



1QFY22 Performance Review

22 July 2021

**Renewed
Vigour**

Forward looking statement – Important note

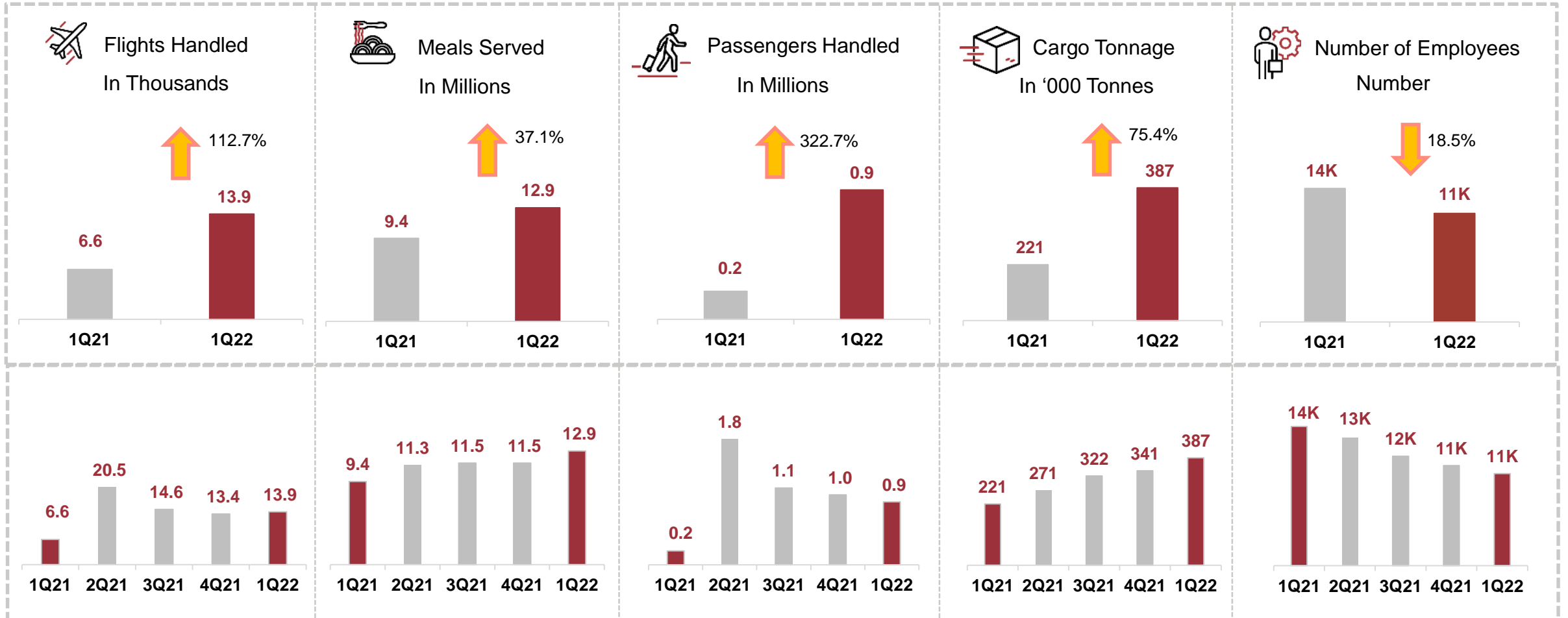
The following presentation contains forward-looking statements by the management of SATS Ltd. (“SATS”), relating to financial and market trends for future periods.

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

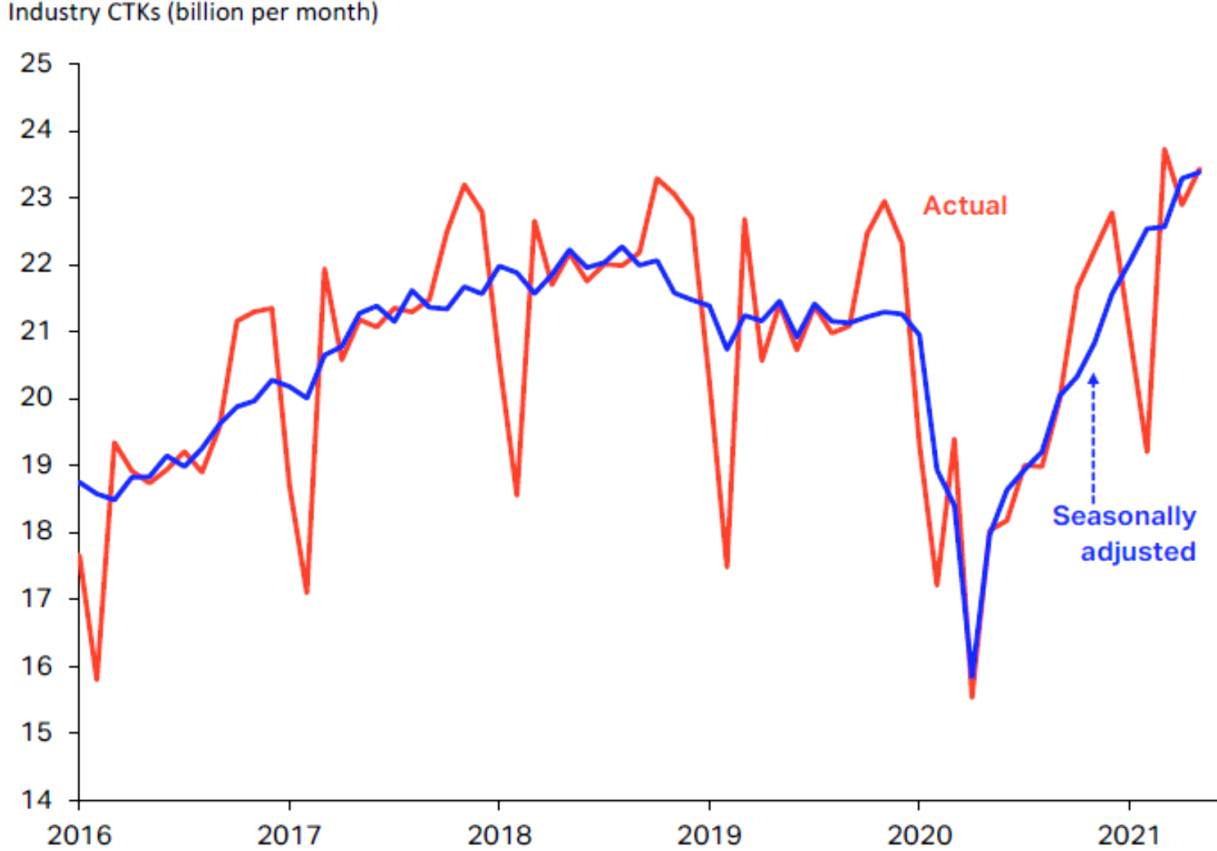
- 1 Business Update**
- 2 Group Financial Review**
- 3 Outlook**
- 4 Q&A**

