

Singapore

HOLD (previously ADD)

Consensus ratings*: Buy 4 Hold 5 Sell 3

Current price:	S\$7.37
Target price:	S\$7.30
Previous target:	S\$6.91
Up/downside:	-0.9%
CGSI / Consensus:	1.7%
Reuters:	SIAL.SI
Bloomberg:	SIA SP
Market cap:	US\$16,285m
	S\$21,921m
Average daily turnover:	US\$22.42m
	S\$30.14m
Current shares o/s:	2,974m
Free float:	40.0%

*Source: Bloomberg

Key changes in this note

- FY24-26F core net profit forecasts reduced 9-15% as we adjust our cargo yields lower to reflect the lacklustre cargo performance in 3QFY24.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	13.4	18.1	27.5
Relative (%)	10.5	13.8	29.5

Major shareholders	% held
Temasek	55.7

Analyst(s)

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Singapore Airlines

Good quarterly profit, but below expectations

- 3QFY3/24 core net profit of S\$628m was below our 9 Jan preview of S\$800m as cargo yields failed to materially rise qoq as we had expected.
- We cut our earnings estimates to reflect this, and downgrade from Add to Hold as SIA's share price has risen strongly over the past three months.
- Our TP is raised to S\$7.30, based on SIA's 2023 peak P/BV multiple of 1.3x, up from 1.2x previously (2 s.d. above P/BV mean since 2011).

SIA's cargo yields did not track the Baltic Index upwards

Singapore Airlines' (SIA) 3QFY3/24 core net profit of S\$628m was down 3.2% qoq, contrary to our forecast of a qoq increase. Passenger ASK, RPK, yield and RASK metrics were stronger qoq due to the year-end peak travel season, closely hewing to our expectations. But cargo yields in the Oct-Dec 2023 quarter only rose 2.8% qoq, although the Baltic Exchange Air Freight Index (BEAFI), which tracks cargo yields between HK and Europe/US, rose 30% qoq. This dichotomy was the main reason why our 3Q preview was not met. SIA's post-results analyst briefing tomorrow morning may shed light on the reason for the weak qoq cargo yield growth. Another reason for the core net profit shortfall was a 10.5% qoq increase in non-fuel costs per ATK capacity, which may also be somewhat related to the peak travel season. With 3QFY24 core net profit below our expectations, and given that the Jan-Mar period traditionally sees weaker passenger and cargo demand compared to the immediately preceding Oct-Dec period, we cut our FY24F core earnings forecast by 9% with a downward cargo yield adjustment and a minor upward revision to jet fuel price forecasts, given that spot fuel prices have been rising of late.

Bloomberg consensus' expectations may have run ahead of reality

In its results release, SIA guided for demand for air travel to remain healthy in 4QFY24F and 1QFY25F, stating that "forward sales continue to be robust, in line with capacity increases in most markets, supported by the demand for leisure travel through the school holidays and Easter peak in Mar and Apr 2024F." This suggests that passenger load factors would continue to sustain at high levels in the near term, not least supported by key events in Singapore, such as the Singapore Airshow in Feb and the Taylor Swift concerts in Mar. However, we think that these positives have been well reflected in its share price, and the street may have run ahead of what SIA can reasonably deliver. Bloomberg consensus is forecasting FY24F PATAMI of S\$3.15bn, and our forecast of S\$2.7bn is 16% lower. SIA has guided for passenger yield normalisation to continue as its competitors gradually restore their flight capacities. SQ and TR pax yields have been falling yoy for at least the past three quarters, and we have assumed continued moderation in the forecast period. Meanwhile, cargo yields have been falling yoy for the past five quarters; while 3QFY24 cargo yields remain 33% higher than the pre-Covid 3QFY20, they are now 51% lower than the 3QFY22 peak. Hence, we downgrade to Hold. Upside risks: higher-than-expected final DPS (we have assumed 38 Scts); better-than-expected PLF and passenger yields. Downside risks: rising competition and pressure on both passenger and cargo yield; rising oil prices on worsening geopolitical risks.

Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (S\$m)	7,615	17,775	18,919	18,686	18,643
Operating EBITDA (S\$m)	1,282	4,697	4,999	4,065	3,654
Net Profit (S\$m)	-962	2,157	2,681	1,785	1,336
Core EPS (S\$)	-0.38	0.65	0.87	0.58	0.43
Core EPS Growth	(52.7%)		33.0%	(33.1%)	(26.0%)
FD Core P/E (x)	NA	11.33	8.52	12.72	17.21
DPS (S\$)	0.00	0.38	0.48	0.35	0.27
Dividend Yield	0.00%	5.16%	6.52%	4.75%	3.66%
EV/EBITDA (x)	18.41	4.40	5.12	6.51	7.74
P/FCFE (x)	535.8	3.0	16.8	29.7	NA
Net Gearing	6.0%	(7.9%)	19.6%	23.9%	33.9%
P/BV (x)	0.98	1.10	1.34	1.31	1.29
ROE	(5.9%)	9.1%	14.2%	10.4%	7.6%
% Change In Core EPS Estimates			(9.0%)	(12.0%)	(15.4%)
EPS/Consensus EPS (x)			0.96	1.08	0.86

SOURCES: CGSI RESEARCH, COMPANY REPORTS

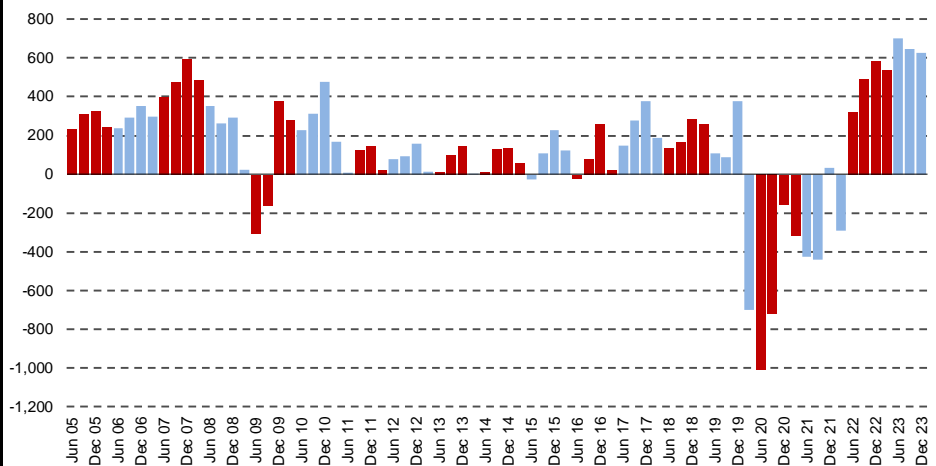
Results comparison tables ►

Figure 1: Headline quarterly numbers

FYE Mar (\$\$ m)	3QFY24	3QFY23	yoy % chg	2QFY24	qoq % chg	3QFY24 Cum	3QFY23 Cum	yoy % chg	Prev. FY24F	Comments
Revenue	5,082	4,846	4.9	4,683	8.5	14,244	13,263	7.4	19,180	Group revenue rose 8.5% qoq due to the year-end travel peak and higher cargo revenue.
Less: Operating costs	(4,473)	(4,091)	9.3	(3,884)	15.2	(12,082)	(11,273)	7.2	(15,908)	Op costs rose by 15.2% qoq, more than revenue growth, due to rise in fuel and non-fuel costs.
- Net fuel cost	(1,454)	(1,333)	9.1	(1,230)	18.2	(3,737)	(4,029)	(7.2)	(5,615)	Fuel costs rose 18% qoq due to higher fuel consumption, lower hedging gains, and higher jet fuel prices.
* Fuel cost before hedging	(1,541)	(1,529)	0.8	(1,373)	12.2	(4,068)	(4,642)	(12.4)		
* Hedging gain/(loss)	87	196	nm	143	(39.2)	331	613	(46.0)		
- Fuel hedging ineffectiveness	-	-	-	-	-	-	-	-	-	
- Fuel derivative mark-to-market changes	-	-	-	-	-	-	-	-	-	
- Non-fuel costs	(3,019)	(2,758)	9.5	(2,654)	13.8	(8,345)	(7,244)	15.2	(10,293)	Non-fuel costs rose 14% qoq, outpacing the 3% qoq rise in ATK capacity; non-fuel cost per ATK rose 10.5% qoq.
Operating profit (EBIT)	609	755	(19.3)	799	(23.8)	2,163	1,989	8.7	3,273	SIA group EBIT profit fell 24% qoq as higher revenue was more than offset by higher fuel and non-fuel costs.
Exceptional items	-	-	-	28	nm	28	15	83.7	-	Surplus on disposal of aircraft, spares and spare engines reported for 1HFY24.
Attributable profit	659	628	4.9	707	(6.8)	2,100	1,555	35.1	2,934	
Reconciliation to core net profit										
Attributable profit	659	628	4.9	707	(6.8)	2,100	1,555	35.1	2,934	PATAMI fell 6.8% qoq, less than the EBIT drop of 24% qoq, as SIA booked prior year tax credits into 3QFY24.
Remove: Exceptionals	-	-	-	(28)	-	(28)	(15)	-	-	
Deduct: MCB yields as if they were debt	(31)	(47)	-	(31)	-	(93)	(145)	-	(108)	We include a deduction for the MCB coupon in our calculation of core net profit
Core net profit/(loss)	628	581	8.1	648	(3.2)	1,979	1,395	41.9	2,826	Core net profit declined 3.2% qoq (assuming the surplus on disposal of aircraft is allocated to 2QFY24), due to lower EBIT, partially offset by prior year tax credits.

