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**Section 57 of the Competition Act (Cap. 50B)**

**Grounds of Decision Issued by the Competition Commission of Singapore**

**In relation to the notification for decision of the proposed acquisition by Singapore Airlines Limited of Tiger Airways Holdings Limited pursuant to Section 57 of the Competition Act**

**28 November 2014**

**Case number: 400/011/14**

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Confidential information in the original version of this Decision has been redacted from the published version on the public register. Redacted confidential information in the text of the published version of the Decision is denoted by [X]
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## I. THE NOTIFICATION

1. On 17 October 2014, CCS received a notification for decision pursuant to section 57 of the Competition Act (Cap. 50B) (“**the Application**”). The Application requests a decision by CCS as to whether the proposed acquisition by Singapore Airlines Limited (“**SIA Group**”) of additional shares in Tiger Airways Holdings Limited (“**Tigerair Holdings**”) (“**Acquisition of Shares**”), and measures which would be taken by Singapore Airlines Limited further to the Acquisition of Shares which would allow SIA Group to obtain the ability to exercise decisive influence over the activities of Tigerair Holdings (“**Acquisition of Control**”) (collectively “**the Proposed Transaction**”) would infringe the prohibition under section 54 of the Competition Act (“**the Act**”). SIA Group and Tigerair Holdings are collectively referred to as “**the Parties**”.

## II. THE ACQUIRER

2. The Acquirer, SIA Group is a company incorporated in Singapore in January 1972. SIA Group operates three airlines, Singapore Airlines (“SIA”), SilkAir Private Limited (“SilkAir”) and Scoot Pte Ltd (“Scoot”). The principal activities of Singapore Airlines (“SIA”) (through itself or its subsidiaries) consist of the provision of passenger and cargo air transportation services, aircraft engineering and maintenance services, training of pilots, air charters, tour wholesaling and related services. SIA is a Full-Service Airline (“FSA”) with a strong reputation for customer service and employs more than 23,000 staff worldwide within the SIA Group. SIA operates international flights to more than 60 destinations globally.
3. SIA Group’s wholly-owned subsidiaries which provide international air passenger transport services include its regional wing, SilkAir Private Limited (“SilkAir”). SilkAir is a FSA offering more than 350 weekly flights to more than 48 destinations in 12 countries within the Asia Pacific region, and operates a fleet of 25 narrow body aircraft. SIA Group also has another airline subsidiary, Scoot Pte Ltd (“Scoot”), which is a Low Cost Carrier, (“LCC”) offering medium and long haul flights to 13 destinations from Singapore.
4. SIA Group currently holds approximately 40 percent of the total number of Shares of Tigerair Holdings. The Parties submit that Tigerair Holdings is managed independently from the SIA Group, and the SIA Group does not have any ability to exercise decisive influence over the composition, voting or decisions over the activities of Tigerair Holdings.<sup>1</sup>
5. SIA Group submits that its total (group) worldwide turnover was S\$15.2 billion, and its Singapore turnover was approximately [x] for the financial year ending 31 March 2014.

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<sup>1</sup> Paragraph 9.2 of Form M1.



### III. THE TARGET

6. The Target is Tigerair Holdings, which is a company incorporated in Singapore in December 2009. Tigerair Holdings' principal activities (through itself or its subsidiaries) consist of airline and aircraft management. Tigerair Holdings' wholly-owned subsidiary, Tiger Airways Singapore Ltd ("**Tigerair Singapore**"), is a company incorporated in Singapore in 2004. Tigerair Singapore operates on a LCC model via its Airbus A320-family fleet of 25 narrow body aircraft offering flights to 41 destinations from Singapore within a four-to-six hour range.
7. In addition to Tigerair Singapore, Tigerair Holdings previously had interests in three subsidiaries Tigerair Australia, Tigerair Mandala and Tigerair Philippines. However, given the difficult operating environment and losses from these subsidiaries, Tigerair Holdings began to exit its overseas ventures in 2013. Tigerair Holdings partially divested a 60% stake in Tigerair Australia to Virgin Australia on 8 July 2013, and completely divested its remaining 40% stake to Virgin Australia on 17 October 2014. Tigerair Mandala was shut down and ceased operations from 1 July 2014. Tigerair Holdings also divested its 40% stake in Tigerair Philippines to Cebu Pacific Air on 20 March 2014. This entity continues to operate under the Tigerair brand but is wholly-owned and operated by Cebu Pacific Air. After these divestments, Tigerair Holdings currently operates only Tigerair Singapore.
8. Tigerair Holdings submits that its total (group) worldwide turnover was S\$734.0 million,<sup>2</sup> and its Singapore turnover was approximately S\$639.3 million<sup>3</sup> for the financial year ending 31 March 2014. For the full year ended 31 March 2014, Tigerair Holdings recorded an operating loss of S\$52 million, compared to an operating profit of S\$7 million in the previous financial year. Group loss after tax widened to S\$223 million, compared to the previous year's loss of S\$45 million.<sup>4</sup>

### IV. THE TRANSACTION AND COMMERCIAL RATIONALE

9. The Proposed Transaction is the Acquisition of Shares, and measures which would be taken by the SIA Group further to the Acquisition of Shares which would allow the SIA Group to obtain the ability to exercise decisive influence over the activities of Tigerair Holdings [×].
10. SIA intends to acquire new Shares (the "**Rights Shares**") in Tigerair Holdings pursuant to a proposed rights issue (the "**Rights Issue**"). SIA has undertaken to subscribe for its pro rata entitlement, and also subscribe for excess Rights Shares, up to a total of S\$140 million. Prior to the Rights Issue, SIA will convert its holdings of perpetual convertible capital securities ("**PCCS**") into Shares.<sup>5</sup> The

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<sup>2</sup> Tigerair Annual Report for FY 2014 at pp 5.

<sup>3</sup> Tigerair Annual Report for FY 2014 at pp 9.

<sup>4</sup> Tigerair Annual Report for FY 2014 at pp 5.

<sup>5</sup> Paragraphs 11.1-11.21 of Form M1.

conversion will raise SIA's stake in Tigerair Holdings from 40% to approximately 54% before the Rights Issue, effectively making Tigerair Holdings a subsidiary of SIA.

11. The Parties submit that without the Acquisition of Shares, it is likely that [X<sup>6</sup>] In that situation, Tigerair Holdings would face significant difficulties in continuing its operations and may have to cease operating. [X]. The Parties submit that it is, therefore, necessary for the Acquisition of Shares to be completed [X].
12. CCS understands that SIA's current intention for Tigerair Singapore post-merger, is for Tigerair Singapore to be maintained as a LCC and there are no current plans to scale back the operations of Tigerair Singapore or to break it up. SIA has said that its current intention is:<sup>7</sup>
  - a. To help turnaround Tigerair Holdings to help it to become profitable. SIA believes that it can do this by leveraging SIA's resources and experience to help with operating efficiencies;
  - b. To tap into the passenger cross-feed between Tigerair Singapore and Scoot and potentially, as a secondary matter, to tap into the cross-feed between Tigerair Singapore and other SIA group entities.
13. The Transaction is subject to CCS issuing a favourable decision that the acquisition does not infringe section 54 of the Act, within the indicative timeframe stipulated for a Phase 1 Review.<sup>8</sup>
14. The Parties submit that Tigerair Holdings currently operates (through Tigerair Singapore) flights on 41 routes to and from Singapore (refer to table below).

Countries/Regions	Cities
Australia	Perth
Bangladesh	Dhaka
Cambodia	Phnom Penh
Greater China	Hong Kong, Macau, Taipei, Guangzhou, Haikou, Lijiang, Ningbo, Shenzhen
India	Bangalore, Chennai, Kochi, Hyderabad, Thiruvananthapuram, Tiruchirapalli (Tirchy)
Indonesia	Bandung, Denpasar (Bali), Jakarta, Lombok, Surabaya, Yogyakarta
Malaysia	Kuala Lumpur, Kuching, Langkawi, Penang
Maldives	Male
Myanmar	Yangon
Philippines	Cebu, Clark, Manila, Kalibo
Sri Lanka	Colombo
Thailand	Bangkok, Chiang Mai, Hat Yai, Krabi, Phuket

<sup>6</sup> Paragraphs 12.13-12.14 of Form M1.

<sup>7</sup> Teleconference on 20 November 2014 with Mr Tan Kai Ping, Senior Vice President Corporate Planning SIA.

<sup>8</sup> Paragraph 3.4.4 of Annex 13 of Form M1.



Vietnam	Ho Chi Minh City, Hanoi
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15. The Parties submit that the relevant product markets may be defined to be economy-class passengers for FSAs and all classes of seats for LCCs on the following routes involving Singapore which the SIA Group and Tigerair Holdings overlap in the supply of international air passenger transport services (“**Overlapping Routes**”):<sup>9</sup>

Country/ Region	Overlapping Routes	Operating airline			
		SIA	SilkAir	Scoot	Tigerair Singapore
Malaysia	Singapore-Kuala Lumpur	✓	✓	✗	✓
	Singapore-Langkawi	✗	✓	✗	✓
	Singapore-Penang	✗	✓	✗	✓
Vietnam	Singapore-Hanoi	✓	✓	✗	✓
	Singapore-Ho Chi Minh City	✓	✗	✗	✓
Greater China	Singapore-Hong Kong	✓	✗	✓	✓
	Singapore-Taipei	✓	✗	✓	✓
	Singapore-Guangzhou	✓	✗	✗	✓
	Singapore-Shenzhen	✗	✓	✗	✓
Indonesia	Singapore-Jakarta	✓	✗	✗	✓
	Singapore-Bandung*	✗	✓	✗	✓
	Singapore-Surabaya	✓	✓	✗	✓
	Singapore-Denpasar	✓	✗	✗	✓
India	Singapore-Chennai	✓	✓	✗	✓
	Singapore-Hyderabad	✗	✓	✗	✓
	Singapore-Kochi	✗	✓	✗	✓
	Singapore-Bangalore	✓	✓	✗	✓
Australia	Singapore-Perth*	✓	✗	✓	✓
The	Singapore-Manila	✓	✗	✗	✓

<sup>9</sup> Paragraphs 19.1 and 15.1 of Form M1.

Philippines	Singapore-Cebu	✗	✓	✗	✓
	Singapore-Kalibo	✗	✓	✗	✓
Bangladesh	Singapore-Dhaka	✓	✗	✗	✓
Thailand	Singapore-Bangkok	✓	✗	✓	✓
	Singapore-Chiang Mai	✗	✓	✗	✓
	Singapore-Phuket	✗	✓	✗	✓
Myanmar	Singapore-Yangon	✓	✓	✗	✓
Maldives	Singapore-Male	✓	✗	✗	✓
Cambodia	Singapore-Phnom Penh*	✗	✓	✗	✓

\*Tigerair Singapore will be ceasing services on these three routes by February 2015.

16. CCS notes that both SIA Group and Tigerair Holdings offer air cargo transport services. The Parties submit that the air cargo business constitutes a very small part of Tigerair Holdings' total business and only provides air cargo transport services on an ancillary basis to their air passenger transport services. The Parties provided supporting data to show that air cargo revenues comprise, on average, less than [0-10]% of Tigerair Singapore's total revenues from the provision of passenger transport services and ancillary services. CCS notes that the corresponding figure for FY 2014 was [0-10]%.
17. The Parties also submit that Tigerair Singapore's revenue from air cargo transport services for FY 2014 was S\$[✗] million, which was only [✗]% of SIA's revenue from air cargo transport services of S\$2.2 billion over the same period.
18. The Parties point out that Tigerair Singapore only operates narrow-body aircraft which do not have much cargo capacity and only have bulk loading capabilities, as opposed to the containerised cargo carriage capability of wide-body aircraft. In addition, the Parties submit that cargo sales for Tigerair Singapore is a fully outsourced function to a third party General Sales and Service Agent.<sup>10</sup>
19. For these reasons, while both SIA Group and Tigerair Holdings offer air cargo services, the Parties submit that air cargo services are not a material consideration for the purposes of the Proposed Transaction. CCS notes that the most significant overlap is in the provision of air passenger services. CCS has focused its analysis on this aspect of the Proposed Transaction, as there are unlikely to be any significant issues arising from the provision of air cargo services, on the basis of the Parties' submissions above.
20. SIA submits that it regards the LCC segment in the Asia Pacific region as a growing market, and it is interested in tapping the long-term growth potential for

<sup>10</sup> Paragraphs 4-6 of the Parties submission dated 21 November 2014.



LCCs in Asia.<sup>11</sup> SIA submits that from its perspective, the networks of Scoot and Tigerair Singapore are largely complementary in nature, with few overlaps between the existing networks of the two said airlines. Scoot is a medium to long-haul LCC and would benefit significantly from feeder/connecting traffic from Tigerair Singapore's extensive coverage in Asia, specifically for routes with a four to six hour flight time from Singapore including, *inter alia*, the ASEAN region, South India and parts of North Asia. From SIA's perspective, Tigerair Singapore would be able to similarly benefit from feeder/connecting traffic arising from Scoot's network.<sup>12</sup>

21. The Parties also submit that [REDACTED]. This would increase the efficiency of routes involving Singapore as a stopover and enhance Singapore's air hub competitiveness.<sup>13</sup>

22. The SIA Group and Tigerair Singapore would also be able to [REDACTED].<sup>14</sup>

23. [REDACTED], would also increase the convenience and benefits for the passengers of the SIA Group and Tigerair Singapore, [REDACTED]. The SIA Group and Tigerair Singapore will also be able to, through [REDACTED]. The SIA Group and Tigerair Singapore will be able to [REDACTED].<sup>15</sup>

24. The Parties further submit that significant cost synergies could be gained through sharing of resources (e.g. on IT systems, [REDACTED]) thereby yielding considerable efficiencies from various aspects.<sup>16</sup>

25. However, CCS understands that the key rationale for the Proposed Transaction is to ensure that Tigerair Holdings can continue operations. Tigerair Holdings also submits that, in the absence of the Acquisition of Shares, Tigerair Holdings may not be able to generate funds to continue operations in view of its financial liabilities including the potential triggering of adverse change of circumstances clauses under various agreements with service providers and lessors.<sup>17</sup> Tigerair Holdings highlights in this regard that the total equity of the Tigerair Group decreased from S\$278.7 million on 31 March 2014 to S\$22.6 million on 30 September 2014 (a decrease of approximately S\$256 million) due to the net loss of S\$247.6 million for the past six months. Tigerair Holdings also highlights that the net current liabilities of the Tigerair Group increased from S\$14.4 million on 31 March 2014 to S\$172.3 million on 30 September 2014.<sup>18</sup> The Parties submit that

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<sup>11</sup> Paragraph 12.1 of the revised Form M1 dated 3 November 2014.

<sup>12</sup> Paragraph 12.2 of the revised Form M1 dated 3 November 2014.

<sup>13</sup> Paragraph 12 of Form M1.

<sup>14</sup> Paragraph 12 of Form M1.

<sup>15</sup> Paragraph 12 of Form M1.

<sup>16</sup> Paragraph 12, of the revised Form M1 dated 3 November 2014.

<sup>17</sup> Paragraph 12.12 of the revised Form M1 dated 3 November 2014.

<sup>18</sup> Please see the financial statements of Tigerair Holdings for the second quarter and half year of the financial year ending 31 March 2015, available online at: [http://www.tigerair.com/news/FR\\_20141017\\_Tigerair\\_SGX\\_Announcement\\_-\\_2QFY15.pdf](http://www.tigerair.com/news/FR_20141017_Tigerair_SGX_Announcement_-_2QFY15.pdf) (as of 3 November 2014).

without the Proposed Transaction, Tigerair may be unable to continue operating as an ongoing concern.<sup>19</sup>

26. The Parties have also submitted a report by KPMG Corporate Finance Pte Ltd dated 21 November 2014, to provide financial advisory services in relation to the ability of Tigerair Holdings and its subsidiaries to generate sufficient cash flow to ensure its solvency in the next few months ("**KPMG Report**").

27. This Transaction has not been notified in any other jurisdictions.<sup>20</sup>

CCS assessment – the Proposed Transaction constitutes a merger within the meaning of Section 54 of the Act

28. Section 54(2)(b) of the Act provides that a merger occurs in the case of an acquisition of control. Control may be acquired over an undertaking by one undertaking where the acquiring party becomes the holder of the rights, contracts or other means that entitle the holder to exercise decisive influence over the activities of that undertaking. Control over an undertaking is defined by section 54(3) of the Act to exist if decisive influence may be exercised over the activities of that undertaking by reason of rights, contracts or other means. The existence of control is determined by whether decisive influence is capable of being exercised, rather than the actual exercise of such influence.<sup>21</sup>

29. *CCS Guidelines on the Substantive Assessment of Mergers* provides that in determining whether decisive influence exists, CCS will consider all the relevant circumstances and not only the legal effect of any instrument, deed, transfer, assignment of other act.

