

SIA Group Analyst/Media Briefing

1H FY23/24 Results
(Ended 30 September 2023)
8 November 2023



PRESENTATION BY:

Chief Financial Officer
Ms. JoAnn Tan

Group Financial Results

Key Takeaways

1H FY2023/24

Highest ever half-year operating profit of \$1,553.8 million, up 25.9% YoY

- Passenger revenue rose \$1,570.5 million on the back of a strong summer peak
- Cargo revenue fell \$1,038.9 million as demand for air freight continued to soften
- Lower fuel prices YoY resulted in a decrease in net fuel cost despite higher volumes uplifted

Record half-year net profit of \$1,441.1 million, up 55.5% YoY

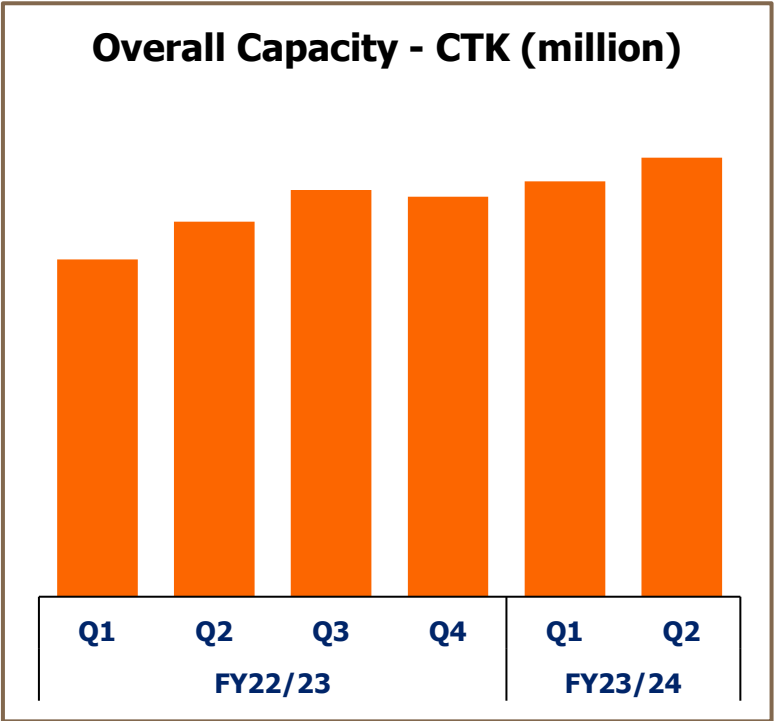
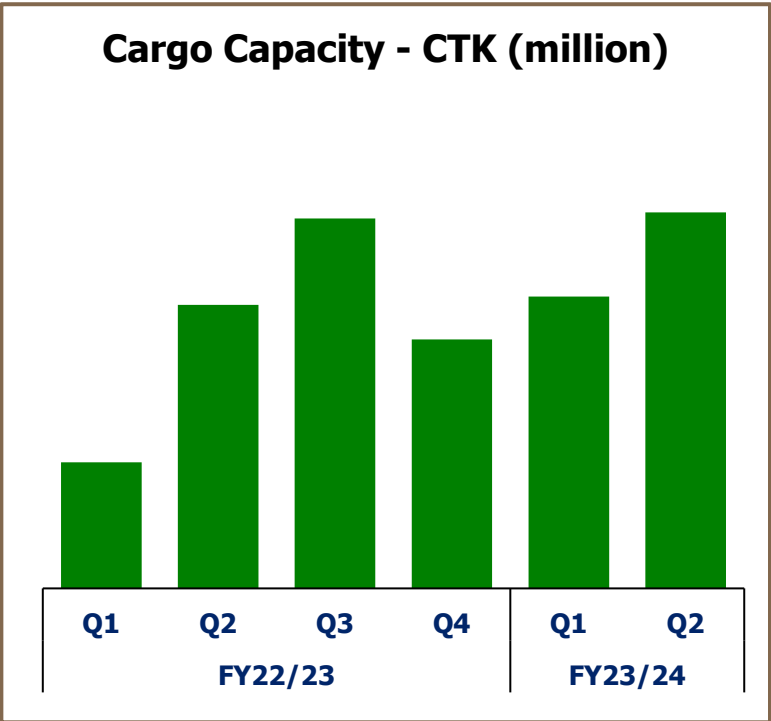
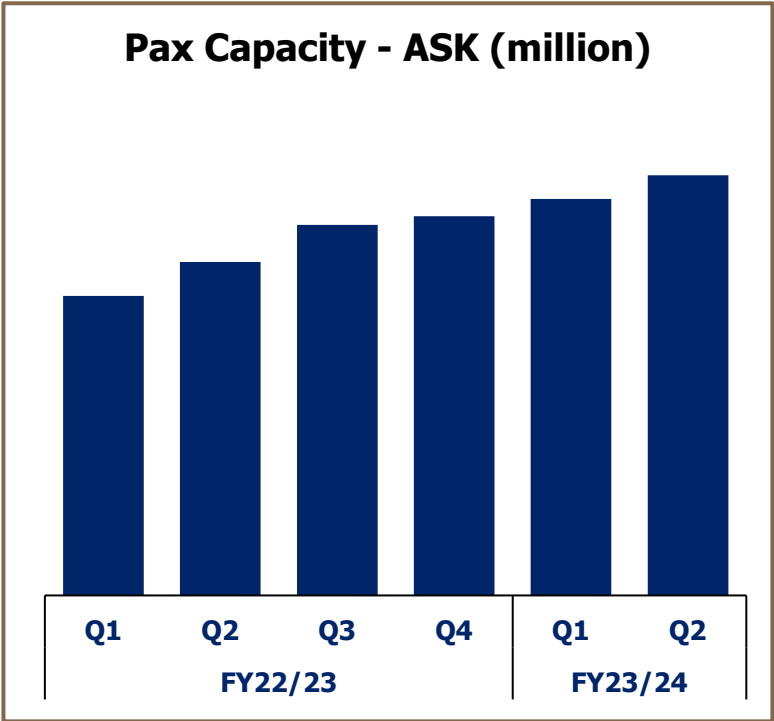
- Better operating profit (+\$319.4 million), net interest income vs net finance charges last year (+\$221.9 million), share of profits vs losses of associated companies last year (+\$86.6 million) and partially offset by higher tax expenses (-\$117.9 million)

Growing competition, macroeconomic uncertainties, and inflationary cost pressures pose challenges to the airline industry going forward

Interim dividend of 10 cents per share to be paid on 22 December 2023

Group Operating Statistics

Group passenger capacity expected to reach an average of ~92% of pre-Covid levels in December 2023

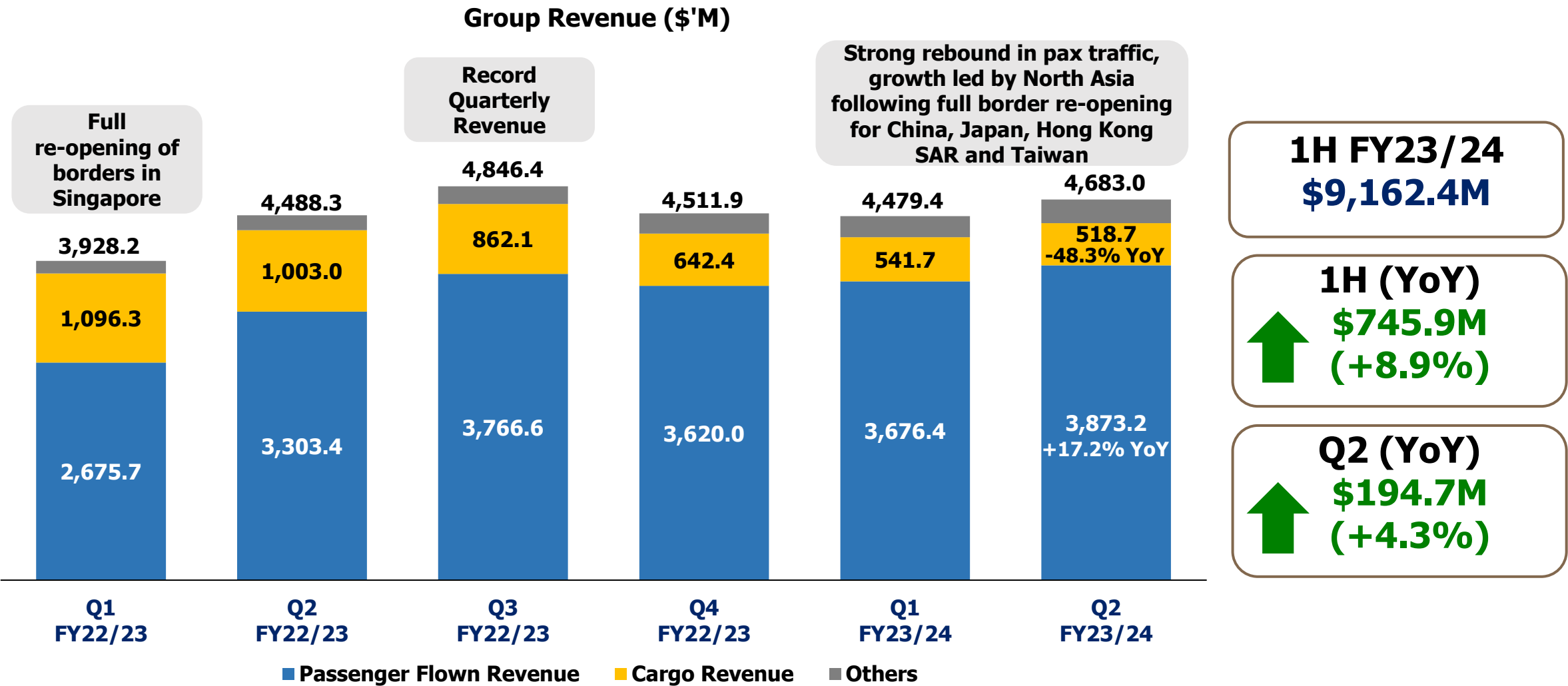


Group Financial Results

	1H FY23/24 (\$'M)	1H FY22/23 (\$'M)	Better/ (Worse) (\$'M)	Better/ (Worse) (%)	Q2 FY23/24 (\$'M)	Q2 FY22/23 (\$'M)	Better/ (Worse) (\$'M)	Better/ (Worse) (%)
Total Revenue	9,162.4	8,416.5	745.9	8.9	4,683.0	4,488.3	194.7	4.3
Total Expenditure	7,608.6	7,182.1	(426.5)	(5.9)	3,883.7	3,810.3	(73.4)	(1.9)
-- Net Fuel Cost	2,283.1	2,695.9	412.8	15.3	1,229.7	1,423.2	193.5	13.6
<i>Fuel Cost (before hedging)</i>	<i>2,527.3</i>	<i>3,113.2</i>	<i>585.9</i>	<i>18.8</i>	<i>1,373.1</i>	<i>1,638.3</i>	<i>265.2</i>	<i>16.2</i>
<i>Fuel Hedging Gain</i>	<i>(244.2)</i>	<i>(417.3)</i>	<i>(173.1)</i>	<i>(41.5)</i>	<i>(143.4)</i>	<i>(215.1)</i>	<i>(71.7)</i>	<i>(33.3)</i>
-- Non-fuel Expenditure	5,325.5	4,486.2	(839.3)	(18.7)	2,654.0	2,387.1	(266.9)	(11.2)
Operating Profit	1,553.8	1,234.4	319.4	25.9	799.3	678.0	121.3	17.9
Net Profit	1,441.1	926.9	514.2	55.5	707.1	556.5	150.6	27.1

