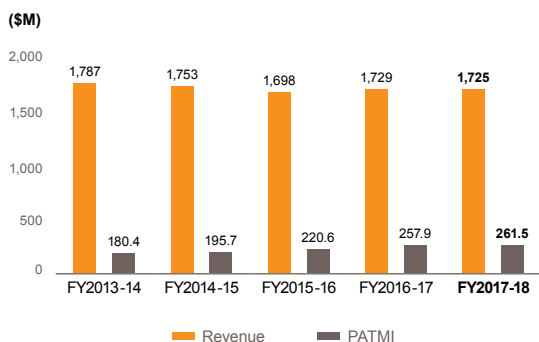


FINANCIAL REVIEW

Revenue and Profitability



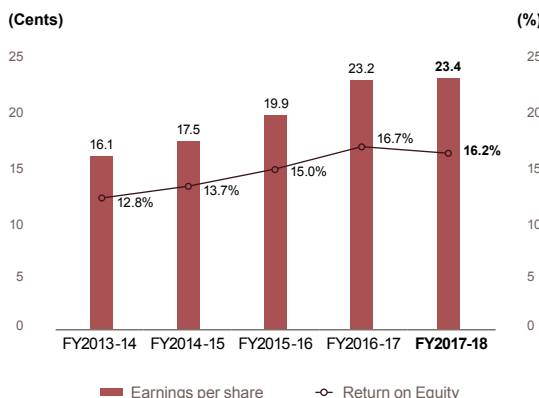
HIGHLIGHTS

The Group posted revenue of \$1,724.6 million for the full year ended 31 March 2018, \$4.8 million or 0.3% lower than last financial year. Food Solutions' revenue fell 2.7% while Gateway Services recorded a 2.9% increase in revenue propelled by the strong passenger and cargo demand. Excluding the impact of the deconsolidation of SHK, the Group's underlying revenue would have increased \$25.8 million or 1.5% while Gateway Services' revenue would have grown \$52.5 million or 7.3%.

The lower revenue led to a 1.8% decline in operating profit from \$230.6 million to \$226.4 million, yielding an operating profit margin of 13.1% compared with 13.3% achieved in the prior year.

Profit from associates/joint ventures grew 9.2% year-on-year to reach \$71.2 million. This accounted for over 27% of total Group PATMI compared to approximately 25% for the prior year, and the increased contribution validates the Group's strategy to expand our footprint across Asia. During the year under review, the Group has continued to execute this strategy by embarking upon several new overseas ventures.

Earnings Per Share and Return on Equity



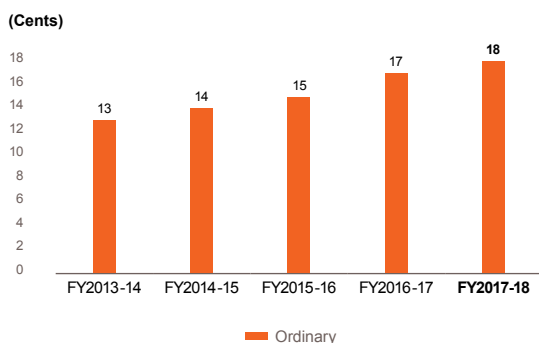
The Group's non-operating income increased \$10.8 million year-on-year primarily from the gain of \$15.5 million on disposal of assets held for sale as well as write back of \$4.5 million for the earn-out consideration. In comparison, a gain of \$9.3 million from the disposal of its assets held for sale was included in the prior year's results.

Consequently, the Group achieved profit attributable to owners of the Company of \$261.5 million, an increase of \$3.6 million or 1.4%. Excluding the non-recurring gains in FY2017-18, profit attributable to owners of the Company would have shown an improvement of 0.8% to \$236.1 million in FY2017-18 as compared to last year.

Return on equity was 16.2%, 0.5 percentage points lower than last year due to movements in average shareholder's equity.

As at 31 March 2018, the Group maintained a healthy balance sheet with total assets of \$2.3 billion and cash and short term deposits of \$373.3 million. Free cash flow generated during the year was \$146.3 million and debt-to-equity ratio remained healthy at 0.07 times.

