



SIA ANALYST/MEDIA BRIEFING
Q2 and 1H FY2018-19 Results
14 Nov 2018

THE PARENT AIRLINE Q2 AND 1H FY18/19 RESULTS

THE PARENT AIRLINE COMPANY (PAX)

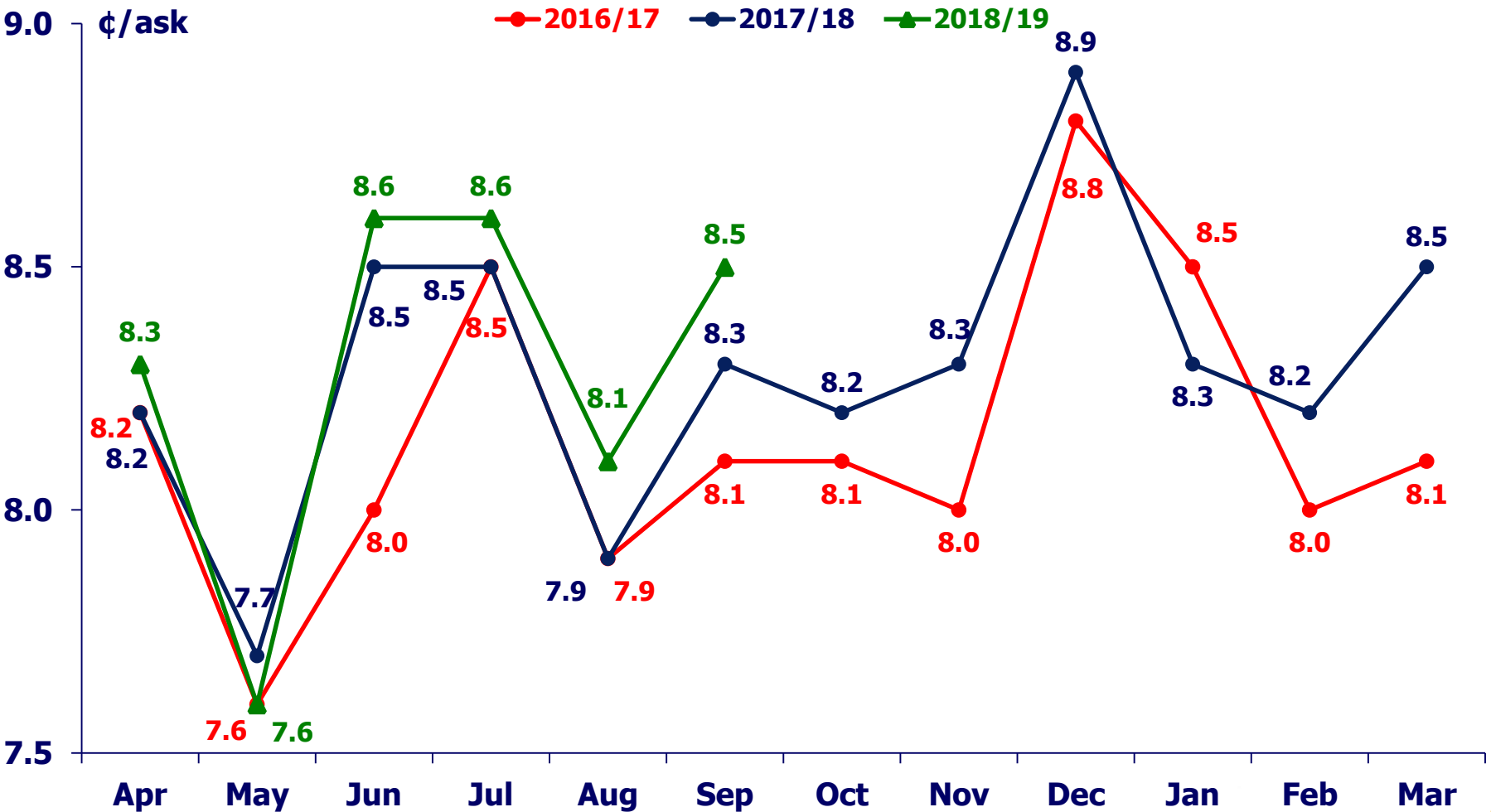
Q2 & 1H FY18/19

	<u>Q2</u> <u>FY18/19</u>	<u>Change</u> <u>%</u>	<u>1H</u> <u>FY18/19</u>	<u>Change</u> <u>%</u>
Available Seat-KM (M)	30,735.7	+2.3	60,519.6	+2.6
Revenue Passenger-KM (M)	26,173.6	+6.5	50,602.6	+6.0
Passenger Load Factor (%)	85.2	+3.4 pts	83.6	+2.7 pts
Pax Yield (¢/pkm)	9.9	-1.0	9.9	-2.0
RASK (¢/ask)	8.4	+2.4	8.3	+1.2
Passenger Unit Cost (¢/ask)	8.3	+5.1	8.2	+3.8
Passenger Unit Ex-fuel Cost (¢/ask)	5.5	-	5.4	-1.8
Passenger Breakeven Load Factor (%)	83.8	+4.8 pts	82.8	+4.6 pts

THE PARENT AIRLINE COMPANY (PAX)

Q2 & 1H FY18/19

Monthly RASK



THE PARENT AIRLINE COMPANY (CARGO)

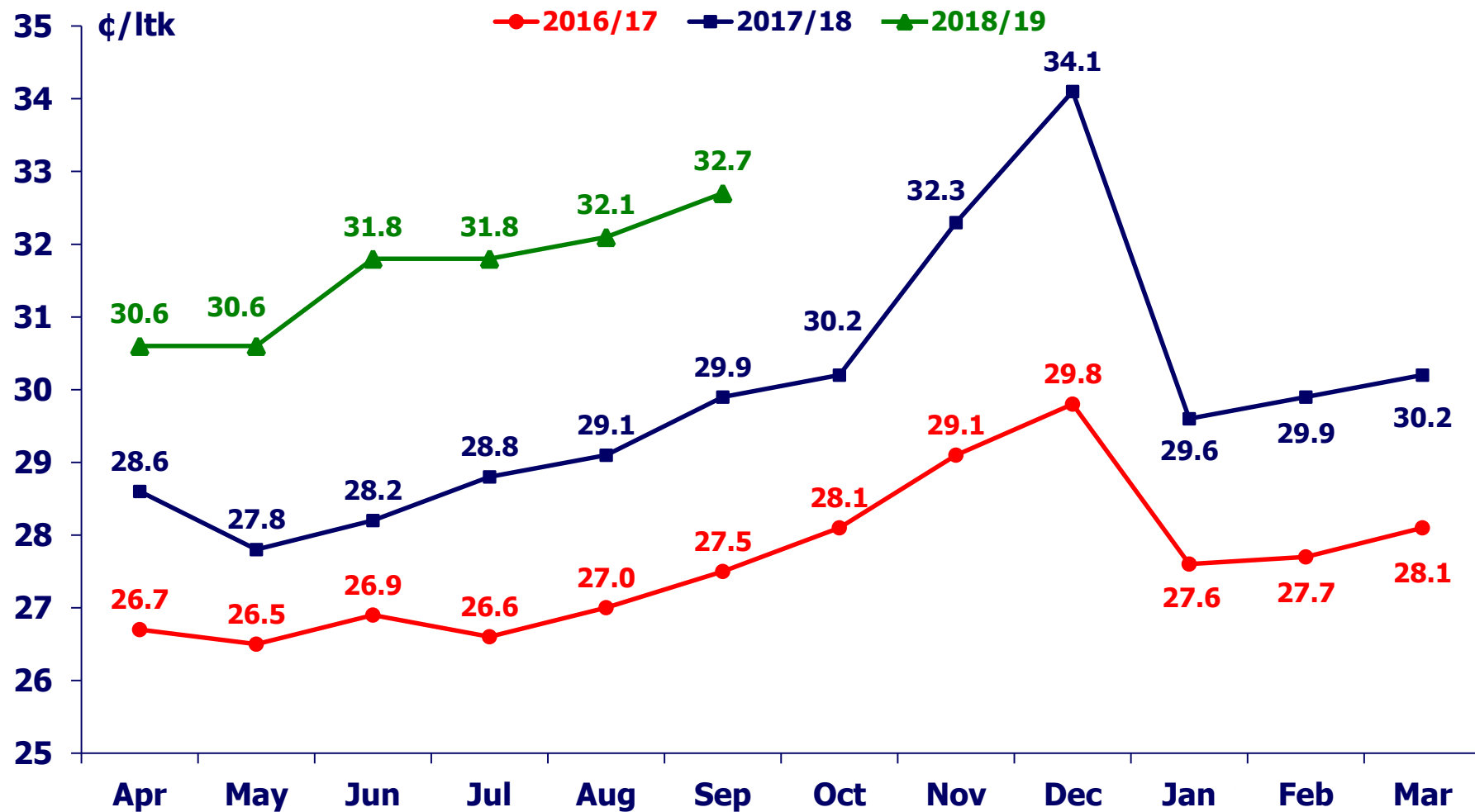
Q2 & 1H FY18/19

	<u>Q2</u> <u>FY18/19</u>	<u>Change</u> <u>%</u>	<u>1H</u> <u>FY18/19</u>	<u>Change</u> <u>%</u>
Cargo Capacity Tonne-KM (M)	2,790.0	-0.4	5,591.7	+1.4
Cargo Load Tonne-KM (M)	1,771.2	-1.1	3,492.5	-2.3
Cargo Load Factor (%)	63.5	-0.5 pt	62.5	-2.3 pts
Cargo Yield (¢/ltk)	32.2	+9.9	31.6	+9.7
Cargo Unit Cost (¢/ctk)	16.8	+5.0	16.4	-
Cargo Unit Ex-fuel Cost (¢/ctk)	10.5	-2.8	10.4	-5.5
Cargo Breakeven Load Factor (%)	52.2	-2.4 pts	51.9	-5.0 pts

THE PARENT AIRLINE COMPANY (CARGO)

