



# SIA ANNUAL GENERAL MEETING PRESENTATION SLIDES

27 July 2020



# COVID-19: AN UNPRECEDENTED CHALLENGE



# COVID-19: An Unprecedented Challenge

## Industry Experts and Bodies Warn of Severe Impact of COVID-19



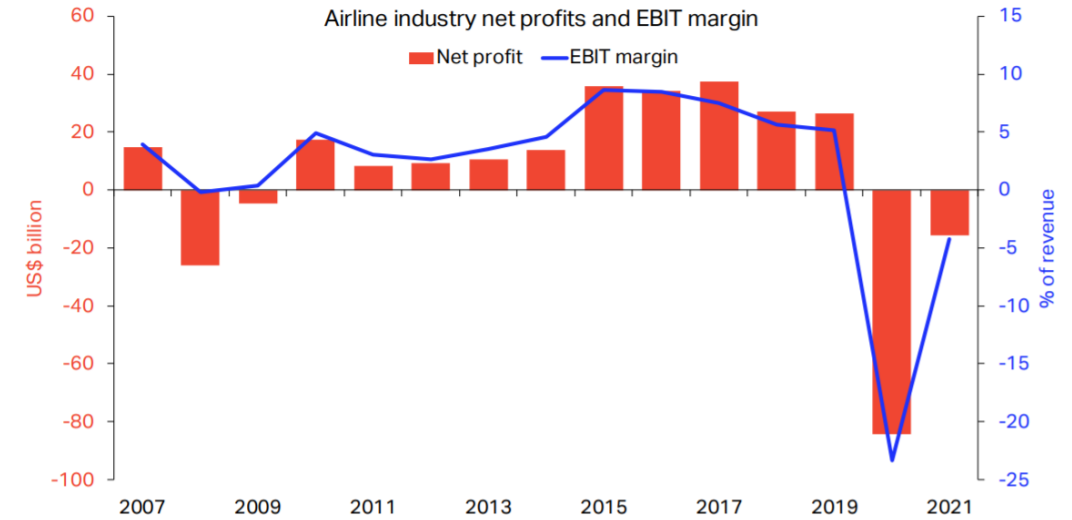
### 2020 will be the worst year in history for airlines\*

- Global GDP contraction forecasted at 5.0%
- Industry net loss forecasted at US\$ 84.3 billion



### Multiple airlines have been heavily affected by COVID-19

- Airlines in all regions are expected to record negative operating income in 2020\*



\*Source: IATA Economics Economic Performance of the Airline Industry, Mid-Year 2020

# COVID-19: An Unprecedented Challenge

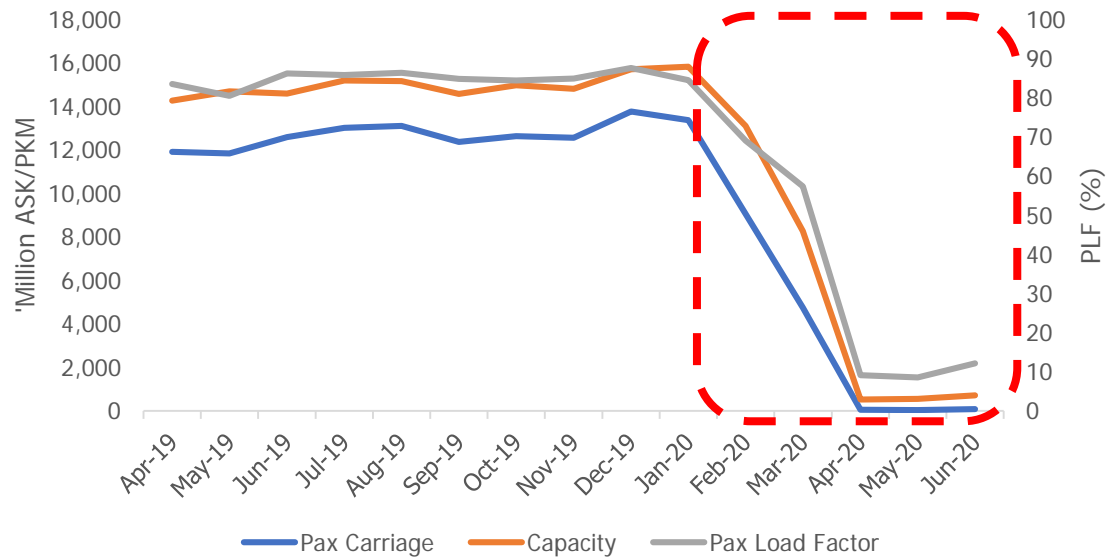
COVID-19 Pandemic Continues to Have a Severe Impact on International Air Travel

