



**UNAUDITED RESULTS FOR THE THIRD QUARTER AND
NINE MONTHS ENDED 31 DECEMBER 2019**

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019 (in \$ million)**

| | The Group | | The Group | |
|--|------------------------------------|------------------------------------|---------------------|---------------------|
| | 3 rd Quarter 2019/20 | 3 rd Quarter 2018/19 | 9 Months 2019/20 | 9 Months 2018/19 |
| REVENUE | 4,470.6 | 4,341.5 | 12,795.1 | 12,248.1 |
| EXPENDITURE | | | | |
| Staff costs | 773.6 | 743.3 | 2,290.0 | 2,101.1 |
| Fuel costs | 1,207.0 | 1,252.0 | 3,555.9 | 3,487.5 |
| Depreciation | 522.0 | 336.8 | 1,521.1 | 968.4 |
| Impairment of property, plant and equipment | - | - | 1.0 | - |
| Amortisation of intangible assets | 15.0 | 17.4 | 42.0 | 48.9 |
| Aircraft maintenance and overhaul costs | 210.9 | 202.4 | 651.0 | 680.2 |
| Commission and incentives | 140.0 | 118.9 | 395.1 | 343.9 |
| Landing, parking and overflying charges | 228.0 | 229.1 | 700.4 | 666.8 |
| Handling charges | 335.4 | 333.4 | 996.8 | 993.9 |
| Rentals on leased aircraft | 14.4 | 162.7 | 81.6 | 513.4 |
| Inflight meals | 151.8 | 140.3 | 436.4 | 412.0 |
| Advertising and sales costs | 95.4 | 83.7 | 265.2 | 228.8 |
| Company accommodation and utilities | 20.1 | 22.9 | 38.1 | 68.6 |
| Other passenger costs | 45.3 | 48.1 | 148.1 | 138.2 |
| Crew expenses | 46.6 | 44.0 | 133.8 | 124.4 |
| Impairment of amount owing by a joint venture company | 31.9 | - | 31.9 | - |
| Other operating expenses | 184.7 | 218.9 | 645.1 | 658.4 |
| | <u>4,022.1</u> | <u>3,953.9</u> | <u>11,933.5</u> | <u>11,434.5</u> |
| OPERATING PROFIT | 448.5 | 387.6 | 861.6 | 813.6 |
| Finance charges | (54.7) | (31.4) | (169.5) | (88.0) |
| Interest income | 6.8 | 11.3 | 34.0 | 33.9 |
| Surplus/(Loss) on disposal of aircraft, spares and spare engines | 3.6 | (0.6) | 10.9 | (0.1) |
| Dividends from long-term investments | 1.0 | - | 3.2 | 0.8 |
| Other non-operating items | (30.3) | (7.9) | (20.0) | 1.3 |
| Share of profits/(losses) of joint venture companies | 12.5 | (4.5) | 33.3 | (2.7) |
| Share of profits/(losses) of associated companies | 10.5 | 11.6 | (69.1) | (104.2) |
| PROFIT BEFORE TAXATION | <u>397.9</u> | <u>366.1</u> | <u>684.4</u> | <u>654.6</u> |
| TAXATION | <u>(72.2)</u> | <u>(73.3)</u> | <u>(132.8)</u> | <u>(147.1)</u> |
| PROFIT FOR THE PERIOD | <u>325.7</u> | <u>292.8</u> | <u>551.6</u> | <u>507.5</u> |
| PROFIT ATTRIBUTABLE TO: | | | | |
| OWNERS OF THE COMPANY | 314.8 | 284.1 | 520.4 | 480.1 |
| NON-CONTROLLING INTERESTS | 10.9 | 8.7 | 31.2 | 27.4 |
| | <u>325.7</u> | <u>292.8</u> | <u>551.6</u> | <u>507.5</u> |
| BASIC EARNINGS PER SHARE (CENTS) | 26.6 | 24.0 | 43.9 | 40.6 |
| DILUTED EARNINGS PER SHARE (CENTS) | 26.4 | 23.9 | 43.7 | 40.4 |

Notes:

(i) Profit for the period is arrived at after charging/(crediting) the following:

| | The Group | | The Group | |
|--|------------------------------------|------------------------------------|---------------------|---------------------|
| | 3 rd Quarter 2019/20 | 3 rd Quarter 2018/19 | 9 months 2019/20 | 9 months 2018/19 |
| Interest income from short-term investments | (0.3) | (0.3) | (0.9) | (0.7) |
| Dividend income from short-term investments | - | - | (0.1) | (0.1) |
| Income from operating lease of aircraft | (18.8) | (14.8) | (49.4) | (45.8) |
| Amortisation of deferred loss on sale and operating leaseback transaction | - | 1.0 | - | 3.2 |
| (Surplus)/Loss on disposal of short-term investments | (0.1) | - | 0.1 | (0.8) |
| Bad debts written off | 0.4 | - | 1.2 | - |
| Impairment of trade debtors | 1.3 | 2.9 | 2.2 | 3.6 |
| Writedown of inventories | 0.4 | 0.8 | 1.7 | 3.9 |
| Exchange (gain)/loss, net | (7.8) | 13.5 | 31.1 | 67.3 |
| Currency hedging gain | (0.1) | (13.8) | (11.9) | (19.0) |
| Fuel hedging loss/(gain) recognised in "Fuel costs" | 8.3 | (101.9) | (68.0) | (385.8) |
| Net (gain)/loss on financial assets mandatorily measured at fair value through profit or loss ("FVTPL") | (0.6) | 1.1 | (1.5) | 0.3 |
| Under/(Over) provision of tax in respect of prior years | 0.9 | (1.5) | (4.7) | (9.5) |

(ii) The other non-operating items comprise the following:

| | The Group | | The Group | |
|---|------------------------------------|------------------------------------|---------------------|---------------------|
| | 3 rd Quarter 2019/20 | 3 rd Quarter 2018/19 | 9 Months 2019/20 | 9 Months 2018/19 |
| Surplus on disposal of other property, plant and equipment | - | 1.0 | 2.3 | 7.9 |
| Gain on sale and leaseback transactions | - | - | 1.8 | - |
| Loss on liquidation of an associated company | (0.2) | - | (0.2) | - |
| Surplus on disposal of a subsidiary company | - | 0.3 | - | 0.3 |
| Impairment of long term investments | (0.9) | - | (0.9) | - |
| Net gain/(loss) on financial assets mandatorily measured at FVTPL | 1.7 | (3.0) | 8.1 | 2.3 |
| (Provision)/Writeback for expected credit losses on investments and guarantees | (28.2) | 0.4 | (28.3) | 0.9 |
| Competition-related settlements | (0.6) | (6.5) | (0.6) | (6.5) |
| Restructuring costs | (2.1) | - | (2.2) | - |
| Provision for onerous aircraft leases | - | (0.1) | - | (3.6) |
| | <u>(30.3)</u> | <u>(7.9)</u> | <u>(20.0)</u> | <u>1.3</u> |