SOURCES: CGSI RESEARCH, COMPANY REPORTS

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



SOURCES: CGSI 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
 ATK: Available Tonne Kilometres, combined measure of both passenger and cargo seat capacity
 MTM: Mark-to-market gains/losses from fuel hedges and other derivatives

Valuation and recommendation ►

We downgrade our recommendation on SIA from Add to **Hold**, as the share price has risen by 14.6% since our Add upgrade on 9 Jan 2024, as it has exceeded both our previous target price of S\$6.91 and our new target price of S\$7.30. However, the forecast FY24F dividend yield of 6.5% may provide near-term support.

Our new target price of **S\$7.30** is based on a CY24F P/BV multiple of 1.3x, which broadly coincides with SIA's peak P/BV trading multiple in mid-2023 when SIA's share price also traded above S\$7; a P/BV multiple of 1.3x also corresponds to 2.5 s.d. above the P/BV mean since 2011. Our previous target price of S\$6.91 was based on a CY24F P/BV multiple of 1.2x, or 2 s.d. above the P/BV mean since 2011.

Upside risks over the next six months include SIA sustaining higher-than-expected PLF and passenger yields, lower-than-expected oil prices, and higher-than-expected final DPS declaration in May 2024F in conjunction with the release of its full-year FY24F results. We have assumed a final DPS of 38 Scts (reduced from our earlier 40 Scts because of the earnings downgrade for FY24F).

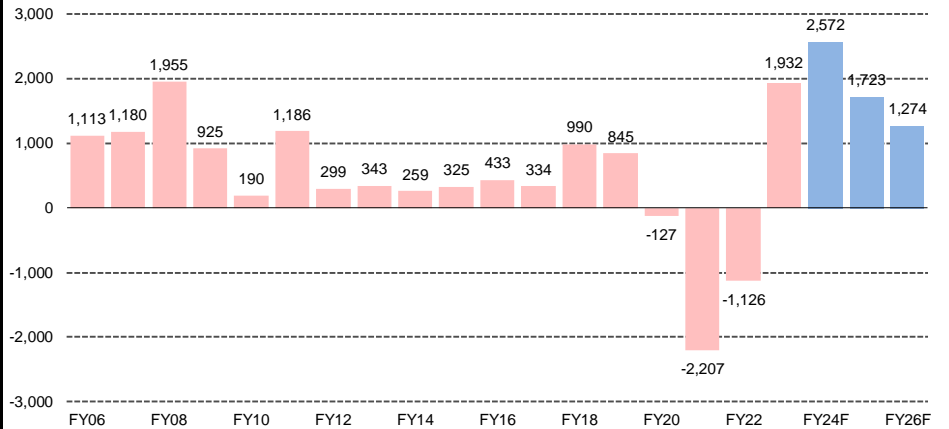
Downside risks beyond the next six months include rising competition from FY25F onwards from other airlines that are picking up speed in their capacity restoration programmes, potentially weaker air cargo markets as competition increases, and potentially higher jet fuel prices if OPEC+ production controls become more effective than they have so far been.

Figure 3: Calculation of SIA's target price

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); and					
(b) S\$3.1bn redeemed in FY24 (on 24 Jun 2023)					
(c) S\$1.549bn redeemed in FY24 (on 24 Dec 2023)					
	End-FY21	End-FY22	End-FY23	End-FY24F	End-FY25F
Shareholders' equity (S\$ m)	15,905.9	22,411.9	19,858.3	16,345.5	16,702.5
No of ordinary shares (m)	2,965.0	2,967.5	2,970.6	2,974.3	2,974.3
BVPS (S\$)	5.36	7.55	6.68	5.50	5.62
Target P/BV multiple (x)					1.30
Target price (S\$)					7.30
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	16,345.5	16,702.5
Less: Outstanding MCBs (S\$ m) - capital value	-3,496.1	-9,691.2	-6,195.1	-1,547.5	-1,547.5
Less: Outstanding MCBs (S\$ m) - assume 4% YTM (i.e. redemption between Year 1 and Year 4)	-114.5	-452.5	-450.0	-179.5	-249.2
Adjusted shareholders' equity (S\$ m)	12,295.2	12,268.2	13,213.2	14,618.5	14,905.7
No of ordinary shares (m)	2,965.0	2,967.5	2,970.6	2,974.3	2,974.3
Adjusted BVPS (S\$)	4.15	4.13	4.45	4.91	5.01

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: SIA group core net profit (\$\$ m)



SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

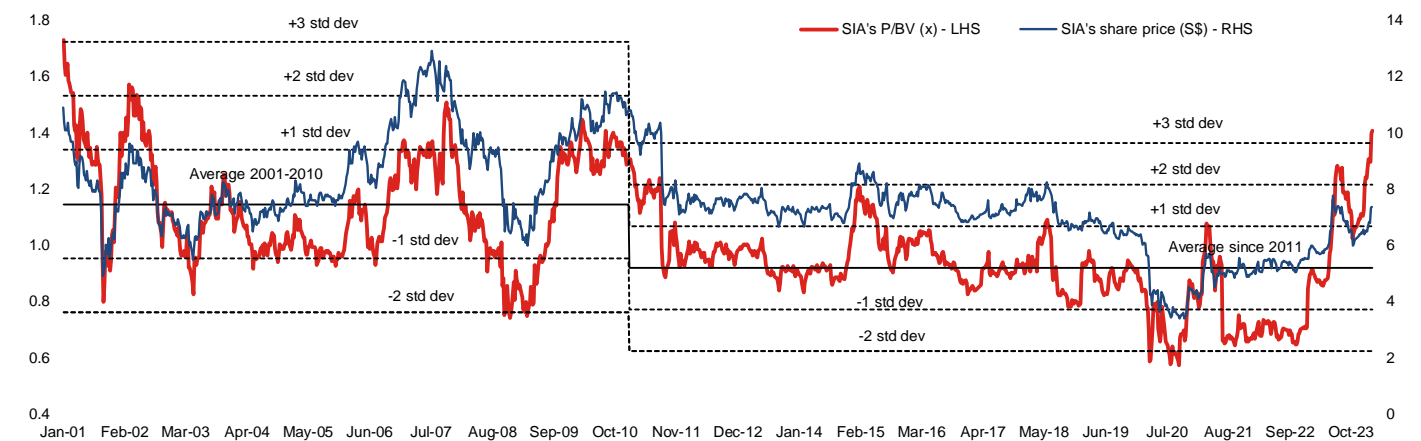
Figure 5: Reconciliation of SIA's attributable net profit to core net profit (\$\$ m)

	Reference	FY21	FY22	FY23	FY24F	FY25F	FY26F
Attributable net profit		-4,270.7	-962.0	2,156.8	2,680.6	1,784.7	1,336.1
Remove: Exceptionals	a	2,122.0	13.5	-37.6	0.0	0.0	0.0
Less: MCB yield	b	-58.3	-177.5	-187.1	-108.3	-62.0	-62.0
Core net profit		-2,207.0	-1,126.0	1,932.1	2,572.3	1,722.7	1,274.1
Breakdown of exceptionals	a	-2,122.0	-13.5	37.6	0.0	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	0.0	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 (\$\$ m)		3,496.1	9,692.9	6,196.8	1,549.2	1,549.2	1,549.2
Proportion assumed treated as debt (%)		50.0%	50.0%	50.0%	100.0%	100.0%	100.0%
Assumed debt portion (\$\$ m)		1,748.1	4,846.5	4,300.2	1,549.2	1,549.2	1,549.2
Average outstanding balance (\$\$ m)		1,456.7	3,813.7	4,300.2	2,711.1	1,549.2	1,549.2
Assumed yield (%)		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Assumed yield (\$\$ m)	b	58.3	152.5	172.2	108.3	62.0	62.0

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Historical P/BV chart ➤

Figure 6: Singapore Airlines historical P/BV chart – P/BV average 2001-10 and P/BV average since 2011, and standard deviations based on those averages



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Sector comparison table ➤

Figure 7: Sector comparison

Company	Bloomberg Ticker	Recom.	Price	Target Price	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY23F	CY24F		CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F
Capital A	CAPITALA MK	Not Rated	RM0.74	na	652	na	8.2	na	1.44	1.34	1.6%	17.3%	6.8	6.1	0.0%	0.0%
InterGlobe Aviation Ltd	INDIGO IN	Not Rated	Rs3,114.90	na	14,495	na	16.4	na	-17.07	305.22	3.6%	-219.6%	22.0	8.7	0.7%	0.7%
Asia Aviation PCL	AAV TB	Not Rated	THB2.24	na	799	na	21.2	na	3.88	3.27	-8.0%	17.3%	8.2	6.2	0.0%	0.0%
Air Arabia	AIRARABI UH	Not Rated	AED2.94	na	3,735	8.5	9.4	5.4%	1.88	1.75	22.9%	19.3%	5.6	5.7	5.7%	6.0%
Ryanair	RYA ID	Not Rated	€20.13	na	24,808	16.3	12.0	22.4%	3.39	3.17	22.1%	27.3%	9.4	7.0	0.6%	1.0%
easyJet	EZJ LN	Not Rated	£5.62	na	5,373	12.2	8.7	na	1.52	1.32	14.3%	16.2%	3.9	2.9	0.6%	0.6%
Southwest	LUV US	Not Rated	US\$33.93	na	20,245	25.4	19.2	10.9%	1.83	1.82	7.2%	9.5%	7.9	6.9	1.5%	2.1%
JetBlue	JBLU US	Not Rated	US\$6.96	na	2,361	na	na	na	0.70	0.72	-5.3%	-7.6%	11.0	13.8	0.0%	0.0%
Pegasus	PGSUS TI	Not Rated	TRY828.50	na	2,742	9.3	5.6	69.1%	1.90	1.12	35.4%	25.6%	6.1	4.8	0.0%	0.0%
Low-Cost Carriers - average						22.7	14.1	na	2.71	2.42	13.1%	18.1%	9.0	6.8	1.0%	1.3%
Singapore Airlines	SIA SP	Hold	S\$7.37	S\$7.30	16,302	9.1	11.3	5.4%	1.27	1.32	12.8%	11.5%	9.6	6.4	6.2%	5.2%
Cathay Pacific	293 HK	Not Rated	HK\$8.11	na	6,676	6.1	7.9	na	0.96	0.86	16.5%	11.5%	4.0	4.3	0.7%	0.7%
Bangkok Airways	BA TB	Not Rated	THB15.60	na	909	14.6	16.4	na	1.81	1.55	13.4%	10.2%	11.9	12.6	0.5%	0.5%
China Eastern	670 HK	Not Rated	HK\$1.96	na	10,291	na	7.2	na	1.44	1.27	-13.8%	18.8%	9.4	7.1	0.0%	0.0%
China Southern	1055 HK	Not Rated	HK\$2.98	na	12,767	na	7.1	na	1.18	0.96	-1.1%	15.0%	7.8	6.3	0.0%	0.0%
Air China	753 HK	Not Rated	HK\$4.30	na	14,810	550.8	7.5	na	1.85	1.42	0.3%	21.4%	8.9	6.8	0.1%	0.1%
Qantas Airways	QAN AU	Not Rated	A\$5.72	na	6,474	13.6	14.6	na	68.83	47.37	3085.4%	382.4%	5.7	6.3	0.0%	0.0%
Turkish Airlines	THYAO TI	Not Rated	TRY282.50	na	12,614	5.9	4.9	1.8%	1.10	0.79	25.2%	18.7%	5.1	4.6	0.5%	0.5%
Full-Service Carriers - average						12.1	8.2	na	1.55	1.33	13.2%	17.5%	6.6	6.0	1.5%	1.3%

