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SIAS – SATS Hybrid Dialogue

14 November 2022

**Shaping
the Future**



Forward Looking Statement – Important Note

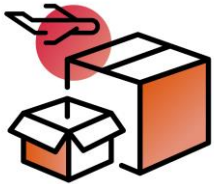
The following presentation contains forward-looking statements by the management of SATS Ltd. (“SATS”), relating to financial and market trends for future periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward-looking information is based on management’s current views and assumptions including, without limitation, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not and should not be construed as a representation of future performance or commitment of SATS. In particular, any targets should not be regarded as a forecast or projection of future performance of SATS. It should be noted that the actual performance of SATS may vary significantly from such targets.

Key Business Highlights



1H Revenue rose 41.3% YoY to \$804.5M
PATMI loss ex-reliefs narrowed



Flight and passenger volume reached
60% of pre-pandemic levels,
recovery to accelerate further



Operations ramp-up
and reduction in
government reliefs
impacted PATMI YoY

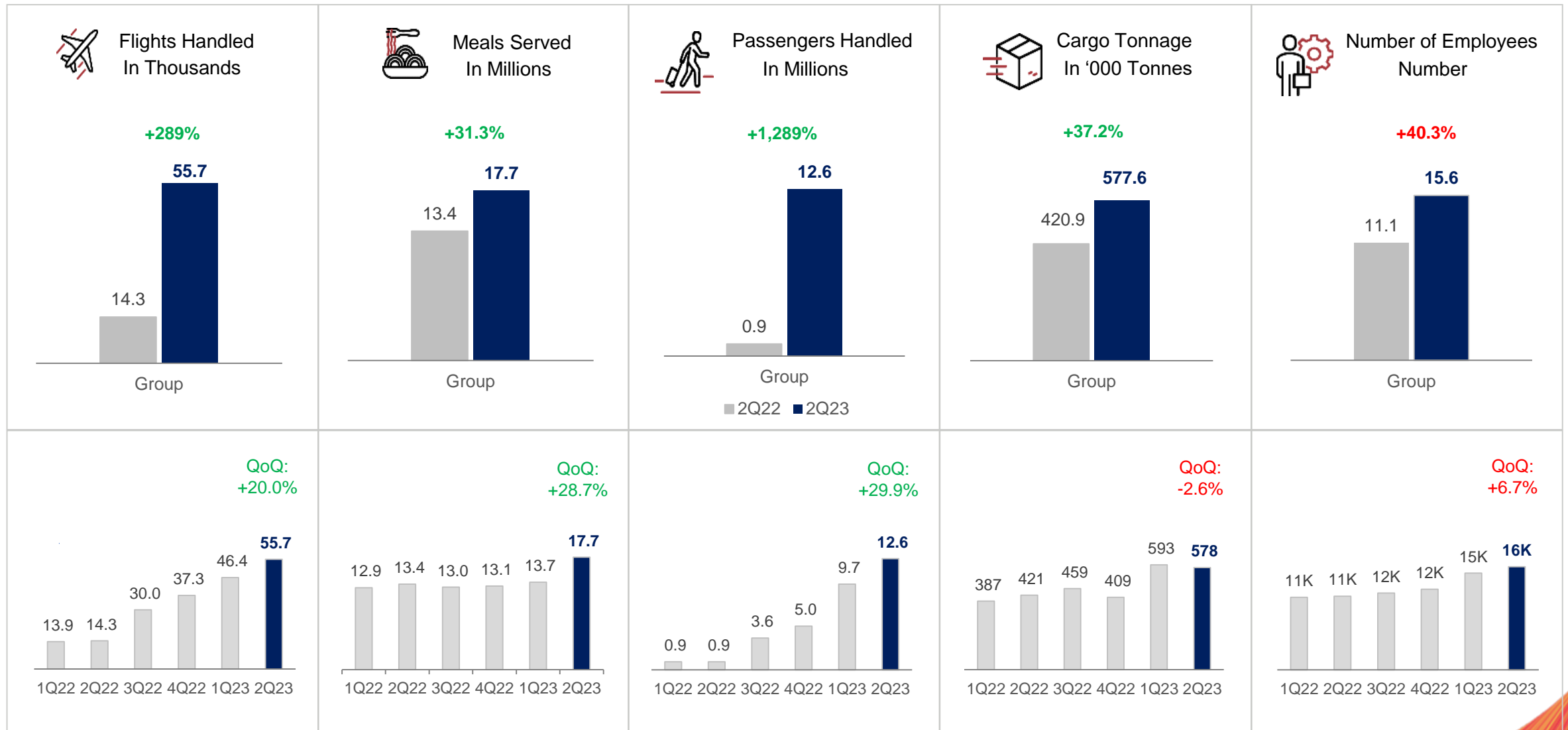


PATMI loss
narrowed QoQ from
\$22.5M to \$9.9M



Proposed
acquisition of WFS
on track

2Q FY23 and QoQ Operating Statistics



*All statistics refer to Group (SATS and subsidiaries) unless indicated otherwise

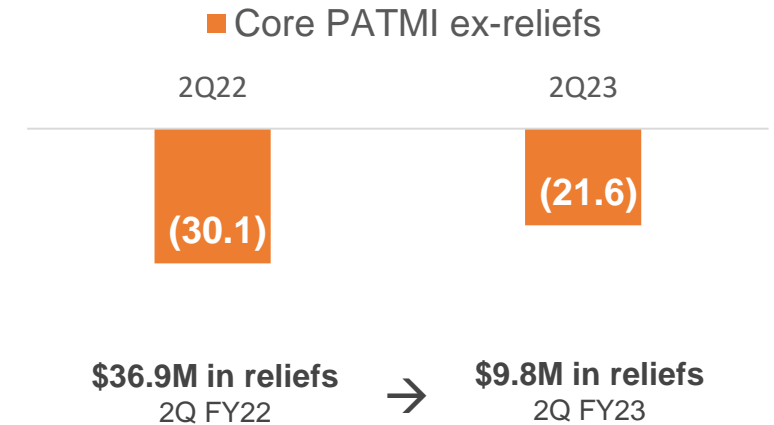
Investing in Changi Ramp Up Ahead of Expected Travel Recovery



