



1Q16/17 Performance Review

21 July 2016

Forward Looking Statements

This presentation may contain forward-looking statements regarding, among other things, the Company's outlook, business and strategy which are current as of the date they are made. These forward-looking statements are based largely on the current assumptions, expectations and projections of the directors and management of SATS about our business, and the industry and markets in which we operate. These statements are not guarantees of SATS' future performance and are subject to a number of risks and uncertainties, some of which are beyond the Company's control and are difficult to predict. Future developments and actual results could differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will prove to be accurate. SATS does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.

Agenda

- Executive Summary
- Group Financial Review
- Outlook

Executive Summary: 1Q16/17 Performance

- Group revenue improved 1.8%, with stronger volume growth across stations in key locations
- Operating margin expanded 2.2 percentage points to 12.8%
- Turnaround in TFK with 36.2% growth in revenue – restructuring efforts show progress
- Lower share of after-tax profits from Food Solutions' associates/JVs
- PATMI up 29.2% to \$64.1M. This included a \$9.3M gain of disposal of property
- EPS up 28.9% to 5.8 cents
- SATS continues to accelerate investments in technology and automation to enhance productivity and deliver significantly improved service quality and better performance for customers



Group Financial Review



1Q16/17 Highlights

Revenue

\$424.2M 1.8%

- Decline in Food Solutions' revenue (-0.5%). Excluding the transfer of food distribution revenue, the Group's underlying revenue would have grown by 8.6% while Food Solutions' revenue would have increased 11.4%. Gateway Services' revenue grew by 4.7%.

Operating profit

\$54.5M 23.9%

- Lower expenditure (-0.9%) contributed to improved operating profit. Group expenditure decreased despite growth in revenue.

Share of results of Associates/JVs, net of tax

\$12.2M -4.7%

- Share of after-tax profits from associates/JVs declined \$0.6M, with lower contribution from the Food Solutions' associates/JVs.

PATMI

\$64.1M 29.2%

- Underlying net profit was \$55.5M, 17.8% higher y-o-y.
- This excluded a gain of disposal of property of \$9.3M.
- EPS increased to 5.8 cents from 4.5 cents.

Debt-to-equity

0.08 times 14.3%

- Debt-to-equity ratio remained healthy at 0.08 times.
- Cash and short-term deposits stood at \$563.8M.
- Free cash flow generated year-to-date amounted to \$65.8M.



1Q16/17 Highlights

\$M	1Q16/17	1Q15/16	Favourable/ (Unfavourable) Change (%)
Revenue	424.2	416.9	1.8
Expenditure	(369.7)	(372.9)	0.9
Operating Profit	54.5	44.0	23.9
EBITDA	73.2	62.2	17.7
Share of Results of Associates/JVs, Net of Tax	12.2	12.8	(4.7)
Gain on disposal of assets held for sale	9.3	-	n.m.
Net gain from transfer of business to a JV	-	2.5	n.m.
Loss on divestment of interest in an associate	(0.2)	-	n.m.
Loss on dilution of interest in an associate	(0.5)	-	n.m.
PBT	76.2	59.9	27.2
PATMI	64.1	49.6	29.2
Underlying Net Profit*	55.5	47.1	17.8

n.m. – not meaningful

** Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – gain on disposal of assets held for sale, net gain from transfer of business to a JV and loss on divestment and dilution of interest in associates.*



Financial Indicators

%	1Q16/17	1Q15/16	Change (ppt)
Operating Margin	12.8	10.6	2.2
EBITDA Margin	17.3	14.9	2.4
PBT Margin	18.0	14.4	3.6
PATMI Margin	15.1	11.9	3.2
Underlying Net Margin	13.1	11.3	1.8

	1Q16/17	1Q15/16	Change (%)
EPS Based on PATMI (cents)	5.8	4.5	28.9%

	30 JUN 16	31 MAR 16
NAV Per Share (\$)	1.40	1.34
Debt-to-Equity Ratio	0.08	0.07

Improved margins and higher EPS in 1Q.

