SATS LTD.
(Incorporated in the Republic of Singapore)
(UEN / Company Registration No. 197201770G)

PROPOSED ACQUISITION OF WORLDWIDE FLIGHT SERVICES

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1. INTRODUCTION

1.1 **Proposed Acquisition**. The Board of Directors (the "**Board**") of SATS Ltd. (the "**Company**" or "**SATS**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company and its indirect wholly-owned subsidiary, SATS International SAS ("**SATS International**") have on 28 September 2022 entered into a sale and purchase agreement (the "**SPA**") with Promontoria 52 Coöperatie U.A. (the "**Institutional Seller**") and certain management sellers (collectively and together with the Institutional Seller, the "**Sellers**") to acquire all of the issued shares (the "**Sale Shares**") of Promontoria Holding 243 B.V. (the "**Target**", the Target and its subsidiaries, the "**Target Group**" and the acquisition, the "**Proposed Acquisition**"). The Target indirectly owns 100 per cent. of the shares in WFS Global Holdings SAS ("**WFS**").

1.2 **Consideration**. Under the terms of the SPA, SATS will acquire all of the interests in the Target for an enterprise value of €2,250 million (approximately equivalent to S$3,107 million[1]). This translates into a purchase price of equity of €1,187 million (approximately equivalent to S$1,639 million) taking into account cash, indebtedness and working capital of the Target as of 31 March 2022. The Aggregate Consideration (as defined below) was arrived at on a negotiated arm's length basis and determined after taking into account, *inter alia*, WFS' financial performance and financial position[2], and the strategy and rationale of the Proposed Acquisition.

1.3 **Completion**. Completion of the Proposed Acquisition is expected to take place by the end of March 2023 and is subject to and conditional upon the satisfaction of various conditions precedent, as set out in **Appendix A**.

1.4 **Major Transaction**. The Proposed Acquisition constitutes a major transaction for SATS and for the purposes of Rule 1014 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), as detailed in paragraph 8 below, and accordingly, will be subject to the approval of the shareholders of SATS ("**Shareholders**").

1.5 **Voting Undertaking**. As at the date of this Announcement, Venezio Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Venezio**"), holds 446,123,158 ordinary shares in the capital of SATS ("**Shares**"), representing approximately 39.68 per cent.

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[1] In this Announcement, unless otherwise stated and to the extent applicable, figures in € have been converted to S$ based on a €:S$ exchange rate of 1:1.3809, except for the FY2022 combined pro forma financial numbers which have been converted at a €:S$ exchange rate of 1:1.5077, which was the exchange rate as at 31 March 2022.
[2] In its assessment of the Target Group's financial position, the Company has not undertaken a conversion of the Target Group's financial statements, which were prepared in accordance with French GAAP for the operating group and Dutch GAAP for the Dutch holding companies, to the accounts of SATS, which are prepared in accordance with the SFRS(I).

of the Shares in issue (excluding treasury shares). In conjunction with the execution of the SPA, Venezio has provided an irrevocable undertaking to SATS, pursuant to which Venezio has undertaken to vote all Shares it owns in favour of the resolution to approve the Proposed Acquisition (the "**Resolution**") at an extraordinary general meeting of SATS to be convened (the "**EGM**").

2. Information on WFS

2.1 **WFS**. WFS is the largest global air cargo handler, with a global network of 164 stations across 18 countries, including leading positions at key strategic hubs in Europe and North America. WFS has a diversified customer base of over 300 customers including the largest airlines, logistics and eCommerce players in the world.

2.2 **Financial Information**[3]. Based on the unaudited financial statements of the Target Group for the 12-month period ended 31 March 2022 as provided by the Sellers:

2.2.1 the book value of the Target Group is approximately €261 million (approximately equivalent to S$394 million);

2.2.2 the net tangible assets attributable to the Target Group is approximately negative €829 million (approximately equivalent to negative S$1,250 million);

2.2.3 the earnings before interest, taxes, depreciation and amortization ("**EBITDA**") attributable to the Target Group is approximately €232 million[4] (approximately equivalent to S$350 million); and

2.2.4 the Target Group's net profits before income tax and non-controlling interests is approximately €66 million[5] (approximately equivalent to S$100 million).

3. STRATEGIC RATIONALE

A Compelling and Strategic Acquisition which will transform SATS into a Leader in Aviation Services and Deliver Immediate Earnings Accretion

The addition of WFS will accelerate SATS' strategic objective of transforming SATS from an Asian-focused operator to a global leader in Gateway and Food Solutions, and at the same time will deliver immediate earnings accretion and meaningful EBITDA synergies in excess of S$100 million over the medium term. The rationale for the Proposed Acquisition includes:

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[3] In this paragraph 2.2, figures in € have been converted to S$ based on a €:S$ exchange rate of 1:1.5077, which was the exchange rate as at 31 March 2022.

[4] EBITDA of €202 million (as reported in the Promontoria Holding 264 B.V's Q1 Bondholder Report as at 31 March 2022) plus €30 million of pro forma EBITDA contribution from the Target Group's material acquisitions referred to at Paragraph 9.2.8.

