



FY18/19 Performance Review

17 May 2019

Forward Looking Statements

This presentation may contain forward-looking statements regarding, among other things, the Company's outlook, business and strategy which are current as of the date they are made. These forward-looking statements are based largely on the current assumptions, expectations and projections of the directors and management of SATS about our business, and the industry and markets in which we operate. These statements are not guarantees of SATS' future performance and are subject to a number of risks and uncertainties, some of which are beyond the Company's control and are difficult to predict. Future developments and actual results could differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will prove to be accurate. SATS does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.



Agenda

- Executive Summary
- FY18/19 Financial Performance
- Outlook

Executive Summary: FY18/19 Performance

- Group revenue grew 6.0% to \$1.83B
- Core earnings increased 2.2% to \$241.4M
- Operating profit rose 9.1% to \$247.0M
- EBITDA improved 5.3% to \$383.8M
- PATMI decreased 5.0% to \$248.4M
- Share of earnings from associates/JVs declined 17.3% to \$58.9M
- ROE remained resilient at 15.1%
- Free cash flow generated was \$208.1M
- EPS decreased 4.7% to 22.3 cents
- Proposed final dividend of 13 cents per share will increase full-year dividends by 1 cent to a total of 19 cents



Operating Statistics

| | 2H FY18/19 | 2H FY17/18 | Change (%) | FY18/19 | FY17/18 | Change (%) |
|------------------------------------|---------------|---------------|---------------|----------|----------|---------------|
| Passengers Handled ('M) | 30.39 | 28.34 | 7.2 | 59.87 | 54.30 | 10.3 |
| Flights Handled ('000) | 130.95 | 80.66 | 62.3 | 213.16 | 165.94 | 28.5 |
| Cargo/Mail Processed ('000 tonnes) | 923.52 | 923.97 | (0.1) | 1,857.87 | 1,828.85 | 1.6 |
| Gross Meals Produced ('M) | 37.85 | 35.61 | 6.3 | 76.05 | 70.51 | 7.9 |
| Ship Calls Handled | 199 | 156 | 27.6 | 312 | 189 | 65.1 |

- * The above operating data cover SATS and its subsidiaries, but does not include JVs and associates.
- * Passengers handled comprises full service and low cost carriers, as well as cruise ship passengers.
- * Gross meals include both inflight and institutional catering meals.



FY18/19 Financial Performance



FY18/19 Highlights

Revenue

\$1,828.0M 6.0%

- Group revenue grew \$103.4M, backed by volume growth in both Food Solutions and Gateway Services. Food Solutions' revenue rose 4.4%, while Gateway Services' revenue improved 7.9%.

Operating profit

\$247.0M 9.1%

- Group expenditure was 5.5% higher at \$1,581.0M, due to volume and revenue growth, and the consolidation of GTR entities in the fourth quarter. Staff costs were higher by \$40.7M partly due to the consolidation of GTR entities, new T4 operations, and reduced employment credits.

Share of results of Associates/JVs, net of tax

\$58.9M -17.3%

- Share of results declined \$12.3M, with lower contributions from Food Solutions offset by Gateway's improved performance. Excluding the one-off gains from both periods, share of results from associates/JVs would have decreased \$7.7M.

PATMI

\$248.4M -5.0%

- Core earnings was \$241.4M, 2.2% higher y-o-y.
- EPS decreased from 23.4 cents to 22.3 cents.

Debt-to-equity

0.06 times -

- Debt-to-equity ratio remained healthy at 0.06 times.
- Cash and short-term deposits stood at \$349.9M.
- Free cash flow generated was \$208.1M.



