

1H FY21 Performance Review

12th November 2020



sats



Forward looking statement – Important note

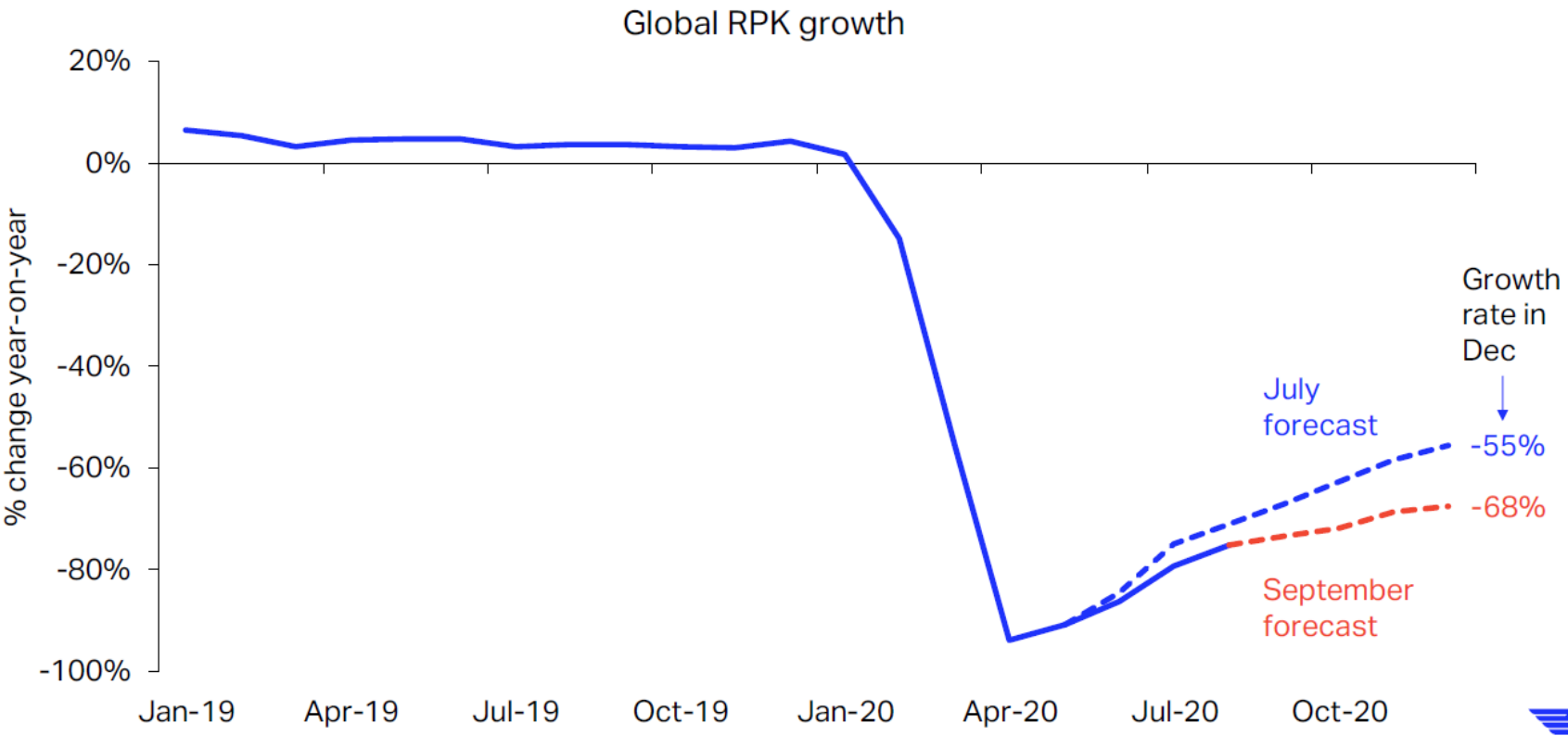
The following presentation contains forward-looking statements by the management of SATS Ltd. (“SATS”), relating to financial and market trends for future periods.

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.