Group Segmental Revenue

\$M	1Q16/17	1Q15/16	Change (%)
By Business:			
Food Solutions	240.0	241.1	(0.5)
Gateway Services	182.9	174.7	4.7
Corporate	1.3	1.1	18.2
Total	424.2	416.9	1.8
By Industry:			
Aviation	370.8	342.8	8.2
Non-Aviation	52.1	73.0	(28.6)
Corporate	1.3	1.1	18.2
Total	424.2	416.9	1.8
By Geographical Location:			
Singapore	342.1	350.5	(2.4)
Japan	66.2	48.6	36.2
Others	15.9	17.8	(10.7)
Total	424.2	416.9	1.8

Revenue mix between Food Solutions and Gateway Services of 57:43 for 1Q16/17.

Group Expenditure

\$M	1Q16/17	1Q15/16	Favourable/ (Unfavourable) Change (%)
Staff Costs	213.8	200.1	(6.8)
Cost of Raw Materials	62.4	75.9	17.8
Licence Fees	17.3	17.0	(1.8)
Depreciation & Amortisation charges	17.8	17.3	(2.9)
Company Premise & Utilities Expenses	26.9	29.4	8.5
Other Costs	31.5	33.2	5.1
Group Expenditure	369.7	372.9	0.9
Group Revenue	424.2	416.9	1.8

Group expenditure decreased despite growth in revenue.

Associates/JVs Performance by Business

\$M	1Q16/17	1Q15/16	Change (%)
PAT	12.2	12.8	(4.7)
Food Solutions	1.8	2.6	(30.8)
Gateway Services	10.4	10.2	2.0
Dividends Received	15.5	17.6	(11.9)

AISATS, AAT, MIC and PT JAS together contributed approximately 73% of our share of after-tax profits from associates/JVs.

Group Balance Sheet

\$M	As at 30 JUN 16	As at 31 MAR 16
Total Equity	1,635.4	1,565.1
Long-Term Liabilities	70.9	70.3
Current Liabilities	517.9	470.3
Total Equity & Liabilities	2,224.2	2,105.7
Fixed Assets & Investment Properties	543.0	530.7
Associates / JVs	549.9	546.1
Intangible Assets	164.0	163.7
Other Non-Current Assets & Long-Term Investments	59.4	35.6
Current Assets		
<i>Debtors & prepayments</i>	319.4	306.2
<i>Inventories</i>	24.7	22.4
<i>Assets held for sale</i>	-	11.1
<i>Cash & short-term deposits</i>	563.8	489.9
Total Assets	2,224.2	2,105.7

Cash and short-term deposits increased mainly due to net cash flow from operating activities, dividends received from associates/JVs as well as proceeds from disposal of assets held for sale.

Group Cash Flow Statement

\$M	1Q16/17	1Q15/16	Difference
Net Cash From Operating Activities	85.3	26.9	58.4
Net Cash (Used In)/From Investing Activities	(16.7)	10.4	(27.1)
Net Cash From Financing Activities	2.7	1.9	0.8
Net Increase In Cash & Cash Equivalents	71.3	39.2	32.1
Cash & Cash Equivalents At End Of Financial Period	563.8	467.6	96.2
Free Cash Flow*	65.8	21.0	44.8

Net cash generated from operating activities was higher due to higher profit generated and movement in working capital. Net cash used in investing activities was higher due to higher capital expenditure, increase in long-term investments as well as investment in new associate PMAD, partially offset by proceeds from disposal of assets held for sale.



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

Outlook



Outlook

We will continue to focus on improving our productivity by harnessing technology. This will position us well to weather the global economic and political uncertainties as well as intense competition. Airline load factors are improving but yields remain under pressure.

We continue to seek new opportunities in our core aviation business, building on our strong portfolio in Singapore and the region. At the same time, we are developing new business in the non-aviation space driven by demand for high quality safe food and increased travel.

The continued growth of the middle class in Asia will create new opportunities for us, as we work towards our vision of feeding and connecting Asia.





END