

SIA Group
Analysts/Media Briefing
1H FY21/22
(ended 30 September 2021)

12 November 2021

PRESENTATION BY:

**EXECUTIVE VICE PRESIDENT
FINANCE & STRATEGY**

MR. TAN KAI PING

Group Financial Results

Key Takeaways – 1H FY21/22 Results

1H net loss of \$837 million, an improvement of \$2,630 million YoY (+75.9%), driven by:

- Better operating performance (\$1,244 million)
- Absence of \$1,449 million aircraft impairment charges taken last year

1H operating loss of \$619 million, an improvement of \$1,244 million YoY (+66.8%):

- Excluding hedging ineffectiveness and fair value gain/loss on fuel derivatives, underlying operating loss improved by \$601 million YoY (+46.3%), driven by improvement in passenger performance and record high cargo revenue

Quarter-on-quarter, operating loss higher by \$71 million (-25.7%):

- Underlying operating loss marginally higher by \$6 million (-1.7%)

Monthly operating cashflows near break-even

Stronger passenger business outlook with international border openings and travel corridors

Group Operating Statistics

Calibrated capacity recovery continues

% vs
Pre-Covid
(Jan'20)

70.0%

60.0%

50.0%

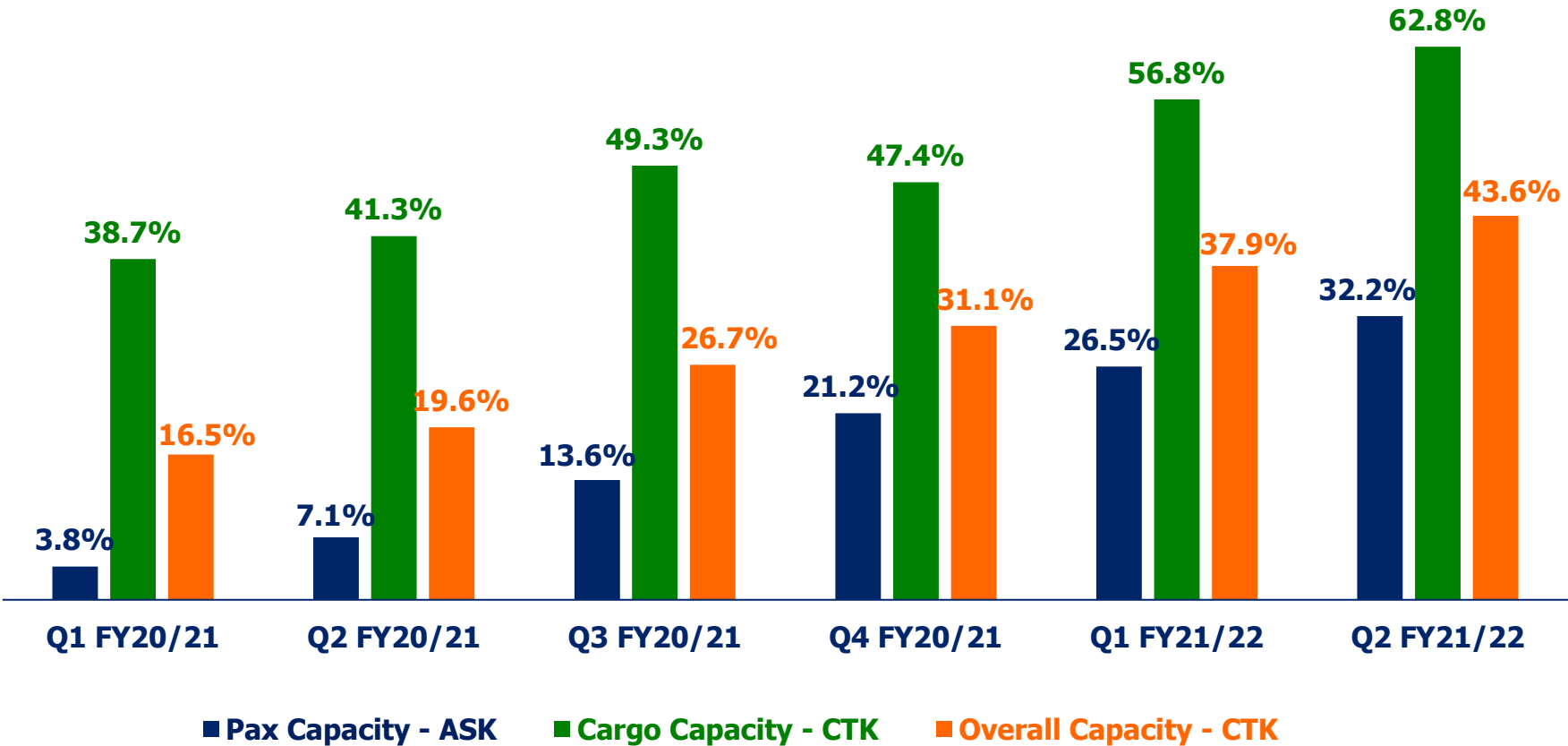
40.0%

30.0%

20.0%

10.0%

0.0%



ASK
1H YoY
5.4x
Q2 vs Q1
+21.5%

Overall CTK
1H YoY
+125.9%
Q2 vs Q1
+15.1%

Group Financial Results

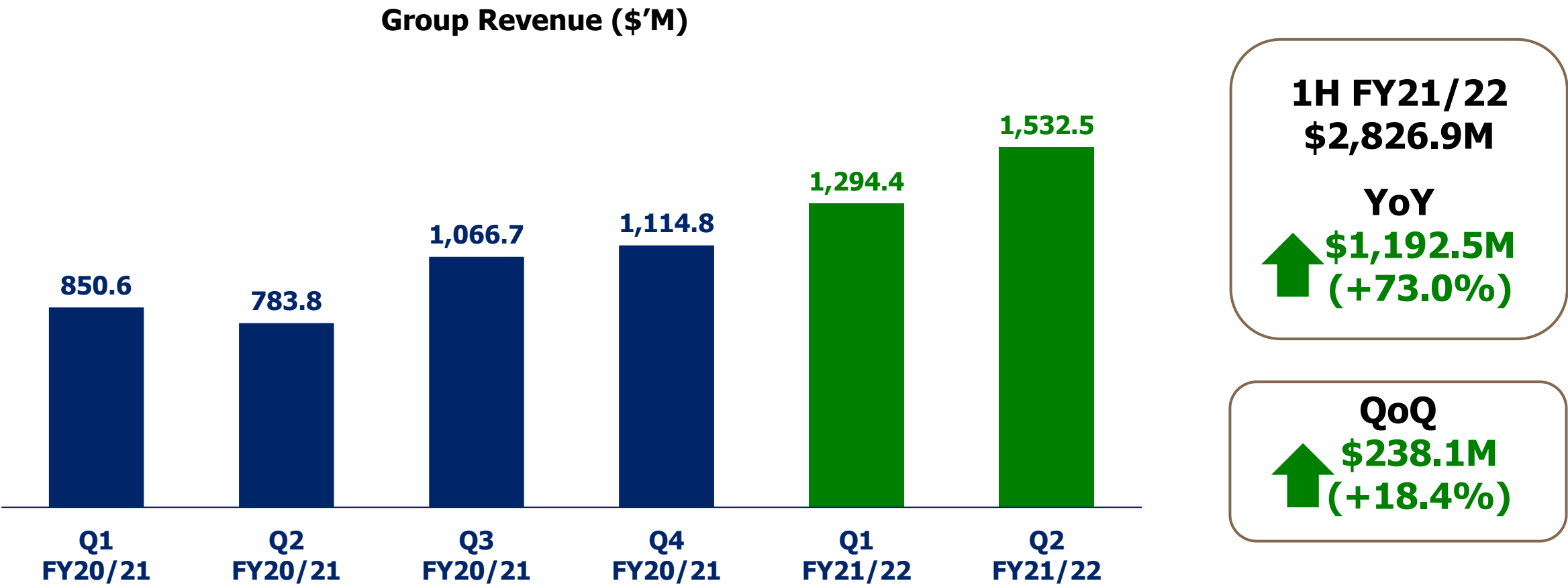
	1H FY21/22 (\$'M)	1H FY20/21 (\$'M)	Better/ (Worse) (\$'M)	Better/ (Worse) (%)	Q2 FY21/22 (\$'M)	Q1 FY21/22 (\$'M)	Better/ (Worse) (\$'M)	Better/ (Worse) (%)
Total Revenue	2,826.9	1,634.4	1,192.5	73.0%	1,532.5	1,294.4	238.1	18.4%
Total Expenditure	3,446.3	3,497.3	51.0	1.5%	1,877.5	1,568.8	(308.7)	(19.7)%
-- Net fuel cost	810.2	376.0	(434.2)	(115.5)%	450.1	360.1	(90.0)	(25.0)%
<i>Fuel cost (before hedging)</i>	<i>862.0</i>	<i>218.4</i>	<i>(643.6)</i>	<i>n.m.</i>	<i>489.3</i>	<i>372.7</i>	<i>(116.6)</i>	<i>(31.3)%</i>
<i>Fuel hedging (gain)/loss</i>	<i>(51.8)</i>	<i>157.6</i>	<i>209.4</i>	<i>n.m.</i>	<i>(39.2)</i>	<i>(12.6)</i>	<i>26.6</i>	<i>n.m.</i>
-- Fuel hedging ineffectiveness	-	461.8	461.8	n.m.	-	-	-	-
-- Fair value (gain)/loss on fuel derivatives	(78.8)	101.8	180.6	n.m.	(7.0)	(71.8)	(64.8)	(90.3)%
-- Non-fuel expenditure	2,714.9	2,557.7	(157.2)	(6.1)%	1,434.4	1,280.5	(153.9)	(12.0)%
Operating Loss	(619.4)	(1,862.9)	1,243.5	66.8	(345.0)	(274.4)	(70.6)	(25.7)%
Net Loss	(836.8)	(3,467.0)	2,630.2	75.9	(427.6)	(409.2)	(18.4)	(4.5)%

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Group Revenue

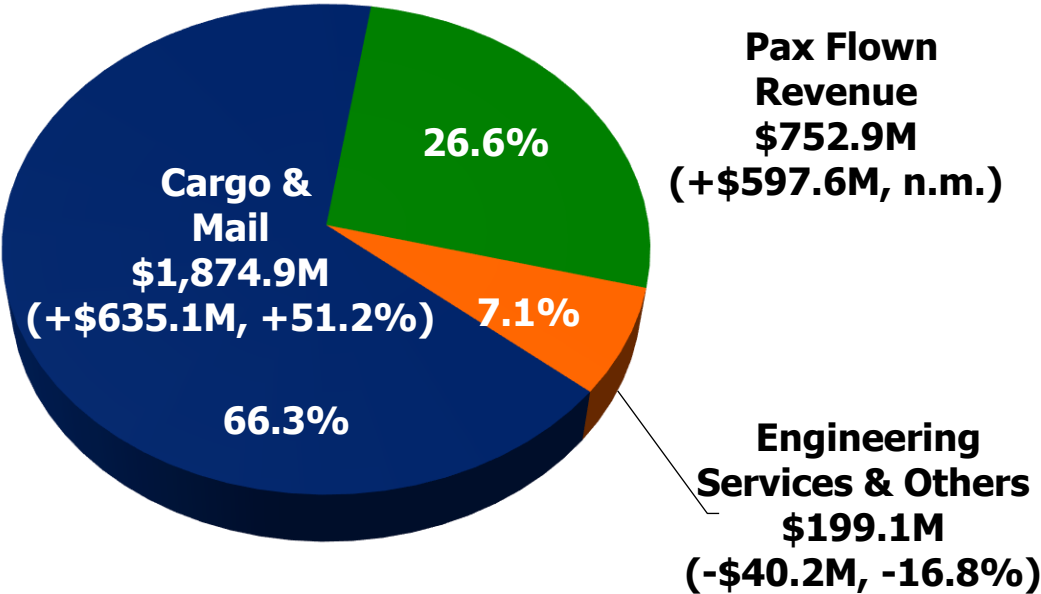
Growth driven by improvement in passenger flown revenue and strong cargo performance



