

# 1Q FY20 Performance Review

18<sup>th</sup> July 2019



sats



# Forward looking statement –Important note

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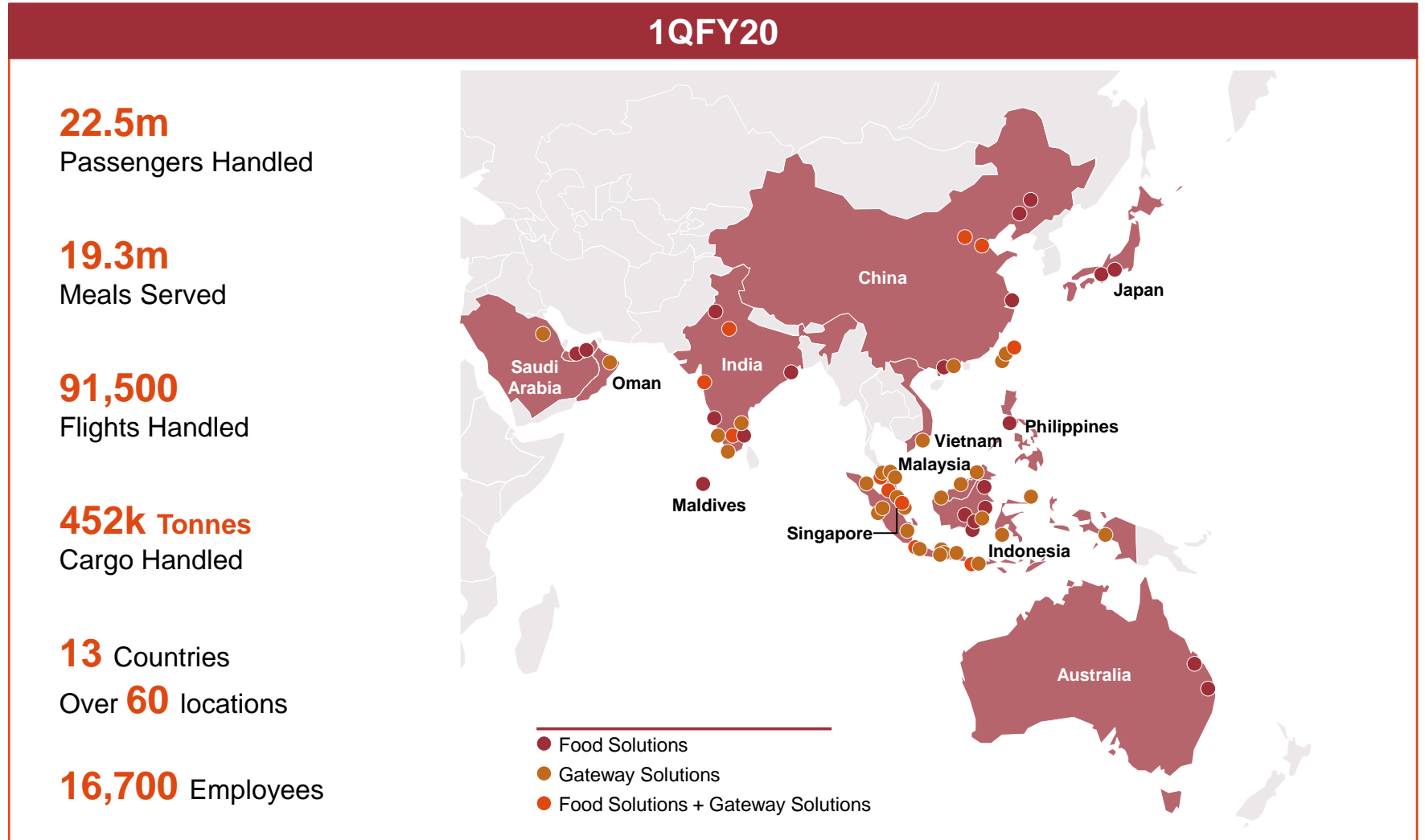


The following presentation contains forward looking statements by the management of SATS Ltd. (“SATS”), relating to financial and market trends for future periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses and related plans and objectives. Forward looking information is based on management’s current views and assumptions including without limitation, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not and should not be construed as a representation of future performance or commitment of SATS. In particular, any targets should not be regarded as a forecast or projection of future performance of SATS. It should be noted that the actual performance of SATS may vary significantly from such targets.