Q2 & 1H FY18/19

Monthly Cargo Yields



THE PARENT AIRLINE COMPANY

Q2 & 1H FY18/19

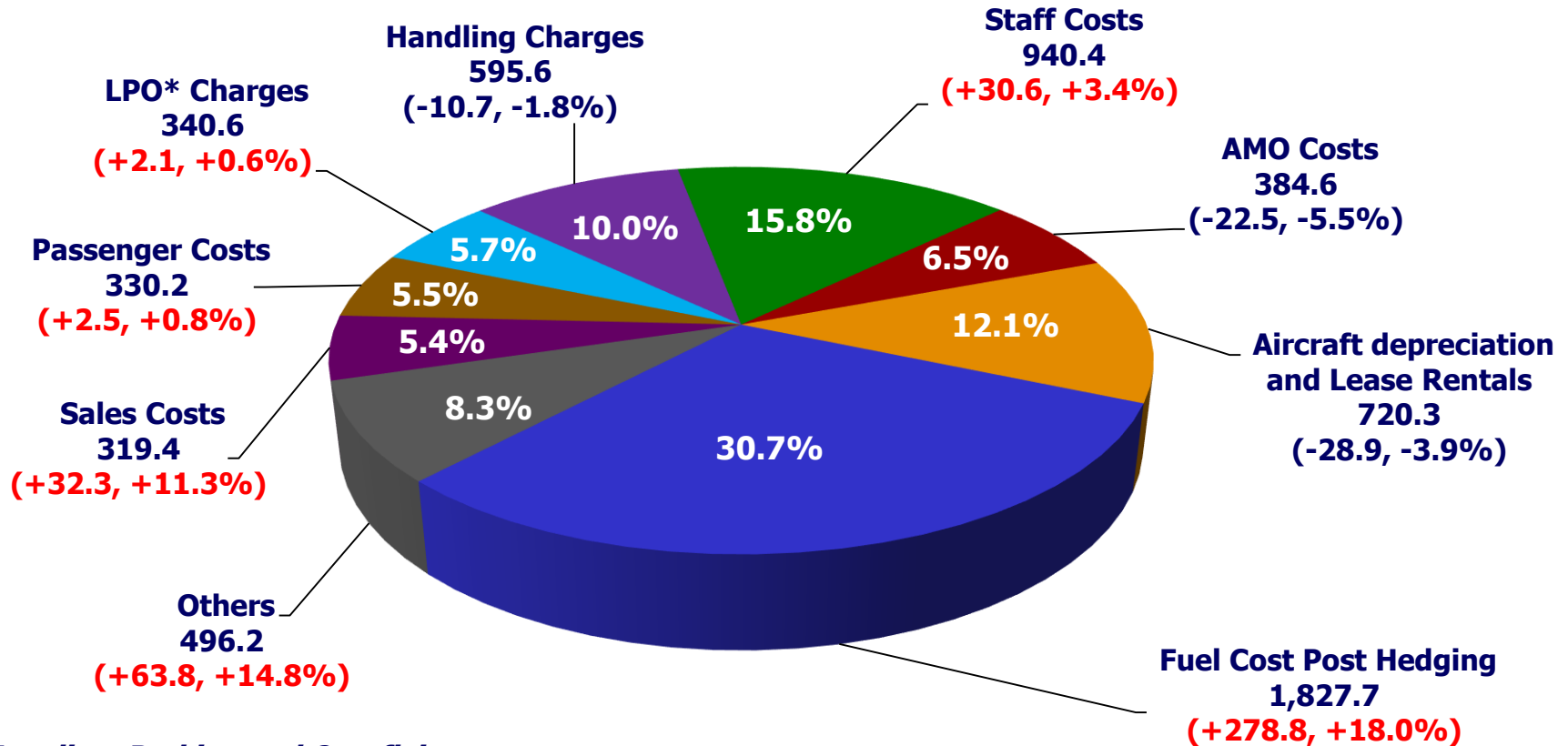
	<u>Q2</u>	<u>Q2</u>	<u>Better/</u>	<u>1H</u>	<u>1H</u>	<u>Better/</u>
	<u>FY18/19</u>	<u>FY17/18*</u>	<u>(Worse)</u>	<u>FY18/19</u>	<u>FY17/18*</u>	<u>(Worse)</u>
	<u>(\$M)</u>	<u>(\$M)</u>	<u>(%)</u>	<u>(\$M)</u>	<u>(\$M)</u>	<u>(%)</u>
Total Revenue	3,280	3,147	4.2	6,373	6,296	1.2
Total Expenditure	3,043	2,828	(7.6)	5,955	5,607	(6.2)
-- Net fuel cost	944	777	(21.5)	1,828	1,549	(18.0)
<i>Fuel cost</i>	<i>1,067</i>	<i>774</i>	<i>(37.9)</i>	<i>2,057</i>	<i>1,523</i>	<i>(35.1)</i>
<i>Fuel hedging (gain)/loss</i>	<i>(123)</i>	<i>3</i>	<i>n.m.</i>	<i>(229)</i>	<i>26</i>	<i>n.m.</i>
-- Non-fuel expenditure	2,099	2,051	(2.3)	4,127	4,058	(1.7)
Operating Profit	237	319	(25.7)	418	689	(39.3)
Operating Profit Margin (%)	7.2	10.1	(2.9) pts	6.6	10.9	(4.3) pts

*Restated for IFRS, and adjusted prior year's comparatives to take into account of SIA Cargo integration within the Parent Airline Company

THE PARENT AIRLINE COMPANY

1H FY18/19

Cost Composition (\$'M)



*Landing, Parking and Overflying

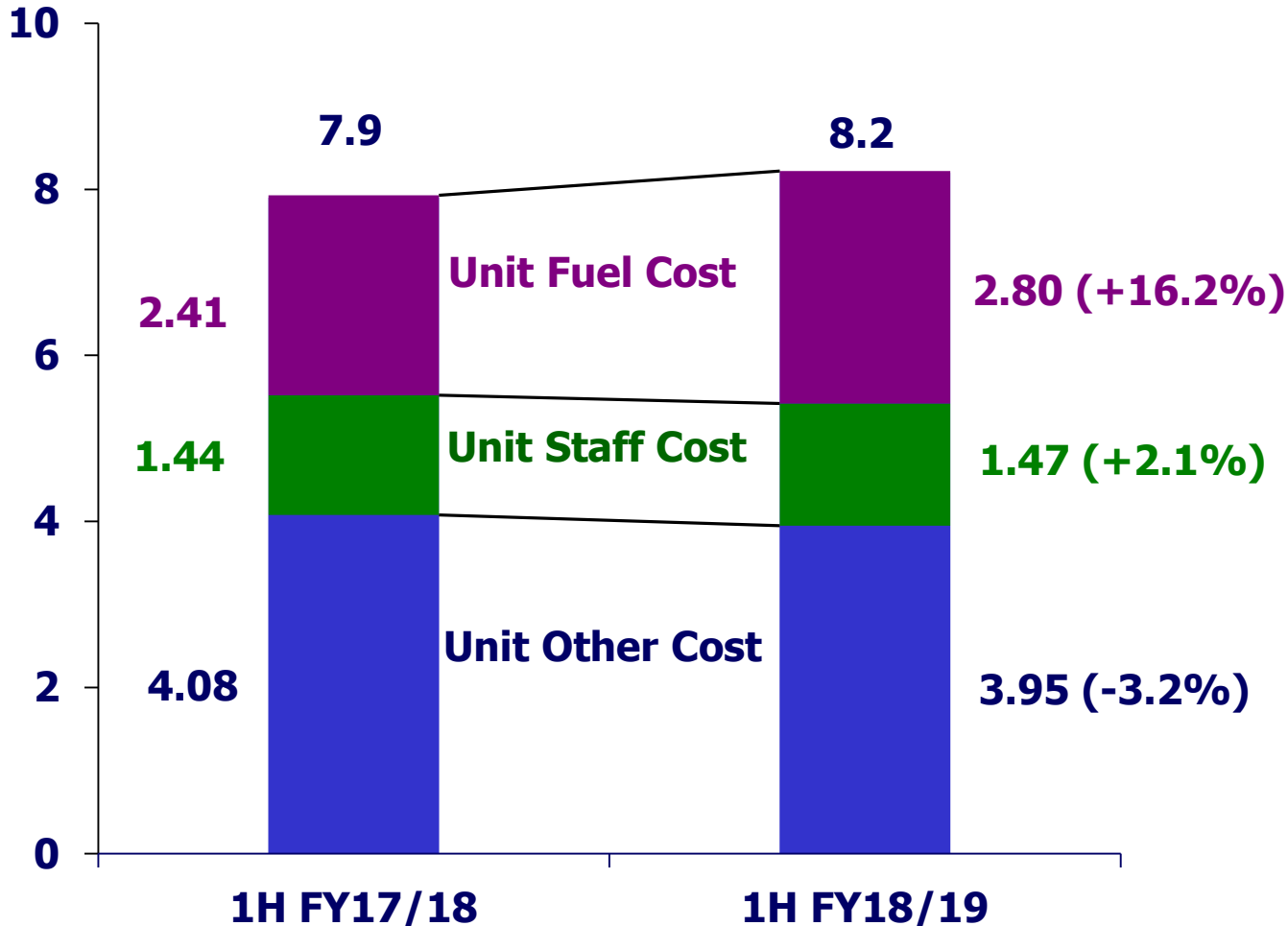
Note: Restated depreciation for prior year due to adoption of IFRS

