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8 May 2014

- FULL YEAR OPERATING PROFIT RISES TO \$259 MILLION
- 25 CENTS SPECIAL DIVIDEND PROPOSED
- OUTLOOK REMAINS CHALLENGING

GROUP FINANCIAL PERFORMANCE

Financial Year 2013-14

The Group earned an operating profit of \$259 million in the 2013-14 financial year, an increase of \$30 million (+13.1%) over last year.

Group revenue increased \$146 million (+1.0%) to \$15,244 million, mainly due to higher passenger revenue (+\$275 million) including recognition of a settlement pertaining to changes in aircraft delivery slots [see Note 2 below], partially offset by a decline in cargo revenue. Passenger revenue improved over last year on the back of growth in passenger carriage, albeit at lower yields due to promotional activities amid intense competition and the weakening of major revenue generating currencies. The net reduction in Group revenue arising from exchange rate movements was \$101 million.

Group expenditure rose largely in line with revenue, by \$116 million (+0.8%). Higher non-fuel variable costs were partially mitigated by lower net fuel cost, as average jet fuel prices decreased 5.2% year-on-year.

Note 1: The SIA Group's audited financial results for the financial year ended 31 March 2014 were announced on 08 May 2014. 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: The settlement agreement was reached in Q1 FY2013-14 and \$126 million was recognised for the financial year 2013-14, of which \$59 million pertains to changes in delivery slots in relation to previous financial years.

Despite recording a higher operating profit, Group profit attributable to owners of the Parent fell \$20 million (-5.3%) to \$359 million. This was mainly due to exceptional items (-\$38 million loss) [see Note 3 below] and weaker share of results from associated companies (down \$96 million), partially offset by recognition of tax credits. The weaker share of results from associated companies arose primarily from losses of Tiger Airways Holdings Limited, of which the Group's share was \$118 million for the year, an increase of \$109 million.

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

Operating Profit/(Loss)	FY2013-14 \$ million	FY2012-13 \$ million
Parent Airline Company	256	187
SIA Engineering	116	128
SilkAir	35	97
SIA Cargo	(100)	(167)

The Parent Airline Company's operating performance improved \$69 million (+36.9%) as a \$93 million increase in revenue outpaced a \$24 million increase in expenditure.

SIA Engineering's operating profit was lower as the increase in expenditure outpaced revenue growth. The increase in expenditure was mainly from higher staff costs, subcontract and material costs.

SilkAir's operating profit was \$62 million lower as passenger carriage growth did not keep pace with the capacity injection intended to develop new markets in the region.

SIA Cargo's operating loss narrowed by \$67 million, on the back of ongoing efforts to better match capacity with demand.

Fourth Quarter 2013-14

Group operating loss for the fourth quarter widened by \$17 million as revenue fell 1.1% (-\$39 million), on account of lower passenger and cargo carriage, and weaker yields. Both the Parent Airline Company and SIA Cargo reported operating losses for the quarter.

Note 3: The exceptional items of \$38 million recognised in FY2013-14 pertained mainly to an impairment loss of \$293 million on four surplus freighters that have been removed from the operating fleet and marked for sale, provisions for settlements between SIA Cargo and the plaintiffs in the United States air cargo class action (\$78 million) and the plaintiffs in the Australian air cargo class action (\$6 million) and a loss of \$29 million pertaining mainly to impairment of Singapore Flying College's property, plant and equipment. These were partly offset by a gain of \$372 million upon completion of the sale of Virgin Atlantic Limited to Delta Air Lines, Inc. The United States and Australian class action settlements are subject to the respective Courts' approvals.

Including non-operating items from the sale of aircraft and spare engines, share of results of joint venture and associated companies, exceptional items [see Note 4 below] and tax credits, the Group posted a profit attributable to owners of the Parent of \$27 million for the fourth quarter.

FINAL AND SPECIAL DIVIDEND

The Board of Directors recommends a final dividend of 11 cents per share for the financial year 2013-14.