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# Asia's largest food and gateway services network



\* 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.

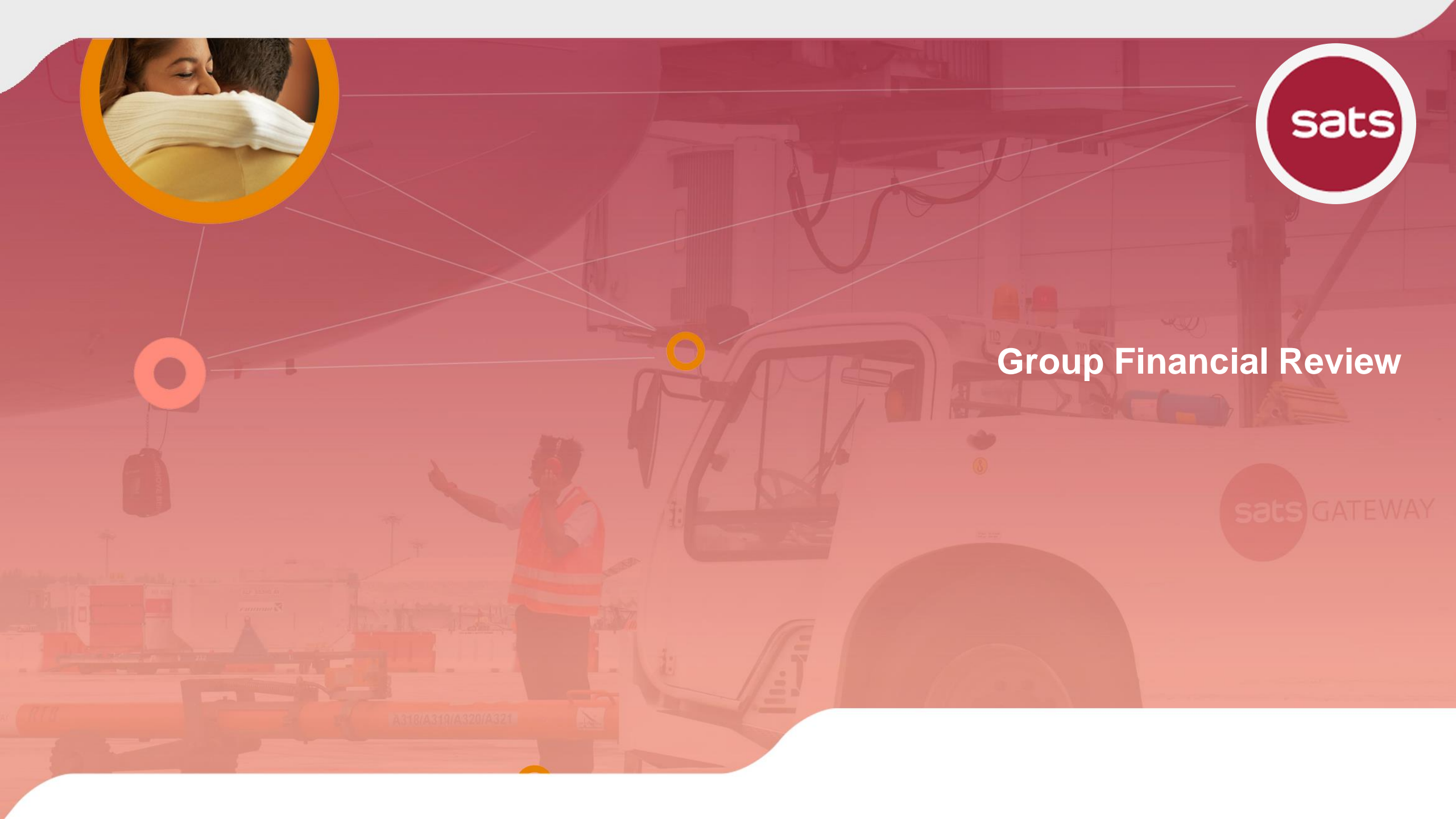
\* Gross meals include both inflight and institutional catering meals.

