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THIRD QUARTER PROFIT DOWN 43% TO \$337 MILLION

GROUP FINANCIAL PERFORMANCE

Third Quarter 2008-09

The Group earned a net profit attributable to equity holders of \$337 million for the third quarter (October – December 2008) of financial year 2008-09, a drop of 42.8% or \$253 million from the same period a year ago.

Group revenue declined 2.6% to \$4,164 million on weaker passenger and cargo carriage, while Group expenditure rose 5.7% to \$3,807 million.

The price of jet fuel corrected from its peak of USD171/BBL recorded in July 2008, averaging USD99/BBL in the third quarter. While lower fuel prices reduced expenditure on fuel by \$125 million, losses in hedging amounted to \$341 million. Other cost items were well contained. Excluding fuel, Group expenditure was \$125 million (-5.5%) lower compared to the same period last year.

Foreign exchange rate movements lowered operating profit by \$144 million, as major revenue generating currencies, particularly the Australian Dollar, the UK Pound and the Euro, weakened against the Singapore Dollar, even as the Japanese Yen and the US Dollar strengthened.

Note: The SIA Group's unaudited financial results for the third quarter ended 31 December 2008 were announced on 10 February 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.)

Group operating profit was \$357 million for the third quarter, \$318 million (-47.1%) lower than the year before.

Operating profit for the Parent Airline Company at \$314 million was \$199 million (-38.7%) lower year-on-year. The operating results of the major subsidiary companies are as follows:

- SATS Group Profit of \$ 43 million (-7.7%)
- SIA Engineering Profit of \$ 29 million (+53.9%)
- SilkAir Profit of \$ 12 million (-17.2%)
- SIA Cargo Loss of \$ 46 million (profit of \$73 million previously)

April – December 2008

For the nine months to December 2008, the Group posted a net profit attributable to equity holders of \$1,020 million, compared to \$1,522 million for the corresponding period last year, a decline of \$502 million (-33.0%).

Group revenue grew \$810 million (+6.8%) to \$12,675 million while expenditure was up by a higher amount to \$11,743 million (+\$1,535 million or +15.0%) principally on account of higher expenditure on fuel. The average jet fuel price for the April to December 2008 period increased 44.8% from USD94/BBL to USD137/BBL, resulting in fuel expenditure to be higher by \$1,462 million.

Consequently, operating profit for the Group fell \$725 million (-43.8%) to \$932 million.

THIRD QUARTER OPERATING PERFORMANCE

A total of 4.8 million passengers flew on Singapore Airlines in the third quarter; 4.2% lower than last year. Passenger carriage (in revenue passenger-kilometres) was 1.2% lower while capacity (in available seat-kilometres) grew 2.3%. Consequently, passenger load factor declined 2.8 percentage points to 78.5%.

Passenger breakeven load factor increased 5.0 percentage points to 72.7%, as yield grew at a slower pace (+3.2%) than unit cost (+10.7%).

SIA Cargo carried 14.2% less freight (in load tonne-kilometres) than the corresponding period last year. With capacity decreasing at a slower rate (-7.5% in capacity tonne-kilometres), cargo load factor fell 4.5 percentage points to 58.4%.

Cargo breakeven load factor increased 5.5 percentage points to 63.4%, from higher unit cost (+3.4%) and weaker yield (-5.7%).

FLEET AND ROUTE DEVELOPMENT

There was no change to the Parent Airline Company's fleet of 101 aircraft during the quarter. As at 31 December 2008, the operating fleet comprised 14 B747-400s, 76 B777s, five A340-500s and six A380-800s, with an average age of six years and five months.

A four-times weekly service to Riyadh via Dubai was launched on 14 December 2008 and flights to Kuwait via Abu Dhabi will commence from 15 March 2009. More flights to Dubai, Abu Dhabi, Cairo and Istanbul were added.

On the other hand, flights to Manchester, Athens, Osaka, Seoul, Chennai, Bangalore, Penang and Ho Chi Minh City were scaled back during the quarter. From February 2009, services to Amritsar have been suspended.

