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WEAK FOURTH QUARTER CAPS FULL-YEAR PROFIT AT \$1.06 BILLION

GROUP FINANCIAL PERFORMANCE

Financial Year 2008-09

The Group earned a net profit attributable to equity holders of \$1,062 million for the financial year ended 31 March 2009, \$988 million or 48.2% lower than the preceding year. The earnings for the year included a one-off writeback of \$138 million in prior years' deferred tax liabilities following a reduction in the Singapore corporate tax rate from 18% to 17%.

The Group operating profit for the year was \$904 million, a decline of \$1,221 million (-57.5%) from last year; \$496 million of this decline was registered in the last quarter. The Group turned in an operating loss of \$28 million in the fourth quarter, in contrast to the \$468 million operating profit in the same period last year. The results reflect the severe deterioration in operating conditions in the fourth quarter.

Note: The SIA Group's audited financial results for the year ended 31 March 2009 were announced on 14 May 2009. 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 turned in an operating profit of \$823 million for the financial year, \$821 million (-49.9%) lower year-on-year. The operating results of the major subsidiary companies are as follows:

- SATS Group * Profit of \$ 171 million (-2.0%)
- SIA Engineering Profit of \$ 113 million (+9.4%)
- SilkAir Profit of \$ 34 million (-16.0%)
- SIA Cargo Loss of \$ 245 million (profit of \$132 million previously)

** Inclusive of acquisitions in FY2008-09*

Fourth Quarter 2008-09

Group revenue fell 19.1% (-\$786 million) to \$3,321 million, as the decline in passenger and cargo carriage accelerated in the fourth quarter.

Group expenditure was 8.0% (-\$290 million) lower, largely on better cost control. Non-fuel expenditure was \$304 million (-12.9%) lower than the same period last year.

The price of jet fuel corrected from its peak of USD171/BBL recorded in July 2008, averaging USD61/BBL in the fourth quarter. While lower fuel prices reduced expenditure on fuel by \$666 million, this was offset by losses in hedging of \$543 million. The hedging losses included \$112 million losses resulting from the early termination of several fuel hedging contracts before maturity date.

With revenue contracting at a faster pace than reduction in expenditure, the Group recorded an operating loss of \$28 million in the fourth quarter.

Including non-operating items and taxes, net profit attributable to equity holders amounted to \$42 million for the fourth quarter, a decline of \$486 million (-92.1%) from the same period in the previous year. A writeback of \$138 million for deferred tax liabilities in respect of prior years was made in the quarter following a reduction in the Singapore corporate tax rate from 18% to 17%.

FINAL DIVIDEND OF 20 CENTS

The Board of Directors recommends a final dividend of 20 cents per share (tax exempt, one-tier) to be paid on 28 August 2009. Including the interim dividend of 20 cents per share paid on 4 December 2008, the total dividend for financial year 2008-09 will be 40 cents per share.

PROPOSED DISTRIBUTION OF SHARES IN SATS

The Company is proposing a dividend *in specie* of Singapore Airlines' entire shareholding in Singapore Airport Terminal Services ("SATS"). This will unlock shareholder value and enable Singapore Airlines to concentrate on airline and aircraft maintenance, repair and overhaul businesses.

The proposed distribution of Singapore Airlines' shares in SATS will not have any material impact on the financial position of the Group. No payment will be required from shareholders. The distribution will be put up for shareholders' approval at an Extraordinary General Meeting on the same date as the Annual General Meeting.

FLEET AND ROUTE DEVELOPMENT

During the financial year, Singapore Airlines took delivery of three Airbus A380-800s, four Airbus A330-300s and five Boeing B777-300ERs, and decommissioned six Boeing B747-400s and one B777-200.

As at 31 March 2009, the Airline's operating fleet comprised 103 passenger aircraft – 12 B747-400s, 76 B777s, six A380-800s, five A340-500s and four A330-300s, with an average age of six years and two months.

New services to Riyadh via Dubai and Kuwait via Abu Dhabi were added to the network on 14 December 2008 and 15 March 2009 respectively.

In response to the drop in passenger demand, the Company has suspended services to Osaka via Bangkok, Los Angeles via Taipei, and Amritsar during the year. Flights to Vancouver via Seoul have also been withdrawn since 25 April 2009. Cutbacks in capacity are being made progressively across the network. For the period April 2009 to March 2010, capacity will be reduced by 11% and a total of 16 passenger aircraft will be decommissioned from the operating fleet.

OUTLOOK

Advance bookings indicate that the drop in demand for air travel is leveling out. However, the probability of a sustained recovery has been set back by uncertainties arising from the Influenza A epidemic.

