



No. 03/23

27 July 2023

## SIA GROUP REPORTS RECORD QUARTERLY NET PROFIT OF \$734 MILLION ON ROBUST PASSENGER DEMAND

- Continued strength in travel demand drives record load factors
- Near-term forward passenger bookings remain robust
- Cargo revenue declines on softening demand and higher capacity
- Continued investments in strategic initiatives, industry-leading products and services
- Group continues to cautiously navigate geopolitical and macroeconomic uncertainties, as well as increasing competition across key markets

### SIA GROUP FINANCIAL PERFORMANCE

#### First Quarter FY2023/24 – Profit and Loss

The Singapore Airlines (SIA) Group's financial performance for the first quarter of FY2023/24 is summarised as follows:

Group Financial Results	1 <sup>st</sup> Quarter FY2023/24 (\$ million)	1 <sup>st</sup> Quarter FY2022/23 (\$ million)	Better/ (Worse) (%)
<b>Total Revenue</b>	<b>4,479</b>	<b>3,928</b>	<b>14.0</b>
<b>Total Expenditure</b>	<b>3,725</b>	<b>3,372</b>	<b>(10.5)</b>
Net Fuel Cost	1,053	1,273	17.3
<i>Fuel Cost (before hedging)</i>	<i>1,154</i>	<i>1,475</i>	<i>21.8</i>
<i>Fuel Hedging Gain</i>	<i>(101)</i>	<i>(202)</i>	<i>(50.0)</i>
Non-fuel Expenditure	2,671	2,099	(27.3)
<b>Operating Profit</b>	<b>755</b>	<b>556</b>	<b>35.8</b>
<b>Net Profit</b>	<b>734</b>	<b>370</b>	<b>98.4</b>

The SIA Group's unaudited financial results for the first quarter ended 30 June 2023 were announced on 27 July 2023. 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.

The figures in the table may not sum up to the stated totals because of rounding.

The SIA Group posted a net profit of \$734 million in the first three months of FY2023/24, the highest quarterly performance in its history, amid robust demand for air travel through the mid-year school holidays and the start of the summer travel season.

Group passenger capacity expanded by 32.4% year-on-year as restrictions on international air travel eased globally. SIA and Scoot carried 8.4 million passengers during the quarter, 65.5% higher than a year before, with strong demand across all route regions and market segments. Passenger traffic and load factors improved across all markets, with the year-on-year traffic growth of 49.0% outpacing the capacity expansion. The Group achieved a record quarterly passenger load factor (PLF) of 88.9%, with SIA's PLF at a record 88.1% and Scoot's at a record 91.7%.

The cargo segment's performance declined year-on-year as the demand for air freight continued to soften. Cargo loads dipped 11.3% year-on-year, while capacity grew 12.1%, primarily from the increase in bellyhold capacity as more passenger flights returned to service. Cargo load factor fell by 13.7 percentage points to 51.8%, and cargo yields fell 44.3% compared to last year. Nevertheless, cargo yields at 44.6 cents per load tonne-kilometre remained 50% above the pre-Covid level of 29.7 cents per load tonne-kilometre (first quarter of FY2019/20).

As a result, Group revenue rose \$551 million (+14.0%) year-on-year to \$4,479 million, with the higher passenger flown revenue of \$1,001 million (+37.4%), partially offset by a \$555 million (-50.6%) decline in cargo flown revenue.

Expenditure increased \$353 million (+10.5%) year-on-year to \$3,725 million, with the rise in non-fuel expenditure of \$572 million (+27.3%) partly offset by a \$220 million decrease (-17.3%) in net fuel cost. Net fuel cost fell to \$1,053 million mainly due to a 33.4% decrease in fuel prices (-\$599 million), despite higher volumes uplifted (+\$305 million) and lower fuel hedging gains (+\$101 million). The 27.3% increase in non-fuel expenditure was within the 32.4% increase in passenger capacity.

The Group posted an operating profit of \$755 million, \$199 million (+35.8%) better than the \$556 million operating profit a year before. SIA generated a record operating profit of \$738 million, an improvement of \$113 million. Operating profit for Scoot was \$24 million, up \$76 million compared to the prior year.

Group quarterly net profit was up \$364 million, or 98.4% higher than last year at \$734 million. This was mainly attributable to the better operating performance (+\$199 million), a net interest income versus a net finance charge last year (+\$144 million), and a share of profits versus a share of losses of associated companies last year (+\$81 million), and partially offset by this year's higher tax expense (-\$62 million).

