

The logo for 'sats' is a dark red circle containing the word 'sats' in a white, lowercase, sans-serif font.

sats

# Accelerating Profitable Growth

12 January 2023

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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



# SATS Twin-engine Growth Strategy

Strengthening our core Singapore base while pursuing leadership in the resilient cargo segment with global reach

Singapore



Continued **market leadership** in **Singapore** further tapping into growth as it enhances its status as a world class hubDrive Changi i4.0 transformation, incl. digital control tower & Cosys+



Invest in protein trading & processing, and food production & distribution



Establish CoE for Innovation and Operations Excellence



Lead food production and productisation in Singapore



*Increased scale and global network to drive connectivity, operational excellence and digitalisation*

Overseas



Expand CTO network and grow **value add offerings** for specialised handling of e-Commerce and temperature sensitive goods



Grow **food production** business in **China, India and Japan**; differentiate through **culinary R&D, safety / authenticity and sustainability**



Grow **food distribution** through partnerships in **China, Japan, Vietnam and Philippines**



Invest in **large-scale food** production in Thailand



*Accelerated Transformation to Become the World's Leading Air Cargo Handler*

# Transaction Overview



**100% Acquisition of  
Worldwide Flight Services (WFS)**



**Acquisition Cost  
of S\$1,820M**





# Transforming SATS Into a Leading Global Air Cargo Handler



Creating a **pre-eminent global air cargo handling platform**



Driving **change and innovation** across a larger network with combined insights and capabilities



Reinforcing earnings **resilience and diversification**



Harnessing **synergistic opportunities** with an expected EBITDA run-rate in excess of S\$100M over the medium-term



Increased exposure to the **highly attractive and resilient** global air cargo handling market



Delivering a **strong and positive financial impact** to SATS' investors



# WFS is Market Leader in Air Cargo Handling



Global aviation services company mainly focused on cargo handling

Over **7.1M metric tons** cargo handled in 2021

Diversified footprint at **160 airport stations** in **18 countries** on **five continents**



Holistic suite of aviation service offerings

**Strategic focus on cargo**

Over **800,000 sqm** of cargo warehouse space

**Dedicated trucking** services

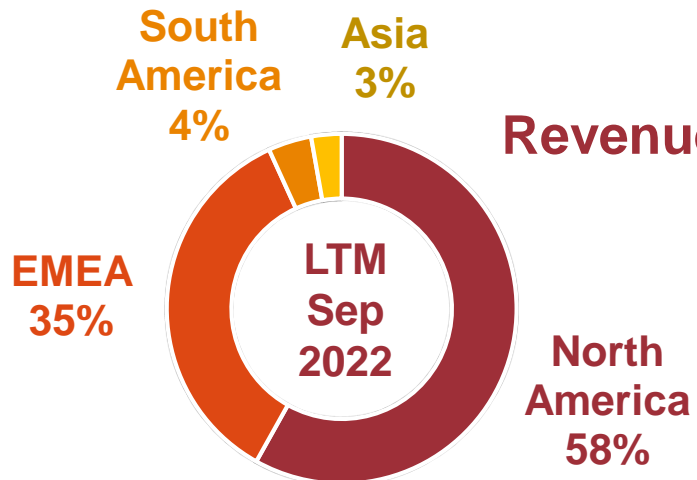


Diversified blue-chip customer base

Approximately **300 customers** spread over **1,500 contracts**

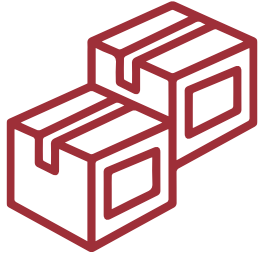
**Over 90%** contract renewal rate

Relationships spanning up to **35 years**





# WFS 9M 2022 Highlights



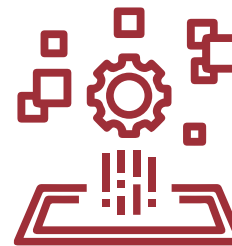
**Long-term structural growth in Cargo revenue**



