



MEDIA RELEASE

SATS FULL YEAR REVENUE GREW 21.3% AS TRAVEL VOLUME IMPROVES STEADILY

- Aviation revenue increased by 33.2% as travel continues to recover with easing of border restrictions;
- Share of results from joint-ventures and associates increased by S\$65.1M and turned profitable at S\$17.1M;
- Increased headcount, higher wages, inflationary pressure and lower reliefs drove mobilisation and operational costs up;
- Without government support, SATS Core PATMI would have been a loss of S\$141.1M (FY20-21: S\$265.8M).

SINGAPORE, 30 May 2022 – SATS Ltd. (SATS) today reports its unaudited results for the second half year, and the full year ended 31 March 2022.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	2 nd Half FY21-22 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	607.3	77.8	14.7
Expenditure	(653.9)	(150.3)	(29.8)
Operating loss	(46.6)	(72.5)	(279.9)
Share of results of associates/JVs, net of tax	16.2	20.0	526.3
Profit attributable to owners of the Company	7.2	9.2	460.0
Core PATMI ⁽¹⁾	(21.7)	(43.1)	(201.4)
EBITDA ⁽²⁾	28.5	(57.2)	(66.7)
Earnings per share (cents) - basic	0.6	0.8	400.0
Return on Equity (%/ppt) ⁽³⁾	0.5	n.m.	n.m.

	FY21-22 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	1,176.8	206.8	21.3
Expenditure	(1,219.4)	(239.3)	(24.4)
Operating loss	(42.6)	(32.5)	(321.8)
Share of results of associates/JVs, net of tax	17.1	65.1	135.6
Profit attributable to owners of the Company	20.4	99.3	125.9
Core PATMI ⁽¹⁾	(8.5)	15.4	64.4
EBITDA ⁽²⁾	94.2	21.9	30.3
Earnings per share (cents) - basic	1.8	8.9	125.3
Return on Equity (%/ppt) ⁽³⁾	1.3	n.m.	n.m.

Note:

1. Core PATMI refers to net profit attributable to owners of the Company excluding the following one-off items:

	2nd Half		Full Year	
	2021-22	2020-21	2021-22	2020-21
(i) Write-back of earn-out consideration	–	13.7	–	13.7
(ii) Impairment loss on investment in associates, long-term investment and intangible assets	–	(37.1)	–	(68.7)
(iii) Gain on deemed disposal of an associate	28.9	–	28.9	–

2. EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excludes one-off items. Excluding Share of results of associates/joint ventures, EBITDA for FY22 and FY21 would be \$77.1M and \$120.3M respectively while EBITDA for 2nd half FY22 and 2nd half FY21 would be \$12.3M and \$89.5M respectively.
3. Return on equity (“ROE”) is profit attributable to owners of the Company expressed as a percentage of the average equity holders’ funds for the respective periods (non annualised).

GROUP EARNINGS**Second Half FY2021-22 (1 October 2021 – 31 March 2022)**

Travel continued to recover in the second half-year as border restrictions eased, particularly in the fourth quarter. In pursuit of a COVID-zero strategy, China remains in strict lockdown while Japan explores reopening its borders in phases. As a result, SATS’ Group revenue rose from S\$529.5 million to S\$607.3 million in this second half year, an improvement of 14.7%, or S\$77.8 million. Food Solutions revenue increased by 10.8%, or S\$32.3 million, to S\$330.6 million, whilst Gateway Services revenue grew 19.5%, or S\$44.9 million, to S\$275.2 million year-on-year.

SATS actively ramped up its operations to support travel recovery. Group expenditure grew by 29.8%, or S\$150.3 million, to S\$653.9 million. Increased headcount, higher contract services and tapering government grants drove staff costs up by 56.5%, or S\$110.9 million. Raw material costs grew in tandem with higher business volume in Food Solutions. Adjustments for rebates led to lower licence fees, while depreciation and amortisation fell by S\$4.7 million due mainly to impaired assets in the last year. Impacted by higher tariffs and usage, company premises and utility expenses increased by 41.1%, or S\$11.8 million. Higher fuel costs, provision for doubtful debts, and lower government grants drove other costs up by S\$27.5 million.

