

QUESTION & ANSWER TRANSCRIPT
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E&OE – may be edited for grammar and clarity

Mr Siva Govindasamy: While we get ready for the Q&A session, I will quickly go through the house rules. If you have a question, please raise your hand and I will come to you. Please indicate your name and the organisation you represent, as we need that for our records. If you are online, please send your questions and we will take them as they come in. We are on a rather tight schedule because some of our executives need to catch a flight shortly after this, so we will be ending at 10:00 am Singapore time. I would like to invite Choon Phong, our Chief Executive Officer (CEO), and JoAnn, our Chief Financial Officer. Joining them, we have Lee Lik Hsin, our Chief Commercial Officer, Tan Kai Ping, our Chief Operations Officer, and Leslie Thng, the CEO of Scoot. Who would like to start, please?

Ms Tabitha Foo, DBS: Good morning, this is Tabitha from DBS. Are you able to share some insights on Scoot's yields? The decline of close to 8% year-on-year in the second quarter was sharper than expected, and a negative surprise given that the decline accelerated again after showing signs of moderation.

Mr Leslie Thng: Good morning. Thanks for your question. I think if you look at what Choon Phong has mentioned, from the last financial year until September 2025, Scoot has launched 12 new destinations. These new destinations will require time for the market to absorb the capacity. I think what is also important to note is that the ability for Scoot to expand also allows SIA to sell on its long-haul flights connecting to our short-haul flights. That is where the ability to cross-sell within the Group is. The decline is also due to Forex impact, as many regional currencies have depreciated against the Singapore dollar. Overall, I think the outlook for yield in the second half is good, as we do expect the rate of decline to be moderated going forward. For many of the routes that we have launched, you will realise that there is very strong demand, meaning there is demand for Scoot flights across the existing destinations, as well as new destinations. We have always said that pricing is a function of supply and demand, and that will give us more confidence to make adjustments going forward.

Mr Siva Govindasamy: Thank you, Leslie. Next question, please.

Mr Hashim Osman, Phillip Capital: Hi, Hashim from Phillip Capital. How are you viewing your carrying or fair value of your investment in Air India, given its performance?

Ms JoAnn Tan: We are going to do equity accounting against that, so it will be deducted from our book value.

Mr Siva Govindasamy: Thank you. Why don't we go to Chuanren and then Peck Gek, and then we will go online. Thank you.

Mr Chen Chuanren, Air Transport World: Thank you. Staying on Air India, is there anything that the Group can do at a strategic level to help Air India turn around?

Mr Goh Choon Phong: As a strategic investor, we would do whatever we can to help and deal with the challenges in Air India's transformation journey. We do have quite a lot of interactions and engagement with colleagues in India, offering our expertise and help whenever needed, as appropriate.

Ms Tay Peck Gek, The Business Times: Peck Gek from The Business Times. What is the maximum investment that SIA is willing to invest in Air India? What is the maximum loss you are willing to tolerate?

Mr Goh Choon Phong: I think you are asking for a projection from us, and we do not provide that. All we can say is that we remain very committed to the transformation of Air India. This is a long-term investment for us, and we are under no illusion that along the way there will be challenges.

Mr Siva Govindasamy: Shall we go to Mayuko?

Ms Mayuko Tani, Nikkei: I believe under the yield pressure, short-haul routes are more vulnerable compared to the long-haul routes. How will Qantas' new super long flights that they recently announced affect your long-haul operations? Thank you.

Mr Lee Lik Hsin: We believe that competition is really par for the course. There will be new aircraft technology that enables new routes or new origin-destination pairs to be flown, such as what Qantas is doing. But if you look at the capability of the aircraft, the routes they intend to fly, and the number of aircraft that they have ordered, and compare this with the total market size for some of those routes, we believe it is not something that is going to be insurmountable in terms of our ability to continue to be significant in that marketplace.

Mr Siva Govindasamy: Thank you. We will go online. We will start with Danny Lee from Bloomberg. SIA says it is committed to Air India's transformation. Has Air India approached SIA as part of its ongoing overhaul for more money? If so, how much?

Mr Goh Choon Phong: We do not comment on discussions between shareholders. If there is something that can be announced, we will certainly do that.

Mr Siva Govindasamy: Thank you. We have Abhishek Law from the Mint in India. Can the losses at Air India be quantified for each one, and what are the reasons for this loss? Is Air India's transformation programme delayed? Fleet additions and refurbishments are slow. What is SIA's comment on this?

