



Strategy and FY15/16 Performance

23 May 2016

Forward Looking Statements

This presentation may contain forward-looking statements regarding, among other things, the Company's outlook, business and strategy which are current as of the date they are made. These forward-looking statements are based largely on the current assumptions, expectations and projections of the directors and management of SATS about our business, and the industry and markets in which we operate. These statements are not guarantees of SATS' future performance and are subject to a number of risks and uncertainties, some of which are beyond the Company's control and are difficult to predict. Future developments and actual results could differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will prove to be accurate. SATS does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.



Agenda

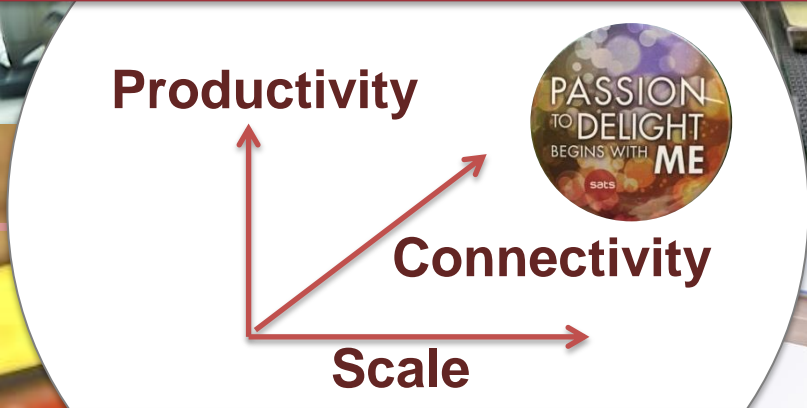
- Feeding and Connecting Asia
- FY15/16 Financial Performance
- Outlook & Growth Opportunities

Feeding and Connecting Asia

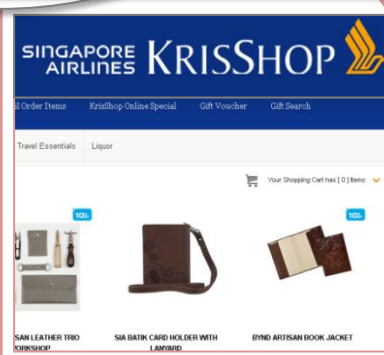




Feeding Asia

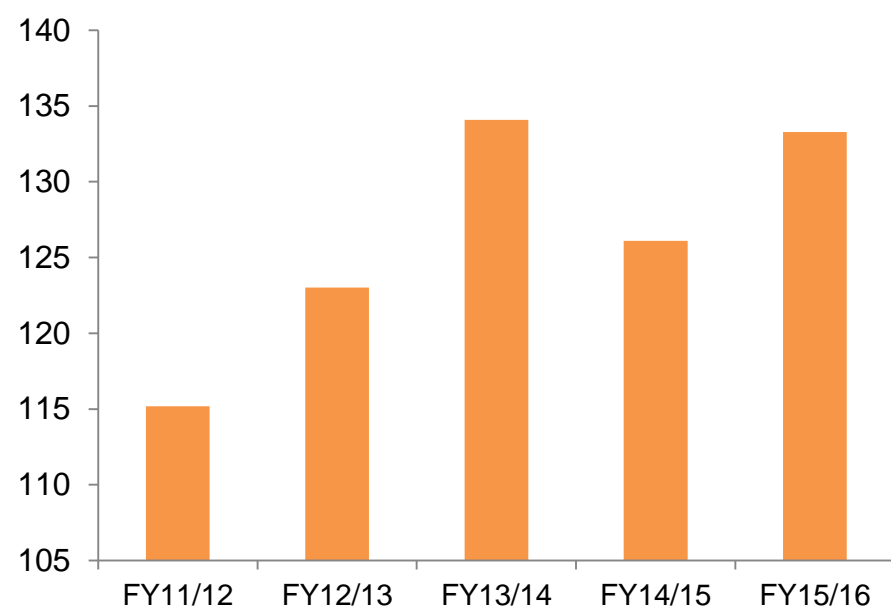


Connecting Asia

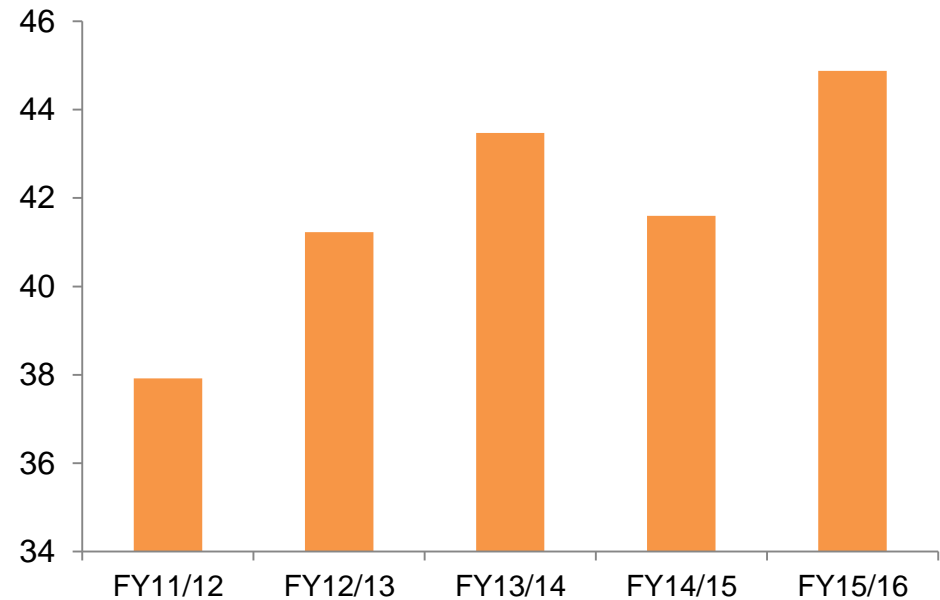


Singapore Aviation Operating Statistics

Flights Handled ('000)

