



# ANALYST / MEDIA BRIEFING

FY19/20 Results

15 May 2020

**PRESENTATION BY:**

**Senior Vice President Finance  
Mr. Stephen Barnes**



# Group Financial Results

# Group Financial Results

## Key Takeaways – FY19/20 Results

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- **Full year loss as COVID-19 pandemic crippled travel demand in the fourth quarter.**
- **Group passenger flown revenue declined y-o-y, as the gains from the first nine months were wiped out by the decline in the final quarter resulting from global travel restrictions and border controls which led to a collapse in demand for air travel.**
- **Cargo revenue declined y-o-y, largely on weaker performance for the first nine months due to international trade tensions and an export manufacturing slowdown. In the last quarter, the significant reduction in bellyhold capacity arising from flight cuts led to lower loads but drove up yields.**
- **Mark-to-market losses due to fuel hedging ineffectiveness were recorded, as the Group was in an over-hedged position with respect to expected fuel consumption in FY20/21 following extensive flight cuts.**
- **Net fuel cost increased, primarily due to fuel hedging losses in FY19/20 in contrast to gains last year.**
- **Lower ex-fuel cost was mainly attributable to capacity cuts driving down variable costs, government support schemes, and other cost-cutting measures.**

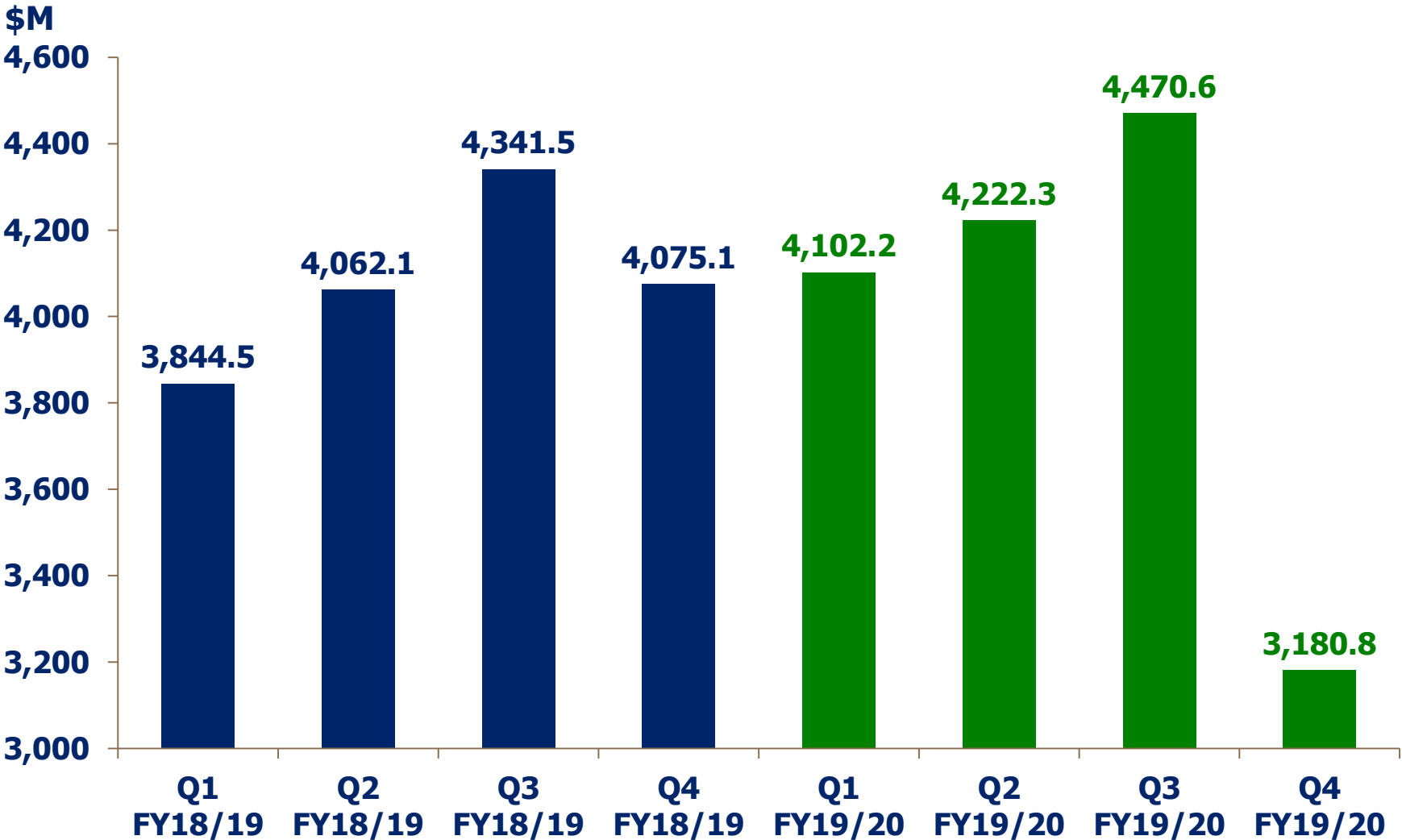
# Group Financial Results

## Operating Results for Q4 & FY19/20

	Q4 FY19/20 (\$'m)	Q4 FY18/19 (\$'m)	Better/ (Worse) (%)	FY19/20 (\$'m)	FY18/19 (\$'m)	Better/ (Worse) (%)
<b>Total Revenue</b>	<b>3,180.8</b>	<b>4,075.1</b>	<b>(21.9)</b>	<b>15,975.9</b>	<b>16,323.2</b>	<b>(2.1)</b>
<b>Total Expenditure</b>	<b>3,983.3</b>	<b>3,821.6</b>	<b>(4.2)</b>	<b>15,916.8</b>	<b>15,256.1</b>	<b>(4.3)</b>
-- <i>Net Fuel Cost</i>	1,080.6	1,099.6	1.7	4,636.5	4,587.1	(1.1)
<i>Fuel Cost</i>	882.4	1,127.1	21.7	4,506.3	5,000.4	9.9
<i>Fuel Hedging Loss/(Gain)</i>	198.2	(27.5)	<i>n.m.</i>	130.2	(413.3)	<i>n.m.</i>
-- <i>Fuel Hedging Ineffectiveness</i>	709.8	-	<i>n.m.</i>	709.8	-	<i>n.m.</i>
-- <i>Non-fuel Expenditure</i>	2,192.9	2,722.0	19.4	10,570.5	10,669.0	0.9
<b>Operating (Loss)/Profit</b>	<b>(802.5)</b>	<b>253.5</b>	<i>n.m.</i>	<b>59.1</b>	<b>1,067.1</b>	<b>(94.5)</b>
<b>Operating (Loss)/Profit Margin (%)</b>	<b>(25.2)</b>	<b>6.2</b>	<b>(31.4) pts</b>	<b>0.4</b>	<b>6.5</b>	<b>(6.1) pts</b>
<b>Group (Loss)/Profit Attributable to Owners of the Parent</b>	<b>(732.4)</b>	<b>202.6</b>	<i>n.m.</i>	<b>(212.0)</b>	<b>682.7</b>	<i>n.m.</i>
-- <i>Basic (Loss)/Earnings Per Share (¢)</i>	(61.8)	17.1	<i>n.m.</i>	(17.9)	57.7	<i>n.m.</i>

