



BUSINESS UPDATE

SATS Q1 REVENUE GREW 36.2% YoY TO \$375.5M

- Group revenue increased \$99.9M YoY on the back of travel growth to 55% of pre-pandemic flights and inclusion of Asia Airfreight Terminal's revenue of \$32.4M;
- Share of results of associates/joint ventures improved to \$6.9M from a loss of \$1.2M a year ago;
- PATMI declined \$28.9M YoY with lower government grants and increased costs as the Group invests in resources ahead of full aviation recovery.

SINGAPORE, 22 July 2022 – SATS Ltd (SATS) today reports its business update for the first quarter ended 30 June 2022.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	1Q FY23 (S\$ million)	1Q FY22 (S\$ million)	Favourable / (Unfavourable) YoY Change (S\$ million)	Favourable / (Unfavourable) YoY Change (%)
Revenue	375.5	275.6	99.9	36.2
Expenditure	(409.8)	(272.1)	(137.7)	(50.6)
Operating loss	(34.3)	3.5	(37.8)	n.m.
Share of earnings of associates/joint ventures, net of tax	6.9	(1.2)	8.1	n.m.
Loss attributable to owners of the Company (PATMI)	(22.5)	6.4	(28.9)	n.m.
<i>PATMI excluding reliefs</i>	<i>(31.9)</i>	<i>(35.6)</i>	<i>3.7</i>	<i>10.4</i>
Core PATMI ⁽¹⁾	(22.5)	6.4	(28.9)	n.m.
<i>Core PATMI excluding reliefs</i>	<i>(31.9)</i>	<i>(35.6)</i>	<i>3.7</i>	<i>10.4</i>
EBITDA ⁽²⁾	13.9	32.9	(19.0)	(57.8)
Earnings per share (cents) - basic	(2.0)	0.6	(2.6)	n.m.
Return on Equity (%/ppt) ⁽³⁾	(1.4)	0.4	(1.8)	n.m.



FY22 refers to the financial year from 1 April 2021 to 31 March 2022

FY23 refers to the financial year from 1 April 2022 to 31 March 2023

1. Core PATMI refers to net profit/(loss) attributable to owners of the Company excluding one-off items.

2. EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excludes one-off items. Excluding Share of results of associates/joint ventures, EBITDA for 1QFY23 and 1QFY22 would be \$7.0M and \$34.1M respectively.

3. Return on equity ("ROE") is profit/(loss) attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non-annualised).

n.m. – not meaningful

GROUP EARNINGS

1Q FY23 (1 April 2022 to 30 June 2022)

Travel recovery is underway in the midst of macroeconomic volatility and uncertainty. Group revenue grew \$99.9 million or 36.2% year-on-year ("YoY") to \$375.5 million, primarily driven by aviation recovery and consolidation of Asia Airfreight Terminal Co. Ltd ("AAT") from March 2022. Revenue from Food Solutions increased 26.4% or \$38.9 million to \$186.2 million, while revenue from Gateway Services grew 49.1% or \$62.3 million to \$189.3 million for this period.

Group expenditure rose \$137.7 million or 50.6% to \$409.8 million mainly from increased business activities as well as the consolidation of AAT. Staff cost was up \$94.7 million from the ramp-up of hiring in support of passenger operations and meal production, lower government grants, and the consolidation of AAT. Cost of raw materials and licence fees increased in line with higher revenue. Depreciation and amortisation rose \$10.7 million due to the consolidation of AAT, while company premises and utilities expenses increased \$8.5



million mainly due to higher utility tariffs and consumption. Other costs increased \$18.5 million mainly due to higher fuel cost and maintenance expenses, coupled with lower government grants.

The Group reported an operating loss of \$34.3 million this quarter, a \$37.8 million difference from an operating profit of \$3.5 million reported a year ago, as the Group mobilised more resources ahead of full aviation recovery coupled with lower government reliefs.

Share of results of associates/joint ventures ("SoAJV") improved \$8.1 million, achieving a profit of \$6.9 million, a reversal from a loss of \$1.2 million in the previous corresponding quarter. The gradual recovery from the pandemic has improved the performance of most associates and joint ventures in the aviation and cargo sector.

Group profit attributable to owners of the Company ("PATMI") recorded a net loss of \$22.5 million. Excluding government reliefs, Group PATMI would have been a loss of \$31.9 million for the period compared to a loss of \$35.6 million in the previous corresponding quarter.

