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SIA GROUP OPERATING PROFIT TOPS \$2.1 BILLION

GROUP FINANCIAL PERFORMANCE

Financial Year 2007-08

Group operating profit for the year was \$2,125 million, a year-on-year improvement of \$810 million (+61.6%). This was principally on account of the Parent Airline Company (+\$617 million) and the wholly owned cargo company (+\$164 million), although all the five main operating companies in the Group posted better operating results.

- Singapore Airlines \$1,644 million (+60.1%)
- SIA Cargo \$ 132 million (Loss of \$32 million previously)
- SATS \$ 174 million (+13.8%)
- SIA Engineering \$ 103 million (+0.9%)
- SilkAir \$ 40 million (+100.0%)

Revenue grew \$1,478 million (+10.2%) to \$15,973 million, whilst expenditure rose \$668 million (+5.1%) to \$13,848 million due mainly to higher fuel cost. Expenditure on fuel rose by USD 513 million (+17%), equivalent to SGD 463 million (+10%).

Group profit attributable to shareholders for the financial year April 2007 to March 2008 was \$2,049 million, \$79 million lower (-3.7%) than in the preceding year, which had the benefit of one-off gains totalling \$421 million from the sale of non-core assets, and a writeback of deferred tax provision of \$247 million.

Note: The SIA Group's audited financial results for the year ended 31 March 2008 were announced on 13 May 2008. 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).

Fourth Quarter 2007-08

For the fourth quarter of financial year 2007-08, the Group posted an operating profit of \$468 million, a year-on-year improvement of \$135 million (+40.4%). All business segments contributed to the positive result.

Group revenue rose \$436 million (+11.9%) to \$4,107 million, while expenditure increased \$301 million (+9.0%) to \$3,639 million, led by higher fuel costs.

The Group earned a net profit attributable to equity holders of \$528 million in the fourth quarter ended 31 March 2008, \$144 million lower (-21.4%) than a year ago. Last year's fourth quarter results had the benefit of a one-off writeback of deferred tax provision of \$247 million arising from a reduction in the Singapore corporate tax rate from 20% to 18%. Excluding this one-off writeback last year, the fourth quarter's net profit attributable to equity holders would have been \$103 million higher (+24.2%) compared to the same quarter last year.

FINAL DIVIDEND OF 80 CENTS

The Board of Directors recommends a final dividend of 80 cents per share to be paid on 15 August 2008. Including the interim dividend of 20 cents paid on 30 November 2007, the total dividend for financial year 2007-08 will be 100 cents per share.

FINANCIAL YEAR 2007-08 OPERATING PERFORMANCE: PARENT AIRLINE COMPANY AND SIA CARGO

Singapore Airlines carried a total of 19.120 million passengers in financial year 2007-08, a year-on-year increase of 4.2%.

Passenger traffic (in revenue passenger kilometres) grew 2.6% on capacity growth (in available seat kilometres) of 1.2%, resulting in a 1.1 percentage points improvement in passenger load factor to 80.3%.

Passenger breakeven load factor improved 3.1 percentage points to 69.4%, as passenger yield grew at a higher rate (+11.0%) than unit cost (+6.3%).

On the cargo side, SIA Cargo's freight carriage (in load tonne kilometres) was down 0.5% year-on-year, in line with the contraction in tonne kilometres capacity of 0.8%. As a result, cargo load factor was up by 0.2 percentage point to 62.2%. Cargo breakeven load factor at 60.5% was 3.3 percentage points lower on higher cargo yield (+0.8%) and lower unit cost (-4.5%), reflecting route rationalisation and effective cost control.

FLEET AND ROUTE DEVELOPMENT: PARENT AIRLINE COMPANY

During the year, Singapore Airlines took delivery of three Airbus A380-800s, five Boeing 777-300ERs and de-commissioned five Boeing 747-400s.

As at 31 March 2008, the operating fleet comprised 98 passenger aircraft – 18 B747-400s, 72 B777s, five A340-500s and three A380-800s, with an average age of six years and five months.

The highlight of the year was the delivery of the world's first A380 on 15 October 2007, and the launch of commercial services to Sydney on 25 October 2007 and London on 18 March 2008.

OUTLOOK

In the reporting year, the Group benefited from a strong business environment.

However, the current turmoil in global financial markets has clouded the outlook for discretionary air travel. In addition, jet fuel prices, in step with crude oil prices, look set to stay well above US\$100 per barrel this year. The combination of a global economic slowdown and record high fuel prices will make this a more challenging year for airlines.

With strong finances and a united work team, SIA is well positioned to weather the storm.

