SINGAPORE AIRLINES

SIA ANALYST/MEDIA BRIEFING

FY2018-19 Results

17 May 2019

SIA Group – FY18/19 Key Takeaways

- **Achieved highest Group revenue on record (previous high was in FY08/09)**
  - SIA Pax: Captured strong demand, outstripping growth in capacity. RASK higher, helped by premium cabins.
  - MI: Traffic growth healthy, largely offset by yields. RASK 1.2% lower.
  - Scoot: Traffic growth slightly behind (significant) capacity injection. RASK declined 2.0%.
  - Cargo: Momentum waned in 2H due to weaker economic conditions in some markets, and trade tensions.
- **$1.0 billion headwind from increase in fuel costs (partly mitigated by hedges).**
- **Performance also dampened by absence of last year's non-recurring revenue.**

THE PARENT AIRLINE Q4 AND FY18/19 RESULTS

Parent Airline Company Operating Results

	Q4 FY18/19 ($M)	Q4 FY17/18* ($M)	Better/ (Worse) (%)	FY18/19 ($M)	FY17/18* ($M)	Better/ (Worse) (%)
Total Revenue	**3,253.6**	**3,210.3**	**1.3**	**13,144.2**	**12,807.5**	**2.6**
Total Expenditure	**3,050.0**	**2,927.4**	**(4.2)**	**12,153.7**	**11,469.4**	**(6.0)**
-- Net fuel cost	903.1	829.5	(8.9)	3,763.1	3,227.9	(16.6)
Fuel cost	*924.0*	*898.2*	*(2.9)*	*4,094.6*	*3,306.2*	*(23.8)*
Fuel hedging gain	*(20.9)*	*(68.7)*	*(69.6)*	*(331.5)*	*(78.3)*	*n.m.*
-- Non-fuel expenditure	2,146.9	2,097.9	(2.3)	8,390.6	8,241.5	(1.8)
Operating Profit	**203.6**	**282.9**	**(28.0)**	**990.5**	**1,338.1**	**(26.0)**
Operating Profit Margin (%)	**6.3**	**8.8**	**(2.5) pts**	**7.5**	**10.4**	**(2.9) pts**

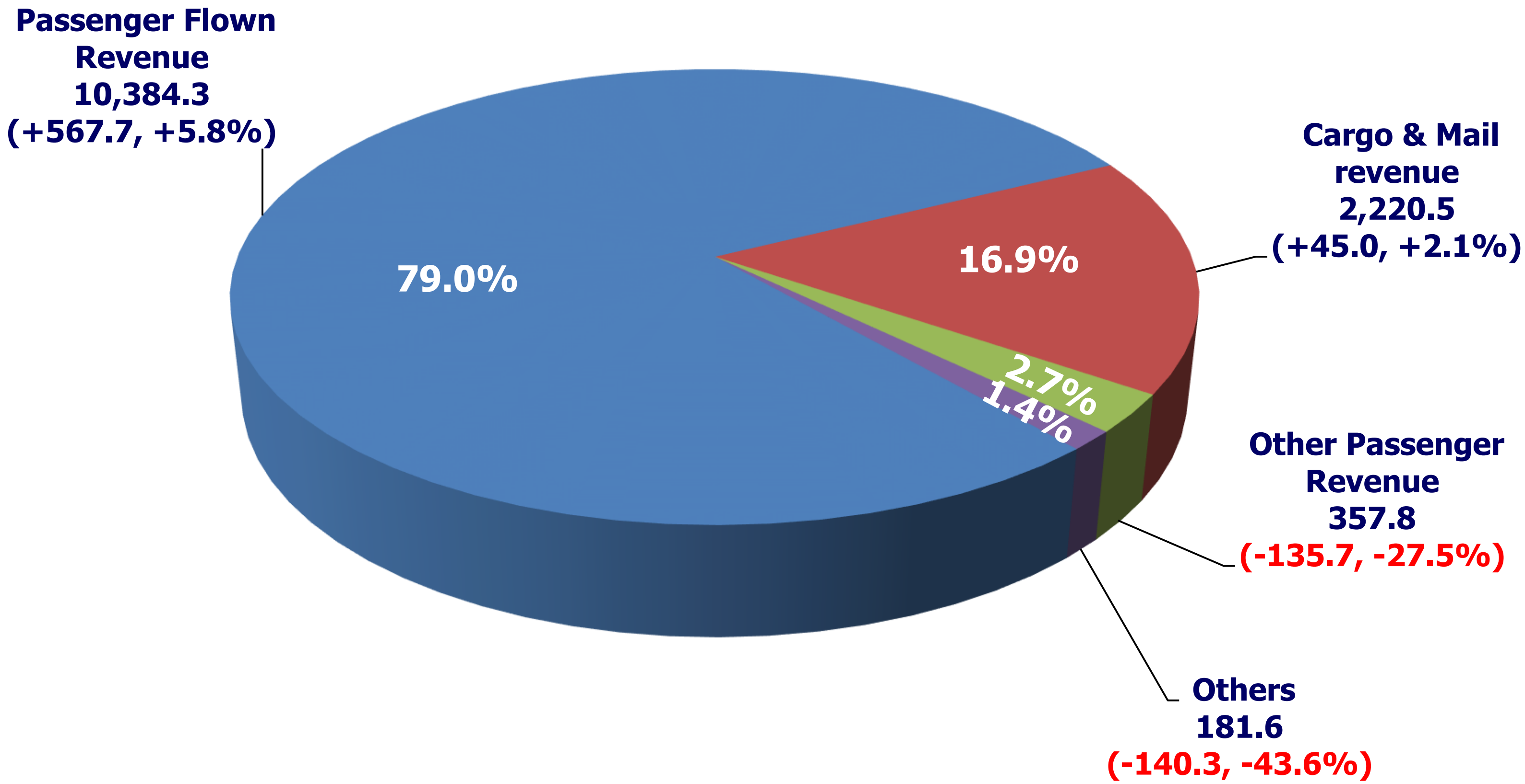
***Restated due to IFRS1, and adjusted prior year's comparatives to take into account of SIA Cargo integration within the Parent Airline Company**

Gains in pax flown revenue supported by robust traffic growth; higher RASK with record PLF

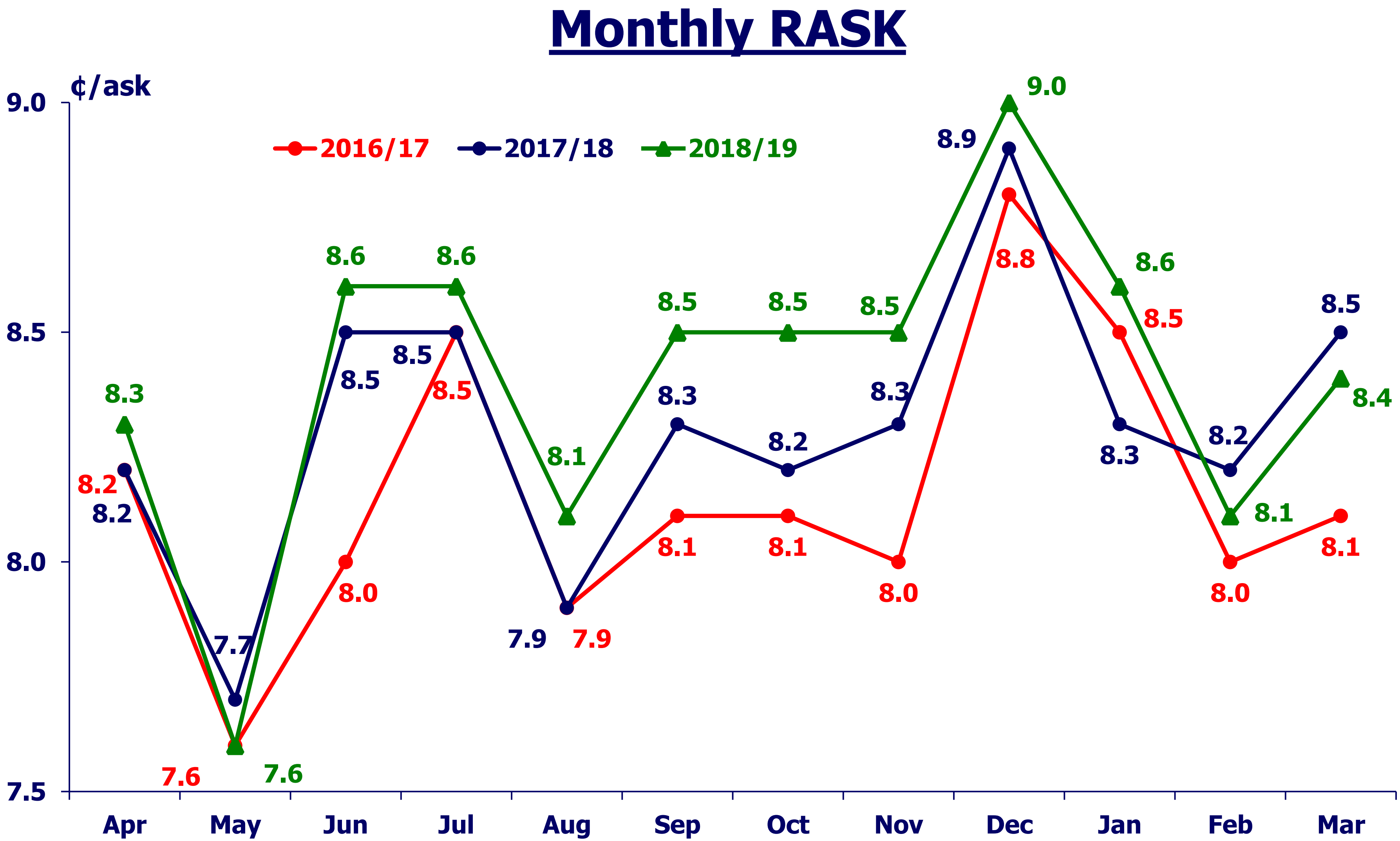
Parent Airline Company (Pax)	Q4 FY18/19	Change %	FY18/19	Change %
Revenue Passenger-KM (M)	25,666.7	8.8	102,571.9	7.0
Available Seat-KM (M)	31,428.7	8.1	123,486.2	4.5
Passenger Load Factor (%)	81.7	0.6 pt	83.1	2.0 pts
Pax Yield (¢/pkm)	10.2	(1.0)	10.1	(1.0)
RASK (¢/ask)	8.4	-	8.4	1.2
Pax Unit Cost (CASK) (¢/ask)	8.3	(1.2)	8.3	2.5
Pax Unit Cost (CASK) Ex-Fuel (¢/ask)	5.6	(1.8)	5.5	(1.8)