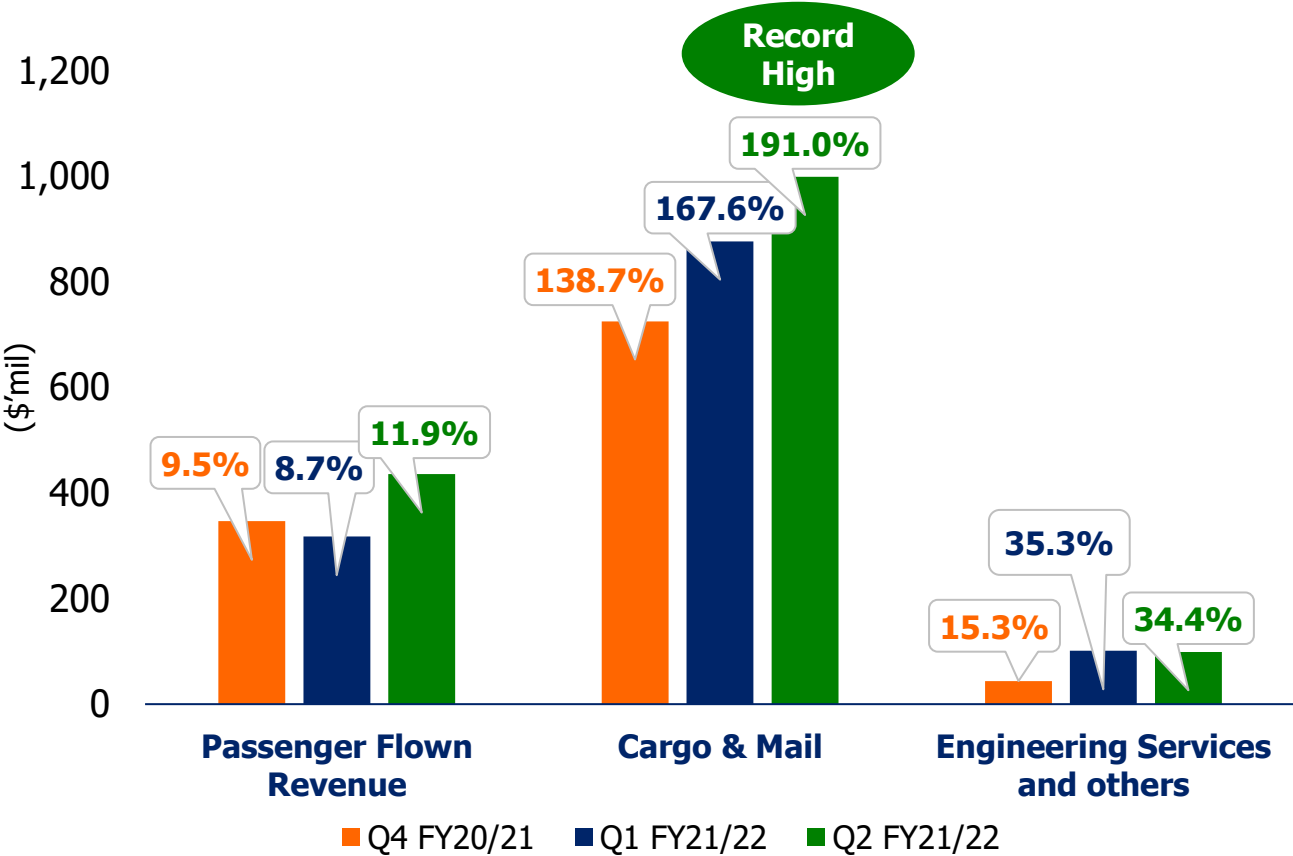
Group Revenue

Growth driven by higher passenger flown revenue and strong cargo performance

Revenue Breakdown for 1H FY21/22



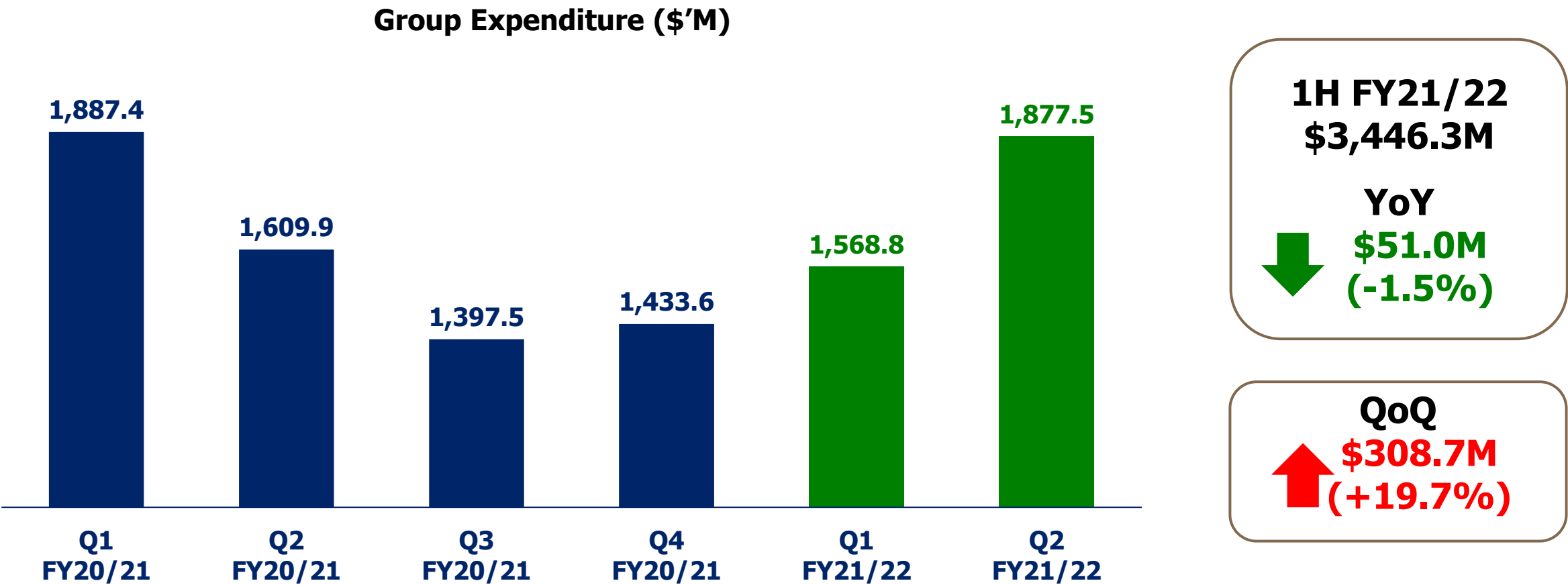
Revenue Breakdown from Key Contributors
(% vs pre-Covid Q3 FY19/20^)



^ Q3 FY19/20 was the last full quarter prior to the onset of Covid-19

Group Expenditure

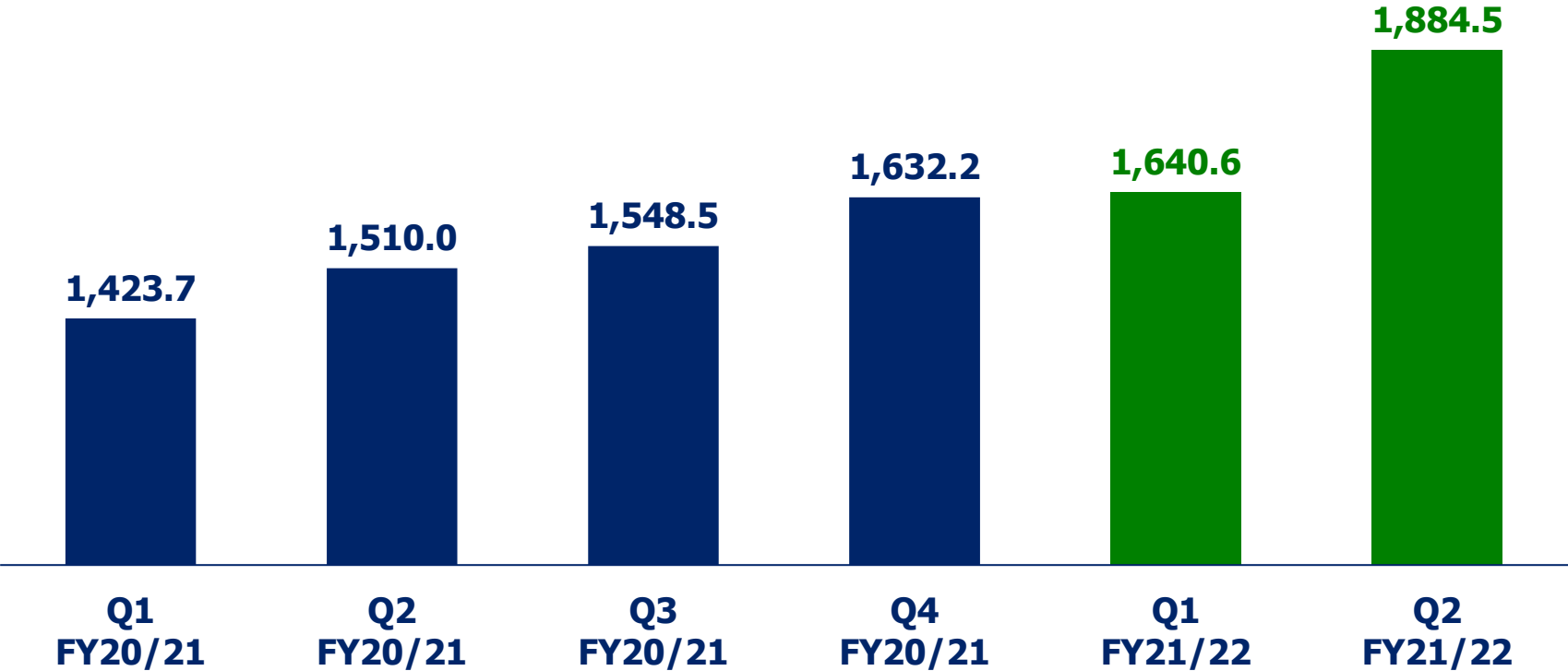
YoY improvement in 1H driven by the absence of hedging ineffectiveness and FV gain vs loss on fuel derivatives



Group Expenditure

On an adjusted basis, expenditure up due to higher net fuel costs and higher non-fuel costs with more flying

Group Expenditure (\$'M) – Adjusted
(Excluded fuel hedging ineffectiveness
and fair value gain/loss on fuel derivatives)



