



BUSINESS UPDATE

SATS POSTS IMPROVED Q1 PATMI OF S\$6.4 MILLION

- Cargo continues sequential growth
- Share of losses from associates and joint ventures reduced from S\$31.4M to S\$1.2M
- Q1 PATMI without government reliefs would have been a loss of S\$35M

SINGAPORE, 22 July 2021 – SATS Ltd. (SATS) today reports its business update for the first quarter ended 30 June 2021.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	1Q FY21-22 (S\$ million)	Favourable / (Unfavourable) Y-o-Y Change (S\$ million)	Favourable / (Unfavourable) Y-o-Y Change (%)
Revenue	275.6	66.2	31.6
Expenditure	(272.1)	(26.7)	(10.9)
Operating profit	3.5	39.5	109.7
Share of losses of associates/JVs, net of tax	1.2	30.2	96.2
Profit attributable to owners of the Company (PATMI)	6.4	50.1	114.6
Core PATMI ⁽¹⁾	6.4	50.1	114.6
EBITDA ⁽²⁾	32.9	66.8	197.1
Earnings per share (cents) - basic	0.6	4.5	115.4
Return on Equity (%/ppt) ⁽³⁾	0.4	3.1	n.m.

1. Core PATMI refers to net profit/(loss) attributable to owners of the Company excluding one-off items.
2. EBITDA refers to earnings (including share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and one-off items. Excluding share of results of associates/joint ventures, EBITDA for 1Q FY22 and 1Q FY21 would have been \$34.1M and \$(2.5)M, respectively.
3. Return on equity ("ROE") is profit/(loss) attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non-annualised).

GROUP EARNINGS

1Q FY21-22 (1 April – 30 June 2021)

Despite the ongoing rollout of vaccines around the world, the new COVID-19 variants continue to create uncertainty over the reopening of international borders, which is delaying the rebound of international air travel. IATA statistics show that global passenger movements measured by revenue passenger kilometres (RPKs) were 62.7% lower in May 2021, compared to the pre-crisis level in May 2019, as international traffic remains restricted. Global air cargo demand continues

its upswing, with cargo tonne kilometres (CTKs) in May increasing 9.4% and 30%, versus May 2019 (pre-crisis) and May 2020, respectively.

Group revenue grew S\$66.2 million or 31.6% to S\$275.6 million as travel revenue rose 41.9%. while non-travel related revenue increased 22.6%. Revenue from Food Solutions rose S\$11.4 million or 8.4% to S\$147.3 million, while Gateway Services' revenue improved S\$55.4 million or 77.4% to S\$127 million. During the period, the Group has generated non-travel related revenue of S\$127.6 million, which includes COVID-related assignments carried out in Singapore. Non-travel related revenue has grown by 22.6% year-on-year, and accounted for 46.3% of Group revenue for the period.

Group expenditure was higher by S\$26.7 million or 10.9%, amounting to S\$272.1 million year-on-year. Staff cost was up S\$18.1 million, primarily due to higher contract services resulting from the implementation of additional safety measures at Changi Airport, increased business volumes, and lower grant support. The cost of raw materials, licence fees, and other costs rose compared to the previous corresponding quarter, in line with higher revenue. Depreciation and amortisation fell S\$2.9 million while company premises and utilities expenses declined S\$3.7 million.

The Group reported an operating profit of S\$3.5 million this quarter, reflecting an increase of S\$39.5 million or 109.7% from an operating loss of S\$36 million recorded in the same quarter last year.

Share of losses from associates/joint ventures improved S\$30.2 million or 96.2% year-on-year, to S\$1.2 million, as associates across the region gradually recover from the impact of the pandemic.

Other non-operating loss of S\$0.4 million was recorded as an impairment for property, plant, and equipment, net of grant.

The Group achieved a PATMI improvement of S\$50.1 million or 114.6% to S\$6.4 million, a reversal from a loss of S\$43.7 million recorded in the previous corresponding quarter.

GROUP FINANCIAL POSITION (as at 30 June 2021)

As at 30 June 2021, total equity of the Group was S\$1,707.8 million, an increase of S\$9 million compared to 31 March 2021, attributed mainly to the profits generated and higher reserves set aside for the quarter.