Strong growth in pax flown revenue partially offset by absence of non-recurring revenue last year

Parent Airline Company
FY18/19 Revenue Breakdown ($M)



Overall improvement in RASK over the last two financial years



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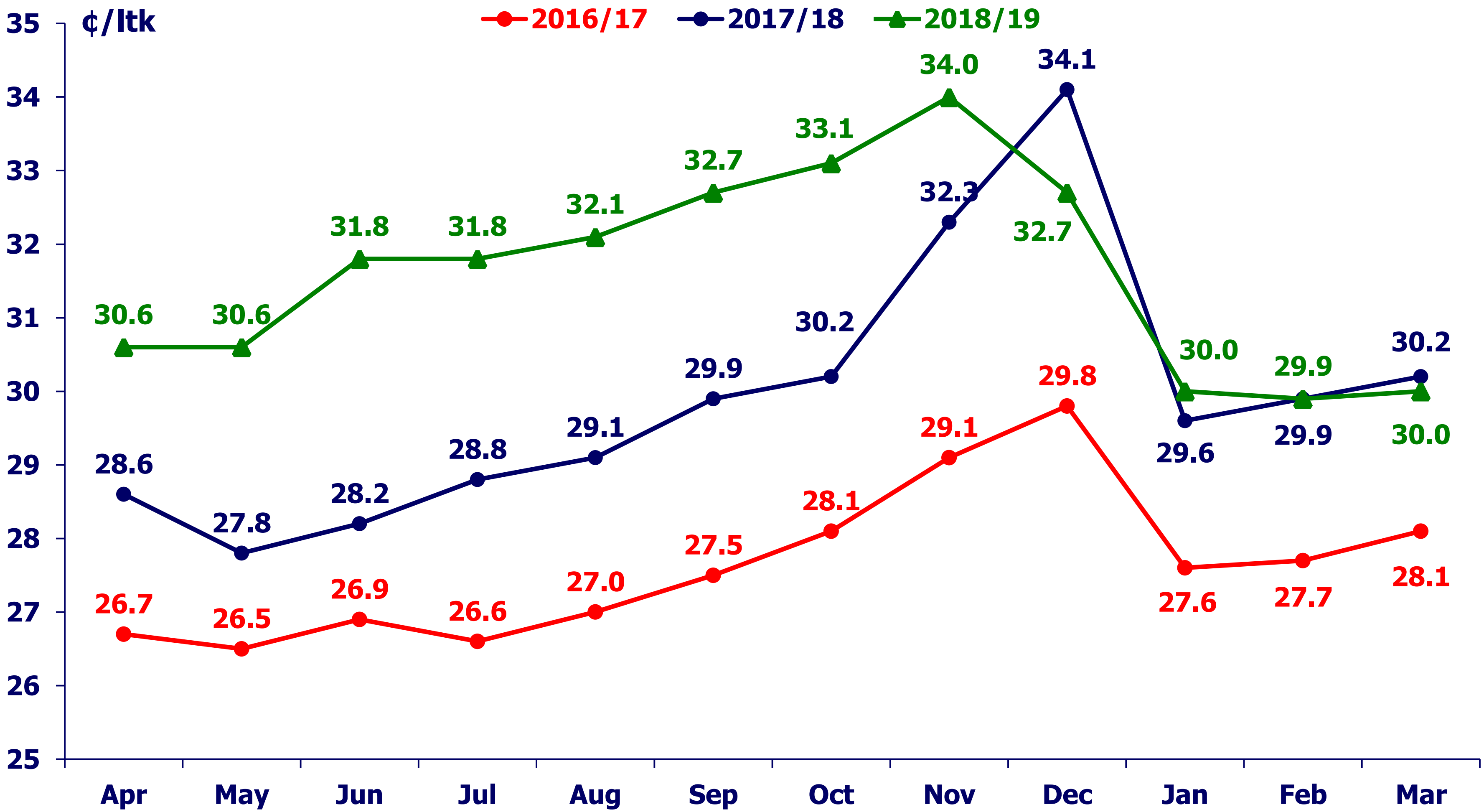
Cargo flown revenue improved as stronger yields mitigated lower loads carried for the year

Parent Airline Company (Cargo)	Q4 FY18/19	Change %	FY18/19	Change %
Cargo Load Tonne-KM (M)	1,607.6	(6.8)	7,006.5	(3.5)
Cargo Capacity Tonne-KM (M)	2,732.3	(0.3)	11,210.4	0.8
Cargo Load Factor (%)	58.8	(4.1) pts	62.5	(2.8) pts
Cargo Yield (¢/ltk)	30.0	0.3	31.7	5.7
Cargo Unit Cost (¢/ctk)	15.7	(0.6)	16.5	1.9

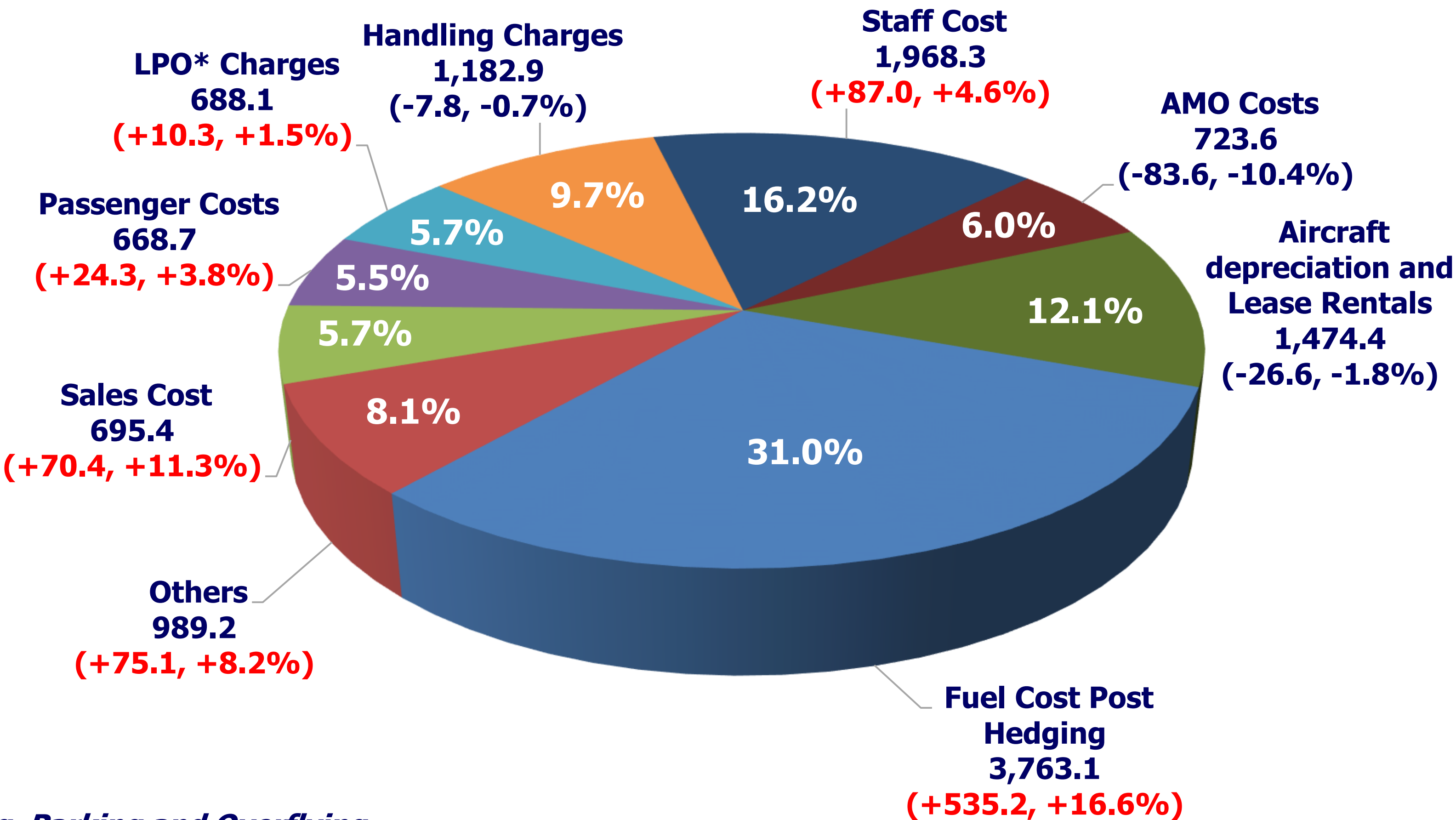
Cargo yields held up well over last two years; downward pressure seen in recent months

Monthly Cargo Yields



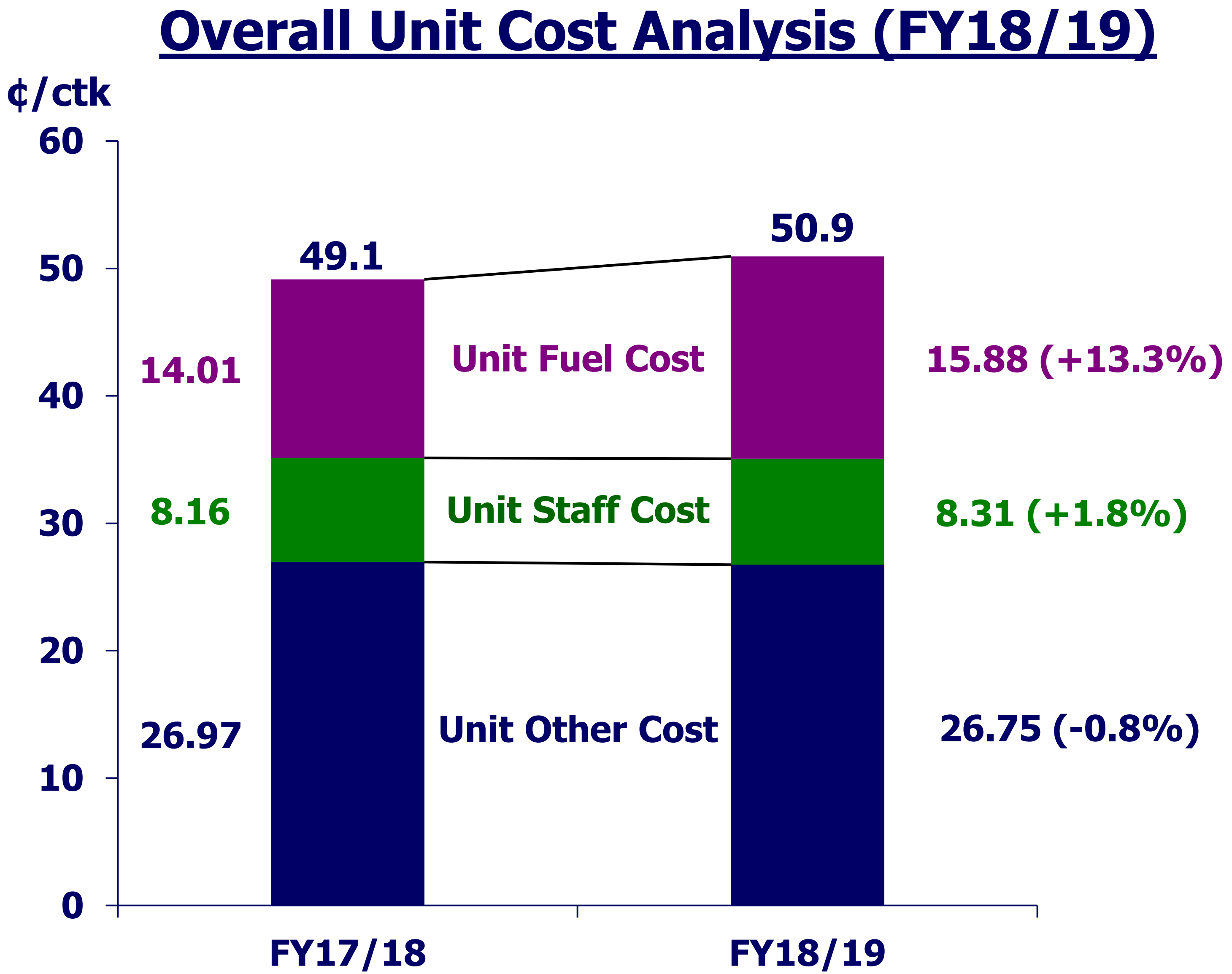
Expenditure rose due to higher net fuel cost; ex-fuel costs up on expansion in operations and higher staff strength

Parent Airline Company Cost Composition FY18/19 ($M)



**Landing, Parking and Overflying*

Overall unit cost ex-fuel remained stable



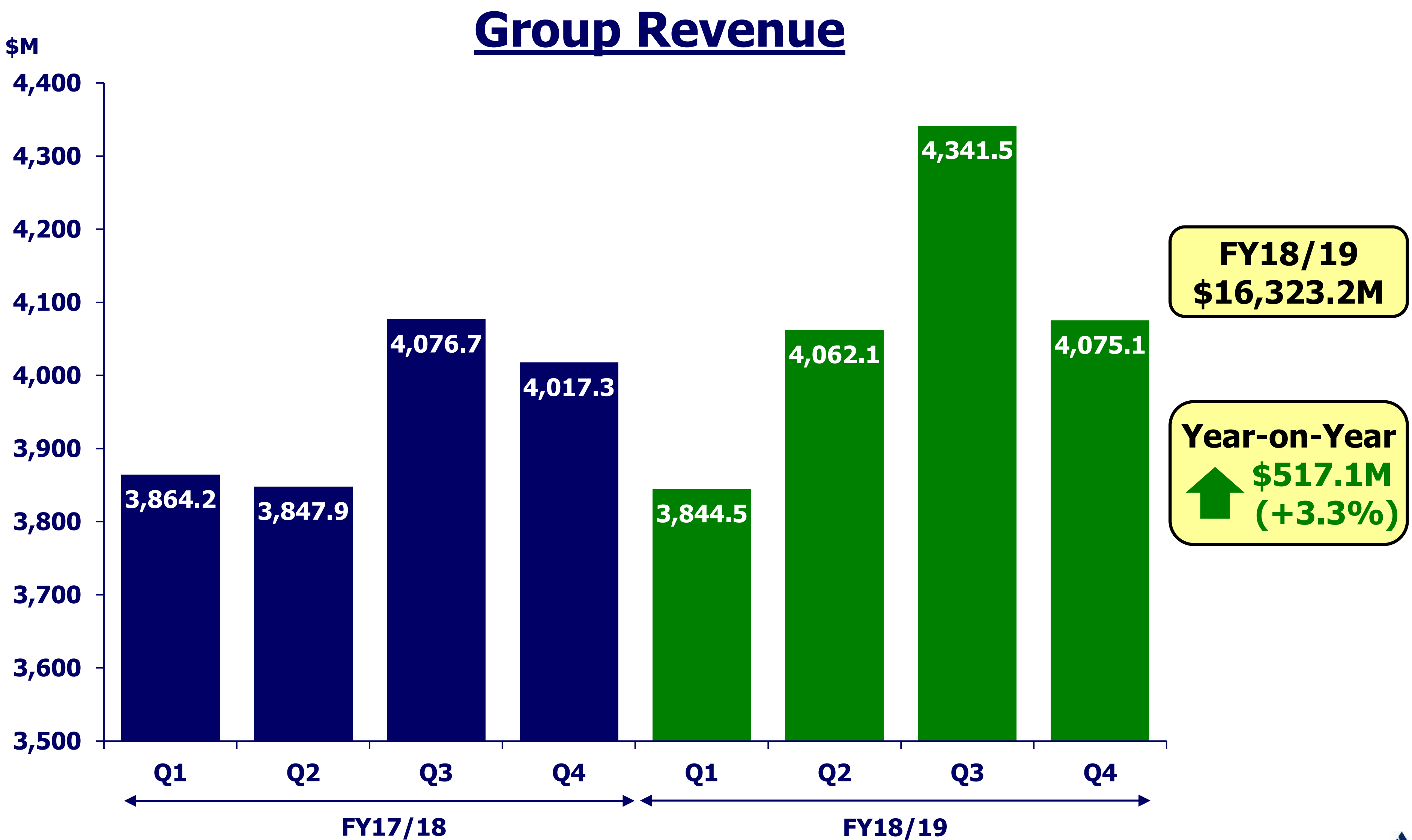
SIA GROUP
Q4 & FY18/19

SIA Group Operating Results

	Q4 FY18/19 ($M)	Q4 FY17/18* ($M)	Better/ (Worse) (%)	FY18/19 ($M)	FY17/18* ($M)	Better/ (Worse) (%)
Total Revenue	**4,075.1**	**4,017.3**	**1.4**	**16,323.2**	**15,806.1**	**3.3**
Total Expenditure	**3,821.6**	**3,683.9**	**(3.7)**	**15,256.1**	**14,257.3**	**(7.0)**
-- Net fuel cost	1,099.6	1,018.5	(8.0)	4,587.1	3,899.3	(17.6)
Fuel cost	*1,127.1*	*1,102.6*	*(2.2)*	*5,000.4*	*3,998.5*	*(25.1)*
Fuel hedging gain	*(27.5)*	*(84.1)*	*(67.3)*	*(413.3)*	*(99.2)*	*n.m.*
-- Non-fuel expenditure	2,722.0	2,665.4	(2.1)	10,669.0	10,358.0	(3.0)
Operating Profit	**253.5**	**333.4**	**(24.0)**	**1,067.1**	**1,548.8**	**(31.1)**
Operating Profit Margin (%)	**6.2**	**8.3**	**(2.1) pts**	**6.5**	**9.8**	**(3.3) pts**

***Restated due to the adoption of IFRS 1, reducing prior year's depreciation by $118.9M (Q4) and $491.5M (FY)**

Group revenue improved led by strong pax flown revenue



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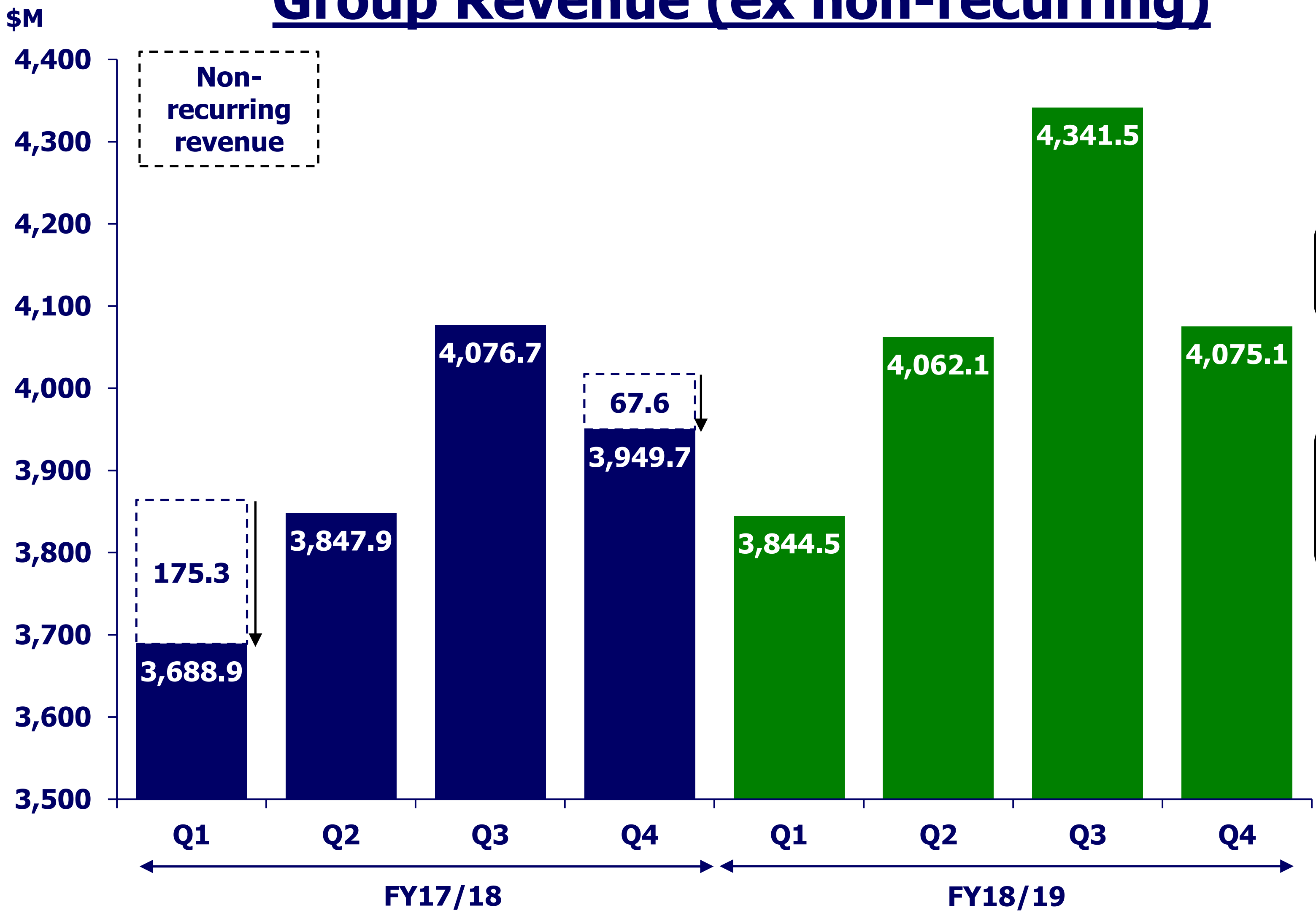
Excluding non-recurring revenue last year, Group revenue would have reported a larger improvement

Group Revenue (ex non-recurring)



FY18/19
$16,323.2M

Year-on-Year
$760.0M
(+4.9%)

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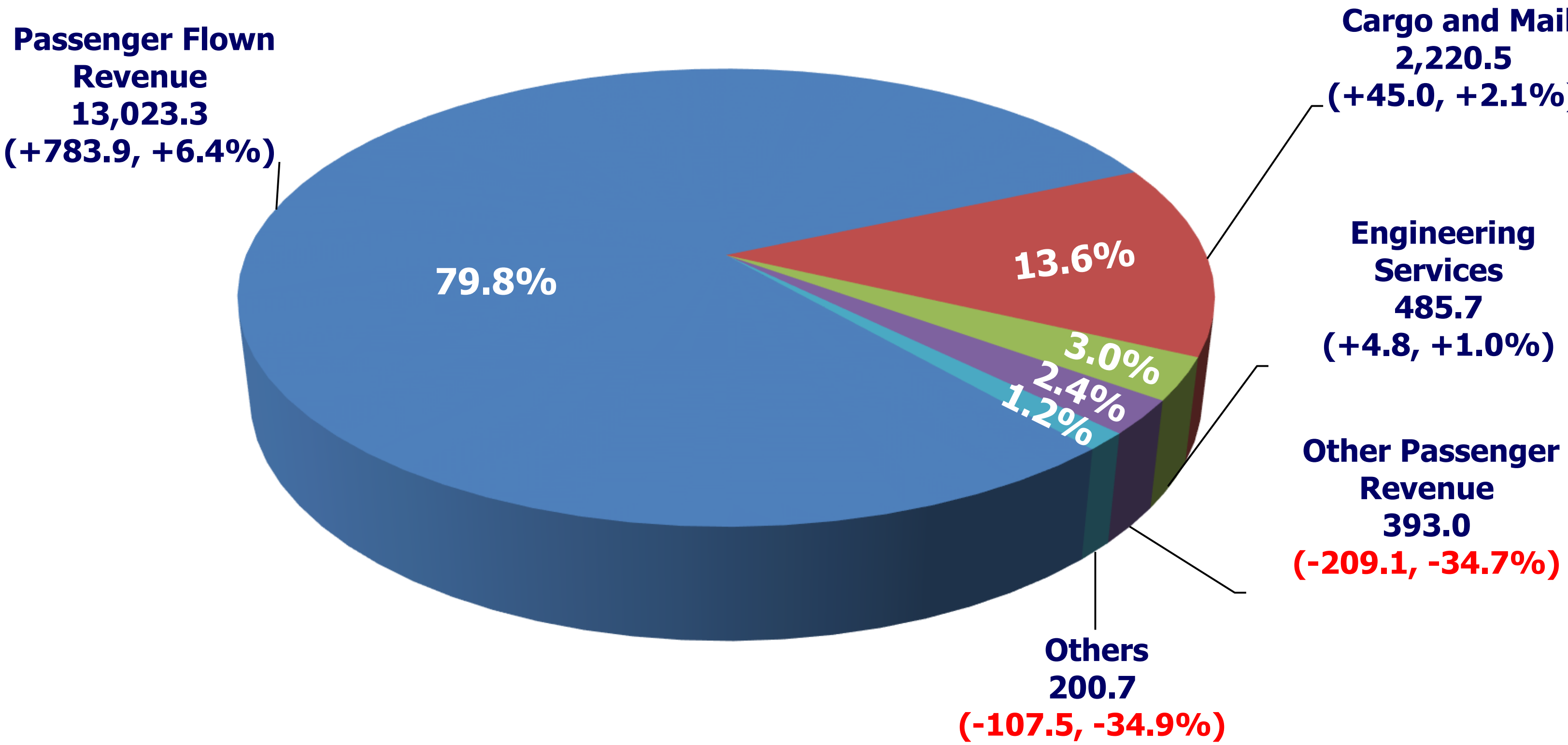
Strong growth in pax flown revenue supported by robust traffic growth

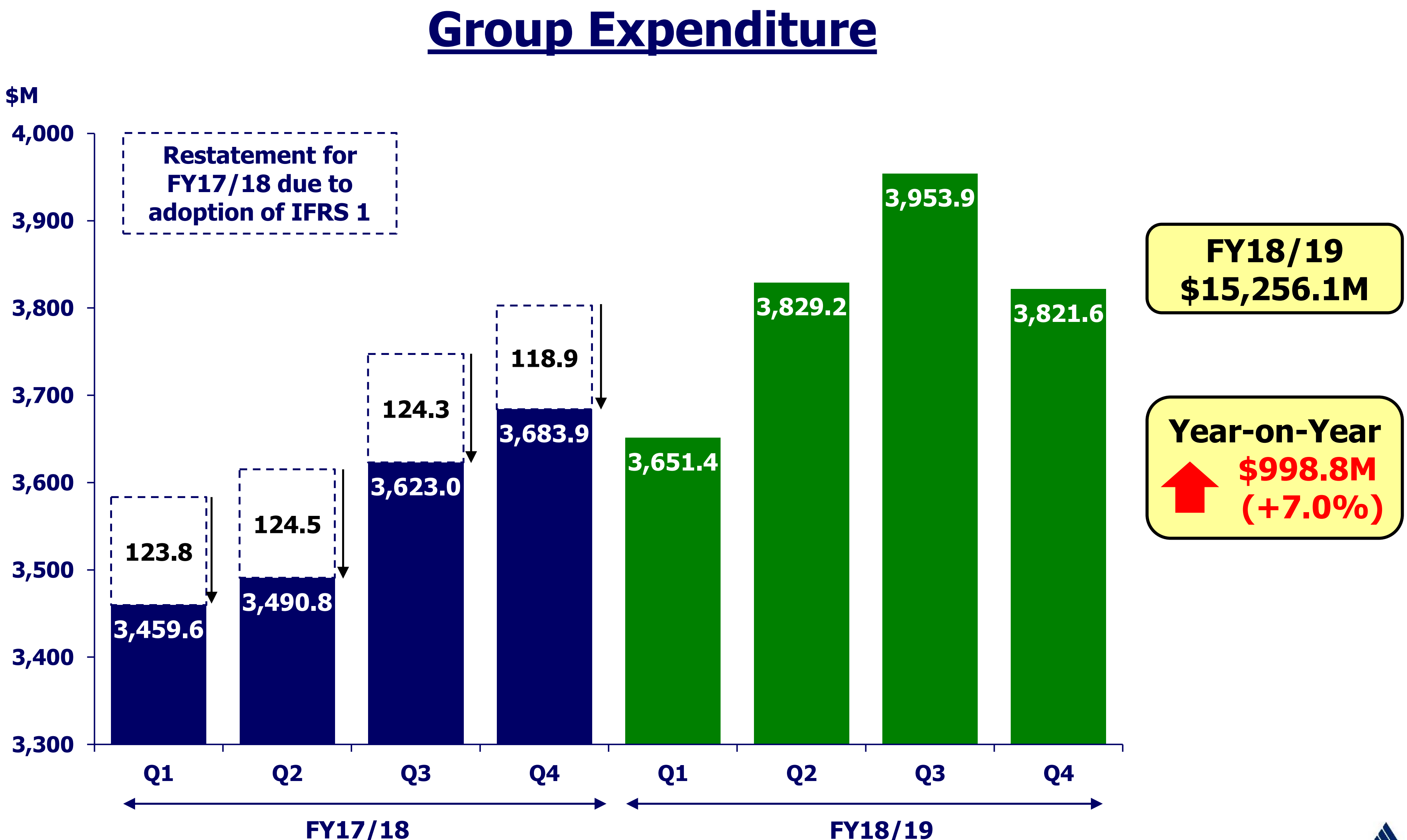
FY18/19 Group Revenue Breakdown ($M)



Breakdown of change in flown revenue and statistics

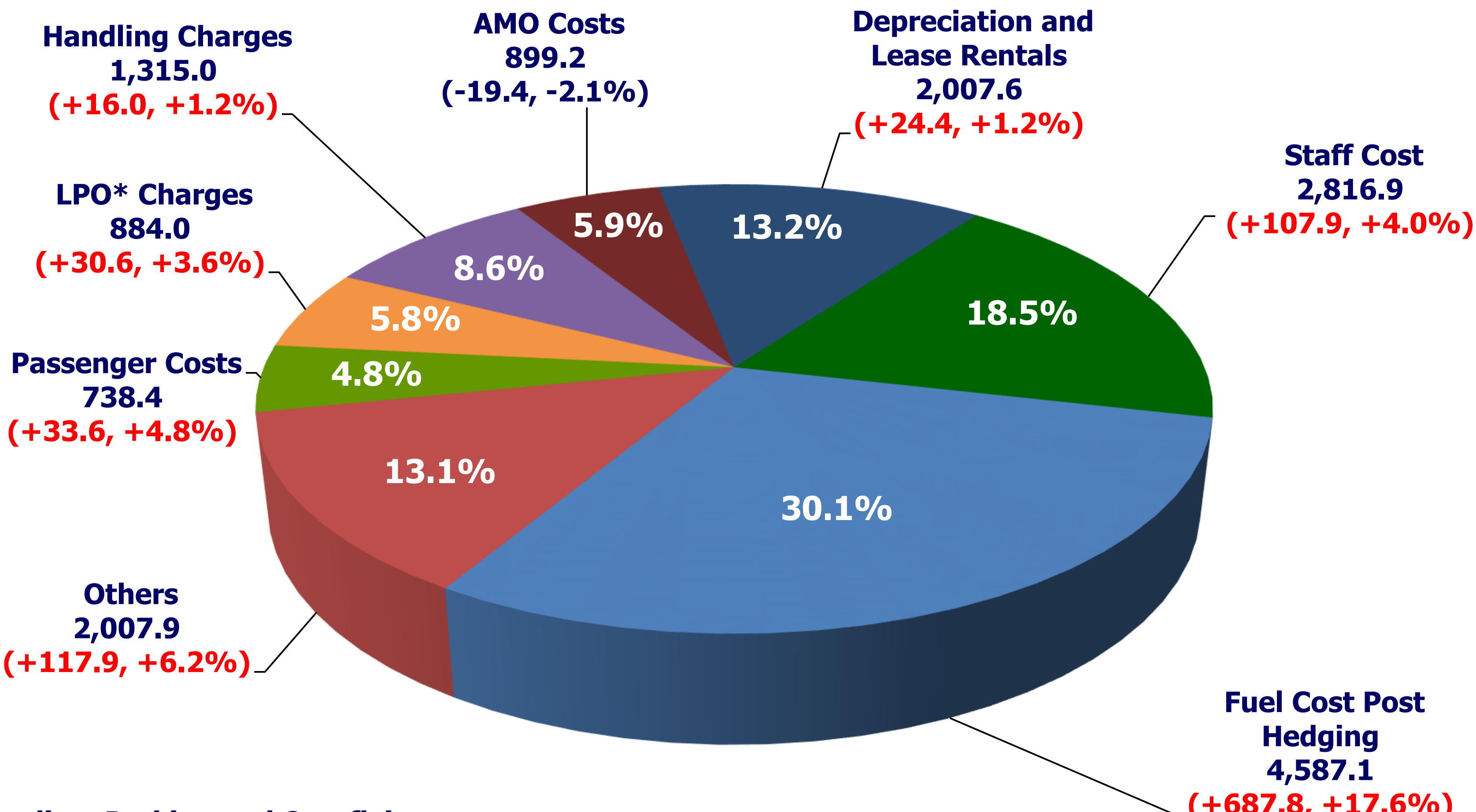
	Flown Revenue against last year $M	RASK against last year %	Yields against last year %	Carriage/Load against last year %	Capacity against last year %
SIA (Pax)	+ 567.7	+ 1.2	- 1.0	+ 7.0	+ 4.5
SilkAir	+ 20.2	- 1.2	- 5.2	+ 7.2	+ 3.2
Scoot	+ 191.1	- 2.0	- 1.7	+ 14.6	+ 15.1
SIA (Cargo)	+ 45.0	n.a.	+ 5.7	- 3.5	+ 0.8

Higher net fuel cost contributed two thirds of the increase in Group expenditure



Ex-fuel costs rose largely from expansion of operations

Group Cost Composition ($M)



**Landing, Parking and Overflying*

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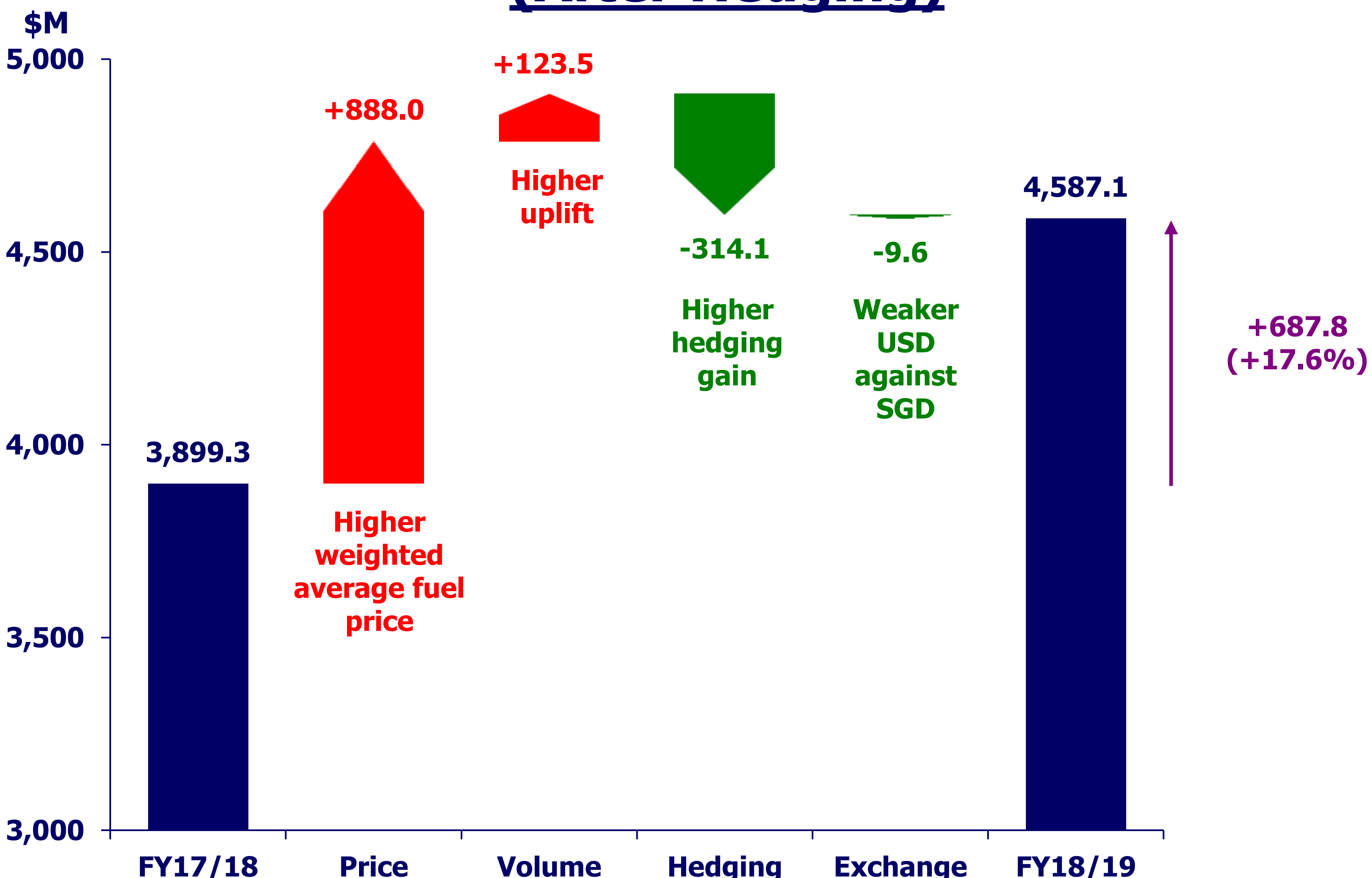
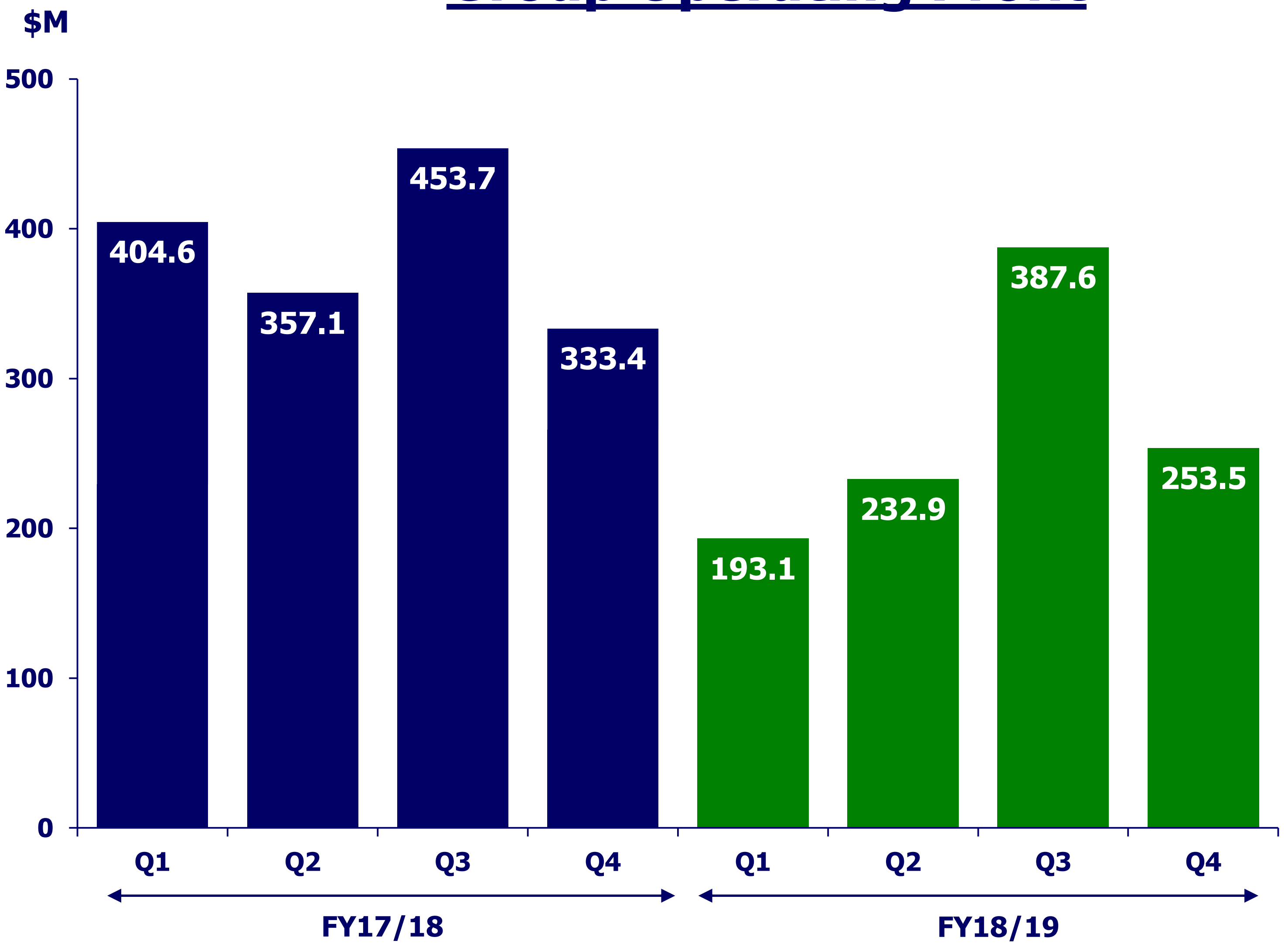
Group fuel cost before hedging rose $1B, partially alleviated by larger hedging gain YoY

Composition of Increase in Group Fuel Cost (After Hedging)