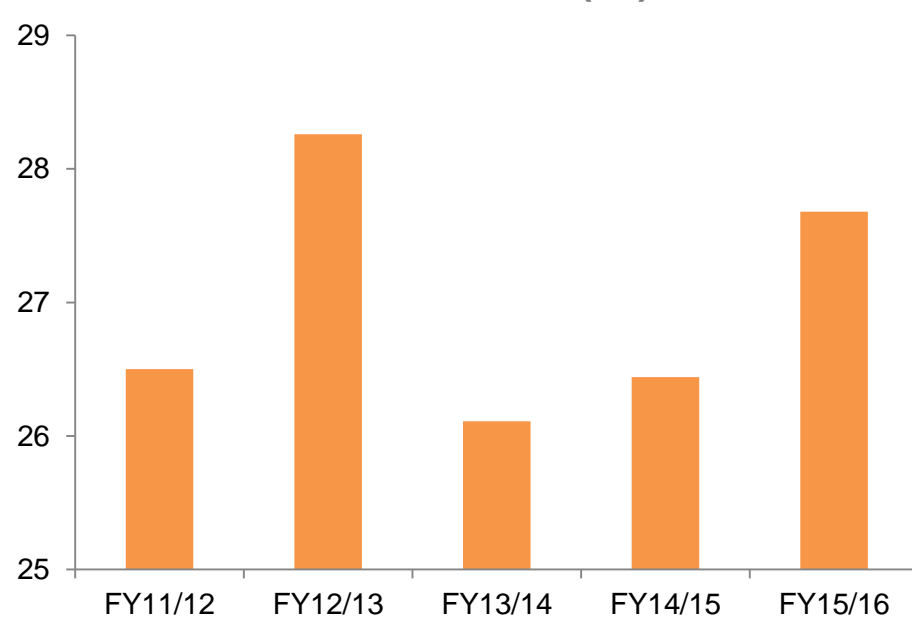


Passengers Handled ('M)

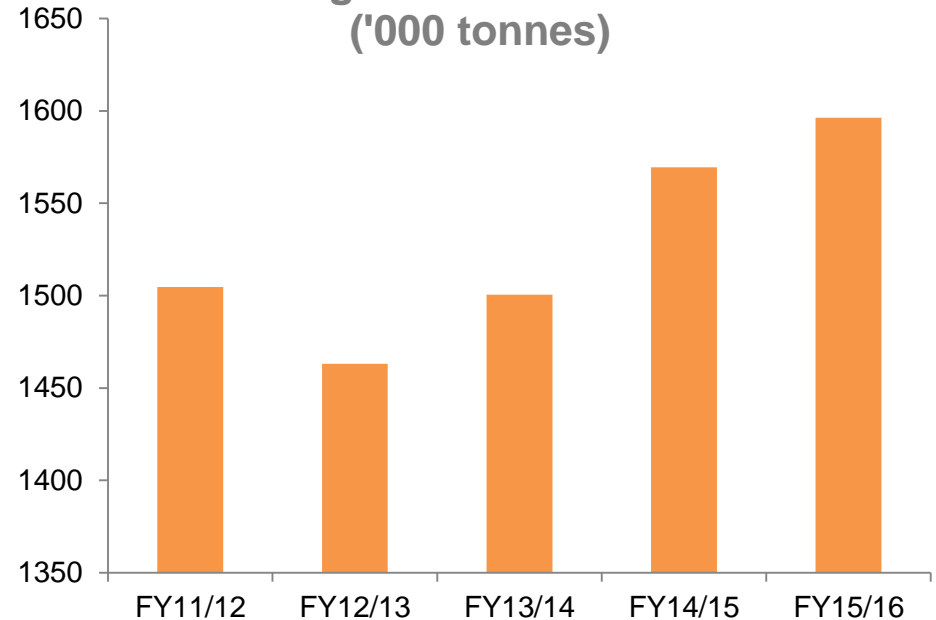


Singapore Aviation Operating Statistics

Gross Meals* ('M)

