

Singapore

REDUCE (no change)

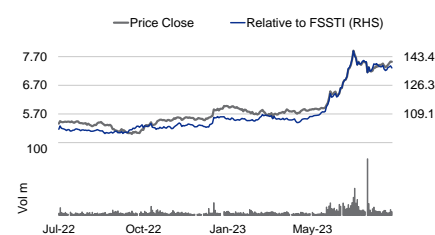
Consensus ratings*: Buy 2 Hold 4 Sell 7

Current price:	S\$7.52
Target price:	S\$6.78
Previous target:	S\$6.53
Up/downside:	-9.8%
CGS-CIMB / Consensus:	1.9%
Reuters:	SIAL.SI
Bloomberg:	SIA SP
Market cap:	US\$16,860m
	S\$22,366m
Average daily turnover:	US\$53.76m
	S\$72.26m
Current shares o/s:	2,971m
Free float:	40.0%

*Source: Bloomberg

Key changes in this note

- FY24-26F core EPS forecasts raised 3-14% on account of higher passenger load factor assumptions, partially offset by lower cargo yield assumptions.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.3	29.2	40.6
Relative (%)	-4.4	27.5	36.5

Major shareholders	% held
Temasek	55.7

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Singapore Airlines

Fantastic 1Q, but costs may rise in 2Q

- 1QFY3/24 (Apr-Jun 2023) core net profit of S\$703m accounted for 41% of our full-year forecast, outperforming due to low jet fuel prices.
- We upgrade our core EPS forecasts in this report by assuming that SIA's high passenger loads in 1QFY24 will continue for the rest of this year.
- We reiterate Reduce because SIA's profits will likely peak this year; we raise our TP to S\$6.78 (higher CY23F P/BV multiple of 1.12x).

Lower fuel prices lifted the Apr-Jun 2023 EBIT sequentially higher

SIA's 1QFY24 core net profit of S\$703m was a record for the company; 28% higher qoq and more than double yoy. The quarterly EBIT was 'only' 7.4% higher qoq, but the superior 28% qoq rise in core net profit may have been due to stronger associate profits, higher net interest income, or lower tax provisions (no details were provided in the brief business update disclosure). 1QFY24 EBIT was S\$755m, higher than the immediately-preceding quarter by S\$52m; the latter can be attributed mainly to the opex decline of S\$86m qoq, which more than offset the S\$34m qoq fall in revenue. The qoq opex decline was primarily driven by the fall in jet fuel prices to US\$92/bbl in 1QFY24 (13% fall from 4QFY23's US\$106/bbl). Meanwhile, the qoq fall in revenue was caused by yield declines at TR (-14% qoq) and the cargo business (-15% qoq), partially offset by stronger SQ metrics with higher passenger loads (+1.8% pts qoq to 88%) and RPK demand (+5.8%).

Strong topline, but rising fuel prices may take some fizz away

SIA noted in its guidance that passenger demand continues to be very strong over the next three months' summer travel season, with RPK demand closely matching ASK capacity injections. SIA is also seeing similarly strong demand for the year-end travel season. This suggests that PLF will likely remain high for the rest of FY24F, in our view, and we have reflected this by raising our PLF assumptions for all forecast years. However, we do note that jet fuel prices averaged only US\$92/bbl in 1QFY24 and have since risen to US\$108/bbl as at 27 Jul. We estimate that every US\$1/bbl increase in jet fuel prices will negatively impact our FY24F core net profit by 2%, and in the same way that low jet fuel prices played an important role in SIA's strong 1QFY24 performance, recovering jet fuel prices in 2QFY24F may deduct from SIA's profits moving forward. Also, SIA's legacy fuel hedges all expired at end-Jun 2023, and the remaining hedge positions are at prices closer to prevailing market levels (Fig 13), which suggest fuel hedging gains, if any, may be narrowed in the quarters ahead.

SIA may be exposed to greater competitive risks next financial year

We think SIA is poised to deliver excellent FY24F results; excluding an estimated S\$527m share of Air India's net loss in 4QFY24F, our forecast of SIA's core net profit in FY24F is S\$2.5bn, higher than FY23's S\$1.9bn. We also expect SIA to declare DPS of 38 Scts for FY24F. Upside risks: potential for SIA to outperform our assumptions for yield, PLF and other revenue metrics. But SIA's expensive valuations also expose investors to de-rating catalysts such as intensifying competition from other airlines, particularly for FY25F.

Financial Summary	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (S\$m)	7,615	17,775	18,674	18,026	18,235
Operating EBITDA (S\$m)	1,282	4,697	5,074	3,864	3,198
Net Profit (S\$m)	-962	2,157	3,185	1,283	890
Core EPS (S\$)	-0.38	0.66	0.66	0.39	0.26
Core EPS Growth	(52.7%)		0.0%	(40.5%)	(33.9%)
FD Core P/E (x)	NA	11.47	11.46	19.27	29.16
DPS (S\$)	0.00	0.38	0.38	0.22	0.14
Dividend Yield	0.00%	5.06%	5.05%	2.93%	1.86%
EV/EBITDA (x)	18.76	4.50	4.83	6.54	8.48
P/FCFE (x)	546.7	3.1	16.8	38.3	NA
Net Gearing	6.0%	(7.9%)	9.4%	13.2%	22.3%
P/BV (x)	1.00	1.12	1.20	1.19	1.17
ROE	(5.9%)	9.2%	10.1%	6.2%	4.0%
% Change In Core EPS Estimates			13.8%	8.4%	3.1%
CGS-CIMB/Consensus EPS (x)			1.41	0.95	0.84

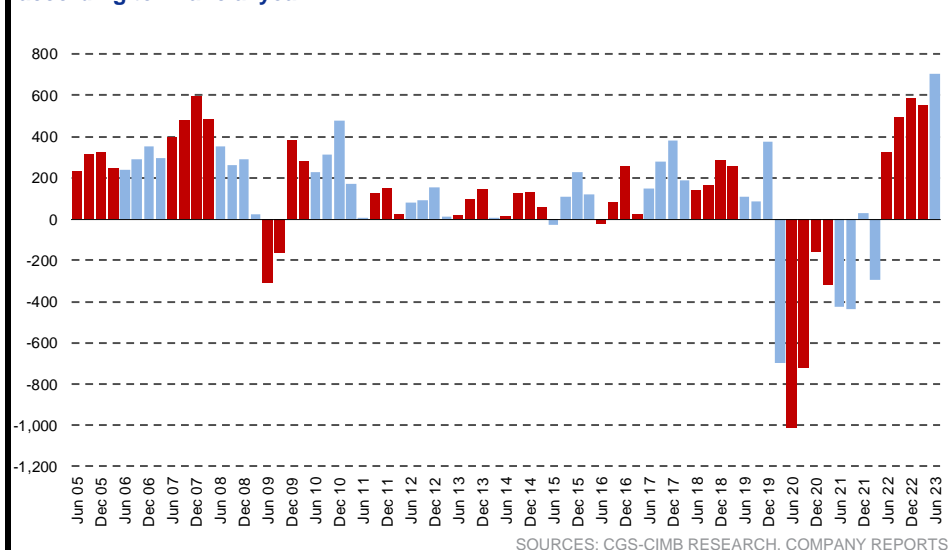
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Results comparison tables ►

Figure 1: Headline quarterly numbers

FYE Mar (\$\$ m)	1QFY24	1QFY23	yoy % chg	4QFY23	qoq % chg	Prev. FY24F	Comments
Revenue	4,479	3,911	14.5	4,512	(0.7)	18,490	Group revenue fell qoq on lower Scoot and cargo revenues partly offset by higher SIA revenues.
Less: Operating costs	(3,724)	(3,355)	11.0	(3,810)	(2.2)	(15,730)	
- Net fuel cost	(1,053)	(1,273)	(17.3)	(1,181)	(10.8)	(5,867)	Op costs fell qoq due to lower fuel costs as fuel prices fell despite higher fuel consumption.
* Fuel cost before hedging	(1,154)	(1,475)	(21.8)	(1,317)	(12.3)		
* Hedging gain/(loss)	101	202	nm	136	(25.7)		
- Fuel hedging ineffectiveness	-	-	-	-	-	-	
- Fuel derivative mark-to-market changes	-	-	-	-	-	-	
- Non-fuel costs	(2,671)	(2,082)	28.3	(2,629)	1.6	(9,863)	Non-fuel costs rose qoq.
Operating profit (EBIT)	755	556	35.8	703	7.4	2,759	SIA group EBIT profit rose qoq as lower opex more than offset lower revenue.
Exceptional items	-	-	-	22	nm	1,112	
Attributable profit	734	370	98.4	602	21.9	2,948	
Reconciliation to core net profit							
Attributable profit	734	370	98.4	602	21.9	2,948	PATAMI rose qoq.
Remove: Exceptionals	-	-	-	(22)		(1,112)	
Deduct: MCB yields as if they were debt	(31)	(48)		(31)		(124)	We include a deduction for the MCBs that we assume as debt for our core net profit calculation.
Core net profit/(loss)	703	322	118.6	549	28.1	1,712	Core net profit rose qoq.

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: Group quarterly core net profit (\$\$ m) - bars are grouped by colour according to financial year


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Abbreviations

SIA: Representing the SIA group, which includes the passenger airlines (and cargo), as well as SIA Engineering.

SQ: SIA mainline carrier, which is now combined with SilkAir, the short-haul full-service carrier (FSC)

TR: Scoot, the low-cost carrier (LCC), wholly owned by SIA
SIE: SIA Engineering, an 80.7% subsidiary of SIA
ASK: Available seat kilometre capacity, measure of passenger capacity
RPK: Revenue passenger kilometre demand, measure of passenger demand
PLF: Passenger load factor, RPK divided by ASK
Yield: Revenue per RPK demand
RASK: Revenue per ASK capacity
CASK: Cost per ASK capacity
AFTK: Available freight tonne kilometres, measure of air freight capacity
FTK: Freight tonne kilometres, measure of air freight demand
CLF: Cargo load factor, FTK divided by AFTK
MTM: Mark-to-market gains/losses from fuel hedges and other derivatives

Valuation and recommendation ►

We reiterate our **Reduce** call on SIA, as we think that its valuations are now stretched. Even though the fundamental dynamics of the passenger airline business remain robust for the next 6-9 months, these appear to be priced in.

The three key potential de-rating catalysts are:

1. Rising competition from FY25F onwards from other airlines that are picking up speed in their capacity restoration programmes.
2. Weakening air cargo markets on a sequential basis have seen cargo yields decline rapidly.
3. Singapore jet fuel prices have risen from the 1QFY24 average of US\$91.80/bbl to US\$107.60/bbl as at 27 Jul, which is an almost US\$16/bbl increase; every US\$1/bbl increase in jet fuel prices has a 2% negative impact to our FY24F core net profit forecast, all else being equal.

Given the elevated share price, we expect investors to be sensitive to news that may not be perceived positively, but we think that SIA's share price may respond in a more muted way to any positive news. In essence, at the current high share price and lofty valuations, there is more downside risk for investors than upside risk, in our view.

Upside risks include a faster-than-expected recovery in SIA's international passenger traffic from North Asia. Outbound Chinese passenger travel to Singapore and elsewhere has only recovered very gradually due to high ticket prices and weak economic growth in China which has curbed the propensity for consumer spending.

