



MEDIA RELEASE

SATS ACHIEVES PATMI OF \$57.3 MILLION IN 1Q FY17-18, DOWN 10.6% FROM PRIOR YEAR

- Underlying net profit improves 3.2% from prior year.
- Strong performance from associates and JVs, whose share of after-tax profits increases 27% to \$15.5 million.

SINGAPORE, 21 July 2017 – SATS Ltd. (SATS) today reports its unaudited results for the first quarter ended 30 June 2017.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	1Q FY17-18 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	426.5	2.3	0.5
Expenditure	(373.0)	(3.3)	(0.9)
Operating profit	53.5	(1.0)	(1.8)
Share of results of associates/JVs, net of tax	15.5	3.3	27.0
Profit attributable to owners of the Company	57.3	(6.8)	(10.6)
Underlying net profit ⁽¹⁾	57.3	1.8	3.2
Earnings per share (cents) - basic	5.1	(0.7)	(12.1)

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 (NIL in 1Q FY17-18 and \$9.3 million in 1Q FY16-17).
 - (ii) Loss on divestment/dilution of interest in associates (NIL in 1Q FY17-18 and \$0.7 million in 1Q FY16-17).

GROUP EARNINGS

1Q FY17-18 (1 April – 30 June 2017)

For the first quarter ended 30 June 2017, Group revenue grew \$2.3 million or 0.5% year-on-year to \$426.5 million. The revenue from Food Solutions decreased \$7 million or 2.9% to \$233.1 million, while Gateway Services' revenue increased \$9.3 million or 5.1% to \$193.1 million.

Group expenditure rose \$3.3 million or 0.9% to \$373 million. Staff costs as well as company premise and utilities expenses were comparable year-on-year, as a result of various automation, productivity and cost management initiatives in place. Cost of raw materials shrank \$4.5 million corresponding to lower Food Solutions' revenue. Conversely, licence fees increased significantly by \$4.3 million mainly due to the cessation of rebates while depreciation and amortisation charges increased \$1 million in line with additional capital expenditure incurred. Other costs increased \$2 million mainly due to higher costs incurred on equipment maintenance, fuel consumption and marketing activities.

Operating profit for the quarter was \$53.5 million, a decline of \$1 million or 1.8% year-on-year.

Share of after-tax profits from associates/joint ventures was \$15.5 million, an improvement of \$3.3 million or 27% with higher contributions from both Food Solutions' and Gateway Services' associates/joint ventures.

Profit attributable to owners of the Company was \$57.3 million, \$6.8 million or 10.6% lower than the last corresponding quarter. This is mainly due to the absence of last year's gain from the disposal of assets held for sale, the Senoko plant. Underlying net profit improved \$1.8 million or 3.2% year-on-year. Earnings per share decreased 12.1% to 5.1 cents.

GROUP FINANCIAL POSITION (as at 30 June 2017)

As at 30 June 2017, the Group had total assets of \$2.3 billion. Cash and short-term deposits increased \$38.8 million to \$544.6 million. The increase was mainly due to cash generated from operations.

Free cash flow generated during the first three months amounted to \$27.7 million and debt-to-equity ratio remained healthy at 0.06 times.

OUTLOOK

There is no indication that low yields across the airline industry will improve in the near future, so pricing pressure on SATS is expected to continue.

However, the growth in air travel, eCommerce and demand for high quality, safe food remain strong. Therefore, we intend to make further investments in capital and new business opportunities in additional locations in the coming year to prepare for the future.

We will also continue to increase the use of technology to improve productivity, gain greater scale economies and link our regional operations to serve our customers better.

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 in 47 airports, 55 cities and 14 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 FY17-18 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	1Q FY17-18	1Q FY16-17
Revenue	426.5	424.2
Expenditure	(373.0)	(369.7)
Operating profit	53.5	54.5
Share of results of associates/JVs, net of tax	15.5	12.2
Profit before tax	70.2	76.2
Profit attributable to owners of the Company	57.3	64.1
Underlying net profit	57.3	55.5
Per Share Data		
Earnings per share (cents)		
- Basic ^{R1}	5.1	5.8
- Diluted ^{R2}	5.1	5.7
Return on turnover (%) ^{R3}	13.4	15.1

Financial Position (S\$ million)	As at 30-JUN-17	As at 31-MAR-17
Equity attributable to owners of the Company	1,657.5	1,603.5
Total assets	2,341.4	2,279.4
Total debt	106.4	108.6
Gross debt/equity ratio (times) ^{R4}	0.06	0.07
Net asset value per share (\$) ^{R5}	1.49	1.44

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.