



MEDIA RELEASE

SATS FY2002/03 Profit Up 0.9%

Singapore, 21 May 2003 – Singapore Airport Terminal Services (SATS) today reported an after tax profit of S\$214.8 million for the 2002/03 financial year, an increase of S\$2 million on the previous 12 months.

SATS Chief Executive Officer Mr Prush Nadaisan said the increased profit was the result of a tax write-back and a steady recovery in business during FY2002/03, which was the first full financial year after the events of September 11, 2001.

Group revenue increased by 7.0% year-on-year to S\$958.1 million.

Catering revenue improved by 2.4% to \$416.1 million, while ground handling revenue increased 8.9% year on year to S\$463.7 million.

Expenditure increased by 16.1% to \$729.9 million, as a result of higher staff, insurance and security costs.

Profit before tax was down 10.2% to \$258.1 million but profit after tax rose marginally by 0.9% as a result of a \$17.8 million tax write-back.

SATS' overseas associate companies contributed S\$31.1 million to the Group's profit before tax, up 38.2% from the previous financial year.

Speaking on the outlook for FY2003/04, Mr Nadaisan said: "The outbreak of SARS, coming on top of the global economic downturn and the war in Iraq, will pose a daunting challenge. We expect the full impact of SARS to be felt in FY2003/04."

With the drastic downturn in air travel demand, many airlines have cut flights. Ground handling and inflight catering companies like SATS face pressure on rates and are compelled to find new ways to trim costs while maintaining quality and service standards. It is not known how long or just how badly SARS would continue to affect the industry.

In response to the decline in traffic volumes, SATS had deferred non-urgent expenditures, reduced staff costs and implemented a hiring freeze. Further measures to trim costs are being discussed with staff unions, he said.

During FY2002/03, SATS invested in non-airline related businesses to diversify revenue sources and deliver greater shareholder value. In October 2002, SATS purchased a 57.1% controlling stake in Singapore-based Country Foods Pte Ltd, a supplier of chilled and frozen processed foods. In March 2003, SATS increased its shareholding to 66.7%.

Mr Nadaisan said SATS would continue to look for suitable investment opportunities in core and related businesses as growing the business is still a key part of our strategy.

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Announcement information:

SATS' full year results are available on www.sats.com.sg and www.irasia.com

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