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FIRST HALF NET PROFIT UP \$179 MILLION TO \$305 MILLION

- Operating profit of \$240 million (up 40.4%)
- Non-operating items contributed significantly to net profit
- Operating environment was challenging, with yields under pressure

GROUP FINANCIAL PERFORMANCE

The Group earned an operating profit of \$240 million in the first half of the 2015-16 financial year, \$69 million higher (+40.4%) than last year.

First Half Operating Results Excluding Tiger Airways [See Note 2]

Excluding Tiger Airways, Group operating profit improved \$79 million (+46.2%) year-on-year to \$250 million.

Group revenue declined \$345 million to \$7,242 million (-4.5%). Passenger flown revenue fell \$204 million or 3.5%, mainly attributable to lower flown revenue from the Parent Airline Company, as passenger carriage and yield declined against the same period last year. Cargo and mail revenue recorded an \$87 million decline (-7.9%), as both load factor and yield suffered from overcapacity in the market. Engineering services revenue fell \$53 million (-22.5%) on the back of reduced overhaul activities. Income earned upon the release of seven A350-900 delivery slots originally planned for FY2017-18 and FY2018-19 [See Note 3] was offset by a fall in other incidental revenue.

Note 1: The SIA Group's unaudited financial results for the half year and second quarter ended 30 September 2015 were announced on 5 November 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: Tiger Airways was consolidated with effect from October 2014. This section is presented to facilitate a meaningful year-on-year comparison of results, as the results for Tiger Airways were not consolidated as part of SIA Group in the first half of FY2014-15.

Note 3: The agreement was signed with Airbus in the first quarter of FY2015-16 to release seven production slots for A350-900 aircraft, reducing to 63 the number of A350-900s on firm order, while 20 purchase options remained unchanged.

Group expenditure fell \$424 million to \$6,992 million (-5.7%), on the back of a \$458 million reduction (-16.3%) in net fuel expenditure. Average jet fuel price was 41.1% lower than one year ago, providing \$1,158 million in cost savings. This was partially offset by the strengthening of the US Dollar against the Singapore Dollar (+\$142 million). As a result, Group fuel cost before hedging declined \$1,015 million or 36.1%. The reduction was partly eroded by a \$545 million hedging loss (+\$557 million), resulting from 57.0% of the Group's fuel requirement for the half year being hedged at a weighted average price of USD106 per barrel. Ex-fuel costs were up \$34 million or 0.7% from last year, partly attributable to SilkAir's and Scoot's expansion.

	FIRST HALF			SECOND QUARTER		
	Ex-Tiger			Ex-Tiger		
	Apr-Sep 2015	Apr-Sep 2015	Apr-Sep 2014	Jul-Sep 2015	Jul-Sep 2015	Jul-Sep 2014
SIA GROUP	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Total revenue	7,578	7,242	7,587	3,845	3,677	3,905
Fuel cost	2,464	2,344	2,802	1,211	1,153	1,429
Ex-fuel cost	4,874	4,648	4,614	2,505	2,385	2,344
Total expenditure	7,338	6,992	7,416	3,716	3,538	3,773
OPERATING PROFIT	240	250	171	129	139	132

First Half Net Profit

The Group posted a net profit of \$305 million, an increase of \$179 million from the same period last year.

The Group's share of losses of associated companies declined by \$117 million, mainly due to the reclassification of Tiger Airways as a subsidiary company. In addition, higher dividends were received from long term investments (+\$98 million). These were partially offset by lower gains on disposal of aircraft (-\$57 million), tax expense compared to a credit last year (-\$49 million), and weaker share of results of joint ventures (-\$28 million).

The operating results of the main companies in the Group for the first half of the financial year were as follows:

Operating Profit/(Loss)	1st Half FY2015-16 \$ million	1st Half FY2014-15 \$ million
Parent Airline Company	206	183
SIA Engineering	48	37
SilkAir	26	5
SIA Cargo	(12)	(34)
Scoot	(22)	(44)

Operating profit for the Parent Airline Company increased \$23 million to \$206 million in the first half of the financial year. Total revenue declined \$324 million, largely attributable to a \$278 million reduction in passenger flown revenue stemming from a 1.7% fall in passenger carriage and a 3.7% drop in passenger yield. Bellyhold revenue from SIA Cargo reduced by \$58 million. Other revenue was also lower, but was mitigated by income earned upon the release of seven aircraft delivery slots. Expenditure was down \$347 million, with \$387 million in savings from a reduction in net fuel costs, partially offset by higher aircraft maintenance and overhaul costs.

SIA Engineering's operating profit was \$11 million higher compared to last year. A \$36 million reduction in revenue due to reduced airframe and component overhaul activities was more than compensated by a \$47 million drop in expenditure that largely arose from lower subcontract, material and staff costs.

