

4Q FY20 Performance Review

9th July 2020



sats



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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.

- 1 Executive Summary & Strategic Update**
- 2 COVID-19**
- 3 Group Financial Review**
- 4 Outlook**

Asia's largest food and gateway services network



FY19

59.9m

Passengers Handled

76.1m

Meals Served

213,160

Flights Handled

1,858k Tonnes

Cargo Handled

13 Countries

Over 60 locations

17,000

Employees

FY20

84.6m

Passengers Handled

82.5m

Meals Served

351,443

Flights Handled

1,791k Tonnes

Cargo Handled

14 Countries

Over 65 locations

17,000

Employees

4

* The above operating data cover SATS and its subsidiaries, but does not include JVs and associates.

* Passengers handled comprises full service and low cost carriers, as well as cruise ship passengers.

* Gross meals include both inflight and institutional catering meals.

* Flights, cargo and passengers handled by GTR and SATS Seletar Aviation Services have been included in the above statistics since January 2019 and April 2019 respectively. Gross meals produced by Nanjing Weizhou are included in the above statistics since October 2019.

Growth initiatives in 4Q FY20



UK



SATS acquired aviation food innovator, Monty's Bakehouse, in February 2020 to enhance its food solutions for aviation customers and develop sustainable food packaging solutions. An innovation centre will be established in Singapore to bring Monty's Bakehouse product and packaging capabilities to airlines across Asia.



Greater China



Huizhou

SATS' indirect subsidiary Nanjing Weizhou Airline Food Co. Ltd., and its partners Guangzhou Guanglian Aviation Services Co. Ltd. and Shenzhen Shunhe Tiancheng Trading Co., Ltd, incorporated a joint venture company, Huizhou Weilian Airline Food Co., Ltd. for the production and distribution of aviation meals.

Middle East

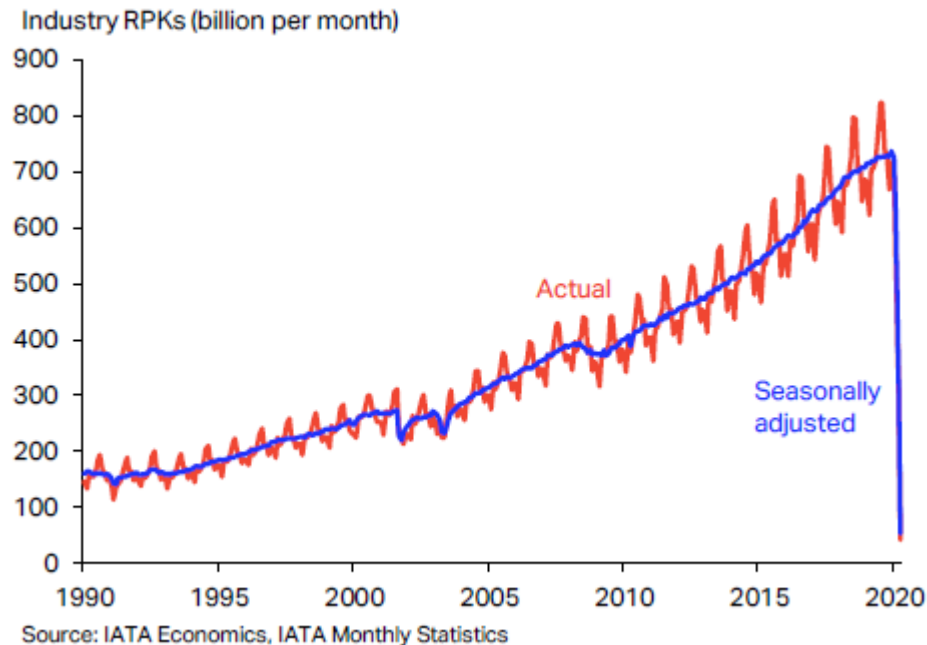


Riyadh

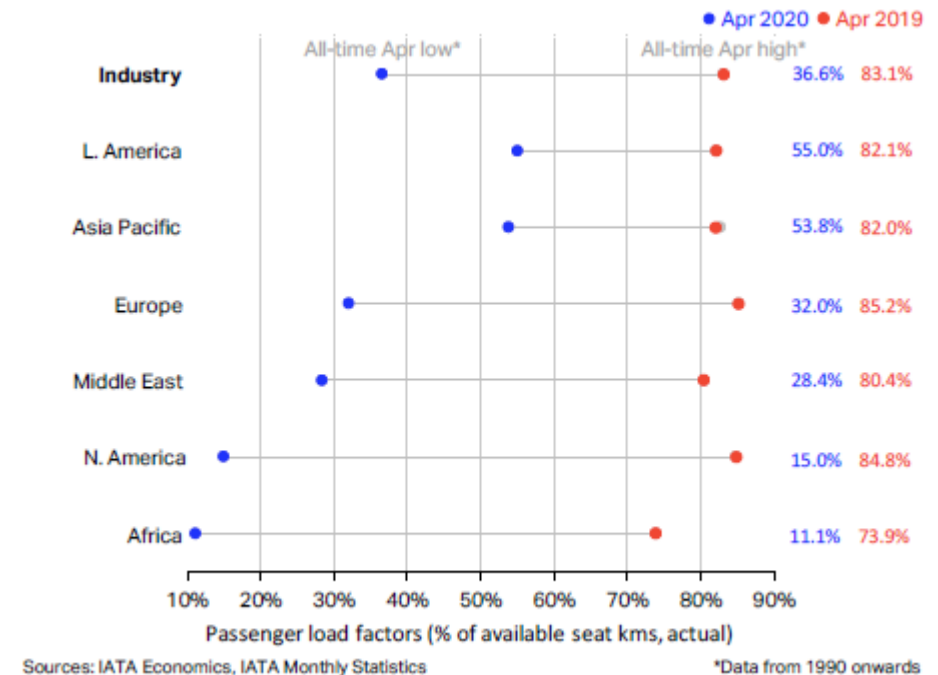
SATS secured its second cargo terminal operation in Saudi Arabia by winning a 25-year concession in King Khalid International Airport (KKIA) in Riyadh.