\* Flights, cargo and passengers handled by GTR and SATS Seletar Aviation Services have been included in the above statistics since January 2019 and April 2019 respectively.

- Group revenue grew 5.8% to \$465.1M
- EBITDA dipped 2.5% to \$97.8M
- PATMI decreased 14.4%
- Share of earnings from associates/JVs fell 4.6% to \$14.6M
- Operating margin dropped 2.6 percentage points to 12.2%
- EPS declined 0.8 cents to 4.9 cents



# Group Financial Review



# 1Q FY20 Highlights



	1Q FY20	1Q FY19	Change		Commentary
			\$/ppt	%	
<b>Revenue</b>	465.1	439.4	25.7	5.8	Gateway (+\$23.7M), Food (+\$1.9M) <ul style="list-style-type: none"> <li>• Gateway: GTR consol (\$22.5M); volume growth offset by lower cargo revenue</li> <li>• Food: Growth in core aviation subsidiaries</li> </ul>
<b>OPEX</b>	(408.3)	(374.5)	(33.8)	(9.0)	<ul style="list-style-type: none"> <li>• Consol effect of GTR (\$20.6M)</li> <li>• Volume increase</li> <li>• Lower forex gain (\$3.6M)</li> </ul>
<b>EBIT</b>	56.8	64.9	(8.1)	(12.5)	Lower margin of 12.2% from 14.8% as OPEX outpaced Revenue growth, partly due to Jet Airways suspension
• EBIT (%)	12.2%	14.8%			
<b>Share of results of Associates/JV (SoAJV)</b>	14.6	15.3	(0.7)	(4.6)	Gateway (-\$0.7M), Food remained flat <ul style="list-style-type: none"> <li>• Credit losses for Jet Airways (\$3.3M)</li> <li>• Excl. credit losses, SoAJV increased \$2.6M (17%)</li> </ul>
<b>PATMI</b>	54.7	63.9	(9.2)	(14.4)	Driven by lower EBIT and lower contribution from SoAJV.
• PATMI (%)	11.8%	14.5%			

Note: Figures in S\$m unless otherwise stated.  
 EBIT represents Operating Profits

%	1QFY20	1QFY19	Change ppt/%
EBIT Margin	12.2	14.8	(2.6)
PATMI Margin	11.8	14.5	(2.7)
EBITDA Margin	21.0	22.8	(1.8)
Return on Equity	3.3	3.8	n.m.
Basic EPS (cents)	4.9	5.7	(14.0)

	30 JUN 19	31 MAR 19	Change ppt/%
NAV Per Share (\$)	1.53	1.48	3.4
Debt/Equity Ratio	0.17	0.06	0.11

Debt/Equity ratio remained healthy at 0.06 times excluding the impact of adopting SFRS(I) 16

*Note: Figures in S\$ m unless otherwise stated.  
n.m. – not meaningful*



# Group Segmental Revenue



Revenue	1QFY20	1QFY19	Change (%)
<b>By Business:</b>			
Food Solutions	241.4	239.5	0.8
Gateway Services	223.3	199.6	11.9
Others	0.4	0.3	33.3
<b>Total</b>	<b>465.1</b>	<b>439.4</b>	<b>5.8</b>
<b>By Industry:</b>			
Aviation	408.8	378.9	7.9
Non-Aviation	55.9	60.2	(7.1)
Others	0.4	0.3	33.3
<b>Total</b>	<b>465.1</b>	<b>439.4</b>	<b>5.8</b>
<b>By Geographical Location:</b>			
Singapore	372.1	370.7	0.4
Japan	65.5	60.7	7.9
Asean (ex-SG)	22.8	0.1	n.m.
Others	4.7	7.9	(40.5)
<b>Total</b>	<b>465.1</b>	<b>439.4</b>	<b>5.8</b>

