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FULL-YEAR OPERATING PROFIT UP $151 MILLION AMID LOWER FUEL COSTS

- **Net profit constrained by non-operating items**
- **17-cent final dividend proposed**
- **Challenging market conditions persist**

GROUP FINANCIAL PERFORMANCE

Financial Year 2014-15

The Group earned an operating profit of $410 million in the 2014-15 financial year, $151 million higher compared to last year (+58.3%).

The improved operating result was eroded by weaker share of results from joint venture and associated companies (-$126 million), and an absence of tax credits (-$93 million), partly offset by a net exceptional gain compared to a net exceptional loss last year (+$73 million) [See Note 2]. Accordingly, Group net profit increased by a modest $9 million (+2.5%) from the last financial year to $368 million.

Note 1: The SIA Group's audited financial results for the financial year ended 31 March 2015 were announced on 14 May 2015. 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: Exceptional items recognised in FY2014-15 primarily arose from the remeasurement gain of $120 million upon the consolidation of Tiger Airways as a subsidiary, partially offset by the impairment of SIA Cargo's investment in China Cargo Airlines ($64 million). For more details see Annex A.

SIA GROUP	FINANCIAL YEAR			FOURTH QUARTER		
	FY2014-15	Ex-Tiger[3] FY2014-15	FY2013-14	Jan-Mar 2015	Ex-Tiger[3] Jan-Mar 2015	Jan-Mar 2014
	$ million	$ million	$ million	$ million	$ million	$ million
Total revenue	15,566	15,209	15,244	3,880	3,708	3,628
Fuel cost	5,580	5,439	5,702	1,285	1,220	1,383
Ex-fuel cost	9,576	9,351	9,283	2,503	2,383	2,306
Total expenditure	15,156	14,790	14,985	3,788	3,603	3,689
OPERATING PROFIT/(LOSS)	**410**	**419**	**259**	**92**	**105**	**(61)**

Financial Year Operating Results Excluding Tiger Airways

With effect from October 2014, Tiger Airways became a subsidiary of the Group, and recorded an operating deficit of $9 million since consolidation.

Excluding Tiger Airways, Group operating profit increased $160 million to $419 million.

Group revenue dropped marginally (-0.2%) to $15,209 million. Passenger revenue was up 0.9%, as Group passenger carriage and yields saw slight improvement of 0.2% and 0.9% respectively. Cargo revenue fell 0.9% year-on-year, notwithstanding a higher load factor (+0.8% points) and yield (+0.3%), largely due to a 2.4% reduction in capacity. Engineering services revenue declined with reduced overhaul activities, and lower incidental revenue was recorded, mainly due to a reduction of aircraft leasing income following the expiry of leases to Royal Brunei Airlines, and lower compensation pertaining to changes in aircraft delivery slots [See Note 4].

Group expenditure was $14,790 million, $195 million lower (-1.3%) than the last financial year, with the outstanding feature being a $263 million reduction in net fuel cost. Before hedging, fuel cost declined $899 million, with the average jet fuel price sliding 15.4% from a year earlier (-$882 million) and a 1.6% fall in volume uplifted (-$94 million), partially offset by the stronger US Dollar against the Singapore Dollar (+$59 million). The Group hedged 66% of its jet fuel requirements at an average price of USD117 per barrel; a $549 million hedging loss was recorded during the year, compared to the hedging gain of $87 million last year, for a swing of $636 million. Non-fuel costs increased $68 million, primarily due to higher lease rentals with more aircraft on lease (+$155 million), alleviated by lower depreciation (-$57 million) and staff costs (-$42 million).

Note 3: Ex-Tiger refers to Group results excluding Tiger Airways, which was consolidated with effect from October 2014. This set of figures is presented to facilitate a meaningful year-on-year comparison of results, as the results for Tiger Airways would not be included as part of SIA Group in FY2013-14.

Note 4: The settlement agreement was reached in Q1 FY2013-14 and $126 million was recognised for the financial year 2013-14, of which $59 million pertained to changes in prior years. $66 million compensation was recognised in FY2014-15.