1H FY21/22
\$3,525.1M

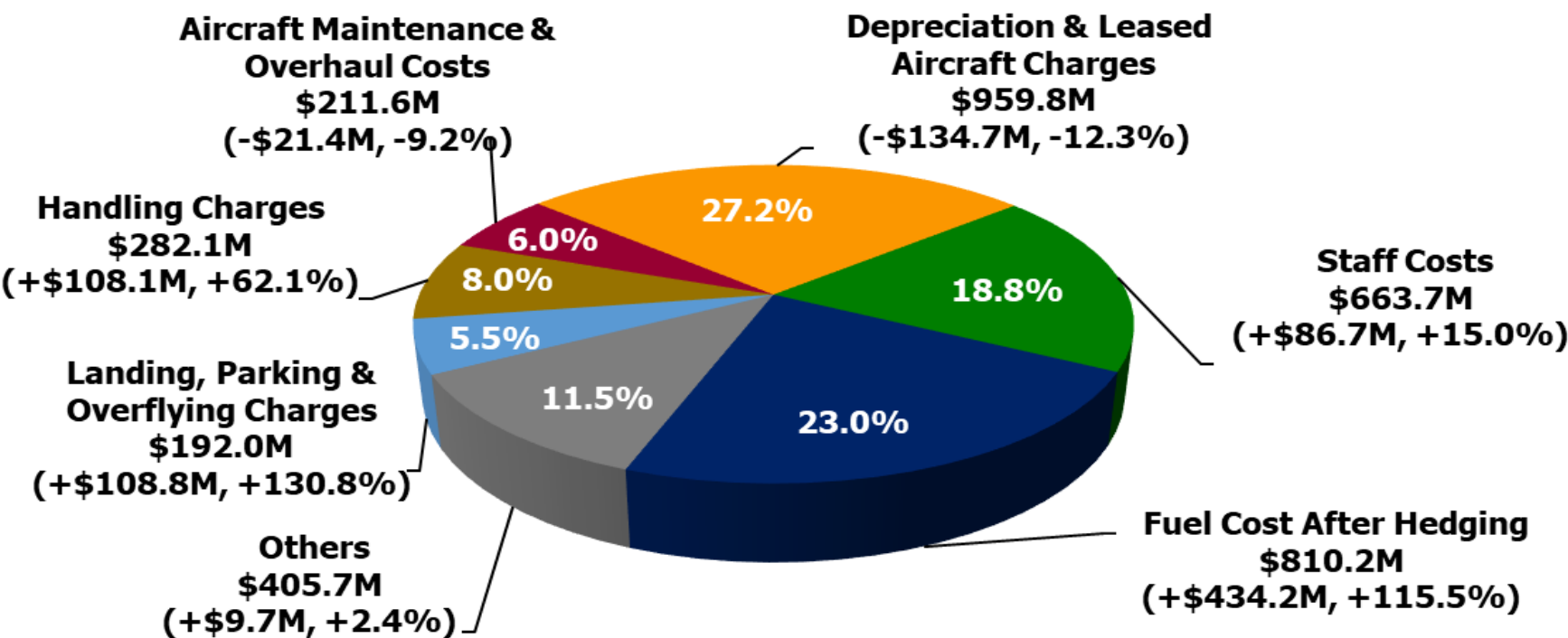
YoY
 **\$591.4M**
(+20.2%)

QoQ
 **\$243.9M**
(+14.9%)

Group Expenditure

Higher net fuel cost and non-fuel expenditure on increased flying activities

Cost Composition^



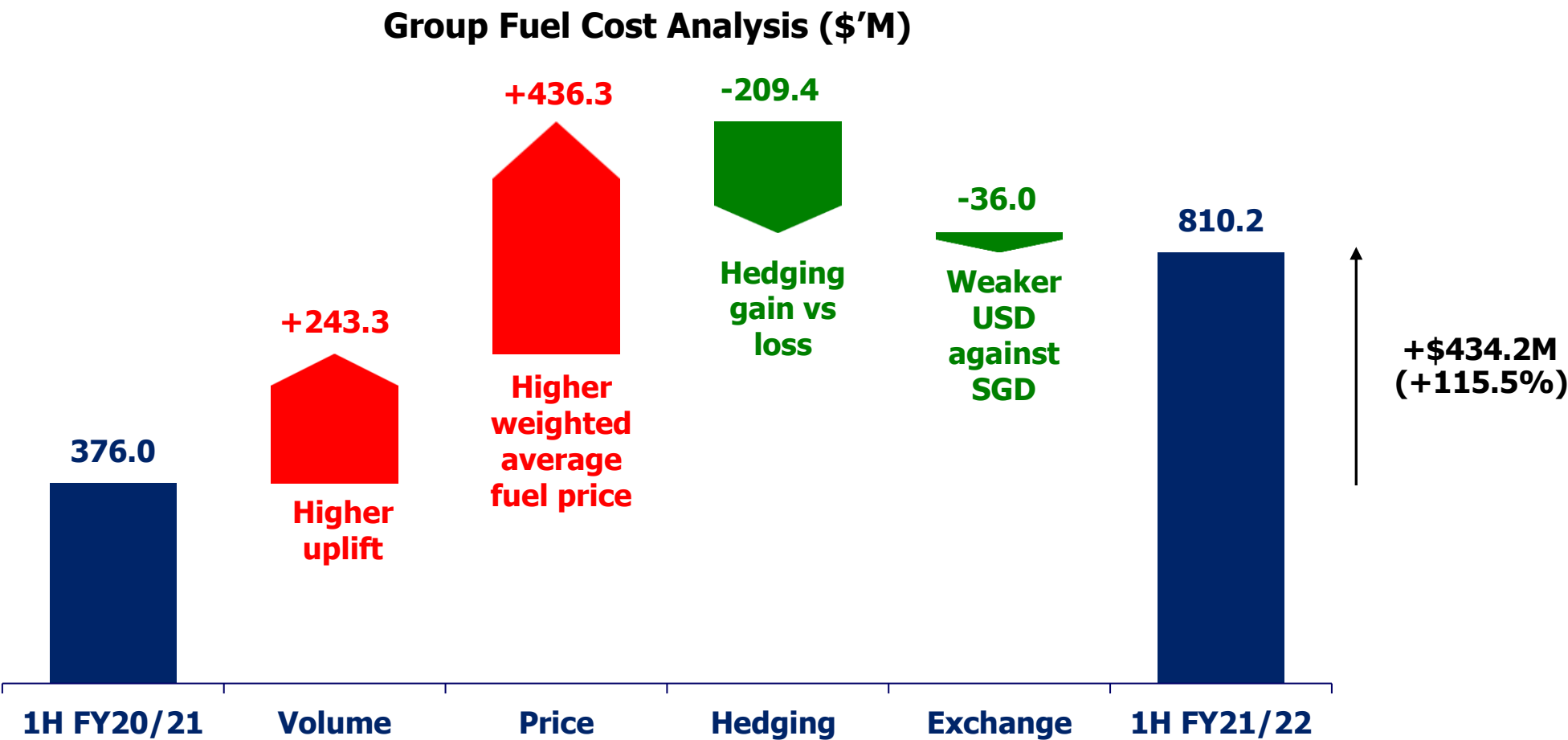
1H FY21/22
\$3,525.1M

YoY
↑ \$591.4M
(+20.2%)

^ Based on group expenditure excluding fuel hedging ineffectiveness and fair value gain or loss on fuel hedging derivatives

Net Fuel Cost 1H FY21/22

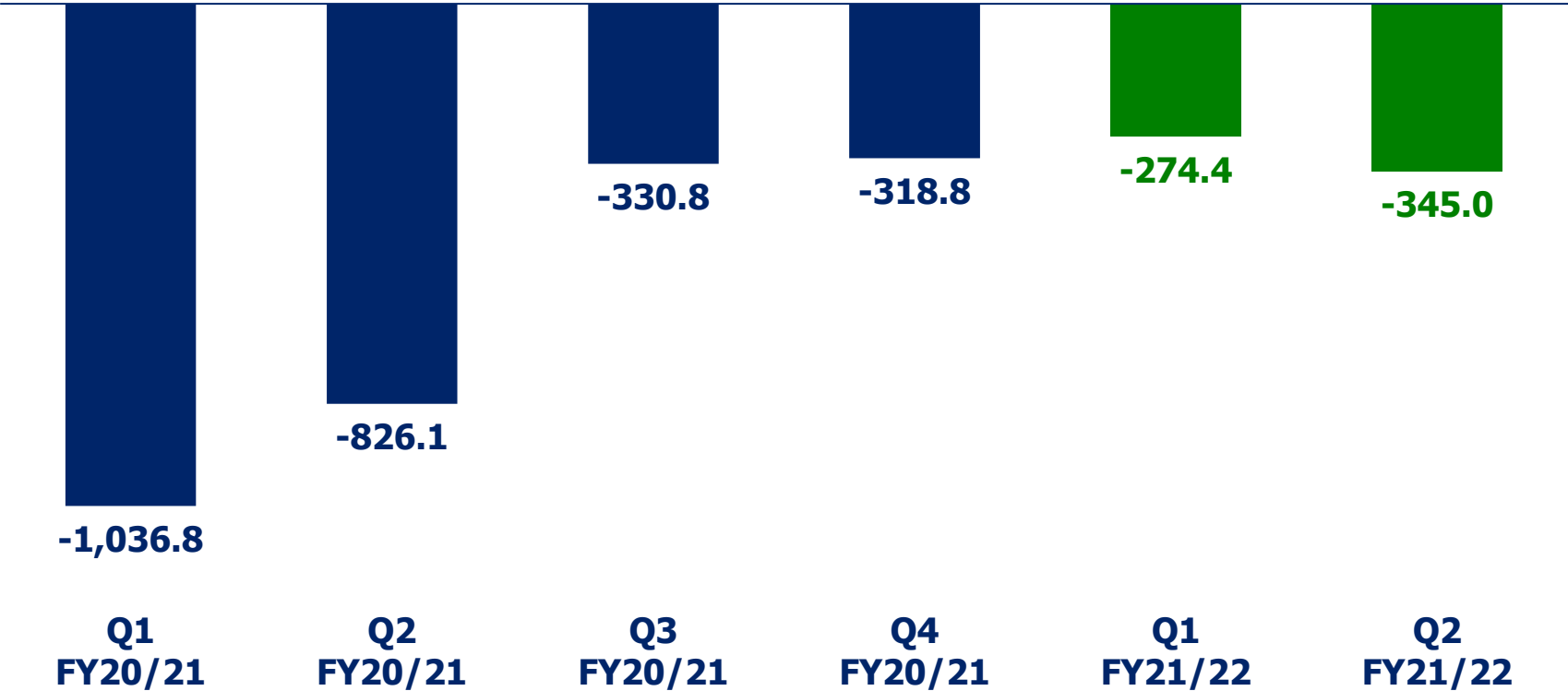
Net fuel cost up due to higher fuel prices and volume uplifted, partially mitigated by hedging gain and forex



Group Operating Loss

Operating loss for 1H reduced YoY, but higher QoQ

Group Operating Loss (\$'M)