**Ground and Ancillary recovering well**



**New contract wins and new capacity accelerating growth**



**Continued investment in operational excellence underpinned by technology**

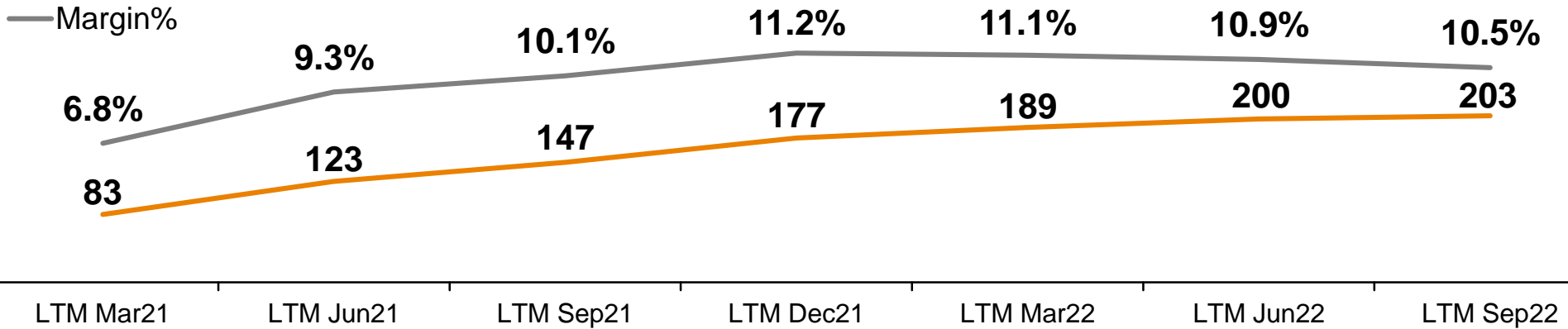


# Proven Business Resilience Despite Headwinds

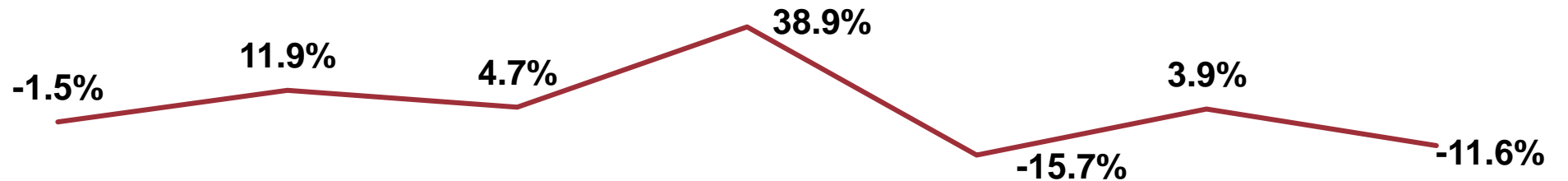
**Pro Forma Revenue (EUR in Million) <sup>(1)</sup>**



**Pro Forma Adj. EBITDA (EUR in Million) <sup>(2)</sup>**



**Global Airfreight Rate QoQ%**



(1) Revenue is as presented in WFS Bondholder Reports and WFS Bondholder Report Presentations, and does not include income from airport fees. In order to comply with French GAAP and for statutory accounting purposes, the WFS Group booked airport fees incurred (and recharged to customers) in connection with its North American business as revenue and costs. Airport fees are offset between revenue and field expenses, and exclusion of airport fees from revenue has no effect on EBITDA or net income.

(2) Defined as adjusted EBITDA on a full year basis for continued operations, and adjusted EBITDA contribution from acquisitions. Adjusted EBITDA is defined as EBITDA plus business tax, which is classified as income tax under IFRS, plus adjustments for non-recurring items (including restructuring, closing and severance costs, non-cash costs of pensions, transaction costs, and other exceptional items). Figures ended 30 June and 30 September 2022 include impact of discontinued ground operations at Paris Charles de Gaulle Airport.

