

QUESTION & ANSWER TRANSCRIPT
SINGAPORE AIRLINES ANALYST / MEDIA BRIEFING
Full-Year Results Ended 31 March 2025
SIA Training Centre
Friday, 16 May 2025, 10:00am

E8OE – may be edited for grammar and clarity

Mr Siva Govindasamy: While we get ready for the Q&A session, could I remind the folks who are online that you can key in your questions in the box and we will get to them in a short while. I will go through the ground rules again. If you could please raise your hand and signal to me when you are ready to ask a question and I will point to you. If you could please identify yourself and the organisation that you are representing, that would be great because we need that for our records. We have just over half an hour or so for the Q&A. So, again, if you could limit it to one question each, that will be great. That will give us more time and once we are done, we can come back to you if you have more questions. Could I invite Choon Phong and JoAnn back up on stage? Could I also invite Lee Lik Hsin, our Chief Commercial Officer, Tan Kai Ping, our Chief Operations Officer, as well as Leslie Thng, who is the CEO of Scoot. We will start with Danny from Bloomberg. Please just wait for the microphone. Thank you.

Mr Danny Lee, Bloomberg: Hi there, thank you very much. Good morning, everyone. Can you just give a little bit more colour around the caution you see on the outlook with regards to the tariffs? Is there anything in the numbers that you see that gives caution around the revenue being weaker than expected in terms of forward bookings and trends? Thank you.

Mr Goh Choon Phong: At this point in time, based on what we can see in the bookings, we do not see any significant impact, or any material impact. We are still seeing robust demand on our routes. As to what can we expect from the tariffs impact, as I mentioned in my presentation, it is really very uncertain. I do not think anybody could tell you exactly what will happen because it depends on one person in particular. I would say that what is very important is to see whether we have the nimbleness, the agility, and whether we are prepared to manage the uncertainties. I believe what I have shown in my presentation is exactly that – that we are ready.

Mr Siva Govindasamy: Thank you, Choon Phong. Next question please. The lady over there in the third row.

Ms Tabitha Foo, DBS: Good morning, Tabitha from DBS. I have a question on Scoot aircraft deliveries. I noticed that Scoot is taking a few more aircraft than SIA this year. What is the thinking behind that, and where are these aircraft likely to be deployed? Does this reflect a more upbeat view on the low-cost segment for the year?

Mr Leslie Thng: You are right to say that we are taking quite a number of deliveries. First of all, the reason is because of Covid, where some of the aircraft has been delayed to post-Covid.

If you recall two years back, we decided to introduce a new fleet into the company, the Embraer. Last year, we took delivery of five. There are another four joining us this year. So, all together, there will be quite a number of new aircraft joining us. If you recall what JoAnn showed in her slides as well, we are also in the phase of retiring the older A320ceo's. This year, we are retiring another five, so there will be additional new aircraft, and at the same time, retiring of older aircraft. If you look at Scoot's network, our focus is really on South East Asia, as well as Asia, which Choon Phong also alluded to as there are a lot of opportunities because this is the epicenter for growth going forward. Most of the aircraft that we are taking in, including the Boeing 787s, would be deployed within Asia itself for this financial year.

Mr Siva Govindasamy: Thank you, Leslie. We have an online question. **Lisa Barrington** from **Reuters** is asking: are you seeing a rebound in cargo demand and on which lanes and products since Monday's US-China tariff deal? A similar question from **Chen Chuanren (Air Transport World)**. Has the Group seen an increase in cargo demand and movements to circumvent tariffs? How and where do you see cargo demands shifting moving forward?

Mr Lee Lik Hsin: Suffice to say it is changing very constantly but the point that we have made is that we are well-diversified. Wherever the cargo flows go, we have the network to be able to manage that. For example, in the days when immediately after the implementation of the US tariff on China, it was well-reported in the media that shipping and air cargo dropped quite significantly. We were able to fill our Singapore to USA flights with cargo from South East Asia, rather than from China, where it was more greatly impacted. Regardless of how the flows go, we will be able to manage it and tap into the new flows because we do believe that flows will continue globally.

Mr Siva Govindasamy: Thank you. One more question from **Chen Chuanren (Air Transport World)**. Any concerns and impact on Scandinavian Airlines (SAS) and Asiana leaving Star Alliance? How do we view the impact of Asiana and SAS leaving the Star Alliance?

Mr Goh Choon Phong: We have cooperated with both Asiana and SAS before, and at the moment, the arrangements will continue. But of course, what happens in the future, we will have to see.