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019 (in \$ million)**

| | The Group | | The Group | |
|--|------------------------------------|------------------------------------|---------------------|---------------------|
| | 3 rd Quarter 2019/20 | 3 rd Quarter 2018/19 | 9 Months 2019/20 | 9 Months 2018/19 |
| PROFIT FOR THE PERIOD | 325.7 | 292.8 | 551.6 | 507.5 |
| OTHER COMPREHENSIVE INCOME: | | | | |
| <u>Items that are or may be reclassified subsequently to profit or loss:</u> | | | | |
| Currency translation differences | (24.7) | 0.6 | (12.1) | 24.7 |
| Net fair value changes on cash flow hedges | 145.2 | (1,948.6) | (510.5) | (644.4) |
| Share of other comprehensive income of associated and joint venture companies | 1.2 | (32.2) | (0.2) | (13.8) |
| Realisation of foreign currency translation reserves on liquidation of an associated company | 0.2 | - | 0.2 | - |
| Realisation of foreign currency translation reserves on disposal of a subsidiary company | - | (0.1) | - | (0.1) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | <u>121.9</u> | <u>(1,980.3)</u> | <u>(522.6)</u> | <u>(633.6)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>447.6</u> | <u>(1,687.5)</u> | <u>29.0</u> | <u>(126.1)</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| OWNERS OF THE COMPANY | 440.7 | (1,696.9) | (0.2) | (159.1) |
| NON-CONTROLLING INTERESTS | 6.9 | 9.4 | 29.2 | 33.0 |
| | <u>447.6</u> | <u>(1,687.5)</u> | <u>29.0</u> | <u>(126.1)</u> |

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019 (in \$ million)

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 31-Dec 2019 | 31-Mar 2019 | 31-Dec 2019 | 31-Mar 2019 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| Share capital | 1,856.1 | 1,856.1 | 1,856.1 | 1,856.1 |
| Treasury shares | (156.0) | (171.5) | (156.0) | (171.5) |
| Other reserves | 10,449.4 | 11,602.2 | 9,899.2 | 10,088.8 |
| | 12,149.5 | 13,286.8 | 11,599.3 | 11,773.4 |
| NON-CONTROLLING INTERESTS | 399.0 | 396.4 | - | - |
| TOTAL EQUITY | 12,548.5 | 13,683.2 | 11,599.3 | 11,773.4 |
| DEFERRED ACCOUNT | 36.9 | 83.9 | 36.9 | 75.1 |
| DEFERRED TAXATION | 1,957.0 | 2,040.3 | 1,778.5 | 1,750.2 |
| LONG-TERM LEASE LIABILITIES | 1,502.2 | - | 705.1 | - |
| BORROWINGS | 6,829.2 | 6,423.3 | 6,463.6 | 5,973.6 |
| OTHER LONG-TERM LIABILITIES | 289.9 | 89.1 | 280.7 | 85.0 |
| PROVISIONS | 933.2 | 702.5 | 342.5 | 429.8 |
| DEFINED BENEFIT PLANS | 101.6 | 104.5 | 100.9 | 103.9 |
| | 24,198.5 | 23,126.8 | 21,307.5 | 20,191.0 |
| Represented by:- | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 25,075.2 | 22,176.3 | 19,958.4 | 17,311.5 |
| RIGHT-OF-USE ASSETS | 1,536.2 | - | 760.0 | - |
| INTANGIBLE ASSETS | 474.5 | 451.3 | 208.2 | 194.1 |
| SUBSIDIARY COMPANIES | - | - | 3,941.8 | 3,591.2 |
| ASSOCIATED COMPANIES | 861.1 | 1,104.5 | 695.9 | 555.2 |
| JOINT VENTURE COMPANIES | 187.1 | 171.7 | 32.3 | 30.6 |
| LONG-TERM INVESTMENTS | 312.8 | 343.9 | 302.4 | 333.5 |
| OTHER LONG-TERM ASSETS | 435.2 | 713.7 | 229.5 | 543.7 |
| DEFERRED ACCOUNT | - | 44.1 | - | 37.0 |
| CURRENT ASSETS | | | | |
| Deferred account | - | 8.9 | - | 6.6 |
| Derivative assets | 252.5 | 371.4 | 252.5 | 371.4 |
| Inventories | 241.0 | 229.9 | 165.6 | 157.6 |
| Trade debtors | 1,244.6 | 1,527.2 | 836.0 | 1,138.8 |
| Amounts owing by subsidiary companies | - | - | 141.4 | 3.7 |
| Deposits and other debtors | 110.3 | 93.8 | 72.0 | 63.7 |
| Prepayments | 157.9 | 164.9 | 104.6 | 98.2 |
| Other short-term assets | 44.5 | 42.8 | 36.4 | 42.8 |
| Investments | 134.2 | 116.8 | 83.4 | 68.5 |
| Cash and bank balances | 1,571.0 | 2,944.0 | 1,328.6 | 2,716.0 |
| | 3,756.0 | 5,499.7 | 3,020.5 | 4,667.3 |
| Less: CURRENT LIABILITIES | | | | |
| Borrowings | 835.1 | 231.1 | 777.3 | 159.8 |
| Lease liabilities | 459.8 | - | 263.4 | - |
| Current tax payable | 74.3 | 87.3 | 38.0 | 55.0 |
| Trade and other creditors | 3,186.7 | 3,163.6 | 2,313.8 | 2,304.2 |
| Amounts owing to subsidiary companies | - | - | 937.4 | 971.8 |
| Sales in advance of carriage | 2,642.4 | 2,715.4 | 2,371.2 | 2,479.8 |
| Deferred revenue | 696.7 | 610.9 | 696.7 | 610.9 |
| Deferred account | 25.0 | 44.9 | 23.5 | 37.9 |
| Derivative liabilities | 126.2 | 89.5 | 123.1 | 88.1 |
| Provisions | 393.4 | 435.7 | 297.1 | 365.6 |
| | 8,439.6 | 7,378.4 | 7,841.5 | 7,073.1 |
| NET CURRENT LIABILITIES | (4,683.6) | (1,878.7) | (4,821.0) | (2,405.8) |
| | 24,198.5 | 23,126.8 | 21,307.5 | 20,191.0 |