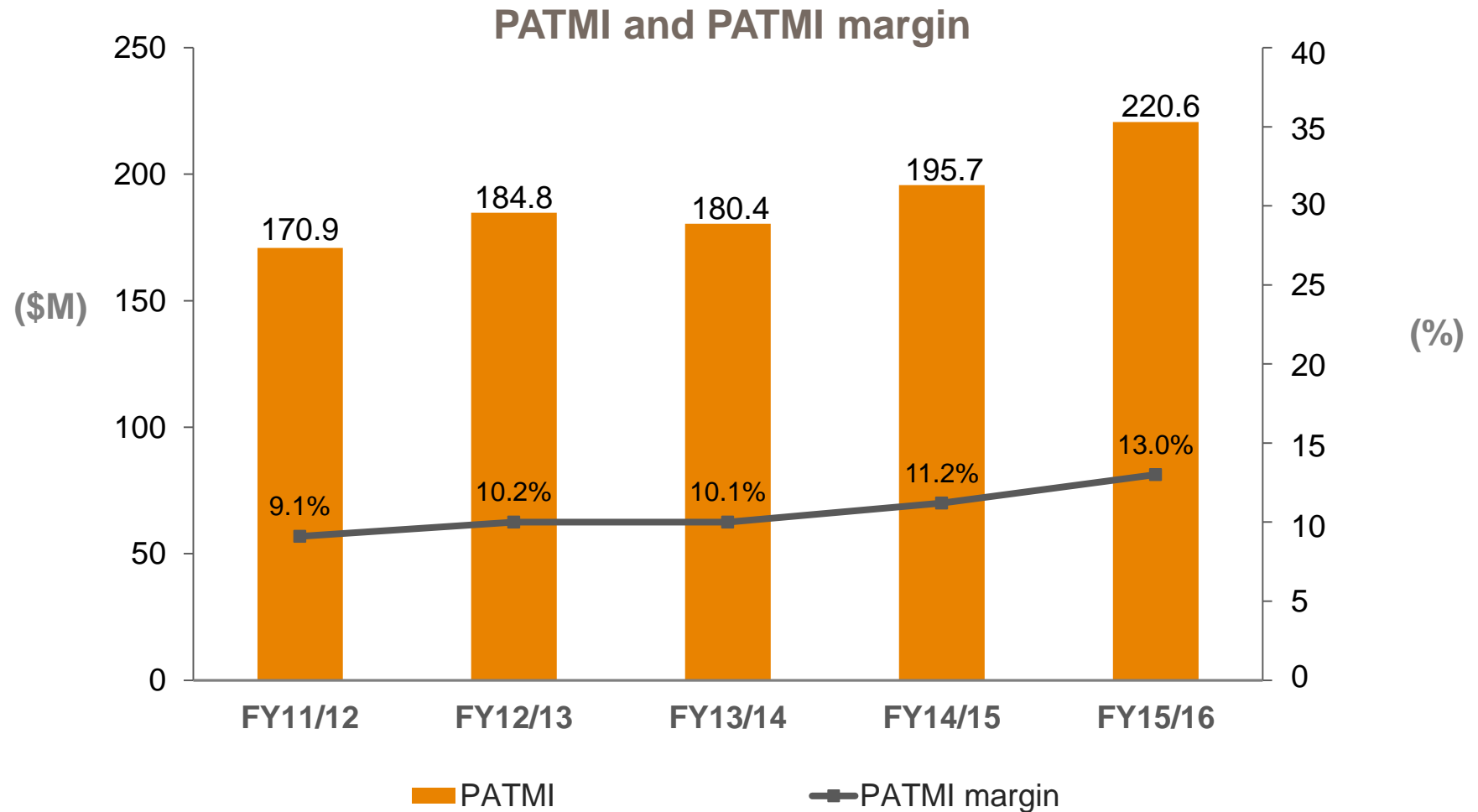


Cargo/Mail Processed ('000 tonnes)