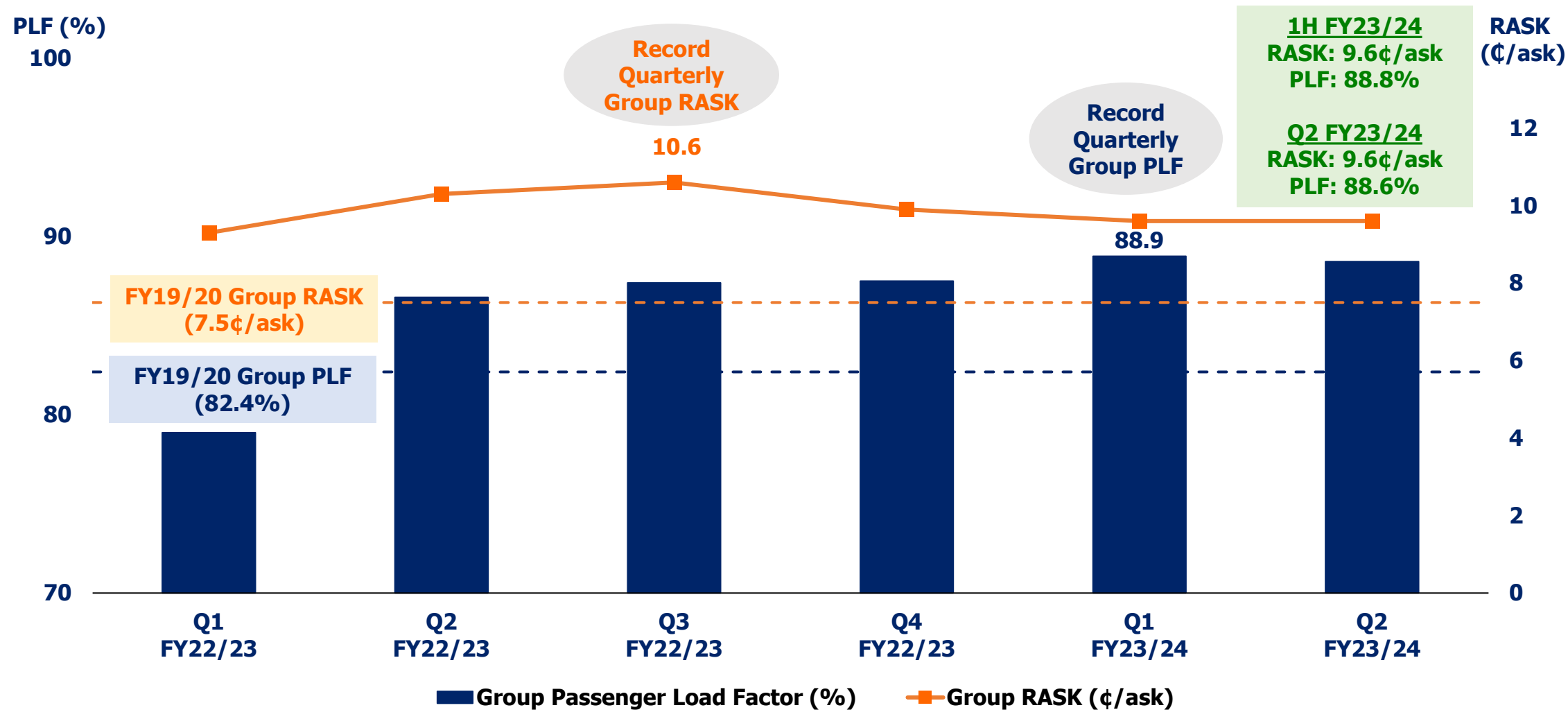
Group Revenue

1H FY23/24: Robust passenger demand for air travel continued into the Northern Summer travel season



Group Operating Statistics - Passenger

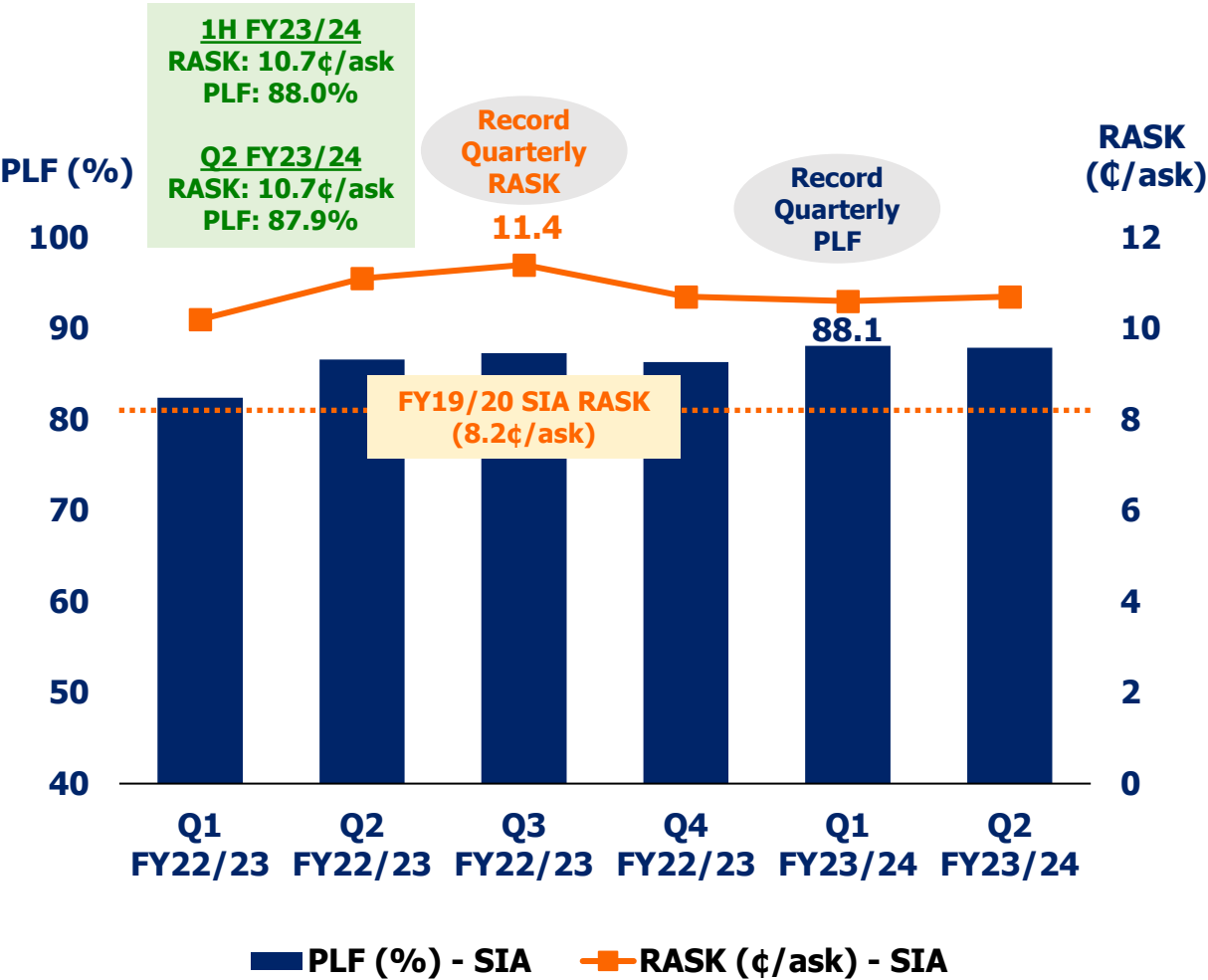
1H FY23/24: RASK and PLF remained elevated above pre-Covid levels



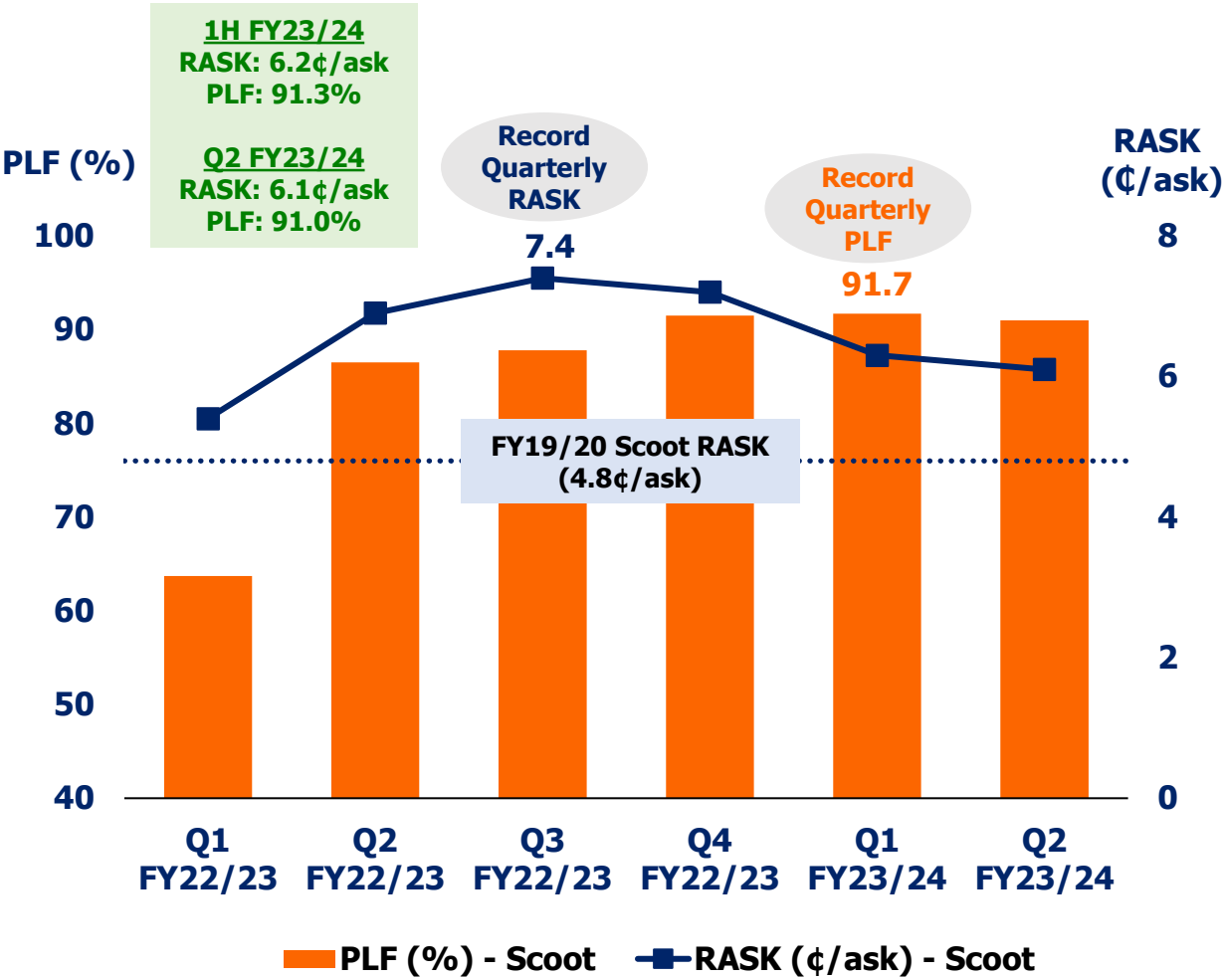
SIA and Scoot Operating Statistics - Passenger

