



SATS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No.: 197201770G

**RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE
TO RAISE GROSS PROCEEDS OF APPROXIMATELY S\$798.8 MILLION**

1. INTRODUCTION

- 1.1** The directors (the “**Directors**”) of SATS Ltd. (the “**Company**”, and together with subsidiaries of the Company, the “**Group**”) wish to announce that the Company proposes to undertake a renounceable underwritten rights issue (the “**Rights Issue**”) of new ordinary shares in the capital of the Company (the “**Rights Shares**”) to raise gross proceeds of approximately S\$798.8 million.
- 1.2** The principal terms of the Rights Issue are summarised below:

Price	:	S\$2.20 per Rights Share
Discount (specifying benchmarks and periods)	:	The Issue Price represents a discount of approximately:
	(i)	20.0 per cent. to the last transacted price of the ordinary shares in the capital of the Company (the “ Shares ”) on the Main Board of the Singapore Exchange Securities Trading Limited (the “ SGX-ST ”) of S\$2.75 on 20 February 2023, being the last trading day on which trades were done on the Shares prior to this announcement (the “ Last Trading Day ”); and
	(ii)	16.0 per cent. to the theoretical ex-rights price of S\$2.62 ¹ per Share.

The Issue Price and discounts have been determined after taking into account various factors including precedent transactions, the transaction size and discussions with the Financial Advisers and Joint Underwriters and the Co-Lead Managers (each as defined in paragraph 1.4 below).

Allotment Ratio	:	323 Rights Shares for every 1,000 existing Share(s) held by Entitled Shareholders (as defined in paragraph 4 below) as at 5.00 p.m. on 2 March 2023, being the time and date at and on which the register of members and share transfer books of the
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¹ Such theoretical ex-rights price is the theoretical market price of each Share assuming the completion of the Rights Issue, and is calculated based on the last transacted price of the Shares on the Main Board of the SGX-ST of S\$2.75 on the Last Trading Day, and the number of Shares following the completion of the Rights Issue.

Company will be closed to determine the provisional allotment of Rights Shares ("Rights") of Entitled Shareholders under the Rights Issue ("Record Date"), fractional entitlements to be disregarded

Use of Proceeds : Please refer to paragraph 3.2 below

Purpose of Issue : Please refer to paragraph 3.2 below

Number of new Shares to be issued : 363,111,486 Rights Shares

Gross Proceeds : Approximately S\$798.8 million

Previous Equity Fund Raising : The Company has not undertaken any equity fund raising in the past 12 months prior to the date of this announcement

Underwriting : The Rights Issue will be underwritten. Please refer to paragraph 3.4 below.

1.3 The Rights Issue will be undertaken pursuant to the authority granted under the general mandate granted on 22 July 2022 by the shareholders of the Company (the "Shareholders") to the Directors to issue, among others, new Shares (the "General Mandate"), and will therefore not be subject to further approval of Shareholders.

1.4 The Company has appointed DBS Bank Ltd. as the lead financial adviser to the Company ("Lead Financial Adviser") in respect of the Rights Issue, Merrill Lynch (Singapore) Pte. Ltd. and Citigroup Global Markets Singapore Pte. Ltd. as joint financial advisers ("Joint Financial Advisers") in respect of the Rights Issue (together with the Lead Financial Adviser, the "Financial Advisers and Joint Underwriters"), and Oversea-Chinese Banking Corporation Limited and United Overseas Banking Limited as the co-lead managers for the Rights Issue (the "Co-Lead Managers") pursuant to the terms of a management and underwriting agreement dated 22 February 2023 entered into between the Company, the Financial Advisers and Joint Underwriters and the Co-Lead Managers (the "Management and Underwriting Agreement").

2. RATIONALE FOR THE RIGHTS ISSUE

2.1 Acquisition of the Target

2.1.1 On 28 September 2022, the Company announced that it and SATS International SAS, an indirect wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with Promontoria 52 Coöperatie U.A. and certain management sellers to acquire all of the issued shares of Promontoria Holding 243 B.V. (the "Target", and the acquisition, the "Acquisition"). The Target is a holding company which indirectly owns 100 per cent. of the shares in WFS Global Holdings SAS.

2.1.2 The Acquisition will create a pre-eminent global air cargo handling platform and allow the Company to gain leading positions in strategic hubs connecting key trade lanes across North

America and Europe to complement its foothold in Asia Pacific. It will allow the Company to expand its capabilities to meet growing demand from customers wanting to transport higher-value goods, including pharmaceutical products, vaccines and specialised cargo, on a global scale.