## SIA Group passenger operations remain heavily curtailed



Recovery trajectory would be slower than initially projected, with scheduled passenger capacity of SIA Group reduced by 96% for Q1 FY20/21 (versus pre-COVID levels)

SIA Group FY1920 to Q1 FY20/21



38,000

Passengers Carried

↓ -99.6% from Q1 FY19/20



1,800 million  
Capacity (seat-km)

↓ -95.9% from Q1 FY19/20



10.2%

Passenger Load Factor

↓ -73.2ppt from Q1 FY19/20



59

Weekly Frequencies (Jun'20)

↓ -96.6% from Jun'19

# COVID-19: An Unprecedented Challenge

## Industry Experts and Bodies Forecast a Slow Recovery in International Air Travel



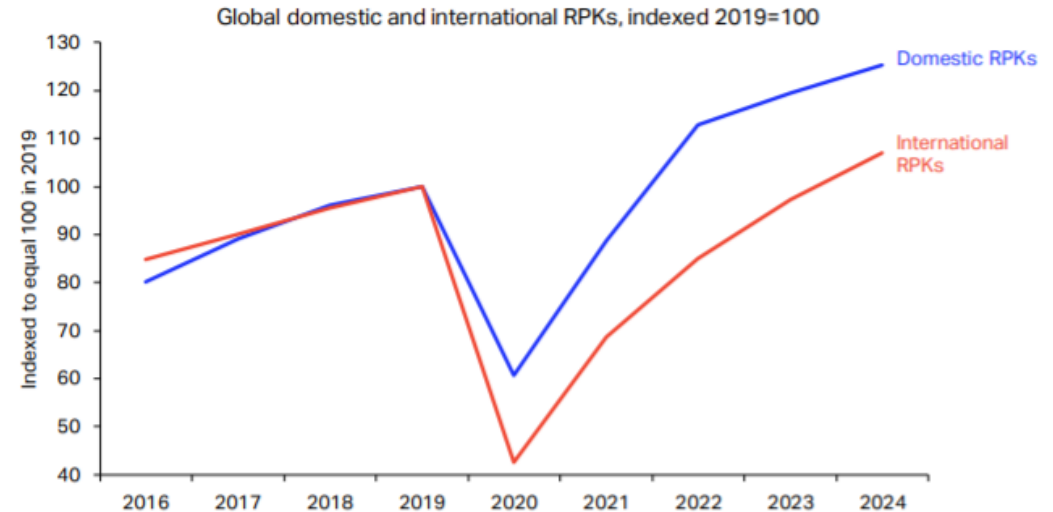
### Downward revision in recovery projections of global passenger traffic

- Slower opening of economies and relaxation of travel restrictions
- Air travel recovery expected to be further delayed



### Current forecasts expect 2-4 years for passenger traffic numbers to return to pre-pandemic levels

- Global RPKs forecast to be 32-41% below expected levels in 2021\*
- International travel recovery expected to lag domestic air travel markets



\*Source: IATA /Tourism Economics, Air Passenger Forecasts, April 2020

# STRENGTHENING SIA GROUP'S FINANCIAL POSITION



# Strengthening SIA Group's Financial Position

S\$11 Billion in Fresh Liquidity Puts SIA on a Strong Footing to Tackle COVID-19 Challenges