Mr Goh Choon Phong: These are questions that should be posed to Air India. Air India's CEO has been talking about the transformation progress, and you should watch that space. We are a shareholder, but we are a minority shareholder in this case. So, these are questions that Air India should be addressing, rather than us.

Mr Siva Govindasamy: The third question from online is from Kimberly Kao from the Wall Street Journal. Has customer confidence been affected when it comes to Air India? Is there a possibility that you will consider selling your stake in Air India?

Mr Goh Choon Phong: If you look at Air India's own published data on their load factors and statistics, those statistics do not indicate any loss of confidence.

Mr Siva Govindasamy: Thank you. One more question from Tan Sue-Ann from The Straits Times. She has a question on the delay of the Boeing 777-9. Can you shed light on the operational impact of the delay to 2027? What interim measures are there to manage any capacity shortfall? Will that entail operating the 777-300ERs longer than planned? Is SIA seeking compensation from Boeing?

Mr Goh Choon Phong: Any compensation discussion is between us and the OEM, so it is not for us to disclose. I think all of you are aware that SIA has always built flexibility into our fleet plan. In this case, even with the delay, we do not expect it to have any major impact.

Mr Siva Govindasamy: Thank you. We will go back to the room.

Ms Tay Peck Gek, The Business Times: Is the return of the capital meant to compensate for the drop in interim dividend?

Ms JoAnn Tan: The return of capital is because we are in a very strong financial position. I have shared that our cash balance is at \$8.5 billion, so those two things are quite different.

Mr Siva Govindasamy: Thank you, JoAnn.

Ms Amy Chow, Standard Chartered Bank: I am Amy from Standard Chartered Bank. As Singapore Airlines continues to selectively expand its network, what financial hurdle rates do you apply when exploring to these new routes?

Ms JoAnn Tan: We do not speak about our internal hurdle rates, but we will certainly consider our network growth from a longer-term commercial perspective.

Mr Chen Chuanren, Air Transport World: On fleet, I know you do not discuss your negotiations with OEMs, but, overall, I am wondering what your assessment of the aircraft market is right now? Do delays in progress make it harder for you to make a move looking forward? Can you describe more about the Wi-Fi LEO product that you will be introducing? Thank you.

Mr Goh Choon Phong: I think you are also asking about its impact on us specifically. There have been reports about the delays, and both OEMs have reported that. As we built our fleet plan, we have built in flexibility, so we are able to extend the use of existing planes to cover for it. You can expect that there will be discussions with OEMs on some of these actions that we are taking. So far, it has not affected us. As for delivery delays, I would just say that, in some sense, SIA is in a privileged position as one of the leading carriers. You can expect that we should have some preferential treatment.

Mr Tan Kai Ping: For your question on Wi-Fi LEO, this is a confidential discussion we are having, so I cannot disclose specifics. We do want to start with the long-haul fleet. We will begin retrofitting next year because that is where customers can benefit most. Customers will benefit from not just massively higher bandwidth, but also much better reliability in terms of Internet connectivity, so watch the space.

Mr Siva Govindasamy: We have an online question from Anthony Luo from BNP Paribas. Can you help us understand where non-fuel cost increases are coming from in more detail for SIA?

Ms JoAnn Tan: I have already called out the major areas of non-fuel cost increase, primarily around depreciation and leased aircraft charges, handling charges, passenger costs, and landing, parking and overflying charges. So, the numbers are all there in the chart. These are what we have disclosed. All of these primarily applies to the airlines, and with SIA being a major contributor, it is also applicable for SIA.

Mr Siva Govindasamy: Thank you, JoAnn. We have a question from Alfred Chua from FlightGlobal. It is a question on the fleet. What is the AOG situation now with Scoot? Are there signs of improvement or will it continue to increase?

Mr Leslie Thng: I believe this question is referring to the Pratt & Whitney engine issues. This year, we did have a slightly higher average number of aircraft that were grounded because of Pratt & Whitney. On average, from April to September, we had an average of about 6.5 aircraft that have been grounded. But having said that, we have extended the older-generation A320neos by a couple of years to mitigate the impact on our grounded aircraft. At the same time, because we have inducted the Embraer E190-E2s, and besides the new destinations that we have launched, we are deploying the Embraer E190-E2s on some of the existing A320 destinations so that we can continue to maintain the breadth of our network.

Mr Siva Govindasamy: Thank you, Leslie. Another question from Danny Lee from Bloomberg. What visibility does SIA have on travel demand in 2026?

Mr Lee Lik Hsin: We expect travel demand to remain fairly stable. Of course, there is increasing competition. But certainly, the passengers continue to want to fly.