1QFY22 and Quarter on Quarter Operating Statistics



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

Air cargo continues sequential growth

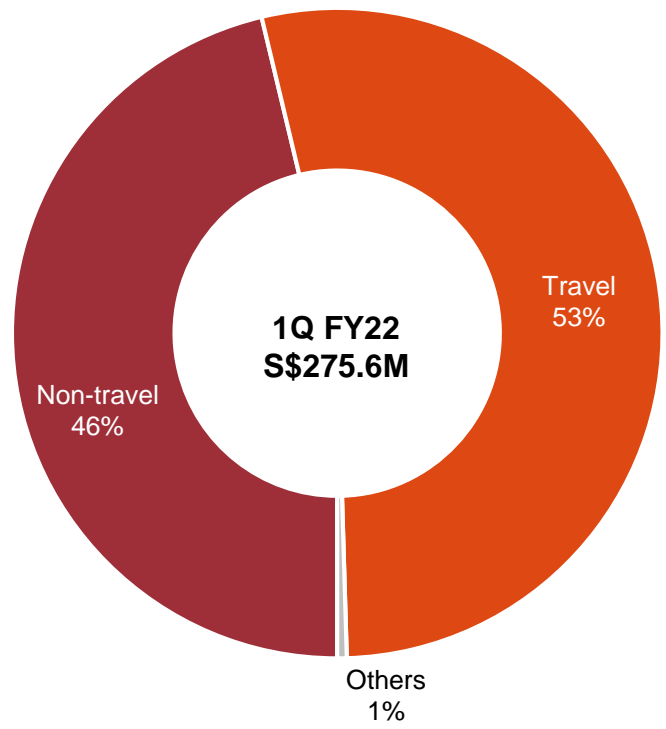


- Global air cargo demand continues upswing, with cargo tonne kilometres (CTKs) in May increasing 9.4% and 30%, versus May 2019 (pre-crisis) and May 2020, respectively
- Majority of SATS' cargo associates were profitable in 1Q
- 1Q Cargo revenue improved 62% YoY and 6% QoQ



Source: IATA Economics using data from IATA Monthly Statistics

Non-travel related businesses was 46% of 1Q Group revenue



- Non-travel related revenue grew 22.6% YoY to \$127.6M and includes COVID-related assignments carried out in Singapore
- Institutional and commercial catering, food manufacturing, trading and distribution to QSRs and retail chains, and non-aviation security services were contributors



Progress on Sustainability



Develop Smart Infrastructure



31% of our GSE have been electrified

1st in Singapore to install hybrid solar thermal panels. Expansion of solar installations expected to yield **additional 6,000 MWh** in renewable energy per year

39% reduction in carbon footprint for FY20-21 vs. FY18-19 baseline



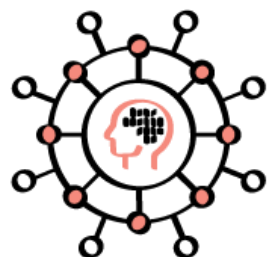
Reduce Food & Packaging Waste



Implemented **AI-enabled food waste tracking system**

Deployed an on-site biodigester that **converts waste to energy**

Introduced **sustainable food packaging** for inflight meals



Nurture Skills for the Future



359 average training hours per employee

Employee engagement score of **81%**

Touched **151,471** lives in FY20-21

Contributed **5,688** staff volunteer hours across **133,732** beneficiaries

24% female representation among VPs & above

5.2% rate of new hires

\$27,041 VAPE (baseline for 2030 target)



Group Financial Review



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Executive Summary: 1Q FY22 Performance

- 1Q revenue improved 31.6% vs. the prior year to \$275.6M
- PATMI turn profitable for 2nd consecutive quarters at \$6.4M
- Without government reliefs, 1Q PATMI would have been a loss of \$35.6M
- Share of losses from associates/JVs reduced to \$1.2M from a loss of \$31.4M in 1Q FY21
- EDITDA remained positive at \$32.9M
- 1QFY22 EPS improved 4.5 cents to 0.6 cents/share