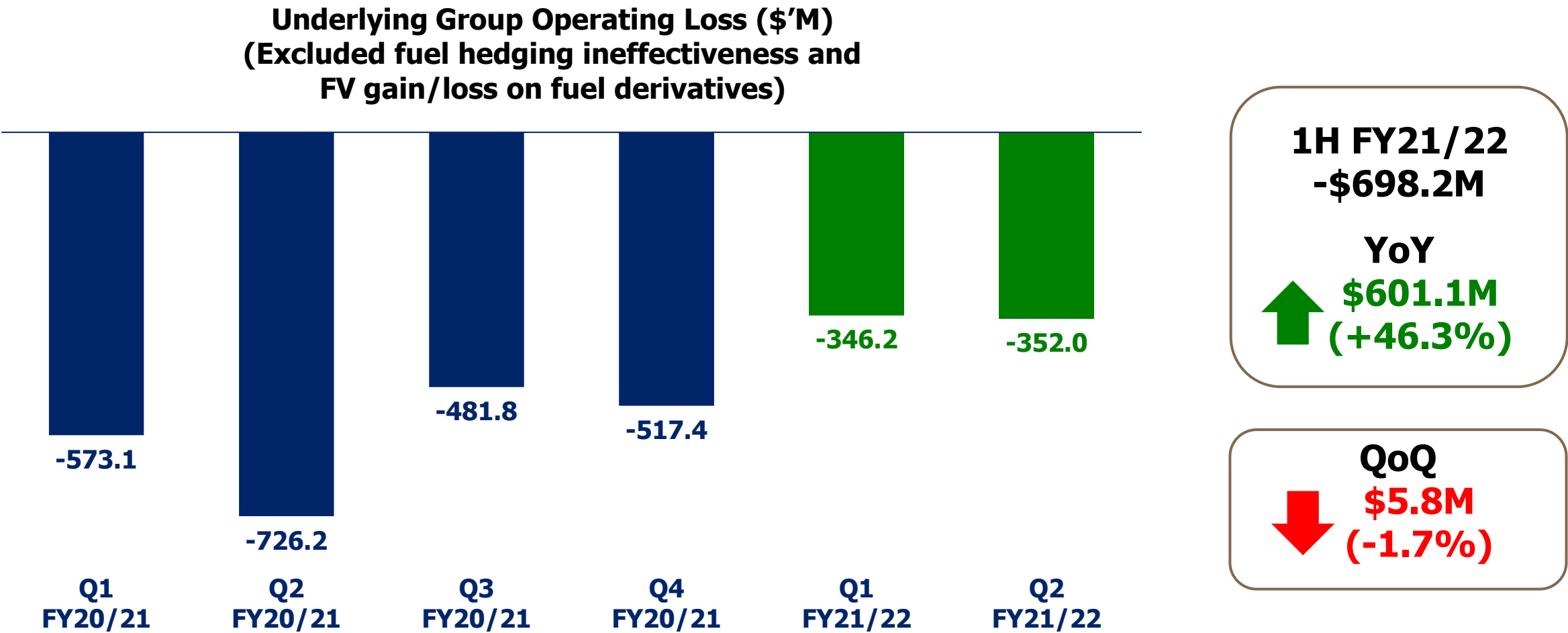
1H FY21/22
-\$619.4M

YoY
 **\$1,243.5M**
(+66.8%)

QoQ
 **\$70.6M**
(-25.7%)

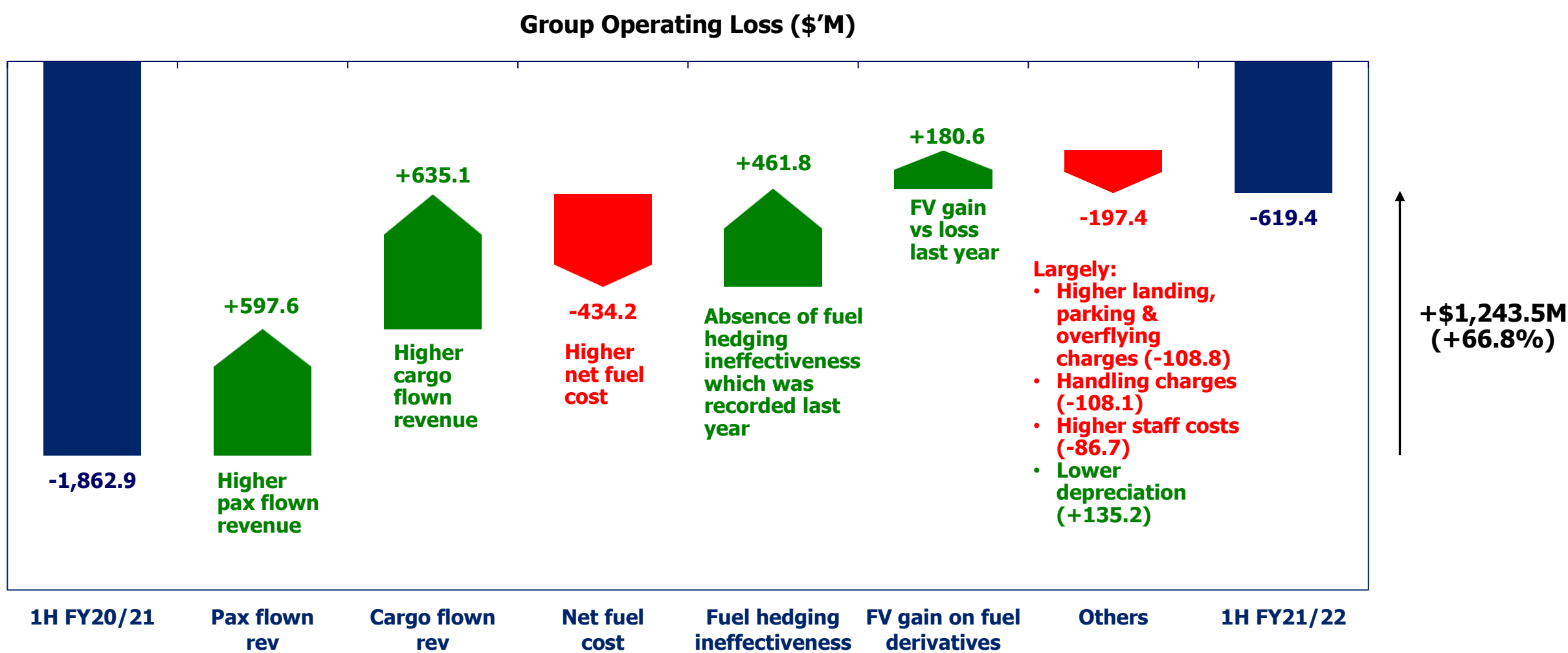
Group Operating Loss (Underlying)

Underlying operating loss for 1H reduced YoY, but marginally higher QoQ



Group Operating Loss

Operating loss narrowed mainly on improvement in flown revenue and absence of fuel hedging ineffectiveness



Operating Results for the Main Companies of the Group

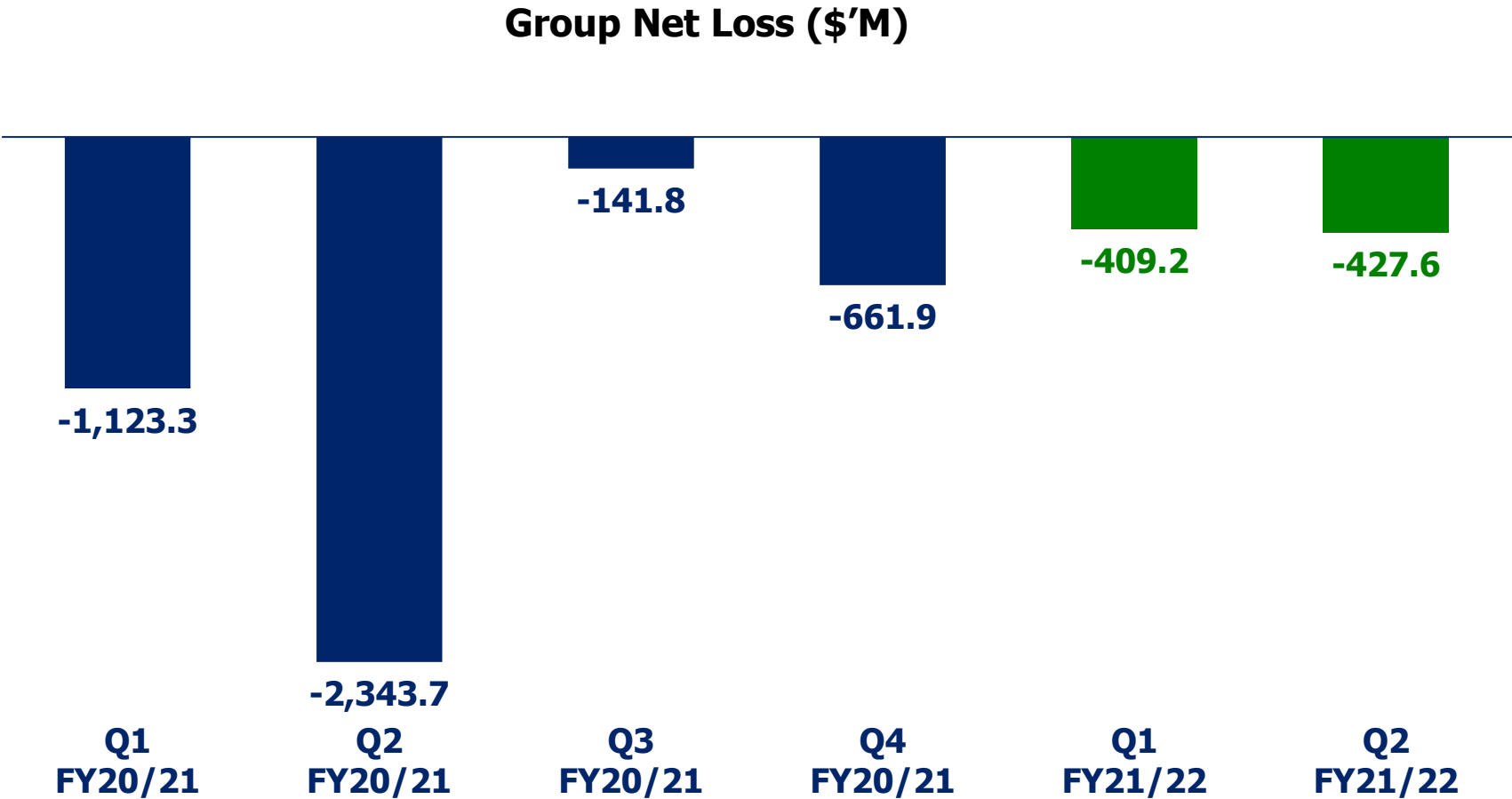
All major entities recorded lower losses YoY

		1H FY21/22 (\$'M)	1H FY20/21 (\$'M)	Better/ (Worse) \$M	Better/ (Worse) (%)	Q2 FY21/22 (\$'M)	Q1 FY21/22 (\$'M)	Better/ (Worse) \$M	Better/ (Worse) (%)
	Full-service carrier*	(386.5)	(1,424.7)	1,038.2	72.9	(233.9)	(152.6)	(81.3)	(53.3)
	Low-cost carrier	(217.0)	(413.7)	196.7	47.5	(103.2)	(113.8)	10.6	9.3
	SIAEC Group	(6.7)	(24.6)	17.9	72.8	(3.8)	(2.9)	(0.9)	(31.0)