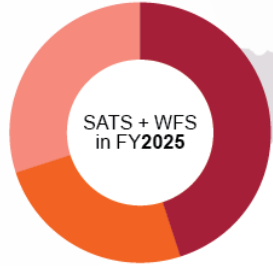


# Transforming SATS into a Leading Global Air Cargo Handler



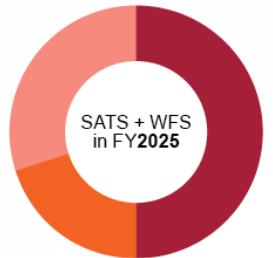
# Creating a Pre-eminent Global Air Cargo Handling Platform

### Revenue Contribution by Geography

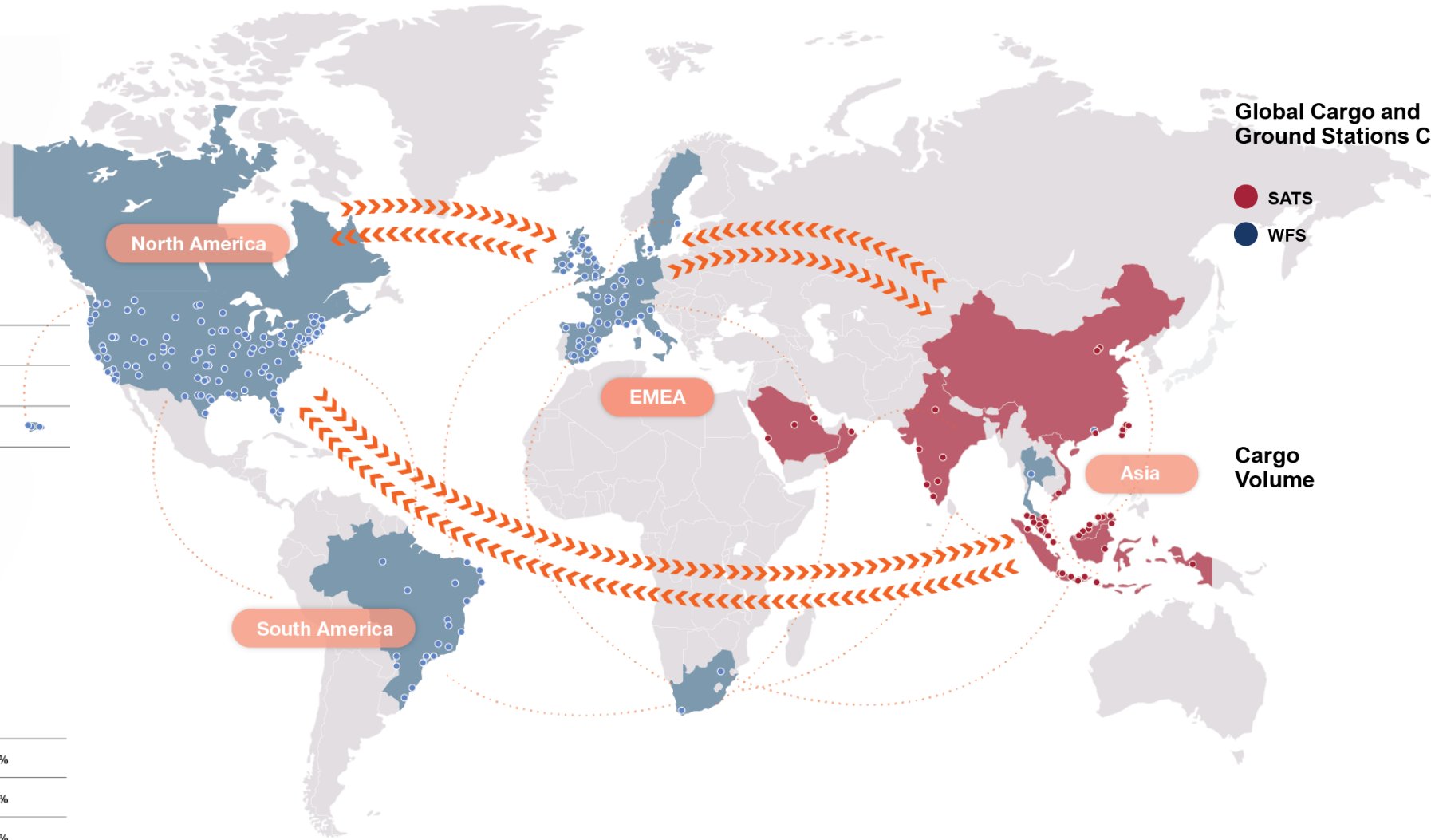


- Asia -45%
- EMEA -25%
- Americas -30%

### Revenue Contribution by Business



- Cargo (Incl. Express) -50%
- Cargo Handling and Ancillary -20%
- Food Solutions -30%



