SINGAPORE AIRLINES

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SIA GROUP CUTS FULL YEAR NET LOSS BY 78%, POSTS SECOND HALF OPERATING PROFIT AS TRAVEL DEMAND RETURNS

- **Passenger carriage for FY2021/22 up six-fold as travel restrictions ease**
- **Record full-year cargo revenue on strong demand and robust yields**
- **Operating cash surplus of $824 million for the full year**
- **Strong momentum in forward sales across key markets and all cabin classes**
- **Transformation programme reinforces SIA Group's leadership position as operations ramp up**

SIA GROUP FINANCIAL PERFORMANCE

Financial Year FY2021/22 – Profit and Loss

The SIA Group financial performance for the financial year FY2021/22 is summarised as follows:

Group Financial Results	FY2021/22 ($ million)	FY2020/21 ($ million)	Better/ (Worse) (%)	2nd Half FY2021/22 ($ million)	1st Half FY2021/22 ($ million)	Better/ (Worse) (%)
Total Revenue	**7,615**	**3,816**	**99.6**	**4,788**	**2,827**	**69.4**
Total Expenditure	**8,225**	**6,329**	**(30.0)**	**4,778**	**3,447**	**(38.6)**
Net Fuel Cost	2,189	1,016	(115.5)	1,379	810	(70.2)
Fuel Cost (before hedging)	*2,408*	*682*	*n.m.*	*1,546*	*862*	*(79.4)*
Fuel Hedging (Gain)/Loss	*(219)*	*334*	*n.m.*	*(167)*	*(52)*	*n.m.*
Fuel Hedging Ineffectiveness	-	497	100.0	-	-	-
Fair Value (Gain)/Loss on Fuel Derivatives	(78)	(283)	(72.4)	1	(79)	n.m.
Non-fuel Expenditure	6,114	5,099	(19.9)	3,398	2,716	(25.1)
Operating (Loss)/Profit	**(610)**	**(2,513)**	**75.7**	**10**	**(620)**	**n.m.**
Net Loss	**(962)**	**(4,271)**	**77.5**	**(125)**	**(837)**	**85.1**

The SIA Group's audited financial results for the financial year ended 31 March 2022 were announced on 18 May 2022. 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.

The Singapore Airlines (SIA) Group carried 3.9 million passengers in FY2021/22, up six-fold from a year before, with international air travel recovering in the last six months as global border restrictions eased. The Group ramped up passenger capacity (measured in available seat-kilometres) in a calibrated manner, growing from 24% of pre-Covid levels in April 2021 to 51% by the end of FY2021/22 in March 2022.

Singapore's launch and subsequent expansion of the Vaccinated Travel Lane (VTL) scheme was the game changer for the Group. It facilitated quarantine-free mass travel for the first time since the Covid-19 pandemic began, and significantly boosted the demand for flights to and through Singapore. By deploying capacity and increasing services in an agile manner, SIA and Scoot were among the first to launch flights for all VTL points. This allowed the carriers to capture the pent-up demand for air travel as it returned.

As a result, passenger flown revenue grew by $2,121 million (+309.6%) year-on-year to $2,806 million. This was on the back of a 614.9% growth in traffic (revenue-passenger kilometres), which outpaced the capacity expansion of 215.7% and resulted in the passenger load factor rising 16.8 percentage points to 30.1%. Cargo flown revenue reached a record $4,339 million (+$1,630 million or +60.2%), driven by strong demand amid continued capacity constraints for both sea freight and air freight. This led to a 44.5% increase in loads carried, and 10.8% rise in yields. Consequently, Group revenue rose $3,799 million (+99.6%) year-on-year to $7,615 million.

Group expenditure grew by $1,896 million (+30.0%) year-on-year to $8,225 million. This increase consisted of a $1,173 million increase (+115.5%) in net fuel costs, a $1,015 million increase (+19.9%) in non-fuel expenditure, and an offset of $292 million from the year-on-year impact of the fuel hedging ineffectiveness recorded last year, as well as fair value changes on fuel derivatives. Net fuel cost rose to $2,189 million, mainly on higher fuel prices (+$1,081 million) and an increase in volume uplifted (+$661 million), which was partially offset by a swing from a fuel hedging loss to a gain (-$553 million). The increase in non-fuel expenditure by 19.9% was well within the 215.7% increase in passenger capacity and the 50.1% increase in cargo capacity.

The SIA Group recorded an operating loss of $610 million, an improvement of $1,903 million (+75.7%) from the $2,513 million loss a year before.