1H FY23/24: Both SIA and Scoot achieved record high half-yearly PLFs

FSC: SIA Operating Statistics

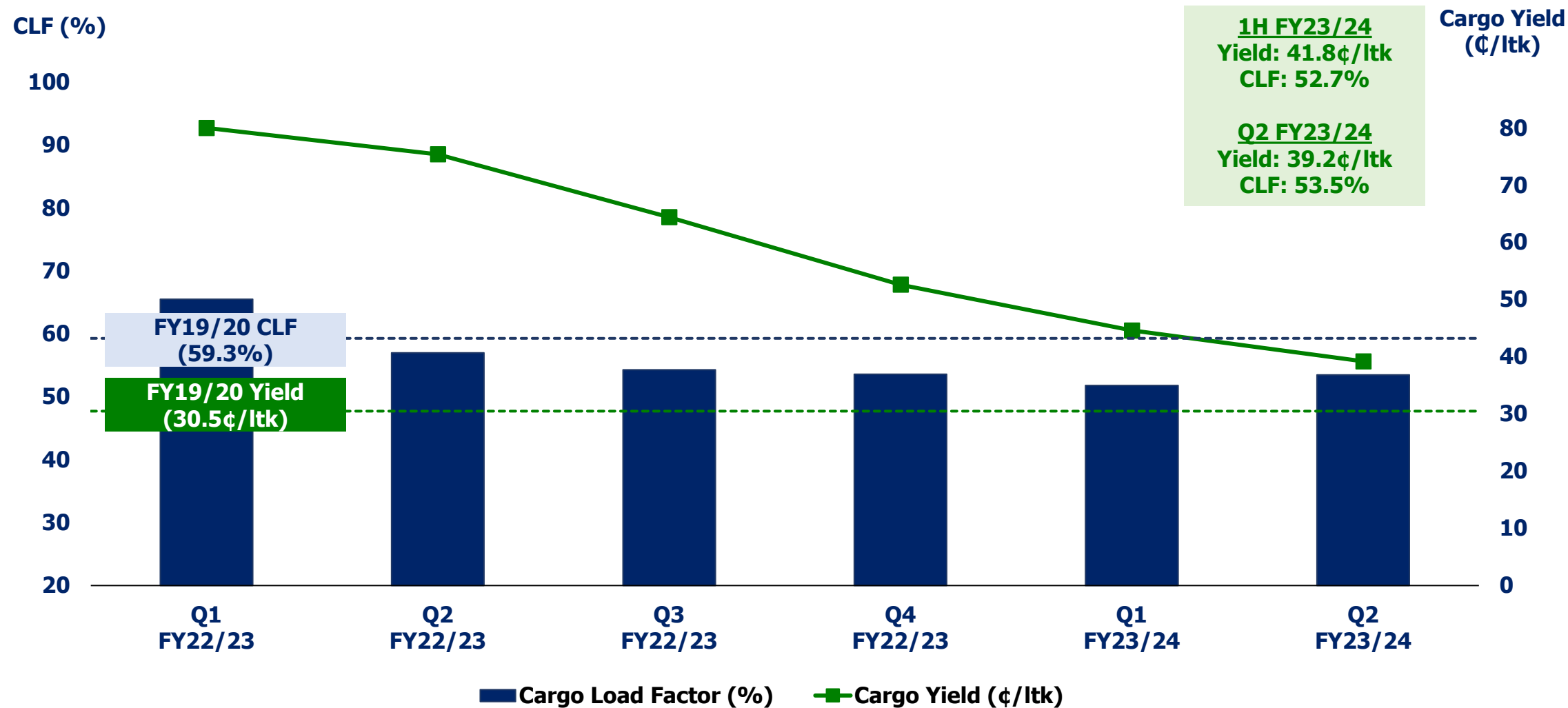


LCC: Scoot Operating Statistics



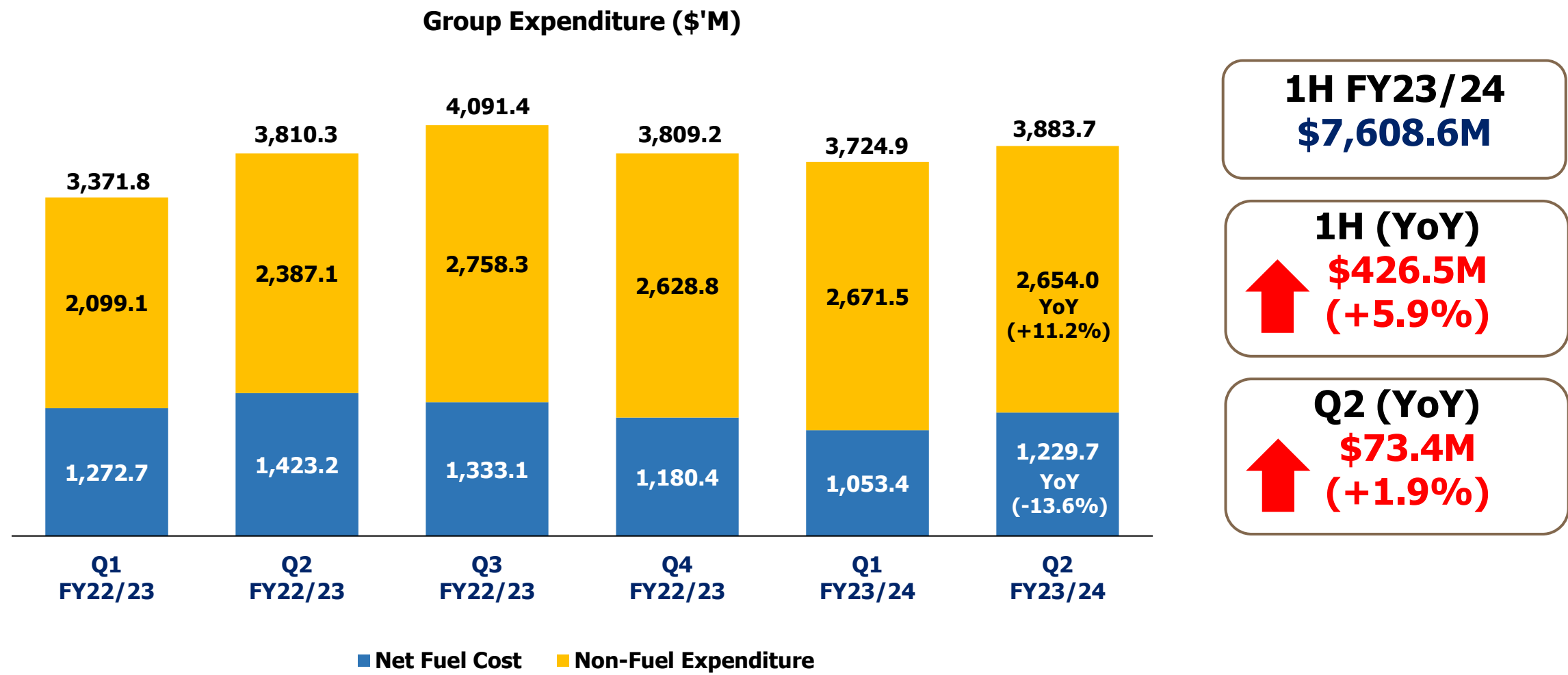
Group Operating Statistics - Cargo

1H FY23/24: Cargo yields continued to soften, albeit still above pre-Covid levels



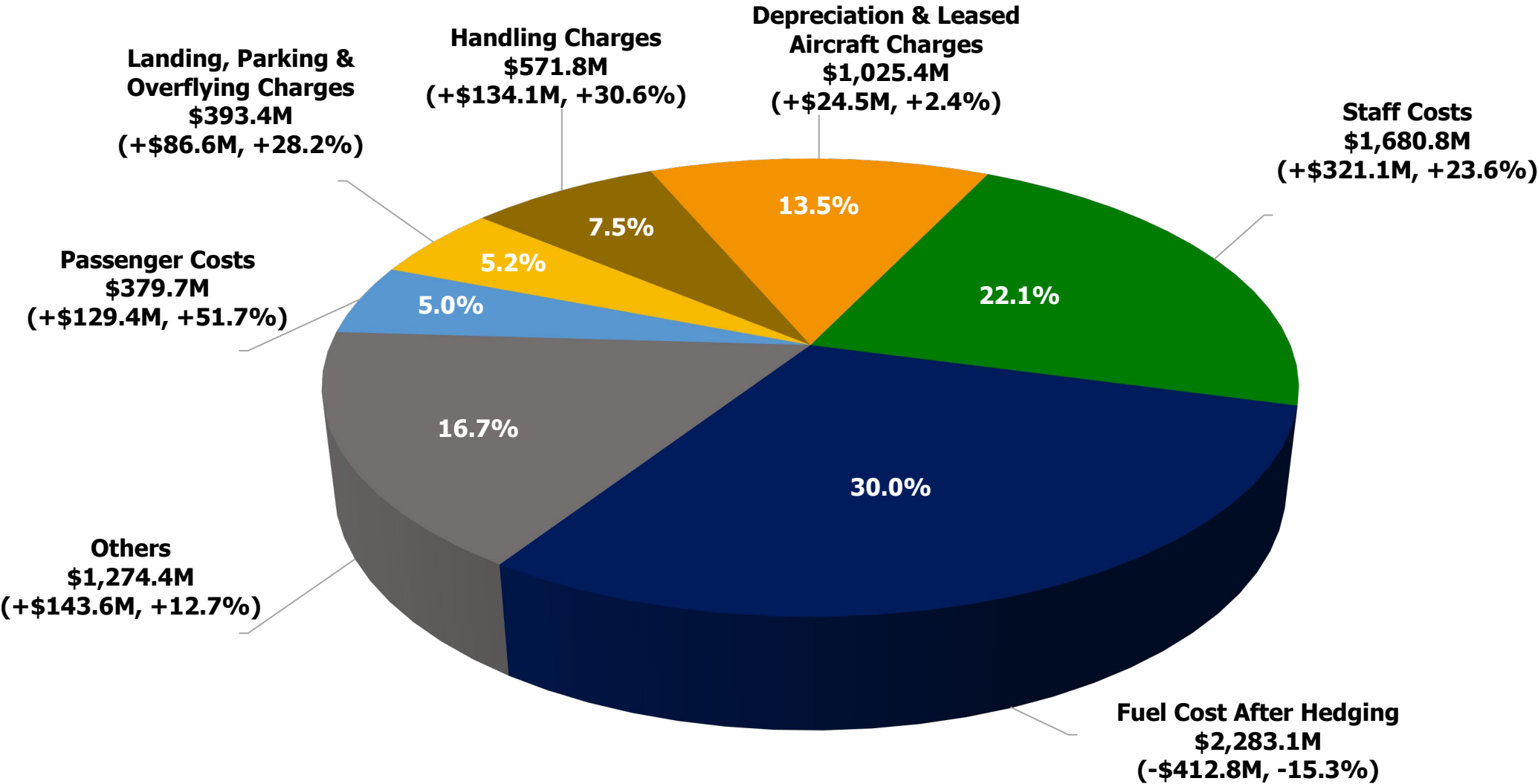
Group Expenditure

1H FY23/24: Increase in non-fuel expenditure from capacity increase, partially offset by lower fuel cost



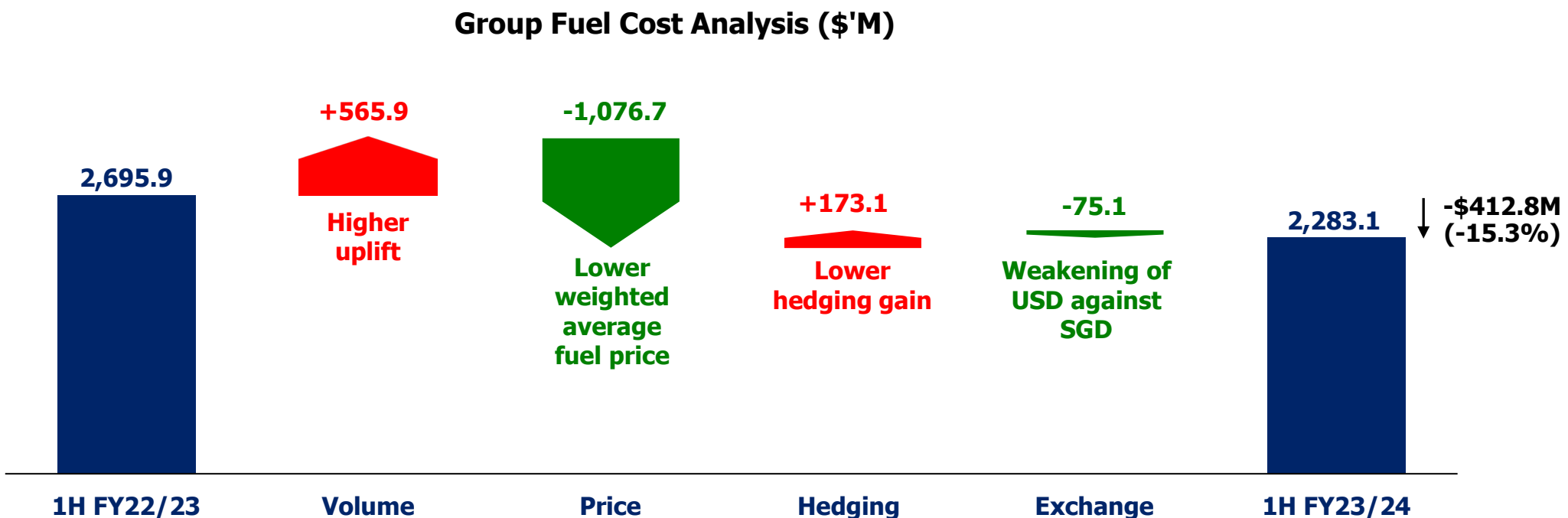
Group Expenditure

1H FY23/24: Increase in non-fuel expenditure from capacity increase, partially offset by lower fuel cost



