

9M FY21 Performance Review

10th February 2021



sats



Forward looking statement – Important note

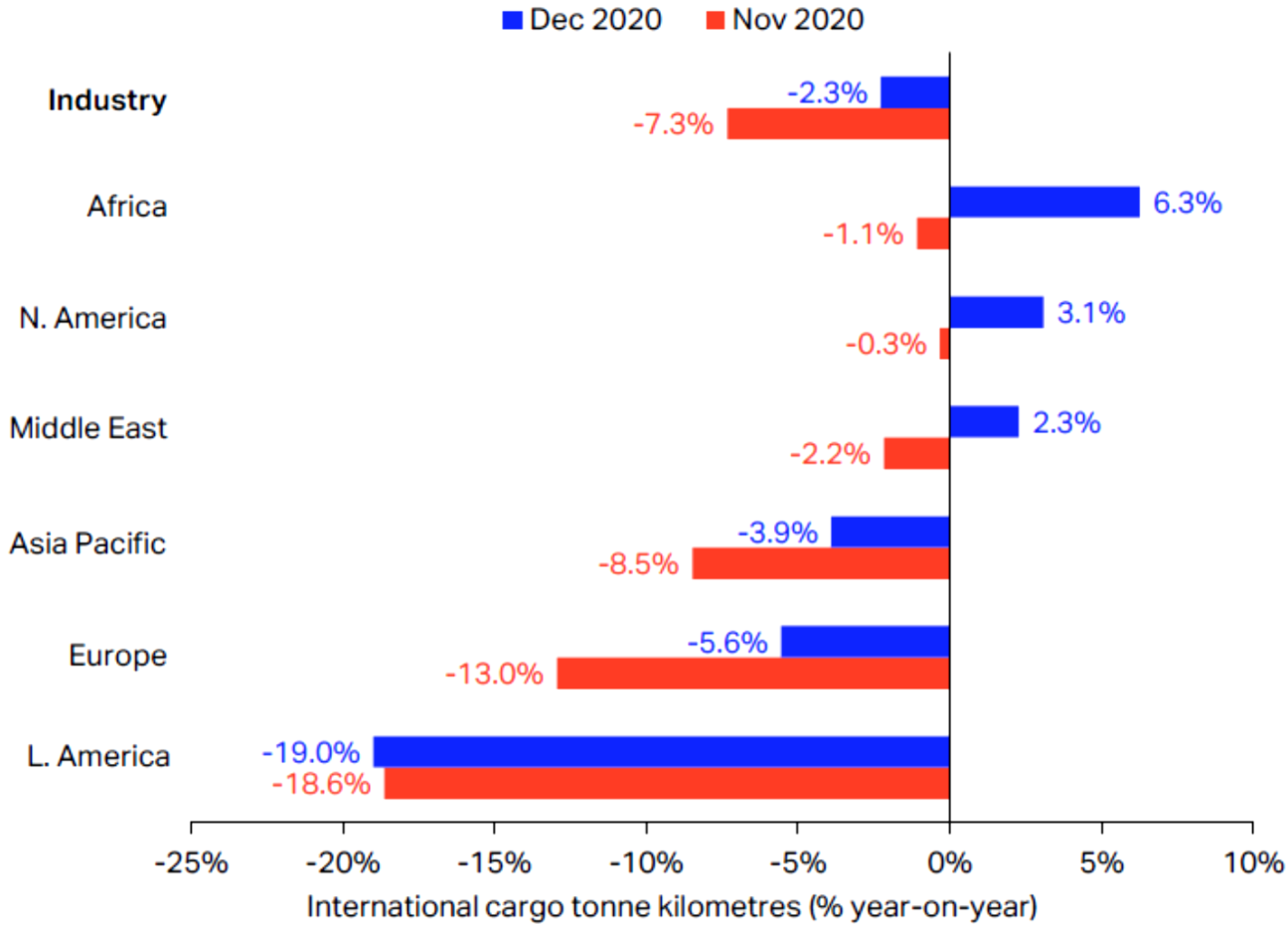
The following presentation contains forward-looking statements by the management of SATS Ltd. (“SATS”), relating to financial and market trends for future periods.