Dividend Per Share



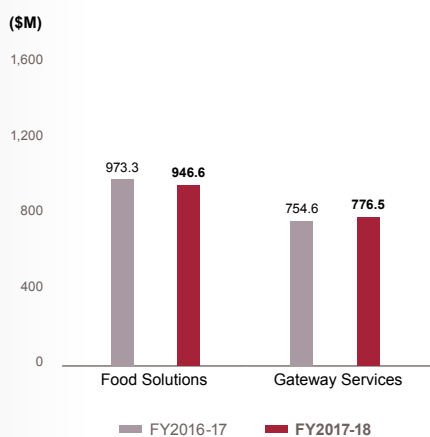
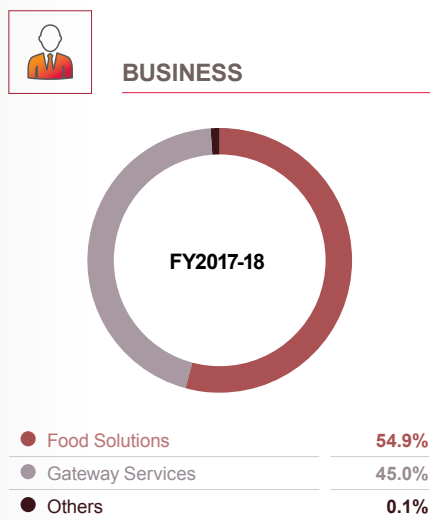
EARNINGS PER SHARE

The Group's earnings per share was 23.4 cents compared to 23.2 cents a year ago, an increase of 0.9% year-on-year.

DIVIDENDS

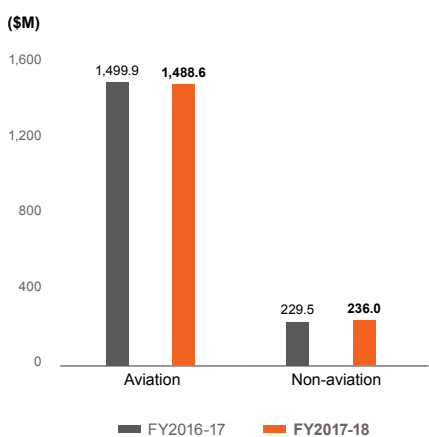
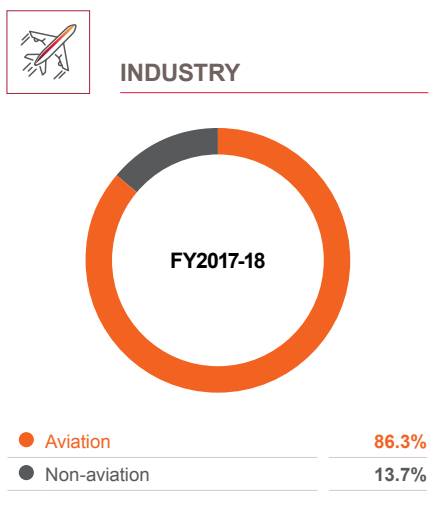
During the year, the Company paid an interim dividend of 6 cents per share amounting to \$67.2 million. The Board of Directors is pleased to recommend a final ordinary dividend of 12 cents per share, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved, the total ordinary dividend for FY2017-18 will be 18 cents per share.

REVENUE – BY BUSINESS, INDUSTRY AND GEOGRAPHICAL LOCATION



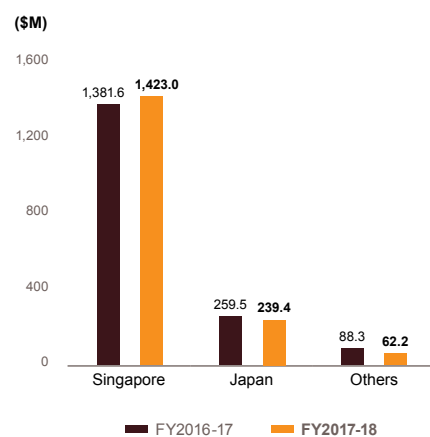
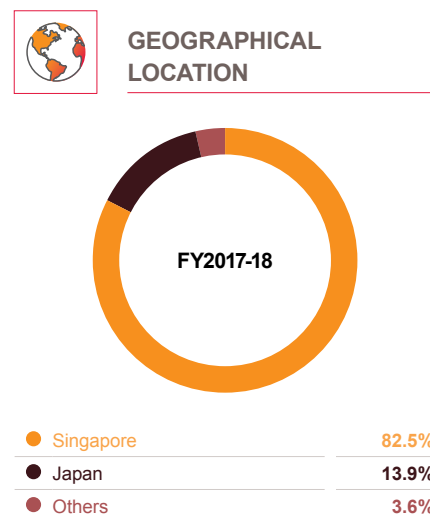
Notes:

- Food Solutions: revenue from inflight catering, institutional catering, chilled, frozen and retort food manufacturing, hospitality services and airline linen and laundry services.
- Gateway Services: revenue from airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
- Others: revenue mainly from the corporate services.



Notes:

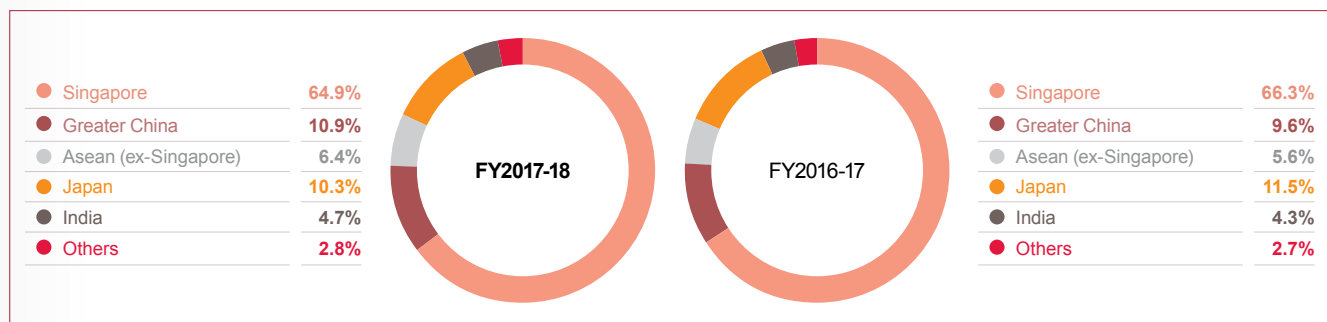
- Aviation: revenue from aviation-related businesses in Food Solutions and Gateway Services.
- Non-aviation: revenue from SATS Food Services group, Food and Allied Support Services Corporation group, SATS-Creuers Cruise Services, SATS Yihai Kerry and corporate services.



Notes:

- Singapore: revenue from Food Solutions and Gateway Services within Singapore.
- Japan: revenue from TFK.
- Others: revenue from SATS Food Services group (Australia), Food and Allied Support Services Corporation group (Abu Dhabi and Dubai), SHK, SATS Yihai Kerry and SATS Saudi.

COMBINED REVENUE BY GEOGRAPHICAL LOCATION*



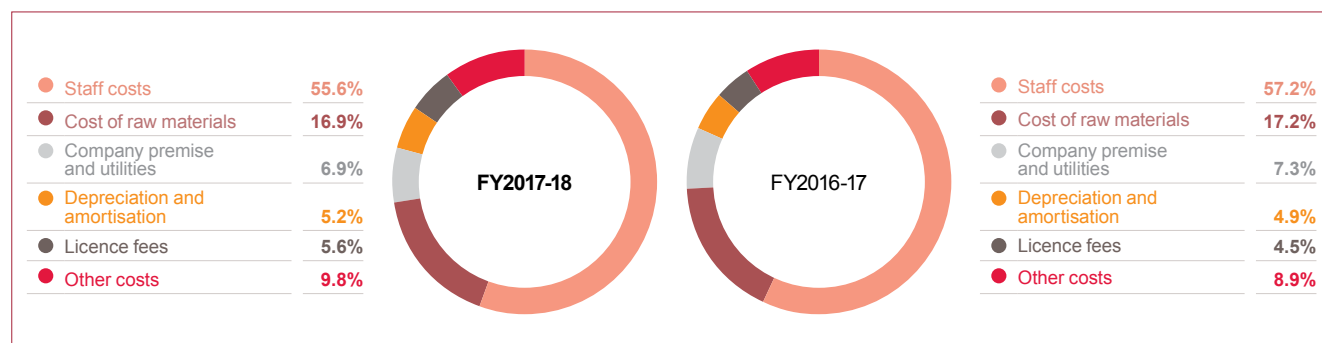
* Combined revenue is the aggregate of the total consolidated revenue and proportionate share of associates/joint ventures.