SilkAir registered an operating profit of \$26 million, \$21 million up from the same period last year. Total revenue increased \$39 million as passenger flown revenue was boosted (+\$43 million) by 11.1% growth in passenger carriage and a 0.8% lift in passenger yield. Total expenditure increased by \$18 million, mainly as a result of expanded capacity (+8.5%).

SIA Cargo narrowed its operating loss significantly from \$34 million to \$12 million. Cargo yield declined by 8.5% largely due to lower fuel surcharges, while freight carriage was flat, resulting in lower revenue (-\$86 million). However, this was more than offset by a \$108 million reduction in expenditure, mainly from lower fuel costs.

Scoot's operating loss was halved in the first half of the financial year. Traffic grew 14.1% on the back of 10.1% capacity expansion; coupled with a 1.9% lift in yield, passenger revenue improved 15.4%. Expenditure rose 1.2% from higher capacity, partially negated by lower fuel costs.

Tiger Airways, which became a subsidiary of the Group in October 2014, recorded an operating loss of \$10 million in the first half, which was attributable to a loss in the second quarter.

Second Quarter 2015-16

Group operating profit for the second quarter was \$129 million, almost flat (-\$3 million or -2.3%) against last year. Group revenue fell \$60 million compared to a \$57 million decline in expenditure.

The operating results of the main companies in the Group for the second quarter of the financial year were as follows:

Operating Profit/(Loss)	2nd Quarter FY2015-16 \$ million	2nd Quarter FY2014-15 \$ million
Parent Airline Company	98	138
SIA Engineering	27	16
SilkAir	21	3
SIA Cargo	(3)	(16)
Scot	(2)	(19)

All the main companies in the Group reported improved operating results, except for the Parent Airline. Operating profit for the Parent Airline Company decreased by \$40 million to \$98 million in the second quarter of the financial year. Total revenue declined \$225 million, attributable to a \$124 million reduction in passenger flown revenue stemming from a 4.6% drop in passenger yield, and lower bellyhold and other incidental revenue. Expenditure was down \$185 million, with \$232 million in savings from a reduction in net fuel costs, partially offset by higher aircraft lease rentals, costs related to Premium Economy installation and aircraft maintenance and overhaul costs.

Group net profit was \$214 million, improving \$123 million from the second quarter last year. This was primarily due to an absence of share of loss from associated companies (+\$105 million) with the reclassification of Tiger Airways as a subsidiary, and higher dividends from long-term investments (+\$88 million), partially offset by a loss on disposal of aircraft, spares and spare engines versus a gain last year (-\$46 million), and tax expense compared to a tax credit last year (-\$36 million).

FIRST HALF 2015-16 OPERATING PERFORMANCE

The Parent Airline Company's passenger load factor edged up by 0.2 percentage points to 80.0% during the first half of the financial year. Passenger carriage (in revenue passenger kilometres) fell 1.7%, slightly trailing the 2.0% decline in capacity (in available seat-kilometres).

SilkAir's passenger carriage grew 11.1%, on the back of its 8.5% capacity injection. Consequently, passenger load factor increased 1.6 percentage points to 71.3%.

Scout reported a passenger load factor of 83.1%, 3.0 percentage points higher than last year. Capacity expanded by 10.1% and was outpaced by 14.1% growth in passenger carriage.

Tiger Airways' passenger carriage dropped 3.9%, against a 4.1% reduction in capacity. As a result, passenger load factor increased by 0.2 percentage points to 83.8%.

SIA Cargo's freight carriage (in load tonne-kilometres) was almost flat (+0.1%) year-on-year, while capacity grew by 2.6%. Consequently, load factor fell 1.5 percentage points to 60.7%.

INTERIM DIVIDEND

The Company is declaring an interim dividend of 10 cents per share (tax exempt, one-tier), amounting to \$116 million, for the half-year ended 30 September 2015. The interim dividend will be paid on 27 November 2015 to shareholders as of 18 November 2015.

FLEET DEVELOPMENT

During the July-September quarter, the Parent Airline Company took delivery of two A330-300s and one 777-300ER. One of the A330-300s subsequently entered into service in October, while the 777-300ER will join the operating fleet later in November. Two A330-300s were decommissioned in preparation for lease return. As at 30 September 2015, the operating fleet of the Parent Airline Company comprised 104 passenger aircraft - 55 777s, 30 A330-300s and 19 A380-800s, with an average age of 7 years and 4 months.

SilkAir took delivery of two 737-800s and decommissioned one A320-200 in preparation for return to lessor during the quarter. As at 30 September 2015, SilkAir operated 29 aircraft – 11 A320-200s, five A319-100s and 13 737-800s, with an average age of 3 years and 11 months.

In the second quarter, Scoot took delivery of two 787-8s and decommissioned one 777-200 in preparation for sale. As at 30 September 2015, Scoot's operating fleet consisted of one 777-200 and seven 787s, including five 787-9s and two 787-8s, with an average age of 2 years and 7 months.