### Global Cargo and Ground Stations Count

- SATS
- WFS

# 201 stations



### Cargo Volume

# 10M tonnes





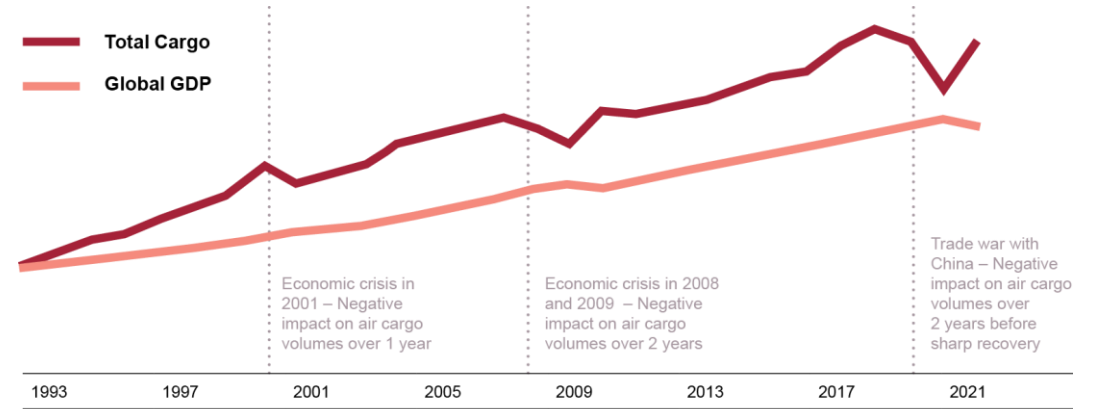
# Why Now?

## Strategic Fit for Future Profitable Growth

One-of-a-kind asset with highly complementary network

Increased end-to-end value to customers across global trade flows

Scale and capabilities to drive operational excellence through process standardisation and data proficiency



### 10-year Annual Cargo Volume Growth

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2.1%	2.6%	4.1%	4.0%	2.3%	7.8%	4.2%	(2.5%)	(14.7%)	16.4%



### eCommerce

Projected global growth of

**10%**  
per annum

Including projected growth of

**25%**  
in Southeast Asia

For the period of 2020 to 2025



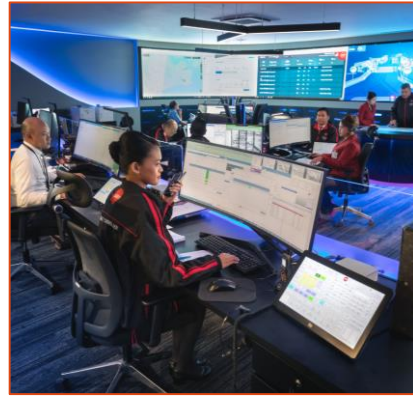
# Potential Run-rate EBITDA Synergies in Excess of S\$100M



## Increasing Customer Flows

Opportunities to identify gaps in customer coverage across the combined business, driven by a new cross-selling sales team and other initiatives

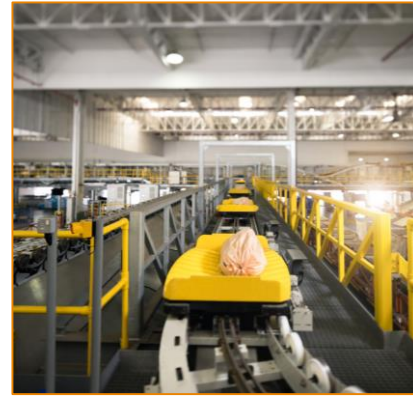
**Near-term**



## End-to-end Solutions

A global network that positions SATS for continued growth in existing and new markets, at the heart of trade flows