1(b) (ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 31 December 2019 | | As at 31 March 2019 | |
|------------------------|-----------|---------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$325.3M | \$509.8M | \$223.0M | \$8.1M |

Amount repayable after one year

| As at 31 December 2019 | | As at 31 March 2019 | |
|------------------------|------------|---------------------|------------|
| Secured | Unsecured | Secured | Unsecured |
| \$2,943.4M | \$3,885.8M | \$2,033.7M | \$4,389.6M |

Details of any collateral

The secured borrowings pertained to secured bank loans (\$3,268.7 million). The secured bank loans are secured via assignment of certain aircraft purchase agreements, assignment of engine warranty and credit agreement as well as mortgage of these aircraft. Excluded from the borrowings above are lease liabilities of \$1,962.0 million which are secured over the right-of-use assets.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019 (in \$ million)**

| | The Group | | The Group | |
|---|------------------------------------|------------------------------------|---------------------|---------------------|
| | 3 rd Quarter 2019/20 | 3 rd Quarter 2018/19 | 9 Months 2019/20 | 9 Months 2018/19 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit before taxation | 397.9 | 366.1 | 684.4 | 654.6 |
| Adjustments for: | | | | |
| Depreciation | 522.0 | 336.8 | 1,521.1 | 968.4 |
| Impairment of property, plant and equipment | - | - | 1.0 | - |
| Amortisation of intangible assets | 15.0 | 17.4 | 42.0 | 48.9 |
| Impairment of trade debtors | 1.3 | 2.9 | 2.2 | 3.6 |
| Impairment of amount owing by a joint venture company | 31.9 | - | 31.9 | - |
| Writedown of inventories | 0.4 | 0.8 | 1.7 | 3.9 |
| Income from short-term investments | (0.3) | (0.3) | (1.0) | (0.8) |
| Provisions | 51.9 | 97.8 | 159.9 | 256.2 |
| Share-based compensation expense | 5.3 | 5.0 | 15.7 | 16.3 |
| Exchange differences | (7.9) | 6.2 | (8.9) | (6.4) |
| Amortisation of deferred loss on sale and operating leaseback transactions | - | 1.0 | - | 3.2 |
| Finance charges | 54.7 | 31.4 | 169.5 | 88.0 |
| Interest income | (6.8) | (11.3) | (34.0) | (33.9) |
| (Surplus)/Loss on disposal of aircraft, spares and spare engines | (3.6) | 0.6 | (10.9) | 0.1 |
| Dividends from long-term investments | (1.0) | - | (3.2) | (0.8) |
| Net (gain)/loss on financial assets mandatorily measured at FVTPL | (0.6) | 1.1 | (1.5) | 0.3 |
| Other non-operating items | 30.3 | 7.9 | 20.0 | (1.3) |
| Share of (profits)/losses of joint venture companies | (12.5) | 4.5 | (33.3) | 2.7 |
| Share of (profits)/losses of associated companies | (10.5) | (11.6) | 69.1 | 104.2 |
| Operating cash flow before working capital changes | 1,067.5 | 856.3 | 2,625.7 | 2,107.2 |
| Increase/(Decrease) in trade and other creditors | 9.9 | (145.6) | (239.2) | (193.4) |
| Increase in sales in advance of carriage | (319.9) | (256.3) | (73.0) | (61.3) |
| Decrease/(Increase) in trade debtors | 117.0 | 31.3 | 245.1 | (42.8) |
| (Increase)/Decrease in deposits and other debtors | (33.6) | 29.2 | (17.7) | (4.3) |
| Decrease/(Increase) in prepayments | 14.1 | 7.3 | (26.4) | 6.2 |
| Increase in inventories | (7.3) | (30.2) | (12.8) | (59.1) |
| Increase in deferred revenue | 29.3 | 23.8 | 85.8 | 47.7 |
| Cash generated from operations | 877.0 | 515.8 | 2,587.5 | 1,800.2 |
| Income taxes paid | (4.0) | (8.8) | (16.0) | (21.3) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 873.0 | 507.0 | 2,571.5 | 1,778.9 |

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019 (in \$ million)**

| | The Group | | The Group | |
|---|------------------------------------|------------------------------------|---------------------|---------------------|
| | 3 rd Quarter 2019/20 | 3 rd Quarter 2018/19 | 9 Months 2019/20 | 9 Months 2018/19 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Capital expenditure | (1,333.1) | (1,543.7) | (4,114.2) | (4,573.2) |
| Purchase of intangible assets | (23.0) | (31.2) | (61.7) | (81.0) |
| Proceeds from disposal of aircraft and other property, plant and equipment | 49.1 | 22.5 | 68.2 | 159.0 |
| Proceeds from sale and leaseback transactions | - | - | 117.2 | - |
| Purchase of long-term investments | - | (5.0) | - | (5.0) |
| Proceeds from disposal of long-term investments | 11.1 | 136.1 | 30.3 | 148.2 |
| Purchase of short-term investments | (120.5) | (459.1) | (409.7) | (677.6) |
| Proceeds from disposal of short-term investments | 136.7 | 420.3 | 428.9 | 735.4 |
| Dividends received from associated and joint venture companies | 18.1 | 41.5 | 56.0 | 85.7 |
| Dividends received from investments | 3.1 | 2.0 | 5.3 | 2.9 |
| Interest received from investments and deposits | 7.7 | 11.9 | 35.4 | 39.6 |
| Proceeds from finance leases | 3.1 | - | 6.9 | - |
| Proceeds from disposal of a subsidiary company, net of cash disposed | - | 1.6 | - | 1.6 |
| Investments in associated companies | (55.8) | (184.1) | (141.0) | (205.6) |
| Investments in joint venture companies | - | (28.5) | (11.9) | (37.9) |
| Loan to a joint venture company | (18.1) | - | (18.1) | - |
| Proceeds from liquidation of an associated company | 5.1 | - | 5.1 | - |
| NET CASH USED IN INVESTING ACTIVITIES | (1,316.5) | (1,615.7) | (4,003.3) | (4,407.9) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Dividends paid | (94.8) | (94.7) | (355.5) | (449.8) |
| Dividends paid by subsidiary companies to non-controlling interests | (7.5) | (8.0) | (30.7) | (33.6) |
| Issuance of share capital by subsidiary companies | - | 17.4 | 1.0 | 19.5 |
| Interest paid | (44.0) | (42.8) | (146.1) | (96.9) |
| Proceeds from issuance of bonds | - | 600.0 | - | 600.0 |
| Proceeds from borrowings | 1,395.2 | 0.2 | 1,540.2 | 1,380.4 |
| Repayment of borrowings | (385.2) | (16.5) | (524.9) | (37.8) |
| Repayment of lease liabilities | (147.4) | - | (431.8) | - |
| Payment of transaction costs related to borrowings | (3.0) | (0.9) | (3.0) | (6.5) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 713.3 | 454.7 | 49.2 | 1,375.3 |
| NET CASH INFLOW/(OUTFLOW) | 269.8 | (654.0) | (1,382.6) | (1,253.7) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 1,307.9 | 1,982.5 | 2,944.0 | 2,568.3 |
| Effect of exchange rate changes | (6.7) | (3.9) | 9.6 | 10.0 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 1,571.0 | 1,324.6 | 1,571.0 | 1,324.6 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | | | |
| Fixed deposits | 246.3 | 753.5 | 246.3 | 753.5 |
| Cash and bank balances | 1,324.7 | 571.1 | 1,324.7 | 571.1 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 1,571.0 | 1,324.6 | 1,571.0 | 1,324.6 |

