

GENERAL ANNOUNCEMENT::COMMENCEMENT OF CONSENT SOLICITATION EXERCISE

Issuer & Securities

Issuer/ Manager

SATS LTD.

Securities

SATS LTD S\$100M2.6%N250424 - SGXF55720563 - XM5B
SATS LTD S\$200M2.88%N250331 - SGXF76236896 - YC1B
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Announcement Details

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Commencement of Consent Solicitation Exercise

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Submitted By (Co./ Ind. Name)

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Designation

Assistant Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the attachment.

Attachments



[Commencement of Consent Solicitation Exercise.pdf](#)

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SATS LTD.

(Incorporated in the Republic of Singapore)
(UEN/Company Registration No. 197201770G)

This announcement is not a solicitation of consent with respect to any Notes (as defined below). The Consent Solicitation (as defined below) is being made solely pursuant to the Notices of Written Resolutions (as defined below) and related documents which set forth the complete terms of the Consent Solicitation.

This announcement and any materials relating to the Consent Solicitation do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions.

COMMENCEMENT OF CONSENT SOLICITATION EXERCISE BY SATS LTD. (THE “COMPANY”) IN CONNECTION WITH THE S\$200,000,000 2.88 PER CENT. NOTES DUE 2025 COMPRISED IN SERIES 001 (ISIN: SGXF76236896) (THE “SERIES 001 NOTES”) AND THE S\$100,000,000 2.60 PER CENT. NOTES DUE 2025 COMPRISED IN SERIES 002 (ISIN: SGXF55720563) (THE “SERIES 002 NOTES”) (COLLECTIVELY, THE “NOTES”) ISSUED PURSUANT TO THE COMPANY’S S\$2,000,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME (THE “PROGRAMME”)

1. Reference is made to:
 - (a) the Programme;
 - (b) the trust deed dated 9 March 2010 made between (1) the Company, as issuer, and (2) DBS Trustee Limited, as trustee (in such capacity, the “**Trustee**”), as amended and supplemented by a supplemental trust deed dated 26 March 2020 made between the same parties (the “**Trust Deed**”); and
 - (c) the Notes.
2. The Company wishes to announce that it has today commenced a consent solicitation process in relation to the Notes, to propose for certain amendments and waivers (the “**Proposal**”) with respect to the terms of the Trust Deed (only in relation to the Notes) and the terms and conditions of the Notes (the “**Consent Solicitation**”).
3. Pursuant to paragraph 32 of Schedule 4 to the Trust Deed, the Consent Solicitation will be by way of extraordinary resolutions in writing of the holders of the Notes (the “**Noteholders**”) (the “**Extraordinary Resolutions**”), instead of a meeting.
4. Noteholders will be given up to 17 January 2023 to pass the Extraordinary Resolutions.



Background to the Proposal

5. The Company is a premium leading provider of gateway services (which encompasses airport and cruise terminal services including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services) and food solutions (which comprise in-flight catering, institutional catering, food distribution and logistics, chilled and retort food manufacturing, hospitality services and airline linen and laundry services), with an extensive reach throughout the Asia Pacific and the Middle East, including as to industries such as healthcare, hospitality and government. agencies, besides the aviation sector.
6. On 28 September 2022, the Company announced a proposed acquisition of Worldwide Flight Services (“**WFS**”), the world’s leading air cargo handler with an unrivalled footprint to create a pre-eminent global air cargo handling platform (the “**Proposed Acquisition**”). The Proposed Acquisition is targeted for completion by the end of March 2023 subject to the satisfaction of various conditions precedent (including obtaining shareholder and regulatory approvals). The Proposed Acquisition is intended to advance the Company’s twin-engine growth strategy, to expand its network and capabilities in Asia and globally, while strengthening its core Singapore base. The Company plans to fund the Proposed Acquisition by means of a balanced funding plan which comprises: (i) committed external funding for a Singapore dollar equivalent amount of €1,200 million via a term loan facility (the “**Term Loan Facility**”), (ii) a renounceable rights issue of new shares to raise gross proceeds of up to approximately S\$800 million, and (iii) internal cash of S\$320 million.
7. Further information in relation to the Proposed Acquisition is set out in the announcements published by the Company on 28 September 2022, 1 December 2022 and 3 January 2023 respectively.

Request for Amendment of Financial Covenants

8. In view of the Proposed Acquisition, the Company requests for, amongst others, certain financial covenants applicable to the Notes to be amended such that all goodwill and other intangible assets of the Company will not be deducted from the consolidated net worth component of its financial covenant ratio. This amendment will provide the Company with enhanced financial flexibility to pursue different options in financing the Proposed Acquisition and also for its future business growth and business plans. The Company believes that notwithstanding the above proposed change, such a revised financial covenant will nonetheless continue to impose credit discipline on the Group.

