MEDIA RELEASE

SATS DELIVERS SEQUENTIAL QUARTERLY IMPROVEMENT AS TRANSFORMATION GAINS TRACTION

- Q4 PATMI of $0.8 million and EBITDA of $46.2 million supported by $51.1 million in government reliefs
- Net cash position of $201 million
- 32% YoY revenue growth of non-travel related businesses in Q4

SINGAPORE, 27 May 2021 – SATS Ltd. (SATS) today reports its unaudited results for the fourth quarter and the full year ended 31 March 2021.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	4Q FY20-21 (S$ million)	**Favourable / (Unfavourable) Change (S$ million)**	**Favourable / (Unfavourable) Change (%)**
Revenue	278.5	(154.6)	(35.7)
Expenditure	(256.0)	135.6	34.6
Operating profit	22.5	(19.0)	(45.8)
Share of results of associates/JVs, net of tax	(7.3)	23.9	76.6
Profit attributable to owners of the Company	0.8	7.1	112.7
Underlying net profit (1)	13.2	7.6	135.7
EBITDA (2)	46.2	3.3	7.7
Earnings per share (cents) - basic	0.1	0.7	116.7
Return on Equity (%/ppt)[2]	0.1	0.5	n.m.

	FY20-21 (S$ million)	**Favourable / (Unfavourable) Change (S$ million)**	**Favourable / (Unfavourable) Change (%)**
Revenue	970.0	(971.2)	(50.0)
Expenditure	(980.1)	734.9	42.9
Operating (loss)/profit	(10.1)	(236.3)	(104.5)
Share of results of associates/JVs, net of tax	(48.0)	(59.8)	(506.8)
(Loss)/Profit attributable to owners of the Company	(78.9)	(247.3)	(146.9)
Underlying net loss (1)	(23.9)	(204.2)	(113.3)
EBITDA (2)	72.3	(283.3)	(79.7)
Earnings per share (cents) - basic	(7.1)	(22.2)	(147.0)
Return on Equity (%/ppt)[2]	(5.0)	(15.3)	n.m.

Note:

[1] Underlying net profit ("Core PATMI") refers to net profit attributable to owners of the Company excluding the following one-off items:

	4th Quarter		Full Year	
	2020-21	**2019-20**	**2020-21**	**2019-20**
(i) Write-back of earn-out consideration	13.7	–	13.7	–
(ii) Impairment loss on investment in associates	(26.1)	(11.9)	(68.7)	(11.9)

[2] EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excluding one-off items. Excluding share of results of associates/joint ventures, EBITDA for FY21 and FY20 would be $120.3M and $343.8M respectively, while EBITDA for 4th quarter FY21 and FY20 would be $53.5M and $74.1M respectively.

[3] Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non-annualised).

GROUP EARNINGS

4Q FY20-21 (1 January – 31 March 2021)

As governments maintain stringent travel restrictions amidst a resurgence in COVID-19 cases, global passenger movements measured by revenue passenger kilometres (RPKs) improved but remained significantly below pre-COVID levels with a year-on-year drop of 70.7% in March. However, global air cargo demand reached a new high against an improving macroeconomic backdrop in the same month. Seasonally-adjusted cargo volumes grew by 4.4% above pre-crisis level in 2019, and gained 0.4% from February to March 2021. In line with this, international air cargo volumes for the Asia Pacific region improved by 7.1% in February compared to 2019. IATA forecasts air cargo volumes to rise by 13.1% year-on-year in 2021 and exceed 2019 levels by 2.8%.

Group revenue decreased $154.6 million or 35.7% to $278.5 million year-on-year, with lower revenue for both Gateway Services and Food Solutions. The Group's performance for the quarter was impacted as low aviation volumes persisted due to heightened travel restrictions amidst the ongoing COVID-19 pandemic. Gateway Services' revenue declined $60.1 million or 32.4% to $125.2 million, while Food Solutions' revenue fell by $92.6 million or 37.4% to $154.7 million. However, the sharp decline in aviation revenue was mitigated by the expansion into security services beyond aviation and resumption of safe cruises in Singapore.

Group expenditure for the quarter saw a reduction of $135.6 million or 34.6% to $256 million, compared to the previous corresponding quarter. Staff costs decreased $74.1 million mainly due to reduced number of staff, contract services, overtime, and other variable staff costs, along with government reliefs. The lower licence fees were in line with reduced aviation revenue. The reduction in raw materials cost corresponded with the lower aviation volumes, which was partly offset by the increased business activities of Country Foods Pte. Ltd. ("CFPL"). Other costs decreased $25.1 million, largely attributable to cost-saving measures and government reliefs.

Operating profit for the Group in the fourth quarter fell $19 million or 45.8% to $22.5 million, compared to the same quarter last year. Without relief from governments, Group operating profit would have been a loss of $28.7 million.