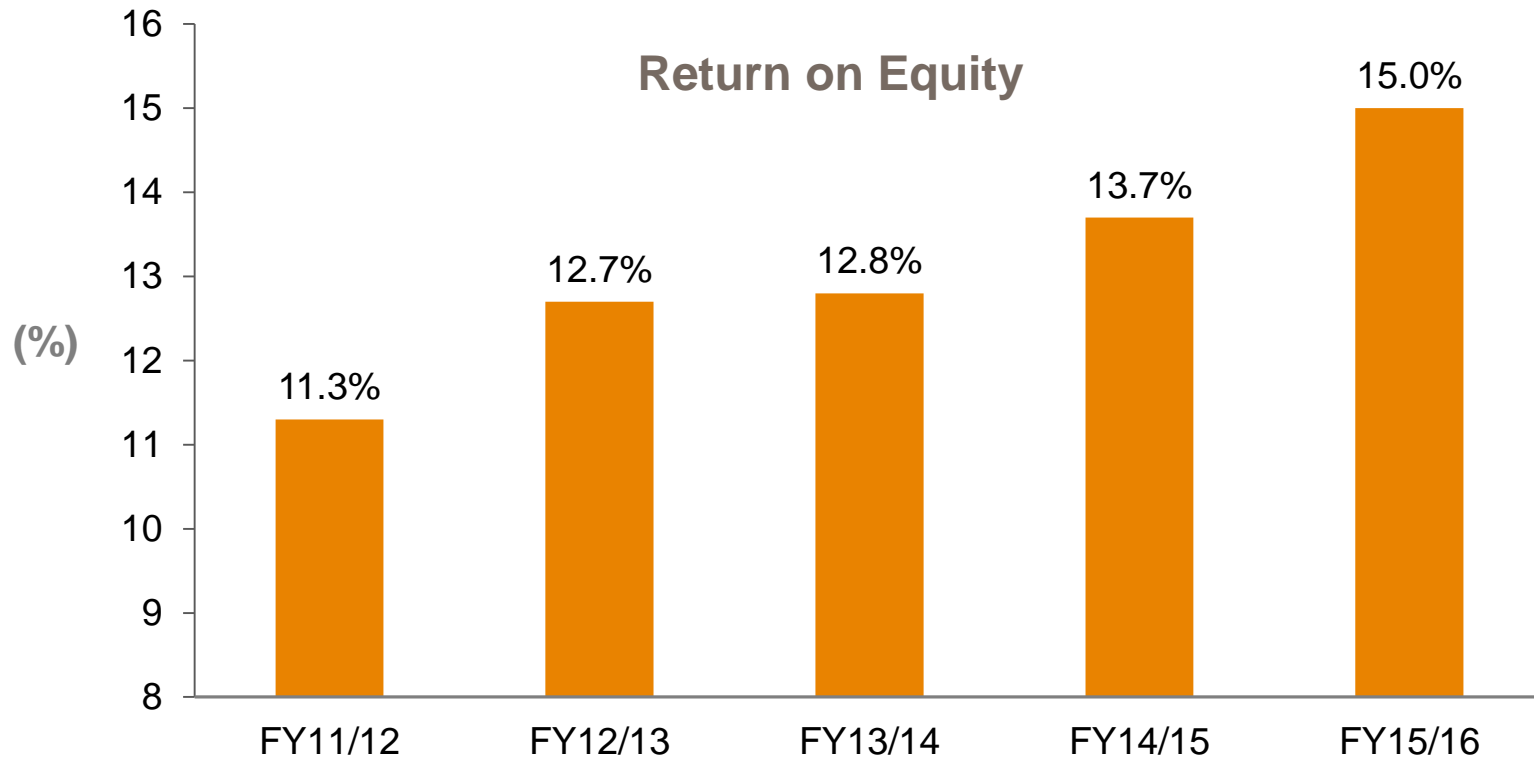


* Gross meals data do not include low-cost carrier operations

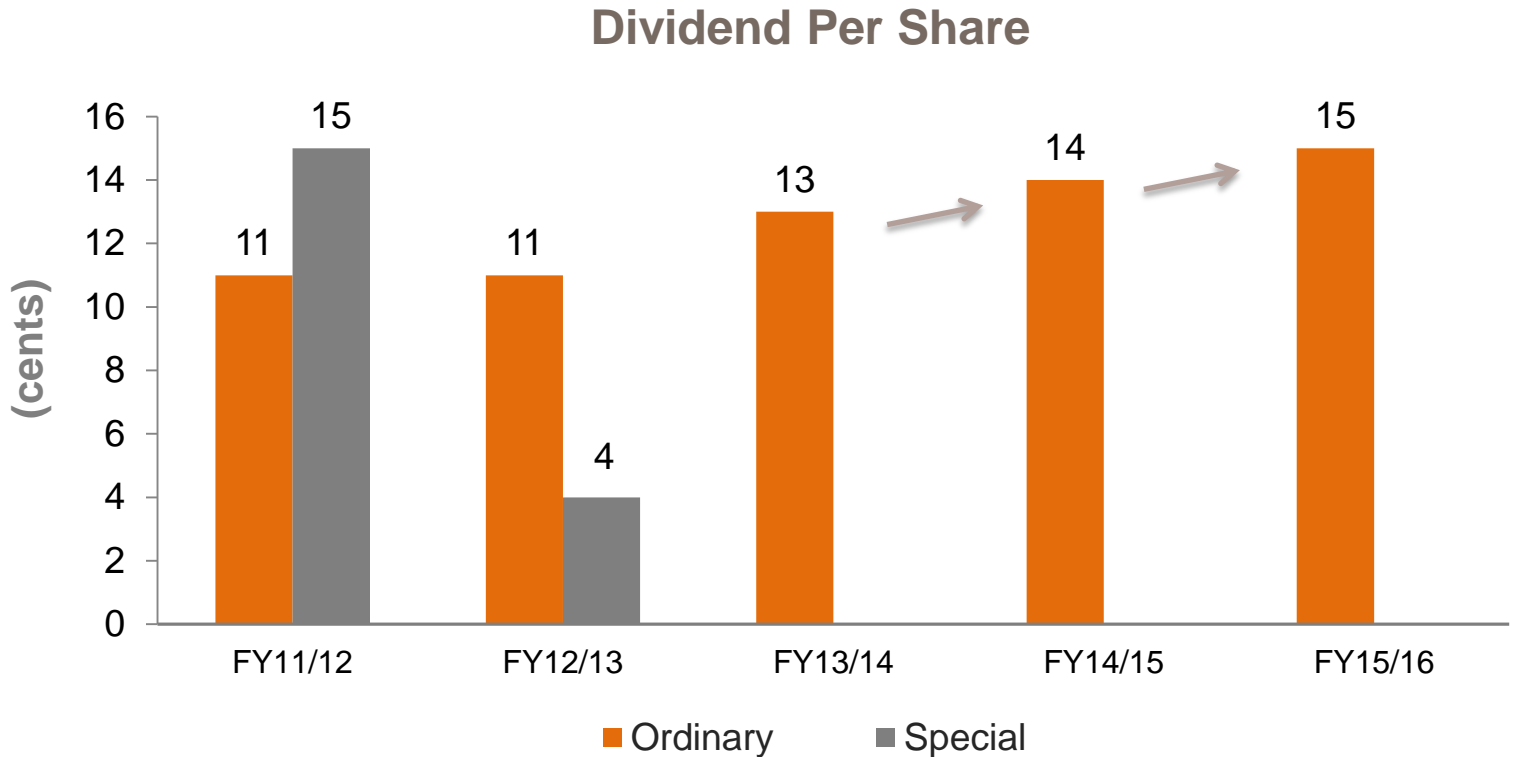
Improving PATMI and PATMI margin



Increasing Return on Equity



Growing Ordinary Dividend



Proposed final dividend of 10 cents*.

Total dividends to increase by 1 cent to 15 cents, estimated dividend payout of \$166M.
Payment of final dividend is on 10 August 2016. Book closure date is 27 July 2016.



**Subject to shareholders' approval at AGM to be held on 19 July 2016*

FY15/16 Financial Performance



Executive Summary: FY15/16 Performance

- Group revenue was \$1.7B. Excluding the food distribution revenue transferred to SATS BRF Food, and divestment of Urangan Fisheries, the Group's underlying revenue increased by 3%
- Operating margin expanded 2.4 ppt to 12.6%
- PATMI improved by 12.7% to \$220.6M
- EPS rose 13.7% to 19.9 cents
- ROE grew 1.3 ppt to 15%
- Free cash flow generated was \$222M
- Proposed final ordinary dividend of 10 cents per share, bringing total full year dividend up 1 cent to 15 cents
- We continue to invest in new technology to achieve greater efficiencies. While our aviation business in Singapore remains a pillar of strength, we have been developing our non-aviation business and expanding across the region



Operating Statistics for Singapore Aviation Business

	4Q15/16	4Q14/15	Change (%)	FY15/16	FY14/15	Change (%)
Passengers Handled ('M)	11.72	9.67	21.2	44.88	41.60	7.9
Flights Handled ('000)	34.89	29.38	18.8	133.28	126.11	5.7
Unit Services Handled ('000)	30.08	26.27	14.5	116.57	110.00	6.0
Cargo/Mail Processed ('000 tonnes)	398.48	380.38	4.8	1,596.22	1,569.51	1.7
Gross Meals Produced ('M)	6.83	6.47	5.6	27.68	26.44	4.7
Unit Meals Produced ('M)	5.37	5.11	5.1	21.74	20.83	4.4



- * The above aviation operating data cover Singapore operations only.
- * Except for unit and gross meals produced, all data include LCC operations.

FY15/16 Highlights

Revenue

\$1,698.2M -3.1%

- Revenue declined 3.1%. Excluding the food distribution revenue transferred and divestment of Urangan, the Group's underlying revenue grew by \$53.2M (+3.0%) while Food Solutions' revenue grew by \$24.1M (+2.3%). Gateway Services' revenue grew by \$28.9M (+4.1%).

Operating profit

\$214.7M 20.6%

- Operating profit increased 20.6% due to a decrease in operating expenses.

Share of results of Associates/JVs, net of tax

\$48.0M -0.2%

- Share of after-tax profits from associates/JVs declined slightly by 0.2%, with better performances from the Food Solutions' associates/JVs.

PATMI

\$220.6M 12.7%

- Underlying net profit was \$218.1M, 11.3% higher y-o-y.
- EPS increased to 19.9 cents from 17.5 cents.

Debt-to-equity

0.07 times -

- Debt-to-equity ratio remained healthy at 0.07 times.
- Cash and short-term deposits stood at \$489.9M.
- Free cash flow generated year-to-date amounted to \$222M.