- 2.1.3** The approval of Shareholders for the Acquisition was sought and obtained at the Company's extraordinary general meeting held on 18 January 2023. The total number of Shares that voted for the Acquisition represented 96.80% of the total number of Shares that voted during the extraordinary general meeting.
- 2.1.4** The estimated total cost of the Acquisition (the "**Total Acquisition Cost**")² is approximately €1,313 million (approximately equivalent to S\$1,820 million) if the closing of the Acquisition takes place on 31 March 2023, amongst others. As the last of the regulatory conditions under the sale and purchase agreement have been satisfied as of 20 February 2023, the closing of the Acquisition is, in accordance with the terms of the sale and purchase agreement, expected to take place on 3 April 2023. The final Total Acquisition Cost will be computed on the basis of the actual closing date but such amount is not expected to be materially different from the amount disclosed herein.
- 2.1.5** The Company plans for the Total Acquisition Cost to be funded through (a) a three-year Euro-denominated term loan equivalent to approximately S\$700 million (the "**Term Loan**"); (b) the net proceeds from the Rights Issue; and (c) cash from the Company's existing cash balance to fund the remainder of the Total Acquisition Cost (the "**Funding Plan**"). Given current market conditions, the Group believes the Funding Plan provides a prudent and balanced mix of sources, and presents Shareholders with an optimal value proposition for the Acquisition. The Group believes that it will be able to deleverage and meet its debt commitments with the potential free cash flows that will be generated from the combined business.
- 2.1.6** The Company previously entered into a facility agreement (the "**Acquisition Facility Agreement**") pursuant to which it obtained a bridge loan facility for a Singapore Dollar equivalent amount of up to €1,200 million (approximately equivalent to S\$1,657 million³) (the "**Acquisition Bridge Facility**") to fund and complete the Acquisition, if required. The Acquisition Facility Agreement has been amended to (a) replace the Acquisition Bridge Facility with a S\$1,000 million six-month bridge loan facility (which can be utilised in either Singapore Dollars or Euros and which tenor can be extended at the option of the Company by a further six months) (the "**Bridge Loan**"); and (b) provide the Company with an additional facility to draw down the Term Loan.
- 2.1.7** The Company proposes to undertake the Rights Issue to raise gross proceeds of approximately S\$798.8 million, and the net proceeds generated from the Rights Issue will be applied to partially finance the Total Acquisition Cost or be applied towards repayment of the Bridge Loan, if drawn. The Rights Issue will also provide Shareholders with an opportunity to maintain their equity participation in the Company.

² The calculations of the estimated Total Acquisition Cost do not include transaction expenses.

³ Based on a €:S\$ exchange rate of 1: 1.3809, which was the exchange rate as at 27 September 2022.

3. THE RIGHTS ISSUE

3.1 Size of Rights Issue

The Rights Issue is undertaken pursuant to the General Mandate, which authorised, among other things, the issuance on a *pro rata* basis to Shareholders, of additional Shares not exceeding 50 per cent. of the existing number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of approval of the General Mandate, subject to adjustments made in accordance with Rule 806(3) of the listing manual of the SGX-ST (the “**Listing Manual**”). As at 22 July 2022 (being the date on which Shareholders had approved the General Mandate), there were 1,124,097,170 Shares (excluding treasury shares and subsidiary holdings) in issue.

Based on the number of Shares (excluding treasury shares and subsidiary holdings) in issue as at the date of approval of the General Mandate and assuming that there are no adjustments to be made in accordance with Rule 806(3) of the Listing Manual, the maximum number of Shares that may be issued under the General Mandate would be 562,048,585 Shares (the “**Maximum Rights Shares**”). As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

The Company will allot and issue 363,111,486 Rights Shares representing 32.3 per cent. of the existing number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of approval of the General Mandate, under the Rights Issue.

3.2 Use of Proceeds

The gross proceeds from the Rights Issue are approximately S\$798.8 million.

The Company intends to utilise 100 per cent. of the net proceeds of the Rights Issue to partially finance the Acquisition (in cash and/or as repayment of the Bridge Loan, if drawn).

Pending the deployment of the net proceeds from the Rights Issue, the proceeds may be deposited with banks and/or financial institutions as the Directors may deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the net proceeds from the Rights Issue, as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the net proceeds from the Rights Issue in the Company’s annual report, in accordance with the rules of the Listing Manual.

3.3 Irrevocable Undertaking

As at the date of this announcement, Temasek Holdings (Private) Limited (“**Temasek**”) has an interest in 449,279,349 Shares.⁴ Its indirect wholly-owned subsidiary, Venezio Investments Pte. Ltd. (“**Venezio**”), owns 446,123,158 Shares, representing approximately 39.68 per cent. of the Shares in issue (excluding treasury shares)⁵ (the “**Relevant Shares**”).

⁴ Other than the Shares held through Venezio, Temasek has a deemed interest in 3,156,191 Shares held through independently managed portfolio companies.