P/BV valuations very expensive

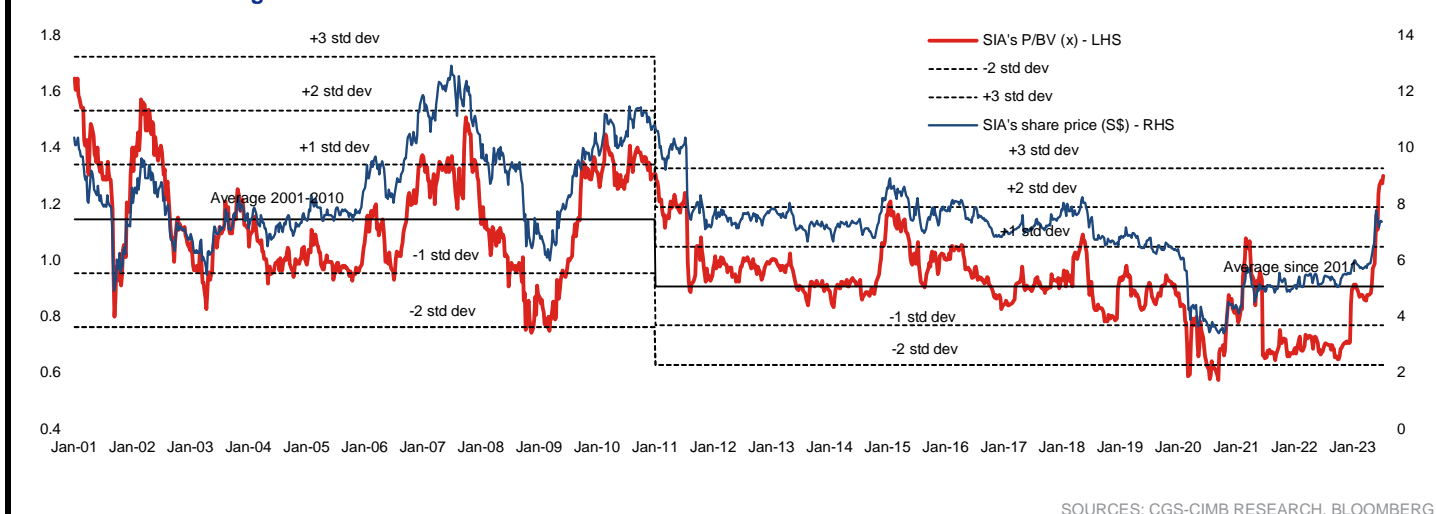
P/BV valuations for SIA are very expensive using historical trading ranges. At 27 Jul's closing price of S\$7.52, SIA's P/BV multiple traded at **1.30x**, using the 30 Jun 2023 BVPS of S\$5.78. SIA's share price typically peaks when historical P/BV valuations hit +1 s.d. above the mean (which is P/BV of 1.04x), but valuations have now almost reached +3 s.d. above the mean (which is P/BV of 1.32x). The last time SIA's P/BV multiples breached +2 s.d. above the mean was in 2HCY14, when the oil price collapse at the time temporarily lifted profits of the entire aviation industry.

SIA has another S\$3.1bn in remaining MCBs. SIA will have to redeem all of the remaining MCBs by the fourth anniversary of its issue, i.e. by 24 June 2025, in order to avoid an escalation in the MCBs' yield to maturity from 4% to 5% p.a. In our view, it is plausible that SIA may redeem the final portion of the MCBs sometime during CY24F given that its operating cashflows will likely remain very strong over the next year.

Assuming that SIA had redeemed the latter final remaining MCBs by 30 June 2023, SIA would trade at **1.59x** P/BV, which is +5 s.d. above the mean. Eventually, we

think that SIA's elevated valuations once the MCBs are redeemed will make it more difficult for investors to justify the high share price, especially if aviation industry fundamentals deteriorate in the future with rising competition.

Figure 3: Singapore Airlines historical P/BV chart – P/BV average 2001-10 and P/BV average since 2011, and standard deviations based on those averages



Target price computation

We raise our end-CY23F target price to **S\$6.78** (from S\$6.53 previously) on account of a 14% upgrade to our FY24F core net profit forecasts, using a higher target P/BV multiple of 1.12x (+1.5 s.d. above the mean since 2011) applied to the end-FY24F BVPS, from multiple of 1.04x (+1 s.d. above the mean) previously.

SIA declared a final DPS of **28 Scts** with respect to the FY23 results that will be paid on 18 August 2023. SIA's shares will trade ex-dividend on 1 August 2023.

We have raised our FY24F DPS forecast to **38 Scts** (from 21 Scts previously) as we raise the dividend payout assumption to 58% to match the previous year (FY23: 38 Scts, payout of 58%). Our FY25F DPS forecast is raised to 22 Scts, payout of 56% (from 20 Scts), while our FY26F DPS forecast is maintained at 14 Scts, payout of 54%.

Figure 4: Calculation of our target price for SIA

Scenario 1: Incorporating redemption of SIA's S\$9.7bn Mandatory Convertible Bonds (MCB):

- (a) S\$3.5bn redeemed in FY23 (on 8 Dec 2022, as announced by SIA); and
(b) S\$3.1bn redeemed in FY24 (on 24 Jun 2023, as announced by SIA)

	End-FY21	End-FY22	End-FY23	End-FY24F	End-FY25F
Shareholders' equity (S\$ m)	15,905.9	22,411.9	19,858.3	18,560.4	18,803.7
Less: Forecast net gain from Vistara-Air India transaction (S\$ m)				-584.9	-333.9
Net shareholders' equity (S\$ m)				17,975.5	18,469.8
No of ordinary shares (m)	2,965.0	2,967.5	2,970.6	2,970.6	2,970.6
BVPS (S\$)	5.36	7.55	6.68	6.05	6.22
Target P/BV multiple (x)				1.12	
Target price (S\$)				6.78	

Scenario 2: Assuming Mandatory Convertible Bonds (MCB) are treated as wholly debt

	End-FY21	End-FY22	End-FY23	End-FY24F	End-FY25F
Shareholders' equity (S\$ m)	15,905.9	22,411.9	19,858.3	18,560.4	18,803.7
Less: Net gain from Vistara-Air India transaction (S\$ m)				-584.9	-333.9
Less: Outstanding MCBs (S\$ m) - capital value	-3,496.1	-9,691.2	-6,195.1	-3,096.7	-3,096.7
Less: Outstanding MCBs (S\$ m) - assume 4% YTM (i.e. redemption between Year 1 and Year 4)	-114.5	-452.5	-450.0	-359.2	-498.8
Adjusted shareholders' equity (S\$ m)	12,295.2	12,268.2	13,213.2	14,519.7	14,874.4
No of ordinary shares (m)	2,965.0	2,967.5	2,970.6	2,970.6	2,970.6
Adjusted BVPS (S\$)	4.15	4.13	4.45	4.89	5.01

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Our adjusted BVPS calculations

SIA issued the first **S\$3.5bn** tranche of the mandatory convertible bonds (MCBs) on 8 June 2020, and issued a second **S\$6.2bn** MCB tranche on 24 June 2021, for a total of **S\$9.7bn**.

On 8 December 2022, SIA redeemed the entire first tranche of **S\$3.5bn** together with accreted interest up to the date of redemption, leaving only the second tranche MCBs of S\$6.2bn outstanding currently.

On 10 May 2023, SIA announced that it will redeem a further **S\$3.1bn** of the MCBs on 26 June 2023, representing half of the second MCB tranche, at a cumulative yield of 4% p.a. from the time of issue. This redemption has been completed, and SIA has redeemed a cumulative **S\$6.6bn**, or 68% of the original MCB issuance of S\$9.7bn.

After 24 June 2023, there will remain only **S\$3.1bn** MCBs outstanding:

- If redeemed before its 4th anniversary on 24 June 2025, SIA will pay a yield of 4% p.a. from the time of issue;
- If redeemed before the 7th anniversary on 24 June 2028, SIA will pay a yield of 5% p.a. from the time of issue; and
- If redeemed before 8 June 2030 (approximately the 9th anniversary), SIA will pay a yield of 6% p.a. from the time of issue.

Scenario 1 is the base case that we have used to calculate SIA's BVPS and therefore our target price, in which we treat the remaining S\$3.1bn second tranche MCB (post-24 June 2023) as wholly equity, in line with the accounting treatment adopted by SIA.

Our *Scenario 2* BVPS calculations:

- Treat the remaining S\$3.1bn MCBs as wholly debt (although the accounting treatment sees it as wholly equity) on the assumption that SIA will endeavour to redeem the MCBs before their 4th anniversaries (but certainly before their maturities on 8 June 2030), or will refinance them using other sources of debt; and
- Deduct an assumed 4% yield-to-maturity (YTM) on the MCBs since they are treated as debt.

We ignore potential dilution from conversion of MCBs into new ordinary shares

While the MCBs are potentially EPS- and BVPS-dilutive because they entail a potential future issue of new ordinary shares (at the conversion price of S\$4.84), we have not factored in an increase in the number of shares for the purposes of deriving our target price for SIA under Scenario 1. This is because the MCBs can only be converted on one specific day, i.e. 8 June 2030, which is the maturity date of both tranches of MCBs; a conversion date that is seven years away is beyond the decision-making horizon of many investors, in our view.

Earnings revisions ►

Figure 5: Earnings revision

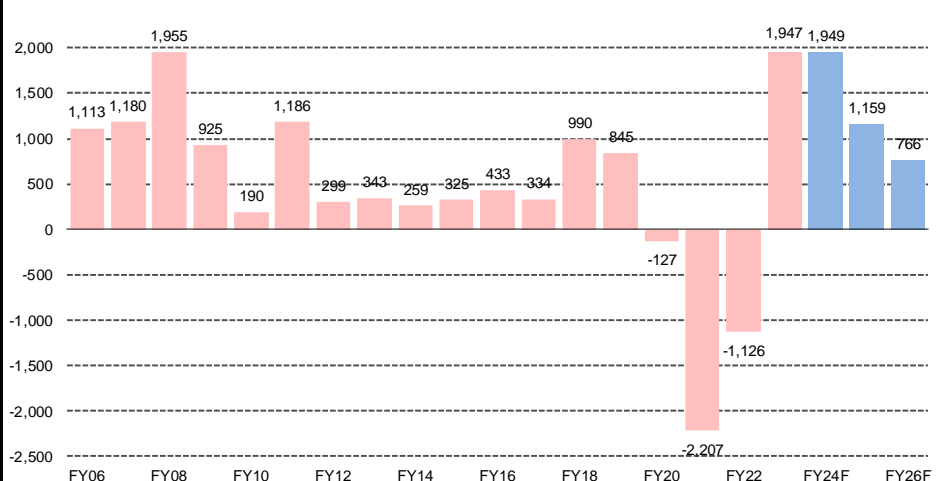
RM m	2023A	2024F			2025F			2026F		
		Old	New	chg	Old	New	chg	Old	New	chg
Revenue	17,775	18,490	18,674	1%	17,996	18,026	0%	18,269	18,235	0%
EBITDA	4,697	4,783	5,074	6%	3,736	3,864	3%	3,139	3,198	2%
Reported PBT	2,637	3,391	3,673	8%	1,460	1,567	7%	1,023	1,051	3%
Core pretax profit	2,381	1,974	2,252	14%	1,310	1,417	8%	879	906	3%
Reported net profit	2,157	2,948	3,185	8%	1,193	1,283	8%	867	890	3%
Reported EPS	0.73	0.99	1.07	8%	0.40	0.43	8%	0.29	0.30	3%
Core net profit	1,947	1,712	1,949	14%	1,069	1,159	8%	743	766	3%
Core EPS	0.66	0.58	0.66	14%	0.36	0.39	8%	0.25	0.26	3%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 6: Reconciliation of SIA's attributable net profit to core net profit (S\$ m)

	Reference	FY21	FY22	FY23	FY24F	FY25F	FY26F
Attributable net profit		-4,270.7	-962.0	2,156.8	3,184.8	1,283.0	890.1
Remove: Exceptionals	a	2,122.0	13.5	-37.6	-1,112.0	0.0	0.0
Less: MCB yield	b	-58.3	-177.5	-172.2	-123.9	-123.9	-123.9
Core net profit		-2,207.0	-1,126.0	1,947.0	1,948.8	1,159.1	766.2
Breakdown of exceptionals	a	-2,122.0	-13.5	37.6	1,112.0	0.0	0.0
- Related to NokScoot closure		-17.4	0.0	0.0	0.0	0.0	0.0
- Impairment of aircraft		-1,734.3	-50.5	57.2	0.0	0.0	0.0
- Other impairments		-218.7	-13.7	-12.3	0.0	0.0	0.0
- Headcount rationalisation		-44.7	0.8	0.0	0.0	0.0	0.0
- Surplus on aircraft disposals		-27.0	85.9	-7.3	0.0	0.0	0.0
- Disposal of Vistara		0.0	0.0	0.0	1,112.0	0.0	0.0
- Others		-79.9	-36.0	0.0	0.0	0.0	0.0
Mandatory Convertible Bond (MCB yield)							
Year-end outstanding value (S\$ m)		3,496.1	9,692.9	6,196.8	3,098.4	3,098.4	3,098.4
Proportion assumed treated as debt (%)		50.0%	50.0%	50.0%	100.0%	100.0%	100.0%
Assumed debt portion (S\$ m)		1,748.1	4,846.5	3,098.4	3,098.4	3,098.4	3,098.4
Average outstanding balance (S\$ m)		1,456.7	3,813.7	4,305.3	3,098.4	3,098.4	3,098.4
Assumed yield (%)		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Assumed yield (S\$ m)	b	58.3	152.5	172.2	123.9	123.9	123.9

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 7: SIA group core net profit (S\$ m)


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Our core net profit forecast of **S\$1,949m** in FY24F includes an estimated **S\$527m** share of Air India's net loss (none in FY23), on the basis that SIA will complete the sale of its 49% interest in Vistara to Air India in exchange for a 25% stake in Air India and then write-off its equity contribution to Air India and unaccounted equity losses in Vistara. Without this S\$527m share of loss, our forecast of SIA's core net profit in FY24F is **S\$2.5bn**, higher than FY23's **S\$1.9bn**, as RPK demand growth and lower jet fuel prices offset pax yield moderation and decline in cargo

profits. Our reported net profit forecast in FY24F is **S\$3.2bn**, after including S\$1.1bn in estimated exceptional gain from the sale of Vistara to Air India.

