

Chairman's Statement

Dear Shareholders,

For the financial year in review, the external environment remained challenging, with an uncertain global economic outlook and airlines in the region facing overcapacity and margin pressure. Although oil prices and jet fuel costs declined, competitive pressures in regional aviation remained high.

In light of these factors, our revenue declined 1.9% year-on-year to \$1.75 billion in FY2014-15. However, our continued efforts to manage cost, improve productivity and invest in new technologies have yielded positive results. Our profit attributable to owners of the Company increased 8.5% to \$195.7 million and return on equity was 13.7%, up from 12.8% a year ago.

As at 31 March 2015, our total assets stood at \$2.02 billion while free cash flow generated during the year amounted to \$175.1 million. Our debt-to-equity ratio remained at a healthy 0.07 times.

Taking into consideration our financial performance as well as capital management and long-term growth objectives, your Board of Directors has proposed a final ordinary dividend of 9 cents per share. Including the interim ordinary dividend of 5 cents per share paid on 12 December 2014, the total dividend of 14 cents per share translates to a dividend payout ratio of 79.3%. If approved at the forthcoming Annual General Meeting on 21 July, the proposed dividend will be paid on 12 August.

We have a strong pipeline of organic and inorganic growth opportunities across the

region to strengthen our position as Asia's leading food solutions and gateway services company. However, we will continue to be disciplined in our allocation of capital in order to earn the best returns on a risk-adjusted basis and strike a balance between investing for growth and rewarding our Shareholders through dividends. We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to transform our operations to be more productive and cost-efficient in the long run. We will also pursue opportunities in adjacent businesses and new customer segments.

In a move to grow scale and improve the operating leverage of our food business, we formed a 51:49 joint venture in Singapore with global food giant BRF in April this year. To be named SATS BRF Food, the joint venture will specialise in meat processing and the manufacturing of branded food products for distribution to retailers, restaurants, distributors, wholesalers and ship chandlers.

We are very positive about the attractive growth opportunities for this business. A key supplier of SATS, BRF is the world's sixth largest food company by market value and is responsible for 20% of the global poultry trade. Leveraging its capabilities in retail marketing and sales as well as our knowledge of local food distribution and state-of-the-art facilities, SATS BRF Food will focus on expanding supply of higher value, semi-processed meat, and branded food products for the Singapore market. It plans to enter other Southeast Asian markets eventually, catering to the growing middle classes in the region.

Return on Equity

13.7%

Earnings Per Share

17.5¢

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Edmund Cheng
Chairman

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CONNECTING WITH THE COMMUNITY

Our commitment to service goes beyond serving our customers to serving the community too. As a socially responsible organisation, we continue to expand our role in our communities where we live and work. Many of our staff are also active volunteers who participate in our group-wide programmes to reach out to the underprivileged.

For the year in review, the SATS Foundation – our main vehicle for community engagement – continued to support worthwhile causes such as the Assumption Pathway School and RSVP Singapore as part of its objective to create a long-term difference through enablement and empowerment. It also supported new beneficiary organisations including Bizlink Centre, a non-profit organisation that provides employment opportunities for people with disabilities.

At a grassroots level, the SATS Staff Association (SSA) maintained its unflagging efforts to rally our people in channelling their skills, time, and donations towards those in need. Over the last 12 months, the SSA spearheaded nearly 30 different projects, including the SATS-Elderly Sector Network Carnival. Held in October, this event saw our staff hosting some 350 elderly from 20 homes for the aged for a day of fun and games.

OUR VISION

Looking ahead, we have a clear vision to be Asia's leading food solutions and gateway services provider. We want to be the first-choice provider by delighting customers with our innovation and passion. We will continue to drive greater scale advantages and connectivity across our network through our state-of-the-art facilities, comprehensive services and accelerated use of technology.

Management has shared this vision throughout the Group and it is evident that everyone at SATS is committed to achieving it.

OUTLOOK

In the near term, while reduced jet fuel prices will provide our customers some relief, the regional aviation landscape remains challenging. Growth at Changi Airport is expected to stay moderate.

Despite slowing economic growth and rising manpower costs, the structural growth prospects of Asia and the fundamentals of the Singapore air hub remain intact. Demand for efficient travel, quality food and e-commerce will continue to grow, driven by the region's rapid pace of urbanisation. We believe that SATS is well-positioned to capture these exciting

and attractive opportunities. We will continue the transformation of our operations to improve productivity and support our future growth.

ACKNOWLEDGEMENTS

I wish to thank my fellow Board members for their wise counsel and invaluable contributions throughout the year. There is no doubt that the collective work of the Board and management on governance and enterprise risk management will serve our Company and Shareholders well. A fitting tribute to their work – and supported in no small part by management and staff – is the bronze award SATS attained in the 'Best Managed Board' category of the Singapore Corporate Awards 2014.

I also wish to express my appreciation to Leo Yip who resigned from the Board on 1 March 2015. Leo served as an independent director for close to five years. He was a member of both the Nominating Committee, and the Remuneration and Human Resource Committee. On behalf of the Board, I thank him for his unstinting service and support.

At the same time, I would like to extend a warm welcome to Michael Kok who joined the Board on 6 March 2015. Michael's wealth of experience in the food industry will be invaluable in steering our growth strategy going forward.

My heartfelt thanks also go to our customers, partners, staff unions and you, our Shareholders, for your continued confidence and support.

Last but not least, I wish to record my deepest appreciation to all our employees. Their passion to innovate and dedication to their work have helped us achieve so much over the past year. They remain the key driving force of our Power Up transformation. I am confident that we can sustain the momentum and continue to create significant value for you, our Shareholders.

Edmund Cheng

Chairman

25 May 2015