- Significant drop in air travel globally with countries imposing extensive travel restrictions
- Major airlines have cut their capacity as a result of the sharp decline in air travel demand
- Uncertainty in the recovery of the aviation industry

Air Passenger volumes



Passenger load factors by region



Response to COVID-19

Harnessing SATS capabilities



Singapore



SATS redeployed 10,000 staff into new roles or activities across the Group, with 700 volunteering to work in Singapore's community and healthcare system to help safeguard public health.

By harnessing its culinary know-how to redirect capacity, SATS swiftly pivoted from inflight catering to contingency catering for the non-aviation segments.



SATS worked closely with agencies such as the Singapore Food Agency (SFA) to diversify their sourcing network and strengthen Singapore's food supply resilience, as well as expedite shipments of essential food and medical supplies.

Greater China



SATS' joint venture company, Beijing Aviation Ground Services handled over 14,500 tonnes of cargo on more than 800 chartered flights, to transport medical supplies to numerous locations worldwide.

India



Joint venture TajSATS, supplied over 2 million meals to healthcare and migrant workers across Mumbai, Bangalore, and Delhi in partnership with Taj Public Service Welfare Trust, airport authorities and corporate partners.

UK



Monty's Bakehouse has helped to feed and connect communities across the UK by donating over 75,000 complimentary hot snacks and meals to NHS workers and local community projects.

Redeployment of resources



SATS-Creuers Cruise Services supported the set-up of cruise ships that serve as temporary accommodation for recovered migrant workers at Marina Bay Cruise Centre Singapore. MBCCS is now equipped with a sick bay and isolation stations, with SATS Security Services' auxiliary police to support security needs on the ground.

Government Support

- Job Support Schemes (JSS)
- Property tax rebates
- Rental rebates
- Waiver of foreign worker levies and rebates

Accelerating learning and development



SATS accelerated its technology-driven transformation by facilitating the multi-skilling and upskilling of its people and redeploying them to support ongoing digital initiatives across the organisation.



SkillsFuture Singapore (SSG) appointed the SATS Academy to deliver the Pilot Enhanced Training Support Package for the air transport sector. To date, SATS has trained more than 8,000 workers.

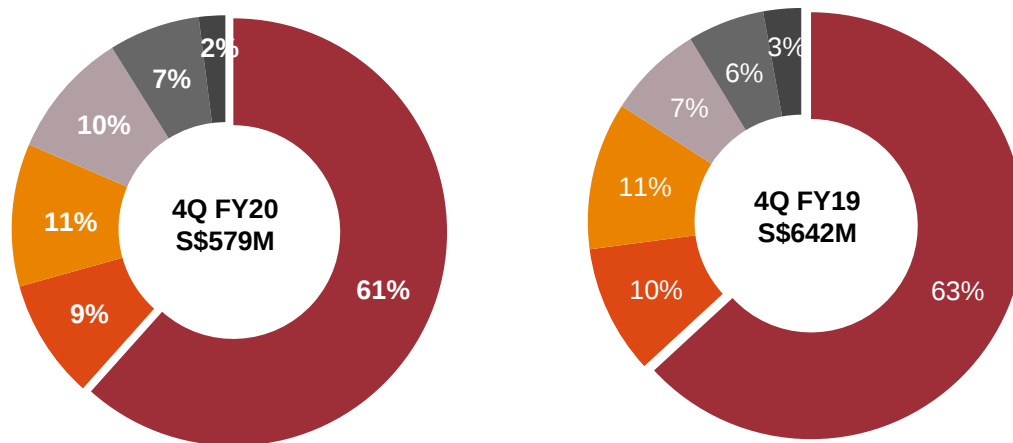
4Q FY20 SATS share of revenue and PATMI by region



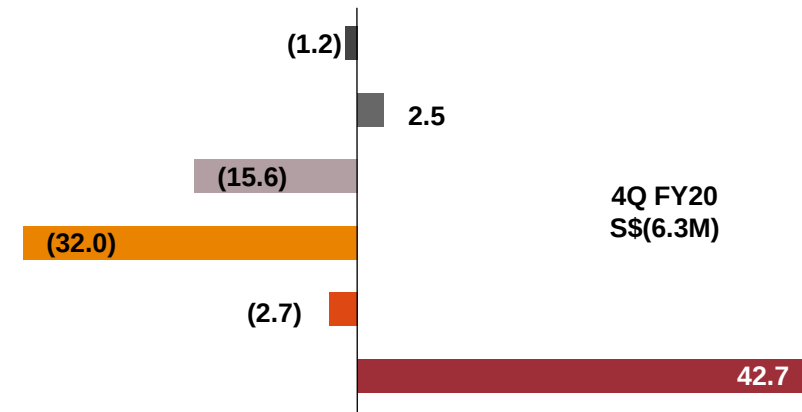
Region	Revenue		YoY %
	4Q FY20	4Q FY19	
Singapore	356.4	405.6	(12.1)
Japan	52.4	62.8	(16.5)
Greater China	62.5	71.8	(12.9)
Asean (ex-SG)	55.7	46.3	20.3
India	39.9	37.4	6.6
Others	11.6	18.4	(37.0)
Total	578.5	642.3	(9.9)