4Q and FY15/16 Financials

\$M	4Q15/16	4Q14/15	Favourable/ (Unfavourable) Change (%)	FY15/16	FY14/15	Favourable/ (Unfavourable) Change (%)
Revenue	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)
Expenditure	(367.9)	(380.4)	3.3	(1,483.5)	(1,575.2)	5.8
Operating Profit	49.7	44.7	11.2	214.7	178.0	20.6
EBITDA	68.5	61.0	12.3	284.7	243.8	16.8
Share of Results of Associates/JVs, Net of Tax	11.7	13.1	(10.7)	48.0	48.1	(0.2)
Impairment of Assets Held for Sale	-	-	n.m.	-	(0.2)	n.m.
Impairment of property, plant and equipment	(2.1)	-	n.m.	(2.1)	-	n.m.
Net gain from transfer of business to a JV	-	-	n.m.	2.5	-	n.m.
PBT	60.5	57.9	4.5	265.2	224.8	18.0
PATMI	50.7	51.6	(1.7)	220.6	195.7	12.7
Underlying Net Profit*	50.7	51.6	(1.7)	218.1	195.9	11.3

n.m. – not meaningful

** Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – net gain from transfer of business to a JV and impairment loss on carrying value of Assets Held for Sale.*



Financial Indicators

%	4Q15/16	4Q14/15	Change (ppt)	FY15/16	FY14/15	Change (ppt)
Operating Margin	11.9	10.5	1.4	12.6	10.2	2.4
EBITDA Margin	16.4	14.3	2.1	16.8	13.9	2.9
PBT Margin	14.5	13.6	0.9	15.6	12.8	2.8
PATMI Margin	12.1	12.1	0.0	13.0	11.2	1.8
Underlying Net Margin	12.1	12.1	0.0	12.8	11.2	1.6

	4Q15/16	4Q14/15	Change (%)	FY15/16	FY14/15	Change (%)
EPS Based on PATMI (cents)	4.6	4.7	-2.1%	19.9	17.5	13.7%

	31 MAR 16	31 MAR 15
NAV Per Share (\$)	1.34	1.30
Debt-to-Equity Ratio	0.07	0.07

Improved margins in 4Q and FY.



Group Segmental Revenue

\$M	4Q15/16	4Q14/15	Change (%)	FY15/16	FY14/15	Change (%)
By Business:						
Food Solutions	232.3	250.9	(7.4)	967.4	1,051.5	(8.0)
Gateway Services	183.8	173.0	6.2	725.9	697.0	4.1
Corporate	1.5	1.2	25.0	4.9	4.7	4.3
Total	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)
By Industry:						
Aviation	360.0	336.9	6.9	1,431.7	1,395.4	2.6
Non-Aviation	56.1	87.0	(35.5)	261.6	353.1	(25.9)
Corporate	1.5	1.2	25.0	4.9	4.7	4.3
Total	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)
By Geographical Location:						
Singapore	336.1	352.6	(4.7)	1,383.3	1,439.9	(3.9)
Japan	59.9	50.3	19.1	221.7	220.9	0.4
Others	21.6	22.2	(2.7)	93.2	92.4	0.9
Total	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)

Revenue mix between Food Solutions and Gateway Services of 56:44 for 4Q15/16.



Group Expenditure

\$M	4Q15/16	4Q14/15	Favourable/ (Unfavourable) Change (%)	FY15/16	FY14/15	Favourable/ (Unfavourable) Change (%)
Staff Costs	212.6	193.6	(9.8)	825.9	800.6	(3.2)
Cost of Raw Materials	62.8	84.0	25.2	282.7	349.3	19.1
Licence Fees	16.3	18.9	13.8	68.0	78.1	12.9
Depreciation & Amortisation charges	18.4	17.3	(6.4)	70.4	68.2	(3.2)
Company Premise & Utilities Expenses	23.1	30.1	23.3	108.1	125.0	13.5
Other Costs	34.7	36.5	4.9	128.4	154.0	16.6
Group Expenditure	367.9	380.4	3.3	1,483.5	1,575.2	5.8
Group Revenue	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)

Group expenditure decreased due to reductions in most expense categories except for staff costs and depreciation and amortisation charges.

Associates/JVs Performance by Business

\$M	4Q15/16	4Q14/15	Change (%)	FY15/16	FY14/15	Change (%)
PAT	11.7	13.1	(10.7)	48.0	48.1	(0.2)
Food Solutions	2.7	3.9	(30.8)	9.6	9.2	4.3
Gateway Services	9.0	9.2	(2.2)	38.4	38.9	(1.3)
Dividends Received	-	-	-	33.6	88.7	(62.1)

AISATS, AAT, MIC and PT JAS together contributed approximately 75.4% of our share of after-tax profits from associates/JVs.



Strong Balance Sheet

\$M	As at 31 MAR 16	As at 31 MAR 15
Total Equity	1,565.1	1,517.6
Long-Term Loans	0.8	89.7
Other Long-Term Liabilities	69.5	66.6
Current Liabilities	470.3	345.8
Total Equity & Liabilities	2,105.7	2,019.7
Fixed Assets & Investment Properties	530.7	558.7
Associated Companies & JVs	546.1	464.8
Intangible Assets	163.7	165.5
Other Non-Current Assets & Long-Term Investments	35.6	38.0
Current Assets		
<i>Cash & Short-Term Deposits</i>	489.9	410.9
<i>Debtors & Other Current Assets</i>	339.7	381.8
Total Assets	2,105.7	2,019.7

Cash and short-term deposits increased mainly due to cash generated from operations, dividends received from associates/JVs, proceeds from exercise of share options.

Group Cash Flow Statement

\$M	FY15/16	FY14/15	Difference
Net Cash From Operating Activities	273.1	236.4	36.7
Net Cash (Used In)/From Investing Activities	(56.3)	58.1	(114.4)
Net Cash Used In Financing Activities	(157.2)	(199.6)	42.4
Net Increase In Cash & Cash Equivalents	59.6	94.9	(35.3)
Cash & Cash Equivalents At End Of Financial Period	489.9	429.7	60.2
Free Cash Flow*	222.0	175.1	46.9

Net cash used in investing activities was higher due to investments in associates/JVs, lower dividends received from associates/JVs, and absence of last year's proceeds from disposal of interest in associates.



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

Outlook and Growth Opportunities

Outlook

Our focus on productivity from scale and use of technology will continue to position us well to weather global economic and political uncertainties as well as intense competition. Airline load factors are improving although airline yields are still weak.