Inflight Catering Centre 1
back in operation



Staff training and preparation for
reopening of T2/T4



Positive trend of narrowing losses
amid reduction in government reliefs

**SATS Group
Operational Statistics
in 1H FY23
vs.
pre-pandemic levels**



62%



56%



89%

with AAT: 127%



75%



91%

Seizing Growth in Overseas Markets



Launch of
AAT
COOLPORT



World-first IATA
certification for
lithium battery
handling



Proposed
acquisition of
Worldwide Flight
Services

9th Payload Asia Awards

“Global Ground
Handler of the Year”
“Ground Handler of the
Year – Asia Pacific”



Successful renewal of
accreditation under the IATA
Safety Audit for Ground
Operations programme (ISAGO)



2022 PAX Readership Awards

“Airline Caterer of the
Year” in Asia for the 5th
consecutive year

Group Financial Review

**Shaping
the Future**



Executive Summary: 2Q FY23 Performance

- 2Q FY23 revenue increased 46.0% or \$135.1M to \$429.0M against 2Q FY22.
- Compared to 1Q FY23, revenue increased by 14.2% or \$53.5M.
- 2Q FY23 PATMI loss = \$9.9M against 2Q FY22's profit of \$6.8M.
- Without government reliefs, core PATMI for 2Q FY23 would have been a loss of \$21.6M, which was \$8.5M better than core PATMI for 2Q FY22 and \$10.3M better than 1Q FY23.
- Share of earnings from associates & JVs improved \$8.6M to \$10.7M from \$2.1M in 2Q FY22.
- 2Q FY23 EBITDA increased \$12.6M YoY to \$45.4M due to better SoAJV performance and consolidation of AAT, offset by higher cost from ramp up of resources ahead of full travel recovery.

