



MEDIA RELEASE

SATS FINALISES S\$1.8B FUNDING PLAN FOR PROPOSED WFS ACQUISITION

Singapore, 1 December 2022 – SATS Ltd. (SATS) today announced it has finalised its funding plan for the proposed acquisition of Worldwide Flight Services (WFS). In view of current market conditions, the funding plan for the total acquisition cost of S\$1.8 billion has been structured to comprise a balanced mix of term loan and renounceable underwritten rights issue, with the remaining amount financed by internal cash balance.

Details of the **Funding Plan** are as follows:

1. A three-year Euro denominated **term loan equivalent to approximately S\$700 million** from SATS' principal bankers. The loan has an all-in cost of 4.0% to 4.5% per annum based on prevailing Euribor, and is comparable to the terms of SATS existing borrowing facilities.
2. A renounceable underwritten **rights issue of up to approximately S\$800 million**, that is expected to be launched in 1Q 2023, subject to conducive market conditions and the satisfaction or waiver of all of the regulatory approvals in accordance with the sale and purchase agreement dated 28 September 2022, as well as shareholders' approval of the proposed acquisition at an Extraordinary General Meeting. Temasek, via its indirect wholly-owned subsidiary, Venezia Investments Pte. Ltd. (Venezio), has indicated its intention, subject to the final terms of the rights issue, to subscribe for its pro rata entitlement to the rights issue. In addition, SATS Directors who are also SATS shareholders intend to subscribe for their pro rata entitlements.
3. **Cash of S\$320 million** from SATS' existing cash balance.

Shareholders will be invited to attend an Extraordinary General Meeting to approve the proposed acquisition of WFS and further details with respect to the proposed acquisition will be shared via a shareholder circular.

Strategic Rationale and Benefits to Shareholders

SATS' proposed acquisition of WFS will create a pre-eminent global air cargo handling platform. SATS will gain leading positions in strategic hubs connecting key trade lanes across North America and Europe to complement its foothold in Asia Pacific. The acquisition will



expand SATS' capabilities to meet growing demand from customers wanting to transport higher-value goods, including pharmaceutical products, vaccines and specialised cargo, on a global scale.

The combined SATS and WFS entity is expected to capture meaningful run-rate EBITDA synergies in excess of S\$100 million through specific initiatives including:

- **Cross selling:** Opportunities to identify gaps in customer coverage across the combined business, driven by a new cross-selling sales team and other initiatives.
- **Network expansion:** A global network of 205 cargo and ground stations in 23 countries positions SATS for continued growth in existing and new markets.
- **Global eCommerce cargo partnerships:** Leverage WFS's leading eCommerce / express cargo handling proposition in Asia.
- **Accelerate Cargo Automation:** A larger combined capital base enables increased investment in productivity improvement and automation initiatives.
- **Reinforce Downstream Cargo Logistics:** Establish and scale a downstream logistics business across geographies.

The combined entity will be able to deliver greater earnings resilience and diversification across geographies, and increase its access to the air cargo market. This market is underpinned by a positive long-term outlook and has proven its resilience across multiple economic cycles. SATS will gain increased resilience against future economic cycles and disruptions, with greater earnings robustness supported by a global and diversified customer base.

Kerry Mok, President and Chief Executive Officer of SATS, said, "As global competition increases, it is vital for us to tap into higher value business segments and benefit from long-term cargo industry growth trends, even while we work to maintain our leadership position in SATS' home base in Singapore. The acquisition will enhance our business and earnings resilience. The global platform will enable us to service our clients seamlessly across Asia, Europe and the Americas and increase existing offerings. Our balanced funding plan to optimise financing costs and gearing will position SATS for continued sustainable growth.

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ABOUT SATS LTD.

SATS is Asia's leading provider of food solutions and gateway services. Using innovative food technologies and resilient supply chains, we create tasty, quality food in sustainable ways for airlines, foodservice chains, retailers and institutions. With heartfelt service and advanced technology, we connect people, businesses and communities seamlessly through our comprehensive gateway services for customers such as airlines, cruise lines, freight forwarders, postal services and eCommerce companies.

Fulfilling our purpose to feed and connect communities, SATS delights customers in over 60 locations and 14 countries across the Asia Pacific, UK, and the Middle East. SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit www.sats.com.sg.

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