



No. 05/22

4 November 2022

SIA GROUP POSTS HIGHEST HALF YEAR AND QUARTERLY OPERATING PROFIT IN HISTORY, RESUMES DIVIDEND PAYMENT

- Record \$1.23 billion half year and \$678 million quarterly operating profit
- Proactive fund raising, talent retention, and resource deployment initiatives positioned the Group to capture the surge in travel demand
- Robust near-term forward passenger sales across all cabin classes
- Potential headwinds in 2023 from inflationary pressures and global economic uncertainties
- Interim dividend of 10 cents per share to be paid in December

SIA GROUP FINANCIAL PERFORMANCE

First Half FY2022/23 – Profit and Loss

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

Group Financial Results	1 st Half FY2022/23 (\$ million)	1 st Half FY2021/22 (\$ million)	Better/ (Worse) (%)	2 nd Quarter FY2022/23 (\$ million)	1 st Quarter FY2022/23 (\$ million)	Better/ (Worse) (%)
Total Revenue	8,416	2,827	197.7	4,488	3,928	14.3
Total Expenditure	7,182	3,447	(108.4)	3,810	3,372	(13.0)
Net Fuel Cost	2,696	810	(232.8)	1,423	1,273	(11.8)
<i>Fuel Cost (before hedging)</i>	<i>3,113</i>	<i>862</i>	<i>(261.1)</i>	<i>1,638</i>	<i>1,475</i>	<i>(11.1)</i>
<i>Fuel Hedging Gain</i>	<i>(417)</i>	<i>(52)</i>	<i>701.9</i>	<i>(215)</i>	<i>(202)</i>	<i>6.4</i>
Fair Value Gain on Fuel Derivatives	-	(79)	(100.0)	-	-	-
Non-fuel Expenditure	4,486	2,716	(65.2)	2,387	2,099	(13.7)
Operating Profit/(Loss)	1,234	(620)	n.m.	678	556	21.9
Net Profit/(Loss)	927	(837)	n.m.	557	370	50.5

The SIA Group's unaudited financial results for the half year ended 30 September 2022 were announced on 4 November 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.

The SIA Group posted record operating profits in the first half and second quarter of FY2022/23, as the demand for air travel surged after Singapore fully reopened to vaccinated travellers in April 2022, and border restrictions eased across many key markets. This has largely come about because the Group was fast off the block in undertaking several initiatives. These include proactive fund raising, talent retention, and resource deployment in preparation for the recovery of air travel, putting it in a strong position to capture the pent-up demand. With strong support from many stakeholders, Singapore Airlines and Scoot were among the first carriers to launch flights and start sales to points served out of Singapore as the government took decisive action to reopen its borders to international travel, starting with the launch of the country's Vaccinated Travel Lane arrangements in September 2021.

As a result, SIA and Scoot carried 11.4 million passengers during the six months to 30 September 2022, a 13-fold jump from a year before. Passenger traffic and load factors were robust across all cabin classes and route regions, except in East Asia where border restrictions largely remained in place during the six months. The Group's passenger capacity rose to an average of 68% of pre-pandemic levels in the second quarter of FY2022/23.

During the first half, passenger flown revenue rose \$5,226 million (+694.0%) year-on-year to \$5,979 million. Traffic was 11-fold higher, significantly outpacing the capacity expansion of 118.7%. Consequently, passenger load factor rose 66.8 percentage points to 83.0%. Cargo flown revenue grew by \$224 million (+11.9%) to \$2,099 million, supported by higher yields (+18.6%), despite the decline in cargo loads (-5.6%). As a result, Group revenue rose \$5,589 million (+197.7%) to \$8,416 million.

Expenditure increased by \$3,735 million (+108.4%) year-on-year to \$7,182 million. This consisted of a \$1,886 million jump (+232.8%) in net fuel cost, a \$1,770 million increase (+65.2%) in non-fuel expenditure, and the absence of the \$79 million gain that was recorded last year for fair value changes on fuel derivatives. Net fuel cost rose to \$2,696 million, mainly on the 93% increase in fuel prices (+\$1,467 million) and higher volume uplifted (+\$708 million), partially offset by higher fuel hedging gains (-\$365 million). The increase in non-fuel expenditure was lower than the increase in passenger capacity.