**Near to medium-term**



## Global eCommerce Cargo Partnerships

Leverage WFS leading eCommerce / express cargo handling proposition in Asia

**Near to medium-term**



## Accelerate Cargo Automation

A larger combined capital base enables increased investment in productivity improvement and automation initiatives

**Medium-term**



## Reinforce Downstream Cargo Logistics

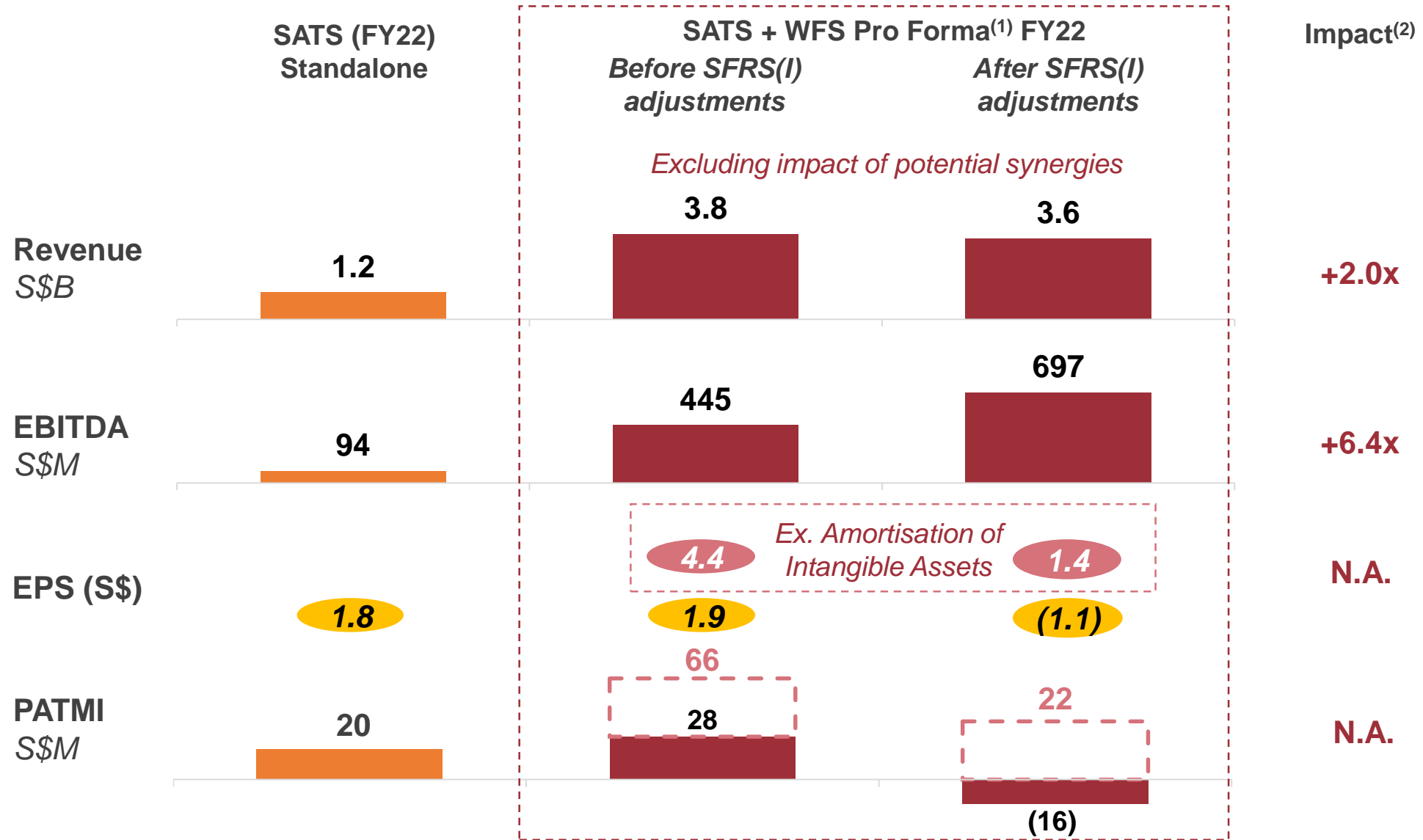
Establish and scale a downstream logistics business across geographies