# Group Revenue Q4 & FY19/20

Sharp fall in fourth quarter's revenue negated the growth in first nine months



**FY19/20**  
**\$15,975.9M**

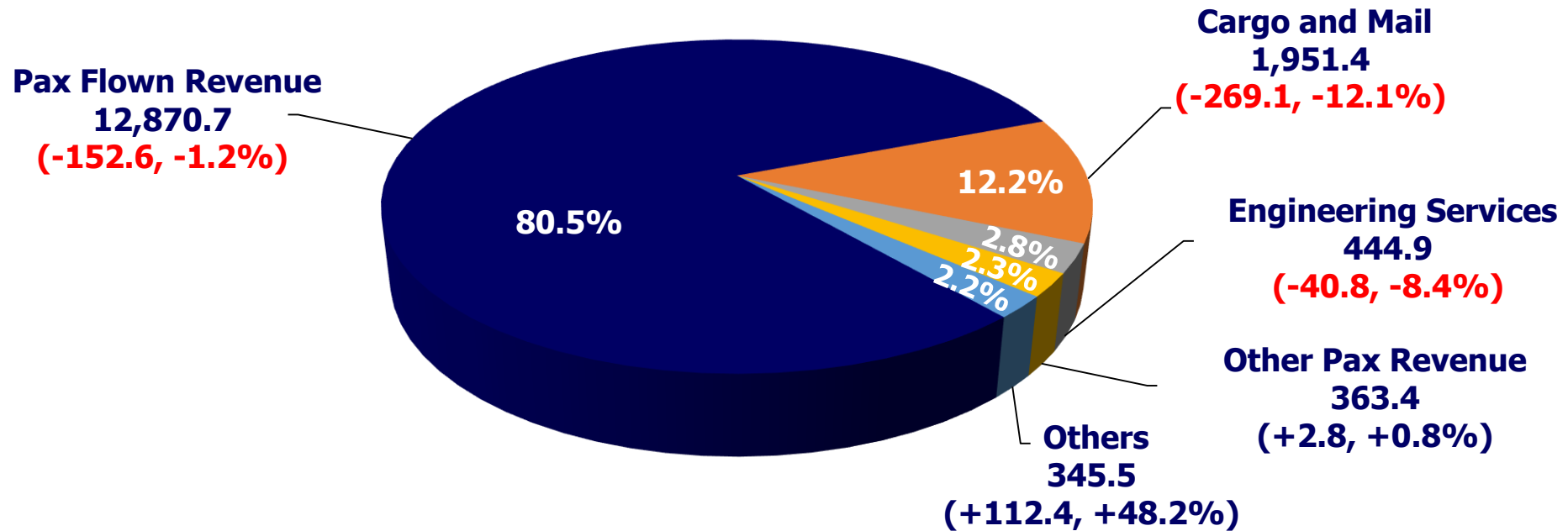
**Year-on-Year**  
 **\$347.3M**  
**(-2.1%)**

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# Group Revenue Breakdown FY19/20

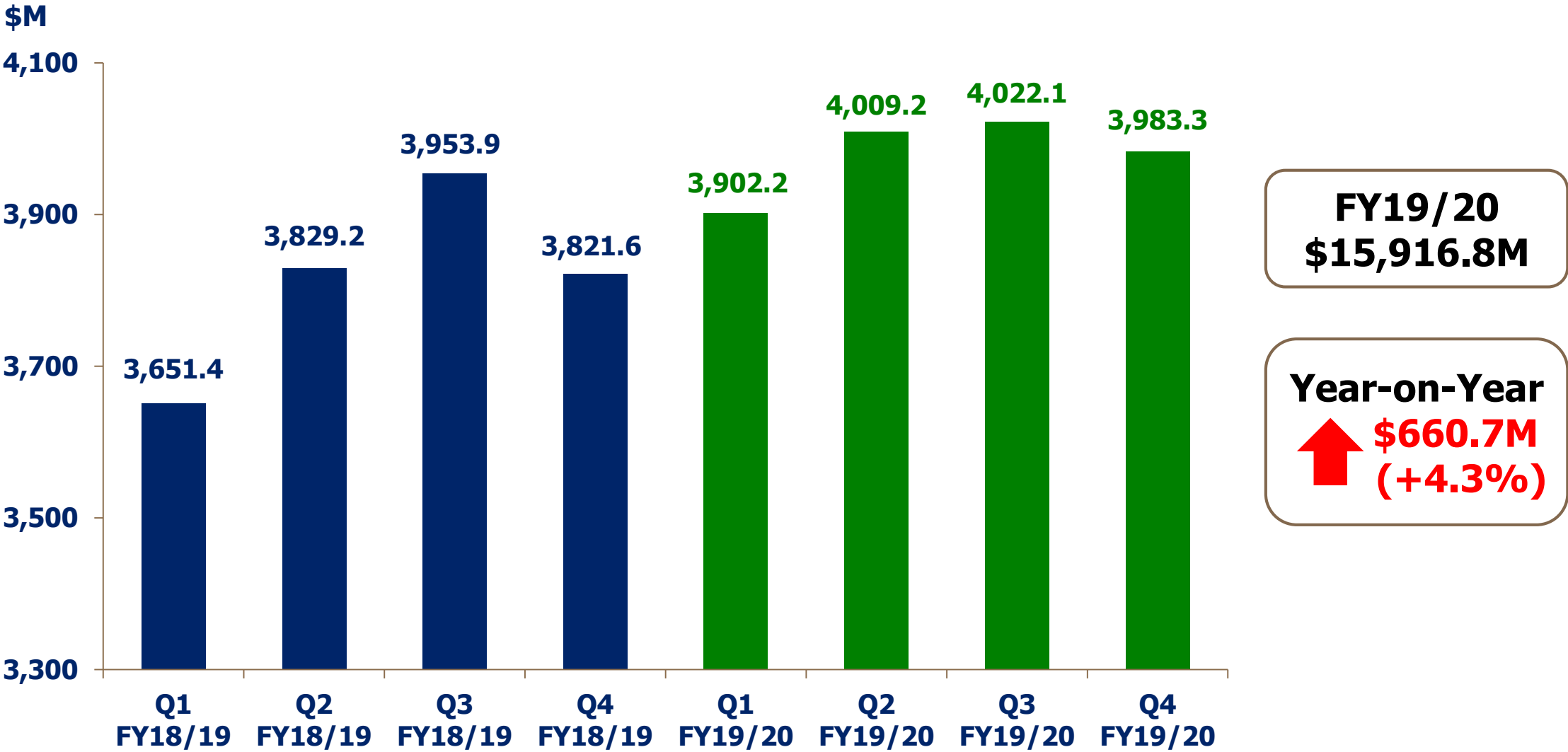
Decline in passenger flown revenue due to deterioration in Q4 pax traffic and yields



FY19/20	Flown Revenue y-o-y (\$'m)	RASK y-o-y (%)	Yields y-o-y (%)	Carriage/Load y-o-y (%)	Capacity y-o-y (%)
<b>SIA (Pax)</b>	+8.0	-2.4	-1.0	+1.5	+3.0
<b>SilkAir</b>	-103.9	-1.2	-1.8	-8.3	-9.7
<b>Scoot</b>	-58.9	-2.0	-1.8	-2.2	-2.7
<b>SIA (Cargo)</b>	-269.1	n.a.	-3.8	-8.8	-3.9

