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Message from SIA CEO

Dear Colleagues

When the battle against Covid-19 began early this year, none of us could have predicted its devastating impact on the entire aviation industry.

Eight months on, the number of carriers that have collapsed continues to rise. It is still not clear who will ultimately survive this crisis. From airlines and airports to aircraft manufacturers and suppliers, everyone has taken sweeping steps to cut costs - including drastic measures to reduce staff numbers - and prepare for an uncertain future.

From the outset, the SIA Group's priorities were to ensure our survival and save as many jobs as possible.

We were among the first airlines in the world to secure the liquidity to meet our cash flow requirements. We have to date raised \$11 billion through our rights issue, secured financing, and additional lines of credit. We continue to explore other sources of financing.

The Group has significantly reduced capital and operating expenditure since the onset of Covid-19 by deferring non-critical projects, and by working with suppliers and partners to reduce costs, reschedule payments, and adjust aircraft delivery streams. We have also implemented human resources measures such as salary cuts and no-pay leave schemes.

These are very tough times and we are very grateful for everyone's sacrifices. We are also thankful to the Singapore government for extending various support schemes to the aviation industry.

However, the future remains extremely challenging. The pandemic is still not under control, with some countries experiencing second and third waves. We still do not have a vaccine, and tight border restrictions remain in place as governments try to limit imported cases. Global economic growth remains anaemic, with little impetus for the return of international leisure and business travel.

We saw a catastrophic 99.5% decline in passenger carriage in the first quarter of FY20/21. Today the SIA Group operates only 8% of our capacity compared to pre-Covid levels, and we expect to be at less than 50% at the end of the financial year. In the meantime, the prognosis for air travel has worsened, with industry groups projecting that passenger traffic will not return to pre-Covid levels until 2024.

Relative to most other major airlines in the world, the SIA Group is in an even more vulnerable position. This is because we do not have a domestic market which, as demonstrated in many countries, is the first to see a recovery in air traffic.

Given the expectation that the road to recovery will be long and fraught with uncertainty, it has come to the point where we have to make the painfully difficult decision to implement involuntary staff reduction measures.

We need to cut around 4,300 positions across Singapore Airlines, SilkAir and Scoot in Singapore and our overseas stations. However, the SIA Group has implemented a strict recruitment freeze since March 2020, and we have not filled vacancies that opened up due to resignation and retirement. We also offered the most generous Special Early Retirement Scheme (SERS) in SIA's history for ground staff and pilots, as well as a Voluntary Release Scheme (VRS) for cabin crew, to support those who may have already been thinking of leaving for personal reasons. Collectively, these measures have allowed the Group to eliminate some 1,900 positions and helped to mitigate the impact on staff.

As a result, the potential job cuts across the Group have been reduced to around 2,400.

We have commenced discussions with our Singapore-based unions. We will work closely with them to finalise the arrangements as soon as possible for those who are affected, and try to minimise the stress and anxiety for our people.

Having to let go of our valuable and dedicated people is the hardest and most agonising decision that I have had to make in my 30 years with SIA.

For our impacted colleagues, please know that this is not a reflection of your individual strengths and capabilities. It is the result of an unprecedented travel paralysis brought about by a global pandemic. Please also be assured that we will conduct the process in a fair and respectful manner, and do our best to ensure that you receive all the necessary support during this very trying time.

The next few weeks will be some of the toughest in the history of the SIA Group as some of our friends and colleagues leave the company. Let us please continue to rally around each other, and look out for one another, as we get through this extremely difficult period.

With regards,
Choon Phong