



ANALYST / MEDIA BRIEFING

1H FY2019-20 Results
6 November 2019





Group Financial Results

Group Financial Results

Key Takeaways – 1H FY19/20 Results

Passenger traffic growth continues to support revenue improvements

- SIA Pax: Captured strong demand, outstripping capacity growth to achieve record passenger load factor of 84.6% for the first half. RASK improved 2.4%.
- SilkAir: Notwithstanding a capacity reduction from route transfers to Scoot and the 737 MAX 8 grounding, passenger revenue increased. RASK was higher by 1.2%.
- Scoot: Capacity expansion matched by passenger traffic growth, resulting in higher passenger revenue. However, RASK contracted 2.1% on weaker yields, and unit costs rose on lower utilisation.
- Cargo: Cargo traffic and revenue declined due to weak cargo demand amid trade uncertainties and manufacturing slowdown in key export economies.

Net fuel cost rose, primarily contributed by an increase in fuel volume consumed on capacity growth.

Higher ex-fuel cost was mainly attributable to an expansion in operations.

Amongst non-operating items, higher finance charges were offset by improved performance of associates and JVs.





Group Financial Results

Q2 & 1H FY19/20

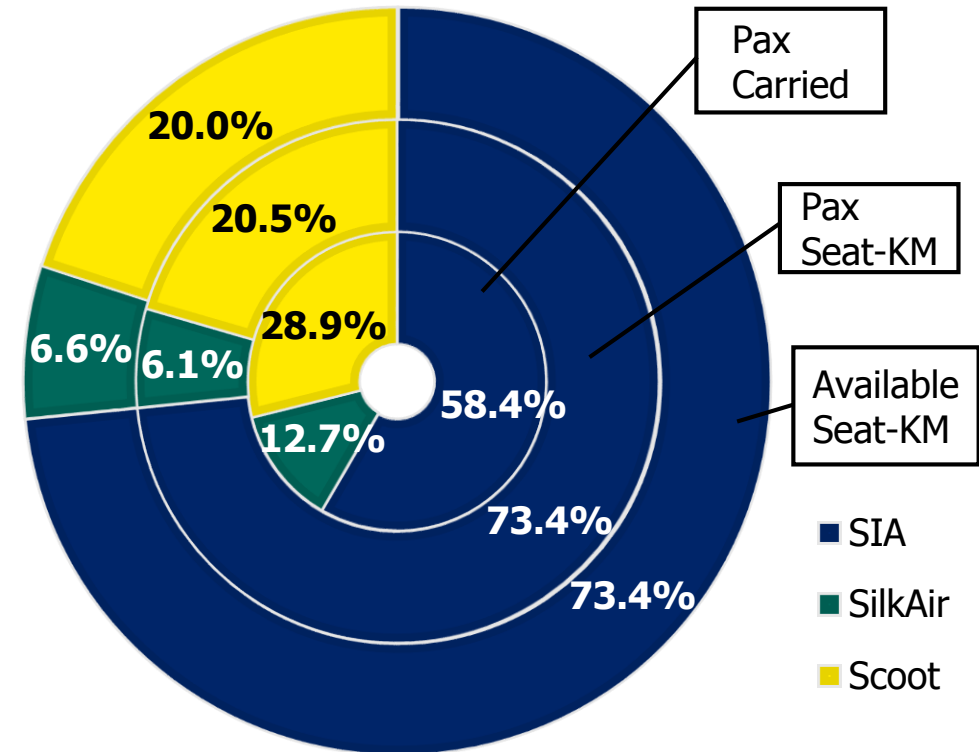
	Q2 FY19/20 (\$'m)	Q2 FY18/19 (\$'m)	Better/ (Worse) (%)	1H FY19/20 (\$'m)	1H FY18/19 (\$'m)	Better/ (Worse) (%)
Total Revenue	4,222.3	4,062.1	3.9	8,324.5	7,906.6	5.3
Total Expenditure	4,009.2	3,829.2	(4.7)	7,911.4	7,480.6	(5.8)
-- <i>Net Fuel Cost</i>	<i>1,176.2</i>	<i>1,156.1</i>	<i>(1.7)</i>	<i>2,348.9</i>	<i>2,235.5</i>	<i>(5.1)</i>
<i>Fuel cost</i>	<i>1,195.4</i>	<i>1,307.8</i>	<i>8.6</i>	<i>2,425.2</i>	<i>2,519.4</i>	<i>3.7</i>
<i>Fuel hedging gain</i>	<i>(19.2)</i>	<i>(151.7)</i>	<i>(87.3)</i>	<i>(76.3)</i>	<i>(283.9)</i>	<i>(73.1)</i>
-- <i>Non-fuel expenditure</i>	<i>2,833.0</i>	<i>2,673.1</i>	<i>(6.0)</i>	<i>5,562.5</i>	<i>5,245.1</i>	<i>(6.1)</i>
Operating Profit	213.1	232.9	(8.5)	413.1	426.0	(3.0)
Operating Profit Margin (%)	5.0	5.7	(0.7) pt	5.0	5.4	(0.4) pt
Group Profit Attributable to Owners of the Parent	94.5	56.4	67.6	205.6	196.0	4.9
-- <i>Basic Earnings Per Share (¢)</i>	<i>8.0</i>	<i>4.8</i>	<i>66.7</i>	<i>17.4</i>	<i>16.6</i>	<i>4.8</i>

Group Operating Statistics

Pax traffic growth across all airlines; record Q2 and 1H PLF for the Group

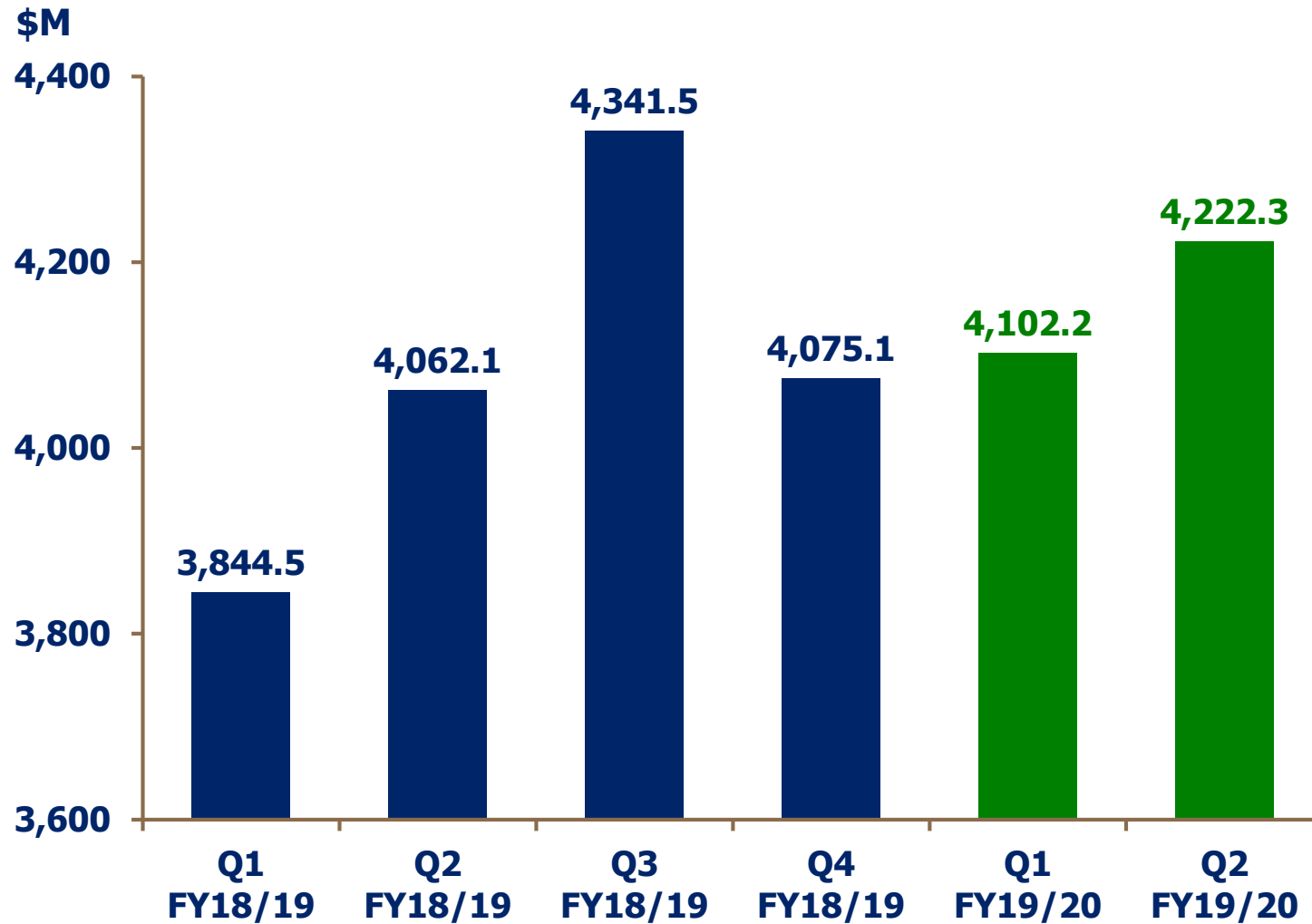
		Q2 FY19/20	Change (%)	1H FY19/20	Change (%)
	Pax carriage (PKM `m)	28,314.9	8.2	54,943.2	8.6
	Capacity (ASK `m)	32,972.9	7.3	64,975.6	7.4
	Pax load factor (%)	85.9	0.7 pt	84.6	1.0 pt
	Pax carriage (PKM `m)	2,283.0	3.1	4,585.1	2.8
	Capacity (ASK `m)	2,870.0	(0.6)	5,819.5	(1.1)
	Pax load factor (%)	79.5	2.8 pts	78.8	3.0 pts
	Pax carriage (PKM `m)	7,901.5	5.0	15,311.8	5.8
	Capacity (ASK `m)	9,091.5	4.7	17,698.5	5.6
	Pax load factor (%)	86.9	0.3 pt	86.5	0.1 pt
	Cargo load (LTK `m)	1,619.9	(8.5)	3,265.3	(6.5)
	Capacity (CTK `m)	2,782.6	(0.3)	5,587.7	(0.1)
	Cargo load factor (%)	58.2	(5.3) pts	58.4	(4.1) pts