# Group Expenditure Q4 & FY19/20

Fuel hedging ineffectiveness drove up full year expenditure

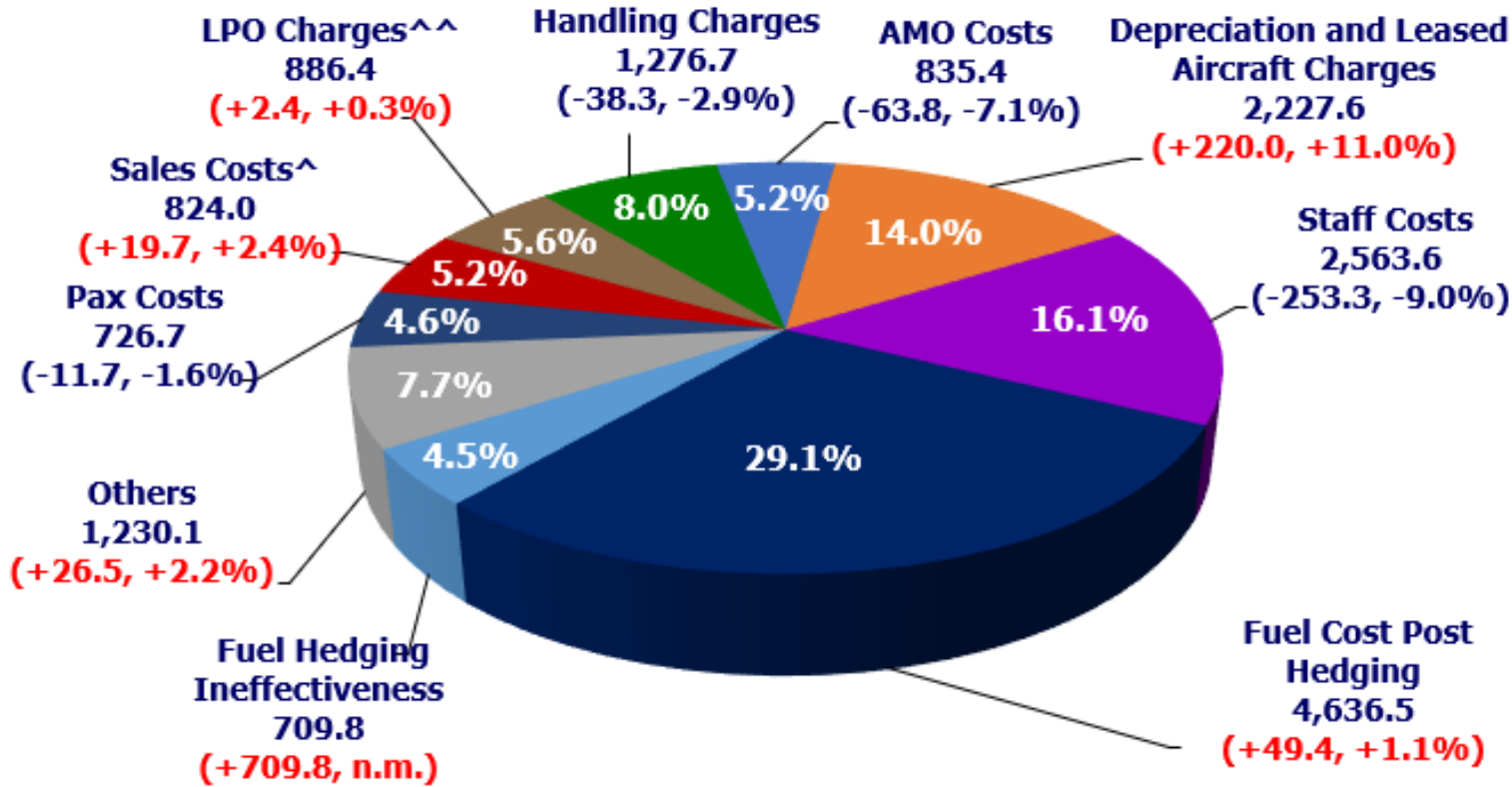


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# Group Expenditure Breakdown FY19/20

Fuel hedging ineffectiveness drove up full year expenditure



^ Includes commissions & incentives, and advertising & sales cost

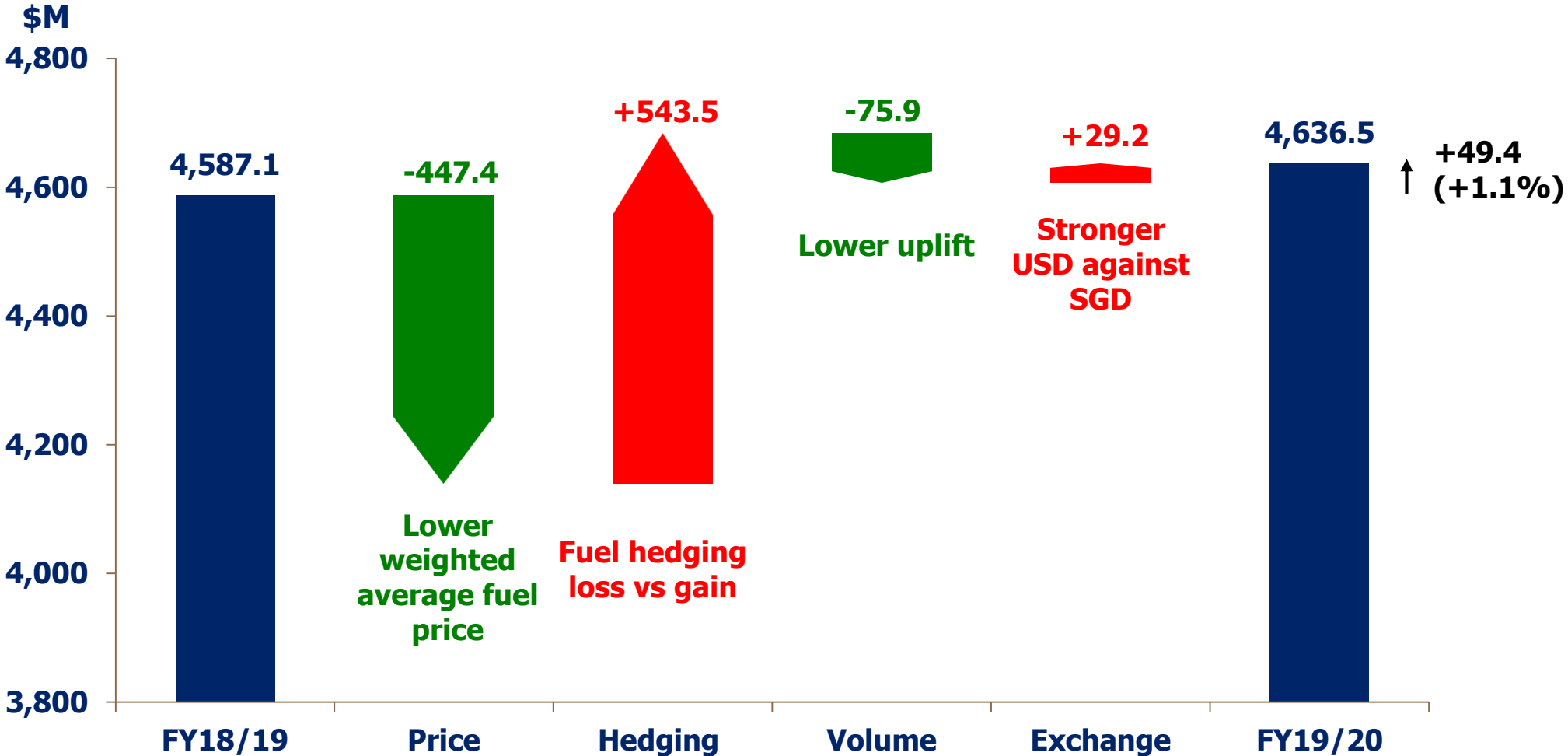
^^ Landing, Parking & Overflying

Excluding fuel hedging ineffectiveness, Group expenditure would have fallen below last year's level, as a result of capacity cuts during Q4 driving down variable costs, government support schemes and other cost-cutting measures.

FY19/20	CASK y-o-y (%)	CASK ex-fuel y-o-y (%)
SIA (Pax)	-3.6	-5.5
SilkAir	+4.7	+6.3
Scot	+3.8	+2.9

# Group Expenditure – Fuel Cost FY19/20

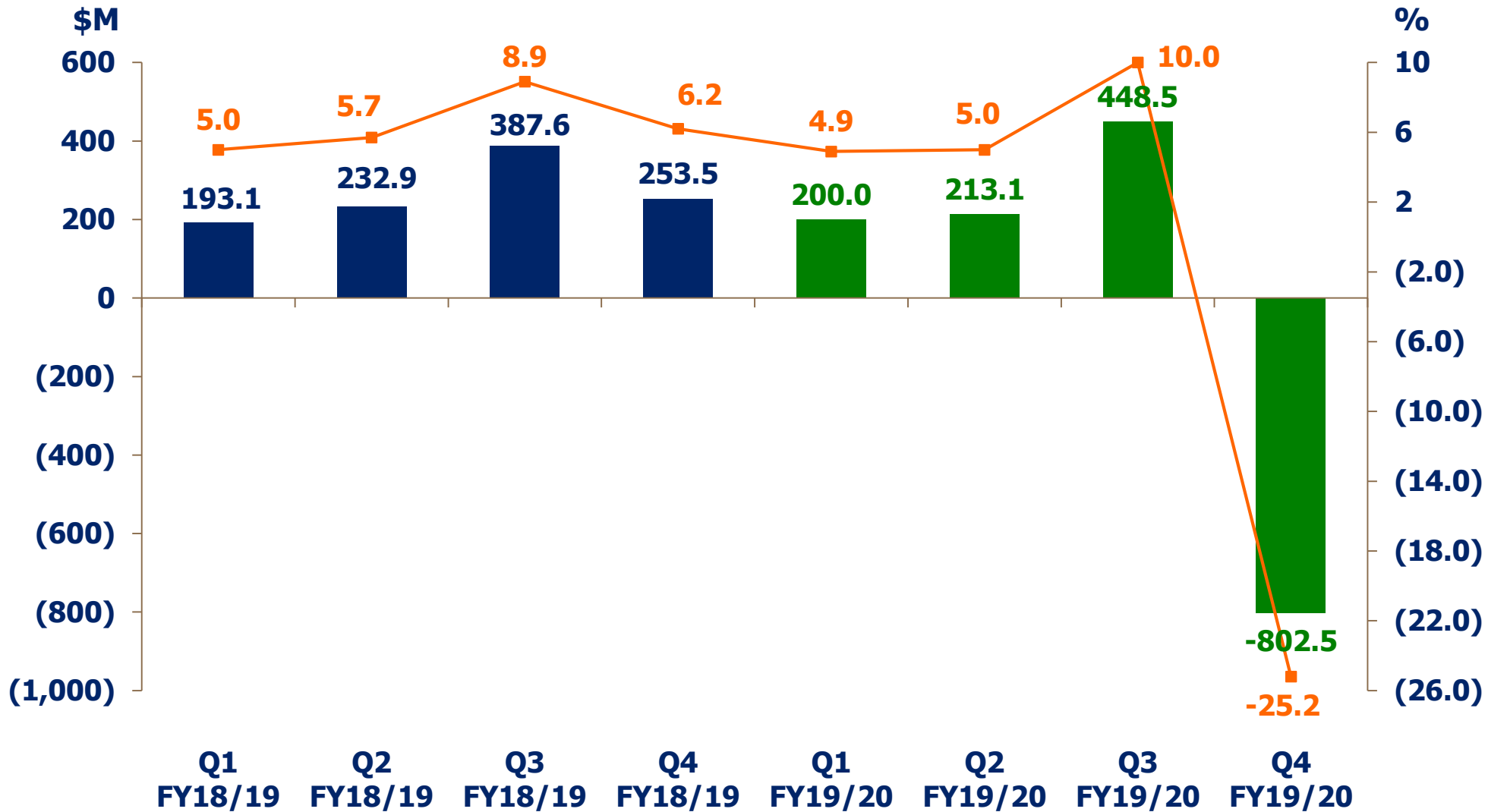
Higher net fuel costs mainly due to hedging losses