30. Details of the method by which the Proposed Transaction is to take place as submitted by the Parties is set out below. In summary, SIA holds, as of 10 October 2014, 394,551,000 ordinary shares in the capital of Tigerair Holdings (the "**Shares**"), representing approximately 40% of the total number of Shares in issue.

31. SIA also holds, as at 17 October 2014, 189,390,367 non-voting PCCS, convertible into new Shares.<sup>22</sup>

32. SIA intends to acquire the Rights Shares in Tigerair Holdings pursuant to the proposed Rights Issue. As at 17 October 2014, the precise terms, structure and timing of the Rights Issue are still being discussed and finalised by the Parties. [§<sup>23</sup>] The Rights Issue is at an issue price which is to be set at approximately 39%

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<sup>19</sup> Paragraph 12.14 of the revised Form M1 dated 3 November 2014.

<sup>20</sup> Paragraph 5 of Form M1.

<sup>21</sup> Paragraphs 3.6 to 3.8 of *CCS Guidelines on the Substantive Assessment of Mergers*

<sup>22</sup> Annex 12 of Form M1. [§<

<sup>23</sup> [http://www.tigerair.com/news/TH\\_20141017\\_Tigerair\\_Steps\\_Up\\_Turnaround\\_Plan.pdf](http://www.tigerair.com/news/TH_20141017_Tigerair_Steps_Up_Turnaround_Plan.pdf)



discount to the one-day volume weighted average price of S\$0.33 per share on 16 October 2014.

33. The Parties submit, [X]

- a. SIA converts [X] its PCCS [X;]
- b. [X;]
- c. [X;]
- d. [X;]
- e. [X; and]
- f. SIA subscribes for its pro-rata entitlement of the Rights Shares [(X,]

34. SIA will have a direct interest, post-completion of the Acquisition of Shares, in:

- a. approximately [50-60]% of the enlarged share capital of Tigerair Holdings immediately following completion of the Rights Issue, assuming:
  - (i) [X;]
  - (ii) [X; and]
  - (iii) [X,]

(collectively, “**Scenario I**”);<sup>24</sup>

- b. approximately [65-75]% of the enlarged share capital of Tigerair Holdings immediately following completion of the Rights Issue, assuming [X] (“**Scenario II**”); or
- c. approximately [70-80]% of the enlarged share capital of Tigerair Holdings immediately following completion of the Rights Issue, [X] (“**Scenario III**”).

35. SIA is also seeking further and subsequent to the Acquisition of Shares, to obtain Acquisition of Control, being [X].

36. As the Proposed Transaction involves the acquisition of [10-40]% of the share capital of Tigerair Holdings, thus increasing SIA’s shareholding on Tigerair Holdings from 40% currently to [50-80]%, with the attendant intention that SIA will seek to obtain [X], CCS concludes that the Proposed Transaction constitutes a merger under section 54(2)(b) of the Act.

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<sup>24</sup> [X].

## V. PREVIOUS AND ONGOING MATTERS

37. CCS has reviewed previous notifications involving Tigerair Holdings and Tigerair Singapore in relation to aviation joint venture agreements. These are set out below.

### *Tigerair-Scoot Cooperation*

38. On 8 August 2014, CCS announced that it had cleared the notification for decision received from Scoot Pte. Ltd. (“**Scoot**”) and Tigerair Singapore in respect of the proposed cooperation between those parties.

39. The cooperation would allow the parties to coordinate in relation to, among others, scheduling, pricing, sales and marketing, service policies, and other matters to improve the overall quality of service offered to passengers on the parties’ respective operations.

40. After reviewing the submissions provided by Scoot and Tigerair Singapore and various stakeholders, CCS agreed that Scoot and Tigerair Singapore operate largely complementary networks of flights. Although some parts of the cooperation would raise competition concerns, these would be offset by a resulting net economic benefit (“NEB”).<sup>25</sup>

41. Examples of such benefits assessed by CCS are improvements in scheduling and efficiency on routes, expanded connectivity across the Parties’ networks and expansion of the Parties’ existing networks. In arriving at this conclusion, CCS considered the significance of fifth freedom air traffic rights between Singapore and various destinations within the Parties’ networks in bringing about an increase in passenger numbers.

42. CCS notes that, if it is indeed the case that Tigerair Holdings would cease to be an ongoing concern in the absence of the Proposed Transaction, then the Tigerair-Scoot cooperation would inevitably be terminated, in which case the NEB arising from the cooperation would not materialise.

### *SIA-Air NZ strategic alliance*

43. On 17 April 2014, CCS announced that it cleared the proposed strategic alliance between Singapore Airlines Limited and Air New Zealand Limited. The notification by the Parties was regarding the application of section 34 of the Act to the proposed strategic alliance.

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<sup>25</sup> Under section 35 of the Act, an agreement with a NEB can be excluded from the Section 34 Prohibition of the Competition Act if such an agreement contributes to improving production or distribution or promoting technical or economic progress but which does not impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives, and does not afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the goods and services in question.



44. The proposed strategic alliance relates to the provision of international scheduled air passenger services, with a specific focus on the affected Singapore origin and destination city pairs. It involves varying levels of coordination, differentiated according to routes operated by the parties, and include, amongst other things, (i) revenue sharing; (ii) coordination on pricing; and (iii) coordination on capacity and scheduling.
45. After reviewing the submissions provided by the parties and various stakeholders, CCS found that the proposed strategic alliance could raise competition concerns but these would be offset by net economic benefits to Singapore. The proposed strategic alliance is therefore excluded from section 34 of the Act because of the effect of the exclusion set out in section 35, read with paragraph 9 of the Third Schedule to the Act.
46. Unlike the Tigerair-Scout cooperation, the SIA-Air NZ alliance would not be affected by the prospect of Tigerair Holding ceasing to be an ongoing concern in the absence of the Proposed Transaction. In any case, there is no overlapping route between Air NZ and Tigerair Holdings. Therefore, the SIA-Air NZ alliance will not affect the assessment of the merger, and *vice versa*.

#### **SIA-Scandinavian Airlines System joint venture**

47. On 7 November 2012, CCS announced that a proposed joint venture agreement between SIA and Scandinavian Airlines System Denmark – Norway – Sweden (“SAS”) will not infringe the section 34 prohibition under the Act.
48. CCS’s assessment, based on the submissions and information provided by the SIA and SAS and from relevant third parties, is that as there are no existing overlaps between the routes operated by the parties, and the evidence does not indicate that overlaps are likely in the foreseeable future.
49. Therefore, parties’ joint venture will not result in a prevention, restriction or distortion of competition within Singapore, and thus does not infringe the section 34 prohibition. On the contrary, it could strengthen competition on the Singapore-Scandinavian origin and destination city-pair routes. It is also likely to bring about potential benefits of, inter alia, creating additional routes thereby widening passengers’ choices on top of strengthening Singapore’s position as an air hub.
50. Similar to the SIA-Air NZ alliance, the SIA-SAS joint venture would not be affected by the prospect of Tigerair Holding ceasing to be an ongoing concern in the absence of the Proposed Transaction. In any case, there is no overlapping route between SAS and Tigerair Holdings. Therefore, the SIA-SAS alliance will not affect the assessment of the merger, and *vice versa*.

#### **SIA-Virgin Australia Airlines Pty Ltd alliance**

51. On 17 April 2012, CCS announced that a proposed alliance between SIA and Virgin Australia Airlines Pty. Ltd (“**Virgin Australia**”) will not result in a prevention, restriction or distortion of competition within Singapore and therefore, it does not infringe the section 34 prohibition.
52. The proposed alliance between SIA and Virgin Australia involves air passenger services which will be given effect through the execution of an Alliance Framework Agreement and various associated agreements including codeshare agreements, reciprocal frequent flyer and lounge agreements, a special prorate agreement and a reciprocal staff duty travel agreement.
53. The SIA-Virgin Australia alliance would not be affected by the prospect of Tigerair Holding ceasing to be an ongoing concern in the absence of the Proposed Transaction. In any case, there is no overlapping route between Virgin Australia and Tigerair Holdings<sup>26</sup>. Therefore, the SIA-Virgin Australia alliance will not affect the assessment of the merger, and *vice versa*.

#### **Tigerair-Cebu Air strategic alliance**

54. CCS is presently seeking feedback on the proposed strategic alliance between Cebu Air, Inc. (“**Cebu Pacific**”) and Tigerair Singapore.
55. CCS received a notification for decision from the parties on 12 September 2014 with regard to the strategic alliance. Specifically, it provides for the parties to, among others:
- a. jointly operate common routes between Singapore and the Philippines, and other markets that may emerge, on a metal-neutral basis;
  - b. jointly sell and market common and non-common routes using codeshare or interline arrangements; and
  - c. cooperate in relation to sales and marketing, distribution, airport operations and ground handling, scheduling, pricing, service policies, innovation, procurement and other matters to improve the overall quality of service offered to passengers on their respective operations and to reduce cost.
56. The notification is made in relation to section 34 of the Competition Act which prohibits agreements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore.
57. The parties submit that the strategic alliance is expected to result in significant consumer and economic benefits, and efficiencies. These include:

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<sup>26</sup> For Perth-Singapore, Virgin Australia code-shares on SIA’s metal flights. In any case, Tigerair Holdings will be ceasing operations on the Perth-Singapore route on 7 February 2015.



- a. improved scheduling of flights, including to offer a better spread of scheduled flight timings on overlapping routes;
- b. improved connectivity and more integrated product offerings across the parties' existing networks, including via Singapore, and improved scheduling on such routes;
- c. expansion of the parties' existing networks and services through commencing operations on new routes; and
- d. strengthening of Singapore's status and competitiveness as an air hub with improved connectivity across the parties' networks.

58. Presently, the parties overlap on the following three routes between Singapore and the Philippines:

- a. between Singapore and Cebu;
- b. between Singapore and Clark; and
- c. between Singapore and Manila.

59. Further, Tigerair Holdings submitted that it has been involved in the following transactions in the last five years.<sup>27</sup>

- a. [REDACTED]<sup>28</sup>
- b. [REDACTED]<sup>29</sup>
- c. [REDACTED]<sup>30</sup>
- d. [REDACTED]<sup>31</sup> and
- e. the divestment of the remaining 40% stake in Tigerair Australia to Virgin Australia Holdings Limited on 17 October 2014.<sup>32</sup>

60. For completeness, SIA submits that there were no significant mergers which occurred in the international air passenger transport industry in the past five years.<sup>33</sup>

61. Since the Tigerair-Cebu Air alliance is not yet in operation, and not yet approved by CCS, the Proposed Transaction will be assessed based on the assumption that the Tigerair-Cebu Air alliance is absent on the Singapore-Cebu, Singapore-Clark and Singapore-Manila routes. Any competition issue arising from the Tigerair-Cebu Air alliance will be addressed under the notification of the said alliance which has already been filed separately to CCS.

<sup>27</sup> Paragraph 18.30 of Form M1.

<sup>28</sup> Annex 23 of Form M1.

<sup>29</sup> Paragraph 12.5 of Form M1.

<sup>30</sup> Paragraph 12.5 of Form M1.

<sup>31</sup> Paragraph 12.5 of Form M1.

<sup>32</sup> Annex 35 of the Form M1.

<sup>33</sup> Paragraph 18.29 of Form M1.

## VI. THE RELEVANT COUNTERFACTUAL

62. The Parties have raised the Failing Firm Defence (“**FFD**”) in the Application. The factors giving rise to the FFD are described in detail below. SIA has submitted that, [×<sup>34</sup>]. SIA further submits their view that the Acquisition of Shares is required to [×]<sup>35</sup>. The Parties submit that it is necessary for the Acquisition of Shares to be completed [×.<sup>36</sup>]

63. Section 7.23 of the *CCS Guidelines on Substantive Assessment of Mergers* (“**CCS Merger Guidelines**”) provide that where one of the parties to a merger is genuinely failing, that failing party may exit the market in the event that the merger does not occur. In such a situation, the counterfactual analysis is to be adjusted to reflect the likely failure of one of the parties and the resulting loss in rivalry. That is, in circumstances where CCS is satisfied that Tigerair Holdings would be likely to cease operating if the Proposed Transaction were not to proceed and the conditions to qualify for the FFD are met, then the relevant counterfactual analysis is whether the future with the Proposed Transaction would constitute a substantial lessening of competition when compared with the likely state of competition where the Proposed Transaction does not proceed and Tigerair Singapore were to exit the market.

64. Paragraph 7.24 of the *CCS Merger Guidelines* sets out the following test which must be satisfied before CCS can accept the FFD:

- First, the firm must be in such a dire situation that without the merger, the firm and its assets would exit the market in the near future. Firms on the verge of judicial management may not meet these criteria, whereas firms in liquidation will usually do so. Decisions by profitable parent companies to close down loss-making subsidiaries are unlikely to meet these criteria (“**Limb 1**”);
- Second, the firm must be unable to meet its financial obligations in the near future and there must be no serious prospect of re-organising the business, for example, a liquidator has been appointed pursuant to a creditor’s winding up petition (“**Limb 2**”);
- Third, there should be no less anti-competitive alternative to the merger available. Even if a sale is inevitable, there may be other realistic buyers whose acquisition of the firm and its assets would produce a more competitive outcome. Any offer to purchase the assets of the failing firm at a commercially reasonable price, even if the price is lower than that which the

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<sup>34</sup> Paragraph 12.5 of Form M1.

<sup>35</sup> Paragraph 12.12 of Form M1.

<sup>36</sup> Paragraph 12.14 of Form M1.



acquiring party is prepared to pay, will be regarded as a reasonable alternative offer. It may also be better for competition that the firm fails and the remaining players compete for its customers and assets than for the failing firm to be transferred wholesale to a single purchaser.

65. In relation to the third bullet point above, CCS considers that there are two distinct considerations, a) whether there are no less anti-competitive alternative buyers for Tigerair Holdings (“**Limb 3a**”); and b) whether it is better for competition in the market to allow Tigerair Holdings to fail and exit the market (“**Limb 3b**”).

66. Pursuant to paragraph 7.25 of the *CCS Merger Guidelines*, the party claiming the FFD would need to provide the following evidence:

- That Tigerair Holdings is indeed about to fail imminently under current ownership (including evidence that trading conditions are unlikely to improve) ;
- All re-financing options have been explored and exhausted ; and
- There are no credible bidders in the market (by demonstrating that the firm has made good faith and verifiable efforts to elicit reasonable alternative offers of acquisition).

**Limb 1: Tigerair Holdings is about to fail imminently under current ownership**

67. Tigerair Holdings submits that a series of events over the past few years have cascaded and led to the current situation where Tigerair Holdings is facing imminent financial insolvency if not for the Rights Issue announced on 17 October 2014, with SIA as the main backer for this Rights Issue. Tigerair Holdings submits that SIA is the only viable potential investor that is able and willing to save it from exiting the market, by increasing its shareholding of Tigerair Holdings via converting its PCCS into ordinary shares before the Rights Issue, increasing its stake to approximately 54% before the Rights Issue.

68. In summary, the series of events are as follows:

- a. Challenging operating environment in the past few years, characterised by intense competition and overcapacity in the industry;
- b. Low operating margins, decline in passenger load factors and consistent operating losses over the past three consecutive years, necessitating;
- c. Review of Tigerair Holdings’ corporate strategy and unwinding of its loss-making overseas expansion plans, to reduce financial pressure on Tigerair Holdings;

- d. Tigerair Holdings taking financial losses associated with the exit of overseas joint ventures in Indonesia, Australia and Philippines in quick succession, which lead to more financial pressure;
  - e. Exit of overseas joint ventures lead to situation of surplus aircraft in Tiger's fleet, leading to;
  - f. Pressure to sub-lease surplus aircraft, [REDACTED];
  - g. Increased financial pressure from having to recognise the losses associated with sub-leasing and accounting costs of idle aircraft, driving further increased financial pressure;
  - h. Situation where [REDACTED];
  - i. Further increased financial pressure [REDACTED].
69. Tigerair Holdings submits that [REDACTED]. Tigerair Holdings further submits that the only reason [REDACTED]. Each of the sequence of events listed above will be explained in the preceding section.