CAPACITY, CARRIAGE, AND PAX CARRIED DISTRIBUTION (1H FY19/20)



Group Revenue 1H FY19/20

Improvement led by strong pax flown revenue

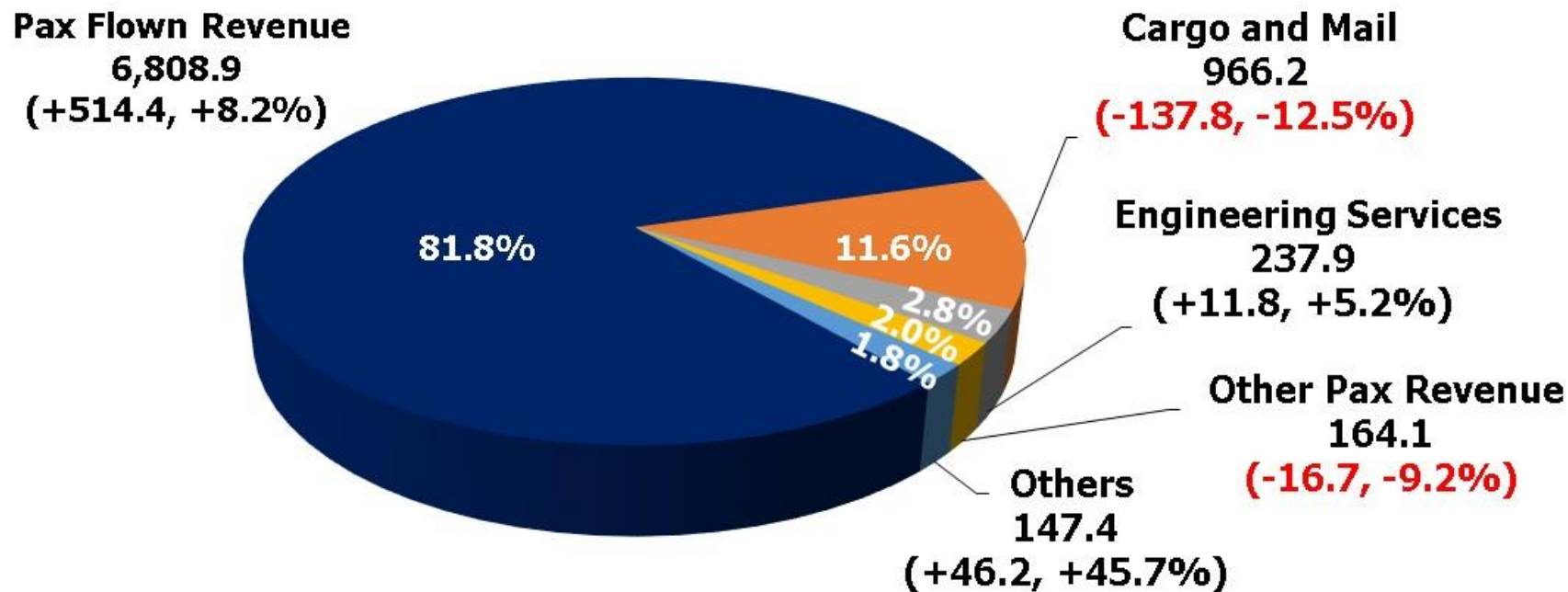


1H FY19/20
\$8,324.5M

Year-on-Year
↑ \$417.9M
(+5.3%)

Group Revenue Breakdown 1H FY19/20

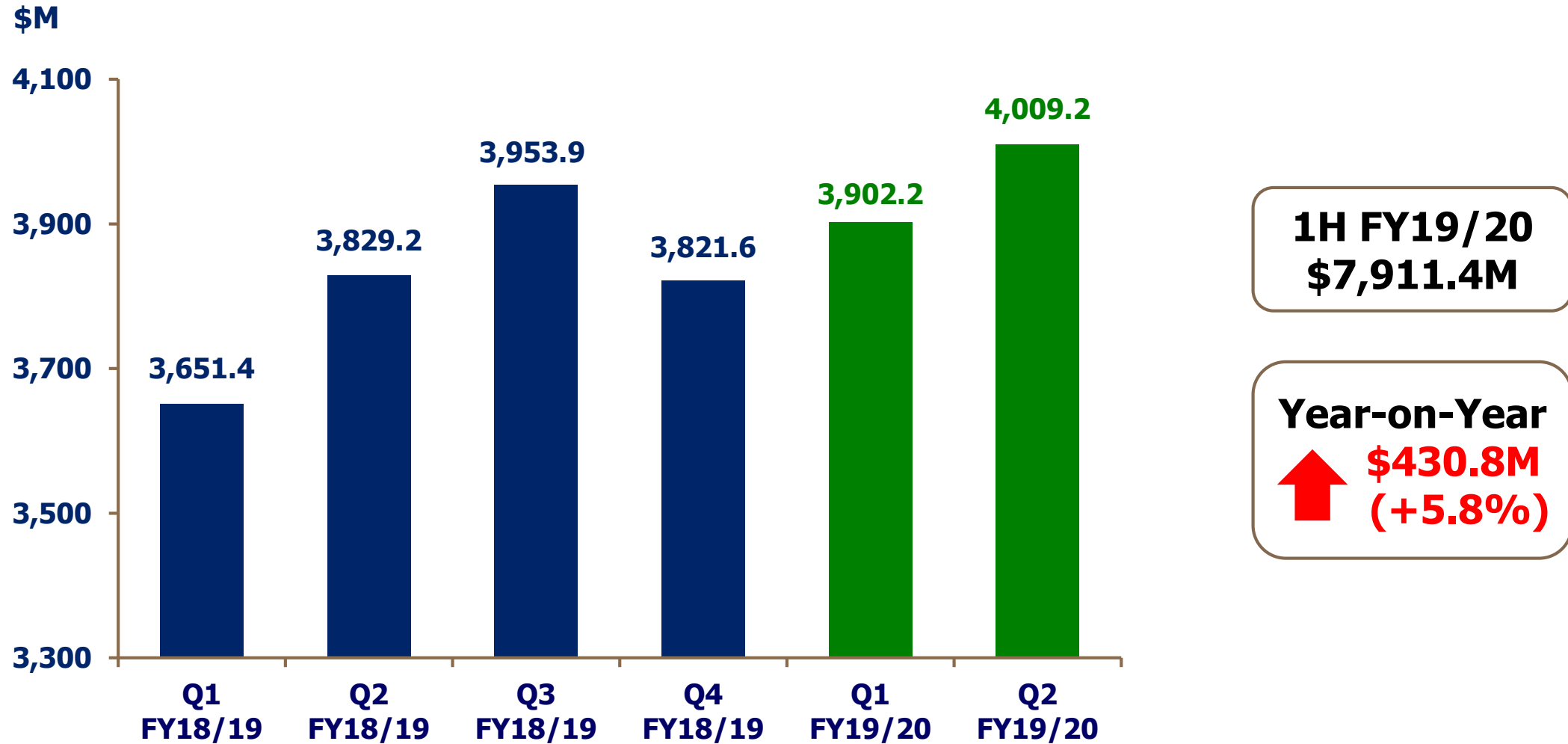
Strong pax traffic growth drove improvements in RASK and revenue