Mr Siva Govindasamy: Thank you, Lik Hsin. We will go to Mayuko, please.

Ms Mayuko Tani, Nikkei: Thank you. I have another Air India-related question. You were saying that Singapore Airlines will provide the necessary support. Would you please share the support that you have been offering, especially after the accident? What do they need more of now?

Mr Goh Choon Phong: Thank you. This is managed and engaged between us, and we do not disclose that. Suffice to say, whatever areas where we are able to offer support or sharing, we will do so.

Mr Siva Govindasamy: Thank you. Any other questions?

Ms Tay Peck Gek, The Business Times: Have all the markets recovered compared to the pre-pandemic? Has the China market recovered?

Mr Lee Lik Hsin: From a load factor point of view, you can see that our load factors are very strong and in fact, have been improving. From that perspective, I would say, yes. Overall, the market has recovered. But of course, market to market, there are variations. But from a total point of view, it has fully recovered. To the question on whether the China market has recovered, we have very diverse sources of revenue from different locations. If you look at our load factors for flights to China, they have also recovered to pre-Covid levels. They are in the mid-80s now. As you probably know, the load factors for flights to China were back up to pre-Covid levels when we initially moved past the Covid-19 pandemic. But they certainly have recovered back to pre-Covid levels now.

Mr Siva Govindasamy: Thank you, Lik Hsin. Any other questions?

Ms Claudia Lim, CNA TV: Hello, Claudia, from CNA here. You have been investing heavily in new aircraft and workforce training. Can you quantify any cost efficiencies or productivity gains so far? And if not, when do you expect these benefits to show up?

Mr Goh Choon Phong: For aircraft technology, as you move from the older generation to the next generation, typically you can get up to, say, 25% improvement in fuel efficiency. One way to measure whether we have modern technology aircraft is by the average aircraft age, and ours is about seven years. The industry is more than double that, about 15 years. You can imagine the efficiency that we can get from there. As to productivity improvement, every single initiative that we launched, whether it is to improve the productivity of staff or to get us more opportunities on the revenue side, or to improve operations, all of them will have KPIs that are monitored. However, we do not disclose them. You can see by how our unit cost has been quite consistent over the years despite escalating costs that you can see all around.

Mr Siva Govindasamy: Thank you, Choon Phong. We have one more question from Danny Lee, Bloomberg. What is the state of AOG for SIA aircraft on Rolls-Royce powered aircraft?

Mr Tan Kai Ping: I would say that it is nothing significant. There are maintenance intervals and inspections as usual for certain engine types. But they are well absorbed within the maintenance provisions that we have in the fleet. I have nothing particularly significant to call out.

Mr Siva Govindasamy: Thank you. We have another question online from Abhishek Law from Mint again. Is there a scope to have more members from SIA on the Air India board? Are those discussions underway? Post-crash, what overhaul in processes would you suggest for Air India?

Mr Goh Choon Phong: Board representation is typically in proportion to your shareholding. But I do not think that is the key issue because we have a very strong and engaging relationship with the other major shareholder, Tata. There is no lack of engagement and interaction even at the working level. So that is not what I will be concerned about.

Mr Siva Govindasamy: Thank you. We have another question from Kimberley Kao from Wall Street Journal. Could you shed some light on how Jetstar Asia's exit has affected the industry and your impact on the strategy with Scoot?

Mr Leslie Thng: Since the exit of Jetstar Asia, Scoot has announced that we will launch two new destinations, Okinawa and Labuan Bajo, from December 2025. At the same time, we have also increased capacity, together with SIA, to some of the Jetstar Asia destinations including Bali, Jakarta, Bangkok, Penang, and Manila. At the same time, the Group has also proactively worked with Jetstar Asia then to re-accommodate their passengers. More importantly, because we continue to build the Singapore hub and as we grow, we will need talent as well. We have also recruited some of the former Jetstar Asia colleagues, whether they are pilots, cabin crew, or ground staff into the SIA Group.

Mr Siva Govindasamy: Thank you, Leslie. Any last questions?

Mr Chen Chuanren, Air Transport World: On products, you are hinting new First Class and Business Class products. What is the plan for the A380 for these new products and what is the fit of the A380s once the 777-9s are introduced? Thank you.

Mr Goh Choon Phong: We are not hinting. We are saying that we will be unveiling these new products by the first half of the next calendar year. For the A380s, we have retrofitted our products on the A380s, and our Suites continues to be industry-leading. There are no plans at the moment to have any further retrofits.

Mr Siva Govindasamy: Thank you, everyone, for coming today. Have a good weekend.