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

	FY2014-15	FY2013-14
Operating Profit/(Loss)	$ million	$ million
Parent Airline Company	340	256
SIA Engineering	84	116
SilkAir	41	35
SIA Cargo	(22)	(100)

Operating profit for the Parent Airline Company improved $84 million (+32.8%) year-on-year. Net fuel costs fell $236 million, partly offset by higher fixed costs (+$122 million) that arose largely from aircraft leasing costs. Revenue was down $61 million, mainly arising from a decline in aircraft-related compensation [See Note 4].

SIA Engineering's operating profit was $32 million lower, as the reduction in revenue (-$59 million) outstripped the reduction in expenditure (-$27 million). Lower airframe and component overhaul revenue was recorded due to fewer heavy checks performed, partially offset by an increase in fleet management revenue. Expenditure fell largely from material costs and staff costs, partially offset by higher subcontract costs. Material costs decreased in line with the reduced number of heavy checks.

SilkAir's operating profit improved $6 million. Revenue increased $46 million, as passenger revenue was boosted by a 6.3% increase in passenger carriage and a 1.5% improvement in passenger yield. Expenditure rose $40 million mainly from higher leasing costs on aircraft.

SIA Cargo narrowed its full-year deficit by $78 million, benefitting from a moderate recovery in air cargo demand and diligent capacity management. Cargo load factor improved 0.8 percentage points, with yield remaining largely flat and unit cost declining 2.3% year-on-year.

Fourth Quarter 2014-15

An operating profit of $92 million was recorded, reversing a deficit in the same three months of the previous financial year (+$153 million). In addition to reduced operating expenditure from lower fuel prices, passenger yields improved from stringent inventory control. The improvement in operating performance was partially offset by taxes (-$85 million), exceptional items (-$32 million) [See Note 5], and impairment losses on aircraft from the Parent Airline Company (-$22 million). As a result, Group net profit was $40 million, $13 million better than the same quarter of the last financial year.

Excluding Tiger Airways, the Group operating result improved $166 million to $105 million, and the Group net profit improved $21 million to $48 million.

FINAL DIVIDEND OF 17 CENTS

The Board of Directors recommends a final dividend of 17 cents per share for the financial year 2014-15.

Including the interim dividend of 5 cents per share paid on 27 November 2014, the total dividend for the 2014-15 financial year will be 22 cents per share. The final dividend (tax exempt, one-tier) would be paid on 19 August 2015 to shareholders as at 5 August 2015.

FINANCIAL YEAR 2014-15 OPERATING PERFORMANCE

In the financial year ended 31 March 2015, passenger carriage (in revenue passenger kilometres) for the Parent Airline Company declined 0.9% year-on-year, on the back of a 0.4% drop in capacity (in available seat-kilometres). Consequently, passenger load factor dipped 0.4 percentage points to 78.5%.

SilkAir registered a passenger load factor of 70.2%, a 0.6 percentage-point increase from last year. With efforts to expand the regional network, passenger carriage rose 6.3%, outpacing the 5.4% growth in capacity.

SIA Cargo's freight carriage (in load tonne-kilometres) fell 1.1%, against a 2.4% reduction in capacity (in capacity tonne-kilometres). Load factor was therefore up 0.8 percentage points to 63.3%.

Note 5: The exceptional items in Q4 FY2014-15 pertained to SIA Cargo's provision for settlement to resolve potential civil damage claims ($14 million), partially offset by Singapore Flying College's (SFC) writeback of impairment loss on the planned discontinuation of its Maroochydore operations ($2 million). For more details see Annex A.

FLEET DEVELOPMENT

During the January-March 2015 quarter, the Parent Airline Company took delivery of two 777-300ERs and two A330-300s, one of which entered service subsequently in April 2015. One 777-200ER and one A330-300 were removed from the fleet in preparation for lease return. As at 31 March 2015, the operating fleet of the Parent Airline Company comprised 105 passenger aircraft - 57 777s, 29 A330-300s and 19 A380-800s, with an average age of 7 years and 1 month.

