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## \$168 MILLION PROFIT FOR FIRST HALF

### GROUP FINANCIAL PERFORMANCE

#### First Half 2012-13

The SIA Group registered a net profit of \$168 million in the first half of the 2012-13 financial year, a decline of \$71 million (-30%) over the same period last year. This was mainly attributable to lower non-operating items as the Parent Airline Company last year benefited from a higher surplus on the disposal of aircraft and spare engines.

Group operating profit increased \$8 million (+6%) year-on-year to \$142 million. This was contributed by the improvement from the first quarter (+\$61 million), albeit off a low base following the Japanese earthquake in the corresponding quarter last year. However, the \$61 million increase was partially offset by a weaker second quarter (-\$53 million), with the widening of losses from SIA Cargo as the air freight market remained soft.

Group revenue grew \$294 million (+4%) to \$7,571 million, on the back of 8.0% growth in passenger carriage, partially set off by a 3.4% decline in yields. Group expenditure rose by \$286 million (+4%) to \$7,429 million, principally on account of higher fuel cost (+\$112 million, or +4%), arising from higher fuel volume uplift as capacity grew 5.1%. Other variable costs also increased in line with the capacity growth.

Note 1: The SIA Group's unaudited financial results for the half year and second quarter ended 30 September 2012 were announced on 02 November 2012. 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 operating results of the main companies in the Group for the first half of the financial year are as follows:

- Parent Airline Company Operating profit of \$169 million (\$53 million profit in 2011)
- SIA Engineering Operating profit of \$66 million (\$69 million profit in 2011)
- SilkAir Operating profit of \$37 million (\$34 million profit in 2011)
- SIA Cargo Operating loss of \$99 million (\$31 million loss in 2011)

### Second Quarter 2012-13

The Group net profit attributable to equity holders for the July-September quarter was \$90 million (54% lower than the same period in the previous year).

Group expenditure was up 4% (+\$147 million) on the back of higher fuel volume uplifted. Revenue growth, however, lagged at a rate of 3% (+\$94 million) as both passenger and cargo yields fell.

Consequently, Group operating profit fell \$53 million (-43%) to \$70 million.

### **FIRST HALF 2012-13 OPERATING PERFORMANCE**

The Parent Airline Company recorded an 8.0% increase in passenger carriage (in revenue passenger kilometres) during the half year, exceeding the 5.1% capacity expansion (in available seat-kilometres). As a result, passenger load factor improved by 2.1 percentage points to 79.6%.

SilkAir's capacity growth of 23.1% was closely matched by the increase in passenger carriage, pushing passenger load factor marginally higher to 74.4%.

Despite reducing freighter capacity (in capacity tonne-kilometres) by 2.5%, cargo load factor declined 1.5 percentage points to 62.7%, as cargo carriage declined at a higher rate of 4.7% (in load tonne-kilometres).

### **INTERIM DIVIDEND**

The Company is declaring an interim dividend of 6 cents per share (tax exempt, one-tier), amounting to \$70.5 million, for the half-year ended 30 September 2012 (versus 10 cents interim dividend in the previous year). The interim dividend will be paid on 26 November 2012 to shareholders as at 15 November 2012.

## FLEET AND ROUTE DEVELOPMENT

The Parent Airline Company took delivery of two A380-800s, reinstated two B777-200ERs that had been leased to another airline, decommissioned two B777-200s and returned one B777-300 on expiry of its lease during the second quarter. As at 30 September 2012, the operating fleet of the Parent Airline Company comprised 101 passenger aircraft – 58 B777s, 19 A330-300s, 19 A380-800s and five A340-500s – with an average age of 6 years 4 months.

SilkAir took delivery of one A320-200 during the quarter, and as at 30 September 2012 its operating fleet comprised 22 aircraft – 16 A320-200s and six A319-100s. SIA Cargo's fleet remained unchanged at 13 B747-400 freighters. Scoot took delivery of two B777-200s, bringing its total fleet to four aircraft. It also launched inaugural flights to Bangkok, Taipei and Tianjin during the quarter.

With the commencement of the Northern Winter schedule on 28 October 2012, the Parent Airline Company is operating daily B777-200 services to Yangon. The new flights have replaced seven of SilkAir's 16 weekly A320-200 services and increased combined seat capacity by 55%. A new Singapore-Riyadh-Jeddah routing is also operating three times a week, replacing existing services to Riyadh via Dubai and Jeddah via Abu Dhabi. Additional capacity has also been mounted to London, Mumbai and Perth, while frequencies to Barcelona, Istanbul and Milan have been reduced. Services to Abu Dhabi and Athens have been suspended.

Visakhapatnam has been introduced as a new destination in SilkAir's network, while frequency has been increased to existing destinations, including Hyderabad, Kochi, Kota Kinabalu, Kunming, Phuket and Thiruvananthapuram. Scoot has also expanded its network to include Tokyo, and will be adding Shenyang and Qingdao.

## OUTLOOK

The continuing European economic crisis is dampening global business confidence, exerting downward pressure on loads and yields of both passenger and cargo businesses. These challenging market conditions are exacerbated by high and volatile jet fuel prices.

Despite the challenging environment, the Group's strong balance sheet has enabled continued investment in new aircraft and in the upgrading of products and services.

The Group remains vigilant in ensuring efficient deployment of its fleet in response to changes in demand patterns. A strict cost management regime is also in place to mitigate cost pressures.

