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SATS REPORTED HIGHER INTERIM PROFIT OF \$81.3M

HIGHLIGHTS OF THE SATS GROUP'S UNAUDITED RESULTS

(in S\$ million)	1H FY2009-10 (Apr - Sep 09)	Year-on- Year change (%)	2QFY2009-10 (Jul - Sep 09)	Year-on- Year change (%)
Operating revenue	714.0	44.8	362.3	45.4
Operating profit	86.1	5.3	42.4	(2.8)
Share of profits of assoc. companies	19.6	63.3	10.5	36.4
Non-operating income/(expense)	(3.0)	58.9	(2.0)	77.3
Profit before tax	102.7	18.7	50.9	19.8
Profit attributable to equity holders	81.3	21.5	40.9	26.2
Earnings per share (cents) - basic	7.5	21.0	3.8	26.7
Interim dividend per share (cents)	5.0	25.0	-	-

GROUP EARNINGS

1H FY2009-10 (1 April - 30 September 2009)

In the first half of FY2009-10, Group revenue rose 45% (+\$220.8 million) to \$714 million despite an 11% decline (-\$53.5 million) in aviation revenue. The increase was due to the consolidation of Singapore Food Industries (SFI), which amounted to \$269.7 million.

Staff costs for the first half was reduced by \$12.4 million as a result of the jobs credit scheme. Together with SFI's contribution to the Group (net of amortisation of intangibles), operating profit increased 5% (+\$4.3 million) from a year ago to \$86.1 million.

Note: The SATS Group comprises the parent holding unit, its subsidiaries and associated companies. A summary of the financial statistics is shown in Annex A. All monetary figures are in Singapore Dollars.

With better performance reported by ground handling joint ventures in Beijing and Indonesia, contribution from overseas associates grew 63% (+\$7.6 million) to \$19.6 million. Higher associates' contribution was also attributed to a non-recurring provision in the first quarter of FY2008-09 for VAT in respect of prior years.

Furthermore, a provision of \$10 million for impairment in a short-term investment was made in the second quarter of FY2008-09 which did not recur in the current year. Consequently, profit before tax for the Group rose 19% (+\$16.2 million) to \$102.7 million while net profit attributable to equity holders improved by 22% (+\$14.4 million) to \$81.3 million.

Free cash flow generated during the first half of FY2009-10 was \$97.1 million, up 2% (+\$1.6 million) due to higher profit.

2Q FY2009-10 (1 July - 30 September 2009)

In the second quarter of FY2009-10, Group revenue increased 45% (+\$113.1 million) to \$362.3 million despite of a 10% drop (-\$24.7 million) in aviation revenue. Revenue contribution from SFI amounted to \$136.8 million, 3% (+\$3.9 million) higher than the first quarter of FY2009-10. While the Group benefited from jobs credit of \$6.3 million in the second quarter, operating profit fell slightly by 3% (-\$1.2 million) to \$42.4 million on higher expenses arising from the consolidation of SFI.

Contribution from overseas associates improved by 36% (+\$2.8 million) to \$10.5 million. Consequently, the Group earned a pre-tax profit of \$50.9 million, 20% higher (+\$8.4 million) than a year ago while net profit attributable to equity holders increased 26% (+\$8.5 million) to \$40.9 million.

Free cash flow generated during the second quarter rose 42% (+\$6.6 million) to \$22.2 million but was 70% lower than the first quarter of FY2009-10 due mainly to payment of staff bonus and tax as well as changes in working capital.

GROUP FINANCIAL POSITION (as at 30 September 2009)

Total equity of the Group grew 2% (+\$25 million) to \$1.44 billion while net asset value per share increased 2% to \$1.32.

Total assets declined 10% (-\$197.6 million) to \$1.85 billion due to repayment of the \$200 million medium term note and some term loans that saw the Group's debt equity ratio falling from 0.18 to 0.02.

The Group's cash balance was \$124.4 million, down from \$366.3 million as at 30 June 2009 due largely to repayment of the medium term note.

OPERATING DATA FOR AVIATION BUSINESS

In the first half of FY2009-10, flights handled grew 7% compared to the corresponding period last year, while all other indices recorded contractions. Higher flights handled was attributed to more flights from low-cost carriers (LCCs) and the addition of Tiger Airways since April 2009.

Second quarter of FY2009-10 saw higher flights and passengers handled compared to a year ago due to more flights and passengers from LCCs and the addition of Tiger Airways.

On a quarter-on-quarter comparison, higher business volumes were seen across all operations in the second quarter of FY2009-10.