## First Quarter FY2023/24 – Balance Sheet

As of 30 June 2023, the Group shareholders' equity was \$17.2 billion, a decline of \$2.7 billion from 31 March 2023, following the \$3.4 billion redemption in June 2023 of half of the Mandatory Convertible Bonds (MCBs) that were issued in June 2021. Cash and bank balances decreased \$2.5 billion to \$13.8 billion, with the drop in cash balance from the redemption of the MCBs partially mitigated by the net cash generated from operations of \$1.6 billion, which included proceeds from forward sales. As total debt balances remained at \$14.7 billion, the Group's debt-equity ratio increased from 0.77 times to 0.86 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. The Group's balance sheet remains healthy and is among the strongest in the industry.

### **FLEET DEVELOPMENT**

SIA added four aircraft to its operating fleet in the first quarter. These comprise one Airbus A350-900 (delivered in March 2023), two Boeing 787-10s (delivered in April 2023 and June 2023), and one 737-8 (delivered in February 2022) after its cabin retrofit.

As of 30 June 2023, the Group had 199 aircraft in its operating fleet comprising 192 passenger aircraft and seven freighters. SIA's operating fleet comprised 137 passenger aircraft<sup>1</sup> and seven freighters, while Scoot had 55 passenger aircraft<sup>2</sup>. The Group has 99 aircraft<sup>3</sup> in its order book.

With an average age of six years and 11 months, the Group operates one of the youngest and most fuel-efficient fleets in the airline industry<sup>4</sup>. 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.

### **NETWORK DEVELOPMENT**

In the first quarter, Scoot expanded its footprint in China with the resumption of services to seven destinations (Changsha, Haikou, Nanning, Ningbo, Shenyang, Wuhan, and Xi'an). With these additions, SIA and Scoot collectively serve 17 destinations in China, with Scoot serving 14 points and SIA serving four points. As of 30 June 2023, the Group's passenger network<sup>5</sup> covered 116 destinations in 36 countries and territories. SIA served 74 destinations while Scoot served 65 destinations. The cargo network<sup>5</sup> comprised 121 destinations in 38 countries and territories.

**Note 1:** SIA's 137-passenger aircraft fleet comprised 23 777-300ERs, 12 A380s, 62 A350s, 17 787-10s, seven 737-800s, and 16 737-8s.

**Note 2:** Scoot's 55-passenger aircraft fleet comprised 10 787-8s, 10 787-9s, 20 A320neos, six A321neos, and nine A321XLRs.

**Note 3:** This comprises 28 Airbus aircraft (three A350s, 12 A320neos, six A321neos, seven A350Fs), 62 Boeing aircraft (31 777-9s, 18 787s, 13 737-8s), and nine Embraer E190-E2 aircraft.

**Note 4:** The industry average fleet age as of July 2023 is around 15 years, according to CAPA data.

**Note 5:** Number of destinations, and countries and territories include Singapore.

SIA will resume four-times weekly services to Busan from 28 August 2023. During the Northern Winter operating season (29 October 2023 to 30 March 2024), SIA will increase frequencies to Hong Kong SAR, Japan (Fukuoka, Haneda, Nagoya, and Osaka), and Thailand (Bangkok and Phuket). In response to the strong demand during the year-end peak travel season, SIA will operate supplementary services to Adelaide, Brisbane, Christchurch, Melbourne, Perth, and Sydney from 22 November 2023. From 31 January 2024, additional frequencies will be mounted to Frankfurt until the end of the Northern Winter operating season.

Scoot resumed flights to Jinan and Shenzhen in China in July 2023, and will serve Nanchang from August 2023. From 29 October 2023, Scoot will inject additional frequencies to Chiang Mai, Davao, and Jeddah. The low-cost carrier will also restructure its existing direct flights to Athens and Berlin, and operate three-times weekly Singapore-Athens-Berlin services during the Northern Winter season.

Subject to regulatory approvals, SIA and Scoot will restructure their Bengaluru, Chennai and Hyderabad services from 29 October 2023. As part of this move, SIA will offer daily morning and evening services to Bengaluru. The SIA Group will also increase its services between Singapore and Chennai from 17-times weekly to 21-times weekly, with Scoot commencing daily operations to the city after SIA transfers some of its Chennai services to the low-cost carrier from 5 November 2023. In addition, SIA will progressively increase its weekly service between Singapore and Hyderabad from seven-times weekly to 12-times weekly, taking over Scoot's daily services between the two cities.

These adjustments are part of the continuous review of the SIA Group's network, and reflect its ability and flexibility to adjust operations between SIA and Scoot to meet evolving customer demand.

The SIA Group's capacity remains on track to reach an average of around 90% of pre-Covid<sup>6</sup> levels by March 2024.

## **STRATEGIC INITIATIVES**

Work continues on the proposed merger of Air India and Vistara, which will result in SIA taking a 25.1% stake in the enlarged Air India Group when the transaction has been completed. This will bolster the Group's presence in India, strengthen its multi-hub strategy, and allow it to continue participating directly in this large and fast-growing aviation market.