THE PARENT AIRLINE COMPANY

1H FY18/19

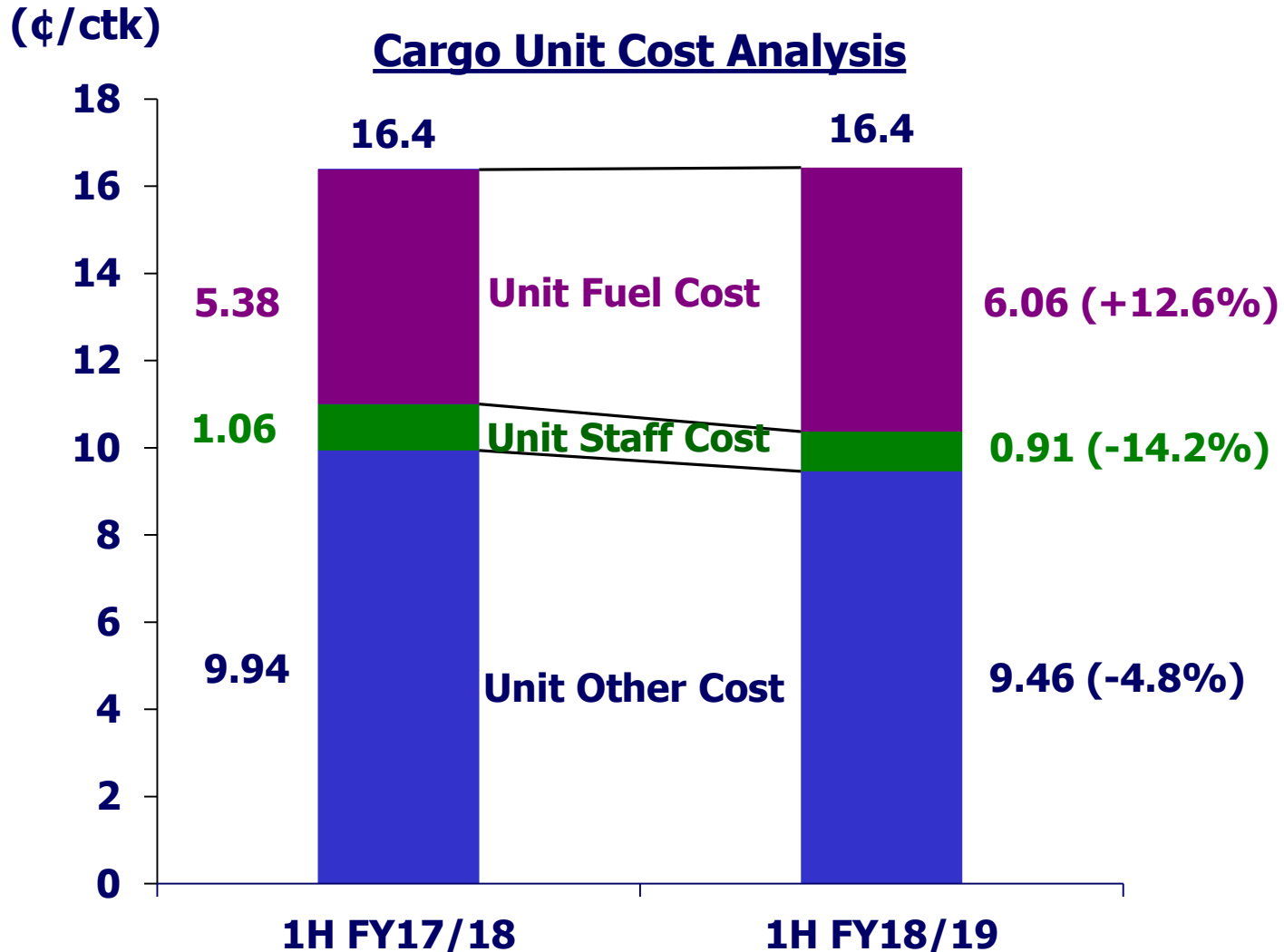
(¢/ask)

Passenger Unit Cost Analysis



THE PARENT AIRLINE COMPANY

1H FY18/19



SIA GROUP Q2 AND 1H FY18/19 RESULTS

SIA GROUP

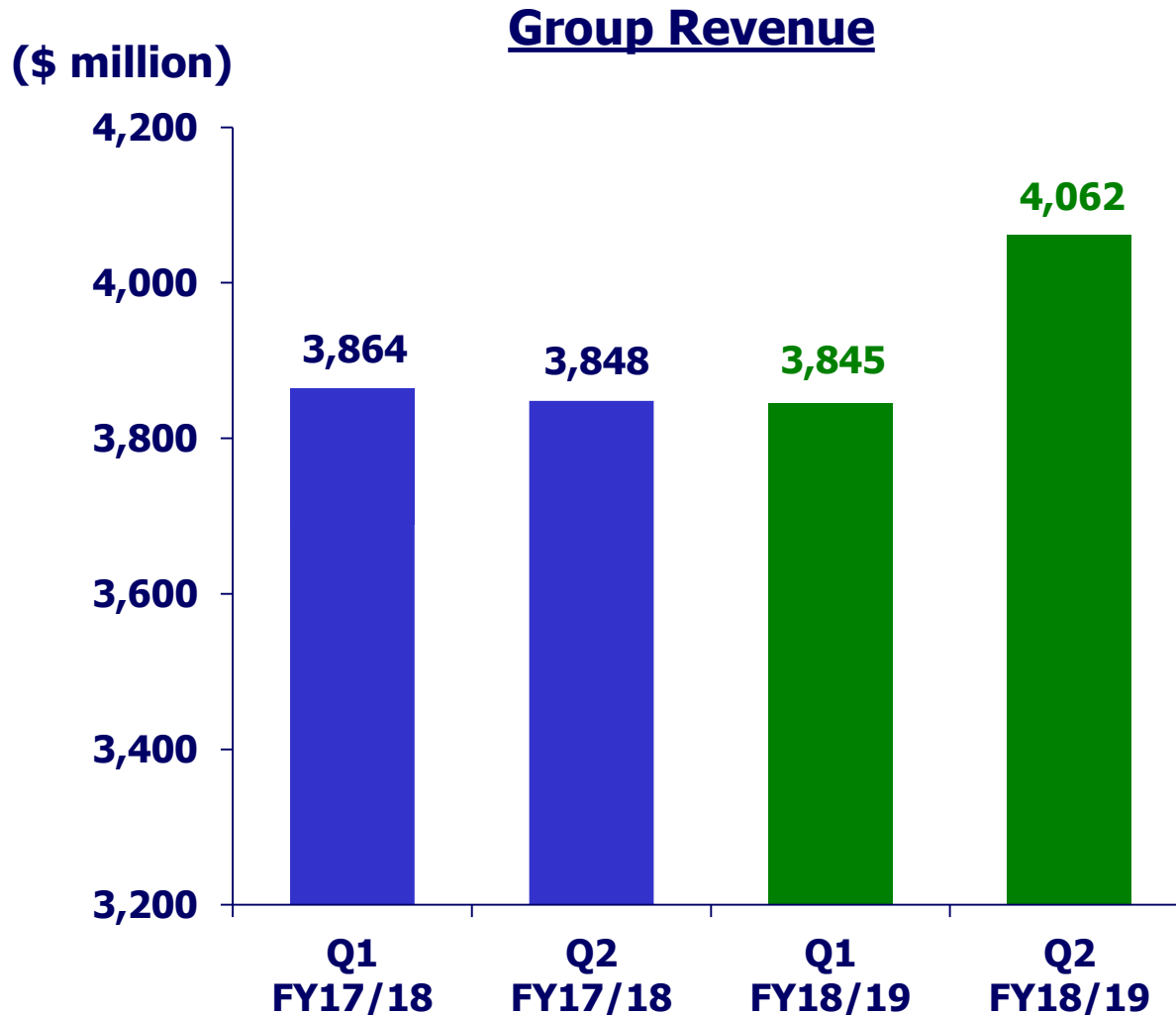
Q2 & 1H FY18/19

	<u>Q2</u> <u>FY18/19</u> <u>(\$M)</u>	<u>Q2</u> <u>FY17/18*</u> <u>(\$M)</u>	<u>Better/</u> <u>(Worse)</u> <u>(%)</u>	<u>1H</u> <u>FY18/19</u> <u>(\$M)</u>	<u>1H</u> <u>FY17/18*</u> <u>(\$M)</u>	<u>Better/</u> <u>(Worse)</u> <u>(%)</u>
Total Revenue	4,062	3,848	5.6	7,907	7,712	2.5
Total Expenditure	3,829	3,491	(9.7)	7,481	6,950	(7.6)
-- Net fuel cost	1,156	930	(24.3)	2,235	1,856	(20.4)
<i>Fuel cost</i>	<i>1,308</i>	<i>927</i>	<i>(41.1)</i>	<i>2,519</i>	<i>1,827</i>	<i>(37.9)</i>
<i>Fuel hedging (gain)/loss</i>	<i>(152)</i>	<i>3</i>	<i>n.m.</i>	<i>(284)</i>	<i>29</i>	<i>n.m.</i>
-- Non-fuel expenditure	2,673	2,561	(4.4)	5,246	5,094	(3.0)
Operating Profit	233	357	(34.7)	426	762	(44.1)
Operating Profit Margin (%)	5.7	9.3	(3.6) pts	5.4	9.9	(4.5) pts

*Restated due to IFRS, reducing prior year's depreciation by \$124M (Q2 FY17/18) and \$248M (1H FY17/18).

