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SIA GROUP POSTS RECORD QUARTERLY AND NINE-MONTH PROFITS ON STRONG DEMAND

- **Highest ever quarterly operating profit, nine-month operating and net profits**
- **Record passenger load factors for the SIA Group on robust demand across network**
- **Strong momentum in forward passenger sales for the fourth quarter**
- **Weaker global demand and increased capacity weigh on the air freight segment**

SIA GROUP FINANCIAL PERFORMANCE

Third Quarter FY2022/23 – Profit and Loss

The Singapore Airlines (SIA) Group financial performance for the third quarter FY2022/23 is summarised as follows:

Group Financial Results	3rd Quarter FY2022/23 ($ million)	2nd Quarter FY2022/23 ($ million)	Better/ (Worse) (%)	9 Months FY2022/23 ($ million)	9 Months FY2021/22 ($ million)	Better/ (Worse) (%)
Total Revenue	**4,846**	**4,488**	**8.0**	**13,263**	**5,143**	**157.9**
Total Expenditure	**4,091**	**3,810**	**(7.4)**	**11,274**	**5,686**	**(98.3)**
Net Fuel Cost	1,333	1,423	6.3	4,029	1,443	(179.2)
Fuel Cost (before hedging)	*1,529*	*1,638*	*6.7*	*4,642*	*1,551*	*(199.3)*
Fuel Hedging Gain	*(196)*	*(215)*	*(8.8)*	*(613)*	*(108)*	*467.6*
Fair Value Gain on Fuel Derivatives	-	-	-	-	(78)	(100.0)
Non-fuel Expenditure	2,758	2,387	(15.5)	7,245	4,321	(67.7)
Operating Profit/(Loss)	**755**	**678**	**11.4**	**1,989**	**(543)**	**n.m.**
Net Profit/(Loss)	**628**	**557**	**12.7**	**1,555**	**(752)**	**n.m.**

The SIA Group's unaudited financial results for the third quarter ended 31 December 2022 were announced on 21 February 2023. 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.

The robust demand for air travel continued into the third quarter of FY2022/23, building on the momentum that began after Singapore relaxed its border restrictions in April 2022. The Group passenger capacity reached 80% of pre-Covid-19[1] levels in December 2022, higher than the average of 51%[2] for the Asia-Pacific region. SIA and Scoot carried 7.4 million passengers in the third quarter, up 17% from the second quarter. The Group carried 18.8 million passengers during the nine months ended 31 December 2022, up nine-fold from a year before. Passenger load factors for the Group improved 0.8 percentage points to 87.4%, the highest for any quarter, on the back of record load factors for both SIA (87.3%) and Scoot (87.8%).

The cargo segment's performance moderated compared to the previous quarter due to softening demand, as well as an increase in bellyhold capacity as more passenger aircraft returned to service globally. While yields were weaker quarter-on-quarter, they remained elevated – almost double – compared to pre-Covid-19[1] levels.

As a result, Group revenue for the three months to 31 December rose $358 million (+8.0%) quarter-on-quarter to $4,846 million. This is a record quarterly revenue for the Group. Passenger flown revenue increased by $463 million (+14.0%) to $3,767 million as traffic grew 12.2% for the quarter, outpacing the 11.1% expansion in capacity. Revenue per available seat-kilometre (RASK) was 10.6 cents, the highest quarterly RASK in the Group's history. Cargo flown revenue fell $141 million (-14.1%) to $862 million, with the lower yields (-14.6%) partially mitigated by a slight uptick in loads (+0.6%).

Expenditure grew by $281 million (+7.4%) quarter-on-quarter to $4,091 million. This comprised a $371 million rise in non-fuel expenditure (+15.5%) that was partly offset by a $90 million decrease (-6.3%) in net fuel cost. The increase in non-fuel expenditure was higher than the increase in capacity, mainly driven by higher foreign exchange losses (+$194 million) recorded at the end of the current quarter with the US dollar weakening 6.1% against the Singapore dollar[3]. Net fuel cost fell to $1,333 million, mainly due to a 13% drop in fuel prices (-$226 million). This was partly offset by higher volumes uplifted (+$103 million) and lower fuel hedging gain (+$19 million).

