

The logo for 'sats' is a maroon circle with the word 'sats' in white lowercase letters.

sats

1Q FY23 Performance Review

22 July 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.

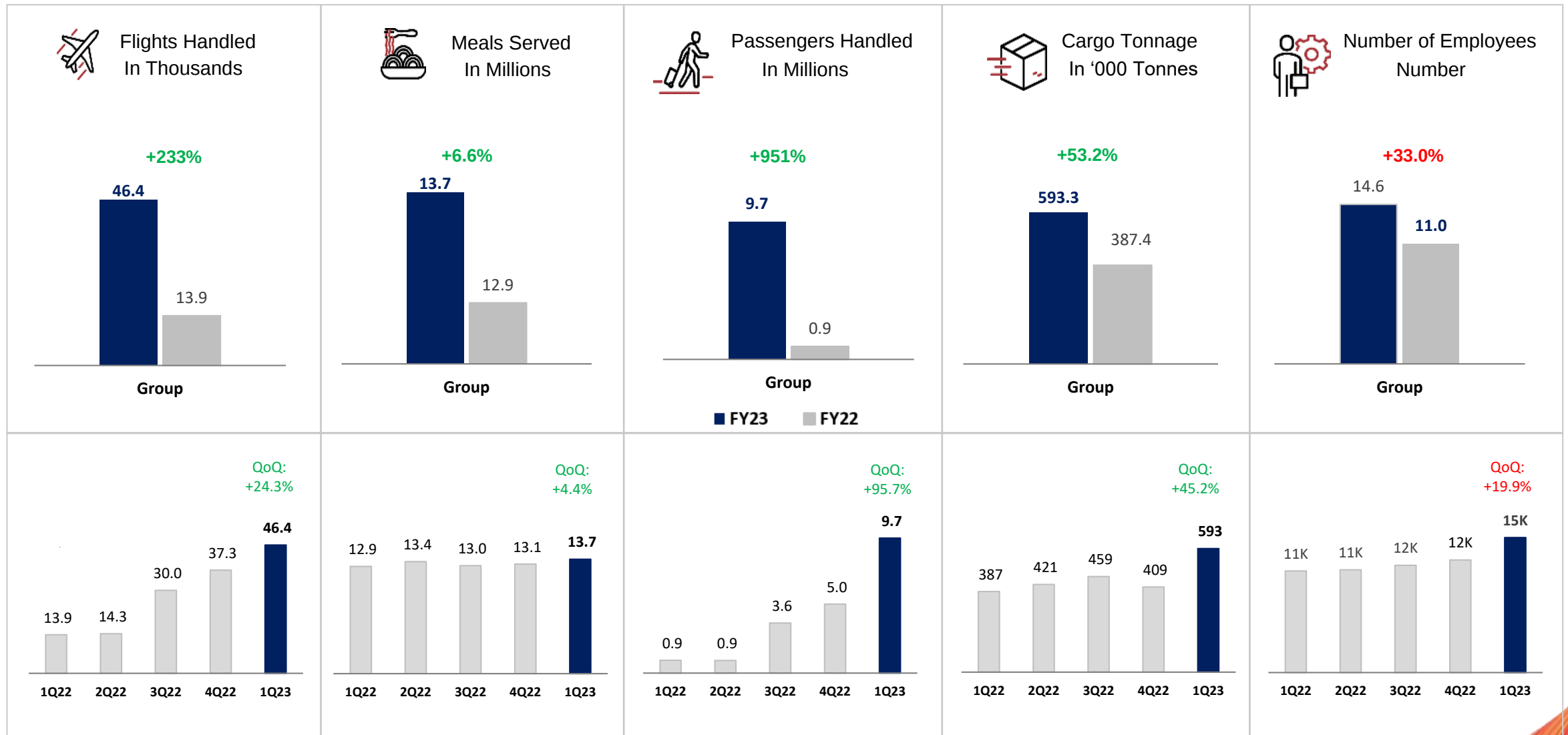
Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward-looking information is based on management’s current views 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.



Agenda

- 1 Business Update**
- 2 Group Financial Review**
- 3 Outlook**
- 4 Q&A**

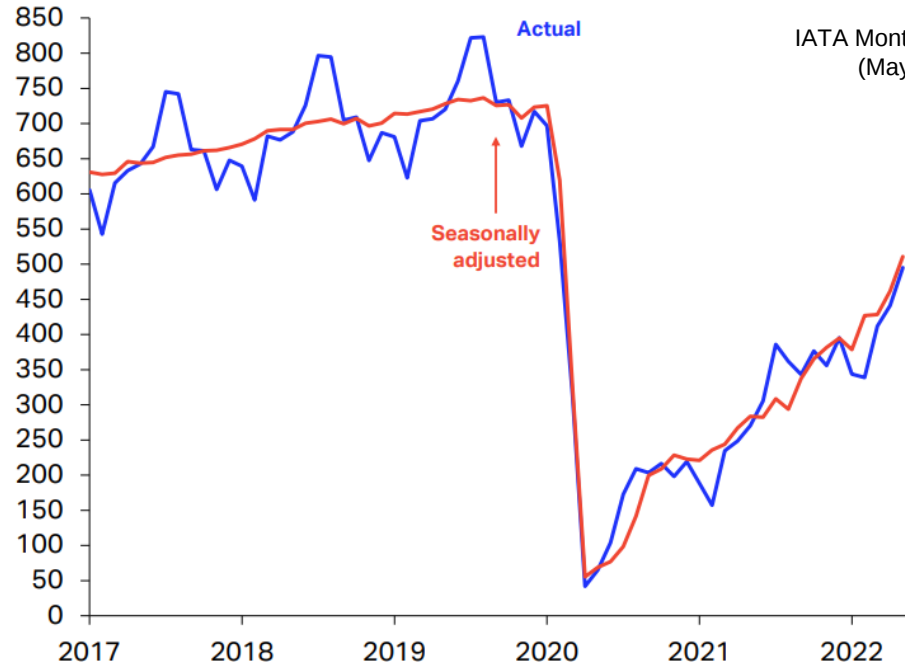
1Q FY23 and QoQ Operating Statistics



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

Travel Recovery Underway

Industry RPKs (billion per month)



Sources: IATA Economics, IATA Monthly Statistics

IATA

IATA Monthly Statistics
(May 2022)

Key highlights of IATA's projections:

- Passenger traffic will reach 83% of pre-pandemic levels in 2022.
- Global Cargo volumes are expected to set a record high of 68.4 million tonnes in 2022.
- Slower growth expected in 2022, GDP growth of 3.4% versus 5.8% rebound last year.
- Inflation has risen and is expected to remain elevated throughout 2022.