SIA GROUP

Q2 & 1H FY18/19



**1H 18/19
Revenue
\$7,907M**

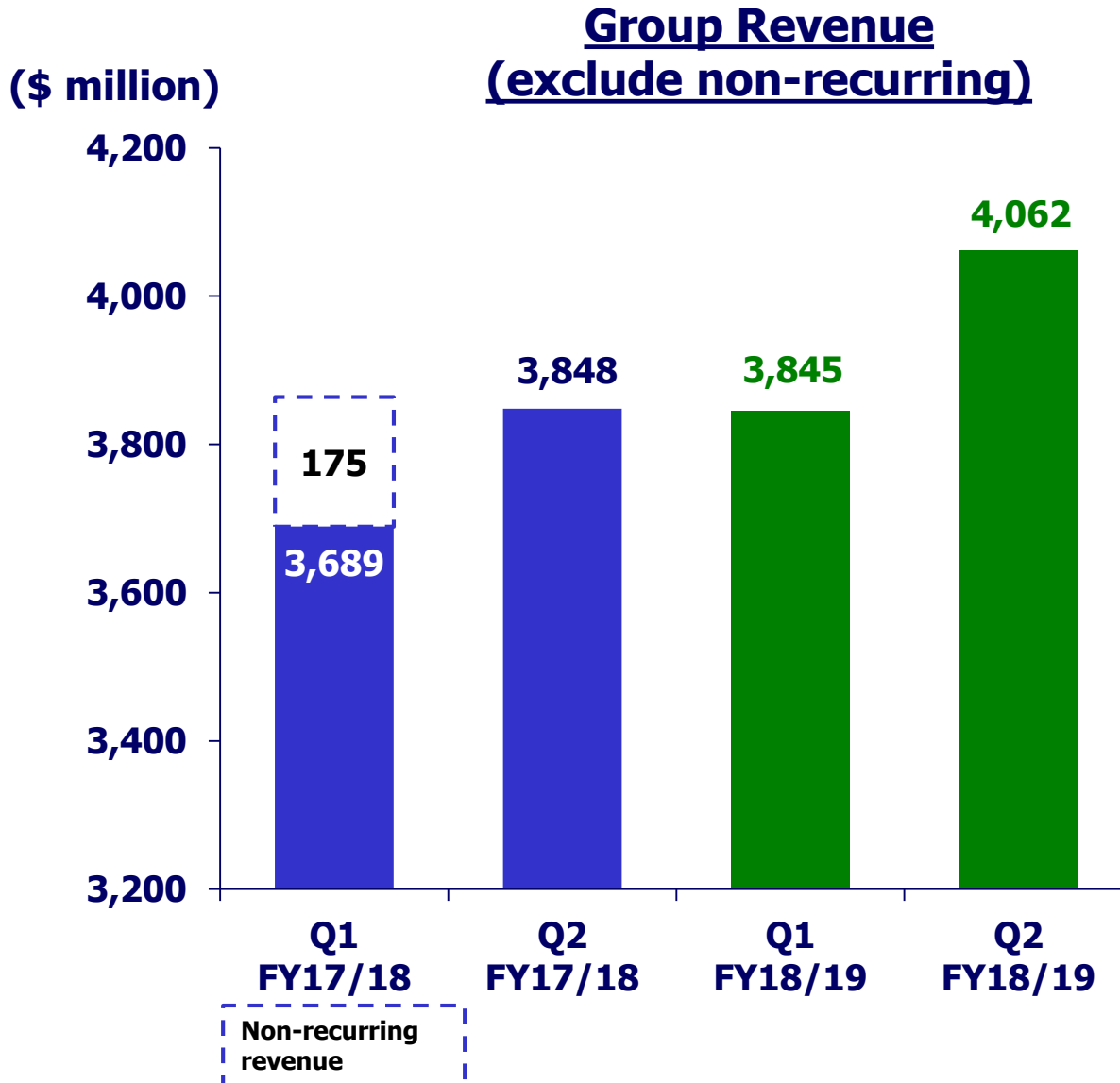
Year-on-Year



**\$195M
+2.5%**

SIA GROUP

Q2 & 1H FY18/19



1H 18/19
Revenue
\$7,907M

Year-on-Year



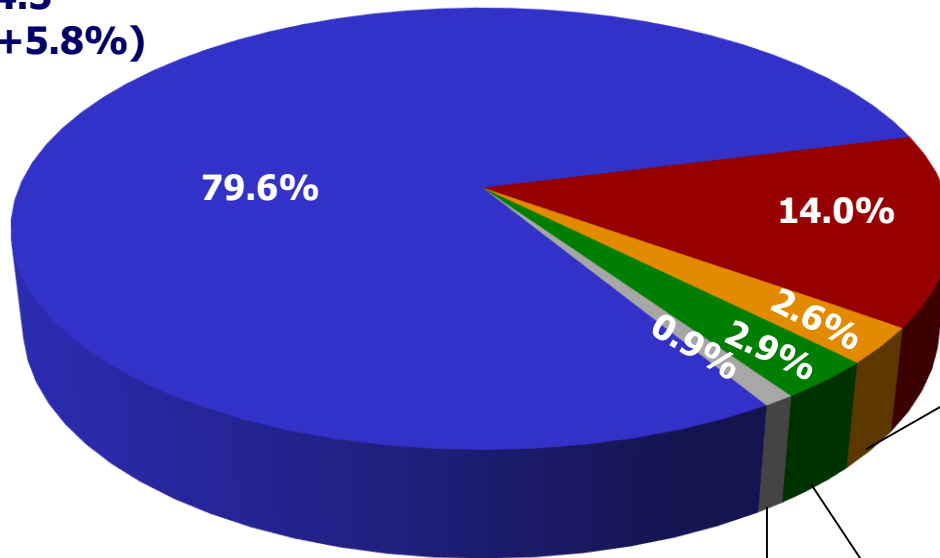
\$370M
+4.9%

SIA GROUP

1H FY18/19

Revenue Breakdown (\$'M)

**Passenger Flown
Revenue**
6,294.5
(+345.8, +5.8%)



Cargo and Mail
1,104.0
(+75.8, +7.4%)

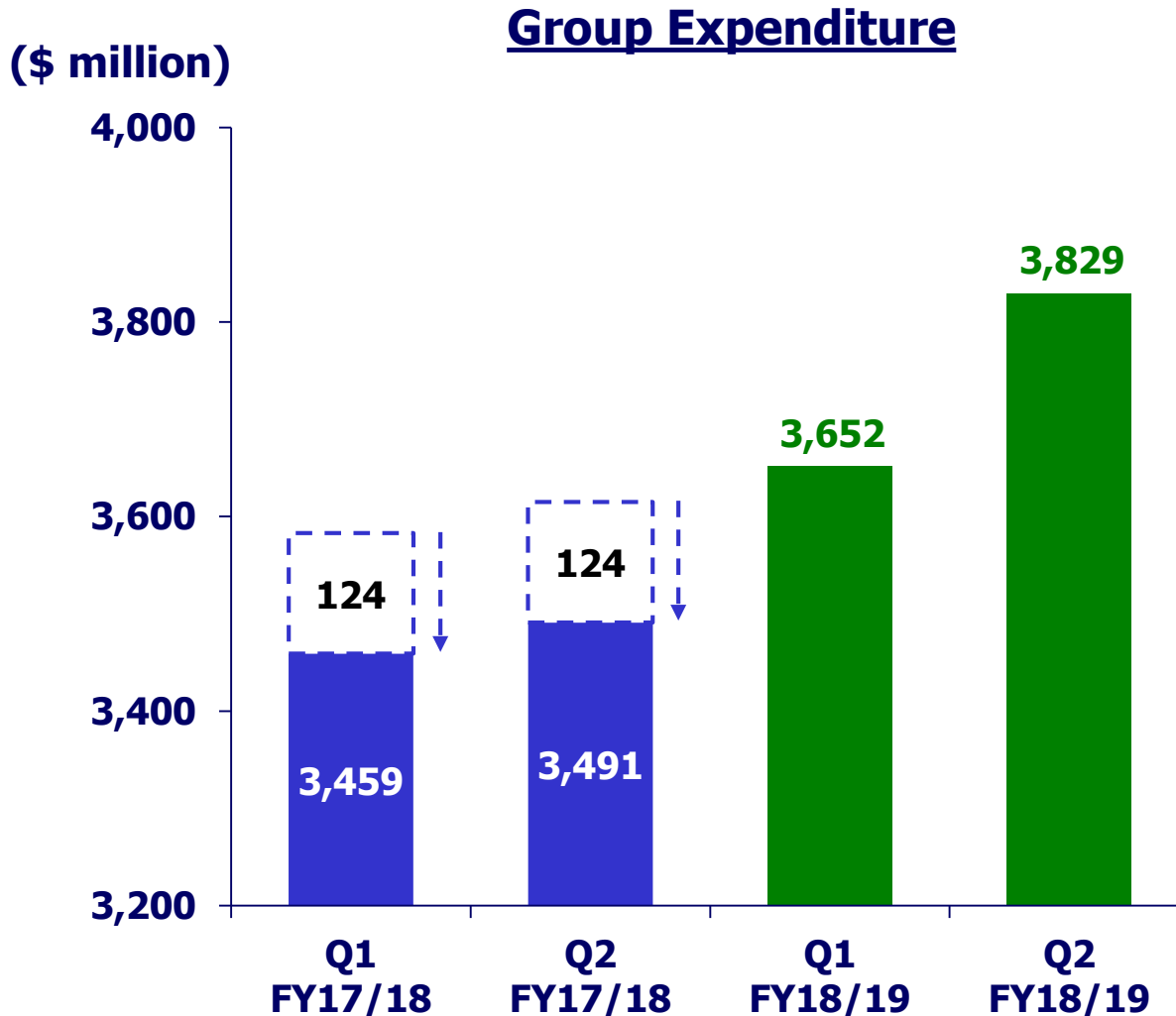
**Passenger Other
Revenue**
209.3
(-113.3, -35.1%)

Engineering Services
226.1
(-19.5, -7.9%)

Others
72.7
(-94.3, -56.5%)