1Q FY22 Highlights

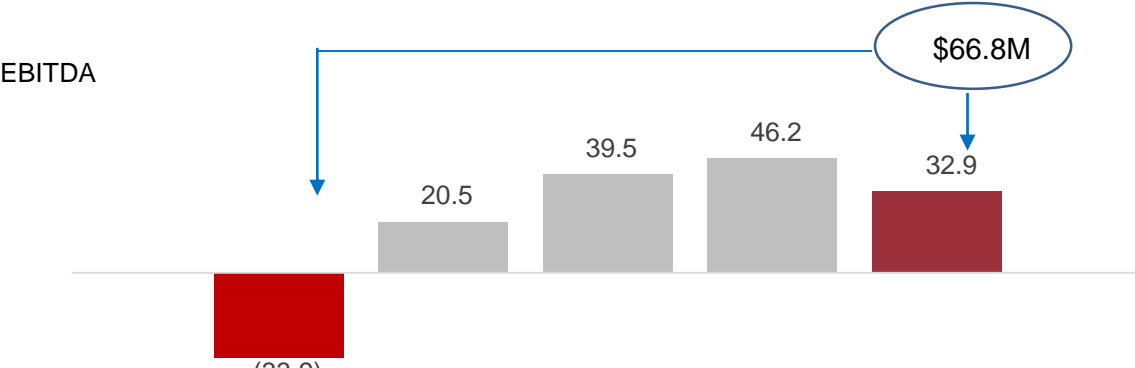
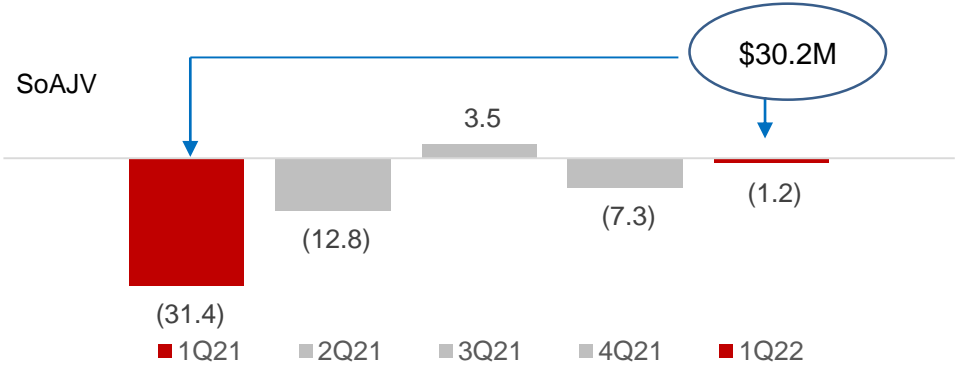
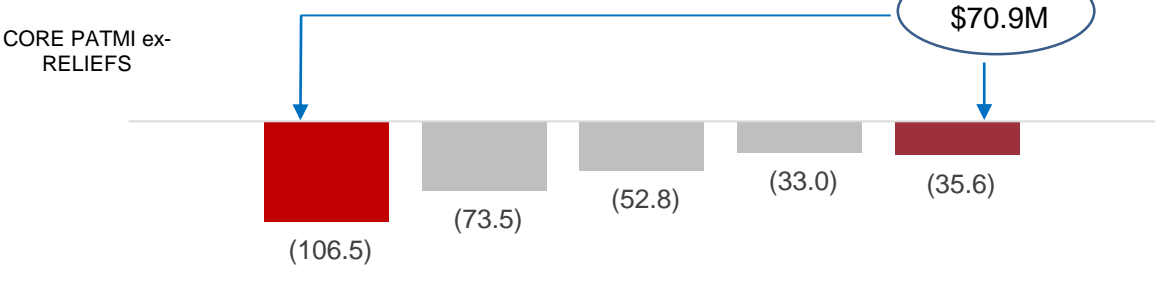
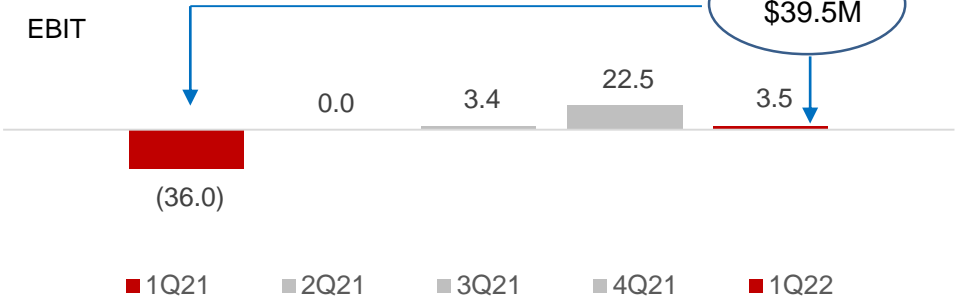
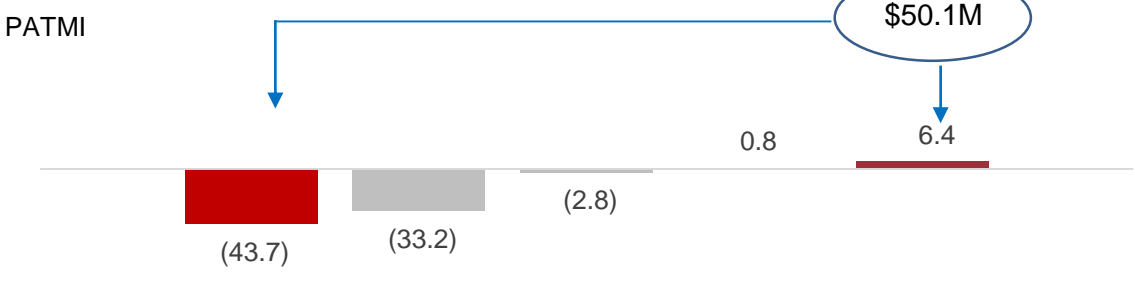
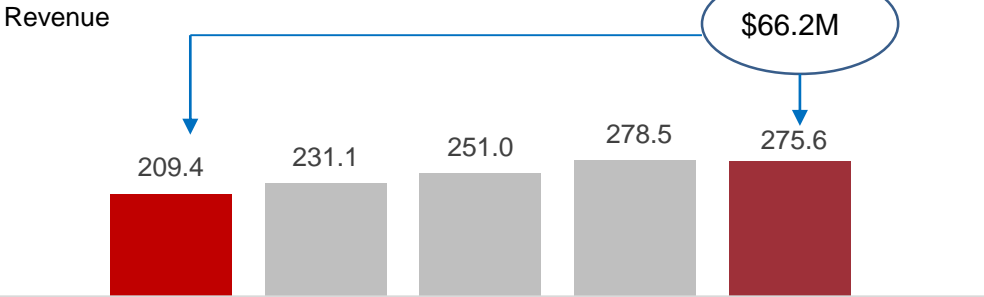
	1Q FY22 Act	1Q FY21 Act	Change \$/ppt	Change %	Commentary
Revenue	275.6	209.4	66.2	31.6	<ul style="list-style-type: none"> • Gateway (+\$55.4M; 77.4%) and Food (+\$11.4M; 8.4%) • Travel (+\$43.3M; 41.9%) and non-travel (+\$23.5M; 22.6%)
OPEX	(272.1)	(245.4)	(26.7)	(10.9)	<ul style="list-style-type: none"> • Higher staff cost (+\$18.1M) due to lower grants and higher contract services • Include govt. reliefs of \$45.5M
EBIT	3.5	(36.0)	39.5	109.7	
<i>EBIT (%)</i>	1.3%	(17.2%)			
Share of results of Associates/JVs (SoAJV)	(1.2)	(31.4)	30.2	96.2	<ul style="list-style-type: none"> • Improved performance posted by associates • Gateway (+\$22.1M), Food (+\$8.2M)
PATMI	6.4	(43.7)	50.1	114.6	
<i>PATMI (%)</i>	2.3%	(20.9%)			
EBITDA	32.9	(33.9)	66.8	197.1	
<i>EBITDA (%)</i>	11.9%	(16.2%)			
Basic EPS (cents)	0.6	(3.9)	4.5	115.4	