<https://www.airlines.iata.org/analysis/travel-recovery-hints-at-profitability-in-2023>

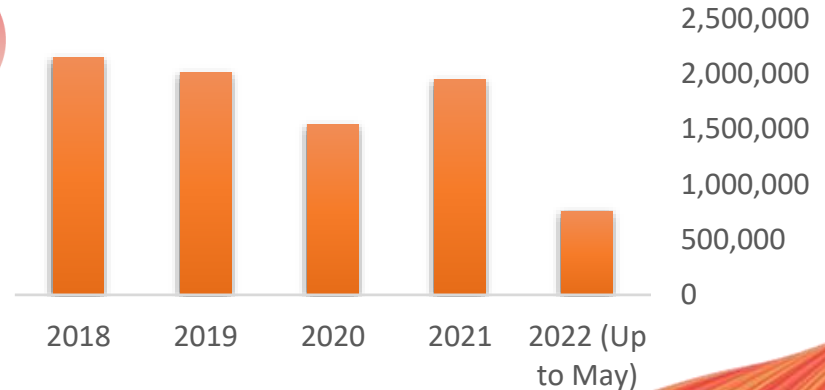
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2018 2019 2020 2021 2022 (Up to May)

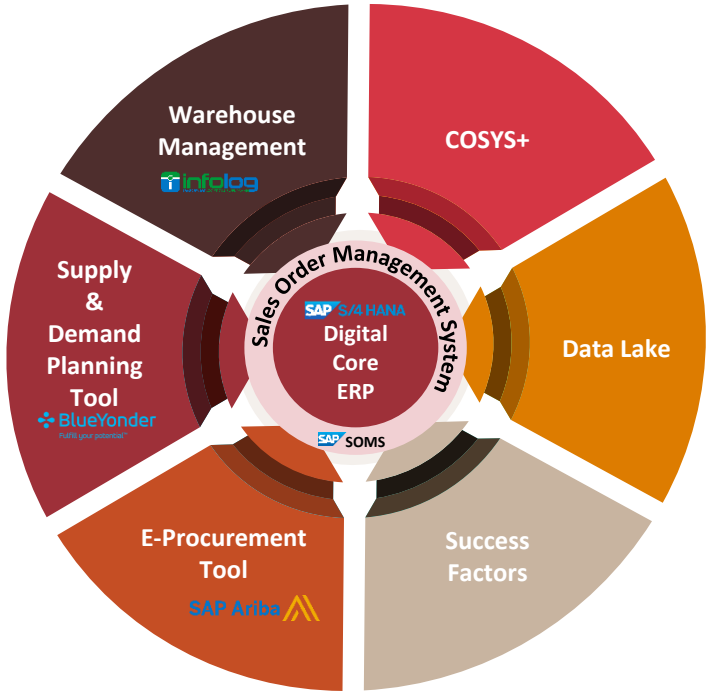
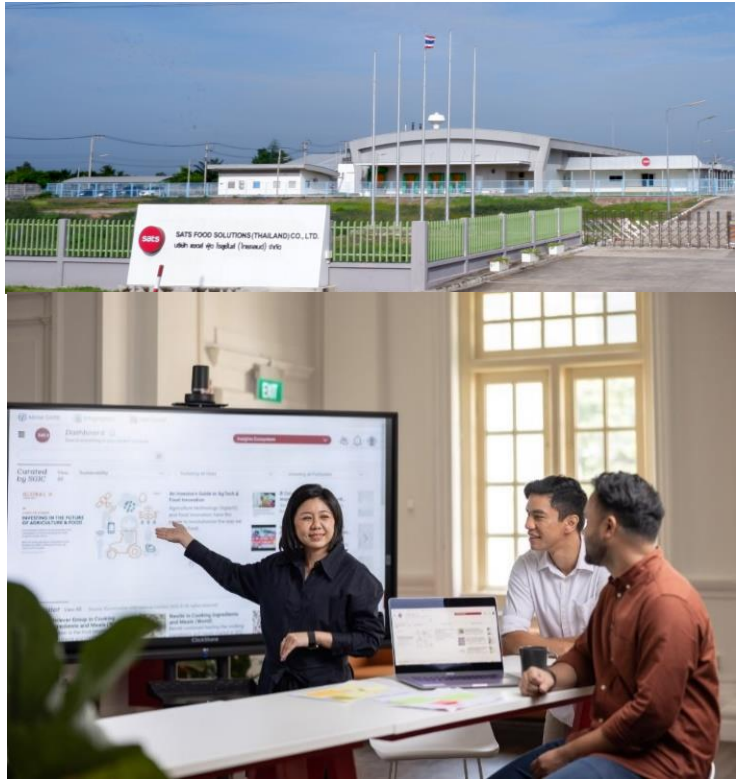


CAG

CAG Air Traffic Statistics
(May 2022)



Enhancing Operational Excellence



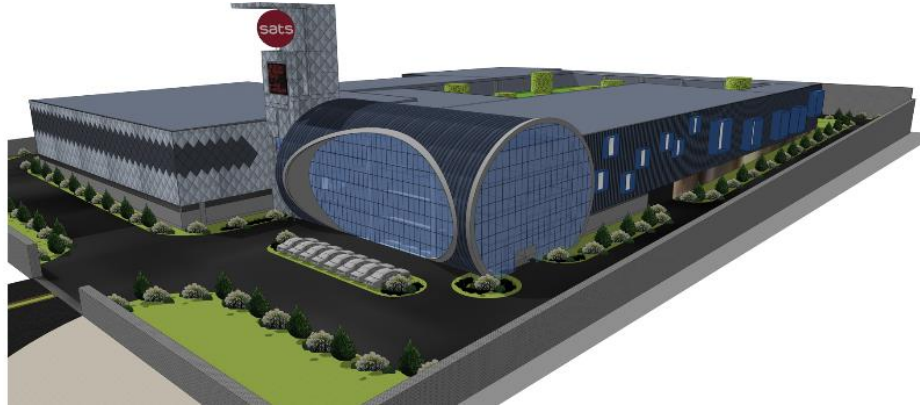
Invested in innovation, automation and digitalisation to achieve productivity and scale efficiency.