Total assets decreased to S\$2,947.2 million mainly due to lower cash and cash equivalents, investment in associates and property, plant, and equipment. Lower cash and cash equivalents was mainly due to the repayment of a term loan in April 2021. Investment in associates fell due to the share of losses recorded, while lower property, plant, and equipment was primarily a result of the depreciation charge for the period. An impairment charge was also recorded for property, plant, and equipment in the current quarter.

The Group maintains a net cash position of S\$222 million overall. Cash balance as at 30 June 2021 was S\$753 million, while free cash flow generated during the first quarter amounted to S\$7.9 million. Total liabilities have been reduced significantly due to lower tax provision and the full repayment of an S\$150 million term loan ahead of its maturity. Debt-to-equity ratio including *SFRS (I)* 16 lease liabilities remained healthy at 0.47 times.

OUTLOOK

While mass vaccination programmes are being rolled out in all of the world's major economies, the emergence of new variants of the COVID-19 virus continue to create uncertainty about when travel restrictions will be lifted.

SATS is adapting to changes in the operating environment by reshaping its cost base and building new capabilities to support future growth. For example, SATS recently acquired Food City in Thailand to increase scale for frozen food production for its customers from aviation to food service and retail. The company has also successfully integrated its Monty's Bakehouse acquisition in the UK to build a global innovation capability that is driving the success of new product innovation. Another capability is a cloud-based cargo handling system with AI-enabled disruption handling that is helping SATS to support eCommerce growth, as well as the transportation of vaccines and oxygen concentrators into many countries across Asia. We are upskilling and reskilling our people through job redesign so that we can continue to harness technology to increase productivity and enhance services for our customers.

END

ABOUT SATS LTD.

SATS is Asia's leading provider of food solutions and gateway services. Using innovative food technologies and resilient supply chains, we create tasty, quality food in sustainable ways for airlines, foodservice chains, retailers and institutions. With heartfelt service and advanced technology, we connect people, businesses and communities seamlessly through our comprehensive gateway services for customers such as airlines, cruise lines, freight forwarders, postal services and eCommerce companies.

Fulfilling our purpose to feed and connect communities, SATS delights customers in over 55 locations and 14 countries across the Asia Pacific, UK, 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 FY21-22 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	1Q FY21-22	1Q FY20-21
Revenue	275.6	209.4
Expenditure	(272.1)	(245.4)
Operating profit/(loss)	3.5	(36.0)
Share of results of associates/JVs, net of tax	(1.2)	(31.4)
(Loss) before tax	(1.5)	(69.9)
Profit/(Loss) attributable to owners of the Company (PATMI)	6.4	(43.7)
Core PATMI	6.4	(43.7)
Per Share Data		
Earnings per share (cents)		
- Basic ^{R1}	0.6	(3.9)
- Diluted ^{R2}	0.6	(3.9)
Return on turnover (%) ^{R3}	2.3	(20.9)

Financial Position (S\$ million)	As at 30-JUNE-21	As at 31-MAR-21
Equity attributable to owners of the Company	1,559.0	1,546.3
Total assets	2,947.2	3,091.8
Total debt	726.0	873.4
Gross debt/equity ratio (times) ^R	0.47	0.56
Net asset value per share (\$) ^{R5}	1.39	1.38

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.

ANNEX B: OPERATING STATISTICS

	1Q FY21-22	1Q FY20-21	Change (%)
Passengers Handled ('M)	0.93	0.22	322.7
Flights Handled ('000)	13.93	6.55	112.7
Cargo/Mail Processed ('000 tonnes)	387.38	220.91	75.4
Gross Meals Produced ('M)	12.87	9.39	37.1
Ship Calls Handled	64	-	n.m.

Notes:

- i. *The above operating data cover SATS and its subsidiaries, but does not include joint ventures and associates.*
- ii. *Passengers handled comprise full service and low cost carriers, business aviation, as well as cruise ship passengers.*
- iii. *Gross meals include both in-flight and institutional catering meals.*
- iv. *Flights, cargo, and passengers handled by GTR and SATS Seletar Aviation Services have been included in the above operating statistics since January 2019 and April 2019 respectively. Gross meals produced by Nanjing Weizhou Airline Food Corp has been included in the above operating statistics since October 2019. Cargo tonnage handled by SATS Saudi Arabia has been included since March 2020.*