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SECOND QUARTER LOSS NARROWS TO \$159 MILLION

GROUP FINANCIAL PERFORMANCE

The Group recorded a net loss attributable to equity holders of \$159 million for the second quarter of the financial year. This was an improvement of \$148 million from the first quarter's net loss of \$307 million.

Group revenue for the second quarter at \$3,082 million increased by \$210 million (+7.3%) from the previous quarter.

Expenditure was up \$73 million (+2.3%) quarter-on-quarter due mainly to increase in jet fuel prices. Fuel costs ex-hedging for the second quarter at \$942 million was \$202 million higher than the previous quarter, while losses from fuel hedging fell \$87 million to \$200 million. This was partially offset by lower payrolls and cost savings in other non-fuel expenditure.

As a result, the Group posted an operating loss of \$182 million for the second quarter, less than the \$319 million loss in the first quarter.

Note: The SIA Group's unaudited financial results for the half year and second quarter ended 30 September 2009 were announced on 10 November 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).

The Parent Airline Company turned in an operating loss of \$157 million for the second quarter. This was \$114 million less than the loss in the previous quarter, reflecting improvement in load factors, but also deterioration in yields. Consequently, operating loss for the half year was \$428 million, including fuel hedging loss of \$400 million.

The operating results of the main companies in the Group for the half-year are as follows*:

- Singapore Airlines Operating loss of \$ 428 million (profit of \$495 million in 2008)
- SIA Engineering Operating profit of \$ 47 million (profit of \$57 million in 2008)
- SIA Cargo Operating loss of \$ 193 million (loss of \$76 million in 2008)
- SilkAir Operating loss of \$ 5 million (profit of \$5 million in 2008)

* SATS Group ceased to be a subsidiary of the Group with effect from 1 September 2009. SATS Group contributed \$71 million to the Group operating profit for the period from 1 April 2009 to 31 August 2009.

Including non-operating items and taxes, the Group net loss attributable to equity holders for the first half of the financial year was \$466 million, against a profit of \$682 million a year ago.

FLEET AND ROUTE DEVELOPMENT

In the first half of the financial year, Singapore Airlines took delivery of four Airbus A380-800s and four Airbus A330-300s, and decommissioned three Boeing B747-400s. As at 30 September 2009, the operating fleet comprised 109 passenger aircraft – nine B747-400s, 77 B777s, ten A380-800s, eight A330-300s and five A340-500s – with an average age of 6 years and 1 month.

The Company has been adjusting capacity to match reduced demand. The unprofitable service to Vancouver via Seoul was discontinued from April 2009, while services to Moscow via Dubai and Tokyo via Bangkok were suspended from July 2009 and August 2009 respectively. Frequencies to Manchester, Zurich, Guangzhou, Dubai, Colombo, Dhaka, Mumbai and New Delhi were scaled back during the half year. On the other hand, more flights to Manila were added, and the A380 was deployed to Paris, Hong Kong and Melbourne.

For the Northern Winter schedule, flight frequencies will continue to be adjusted to match seasonal demand.

INTERIM DIVIDEND

No interim dividend is being declared because of the losses in the half year.

OUTLOOK

Advance bookings indicate that demand for air travel has stopped declining and is gradually recovering. The capacity programmed for the remainder of the year appears well matched to the demand. The market conditions allow for some rollback of promotional pricing but yields are unlikely to get back to pre-crisis levels within the next six months.

For the October – March half of the Company's current financial year, hedges had been contracted for 3.5 million barrels of jet fuel, or approximately 20% of projected uplift, at an average of USD100 per barrel. If the recent rise in price of fuel does not retreat, hedging losses will be reduced, but conversely operating cost will be higher.

The cooperation of the employees and the unions on measures necessary to contain costs has assisted the Company to navigate the global economic downturn so far. The directors and the management recognize the sacrifices made by our staff and are confident that with their continued support, the Company will emerge stronger from the recession.

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A STAR ALLIANCE MEMBER



GROUP FINANCIAL STATISTICS

	1st Half 2009-10	1st Half 2008-09	2nd Quarter 2009-10	2nd Quarter 2008-09
Financial Results (\$ million)				
Total revenue	5,953.5	8,511.0	3,082.1	4,379.3
Total expenditure	6,454.2	7,936.1	3,263.5	4,147.6
Operating (loss)/profit	(500.7)	574.9	(181.4)	231.7
Non-operating items	108.7	303.3	59.3	172.3
(Loss)/Profit before taxation	(392.0)	878.2	(122.1)	404.0
(Loss)/Profit attributable to equity holders of the Company	(465.9)	682.4	(158.8)	323.8
Per Share Data				
(Loss)/Earnings before tax (cents)	(33.1)	74.1	(10.3)	34.1
(Loss)/Earnings after tax (cents) - basic ^{R1}	(39.4)	57.6	(13.4)	27.3
- diluted ^{R2}	(39.4)	57.2	(13.4)	27.1
	As at 30 Sep 2009	As at 31 Mar 2009		
Financial Position (\$ million)				
Share capital	1,684.8	1,684.8		
Treasury shares	(21.8)	(44.4)		
Capital reserve	90.8	86.3		
Foreign currency translation reserve	(134.6)	(137.9)		
Share-based compensation reserve	179.6	187.3		
Fair value reserve	(313.9)	(660.8)		
General reserve	10,971.1	12,815.3		
Equity attributable to equity holders of the Company	12,456.0	13,930.6		
Total assets	21,902.9	24,818.5		
Total debt	1,374.0	1,692.5		
Total debt equity ratio (times) ^{R3}	0.11	0.12		
Net asset value (\$) ^{R4}	10.51	11.78		

^{R1} (Loss)/Earnings after tax per share (basic) is computed by dividing (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue less treasury shares.

^{R2} (Loss)/Earnings after tax per share (diluted) is computed by dividing (loss)/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

	1st Half 2009-10	1st Half 2008-09	2nd Quarter 2009-10	2nd Quarter 2008-09
<u>SIA</u>				
Passenger carried (thousand)	8,003	9,634	4,194	4,852
Revenue passenger-km (million)	39,907.7	47,295.2	21,252.7	24,104.3
Available seat-km (million)	52,765.7	60,690.7	26,693.1	30,465.3
Passenger load factor (%)	75.6	77.9	79.6	79.1
Passenger yield (cents/pkm)	10.0	12.6	9.8	12.8
Passenger unit cost (cents/ask)	8.6	9.1	8.7	9.5
Passenger breakeven load factor (%)	86.0	72.2	88.8	74.2
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	549.0	661.3	281.7	333.0
Cargo load (million tonne-km)	3,232.2	3,955.7	1,680.4	1,990.8
Gross capacity (million tonne-km)	5,233.2	6,477.5	2,672.7	3,274.3
Cargo load factor (%)	61.8	61.1	62.9	60.8
Cargo yield (cents/ltk)	28.0	41.6	28.7	42.5
Cargo unit cost (cents/ctk)	21.4	26.4	21.7	28.0
Cargo breakeven load factor (%)	76.4	63.5	75.6	65.9
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	7,010.2	8,454.5	3,687.7	4,281.3
Overall capacity (million tonne-km)	10,452.9	12,480.5	5,313.0	6,287.8
Overall load factor (%)	67.1	67.7	69.4	68.1
Overall yield (cents/ltk)	69.9	90.0	69.9	91.7
Overall unit cost (cents/ctk)	54.4	58.1	54.9	60.7
Overall breakeven load factor (%)	77.8	64.6	78.5	66.2

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)