In the year to March 2016, the Parent Airline Company expects to take delivery of the first three A350-900s, as well as three A330-300s and two 777-300ERs. Four A330-300s, two 777-200s, one 777-300 and one 777-200ER will be decommissioned on expiry of their leases. Including the A330-300 delivered in March which entered service in April 2015, this will bring the Parent Airline Company's operating fleet to a total of 106 aircraft by March 2016. In addition, 11 777-300ERs and all A380-800s will be retrofitted with the new Premium Economy Class in the current financial year. Total planned capacity is expected to remain flat.

During the quarter, SilkAir took delivery of one 737-800, bringing its operating fleet to 27 aircraft as at 31 March 2015, comprising 13 A320-200s, five A319-100s and nine 737-800s. In the financial year 2015-16, SilkAir will take delivery of five 737-800s, and decommission two A320-200s and one A319-100. This will increase its fleet to 29 aircraft by March 2016. Capacity growth in the financial year is estimated to be 13%.

Scoot took delivery of its first two 787-9s during the fourth quarter. Two 777-200s were decommissioned, with one returned to the Parent Airline Company in February 2015, and the other sold in April 2015. As at 31 March 2015, Scoot operated a fleet of four 777-200s and two 787-9s. By March 2016, Scoot will be operating 11 787s. Capacity is expected to grow about 30% in the 2015-16 financial year.

As at 31 March 2015, Tiger Airways operated a fleet of 24 A320-200s. One A320-200 is planned to be subleased to Tigerair Taiwan in the year 2015-16.

SIA Cargo maintained an operating fleet of eight 747-400 freighters in the fourth quarter. Cargo capacity is projected to grow by around 3-4% in financial year 2015-16.

ROUTE DEVELOPMENT

The Parent Airline Company will continue to adjust capacity to selected destinations to better match demand. For the Northern Summer 2015 operating season (29 March 2015 – 24 October 2015), supplementary services will be mounted to various points including Jeddah, Rome, Milan, Athens, Mumbai, Ahmedabad, Bangkok and Taipei, to cater to peak demand. In addition, Istanbul will be served with a seventh weekly flight, while Sydney services will be increased to 31 flights per week, with effect from 17 June 2015 and 30 July 2015 respectively.

The Group's subsidiary companies are planning additional network expansion in the 2015-16 financial year. With the commencement of inaugural services to Cairns on 30 May 2015, SilkAir's network will be extended to 49 destinations across 12 countries, including Singapore. Scoot will launch services to its 14th and 15th destinations, Kaohsiung and Melbourne, on 9 July 2015 and 1 November 2015, respectively. More new destinations will be announced in due course during the current financial year. Tiger Airways will commence services to Ipoh on 29 May 2015, bringing total destinations to 38 across 12 countries, including Singapore. With the announced new routes, the Group's network will expand to 119 destinations from the current 116, across 35 countries, including Singapore.

SUBSEQUENT EVENT

On 17 April 2015, the Company subscribed to 45% of the equity interest in Airbus Asia Training Centre Pte Ltd ("AATC"), which has been jointly established with Airbus SAS. The Company was issued 14,850,045 shares in AATC for a consideration of USD15 million ($20 million). AATC, which is considered an associated company of the Group, will provide flight training services on full-flight simulators for all in-production Airbus aircraft types.

OUTLOOK

Market conditions remain challenging amid an uncertain global economic outlook. Demand in key markets is soft, primarily on Americas and European routes. Competition remains intense as other airlines continue to inject capacity with aggressive pricing. Depreciation of key revenue-generating currencies, such as the Australian Dollar, Japanese Yen and Euro, will place further pressure on yield and demand, while the stronger US Dollar will increase operating costs, year-on-year.