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

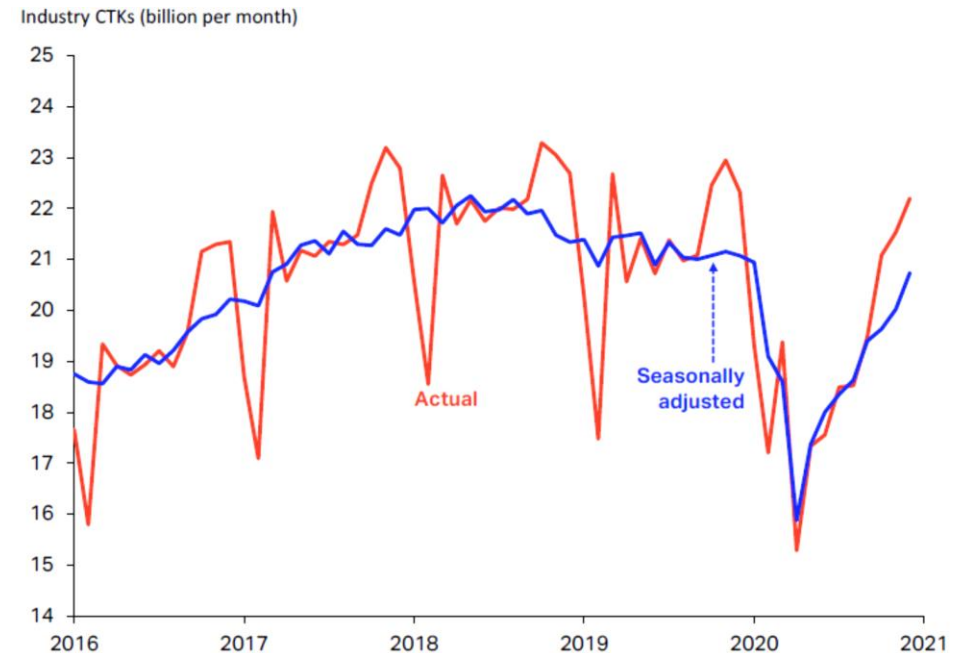
Agenda

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

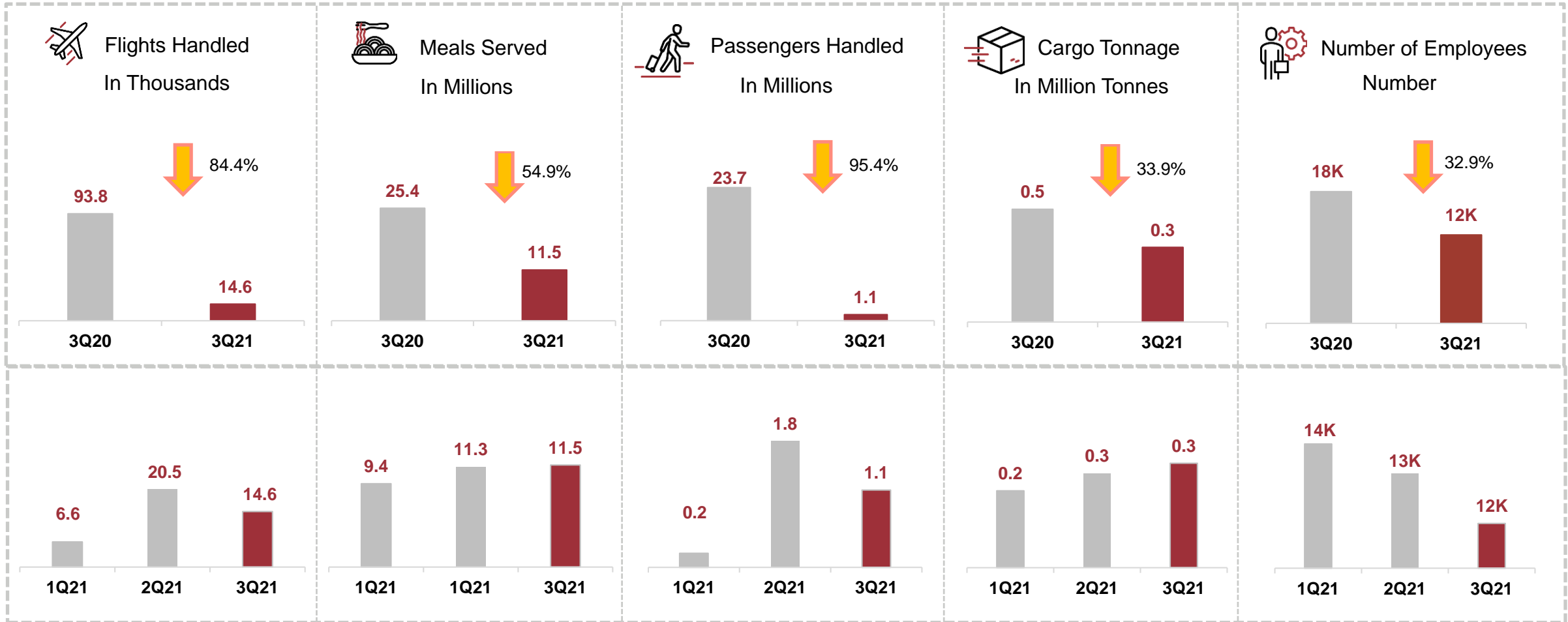
Asia Pacific narrows decline in air cargo volumes



- International air cargo volumes for Asia Pacific improved from a year-on-year decline of 8.5% in November to 3.9% in December
- Globally, seasonally-adjusted international CTKs grew by 3.6% from November to December 2020
- IATA forecasts cargo volumes returning to 2019 levels around April 2021
- SATS' cargo associates in Hong Kong, Taiwan, and Vietnam returned to profitability in 3Q; cargo revenue saw 22% growth QoQ



3QFY21 and Quarter-on-Quarter Operating Statistics



Note: The above operating statistics cover SATS and its subsidiaries, but exclude JVs and associates.

SATS is handling vaccine shipments and supporting the vaccination of aviation frontliners



- SATS has handled inbound and transshipment COVID-19 vaccine shipments across Asia.
- SATS supports Singapore's sea-air COVID-19 vaccination exercise to protect frontline staff and ensure the safety of the community, travellers, and the movement of goods.



SATS expands non-travel related revenue streams





Group Financial Review



Executive Summary: 3Q FY21 Performance

- 3Q revenue declined 54.0% vs. the prior year to \$251M
- Net loss narrowed from \$(33.2)M in 2Q to \$(2.8)M this quarter, vs. a net profit of \$59.3M in 3Q FY20
- Without relief from governments 3Q core PATMI would have been a loss of \$52.8M
- Share of earnings from associates/JVs returned to profit for the first time this FY at \$3.5M
- EBITDA at \$39.5M was positive for the second quarter in a row, albeit still 63.5% lower than the prior year
- EPS fell 5.5 cents to (0.2) cents

3Q FY21 Highlights

	3Q FY21 Act	3Q FY20 Act	Change		Commentary
			\$/ppt	%	
Revenue	251.0	545.6	(294.6)	(54.0)	<ul style="list-style-type: none"> Gateway (-\$129.2M) and Food (-\$167.3M) Aviation revenue declined 67.1% due to the pandemic
OPEX	(247.6)	(482.7)	235.1	48.7	<ul style="list-style-type: none"> Staff cost reduced by \$144.2M including \$68.6M of govt. reliefs Lower licence fees (-\$17.6M) and raw material cost (-\$42.1M) Provision for doubtful debts of \$5.1M taken
EBIT	3.4	62.9	(59.5)	(94.6)	<ul style="list-style-type: none"> Revenue decline surpassed OPEX reduction
• EBIT (%)	1.4%	11.5%			
Share of results of Associates/JVs (SoAJV)	3.5	14.7	(11.2)	(76.2)	<ul style="list-style-type: none"> COVID-19 impacted all associates and JVs in the region Gateway (-\$2.5M), Food (-\$8.7M)
PATMI	(2.8)	59.3	(62.1)	(104.7)	<ul style="list-style-type: none"> Sharp decline in aviation revenue and lower SoAJV
• PATMI (%)	(1.1%)	10.9%			<ul style="list-style-type: none"> Recorded total impairment on investment and PPE of \$22.5M
Core PATMI	8.2	59.3	(51.1)	(86.2)	
• Core PATMI (%)	3.3%	10.9%			
EBITDA	39.5	108.1	(68.6)	(63.5)	
• EBITDA (%)	15.7%	19.8%			

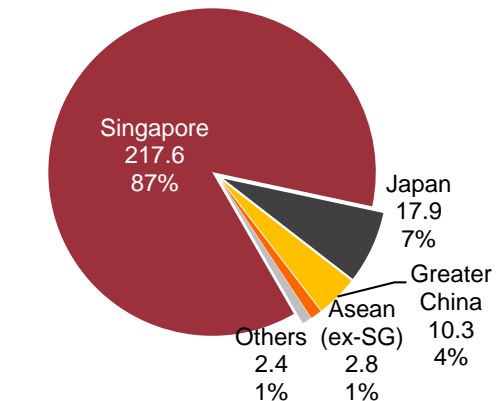
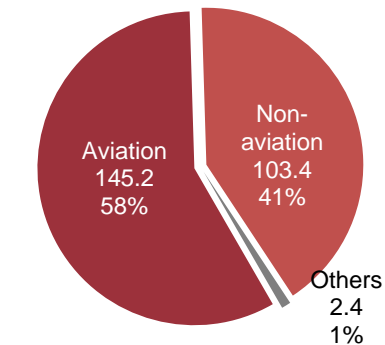
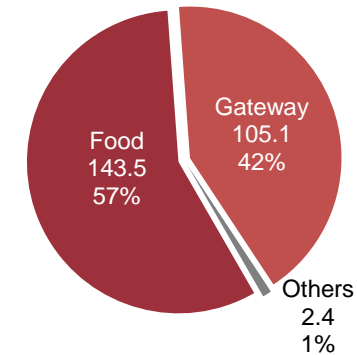
9M FY21 Highlights