PATMI 4Q FY20	YoY %
42.7	(5.8)
(2.7)	n.m.
(32.0)	n.m.
(15.6)	n.m.
2.5	50.0
(1.2)	n.m.
(6.3)	(112.6)

SATS Share of Revenue



SATS Share of PATMI



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



Group Financial Review



- Group revenue increased 6.2% to \$1.94B
- Core earnings decreased 25.3% to \$180.3M
- PATMI decreased 32.2% to \$168.4M
- Share of earnings from associates/JVs decreased 80.0% to \$11.8M
- EBITDA decreased 7.3% to \$355.6M
- Free Cash Flow generated was \$168.4M
- EBIT margin dropped 1.8 percentage points to 11.7%
- EPS declined 7.2 cents to 15.1 cents
- ROE dropped to 10.3%

4Q FY20 Highlights

	4Q FY20	4Q FY19	Change \$/ppt	%	Commentary
Revenue	433.1	471.5	(38.4)	(8.1)	• Gateway (-\$40.0M), Food (+\$1.9M) • Consol of CFPL/NWA (+\$50M) • Aviation revenue is severely impacted by COVID-19
OPEX	(391.6)	(420.7)	29.1	6.9	• Consol effect of CFPL/NWA (+\$50.3M) • Higher allowance for doubtful debts (+\$3.9M) • Offset by lower aviation volume for the quarter
EBIT	41.5	50.8	(9.3)	(18.3)	Lower EBIT margin of 9.6% as decline in revenue outpaced OPEX
• EBIT (%)	9.6%	10.8%			
Share of results of Associates/JV (SoAJV)	(31.2)	8.9	(40.1)	n.m.	• Gateway (-\$33.6M), Food (-\$6.5M)
PATMI	(6.3)	49.9	(56.2)	(112.6)	Driven by lower EBIT and lower contribution from SoAJV
• PATMI (%)	-1.5%	10.6%			
Core PATMI	5.6	48.7	(43.1)	(88.5)	
• Core PATMI (%)	1.3%	10.3%			

FY20 Highlights



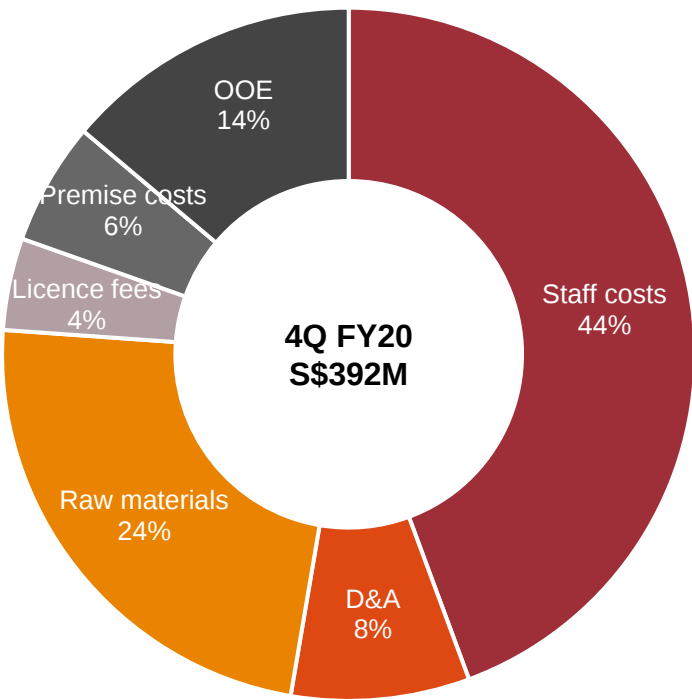
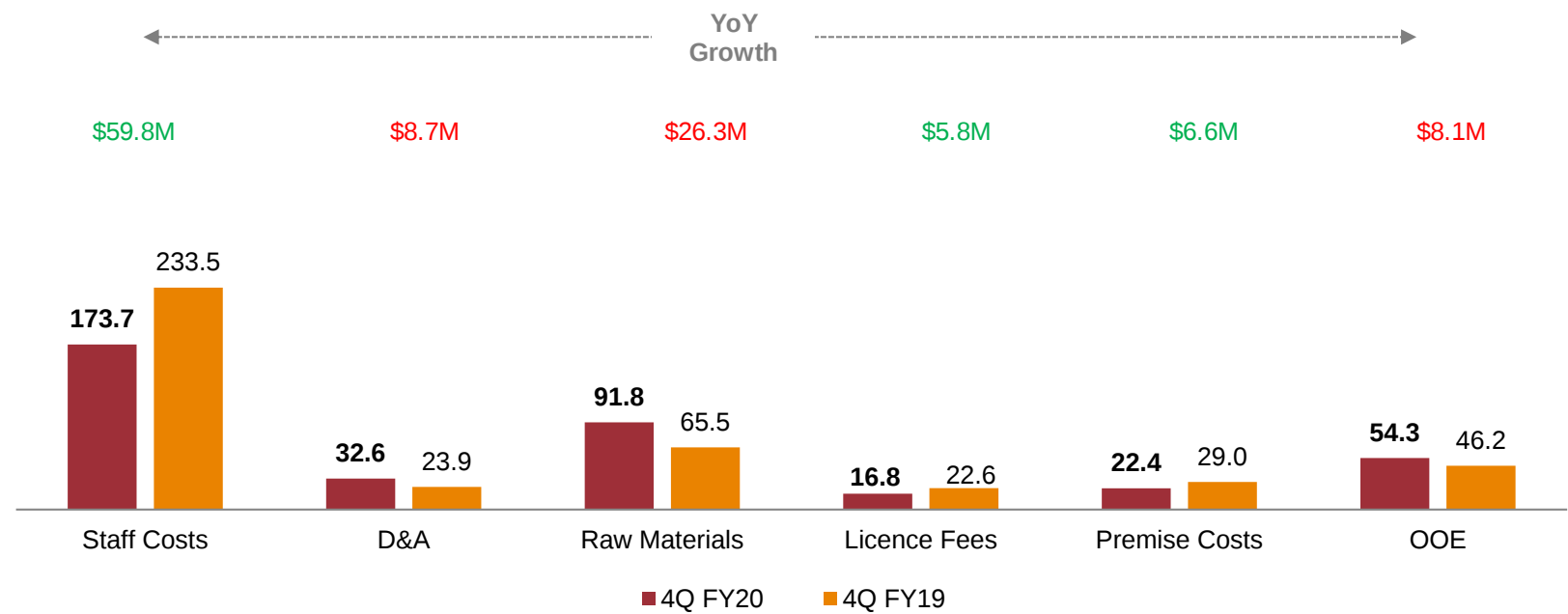
	FY20	FY19	Change		Commentary
			\$/ppt	%	
Revenue	1,941.2	1,828.0	113.2	6.2	• Gateway (+\$31.0M), Food (+\$82.3M) • Consol of GTR/CFPL/NWA (+\$186.7M) • Aviation revenue is severely impacted by COVID-19
OPEX	(1,715.0)	(1,581.0)	(134.0)	(8.5)	• Consol effect of new entities (+\$182.4M); offset by • Grants received (\$22.9M)
EBIT	226.2	247.0	(20.8)	(8.4)	Lower margin of 11.7% as OPEX outpaced revenue growth
• EBIT (%)	11.7%	13.5%			
Share of results of Associates/JV (SoAJV)	11.8	58.9	(47.1)	(80.0)	• Gateway (-\$41.4M), Food (-\$5.7M) • COVID-19 impact and impairment • Excluding credit losses, impairments and one-off gain in FY19, SoAJV decreased by \$7.3M (14.1%)
PATMI	168.4	248.4	(80.0)	(32.2)	Driven by lower EBIT and lower contribution from SoAJV
• PATMI (%)	8.7%	13.6%			
Core PATMI	180.3	241.4	(61.1)	(25.3)	
• Core PATMI (%)	9.3%	13.2%			