Impairment charges for aircraft of $51 million were recorded for the year (-$1,683 million or -97.1% year-on-year). This was mainly due to impairment charges for two Boeing 737-800s deemed surplus to requirements, as well as a further write-down to three previously impaired 777-300ERs due to a change in aircraft trade-in plans. This follows a review of the Group's network requirements, as well as the market values of the aircraft in its fleet in FY2021/22.

The Group posted a net loss of $962 million for the year, an improvement of $3,309 million (+77.5%). This was primarily driven by better operating performance (+$1,903 million) and lower non-cash impairment charges (+$1,894 million), and partially offset by a $532 million reduction in tax credit due to the lower net loss.

The Group recorded an operating cash surplus[1] of $824 million for FY2021/22, an improvement of $3,195 million on the back of its stronger performance.

Second Half FY2021/22 – Profit and Loss

The Group recorded an operating profit of $10 million for the six months to 31 March 2022, compared to a $620 million operating loss in the first half (+$630 million). This came as borders reopened in almost all key markets, and as the rapid expansion of VTLs during the six months supported the demand for air travel.

Group revenue rose $1,961 million (+69.4%) half-on-half to $4,788 million. Passenger flown revenue increased by $1,300 million (+172.6%) to $2,053 million as passenger traffic grew 257.2%, outpacing the 46.2% expansion in capacity. As a result, passenger load factor improved 23.4 percentage points to 39.6% in the second half. Cargo flown revenue increased by $589 million (+31.4%) as the yields (+22.1%) and loads carried (+7.6%) were elevated by the strong cargo demand.

Group expenditure grew by $1,331 million (+38.6%) half-on-half to $4,778 million. This increase consisted of a $569 million increase (+70.2%) in net fuel costs, a $682 million increase (+25.1%) in non-fuel expenditure, and $80 million from the half-on-half impact of the fair value changes on fuel derivatives. Net fuel cost rose to $1,379 million, mainly on higher fuel prices (+$354 million) and an increase in volume uplifted (+$323 million), which was partially offset by higher fuel hedging gain (-$115 million). The increase in non-fuel expenditure by 25.1% corresponded with the 46.2% increase in passenger capacity and 21.7% increase in cargo capacity.

Group net loss was $125 million for the second half, an improvement of $712 million (+85.1%) from the first half. This was mainly attributable to the better operating performance (+$630 million) as well as an improvement in share of results of joint venture and associated companies (+$100 million), and partially offset by higher non-cash impairment charges (-$29 million).

Financial Year FY2021/22 – Balance Sheet

The Group has raised $22.4 billion in fresh liquidity since 1 April 2020 through various measures including proceeds from Rights issuances, bond issuances, secured financing, and aircraft sale-and-leaseback transactions.

Note 1: Includes net cash provided by operating activities and repayment of lease liabilities, and excludes proceeds from forward sales.

As of 31 March 2022, the Group shareholders' equity was $22.4 billion, an increase of $6.5 billion from 31 March 2021. Cash and bank balances saw an increase of $6.0 billion, rising to $13.8 billion primarily due to the proceeds from the Mandatory Convertible Bond issue in June 2021. Total debt balances increased by $1.4 billion to $15.7 billion, mainly due to the issuance of a seven-year US$600 million (or about S$810 million) bond in January 2022, as well as the increase in lease liabilities as a result of sale-and-leaseback activities. Consequently, the Group's debt-equity ratio fell from 0.90 times to 0.70 times. In addition to the cash on hand, the Group retains access to $2.1 billion of committed lines of credit, all of which remain undrawn.

FLEET DEVELOPMENT

During the final quarter, SIA took delivery of one Airbus A350-900, which joined the operating fleet in January 2022. SIA also took delivery of three Boeing 737-8s, which will enter into service starting from June 2022. Scoot took delivery of three Airbus A321neo aircraft, which have since joined the operating fleet.

As of 31 March 2022, SIA's operating fleet comprised 123 passenger aircraft[2] and seven freighters, while Scoot had 53 passenger aircraft[3] in its operating fleet.

With an average age of six years and three months, the Group operates one of the youngest and most fuel-efficient fleets in the airline industry[4]. This results in increased operating efficiencies, as well as significantly lower carbon emissions compared to the older generation aircraft that they replace in the Group fleet.