Agenda

- 1 **Business Update**
- 2 **Group Financial Review**
- 3 **Q&A**

Air travel begins gradual and fragile road to recovery



Singapore's Special Travel Arrangements

Fast Lane & Reciprocal Green Lane (RGL) – business or official travellers

1. Brunei
2. China
3. Germany
4. Indonesia
5. Japan
6. Malaysia
7. South Korea

Bilateral Air Travel Bubble

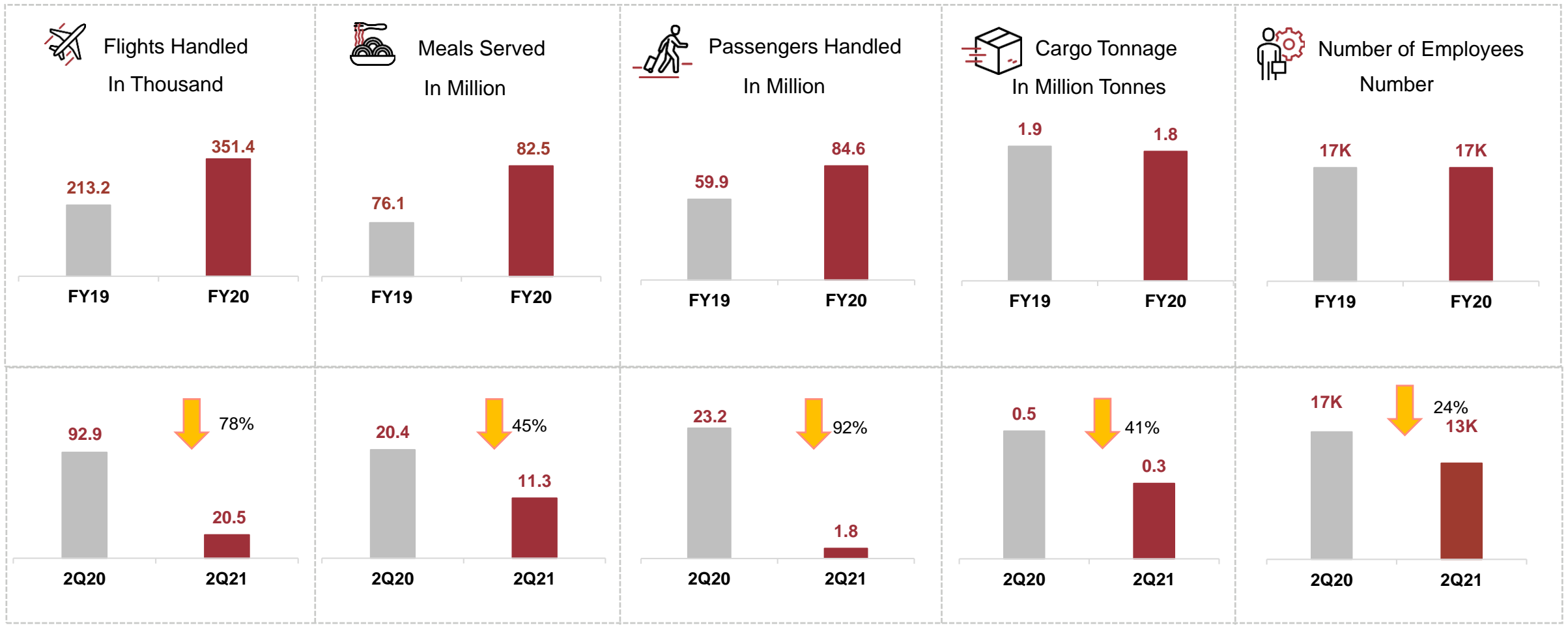
- Hong Kong

Air Travel Pass (ATP) – short term visitors

1. Australia (including Victoria State)
2. Brunei
3. China
4. New Zealand
5. Vietnam

Source: IATA Economics and Air Passenger Forecast August 2020

Full-Year FY20 & 2QFY21 Operating Statistics



Note: The above operating data cover SATS and its subsidiaries, but does not include JVs and associates.

SATS is supporting safe reopening of air and cruise travel



Through implementation of new passenger health testing protocols



Singapore Tourism Board pilots safe cruises at Marina Bay Cruise Centre

Genting Cruise Lines' *World Dream* resumed sailing from 6 November thrice a week.

Royal Caribbean International's *Quantum of the Seas* will begin sailing in December.



The future of flying

SATS is implementing innovative, low-touch meals and rigorous in-cabin cleaning for safe air travel



Low-touch, high-hygiene flight experience

SATS is introducing low-touch, individually packaged meals with personal protection packs for a full onboard meal service to airlines, ensuring safety without compromising the travel experience.



Enhanced sanitisation

Aircraft interiors undergo higher frequency of cleaning using new technologies such as UV light, deep fogging, and anti-microbial cleaning with effectiveness of up to 30 days. Rapid disinfectant spray equipment is also being trialled for quicker turnaround.

Growing new customer segments

SATS is expanding its food solutions to serve foodservice and retail chains, and institutions



Product extensions and development

SATS is harnessing its culinary innovation and expertise to develop a variety of ready-to-eat meals ranging from new Farmpride products to plant-based protein dishes featuring products from brands like Impossible Foods, Fable Food, and Growthwell.



New F&B concept

Singapore General Hospital and SATS are collaborating to launch a new contactless F&B concept in 4Q 2020.



Brand introductions

SATS subsidiary, Country Foods, is distributing Brakes' herbs & spices to foodservice chains, as well as Europastry's baked goods to retail chains in Singapore.

Gearing up to handle COVID-19 vaccines



Building cold-chain handling capabilities across our network

- Despite flight disruptions, SATS saw a 15% increase in pharmaceutical cargo throughput by weight in Singapore in January to July 2020, compared to the same period last year.
- SATS Coolport in Singapore, Beijing Aviation Ground Services in Beijing, Transom SATS Cargo in Muscat, and AISATS Coolport in Bangalore are all IATA CEIV Pharma certified.
- SATS is the world's first Cargo Terminal Operator (CTO) to obtain IATA's Smart Facility Operational Capacity (SFOC) certification.





Group Financial Review



Executive Summary: 2Q FY21 Performance

- Group revenue decreased 53.5% to \$231.1M
- PATMI decreased 154.7% to (\$33.2M)
- Core earnings decreased 102.6% to (\$1.6M)
- Share of earnings from associates/JVs decreased 193.4% to (\$12.8M)
- EBITDA decreased 80.8% to \$20.5M
- EPS declined 8.4 cents to (3.0 cents)

¹¹ Note: All figures are unaudited and in S\$ m unless otherwise stated.

EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excludes one-off items.

2Q FY21 Highlights

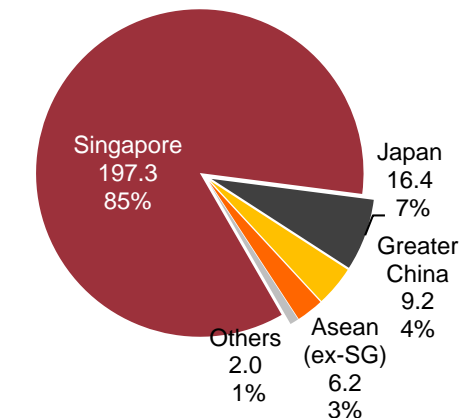
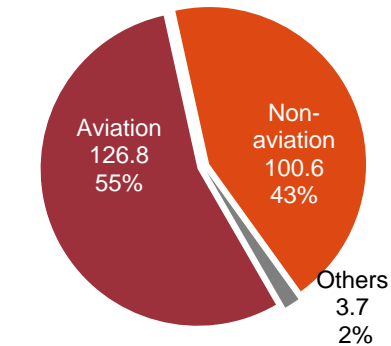
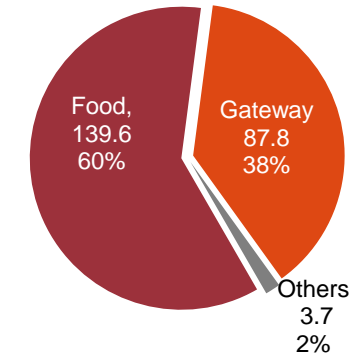
(\$'M)	2Q FY21 Act	2Q FY20 Act	Change \$/ppt	Change %	Commentary
Revenue	231.1	497.4	(266.3)	(53.5)	<ul style="list-style-type: none"> • Gateway (-\$138.1M), Food (-\$131.4M) • Aviation revenue declined sharply due to COVID-19 pandemic • Overall flights handled declined > 71% • Cargo tonnage dropped 40% in Singapore and > 57% in overseas • Overall meals volume dropped ~ 92%-97%
OPEX	(231.1)	(432.4)	201.3	46.6	<ul style="list-style-type: none"> • Staff cost reduced by \$142.0M • Lower licence fees (-\$17.6M) & company premise expenses (-\$7.4M) • Government reliefs recorded at \$77.9M for the quarter • Partly offset by consol effect of NWA, MBUK and CFPL; and • Provision for doubtful debts (+\$7.0M)
EBIT	0.0	65.0	(65.0)	(100.0)	
• EBIT (%)	0.0%	13.1%			
Share of results of Associates/JV (SoAJV)	(12.8)	13.7	(26.5)	(193.4)	<ul style="list-style-type: none"> • COVID-19 impacted all associates and JVs • Gateway (-\$12.4M), Food (-\$14.1M)
PATMI	(33.2)	60.7	(93.9)	(154.7)	<ul style="list-style-type: none"> • Results driven by sharp decline in aviation revenue, lower contribution from SoAJV due to COVID-19 • Recorded an impairment charge of \$31.6M
• PATMI (%)	(14.4%)	12.2%			
Core PATMI	(1.6)	60.7	(62.3)	(102.6)	
• Core PATMI (%)	(0.7%)	12.2%			
EBITDA	20.5	106.8	(86.3)	(80.8)	
• EBITDA (%)	8.9%	21.5%			