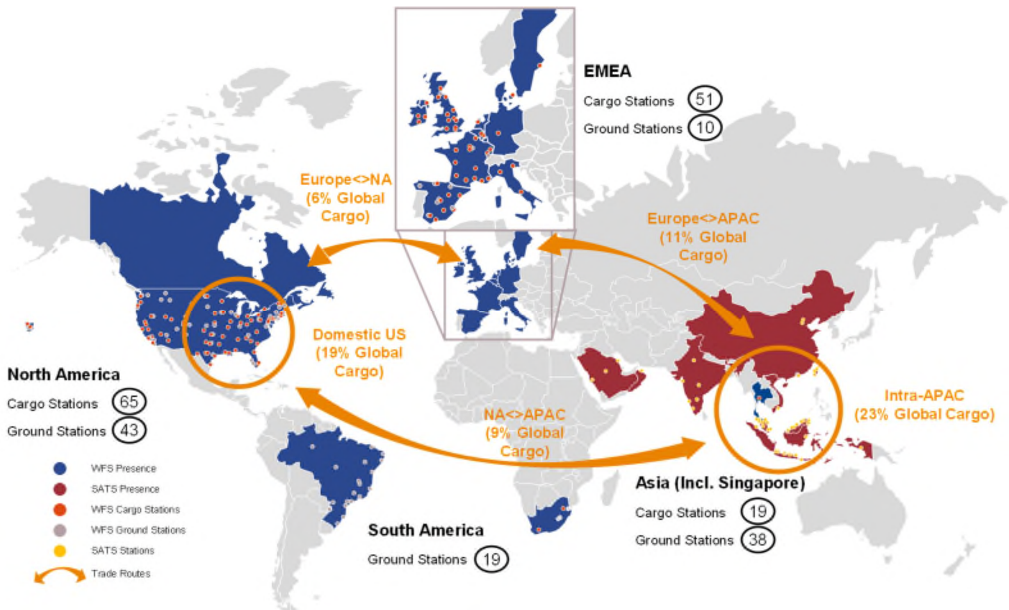
[5] Target Group's net profits before income tax and non-controlling interests for the 12-month period ended 31 March 2022 have been computed based on net income/(loss) from ordinary activities of consolidated companies of the Promontoria Holding 264 B.V's FY21 Bondholder Report less Q1 March 2021 plus Q1 March 2022 of €45 million, adjusted for: (i) a premium loan liability in Promontoria 264 B.V linked to previous refinancing costs that should have been cancelled post the latest refinancing in February 2022, resulting in a positive impact of €5 million; (ii) an accrual on unrealized foreign exchange gain relating to a loan, resulting in a negative impact of €11 million; (iii) €25 million of pro forma net profits before income tax and non-controlling interests contribution from the Target Group's material acquisitions referred to at Paragraph 9.2.8; and (iv) extraordinary income of €2 million.

(i) Creating the pre-eminent global air cargo handling platform

The Proposed Acquisition will position SATS as the largest cargo handler globally, managing over 9 million tonnes of cargo[6]. Through WFS, SATS will gain leading positions in strategic hubs connecting key trade lanes across North America and Europe to complement its foothold in Asia Pacific.

With complementary networks and minimal geographical overlap, the combined entity will offer an Americas-Europe-Asia Pacific network with an unmatched global footprint of 205 cargo and ground stations in 23 countries while securing foundation positions in new growth markets of India, Latin America and Africa. This enables SATS to be the provider of mission critical services to customers, on a worldwide basis, providing end-to-end solutions at consistent service levels.

Figure 1: Key trade routes and network coverage of SATS and WFS



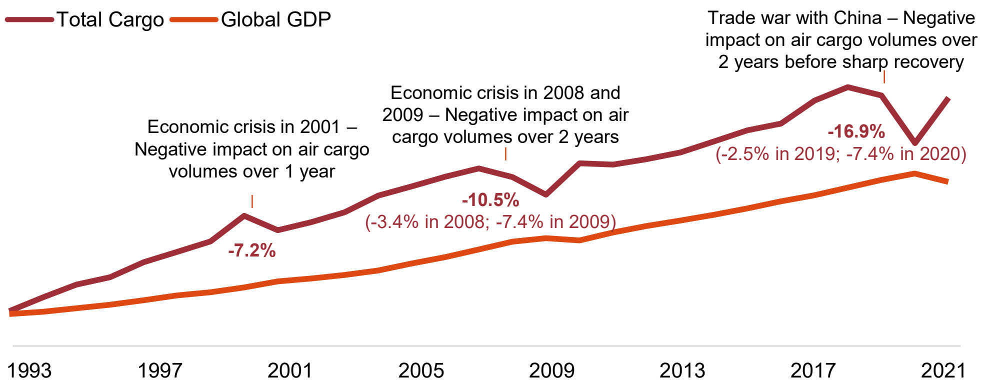
SATS will gain access to new air cargo transit channels such as the domestic United States and North America-Europe routes, which make up 19% and 6% of the total international air volume respectively. Together, the combined business will have a network covering more than 50% of the volume of the international air cargo market.

(ii) Increased exposure to the highly attractive and resilient global air cargo handling market

The Proposed Acquisition will accelerate SATS' growth in the cargo handling market which has proven resilient across cycles and is enjoying structural growth tailwinds. Driven by sustained eCommerce growth and demand for high value cargo handling capabilities, air cargo volumes have outperformed GDP growth.

[6] Based on SATS cargo tonnage for twelve months ended March 2022 of 2.8 million, and WFS cargo tonnage for the year ended December 2021 of 6.3 million. Includes proportionate volume from associates and joint ventures.

Figure 2: Air Cargo Volumes Outperform GDP Growth[7]



By leveraging WFS' capabilities in express cargo handling and high value-added handling services such as pharmaceuticals and perishables, the combined business will be able to fully capture value emerging from a sustained growth in eCommerce – with projected global growth of 10% per annum[8] – and the increased demand for specialised, bespoke handling services.

The combined business' proposition of global coverage with end-to-end cargo handling expertise under a single entity positions SATS strongly to take advantage of the current structural growth trend where major eCommerce players are increasingly partnering with cargo handlers and customers are expecting service providers to offer a multi-modal and global solution to manage their complex supply chains and provide frictionless connectivity.