Net Fuel Cost and Fuel Hedging

Decrease in fuel cost largely driven by lower fuel prices, partially offset by higher uplift and lower hedging gain



USD/BBL	1H FY23/24	1H FY22/23
Fuel price (before hedging)	105.13	148.53
Fuel price (after hedging)	95.00	128.69

Fuel Hedging Status

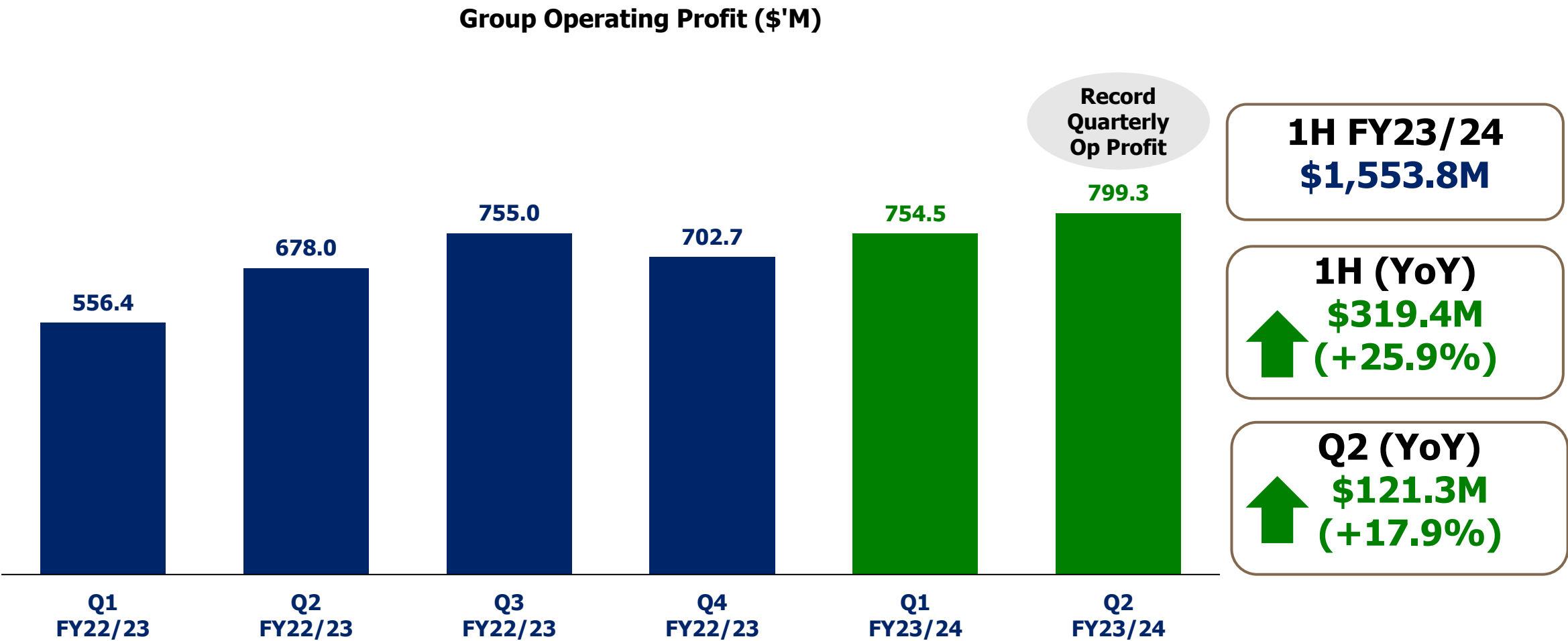
Group has hedges in place up to Q1 FY25/26, with additional gains locked in from closed-out trades

Fuel Hedging Position (as at 27 October 2023)	Percentage Hedged (%)		Average Hedged Price (USD/BBL)	
	Brent	MOPS	Brent	MOPS
Q3 – Q4 FY23/24	10	26	78	93
Q1 FY24/25 – Q1 FY25/26	8	1	75	88

	Gains from Closed-out Trades (USD'M)
2H FY23/24	33
FY24/25	44

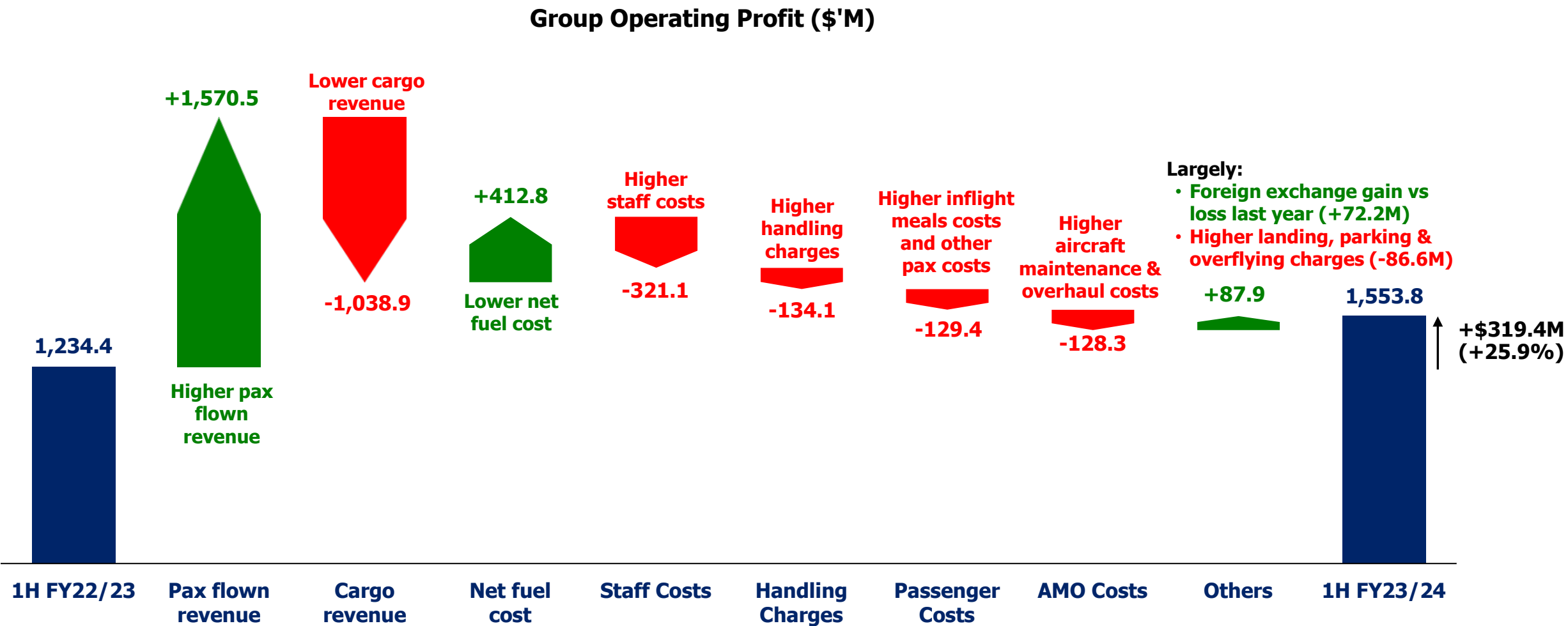
Group Operating Profit

1H FY23/24: Record half-year operating profit



Group Operating Profit (YoY progression)

Higher pax revenue and lower net fuel cost, partially offset by lower cargo revenue and higher non-fuel expenditure

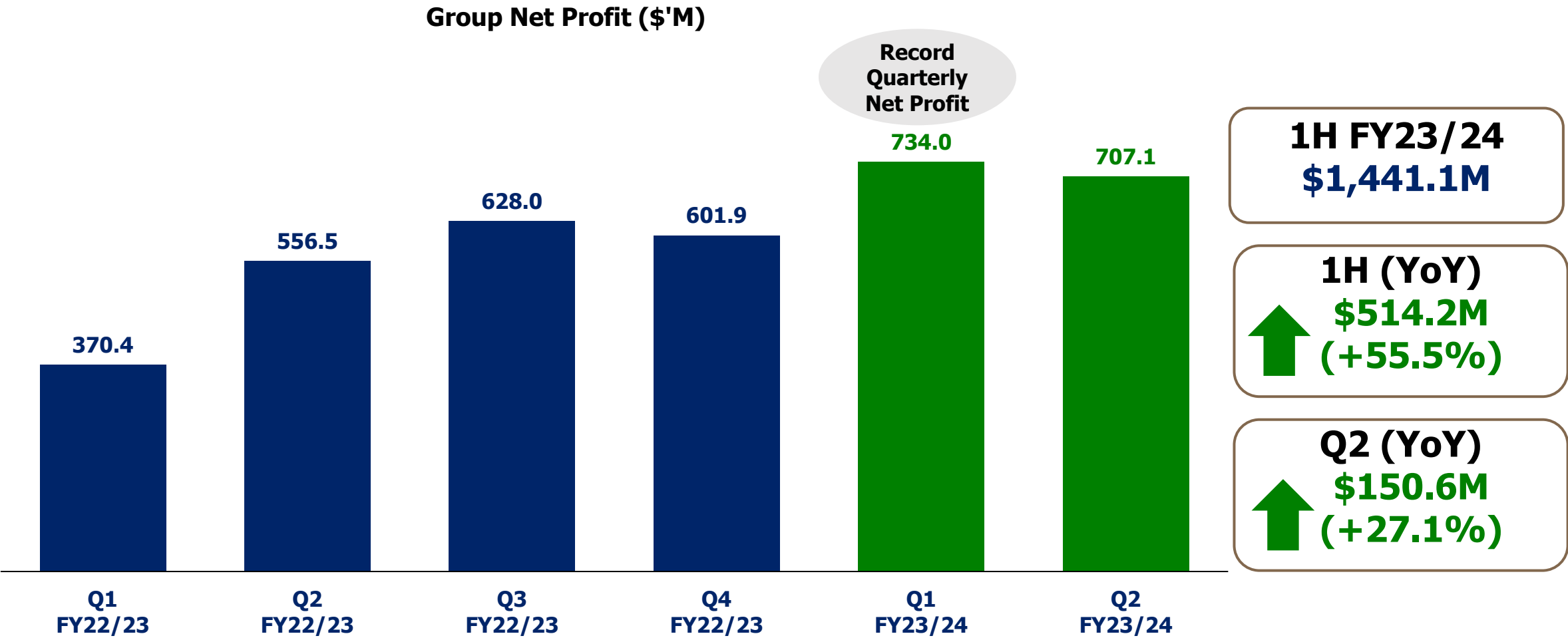


Operating Results for the Main Companies of the Group

		1H FY23/24 (\$'M)	1H FY22/23 (\$'M)	Better/ (Worse) (\$'M)	Better/ (Worse) (%)	Q2 FY23/24 (\$'M)	Q2 FY22/23 (\$'M)	Better/ (Worse) (\$'M)	Better/ (Worse) (%)
	Full-service carrier	1,512.2	1,308.4	203.8	15.6	774.7	684.1	90.6	13.2
	Low-cost carrier	58.2	(40.2)	98.4	n.m.	34.5	11.7	22.8	194.9
	SIAEC Group	0.1	(10.8)	10.9	n.m.	(0.3)	(6.8)	6.5	95.6