**Completion of the rights issue strengthened SIA Group's financial position by reducing its financial gearing and increasing its liquidity**

**S\$8.8 billion raised through shareholders' support for successful completion of rights issue**

**S\$1.65 billion raised through aircraft secured financing**

**Strengthening balance sheet and building liquidity**

**Existing committed lines of credit (S\$1.7 billion) renewed until 2021 or later**

**S\$0.5 billion from new committed lines of credit and short-term unsecured loan**

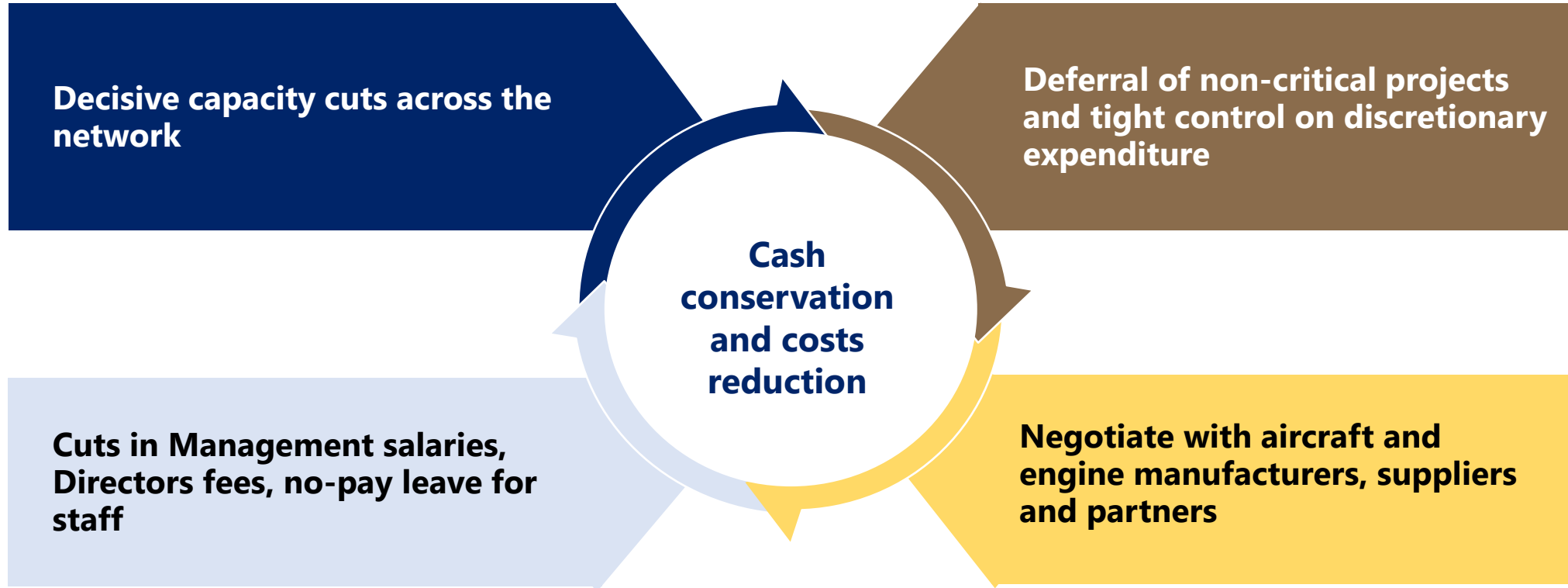
**SIA retains the option to raise another S\$6.2 billion in additional mandatory convertible bonds**