1H 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 (%)
SIA (Pax)	+480.8	+2.4	+1.0	+8.6	+7.4
SilkAir	+4.5	+1.2	-1.9	+2.8	-1.1
Scoot	+28.8	-2.1	-1.8	+5.8	+5.6
SIA (Cargo)	-137.8	n.a.	-6.3	-6.5	-0.1

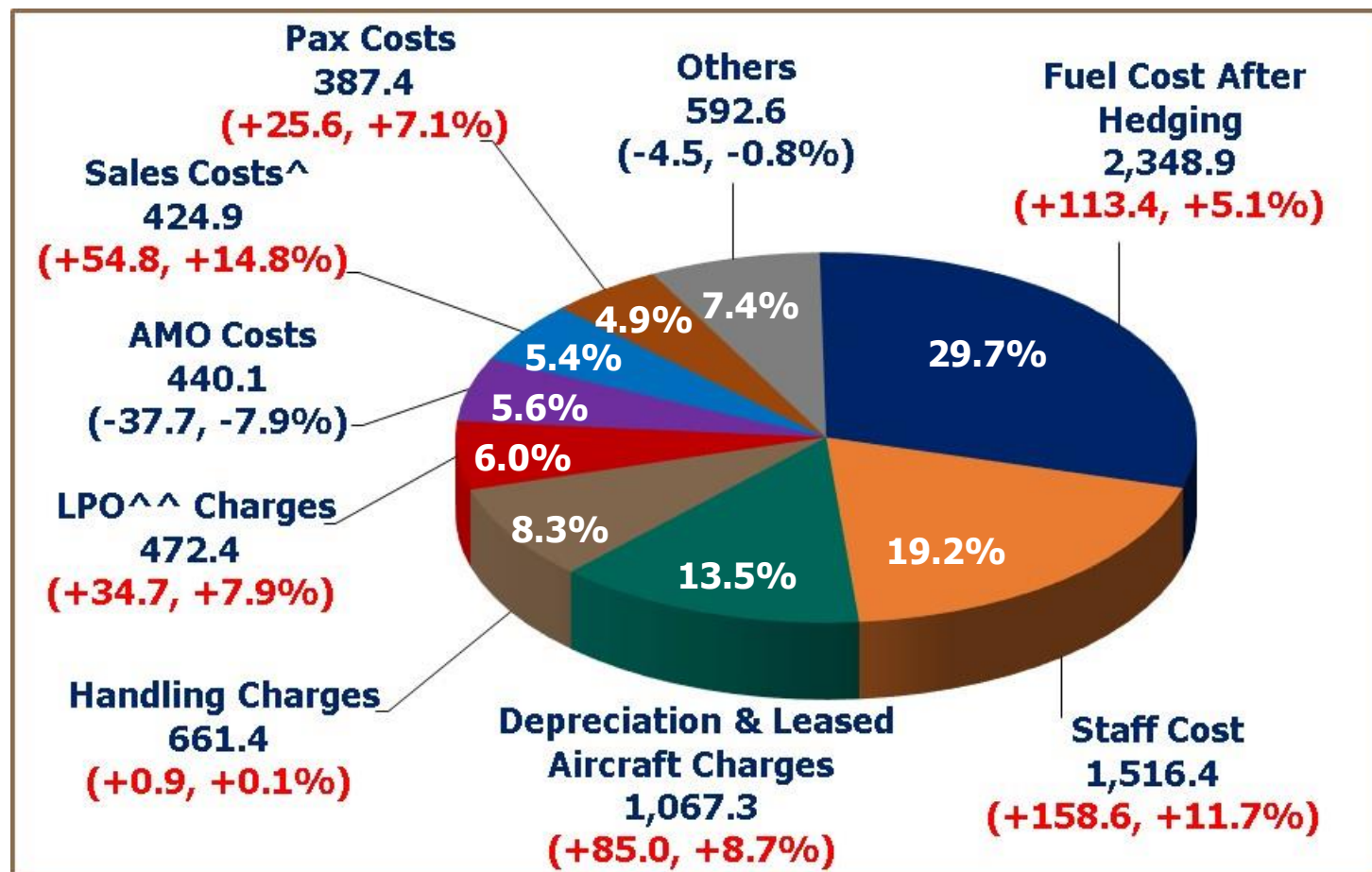
Group Expenditure 1H FY19/20

Higher group cost due to expansion in operations



Group Expenditure Breakdown 1H FY19/20

Ex-fuel costs rose largely from expansion in operations



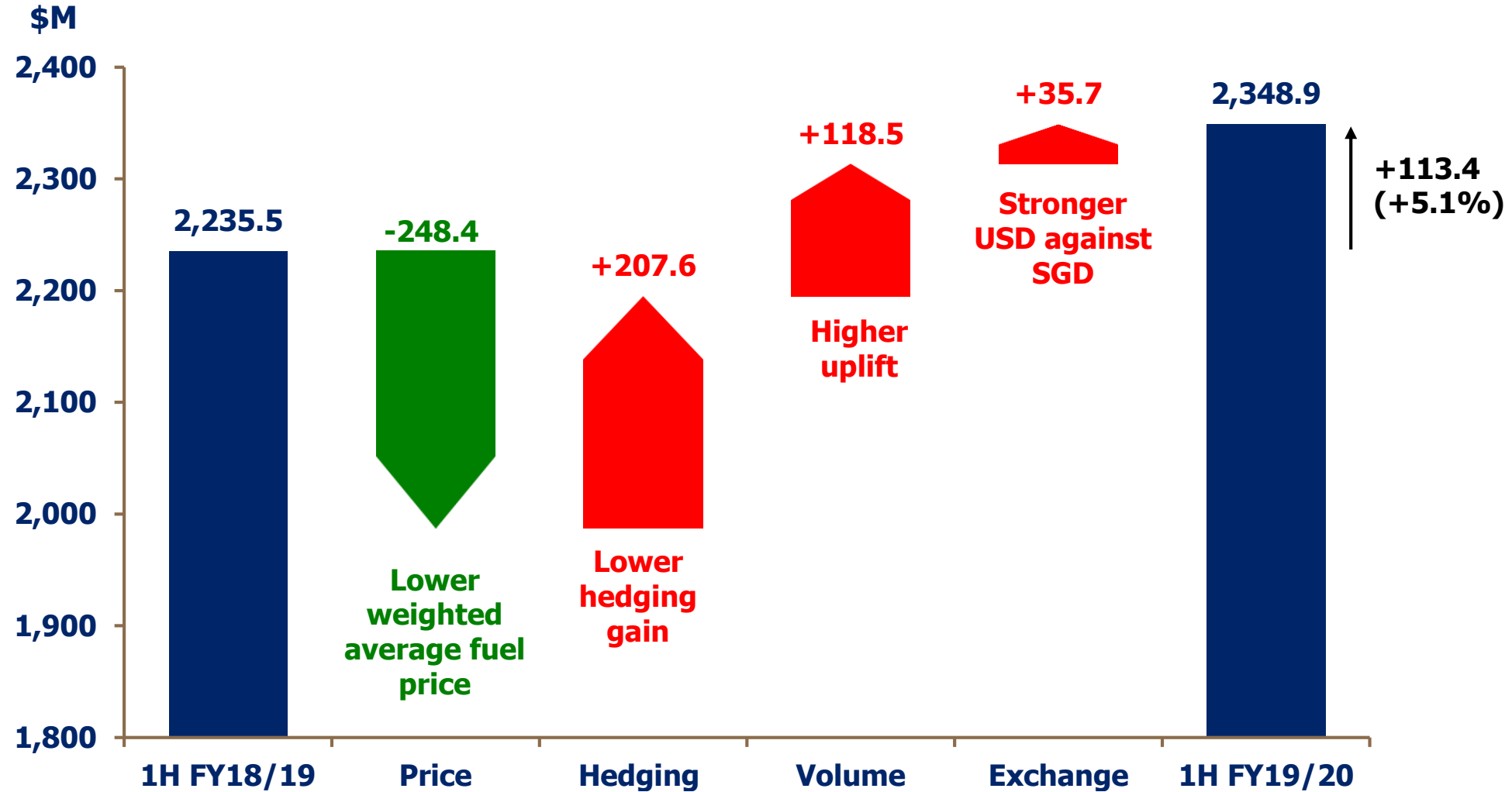
1H FY19/20	CASK y-o-y (%)	CASK ex-fuel y-o-y (%)
SIA (Pax)	+1.2	+1.9
SilkAir	+2.4	+3.2
Scot	+3.9	+5.9