Note: The chart above excludes fuel hedging ineffectiveness (\$709.8 million)

# Group Operating Profit Q4 & FY19/20

Operating loss in fourth quarter due to drastic decline in revenue and ineffective fuel hedges

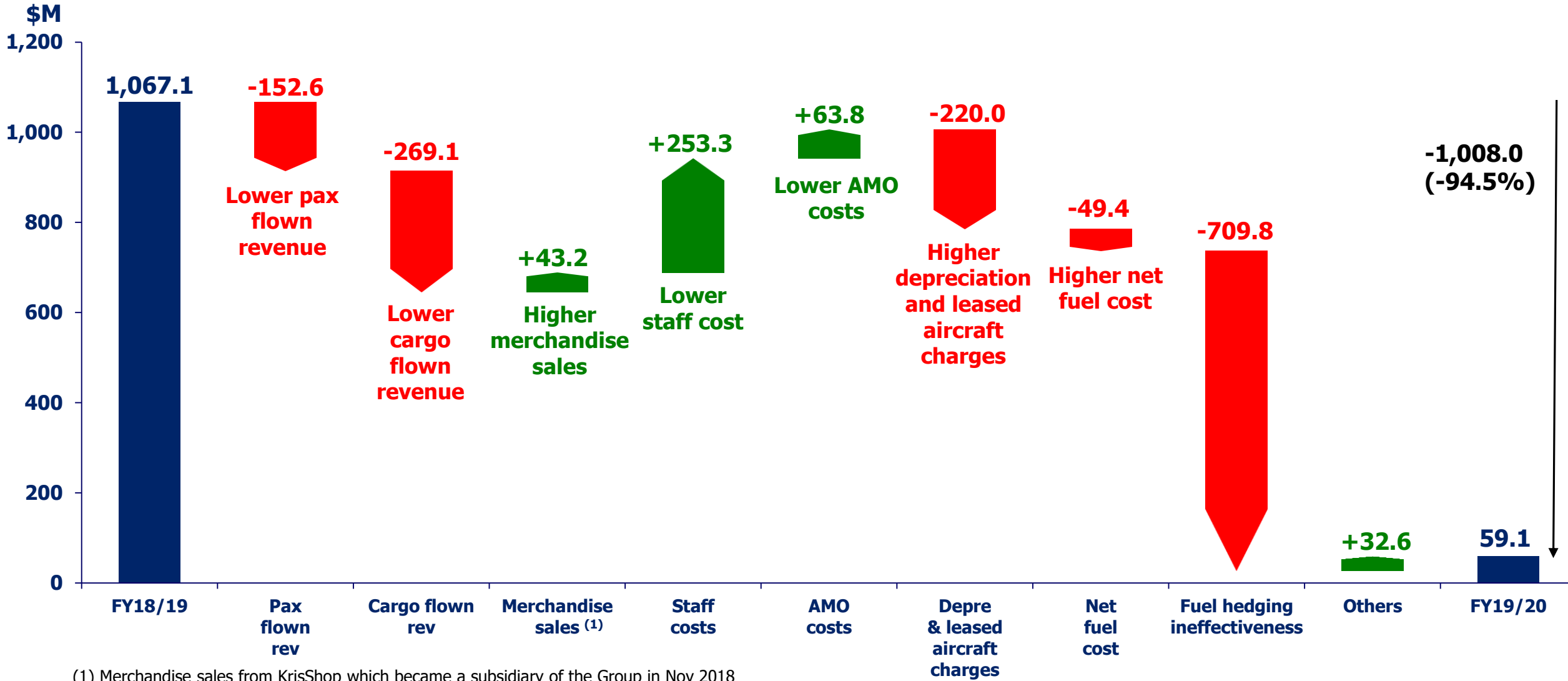


**FY19/20  
Op. Profit  
\$59.1M**  
**↓ \$1,008.0M  
(-94.5%)**





**Operating  
Profit Margin  
0.4%**  
**↓ 6.1% pts**

# Group Operating Profit FY19/20

Operating loss in FY19/20 mainly due to decline in revenue and fuel hedging ineffectiveness

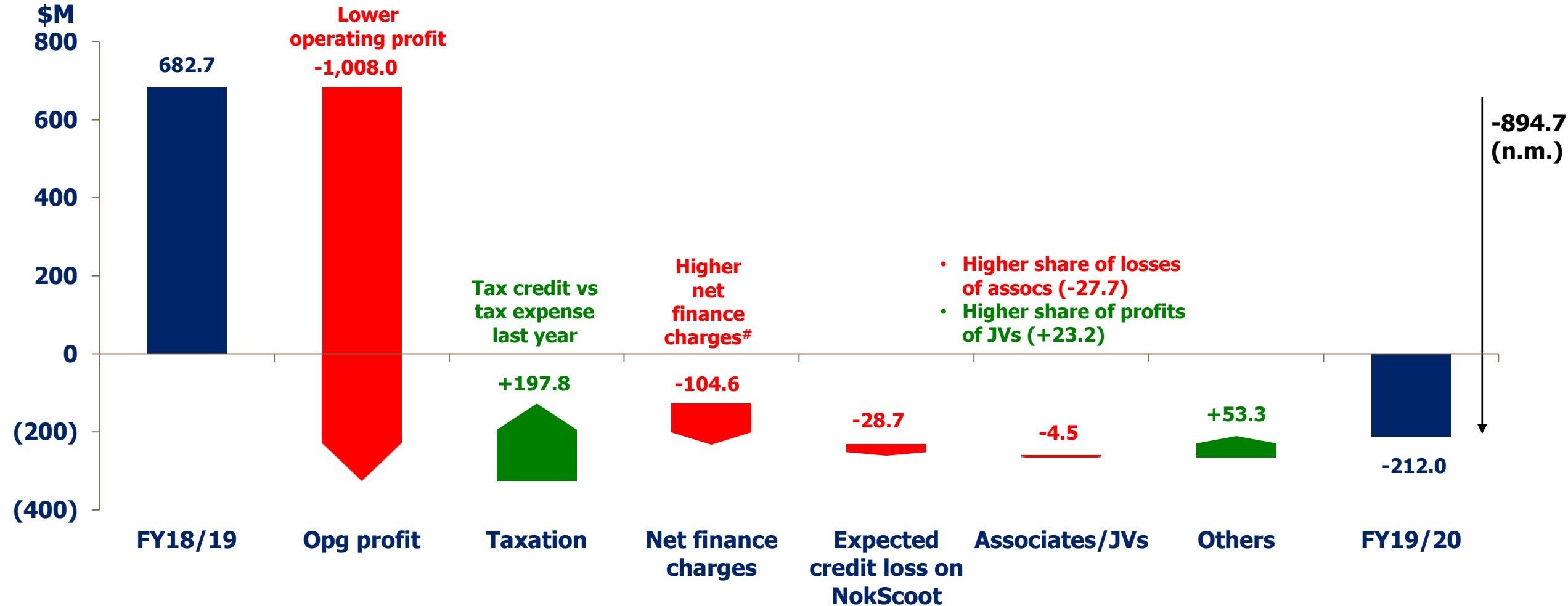


## Operating Results for the Main Companies in the Group Q4 & FY19/20

Operating (Loss)/Profit	Q4 FY19/20 (\$'m)	Q4 FY18/19 (\$'m)	Better/ (Worse) (%)	FY19/20 (\$'m)	FY18/19 (\$'m)	Better/ (Worse) (%)
 <b>SIA (Parent Airline Company)</b>	<b>(583.4)</b>	<b>203.6</b>	<b>n.m.</b>	<b>294.2</b>	<b>990.5</b>	<b>(70.3)</b>
 <b>SilkAir</b>	<b>(100.1)</b>	<b>10.6</b>	<b>n.m.</b>	<b>(112.3)</b>	<b>15.2</b>	<b>n.m.</b>
 <b>Scoot</b>	<b>(124.9)</b>	<b>(6.1)</b>	<b>n.m.</b>	<b>(197.7)</b>	<b>(15.4)</b>	<b>n.m.</b>
 <b>SIAEC Group</b>	<b>14.3</b>	<b>19.4</b>	<b>(26.3)</b>	<b>67.7</b>	<b>56.8</b>	<b>19.2</b>

# Full Year Group Net Loss

Weaker Operating Performance and Increase in Net Finance Charges



# Higher net finance charges due to the recognition of interest expense arising from lease liabilities following the adoption of IFRS 16 *Leases* and additional financing for capital expenditure

## SIA Group Per Share Data

	FY19/20	FY18/19
<b>EBITDA per share<sup>(1)</sup> (\$)</b>	<b>1.86</b>	<b>2.01</b>
<b>Basic (Loss)/Earnings per share<sup>(2)</sup> (¢)</b>	<b>(17.9)</b>	<b>57.7</b>
<b>Dividend per share (¢)</b>	<b>8.0</b>	<b>30.0</b>

	As at 31 Mar'20	As at 31 Mar'19
<b>Net Asset Value per share<sup>(3)</sup> (\$)</b>	<b>7.86</b>	<b>11.22</b>

(1) Based on Loss/Profit before Taxes, Finance Charges, Depreciation, Amortisation of Intangible Assets and Impairment of Property, Plant and Equipment over Weighted Average number of Shares outstanding.

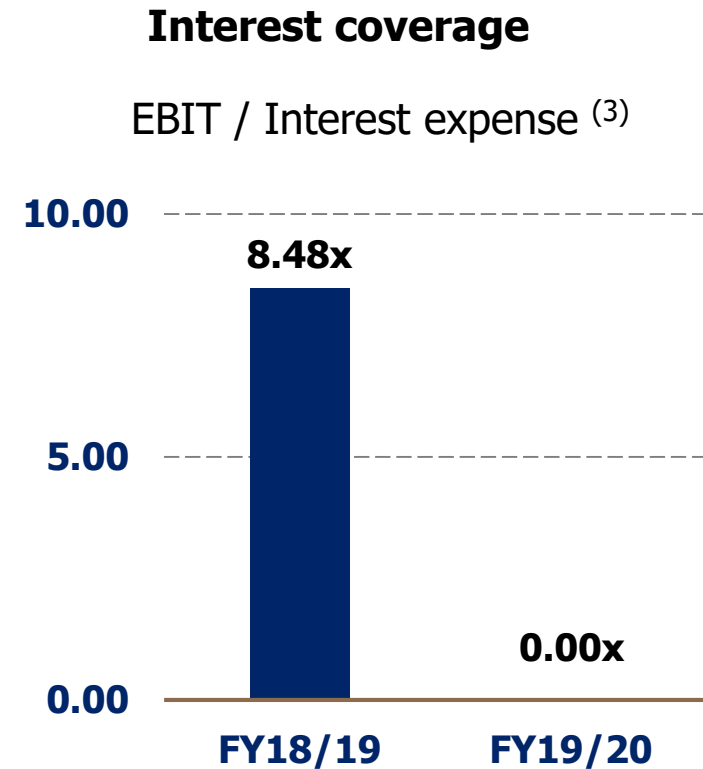
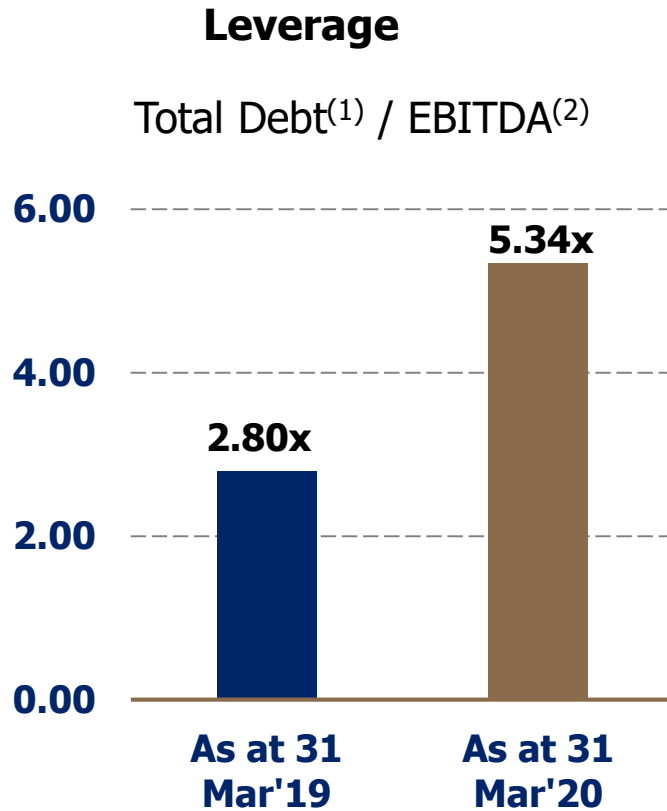
(2) Based on Loss/Profit attributable to Shareholders of the Company over Weighted Average number of Shares outstanding.

(3) Based on Equity Holders' Funds over number of Shares Issued less Treasury Shares.



# Key Coverage Ratios

Ratios affected by the adoption of IFRS 16 *Leases* from 1 Apr'19



(1) Total Debt = Borrowings + Lease Liabilities arising from the adoption of IFRS 16 Leases

(2) EBITDA = Loss/Profit before Taxes + Finance Charge + Depreciation + Amortisation of Intangible Assets + Impairment of Property, Plant and Equipment

(3) Based on Loss/Profit before Taxes and Interest ("EBIT") over Finance Charges



# Additional Update

## Group Capital Expenditure

Lower capital expenditure for FY20/21 compared to last guidance as SIA undertakes steps to conserve cash

- Against the backdrop of a collapse in travel demand due to Covid-19 pandemic, SIA Group has deferred non-aircraft projects
- Fleet renewal programme remains an important part of SIA Group's strategy for long-term sustainability and industry leadership

Projected Capital Expenditure (\$'m)	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Aircraft	5,000	5,400	4,500	4,300	4,000
Others	300	300	200	200	200
<b>Total</b>	<b>5,300</b>	<b>5,700</b>	<b>4,700</b>	<b>4,500</b>	<b>4,200</b>

- In negotiation with aircraft manufacturers to adjust the delivery stream for aircraft orders placed in the past, in view of the prevailing market conditions

**PRESENTATION BY:**

**Chief Executive Officer  
Mr. Goh Choon Phong**





# IMPACT OF COVID-19

# Strong Operating Track Record and Historical Financial Position Prior to COVID-19

Transformation Programme Enabled Us To Be On The Right Trajectory

## Strong operating track record and historical financial position

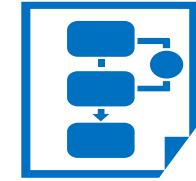
- Unbroken track record of profitability through past cyclical and unexpected downturns (9/11, SARS, GFC, etc)
- Prudent liquidity strategy – cash and lines of credit amounted to S\$3.2 billion as at 31 Dec'19
- Transformation programme bearing results in financial and operational resilience
  - Five record-highs achieved in 3Q FY19/20, in available seat-km (ASK), revenue passenger-km (RPK), revenue, passenger load factor and passenger uplift



**S\$9.2 cents/km**

**Passenger Yield<sup>(1)</sup>**

→ flat from 9M FY18/19



**S\$12.8 Billion**

**Revenue**

↑ 4.5% from 9M FY18/19



**S\$862 Million**

**Operating Profit**

↑ 5.9% from 9M FY18/19



**S\$520 Million**

**Net Profit**

↑ 8.3% from 9M FY18/19

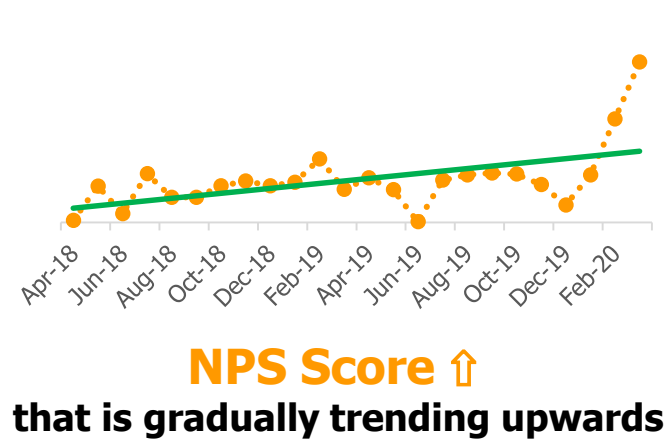
*(1) Based on 9M FY19/20 operating statistics reported for Passenger Airlines segment*



# Successful Mobilisation of Our Organisation to Drive Tangible Results

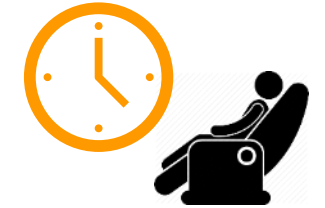
Transformation Programme Enabled Us To Be On The Right Trajectory

## Successful mobilisation of our organisation to drive tangible results (3-year)



**>300,000** Personalisation use cases/ services rendered

**>900,000** Customer cases reduced through proactive service



**>12M hrs** of customer effort saved with revamped processes

### Digital and Innovative Culture



**41%**

faster in delivering to market due to transition to Agile



**100%**

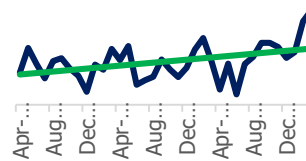
of ground staff trained with digital skills



**>1000**

ideas generated internally from KrisLab

### Operational excellence



**Arrival OTP ↑**  
trending upwards and meeting targets



**18%**

reduction in engineering-related delays



**8.9%**

productivity improvement in crew resource planning



**>800,000 hrs** of staff time saved from simplification

# COVID-19: Greatest Challenge In Aviation History

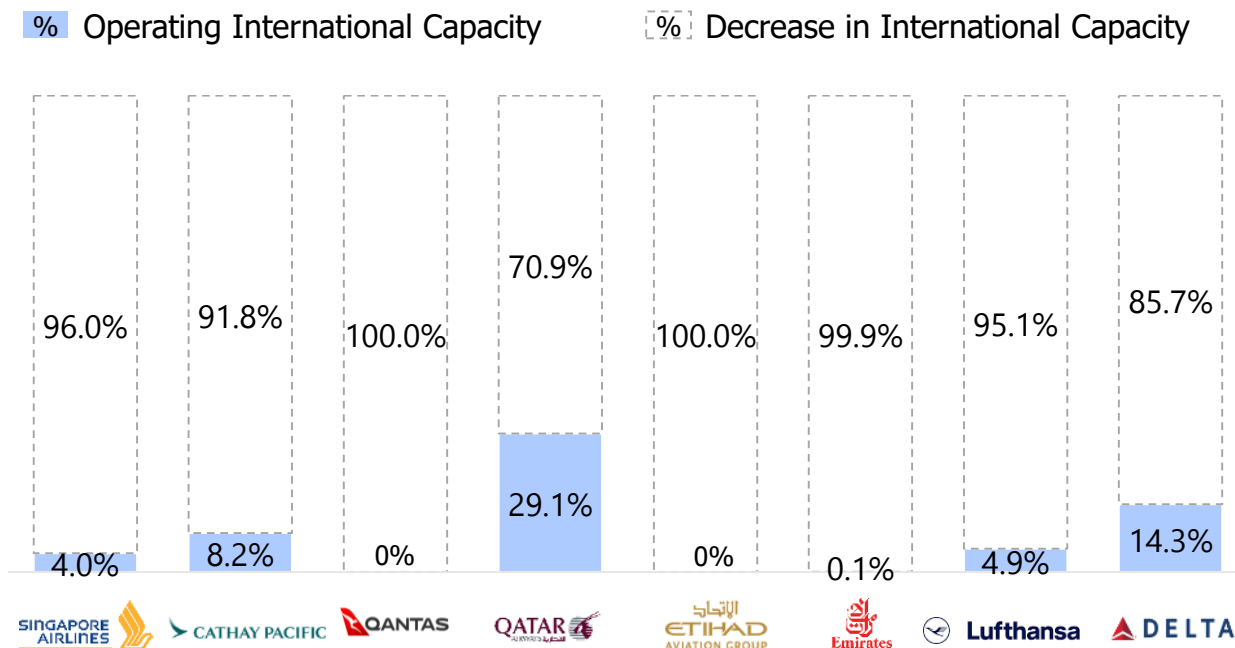
## Sudden and Severe Impact On Global Airline Industry And SIA Group

### COVID-19 crippled SIA's passenger operations

- **Progressive flight cuts across the network**, starting with Mainland China and rest of North Asia at the start of Feb'20
- **Deterioration of market conditions** as COVID-19 progressively spread across the rest of Asia, Europe, North America and Australia
- **Unprecedented border controls** worldwide led to collapse in air travel demand
- **Limited flight network** as scheduled passenger capacity of SIA Group reduced by 96% till end Jun'20
- **Grounded fleet** with only around 10 out of about 200 Group passenger aircraft deployed for scheduled services
- **Potential extension of capacity cuts** if border controls and travel restrictions remain in place and travel demand continues to be low

### Significant decrease in international capacity due to COVID-19

- Major airlines globally have made significant cuts in international capacity as a result of the collapse in demand for air travel

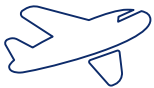


Source: SIA News Alert "COVID-19: Singapore Airlines and SilkAir Flights Schedules from April to June 2020" dated 24 April 2020, OAG (for all airlines except SIA) for the period from week 30 December 2019 to week of 30 March 2020



# RESPONSE TO COVID-19

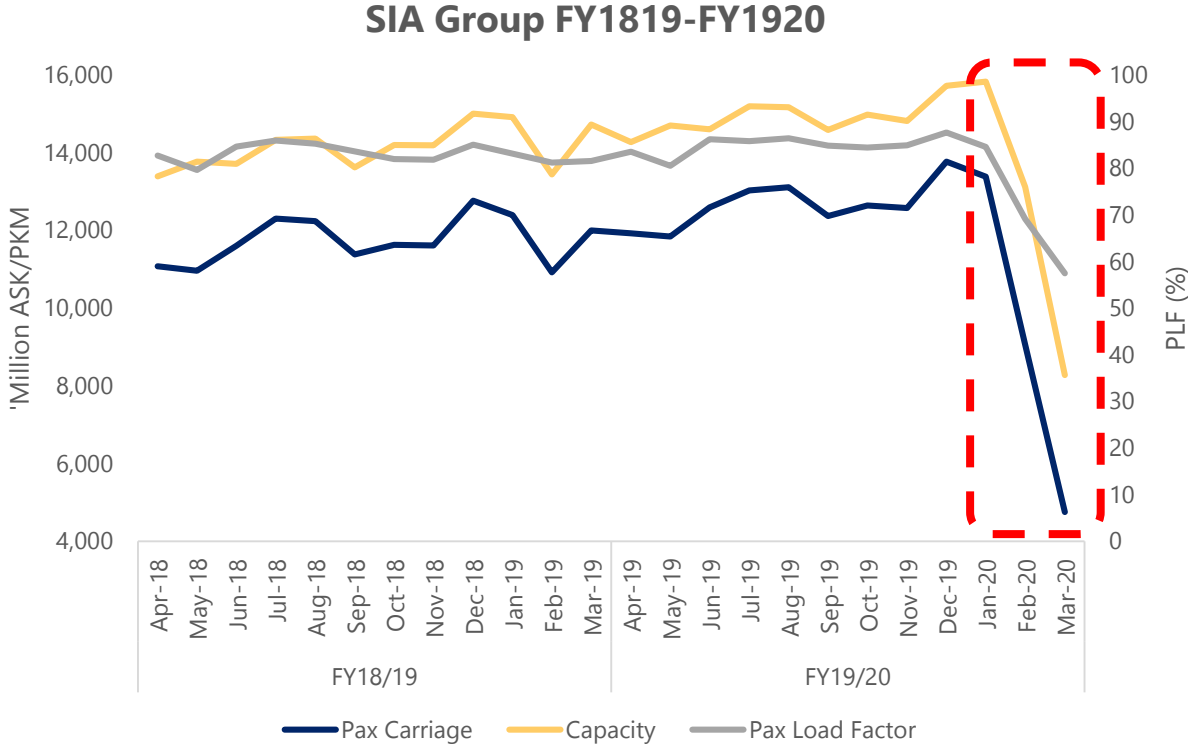
# Response to COVID-19



Decisive Capacity Cuts Across The Network In Response To Deterioration In Global Air Travel Demand