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

EBIT represents Operating Profits

EPS represents Earnings per share

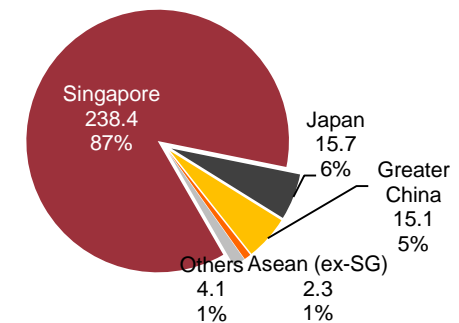
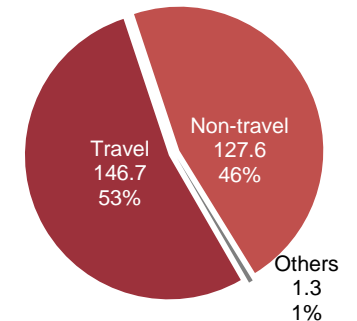
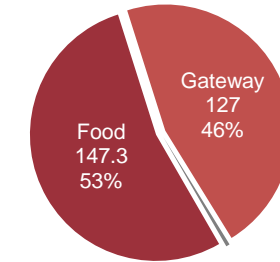
FY22 Quarterly Trending



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

Group Segmented Revenue – 1Q

Revenue	1Q FY22	%	1Q FY21	%	Change (%)
By Business:					
Food Solutions	147.3	53.4	135.9	64.9	8.4
Gateway Services	127.0	46.1	71.6	34.2	77.4
Others	1.3	0.5	1.9	0.9	(31.6)
Total	275.6	100.0	209.4	100.0	31.6
By Industry:					
Travel	146.7	53.2	103.4	49.4	41.9
Non-travel	127.6	46.3	104.1	49.7	22.6
Others	1.3	0.5	1.9	0.9	(31.6)
Total	275.6	100.0	209.4	100.0	31.6
By Region					
Singapore	238.4	86.5	185.9	88.8	28.2
Japan	15.7	5.7	12.8	6.1	22.7
Greater China	15.1	5.5	3.7	1.8	308.1
Asean (ex-SG)	2.3	0.8	1.3	0.6	76.9
Others	4.1	1.5	5.7	2.7	(28.1)
Total	275.6	100.0	209.4	100.0	31.6

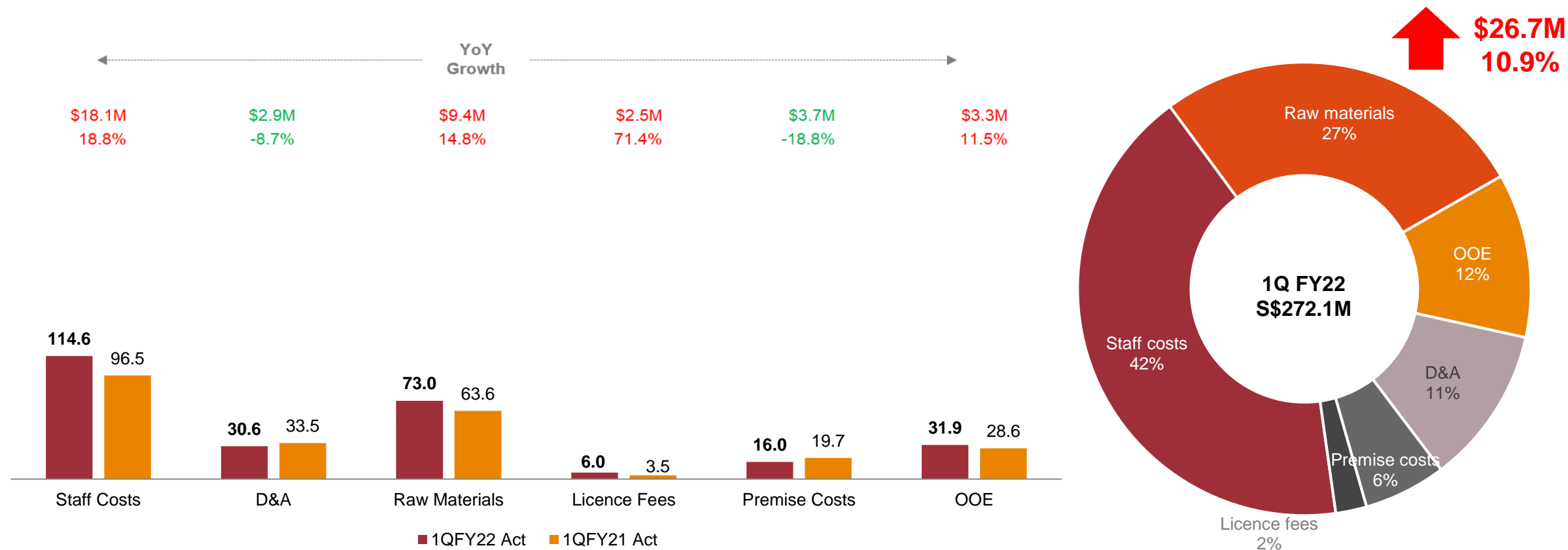


Note: All figures are unaudited and in S\$ m unless otherwise stated.

n.m. – not meaningful

* Prior year figures have been restated to be consistent with current year's presentation

1Q FY22 Group Expenditure



- The higher staff costs was due to lower government reliefs, higher contract services due to implementation of additional safety measures at Changi Airport.
- The higher cost of raw materials and licence fees is in line with the higher business volumes.
- Premise costs decreased due to reduction in discretionary spending in view of group-wide cost containment measures.

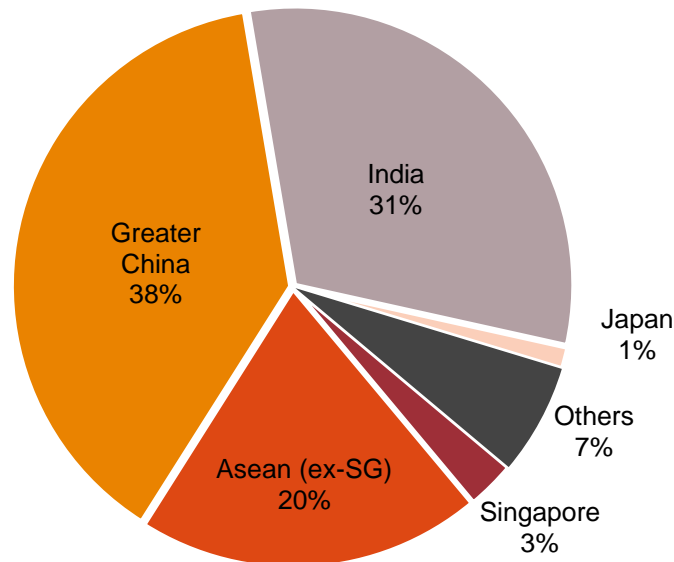
*Note: All figures are unaudited and in S\$ m unless otherwise stated.
D&A represents Depreciation & Amortisation
OOE represents Other Operating Costs*