^ Includes commissions & incentives, and advertising and sales cost

^^ Landing, Parking and Overflying

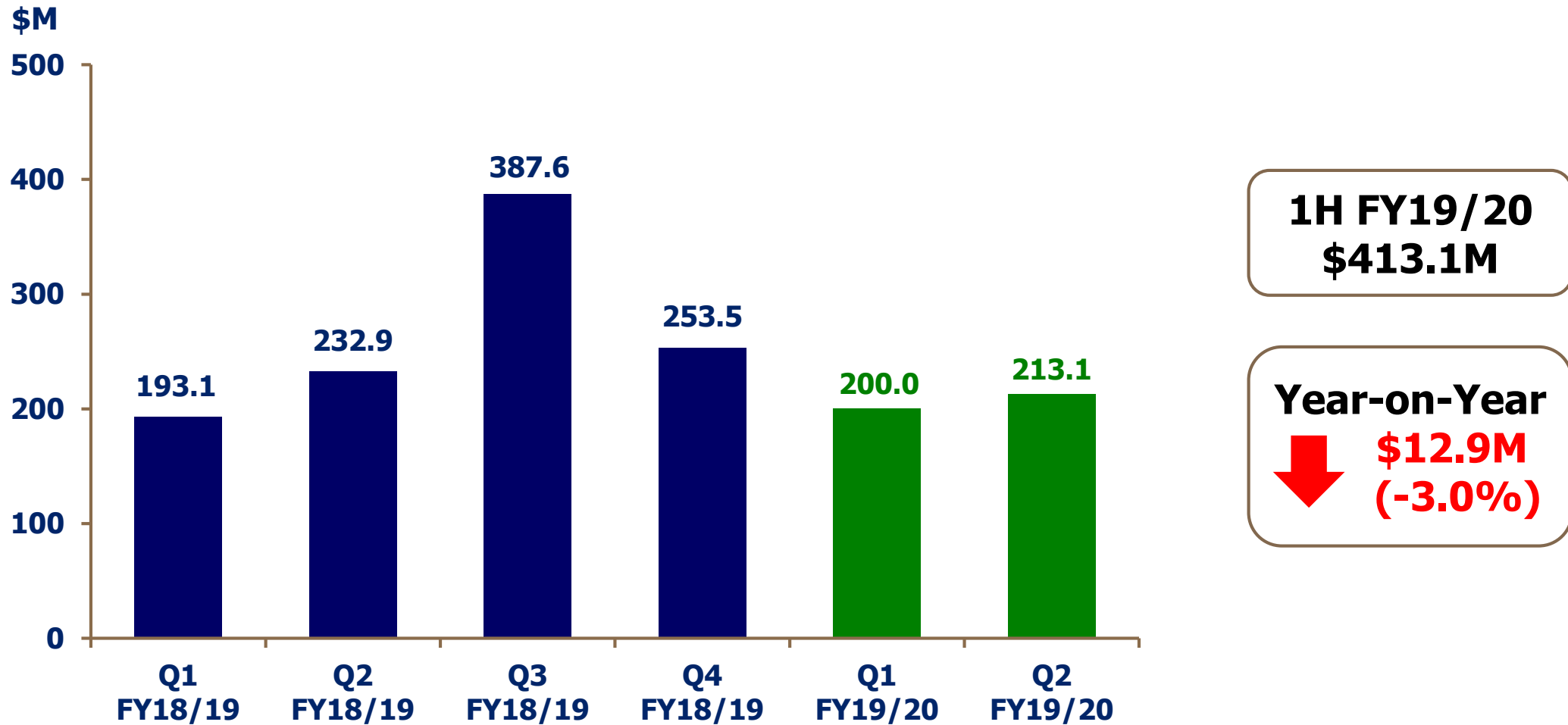
Group Expenditure – Fuel Cost 1H FY19/20

Net fuel cost rose, primarily contributed by an increase in fuel volume consumed on capacity growth



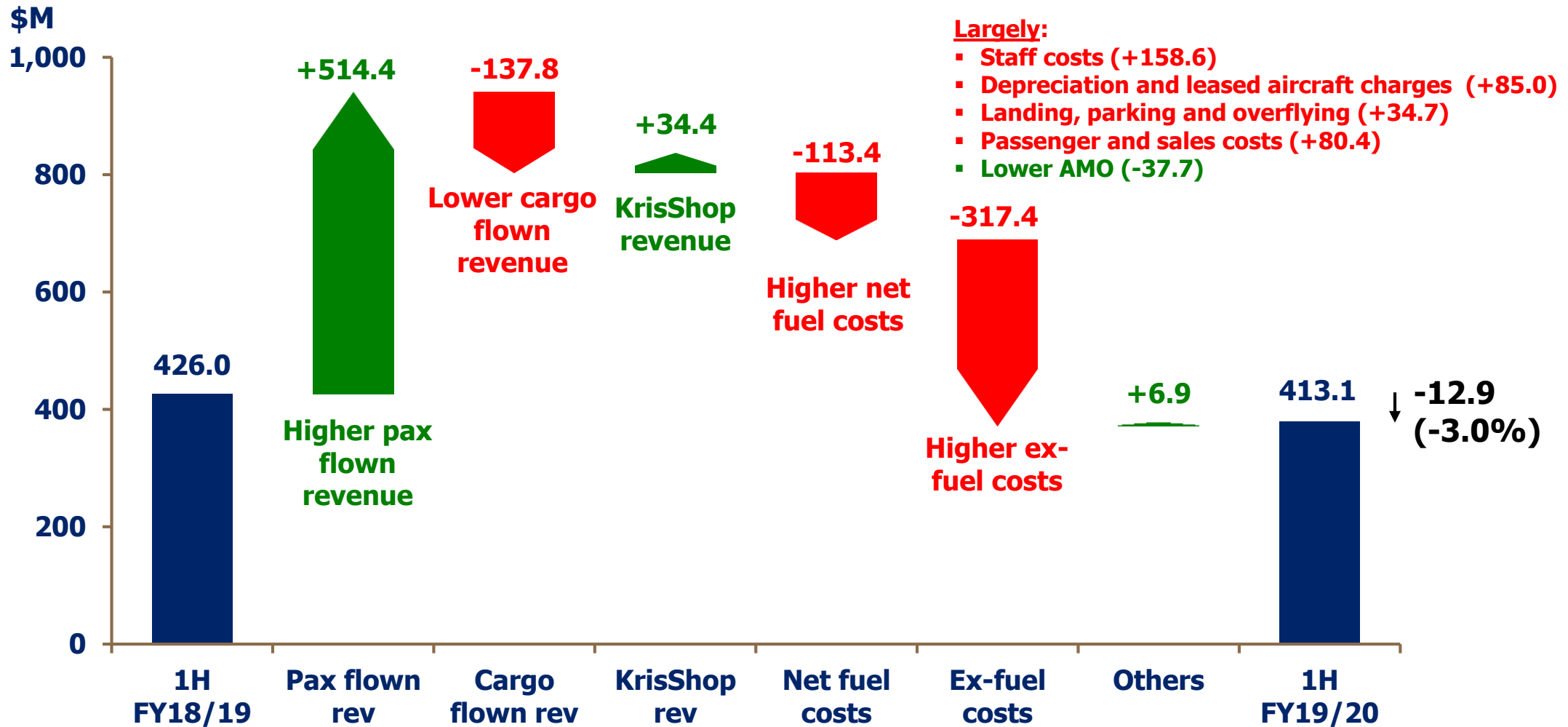
Group Operating Profit 1H FY19/20

Gains from capacity and passenger traffic growth partially offset by weaker cargo revenue







Group Operating Profit 1H FY19/20

Gains from capacity and passenger traffic growth partially offset by weaker cargo revenue