1H FY21 Highlights

(\$'M)	1H FY21 Act	1H FY20 Act	Change \$/ppt	Change %	Commentary
Revenue	440.5	962.5	(522.0)	(54.2)	<ul style="list-style-type: none"> • Gateway (-\$289.8M), Food (-\$236.9M) • Aviation revenue declined sharply due to COVID-19 pandemic • Overall flights handled declined > 84% • Cargo tonnage dropped 45% in Singapore and > 69% in overseas • Overall meals volume dropped ~ 93%-97%
OPEX	(476.5)	(840.7)	364.2	43.3	<ul style="list-style-type: none"> • Staff cost reduced by \$278.9M • Lower licence fees (-\$36.5M) & company premise expenses (-\$10.2M) • YTD government reliefs recorded at \$152.1M • Partly offset by consol effect of MBUK,NWA and CFPL; and • Provision for doubtful debts (+\$7.7M)
EBIT	(36.0)	121.8	(157.8)	(129.6)	<ul style="list-style-type: none"> • Revenue decline surpassed OPEX reduction
• EBIT (%)	(8.2%)	12.7%			
Share of results of Associates/JV (SoAJV)	(44.2)	28.3	(72.5)	(256.2)	<ul style="list-style-type: none"> • COVID-19 impacted all associates and JVs • Gateway (-\$41.1M), Food (-\$31.4M)
PATMI	(76.9)	115.4	(192.3)	(166.6)	<ul style="list-style-type: none"> • Results driven by sharp decline in aviation revenue, lower contribution from SoAJV due to COVID-19 • Recorded an impairment charge of \$31.6M
• PATMI (%)	(17.5%)	12.0%			
Core PATMI	(45.3)	115.4	(160.7)	(139.3)	
• Core PATMI (%)	(10.3%)	12.0%			
EBITDA	(13.4)	204.6	(218.0)	(106.5)	
• EBITDA (%)	(3.0%)	21.3%			

Group Segmented Revenue

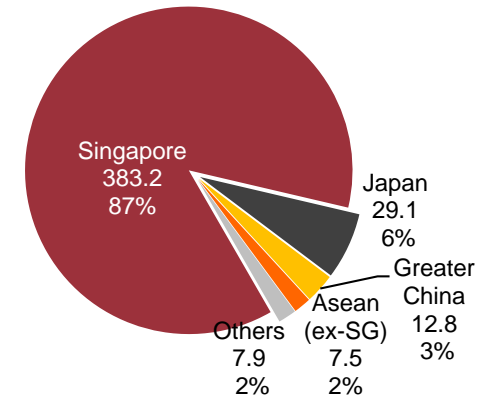
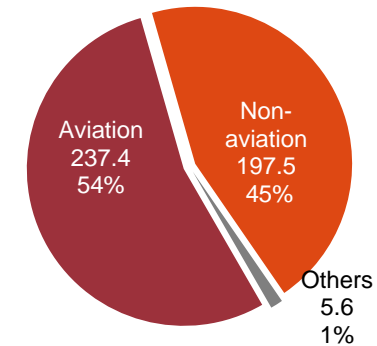
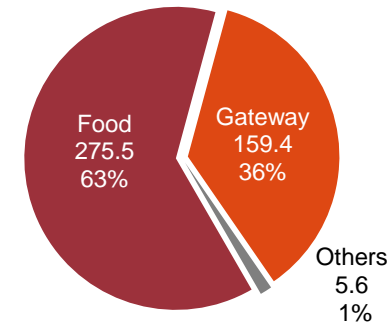
Revenue	2Q FY21	2Q FY20	Change (%)
By Business:			
Food Solutions	139.6	271.0	(48.5)
Gateway Services	87.8	225.9	(61.1)
Others	3.7	0.5	n.m.
Total	231.1	497.4	(53.5)
By Industry:			
Aviation	126.8	422.5	(70.0)
Non-aviation	100.6	74.4	35.2
Others	3.7	0.5	n.m.
Total	231.1	497.4	(53.5)
By Geographical Location			
Singapore	197.3	393.6	(49.9)
Japan	16.4	69.3	(76.3)
Greater China	9.2	3.3	178.8
Asean (ex-SG)	6.2	23.3	(73.4)
Others	2.0	7.9	(74.7)
Total	231.1	497.4	(53.5)



Note: All figures are unaudited and in S\$ m unless otherwise stated.

