



3Q FY18/19 Performance Review

13 February 2019

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: 3Q FY18/19 Performance

- Group revenue grew 5.5% to \$464.0M
- PATMI improved 3.5%
- Share of earnings from Associates/JVs increased 51.1% with higher contributions from Gateway Associates/JVs, including a \$5.8M gain from disposal of DFASS-SATS business to KSPL
- Operating margin dipped 0.8 percentage points to 14.1%
- EBITDA grew 2.9% to \$106.5M to achieve 23% margin in 3Q
- EPS increased 0.2 cents to 6.2 cents



Group Financial Review



3Q FY18/19 Highlights

Revenue

\$464.0M 5.5%

- Food revenue grew 5.0% while Gateway revenue was 6.2% higher, driven by increased volume growth for both segments.

Operating profit

\$65.3M -0.6%

- Group OPEX increased 6.6% with higher expenditure across the board in line with revenue growth. Other costs rose with higher IT renewal expenses, fuel costs, and professional fees.

Share of results of Assocs/JVs, net of tax

\$20.7M 51.1%

- Share of earnings from Assocs/JVs increased \$7.0M, with higher contributions from Gateway Assocs/JVs, which included \$5.8M gain from the disposal of DFASS-SATS (DSPL) business to KrisShop (KSPL).

PATMI

\$68.9M 3.5%

- Underlying PATMI was 1.6% higher at \$63.1M
- EPS rose 3.3% to 6.2 cents.
- ROE for 3QFY18/19 was higher at 4.3%.

EBITDA

\$106.5M 2.9%

- EBITDA for 3QFY18/19 was \$106.5M, 2.9% higher YOY.



9M FY18/19 Highlights

Revenue

\$1,356.5M 4.3%

- Food revenue grew 3.4% while Gateway revenue improved 5.3% with increased volume growth for both segments. Excluding the deconsolidation impact of SATS HK, Gateway revenue would have registered higher growth of 8.2%.

Operating profit

\$196.2M 8.8%

- Group OPEX increased 3.5% in line with revenue growth. Other costs rose \$0.4M with higher IT expenses, fuel costs, and professional fees, mitigated by forex gains and grants received.

Share of results of Associates/JVs, net of tax

\$50.0M 5.9%

- Share of profits from Assocs/JVs increased \$2.8M, mainly due to higher contributions from Gateway Assocs/JVs, including \$5.8M business transfer gain at DSPL.

PATMI

\$198.5M 1.2%

- Net profit was 1.2% up at \$198.5M, while Underlying PATMI was 4.4% higher at \$192.7M.
- EPS was 1.1% higher at 17.8 cents.
- ROE remained flat at 12.3%.

EBITDA

\$306.5M 3.3%

- EBITDA for 9MFY18/19 was \$306.5M, 3.3% higher YOY.



3Q and 9M FY18/19 Highlights

\$M	3Q18/19	3Q17/18	Fav/(Unfav) Change (%)	9M18/19	9M17/18	Fav/(Unfav) Change (%)
Revenue	464.0	439.8	5.5	1,356.5	1,301.1	4.3
Expenditure	(398.7)	(374.1)	(6.6)	(1,160.3)	(1,120.8)	(3.5)
Operating Profit	65.3	65.7	(0.6)	196.2	180.3	8.8
Share of Results of Associates/JVs, Net of Tax	20.7*	13.7	51.1	50.0	47.2	5.9
Other non-operating income, net	(0.2)	4.6	n.m.	(0.7)	11.8	n.m.
PBT	86.4	84.7	2.0	247.6	241.9	2.4
PATMI	68.9	66.6	3.5	198.5	196.1	1.2
Underlying Net Profit**	63.1	62.1	1.6	192.7	184.6	4.4
EBITDA	106.5	103.5	2.9	306.5	296.8	3.3

n.m. – not meaningful

* Inclusive of a \$5.8M gain from the disposal of business for DFASS SATS Pte Ltd to KrisShop Pte Ltd.

