


Recommendation
Buy Soaring Through Turbulence
Analysts

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Basic Information

Current Price	S\$ 5.95
Target Price	S\$ 6.73
+/- Potential	+13.13%
Exchange	SGX
Ticker	C6L
Market Capitalisation	S\$18.07bn
Shares Outstanding	2.97bn
52-Week Trading	S\$ 5.16 - 8.05
Average Volume	6.50M
Fiscal Year End	31 March 2023
Short Interest	4.39%

1Y Price vs Straits Times Index (Rebased)

Company Description

Singapore Airlines is the flag carrier airline of Singapore and is widely recognised as one of the world's premier airlines. It also provides pilot training, air charter, maintenance repair, overhaul services, airport terminal services, and engineering services. It has earned a stellar reputation for its exceptional service and operational efficiency.

Key Executives

Peter Seah Lim Huat	Chairman
Goh Choon Pong	Chief Executive Officer
Jo-Ann Tan	Chief Financial Officer

Major Shareholders

Napier Investments Pte. Ltd.	31.30%
Temasek Holdings (Private) Ltd.	22.10%
Citibank NM Singapore Pte. Ltd.	7.53%

We initiate coverage of **Singapore Airlines Limited (STI: C6L)** with a **BUY** rating and a **S\$6.73** target price, representing a upside potential of **+13.13%**. Our target price was derived using the Discounted Cash Flow (DCF) approach with a Relative Valuation method as a sanity check.

Investment Thesis

Exploiting Dominance in Southeast Asia: Southeast Asia is poised for tremendous growth over the coming years. Operationally uncontested, other regional airlines do not have the capabilities unlike SIA to connect tourist from the Americas, Europe, and Africa to Southeast Asia. SIA is further breaking into the exploding Indian air travel market with the Air India-Vistara merger. Holding a 25% stake, SIA continues to expand its global reach.

Bolstering Financial Position through Key Vertical's Transformation: Having dedicated Maintenance, Repair, and Overhaul (MRO) capabilities and high-quality service through SIA Engineering and SATS gives SIA a huge competitive advantage. Additionally, regular fleet renewal initiatives boost cost efficiency, with the bonus of achieving sustainability targets.

Rejuvenating Customer Experience to Strengthen Loyalty: SIA's exceptional service remains as one of its key differentiating factors in the airline industry. By revitalising and diversifying utility of its Kris+ application, SIA stands to anchor its customers and keep customer retention high. Transforming its customer journey using artificial intelligence also allows SIA to provide invaluable service excellence.

Financial Takeaways

Commanding Top-Line Momentum with Resilient Profitability: SIA has made an incredible recovery coming out of the pandemic. With a top line rebound of S\$10.1bn, profitability remains strong and is expected to continue moving forward with regional growth support.

Enabling Liquidity Through Strong Cash Position: SIA has managed to grow its cash position to S\$16.3bn in FY2022. Even after projected MCB redemption in FY2023 and FY2024, liquidity poses no threat to SIA's health, and we expect a turnaround in cash from FY2027 onwards.

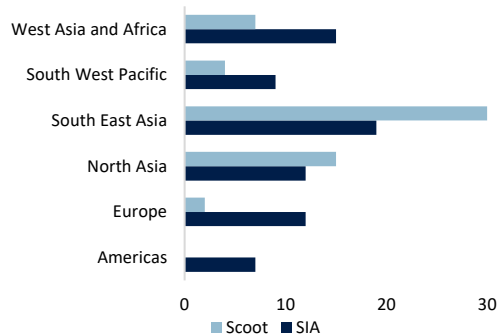
Effective Cost Management and Hedging Activities: SIA's hedging abilities have managed to reduce jet fuel costs by S\$530mn. Expecting an erratic and unstable jet fuel market, we believe SIA's expertise will help them ride through the impending turbulence.

Investment Risks

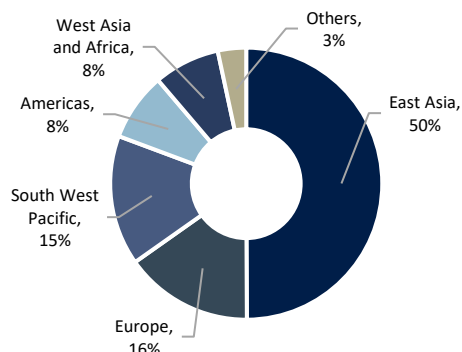
Rising Jet Fuel Costs: Exacerbated by the Russia-Ukraine war, jet fuel prices are on the rise. Accounting for more than 30% of overall cost, SIA will be directly affected by further price appreciation of jet fuel.

Increasing Geopolitical Tension: Peace around the world has begun to deteriorate, first with the Russia-Ukraine war, and now Palestine's revolt against Israel. Air travel is affected by such tensions, with flight paths rerouted and safety risks flying over nearing states elevated.

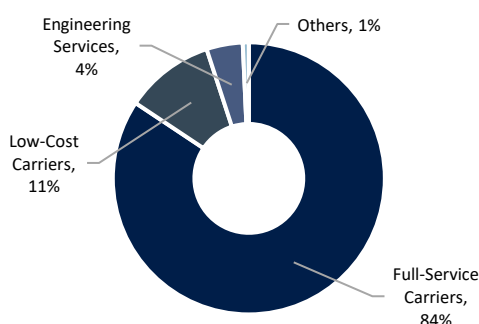
Sensitive Cyclical Nature: Recovery from the Covid-19 pandemic has not been easy, with residual effects still being felt in the economy. With rumours of an impending recession and a currently high inflationary environment, risk of reduced demand for air travel threatens SIA's top line growth.

Fig 1.1: SIA and Scoot Passenger Destinations

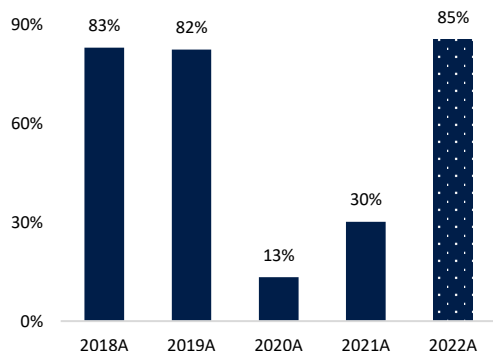
Source: Company Filings

Fig 1.2: SIA's Revenue Breakdown by Region

Source: Company Filings

Fig 1.3: SIA's Revenue Breakdown by Segment

Source: Company Filings

Fig 1.4: SIA Historical Passenger Load Factor (%)

Source: Company Filings

Business Description

Singapore Airlines (SIA) operates on a global scale under the brand Singapore Airlines and Scoot. Founded in 1972 with its headquarters in Singapore, SIA provides an assortment of services, primarily in passenger and cargo air transportation, to over 95 countries in over 5 continents. Some of their other services provided include maintenance repair, overhaul services, airport terminal service, engineering service, pilot training and air charter.

SIA positions itself as a premium air travel choice focusing on providing the best possible service to its customers. Perpetually innovating, SIA recently launched a digital aviation laboratory, which aims to leverage on technology to provide customers with a safer and more secure air travel experience. Other past innovations that propelled SIA to the top of the industry include being the first airline to include inflight Wi-Fi from 2001 onwards, the first to personalise in-flight entertainment services, and the first to launch self-service check in kiosks.

Revenue Breakdown

As of FY2022, SIA derived S\$15.6bn of revenue from its Full-Service Carriers (FSC), representing 84% of its total revenue. S\$2bn of its revenue came from Low-Cost Carriers (LCC), while S\$0.8bn came from SIA's engineering services. Further segmented by its geographic locations, 52% of SIA's revenue came from East Asia, followed by Europe and the Southwest Pacific with 16% each. The rest of its revenue is divided equally between the Americas and Africa.

Passenger and Cargo Transportation

The SIA Group's passenger carriage rose six-fold to more than 26mn in FY2022, with capacity reaching 79% as of 31 March 2023. The FSC segment provides passenger and cargo transportation under SIA with a focus on full-service passenger segment. The LCC provides only air transportation under the Scoot brand which focus only on low-cost passenger segment.

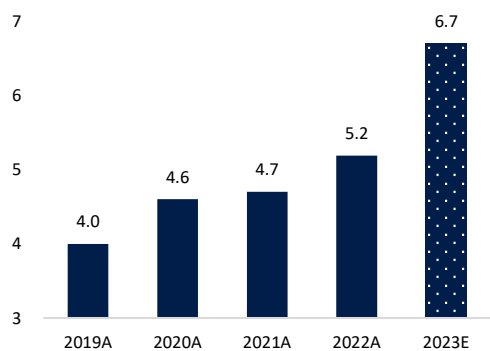
SIA Cargo was established as a division within Singapore Airlines. Their purpose was to serve the growing demand for air freight and mail transport services in view of Singapore's strategic location as a global transportation hub. The division generated S\$3.6bn in FY2022 and was the second highest cargo revenue within SIA's history. Despite the challenges of Covid-19, cargo revenue remained resilient, standing at 83% above pre-Covid levels.

Engineering Services

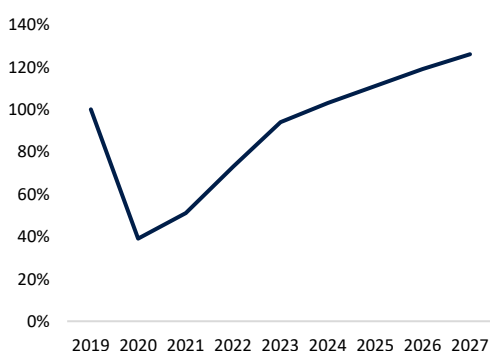
SIA Engineering Company (SIAEC) experienced a strong recovery in its activities in FY2022, with the number of flights handled recovering to 65% of pre-pandemic volume, and increases in business volume for airframe maintenance, repair, overhaul services and fleet management. It also manufactures cabin equipment, refurbishes aircraft galleys, and provides technical and non-technical handling of hydro mechanical aircraft equipment's. Recently, SIAEC was able to secure new customer contracts, such as the extension of agreements with Hawaiian Airlines and MYAirline.

Kris Flyer Loyalty

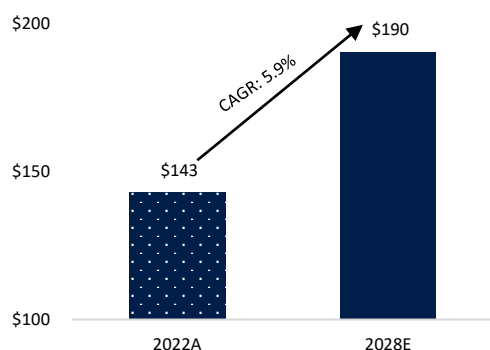
SIA has managed to grow its customer retention rate through its loyalty program. The KrisFlyer program allows customers to earn mileage points based on the amount spent on SIA and its partners. KrisFlyer members can spend these points on entities of SIA such as Scoot, Pelago, and KrisShop. Additionally, KrisFlyer has partnered up with major brands like NTUC and Esso to entice customers to spend through multiple rewards systems. Expanding its membership subscriptions to 6.7mn people (Fig 1.5) and boosting its customer interactivity by 110% as compared to pre-Covid levels has led to this segment generating over S\$900mn in revenue in FY22.

Fig 1.5: Number of KrisFlyer Members (mn)

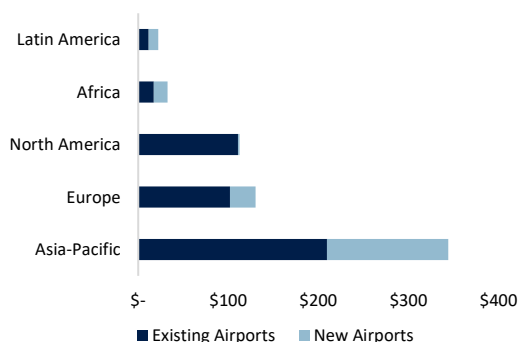
Source: Company Filings

Fig 2.1: Forecasted Global Passenger Traffic (Rebased)

Source: Airports Council International

Fig 2.2: Forecasted Air Freight Market Size (US\$bn)

Source: Mordor Intelligence

Fig 2.3: Global Expenditure on Airports (US\$bn)

Source: Statista

Industry Overview & Competitive Positioning

Industry Overview

The aviation industry made an incredible rebound following the shutdown of air travel during the Covid-19 pandemic. As a necessity toward cross-border leisure and business, the airline industry is currently driven by increasing disposable income and a flourishing tourism sector. As a result, total global air traffic rose by an incredible 64% as compared to pre-pandemic levels. The industry was currently valued at US\$514bn as of 2022 and is expected to grow to US\$636bn by 2030. YoY air traffic is also expected to grow by a CAGR of 6.1% till 2042.

Air cargo transportation experienced a slight decrease in total volume transported over the pandemic period. However, a surge in e-commerce and global delivery of goods will be able to drive this industry's growth over the coming years. In comparison to other modes of transport, air freight is still the preferred choice to deliver goods due to its cost-efficiency and ability to transport large amounts of volume at the fastest speed across all other modes. The air freight industry is expected to grow by a CAGR of 5% from 2022 to 2032, signifying the ever-growing relevance of air cargo transportation in an era of cross-boundary delivery and service provided.

Global Economic Growth

According to the World Tourism Organisation, it is projected that the tourism industry will reach 1.8 billion by 2030 due to the increase of economic growth. This leads to a higher number of individuals being able to afford travelling activities due to the increase in disposable income. Additionally, the pandemic has disrupted vacation plans which has led to a "revenge travelling" trend. People are splurging on travelling as to make up for the lost time and opportunities. Despite the rising cost in plane tickets, many vacation-starved individuals are prioritising vacations over their finances. According to a survey done by Skyscanner, 77% of respondents intends to spend the same amount or more than they did while travelling in 2022.

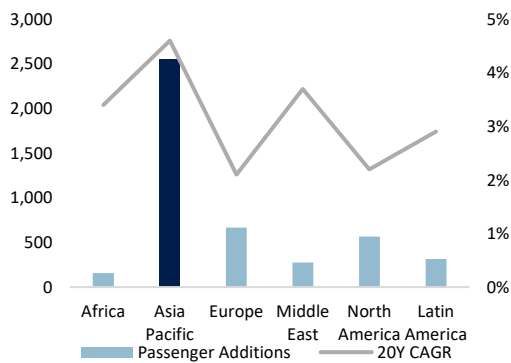
Increasing Governmental Investments in Air Travel

There have been multiple governmental investment plans announced globally to increase international connectivity and capacity of airport terminals (Fig 2.3). Singapore has already announced an investment of S\$12bn in the construction of terminal 5. In India, they are set to invest US\$12bn in the construction of 72 new airports and multiple refurbishment projects. Estimated to increase total capacity to 420mn passengers, India is set to double its aircraft fleet capacity. Finally, the US also has plans to expand its Los Angeles International Airport's (LAX) capacity to an estimated 100mn passengers per year by 2025. With multiple governmental initiatives set on boosting airport capacity, the aviation industry is ready and is expecting astounding growth.