Growing Capabilities in Key Markets Overseas



Food

SATS India



Tianjin Kitchen



Gateway



Expanding network capabilities in Saudi Arabia

Seizing Growth Opportunities to Broaden Revenue Streams



Food

Twyst



Gateway

AAT Cargo Terminal



SATS Security Services



Hawker Fare
RTE Meals



Group Financial Review

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Executive Summary: 1Q FY23 Performance

- Revenue increased 36.2% or \$99.9M to \$375.5M against 1Q last year.
- Compared to 4QFY22, revenue increased by 25.4% or \$76.0M.
- 1QFY23 PATMI loss = \$22.5M against 1QFY22 gain of \$6.4M.
- Without government reliefs, core PATMI for 1QFY23 would have been a loss of \$31.9M, which is \$3.7M better than core PATMI for 1QFY22.
- Share of earnings of associates & JVs improved \$8.1M to \$6.9M from a loss of \$1.2M in 1QFY22.
- 1QFY23 EBITDA fell \$19.0M YoY to \$13.9M primarily due to OPEX increase outpacing revenue growth for the quarter with gross relief gap of \$34.2M.

1Q FY23 Highlights

S\$'M	1Q FY23	1Q FY22	YoY var	YoY var %
Revenue	375.5	275.6	99.9	36.2
OPEX	409.8	272.1	(137.7)	(50.6)
EBIT	(34.3)	3.5	(37.8)	n.m.
SoAJV	6.9	(1.2)	8.1	n.m.
PATMI	(22.5)	6.4	(28.9)	n.m.
<i>PATMI %</i>	<i>-6.0%</i>	<i>2.3%</i>		
Core PATMI	(22.5)	6.4	(28.9)	n.m.
EBITDA (+SoAJV)	13.9	32.9	(19.0)	(57.8)
<i>EBITDA Margin (%)</i>	<i>3.7%</i>	<i>11.9%</i>		
<u>Profits excl reliefs</u>				
EBIT	(45.6)	(42.0)	(3.6)	(8.6)
PATMI / CORE PATMI	(31.9)	(35.6)	3.7	10.4

Commentary

- Group revenue improved by \$99.9M (36.2%) as Food and Gateway recorded higher revenue by 26.4% and 49.1% at the back of aviation recovery and AAT consolidation.
 - Increase in Opex driven mainly by higher staff costs (+\$94.7M) due to lower job support grants (\$30.1M), increased business activities and higher contract services.
- Total govt. reliefs included in 1QFY23 Opex was \$11.3M, a \$34.2M reduction YoY.
- SoAJV improved results arising from stronger performance in aviation and cargo units, 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 excl reliefs would have been a loss of \$31.9M, which was \$3.7M better than 1Q FY22.

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

n.m. – not meaningful

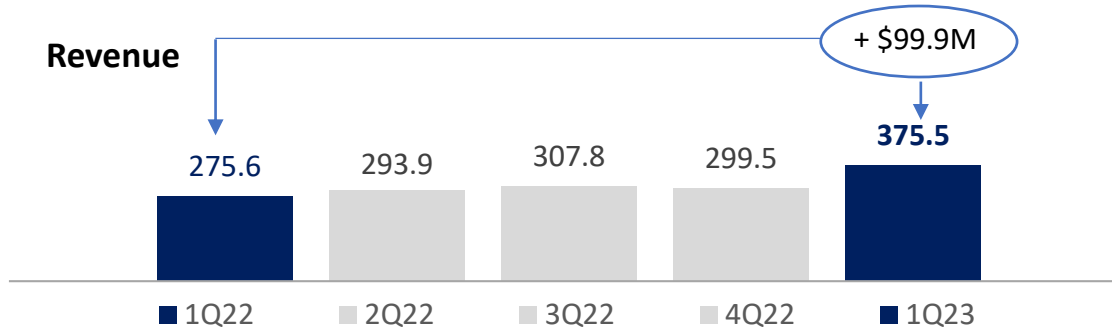
EBIT represents Operating Profits | EPS represents Earnings per share

SoAJV represents Share of results of Associates/JVs

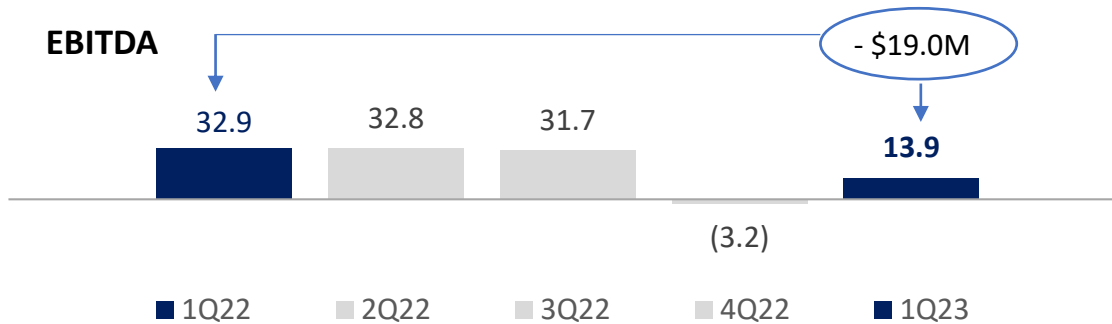
AAT represents Asia Airfreight Terminal Co. Ltd.