Note: Figures in S\$ m unless otherwise stated.

n.m. – not meaningful

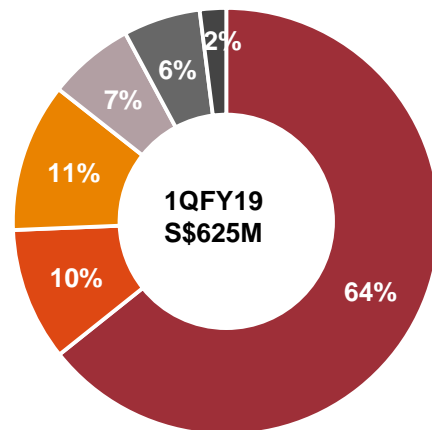
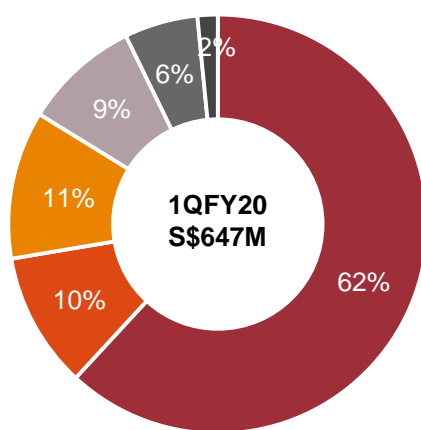
# SATS share of revenue and PATMI by region



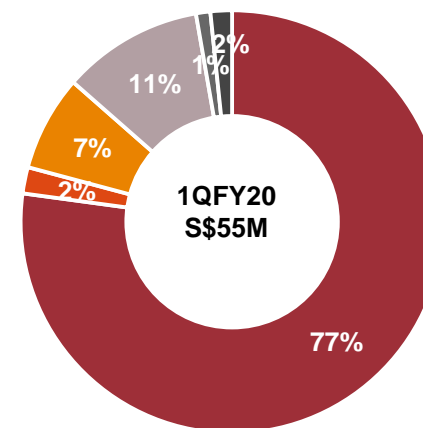
Region	Revenue		YoY %
	1QFY20	1QFY19	
Singapore	400.3	401.5	(0.3)
Japan	67.8	62.9	7.8
Asean (ex-SG)	58.1	40.8	42.4
Greater China	74.0	70.4	5.3
India	36.7	36.5	0.5
Others	10.1	12.4	(19.1)
<b>Total</b>	<b>647.0</b>	<b>624.5</b>	<b>3.6</b>

PATMI 1QFY20	YoY %
42.2	(17.1)
1.1	30.8
5.9	35.3
4.0	(12.9)
0.6	(79.4)
0.9	114.8
<b>54.7</b>	<b>(14.4)</b>