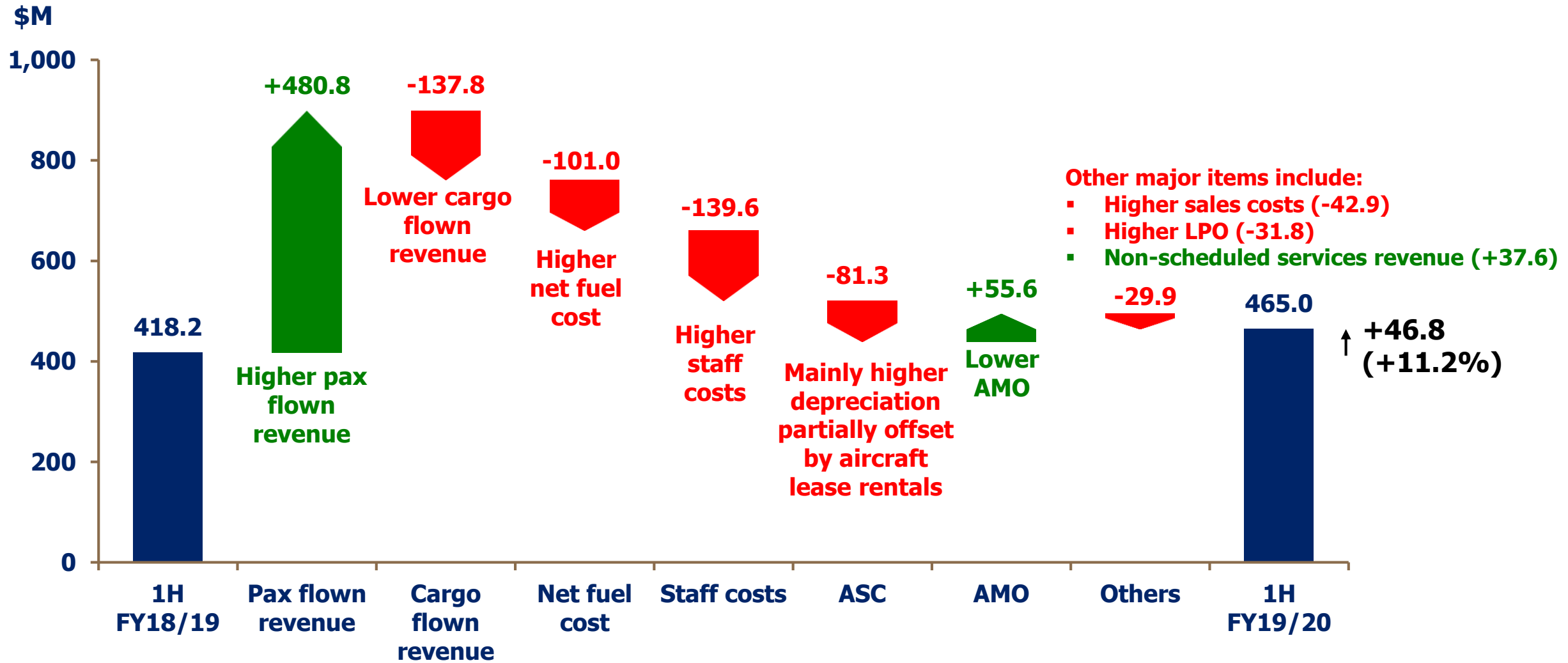
Note: KrisShop became a subsidiary of the Group in Nov'18

Operating Results for the Main Companies in the Group 1H FY19/20

Operating Profit /(Loss)		1H FY19/20 (\$'m)	1H FY18/19 (\$'m)	Better/ (Worse) (%)
	SIA (Parent Airline Company)	465.0	418.2	+11.2
	SilkAir	(19.1)	(2.8)	n.m.
	Scoot	(76.9)	(10.0)	n.m.
	SIAEC Group	37.3	21.5	+73.5

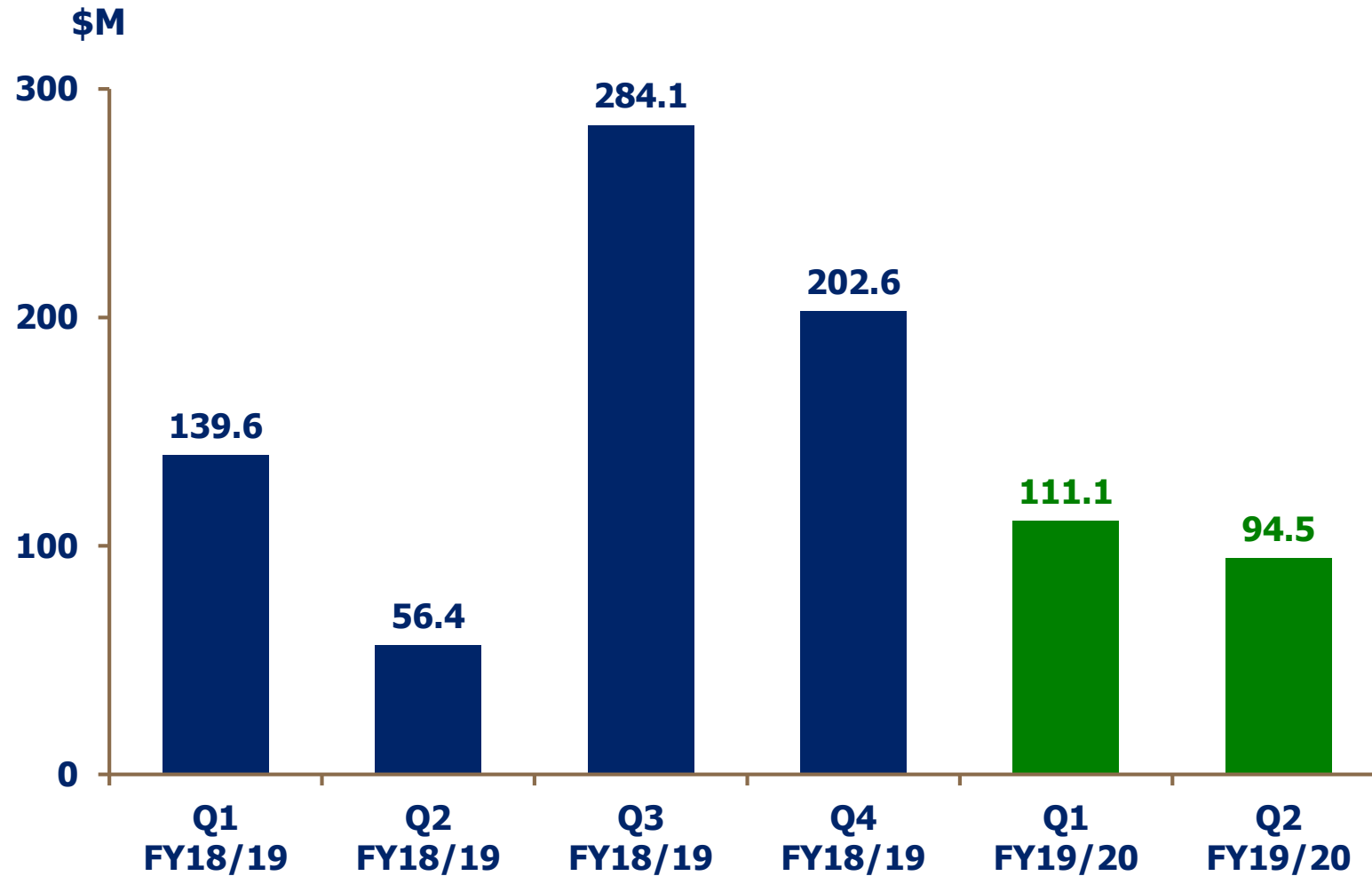
Composition of Change in SIA (Parent Airline Company)'s Operating Results 1H FY19/20