	9M FY21 Act	9M FY21 Act	Change		Commentary
			\$/ppt	%	
Revenue	691.5	1,508.1	(816.6)	(54.1)	<ul style="list-style-type: none"> • Gateway (-\$419.0M) and Food (-\$404.2M) • Aviation revenue declined 69.9% due to the pandemic
OPEX	(724.1)	(1,323.4)	599.3	45.3	<ul style="list-style-type: none"> • Staff cost reduced by \$423.1M including govt. reliefs of \$220.7M and lower licence fees (-\$54.1M) • Partly offset by consolidation effect of CFPL, NWA and MBUK • Total provision for doubtful debts of \$12.8M
EBIT	(32.6)	184.7	(217.3)	(117.7)	
• EBIT (%)	(4.7%)	12.2%			
Share of results of Associates/JVs (SoAJV)	(40.7)	43.0	(83.7)	(194.7)	<ul style="list-style-type: none"> • COVID-19 impacted all associates and JVs in the region • Gateway (-\$43.6M), Food (-\$40.1M)
PATMI	(79.7)	174.7	(254.4)	(145.6)	<ul style="list-style-type: none"> • Sharp decline in aviation revenue and SoAJV
• PATMI (%)	(11.5%)	11.6%			
Core PATMI	(37.1)	174.7	(211.8)	(121.2)	<ul style="list-style-type: none"> • Recorded total impairment charges of \$54.3M
• Core PATMI (%)	(5.4%)	11.6%			
EBITDA	26.1	312.7	(286.6)	(91.7)	
• EBITDA (%)	3.8%	20.7%			

Group Segmented Revenue – 3Q

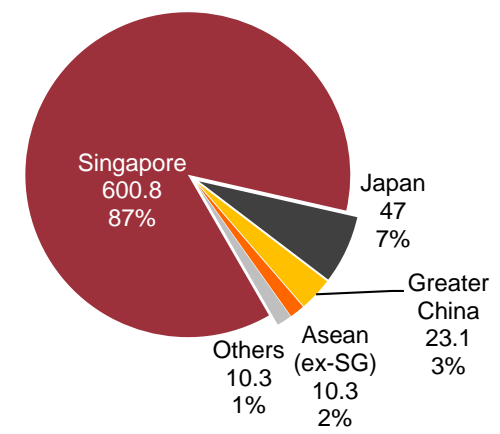
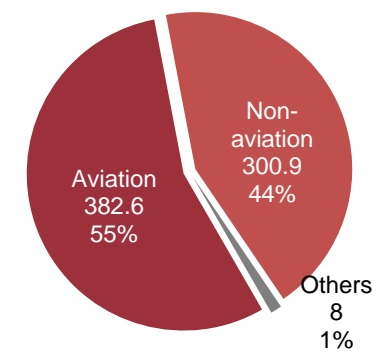
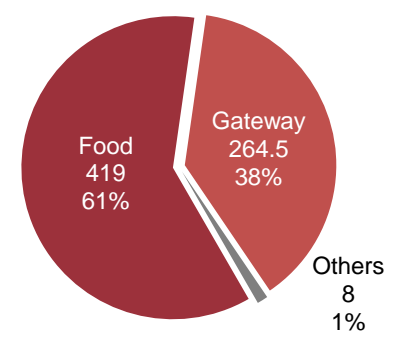
Revenue	3Q FY21	3Q FY20	Change (%)
By Business:			
Food Solutions	143.5	310.8	(53.8)
Gateway Services	105.1	234.3	(55.1)
Others	2.4	0.5	n.m.
Total	251.0	545.6	(54.0)
By Industry:			
Aviation	145.2	440.9	(67.1)
Non-aviation	103.4	104.2	(0.8)
Others	2.4	0.5	n.m.
Total	251.0	545.6	(54.0)
By Geographical Location			
Singapore	217.6	429.2	(49.3)
Japan	17.9	68.1	(73.7)
Greater China	10.3	17.2	(40.8)
Asean (ex-SG)	2.8	23.7	(88.3)
Others	2.4	7.4	(67.6)
Total	251.0	545.6	(54.0)

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



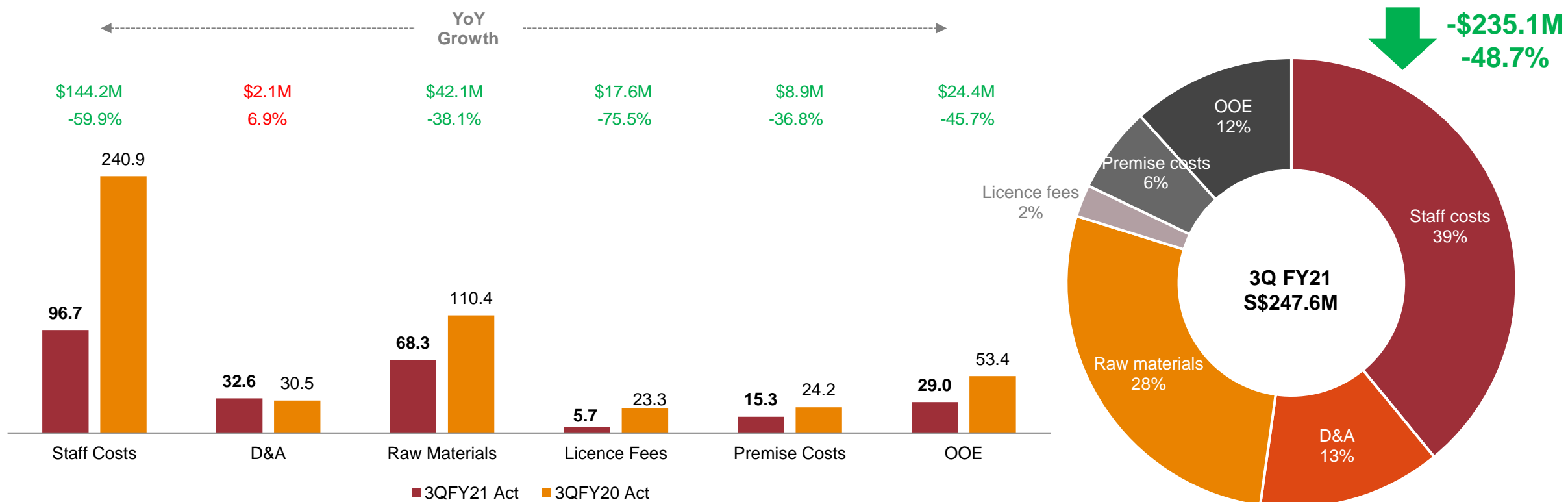
Group Segmented Revenue – 9M

Revenue	9M FY21	9M FY20	Change (%)
By Business:			
Food Solutions	419.0	823.2	(49.1)
Gateway Services	264.5	683.5	(61.3)
Others	8.0	1.4	n.m.
Total	691.5	1,508.1	(54.1)
By Industry:			
Aviation	382.6	1,272.2	(69.9)
Non-aviation	300.9	234.5	28.3
Others	8.0	1.4	n.m.
Total	691.5	1,508.1	(54.1)
By Geographical Location			
Singapore	600.8	1,194.9	(49.7)
Japan	47.0	202.9	(76.8)
Greater China	23.1	23.0	0.4
Asean (ex-SG)	10.3	69.8	(85.2)
Others	10.3	17.5	(41.1)
Total	691.5	1,508.1	(54.1)



