

SIA Annual General Meeting 2023

27 July 2023, 2.30pm

Suntec Singapore Convention & Exhibition Centre

PRESENTATION BY:

Chief Executive Officer
Mr. Goh Choon Phong

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Rising to the Challenge and Emerging Stronger

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Rising to the Challenge and Emerging Stronger

Emerging strong

Record Full Year Results for the SIA Group

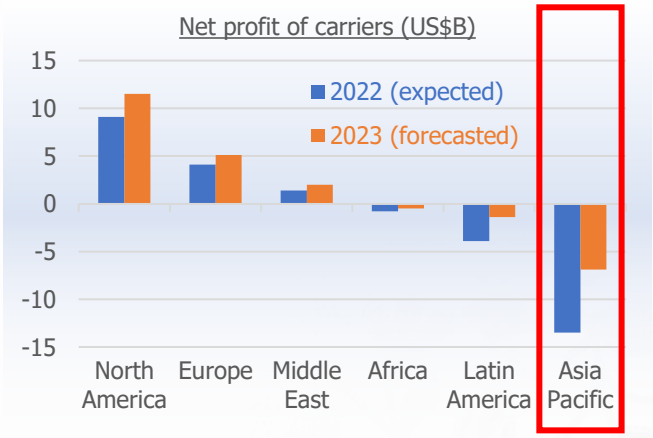
Revenue $17,775M

Avg Pax Load Factor 85.4%

Operating Profit $2,692M

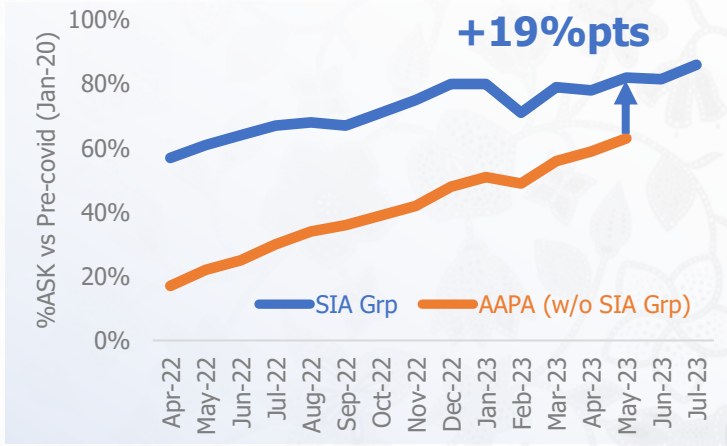
Net Profit $2,157M

In a region still grappling to recover from the pandemic



Source: IATA Economic Performance of the Airline Industry

Leading network recovery



Recovered rapidly ahead of the industry with 86% capacity and 117 destinations resumed in Jul 2023

Won the coveted Skytrax *World's Best Airline* award in 2023



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Rising to the Challenge and Emerging Stronger

Our quick and strong recovery is a testament of our people's resilience and hard work

Shoring up our finances

Building liquidity

- Announced plans for Rights Issue to raise up to **$15B** in liquidity, underwritten by Temasek, on 26 Mar 2020.
- Raised a total of **$23.5B** in liquidity since Apr 2020.

Reduced expenditure

- All **discretionary expenditure cut** from as early as Mar 2020.
- **Renegotiated contracts** with suppliers and service providers

Renegotiated aircraft contracts

- Agreements with Airbus and Boeing to **revise aircraft deliveries and orders**.
- Deferred more than **$4B of near-term capex**.

Preserving core capabilities

Staff measures



- **Hiring freeze**, **compulsory no-pay leave**, **pay cuts**.
- Over 2,000 crew took up positions in key community sectors such as healthcare and transport under the **Ambassador Programme**.