DATA AS AT 20 FEB 2024

SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

Not Rated companies show reported net profits, while forecasts are based on Bloomberg consensus' estimates

Earnings revision ➤

Figure 8: Earnings revision

RM m	2023A	2024F			2025F			2026F		
		Old	New	chg	Old	New	chg	Old	New	chg
Revenue	17,775	19,180	18,919	-1%	18,951	18,686	-1%	18,896	18,643	-1%
EBITDA	4,697	5,296	4,999	-6%	4,329	4,065	-6%	3,907	3,654	-6%
Reported PBT	2,637	3,507	3,205	-9%	2,416	2,138	-12%	1,879	1,603	-15%
Core pretax profit	2,363	3,379	3,077	-9%	2,343	2,065	-12%	1,806	1,530	-15%
Reported net profit	2,157	2,934	2,681	-9%	2,019	1,785	-12%	1,568	1,336	-15%
Reported EPS	0.73	0.99	0.90	-9%	0.68	0.60	-12%	0.53	0.45	-15%
Core net profit	1,932	2,826	2,572	-9%	1,957	1,723	-12%	1,506	1,274	-15%
Core EPS	0.65	0.95	0.87	-9%	0.66	0.58	-12%	0.51	0.43	-15%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Key assumptions ➤

Figure 9: 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	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		97.3%		112,330		94.8%		81.5%			10.03	
FY 3/21	19,493	-85.9%	13.8%		2,669	-97.6%	2.3%		13.7%	-67.8%		20.98	109.1%
FY 3/22	58,748	201.4%	41.5%		19,178	618.5%	16.2%		32.6%	19.0%		13.07	-37.7%
FY 3/23	106,099	80.6%	75.0%		91,025	374.6%	76.8%		85.8%	53.1%		12.70	-2.8%
FY 3/24F	125,352	18.1%	88.6%		110,059	20.9%	92.9%		87.8%	2.0%		12.15	-4.3%
FY 3/25F	133,044	6.1%	94.0%		114,418	4.0%	96.6%		86.0%	-1.8%		11.61	-4.5%
FY 3/26F	140,121	5.3%	99.0%		119,803	4.7%	101.1%		85.5%	-0.5%		11.20	-3.5%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: 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 (% pts)		Yoy change (% pts)	
CY 2019	35,530				30,662				86.3%		5.65	
FY 3/20	33,446		94.1%		28,669		93.5%		85.7%		5.60	
FY 3/21	2,228	-93.3%	6.3%		222	-99.2%	0.7%		9.9%	-75.8%	54.98	881.7%
FY 3/22	9,822	340.8%	27.6%		1,487	570.9%	4.8%		15.1%	5.2%	19.97	-63.7%
FY 3/23	26,933	174.2%	75.8%		22,603	1420.2%	73.7%		83.9%	68.8%	8.20	-58.9%
FY 3/24F	37,412	38.9%	105.3%		34,045	50.6%	111.0%		91.0%	7.1%	6.85	-16.5%
FY 3/25F	40,859	9.2%	115.0%		36,773	8.0%	119.9%		90.0%	-1.0%	6.30	-8.0%
FY 3/26F	41,925	2.6%	118.0%		36,894	0.3%	120.3%		88.0%	-2.0%	5.92	-6.0%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: 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	21,721	-87.3%	12.3%		2,891	-97.9%	1.9%		13.3%	-69.0%	23.58	157.9%
FY 3/22	68,570	215.7%	38.7%		20,665	614.9%	13.9%		30.1%	16.8%	13.56	-42.5%
FY 3/23	133,032	94.0%	75.1%		113,628	449.9%	76.2%		85.4%	55.3%	11.76	-13.3%
FY 3/24F	162,763	22.3%	91.9%		144,103	26.8%	96.6%		88.5%	3.1%	10.90	-7.3%
FY 3/25F	173,903	6.8%	98.2%		151,191	4.9%	101.4%		86.9%	-1.6%	10.32	-5.4%
FY 3/26F	182,046	4.7%	102.8%		156,697	3.6%	105.1%		86.1%	-0.9%	9.96	-3.5%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: 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	4,795	-55.5%	43.0%		4,112	-35.6%	62.3%		85.8%	26.5%	65.90	116.1%
FY 3/22	7,195	50.1%	64.6%		5,941	44.5%	89.9%		82.6%	-3.2%	73.02	10.8%
FY 3/23	9,165	27.4%	82.3%		5,261	-11.4%	79.6%		57.4%	-25.2%	73.02	0.0%
FY 3/24F	9,806	7.0%	88.0%		5,344	1.6%	80.9%		54.5%	-2.9%	42.35	-42.0%
FY 3/25F	10,586	8.0%	95.0%		5,293	-1.0%	80.1%		50.0%	-4.5%	38.12	-10.0%
FY 3/26F	11,143	5.3%	100.0%		5,572	5.3%	84.4%		50.0%	0.0%	34.31	-10.0%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

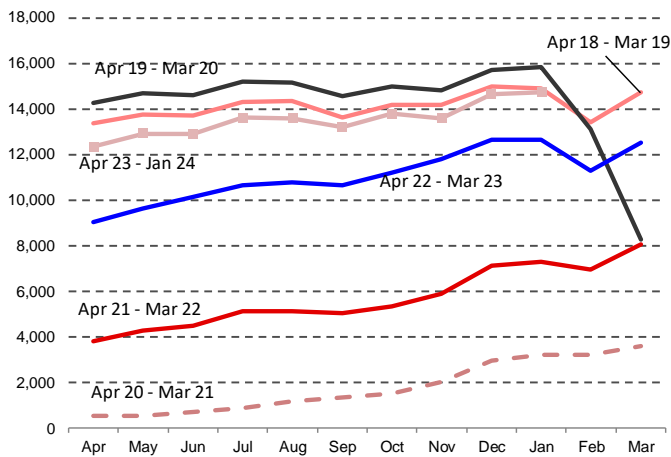
Figure 13: Key assumptions – SIA group

	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	125,352	133,044	140,121
Change in ASK (%)	-0.7%	0.2%	1.4%	4.4%	1.9%	-85.9%	201.4%	80.6%	18.1%	6.1%	5.3%
FSC RPK (m km)	100,784	100,052	104,199	111,512	112,330	2,669	19,178	91,025	110,059	114,418	119,803
Change in RPK (%)	0.7%	-0.7%	4.1%	7.0%	0.7%	-97.6%	618.5%	374.6%	20.9%	4.0%	4.7%
FSC Load Factor	79.1%	78.3%	80.5%	82.5%	81.5%	13.7%	32.6%	85.8%	87.8%	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	12.15	11.61	11.20
Change in yield (%)	-5.0%	-2.7%	-1.8%	-1.4%	-1.1%	108.7%	-37.7%	-2.8%	-4.3%	-4.5%	-3.5%
Scout											
Scout ASK (m km)	21,733	26,793	29,888	34,389	33,446	2,228	9,822	26,933	37,412	40,859	41,925
Change in ASK (%)		23.3%	11.6%	15.1%	-2.7%	-93.3%	340.8%	174.2%	38.9%	9.2%	2.6%
Scout RPK (m km)	18,225	22,084	25,600	29,326	28,669	222	1,487	22,603	34,045	36,773	36,894
Change in RPK (%)		21.2%	15.9%	14.6%	-2.2%	-99.2%	570.9%	1420.2%	50.6%	8.0%	0.3%
Scout Load Factor	83.9%	82.4%	85.7%	85.3%	85.7%	9.9%	15.1%	83.9%	91.0%	90.0%	88.0%
Scout Pax Yield (Scts/ RPK)	6.41	5.90	5.80	5.70	5.60	54.98	19.97	8.20	6.85	6.30	5.92
Change in yield (%)	0.0%	-7.9%	-1.7%	-1.7%	-1.8%	881.7%	-63.7%	-58.9%	-16.5%	-8.0%	-6.0%
SIA Cargo											
Cargo AFTK (m km)	10,513	10,912	11,127	11,210	10,778	4,795	7,195	9,165	9,806	10,586	11,143
Change in AFTK (%)	4.9%	3.8%	2.0%	0.8%	-3.9%	-55.5%	50.1%	27.4%	7.0%	8.0%	5.3%
Cargo FTK (m km)	6,511	6,896	7,260	7,007	6,389	4,112	5,941	5,261	5,344	5,293	5,572
Change in LTK (%)	2.6%	5.9%	5.3%	-3.5%	-8.8%	-35.6%	44.5%	-11.4%	1.6%	-1.0%	5.3%
Cargo Load Factor	61.9%	63.2%	65.3%	62.5%	59.3%	85.8%	82.6%	57.4%	54.5%	50.0%	50.0%
Cargo Yield (Scts/FTK)	29.00	25.90	28.20	31.70	30.50	65.90	73.02	73.02	42.35	38.12	34.31
Change in yield (%)	-11.6%	-10.7%	8.9%	12.4%	-3.8%	116.1%	10.8%	0.0%	-42.0%	-10.0%	-10.0%
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	82.5	80.0	80.0
Spot jet fuel price (average)	58.3	58.4	67.9	82.2	74.5	53.7	85.1	123.8	103.2	100.0	100.0
Hedged jet fuel price (average)	84.3	68.9	68.9	78.5	81.9	92.2	76.8	115.8	101.8	103.5	103.9

