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Mr Siva Govindasamy: Thank you, Mr Goh. We will now move on to the question and answer segment. For this, Mr Goh and Mr Barnes will be joined by Mr Mak Swee Wah, Executive Vice President Operations; Mr Lee Lik Hsin, Executive Vice President Commercial; and Mr Tan Kai Ping, Executive Vice President Finance and Strategy. We have around 30 minutes and we have many participants. As always, I would like to request that each participant limit themselves to just one question. If you could identify yourself before you ask your question, that would be very useful for us. Rishi please, could we have the first question.

Ms Rishi: Certainly. The first question is from the line of Louis Chua from Credit Suisse. Your line is now open.

Mr Louis Chua, Credit Suisse: Hello, good morning. Louis from Credit Suisse here. My question is on the capital expenditure projections. Would you be able to share with us the numbers that you last had, I think in the full year results, the projected Capex for aircraft and others for FY20/21 and beyond. Thank you.

Mr Stephen Barnes: Hello, this is Stephen. We certainly had anticipated and hoped that we would be able to provide an update to our capital expenditure numbers but as I mentioned earlier, we have not quite concluded negotiations with Boeing. So that remains outstanding. Our intention would be to apprise the market at the right time, but we are not yet ready to disclose where we have got to.

Ms Rishi: Once again, may we remind everyone it is star one for questions. The next one is from Chen Chuanren from Air Transport World. Your line is now open.

Mr Chen Chuanren, Air Transport World: Hi, thank you. Good morning, Chuanren from Air Transport World. You mentioned that you are looking to increase revenue from your ancillary products such as KrisFlyer, KrisShop and even the SIA Aviation Academy. What is the ideal revenue or percentage contribution of these segments to SIA's income in the near future? Thank you.

Mr Goh Choon Phong: Hi, Choon Phong here. As you are aware, these are relatively new ventures and we are kind of in a midst of a crisis, the Covid-19 pandemic. Therefore, it is probably premature for us to provide any guidance or projections on what kind of revenue we can expect. Obviously, we think that going forward, as the market recovers and the business comes back, we will be able to look forward to at least something that is more material.

Ms Rishi: The next question is from the line of Raymond Yap from CIMB. Your line is now open.

Mr Raymond Yap, CIMB: Hi everyone. My question is on the cargo space. The two A320neos that had their seats taken out, when did they actually start flying? I am not sure whether you mentioned it just now, I may have missed it. Also, what is the payback period for the cost of removing the seats, and then later putting the seats back on, and whether there is a cargo uptake in the fourth quarter, in the year-end cargo? Thanks.

Mr Lee Lik Hsin: Yes, the A320s were done quite some time back. They were the first to experiment with this modality, whereas the 777s were more recent. In terms of payback for both the aircraft types, the cost of taking out and putting back the seats later, it is all expected to be within a very short time frame, within a period of a year. That is why we are so confident to go ahead with it. To the final question of the uptake in the year-end cargo, the peak period, yes, we continue to see growing demand and we expect there to be a peak season for the year end.

Ms Rishi: And the next question is from Adrian Schofield from Aviation Week. Your line is now open.

Mr Adrian Schofield, Aviation Week: Thanks a lot. This is Adrian here from Aviation Week. A two-part question if I may. How are you planning your connecting banks differently due to the severe reduction in flights and city pairs, and also, how do you think the role of connecting hubs will change in the immediate post Covid-19 environment?

Mr Lee Lik Hsin: Hi, this is Lik Hsin again. So, obviously we would not be able to have a similar complexity of connecting banks that we had pre-Covid-19 given the big reduction in services, but we have made sure that the key connecting corridors are able to flow through the passengers and we have made provisions for that in our network planning. To the second question of hub development in the future, we believe certainly that hub activity will still be important and that is a cornerstone of our strategy. We would want to remain one of the pre-eminent hubs in the world for global travel.

Ms Rishi: Thank you. The next question is from Ian Wong from UBS. You may now proceed with your question.

Mr Ian Wong, UBS: Thank you for taking my question. Two questions if I may. Given the \$1.3 billion impairment losses being recognised for 26 of the aircraft, is it safe to say that this is probably it for the near term, in terms of impairment of the aircraft? Secondly, if I may, can I please get an update on the cash burn rate at the moment, given the outlook of a 16% capacity of pre-Covid-19 levels by December. Thanks.

