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FULL YEAR NET PROFIT OF \$804 MILLION

- Lower net fuel costs compensate for weaker yields
- Strong growth and results at SilkAir and Scoot
- Final dividend of 35 cents per share

GROUP FINANCIAL PERFORMANCE

Financial Year 2015-16 Net Profit

The Group reported a net profit of \$804 million in the 2015-16 financial year, a \$436 million improvement over the net profit recorded in the last financial year (+118.5%).

Group operating profit increased \$271 million (+66.1%) year-on-year to \$681 million. Dividends received from long-term investments were higher (+\$102 million), while the Group's share of losses of associated companies were reduced by \$118 million [see Note 2]. In addition, there was a refund for a fine paid by SIA Cargo in a prior year (+\$117 million). These favourable factors were partly offset by higher tax expenses in the year (-\$84 million), an absence of exceptional gains (-\$35 million) realised in the last financial year [see Note 3], and weaker results from joint venture companies (-\$29 million).

Note 1: The SIA Group's audited financial results for the financial year ended 31 March 2016 were announced on 12 May 2016. 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).

Note 2: The Group reported a \$129 million share of losses from Tiger Airways in the first half of FY2014-15, when Tiger Airways was an associated company.

Note 3: The exceptional items of \$35 million recognised in FY2014-15 mainly pertained to the Parent Airline Company's remeasurement gain of \$120 million arising from consolidation of Tiger Airways as a subsidiary, partially offset by SIA Cargo's impairment of its investment in China Cargo Airlines (\$64 million), SIA Cargo's provision for settlement to resolve pending and potential civil damage claims (\$14 million), as well as the Parent Airline Company's provision for settlement with plaintiffs in the Transpacific Class Action (\$11 million).

Financial Year 2015-16 Operating Results

Group revenue was \$15,228 million, down \$338 million or 2.2% from last year, mainly attributable to lower passenger revenue at the Parent Airline Company and lower cargo revenue, compensated in part by higher revenue from subsidiary airlines and income earned upon the release of seven A350-900 delivery slots [see Note 4]. Both passenger and cargo yields declined compared to last year.

Group expenditure fell \$609 million or 4.0% to \$14,547 million. Net fuel cost declined by \$1,053 million, arising from a 41.3% drop in average jet fuel price (-\$2,152 million), partially offset by an increase in hedging loss (+\$591 million), the strengthening of the US Dollar against the Singapore Dollar (+\$298 million), and higher volume uplifted (+\$210 million). The hedging loss resulted from 53.8% of the Group's fuel requirement being hedged at a weighted average price of USD100 per barrel. Ex-fuel costs rose \$444 million (+4.6%), mainly due to capacity growth of SilkAir and Scoot, and the consolidation of Tiger Airways for the full financial year versus half a year in FY2014-15.

The operating results of the main companies in the Group for the financial year were as follows:

Operating Profit/(Loss)	FY2015-16 \$ million	FY2014-15 ⁶ \$ million
Parent Airline Company	485	340
SIA Engineering	104	84
SilkAir	91	41
SIA Cargo	(50)	(22)
Scoot	28	(67)
Tiger Airways ⁵	14	(9)

The Parent Airline Company earned an operating profit of \$485 million in the financial year, up \$145 million compared to the prior year. The improvement in operating performance was largely owing to lower net fuel costs, which declined \$973 million over last year. This was partly offset by lower passenger flown revenue as yields shrank 5.4% year-on-year to a five-year low, reduced other revenue, and higher staff and aircraft maintenance and overhaul costs.

Note 4: The agreement was signed with Airbus in the first quarter of FY2015-16 to release seven production slots for A350-900 aircraft, which were originally planned for delivery in FY2017-18 and FY2018-19.

Note 5: Operating results differ from Tiger Airways' FY2015-16 announcement on 5 May 2016, due to alignment of Tiger Airways' classification to the Group.

Note 6: The FY2014-15 operating results incorporated Tiger Airways' results with effect from October 2014, when Tiger Airways became a subsidiary. For perspective, Tiger Airways reported an operating loss of \$40 million for the full financial year 2014-15.

SIA Engineering's operating profit of \$104 million was \$20 million higher compared to last year. Despite an increase in revenue from line maintenance services and fleet management programmes, revenue decreased \$6 million due to lower airframe and component overhaul revenue. Expenditure, on the other hand, reduced by \$26 million mainly from lower subcontract and staff costs, partially offset by an exchange loss incurred compared to an exchange gain in the previous year.