The Group recorded an operating loss of S\$46.6 million in the second half year due to higher costs and lower government grants.

Travel recovery also improved performance in most aviation associates and joint ventures. Share of results from associates/joint ventures turned positive at S\$16.2 million, an improvement of S\$20 million over the same period the year before.

In line with SATS’ strategy to expand its cargo handling network, the Group increased its shareholding in an associate, Asia Airfreight Terminal Co. Ltd. (‘AAT’), to a controlling stake of 65.4%. Following this purchase of additional shareholding, the Group recorded an accounting gain of S\$28.9 million which resulted from the revaluation of AAT. The gain was

partly offset by impairment of property, plant and equipment to arrive at the Group's non-operating gain of S\$13 million in the second half year.

Group net profit attributable to owners of the Company ("PATMI") was a net profit of S\$7.2 million, a year-on-year increase of S\$9.2 million, or an improvement of 460% from a net loss of S\$2 million in the corresponding period last year. Excluding government reliefs, Group PATMI would be a loss of S\$46.6 million for the period, a significant improvement over a net loss of S\$109.2 million in the second half of last year.

FY2021-22 (1 April 2021 – 31 March 2022)

For the financial year ended 31 March 2022, Group revenue increased by S\$206.8 million, or 21.3%, year-on-year, to S\$1,176.8 million on the back of travel recovery. Both Food Solutions and Gateway Services recorded marked improvements in revenue growth. Volumes for Food Solutions increased across all market segments, growing revenue by 11.7%, or S\$67.1 million, to S\$640.9 million. Sustained cargo growth, increased flights handled, the resumption of ship calls and expansion of security services into non-travel related segments increased Gateway Services revenue by 36.6%, or S\$142.8 million, to S\$532.5 million.

Group expenditure increased by S\$239.3 million, or 24.4% year-on-year to S\$1,219.4 million. Reduced government grants, higher staff deployment and contract services led to a 44% increase in staff costs of S\$168.3 million. Raw material costs rose in tandem with higher business volumes in Food Solutions. Adjustments for rebates accounted for the lower licence fee. Depreciation and amortisation decreased by S\$10.7 million, mainly due to impaired assets in the last financial year. Higher utility usage and tariffs increased company premises and utility expenses by S\$8.6 million. Other costs rose by S\$35.4 million due to higher fuel costs and lower government grants, partly offset by lower provision for doubtful debts.

The Group recorded an operating loss of S\$42.6 million, an increase of S\$32.5 million or 321.8% in losses year-on-year.

The easing of travel restrictions improved performance in most aviation operations overseas. Share of results from associates/joint ventures increased by S\$65.1 million, or 135.6%, reversing a loss of S\$48 million the year before to a profit of S\$17.1 million this financial year.

Non-operating gain of S\$12.2 million was related to the aforementioned gain that arose from the step-up acquisition in AAT, partly offset by impairment for property, plant and equipment.

Group net profit attributable to owners of the Company ("PATMI") recovered from a net loss of S\$78.9 million the year before to a net profit of S\$20.4 million this financial year, reflecting an improvement of S\$99.3 million year-on-year. Excluding government reliefs, Group PATMI would be a loss of S\$112.2 million for the year, narrowing a loss of S\$320.8 million last year.

GROUP FINANCIAL POSITION (as at 31 March 2022)

Total equity of the Group rose S\$134.9 million to S\$1,833.7 million as at 31 March 2022. The higher equity was attributed to the consolidation of AAT and SATS Food Solutions (Thailand) Co., Ltd. ("SFST") as new subsidiaries during the year.

Non-current assets increased by S\$227.2 million from higher property, plant and equipment, right-of-use assets, intangible assets, and deferred tax assets, partially offset by lower investment in associates. The increase in property, plant and equipment, right-of-use assets and intangible assets were mainly contributed by the consolidation of SFST and AAT. The lower investment in associates was due to dividend received during the year, and the transfer of investment in AAT from an associate to a subsidiary.

Current assets of the Group dipped S\$26.7 million largely due to lower inventories and reduced cash and short-term deposits as a result of early repayment of S\$150 million term loan ahead of its maturity, partly offset by higher trade and other receivables.

