

# Financial Review

## Highlights

Group revenue for the year improved 49.4% or \$581.5 million to \$1,758.3 million, with growth in both Food Solutions and Gateway Services driven by travel recovery and consolidation of Asia Airfreight Terminal Co. Ltd. ("AAT") as a subsidiary. Food Solutions registered an annual increase in revenue by \$228.3 million or 35.6% to \$869.3 million while Gateway Services revenue grew \$356.1 million or 66.9% to \$888.5 million.

Operating loss for the Group increased by \$5.4 million from last financial year's loss of \$42.6 million to a loss of \$48.0 million in FY2022-23 mainly due to lower government grants and higher costs.

Profit contribution from associates/joint ventures grew by \$28.3 million to a profit of \$45.4 million, compared to a profit of \$17.1 million in the last financial year. The stronger performance of the associates and joint ventures was attributable to the improvement in the aviation sector as borders continue to reopen.

The non-operating loss of \$32.4 million recorded in FY2022-23 was mainly due to exceptional transactional expenses of \$44.9 million incurred during the year for the WFS acquisition. This loss was partly offset by the gain from disposal of property, plant and equipment in the financial year.

Group net profit attributable to owners of the Company ("PATMI") decreased \$46.9 million to a net loss of \$26.5 million year-on-year. Excluding one-off items, core PATMI was a net loss of \$26.7 million, compared to a net loss of \$8.5 million in the last financial year. Without government reliefs, Group PATMI would have been a loss of \$77.6 million, a marked improvement from the loss of \$112.2 million in the last financial year.

Return on Equity was at negative 1.3%, 2.6 percentage points lower than last financial year as the Group reported a loss.

As at 31 March 2023, the Group's total assets were \$4,673.8 million with cash and deposit with notary pending payment for the WFS acquisition amounting to \$2,148.4 million while free cash flow was at negative \$39.8 million. Debt-to-equity ratio increased to 0.59 times compared to 0.46 times a year ago.

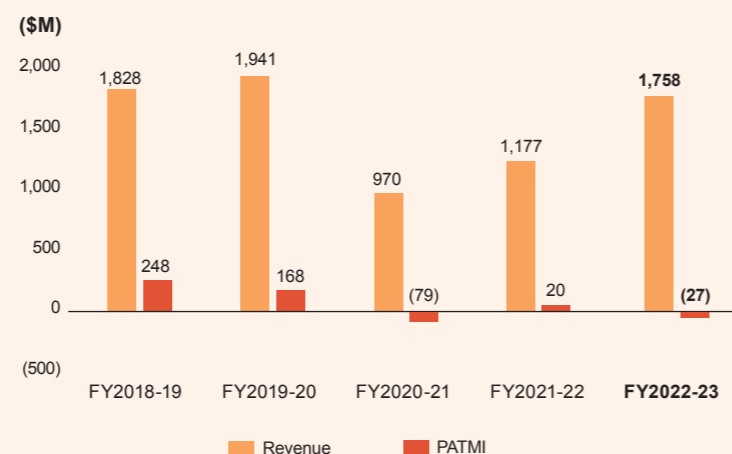
## Earnings Per Share

The Group's earnings per share was a negative 2.2 cents in FY2022-23, 4.0 cents lower than 1.8 cents in the last financial year.