* Includes results for SIA and SilkAir

Group Net Loss

Net losses significantly lower YoY but slightly higher QoQ



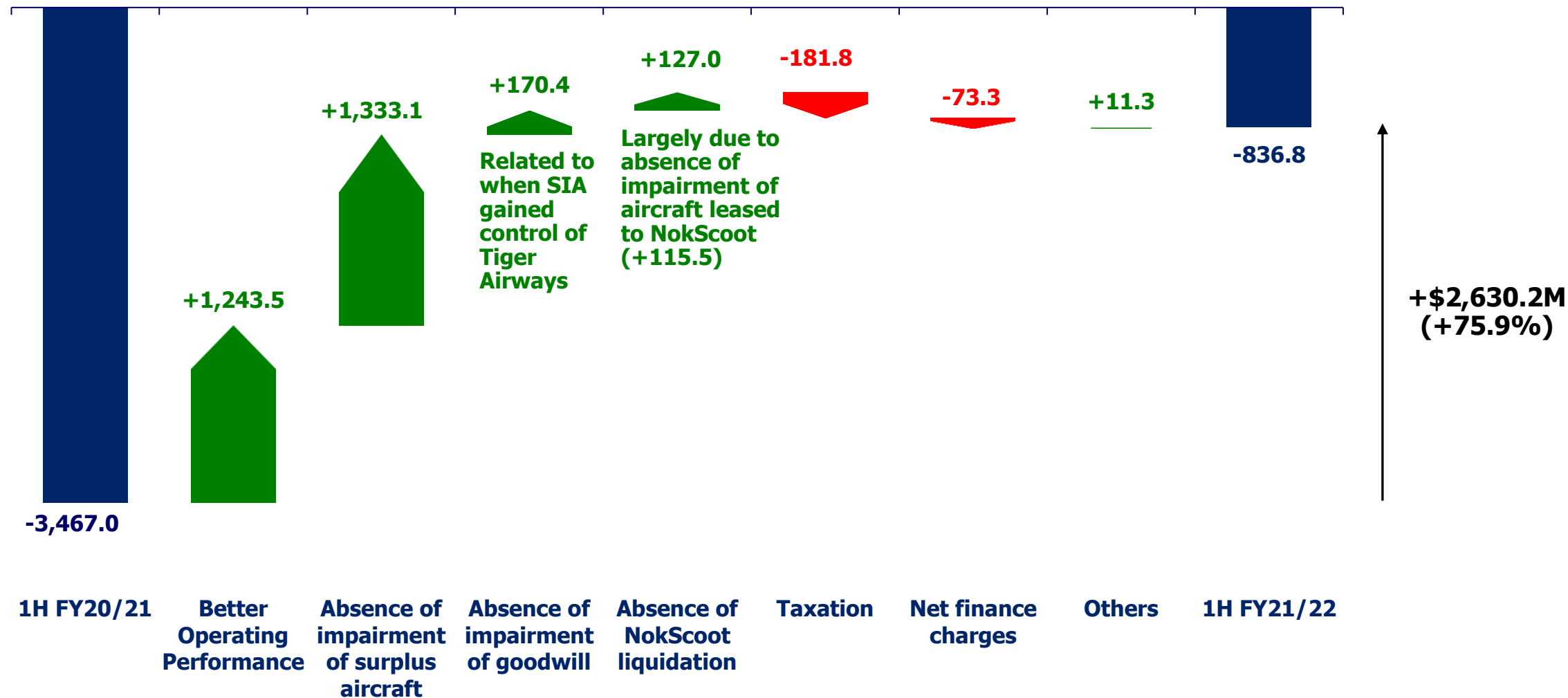
1H FY21/22
-\$836.8M

YoY
 **\$2,630.2M**
(+75.9%)

QoQ
 **\$18.4M**
(-4.5%)

Group Net Loss

Lower net loss mainly driven by better operating performance and absence of non-cash items recorded last year



Group Financial Position

	As at 30 September 2021	As at 31 March 2021
Total assets (\$'M)	44,366.9	37,581.3
Total debt (\$'M)	15,069.2	14,336.9
Total cash and bank balances (\$'M)	12,529.6	7,783.0
Total liabilities (\$'M)	22,031.8	21,303.2
Equity attributable to Owners of the Company (\$'M)	21,956.9	15,905.9
Debt: Equity ratio (times)^{R1}	0.69	0.90
Net Asset Value Per Share (\$) ^{R2}	7.40	5.36
Adjusted Net Asset Value Per Share (\$) ^{R3}	3.33	3.60

^{R1} Total debt : equity ratio is total debt divided by equity attributable to owners of the Company.

^{R2} 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.

^{R3} 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.

Group Fleet Development

Net increase of 15 aircraft by end of FY21/22

	Operating Fleet	As at 30 September 2021	In	Out	As at 31 March 2022
SIA	777-300ER	23			23
	A380-800	12			12
	A330-300	-			-
	A350-900	56	+2		58
	787-10	15	+5		20
	737-800	9			9
	737-8 MAX	6	+1^		7
	747-400F	7			7
	Total	128	+8		136
Scoot	787-8	10	+2		12
	787-9	10			10
	A320ceo	21			21
	A320neo	5			5
	A321neo	4	+5		9
	Total	50	+7		57
GROUP TOTAL		178	+15		193

^ During 2H FY21/22, SIA expects to take delivery of eight 737-8 MAX aircraft, of which one will enter into service by the end of the FY21/22 and the rest will enter service during the course of FY22/23.

Fuel Hedging

SIA Group remains hedged up to Q1 FY23/24 with additional gains locked in from close-out trades

- Following the outbreak of the Covid-19 pandemic, there was a significant reduction in the Group's capacity and hence fuel consumption, compared to prior planned flight schedules.
- In view of the reduced consumption and the uncertainty that remains in the recovery profile, the Group took steps in the first half of FY21/22 to recalibrate our fuel hedge book closer to a neutral posture through sell swaps to close out some of the prior hedge positions.

Fuel Hedging Position (as at 31 October 2021)	Percentage Hedged (%)	Average Hedged Price for Brent (USD/BBL)
2H FY21/22	30	57
Q1 FY22/23 - Q1 FY23/24	40	60

Summary of Gains from Close-out Trades	On a Cash Settled Basis (USD'M)	To be recognised in P&L in future periods (USD'M)
1H FY21/22	38	-
2H FY21/22	89	24
FY22/23 – FY24/25	225	208

Projected Group Capital Expenditure

Projected Capital Expenditure (\$'M)	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
Aircraft	3,600	3,700	3,800	4,000	2,400	2,100
Others	300	300	300	300	300	300
Total	3,900	4,000	4,100	4,300	2,700	2,400

PRESENTATION BY:

CHIEF EXECUTIVE OFFICER

MR. GOH CHOON PHONG



1

Managing an Unprecedented Crisis

2

Preparing to Emerge Stronger

3

Moving Nimbly to Seize Opportunities

4

Committed to Sustainability

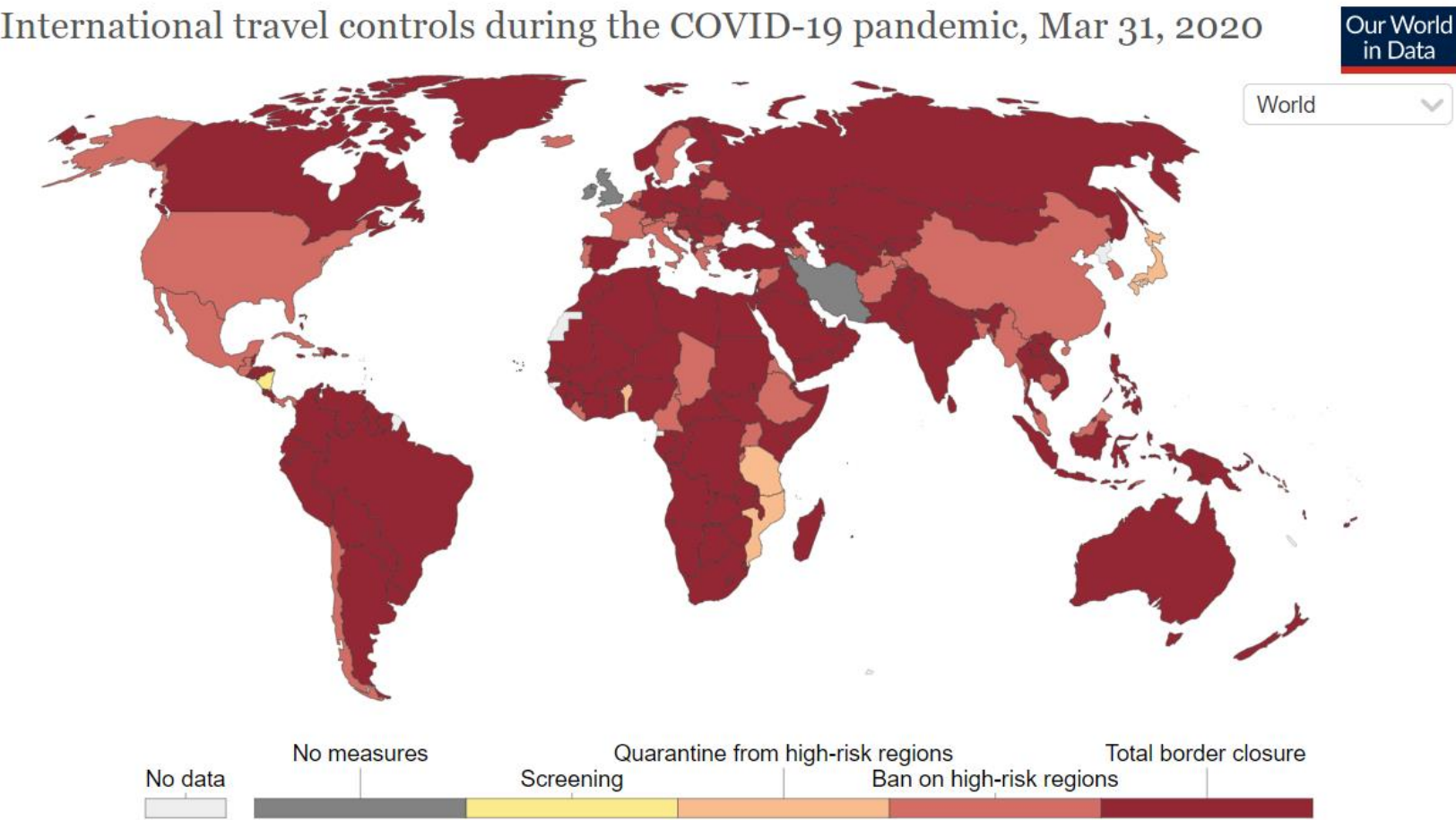
Managing an Unprecedented Crisis

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Managing an Unprecedented Crisis

Responding with agility to sudden border closures and flight disruptions



**Group Capacity
(M ASK)**

526

Apr'20

**Group Passengers
Carried**

0.01m

Apr'20

Source: Oxford COVID-19 Government Response Tracker, Blavatnik School of Government, University of Oxford

Managing an Unprecedented Crisis

Moved quickly to raise liquidity to ensure survival

**Additional
liquidity raised
since
1 Apr 2020**

S\$21.6B

S\$15.0B

From shareholders, through Rights
Issue of shares and MCBs

S\$2.1B

Aircraft secured financing

S\$2.0B

Sale-and-leaseback of 11 aircraft

S\$2.0B

Issuance of convertible bonds and
notes

S\$0.5B

New committed lines of credit* and
unsecured loan

**Committed LOCs
(untapped)**

S\$2.1B

S\$1.7B

Renewed existing committed lines of
credit

S\$0.4B

New committed lines of credit*

Renegotiated contracts with Airbus and Boeing

Restructured fleet orders to **moderate current capacity growth**
and meet projected **long-term needs**