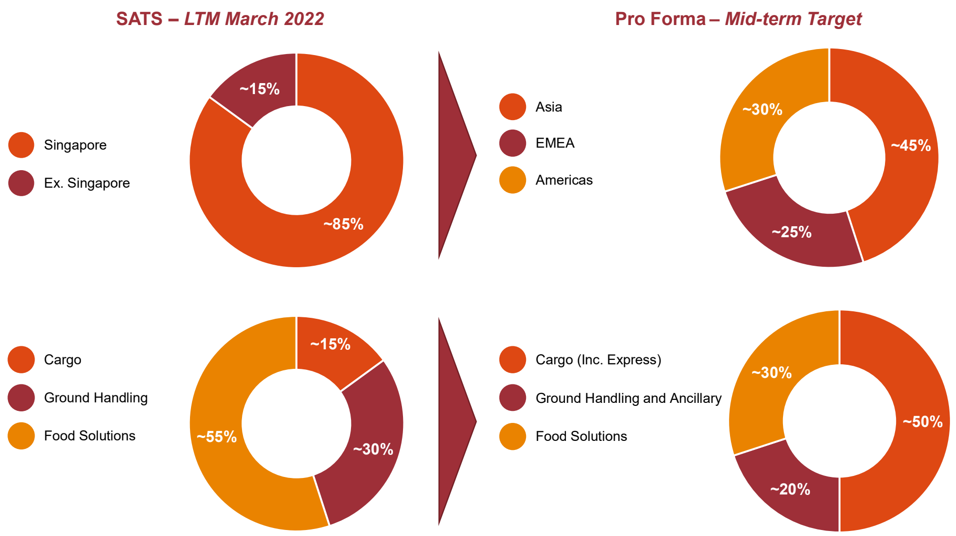
(iii) Reinforcing earnings resilience and diversification through geographic expansion and increased exposure to the air cargo segment

With the Proposed Acquisition, we expect SATS' pro forma revenue contribution to be spread across all regions globally with Asia, EMEA (Europe, Middle East, and Africa), and North America each contributing a significant portion of the FY2025 targeted combined pro forma revenue[9]. This will transform SATS from a Singapore and Asia-centric operator to a global aviation services leader.

The Proposed Acquisition will diversify SATS' business portfolio with the resilient cargo segment expected to represent approximately half of the FY2025 targeted combined pro forma revenue, while continuing SATS' exposure to the attractive food segment (aviation and non-aviation). Food solutions, ground handling and ancillary services will represent the remaining half of the FY2025 targeted combined pro forma revenue.

[7] Source: Albatross.
[8] For the period of 2020 to 2025. Source: eMarketer
[9] Based on combined financial figures presented illustratively as SATS plus WFS in FY2025.

Figure 3: Current revenue and FY2025 targeted combined pro forma revenue contribution by geography and by business segment



Both geographic and business diversification will increase SATS' resilience against future economic cycles and disruptions, with greater earnings robustness supported by a global and diversified customer base.

(iv) Combined insights and capabilities to drive change and innovation across a larger network

SATS will leverage on the combined group's collective best practices and know-how to deploy greater investment in technology and automation across a larger, global network.

A rollout of advanced technology across the combined group's platform, coupled with continuous digital transformation and automation, will improve operational efficiency and digitise standard operating procedures. Data analytics will be utilised to evaluate and optimise operating performance and assist with demand planning. New technology such as automatic vehicles and Internet of Things for tracking pallet location and/or availability will be deployed, and existing data infrastructures will be migrated to the cloud.

Data governance and cybersecurity defences will be strengthened across the entire network in tandem with end-to-end visibility and traceability established globally. Further technology innovation will be pursued through partnerships with leading technology companies to co-design and develop innovative cargo handling and airport services across the newly created global platform.

(v) Harnessing synergistic opportunities with an expected EBITDA run-rate in excess of S$100 million over the medium term

Near-term synergies

The combined group will have a stronger value proposition for customers with its Americas-Europe-Asia Pacific network. SATS will identify cross-selling opportunities among the enlarged group's customer bases and accelerate network expansion by securing multi-station contracts with consistent service and harmonised terms to its global customers. SATS will leverage WFS' leading express handling service to secure eCommerce cargo partnerships amongst its Asian-based customers. Other near-term synergy opportunities include economies of scale, premium cargo services, and cost mutualisation.

Medium-term synergies

With a larger capital base and scale enabling increased investment and learning sharing, the combined group will be able to accelerate cargo automation initiatives to enhance productivity and reinforce downstream cargo logistics offerings.

(vi) Delivering a strong and positive financial impact to SATS' investors

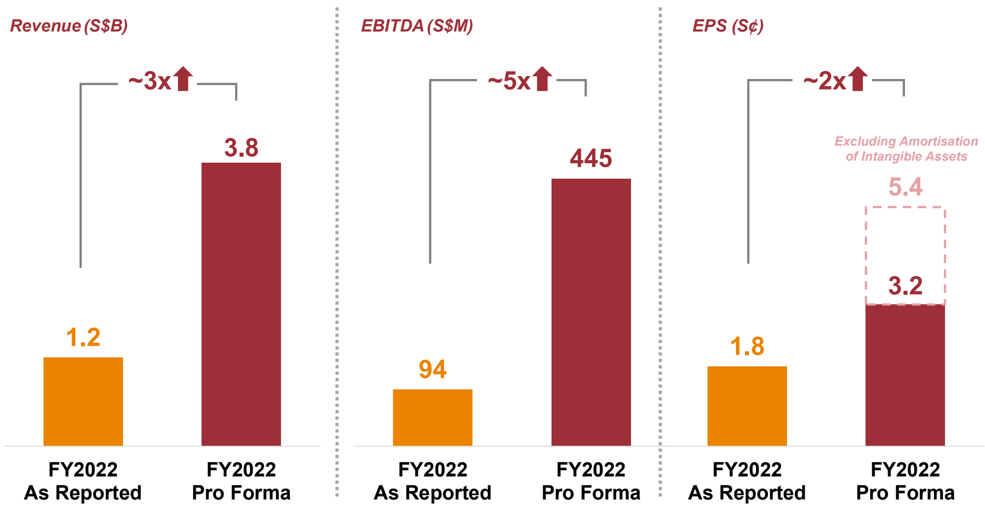
Immediate EPS accretion

The Proposed Acquisition will be immediately accretive with earnings per Share ("**EPS**") increasing from 1.8 Singapore cents to a pro forma EPS of 5.4 Singapore cents (excluding the effect of intangibles amortisation) and 3.2 Singapore cents (including the effect of intangibles amortisation) for the 12-month period ended 31 March 2022 for the combined group.