SIA GROUP

Q2 & 1H FY18/19



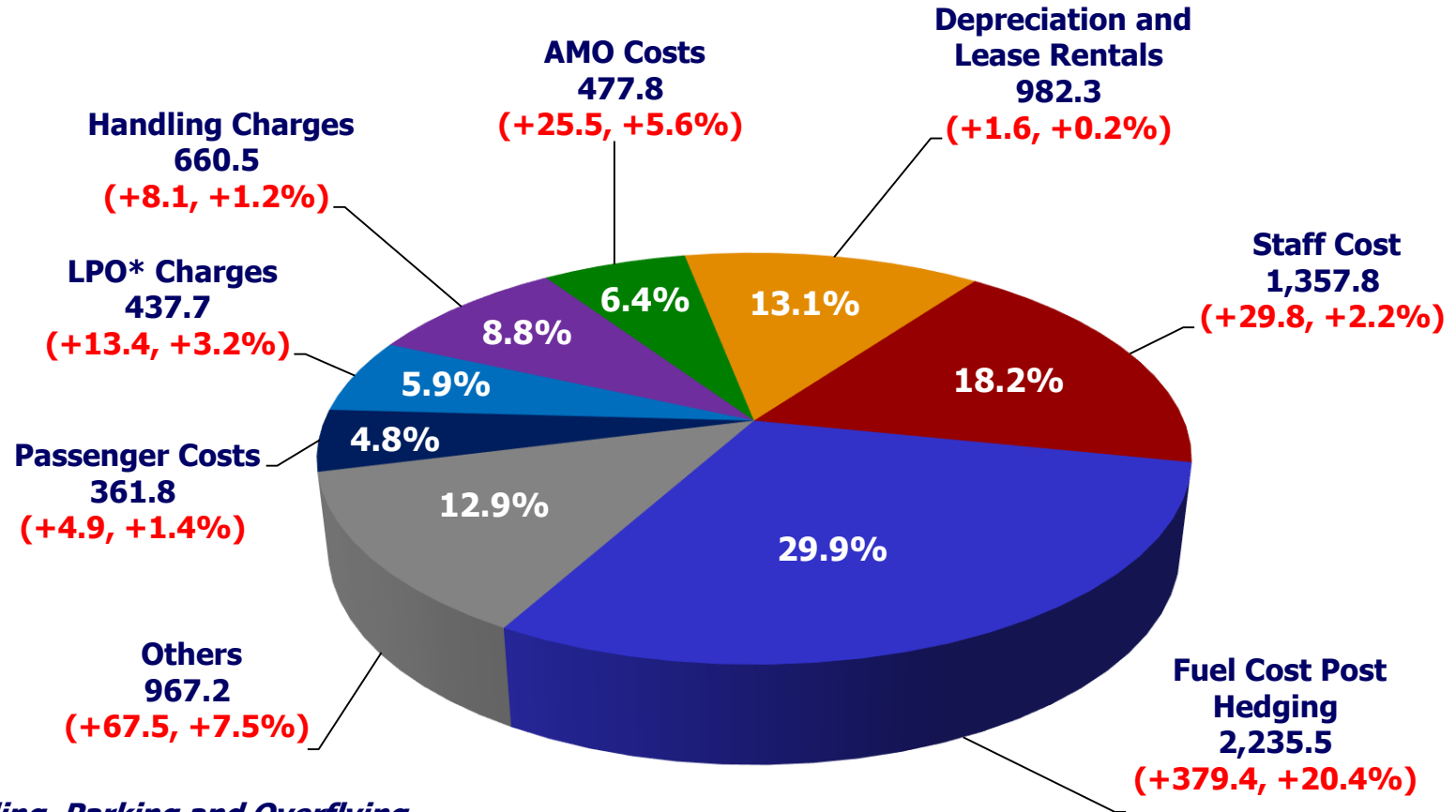
**1H 18/19
Expenditure
\$7,481M**

**Year-on-Year
↑ \$531M
(+7.6%)**

SIA GROUP

1H FY18/19

Cost Composition (\$'M)



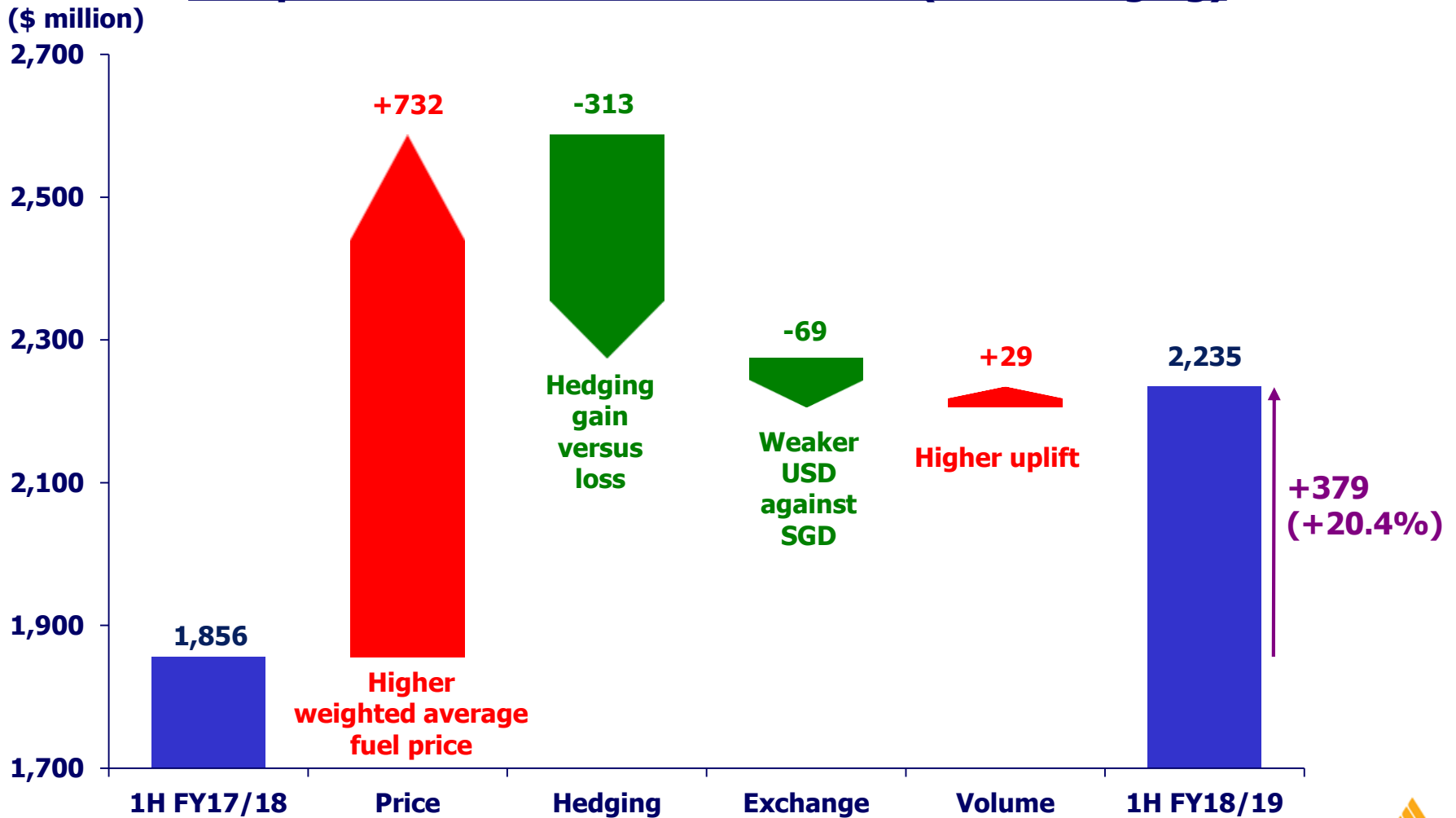
*Landing, Parking and Overflying

Note: Restated depreciation for prior year due to adoption of IFRS

SIA GROUP

1H FY18/19

Composition of Increase in Fuel Cost (After Hedging)

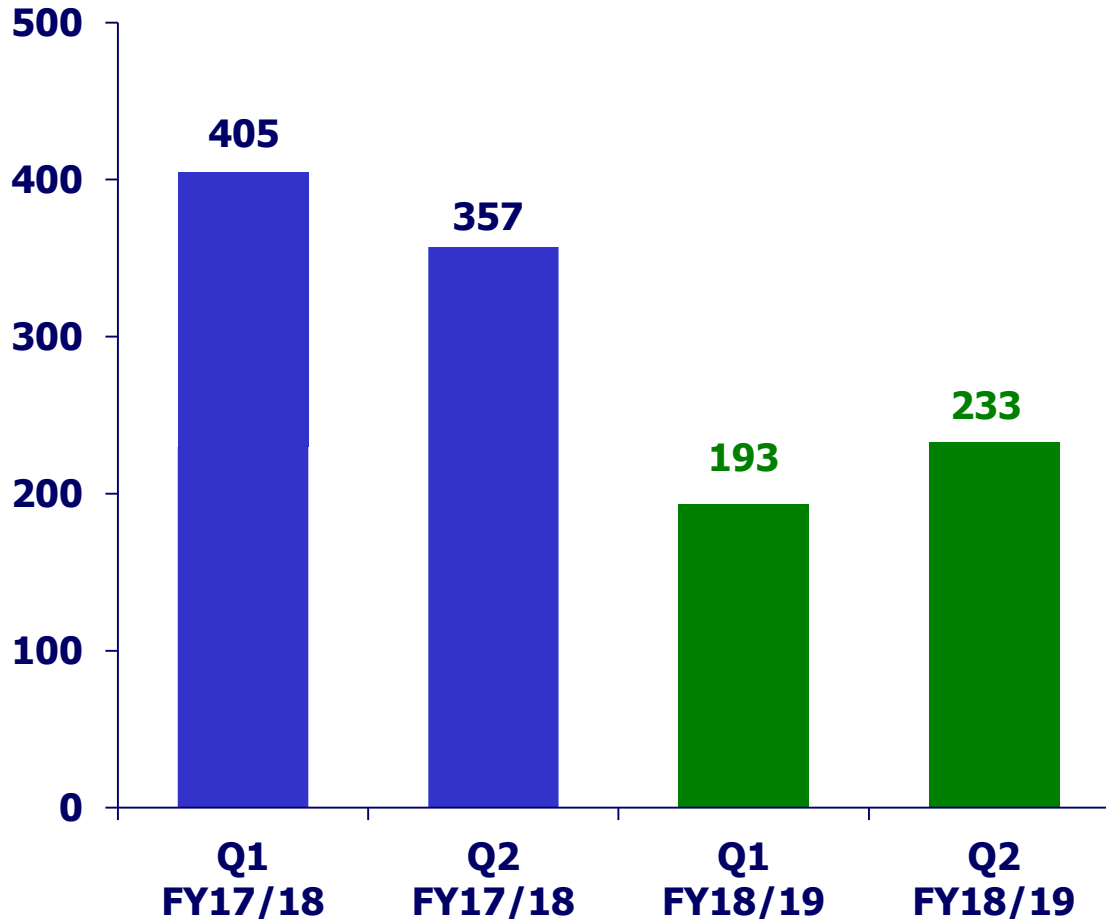


SIA GROUP

1H FY18/19

Group Operating Profit

(\$ million)

