

Singapore Company Update

Singapore Airlines

Bloomberg: SIA SP | Reuters: SIAL.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

8 Nov 2022

BUY

Last Traded Price (7 Nov 2022): S\$5.41 (STI : 3,141.31)
Price Target 12-mth: S\$6.60 (22% upside)

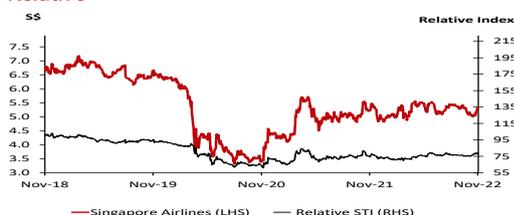
Analysts

Paul YONG +65 6682 3712 paulyong@dbs.com
Jason SUM, CFA +65 66823711 jasonsum@dbs.com

What's New

- 2QFY23 earnings trounced the street's expectations with record revenue and operating profit
- Interim dividend of 10.0Scts per share declared
- Optimistic about near-term prospects despite macroeconomic challenges
- Maintain BUY with unchanged TP of S\$6.60

Price Relative



Forecasts and Valuation

FY Mar (S\$m)	2022A	2023F	2024F	2025F
Revenue	7,615	17,417	18,964	19,420
EBITDA	1,314	4,395	4,658	4,351
Pre-tax Profit	(1,090)	1,931	2,083	1,551
Net Profit	(962)	1,612	1,720	1,263
Net Pft (Pre Ex.)	(903)	1,612	1,720	1,263
Net Pft Gth (Pre-ex) (%)	61.0	nm	6.7	(26.6)
EPS (S cts)	(32.3)	54.1	57.8	42.4
EPS Pre Ex. (S cts)	(30.3)	54.1	57.8	42.4
EPS Gth Pre Ex (%)	61	nm	7	(27)
Diluted EPS (S cts)	(14.9)	25.0	26.6	19.6
Net DPS (S cts)	0.0	24.4	23.1	21.2
BV Per Share (S cts)	347	323	238	247
PE (X)	nm	10.0	9.4	12.8
PE Pre Ex. (X)	nm	10.0	9.4	12.8
P/Cash Flow (X)	5.8	2.8	3.8	4.4
EV/EBITDA (X)	13.3	4.1	5.6	6.3
Net Div Yield (%)	0.0	4.5	4.3	3.9
P/Book Value (X)	1.6	1.7	2.3	2.2
Net Debt/Equity (X)	0.0	0.1	0.6	0.7
ROAE (%)	(5.0)	7.5	9.5	8.1
Earnings Rev (%)		5	1	-
Consensus EPS (S cts):		39.8	32.6	33.1
Other Broker Recs:		B: 5	S: 3	H: 4

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Defying recessionary fears

Investment Thesis:

Recovery in passenger volumes should outpace that of peers in the region. SIA's international passenger traffic has been recovering at a faster clip than its peers since Singapore launched its first Vaccinated Travel Lane (VTL) in Sep 2021. We expect this trend to persist and envisage the group's passenger traffic hitting 83% and 103% of 2019 levels by end-FY23/24F, respectively, supported by Singapore's Vaccinated Travel Framework and the synchronised reopening of borders in the region and other key markets.

Favourable supply-demand dynamics underpin healthy passenger and cargo yields. Colossal pent-up travel demand and the gradual restoration of passenger capacity will support passenger yields. Meanwhile, cargo yields are expected to moderate but should remain firmly above pre-COVID-19 levels for some time amid tight capacity.

Valuation does not adequately reflect its brighter earnings prospects. The airline is currently priced at 5.0x EV/EBITDA (FY24F), below its three-year average prior to the pandemic and at a discount to regional peers. We believe that its relatively promising recovery trajectory and medium-term outlook justify a multiple that is at least on par with its peers.

Valuation:

Our TP of S\$6.60 for SIA is based on 6.0x (0.5SD above three-year pre-COVID-19 average) EV/EBITDA (FY24F). We switched our valuation multiple to EV/EBITDA from P/BV as SIA's earnings profile has likely stabilised and it allows for better comparison with its peers with differing capital structures.

Where we differ:

Our earnings estimates are above the consensus, as we expect SIA's passenger volumes to normalise at a faster rate and assumed higher passenger and cargo yields.