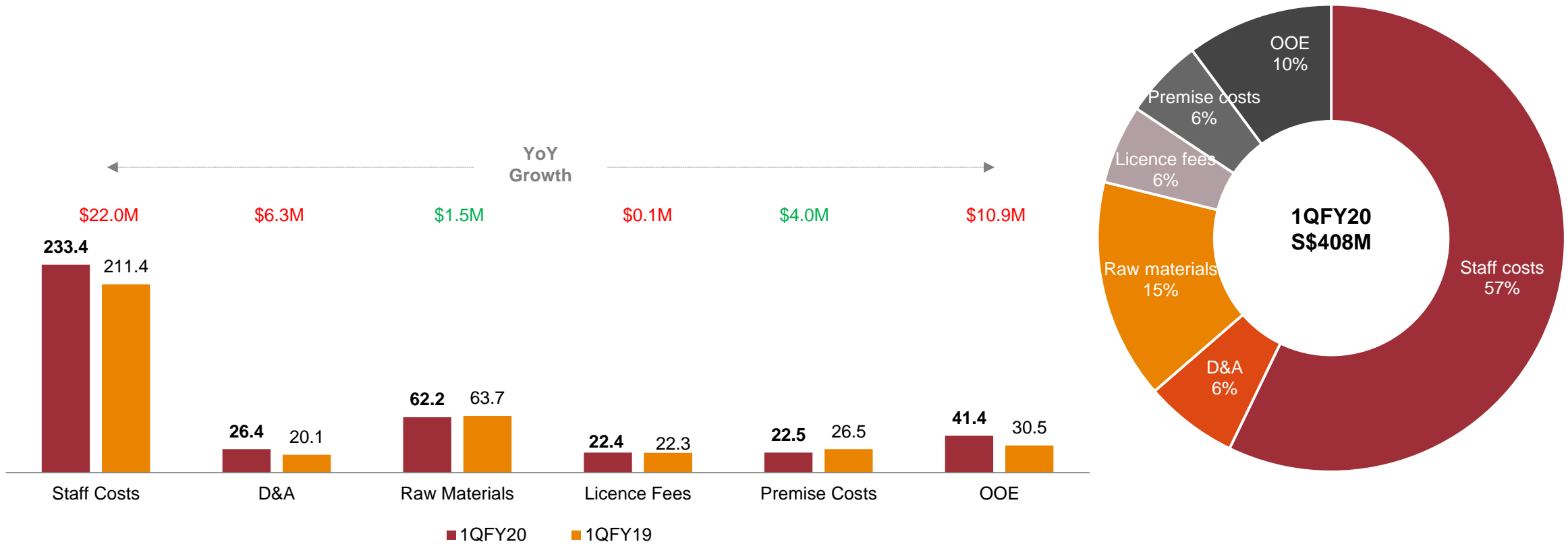
**SATS Share of Revenue**



**SATS Share of PATMI**



■ SG ■ Japan ■ Greater China ■ Asean (ex-SG) ■ India ■ Others



- The increase in D&A cost is mainly due to the adoption of SFRS(I) 16 from 1 April 2019.
- Other costs rose due to higher maintenance for GSE and vehicles, IT expenses for digitalisation and transformation projects, fuel costs, and lower exchange gains.
- Excluding the GTR consolidation, Group OPEX would have a lower increase of \$13.2M.

*Note: Figures in S\$ m unless otherwise stated.  
 D&A represents Depreciation & Amortisation  
 OOE represents Other Operating Costs  
 GSE represents Ground Support Equipments*

# Group Balance Sheet



\$M	As at 30 JUN 19	As at 31 MAR 19
Total Equity	1,876.7	1,817.1
Other Long-Term Liabilities	387.8	202.0
Current Liabilities	408.7	389.3
<b>Total Equity &amp; Liabilities</b>	<b>2,673.2</b>	<b>2,408.4</b>
Fixed Assets, ROU Assets & Investment Properties	771.1	586.8
Associates / JVs	748.4	723.9
Intangible Assets	345.7	350.5
Other Non-Current Assets & Long-Term Investments	41.5	37.0
Current Assets		
<i>Cash &amp; short-term deposits</i>	401.7	349.9
<i>Debtors &amp; other current assets</i>	364.8	360.3
<b>Total Assets</b>	<b>2,673.2</b>	<b>2,408.4</b>

Total equity stood at \$1.88B with total assets of \$2.7B as of 30 Jun 19.