Full year operating profit tops $1B

Group Operating Profit

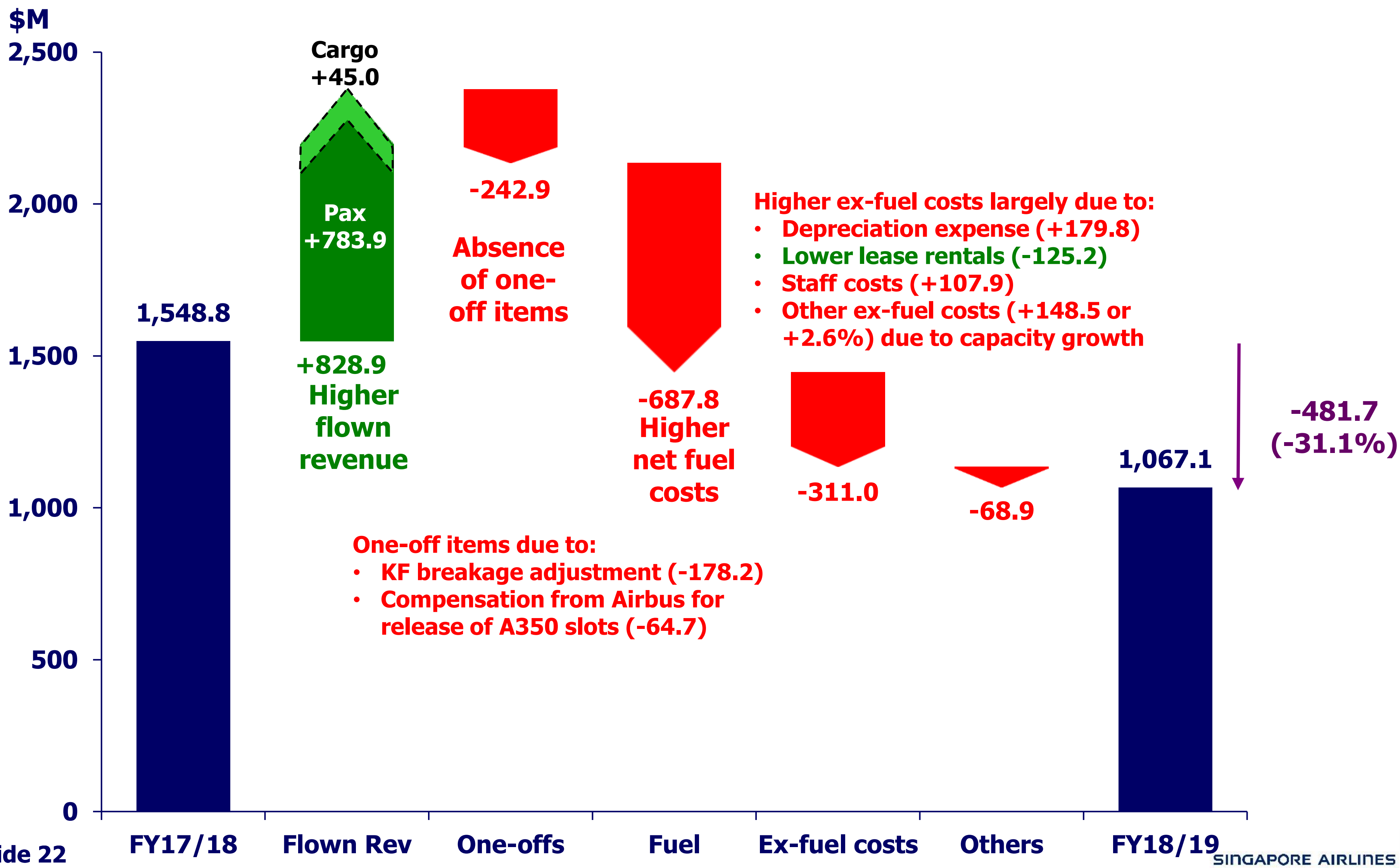


FY18/19
$1,067.1M

Year-on-Year
-$481.7M
(-31.1%)

Strong growth in pax flown revenue negated by steep rise in fuel cost and absence of one-off revenue items

Composition of Decrease in Group Operating Profit



Operating results for main operating companies in the Group

Group Operating Profit/(Loss)

	FY18/19 ($M)	FY17/18[R1] ($M)	Better/ (Worse) ($M)	Better/ (Worse) (%)
SIA[R2]	991	1,338	(347)	(25.9)
SilkAir	15	44	(29)	(65.9)
Scoot	(15)	78	(93)	n.m.
SIAEC Group	57	79	(22)	(27.8)

[R1] Restated depreciation for prior year due to the adoption of IFRS 1

[R2] Adjusted prior year comparatives to take into account SIA Cargo integration within the Parent Airline Company

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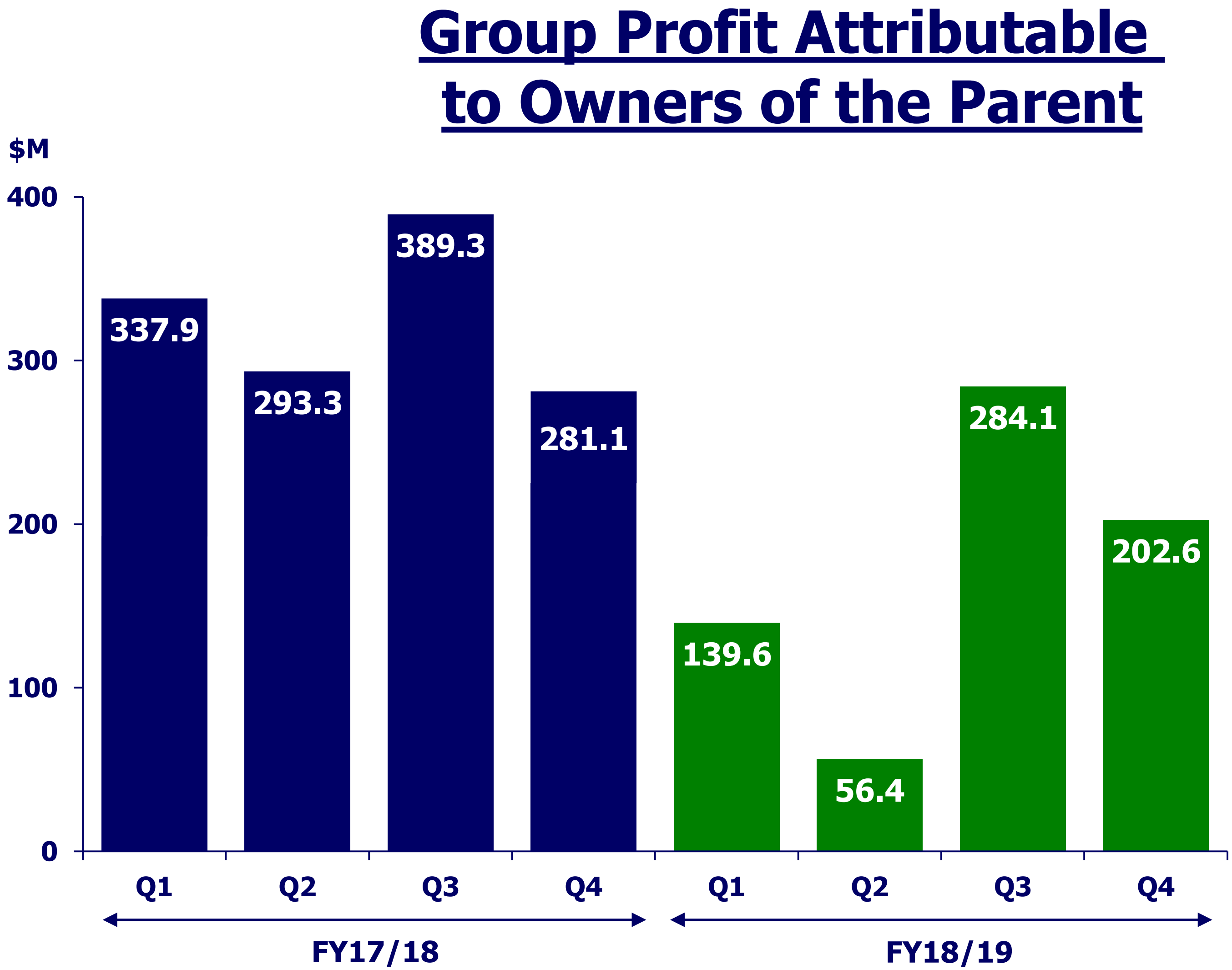
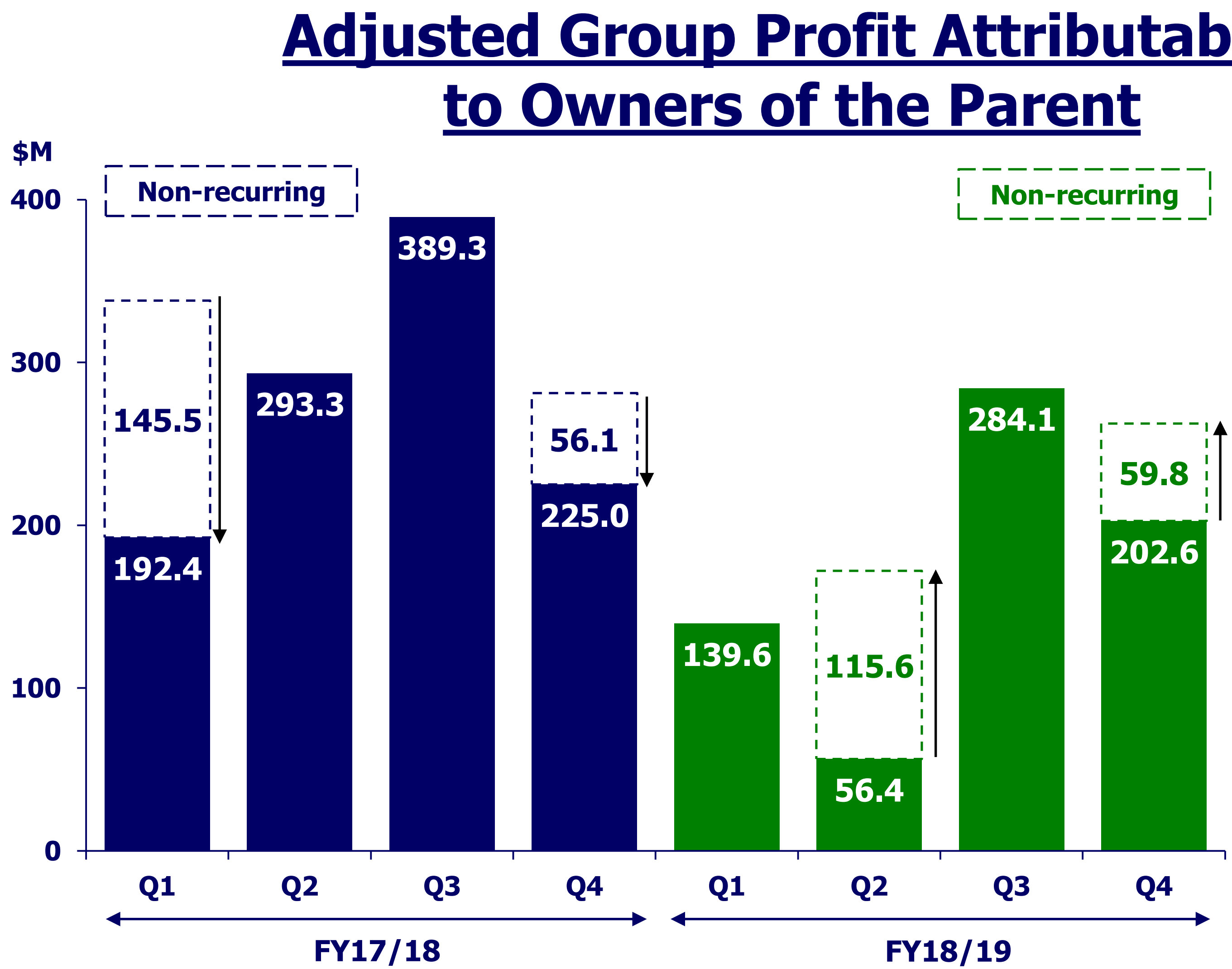
Group net profit was $683M