Key assumptions ►

Our assumptions for SIA mainline (SQ) have been changed as follows:

- FY24F PLF increased from 86% to 88%;
- FY25F PLF increased from 85% to 86%; and
- FY26F PLF increased from 85% to 85.5%.

Figure 8: Estimates for SIA (full-service carrier) passenger airline ASK capacity, RPK demand, PLF, and yield

	SIA ASK capacity (m)		As a percentage of the CY19 base		SIA RPK demand (m)		As a percentage of the CY19 base		SIA passenger load factor (%)		SIA passenger yield (Scts/RPK)	
	Yoy change		Yoy change		Yoy change		Yoy change		Yoy change		Yoy change	
CY 2019	141,536		118,458		83.7%		10.18					
FY 3/20	137,765		112,330	94.8%	81.5%		10.03					
FY 3/21	19,493	-85.9%	2,669	2.3%	13.7%	-67.8%	20.98	109.1%				
FY 3/22	58,748	201.4%	19,178	16.2%	32.6%	19.0%	13.07	-37.7%				
FY 3/23	106,099	80.6%	91,025	76.8%	85.8%	53.1%	12.70	-2.8%				
FY 3/24F	123,136	16.1%	108,360	91.5%	88.0%	2.2%	12.32	-3.0%				
FY 3/25F	130,213	5.7%	111,983	94.5%	86.0%	-2.0%	11.58	-6.0%				
FY 3/26F	140,121	7.6%	119,803	101.1%	85.5%	-0.5%	11.23	-3.0%				

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Our assumptions for Scoot (TR) have been changed as follows:

- FY24F PLF increased from 88% to 90%;
- FY25F PLF increased from 86% to 88%; and
- FY26F PLF increased from 85% to 87%.

Figure 9: Estimates for Scoot (low-cost carrier) passenger airline ASK capacity, RPK demand, PLF, and yield

	Scoot ASK capacity (m)		As a percentage of the CY19 base		Scoot RPK demand (m)		As a percentage of the CY19 base		Scoot passenger load factor (%)		Scoot passenger yield (Scts/RPK)	
	Yoy change		Yoy change		Yoy change		Yoy change		Yoy change		Yoy change	
CY 2019	35,530		30,662		86.3%		5.65					
FY 3/20	33,446		28,669	93.5%	85.7%		5.60					
FY 3/21	2,228	-93.3%	222	0.7%	9.9%	-75.8%	54.98	881.7%				
FY 3/22	9,822	340.8%	1,487	4.8%	15.1%	5.2%	19.97	-63.7%				
FY 3/23	26,933	174.2%	22,603	73.7%	83.9%	68.8%	8.20	-58.9%				
FY 3/24F	37,306	38.5%	33,575	109.5%	90.0%	6.1%	7.38	-10.0%				
FY 3/25F	37,306	0.0%	32,829	107.1%	88.0%	-2.0%	6.64	-10.0%				
FY 3/26F	38,017	1.9%	33,075	107.9%	87.0%	-1.0%	5.98	-10.0%				

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Consequently, our assumptions for the SIA group of passenger airlines have been changed as follows:

- FY24F RPK demand increased 2.3% to 141,936m, with PLF increased from 86.5% to 88.5%;
- FY25F RPK demand increased 1.4% to 144,813m, with PLF increased from 85.2% to 86.4%; and
- FY26F RPK demand increased 1% to 152,878m, with PLF increased from 85% to 85.8%.

Figure 10: Estimates for SIA group (SIA full-service carrier and Scoot) passenger airline ASK capacity, RPK demand, PLF, and yield

	SIA group ASK capacity (m)		As a percentage of the CY19 base		SIA group RPK demand (m)		As a percentage of the CY19 base		SIA group passenger load factor (%)		SIA group passenger yield (Scts/RPK)	
	Yoy change				Yoy change				Yoy change (% pts)		Yoy change (% pts)	
CY 2019		177,066				149,120				84.2%		9.24
FY 3/20		171,211		96.7%		140,999		94.6%		82.4%		9.14
FY 3/21	-87.3%	21,721	12.3%		-97.9%	2,891	1.9%		-69.0%	13.3%	23.58	157.9%
FY 3/22	215.7%	68,570	38.7%		614.9%	20,665	13.9%		16.8%	30.1%	13.56	-42.5%
FY 3/23	94.0%	133,032	75.1%		449.9%	113,628	76.2%		55.3%	85.4%	11.76	-13.3%
FY 3/24F	20.6%	160,442	90.6%		24.9%	141,936	95.2%		3.1%	88.5%	11.15	-5.1%
FY 3/25F	4.4%	167,519	94.6%		2.0%	144,813	97.1%		-2.0%	86.4%	10.46	-6.2%
FY 3/26F	6.3%	178,137	100.6%		5.6%	152,878	102.5%		-0.6%	85.8%	0.00	0.0%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Our assumptions for the cargo business have been changed to reflect lower yields:

- FY24F cargo yield reduced 8.3% to 40.16 Scts/RFTK;
- FY25F cargo yield reduced 8.4% to 35.34 Scts/RFTK; and
- FY26F cargo yield reduced 8.3% to 31.10 Scts/RFTK.

Figure 11: Estimates for Cargo's AFTK capacity, RFTK demand, CLF, and yield

	Cargo AFTK capacity (m)		As a percentage of the CY19 base		Cargo RFTK demand (m)		As a percentage of the CY19 base		Cargo load factor (%)		Cargo yield (Scts/RFTK)	
	Yoy change				Yoy change				Yoy change (% pts)		Yoy change (% pts)	
CY 2019		11,143				6,605				59.3%		29.85
FY 3/20		10,778		96.7%		6,389		96.7%		59.3%		30.50
FY 3/21	-55.5%	4,795	43.0%		-35.6%	4,112	62.3%		26.5%	85.8%	65.90	116.1%
FY 3/22	50.1%	7,195	64.6%		44.5%	5,941	89.9%		-3.2%	82.6%	73.02	10.8%
FY 3/23	-4.3%	6,887	61.8%		-32.0%	4,038	61.1%		-23.9%	58.6%	73.02	0.0%
FY 3/24F	40.8%	9,695	87.0%		20.0%	4,847	73.4%		-8.6%	50.0%	40.16	-45.0%
FY 3/25F	9.2%	10,586	95.0%		9.2%	5,293	80.1%		0.0%	50.0%	35.34	-12.0%
FY 3/26F	5.3%	11,143	100.0%		5.3%	5,572	84.4%		0.0%	50.0%	31.10	-12.0%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Key assumptions - SIA group

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F
Full-service carrier (FSC)											
FSC ASK (m km)	127,484	127,749	129,493	135,218	137,765	19,493	58,748	106,099	123,136	130,213	140,121
Change in ASK (%)	-0.7%	0.2%	1.4%	4.4%	1.9%	-85.9%	201.4%	80.6%	16.1%	5.7%	7.6%
FSC RPK (m km)	100,784	100,052	104,199	111,512	112,330	2,669	19,178	91,025	108,360	111,983	119,803
Change in RPK (%)	0.7%	-0.7%	4.1%	7.0%	0.7%	-97.6%	618.5%	374.6%	19.0%	3.3%	7.0%
FSC Load Factor	79.1%	78.3%	80.5%	82.5%	81.5%	13.7%	32.6%	85.8%	88.0%	86.0%	85.5%
FSC Pax Yield (Scts/RPK)	10.79	10.49	10.30	10.16	10.05	20.98	13.07	12.70	12.32	11.58	11.23
Change in yield (%)	-5.0%	-2.7%	-1.8%	-1.4%	-1.1%	108.7%	-37.7%	-2.8%	-3.0%	-6.0%	-3.0%
Scoot											
Scoot ASK (m km)	21,733	26,793	29,888	34,389	33,446	2,228	9,822	26,933	37,306	37,306	38,017
Change in ASK (%)		23.3%	11.6%	15.1%	-2.7%	-93.3%	340.8%	174.2%	38.5%	0.0%	1.9%
Scoot RPK (m km)	18,225	22,084	25,600	29,326	28,669	222	1,487	22,603	33,575	32,829	33,075
Change in RPK (%)		21.2%	15.9%	14.6%	-2.2%	-99.2%	570.9%	1420.2%	48.5%	-2.2%	0.7%
Scoot Load Factor	83.9%	82.4%	85.7%	85.3%	85.7%	9.9%	15.1%	83.9%	90.0%	88.0%	87.0%
Scoot Pax Yield (Scts/RPK)	6.41	5.90	5.80	5.70	5.60	54.98	19.97	8.20	7.38	6.64	5.98
Change in yield (%)	0.0%	-7.9%	-1.7%	-1.7%	-1.8%	881.7%	-63.7%	-58.9%	-10.0%	-10.0%	-10.0%
SIA Cargo											
Cargo AFTK (m km)	10,513	10,912	11,127	11,210	10,778	4,795	7,195	6,887	9,695	10,586	11,143
Change in AFTK (%)	4.9%	3.8%	2.0%	0.8%	-3.9%	-55.5%	50.1%	-4.3%	40.8%	9.2%	5.3%
Cargo FTK (m km)	6,511	6,896	7,260	7,007	6,389	4,112	5,941	4,038	4,847	5,293	5,572
Change in LTK (%)	2.6%	5.9%	5.3%	-3.5%	-8.8%	-35.6%	44.5%	-32.0%	20.0%	9.2%	5.3%
Cargo Load Factor	61.9%	63.2%	65.3%	62.5%	59.3%	85.8%	82.6%	58.6%	50.0%	50.0%	50.0%
Cargo Yield (Scts/FTK)	29.00	25.90	28.20	31.70	30.50	65.90	73.02	73.02	40.16	35.34	31.10
Change in yield (%)	-11.6%	-10.7%	8.9%	12.4%	-3.8%	116.1%	10.8%	0.0%	-45.0%	-12.0%	-12.0%
Fuel price (US\$/barrel)											
Spot Brent crude price (average)	48.2	49.8	57.6	70.2	63.0	49.6	80.0	95.6	80.0	78.0	78.0
Spot jet fuel price (average)	58.3	58.4	67.9	82.2	74.5	53.7	85.1	123.8	95.0	93.0	93.0
Hedged jet fuel price (average)	84.3	68.9	68.9	78.5	81.9	92.2	76.8	115.8	96.5	96.7	97.0

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Our fuel price assumptions remain unchanged in this report, with spot Brent prices assumed at US\$80/bbl in FY24F and US\$78/bbl for FY25-26F.

We have retained our assumption of a US\$15/bbl crack spread between Brent and jet fuel, leading to spot jet fuel price assumptions of US\$95/bbl in FY24F and US\$93/bbl for FY25-26F.

The 'hedged jet fuel price' (last line of the table above) of c.US\$97/bbl for all forecast years is our assumption of the all-in cost of jet fuel for SIA, taking into account the hedging position, as well as commissions to be paid to jet fuel suppliers.

SIA's latest fuel hedging guidance ➤

Figure 13: SIA's latest fuel hedging position (as disclosed on 17 May 2023)

Fuel Hedging Position (as at 5 May 2023)	Percentage Hedged (%)		Average Hedged Price (USD/BBL)	
	Brent	MOPS	Brent	MOPS
Q1 FY23/24 [^]	40	-	60	-
Q2 - Q4 FY23/24	10	29	79	93
Q1 - Q3 FY24/25	10	2	75	88

[^] These hedges were contracted prior to Covid-19 as part of the Group's long-term fuel hedging programme

SOURCE: COMPANY REPORTS

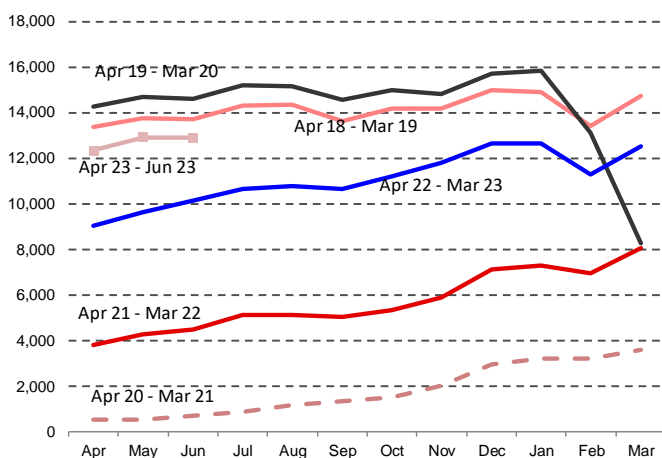
For 1QFY24F, SIA hedged 40% of its expected fuel consumption at an exercise price of US\$60/bbl Brent.