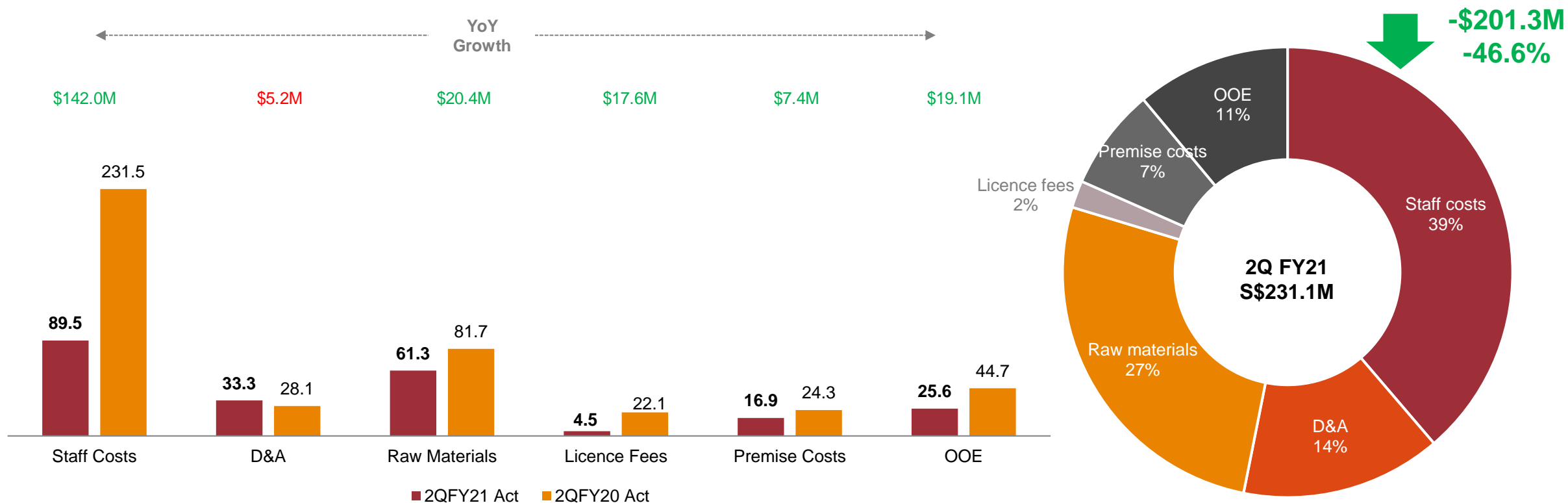
Group Segmented Revenue

Revenue	1H FY21	1H FY20	Change (%)
By Business:			
Food Solutions	275.5	512.4	(46.2)
Gateway Services	159.4	449.2	(64.5)
Others	5.6	0.9	n.m.
Total	440.5	962.5	(54.2)
By Industry:			
Aviation	237.4	831.3	(71.4)
Non-aviation	197.5	130.3	51.6
Others	5.6	0.9	n.m.
Total	440.5	962.5	(54.2)
By Geographical Location			
Singapore	383.2	765.7	(50.0)
Japan	29.1	134.8	(78.4)
Greater China	12.8	5.7	124.6
Asean (ex-SG)	7.5	46.1	(83.7)
Others	7.9	10.2	(22.5)
Total	440.5	962.5	(54.2)



Note: All figures are unaudited and in S\$ m unless otherwise stated.

2Q FY21 Group Expenditure



- The lower staff costs were due to government reliefs, reduced contract services as well as lower headcount for the quarter.
- The increase in D&A was mainly due to the consolidation of new entities and new systems acquired last year.
- The lower cost of raw materials was due to lower aviation volume offset by consolidation of CFPL, NWA and MBUK.
- Lower licence fees is in line with the lower aviation volume.
- OOE decreased due to reduction in discretionary spending in view of group-wide cost containment measures.

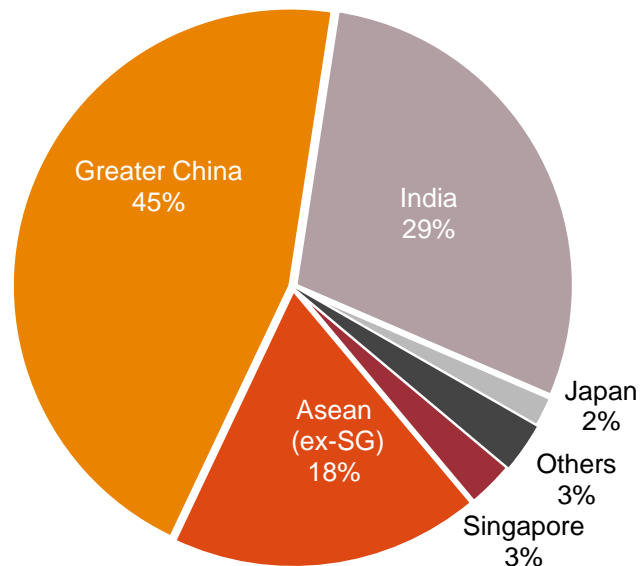
*Note: All figures are unaudited and in S\$ m unless otherwise stated.
D&A represents Depreciation & Amortisation
OOE represents Other Operating Costs*

Summary Financials – Associates and Joint Ventures

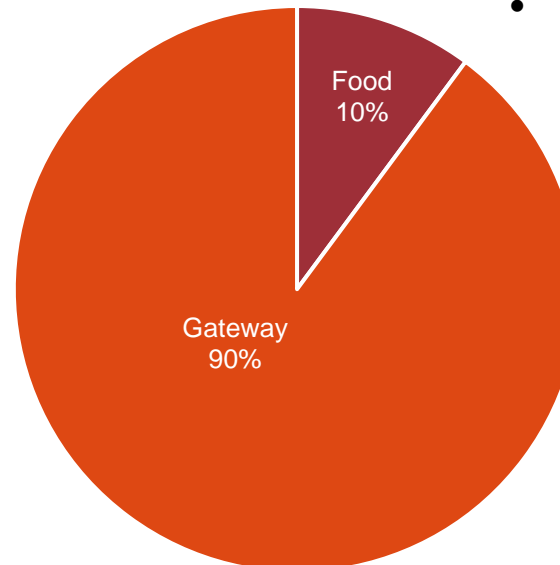
S\$'M	2Q FY21	2Q FY20	% change
SATS Share of Revenue (SSOR)	67.0	182.5	(63.3)
Share of losses / earnings	(12.8)	13.7	(193.4)