*Note: All figures are unaudited and in S\$ m unless otherwise stated.
EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation.*



2Q FY23 Highlights (vs 1Q FY23)

S\$'M	2Q FY23	1Q FY23	QoQ var	QoQ var %
Revenue	429.0	375.5	53.5	14.2
OPEX	437.0	409.8	(27.2)	(6.6)
EBIT	(8.0)	(34.3)	26.3	76.7
SoAJV	10.7	6.9	3.8	55.1
PATMI	(9.9)	(22.5)	12.6	56.0
<i>PATMI %</i>	<i>-2.3%</i>	<i>-6.0%</i>		
Core PATMI	(11.8)	(22.5)	10.7	47.6
EBITDA (+SoAJV)	45.4	13.9	31.5	226.6
<i>EBITDA Margin (%)</i>	<i>10.6%</i>	<i>3.7%</i>		
<u>Profits excl reliefs</u>				
EBIT	(19.4)	(45.6)	26.2	57.5
PATMI	(19.7)	(31.9)	12.2	38.2
CORE PATMI	(21.6)	(31.9)	10.3	32.3

Commentary

- Group revenue improved by 14.2% (\$53.5M) as Food and Gateway recorded higher revenue by 16.2% and 12.3% at the back of aviation recovery.
- Increase in Opex driven mainly by higher employment cost as we ramp up for travel recovery, increased business activities and higher contract services.
- SoAJV improved results arising from stronger overall travel recovery.
- PATMI was \$12.6M better than 1Q contributed by the higher EBIT and better SoAJV performance.
- Excluding govt. reliefs, PATMI would have been a loss of \$19.7M, which was an improvement of \$12.2M from 1Q FY23.

Note: All figures are unaudited and in S\$ m unless otherwise stated.

n.m. – not meaningful

EBIT represents Operating Profits | EPS represents Earnings per share

AAT represents Asia Airfreight Terminal Co. Ltd.

2Q FY23 Highlights (vs 2Q FY22)

S\$'M	2Q FY23	2Q FY22	YoY var	YoY var %
Revenue	429.0	293.9	135.1	46.0
OPEX	437.0	293.4	(143.6)	(48.9)
EBIT	(8.0)	0.5	(8.5)	(1,700.0)
SoAJV	10.7	2.1	8.6	409.5
PATMI	(9.9)	6.8	(16.7)	(245.6)
<i>PATMI %</i>	<i>-2.3%</i>	<i>2.3%</i>		
Core PATMI	(11.8)	6.8	(18.6)	n.m
EBITDA (+SoAJV)	45.4	32.8	12.6	38.4
<i>EBITDA Margin (%)</i>	<i>10.6%</i>	<i>11.2%</i>		
<u>Profits excl reliefs</u>				
EBIT	(19.4)	(40.1)	20.7	51.6
PATMI	(19.7)	(30.1)	10.4	34.6
CORE PATMI	(21.6)	(30.1)	8.5	28.2

Commentary

- Group revenue improved by 46.0% (\$135.1M) as Food and Gateway recorded higher revenue by 32.8% and 63.2% at the back of aviation recovery and AAT consolidation.
- Increase in Opex driven mainly by higher staff costs (+\$88.6M) due to lower job support grants (\$24.1M), increased business activities and higher contract services.
- Total govt. reliefs included in 2Q FY23 Opex was \$11.4M, a \$29.2M reduction YoY.
- SoAJV improved results arising from stronger travel recovery, offset by change of AAT from an associate to a subsidiary.
- PATMI was lower largely contributed by the lower EBIT offset by better SoAJV performance.
- Excluding govt. reliefs, PATMI would have been a loss of \$19.7M, which was an improvement of \$10.4M from 2Q FY22.

Note: All figures are unaudited and in S\$ m unless otherwise stated.