4Q and FY18/19 Highlights

| \$M | 4Q18/19 | 4Q17/18 | Fav/(Unfav) Change (%) | FY18/19 | FY17/18 | Fav/(Unfav) Change (%) |
|--|--------------|--------------|---------------------------|--------------|--------------|---------------------------|
| Revenue | 471.5 | 423.5 | 11.3 | 1,828.0 | 1,724.6 | 6.0 |
| Expenditure | (420.7) | (377.4) | (11.5) | (1,581.0) | (1,498.2) | (5.5) |
| Operating Profit | 50.8 | 46.1 | 10.2 | 247.0 | 226.4 | 9.1 |
| Share of Results of Associates/JVs, Net of Tax | 8.9* | 24.0 | (62.9) | 58.9 | 71.2 | (17.3) |
| Other non-operating income, net | (0.8) | 8.9 | n.m. | (1.5) | 20.7 | n.m. |
| PBT | 60.1 | 79.7 | (24.6) | 307.7 | 321.6 | (4.3) |
| PATMI | 49.9 | 65.4 | (23.7) | 248.4 | 261.5 | (5.0) |
| Core earnings** | 48.7 | 51.5 | (5.4) | 241.4 | 236.1 | 2.2 |
| EBITDA | 82.4 | 79.5 | 3.6 | 383.8 | 364.5 | 5.3 |

n.m. – not meaningful

**Included a one-off write-back of \$1.2M tax provision relating to the disposal of business for DSPL to KSPL.*

***Core earnings (or “Underlying net profit”) refers to net profit attributable to owners of the Company excluding one-off items.*



Financial Indicators

| % % | | | Change | | | Change |
|----------------------------|---------|---------|--------|---------|---------|--------|
| | 4Q18/19 | 4Q17/18 | ppt/% | FY18/19 | FY17/18 | ppt/% |
| Operating Margin | 10.8 | 10.9 | (0.1) | 13.5 | 13.1 | 0.4 |
| PATMI Margin | 10.6 | 15.4 | (4.8) | 13.6 | 15.2 | (1.6) |
| Core earnings Margin | 10.3 | 12.2 | (1.9) | 13.2 | 13.7 | (0.5) |
| EBITDA Margin | 17.5 | 18.8 | (1.3) | 21.0 | 21.1 | (0.1) |
| Return on Equity | 3.1 | 4.1 | n.m. | 15.1 | 16.2 | n.m. |
| Basic EPS (cents) | 4.5 | 5.9 | (23.7) | 22.3 | 23.4 | (4.7) |
| Dividend Per Share (cents) | 13.0 | 12.0 | 8.3 | 19.0 | 18.0 | 5.6 |

| | 31 MAR 19 | 31 MAR 18 |
|--------------------|-----------|-----------|
| NAV Per Share (\$) | 1.48 | 1.46 |
| Debt / Equity | 0.06 | 0.07 |