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

3Q FY21 Group Expenditure



- The lower staff costs was due to government reliefs, reduced contract services and 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 partly offset by consolidation of CFPL.
- Lower licence fees is in line with the lower aviation volume.
- Premise costs and OOE decreased due to reduction in discretionary spending in view of group-wide cost containment measures.

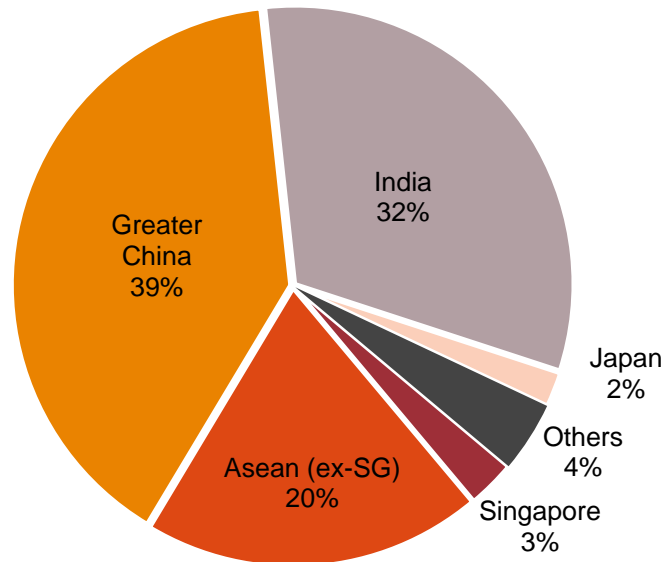
*Note: All figures are unaudited and in S\$ m unless otherwise stated.
D&A represents Depreciation & Amortisation
OOE represents Other Operating Costs*

Summary Financials – Associates and Joint Ventures (AJVs)

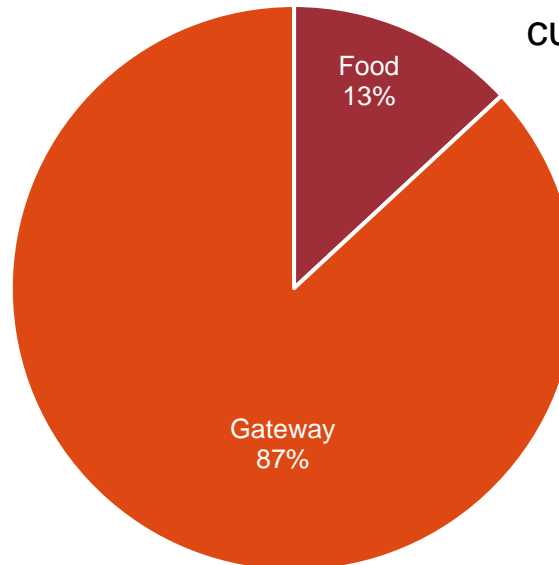
S\$'M	3Q FY21	3Q FY20	% change
SATS Share of Revenue (SSOR)	75.5	170.8	(55.8)
Share of losses / earnings	3.5	14.7	(76.2)

Segmental SSOR – Associates and JVs

Geographical



Business



OVERVIEW

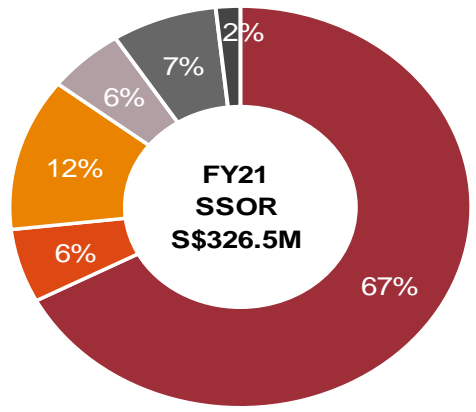
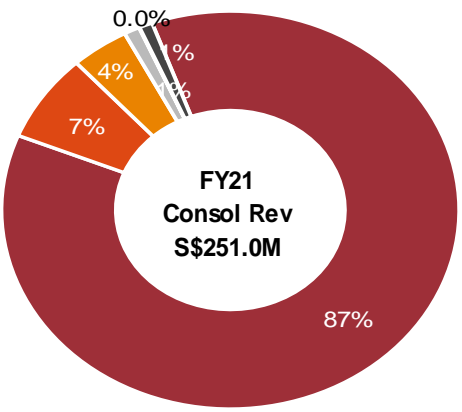
- 3Q SSOR and Earnings dropped 55.8% and 76.2% yoy respectively
- Greater China represents 39% of SSOR
- Gateway and Food AJVs represented 87% and 13% respectively of SSOR
- Food aviation AJVs were adversely impacted, cushioned by Gateway cargo AJVs

3Q FY21 Revenue (Consol & SSOR) and PATMI by region

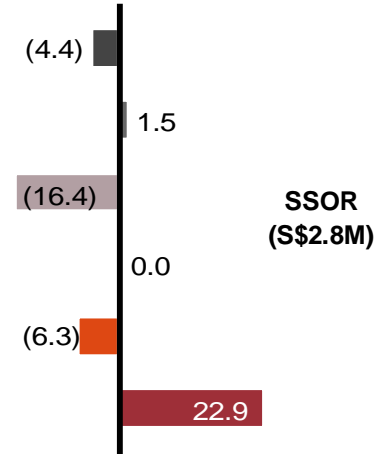
	Consol Revenue	YoY
	3Q FY21	%
Singapore	217.6	(49.3)
Japan	17.9	(73.7)
Asean (ex-SG)	2.8	(88.3)
Greater China	10.3	(40.5)
India	0.1	(33.1)
Others	2.3	(67.3)
Total	251.0	(54.0)

	SSOR		YoY
	3Q FY21	3Q FY20	%
Singapore	219.6	432.6	(49.2)
Japan	19.4	70.5	(72.5)
Asean (ex-SG)	17.6	62.6	(71.9)
Greater China	40.2	97.2	(58.7)
India	24.1	39.1	(38.2)
Others	5.6	14.4	(61.3)
Total	326.5	716.4	(54.4)

