



Media Release

9 October 2014

## Tigerair to Right-Size Operations with Sublease of 12 Aircraft to IndiGo

As part of its capacity and cost management effort in line with its turnaround strategy, Tiger Airways Holdings group (“**Tigerair**” or the “**Group**”) has reached an agreement with InterGlobe Aviation Limited (“IndiGo”) relating to the subleasing of 12 of Tigerair’s surplus aircraft by the Indian budget carrier. This sublease arrangement enables the Group to reduce excess capacity significantly and hence lower related leasing cost.

Most of these aircraft were previously operated by Tigerair Philippines and Tigerair Mandala, and had been returned to the Group upon its divestment of Tigerair Philippines in March 2014 and Tigerair Mandala’s cessation of operations in July 2014.

These 12 aircraft will be progressively delivered to IndiGo over a period of six months commencing October 2014. Each aircraft will be subleased for between three and four years. With the lease of one of the 12 aircraft expiring in 2018, only 11 of the aircraft will be returned to the Group at the end of their respective sublease periods. Following their return, seven of the 11 aircraft are expected to re-join the operating fleet, while the remaining four may be progressively re-introduced back to the service network within two years.

Given the current overcapacity situation in the industry, the 12 aircraft will be subleased at a discount to their original lease rates. However, compared to the idling of these 12 aircraft, this sublease agreement will significantly reduce the Group’s cash flow burden by about \$162 million over the sublease periods.

Tigerair has decided to adopt a prudent approach and make a one-off accounting provision of approximately \$93 million relating to these surplus aircraft up to the point at which they are expected to be returned to the Group network or to the lessors, whichever is earlier. The provision assumes no further sublease income from the four aircraft that are not immediately required by the Singapore operations upon their return from IndiGo. The Group expects to fully utilise this provision over a period of six years. Notwithstanding this provision, the Group’s liquidity remains at a healthy level.



The Company is reviewing various funding options (including the possibility of a rights issue) to proactively strengthen its balance sheet and meet its general corporate funding requirements. As and when a decision has been made by the board to proceed with any fund raising option, the Company will make the appropriate announcements in accordance with the listing rules of the SGX-ST.

Mr Lee Lik Hsin, Group CEO of Tigerair said, “The sublease agreement resolves our excess capacity issue and puts us in a better position to focus on our Singapore operations. We will actively explore options for the placement of the surplus aircraft subsequent to their return from IndiGo.”

This latest development marks another step forward for Tigerair in the execution of its turnaround blueprint, which had included the paring or divestment of its stakes in non-performing “cubs”, the cancellation of nine aircraft ordered in 2007 and due for delivery in 2014-2015, and strategic alliances in advancement of its growth strategy. The Group will continue to review its network operations and may trim its fleet by a further two to four aircraft if need be.

Such right-sizing of operations should place the Group in a better position to focus on increasing its utilisation and improving yield. Tigerair Singapore, for example, is exploring a range of new initiatives to enhance customers’ experience, including booking, check-in, inflight, and post-flight experiences. Following its receipt of anti-trust immunity for the Tigerair-Scout alliance in August, Tigerair Singapore is also looking forward to offering customers increased flexibility, connectivity and flight options through a close collaboration with Scout on sales and marketing, pricing and scheduling.

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### **About Tigerair**

Tigerair, established in 2004, is a leading Singapore-based no-frills airline that offers affordable travel options and a seamless customer experience.

With a fleet of Airbus A320-family aircraft, the Group operates flights to over 50 destinations across Asia Pacific countries such as Singapore, Australia, Bangladesh, Cambodia, Greater China, India, Indonesia, Malaysia, Maldives, Myanmar, Philippines, Taiwan, Thailand, and Vietnam.

Tigerair empowers travellers to explore new destinations, and accumulate memorable experiences, by offering an increased network of destinations. It is also committed to maintaining the highest standards of safety, security and reliability. For more information, please visit [www.tigerair.com](http://www.tigerair.com)



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