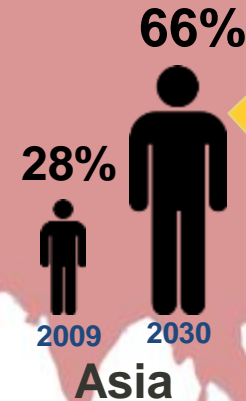
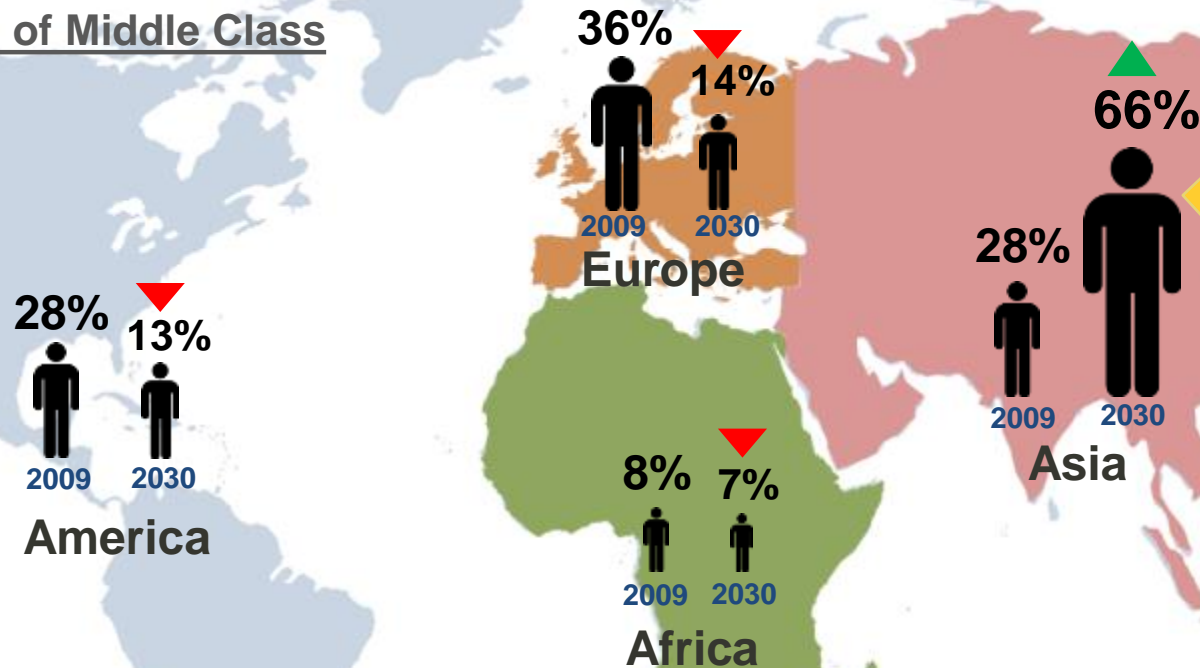
Investments in technology will bring more value to our customers as we connect our services across our operations in Asia.

While our aviation business in Singapore remains a pillar of strength, we have been developing our non-aviation business and expanding across the region. The growth of tourism in the region as well as demand for safe, high quality food from the burgeoning urban populations of Asia are also creating new growth opportunities for us.



Rapid middle class population growth in Asia

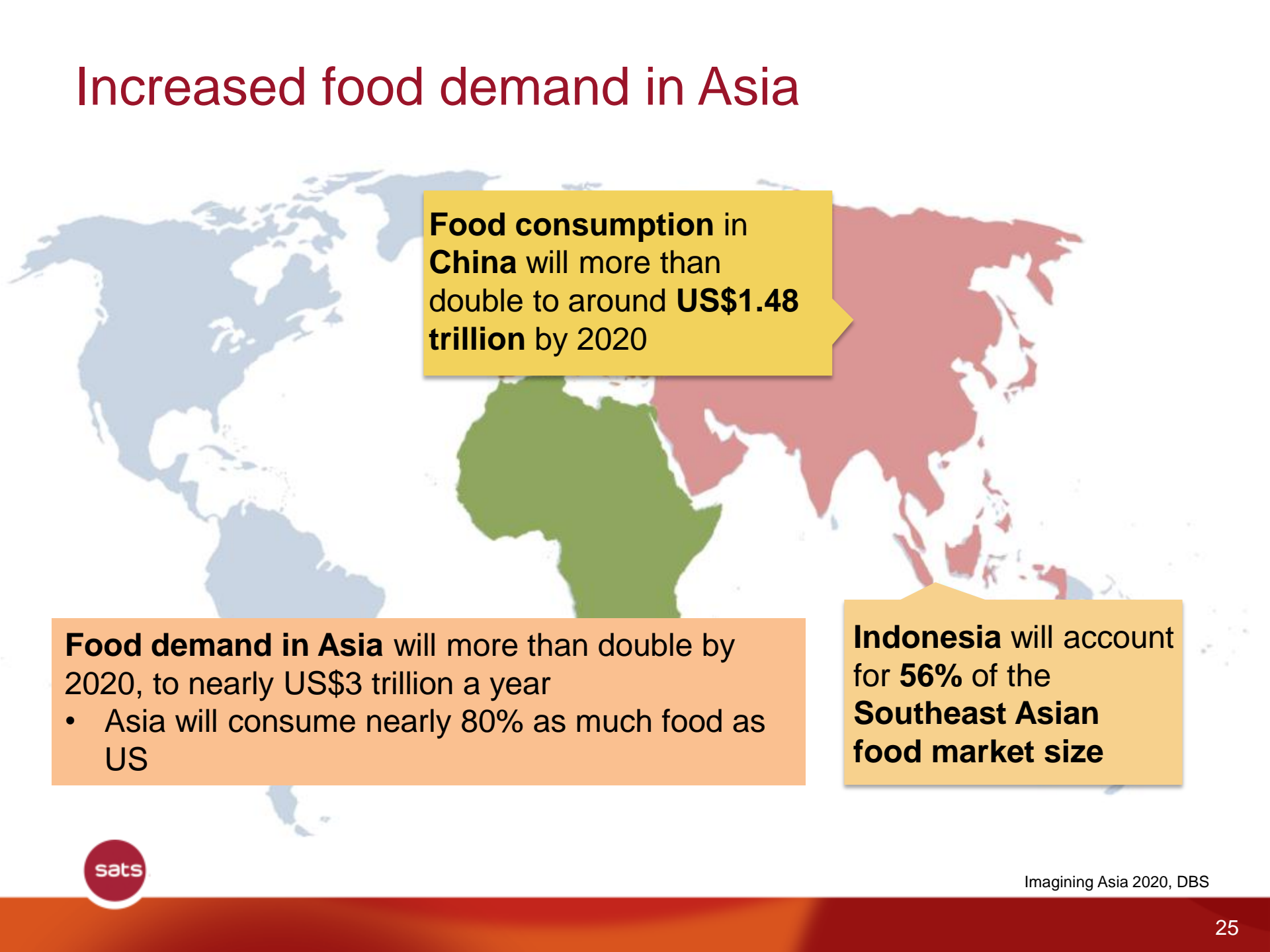
Share of Middle Class



- 66% of middle class population will be in Asia in 2030
- Chinese middle class to reach 1 billion by 2030