	PATMI	YoY
	3Q FY21	%
Singapore	22.9	(51.5)
Japan	(6.3)	n.m.
Asean (ex-SG)	(16.4)	(96.8)
Greater China	0.0	n.m.
India	1.5	(41.7)
Others	(4.4)	n.m.
Total	(2.8)	(104.7)



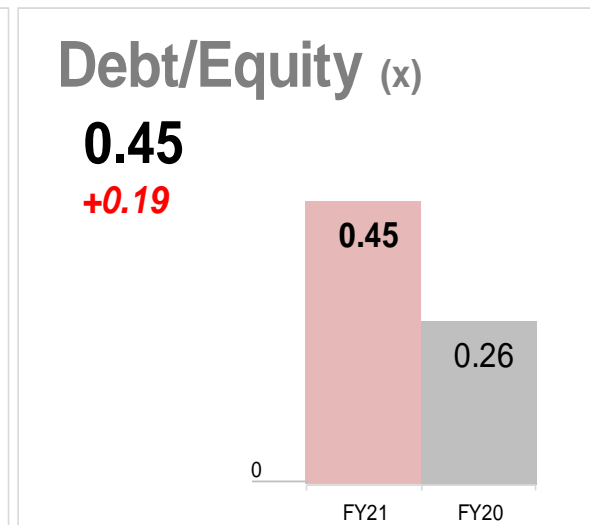
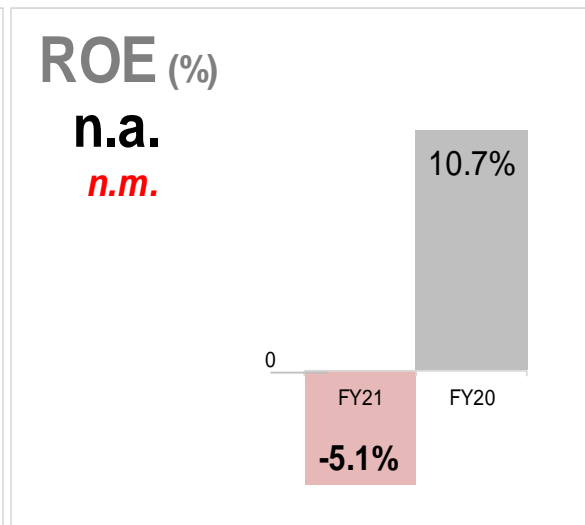
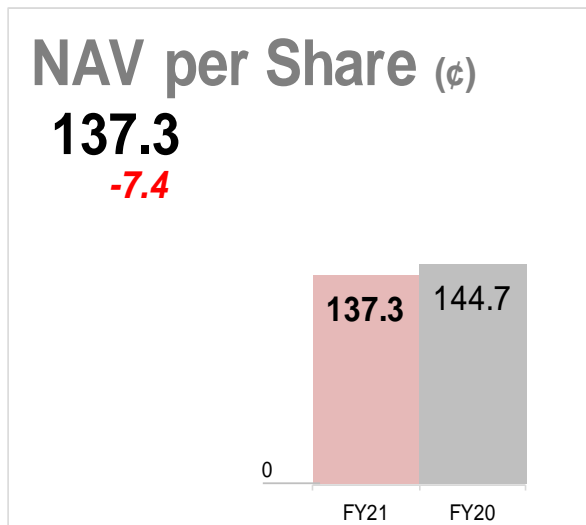
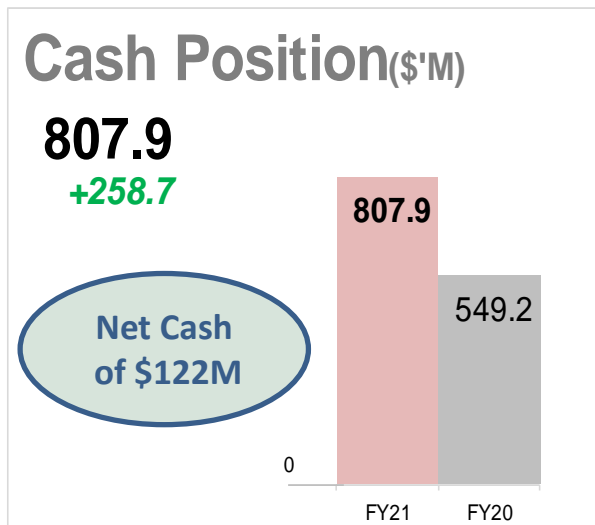
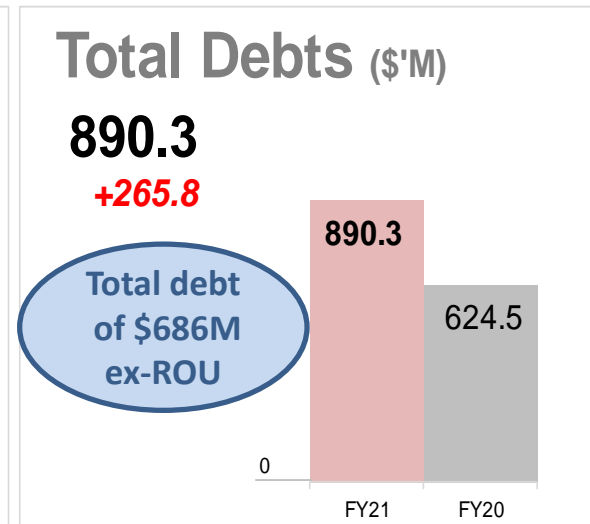
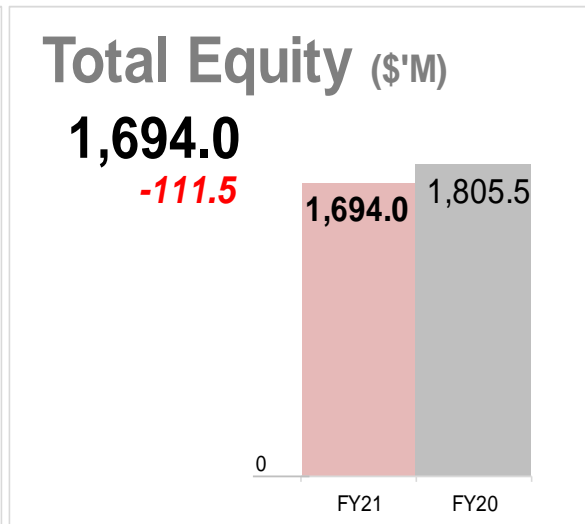
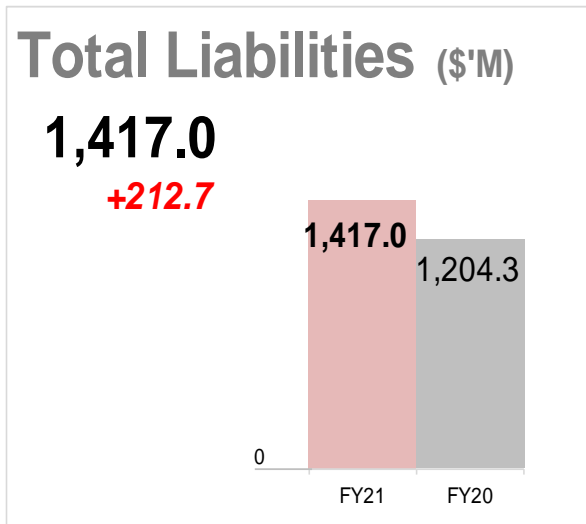
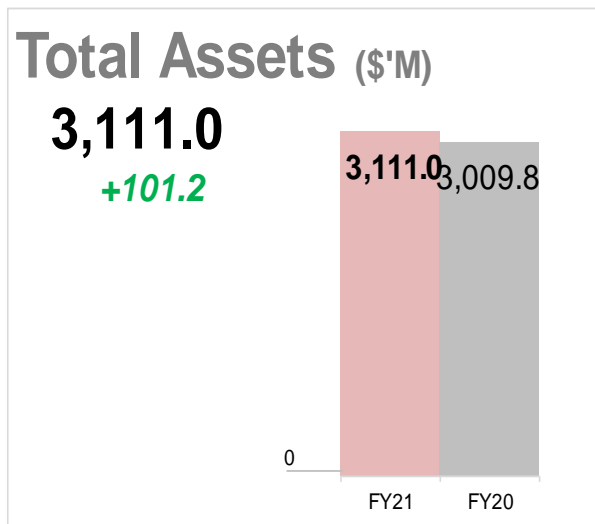
SATS Share of PATMI