Currency training



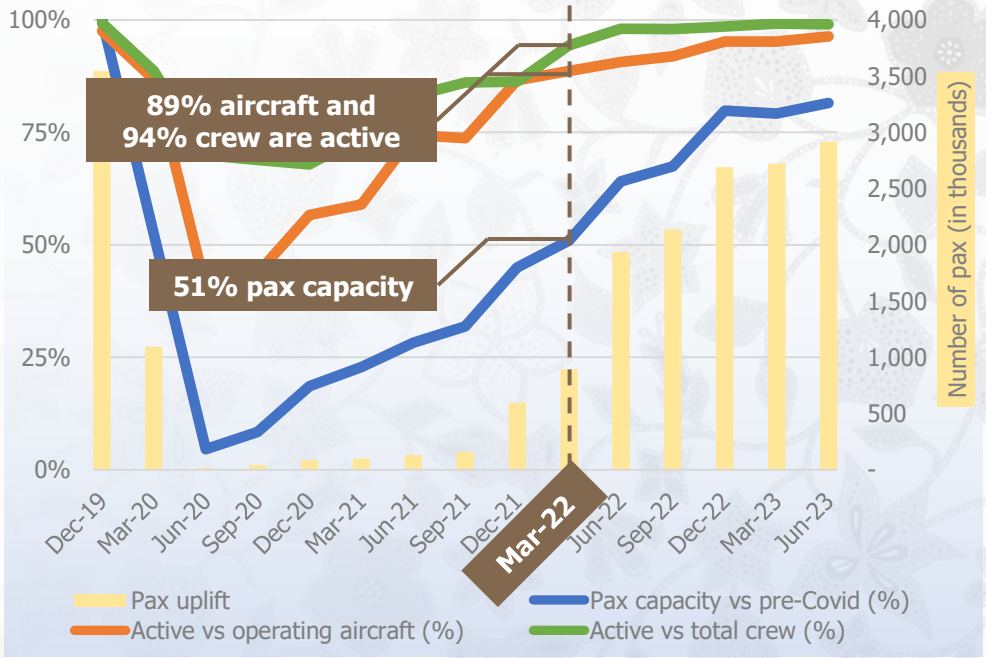
- Recency for cabin crew clocked **through online tests** at the height of the pandemic.
- **Routine simulator training** for pilots to retain their skills even when crewing requirement was low.

Upskilling our staff



- **Enrichment Day** for staff to participate in online courses.
- HR-assigned courses.

Operationally ready



- **Progressively reactivated aircraft early,** operating at lower utilisation levels, raising it in tandem with increase in demand.
- Sustained **high levels of active crew** to **maintain currency** and prepare for flight resumptions.
- Ramped up recruitment early and **successfully recruited the targeted 3,000** cabin crew by end of FY22/23.

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Rising to the Challenge and Emerging Stronger

We had strong support and deep collaboration with key stakeholders



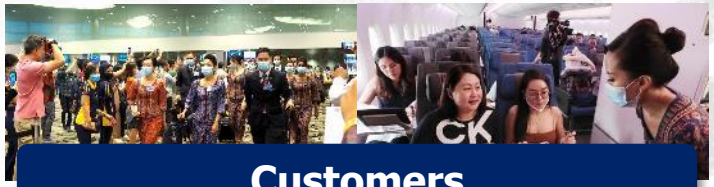
SG Government

- **Decisive measures** to restart travel **safely and gradually**. **Vaccinated Travel Lane** in Sep21, and opened borders to **all vaccinated travellers** in Apr22, ahead of other countries within the region.
- **Various support schemes** for the aviation sector.



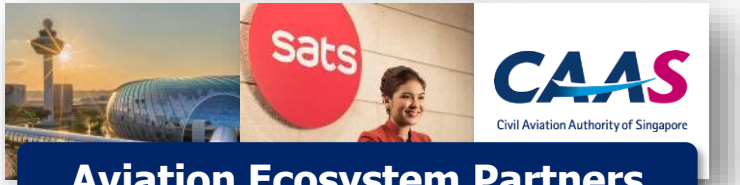
Shareholders

- **Unwavering faith and trust** in the company.
- **Generous support** during fundraising exercises (Rights Share Issue and Mandatory Convertible Bonds), providing sufficient liquidity to tide us through the difficult period.



Customers

- **Overwhelming support** for public engagement activities during pandemic, conveying **immense empathy and encouragement** as the SIA Group overcame our toughest period.
- Strong demand for travel on SIA and Scoot flights when borders reopened.



Aviation Ecosystem Partners

- The aviation industry faced **manpower crunch** and **supply chain issues** emerging from the pandemic.
- **Close coordination** with key Ecosystem partners in Singapore including Changi Airport Group, SATS, and CAAS to ensure **smooth resumption** of flights.



Staff

- Sticking with and believing in the company while **enduring hardships and sacrifices.**
- Emerging more **resilient**, more **innovative**, more **agile**.

