



MEDIA RELEASE

SATS POSTS 3Q EARNINGS OF \$0.5M WITH REVENUE GROWING 54.5% YoY

- SATS posts positive PATMI in 3Q after losses of \$9.9M in 2Q and \$22.5M in 1Q
- 3Q performance reflects improving business conditions and a seasonal high
- Excluding one-off acquisition expenses, nine-month underlying losses would have reduced to \$1.8M
- OPEX increased YoY due to AAT consolidation, further reduction in government reliefs, ramp up in capacity, higher fuel and utility costs in line with greater business volume and inflation

Singapore, 13 February 2023 – SATS Ltd (SATS) today reported its unaudited results for the third quarter ended 31 December 2022.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

Group Financial Results (QoQ Change)	3Q FY23 (S\$ million)	2Q FY23 (S\$ million)	Favourable / (Unfavourable) QoQ Change (S\$ million)	Favourable / (Unfavourable) QoQ Change (%)
Revenue	475.7	429.0	46.7	10.9
Operating loss	(1.1)	(8.0)	6.9	86.3
Profit/(Loss) attributable to owners of the Company (PATMI)	0.5	(9.9)	10.4	105.1
<i>PATMI excluding reliefs</i>	(13.7)	(19.7)	6.0	30.5
EBITDA ⁽¹⁾	55.2	45.4	9.8	21.6



Group Financial Results (YoY Change)	3Q FY23 (S\$ million)	3Q FY22 (S\$ million)	Favourable / (Unfavourable) YoY Change (S\$ million)	Favourable / (Unfavourable) YoY Change (%)
Revenue	475.7	307.8	167.9	54.5
Expenditure	(476.8)	(317.3)	(159.5)	(50.3)
Operating loss	(1.1)	(9.5)	8.4	88.4
Share of earnings of associates/joint ventures, net of tax	10.2	12.1	(1.9)	(15.7)
PATMI	0.5	5.1	(4.6)	(90.2)
<i>PATMI excluding reliefs</i>	(13.7)	(33.0)	19.3	58.5
Core PATMI ⁽²⁾	0.5	5.1	(4.6)	(90.2)
<i>Core PATMI excluding reliefs</i>	(13.7)	(33.0)	19.3	58.5
EBITDA ⁽¹⁾	55.2	31.7	23.5	74.1
Earnings per share (cents) - basic	–	0.5	(0.5)	(100.0)
Return on Equity (%/ppt) ⁽³⁾	–	0.3	(0.3)	(100.0)

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. 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 3Q FY23, 2Q FY23 and 3Q FY22 would be \$45.0 million, \$34.7 million and \$19.6 million respectively.

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

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

3Q FY23 (1 October 2022 to 31 December 2022)

Business activities increased on the back of the continued aviation recovery with flight volume reaching 71% of pre-pandemic levels. As such, Group revenue grew \$167.9 million, or 54.5% year-on-year (YoY), to \$475.7 million. Revenue from Food Solutions rose \$66.4 million, or 39.9% YoY, to \$232.9 million, while revenue from Gateway Services increased \$102.4 million, or 73.0% YoY, to \$242.7 million in 3Q FY23 over the same period last year. The consolidation of Asia Airfreight Terminal Co. Ltd (AAT), a subsidiary of the Group effective March 2022, contributed \$30.5 million to Gateway Services' revenue.

Group expenditure increased \$159.5 million, or 50.3% YoY, to \$476.8 million arising from increased business activities and inflation. Staff costs rose \$82.3 million YoY due to the ramp up of hiring in support of increased business activities, coupled with a \$23.9 million YoY reduction in government grant support. The rise in the cost of raw materials, licence fees, and company premise and utility expenses was in line with greater business volume, inflation and increased utility tariffs. Depreciation and amortisation in 3Q FY23 increased \$17.0 million YoY mainly due to the consolidation of AAT compared to the same period last year. Other costs rose \$25.7 million mainly due to higher fuel costs and maintenance expenses and foreign exchange translation losses, coupled with lower government grants.

As a result, the Group recorded an operating loss of \$1.1 million. This is an improvement of \$8.4 million as compared to the operating loss of \$9.5 million in 3Q FY22.

Share of results from associates/joint ventures was at \$10.2 million, a decline of \$1.9 million from \$12.1 million in 3Q FY22.

Other non-operating loss of \$11.3 million comprised mainly the one-off acquisition expenses the Group incurred.

Group net profit attributable to owners of the Company (PATMI) was \$0.5 million, a YoY decrease of \$4.6 million from PATMI of \$5.1 million in 3Q FY22. Excluding government reliefs, Group PATMI would have been a loss of \$13.7 million, compared to a loss of \$33.0 million recorded for the same period last year.



9M FY23 (1 April 2022 to 31 December 2022)

Group revenue grew \$402.9 million, or 45.9% YoY, to \$1,280.2 million on the back of continued aviation recovery and cargo volume growth. Revenue from Food Solutions rose \$158.7 million, or 33.3% YoY, to \$635.5 million, while revenue from Gateway Services increased \$246.9 million, or 62.1% YoY, to \$644.5 million in 9M FY23 over the same period last year. The consolidation of Asia Airfreight Terminal Co. Ltd (AAT), a subsidiary of the Group effective March 2022, contributed \$92.6 million to Gateway Services' revenue.

Group expenditure increased \$440.8 million, or 49.9% YoY, to \$1,323.6 million arising from increased business activities and inflation. Staff costs rose \$265.6 million YoY due to the ramp up of hiring in support of passenger operations and meal production, coupled with a reduction in government grant support. The rise in the cost of raw materials, licence fees, and company premise and utility expenses was in line with greater business volume, inflation and increased utility tariffs and consumption. Depreciation and amortisation increased \$40.2 million YoY mainly due to the consolidation of AAT in 9M FY23. Other costs rose \$69.6 million YoY mainly due to higher fuel costs and maintenance expenses, coupled with lower government grants. Excluding the consolidation of AAT, Group expenditure would have recorded a lower increase of \$335.4 million.