Summary Financials – Associates and Joint Ventures (AJVs)

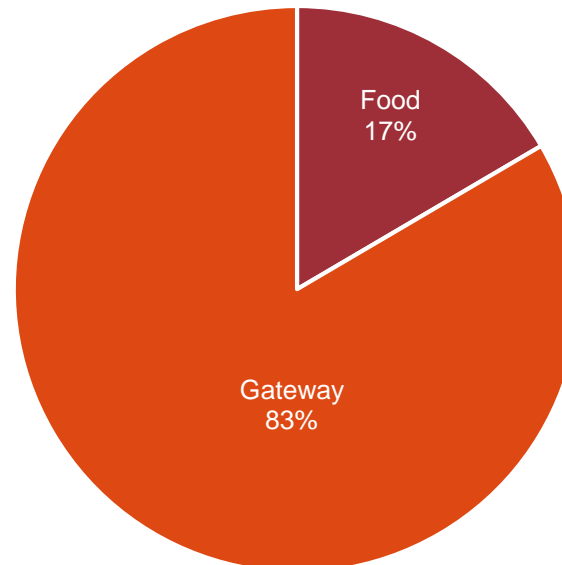
S\$'M	1Q FY22	1Q FY21	% change
SATS Share of Revenue (SSOR)	78.1	69.6	12.2
Share of losses / earnings	(1.2)	(31.4)	96.2

Segmental SSOR – Associates and JVs

Geographical



Business

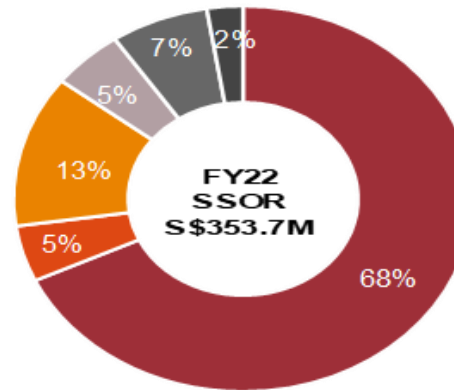
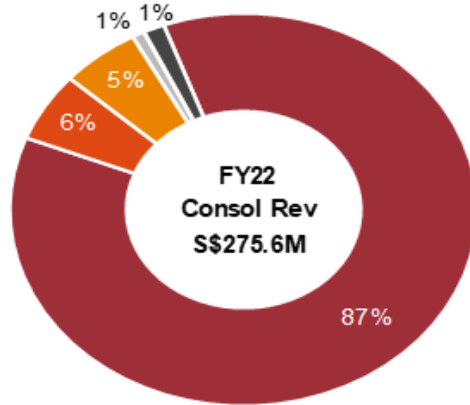


OVERVIEW

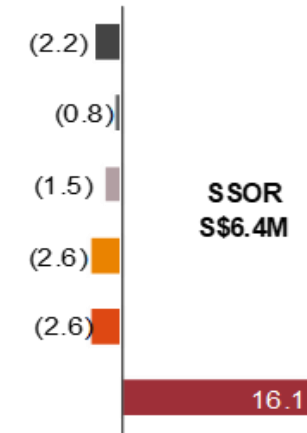
- 1Q SSOR increased 12.2% while share of losses has improved by 96.2%.
- Greater China and India are the 2 largest markets of our AJVs.
- Gateway and Food AJVs represented 83% and 17% of the SSOR, respectively.

1Q FY22 Revenue (Consol & SSOR) and PATMI by region

	Consol Revenue	YoY	SSOR		YoY	PATMI		YoY
	1Q FY22	%	1Q FY22	1Q FY21	%	1Q FY22	1Q FY21	%
Singapore	238.4	28.2	240.6	187.3	28.4	16.1	4.3	274.4
Japan	15.7	22.7	16.6	13.9	19.9	(2.6)	(5.7)	54.4
Asean (ex-SG)	2.3	76.9	18.0	13.0	37.7	(1.5)	(11.2)	86.6
Greater China	15.1	308.1	45.1	40.5	11.2	(2.6)	(18.3)	85.8
India	0.1	(8.9)	24.4	17.1	43.1	(0.8)	(7.9)	89.9
Others	4.0	(28.7)	9.0	7.2	25.5	(2.2)	(4.9)	53.1
Total	275.6	31.6	353.7	279.0	26.8	6.4	(43.7)	114.6