FY18/19
$682.7M

Year-on-Year
-$618.9M
(-47.5%)

Excluding one-off items and SilkAir related costs, Group net profit would have been higher

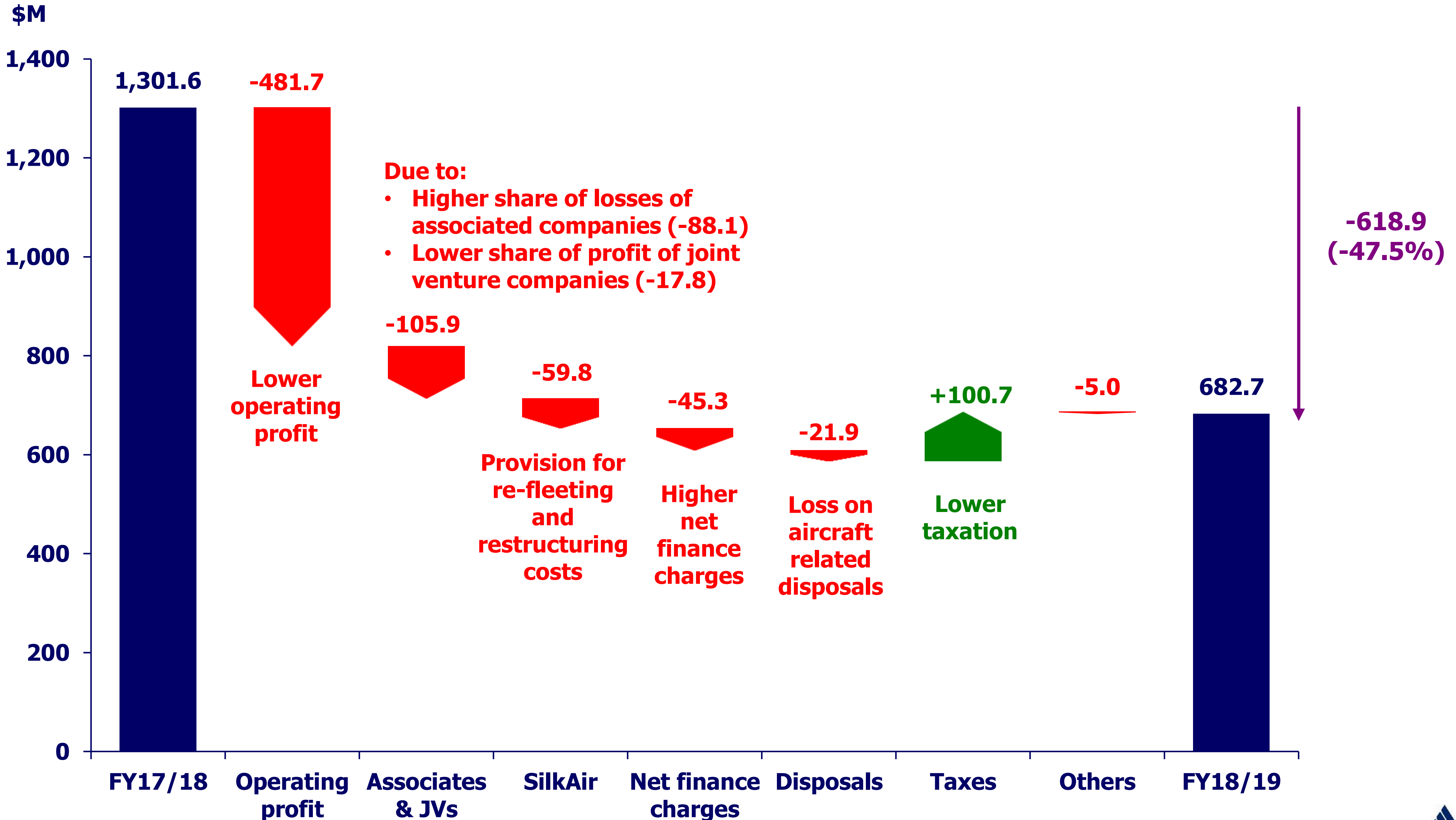


FY18/19
$858.1M

Year-on-Year
-$241.9M
(-22.0%)

Group net profit was impacted by lower operating profit and higher non-operating costs

Group Profit Attributable to Owners of the Parent



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Total dividend amounts to 30¢ per share

	FY18/19	FY17/18
Earnings Per Share (¢)	57.7	75.5^
Interim Dividend Per Share (¢)	8.0	10.0
Proposed Final Dividend Per Share (¢)	22.0	30.0
Total Dividend Per Share (¢)	30.0	40.0

^ Based on FY17/18 reported figures

Group fleet development

	Operating Fleet	As at 31 Mar'19	In	Out	As at 31 Mar'20
Singapore Airlines	777-200	7	+1	-7	1
	777-200ER	5		-4	1
	777-300	5			5
	777-300ER	27			27
	A380-800	19			19
	A330-300	17	+1	-10	8
	A350-900 XWB	32	+16		48
	787-10	9	+6		15
	747-400F	7			7
	Total	128	+24	-21	131
SilkAir	A319	2			2
	A320	8		-1	7
	737-800	17			17
	Total	27		-1	26
Scoot	787-8	10			10
	787-9	8	+2		10
	A319	1		-1	-
	A320	26			26
	A320neo	2	+2		4
	Total	47	+4	-1	50
GROUP TOTAL		202	+28	-23	207

Note:

- Excluded 737 MAX 8 in SilkAir's operating fleet due to grounding
- SIA re-instated one 777-200 and one A330-300 into operating fleet to support fleet requirements due to grounding issues

External events moderate growth in capacity

- SIA Group passenger operations is expected to grow approx. 6% in FY19/20
  - Grounding of Boeing 737 MAX 8 aircraft and Rolls-Royce Trent 1000 TEN engine issues moderate capacity growth
  - Extension of aircraft leases to support capacity shortfall
  - Boeing 737-800 transfer plans from SilkAir to Scoot suspended pending clarity on Boeing 737 MAX 8 grounding situation

	Projected Change in Capacity (FY19/20 vs FY18/19)
SIA	+7%
SilkAir	-3%
Scoot	+7%
Group Passenger Operations	**+6%**

- Cargo operations are expected to grow 2-3% in FY19/20

Capital expenditure to support fleet renewal and capacity growth

($'M)	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Aircraft	5,700	5,400	5,000	3,900	3,300
Others	400	400	500	400	300
Total	6,100	5,800	5,500	4,300	3,600

Group fuel hedging position

Q1 FY19/20	Jet Fuel	Brent
Percentage hedged (%)	80	-
Average hedged price (USD/bbl)	75	-

FY19/20	Jet Fuel	Brent
Percentage hedged (%)	64	5
Average hedged price (USD/bbl)	76	53

FY20/21 to FY24/25	Jet Fuel	Brent
Percentage hedged (%)	Up to 14%	Up to 46%
Average hedged price (USD/bbl)	77	58-63

Note: Fuel hedging position as at 2 May 2019

ADOPTION OF IFRS 16

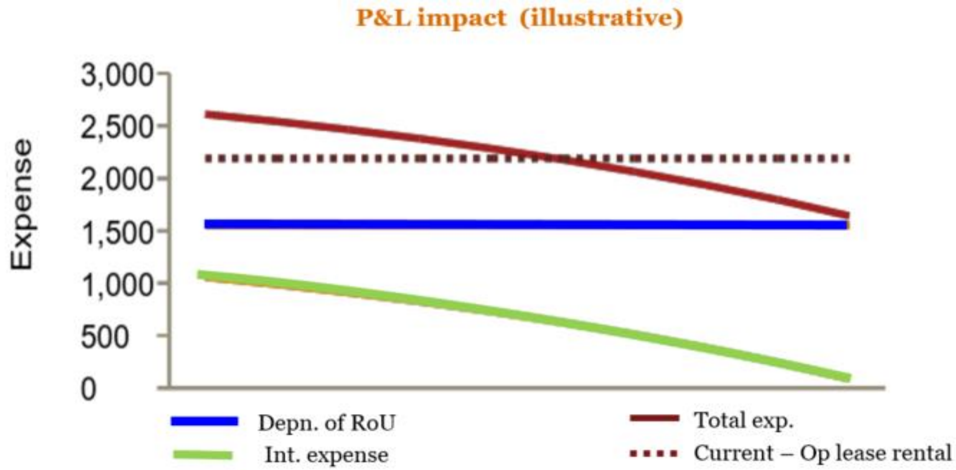
Adoption of IFRS 16 – Balance Sheet

- With effect from 1 April 2019, SIA Group is required to recognise right-of-use assets and lease liabilities arising from the capitalisation of the present value of future lease payments for all leases
- Main changes to the Group's balance sheet as of 1 April 2019 are:
  - Inclusion of right-of-use assets
  - Recognition of interest-bearing lease liabilities
- Estimated impact on Group's balance sheet as follows:

As at 1 April 2019	Assets ($'M)	Liabilities and Equity ($'M)
Right-of-use assets	1,712	-
Lease liabilities	-	2,192
General reserve	-	(446)
Others	(31)	(65)
Total	1,681	1,681

Adoption of IFRS 16 – Net Profit After Tax

- **The Group's cost of leasing will be represented by:**
  - **increase in depreciation expense**
  - **increase in finance charges**
  - **the above increases will replace the lease rental expense recognized hitherto**



- **Estimated increase in Group's net profit after tax for the next three financial years as follows (based on existing leases as at 31 March 2019):**