Segmental SSOR – Associates and JVs

Geographical



Business

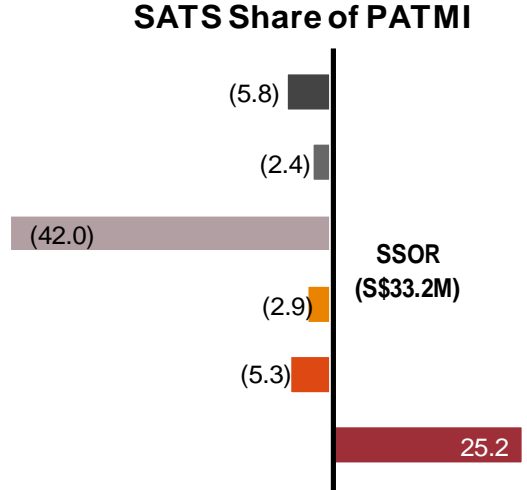
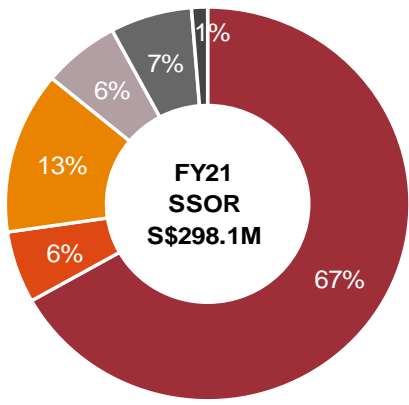
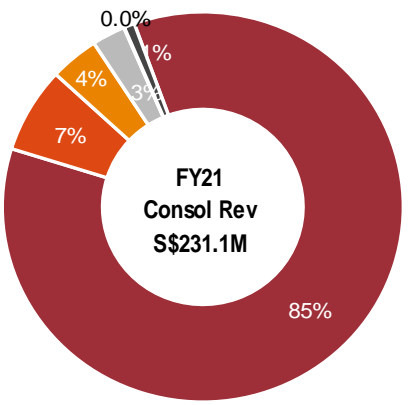


OVERVIEW

- Greater China constitutes 45% of SSOR (*Associates and JVs*)
- Gateway associates and JVs make up 90% of total SSOR
- All Food SoAJVs were adversely impacted by COVID-19 cushioned by Gateway cargo SoAJVs

2Q FY21 SATS share of revenue and PATMI by region

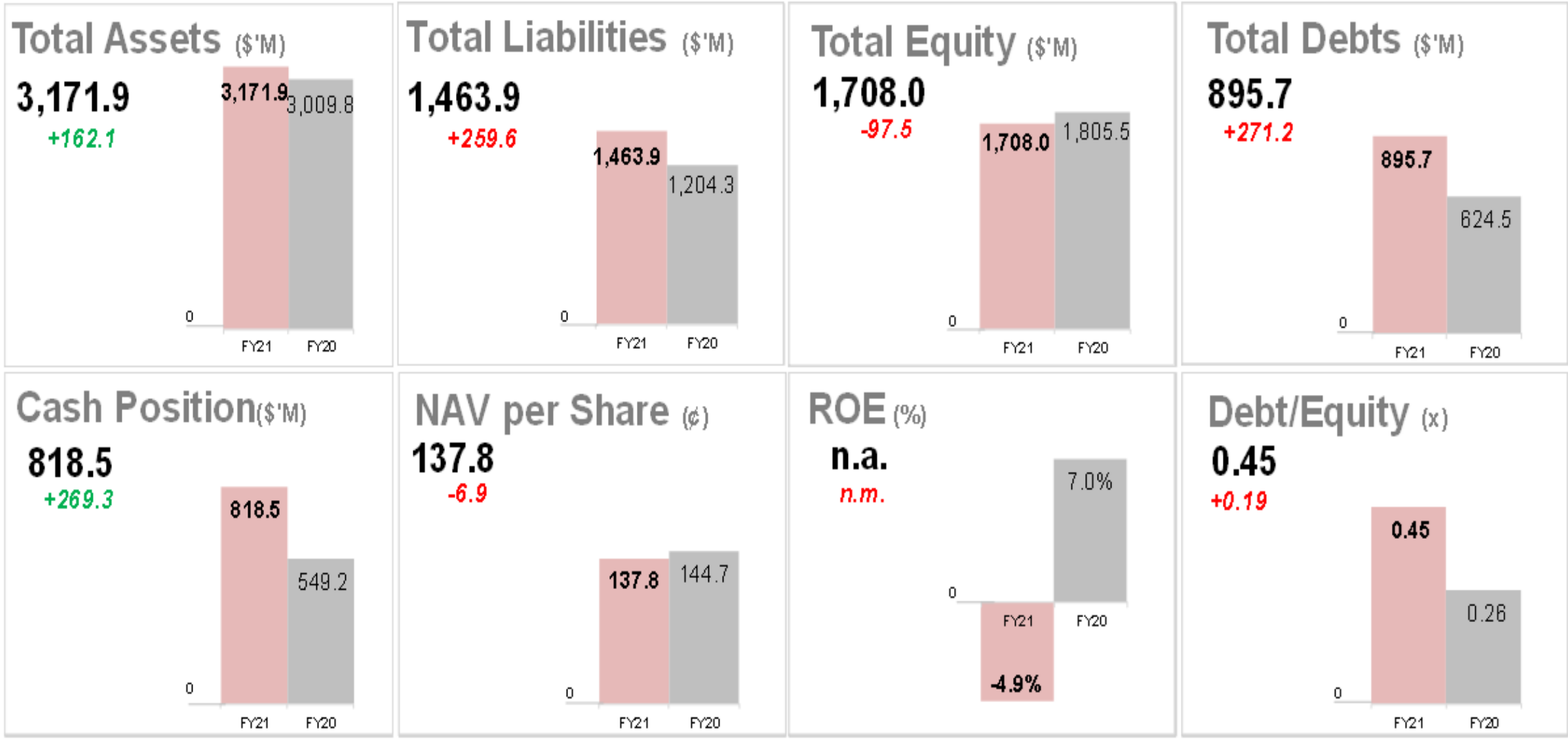
	Consol Revenue		SSOR			PATMI	
	2Q FY21	YoY %	2Q FY21	2Q FY20	YoY %	2Q FY21	YoY %
Singapore	197.3	(49.9)	199.2	414.3	(51.9)	25.2	(48.0)
Japan	16.4	(76.3)	17.6	71.7	(75.4)	(5.3)	n.m.
Asean (ex-SG)	6.2	(73.4)	18.4	66.9	(72.5)	(42.0)	n.m.
Greater China	9.2	178.8	39.6	75.4	(47.4)	(2.9)	n.m.
India	0.1	(41.5)	19.5	36.8	(47.0)	(2.4)	n.m.
Others	1.9	(74.9)	3.8	14.7	(74.1)	(5.8)	n.m.
Total	231.1	(53.5)	298.1	679.8	(56.1)	(33.2)	(154.7)