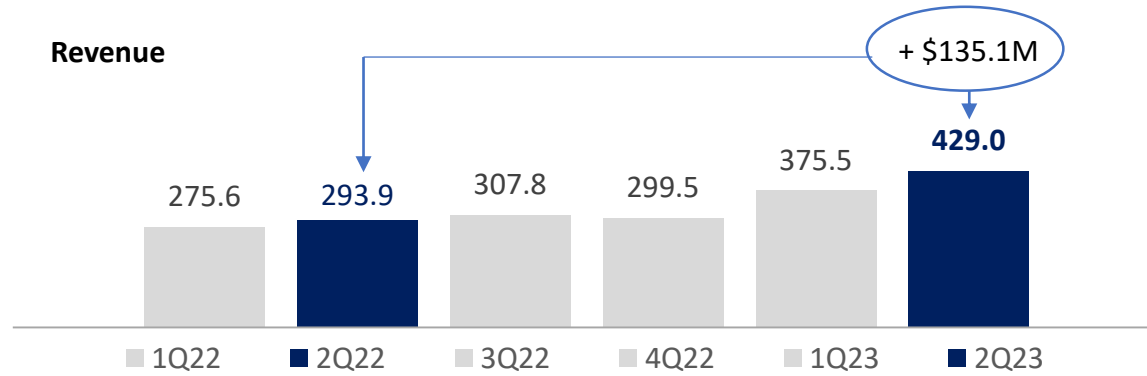
n.m. – not meaningful

EBIT represents Operating Profits | EPS represents Earnings per share

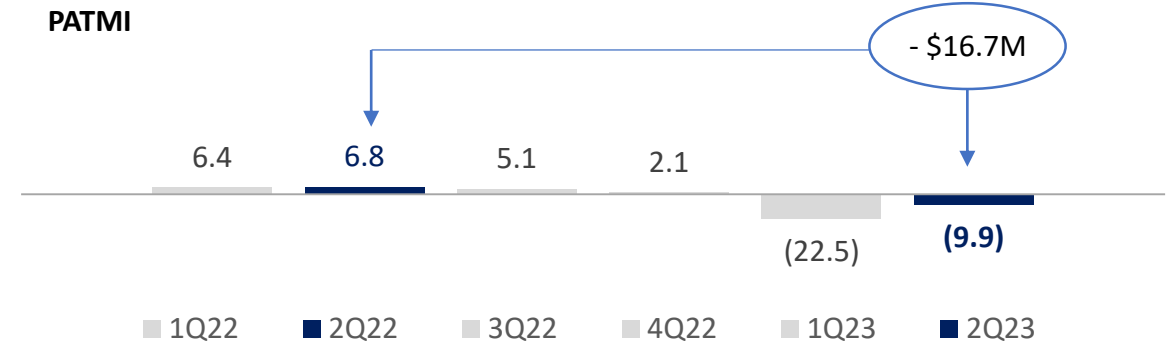
AAT represents Asia Airfreight Terminal Co. Ltd.