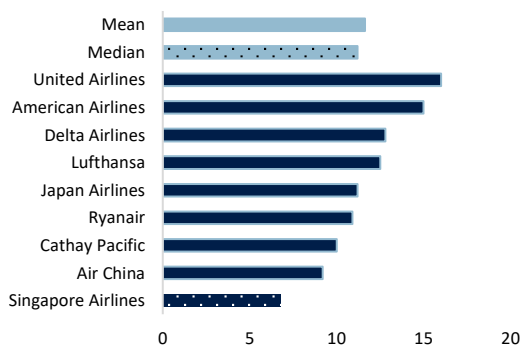
Competitive Positioning

Modern Aircraft Fleet: SIA has one of the youngest fleets in the world 6.75 years. As compared to the global average fleet age of 11.6 years (Fig 2.5), SIA remains as one of the most dominant airlines with superior cost savings and fuel efficiency. Exemplifying its commitment to constant renewal of its fleet, SIA has projected roughly S\$17bn in Capex over the next 5 years, with significant portions allocated to fleet renewal. In its ability to harness each technological advancement of new aircrafts, SIA will be able to exploit them to their full advantage.

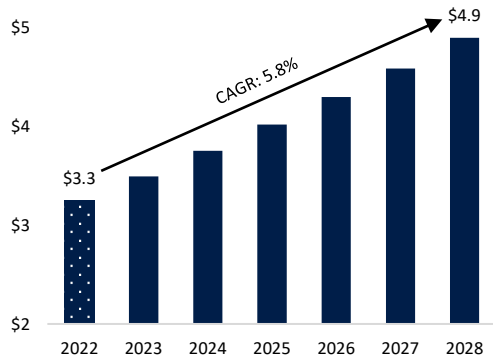
Apart from fuel efficiency, new models are also more reliable which minimises downtime and flight delays and decrease maintenance and repair cost. Negating long-term degradation of its interior, passenger seats of new aircrafts will also be in a better condition, providing customers with the best possible travelling experience. Collectively, these factors aid in the public's perception of SIA being the safest and most reliable airline in the world.

Fig 2.4: Air Passenger 20-Year Growth Forecasts (mn)

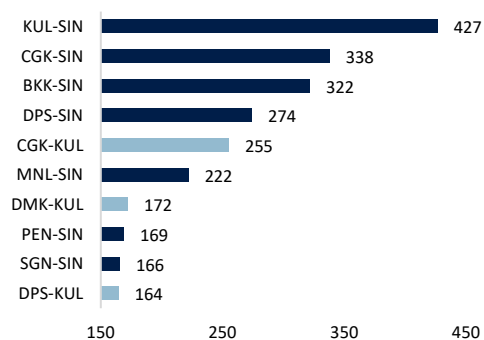
Source: International Air Transport Association

Fig 2.5: Industry Average Aircraft Fleet Age

Source: AirFleets

Fig 3.1: Forecasted ASEAN GDP (US\$tn)

Source: Statista

Fig 3.2: Top 10 International Routes in Southeast Asia Seats Flown (k)

Source: OAG Aviation

Customer Service Excellence: SIA takes pride in its state-of-the-art services provided to its customers and are committed to improving each customer touchpoint to enhance their experience. SIA utilised machine learning to gain better insights from their customer feedback. Complemented by SIA's Customer Insights Portal (CIP), SIA reimagined and reshaped their customer's experience to support its recovery post-pandemic. Major improvements to their customer's experience included automated check-in and bag drop machines, enhanced all classes of SilverKris lounges, and revamped in-flight entertainment and food services. These actions aided SIA's victory in winning a plethora of awards such as the World's Best Airline 2023 (5th time awarded), best airline in Asia, and topping the Skytrax World Airlines Awards 2023. Such achievements act as a testament to SIA's strong public perception, making them the most preferred airline in the region. Unmatchable in terms of loyalty, these awards have helped SIA steal market share away from other airlines in the region.

Strategic Partnerships: SIA strategically forges partnerships aimed at fortifying its global footprint, broadening its extensive route network, and elevating the quality of its services. As an integral member of the Star Alliance, SIA gains access to an impressive network encompassing 1,250 destinations spanning 195 countries. Notably, the Star Alliance stands as the world's preeminent global alliance, boasting an impressive passenger count of 762.3mn. This collaborative endeavour not only ensures a seamless travel experience for SIA passengers but also offers a myriad of advantages, including streamlined check-in procedures and dedicated connection teams at crucial airport hubs, thereby enhancing customer satisfaction and boost SIA's customer retention rate far above its competitors.

Investment Thesis

Thesis 1: Exploiting Dominance in Southeast Asia

Gatekeeping and Dominance of Southeast Asia

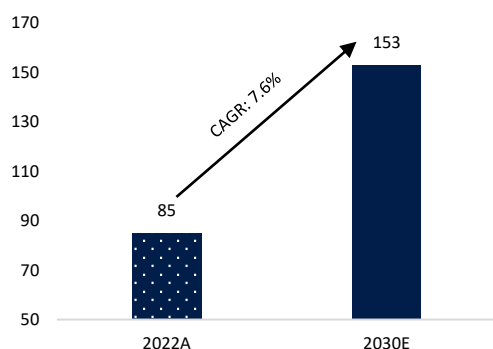
Southeast Asia (SEA) has experienced tremendous economic growth over the past decade. As a collective, ASEAN's GDP exceeded US\$3.2tn in 2022 and is forecasted to continue growing at an astounding rate (Fig 3.1). Having attracted more than US\$174bn in foreign investments in 2021 alone, ASEAN is poised to outgrow the global economy by 1.5% in 2023. Additionally, the ASEAN region received over 85mn international tourists in 2022, an increase of 10% from 2021. As reported by MarketLine, the Asia Pacific region is expected to experience a 4.5% CAGR of air passenger traffic. With more high-value investments flowing into SEA, coupled with a flourishing business scene, more travellers are expected to fly into SEA through Singapore.

Singapore can capitalise on ASEAN's booming economy due to 2 main factors: capability and dominance. Firstly, SIA has a greater reach than any other regional airline. As more international traffic is expected, SIA will naturally be the choice airline for many international travellers coming into Singapore. Secondly, SIA is ranked higher than its regional competitors in almost all aspects. Voted as the best airline in the world, Singapore has already anchored itself as a preferred travelling route in SEA, substantiated by 7 of the top 10 international routes either starting or ending in Singapore (Fig 3.2). This vast difference only solidifies SIA's top position in the region. Such factors prove that SIA's undisputed capability and dominance will not only allow it to ride on ASEAN's expected exponential economic growth, but also steal market share away from its regional competitors.

Changi Airport Doubling its Passenger Capacity

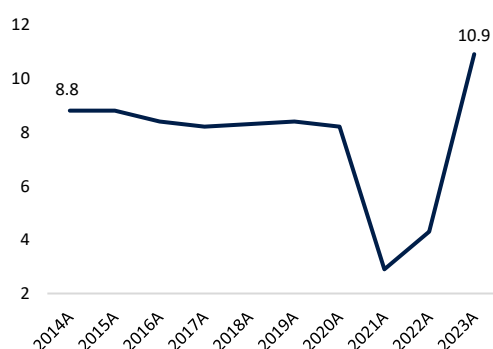
Changi Airport, the primary hub for Singapore Airlines, was originally designed to serve 85mn passengers across its four terminals. In 2022, it saw a total of 32mn passengers passing through its gates, equating to roughly 7,400 weekly flights. To prepare for anticipated future growth, terminal 5 is currently under construction and is expected to almost double Changi Airport's capacity to an astonishing 153mn passengers in 2030, representing a 7.6% CAGR (Fig 3.3).

Fig 3.3: Forecasted Singapore Changi Airport Capacity (mn)



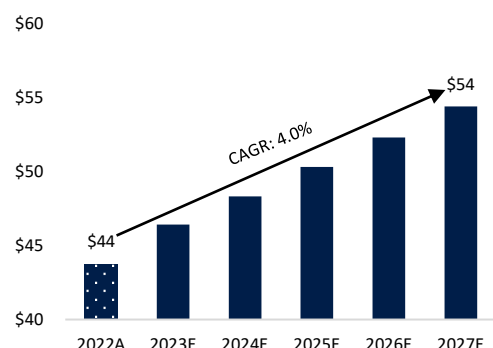
Source: Statista

Fig 3.4: SIA's Historical RASK (\$\$ cents/ASK)



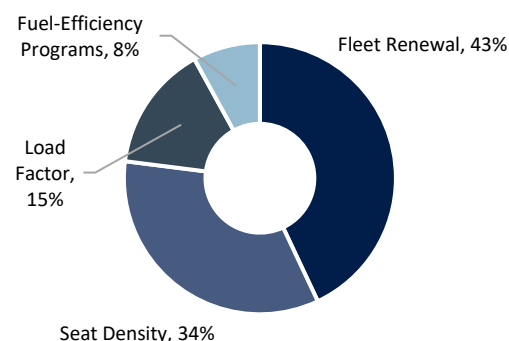
Source: Company Filings

Fig 3.5: Forecasted Revenue of India's Aviation Industry (US\$bn)



Source: Statista

Fig 3.6: Factors Affecting Fuel Efficiency



Source: McKinsey & Company

With the Singapore Government predicting doubling passenger traffic in the near decade, SIA is poised for colossal growth. Passenger capacity has already recovered to 80% of pre-pandemic levels and are on track to fully recovering by 2024. SIA's revenue per available seat-kilometre (RASK) and passenger load factor (PLF) of S\$0.10 per ASK and 85.4% respectively, as compared to FY20's RASK of S\$0.07 per ASK and PLF of 82.4%, further indicates that SIA's upward trajectory has potential to be a benefactor of Changi Airport's capacity increase. An airport with greater capacity allows SIA to focus on expanding its reach and bring in more passengers without restraint. Having operated over 20mn passengers and 300,000 flights out of Changi Airport in FY22, Changi Airport's expansion will undoubtedly lead to SIA transporting much greater amounts of passengers in the future, propelling profits ahead.

Expansion into India's Gargantuan Market

SIA and Tata Sons have recently reached an agreement to merge Air India and Vistara, creating India's leading airline group. SIA is making a substantial investment of S\$360mn to acquire a 25.1% stake in the expanded group. The merger is set to be finalized by March 2024. Both SIA and Tata have committed to providing additional capital if needed to support the growth and operations of the enlarged Air India.

This merger not only bolsters SIA's presence in India but also fortifies its multi-hub strategy, positioning SIA to actively engage in a swiftly expanding market. India currently holds the title of the world's fastest-growing global economy and is anticipated to ascend to the position of the third-largest economy globally by 2027. Furthermore, it ranks as the third-largest aviation market on a global scale. With a relatively low international seat per capita, India displays considerable growth potential, further driven by the ever-increasing demand for air travel. Air travel in India is expected to grow at a 4% CAGR over the next 5 years, with domestic passengers expected to reach 330mn by 2024, a substantial increase from the 105mn recorded in 2022.

Thesis 2: Bolstering Financial Position through Key Vertical's Transformation

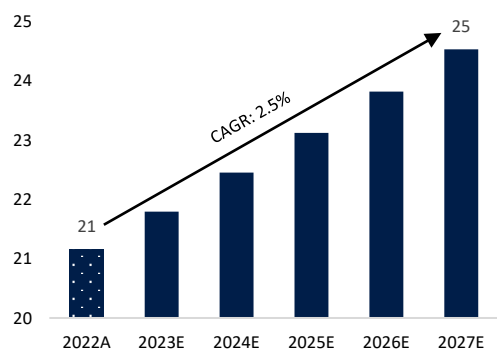
Success of its Independent Supply Chain

SIA reduces its supply chain risk due to its independence of third-party suppliers. Previously owned by SIA, SATS is now an independent all-in-one aviation service provider. Given their long-standing history, SIA can fully rely on SATS to provide catering services on board travel and most on-the-ground passenger services. Apart from SATS, SIAEC is also SIA's inhouse maintenance service provider, allowing SIA aircrafts immediate and preferential maintenance and repair. Customisations made to the plane, such as increasing belly hold, can be done swiftly to ensure maximisation of the aircraft, translating into greater profits. Such efficiency allows SIA the liberty and flexibility to make decisive decisions and respond to market changes.

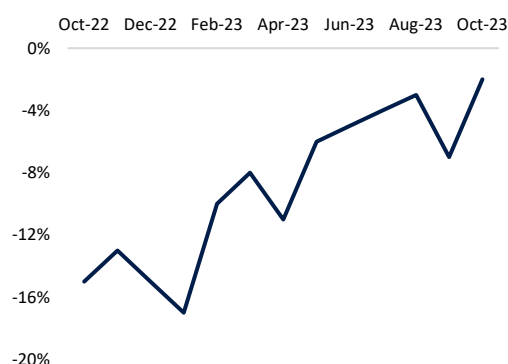
Although other regional airlines have their own catering and maintenance services, SATS and SIAEC are not dependant on SIA. Although a substantial portion of their customer bases are SIA, having other customers allows SATS and SIAEC to venture beyond the regional market and expand their business. This has a positive correlation to SIA as through expansion of SATS and SIAEC, they can streamline and upgrade their services. For example, securing more customers like MYAirline and Hawaiian Airlines enabled SIAEC to increase staff headcount. This gives SIA comparative advantage due to reduced repair cycle lengths.

Aircraft Fleet Expansion and Renewal

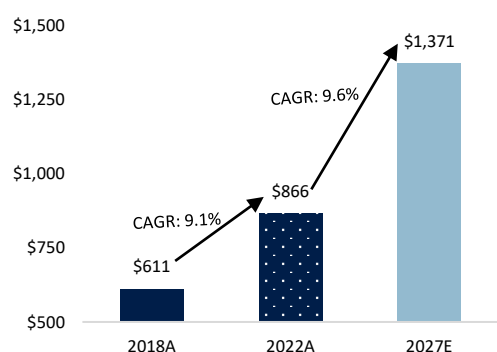
SIA is known to have one of the youngest fleets in the world, with 195 of its aircrafts averaging 6.75 years old. As compared to the global industry average age of 10 to 12 years, this younger fleet allows for increased fuel efficiency, lower downtime and lower Maintenance, Repairs and Overhaul (MRO) costs. Mature aircrafts aged 6 to 12 years typically increases the annual cost of maintenance by 3.5%. By constantly renewing and upgrading its fleet, SIA is maximising Capex spent by

Fig 3.7: SIA's Forecasted Seat Capacity (mn)

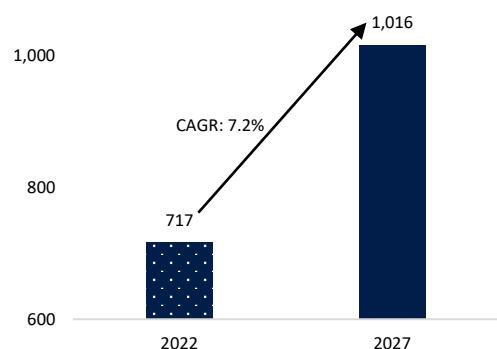
Source: Company Filings, Team Analysis

Fig 3.8: Historical Y-o-Y Change in Global Cargo Volume Demand

Source: DHL Group

Fig 3.9: KrisFlyer Miles Redemption (\$\$mn)

Source: Company Filings, Team Analysis

Fig 3.10: Forecasted Global Tourism Spending (US\$bn)

Source: Statista

reducing maintenance cost, leading to a lower downtime, and allowing aircrafts to be utilised at a higher rate. As reported by McKinsey & Company, constant redesigning of seat allocation and capacity is also more fuel efficient.

SIA's newest acquisition of the 787 Dreamliner fleet is a testament to this, with the fleet boasting a remarkably more fuel-efficient aircraft as compared to its older counterparts. With an order book including 63 more next-generation passenger aircrafts, SIA is committed to effectively managing and expanding their profit margins. In an era of soaring jet fuel prices, compounded by the fact that jet fuel accounts for roughly 20-40% of overall operating cost, cost savings will be more pronounced, positing SIA to reap the benefits of a young aircraft fleet.

