



3Q and 9M16/17 Performance Review

9 February 2017

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: 3Q16/17 Performance

- Group revenue was flat year-on-year. Food Solutions' revenue declined 1.8% while Gateway Services' revenue grew 2.2%
- Operating margins expanded 1.1 percentage points to 15.1%
- Share of after-tax profits from both Food Solutions' and Gateway Services' associates/JVs improved by 9.5%
- PATMI up 7.4% to \$65.1M
- EPS up 5.5% to 5.8 cents
- We will continue to harness technology to improve productivity, seek new opportunities beyond Singapore and develop new ventures outside aviation.



Group Financial Review



3Q16/17 Highlights

Revenue

\$440.9M -

- Revenue flat with decline in Food Solutions' revenue (-1.8%), offset by growth in Gateway Services' revenue (+2.2%).

Operating profit

\$66.7M 7.9%

- Lower expenditure (-1.3%) contributed to improved operating profit. Reductions reported across all expense categories except staff costs and depreciation and amortisation charges.

Share of results of Associates/JVs, net of tax

\$12.7M 9.5%

- Higher contributions from Food Solutions' and Gateway Services' associates/JVs in the quarter.

PATMI

\$65.1M 7.4%

- EPS increased to 5.8 cents from 5.5 cents.



9M16/17 Highlights

Revenue

\$1,303.6M 1.8%

- Revenue grew 1.8%. Food Solutions' revenue grew 0.5%, while Gateway Services' revenue improved 3.4%. Excluding the food distribution revenue transferred to SATS BRF Food, the Group's underlying revenue would have increased 5.3%, while Food Solutions' underlying revenue would have increased 6.7%.

Operating profit

\$184.8M 12.0%

- Operating profit improved 12% due to strong cost control combined with operating leverage on growth in volume.

Share of results of Associates/JVs, net of tax

\$36.4M 0.3%

- Share of after-tax profits from associates/JVs grew 0.3% due to higher contributions from Gateway Services' associates/JVs.

PATMI

\$191.3M 12.6%

- PATMI increased 12.6% to \$191.3M.
- Underlying net profit was \$182.7M, 9.1% higher y-o-y.
- EPS increased to 17.2 cents from 15.3 cents.

Debt-to-equity

0.07 times -

- Debt-to-equity ratio remained healthy at 0.07 times.
- Cash and short-term deposits stood at \$424.8M.
- Free cash flow generated year-to-date amounted to \$117.6M.



3Q and 9M16/17 Financials

\$M	3Q16/17	3Q15/16	Favourable/ (Unfavourable) Change (%)	9M16/17	9M15/16	Favourable/ (Unfavourable) Change (%)
Revenue	440.9	441.0	(0.0)	1,303.6	1,280.6	1.8
Expenditure	(374.2)	(379.2)	1.3	(1,118.8)	(1,115.6)	(0.3)
Operating Profit	66.7	61.8	7.9	184.8	165.0	12.0
EBITDA	82.2	79.5	3.4	236.7	216.2	9.5
Share of Results of Associates/JVs, Net of Tax	12.7	11.6	9.5	36.4	36.3	0.3
Loss on disposal of property, plant and equipment	(0.2)	(0.8)	75.0	(0.1)	(0.8)	87.5
Gain on disposal of assets held for sale	-	-	n.m.	9.3	-	n.m.
Net gain from transfer of business to a JV	-	-	n.m.	-	2.5	n.m.
Loss on divestment/dilution of interest in associates	-	-	n.m.	(0.7)	-	n.m.
PBT	80.0	73.3	9.1	232.7	204.7	13.7
PATMI	65.1	60.6	7.4	191.3	169.9	12.6
Underlying Net Profit*	65.1	60.6	7.4	182.7	167.4	9.1

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/dilution of interest in associates.*



Financial Indicators

%	3Q16/17	3Q15/16	Change (ppt)	9M16/17	9M15/16	Change (ppt)
Operating Margin	15.1	14.0	1.1	14.2	12.9	1.3
EBITDA Margin	18.6	18.0	0.6	18.2	16.9	1.3
PBT Margin	18.1	16.6	1.5	17.9	16.0	1.9
PATMI Margin	14.8	13.7	1.1	14.7	13.3	1.4
Underlying Net Margin	14.8	13.7	1.1	14.0	13.1	0.9

	3Q16/17	3Q15/16	Change (%)	9M16/17	9M15/16	Change (%)
EPS Based on PATMI (cents)	5.8	5.5	5.5%	17.2	15.3	12.4%

	31 DEC 16	31 MAR 16
NAV Per Share (\$)	1.39	1.34
Debt-to-Equity Ratio	0.07	0.07

Improved margins and higher EPS in 3Q and 9M.