For 2QFY24F to 4QFY24F, SIA hedged 10% of its expected fuel consumption at an exercise price of US\$79/bbl Brent, and a further 29% at an exercise price of US\$93/bbl Mean of Platts Singapore (MOPS) jet fuel.

For 1QFY25F to 3QFY25F, SIA hedged 10% of its expected fuel consumption at an exercise price of US\$75/bbl Brent, and a further 2% at an exercise price of US\$88/bbl Mean of Platts Singapore (MOPS) jet fuel.

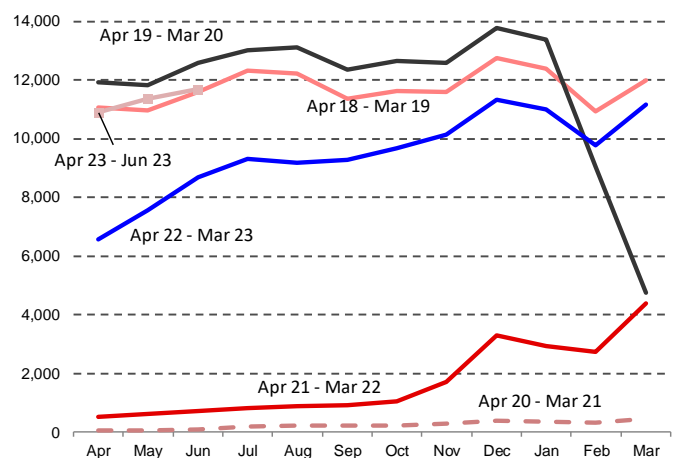
Group passenger airline business ➤

Figure 14: SIA group's passenger capacity in ASK (m)



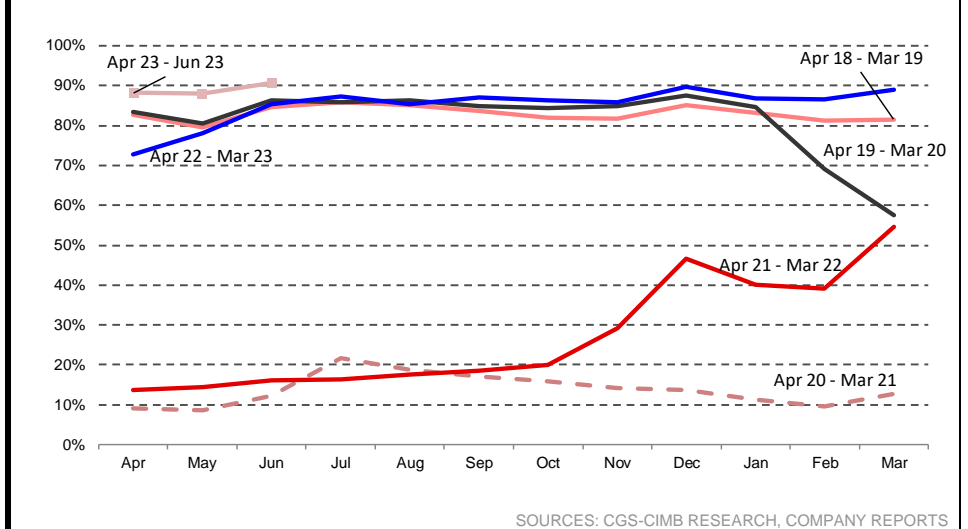
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 15: SIA group's passenger traffic in RPK (m)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 16: SIA group's passenger load factors (%)



Air cargo business

Figure 17: SIA's cargo capacity in AFTK (m)

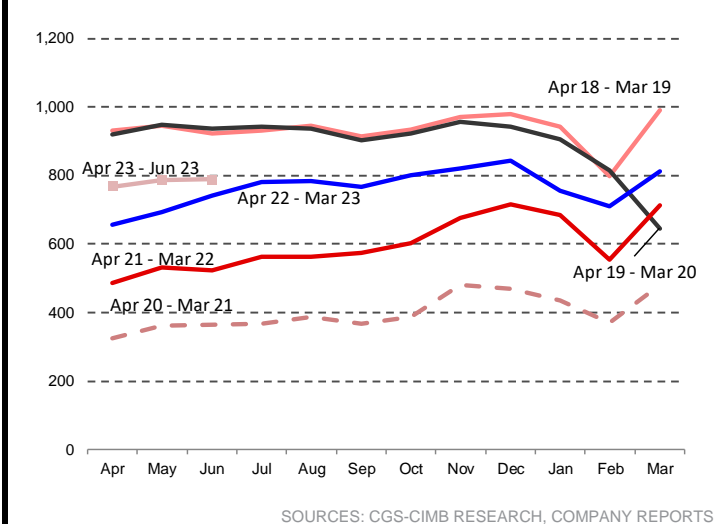


Figure 18: SIA's cargo traffic in RFTK (m)

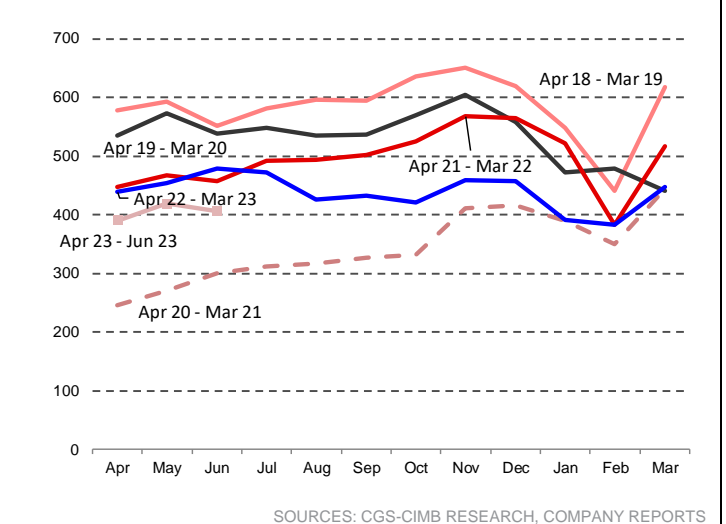
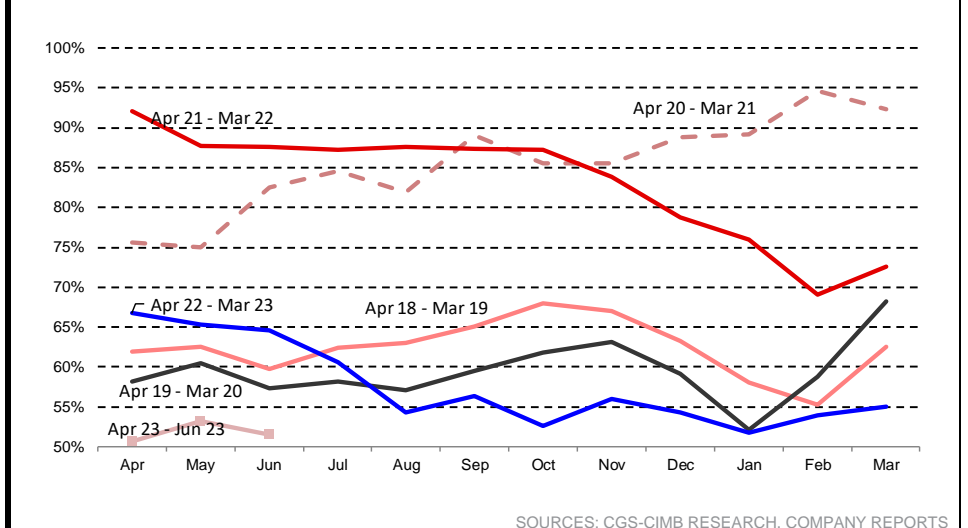


Figure 19: SIA's cargo load factors (%)



Further information on the results ►

Figure 20: Quarterly segmental breakdown

	1QFY24	1QFY23	yoy % chg	4QFY23	qoq % chg	Comments
Revenue (S\$ m)	4,479.0	3,911.0	14.5%	4,512.3	-0.7%	Revenue fell qoq on lower cargo and Scoot revenues.
- SIA and SilkAir (FSC)	3,137.9	2,390.1	31.3%	3,013.7	4.1%	SIA demand increase more than offset lower yields qoq.
- Scoot (LCC)	544.0	283.9	91.6%	588.8	-7.6%	Scoot yield drop more than offset RPK growth qoq.
- Cargo	542.1	1,096.4	-50.6%	643.9	-15.8%	Cargo demand and yields both fell qoq.
- Others (SIAEC etc.)	255.0	140.5	81.5%	265.9	-4.1%	
Core EBITDA (S\$ m)	1,260.9	1,049.7	20.1%	1,211.5	4.1%	Core EBITDA rose qoq due to lower jet fuel prices.
Core EBITDA margin (%)	28.2%	26.8%	1.3%	26.8%	1.3%	
Core EBIT (S\$ m)	755.0	556.0	35.8%	702.7	7.4%	Group core EBIT rose qoq due to lower jet fuel prices.
- SIA and SilkAir (FSC)	664.7	92.7	617.4%	514.6	29.2%	SIA RASK rose qoq.
- Scoot (LCC)	24.0	-51.9	-146.2%	53.3	-55.0%	Scoot RASK fell qoq.
- Cargo	73.3	531.6	-86.2%	142.2	-48.5%	Cargo unit revenue fell qoq.
- SIA Engineering	0.0	-4.0	-100.0%	-3.0	-100.0%	
- Others	-7.0	-12.4	-43.5%	-4.4	59.1%	
Core EBIT margin (%)	16.9%	14.2%	2.6%	15.6%	1.3%	
- SIA and SilkAir (FSC)	21.2%	3.9%	17.3%	17.1%	4.1%	
- Scoot (LCC)	4.4%	-18.3%	22.7%	9.1%	-4.6%	
- Cargo	13.5%	48.5%	-35.0%	22.1%	-8.6%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

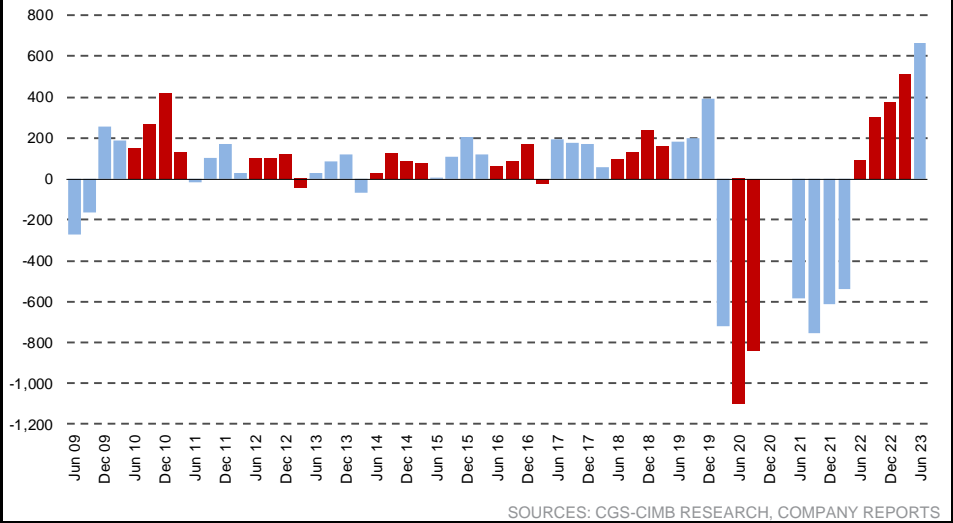
Full-service carrier business ►

Figure 21: Operating metrics - Full-service carriers (FSC)

