capabilities, and people. SIA's transformation efforts will help the Group to remain nimble and flexible, maintain cost discipline, and be ready to seize revenue and growth opportunities as they arise.

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GROUP FINANCIAL STATISTICS

	1st Quarter 2022/23	4th Quarter 2021/22	1st Quarter 2022/23	1st Quarter 2021/22
Financial Results ($ million)				
Total revenue	3,910.9	2,471.9	3,910.9	1,294.4
Total expenditure	3,354.5	2,538.5	3,354.5	1,568.8
Operating profit/(loss)	556.4	(66.6)	556.4	(274.4)
Profit/(Loss) attributable to Owners of the Company	370.4	(209.9)	370.4	(409.2)
Earnings/(Loss) per share (cents)				
- Basic [R1]	5.8	(3.3)	5.8	(9.2)
- Adjusted Basic [R2]	12.5	(7.1)	12.5	(13.8)
- Diluted [R3]	5.6	(3.3)	5.6	(9.2)
EBITDA ($ million) [R4]	1,049.4	380.0	1,049.4	143.9
EBITDA margin (%) [R5]	26.8	15.4	26.8	11.1

	As at 30 Jun 2022	As at 31 Mar 2022
Financial Position ($ million)		
Total assets	51,319.4	48,671.0
Total debt	15,653.1	15,694.8
Total cash and bank balances	16,112.2	13,762.7
Total liabilities	27,991.5	25,870.6
Equity attributable to Owners of the Company	22,934.5	22,411.9
Debt : equity ratio (times) [R6]	0.68	0.70
Net asset value per share ($) [R7]	7.73	7.55
Adjusted net asset value per share ($) [R8]	3.48	3.40

[R1] Earnings/(Loss) per share (basic) is computed by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds in accordance with IAS 33 Earnings Per Share.

[R2] Earnings/(Loss) per share (adjusted basic) is computed by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the redemption of all mandatory convertible bonds.

[R3] Earnings/(Loss) per share (diluted) is computed by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, adjusted for the dilutive effect of the vesting of all outstanding share-based incentive awards granted, in accordance with IAS 33.

[R4] EBITDA denotes earnings before interest, taxes, depreciation, and amortisation.

[R5] EBITDA margin is computed by dividing EBITDA by the total revenue.

[R6] Debt : equity ratio is total debt divided by equity attributable to owners of the Company.

[R7] Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares.

[R8] Adjusted net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds and convertible bonds.

OPERATING STATISTICS

	1st Quarter 2022/23	4th Quarter 2021/22		Change %	1st Quarter 2022/23	1st Quarter 2021/22		Change %
Singapore Airlines (*and SilkAir*)								
Passengers carried (thousand)	3,839	1,712	+	124.2	3,839	312	+	1,130.4
Revenue passenger-km (million)	19,432.1	9,258.7	+	109.9	19,432.1	1,723.9	+	1,027.2
Available seat-km (million)	23,575.3	18,895.7	+	24.8	23,575.3	11,084.0	+	112.7
Passenger load factor (%)	82.4	49.0	+	33.4 pts	82.4	15.6	+	66.8 pts
Passenger yield (cents/pkm)	12.3	11.9	+	3.4	12.3	17.8	-	30.9
Revenue per available seat-km (cents/ask)	10.2	5.9	+	72.9	10.2	2.8	+	264.3
Passenger unit cost (cents/ask)	10.0	8.7	+	14.9	10.0	7.3	+	37.0
Passenger unit cost ex-fuel (cents/ask)	5.7	5.7		-	5.7	5.4	+	5.6
Scoot								
Passengers carried (thousand)	1,257	262	+	379.8	1,257	50	+	2,414.0
Revenue passenger-km (million)	3,340.4	786.8	+	324.6	3,340.4	132.7	+	2,417.3
Available seat-km (million)	5,243.8	3,454.3	+	51.8	5,243.8	1,486.9	+	252.7
Passenger load factor (%)	63.7	22.8	+	40.9 pts	63.7	8.9	+	54.8 pts
Passenger yield (cents/pkm)	8.5	14.7	-	42.2	8.5	7.8	+	9.0
Revenue per available seat-km (cents/ask)	5.4	3.3	+	63.6	5.4	0.7	+	671.4
Passenger unit cost (cents/ask)	6.4	7.5	-	14.7	6.4	8.1	-	21.0
Passenger unit cost ex-fuel (cents/ask)	4.2	5.8	-	27.6	4.2	6.9	-	39.1
Group Airlines (Passenger)								
Passengers carried (thousand)	5,096	1,974	+	158.2	5,096	362	+	1,307.7
Revenue passenger-km (million)	22,772.5	10,045.5	+	126.7	22,772.5	1,856.6	+	1,126.6
Available seat-km (million)	28,819.1	22,350.0	+	28.9	28,819.1	12,570.9	+	129.3
Passenger load factor (%)	79.0	44.9	+	34.1 pts	79.0	14.8	+	64.2 pts
Passenger yield (cents/pkm)	11.7	12.1	-	3.3	11.7	17.1	-	31.6
Revenue per available seat-km (cents/ask)	9.3	5.5	+	69.1	9.3	2.5	+	272.0
Group Airlines (Cargo)								
Cargo and mail carried (million kg)	239.5	248.8	-	3.7	239.5	243.0	-	1.4
Cargo load (million tonne-km)	1,370.5	1,421.9	-	3.6	1,370.5	1,372.8	-	0.2
Gross capacity (million tonne-km)	2,091.7	1,954.7	+	7.0	2,091.7	1,541.6	+	35.7
Cargo load factor (%)	65.5	72.7	-	7.2 pts	65.5	89.1	-	23.6 pts
Cargo yield (cents/ltk)	80.0	78.3	+	2.2	80.0	63.8	+	25.4
Cargo unit cost (cents/ctk)	27.0	25.1	+	7.6	27.0	28.7	-	5.9

GLOSSARY

Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Available seat-km	=	Number of available seats x distance flown (in km)
Passenger load factor	=	Revenue passenger-km expressed as a percentage of available seat-km
Passenger yield	=	Passenger revenue from scheduled services divided by revenue passenger-km
Revenue per available seat-km	=	Passenger revenue from scheduled services divided by available seat-km
Passenger unit cost	=	Passenger operating expenditure divided by available seat-km
Passenger unit cost ex-fuel	=	Passenger operating expenditure less fuel cost, divided by available seat-km
Cargo load	=	Cargo and mail load carried (in tonnes) x distance flown (in km)
Gross capacity	=	Cargo capacity production (in tonnes) x distance flown (in km)
Cargo load factor	=	Cargo and mail load (in tonne-km) expressed as a percentage of gross capacity (in tonne-km)
Cargo yield	=	Cargo and mail revenue from scheduled services divided by cargo load (in tonne-km)
Cargo unit cost	=	Cargo operating expenditure divided by gross capacity (in tonne-km)