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

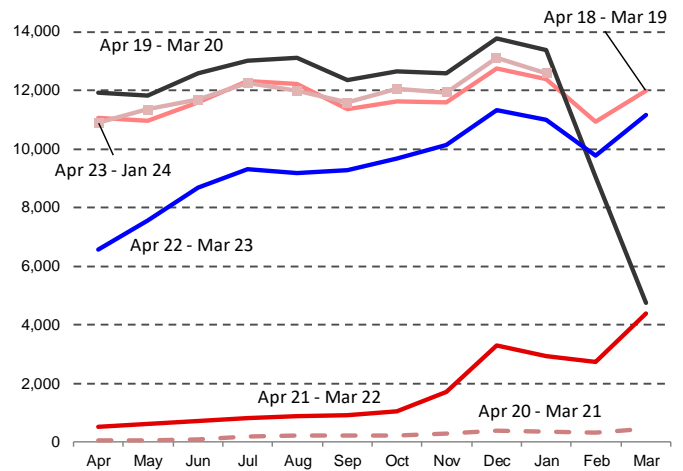
Group passenger airline business ▶

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



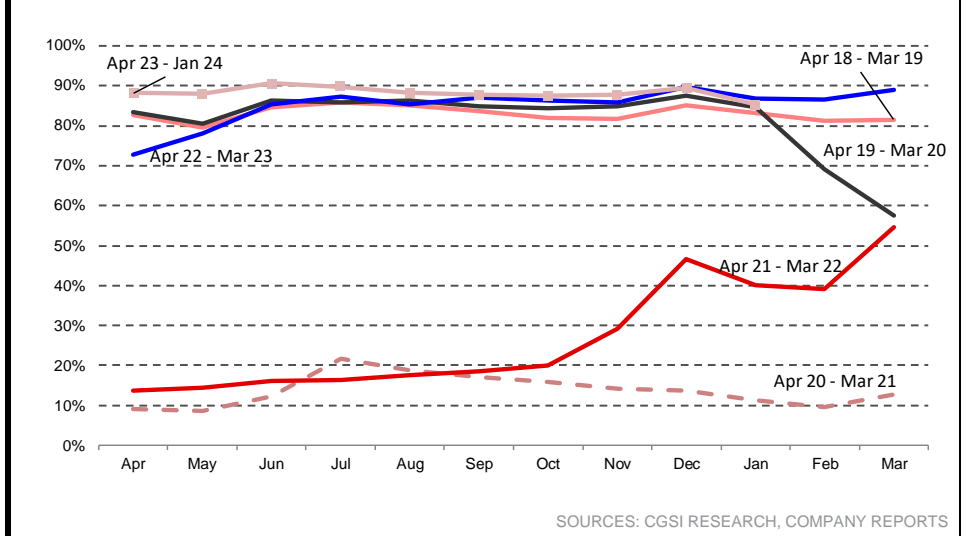
SOURCES: CGSI RESEARCH, COMPANY REPORTS

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



SOURCES: CGSI RESEARCH, COMPANY REPORTS

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



Air cargo business ▶

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

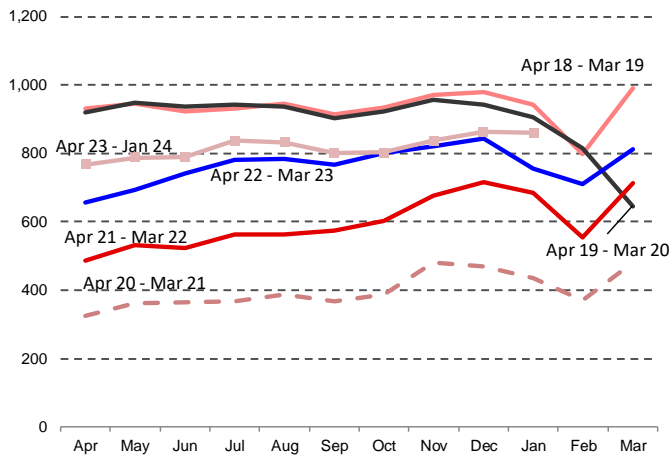


Figure 18: SIA's cargo traffic in RFTK (m)

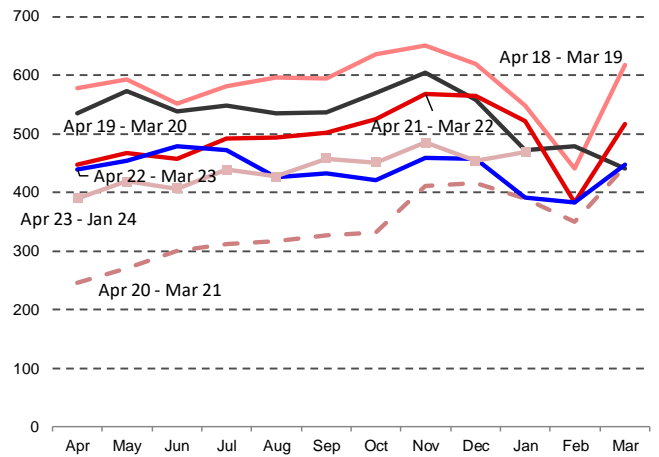
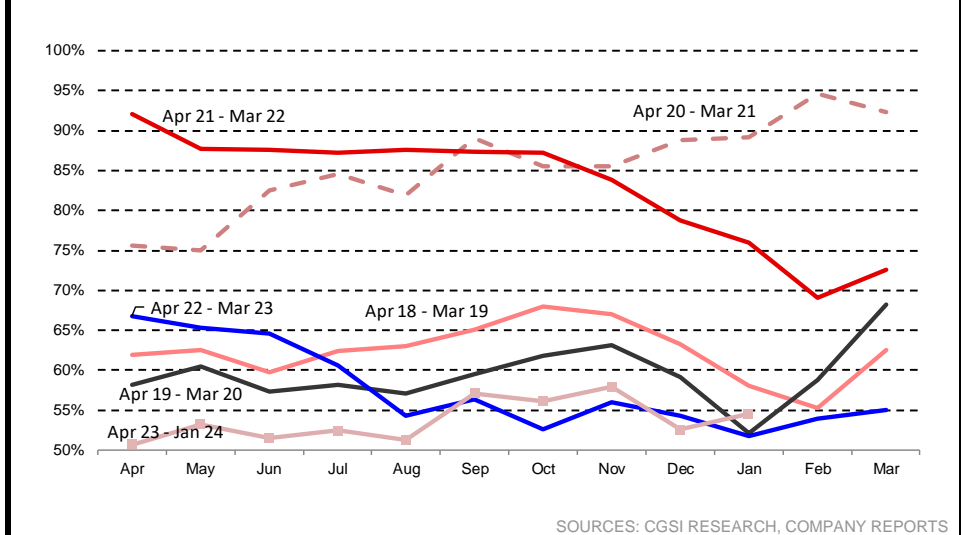


Figure 19: SIA's cargo load factors (%)



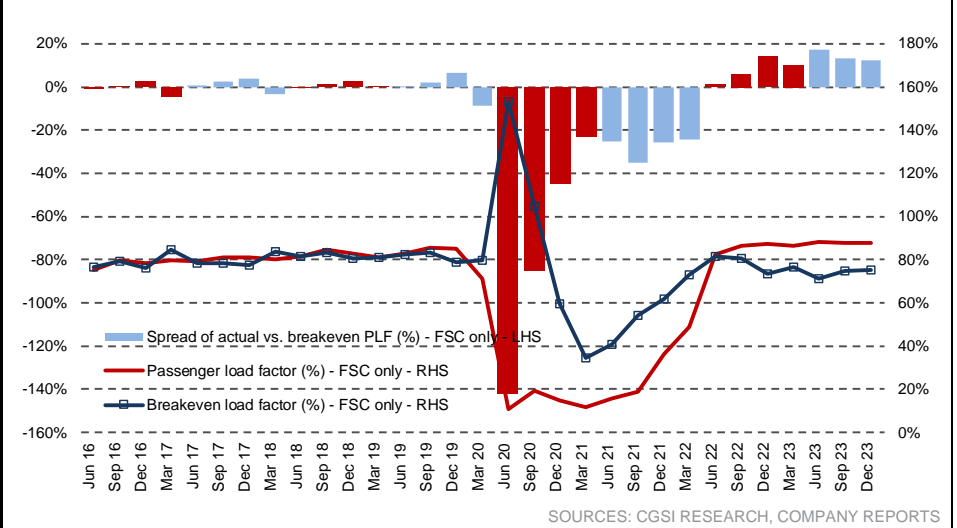
Full-service carrier business ➤

Figure 20: Operating metrics – full-service carriers (FSC)