1Q FY23 Quarterly Trending

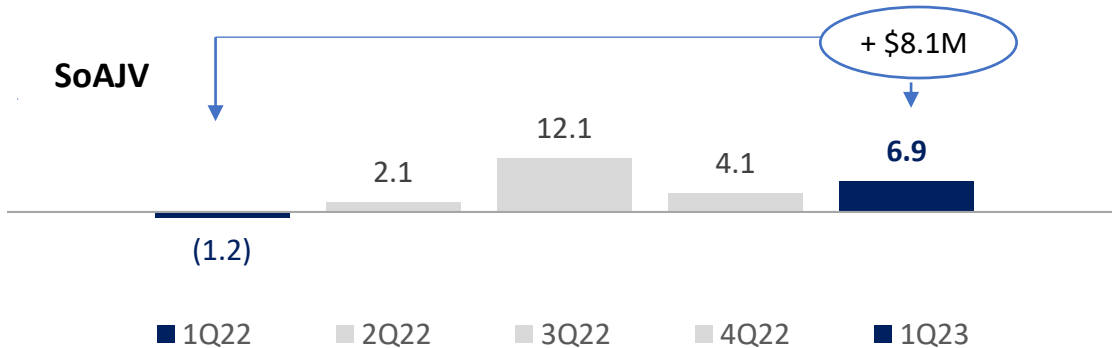
Revenue



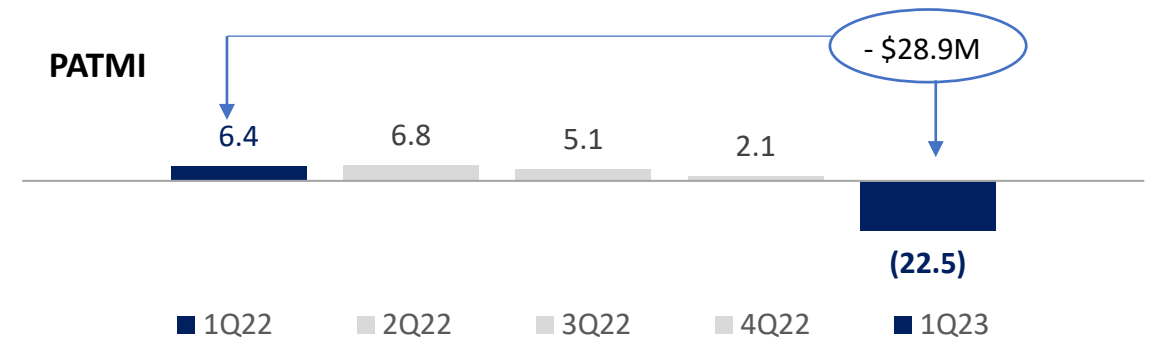
EBITDA



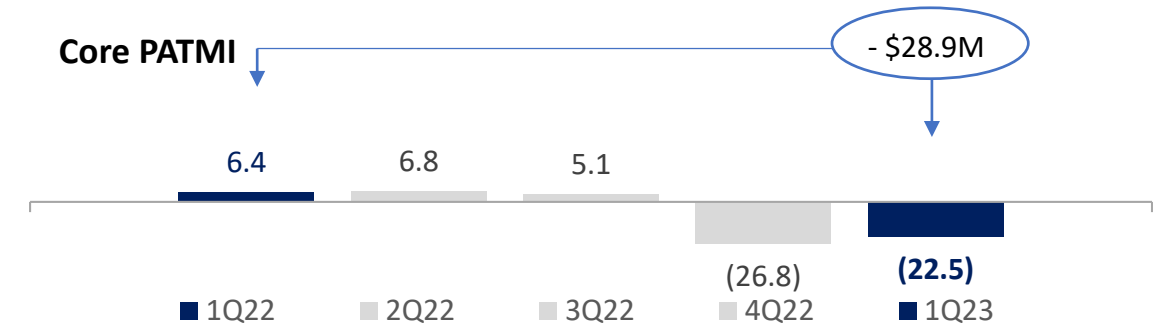
SoAJV



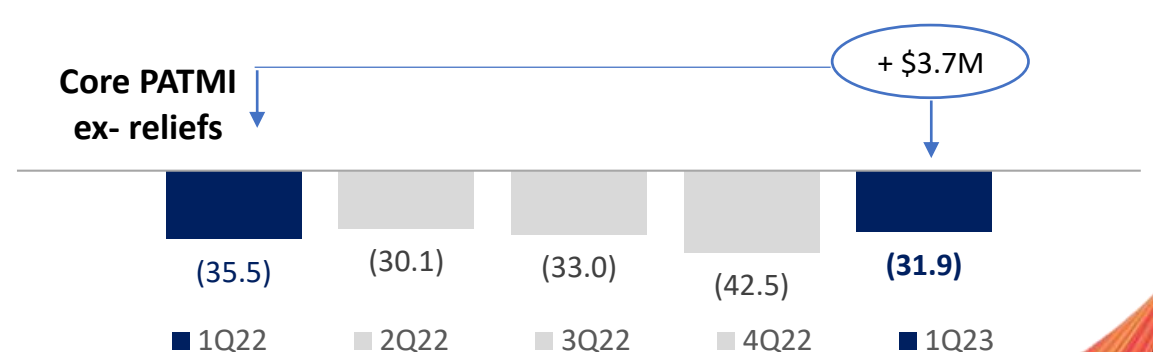
PATMI



Core PATMI



Core PATMI ex- reliefs

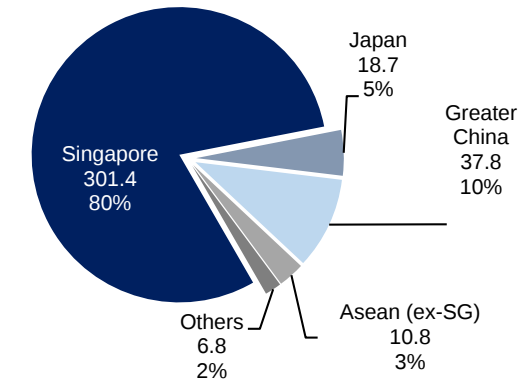
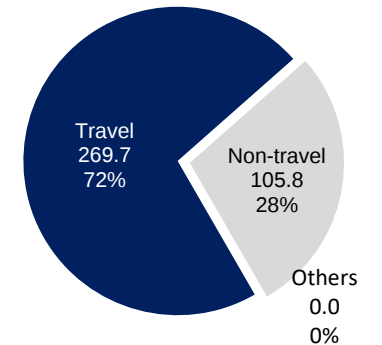
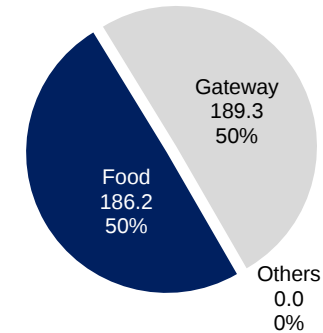


Note: All figures are unaudited and in S\$ m unless otherwise stated.
EBIT represents Operating Profits