GROUP FINANCIAL POSITION (as at 30 June 2022)

Total equity of the Group declined \$23.4 million to \$1,810.3 million as at 30 June 2022, attributed to the loss incurred in the current quarter.

Non-current assets of the Group decreased \$18.5 million mainly due to reduction in investment in associates as a result of dividends received from the associates, partially offset by share of profits during the quarter.

Current assets of the Group increased \$71.9 million mainly due to higher trade and other receivables on the back of aviation recovery as well as increased prepayment and deposits, offset by lower inventories as well as cash and cash equivalents.

Current liabilities rose \$84.5 million mainly from higher trade and other payables, term loans, partly offset by lower lease liabilities. Trade and other payables increased in line with higher business volume.



Non-current liabilities of the Group fell \$7.7 million mainly from reduction in term loan, deferred tax liabilities, and other non-current liabilities.

The Group continued to maintain a positive net cash position; total cash and cash equivalents of \$765.1 million as at 30 June 2022. Debt to equity ratio including lease liabilities remained healthy at 0.46 times.

OUTLOOK

IATA has projected that global passenger numbers will recover to 83% of pre-pandemic levels at end 2022, fuelled by pent-up demand and the lifting of pandemic restrictions in most markets. While China's zero-COVID policy continue to dampen the pace of recovery for Asia-Pacific, air travel on the whole is expected to increase.

SATS took full advantage of the lull in air travel during the pandemic to invest and embark on numerous digitalisation, automation and innovation initiatives, to improve and strengthen our operational excellence across Food Solutions and Gateway Services.

In support of our growth on the back of aviation recovery, we have been ramping up our operations and building up our resource capacity and capabilities to meet the anticipated increased volume. We expect the recovery trajectory to continue and accelerate in the second half of this year, but inflation will remain a challenge for us to mitigate through productivity measures.

Said **Kerry Mok, President and Chief Executive Officer of SATS Ltd.**, *"SATS remains focused on capitalising on growth opportunities to broaden our revenue streams and replicate our core competencies and capabilities across key markets overseas. We will continue to drive operational excellence, efficiency and productivity across the value chain, to fuel sustainable business growth as well as to mitigate inflationary pressures."*

END

**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.

ANNOUNCEMENT INFORMATION

The complete 1Q FY23 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	1Q FY23	1Q FY22
Revenue	375.5	275.6
Expenditure	(409.8)	(272.1)
Operating (loss)/profit	(34.3)	3.5
Share of results of associates/JVs, net of tax	6.9	(1.2)
Loss before tax	(31.2)	(1.5)
(Loss)/profit attributable to owners of the Company	(22.5)	6.4
Core PATMI	(22.5)	6.4

Per Share Data

Earnings per share (cents)

- Basic ^{R1}	(2.0)	0.6
- Diluted ^{R2}	(2.0)	0.6
Return on turnover (%) ^{R3}	(6.0)	2.3

Financial Position (S\$ million)	As at 30 Jun 2022	As at 31 Mar 2022
Total equity	1,810.3	1,833.7
Total assets	3,345.7	3,292.3
Total debt	839.8	837.9
Gross debt/equity ratio (times) ^{R4}	0.46	0.46
Net asset value per share (\$) ^{R5}	1.41	1.42

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 1 of this media release.

^{R1} Earnings per share (basic) is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.

^{R2} Earnings per share (diluted) is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under various employee share plans.

^{R3} Return on turnover is computed by dividing profit attributable to owners of the Company by total revenue.

^{R4} Gross debt/equity ratio is computed by dividing total debt by total equity.

^{R5} Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares (excluding treasury shares) in issue.



ANNEX B: OPERATING STATISTICS

	1Q FY23	1Q FY22	Change (%)
Passengers Handled ('M)	9.73	0.93	n.m.
Flights Handled ('000)	46.37	13.93	233
Cargo/Mail Processed ('000 tonnes)	593.27	387.38	53
Gross Meals Produced ('M)	13.72	12.87	7
Ship Calls Handled	39	64	(39)

Notes:

- i. *The above operating data cover SATS and its subsidiaries, but does not include joint ventures and associates.*
- ii. *Passengers handled comprise full service and low cost carriers, business aviation, as well as cruise ship passengers.*
- iii. *Gross meals include both in-flight and institutional catering meals.*
- iv. *Cargo handled by AAT have been included in the above operating statistics from April 2022.*