In the near term, promotional pricing and reduced business travel will keep revenue under pressure. On the other hand, with price of jet fuel currently at less than half what it was during last year's peak – albeit still high historically – there will be relief for expenditure. The savings will be offset by progressive settlement of fuel hedges contracted at higher prices, but the consequential effect of these hedges will tail off over the next twelve months.

Action taken to trim excess capacity, together with a strong balance sheet, will help to sustain the Company through the downturn. With the cooperation of the employees and the unions, several measures have been implemented to manage surplus resources. Efforts to improve efficiency and productivity, and to eliminate wastage and duplication, are ongoing.

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A STAR ALLIANCE MEMBER



GROUP FINANCIAL STATISTICS ^{RI}

	2008-09	2007-08	4 th Quarter 2008-09	4 th Quarter 2007-08
Financial Results (\$ million)				
Total revenue	15,996.3	15,972.5	3,321.3	4,107.2
Total expenditure	15,092.7	13,848.0	3,349.3	3,639.1
Operating profit	903.6	2,124.5	(28.0)	468.1
Non-operating items	295.0	422.7	(81.7)	116.1
Profit before taxation	1,198.6	2,547.2	(109.7)	584.2
Profit attributable to equity holders of the Company	1,061.5	2,049.4	41.9	527.5
Financial Position (\$ million)				
Share capital	1,684.8	1,682.0		
Treasury shares	(44.4)	(33.2)		
Capital reserve	86.3	95.6		
Foreign currency translation reserve	(137.9)	(130.7)		
Share-based compensation reserve	187.3	136.4		
Fair value reserve	(660.8)	443.4		
General reserve	12,815.3	12,931.7		
Equity attributable to equity holders of the Company	13,930.6	15,125.2		
Return on equity holders' fund (%) ^{R2}	7.3	13.6		
Value added	5,570.8	7,082.1		
Total assets	24,818.5	26,515.2		
Total debt	1,692.5	1,656.7		
Total debt equity ratio (times) ^{R3}	0.12	0.11		
Ordinary Dividends				
Interim dividend (cents per share)	20.0	20.0		
Proposed final dividend (cents per share)	20.0	80.0		
Dividend cover (times) ^{R4}	2.2	1.7		
Per Share Data				
Earnings before tax (cents)	101.2	209.5		
Earnings after tax (cents) - basic ^{R5}	89.6	168.5		
- diluted ^{R5}	89.1	166.1		
Net asset value (\$) ^{R7}	11.78	12.77		

^{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 less 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 less treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options granted.

^{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 less treasury shares at 31 March.

OPERATING STATISTICS

	2008-09	2007-08	4 th Quarter 2008-09	4 th Quarter 2007-08
<u>Singapore Airlines</u>				
Passenger carried (thousand)	18,293	19,120	3,907	4,756
Revenue passenger-km (million)	90,128.1	91,485.2	19,536.2	23,034.3
Available seat-km (million)	117,788.7	113,919.1	27,426.7	29,001.0
Passenger load factor (%)	76.5	80.3	71.2	79.4
Passenger yield (cents/pkm)	12.5	12.1	11.8	12.5
Passenger unit cost (cents/ask)	9.2	8.4	9.1	8.9
Passenger breakeven load factor (%)	73.6	69.4	77.1	71.2
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	1,219.5	1,308.0	256.7	311.4
Cargo load (million tonne-km)	7,299.3	7,959.2	1,524.0	1,814.3
Gross capacity (million tonne-km)	12,292.5	12,787.8	2,697.1	2,962.4
Cargo load factor (%)	59.4	62.2	56.5	61.2
Cargo yield (cents/ltk)	38.2	38.7	29.2	40.5
Cargo unit cost (cents/ctk)	24.9	23.4	21.9	23.8
Cargo breakeven load factor (%)	65.2	60.5	75.0	58.8
<u>Singapore Airlines and SIA Cargo</u>				
Overall load (million tonne-km)	15,876.9	16,659.2	3,387.6	4,006.2
Overall capacity (million tonne-km)	23,946.0	24,052.1	5,411.1	5,828.0
Overall load factor (%)	66.3	69.3	62.6	68.7
Overall yield (cents/ltk)	88.6	85.0	81.6	90.2
Overall unit cost (cents/ctk)	57.7	52.3	56.5	56.4
Overall breakeven load factor (%)	65.1	61.5	69.2	62.5
<u>Employee Productivity (Average) – Company</u>				
Average number of employees	14,343	14,071		
Seat capacity per employee (seat-km)	8,212,278	8,096,020		
Passenger load per employee (tonne-km)	598,047	618,295		
Revenue per employee (\$)	909,817	906,801		
Value added per employee (\$)	294,666	368,382		
<u>Employee Productivity (Average) – Group</u>				
Average number of employees	31,834	30,088		
Revenue per employee (\$)	502,491	530,859		
Value added per employee (\$)	174,995	235,380		

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)