FY23 Quarterly Trending

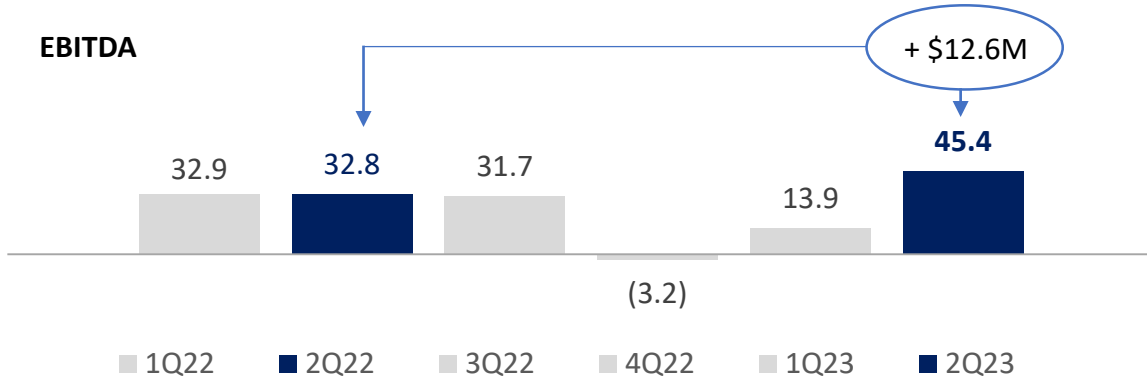
Revenue



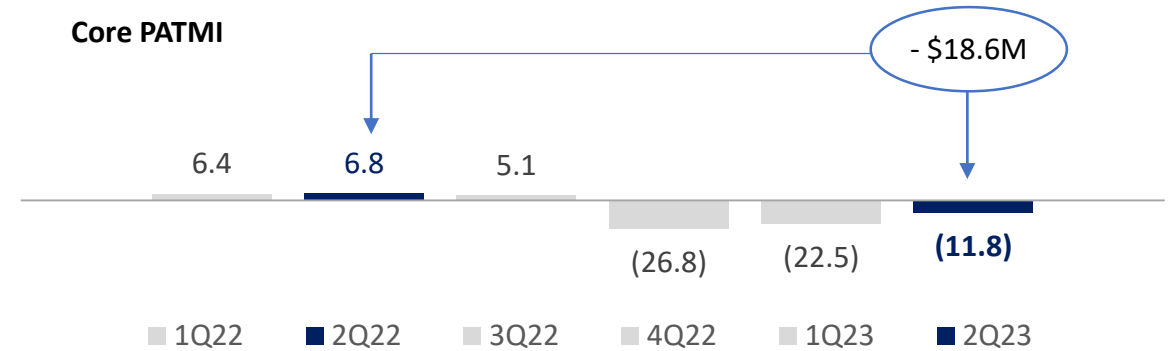
PATMI



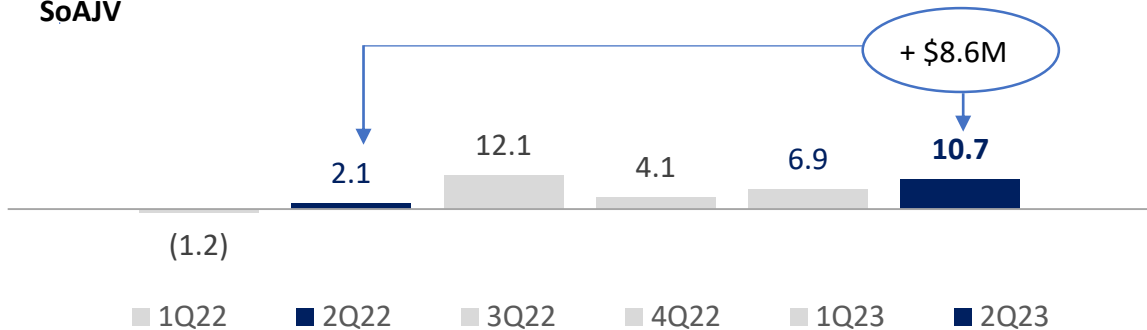
EBITDA



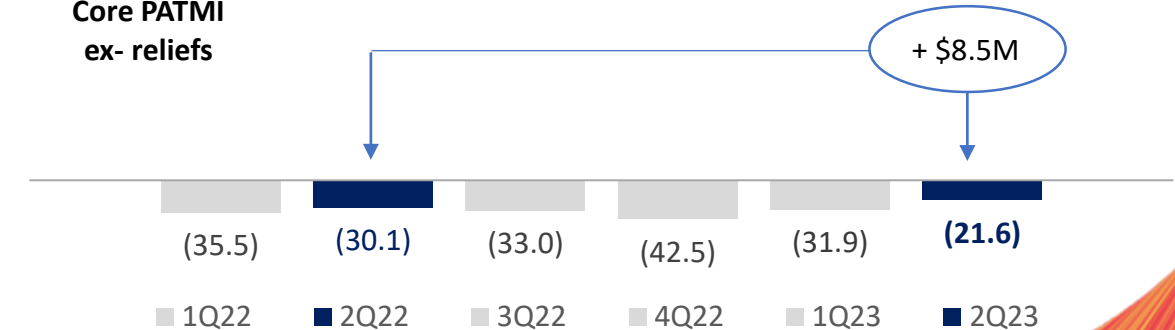