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019 (in \$ million)**

| The Group | Attributable to Owners of the Company | | | | | | | | | |
|--|---------------------------------------|-----------------|-----------------|--------------------------------------|----------------------------------|--------------------|-----------------|-----------------|---------------------------|-----------------|
| | Share capital | Treasury shares | Capital reserve | Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total | Non-controlling interests | Total equity |
| Balance at 1 October 2019 | 1,856.1 | (156.0) | (126.3) | (21.2) | 15.5 | (198.8) | 10,429.5 | 11,798.8 | 399.1 | 12,197.9 |
| <u>Comprehensive income</u> | | | | | | | | | | |
| Currency translation differences | - | - | - | (20.1) | - | - | - | (20.1) | (4.6) | (24.7) |
| Net fair value changes on cash flow hedges | - | - | - | - | - | 145.4 | - | 145.4 | (0.2) | 145.2 |
| Share of other comprehensive income of associated and joint venture companies | - | - | - | (0.4) | - | 0.8 | - | 0.4 | 0.8 | 1.2 |
| Realisation of foreign currency translation reserves on liquidation of an associated company | - | - | - | 0.2 | - | - | - | 0.2 | - | 0.2 |
| Other comprehensive income for the period, net of tax | - | - | - | (20.3) | - | 146.2 | - | 125.9 | (4.0) | 121.9 |
| Profit for the period | - | - | - | - | - | - | 314.8 | 314.8 | 10.9 | 325.7 |
| Total comprehensive income for the period | - | - | - | (20.3) | - | 146.2 | 314.8 | 440.7 | 6.9 | 447.6 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Changes in ownership interest without loss of control | - | - | - | - | (0.2) | - | (0.3) | (0.5) | 0.1 | (0.4) |
| Share-based compensation expense | - | - | - | - | 5.3 | - | - | 5.3 | 0.4 | 5.7 |
| Dividends | - | - | - | - | - | - | (94.8) | (94.8) | (7.5) | (102.3) |
| Total transactions with owners | - | - | - | - | 5.1 | - | (95.1) | (90.0) | (7.0) | (97.0) |
| Balance at 31 December 2019 | <u>1,856.1</u> | <u>(156.0)</u> | <u>(126.3)</u> | <u>(41.5)</u> | <u>20.6</u> | <u>(52.6)</u> | <u>10,649.2</u> | <u>12,149.5</u> | <u>399.0</u> | <u>12,548.5</u> |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018 (in \$ million)**

| The Group | Attributable to Owners of the Company | | | | | | | Total | Non-controlling interests | Total equity |
|--|---------------------------------------|-----------------|-----------------|--------------------------------------|----------------------------------|--------------------|-----------------|-----------|---------------------------|--------------|
| | Share capital | Treasury shares | Capital reserve | Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | | | |
| Balance at 1 October 2018 | 1,856.1 | (171.5) | (142.4) | (35.6) | 15.3 | 1,638.5 | 10,891.6 | 14,052.0 | 369.8 | 14,421.8 |
| <u>Comprehensive income</u> | | | | | | | | | | |
| Currency translation differences | - | - | - | (0.3) | - | - | - | (0.3) | 0.9 | 0.6 |
| Net fair value changes on cash flow hedges | - | - | - | - | - | (1,948.6) | - | (1,948.6) | - | (1,948.6) |
| Share of other comprehensive income of associated and joint venture companies | - | - | - | 0.8 | - | (32.8) | - | (32.0) | (0.2) | (32.2) |
| Realisation of foreign currency translation reserves on disposal of a subsidiary company | - | - | - | (0.1) | - | - | - | (0.1) | - | (0.1) |
| Other comprehensive income for the period, net of tax | - | - | - | 0.4 | - | (1,981.4) | - | (1,981.0) | 0.7 | (1,980.3) |
| Profit for the period | - | - | - | - | - | - | 284.1 | 284.1 | 8.7 | 292.8 |
| Total comprehensive income for the period | - | - | - | 0.4 | - | (1,981.4) | 284.1 | (1,696.9) | 9.4 | (1,687.5) |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Changes in ownership interest without loss of control | - | - | - | - | (0.2) | - | (1.4) | (1.6) | 1.0 | (0.6) |
| Share-based compensation expense | - | - | - | - | 5.0 | - | - | 5.0 | - | 5.0 |
| Issuance of share capital by subsidiary companies | - | - | - | - | - | - | - | - | 17.4 | 17.4 |
| Dividends | - | - | - | - | - | - | (94.7) | (94.7) | (8.0) | (102.7) |
| Total transactions with owners | - | - | - | - | 4.8 | - | (96.1) | (91.3) | 10.4 | (80.9) |
| Balance at 31 December 2018 | 1,856.1 | (171.5) | (142.4) | (35.2) | 20.1 | (342.9) | 11,079.6 | 12,263.8 | 389.6 | 12,653.4 |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019 (in \$ million)**