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

Note: All figures are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

1H FY21 Group Financial Position



• FY21 Debt/Equity: 0.45x. With the SFRS (I) 16, Debt/Equity ratio will be 0.58x

¹⁹ Note: All figures as at 30 September 20 are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

Group Balance Sheet

\$M	As at 30 Sep 20	As at 31 Mar 20	% change	Commentary
Non-Current Assets	1,865.4	1,978.3	(5.7)	Lower non-current assets mainly due to impairment and share of losses recognised for investments in associates and joint ventures and long-term investments for the period, as well as depreciation and amortisation for the period.
Current Assets	1,306.5	1,031.5	26.7	Higher current assets mainly due to higher cash balance arising from drawdown of credit facilities to improve liquidity position as well as higher inventory balance at CFPL.
Total Assets	3,171.9	3,009.8	5.4	
Non-Current Liabilities	892.4	642.1	39.0	Higher total liabilities mainly due to drawdown of existing credit facilities to build up liquidity position.
Current Liabilities	571.5	562.2	1.7	
Total Liabilities	1,463.9	1,204.3	21.6	
Equity Attributable to Shareholders	1,541.8	1,617.5	(4.7)	
Non-Controlling Interests	166.2	188.0	(11.6)	
Total Equity	1,708.0	1,805.5	(5.4)	

Financial Indicators

%	2Q FY21	2Q FY20	Change ppt/%	1H FY21	1H FY20	Change ppt/%
EBIT Margin	0.0	13.1	(13.1)	(8.2)	12.7	(20.9)
PATMI Margin	(14.4)	12.2	(26.6)	(17.5)	12.0	(29.5)
EBITDA Margin	8.9	21.5	(12.6)	(3.0)	21.3	(24.3)
Return on Equity	n.m.	3.6	n.m.	n.m.	7.0	n.m.
Basic EPS (cents)	(3.0)	5.4	(155.6)	(6.9)	10.3	(167.0)

	30 SEP 20	31 MAR 20	Change ppt/%
NAV Per Share (\$)	1.38	1.45	(4.8)
Debt/Equity Ratio	0.45	0.26	0.19
Current Ratio	2.29	1.83	25.1

Including the impact of adopting SFRS(I) 16, Debt/Equity ratio will be 0.58 times

*Note: All figures are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful*

Group Cash Flow Statement

\$M	1H FY21	1H FY20	Difference
Net Cash from Operating Activities	19.0	86.5	(67.5)
Net Cash used in Investing Activities	(5.2)	(58.6)	53.4
<i>Capital expenditure</i>	(25.8)	(29.9)	
<i>Dividends from associates/joint ventures</i>	15.7	24.4	
<i>Proceeds from disposal of property, plant and equipment</i>	1.2	0.1	
<i>Investment in subsidiaries, net of cash acquired</i>	-	(29.3)	
<i>Investment in associates/joint ventures</i>	-	(23.0)	
<i>Long-term investments</i>	-	(6.1)	
<i>Other investing activities</i>	3.7	5.2	
Net Cash from/(used in) Financing Activities	255.8	(155.2)	411.0
<i>Repayment of term loans</i>	(206.4)	-	
<i>Repayment of lease liabilities</i>	(11.3)	(6.5)	
<i>Proceeds from borrowings</i>	478.5	-	
<i>Dividends paid</i>	-	(145.3)	
<i>Other financing activities</i>	(5.0)	(3.4)	
Net increase/(decrease) in Cash & Cash Equivalents	269.6	(127.3)	396.9
Effect of exchange rate changes	(0.3)	1.0	
Cash & Cash Equivalents at beginning of financial period	549.2	349.9	
Cash & Cash Equivalents at end of financial period	818.5	223.6	594.9
Free Cash Flow *	(6.8)	56.6	(63.4)



Outlook



Outlook

The outlook remains challenging with flight and passenger volumes still heavily constrained by pandemic-related travel restrictions, although demand for air cargo continues to be more resilient. Flight, passenger and cargo volumes have all climbed from their lows in April 2020, but the trajectory of the recovery remains uncertain with COVID-19 resurgent in some countries.

SATS is committed to supporting the safe reopening of air and cruise travel, by helping to implement thorough passenger health testing protocols, innovative, low-touch meal services, and rigorous in-cabin cleaning. SATS, with its leading cold chain capabilities and protocols, is also ready to assist airlines, shippers and forwarders in the distribution of COVID-19 vaccines across its network of certified pharma-handling cold chain operations, once the vaccines become available.

SATS continues to grow in new customer segments such as foodservice, fast-casual restaurants and supermarkets with a wider range of products and services.



Appendix



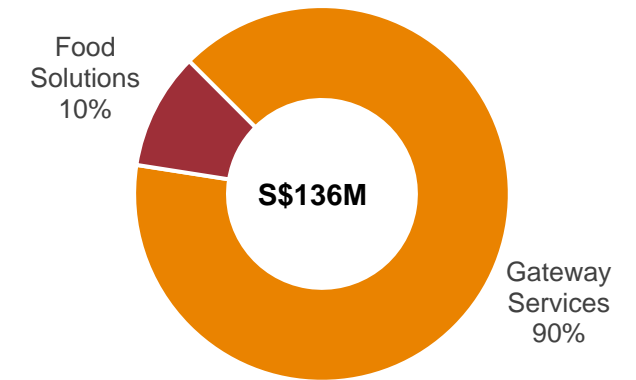
Summary of key associates / joint ventures