The Group continues to pursue commercial partnerships with like-minded partners. In May 2023, Garuda Indonesia and SIA agreed on plans for a route joint venture arrangement that would deepen the cooperation between the two carriers. The proposed route joint venture, subject to regulatory approvals, would potentially allow the coordination of schedules between Singapore and Indonesia, and explore new initiatives such as joint fare products, and cross participation of frequent flyer programmes.

**Note 6:** Pre-Covid refers to January 2020, before the onset of Covid-19 pandemic.

## ENHANCING THE CUSTOMER EXPERIENCE

SIA continues to invest in its products and services to enhance the customer experience. In February 2023, SIA became the first airline to roll out complimentary unlimited in-flight Wi-Fi for all Business Class customers, as well as its PPS Club members and PPS Club supplementary card holders. KrisFlyer members were given free three-hour and two-hour Wi-Fi plans when travelling in Premium Economy Class and Economy Class respectively. This benefit was enhanced from 1 July 2023, to allow all KrisFlyer members travelling in Premium Economy Class and Economy Class access to complimentary unlimited in-flight Wi-Fi. The enhanced Wi-Fi offering is available on 95% of SIA's aircraft fleet<sup>7</sup> and across almost the entire SIA route network. As a result, SIA's customers enjoy the most comprehensive free unlimited Wi-Fi access in the airline industry.

In June 2023, SIA was once again recognised as the *World's Best Airline* at the 2023 Skytrax World Airline Awards. This is the fifth time SIA has won this prestigious accolade. SIA also took the top spot in four categories including *Best First Class Airline*, *Best First Class Comfort Amenities*, and *Best Airline in Asia*.

SIA's low-cost subsidiary Scoot was named *Best Long Haul Low-cost Airline* at the Skytrax awards, and ranked second in the *World's Best Low-cost Airlines* category.

## OUTLOOK

The demand for air travel is expected to remain robust for all route regions through the summer peak, with forward passenger bookings closely tracking capacity injection across most markets over the next three months. The SIA Group is well positioned in this operating environment, even as competition is expected to intensify in the coming months as more capacity is injected into international routes. The Group will monitor these trends closely, and adjust its capacity and network accordingly.

Cargo demand is expected to remain soft in the near term due to inflation and weak economic conditions. As more airlines add passenger services, bellyhold capacity will continue to increase globally. Inventory overhang and the easing of supply chain constraints have also resulted in a modal shift towards sea freight. Higher competition, as well as softer cargo demand, may continue to exert downward pressure on cargo yields, particularly on key trade lanes.

All hedge positions that were contracted at lower Brent prices prior to Covid-19 have matured as at end of the first quarter of FY2023/24. The remaining hedge positions from the second quarter of FY2023/24 onwards are at prices closer to prevailing market levels.

**Note 7:** Free unlimited Wi-Fi services are available on all aircraft except for the seven Boeing 737-800s that are not Wi-Fi enabled.

Macroeconomic and geopolitical uncertainties, as well as inflation, could pose challenges for the airline industry. The strength of the Group's portfolio and multi-hub strategies, as well as its successful Transformation programmes, have put it in a strong position to navigate these challenges and benefit from future opportunities.

\* \* \*

### **About Singapore Airlines**

The Singapore Airlines (SIA) Group's history dates to 1947 with the maiden flight of Malayan Airways. The airline was later renamed Malaysian Airways and then Malaysia-Singapore Airlines (MSA). In 1972, MSA split into Singapore Airlines and Malaysian Airline System. Initially operating a modest fleet of 10 aircraft to 22 destinations in 18 countries, SIA has since grown to be a world-class international airline group that is committed to the constant enhancement of the three main pillars of its brand promise: Service Excellence, Product Leadership, and Network Connectivity.

SIA is the world's most awarded airline. In 2023, SIA was again named in Fortune Magazine's list of the 50 most admired companies in the world. SIA is the highest ranked Asian company and the only Singapore-based brand in the list. In February 2023, SIA was named *Airline of the Year* in the Air Transport World Airline Industry Awards. This accolade recognised SIA's outstanding performance, innovation, and superior service within the airline industry. In June 2023, SIA was named *World's Best Airline* in the 2023 Skytrax World Airline Awards, the fifth time it has won this prestigious accolade. For more information, please visit [www.singaporeair.com](http://www.singaporeair.com).