SilkAir reported a \$50 million year-on-year improvement in operating performance, primarily on account of a \$64 million increase in passenger revenue, supported by its 11.1% growth in passenger carriage, albeit at lower yield (-2.9%). Operating expenses rose in tandem with capacity growth, but this was largely compensated for by fuel cost savings.

SIA Cargo's full year operating loss widened by \$28 million compared with FY2014-15. While operating expenses declined \$168 million, mainly due to lower fuel costs, this could not fully cushion the \$196 million contraction in revenue, which was driven down by yield erosion of 11.6%, partially offset by higher freight carriage (+2.6%).

Scoot marked its first full year operating profit since commencing operations, improving \$95 million year-on-year. Passenger revenue increased \$106 million from 29.1% growth in traffic, while yield was flat. Unit cost fell 19.0%, benefiting from lower fuel prices and a more fuel-efficient 787 fleet.

Tiger Airways' operating profit for the financial year was \$14 million, contrasting with a full year loss of \$40 million incurred in the prior year (+\$54 million). The better operating performance was mainly due to higher passenger revenue with yield improving 2.9%, and reduced net fuel costs, partially offset by an increase in aircraft depreciation, lease rentals and maintenance costs.

Fourth Quarter 2015-16

Group net profit was \$224 million for the January-March 2016 quarter, an improvement of \$184 million against the same period last year. In addition to the Group's improved operating profit, SIA Cargo received a refund of \$117 million for a fine paid in a prior year.

Group operating profit increased \$61 million (+66.3%) to \$153 million. Revenue was \$171 million lower (-4.4%) at \$3,709 million, driven down by weaker passenger and cargo revenue. Group expenditure fell \$232 million (-6.1%) to \$3,556 million, largely due to net fuel cost savings of \$361 million, partly offset by an increase in other operating costs arising from capacity expansion by SilkAir and Scoot. SIA Cargo suffered a weaker year-on-year performance in the fourth quarter as yield reduced by

15.5% (its performance in the previous year's fourth quarter was boosted by higher-yielding charter services mounted consequent to the US West Coast sea port congestion).

The operating results of the main companies in the Group for the fourth quarter were as follows:

Operating Profit/(Loss)	4th quarter FY2015-16 \$ million	4th quarter FY2014-15 \$ million
Parent Airline Company	98	70
SIA Engineering	27	23
SilkAir	32	18
SIA Cargo	(40)	(5)
Scoot	32	(6)
Tiger Airways ⁵	15	(13)

FINAL DIVIDEND OF 35 CENTS

The Board of Directors recommends a final dividend of 35 cents per share for the financial year 2015-16.

Including the interim dividend of 10 cents per share paid on 27 November 2015, the total dividend for the 2015-16 financial year will be 45 cents per share. The final dividend (tax exempt, one-tier) would be paid on 17 August 2016 to shareholders as at 4 August 2016.

FINANCIAL YEAR 2015-16 OPERATING PERFORMANCE

The Parent Airline Company's passenger carriage (in revenue passenger kilometres) was almost flat year-on-year (+0.1%), against a 1.4% decline in capacity (in available seat-kilometres). Passenger load factor therefore increased 1.1 percentage points to 79.6%.

SilkAir recorded 11.1% growth in passenger carriage, on the back of capacity injection of 9.1%. Passenger load factor was 71.5%, 1.3 percentage points higher than the previous financial year.

Scoot's capacity expanded 25.7% year-on-year, which was well absorbed by the market, as passenger carriage surged 29.1%. Consequently, passenger load factor was up 2.3 percentage points to 84.5%.

Tiger Airways' passenger carriage dipped 1.5%, trailing a 2.9% drop in capacity. Passenger load factor edged up 1.2 percentage points to 83.3%.

SIA Cargo's airfreight carriage (in load tonne-kilometres) increased 2.6% year-on-year, lagging behind capacity expansion of 4.9%. Load factor dropped 1.4 percentage points to 61.9%.

FLEET DEVELOPMENT

During the January-March 2016 quarter, the Parent Airline Company took delivery of its first A350-900, and removed two 777-200ERs and two A330-300s from service in preparation for lease return. As at 31 March 2016, the operating fleet of the Parent Airline Company comprised 102 passenger aircraft (54 777s, 28 A330-300s, 19 A380-800s and one A350-900), with an average age of 7 years and 5 months.

