



A Subsidiary of **SINGAPORE AIRLINES** 

No. 04/09

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**SATS POSTS FULL-YEAR PROFIT OF \$147M
Proposes final ordinary dividend of 6 cents per share**

HIGHLIGHTS OF THE SATS GROUP'S RESULTS

(in S\$ million)	FY2008-09 (Apr 08 - Mar 09)	Year- on-Year change (%)	4Q FY2008-09 (Jan - Mar 09)	Year- on-Year change (%)
Operating revenue	1,062.1	10.9	326.5	34.0
Operating profit	170.9	(2.0)	45.7	35.2
Share of profits of assoc. companies	22.2	(50.3)	4.0	(25.9)
Other non-operating income/(expenses)	(9.6)	n.m.	(3.1)	n.m.
Profit before tax	183.5	(26.2)	46.6	(20.9)
Profit attributable to equity holders	146.7	(24.7)	42.2	(12.3)
Earnings per share (cents) - basic	13.6	(25.3)	3.9	(13.3)

n.m. - not meaningful

GROUP EARNINGS

FY2008-09 (1 April 2008 - 31 March 2009)

Group operating revenue crossed the billion-dollar mark for the first time to \$1.06 billion. The 10.9% (+\$104.1 million) increase was mainly due to a two-month revenue contribution of \$110.2 million from Singapore Food Industries (SFI), which became a subsidiary on 20 January 2009. The Group also started consolidating results of Country Foods Macau and SATS Hong Kong, as they became subsidiaries in 3Q FY2008-09.

Note: The SATS Group's audited results for the fourth quarter and full year ended 31 March 2009 were announced on 11 May 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).

Group operating profit dropped 2% (-\$3.4 million) to \$170.9 million on the back of a 1.6% fall in aviation revenue.

FY2008-09 saw the full-year impact of additional costs from the change in operating modus with Terminal 3 opening at Changi Airport (T3). The annual cost increase was \$20 million compared to \$5 million in FY2007-08. T3 operations started in 4Q FY2007-08.

The Group introduced many cost management and reduction schemes in response to the weakening operating environment. They helped limit the decline in operating profit to 2%. The jobs credit scheme benefit of \$12.3 million, a part of the one-off resilience package from the Singapore Government, has also helped to mitigate the impact of declining aviation revenue in Singapore during the financial year.

The weaker aviation industry also caused contribution from associates to fall 50.3% (-\$22.5 million) to \$22.2 million. In addition, some joint ventures such as Beijing Aviation Ground Services and Taj SATS Air Catering are now exposed to higher structural operating costs from their capacity expansion.

Other non-operating income contracted due to a one-off loss on disposal of short-term non-equity investments of \$10.8 million and lower interest income, which fell 56.1% (-\$8.8 million) to \$6.9 million. FY2007-08 results were impacted by a \$17.3 million one-off exceptional gain on the sale of SATS Express Courier Centre 2 building (ECC2).

Consequently, profit before tax for the Group declined 26.2% (-\$65.2 million) to \$183.5 million while net profit attributable to equity holders was 24.7% lower (-\$48.2 million) at \$146.7 million.

If SFI's contribution is excluded, Group revenue would have been \$951.9 million. Profit before tax and net profit attributable to equity holders would be \$177.2 million and \$141.9 million respectively.

4Q FY2008-09 (1 January to 31 March 2009)

With the addition of SFI, Group operating revenue grew 34% (+\$82.9 million) to \$326.5 million while operating expenditure increased 33.8% (+\$71 million) to \$280.8 million. Eliminating the impact of the jobs credit scheme, operating profit would have remained flat. The consolidation of new businesses had offset the negative impact of the weakening economy during 4Q FY2008-09.

Share of associates' profits dropped 25.9% (-\$1.4 million) to \$4 million while other non-operating income declined due to lower interest income arising from lower cash balance and interest rates. These, together with the one-off exceptional gain on ECC2 sale reflected in the 4Q FY2007-08 results, led to a 20.9% (-\$12.3 million) drop in profit

before tax to \$46.6 million and a net profit attributable to equity holders of \$42.2 million, compared to \$48.1 million for the same period a year ago.

GROUP FINANCIAL POSITION (as at 31 March 2009)

Total equity of the Group rose 2% (+\$28.4 million) to \$1,416.3 million.