	3QFY24	3QFY23	yoy % chg	2QFY24	qoq % chg	3QFY24 Cum	3QFY23 Cum	yoy % chg	Comments
SIA & SilkAir (FSC)									
ASK (m)	32,534	28,071	15.9%	30,891	5.3%	92,852	77,720	19.5%	ASK and RPK both increased qoq due to strong demand during the year-end travel season.
RPK (m)	28,491	24,504	16.3%	27,138	5.0%	81,562	66,524	22.6%	
Passenger load factor (%)	87.6%	87.3%	0.3%	87.9%	-0.3%	87.8%	85.6%	2.2%	PLF remained elevate at 87.6%.
Break-even load factor (%)	75.2%	73.3%	1.9%	74.6%	0.6%	73.8%	78.1%	-4.4%	Breakeven load factor rose qoq due to the higher qoq fuel
Spread (%)	12.4%	14.0%	-1.6%	13.3%	-0.9%	14.1%	7.5%	6.6%	and non-fuel costs, partially offset by higher qoq yield. The spread compressed qoq.
Passengers carried (000)	6,271	4,924	27.4%	5,701	10.0%	17,449	13,154	32.7%	
RASK (cts/ASK)	10.95	11.44	-4.3%	10.72	2.1%	10.78	10.93	-1.3%	RASK rose slightly qoq due to higher yields and stable
Passenger yield (cts/RPK)	12.50	13.10	-4.6%	12.20	2.5%	12.20	12.80	-4.7%	PLF.
Pax unit costs (cts/ASK)	9.40	9.60	-2.1%	9.10	3.3%	9.00	10.00	-10.0%	CASK rose qoq due to higher jet fuel prices.
Unit profit (cts/ASK)	1.55	1.84	-15.7%	1.62	-4.4%	1.78	0.93	92.4%	Unit profit fell qoq.
Core FSC revenue (\$\$ m)	3,561.4	3,210.0	10.9%	3,310.8	7.6%	10,010.1	8,491.4	17.9%	
Core FSC cost (\$\$ m)	-3,058.2	-2,694.8	13.5%	-2,811.1	8.8%	-8,400.0	-7,738.0	8.6%	Core EBIT was stable qoq despite lower qoq unit profit
Core FSC EBIT (\$\$ m)	503.2	515.2	-2.3%	499.7	0.7%	1,610.1	753.4	113.7%	due to qoq growth in ASK.

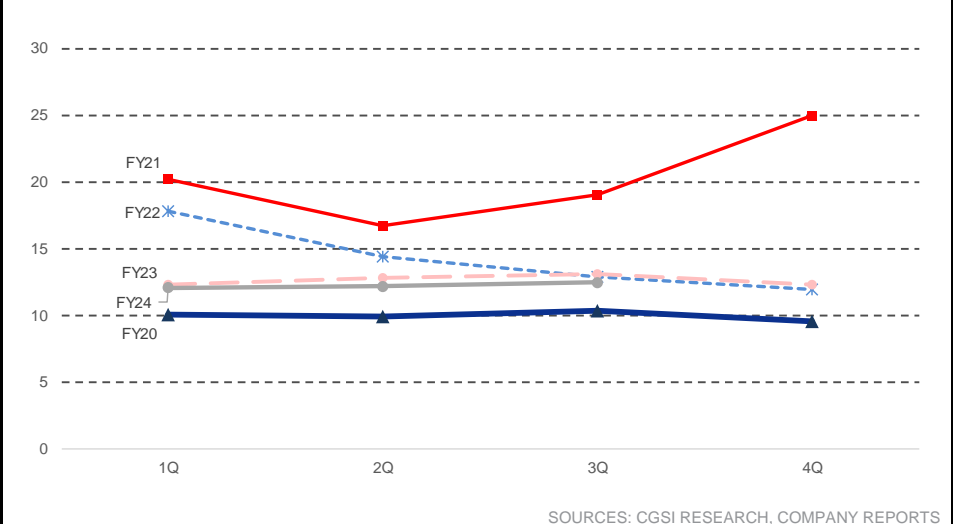
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 21: SIA mainline and SilkAir FSC: passenger RPK and breakeven load factors (%), and spreads (% pts)



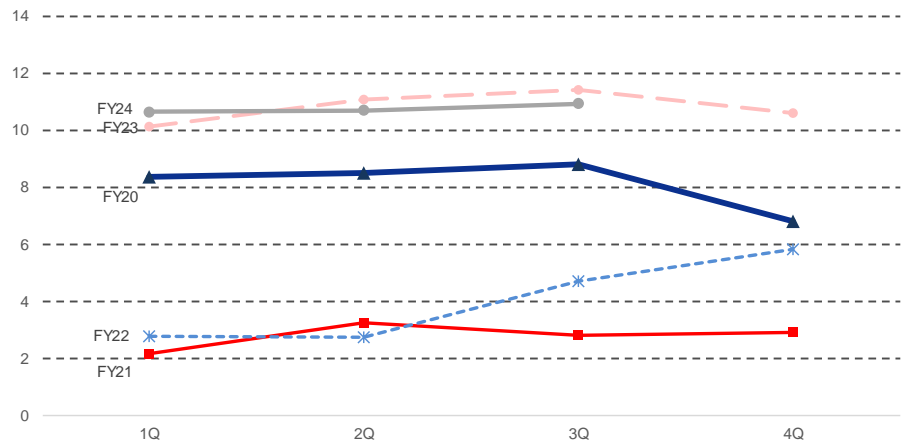
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 22: SIA mainline FSC: passenger yields (Scts/ RPK)



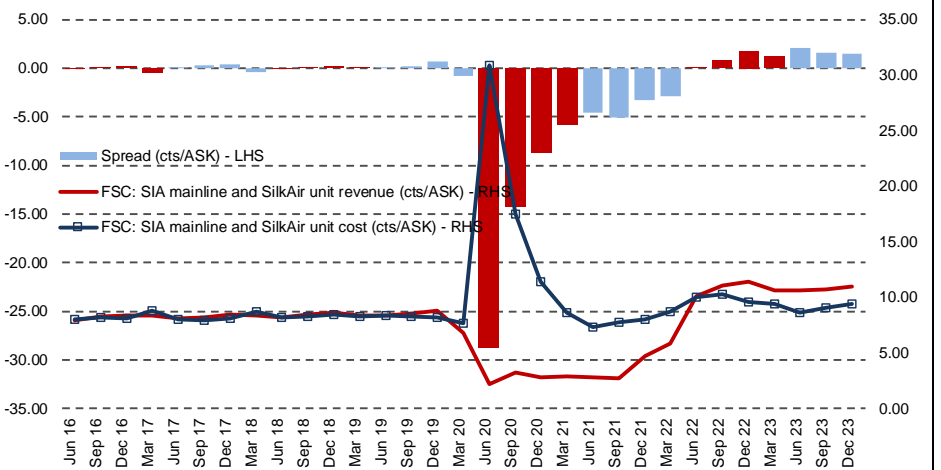
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 23: SIA mainline FSC: passenger RASK (Scts/ASK)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 24: SIA mainline and SilkAir FSC: spread between unit revenue and unit cost (cents/ASK)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

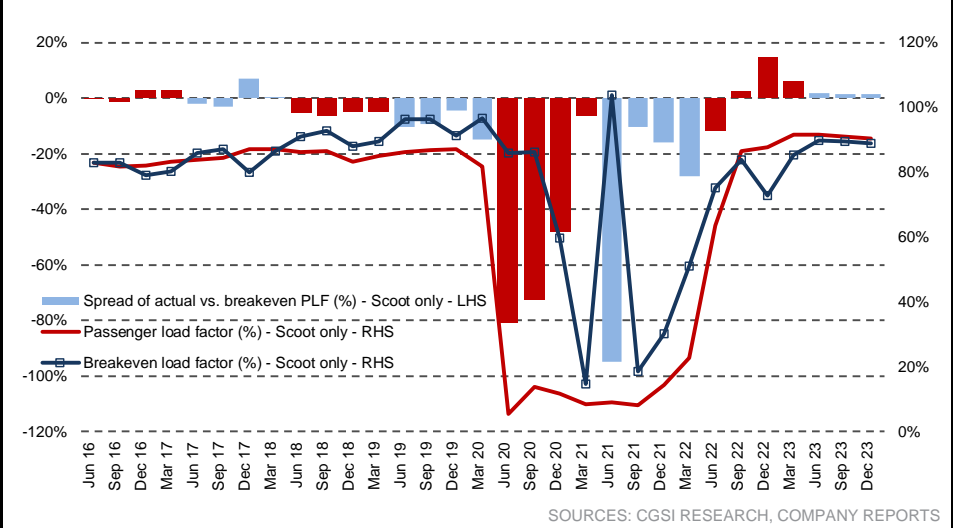
Low-cost carrier business ▶

Figure 25: Operating metrics – low-cost carrier (LCC)

	3QFY24	3QFY23	yoy % chg	2QFY24	qoq % chg	3QFY24 Cum	3QFY23 Cum	yoy % chg	Comments
Scout (LCC)									
ASK (m)	9,509	7,578	25.5%	9,530	-0.2%	27,762	18,823	47.5%	ASK and RPK was flattish qoq.
RPK (m)	8,602	6,650	29.4%	8,669	-0.8%	25,271	15,179	66.5%	
Passenger load factor (%)	90.5%	87.8%	2.7%	91.0%	-0.5%	91.0%	80.6%	10.4%	PLF declined slightly qoq.
Break-even load factor (%)	88.9%	72.9%	15.9%	89.6%	-0.7%	88.4%	77.1%	11.3%	Breakeven load factor fell qoq as yield growth exceeded unit spread growth qoq, leading to a slightly wider positive spread.
Spread (%)	1.6%	14.8%	-13.2%	1.4%	0.2%	2.6%	3.5%	-0.9%	
Passengers carried (000)	3,255	2,440	33.4%	3,215	1.2%	9,430	5,609	68.1%	
RASK (cts/ASK)	6.50	7.40	-12.2%	6.10	6.6%	6.28	6.72	-6.5%	RASK rose qoq due to higher yields.
Passenger yield (cts/CPK)	7.20	8.50	-15.3%	6.70	7.5%	6.90	8.30	-16.9%	Yields rose qoq due to the year-end peak travel season.
Pax unit costs (cts/ASK)	6.40	6.20	3.2%	6.00	6.7%	6.10	6.40	-4.7%	CASK rose qoq due to the higher jet fuel prices.
Unit profit (cts/ASK)	0.10	1.20	-91.7%	0.10	0.0%	0.18	0.32	-42.3%	Unit profit was stable qoq.
Core Scout revenue (\$ m)	619.4	565.2	9.6%	580.8	6.6%	1,744.2	1,264.3	38.0%	
Core Scout cost (\$ m)	-608.6	-469.8	29.5%	-571.8	6.4%	-1,712.5	-1,207.5	41.8%	
Core Scout EBIT (\$ m)	10.8	95.4	-88.7%	9.1	19.2%	31.7	56.7	-44.1%	Core EBIT rose qoq.