Group Segmental Revenue

Revenue	4Q FY20	4Q FY19	Change (%)	FY20	FY19	Change (%)
By Business:						
Food Solutions	247.3	245.4	0.8	1,070.5	988.2	8.3
Gateway Services	185.3	225.3	(17.8)	868.8	837.8	3.7
Others	0.5	0.8	(37.5)	1.9	2.0	(5.0)
Total	433.1	471.5	(8.1)	1,941.2	1,828.0	6.2
By Industry:						
Aviation	332.2	403.9	(17.8)	1,604.4	1,567.0	2.4
Non-aviation	100.4	66.8	50.3	334.9	259.0	29.3
Others	0.5	0.8	(37.5)	1.9	2.0	(5.0)
Total	433.1	471.5	(8.1)	1,941.2	1,828.0	6.2
By Geographical Location						
Singapore	354.4	376.8	(5.9)	1,549.3	1,505.9	2.9
Japan	50.5	60.5	(16.5)	253.4	248.1	2.1
Asean (ex-SG)	18.1	21.9	(17.1)	87.9	22.3	n.m
Others	10.1	12.4	(18.5)	50.6	51.7	(2.1)
Total	433.1	471.5	(8.1)	1,941.2	1,828.0	6.2

Note: Figures in S\$ m unless otherwise stated.

4Q FY20 Group Expenditure



- The lower staff costs was due to government reliefs, reduced contract services and overtime
- The increase in D&A cost was mainly due to the adoption of SFRS(I) 16 from 1 APR 19.
- The higher cost of raw materials due to consolidation of CFPL and NWA offset by the lower aviation volume.
- OOE increased due to higher allowance for doubtful debts, higher maintenance and operating costs for GSEs and IT expenses for digitalisation projects.
- Excluding consolidation of new subsidiaries and divestment of FASSCO, Group OPEX would have decreased \$73.3M.

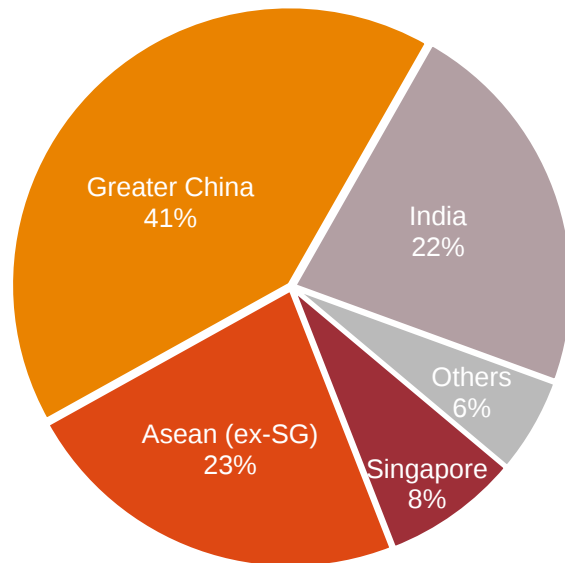
*Note: Figures in S\$ m unless otherwise stated.
D&A represents Depreciation & Amortisation
OOE represents Other Operating Costs*