Operating profit improved on strong revenue growth



Group Profit Attributable to Owners of the Parent 1H FY19/20

Improvement in First Half net profit

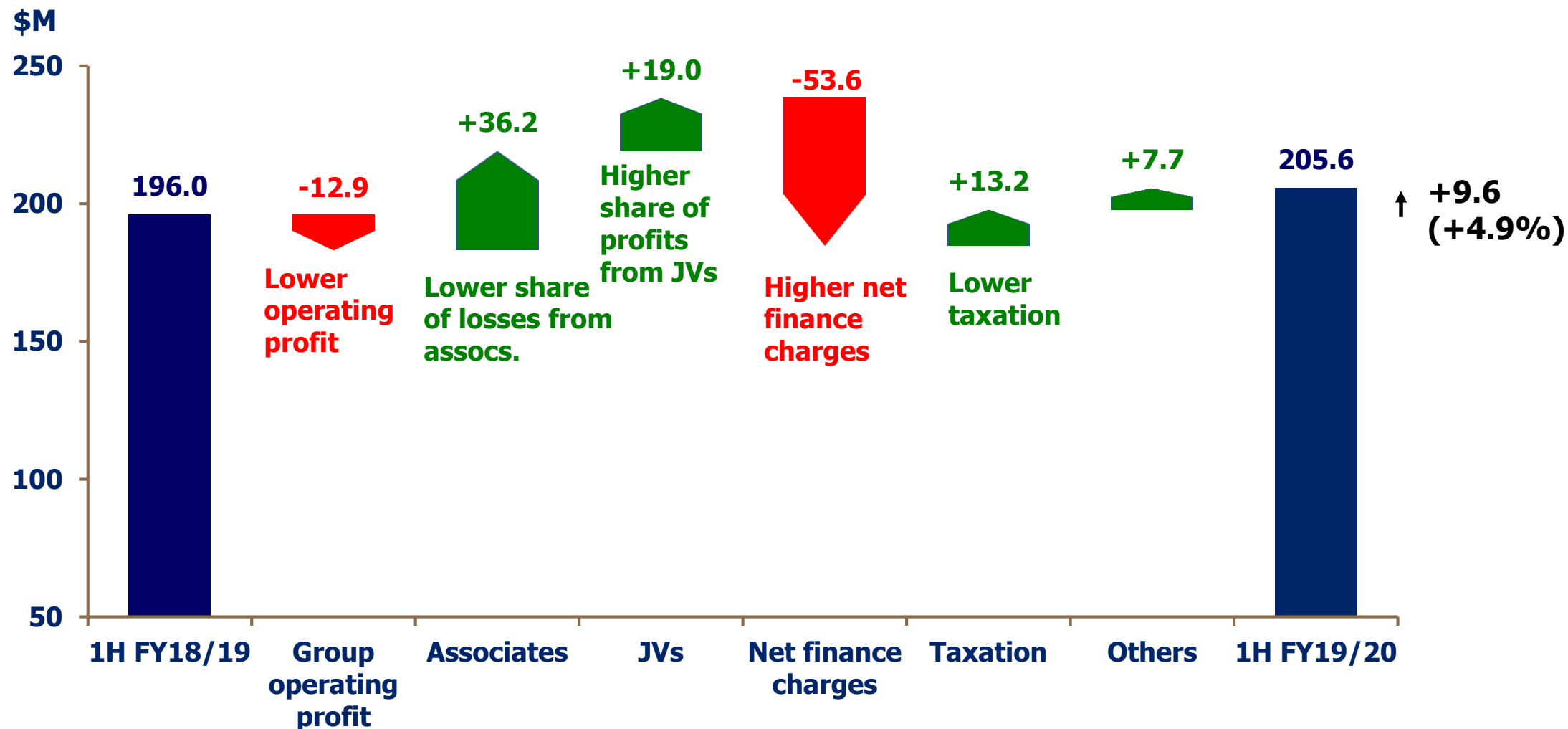


1H FY19/20
\$205.6M

Year-on-Year
↑ \$9.6M
(+4.9%)

Group Profit Attributable to Owners of the Parent 1H FY19/20

Improved results from associates and JVs, partially offset by lower operating profit and higher net finance charges



SIA Group Per Share Data

	1H FY19/20	1H FY18/19
EBITDA per share (\$)	1.21	0.85
Basic earnings per share (¢)	17.4	16.6
Interim Dividend per share (¢)	8.0	8.0

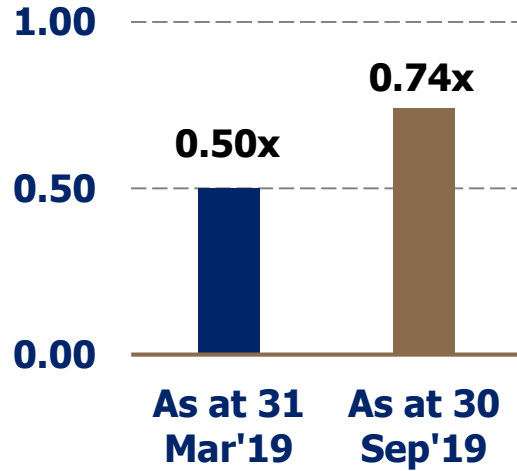
	As at 30 Sep'19	As at 31 Mar'19
Net Asset Value per share (\$)	9.96	11.22

Key Coverage Ratios

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

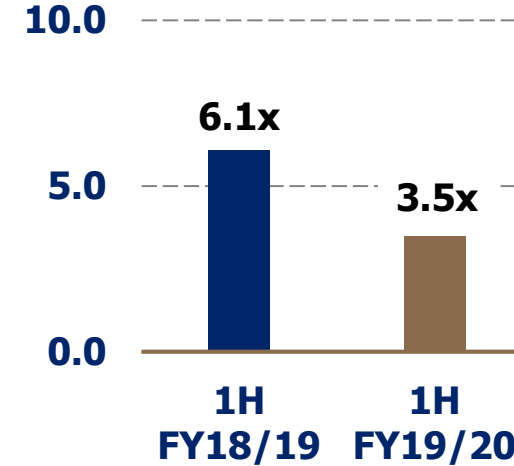
Leverage

Total Debt^{R1} / Equity



Interest coverage

EBIT / Interest expense



^{R1} Total debt: Borrowings + Lease Liabilities arising from the adoption of IFRS 16 *Leases*



Additional Updates

Group Capacity Growth

External events moderate growth in capacity for FY19/20

Projected Capacity (FY19/20 vs FY18/19)

SIA	+7%
SilkAir	-4%
Scoot	+6%

Group Pax Operations	+6%
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Cargo Operations	-1%
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SIA Group passenger operations will grow at approx. 6% in FY19/20

- SIA's capacity growth driven by:
 - Ultra long-haul operations to US
 - Cabin densification from fleet renewal
 - New services (eg. Seattle and Busan)
 - Frequency additions (eg. additional tranches to Osaka and Johannesburg)
- SilkAir: Route transfers to Scoot and withdrawal of 737 MAX 8 from service resulted in reduction in capacity
- Scoot: Suspension of 737-800 transfer plans from SilkAir and lower utilisation of aircraft to improve operational resilience

Cargo capacity is expected to contract by 1% for FY19/20 as freighter capacity is adjusted to better match the softer air cargo demand environment amid challenging trade conditions

Group Fleet Development

SIA Group to operate 208 aircraft by end of FY19/20

	Operating Fleet	As at 30 Sep'19	In	Out	As at 31 Mar'20
	777-200	4		-3	1
	777-200ER	4		-1	3
	777-300	5			5
	777-300ER	27			27
	A380-800	19			19
	A330-330	12		-4	8
	A350-900	41	+7		48
	787-10	14	+1		15
	747-400F	7			7
	SIA Total	133	+8	-8	133
	A319	2			2
	A320	7		-1	6
	737-800	17			17
	SilkAir Total	26	-	-1	25
	787-8	10			10
	787-9	10			10
	A320ceo	26			26
	A320neo	2	+2		4
	Scoot Total	48	+2	-	50
	Group Total	207	+10	-9	208

Group Capital Expenditure

Elevated capital expenditure to support fleet renewal and capacity growth

Projected Capital Expenditure (\$'m)	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Aircraft	5,400	5,600	5,400	4,500	3,800	3,700
Others	300	400	400	300	200	200
Total	5,700	6,000	5,800	4,800	4,000	3,900

Group Fuel Hedging Position

As at 22 October 2019

2H FY19/20	Jet Fuel	Brent
Percentage hedged (%)	75	3
Average hedged price (USD/BBL)	76	54

FY20/21	Jet Fuel	Brent
Percentage hedged (%)	29	35
Average hedged price (USD/BBL)	77	58

FY21/22 – FY24/25	Jet Fuel	Brent
Percentage hedged (%)	-	up to 50%
Average hedged price (USD/BBL)	-	58 - 62



STRATEGIC DEVELOPMENTS

Key Strategies



**FSC
Competition**



**Strengthening Premium
Positioning**



**Participate and grow in all
travel segments**



Group Portfolio



**Overcome limitations of
Singapore Hub / New growth
markets**



Multi-Hubs



Diversify Revenue Streams

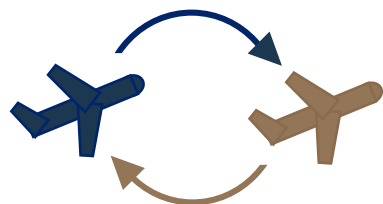


**New Business
Opportunities**




Key Strategies

Strengthening Premium Positioning

Fleet renewal and capacity growth



We are in the midst of a period of elevated capital expenditure, with **159 outstanding aircraft deliveries** for the whole Group to support fleet renewal and capacity growth

	Aircraft type	Fleet size as at 30 Sep'19	Outstanding aircraft deliveries
	A350-900	41	26
	787-10	14	33
	777-9	0	20
	Others	78	-
	737 MAX 8	-	31*
	Others	26	-
	787-8/-9	20	2
	A320neo	2	31
	A321neo	-	16^
	Others	26	-

* The delivery of the 737 MAX 8 aircraft is put on hold until further notice
 ^ In Jul'19 Scoot announced 16 additional A321neos of which the first 10 will be on operating leases while the remaining six are firm orders from Airbus

Key Strategies

Strengthening Premium Positioning

Enhancing our network – Expansion of our non-stop US offering



Growth to US region since launch of ULR in Oct'18

- Increase in weekly freq: +16x
- Increase in pax numbers: +35%
- Increase in market share: +4 ppt

21 ppt growth in SIN-US market share coupled with gains in key regional flows

- Southeast Asia to US: +1 ppt
- India to West Coast : +2 ppt
- Southwest Pac. to East Coast: +1 ppt

Key Strategies

Strengthening Premium Positioning

Growing Deep Commercial Partnerships

LUFTHANSA GROUP



Expand Network Reach

*



Enhancing value proposition for corporates

*



Strengthen FFP Offerings

*

Win-Win Outcome

MORE TO COME

SilkAir Integration



Integration remains on track

- As at 1H FY19/20, 7 x SilkAir routes transferred to Scoot; another 10 to be completed by Jul'20
- 1 x SilkAir route (Busan) transferred to SIA

Retained Boeing 737-800s will be similarly upgraded with the new narrow-body product

- Plans to transfer Boeing 737-800s to Scoot were cancelled to ensure sufficient capacity for the full service narrow body network.