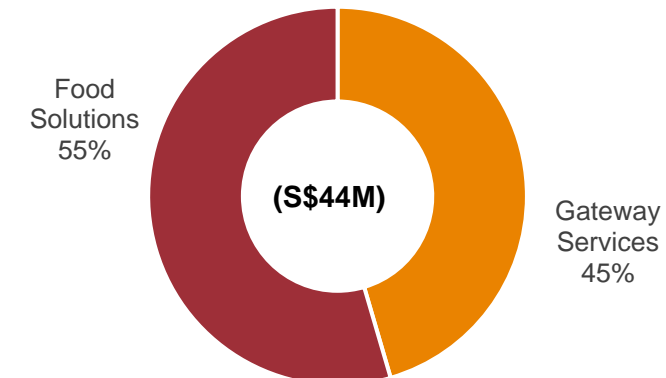
1H FY21 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	Taj SATS Air Catering/TMFK	Food	5	-	-	-	-	5	-
2	Evergreen Sky Catering	Food	2	-	-	-	2	-	-
3	Brahim's SATS	Food	1	-	-	1	-	-	-
4	Beijing Airport Inflight Kitchen	Food	2	-	-	-	2	-	-
5	MacroAsia Catering	Food	2	-	-	2	-	-	-
6	Asia Airfreight Terminal	Gateway	34	-	-	-	34	-	-
7	Beijing Aviation Ground Services	Gateway	13	-	-	-	13	-	-
8	PT Cardig Aero Services**	Gateway	18	-	-	18	-	-	-
9	Mumbai Cargo Services	Gateway	17	-	-	-	-	17	-
10	Evergreen Airline Services/Air Cargo	Gateway	15	-	-	-	15	-	-
11	Air India SATS Airport Services	Gateway	14	-	-	-	-	14	-
12	OmanSATS	Gateway	3	-	-	-	-	-	3
	Sub-total	92.6%	126	-	-	21	66	36	3
	Others	7.4%	10	3	2	3	1	-	1
	Share of Associates/JVs revenue (SSoR)	100.0%	136	3	2	24	67	36	4
	Share of results of Associates/JVs (SoAJV)		(44)	(1)	-	(11)	(19)	(10)	(3)

SSoR



SoAJV



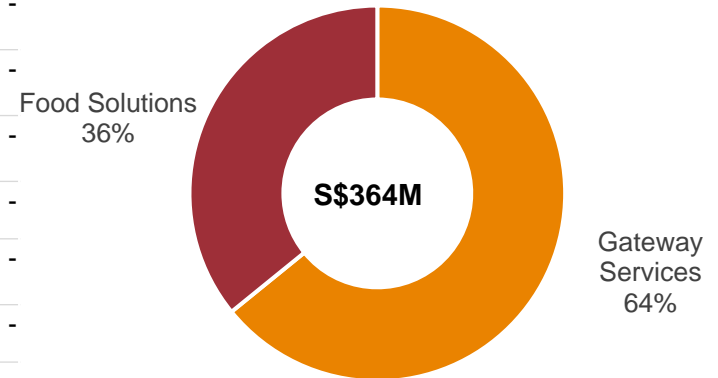
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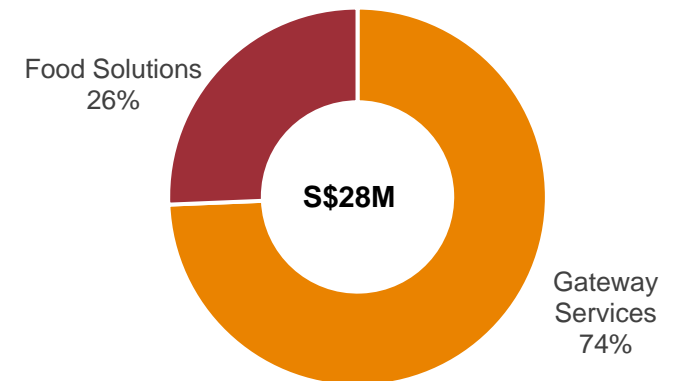
1H FY20 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1.	Evergreen Sky Catering	Food	19	-	-	-	19	-	-
2.	Taj SATS Air Catering/TMFK	Food	18	-	-	-	-	18	-
3.	Brahim's SATS	Food	17	-	-	17	-	-	-
4.	Beijing Airport Inflight Kitchen	Food	11	-	-	-	11	-	-
5.	MacroAsia Catering	Food	8	-	-	8	-	-	-
6.	PT Cardig Aero Services*	Gateway	49	-	-	49	-	-	-
7.	Air India SATS Airport Services	Gateway	36	-	-	-	-	36	-
8.	Asia Airfreight Terminal	Gateway	34	-	-	-	34	-	-
9.	Beijing Aviation Ground Services	Gateway	33	-	-	-	33	-	-
10.	Evergreen Airline Services/Air Cargo	Gateway	23	-	-	-	23	-	-
11.	Mumbai Cargo Services	Gateway	20	-	-	-	-	20	-
12.	OmanSATS	Gateway	8	-	-	-	-	-	8
Sub-total		75.8%	276	-	-	74	120	74	8
Others		24.2%	88	48	4	5	24	-	7
Share of Associates/JVs revenue		100.0%	364	48	4	79	144	74	15
Share of results of Associates/JVs (SoAJV)			28	-	-	13	9	2	4