The Group recorded an operating profit of \$1,234 million, an improvement of \$1,854 million from the \$620 million loss a year before.

The Group posted a first half net profit of \$927 million, versus a \$837 million loss in the previous year (+\$1,764 million). This was due to the better operating performance (+\$1,854 million), lower net finance charges (+\$69 million) and improvement in share of results of joint venture and associated companies (+\$46 million), partially offset by a tax expense versus a tax credit last year (-\$267 million).

The Group recorded an operating cash surplus¹ of \$2,514 million for the first half, a year-on-year improvement of \$2,620 million.

Note 1: Includes net cash provided by operating activities and repayment of lease liabilities, and excludes proceeds from forward sales.

Second Quarter FY2022/23 – Profit and Loss

The strong operating performance in the first quarter of FY2022/23 accelerated into the second quarter. The demand for air travel was robust during the peak summer season across every route region except East Asia. The Group recorded an operating profit of \$678 million for the second quarter, an increase of \$122 million (+21.9%) from the previous quarter. This is the highest quarterly operating profit in the Group's history.

Group revenue rose \$560 million (+14.3%) quarter-on-quarter to \$4,488 million, which is the highest quarterly revenue for the Group. Passenger flown revenue increased by \$627 million (+23.4%) to \$3,303 million as traffic grew 22.0%, outpacing the 11.3% expansion in capacity. As a result, passenger load factor improved 7.6 percentage points to a record 86.6% for any quarter. Revenue per available seat-kilometre (RASK) was 10.3 cents, the highest quarterly RASK in the Group's history. While cargo flown revenue exceeded \$1 billion for the fourth quarter in succession, it dipped by 8.5% or \$93 million from the first quarter to \$1,003 million. This was due to a decrease in both loads and yields as air freight demand began to soften and as competition intensified in the industry, despite an 11.5% quarter-on-quarter increase in cargo capacity driven by the continued recovery of bellyhold capacity.

Group expenditure grew by \$438 million (+13.0%) quarter-on-quarter to \$3,810 million. This consisted of a \$150 million increase (+11.8%) in net fuel cost, and a \$288 million increase (+13.7%) in non-fuel expenditure. Net fuel cost rose to \$1,423 million, mainly on higher volume uplifted (+\$159 million), which was partially offset by higher fuel hedging gains (-\$13 million). The increase in non-fuel expenditure was in line with the increase in passenger and cargo capacity.

The Group posted a net profit of \$557 million for the second quarter, an increase of \$187 million (+50.5%) from the previous quarter. This was attributable to the better operating performance (+\$122 million), lower net finance charges (+\$44 million) and improvement in share of results of joint venture and associated companies (+\$29 million), partially offset by higher tax expense (-\$14 million).

Balance Sheet

As of 30 September 2022, the Group shareholders' equity was \$23.2 billion, an increase of \$0.8 billion from 31 March 2022. Cash and bank balances saw an increase of \$3.7 billion to \$17.5 billion, primarily due to net cash generated from operations including the proceeds from forward sales. Total debt balances increased by \$0.1 billion to \$15.8 billion, mainly due to the increase in lease liabilities as a result of sale-and-leaseback activities. Consequently, 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.

On 25 October 2022, SIA announced the intention to fully redeem the \$3,496 million Mandatory Convertible Bonds that were issued in June 2020 (2020 MCBs) at the next semi-annual date of 8 December 2022. The accreted principal amount payable by SIA, being 110.408% of the principal amount of the 2020 MCBs, will be \$3,860 million. This will be funded by the existing cash reserves, which have risen in line with the strong recovery in the demand for passenger air travel. The redemption of the 2020 MCBs supports the ongoing recalibration of the Group's balance sheet, as it recovers from the impact of the Covid-19 pandemic.