Summary Financials – SoAJV

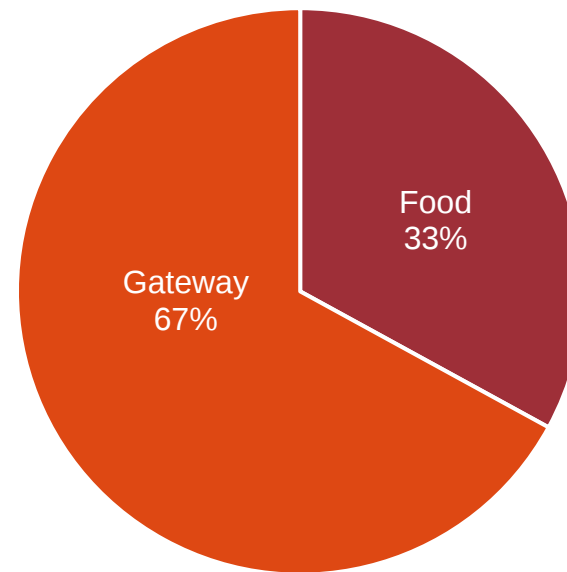
S\$'M	FY20	FY19	% change
SATS share of revenue	680.5	759.3	(10.4)
SoAJV	11.8	58.9	(80.0)

SATS share of Revenue

Geographical



Business



OVERVIEW

- Greater China constitute 41% of SoAJV *(in terms of revenue)*
- Gateway associates and JVs make up 67% of total SATS share of revenue
- Almost all entities were impacted by COVID-19, credit losses and asset impairments

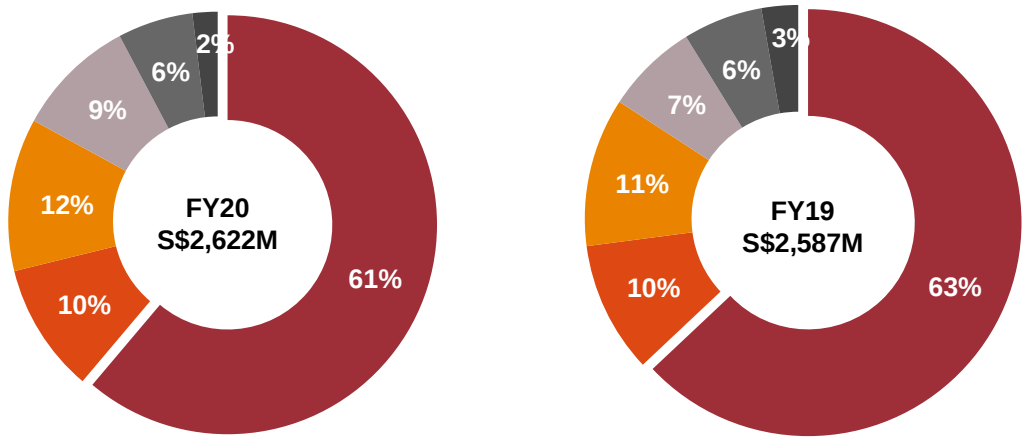
FY20 SATS share of revenue and PATMI by region



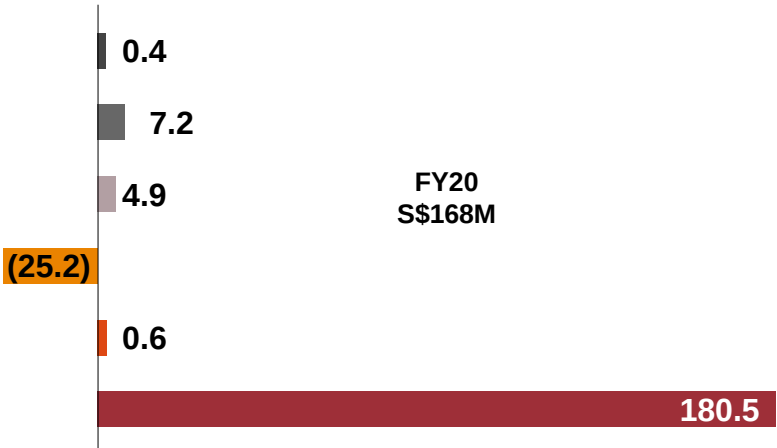
Region	Revenue		YoY %
	FY20	FY19	
Singapore	1,603.5	1,629.5	(1.6)
Japan	262.3	257.3	1.9
Greater China	309.2	291.6	6.0
Asean (ex-SG)	243.4	181.0	34.5
India	152.5	156.0	(2.2)
Others	50.8	71.9	(29.3)
Total	2,621.7	2,587.3	1.3

PATMI FY20	YoY %
180.5	(10.2)
0.6	(76.9)
(25.2)	n.m.
4.9	(73.5)
7.2	(45.8)
0.4	(67.5)
168.4	(32.2)

SATS Share of Revenue



SATS Share of PATMI



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

Group Balance Sheet



\$M	As at 31 Mar 20	As at 31 Mar 19	
Property, plant and equipment	602.3	579.2	
Right-of-use assets	206.0	–	Adoption of SFRS(I) 16 effective 1 April 2019 has resulted in right-of-use assets.
Investment properties	1.0	7.6	
Intangible assets	423.6	350.5	Increase mainly due to (i) \$38.6 million for NWA; (ii) \$9.6 million for CFPL; and (iii) \$27.8 million for Monty's Bakehouse UK
Investment in associates	617.8	621.5	Lower business volumes as well as impairments made in view of the COVID-19 outbreak. Partially offset by investment of \$21.5 million for 40% equity interest in Beijing CAH SATS Aviation Services Co., Ltd, additional \$0.5 million in KrisShop Pte. Ltd.
Investment in joint ventures	71.2	102.4	Step up acquisition of CFPL to investment in subsidiaries following the acquisition of remaining 49%
Long-Term Investments	27.7	20.7	
Other Non-Current Assets	28.7	16.3	
Non-Current Assets	1,978.3	1,698.2	
Trade and other receivables	388.8	306.2	Include government grant receivable of \$80.0 million
Inventories	70.5	24.3	
Other current assets	23.0	29.8	
Cash & short-term deposits	549.2	349.9	See cash flows analysis
Current Assets	1,031.5	710.2	
Total Assets	3,009.8	2,408.4	