The Group posted an operating profit of $755 million for the third quarter, up $77 million (+11.4%) from the previous quarter. Operating profit for SIA was $48 million (-7.0%) lower quarter-on-quarter at $636 million. This was largely due to higher non-fuel expenditure (-$340 million), mainly driven by a foreign exchange loss in the current quarter versus foreign exchange gain in the previous quarter (-$229 million), and partly mitigated by higher operating revenue (+$182 million) as well as lower net fuel cost (+$110 million). Scoot achieved a record quarterly operating profit of $135 million, up $123 million or more than 11-fold from the previous quarter. The low-cost carrier's operating revenue surged to a record $592 million (+$145 million), significantly outpacing the increase in operating expenditure (-$22 million).

Note 1: Pre-Covid-19 refers to January 2020, before the onset of Covid-19 pandemic.
Note 2: Based on Association of Asia Pacific Airlines (AAPA), the average available seat-kilometres in December 2022 compared to pre-pandemic levels in January 2020 is around 51%.
Note 3: The weaker US dollar at the end of the current quarter (compared to the end of the prior quarter) led to a marked-to-market loss on US dollar-denominated deposits and bank balances, net of a revaluation gain on US dollar-denominated liabilities. These cash balances have been retained in US dollars to fund US dollar-denominated operating and capital expenditure.

The strong performance by both SIA and Scoot is a testament to the success of the Group's portfolio strategy, which enables it to effectively capture growth in different traffic segments by deploying the right vehicles to the right markets.

The Group posted a net profit of $628 million, $71 million higher (+12.7%) from the previous quarter. This was due to the better operating performance (+$77 million), net interest income in the current quarter versus net finance charges in the previous quarter (+$71 million), and partially offset by a higher tax expense (-$90 million).

April to December 2022 – Profit and Loss

Revenues rose $8,120 million (+157.9%) year-on-year to $13,263 million, the highest nine-month revenue for the SIA Group. Passenger flown revenue increased $8,160 million (+514.5%) as traffic grew seven-fold, outpacing the 108.9% expansion in capacity. RASK reached 10.1 cents (+197.1%), a record nine-month figure for the Group. Cargo flown revenue reduced $265 million (-8.2%) due to decline in cargo loads (-10.6%) while mitigated by higher yields (+2.7%).

Expenditure grew by $5,588 million (+98.3%) year-on-year to $11,274 million. This consisted of a $2,586 million jump (+179.2%) in net fuel cost, a $2,924 million increase (+67.7%) in non-fuel expenditure, and the absence of the $78 million gain that the Group recorded last year for fair value changes on fuel derivatives. Net fuel cost rose to $4,029 million, mainly from a 70% increase in fuel prices (+$1,866 million) and higher volumes uplifted (+$1,097 million), and partially offset by higher fuel hedging gains (-$505 million). The increase in non-fuel expenditure was lower than the increase in passenger capacity.

The Group recorded an operating profit of $1,989 million for the nine months to December 2022, versus a $543 million loss a year before (+$2,532 million). Net profits rose to a record $1,555 million, reversing the $752 million loss in the previous year (+$2,307 million). This was due to the better operating performance (+$2,532 million) and lower net finance charges (+$194 million), partially offset by a tax expense versus a tax credit a year before (-$438 million).

Balance Sheet

As of 31 December 2022, the Group shareholders' equity was $19.4 billion, a reduction of $3.0 billion from 31 March 2022 following the redemption in December 2022 of the Mandatory Convertible Bonds that were issued in June 2020. Total debt balances increased by $0.4 billion to $16.1 billion, mainly due to the increase in lease liabilities as a result of sale-and-leaseback activities. Consequently, the Group's debt-equity ratio rose from 0.70 times to 0.83 times.

Cash and bank balances saw an increase of $1.6 billion to $15.4 billion, primarily due to net cash generated from operations including proceeds from forward sales. In addition to the cash on hand, the Group retains access to $2.2 billion of committed lines of credit, all of which remain undrawn.

FLEET DEVELOPMENT

During the third quarter, two Boeing 737-8 narrowbody aircraft[4] joined SIA's operating fleet after their post-delivery cabin retrofit.

As of 31 December 2022, SIA's operating fleet comprised 133 passenger aircraft[5] and seven freighters, while Scoot had 55 passenger aircraft[6] in its operating fleet. With an average age of six years and six months, the Group operates one of the youngest and most fuel-efficient fleets in the airline industry[7]. This allows the Group to continue offering world-class products and services to customers, while pursuing operating efficiencies and significantly reducing its carbon emissions.

SIA is expected to take delivery of one Airbus A350-900 and one Boeing 787-10 in the fourth quarter, with the aircraft joining the operating fleet in the next financial year.