The Group recorded an operating loss of \$43.4 million, a YoY increase of \$37.9 million.

Share of results from associates/joint ventures was at \$27.8 million, an increase of \$14.8 million from \$13.0 million in 9M FY22 largely due to aviation recovery offset by AAT consolidation.

Other non-operating loss of \$27.2 million comprised mainly the one-off acquisition expenses the Group incurred.

PATMI was a loss of \$32.0 million, a YoY decrease of \$50.3 million from PATMI of \$18.3 million in 9M FY22. Excluding government reliefs, Group PATMI would have been a loss of \$65.4 million for the period, an improvement of \$33.2 million compared to a loss of \$98.6 million in 9M FY22.



GROUP FINANCIAL POSITION (as at 31 December 2022)

Total equity of the Group decreased by \$100.0 million to \$1,733.7 million as at 31 December 2022, compared to 31 March 2022. The lower equity was attributable to loss incurred in 9M FY23 and foreign currency translation losses.

Non-current assets decreased \$55.6 million due to lower property, plant and equipment mainly due to disposal of buildings and depreciation expense. The lower investment in associates was attributable to foreign currency revaluation losses and dividend received, partly offset by share of profits. The reduction was partly offset by higher right-of-use assets.

Current assets of the Group decreased \$60.6 million largely due to lower cash and short-term deposits partly offset by higher trade and other receivables due to higher business volume. The lower cash and short-term deposits was due to capital expenditure payment and repayment of term loans amounting to \$112.3 million.

Current liabilities decreased \$25.1 million mainly due to the repayment of term loans partly offset by higher trade and other payables due to increased business activities.

Non-current liabilities of the Group increased by \$8.9 million mainly due to higher lease liabilities.



OUTLOOK

Benefitting from the rebound in travel and a seasonal high quarter, the momentum in business recovery has improved. This is despite ongoing macro uncertainties and an uneven aviation recovery across the globe.

Staffing numbers are now at an optimal level to meet increased travel and customer demand. The business outlook is expected to improve as China's borders reopen. Flights between China and Singapore were a significant contributor of volume prior to the pandemic.

Positioning the company strongly for the future, SATS is acquiring Worldwide Flight Services (WFS) to strengthen business and earnings resilience against structural industry dynamics and competitive forces, while continuing to build the Singapore core. 96.80% of the total shareholder votes SATS received at the 18 January 2023 Extraordinary General Meeting (EGM) were in favour of the resolution to approve the transaction. Transaction completion is currently envisaged for March/April 2023, subject to regulatory approvals. As for the Proposed Rights Issue, the terms (including the price) and timing will be announced at launch.

Kerry Mok, President and Chief Executive Officer of SATS, said, *"Despite headwinds, our underlying business performance has shown improvements as we execute on our twin-engine growth strategy and capture meaningful business value. While cargo volumes have softened, the reopening of China borders is expected to improve volume throughput. Alongside our strong Singapore focus, we are building geographic and business resilience with the proposed acquisition of Worldwide Flight Services. We are heartened that at the recent EGM, shareholders gave us their vote of confidence, supporting this transformational transaction and our growth direction. We are working on closing the acquisition and delivering a smooth transition to unlock the synergies of our combined operations and scale."*

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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 3Q FY23 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	3Q FY23	3Q FY22	9M FY23	9M FY22
Revenue	475.7	307.8	1,280.2	877.3
Expenditure	(476.8)	(317.3)	(1,323.6)	(882.8)
Operating loss	(1.1)	(9.5)	(43.4)	(5.5)
Share of results of associates/JVs, net of tax	10.2	12.1	27.8	13.0
Loss before tax	(2.0)	(7.1)	(50.2)	(10.0)
Profit/(Loss) attributable to owners of the Company	0.5	5.1	(32.0)	18.3
PATMI excluding reliefs	(13.7)	(33.0)	(65.4)	(98.6)
Core PATMI	0.5	5.1	(33.9)	18.3
Core PATMI excluding reliefs	(13.7)	(33.0)	(67.3)	(98.6)
EBITDA	55.2	31.7	114.5	97.4

Per Share Data

Earnings/(loss) per share (cents)

- Basic ^{R1}	-	0.5	(2.9)	1.6
- Diluted ^{R2}	-	0.5	(2.8)	1.6
Return on turnover (%) ^{R3}	0.1	1.7	(2.5)	2.1
Return on Equity (%/ppt)	-	0.3	(2.0)	1.2

Financial Position (S\$ million)	As at 31 Dec 2022	As at 31 Mar 2022
Total equity	1,733.7	1,833.7
Total assets	3,176.1	3,292.3
Total debt	760.7	837.9
Gross debt/equity ratio (times) ^{R4}	0.44	0.46
Net asset value per share (\$) ^{R5}	1.36	1.42

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 2 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

	3Q FY23	3Q FY22	Change (%)	9M FY23	9M FY22	Change (%)
Passengers Handled ('M)	14.7	3.6	308.3	37.1	5.4	587.0
Flights Handled ('000)	62.0	30.0	106.6	164.0	58.2	181.7
Cargo/Mail Processed ('000 tonnes)	564.7	458.9	23.1	1,735.6	1,267.2	37.0
Gross Meals Produced ('M)	17.8	12.9	38.0	49.1	39.3	24.9
Ship Calls Handled	65	66	(1.5)	172	195	(11.8)

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 inflight and institutional catering meals.