NETWORK RECOVERY

The Group progressively reinstated services to several destinations, and stepped-up frequencies on existing routes, as travel restrictions eased. Services resumed across key markets including Australia (Cairns, Darwin, and Gold Coast), South East Asia (Danang, Denpasar, and Surabaya), Amritsar in India, and Cape Town (via Johannesburg) in South Africa. SIA resumed non-stop A350-900 ULR services between Singapore and Newark, and began operating its flagship Airbus A380 to India (Delhi and Mumbai), and the United States of America (New York via Frankfurt). Services to Moscow and Shenzhen were suspended during the fourth quarter. Scoot introduced a new destination, Miri, to its network.

At the end of the financial year, the Group's passenger network covered a total of 93 destinations[5] in 36 countries and territories, up from 85 at the end of the third quarter. This compared to a pre-Covid network of 137 destinations[5] in 37 countries and territories. SIA served 69 destinations[5] and Scoot 43 destinations[5]. The Group's cargo network comprised 100 destinations,[5] up from 98 at the end of the prior quarter.

Note 2: The 123-passenger aircraft fleet comprised 23 777-300ERs, 12 A380s, 58 A350s, 15 787-10s, 7 737-800s and 8 737-8s.
Note 3: The 53-passenger aircraft fleet comprised 10 787-8s, 10 787-9s, 21 A320ceos, 5 A320neos and 7 A321neos.
Note 4: The current industry average fleet age is around 15 years and 4 months according to Centre for Asia Pacific Aviation (CAPA).
Note 5: Number of destinations include Singapore.

Based on current published schedules, the Group expects passenger capacity to reach 61% of pre-Covid levels for the first quarter of FY2022/23. As travel demand continues to recover, passenger capacity is expected to climb to around 67% of pre-Covid levels by the second quarter. The Group expects to serve over 70% of its pre-Covid destinations by the end of the second quarter.

PAVING THE WAY AHEAD

The SIA Group is ready to ramp up operations and capture the returning demand for international air travel. Cabin crew recruitment has resumed after a two-year hiatus to replace staff who have left over the last two years. The Group will continue to make the necessary investment in our people to meet our growth plans. Aircraft utilisation can also be increased quickly to support network expansion.

Various marketing campaigns have been launched to encourage customers to take to the skies again. These include a global brand campaign, *We Look Forward to Seeing You in the Air Again*, which promises customers an enhanced travel experience with SIA. *Time to Fly*, SIA's first online travel fair in Singapore, offered curated travel packages with 10 participating travel agents, serving all market segments. Scoot re-established partnerships with tourism boards across Australia and South East Asia, as well as the Singapore Tourism Board, to incentivise travel to and from Singapore.

KrisFlyer, the SIA Group's loyalty programme, relaunched its *KrisFlyer Spontaneous Escapes* monthly promotion after two years. This allows members to stretch the value of their miles and book last minute getaways to a variety of SIA destinations.

Deepening collaboration with like-minded airlines remains an integral part of the Group's strategy. By strengthening separate partnerships with Garuda Indonesia and Malaysia Airlines, the airlines will offer more options for customers, as well as enhanced connectivity to drive tourism in South East Asia. The recent expansion of the codeshare agreement between United Airlines and SIA will enable customers to connect to even more destinations within both airlines' network.

The footprint of SIA's cargo business continues to grow with the signing of a crew and maintenance agreement with DHL Express for five Boeing 777 freighters. These freighters will sport a dual DHL-SIA livery, and be operated by SIA pilots on routes to the United States of America via points in North Asia from July 2022. SIA will also oversee the maintenance of these aircraft. Basing these freighters at Changi Airport will further reinforce Singapore's position as a key air logistics hub. It will support the fast-growing e-commerce segment, and also provide a foundation to expand the partnership between SIA and DHL in the future.

SIA has also firmed up an order for seven Airbus A350F freighters to replace its fleet of Boeing 747-400Fs. Deliveries will begin in the fourth quarter of 2025, and SIA will be the first operator of this new-generation aircraft. The renewal of the freighter fleet reflects SIA's continued investment in its key air cargo segment.

SIA, the Civil Aviation Authority of Singapore, and Temasek have embarked on a year-long study into the operational viability of sustainable aviation fuels in Singapore. Jet fuel that has been blended with neat sustainable aviation fuel will be uplifted on SIA and Scoot flights from the third quarter of 2022 as part of this pilot. Sustainable fuels are a key decarbonisation lever for airlines, and a critical pathway for the success of the Group's commitment to achieve net zero carbon emissions by 2050.

FINAL DIVIDEND

In view of the significant losses incurred and the need to conserve cash, the Board is not proposing a final dividend for the financial year ended 31 March 2022.