#### Difficult operating environment

70. Tigerair Holdings submits that it may not be able to generate sufficient funds to continue operations in view of its financial liabilities. In this regard, Tigerair highlights that its financial performance has been affected by an increasingly competitive market which can be attributed in part to [REDACTED].<sup>37</sup>
71. Industry reports have also pointed out that “market conditions in Singapore have become challenging, with excessive capacity levels provoking a reduction in yields and load factor”.<sup>38</sup> In this regard, CCS notes that Southeast Asia is the only region in the world that has as many aircraft on order as the active fleet, with 1600 active aircraft (500 from the LCC fleet) and 1600 orders (1200 orders from the LCC fleet) from Southeast Asian airlines.<sup>39</sup> Almost all the LCC orders are intended as growth aircraft. Air Asia and AirAsia X have more than 400 aircraft on order, while Lion as more than 500 on order. The majority of these aircraft will end up in the already intensely competitive Southeast Asian marketplace. The following table shows the Southeast Asia current fleet and order by LCC group, as of end September 2014:

<sup>37</sup> Paragraph 23.8 of Form M1.

<sup>38</sup> “Tigerair restructures after recording a FY2014 loss. A Singapore Airlines takeover seems sensible”, CAPA Centre for Aviation report, 6 May 2014.

<sup>39</sup> Southeast Asia: Turbulence in one of the world's hottest emerging markets, Public in Airline Leader: Issue 25 (<http://www.airlineleader.com/categories/regions/southeast-asia-turbulence-in-one-of-the-worlds-hottest-emerging-markets-194820>)



Airline Group	Current Fleet	Orders
AirAsia	160	319
Lion	150	521
Cebu Pacific	40	41
Citilink	29	48
Jetstar	25	0
AirAsia X Group	23	97
NoK	19	20
VietJet	16	63
Scoot	6	20
Golden Myanmar	3	0
<b>Total</b>	<b>504</b>	<b>1,166</b>

72. CCS also notes that the Association of Asia Pacific Airlines (“AAPA”) has shared that the Asian carriers are still facing very challenging business conditions, as surplus capacity and an intensely competitive pricing environment have constrained revenue growth and led to further erosion of margins.<sup>40</sup> The International Air Transport Association (“IATA”) also highlighted that while there is growth in demand for airlines worldwide, it is far weaker than the growth in seats and if the trend continues, it could place pressure on aircraft utilisation rates.<sup>41</sup> This suggests that excessive capacity levels may persist, at least in the short to medium term.

*Low margins, declining load factors and incurring losses*

73. Tigerair Singapore submits that it has recorded operating losses totalling S\$372.4 million over the three financial years FY2012 to 2014<sup>42</sup>, including a net operating loss after tax of S\$45.4 million in FY 2013. This loss increased to S\$223 million in FY 2014<sup>43</sup> and S\$182.4 million in 2Q FY2015. Tigerair Holdings has also gone to the market to raise capital previously, and had launched a rights issue and preferential offering of its shares in March 2013, in order to raise S\$297 million.

74. Tigerair Holdings also submits that the deteriorating operating environment has led to its load factors falling for five consecutive quarters from the third quarter of FY 2013 to the fourth quarter of FY 2014.<sup>44</sup>

*Review of strategy and unwinding of loss-making overseas expansion plans*

<sup>40</sup> Press Release on Asia Pacific Airlines Traffic Results – August 2014

([http://www.aapairlines.org/resource\\_centre/AAPA\\_PR\\_Issue16\\_AugTrafficResults\\_26Sep14.pdf](http://www.aapairlines.org/resource_centre/AAPA_PR_Issue16_AugTrafficResults_26Sep14.pdf))

<sup>41</sup> IATA’s Airlines Financial Monitor, July-August 2014

(<http://www.iata.org/whatwedo/Documents/economics/Airlines-Financial-Monitor-Aug-14.pdf>)

<sup>42</sup> Annex 14 of Form M1.

<sup>43</sup> “Tigerair restructures after recording a FY2014 loss. A Singapore Airlines takeover seems sensible”, CAPA Centre for Aviation report, 6 May 2014

<sup>44</sup> Paragraph 23.8 of the revised Form M1, dated 3 November 2014.

75. Tigerair Holdings submits that there were previous attempts to limit its losses by reducing its exposure to its loss making ventures outside Singapore including those concerning Tigerair Australia, Tigerair Mandala and Tigerair Philippines. Such attempts included, amongst other things:

- a. The divestment of Tigerair Australia to Virgin Australia Holdings Limited;<sup>45</sup>
- b. The shutting down of Tigerair Mandala's operations from 1 July 2014;<sup>46</sup>
- c. The divestment of Tigerair Holdings' 40 per cent. interest in Tigerair Philippines to Cebu Pacific on 20 March 2014;<sup>47</sup>

76. The termination of three joint ventures in quick succession since March 2014 (divestment of Tiger Air Philippines to Cebu Pacific in March 2014, shutting down Tiger Mandala in July 2014, and divestment of Tiger's remaining 40% stake in Tigerair Australia in October 2014) have accelerated financial pressure on Tigerair Holdings. It was reported that Tigerair Holdings had to recognise an exceptional charge of S\$30.3 million loss on the disposal of Tigerair Philippines<sup>48</sup> and also a loss of S\$59.8 million arising from the divestment of Tiger's 40% stake in Tigerair Australia for AUD \$1.<sup>49</sup>

#### Excess aircraft in Tiger's fleet

77. The combination of the exit from these overseas joint ventures and weak demand, has led to the situation of Tigerair Holdings having aircraft in excess of that needed in the Tigerair Singapore fleet. Even after the cancellation of orders for new A320 aircraft in 2013, Tigerair Holdings has submitted that there is a surplus of a total of fourteen aircraft.<sup>50</sup> [×<sup>51</sup>].

#### Pressure to sub-lease surplus aircraft and accounting losses associated with idle aircraft

78. The holding of surplus, unutilised aircraft in Tigerair Holdings' fleet led to increased costs associated with idling such aircraft. [×].<sup>52</sup> [×]. Tigerair Holdings submits that this sub-leasing was necessary given that the alternative of idling the spare aircraft would also lead to financial costs.

#### Background on Tigerair Holdings' Financial Situation

<sup>45</sup> Divestment of 60% of its shares on 8 July 2013 Ibid at paragraph 23.14, and all remaining shares on 17 October 2014.

<sup>46</sup> Annex 30 of Form M1.

<sup>47</sup> Annex 21 of Form M1.

<sup>48</sup> Tigerair Holdings quarter ended 31 December 2013 Results Briefing dated 23 January 2014.

<sup>49</sup> Tigerair Holdings Media Release "Tigerair Steps up Turnaround Plan" dated 17 October 2014.

<sup>50</sup> Paragraph 10.1 of Parties' submission dated 14 November 2014.

<sup>51</sup> [×].

<sup>52</sup> Paragraph 18.1 of Parties' submission to CCS dated 31 October 2014.



79. The Parties submit that the Acquisition of Shares by SIA under the Proposed Transaction is required to raise sufficient working capital to allow Tigerair Holdings to carry on operating as a going concern. Tigerair Holdings submits that in the absence of the Acquisition of Shares, Tigerair Holdings may not be able to generate funds to continue operations in view of its financial liabilities including [REDACTED].<sup>53</sup>

80. Tigerair Holdings highlights in this regard:

- a. that the total equity of the Tigerair Group decreased from S\$278.7 million on 31 March 2014 to S\$22.6 million on 30 September 2014 (a decrease of approximately \$256 million) due to the net loss of S\$247.6 million for the past six months.<sup>54</sup>
- b. That the net current liabilities of the Tigerair Group increased from S\$14.4 million on 31 March 2014 to S\$172.3 million on 31 September 2014.<sup>55</sup>

81. The Parties submit that without the Acquisition of Shares, [REDACTED].<sup>56</sup> This is described further below.

82. Tigerair Singapore operates a fleet of 25 Airbus A320 narrow body aircraft.<sup>57</sup> Of these aircraft, 11 are financed via [REDACTED].<sup>58</sup> The remainder aircraft are leased under sale and leaseback arrangements [REDACTED].<sup>59</sup>

83. [REDACTED].<sup>60</sup> [REDACTED].<sup>61</sup>

84. Tigerair Holdings is required to fulfil [REDACTED].<sup>62</sup>

85. Tigerair Holdings has submitted an extract of its Board Paper, "Funding for TAH" circulated for the Board Meeting on 28 August 2014 which states, [REDACTED]<sup>63</sup> suggesting the group [REDACTED].<sup>64</sup>

86. The total sum of the [REDACTED].<sup>65</sup> Tigerair Holdings submits that, given that its total cash and credit facilities available as at 30 September 2014 was only S\$[REDACTED].<sup>66</sup> This event would be classified as [REDACTED].<sup>67</sup>

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<sup>53</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>54</sup> Ibid.

<sup>55</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>56</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>57</sup> Paragraph 10.8 of Form M1.

<sup>58</sup> Meeting with Tigerair Holdings on 30 October 2014.

<sup>59</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>60</sup> Paragraph 12.1-12.4 of Parties' submission to CCS dated 31 October 2014.

<sup>61</sup> Paragraph 12.1-12.4 of Parties' submission to CCS dated 31 October 2014.

<sup>62</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>63</sup> Annex 16 of Form M1.

<sup>64</sup> Paragraph 9.3 of Parties' submission dated 14 November 2014.

<sup>65</sup> Annex 16 of Form M1.

<sup>66</sup> Paragraph 16.1 of Parties' submission to CCS dated 31 October 2014.

87. Tigerair Holdings submits that [X].<sup>68</sup>

88. In order to avert this from happening, Tigerair Holdings submits that [X].<sup>69</sup>

89. The [X] subject to the following conditions:<sup>70</sup>

- i. Tigerair Holdings proceeding with the Rights Issue to raise a minimum aggregate amount of S\$140 million in order for Tigerair Holdings to strengthen its balance sheet [X];
- ii. SIA subscribing for [X] S\$140 million of Rights Shares [X]; and
- iii. SIA converting all its PCCS into new Shares [X].

Tigerair Holdings further confirms that it [X]:

- a. [X]<sup>71</sup>) and
- b. [X]<sup>72</sup>

90. The Parties submit that without the Acquisition of Shares by SIA, Tigerair Holdings would [X]. The Parties submit that the Acquisition of Shares by SIA under the Proposed Transaction is required to raise sufficient working capital to allow Tigerair Holdings to carry on operating as a going concern.<sup>73</sup>

91. Tigerair Holdings also submits that it is already in the process of scaling down its operations and exiting certain markets. Tigerair Holdings submits that it has exited the Singapore-Bandung route (as at 25 October 2014)<sup>74</sup> and CCS has confirmed that Tigerair Singapore has released its airport slots used to service this route, back into the slot pool at Changi Airport<sup>75</sup>. Tigerair Singapore has also ceased services on the Singapore-Phnom Penh route (11 November 2014)<sup>76</sup> and will be ceasing services on the Singapore-Perth route (7 February 2015).<sup>77</sup>

92. Tigerair Holdings submits that all of the aircraft in its fleet are either subject to [X]. In the event that Tigerair Holdings fails, [X].<sup>78</sup>

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<sup>67</sup> Paragraph 15.1-15.4 of Parties' submission to CCS dated 31 October 2014.

<sup>68</sup> Paragraph 4.1-4.2 of Parties' submission to CCS dated 31 October 2014.

<sup>69</sup> Annex 17 of Form M1.

<sup>70</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>71</sup> Refer to paragraph 6.12 of the [X].

<sup>72</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>73</sup> Paragraph 12.12 of the revised Form M1, dated 3 November 2014.

<sup>74</sup> Paragraph 10.9 of Form M1.

<sup>75</sup> Feedback from Changi Airport Group on 19 November 2014.

<sup>76</sup> Paragraph 10.9, Form M1.

<sup>77</sup> Paragraph 10.9 of Form M1.

<sup>78</sup> Meeting with Tigerair Holdings on 30 October 2014.



93. For example, Tigerair Holdings had to [REDACTED],<sup>79</sup> given the current state of the aviation industry which is becoming increasingly competitive and challenging to operate in.

94. Tigerair Holdings has submitted an expert report by KPMG to provide evidence on the financial problems faced by Tigerair Holdings. The KPMG Report concludes the following:<sup>80</sup>

- a. [REDACTED];
- b. [REDACTED]; and
- c. [REDACTED].

95. In summary, [REDACTED]. SIA's intention to participate in the Rights Issue and take a larger equity stake in Tigerair Holdings also appears to be a material factor, [REDACTED].

96. CCS is satisfied that Tigerair Holdings, and therefore Tigerair Singapore, is highly likely to exit its operations, if not for the Proposed Transaction.

## **Limb 2: Tigerair Holdings has explored and exhausted all re-financing options**

97. As submitted above, due to [REDACTED]<sup>81</sup>. Tigerair Holdings explained [REDACTED].<sup>82</sup>

98. CCS notes that as part of the Proposed Transaction, SIA intends to execute a conversion of 189,390,367 PCCS into ordinary Tigerair Holdings shares based on an adjusted price of S\$0.565 (the "**Conversion**"), as well as participate in the Tigerair Rights Issue].<sup>83</sup>

99. CCS clarified with the Parties, whether [REDACTED], and that SIA's participation is not required.<sup>84</sup>

100. Tigerair Holdings clarified [REDACTED].<sup>85</sup> Tigerair Holdings submits [REDACTED].<sup>86</sup> CCS notes that the KPMG Report did not make any contrary finding on this point.

### Other Strategic Investors

101. Tigerair Holdings has submitted evidence that it has made attempts to explore getting other strategic investors, such as competitor airlines, to invest in it. Tigerair Holdings submits that it had approached [REDACTED]. Tigerair Holdings submits that this offer was not taken up. Tigerair Holdings further submits that given the

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<sup>79</sup> Paragraph 10.1-10.6 of Parties Submission dated 31 October 2014.

<sup>80</sup> Pages 7-21 of the KPMG Report.

<sup>81</sup> Paragraph 23.17 of Form M1.

<sup>82</sup> Paragraph 23.17 of Form M1.

<sup>83</sup> Paragraph 11..17 of Form M1.

<sup>84</sup> Paragraph 14.1 of Parties submission dated 14 November 2014.

<sup>85</sup> Paragraph 14.1 of Parties submission dated 14 November 2014.

<sup>86</sup> Paragraph 15.3 of Parties submission dated 14 November 2014.

current economic climate and state of competition in the aviation market in Asia, [×].<sup>87</sup>

102. Tigerair Holdings raised additional difficulties with approaching and securing investment from other third party investors, given [×]. Tigerair Holdings submits<sup>88</sup> that the option of negotiating and securing a rights placement or equity-based funding deal from a third party investor would not be in time [×]. In addition, Tigerair Holdings submits that their options of third party investors are limited [×].<sup>89</sup>

#### Banks and Financial institutions

103. Tigerair Holdings submits that it had also attempted to raise funds through [×].<sup>90</sup> Tigerair Holdings submits that all such attempts did not materialise. Tigerair Holdings further submits that [×] had emphasised that [×].<sup>91</sup>

#### Public investors

104. Tigerair Holdings submits that the Right Issue is open to public investors who are existing shareholders, [×].<sup>92</sup>
105. Tigerair Holdings had already gone through a change in senior management in early 2014. There was a change in Tigerair Holdings' Chairman and CEO in July 2014 and May 2014 respectively. CCS notes that the attempts by Tigerair Holdings to stem losses from overseas joint ventures by terminating them to focus efforts on the Singapore business can be considered an attempt to re-organise Tiger's business and turnaround the business.

### **Limb 3a: There is no less anticompetitive alternative to SIA Group acquiring Tiger, and there are no other credible bidders in the market**

106. In addition to Tigerair Holding's attempts to find strategic investors mentioned above, CCS has been market-testing whether there would be an alternative buyer that would be interested in taking an equity stake in Tigerair Holdings. To date, no party has indicated any such interest.<sup>93</sup> CCS notes that Garuda Indonesia, who provided a detailed submission, had indicated that it was not interested in taking an

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<sup>87</sup> Paragraph 23.15 of Form M1.

<sup>88</sup> Statement by Mr. Lee Lik Hsin, Group CEO of Tigerair, meeting with Tigerair Holdings on 30 October 2014.

<sup>89</sup> Meeting with Tigerair Holdings on 30 October 2014.

<sup>90</sup> Paragraph 8.5 of the Parties' submission dated 31 October 2014.

<sup>91</sup> Paragraph 8.6 of the Parties' submission dated 31 October 2014.

<sup>92</sup> Tiger Airways Holdings Limited Announcement – Renounceable Non-Underwritten Rights Issue to Entitled Shareholders dated 17 October 2014.