Key Risks to Our View:

The key risks on SIA are 1) China reopening slower than expected, 2) persistent cost pressures stemming from inflation, and 3) passenger and cargo yields softening ahead of expectations.

At A Glance

Issued Capital (m shrs)	2,971
Mkt. Cap (S\$m/US\$m)	16,071 / 11,423
Major Shareholders (%)	
Temasek Holdings Pte Ltd	55.3
Free Float (%)	44.7
3m Avg. Daily Val (US\$m)	14.1
GIC Industry : Industrials / Transportation	

WHAT'S NEW

Convincing earnings beat; outlook remains upbeat despite macroeconomic headwinds

2QFY23 results summary

- 2QFY23 net income of S\$556.5m (+50.2% q-o-q, vs. net loss of S\$427.6m in 2QFY22) surpassed expectations. 1HFY23 net income amounted to S\$926.9m, accounting for 60%/79% of DBS/consensus' full-year estimate. Operating profit of S\$678.0 represents a new quarterly high for the group.
- 2QFY23 revenue of S\$2,471.9m was up 14.8% q-o-q and 192.9% y-o-y, primarily driven by a significant rebound in passenger revenue (+23.6% q-o-q, +659.8% y-o-y) on the back of record passenger load factors and elevated passenger yields, partly offset by softer cargo revenue (-8.5% q-o-q, +0.4% y-o-y) as cargo rates declined amid softer demand.
- Overall operating metrics were robust, with passenger capacity reaching c.67% of pre-pandemic levels during the quarter, passenger load factors topping previous records (86.5% during the quarter), and passenger yields strengthening slightly on a sequential basis.
- Interim dividend of 10.0Scts per share was declared for the first time since the pandemic began, which is a positive surprise to the market.

Outlook and recommendation

- Forward booking data appears promising. The management shared that forward booking data suggests that travel demand will remain resilient going into the upcoming peak holiday travel season, and although booking windows remain relatively short, the response for travel promotions in early 2023 are quite encouraging. Additionally, business travel activity also saw solid traction during the quarter. The group has maintained its passenger capacity guidance at 81% of pre-COVID-19 levels by Dec 22, but capacity will average 76% in 2HFY24 as the group matches supply with variations in monthly demand.
- Air cargo rates expected to moderate, but should stay well above pre-pandemic levels. Macroeconomic headwinds coupled with the addition of bellyhold cargo capacity (as more passenger aircraft return to the skies) will weigh on air freight rates. However, we believe that it should take some time for air freight rates to normalise because capacity remains tight with international flight activity in Asia still far from pre-pandemic levels, while strong e-commerce demand should also act as a buffer.

- Capex to be pushed back due to production constraints faced by Boeing and Airbus. Capex in 1HFY23 declined on a y-o-y basis, largely the function of delivery delays from Boeing and Airbus. Looking ahead, we believe that supply chain disruptions faced by the OEMs could persist well into 2023, which suggests that the group's near-term capex should be lower than its previous guidance of S\$4.0-4.5bn per annum. Slower receipt of new aircraft also indicates that SIA will likely retain its older aircraft for longer to meet capacity requirements.
- Fuel hedging ratio to taper off after 1QFY24. The group remains 40% hedged at US\$60/bbl of Brent until 1QFY24. Subsequently, the group is hedged up to 10% until 4QFY25, but at a considerably higher Brent crude oil price of US\$80/bbl, with S\$110m in gains from the closing of earlier positions to be recognised over FY24-FY25. While this means that the group will realise lower fuel hedging gains over the next few years, we believe that the negative impact to its operating margins will be largely tempered by higher passenger traffic and sustained strength in passenger yields.
- Redemption of second tranche of MCBs. Management shared that there are no definitive plans as of now, as there continues to be considerable macroeconomic uncertainty, despite the positive recovery momentum the group is seeing. Nonetheless, we remain confident that the group is well on track to redeem the remaining MCBs before the step up in its yield, which is slated to occur in FY26F (2025).
- Lift FY23/24F net profit estimates up by 4.6%/0.9%; maintain BUY with unchanged TP of S\$6.60. We raise our earnings estimates slightly to reflect higher passenger yields and load factors, though partially offset by slower capacity growth due to the lack of visibility on China's reopening timeline. Maintain BUY with an unchanged TP of S\$6.60, as we roll forward our EV/EBITDA peg to 6.0x (+0.5SD above three-year pre-pandemic level) FY24F EBITDA from 6.5x blended FY23/24F EBITDA previously.