Further Expansion into a Thriving Cargo Market

SIA Cargo stands out as one of the world's leading air cargo carriers, boasting a global network spanning over 100 destinations and having garnered numerous prestigious awards in recent years. SIA Cargo continues its robust expansion of cargo operations through strategic partnerships and fleet enhancements, which results in new flight networks and increased flight frequencies.

In 2022, SIA Cargo forged a strategic alliance with DHL Express, a renowned leader in air freight cargo services. This collaboration positions SIA Cargo to tap into the burgeoning e-commerce market while also extending its reach by introducing new destinations such as Seattle, USA, and Gothenburg in 2023. Additionally, this partnership will boost flight frequencies on existing routes, notably Los Angeles, Frankfurt, and Shanghai. To support this expansion, SIA Cargo has made significant fleet additions. In 2022, the company placed orders for seven Airbus A350F freighters, slated for delivery in 2025 and 2026. The A350F represents a cutting-edge generation of freighter aircraft, distinguished by superior fuel efficiency and heightened cargo capacity compared to older freighter models. With E-commerce market expecting to grow at a CAGR of 15.2% Y-o-Y, SIA Cargo has positioned its cargo segment for growth.

Thesis 3: Rejuvenating Customer Experience to Strengthen Loyalty

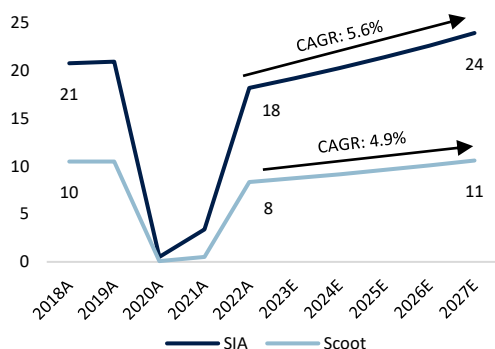
Anchoring Customers Through its All-rounded Rewards Program

SIA has been heavily investing to optimise their lifestyle rewards program, KrisFlyer, to provide greater value to its customers. The KrisFlyer program is marketed as an all-in-one travel program that encompasses majority of a customer's travelling experience, allowing members to tailor-fit their travel experience seamlessly and efficiently. With new additions such as KrisFlyer Experiences and the revamped Kris+ application, SIA has opened multiple opportunities for customers to earn privileges exclusively in dining, retail activities, and transportation. Such offerings allowed SIA to experience a 163% growth in customer spending through KrisFlyer, signifying a growing market in consumer travel spending.

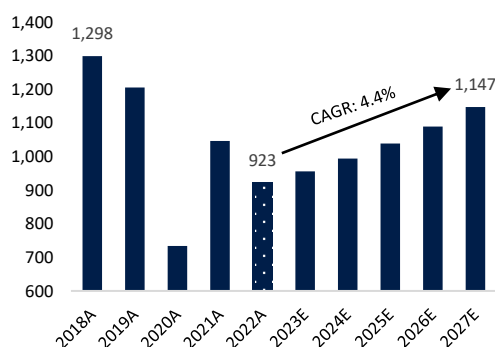
Looking to further expand its product offerings, SIA is determined to grow the number of partners of KrisFlyer from the current 980 partners. Reaching over 6.7mn customers in FY2022, revenue derived from the KrisFlyer loyalty program increased by 29% y-o-y to an astounding S\$900m in revenue. With the World Travel and Tourism Council (WTTC) expecting customer spending on travel and holidays to increase by 41% in FY2023, SIA has strategically located itself to capture this undervalued market and increasing customer spending to boost its top-line growth.

Reimagining and Reshaping a Customer's Travelling Journey

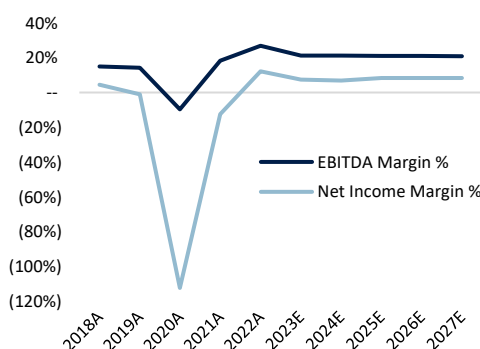
Boasting as one of the best providers of customer experience in the world, SIA has unmatched competitiveness in providing the best travelling experience for its customers. Utilising next-generation technology like machine learning has facilitated SIA to closely monitor and track end-to-end customer journey. Automation has given rise to Self-Service Check-in Kiosks and Automatic Bag Drop machines at Changi Airport. With more than 67% of departing Singapore travellers utilising self-service check-in, this not only reduces the reliance and cost of

Fig 4.1: Passengers Flown (mn)

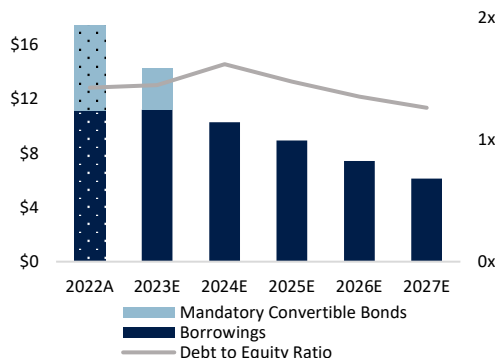
Source: Company Filings, Team Analysis

Fig 4.2: Cargo Flown (mn tonnes)

Source: Company Filings, Team Analysis

Fig 4.3: SIA's EBITDA and Net Income Margins

Source: Company Filings, Team Analysis

Fig 4.4: SIA's Total Debt Positioning (SG\$bn)

Source: Company Filings, Team Analysis

additional manpower needed, but also enhances the overall check-in experience by reducing wait times at check-in counters.

Apart from the check-in experience, SIA has also revamped its product innovation by enhancing its live entertainment, Wi-Fi connectivity, and e-commerce offerings to offer an exceptional in-flight experience for all travellers. More travellers are now able to access live television services in addition to an existing 1,900 in-flight entertainment options. Such offerings underscore SIA's commitment in providing top-level service and can be used as a differentiating factor when defending its market share. Reflected in SIA's sharp rebound post-pandemic, SIA's unparalleled customer loyalty will aid SIA in continuously driving profits.

Financial Analysis

SIA has made an incredible comeback following pandemic-stricken financials. Passenger load factor (PLF) for SIA and Scoot has rebounded to 86% and 84% respectively in FY2022, showing the stickiness of consumer travel. With current actions to free up cash on hand and reduce debt levels, we believe that SIA will take an aggressive approach to further drive top-line growth.

Commanding Top-line Momentum with Resilient Profitability:

SIA was versatile in responding to the sudden uptick in air travel during the endemic. It has also shown remarkable competence and agility in its operations, enabling SIA to deliver an astounding addition of S\$2.7bn in net profit. With the help of "revenge travelling", SIA has even managed to beat pre-pandemic net profit margins.

Outlook for passenger travel remains promising. In line with global tourism and air travel growth, we expect SIA's and Scoot's passenger carry to grow at a 5Y CAGR of 5.6% and 4.9% respectively (Fig 4.1). Continuing this momentum, we expect total revenue to grow at a 5Y CAGR of 7.3%. However, this growth will be pinned down by a slowing cargo market due to ongoing wars between Russia and Ukraine, and Israel and Palestine. Additionally, profitability will be heavily affected by highly fluctuating jet fuel pricing. Accounting for roughly 30% of total expenditure, we estimate that net profit margins will begin to stabilise at 6.8% to 8.4% over the next 5 years (Fig 4.3).

Enabling Liquidity Through Strong Cash Position:

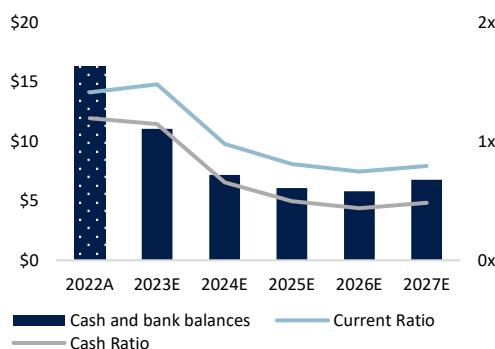
Such exponential growth in FY2022 contributed to incredibly healthy cash totalling S\$16bn and a current ratio of 1.40. This can also be attributed to SIA's Covid-19 plan of freeing up cash by selling its aircrafts and leasing them back. This enabled SIA to tide through a turbulent economy and come out with greater liquidity. With a debt-service coverage ratio of 33%, SIA has more than sufficient cash flow for them to cover their current debt obligations. This gives SIA the flexibility to invest in growth opportunities which ultimately increases shareholder's value.

SIA announced in May 2023 that they will be redeeming 50% of its Mandatory Convertible Bonds (MCBs) previously issued in 2021. The cash dispensed is estimated to be S\$3.1bn based on a 108% premium on the principal amount. With MCB's yield to call increasing to 5% per annum cum 2025, which translates to half-year redemption pricing of 117% and 124%, we expect SIA to redeem the remaining outstanding MCBs in FY2024. Redemption of MCBs will take a hit on SIA's cash position, but forecasted cash flow remains healthy and above pre-pandemic levels. Based on forecasted financials, cash flow will start to turn around in FY2026.

Effective Cost Management and Hedging Activities:

With the global economy in turmoil, supply chain disruptions have heavily impacted businesses around the world. Expenditure on jet fuel has especially affected SIA's profitability due to (1) a 49.6% increase in average jet fuel pricing; (2) higher demand and deployment of jet fuel; and (3) a strengthening USD against SGD. However, SIA's fuel hedging prowess has led to S\$530mn of fuel hedging gains in FY2022. With SIA stepping up hedging activities to not only jet fuel, but crude oil as

Fig 4.5: SIA's Cash Positioning (\$\$bn)



Source: Company Filings, Team Analysis

Fig 5.1: Weighted Average Cost of Capital

Risk-free Rate	3.06%
Equity Risk Premium	6.13%
Unlevered Beta	0.65
Re-levered Beta	1.18
Cost of Equity	10.28%
Pre-tax Cost of Debt	5.77%
Country Risk Premium	1.13%
Corporate Tax Rate	17.00%
After-tax Cost of Debt	5.73%
Market Debt to Equity	98.23%
Proportion of Equity	50.45%
Proportion of Debt	49.55%
WACC	8.02%

Source: Team Analysis

Fig 5.2: Perpetual Growth Rate Sensitivity Analysis

	Perpetual Growth Rate				
	2.00%	2.50%	3.00%	3.50%	4.00%
7.02%	7.34	8.10	9.05	10.27	11.89
7.52%	6.43	7.03	7.76	8.67	9.84
8.02%	5.68	6.16	6.73	7.43	8.30
8.52%	5.05	5.44	5.90	6.45	7.12
9.02%	4.51	4.83	5.21	5.65	6.17

Source: Team Analysis

Fig 5.3: Exit Multiple Sensitivity Analysis

	Exit Multiple				
	8.46x	8.96x	9.46x	9.96x	10.46x
7.02%	4.44	4.69	4.95	5.21	5.47
7.52%	4.33	4.59	4.84	5.09	5.34
8.02%	4.23	4.48	4.73	4.97	5.22
8.52%	4.13	4.37	4.62	4.86	5.10
9.02%	4.04	4.27	4.51	4.75	4.98

Source: Team Analysis

well, we believe that SIA's effective hedging activities will further dampen volatility in the market and defend its current profitability.

Valuation

We reiterate our **BUY** recommendation for Singapore Airlines with a target price of **S\$6.73**, presenting a **+13.13%** upside potential based on the closing price of **S\$5.95** on 23 October 2023.

Revenue Forecasting

To reiterate, SIA has 3 revenue streams: Full-Service Carriers, Low-Cost Carriers, and SIA Engineering. Full-service carriers can be further broken down into passenger travel and cargo transportation. We forecasted SIA's passenger revenue based on a bottom-up approach, where we multiplied SIA's price per seat, overall seat capacity, and passenger load factor. For cargo revenue, we multiplied SIA's price per kilogram of cargo transported, cargo capacity, and cargo load factor. Additionally, we forecasted SIA Engineering's and other revenue from SIA using a YoY growth method.

DCF Valuation

We used a 5-year DCF model along with a 3% perpetual growth rate to derive SIA's implied share price. A 3% perpetual growth rate was used for two reasons: (1) it is in line with Singapore's 10-year historical GDP growth rate of 3.18% and (2) it considers ASEAN's GDP growth rate of 4.6%. To ensure conservatism, we trimmed these figures to achieve a 3% perpetual growth rate. Finally, our growth rates and assumptions in our DCF model were derived off our thesis that SIA's in a prime position to capture exponential growth in the ASEAN market and will continue to be a leading airline in the world.

Discount Rate (WACC)

The Cost of Equity was derived through the Capital Asset Pricing Model. We used the Singapore 10-Year Government Bond Yield of 3.06% as of 09/11/2023. Based on company filings, 9 currencies were identified for foreign currency risk based on exposure. We therefore utilised Damodaran's ERP data based on these 9 countries to derive an ERP of 6.13%. Through a bottom-up beta approach (Appendix I), SIA's cost of equity was calculated to be 10.28%. We took the weighted average interest rate on all interest-bearing debt, including MCBs, to calculate SIA's pre-tax cost of debt of 5.77%. Using an average country risk premium of 1.13% and Singapore's corporate tax rate of 17%, the after-tax cost of debt arrived at 5.73%. Using SIA's market D/E ratio of 0.98, we calculated a WACC of 8.02% (Fig 5.1).

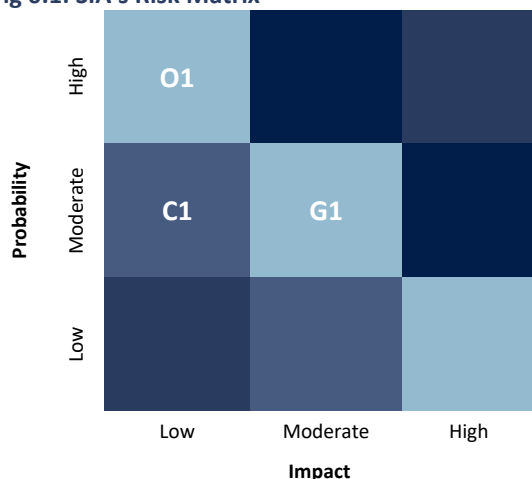
Relative Valuation (Comparable Companies Analysis)

The team's relative valuation was based on comparable companies that are in the same line of work as SIA. As the airline industry is humongous, our selection included airlines headquartered in North America, but focused on regional airlines in Asia, including China, Japan, and Korea as well. We screened for peers that also had similar operational capabilities rivalling SIA, but also included low-cost carriers to account for SIA's low-cost carrier arm, Scoot. We identified that the LTM EV/EBIT multiple was the most suitable for our DCF model. Although SIA is a leading airline globally with huge presence around the world, we believe that even with a 75th percentile EV/EBIT multiple of 9.46x, the implied share price is undervalued.