Core PATMI



SoAJV



Core PATMI ex- reliefs

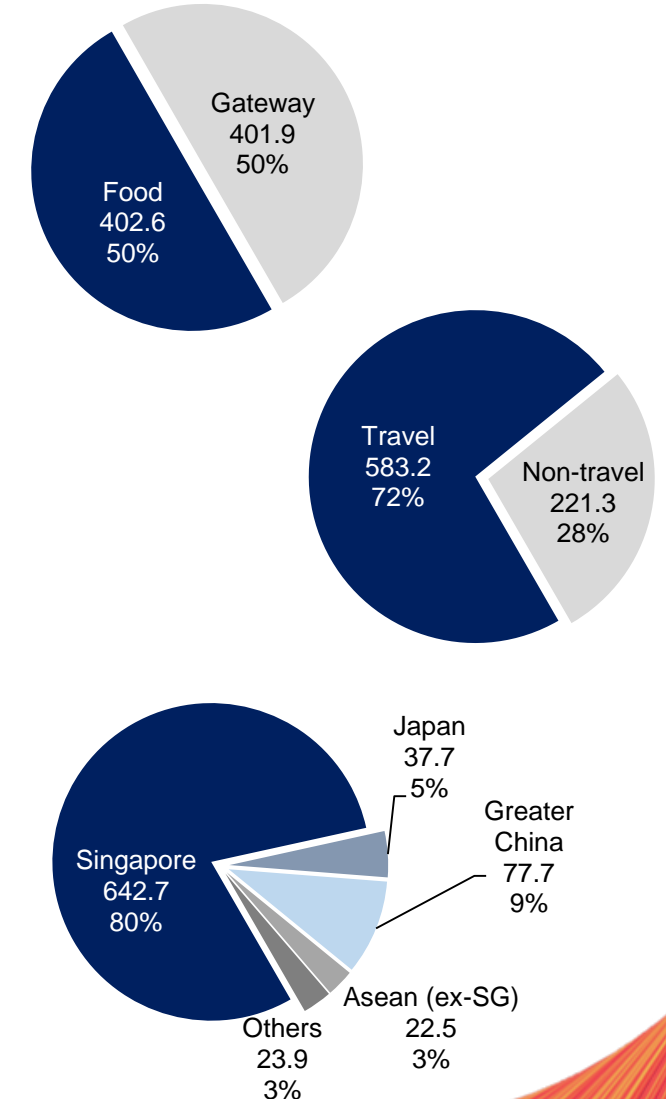


Note: All figures are unaudited and in S\$ m unless otherwise stated.
EBIT represents Operating Profits