Company Background

Singapore Airlines (SIA) is a leading global airline group based in Singapore. In the passenger service segment, SIA operates its flagship Singapore Airlines product, and has Scoot, a low-cost carrier, as a subsidiary. It also owns SIA Engineering, listed on the SGX, which is involved in aircraft maintenance and repair.

Valuation table

(In S\$ millions unless specified otherwise)	Value	Comments
EBITDA	4,678	FY24F
EV/EBITDA multiple peg	6.0	+0.5 standard deviation above 3-year average prior to COVID-19
Enterprise value	27,835	
Less: net debt	(1,563)	As at March-23
Less: MCBs (2 nd tranche)	(6,195)	As at March-23
Less: accrued interest on MCBs (2 nd tranche)	(782)	(Interest expense on MCBs is not captured in P&L)
Less: minority interest	(399)	As at March-23
Add: non-operating assets	977	As at March-23
Equity value	19,639	
Number of shares outstanding (millions)	2,978	
Value per share (S\$)	6.60	

Source: Company, DBS Bank Ltd

Peer comparison table

Company	Market cap (US\$m)	P/E		EV-to-EBITDA		P/BV		ROE (%)	
		CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Air China	17,309	nm	51.0x	nm	10.4x	2.1x	1.9x	-53.8%	1.4%
China Southern	14,708	nm	50.5x	66.2x	10.5x	1.4x	1.3x	-28.8%	2.1%
China Eastern	11,374	nm	nm	nm	9.6x	1.7x	1.6x	-61.7%	-3.5%
Singapore Airlines	11,149	15.0x	15.2x	5.2x	5.0x	1.2x	1.2x	5.6%	5.9%
ANA Holdings	9,825	36.7x	16.4x	9.9x	7.5x	1.7x	1.5x	4.6%	10.0%
Japan Airlines	8,296	32.7x	13.7x	7.3x	5.4x	1.5x	1.4x	3.8%	10.2%
Korean Air	5,948	5.4x	8.4x	3.5x	4.8x	1.0x	0.9x	20.4%	11.3%
Spring Airlines	7,053	nm	36.8x	nm	12.9x	4.1x	3.6x	-11.9%	11.2%
EVA Airways	7,233	8.5x	7.4x	3.7x	3.5x	14.3x	9.6x	532.9%	140.0%
China Airlines	3,950	13.2x	9.8x	4.1x	3.5x	1.4x	1.2x	10.1%	12.2%
Qantas Airways	3,161	16.4x	13.4x	4.1x	3.4x	1.4x	1.2x	8.0%	10.3%
Cathay Pacific	6,183	nm	13.5x	9.1x	6.6x	0.9x	0.8x	-7.0%	4.4%
Juneyao Airlines	4,649	nm	43.8x	nm	11.9x	3.5x	3.1x	-24.6%	9.9%
Air New Zealand	1,610	10.6x	10.3x	2.9x	2.9x	1.4x	1.2x	12.9%	12.3%
Sector Median		14.1x	13.7x	4.6x	6.0x	1.4x	1.3x	4.2%	10.1%

Source: Bloomberg Finance L.P., DBS Bank

Historical PB band



Source: Bloomberg Finance L.P., DBS Bank estimates

Key Assumptions

FY Mar	2021A	2022A	2023F	2024F	2025F
Available seat-km (m)	19,493	58,748	104,950	129,500	146,300
Passenger load factor	13.7	32.6	85.4	84.2	83.0
Passenger yield	21.0	13.1	12.4	11.6	11.1
Jet Fuel Price - US\$ per	48.9	77.6	126	115	108
US\$/S\$ exchange rate	1.37	1.35	1.40	1.37	1.37

Segmental Breakdown

FY Mar	2021A	2022A	2023F	2024F	2025F
Revenues (\$m)					
Passenger services	681	2,803	12,684	14,552	15,417
Cargo services	2,710	4,338	4,019	3,336	2,693
SIA Engineering	163	197	296	450	535
Others	262	277	419	625	775
Total	3,816	7,615	17,417	18,964	19,420