<sup>93</sup> In relation to this, CCS approached a total of 47 carriers in the course of its market inquiries, which included the competitors on the overlapping routes as submitted by the Parties.



equity stake investment in Tigerair Holdings.<sup>94</sup> In addition, given [38], CCS is of the view that there is unlikely to be any other credible bidders for Tigerair in the market.

### **Limb 3b: It will not be better for competition if Tigerair Holdings were to exit**

107. Under Limb 3b of the FFD, CCS needs to assess, even if Tigerair Holdings is indeed a failing firm in the operational and financial sense, whether it would nonetheless be better for competition in the relevant market(s) to let Tigerair Holdings exit its operations, and let the remaining players compete for its customers, rather than transferring all the customers of Tigerair Holdings towards the SIA Group through the merger.

108. In order to perform this assessment, CCS must to define relevant markets and consider the market shares, market concentrations, barriers to entry and expansion, efficiencies and other relevant factors. However, unlike the usual assessment of substantial lessening of competition (“SLC”), which typically compares the state of competition pre-merger and post-merger, the present assessment under Limb 3b of the FFD entails a comparison of the state of competition post-merger and *post-failure*, because the counterfactual in the absence of the merger is that Tigerair Holdings will fail. This assessment is detailed in the Competition Assessment section below.

## **VII. INDUSTRY BACKGROUND AND MARKET STRUCTURE**

109. As submitted, the Parties operate and compete in the market for the provision of international air passenger transport services.

### **Current industry trends**

110. The Applicants submit that the market for the provision of air passenger transport services generally is highly competitive, with the past ten years seeing the emergence of a number of LCCs in the Asia Pacific region in particular.<sup>95</sup>

111. The Applicants submit that the emergence of LCCs in the region has also stimulated growth and increased competition in the aviation sector in Asia, and in particular in Southeast Asia which posted the highest CAGR, in terms of passenger carriage as measured by revenue passenger kilometres, for the past eight years. In the next 20 years, air travel to, from and within Southeast Asia is projected to grow at an average annual rate of 6.6%, led by 7.7% annual growth in the intraregional sector.<sup>96</sup>

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<sup>94</sup> PT Garuda Indonesia (Persero) TBK – Response to the Notification for Decision by Singapore Airlines Limited and Tigerair Holdings in Relation to the Proposed Transaction under section 57 of the Competition Act dated 18 November 2014 (“**Garuda Submission**”) at paragraph 148.

<sup>95</sup> Paragraph 18.25 of Form M1.

<sup>96</sup> Paragraph 18.26 of Form M1.

112. The Applicants submit that the expected growth in the market for the provision of air passenger services in Asia and Southeast Asia is likely to further intensify competition among airlines in the region, including LCCs and FSAs.<sup>97</sup>
113. However, the Applicants recognise that the market for the provision of air passenger services in Asia and Southeast Asia, in particular in the LCC segment, is characterised by [×].<sup>98</sup>

#### *Trends with respect to LCCs in Asia*

114. Within the LCC segment in Asia, there has also been a trend of LCC groups establishing networks of airlines based in different countries in the region, operating both short-haul and medium- to long-haul aircraft, and offering a wider network of short-, medium- and long-haul routes across the respective groups. Examples of such LCC groups include:<sup>99</sup>
- a. the Jetstar group, consisting of Jetstar Airways, Jetstar Asia, Valuair, Jetstar Japan Co., Ltd, Jetstar Pacific, and Jetstar Hong Kong Airways Limited (collectively, the “**Jetstar Group**”);
  - b. the AirAsia group, consisting of AirAsia, AirAsia’s associate companies including, *inter alia*, Thai AirAsia, Indonesia AirAsia, Philippines AirAsia, AirAsia India, AirAsia Zest and AirAsia Japan, and AirAsia’s related companies AirAsia X, Thai AirAsia X and Indonesia AirAsia X with which AirAsia has common directors and shareholders (collectively, the “**AirAsia Group**”); and
  - c. the Lion Air group, consisting of Lion Air, PT Wings Abadi, Batik Air (an FSA) and Lion Air’s joint venture companies Malindo Air and Thai Lion Air (collectively, the “**Lion Air Group**”).

#### **Intermediate customers**

115. SIA Group submits that airlines providing international air passenger transport services typically market and distribute their services through [×:<sup>100</sup>]
- a. [×;]
  - b. [×]; and]
  - c. [×].

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<sup>97</sup> Paragraph 18.27 of Form M1.

<sup>98</sup> Paragraph 23.8 of Form M1.

<sup>99</sup> Paragraph 18.24 of Form M1.

<sup>100</sup> Paragraph 18.8 of Form M1.



116. [REDACTED].<sup>101</sup>

117. [REDACTED].<sup>102</sup>

118. [REDACTED].<sup>103</sup>

119. [REDACTED].<sup>104</sup>

120. Feedback received from a travel agency indicated that the Proposed Acquisition will not reduce competition or consumer choice. The feedback also showed that the market for regional air services is “extremely competitive” and that travellers have “ample choices when travelling within Asia and particularly so on a regional basis”.<sup>105</sup>

### **End Customers**

121. The end-customers in the provision of air passenger transport services are passengers.<sup>106</sup>

122. CCS did not receive any negative feedback from members of the public. CCS received feedback from seven individuals generally supporting the Proposed Transaction, which were of the view that the Proposed Transaction was positive for air passengers travelling on low-cost carriers from Singapore.

123. According to the Parties, passengers may be categorised according to, among others, the purpose of travel (e.g. leisure and non-leisure passengers). For example, leisure passengers may be price-sensitive and also less concerned about travel time and fare flexibility relative to passengers who may travel by business-class or first class. Passenger demand for LCCs is also generally characterised by high price elasticity. LCCs in Asia are also observed by the Parties to offer near-identical products.<sup>107</sup>

124. With respect to FSAs’ product offerings, the Parties submit that although there is a substantial difference in air fares between first- and business-class tickets on FSAs, with tickets on LCCs, the economy-class services provided by an FSA compete with the product offerings of LCCs, including on price. Where LCCs offer business-class fares, such fares are similar in range to the economy-class fares on FSAs, and there is a substantial difference in business-class fares on LCCs with the business-class fares on FSAs.<sup>108</sup>

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<sup>101</sup> Paragraph 18.9 of Form M1.

<sup>102</sup> Paragraph 18.10 of Form M1.

<sup>103</sup> Paragraph 18.11 of Form M1.

<sup>104</sup> Paragraph 18.12 of Form M1.

<sup>105</sup> Submission from Pacific Arena Private Limited, dated 21 November 2014.

<sup>106</sup> Paragraph 18.13 of Form M1.

<sup>107</sup> Paragraph 18.14 of Form M1.

<sup>108</sup> Paragraph 18.15 of Form M1.

125. With respect to the provision of international air passenger transport services, the Parties submit that the industry is also characterised by high price-sensitivity of passengers, where passengers easily switch between a range of available carriers, including both FSAs and LCCs, particularly on the Overlapping Routes, which are short-haul routes. Examples of such carriers include, but are not limited to:<sup>109</sup>
- a. for FSAs, Cathay Pacific, Malaysia Airlines, Thai Airways, Garuda Indonesia, Vietnam Airlines, Philippine Airlines, Air India and Jet Airways [X]; and
  - b. for LCC competitors, AirAsia X and AirAsia which are part of the AirAsia Group, Jetstar Airways and Jetstar Asia which are part of the Jetstar Group, and Lion Air, PT Wings Abadi, Malindo Air and Thai Lion Air which are part of the Lion Air Group. [X].

## **Air Traffic Rights and Airport Slots**

### ***The Role of Regulation***

126. The provision of air passenger transport services is generally subject to regulation by the relevant aviation authorities or airports in each jurisdiction.<sup>110</sup>
127. In relation to Singapore, the Applicants submit that the aviation industry is largely liberalised, including with the adoption of a liberal bilateral and multilateral air services policy.<sup>111</sup> Fares, surcharges and fees are not regulated by the Civil Aviation Authority of Singapore (“CAAS”) or the Changi Airport Group (“CAG”). The allocation of airport slots at Singapore Changi Airport is overseen by the CAAS, with CAG appointed by CAAS as slots coordinator.
128. Set out below is a description of the relevant air passenger regulations as it applies in Singapore.

### **International level**

129. Air traffic rights regulate the countries to which an airline may operate commercial international services. An airline may not carry passengers by air between two international airports unless the relevant air traffic rights have been granted to it. Air traffic rights are generally regulated by bilateral and multilateral air service agreements (“ASA”) which are negotiated between countries.<sup>112</sup>
130. For sectors with unlimited air traffic rights, airlines from both countries are free to mount as many services at any point in time as they want especially if they think

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<sup>109</sup> Paragraph 18.16 of Form M1.

<sup>110</sup> Paragraph 18.18 of Form M1.

<sup>111</sup> Paragraph 18.20 of Form M1.

<sup>112</sup> Paragraph 18.19 of Form M1.



it is commercially viable to do so (and provided that airport slots are available). There are no regulatory barriers to entry. Conversely, the total capacity of the services that airlines from a country can provide on a restricted sector will be capped by the air traffic rights stipulated in the ASA.<sup>113</sup>

131. For sectors with restricted air traffic rights, each country has its own method of allocating their entitlement to their carriers. In Singapore, the allocation of Singapore air traffic rights to Singapore carriers is determined by the Air Traffic Rights Committee (“**ATRC**”) in accordance with the Air Navigation (Licensing of Air Services) Regulations. In general, if the number of air traffic rights applied for by the Singapore carriers is less than the number of rights available, then all the carriers will receive the rights for which they have applied. If what is applied for exceeds what is available, then the ATRC will allocate the air traffic rights taking into account, amongst other things, the extent to which a carrier is likely to put the traffic rights to good use in terms of translating the capacity into actual passenger carriage, the extent to which each will drive transfer traffic at Changi Airport, and the need for business continuity and a reasonable balance of opportunities for all Singapore carriers.<sup>114</sup>

#### National level

132. Air Operator’s Certificates (“**AOC**”) are approvals granted by national aviation authorities to allow persons to operate aircraft for the purposes of public transport.<sup>115</sup>
133. In the event of an airline ceasing to operate, CCS understands that the air traffic rights may only be allocated to another Singapore based carrier.<sup>116</sup>

#### Airport-specific level

134. Airports are constrained by the physical capacity of the airport facilities, including the number of slots available for take-off or landing. After the relevant air traffic rights are obtained by an airline, it is necessary for the airline to obtain take off and landing rights at the relevant international airports.
135. The application for and allocation of slots at airports are operational issues. For each season, airlines will apply to the slot coordinator of the airports to which they want to operate. In the case of Changi Airport, CAG is the slot coordinator. Slot

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<sup>113</sup> Submission by Ministry of Transport and Civil Aviation Authority Singapore dated 6 November 2014, paragraph 3.

<sup>114</sup> Submission by Ministry of Transport and Civil Aviation Authority Singapore dated 6 November 2014, paragraph 4.

<sup>115</sup> Paragraph 18.19.2 of Form M1.

<sup>116</sup> Meeting with CAAS on 29 October 2014.

coordinators generally follow the IATA Worldwide Guidelines on Slots (“IATA WGS”), a key guideline of which is that airlines that have utilised a particular slot for at least 80% of the time during a particular season will get to retain that slot for the following corresponding season.<sup>117</sup> CAG follows the IATA WGS.

136. In Singapore, in the event of an airline ceasing operation, the slots will be returned to the pool and are re-allocated, which may or may not be allocated to other airlines serving those same sectors that have been vacated by the airline that has ceased operation.<sup>118</sup>

137. In Singapore, airport slots are considered to be a national asset which cannot be monetised. As a result, Changi airport slots may not be transferred by one airline to another for a fee or other consideration.<sup>119</sup>

138. The Applicants submit that [3<].<sup>120</sup> Garuda Indonesia has submitted that Changi Airport is slots constrained<sup>121</sup> and point out that it is designated as a Level 3 airport, which is defined under the IATA WSG as an airport where:<sup>122</sup>

a) Demand for airport infrastructure significantly exceeds the airport’s capacity during the relevant period;

b) Expansion of airport infrastructure to meet demand is not possible in the short term;

c) Attempts to resolve the problem through voluntary schedule adjustments have failed or are ineffective; and

d) As a result, a process of slot allocation is required whereby it is necessary for all airlines and other aircraft operators to have a slot allocated by a coordinator in order to arrive or depart at the airport during the periods when slot allocation occurs.

139. Singapore is also a party to the 2010 ASEAN Multilateral Agreement on Full Liberalisation of Passenger Air Services which provides or will largely provide for unrestricted traffic rights to carriers within the ASEAN region.<sup>123</sup>

## VIII. RELEVANT MARKET/S

### Focal Product

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<sup>117</sup> Submission by Ministry of Transport and Civil Aviation Authority Singapore dated 6 November 2014, paragraph 5.

<sup>118</sup> Ibid.

<sup>119</sup> Feedback from Changi Airport Group, 19 November 2014.

<sup>120</sup> Paragraph 18.20 of Form M1.

<sup>121</sup> Submission by Garuda Airlines dated 18 November 2014, paragraph 38 and 43.

<sup>122</sup> IATA WSG August 2014 paragraph 5.1.1.

<sup>123</sup> Paragraph 18.21 of Form M1.



140. For the purpose of comparing the state of competition between allowing SIA Group and Tigerair Holdings to merge and allowing Tigerair Holdings to fail, CCS must consider not only the overlapping routes between the parties, but also all the other non-Overlapping Routes operated by Tigerair Holdings. This is because if Tigerair Holdings fails, it would exit operations on all its routes, not only the Overlapping Routes. For the non-Overlapping Routes, although the merger would not give rise to competition concerns, a failure of Tigerair Holdings would lead to a reduction in competition along these routes, due to the exit of one competitor. In other words, to the extent that the merger would prevent this loss of competition by allowing Tigerair Holdings to continue operating on the non-Overlapping Routes, this can be taken into consideration in determining the overall balance of benefits and harm on competition between the merger and the failure scenario.
141. For completeness, while both SIA Group and Tigerair Holdings offer air cargo services, the Parties have submitted that air cargo services are not a material consideration for the purposes of the Proposed Transaction. CCS notes that the most significant overlap is in the provision of air passenger services. CCS has focused its analysis on this aspect of the Proposed Transaction, as there are unlikely to be any significant issues arising from the provision of air cargo services, on the basis of the Parties' submissions above.

*The Parties' submission on product and geographic markets*

142. The Parties submit that SIA Group (SIA, SilkAir and Scoot) and Tigerair Singapore overlap in the supply of international air passenger transport services on selected origin-destination routes ("OD") involving Singapore as part of the OD pairs.<sup>124</sup> In addition, CCS notes that Tigerair Holdings operates along an additional 12 routes which do not overlap with SIA Group.
143. CCC notes that of the four airlines, two are FSAs; namely SIA and SilkAir, and two are LCCs, namely Scoot and Tigerair Singapore. The Parties submit that from a demand-side perspective, that all classes of seats of Scoot and Tigerair Singapore are close substitutes to the economy-class seats offered by SIA and SilkAir in general.<sup>125</sup>
144. The Parties submit that economy-class services provided by FSAs compete with the product offerings of LCCs, including on price. The Parties further submit that where LCCs offer business-class fares, that such fares are similar in range to the economy-class fares of FSAs, and that the industry is characterised by high price-sensitivity of passengers, where passengers are able to easily switch between a range of available carriers, including both FSAs and LCCs, particularly in the Overlapping Routes which are short haul flights. The Parties submit that with respect to the provision of international air passenger transport services on these

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<sup>124</sup> Paragraph 15.1 of Form M1.

<sup>125</sup> Paragraph 19.2 of Form M1.

short-haul Overlapping Routes, passengers are price sensitive and can easily switch between a range of carriers, including both FSAs and LCCs.<sup>126</sup>

145. The Parties cited European case law in submitting that indirect flights for these OD city pairs are not close substitutes.<sup>127</sup>

146. The Parties also cited the CCS *Qantas/Jetstar Decision*,<sup>128</sup> in submitting that the market for scheduled air passenger services may be further subdivided into the market for leisure and non-leisure passengers in analysing cooperation agreements between LCCs, and that economy-class services provided by an FSA would be in the same relevant market as the air-passenger services provided by an LCC. The Parties further point out that CCS agreed that the relevant market should not include first-class or business-class passengers of the FSAs in view of the substantial difference in air fares.

147. The Parties submit that the relevant markets can be defined as economy-class passengers for FSAs and for all classes of seats for LCCs on the Overlapping Routes.<sup>129</sup>

#### CCS assessment and conclusion on market definition

148. CCS notes that the flight durations for the routes currently operated by Tigerair Singapore range from 50 minutes (Singapore-Kuala Lumpur) to a maximum of five hours (Singapore-Bangalore).