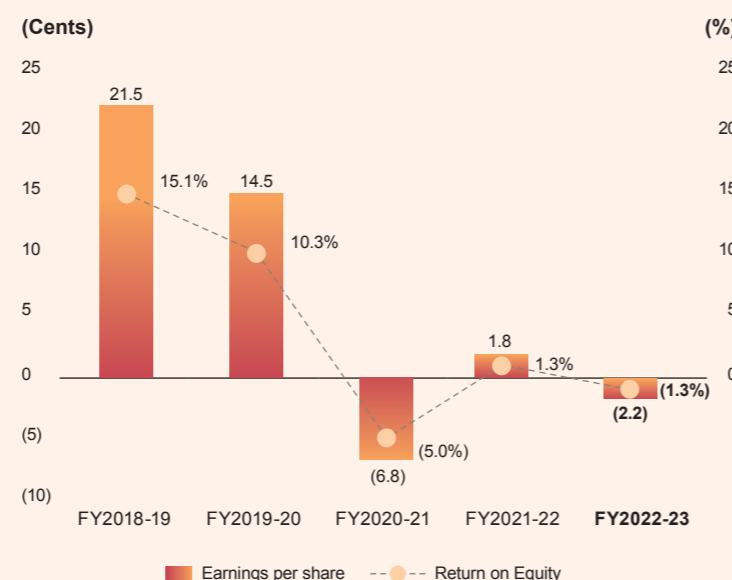
## Dividends

The Board of Directors believe that it would be prudent not to pay a final dividend for FY2022-23 as the Company is still not profitable without government grant and relief. This will allow the Company to conserve cash to fund its operational and working capital requirements as well as to reduce leverage as soon as practicable.

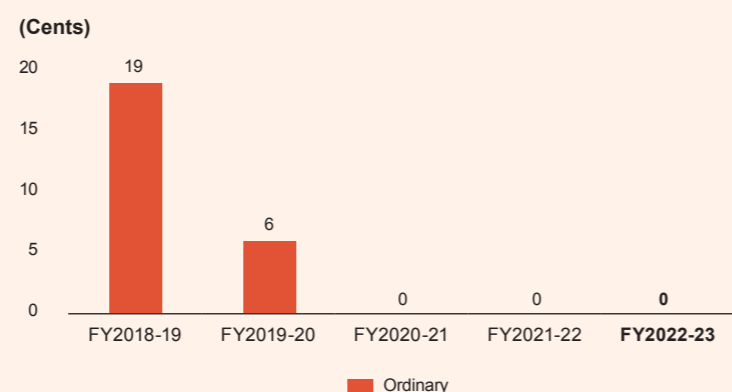
## Revenue and Profitability



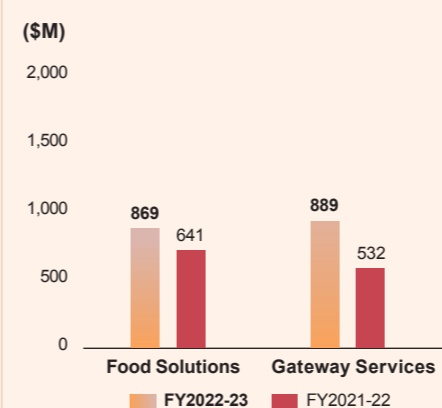
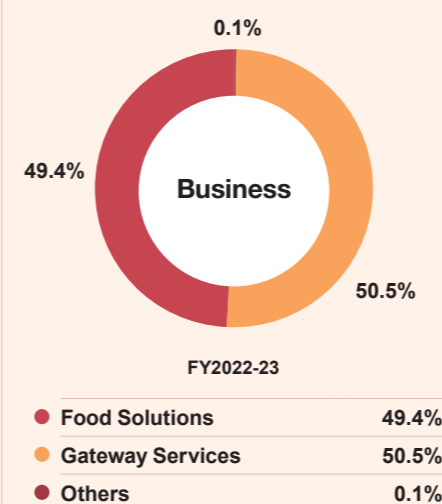
## Earnings Per Share and Return on Equity



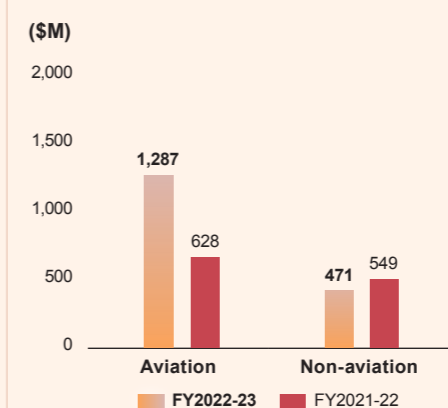
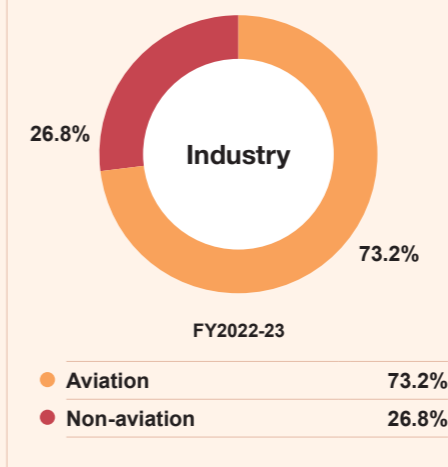
## Dividends Per Share