| The Company | Share capital | Treasury shares | Capital reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total |
|--|---------------|-----------------|-----------------|----------------------------------|--------------------|-----------------|----------|
| Balance at 1 October 2019 | 1,856.1 | (156.0) | (928.8) | 13.4 | (155.7) | 10,590.1 | 11,219.1 |
| <u>Comprehensive income</u> | | | | | | | |
| Net fair value changes on cash flow hedges | - | - | - | - | 105.7 | - | 105.7 |
| Other comprehensive income for the period, net of tax | - | - | - | - | 105.7 | - | 105.7 |
| Profit for the period | - | - | - | - | - | 364.9 | 364.9 |
| Total comprehensive income for the period | - | - | - | - | 105.7 | 364.9 | 470.6 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | |
| Share-based compensation expense | - | - | - | 4.4 | - | - | 4.4 |
| Dividends | - | - | - | - | - | (94.8) | (94.8) |
| Total transactions with owners | - | - | - | 4.4 | - | (94.8) | (90.4) |
| Balance at 31 December 2019 | 1,856.1 | (156.0) | (928.8) | 17.8 | (50.0) | 10,860.2 | 11,599.3 |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018 (in \$ million)**

| The Company | Share capital | Treasury shares | Capital reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total |
|--|---------------|-----------------|-----------------|----------------------------------|--------------------|-----------------|-----------|
| Balance at 1 October 2018 | 1,856.1 | (171.5) | (929.8) | 13.0 | 1,285.3 | 10,455.3 | 12,508.4 |
| <u>Comprehensive income</u> | | | | | | | |
| Net fair value changes on cash flow hedges | - | - | - | - | (1,562.1) | - | (1,562.1) |
| Other comprehensive income for the period, net of tax | - | - | - | - | (1,562.1) | - | (1,562.1) |
| Profit for the period | - | - | - | - | - | 306.1 | 306.1 |
| Total comprehensive income for the period | - | - | - | - | (1,562.1) | 306.1 | (1,256.0) |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | |
| Share-based compensation expense | - | - | - | 4.1 | - | - | 4.1 |
| Dividends | - | - | - | - | - | (94.7) | (94.7) |
| Total transactions with owners | - | - | - | 4.1 | - | (94.7) | (90.6) |
| Balance at 31 December 2018 | 1,856.1 | (171.5) | (929.8) | 17.1 | (276.8) | 10,666.7 | 11,161.8 |

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL AND SHARE PLANS IN THE COMPANY

Share Capital

| Group and Company | Number of Shares | Share Capital (\$ million) |
|--|------------------|----------------------------|
| Issued and fully paid share capital | | |
| <u>Ordinary Shares</u> | | |
| Balance at 1 October 2019 and 31 December 2019 | 1,199,851,018 | 1,856.1 |

As at 31 December 2019, the number of ordinary shares in issue was 1,199,851,018 of which 14,722,694 were held by the Company as treasury shares (31 December 2018: 1,199,851,018 ordinary shares of which 16,185,885 were held as treasury shares). The share capital was \$1,856.1 million. The treasury shares held represent 1.2% (31 December 2018: 1.4%) of the total number of issued shares (excluding treasury shares).

There are no subsidiary holdings of the Company as at 31 December 2019 and 31 December 2018.

Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Senior management staff are entitled to two share-based incentive plans, the RSP and PSP, which were first approved by the shareholders of the Company on 28 July 2005 and expired on 27 July 2015. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, which replaced the RSP and PSP respectively.

Depending on the achievement of pre-determined targets over the performance periods for the RSP and PSP, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

As at 31 December 2019, the number of outstanding shares granted under the Company's RSP and PSP were 2,045,370 (31 December 2018: 2,070,455) and 922,504 (31 December 2018: 744,322) respectively.

The details of the shares awarded under RSP and PSP are as follows:

| Date of Grant | Number of Restricted Shares | | | Balance at 31.12.2019 |
|---------------|-----------------------------|---------|--------|-----------------------|
| | Balance at 01.10.2019 | Granted | Vested | |
| RSP | | | | |
| 19.07.2017 | 362,490 | - | - | 362,490 |
| 19.07.2018 | 509,680 | - | - | 509,680 |
| 19.07.2019 | 1,173,200 | - | - | 1,173,200 |
| | 2,045,370 | - | - | 2,045,370 |

| Date of Grant | Number of Performance Shares | | | Balance at 31.12.2019 |
|---------------|------------------------------|---------|--------|-----------------------|
| | Balance at 01.10.2019 | Granted | Vested | |
| PSP | | | | |
| 19.07.2017 | 207,508 | - | - | 207,508 |
| 19.07.2018 | 285,996 | - | - | 285,996 |
| 19.07.2019 | 429,000 | - | - | 429,000 |
| | 922,504 | - | - | 922,504 |

Deferred Share Award ("DSA")

Grants of DSA of fully paid ordinary shares are granted to senior management. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the DSA are as follows:

| Date of Grant | Number of Deferred Share Award | | | Balance at 31.12.2019 |
|---------------|--------------------------------|---------|--------|-----------------------|
| | Balance at 01.10.2019 | Granted | Vested | |
| DSA | | | | |
| 06.09.2017 | 94,070 | - | - | 94,070 |
| 11.09.2018 | 119,090 | - | - | 119,090 |
| | 213,160 | - | - | 213,160 |

Transformation Share Award ("TSA")

Grants of TSA of fully paid ordinary shares are granted to senior management. At the end of the one-year performance period, a final award will be determined based on the initial award multiplied by an achievement factor (ranging from 0% to 200%). The final award will vest over three years, on the final date an additional equity kicker equivalent to 20% of final awards will be settled with the participant. The details of the TSA are as follows:

| Date of Grant | Number of Transformation Share Award | | | Balance at 31.12.2019 |
|---------------|--------------------------------------|---------|--------|-----------------------|
| | Balance at 01.10.2019 | Granted | Vested | |
| TSA | | | | |
| 19.07.2018 | 199,000 | - | - | 199,000 |
| 19.07.2019 | 455,005 | - | - | 455,005 |
| | 654,005 | - | - | 654,005 |

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2019, the number of ordinary shares in issue was 1,199,851,018 of which 14,722,694 were held by the Company as treasury shares (31 March 2019: 1,199,851,018 ordinary shares of which 16,185,885 were held as treasury shares).

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the period October to December, the Company did not purchase any treasury shares (October to December 2018: Nil).