149. In this regard, the CCS is of the view that each of the OD city-pair route can constitute separate relevant markets. CCS agrees that indirect services may not be close substitutes for direct flights along these OD routes, which are short-haul. CCS also agrees that, although economy-class services provided by an FSA may be an imperfect substitute to air passenger services provided by an LCC, CCS accepts the Parties' submission that their operations overlap along the Overlapping Routes. As such, the CCS considers that the Relevant Market for the purposes of assessing the competitive effects of the Proposed Transaction can be considered as the market for the provision of international air passenger transport services, specifically the provision of economy-class services provided by FSAs and all classes of air passenger services provided by LCCs, along direct flights, of city pairs originating or ending at Singapore.

150. As noted above, CCS will assess all the OD city-pair routes currently operated by Tigerair Holdings, including the Overlapping and non-Overlapping Routes in the section on Competition Assessment below.

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<sup>126</sup> Paragraph 19 of Form M1.

<sup>127</sup> Paragraph 20.6-20.7 of Form M1.

<sup>128</sup> Refer to *CCS Decision on Qantas/Jetstar* dated 5 September 2013, case number 400-002/12

<sup>129</sup> Paragraphs 15.1 and 19 of Form M1.



## IX. COMPETITION ASSESSMENT

151. CCS notes that the competition assessment undertaken for this Proposed Transaction is based on the relevant counterfactual for a FFD. This means that CCS considered the likely effect on competition of the Proposed Transaction, compared to the likely effect of Tigerair Holdings exiting the market in the Relevant Market (and not the *status quo* as is the case with usual merger assessment).
152. As such, CCS considered the likely effects on competition of Tigerair's exit on all the routes it currently operates on (post-failure scenario) and compared this with the likely effects on competition along the Overlapping Routes, arising from the scenario of SIA Group acquiring Tigerair (post-merger scenario).

### **The Parties' submission on market shares and market concentration**

153. The Parties submit [X]. The Parties provided data on market shares [X].<sup>130</sup> CCS notes that the post-merger share data and CR3 ratios include [X]. Given that the Relevant Market does not include the provision of these services, the share figures are likely to be overstated. The market share figures submitted by the Parties are tabulated in **Annex 1**.

### **The Parties' submission on actual and potential competition**

154. With respect to existing competitors on the Overlapping Routes, the Parties submit that competitors such as AirAsia, Air India, Cathay Pacific, China Airlines, China Southern Airlines, EVA Air, Jet Airways, Jetstar Asia, Lion Air, Philippine Airlines, Qantas, Thai AirAsia, Thai Airways and Vietnam Airlines have [X].<sup>131</sup>
155. The Parties also submit that even if shares are not currently on par with the Parties, such competitors have competitive strengths such as the existing ability to leverage on their respective combined short-, medium- and long-haul networks, relative to the Parties. For example, [X].<sup>132</sup>
156. For the Overlapping Routes operated by the Parties, the Parties submit that there is a strong threat of potential competition from other competing LCCs or FSAs.<sup>133</sup> Firstly, there are low barriers to entry as Singapore has open skies agreements with [X] and carriers from these countries are able to commence services between the said jurisdictions and Singapore. [X]. The SIA Group and Tigerair Singapore will continue to be competitively constrained by the existing competitors on such routes.<sup>134</sup>

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<sup>130</sup> Paragraph 21.2 of Form M1.

<sup>131</sup> Paragraph 24.2 of Form M1.

<sup>132</sup> Paragraph 24.2 of Form M1.

<sup>133</sup> Paragraph 21.5.2 of Form M1.

<sup>134</sup> Paragraph 21.5.2 of Form M1.

157. The Parties are also of the view that [X]. There are also plans by Thai Lion Air to launch Singapore-Bangkok services in 2014.<sup>135</sup> [X].<sup>136</sup>

### Submissions by the Parties on barriers to entry and expansion

#### *Availability of air traffic rights and airport slots*

158. Set out in the table below is Tigerair Holdings' submission on the availability of traffic rights and airport slots on the non-Singapore origin destination points on the Overlapping Routes.<sup>137</sup> This information has been confirmed by the Ministry of Transport ("MOT") and the CAAS.<sup>138</sup> In addition, the table includes information on airport slots availability of each of the destination airports along the overlapping OD Routes, as extracted from the IATA's Worldwide Slot Guidelines<sup>139</sup>.

[Jurisdiction]	Overlapping Route	Availability of Traffic Rights	Availability of Slots in Outstation <sup>140</sup>
Malaysia	Singapore-Kuala Lumpur	[X]	[Level 3].
	Singapore-Langkawi	[X]	[Level 1].
	Singapore-Penang	[X]	[Level 1].
Vietnam	Singapore-Hanoi	[X]	[Level 3].
	Singapore-Ho Chi	[X]	[Level 3].

<sup>135</sup> See Lion Air press release, "Thai Lion Air Has Successful International Launch", dated 18 December 2013, <http://www.lionair.co.id/News.aspx?ID=11>, extracted on 10 January 2014.

<sup>136</sup> Paragraph 21.5.2 of Form M1.

<sup>137</sup> Paragraph 18.23 of Form M1.

<sup>138</sup> Submission by Ministry of Transport and Civil Aviation Authority Singapore dated 6 November 2014 at Annex A.

<sup>139</sup> IATA's Worldwide Slot Guidelines, effective August 2014, 6<sup>th</sup> Edition, Annex 11.12 – Contact List for Level 2/3 Airports.

<sup>140</sup> For the purposes of airport coordination, the International Air Transport Association's Worldwide Slot Guidelines categorize airports according to the following levels of congestion:

- (a) Level 1: airports where the capacity of the airport infrastructure is generally adequate to meet the demands of airport users at all times.
- (b) Level 2: airports where there is potential for congestion during some periods of the day, week or season which can be resolved by schedule adjustments mutually agreed between the airlines and the facilitator. A facilitator is appointed to facilitate the planned operations of airlines using or planning to use the airport.
- (c) Level 3: airports where capacity providers have not developed sufficient infrastructure, or where governments have not developed sufficient infrastructure, or where governments have imposed conditions that make it impossible to meet demand. A coordinator is appointed to allocate slots to airlines and other aircraft operators using or planning to use the airport as a means of managing the declared capacity.



[Jurisdiction]	Overlapping Route	Availability of Traffic Rights	Availability of Slots in Outstation <sup>140</sup>
	Minh City		
China	Singapore-Guangzhou	[✂]	[Level 3].
	Singapore-Shenzhen	[✂]	[Level 3].
Hong Kong	Singapore-Hong Kong	[✂]	[Level 3].
Indonesia	Singapore-Jakarta	[✂]	[Level 2].
	Singapore-Bandung	[✂]	[Level 1].
	Singapore-Surabaya	[✂]	[Level 1].
	Singapore-Denpasar	[✂]	[Level 3].
India	Singapore-Chennai	[✂]	[Level 3].
	Singapore-Hyderabad	[✂]	[Level 2].
	Singapore-Kochi	[✂]	[Level 1].
	Singapore-Bangalore	[✂]	[Level 2].
Australia	Singapore-Perth	[✂]	[Level 3].
The Philippines	Singapore-Manila	[✂]	[Level 3].
	Singapore-Cebu	[✂]	[Level 1].
	Singapore-Kalibo	[✂]	[Level 3].
Bangladesh	Singapore-Dhaka	[✂]	[Level 1].
Republic of China (Taiwan)	Singapore-Taipei	[✂]	[Level 3].
Thailand	Singapore-Bangkok	[✂]	[Level 1].
	Singapore-Chiang Mai	[✂]	[Level 1].
	Singapore-Phuket	[✂]	[Level 3].
Myanmar	Singapore-Yangon	[✂]	[Level 1].

[Jurisdiction]	Overlapping Route	Availability of Traffic Rights	Availability of Slots in Outstation <sup>140</sup>
Maldives	Singapore-Male	[X]	[Level 1].
Cambodia	Singapore-Phnom Penh	[X]	[Level 3].

### *Costs of market entry and expansion*

159. SIA submits that [X].<sup>141</sup>

160. The Parties further submit that the estimated capital investment required for a new entrant to enter the market for the provision of international and domestic air passenger transport services in particular, would be approximately [X].<sup>142</sup> The [X]. Specifically, this investment would be used:<sup>143</sup>

- a. [X];
- b. [X];
- c. [X]; and
- d. [X].

161. The Parties submit that the aviation industry in Singapore is liberalised with the adoption of a liberal bilateral and multilateral air services policy. Fares, surcharges and fees are not regulated, and there are [X].<sup>144</sup> There also no prohibitive taxes or other barriers to entry which are imposed on airlines operating in Singapore.<sup>145</sup>

### **Feedback from stakeholders**

162. CCS sent out market inquiry letters to 47 airlines which are currently competitors to Tigerair Holdings along the routes on which it operates, 12 of the Parties' main third party sales channels, travel agents, and key stakeholders; the CAAS, the MOT and the CAG.

163. CCS received feedback from four airlines<sup>146</sup> and detailed submissions from CAAS, MOT and CAG. Three of the four airlines reported either that they did not intend to provide any feedback on the Proposed Transaction or that they did not

<sup>141</sup> Paragraph 24.12 of Form M1.

<sup>142</sup> Paragraph 26.2 of Form M1.

<sup>143</sup> Paragraph 26.2 of Form M1.

<sup>144</sup> Paragraph 19.20 of Form M1.

<sup>145</sup> Paragraph 19.20 of Form M1.

<sup>146</sup> United Airlines, Qantas Airlines, British Airways and Garuda Indonesia.



oppose the Proposed Transaction. Garuda Indonesia made a detailed submission in relation to the Overlapping Routes involving an Indonesian city.

#### Submissions from CAAS/MOT

164. CAAS/MOT supports the Proposed Transaction, and submitted that it is of the view that competition on the Overlapping Routes is unlikely to be adversely affected post-merger. CAAS/MOT advised that there are no regulatory barriers to entry for sectors with unlimited air traffic rights. However, the total capacity of the services that airlines from a country can provide on a restricted sector will be capped by the air traffic rights stipulated in the air services agreements (“ASAs”).
165. Of the overlapping routes, Singapore has unlimited air traffic rights for [X] of them. This implies that airlines from both sides are free to mount any number of services on these [X] routes if it is commercially viable to do so. For the remaining overlapping routes with restricted air traffic rights, there are sufficient air traffic rights available for airlines either from both sides or the other side to mount more services as detailed in Section X on Actual and Potential Competition below.
166. In relation to possible expansion of other airlines on the overlapping routes, it is unlikely that any Singapore-based carriers will do so. Scoot has insufficient resources, with the delivery of its first B787 aircraft in later 2014 and the second aircraft only expected to arrive in February 2015, which are all meant for replacing the fuel-inefficient B777 aircraft currently in operation. [X], as evident from the fact that it has been cutting back its city links and [X]. CAAS/MOT highlights further that even if other Singapore carriers are allocated traffic rights and have the aircraft or resources to mount these flights quickly, they might not be able to obtain any slots in slot-constrained airports. CAAS/MOT is therefore of the view that [X].
167. CAG, CAAS and MOT are also of the view that the barriers to expansion are relatively low, for airlines to add capacity along OD routes, when yields increase or when it makes commercial sense to do so.

#### *Singapore’s Position as a Regional Air Hub*

168. MOT and CAAS support the Proposed Transaction, as [X] the scenario where Tigerair Holdings fails and exits the market, [X], will have an adverse impact on the Singapore air hub.<sup>147</sup> MOT and CAAS submits that the [X].
169. MOT and CAAS highlights that should Tigerair Singapore cease operations, there will be significant short term disruption to air travel at Changi Airport, as Tigerair Singapore is the second largest airline in terms of passenger traffic

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<sup>147</sup> Paragraph 18 of submission by Ministry of Transport and Civil Aviation Authority Singapore dated 6 November 2014.

operating at Changi and connects Singapore to 38 cities in the region.<sup>148</sup> CCS notes that Tigerair Singapore also carries more than [X] transit passengers a year through Changi Airport via its network<sup>149</sup>.

170. MOT and CAAS further submits that the exit of Tigerair Singapore will not only impact air traffic on the individual sectors on which it operates, but will also have a significant adverse effect on air hub traffic for Changi Airport. CAG also submits that the acquisition by SIA Group of Tigerair will enhance SIA Group's ability to offer more seamless connections, thereby strengthening Singapore's air hub position.

#### Feedback from CAG

171. The view that the acquisition is unlikely to adversely affect competition in the relevant markets is supported by CAG. CAG informed that [X].

#### Feedback from Garuda Indonesia

172. CCS received a detailed submission from PT Garuda Indonesia ("Garuda"). In summary, Garuda raised the following points:

- a. The Proposed Transaction may raise significant co-ordinated and non-coordinated effects on the Singapore-Jakarta, Singapore-Denpasar, Singapore-Surabaya and Singapore-Bandung routes;
- b. There are barriers to entry/ expansion at Singapore Changi Airport, including scarcity of available slots;
- c. SIA Group post-merger will hold about 48% of all available slots (up from 37% pre-merger) and become the dominant slot holder at Changi airport;
- d. SIA Group's strong entrenched presences at Changi will enable it to engage in anti-competitive activities, including charging of "hub premiums" on routes from Changi Airport, "slot hoarding" and /or "slot shuffling" practices, price increases due to the existence of loyalty programmes;
- e. The Proposed Transaction will infringe fundamental provisions of the Bilateral Air Service Agreement concluded between Indonesia and Singapore, such that the merged entity will operate more daily flights than Garuda, which will significantly distort the principles of fairness and equivalent regarding the frequencies that each Contracting Party should operate on an agreed route;
- f. Garuda highlighted that Changi Airport is designated as a Level 3<sup>150</sup> Airport under the International Air Transport Association ("IATA")'s Worldwide Slot Guidelines ("WSG"); and

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<sup>148</sup> Paragraph 10 of MOT/CAAS' Inputs to CCS's Consultations on the Proposed Acquisition by Singapore Airlines Limited of Tiger Airways Holdings Limited, dated 5 November 2014.

<sup>149</sup> Annex 4 of the Parties' submission dated 14 November 2014.

<sup>150</sup> IATA's WSG defines a **Level 1 Airport** as: an airport where the capacities of all infrastructure at the airport are generally adequate to meet the demands of users at all times, a **Level 2 Airport** as: an airport where there is



- g. The merged entity should propose commitments to alleviate the anti-competitive and regulatory concerns arising from the merger, including as a minimum, slot divestiture by way of commitments or otherwise.

*Garuda's submission on scarcity of slots at Changi airport*

173. CCS recognises that Changi airport is designated as a Level 3 airport under the IATA WSG. However, CCS's assessment (detailed below) does not consider there to be any Singapore-Indonesian route which is likely to experience a substantial lessening of competition post-merger. In view of this, CCS does not consider Garuda's submission that the merged entity should propose commitments to alleviate the anti-competitive and regulatory concerns arising from the merger, including as a minimum, slot divestiture by way of commitments, is necessary.

*Bi-lateral Air Services Agreements ("ASAs")*

174. Gaurda has submitted that the Proposed Transaction will infringe fundamental provisions of the Bilateral Air Services Agreement concluded between Indonesia and Singapore, such that the merged entity will operate more daily flights than Garuda, which will significantly distort the principles of fairness and equivalent regarding the frequencies that each Contracting Party should operate on an agreed route.

175. In this regard, CCS notes that other than considering whether the ASAs constitute a barrier to entry or expansion, CCS is not the relevant arbiter of any breaches of the ASAs.

176. Garuda has made submissions that Proposed Transaction may raise significant co-ordinated and non-coordinated effects on the Singapore-Jakarta, Singapore-Denpasar, Singapore-Surabaya and Singapore-Bandung routes. CCS has given due consideration to these submissions in the Competition Assessment section below.

**Competition assessment by CCS**

177. As noted above, in order to compare the post-merger and the post-failure scenarios, CCS needs to consider all the routes operated by Tigerair Holdings, including overlapping and non-overlapping ones. To recapitulate, the Parties submit that Tigerair Holdings (through Tigerair Singapore) operates flights on 41 OD city pair markets (refer to table below).

Countries/Regions	Cities
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potential for congestion during some periods of the day, week, or season which can be resolved by schedule adjustments mutually agreed between the airlines and facilitator, and a **Level 3 Airport as:** an airport where it is necessary for all airlines and other aircraft operators to have a slot allocated by a coordinator in order to arrive or depart at the airport during the periods when slot allocation occurs.

