

JUNE 2020 OPERATING RESULTS

The operating results for June 2020 are given in the table below.

How SIA Group performed in June 2020			
	2020	2019	Change
SINGAPORE AIRLINES ("SIA") (PASSENGER)			
Capacity (M seat-km)	641.0	10,669.3	-94.0 %
Passenger-km (M)	79.8	9,254.8	-99.1 %
Passengers carried ('000)	13.9	1,883.5	-99.3 %
Passenger load factor (%)	12.4	86.7	-74.3 pts
<u>Load Factor by Route Region (%)</u>			
East Asia	13.1	83.8	-70.7 pts
Americas	17.9	89.8	-71.9 pts
Europe	10.2	88.4	-78.2 pts
South West Pacific	12.6	86.4	-73.8 pts
West Asia and Africa	-	87.3	n.m.
SILKAIR (PASSENGER)			
Capacity (M seat-km)	7.1	976.4	-99.3 %
Passenger-km (M)	2.6	791.0	-99.7 %
Passengers carried ('000)	1.2	414.4	-99.7 %
Passenger load factor (%)	36.6	81.0	-44.4 pts
<u>Load Factor by Route Region (%)</u>			
East Asia and Pacific	36.6	80.0	-43.4 pts
West Asia	-	83.6	n.m.
FULL SERVICE CARRIERS (SIA & SILKAIR)			
Capacity (M seat-km)	648.1	11,645.7	-94.4 %
Passenger-km (M)	82.4	10,045.8	-99.2 %
Passengers carried ('000)	15.1	2,297.9	-99.3 %
Passenger load factor (%)	12.7	86.3	-73.6 pts
LOW COST CARRIER - SCOOT (PASSENGER)			
Capacity (M seat-km)	73.1	2,949.2	-97.5 %
Passenger-km (M)	5.6	2,540.9	-99.8 %
Passengers carried ('000)	2.6	930.5	-99.7 %
Passenger load factor (%)	7.7	86.2	-78.5 pts
<u>Load Factor by Route Region (%)</u>			
East Asia	11.5	86.5	-75.0 pts
West Asia	-	88.0	n.m.
Rest of World	4.0	84.3	-80.3 pts
GROUP AIRLINES (PASSENGER)			
Capacity (M seat-km)	721.2	14,594.9	-95.1 %
Passenger-km (M)	88.0	12,586.7	-99.3 %
Passengers carried ('000)	17.7	3,228.4	-99.5 %
Passenger load factor (%)	12.2	86.2	-74.0 pts
SIA CARGO			
Capacity (M tonne-km)	364.3	937.9	-61.2 %
Freight tonne-km (M)	300.7	537.9	-44.1 %
Freight carried (M kg)	51.7	99.8	-48.2 %
Cargo load factor* (%)	82.5	57.4	25.1 pts
<u>Load Factor by Route Region (%)</u>			
East Asia	89.2	50.3	38.9 pts
Americas	72.7	62.6	10.1 pts
Europe	91.1	68.8	22.3 pts
South West Pacific	74.0	48.4	25.6 pts
West Asia and Africa	99.6	66.7	32.9 pts

* Cargo capacity for passenger aircraft is based on the payload that is typically set aside for cargo carriage. However, when a passenger aircraft operates with low passenger loads or on a pure cargo mission, the cargo carried could be in excess of such capacity.

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In June 2020, the demand for air travel continued to be severely impacted as border controls and travel restrictions remained in place around the world. Group passenger capacity (measured in available seat kilometres) was down by 95.1% year-on-year. Overall passenger carriage (measured in revenue passenger-kilometres) was lower by 99.3%, resulting in a Group passenger load factor ("PLF") of 12.2%, a decline of 74.0 percentage points year-on-year.

SIA's capacity was 94.0% lower compared to last year's, with only a skeletal network in operation connecting Singapore to 24 metro cities. Passenger carriage declined 99.1%, resulting in a PLF of 12.4%.

SilkAir's passenger carriage decreased by 99.7% year-on-year against a 99.3% cut in capacity. PLF was 36.6%. During the month, SilkAir only operated flights to Chongqing, Kuala Lumpur and Medan.

Scoot's passenger carriage declined 99.8% year-on-year against a contraction in capacity of 97.5%, which led to a PLF of 7.7%. During the month, Scoot temporarily ceased operations to West Asia and Europe, while maintaining flights to Hong Kong and Perth, and adding flights to Ipoh, Penang and Kuching.

Cargo load factor ("CLF") was 25.1 percentage points higher as the capacity contraction of 61.2% year-on-year outpaced the 44.1% decline in cargo traffic (measured in freight tonne-kilometres). Capacity contraction would have been much greater, save for the deployment of passenger aircraft on cargo-only flights. All regions registered improvements in CLF.

TRADING UPDATE

As shown in SIA Group's Operating Results for June 2020 that were released today (15 July 2020), the Covid-19 pandemic continues to have a severe impact on international air travel.

In the last month, a green lane has been established between Singapore and selected cities in China. Some restrictions on transit through Singapore have also been lifted. Nonetheless, progress towards a global lifting of border controls and travel restrictions, which could facilitate or result in the easier movement of travellers between countries, is slower than earlier expected.

Industry experts, including IATA and ICAO, have continued to revise downwards their projections for the recovery of global passenger traffic in the near term. Industry forecasts currently expect that it will take between two to four years for passenger traffic numbers to return to pre-pandemic levels.

The SIA Group has also continued to review its capacity planning parameters given the evolving Covid-19 situation. Our current view is that the recovery trajectory will be slower than initially projected, and will have a material impact on our revenue generation capability in FY20/21.

In addition, the lower capacity projection reduces expected fuel consumption, causing more fuel hedges to be deemed ineffective under applicable financial reporting standards. These hedges consequently need to be marked-to-market. The marked-to-market impact as at 30 June 2020 will be recognised in the Profit and Loss statement for the first quarter of FY20/21. With jet fuel prices remaining relatively low, marked-to-market losses are expected to be recorded.

Accordingly, the SIA Group expects to report a material operating loss for the first quarter of FY20/21. Additional details will be provided on 29 July 2020, when a Business Update for the first quarter of FY20/21 will be announced.

The completion of the rights issue in June 2020 strengthened SIA Group's financial position by reducing its financial gearing and increasing its liquidity. Nevertheless, the Group continues to actively pursue cost management measures and options to conserve cash, and retains the flexibility to raise further liquidity as necessary.

As announced earlier, a task force has been set up to ensure that all aspects of our operations, products and services are reviewed and refined in accordance with the requirements and customer value drivers of a post Covid-19 world. The SIA Group will remain nimble and be ready to scale up capacity to match demand as international routes re-open and travel sentiments improve.