Group Balance Sheet



\$M	As at 31 Mar 20	As at 31 Mar 19	
Trade and other payables	383.8	331.9	Include deferred grant income of \$63.4 million
Income tax payable	46.5	57.3	
Term loans	112.5	–	Drawdown on existing credit facilities to build up its liquidity position
Lease liabilities	19.4	0.1	Adoption of SFRS(I) 16 effective 1 April 2019 has resulted in increase in lease liabilities
Current Liabilities	562.2	389.3	
Other payables	149.5	106.4	
Term loans	302.4	95.4	Drawdown on existing credit facilities to build up its liquidity position
Lease liabilities	190.2	0.2	Adoption of SFRS(I) 16 effective 1 April 2019 has resulted in increase in lease liabilities
Non-Current Liabilities	642.1	202.0	
Share capital	367.9	367.9	
Treasury shares	(26.0)	(43.0)	
Reserves	1,275.6	1,324.4	Profits generated during the year offset by dividend paid during the year
	1,617.5	1,649.3	
Non-controlling interests	188.0	167.8	
Total Equity	1,805.5	1,817.1	
Total Equity & Liabilities	3,009.8	2,408.4	

%	4Q FY20	4Q FY19	Change ppt/%	FY20	FY19	Change ppt/%
EBIT Margin	9.6	10.8	(1.2)	11.7	13.5	(1.8)
PATMI Margin	(1.5)	10.6	(12.1)	8.7	13.6	(4.9)
EBITDA Margin	9.9	17.5	(7.6)	18.3	21.0	(2.7)
Return on Equity	(0.4)	3.1	n.m.	10.3	15.1	n.m.
Basic EPS (cents)	(0.6)	4.5	(113.3)	15.1	22.3	(32.3)

	31 MAR 20	31 MAR 19	Change ppt/%
NAV Per Share (\$)	1.45	1.48	(0.03)
Debt/Equity Ratio	0.26	0.06	0.20
Current Ratio	1.83	1.82	0.55

Including the impact of adopting SFRS(I) 16, Debt/Equity ratio will be 0.39 times

Note: Figures in S\$ m unless otherwise stated.

n.m. – not meaningful

Group Cash Flow Statement



\$M	FY20	FY19	Difference
Net Cash from Operating Activities	244.1	295.7	(51.6)
Net Cash used in Investing Activities	(117.4)	(72.4)	(45.0)
<i>Capital expenditure</i>	<i>(75.7)</i>	<i>(87.6)</i>	
<i>Dividends from associates/joint ventures</i>	<i>32.9</i>	<i>39.1</i>	
<i>Investment in subsidiaries, net of cash acquired</i>	<i>(52.9)</i>	<i>–</i>	
<i>Investment in associates/joint ventures</i>	<i>(23.4)</i>	<i>(25.1)</i>	
<i>Acquisition of non-controlling interest in a subsidiary</i>	<i>–</i>	<i>(16.1)</i>	
<i>Long-term investments</i>	<i>(6.1)</i>	<i>–</i>	
<i>Other investing activities</i>	<i>7.8</i>	<i>17.3</i>	
Net Cash from/(used in) Financing Activities	66.4	(244.9)	311.3
<i>Repayment of term loans</i>	<i>(3.6)</i>	<i>(9.8)</i>	
<i>Repayment of lease liabilities</i>	<i>(17.2)</i>	<i>(0.3)</i>	
<i>Proceeds from borrowings</i>	<i>305.0</i>	<i>0.1</i>	
<i>Dividends paid</i>	<i>(212.5)</i>	<i>(200.9)</i>	
<i>Other financing activities</i>	<i>(5.3)</i>	<i>(34.0)</i>	
Net increase/(decrease) in Cash & Cash Equivalents	193.1	(21.6)	214.7
Cash & Cash Equivalents at end of financial period	549.2	349.9	199.3
Free Cash Flow *	168.4	208.1	(39.7)

Note: Figures in S\$ m unless otherwise stated.

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



Outlook



The coronavirus pandemic continues to threaten public health, slow the world economy and sharply reduce aviation passenger volumes. There is still much uncertainty about how the pandemic will develop and the longer term impact on the economy and travel-related businesses.

However, there is no doubt that the way we fly will change, so SATS is working closely with our customers to reimagine air travel in a post-pandemic world. Even as we work to ensure operational continuity for today's disrupted aviation industry, we are developing new offerings for a low-touch future, incorporating digital solutions, new food technology and sustainable packaging.

Our investments in technology and digitalisation have enabled us to respond with agility and flexibility to the needs of new customers and the community during this crisis. In particular, we expect our food trading and distribution business to continue to grow, as we build our non-aviation food revenues.