Deferred **>\$4b of capex** out of FY20/21 – FY22/23

Implemented staff measures

~20% of positions reduced in FY20/21
Instituted paycuts

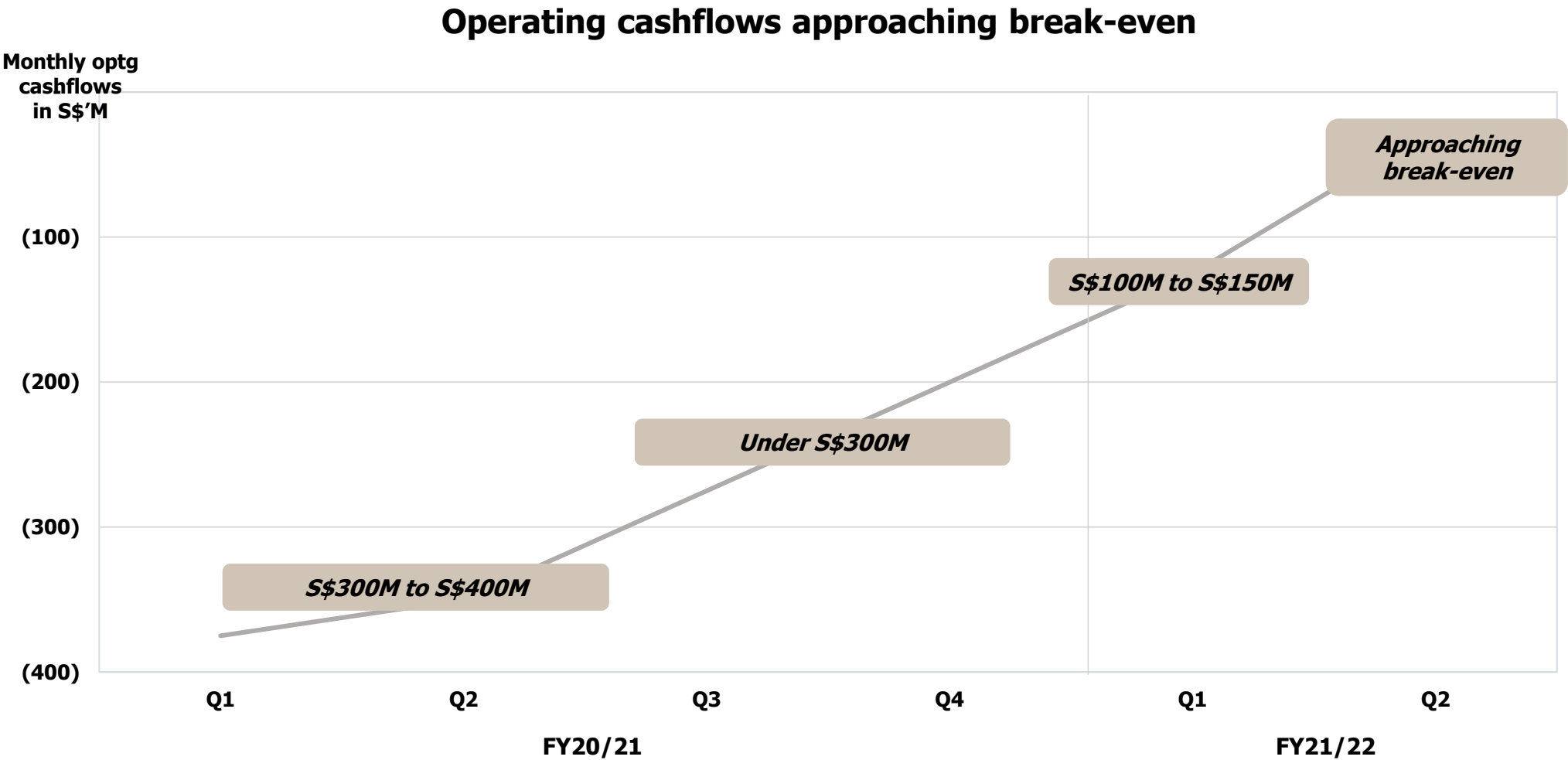
Expenditure remains closely watched

Ongoing effort to conserve cash and improve cost structure

*Refers to the same newly committed LOCs

Managing an Unprecedented Crisis

Strong financial position allows us to focus on responding to the crisis



*Operating cashflows includes net cash provided by operating activities and repayment of lease liabilities, and excludes proceeds from forward sales. Line is best-fit for illustration purposes only.

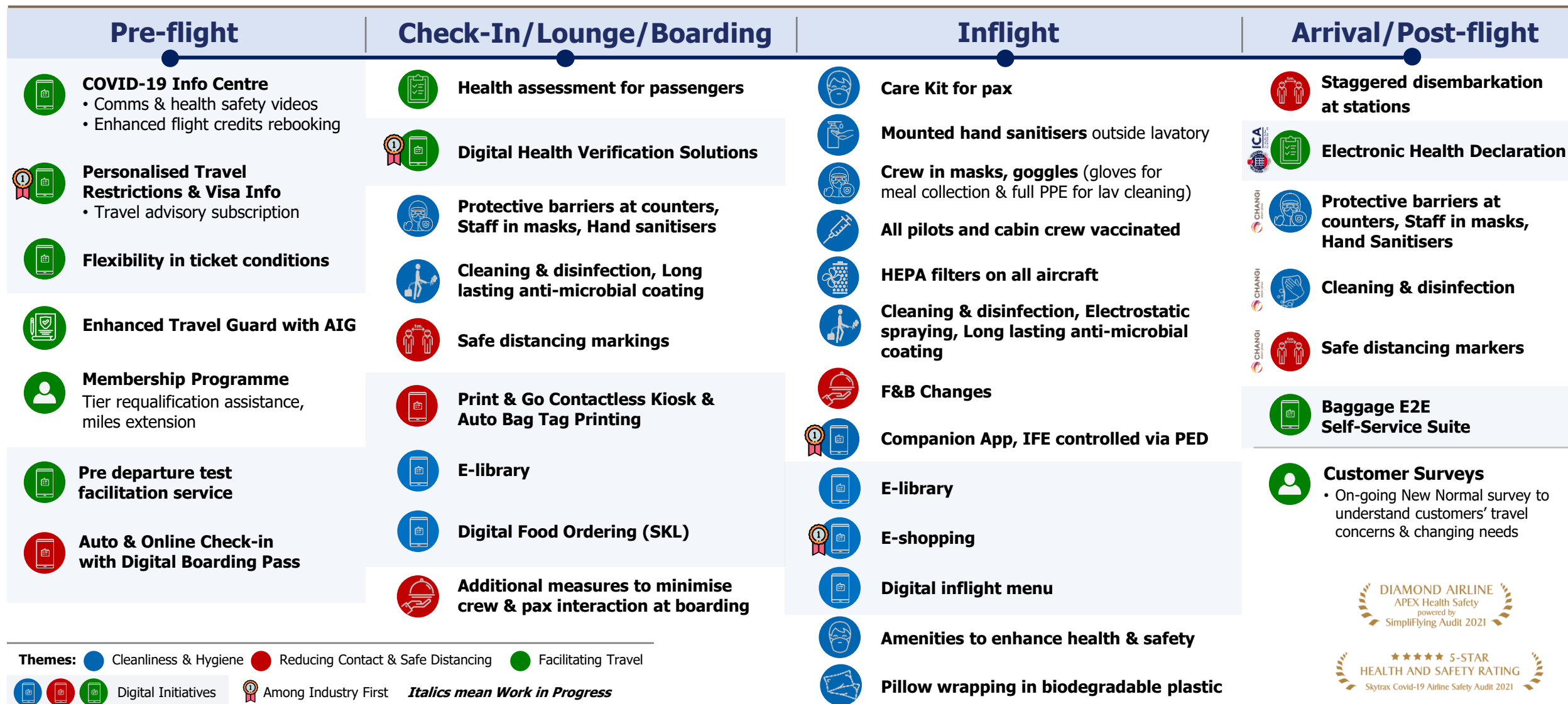
Preparing to Emerge Stronger

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Preparing to Emerge Stronger

Reviewed the end-to-end travel journey to prioritise health safety, seamlessness, and customer experience



DIAMOND AIRLINE
APEX Health Safety
powered by
SimpliFlying Audit 2021

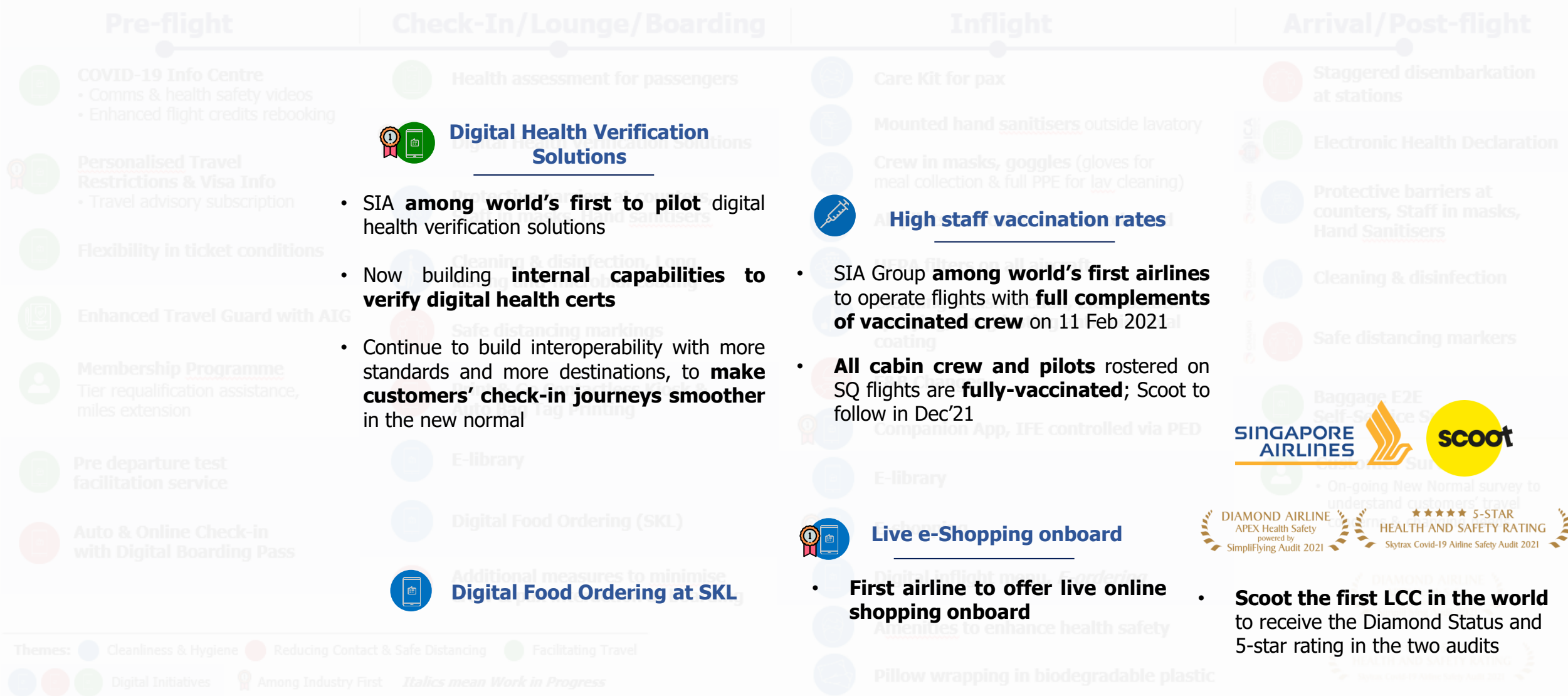
★★★★★ 5-STAR
HEALTH AND SAFETY RATING
Skytrax Covid-19 Airline Safety Audit 2021