Step change in revenue and EBITDA with strong operating profitability

The Proposed Acquisition is expected to result in an increase in revenue from S$1.2 billion to S$3.8 billion and an increase in EBITDA from S$94 million to S$445 million on a pro forma basis for the 12-month period ended 31 March 2022 before synergies, with potential run-rate EBITDA synergies in excess of S$100 million over the medium term.

Figure 4: Current and pro forma FY2022 revenue, EBITDA, and EPS



4. INFORMATION RELATING TO THE INSTITUTIONAL SELLER

The Institutional Seller is a cooperative with excluded liability (*coöperatie met uitsluiting van aansprakelijkheid*) incorporated under the laws of the Netherlands, having its official seat (*statutaire zetel*) in Baarn, the Netherlands, and its office at Oude Utrechtseweg 32, 3743 KN Baarn, the Netherlands. The Institutional Seller is an affiliate of Cerberus Capital Management, L.P.

5. KEY TERMS OF THE PROPOSED ACQUISITION

5.1 **The Proposed Acquisition**. Subject to the terms and conditions of the SPA, the Sellers shall sell to SATS International, and SATS International shall acquire from the Sellers, the Sale Shares.

5.2 **Sale Shares**. The Sale Shares shall be sold with full title guarantee, free from encumbrances and together with all rights and advantages attaching to such Sale Shares as at completion of the sale and purchase of the Sale Shares in accordance with the SPA ("**Closing**") (including the right to receive all dividends or distributions declared, made or paid and interest declared, made, accrued or paid at any time on or after Closing).

5.3 **Consideration**[10]. The consideration for the purchase of the Sale Shares under the SPA shall be an amount in cash equal to the sum of:

5.3.1 €1,187 million (approximately equivalent to S$1,639 million) (the "**Base Consideration**"); minus

5.3.2 an amount equal to the Disclosed Transaction Costs (as defined in the SPA), up to a maximum of €30 million (approximately equivalent to S$41 million); plus

5.3.3 an amount equal to the aggregate amount of (a) any Released Deposits (as defined in the SPA), up to a maximum of €39 million (approximately equivalent to S$54 million); and (b) an amount calculated by applying the rate of 2.5 per cent. per annum on each such Released Deposit from (and including) the date on which such Released Deposit is refunded to the Target Group in cash to (and including) the date on which Closing takes place (the "**Closing Date**"), such amount to accrued daily based on 365 days per annum; plus

5.3.4 an amount calculated by applying the rate of 2.5 per cent. per annum to the amount equal to the Adjusted Base Consideration (being the Base Consideration less the Disclosed Transaction Costs), over the period from (and excluding) 31 March 2022 to (and including) the Closing Date, such amount to accrue daily based on 365 days per annum,

(the "**Aggregate Consideration**").

5.4 **Maximum Aggregate Consideration**. The estimated maximum Aggregate Consideration payable to the Sellers under the SPA is €1,271 million (approximately equivalent to S$1,755

[10] In this paragraph 5.3, figures in € have been converted to S$ based on a €:S$ exchange rate of 1:1.3809.

million)[11] (the "**Maximum Aggregate Consideration**"), being the Aggregate Consideration payable assuming that:

5.4.1 there are no Disclosed Transaction Costs;

5.4.2 the maximum amount of Released Deposits, being €39 million (approximately equivalent to S$54 million), had been refunded to the Target Group in cash on 1 April 2022;

5.4.3 Closing takes place on the date falling 6 weeks after the Longstop Date (as defined below); and

5.4.4 there has been no Leakage (as defined in the SPA).

5.5 **Basis of Consideration**. The Aggregate Consideration was arrived at on a negotiated arm's length basis and determined after taking into account, *inter alia*, WFS' financial performance and financial position, and the strategy and rationale of the Proposed Acquisition.

5.6 **Existing Indebtedness of the Target Group**

5.6.1 **Lender Pay-Off Amount**. On Closing, SATS International shall on behalf of the relevant member of the Target Group (a "**Target Group Company**"), pay or procure the payment of the amount required to discharge all amounts owed by any Target Group Company at Closing (including all amounts of principal, interest, fees, expenses, prepayment costs, gross-up payments and any break fees) in relation to certain banking facilities (collectively, the "**Relevant Facilities**") and to release all security in relation to the Relevant Facilities (inclusive of any prepayment costs), including, in each case, any associated withholding or deduction on account of tax (the "**Lender Pay-Off Amount**") to the providers of finance under the Relevant Facilities (or, in the case of any amounts withheld or deducted on account of tax, such amount(s) to the relevant tax authority) in accordance with the SPA.

5.6.2 **Senior Secured Notes**. The Senior Secured Notes (as defined in the SPA) due 2027, having an aggregate principal amount of €990 million[12] (approximately equivalent to S$1,367 million)[13] and issued by a subsidiary of the Target, are not part of the Relevant Facilities and will not be required to be refinanced at Closing.

5.7 **Conditions Precedent.** Closing shall be conditional upon satisfaction (or waiver in accordance with the terms of the SPA) of the conditions set out in **Appendix A**, or their satisfaction subject only to Closing (the "**Conditions**" and each, a "**Condition**").

5.8 **Closing**. Closing will take place on the earlier of:

5.8.1 the Business Day (as defined in the SPA) that is six weeks from (and excluding) the Regulatory Conditions Satisfaction Date (as defined in the SPA, being the date on which

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[11] In this paragraph 5.4, figures in € have been converted to S$ based on a €:S$ exchange rate of 1:1.3809.
[12] Based on a US$ to € exchange rate of 1:1.04.
[13] Based on a €:S$ exchange rate of 1:1.3809.

all of the Regulatory Conditions (as set out in **Appendix A**) are satisfied or waived in accordance with the SPA); and

5.8.2 the Business Day that is the tenth Business Day from (and excluding) the date of an irrevocable notice issued by SATS International to the Sellers on or after the Conditions Satisfaction Notification Date[14] specifying that SATS International is ready and willing to proceed to Closing,

or such other date as may be agreed in writing between SATS International and the Institutional Seller, provided that if the Regulatory Conditions Satisfaction Date is on or prior to 19 December 2022, the Closing Date shall be no later than 28 February 2023.