Staff Movements

- 45% of SilkAir's Head Office ground staff are integrated in SIA

Key Strategies

Group Portfolio

The Group serves 137 destinations in 37 countries and territories



Key Strategies

Multi-Hub – Investing in strategic markets to complement and strengthen SIN hub

Vistara



Expansion of fleet and network by over 50% each

- 34 destinations as at 4 Nov'19
- 4 international routes: Singapore, Bangkok, Dubai, Colombo
- 70% increase in weekly frequencies

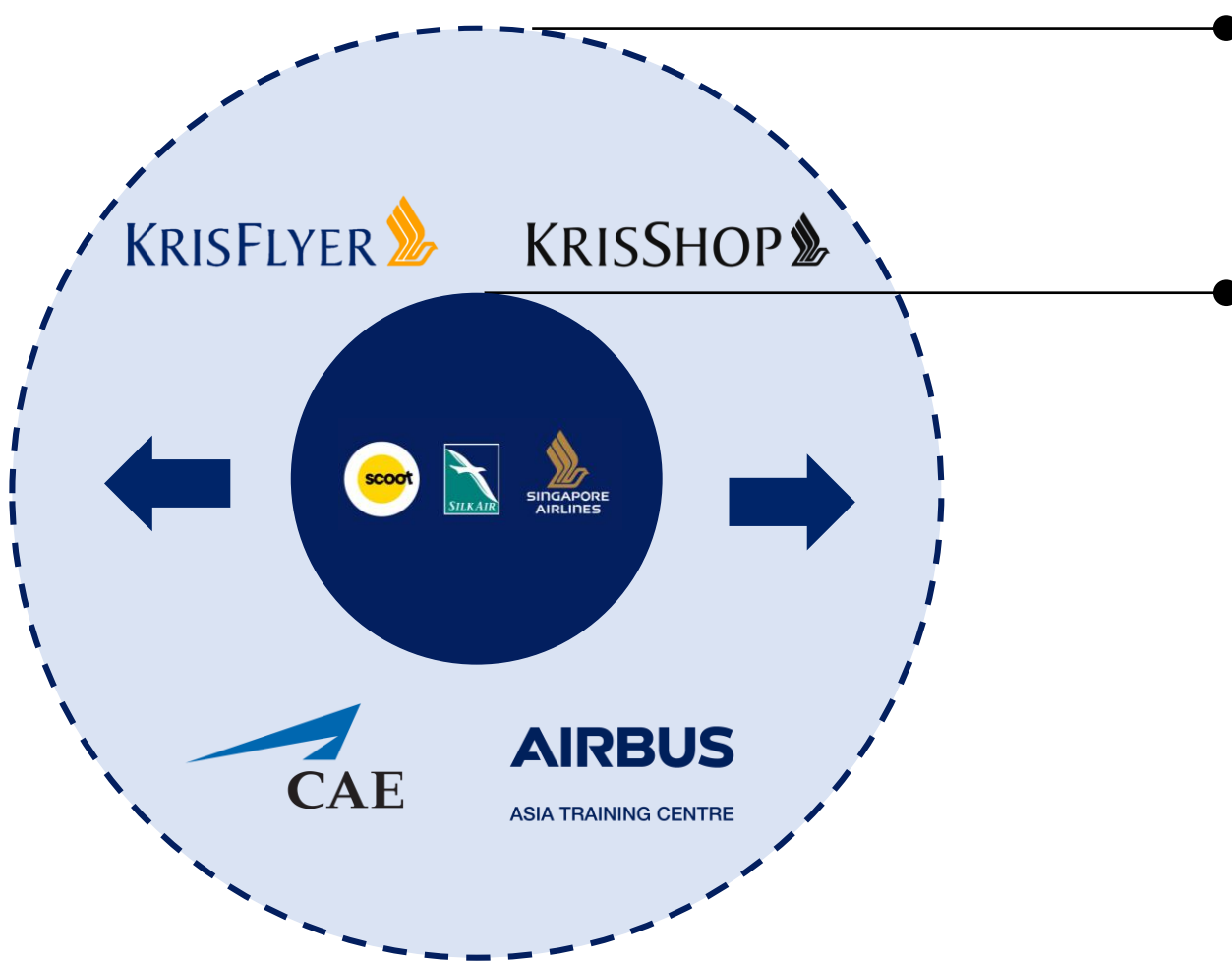


Fleet size to nearly double by end FY 19/20

- 42 aircraft by Mar'20 (+20 vs Mar'19)
 - Inaugural 2x Boeing 787-9 to be delivered
 - To induct 6 more A320neo and 1 more A321neo

Key Strategies

New Business Opportunities



● New revenue streams that leverage on brand, data and competencies

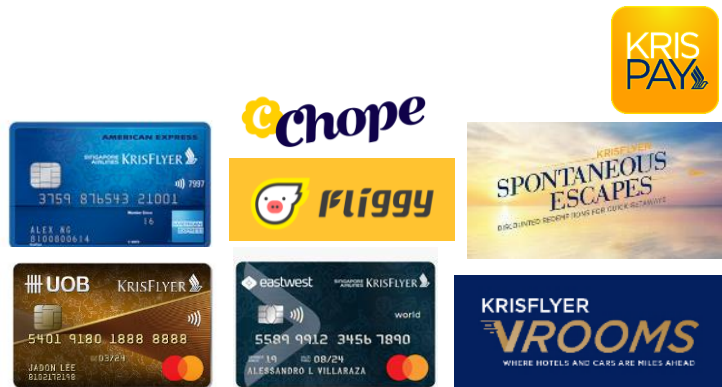
● Our core airline business

Key objectives

- Drive increased value to our customers
- Accentuate our brand value
- Develop new digital or technical capabilities for future growth
- Revenue contribution to the group

Value and benefits to our loyal customers

- Enhancement of programme benefits for EG, PPS, PPS SOL
- Myriad of miles earn and redemption options
- KrisPay platform to enable everyday engagement

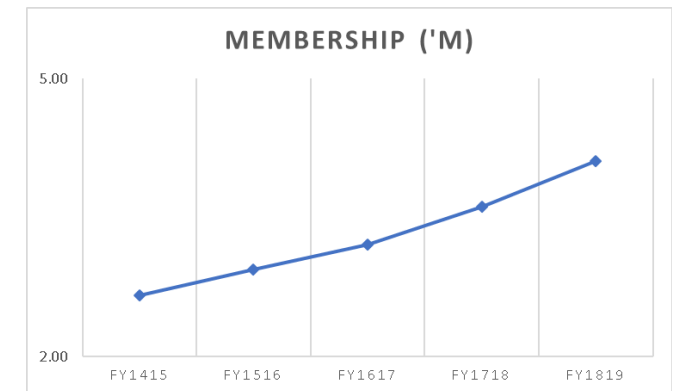


Strong revenue growth

- 18% YoY growth in FY18/19 to reach over \$700M
- >70% of this revenue is generated from over 200 partners
- Opportunities to further grow KrisFlyer in our key markets

Quality membership base

- We have been growing our membership at steady pace to reach over 4 million in FY18/19
- High quality membership



Leverage brand and customer base

- Leveraging SIA's trusted brand for curating the right product & services offered by KrisShop
- Sales channel to a captive audience e.g. inflight
- Integration with KrisFlyer and SIA's marketing infrastructure
- SIA Cargo's worldwide logistics capabilities

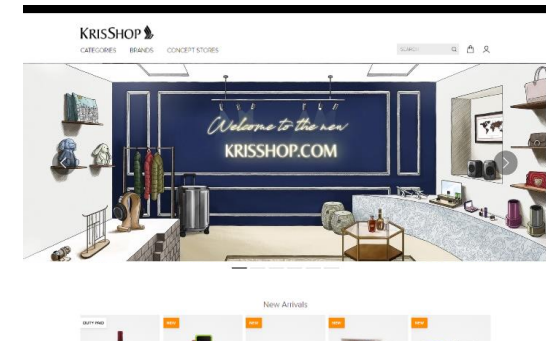


Tap into growing global travel retail

- Global travel retail growing, yet airlines' share, acting as inflight duty-free re-seller is small.
- KrisShop transformation into omni-channel e-commerce player, offering wider product range, to tap larger revenue pool, with higher margins
- KrisShop's annual revenue exceeds \$60M annualized

Enhanced shopping experience

- Dedicated team to grow the business
- Brand revamp and new website launch
- Growing product range with over 5,000 products from more than 350 brands





TRANSFORMATION

What have we achieved?