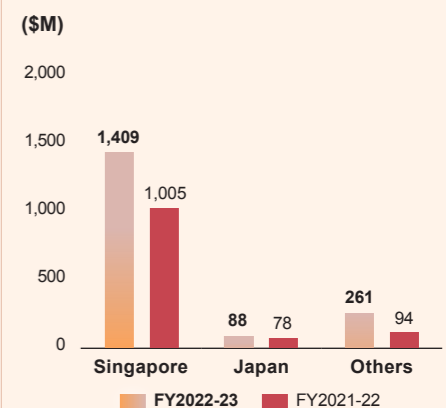
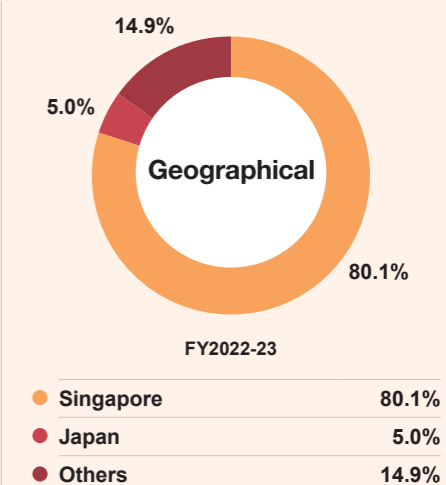
## Consolidated Revenue – By Business, Industry and Geographical Location



- Notes:**
- Food Solutions: revenue from inflight and institutional catering, chilled, frozen and retort food manufacturing, food trading and distribution, hospitality services and airline linen and laundry services.
  - Gateway Services: revenue from airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
  - Others: revenue mainly from the corporate services.

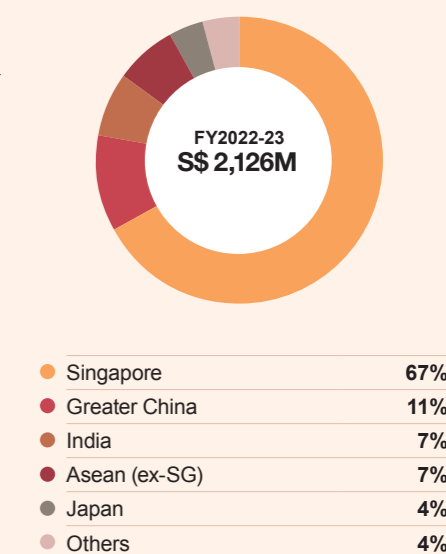
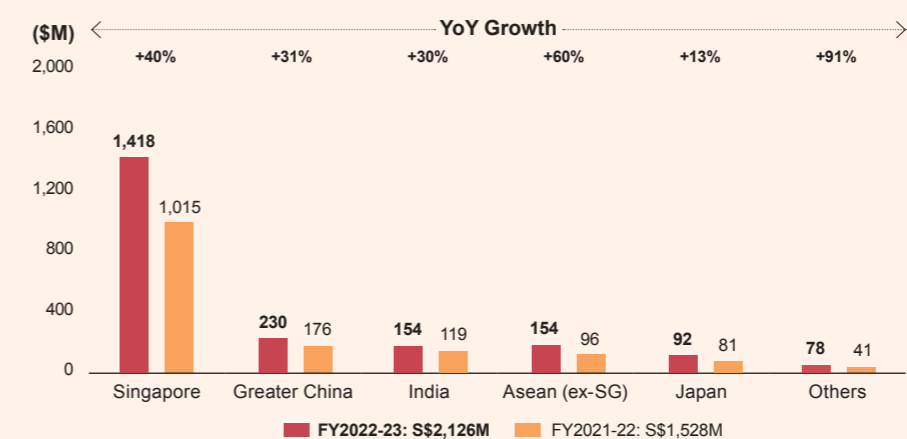


- Notes:**
- Aviation: revenue from aviation-related businesses in Food Solutions and Gateway Services.
  - Non-aviation: revenue from SATS Food Services Group, SATS-Creuers Cruise Services, SATS China Group and corporate services.