Having considered the sound financial position of the Company, which is adequate to grow its business organically and to pursue strategic opportunities, the Board of Directors recommends a special dividend of 25 cents per share.

Including the interim dividend of 10 cents per share paid on 3 December 2013, the proposed final dividend of 11 cents per share and the proposed special dividend of 25 cents per share to be paid on 14 August 2014, the total dividend for the 2013-14 financial year will be 46 cents per share. Both the final and special dividends (tax exempt, one-tier) would be paid on 14 August 2014 to shareholders as at 5 August 2014.

FINANCIAL YEAR 2013-14 OPERATING PERFORMANCE

In the financial year ended 31 March 2014, the Parent Airline Company carried 18.6 million passengers, an increase of 2.3% over last year. Passenger carriage (in revenue passenger kilometres) rose 1.4% on the back of 1.9% growth in capacity (in available seat-kilometres). Consequently, passenger load factor decreased by 0.4 percentage points to 78.9%.

SilkAir recorded a 4.0 percentage-point drop in passenger load factor to 69.6%, with its 5.6% growth in traffic lagging behind capacity injection of 11.7%.

SIA Cargo's load factor of 62.5% was 0.9 percentage point lower, as a 5.1% reduction in freight carriage (in load tonne-kilometres) outpaced a 3.6% reduction in cargo capacity (in capacity tonne-kilometres).

Note 4: Exceptional items of \$20 million recognised in the fourth quarter 2013-14 pertained mainly to an additional gain of \$31 million from the sale of Virgin Atlantic Limited to Delta Air Lines, Inc., offset by a provision of \$6 million for settlement between SIA Cargo and the plaintiffs in the Australian air cargo class action and a \$5 million loss pertaining mainly to impairment of Singapore Flying College's property, plant and equipment. The Australian class action settlement is subject to the Court's approval.

FLEET AND ROUTE DEVELOPMENT

During the January-March 2014 quarter, the Parent Airline Company took delivery of one Boeing 777-300ER and one Airbus A330-300 and decommissioned one 777-200. In addition, two 777-200ERs returned to the fleet upon expiry of their leases to Royal Brunei Airlines. As at 31 March 2014, the operating fleet of the Parent Airline Company comprised 103 passenger aircraft - 58 Boeing 777s, 26 A330-300s and 19 A380-800s, with an average age of 6 years and 9 months.

In the year to March 2015, the Parent Airline Company expects to take delivery of five A330-300s and three 777-300ERs, decommission three 777-200s and return one A330-300, one 777-200 and one 777-200ER on expiry of their leases. In addition, two 777-200ERs will return and be decommissioned upon expiry of their leases to Royal Brunei Airlines. This will bring the Parent Airline Company's operating fleet to a total of 105 aircraft by March 2015. Capacity growth of about 1% is planned for the coming financial year.

During the quarter, SilkAir took delivery of its first two Boeing 737-800 aircraft and decommissioned two Airbus A320-200s. As at 31 March 2014, SilkAir operated a fleet of 24 aircraft – 16 A320-200s, six A319-100s and two 737-800s. In FY2014-15, SilkAir will take delivery of seven 737-800s and decommission four A320-200s, bringing its operating fleet to 27 aircraft by March 2015. Capacity is expected to expand by approximately 13% in FY2014-15.

As at 31 March 2014, Scoot's fleet comprised six 777-200s. Scoot will take delivery of its first of 20 firm-ordered Boeing 787 aircraft, a 787-9, in November 2014. For the financial year 2014-15, Scoot expects to take delivery of two 787-9 aircraft and decommission one 777-200.

In May 2014, SIA Cargo will return one Boeing 747-400 freighter on expiry of its lease and will be operating a fleet of eight freighters in FY2014-15.