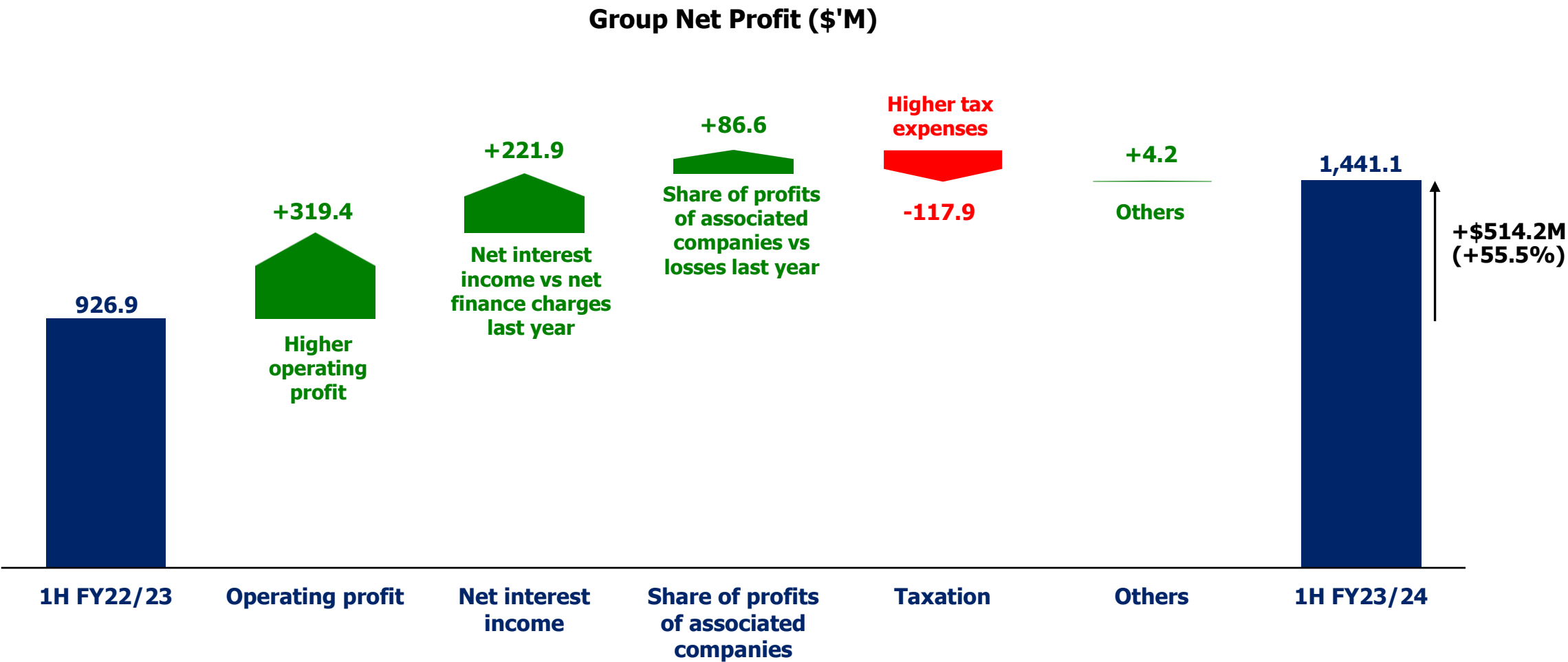
Group Net Profit

1H FY23/24: Record half-year net profit



Group Net Profit (YoY progression)

YoY improvement driven by higher operating profit, net interest income vs net finance charges last year, share of profits of associated companies vs losses last year and partially offset by higher tax expenses



Group Financial Results

Interim Dividend of 10 cents per share

	1H FY23/24	1H FY22/23
Earnings Per Share (cents)		
- Basic ^{R1}	31.2	14.4
- Adjusted Basic ^{R2}	48.5	31.2
- Diluted ^{R3}	30.4	14.2
EBITDA (\$'M) ^{R4}	3,009.6	2,315.9
EBITDA margin (%) ^{R5}	32.8	27.5
Dividend Per Share (cents)		
- Interim	10.0	10.0

^{R1} Earnings per share (basic) is computed by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds in accordance with IAS 33 Earnings Per Share.

^{R2} Earnings per share (adjusted basic) is computed by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the redemption of all mandatory convertible bonds.

^{R3} Earnings per share (diluted) is computed by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, adjusted for the dilutive effect of the vesting of all outstanding share-based incentive awards granted, in accordance with IAS 33.

^{R4} EBITDA denotes earnings before interest, taxes, depreciation, and amortisation.

^{R5} EBITDA margin is computed by dividing EBITDA by the total revenue.

Group Financial Position

	As at 30 September 2023	As at 31 March 2023
Total assets (\$'M)	46,658.0	49,101.2
Total debt (\$'M)	14,662.6	15,339.3
Total cash and bank balances (\$'M)	13,489.2	16,327.6
Total liabilities (\$'M)	28,924.1	28,851.4
Equity attributable to Owners of the Company (\$'M)	17,333.1	19,858.3
Debt : Equity ratio (times) ^{R6}	0.85	0.77
Net Asset Value Per Share (\$) ^{R7}	5.83	6.68
Adjusted Net Asset Value Per Share (\$) ^{R8}	4.03	3.72

^{R6} Debt : Equity ratio is total debt divided by equity attributable to owners of the Company.

^{R7} Net Asset Value Per Share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares.

^{R8} Adjusted Net Asset Value Per Share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds and convertible bonds.

Redemption of Mandatory Convertible Bonds (MCBs)

Redemption of 50% of the remaining MCBs issued in June 2021, on 26 December 2023

Principal Amount
(\$1,549.2 mil)

110.408%

Accreted Principal Amount
(\$1,710.4 mil)

Further measure to **recalibrate liquidity levels** after considering the Group's performance, outlook and the broader macroeconomic landscape

	1H FY23/24	1H FY23/24 Proforma After Redemption
Earnings Per Share (cents)		
- Basic ^{R1}	31.2	35.7
- Adjusted Basic ^{R2}	48.5	No change
- Diluted ^{R3}	30.4	34.6
EBITDA (\$'M) ^{R4}	3,009.6	No change
EBITDA margin (%) ^{R5}	32.8	No change

	As at 30 September 2023	As at 30 September 2023 Proforma After Redemption
Total assets (\$'M)	46,658.0	44,947.6
Total debt (\$'M)	14,662.6	No change
Total cash and bank balances (\$'M)	13,489.2	11,778.8
Total liabilities (\$'M)	28,924.1	No change
Equity attributable to Owners of the Company (\$'M)	17,333.1	15,622.7
Debt : Equity ratio (times) ^{R6}	0.85	0.94
Net Asset Value Per Share (\$) ^{R7}	5.83	5.25
Adjusted Net Asset Value Per Share (\$) ^{R8}	4.03	4.21

Note: Please refer to prior slides for footnotes R1 to R8

Group Operating Fleet Development

The Group's operating fleet will expand to 201 aircraft by the end of FY23/24

	Operating Fleet	As at 30 September 2023	In	Out	As at 31 March 2024
SIA	777-300ER	23		-1	22
	A380-800	12			12
	A350-900	63			63
	787-10	19	+3^{R1}		22
	737-800	7			7
	737-8	16			16
	747-400F	7			7
	Total	147	+3	-1	149
Scoot	787-8	10	+1^{R2}		11
	787-9	10			10
	A320ceo	20		-5^{R3}	15
	A320neo	6			6
	A321neo	9			9
	E190-E2	0	+1^{R4}		1
	Total	55	+2	-5	52
Group Total		202	+5	-6	201

^{R1} SIA expects to take delivery of four 787-10s in 2H FY23/24, and three will join the operating fleet by 31 March 2024.

^{R2} Scoot expects to take delivery of one 787-8 in 2H FY23/24 and this aircraft will be added to the operating fleet by the end of this financial year.

^{R3} Scoot expects to remove five A320ceos from the operating fleet in 2H FY23/24 in preparation for lease returns in FY23/24 and FY24/25.

^{R4} Scoot expects to take delivery of one E190-E2 in FY23/24, and this aircraft is expected to join the operating fleet towards the end of this financial year.

Projected Group Capital Expenditure

Projected Capital Expenditure (\$'M)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Aircraft	1,900	3,100	4,000	3,800	3,100
Others	400	300	300	300	300
Total	2,300	3,400	4,300	4,100	3,400

PRESENTATION BY:

**Chief Executive Officer
Mr. Goh Choon Phong**

Slide 24



1

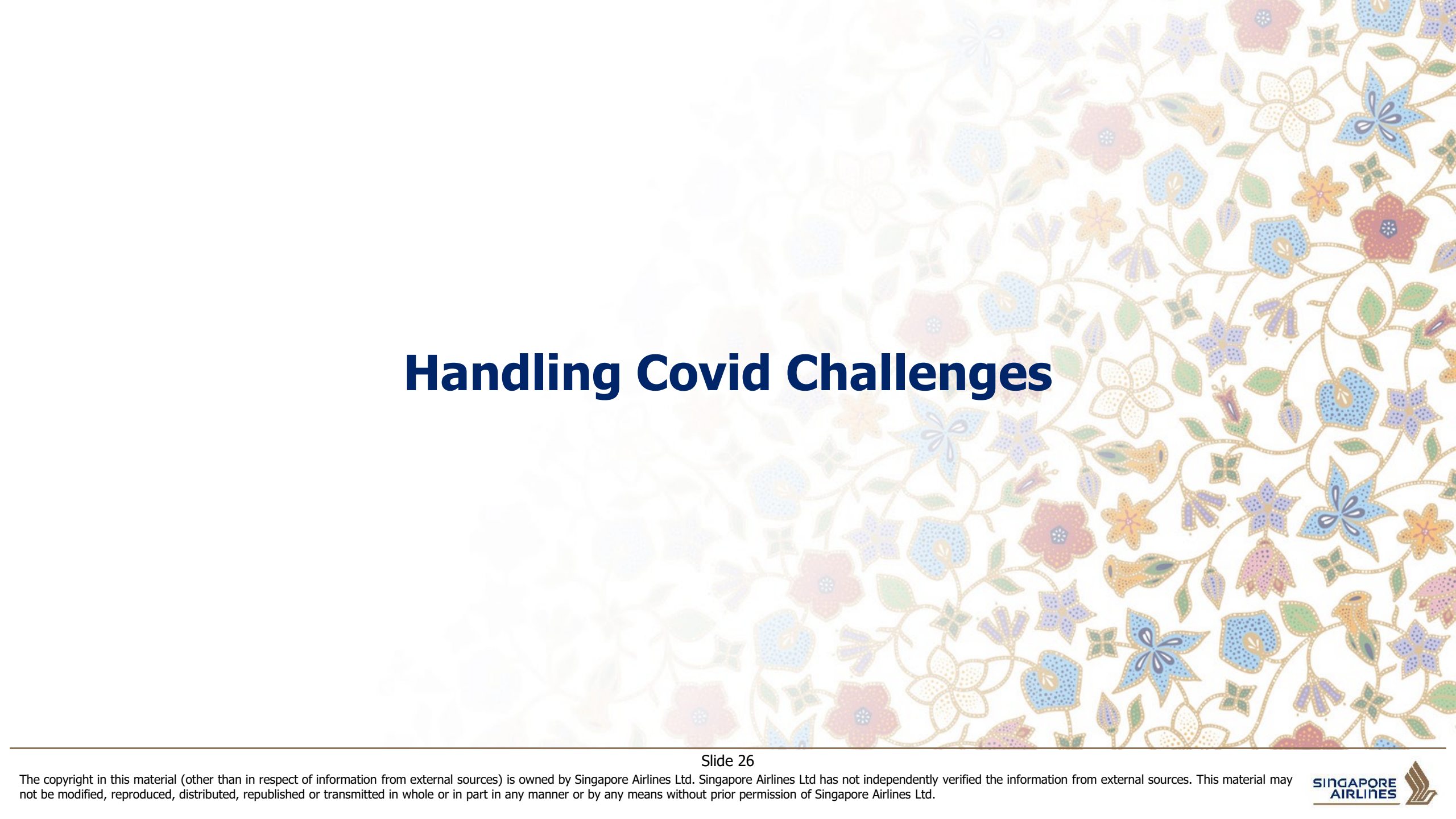
Handling Covid Challenges

2

Emerging Stronger

3

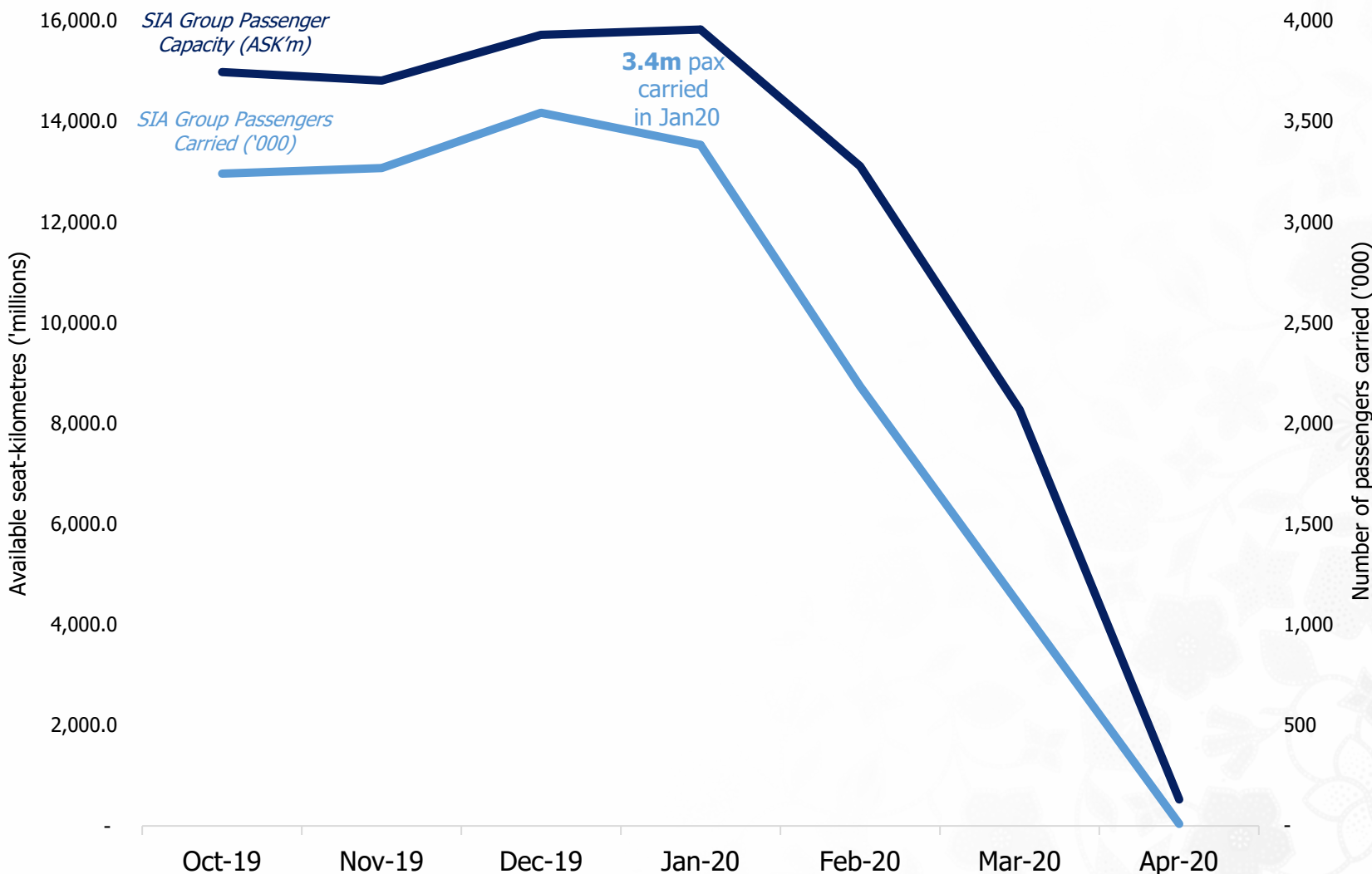
Strengthening Foundation for the Future

A decorative floral pattern in the background, featuring various colored flowers (blue, pink, orange, yellow) and green leaves on a light beige background.

Handling Covid Challenges

Slide 26

An unprecedented challenge in the SIA Group history



Dropped to 3% capacity
compared to pre-Covid
levels



~10,800 passengers in Apr20
<1% of Jan20
pax carried

Handling Covid Challenges

Our three priorities



Boost Liquidity

- Announced Rights Issue to raise up to **\$15B** in liquidity as early as 26 Mar 2020
- Started discretionary expenditure cuts in **Feb 2020**
- Deferred more than **\$4B of near-term capex**
- Raised a total of **\$23.5B** in liquidity since Apr 2020



Care for Customers

- **Honouring ticket refunds** to affected customers, despite the cash burn
- Reviewed the full customer journey and **enhanced 100+** customer touch points
- Engaged customers through the *Discover Your Singapore Airlines initiatives*



Preserve Core Capabilities

- **Our people** are our most valuable asset
- **Staff measures** such as hiring freeze, compulsory no-pay leave, pay cuts, VNPL, retrenchment as last resort
- >2,000 crew took up **positions in key community sectors** such as healthcare and transport
- Continued to take **36 new aircraft deliveries** between FY20/21 – FY22/23

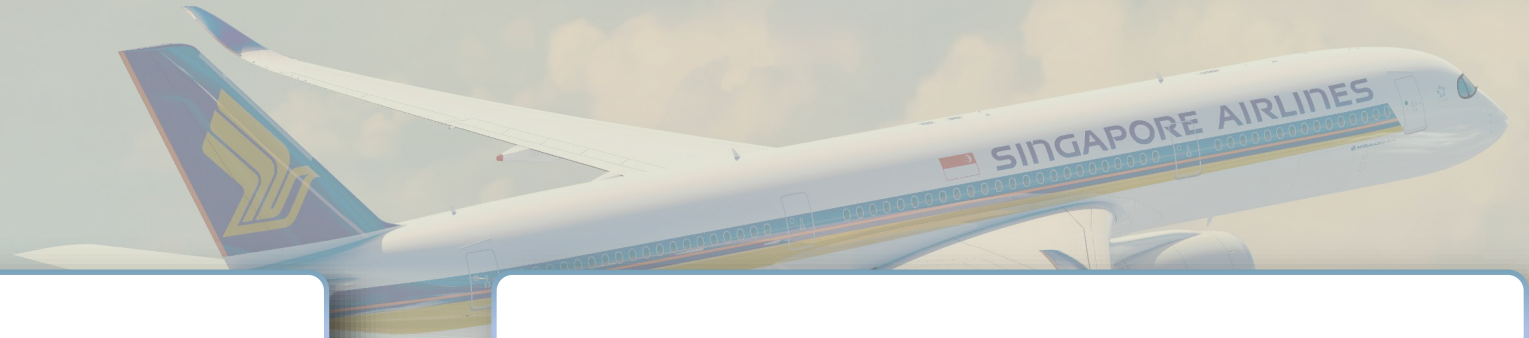
THE STRAITS TIMES

SIA aims to raise \$15 billion with support from Temasek to combat Covid-19 fallout