⁵ Based on the total number of 1,124,184,170 issued Shares (excluding treasury shares) as at the date of this announcement.

Venezio has given an undertaking to the Company on 22 February 2023 (the “**Undertaking**”) to, by way of acceptance, *inter alia*, subscribe and pay in full for, or procure the subscription and payment in full of, its *pro rata* entitlement under the Rights Issue in relation to the Relevant Shares (the “**Undertaken Rights Shares**”) at the Issue Price in accordance with the terms and conditions of the Rights Issue.

No commission or fee will be paid to Temasek or Venezio in connection with the provision or execution of the Undertaking.

3.4 Underwriting of the Rights Issue

The Financial Advisers and Joint Underwriters and the Co-Lead Managers have agreed to underwrite 219,013,706 Rights Shares (which excludes the Undertaken Rights Shares), representing 60.32 per cent. of the total number of Rights Shares (the “**Underwritten Rights Shares**”) at the Issue Price, on the terms and subject to the conditions of the Management and Underwriting Agreement.

The underwriting obligations of the Financial Advisers and Joint Underwriters and the Co-Lead Managers are subject to, *inter alia*, Venezio having subscribed and paid in full for (or procured the subscription and payment in full of) all the Undertaken Rights Shares that it has undertaken to subscribe or procure subscriptions for pursuant to the Undertaking.

Pursuant to the Management and Underwriting Agreement, the Company will pay the Financial Advisers and Joint Underwriters and the Co-Lead Managers an aggregate underwriting commission of approximately S\$8.4 million.

As a result of the Undertaking and the entry into the Management and Underwriting Agreement, the Rights Issue is effectively fully underwritten and all the Rights Shares to be allotted and issued by the Company under the Rights Issue will be fully subscribed and paid for. The Company will have certainty of raising the full gross proceeds of approximately S\$798.8 million contemplated from the Rights Issue.

4. Eligibility of Shareholders to Participate in the Rights Issue

The Company proposes to provisionally allot by way of rights to all Shareholders who are eligible to participate in the Rights Issue (the “**Entitled Shareholders**”), which comprise Entitled Depositors, Entitled Scripholders and Entitled QIBs (each as defined below), on the basis of their shareholdings in the Company as at the Record Date.

“**Entitled Depositors**” are Shareholders with Shares standing to the credit of their securities accounts with The Central Depository (Pte) Limited (“**CDP**”) as at the Record Date and (a) whose registered addresses with CDP are in Singapore as at the Record Date, or (b) who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but excluding, subject to certain exceptions, Shareholders located, resident or with a registered address outside Singapore.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to 5.00 p.m. (Singapore time) on the Record Date by the Company’s share registrar, M & C Services Private Limited (the “**Share Registrar**”) at 112 Robinson Road #05-01, Singapore 068902 will be registered to determine the

provisional entitlements to Rights Shares of the transferee (a “**Scripholder**”, which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue. “**Entitled Scripholders**” are Scripholders whose registered addresses with the Company are in Singapore as at the Record Date, or who have, at least three (3) market days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents, but excluding, subject to certain exceptions, Shareholders located, resident or with a registered address outside Singapore.

“**Entitled QIBs**” are Shareholders (a) who are qualified institutional buyers (as defined under Rule 144A of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)); (b) who are Entitled Shareholders (but for the fact that they are outside of Singapore); (c) who have provided the Company with a signed investor representation letter (in the form provided to such Shareholder by the Company); and (d) whose identities have been agreed by the Company, the Financial Advisers and Joint Underwriters and the Co-Lead Managers.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the rights to the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three (3) market days prior to the Record Date, provided CDP or the Company’s Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”), subject to certain limited exceptions and/or unless otherwise reasonably determined by the Directors that the Rights Shares may be offered based on applicable securities legislation. Entitlements to provisional allotments of Rights Shares which would otherwise accrue to the Foreign Shareholders will, if practicable, be sold “nil-paid” on the SGX-ST after commencement of trading in the Rights, and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement (the “**Offer Information Statement**”) to be issued for the Rights Issue.

If such Rights cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights, the Rights Shares represented by such Rights will be issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no ineligible Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Financial Advisers and Joint Underwriters, the Co-Lead Managers, CDP, the Central Provident Fund Board or the Share Registrar and their respective officers in connection therewith.

