



MEDIA RELEASE

SATS TO ACQUIRE WFS TO BECOME LARGEST GLOBAL AIR CARGO HANDLER

Transformational deal creates Americas-Europe-APAC network with more than 200 cargo and ground handling stations in over 20 countries

Ability to support global customers with end-to-end solutions and build business resilience; capitalise on long-term growth in eCommerce and specialised cargo handling

Singapore, 28 September 2022 – SATS Ltd. (SATS) today announced a proposed acquisition of Worldwide Flight Services (WFS), the world's largest air cargo handling firm to create a global leader in the aviation services sector. The strategic acquisition will advance SATS' twin growth engine strategy, expanding its network and capabilities in Asia and globally, while continuing to strengthen its Singapore core. SATS will acquire WFS from an affiliate of investment firm Cerberus Capital Management, L.P. (Cerberus) for a cash consideration of EUR 1.187B (SGD 1.639B).

WFS generated revenue of EUR 1.722B (SGD 2.597B) and EBITDA of EUR 232M (SGD 350M) based on unaudited financials for the 12 months ended 31 March 2022. With an enterprise value of EUR 2.250B (SGD 3.107B), the transaction implies an EV/EBITDA multiple of 9.7x. On a pro forma basis as of 31 March 2022, it would be immediately financially accretive, raising earnings per share by 78% from 1.8 Singapore cents as reported in FY2022 to 3.2 cents on a pro forma basis, and increasing FY2022 pro forma revenue by more than 200%. Through initiatives that include cross-selling, network expansion and deeper eCommerce cargo partnerships, the combined entity is expected to capture meaningful run-rate EBITDA synergies in excess of SGD 100M.

Kerry Mok, President and Chief Executive Officer of SATS, said: "This is a transformational opportunity for SATS and our proposed acquisition of WFS will create a global leader that can become the go-to provider of mission critical aviation services. From our hub in Singapore, and in our newly combined markets, SATS and WFS will be at the heart of global trade flows, operating in the world's busiest airports and supporting the biggest companies.



“Our customers are telling us that they want seamless support across regions, in a way that simplifies and strengthens their own operations. Combining with WFS will let us meet those needs through new cargo handling solutions and capabilities, enhanced service quality, greater digitalisation, and better visibility and traceability across the whole supply chain. It is a hugely powerful combination for growth, as well as delivering greater business resilience.”

A global leader

The acquisition will enable SATS to better serve air cargo customers in strategic hubs in Asia, Europe and the US, as well as in complementary new growth markets including Latin America and Africa. The combined network covers trade routes responsible for more than 50% of global air cargo volume. WFS operates in five of the top 10 cargo airports in North America and EMEA, including Los Angeles, Chicago, Miami, Frankfurt and Paris. SATS is already present in four of the top 10 cargo airports in Asia, including Hong Kong, Taipei, Singapore and Beijing.

Led by SATS, the combined group will have a greater ability to capitalise on growth across the cargo supply chain, and benefit from stronger demand for eCommerce and specialised cargo handling for items such as pharmaceuticals and perishables. It will also add scale to SATS’ sustainability and ESG efforts, including decarbonisation and societal outreach as part of its purpose to feed and connect communities.

WFS will become a wholly owned subsidiary of SATS after the proposed acquisition and will continue to be led by Chief Executive Officer Craig Smyth, alongside other key members of the senior WFS management team.

“WFS has become the leading global air cargo logistics provider thanks to our commitment to customers, our experienced team, and our partners at Cerberus,” **said Craig Smyth, WFS CEO.** “As we look to our next stage of growth, this combination will deliver exciting benefits for our customers and our people. We have great respect for SATS and share similar values, and look forward to working with their senior team in building the pre-eminent aviation services platform. By bringing together our complementary strengths, we will be able to build on our trusted relationships around the world.”



The proposed transaction is expected to complete by March 2023 subject to conditions precedent (including requisite shareholder and regulatory approvals). A circular to SATS' shareholders containing details of the proposed transaction and convening an extraordinary general meeting to approve the proposed transaction will be issued in due course. Temasek has provided an irrevocable undertaking to vote in favour of the transaction.

SATS has committed funding in place through an acquisition bridge facility and will continue to evaluate its options with regards to the final funding structure. The base funding plan entails use of internal cash and an equity fundraising from existing shareholders and new strategic investors (which could include a placement of new shares or other hybrid securities or convertible instruments), with analysis on assumed financial effects duly disclosed on SGXNet. SATS remains committed to prudent balance sheet management and will provide further details in the circular.

Euleen Goh, Chairman of SATS, said: "This acquisition has been carefully selected to fit our strategy of significant scale and value-added growth. The board is pleased to welcome Craig Smyth and his management team to augment the SATS leadership team led by Kerry as Group President and CEO, to build a world-leading cargo handling business. We look to bring the newly added capabilities to strengthen our partnership with our customers and support the drive for competitive standing of Singapore's Changi Airport Hub."

In connection with this transaction, SATS was advised by BofA Securities as lead financial advisor, DBS Bank Ltd. as financial advisor, Latham & Watkins LLP as lead counsel and Allen & Gledhill LLP as Singapore counsel, with PwC Advisory Services Pte. Ltd. giving transaction advisory support.

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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 60 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.

ABOUT WFS

Founded in 1984, WFS is the world's largest air cargo logistics provider and one of the leading providers of ground handling and technical services. Its 32,300 employees serve over 300 customers at 164 major airports in 18 countries on five continents. For more information, please visit www.wfs.aero.

ABOUT CERBERUS

Founded in 1992, Cerberus is a global leader in alternative investing with approximately \$60 billion in assets across complementary credit, private equity, and real estate strategies. It invests across the capital structure where its integrated investment platforms and proprietary operating capabilities create an edge to improve performance and drive long-term value. Its tenured teams have experience working collaboratively across asset classes, sectors, and geographies to seek strong risk-adjusted returns for our investors. For more information about its people and platforms, please visit www.cerberus.com.



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