The Parent Airline Company will be making adjustments to selected markets across the network during the Northern Summer season. A third daily flight to Tokyo's Haneda Airport has been added, increasing the number of daily services to Tokyo to five. A380 aircraft will serve Mumbai and New Delhi daily from 30 May 2014, taking over from two daily flights that currently serve each city with smaller aircraft [see Note 5]. A380 services to Shanghai will increase from five times weekly to daily, while frequency to Istanbul will increase by one flight per week to six times weekly. To cater for peak summer demand, the Parent Airline Company will serve Athens twice weekly between 9 June 2014 and 9 October 2014, while capacity in selected markets in Europe and Japan will be increased.

Note 5: Both Mumbai and New Delhi will be served twice daily thereafter.

SilkAir will launch services to three new destinations in the Northern Summer 2014 season - Kalibo in the Philippines from 27 May 2014, Mandalay in Myanmar from 10 June 2014 and Hangzhou in China from 27 June 2014. This will expand SilkAir's network to 48 destinations across 12 countries.

SUBSEQUENT EVENT

On 8 April 2014, the Company issued \$200 million in aggregate principal amount of 3.145% notes due 2021 and \$300 million in aggregate principal amount of 3.750% notes due 2024 under the \$2 billion multicurrency medium term note programme. The notes will mature on 8 April 2021 and 8 April 2024 respectively.

OUTLOOK

The operating environment for the Group continues to be challenging with intense competition in many areas, and economic uncertainty in key markets.

Passenger bookings in the current quarter are expected to match the planned increase in capacity. However, yields are expected to remain under pressure due to promotional activities undertaken to support loads, and other airlines offering aggressive fares while increasing capacity.

Cargo yield is expected to remain weak as the air cargo industry continues to face challenges from overcapacity.

Fuel prices are expected to remain at elevated levels, which presents a continuing challenge to the Group's earnings.

Against this backdrop, the Group will maintain discipline in cost management and proactively make adjustments to capacity deployment to match market demand. The Group is well positioned with its strong balance sheet to meet the challenges, and will continue to pursue various strategic initiatives, as announced.

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GROUP FINANCIAL STATISTICS

	2013-14	2012-13	4 th Quarter 2013-14	4 th Quarter 2012-13
Financial Results (\$ million)				
Total revenue	15,243.9	15,098.2	3,628.4	3,666.8
Total expenditure	14,984.6	14,869.0	3,688.7	3,711.0
Operating profit/(loss)	259.3	229.2	(60.3)	(44.2)
Non-operating items	146.9	260.3	12.9	101.9
Exceptional items ^{R1}	(38.3)	(19.9)	19.8	-
Profit/(Loss) before taxation	367.9	469.6	(27.6)	57.7
Profit attributable to owners of the Parent	359.5	378.9	27.0	68.3
Per Share Data				
Basic Earnings per share (cents) ^{R2}	30.6	32.2	2.3	5.8
Diluted Earnings per share (cents) ^{R3}	30.3	31.9	2.3	5.7

	As at 31 Mar 2014	As at 31 Mar 2013
Financial Position (\$ million)		
Share capital	1,856.1	1,856.1
Treasury shares	(262.2)	(269.8)
Capital reserve	123.7	110.3
Foreign currency translation reserve	(101.5)	(191.8)
Share-based compensation reserve	134.5	151.7
Fair value reserve	(40.4)	(27.1)
General reserve	11,527.0	11,460.1
Equity attributable to owners of the Parent	13,237.2	13,089.5
Total assets	22,642.5	22,428.1
Total debt	965.0	1,014.1
Total debt equity ratio (times) ^{R4}	0.07	0.08
Net asset value (\$) ^{R5}	11.26	11.14
Return on equity holders' funds (%) ^{R6}	2.7	2.9
Value added	4,370.1	4,499.6

Dividends

Interim dividend (cents per share)	10.0	6.0
Proposed final dividend (cents per share)	11.0	17.0
Proposed special dividend (cents per share)	25.0	-
Dividend cover (times) ^{R7}	0.7	1.4