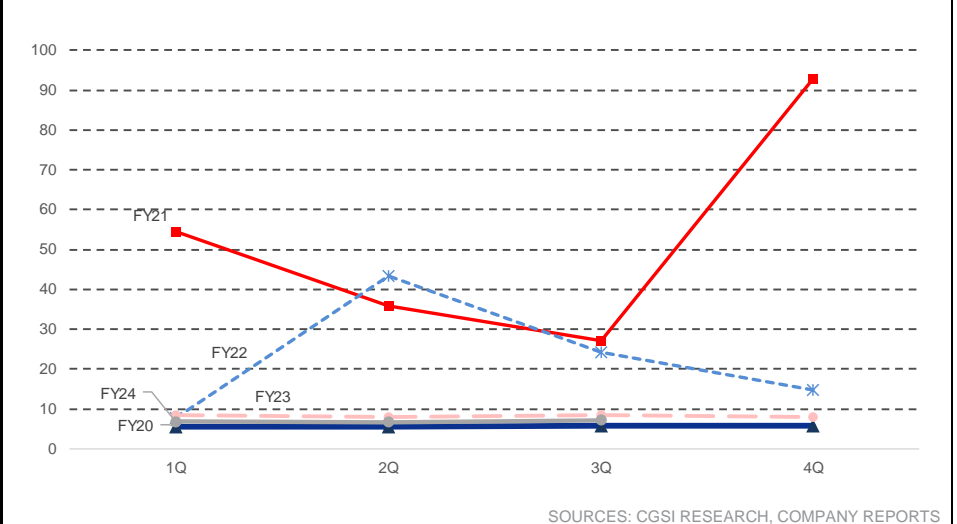
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 26: Scout LCC: passenger and breakeven load factors (%), and spreads (% pts)



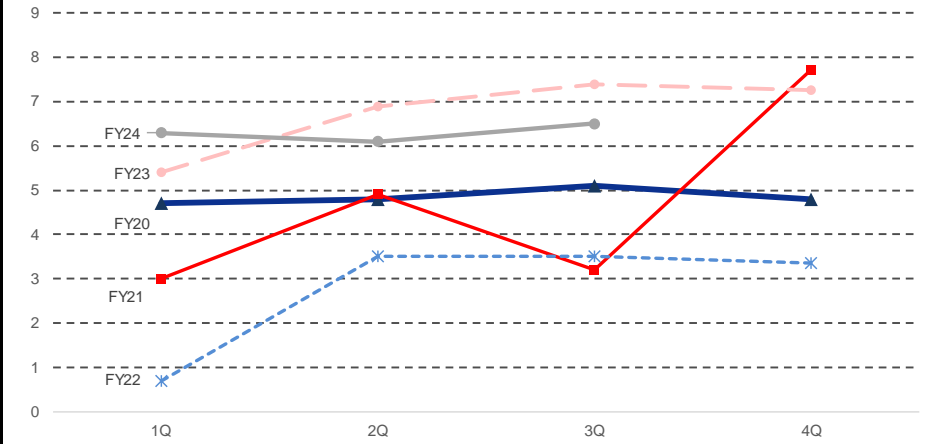
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 27: Scout LCC: passenger yields (Scts/CPK)



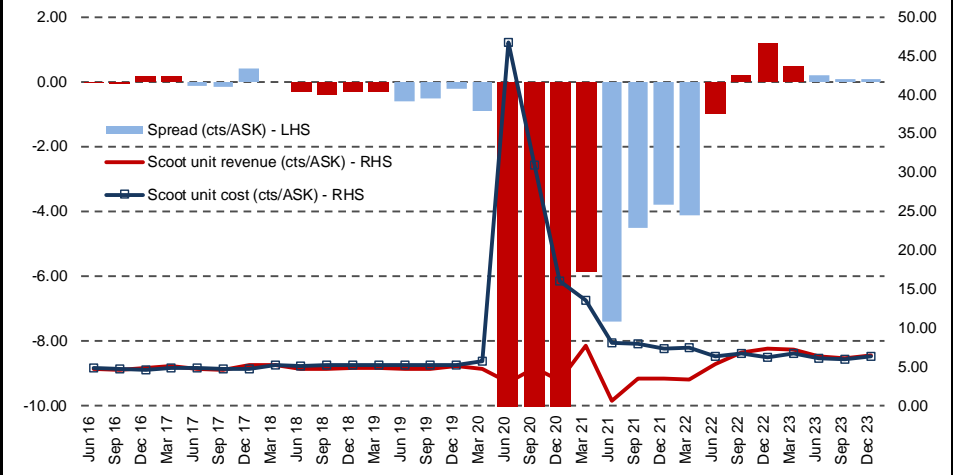
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 28: Scoot LCC: passenger RASK (Scts/ASK)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 29: Scoot LCC: spread between unit revenue and unit cost (cents/ASK)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Cargo business ➤

Figure 30: Operating metrics – SIA Cargo

	3QFY24	3QFY23	yoy % chg	2QFY24	qoq % chg	3QFY24 Cum	3QFY23 Cum	yoy % chg	Comments
Cargo business									
AFTK (m)	2,504	2,463	1.6%	2,473	1.3%	7,321	6,887	6.3%	AFTK rose qoq due to more passenger bellyhold capacity.
FTK (m)	1,390	1,338	3.9%	1,324	5.0%	3,929	4,038	-2.7%	FTK rose qoq due to seasonal air freight demand, causing CLF to increase qoq.
Cargo load factor (%)	55.5%	54.3%	1.2%	53.5%	2.0%	53.7%	58.6%	-5.0%	
Break-even load factor (%)	55.3%	37.7%	17.6%	53.3%	2.0%	51.2%	35.3%	15.9%	Breakeven CLF rose qoq due to higher unit costs that more than offset higher yields. The spread remained stable qoq.
Spread (%)	0.2%	16.6%	-16.4%	0.2%	-0.1%	2.5%	23.3%	-20.9%	
Cargo carried (m kg)	249	234	6.4%	236	5.5%	699	708	-1.4%	
RAFTK (cts/AFTK)	22.37	34.98	-36.1%	20.99	6.6%	22.14	42.99	-48.5%	Revenue per unit of capacity rose qoq due to higher cargo yields, and higher CLF.
Cargo yield (cts/FTK)	40.30	64.40	-37.4%	39.20	2.8%	41.20	73.30	-43.8%	
Cargo unit costs (cts/AFTK)	22.30	24.30	-8.2%	20.90	6.7%	21.10	25.90	-18.5%	Cargo unit costs rose qoq due to higher jet fuel prices.
Unit profit (cts/AFTK)	0.07	10.68	-99.4%	0.09	-25.1%	1.04	17.09	-93.9%	Cargo unit profit fell qoq.
Core cargo revenue (S\$ m)	560.0	861.5	-35.0%	519.0	7.9%	1,621.1	2,960.8	-45.3%	
Core cargo cost (S\$ m)	-558.3	-598.5	-6.7%	-516.8	8.0%	-1,543.9	-1,783.5	-13.4%	SIA Cargo's EBIT fell qoq due to lower unit profit.
Core cargo EBIT (S\$ m)	1.7	262.9	-99.4%	2.2	-24.1%	77.1	1,177.3	-93.5%	

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 31: Cargo load factor and breakeven load factor (%), and spreads (% pts)

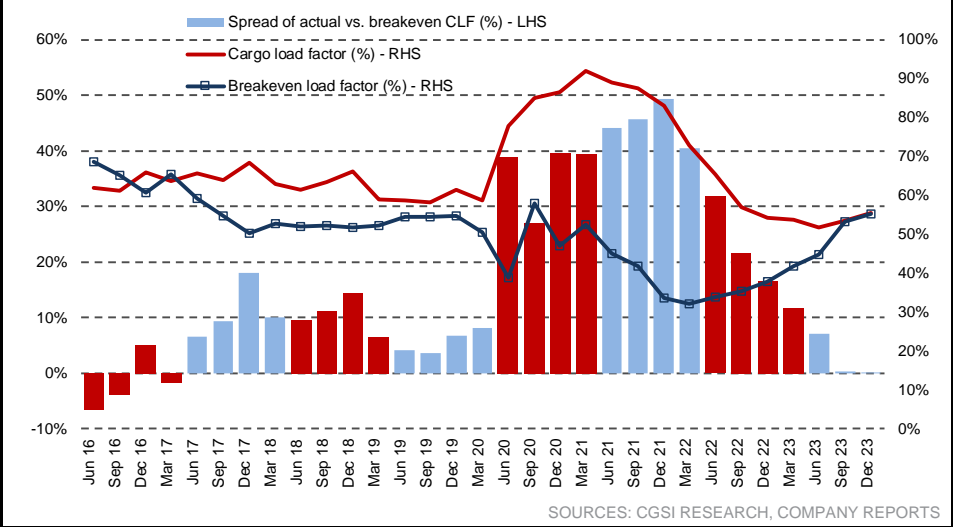


Figure 32: Cargo yields (Scts/RFTK)