# Group Cash Flow Statement

\$M	1QFY20	1QFY19	Difference
Net Cash From Operating Activities	80.0	91.4	(11.4)
Net Cash Used In Investing Activities	(24.5)	(14.0)	(10.5)
Net Cash Used In Financing Activities	(4.1)	(9.8)	5.7
<b>Net Increase In Cash &amp; Cash Equivalents</b>	<b>51.4</b>	<b>67.6</b>	<b>(16.2)</b>
<b>Cash &amp; Cash Equivalents At End Of Financial Period</b>	<b>401.7</b>	<b>439.7</b>	<b>(38.0)</b>
<b>Free Cash Flow*</b>	<b>69.6</b>	<b>72.3</b>	<b>(2.7)</b>

Net cash used in investing activities was higher mainly due to investment in BCS and DAIC. This was partly mitigated by dividends received from associates/joint ventures.

*Note: Figures in S\$ m unless otherwise stated.*

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



# Outlook



The global economy is showing signs of weakness, as reflected in the softening of air cargo volume. Aviation passenger volumes in Asia continue to grow although more slowly, while rapid urbanisation in the region is still driving demand for safe, high-quality food. We anticipate that the cruise industry in Southeast Asia will develop to keep pace with burgeoning consumer interest, with cruise passengers to Singapore forecast to increase.

We aim to strengthen our market leadership by continuing to extend our network across Asia Pacific and digitalising our operations to enhance service and improve productivity.



Q&A





# Appendix



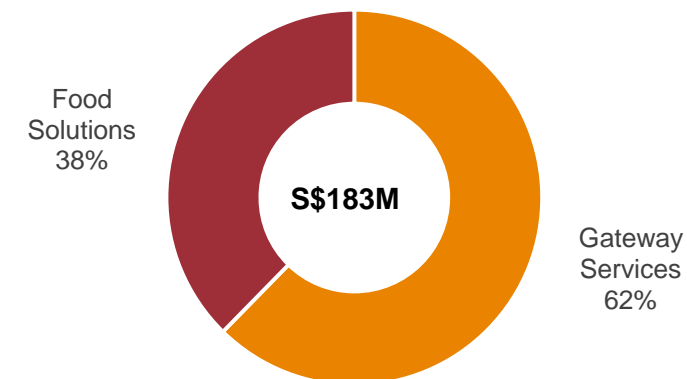
# Summary of key associates / joint ventures



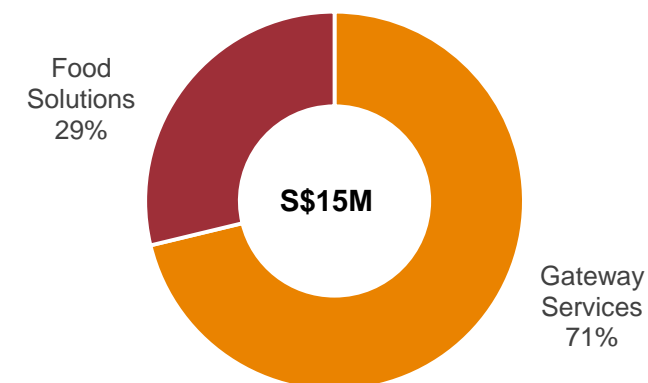
## 1QFY20 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1.	SATS BRF	Food	25	25	-	-	-	-	-
2.	Evergreen Sky Catering	Food	10	-	-	-	10	-	-
3.	Taj SATS Air Catering/TMFK	Food	9	-	-	-	-	9	-
4.	Brahim's SATS	Food	8	-	-	8	-	-	-
5.	Beijing Airport Inflight Kitchen	Food	6	-	-	-	6	-	-
6.	MacroAsia Catering	Food	4	-	-	4	-	-	-
7.	PT Cardig Aero Services*	Gateway	21	-	-	21	-	-	-
8.	Air India SATS Airport Services	Gateway	18	-	-	-	-	18	-
9.	Asia Airfreight Terminal	Gateway	17	-	-	-	17	-	-
10.	Beijing Aviation Ground Services	Gateway	17	-	-	-	17	-	-
11.	Evergreen Airline Services/Air Cargo	Gateway	11	-	-	-	11	-	-
12.	Mumbai Cargo Services	Gateway	10	-	-	-	-	10	-
	Sub-total	85.2%	156	25	-	33	61	37	-
	Others	14.8%	27	3	2	3	11	-	8
	<b>Total - Share of Associates/JVs revenue</b>	<b>100%</b>	<b>183</b>	<b>28</b>	<b>2</b>	<b>36</b>	<b>72</b>	<b>37</b>	<b>8</b>
	<b>Share of results of Associates/JVs (SoAJV)</b>		<b>15</b>	<b>-</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>2</b>

### SSoR



### SoAJV



Note: Figures in S\$ m unless otherwise stated.