Current liabilities increased by S\$65.3 million mainly from trade and other payables and lease liabilities. The higher lease liabilities, both non-current and current, was due to consolidation of AAT. These were partly offset by lower income tax payable and lower term loan due to reclassification of JPY loan to non-current liabilities upon refinancing.

Non-current liabilities of the Group increased marginally by S\$0.3 million due to the repayment of term loan of S\$150 million, partly offset by the reclassification of JPY loan to non-current liabilities upon refinancing.

The Group continues to maintain a net cash position with total cash and cash equivalents of S\$786.0 million as at 31 March 2022. Debt-to-equity ratio reduced to 0.46 times after the repayment of a term loan ahead of its maturity.

DIVIDENDS

As SATS incurred a full year loss excluding government reliefs, the Board of Directors believes that it would be prudent not to pay a final dividend for FY2021-22.

OUTLOOK

Borders reopening and pent-up demand have led to a continuing surge in travel volume although uncertainty remains due to potential resurgence in infection. SATS is responding swiftly by ramping up our operations and working across the value chain to mitigate the impact of cost inflation.

As at 31 March 2022, cargo has reached pre-pandemic volumes, flights and passengers handled are at 44% and 25%, respectively, while meals served across all segments recovered to 59%. We expect mobilisation costs, inflation, higher wages and reduced government support to put pressure on our operational costs as we gear up towards a recovery in the aviation sector.

At SATS, we are proactively investing in initiatives that will ensure the long-term growth and sustainability of our business. For example, we are investing in production automation in SATS Food Hub to enhance our productivity and to handle higher volumes of production for both local and export markets. The nerve centre of SATS' gateway operations, SATS Integrated Operations Command, has been upgraded with new systems that incorporate Artificial Intelligence with Machine-Learning to handle disruptions more seamlessly.

Said Kerry Mok, President and Chief Executive Officer of SATS Ltd., “SATS will continue to grow new revenue streams and to strengthen capabilities to ensure the growth and sustainability of our businesses across the value chain. Productivity and operational excellence are key drivers of the robustness of our growth.”

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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 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 2nd Half Year and Full Year FY2021-22 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	2H FY21-22	2H FY20-21	FY21-22	FY20-21
Revenue	607.3	529.5	1,176.8	970.0
Expenditure	(653.9)	(503.6)	(1,219.4)	(980.1)
Operating (loss)/profit	(46.6)	25.9	(42.6)	(10.1)
Share of results of associates/JVs, net of tax	16.2	(3.8)	17.1	(48.0)
Loss before tax	(24.2)	(26.1)	(27.1)	(145.5)
Profit/(Loss) attributable to owners of the Company	7.2	(2.0)	20.4	(78.9)
Underlying net (loss)/profit	(21.7)	21.4	(8.5)	(23.9)
Per Share Data				
Earnings per share (cents)				
- Basic ^{R1}	0.6	(0.2)	1.8	(7.1)
- Diluted ^{R2}	0.6	(0.2)	1.8	(7.0)
Return on turnover (%) ^{R3}	1.2	(0.4)	1.7	(8.1)

Financial Position (S\$ million)	As at 31-MAR-22	As at 31-MAR-21
Total equity	1,833.7	1,698.8
Total assets	3,292.3	3,091.8
Total debt	837.9	873.4
Gross debt/equity ratio (times) ^{R4}	0.46	0.51
Net asset value per share (\$) ^{R5}	1.42	1.38

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 2 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 total equity.
- ^{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

	2H FY21-22	2H FY20-21	Change (%)	FY21-22	FY20-21	Change (%)
Passengers Handled ('M)	8.58	2.09	310.5	10.42	4.12	152.9
Flights Handled ('000)	67.29	27.98	140.5	95.54	55.12	73.3
Cargo/Mail Processed ('000 tonnes)	867.60	663.07	30.8	1,675.92	1,154.60	45.2
Gross Meals Produced ('M)	26.09	22.96	13.6	52.40	43.65	20.0
Ship Calls Handled	125	96	30.2	254	96	164.6

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.*