Share of results from associates/joint ventures was higher by $23.9 million or 76.6%, posting a loss of $7.3 million, an improvement from a loss of $31.2 million in the previous corresponding quarter. The share of results from associates/joint ventures was adversely affected by reduced business volumes experienced by all associates and joint ventures, as well as credit loss provisions made in consideration of the pandemic.

Despite the challenging operating landscape, the Group saw quarter-on-quarter improvement over the last four quarters and registered a net profit of $0.8 million this quarter, due to 32% year-on-year revenue growth from non-travel related businesses. The total credit provisions and impairment charges attributable to the Group amounted to approximately $43.8 million for the quarter. Excluding one-off impairments, the Group posted core PATMI of $13.2 million for the fourth quarter. Without relief from governments, Group PATMI would have been a loss of $45.4 million.

FY20-21 (1 April 2020 – 31 March 2021)

Group revenue for the year declined by $971.2 million or 50% to $970 million. The Group's performance has been significantly impacted by the steep fall in demand for air travel caused by strict border restrictions since the onset of the COVID-19 outbreak. Driven by sharp reductions in aviation volumes, revenue from Food Solutions contracted $496.7 million or 46.4% to $573.8 million, while Gateway Services' revenue decreased $479.1 million or 55.1% to $389.7 million. This was mitigated by revenue contributions from newly-consolidated entities, namely CFPL, Nanjing Weizhou Airline Food Corp., Ltd. ("NWA"), and Monty's Bakehouse UK Limited ("MBUK"), amounting to $118.9 million.

Group expenditure decreased $734.9 million or 42.9% year-on-year to $980.1 million, after taking into consideration continued efforts to reshape the Group's, cost base, government reliefs, as well as lower aviation volumes. Staff costs decreased by $497.2 million mainly due to government reliefs and workforce reductions in line with the management of lower aviation volumes. The reduction in raw material costs was due to the decrease in aviation volumes, partly offset by increased costs attributed to the consolidation of CFPL and NWA. Licence fees dropped $64.7 million in line with the lower aviation revenue recorded for the year. Depreciation and amortisation rose $12.8 million mainly due to new investments, newly-acquired systems, and an increase in right-of-use (ROU) assets last year. Group-wide cost containment measures have resulted in a decrease in company premises and utilities expenses. Other costs were also lower, partly offset by the higher provision for doubtful debts of $9.7 million made in the financial year. Excluding the consolidation of CFPL, NWA and MBUK, Group expenditure would have recorded a further reduction of $120.1 million.

Operating profit for the Group declined $236.3 million or 104.5% to an operating loss of $10.1 million, compared with an operating profit of $226.2 million from the last financial year.

Share of results from associates/joint ventures decreased $59.8 million from a profit of $11.8 million to a loss of $48 million, as the COVID-19 pandemic impacted the performance of the Group's aviation associates and joint ventures substantially.

Group net profit attributable to owners of the Company declined $247.3 million or 146.9% to a net loss of $78.9 million year-on-year. Excluding one-off impairments made in the current financial year, Group core PATMI would have been a net loss of $23.9 million. Without relief from governments, Group PATMI would have been a loss of $320.8 million.

GROUP FINANCIAL POSITION (as at 31 March 2021)

Total equity of the Group dipped by $106.7 million to $1,698.8 million as at 31 March 2021, compared to 31 March 2020. The lower equity was largely attributed to the loss of $109.3 million for the financial year.

Non-current assets decreased $213 million due to lower property, plant and equipment, ROU assets, investment in associates, as well as investment in joint ventures and long-term investments. Property, plant and equipment was lower largely as a result of depreciation and impairment charges made in the year. The lower investment in associates and joint ventures corresponded with lower share of results from associates/joint ventures and impairments recorded. An impairment charge of $92.8 million in total was recorded for property, plant and equipment, investment in associates and long-term investments in the current year.

Current assets of the Group increased $294.3 million mainly due to higher cash and cash equivalents and inventories, partly offset by lower trade and other receivables. The higher cash and cash equivalents were attributable to the drawdown of credit facilities and cash inflows from operating activities, while higher inventory balance was in line with the increased business activities of CFPL. Lower trade and other receivables corresponded with lower revenue from reduced business volumes.

Current liabilities rose $4 million primarily due to higher term loans, partially compensated by lower trade payables and income tax payables.

Non-current liabilities of the Group increased $184 million predominantly due to higher term loans from the issuance of $100 million notes due in 2025 pursuant to the $2 billion Multicurrency Debt Issuance Programme. This was partly mitigated by lower deferred tax liabilities, lease liabilities, and other liabilities.