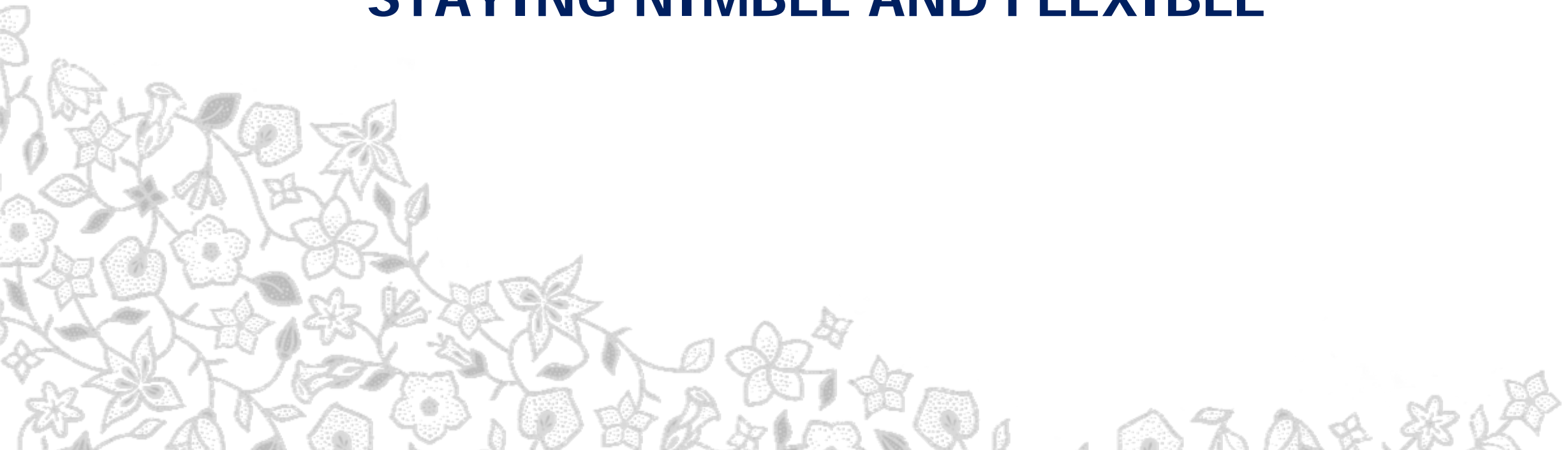
# Strengthening SIA Group's Financial Position

## Steps Taken to Conserve Cash and Reduce Costs

### Proactive actions to address the COVID-19 challenges



# RESTARTING OPERATIONS - STAYING NIMBLE AND FLEXIBLE



# Restarting Operations – Staying Nimble and Flexible

Staying Nimble and Flexible Where Pace of Recovery is Uncertain

## Factors affecting pace of recovery



**Border Controls**



**Regulatory Travel and  
Entry Restrictions**

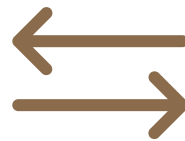


**Consumer Confidence in  
Air Travel**

## Immediate priorities



**Addressing health & safety  
concerns**



**Reducing friction  
for customers**



**Proactive pursuit of  
revenue opportunities**

# Restarting Operations – Staying Nimble and Flexible

Addressing Health and Safety Concerns across Entire Customer Journey

**Robust measures in place to ensure the health and safety of our customers...**

Modified in-flight service and procedures

Enhanced cleaning and disinfection of aircraft and lounges

**Customer Health & Safety**

Safe distancing in line with regulations

Leveraging on digital and technology



... across the entire customer journey

**AIA**  
On the Ground

- **Hand sanitiser** available at multiple locations
- **Deeper and more frequent cleaning** of lounges using approved disinfectants
- **Safe distancing markings** during check-in, with staff in masks

**In the Air**

- **High Efficiency Particulate Air (HEPA)** filters remove 99.9% of airborne microbes
- **Customers receive care kit** with masks, wipes and hand sanitiser
- **Increased frequency of cleaning** of high-touch surfaces