The Company did not transfer any treasury shares to employees on vesting of share-based incentive plans (October to December 2018: Nil). Treasury shares are presented as a component within equity attributable to owners of the company.

| Group and Company | Number of Shares | Treasury Shares (\$ million) |
|--|------------------|------------------------------|
| Balance at 1 October 2019 and 31 December 2019 | 14,722,694 | (156.0) |

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There are no subsidiary holdings of the Company as at 31 December 2019 and 31 December 2018. There were no sales, transfers, cancellations and/or use of subsidiary holdings for the period October to December 2019.

2 Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.

The financial statements have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2019.

1. The Group revised the estimated useful lives and residual values of certain of its aircraft. The effect of the changes is an increase in depreciation expense of approximately \$34.0 million for the nine months ended 31 December 2019.
2. The Group adopted new and revised International Financial Reporting Standards ("IFRS") and Interpretations of IFRS that are mandatory for financial year beginning on or after 1 April 2019. There is no significant impact to the Group except for IFRS 16 Leases.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group applied the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Group also applied the practical expedient to grandfather the definition of lease on transition.

As lessee

The Group chose, on a lease-by-lease basis, to measure an ROU asset at either:

- its carrying amount as if IFRS 16 had been applied since the commencement date; or
- an amount equal to the lease liability arising from the capitalisation of the present value of future lease payments.

In addition, the Group applied the following practical expedients:

- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- rely on previous assessments regarding whether the leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before 1 April 2019 as an alternative to performing an impairment review;
- account for aircraft and engine leases for which the lease term ends within 12 months from 1 April 2019 as short-term leases;
- exclude initial direct costs for the measurement of ROU assets as of 1 April 2019; and
- use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

As lessor

IFRS 16 substantially carries forward the current lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Group reassessed the classification of sub-leases in which the Group is a lessor and reclassified two sub-leases as finance leases, resulting in the recognition of a finance lease receivable. There was no significant impact for other leases in which the Group is a lessor.

Impact on Consolidated Profit and Loss Account

The expenses related to operating leases previously shown in the Consolidated Profit and Loss Account under "Rentals on leased aircraft" and "Company accommodation and utilities" are replaced by depreciation expense for ROU assets and finance charges on lease liabilities.

Impact on Statements of Financial Position (in \$million)

| | At 1 April 2019 | |
|--------------------------------|-----------------|-------------|
| | The Group | The Company |
| <u>Equity</u> | | |
| General reserve | (792.5) * | (184.4) |
| <u>Liabilities</u> | | |
| Deferred account (non-current) | (38.7) | (29.9) |
| Deferred taxation | (110.4) | (39.8) |
| Long-term lease liabilities | 1,743.7 | 890.4 |
| Provisions (non-current) | 265.9 | (25.8) |
| Deferred account (current) | (6.6) | (4.9) |
| Trade and other creditors | (16.8) | (12.3) |
| Lease liabilities | 443.3 | 277.8 |
| Provisions (current) | 2.4 | - |
| <u>Assets</u> | | |
| Property, plant and equipment | 102.8 | - |
| Right-of-use assets | 1,708.3 | 936.1 |
| Associated Companies | (271.6) * | - |
| Other long term assets | 29.1 | - |
| Deferred account (non-current) | (44.1) | (37.0) |
| Prepayments | (33.2) | (21.4) |
| Deferred account (current) | (8.9) | (6.6) |
| Other short-term assets | 7.9 | - |

* These balances have been updated since the release of the Unaudited Results for the First Quarter Ended 30 June 2019 to include an estimation of SIA Group's share of the financial impact arising from the adoption of IFRS 16 by Virgin Australia Holdings. This estimate was based on publicly available information published by Virgin Australia Holdings in August 2019, and will continue to be updated as and when new information becomes available.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Item 4.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | The Group | | | |
|----------------------------|------------------------------------|------------------------------------|---------------------|---------------------|
| | 3 rd Quarter 2019/20 | 3 rd Quarter 2018/19 | 9 Months 2019/20 | 9 Months 2018/19 |
| Earnings per share (cents) | | | | |
| - Basic | 26.6 | 24.0 | 43.9 | 40.6 |
| - Diluted | 26.4 | 23.9 | 43.7 | 40.4 |

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

| | The Group | | The Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | As at 31 Dec 19 | As at 31 Mar 19 | As at 31 Dec 19 | As at 31 Mar 19 |
| Net asset value per ordinary share (\$) | 10.25 | 11.22 | 9.79 | 9.95 |

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

The SIA Group delivered a strong set of results in the third quarter of the 2019/20 financial year. Group revenue for the quarter was at a record high of \$4,471 million, boosted by initiatives arising from the Transformation programme. Operating profit increased \$61 million (+15.7%) from last year to \$449 million, driving a Group net profit improvement of \$31 million (+10.9%) to \$315 million.

For the nine months ended 31 December 2019, Group operating profit rose \$48 million (+5.9%) to \$862 million and net profit was up \$40 million (+8.3%).

| Group Financial Results | 3 rd Quarter FY2019/20 (\$ million) | 3 rd Quarter FY2018/19 (\$ million) | Better/ (Worse) (%) | 9 months FY2019/20 (\$ million) | 9 months FY2018/19 (\$ million) | Better/ (Worse) (%) |
|----------------------------|--|--|---------------------------|---------------------------------------|---------------------------------------|---------------------------|
| Total Revenue | 4,471 | 4,342 | 3.0 | 12,795 | 12,248 | 4.5 |
| Total Expenditure | 4,022 | 3,954 | (1.7) | 11,933 | 11,434 | (4.4) |
| Net Fuel Cost | 1,207 | 1,252 | 3.6 | 3,556 | 3,487 | (2.0) |
| Fuel Cost (before hedging) | 1,199 | 1,354 | 11.4 | 3,624 | 3,873 | 6.4 |
| Fuel Hedging Loss/(Gain) | 8 | (102) | n.m. | (68) | (386) | (82.4) |
| Non-fuel Expenditure | 2,815 | 2,702 | (4.2) | 8,377 | 7,947 | (5.4) |
| Operating Profit | 449 | 388 | 15.7 | 862 | 814 | 5.9 |
| Net Profit | 315 | 284 | 10.9 | 520 | 480 | 8.3 |

Operating results of the main companies in the Group are shown below:

| Operating Profit | 3 rd Quarter FY2019/20 (\$ million) | 3 rd Quarter FY2018/19 (\$ million) | Better/ (Worse) (%) | 9 months FY2019/20 (\$ million) | 9 months FY2018/19 (\$ million) | Better/ (Worse) (%) |
|------------------------|--|--|---------------------------|---------------------------------------|---------------------------------------|---------------------------|
| Parent Airline Company | 413 | 369 | 11.9 | 878 | 787 | 11.6 |
| SilkAir | 7 | 7 | - | (12) | 5 | n.m. |
| Scoot | 4 | 1 | n.m. | (73) | (9) | n.m. |
| SIA Engineering | 16 | 16 | - | 53 | 37 | 43.2 |

Third Quarter 2019/20

Group operating profit of \$449 million was \$61 million (+15.7%) higher than last year.