Mr Siva Govindasamy: Mayuko, right here in the second row, please. Thank you.

Ms Mayuko Tani, Nikkei: Thank you. Mayuko from Nikkei. About the passenger yields, it has come down on the full-service airlines more, it seems. Can you explain a little bit about which routes are impacted more, and which cabin classes? If it is still higher than pre-Covid levels, are you prepared to see it go down further to pre-Covid levels? If I can, can I know whether Scoot is considering ordering additional Embraer aircraft? Thank you.

Mr Lee Lik Hsin: On passenger yields, we do not give detail on different routes and so I would not be able to address that point. In general, I would say that the passenger yields are still moderating, but that moderation is coming down. The decline against the previous year is less than in the earlier months.

Mr Goh Choon Phong: On aircraft order, we never announce any aircraft order until it is confirmed. You will hear if we have something.

Mr Siva Govindasamy: Thank you. Any other questions from the room? We will go to the gentleman on the far corner there.

Mr Kaseedit Choonnawat, Citi: Kaseedit from Citi. On a premiumisation mix of passengers, I understand that we have been seeing a higher mix of premium cabins since reopening. Let us say after April on heightened tariff risk, are you seeing any changes in mix of premium cabins, i.e. passengers moving to the back cabins, for example? Thank you.

Mr Lee Lik Hsin: The mix of premium passengers on our flights has been relatively stable, so it moved up a little bit in the initial post-COVID rebound travel. But we are only talking about between one to two percentage points. And in relation to post the tariff turbulence, as Choon Phong has said, at this point in time, we're not seeing big shifts. So, I would say that nothing - no big shifts even in the mix for now.

Mr Siva Govindasamy: Thank you. Can we get the microphone to the lady first and then the gentleman, please. Thank you.

Ms Kate Low, CNA: Hi, I am Kate from CNA. I want to check on any new routes or markets you are expanding to, and also quickly clarify how many months bonus are you giving your employees? One last question – I understand that you are saying that low fares are hurting the profit. Can SIA realistically maintain its premium pricing given that a lot of the low-cost carriers are expanding very aggressively?

Mr Goh Choon Phong: I can confirm that we have announced a bonus payment for our employees, and it will amount to 7.45 months.

Mr Lee Lik Hsin: We believe that there will always be a market for premium travel and there will obviously also be a market for budget travel. That is why we have this portfolio strategy of having Scoot and Singapore Airlines. Of course, pricing is a function of demand and supply, and we will be nimble and adjust to the market as needed. Thanks.

Ms Kate Low, CNA: What about any new routes or markets that you guys are looking to expand into?

Mr Lee Lik Hsin: We will normally announce them when we are ready to announce them. Thanks.

Mr Siva Govindasamy: To the gentleman in front.

Mr Roy Chen, UOB Kay Hian: Hello, Roy from UOB Kay Hian. I have three questions. First, could you please comment on the yield outlook for both passenger and cargo for FY2025/26?

For passengers, we know that the moderation is slowing, but for FY2025/26, do we still expect some further moderation in the passenger yields? I would also like to hear your comment on cargo yields. Second question is regarding an update on the visibility of the Air India turnaround, because in FY2025/26, we will see the full-year impact from Air India. I wonder whether there will be some drag on SIA's earnings performance? The third question is for JoAnn. It is regarding the rise in non-fuel cost. I see a lot of increase in the other operating expenses. If we see the second half alone, the year-on-year increase for other operating expenses for the second half is over 50%. I also noted that there is some accounting loss like the lease remeasurement. There are also some forex losses, but even if we exclude those, I see one-off losses. The operating expenses still rise about 40% year-on-year for the second half of the year. I wonder whether there are some other one-off losses that we missed out.

Mr Goh Choon Phong: I will take your second question and I will let Lik Hsin address your question on yields, and JoAnn for your last question. For Air India's outlook, we do not give guidance for our own airlines, and we are certainly not at liberty to share with you what Air India's projections might be. I suggest you ask them.

Mr Lee Lik Hsin: We do not give guidance on forward yields for both passenger and cargo.

Ms JoAnn Tan: For others, I think you have already captured, we did have some forex losses. We have also made some provision for emissions charges related to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). There is a combination of a few things under others as the headline would suggest.

Mr Roy Chen, UOB Kay Hian: If we exclude all the one-off losses or accounting losses, would the other operating expenses be more or less stable year-on-year?