Based on Group management estimates

\*PT CAS revenue refers to consolidated revenue of PT CAS Group which include PT Jasa Angkasa and PT Purantara Mitra

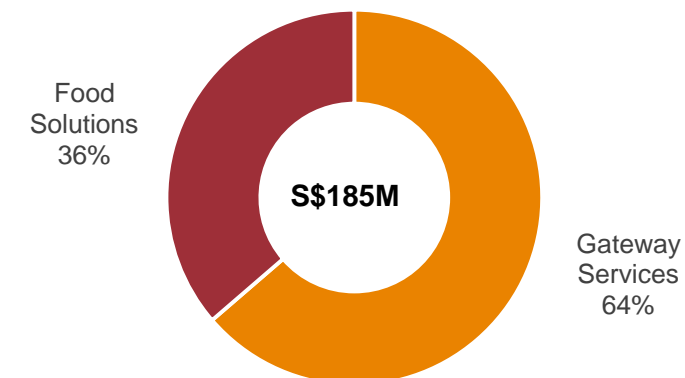
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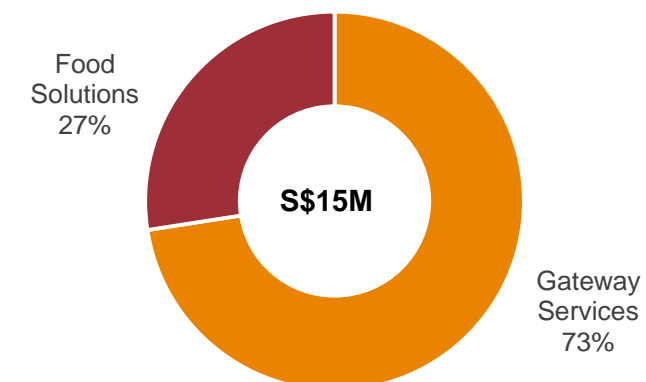
## 1QFY19 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1.	SATS BRF	Food	23	23	-	-	-	-	-
2.	Taj SATS Air Catering/TMFK	Food	11	-	-	-	-	11	-
3.	Evergreen Sky Catering	Food	10	-	-	-	10	-	-
4.	Brahim's SATS	Food	7	-	-	7	-	-	-
5.	Beijing Airport Inflight Kitchen	Food	6	-	-	-	6	-	-
6.	MacroAsia Catering	Food	4	-	-	4	-	-	-
7.	PT Cardig Aero Services*	Gateway	19	-	-	19	-	-	-
8.	Asia Airfreight Terminal	Gateway	17	-	-	-	17	-	-
9.	Air India SATS Airport Services	Gateway	17	-	-	-	-	17	-
10.	Beijing Aviation Ground Services	Gateway	16	-	-	-	16	-	-
11.	Evergreen Airline Services/Air Cargo	Gateway	11	-	-	-	11	-	-
12.	Mumbai Cargo Services	Gateway	9	-	-	-	-	9	-
	Sub-total	81.1%	150	23	-	30	60	37	-
	Others	18.9%	35	8	2	10	9	-	6
	<b>Total - Share of Associates/JVs revenue</b>	<b>100%</b>	<b>185</b>	<b>31</b>	<b>2</b>	<b>40</b>	<b>69</b>	<b>37</b>	<b>6</b>
	<b>Share of results of Associates/JVs (SoAJV)</b>		<b>15</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>1</b>

### SSoR



### SoAJV



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