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A STAR ALLIANCE MEMBER 

## GROUP FINANCIAL STATISTICS

	1st Half 2012-13	1st Half 2011-12	2nd Quarter 2012-13	2nd Quarter 2011-12
<b>Financial Results (\$ million)</b>				
Total revenue	7,571.0	7,277.1	3,793.6	3,699.5
Total expenditure	7,428.6	7,143.2	3,723.2	3,576.6
Operating profit	142.4	133.9	70.4	122.9
Non-operating items	89.3	169.5	45.5	104.5
Exceptional items <sup>R1</sup>	-	(1.3)	-	-
Profit before taxation	231.7	302.1	115.9	227.4
Profit attributable to owners of the Parent	168.1	238.9	90.1	194.2
<b>Per Share Data</b>				
Earnings per share (cents)				
- Basic <sup>R2</sup>	14.3	20.0	7.7	16.2
- Diluted <sup>R3</sup>	14.2	19.7	7.6	16.1
	As at 30 Sep 2012	As at 31 Mar 2012		
<b>Financial Position (\$ million)</b>				
Share capital	1,856.1	1,856.1		
Treasury shares	(274.6)	(258.4)		
Capital reserve	98.0	99.1		
Foreign currency translation reserve	(196.0)	(186.3)		
Share-based compensation reserve	154.0	165.9		
Fair value reserve	14.9	(47.6)		
General reserve	11,321.4	11,264.6		
Equity attributable to owners of the Parent	12,973.8	12,893.4		
Total assets	22,169.6	22,043.0		
Total debt	1,040.5	1,077.8		
Total debt equity ratio (times) <sup>R4</sup>	0.08	0.08		
Net asset value (\$) <sup>R5</sup>	11.04	10.96		

<sup>R1</sup> Exceptional items in FY2011-12 pertained to a provision for an administrative penalty pursuant to a settlement offer for SIA Cargo from the plaintiffs in the Canadian air cargo class actions (\$1.3 million).

<sup>R2</sup> Earnings per share (basic) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue less treasury shares.

<sup>R3</sup> Earnings after tax per share (diluted) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue less treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options granted.

<sup>R4</sup> Total debt equity ratio is total debt divided by equity attributable to owners of the Parent.

<sup>R5</sup> Net asset value per share is computed by dividing equity attributable to owners of the Parent by the number of ordinary shares in issue less treasury shares.

## OPERATING STATISTICS

	1st Half 2012-13	1st Half 2011-12	2nd Quarter 2012-13	2nd Quarter 2011-12
<b><u>SIA</u></b>				
Passenger carried (thousand)	9,026	8,456	4,527	4,309
Revenue passenger-km (million)	46,933.5	43,456.9	23,894.6	22,442.8
Available seat-km (million)	58,938.1	56,094.3	29,951.5	28,313.4
Passenger load factor (%)	79.6	77.5	79.8	79.3
Passenger yield (cents/pkm)	11.4	11.8	11.4	11.7
Passenger unit cost (cents/ask)	9.1	9.2	9.1	9.2
Passenger breakeven load factor (%)	79.8	78.0	79.8	78.6
<b><u>SilkAir</u></b>				
Passenger carried (thousand)	1,632	1,440	802	720
Revenue passenger-km (million)	2,562.0	2,077.3	1,268.7	1,041.8
Available seat-km (million)	3,443.1	2,797.8	1,750.0	1,439.8
Passenger load factor (%)	74.4	74.2	72.5	72.4
Passenger yield (cents/pkm)	13.6	14.2	13.6	14.0
Passenger unit cost (cents/ask)	10.0	10.3	9.7	10.1
Passenger breakeven load factor (%)	73.5	72.5	71.3	72.1
<b><u>SIA Cargo</u></b>				
Cargo and mail carried (million kg)	582.0	596.9	293.3	299.6
Cargo load (million tonne-km)	3,467.2	3,639.2	1,756.5	1,826.7
Gross capacity (million tonne-km)	5,530.9	5,671.1	2,808.9	2,870.5
Cargo load factor (%)	62.7	64.2	62.5	63.6
Cargo yield (cents/ltk)	33.6	34.8	32.7	34.1
Cargo unit cost (cents/ctk)	23.2	23.2	22.7	22.7
Cargo breakeven load factor (%)	69.0	66.7	69.4	66.6
<b><u>SIA, SilkAir and SIA Cargo</u></b>				
Overall load (million tonne-km)	8,110.3	7,929.7	4,110.5	4,035.9
Overall capacity (million tonne-km)	11,838.9	11,615.5	5,993.7	5,891.1
Overall load factor (%)	68.5	68.3	68.6	68.5
Overall yield (cents/ltk)	84.9	84.4	84.8	84.5
Overall unit cost (cents/ctk)	59.2	58.0	58.9	57.4
Overall breakeven load factor (%)	69.7	68.7	69.5	67.9

### **GLOSSARY**

#### **SIA**

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
Passenger unit cost	= Operating expenditure (less bellyhold revenue from SIA Cargo) divided by available seat-km
Passenger breakeven load factor	= Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less bellyhold revenue from SIA Cargo)

#### **SilkAir**

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
Passenger unit cost	= Operating expenditure (less cargo and mail revenue) divided by available seat-km
Passenger breakeven load factor	= Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less cargo and mail revenue)

SIA Cargo

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	= Operating expenditure (including bellyhold expenditure to SIA) divided by gross capacity (in tonne-km)
Cargo breakeven load factor	= Cargo unit cost expressed as a percentage of cargo yield. This is the theoretical load factor at which cargo revenue equates to the operating expenditure (including bellyhold expenditure to SIA)

SIA, SilkAir and SIA Cargo

Overall load	= Total load carried (in tonnes) x distance flown (in km)
Overall capacity	= Total capacity production (in tonnes) x distance flown (in km)
Overall load factor	= Overall load (in tonne-km) expressed as a percentage of overall capacity (in tonne-km)