Scenario Analysis

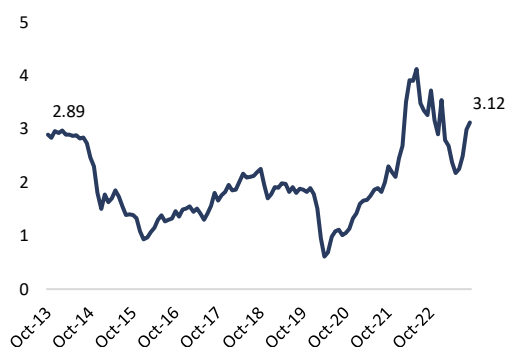
We performed a sensitivity analysis by varying our WACC, perpetual growth rate, and EV/EBIT exit multiple (Fig 5.2 & 5.3). This allows us to ensure accuracy in our derivation of our implied share price. A perpetual growth rate of 3% was used as it manages to capture the region's growth in becoming one of the powerhouses of the world. As a basis of our growth rate, we trimmed Singapore's GDP growth rate of 3.18%.

Fig 6.1: SIA's Risk Matrix



Source: Team Analysis

Fig 6.2: Historical Jet Fuel Price (US\$/gallon)



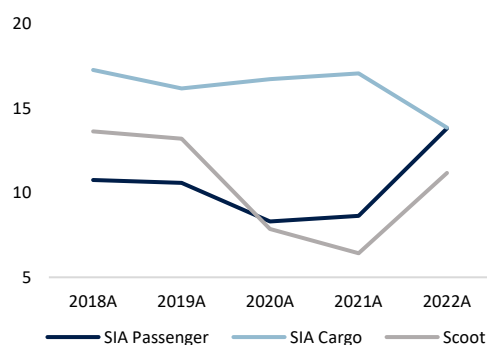
Source: Index Mundi

Fig 7.1: Sustainalytics ESG Risk Ratings

Company	Rating
Singapore Airlines Limited	28.1
Cathay Pacific Airways Limited	31.1
Deutsche Lufthansa AG	28.3
Air China Limited	27.2
Ryanair Holdings plc	23.5
Japan Airlines Co., Ltd.	26.3
Cargojet Inc.	27.1
Turk Hava Yollari Anonim Ortakligi	21.7
United Airlines Holdings, Inc.	28.7
American Airlines Group Inc.	26.4
Mean	26.8
Median	27.2

Source: Sustainalytics

Fig 7.2: SIA Fuel Productivity (LTK/AG)



Source: Company Filings

Investment Risks

Operational Risk

O1 | Rising Jet Fuel Cost

Probability: High | Impact: High

Jet fuel accounts for around 30% of an airlines' operating expenses. Often, it is the primary cost for airlines. The profitability of an airline is sensitive to the changes in jet fuel prices. For 1H 2022, we saw jet fuel indexes rise to all-time highs, which took a hit to SIA's margins. Furthermore, it is anticipated that jet fuel expenses will surge due to the concurrent increase in crude oil prices. Starting from mid-July 2023, jet fuel prices have soared by more than 20%, driven by multiple factors, including Russia's reduction of daily oil barrel exports by 300k until the end of 2023. Moreover, Saudi Arabia is slated to cut its daily oil exports by one million barrels during November and December 2023.

O1 | Mitigation:

SIA effectively countered fuel price fluctuations through robust hedges in Brent crude oil and jet fuel. Previously hedging only against Brent, SIA adapted its strategy due to volatile jet fuel crack spreads, focusing primarily on short term jet fuel derivatives. SIA's current fuel hedging positions now include Brent crude oil and MOPS jet kerosene. SIA has also realized US\$66mn and US\$44mn in gains from previous position closures, recognized over FY24 and FY25. This strategy shields SIA from fuel price volatility by pre-emptively securing a portion of its fuel requirements, thereby minimizing the impact of rising fuel costs on their financial performance.

Geopolitical Risk

G1 | Increasing Geopolitical Tensions

Probability: Moderate | Impact: Moderate

Any form of tension between two countries in the world poses a risk towards SIA. All flights routes to and from Israel had been suspended as of October 2023 due to the ongoing conflict. The Russia-Ukraine war also forced airlines to reroute flight routes back in 2022. Rising tensions between other countries, like the US and China, pose a threat to SIA's profitability as if a repetition of the Russia-Ukraine war takes place, not only will travel restrictions be implemented, but a reroute of flight paths add towards cost and time inefficiencies.

G1 | Mitigation: To suppress geopolitical risk exposure, SIA has a dedicated team of experts who periodically review risk levels of each country. The intelligence and analysis provided allows SIA to strategically plan for the development of long-term travel routes. Additionally, SIA is also diversifying its network, increasing the number of travel routes to multiple countries. Such diversification ensures that SIA's exposure to any regional disruption is mitigated and kept to a minimum.

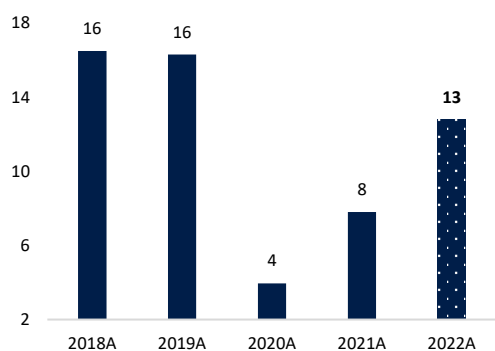
Cyclical Risk

C1 | Sensitive Cyclical Nature

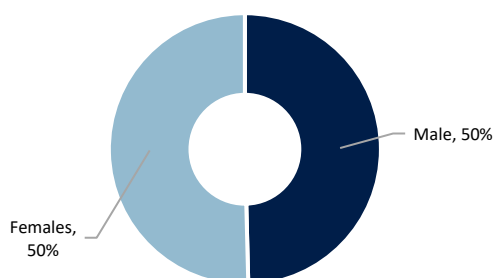
Probability: Low | Impact: Moderate

Singapore Airlines is subjected to cyclical risks. During an economic downturn, consumers tend to spend less on luxury due to the decrease in disposable income. As a premium brand, Singapore Airlines may experience a shift in consumer behavior as the premium pricing would be less accessible during times of economic slumps. Cheaper alternatives such as Qatar, Qantas and Emirates has similar long-distance flight routes at a cheaper price which may serve as substitutes for cost conscious travelers. Leisure and business travel would also see a decline.

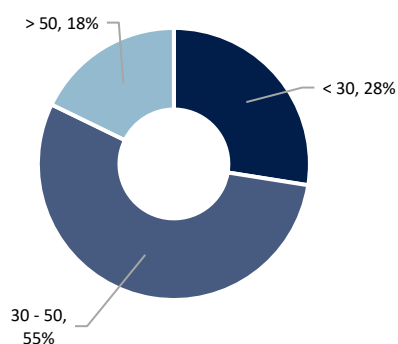
C1 | Mitigation: Singapore Airlines is diversified in their stream of revenue. On top of passenger travels, they also provide cargo services which serves as an additional source of income. They also have a robust loyalty programme, KrisFlyer, that rewards consumers for spending. When demand for air travel falls, customers can continue striving to earn miles through shopping and dining which continues generating revenue for Singapore Airlines. This diversification strengthens Singapore Airlines financial position and reduces its dependency on passengers.

Fig 7.3: Direct Scope 1 GHG Emissions (mn tonnes CO₂)

Source: Company Filings

Fig 7.4: SIA Employee Gender Proportion

Source: Company Filings

Fig 7.5: SIA Employee Age Group Proportion

Source: Company Filings

Fig 7.6: SIA Risk Governance Structure

Source: Company Filings

Environmental, Social, and Governance

SIA places a strong emphasis on ESG principles within the aviation industry, aspiring to be a globally responsible and sustainable airline. Presently, SIA holds an ESG risk rating of 28.1 as assessed by Sustainalytics, categorizing it as a medium-risk entity. However, this score is expected to improve significantly as SIA doubles down on investments in next-generation aircraft, adoption of sustainable aviation fuels (SAF), and procurement of high-quality carbon offsets.

Environmental:

SIA has enthusiastic environmental goals, including achieving net zero carbon emissions by 2050, have SIA Supplies Centres run on 100% renewable energy by 2026, and to achieve the BCA Green Mark accreditation of all SIA buildings. One of SIA's main strategies to reach its goal of achieving net zero carbon emissions is through its fleet renewal. 61 Airbus A350-900 aeroplanes in SIA's fleet are approximately 25% more fuel-efficient than the previous generation aircraft, while 7 new Airbus A350Fs currently on SIA's order books are 40% more economical and fuel efficient and expected to reduce carbon emissions by 400k tonnes annually. Concurrently, SIA has been ramping up efforts to incorporate SAF with its refined jet fuel, saving roughly 2,500 tonnes.

SIA is also committed in reducing greenhouse gasses initiatives, including the implementation of efficient routing strategies and advanced flight planning system. In FY2022, these efforts collectively led to the conservation of 446 tonnes of fuel. Moreover, SIA has established green operational protocols that played a pivotal role in achieving fuel savings. In the FY2022 alone, they contributed to a reduction of 267 tonnes of fuel. SIA is on track to reaching its net zero carbon emissions target by 2050.

Social:

Singapore Airlines has and is committed to giving back to society. They have many initiatives and meaningful community engagement programmes that are impactful. In terms of donation and sponsorships, SIA has donated over \$200k to community chest in FY2022, using the money to support over 100 social service agencies in Singapore. SIA was presented the charity gold awards at the community chest awards.

SIA also enables staff to volunteer by allowing them to allocate one day in each calendar year to support different causes. More than 2,000 SIA staff were involved in community engagement in FY2022 to support ten beneficiary organisation which boasts a total of 8,320 hours of community work in total, highlighting the company's core value in caring for the community. In addition to helping the Singaporean community, SIA is also active in reaching out those in need around the world. This includes countries such as South Africa, The Philippines, Japan, India, Vietnam, Turkey, Germany, and Switzerland.

Governance:

SIA's Board of Directors is responsible for overseeing the company's business performance and affairs. The Board places great importance on maintaining a strong independent element among its members and has set out a target to achieve a 30% ratio of female directors by 2030. The Board's performance is evaluated annually by the Nominating Committee. The company has several policies in place to promote ethical behaviour and prevent conflicts of interest, including a Conflict-of-Interest policy, Whistleblowing policy, and Anti-bribery policy.

SIA has a formal Risk Management Framework to identify, evaluate, and manage risks. SIA also inculcates a risk-aware culture, where risks are reviewed proactively and on an ongoing basis. SIA also has a Crisis Management Manual to guide the Company's crisis response. SIA has also implemented robust measures to protect customer data, including having a Cyber Incident Response Team (CIRT) in place, regularly reviewing, and updating its policies and procedures, and conducting cybersecurity tabletop exercises. SIA is committed to safeguarding customer data and will continue to invest in cybersecurity to protect itself from cyber-attacks.

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Appendix A - SWOT Analysis

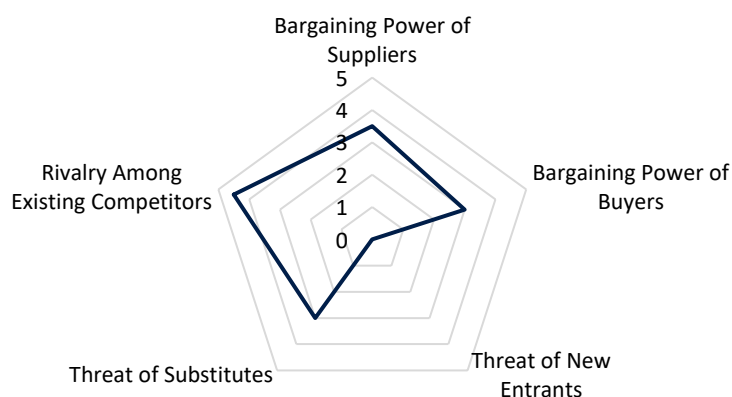
Strengths: Singapore Airlines boasts a strong and prestigious reputation within the airline industry. Its exceptional service, unparalleled safety record, and reliability have cemented its status as a leading global carrier, attracting a dedicated and loyal customer base. One of its primary strengths lies in its unwavering commitment to delivering a superior in-flight experience, characterised by luxurious cabins, gourmet dining, and attentive staff. The airline's operational efficiency is also noteworthy, with a modern and technologically advanced fleet, and it is adept at managing costs effectively. Additionally, its extensive global network and Singapore's Changi Airport as a strategic hub contribute to its competitive advantage.

Weaknesses: While Singapore Airlines is celebrated for its high-quality service, it faces substantial competition in the airline industry. Rivalry comes from both full-service carriers and low-cost airlines, making it challenging to maintain profitability and market share. The company is also susceptible to economic fluctuations and external factors like volatile fuel prices, which can impact its financial performance. The commitment to providing top-notch service can be costly, requiring careful cost management to remain competitive.

Opportunities: Singapore Airlines has numerous opportunities on the horizon. As the Asian middle class continues to grow, there's potential to tap into this expanding market, increasing passenger numbers and revenue. Exploring strategic alliances and partnerships with other airlines can extend the airline's reach and offer passengers a wider range of services and destinations. Furthermore, embracing sustainable aviation practices and investing in eco-friendly technologies can align the airline with the growing demand for environmentally responsible travel. Digital transformation offers another avenue for improving the customer experience, streamlining operations, and introducing innovative services.

Threats: Several external factors pose potential threats to Singapore Airlines. Economic downturns, such as recessions or crises, can lead to decreased demand for air travel, affecting the airline's profitability. The highly competitive nature of the industry, with strong competition from other airlines, including low-cost carriers, may result in price wars and reduced profit margins. Fuel price volatility remains a concern, as fluctuations can significantly impact operating costs. Geopolitical issues, political instability, natural disasters, and health crises can disrupt operations and compromise the safety and security of the airline's routes. Evolving regulations, whether related to safety, security, or environmental standards, may lead to increased compliance costs and operational challenges, requiring careful adaptation.

Appendix B - Porter's 5 Forces



Bargaining Power of Suppliers (3.5) – Singapore Airlines purchases its aircrafts from two main manufacturers of aeroplanes, Boeing, and Airbus. While there are limited options in this regard, SIA, as a major player in the industry, has some negotiation power to secure favourable terms and pricing for aircraft purchases. However, fuel suppliers and labour unions can have a more significant impact on costs.

Bargaining Power of Buyers (3) – SIA operates in a highly competitive market, and consumers have various options to choose from. Price sensitivity and access to information play a crucial role. Passengers often have choices among several airlines, which keeps prices competitive and makes customer service an important differentiator. This remains more relevant towards SIA's budget airline arm, Scoot.

Threat of New Entrants (0) – The airline industry is known for its high barriers to entry. New competitors would need substantial capital for aircraft, infrastructure, regulatory approvals, and a global network. Additionally, established airlines benefit from economies of scale and brand recognition, making it difficult for newcomers to compete effectively.

Threat of Substitutes (3) – SIA has few direct competitors for air travel over long distances. However, for short-haul travel, consumers might choose to other modes of transport outside of Singapore. Video conferencing has also reduced demand for business travel. However, these substitutes are limited in their ability to replace long-haul flights.

Rivalry Among Existing Competitors (4.5) - The airline industry is fiercely competitive, with numerous well-established players vying for market share. Singapore Airlines competes with other major carriers, both on a regional and global scale. Rivalry is intense on factors such as price, service quality, route networks, and frequent flyer programs. The constant pressure to differentiate and adapt to changing market conditions can lead to price wars and challenges in maintaining profitability.