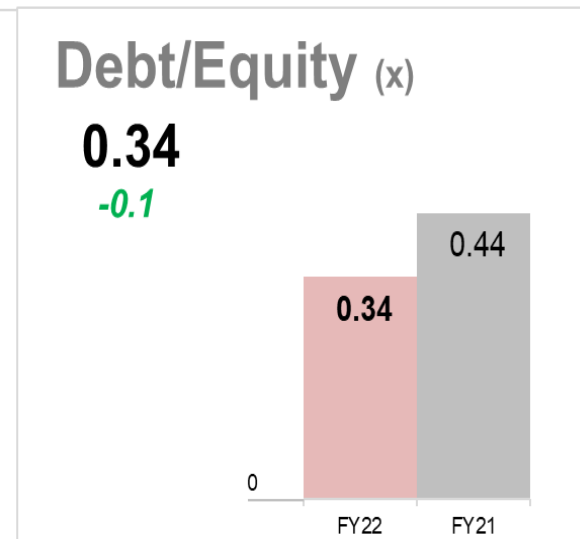
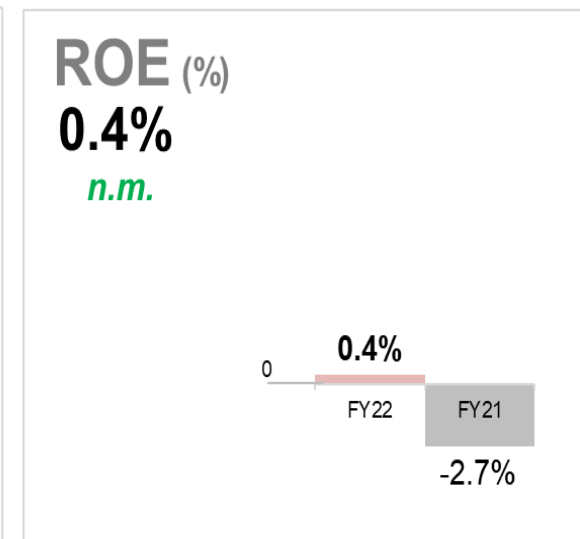
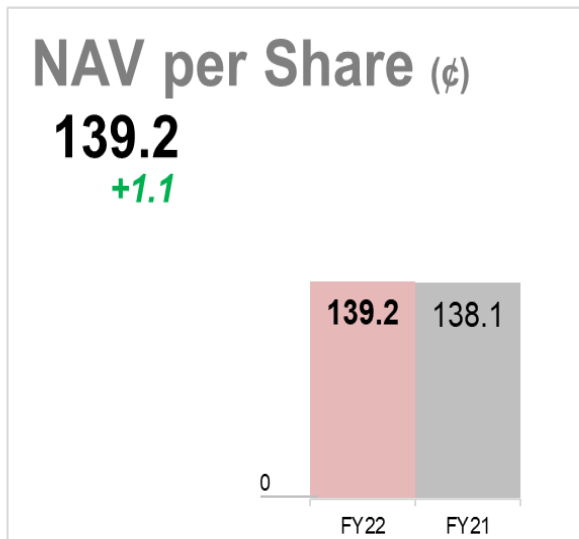
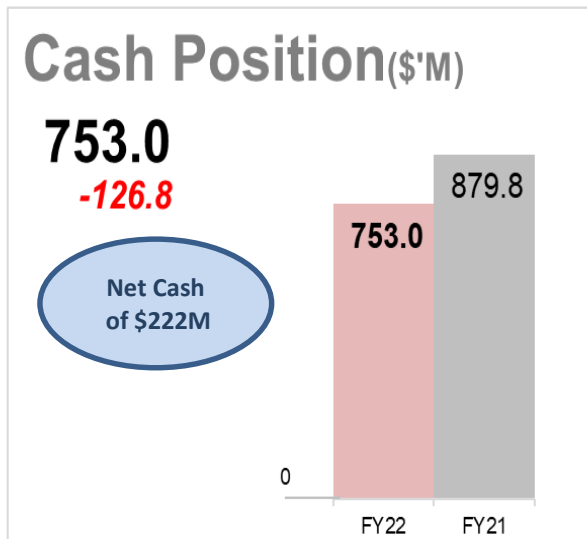
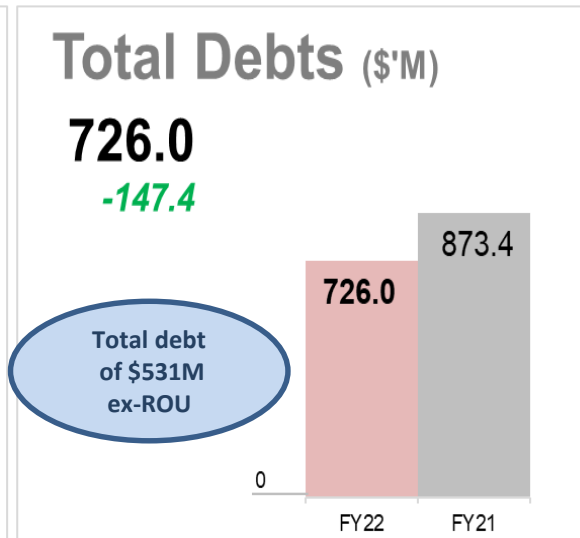
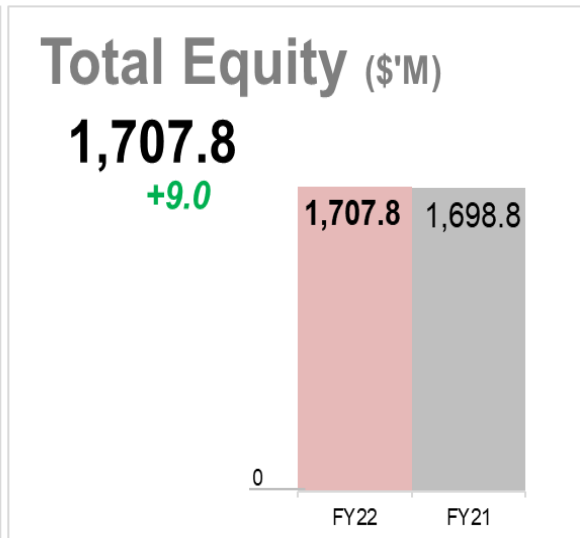
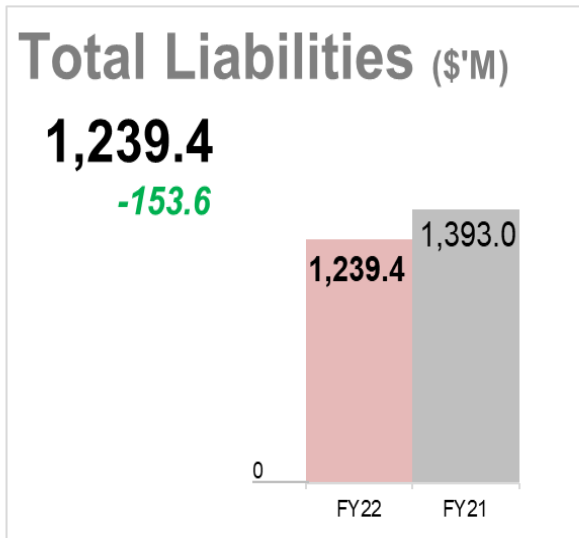
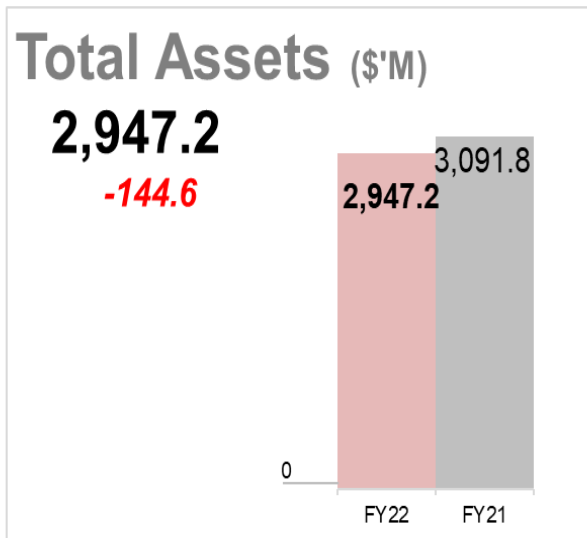
SATS Share of PATMI



■ 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

FY22 Group Financial Position



- FY22 Debt/Equity: 0.34x. With the SFRS (I) 16, Debt/Equity ratio will be 0.47x

Note: All figures as at 30 June 21 are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