Group revenue rose \$129 million (+3.0%) year-on-year to \$4,471 million, primarily driven by strong growth in passenger revenue and partly offset by lower cargo revenue. Passenger flown revenue was \$239 million (+7.0%) higher, boosted by robust traffic growth (+8.3%). Load factor was up 2.6 percentage points to 85.6%, the highest on record for the third quarter, as traffic outpaced capacity injection of 4.9% (measured in available seat-kilometres). Notwithstanding the capacity growth, RASK (revenue per available seat-kilometre) improved 1.3% to 8.0 cents. Cargo flown revenue declined by \$112 million as both cargo yield and load factor fell, by 9.3% and 4.6 percentage points respectively, due to weaker cargo demand amid trade uncertainties and an export manufacturing slowdown in Europe and Asia.

Group expenditure increased \$68 million (+1.7%) to \$4,022 million as a result of higher non-fuel expenditure. Non-fuel costs were up \$113 million (+4.2%), attributable to both the increase in capacity as well as higher traffic. This was partially offset by lower net fuel costs (-\$45 million or 3.6%), mainly due to a decrease in average jet fuel price post-hedging.

Group net profit for the October-December 2019 quarter improved \$31 million (+10.9%) to \$315 million. The stronger results were driven by better operating performance (+\$61 million) as well as an improvement in share of results of joint venture and associated companies (+\$16 million), partly offset by an increase in net finance charges (-\$28 million) and other non-operating losses (-\$22 million). Net finance charges were higher due to the recognition of interest expense arising from lease liabilities with the adoption of IFRS 16 Leases and additional financing for fleet renewal and growth. Non-operating losses mainly pertained to the recognition of expected credit losses in relation to a loan and a financial guarantee for NokScoot¹.

Third Quarter Operating Results of Main Companies

Operating profit for the Parent Airline Company rose \$44 million or 11.9% year-on-year to \$413 million.

Total revenue was up \$120 million, predominantly due to growth in passenger flown revenue (+\$225 million or 8.2%) on the back of a 9.7% increase in passenger carriage (measured in revenue passenger-kilometres). Notwithstanding a significant capacity growth of 6.9%, the passenger operations achieved a record high load factor for the third quarter of 85.6% (+2.2 percentage points) and an improvement in RASK of 1.1%. However, lower cargo revenue of \$112 million negated some of the improvements.

Total expenditure increased on higher ex-fuel costs (+\$116 million or 5.5%), arising from costs related to expansion such as aircraft standing charges as well as staff and sales costs. This was partly offset by a decline in net fuel costs (-\$40 million or 3.8%), primarily due to lower post-hedging fuel prices. As the increase in total expenditure was contained within overall capacity expansion, overall unit cost fell by 1.6%.

SilkAir recorded an operating profit of \$7 million, flat against last year. During the quarter, capacity for the carrier fell 8.2%, primarily attributable to the grounding of the 737 MAX 8 fleet as well as the progressive transfer of routes to Scoot. However, traffic fell by a smaller extent (-2.9%), which led to an improvement in passenger load factor of 4.4 percentage points. Passenger flown revenue fell \$12 million, as yield decreased 1.8% in addition to the lower traffic. Non-scheduled services revenue and incidental revenue fell \$5 million as well, contributing to the overall revenue decline of \$18 million (-6.6%). Expenditure was down \$18 million, largely due to a decrease in net fuel costs (-\$8 million) as well as other ex-fuel costs from capacity reduction.

Scoot registered an operating profit of \$4 million, \$3 million higher than a year ago. Passenger flown revenue increased \$26 million (+6.0%), supported by higher passenger traffic (+6.8%). RASK improved 4.1%, on the back of an increase in passenger load factor of 3.7 percentage points. Although passenger revenue growth was tempered by declines in cargo revenue (-\$4 million) and other operating revenue (-\$7 million), total revenue was \$15 million higher against last year. Expenditure rose \$12 million (+2.5%), in line with capacity growth.

Operating profit for SIA Engineering was stable year-on-year at \$16 million. Revenue fell \$4 million (-1.5%), mainly attributable to a reduction in airframe and line maintenance revenue. A reduction in expenditure of \$4 million, primarily from lower material costs cushioned the reduction in revenue.

April to December 2019

Group operating profit for the nine months to December 2019 improved by \$48 million to \$862 million (+5.9%). Revenue grew \$547 million (+4.5%), attributable to stronger passenger flown revenue (+\$754 million or 7.8%) on traffic growth of 7.8%, partially offset by lower cargo revenue (-\$250 million). Expenditure rose \$499 million (+4.4%), mainly due to higher ex-fuel costs of \$430 million (+5.4%) arising from passenger capacity expansion (+5.9%). Net fuel costs were also up \$69 million (+2.0%), contributed by an increase in fuel volume consumed (+3.6% or \$146 million) on higher capacity and a stronger USD against SGD.

Group net profit for the nine months ended 31 December 2019 rose \$40 million (+8.3%) to \$520 million, attributable to higher operating profit (+\$48 million) and an improvement in share of results from associates and joint ventures (+\$71 million), partially offset by higher net finance charges (-\$81 million).

¹ Expected credit losses, recognised during the quarter, in relation to NokScoot total \$61 million, of which \$32 million is recorded in operating expenses and \$29 million is recorded in non-operating items.

BALANCE SHEET REVIEW **(December 2019 vs March 2019)**

Equity attributable to owners of the company decreased by \$1,137 million (8.6%) to \$12,150 million as at 31 December 2019 largely due to the adoption of IFRS 16 (-\$793 million), and fair value movement on cash flow hedges (-\$512 million), payment of FY2019/20 interim dividend and FY2018/19 final dividend (-\$356 million), partially offset by profit for the period (+\$520 million).