- Notes:**
- Singapore: revenue from Food Solutions and Gateway Services businesses in Singapore.
  - Japan: revenue from TFK.
  - Others: revenue from SATS Food Services Group (Australia), GTR entities, SATS China Group, MBUK, SATS Saudi and SATS Food Solutions (Thailand).

## Combined Revenue by Geographical Locations\*



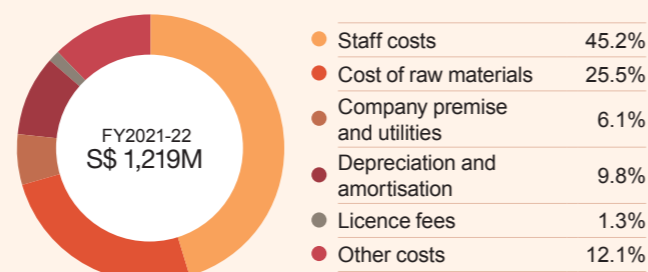
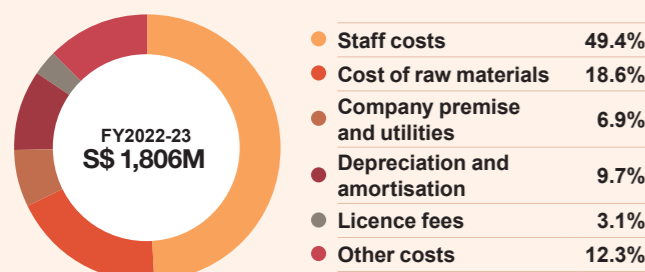
\* Combined revenue is the sum of the consolidated revenue of the Group and its proportionate share of revenue from its associates/joint ventures (Aggregated Revenue – Non-SFRS(I)).

The Group's combined revenue improved significantly by 39.2% year-on-year with growth in all regions. Overseas contribution to the Group's combined revenue decreased slightly year-on-year from 34% to 33% in this financial year.

# Financial Review

## Expenditure

The Group's operating expenditure of \$1,806.3 million increased by \$586.9 million or 48.1% year-on-year with increase in staff costs, raw materials and other operating expenses as business volumes increased as well as consolidation of AAT. Staff costs increased by \$341.3 million mainly due to increase in headcounts and contract labour in support of passenger operations and meal production, and tapering of government reliefs. Raw materials, licence fees, company premises and utilities expenses grew in tandem with higher business volumes. Depreciation and amortisation increased \$56.1 million mainly due to the consolidation of AAT for the full financial year. Other costs rose \$74.0 million due to higher fuel costs and maintenance expenses as well as lower government grants.



## Financial Position

Total equity attributable to the owners of the Company increased \$731.0 million or 45.6% to \$2,333.5 million as at 31 March 2023. Total equity of the Group increased \$681.1 million or 37.1% to \$2,514.8 million as at 31 March 2023. The higher equity was mainly due to the increase in share capital arising from Rights Issue during the year.

Total assets increased \$1,381.5 million to \$4,673.8 million. Non-current assets decreased \$45.4 million mainly due to lower property, plant and equipment from disposal and lower intangible assets due to amortisation and foreign currency translation difference. The lower investment in associates was mainly due to dividend received and foreign currency translation difference during the year.

Current assets of the Group increased \$1,426.9 million largely due to deposit with notary pending payment for the Worldwide Flight Services ("WFS") acquisition as well as higher trade and other receivables.

Capital expenditure of \$124.2 million was \$45.0 million or 53.3% higher compared to last year. The Group's net asset value per share as at end of current financial year was \$156.9, 9.9% higher compared to last year.