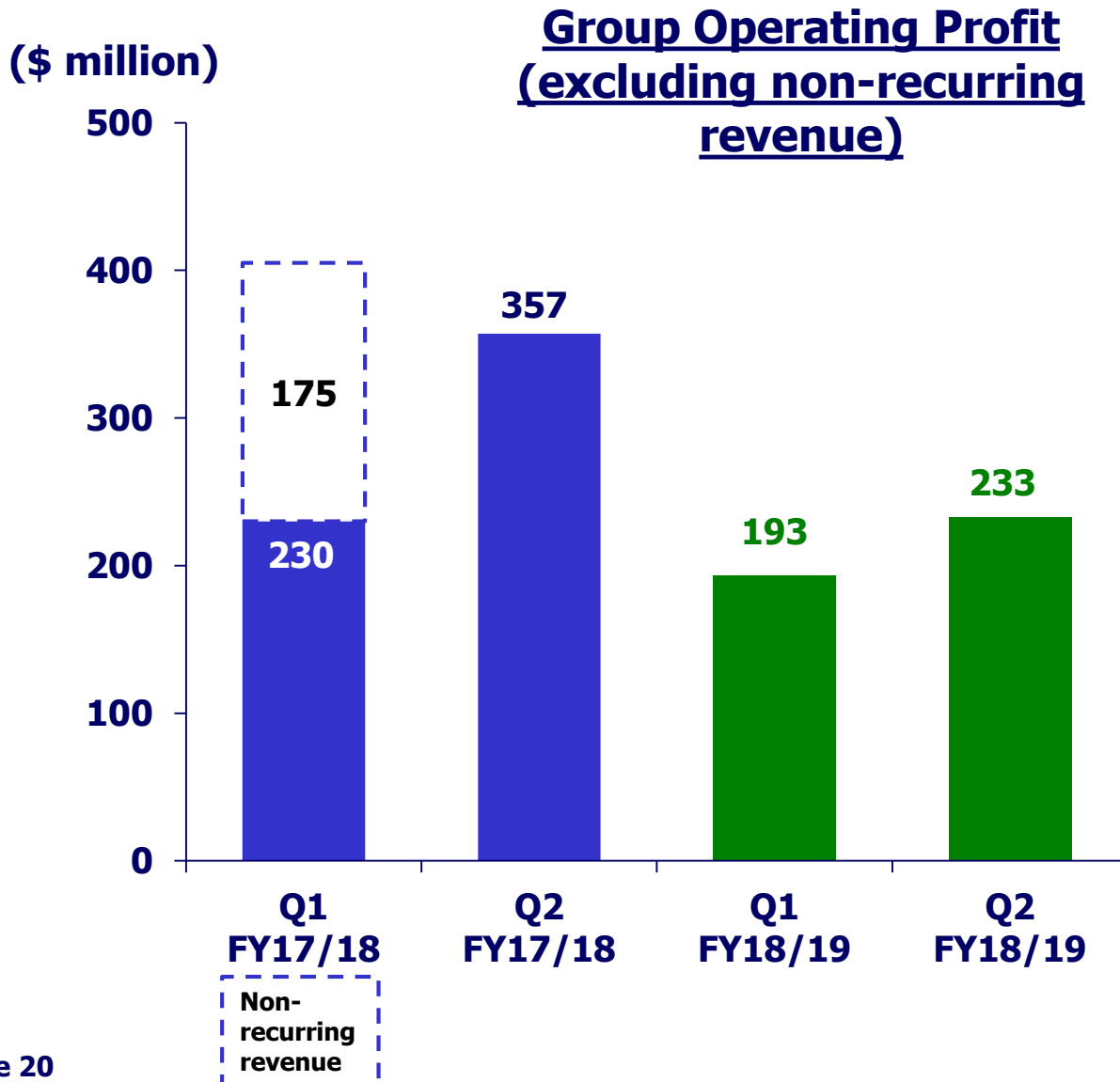


**1H 18/19
Op Profit
\$426M**

Year-on-Year
↓ **\$336M**
(-44.1%)

SIA GROUP

1H FY18/19



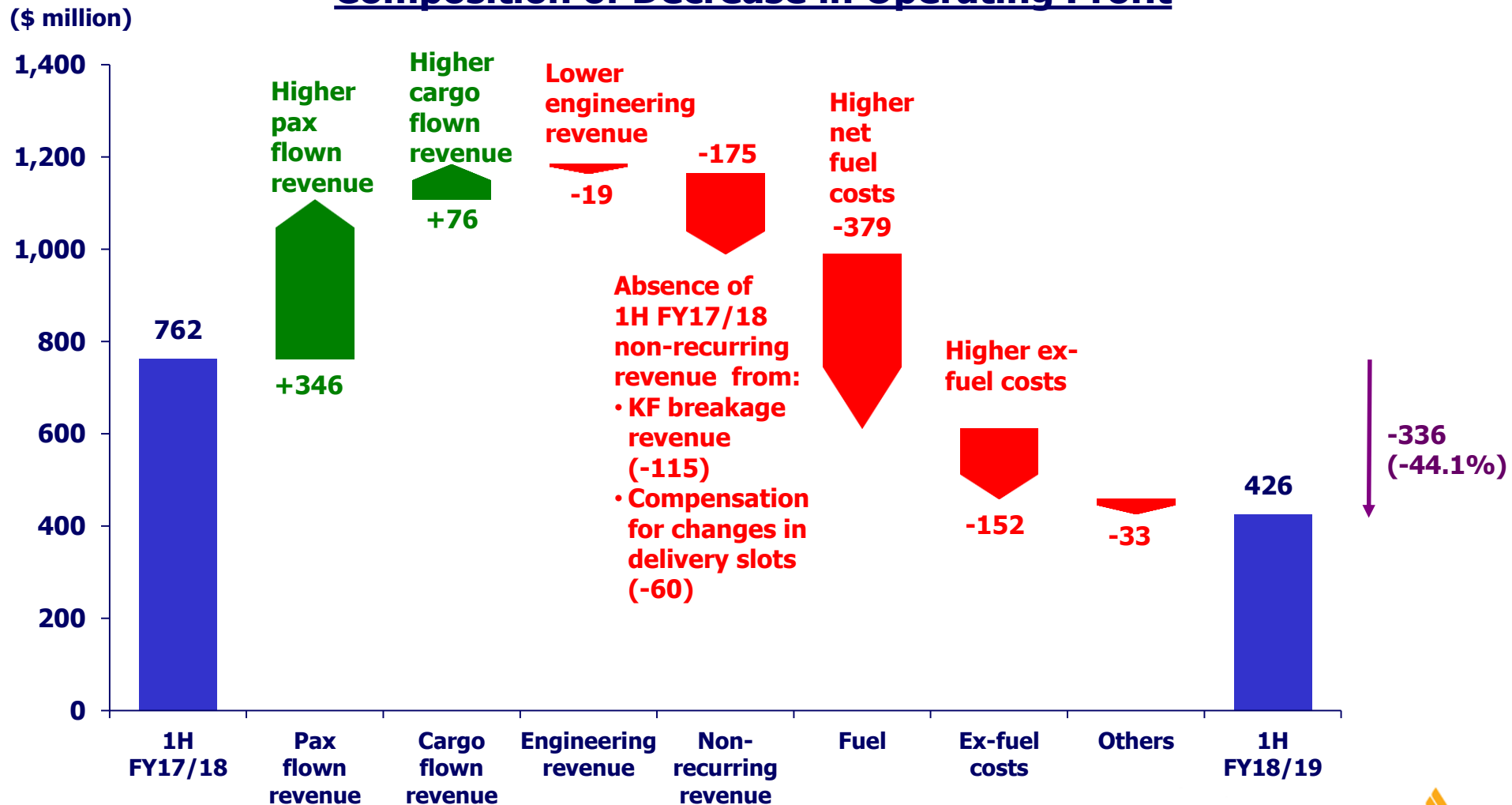
1H 18/19
Op Profit
\$426M

Year-on-Year
↓ \$161M
(-27.4%)