	1QFY24	1QFY23	yoy % chg	4QFY23	qoq % chg	Comments
SIA & SilkAir (FSC)						
ASK (m)	29,427	23,575	24.8%	28,379	3.7%	ASK and RPK both increased due to strong demand at the start of the summer travel season, leading to higher PLF.
RPK (m)	25,933	19,432	33.5%	24,502	5.8%	
Passenger load factor (%)	88.1%	82.4%	5.7%	86.3%	1.8%	
Break-even load factor (%)	71.1%	81.3%	-10.2%	76.4%	-5.4%	Breakeven load factor fell qoq due to the lower qoq jet fuel costs, leading to a widening of the positive spread qoq.
Spread (%)	17.1%	1.1%	15.9%	9.9%	7.1%	
Passengers carried (000)	5,476	3,839	42.6%	5,001	9.5%	
RASK (cts/ASK)	10.66	10.14	5.2%	10.62	0.4%	RASK rose slightly qoq due to higher PLF offsetting lower yields.
Passenger yield (cts/ASK)	12.10	12.30	-1.6%	12.30	-1.6%	
Pax unit costs (cts/ASK)	8.60	10.00	-14.0%	9.40	-8.5%	CASK fell qoq due to lower jet fuel prices.
Unit profit (cts/ASK)	2.06	0.14	1391.3%	1.22	69.3%	Unit profit rose qoq.
Core FSC revenue (S\$ m)	3,137.9	2,390.1	31.3%	3,013.7	4.1%	
Core FSC cost (S\$ m)	-2,530.7	-2,357.5	7.3%	-2,667.9	-5.1%	Core EBIT rose qoq, due to higher RASK and lower CASK
Core FSC EBIT (S\$ m)	607.2	32.6	1761.4%	345.8	75.6%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 22: SIA mainline and SilkAir FSC business - quarterly operating profit (\$\$ m)
(bars are grouped by colour according to financial year)



Note: the FSC business booked a forex translation loss of more than S\$200m in 3QFY23; excluding this item, 3QFY23 operating profit would have been at least S\$573m, in our estimate. 4QFY23 operating profit was S\$515m, down qoq against the 3QFY23 if we strip out the forex loss.

Figure 23: SIA mainline and SilkAir FSC: passenger and breakeven load factors (%), and spreads (% pts)

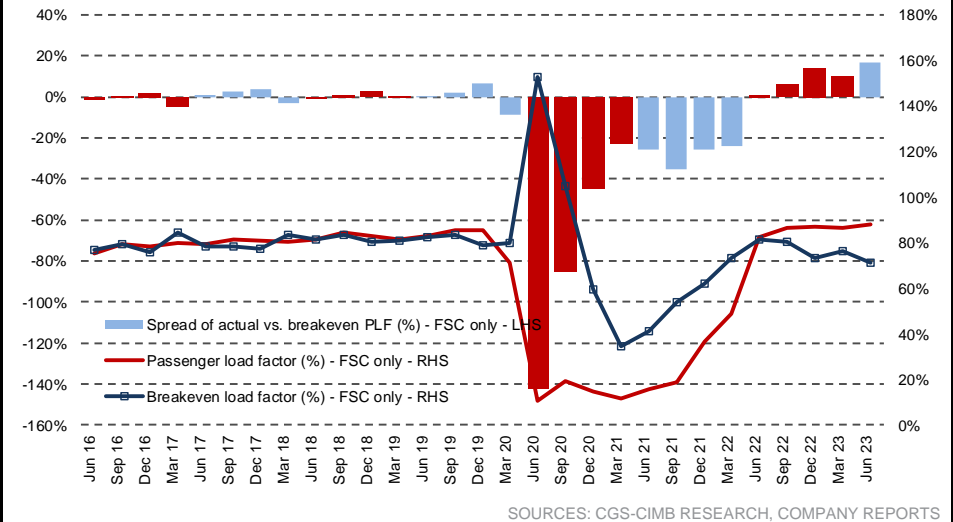
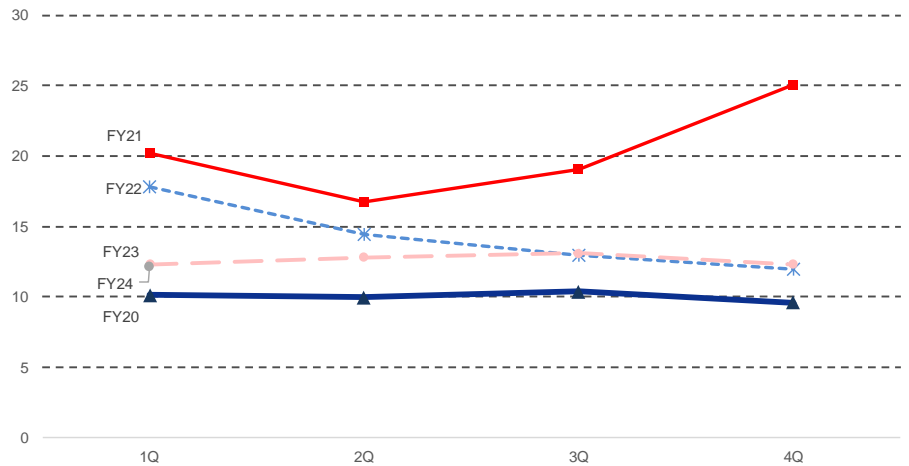
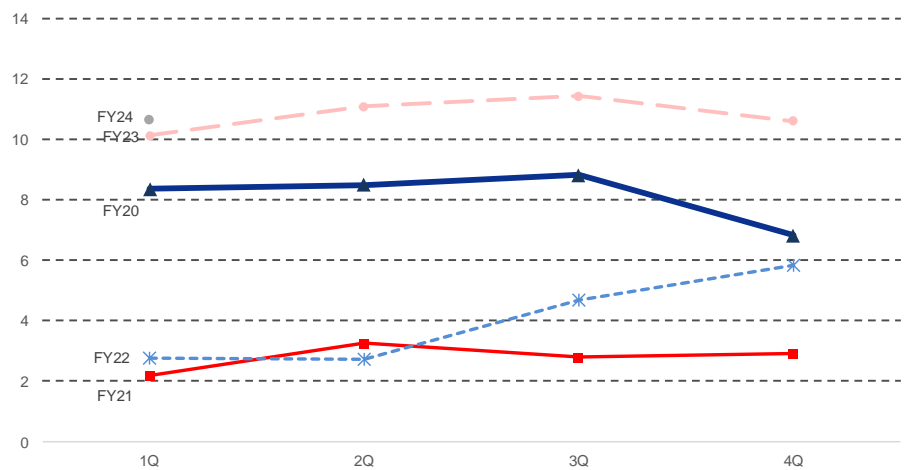


Figure 24: SIA mainline FSC: Passenger yields (Scts/RPK)



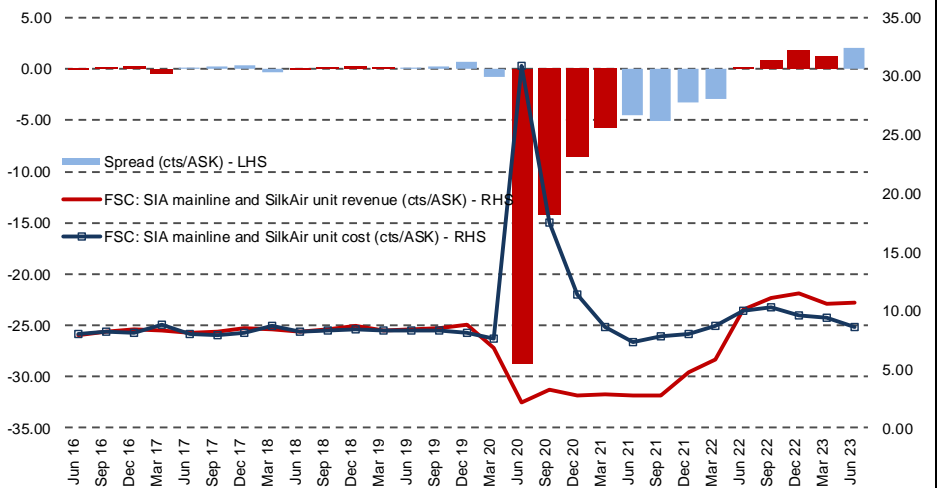
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 25: SIA mainline FSC: Passenger RASK (Scts/ASK)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 26: SIA mainline and SilkAir FSC: spread between unit revenue and unit cost (cents/ASK)



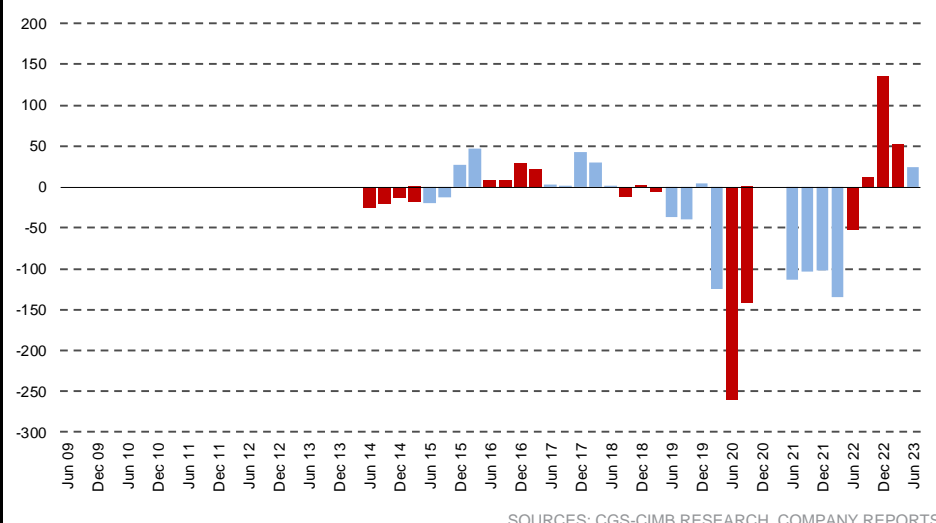
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Low-cost carrier business ➤

Figure 27: Operating metrics - Low-cost carrier (LCC)

	1QFY24	1QFY23	yoy % chg	4QFY23	qoq % chg	Comments
Scout (LCC)						
ASK (m)	8,724	5,244	66.4%	8,109	7.6%	ASK and RPK recovered on qoq basis, with PLF also rising.
RPK (m)	8,000	3,340	nm	7,424	7.8%	
Passenger load factor (%)	91.7%	63.7%	28.0%	91.5%	0.2%	
Break-even load factor (%)	89.7%	75.3%	14.4%	85.5%	4.2%	Breakeven load factor rose qoq due to the qoq fall in yields,
Spread (%)	2.0%	-11.6%	13.6%	6.1%	-4.1%	which more than offset the qoq fall in unit costs. The positive spread narrowed qoq.
Passengers carried (000)	2,960	1,257	nm	2,723	8.7%	
RASK (cts/ASK)	6.30	5.40	16.7%	7.26	-13.2%	RASK fell qoq due to lower yields, offset by higher PLF.
Passenger yield (cts/RPK)	6.80	8.50	-20.0%	7.93	-14.3%	Yields fell qoq.
Pax unit costs (cts/ASK)	6.10	6.40	-4.7%	6.78	-10.0%	CASK fell qoq due to lower jet fuel prices.
Unit profit (cts/ASK)	0.20	-1.00	-120.0%	0.48	-58.4%	
Core Scout revenue (S\$ m)	544.0	283.9	91.6%	588.8	-7.6%	
Core Scout cost (S\$ m)	-532.1	-335.6	58.6%	-549.8	-3.2%	
Core Scout EBIT (S\$ m)	11.9	-51.7	-122.9%	39.0	-69.6%	Core EBIT fell qoq.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 28: Scout LCC - quarterly operating profit (S\$ m) (bars are grouped by colour according to financial year)


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Note: the LCC business booked a forex translation gain of S\$42m in 3QFY23; excluding this item, 3QFY23 operating profit would have been S\$93m. The 4QFY23 core operating profit was S\$53m, down qoq due to higher unit costs, but would not have declined qoq by as much as shown in the chart above.