The Group's combined revenue increased 4.1% year-on-year with overseas contributions growing from 33.7% to 35.1%.

FINANCIAL REVIEW

EXPENDITURE

For the full year ended 31 March 2018, the Group incurred lower operating expenditure of \$0.6 million from \$1,498.8 million to \$1,498.2 million. Lower expenditure was registered for staff costs, cost of raw materials as well as company premise and utilities while other expenditures have increased. The decrease in staff costs and premise expenses were mainly due to the deconsolidation of SHK. Conversely, licence fees increased largely due to cessation of rebates by Changi Airport, while depreciation and amortisation expenses increased in line with higher capital expenditure.



FINANCIAL POSITION

Total equity attributable to the owners of the Company increased to \$1,766.6 million as at 31 March 2018 due to profits generated during the year and higher non-controlling interest, partly offset by dividends paid and higher foreign currency translation reserved losses.

The higher non-controlling interests were mainly due to \$32.6 million of capital contribution by AirAsia Berhad ("AirAsia") for its interest in SATS Ground Services Pte. Ltd. ("SGSS").

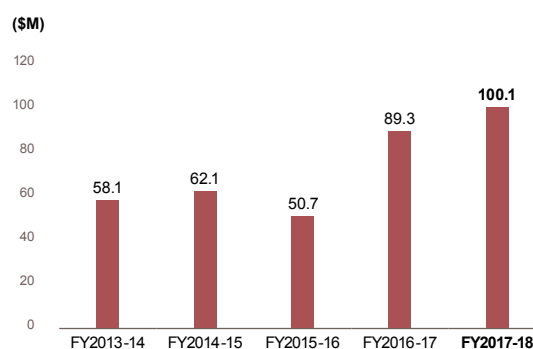
Total assets increased \$68.9 million to \$2,348.3 million as at 31 March 2018. The increase comprised mainly \$190.4 million investment in associates/joint-ventures as well as property, plant and equipment. This was partially offset by lower long-term investments. Capital expenditure of \$100.1 million was \$10.8 million (12.1%) higher than last year. The Group's net asset value per share as at end of current financial year was \$1.46, an improvement of 1.7% over last year.

The Group's cash and cash equivalents has decreased by \$135.1 million to \$373.3 million as at 31 March 2018. The decrease was mainly due to investments in associates/joint ventures, higher dividends paid to shareholders, coupled with capital expenditure. These cash outflows were compensated by proceeds from disposal of assets held for sale and the absence of long-term investment made in the last financial year.

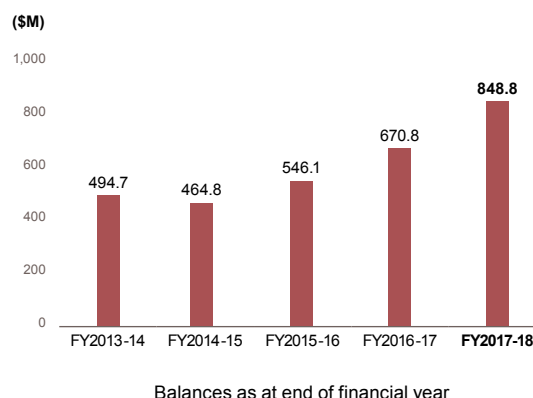
Net cash from operating activities in this financial year dropped by \$63.4 million to \$245.5 million due to movement in working capital, despite higher profits generated during the year.