SIA GROUP

1H FY18/19

Composition of Decrease in Operating Profit



SIA GROUP

1H FY18/19

Group Operating Profit

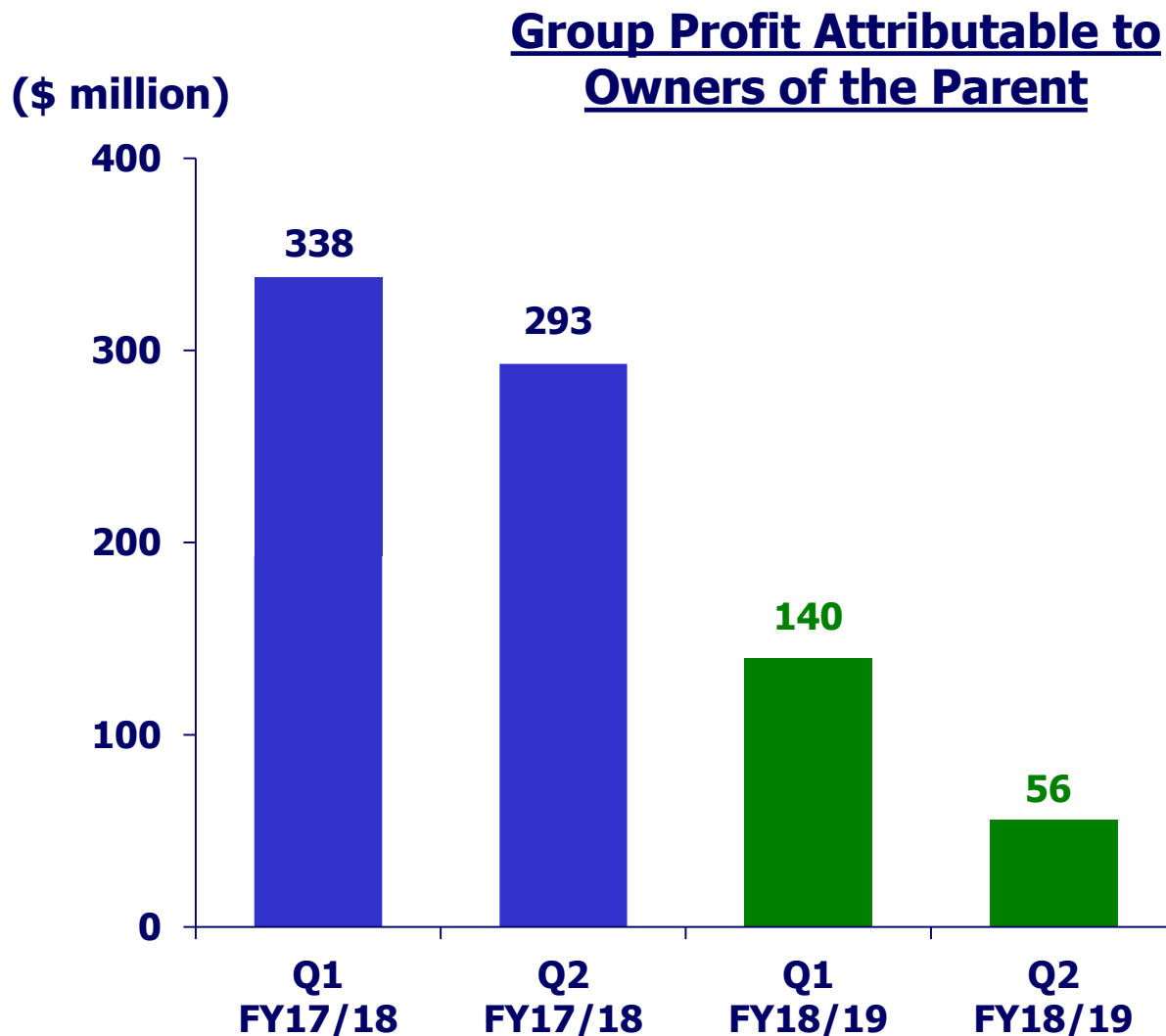
<u>(\$ million)</u>	<u>1H</u> <u>FY18/19</u> <u>(\$'M)</u>	<u>1H</u> <u>FY17/18^{R1}</u> <u>(\$'M)</u>	<u>Better/(Worse)</u> <u>(\$'M)</u>	<u>Better/(Worse)</u> <u>(%)</u>
SIA ^{R2}	418	689	(271)	(39.3)
SilkAir	(3)	22	(25)	n.m.
Scoot	(10)	5	(15)	n.m.
SIAEC	22	39	(17)	(43.6)

^{R1} Restated depreciation for prior year due to adoption of IFRS

^{R2} Adjusted prior year comparatives to take into account of SIA Cargo integration within the Parent Airline Company

SIA GROUP

Q2 & 1H FY18/19

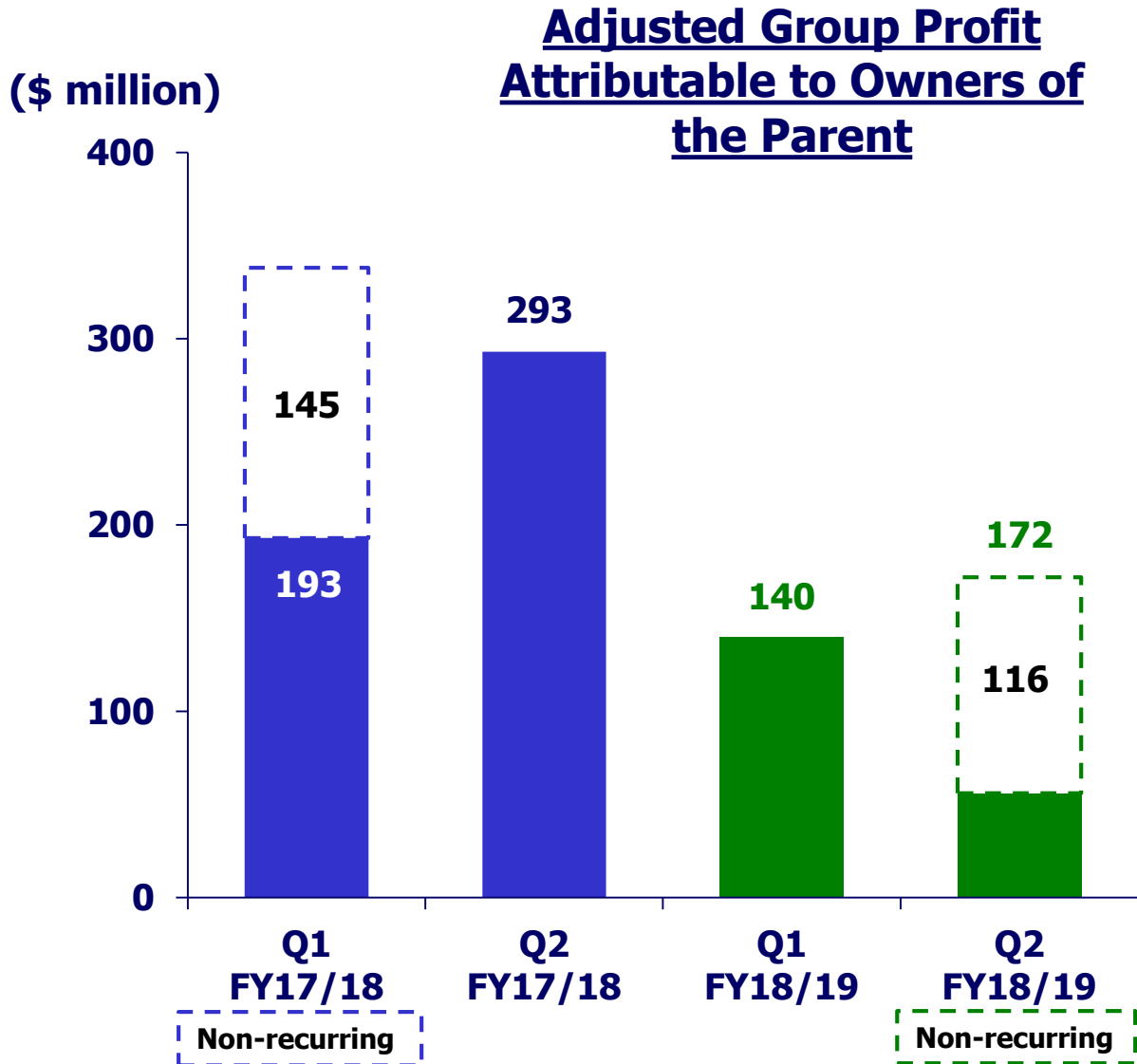


**1H 18/19
Net Profit
\$196M**

Year-on-Year
↓ **\$435M**
(-68.9%)

SIA GROUP

Q2 & 1H FY18/19

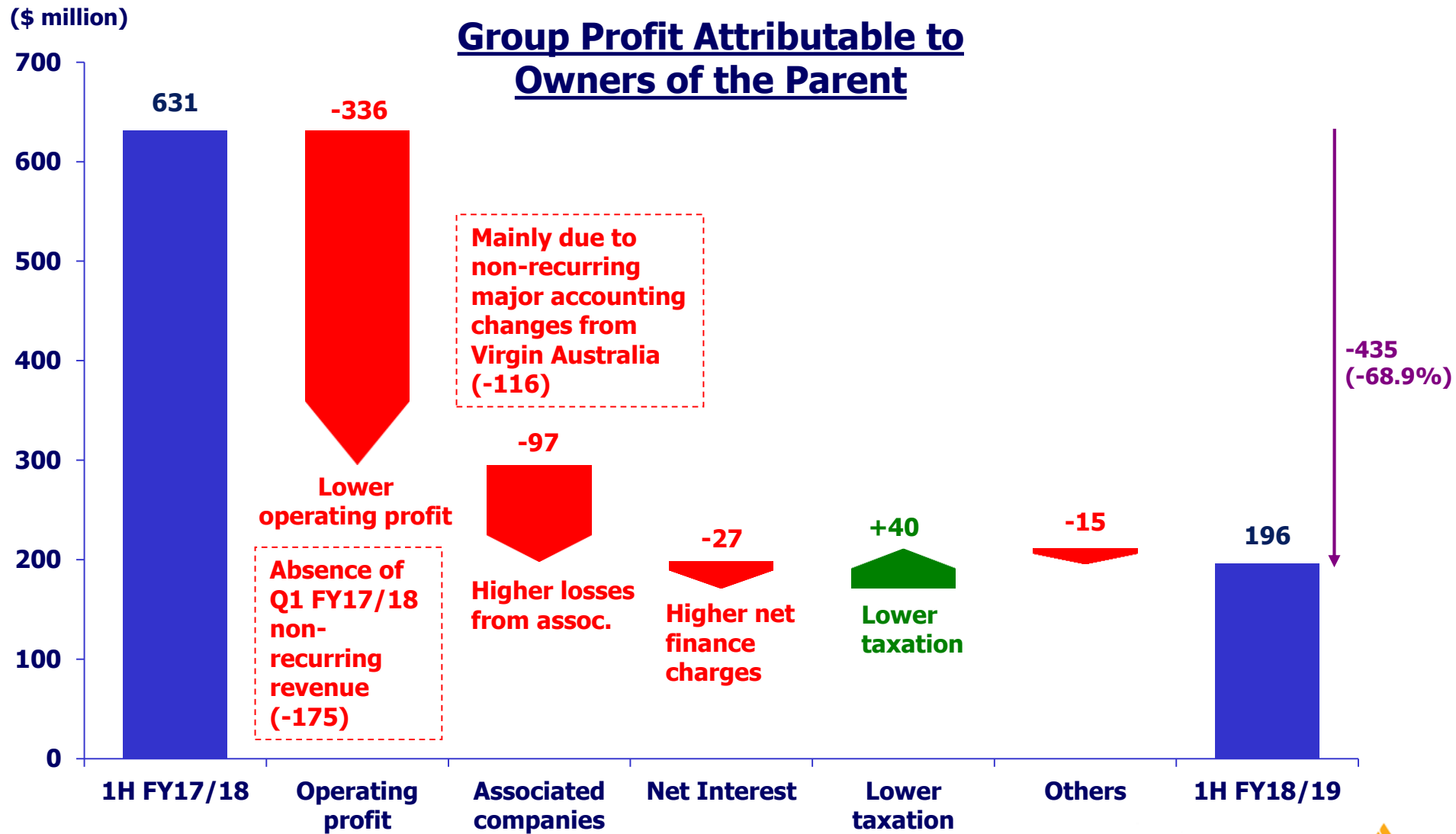


**1H 18/19
Adj Net Profit
\$312M**

Year-on-Year
 **\$174M
(-35.8%)**

SIA GROUP

1H FY18/19



SIA GROUP PER SHARE DATA

	<u>1H FY18/19</u>	<u>1H FY17/18</u>
EBITDAR Per Share (\$)	1.15	1.53*
Earnings Per Share (¢)	16.6	53.4*
Interim Dividend Per Share (¢)	8.0	10.0
	<u>At 30 Sep'18</u>	<u>At 31 Mar'18</u>
Net Asset Value Per Share (\$)	11.87	10.88*