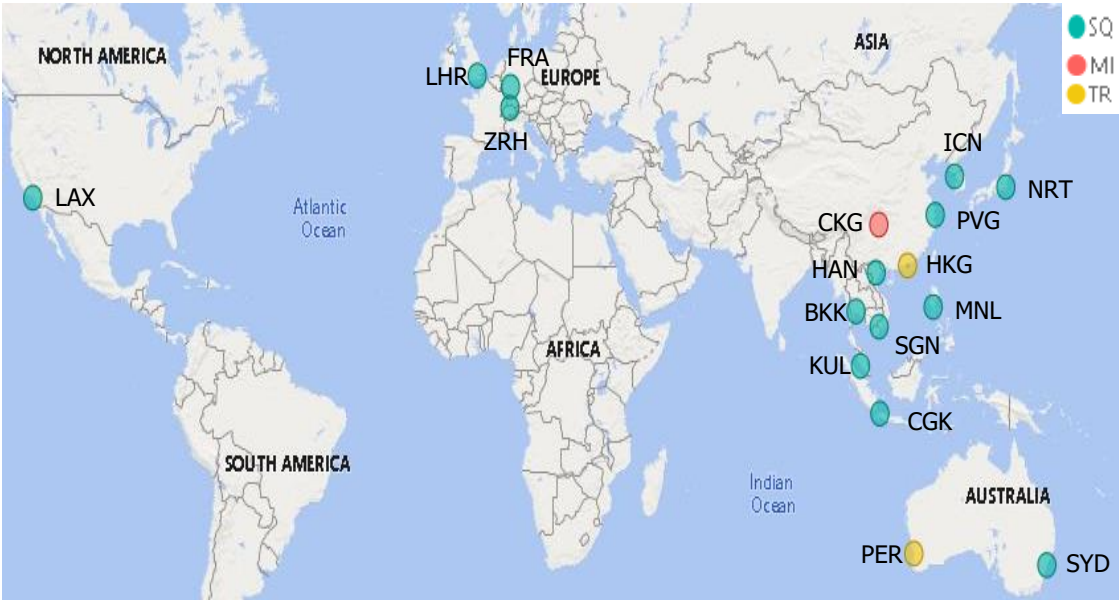
## Passenger operations remain curtailed by travel restrictions

Limited flight network as scheduled passenger capacity of SIA Group reduced by 96% till end Jun'20



## Maintain minimum scheduled services

Minimum Connectivity Network (MCN) to maintain connectivity to key metros (subject to flight bans) in each region



SIA/SilkAir: 38x weekly  
 Scoot: 6x weekly

## Pursue ad-hoc charters where opportunities exist

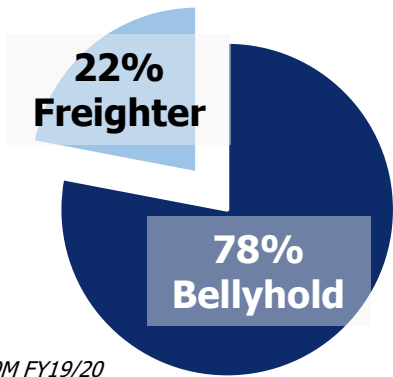
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### Initiatives implemented to increase cargo capacity

#### Prior to COVID-19\*:



\*9M FY19/20

#### ~40% of original cargo capacity maintained through:

- Maximising use of freighter fleet
- Scheduled cargo-only passenger flight network
- Ad-hoc charter flights where opportunities exist

**Cargo-only passenger flights** provide incremental cargo capacity and network reach to ensure the **continuous flow of essential goods** and **cater to global supply chain needs**

Cargo-only flight network: 28 cities in 18 countries  
Cargo + remaining pax flight network: 36 cities in 22 countries



**Regulatory approval for in-house loading and strapping procedure to carry cargo in passenger cabin**

### Ensuring supply chain continuity

Working with various government agencies to keep airfreight supply lines for essential goods open.

- e.g. medical supplies, personal protective equipment (PPE), pharmaceuticals and fresh foods







### Procedures in place for care and safety of pax

Modified in-flight service & procedures

Distancing in line with regulations

#### Customer Care & Safety

Enhanced cleaning & disinfection of aircraft & lounges

### Customer servicing and handling



**468 volunteers** from across the Company bolstered handling capacity to handle surge in customer enquiries



**Service automation through webform** developed in Agile manner saving ~18,000 staff-hrs



**Flexible travel waiver policy**  
Full refunds, bonus flight credits, flexibility to rebook until 31 Dec'21

### Continuous Engagement of Customers

- Inform on advisories and other operational matters
- Share SIA's role in supporting efforts to fight COVID-19
- Activities designed to engage pax
- Update progress of resumption of ops



### Recognition of loyalty



#### PPS and KrisFlyer members' recognition

- 1-year extension of memberships
- Proactive tier upgrades for eligible members
- Extension of various rewards / benefits for greater flexibility



### SIA Group Ambassador Programme

Many staff volunteered to support nationwide efforts as **Care Ambassadors, Transport Ambassadors, Contact Tracing Ambassadors, and Social Service Officers**



Credit: Khoo Teck Puat Hospital



Credit: SMRT

### Using the downtime to upskill staff

- Virtual classroom courses; online learning on SKIES & LinkedIn Learning
- 1 Enrichment Day monthly as part of SWM to encourage staff to sign up for courses or volunteering activities
- Benefit from enhanced government training support for SIN-based staff to drive up-skilling and re-skilling

### Enrichment Day Learning Suite

**Instructor-Led Training**  
Classes will be held virtually due to current COVID-19 restriction orders.

- Leadership & People Development
  - Preparing Oneself to Adapt to a Changing Workplace
  - Leading First to Last Change
- Digital
  - ASIXND Programmes (iA Digital Playbook)
  - Data Visualisation
  - Using AR and AI in Business and Training
- Professional Skills
  - Kia Trainee Community Enrichment Programme
  - Communicating with Purpose
  - Introduction to Behavioural Insights
- Functional Skills
  - Educational Communication
  - Reasoning & Thinking Elementary
  - Weight & Balance
  - Marketing Information Systems

...and many more

**E-Learning Courses on SKIES**

- ADD Digital Suite (Agile, Data Analytics, Design Thinking)
- Corporate Compliance
- Soar as One

...and many more

**LinkedIn Learning**  
Enrolment in SKIES not required

Over 13,000 titles on leadership, professional development, digital, communication and more\*  
(Available for all ground staff)

Learning will be automatically recorded in SKIES upon successful completion.

**Other Training Resources\***

Tableau  
13 learning paths to choose from

SKILLSFuture SG

Leverage on your SkillsFuture credit for training in areas which would add-value or contribute to our business; in product, services operations or processes.  
Examples: Digital, ICT, Media, Language, Communication, Customer Service

**Continued Education (Self-funded)**  
Staff pursuing Higher qualifications whose learning hours have been assigned



# Response to COVID-19

## Strong Government support for SIN aviation hub

### Strong Government support for SIN aviation hub

- Job Support Scheme: 75% wage offset for each local worker in employment
- Cost relief (e.g. rebates on landing and parking charges, rental relief) for airlines, ground handlers and cargo agents

*"The SIA group sits at the heart of our aviation system and anchors our position as an air hub..."*

*"SIA is an outstanding airline and strategic asset for Singapore"*

**DPM Heng Swee Keat**

*"SIA has always flown Singapore's flag high all over the world and made us proud"*