SIA and Scoot raised a further \$865 million in October 2022 and early November 2022 through the completion of aircraft sale-and-leaseback transactions for six 737-8, two 787-8 and two 787-9 aircraft. This is part of the Group's strategy to manage the residual value risk on its fleet of aircraft, while also providing flexibility in fleet planning.

FLEET DEVELOPMENT

During the second quarter, SIA added two² Airbus A350-900 wide-body aircraft to its operating fleet. In addition, two³ Boeing 737-8 narrow-body aircraft joined the operating fleet after undergoing a cabin retrofit post-delivery.

SIA's operating fleet comprised 131 passenger aircraft⁴ and seven freighters as of 30 September 2022, while Scoot had 55 passenger aircraft⁵ in its operating fleet. With an average age of six years and four months, the Group operates one of the youngest and most fuel-efficient fleets in the airline industry⁶. This supports the Group's decarbonisation goals, as operating a young fleet of modern aircraft is the most effective and direct way for an airline to materially lower carbon emissions in the near term.

NETWORK DEVELOPMENT

During the second quarter, SIA and Scoot reinstated services to several destinations in East Asia, including twice-weekly Beijing-Singapore services and weekly services to Shenzhen. Scoot resumed weekly flights to Fuzhou and five times weekly flights to Osaka, and increased flight frequencies to Nanjing to twice weekly. As of 30 September 2022, the Group's passenger network covered 100 destinations⁷ in 36 countries and territories. SIA served 74 destinations⁷, Scoot served 48 destinations⁷, and the cargo network comprised 107 destinations⁷.

Note 2: One of the A350 was delivered in the first quarter of FY2022/23, and the other in second quarter of FY2022/23.

Note 3: One of the 737-8 was delivered in the previous financial year, and the other in the second quarter of FY2022/23.

Note 4: SIA's 131-passenger aircraft fleet comprised 23 777-300ERs, 12 A380s, 61 A350s, 15 787-10s, 7 737-800s and 13 737-8s.

Note 5: Scoot's 55-passenger aircraft fleet comprised 10 787-8s, 10 787-9s, 20 A320neos, 6 A321neos and 9 A321XLRs.

Note 6: The industry average fleet age as of October 2022 is around 15 years and 6 months according to Centre for Asia Pacific Aviation (CAPA).

Note 7: Number of destinations include Singapore.

With the further easing of border restrictions in key markets in East Asia, the SIA Group has stepped up services to meet the strong travel demand towards the year-end holiday season. In October 2022, SIA resumed flights to Chengdu and Xiamen, while Scoot re-introduced flights to several points in mainland China (Hangzhou, Wuhan, and Zhengzhou) and Indonesia (Lombok, Makassar, Pekanbaru, and Yogyakarta). Both airlines will also mount additional flight frequencies to Fukuoka, Hong Kong, Jeju, Osaka, Seoul, Shenzhen, Taipei, Tianjin, and Tokyo. Scoot will resume scheduled flights to Hokkaido (Sapporo) via Taipei from November 2022, as well as direct seasonal flights to Hokkaido (Sapporo) until February 2023. The low-cost carrier will also commence seasonal services to Kuantan from November 2022 to February 2023.

Group capacity is projected to reach an average of around 76% in the third and fourth quarters of FY2022/23.

BUSINESS AND OPERATIONAL DEVELOPMENT

SIA announced on 13 October 2022 that it is in discussions with the Tata Group to deepen our existing partnership, and that this may include a potential integration of Vistara and Air India. This is a key part of the SIA's multi-hub strategy, which allows the Group to directly participate in the growth of one of the largest aviation markets in the world that complements our strong Singapore hub.

The footprint of SIA's cargo business continues to grow. In August 2022, DHL Express welcomed its first Boeing 777 freighter that SIA will operate. This partnership affirms the long-standing relationship with DHL, increases SIA's cargo footprint in the key e-commerce sector, and reinforces Singapore's position as an important international air freight hub.