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Preparing to Emerge Stronger

Reviewed the end-to-end travel journey to prioritise health safety, seamlessness, and customer experience



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Preparing to Emerge Stronger

Innovating to engage and excite customers onboard and on-ground

Engaging all five senses to elevate customers' experience

Sight



- Investing in the latest cabin products
- Strong batik motif brand association

Taste



- Wide variety of F&B options on-board and at lounges

Touch



- Renowned service excellence across all customer touchpoints

Sound



- **New Sonic branding**, introduced in Apr'21

Scent



- **Batik Flora scent**, our new signature ambient fragrance, to be launched in Dec'21

Strategic transformation of **KRISFLYER** SINGAPORE AIRLINES GROUP

An SIA Group lifestyle rewards programme

- Onboarded **>245 new non-air partners** in 1H FY21/22
- Building a loyalty **proposition for Group-wide assets** – Scoot, KrisShop, Kris+, and Pelago

Enhancing KF for a wider consumer base

- **Milestone rewards** to nudge more frequent usage
- **KrisFlyer for Families** to offer pooling flexibility

Driving member engagement online and in-person

- **~5m KF members (+4% YoY)**
- New KF **social media** channels
- **>20 bespoke experiences** in 4 markets held in 1H FY21/22

Growing **KRISSHOP** 's customer mindshare A member of Singapore Airlines Group

+40% YoY
in 1H sales

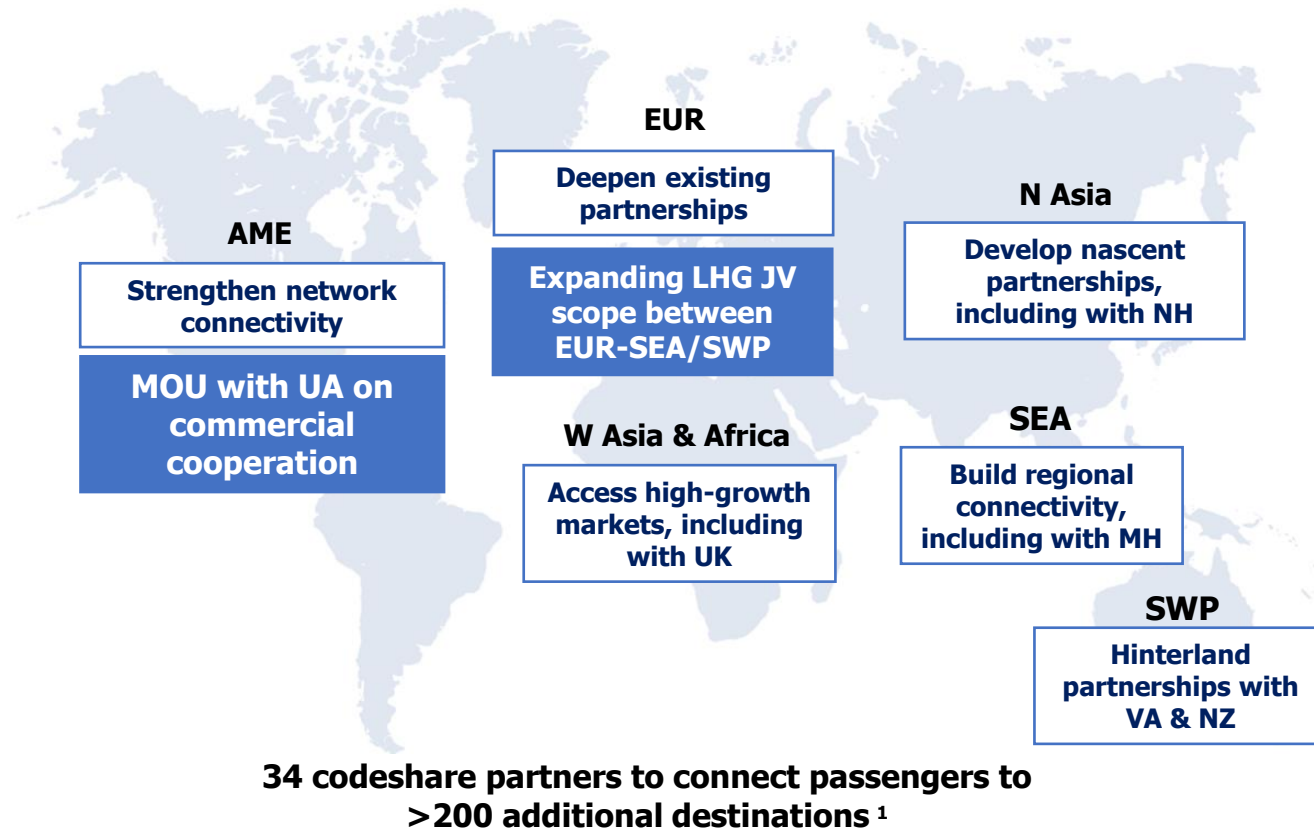
+25% YoY
in 1H web traffic

- **Growing portfolio** of brands & concept stores, leveraging on the SIA brand
- Expanding presence in **overseas markets**
- Build **Group ecosystem synergies** with KrisWorld & Kris+

Preparing to Emerge Stronger

Bolstering our passenger and cargo network and services

Forging global airline partnerships for growth



Aggressively capturing cargo momentum

61%
of pre-Covid
capacity restored
in Q2 FY21/22 ²

**Record-high
cargo revenue
achieved in
Q2 FY21/22 and
1H FY21/22**



Continued operations of 2x SIA 773ER and 2x Scoot A320neos as **converted freighters** to capture **ad-hoc charter opportunities**



SINGAPORE AIRLINES CARGO
THRU COOL

Increasing cool chain containers & solutions for **enhanced pharmaceutical cargo capabilities**

(1) As at Sep'21; (2) pre-Covid refers to Q2 FY19/20

Preparing to Emerge Stronger

Lead The New World

Pursuing key revenue and cost initiatives to achieve financial sustainability



>250 initiatives

embarked on since FY20/21 to achieve a more competitive cost base and stronger revenue generating capabilities



Strengthening core airline revenue through initiatives such as **sales operations transformation, dynamic pricing** on direct channels and leveraging **new distribution capabilities**



Transforming **KrisFlyer** programme, accelerating growth in **KrisShop** and developing new engines of revenue growth such as **Kris+** lifestyle ecosystem and **Parxl** e-commerce logistics platform



Comprehensively **redesigned SIA's inflight experience** to focus on what customers value and as a result, reduced waste and increased crew productivity

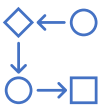


Leveraged **automation, tools and data** to improve process efficiency, decision-making and operational resilience



Drive **cost efficiencies** with key partners e.g. restructuring technical handling and MRO contracts, revamping operating model for ground and passenger handling activities

Transforming the way we work to enhance productivity and efficiency



>200 initiatives

implemented to optimise business processes



>110 staff

trained as BPR Champions to lead process reviews across the organisation



100%

of global HQ ground staff underwent at least one digital mindset training



>500,000 staff hours

saved from Business Process Reviews & digital initiatives since the pandemic

Moving Nimbly to Seize Opportunities

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Moving Nimbly to Seize Opportunities

We are collaborating with authorities to re-start travel in a safe and calibrated manner



Vaccinated Travel Lanes (VTL)

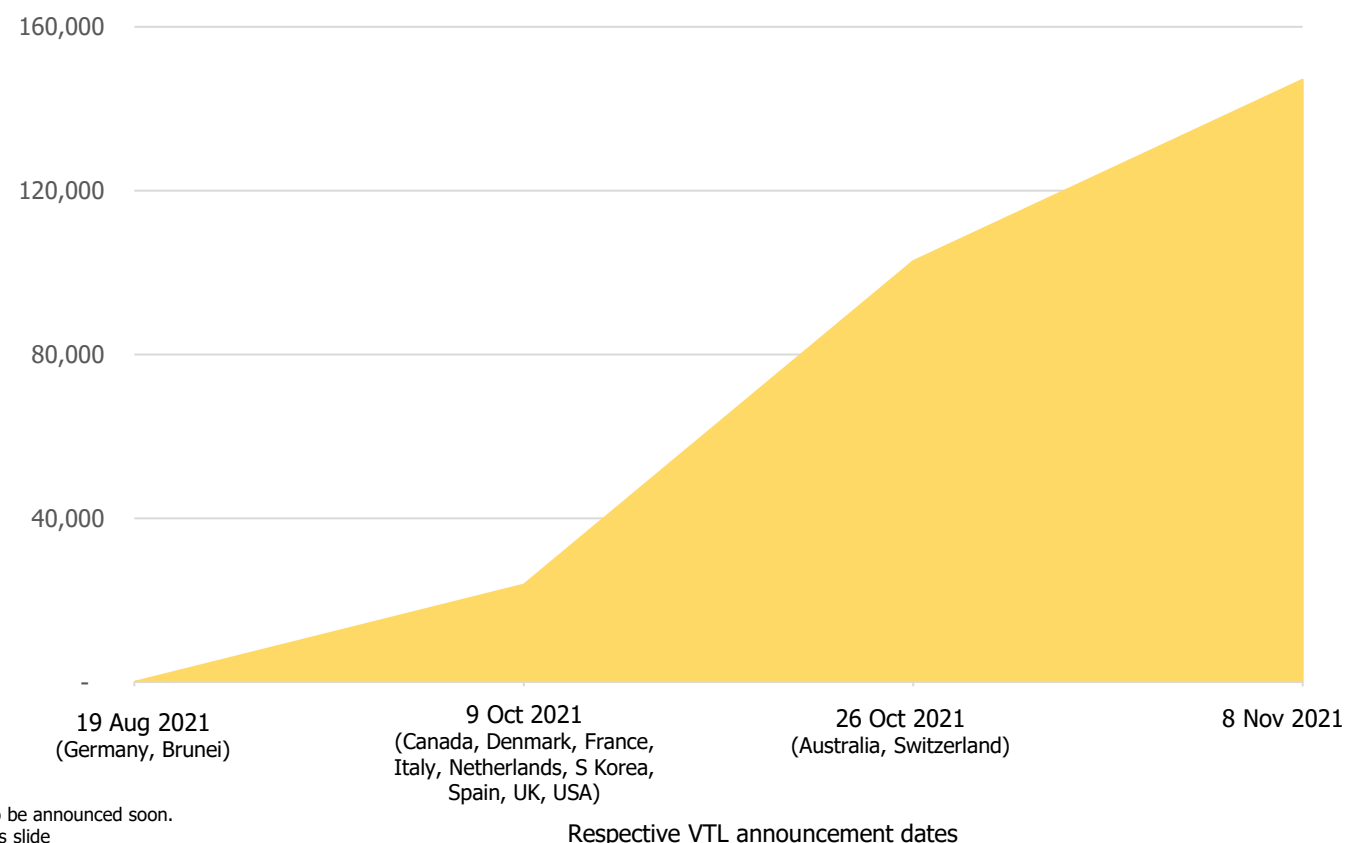
Quarantine-free travel for vaccinated travellers