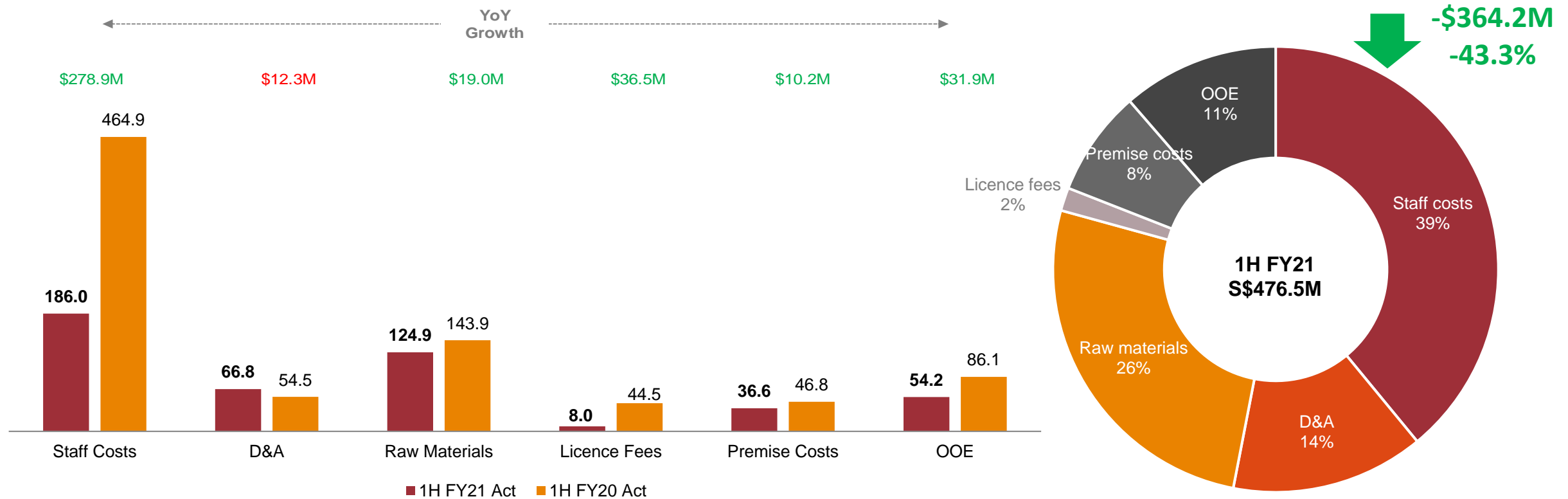
SSoR



SoAJV



1H FY21 Group Expenditure



- The lower staff costs were due to government reliefs, reduced contract services as well as lower headcount.
- The increase in D&A was mainly due to the consolidation of new entities and ROU assets due to SFRS 16.
- The lower cost of raw materials was due to lower aviation volume offset by consolidation of CFPL, NWA and MBUK .
- Lower licence fees is in line with the lower aviation volume.
- OOE decreased due to reduction in discretionary spending in view of group-wide cost containment measures.

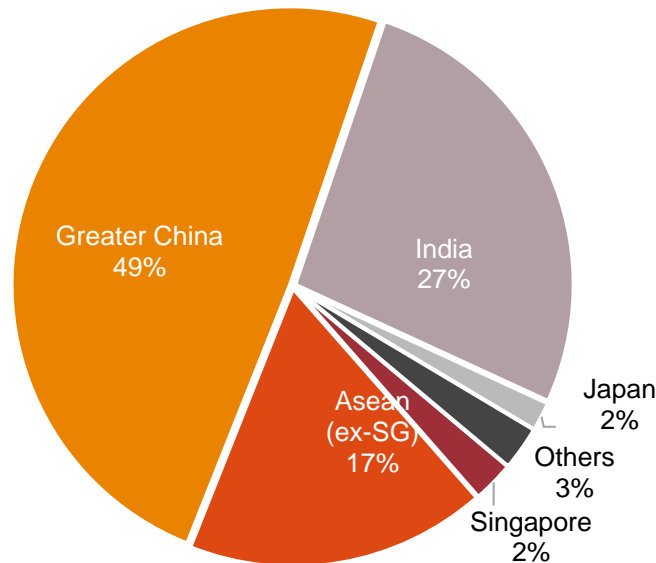
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Summary Financials – Associates and Joint Ventures

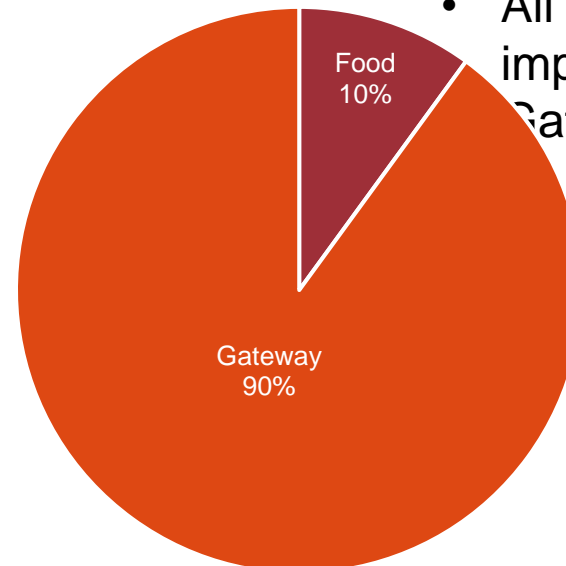
S\$'M	1H FY21	1H FY20	% change
SATS Share of Revenue (SSOR)	136.6	364.3	(62.5)
Share of losses / earnings	(44.2)	28.3	(256.2)

Segmental SSOR – Associates and JVs

Geographical



Business



OVERVIEW

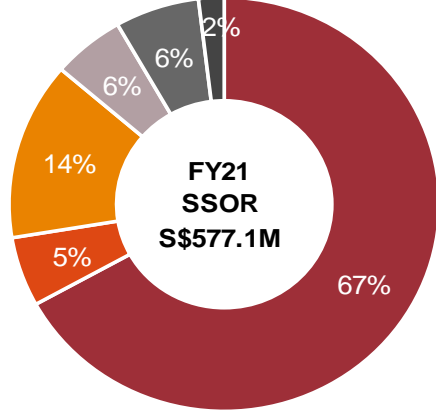
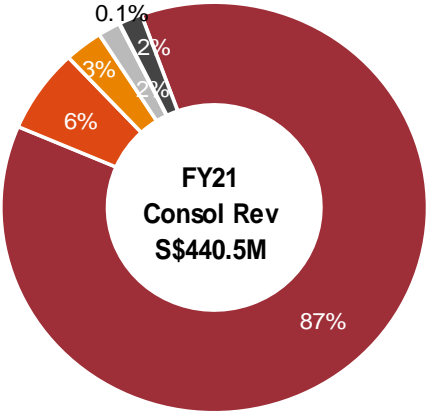
- Greater China constitutes 49% of SSOR (*Associates and JVs*)
- Gateway associates and JVs make up 90% of total SSOR
- All Food SoAJVs were adversely impacted by COVID-19 cushioned by Gateway cargo SoAJVs

1H FY21 SATS share of revenue and PATMI by region

	Consol Revenue	YoY
	1H FY21	%
Singapore	383.2	(50.0)
Japan	29.1	(78.4)
Asean (ex-SG)	7.5	(83.7)
Greater China	12.8	124.6
India	0.2	9.3
Others	7.7	(23.3)
Total	440.5	(54.2)

	SSOR		YoY
	1H FY21	1H FY20	%
Singapore	386.5	814.5	(52.5)
Japan	31.4	139.4	(77.5)
Asean (ex-SG)	31.4	125.0	(74.9)
Greater China	80.2	149.5	(46.4)
India	36.6	73.5	(50.2)
Others	11.1	24.8	(55.4)
Total	577.1	1,326.8	(56.5)

	PATMI	YoY
	1H FY21	%
Singapore	29.5	(67.5)
Japan	(11.0)	n.m.
Asean (ex-SG)	(53.2)	n.m.
Greater China	(21.2)	n.m.
India	(10.3)	n.m.
Others	(10.6)	n.m.
Total	(76.9)	(166.6)



SATS Share of PATMI



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



Q&A