Asia, is currently home to **53%** of the world's urban population, **15 of the world's 29 megacities**

Increased food demand in Asia

A world map with callouts for food demand in Asia. The map is color-coded: North America and South America are light blue, Africa is green, and Asia is red. Three callout boxes are overlaid on the map. The first callout box is yellow and points to China. The second callout box is orange and points to the Asian continent. The third callout box is yellow and points to Indonesia.

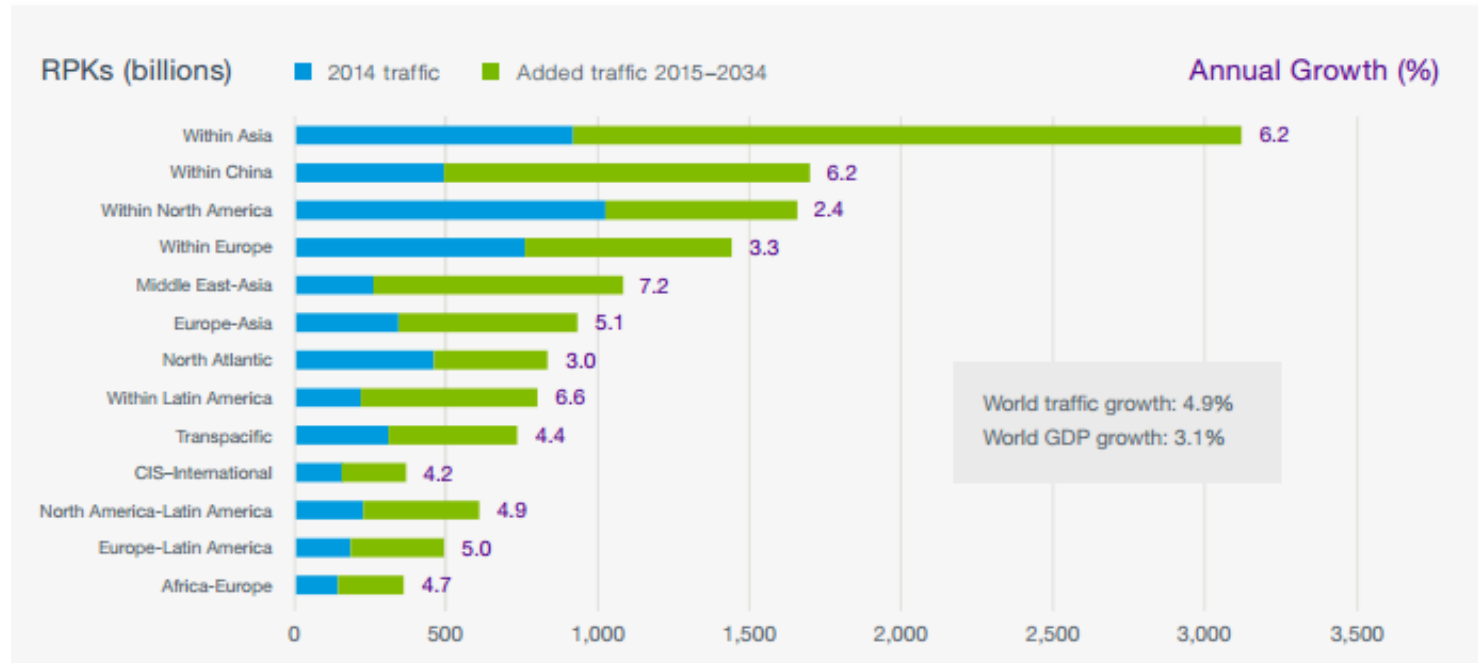
Food consumption in China will more than double to around **US\$1.48 trillion** by 2020

Food demand in Asia will more than double by 2020, to nearly US\$3 trillion a year