Appendix



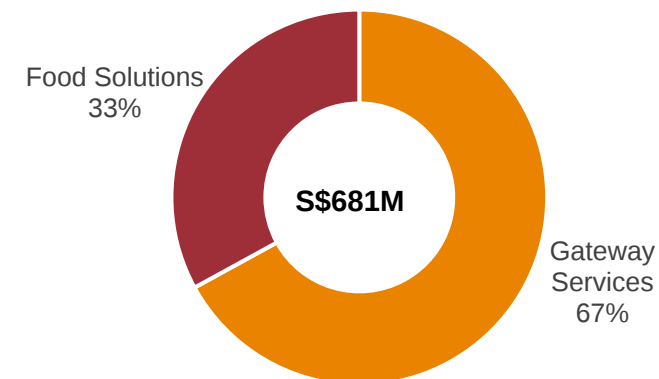
Summary of key associates / joint ventures



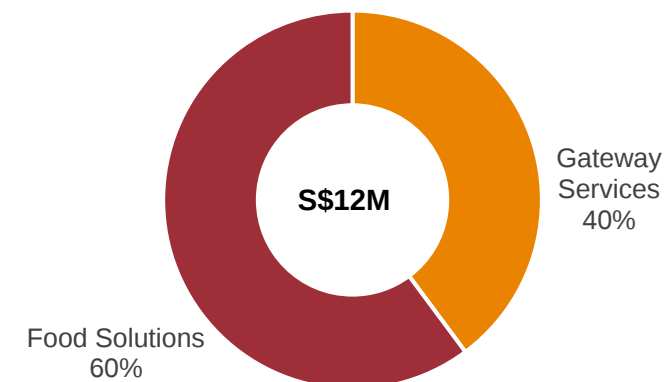
FY20 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	Evergreen Sky Catering	Food	37	-	-	-	37	-	-
2	Taj SATS Air Catering/TMFK	Food	42	-	-	-	-	42	-
3	Brahim's SATS	Food	33	-	-	33	-	-	-
4	Beijing Airport Inflight Kitchen	Food	18	-	-	-	18	-	-
5	MacroAsia Catering	Food	26	-	-	26	-	-	-
6	PT Cardig Aero Services*	Gateway	88	-	-	88	-	-	-
7	Air India SATS Airport Services	Gateway	73	-	-	-	-	73	-
8	Asia Airfreight Terminal	Gateway	69	-	-	-	69	-	-
9	Beijing Aviation Ground Services	Gateway	63	-	-	-	63	-	-
10	Evergreen Airline Services/Air Cargo	Gateway	46	-	-	-	46	-	-
11	Mumbai Cargo Services	Gateway	37	-	-	-	-	37	-
12	OmanSATS	Gateway	15	-	-	-	-	-	15
Sub-total		80.0%	547	-	-	147	233	152	15
Others		20.0 %	134	54	9	9	48	-	14
Share of Associates/JVs revenue (SSoR)		100.0%	681	54	9	156	281	152	29
Share of results of Associates/JVs (SoAJV)			12	1	-	8	-11	7	7

SSoR



SoAJV



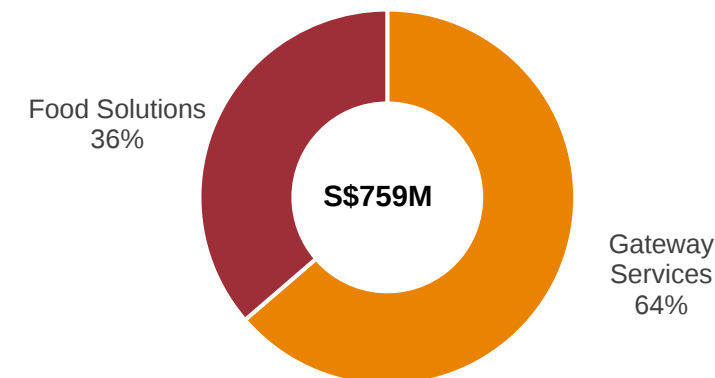
Summary of key associates / joint ventures



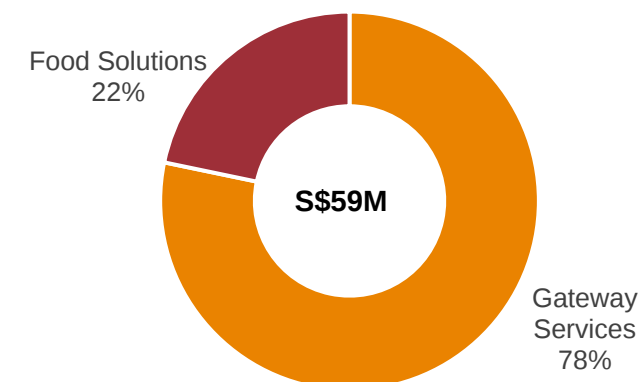
FY19 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	SATS BRF	Food	99	99	-	-	-	-	-
2	Taj SATS Air Catering/TMFK	Food	43	-	-	-	-	43	-
3	Evergreen Sky Catering	Food	39	-	-	-	39	-	-
4	Brahim's SATS	Food	31	-	-	31	-	-	-
5	Beijing Airport Inflight Kitchen	Food	23	-	-	-	23	-	-
6	MacroAsia Catering	Food	14	-	-	14	-	-	-
7	PT Cardig Aero Services*	Gateway	77	-	-	77	-	-	-
8	Asia Airfreight Terminal	Gateway	73	-	-	-	73	-	-
9	Air India SATS Airport Services	Gateway	70	-	-	-	-	70	-
10	Beijing Aviation Ground Services	Gateway	67	-	-	-	67	-	-
11	Evergreen Airline Services/Air Cargo	Gateway	45	-	-	-	45	-	-
12	Mumbai Cargo Services	Gateway	43	-	-	-	-	43	-
Sub-total		82.0%	624	99	-	122	247	156	-
Others		18.0%	135	24	9	37	36	-	29
Total - Share of Associates/JVs revenue		100.0%	759	123	9	159	283	156	29
Share of results of Associates/JVs (SoAJV)			59	5	-	17	16	13	8