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Rising to the Challenge and Emerging Stronger

We have emerged stronger



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Strengthening Foundation for the Future

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Strengthening Foundation for the Future

The SIA Brand Promise: Service Excellence



Providing seamless and personalised customer experience

- **Award-winning cabin crew** offer warm and caring service.
- **Voice of Customer** data and analytics to identify and address customer pain points.
- **Customer Experience Management** system has over **75 million** customer records which facilitate targeted engagements.

Leveraging technology to enhance service standards

- **Customer Insights Portal** uses **AI modeling** search feature, with future application of **Generative AI**.
- **Crew Journey App** lets cabin crew share their experiences and give suggestions to improve customer experience.
- **Auto check-in**, **e-boarding pass** on mobile devices, and airport **self check-in counters**.



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Strengthening Foundation for the Future

The SIA Brand Promise: Product Leadership



Investments to delight customers on the ground

- ~$50M invested to upgrade **flagship SilverKris Lounge at Changi Terminal 3**. Capacity increased by 30% with thoughtful designed spaces and carefully curated products.
- **Refurbished SilverKris Lounge in Changi Terminal 2** reopened in Oct 2023.
- Plans underway to upgrade some overseas SilverKris Lounges.



Constant innovation to elevate the inflight dining experience

- **The Singapore Showcase** enhanced SIA's popular local fare options in the premium cabin classes by working with renowned local hawker brands.
- **Soupy and gravy-rich dishes**, including local Singapore favourites mee siam, laksa, and congee, served on **select regional routes**.
- Economy Class main course portions **increased by up to 25%** following customer survey results.



Relentless pursuit to offer industry-leading inflight products

- 95% of SIA's fleet is equipped with **full lie-flat bed on Business Class,** and **seatback IFE monitors** across all classes.
- Free **unlimited onboard Wi-Fi** for KrisFlyer members across **all cabin classes**.
- Took delivery of **36 new planes** between FY20/21 to FY22/23 and expected to receive **14 more in FY23/24**.
- **80 new generation passenger planes** on firm order beyond this FY, including the Boeing 777-9 which will offer **industry-leading** products.

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Strengthening Foundation for the Future

The SIA Brand Promise: Network Connectivity

14

Europe
- Lufthansa Group
- Scandinavian Airlines

30

North Asia
- All Nippon Airways

7

Americas
- United Airlines

36

Southeast Asia
- Malaysia Airlines
- Garuda Indonesia
- Thai Airways
- Vietnam Airlines

21

West Asia & Africa
- Vistara/Air India

9

Southwest Pacific
- Air New Zealand
- Virgin Australia

Number of destinations operated by the SIA Group as of July 2023

- Establishing new partnerships
- Deepening existing partnerships

Enhancing our network to over 230 destinations through our 33 codeshare partners



- Expanded codeshare with **Malaysia Airlines** and **United Airlines** in Nov 2021 and Apr 2022.
- Memorandum of Understanding signed with **Garuda Indonesia**, **Thai Airways**, and **Vietnam Airlines** in Nov 2021, Dec 2022, and Feb 2023 respectively.

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Strengthening Foundation for the Future

Portfolio and Multi-hub Strategy

Portfolio Strategy: Scoot





- Scoot enables the SIA Group to participate directly in the budget travel segment, **bringing greater value and connectivity for customers.**
- Scoot **surpassed SIA** in capacity recovery in Nov22, and is operating at 95% of pre-pandemic levels.
- In FY22/23, Scoot achieved **record full year operating profit** of $148.1M.
- **9 Embraer regional jets** to be delivered from Mar24 to expand regional secondary and tertiary markets.

Multi-hub Strategy: Vistara



- India projected to become the **third largest economy in the world** by 2027[1], and its aviation sector holds significant potential.
- Merger of Air India and Vistara, and investment of additional S$360m[2], will give SIA a **25.1% stake in enlarged Air India Group**.
- SIA's continued partnership with Tata Sons **in Air India** enables us to participate directly in the **fast-growing Indian airline market**.

