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\$131 MILLION OPERATING PROFIT IN THIRD QUARTER AMID CHALLENGING ENVIRONMENT

GROUP FINANCIAL PERFORMANCE

Third Quarter 2012-13

The SIA Group recorded an operating profit of \$131 million in the third quarter of the 2012-13 financial year, \$26 million (-17%) lower than a year ago.

Group revenue fell marginally by \$15 million (-0.4%), mainly from lower cargo revenue due to depressed yields (-3.5%) and poorer loads (-10.0%). On the other hand, passenger revenue improved as promotional activities boosted Group passenger carriage by 7.8%, partially offset by lower yields (-5.7%). Group expenditure rose by \$11 million (+0.3%) to \$3,729 million, largely owing to higher staff and variable costs, partly mitigated by a higher fuel hedging gain.

Group net profit for the third quarter was \$143 million, \$8 million (+6%) higher year-on-year despite recording lower operating profit. This is due to an increase in non-operating items from surplus on the sale of aircraft, spares and spare engines, and higher net interest income, partially offset by a \$20 million provision by SIA Cargo in relation to air cargo civil penalty proceedings in respect of competition law matters in Australia and New Zealand [see Note 2 below].

Note 1: The SIA Group's unaudited financial results for the third quarter and nine months ended 31 December 2012 were announced on 07 February 2013. 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 2: The \$20 million provision pertained to penalties and costs agreed between SIA Cargo and the Australian Competition and Consumer Commission for an amount of AUD12.2 million (\$15.5 million) and the New Zealand Commerce Commission for an amount of NZD4.4 million (\$4.4 million). The penalties and costs were recommended by the parties and endorsed by the respective Courts, bringing the Commissions' air cargo investigations and proceedings which started in 2008 in Australia and New Zealand to a close for SIA Cargo.

The operating results of the main companies in the Group for the third quarter of the financial year are as follows:

- Parent Airline Company Operating profit of \$87 million (\$137 million profit in 2011)
- SIA Engineering Operating profit of \$31 million (\$28 million profit in 2011)
- SilkAir Operating profit of \$34 million (\$32 million profit in 2011)
- SIA Cargo Operating loss of \$29 million (\$40 million loss in 2011)

April to December 2012

For the nine months to December 2012, Group operating profit fell \$18 million (-6%) to \$273 million.

Group revenue improved \$279 million (+3%) to \$11,431 million, driven by stronger passenger carriage (+8.4%), partly offset by weaker yields (-4.2%). Group expenditure increased more, by \$297 million (+3%) to \$11,158 million, principally on account of higher fuel, staff and variable costs.

The Group posted a net profit of \$311 million for the April-December 2012 period, a decline of \$63 million (-17%) from the corresponding period in the previous year. Apart from the weaker operating performance, the decrease in net profit was due to lower surplus on sale of aircraft, spares and spare engines, an absence of a return of capital from the redemption of preference shares by an associated company and the provision by SIA Cargo for air cargo civil penalty proceedings, partially offset by higher net interest income.

THIRD QUARTER 2012-13 OPERATING PERFORMANCE

The Parent Airline Company's 7.4% increase in passenger carriage (in revenue passenger kilometres) outstripped its 4.6% capacity expansion (in available seat-kilometres) in the third quarter of the financial year. Thus, passenger load factor improved 2.1 percentage points to 79.3%.

SilkAir recorded a 3.5 percentage-point drop in passenger load factor to 75.3%, with its 14.2% growth in traffic lagging behind capacity injection of 19.4%.

SIA Cargo's load factor of 64.8% was marginally higher, as cargo capacity (in capacity tonne-kilometres) was reduced by 10.1% while carriage (in load tonne-kilometres) dropped by 10.0%.

FLEET AND ROUTE DEVELOPMENT

The Parent Airline Company's operating fleet remained unchanged at 101 aircraft as at 31 December 2012, comprising 58 B777s, 19 A330-300s, 19 A380-800s and five A340-500s, with an average age of 6 years and 7 months.

SilkAir's operating fleet remained unchanged at 22 aircraft – 16 A320-200s and six A319-100s - while Scoot's fleet comprised four B777-200s. SIA Cargo operated 12 B747-400 freighters, after parking one aircraft in December 2012.

The Parent Airline Company will increase frequency to Adelaide and Melbourne during the Northern Summer schedule, which commences on 31 March 2013. This will bring the total number of SIA Group flights to Australia to 133 per week. Services to Fukuoka and Osaka will also increase, from five per week to daily and from 11 per week to twice-daily, respectively. Copenhagen will be served with five flights per week instead of three, while between 20 May and 11 August Singapore-Moscow-Houston frequency will increase to daily, up from the current five flights per week. Non-stop services between Singapore and Los Angeles and between Singapore and Newark will cease, with the last departures in October and November 2013, respectively.

SilkAir will introduce a fifth daily service to both Penang and Phuket in Northern Summer 2013. It also plans to increase flight frequencies to Chengdu, Coimbatore, Danang, Manado, Siem Reap, Wuhan and Xiamen.

Between January and March 2013, the Parent Airline Company and SilkAir will be implementing temporary reductions in frequencies to weaker markets so as to better match capacity to demand during this lull period.