Slide 28

Emerging Stronger



First Off the Blocks

Retain Industry Leadership

Emerging Stronger

Our vision was clear from the onset of Covid

First Off the Blocks



Communicated organisation-wide
since **March 2020**

Retain Industry Leadership



“Lead the New World” Transformation
launched in **April 2020**

First Off the Blocks

Ensuring we lead the pack when travel recovery eventually occurs

Upskill and Reskill

- UPLIFT programme to equip staff with future skills

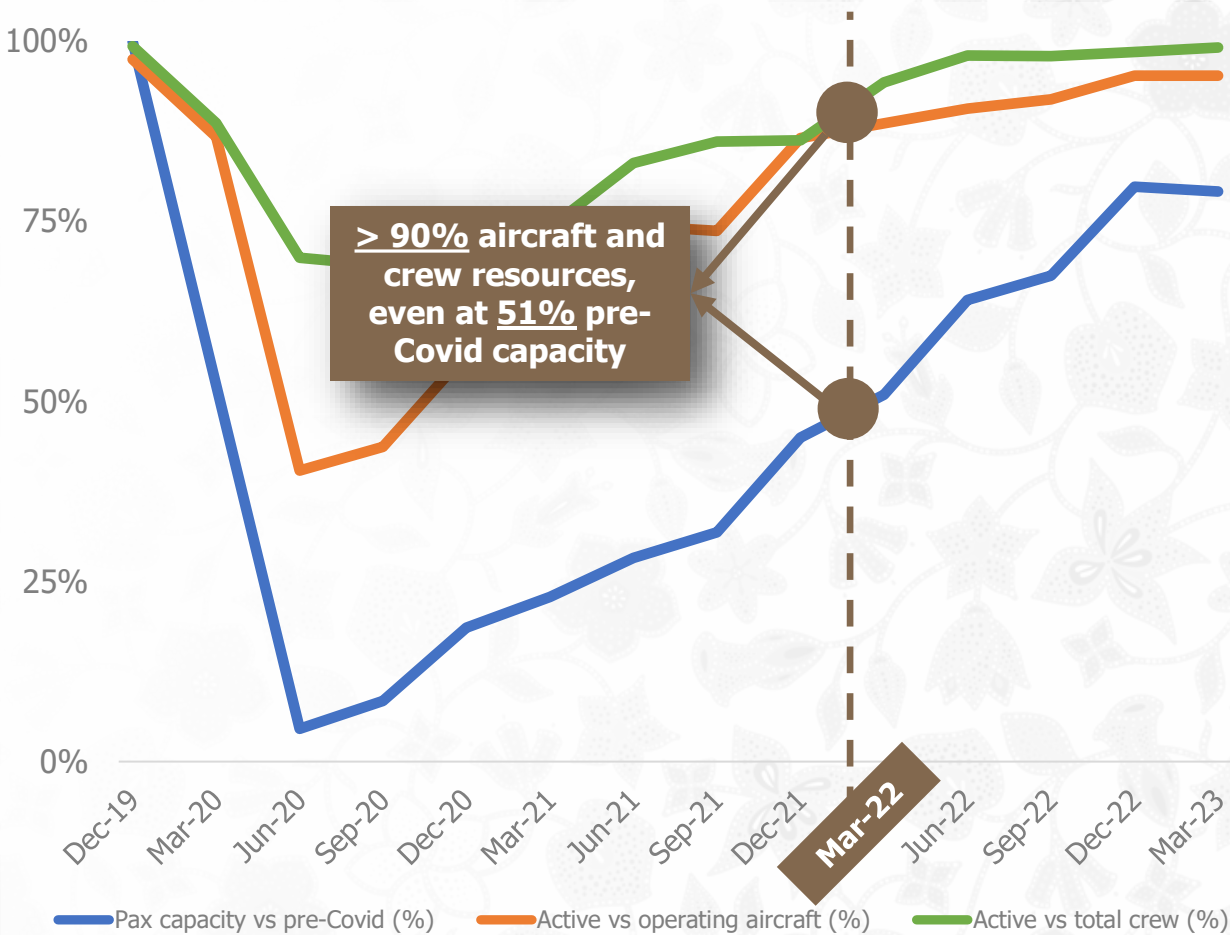


28,000
courses taken



13.6
average training days
per staff

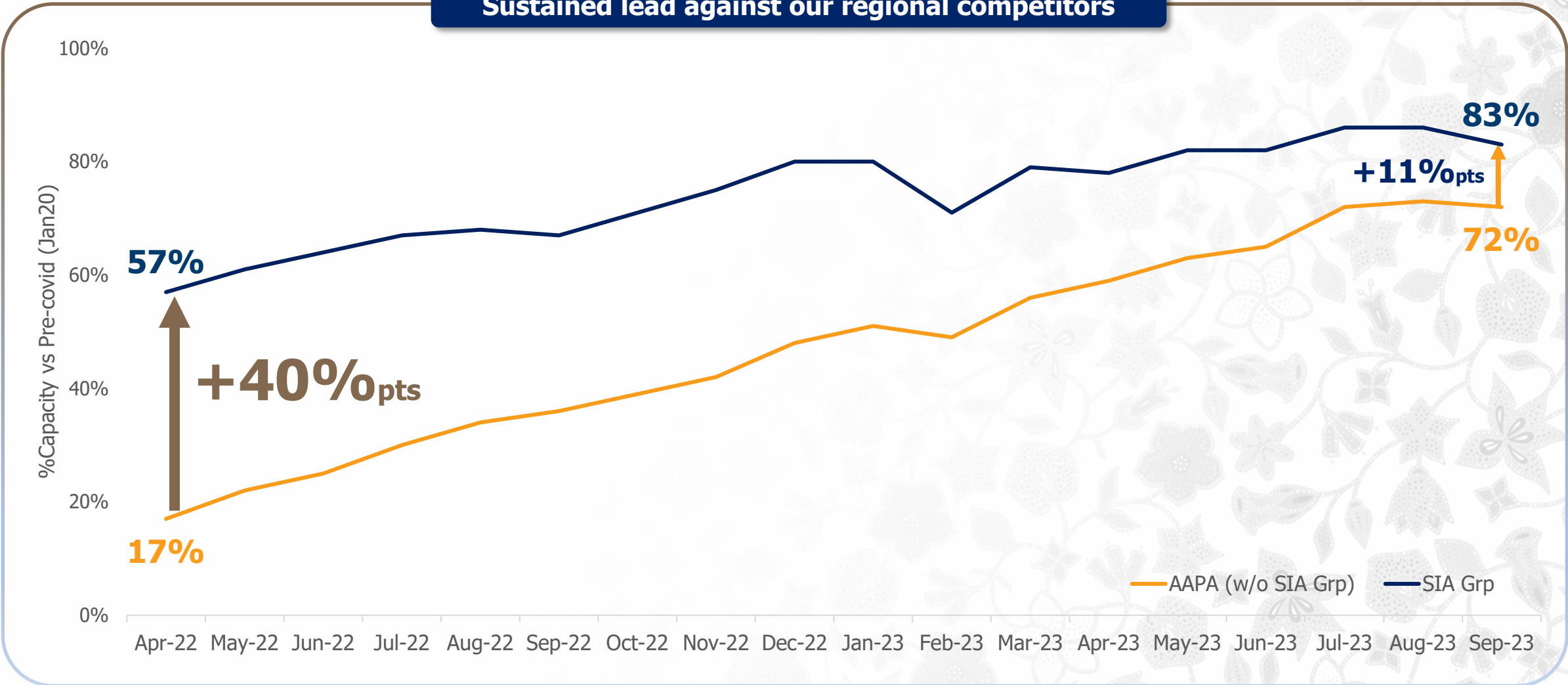
Operational Readiness



First Off the Blocks

We continue to reap the benefits of our efforts over the past three years

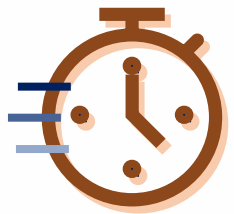
Sustained lead against our regional competitors



Retain Industry Leadership

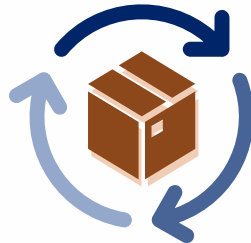
Lead the New World

Embarking on a three-year transformation programme, constant investments throughout the pandemic

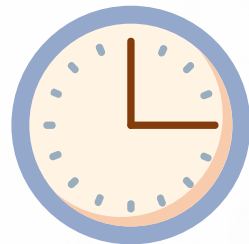


6x ↑

**in monthly average number
of automated production
deployments**



>200,000
**Business Process
improvement initiatives**



800,000
Man-hours saved



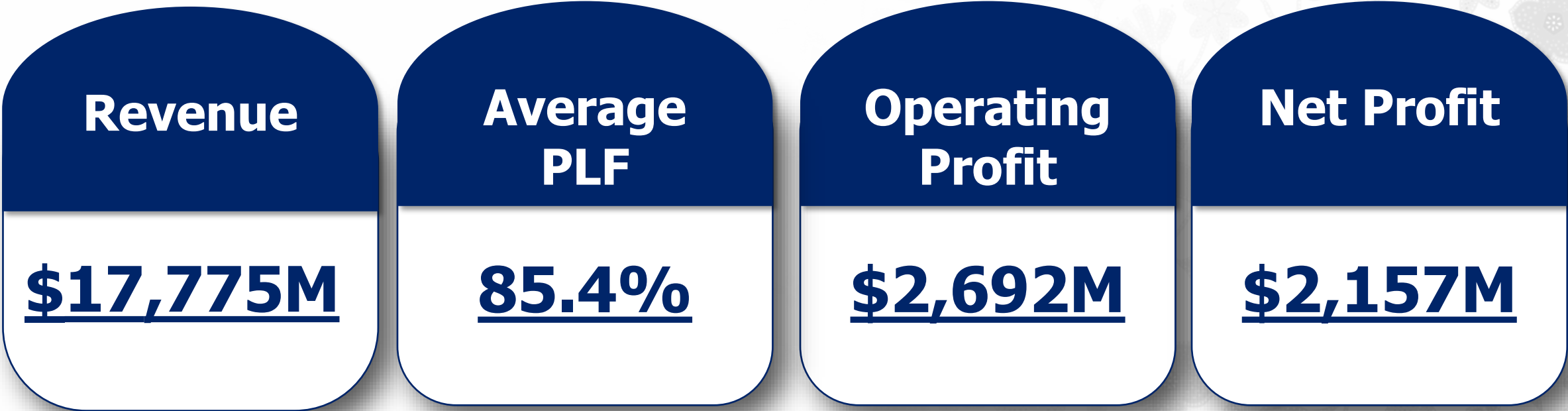
>1,000

**ideas generated by staff
to support our
Transformation vision**

Retain Industry Leadership

We continue to reap the benefits of our efforts over the past three years

FY 22/23

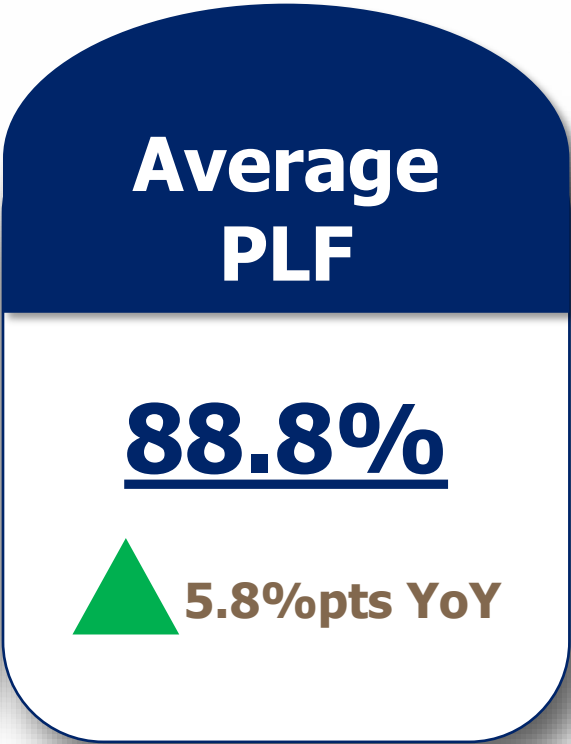


Record Full Year Results for the SIA Group

Retain Industry Leadership

We continue to reap the benefits of our efforts over the past three years

1H FY 23/24



Record First-Half Performance for SIA Group

Retain Industry Leadership

Public and industry affirmation of our successes



Top 50 Most Admired Company
Fortune Magazine, 2023



World's Best Airline
Skytrax, 2023



Airline of the Year
Air Transport World, 2023

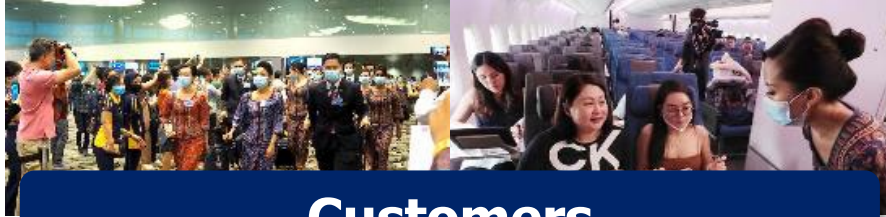


SkillsFuture Employer (Gold),
SkillsFuture, 2023



Most Attractive Employer,
Randstad, 2023

Who Made It Possible?



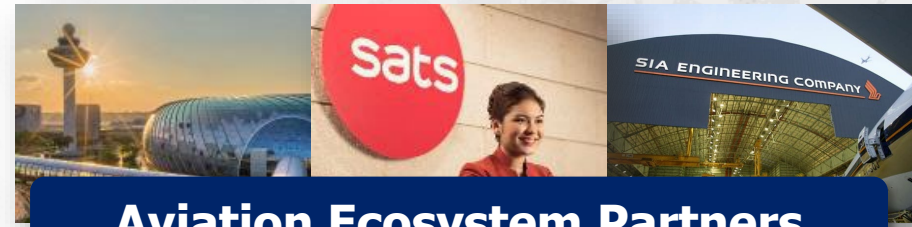
Customers



Shareholders



SG Government

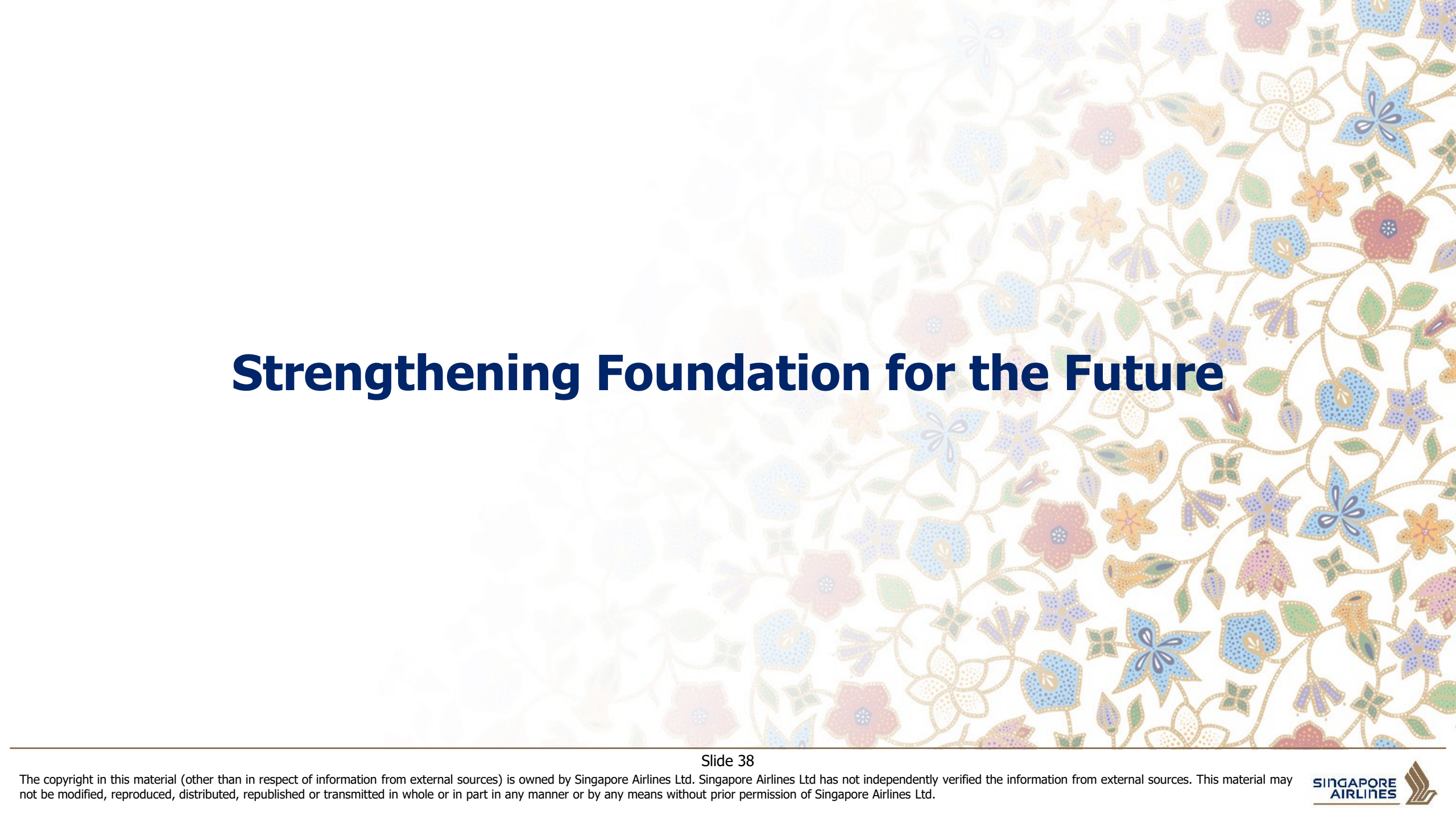


Aviation Ecosystem Partners



Our People

Slide 37

A decorative floral pattern in the background, featuring various colored flowers (blue, pink, orange, yellow) and green leaves on a light beige background.