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GROUP FINANCIAL STATISTICS^{R1}

	2007-08	2006-07	4th Quarter 2007-08	4th Quarter 2006-07
Financial Results (\$ million)				
Total revenue	15,972.5	14,494.4	4,107.2	3,671.1
Total expenditure	13,848.0	13,180.0	3,639.1	3,337.6
Operating profit	2,124.5	1,314.4	468.1	333.5
Non-operating items	422.7	549.2	116.1	172.9
Exceptional surplus	--	421.0	--	--
Profit before taxation	2,547.2	2,284.6	584.2	506.4
Profit attributable to equity holders of the Company	2,049.4	2,128.8	527.5	671.3
Financial Position (\$ million)				
Share capital	1,682.0	1,494.9		
Treasury shares	(33.2)	--		
Capital reserve	95.6	44.9		
Foreign currency translation reserve	(130.7)	(59.5)		
Share-based compensation reserve	136.4	97.3		
Fair value reserve	443.4	(45.5)		
General reserve	12,931.7	13,567.9		
Equity attributable to equity holders of the Company	15,125.2	15,100.0		
Return on equity holders' funds (%) ^{R2}	13.6	14.9		
Value added	7,082.1	6,510.1		
Total assets	26,515.2	25,992.0		
Total debt	1,656.7	1,879.4		
Total debt equity ratio (times) ^{R3}	0.11	0.12		
Ordinary Dividends				
Interim dividend (cents per share)	20.0	15.0		
Proposed final dividend (cents per share)	80.0	35.0		
Dividend cover (times) ^{R4}	1.7	3.4		
Per Share Data				
Earnings before tax (cents)	209.5	185.2		
Earnings after tax (cents) - basic ^{R5}	168.5	172.6		
- diluted ^{R6}	166.1	170.8		
Net asset value (\$) ^{R7}	12.77	12.11		

^{R1} Singapore Airlines' financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore Dollars, unless stated otherwise.

^{R2} Return on equity holders' funds is profit attributable to equity holders of the Company expressed as a percentage of the average equity holders' funds.

^{R3} Total debt equity ratio is total debt divided by equity attributable to equity holders of the Company as at 31 March.

^{R4} Dividend cover is profit attributable to equity holders of the Company divided by total ordinary dividends.

^{R5} Earnings after tax per share (basic) is computed by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue excluding treasury shares.

^{R6} Earnings after tax per share (diluted) is computed by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue excluding treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options.

^{R7} 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 excluding treasury shares at 31 March.

OPERATING STATISTICS

	2007-08	2006-07	4th Quarter 2007-08	4th Quarter 2006-07
<u>Singapore Airlines</u>				
Passenger carried (thousand)	19,120	18,346	4,756	4,592
Revenue passenger-km (million)	91,485.2	89,148.8	23,034.3	22,449.4
Available seat-km (million)	113,919.1	112,543.8	29,001.0	27,658.2
Passenger load factor (%)	80.3	79.2	79.4	81.2
Passenger yield (cents/pkm)	12.1	10.9	12.5	11.2
Passenger unit cost (cents/ask)	8.4	7.9	8.9	8.2
Passenger breakeven load factor (%)	69.4	72.5	71.2	73.2
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	1,308.0	1,284.9	311.4	305.2
Cargo load (million tonne-km)	7,959.2	7,995.6	1,814.3	1,884.4
Gross capacity (million tonne-km)	12,787.8	12,889.8	2,962.4	3,131.4
Cargo load factor (%)	62.2	62.0	61.2	60.2
Cargo yield (cents/ltk)	38.7	38.4	40.5	36.3
Cargo unit cost (cents/ctk)	23.4	24.5	23.8	23.9
Cargo breakeven load factor (%)	60.5	63.8	58.8	65.8
<u>Singapore Airlines and SIA Cargo</u>				
Overall load (million tonne-km)	16,659.2	16,486.8	4,006.2	4,028.3
Overall capacity (million tonne-km)	24,052.1	24,009.7	5,828.0	5,864.4
Overall load factor (%)	69.3	68.7	68.7	68.7
Overall yield (cents/ltk)	85.0	77.5	90.2	79.3
Overall unit cost (cents/ctk)	52.3	50.0	56.4	51.4
Overall breakeven load factor (%)	61.5	64.5	62.5	64.8
<u>Employee Productivity (Average) - Company</u>				
Average number of employees	14,071	13,847		
Seat capacity per employee (seat-km)	8,096,020	8,127,667		
Passenger load per employee (tonne-km)	618,295	613,211		
Revenue per employee (\$)	906,801	819,232		
Value added per employee (\$)	368,382	368,831		
<u>Employee Productivity (Average) - Group</u>				
Average number of employees	30,088	29,125		
Revenue per employee (\$)	530,859	497,662		
Value added per employee (\$)	235,380	223,523		

GLOSSARY

Singapore Airlines

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 Singapore Airlines)

Singapore Airlines 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)