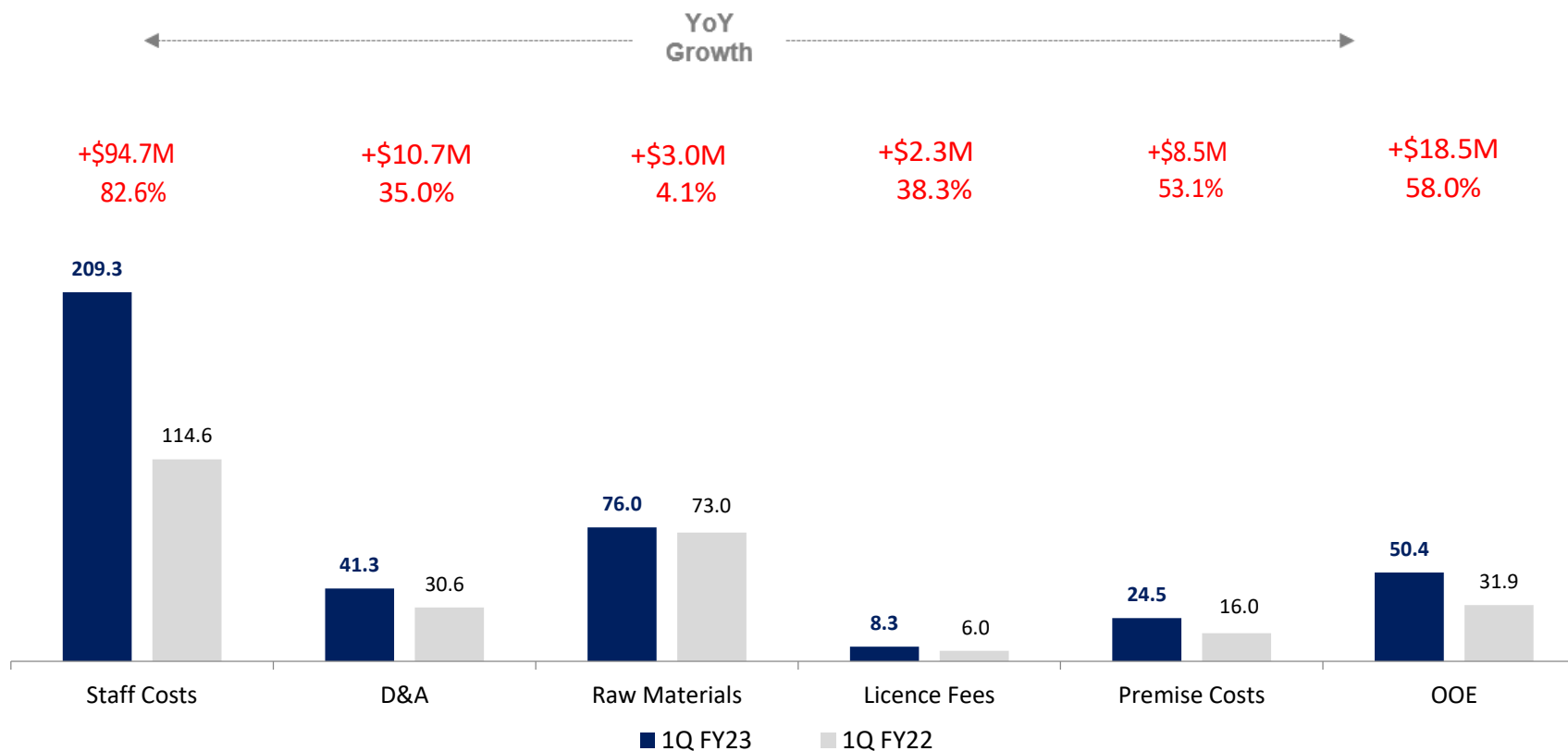


Group Segmented Revenue – 1Q FY23

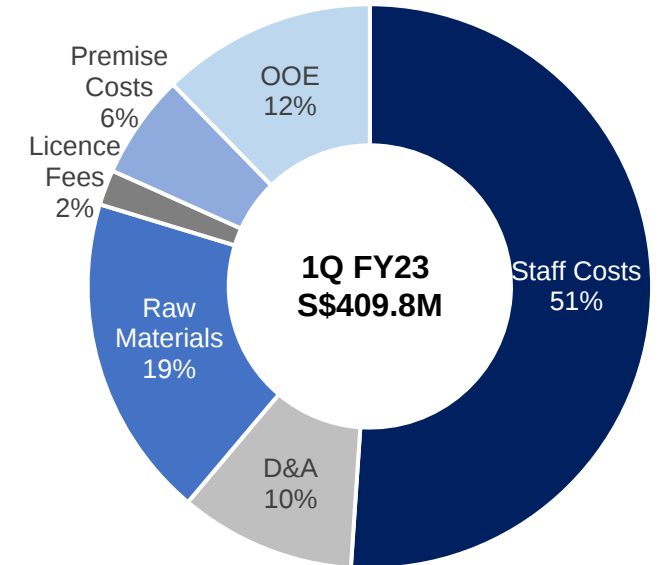
Revenue	1Q FY23	%	1Q FY22	%	Change (%)
By Business:					
Food Solutions	186.2	49.6	147.3	53.4	26.4
Gateway Services	189.3	50.4	127.0	46.1	49.1
Others	0.0	0.0	1.3	0.5	(100.0)
Total	375.5	100.0	275.6	100.0	36.2
By Industry:					
Travel	269.7	71.8	146.7	53.2	83.8
Non-travel	105.8	28.2	127.6	46.3	(17.1)
Others	0.0	0.0	1.3	0.5	(100.0)
Total	375.5	100.0	275.6	100.0	36.2
By Region					
Singapore	301.4	80.2	238.4	86.5	26.4
Japan	18.7	5.0	15.7	5.7	18.9
Greater China	37.8	10.1	15.1	5.5	149.2
Asean (ex-SG)	10.8	2.9	2.3	0.8	366.8
Others	6.8	1.8	4.1	1.5	65.9
Total	375.5	100.0	275.6	100.0	36.2



1Q FY23 Group Expenditure



\$137.7M
50.6%



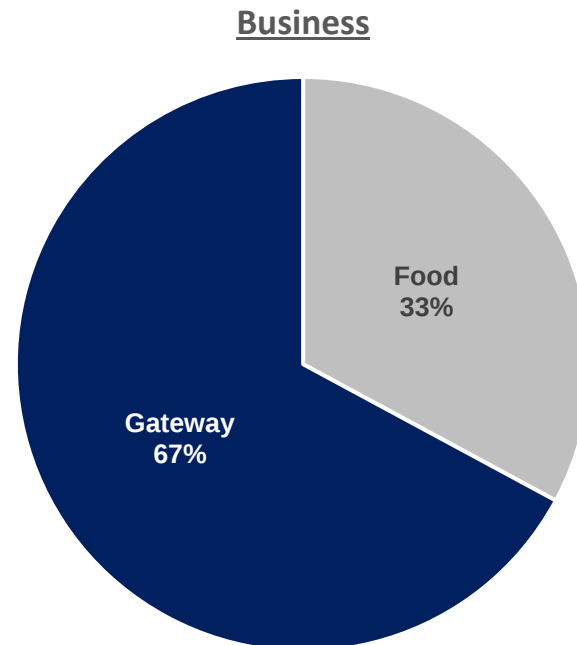
- Higher staff cost caused by lower grant (\$30.1M) and higher headcount, OT, contract services cost for preparation of aviation recovery
- Increase in premise cost from higher business volume and utility tariff rates
- Higher OOE was due to higher professional fees, fuel cost and lower grant.