Figure 29: Scoot LCC: passenger and breakeven load factors (%), and spreads (% pts)

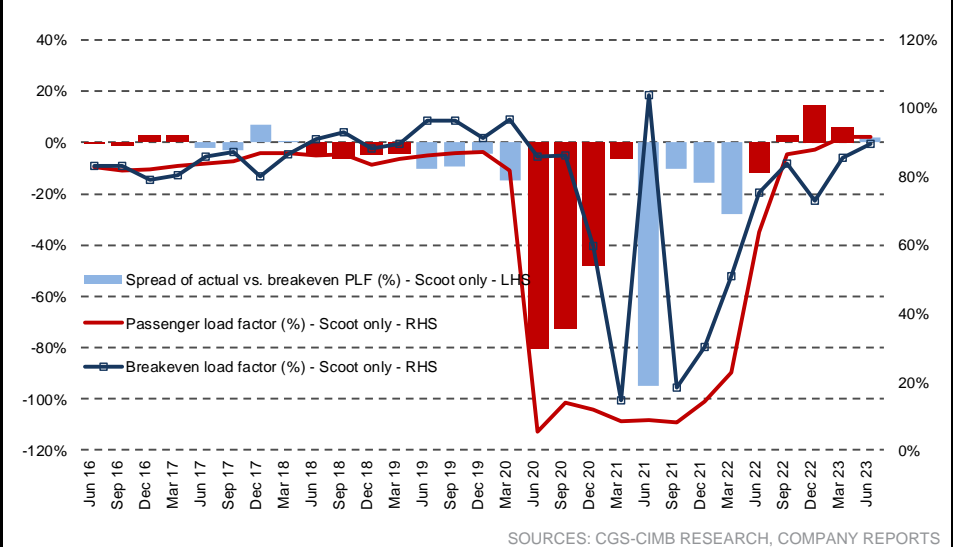


Figure 30: Scoot LCC: Passenger yields (Scts/RPK)

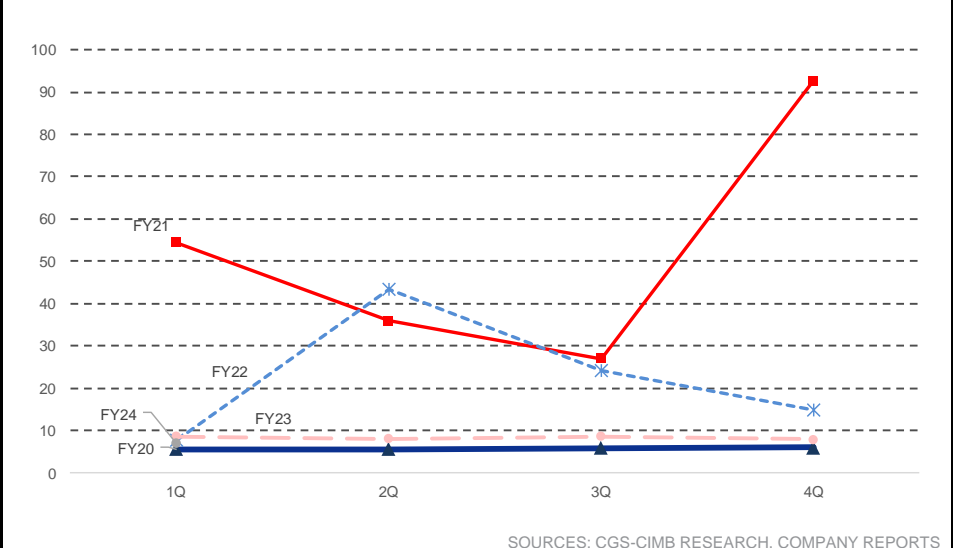


Figure 31: Scoot LCC: Passenger RASK (Scts/ASK)

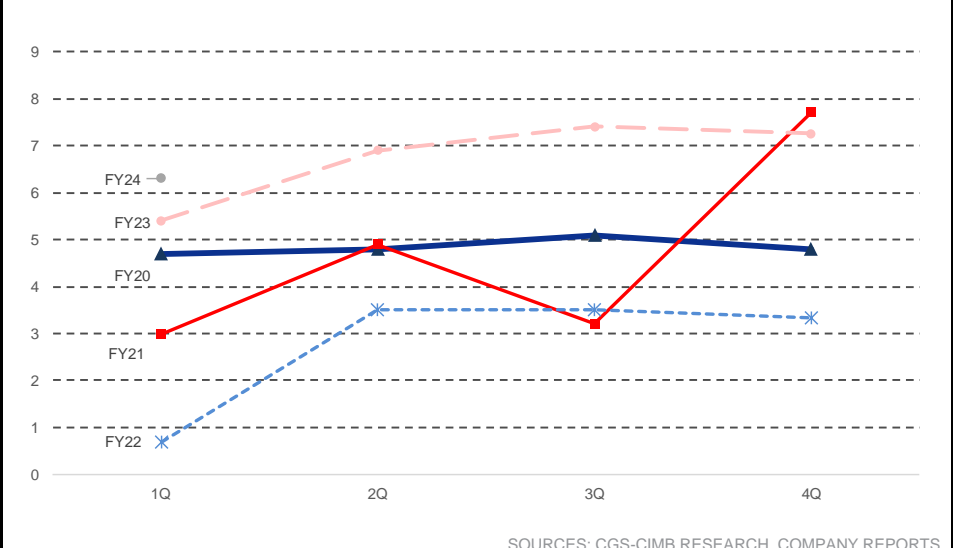
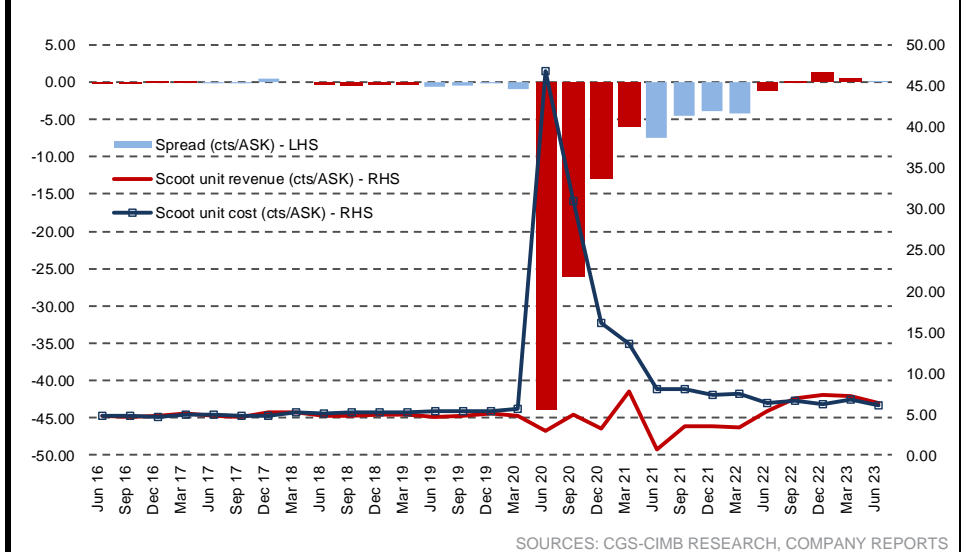


Figure 32: Scoot LCC: spread between unit revenue and unit cost (cents/ASK)



Cargo business ➤

Figure 33: Operating metrics - SIA Cargo

	1QFY24	1QFY23	yoy % chg	4QFY23	qoq % chg	Comments
Cargo business						
AFTK (m)	2,344	2,092	12.1%	2,279	2.9%	AFTK rose qoq due to more passenger bellyhold capacity, but
FTK (m)	1,216	1,371	-11.3%	1,222	-0.6%	FTK declined qoq due to weakness in air freight demand, causing CLF to fell qoq.
Cargo load factor (%)	51.8%	65.5%	-13.7%	53.6%	-1.8%	
Break-even load factor (%)	44.8%	33.8%	11.1%	41.8%	3.1%	Breakeven CLF rose qoq due to lower yields which more than offset lower unit costs. The positive spread narrowed qoq.
Spread (%)	7.0%	31.8%	-24.8%	11.9%	-4.8%	
Cargo carried (m kg)	214	240	-10.6%	215	-0.3%	
RAFTK (cts/AFTK)	23.12	52.42	-55.9%	28.25	-18.2%	Revenue per unit of capacity fell qoq due to lower CLF and lower cargo yields.
Cargo yield (cts/FTK)	44.60	80.00	-44.3%	52.67	-15.3%	
Cargo unit costs (cts/AFTK)	20.00	27.00	-25.9%	22.01	-9.1%	Cargo unit costs fell qoq due to lower jet fuel prices.
Unit profit (cts/AFTK)	3.12	25.42	-87.7%	6.24	-49.9%	
Core cargo revenue (S\$ m)	542.1	1,096.4	-50.6%	643.9	-15.8%	
Core cargo cost (S\$ m)	-468.9	-564.8	-17.0%	-501.6	-6.5%	SIA Cargo's EBIT fell qoq due to lower RAFTK, partially offset by lower unit costs.
Core cargo EBIT (S\$ m)	73.3	531.6	-86.2%	142.2	-48.5%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 34: Cargo - quarterly operating profit (S\$ m) (bars are grouped by colour according to financial year)

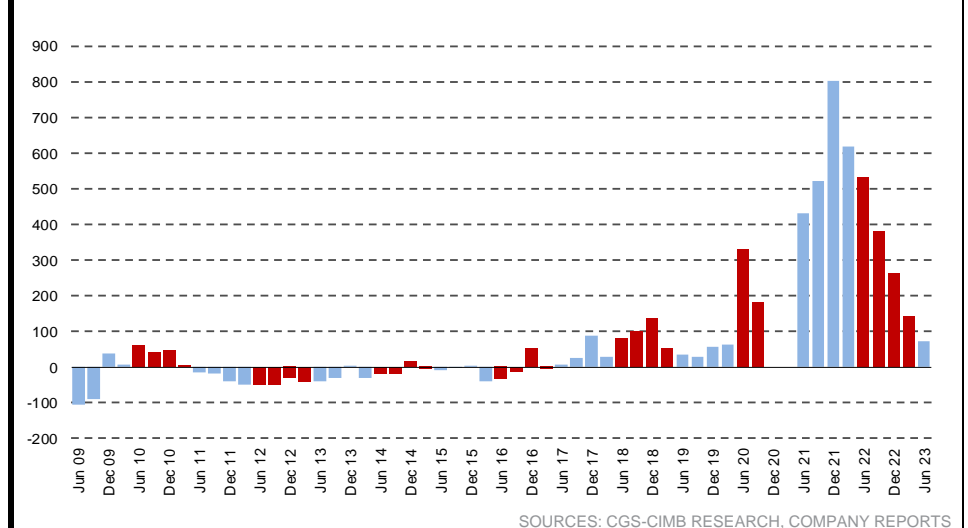
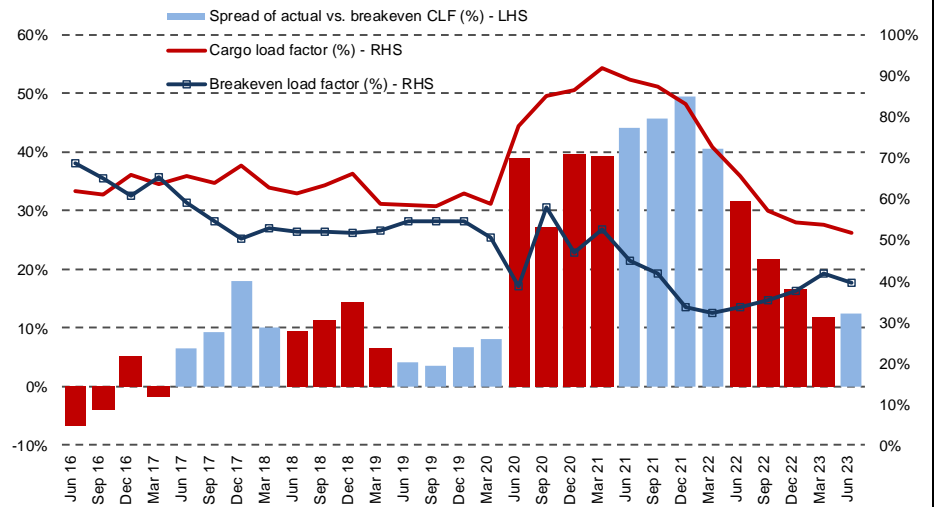
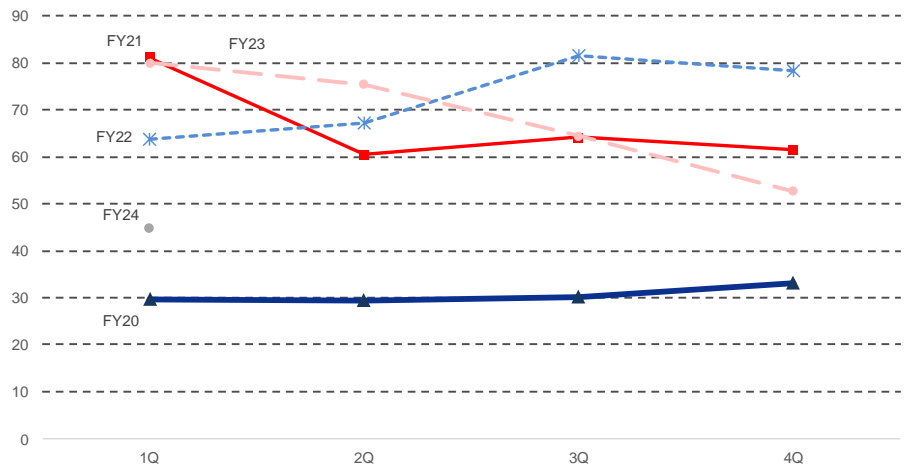