SIA Group to operate VTL flights from 21 cities, 14 countries

Australia, Brunei, Canada, Denmark, France, Germany, Italy, Malaysia*, Netherlands, South Korea*, Spain, Switzerland, UK, USA

- Expansion of VTL destinations represents a **meaningful restart of travel**
- VTL flights saw **7x increase in bookings** since VTL announcement
- Strong booking demand observed, especially in **premium cabins**

New VTL ticket bookings for next 3 departure months



* SIA will begin VTL flights from S Korea from 16 Nov 2021. VTL flight schedules between Kuala Lumpur and Singapore are expected to be announced soon. As at 8 Nov 2021. Bookings in this slide are for XXX-SIN VTL flights departing 8Nov'21 – 31Jan'22. Line is best-fitted for purposes of this slide

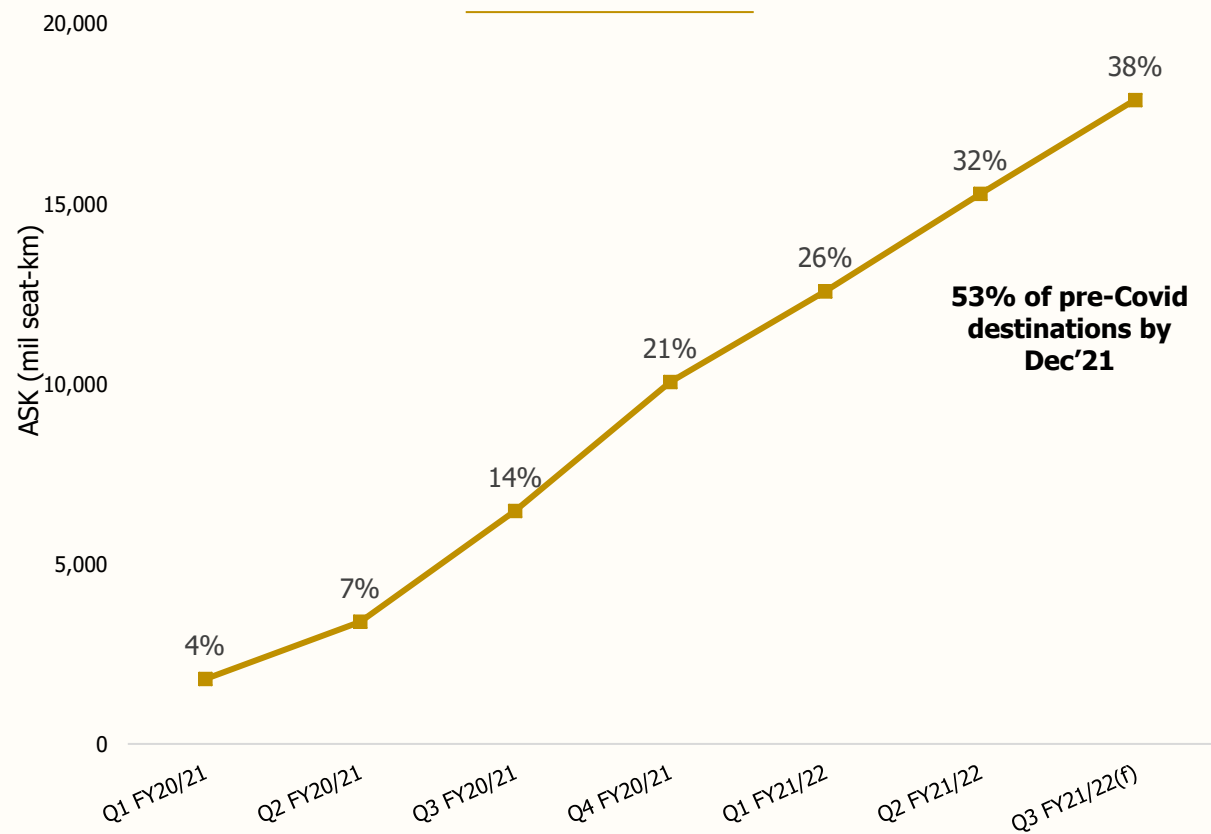
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Moving Nimbly to Seize Opportunities

We will continue to proactively capture revenue opportunities

SIA Group expected to operate 43% of pre-Covid passenger capacity by Dec'21

% vs. pre-Covid in Jan'20



As at 8 Nov 2021; pre-Covid refers to Jan'20

Agile and nimble approach to route management

New routes launched

Copenhagen-Rome, Athens-Berlin

Older points & routes restarted

Taipei-Los Angeles, Vancouver-Seattle

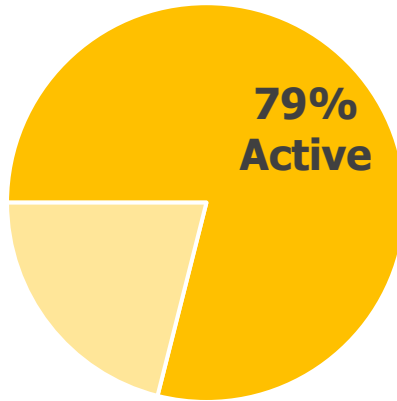
Tactical capacity increases in response to market changes

- *Transatlantic/Transpacific openings*: restarting Tokyo-Los Angeles, Frankfurt-New York, Manchester-Houston, Hong Kong-San Francisco routes
- *Leisure travel sandboxes*: increasing frequencies to Phuket
- *Strong VTL demand*: restart of A380 operations on London, Sydney

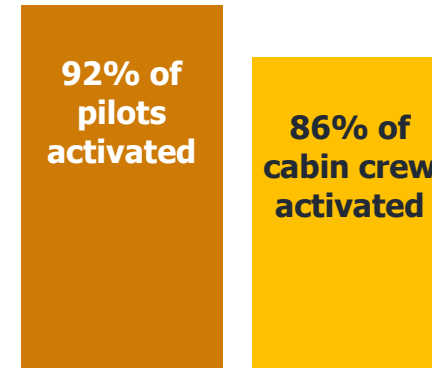
Moving Nimbly to Seize Opportunities

We have been shoring up operational readiness to support a quick ramp-up in capacity

We have reactivated resources at lower utilisation rates to provide ample buffer



Group passenger operating fleet status in Nov'21



Group pilots and cabin crew as at Nov'21

- **135 SIA & Scoot aircraft** will be deployed in Nov'21 to support network plans, **including 3 A380s**
- Utilisation can be quickly ramped up with current aircraft alone to support network expansion
- **Most crew are deployed** on at least one flight a month to maintain up-to-date knowledge
- Inactive crew are deployed to other parts of the organisation or are on Voluntary NPL

*Active aircraft refers to aircraft deployed on passenger and cargo-only services, including to support operational requirements. Active crew refers to crew deployed on flights at least once a month.

Moving Nimble to Seize Opportunities

We can expect more border re-openings as more countries attain high vaccination rates and move to 'live with Covid-19'

Britain to open up more travel by scrapping hotel quarantine for dozens of countries: Report
(3 Oct 2021)

US to lift restrictions on fully vaccinated international travellers in November
(20 Sep 2021)

Thailand to allow quarantine-free travel from 46 countries from Nov 1: PM Prayut
(21 Oct 2021)

Vietnam targets phased resumption of international flights from January
(5 Nov 2021)

India to reopen to foreign tourists from Oct 15 after dip in Covid-19 cases
(7 Oct 2021)

Quarantine for fully vaccinated travellers entering Malaysia cut to 7 days from Monday
(17 Oct 2021)

Australia reopens international borders for first time during Covid-19 pandemic
(1 Nov 2021)

Indonesian president calls on Asean to reopen regional travel and tourism
(26 Oct 2021)

Source: The Straits Times

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Committed to Sustainability

Committed to Sustainability

We are accelerating our de-carbonisation journey in spite of Covid-19

SIA Group is committed to net-zero carbon emissions by 2050

1 New aircraft technology

- We are industry-leading with **one of the world’s youngest fleets**

6 yrs 1 mth
SIA Group fleet age
(at Nov’21)

15 yrs 3 mths
Global fleet age
(at Nov’21) ¹

- We are committed to investing in new-gen aircraft, which are **up to 30% more fuel-efficient** vs previous-gen aircraft

62%
of SIA Group’s operating pax fleet are new-gen aircraft ²
(at Nov’21)

- We have **133 new-gen aircraft on firm order** for delivery in the coming years

2 Infrastructure & operational efficiency



Weight reduction initiatives to lightweight the aircraft and reduce fuel burn



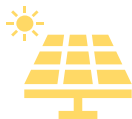
Reducing fuel burn through **Air Traffic Management initiatives**, e.g., arrival sequencing



Removal of footrests on selected aircraft could lightweight each aircraft by up to **300kg**



40% reduction in taxi fuel uplift at SIN Runway 3 with use of data analytics



20k solar panels installed in SIN offices
4,300t of carbon emissions avoided per yr

Sources: (1) CAPA; (2) New-gen as defined in ATAG Waypoint 2050 report

Committed to Sustainability

We are accelerating our de-carbonisation journey in spite of Covid-19

SIA Group is committed to net-zero carbon emissions by 2050

3 Sustainable aviation fuels (SAF) as the key in-sector de-carbonisation lever

2011
Joined SAF Users Group
International action group

2017
World's first green package flights
SIN-SFO flights powered by SAF blend

2020
Collaborating with Swedavia
Year-long partnership with Swedavia Airport to deploy SAF blend on ARN-DME to better understand SAF logistics



2021-
Core participant in SIN ecosystem to commercialising SAF
Actively exploring options on local SAF production and delivery

4 Carbon offsets as a near to medium-term lever

CORSIA **Compliance with international standards**

SIA supports CORSIA as the only global market-based measure to achieve carbon-neutral growth beyond 2020



Voluntary carbon offset programme

Launched in Jun'21, **SIA & Scoot passenger and cargo customers** can now offset their carbon footprint on high-quality projects

Further enhancements planned to enable use of **KrisFlyer miles and HighFlyer corporate points** for offsetting



Engaging ecosystem to secure quality carbon credits

Committed to Sustainability

We remain firmly committed to sustainability across Environment, Social, and Governance dimensions

Waste management



Food waste

New short-haul economy class meals give **>50%** weight, **>60%** waste, and **>80%** **SUP** reductions



Paper waste

Elimination of paper menus, newspapers & magazines achieve **>1,800 tonnes** in paper savings per yr



Plastic waste

Replacing **3.9m** plastic straws & swizzle sticks with wooden ones in a yr

Supporting our communities



Emergency carriage of essential supplies

Renewed partnership with Temasek Foundation & **World Food Programme** in Jul'21



Enhanced staff volunteerism

2,100 staff deployed as **SIA Group Ambassadors** to 32 organisations in total



The Upcycling Project

Collaborating with **artists, brands, educational institutions, and social enterprises** to repurpose aircraft parts and equipment



Thank You