The Group's cash and cash equivalents was \$374.5 million as at 31 March 2023, a decrease of \$411.6 million attributed to the deposits with notary pending payment for the WFS acquisition, partly offset by the proceeds from borrowings and proceeds from Rights Issuance.

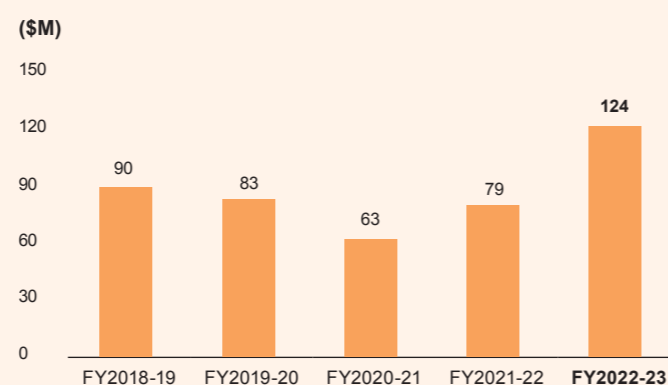
Net cash from operating activities was \$79.5 million, \$17.2 million higher than the last corresponding period due to improved working capital.

Net cash used in investing activities was \$1,831.8 million, \$1,862.9 million higher than the last corresponding period mainly due to the higher capital expenditure and deposit with notary pending payment for the WFS acquisition.

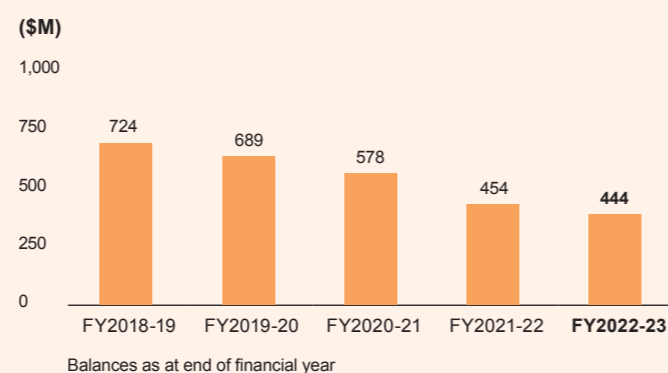
Net cash inflow for financing activities was \$1,340.0 million in this financial year, compared to an outflow of \$189.3 million last year, largely due to the Euro 500 million term loan and proceeds from Rights Issuance.

Free cash flow for the year was an outflow of \$39.8 million, an increase of \$24.2 million compared to the outflow of \$15.6 million generated last year.

## Investment in Capital Expenditure



## Carrying Value of Investment in Associates/ Joint Ventures



## Value Added

The value added of the Group was \$898.8 million, an increase of \$314.4 million or 53.8% compared to the preceding financial year. The distribution for FY2022-23 is reflected in the chart below.