FY19/20 ($'M)	FY20/21 ($'M)	FY21/22 ($'M)
42	68	56

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STRATEGIC DEVELOPMENTS

Key Strategies

Strengthening Premium Positioning

Portfolio

Multi-Hub

New Business Opportunities

Strengthening Premium Positioning

Fleet renewal and investment

- Debut of medium haul A350 with industry-leading regional cabin product
- 23 new aircraft delivered in FY18/19
  - 11x A350 (7 ULRs), 9x B787-10, 3x A380
- 22 new deliveries planned this FY
  - 16x A350, 6x B787-10
- Boeing 777-9 deliveries from FY21/22, with new-generation cabin product

Expansion of our non-stop US offering

- First to Fly A350ULR
- Non-stop Seattle flights from Sept 2019

Strengthening Premium Positioning

Enhancing our network

- New Destinations
  <u>Full-service</u>
  - Busan
  - Newark
  - Seattle

  <u>Low-cost</u>
  - Berlin
  - Kota Bahru
  - Nanchang
  - Pekanbaru

- Extensive growth in frequency on existing routes across all regions within the Group network

Portfolio

Integrating SilkAir

- Plans to transfer 14 737-800s to Scoot suspended pending clarity on MAX situation, however ongoing transfer of MI routes to Scoot remains on track
  - Deployment of the right vehicles within the portfolio to the right markets

- Integration remains on track
  - SQ and MI websites and mobile apps integrated
  - Appointed supplier for narrow-body flat-bed JCL seat upgrades
  - Ensure products and services continue to lead the industry across short-, medium- and long-haul routes

Portfolio

The SIA Group serves 138 destinations in 37 countries and territories

Multi-Hub

- Investing in strategic markets to complement and strengthen SIN hub

vistara

- International operations to be launched imminently
- 24 destinations in India; Fleet of 22 A320/A320neo
- Inducting 50 A320/A321neo and 6 787-9 within the next four years

nokscoot

- 10 destinations; Fleet of 5 B777-200
- 6th/7th B777-200 will be joining the fleet by 2H 2019
- New CTS services in 2H 2019*

*subject to regulatory approval

New Revenue & Business Opportunities

SIA-CAE Flight Training Centre

- Operations commenced in Aug 2018 and currently operates 5 simulators
- Provides full range of initial type rating and recurrent training programmes for Boeing aircraft types

Premium Omni-channel Retailer

- Focus on omni-channel selling, fulfilment, digital marketing, curated products and services, and customer experience
- 2H 2019: Pre-orders (inflight collection) for selected SIA and Scoot flights up to 1 hour before departure

Digital Transformation

- Digital partnerships and initiatives to enhance customer experience, and propel us towards our vision to be the world's leading digital airline

Strategic partnership with Alibaba Group

- Unlocks access to >600M monthly active mobile users on Alibaba's China retail marketplaces
- Alibaba Cloud: Leverage big data to support IT innovation, enhancing digital experience for customers in China

KrisPay:Innovative Blockchain-based digital wallet

- Enables KF members to earn and redeem miles instantly for everyday purchases
- Launched in Jul 2018, it now has 35 merchants

Digital Transformation

KrisConnect

KrisConnect Programme

- Leverage API connectivity to enhance customer experience on partner platforms
- Travel ecosystem partners include: Amadeus, Ctrip, Google, Skyscanner, Travelport
- Growing rapidly with >20 partners across 16 markets since launch in Oct 2018

DBS

Partnership with DBS Bank

- Enhance digital capabilities across platforms to enable seamless customer experience for travelers
- Flexibility and convenience to pay for flights using PayNow; provides for value-added options such as automated direct refund to bank account

Digital Transformation

Opening of KrisLab, SIA's Digital Innovation Lab

- In line with SIA's drive to be the world's leading digital airline
- Collaborative workspace to develop innovative ideas and co-innovate with external partners and start-ups to solve business challenges
- Inaugural Acceleration Programme launched with 65 start-ups scouted, and top 5 pitching to SIA

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TRANSFORMATION

What have we achieved?

We are streamlining our portfolio of airline brands

FROM	TO
4-Airline Brands	**2-Airline Brands working in closer collaboration**

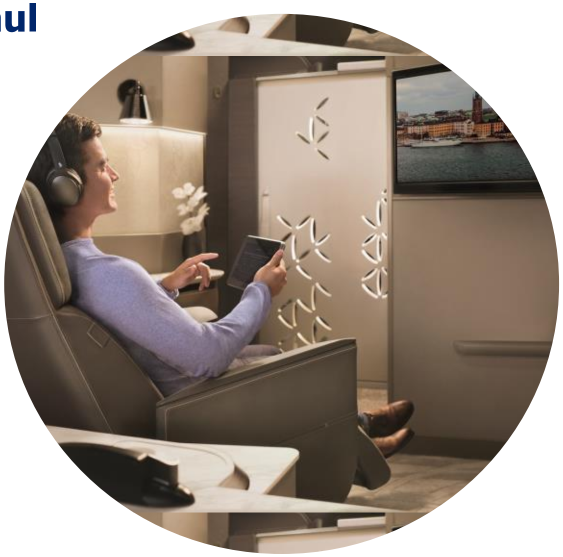
We have improved our product & service offerings

New Regional Business Class – B787-10 & A350 Medium Haul

Enhanced personalisation & in-flight wellness in F&B

ULR Flights to US

Expanded IFE Options & Wifi Connectivity



A380 Retrofit & New Cabin Products

Product upgrade for SilkAir's fleet

We have lifted our customer experience

Improved overall response time to resolve customers' issues

Enhanced product and services based on customer validation

More **personalised and seamless** customer experience

NPS **trending upwards**

We have enhanced our revenue generation capabilities

FROM	TO
Legacy processes, and airline systems	▪ Commercial re-org to focus on key strategic areas & build deep domain knowledge ▪ Revamped processes & practices for speed-to-market, agility & accuracy ▪ Investment in new technology to be 'Best-in-Class' ▪ Revenue growth outpacing capacity growth

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We have improved our operational excellence

Higher operational efficiency from integrating pilots and cabin crew planning

Achieved 7% productivity gain from better crew planning efficiency

15% reduction in engineering related delays

- **Predictive Maintenance**

We have invested in up-skilling and engaging our people

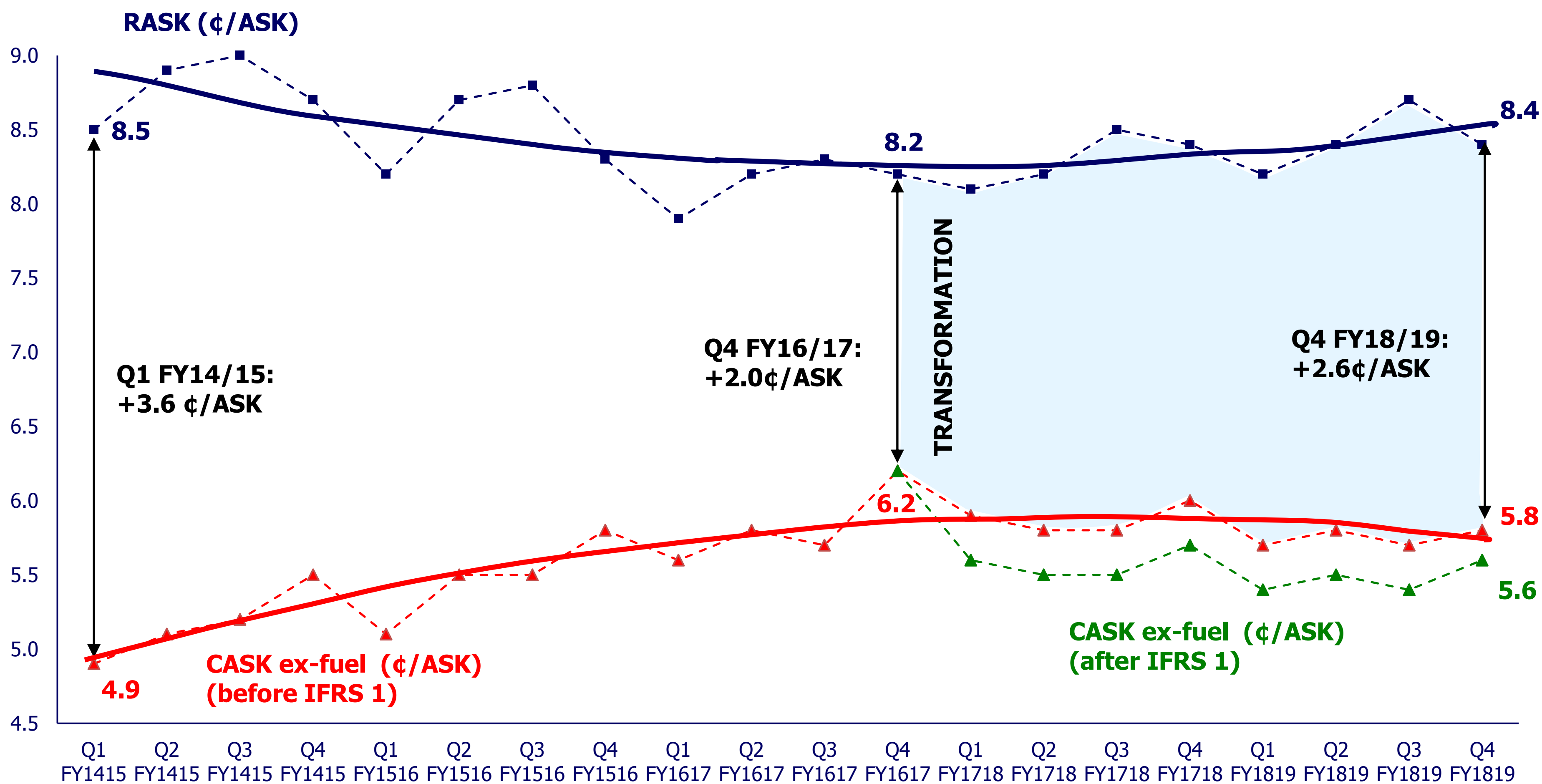
>70% of Ground staff received 'digital' training

Enhanced organisational capabilities

- analytics, operations
- reduce hierarchy + increase empowerment

5%pt improvement in staff engagement score from Organisational Climate Survey 2019

RASK and CASK ex-fuel margins moving towards the right trajectory



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What's next …

'Digital Ops'
to deliver
operational excellence

Improve revenue generation and customer experience through personalisation

Investment & innovation in product & services

Enhance employee experience

Infuse 'Vibrant Innovation Culture'

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THANK YOU