Cost savings from lower fuel prices in the current quarter may be limited due to the fuel hedges already locked in. The Group's jet fuel requirement [See Note 6] for the April-June 2015 quarter is currently 58.5% hedged at a weighted average price of USD110 per barrel. For the financial year 2015-16, the Group is 40.9% hedged in Singapore Jet Kerosene (MOPS) and 4.0% hedged in Brent at weighted average prices of USD106 per barrel and USD102 per barrel, respectively.

During the 2015-16 financial year, the Parent Airline Company's First and Business Class cabin products on the 777-300ER fleet will continue to be upgraded, and the new Premium Economy cabins will be introduced on the A380-800 and 777-300ER fleets. Although these activities will add costs in the current financial year, as will the preparation for the entry into service of A350-900s in early 2016, the investments are expected to improve future performance.

Despite global air cargo demand showing early signs of recovery, cargo yields are expected to remain under pressure due to excess capacity in the market. SIA Cargo will continue to manage capacity prudently and actively pursue demand opportunities in special product segments which attract higher yields.

To meet the challenges ahead, the Group will continue its disciplined approach in capacity deployment and cost management, while enhancing product offerings and leveraging the various airline subsidiaries to tap demand across a diverse range of travel segments. Supported by a strong balance sheet, the Group is in a strong position to maintain its competitive edge through the many strategic initiatives that are in place.

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Note 6: The Group fuel hedging position excludes Tiger Airways.

GROUP FINANCIAL STATISTICS

	2014-15	2013-14	4th Quarter 2014-15	4th Quarter 2013-14
Financial Results ($ million)				
Total revenue	15,565.5	15,243.9	3,879.7	3,628.4
Total expenditure	15,156.1	14,984.6	3,787.8	3,688.7
Operating profit/(loss)	409.4	259.3	91.9	(60.3)
Non-operating items	(1.0)	146.9	(23.7)	12.9
Exceptional items [R1]	34.5	(38.3)	(11.6)	19.8
Profit/(loss) before taxation	442.9	367.9	56.6	(27.6)
Profit attributable to owners of the Parent	367.9	359.5	39.6	27.0
Per Share Data				
Basic Earnings per share (cents) [R2]	31.4	30.6	3.4	2.3
Diluted Earnings per share (cents) [R3]	31.2	30.3	3.4	2.3

[R1] The exceptional items of $35 million recognised in FY2014-15 mainly pertained to the Parent Airline Company's remeasurement gain of $120 million arising from consolidation of Tiger Airways as a subsidiary, partially offset by SIA Cargo's impairment of its investment in China Cargo Airlines ($64 million), SIA Cargo's provision for settlement to resolve pending and potential civil damage claims ($14 million), as well as the Parent Airline Company's provision for settlement with plaintiffs in the Transpacific Class Action ($11 million). The exceptional loss of $38 million recognised in FY2013-14 mainly related to SIA Cargo's impairment loss of $293 million on four surplus freighters removed from operation, provision of $85 million pertaining to the settlement offered for SIA Cargo with plaintiffs in the United States Air Cargo Class Action and Australia Air Cargo Class Action lawsuits, and Singapore Flying College's (SFC) impairment loss on the planned discontinuation of its Maroochydore operation ($29 million), partially offset by a gain of $372 million on the sale of Virgin Atlantic Limited (VAL) to Delta Air Lines, Inc.
The exceptional items in Q4 FY2014-15 pertained to SIA Cargo's provision for settlement to resolve potential civil damage claims ($14 million), partially offset by SFC's writeback of impairment loss on the planned discontinuation of its Maroochydore operations ($2 million). Exceptional items in Q4 FY2013-14 pertained to a gain on the sale of VAL to Delta Air Lines, Inc. ($31 million), partly offset by SIA Cargo's provision for settlement with plaintiffs in the Australia Air Cargo Class Action ($6 million), and impairment loss on SFC's discontinuation of its Maroochydore operations ($5 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.