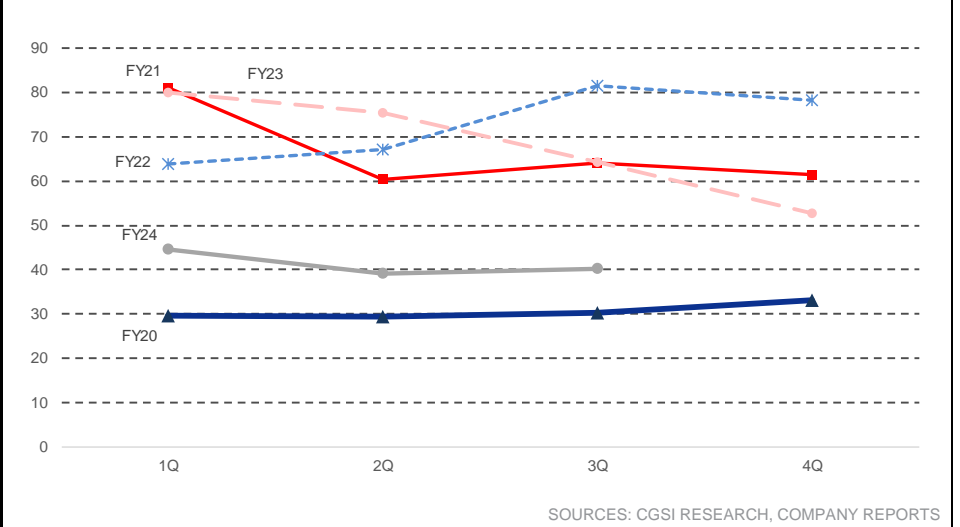


Figure 33: Cargo RAFTK (Scts/AFTK)

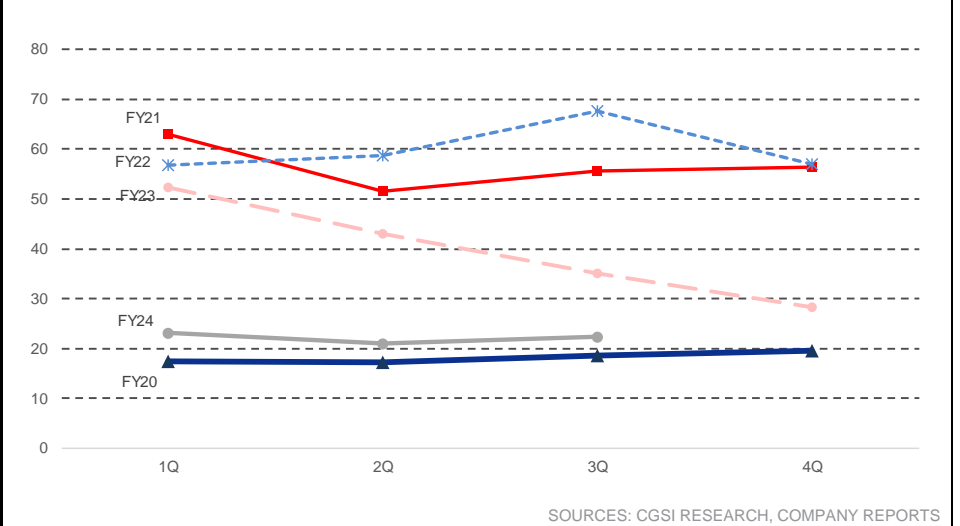
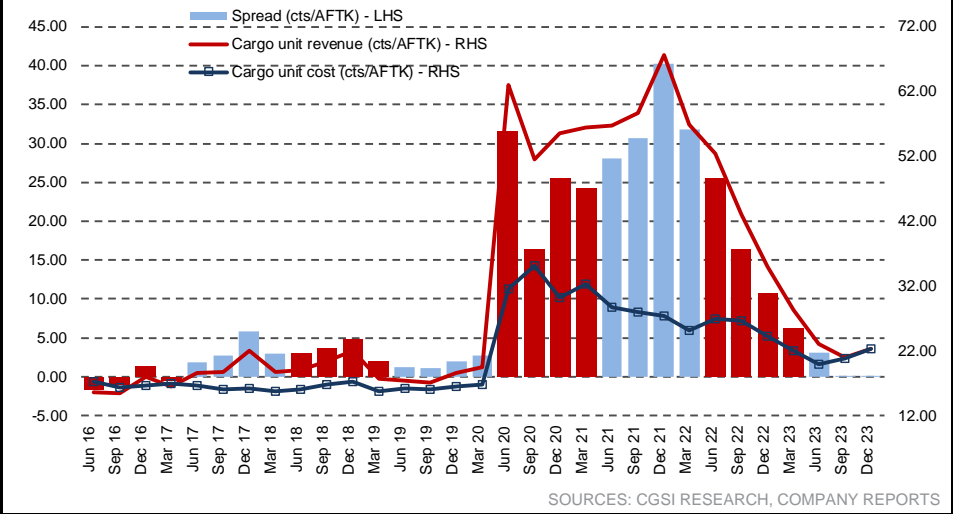


Figure 34: Spread between cargo unit revenue and cargo unit cost (cents/AFTK)



Sequential quarterly tables ▶

Figure 35: Quarterly results

FYE Mar (S\$ m)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Revenue	2,316.0	2,471.9	3,911.0	4,505.5	4,846.0	4,512.3	4,479.0	4,683.4	5,082.0
EBIT	76.0	(101.8)	556.4	678.0	755.0	702.7	754.5	799.3	609.0
Exceptionals	-	29.2	-	15.3	-	22.3	-	28.1	-
Pretax profit	-	-	-	-	-	-	-	-	-
Net profit	85.0	(210.2)	370.0	556.9	628.0	601.9	734.0	707.1	659.0
Core net profit	31.4	(292.2)	321.7	492.7	580.5	537.2	702.8	648.4	627.8
EPS (cts)	2.9	(7.1)	12.5	18.7	21.1	20.3	24.7	23.8	22.2
Core EPS (cts)	1.1	(9.8)	10.8	16.6	19.5	18.1	23.6	21.8	21.1

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 36: Quarterly operating metrics – passenger airlines



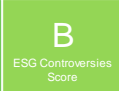
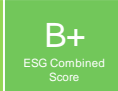



	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
SIA & SilkAir (FSC)									
ASK (m)	15,675	18,895	23,575	26,074	28,071	28,379	29,427	30,891	32,534
RPK (m)	5,711	9,259	19,432	22,587	24,504	24,502	25,933	27,138	28,491
Passenger load factor (%)	36.4%	49.0%	82.4%	86.6%	87.3%	86.3%	88.1%	87.9%	87.6%
Break-even load factor (%)	62.0%	73.2%	81.3%	80.5%	73.3%	76.4%	71.1%	74.6%	75.2%
Spread (%)	-25.6%	-24.2%	1.1%	6.2%	14.0%	9.9%	17.1%	13.3%	12.4%
Passengers carried (000)	966	1,711	3,839	4,390	4,924	5,001	5,476	5,701	6,271
RASK (cts/ASK)	4.70	5.85	10.14	11.09	11.44	10.62	10.66	10.72	10.95
Passenger yield (cents/RPK)	12.90	11.93	12.30	12.80	13.10	12.30	12.10	12.20	12.50
Pax unit costs (cents/ASK)	8.00	8.73	10.00	10.30	9.60	9.40	8.60	9.10	9.40
Unit profit (cents/ASK)	-3.30	-2.89	0.14	0.79	1.84	1.22	2.06	1.62	1.55
Core FSC revenue (S\$ m)	736.7	1,104.6	2,390.1	2,891.2	3,210.0	3,013.7	3,137.9	3,310.8	3,561.4
Core FSC cost (S\$ m)	-1,254.0	-1,649.9	-2,357.5	-2,685.7	-2,694.8	-2,667.9	-2,530.7	-2,811.1	-3,058.2
Core FSC EBIT (S\$ m)	-517.3	-545.4	32.6	205.5	515.2	345.8	607.2	499.7	503.2
Scout passenger business									
ASK (m)	2,698	3,454	5,244	6,002	7,578	8,109	8,724	9,530	9,509
RPK (m)	389	787	3,340	5,189	6,650	7,424	8,000	8,669	8,602
Passenger load factor (%)	14.4%	22.8%	63.7%	86.5%	87.8%	91.5%	91.7%	91.0%	90.5%
Break-even load factor (%)	30.3%	50.9%	75.3%	83.8%	72.9%	85.5%	89.7%	89.6%	88.9%
Spread (%)	-15.9%	-28.1%	-11.6%	2.7%	14.8%	6.1%	2.0%	1.4%	1.6%
Passengers carried (000)	122	261	1,257	1,912	2,440	2,723	2,960	3,215	3,255
RASK (cts/ASK)	3.50	3.35	5.40	6.90	7.40	7.26	6.30	6.10	6.50
Passenger yield (cents/RPK)	24.10	14.69	8.50	8.00	8.50	7.93	6.80	6.70	7.20
Pax unit costs (cents/ASK)	7.30	7.48	6.40	6.70	6.20	6.78	6.10	6.00	6.40
Unit profit (cents/ASK)	-3.80	-4.13	-1.00	0.20	1.20	0.48	0.20	0.10	0.10
Core Scout revenue (S\$ m)	93.7	115.6	283.9	415.1	565.2	588.8	544.0	580.8	619.4
Core Scout cost (S\$ m)	-196.9	-258.3	-335.6	-402.1	-469.8	-549.8	-532.1	-571.8	-608.6
Core Scout EBIT (S\$ m)	-103.3	-142.7	-51.7	13.0	95.4	39.0	11.9	9.1	10.8