5.9 **Longstop Date**. If any Condition is not satisfied (or waived in accordance with the terms of the SPA) by 5.00 pm (CET time) on the date falling 10 months from the date of the SPA (subject to the right of the Institutional Seller to extend by a further two months) or such other date as the Institutional Seller and SATS International may agree in writing ("**Longstop Date**"), SATS International or the Institutional Seller may, in their sole discretion, terminate the SPA with immediate effect.

5.10 **Break Fee**. If the SPA is terminated due to:

5.10.1 the EGM not being held by 28 February 2023;

5.10.2 the Resolution not being approved by the Shareholders at the EGM, and:

(i) the Board failing to unanimously and without qualification recommend to the Shareholders to vote in favour of the Resolution; or

(ii) at any time prior to the satisfaction of the Shareholder Condition (as defined in **Appendix A**), the Board withdrawing, adversely modifying or amending, qualifying or proposing to publicly withdraw, adversely modify or amend or qualify its unanimous and unqualified recommendation to the Shareholders to vote in favour of the Resolution;

5.10.3 SATS International failing to make the necessary payments under the SPA on Closing (including payment of the Aggregate Consideration);

5.10.4 the Resolution not being approved by the Shareholders at the EGM by the Longstop Date and any of SATS International, SATS or their affiliates being in breach of their material obligations relating to the Conditions; or

5.10.5 any of the Regulatory Conditions remaining unsatisfied at the Longstop Date, and any of SATS International, SATS or their affiliates being in breach of their material obligations relating to the Regulatory Conditions or Conditions,

[14] "**Conditions Satisfaction Notification Date**" means the date on which the fulfilment of the last of the Shareholder Condition (as defined in **Appendix A**) and the Regulatory Conditions is notified in accordance with the SPA or, if relevant, the date on which the last Condition is waived in accordance with the SPA.

SATS International shall pay to the Institutional Seller an amount equal to €100 million (approximately equivalent to S$138 million)[15] within 30 calendar days of such termination ("**Break Fee**"), provided that SATS International shall not be required to pay the Break Fee if the failure of any Seller, any member of Institutional Seller's group or any Seller's Connected Person (as defined in the SPA) to comply with its material obligations relating to the Shareholder Condition (as defined in **Appendix A**), the Regulatory Conditions or the Conditions was the cause of or resulted in the occurrence of any of the aforementioned termination triggers.

5.11 **Undertakings and Warranties**. Each of the Sellers, SATS International and the Company have agreed to certain undertakings and warranties as are customary for transactions of this nature (the fundamental warranties provided by the Sellers, the "**Sellers' Warranties**"). In addition:

5.11.1 **Warrantors**. the following warrantors:

(i) Craig Smyth;

(ii) François Mirallié;

(iii) Barry Nassberg;

(iv) John Batten; and

(v) Michael Simpson,

(collectively, the "**Warrantors**") have entered into a warranty deed (the "**Warranty Deed**") with SATS International, pursuant to which the Warrantors have agreed to give certain customary warranties in respect of the Target Group (the "**Warranty Deed Warranties**"); and

5.11.2 **W&I Policy**. SATS International has taken out a warranty and indemnity insurance policy with VALE Insurance Partners Europe B.V. (as underwriter and authorised representative of the insurers in all matters arising out of and relating to the policy) to cover all losses, liabilities, costs (including legal costs and experts', consultants' and other professional fees), charges, expenses, actions, proceedings, penalties, taxes, damages, claims and demands arising in relation to breaches of the Sellers' Warranties and the Warranty Deed Warranties.

6. SOURCE OF FUNDS

6.1 **Estimated Total Acquisition Cost**. The estimated total cost of the Proposed Acquisition (the "**Total Acquisition Cost**")[16] is approximately €1,340 million (approximately equivalent to S$1,851[17] million), comprising:

6.1.1 €1,271 million (approximately equivalent to S$1,755 million), being the Maximum Aggregate Consideration; and

[15] Based on a €:S$ exchange rate of 1:1.3809.
[16] The calculations of the estimated Total Acquisition Cost does not include transaction expenses.
[17] In this paragraph 6.1, figures in € have been converted to S$ based on a €:S$ exchange rate of 1:1.3809.

6.1.2 €69 million (approximately equivalent to S$95 million), being the estimated Lender Pay-Off Amount[18].

6.2 Method of Financing

6.2.1 The Company intends to finance the Proposed Acquisition with the proceeds from an equity fund raising as further described below (the "**Equity Fund Raising**"), debt financing, issuance of hybrid securities and/or internal cash resources (collectively, the "**Proposed Funding Plan**").

6.2.2 The base funding plan entails a S$1.7 billion Equity Fund Raising, with the balance amount to be funded through internal cash resources. The final decision regarding the proportion of equity, debt, hybrid securities and cash to be employed to fund the Proposed Acquisition will be made by the Company at the appropriate time, taking into account the optimum gearing level and prevailing market conditions.

6.2.3 The Company has also obtained an acquisition bridge facility for a Singapore dollar equivalent amount of up to €1,200 million (approximately equivalent to S$1,657 million[19]) to fund and complete the Proposed Acquisition, if required. The net proceeds generated from the Proposed Funding Plan will then be applied towards repayment of the acquisition bridge facility, if drawn.

6.3 Equity Fund Raising

6.3.1 The structure and timing of the Equity Fund Raising have not been determined by the Company. The Equity Fund Raising may comprise, subject to the then-prevailing market conditions, a renounceable rights issue of new Shares ("**New Shares**") to existing Shareholders on a *pro rata* basis (the "**Rights Issue**"), and may also be combined with a private placement of New Shares to institutional and/or strategic investors.

6.3.2 The Company continues to evaluate other alternatives to the Equity Fund Raising (including the issuance of other hybrid securities or instruments convertible into New Shares to institutional and/or strategic investors). The details of the Proposed Funding Plan and application of proceeds will be announced on the SGXNET at the appropriate time.