Ms JoAnn Tan: I do not think we would give specifics to that level.

Mr Roy Chen, UOB Kay Hian: Okay. Thank you.

Mr Siva Govindasamy: Thank you. We will take some online questions. Firstly, from **Adrian Schofield** from **Aviation Week**. Could you give more details about the extent of AOGs in the Group's fleets due to supply chain constraints? Do you see improvements on the horizons? Also, what level of delivery delays are you seeing?

Mr Tan Kai Ping: Thanks for the question. Supply chain challenges are not new. Post-Covid, we have seen them and certainly Singapore Airlines is also affected. I would just say that, on outcomes, we are managing relatively okay. You see in the capacity materialisation, notwithstanding the very difficult supply chain challenges being faced by the industry, we have delivered eight plus percent ASK growth, and overall, around 9%. We have always treated our OEM partners as partners. We work together. So, difficult times like the current challenging operating conditions, we are working very closely with them to deal with the reality of the operations and support each other to deliver the current reliability as best as we can. As you

will say, we have delivered very robust ASK materialisation, so this is a work in progress. The challenge continues.

Mr Siva Govindasamy: Thank you, Kai Ping. We will take one or two more questions from the online crowd. We have got **Shukor Yusof** from **Endau Analytics**. He is asking, how do you view the flurry of Boeing orders announced during Trump's Gulf Tour this week? Will this push airlines like Qatar Airways and give them a competitive edge going forward?

Mr Goh Choon Phong: Shukor would probably know that we do not comment on other airlines' orders or business.

Mr Siva Govindasamy: Thank you. We have **Perry Yeung** from **UBS** asking, in terms of costs, are we still comfortable to expect relatively flat and steady unit costs despite the continuous cost inflation pressure and ongoing supply chain issues?

Ms JoAnn Tan: We have talked about cost management and Choon Phong covered this. Even for this year, notwithstanding all the cost management measures, we do see a slight increase in our unit costs. It is really a function of what the external environment is. I would say that we have very strong cost management measures to try and contain this to the extent that we can.

Mr Siva Govindasamy: Thank you. We will go to Peck Gek and then the gentleman here. Could we have a microphone here, please. Thank you.

Ms Tay Peck Gek, The Business Times: Can I know why is SIA hedging its fuel five years out? I think in the past few years, it has been like two years maximum. Thank you.

Ms JoAnn Tan: As I mentioned at the start, it is actually very opportunistic based on pricing. For the last two years, we have not done this, but if you recall before Covid, we did have a five-year hedging programme. Again, that was to capture fuel hedges when pricing looked attractive. It is the same rationale.

Mr Siva Govindasamy: Thank you. The gentleman here, please.

Mr Tsubasa Suruga, Nikkei: I am Tsubasa from Nikkei. My question is on the recent announcement on the T5 groundbreaking. You commented how you see future room for growth and operational synergies by moving all your operations to the new terminal. I know it is still ahead, but I would like to hear a bit more about how significant this is compared to your current operations using other terminals.

Mr Goh Choon Phong: Certainly, if we are able to consolidate all of Scoot and SIA's operations under one roof, we will be able to look at how to improve the seamlessness of travel for our customers. As you know, Singapore and SIA work as a hub, not just a destination to transport passengers from different parts of network onwards to other parts of our network. Having all

the transfers done in one location, you can imagine that we can do a lot more in ensuring the consistency in service level and experience.

Mr Siva Govindasamy: Thank you, Choon Phong. We will go virtual again. **Brendan Sobie** from **Sobie Aviation**. He has got two questions related to growth. The fleet is growing by 6% in the current financial year. What kind of ASK growth are you expecting this year? And over the longer term now that the Group is above pre-Covid levels with about 40 million passengers annually, what kind of long-term growth are you expecting? Do you expect it to average around 5%, especially given Scoot's regional opportunities?

Mr Goh Choon Phong: The answer is that we will only announce when the time comes about what our expected growth for the year will be, and certainly not what our long-term growth is going to be. We will announce it only when we are ready to do so.

Mr Siva Govindasamy: Thank you. I will take one more question virtually. This is from **Chen Chuanren (Air Transport World)** again. We have said before that there are numerous levers to overcome aircraft delays and now that the A350s are delayed and the deliveries for the 777-9 are still unclear, how many levers do we have and what are these levers? How are we mitigating these issues? And related to that, how are the older 777-300ERs performing?

