

FIRST TO FLY
**DREAMLINER
787-10**



SIA ANALYST/MEDIA BRIEFING

Q4 and FY2017-18 Results

18 May 2018

FLEET DEVELOPMENT

	SIA	SilkAir	Scoot	Cargo
Operating Fleet as at 31 March 2018	107	32	40	7
IN:				
A380-800	+3			
A350-900	+3			
A350-900ULR	+7			
787-10	+8			
787-9			+2	
737 MAX 8		+3		
A320			+10[^]	
OUT:				
A380-800	-1			
A330-300	-4			
777-200	-1			
777-200ER	-5			
A320		-1	-4	
A319		-1		
Operating Fleet as at 31 March 2019	117	33	48	7

[^] Eight A320s subleased to IndiGo to be returned and two new A320neos to be delivered

CAPACITY GROWTH

Projected capacity growth for FY18/19 vs FY17/18

- Passenger operations (in ASK):

SIA	5%
SilkAir	9%
Scoot	17%
Group	8%

- Cargo operations (in CTK) : **6%**

GROUP CAPITAL EXPENDITURE

(\$'million)	<u>FY18/19</u>	<u>FY19/20</u>	<u>FY20/21</u>	<u>FY21/22</u>	<u>FY22/23</u>
Aircraft	5,700	5,900	5,800	5,000	4,100
Other Assets	500	400	300	300	300
Total	6,200	6,300	6,100	5,300	4,400

GROUP FUEL HEDGING POSITION

Q1 FY18/19	Jet Fuel	Brent
Percentage hedged (%)	42.9	-
Average hedged price (USD/BBL)	64	-

FY18/19	Jet Fuel	Brent
Percentage hedged (%)	20.0	25.2
Average hedged price (USD/BBL)	65	54

Maturities Up To 2022-23	Jet Fuel	Brent
Percentage hedged (%)	-	Up to 46%
Average hedged price (USD/BBL)	-	55-58

DIVIDENDS – FY17/18

	<u>FY17/18</u>	<u>FY16/17</u>
Earnings Per Share (¢)	75.5	30.5
Interim Dividend Per Share (¢)	10.0	9.0
Proposed Final Dividend Per Share (¢)	30.0	11.0
Total Dividend Per Share (¢)	40.0	20.0

IFRS 1 - BACKGROUND

- **SGX listed companies are required to adopt International Financial Reporting Standards (IFRS) beginning 1 January 2018**
- **SIA Group's effective date of implementation is 1 April 2018**
- **Opportunity to make the following allowable adjustments, as at 1 April 2017, that have an impact on financial statements:**
 - ✓ Using fair values of certain aircraft & aircraft spares as their new costs
 - ✓ Resetting the foreign currency translation reserve

IFRS 1 - RATIONALE

Using fair values of certain aircraft & aircraft spares as their new costs

- Under IFRS 1, the Group may measure an asset at its market value as at 1 Apr'17 and use this market value as its deemed cost
- For certain aircraft with significantly higher book values than market values, the Group made the above adjustment for better alignment of values of its largest asset class
- Market value is based on the expected value of the aircraft if it had been sold on 1 Apr'17

Resetting the foreign currency translation reserve (FCTR)

- Opportunity to reset the FCTR to zero
- The Group will only be exposed to future foreign currency translation risk

IFRS 1 – FINANCIAL IMPACT

- The estimated impact of applying the adjustments on 1 Apr'17 is set out below:

	Increase/(decrease) (\$'M)	
	General Reserve	Impact on Restated FY17/18 Profit
Adjustment to aircraft & aircraft spares	(2,147.0)	490.7 [^]
Cumulative translation differences (FCTR)	(123.7)	-
Total (pre-tax)	(2,270.7)	490.7
Tax effect	365.6	(83.3)
Total (post-tax)	(1,905.1)	407.4

[^] reduction in depreciation expense

IFRS 1 – FINANCIAL IMPACT

- Assuming the adjustments had been effected in the FY17/18 financial statements, the pro forma financial effects on the Group's financial ratios would be as follows:

Financial Metrics	FY17/18	FY17/18 (Restated)
EPS (basic, cents per share)	75.5	110.0
EPS (diluted, cents per share)	75.3	109.6
Net Asset Value (dollars per share)	12.05	10.55
Price to Book Value [^]	0.90	1.03

[^] Based on closing share price on 31 March 2018

- The write down will reduce the net asset value per share
- The current price to book ratio would be within the historical range for SIA
- The pro forma EPS would be higher

IFRS 1 – FINANCIAL IMPACT

- The estimated depreciation expense impact on Group P&L for the next three financial years is as follows:

	Increase (\$'M)
	Operating Profit
FY18/19	425.6
FY19/20	322.3
FY20/21	234.5

- The depreciation impact will decline over time, until all affected aircraft have been disposed

SILKAIR

- **More than S\$100M investment to enhance customer experience**
 - Lie-flat Business Class seats
 - Seat-back IFE in Business Class and Economy Class
 - Cabin upgrades expected to start in 2020, based on availability by seat suppliers
- **SilkAir to be merged entirely into SIA, ensuring product & service consistency across the Group's full-service network**
 - Rebranding to take place after sufficient number of aircraft have new cabin products
- **Will help drive growth for SIA Group**

FIRST TO FLY
DREAMLINER
787-10



SINGAPORE
AIRLINES

THANK YOU