Scoot plans to add nine new Embraer E190-E2 aircraft to its fleet, complementing its larger Airbus A320 Family and Boeing 787 aircraft. These 112-seat planes will enable Scoot to increase its network connectivity by serving thinner routes to non-metro destinations. The first aircraft is scheduled for delivery in 2024, and the remaining eight are to be progressively introduced by the end of 2025. This investment underscores the SIA Group's confidence in the growing demand for air travel in the region, and supports its wider fleet and network expansion strategy at the portfolio level.

NETWORK DEVELOPMENT

During the third quarter, SIA and Scoot stepped up services to meet the strong travel demand during the year-end holiday season. With the relaxation of travel restrictions to selected key markets, the Group reinstated services to destinations in China and Indonesia, and added frequencies to Hong Kong, Seoul, Taipei, and points in Japan. Scoot resumed operations to Hokkaido (Sapporo), offering scheduled services via Taipei as well as direct seasonal services until February 2023. As of 31 December 2022, the Group's passenger network[8] covered 111 destinations in 36 countries and territories. SIA served 76 destinations and Scoot served 57 destinations. The cargo network[8] comprised 116 destinations in 38 countries and territories.

The SIA Group is resuming services to China as this key market opens up to international travel. Currently, SIA and Scoot serve a total of 14[9] destinations in China compared to 25 points pre-pandemic.

Note 4: One of the 737-8 was delivered in the previous financial year, and the other in the third quarter of FY2022/23.
Note 5: SIA's 133-passenger aircraft fleet comprised 23 777-300ERs, 12 A380s, 61 A350s, 15 787-10s, 7 737-800s and 15 737-8s.
Note 6: Scoot's 55-passenger aircraft fleet comprised 10 787-8s, 10 787-9s, 20 A320ceos, 6 A320neos and 9 A321neos.
Note 7: The industry average fleet age as of January 2023 is around 15 years and 7 months according to CAPA data.
Note 8: Number of destinations, and countries and territories include Singapore.
Note 9: SIA operates to seven destinations (Beijing, Chengdu, Chongqing, Guangzhou, Shanghai, Shenzhen, and Xiamen) while Scoot operates to eight destinations (Fuzhou, Guangzhou, Hangzhou, Nanjing, Qingdao, Tianjin, Wuhan, and Zhengzhou).

During the current quarter, Scoot expanded its Indonesia network with the launch of flights to Balikpapan. For the Northern Summer operating season (26 March 2023 to 28 October 2023), Scoot will expand its services to China with flight resumptions to Haikou, Nanning, Ningbo, Shenyang, and Xi'an, and step up frequencies to Athens, Langkawi, Manado, Perth, Taipei-Tokyo (Narita), and Taipei-Hokkaido (Sapporo). SIA will mount supplementary flights to Barcelona, Frankfurt, and Rome during the 2023 summer peak. Services to Busan will resume in August 2023. Scoot's services to Gold Coast and SIA's services to Vancouver will be suspended with effect from July 2023 and October 2023 respectively, as the Group adjusts its capacity in response to demand.

Group capacity is projected to reach an average of around 77% of pre-Covid-19[1] levels in the fourth quarter of FY2022/23.

PREPARING FOR THE FUTURE

SIA and Tata Sons (Tata) reached an agreement in November 2022 to merge Air India and Vistara, with SIA investing a further $360 million in Air India as part of the transaction. This transaction is subject to regulatory approvals. When completed, it will reinforce SIA's partnership with Tata and give it a 25.1% stake in the enlarged Air India group. The merged entity will be four to five times larger in scale compared to Vistara, with a strong presence in all key airline segments in India. The proposed merger will bolster SIA's presence in India, strengthen its multi-hub strategy, and allow it to continue participating directly in this large and fast-growing aviation market.

Deeper collaboration with like-minded airlines is an integral part of the SIA Group's partnerships strategy. This enables SIA and its partners to drive more traffic to their hubs, offer more options to customers, and increase the Group's global footprint.

In November 2022, Virgin Australia resumed the sale of codeshare flights to 42 destinations in 23 countries and territories across SIA's network, enabling more seamless travel for customers between Australia, Asia, Africa, and Europe. In December 2022, Thai Airways International (THAI) and SIA signed a Memorandum of Understanding to deepen their commercial collaboration. In the initial phase, THAI and SIA will codeshare on their respective flights between Singapore and Bangkok. THAI will also put its code on SIA's flights to destinations in South Africa and the Americas in 2023, subject to regulatory approval. Earlier this month, Vietnam Airlines and SIA signed a Memorandum of Understanding to strengthen the commercial cooperation between the two airlines, including exploring codeshare arrangements between Singapore and Vietnam and potentially other destinations in the SIA network.