■ 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

9M FY21 Group Financial Position



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

Note: All figures as at 31 December 20 are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

Group Balance Sheet

\$M	AS AT 31 DEC 20	AS AT 31 MAR 20	Change %	Commentary
Non-Current Assets	1,813.0	1,978.3	(8.4)	Lower non-current assets mainly due to impairment charges for non-current assets, share of losses recognised for investments in associates & joint ventures for the period, as well as depreciation and amortisation for the period.
Current Assets	1,298.0	1,031.5	25.8	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	3,111.0	3,009.8	3.4	
Non-Current Liabilities	789.7	642.1	23.0	Higher total liabilities mainly due to drawdown of existing credit facilities to build up liquidity position.
Current Liabilities	627.3	562.2	11.6	
Total Liabilities	1,417.0	1,204.3	17.7	
Equity Attributable to Shareholders	1,537.1	1,617.5	(5.0)	
Non-Controlling Interests	156.9	188.0	(16.5)	
Total Equity	1,694.0	1,805.5	(6.2)	

Note: All figures as at 31 December 20 are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

Financial Indicators

%	3Q FY21	3Q FY20	Change ppt/%	9M FY21	9M FY20	Change ppt/%
EBIT Margin	1.4	11.5	(10.1)	(4.7)	12.2	(16.9)
PATMI Margin	(1.1)	10.9	(12.0)	(11.5)	11.6	(23.1)
EBITDA Margin	15.7	19.8	(4.1)	3.8	20.7	(16.9)
Return on Equity	(0.2)	3.6	(3.8)	(5.1)	10.7	(15.8)
Basic EPS (cents)	(0.2)	5.3	(5.5)	(7.1)	15.6	(22.7)

	31 DEC 20	31 MAR 20	Change ppt/%
NAV Per Share (\$)	1.37	1.45	(0.08)
Debt/Equity Ratio	0.45	0.26	0.19
Current Ratio	2.07	1.83	0.24

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

Group Cash Flow Statement

\$M	9M FY21	9M FY20	Difference
Net Cash from Operating Activities	14.2	163.7	(149.5)
Net Cash used in Investing Activities	(6.3)	(73.2)	66.9
<i>Capital expenditure</i>	(38.8)	(48.6)	
<i>Dividends from associates/joint ventures</i>	26.8	30.1	
<i>Proceeds from disposal of property, plant and equipment</i>	1.2	0.1	
<i>Proceeds from disposal of direct interest in an associate /subsidiary</i>	0.3	3.4	
<i>Investment in subsidiaries, net of cash acquired</i>	-	(31.1)	
<i>Investment in associates/joint ventures</i>	-	(23.4)	
<i>Long-term investments</i>	-	(6.1)	
<i>Other investing activities</i>	4.2	2.4	
Net Cash from/(used in) Financing Activities	248.8	(225.6)	474.4
<i>Repayment of term loans</i>	(208.4)	(0.9)	
<i>Repayment of lease liabilities</i>	(19.1)	(7.5)	
<i>Proceeds from borrowings</i>	481.3	-	
<i>Dividends paid</i>	-	(212.5)	
<i>Dividends paid to non-controlling interest</i>	(3.4)	(4.7)	
<i>Other financing activities</i>	(1.6)	-	
Net increase/(decrease) in Cash & Cash Equivalents	256.7	(135.1)	391.8
Effect of exchange rate changes	2.0	(2.4)	
Cash & Cash Equivalents at beginning of financial period	549.2	349.9	
Cash & Cash Equivalents at end of financial period	807.9	212.4	595.5
Free Cash Flow *	(24.6)	115.1	(139.7)

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

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



Outlook



Outlook

While the operating environment remains challenging due to ongoing pandemic-related travel restrictions, demand for air freight to transport eCommerce, pharmaceutical, and perishable products continues to increase. The pandemic has also changed consumer lifestyles and created opportunities for SATS to grow businesses outside of the travel segment.

Said Alex Hungate, President & Chief Executive Officer, SATS Ltd, “We are committed to helping our airline customers to rebound from this crisis. In addition, SATS aims to grow its revenues from foodservice and retail chains, institutions, fast-casual restaurants, and other non-travel related customer segments such as security services.”



Appendix

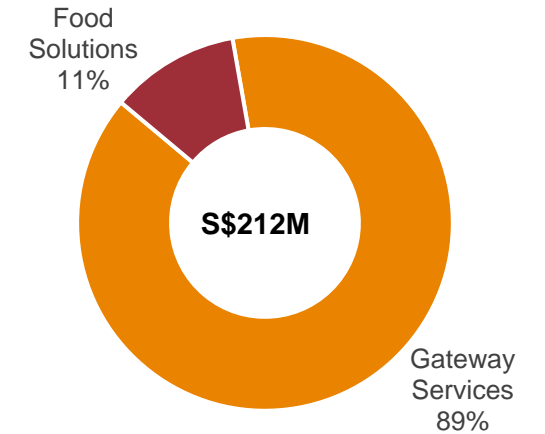
Summary of key associates / joint ventures