Mr Tan Kai Ping: Thank you for your question. This is Kai Ping. The impairment of \$1.3 billion in respect to 26 older-generation aircraft was a result of the network and fleet review as we looked at the trajectory post-Covid-19. So that is our best view of the world right now.

Mr Stephen Barnes: On the cash burn, it has reduced compared with the first quarter. We are currently seeing below \$300 million cash burn on a monthly basis.

Ms Rishi: The next question is from Tan Gek Leng from Shin Min Daily News. Your line is now open.

Mr Tan Gek Leng, Shin Min Daily News: Hi, this is Gek Leng from Shin Min. I would like to ask, because the Discover Your SIA, especially the Restaurant A380 and the Inside SIA, has been very popular. Is there any decision to make it a more constant offering, or a more regular offering?

Mr Lee Lik Hsin: This is Lik Hsin again. As you know, we recently concluded our Restaurant A380 series and we are now putting all of our efforts into the next series of activities, which is the Inside SIA experience, an inside look at our training centre. I think at this time, we would want to concentrate on making that as big of a success as our Restaurant A380, before we make any further considerations.

Ms Rishi: Next question is from Brendan Sobie from Sobie Aviation. Your line is now open.

Mr Brendan Sobie, Sobie Aviation: Hi, good morning. I have a question about the ULRs and the future of the ULRs. Have there been any review of those and any decision on whether you are going to keep all seven or maybe convert some of them to non-ULRs. This takes into account obviously that the US market is going to be a bit slow in coming back, the presumed segment in which these aircraft are very heavy on, it is going to be slower to recover and also the fact that there are improvements to the non-ULR maximum payload and your experience with the non-ULR on the LAX route

since April. Keeping all those reminders, wondering what your thoughts are on the ULRs going forward?

Mr Goh Choon Phong: Hi Brendon, Choon Phong here. The simple answer to your question is 'no'. There is, at this point in time, no decision on the ULRs. We are, at this point in time, still keeping those ULRs and we look to be able to deploy them when the opportunity comes.

Ms Rishi: Next question is from Tang See Kit from Channel NewsAsia Digital. Your line is now open.

Ms Tang See Kit, CNA Digital: Hi, thank you so much for taking my question. So, I have one on the company's ability to continue raising liquidity. I know you said that you are exploring various options, but I was wondering how feasible are they in terms of these options actually materialising and big enough to support the company's expenses given how air travel limits will likely remain in place for some time, or does the company see the need to ask the government for financial support at some point?

Mr Tan Kai Ping: Thank you for the question. This is Kai Ping. Choon Phong mentioned that we are exploring the sale and leaseback market and the debt capital markets. Both are at a very advanced stage, so we are confident of the access to those markets and the liquidity.

Ms Rishi: Next question is from Ajith from UOB. Your line is now open.

Mr Ajith, UOB: Hi, I have just got one question. This is regarding potential conversion of passenger aircraft to cargo. You have outlined two 777-300s, but you have quite a number of 777-300ERs and even A380s in your fleet. What is the scope for converting some of these aircraft to cargo, by removing the passenger seats?

Mr Lee Lik Hsin: Yes, this is Lik Hsin. We normally would enter into this conversion only when we have secured the business, or are very confident of the business, on a particular route. Which is what we did in the case of all of the aircraft that have shown to be converted. So, we will continue to explore with our business partners, with the freight forwarders, on whether there are additional such routes, which can take the operating cost of that conversion, where it will make a positive business case for us. Thank you.

Ms Rishi: Next question is from Shaurya Visen from Goldman Sachs. Your line is now open.

Mr Shaurya Visen, Goldman Sachs: Hi, Shaurya from Goldman Sachs. Thank you for taking my questions. So, I have two quick ones for you. It is on financing basically. So, can you let us know on the MCBs. What is it that you were looking for when you decided to raise them? Is it like a certain net debt-to-equity ratio that you are looking for or some other metrics before you raise further capital there? And secondly, you mentioned some other sources of financing. Are you also looking to sort of monetise your card business, like KrisFlyer or something which the US airlines have done? Any chance you can give us like a ballpark as to what your internal estimate of the value of that KrisFlyer business is? Thank you.

Mr Tan Kai Ping: Thank you for the question. This is Kai Ping. I do not think we are ready to discuss the financing plans further than what we have spoken about at this briefing. So, I think the course of the recovery and the pandemic is really still full of uncertainties. What we are doing right now is making sure that we are proactive and ready to seize all opportunities and be in the position to seize on the opportunities to recover.