Associates and Joint Ventures (AJVs)

S\$'M	1Q FY23	1Q FY22	% change
SATS Share of Revenue (SSOR)	85.6	78.1	9.6
Share of earnings / (losses)	6.9	(1.2)	n.m.

Segmental SSOR



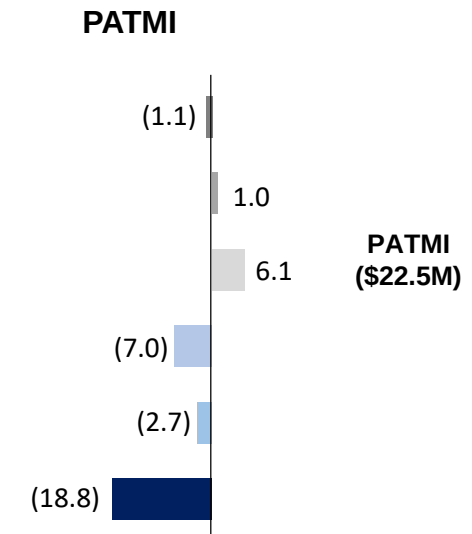
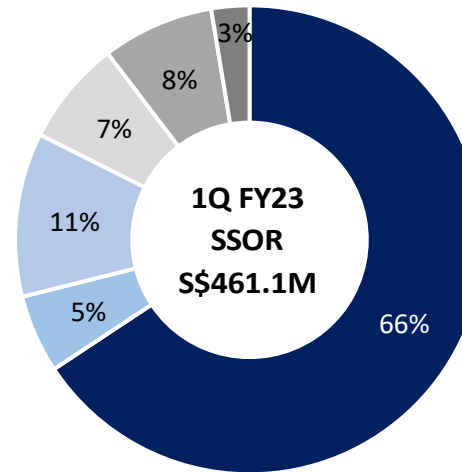
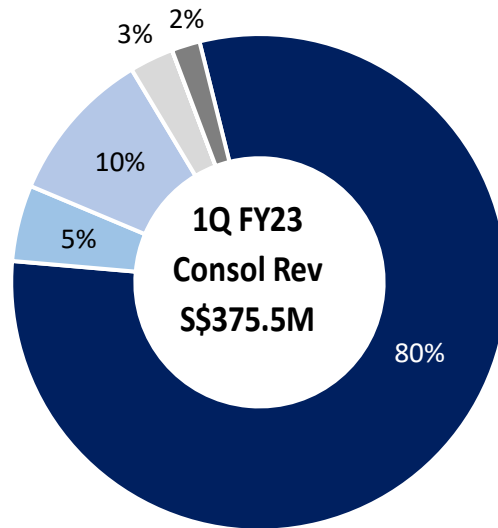
OVERVIEW

- 1Q SSOR increased 9.6% YoY.
- Share of earnings increased by \$8.1M to \$6.9M compared to last year.
- Greater China and India are the 2 largest markets of our AJVs.
- Gateway and Food AJVs represented 67% and 33% of the SSOR, respectively.

Note: All figures are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

1Q FY23 Revenue (Consol & SSOR) and PATMI by region

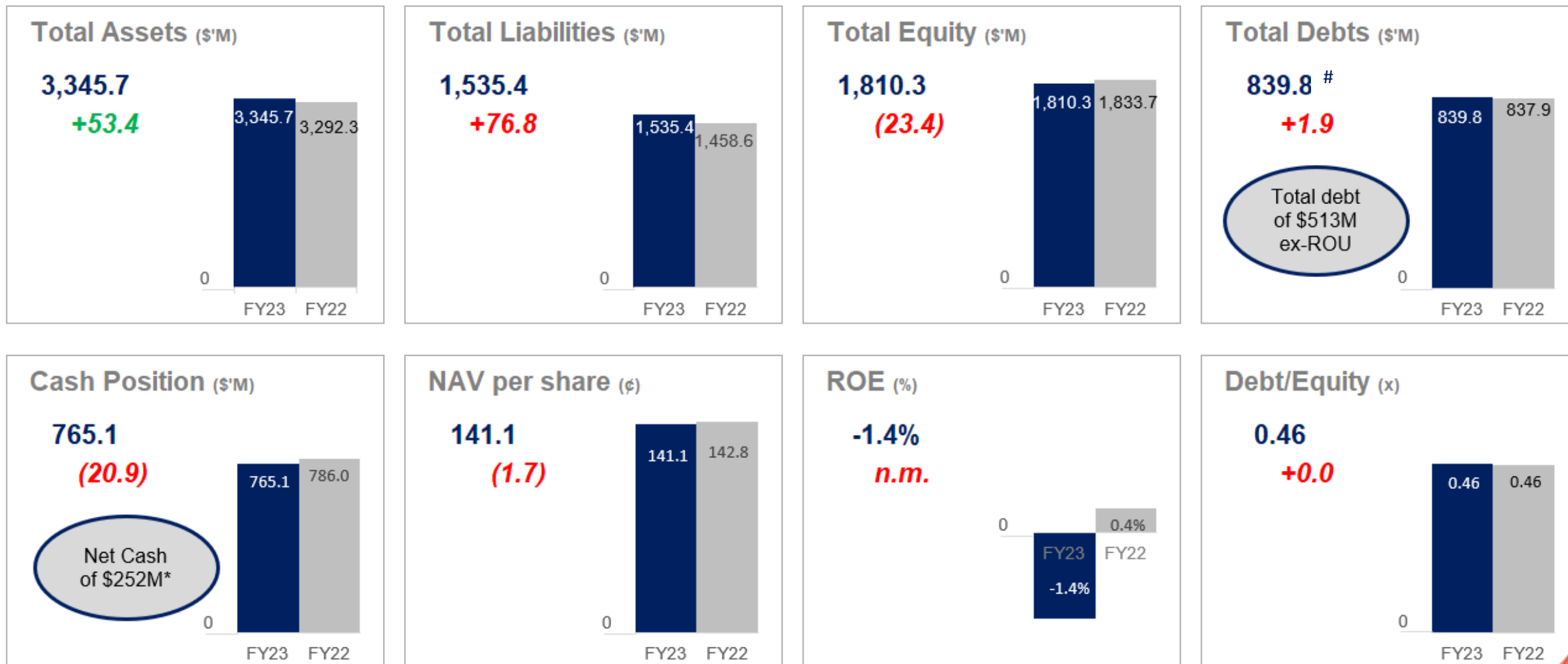
	Consol Revenue	YoY	SSOR			PATMI	YoY
	1Q FY23	%	1Q FY23	1Q FY22	%	1Q FY23	%
Singapore	301.4	26.4	303.0	240.6	25.9	(18.8)	n.m.
Japan	18.7	18.9	24.9	16.6	49.6	(2.7)	(3.8)
Asean (ex-SG)	10.8	366.8	33.4	18.0	85.8	6.1	n.m.
Greater China	37.8	149.2	52.2	45.1	15.6	(7.0)	(169.2)
India	0.0	(117.7)	35.6	24.4	45.9	1.0	n.m.
Others	6.8	75.7	12.0	8.9	35.3	(1.1)	47.8
Total	375.5	36.2	461.1	353.7	30.4	(22.5)	n.m.