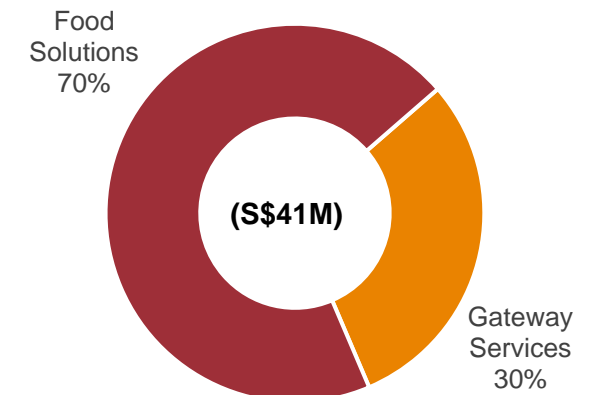
9M FY21 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	Evergreen Sky Catering	Food	3	-	-	-	3	-	-
2	Taj SATS Air Catering/TMFK	Food	8	-	-	-	-	8	-
3	Brahim's SATS	Food	1	-	-	1	-	-	-
4	Beijing Airport Inflight Kitchen	Food	3	-	-	-	3	-	-
5	MacroAsia Catering	Food	3	-	-	3	-	-	-
6	PT Cardig Aero Services**	Gateway	29	-	-	29	-	-	-
7	Air India SATS Airport Services	Gateway	25	-	-	-	-	25	-
8	Asia Airfreight Terminal	Gateway	53	-	-	-	53	-	-
9	Beijing Aviation Ground Services	Gateway	13	-	-	-	13	-	-
10	Evergreen Airline Services/Air Cargo	Gateway	24	-	-	-	24	-	-
11	Mumbai Cargo Services	Gateway	27	-	-	-	-	27	-
12	OmanSATS	Gateway	5	-	-	-	-	-	5
	Sub-total	91.5%	194	-	-	33	96	60	5
	Others	8.5%	18	5	4	6	1	-	1
	Share of Associates/JVs revenue (SSoR)	100.0%	212	5	4	39	97	60	7
	Share of results of Associates/JVs (SoAJV)		(41)	(1)	(1)	(11)	(16)	(9)	(3)

SSoR



SoAJV



Note: All figures are unaudited and 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

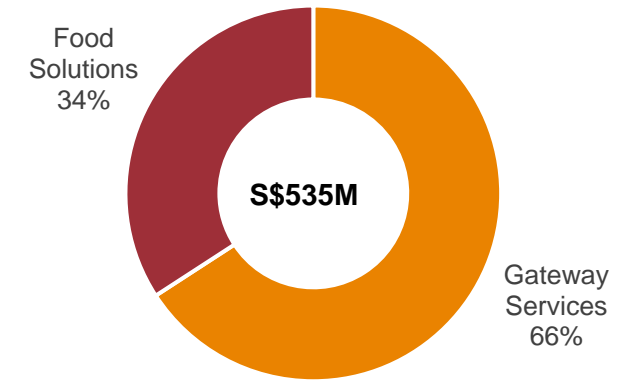
Summary of key associates / joint ventures



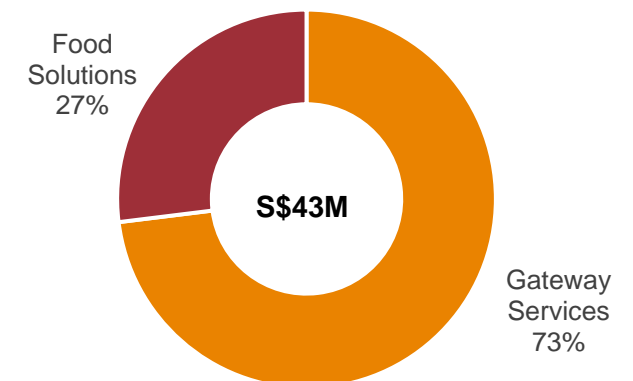
9M FY20 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1.	Evergreen Sky Catering	Food	29	-	-	-	29	-	-
2.	Taj SATS Air Catering/TMFK	Food	28	-	-	-	-	28	-
3.	Brahim's SATS	Food	26	-	-	26	-	-	-
4.	Beijing Airport Inflight Kitchen	Food	17	-	-	-	17	-	-
5.	MacroAsia Catering	Food	20	-	-	20	-	-	-
6.	PT Cardig Aero Services**	Gateway	66	-	-	66	-	-	-
7.	Air India SATS Airport Services	Gateway	55	-	-	-	-	55	-
8.	Asia Airfreight Terminal	Gateway	53	-	-	-	53	-	-
9.	Beijing Aviation Ground Services	Gateway	50	-	-	-	50	-	-
10.	Evergreen Airline Services/Air Cargo	Gateway	34	-	-	-	34	-	-
11.	Mumbai Cargo Services	Gateway	29	-	-	-	-	29	-
12.	OmanSATS	Gateway	12	-	-	-	-	-	12
	Sub-total	78.0%	419	-	-	112	183	112	12
	Others	22.0%	116	52	7	6	41	-	10
	Share of Associates/JVs revenue (SSoR)	100.0%	535	52	7	118	224	112	22
	Share of results of Associates/JVs (SoAJV)		43	1	-	20	11	5	6

SSoR



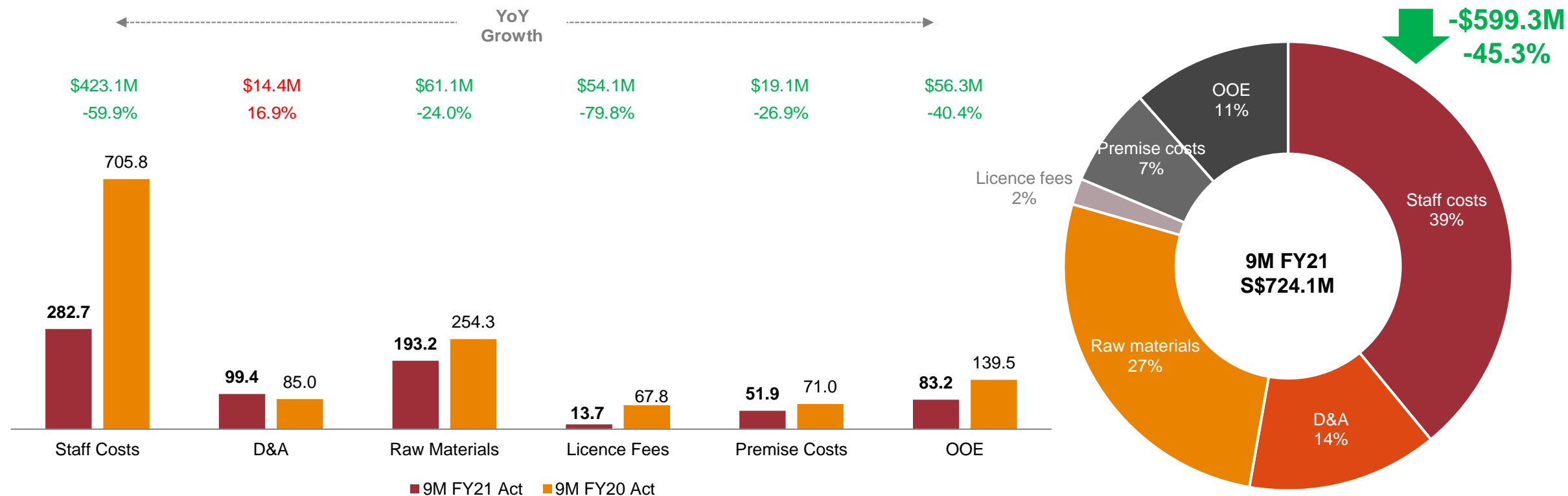
SoAJV



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

9M FY21 Group Expenditure



- The lower staff costs was 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.
- Premise costs and OOE decreased due to reduction in discretionary spending in view of group-wide cost containment measures.