In the 2016-17 financial year, the Parent Airline Company expects to take delivery of 13 A350-900s, of which 12 are planned to enter into service by March 2017. Four A330-300s and one 777-300 are planned to be returned to lessors. This will bring the Parent Airline Company's total operating fleet to 109 aircraft by the end of the financial year. Capacity for FY2016-17 is expected to be flat year-on-year, however, due to ongoing aircraft cabin upgrade programmes.

There were no fleet changes for SilkAir during the fourth quarter. As at 31 March 2016, SilkAir maintained a fleet of 29 aircraft (11 A320-200s, four A319-100s and 14 737-800s), with an average age of 4 years. In FY2016-17, SilkAir will take delivery of three 737-800s and end the year with a fleet of 32 aircraft. Capacity is expected to grow by 17%.

Scoot's tenth 787, which was delivered in December 2015, entered into service in January 2016, while its last 777-200 was retired from the fleet for disposal. As at 31 March 2016, Scoot operated a fleet of 10 787s, including six 787-9s and four 787-8s, with an average age of 9 months. In the 2016-17 financial year, two 787-8s are expected to be delivered and by 31 March 2017 Scoot will be operating 12 787 aircraft. Capacity is projected to expand by 51%.

Tiger Airways operated 23 aircraft (21 A320s and two A319s) during the January-March 2016 quarter, with an average age of 4 years and 10 months as at 31 March 2016. No change is expected in the fleet size in FY2016-17.

SIA Cargo maintained a fleet of nine 747-400 freighters as at 31 March 2016. Two of the freighters are due for return to their owners upon expiry of operating leases during the course of FY2016-17, reducing the fleet size to seven aircraft by the end of March 2017. Cargo capacity is expected to grow 3-4% in view of projected higher bellyhold capacity in FY2016-17.

ROUTE DEVELOPMENT

In the coming months, the Parent Airline Company will add three new destinations, with thrice-weekly A350-900 Dusseldorf service from 21 July 2016 and four-times-weekly 777-200 Canberra-Wellington service from 20 September 2016. SIA will be the first airline to operate regularly scheduled international flights to and from Canberra, and the first airline to link Canberra with Wellington.

Services in selected markets across the network will also be adjusted. Increased frequencies have commenced to Bangkok (from five flights daily to six daily), Colombo (from seven flights per week to ten per week) and Milan (from five weekly to six weekly) services. Brisbane will be served with three additional flights per week with effect from 28 May 2016, increasing weekly operations to 24 flights. Supplementary services will also be mounted to various points including Ahmedabad, Adelaide, Kolkata, Mumbai, Rome and Sydney to cater to seasonal peak demand during the Northern Summer Season.

SilkAir will launch services to Vientiane and Luang Prabang in Laos via circular routing from 31 October 2016, subject to applicable approvals. The route will be operated thrice weekly on the A320 fleet, featuring both Business and Economy class cabins. With the new destinations, the network coverage by SilkAir and SIA will effectively span across all countries within South East Asia.

Scoot commenced operations to Jeddah on 1 May 2016, taking over SIA's services, and will launch three-times-weekly service to Sapporo via Taipei from 1 October 2016. In addition, Scoot is expanding its network to India with three new destinations: daily service to Chennai (replacing Tiger Airways' operations) and thrice-weekly service to Amritsar from 24 May 2016, and four-times-weekly service to Jaipur from 2 October 2016.

Tiger Airways commenced a four-times-weekly service to Wuxi from 28 April 2016. It will continue to expand its network in China by introducing a thrice-weekly operation to Zhengzhou, from 28 June 2016. Tiger Airways is the only airline offering direct flights from Singapore to these two cities.

With the announced new routes, the Group's network will expand to 130 destinations across 36 countries, including Singapore.

SIA Cargo will continue to deploy capacity to match demand and pursue charter opportunities.

SUBSEQUENT EVENT

The Company announced on 4 May 2016 that it had exercised its right to compulsorily acquire all the shares that had not been tendered by shareholders under the Voluntary General Offer by the Company for all the issued ordinary shares (the "Shares") in the capital of Tiger Airways, other than those already owned or agreed to be acquired by the Company. The consideration payable comprises the Final Offer Price of 45 cents in cash for each share, and an option to subscribe for SIA's ordinary shares. Tiger Airways has transferred all the Shares to SIA and has registered SIA as the holder of those Shares. The Shares were delisted from SGX-ST on 11 May 2016.

OUTLOOK

The Group is contending with a challenging operating environment in key markets, caused in part by weak economic activity and relatively rapid growth in capacity, evidenced by increasing promotional fare activity. Nevertheless, the Group is well positioned to compete in this environment.