Request for Waiver of Financial Covenants

9. The Company contemplates the utilisation of the Term Loan Facility for the Proposed Acquisition. Accordingly and as a precautionary measure to avoid any non-compliance or potential non-compliance with the amended financial covenants (as detailed in the notices of written resolutions to the Noteholders (the “**Notices of Written Resolutions**”), the Company also requests for a waiver of any non-compliance or any potential non-compliance with such financial covenants in the event that the Term Loan Facility is utilised. This waiver is limited in time and is intended to subsist for a period of six months commencing from the date of the first utilisation as notified by the Company to the Trustee and the Noteholders (the “**Utilisation Date**”) under the Term Loan Facility, provided that if the Utilisation Date occurs after 8 November 2023, any waiver or indulgence granted shall no longer be valid and effective. For the avoidance of doubt, the Trustee shall not be bound to make any enquiry or to take any steps to ascertain whether the Utilisation Date has occurred and, in the event that the Company does not notify the Trustee and the Noteholders of the Utilisation Date within 14 days from the Utilisation Date, no waiver or indulgence shall be granted or be effective in any way and the Trustee shall be entitled to assume without enquiry (it being the intention that it should assume without enquiry) that the Utilisation Date has not occurred.



Request for Approval to the Continued Subsistence of Security over Assets of Promontoria and its Subsidiaries

10. Clause 7.1 of the Trust Deed provides that (save for the exceptions listed out under Clauses 7.1.1 to 7.1.7 of the Trust Deed (“**Exceptions**”)) so long as any of the Notes remains outstanding, the Company covenants with the Trustee that it will not, and will ensure that none of its Principal Subsidiaries will, create or permit to subsist any security over the whole or any part of its undertakings, assets, property or revenues, present or future, where such security is created, or intended to be created, to secure the indebtedness of the Company and/or its Principal Subsidiaries (unless such security is forthwith extended equally or rateably to the indebtedness of the Company in respect of the Notes).

11. As at the Closing Date (as defined below), the Company will by virtue of its acquisition of the whole of the issued share capital of Promontoria Holding (as defined below), have a Principal Subsidiary (i.e. Promontoria Holding 264 B.V., a wholly-owned subsidiary of Promontoria Holding) with subsisting security over its assets by virtue of it being (a) the issuer of three tranches of secured notes that are due in 2027 (amounting to €590 million and US\$400 million in aggregate); and (b) granted a secured €160 million revolving credit facility ((a) and (b), the “**Secured Transactions**”). The Secured Transactions share the same security package, and the subsisting security comprises of (A) share pledges in the subsidiaries of Promontoria Holding 264 B.V., (B) intragroup receivables due to the subsidiaries of Promontoria Holding 264 B.V., and (C) cash. As such, the Company requests for approval to be given for (i) the continued subsistence of any and all security over the assets of Promontoria Holding 264 B.V. and its subsidiaries existing as at the Closing Date, and (ii) any security created over the assets of Promontoria Holding and/or its subsidiaries after the Closing Date for the sole purpose of refinancing the Secured Transactions, provided that, in the case of limbs (i) and (ii) above, the amount secured by any such security may not exceed the total commitment under the Secured Transactions as at the Closing Date. For the avoidance of doubt, these Secured Transactions do not fall within any of the Exceptions.

Capitalised terms shall have the following meanings:

“**Acquisition Agreement**” means the sale and purchase agreement dated 28 September 2022 between inter alia, Promontoria 52 Coöperatie U.A. and SATS International SAS for all of the issued shares of Promontoria Holding (the “**Sale Shares**”);

“**Closing**” means the completion of the sale and purchase of the Sale Shares in accordance with the Acquisition Agreement;

“**Closing Date**” means the date on which Closing takes place in accordance with the terms of the Acquisition Agreement; and

“**Promontoria Holding**” means Promontoria Holding 243 B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, having its official seat (statutaire zetel) in Baarn, the Netherlands, and its office at Oude Utrechtseweg 32, 3743 KN Baarn, the Netherlands, registered with the Dutch Trade Register under number 70087091.

Details of the Proposal

12. The Company is seeking approvals from the Noteholders to, *inter alia*, (i) amend the definitions of “Consolidated Borrowings” and “Consolidated Tangible Net Worth” in the Trust Deed (as defined in Clause 7.2 of the Trust Deed); (ii) amend Condition 3(b) of the terms and conditions of the Notes ((i) and (ii) collectively, the “**Amendments**” and the provisions of Clause 7.2 of the Trust Deed and Condition 3(b) of the terms and conditions of the Notes following the making of the Amendments, the “**Amended Terms**”); (iii) waive any non-compliance or any potential non-compliance with the Amended Terms for a period of six months commencing from the Utilisation Date of the Term Loan Facility (the Utilisation Date will in any event be no later than 8 November 2023, failing which such a waiver will no longer be valid and effective); (iv) allow for the continued subsistence of any and all security over the assets of Promontoria Holding 264 B.V. and its



subsidiaries existing as at the Closing Date; and (v) allow for any security to be created over the assets of Promontoria Holding and/or its subsidiaries after the Closing Date for the sole purpose of refinancing the Secured Transactions, provided that, in the case of limbs (iv) and (v) above, the amount secured by any such security may not exceed the total commitment under the Secured Transactions as at the Closing Date, the full details of which are set out in the Notices of Written Resolutions.

13. DBS Bank Ltd. and United Overseas Bank Limited have been appointed as solicitation agents in connection with the Consent Solicitation.
14. The Company will make a further announcement on or around 17 January 2023 in relation to the outcome of the Consent Solicitation.

Issued by SATS Ltd. on 10 January 2023.