■ Singapore ■ Japan ■ Greater China ■ Asean (ex-SG) ■ India ■ Others

Note: All figures are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

FY23 Group Financial Position



Components of the debt: MTN (\$300M), term loans (\$213M) and ROU (\$327M)

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

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

n.m. – not meaningful

Group Balance Sheet

\$M	AS AT 30 JUN 22	AS AT 31 MAR 22	Change %	Commentary
Non-Current Assets	1,977.8	1,996.3	(0.9)	Decrease \$18.5M due to reduction in investment in associates as a result of dividend received partially offset by share of profit during the quarter.
Current Assets	1,367.9	1,296.0	5.5	Increased \$71.9M mainly due to higher trade and other receivables at the back of aviation recovery, increased prepayment and deposits, offset by lower inventories as well as cash and cash equivalents.
Total Assets	3,345.7	3,292.3	1.6	
Non-Current Liabilities	820.3	828.0	(0.9)	Mainly due to reduction in term loan, deferred tax liabilities and other non-current liabilities.
Current Liabilities	715.1	630.6	13.4	Increased \$84.5M 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.
Total Liabilities	1,535.4	1,458.6	5.3	
Equity Attributable to Shareholders	1,583.0	1,602.6	(1.2)	Lower equity was attributable to loss incurred in the current quarter.
Non-Controlling Interests	227.3	231.1	(1.6)	
Total Equity	1,810.3	1,833.7	(1.3)	

Note: All figures as at 30 June 22 are unaudited and in S\$ m unless otherwise stated.

Group Cash Flow Statement

\$M	FY23	FY22	Difference
Net cash (used in)/from operating activities	(4.9)	26.9	(31.8)
Net cash (used in)/from investing activities	(13.0)	0.5	(13.5)
<i>Capital expenditure</i>	<i>(24.7)</i>	<i>(19.0)</i>	<i>(5.7)</i>
<i>Dividends from associates/joint ventures</i>	<i>10.6</i>	<i>18.8</i>	<i>(8.2)</i>
<i>Investment in joint ventures</i>	<i>(0.1)</i>	<i>-</i>	<i>(0.1)</i>
<i>Other investing activities</i>	<i>1.2</i>	<i>0.7</i>	<i>0.5</i>
Net cash used in financing activities	(2.5)	(154.3)	151.8
<i>Repayment of term loans</i>	<i>-</i>	<i>(150.0)</i>	<i>150.0</i>
<i>Repayment of lease liabilities</i>	<i>(13.5)</i>	<i>(5.9)</i>	<i>(7.6)</i>
<i>Proceeds from borrowings</i>	<i>11.0</i>	<i>1.6</i>	<i>9.4</i>
Net (decrease)/increase in cash & cash equivalents	(20.4)	(126.9)	106.5
Effect of exchange rate changes	(0.5)	0.1	(0.6)
Cash & cash equivalents at beginning of financial period	786.0	879.8	(93.8)
Cash & cash equivalents at end of financial period	765.1	753.0	12.1
Free cash flow *	(29.6)	7.9	(37.5)

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

* Free Cash Flow refers to net cash from operating activities less cash purchases of capital expenditure.

Outlook

**Shaping
the Future**



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.”*

Appendix

**Shaping
the Future**

Group Segmented P&L – 1Q FY23

	Food Solutions	Gateway Services	Others	1Q FY23 Total	Food Solutions	Gateway Services	Others	1Q FY22 Total
Revenue	186.2	189.3	0.0	375.5	147.3	127.0	1.3	275.6
EBIT (Loss)/profit	(17.3)	(17.4)	0.4	(34.3)	(11.5)	11.0	4.0	3.5
Net finance expense	(0.9)	(1.6)	(1.4)	(3.9)	(0.7)	(1.0)	(1.7)	(3.4)
Share of results of Associates/JVs (SoAJV)	(0.5)	7.4	0.0	6.9	(4.9)	3.8	(0.1)	(1.2)
Impairment loss on investment in Associates, LT investment & intangible assets, net of write back of earn-out consideration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-operating income/ (expense)	0.2	(0.3)	0.2	0.1	(0.4)	(0.2)	0.2	(0.4)
(Loss)/profit before tax	(18.5)	(11.9)	(0.8)	(31.2)	(17.5)	13.6	2.4	(1.5)
Income tax credit/(expense)	3.1	3.6	(1.9)	4.8	5.3	1.5	(2.7)	4.1
(Loss)/profit for the period	(15.4)	(8.3)	0.4	(26.4)	(12.2)	15.1	(0.3)	2.6
EBITDA	(6.9)	19.3	1.5	13.9	(3.0)	31.5	4.4	32.9
<i>EBITDA (%)</i>	<i>(3.7%)</i>	<i>10.2%</i>	<i>n.m.</i>	<i>3.7%</i>	<i>(2.0%)</i>	<i>24.8%</i>	<i>338.5%</i>	<i>11.9%</i>

