



1Q17/18 Performance Review

21 July 2017

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

- Executive Summary
- Group Financial Review
- Outlook

Executive Summary: 1Q17/18 Performance

- Group revenue improved 0.5%
- Operating margin shrank 0.3 percentage points to 12.5%
- Share of after-tax profits from associates/JVs improved by 27% with higher contribution from both Food Solutions' and Gateway Services' associates/JVs
- PATMI decreased 10.6% to \$57.3M, but underlying PATMI grew 3.2%
- EPS declined 0.7 cents to 5.1 cents
- 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.



Group Financial Review



1Q17/18 Highlights

Revenue

\$426.5M 0.5%

- Food Solutions' revenue declined 2.9%, while Gateway Services' revenue grew 5.1%.

Operating profit

\$53.5M -1.8%

- Group expenditure outpaced growth in revenue.

Share of results of Associates/JVs, net of tax

\$15.5M 27.0%

- Share of after-tax profits from associates/JVs increased \$3.3M, with high contributions from both Food Solutions' and Gateway Services' associates/JVs.

PATMI

\$57.3M -10.6%

- PATMI declined \$6.8M (10.6%) mainly due to absence of non-operating gain of \$9.3M from sale of Senoko plant.
- Underlying net profit was \$57.3M, 3.2% higher y-o-y.
- EPS decreased to 5.1 cents from 5.8 cents.

Debt-to-equity

0.06 times

- Debt-to-equity ratio remained healthy at 0.06 times.
- Cash and short-term deposits stood at \$544.6M.
- Free cash flow generated was \$27.7M.



1Q17/18 Highlights

\$M	1Q17/18	1Q16/17	Favourable/ (Unfavourable) Change (%)
Revenue	426.5	424.2	0.5
Expenditure	(373.0)	(369.7)	(0.9)
Operating Profit	53.5	54.5	(1.8)
Share of Results of Associates/JVs, Net of Tax	15.5	12.2	27.0
Gain on disposal of PPE	0.1	0.1	0.0
Gain on disposal of assets held for sale	-	9.3	n.m.
Loss on divestment/dilution of interest in associates	-	(0.7)	n.m.
PBT	70.2	76.2	(7.9)
PATMI	57.3	64.1	(10.6)
<i>Underlying Net Profit*</i>	<i>57.3</i>	<i>55.5</i>	3.2

n.m. – not meaningful

** Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – gain on disposal of assets held for sale and loss on divestment/dilution of interest in associates.*



Financial Indicators

%	1Q17/18	1Q16/17	Change (ppt)
Operating Margin	12.5	12.8	(0.3)
PBT Margin	16.5	18.0	(1.5)
PATMI Margin	13.4	15.1	(1.7)
Underlying Net Margin	13.4	13.1	0.3

	1Q17/18	1Q16/17	Change (%)
EPS Based on PATMI (cents)	5.1	5.8	(12.1)

	30 JUN 17	31 MAR 17
NAV Per Share (\$)	1.49	1.44
Debt-to-Equity Ratio	0.06	0.07

Group Segmental Revenue

\$M	1Q17/18	1Q16/17	Change (%)
By Business*:			
Food Solutions	233.1	240.1	(2.9)
Gateway Services	193.1	183.8	5.1
Others	0.3	0.3	0.0
Total	426.5	424.2	0.5
By Industry*:			
Aviation	375.0	372.1	0.8
Non-Aviation	51.5	52.1	(1.2)
Total	426.5	424.2	0.5
By Geographical Location:			
Singapore	350.5	342.1	2.5
Japan	58.9	66.2	(11.0)
Others	17.1	15.9	7.5
Total	426.5	424.2	0.5



* Certain revenue in 1Q16/17 has been reclassified in conformity with the current year's presentation.

Group Expenditure

\$M	1Q17/18	1Q16/17	Favourable/ (Unfavourable) Change (%)
Staff Costs	214.3	213.8	(0.2)
Cost of Raw Materials	57.9	62.4	7.2
Licence Fees	21.6	17.3	(24.9)
Depreciation & Amortisation charges	18.8	17.8	(5.6)
Company Premise & Utilities Expenses	26.9	26.9	0.0
Other Costs	33.5	31.5	(6.3)
Group Expenditure	373.0	369.7	(0.9)
Group Revenue	426.5	424.2	0.5

Staff costs maintained through automation, productivity and cost management initiatives.
Licence fees increased due to withdrawal of rebates.

Associates/JVs Performance by Business

\$M	1Q17/18	1Q16/17	Change (%)
PAT	15.5	12.2	27.0
Food Solutions	3.4	1.8	88.9
Gateway Services	12.1	10.4	16.3
Dividends Received	5.9	15.5	(61.9)

Strong increase in contribution from overseas associates/JVs. AAT, AISATS, ESCC, PT CAS, PT JAS and TCS together contributed approximately 72% of our share of after-tax profits from associates/JVs.

Group Balance Sheet

\$M	As at 30 JUN 17	As at 31 MAR 17
Total Equity	1,743.9	1,691.2
Other Long-Term Liabilities	176.5	178.3
Current Liabilities	421.0	409.9
Total Equity & Liabilities	2,341.4	2,279.4
Fixed Assets & Investment Properties	548.1	549.1
Associates / JVs	664.2	670.8
Intangible Assets	157.4	157.9
Other Non-Current Assets & Long-Term Investments	43.7	45.1
Current Assets		
<i>Cash & short-term deposits</i>	544.6	505.8
<i>Debtors & other current assets</i>	383.4	350.7
Total Assets	2,341.4	2,279.4

Group Cash Flow Statement

\$M	1Q17/18	1Q16/17	Difference
Net Cash From Operating Activities	46.6	85.3	(38.7)
Net Cash Used In Investing Activities	(7.9)	(16.7)	8.8
Net Cash From Financing Activities	2.8	2.7	0.1
Net Increase In Cash & Cash Equivalents	41.5	71.3	(29.8)
Cash & Cash Equivalents At End Of Financial Period	548.8	563.8	(15.0)
Free Cash Flow*	27.7	65.8	(38.1)

Net cash used in investing activities was lower mainly due to absence of long-term investment as well as lower investments in associates/JVs, dividends from associates/JVs and proceeds from disposal of assets held for sale.



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

Outlook



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.



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