



MEDIA RELEASE

SATS 1Q NET PROFIT GROWS 14.5% TO \$49.6M

SINGAPORE, 23 July 2015 – SATS Ltd. (SATS) today reports its unaudited results for the first quarter ended 30 June 2015.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	1Q FY15-16 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	416.9	(18.3)	(4.2)
Expenditure	(372.9)	22.6	5.7
Operating profit	44.0	4.3	10.8
Share of results of associates/JVs, net of tax	12.8	2.4	23.1
Profit attributable to owners of the Company	49.6	6.3	14.5
Underlying net profit ⁽¹⁾	47.1	3.7	8.5
Earnings per share - basic	4.5	0.6	15.4

Note:

- 1) Underlying net profit refers to profit attributable to owners of the Company excluding the following one-off items:
- (i) Net gain on transfer of business to a joint venture (\$2.5M in 1Q FY15-16; Nil in 1Q FY14-15).
 - (ii) Impairment loss on carrying value of Assets Held for Sale (Nil in 1Q FY15-16; \$0.1 million in 1Q FY14-15).

GROUP EARNINGS

1Q FY15-16 (1 April – 30 June 2015)

For the first quarter ended 30 June 2015, Group revenue declined 4.2% to \$416.9 million, due to an 8.2% reduction in food solutions revenue partially offset by a 2% increase in gateway services revenue. Factors contributing to the decline were a reduction in TFK's revenues aggravated by the weaker Japanese Yen, divestment of Urangan Fisheries in July 2014 and transfer of the food distribution business to a new joint venture company, SATS BRF Food (SBRF).

Despite the reduction in revenue, the Group delivered positive jaws with operating expenditure declining 5.7% year-on-year to \$372.9 million. Reductions were achieved across all expense categories except for depreciation and amortisation. Cost of raw materials fell 11% due to better sourcing and lower food solutions revenue. Staff costs dropped 1.9% due to improvements in productivity while decline in licence fees was in line with the lower Group revenue and rebates. Overall, operating profit for the quarter improved 10.8% year-on-year to \$44 million.

Share of after-tax profits from overseas associates/JVs rose 23.1% year-on-year to \$12.8 million due to higher profit contributions from both food and gateway associates/JVs.

The Group completed the transfer of the food distribution business to SBRF on 3 June 2015. In conjunction with the transfer, a 49% equity stake in SBRF was sold to BRF GmbH. As a result, the Group recorded a one-off net gain on transfer of business to SBRF of \$2.5 million. SBRF has since been accounted for as a JV Company.

Profit attributable to owners of the Company was \$49.6 million, 14.5% higher than the corresponding quarter last year, while underlying net profit of \$47.1 million was 8.5% higher year-on-year. Earnings per share rose 15.4% to 4.5 cents.

GROUP FINANCIAL POSITION (as at 30 June 2015)

As at 30 June 2015, the Group had total assets of \$2.06 billion. Cash and short-term deposits increased by \$56.7 million from 31 March 2015 to \$467.6 million. This was mainly contributed by net cash from operating activities, dividends received from associates, and proceeds from exercise of share options, partially offset by capital expenditure, net investment in SBRF and purchase of treasury shares.

Free cash flow generated during the quarter amounted to \$21 million and debt-to-equity ratio was 0.07 times.

OUTLOOK

Competition between airlines in Asia continues to be intense amid relatively low growth in air traffic in the near term.

Despite slower economic growth and rising manpower costs, the structural growth prospects of Asia remain strong with rapid urbanisation and growth of the middle class.

The Group is well-positioned to capture these opportunities. We are progressing well with our strategy of driving productivity through scale and connectivity, and launching new ventures that will support our future growth.

ABOUT SATS

SATS is Asia's leading provider of gateway services and food solutions.

Our comprehensive gateway services encompass airfreight handling, passenger services, ramp handling, baggage handling, aviation security services, aircraft interior and exterior cleaning as well as cruise centre management. Our food solutions include airline catering, institutional and remote catering, aviation laundry as well as food distribution and logistics.

SATS is present at 43 airports and 11 countries across Asia and the Middle East.

SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit www.sats.com.sg.

ANNOUNCEMENT INFORMATION

The complete 1Q FY15-16 results of SATS are available at www.sats.com.sg.

INVESTOR AND MEDIA CONTACTS:

Sandy Leng

Vice President, Corporate Relations
SATS
DID: (65) 6541 8200
HP: (65) 9018 5168
Email: sandy_leng@sats.com.sg

Evelyn Yeo

Director
Edelman Public Relations
DID: (65) 6347 2359
HP: (65) 9367 6017
Email: evelyn.yeo@edelman.com

ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	1Q FY15-16	1Q FY14-15
Revenue	416.9	435.2
Expenditure	(372.9)	(395.5)
Operating profit	44.0	39.7
Share of results of associates/JVs, net of tax	12.8	10.4
Profit before tax	59.9	49.0
Profit attributable to owners of the Company	49.6	43.3
Underlying net profit	47.1	43.4
Per Share Data		
Earnings per share (cents)		
- Basic ^{R1}	4.5	3.9
- Diluted ^{R2}	4.5	3.8
Return on turnover (%) ^{R3}	11.9	9.9
Financial Position (S\$ million)		
	As at	As at
	30-JUN-15	31-MAR-15
Equity attributable to owners of the Company	1,480.1	1,441.1
Total assets	2,058.4	2,019.7
Total debt	101.0	105.3
Gross debt/equity ratio (times) ^{R4}	0.07	0.07
Net asset value per share (\$) ^{R5}	1.34	1.30

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 1 of this media release.

^{R1} Earnings per share (basic) is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.

^{R2} Earnings per share (diluted) is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under various employee share plans.

^{R3} Return on turnover is computed by dividing profit attributable to owners of the Company by total revenue.

^{R4} Gross debt/equity ratio is computed by dividing total debt by equity attributable to owners of the Company.

^{R5} Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares (excluding treasury shares) in issue.