** Underlying net profit refers to net profit attributable to owners of the Company excluding one-off items.



Financial Indicators

%	3Q18/19	3Q17/18	Change		9M17/18	Change	
			ppt/%	9M18/19		ppt/%	ppt/%
Operating Margin	14.1	14.9	(0.8)	14.5	13.9	0.6	
PATMI Margin	14.8	15.1	(0.3)	14.6	15.1	(0.5)	
Underlying Net Margin	13.6	14.1	(0.5)	14.2	14.2	-	
EBITDA Margin	23.0	23.5	(0.5)	22.6	22.8	(0.2)	
Return on Equity	4.3	4.2	n.m.	12.3	12.3	-	
Basic EPS (cents)	6.2	6.0	3.3	17.8	17.6	1.1	
Dividend Per Share (cents)	-	-	-	6.0	6.0	0.0	

	31 DEC 18	31 MAR 18
NAV Per Share (\$)	1.44	1.46
Debt / Equity	0.06	0.07



Group Segmental Revenue

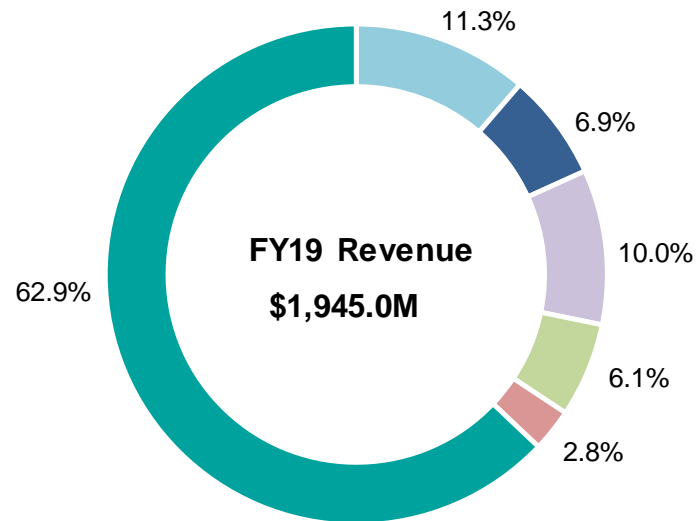
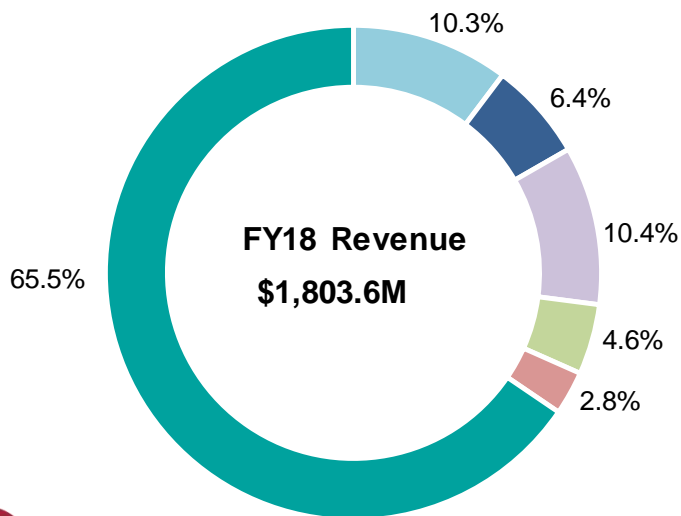
\$M	3Q18/19	3Q17/18	Change (%)	9M18/19	9M17/18	Change (%)
By Business:						
Food Solutions	252.4	240.4	5.0	742.8	718.3	3.4
Gateway Services	211.3	199.0	6.2	612.5	581.8	5.3
Others	0.3	0.4	(25.0)	1.2	1.0	20.0
Total	464.0	439.8	5.5	1,356.5	1,301.1	4.3
By Industry:						
Aviation	393.9	377.6	4.3	1,163.0	1,126.9	3.2
Non-Aviation	70.1	62.2	12.7	193.5	174.2	11.1
Total	464.0	439.8	5.5	1,356.5	1,301.1	4.3
By Geographical Location:						
Singapore	385.5	365.3	5.5	1,129.2	1,069.2	5.6
Japan	61.6	60.5	1.8	187.6	181.1	3.6
Others	16.9	14.0	20.7	39.7	50.8	(21.9)
Total	464.0	439.8	5.5	1,356.5	1,301.1	4.3



SATS Share of Revenue (Aggregated Revenue – Non-IFRS)

<i>In \$'M</i>	FY18	FY19	YOY Growth
● Singapore	1,181.2	1,223.9	3.6%
● Japan	187.2	194.5	3.9%
● Greater China	185.2	219.8	18.6%
● Asean (ex-Singapore)	115.6	134.7	16.5%
● India	82.9	118.6	43.0%
● Others	51.5	53.6	4.1%
	1,803.6	1,945.0	7.8%

Singapore accounted for ca. 62%-66% of Combined Revenue In FY18 & FY19



For management analysis purpose.