Income Statement (\$m)

FY Mar	2021A	2022A	2023F	2024F	2025F
Revenue	3,816	7,615	17,417	18,964	19,420
Cost of Goods Sold	(6,328)	(8,225)	(15,025)	(16,466)	(17,413)
Gross Profit	(2,513)	(610)	2,392	2,498	2,006
Other Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Operating Profit	(2,513)	(610)	2,392	2,498	2,006
Other Non Opg (Exp)/Inc	(146)	40.4	0.0	0.0	0.0
Associates & JV Inc	(113)	(116)	(62.4)	(20.0)	(5.0)
Net Interest (Exp)/Inc	(233)	(346)	(399)	(395)	(450)
Exceptional Gain/(Loss)	(1,953)	(58.9)	0.0	0.0	0.0
Pre-tax Profit	(4,957)	(1,090)	1,931	2,083	1,551
Tax	674	142	(309)	(333)	(248)
Minority Interest	12.7	(13.9)	(10.0)	(30.0)	(40.0)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	(4,271)	(962)	1,612	1,720	1,263
Net Profit before Except.	(2,318)	(903)	1,612	1,720	1,263
EBITDA	(630)	1,314	4,395	4,658	4,351
Growth					
Revenue Gth (%)	(76.1)	99.6	128.7	8.9	2.4
EBITDA Gth (%)	nm	nm	234.4	6.0	(6.6)
Opg Profit Gth (%)	(4,351.3)	(75.7)	(492.4)	4.4	(19.7)
Net Profit Gth (Pre-ex) (%)	(993.3)	61.0	nm	6.7	(26.6)
Margins & Ratio					
Gross Margins (%)	(65.8)	(8.0)	13.7	13.2	10.3
Opg Profit Margin (%)	(65.8)	(8.0)	13.7	13.2	10.3
Net Profit Margin (%)	(111.9)	(12.6)	9.3	9.1	6.5
ROAE (%)	(33.9)	(5.0)	7.5	9.5	8.1
ROA (%)	(12.0)	(2.2)	3.3	3.8	3.0
ROCE (%)	(12.6)	(2.7)	8.6	8.7	6.4
Div Payout Ratio (%)	N/A	N/A	45.0	40.0	50.0
Net Interest Cover (x)	(10.8)	(1.8)	6.0	6.3	4.5

Source: Company, DBS Bank

Balance Sheet (\$m)

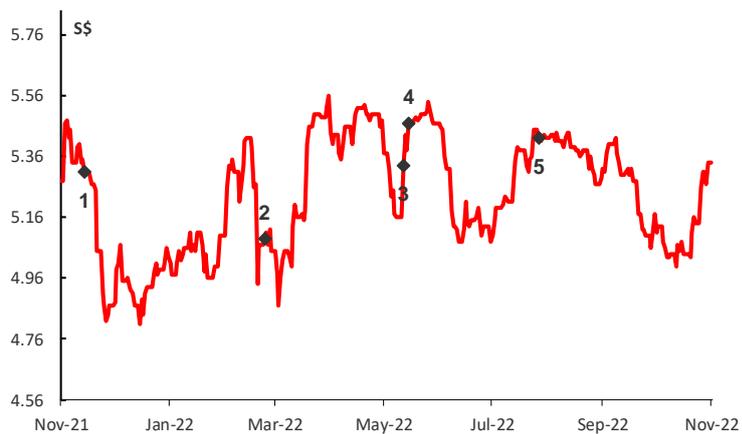
FY Mar	2021A	2022A	2023F	2024F	2025F
Net Fixed Assets	25,879	27,861	28,296	30,616	32,766
Invt in Associates & JVs	1,033	1,039	977	957	952
Other LT Assets	997	2,083	2,083	2,083	2,083
Cash & ST Invt	8,055	14,169	12,564	4,709	3,209
Inventory	195	187	220	240	260
Debtors	940	1,566	1,935	1,724	1,765
Other Current Assets	483	1,765	1,765	1,765	1,765
Total Assets	37,581	48,671	47,840	42,094	42,800
ST Debt	907	607	607	607	607
Creditor	2,117	2,733	3,870	3,793	3,884
Other Current Liab	2,689	4,529	5,821	6,021	6,021
LT Debt	12,920	14,520	13,520	13,520	13,520
Other LT Liabilities	2,670	3,482	2,782	2,382	2,382
Shareholder's Equity	15,906	22,412	20,841	15,343	15,918
Minority Interests	372	389	399	429	469
Total Cap. & Liab.	37,581	48,671	47,840	42,094	42,800
Non-Cash Wkg. Capital	(3,189)	(3,743)	(5,771)	(6,084)	(6,114)
Net Cash/(Debt)	(5,773)	(958)	(1,563)	(9,418)	(10,918)
Debtors Turn (avg days)	84.2	60.1	36.7	35.2	32.8
Creditors Turn (avg days)	223.8	142.2	93.0	97.9	93.0
Inventory Turn (avg days)	18.9	11.2	5.7	5.9	6.1
Asset Turnover (x)	0.1	0.2	0.4	0.4	0.5
Current Ratio (x)	1.7	2.2	1.6	0.8	0.7
Quick Ratio (x)	1.6	2.0	1.4	0.6	0.5
Net Debt/Equity (X)	0.4	0.0	0.1	0.6	0.7
Net Debt/Equity ex MI (X)	0.4	0.0	0.1	0.6	0.7
Capex to Debt (%)	9.9	15.4	17.7	31.9	31.9
Z-Score (X)	0.7	1.2	1.2	1.2	1.2