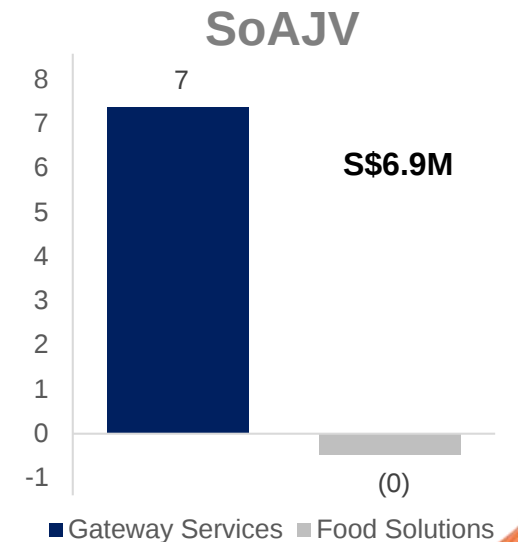
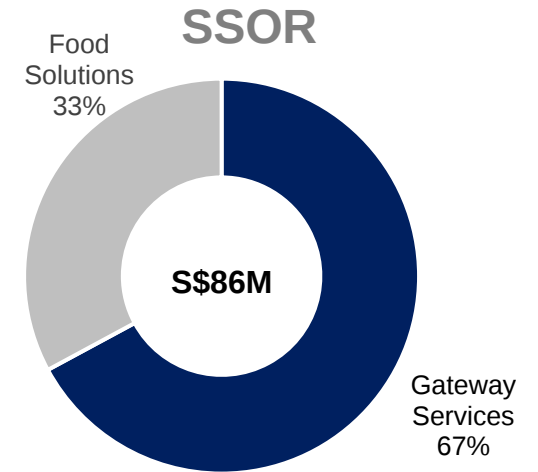
Note: All figures are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful



Summary of key associates / joint ventures

1Q FY23 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	Taj SATS Air Catering/TMFK	Food	12	-	-	-	-	12	-
2	Evergreen Sky Catering	Food	3	-	-	-	3	-	-
3	Beijing Airport Inflight Kitchen	Food	1	-	-	-	1	-	-
4	MacroAsia Catering	Food	4	-	-	4	-	-	-
5	Asia Airfreight Terminal	Gateway	0	-	-	-	0	-	-
6	PT Cardig Aero Services**	Gateway	16	-	-	16	-	-	-
7	Mumbai Cargo Services	Gateway	10	-	-	-	-	10	-
8	Evergreen Airline Services/Air Cargo	Gateway	11	-	-	-	11	-	-
9	Air India SATS Airport Services	Gateway	14	-	-	-	-	14	-
10	OmanSATS	Gateway	3	-	-	-	-	-	3
Sub-total		84.9%	73	0	0	20	14	36	3
Others		15.1%	13	2	6	2	0	0	2
Share of Associates/JVs revenue (SSoR)		100.0%	86	2	6	23	14	36	5
Share of results of Associates/JVs (SoAJV)			7	(1)	0	8	(2)	2	1



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

Based on Group management estimates

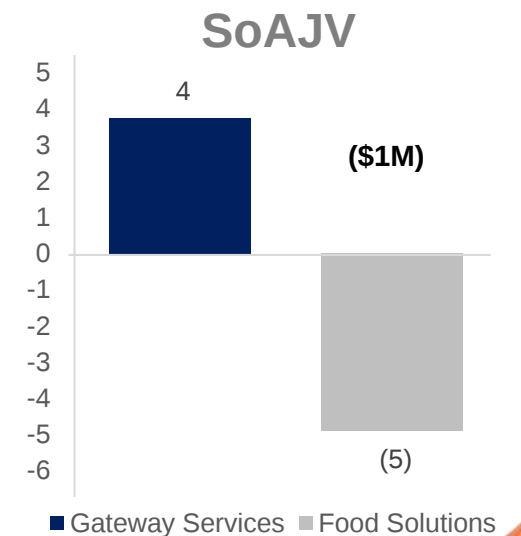
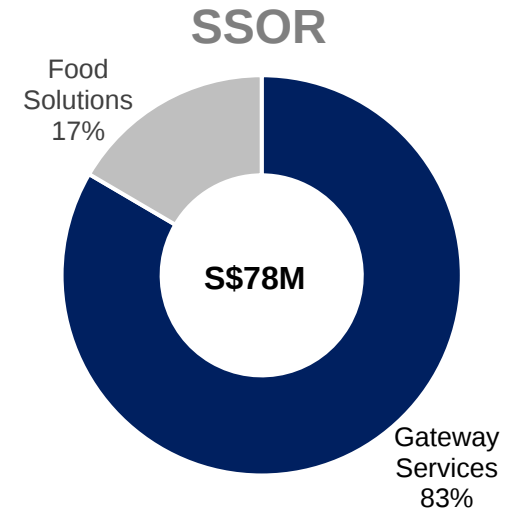
*PT CAS revenue refers to consolidated revenue of PT CAS Group which include PT Jasa Angkasa and PT Purantara Mitra



Summary of key associates / joint ventures

1Q FY22 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	Taj SATS Air Catering/TMFK	Food	5	-	-	-	-	5	-
2	Evergreen Sky Catering	Food	2	-	-	-	2	-	-
3	Beijing Airport Inflight Kitchen	Food	1	-	-	-	1	-	-
4	MacroAsia Catering	Food	1	-	-	1	-	-	-
5	Asia Airfreight Terminal	Gateway	18	-	-	-	18	-	-
6	PT Cardig Aero Services**	Gateway	12	-	-	12	-	-	-
7	Mumbai Cargo Services	Gateway	9	-	-	-	-	9	-
8	Evergreen Airline Services/Air Cargo	Gateway	9	-	-	-	9	-	-
9	Air India SATS Airport Services	Gateway	10	-	-	-	-	10	-
10	OmanSATS	Gateway	2	-	-	-	-	-	2
Sub-total		88.6%	69	0	0	13	30	24	2
Others		11.4%	9	2	1	3	0	0	3
Share of Associates/JVs revenue (SSoR)		100.0%	78	2	1	16	30	24	5
Share of results of Associates/JVs (SoAJV)			(1)	(0)	(0)	1	(0)	(1)	(1)



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

Based on Group management estimates

*PT CAS revenue refers to consolidated revenue of PT CAS Group which include PT Jasa Angkasa and PT Purantara Mitra

Q&A

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1Q FY23 Performance Review

22 July 2022

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