Ms Rishi: Next question is from Mayuko Tani from Nikkei. Your line is now open.

Ms Mayuko Tani, Nikkei: Hi, thank you for taking my question. About the surplus aircraft, you have said that so far this is it. But may I know what is going to happen to those aircraft? How does the aircraft market look like, how long is it going to take to sell? With negotiations with Airbus and Boeing, Airbus has concluded and Boeing at an advanced stage, what is the number of the fleet that we can expect at the end of the year and into 2021? Thank you.

Mr Tan Kai Ping: The aircraft that have been impaired, 26 aircraft have been impaired, a lot of them are actually already due at some stage in the near future to leave the fleet. So, the reason why we are impairing them is because we do not see them taking to the sky, these are the least efficient aircraft, if you stack them up. We don't see them taking to the skies again. Therefore, we have taken the impairment. In respect of the A380s, the seven that we have impaired, they have reached basically certain maintenance windows, heavy maintenance windows, that it would make sense for us to ground them and take them out service rather than spend more money on them because we also do not see them taking to the skies again. So that is how we came around to those 26 airplanes. They will basically be disposed through the most economic means.

Mr Goh Choon Phong: Okay, your other question on Boeing, as what Stephen has said, when we have completed the negotiation, we will be able to share more.

Ms Rishi: Next question is from Kaseedit from Citibank. Your line is now open.

Mr Kaseedit, Citibank: Hi, good morning. Thank you for your time. One quick follow-up question on the Capex and aircraft spend. I appreciate that you cannot disclose too much at this point in time. Can you reconfirm that it is purely deferral and there is no cancellation? Thank you.

Mr Tan Kai Ping: I think we are not ready to disclose at this point, because negotiation is at an advanced stage, so do not think it is in our best interest to talk about it at this point, until it is concluded.

Mr Kaseedit, Citibank: Okay, that is fair. Thank you very much.

Ms Rishi: Next question is from Pang Kia Nian from Lianhe Zaobao. Your line is now open.

Mr Pang Kia Nian, Lianhe Zaobao: Hi, I am Kia Nian from Zaobao. You have the option to exercise the MCBs to raise another \$6.2 billion. May I know when you would exercise this option? Would that be sufficient for the next 12 months or you have to complement it with other options like tapping on the debt market?

Mr Tan Kai Ping: Hi, this is Kai Ping. No decision has been made yet on the S\$6.2 billion of additional MCBs, that is available for us to call upon if necessary up to the next annual general meeting. At the same time, we are taking a proactive posture in respect of liquidity as I mentioned before.

Ms Rishi: Next question is from Lorraine Tan from Morningstar.

Ms Lorraine Tan, Morningstar: Good morning. Just a follow-up on the Capex. First off, Capex is significantly below that of the first half of the year ago. Just wondering whether we can use this figure to represent what it might be in the second half, pending your negotiations with the aircraft makers. Thanks.

Mr Tan Kai Ping: I think you should just wait for when we conclude the discussions, and we will disclose what the Capex profile is to the market.

Ms Lorraine Tan, Morning Star: Sorry, can I just ask, so what were the main things spent on in the first half then?

Mr Stephen Barnes: By value, the largest expenditure is certainly still the aircraft, by a long way. Really all of the other projects that could be stopped, were stopped. So, it is really dominated by aircraft purchases and certain amount of capitalise maintenance expenditure as well.

Ms Rishi: Next question is from the line of Tay Peck Gek from The Business Times. Your line is now open.

Ms Tay Peck Gek, The Business Times: Good morning, this is Peck Gek from The Business Times. Given your current liquidity, how long do you think you will last?

Mr Stephen Barnes: So, we currently expect that that we will need to make a decision relating to the MCBs towards the end of the first calendar quarter. So, I think that is really the indicator in terms of the expected liquidity.

Mr Goh Choon Phong: This is Choon Phong here. As you know, the market is very dynamic at the moment. The key is, as I was mentioning in my presentation earlier, the market is going to change because the testing regimes and protocol that we put in could be further improved as new tests are available, and that could stimulate the market. On the other hand, as you can see over the world, that there are also possibilities of resurgence, second wave, third wave and all that. So, there are all kinds of dynamics and we just have to be very nimble and flexible in responding to it. How that response to how the market evolves would obviously also affect our operations and our cash flow. There are just too many variables at this point in time to do any meaningful projections.

Mr Siva Govindasamy: Rishi, next question, please. But if we could ask the participants to put themselves on mute after we have asked the question so that we prevent an echo, thank you. Sorry and if I may, we just have probably time for another three more questions. So, the next three please.

Ms Rishi: Next question is from Paul Yong from DBS. Your line is now open.

Mr Paul Yong, DBS: Hi, good morning everyone. You guided that we expect to be at about 16% of pre-Covid-19 capacity by the end of the year. Could you provide a little bit more colour on the longer term, like you know, where do you think we could be by the middle of next year? Of course, I understand it is very dynamic, but you know, could you share with us, for example, what is underpinning your sort of assumptions, for example, the ineffective fuel hedging going forward. Thanks.

Mr Tan Kai Ping: Sorry, Paul, could you repeat your question?

Mr Paul Yong, DBS: So, where do you expect your capacity to be, by say the middle of next year or you know, any guidance on where you expect capacity restorations be like beyond the end of this year?

Mr Lee Lik Hsin: As pointed out by our CEO, there are many variables in the market, both positive as well as potentially negative in terms of testing, in terms of resurgence. So, it would be premature for us to talk about next year. We are, as you note, increasing our capacity towards the end of the year from where we are today. That is because we do believe that some of the things we have mentioned – the various opening of the green lanes, potential air travel bubbles and improvements in testing technology – all these we do believe have a positive effect. That is why we have increased the capacity. It is too early to talk about what it is going to be like next year. Thank you.

Mr Paul Yong, DBS: But what is underpinning the fuel hedging ineffectiveness charge? Like, you know, we have to assume a certain capacity beyond December in order to take that S\$560 million charge for the surcharge.

Mr Stephen Barnes: Okay, so by way of guidance, we assumed recovery in capacity takes us to close to 50% by the end of calendar 2021.

Mr Goh Choon Phong: I just want to add that of course, as you correctly pointed out, in order to arrive at the number for fuel hedging effectiveness, we need to have some underlying assumptions. But that is not to say that that is the way we will operate, because of how dynamic the situation is out there. You can be rest assured that we will seize all opportunities of course, but we got to be very nimble.

Ms Rishi: The next question is from Gregory Waldron from FlightGlobal. Your line is now open.

Mr Gregory Waldron, FlightGlobal: I would like to ask about the Hong Kong travel bubble. Has any thought been given to the aircraft that will be employed in that bubble, and is there any thought to perhaps putting the A380 onto that route when the bubble opens? Thank you.

Mr Lee Lik Hsin: This is Lik Hsin. We are obviously very keen to make the bubble a success. Of course, we do have to take into account the various considerations that the Government, the regulators, will have in approving such a bubble. Being experimental, we can expect some level of conservatism. So, I think the ability to put our biggest passenger aircraft onto that bubble route, I think you can be sure that that will not be the case. We will be using one of our smaller aircraft. Thank you.

Ms Rishi: The last question is from the line of Chu Peng from OCBC. Your line is now open.

Ms Chu Peng, OCBC: Hi, I understand that cash burn is \$300 million on a monthly basis now. May I know the level before Covid-19, and are we expecting further reduction on cash burn? Thank you.

Mr Tan Kai Ping: Sorry, could you repeat your question? We didn't quite hear it.

Ms Chu Peng, OCBC: So, the cash burn is \$300 million on a monthly basis. May I know the level before Covid-19, and are we expecting further reduction on cash burn?

Mr Tan Kai Ping: We were profitable before Covid-19, so it was positive cash generation. So, would you like to clarify your question?

Ms Chu Peng, OCBC: Just now, it was mentioned that the cash burn is \$300 million now on a monthly basis, so I was just wondering what the level was before Covid-19, the cash burn level. Also, are we expecting further reduction on cash burn?

Mr Stephen Barnes: Sorry, apologies for wanting to make sure we had the question correct. Our operating cash position pre-Covid-19 was that we were in positive territory. We had surpluses. But in this first quarter, we actually provided some updates, or in August I think, as to where we were. Sort of in the May, June, July period, our cash burn was in the region of \$350 million dollars monthly and the indication that we gave most recently is that our cash burn is \$300 million and reducing.

Mr Siva Govindasamy: Thank you, Stephen. Thank you everyone. We have now come to the end of our media and analyst briefing. We hope to see everyone in person at our full year briefing, hopefully, if things get better. So, with that I would like to thank our participants. Have a good day everyone and good week, and good luck. Stay safe, thank you.

(ENDS)