Total assets grew 10.9% (+\$200.8 million) to \$2,050.3 million.

Net asset value per share stood at \$1.29 while debt equity ratio was 0.18.

Free cash flow generated during the year increased 11% (+\$15.4 million) to \$155.5 million.

The Group's cash balance was \$296.1 million as at 31 March 2009.

GROUP OPERATING PERFORMANCE

Flights handled posted a positive growth in FY2008-09 while all other indices showed contractions compared to the last financial year. In the fourth quarter of FY2008-09, all operating indices recorded declines over the corresponding period last year as the global demand for air travel and cargo remained weak in the prevailing economic downturn.

	<u>FY2008-09</u>	<u>FY2007-08</u>	<u>% change</u>
Passengers handled ('M)	30.91	31.65	- 2.3
Meals produced ('M)	25.19	25.72	- 2.1
Flights handled ('000)	88.16	85.95	+ 2.6
Cargo/mail processed ('000 tonnes)	1,460.86	1,573.26	- 7.1
	<u>4Q FY2008-09</u>	<u>4Q FY2007-08</u>	<u>% change</u>
Passengers handled ('M)	7.03	7.89	- 11.0
Meals produced ('M)	5.70	6.52	- 12.6
Flights handled ('000)	21.20	21.59	- 1.8
Cargo/mail processed ('000 tonnes)	304.25	385.34	- 21.0

DIVIDENDS

In FY2007-08, the company paid a total dividend of 14 cents per share in view of its capital structure while at the same time retaining the financial flexibility to pursue appropriate investments. Taking into consideration the company's financial performance in FY2008-09 and its acquisition of SFI, the Board has recommended a final dividend of 6 cents per share. Including the interim dividend of 4 cents per share paid earlier on 28 November 2008, the total dividend will be 10 cents per share, which represents a dividend payout ratio of 73.5% of net profit attributable to equity holders, compared to 77.5% for FY2007-08. The final dividend, upon shareholders' approval, will be paid on 14 August 2009.

OUTLOOK

The weak global economic condition is expected to continue in the foreseeable future. However, our financial position remains strong and robust with respect to the current environment.

The addition of SFI will contribute positively to the Group's performance, mitigating our exposure to the aviation industry. SFI has been de-listed since 22 April 2009. It is now a wholly owned subsidiary. The SFI acquisition will be earnings-accretive and will add to the Group's cash streams.

The recent A(H1N1) flu outbreak may cause a delay in the recovery of the aviation industry. While Singapore has lowered its pandemic alert status level, the World Health Organisation continues to urge countries to be vigilant. Should the situation worsen, the Group's near-term performance may be affected.

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.

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

ANNOUNCEMENT INFORMATION

The complete SATS Group's 4Q and FY2008-09 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

	FY2008-09	FY2007-08	4Q FY2008-09	4Q FY2007-08
Financial Results (S\$ million)				
Total revenue	1,062.1	958.0	326.5	243.6
Total expenditure	891.2	783.7	280.8	209.8
Operating profit	170.9	174.3	45.7	33.8
Share of profits from associated companies	22.2	44.7	4.0	5.4
Other non-operating income / (expenses)	(9.6)	12.4	(3.1)	2.4
Exceptional item	-	17.3	-	17.3
Profit before taxation	183.5	248.7	46.6	58.9
Profit attributable to equity holders	146.7	194.9	42.2	48.1
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	13.6	18.2	3.9	4.5
- diluted ^{R2}	13.6	17.9	3.9	4.4
Return on turnover (%)	14.0	20.4	13.2	19.7
Financial Position (S\$ million)				
	As at	As at		
	31 Mar 2009	31 Mar 2008		
Share capital	255.2	250.1		
Revenue reserve	1,161.7	1,166.0		
Foreign currency translation reserve	(48.5)	(54.2)		
Share-based compensation reserve	23.8	16.8		
Statutory reserve	6.1	5.9		
Fair value reserve	(0.3)	(0.7)		
Equity attributable to equity holders	1,398.0	1,383.9		
Total assets	2,050.3	1,849.5		
Total debt	251.4	208.0		
Total debt equity ratio (times) ^{R3}	0.18	0.15		
Net asset value per share (\$) ^{R4}	1.29	1.29		

^{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.