Group Segmental Revenue

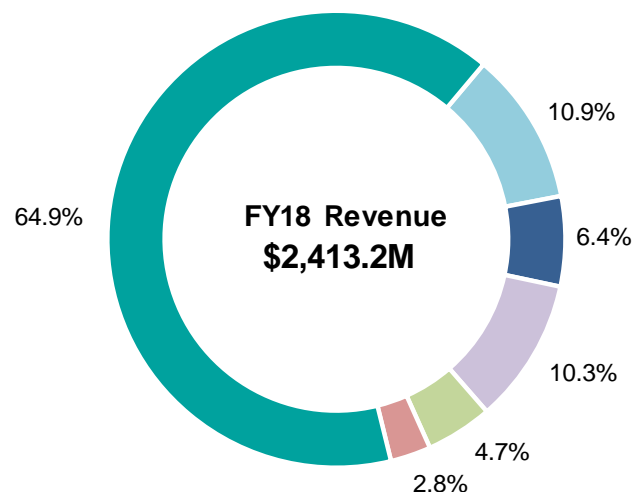
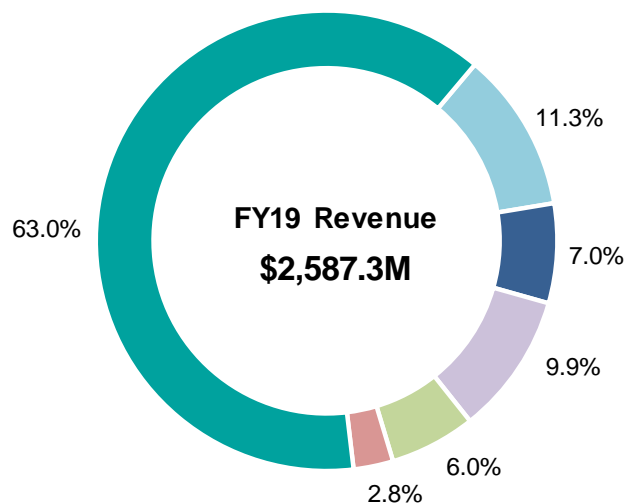
| \$M | 4Q18/19 | 4Q17/18 | Change (%) | FY18/19 | FY17/18 | Change (%) |
|----------------------------------|--------------|--------------|-------------|----------------|----------------|------------|
| By Business: | | | | | | |
| Food Solutions | 245.4 | 228.3 | 7.5 | 988.2 | 946.6 | 4.4 |
| Gateway Services | 225.3 | 194.7 | 15.7 | 837.8 | 776.5 | 7.9 |
| Others | 0.8 | 0.5 | 60.0 | 2.0 | 1.5 | 33.3 |
| Total | 471.5 | 423.5 | 11.3 | 1,828.0 | 1,724.6 | 6.0 |
| By Industry: | | | | | | |
| Aviation | 403.9 | 361.6 | 11.7 | 1,567.0 | 1,488.6 | 5.3 |
| Non-Aviation | 66.8 | 61.4 | 8.8 | 259.0 | 234.5 | 10.4 |
| Others | 0.8 | 0.5 | 60.0 | 2.0 | 1.5 | 33.3 |
| Total | 471.5 | 423.5 | 11.3 | 1,828.0 | 1,724.6 | 6.0 |
| By Geographical Location: | | | | | | |
| Singapore | 376.8 | 353.7 | 6.5 | 1,505.9 | 1,423.0 | 5.8 |
| Japan | 60.5 | 58.3 | 3.8 | 248.1 | 239.4 | 3.6 |
| Others | 34.2 | 11.5 | 197.4 | 74.0 | 62.2 | 19.0 |
| Total | 471.5 | 423.5 | 11.3 | 1,828.0 | 1,724.6 | 6.0 |



SATS Share of Revenue (Aggregated Revenue – Non-IFRS)

| <i>In \$M</i> | FY19 REV | FY18 REV | YOY Growth % |
|------------------------|----------------|-------------|-----------------|
| ● Singapore | 1,629.5 | 1,567.3 | 4.0% |
| ● Japan | 257.3 | 247.7 | 3.9% |
| ● Greater China | 291.6 | 261.9 | 11.3% |
| ● Asean (ex-Singapore) | 181.0 | 153.7 | 17.8% |
| ● India | 156.0 | 113.7 | 37.2% |
| ● Others | 71.9 | 68.9 | 4.3% |
| | 2,587.3 | 2,413.2 | 7.2% |

Singapore accounted for ca. 63%-65% of Combined Revenue In FY18 & FY19



For management analysis purpose.

Group OPEX

| \$M | 4Q18/19 | 4Q17/18 | Fav/(Unfav) Change (%) | FY18/19 | FY17/18 | Fav/(Unfav) Change (%) |
|---|--------------|--------------|---------------------------|----------------|----------------|---------------------------|
| Staff Costs | 233.5 | 206.4 | (13.1) | 874.0 | 833.3 | (4.9) |
| Cost of Raw Materials | 65.5 | 63.6 | (3.0) | 267.4 | 252.5 | (5.9) |
| Licence Fees | 22.6 | 20.6 | (9.7) | 89.4 | 84.2 | (6.2) |
| Depreciation & Amortisation charges | 23.9 | 21.0 | (13.8) | 84.9 | 78.5 | (8.2) |
| Company Premise & Utilities Expenses | 29.0 | 25.1 | (15.5) | 113.2 | 103.5 | (9.4) |
| Other Costs | 46.2 | 40.7 | (13.5) | 152.1 | 146.2 | (4.0) |
| Group Expenditure | 420.7 | 377.4 | (11.5) | 1,581.0 | 1,498.2 | (5.5) |
| Group Revenue | 471.5 | 423.5 | 11.3 | 1,828.0 | 1,724.6 | 6.0 |

Group OPEX increased in line with revenue and volume growth, as well as the consolidation of GTR entities.