Appendix C – Financial Analysis

Singapore Airlines (STI: C6L) For the Financial Year Ending 31 March <i>All figures are expressed in SG Millions</i>	Historical					Forecasted				
	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
YoY Revenue Growth by Segments										
Full-Service Carriers	--	(8.2%)	(73.5%)	104.8%	120.6%	3.6%	10.9%	11.1%	11.2%	11.4%
Low-Cost Carriers	--	45.3%	(90.4%)	75.1%	354.0%	9.9%	10.0%	10.1%	10.2%	10.3%
Engineering Services	--	(2.6%)	(55.4%)	27.8%	40.6%	15.0%	15.0%	13.0%	11.0%	9.0%
Others	--	30.2%	(35.3%)	(6.6%)	9.8%	5.2%	5.3%	5.3%	5.4%	5.4%
Less: Inter-segment transactions	--	1.3%	(44.5%)	26.3%	23.8%	22.1%	11.0%	11.0%	11.1%	11.1%
Total Revenue	--	(2.1%)	(76.1%)	99.6%	133.4%	4.1%	11.0%	11.0%	11.1%	11.1%
Profitability										
Gross Margin %	25.4%	29.3%	12.2%	28.2%	37.3%	31.7%	31.1%	30.4%	29.8%	29.1%
EBITDA Margin %	23.6%	28.0%	46.5%	44.5%	38.6%	32.5%	32.4%	32.3%	32.1%	31.6%
EBIT Margin %	6.0%	0.0%	(122.9%)	(9.2%)	17.2%	12.6%	12.1%	11.5%	11.1%	10.9%
Net Income Margin %	4.4%	(1.1%)	(112.3%)	(12.5%)	12.2%	8.0%	7.3%	8.8%	8.7%	8.7%
Return On Assets	2.6%	(0.5%)	(11.6%)	(1.9%)	4.4%	3.3%	3.4%	4.3%	4.4%	4.6%
Return On Equity	6.1%	(1.7%)	(25.9%)	(4.2%)	10.7%	8.0%	8.8%	10.5%	10.4%	10.3%
Return On Invested Capital	4.0%	(0.9%)	(15.5%)	(2.7%)	6.9%	5.0%	5.5%	7.2%	7.7%	8.2%
Liquidity										
Current Ratio	0.66	0.44	1.44	2.25	1.41	1.48	0.98	0.81	0.75	0.79
Quick Ratio	0.64	0.42	1.42	2.22	1.40	1.45	0.95	0.78	0.72	0.76
Cash Ratio	0.38	0.24	1.21	1.75	1.19	1.15	0.66	0.50	0.44	0.48
Leverage										
Debt to Equity Ratio	1.32	2.46	1.24	1.13	1.42	1.45	1.62	1.47	1.35	1.26
Debt to EBITDA Ratio	6.30	10.59	-55.61	18.61	6.05	6.76	6.34	5.92	5.55	5.29
Efficiency										
Asset Turnover Ratio	0.60	0.47	0.10	0.16	0.36	0.41	0.46	0.48	0.51	0.53
Receivables Turnover Ratio	14.33	19.47	5.06	4.86	14.90	14.37	14.33	14.33	14.33	14.37
Payables Turnover Ratio	5.29	3.74	2.22	2.00	2.76	3.67	3.66	3.66	3.66	3.67
DuPont Analysis										
ROE	6.1%	(1.7%)	(25.9%)	(4.2%)	10.7%	8.0%	8.8%	10.5%	10.4%	10.3%
Net Income Margin %	4.4%	(1.1%)	(112.3%)	(12.5%)	12.2%	8.0%	7.3%	8.8%	8.7%	8.7%
Asset Turnover Ratio	0.60	0.47	0.10	0.16	0.36	0.41	0.46	0.48	0.51	0.53
Equity Multiplier	2.32	3.46	2.24	2.13	2.42	2.45	2.62	2.47	2.35	2.26

Appendix D - Revenue Build and Income Statement Forecast

Singapore Airlines (STI: C6L)										
For the Financial Year Ending 31 March	Historical					Forecasted				
All figures are expressed in SG Millions	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E

Revenue Forecast										
Revenue										
Full-Service Carriers	\$14,175	\$13,013	\$3,450	\$7,068	\$15,590	\$16,156	\$17,919	\$19,903	\$22,137	\$24,657
Low-Cost Carriers	\$1,780	\$2,587	\$247	\$433	\$1,965	\$2,160	\$2,377	\$2,618	\$2,886	\$3,184
Engineering Services	\$1,021	\$994	\$443	\$566	\$796	\$915	\$1,053	\$1,190	\$1,320	\$1,439
Others	\$152	\$198	\$128	\$120	\$132	\$138	\$146	\$153	\$162	\$170
Less: Inter-segment transactions	(\$805)	(\$816)	(\$453)	(\$572)	(\$708)	(\$864)	(\$959)	(\$1,065)	(\$1,183)	(\$1,314)
Total Revenue	\$16,323	\$15,976	\$3,816	\$7,615	\$17,775	\$18,506	\$20,536	\$22,799	\$25,322	\$28,136
<div><div>Toggle</div><div>1Bull</div><div>2Base</div><div>3Bear</div></div>						4.11%10.97%11.02%11.07%11.11%				
Revenue Computation (Bottom-up)										
Revenue from Full-Service Carriers - Passenger	\$11,955	\$11,061	\$741	\$2,729	\$11,986	\$13,274	\$14,712	\$16,319	\$18,114	\$20,124
Price per Seat (\$)	\$576	\$529	\$1,442	\$805	\$660					
Price per Seat - Live						\$693	\$728	\$764	\$803	\$843
Price per Seat - Bull						\$763	\$808	\$857	\$908	\$963
Price per Seat - Base						\$693	\$728	\$764	\$803	\$843
Price per Seat - Bear						\$652	\$678	\$705	\$733	\$762
Overall Seat Capacity	24,955	25,526	3,752	10,393	21,160	21,794	22,448	23,122	23,815	24,530
Seat Capacity Growth (%)		2.29%	-85.30%	177.00%	103.60%					
Seat Capacity Growth (%) - Live						3.00%	3.00%	3.00%	3.00%	3.00%
Seat Capacity Growth (%) - Bull						3.20%	3.20%	3.20%	3.20%	3.20%
Seat Capacity Growth (%) - Base						3.00%	3.00%	3.00%	3.00%	3.00%
Seat Capacity Growth (%) - Bear						1.50%	1.50%	1.50%	1.50%	1.50%
Passenger Load Factor	83.10%	81.90%	13.70%	32.60%	85.80%	87.86%	90.04%	92.34%	94.78%	97.36%
Passenger Load Factor Growth (%)		-1.44%	-83.27%	137.96%	163.19%					
Passenger Load Factor Growth (%) - Live						2.40%	2.48%	2.56%	2.64%	2.72%
Passenger Load Factor Growth (%) - Bull						2.75%	2.85%	2.95%	3.05%	3.15%
Passenger Load Factor Growth (%) - Base						2.40%	2.48%	2.56%	2.64%	2.72%
Passenger Load Factor Growth (%) - Bear						1.80%	1.83%	1.86%	1.89%	1.92%

Revenue from Full-Service Carriers - Cargo	\$2,221	\$1,951	\$2,709	\$4,339	\$3,604	\$2,882	\$3,207	\$3,584	\$4,022	\$4,533
Price per kg	\$1.71	\$1.62	\$3.69	\$4.15	\$3.90					
Price per kg - Live						\$3.01	\$3.23	\$3.45	\$3.69	\$3.95
Price per kg - Bull						\$3.31	\$3.65	\$4.01	\$4.41	\$4.85
Price per kg - Base						\$3.01	\$3.23	\$3.45	\$3.69	\$3.95
Price per kg - Bear						\$2.95	\$3.16	\$3.38	\$3.62	\$3.87
Cargo Capacity (million kg)	2,077	2,032	855	1,266	1,608	1,627	1,651	1,678	1,710	1,746
Cargo Capacity Growth (%)		-2.18%	-57.90%	48.03%	26.98%					
Cargo Capacity Growth (%) - Live						1.20%	1.43%	1.66%	1.89%	2.12%
Cargo Capacity Growth (%) - Bull						1.50%	1.75%	2.00%	2.25%	2.50%
Cargo Capacity Growth (%) - Base						1.20%	1.43%	1.66%	1.89%	2.12%
Cargo Capacity Growth (%) - Bear						0.74%	0.82%	0.90%	0.98%	1.06%
Cargo Load Factor	62.50%	59.30%	85.80%	82.60%	57.40%	58.74%	60.24%	61.89%	63.71%	65.71%
Cargo Load Factor Growth (%)		-5.12%	44.69%	-3.73%	-30.51%					
Cargo Load Factor Growth (%) - Live						2.34%	2.54%	2.74%	2.94%	3.14%
Cargo Load Factor Growth (%) - Bull						3.45%	3.50%	3.55%	3.60%	3.65%
Cargo Load Factor Growth (%) - Base						2.34%	2.54%	2.74%	2.94%	3.14%
Cargo Load Factor Growth (%) - Bear						1.20%	1.21%	1.22%	1.23%	1.24%
Revenue from Low-Cost Carriers - Passenger	\$1,780	\$2,587	\$247	\$433	\$1,965	\$2,160	\$2,377	\$2,618	\$2,886	\$3,184
Price per Seat (\$)	\$170	\$247	\$3,015	\$862	\$236					
Price per Seat - Live						\$248	\$260	\$273	\$287	\$301
Price per Seat - Bull						\$248	\$268	\$289	\$312	\$337
Price per Seat - Base						\$248	\$260	\$273	\$287	\$301
Price per Seat - Bear						\$243	\$245	\$248	\$250	\$253
Overall Seat Capacity	12,257	12,198	828	3,325	9,930	10,128	10,334	10,547	10,767	10,995
Seat Capacity Growth (%)		-0.48%	-93.21%	301.37%	198.68%					
Seat Capacity Growth (%) - Live						2.00%	2.03%	2.06%	2.09%	2.12%
Seat Capacity Growth (%) - Bull						3.50%	3.57%	3.64%	3.71%	3.78%
Seat Capacity Growth (%) - Base						2.00%	2.03%	2.06%	2.09%	2.12%
Seat Capacity Growth (%) - Bear						1.00%	1.02%	1.04%	1.06%	1.08%
Passenger Load Factor	85.30%	85.70%	9.90%	15.10%	83.90%	86.12%	88.46%	90.91%	93.48%	96.18%
Passenger Load Factor Growth (%)		0.47%	-88.45%	52.53%	455.63%					
Passenger Load Factor Growth (%) - Live						2.65%	2.71%	2.77%	2.83%	2.89%
Passenger Load Factor Growth (%) - Bull						3.00%	3.08%	3.16%	3.24%	3.32%
Passenger Load Factor Growth (%) - Base						2.65%	2.71%	2.77%	2.83%	2.89%
Passenger Load Factor Growth (%) - Bear						2.00%	2.04%	2.08%	2.12%	2.16%

Revenue Computation (Y-o-Y % Growth)										
Revenue from Engineering Services	\$1,021	\$994	\$443	\$566	\$796	\$915	\$1,053	\$1,190	\$1,320	\$1,439
% Growth		-2.63%	-55.44%	27.79%	40.61%					
Live						15.00%	15.00%	13.00%	11.00%	9.00%
Bull						22.00%	22.00%	20.50%	19.00%	17.50%
Base						15.00%	15.00%	13.00%	11.00%	9.00%
Bear						8.00%	8.00%	5.70%	3.40%	3.40%
Revenue from Others	\$152	\$198	\$128	\$120	\$132	\$138	\$146	\$153	\$162	\$170
% Growth		30.18%	-35.25%	-6.55%	9.85%					
Live						5.20%	5.25%	5.30%	5.35%	5.40%
Bull						6.20%	6.27%	6.34%	6.41%	6.48%
Base						5.20%	5.25%	5.30%	5.35%	5.40%
Bear						3.30%	3.32%	3.34%	3.36%	3.38%
Less: Revenue from Inter-segment Transactions	(\$805)	(\$816)	(\$453)	(\$572)	(\$708)	(\$864)	(\$959)	(\$1,065)	(\$1,183)	(\$1,314)
% of Revenue before Inter-segment Transactions	4.70%	4.86%	10.61%	6.99%	3.83%	4.46%	4.46%	4.46%	4.46%	4.46%
Expenses Forecast										
Cost of Sales	(\$12,182)	(\$11,290)	(\$3,350)	(\$5,470)	(\$11,144)	(\$12,634)	(\$14,153)	(\$15,861)	(\$17,780)	(\$19,939)
% of Revenue	74.63%	69.16%	20.53%	33.51%	68.27%					
Live Case						68.27%	68.92%	69.57%	70.22%	70.87%
Bull Case						68.47%	68.92%	69.37%	69.82%	70.27%
Base Case						68.27%	68.92%	69.57%	70.22%	70.87%
Bear Case						69.47%	71.77%	74.07%	76.37%	78.67%
Advertising and sales costs	(\$332)	(\$334)	(\$13)	(\$121)	(\$326)	(\$338)	(\$373)	(\$411)	(\$454)	(\$502)
% of Revenue	2.03%	2.09%	0.33%	1.59%	1.83%					
Live Case						1.82%	1.81%	1.80%	1.79%	1.78%
Bull Case						1.80%	1.79%	1.78%	1.77%	1.76%
Base Case						1.82%	1.81%	1.80%	1.79%	1.78%
Bear Case						1.85%	1.84%	1.83%	1.82%	1.81%
Commission and incentives	(\$473)	(\$490)	\$14	(\$118)	(\$488)	(\$507)	(\$560)	(\$619)	(\$686)	(\$759)
% of Revenue	2.89%	3.07%	-0.36%	1.55%	2.75%					
Live Case						2.74%	2.73%	2.72%	2.71%	2.70%
Bull Case						2.72%	2.71%	2.70%	2.69%	2.68%
Base Case						2.74%	2.73%	2.72%	2.71%	2.70%
Bear Case						2.77%	2.76%	2.75%	2.74%	2.73%