Cash Flow Statement (\$m)

FY Mar	2021A	2022A	2023F	2024F	2025F
Pre-Tax Profit	(4,957)	(1,090)	1,931	2,083	1,551
Dep. & Amort.	2,142	2,000	2,065	2,180	2,350
Tax Paid	(17.6)	(8.3)	(309)	(333)	(248)
Assoc. & JV Inc/(loss)	113	116	62.4	20.0	5.00
Chg in Wkg.Cap.	(3,424)	1,741	2,028	314	29.7
Other Operating CF	2,620	5.90	0.0	0.0	0.0
Net Operating CF	(3,525)	2,765	5,777	4,263	3,688
Capital Exp.(net)	(1,375)	(2,330)	(2,500)	(4,500)	(4,500)
Other Invt.(net)	219	(80.0)	0.0	0.0	0.0
Invt in Assoc. & JV	(212)	(149)	0.0	0.0	0.0
Div from Assoc & JV	47.9	35.9	0.0	0.0	0.0
Other Investing CF	5.30	277	0.0	0.0	0.0
Net Investing CF	(1,314)	(2,247)	(2,500)	(4,500)	(4,500)
Div Paid	(14.3)	(1.4)	0.0	(725)	(688)
Chg in Gross Debt	1,141	(756)	(1,000)	0.0	0.0
Capital Issues	8,829	6,197	0.0	0.0	0.0
Other Financing CF	32.6	(24.1)	2.00	2.00	2.00
Net Financing CF	9,969	5,437	(4,882)	(7,618)	(688)
Currency Adjustments	(32.6)	25.1	0.0	0.0	0.0
Chg in Cash	5,098	5,980	(1,605)	(7,855)	(1,500)
Opg CFPS (S cts)	(3.4)	34.4	126	133	123
Free CFPS (S cts)	(165)	14.6	110	(8.0)	(27.3)

Source: Company, DBS Bank

Target Price & Ratings History



Note : Share price and Target price are adjusted for corporate actions.

Source: DBS Bank

Analyst: Paul YONG

Jason SUM, CFA

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 8 Nov 2022 06:29:11 (SGT)

Dissemination Date: 8 Nov 2022 08:16:25 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates have a proprietary position in Singapore Airlines, Air China, China Eastern Airlines, Qantas Airlines Ltd, Cathay Pacific, recommended in this report as of 30 Sep 2022.

Compensation for investment banking services:

2. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Singapore Airlines as of 30 Sep 2022.
3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Singapore Airlines in the past 12 months, as of 30 Sep 2022.
4. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

Directorship/trustee interests:

5. Peter Seah Lim Huat, Chairman & Director of DBS Group Holdings, is a Director / Chairman of Singapore Airlines Limited as of 30 Sep 2022.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

Disclosure of previous investment recommendation produced:

6. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>This report has been prepared by a personnel of DBS Bank Ltd, who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.

Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact Chanpen Sirithanarattanukul at research@th.dbs.com</p>
United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>

United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Paul Yong
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand