



# SIA GROUP

1H FY2019-20 Results  
5 November 2019





# Group Financial Results

# Group Financial Results

## Key Takeaways – 1H FY19/20 Results

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### **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.**

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# Group Financial Results

Q2 & 1H FY19/20

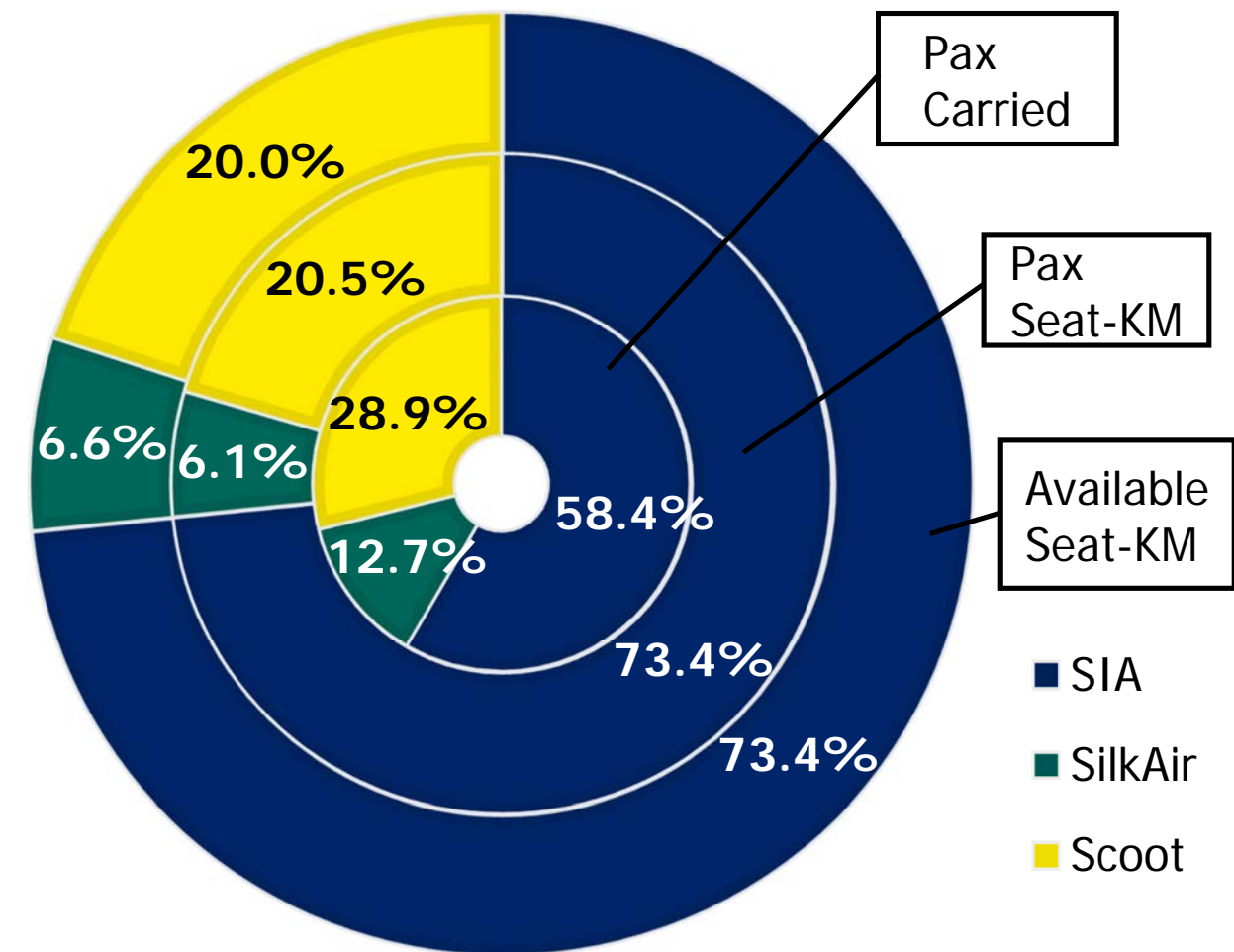
	Q2 FY19/20 (\$'m)	Q2 FY18/19 (\$'m)	Better/ (Worse) (%)	1H FY19/20 (\$'m)	1H FY18/19 (\$'m)	Better/ (Worse) (%)
<b>Total Revenue</b>	<b>4,222.3</b>	<b>4,062.1</b>	<b>3.9</b>	<b>8,324.5</b>	<b>7,906.6</b>	<b>5.3</b>
<b>Total Expenditure</b>	<b>4,009.2</b>	<b>3,829.2</b>	<b>(4.7)</b>	<b>7,911.4</b>	<b>7,480.6</b>	<b>(5.8)</b>
-- <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>
<b>Operating Profit</b>	<b>213.1</b>	<b>232.9</b>	<b>(8.5)</b>	<b>413.1</b>	<b>426.0</b>	<b>(3.0)</b>
<b>Operating Profit Margin (%)</b>	<b>5.0</b>	<b>5.7</b>	<b>(0.7) pt</b>	<b>5.0</b>	<b>5.4</b>	<b>(0.4) pt</b>
<b>Group Profit Attributable to Owners of the Parent</b>	<b>94.5</b>	<b>56.4</b>	<b>67.6</b>	<b>205.6</b>	<b>196.0</b>	<b>4.9</b>
-- <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

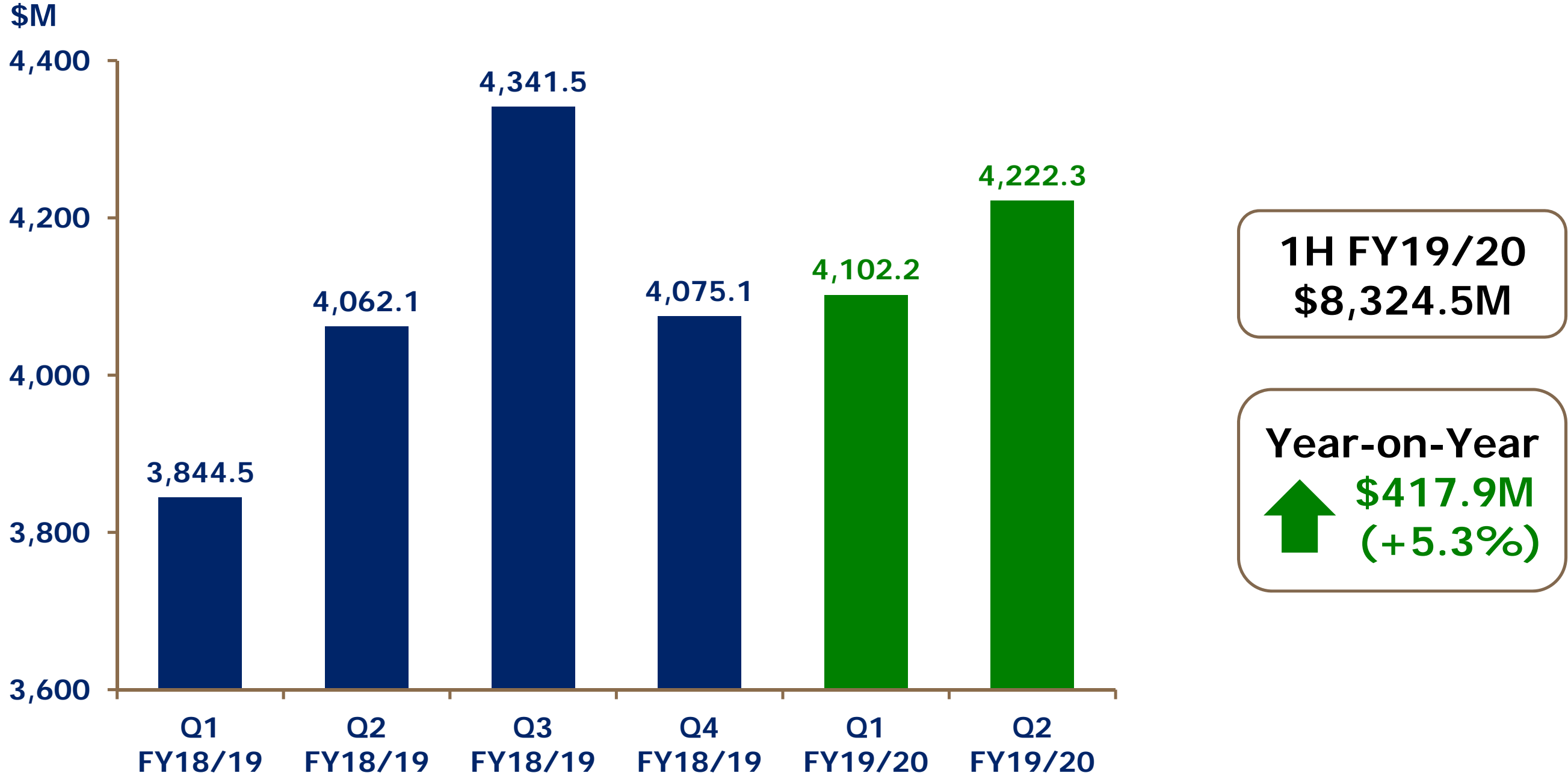
		Q2 FY19/20	Change (%)	1H FY19/20	Change (%)
	Pax carriage (PKM 'm)	28,314.9	8.2	54,943.2	8.6
	Capacity (ASK 'm)	32,972.9	7.3	64,975.6	7.4
	Pax load factor (%)	85.9	0.7 pt	84.6	1.0 pt
	Pax carriage (PKM 'm)	2,283.0	3.1	4,585.1	2.8
	Capacity (ASK 'm)	2,870.0	(0.6)	5,819.5	(1.1)
	Pax load factor (%)	79.5	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

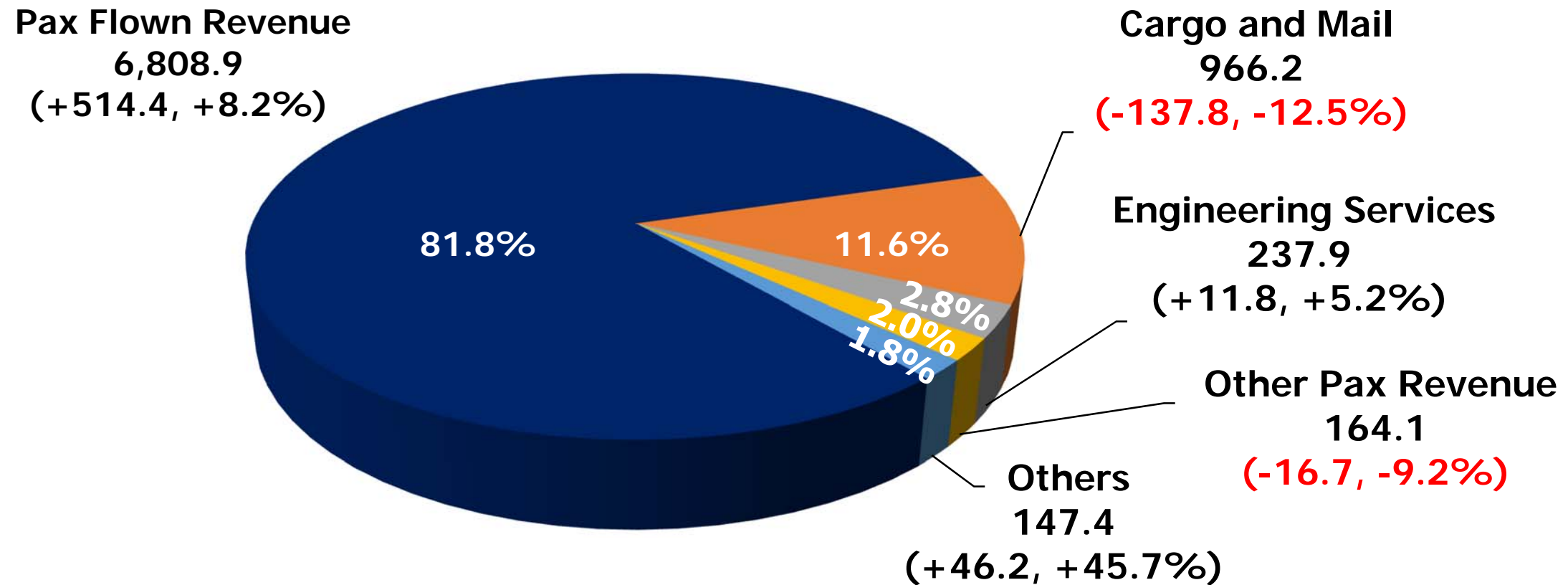
Improvement led by strong pax flown revenue



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# Group Revenue Breakdown 1H FY19/20

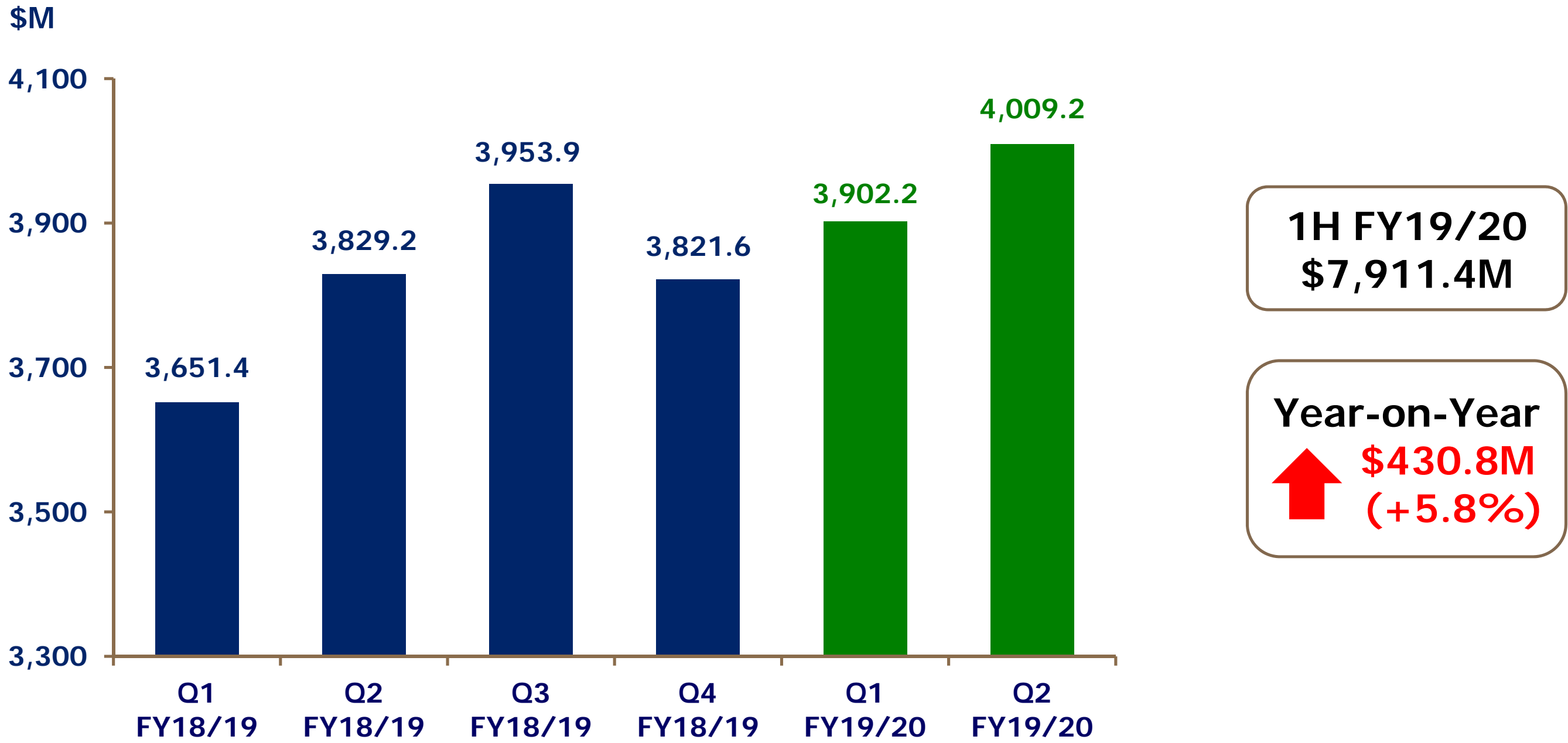
Strong pax traffic growth drove improvements in RASK and revenue



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



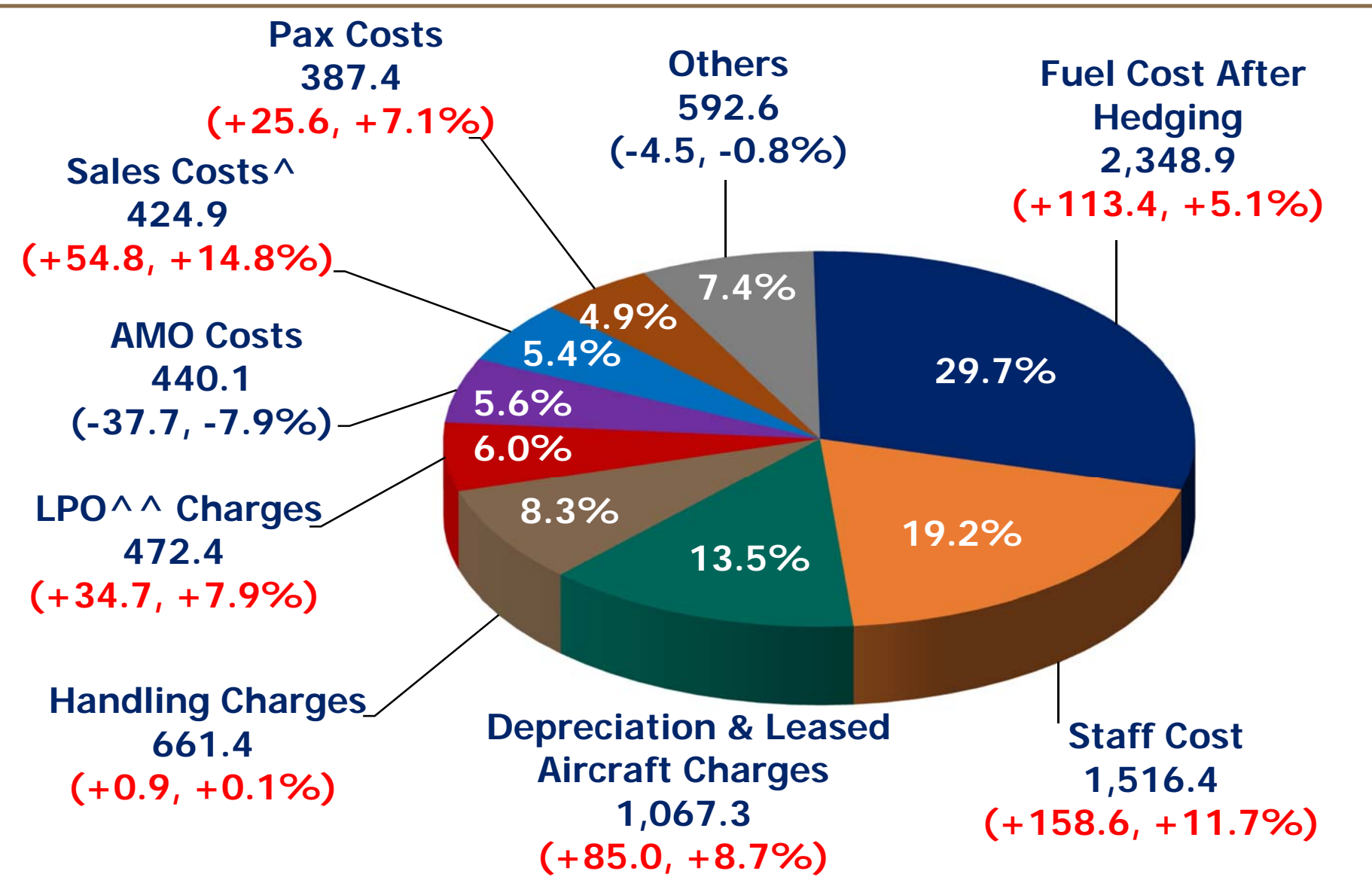
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# Group Expenditure Breakdown 1H FY19/20

Ex-fuel costs rose largely from expansion in operations



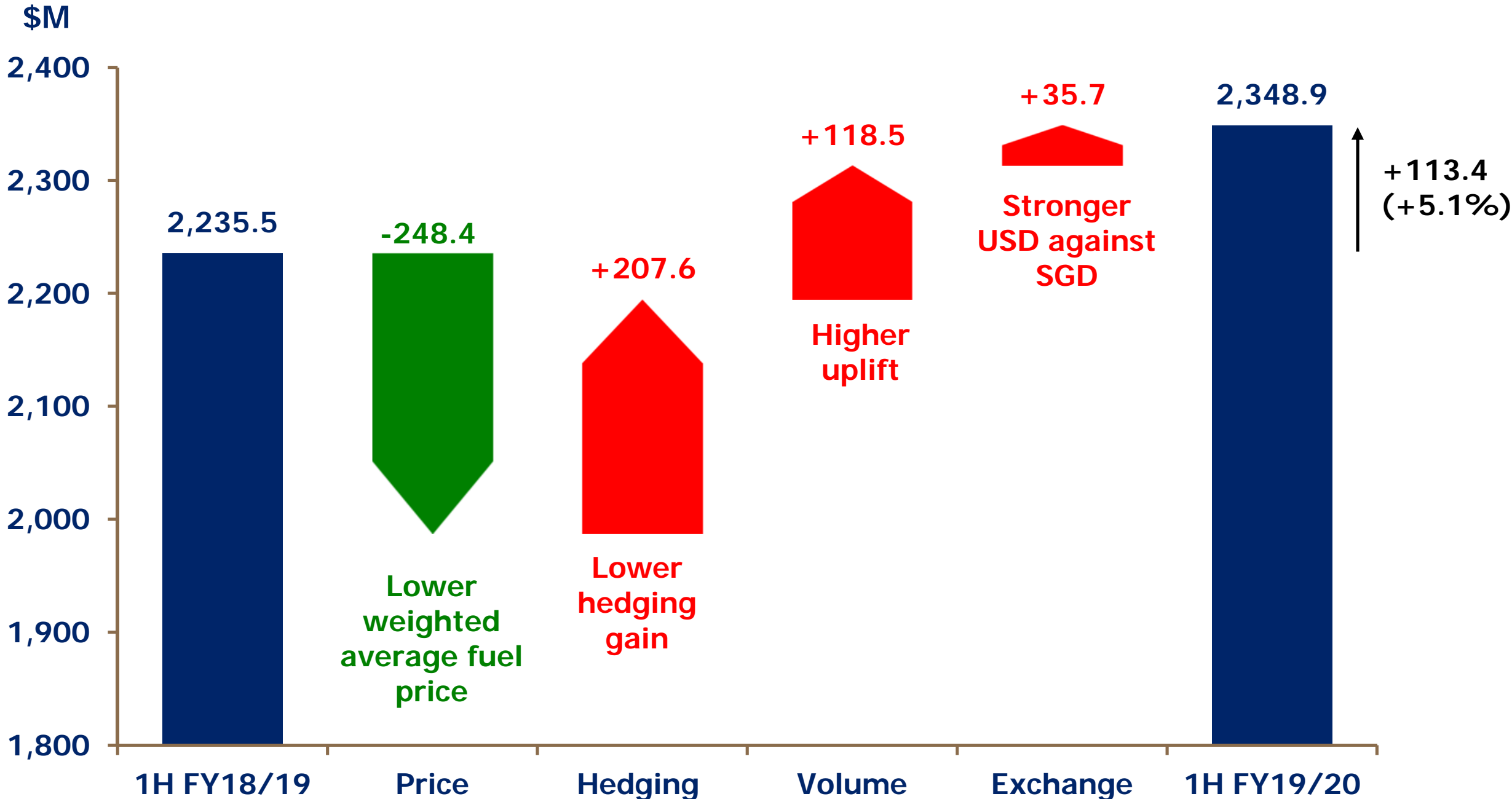
1H FY19/20	CASK y-o-y (%)	CASK ex-fuel y-o-y (%)
SIA (Pax)	+1.2	+1.9
SilkAir	+2.4	+3.2
Scoot	+3.9	+5.9

^ Includes commissions & incentives, and advertising and sales cost

^^ Landing, Parking and Overflying

# Group Expenditure – Fuel Cost 1H FY19/20

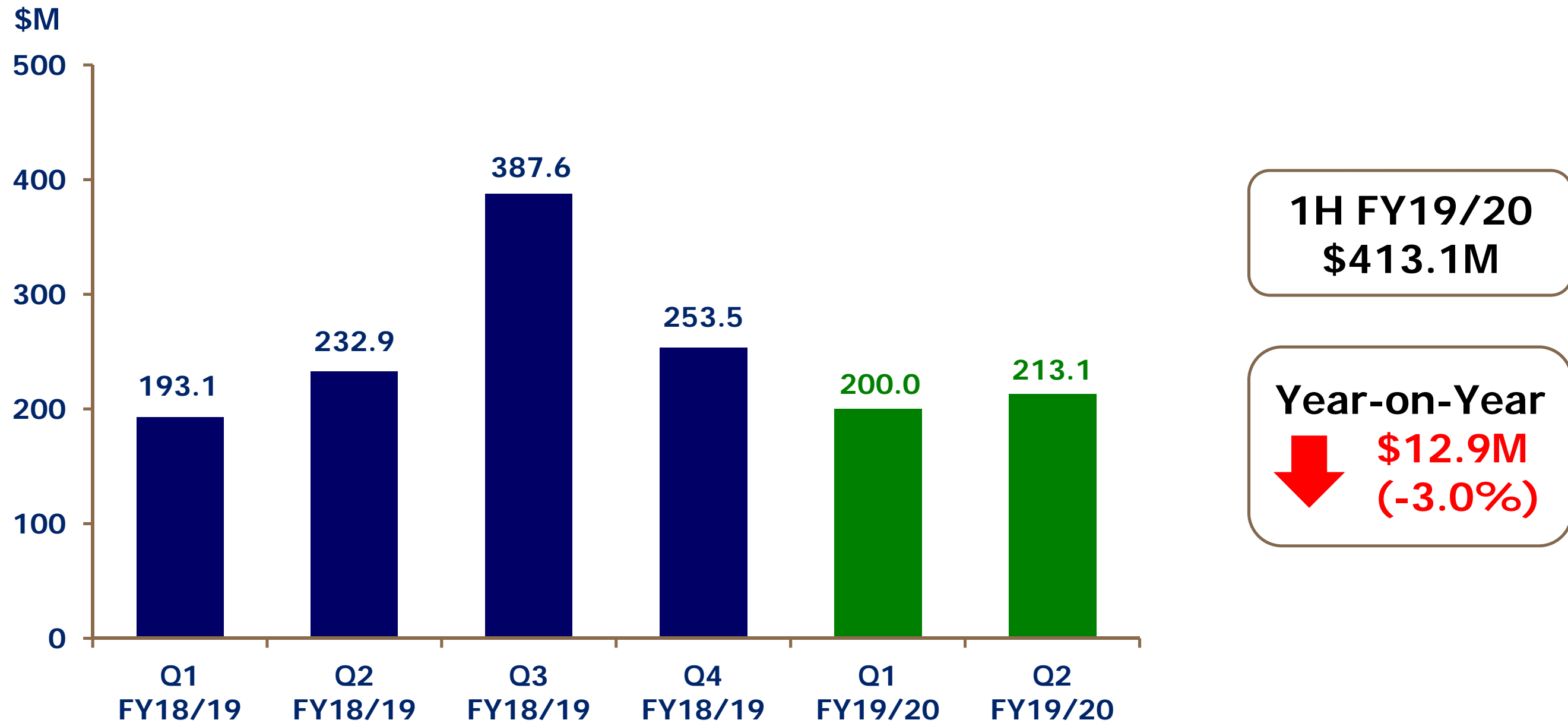
Net fuel cost rose, primarily contributed by an increase in fuel volume consumed on capacity growth



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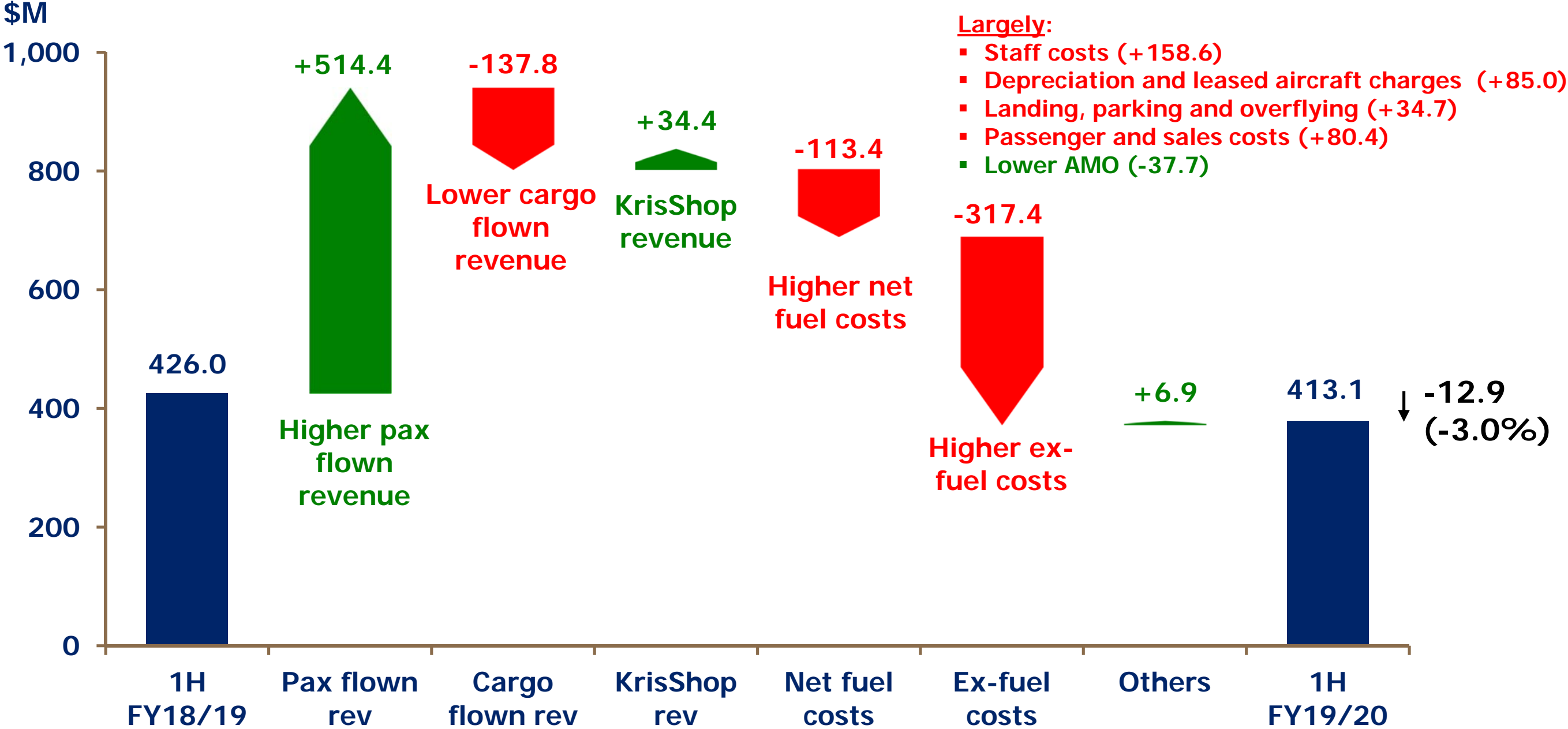
# Group Operating Profit 1H FY19/20

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



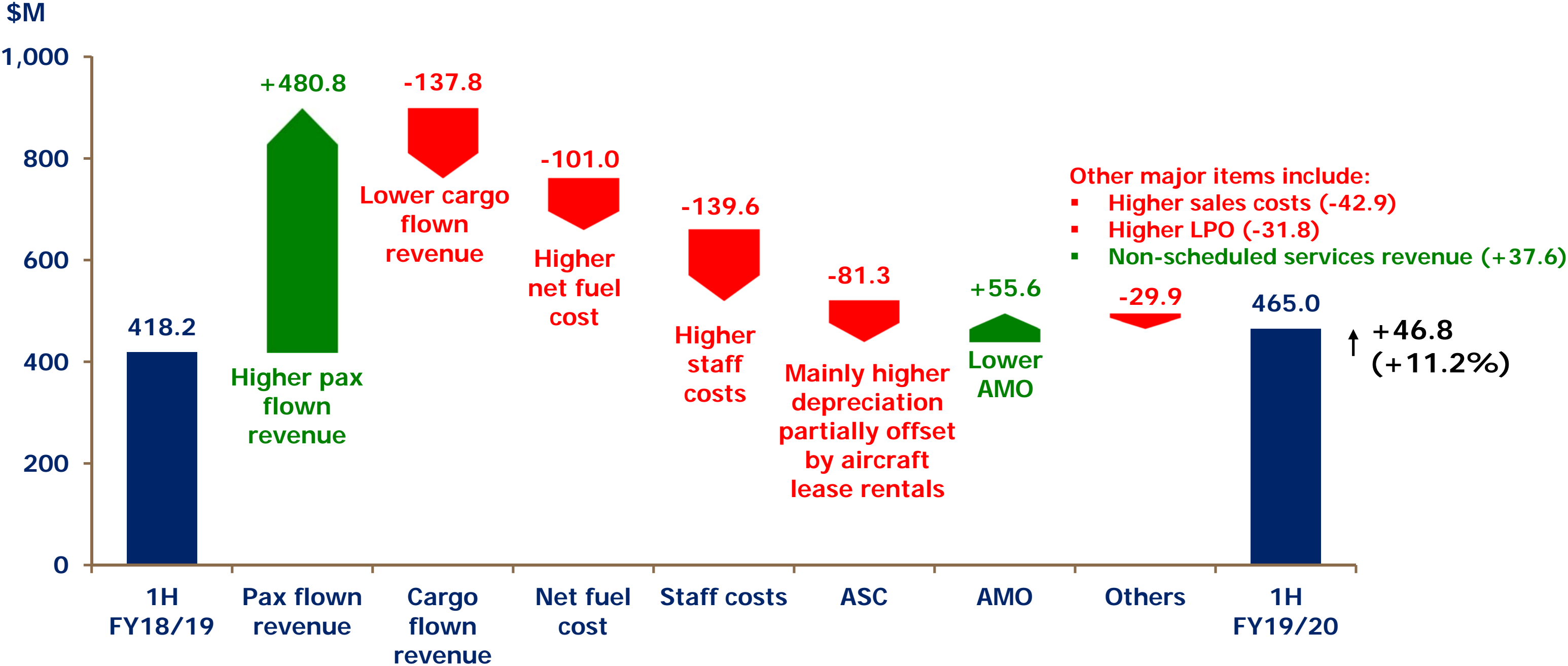
*Note: KrisShop became a subsidiary of the Group in Nov'18*

## 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) (%)
	<b>SIA (Parent Airline Company)</b>	465.0	418.2	+11.2
	<b>SilkAir</b>	(19.1)	(2.8)	n.m.
	<b>Scoot</b>	(76.9)	(10.0)	n.m.
	<b>SIAEC Group</b>	37.3	21.5	+73.5

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

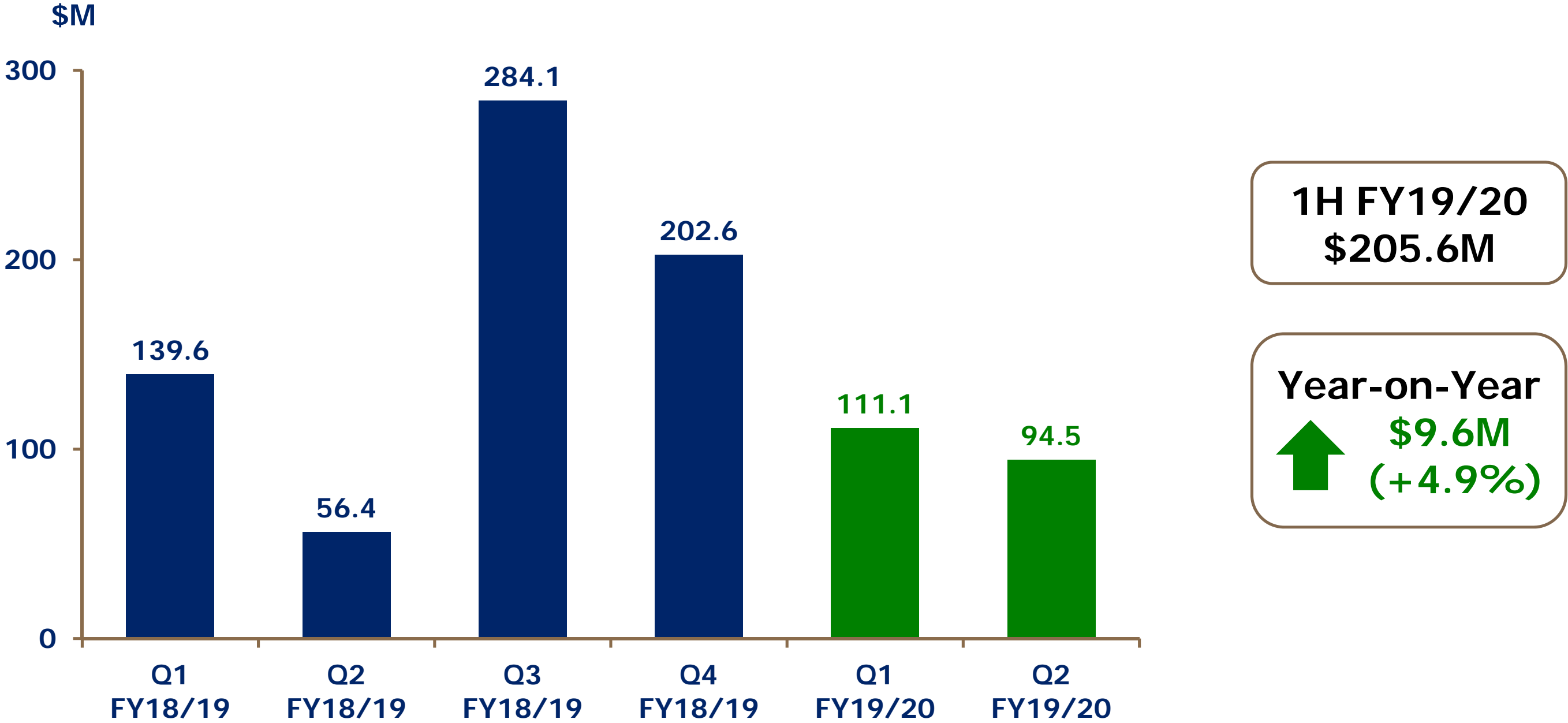
Operating profit improved on strong revenue growth



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

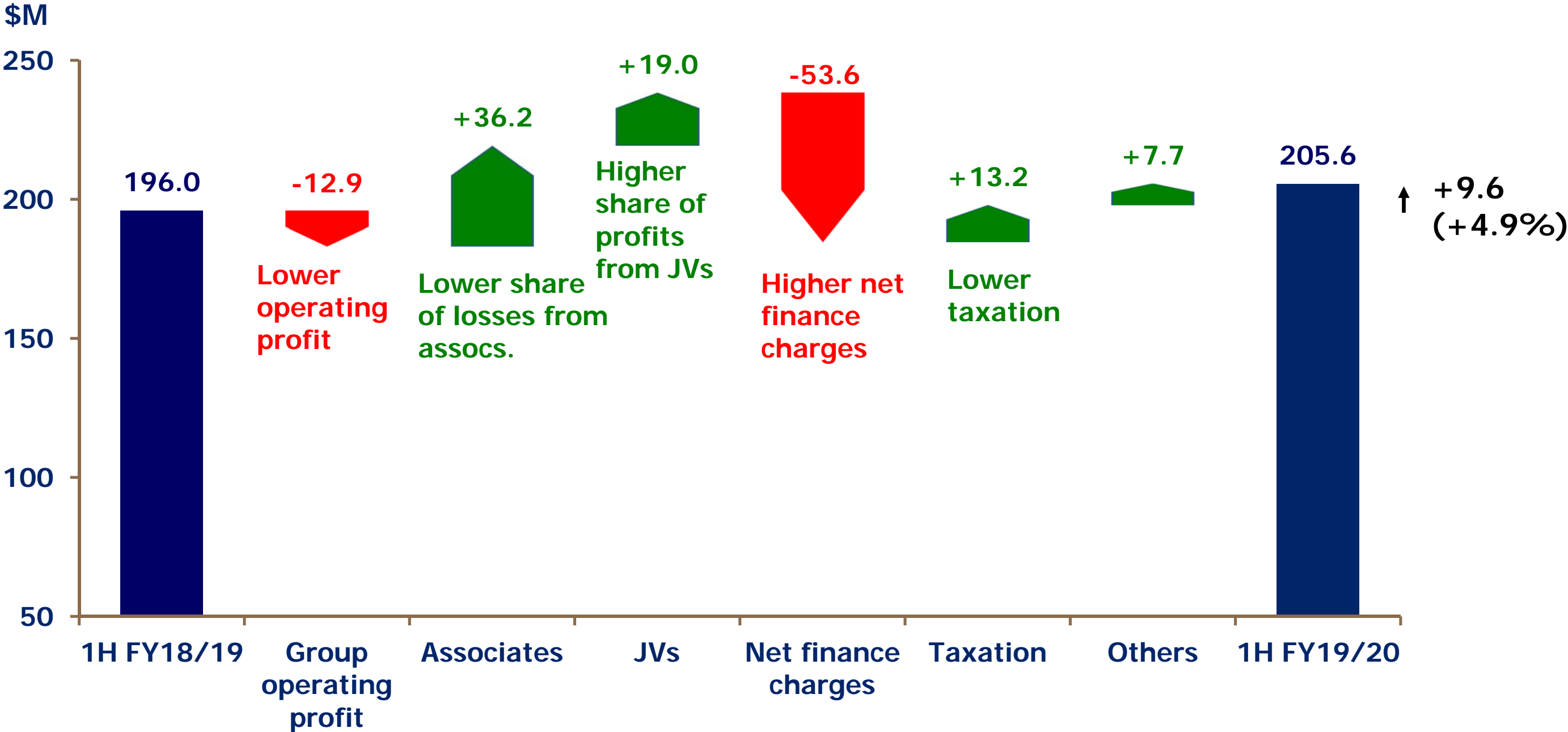
Improvement in First Half net profit



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# 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



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## SIA Group Per Share Data

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	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

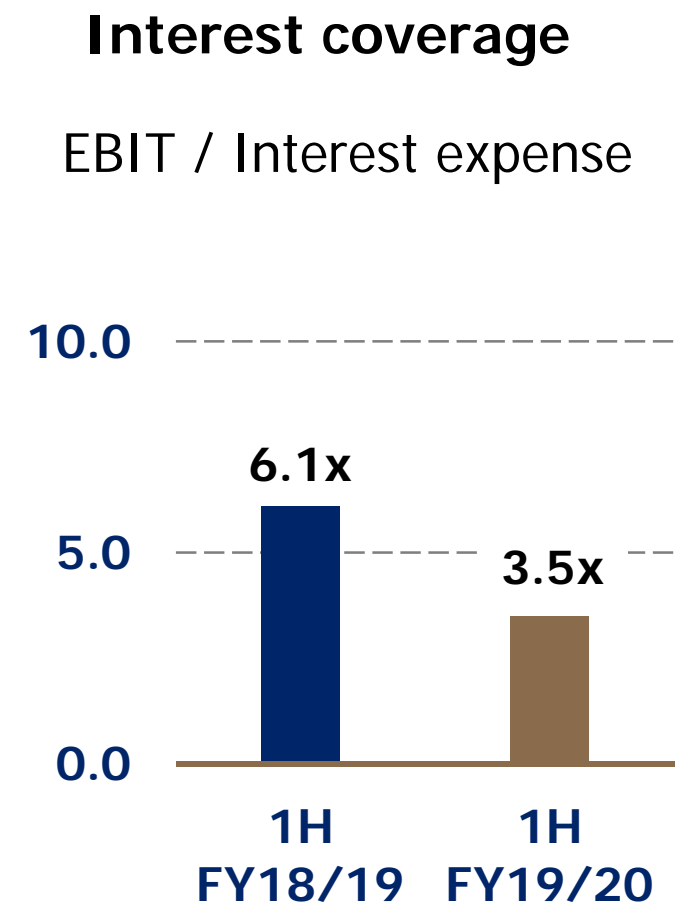
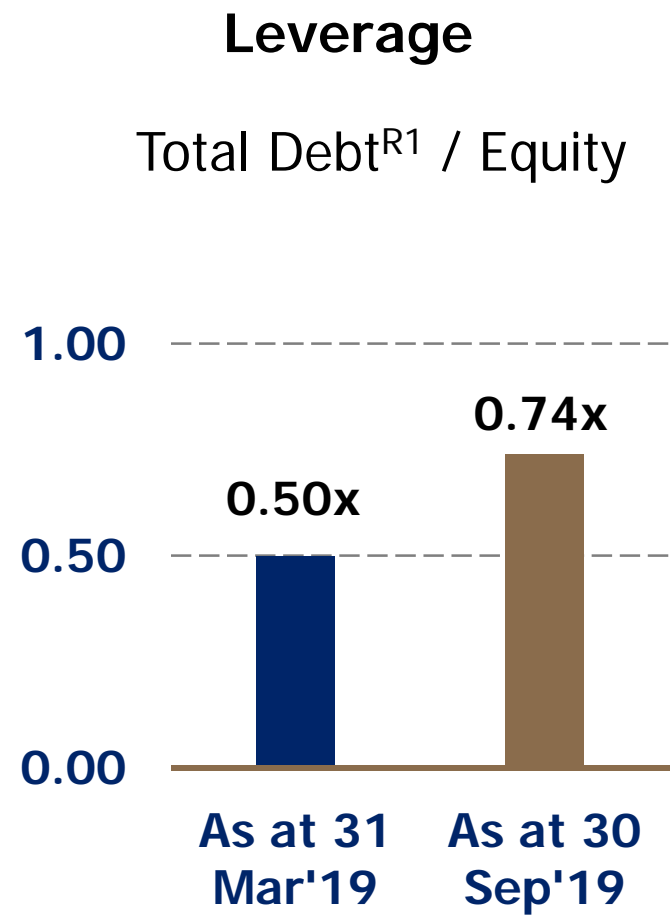
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	As at 30 Sep'19	As at 31 Mar'19
Net Asset Value per share (\$)	9.96	11.22

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# Key Coverage Ratios

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



<sup>R1</sup> 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%
<b>Group Pax Operations</b>	<b>+6%</b>

<b>Cargo Operations</b>	<b>-1%</b>
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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
<b>SIA Total</b>		<b>133</b>	<b>+8</b>	<b>-8</b>	<b>133</b>
	A319	2			2
	A320	7		-1	6
	737-800	17			17
<b>SilkAir Total</b>		<b>26</b>	<b>-</b>	<b>-1</b>	<b>25</b>
	787-8	10			10
	787-9	10			10
	A320ceo	26			26
	A320neo	2	+2		4
<b>Scoot Total</b>		<b>48</b>	<b>+2</b>	<b>-</b>	<b>50</b>
<b>Group Total</b>		<b>207</b>	<b>+10</b>	<b>-9</b>	<b>208</b>

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## 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
<b>Total</b>	<b>5,700</b>	<b>6,000</b>	<b>5,800</b>	<b>4,800</b>	<b>4,000</b>	<b>3,900</b>

# 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

Thank you