OUTLOOK

Demand for air transportation is expected to remain weak for much of 2009.

The fuel hedging gains for the first nine months of financial year 2008-09 was \$191 million. For January to March 2009, 44% of fuel requirements for the Group, or approximately 3.7 million barrels, have been hedged at average jet fuel price of USD131/BBL.

The Company will continue to monitor the patterns of demand and make appropriate adjustments to flight schedules and capacity, while managing costs tightly.

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A STAR ALLIANCE MEMBER



GROUP FINANCIAL STATISTICS

	3 rd Quarter 2008-09	3 rd Quarter 2007-08	9 months 2008-09	9 months 2007-08
Financial Results (\$ million)				
Total revenue	4,164.0	4,276.1	12,675.0	11,865.3
Total expenditure	3,807.3	3,601.5	11,743.4	10,208.9
Operating profit	356.7	674.6	931.6	1,656.4
Non-operating items	73.4	73.6	376.7	306.6
Profit before taxation	430.1	748.2	1,308.3	1,963.0
Profit attributable to equity holders of the Company	337.2	590.0	1,019.6	1,521.9
Per Share Data				
Earnings before tax (cents)	36.3	63.1	110.4	160.1
Earnings after tax (cents) - basic ^{R1}	28.4	49.8	86.0	124.1
- diluted ^{R2}	28.4	49.0	85.5	122.1
	As at 31 Dec 2008	As at 31 Mar 2008		
Financial Position (\$ million)				
Share capital	1,684.8	1,682.0		
Treasury shares	(18.9)	(33.2)		
Capital reserve	95.6	95.6		
Foreign currency translation reserve	(193.4)	(130.7)		
Share-based compensation reserve	172.4	136.4		
Fair value reserve	(1,058.2)	443.4		
General reserve	12,769.4	12,931.7		
Equity attributable to equity holders of the Company	13,451.7	15,125.2		
Total assets	25,186.4	26,515.2		
Total debt	1,642.4	1,656.7		
Total debt equity ratio (times) ^{R3}	0.12	0.11		
Net asset value (\$) ^{R4}	11.35	12.77		

^{R1} 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.

^{R2} 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.

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

^{R4} 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.

OPERATING STATISTICS

	3 rd Quarter 2008-09	3 rd Quarter 2007-08	9 months 2008-09	9 months 2007-08
<u>SIA</u>				
Passenger carried (thousand)	4,751	4,960	14,386	14,364
Revenue passenger-km (million)	23,296.7	23,568.0	70,591.9	68,450.9
Available seat-km (million)	29,671.3	29,003.8	90,362.0	84,918.1
Passenger load factor (%)	78.5	81.3	78.1	80.6
Passenger yield (cents/pkm)	12.8	12.4	12.7	12.0
Passenger unit cost (cents/ask)	9.3	8.4	9.2	8.3
Passenger breakeven load factor (%)	72.7	67.7	72.4	69.2
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	301.4	345.7	962.8	996.6
Cargo load (million tonne-km)	1,819.5	2,120.0	5,775.3	6,144.9
Gross capacity (million tonne-km)	3,117.9	3,369.3	9,595.4	9,825.4
Cargo load factor (%)	58.4	62.9	60.2	62.5
Cargo yield (cents/ltk)	38.3	40.6	40.5	38.1
Cargo unit cost (cents/ctk)	24.3	23.5	25.7	23.3
Cargo breakeven load factor (%)	63.4	57.9	63.5	61.2
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	4,034.8	4,357.0	12,489.3	12,653.0
Overall capacity (million tonne-km)	6,054.4	6,236.7	18,534.9	18,224.1
Overall load factor (%)	66.6	69.9	67.4	69.4
Overall yield (cents/ltk)	91.6	87.0	90.5	83.4
Overall unit cost (cents/ctk)	58.3	51.8	58.1	51.0
Overall breakeven load factor (%)	63.6	59.5	64.2	61.2

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)

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)