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SATS 3Q PROFIT GREW 42% TO \$53.4M

Better quarter-on-quarter performance underpinned by SFI consolidation and aviation recovery

HIGHLIGHTS OF THE SATS GROUP'S UNAUDITED RESULTS

(in S\$ million)	3Q FY2009-10 (Oct - Dec 09)	Year-on- Year change (%)	9M FY2009-10 (Apr - Dec 09)	Year-on- Year change (%)
Operating revenue	434.3	79.2	1,148.3	56.1
Operating profit	58.0	33.6	144.1	15.1
Share of profits of associated companies	9.3	50.0	28.9	58.8
Non-operating income/(expense)	0.2	(75.0)	(2.8)	(56.9)
Profit before tax	67.5	33.9	170.2	24.3
Profit attributable to equity holders	53.4	42.0	134.7	28.9
Earnings per share (cents) - basic	4.9	40.0	12.5	28.9

GROUP EARNINGS

3Q FY2009-10 (1 October - 31 December 2009)

In the third quarter of FY2009-10, Group revenue grew 79% (+\$191.9 million) to \$434.3 million due to the consolidation of Singapore Food Industries (SFI) which amounted to \$199.6 million. This was partially offset by a 3% (-\$6.1 million) drop in aviation revenue to \$228.4 million.

Compared to the second quarter of FY2009-10, SFI's contribution to Group revenue was 46% (+\$62.8 million) higher. This included better sales reported by Daniels Group in the UK. Aviation revenue also improved 5% (+\$9.9 million), reflecting the trend in the aviation industry.

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.

Group operating profit in the third quarter was \$58 million, 34% (+\$14.6 million) higher than a year ago. Together with the higher contribution from overseas associates of \$9.3 million, the Group saw profit before tax rise 34% (+\$17.1 million) to \$67.5 million while net profit attributable to equity holders increased 42% (+\$15.8 million) to \$53.4 million.

Free cash flow generated during the third quarter rose 139% (+\$32 million) to \$55.1 million due to higher profits.

9M FY2009-10 (1 April - 31 December 2009)

In the first nine months of FY2009-10, Group revenue rose 56% (+\$412.7 million) to \$1.15 billion despite an 8% decline (-\$59.6 million) in aviation revenue. The increase was due to the consolidation of SFI which amounted to \$469.3 million. As a result, Group operating profit was 15% (+\$18.9 million) higher from a year ago at \$144.1 million.

Better performance reported by ground handling joint ventures in Indonesia and Hong Kong saw contribution from overseas associates grew 59% (+\$10.7 million) to \$28.9 million. The higher contribution was also attributed to a non-recurring provision from an associate in the first quarter of FY2008-09 for VAT in respect of prior years. Coupled with the non-recurrence of the \$10.8 million provision for impairment in short-term non-equity investments made in FY2008-09, profit before tax for the Group consequently improved 24% (+\$33.3 million) to \$170.2 million while net profit attributable to equity holders grew 29% (+\$30.2 million) to \$134.7 million.

Free cash flow generated during the first nine months of FY2009-10 was \$152.2 million, up 28% (+\$33.6 million) due to higher profits.

GROUP FINANCIAL POSITION

As at 31 December 2009, total equity of the Group was \$1.45 billion while net asset value per share stood at \$1.32.

Total assets and cash balance amounted to \$1.87 billion and \$138.4 million respectively.

Debt equity ratio was 0.02.

OPERATING DATA FOR AVIATION BUSINESS

The third quarter of FY2009-10 saw more passengers and flights handled compared to the same period last year. This was due to more flights and passengers from low-cost carriers (LCCs). Cargo throughput also went up as a result of stronger demand for airfreight during the traditional festive peak.

On a quarter-on-quarter comparison, higher business volumes were seen across all operations for two consecutive quarters, marking the recovery of the aviation industry.

In the first 9 months of FY2009-10, more flights and passengers were handled. The increase was attributed to more flights from LCCs and the addition of Tiger Airways since April 2009. However, meals produced and cargo throughput declined compared to a year ago.

	<u>3Q FY2009-10</u>	<u>3Q FY2008-09</u>	<u>% change</u>
Passengers handled ('M)	8.88	8.16	8.9
Meals produced ('M)	6.18	6.56	(5.9)
Flights handled ('000)	24.68	22.68	8.8
Cargo/mail processed ('000 tonnes)	377.33	358.63	5.2

	<u>3Q FY2009-10</u>	<u>2Q FY2009-10</u>	<u>% change</u>
Passengers handled ('M)	8.88	8.00	11.0
Meals produced ('M)	6.18	5.87	5.2
Flights handled ('000)	24.68	23.72	4.1
Cargo/mail processed ('000 tonnes)	377.33	350.17	7.8

	<u>9M FY2009-10</u>	<u>9M FY2008-09</u>	<u>% change</u>
Passengers handled ('M)	24.48	23.89	2.5
Meals produced ('M)	17.49	19.49	(10.3)
Flights handled ('000)	71.91	66.95	7.4
Cargo/mail processed ('000 tonnes)	1,053.31	1156.61	(8.9)

SFI INTEGRATION

As at 31 December 2009, the Group has identified annualised savings of \$10.2 million and realised savings of \$6.0 million per annum from the integration of SFI.

OUTLOOK

Recent industry statistics indicate the bottoming out of the aviation downturn. Activity levels have improved quarter-on-quarter, albeit still below pre-crisis levels.

Coming off the peak October-December quarter, the fourth quarter of the financial year is traditionally the weakest quarter for Singapore's aviation sector. However, with the continual recovery in this sector, the Group expects to see year-on-year improvements in passenger and cargo loads. SFI consolidation also adds balance to the Group's performance as the seasonal strength of the UK food business and SFI's Singapore business help to even out the seasonal impact on the regional aviation activities.

The jobs credit benefit will be further reduced in the fourth quarter of this 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 airline catering, food distribution 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 3Q and 9M FY2009-10 results are available on the following websites: www.sats.com.sg and www.irasia.com/listco/sg/sats/index.htm.

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ANNEX A

GROUP FINANCIAL STATISTICS

	3QFY2009-10	3QFY2008-09	9MFY2009-10	9MFY2008-09
Financial Results (S\$ million)				
Total revenue	434.3	242.4	1,148.3	735.6
Total expenditure	376.3	199.0	1,004.2	610.4
Operating profit	58.0	43.4	144.1	125.2
Share of profits from associated companies	9.3	6.2	28.9	18.2
Non-operating income / (expenses)	0.2	0.8	(2.8)	(6.5)
Profit before taxation	67.5	50.4	170.2	136.9
Profit attributable to equity holders	53.4	37.6	134.7	104.5
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	4.9	3.5	12.5	9.7
- diluted ^{R2}	4.9	3.5	12.4	9.7
Return on turnover (%) ^{R3}	12.4	15.7	11.8	14.3
Financial Position (S\$ million)				
	As at	As at		
	31-Dec-09	31-Mar-09		
Equity attributable to equity holders	1,429.8	1,398.0		
Total assets	1,872.9	2,050.3		
Total debt	25.9	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.