Tiger Airways returned one surplus A319-100 to the operating fleet, and decommissioned one A320-200 for sale during the quarter. As at 30 September 2015, Tiger Airways operated 24 aircraft – 22 A320-200s and two A319-100s, with an average age of 4 years and 6 months.

The size of SIA Cargo's fleet, comprising eight 747-400 freighters, remained unchanged in the second quarter.

Singapore Airlines has signed an agreement with Airbus to be the launch customer for a new ultra-long-range variant of the A350-900 aircraft (A350-900ULR), which will be capable of flying non-stop between Singapore and the United States in an economically viable manner. The new agreement upgrades seven of the 63 A350-900s on firm order to A350-900ULRs, and converts four of the 20 purchase options to firm A350-900 orders. The A350-900ULR aircraft will be fitted with all-new cabin products that are currently under development, and are scheduled to be delivered in 2018. This will enable the re-launch of the world's longest non-stop flights, between Singapore and both Los Angeles and New York. Non-stop flights to additional points in the US are also under consideration.

ROUTE DEVELOPMENT

For the Northern Winter 2015 operating season (25 October 2015 – 26 March 2016), the Parent Airline Company will mount supplementary services to various points including Adelaide, Ahmedabad, Brisbane, Christchurch, Melbourne, Sapporo and Sydney to cater to demand during the year-end peak. SilkAir commenced services to Male from 26 October 2015.

Scoot has taken over Hangzhou services from SilkAir, commencing four-times-weekly flights to the city from 25 October 2015. It also launched services to Melbourne on 1 November 2015. Subject to regulatory approvals, Scoot will operate thrice-weekly non-stop services to Jeddah from 1 May 2016, taking over from the Parent Airline Company.

Tiger Airways started three-times-weekly services to Quanzhou, China on 28 September 2015. New services to Lucknow, India and a return of service to Lijiang, China are planned for the third quarter of the financial year.

The Group's network now consists of 120 destinations across 35 countries, including Singapore.

SIA Cargo will increase frequency to points in the Americas, Europe, South West Pacific and North Asia in the third quarter to meet higher demand during the year-end peak period.

OUTLOOK

Uncertainty in economic conditions persists, exacerbated by concerns about China's slowing economy, which have led to weakening emerging-market currencies and volatility in stock markets. The outlook for both passenger and cargo traffic is cautious. Yields remain under pressure in the face of capacity additions from other airlines. Advance passenger bookings for the October-December quarter are positive, but mainly bolstered by promotional activities.

Fuel prices remain range-bound. For the second half of the financial year, the Group is 50.7% hedged at a weighted average price of USD93 per barrel [See Note 4]. A rising US Dollar will put pressure on operating costs.

Faced with these challenges, the Group will maintain strict cost discipline and will leverage the various airlines in the Portfolio to remain flexible and nimble in tapping all key market segments. The Group is well placed to retain its competitive edge through the many strategic initiatives that are in place, supported by a strong balance sheet.

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A STAR ALLIANCE MEMBER 

Note 4: The Group fuel hedging position excludes Tiger Airways, which separately reported its fuel hedging position on 23 October 2015. Please refer to Tiger Airways' website for the relevant presentation slides.

GROUP FINANCIAL STATISTICS

	1st Half 2015-16	1st Half 2014-15	2nd Quarter 2015-16	2nd Quarter 2014-15
Financial Results (\$ million)				
Total revenue	7,578.1	7,587.3	3,844.8	3,905.1
Total expenditure	7,338.1	7,416.1	3,716.2	3,773.4
Operating profit	240.0	171.2	128.6	131.7
Non-operating items	126.3	(14.6)	111.2	(35.3)
Exceptional items ^{R1}	-	(10.1)	-	(10.4)
Profit before taxation	366.3	146.5	239.8	86.0
Profit attributable to owners of the Parent	304.8	125.7	213.6	90.9
Per Share Data				
Earnings per share (cents)				
- Basic ^{R2}	26.1	10.7	18.3	7.7
- Diluted ^{R3}	26.0	10.6	18.2	7.7
	As at 30 Sep 2015	As at 31 Mar 2015		
Financial Position (\$ million)				
Share capital	1,856.1	1,856.1		
Treasury shares	(387.7)	(326.3)		
Capital reserve	214.2	215.9		
Foreign currency translation reserve	(153.8)	(135.7)		
Share-based compensation reserve	103.6	113.2		
Fair value reserve	(592.2)	(706.2)		
General reserve	11,558.4	11,446.6		
Equity attributable to owners of the Parent	12,598.6	12,463.6		
Total assets	23,902.7	23,921.2		
Total debt	1,394.6	1,739.5		
Total debt : equity ratio (times) ^{R4}	0.11	0.14		
Net asset value (\$) ^{R5}	10.83	10.66		

^{R1} Exceptional items in the first half of FY2014-15 pertained to the Parent Airline Company's provision for settlement with plaintiffs in the Transpacific Class Action (\$11 million), SIA Cargo's additional impairment on two marked-for-sale 747-400 freighters (\$7 million), partly offset by additional gain on sale of Virgin Atlantic Limited (VAL) to Delta Air Lines, Inc. (\$7 million), and partial refund of fine on appeal from the Korean Fair Trade Commission (\$1 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.