OUTLOOK

The demand for air travel is expected to be robust in the fourth quarter, supported by the recovery in East Asia as travel restrictions ease across China, Hong Kong, Japan, and Taiwan. Forward sales remain strong across all markets for both leisure and business travel, as well as all cabin classes. The Group will continue to monitor the demand for air travel, and adjust its capacity accordingly.

Demand for air freight is expected to face headwinds, in addition to the seasonally weaker fourth quarter. This is due to macroeconomic concerns, and a slowdown in new orders as importers trim inventory levels. The increase in bellyhold cargo capacity will also increase the pressure on cargo yields.

The airline industry continues to face geopolitical challenges, slowing economic growth, high cost inflation, and elevated fuel prices. Competition is likely to intensify as airlines inject more capacity on international routes. The SIA Group's robust financial position, its commitment to offer customers best-in-class products and services, as well as its enhanced agility and resilience emerging from the Covid-19 pandemic, will allow it to retain its leadership position in the industry.

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About Singapore Airlines

The Singapore Airlines (SIA) Group's history dates to 1947 with the maiden flight of Malayan Airways. The airline was later renamed Malaysian Airways and then Malaysia-Singapore Airlines (MSA). In 1972, MSA split into Singapore Airlines and Malaysian Airline System. Initially operating a modest fleet of 10 aircraft to 22 destinations in 18 countries, SIA has since grown to be a world-class international airline group that is committed to the constant enhancement of the three main pillars of its brand promise: Service Excellence, Product Leadership, and Network Connectivity.

SIA is the world's most awarded airline. In 2023, SIA was again named in Fortune Magazine's list of the 50 most admired companies in the world. SIA is the highest ranked Asian company and the only Singapore-based brand in the list. In February 2023, SIA was named Airline of the Year in the Air Transport World (ATW) Airline Industry Awards. This accolade recognised SIA's outstanding performance, innovation, and superior service within the airline industry. For more information, please visit www.singaporeair.com.

Media Contacts:

Public Affairs Department
Tel: (65) 6541-5880 (office hours)
Tel: (65) 9753-2126 (after office hours)
Email: Public_Affairs@singaporeair.com.sg
URL: singaporeair.com

Investor Contacts:

Investor Relations
Tel: (65) 6541-4885 (office hours)
Email: Investor_Relations@singaporeair.com.sg

Singapore Company Registration Number: 19700078R

GROUP FINANCIAL STATISTICS

	3rd Quarter 2022/23	2nd Quarter 2022/23	9 Months 2022/23	9 Months 2021/22
Financial Results ($ million)				
Total revenue	4,846.4	4,488.3	13,262.9	5,142.9
Total expenditure	4,091.4	3,810.3	11,273.5	5,686.0
Operating profit/(loss)	755.0	678.0	1,989.4	(543.1)
Profit/(Loss) attributable to Owners of the Company	628.0	556.5	1,554.9	(752.1)
Earnings/(Loss) per share (cents)				
- Basic [R1]	10.3	8.6	24.5	(13.0)
- Adjusted Basic [R2]	21.1	18.7	52.4	(25.4)
- Diluted [R3]	10.1	8.5	24.2	(13.0)
EBITDA ($ million) [R4]	1,439.7	1,266.5	3,755.6	921.2
EBITDA margin (%) [R5]	29.7	28.2	28.3	17.9

	As at 31 Dec 2022	As at 31 Mar 2022
Financial Position ($ million)		
Total assets	48,570.4	48,671.0
Total debt	16,052.4	15,694.8
Total cash and bank balances	15,355.3	13,762.7
Total liabilities	28,732.3	25,870.6
Equity attributable to Owners of the Company	19,443.3	22,411.9
Debt : equity ratio (times) [R6]	0.83	0.70
Net asset value per share ($) [R7]	6.55	7.55
Adjusted net asset value per share ($) [R8]	3.64	3.40

[R1] Earnings/(Loss) per share (basic) is computed by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds in accordance with IAS 33 Earnings Per Share.

[R2] Earnings/(Loss) per share (adjusted basic) is computed by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the redemption of all mandatory convertible bonds.