Australia	Perth
Bangladesh	Dhaka
Cambodia	Phnom Penh
Greater China	Hong Kong, Macau, Taipei, Guangzhou, Haikou, Lijiang, Ningbo, Shenzhen
India	Bangalore, Chennai, Kochi, Hyderabad, Thiruvananthapuram, Tiruchirapalli (Tirchy)
Indonesia	Bandung, Denpasar (Bali), Jakarta, Lombok, Surabaya, Yogyakarta
Malaysia	Kuala Lumpur, Kuching, Langkawi, Penang
Maldives	Male
Myanmar	Yangon
Philippines	Cebu, Clark, Manila, Kalibo
Sri Lanka	Colombo
Thailand	Bangkok, Chiang Mai, Hat Yai, Krabi, Phuket
Vietnam	Ho Chi Minh City, Hanoi

Tigerair Singapore has ceased/ will be ceasing operations along four routes

178. CCS notes that Tigerair Singapore has ceased operations or will be ceasing operations in the near future, for four of these routes, namely: Singapore – Thiruvananthapuram<sup>151</sup>, Singapore - Bandung<sup>152</sup>, Singapore – Phnom Penh<sup>153</sup> and Singapore – Perth<sup>154</sup>.
179. CCS notes that Garuda has made submissions<sup>155</sup> in relation to the Singapore-Bandung route on the assumption that Tigerair Singapore presently does and that it would continue to operate flights on this sector. However, CCS understands that Tigerair Singapore has withdrawn from this route as of 25 October 2014. CCS has confirmed this with the Changi Airport slot co-coordinator<sup>156</sup> that Tigerair Singapore has returned its Singapore-Bandung airport slots to the Changi Airport pool, which will be reallocated.
180. CCS also confirmed that Tigerair Singapore has returned its slots for Singapore – Phnom Penh to the Changi Airport pool. Tigerair Singapore has returned its slots for Singapore – Thiruvananthapuram for November, and will be returning the slots from December to the pool.<sup>157</sup>

<sup>151</sup> Ceased operations as of 23 September 2014.

<sup>152</sup> Ceased operations as of 25 October 2014.

<sup>153</sup> Ceased operations as of 11 November 2014. Email media statement by Tigerair Holdings dated 14 October 2014.

<sup>154</sup> Will cease operations as of 7 February 2015. Email media statement by Tigerair Holdings dated 14 October 2014.

<sup>155</sup> Paragraph 88-90 of Garuda's submission in relation to the Proposed Transaction dated 18 November 2014.

<sup>156</sup> Call with Changi Airport Group dated 19 November 2014.

<sup>157</sup> CCS confirmed with CAG that Tigerair has returned its slots for Singapore – Phnom Penh to the pool. For Singapore – Thiruvananthapuram, Tigerair has returned its slots from November 2014 [X].



181. Therefore, CCS is of the view that the Proposed Transaction will have no impact on competition along these routes.

Tigerair Singapore operates on twelve non-overlapping routes

182. Tigerair Singapore currently operates on 12 routes which do not overlap with the flights operated by SIA Group. These routes are OD routes between Singapore and Haikou, Lijiang, Ningbo, Lombok, Tiruchirappalli, Yogyakarta, Macau, Kuching, Clark, Colombo, Hat Yai and Krabi. These routes account for approximately [X] of Tigerair Singapore's total revenues and passenger volumes for FY2013 respectively.

183. CCS notes that although the Proposed Transaction will not result in any substantial lessening of competition along these non-overlapping routes, the counterfactual of Tigerair Holdings failing and Tigerair Singapore exiting all routes will lead to a reduction in competition along these 12 routes, due to the exit of one operator. Therefore, CCS is of the view that the negative impact arising from the exit of Tigerair Singapore along these routes can be taken into account as potential benefits to competition arising from the merger, although CCS acknowledges that, if some of these routes are competitive with or without the merger, then the exit of Tigerair Singapore would be neutral.

Both the merger and failure scenarios will lead to monopoly along five routes

184. Post-merger, the SIA Group will have a 100% market share (in terms of metal flight operations) along five routes, namely: Singapore-Male, Singapore-Hyderabad, Singapore-Kochi, Singapore-Bangalore and Singapore-Chiang Mai (refer to table below). These five routes account for an estimated [X] of Tigerair Singapore's total revenue and passenger volumes for FY2013-14.

185. In comparing the competitive situation along these five routes post-merger, against the counterfactual of Tigerair Holdings failing and Tigerair Singapore exiting the market, there is no incremental effect arising from the Proposed Transaction, given that both scenarios will immediately lead to the same outcome that the SIA Group will have a monopoly over these five routes.

186. In terms of potential new entry, in their submission to the CCS, MOT and CAAS are of the view that "reasonable competition" will still exist along these five routes post-merger. MOT and CAAS also point out that the Indian carriers have yet to utilise any of their air traffic rights on the Singapore Hyderabad, Kochi and Bangalore sectors, and may be attracted to enter these three routes if yields become attractive.<sup>158</sup> CAAS/MOT points out that [X], the Indian carriers have yet to utilise any of their air traffic rights on these two sectors and if yields become attractive, they may enter the market.

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<sup>158</sup> MOT/CAAS' Inputs to CCS's Consultations on the Proposed Acquisition by Singapore Airlines Limited of Tiger Airways Holdings Limited, dated 5 November 2014.

187. In any case, CCS notes that the prospect of any new entry would be the same under the merger scenario and the scenario where Tigerair Holdings fails and Tigerair Singapore exits these routes.

188. Based on the counterfactual of Tigerair Holdings failing in the near future and its assets exiting the market, and the absence of change in competition arising from the merger, CCS considers that there is no substantial lessening of competition along these five routes.

### Three Overlapping Routes which do not cross CCS merger thresholds

189. Based on the market share figures submitted by the parties, three overlapping routes do not cross the CCS indicative thresholds (i.e. post-merger market share of more than 40%, or post-merger market share of between 20%-40% with a post-merger CR3 of more than 70%). These routes account for [X]% of Tiger's revenues and [X]% of Tiger's passengers. See table below:

OD routes/ Market shares (%)	Market share of SIA*	Market share of Tigerair	Market share of the merged entity	Post-merger CR3
Singapore-Jakarta	[20-30]	[0-10]	[25-35]	[60-70]
Singapore-Surabaya	[20-30]	[0-10]	[25-35]	[60-70]
Singapore-Kalibo	[0-10]	[0-10]	[0-10]	[85-95]

Notes:

1. \*denotes combined market share of SIA Group – Singapore Airlines, SilkAir and Scoot.

2. [X]

190. Garuda Indonesia has made submissions on the Singapore-Jakarta and Singapore-Surabaya routes.

191. Garuda Indonesia submitted that the merged entity would have an aggregated passenger market share of [X]% on the Singapore-Jakarta route following the Proposed Transaction based on market share figures for the period January to August 2014 including non-economy class passengers flying FSAs such as SIA and Garuda and includes non-direct flights between Singapore and Jakarta.<sup>159</sup> Garuda submits that the next closest competitor on this route is Garuda with [X]% market share and Lion Air would be the next closest competitor with a market share of [X]%. Garuda submits that the CR3 post merger for the Singapore-Jakarta route would be [X]% and that [X].<sup>160</sup>

192. As described above, CCS considers that each of the OD city-pair route can constitute separate relevant markets, and CCS does not accept Garuda's

<sup>159</sup> Paragraph 77 of Garuda Indonesia's submission dated 18 November 2014, in relation to the Proposed Transaction.

<sup>160</sup> Paragraph 79 of Garuda Indonesia's submission dated 18 November 2014, in relation to the Proposed Transaction.



submission that indirect services may be close substitutes for direct flights along these OD routes, which are short-haul.

193. Based on CCS' market definition and market share calculations, CCS considers that post-merger the Parties will have a market share of [20-30]%. There are also significant competitors on this route including Lion Airlines, Garuda Indonesia, Indonesia AirAsia and Value Air amongst others. As such, the post-merger CR3 figure would be [60-70]%. These figures do not cross CCS's indicative thresholds.
194. CCS notes that air rights between Singapore and Jakarta are unrestricted which means that, subject to the availability of airport slots, airlines from both Singapore and Indonesia are free to mount as many services at any point in time provided that it is commercially viable to do so.
195. CCS therefore is unable to accept that the Proposed Transaction would result in a substantial lessening of competition on the Singapore-Jakarta route.
196. In relation to the Singapore-Surabaya route, Garuda submits that the Parties to the Proposed Transaction are expected to have an aggregated passenger market share of [X]% post merger based on information sourced from IATA PaxIS.<sup>161</sup> Garuda submits that Tigerair Singapore currently has [X]% market share while SIA and Silk Air have market shares of [X]% and [X]% respectively. Garuda submits that the next closest competitor on that route would be Indonesia Air Asia with a market share of around [X]%.
197. CCS estimates of the merged entity's market share differ from the market share figures submitted by Garuda. CCS understands that, pre-merger, the combined SIA Group has a market share of [20-30]% and that Tigerair Singapore has a market share of [0-10]%. Therefore, post-merger, the merger Parties will have a market share of [20-30]%. There are also significant competitors in this route including Lion Airlines; Mandala Airlines; Indonesia AirAsia; Valuair; China Airlines and Garuda. As such, the post-merger CR3 would be [60-70]%.
198. CAAS/MOT has made submissions in respect of the Singapore-Surabaya sector. CAAS/MOT point out that post-merger, there would still be four competitors (Garuda Indonesia, China Airlines, AirAsia Indonesia and ValuAir) operating on this route to provide effective competitive constraint to the merged entity.
199. [X]. [X]. In addition, the sector is being served by a 5<sup>th</sup> freedom carrier, China Airlines. There are also some indications that the sector is suffering from overcapacity issue, [X]. Therefore, any airline that attempts to raise airfares is likely to lose passengers to other airlines.

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<sup>161</sup> Paragraph 85-84 of Garuda Indonesia's submission dated 18 November 2014, in relation to the Proposed Transaction.

200. CCS therefore is unable to accept that the Proposed Transaction would result in a substantial lessening of competition on the Singapore-Surabaya route.

201. CCS considers that there is no substantial lessening of competition along these three routes.

Proposed Transaction will lead to 17 Overlapping Routes which exceed merger thresholds

202. There are 17 Overlapping Routes where the CCS indicative threshold<sup>162</sup> is crossed (refer to table below). These are the routes where competition concerns may arise from the Proposed Transaction. They account for [×]% of passengers and [×]% of revenues of Tigerair Singapore.<sup>163</sup>

OD routes/ Market shares (%)	SIA*	Tiger	Post-merger market share	Post-merger CR3
Singapore-Shenzhen	[30-40]	[30-40]	[60-70]	[90-100]
Singapore-Dhaka	[30-40]	[30-40]	[60-70]	[90-100]
Singapore-Guangzhou	[30-40]	[20-30]	[60-70]	[90-100]
Singapore-Bangkok	[20-30]	[20-30]	[50-60]	[90-100]
Singapore-Phuket	[20-30]	[20-30]	[50-60]	[90-100]
Singapore-Hanoi	[20-30]	[10-20]	[40-50]	[90-100]
Singapore-Taipei	[30-40]	[10-20]	[40-50]	[70-80]
Singapore-Hong Kong	[30-40]	[10-20]	[40-50]	[90-100]
Singapore-Penang	[20-30]	[20-30]	[40-50]	[90-100]
Singapore-Yangon	[30-40]	[0-10]	[40-50]	[80-90]
Singapore-Ho Chi Minh	[10-20]	[20-30]	[40-50]	[60-70]
Singapore-Cebu	[0-10]	[20-30]	[30-40]	[90-100]
Singapore-Kuala Lumpur	[20-30]	[10-20]	[30-40]	[80-90]
Singapore-Chennai	[10-20]	[20-30]	[30-40]	[80-90]
Singapore-Manila	[20-30]	[10-20]	[30-40]	[80-90]
Singapore – Langkawi	[10-20]	[10-20]	[20-30]	[90-100]
Singapore-Denpasar	[20-30]	[0-10]	[20-30]	[70-80]

Notes:

1. \*denotes combined market share of SIA Group – Singapore Airlines, SilkAir and Scoot.
2. [×]

203. For the overlapping routes which have high post-merger market shares and/or high post-merger CR3 levels, CCS examined the possible likelihood of the merged entity attempting to exercise market power post-merger by increasing prices, and its ability to do so, given the market conditions, barriers to entry and expansion as well as the current level of competition along each of the routes.

<sup>162</sup> Post-merger, more than 40% market share, or between 20%-40% market share with CR3 exceeding 70%

<sup>163</sup> CCS estimates based on Parties' submission dated 14 November 2014.



Competitors have sufficient excess capacities to mitigate the risk of a price increase by the merged entity in 12 out of the 17 concentrated routes

204. Given that there 17 routes with high market concentration post-merger, CCS assessed the current excess seat capacities of competitor airlines on each of these routes, and examined if existing competitors along each route have the necessary excess seat capacity currently, without need to mount additional flights, to readily absorb passengers that are “diverted” from the merged entity in the event that the merged entity increases prices by, say, 10%. CCS notes that, while a finding that competitors have sufficient excess capacities to accommodate diverted passengers does not necessarily imply that passengers would actually divert, it would nonetheless suggest a low level of barriers to expansion, which would act as a strong deterrent against any attempt by the merged entity to exert its market power by raising prices.
205. In making the assessment, CCS estimated the “critical loss” or volume of passengers that would need to divert from the merged entity to its competitors per annum, in order to render a hypothetical 10% price increase by the merged entity unprofitable.<sup>164</sup> Based on the established methodology<sup>165</sup> for calculating the critical loss level<sup>166</sup>, CCS estimates that 10.5%<sup>167</sup> of passengers would need to be diverted from the merged entity in order to render a 10% price increase unprofitable<sup>168</sup>. In this regard, CCS notes the submissions from the Parties and from CAG that passengers in the economy-class and the LCC segments are price-sensitive. Accordingly, the assumption of a 10.5% diversion of passengers in response to a 10% price increase is reasonably realistic, so long as competitors have sufficient capacities to accommodate the diversion.
206. On this basis, CCS carried out a simulation to estimate the annual number of critical loss passengers for the merged entity for each route, and compared this with the annual excess seat capacity<sup>169</sup> of all competitor airlines currently operating each route respectively. (Refer to table below).

<sup>164</sup> CCS notes that this exercise is not the conventional kind of critical loss analysis in the context of market definition. Instead, this is a comparison of the level of excess capacity against an unprofitable level of diversion, as a yardstick for estimating the sufficiency of excess capacity.

<sup>165</sup> Barry C. Harris and Joseph J. Simons (1989).

<sup>166</sup> Critical % loss in volume = % price increase / (% price increase + % gross profit margin)

<sup>167</sup>  $10\% / (10\% + 85\%) = 10.5\%$

<sup>168</sup> CCS conservatively estimated SIA Group’s gross profit margin to be 85%. Based on the FY14 annual reports, the actual gross margin of the SIA Group and Tigerair Holdings were 88% and 89% respectively. The high gross margins were due to the fact that most cost items of operating an airline are not variable to the number of passengers.

<sup>169</sup> In estimating the excess seat capacities of competing airlines, CCS has conservatively assumed that the maximum achievable load factor is 90%, which has actually been achieved for some airlines along some routes.

Route	Sum of Competitor Airlines' Excess Seats <sup>170</sup>	SIA Group's critical loss passengers <sup>171</sup>	Competitors' excess capacity as % of SIA Group's critical loss
Singapore-Kuala Lumpur	[X]	[100,000-200,000]	[500-600]%
Singapore-Denpasar	[X]	[0-100,000]	[300-400]%
Singapore-HongKong	[X]	[200,000-300,000]	[200-300]%
Singapore-Manila	[X]	[100,000-200,000]	[200-300]%
Singapore-Yangon	[X]	[0-100,000]	[200-300]%
Singapore-Bangkok	[X]	[200,000-300,000]	[100-200]%
Singapore-Guangzhou	[X]	[0-100,000]	[100-200]%
Singapore-Phuket	[X]	[0-100,000]	[100-200]%
Singapore-Chennai	[X]	[0-100,000]	[100-200]%
Singapore-Ho Chi Minh	[X]	[0-100,000]	[100-200]%
Singapore-Shenzhen	[X]	[0-100,000]	[100-200]%
Singapore-Taipei	[X]	[100,000-200,000]	[100-200]%
Singapore-Hanoi	[X]	[0-100,000]	[0-100]%
Singapore-Penang	[X]	[0-100,000]	[0-100]%
Singapore-Langkawi	[X]	[0-100,000]	[0-100]%
Singapore-Cebu	[X]	[0-100,000]	[0-100]%
Singapore-Dhaka	[X]	[0-100,000]	[0-100]%

207. Based on the simulation above, it can be observed that the current excess seat capacity of the merged entity's competitors along 12 out of the 17 routes (except for Singapore-Hanoi, Singapore-Penang, Singapore-Langkawi, Singapore-Cebu, Singapore-Dhaka) are very much in excess of the critical level of customer diversion from the merged entity, in order to render a hypothetical 10% price increase unprofitable. This indicates that the amount of excess capacity currently in the hands of competitors is sufficient to act as a strong deterrent against any attempt by the merged entity to exercise market power post-merger by raising prices.