Group Balance Sheet

\$M	AS AT 30 JUN 21	AS AT 31 MAR 21	Change %	Commentary
Non-Current Assets	1,748.8	1,769.1	(1.1)	Lower non-current assets mainly due to share of losses recognised for investments in associates & joint ventures for the period, as well as depreciation and amortisation for the period.
Current Assets	1,198.4	1,322.7	(9.4)	Lower current assets mainly due to lower cash balance arising from repayment of term loan during the period.
Total Assets	2,947.2	3,091.8	(4.7)	
Non-Current Liabilities	678.5	827.7	(18.0)	Lower total liabilities mainly due to repayment of term loan during the period.
Current Liabilities	560.9	565.3	(0.8)	
Total Liabilities	1,239.4	1,393.0	(11.0)	
Equity Attributable to Shareholders	1,559.0	1,546.3	0.8	
Non-Controlling Interests	148.8	152.5	(2.4)	
Total Equity	1,707.8	1,698.8	0.5	

Group Cash Flow Statement

\$M	1Q FY22	1Q FY21	Difference
Net Cash from /(used in) Operating Activities	26.9	(61.1)	88.0
Net Cash from/(used in) Investing Activities	0.5	(1.4)	1.9
<i>Capital expenditure</i>	<i>(19.0)</i>	<i>(10.4)</i>	
<i>Dividends from associates/joint ventures</i>	<i>18.8</i>	<i>5.7</i>	
<i>Proceeds from disposal of property, plant and equipment</i>	<i>-</i>	<i>1.3</i>	
<i>Other investing activities</i>	<i>0.7</i>	<i>2.0</i>	
Net Cash (used in)/from Financing Activities	(154.3)	240.0	(394.3)
<i>Repayment of term loans</i>	<i>(150.0)</i>	<i>(6.2)</i>	
<i>Repayment of lease liabilities</i>	<i>(5.9)</i>	<i>(7.7)</i>	
<i>Proceeds from borrowings</i>	<i>1.6</i>	<i>256.5</i>	
<i>Dividends paid to non-controlling interest</i>	<i>-</i>	<i>(1.0)</i>	
<i>Other financing activities</i>	<i>-</i>	<i>(1.6)</i>	
Net (decrease)/increase in Cash & Cash Equivalents	(126.9)	177.5	(304.4)
Effect of exchange rate changes	0.1	(3.2)	
Cash & Cash Equivalents at beginning of financial period	879.8	549.2	
Cash & Cash Equivalents at end of financial period	753.0	723.5	
Free Cash Flow *	7.9	(71.5)	

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



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Outlook

While mass vaccination programmes are being rolled out in all of the world's major economies, the emergence of new variants of the COVID-19 virus continue to create uncertainty about when travel restrictions will be lifted.

SATS is adapting to changes in the operating environment by reshaping its cost base and building new capabilities to support future growth. For example, SATS recently acquired Food City in Thailand to increase scale for frozen food production for its customers from aviation to food service and retail. The company has also successfully integrated its Monty's Bakehouse acquisition in the UK to build a global innovation capability that is driving the success of new product innovation. Another capability is a cloud-based cargo handling system with AI-enabled disruption handling that is helping SATS to support eCommerce growth, as well as the transportation of vaccines and oxygen concentrators into many countries across Asia. We are upskilling and reskilling our people through job redesign so that we can continue to harness technology to increase productivity and enhance services for our customers.



Appendix



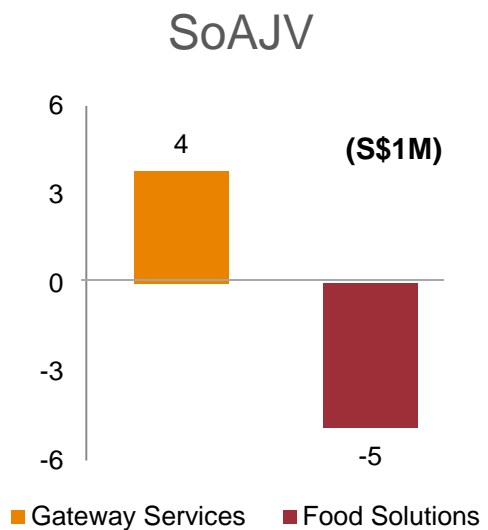
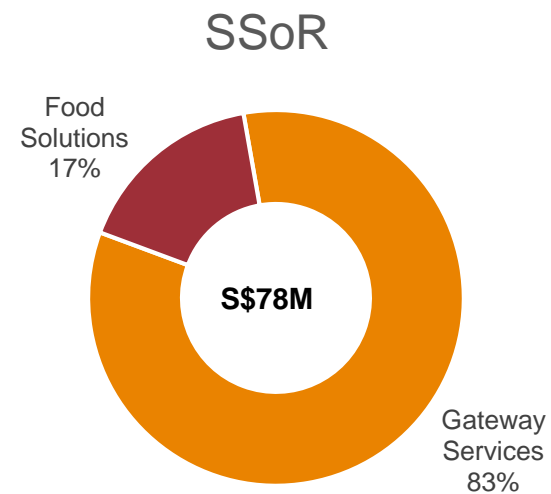
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Summary of key associates / joint ventures



1Q FY22 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	2	-	-	-	2	-	-
2	Taj SATS Air Catering/TMFK	Food	5	-	-	-	-	5	-
3	Beijing Airport Inflight Kitchen	Food	1	-	-	-	1	-	-
4	MacroAsia Catering	Food	1	-	-	1	-	-	-
5	PT Cardig Aero Services**	Gateway	12	-	-	12	-	-	-
6	Air India SATS Airport Services	Gateway	10	-	-	-	-	10	-
7	Asia Airfreight Terminal	Gateway	18	-	-	-	18	-	-
8	Evergreen Airline Services/Air Cargo	Gateway	9	-	-	-	9	-	-
9	Mumbai Cargo Services	Gateway	9	-	-	-	-	9	-
10	OmanSATS	Gateway	2	-	-	-	-	-	2
	Sub-total	88.6%	69	-	-	13	30	24	2
	Others	11.4%	9	2	1	3	0	0	3
	Share of Associates/JVs revenue (SSoR)	100.0%	78	2	1	16	30	24	5
	Share of results of Associates/JVs (SoAJV)		(1)	(0)	(0)	1	(0)	(1)	(1)