# Restarting Operations – Staying Nimble and Flexible

## Reducing Friction for Customers

### Customer servicing and handling



**Service automation through webform** developed in Agile manner to address surge in customer contact volumes



**Flexible travel waiver policy** offering full refunds, bonus flight credits, flexibility to rebook until 31 Dec'21

### A seamless customer travel journey enabled by digital technology

#### Departure

**Information** on travel restrictions  
**Online check-in** using mobile app  
**Contactless** check-in kiosks  
**Mobile boarding pass**

#### Inflight

**Companion app** to operate in-flight entertainment through mobile phones  
**E-library** to replace physical copies of newspapers and magazines  
**Inflight shopping** goes digital

#### Arrival

**Contact Tracing** function to be made available on SIA app  
**Customer surveys** to get feedback on needs and concerns

### Even more digital initiatives underway

# Restarting Operations – Staying Nimble and Flexible

Proactive Pursuit of Revenue Opportunities

**We continue to work closely with industry groups and regulators to advocate and support the safe opening of borders**

## Slower-than-expected progress toward global lifting of border controls and travel restrictions

- Green lane arrangement has been established with selected cities in China in Jun'20
- Some restrictions lifted on transit through Singapore

## Work continues with industry groups and regulators on bilateral/multilateral agreements

- Singapore and Malaysia have agreed to implement "Reciprocal Green Lane"
- Singapore and Europe aviation authorities to harmonise aviation health safety measures between Singapore and Europe



SIA/SilkAir: 72x weekly

Scot: 13x weekly

As of 1 Aug

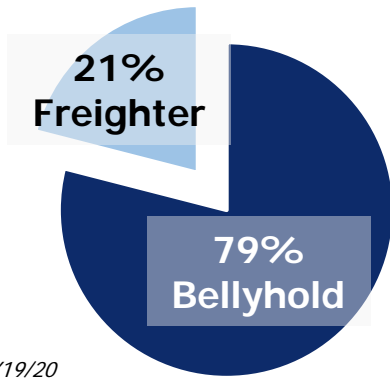
**The SIA Group remains nimble and ready to scale up capacity to match demand**

# Restarting Operations – Staying Nimble and Flexible

## Proactive Pursuit of Revenue Opportunities

### Measures to increase cargo capacity

#### Prior to COVID-19:



FY19/20

#### ~40% of original cargo capacity maintained through:

- Maximising use of freighter fleet
- Scheduled cargo-only passenger flight network
- Ad-hoc charter flights where opportunities exist

Cargo-only passenger flights provide incremental cargo capacity and network reach to ensure the **continuous flow of essential goods** and cater to global supply chain needs



Combined cargo network\*: 52 cities in 28 countries

**Regulatory approval for in-house loading and strapping procedure to carry cargo in passenger cabin**

\* Includes freighter, passenger and cargo-only passenger networks

### New revenue streams that leverage on brand, data and competencies

KRISFLYER 

#### Loyalty programme for the entire SIA Group

- Value and benefits to our loyal customers
- Steady revenue growth
- Quality membership base

KRISSHOP 

#### Omni-channel lifestyle travel retail brand

- Leverage brand and customer base
- Tap into growing global travel retail
- Enhanced shopping experience

# CUSTOMER, STAFF AND COMMUNITY ENGAGEMENT





# Customer, Staff and Community Engagement

## Proactive and Continuous Engagement of Customers



### Recognition of Loyalty

- 1-year extension of memberships
- Proactive tier upgrades for eligible members
- Extension of various rewards / benefits for greater flexibility



### Understanding Customers' Preferences

- Regular surveys to understand and keep pulse on
  - concerns regarding air travel
  - how SIA can alleviate these concerns
  - how SIA can meet customers' needs post COVID-19



