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SIA RETURNS TO PROFITABILITY IN THIRD QUARTER

GROUP FINANCIAL PERFORMANCE

The Group returned to profitability in the third quarter of the financial year with a net profit attributable to equity holders of \$404 million. This was a turnaround from losses of \$307 million in the first quarter and \$159 million in the second quarter.

Group revenue at \$3,418 million was \$336 million (+10.9%) higher than the second quarter.

On the cost side, Group expenditure fell \$169 million (-5.2%) from the preceding quarter. The increase in jet fuel price led to a \$34 million rise in fuel cost before hedging. However, hedging losses were \$146 million lower. Savings in other areas, such as payroll costs, contributed a further \$57 million.

As a result, Group operating profit for the quarter ended December 2009 was \$323 million, in contrast to the operating loss of \$182 million in the previous quarter.

Note: The SIA Group's unaudited financial results for the third quarter ended 31 December 2009 were announced on 02 February 2010. 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 unit. The Group comprises the Company and its subsidiary, joint venture and associated companies).

The Parent Airline Company recorded an operating profit of \$231 million in the third quarter, against an operating loss of \$157 million in the previous quarter, from a combination of higher revenue (+\$335 million or +13.7%) on continued recovery in load factors and yields, and lower losses from fuel hedging (-\$120 million).

All the main companies in the Group were profitable in the quarter:

- Singapore Airlines Operating profit of \$ 231 million (profit of \$314 million in 2008)
- SIA Cargo Operating profit of \$ 40 million (loss of \$46 million in 2008)
- SilkAir Operating profit of \$ 23 million (profit of \$12 million in 2008)
- SIA Engineering Operating profit of \$ 22 million (profit of \$29 million in 2008)

Including non-operating items and taxes, the Group net profit attributable to equity holders for the third quarter of \$404 million is \$67 million higher than the same quarter last year. With this result, the net loss attributable to equity holders for the nine-month period of the financial year has narrowed to \$62 million, from the \$466 million loss recorded in the first half.

FLEET AND ROUTE DEVELOPMENT

The Company decommissioned one B747-400 and one B777 during the quarter. As at 31 December 2009, the operating fleet comprised 107 passenger aircraft – eight B747-400s, seventy-six B777s, ten A380-800s, eight A330-300s and five A340-500s – with an average age of 6 years and 3 months.

The Company continues to adjust capacity to match demand. During the quarter, there were increased frequencies to Auckland, Christchurch, Brisbane, Perth, Manchester, Rome and Houston (via Moscow), and since 19 January 2010 the non-stop all-Business Class service to Newark has returned to daily operations. On the other hand, flights to Athens and Dubai were reduced during the quarter, and services to Pakistan and Nanjing will be suspended with effect from February 2010 and March 2010, respectively.

From late March, Munich will be added to the SIA network, and the A380 will be deployed to Zurich.

OUTLOOK

Passenger loadings in January and bookings in hand indicate that the recovery in the third quarter is likely to continue in the final quarter of the current financial year. The improvement in yields is also holding up. Although air cargo shows similar improvement, it is more tentative because of the excess of freighter capacity and the unidirectional nature of cargo flows.

The business outlook for the Group in 2010 is encouraging but it must be acknowledged that uncertainties linger over the global economy.

Media Contacts:

Public Affairs Department

Tel: (65) 6541-5880 (office hours)

Tel: (65) 9753-2126 (after office hours)

Fax: (65) 6545-6083

Email: Public_Affairs@singaporeair.com.sg

URL: singaporeair.com

Investor Contacts:

Investor Relations

Tel: (65) 6541-4885 (office hours)

Fax: (65) 6542-9605

Email: Investor_Relations@singaporeair.com.sg

Singapore Company Registration Number: 197200078R

A STAR ALLIANCE MEMBER



GROUP FINANCIAL STATISTICS

	3 rd Quarter 2009-10	3 rd Quarter 2008-09	9 months 2009-10	9 months 2008-09
Financial Results (\$ million)				
Total revenue	3,418.0	4,164.0	9,371.5	12,675.0
Total expenditure	3,095.1	3,807.3	9,549.3	11,743.4
Operating profit/(loss)	322.9	356.7	(177.8)	931.6
Non-operating items	73.7	73.4	182.4	376.7
Profit before taxation	396.6	430.1	4.6	1,308.3
Profit/(Loss) attributable to equity holders of the Company	403.7	337.2	(62.2)	1,019.6
Per Share Data				
Earnings before tax (cents)	33.5	36.3	0.4	110.4
Earnings/(Loss) after tax (cents) - basic ^{R1}	34.1	28.4	(5.3)	86.0
- diluted ^{R2}	33.7	28.4	(5.3)	85.5
	As at 31 Dec 2009	As at 31 Mar 2009		
Financial Position (\$ million)				
Share capital	1,684.8	1,684.8		
Treasury shares	(8.5)	(44.4)		
Capital reserve	91.7	86.3		
Foreign currency translation reserve	(135.6)	(137.9)		
Share-based compensation reserve	183.7	187.3		
Fair value reserve	(170.1)	(660.8)		
General reserve	11,375.7	12,815.3		
Equity attributable to equity holders of the Company	13,021.7	13,930.6		
Total assets	22,081.2	24,818.5		
Total debt	1,359.5	1,692.5		
Total debt equity ratio (times) ^{R3}	0.10	0.12		
Net asset value (\$) ^{R4}	10.98	11.78		

^{R1} Earnings/(Loss) after tax per share (basic) is computed by dividing profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue less treasury shares.

^{R2} Earnings/(Loss) after tax per share (diluted) is computed by dividing profit/(loss) attributable to equity holders of the Company 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.

^{R3} Total debt equity ratio is total debt divided by equity attributable to equity holders of the Company.

^{R4} Net asset value per share is computed by dividing equity attributable to equity holders of the Company by the number of ordinary shares in issue less treasury shares.

OPERATING STATISTICS

	3 rd Quarter 2009-10	3 rd Quarter 2008-09	9 months 2009-10	9 months 2008-09
<u>SIA</u>				
Passenger carried (thousand)	4,411	4,751	12,414	14,386
Revenue passenger-km (million)	22,108.1	23,296.7	62,015.8	70,591.9
Available seat-km (million)	26,814.0	29,671.3	79,579.7	90,362.0
Passenger load factor (%)	82.4	78.5	77.9	78.1
Passenger yield (cents/pkm)	10.5	12.8	10.2	12.7
Passenger unit cost (cents/ask)	8.3	9.3	8.5	9.2
Passenger breakeven load factor (%)	79.0	72.7	83.3	72.4
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	300.4	301.4	849.4	962.8
Cargo load (million tonne-km)	1,803.4	1,819.5	5,035.5	5,775.3
Gross capacity (million tonne-km)	2,770.7	3,117.9	8,003.9	9,595.4
Cargo load factor (%)	65.1	58.4	62.9	60.2
Cargo yield (cents/ltk)	34.9	38.3	30.5	40.5
Cargo unit cost (cents/ctk)	21.3	24.3	21.4	25.7
Cargo breakeven load factor (%)	61.0	63.4	70.2	63.5
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	3,895.5	4,034.8	10,905.7	12,489.3
Overall capacity (million tonne-km)	5,422.1	6,054.4	15,875.0	18,534.9
Overall load factor (%)	71.8	66.6	68.7	67.4
Overall yield (cents/ltk)	76.1	91.6	72.1	90.5
Overall unit cost (cents/ctk)	51.4	58.3	53.5	58.1
Overall breakeven load factor (%)	67.5	63.6	74.2	64.2

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)

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 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)