Total Group assets increased by \$2,133 million (7.0%) to \$32,638 million. The increase was mainly attributable to an increase in property, plant and equipment (+\$2,899 million) and right-of-use assets (+\$1,536 million), offset by the decrease in cash and bank balances (-\$1,373 million) and derivative assets (-\$406 million). The reduction in cash balances arose primarily from capital expenditure (-\$4,114 million), repayment of borrowings (-\$525 million), repayment of lease liabilities (-\$432 million) and payment of FY2019/20 interim and FY2018/19 final dividend (-\$356 million), partially offset by cash generated from operations (+\$2,572 million) and proceeds from borrowings (+\$1,540 million).

Total Group liabilities increased by \$3,268 million (19.4%) to \$20,090 million as at 31 December 2019, primarily arising from the increase in lease liabilities (+\$1,962 million), borrowings (+1,010 million) and derivative liabilities (+\$231 million).

The changes in right-of-use assets, lease liabilities and associated companies were due to the adoption of IFRS 16.

The Group's negative working capital arose largely from the collection of cash in advance of services provided. Excluding the liabilities under "sales in advance of carriage", the Group's working capital would be -\$2,041 million as at 31 December 2019. Nevertheless, the Group is generating positive cashflow from operations, and has undrawn committed lines of credit of \$1,581 million to underpin security of operations.

9 Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

The growing scale of the COVID-19 outbreak poses significant challenges to the SIA Group. Demand for services to Mainland China has been severely affected. The Parent Airline Company and SilkAir have drastically reduced frequencies on all Mainland China routes in February and March 2020, while Scoot has suspended all flights to Mainland China until 28 March 2020 (end of the Northern Winter 2019/20 operating season). Amidst this challenging environment, the SIA Group will continue to be proactive and nimble in making appropriate network adjustments and managing costs tightly.

Ensuring the safety and well-being of our passengers and staff is always our highest priority. We have set up a high-level task force to closely monitor the COVID-19 situation and promptly roll out measures to minimise the risks to our passengers and staff. For instance, we have stepped up the cleaning and disinfection of our aircraft cabins, modified our in-flight service to improve safety for passengers and crew, and stopped layovers on flights to China.

Volatility in fuel prices is likely to persist, in view of recent geopolitical tensions and the demand-side uncertainties in the global oil market. However, the Group's hedging policy provides stability in net fuel costs. For the fourth quarter, the Group has hedged 79% of its fuel requirements in MOPS at a weighted average price of USD76. For FY2020/21, the Group has hedged 51% in MOPS and 22% in Brent at weighted average prices of USD74 and USD58 per barrel respectively².

² Hedge profile as at 30 January 2020.

The Transformation programme has strengthened the Group's revenue generating capabilities and driven operational efficiencies while maintaining high service standards. Together with our strong liquidity, this provides the Group with the resilience to weather the current challenges.

At the same time we will continue to pursue ongoing strategic initiatives including the integration of the Parent Airline Company and SilkAir, growing the low cost airline Scoot, investing in the Indian joint-venture Vistara, and developing new sources of revenue such as KrisShop. These will further strengthen the foundation for future growth and success.

Operating our business in a sustainable manner has always been a priority for the Group. We have invested heavily in a young fuel-efficient fleet, and constantly seek ways to further improve efficiency by optimising flight routings, reducing aircraft weight and leveraging data analytics to optimise fuel uplift. We have rolled out measures to reduce the amount of single-use plastics and minimise waste both on board our aircraft and in our facilities. Steps have been taken to increase our use of renewable energy and lower our electricity consumption. We will aggressively pursue opportunities and embark on initiatives that will help the Group to further reduce its overall carbon footprint.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

None. The Company declares dividends (if any) at half year and full year results announcement.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

13 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the third quarter of the Financial Year 2019/20 are as follows:

| Name of Interested Person | Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---|---|---|
| | (S\$) | (S\$) |
| CapitaLand Limited Group | | |
| - ASB Sydney Goulburn Trust | - | 126,277 |
| - Ascendas Hotel Investment Company Pty Ltd | - | 843,671 |
| - Ascendas Real Estate Investment Trust | - | 2,163,353 |
| Certis CISCO Group | | |
| - Certis CISCO Aviation Security Pte. Ltd. | - | 495,842 |
| - Synergy FMI Pte. Ltd. | - | 924,126 |
| KrisShop Pte Ltd | - | 838,475 |
| SATS Ltd Group | | |
| - Air India SATS Airport Services Private Limited | - | 2,204,006 |
| - Asia Airfreight Terminal Co Ltd | - | 969,597 |
| - MacroAsia Catering Services Inc. | - | 2,393,458 |
| - Maldives Inflight Catering Private Limited | - | 496,825 |
| - Mumbai Cargo Service Center Airport Private Limited | - | 815,880 |
| - PT Jas Aero-Engineering Services | - | 1,297,449 |
| - PT Jasa Angkasa Semesta Tbk | - | 4,381,956 |
| - SATS Aero Laundry Pte. Ltd. | - | 4,112,191 |
| - SATS Asia-Pacific Star Pte. Ltd. | - | 169,817 |
| - SATS Ltd | 875,001 ^ | 205,486,552 |
| - SATS Security Services Private Limited | - | 6,854,522 |
| - Taj SATS Air Catering Ltd | - | 1,236,881 |
| - TFK Corporation | - | 1,868,280 |
| Singapore Technologies Engineering Limited Group | | |
| - ST Aerospace Services Co Pte. Ltd. | - | 626,840 |
| Singapore Telecommunications Limited Group | | |
| - Optus Networks Pty Limited | - | 364,350 |
| - Singapore Telecommunications Limited | - | 324,847 |
| StarHub Ltd Group | | |
| - Ensign InfoSecurity (Systems) Pte. Ltd. | | 2,853,100 |
| Total Interested Person Transactions | 875,001 | 241,848,295 |

^ "Earn-out Payments" payable by KrisShop to SATS Ltd.

14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

By Order of the Board

Brenton Wu
Company Secretary
14 February 2020

Singapore Company Registration No.: 197200078R

CONFIRMATION BY THE BOARD

We, Peter Seah Lim Huat and Goh Choon Phong, being two directors of Singapore Airlines Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter and nine months ended 31 December 2019 financial results to be false or misleading in any material respect.

On behalf of the Board,



PETER SEAH LIM HUAT
Chairman



GOH CHOON PHONG
Chief Executive Officer

14 February 2020