### Proactive Communication With Customers

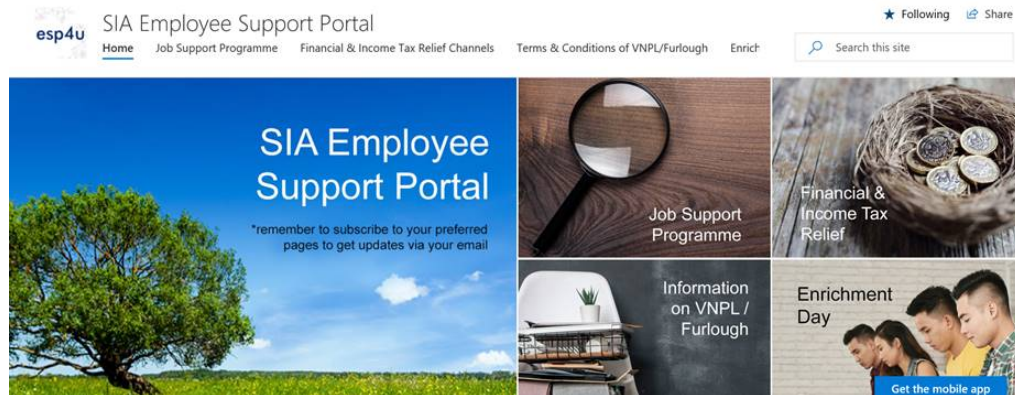
- Regular email updates directly to KrisFlyer members
- Using social media platforms to provide information and engage customers

# Customer, Staff and Community Engagement

## Supporting Staff through this Challenging Period

### Employee Support Portal

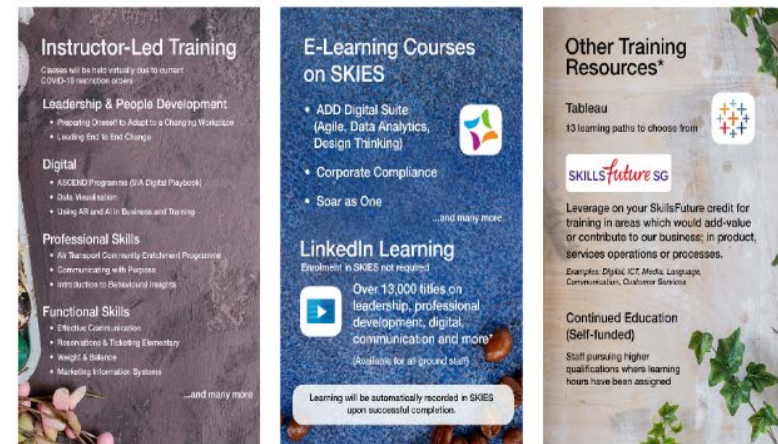
- External job placement opportunities for operating crew and ground staff on furlough/VNPL
- Links to financial relief channels and other government agency support schemes
- Enrichment activities in learning and volunteer work.
- More than 500 staff have found temporary job placements



### Using the downtime to upskill staff

- Virtual classroom courses; online learning on SKIES & LinkedIn Learning
- Staff encouraged to sign up for courses or volunteering activities
- Benefit from enhanced government training support for SIN-based staff to drive up-skilling and re-skilling

### Enrichment Day Learning Suite



# Customer, Staff and Community Engagement

Playing Our Part to Support The Community

## SIA Group Ambassadors Programme

Many staff volunteered to support nationwide efforts as

- Care Ambassadors \*
- Transport Ambassadors \*
- Contact Tracing Ambassadors \*
- Social Service Officers



Credit: Khoo Teck Puat Hospital



Credit: SMRT



**Delivering essential supplies to points of need**



**KrisPay-It-Forward**



**Miles of Good**

- Working with various government agencies to keep airfreight supply lines for essential goods open.
- Includes medical supplies, personal protective equipment (PPE), pharmaceuticals and fresh foods
- Over 60,000 treats will be distributed to essential workers and unsung heroes
- Provides a platform for KrisFlyer members to show their support and give local businesses a boost at the same time
- Aims to raise 100 million KrisFlyer miles for selected frontline and essential workers
- To show appreciation to those who have been working on the frontlines through this period