7. NO DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed to the Board as part of the Proposed Acquisition and no director's service contract is proposed to be entered into by the Company with any person in connection with the Proposed Acquisition.

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[18] The Lender Pay-Off Amount figures all assume the relevant change of control consents or waivers are not received. The Lender Pay-Off Amounts in relation to the €160 million revolving credit facility and €7.5 million overdraft facility are assumed to be €0. The UK Grants repayment is assumed to be £4.9 million, which includes estimated potential future grants for the remainder of 2022. It is also assumed that no withholding tax is payable on the Lender Pay-Off Amount.

[19] Based on a €:S$ exchange rate of 1:1.3809.

8. LISTING MANUAL COMPUTATIONS AND PROPOSED ACQUISITION AS A MAJOR TRANSACTION

8.1 **Relative Figures**. Based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2022 ("**FY22**"), the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006[(1)] of the Listing Manual are as follows:

Rule 1006(b): Net profits attributable to the assets acquired, compared with the Group's net loss	(367.2)%[(2)]
Rule 1006(c): Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury Shares	42.6%[(3)]

Notes:

(1) Rules 1006(a), (d) and (e) of the Listing Manual are not applicable to the Proposed Acquisition. Rule 1006(a) does not apply to an acquisition of assets. Rule 1006(d) does not apply as the Company will not be issuing New Shares as consideration for the Proposed Acquisition. Rule 1006(e) does not apply because the Company is not a mineral, oil & gas company.

(2) The adjusted net profits of the Target Group for the 12-month period ended 31 March 2022 were approximately €66 million (approximately equivalent to S$100 million[20]), which is based on (i) the unaudited financial statements of the Target Group for the 12-month period ended 31 March 2022 prepared in accordance with French GAAP[21] for the operating group and Dutch GAAP for the Dutch holding companies, and which has not been converted to SFRS(I) and (ii) the inclusion of the financial effects for the Target Group's material acquisitions referred to at Paragraph 9.2.8, assuming these acquisitions were completed on 1 April 2021. The net loss of the Group for the financial year ended 31 March 2022 was S$27 million. Under Rule 1002(3) of the Listing Manual, net profits means "profit or loss including discontinued operations that have not been disposed of and before income tax and non-controlling interests".

(3) Based on the estimated Maximum Aggregate Consideration (being €1,271 million (approximately equivalent to S$1,755 million)[22]) and the Estimated Lender Pay-Off Amount (being €69 million (approximately equivalent to S$95 million)) and the Company's market capitalisation of S$4,340 million as at 27 September 2022, being the last full day of trading prior to this Announcement. The market capitalisation of the Company is derived by multiplying 1,124,184,170 Shares in issue by the volume-weighted average traded price of S$3.86 on 27 September 2022, being the last full day of trading prior to this Announcement.

8.2 **Application of Rule 1015(7) of the Listing Manual**. As the Proposed Acquisition is an acquisition of profitable asset(s) and only the relative figure computed under Rule 1006(b) of the Listing Manual exceeds 100%, pursuant to Rule 1015(7) of the Listing Manual, the Proposed Acquisition does not constitute a "Very Substantial Acquisition" as defined under Chapter 10 of the Listing Manual.

8.3 **Major Transaction**. As the relative figures computed under Rules 1006(b) and 1006(c) exceed 20%, the Proposed Acquisition therefore constitutes a "Major Transaction" as defined under

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[20] In this note (2), figures in € have been converted to S$ based on a €:S$ exchange rate of 1:1.5077, which was the exchange rate as at 31 March 2022.

[21] The unaudited financial statements of the Target Group were prepared in accordance with the French Commercial Code ("Code de Commerce – Article L.233-16 et seq") completed by the new regulation 2020-01 of the French Accounting Regulation's Committee replacing since 1 January 2021 the old regulation 99-02 of the French Accounting Regulation's Committee ("Comite de la reglementation comptable").

[22] In this note (3), figures in € have been converted to S$ based on a €:S$ exchange rate of 1:1.3809.

Chapter 10 of the Listing Manual and is subject to the approval of Shareholders in general meeting.

9. COMBINED PRO FORMA FINANCIAL EFFECTS

9.1 **Bases**. The combined pro forma financial effects of the Proposed Acquisition on the Group as set out in this paragraph 9 is based on:

9.1.1 the audited consolidated financial statements of the Group for FY22; and

9.1.2 the unaudited financial statements of the Target Group for the 12-month period ended 31 March 2022, prepared in accordance with French GAAP for the operating group and Dutch GAAP for the Dutch holding companies, and which have not been converted to SFRS(I), on which basis the audited consolidated financial statements of the Group for FY22 have been prepared.

9.2 **Assumptions**. For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, *inter alia*, the above bases and the following assumptions:

9.2.1 the total acquisition cost, which includes the estimated aggregate consideration[23] of €1,257 million (approximately equivalent to S$1,736 million) and the Lender Pay-Off Amount[24] of €56 million (approximately equivalent to S$84 million), is €1,313 million (approximately equivalent to S$1,820 million);

9.2.2 the financial effects of the Proposed Acquisition on the Group's net tangible assets ("**NTA**"), net asset value ("**NAV**") and aggregate leverage are computed assuming that the Proposed Acquisition was completed on 31 March 2022;

9.2.3 the financial effects of the Proposed Acquisition on the Group's EPS is computed assuming that the Proposed Acquisition was completed on 1 April 2021;

9.2.4 the structure and timing of the Equity Fund Raising have not been determined by the Company. For illustrative purposes, the Equity Fund Raising is assumed to be undertaken entirely by way of a renounceable rights issue, and assumes 609 million New Shares being issued at an illustrative issue price of S$2.79 to raise S$1.7 billion in aggregate proceeds. The remainder of the total acquisition cost, amounting to S$120 million, is assumed to be funded out of the Company's cash reserves. The Company continues to evaluate alternative modes of fund raising, which may entail a private placement of New Shares or other forms of hybrid securities or instruments convertible into New Shares to institutional and/or strategic investors;

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[23] For purposes of the Combined Pro Forma Financial Effects, the estimated aggregate consideration applies a rate of 2.5 per cent to the Adjusted Base Consideration and Released Deposits as if the transaction were to close on 31 March 2023 and applies a €:S$ exchange rate of 1:1.3809.