^{R1} Exceptional items in FY2013-14 pertained to an impairment loss of \$293.4 million on four surplus freighters that have been removed from the operating fleet and marked for sale, provisions for settlements between SIA Cargo and the plaintiffs in the United States air cargo class action for \$78.3 million and the plaintiffs in the Australian air cargo class action for \$6.4 million, a loss of \$29.4 million pertaining mainly to impairment of Singapore Flying College's property, plant and equipment and a provision of \$2.3 million for penalties and costs fine imposed by the Swiss Competition Commission in the Swiss air cargo competition law case. These were offset by a gain of \$371.5 million upon completion of the sale of Virgin Atlantic Limited to Delta Air Lines, Inc.

Exceptional items in FY2012-13 pertained to provision for penalties and costs agreed between SIA Cargo and the Australian Competition and Consumer Commission (\$15.5 million) and the New Zealand Commerce Commission (\$4.4 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.

^{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

	2013-14	2012-13	4 th Quarter 2013-14	4 th Quarter 2012-13
<u>SIA</u>				
Passenger carried (thousand)	18,628	18,210	4,460	4,498
Revenue passenger-km (million)	95,064.3	93,765.6	22,598.4	23,003.8
Available seat-km (million)	120,502.8	118,264.4	29,356.1	29,261.3
Passenger load factor (%)	78.9	79.3	77.0	78.6
Passenger yield (cents/pkm)	11.1	11.4	11.1	11.2
Passenger unit cost (cents/ask)	9.1	9.2	9.2	9.4
Passenger breakeven load factor (%)	82.0	80.7	82.9	83.9
<u>SilkAir</u>				
Passenger carried (thousand)	3,411	3,295	824	799
Revenue passenger-km (million)	5,516.1	5,223.1	1,325.5	1,272.4
Available seat-km (million)	7,926.9	7,096.3	1,902.3	1,809.4
Passenger load factor (%)	69.6	73.6	69.7	70.3
Passenger yield (cents/pkm)	13.7	14.1	13.7	14.7
Passenger unit cost (cents/ask)	9.8	9.9	9.9	9.8
Passenger breakeven load factor (%)	71.5	70.2	72.3	66.7
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	1,117.8	1,144.6	271.2	273.7
Cargo load (million tonne-km)	6,419.3	6,763.6	1,522.3	1,588.3
Gross capacity (million tonne-km)	10,273.6	10,661.0	2,436.1	2,494.1
Cargo load factor (%)	62.5	63.4	62.5	63.7
Cargo yield (cents/ltk)	32.7	33.4	32.6	33.0
Cargo unit cost (cents/ctk)	21.9	23.2	21.9	22.9
Cargo breakeven load factor (%)	67.0	69.5	67.2	69.4
<u>SIA, SilkAir and SIA Cargo</u>				
Overall load (million tonne-km)	15,778.1	16,047.3	3,741.4	3,866.0
Overall capacity (million tonne-km)	22,889.7	23,188.4	5,493.9	5,556.6
Overall load factor (%)	68.9	69.2	68.1	69.6
Overall yield (cents/ltk)	84.9	85.3	84.7	85.3
Overall unit cost (cents/ctk)	60.8	60.4	62.1	62.8
Overall breakeven load factor (%)	71.6	70.8	73.3	73.6
<u>Employee Productivity (Average) – Company</u>				
Average number of employees	14,240	14,156		
Seat capacity per employee (seat-km)	8,462,275	8,354,366		
Passenger load per employee (tonne-km)	625,995	619,969		
Revenue per employee (\$)	876,383	875,035		
Value added per employee (\$)	242,184	159,593		
<u>Employee Productivity (Average) – Group</u>				
Average number of employees	23,716	23,189		
Revenue per employee (\$)	642,769	651,093		
Value added per employee (\$)	184,268	194,040		

GLOSSARYSIA

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)