208. CCS acknowledges that any simulation exercise is, to some degree, sensitive to assumptions. In this case, as noted above, the assumptions on gross margins, maximum achievable load factor and the critical level of diversion are reasonably conservative, and supported by empirical data. Also noting the price-sensitivity of leisure-oriented passengers in the economy class and LCC segments on these routes, CCS concludes that the level of excess capacities amount to low barriers to expansion for these 12 routes. This is without even considering the prospect of any additional flights mounted by new or existing competitors.

#### *Garuda's submission on the Singapore-Denpasar route*

<sup>170</sup> Number of excess seats = Total seats x 90% load factor – current number of passengers.

<sup>171</sup> Critical loss passengers = Sum of SIA Group and Tigerair passengers x 10.5%



209. CCS notes that Garuda Indonesia raised competition concerns along the Singapore-Denpasar route. Garuda said that the airports at Changi and Denpasar are slots constrained and as such, a competitor merged entity wishing to expand its market share or a new entrant wishing to enter this route would have difficulties obtaining slots at these airports.<sup>172</sup>

210. CCS has considered this submission carefully and it has consulted with MOT and CAAS. Based on those consultations, CCS understands that there will be at least four airlines serving this OD route post-merger, including Indonesia AirAsia with the highest market share on this route of [X]% (by passenger volume) compared to the merged entity at [X]%. CCS further notes that the combined load factor of the merging parties is currently at [X]%, meaning that they are not even close to filling up their existing capacities. This further mitigates the risk of a post-merger price increase.

211. [X].

212. For the above reasons, CCS is satisfied that competition concerns do not arise from the Proposed Transaction with respect to the Singapore – Denpasar route.

Failure of Tigerair would lead to higher market concentration than the merger scenario for three of the five concentrated routes without sufficient excess capacity

213. In relation to the five routes where post-merger market concentration crosses CCS thresholds, and the estimated competitor excess seat capacity is smaller than the projected SIA Group critical loss passengers, CCS conducted a further analysis to compare the projected market concentration levels between the post-merger and post-failure scenarios.

214. For the purpose of this comparison, CCS has projected the post-failure market share figures based on the assumption that Tiger's passengers would be distributed to the remaining players of each route in proportion to their current market shares. In comparing the post-merger and post-failure market concentrations, CCS has considered both the CR3 and the Herfindahl-Hirschman Index ("HHI").<sup>173</sup>

215. In three of these five routes, namely Singapore - Langkawi, Singapore - Cebu and Singapore - Hanoi, the post-failure scenario would result in a comparable level of CR3, but a significant higher level of HHI, than the post-merger scenario. The main reason is that the SIA Group is not the largest player on these routes pre-merger. If Tigerair fails, at least some market share would naturally be diverted to the largest player of each route instead of being transferred to the (smaller) SIA

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<sup>172</sup> Paragraph 80-84 of Garuda Indonesia's submission dated 18 November 2014, in relation to the Proposed Transaction.

<sup>173</sup> HHI is the sum of squared market shares of all players in a market. The higher the HHI, the more concentrated the market is.

Group, which would then result in a more uneven distribution of market share that gravitates towards the largest player of the route.<sup>174</sup>

216. Considering that the failure of Tigerair Holdings would result in even more concentrated markets for these three routes, CCS is of the view that the Proposed Transaction does not give rise to incremental competition concerns on these routes.

Route	Singapore-Langkawi	Singapore-Cebu	Singapore-Hanoi
SIA Group's market share	[10-20%]	[0-10%]	[20-30%]
Tigerair's market share	[10-20%]	[20-30%]	[10-20%]
Post-merger market share	[20-30%]	[30-40%]	[40-50%]
Largest player pre-merger	[>]	[>]	[>]
Market share of the largest player	[60-70%]	[50-60%]	[40-50%]
Post-merger CR3	[90-100]%	[90-100]%	[90-100]%
Post-failure CR3	[90-100]%	[90-100]%	[90-100]%
Post-merger HHI	5,243	4,998	4,649
Post-failure HHI	5,935	7,159	4,845

Analysis of barriers to entry and expansion along the two remaining routes, namely Singapore-Dhaka and Singapore-Penang

#### *Singapore-Dhaka OD Route*

217. In relation to the Singapore – Dhaka sector, CCS notes that post-acquisition, there still remains two competitors on this route, one of which controls about 20% of weekly seat capacity along this route post-merger (Biman Bangladesh Airlines), and the other is a relatively new entrant (Regent Airlines) who entered this route in 2014, and has been able to quickly expand and account for about [>]% of total weekly seats (see table below).

218. [>]. [>]. Hence, should the merged entity raise prices post-merger, there are sufficient existing air traffic rights for new airlines from both Singapore and Bangladesh to enter this route or for existing airlines to mount more frequent flights.

#### Airlines' Share of Weekly One-Way Capacity on Singapore-Dhaka

Airline	Number of	Total Weekly	Share of Weekly
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<sup>174</sup> This effect is not clearly reflected in the CR3 figures because CR3 does not distinguish whether the distribution of market shares between the top three players are even or uneven. In contrast, the more uneven the distribution of market shares between the top players, the higher the HHI.



	Weekly Services	Seats (1-way)	Capacity
Tigerair Singapore	8	1,500	28%
Singapore Airlines	7	2,000	38%
Biman Bangladesh Airlines	6	1,000	19%
Regent Airways	6	800	15%

Source: CAAS

### *Singapore-Penang OD Route*

219. CCS notes that air traffic rights along this OD are unrestricted and carriers from both Singapore and Malaysia are able to mount additional flights. In addition, the Parties submit that slots are generally available in airports at both Changi and Penang. Post-merger, CCS notes that there will be two strong LCC competitors operating along this route, namely Air Asia and Jetstar Asia.

### Conclusion on Competition Assessment

220. In summary, the balance of benefits and harm on competition between the 41 routes operated by Tigerair Singapore is summarised in the following table:

Description	No. of routes	Weighted by no. of passengers	Weighted by revenue	Net effect of merger
Tigerair has ceased/will cease operations	4	[0-10]%	[0-10]%	Neutral
Tigerair and SIA Group do not overlap	12	[10-20]%	[10-20]%	Beneficial
SIA Group will attain monopoly regardless	5	[0-10]%	[0-10]%	Neutral
Market share of the merged-entity not crossing CCS thresholds	3	[0-10]%	[0-10]%	Neutral
Sufficient excess capacity to deter price increase	12	[50-60]%	[50-60]%	Neutral
Failure of Tigerair would lead to even higher market concentrations	3	[0-10]%	[0-10]%	Beneficial
Potential competition concerns, albeit low regulatory barriers to entry and expansion	2	[0-10]%	[0-10]%	Harmful
<b>Total</b>	<b>41</b>	<b>100%</b>	<b>100%</b>	

Source: CCS estimates derived from data submitted by the Parties

221. CCS notes that there are possible competition concerns arising from the Proposed Transaction along two of the forty-one routes operated by Tigerair Holdings, namely Singapore-Dhaka and Singapore-Penang. However, CCS

assesses that the barriers to expansion and entry along these two routes are not insurmountable, and that competitors are likely to be able to increase seat capacity in the event of a price increase post-merger, given the absence of regulatory constraints.

222. Overall, these two routes constitute [X]% of all routes operated by Tigerair Singapore, weighted by number of passengers and by revenues. In comparison, there are 15 routes, or [X]% if weighted, where the net impact of the Proposed Transaction would be positive as compared to a failure of Tigerair Holdings, including those routes where the failure of Tigerair Holdings would only result in a net loss of a non-overlapping operation, and those where the failure of Tigerair Holdings would result in even higher market concentrations. For the remaining 24 routes, or [X]% if weighted, the net impact of the Proposed Transaction is neutral, for various reasons stated above.
223. On balance, and also having regard to the potential disruption to air passengers with the exit of Tigerair, and the potential impact on the air hub connectivity of Singapore and Changi Airport's operations, CCS is of the view that the reduction of competition along two out of 41 routes would be offset by the benefits arising from the Proposed Transaction.

## **X. CLAIMED EFFICIENCIES ARISING FROM THE MERGER**

224. SIA Group submits that<sup>175</sup> the SIA Group and Tigerair Singapore will be in a position to offer to passengers, including those originating in Singapore, improved flight options through a better scheduling of flights, in particular a better spread of scheduled flight timings on the Overlapping Routes. [X].
225. Such improved flight options could also take the form of more convenient flight schedules for consumers with respect to flights via Singapore, which may result in shorter layover durations. The foregoing would increase the efficiency or benefit of O&D routes involving Singapore as a stopover for passengers originating beyond Singapore. In this regard, the Parties also submit that the Proposed Transaction would improve connectivity between Singapore and other destinations in the region. The foregoing would allow Singapore to compete more effectively against other major air hubs in the region and will shift traffic from other air hubs by encouraging more passengers from other countries to transfer to Singapore.
226. SIA Group submits that the SIA Group and Tigerair Singapore would also be able to potentially offer increased frequency and connectivity between the O&D city pair, and better matching of supply with demand by deploying the appropriate aircraft capacity to departure windows. This may occur through consolidating the

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<sup>175</sup> Paragraph 12.6-12.11 of Form M1.



services that run parallel or close-to-parallel to each other, and thereby also improve the aircraft utilisation on such services.

227. In the absence of the Proposed Transaction, the disjointed flight scheduling and longer layover durations make the product offerings of the SIA Group and Tigerair Singapore for such O&D city pair routes less efficient or beneficial for passengers, e.g. if the layover is several hours or extends overnight, or if the flight timings are not as efficient, or convenient. The opportunity for the SIA Group and Tigerair Singapore to align their service policies, including terms and conditions to passengers, would also increase the convenience and benefits for the passengers of the SIA Group and Tigerair Singapore, by ensuring consistency in the service policies of the SIA Group and Tigerair Singapore.

228. The Parties further submit that the SIA Group and Tigerair Singapore will also be able to, through joint marketing, sales and distribution, offer a wider choice of flights on the Overlapping Routes through the various distribution channels of the SIA Group and Tigerair Singapore to passengers.

229. The Parties submit that [REDACTED]. The Parties submit that significant cost synergies could also be gained through sharing of resources (e.g. on IT systems, [REDACTED]).

230. SIA Group submits that it regards the LCC segment in the Asia Pacific region as a growing market, SIA is interested in tapping the long-term growth potential for LCCs in Asia.<sup>176</sup> SIA Group submits that from its perspective, the networks of Scoot and Tigerair Singapore are largely complementary in nature, with few overlaps between the existing networks of the two said airlines. Scoot is a medium to long-haul LCC and would benefit significantly from feeder/connecting traffic from Tigerair Singapore's extensive coverage in Asia, specifically for routes with a four to six hour flight time from Singapore including, inter alia, the ASEAN region, South India and parts of North Asia. From SIA's perspective, Tigerair Singapore would be able to similarly benefit from feeder/connecting traffic arising from Scoot's network.<sup>177</sup> SIA Group submits that the Proposed Transaction will provide SIA and Tigerair Holdings with increased flexibility to expeditiously explore and pursue potential synergies [REDACTED]:

- a. [REDACTED];
- b. [REDACTED];
- c. [REDACTED]; and
- d. [REDACTED].

[REDACTED]:

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<sup>176</sup> Paragraph 12.1 of the revised Form M1, dated 3 November 2014.

<sup>177</sup> Paragraph 12.2 of the revised Form M1, dated 3 November 2014.

- a. [X];
- b. [X];
- c. [X];
- d. [X];
- e. [X]; and
- f. [X].

#### Conclusion on efficiency arguments

231. CCS notes that similar efficiency arguments in relation to the synergies between aligning the operations of Scoot and Tigerair Singapore have previously been accepted by CCS as net economic benefits arising from the Tigerair-Scoot cooperation, which was authorised by CCS earlier and has been in effect since August 2014. However, CCS notes that a failure of Tigerair Holdings would inevitably result in a termination of the Tigerair-Scoot cooperation.
232. CCS notes that, naturally, the Proposed Merger will result in an even closer integration of the operations between Tigerair and Scoot as compared to merely a cooperation agreement between separate undertakings. CCS also notes that, in addition to feeder traffic between Tigerair and Scoot, the merged entity will be able to derive synergies from feeder traffic between SIA, Silk Air and Tigerair. Therefore, CCS accepts that there will be some efficiencies arising from the Proposed Merger.
233. For the rest of the efficiency claims, CCS recognises that these efficiency arguments are supported by CAAS/MOT/CAG. CCS notes that these efficiency arguments are underpinned by a sensible business rationale. However, CCS notes that the Applicants have not provided concrete and quantifiable evidence in support of the claimed efficiencies as required by the *CCS Guidelines on the Substantive Assessment of Mergers*<sup>178</sup> such that they could be properly taken into account.
234. In any case, these efficiency claims do not affect CCS's conclusion that the benefits arising from the Proposed Transaction outweighs the harm on competition.

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<sup>178</sup> Paragraphs 7.15 – 7.22 of *CCS Guidelines on Substantive Assessment of Mergers*



## **XI. CONCLUSION**

235. In summary, CCS finds that the Parties have submitted sufficient evidence to meet the failing firm defence. CCS finds that:

- (i) Tigerair Holdings is likely to be insolvent, and exit its operations imminently without the Proposed Transaction;
- (ii) There is no realistic alternative buyer or alternative means of financing to the Proposed Transaction that would prevent Tigerair Holdings from exiting its operations;
- (iii) SIA Group has indicated that its current intention is to maintain Tigerair Holdings as a LCC, and it has no intention to scale back or breakup its operations post-merger;
- (iv) it is unlikely to be better for competition to allow Tigerair Holdings to fail than to allow the Proposed Transaction to proceed;
- (v) Of the 41 routes operated by Tiger, CCS is of the view that the Proposed Transaction will lead to potential competition concerns along two OD routes, namely Singapore-Dhaka and Singapore-Penang. However, CCS assesses that the barriers to expansion and entry along these two routes are not insurmountable, and that competitors are likely to be able to increase seat capacity in the event of a price increase post-merger, given the lack of regulatory constraints.

236. On balance, CCS accepts that the proposed merger would be more beneficial (or less detrimental) to competition in Singapore as compared to the scenario where Tigerair Holdings exits its operations. CCS also notes the potential disruption to air passengers with the exit of Tigerair Holdings along all the routes it is currently operating on, including the reduction of competition for the non-overlapping routes, the potential impact on the air hub status of Singapore and Changi Airport's operations.

237. As such, CCS accepts the FFD raised by the merging parties. Accordingly, the proposed merger, if carried into effect, would not infringe section 54 of the Competition Act.

238. CCS notes that the Parties submit that it is necessary for the Acquisition of Shares to be completed [§<]. In accordance with section 57(7) of the Competition Act, this decision shall be valid for a period of one year from the date of this decision.