[1]India's Impending Economic Boom (Morgan Stanley, 2022)
[2]INR 20,585 million

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Strengthening Foundation for the Future

Enhancing customer loyalty through the KrisFlyer frequent flyer programme

Additional Revenue Streams



KRISFLYER
SINGAPORE AIRLINES GROUP

Core Business

kris+

SINGAPORE AIRLINES

scoot

pelago

KRISSHOP

parxl
opportunities unboxed

SINGAPORE AIRLINES ACADEMY

KrisFlyer – SIA Group Loyalty

Expanded membership

- 6.7M KrisFlyer members by end of FY22/23 (**+44% vs FY19/20**)
- **11% of new members** acquired from other SIA Group entities such as Kris+, Pelago, and KrisShop

Heightened activity

- Member activity at **110% of pre-Covid levels**
- **+44% vs FY19/20** in number of KrisFlyer members interacting with other SIA Group entities

Increased revenue

- More than $900M revenue generated in FY22/23 (**+19% vs FY19/20**)
- Over 1,300 KrisFlyer and Kris+ brand partners worldwide

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Strengthening Foundation for the Future

Investments in Digital capabilities

KRISLAB

5 years on…

1,877
Digital ideas initiated by staff

2,201
Start-up teams engaged

362
Prototypes completed

52
POCs completed /implemented

DELIVER BUSINESS VALUE TO SIA GROUP THROUGH DIGITAL INNOVATION

Driving Co-Innovation

- Staff are encouraged to be advocates and collaborators of innovation through events such as **webinars, roadshows, and co-innovation workshops**.
- Staff may pitch their ideas during **Demo Days** to seek approval for funding to co-develop their product.
- **More than 1,200 staff** engagements and **68 intrapreneurs** mentored in FY22/23.









Generative AI

- The advent of **generative AI** is taking the world by storm.
- Developed in-house, **GPT Studio** provides a **safe space for staff** to experiment and use generative AI in their work. Supplemented with **SIA domain knowledge** to improve its effectiveness.
- **More than 50 use cases under** development.

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SINGAPORE AIRLINES

Strengthening Foundation for the Future

Care for the Environment, Community, and our People

Sustainability

6yrs 11mths (SIA Group fleet age*)	15yrs 0mths (Industry average fleet age*)

*as at 1Jul23



Net Zero by 2050

- Young and modern fleet for greater fuel efficiency. **New A350F** to replace the current B747F cargo fleet, will use **40% less fuel** on similar missions.
- Since Jun21, SIA Group customers have the option to purchase **quality carbon offsets** via dedicated microsites through our voluntary carbon offset programme.
- We continue to work closely with industry players to promote the development, production, and consumption of **Sustainable Aviation Fuel**.



Energy and Water Conservation

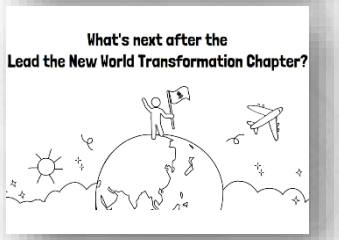
- All SIA office buildings in Singapore are fitted with **solar panels**. **Ground and rainwater** are harvested for sanitary flushing and irrigation purposes.
- The SIA Training Centre and TechSQ building were awarded the **BCA Green Mark certification** in 2023.

Community and People









Corporate Social Responsibility

- In FY22/23, **375 community involvement activities** were organised for our staff to volunteer.
- **Around 2,100 staff** participated in activities such as packing of essential packs, meal delivery, and study buddies to support low-income and underprivileged communities in Singapore.

Learning and Innovation for Everyone

- Biennial **SIA Group LIFE event** held in Mar 2023 featuring over 50 activities and attended by more than **5,800 participants**, including activities for overseas station staff.
- This year's theme centred on how the Group embeds **sustainability** across multiple facets of our business.

The next chapter in Transformation

- With the completion of two successful Transformation journeys, the company will transition into a **continuous transformation framework**.

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Strengthening Foundation for the Future

The airline industry continues to face challenges

Other airlines adding international capacity

Weakening cargo demand

Inflationary pressures

War in Ukraine and escalating US-China tensions

High fuel cost

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Strengthening Foundation for the Future

We are well positioned to succeed

Outlook for passenger demand remains robust in the near term, and the Asia-Pacific remains a dynamic region for growth

"Notwithstanding the relatively slow pace of recovery to date, we anticipate Asia-Pacific will be the **fastest growing region over the next two decades.**"

- Global Outlook for Air Transport, IATA, December 2022

"Growth in Asia and the Pacific is projected to increase this year to 4.6 percent, from 3.8 percent in 2022. This means the region would contribute around **70 percent of global growth**."

- IMF Regional Economic Outlook for Asia and Pacific, May 2023



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