The SIA Group continues to invest in our people as we prepare for the future. SIA and Scoot are on track to hire around 3,000 cabin crew in total by the end of the financial year. Both airlines have also resumed cadet pilot recruitment, in line with our operational manpower needs and our fleet and network expansion plans.

INTERIM DIVIDEND

The Company is declaring an interim dividend of 10 cents per share (tax exempt, one-tier), amounting to \$297 million, for the half-year ended 30 September 2022. The interim dividend will be paid on 22 December 2022 to shareholders as of 12 December 2022.

OUTLOOK

Demand is expected to be strong as we head into the year-end peak travel season. With the recent relaxation of border controls in parts of East Asia, we expect demand to pick-up in Hong Kong, Taipei, and points in Japan especially over the holiday period. Forward sales are expected to remain buoyant in the coming months leading up to the Lunar New Year period.

Cargo demand in the third quarter of FY2022/23 is projected to be weaker year-on-year as this year's traditional air cargo peak period is expected to be muted. This is due to the anticipated impact of global economic headwinds on consumer demand, and fewer production orders as importers work on reducing high inventories. The progressive return of industry bellyhold capacity with the resumption of more passenger flights will also put downward pressure on cargo yields.

High fuel prices, inflationary pressures across the supply chain, geopolitical issues, as well as macroeconomic uncertainties including the risk of a global recession, remain a concern beyond the Lunar New Year period. These could pose challenges to passenger and cargo demand across the SIA Group's key markets. The Group will keep a close watch on the impact of these developments on our business and respond as necessary.

The Group is committed to continue strengthening its operational resilience and financial sustainability, exercising cost discipline while seizing revenue and growth opportunities as they arise. Our Transformation programme has strengthened the Group's foundations to navigate future challenges. The Group will continue to invest in our products, services, digital capabilities, and people. We will remain steadfast and agile as we forge ahead to retain our leadership position in the industry.

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Media Contacts:

Public Affairs Department
Tel: (65) 6541-5880 (office hours)
Tel: (65) 9753-2126 (after office hours)
Email: Public_Affairs@singaporeair.com.sg
URL: singaporeair.com

Investor Contacts:

Investor Relations
Tel: (65) 6541-4885 (office hours)
Email: Investor_Relations@singaporeair.com.sg

Singapore Company Registration Number: 19700078R

A STAR ALLIANCE MEMBER 

GROUP FINANCIAL STATISTICS

	1 st Half 2022/23	1 st Half 2021/22	2 nd Quarter 2022/23	1 st Quarter 2022/23
Financial Results (\$ million)				
Total revenue	8,416.5	2,826.9	4,488.3	3,928.2
Total expenditure	7,182.1	3,446.3	3,810.3	3,371.8
Operating profit/(loss)	1,234.4	(619.4)	678.0	556.4
Non-operating items	(151.3)	(328.2)	(35.1)	(116.2)
Profit/(Loss) before taxation	1,083.1	(947.6)	642.9	440.2
Profit/(Loss) attributable to Owners of the Company	926.9	(836.8)	556.5	370.4
Earnings/(Loss) per share (cents)				
- Basic ^{R1}	14.4	(15.4)	8.6	5.8
- Adjusted Basic ^{R2}	31.2	(28.2)	18.7	12.5
- Diluted ^{R3}	14.2	(15.4)	8.5	5.7
EBITDA (\$ million) ^{R4}	2,315.9	236.5	1,266.5	1,049.4
EBITDA margin (%) ^{R5}	27.5	8.4	28.2	26.7
	As at 30 Sep 2022	As at 31 Mar 2022		
Financial Position (\$ million)				
Share capital	7,180.2	7,180.2		
Mandatory convertible bonds	9,691.2	9,691.2		
Treasury shares	(73.8)	(106.5)		
Capital reserve	(123.4)	(107.3)		
Foreign currency translation reserve	18.4	(16.2)		
Share-based compensation reserve	14.1	20.7		
Fair value reserve	879.4	1,076.2		
General reserve	5,600.7	4,673.6		
Equity attributable to Owners of the Company	23,186.8	22,411.9		
Total assets	51,494.8	48,671.0		
Total debt	15,776.9	15,694.8		
Total cash and bank balances	17,450.4	13,762.7		
Total liabilities	27,902.7	25,870.6		
Debt : equity ratio (times) ^{R6}	0.68	0.70		
Net asset value per share (\$) ^{R7}	7.81	7.55		
Adjusted net asset value per share (\$) ^{R8}	3.51	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