- Asia will consume nearly 80% as much food as US

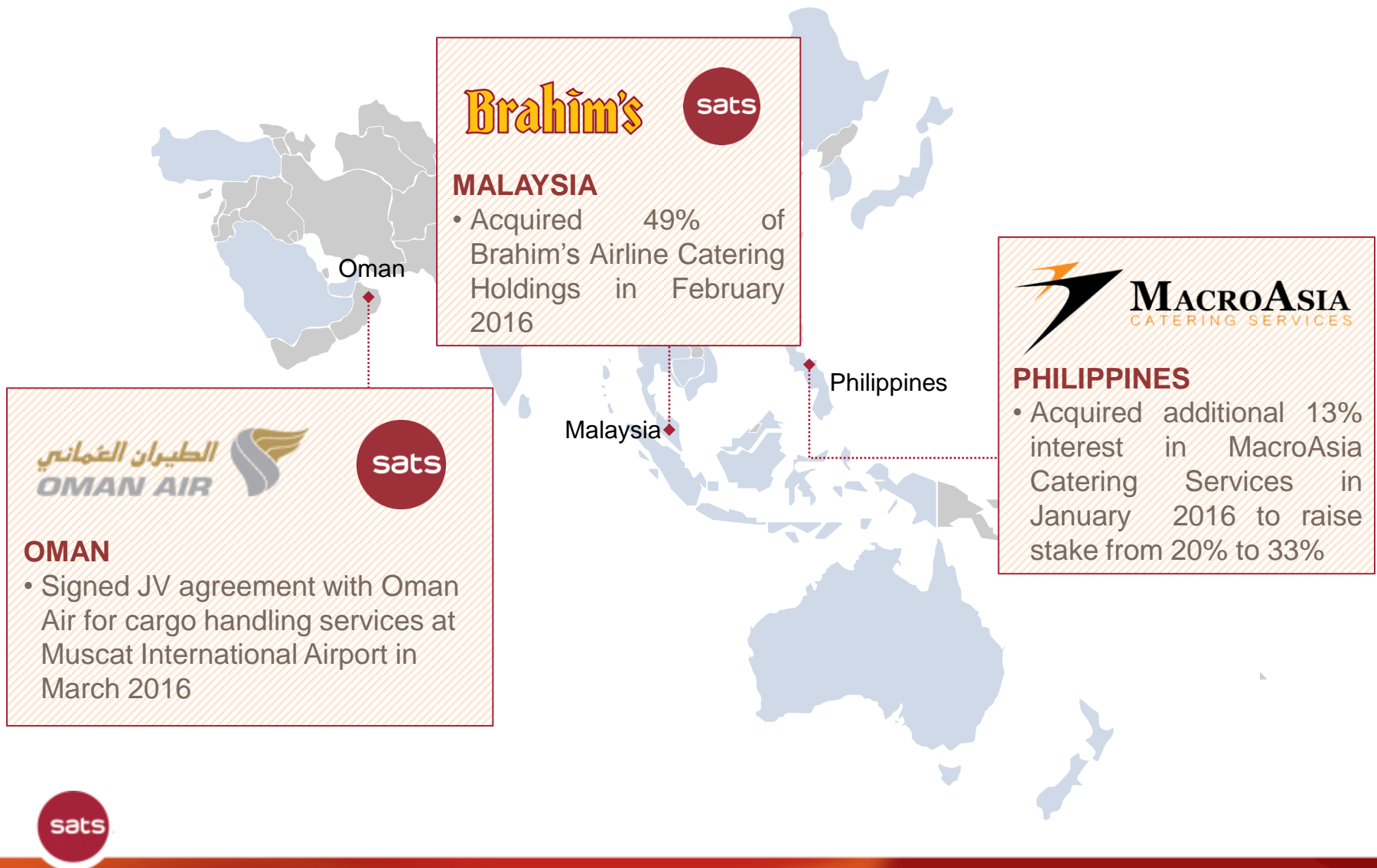
Indonesia will account for **56%** of the **Southeast Asian food market size**

Asia remains largest travel market over next 20 years

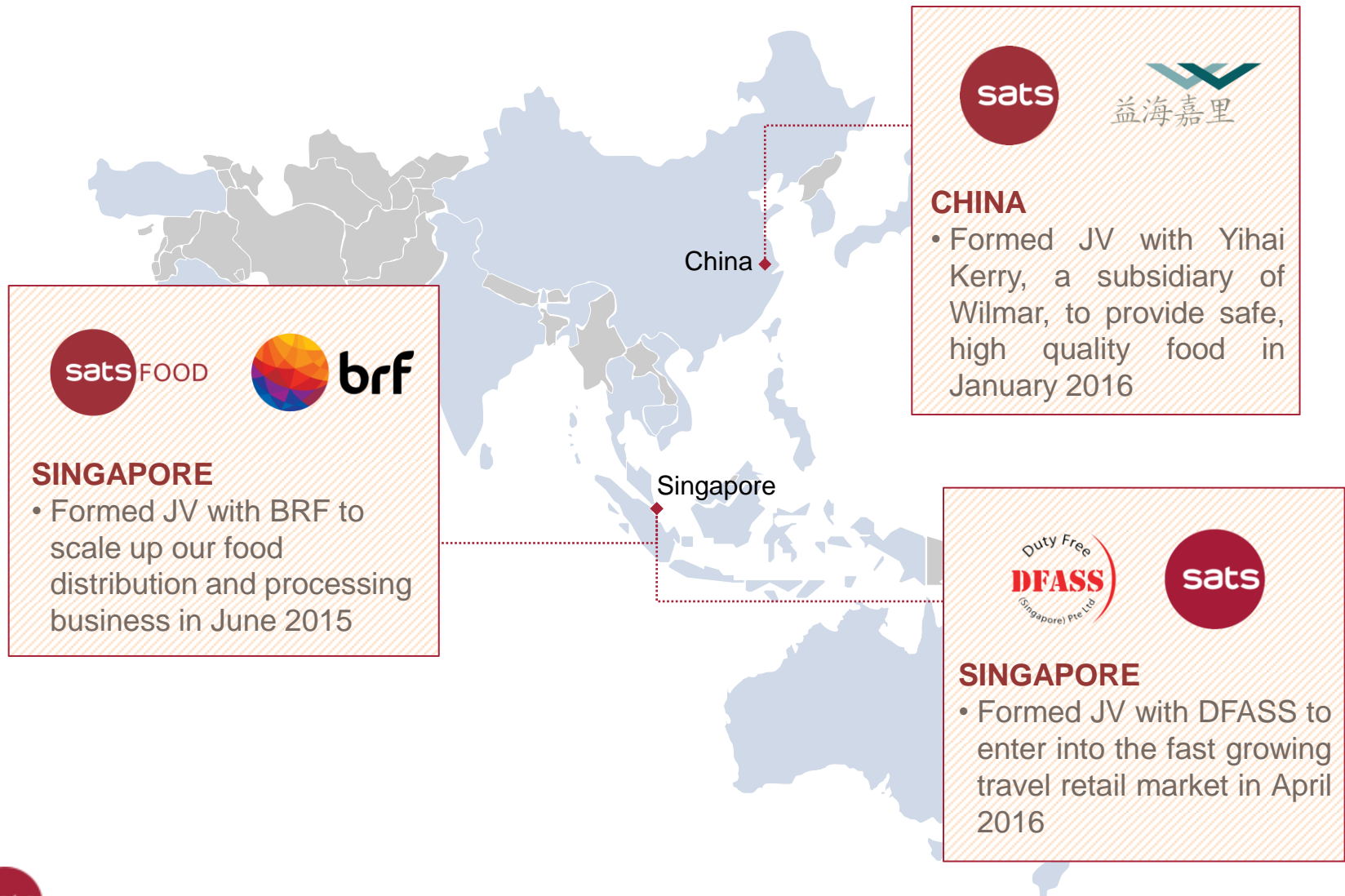


- **Biggest aviation market**, with 100M passengers expected to enter the market annually
- **Intra-Asia traffic** will account for **62%** of all traffic to, from and within Asia in 2034

Building Out Across Asia and Middle East



Building Up Into Adjacent Businesses





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