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## SATS POSTS S\$38M PROFIT IN 3Q

### HIGHLIGHTS OF THE SATS GROUP'S RESULTS

(in S\$ million)	3Q FY2008-09 (Oct - Dec 08)	Year- on-Year change (%)	9M FY2008-09 (Apr - Dec 08)	Year- on-Year change (%)
• Operating revenue	242.4	(0.9)	735.6	3.0
• Operating profit	43.4	(7.7)	125.2	(10.9)
• Share of profits of associated companies	6.2	(56.6)	18.2	(53.7)
• Other non-operating income / (expenses)	0.8	(78.4)	(6.5)	n.m.
• Profit attributable to equity holders	37.6	(25.4)	104.5	(28.8)
• Earnings per share (cents) - basic	3.5	(25.5)	9.7	(29.2)

### GROUP EARNINGS

#### 3Q FY2008-09 (October to December 2008)

The third quarter of FY2008-09 saw lower business volumes which led to a 0.9% drop (-\$2.1 million) in operating revenue to \$242.4 million.

Operating expenditure rose marginally by 0.8% (+\$1.5 million) to \$199.0 million due to higher raw material costs as well as higher utilities charges and counter rentals incurred for Terminal 3 operations at Changi Airport. Raw material costs increased due to the inclusion of Country Foods Macau, which effectively became a subsidiary of SATS following the buyout of Country Foods minority shareholders' stakes, and higher business volumes from Country Foods.

**Note:** The SATS Group's unaudited results for the third quarter and nine months ended 31 December 2008 were announced on 5 February 2009. 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).

As a result, the Group earned an operating profit of \$43.4 million, 7.7% lower (-\$3.6 million) than the previous year while operating margin fell 1.3 percentage points to 17.9%.

Share of associates' profits fell 56.6% (-\$8.1 million) to \$6.2 million because of higher operating costs and deteriorating market conditions.

Other non-operating income dropped 78.4% (-\$2.9 million) to \$0.8 million due mainly to lower interest income and loss on short-term non-equity investments.

Consequently, net profit attributable to equity holders was 25.4% lower (-\$12.8 million) at \$37.6 million.

### **9M FY2008-09 (April to December 2008)**

Operating revenue grew 3.0% (+\$21.2 million) to \$735.6 million on the back of higher business volumes while operating expenditure rose at a faster pace by 6.4% (+\$36.5 million) to \$610.4 million due mainly to higher staff costs, raw material costs, utilities charges and counter rentals.

Consequently, the Group recorded an operating profit of \$125.2 million, 10.9% lower (-\$15.3 million) than the first nine months of the preceding financial year.

Profit contribution from associated companies dropped 53.7% (-\$21.1 million) to \$18.2 million while other non-operating income declined as a result of lower interest income and loss on disposal of short-term non-equity investment. These led to a lower net profit attributable to equity holders of \$104.5 million compared to \$146.8 million a year ago.

### **GROUP FINANCIAL POSITION (as at 31 December 2008)**

Total equity of the Group declined 3.1% (-\$43.7 million) to \$1,344.2 million, compared to \$1,387.9 million as at 31 March 2008. This was mainly due to dividend payment of \$43.2 million made in November 2008.

Net asset value per share dropped to \$1.24, from \$1.29 as at 31 March 2008.

Total assets fell 3.0% (-\$55.5 million) to \$1,794.0 million.

The Group's cash balance as at 31 December 2008 stood at \$718.2 million.

Debt equity ratio was 0.16.

## GROUP OPERATING PERFORMANCE

In the third quarter of FY2008-09, all operating indices, except flights handled, reflected weaker demand compared to a year ago. However, for the year-to-date, all operating indices, excluding cargo handled, recorded improvements over the corresponding period last year.