	1 st Half 2022/23	1 st Half 2021/22	Change %	2 nd Quarter 2022/23	1 st Quarter 2022/23	Change %
<u>Singapore Airlines (and SilkAir)</u>						
Passengers carried (thousand)	8,229	710	+ 1,059.0	4,390	3,839	+ 14.4
Revenue passenger-km (million)	42,019.5	4,208.2	+ 898.5	22,587.4	19,432.1	+ 16.2
Available seat-km (million)	49,649.7	24,177.5	+ 105.4	26,074.4	23,575.3	+ 10.6
Passenger load factor (%)	84.6	17.4	+ 67.2 pts	86.6	82.4	+ 4.2 pts
Passenger yield (cents/pkm)	12.6	15.8	- 20.3	12.8	12.3	+ 4.1
Revenue per available seat-km (cents/ask)	10.6	2.8	+ 278.6	11.1	10.2	+ 8.8
Passenger unit cost (cents/ask)	10.2	7.6	+ 34.2	10.3	10.0	+ 3.0
Passenger unit cost ex-fuel (cents/ask)	6.0	5.5	+ 9.1	6.1	5.8	+ 5.2
<u>Scoot</u>						
Passengers carried (thousand)	3,168	118	+ 2,584.7	1,911	1,257	+ 52.0
Revenue passenger-km (million)	8,529.1	311.4	+ 2,639.0	5,188.7	3,340.4	+ 55.3
Available seat-km (million)	11,245.3	3,670.0	+ 206.4	6,001.5	5,243.8	+ 14.4
Passenger load factor (%)	75.8	8.5	+ 67.3 pts	86.5	63.7	+ 22.8 pts
Passenger yield (cents/pkm)	8.2	28.2	- 70.9	8.0	8.5	- 5.9
Revenue per available seat-km (cents/ask)	6.2	2.4	+ 158.3	6.9	5.4	+ 27.8
Passenger unit cost (cents/ask)	6.5	8.0	- 18.8	6.7	6.4	+ 4.7
Passenger unit cost ex-fuel (cents/ask)	4.3	6.8	- 36.8	4.3	4.2	+ 2.4
<u>Group Airlines (Passenger)</u>						
Passengers carried (thousand)	11,397	828	+ 1,276.4	6,301	5,096	+ 23.6
Revenue passenger-km (million)	50,548.6	4,519.6	+ 1,018.4	27,776.1	22,772.5	+ 22.0
Available seat-km (million)	60,895.0	27,847.5	+ 118.7	32,075.9	28,819.1	+ 11.3
Passenger load factor (%)	83.0	16.2	+ 66.8 pts	86.6	79.0	+ 7.6 pts
Passenger yield (cents/pkm)	11.8	16.7	- 29.3	11.9	11.7	+ 1.7
Revenue per available seat-km (cents/ask)	9.8	2.7	+ 263.0	10.3	9.3	+ 10.8
<u>Group Airlines (Cargo)</u>						
Cargo and mail carried (million kg)	474.5	511.8	- 7.3	235.0	239.5	- 1.9
Cargo load (million tonne-km)	2,700.7	2,861.9	- 5.6	1,330.2	1,370.5	- 2.9
Gross capacity (million tonne-km)	4,423.4	3,245.3	+ 36.3	2,331.7	2,091.7	+ 11.5
Cargo load factor (%)	61.1	88.2	- 27.1 pts	57.0	65.5	- 8.5 pts
Cargo yield (cents/ltk)	77.7	65.5	+ 18.6	75.4	80.0	- 5.7
Cargo unit cost (cents/ctk)	26.8	28.3	- 5.3	26.6	27.0	- 1.5

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)