Net cash used in investing activities of \$182.2 million for FY2017-18 was higher by \$62.6 million as compared with \$119.6 million a year ago. This was mainly due to higher capital expenditure and investment in associates/joint ventures, in addition to lower dividends received from associates/joint ventures. These were partly

Investment in Capital Expenditure



Carrying Value of Investment in Associates/Joint Ventures



compensated by increase in proceeds from disposal of assets held for sale, coupled with the absence of long-term investment of \$24 million made in last financial year.

Net cash used in financing activities in FY2017-18 was \$196.8 million, \$24 million higher than last year, comprised mainly of higher dividends paid to shareholders and purchase of treasury shares, partially offset by capital contributions from non-controlling interests and absence of loan repayment made last year.

Free cash flow generated during the year was \$146.3 million, a drop of \$74.5 million as compared to prior year.

VALUE ADDED

The Group's value added was \$1,125.6 million, a drop of \$16.4 million or 1.4% compared to the preceding year. The distribution for FY2017-18 is reflected in the chart below.

Value Added Statement (\$ million)	FY2017-18	FY2016-17	FY2015-16	FY2014-15	FY2013-14
Total Revenue	1,724.6	1,729.4	1,698.2	1,753.2	1,786.7
Less: Purchase of goods and services	712.4	682.0	692.6	792.4	833.4
	1,012.2	1,047.4	1,005.6	960.8	953.3
Add/(less):					
Interest income	4.2	4.6	3.5	1.6	1.1
Share of profits before tax of associates/joint ventures	88.5	80.1	59.7	61.3	57.9
Gain/(loss) on disposal of property, plant and equipment	0.4	0.6	(0.4)	(2.2)	–
Gain on disposal of assets held for sale	15.5	9.3	–	–	–
Write-back of earn-out consideration	4.5	–	–	–	–
Gain on sales of investment	0.3	–	–	–	–
Income from long-term investments	–	0.7	–	0.7	1.9
Exceptional items *	–	(0.7)	0.5	(0.2)	(2.8)
Total value added available for distribution	1,125.6	1,142.0	1,068.9	1,022.0	1,011.4
Applied as follows:					
To employees					
- Salaries and other staff costs	707.3	743.3	720.5	714.6	705.0
To government					
- Corporate taxes **	73.4	63.3	58.5	47.3	44.2
To supplier of capital					
- Dividends	190.3	178.2	155.5	145.6	168.4
- Interest on borrowings	0.8	1.2	1.1	1.2	2.9
Retained for future capital requirements					
- Depreciation and amortisation	78.5	73.5	70.4	68.2	77.2
- Non-controlling interests	4.1	2.8	(2.2)	(5.0)	1.7
- Retained profits	71.2	79.7	65.1	50.1	12.0
Total value added	1,125.6	1,142.0	1,068.9	1,022.0	1,011.4
Value added per \$ revenue	0.65	0.66	0.63	0.58	0.57
Value added per \$ employment cost	1.59	1.54	1.48	1.43	1.43
Value added per \$ investment in fixed assets	0.70	0.75	0.71	0.67	0.67

Notes:

* Exceptional items refer to

(i) Loss on divestment/dilution of interest in associates (FY2017-18: nil, FY2016-17: \$0.7 million)

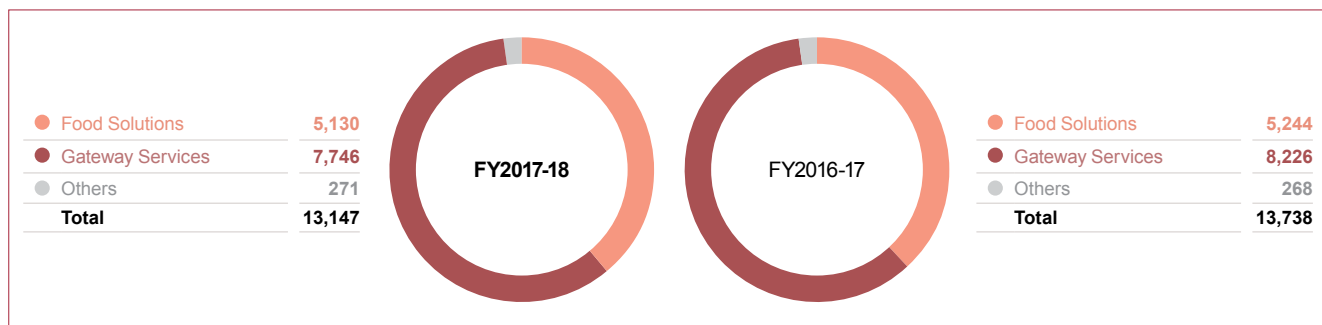
** Includes share of tax of associates and joint ventures.