The entrance of the A350-900 fleet will help to boost the Group's network competitiveness, improve operating efficiency, and offer opportunities to open up more new routes on long-haul destinations. In addition, the full ownership of Tiger Airways is expected to enhance synergies across the SIA Group.

For the April-June 2016 quarter, advance passenger bookings are tracking positively against seat capacity.

Outlook remains cautious for air cargo amid the economic slowdown in China and ongoing uncertainty surrounding the global economy. Coupled with ample capacity in the industry, yield remains under pressure. SIA Cargo will continue to focus on higher-yielding product segments.

In light of on-going fuel price volatility, the Group continues to hedge its fuel requirements prudently. As at the start of the 2016-17 financial year, the Group had hedged 42% of its first quarter fuel requirement at a weighted average Singapore Jet Kerosene (MOPS) price of USD87 per barrel. The full year's fuel requirement was 25% hedged in MOPS at USD83 per barrel and 6% in Brent at USD64 per barrel.

The Group remains fully committed to its multi-pronged approach to address the structural changes that have been taking place in the industry, through its portfolio of airlines serving both full-service and budget airline segments of the market, its multi-hub strategy, the pursuit of adjacent business opportunities, and ongoing enhancement of premium products and services.

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A STAR ALLIANCE MEMBER 

GROUP FINANCIAL STATISTICS

	2015-16	2014-15	4th Quarter 2015-16	4th Quarter 2014-15
Financial Results (\$ million)				
Total revenue	15,228.5	15,565.5	3,709.4	3,879.7
Total expenditure	14,547.3	15,156.1	3,556.2	3,787.8
Operating profit	681.2	409.4	153.2	91.9
Non-operating items	291.2	(1.0)	90.0	(23.7)
Exceptional items ^{R1}	-	34.5	-	(11.6)
Profit before taxation	972.4	442.9	243.2	56.6
Profit attributable to owners of the Parent	804.4	367.9	224.7	39.6
Per Share Data				
Earnings per share (cents)				
- Basic ^{R2}	69.0	31.4	19.3	3.4
- Diluted ^{R3}	68.7	31.2	19.2	3.4

	As at 31 Mar 2016	As at 31 Mar 2015
Financial Position (\$ million)		
Share capital	1,856.1	1,856.1
Treasury shares	(381.5)	(326.3)
Capital reserve	(129.2)	215.9
Foreign currency translation reserve	(151.3)	(135.7)
Share-based compensation reserve	123.7	113.2
Fair value reserve	(498.6)	(706.2)
General reserve	11,935.5	11,446.6
Equity attributable to owners of the Parent	12,754.7	12,463.6
Total assets	23,769.7	23,921.6
Total debt	1,347.5	1,739.5
Total debt : equity ratio (times) ^{R4}	0.11	0.14
Net asset value (\$) ^{R5}	10.96	10.66
Return on equity holders' funds (%) ^{R6}	6.4	2.9
Value added	5,040.1	4,396.8

Dividends

Interim dividend (cents per share)	10.0	5.0
Proposed final dividend (cents per share)	35.0	17.0
Dividend cover (times) ^{R7}	1.5	1.4

^{R1} The exceptional items of \$35 million recognised in FY2014-15 mainly pertained to the Parent Airline Company's remeasurement gain of \$120 million arising from consolidation of Tiger Airways as a subsidiary, partially offset by SIA Cargo's impairment of its investment in China Cargo Airlines (\$64 million), SIA Cargo's provision for settlement to resolve pending and potential civil damage claims (\$14 million), as well as the Parent Airline Company's provision for settlement with plaintiffs in the Transpacific Class Action (\$11 million).

^{R2} Earnings per share (basic) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue less treasury shares.

^{R3} Earnings per share (diluted) is computed by dividing profit attributable to owners of the Parent 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.

^{R4} Total debt : equity ratio is total debt divided by equity attributable to owners of the Parent.

^{R5} Net asset value per share is computed by dividing equity attributable to owners of the Parent by the number of ordinary shares in issue less treasury shares.

^{R6} Return on equity holders' funds is profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.

^{R7} Dividend cover is profit attributable to owners of the Parent divided by total dividends.