Mr Goh Choon Phong: So, all the planes that we have put in operations are performing as per expectation. Otherwise, we will not be putting them into operation. We said we have multiple levers. The audience here is probably familiar with some of them. We have leased aircraft that we can extend the leases for. We have aircraft that we own that we can extend their operations. These two would have provided quite a bit of flexibility for us to adjust our capacity accordingly.

Mr Siva Govindasamy: Thank you. We will take another online question from **Teng Wei Ting** from **Lianhe Zaobao**. Are there any hedging mechanisms for sustainable aviation fuels within SIA and producers? What kind of impact will SAF cost have on SIA's balance sheet?

Mr Goh Choon Phong: If Wei Ting is aware of any good hedging tool for sustainable aviation fuel, we will love to hear from her.

Mr Siva Govindasamy: She also asked about the impact of SAF cost on SIA's balance sheet going forward.

Mr Goh Choon Phong: Not material at this point in time.

Mr Siva Govindasamy: Thank you. **Tom Ballantyne** from **Orient Aviation**. There are several reports of a significant drop in inbound tourism traffic to the US because of President Trump's policies. Has SIA seen any sign of changes in traffic between Asia and the US?

Mr Lee Lik Hsin: No, we have seen demand from parts of the world that we go to, bringing passengers to the US, hold up very well. So, from Asia to the US, no drop.

Mr Siva Govindasamy: Any questions from the room? Peck Gek? Right here, please. We will go to Lewis from Lianhe Zaobao after that.

Ms Tay Peck Gek, The Business Times: I have two questions. The first is I noted that the Group's operating profit for Q4 was only about 50%. It was 50% lower than a year ago. The second question is, have all the markets, including the Chinese market, recovered to pre-pandemic levels? Thank you.

Ms JoAnn Tan: That is correct. We talked about the improvement in revenue being outweighed by increases in costs. This applies across the different quarters. So, no, there is no material difference in any of these, whether you look at Q4 or the full year.

Mr Lee Lik Hsin: When you say China market, outbound travel from China has not yet recovered to pre-pandemic levels. But we have seen quite a surge in inbound travel into China in the last six months or so, and that has allowed us to improve our load factors on our China flights. Our China flights last year were only registering load factors in the 70s, but this year, we have managed to push them up into the 80s. It is improving from a route perspective. Thanks.

Mr Lewis Ong, Lianhe Zaobao: Lewis from Lianhe Zaobao. Has the capacity in China recovered to pre-Covid level? Second question is on bonus. Congratulations to all SIA staff for another more than seven months of bonus. Given the situation you just described, do you have any guidance on bonus expectations? Another question: SIA and ANA will commence revenue sharing flights between Japan and Singapore from September. How are the sales so far? Thanks.

Mr Lee Lik Hsin: Capacity to China for SIA has largely recovered to the pre-Covid levels. Since we have been able to get back our slots, we have been able to operate regular flights to some of the secondary cities like Xiamen, Chengdu, Chongqing, and Shenzhen. Capacity to the main cities of Beijing, Shanghai, and Guangzhou are back to pre-Covid levels.

Mr Leslie Thng: As far as Scoot is concerned, China is a very important market for us. At this moment, we have recovered up to about 80% of pre-Covid capacity. If you recall, we have also announced that we have suspended three Chinese destinations, but at the same time we have added Shantou. So, for Scoot, we are operating to 15 cities in Mainland China.

Mr Goh Choon Phong: No guidance on bonus.

Mr Lee Lik Hsin: On the joint venture with ANA, it is still very early days. We certainly do believe that it will result in benefits for the customers, where they have much more choices and availability of services.

Mr Siva Govindasamy: Danny from Bloomberg, and then we will take one or two more questions, and we will end there.

Mr Danny Lee, Bloomberg: Are there any parts of the world, geographically, where you still feel you are missing joint ventures or are interested in pursuing?

Mr Goh Choon Phong: All discussions that we have with our partners are confidential. We will only announce when we are ready to do so. Thank you.

Mr Siva Govindasamy: We have one more online question from **Shukor Yusof (Endau Analytics)** again. There is a new prime minister and new cabinet lineup in Singapore. Congratulations to Choon Phong on being the longest, and possibly the most successful SIA CEO in its history so far. Is a succession being planned or do you not give guidance on that?

Mr Goh Choon Phong: Very good question. He has to pose it to the Board.

Mr Siva Govindasamy: Thank you, and we will end on that note. Thank you, everyone. Thank you for being here for our full-year Media and Analyst Briefing. Have a good day, and a good week. Thank you.