We have delivered more to our customers



New products and services

- Ongoing upgrade of T3 SilverKris & KrisFlyer Gold Lounges
- Upgrading SilkAir's aircraft product & integration to SIA



More personalised and authentic experiences

- **8 personalized** marketing use cases developed & more in the pipeline
- Enabling personalization with new technology e.g. KrisConnect



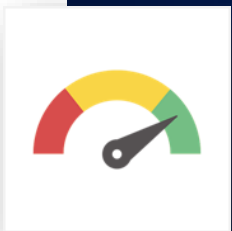
Achieved on time, all the time

- **5%pt** improvement in departure and arrival OTP



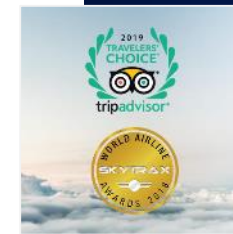
Reduced customer's effort

- **>10M hours** of customer effort/time saved per annum



Better customer satisfaction

- Improvement in **NPS** scores and increased customer satisfaction inflight & on-the-ground



Winning awards

- **240 airline** awards won since FY1718 (including "Best Airline in the World" by TripAdvisor in 2019)

Transformation

We have changed the way we work



Reduced staff's effort

- **>9,900 staff man days saved** from simplification and automation



Effective tools to improve our everyday

- **6 Apps developed** for ground staff/crew & **100+ dashboards** created for better decision making



Now move faster

- **60% improvement in speed of delivery** from transitioning to Agile



Built new capabilities

- **600+ roles** created/redesigned in organization-wide review
- **Sales Force Effectiveness** to be completed soon



Ideate to solve business problems

- **+550 ideas generated** internally, with 75 prototypes created and 17 implemented



Invested in training

- **80% of our organization trained** in at least 1 digital skill

Transformation

We have doubled-down on delivering operational excellence



Operational excellence in Engineering

- **14% reduction** in engineering-related flight delays
- **>500min** delay time mitigated through predictive maintenance models



Productivity gains

- **7% increase in productivity** in pilot and crew resource planning



SUSTAINABILITY

Sustainability

SIA has multiple initiatives in key areas

We continue to invest in modern and fuel efficient fleet

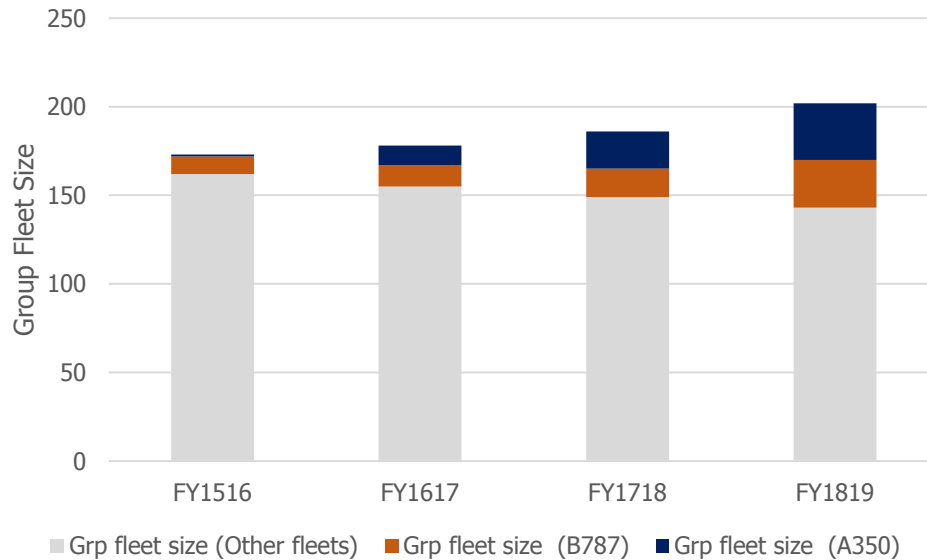
6 yr 2 mths

One of the youngest fleets in the world

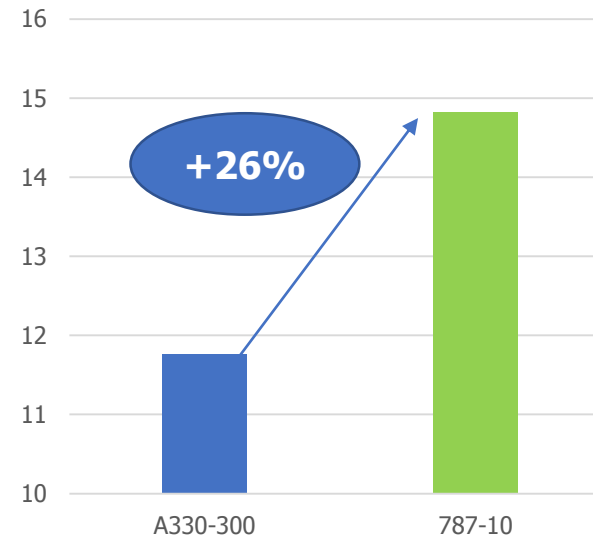
25% to 30%

More efficient new aircraft replacing older fleet

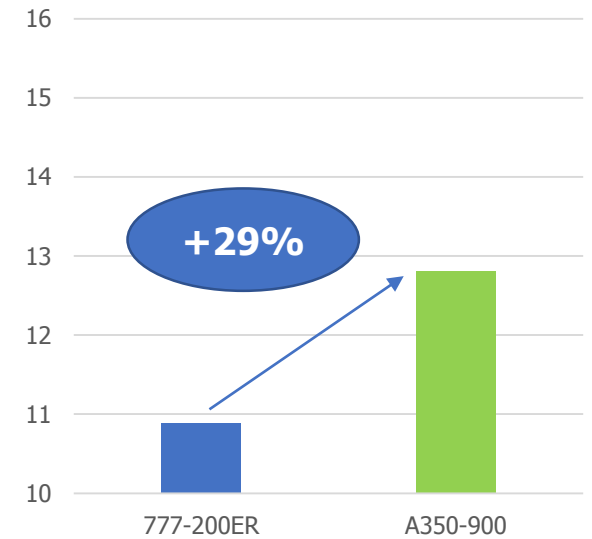
SIA Group Fleet Size



Fuel Productivity of Medium-Haul operations (LTK/AG)



Fuel Productivity of Long-Haul operations (LTK/AG)



Sustainability

SIA has multiple initiatives in key areas

We continue to do our part to protect the environment

56M kg



Fuel saved since FY15/16 from efficient operational measures eg:

- Tailored water uplift
- Optimised flight routings

320 tonnes



CO2 emissions saved from world's first green package flights

- 12 flights to San Francisco using biofuel
- equivalent to planting 680 trees

**6,900
hectares**



Forest restored in partnership with Harapan Rainforest Initiative

- Rainforest area covers about 1.5x Singapore
- Critically endangered animals protected

Sustainability

SIA has multiple initiatives in key areas

We manage our energy and resources onboard and within our premises

Onboard



3.8 M

Single-use plastic (SUP) swizzle sticks & 820K SUP straws reduced



1 M

Paper cups and plastic lids saved

- Re-usable cups used in cockpits



370 trees

Of paper saved annually by leveraging on digital technologies

- BEST, e-Flight folder, e-Voyage report



1st

Airline to tie up with a vertical farm in "from farm to plane" concept

Within Our Premises



18%

ALH/STC/TSQ electricity to be powered by solar panels



12%

Water consumption harvested from rainwater

- For watering plants and flushing toilets



800kg

Food and canteen waste recycled from Eco-digester in ALH daily

Sustainability

SIA has multiple initiatives in key areas

We engage our stakeholders and participate in community efforts



Employees continue to give back to community passionately

- Day camp organized by SIA Cabin Crew Club for Community Care with YWCA
- Participation in Community Chest Fu Dai event in 2019 during CNY

Overseas stations continue to reach out to their communities

- SQ JP – annual visit to children warded in Narita Red Cross Hospital
- SQ PH - supporting Bantay Bata's Bantay Edukasyon programme for 16 years

Partnering with SG Enable and Autism Resource Centre to feature artists with special needs

- In-flight products feature artwork from the Artist Development Programme (ADP)
- KrisShop Cares feature curated products and artworks from partner communities

Raised for Community Chest

- SG50 – \$2.5M, 2 events
- SQ70 – \$2.55M, 3 events

>\$5 Million

25 Million Miles

Redeemed under KF and Make-A-Wish Partnership since Feb'17

Thank you