The Group continues to maintain a net cash position of $201 million overall. Cash balance as at 31 December 2021 was $879.8 million, while free cash flow generated during the year amounted to $56.2 million. Total liabilities have increased correspondingly with the additional drawdown of facilities and lease liabilities arising from *SFRS (I)* 16, increasing the debt-to-equity ratio to 0.56 times.

DIVIDENDS

In light of the significant uncertainties in our operating environment, the Board of Directors believes that it would be prudent not to pay a final dividend for FY20-21. This will allow the company to preserve more jobs and capabilities to support our customers as aviation volumes resume, and to pursue opportunities outside of aviation.

OUTLOOK

Despite the ongoing rollout of vaccines around the world, new COVID-19 variants continue to create uncertainty over the reopening of international borders, delaying the rebound of international air travel. SATS is innovating to support its aviation customers with products and services that enable them to operate safely, efficiently, and sustainably, both in the current restricted travel environment as well as when volumes recover.

During the pandemic, SATS has established itself as an essential service: keeping supply chains open and supporting efforts to protect public health. We are enhancing our cargo capabilities to meet the increasing demand for temperature-sensitive supplies and e-commerce. The food business continues to grow in new, non-travel related market segments across Asia. In addition, our security services business in Singapore is expanding.

Said ***Alex Hungate, President and Chief Executive Officer of SATS Ltd.****,* "While the pandemic continues to restrict travel, SATS will continue to transform by reshaping our aviation services businesses while expanding non-travel related businesses."

END

ABOUT SATS LTD.

SATS is Asia's leading provider of food solutions and gateway services. Using innovative food technologies and resilient supply chains, we create tasty, quality food in sustainable ways for airlines, foodservice chains, retailers and institutions. With heartfelt service and advanced technology, we connect people, businesses and communities seamlessly through our comprehensive gateway services for customers such as airlines, cruise lines, freight forwarders, postal services and eCommerce companies.

Fulfilling our purpose to feed and connect communities, SATS is delighting customers in over 55 locations and 13 countries across the Asia Pacific, UK, 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 4Q and FY20-21 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S$ million)	4Q FY20-21	4Q FY19-20	FY20-21	FY19-20
Revenue	278.5	433.1	970.0	1,941.2
Expenditure	(256.0)	(391.6)	(980.1)	(1,715.0)
Operating profit/(loss)	**22.5**	**41.5**	**(10.1)**	**226.2**
Share of results of associates/JVs, net of tax	(7.3)	(31.2)	(48.0)	11.8
(Loss)/Profit before tax	**(5.9)**	**(12.1)**	**(145.5)**	**213.9**
Profit/(Loss) attributable to owners of the Company	**0.8**	**(6.3)**	**(78.9)**	**168.4**
Underlying net profit/(loss)	***13.2***	***5.6***	***(23.9)***	***180.3***
Per Share Data				
Earnings per share (cents)				
- Basic [R1]	0.1	(0.6)	(7.1)	15.1
- Diluted [R2]	0.1	(0.6)	(7.0)	15.0
Return on turnover (%) [R3]	0.3	(1.5)	(8.1)	8.7

Financial Position (S$ million)	As at 31-MAR-21	As at 31-MAR-20
Equity attributable to owners of the Company	1,546.3	1,617.5
Total assets	3,091.8	3,010.5
Total debt	873.4	624.5
Gross debt/equity ratio (times) [R4]	0.56	0.39
Net asset value per share ($) [R5]	1.38	1.45

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.

ANNEX B: OPERATING STATISTICS

	2H FY20-21	2H FY19-20	Change (%)	FY20-21	FY19-20	Change (%)
Passengers Handled ('M)	2.09	38.90	(94.6)	4.12	84.62	(95.1)
Flights Handled ('000)	27.98	167.00	(83.2)	55.12	351.44	(84.3)
Cargo/Mail Processed ('000 tonnes)	663.07	879.97	(24.6)	1,154.60	1,790.58	(35.5)
Gross Meals Produced ('M)	22.96	42.79	(46.3)	43.65	82.46	(47.0)
Ship Calls Handled	96	155	(38.1)	96	258	(62.8)

Notes:

i. *The above operating data cover SATS and its subsidiaries, but does not include joint ventures and associates.*

ii. *Passengers handled comprise full service and low cost carriers, business aviation, as well as cruise ship passengers.*

iii. *Gross meals include both in-flight and institutional catering meals.*

iv. *Flights, cargo, and passengers handled by GTR and SATS Seletar Aviation Services have been included in the above operating statistics since January 2019 and April 2019 respectively. Gross meals produced by Nanjing Weizhou Airline Food Corp has been included in the above operating statistics since October 2019. Cargo tonnage handled by SATS Saudi Arabia has been included since March 2020.*