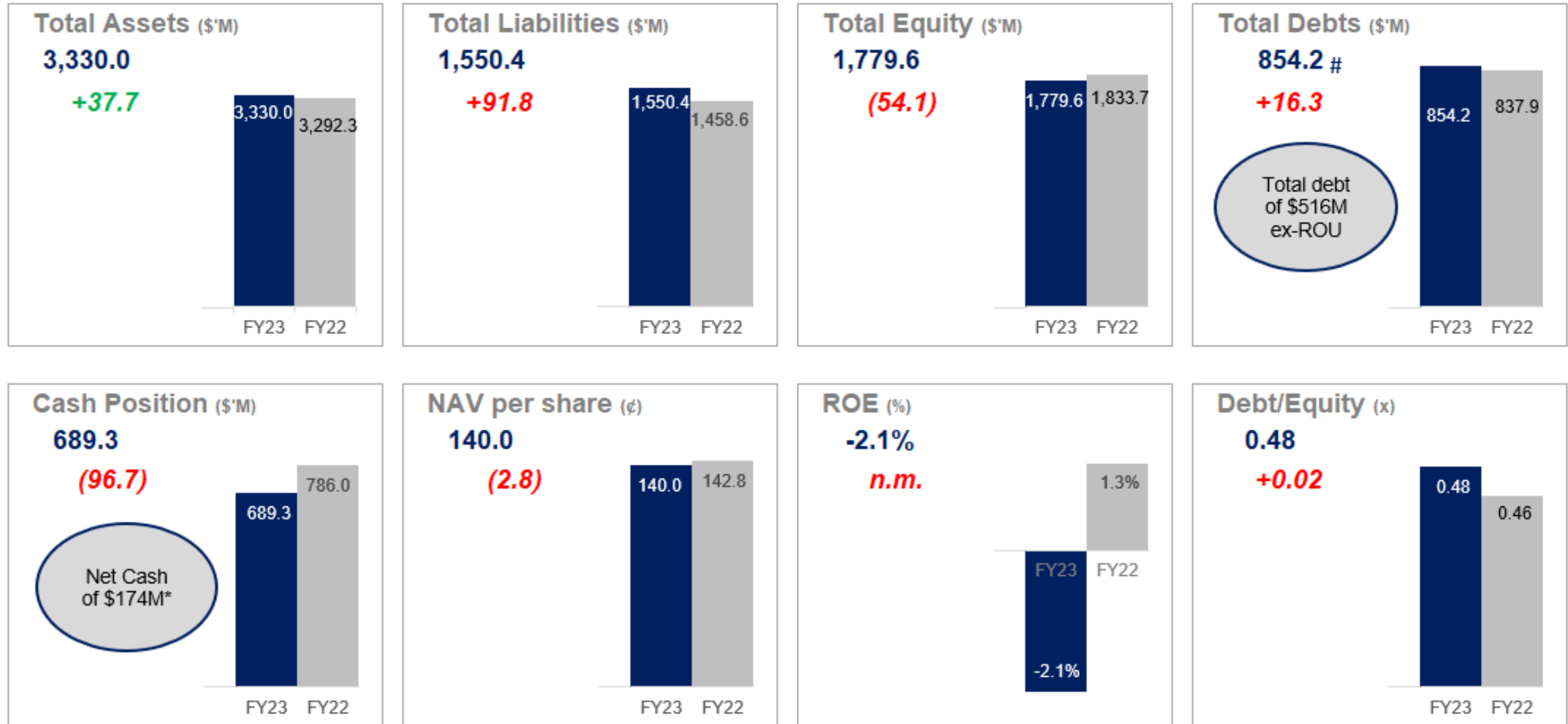
Group Segmented Revenue – 1H FY23

Revenue	1H FY23	%	1H FY22	%	Change (%)
By Business:					
Food Solutions	402.6	50.0	310.3	54.5	29.7
Gateway Services	401.9	50.0	257.3	45.2	56.2
Others	0.0	-	1.9	0.3	(100.0)
Total	804.5	100.0	569.5	100.0	41.3
By Industry:					
Travel	583.2	72.5	302.1	53.1	93.1
Non-travel	221.3	27.5	265.5	46.6	(16.6)
Others	0.0	-	1.9	0.3	(100.0)
Total	804.5	100.0	569.5	100.0	41.3
By Region					
Singapore	642.7	79.9	489.0	85.9	31.4
Japan	37.7	4.7	37.1	6.5	1.6
Greater China	77.7	9.7	28.0	4.9	177.5
Asean (ex-SG)	22.5	2.8	5.5	1.0	309.1
Others	23.9	3.0	9.9	1.7	141.4
Total	804.5	100.0	569.5	100.0	41.3



Note: All figures are unaudited and in S\$ m unless otherwise stated.

1H FY23 Group Financial Position



Components of the debt: MTN (\$300M), term loans (\$216M) and ROU (\$338M)

* Before taking into account leases (LY net cash: \$275M)

**FY23 denotes @ 30 Sep 22 and FY22 denotes @ 31 Mar 22

n.m. – not meaningful

Proposed Acquisition of WFS

**Shaping
the Future**



Transforming SATS into a Leading Air Cargo Handler

Acquisition delivers **strong and positive** financial impact to investors.

Brings **significant potential synergies** with expected EBITDA run-rate in excess of \$100 million over the medium term.