[24] For the purposes of the Combined Pro Forma Financial Effects, the Lender Payoff Amount assumes that (i) the Brazil loans and U.S. PSP notes balances are as of 31 March 2022, (ii) the €160 million revolving credit facility and €7.5 million overdraft facility balances are €0 and (iii) the UK grants are not required to be repaid, and is based on a €:S$ exchange rate of 1:1.5077 as at 31 March 2022.

9.2.5 the exclusion of financial effects of a GAAP conversion from French GAAP for the operating group and from Dutch GAAP for the Dutch holding companies into SFRS(I);

9.2.6 the exclusion of financial effects of purchase price allocation under SFRS(I) 3, for illustrating the financial effects on the consolidated NTA of the Group;

9.2.7 the exclusion of transaction costs for the Proposed Acquisition;

9.2.8 the inclusion of the financial effects for the Target Group's material acquisitions of Mercury Air Cargo Services, LLC, Mercury Air Cargo, LLC and Maytag Aircraft LLC (collectively, "**Mercury**") and IAS Logistics DFW, LLC ("**Pinnacle**"), assuming these acquisitions were completed on 1 April 2021, for illustrating the financial effects on the consolidated earnings of the Group;

9.2.9 the exclusion of contingent liabilities of a maximum of £4.9 million (approximately equivalent to S$7.5 million)[25] that may potentially arise as a result of the Proposed Acquisition due to the change of control at the Target Group;

9.2.10 the Target Group's financial information in € have been translated based on an exchange rate of €1.000:S$1.508, and foreign exchange effects have been excluded; and

9.2.11 the purchase consideration for illustrating the financial effects on the consolidated NTA and NAV of the Group comprises the following:

(i) Base Consideration of €1,187 million (approximately equivalent to S$1,639 million); plus

(ii) an amount equal to the aggregate amount of (a) any Released Deposits (as defined in the SPA), up to a maximum of €39 million (approximately equivalent to S$54 million); and (b) an amount equal to €1 million (approximately equivalent to S$1 million) calculated by applying the rate of 2.5 per cent. per annum on each such Released Deposit from (and including) the date on which such Released Deposit is refunded to the Target Group in cash to (and including) the assumed Closing Date of 31 March 2023, such amount accrued daily based on 365 days per annum; plus

(iii) an amount equal to €30 million (approximately equivalent to S$41 million), calculated by applying the rate of 2.5 per cent. per annum to the amount equal to the Adjusted Base Consideration (being the Base Consideration less the Disclosed Transaction Costs), over the period from (and excluding) 31 March 2022 to (and including) the assumed Closing Date of 31 March 2023, such amount accrued daily based on 365 days per annum.

9.3 **Pro Forma Financial Effects**. The pro forma financial effects of the Proposed Acquisition as set out below are strictly for illustrative purposes and do not necessarily reflect the actual

[25] Based on a £ to S$ exchange rate of 1:1.55.

financial position and performance of the Company or the Group, prepared according to the relevant accounting standards, following the Proposed Acquisition.

9.4 Combined Pro Forma Financial Effects

9.4.1 NTA

	As at 31 March 2022	Immediately following Closing
NTA (net of minority interest) of the Group (S$ million)	1,049	(236)
Number of Shares excluding Treasury Shares (million)	1,122	1,731
NTA (net of minority interest) per Share (S$ cents)	93.5	(13.7)

9.4.2 NAV

	As at 31 March 2022	Immediately following Closing
NAV (net of minority interest) of the Group (S$ million)	1,603	3,309
Number of Shares excluding Treasury Shares (million)	1,122	1,731
NAV (net of minority interest) per Share (S$ cents)	142.8	191.1

9.4.3 EPS

	FY22	Immediately following Closing	
		Including Amortisation of Intangible Assets[26]	Excluding Amortisation of Intangible Assets
Net profit attributable to the owners of the Company for FY22 (S$ million)	20	56	94

[26] The inclusion of financial effects for the amortisation of intangible assets (net of tax effects) arising from the provisional purchase price allocation under SFRS(I) 3 assuming the Proposed Acquisition was completed on 1 April 2021.

Weighted average number of Shares in issue used for computing basic EPS	1,121	1,730	1,730
Weighted average number of Shares in issue used for computing diluted EPS	1,125	1,735	1,735
Net profit per Share (S$ cents) – basic	1.8	3.2	5.4
Net profit per Share (S$ cents) – diluted	1.8	3.2	5.4

9.4.4 Aggregate Leverage – Debt to Equity (Including the Company's Lease Liabilities)

	As at 31 March 2022	**Immediately following Closing**
Equity (S$ million)	1,834	3,534
Debt (S$ million)	838	2,507
Debt to Equity Ratio	46%	71%

9.4.5 Aggregate Leverage – Net Debt to EBITDA[27] (Including the Company's Lease Liabilities)

	As at 31 March 2022	**Immediately following Closing**
Net Debt (S$ million)	52	1,519
EBITDA (S$ million)	94	445
Net Debt to EBITDA	0.5x	3.4x

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of the Board: (i) none of the directors (other than in his/her capacity as director or Shareholder, as the case may be) of the Company has any interest, direct or

[27] EBITDA refers to earnings (including share of results of associates/joint ventures) before interest, tax, depreciation and amortisation, and excludes other non-operating gain/loss.

indirect in the Proposed Acquisition; and (ii) there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Proposed Acquisition.

11. FURTHER INFORMATION

11.1 **Circular**. The Proposed Acquisition is subject to Shareholders' approval. As such, a circular containing further information on the Proposed Acquisition, together with a notice of the EGM, will be despatched by the Company to Shareholders in due course.

