



MEDIA RELEASE

SATS 2Q NET PROFIT GROWS 26.8% TO \$59.7M

SINGAPORE, 4 November 2015 – SATS Ltd. (SATS) today reports its unaudited results for the second quarter and first half ended 30 September 2015.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	2Q FY15-16 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	422.7	(19.5)	(4.4)
Expenditure	(363.5)	36.2	9.1
Operating profit	59.2	16.7	39.3
Share of results of associates/JVs, net of tax	11.9	1.1	10.2
Profit attributable to owners of the Company	59.7	12.6	26.8
Underlying net profit ⁽¹⁾	59.7	12.6	26.8
Earnings per share (cents) - basic	5.4	1.2	28.6

	1H FY15-16 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	839.6	(37.8)	(4.3)
Expenditure	(736.4)	58.8	7.4
Operating profit	103.2	21.0	25.5
Share of results of associates/JVs, net of tax	24.7	3.5	16.5
Profit attributable to owners of the Company	109.3	18.9	20.9
Underlying net profit ⁽¹⁾	106.8	16.3	18.0
Earnings per share (cents) - basic	9.9	1.8	22.2

Note:

- (1) Underlying net profit refers to profit attributable to owners of the Company excluding the following one-off items: (i) Net gain from transfer of business to a joint venture (Nil in 2Q and \$2.5M in 1H FY15-16; Nil in 2Q and 1H FY14-15), and (ii) Impairment loss on carrying value of Assets Held for Sale (Nil in 2Q and 1H FY15-16; Nil in 2Q and \$0.1M in 1H FY14-15).

GROUP EARNINGS

2Q FY15-16 (1 July – 30 September 2015)

For the second quarter ended 30 September 2015, Group revenue decreased 4.4% year-on-year to \$422.7 million.

Revenue from Food Solutions declined 9.2% to \$243 million due to the transfer of our food distribution business to the new joint venture company SATS BRF Food in June 2015, loss of contribution from the divestment of our Australian subsidiary Urangan Fisheries and the weakening of the Japanese Yen. The drop in Food Solutions' revenue was partially mitigated by a 2.9% increase in Gateway Services' revenue to \$178.5 million.

Despite the reduction in revenue, the Group delivered positive jaws with operating expenditure declining 9.1% year-on-year to \$363.5 million due to reductions across all expense categories except for depreciation and amortization charges. The Group managed to contain staff costs at a level below the corresponding quarter last year through various manpower initiatives targeted at improving productivity. Cost of raw materials fell 19.2% in line with lower revenue and the transfer of our food distribution business. Licence fees declined 16% due to lower revenue and rebates, while company premise and utilities expenses were 11.5% lower mainly due to the drop in utility rates and usage. Consequently, operating profit improved 39.3% year-on-year to \$59.2 million.

Share of after-tax profits from associates/JVs rose 10.2% year-on-year to \$11.9 million due to higher profit contributions from both Gateway and Food associates/JVs.

Profit attributable to owners of the Company was \$59.7 million, 26.8% higher year-on-year, while earnings per share rose 28.6% to 5.4 cents.

1H FY15-16 (1 April – 30 September 2015)

For the half year ended 30 September 2015, Group revenue declined 4.3% to \$839.6 million. Revenue from Gateway Services grew 2.5% to \$353.2 million. Revenue from Food Solutions decreased 8.7% to \$484.1 million due to similar reasons as explained for the second quarter above. Group operating profit increased 25.5% year-on-year to \$103.2 million.

Share of after-tax profits from associates/JVs grew 16.5% year-on-year to \$24.7 million due to higher profit contributions from both Gateway and Food associates/JVs.

Profit attributable to owners of the Company increased 20.9% year-on-year to \$109.3 million, while underlying net profit was \$106.8 million or 18% higher year-on-year. Earnings per share rose 22.2% to 9.9 cents.

GROUP FINANCIAL POSITION (as at 30 September 2015)

As at 30 September 2015, the Group had total assets of \$2.01 billion. Cash and short-term deposits decreased by \$8 million from 31 March 2015 to \$402.9 million. This was mainly due to

dividends paid to shareholders and capital expenditure, partly offset by cash generated from operations, dividends received from associates and proceeds from exercise of share options.

Free cash flow generated during the first six months amounted to \$40.4 million and debt-to-equity ratio remained healthy at 0.07 times.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 5 cents per share, payable on 4 December 2015. The book closure date is 23 November 2015.

OUTLOOK

The operating environment for SATS continues to be challenging with slower regional economic growth, competitive pressures in aviation and increasing manpower costs.

However, we remain confident in the long-term growth prospects for aviation and food solutions in Asia.

We are successfully raising productivity by adopting new technologies and driving economies of scale. We are also growing into adjacent businesses and geographies, as demonstrated by our offer to buy a 49% equity stake in Brahim's Airline Catering Holdings.

ABOUT SATS

SATS is Asia's leading provider of Gateway Services and Food Solutions.

Our comprehensive Gateway Services encompass airfreight handling, passenger services, ramp handling, baggage handling, aviation security services, aircraft interior and exterior cleaning as well as cruise centre management. Our Food Solutions include airline catering, institutional and remote catering, aviation laundry as well as food distribution and logistics.

SATS is present at 43 airports and 11 countries across Asia 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 2Q and 1H FY15-16 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	2Q FY15-16	2Q FY14-15	1H FY15-16	1H FY14-15
Revenue	422.7	442.2	839.6	877.4
Expenditure	(363.5)	(399.7)	(736.4)	(795.2)
Operating profit	59.2	42.5	103.2	82.2
Share of results of associates/JVs, net of tax	11.9	10.8	24.7	21.2
Profit before tax	71.5	53.6	131.4	102.6
Profit attributable to owners of the Company	59.7	47.1	109.3	90.4
Underlying net profit	59.7	47.1	106.8	90.5
Per Share Data				
Earnings per share (cents)				
- Basic ^{R1}	5.4	4.2	9.9	8.1
- Diluted ^{R2}	5.3	4.2	9.8	8.0
Return on turnover (%) ^{R3}	14.1	10.7	13.0	10.3

Financial Position (S\$ million)	As at 30-SEP-15	As at 31-MAR-15
Equity attributable to owners of the Company	1,449.7	1,441.1
Total assets	2,007.8	2,019.7
Total debt	108.7	105.3
Gross debt/equity ratio (times) ^{R4}	0.07	0.07
Net asset value per share (\$) ^{R5}	1.31	1.30

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.