Other operating expenses	(\$880)	(\$888)	(\$621)	(\$595)	(\$1,045)	(\$1,042)	(\$1,104)	(\$1,169)	(\$1,235)	(\$1,302)
% of Revenue	5.39%	5.56%	16.28%	7.81%	5.88%					
Live Case						5.63%	5.38%	5.13%	4.88%	4.63%
Bull Case						5.43%	4.98%	4.53%	4.08%	3.63%
Base Case						5.63%	5.38%	5.13%	4.88%	4.63%
Bear Case						5.87%	5.86%	5.85%	5.84%	5.83%
Interest income	\$42	\$42	\$35	\$46	\$413	\$370	\$421	\$479	\$544	\$619
% of Revenue	0.26%	0.26%	0.93%	0.60%	2.32%					
Live Case						2.00%	2.05%	2.10%	2.15%	2.20%
Bull Case						2.80%	2.88%	2.96%	3.04%	3.12%
Base Case						2.00%	2.05%	2.10%	2.15%	2.20%
Bear Case						1.20%	1.10%	1.00%	0.90%	0.80%
Write-back of impairment/(Impairment) of assets	--	--	(\$1,953)	(\$59)	\$45	\$54	\$68	\$85	\$104	\$127
% of Revenue	0.00%	0.00%	51.18%	0.77%	0.25%					
Live Case						0.29%	0.33%	0.37%	0.41%	0.45%
Bull Case						0.33%	0.41%	0.49%	0.57%	0.65%
Base Case						0.29%	0.33%	0.37%	0.41%	0.45%
Bear Case						0.22%	0.19%	0.16%	0.13%	0.10%
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(\$6)	\$7	(\$27)	\$86	(\$7)	\$15	\$25	\$37	\$51	\$68
% of Revenue	0.04%	0.04%	0.71%	1.13%	0.04%					
Live Case						0.08%	0.12%	0.16%	0.20%	0.24%
Bull Case						0.12%	0.20%	0.28%	0.36%	0.44%
Base Case						0.08%	0.12%	0.16%	0.20%	0.24%
Bear Case						0.01%	-0.02%	-0.05%	-0.08%	-0.11%
Dividends from long-term investments	\$3	\$3	\$8	\$4	\$4	\$4	\$5	\$6	\$8	\$10
% of Revenue	0.02%	0.02%	0.22%	0.05%	0.02%					
Live Case						0.02%	0.03%	0.03%	0.03%	0.03%
Bull Case						0.03%	0.03%	0.03%	0.04%	0.04%
Base Case						0.02%	0.03%	0.03%	0.03%	0.03%
Bear Case						0.02%	0.02%	0.03%	0.03%	0.03%
Other non-operating items	(\$47)	(\$32)	(\$128)	(\$50)	(\$58)	(\$65)	(\$76)	(\$89)	(\$103)	(\$121)
% of Revenue	0.29%	0.20%	3.35%	0.65%	0.33%					
Live Case						0.35%	0.37%	0.39%	0.41%	0.43%
Bull Case						0.37%	0.41%	0.45%	0.49%	0.53%
Base Case						0.35%	0.37%	0.39%	0.41%	0.43%
Bear Case						0.35%	0.36%	0.37%	0.38%	0.39%

Appendix E - Supporting Schedules

Singapore Airlines (STI: C6L) For the Financial Year Ending 31 March <i>All figures are expressed in SG Millions</i>	Historical					Forecasted				
	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
BOP	1/4/2018	1/4/2019	1/4/2020	1/4/2021	1/4/2022	1/4/2023	1/4/2024	1/4/2025	1/4/2026	1/4/2027
EOP	31/3/2019	31/3/2020	31/3/2021	31/3/2022	31/3/2023	31/3/2024	31/3/2025	31/3/2026	31/3/2027	31/3/2028
Days	365	366	365	365	365	366	365	365	365	366
Revenue	\$16,323	\$15,976	\$3,816	\$7,615	\$17,775	\$18,030	\$19,675	\$21,397	\$23,275	\$25,325
Cost of Sales	(\$12,182)	(\$11,290)	(\$3,350)	(\$5,470)	(\$11,144)	(\$12,372)	(\$13,569)	(\$14,830)	(\$16,212)	(\$17,727)
Tax Expense	(\$147)	\$51	\$674	\$142	(\$474)	(\$1,591)	(\$1,718)	(\$1,961)	(\$2,136)	(\$2,317)
Net Income	\$722	(\$169)	(\$4,283)	(\$948)	\$2,163	\$7,766	\$8,388	\$9,574	\$10,430	\$11,313
Right of Use Assets	--	\$1,478	\$1,984	\$3,290	\$3,855	\$4,403	\$5,034	\$5,753	\$6,575	\$7,512
Intangible Assets	\$194	\$487	\$229	\$303	\$298	\$305	\$311	\$316	\$320	\$325
Working Capital Schedule										
Assets:										
Inventories	\$158	\$239	\$145	\$187	\$227	\$262	\$288	\$315	\$345	\$376
Inventory Days	4.7	7.8	15.8	12.5	7.4	7.8	7.8	7.8	7.8	7.8
Trade debtors	\$1,139	\$821	\$754	\$1,566	\$1,193	\$1,129	\$1,235	\$1,343	\$1,461	\$1,586
Trade debtors Days	25.5	18.8	72.1	75.1	24.5	22.9	22.9	22.9	22.9	22.9
Deposits and other debtors	\$64	\$331	\$69	\$203	\$284	\$307	\$387	\$416	\$459	\$465
% of Revenue	0.39%	2.07%	1.80%	2.66%	1.60%	1.70%	1.97%	1.94%	1.97%	1.84%
Prepayments	\$98	\$121	\$62	\$93	\$105	\$173	\$202	\$232	\$227	\$235
% of Revenue	0.60%	0.76%	1.61%	1.22%	0.59%	0.96%	1.03%	1.08%	0.98%	0.93%
Other short-term assets	\$43	\$39	\$21	\$30	\$71	\$72	\$78	\$85	\$92	\$100
% of Revenue	0.26%	0.24%	0.55%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Other long-term assets	\$544	\$346	\$496	\$1,737	\$756	\$767	\$836	\$910	\$990	\$1,077
% of Revenue	3.33%	2.16%	13.00%	22.81%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Liabilities:										
Borrowings	\$160	\$2,661	\$843	\$607	\$2,548	\$2,829	\$3,102	\$3,390	\$3,706	\$4,053
% of Cost of Sales	1.31%	23.57%	25.16%	11.09%	22.86%	22.86%	22.86%	22.86%	22.86%	22.86%
Lease liabilities	-	\$493	\$315	\$568	\$617	\$924	\$1,014	\$1,108	\$1,211	\$1,324
% of Cost of Sales	-	4.37%	9.40%	10.38%	5.54%	7.47%	7.47%	7.47%	7.47%	7.47%
Trade and other creditors	\$2,304	\$3,016	\$1,511	\$2,733	\$4,040	\$3,371	\$3,707	\$4,051	\$4,429	\$4,829
Trade and other creditors Days	69	98	165	182	132	100	100	100	100	100

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						11 November 2020				
Sales in advance of carriage	\$2,480	\$2,041	\$504	\$2,108	\$4,631	\$2,519	\$2,762	\$3,019	\$3,300	\$3,609
% of Cost of Sales	20.36%	18.08%	15.05%	38.54%	41.56%	20.36%	20.36%	20.36%	20.36%	20.36%
Deferred revenue	\$611	\$756	\$958	\$926	\$866	\$879	\$959	\$1,043	\$1,134	\$1,234
% of Revenue	3.74%	4.73%	25.10%	12.16%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%
Provisions (Current)	\$366	\$364	\$344	\$183	\$390	\$415	\$455	\$497	\$544	\$594
% of Cost of Sales	3.00%	3.22%	10.25%	3.35%	3.50%	3.35%	3.35%	3.35%	3.35%	3.35%
Provisions (Non-Current)	\$430	\$991	\$387	\$1,144	\$1,047	\$1,163	\$1,275	\$1,393	\$1,523	\$1,666
% of Cost of Sales	3.53%	8.78%	11.55%	20.92%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
ROU Additions	--	\$207	\$1,460	\$1,369	\$1,076	\$1,092	\$1,251	\$1,429	\$1,632	\$1,864
% of Revenue	0.00%	1.29%	38.25%	17.98%	6.06%	6.06%	6.36%	6.68%	7.01%	7.36%
ROU Amortization	--	\$433	\$359	\$464	\$514	\$543	\$620	\$709	\$811	\$926
% of Rights-of-Use Assets	0.00%	29.30%	18.08%	14.09%	13.34%	14.09%	14.09%	14.09%	14.09%	14.09%
Intangible Assets Additions	\$113	\$92	\$74	\$74	\$82	\$83	\$83	\$84	\$85	\$86
% of Revenue	0.69%	0.57%	1.94%	0.98%	0.46%	0.69%	0.76%	0.84%	0.92%	1.01%
Intangible Assets Amortization	\$62	\$58	\$66	\$72	\$76	\$76	\$77	\$79	\$80	\$81
% of Intangible Assets	31.89%	11.81%	28.72%	23.75%	25.41%	25.41%	25.41%	25.41%	25.41%	25.41%
Property, Plant and Equipment Schedule										
Components:	Useful Life	Value	% of Value							
Aircraft	18.5	\$14,805	96.21%							
Aircraft spares	18.5	\$231	1.50%							
Aircraft spare engines	18.5	\$108	0.70%							
Leasehold land and buildings	30	\$84	0.55%							
Plant and equipment	7.5	\$117	0.76%							
Office and computer equipment	7.5	\$43	0.28%							
Weighted Average Useful Life of PPE	18.45	\$15,388	100.00%							
PPE Opening Balance						\$23,833	\$24,716	\$26,515	\$28,981	\$30,741
CapEx						\$2,300	\$3,400	\$4,300	\$3,800	\$3,300
Total PPE before Depreciation						\$26,133	\$28,116	\$30,815	\$32,781	\$34,041
Less: Depreciation						(\$1,417)	(\$1,601)	(\$1,834)	(\$2,040)	(\$2,219)
PPE Closing Balance						\$23,833	\$24,716	\$26,515	\$28,981	\$31,823

Depreciation of Existing PPE		\$1,292	\$1,292	\$1,292	\$1,292	\$1,292
Depreciation of CapEx						
2023		\$125	\$125	\$125	\$125	\$125
2024			\$184	\$184	\$184	\$184
2025				\$233	\$233	\$233
2026					\$206	\$206
2027						\$179
Total Depreciation of CapEx		\$125	\$309	\$542	\$748	\$927
Total Depreciation of PPE		\$1,417	\$1,601	\$1,834	\$2,040	\$2,219

Rights-of-Use Asset Schedule						
ROU Opening Balance		\$3,855	\$4,403	\$5,034	\$5,753	\$6,575
Additions		\$1,092	\$1,251	\$1,429	\$1,632	\$1,864
Total ROU before Amortization		\$4,946	\$5,654	\$6,463	\$7,385	\$8,439
Less: ROU Amortization		(\$543)	(\$620)	(\$709)	(\$811)	(\$926)
ROU Closing Balance	\$3,855	\$4,403	\$5,034	\$5,753	\$6,575	\$7,512

Intangible Asset Schedule						
Intangible Assets Opening Balance		\$298	\$305	\$311	\$316	\$320
Additions		\$83	\$83	\$84	\$85	\$86
Total Intangible asset before Amortization		\$380	\$388	\$395	\$401	\$406
Less: Intangible assets Amortization		(\$76)	(\$77)	(\$79)	(\$80)	(\$81)
Intangible Assets Closing Balance	\$298	\$305	\$311	\$316	\$320	\$325

Total Amortization of ROU and Intangible Assets						
Amortization of ROU Assets		(\$543)	(\$620)	(\$709)	(\$811)	(\$926)
Amortization of Intangible Assets		(\$76)	(\$77)	(\$79)	(\$80)	(\$81)
Total Amortization of ROU and Intangible Assets		(\$619)	(\$698)	(\$788)	(\$891)	(\$1,008)

Borrowings Schedule						
----------------------------	--	--	--	--	--	--

Loan Schedule						
Loans	Value	Weighted Interest Rate (%)				
2023	\$917	3.40%				
2024	\$1,350	3.86%				
2025	\$704	3.04%				
2026	\$1,295	3.15%				
2027 and onwards	\$6,119	2.38%				

Loans - 2023						
Beginning Loan Balance		\$917	--	--	--	--
Principal Repayment		(\$917)	--	--	--	--
Ending Loan Balance		--	--	--	--	--
Loans - 2024						
Beginning Loan Balance		\$1,350	\$1,350	--	--	--
Principal Repayment		--	(\$1,350)	--	--	--
Ending Loan Balance		\$1,350	--	--	--	--
Interest Payment		\$16	--	--	--	--
Loans - 2025						
Beginning Loan Balance		\$704	\$704	\$704	--	--
Principal Repayment		--	--	(\$704)	--	--
Ending Loan Balance		\$704	\$704	--	--	--
Interest Payment		\$21	\$21	\$11	--	--
Loans - 2026						
Beginning Loan Balance		\$1,295	\$1,295	\$1,295	\$1,295	--
Principal Repayment		--	--	--	(\$1,295)	--
Ending Loan Balance		\$1,295	\$1,295	\$1,295	--	--
Interest Payment		\$41	\$41	\$41	\$20	--
Loans - 2027 and onwards						
Beginning Loan Balance		\$6,119	\$6,119	\$6,119	\$6,119	\$6,119
Principal Repayment		--	--	--	--	(\$700)
Ending Loan Balance		\$6,119	\$6,119	\$6,119	\$6,119	\$5,419
Interest Payment		\$145	\$145	\$145	\$145	\$137

Convertible Bonds Schedule						
Principal Bond Amount	\$804					
Coupon Rate	1.63%					
Frequency	2					
Beginning Principal Amount		\$804	\$804	\$804	--	--
Principal Repayment		--	--	(\$804)	--	--
Ending Principal Amount	\$804	\$804	\$804	--	--	--
Interest Payment		\$13	\$13	\$7	--	--
Borrowings Balance						
Current Borrowings		\$917	\$1,350	\$1,507	\$1,295	\$700
Non-Current Borrowings		\$10,271	\$8,921	\$7,414	\$6,119	\$5,419
Total Borrowings		\$11,188	\$10,271	\$8,921	\$7,414	\$6,119

Mandatory Convertible Bonds (MCBs)						
Conversion Rate		108.24%	113.74%	121.03%	129.61%	1.3617
Beginning MCBs Balance		\$6,195	\$3,098	--	--	--
MCBs Redeemed		(\$3,098)	(\$3,098)	--	--	--
Ending MCBs Balance	\$6,195	\$3,098	--	--	--	--
Interest Payment		\$255	\$426	--	--	--

Interest Paid on Debt					
Total Interest Paid on Loans	(\$275)	(\$234)	(\$197)	(\$166)	(\$137)
Interest Paid on Convertible Bond	(\$13)	(\$13)	(\$7)	--	--
Interest Paid on MCBs	(\$255)	(\$426)	--	--	--
Total Interest Paid on Borrowings	(\$544)	(\$672)	(\$203)	(\$166)	(\$137)

Lease Liabilities										
Current Lease Liabilities	-	\$493	\$315	\$568	\$617	\$803.55	\$780.45	\$901.96	\$1,020.92	\$1,171.83
Non-Current Lease Liabilities	-	\$1,468	\$1,976	\$3,115	\$3,561	\$3,848.93	\$4,319.54	\$4,846.13	\$5,456.86	\$6,149.12
Total	--	\$1,961	\$2,291	\$3,683	\$4,178	\$4,652	\$5,100	\$5,748	\$6,478	\$7,321
% Current		25.15%	13.75%	15.42%	14.78%	17.27%	15.30%	15.69%	15.76%	16.01%