*Restated due to IFRS

SIA GROUP FLEET DEVELOPMENT

	SIA (Pax)	SilkAir	Scoot	SIA (Cargo)
Operating Fleet as at 30 September 2018	110	32	44	7
IN:				
A350-900ULR	+7			
A350-900MH	+3			
787-10	+2			
737 MAX 8		+1		
A320			+6[^]	
OUT:				
A330-300	-2			
777-200ER	-1			
A320			-2	
Operating Fleet as at 31 March 2019	119	33	48	7

[^] Delivery of two new A320neo aircraft and re-delivery of four A320 aircraft subleased to IndiGo

SIA GROUP CAPACITY GROWTH

Projected capacity growth for FY18/19 vs FY17/18

- Passenger operations (in ASK):

SIA	5%
SilkAir	4%
Scoot	16%
Group	7%

- Cargo operations (in CTK) : **flat**

SIA GROUP

CAPITAL EXPENDITURE

(\$'million)	<u>FY19/20</u>	<u>FY20/21</u>	<u>FY21/22</u>	<u>FY22/23</u>	<u>FY23/24</u>
Aircraft	5,900	6,000	5,300	4,200	3,400
Other Assets	500	400	400	300	300
Total	6,400	6,400	5,700	4,500	3,700

SIA GROUP

FUEL HEDGING POSITION

2H FY18/19	Jet Fuel	Brent
Percentage hedged (%)	58	-
Average hedged price (USD/bbl)	71	-

FY19/20	Jet Fuel	Brent
Percentage hedged (%)	17	35
Average hedged price (USD/bbl)	79	56

FY20/21 to FY23/24	Jet Fuel	Brent
Percentage hedged (%)	-	Up to 46%
Average hedged price (USD/bbl)	-	57-64

Note: Fuel hedging position as at 5 November 2018

STRATEGIC DEVELOPMENTS

KEY STRATEGIES



Strengthening Premium Positioning



Portfolio



Multi-Hub



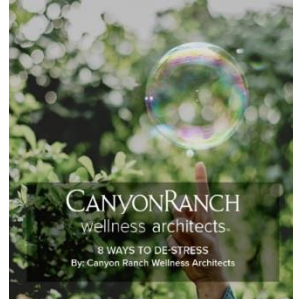
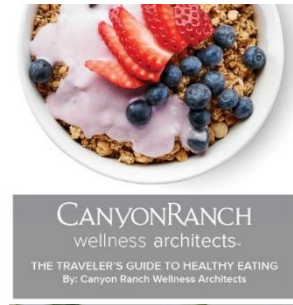
New Business Opportunities

STRENGTHENING PREMIUM POSITIONING



Launch of non-stop New York and Los Angeles flights with world's first A350-900ULRs

- Capable of long-range missions of up to 9,700 nautical miles, or over 20 hours non-stop
- Partnership with Canyon Ranch to enhance customer experience and well-being
- Expanded IFE options for KF members



STRENGTHENING PREMIUM POSITIONING



Fleet renewal and investment

- Placed orders for more than US\$50B worth of aircraft as a Group
- Caters for additional growth and fleet modernisation through the next decade
- New-generation aircraft enabling new markets to be served in an economically-viable manner

Major product upgrade for SilkAir

- >\$100M investment for cabin product upgrade
 - Lie-flat seats in Business Class
 - Seat-back IFE on all seats

PORTFOLIO



Growing our US footprint

- 5th US city in SIA network – Seattle (Sep'19)
- Non-stop ULR services to SFO, LAX and EWR
- 57x weekly flights to USA, of which 31x are non-stop (*vs 33x weekly one-stop in Jun'16*)



Scoot going from strength to strength

- Inducted first of 39 A320neo aircraft; initial routes include Bangkok, Hong Kong, Macau, Taipei and Tiruchirappalli
- 2nd European destination: Berlin (Jun'18)



Group network reach in key markets

- SIA Group is the largest foreign carrier (by no. of destinations) operating to India and Southwest-Pacific
- 29 points in China

PORTFOLIO



**The SIA Group serves 140 destinations
in 37 countries and territories**

MULTI-HUB

- Investments in strategic markets
- Complements and strengthens Singapore hub through synergies



- 22 destinations in India; 22 narrow-body aircraft
- Plans to induct 50 A320/A321neo and 6 787-9
- Preparing for international operations



- 9 destinations; 5 777-200s
- First 737-800 to be inducted for services commencing Q4 FY18/19, with four more to be added by Q3 FY19/20
- Launch of new service to New Delhi in Dec'18*

* Subject to regulatory approvals

NEW REVENUE & BUSINESS OPPORTUNITIES



SIA-CAE flight training centre

- Equally-owned JV for pilot training in Singapore
- Operations commenced in Aug'18
- Provides full range of initial type rating and recurrent training programmes for Boeing 737 MAX, 747, 777 and 787 aircraft types



Travel Retail Joint Venture

- Travel retail JV with DFASS and SATS under KrisShop and Scootalogue brands
- Transforms existing programmes into omni-channel e-commerce platforms

DIGITAL TRANSFORMATION

Cultivate Digital Culture

- Company-wide training programmes and participation by staff in innovation projects across the Group

Build Digital Capabilities

- Extensive IT-related recruitment and a shift to agile delivery of IT projects

Revamp Technical Infrastructure

- Large-scale investment in IT infrastructure

Collaborate with External Communities

- Increased collaboration with global tech leaders, start-ups and research institutes

DIGITAL TRANSFORMATION



KrisPay: Innovative miles-based digital wallet

- World's first blockchain-based airline loyalty digital wallet
- Technology developed in collaboration with KPMG Digital Village and Microsoft



Strategic partnership with Alibaba Group

- Partnership unlocks access to the more than 600 million monthly active mobile users on Alibaba's China retail marketplaces

TRANSFORMATION

INTEGRATION OF SILKAIR IS IN PROGRESS

- **Set up dedicated Project Management Office (PMO) in SIA to oversee entire SilkAir integration programme**
 - 12 workstreams established to drive integration activities, including product/service definition, operational alignment, staff integration, corporate, legal & regulatory requirements
- **Finalised product decisions for the Narrow-body aircraft fleet (Seat, IFE & Inflight connectivity)**
- **Completed integration of SilkAir Commercial Head Office departments**



TRANSFORMING OUR CUSTOMER EXPERIENCE

- **Understanding our customers better**

Segment by cabin/ travel purpose
- F/J/Y, Business vs Leisure



6 personas and **>24 segments** for different purposes
- Deeper understanding of value drivers, customer lifetime value, emotions, etc

- **Making our customers' journey effortless**

Internal processes that result in long customer wait time/effort



Saved **>10M hours p.a.** of customer wait time/effort
- E.g. faster refunds processing



- **Improved Customer Satisfaction Scores**

E.g. Cabin Crew Service increased by **1.5pts**

- Personalization of customer needs and preferences
- Crew empowerment

TRANSFORMING OUR REVENUE GENERATION

- **Improving our speed-to-market**

- Fares filed within 1-day, **expanded 25%**
- For new flights, fares filed progressively over weeks  Fares filed from **all stations in days**

- **Improving our (marketing) accuracy**

- **~20% improvement** in email conversion rate

- **Strengthening our Distribution**

- Unable to personalise offers except through owned channels  KrisConnect - allow partners to direct connect to SQ for personalised offers
- Integrated 6 partners



- **SIA RASK ↑ with highest PLF achieved in 1H FY18/19 @ 83.6%**

TRANSFORMATION IS ALSO YIELDING RESULTS ACROSS OTHER AREAS OF THE ORGANISATION ...

- **Reinforcing Operational Excellence**

- Improving productivity (e.g ~50% improvement in inflight waste reduction, ~5% productivity gain from better crew planning efficiency, ~20% improvement in call handling time)
- Reduction in engineering-related delays

- **Transforming through Innovation**

- Achieved numerous 'Firsts' (e.g KrisPay, KrisShop partnership with Ctrip)
- Digital blue-print taking shape: >50% ground staff received digital training, Investment in IT related infrastructure, collaboration with global tech leaders, start-ups & research institutes

- **Enhancing organisational effectiveness**

- Saved >5500 man days of staff time through simplification
- Agile IT delivery with ~100 squads companywide by FY19/20
- Completed organisation redesign

OUR TRANSFORMATION EFFORTS WILL CONTINUE

Back to #1



WORKING TOWARDS....

- **Two** airline brands, working together
- **Personalised, great & effortless** experience for every customer
- **Single view** of operations
- **Digital leader** in travel experience & aviation industry
- **Flatter & More Productive** organisation; **adequate levers** to drive performance
- **Agile & Innovative** culture



THANK YOU