OUTLOOK

Singapore further relaxed border restrictions in April 2022, removing the need for quarantine, as well as both pre-departure and on-arrival Covid-19 tests for fully vaccinated travellers. Key markets around the world have further eased travel restrictions, supporting a strong recovery in demand in air travel across all cabin classes. Forward sales, when measured as a percentage of the total number of seats available, in the next three months up to August 2022 are approaching pre-Covid-19 levels. The Group will closely monitor demand, remain nimble and alert to all opportunities that may arise, and adjust its capacity and services accordingly.

Cargo demand is expected to experience near-term volatility as a result of the Russia-Ukraine conflict, as well as the knock-on effects of pandemic controls in China on the global supply chain. Cargo yields, however, are likely to remain healthy due to the continued industry capacity crunch on key trade lanes.

Inflationary pressures, in particular on fuel prices, remain a concern. In comparison to the average jet fuel price of US$90.31 per barrel (before hedging) for FY2021/22, spot prices have moved up by more than 50% and were close to US$150 per barrel, as of early May. The Group will maintain appropriate cost discipline, even as operations expand in line with demand.

The Group's second three-year Transformation programme, that began in FY2020/21, continues to make good progress in revenue and cost initiatives as well as in the areas of innovation and digital transformation. The SIA Group will remain agile and leverage on opportunities to reinforce its leadership position in the airline industry.

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GROUP FINANCIAL STATISTICS

	2021/22	2020/21	2nd Half 2021/22	1st Half 2021/22
Financial Results ($ million)				
Total revenue	7,614.8	3,815.9	4,787.9	2,826.9
Total expenditure	8,224.5	6,328.4	4,778.2	3,446.3
Operating (loss)/profit	(609.7)	(2,512.5)	9.7	(619.4)
Non-operating items	(480.3)	(2,444.7)	(152.1)	(328.2)
Loss before taxation	(1,090.0)	(4,957.2)	(142.4)	(947.6)
Loss attributable to Owners of the Company	(962.0)	(4,270.7)	(125.2)	(836.8)
Loss per share (cents)				
- Basic [R1]	(16.2)	(102.6)[R2]	(1.9)	(15.4)
- Adjusted Basic [R3]	(32.4)	(144.0)	(4.2)	(28.2)
- Diluted [R4]	(16.2)	(102.6)[R2]	(1.9)	(15.4)
EBITDA ($ million) [R5]	1,301.2	(2,545.6)	1,064.7	236.5
EBITDA margin (%) [R6]	17.1	(66.7)	22.2	8.4

	As at 31 Mar 2022	As at 31 Mar 2021
Financial Position ($ million)		
Share capital	7,180.2	7,180.2
Mandatory convertible bonds	9,691.2	3,496.1
Treasury shares	(106.5)	(133.2)
Capital reserve	(107.3)	(96.8)
Foreign currency translation reserve	(16.2)	(16.9)
Share-based compensation reserve	20.7	20.8
Fair value reserve	1,076.2	(178.6)
General reserve	4,673.6	5,634.3
Equity attributable to Owners of the Company	22,411.9	15,905.9
Total assets	48,671.0	37,581.3
Total debt	15,694.8	14,336.9
Total cash and bank balances	13,762.7	7,783.0
Total liabilities	25,870.6	21,303.2
Debt : equity ratio (times) [R7]	0.70	0.90
Net asset value per share ($) [R8]	7.55	5.36
Adjusted net asset value per share ($) [R9]	3.40	3.60
Return on equity holders' funds (%) [R10]	(5.0)	(33.9)
Value added	2,820.1	592.9

R1 Loss per share (basic) is computed by dividing loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds in accordance with IAS 33 Earnings Per Share.

R2 With the completion of the mandatory convertible bonds on 24 June 2021, prior year comparatives for loss per share were restated per IAS 33 through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

R3 Loss per share (adjusted basic) is computed by dividing loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the redemption of all mandatory convertible bonds. The prior year comparatives have been restated through the application of a bonus factor as described above.

R4 Loss per share (diluted) is computed by dividing loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, adjusted for the dilutive effect of the vesting of all outstanding share-based incentive awards granted, in accordance with IAS 33.

R5 EBITDA denotes earnings before interest, taxes, depreciation, and amortisation.

R6 EBITDA margin is computed by dividing EBITDA by the total revenue.

[R7] Debt : equity ratio is total debt divided by equity attributable to owners of the Company.

[R8] Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares.

[R9] Adjusted net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds and convertible bonds.