Appendix F - Pro-Forma Income Statement

Income Statement										
Revenue:										
Full-Service Carriers	\$14,175	\$13,013	\$3,450	\$7,068	\$15,590	\$15,661	\$17,033	\$18,519	\$20,161	\$21,979
Low-Cost Carriers	\$1,780	\$2,587	\$247	\$433	\$1,965	\$2,157	\$2,362	\$2,534	\$2,719	\$2,919
Engineering Services	\$1,021	\$994	\$443	\$566	\$796	\$915	\$1,053	\$1,190	\$1,320	\$1,439
Others	\$152	\$198	\$128	\$120	\$132	\$138	\$146	\$153	\$162	\$170
Less: Inter-segment transactions	(\$805)	(\$816)	(\$453)	(\$572)	(\$708)	(\$842)	(\$919)	(\$999)	(\$1,087)	(\$1,183)
Total Revenue	\$16,323	\$15,976	\$3,816	\$7,615	\$17,775	\$18,030	\$19,675	\$21,397	\$23,275	\$25,325
Cost of Sales	(\$12,182)	(\$11,290)	(\$3,350)	(\$5,470)	(\$11,144)	(\$12,372)	(\$13,569)	(\$14,830)	(\$16,212)	(\$17,727)
Gross Profit	\$4,141	\$4,686	\$466	\$2,145	\$6,631	\$5,658	\$6,107	\$6,567	\$7,063	\$7,598
Advertising and sales costs	(\$332)	(\$334)	(\$13)	(\$121)	(\$326)	(\$329)	(\$353)	(\$384)	(\$418)	(\$454)
Commission and incentives	(\$473)	(\$490)	\$14	(\$118)	(\$488)	(\$494)	(\$537)	(\$581)	(\$630)	(\$683)
Fuel hedging ineffectiveness	--	(\$709)	(\$214)	\$78	\$1	--	--	--	--	--
Depreciation	(\$1,328)	(\$2,148)	(\$2,078)	(\$1,928)	(\$2,005)	(\$1,417)	(\$1,601)	(\$1,834)	(\$2,040)	(\$2,219)
Amortisation of ROU and Intangible Assets	(\$62)	(\$58)	(\$66)	(\$72)	(\$76)	(\$619)	(\$698)	(\$788)	(\$891)	(\$1,008)
Total Operating Expenses	(\$2,194)	(\$3,739)	(\$2,357)	(\$2,160)	(\$2,894)	(\$2,858)	(\$3,188)	(\$3,587)	(\$3,978)	(\$4,364)
Operating Profit and Loss before Other Expenses	\$1,947	\$948	(\$1,891)	(\$15)	\$3,737	\$2,801	\$2,918	\$2,980	\$3,085	\$3,234
Other operating expenses	(\$880)	(\$888)	(\$621)	(\$595)	(\$1,045)	(\$1,015)	(\$1,058)	(\$1,097)	(\$1,135)	(\$1,172)
Operating Income	\$1,067	\$59	(\$2,513)	(\$610)	\$2,692	\$1,786	\$1,860	\$1,882	\$1,949	\$2,062
Finance charges	(\$116)	(\$221)	(\$268)	(\$392)	(\$420)	(\$544)	(\$672)	(\$203)	(\$166)	(\$137)
Interest income	\$42	\$42	\$35	\$46	\$413	\$361	\$403	\$449	\$500	\$557
Write-back of impairment/(Impairment) of assets	--	--	(\$1,953)	(\$59)	\$45	\$53	\$65	\$80	\$96	\$115
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(\$6)	\$7	(\$27)	\$86	(\$7)	\$15	\$24	\$34	\$47	\$61
Dividends from long-term investments	\$3	\$3	\$8	\$4	\$4	\$4	\$5	\$6	\$7	\$9
Other non-operating items	(\$47)	(\$32)	(\$128)	(\$50)	(\$58)	(\$63)	(\$73)	(\$83)	(\$95)	(\$109)
Share of profits/(losses) from associated companies	(\$74)	(\$79)	(\$113)	(\$116)	(\$31)	--	--	--	--	--
Profit / (Loss) before Taxation	\$869	(\$220)	(\$4,957)	(\$1,090)	\$2,637	\$1,611	\$1,613	\$2,166	\$2,339	\$2,558
Tax expense	(\$147)	\$51	\$674	\$142	(\$474)	(273.9)	(274.2)	(368.1)	(397.7)	(434.8)
Tax Rate:						17.0%	17.0%	17.0%	17.0%	17.0%
Net profit/(loss) after tax	\$722	(\$169)	(\$4,283)	(\$948)	\$2,163	\$1,337	\$1,339	\$1,797	\$1,942	\$2,123
Shares outstanding (Adjusted):										
<i>Basic</i>	1,251	1,512	4,175	5,852	6,077	6,077	6,077	6,077	6,077	6,077
<i>Diluted</i>	1,257	1,499	4,175	5,852	6,163	6,163	6,163	6,163	6,163	6,163
Earnings per share (cents):										
<i>Basic</i>	57.70	(11.20)	(102.60)	(16.20)	35.60	22.01	22.03	29.58	31.95	34.94
<i>Diluted</i>	57.40	(11.30)	(102.60)	(16.20)	35.10	21.70	21.72	29.16	31.50	34.45

Appendix G - Pro-Forma Balance Sheet

Balance Sheet										
Current Assets:										
Deferred account	\$7	--	--	--	--	--	--	--	--	--
Derivative assets	\$371	\$169	\$157	\$1,402	\$663	\$663	\$663	\$663	\$663	\$663
Inventories	\$158	\$239	\$145	\$187	\$227	\$262	\$288	\$315	\$345	\$376
Trade debtors	\$1,139	\$821	\$754	\$1,566	\$1,193	\$1,129	\$1,235	\$1,343	\$1,461	\$1,586
Amounts owing by subsidiary companies	\$4	--	\$13	--	--	--	--	--	--	--
Deposits and other debtors	\$64	\$331	\$69	\$203	\$284	\$307	\$387	\$416	\$459	\$465
Prepayments	\$98	\$121	\$62	\$93	\$105	\$173	\$202	\$232	\$227	\$235
Other short-term assets	\$43	\$39	\$21	\$30	\$71	\$72	\$78	\$85	\$92	\$100
Investments	\$69	\$424	\$217	\$406	\$404	\$404	\$404	\$404	\$404	\$404
Cash and bank balances	\$2,716	\$2,685	\$7,512	\$13,763	\$16,328	\$10,926	\$6,756	\$5,233	\$4,464	\$4,850
Assets held for sale	-	\$14	\$25	\$37	\$26	\$26	\$26	\$26	\$26	\$26
Total current assets	\$4,667	\$4,843	\$8,973	\$17,688	\$19,299	\$13,961	\$10,039	\$8,716	\$8,141	\$8,704
Non-Current Assets:										
Property, plant and equipment	\$17,312	\$25,486	\$19,048	\$24,571	\$23,833	\$24,716	\$26,515	\$28,981	\$30,741	\$31,823
Right-of-use assets	-	\$1,478	\$1,984	\$3,290	\$3,855	\$4,403	\$5,034	\$5,753	\$6,575	\$7,512
Intangible assets	\$194	\$487	\$229	\$303	\$298	\$305	\$311	\$316	\$320	\$325
Subsidiary companies	\$3,591	-	\$5,881	-	-	--	--	--	--	--
Associated Companies	\$555	\$817	\$332	\$806	\$757	\$757	\$757	\$757	\$757	\$757
Joint venture companies	\$31	\$192	\$32	\$233	\$265	\$265	\$265	\$265	\$265	\$265
Long-term investments	\$334	\$65	\$47	\$43	\$39	\$39	\$39	\$39	\$39	\$39
Other long-term assets	\$544	\$346	\$496	\$1,737	\$756	\$767	\$836	\$910	\$990	\$1,077
Deferred account	\$37	-	-	-	-	--	--	--	--	--
Total non-current assets	\$22,597	\$28,870	\$28,049	\$30,983	\$29,802	\$31,252	\$33,758	\$37,022	\$39,688	\$41,798
Total Assets	\$27,264	\$33,713	\$37,022	\$48,671	\$49,101	\$45,213	\$43,797	\$45,738	\$47,829	\$50,502
Current Liabilities:										
Borrowings	\$160	\$2,661	\$843	\$607	\$2,548	\$917	\$1,350	\$1,507	\$1,295	\$700
Lease liabilities	-	\$493	\$315	\$568	\$617	\$804	\$780	\$902	\$1,021	\$1,172
Current tax payable	\$55	\$69	\$77	\$153	\$128	\$128	\$128	\$128	\$128	\$128
Trade and other creditors	\$2,304	\$3,016	\$1,511	\$2,733	\$4,040	\$3,371	\$3,707	\$4,051	\$4,429	\$4,829
Amounts owing to subsidiary companies	\$972	-	\$1,531	-	-	--	--	--	--	--
Sales in advance of carriage	\$2,480	\$2,041	\$504	\$2,108	\$4,631	\$2,519	\$2,762	\$3,019	\$3,300	\$3,609
Deferred revenue	\$611	\$756	\$958	\$926	\$866	\$879	\$959	\$1,043	\$1,134	\$1,234
Deferred account	\$38	\$32	\$14	\$16	\$51	\$51	\$51	\$51	\$51	\$51
Derivative liabilities	\$88	\$1,571	\$124	\$575	\$399	\$399	\$399	\$399	\$399	\$399
Provisions	\$366	\$364	\$344	\$183	\$390	\$415	\$455	\$497	\$544	\$594
Total current liabilities	\$7,073	\$11,002	\$6,220	\$7,869	\$13,671	\$9,482	\$10,591	\$11,597	\$12,301	\$12,717

Non-Current Liabilities:										
Deferred account	\$75	\$33	\$41	\$95	\$56	\$56	\$56	\$56	\$56	\$56
Deferred taxation	\$1,750	\$1,335	\$1,019	\$1,064	\$1,430	\$1,430	\$1,430	\$1,430	\$1,430	\$1,430
Long-term lease liabilities	-	\$1,468	\$1,976	\$3,115	\$3,561	\$3,849	\$4,320	\$4,846	\$5,457	\$6,149
Borrowings	\$6,059	\$7,163	\$10,264	\$11,406	\$8,614	\$10,271	\$8,921	\$7,414	\$6,119	\$5,419
Other long-term liabilities	-	\$1,876	\$496	\$1,078	\$382	\$382	\$382	\$382	\$382	\$382
Provisions	\$430	\$991	\$387	\$1,144	\$1,047	\$1,163	\$1,275	\$1,393	\$1,523	\$1,666
Defined benefit plans	\$104	\$113	\$106	\$100	\$91	\$91	\$91	\$91	\$91	\$91
Total non-current liabilities	\$8,418	\$12,978	\$14,290	\$18,002	\$15,181	\$17,242	\$16,475	\$15,612	\$15,058	\$15,193
Total Liabilities	\$15,491	\$23,980	\$20,510	\$25,871	\$28,851	\$26,723	\$27,066	\$27,210	\$27,359	\$27,909
Shareholder's Equity:										
Share capital	\$1,856	\$1,856	\$7,180	\$7,180	\$7,180	\$7,180	\$7,180	\$7,180	\$7,180	\$7,180
Mandatory convertible bonds	-	-	\$3,496	\$9,691	\$6,195	\$3,098	--	--	--	--
Treasury shares	(\$172)	(\$156)	(\$133)	(\$107)	(\$74)	(\$74)	(\$74)	(\$74)	(\$74)	(\$74)
Other reserves	\$10,089	\$7,614	\$5,969	\$5,647	\$6,557	\$7,894	\$9,233	\$11,030	\$12,972	\$15,095
Non-controlling interest	-	\$419	-	\$389	\$392	\$392	\$392	\$392	\$392	\$392
Total shareholder's equity	\$11,773	\$9,733	\$16,512	\$22,800	\$20,250	\$18,490	\$16,731	\$18,528	\$20,470	\$22,593
Total liabilities and shareholder's equity	\$27,264	\$33,713	\$37,022	\$48,671	\$49,101	\$45,213	\$43,797	\$45,738	\$47,829	\$50,502

Appendix H - Pro-Forma Cash Flow Statement

Cash Flow Statement							
Cash flows from Operating Activities							
Net Income			\$1,337	\$1,339	\$1,797	\$1,942	\$2,123
Depreciation Expense			\$1,417	\$1,601	\$1,834	\$2,040	\$2,219
Amortization of ROU and Intangible Assets			\$619	\$698	\$788	\$891	\$1,008
Changes in Net Working Capital:							
Inventories			(\$35)	(\$26)	(\$27)	(\$29)	(\$31)
Trade debtors			\$64	(\$106)	(\$108)	(\$118)	(\$124)
Deposits and other debtors			(\$23)	(\$80)	(\$29)	(\$43)	(\$6)
Prepayments			(\$68)	(\$30)	(\$29)	\$4	(\$7)
Other short-term assets			(\$1)	(\$7)	(\$7)	(\$7)	(\$8)
Borrowings			(\$1,631)	\$433	\$157	(\$213)	(\$595)
Lease liabilities			\$186	(\$23)	\$122	\$119	\$151
Trade and other creditors			(\$669)	\$336	\$344	\$378	\$401
Sales in advance of carriage			(\$2,113)	\$244	\$257	\$281	\$308
Deferred revenue			\$12	\$80	\$84	\$92	\$100
Provisions			\$25	\$40	\$42	\$46	\$51
Net Cash from Operating Activities			(\$880)	\$4,499	\$5,225	\$5,381	\$5,589
Cash Flows from Investing Activities							
Capital Expenditure			(\$2,300)	(\$3,400)	(\$4,300)	(\$3,800)	(\$3,300)
Additions in ROU Assets			(\$1,092)	(\$1,251)	(\$1,429)	(\$1,632)	(\$1,864)
Additions in Intangible Assets			(\$83)	(\$83)	(\$84)	(\$85)	(\$86)
(Purchase)/Sale of Other Long-Term Assets			(\$11)	(\$70)	(\$73)	(\$80)	(\$87)
Net Cash from Investing Activities			(\$3,486)	(\$4,804)	(\$5,886)	(\$5,596)	(\$5,337)
Cash Flows from Financing Activities							
Mandatory Convertible Bond Redemption			(\$3,098)	(\$3,098)	--	--	--
Repayment of Long-Term Lease Liabilities			\$288	\$471	\$527	\$611	\$692
Borrowings			\$1,657	(\$1,350)	(\$1,507)	(\$1,295)	(\$700)
Provisions			\$115	\$112	\$118	\$130	\$142
Net Cash from Financing Activities			(\$1,036)	(\$3,865)	(\$862)	(\$554)	\$135
Cash and Cash Equivalents at the Beginning of the Year			\$16,328	\$10,926	\$6,756	\$5,233	\$4,464
Net Change in Cash and Cash Equivalents			(\$5,402)	(\$4,170)	(\$1,523)	(\$769)	\$386
Cash and Cash Equivalents at the End of the Year		16,328	\$10,926	\$6,756	\$5,233	\$4,464	\$4,850

Appendix I - Weighted Average Cost of Capital

Company Capital Structure			
Current Share Price	\$5.95	Add: Total Debt	\$17,383
Total No. of Shares Outstanding (millions)	\$2,974	Less: Total Cash	\$16,328
Market Capitalization	\$17,697	Enterprise Value	\$51,408

Weighted Average Cost of Capital (WACC) Calculation

Capital Asset Pricing Model		Notes:
Risk-free Rate	3.06%	Singapore 10-Year Government Bond Yield as at 09/11/2023
Equity Risk Premium	6.13%	
Unlevered Beta	0.65	
Re-levered Beta	1.18	
Cost of Equity	10.28%	Main Exposure to Foreign Currency Risk
Cost of Debt		Hamada Equation
Pre-tax Cost of Debt	5.77%	Bottom-Up Beta Computation
Country Risk Premium	1.13%	
Corporate Tax Rate	17.00%	
After-Tax Cost of Debt	5.73%	
Capital Structure		
Market Debt to Equity	98.23%	
Proportion of Equity	50.45%	
Proportion of Debt	49.55%	
WACC	8.02%	