	<u>1H FY2009-10</u>	<u>1H FY2008-09</u>	<u>% change</u>
Passengers handled ('M)	15.60	15.73	(0.8)
Meals produced ('M)	11.31	12.93	(12.5)
Flights handled ('000)	47.24	44.27	6.7
Cargo/mail processed ('000 tonnes)	675.98	797.99	(15.3)

	<u>2Q FY2009-10</u>	<u>2Q FY2008-09</u>	<u>% change</u>
Passengers handled ('M)	8.00	7.81	2.5
Meals produced ('M)	5.87	6.45	(9.0)
Flights handled ('000)	23.72	22.17	7.0
Cargo/mail processed ('000 tonnes)	350.17	401.72	(12.8)

	<u>1Q FY2009-10</u>	<u>1Q FY2008-09</u>	<u>% change</u>
Passengers handled ('M)	7.60	7.92	(4.1)
Meals produced ('M)	5.44	6.48	(16.0)
Flights handled ('000)	23.52	22.10	6.4
Cargo/mail processed ('000 tonnes)	325.81	396.27	(17.8)

SFI INTEGRATION

In the second quarter, the Group made further progress in the integration of SFI. Total identified annualised savings increased from \$6.5 million in the first quarter to \$9.2 million while annualised savings realised rose from \$2.6 million to \$3.4 million in the second quarter. Computations on annualised savings are based on current volumes. The Group expects that these savings would be higher based on last year's volumes.

INTERIM DIVIDEND

SATS is proposing an interim dividend of 5 cents per share to be paid on 25 November 2009. The interim dividend will amount to \$54 million, representing a payout ratio of 66% of interim net profit. Last financial year, the interim dividend was 4 cents per share, representing a payout ratio of 65% of net profit.

OUTLOOK

There are emerging signs that the global economy is improving, albeit slowly. While recent industry statistics suggest that the aviation downturn is bottoming out and activity levels during the second half may improve, they are likely to remain below pre-crisis levels.

The Group will continue to benefit positively from the consolidation of SFI. Synergies have already added positively to profitability and will continue to do so as integration advances.

Owing to the seasonal nature of Daniels Group's business, revenue from the UK is traditionally stronger in the second half of the financial year.

ABOUT SINGAPORE AIRPORT TERMINAL SERVICES LIMITED (SATS)

With over 60 years of operating experience and an emerging global presence, SATS is Singapore's leading provider of Airport Services and Food Solutions.

Our comprehensive scope of Airport Services encompasses airfreight handling, passenger services, ramp handling, baggage handling, aviation security, aircraft interior cleaning while our Food Solutions business comprises inflight catering, food trading and logistics, industrial catering, chilled and frozen food manufacturing as well as airline linen laundry.

SATS has been listed on the Singapore Exchange since May 2000. For more information on SATS, please visit www.sats.com.sg.

ANNOUNCEMENT INFORMATION

The complete SATS Group's 1H and 2Q FY2009-10 results are available on the following websites: www.sats.com.sg and www.irasia.com/listco/sg/sats/index.htm.

INVESTOR AND MEDIA CONTACTS:

Sandy Leng (Ms)

Senior Manager Investor Relations, SATS

Tel: (65) 6541 8200 (office hours)

Tel: (65) 9018 5168 (after office hours)

Fax: (65) 6541 8204

Email: sandy_leng@sats.com.sg

Ang Shih Huei (Ms)

Gavin Anderson & Co

Tel: (65) 6339 9110 (office hours)

Tel: (65) 9189 1039 (after office hours)

Fax: (65) 6339 9578

Email: sang@kreabgavinanderson.com

ANNEX A

GROUP FINANCIAL STATISTICS

	1HFY2009-10	1HFY2008-09	2QFY2009-10	2QFY2008-09
Financial Results (S\$ million)				
Total revenue	714.0	493.2	362.3	249.2
Total expenditure	627.9	411.4	319.9	205.6
Operating profit	86.1	81.8	42.4	43.6
Share of profits from associated companies	19.6	12.0	10.5	7.7
Net finance (expenses) / income	(3.0)	(7.3)	(2.0)	(8.8)
Profit before taxation	102.7	86.5	50.9	42.5
Profit attributable to equity holders	81.3	66.9	40.9	32.4
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	7.5	6.2	3.8	3.0
- diluted ^{R2}	7.5	6.2	3.8	3.0
Return on turnover (%) ^{R3}	11.5	13.6	11.3	13.1
Financial Position (S\$ million)				
	As at	As at		
	30-Sep-09	31-Mar-09		
Equity attributable to equity holders	1,422.8	1,398.0		
Total assets	1,852.7	2,050.3		
Total debt	28.9	251.4		
Gross debt/equity ratio (times) ^{R4}	0.02	0.18		
Net asset value per share (\$) ^{R5}	1.32	1.30		

^{R1} Earnings after tax per share (basic) is computed by dividing profit attributable to equity holders by the weighted average number of ordinary shares in issue.

^{R2} Earnings after tax per share (diluted) is computed by dividing profit attributable to equity holders by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

^{R3} Return on turnover is computed by dividing profit after tax by total revenue.

^{R4} Gross debt/equity ratio is computed by dividing total debt by equity attributable to equity holders.

^{R5} Net asset value per share is computed by dividing equity attributable to equity holders by the number of ordinary shares in issue.