^{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.

OPERATING STATISTICS

	1st Half 2015-16	1st Half 2014-15	2nd Quarter 2015-16	2nd Quarter 2014-15
<u>SIA</u>				
Passengers carried (thousand)	9,549	9,537	4,976	4,885
Revenue passenger-km (million)	47,690.5	48,515.6	25,176.9	25,016.2
Available seat-km (million)	59,602.4	60,825.2	30,081.6	30,562.0
Passenger load factor (%)	80.0	79.8	83.7	81.9
Passenger yield (cents/pkm)	10.5	10.9	10.4	10.9
Passenger unit cost (cents/ask)	8.6	8.8	8.7	9.0
Passenger breakeven load factor (%)	81.9	80.7	83.7	82.6
<u>SilkAir</u>				
Passengers carried (thousand)	1,866	1,725	942	855
Revenue passenger-km (million)	3,159.4	2,844.9	1,635.3	1,435.7
Available seat-km (million)	4,429.6	4,082.5	2,254.7	2,054.0
Passenger load factor (%)	71.3	69.7	72.5	69.9
Passenger yield (cents/pkm)	13.4	13.3	13.3	13.3
Passenger unit cost (cents/ask)	9.3	9.7	9.1	9.7
Passenger breakeven load factor (%)	69.4	72.9	68.4	72.9
<u>Scoot</u>				
Passengers carried (thousand)	1,054	914	572	478
Revenue passenger-km (million)	3,728.5	3,268.7	2,012.4	1,722.2
Available seat-km (million)	4,489.2	4,079.2	2,381.7	2,108.2
Passenger load factor (%)	83.1	80.1	84.5	81.7
Revenue per revenue seat-km (cents/pkm)	5.3	5.2	5.4	5.3
Cost per available seat-km (cents/ask)	5.2	5.6	5.1	5.6
Breakeven load factor (%)	98.1	107.7	94.4	105.7
<u>Tiger Airways</u>				
Passengers carried (thousand)	2,568	2,653	1,284	1,242
Revenue passenger-km (million)	4,777.5	4,972.5	2,389.9	2,363.7
Available seat-km (million)	5,699.8	5,945.5	2,840.9	2,864.7
Passenger load factor (%)	83.8	83.6	84.1	82.5
Revenue per revenue seat-km (cents/pkm)	6.7	6.3	6.6	6.1
Cost per available seat-km (cents/ask)	5.9	6.0	6.0	6.0
Breakeven load factor (%)	88.1	95.2	90.9	98.4
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	564.6	555.6	282.5	277.1
Cargo load (million tonne-km)	3,140.0	3,138.0	1,571.6	1,575.6
Gross capacity (million tonne-km)	5,174.6	5,043.7	2,607.7	2,540.9
Cargo load factor (%)	60.7	62.2	60.3	62.0
Cargo yield (cents/ltk)	30.2	33.0	29.9	33.0
Cargo unit cost (cents/ctk)	19.4	21.4	19.2	21.3
Cargo breakeven load factor (%)	64.2	64.8	64.2	64.5
<u>Group Airlines (Passenger)</u>				
Passengers carried (thousand)	15,037	14,829	7,774	7,460
Revenue passenger-km (million)	59,355.9	59,601.7	31,214.5	30,537.8
Available seat-km (million)	74,221.0	74,932.4	37,558.9	37,588.9
Passenger load factor (%)	80.0	79.5	83.1	81.2

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)

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)

Scoot

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
Revenue per revenue seat-km	=	Passenger revenue from scheduled services divided by revenue passenger-km
Cost per available seat-km	=	Operating expenditure divided by available seat-km
Passenger breakeven load factor	=	Cost per available seat-km expressed as a percentage of revenue per revenue seat-km. This is the theoretical load factor at which passenger revenue equates to the operating expenditure

Tiger Airways

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
Revenue per revenue seat-km	=	Passenger revenue from scheduled services divided by revenue passenger-km
Cost per available seat-km	=	Operating expenditure divided by available seat-km
Passenger breakeven load factor	=	Cost per available seat-km expressed as a percentage of revenue per revenue seat-km. This is the theoretical load factor at which passenger revenue equates to the operating expenditure

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)

*Group Airlines**(Passenger)*

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