FINANCIAL REVIEW

STAFF STRENGTH AND PRODUCTIVITY

The Group's average full-time equivalent number of employees as at 31 March 2018 was 13,147, a decrease of 4.3% from last year. This was partly due to the deconsolidation of SHK as well as the Group's focus on harnessing technology to improve productivity and service.

The breakdown of the average number of employees is as follows:



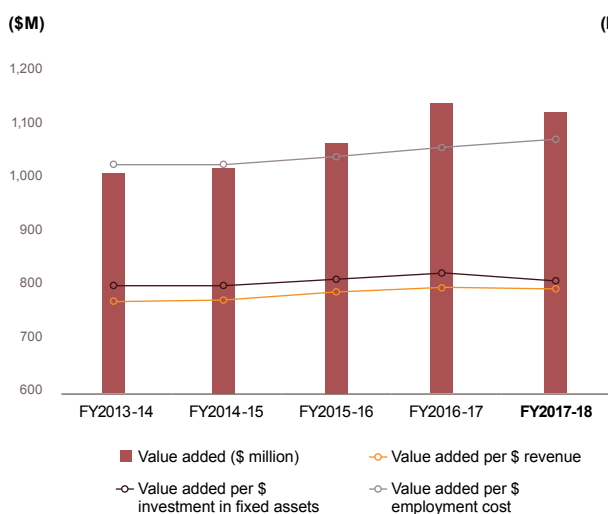
Staff productivity achieved during the year, measured by value added per employment cost, increased 3.2% from 1.54 times to 1.59 times as the Group benefitted from the successful deployment of new technologies and the training and development of its people.

Productivity Analysis	FY2017-18	FY2016-17	FY2015-16	FY2014-15	FY2013-14
Value added (\$ million)	1,125.6	1,142.0	1,068.9	1,022.0	1,011.4
Value added per employee (\$)	85,620	83,127	76,635	71,704	69,222
Value added per \$ employment cost (times)	1.59	1.54	1.48	1.43	1.43
Revenue per employee (\$)	131,182	125,882	121,749	123,004	122,284
Staff costs per employee (\$) **	53,803	54,102	51,653	50,134	48,254

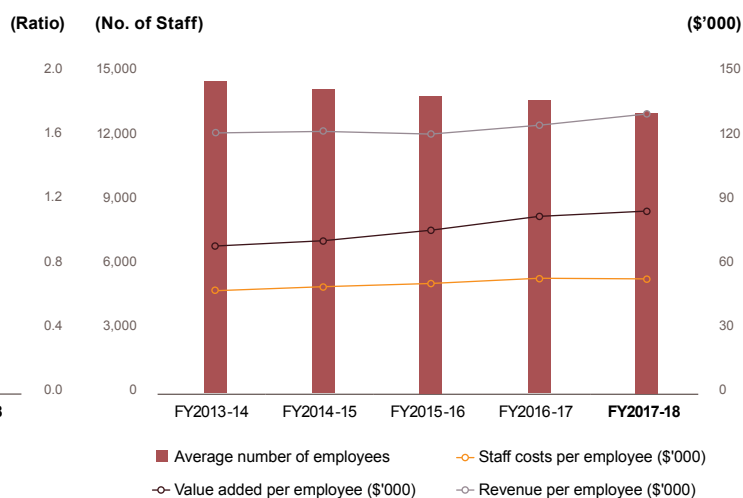
Note:

** Staff costs exclude cost of contract labour.

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



ECONOMIC VALUE ADDED (EVA)

EVA for the Group was \$101.1 million, a growth of \$8.7 million or 9.4% over the preceding financial year resulting from improved operating performance.