Main Exposure to Foreign Currency Risk				
Countries	Default Spread	Country Risk Premium	Equity Risk Premium	Corporate Tax Rate
United States Dollar	0.00%	0.00%	5.00%	21.00%
UK Sterling Pound	0.64%	0.91%	5.91%	25.00%
Australian Dollar	0.00%	0.00%	5.00%	30.00%
New Zealand Dollar	0.00%	0.00%	5.00%	28.00%
Japanese Yen	0.75%	1.07%	6.07%	15.00%
Indian Rupee	2.35%	3.33%	8.33%	22.00%
Hong Kong Dollar	0.64%	0.91%	5.91%	16.50%
Chinese Yuan	0.75%	1.07%	6.07%	25.00%
Indonesian Rupiah	2.04%	2.89%	7.89%	22.00%
Average	0.80%	1.13%	6.13%	22.72%

Bottom-Up Beta Computation				
Company	Country	Debt to Equity	Tax Rate	5Y Levered Beta
Cathay Pacific Airways	Hong Kong	106.50%	16.50%	0.84
China Southern Airlines	China	159.35%	25.00%	1.05
Deutsche Lufthansa AG	Germany	148.28%	29.90%	1.51
United Airlines Holdings, Inc.	America	137.44%	25.00%	1.50
RyanAir	America	62.70%	25.00%	1.44
Korean Air	Korea	90.75%	32.50%	1.02
Japan Airlines	Japan	67.96%	15.00%	0.72
Delta Air Lines, Inc.	America	124.00%	25.00%	1.37
Median		115.25%	25.00%	1.21

Weighted Average Interest Rates on Debt			
Debt Instrument	Interest Rate	Value (\$)	Percentage Value
Borrowings	2.80%	\$10,385	59.74%
Convertible Bonds Expiring 2025	3.80%	\$804	4.62%
Mandatory Convertible Bonds	10.99%	\$6,195	35.64%
Total		\$17,383	5.77%

Appendix J - Discounted Cash Flow (DCF) Valuation

Singapore Airlines (STI: C6L) For the Financial Year Ending 31 March <i>All figures are expressed in SG Millions</i>	Historical					Forecasted				
	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
	1/4/2018	1/4/2019	1/4/2020	1/4/2021	1/4/2022	1/4/2023	1/4/2024	1/4/2025	1/4/2026	1/4/2027
BOP	1/4/2018	1/4/2019	1/4/2020	1/4/2021	1/4/2022	1/4/2023	1/4/2024	1/4/2025	1/4/2026	1/4/2027
EOP	31/3/2019	31/3/2020	31/3/2021	31/3/2022	31/3/2023	31/3/2024	31/3/2025	31/3/2026	31/3/2027	31/3/2028
Days	365	366	365	365	365	366	365	365	365	366

Unlevered Free Cash Flow										
EBIT	\$1,067	\$59	(\$2,513)	(\$610)	\$2,692	\$1,786	\$1,860	\$1,882	\$1,949	\$2,062
EBIAT	\$886	\$49	(\$2,513)	(\$610)	\$2,234	\$1,482	\$1,544	\$1,562	\$1,618	\$1,711
Add: Depreciation	\$1,328	\$2,148	\$2,078	\$1,928	\$2,005	\$1,417	\$1,601	\$1,834	\$2,040	\$2,219
Add: Amortization	\$62	\$58	\$66	\$72	\$76	\$619	\$698	\$788	\$891	\$1,008
Less: Capital Expenditure						(\$2,300)	(\$3,400)	(\$4,300)	(\$3,800)	(\$3,300)
Less: Changes in Net Working Capital						(\$4,252)	\$861	\$806	\$509	\$239
Free Cash Flow to Firm	\$2,275	\$2,255	(\$369)	\$1,390	\$4,315	(\$3,035)	\$1,304	\$690	\$1,258	\$1,877

Implied Share Price	
No. of Shares Outstanding (millions)	2,974
Discount Rate (WACC)	8.02%
Valuation Date	9/11/2023
Terminal Value Toggle	Perp. Growth
Implied Share Price	\$6.73

Free Cash Flow to Firm					
Free Cash Flow (FCFF)	(\$3,035)	\$1,304	\$690	\$1,258	\$1,877
Year Fraction	0.39	1.39	2.39	3.39	4.39
Year Fraction (Including Mid Year Discounts)	0.20	0.89	1.89	2.89	3.89
Present Value of FCFF	(\$2,989)	\$1,217	\$596	\$1,006	\$1,390

Discounted Cash Flow	
PV of Cumulative FCFF	\$1,220
PV of Terminal Value	\$19,861
Enterprise Value	\$21,081
Add: Cash	\$16,328
Less: Debt	(\$17,383)
Less: Minority Interest	(\$4)
Equity Value	\$20,022
Implied Share Price	\$6.73

PV of Terminal Value Calculation			
Perpetual Growth Method		Exit Multiple Method	
Terminal Growth Rate	3.00%	EV/EBIT	9.46x
Terminal Year FCFF	\$1,390	Terminal EBIT	\$2,062
Terminal Value	\$26,826	Terminal Value	\$19,506
PV of Terminal Value	\$19,861	PV of Terminal Value	\$13,895

Appendix K - Comparable Companies

Comparable Companies Analysis

Ticker	Company Name	Multiples											
		EV/Revenue			EV/EBITDA			EV/EBIT			P/E		
		LTM	FY+1	FY+2	LTM	FY+1	FY+2	LTM	FY+1	FY+2	LTM	FY+1	FY+2

Target Company

SGX:C6L	Singapore Airlines Limited	1.7x	1.6x	1.6x	7.1x	5.8x	5.8x	11.0x	10.4x	10.4x	14.3x	11.3x	23.8x
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Comparable Companies

SEHK:293	Cathay Pacific Airways Limited	1.5x	1.2x	1.0x	6.4x	4.4x	4.4x	10.1x	8.7x	8.7x	18.5x	6.0x	6.8x
XTRA:LHA	Deutsche Lufthansa AG	0.4x	0.4x	0.4x	3.3x	2.8x	2.8x	6.1x	5.3x	5.3x	5.2x	4.7x	4.4x
NYSE:DAL	Delta Air Lines, Inc.	0.8x	0.7x	0.7x	5.9x	4.9x	4.9x	8.0x	6.9x	6.9x	6.0x	6.1x	4.7x
ISE:RYA	Ryanair Holdings plc	1.3x	1.2x	1.1x	5.5x	5.1x	5.1x	8.0x	7.8x	7.8x	9.1x	9.1x	7.6x
KOSE:A003490	Korean Air Lines Co., Ltd.	0.8x	0.8x	0.7x	2.9x	3.4x	3.4x	5.2x	6.4x	6.4x	5.4x	6.5x	6.6x
TSE:9201	Japan Airlines Co., Ltd.	0.9x	0.8x	0.8x	4.5x	4.5x	4.5x	8.8x	9.7x	9.7x	11.7x	12.3x	10.6x
TSX:CJT	Cargojet Inc.	2.3x	2.4x	2.2x	7.9x	7.1x	7.1x	16.1x	15.9x	15.9x	9.6x	15.1x	17.9x
IBSE:THYAO	Türk Hava Yollari Anonim Ortakligi	1.2x	1.0x	0.8x	6.9x	4.3x	4.3x	8.5x	7.5x	7.5x	5.1x	5.2x	4.3x
NASDAQ:UAL	United Airlines Holdings, Inc.	0.6x	0.6x	0.6x	3.9x	4.0x	4.0x	5.6x	6.2x	6.2x	4.1x	4.3x	3.6x
NASDAQ:AAL	American Airlines Group Inc.	0.7x	0.7x	0.7x	5.3x	5.2x	5.2x	7.8x	10.1x	10.1x	4.6x	6.9x	4.4x

Low	0.4x	0.4x	0.4x	3.2x	2.8x	2.8x	5.6x	5.3x	5.3x	3.7x	4.3x	3.6x
25th Percentile	0.7x	0.7x	0.7x	4.1x	4.1x	4.1x	6.1x	6.6x	6.6x	4.3x	5.4x	4.4x
Mean	1.0x	1.0x	0.9x	5.2x	4.6x	4.6x	8.6x	8.5x	8.5x	8.5x	7.6x	7.1x
Median	0.8x	0.8x	0.8x	5.1x	4.5x	4.5x	7.3x	7.6x	7.6x	5.7x	6.3x	5.7x
75th Percentile	1.2x	1.1x	1.0x	5.8x	5.1x	5.1x	9.5x	9.5x	9.5x	10.7x	8.5x	7.4x
90th Percentile	1.6x	1.3x	1.2x	6.6x	5.4x	5.4x	11.1x	10.7x	10.7x	18.5x	12.6x	11.5x
High	2.3x	2.4x	2.2x	8.8x	7.1x	7.1x	20.3x	15.9x	15.9x	19.1x	15.1x	17.9x

Appendix L - Broker's Consensus

Broker Consensus		
Date	Brokerage	Price Target
17/10/2023	CGS-CIMB	\$5.66
26/06/2023	DBS Research	\$6.80
31/07/2023	OCBC Investment	\$7.81
31/07/2023	Philip Securities	\$6.80
19/09/2023	UOB Kay Hian	\$6.44
8/1/2023	Nomura	\$6.72
19/07/2023	Citi	\$4.79
23/06/2023	CLSA	\$5.35
16/06/2023	Morgan Stanley	\$5.35
22/02/2023	Credit Suisse	\$3.45
Low		\$3.45
Median		\$5.66
High		\$7.81

Appendix M - Relative Valuation

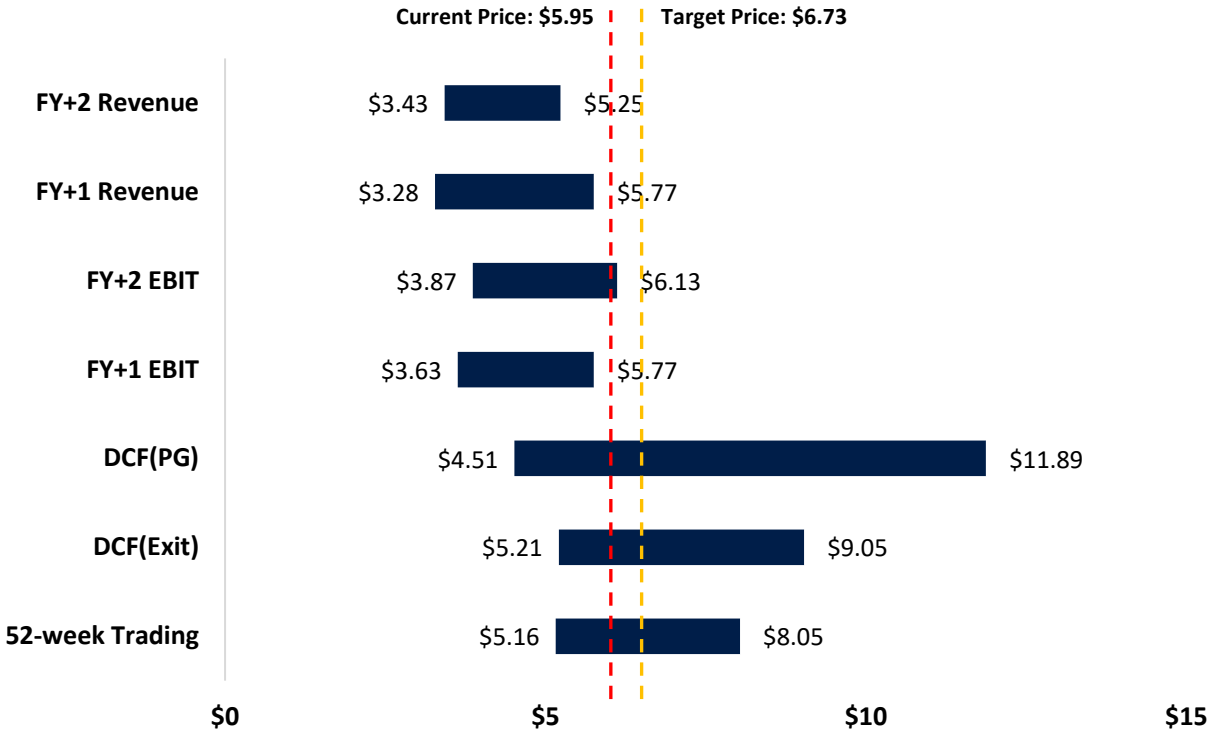
FY +1 EV/Revenue	Min	25th Percentile	Mean	Median	75th Percentile	Max
Multiples	0.38	0.73	0.98	0.80	1.14	2.39
Implied EV	\$6,882	\$13,112	\$17,660	\$14,354	\$20,518	\$43,061
Add: Cash	\$10,926	\$10,926	\$10,926	\$10,926	\$10,926	\$10,926
Less: Debt	(\$14,286)	(\$14,286)	(\$14,286)	(\$14,286)	(\$14,286)	(\$14,286)
Less: Minority Interest	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)
Equity Value	\$3,519	\$9,748	\$14,297	\$10,991	\$17,155	\$39,698
Shares outstanding	2,974	2,974	2,974	2,974	2,974	2,974
Implied share price	\$1.18	\$3.28	\$4.81	\$3.70	\$5.77	\$13.35

FY +2 EV/Revenue	Min	25th Percentile	Mean	Median	75th Percentile	Max
Multiples	0.36	0.70	0.90	0.76	0.97	2.21
Implied EV	\$6,995	\$13,710	\$17,628	\$14,997	\$19,136	\$43,567
Add: Cash	\$6,756	\$6,756	\$6,756	\$6,756	\$6,756	\$6,756
Less: Debt	(\$10,271)	(\$10,271)	(\$10,271)	(\$10,271)	(\$10,271)	(\$10,271)
Less: Minority Interest	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)
Equity Value	\$3,475	\$10,191	\$14,109	\$11,478	\$15,617	\$40,048
Shares outstanding	2,974	2,974	2,974	2,974	2,974	2,974
Implied share price	\$1.17	\$3.43	\$4.74	\$3.86	\$5.25	\$13.46

FY +1 EV/EBIT	Min	25th Percentile	Mean	Median	75th Percentile	Max
Multiples	5.29	6.57	8.47	7.65	9.52	15.93
Implied EV	\$11,390	\$14,167	\$18,262	\$16,480	\$20,526	\$34,339
Add: Cash	\$10,926	\$10,926	\$10,926	\$10,926	\$10,926	\$10,926
Less: Debt	(\$14,286)	(\$14,286)	(\$14,286)	(\$14,286)	(\$14,286)	(\$14,286)
Less: Minority Interest	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)
Equity Value	\$8,027	\$10,804	\$14,898	\$13,117	\$17,163	\$30,975
Shares outstanding	2,974	2,974	2,974	2,974	2,974	2,974
Implied share price	\$2.70	\$3.63	\$5.01	\$4.41	\$5.77	\$10.41

FY +2 EV/EBIT	Min	25th Percentile	Mean	Median	75th Percentile	Max
Multiples	5.29	6.57	8.47	7.65	9.52	15.93
Implied EV	\$12,079	\$15,024	\$19,365	\$17,476	\$21,767	\$36,414
Add: Cash	\$6,756	\$6,756	\$6,756	\$6,756	\$6,756	\$6,756
Less: Debt	(\$10,271)	(\$10,271)	(\$10,271)	(\$10,271)	(\$10,271)	(\$10,271)
Less: Minority Interest	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)
Equity Value	\$8,560	\$11,505	\$15,846	\$13,957	\$18,248	\$32,895
Shares outstanding	2,974	2,974	2,974	2,974	2,974	2,974
Implied share price	\$2.88	\$3.87	\$5.33	\$4.69	\$6.13	\$11.06

Appendix N - Football Field Analysis



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