OPERATING STATISTICS

	2015-16	2014-15	4th Quarter 2015-16	4th Quarter 2014-15
<u>SIA</u>				
Passengers carried (thousand)	19,029	18,737	4,650	4,454
Revenue passenger-km (million)	94,267.4	94,209.2	22,788.4	22,143.9
Available seat-km (million)	118,366.5	120,000.8	29,026.1	29,090.7
Passenger load factor (%)	79.6	78.5	78.5	76.1
Passenger yield (cents/pkm)	10.6	11.2	10.6	11.4
Passenger unit cost (cents/ask)	8.5	8.9	8.3	9.0
Passenger breakeven load factor (%)	80.2	79.5	78.3	78.9
<u>SilkAir</u>				
Passengers carried (thousand)	3,836	3,553	974	883
Revenue passenger-km (million)	6,516.2	5,864.9	1,650.6	1,447.7
Available seat-km (million)	9,117.8	8,355.2	2,303.7	2,095.0
Passenger load factor (%)	71.5	70.2	71.6	69.1
Passenger yield (cents/pkm)	13.5	13.9	13.5	14.7
Passenger unit cost (cents/ask)	9.0	9.7	8.7	9.7
Passenger breakeven load factor (%)	66.7	69.8	64.4	66.0
<u>Scoot</u>				
Passengers carried (thousand)	2,412	1,878	723	484
Revenue passenger-km (million)	8,673.9	6,718.7	2,617.9	1,751.3
Available seat-km (million)	10,267.4	8,170.6	3,038.9	2,047.8
Passenger load factor (%)	84.5	82.2	86.1	85.5
Revenue per revenue seat-km (cents/pkm)	5.6	5.6	6.0	6.0
Cost per available seat-km (cents/ask)	4.7	5.8	4.3	5.8
Breakeven load factor (%)	83.9	103.6	71.7	96.7
<u>Tiger Airways</u>				
Passengers carried (thousand)	5,128	5,140	1,254	1,196
Revenue passenger-km (million)	9,551.1	9,696.3	2,333.7	2,276.9
Available seat-km (million)	11,465.4	11,812.4	2,828.8	2,883.3
Passenger load factor (%)	83.3	82.1	82.5	79.0
Revenue per revenue seat-km (cents/pkm)	7.0	6.8	7.3	7.3
Cost per available seat-km (cents/ask)	5.8	6.0	5.7	6.0
Breakeven load factor (%)	82.9	88.2	78.1	82.2
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	1,170.1	1,124.0	293.0	276.5
Cargo load (million tonne-km)	6,510.9	6,347.2	1,608.4	1,576.5
Gross capacity (million tonne-km)	10,513.3	10,024.9	2,624.3	2,471.6
Cargo load factor (%)	61.9	63.3	61.3	63.8
Cargo yield (cents/ltk)	29.0	32.8	26.8	31.7
Cargo unit cost (cents/ctk)	18.9	21.4	17.9	21.1
Cargo breakeven load factor (%)	65.2	65.2	66.8	66.6
<u>Group Airlines (Passenger)</u>				
Passengers carried (thousand)	30,405	29,308	7,601	7,017
Revenue passenger-km (million)	119,008.6	116,489.1	29,390.6	27,619.8
Available seat-km (million)	149,217.1	148,339.0	37,197.5	36,116.8
Passenger load factor (%)	79.8	78.5	79.0	76.5

OPERATING STATISTICS

	2015-16	2014-15
<u>Employee Productivity (Average) – Company</u>		
Average number of employees	13,983	14,040
Seat capacity per employee (seat-km)	8,465,029	8,547,066
Passenger load per employee (tonne-km)	624,934	625,516
Revenue per employee (\$)	835,736	884,501
Value added per employee (\$)	261,861	244,537
<u>Employee Productivity (Average) – Group</u>		
Average number of employees	24,350	23,963
Revenue per employee (\$)	625,400	649,564
Value added per employee (\$)	206,986	183,483

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)

SilkAir

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 cargo and mail revenue) 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 cargo and mail revenue)

Scoot

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
Revenue per revenue seat-km	=	Passenger revenue from scheduled services divided by revenue passenger-km
Cost per available seat-km	=	Operating expenditure divided by available seat-km
Passenger breakeven load factor	=	Cost per available seat-km expressed as a percentage of revenue per revenue seat-km. This is the theoretical load factor at which passenger revenue equates to the operating expenditure

Tiger Airways

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
Revenue per revenue seat-km	=	Passenger revenue from scheduled services divided by revenue passenger-km
Cost per available seat-km	=	Operating expenditure divided by available seat-km
Passenger breakeven load factor	=	Cost per available seat-km expressed as a percentage of revenue per revenue seat-km. This is the theoretical load factor at which passenger revenue equates to the operating expenditure

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)

Group Airlines**(Passenger)**

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