Figure 35: Cargo load factor and breakeven load factor (%), and spreads (% pts)



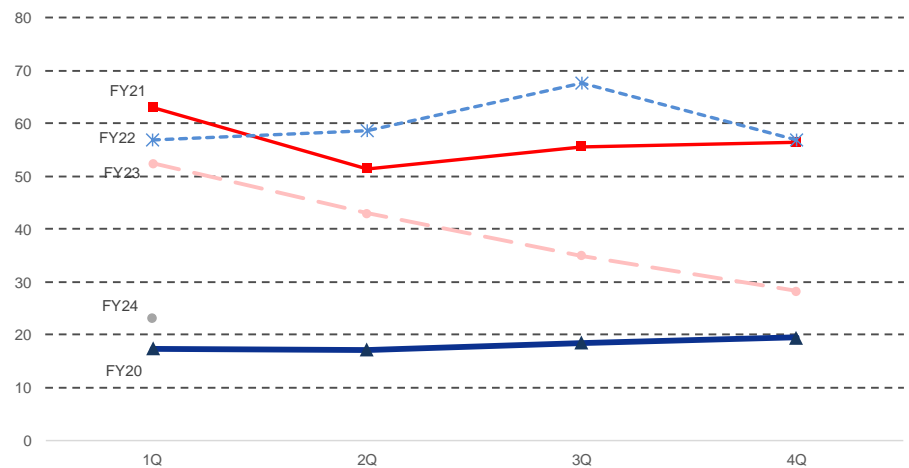
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 36: Cargo yields (Scts/RFTK)



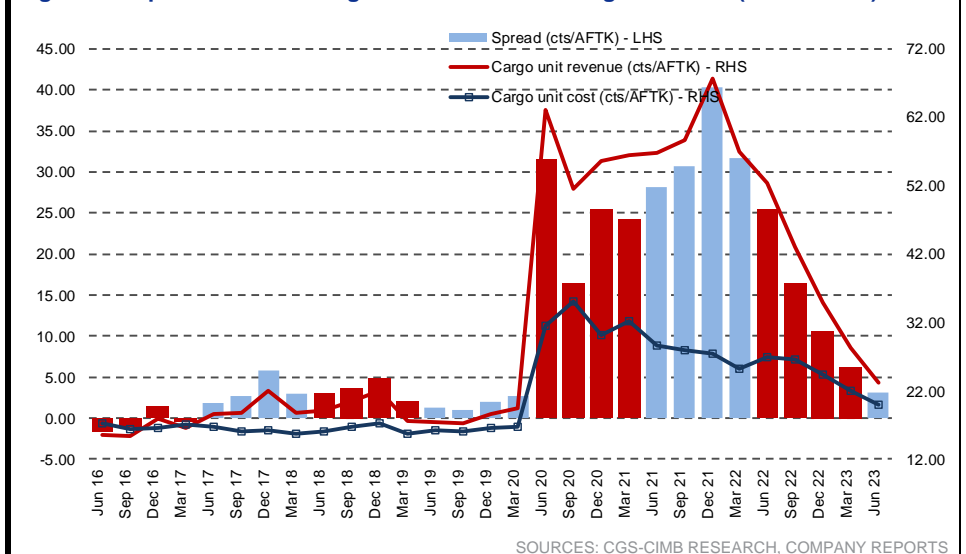
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 37: Cargo RAFTK (Scts/AFTK)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 38: Spread between cargo unit revenue and cargo unit cost (cents/AFTK)



Sequential quarterly tables ▶

Figure 39: Quarterly results

FYE Mar (S\$ m)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Revenue	1,295.0	1,531.9	2,316.0	2,471.9	3,911.0	4,505.5	4,846.0	4,512.3	4,479.0
EBIT	(274.0)	(345.4)	76.0	(101.8)	556.0	678.4	755.0	702.7	755.0
Exceptionals	-	(42.7)	-	29.2	-	15.3	-	22.3	-
Pretax profit	-	-	-	-	-	-	-	-	-
Net profit	(409.0)	(427.8)	85.0	(210.2)	370.0	556.9	628.0	601.9	734.0
Core net profit	(426.5)	(438.7)	31.4	(292.2)	321.7	492.7	583.5	549.0	703.1
EPS (cts)	(13.8)	(14.4)	2.9	(7.1)	12.5	18.7	21.1	20.3	#DIV/0!
Core EPS (cts)	(14.4)	(14.8)	1.1	(9.8)	10.8	16.6	19.6	18.5	#DIV/0!

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 40: Quarterly operating metrics - passenger airlines

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
SIA & SilkAir (FSC)									
ASK (m)	11,084	13,094	15,675	18,895	23,575	26,074	28,071	28,379	29,427
RPK (m)	1,724	2,484	5,711	9,259	19,432	22,587	24,504	24,502	25,933
Passenger load factor (%)	15.6%	19.0%	36.4%	49.0%	82.4%	86.6%	87.3%	86.3%	88.1%
Break-even load factor (%)	41.0%	54.2%	62.0%	73.2%	81.3%	80.5%	73.3%	76.4%	71.1%
Spread (%)	-25.5%	-35.2%	-25.6%	-24.2%	1.1%	6.2%	14.0%	9.9%	17.1%
Passengers carried (000)	312	398	966	1,711	3,839	4,390	4,924	5,001	5,476
RASK (cts/ASK)	2.77	2.73	4.70	5.85	10.14	11.09	11.44	10.62	10.66
Passenger yield (cents/RPK)	17.80	14.40	12.90	11.93	12.30	12.80	13.10	12.30	12.10
Pax unit costs (cents/ASK)	7.30	7.80	8.00	8.73	10.00	10.30	9.60	9.40	8.60
Unit profit (cents/ASK)	-4.53	-5.07	-3.30	-2.89	0.14	0.79	1.84	1.22	2.06
Core FSC revenue (S\$ m)	306.9	357.7	736.7	1,104.6	2,390.1	2,891.2	3,210.0	3,013.7	3,137.9
Core FSC cost (S\$ m)	-809.1	-1,021.3	-1,254.0	-1,649.9	-2,357.5	-2,685.7	-2,694.8	-2,667.9	-2,530.7
Core FSC EBIT (S\$ m)	-502.3	-663.6	-517.3	-545.4	32.6	205.5	515.2	345.8	607.2
Scout passenger business									
ASK (m)	1,487	2,183	2,698	3,454	5,244	6,002	7,578	8,109	8,724
RPK (m)	133	179	389	787	3,340	5,189	6,650	7,424	8,000
Passenger load factor (%)	8.9%	8.2%	14.4%	22.8%	63.7%	86.5%	87.8%	91.5%	91.7%
Break-even load factor (%)	103.8%	18.5%	30.3%	50.9%	75.3%	83.8%	72.9%	85.5%	89.7%
Spread (%)	-94.9%	-10.3%	-15.9%	-28.1%	-11.6%	2.7%	14.8%	6.1%	2.0%
Passengers carried (000)	50	68	122	261	1,257	1,912	2,440	2,723	2,960
RASK (cts/ASK)	0.70	3.50	3.50	3.35	5.40	6.90	7.40	7.26	6.30
Passenger yield (cents/RPK)	7.80	43.30	24.10	14.69	8.50	8.00	8.50	7.93	6.80
Pax unit costs (cents/ASK)	8.10	8.00	7.30	7.48	6.40	6.70	6.20	6.78	6.10
Unit profit (cents/ASK)	-7.40	-4.50	-3.80	-4.13	-1.00	0.20	1.20	0.48	0.20
Core Scout revenue (S\$ m)	10.4	77.4	93.7	115.6	283.9	415.1	565.2	588.8	544.0
Core Scout cost (S\$ m)	-120.4	-174.6	-196.9	-258.3	-335.6	-402.1	-469.8	-549.8	-532.1
Core Scout EBIT (S\$ m)	-110.1	-97.3	-103.3	-142.7	-51.7	13.0	95.4	39.0	11.9

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 41: Quarterly operating metrics - SIA Cargo


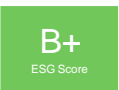

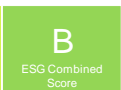


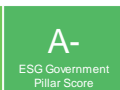
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Cargo business									
AFTK (m)	1,542	1,704	1,995	1,955	2,092	2,332	2,463	2,279	2,344
FTK (m)	1,373	1,489	1,657	1,422	1,371	1,330	1,338	1,222	1,216
Cargo load factor (%)	89.1%	87.4%	83.1%	72.7%	65.5%	57.0%	54.3%	53.6%	51.8%
Break-even load factor (%)	45.0%	41.7%	33.6%	32.2%	33.8%	35.3%	37.7%	41.8%	44.8%
Spread (%)	44.1%	45.7%	49.4%	40.6%	31.8%	21.8%	16.6%	11.9%	7.0%
Cargo carried (m kg)	243.0	268.8	285.4	248.8	239.5	235.0	233.8	214.7	214.1
RAFTK (cts/AFTK)	56.8	58.6	67.7	56.9	52.4	43.0	35.0	28.3	23.1
Cargo yield (cts/FTK)	63.8	67.1	81.5	78.3	80.0	75.4	64.4	52.7	44.6
Cargo unit costs (cts/AFTK)	28.7	28.0	27.4	25.2	27.0	26.6	24.3	22.0	20.0
Unit profit (cts/AFTK)	28.1	30.6	40.3	31.7	25.4	16.4	10.7	6.2	3.1
Core cargo revenue (S\$ m)	875.8	999.2	1,350.6	1,112.7	1,096.4	1,003.0	861.5	643.9	542.1
Core cargo cost (S\$ m)	-442.4	-477.0	-546.7	-492.1	-564.8	-620.2	-598.5	-501.6	-468.9
Core cargo EBIT (S\$ m)	433.4	522.2	803.9	620.5	531.6	382.7	262.9	142.2	73.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 42: Quarterly segmental breakdown

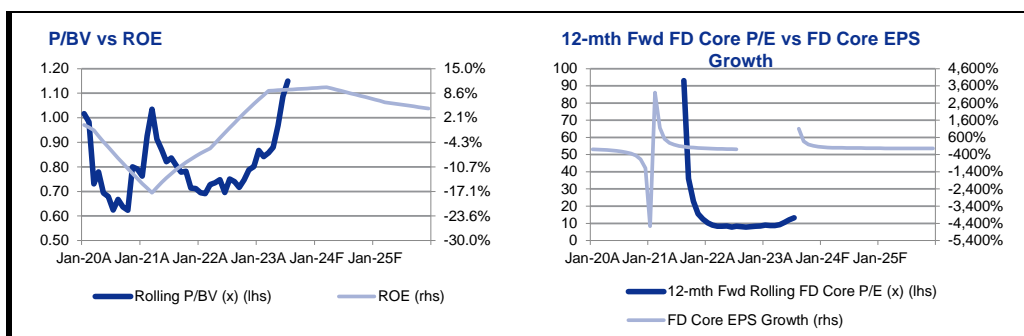
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Revenue (S\$ m)	1,295.0	1,531.9	2,316.0	2,471.9	3,911.0	4,505.5	4,846.0	4,512.3	4,479.0
- SIA and SilkAir (FSC)	306.9	357.7	736.7	1,104.6	2,390.1	2,891.2	3,210.0	3,013.7	3,137.9
- Scoot (LCC)	10.4	77.4	93.7	115.6	283.9	415.1	565.2	588.8	544.0
- Cargo	875.8	999.2	1,350.6	1,112.7	1,096.4	1,003.0	861.5	643.9	542.1
- Others (SIAEC etc.)	101.9	97.6	135.0	139.1	140.5	196.2	209.3	265.9	255.0
Core EBITDA (S\$ m)	203.9	132.5	562.0	384.2	1,049.7	1,172.1	1,263.8	1,211.5	1,260.9
Core EBITDA margin (%)	15.7%	8.6%	24.3%	15.5%	26.8%	26.0%	26.1%	26.8%	28.2%
Core EBIT (S\$ m)	-274.0	-345.4	76.0	-101.8	556.0	678.4	755.0	702.7	755.0
- SIA and SilkAir (FSC)	-586.0	-756.1	-613.9	-535.9	92.7	301.4	373.1	514.6	664.7
- Scoot (LCC)	-113.8	-103.2	-102.1	-134.5	-51.9	11.7	135.0	53.3	24.0
- Cargo	433.4	522.2	803.9	620.5	531.6	382.7	262.9	142.2	73.3
- SIA Engineering	-2.9	-3.8	-7.9	-7.3	-4.0	-6.8	-12.5	-3.0	0.0
- Others	-4.7	-4.5	-4.0	-44.6	-12.4	-10.6	-3.5	-4.4	-7.0
Core EBIT margin (%)	-21.2%	-22.5%	3.3%	-4.1%	14.2%	15.1%	15.6%	15.6%	16.9%
- SIA and SilkAir (FSC)	-191.0%	-211.3%	-83.3%	-48.5%	3.9%	10.4%	11.6%	17.1%	21.2%
- Scoot (LCC)	-1099.5%	-133.4%	-109.0%	-116.4%	-18.3%	2.8%	23.9%	9.1%	4.4%
- Cargo	49.5%	52.3%	59.5%	55.8%	48.5%	38.2%	30.5%	22.1%	13.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Refinitiv ESG Scores	
	