	<u>3Q FY2008-09</u> (Oct - Dec 08)	<u>3Q FY2007-08</u> (Oct - Dec 07)	<u>% change</u>
Passengers handled ('M)	8.16	8.34	- 2.2
Meals produced ('M)	6.56	6.63	- 1.0
Flights handled ('000)	22.68	21.80	+ 4.0
Cargo/mail processed ('000 tonnes)	358.63	414.00	- 13.4
	<u>9M FY2008-09</u> (Apr - Dec 08)	<u>9M FY2007-08</u> (Apr - Dec 07)	<u>% change</u>
Passengers handled ('M)	23.89	23.76	+ 0.5
Meals produced ('M)	19.49	19.20	+ 1.5
Flights handled ('000)	66.95	64.36	+ 4.0
Cargo/mail processed ('000 tonnes)	1,156.61	1,187.92	- 2.6

## OUTLOOK

The Singapore and global economies continue to deteriorate with no signs of a recovery in the near future. Airlines are reducing capacity in response to the weaker economic climate. This will result in lesser flights as well as lower cargo throughput and passenger traffic in the coming months. Profit contribution from Associates had been weak for the last few quarters due to revenue pressures.

We expect these trends to continue in the fourth quarter which should be mitigated by ongoing capacity reduction and costs trimming measures.

On 20 January 2009, we successfully sought and received support from our independent shareholders to acquire 69.61% of Singapore Food Industries (SFI) from Ambrosia Investment, a Temasek Holdings' unit. Following this, we will proceed with a mandatory offer for all shares held by SFI's minority shareholders. We expect to complete the acquisition by the end of the fourth quarter. The acquisition of SFI will create immediate scale to our strategy in the Food Services arena.

## ABOUT SINGAPORE AIRPORT TERMINAL SERVICES LIMITED (SATS)

Singapore Airport Terminal Services Limited (SATS) is the leading provider of airline ground services and inflight solutions at Singapore Changi Airport.

With over 60 years of operating experience and an emerging global presence, SATS is dedicated to providing Airport Services and Food Services of the highest quality to our customers. Our comprehensive services encompass airfreight handling, baggage handling, passenger services, ramp handling, aviation security, airline catering, chilled and frozen processed food manufacturing, and airline linen laundry.

Listed on the Singapore Exchange since May 2000, SATS is a subsidiary of Singapore Airlines Limited (SIA). For more information on SATS, please visit [www.sats.com.sg](http://www.sats.com.sg).

## ANNOUNCEMENT INFORMATION

The complete SATS Group's 3Q and 9M FY2008-09 results are available on the following websites: [www.sats.com.sg](http://www.sats.com.sg) and [www.irasia.com/listco/sg/sats/index.htm](http://www.irasia.com/listco/sg/sats/index.htm).

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## GROUP FINANCIAL STATISTICS

	3Q FY2008-09	3Q FY2007-08	9M FY2008-09	9M FY2007-08
<b>Financial Results (S\$ million)</b>				
Total revenue	242.4	244.5	735.6	714.4
Total expenditure	199.0	197.5	610.4	573.9
Operating profit	43.4	47.0	125.2	140.5
Share of profits from associated companies	6.2	14.3	18.2	39.3
Other non-operating income / (expenses)	0.8	3.7	(6.5)	10.0
Profit before taxation	50.4	65.0	136.9	189.8
Profit attributable to equity holders	37.6	50.4	104.5	146.8
<b>Per Share Data</b>				
Earnings after tax (cents) - basic <sup>R1</sup>	3.5	4.7	9.7	13.7
- diluted <sup>R2</sup>	3.5	4.6	9.7	13.5
Return on turnover (%)	15.7	20.7	14.3	20.6
<b>Financial Position (S\$ million)</b>				
	<b>As at</b>	<b>As at</b>		
	<b>31 Dec 2008</b>	<b>31 Mar 2008</b>		
Share capital	255.2	250.1		
Revenue reserve	1,119.4	1,166.0		
Foreign currency translation reserve	(60.6)	(54.2)		
Share-based compensation reserve	22.1	16.8		
Statutory reserve	6.1	5.9		
Fair value reserve	(0.2)	(0.7)		
Equity attributable to equity holders	1,342.0	1,383.9		
Total assets	1,794.0	1,849.5		
Total debt	209.7	208.0		
Total debt equity ratio (times) <sup>R3</sup>	0.16	0.15		
Net asset value per share (\$) <sup>R4</sup>	1.24	1.29		

<sup>R1</sup> 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.

<sup>R2</sup> 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.

<sup>R3</sup> Total debt equity ratio is total debt divided by equity attributable to equity holders.

<sup>R4</sup> Net asset value per share is computed by dividing equity attributable to equity holders by the number of ordinary shares in issue.