11.2 **Documents for Inspection**. A copy of the SPA and the Warranty Deed will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this Announcement.

11.3 **Financial advisers**. BofA Securities is the lead financial adviser to SATS Ltd. in respect of the Proposed Acquisition. DBS Bank Ltd. is the financial adviser to SATS Ltd. in respect of the Proposed Acquisition[28].

12. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to the Conditions and there is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

13. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to the Target Group and the Sellers, including in this Announcement (the "**Third Party Information**")) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein (other than information relating to the Third Party Information) are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Sellers or the Target Group (including the Third Party Information), the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the Company do not accept any responsibility for any information relating to the Third Party Information or any information obtained from the Sellers or the Target Group.

[28] In relation to advisory and regulatory matters in Singapore.

For and on behalf of the Board
SATS Ltd.
Low Siew Tian
Assistant Company Secretary

28 September 2022
Singapore

Any enquiries relating to this Announcement should be directed during office hours to the following:

SATS Ltd.	**BofA Securities**	**DBS Bank Ltd**.
Tel: (65) 6541 8200	Global Investment Banking	Strategic Advisory
	Tel: (65) 6678 3655	Tel: (65) 6878 2150

Appendix A
Conditions Precedent

1. **Conditions**. Closing is conditional upon satisfaction (or waiver in accordance with the SPA) of the following conditions, or their satisfaction subject only to Closing:

(a) **Shareholder Condition**

the passing at a general meeting of the Company of the Resolution required pursuant to rule 1014 of the Listing Manual (the "**Shareholder Condition**"); and

(b) **Regulatory Conditions**

(i) clearance pursuant to Council Regulation (EC) 139/2004 (as amended) (the "**EU Regulation**") by way of the European Commission taking a decision (or being deemed to have taken a decision) to either:

(1) find that the Proposed Acquisition does not fall within the scope of the EU Regulation pursuant to Article 6(1)(a) of the EU Regulation;

(2) declare the Proposed Acquisition compatible with the internal market pursuant to Articles 6(1)(b), 8(1) or 8(2) of the EU Regulation; or

(3) refer the whole or part of the Proposed Acquisition to the competent authorities of one or more EU Member States under Article 9(3) of the EU Regulation and:

(I) each such authority taking a decision with equivalent effect to that referred to in paragraphs 1(b)(i)(1) or 1(b)(i)(2) above with respect to those parts of the Proposed Acquisition referred to it; and

(II) the European Commission taking any of the decisions referred to in paragraphs 1(b)(i)(1) or 1(b)(i)(2) above with respect to any part of the Proposed Acquisition retained by it;

(4) the occurrence of the following under the applicable Antitrust Laws in each of the United States, Brazil, Singapore and Thailand:

(I) all required notifications and filings in relation to the Proposed Acquisition having been made; and

(II) the expiry, lapsing or termination of all mandatory waiting and other necessary time periods and any extensions thereof or, where applicable, the obtaining of the necessary consents, approvals or clearances from the relevant Regulatory Authority of such jurisdiction in relation to the Proposed Acquisition;

(5) the occurrence of the following upon the preparation and submission to the Committee on Foreign Investment in the United States ("**CFIUS**") of a joint voluntary notice regarding the Proposed Acquisition pursuant

to 31 C.F.R. §800.501 (the "**CFIUS Filing**") in accordance with the requirements of section 721 of the Defense Production Act of 1950, as amended, and all implementing regulations issued and effective thereunder (together, the "**DPA**"):

(I) CFIUS having issued a written notification of CFIUS's determination that (i) the Proposed Acquisition does not constitute a "covered transaction" under the DPA; or (ii) CFIUS having completed its review and, if applicable, any investigation of the CFIUS Filing, having determined that there are no unresolved national security concerns with respect to the Proposed Acquisition and concluded all action under the DPA; or

(II) CFIUS having sent a report to the President of the United States (the "**President**") requesting the President's decision with respect to the Proposed Acquisition, and either (i) the period under the DPA during which the President may announce his or her decision having expired without his or her taking any action to suspend or prohibit the Proposed Acquisition; or (ii) the President having announced a decision not to take any action to suspend or prohibit the Proposed Acquisition; and

(6) the occurrence of the following under the applicable Foreign Investment Laws in each of the United Kingdom, Denmark, France, Germany and Spain:

(I) all required notifications and filings in relation to the Proposed Acquisition having been made; and

(II) the expiry, lapsing or termination of all mandatory waiting and other necessary time periods and any extensions thereof or, where applicable, the obtaining of the necessary consents, approvals or clearances from the relevant Regulatory Authority of such jurisdiction in relation to the Proposed Acquisition; and

(c) **No Orders**:

no Authority shall have issued an Order or enacted by any Applicable Law that remains in effect and makes illegal or prohibits Closing, provided that where such illegality or prohibition only relates to part of the Target Group, this Condition shall only apply if such part of the Target Group generated annual revenue exceeding €30,000,000 (calculated for the 12-month period ending on the Locked Box Date).

2. Definitions

In this **Appendix A**:

(a) "**Antitrust Laws**" means all Applicable Law in the relevant jurisdiction governing the conduct of businesses in relation to anticompetitive agreements or concerted practices, dominant or monopoly market positions and the control of mergers, acquisitions and joint ventures;

(b) "**Applicable Law**" means, in relation to any person, all applicable laws, statutes, legislation, by-laws, rules, regulations, notifications, Orders, ordinances, codes, notices, directions, circulars and/or other requirements of any Authority, in force from time to time and to which such person is subject;

(c) "**Authority**" means any government, quasi-government, governmental department, ministry, commission, bureau, court, agency, statutory or regulatory authority, instrumentality or administrative body which is acting in such capacity;

(d) "**Foreign Investment Law**" means any Applicable Law in the relevant jurisdiction that is designed or intended to prohibit, restrict or regulate actions by foreigners or non-domiciled persons to acquire interests in domestic equities, securities, entities, assets, land or interests on national security or public order grounds; and

(e) "**Order**" means a judgment, writ, injunction or decree.