Value Added Statement (\$ million)	FY2022-23	FY2021-22	FY2020-21	FY2019-20	FY2018-19
Total Revenue	1,758.3	1,176.8	970.0	1,941.2	1,828.0
Less: Purchase of goods and services	905.1	632.1	495.3	837.7	747.8
	853.2	544.7	474.7	1,103.5	1,080.2
Add/(less):					
Interest income	9.9	3.3	4.8	3.9	4.1
Share of profits before tax of associates/joint ventures	68.1	24.3	(56.9)	26.1	80.5
Gain/(loss) on disposal of property, plant and equipment	12.3	0.2	0.0	(1.8)	(0.5)
Write-back of earn-out consideration	-	-	13.7	-	11.6
Impairment loss on investment in associates	(1.7)	-	(68.8)	(11.9)	(11.6)
Impairment loss and write-off property, plant and equipment (net of grants)	-	(17.0)	(16.6)	(6.8)	-
Acquisition cost of a subsidiary	(44.9)	-	-	-	-
Gain on deemed disposal of an associate	-	28.9	-	-	-
Gain on disposal of an associate	1.9	-	-	-	-
Other non-operating income/(loss)	-	-	-	0.1	(1.0)
Total value added available for distribution	898.8	584.4	350.9	1,113.1	1,163.3
Applied as follows:					
To employees					
- Salaries and other staff costs	725.5	467.6	354.4	759.6	748.3
To government					
- Corporate taxes *	17.5	(24.3)	(45.1)	52.7	73.1
To supplier of capital					
- Dividends	-	-	-	212.5	200.9
- Interest on borrowings	18.6	17.1	20.5	7.6	0.8
Retained for future capital requirements					
- Depreciation and amortisation	175.8	119.7	130.4	117.6	84.9
- Non-controlling interests	(12.1)	(16.1)	(30.4)	7.2	7.8
- Retained profits	(26.5)	20.4	(78.9)	(44.1)	47.5
Total value added	898.8	584.4	350.9	1,113.1	1,163.3
Value added per \$ revenue	0.51	0.50	0.36	0.57	0.64
Value added per \$ employment cost	1.24	1.25	0.99	1.47	1.55
Value added per \$ investment in fixed assets	0.37	0.24	0.18	0.59	0.70

### Note:

\* Includes share of tax of associates/joint ventures.

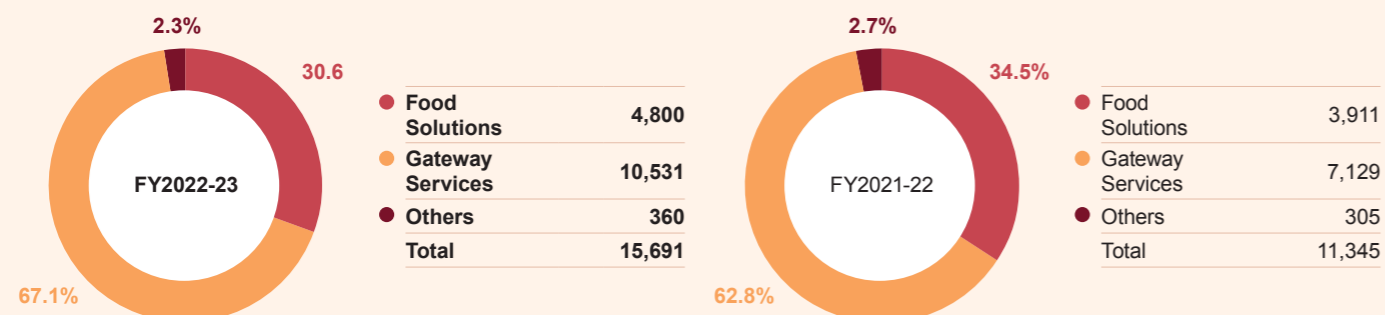


# Financial Review

## Staff Strength and Productivity

The average number of full-time equivalent employees in the Group for current financial year was 15,691. The 38.3% increase was mainly due to increase resources in line with aviation recovery across our regional network and consolidation of AAT.

The breakdown of the average number of employees is set out as follows:



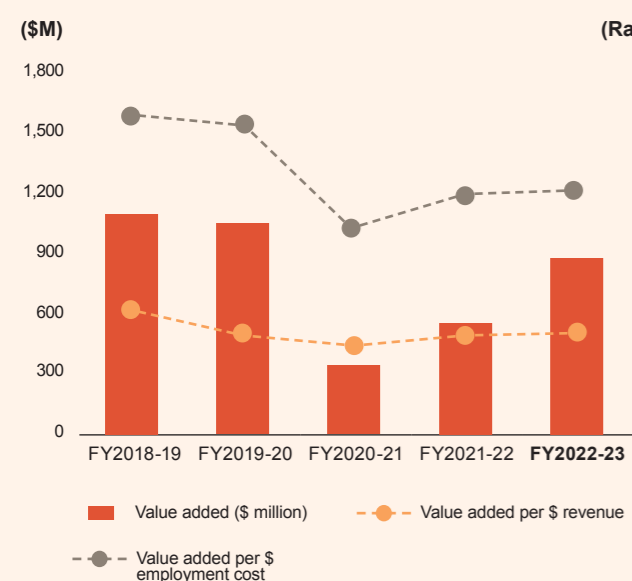
Staff productivity achieved during the year, measured by value added per employment cost was 1.24 times.