**Medium-term**

Note: Run-rate EBITDA represents recurring annual EBITDA as result of revenue and cost synergies



# Pro Forma Financials Before/After SFRS(I) Adjustments



Note: SATS Group's EBITDA includes share of results of associates/joint ventures; SATS Group EBITDA excludes one-off items. EUR financials converted to SGD at €:S\$ exchange rate of 1.5077, the rate as at 31 March 2022

(1) The combined pro forma figures are based on the unaudited financial information of WFS for the twelve months ended 31 March 2022, prepared in accordance with French GAAP for the WFS Group and Dutch GAAP for the Dutch Holding Companies, assuming the acquisition was completed on 1 April 2021. SFRS(I) conversion was performed by SATS on a best-efforts basis in consultation with an external consultant engaged by SATS. Refer to paragraph 11 of the Circular for detailed bases and assumptions of the combined pro forma financial effects

(2) Multiple calculated as Pro Forma FY22 (after SFRS(I) adjustments) / SATS (FY22) Standalone



# Balanced Funding Plan

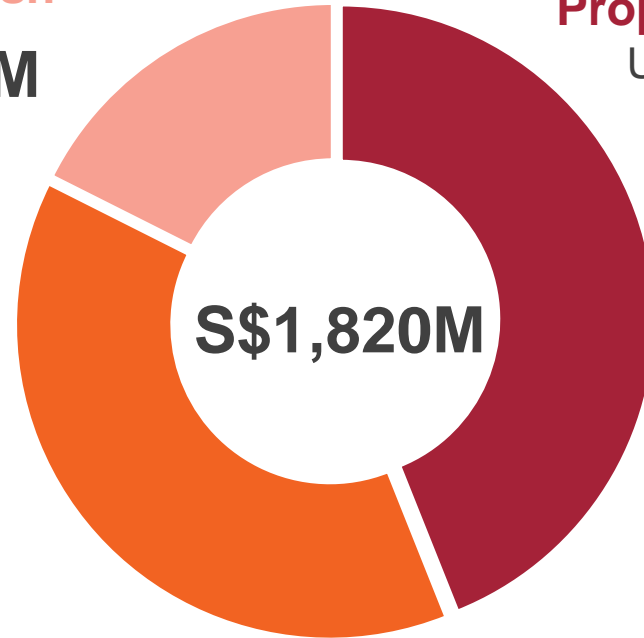
Internal Cash

**S\$320M**

Proposed Rights Issue

Up to approximately

**S\$800M**



Term Loan

Approximately

**S\$700M**

Indicative Timeline (2023)			
18 Jan 2023	Feb	Mar	Mar/Apr
SATS EGM	Clearance of antitrust and FDI filings	Launch of Proposed Rights Issue	Completion of Acquisition

# Shareholder Support



## 1. ORDINARY RESOLUTION – THE PROPOSED ACQUISITION

The Proposed Acquisition by SATS International, an indirect wholly-owned subsidiary of SATS, of all the issued and paid-up share capital of Promontoria Holding 243 B.V. from each of the Sellers.

- ✓ **SATS Board of Directors** will vote in favour of the transaction, and
- ✓ They intend to exercise their *pro rata* entitlements to the Proposed Rights Issue in full.



- ✓ **Temasek** (via its indirect wholly-owned subsidiary, Venezia Investments Pte. Ltd.) has provided an irrevocable undertaking to vote in favour of the transaction, and
- ✓ Venezia has indicated its intention, subject to the terms of the Proposed Rights Issue to be finalised, to subscribe for its *pro rata* entitlement to the Proposed Rights Issue.



It is envisaged that the Proposed Rights Issue will be **underwritten by bank(s)**.