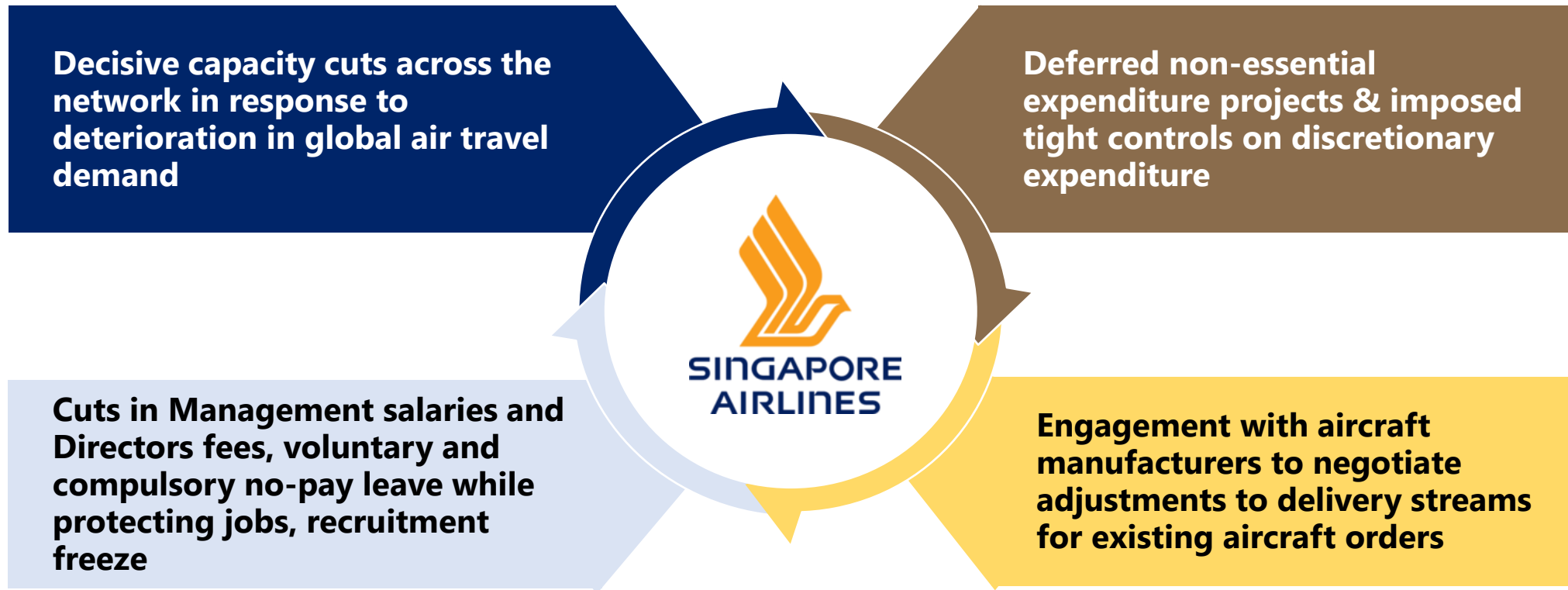
**PM Lee Hsien Loong**



# Response to COVID-19

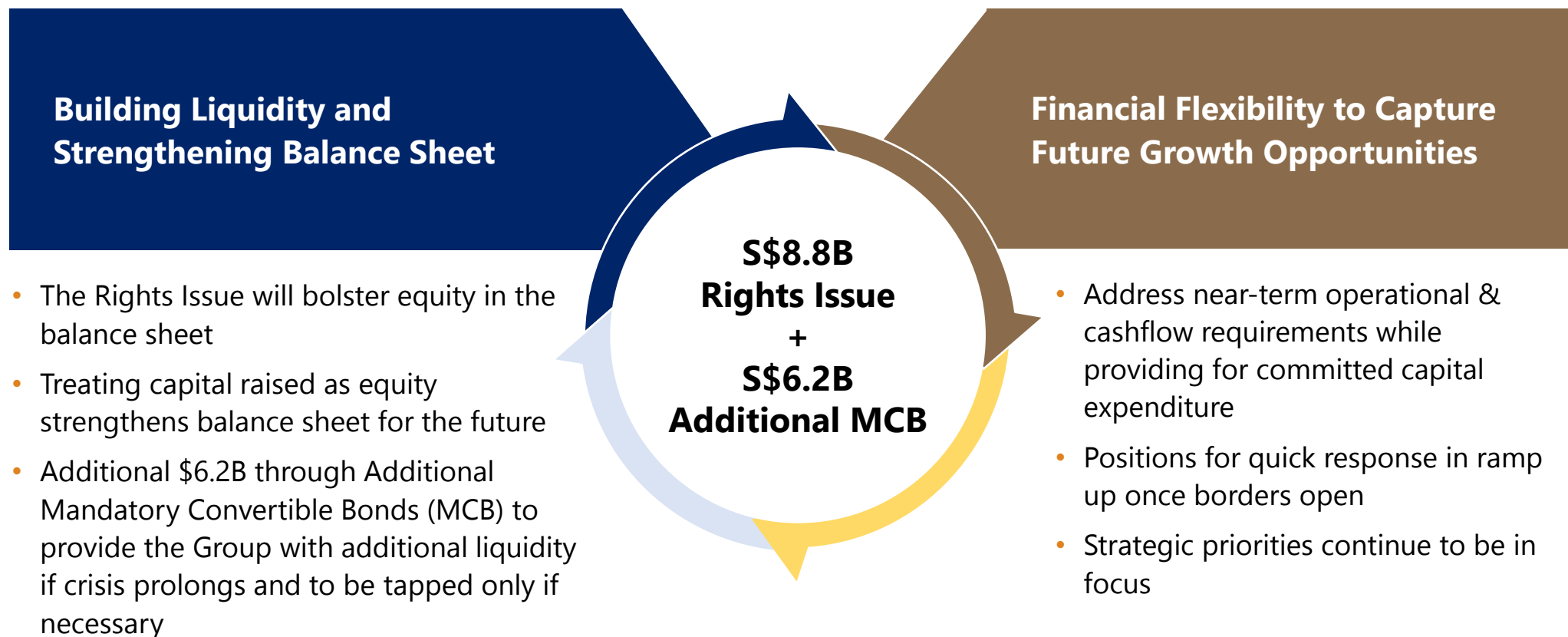


## Steps Taken to Manage Liquidity and Cash Requirements



### Steps to Improve Liquidity

- 1. Tapped on lines of credit maintained for contingency situations**
- 2. Exploring other sources of funding, including secured financing and sale-and-leaseback transactions, although opportunities remain limited in current market conditions**



**The Rights Issue is Intended to Keep Strategic Priorities Intact while addressing Near-Term Liquidity Requirements**



# GETTING READY FOR RESTART

# Restart Taskforce (RTF)

4 Workgroups with Parallel Workstreams

## RTF formed to plan and coordinate

### Scale of Operations

*Ops readiness*

### Mode of Operations

*Transversal ops that meets regulatory & business requirements*

## 4 Workgroups to spearhead

### Gov + Health

*crew, staff, pax*

### Travel Experience

*end-to-end journey*

### License, Certification & Manpower

*crew, a/c readiness*

### Supply Chain

*ecosystem readiness*

### Parallel Workstreams

**Communications**

**Workplace Arrangements**

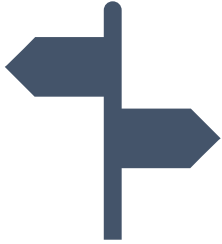


# POST-COVID: A NEW WORLD

# Post-COVID: A New World

Shaped by changing trends and customer expectations

A new world for travel & aviation is being shaped by changing trends and customer expectations



## Uncertainty on recovery

- Pace and shape of pandemic trajectory
- Travel restrictions and border controls
- Economic activities



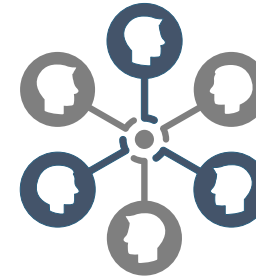
## Consumer Behavior & Customer Value Drivers

- Changing consumer behaviour and attitude
- Health and sanitation concerns will be top of mind



## Business travel trends

- Impact of telecommuting and adoption of virtual collaborative platforms
- Change in business travel policies



## Aviation Ecosystem

- Disruption to supply chains
- Shift of distribution channels from brick-and-mortar to online alternatives



## Airline Competitive Landscape

- Structural changes in the airline industry
- Airlines restructuring for post-COVID



# Post-COVID: A New World

## A New Transformation Chapter

**This is an opportunity to strengthen our position as a global aviation leader.**



# Post-COVID: A New World

## A New Transformation Chapter

### Near-Term



#### Organisation Productivity & Effectiveness

Redouble efforts to increase organisational productivity & effectiveness



#### Enhance human capital

Upskill our people, by taking advantage of this downtime, to enhance human capital

### Medium-to-Longer-Term



#### Leadership in Product & Service Delivery

Fundamental review of customer value drivers, zero-based review of product definition, service delivery, and work processes



#### New Business

Seize new revenue and new business opportunities leveraging on brand & core strengths

# Post-COVID: A New World

## A New Transformation Chapter

### Position of Strength to Capture Future Growth Opportunities



**Strong and  
Trusted Brand**



**Strong  
Balance Sheet**



**Talented and Committed  
Staff**



**Strong  
Digital Capabilities**

### Emerging Stronger and Fitter

#### PLAN FOR RESTART

- ✓ Flexible and agile network recovery plan
- ✓ Ensuring operational readiness for restart
- ✓ Deliver end-to-end travel experience in new normal
- ✓ Engagement with governments and industry partners for a coordinated recovery response
- ✓ Ensure supply chain resilience

#### LEAD THE NEW WORLD

- ✓ Comprehensive review of product & services offerings against new customer value drivers
- ✓ Capitalise new revenue and/or business opportunities
- ✓ Boost organisation productivity & effectiveness
- ✓ Enhance human capital through upskilling the workforce

Thank You