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

Based on Group management estimates

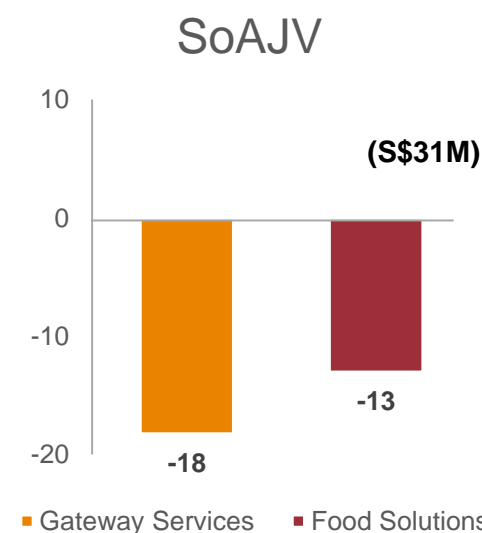
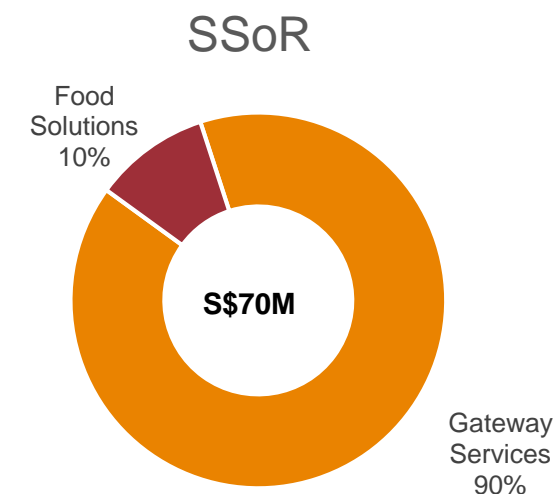
**PT CAS revenue refers to consolidated revenue of PT CAS Group which include PT Jasa Angkasa and PT Purantara Mitra

Summary of key associates / joint ventures



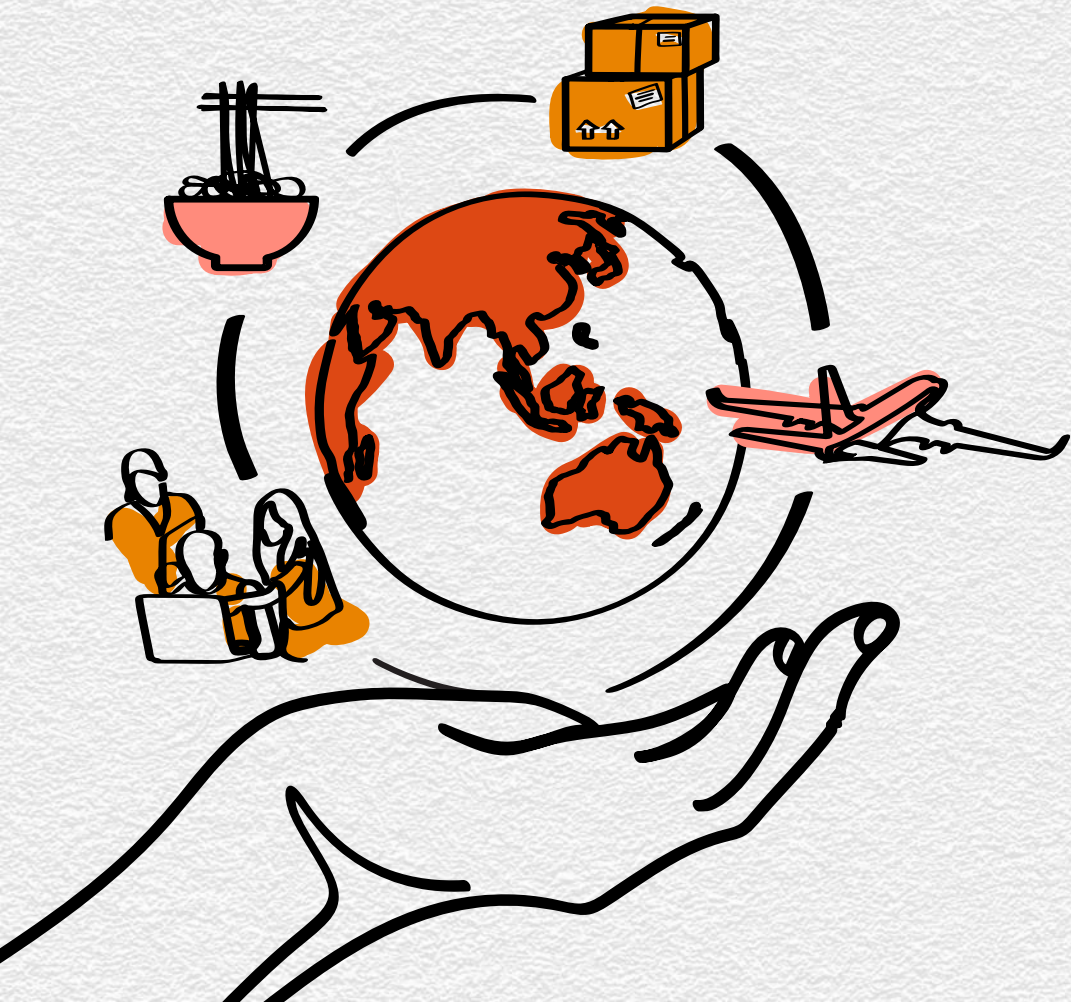
1Q FY21 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	Evergreen Sky Catering	Food	1	-	-	-	1	-	-
2	Taj SATS Air Catering/TMFK	Food	3	-	-	-	-	3	-
3	Brahim's SATS	Food	1	-	-	1	-	-	-
4	Beijing Airport Inflight Kitchen	Food	1	-	-	-	1	-	-
5	MacroAsia Catering	Food	1	-	-	1	-	-	-
6	PT Cardig Aero Services*	Gateway	9	-	-	9	-	-	-
7	Air India SATS Airport Services	Gateway	5	-	-	-	-	5	-
8	Asia Airfreight Terminal	Gateway	17	-	-	-	17	-	-
9	Beijing Aviation Ground Services	Gateway	11	-	-	-	11	-	-
10	Evergreen Airline Services/Air Cargo	Gateway	7	-	-	-	7	-	-
11	Mumbai Cargo Services	Gateway	9	-	-	-	-	9	-
12	OmanSATS	Gateway	1	-	-	-	-	-	1
Sub-total		94.3%	66	-	-	11	37	17	1
Others		5.7%	4	1	1	1	-	-	1
Share of Associates/JVs revenue (SSoR)		100.0%	70	1	1	12	37	17	2
Share of results of Associates/JVs (SoAJV)			(31)	(1)	(0)	(5)	(15)	(8)	(2)





Q&A



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