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 37: Quarterly operating metrics – SIA Cargo

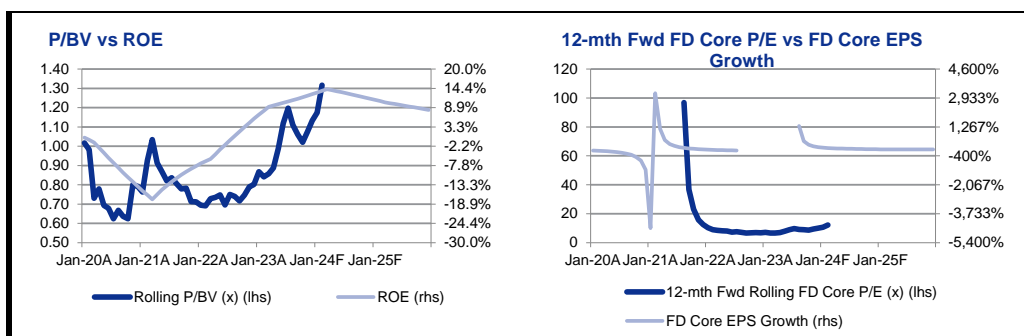
	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Cargo business									
AFTK (m)	1,995	1,955	2,092	2,332	2,463	2,279	2,344	2,473	2,504
FTK (m)	1,657	1,422	1,371	1,330	1,338	1,222	1,216	1,324	1,390
Cargo load factor (%)	83.1%	72.7%	65.5%	57.0%	54.3%	53.6%	51.8%	53.5%	55.5%
Break-even load factor (%)	33.6%	32.2%	33.8%	35.3%	37.7%	41.8%	44.8%	53.3%	55.3%
Spread (%)	49.4%	40.6%	31.8%	21.8%	16.6%	11.9%	7.0%	0.2%	0.2%
Cargo carried (m kg)	285.4	248.8	239.5	235.0	233.8	214.7	214.1	235.8	248.8
RAFTK (cts/AFTK)	67.7	56.9	52.4	43.0	35.0	28.3	23.1	21.0	22.4
Cargo yield (cts/FTK)	81.5	78.3	80.0	75.4	64.4	52.7	44.6	39.2	40.3
Cargo unit costs (cts/AFTK)	27.4	25.2	27.0	26.6	24.3	22.0	20.0	20.9	22.3
Unit profit (cts/AFTK)	40.3	31.7	25.4	16.4	10.7	6.2	3.1	0.1	0.1
Core cargo revenue (S\$ m)	1,350.6	1,112.7	1,096.4	1,003.0	861.5	643.9	542.1	519.0	560.0
Core cargo cost (S\$ m)	-546.7	-492.1	-564.8	-620.2	-598.5	-501.6	-468.9	-516.8	-558.3
Core cargo EBIT (S\$ m)	803.9	620.5	531.6	382.7	262.9	142.2	73.3	2.2	1.7

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Refinitiv ESG Scores	
	
     	
ESG in a nutshell	
<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, according to consultancy Skytrax which voted SIA as the World's Best Airline at the 2023 World Airline Awards, while the International Air Transport Association (IATA) recognised SIA's measures to protect the health and safety of its crew and passengers during the Covid-19 pandemic as one of the best in the world. 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 (CORSIA).</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, in our view.</p>

SOURCES: CGSI 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	18,919	18,686	18,643
Gross Profit	1,907	5,817	5,979	5,045	4,634
Operating EBITDA	1,282	4,697	4,999	4,065	3,654
Depreciation And Amortisation	-1,928	-2,005	-2,023	-2,034	-2,109
Operating EBIT	-645	2,692	2,976	2,030	1,545
Financial Income/(Expense)	-346	-7	175	47	-7
Pretax Income/(Loss) from Assoc.	-116	-31	50	55	60
Non-Operating Income/(Expense)	31	-54	5	5	5
Profit Before Tax (pre-EI)	-1,077	2,599	3,205	2,138	1,603
Exceptional Items	-14	38	0	0	0
Pre-tax Profit	-1,090	2,637	3,205	2,138	1,603
Taxation	142	-474	-505	-333	-247
Exceptional Income - post-tax					
Profit After Tax	-948	2,163	2,701	1,805	1,356
Minority Interests	-14	-7	-20	-20	-20
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	-962	2,157	2,681	1,785	1,336
Recurring Net Profit	-1,126	1,932	2,572	1,723	1,274
Fully Diluted Recurring Net Profit	-1,126	1,932	2,572	1,723	1,274

Cash Flow

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	1,282	4,697	4,999	4,065	3,654
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,519	4,037	169	220	110
(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	-505	-333	-247
Cashflow From Operations	3,042	9,130	4,671	3,959	3,517
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	-5,064	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	0	-299	-1,129	-1,428	-1,041
Preferred Dividends					
Other Financing Cashflow	-283	-333	180	52	-2
Cash Flow From Financing	5,160	-6,213	-5,842	-1,197	-857
Total Cash Generated	5,955	2,783	-4,711	-637	-1,640
Free Cashflow To Equity	41	7,274	1,302	738	-597
Free Cashflow To Firm	795	8,996	1,131	559	-783

SOURCES: CGSI 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	11,616	10,979	9,339
Total Debtors	1,566	1,193	1,269	1,254	1,251
Inventories	187	227	242	254	260
Total Other Current Assets	2,172	1,552	1,544	1,537	1,537
Total Current Assets	17,688	19,299	14,672	14,023	12,387
Fixed Assets	27,861	27,687	27,964	29,329	31,520
Total Investments	2,819	1,817	3,107	3,162	3,222
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	31,368	32,789	35,040
Short-term Debt	607	2,548	2,548	2,548	2,548
Current Portion of Long-Term Debt					
Total Creditors	2,733	4,040	4,300	4,517	4,630
Other Current Liabilities	4,529	7,083	7,083	7,083	7,083
Total Current Liabilities	7,869	13,671	13,931	14,148	14,261
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	29,283	29,678	29,978
Shareholders' Equity	22,412	19,858	16,345	16,702	16,998
Minority Interests	389	392	412	432	452
Total Equity	22,800	20,250	16,757	17,134	17,449

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	100%	133%	6%	(1%)	(0%)
Operating EBITDA Growth	N/A	266%	6%	(19%)	(10%)
Operating EBITDA Margin	16.8%	26.4%	26.4%	21.8%	19.6%
Net Cash Per Share (\$\$)	-0.46	0.54	-1.10	-1.38	-1.99
BVPS (\$\$)	7.55	6.68	5.50	5.62	5.71
Gross Interest Cover	-1.65	6.41	6.56	4.41	3.33
Effective Tax Rate	0.0%	18.0%	15.8%	15.6%	15.4%
Net Dividend Payout Ratio	NA	53.3%	53.3%	58.3%	60.1%
Accounts Receivables Days	60.06	28.33	23.82	24.64	24.52
Inventory Days	12.22	6.32	6.63	6.63	6.70
Accounts Payables Days	155.1	103.4	117.9	117.9	119.2
ROIC (%)	(2.8%)	10.8%	15.0%	10.2%	7.3%
ROCE (%)	(1.8%)	8.5%	10.8%	8.0%	6.2%
Return On Average Assets	(1.37%)	4.36%	5.31%	3.78%	2.89%

Key Drivers

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
SIA mainline ASK (m)	58,747.8	106,099.3	125,351.6	133,043.9	140,120.7
SIA mainline RPK (m)	19,177.7	91,025.2	110,058.7	114,417.8	119,803.2
SIA mainline PLF (%)	32.6%	85.8%	87.8%	86.0%	85.5%
SIA mainline yield (Scts/RPK)	13.1	12.7	12.2	11.6	11.2

SOURCES: CGSI RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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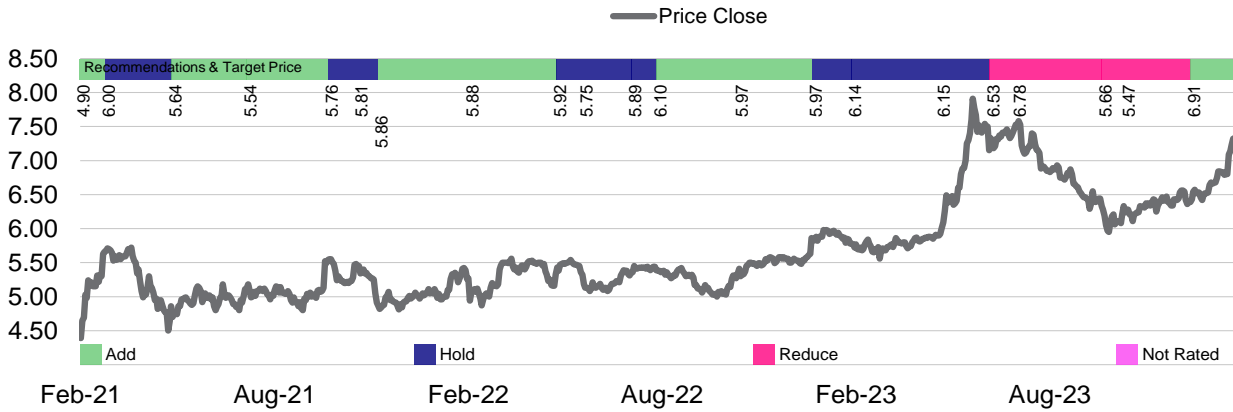
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2023		
636 companies under coverage for quarter ended on 31 December 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.5%	1.3%
Hold	22.5%	0.0%
Reduce	10.1%	0.2%

Spitzer Chart for stock being researched (2 year data)

Singapore Airlines (SIA SP)



Recommendation Framework

Stock Ratings

Definition:

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

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

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Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.