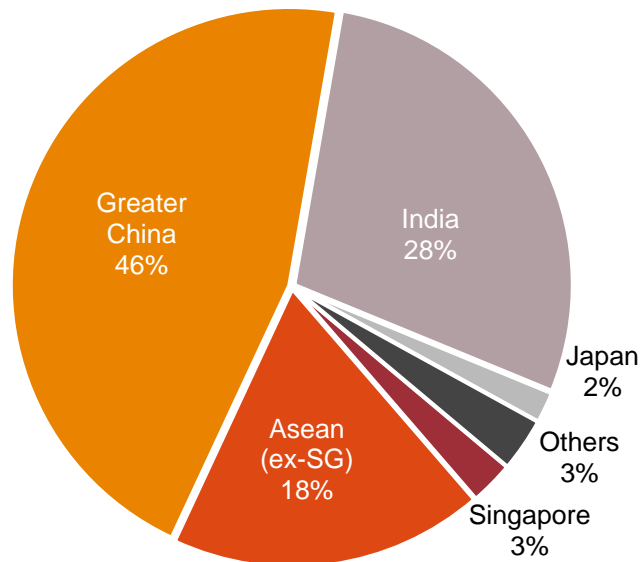
*Note: All figures are unaudited and in S\$ m unless otherwise stated.
D&A represents Depreciation & Amortisation
OOE represents Other Operating Costs*

Summary Financials – Associates and Joint Ventures (AJVs)

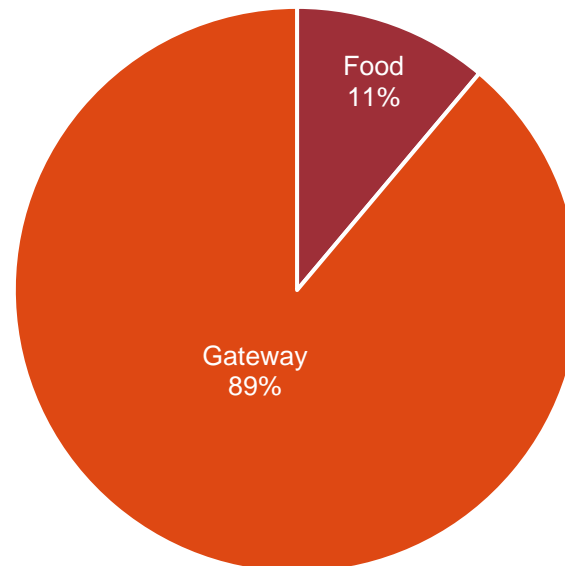
S\$'M	9M FY21	9M FY21	% change
SATS Share of Revenue (SSOR)	212.1	535.1	(60.4)
Share of losses / earnings	(40.7)	43.0	(194.7)

Segmental SSOR – Associates and JVs

Geographical



Business



OVERVIEW

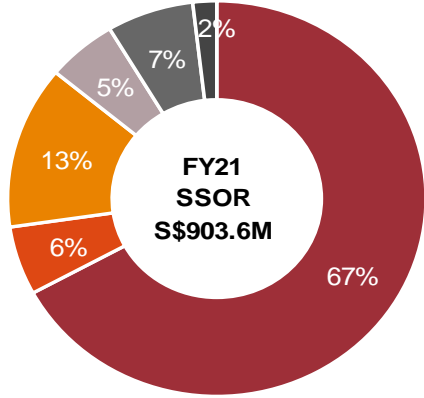
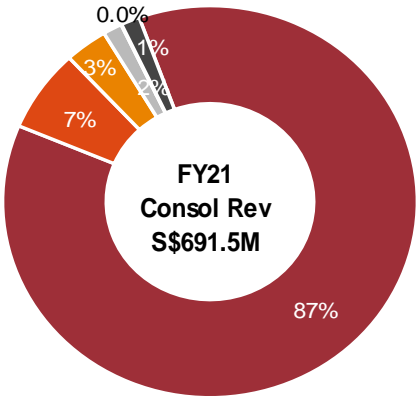
- Greater China constitutes 46% of SSOR (*Associates and JVs*)
- Gateway associates and JVs make up 89% of total SSOR
- All Food SoAJVs were adversely impacted by COVID-19 cushioned by Gateway cargo SoAJVs

9M FY21 Revenue (Consol & SSOR) and PATMI by region

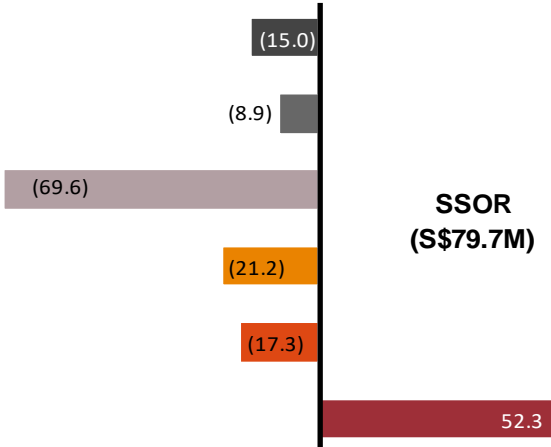
	Consol Revenue	YoY
	9M FY21	%
Singapore	600.8	(49.7)
Japan	47.0	(76.8)
Asean (ex-SG)	10.3	(85.3)
Greater China	23.1	0.6
India	0.3	(6.2)
Others	10.0	(41.7)
Total	691.5	(54.1)

	SSOR		YoY
	9M FY21	9M FY20	%
Singapore	606.2	1,247.1	(51.4)
Japan	50.7	209.9	(75.8)
Asean (ex-SG)	49.0	187.7	(73.9)
Greater China	120.3	246.7	(51.2)
India	60.7	112.6	(46.1)
Others	16.7	39.2	(57.6)
Total	903.6	2,043.2	(55.8)

	PATMI	YoY
	9M FY21	%
Singapore	52.3	(62.0)
Japan	(17.3)	n.m.
Asean (ex-SG)	(69.6)	n.m.
Greater China	(21.2)	n.m.
India	(8.9)	n.m.
Others	(15.0)	n.m.
Total	(79.7)	(145.6)



SATS Share of PATMI



■ 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



Q&A