OUTLOOK

The outlook for international air travel demand continues to be challenging and the cargo market remains depressed amid the troubled European economy and the weak recovery in the United States. Loads and yields of both passenger and cargo businesses are expected to remain under pressure, while the price of jet fuel continues to be at a historical high. The depreciation of revenue-generating currencies against the Singapore dollar poses yet another challenge.

The Group remains vigilant, seeking to improve both productivity and operational efficiency, whilst exercising strict cost discipline. To maintain market leadership, the Group will continue to invest in product and service offerings. The Group remains nimble and flexible in aligning capacity to meet demand while pursuing all revenue opportunities.

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GROUP FINANCIAL STATISTICS

	3rd Quarter 2012-13	3rd Quarter 2011-12	9 months 2012-13	9 months 2011-12
Financial Results (\$ million)				
Total revenue	3,860.4	3,875.4	11,431.4	11,152.5
Total expenditure	3,729.4	3,718.2	11,158.0	10,861.4
Operating profit	131.0	157.2	273.4	291.1
Non-operating items	78.0	19.3	167.3	188.8
Exceptional items ^{R1}	(19.9)	-	(19.9)	(1.3)
Profit before taxation	189.1	176.5	420.8	478.6
Profit attributable to owners of the Parent	142.5	135.2	310.6	374.1
Per Share Data				
Earnings per share (cents)				
- Basic ^{R2}	12.1	11.4	26.4	31.4
- Diluted ^{R3}	12.0	11.3	26.2	31.1
	As at 31 Dec 2012	As at 31 Mar 2012		
Financial Position (\$ million)				
Share capital	1,856.1	1,856.1		
Treasury shares	(273.2)	(258.4)		
Capital reserve	97.9	99.1		
Foreign currency translation reserve	(196.2)	(186.3)		
Share-based compensation reserve	153.6	165.9		
Fair value reserve	(29.8)	(47.6)		
General reserve	11,396.9	11,264.6		
Equity attributable to owners of the Parent	13,005.3	12,893.4		
Total assets	22,047.8	22,043.0		
Total debt	1,029.9	1,077.8		
Total debt equity ratio (times) ^{R4}	0.08	0.08		
Net asset value (\$) ^{R5}	11.07	10.96		

^{R1} Exceptional items in FY2012-13 pertained to provision for penalties and costs agreed between SIA Cargo and the Australian Competition and Consumer Commission (\$15.5 million) and the New Zealand Commerce Commission (\$4.4 million). The penalties and costs were recommended by the parties and endorsed by the respective Courts, bringing the Commissions' air cargo investigations and proceedings in Australia and New Zealand to a close for SIA Cargo. Exceptional items in FY2011-12 pertained to a settlement offer for SIA Cargo from the plaintiffs in the Canadian air cargo class actions (\$1.3 million).

^{R2} 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.

^{R3} Earnings 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.

^{R4} Total debt equity ratio is total debt divided by equity attributable to owners of the Parent.

^{R5} 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

	3rd Quarter 2012-13	3rd Quarter 2011-12	9 months 2012-13	9 months 2011-12
<u>SIA</u>				
Passenger carried (thousand)	4,686	4,357	13,712	12,813
Revenue passenger-km (million)	23,828.3	22,185.4	70,761.8	65,642.3
Available seat-km (million)	30,065.0	28,732.2	89,003.1	84,826.5
Passenger load factor (%)	79.3	77.2	79.5	77.4
Passenger yield (cents/pkm)	11.4	12.1	11.4	11.9
Passenger unit cost (cents/ask)	9.1	9.2	9.1	9.2
Passenger breakeven load factor (%)	79.8	76.0	79.8	77.3
<u>SilkAir</u>				
Passenger carried (thousand)	864	808	2,496	2,248
Revenue passenger-km (million)	1,388.7	1,215.7	3,950.7	3,293.0
Available seat-km (million)	1,843.8	1,543.7	5,286.9	4,341.5
Passenger load factor (%)	75.3	78.8	74.7	75.8
Passenger yield (cents/pkm)	14.6	14.6	14.0	14.4
Passenger unit cost (cents/ask)	9.8	10.1	9.9	10.3
Passenger breakeven load factor (%)	67.1	69.2	70.7	71.5
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	288.9	323.5	870.9	920.4
Cargo load (million tonne-km)	1,708.1	1,898.2	5,175.3	5,537.4
Gross capacity (million tonne-km)	2,636.0	2,933.1	8,166.9	8,604.2
Cargo load factor (%)	64.8	64.7	63.4	64.4
Cargo yield (cents/ltk)	33.5	34.7	33.6	34.8
Cargo unit cost (cents/ctk)	23.3	24.0	23.3	23.5
Cargo breakeven load factor (%)	69.6	69.2	69.3	67.5
<u>SIA, SilkAir and SIA Cargo</u>				
Overall load (million tonne-km)	4,071.0	4,101.9	12,181.3	12,031.6
Overall capacity (million tonne-km)	5,792.9	6,012.3	17,631.8	17,627.8
Overall load factor (%)	70.3	68.2	69.1	68.3
Overall yield (cents/ltk)	86.0	86.3	85.3	85.1
Overall unit cost (cents/ctk)	60.7	58.0	59.7	58.0
Overall breakeven load factor (%)	70.6	67.2	70.0	68.2

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)

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)