SSoR



SoAJV

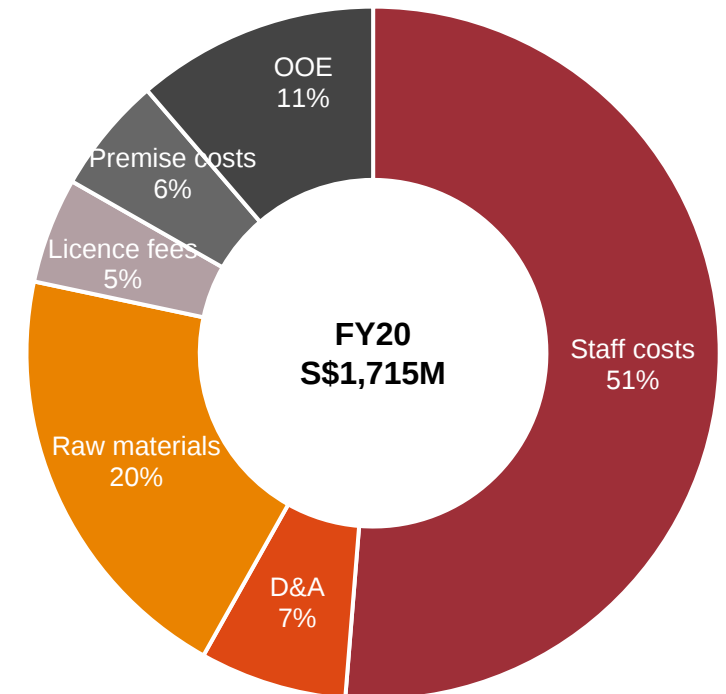
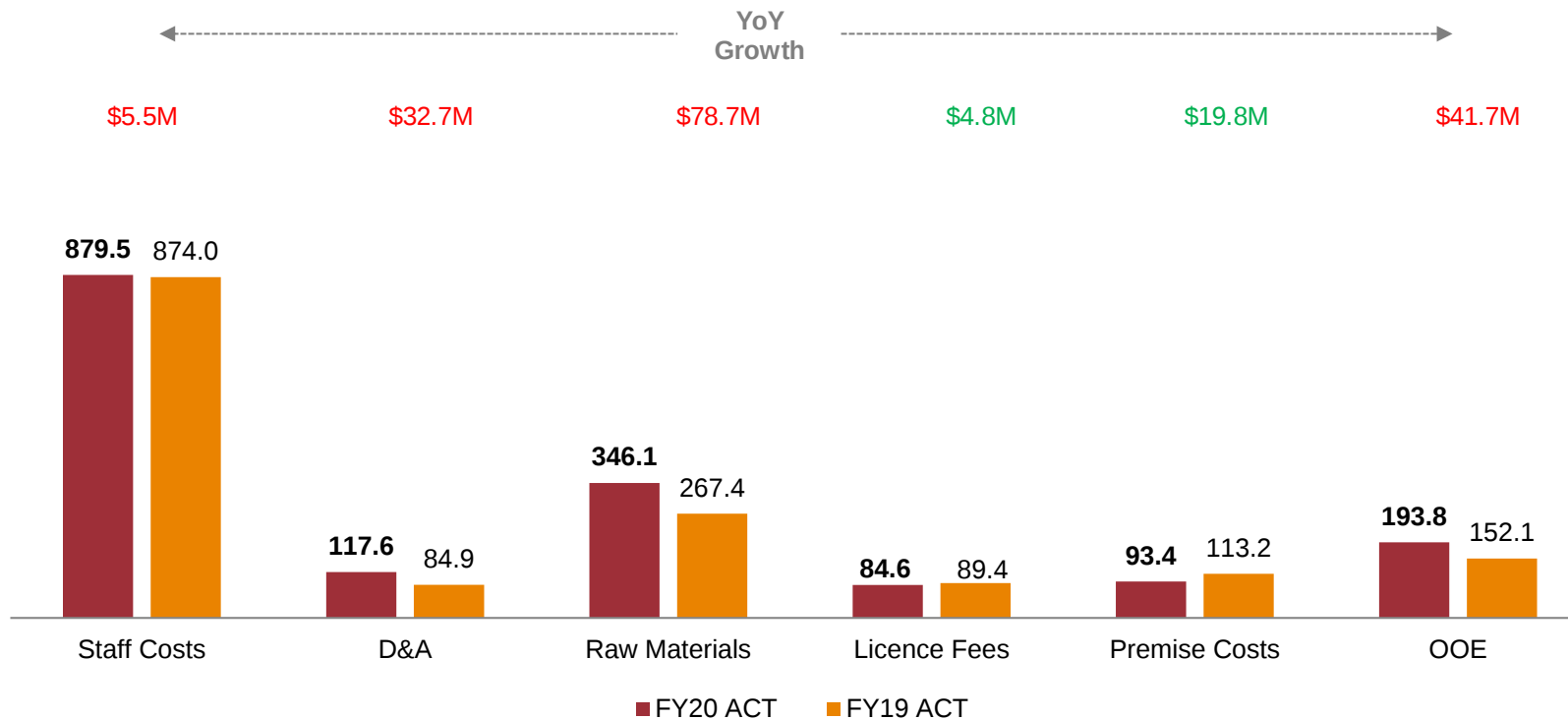


Note: Figures in S\$ m unless otherwise stated.

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

FY20 Group Expenditure



- The increase in D&A cost was mainly due to the adoption of SFRS(I) 16 from 1 APR 19.
- OOE increased due to higher maintenance for GSEs, IT expenses for digitalization and transformation projects, fuel costs, lower foreign exchange gains as well as higher allowance for doubtful debts.
- Excluding consolidation of new subsidiaries and divestment of FASSCO, Group OPEX would have recorded a decrease of \$29.1M.

*Note: Figures in S\$ m unless otherwise stated.
D&A represents Depreciation & Amortisation
OOE represents Other Operating Costs
GSE represents Ground Support Equipments*



Q&A

