

# Goh Choon Phong: Steering SIA into clear skies

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Travel is back in a big way, and so is Singapore's national carrier.

This year, Singapore Airlines (SIA) posted record profits two quarters in a row. Investors rejoice that share prices are up and dividend payments are back after close to three years. Customers cheer the return of old routes, more flights and new cabin products.

The airline has bounced back from the dark days of travel, when international border closures and the dearth of leisure travel cast a deep gloom over its future.

At its nadir, passenger carriage plunged from 3.4 million in January 2020 to 11,000 in April that year. SIA's capacity fell to about 3 per cent, with the company burning through \$300 million to \$400 million in cash every month.

"It is something I could never imagine in my worst nightmare," chief executive Goh Choon Phong told *The Straits Times* in an interview in May 2022.

But there was no time to wallow. There was a company – along with tens of thousands of jobs – to rescue.

Mr Goh, 59, and his management team quickly put together a plan to lead the airline through the crisis.

**Keeping enough aircraft operational, pilots on payroll and deploying cabin crew to jobs in other sectors allowed the airline to restore manpower and capacity more swiftly than its competitors.**

The overall strategy was to raise enough money to outlast the pandemic – to the tune of \$22.4 billion. This included cobbling \$15 billion through mandatory convertible bonds and rights shares.

"It was a huge sum of money," Mr Goh said in another interview with *ST* in November, but added that it was necessary to minimise layoffs and position SIA to be "first off the blocks" when recovery rolled around.

And the airline – along with its low-cost arm Scoot – did take off quickly again when Singapore reopened to leisure travel with vaccinated travel lanes in September 2021.

Both carriers were among the first to resume flights.

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Between July and September 2022, SIA's capacity was about 70 per cent of pre-pandemic levels.

"It is not by accident that we are able to capture pent-up demand," Mr Goh said.

Today, SIA's network is back to about 80 per cent of pre-pandemic levels as it continues to restore routes and ramp up capacity. In November, it resumed flights to Busan, South Korea's second largest city,

and increased frequencies to popular destinations such as Osaka, Taipei, Bangkok and Sydney.

Scoot is doing the same, having launched flights to Lombok, an island east of Bali known for beaches and surfing, in October. It also upped frequencies to Jeju, Sapporo and Osaka in the same month.

SIA continues to make bold moves. It acquired a one-quarter stake in Air India, which puts it in a position to establish a hub in the world's third largest aviation market.

And even as it awaits the reopening of China's borders (the country recently eased its domestic Covid-19 controls), SIA has been gradually expanding its network there, serving 13 destinations today – half its pre-pandemic routes.

It also operates cargo flights on passenger aircraft which can be converted, at short notice, to take passengers.

But what of high ticket prices, a bugbear of revenge travellers in 2022? Mr Goh put these down to demand and supply.

"The way the airfare algorithm works, with higher demand, the last few seats on a flight will be expensive," he said, though he believes prices will come down in 2023 as demand moderates.

Other airlines will ramp up capacity, providing possibly cheaper options. And a global recession

may temper the demand for leisure travel.

So there are opportunities aplenty, with the airline poised to take them – having emerged more resilient, innovative and agile from the past three turbulent years.

But the goal posts, too, have shifted. SIA has survived the pandemic. Now, it must thrive.

And it must do so under the loving yet critical eyes of Singaporeans. They have shown they will rally when the going gets tough. During the pandemic, people snapped up SIA bonds and A380 dining experiences. Singaporeans

defend the national carrier to the hilt when abroad.

But they are just as quick to take umbrage when standards drop at the airline that is now ranked the world's second best by global air transport ratings organisation Skytrax – from brickbats on social media to complaints in Mr Goh's inbox.

He takes it all in his stride, for these give him a sense of the issues that customers are facing. When customers were grappling with wait times of two to six hours to reach SIA's call

centre in late 2021 and early 2022, the airline scaled up manpower. Today, the call centre is staffed at more than 130 per cent of pre-Covid-19 levels, he said.

Looking ahead, he is clear-eyed and optimistic.

"High oil prices and a possible recession are going to be challenges for all airlines, not just SIA. But because of what we have done in improving ourselves and strengthening our foundation, we have every confidence that we will fare better than others."

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