Associates/JVs Performance by Business

| \$M | 4Q18/19 | 4Q17/18 | Change (%) | FY18/19 | FY17/18 | Change (%) |
|---------------------------|------------|-------------|---------------|-------------|-------------|---------------|
| PAT | 8.9 | 24.0 | (62.9) | 58.9 | 71.2 | (17.3) |
| Food Solutions | 2.0 | 13.9 | (85.6) | 12.8 | 25.5 | (49.8) |
| Gateway Services | 6.9 | 10.1 | (31.7) | 46.1 | 45.7 | 0.9 |
| Dividends Received | - | 1.9 | n.m. | 39.1 | 25.2 | 55.2 |

- Excluding the one-off gains from both periods, share of results from associates/JVs would have decreased \$7.7M.
- Share of earnings from Gateway associates/JVs included a write-back of \$1.2M tax provision, relating to the \$5.8M business transfer gain of DFASS-SATS to KSPL in 3Q.
- Absence of dividends received for 4Q was due to a timing difference.



Group Balance Sheet

| \$M | As at 31 MAR 19 | As at 31 MAR 18 |
|--|-----------------|-----------------|
| Total Equity | 1,817.1 | 1,766.6 |
| Other Long-term Liabilities | 202.0 | 179.1 |
| Current Liabilities | 389.3 | 402.6 |
| Total Equity & Liabilities | 2,408.4 | 2,348.3 |
| Fixed Assets & Investment Properties | 586.8 | 569.0 |
| Associates / JVs | 723.9 | 848.8 |
| Intangible Assets | 350.5 | 157.5 |
| Other Non-Current Assets & Long-term Investments | 37.0 | 38.0 |
| Current Assets | | |
| <i>Cash & short-term deposits</i> | 349.9 | 373.3 |
| <i>Debtors & other current assets</i> | 360.3 | 361.7 |
| Total Assets | 2,408.4 | 2,348.3 |

Total equity stood at \$1.82B with total assets of \$2.4B as of 31 Mar 19.

Group Cash Flow Statement

| \$M | FY18/19 | FY17/18 | Difference |
|---|---------------|----------------|---------------|
| Net Cash From Operating Activities | 295.7 | 245.5 | 50.2 |
| Net Cash Used In Investing Activities | (72.4) | (182.2) | 109.8 |
| Net Cash Used In Financing Activities | (244.9) | (196.8) | (48.1) |
| Net decrease In Cash & Cash Equivalents | (21.6) | (133.5) | 111.9 |
| Cash & Cash Equivalents At End Of Financial Period | 349.9 | 373.3 | (23.4) |
| Free Cash Flow* | 208.1 | 146.3 | 61.8 |

Net cash from operating activities was \$50.2M higher due to higher operating profits generated from operations.



* Free Cash Flow refers to net cash from operating activities less cash purchases of capital expenditure.

Outlook

Outlook

The world economy faces challenges, but demand for aviation services and high quality food in Asia-Pacific continues to grow. Passenger traffic in the region is projected to grow 5%¹ and out-of-home food consumption is forecasted to grow 6%² from 2017 to 2023. SATS has been expanding its network of operations across Asia-Pacific and investing in new capabilities to benefit from this growth.

Starting in Singapore, we have secured a long-term contract with SIA to support them in their transformation plans, by investing in strengthening hub operations with dedicated teams and fully integrated digital ground handling systems. We also continue to invest in new opportunities in Asia-Pacific's major hubs and cities. SATS' recent investments in India and Malaysia are immediately accretive and showing steady growth.

To strengthen our position as Asia-Pacific's leading gateway services and food solutions provider, we are investing in business sustainability initiatives such as solar panels, electric vehicles and new food technologies that will help us to reduce our carbon footprint, manage waste and scale our business efficiently.

¹https://www.iata.org/about/worldwide/asia_pacific/Pages/Asia-Pacific-20-Year-Forecast.aspx

²Euromonitor Passport Consumer Foodservice Asia Pacific





END