



MEDIA RELEASE

SATS POSTS IMPROVEMENTS IN PROFITS IN 1Q FY16-17

- Turnaround in TFK with 36.2% growth in revenue – restructuring efforts show progress.
- Group revenue improves 1.8% with stronger volume growth across stations in key locations. Underlying revenue excluding the transfer of food distribution business recorded 8.6% growth year-on-year.
- Underlying net profit of \$55.5 million improves 17.8% from prior year.

SINGAPORE, 21 July 2016 – SATS Ltd. (SATS) today reports its unaudited results for the first quarter ended 30 June 2016.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	1Q FY16-17 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	424.2	7.3	1.8
Expenditure	(369.7)	3.2	0.9
Operating profit	54.5	10.5	23.9
Share of results of associates/JVs, net of tax	12.2	(0.6)	(4.7)
Profit attributable to owners of the Company	64.1	14.5	29.2
Underlying net profit ⁽¹⁾	55.5	8.4	17.8
Earnings per share (cents) - basic	5.8	1.3	28.9

Note:

- (1) Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items: (i) Gain on disposal of assets held for sale (\$9.3 million in 1Q FY16-17, Nil in 1Q FY15-16). (ii) Net gain from transfer of business to a joint venture (Nil in 1Q FY16-17, \$2.5 million in 1Q FY15-16). (iii) Loss on divestment of interest in an associate (\$0.2 million in 1Q FY16-17, Nil in 1Q FY15-16). (iv) Loss on dilution of interest in an associate (\$0.5 million in 1Q FY16-17, Nil in 1Q FY15-16).

GROUP EARNINGS

1Q FY16-17 (1 April – 30 June 2016)

For the first quarter ended 30 June 2016, Group revenue increased 1.8% year-on-year to \$424.2 million. The revenue from Food Solutions decreased \$1.1 million or 0.5% to \$240 million, largely

attributable to the transfer of the food distribution business to the joint venture company SATS BRF Food in June 2015. Excluding this transfer, the Group's underlying revenue would have grown \$35.8 million or 8.6%, while Food Solutions' revenue would have increased \$27.4 million or 11.4%. Gateway Services' revenue had increased by \$8.2 million or 4.7% to \$182.9 million.

Group expenditure dropped by 0.9% to \$369.7 million, mainly in cost of raw materials, company premise and utilities expenses, and other costs. Cost of raw materials shrank \$13.5 million mainly due to the transfer of the food distribution business. Company premise and utilities expenses were lower by \$2.5 million from a decline in maintenance expenses, utility rates and usage. Other costs also decreased mainly due to lower fuel costs and distribution charges. Manpower costs rose \$13.7 million in support of the growth in business volume, especially in Japan, as well as the strengthening of the Japanese Yen year-on-year, while the increase in depreciation and amortisation charges was in line with additional capital expenditure.

This resulted in an improved operating profit of 23.9% year-on-year to \$54.5 million.

Share of after-tax profits from associates/joint ventures was \$12.2 million, a decline of \$0.6 million from the same quarter last year, with lower contributions from the Food Solutions' associates/joint ventures.

The Group recorded a gain on disposal of assets of \$9.3 million with the completion of the disposal of its Senoko property on 30 June 2016. On the other hand, the Group has also reported a loss of \$0.2 million from the divestment of its interest in an associate International Airport Cleaning Co., Ltd. It also had a loss of \$0.5 million on dilution of shareholdings from 40% to 28% in its associate Beijing Airport Inflight Kitchen Limited.

Profit attributable to owners of the Company was 29.2% higher year-on-year at \$64.1 million. Earnings per share rose 28.9% to 5.8 cents.

GROUP FINANCIAL POSITION (as at 30 June 2016)

As at 30 June 2016, the Group had total assets of \$2.2 billion. Cash and short-term deposits increased by \$73.9 million to \$563.8 million. The increase was mainly due to cash generated from operations, dividends received from associates/joint ventures and proceeds from disposal of assets held for sale. The above increases were partly offset by capital expenditure, investment in the new Indonesian associate Purantara Mitra Angkasa Dua and other long-term investments.

Free cash flow generated during the first three months amounted to \$65.8 million and debt-to-equity ratio remained healthy at 0.08 times.

OUTLOOK

We will continue to focus on improving our productivity by harnessing technology. This will position us well to weather the global economic and political uncertainties as well as intense competition. Airline load factors are improving but yields remain under pressure.

We continue to seek new opportunities in our core aviation business, building on our strong portfolio in Singapore and the region. At the same time, we are developing new business in the non-aviation space driven by demand for high quality safe food and increased travel.

The continued growth of the middle class in Asia will create new opportunities for us, as we work towards our vision of feeding and connecting Asia.

ABOUT SATS

SATS is Asia's leading provider of Gateway Services and Food Solutions.

Our comprehensive Gateway Services encompass airfreight handling, passenger services, ramp handling, baggage handling, aviation security services, aircraft interior and exterior cleaning as well as cruise centre management. Our Food Solutions include airline catering, institutional and remote catering, aviation laundry as well as food distribution and logistics.

SATS is present at 51 cities and 12 countries across Asia 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 1Q FY16-17 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	1Q FY16-17	1Q FY15-16
Revenue	424.2	416.9
Expenditure	(369.7)	(372.9)
Operating profit	54.5	44.0
Share of results of associates/JVs, net of tax	12.2	12.8
Profit before tax	76.2	59.9
Profit attributable to owners of the Company	64.1	49.6
Underlying net profit	55.5	47.1
Per Share Data		
Earnings per share (cents)		
- Basic ^{R1}	5.8	4.5
- Diluted ^{R2}	5.7	4.5
Return on turnover (%) ^{R3}	15.1	11.9

Financial Position (S\$ million)	As at 30-JUN-16	As at 31-MAR-16
Equity attributable to owners of the Company	1,555.7	1,490.8
Total assets	2,224.2	2,105.7
Total debt	121.0	110.7
Gross debt/equity ratio (times) ^{R4}	0.08	0.07
Net asset value per share (\$) ^{R5}	1.40	1.34

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 1 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 equity attributable to owners of the Company.

^{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.