#### **Media Contacts:**

Public Affairs Department  
Tel: (65) 6541-5880 (office hours)  
Tel: (65) 9753-2126 (after office hours)  
Email: [Public\\_Affairs@singaporeair.com.sg](mailto:Public_Affairs@singaporeair.com.sg)  
URL: [singaporeair.com](http://singaporeair.com)

#### **Investor Contacts:**

Investor Relations  
Tel: (65) 6541-4885 (office hours)  
Email: [Investor\\_Relations@singaporeair.com.sg](mailto:Investor_Relations@singaporeair.com.sg)

Singapore Company Registration Number: 19700078R

A STAR ALLIANCE MEMBER 

## GROUP FINANCIAL STATISTICS

	1 <sup>st</sup> Quarter 2023/24	1 <sup>st</sup> Quarter 2022/23
<b>Financial Results (\$ million)</b>		
Total revenue	4,479.3	3,928.2
Total expenditure	3,724.8	3,371.8
Operating profit	754.5	556.4
Profit attributable to Owners of the Company	734.0	370.4
<b>Earnings per share (cents)</b>		
- Basic <sup>R1</sup>	14.3	5.8
- Adjusted Basic <sup>R2</sup>	24.7	12.5
- Diluted <sup>R3</sup>	14.0	5.7
EBITDA (\$ million) <sup>R4</sup>	1,505.1	1,049.4
EBITDA margin (%) <sup>R5</sup>	33.6	26.7
	As at 30 Jun 2023	As at 31 Mar 2023
<b>Financial Position (\$ million)</b>		
Total assets	46,064.8	49,101.2
Total debt	14,695.8	15,339.3
Total cash and bank balances	13,773.7	16,327.6
Total liabilities	28,499.4	28,851.4
Equity attributable to Owners of the Company	17,167.0	19,858.3
Debt : equity ratio (times) <sup>R6</sup>	0.86	0.77
Net asset value per share (\$) <sup>R7</sup>	5.78	6.68
Adjusted net asset value per share (\$) <sup>R8</sup>	4.06	3.72

<sup>R1</sup> Earnings per share (basic) is computed by dividing profit 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.

<sup>R2</sup> Earnings per share (adjusted basic) is computed by dividing profit 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.

<sup>R3</sup> Earnings per share (diluted) is computed by dividing profit 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.

<sup>R4</sup> EBITDA denotes earnings before interest, taxes, depreciation, and amortisation.

<sup>R5</sup> EBITDA margin is computed by dividing EBITDA by the total revenue.

<sup>R6</sup> Debt : equity ratio is total debt divided by equity attributable to owners of the Company.

<sup>R7</sup> 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.

<sup>R8</sup> 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

	1 <sup>st</sup> Quarter 2023/24	1 <sup>st</sup> Quarter 2022/23		Change %
<b><u>Singapore Airlines</u></b>				
Passengers carried (thousand)	5,476	3,839	+	42.6
Revenue passenger-km (million)	25,932.7	19,432.1	+	33.5
Available seat-km (million)	29,426.7	23,575.3	+	24.8
Passenger load factor (%)	88.1	82.4	+	5.7 pts
Passenger yield (cents/pkm)	12.1	12.3	-	1.6
Revenue per available seat-km (cents/ask)	10.6	10.2	+	3.9
Passenger unit cost (cents/ask)	8.6	10.0	-	14.0
Passenger unit cost ex-fuel (cents/ask)	5.8	5.8		-
<b><u>Scoot</u></b>				
Passengers carried (thousand)	2,960	1,257	+	135.5
Revenue passenger-km (million)	7,999.8	3,340.4	+	139.5
Available seat-km (million)	8,723.5	5,243.8	+	66.4
Passenger load factor (%)	91.7	63.7	+	28.0 pts
Passenger yield (cents/pkm)	6.8	8.5	-	20.0
Revenue per available seat-km (cents/ask)	6.3	5.4	+	16.7
Passenger unit cost (cents/ask)	6.1	6.4	-	4.7
Passenger unit cost ex-fuel (cents/ask)	4.3	4.2	+	2.4
<b><u>Group Airlines (Passenger)</u></b>				
Passengers carried (thousand)	8,436	5,096	+	65.5
Revenue passenger-km (million)	33,932.5	22,772.5	+	49.0
Available seat-km (million)	38,150.2	28,819.1	+	32.4
Passenger load factor (%)	88.9	79.0	+	9.9 pts
Passenger yield (cents/pkm)	10.8	11.7	-	7.7
Revenue per available seat-km (cents/ask)	9.6	9.3	+	3.2
<b><u>Group Airlines (Cargo)</u></b>				
Cargo and mail carried (million kg)	214.1	239.5	-	10.6
Cargo load (million tonne-km)	1,215.5	1,370.5	-	11.3
Gross capacity (million tonne-km)	2,344.3	2,091.7	+	12.1
Cargo load factor (%)	51.8	65.5	-	13.7 pts
Cargo yield (cents/ltk)	44.6	80.0	-	44.3
Cargo unit cost (cents/ctk)	20.0	27.0	-	25.9

### **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)