[R3] Earnings/(Loss) per share (diluted) is computed by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, adjusted for the dilutive effect of the vesting of all outstanding share-based incentive awards granted, in accordance with IAS 33.

[R4] EBITDA denotes earnings before interest, taxes, depreciation, and amortisation.

[R5] EBITDA margin is computed by dividing EBITDA by the total revenue.

[R6] Debt : equity ratio is total debt divided by equity attributable to owners of the Company.

[R7] Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares.

[R8] Adjusted net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds and convertible bonds.

OPERATING STATISTICS

	3rd Quarter 2022/23	2nd Quarter 2022/23		Change %	9 Months 2022/23	9 Months 2021/22		Change %
Singapore Airlines (*and SilkAir*)								
Passengers carried (thousand)	4,924	4,390	+	12.2	13,153	1,676	+	684.8
Revenue passenger-km (million)	24,504.0	22,587.4	+	8.5	66,523.5	9,919.0	+	570.7
Available seat-km (million)	28,070.6	26,074.4	+	7.7	77,720.3	39,852.4	+	95.0
Passenger load factor (%)	87.3	86.6	+	0.7 pts	85.6	24.9	+	60.7 pts
Passenger yield (cents/pkm)	13.1	12.8	+	2.3	12.8	14.2	-	9.9
Revenue per available seat-km (cents/ask)	11.4	11.1	+	2.7	10.9	3.5	+	211.4
Passenger unit cost (cents/ask)	9.6	10.3	-	6.8	10.0	7.7	+	29.9
Passenger unit cost ex-fuel (cents/ask)	6.0	6.1	-	1.6	6.0	5.4	+	11.1
Scoot								
Passengers carried (thousand)	2,441	1,911	+	27.7	5,609	240	+	2,237.1
Revenue passenger-km (million)	6,649.9	5,188.7	+	28.2	15,179.0	700.0	+	2,068.4
Available seat-km (million)	7,578.0	6,001.5	+	26.3	18,823.3	6,367.9	+	195.6
Passenger load factor (%)	87.8	86.5	+	1.3 pts	80.6	11.0	+	69.6 pts
Passenger yield (cents/pkm)	8.5	8.0	+	6.3	8.3	25.9	-	68.0
Revenue per available seat-km (cents/ask)	7.4	6.9	+	7.2	6.7	2.9	+	131.0
Passenger unit cost (cents/ask)	6.2	6.7	-	7.5	6.4	7.7	-	16.9
Passenger unit cost ex-fuel (cents/ask)	4.1	4.3	-	4.7	4.2	6.4	-	34.4
Group Airlines (Passenger)								
Passengers carried (thousand)	7,365	6,301	+	16.9	18,762	1,916	+	879.2
Revenue passenger-km (million)	31,153.9	27,776.1	+	12.2	81,702.5	10,619.0	+	669.4
Available seat-km (million)	35,648.6	32,075.9	+	11.1	96,543.6	46,220.3	+	108.9
Passenger load factor (%)	87.4	86.6	+	0.8 pts	84.6	23.0	+	61.6 pts
Passenger yield (cents/pkm)	12.1	11.9	+	1.7	11.9	14.9	-	20.1
Revenue per available seat-km (cents/ask)	10.6	10.3	+	2.9	10.1	3.4	+	197.1
Group Airlines (Cargo)								
Cargo and mail carried (million kg)	233.8	235.0	-	0.5	708.3	797.2	-	11.2
Cargo load (million tonne-km)	1,337.7	1,330.2	+	0.6	4,038.4	4,519.1	-	10.6
Gross capacity (million tonne-km)	2,463.1	2,331.7	+	5.6	6,886.5	5,240.6	+	31.4
Cargo load factor (%)	54.3	57.0	-	2.7 pts	58.6	86.2	-	27.6 pts
Cargo yield (cents/ltk)	64.4	75.4	-	14.6	73.3	71.4	+	2.7
Cargo unit cost (cents/ctk)	24.3	26.6	-	8.6	25.9	28.0	-	7.5

GLOSSARY

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
Revenue per available seat-km	=	Passenger revenue from scheduled services divided by available seat-km
Passenger unit cost	=	Passenger operating expenditure divided by available seat-km
Passenger unit cost ex-fuel	=	Passenger operating expenditure less fuel cost, divided by available seat-km
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	=	Cargo operating expenditure divided by gross capacity (in tonne-km)