Productivity Analysis	FY2022-23	FY2021-22	FY2020-21	FY2019-20	FY2018-19
Value added (\$ million)	898.8	584.4	350.9	1,113.1	1,163.3
Value added per employee (\$)	57,280	51,512	27,041	64,885	81,316
Value added per \$ employment cost (times)	1.24	1.25	0.99	1.47	1.55
Revenue per employee (\$)	112,057	103,725	74,749	113,157	127,780
Staff costs per employee (\$) **	46,236	41,217	27,307	44,279	52,304

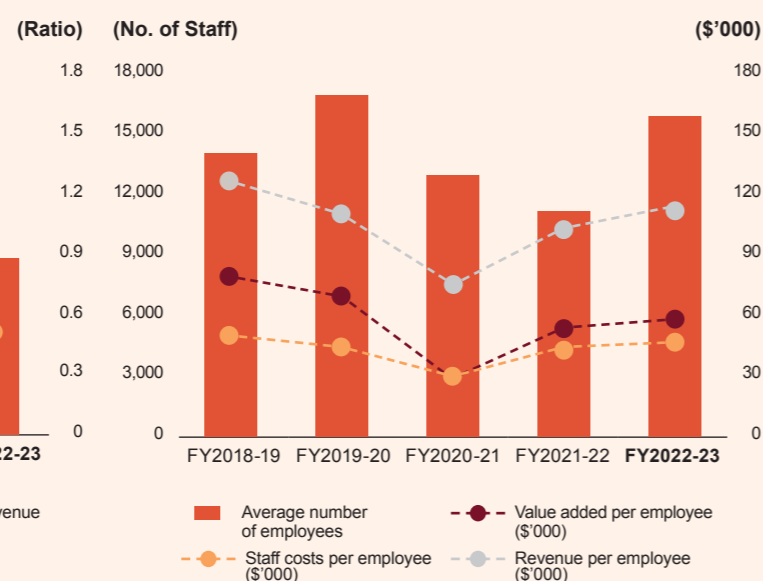
Note:

\*\* Staff costs exclude cost of contract labour.

## Group Value Added Productivity Ratios



## Group Staff Strength and Productivity



## Economic Value Added (EVA)

EVA for the Group was a negative \$252.1 million, \$77.9 million lower than the preceding financial year attributed to lower net operating profit after tax (NOPAT).

# Financial Calendar

Financial year ended 31 March 2023

## 2022

### 22 JUN

Published Notice of Annual General Meeting to shareholders on SGXNet and the Company's website

Digital Annual Report went live

### 22 JUL

49<sup>th</sup> Annual General Meeting was convened

Announcement of 1Q FY2022-23 business update

Business update conference call with live webcast

### 9 NOV

Announcement of 1H FY2022-23 business update

Business updated conference call with live webcast

## 2023

### 22 JUN

Published Notice of Annual General Meeting to shareholders on SGXNet and the Company's website

### 6 JUL

Digital Annual Report to go live

### 21 JUL

50<sup>th</sup> Annual General Meeting

### 15 AUG

Proposed announcement of 1Q FY2023-24 business update

Business update conference call with live webcast

### NOV

Proposed announcement of 1H FY2023-24 results

Proposed Capital Markets Day for investors and analysts

## 2023

### 3 JAN

Published Notice of Extraordinary General Meeting to shareholders on SGXNet and the Company's website

### 18 JAN

SATS Extraordinary General Meeting

### 13 FEB

Announcement of 3Q FY2022-23 business update

Business update conference call with live webcast

### 29 MAY

Announcement of 2H and Full-year FY2022-23 results

### 30 MAY

Results briefing conducted through live video webcast

## 2024

### FEB

Proposed announcement of 3Q FY2023-24 business update

### MAY

Proposed announcement of 2H and Full-year FY2023-24 results