# TRANSFORMING TO LEAD THE NEW WORLD



# Transforming to Lead the New World

Transformation Programme Enabled Us To Be On The Right Trajectory

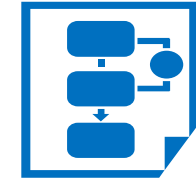
## Strong operating track record and historical financial position prior to COVID-19

- Unbroken track record of profitability through past cyclical and unexpected downturns (9/11, SARS, GFC, etc)
- Transformation programme resulted in financial and operational resilience
  - Five record-highs achieved in 3Q FY19/20
    - ✓ Available seat-km (ASK)
    - ✓ Revenue passenger-km (RPK)
    - ✓ Revenue
    - ✓ Passenger load factor
    - ✓ Passenger uplift



**S\$9.2 cents/km**  
**Passenger Yield<sup>(1)</sup>**

→ flat from 9M FY18/19



**S\$12.8 Billion**  
**Revenue**

↑ 4.5% from 9M FY18/19



**S\$862 Million**  
**Operating Profit**

↑ 5.9% from 9M FY18/19



**S\$520 Million**  
**Net Profit**

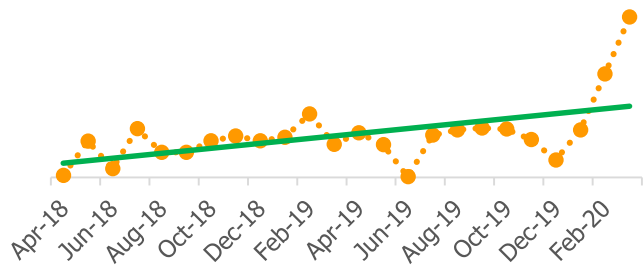
↑ 8.3% from 9M FY18/19

*(1) Based on 9M FY19/20 operating statistics reported for Passenger Airlines segment*

# Transforming to Lead the New World

Transformation Programme Enabled Us To Be On The Right Trajectory

## Successful mobilisation of our organisation to drive tangible results (3-year)



**NPS Score ↑**  
that is gradually trending upwards



**>270 Awards**  
won to date

**>300,000**

Personalisation  
use cases/ services  
rendered

**>900,000**

Customer cases  
reduced through  
proactive service



**>12M hrs**  
of customer effort saved  
with revamped processes

### Digital and Innovative Culture



**41%**

faster in delivering  
to market due  
to transition to  
**Agile**



**100%**

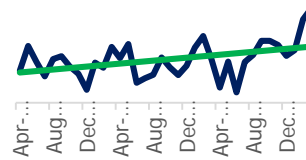
of ground staff  
trained with  
digital skills



**>1000**

ideas generated  
internally from  
**KrisLab**

### Operational excellence



**Arrival OTP ↑**  
trending upwards  
and meeting targets



**18%**

reduction in  
engineering-  
related delays



**8.9%**

productivity  
improvement in  
crew resource  
planning



**>800,000 hrs**  
of staff time saved from  
simplification

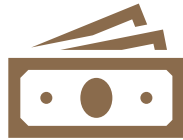
# Transforming to Lead the New World

Positioning the Group to Emerge Stronger in the Post-COVID World

## Positioning the Group to Capture Future Growth Opportunities



**Strong and  
Trusted Brand**



**Strong  
Balance Sheet**



**Talented and  
Highly Skilled Workforce**



**Strong  
Digital Capabilities**

## Emerging Stronger in the Post-COVID World

### PREPARE FOR THE NEW WORLD

- ✓ Flexible and agile network recovery plan
- ✓ Continuously ensuring operational readiness
- ✓ Deliver end-to-end travel experience in new normal
- ✓ Engagement with governments and industry partners for a coordinated recovery response
- ✓ Ensure supply chain resilience

### LEAD THE NEW WORLD

- ✓ Comprehensive review of product and services offerings against new customer value drivers
- ✓ Capitalise new revenue and business opportunities
- ✓ Boost organisation productivity and effectiveness
- ✓ Enhance human capital through upskilling the workforce



**Thank You**