Strengthening Foundation for the Future

Slide 38

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Strengthening Foundation for the Future

The three pillars of our Brand Promise

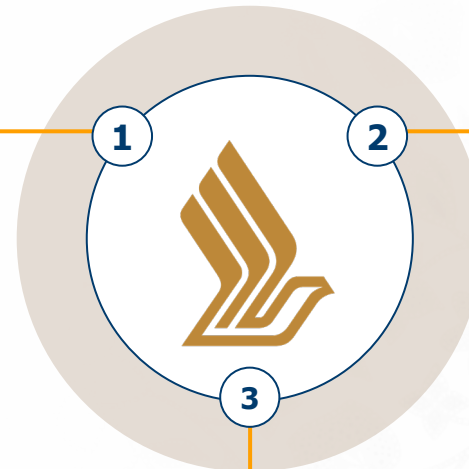
Service Excellence

- Active crew hiring – on track to hire **2,800 crew** in FY23/24
- Using **Artificial Intelligence to better serve** our customers, e.g., crew announcement training app, Customer Insights Portal 2.0
- Resumption of hot towel service for First & Business Class in Sep23
- Reopened **all SilverKris lounges worldwide** since Sep23



Product Leadership

- First airline to offer **free unlimited Wi-Fi to customers across all cabin classes** and virtually across the entire aircraft fleet
- 31 new generation Boeing 777-9 on firm order**, with industry-leading seats and cabin products



Network Connectivity

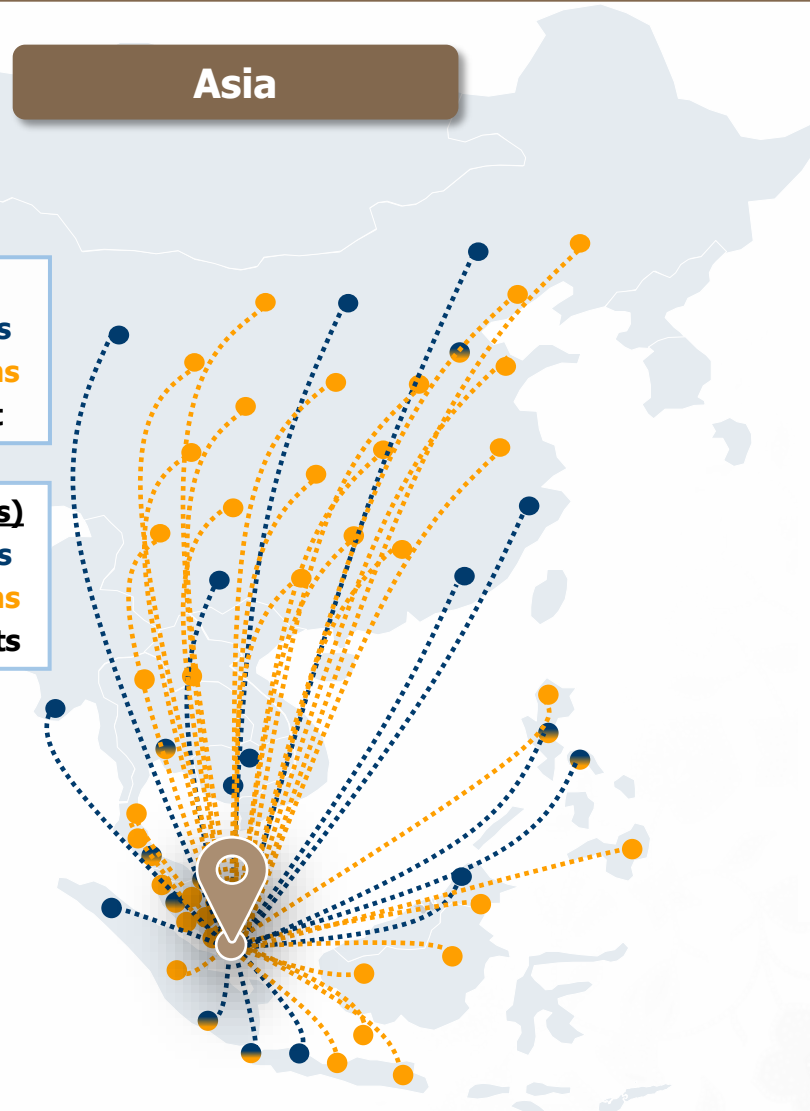
- Commencing **4x non-stop weekly flights to Brussels** from Apr24, increasing European points served by SIA Group to 15 points
- By Dec23, we will **serve 23 destinations in China** compared to 25 points pre-pandemic



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Strengthening Foundation for the Future

Portfolio strategy



- Scoot enables the Group to participate directly in the low-cost travel segment, **bringing value and greater connectivity to our customers**
- **Nine Embraer regional jets** from 2024 to expand regional secondary and tertiary markets
- Realising Group synergies through **cross sales initiatives**

Strengthening Foundation for the Future

Partnerships and multi-hub strategy

Commercial Partnerships

Codesharing with **34 partner airlines**, connecting to **over 250 additional destinations**, beyond pre-Covid connectivity



Air India and Vistara



- Competition Commission of India (CCI) approved Air India and Vistara merger in Sep23
- Pending additional regulatory approvals, including FDI, DGCA, NCLT and CCCS
- Remains on course for merger completion

Strengthening Foundation for the Future

Generate new revenue streams and expand the SIA Ecosystem



Greater non-air opportunities for customers to earn and burn miles

- **7.7M** KrisFlyer members as of 30 Sep 23: **+36% YoY growth**
- **>\$600M** revenue: **+37%** vs 1H FY2022/23
- >80% generated from over 1,300 KrisFlyer brand partners worldwide

Enabling our customers to access a full lifestyle ecosystem

- **> 2 million** downloads
- **> 300K** monthly active users
- **> 540** brands in Singapore
- **> 330** brands across 17 countries

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Strengthening Foundation for the Future

Sustainability

Net Zero by 2050

- SIA's **average fleet age less than half of industry** average: more fuel efficient
- 20-month pilot with CAAS and GenZero **validated Changi's operational readiness for SAF**
- Generated 1,000 SAF credits for sale to corporates and air cargo companies
- Continuing review on SAF procurement



Our Buildings

- Installation of solar panels at SIA Supplies Centre in Jul23 is expected to **reduce 388 tonnes of CO₂ emissions** in one year
- The Group now will be able to **offset 4,460 tonnes of CO₂ emissions** across our offices in Singapore in one year
- **Ground and rainwater** are harvested for sanitary flushing and irrigation purposes



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Strengthening Foundation for the Future

Digital capability

DELIVER BUSINESS VALUE TO THE SIA GROUP THROUGH DIGITAL INNOVATION



1,955

Digital ideas initiated by staff



2,424

Start-up teams engaged



374

Prototypes completed



57

*POCs completed/
Implemented*



Generative AI

- **More than 90 use cases** across business units in the company
- Early POC results reveal **up to 75% time savings** when applying Gen AI to work

Challenging environment

As the airline industry landscape evolves, we must continue to be nimble



**Intensifying
competition**



Climate change



Cost pressures



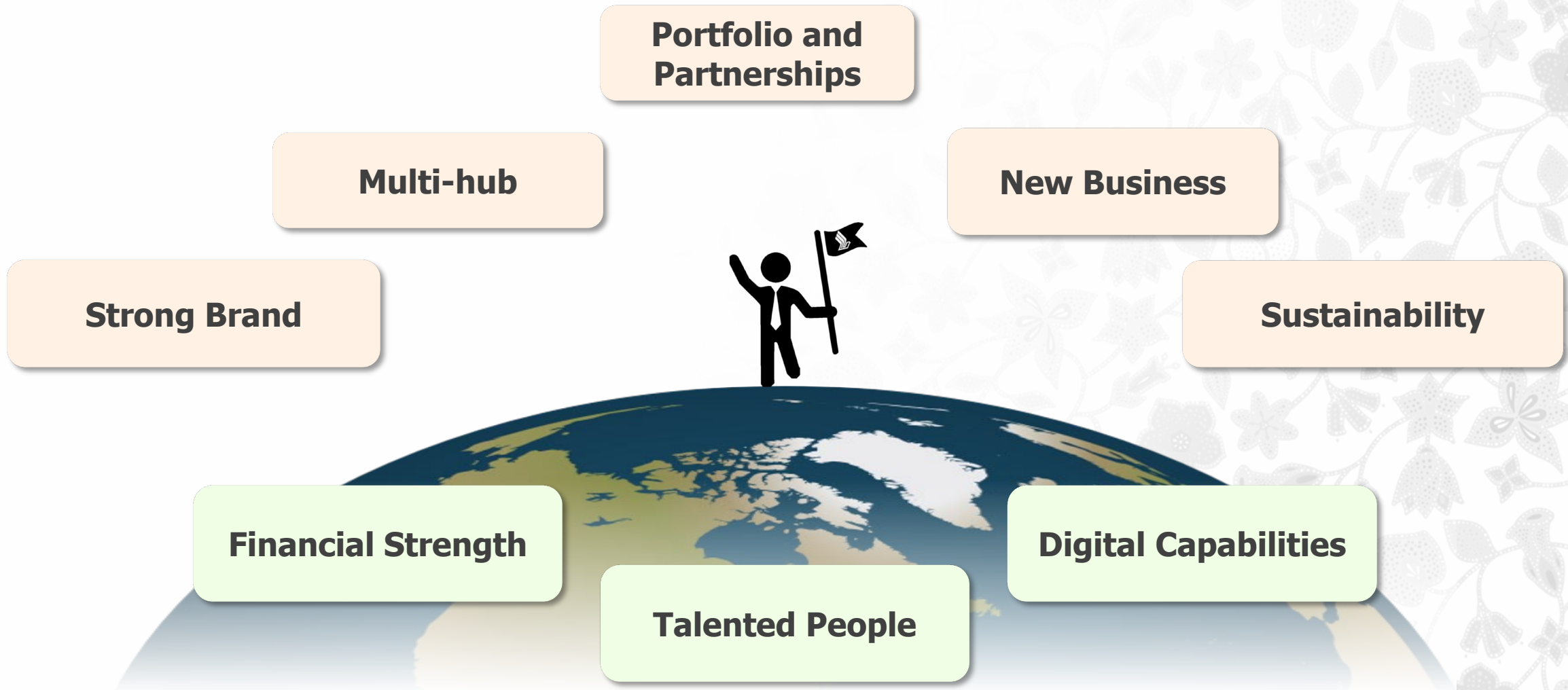
**Macroeconomic
uncertainty**



**Geopolitical
tensions**

Slide 45

We are well positioned for the future



Slide 46



Thank You