



A Subsidiary of **SINGAPORE AIRLINES** 

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SATS' OPERATING PROFIT IMPROVED IN 3Q

HIGHLIGHTS OF THE SATS GROUP'S RESULTS

(in S\$m)	3Q FY2007-08 (Oct - Dec 07)	Year- on-Year change (%)	Year-to-Date 9 Months FY2007-08 (Apr - Dec 07)	Year- on-Year change (%)
Operating revenue	244.5	1.2	714.4	0.3
Operating profit	47.0	2.0	140.5	(2.0)
Share of profits of associated companies	14.3	(6.5)	39.3	(10.9)
Profit attributable to equity holders	50.4	-	146.8	(2.8)
Earnings per share (cents) - basic	4.7	(2.1)	13.7	(4.9)

GROUP EARNINGS

3Q FY2007-08 (October - December 2007)

The Group's operating profit rose 2.0% to \$47.0 million in the third quarter of FY2007-08, compared to \$46.1 million in the same quarter last year. The improvement was from higher operating revenue on the back of higher meal volumes.

Operating revenue grew 1.2% (+\$2.9 million) to \$244.5 million while operating expenditure rose 1.0% (+\$2.0 million) to \$197.5 million due to higher raw material and staff costs.

Note: The SATS Group's unaudited results for the third quarter and the nine months ended 31 December 2007 were announced on 28 January 2008. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars. The Group comprises the parent holding unit, its subsidiaries and associated companies).

Share of profits from associated companies was \$14.3 million, 6.5% (-\$1.0 million) lower than last year. This was due to lower profits from Asia Airfreight Terminal and Beijing Aviation Ground Services. However, the year-on-year decline in this quarter has narrowed compared to the 19.9% dip recorded in the second quarter of FY2007-08.

Profit before tax was \$65.0 million, down 1.7% (-\$1.1 million) while profit attributable to equity holders remained at \$50.4 million.

Year-to-Date FY2007-08 (April - December 2007)

For the nine months to 31 December 2007, the Group made an operating profit of \$140.5 million, compared to \$143.3 million in the corresponding period last year.

Operating revenue increased marginally by 0.3% (+\$2.4 million) to \$714.4 million but was offset by higher operating expenditure of \$573.9 million due mainly to higher staff and raw material costs.

Profit contribution from associated companies fell 10.9% (-\$4.8 million) to \$39.3 million chiefly due to higher costs incurred by Asia Airfreight Terminal and Beijing Aviation Ground Services as a result of new terminal operations. Associated companies contributed 20.7% to the Group's profit before tax, down by 1.6 percentage points.

Profit before tax, at \$189.8 million, was 4.2% (-\$8.4 million) lower while profit attributable to equity holders dropped 2.8% (-\$4.2 million) to \$146.8 million.

GROUP FINANCIAL POSITION (as at 31 December 2007)

For the nine months ended 31 December 2007, total equity of the Group rose 2.2% to \$1,347.4 million, compared to \$1,318.1 million as at 31 March 2007. The increase came mainly from profits of \$147.2 million and share options exercised of \$30.5 million, but was partially offset by dividend payment of \$140.2 million.

Net asset value per share was \$1.25, an increase of 0.8% (+1 cent) compared to 31 March 2007.

Total assets declined 0.4% (-\$7.7 million) to \$1,796.5 million.

Debt equity ratio of the Group remained at 0.15.

GROUP OPERATING PERFORMANCE

For the year-to-date and third quarter of FY2007-08, all operating indices showed improvements over the corresponding periods last year.

	<u>3Q FY2007-08</u> (Oct - Dec 07)	<u>3Q FY2006-07</u> (Oct - Dec 06)	<u>% change</u>
Passengers handled ('M)	8.34	7.84	6.4
Meals produced ('M)	6.63	6.46	2.5
Flights handled ('000)	21.80	21.79	0.1
Cargo/mail processed ('000 tonnes)	414.00	407.57	1.6
	<u>9M FY2007-08</u> (Apr - Dec 07)	<u>9M FY2006-07</u> (Apr - Dec 06)	<u>% change</u>
Passengers handled ('M)	23.76	22.02	7.9
Meals produced ('M)	19.20	18.56	3.5
Flights handled ('000)	64.36	63.43	1.5
Cargo/mail processed ('000 tonnes)	1,187.92	1,179.33	0.7

OUTLOOK

We expect business volumes in the fourth quarter to maintain at the current levels, barring any unforeseen impact from the continuing global economic uncertainty.

Our operations at Changi Airport Terminal 3 (T3) got off to a smooth start in January, reflecting our ability to successfully meet the requirements of SIA's dual terminal operations. While T3 operations will incur additional costs, it is a necessary investment to increase capacity to handle more flights and passengers passing through Changi.

On 2 January, we sold Express Courier Centre 2 to DHL for \$38 million, realising a net gain of \$15.4 million which will be reflected in our fourth quarter accounts. We will continue to provide cargo-handling services to DHL following the sale.

Going forward, we remain focused on improving productivity and service quality and will continue to seek opportunities overseas to drive our longer term profitability.

ABOUT SINGAPORE AIRPORT TERMINAL SERVICES LIMITED (SATS)

Singapore Airport Terminal Services Limited (SATS) is the leading provider of integrated ground handling and airline catering services at Singapore Changi Airport. SATS' network of ground handling and airline catering operations spans 18 overseas investments close to 40 airports in the Asia Pacific region. SATS' services include airfreight handling, airline catering, passenger services, baggage handling, ramp handling, aviation security, airline linen laundry and processed food manufacturing. SATS has been listed on the Singapore Exchange since May 2000.

ANNOUNCEMENT INFORMATION

The complete SATS Group's 3Q and 9M FY2007-08 results are available on the following websites: www.sats.com.sg and www.irasia.com/listco/sg/sats/index.htm.

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GROUP FINANCIAL STATISTICS

	3Q FY2007-08	3Q FY2006-07	9M FY2007-08	9M FY2006-07
Financial Results (\$ million)				
Total revenue	244.5	241.6	714.4	712.0
Total expenditure	197.5	195.5	573.9	568.7
Operating profit	47.0	46.1	140.5	143.3
Share of profits from associated companies	14.3	15.3	39.3	44.1
Profit before taxation	65.0	66.1	189.8	198.2
Profit attributable to equity holders	50.4	50.4	146.8	151.0
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	4.7	4.8	13.7	14.4
- diluted ^{R2}	4.6	4.8	13.5	14.3
Return on turnover (%)	20.7	21.0	20.6	21.3
Economic Value Added	19.8	21.6	55.5	67.2
Financial Position (\$ million)				
	As at	As at		
	31 Dec 2007	31 Mar 2007		
Share capital	249.9	215.6		
Revenue reserve	1,117.8	1,111.3		
Foreign currency translation reserve	(45.1)	(31.2)		
Share-based compensation reserve	14.8	13.0		
Statutory reserve	5.9	5.6		
Fair value reserve	-	(0.1)		
Equity attributable to equity holders	1,343.3	1,314.2		
Total assets	1,796.5	1,804.2		
Total debt	202.9	202.8		
Total debt equity ratio (times) ^{R3}	0.15	0.15		
Net asset value per share (\$) ^{R4}	1.25	1.24		

^{R1} Earnings after tax per share (basic) is computed by dividing the 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 the 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} Total debt equity ratio is total debt divided by equity attributable to equity holders.

^{R4} Net asset value per share is computed by dividing equity attributable to equity holders by the number of ordinary shares in issue.