GROUP FINANCIAL STATISTICS

	As at 31 Mar 2015	As at 31 Mar 2014
Financial Position ($ million)		
Share capital	1,856.1	1,856.1
Treasury shares	(326.3)	(262.2)
Capital reserve	215.9	123.7
Foreign currency translation reserve	(135.7)	(101.5)
Share-based compensation reserve	113.2	134.5
Fair value reserve	(706.2)	(40.4)
General reserve	11,446.6	11,527.0
Equity attributable to owners of the Parent	12,463.6	13,237.2
Total assets	23,921.2	22,642.5
Total debt	1,739.5	965.0
Total debt : equity ratio (times) [R4]	0.14	0.07
Net asset value ($) [R5]	10.66	11.26
Return on equity holders' funds (%) [R6]	2.9	2.7
Value added	4,396.8	4,370.1
Dividends		
Interim dividend (cents per share)	5.0	10.0
Proposed final dividend (cents per share)	17.0	11.0
Proposed special dividend (cents per share)	-	25.0
Dividend cover (times) [R7]	1.4	0.7

[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.

[R6] Return on equity holders' funds is profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.

[R7] Dividend cover is profit attributable to owners of the Parent divided by total dividends.

OPERATING STATISTICS

	2014-15	2013-14	4th Quarter 2014-15	4th Quarter 2013-14
SIA				
Passenger carried (thousand)	18,737	18,628	4,454	4,460
Revenue passenger-km (million)	94,209.2	95,064.3	22,143.9	22,598.4
Available seat-km (million)	120,000.8	120,502.8	29,090.7	29,356.1
Passenger load factor (%)	78.5	78.9	76.1	77.0
Passenger yield (cents/pkm)	11.2	11.1	11.4	11.1
Passenger unit cost (cents/ask)	8.9	9.1	9.0	9.2
Passenger breakeven load factor (%)	79.5	82.0	78.9	82.9
SilkAir				
Passenger carried (thousand)	3,553	3,411	883	824
Revenue passenger-km (million)	5,864.9	5,516.1	1,447.7	1,325.5
Available seat-km (million)	8,355.2	7,926.9	2,095.0	1,902.3
Passenger load factor (%)	70.2	69.6	69.1	69.7
Passenger yield (cents/pkm)	13.9	13.7	14.7	13.7
Passenger unit cost (cents/ask)	9.7	9.8	9.7	9.9
Passenger breakeven load factor (%)	69.8	71.5	66.0	72.3
SIA Cargo				
Cargo and mail carried (million kg)	1,124.0	1,117.8	276.5	271.2
Cargo load (million tonne-km)	6,347.2	6,419.3	1,576.5	1,522.3
Gross capacity (million tonne-km)	10,024.9	10,273.6	2,471.6	2,436.1
Cargo load factor (%)	63.3	62.5	63.8	62.5
Cargo yield (cents/ltk)	32.8	32.7	31.7	32.6
Cargo unit cost (cents/ctk)	21.4	21.9	21.1	21.9
Cargo breakeven load factor (%)	65.2	67.0	66.6	67.2
SIA, SilkAir and SIA Cargo				
Overall load (million tonne-km)	15,557.4	15,778.1	3,740.9	3,741.4
Overall capacity (million tonne-km)	22,607.8	22,889.7	5,527.4	5,493.9
Overall load factor (%)	68.8	68.9	67.7	68.1
Overall yield (cents/ltk)	86.1	84.9	86.3	84.7
Overall unit cost (cents/ctk)	60.4	60.8	60.4	62.1
Overall breakeven load factor (%)	70.2	71.6	70.0	73.3
Employee Productivity (Average) – Company				
Average number of employees	14,040	14,240		
Seat capacity per employee (seat-km)	8,547,066	8,462,275		
Passenger load per employee (tonne-km)	625,516	625,995		
Revenue per employee ($)	884,501	876,383		
Value added per employee ($)	244,537	242,184		
Employee Productivity (Average) – Group				
Average number of employees	23,963	23,716		
Revenue per employee ($)	649,564	642,769		
Value added per employee ($)	183,483	184,268		

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)