     	
<p>ESG in a nutshell</p> <p>SIA is one of the world's premier airlines and takes great pride in improving its ESG credentials. Its standards of service and care to passengers are excellent and its measures to protect the health and safety of its crew and passengers during the Covid-19 pandemic have been recognised as one of the best in the world by the International Air Transport Association. SIA has also set a target to achieve net zero carbon emissions by 2050F and is a participant in the International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).</p>	
<p>Keep your eye on</p> <p>SIA announced in May 2021 that it had set a target to achieve net zero carbon emissions by 2050 and that it will continue its ongoing efforts to move in this direction. In order to reduce carbon emissions, SIA said it can employ three strategies: 1) reduce fuel consumption, 2) reduce the carbon intensity of its fuels, and 3) offset its emissions by purchasing carbon credits.</p>	<p>Implications</p> <p>To reduce fuel consumption, SIA said it will employ various levers, such as renewing its fleet with fuel-efficient aircraft, keeping its fleet young, and increasing the operational efficiency of its flying operations. Reducing fuel consumption not only serves SIA's ESG goals but also reduces SIA's operational expenses and benefits the bottomline. SIA plans to gradually increase its use of sustainable aviation fuels (SAF), which can reduce the lifecycle greenhouse gas (GHG) emissions by up to 80%. For the residual carbon emissions, SIA plans to purchase high-quality carbon credits.</p>
<p>ESG highlights</p> <p>Singapore has signed up for ICAO's CORSIA scheme, which took effect on a voluntary basis from 2021 until 2026. From 2027 onwards, it will be mandatory for airlines of participating countries to offset their carbon emissions. Carbon emissions above the 2019 baseline on international flights between countries that have chosen to participate in CORSIA will have to be offset from 2027.</p>	<p>Implications</p> <p>The SIA group of airlines (SIA, Scoot, and the air freight operations) generated 16.3m tonnes of Scope 1 CO2 emissions in FY20, which most closely corresponds to the 2019 base calendar year for the CORSIA scheme. Airline CO2 emissions fell to 4 mtCO2 in FY21 from the impact of Covid-19, but partially recovered to 7.8 mtCO2 in FY22. We do not expect SIA to exceed FY20 emissions until FY25F (CY24F) or later if SIA improves its carbon efficiency and increases its use of SAF. We expect SIA to pass on the cost of SAF and the cost of purchasing carbon credits to its customers via higher ticket prices.</p>
<p>Trends</p> <p>SIA is aware that it will have to improve its ESG credentials to remain in the good books of its customers who are paying increasing attention to global warming. In this regard, from June 2021, SIA empowered its customers by giving them an option to reduce their individual carbon footprint by purchasing carbon offsets that will be used to support verified projects that reduce carbon emissions, protect endangered species, and empower developing communities.</p>	<p>Implications</p> <p>SIA has been the airline partner of the <i>Hutan Harapan</i> Initiative, an ecosystem restoration concession that covers nearly 100,000 hectares of tropical rainforest in Sumatra, Indonesia, since 2010. SIA has also introduced a new short-haul economy class meal concept that uses recyclable paper and bamboo cutlery to reduce plastic use. Food wastage is reduced using digital planning technologies. SIA has also installed 20,000 solar panels at its offices, generating 10,200 MWh of clean energy annually. These measures to reduce SIA's environmental footprint may help the group maintain high ESG ratings, which may have positive implications for SIA's stock market valuations.</p>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	7,615	17,775	18,674	18,026	18,235
Gross Profit	1,907	5,817	6,124	4,864	4,198
Operating EBITDA	1,282	4,697	5,074	3,864	3,198
Depreciation And Amortisation	-1,928	-2,005	-2,023	-2,034	-2,109
Operating EBIT	-645	2,692	3,051	1,830	1,088
Financial Income/(Expense)	-346	-7	-68	-122	-153
Pretax Income/(Loss) from Assoc.	-116	-31	-427	-146	110
Non-Operating Income/(Expense)	31	-54	5	5	5
Profit Before Tax (pre-EI)	-1,077	2,599	2,561	1,567	1,051
Exceptional Items	-14	38	1,112	0	0
Pre-tax Profit	-1,090	2,637	3,673	1,567	1,051
Taxation	142	-474	-478	-274	-151
Exceptional Income - post-tax					
Profit After Tax	-948	2,163	3,195	1,293	900
Minority Interests	-14	-7	-10	-10	-10
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	-962	2,157	3,185	1,283	890
Recurring Net Profit	-1,126	1,947	1,949	1,159	766
Fully Diluted Recurring Net Profit	-1,126	1,947	1,949	1,159	766

Cash Flow

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	1,282	4,697	5,074	3,864	3,198
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,519	4,037	92	207	241
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	249	402	8	8	0
Net Interest (Paid)/Received	0	0	0	0	0
Tax Paid	-8	-5	-478	-274	-151
Cashflow From Operations	3,042	9,130	4,696	3,805	3,289
Capex	-3,049	-1,602	-2,300	-3,400	-4,300
Disposals Of FAs/subsidiaries	728	1,185	-1,240	0	0
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	74	283	0	0	0
Cash Flow From Investing	-2,247	-134	-3,540	-3,400	-4,300
Debt Raised/(repaid)	-754	-1,722	172	179	186
Proceeds From Issue Of Shares	6,197	-3,860	-3,354	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	0	-299	-1,129	-1,040	-654
Preferred Dividends					
Other Financing Cashflow	-283	-333	-63	-117	-148
Cash Flow From Financing	5,160	-6,213	-4,374	-978	-615
Total Cash Generated	5,955	2,783	-3,218	-573	-1,627
Free Cashflow To Equity	41	7,274	1,327	584	-826
Free Cashflow To Firm	795	8,996	1,156	405	-1,011

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	13,763	16,328	13,109	12,536	10,909
Total Debtors	1,566	1,193	1,253	1,210	1,224
Inventories	187	227	236	246	261
Total Other Current Assets	2,172	1,552	1,544	1,537	1,537
Total Current Assets	17,688	19,299	16,143	15,528	13,931
Fixed Assets	27,861	27,687	27,964	29,329	31,520
Total Investments	2,819	1,817	3,742	3,596	3,706
Intangible Assets	303	298	298	298	298
Total Other Non-Current Assets	0	0	0	0	0
Total Non-current Assets	30,983	29,802	32,003	33,223	35,524
Short-term Debt	607	2,548	2,548	2,548	2,548
Current Portion of Long-Term Debt					
Total Creditors	2,733	4,040	4,201	4,375	4,645
Other Current Liabilities	4,529	7,083	7,083	7,083	7,083
Total Current Liabilities	7,869	13,671	13,832	14,006	14,276
Total Long-term Debt	13,737	11,371	11,542	11,721	11,906
Hybrid Debt - Debt Component	783	804	804	804	804
Total Other Non-Current Liabilities	3,482	3,006	3,006	3,006	3,006
Total Non-current Liabilities	18,002	15,181	15,352	15,531	15,716
Total Provisions	0	0	0	0	0
Total Liabilities	25,871	28,851	29,184	29,536	29,993
Shareholders' Equity	22,412	19,858	18,560	18,804	19,040
Minority Interests	389	392	402	412	422
Total Equity	22,800	20,250	18,962	19,215	19,462

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	100%	133%	5%	(3%)	1%
Operating EBITDA Growth	N/A	266%	8%	(24%)	(17%)
Operating EBITDA Margin	16.8%	26.4%	27.2%	21.4%	17.5%
Net Cash Per Share (\$\$)	-0.46	0.54	-0.60	-0.85	-1.46
BVPS (\$\$)	7.55	6.68	6.25	6.33	6.41
Gross Interest Cover	-1.65	6.41	7.00	4.13	2.44
Effective Tax Rate	0.0%	18.0%	13.0%	17.5%	14.3%
Net Dividend Payout Ratio	NA	53.3%	54.5%	50.9%	46.7%
Accounts Receivables Days	60.06	28.33	23.97	24.93	24.35
Inventory Days	12.22	6.32	6.75	6.68	6.59
Accounts Payables Days	155.1	103.4	120.2	118.9	117.3
ROIC (%)	(2.8%)	10.8%	15.4%	9.1%	5.1%
ROCE (%)	(1.76%)	8.52%	9.93%	6.31%	4.00%
Return On Average Assets	(1.37%)	4.36%	4.42%	2.92%	2.14%

Key Drivers

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
SIA mainline ASK (m)	58,747.8	106,099.3	123,136.4	130,213.2	140,120.7
SIA mainline RPK (m)	19,177.7	91,025.2	108,360.0	111,983.4	119,803.2
SIA mainline PLF (%)	32.6%	85.8%	88.0%	86.0%	85.5%
SIA mainline yield (Scts/RPK)	13.1	12.7	12.3	11.6	11.2

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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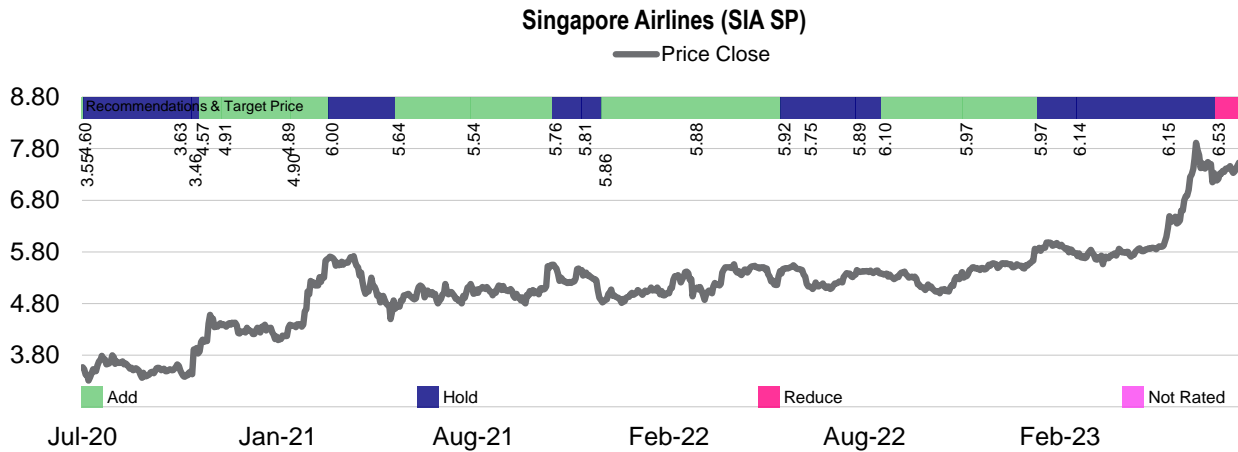
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2023		
632 companies under coverage for quarter ended on 30 June 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	65.3%	0.9%
Hold	25.8%	0.3%
Reduce	8.9%	0.0%

Spitzer Chart for stock being researched (2 year data)



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Add The stock's total return is expected to exceed 10% over the next 12 months.

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