Group OPEX

\$M	3Q18/19	3Q17/18	Fav/(Unfav) Change (%)	9M18/19	9M17/18	Fav/(Unfav) Change (%)
Staff Costs	217.5	206.9	(5.1)	640.5	626.9	(2.2)
Cost of Raw Materials	69.4	64.4	(7.8)	201.9	188.9	(6.9)
Licence Fees	22.6	21.5	(5.1)	66.8	63.6	(5.0)
Depreciation & Amortisation charges	20.7	19.5	(6.2)	61.0	57.5	(6.1)
Company Premise & Utilities Expenses	28.1	24.8	(13.3)	84.2	78.4	(7.4)
Other Costs	40.4	37.0	(9.2)	105.9	105.5	(0.4)
Group Expenditure	398.7	374.1	(6.6)	1,160.3	1,120.8	(3.5)
Group Revenue	464.0	439.8	5.5	1,356.5	1,301.1	4.3

Group OPEX increased in line with revenue growth, while higher depreciation & amortisation charges were due to the addition of a new facility and equipment. Other costs rose with higher IT renewal expenses, fuel costs, and professional fees mitigated by grants received.

Associates/JVs Performance by Business

\$M	3Q18/19	3Q17/18	Change (%)	9M18/19	9M17/18	Change (%)
PAT	20.7	13.7	51.1	50.0	47.2	5.9
Food Solutions	2.9	3.1	(6.5)	10.8	11.6	(6.9)
Gateway Services	17.8	10.6	67.9	39.2	35.6	10.1
Dividends Received	18.3	10.4	76.0	39.1	23.3	67.8

- Higher share of earnings from Gateway Assocs/JVs mainly due to \$5.8M business transfer gain of DFASS-SATS
- Lower contributions from Food Assocs/JVs due to lower volumes at Brahim's
- Higher dividends received for the periods (mainly due to timing of receipts)

Group Balance Sheet

\$M	As at 31 DEC 18	As at 31 MAR 18
Total Equity	1,742.6	1,766.6
Other Long-term Liabilities	182.0	179.1
Current Liabilities	374.3	402.6
Total Equity & Liabilities	2,298.9	2,348.3
Fixed Assets & Investment Properties	574.2	569.0
Associates / JVs	878.1	848.8
Intangible Assets	157.7	157.5
Other Non-Current Assets & Long-term Investments	36.0	38.0
Current Assets		
<i>Cash & short-term deposits</i>	270.7	373.3
<i>Debtors & other current assets</i>	382.2	361.7
Total Assets	2,298.9	2,348.3

Total equity stood at \$1.74B with total assets of \$2.3B as of 31 Dec 18.

Group Cash Flow Statement

\$M	9M18/19	9M17/18	Difference
Net Cash From Operating Activities	184.8	146.4	38.4
Net Cash Used In Investing Activities	(46.6)	(37.9)	8.7
Net Cash Used In Financing Activities	(238.2)	(186.8)	51.4
Net decrease In Cash & Cash Equivalents	(100.0)	(78.3)	21.7
Cash & Cash Equivalents At End Of Financial Period	270.7	426.6	(155.9)
Free Cash Flow*	119.2	74.8	44.4

Net cash from operating activities was \$38.4M higher due to higher cash generated from operations.



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

Outlook



Outlook

Despite the slowdown in the global economy, increasing volumes in the aviation industry and strong demand for convenient food in Asian cities are creating growth opportunities for SATS. We are well-positioned to extend our market leadership in Asia Pacific, especially in the large, dynamic markets.

China is a key market for us for scale and connectivity, and we have invested in ground and cargo handling, and catering operations at the new Daxing International Airport in Beijing. Furthermore, we are building new central kitchens in China to supply fast casual restaurant chains in key cities.

At the same time, our new ground and cargo handling ventures in India and Malaysia are already growing profitably.

We continue to enhance the sustainability of our business by digitalising our operations, developing our people, and building new capabilities while seeking acquisitions that can help us accelerate the implementation of our strategy to feed and connect Asia.





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