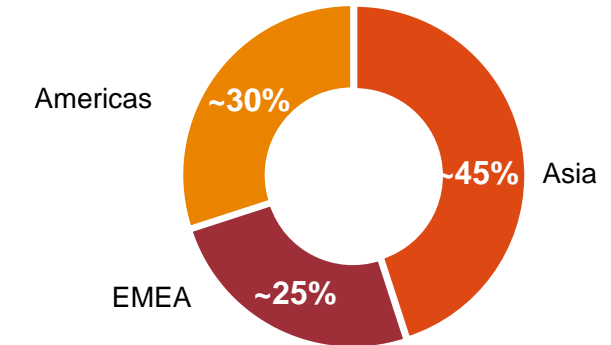
Drives **revenue increase and growth options** with us providing high value-added services to a diversified customer base on a global scale.

Meets **growing demand from customers** wanting higher value goods, including pharmaceutical products, vaccines and specialised cargo.

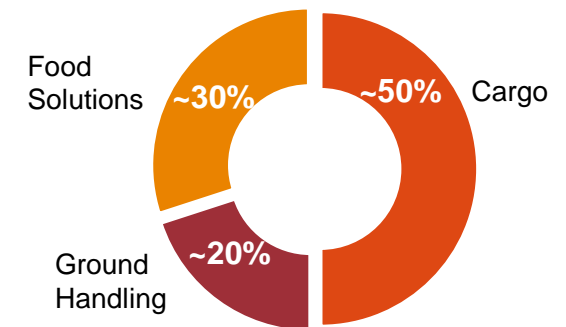
Creates a **global platform at the heart of cargo flows**, well-placed to capture growth opportunities and the shifts in the flow of goods.

Transaction to be financed by a **prudent funding plan**. Market and other macroeconomic conditions taken into account.

Diversifying through geographic expansion



Reinforcing earnings resilience



Expanding SATS' global network; securing growth for the future in the face of increasing competition

Enhances revenue growth and business optionality, positions SATS as enabler for multi-modal cargo connectivity

Airside location enables SATS to provide value-added services, such as breakbulk, sortation and distribution. This advantage enhances turnaround time for customers.

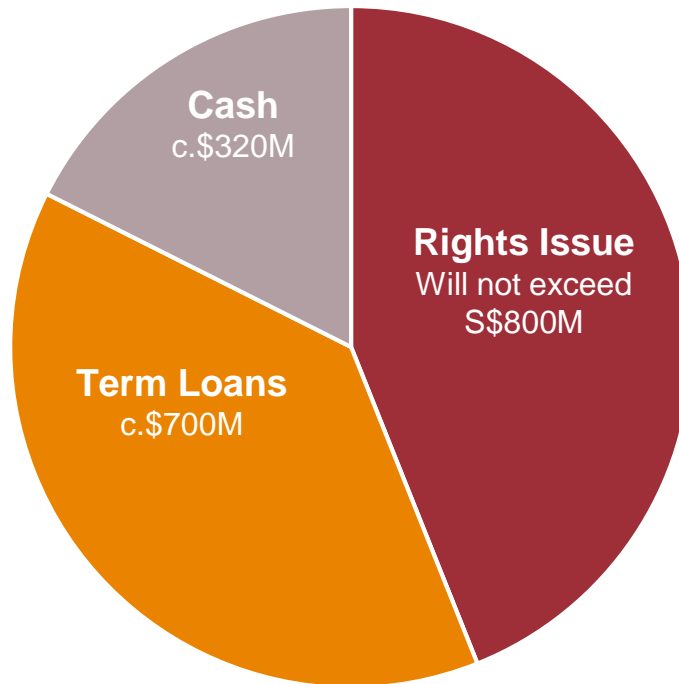
End-to-end visibility for customers enables SATS to develop value-added services and new revenue streams.

Positions SATS to work with partners to facilitate **multi-modal connectivity** across air, sea and land.



Funding Update

S\$1.8B in total



Shareholder Support

In support of SATS' strategic acquisition of WFS, Temasek (via its indirect wholly-owned subsidiary, Venezia Investments Pte. Ltd.) has:

- Provided an irrevocable undertaking to vote in favour of the transaction, and
- Confirmed that Venezia intends to subscribe for its pro rata entitlement to the rights issue.

Timeline



Q&A

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