Toh Han Li  
Chief Executive  
Competition Commission of Singapore



**Annex 1: Market Share data by Number of passengers and Number of seats from 2011-2014, by OD Route**

Carrier	Share (April 2011 to March 2012)		Share (April 2012 to March 2013)		Share (April 2013 to March 2014)	
	By no. of passengers	By no. of seats	By no. of passengers	By no. of seats	By no. of passengers	By no. of seats
<b>Singapore - Kuala Lumpur</b>						
Singapore Airlines	[0-10]%	[10-20]%	[0-10]%	[10-20]%	[10-20]%	[10-20]%
SilkAir	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Tiger Airways	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[40-50]%	[30-40]%	[40-50]%	[30-40]%	[20-30]%	[30-40]%
Jetstar Asia Airways	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Malaysia Airlines	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Qantas Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Virgin Australia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Vietnam Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[30-40]%	[30-40]%	[30-40]%	[30-40]%	[30-40]%	[30-40]%
<b>Singapore – Langkawi</b>						
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
SilkAir	[20-30]%	[40-50]%	[10-20]%	[30-40]%	[10-20]%	[30-40]%

Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[10-20]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[50-60]%	[50-60]%	[70-80]%	[60-70]%	[60-70]%	[50-60]%	[50-60]%	[50-60]%
Malaysia Airlines	[10-20]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
FlyFirefly Sdn. Bhd	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jetstar Asia Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Berjaya Air Sdn. Bhd	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Virgin Australia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[20-30]%	[40-50]%	[20-30]%	[30-40]%	[20-30]%	[20-30]%	[40-50]%	
<b>Singapore – Penang</b>								
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
SilkAir	[20-30]%	[30-40]%	[10-20]%	[30-40]%	[10-20]%	[30-40]%	[10-20]%	[30-40]%
Tiger Airways	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[20-30]%	[10-20]%	[10-20]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[40-50]%	[30-40]%	[40-50]%	[30-40]%	[30-40]%	[20-30]%	[20-30]%	[20-30]%
Jetstar Asia Airways	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Qantas Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Indonesia AirAsia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
FlyFirefly Sdn. Bhd	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[40-50]%	[40-50]%	[30-40]%	[40-50]%	[40-50]%	[50-60]%
<b>Singapore – Hanoi</b>						
Singapore Airlines	[20-30]%	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[30-40]%
SilkAir	[0-10]%	[0-10]%	[0-10]	[0-10]	[0-10]	[0-10]
Tiger Airways	[20-30]%	[20-30]	[20-30]	[10-20]	[10-20]	[10-20]
Scoot Private Limited	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Vietnam Airlines	[40-50]	[30-40]	[30-40]	[30-40]	[40-50]	[40-50]
Jetstar Pacific Airlines	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
AirAsia Berhad	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Thai AirAsia	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Malaysia Airlines	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Jetstar Asia Airways	[0-10]	[0-10]	[10-20]	[0-10]	[0-10]	[0-10]
Others	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[50-60] %	[50-60]%	[40-50]	[50-60]%	[40-50]	[50-60]
<b>Singapore - Ho Chi Minh City</b>						
Singapore Airlines	[10-20]	[20-30]	[10-20]	[20-30]	[10-20]	[20-30]
SilkAir	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Tiger Airways	[30-40]	[20-30]	[20-30]	[20-30]	[20-30]	[20-30]
Scoot Private Limited	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]



Jetstar Asia Airways	[0-10]%	[20-30]%	[10-20]%	[20-30]%	[10-20]%	[20-30]	[20-30]22.3%
Vietnam Airlines	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]	[10-20]%
Lion Airlines	[0-10]%	[0-10]%	[10-20]%	[0-10]%	[10-20]%	[0-10]	[0-10]%
Qantas Airways	[10-20]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]	[0-10]%
AirAsia Berhad	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]	[0-10]%
Thai AirAsia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[50-60]%	[50-60]%	[40-50]%	[50-60]%	[40-50]%	[40-50]	[40-50]%
<b>Singapore – Guangzhou</b>							
Singapore Airlines	[30-40]%	[30-40]%	[30-40]%	[30-40]%	[30-40]%	[30-40]	[30-40]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]	[0-10]%
Tiger Airways	[20-30]%	[10-20]%	[20-30]%	[10-20]%	[20-30]	[20-30]	[20-30]%
Scoot Private Limited	[0-10]%	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
China Southern Airlines	[20-30]%	[40-50]%	[20-30]%	[30-40]	[20-30]	[30-40]	[30-40]%
Jetstar Asia Airways	[0-10]%	[0-10]	[10-20]	[10-20]	[0-10]	[0-10]	[0-10]
AirAsia Berhad	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Cathay Pacific Airways	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Thai AirAsia	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Malaysia Airlines	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Others	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]	[0-10]
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[60-70]%	[50-60]%	[60-70]%	[50-60]%	[60-70]%
<b>Singapore – Shenzhen</b>					
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
SilkAir	[20-30]%	[30-40]%	[20-30]%	[20-30]%	[30-40]%
Tiger Airways	[60-70]%	[60-70]%	[50-60]%	[40-50]%	[30-40]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Shenzhen Airlines	[0-10]%	[0-10]%	[10-20]%	[20-30]%	[30-40]%
AirAsia Berhad	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Air China	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Thai AirAsia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Xiamen Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
China Eastern Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[90-100]%	[90-100]%	[80-90]%	[70-80]%	[60-70]%
<b>Singapore - Hong Kong</b>					
Singapore Airlines	[20-30]%	[30-40]%	[30-40]%	[30-40]%	[30-40]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[10-20]%	[0-10]%	[10-20]%	[0-10]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Cathay Pacific Airways	[30-40]%	[30-40]%	[40-50]%	[40-50]%	[40-50]%

Jetstar Asia Airways	[10-20]%	[0-10]%	[10-20]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
United Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Hong Kong Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[40-50]%	[40-50]%	[40-50]%	[40-50]%	[40-50]%	[40-50]%	[40-50]%
<b>Singapore – Jakarta</b>							
Singapore Airlines	[20-30]%	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[30-40]%	[30-40]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%
Lion Airlines	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Garuda Indonesia	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Indonesia AirAsia	[20-30]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Mandala Airlines	[0-10]%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%
Valuair Ltd	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%
Sriwijaya Air	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%
Others	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%	[0-10]0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[20-30]%	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[30-40]%
<b>Singapore – Bandung</b>						
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
SilkAir	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[20-30] %
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Indonesia AirAsia	[70-80]%	[70-80]%	[50-60]%	[50-60]%	[60-70]%	[60-70]%
AirAsia Berhad	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Lion Airlines	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[0-10]%	[0-10]%
Garuda Indonesia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Virgin Australia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Batavia Air -PT Metro Batavia	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[0-10] %	[0-10]%	[10-20]%	[10-20]%	[30-40]%	[30-40]%
<b>Singapore - Surabaya</b>						
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
SilkAir	[20-30]%	[30-40]%	[10-20]%	[20-30]%	[0-10]%	[10-20]%
Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Lion Airlines	[10-20]%	[0-10]%	[30-40]%	[20-30]%	[20-30]%	[10-20]%

Mandala Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[0-10]%
Indonesia AirAsia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[0-10]%
Valuair Ltd	[20-30]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
China Airlines	[30-40]%	[30-40]%	[20-30]%	[30-40]%	[10-20]%	[10-20]%	[20-30]%
Garuda Indonesia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10] %	[0-10] %	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10] %	[0-10] %	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[30-40]%	[30-40]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
<b>Singapore - Denpasar</b>							
Singapore Airlines	[10-20]%	[30-40]%	[10-20]%	[30-40]%	[10-20]%	[10-20]%	[30-40]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Indonesia AirAsia	[40-50]%	[30-40]%	[40-50]%	[20-30]%	[30-40]%	[30-40]%	[20-30]%
Mandala Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[0-10]%
KLM	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[0-10]%	[0-10]%	[10-20]%
Garuda Indonesia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Valuair Ltd	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jetstar Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[10-20]%	[30-40]%	[10-20]%	[30-40]%	[20-30]%	[30-40]%
<b>Singapore - Chennai</b>						
Singapore Airlines	[10-20]%	[20-30]%	[10-20]%	[20-30]%	[10-20]%	[10-20]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[30-40]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Air India	[20-30]%	[20-30]%	[20-30]%	[30-40]%	[20-30]%	[20-30]%
Jet Airways (India)	[0-10]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Interglobe Aviation Ltd. dba Indigo	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Air-India Express aka Air India Charters Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Sri Lankan Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[50-60]%	[50-60]%	[40-50]%	[50-60]%	[30-40]%	[40-50]%
<b>Singapore – Hyderabad</b>						
Singapore Airlines	[20-30]%	[0-10]%	[10-20]%	[0-10]%	[10-20]%	[0-10]%
SilkAir	[50-60]%	[90-100]%	[20-30]%	[70-80]%	[20-30]%	[60-70]%
Tiger Airways	[0-10]%	[0-10]%	[40-50]%	[20-30]%	[50-60]%	[30-40]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%



Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Air India	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jet Airways (India)	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Interlobe Aviation Ltd. dba Indigo	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Thai Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Emirates	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[70-80]%	[90-100]	[80-90]%	[90-100]%	[90-100]%	[80-90]%	[90-100]%	[90-100]%
<b>Singapore – Kochi</b>								
Singapore Airlines	[10-20]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]9%	[0-10]%	[0-10]%
SilkAir	[70-80]%	[90-100]%	[20-30]%	[60-70]%	[60-70]%	[20-30]%	[60-70]%	[60-70]%
Tiger Airways	[0-10]%	[0-10]%	[60-70]%	[0-10]%	[30-40]%	[50-60]%	[30-40]%	[30-40]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jet Airways (India)	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Sri Lankan Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Air India	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Emirates	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[90-100]%	[90-100]%	[90-100]%	[90-100]%	[80-90]%	[90-100]%
<b>Singapore – Bangalore</b>						
Singapore Airlines	[40-50]%	[70-80]%	[30-40]%	[50-60]%	[30-40]%	[40-50]%
SilkAir	[20-30]%	[20-30]%	[20-30]%	[10-20]%	[10-20]%	[10-20]%
Tiger Airways	[10-20]%	[0-10]%	[30-40]%	[20-30]%	[30-40]%	[30-40]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10] %	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Sri Lankan Airlines	[0-10] %	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jet Airways (India)	[0-10] %	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Thai Airways	[0-10] %	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Interglobe Aviation Ltd. dba Indigo	[0-10] %	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[0-10] %	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10] %	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[80-90]%	[90-100]%	[90-100]%	[90-100]%	[80-90]%	[90-100]%
<b>Singapore - Perth</b>						
Singapore Airlines	[30-40]%	[40-50]%	[30-40]%	[50-60]%	[30-40]%	[50-60]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[10-20]%	[10-20]%	[10-20]%	[0-10]%	[10-20]%	[10-20]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Qantas Airways	[20-30]%	[30-40]%	[30-40]%	[20-30]%	[10-20]%	[10-20]%

Jetstar Asia Airways	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Jetstar Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Indonesia AirAsia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Emirates	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
British Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[40-50]%	[50-60]%	[40-50]%	[60-70]%	[50-60]%	[70-80]%		
<b>Singapore - Manila</b>								
Singapore Airlines	[20-30]%	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[30-40]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[10-20]%	[0-10]%	[10-20]%	[0-10]%	[10-20]%	[0-10]%	[10-20]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Philippine Airlines	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
CEBU Pacific Air	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
Jetstar Asia Airways	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
PAL Express - Airphil Express	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Cathay Pacific Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[30-40]%	[40-50]%	[30-40]%	[30-40]%	[30-40]%	[30-40]%
<b>Singapore - Cebu</b>						
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
SilkAir	[0-10]%	[20-30]%	[20-30]%	[20-30]%	[0-10]%	[20-30]%
Tiger Airways	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
CEBU Pacific Air	[50-60]%	[40-50]%	[50-60]%	[40-50]%	[50-60]%	[40-50]%
Philippine Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
PAL Express - Airphil Express	[10-20]%	[10-20]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Cathay Pacific Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jetstar Asia Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Zest Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[30-40]%	[40-50]%	[40-50]%	[50-60]%	[30-40]%	[50-60]%
<b>Singapore – Kalibo</b>						
Singapore Airlines	[0-10]%	N/A	[0-10]%	N/A	[0-10]%	N/A
SilkAir	[0-10]%	N/A	[0-10]%	N/A	[0-10]%	N/A
Tiger Airways	[0-10]%	N/A	[0-10]%	N/A	[0-10]%	N/A
Scoot Private Limited	[0-10]%	N/A	[0-10]%	N/A	[0-10]%	N/A
Tigerair Philippines	[0-10]%	N/A	[0-10]%	N/A	[60-70]%	N/A



Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[40-50]%	[60-70]%	[60-70]%	[70-80]%	[60-70]%	[70-80]%
<b>Singapore - Taipei</b>						
Singapore Airlines	[20-30]%	[30-40]%	[10-20]%	[20-30]%	[10-20]%	[20-30]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[10-20]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[20-30]%
China Airlines	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[10-20]%	[10-20]%
EVA Air	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Jetstar Asia Airways	[0-10]%	[0-10]%	[10-20]%	[0-10]%	[10-20]%	[10-20]%
TransAsia Airways Corporation	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Cathay Pacific Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia X Sdn. Bhd.	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[30-40]%	[40-50]%	[30-40]%	[30-40]%	[40-50]%	[50-60]%
<b>Singapore - Bangkok</b>						
Singapore Airlines	[20-30]1%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[10-20]%	[10-20]%	[20-30]%	[10-20]%	[20-30]%	[20-30]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Thai Airways	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%



Jetstar Asia Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
Cathay Pacific Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Thai AirAsia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Myanmar Airways International Company Ltd.	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Qantas Airways	[10-20]%	[10-20]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[30-40]%	[30-40]%	[40-50]%	[40-50]%	[50-60]%	[50-60]%
<b>Singapore - Chiang Mai</b>						
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
SilkAir	[10-20]%	[30-40]%	[20-30]%	[70-80]%	[30-40]%	[70-80]%
Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[20-30]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Thai Airways	[10-20]%	[0-10]%	[30-40]%	[0-10]%	[20-30]%	[0-10]%
Thai AirAsia	[60-70]%	[60-70]%	[20-30]%	[20-30]%	[10-20]%	[0-10]%
AirAsia Berhad	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Bangkok Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Cathay Pacific Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Virgin Australia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[20-30]%	[30-40]%	[20-30]%	[70-80]%	[50-60]%	[90-100]%
<b>Singapore – Phuket</b>						
Singapore Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
SilkAir	[10-20]%	[30-40]%	[10-20]%	[30-40]%	[10-20]%	[30-40]%
Tiger Airways	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[20-30]%	[20-30]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jetstar Asia Airways	[10-20]%	[20-30]%	[10-20]%	[20-30]%	[20-30]%	[20-30]%
Thai AirAsia	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[0-10]%
Qantas Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Thai Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[50-60]%	[60-70]%	[50-60]%	[60-70]%	[50-60]%	[60-70]%
<b>Singapore – Yangon</b>						
Singapore Airlines	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[20-30]%	[20-30]%
SilkAir	[30-40]%	[40-50]%	[20-30]%	[30-40]%	[10-20]%	[10-20]%
Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Jetstar Asia Airways	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%

Myanmar Airways International Company Ltd.	[40-50]% [0-10]% [0-10]% [0-10]% [0-10]% [0-10]% 100.0%	[30-40]% [0-10]% [0-10]% [0-10]% [0-10]% [0-10]% 100.0%	[40-50]% [0-10]% [0-10]% [0-10]% [0-10]% [0-10]% 100.0%	[30-40]% [0-10]% [0-10]% [0-10]% [0-10]% [0-10]% 100.0%	[10-20]% [10-20]% [0-10]% [0-10]% [0-10]% [0-10]% 100.0%	[10-20]% [10-20]% [0-10]% [0-10]% [0-10]% [0-10]% 100.0%
Golden Myanmar Airlines Public Co., Ltd						
Thai AirAsia						
AirAsia Berhad						
Malaysia Airlines						
Others						
Total						
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[40-50]%	[40-50]%	[30-40]%	[40-50]%	[40-50]%	[50-60]%
<b>Singapore - Male</b>						
Singapore Airlines	[90-100]%	[90-100]%	[90-100]%	[90-100]%	[90-100]%	[90-100]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Scoot Private Limited	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Sri Lankan Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia X Sdn. Bhd.	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Emirates	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Qatar Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Cathay Pacific Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Others	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[90-100]%	[90-100]%	[90-100]%	[90-100]%	[90-100]%	[90-100]%
<b>Singapore - Phnom Penh</b>						
Singapore Airlines						[0-10]%
SilkAir	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Tiger Airways	[50-60]%	[60-70]%	[30-40]%	[30-40]%	[20-30]%	[40-50]%
Scoot Private Limited	[0-10]%	[0-10]%	[20-30]%	[20-30]%	[30-40]%	[30-40]%
Jetstar Asia Airways	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
AirAsia Berhad	[30-40]%	[30-40]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
Thai AirAsia	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Malaysia Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Vietnam Airlines	[0-10]%	[0-10]%	[0-10]%	[0-10]2%	[0-10]2%	[0-10]2%
Thai Airways	[0-10]2%	[0-10]2%	[0-10]2%	[0-10]2%	[0-10]2%	[0-10]2%
Others	[0-10]2%	[0-10]2%	[0-10]2%	[0-10]2%	[0-10]2%	[0-10]2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Combined shares of SIA, SilkAir, Scoot and Tiger Airways	[50-60]%	[60-70]%	[60-70]%	[70-80]%	[70-80]%	[70-80]%