[R10] Return on equity holders' funds is loss attributable to the Company expressed as a percentage of the average equity holders' funds.

OPERATING STATISTICS

	2021/22	2020/21		Change %	2nd Half 2021/22	1st Half 2021/22		Change %
Singapore Airlines (*and SilkAir*)								
Passengers carried (thousand)	3,388	514	+	559.1	2,678	710	+	277.2
Revenue passenger-km (million)	19,177.7	2,669.0	+	618.5	14,969.5	4,208.2	+	255.7
Available seat-km (million)	58,748.1	19,493.0	+	201.4	34,570.6	24,177.5	+	43.0
Passenger load factor (%)	32.6	13.7	+	18.9 pts	43.3	17.4	+	25.9 pts
Passenger yield (cents/pkm)	13.1	21.1	-	37.9	12.3	15.8	-	22.2
Revenue per available seat-km (cents/ask)	4.3	2.9	+	48.3	5.3	2.8	+	89.3
Passenger unit cost (cents/ask)	8.0	12.5	-	36.0	8.4	7.6	+	10.5
Passenger unit cost ex-fuel (cents/ask)	5.5	10.2	-	46.1	5.5	5.5		-
Scoot								
Passengers carried (thousand)	502	82	+	512.2	384	118	+	225.4
Revenue passenger-km (million)	1,486.8	221.6	+	570.9	1,175.4	311.4	+	277.5
Available seat-km (million)	9,822.2	2,228.2	+	340.8	6,152.2	3,670.0	+	67.6
Passenger load factor (%)	15.1	9.9	+	5.2 pts	19.1	8.5	+	10.6 pts
Passenger yield (cents/pkm)	20.0	55.0	-	63.6	17.8	28.2	-	36.9
Revenue per available seat-km (cents/ask)	3.0	5.5	-	45.5	3.4	2.4	+	41.7
Passenger unit cost (cents/ask)	7.7	19.9	-	61.3	7.4	8.0	-	7.5
Passenger unit cost ex-fuel (cents/ask)	6.2	18.2	-	65.9	5.8	6.8	-	14.7
Group Airlines (Passenger)								
Passengers carried (thousand)	3,890	596	+	552.7	3,062	828	+	269.8
Revenue passenger-km (million)	20,664.5	2,890.6	+	614.9	16,144.9	4,519.6	+	257.2
Available seat-km (million)	68,570.3	21,721.2	+	215.7	40,722.8	27,847.5	+	46.2
Passenger load factor (%)	30.1	13.3	+	16.8 pts	39.6	16.2	+	23.4 pts
Passenger yield (cents/pkm)	13.6	23.7	-	42.6	12.7	16.7	-	24.0
Revenue per available seat-km (cents/ask)	4.1	3.2	+	28.1	5.0	2.7	+	85.2
Group Airlines (Cargo)								
Cargo and mail carried (million kg)	1,046.0	734.0	+	42.5	534.2	511.8	+	4.4
Cargo load (million tonne-km)	5,941.0	4,111.9	+	44.5	3,079.1	2,861.9	+	7.6
Gross capacity (million tonne-km)	7,195.3	4,795.1	+	50.1	3,950.0	3,245.3	+	21.7
Cargo load factor (%)	82.6	85.8	-	3.2 pts	78.0	88.2	-	10.2 pts
Cargo yield (cents/ltk)	73.0	65.9	+	10.8	80.0	65.5	+	22.1
Cargo unit cost (cents/ctk)	27.2	32.3	-	15.8	26.3	28.3	-	7.1

	2021/22	2020/21		Change %
Employee Productivity (Average) – Singapore Airlines (*and SilkAir*)				
Average number of employees	14,534	16,772	-	13.3
Capacity per employee (tonne-km)	914,731	406,688	+	124.9
Revenue per employee ($)	486,315	207,369	+	134.5
Value added per employee ($)	190,938	48,307	+	295.3
Employee Productivity (Average) – Group				
Average number of employees	22,222	25,547	-	13.0
Revenue per employee ($)	342,669	149,368	+	129.4
Value added per employee ($)	126,906	23,208	+	446.8

GLOSSARY

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
Revenue per available seat-km	=	Passenger revenue from scheduled services divided by available seat-km
Passenger unit cost	=	Passenger operating expenditure divided by available seat-km
Passenger unit cost ex-fuel	=	Passenger operating expenditure less fuel cost, divided by available seat-km
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	=	Cargo operating expenditure divided by gross capacity (in tonne-km)