Group Segmental Revenue

\$M	3Q16/17	3Q15/16	Change (%)	9M16/17	9M15/16	Change (%)
By Business:						
Food Solutions	246.4	251.0	(1.8)	739.1	735.1	0.5
Gateway Services	193.0	188.9	2.2	560.4	542.1	3.4
Corporate	1.5	1.1	36.4	4.1	3.4	20.6
Total	440.9	441.0	(0.0)	1,303.6	1,280.6	1.8
By Industry:						
Aviation	377.1	370.0	1.9	1,129.4	1,071.7	5.4
Non-Aviation	62.3	69.9	(10.9)	170.1	205.5	(17.2)
Corporate	1.5	1.1	36.4	4.1	3.4	20.6
Total	440.9	441.0	(0.0)	1,303.6	1,280.6	1.8
By Geographical Location:						
Singapore	351.0	347.8	0.9	1,036.1	1,047.2	(1.1)
Japan	62.7	60.0	4.5	200.0	161.8	23.6
Others	27.2	33.2	(18.1)	67.5	71.6	(5.7)
Total	440.9	441.0	(0.0)	1,303.6	1,280.6	1.8

Revenue mix between Food Solutions and Gateway Services of 56:44 for 3Q16/17.



Group Expenditure

\$M	3Q16/17	3Q15/16	Favourable/ (Unfavourable) Change (%)	9M16/17	9M15/16	Favourable/ (Unfavourable) Change (%)
Staff Costs	215.0	212.4	(1.2)	639.4	613.3	(4.3)
Cost of Raw Materials	65.5	71.3	8.1	197.0	219.9	10.4
Licence Fees	17.6	18.4	4.3	51.4	51.7	0.6
Depreciation & Amortisation charges	18.2	17.7	(2.8)	54.1	52.0	(4.0)
Company Premise & Utilities Expenses	26.4	27.1	2.6	81.3	85.0	4.4
Other Costs	31.5	32.3	2.5	95.6	93.7	(2.0)
Group Expenditure	374.2	379.2	1.3	1,118.8	1,115.6	(0.3)
Group Revenue	440.9	441.0	(0.0)	1,303.6	1,280.6	1.8

Group expenditure decreased due to reductions in most expense categories except for staff costs and depreciation and amortisation charges.

Associates/JVs Performance by Business

\$M	3Q16/17	3Q15/16	Change (%)	9M16/17	9M15/16	Change (%)
PAT	12.7	11.6	9.5	36.4	36.3	0.3
Food Solutions	1.6	1.5	6.7	6.3	6.9	(8.7)
Gateway Services	11.1	10.1	9.9	30.1	29.4	2.4
Dividends Received	18.7	7.5	149.3	39.4	33.6	17.3

AISATS, AAT, MIC, and PT JAS together contributed approximately 74% of our share of after-tax profits from associates/JVs for 3Q16/17.



Group Balance Sheet

\$M	As at 31 DEC 16	As at 31 MAR 16
Total Equity	1,622.2	1,565.1
Long-Term Liabilities	168.5	70.3
Current Liabilities	368.4	470.3
Total Equity & Liabilities	2,159.1	2,105.7
Fixed Assets & Investment Properties	540.9	530.7
Associates / JVs	615.5	546.1
Intangible Assets	159.6	163.7
Other Non-Current Assets & Long-Term Investments	57.1	35.6
Current Assets		
<i>Debtors & prepayments</i>	338.5	306.2
<i>Inventories</i>	22.7	22.4
<i>Assets held for sale</i>	-	11.1
<i>Cash & short-term deposits</i>	424.8	489.9
Total Assets	2,159.1	2,105.7

Decline in cash and short-term deposits mainly due to dividends of \$178.2M paid to shareholders during the period, capital expenditure and investments, partly offset by cash generated from operations, dividends from associates/JVs and proceeds from disposal of assets held for sale.

Group Cash Flow Statement

\$M	9M16/17	9M15/16	Difference
Net Cash From Operating Activities	173.2	126.3	46.9
Net Cash (Used In) / From Investing Activities	(58.3)	6.8	(65.1)
Net Cash Used In Financing Activities	(181.0)	(146.5)	(34.5)
Net Decrease In Cash & Cash Equivalents	(66.1)	(13.4)	(52.7)
Effect of Exchange Rate Changes	1.0	0.5	0.5
Cash & Cash Equivalents At End Of Financial Period	424.8	416.8	8.0
Free Cash Flow*	117.6	98.0	19.6

Net cash used in investing activities was higher due mainly to higher capital expenditure and investments, offset by higher dividends received and proceeds from disposal of the Group's assets held for sale.



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

Outlook

Outlook

The operating environment continues to be challenging with airline margins under increasing pressure.

We will accelerate the harnessing of technology to improve productivity, seek new opportunities beyond Singapore and develop new ventures outside aviation.

In line with our strategy of feeding and connecting Asia, we are expanding our inflight catering facilities in Singapore to handle larger batch sizes for the expected increase in volume at Changi Airport. We are also extending our cargo network into the Middle East with projects both in Dammam, Saudi Arabia and Muscat, Oman.





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