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradable on the Main Board of the SGX-ST over a period to be determined by the Directors in compliance with the Listing Manual. Entitled Shareholders will be at liberty to accept (in full or in part), decline, renounce or (in the case of Entitled Depositors only) trade on the SGX-ST (during the trading period for the Rights prescribed by the SGX-ST) their Rights and will be eligible to apply for additional Rights Shares in excess of their Rights.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Shareholders’ entitlements and will, together with such Rights Shares that are not validly taken up by the Entitled Shareholders or their respective renouncee(s) or purchaser(s) of the Rights traded on the SGX-ST through the book-entry (scripless) settlement system, any unsold Rights of Foreign Shareholders and any Rights Shares that are not otherwise allotted for whatever reason be aggregated and used to satisfy applications for excess Rights Shares (if any), or disposed of or

otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of the excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial shareholders of the Company who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of Directors of the Company, will rank last in priority for the rounding of odd lots and allotment of the excess Rights Shares.

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Financial Advisers and Joint Underwriters and the Co-Lead Managers, may deem appropriate. Further details of the Rights Issue will be made available in the Offer Information Statement to be despatched or, as the case may be, disseminated to Entitled Shareholders, or will be disclosed in subsequent announcements in due course.

5. WORKING CAPITAL STATEMENT

The Directors are of the opinion that after taking into consideration the Group's internal resources, present bank facilities including the Bridge Loan and the Term Loan, and the estimated net proceeds from the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements. The Rights Issue will also provide Shareholders with an opportunity to maintain their *pro rata* equity shareholding in the Company. For the reasons outlined in paragraph 2 above, the Directors believe the Rights Issue is in the interest of the Group.

5.1 APPROVALS

5.1.1 Listing Approval

The Company had, on 21 February 2023, received the approval in-principle from the SGX-ST for the listing of and quotation for the Maximum Rights Shares on the Main Board of the SGX-ST, subject to the following conditions:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) a written undertaking from the Company that it will comply with Rules 704(30), 877(8) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (iii) a written undertaking from Venezio, to subscribe for its *pro rata* entitlements of Rights Shares; and
- (iv) a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the undertaking Shareholder has sufficient financial resources to fulfil its obligations under its undertaking.

The approval in-principle of the SGX-ST for the listing of and quotation for the Maximum Rights Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the

Rights Issue, the Rights Shares, the Rights, the Company, its subsidiaries and/or the Shares.

5.1.2 Offer Information Statement

The Rights Issue is subject to the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) to be issued by the Company in connection with the Rights Issue, by the Company with the Monetary Authority of Singapore (the “**MAS**”). The Company expects to lodge the Offer Information Statement with the MAS on or around 2 March 2023.

6. NOTICE OF RECORD DATE

Notice of the Record Date for the Rights Issue is contained in a separate announcement titled “Notice of Record Date for the Rights Issue” released by the Company today.

7. GENERAL

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Financial Advisers and Joint Underwriters and the Co-Lead Managers, may deem appropriate. Further details of the Rights Issue will be made available in the Offer Information Statement to be despatched or, as the case may be, disseminated to Entitled Shareholders, or will be disclosed in subsequent announcements in due course.

8. NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE

The Rights and the Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

9. DIRECTORS’ RESPONSIBILITY STATEMENT AND INTENTION TO SUBSCRIBE FOR PRO RATA ENTITLEMENTS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue and the Group which are relevant to the Rights Issue and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

To demonstrate their commitment to and confidence in the prospects of the Group and to show their support for the Rights Issue, the Directors have indicated to the Company that, to the extent that they hold any Shares as at the Record Date for the Rights Issue and any *pro rata* entitlements are allocated to them to subscribe for Rights Shares, they intend to exercise such

pro rata entitlements in full and subscribe for the relevant amount of Rights Shares, in accordance with the terms and conditions of the Rights Issue.

10. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution when dealing with their Shares or other securities of the Company. Shareholders should consult their professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Ian Chye
Company Secretary

22 February 2023

IMPORTANT NOTICE

This announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue or subscribe for, or any solicitation of any offer to acquire, any Rights or Rights Shares or to take up any entitlements to Rights or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

No person should acquire any Rights or Rights Shares except on the basis of the information contained in the Offer Information Statement to be lodged by the Company with the MAS. The information contained in this announcement is not for release, publication or distribution to persons in the United States of America (the “**United States**”) and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The issue, exercise or sale of Rights or Rights Shares and the acquisition or purchase of the Rights or Rights Shares are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The distribution and/or dissemination (electronic or otherwise) of this announcement, the Offer Information Statement and the accompanying documents (including the provisional allotment letters and/or the application forms) and/or the transfer of the Rights or Rights Shares and the excess Rights Shares into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this announcement comes or who access this announcement, the accompanying documents (including the provisional allotment letters and/or the application forms) should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the content of the Company’s website nor any website accessible by hyperlinks on the Company’s website is incorporated in, or forms part of, this announcement.

The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold, directly or indirectly, into the United States unless the securities are so registered or an exemption from the registration requirements is available. There will be no public offering of securities in the United States.