



## BUSINESS UPDATE

### SATS POSTS 3Q PATMI OF S\$5.1 MILLION (2Q: S\$6.8 million)

- 3Q PATMI without government reliefs would have been a loss of S\$33.0 million (2Q loss: S\$30.1M).
- Group revenue grew 22.6% YoY, supported by travel growth.
- Share of earnings from associates and joint ventures increased S\$8.6 million YoY to S\$12.1 million in 3Q.

**SINGAPORE, 23 February 2022** – SATS Ltd. (SATS) today reports its business update for the third quarter ended 31 December 2021.

#### HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	3Q FY21-22 (S\$ million)	Favourable / (Unfavourable) Y-o-Y Change (S\$ million)	Favourable / (Unfavourable) Y-o-Y Change (%)
Revenue	307.8	56.8	22.6
Expenditure	(317.3)	(69.7)	(28.2)
Operating (loss)	(9.5)	(12.9)	(379.4)
Share of results of associates/JVs, net of tax	12.1	8.6	245.7
Profit attributable to owners of the Company ("PATMI")	5.1	7.9	282.1
Core PATMI <sup>(1)</sup>	5.1	(3.1)	(37.8)
EBITDA <sup>(2)</sup>	31.7	(7.8)	(19.7)
Earnings per share (cents) - basic	0.5	0.7	350.0
Return on Equity (%/ppt) <sup>(3)</sup>	0.3	n.m.	n.m.

	9M FY21-22 (S\$ million)	Favourable / (Unfavourable) Y-o-Y Change (S\$ million)	Favourable / (Unfavourable) Y-o-Y Change (%)
Revenue	877.3	185.8	26.9
Expenditure	(882.8)	(158.7)	(21.9)
Operating (loss)	(5.5)	27.1	83.1
Share of results of associates/JVs, net of tax	13.0	53.7	131.9
Profit attributable to owners of the Company ("PATMI")	18.3	98.0	123.0
Core PATMI <sup>(1)</sup>	18.3	55.4	149.3
EBITDA <sup>(2)</sup>	97.4	71.3	273.2

Earnings per share (cents) - basic	1.6	8.7	122.5
Return on Equity (%/ppt) <sup>(3)</sup>	1.2	n.m.	n.m.

**Note:**

- (1) Core PATMI refers to net profit / (loss) attributable to owners of the Company, excluding the following one-off items:

	3 <sup>rd</sup> Quarter		9 Months	
	2021-22	2020-21	2021-22	2020-21
(i) Impairment loss on investment in an associate, long-term investment, and intangible assets	-	(11.0)	-	(42.6)

- (2) EBITDA refers to earnings (including share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excludes one-off items. Excluding share of results of associates/joint ventures, EBITDA for 9MFY22 and 9MFY21 would be S\$84.4M and S\$66.8M respectively while EBITDA for 3QFY22 and 3QFY21 would be S\$19.6M and S\$36.0M respectively.

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

*n.m. – not meaningful.*

## GROUP EARNINGS

### **3Q FY21-22 (1 October – 31 December 2021)**

Air travel recovery continues despite disruptions caused by the Omicron variant and more markets are reopening in line with the progress made in vaccination efforts in the past year. Annual global passenger movement for 2021, which is measured by revenue passenger-kilometres (RPKs), recovered to 41.6% of 2019 pre-COVID levels compared to 34.2% in 2020. RPKs also grew 79.5% year-on-year in December 2021 as holiday season travel was undeterred by the Omicron outbreak. During the period, global air cargo continued its robust growth. Cargo tonne-kilometres (CTKs) in December 2021 expanded 8.9% from pre-COVID levels in December 2019.

Group revenue rose by S\$56.8 million or 22.6% in the third quarter to S\$307.8 million, with growth in both Food Solutions and Gateway Services driven by increased business activities. Revenue from Food Solutions increased by S\$23 million or 16% to S\$166.5 million due to the gradual aviation recovery. Gateway Services' revenue expanded S\$35.2 million, or 33.5%, to S\$140.3 million due to higher flight volumes handled and the resumption of ship calls.

Group expenditure increased by S\$69.7million, or 28.2% year-on-year, to S\$317.3 million in line with the gradual recovery of business activities. Staff costs grew by S\$43.4 million, along with increased business activities and volume, implementation of additional safety measures at Changi Airport, and lower government grants. Cost of raw materials corresponded with higher food revenue. Depreciation and amortisation fell due to assets impaired in the previous financial year. The higher company premises and utilities expenses reflected the increase in business volumes. Other costs rose by S\$15.3 million with higher provision for bad debts and lower government grants.

The Group recorded an operating loss of S\$9.5 million for the current quarter, which declined S\$12.9 million from the operating profit of S\$3.4 million registered last year.

Share of results from associates/joint ventures rose by S\$8.6 million to a profit of S\$12.1 million. The gradual recovery from the pandemic has boosted the performance for most of the aviation associates and joint ventures of the Group.

Other non-operating loss of S\$6.1 million was ascribed to impairment made for property, plant and equipment.

Group net profit attributable to the owners of the Company ("PATMI") grew to S\$5.1 million for the third quarter, which improved by S\$7.9 million from a net loss position of S\$2.8 million registered in the same period last year. Excluding reliefs, Group PATMI would have been a loss of S\$33 million.

### **9 Months FY21-22 (1 April – 31 December 2021)**

Group revenue increased by S\$185.8 million, or 26.9% year-on-year, to S\$877.3 million. The growth in non-travel food and aviation volumes was primarily due to the easing of travel restrictions and opening of Vaccinated Travel Lanes (VTL), which led to Food Solutions' revenue improving by 13.8%, or S\$57.8 million, to S\$476.8 million. Similarly, Gateway Services' revenue jumped by 50.3%, or S\$133.1 million, to S\$397.6 million in the current nine months over last year, driven by stable cargo growth, increased flights, resumption of ship calls and the expansion of security services.

Group expenditure increased by S\$158.7 million, or 21.9% year-on-year, to S\$882.8 million due to increased business activities. Staff costs rose S\$100.8 million because of a higher volume of activities, heightened safety measures required at airports, and the reduction of government grants. Raw materials costs rose in line with the higher food revenue. Depreciation and amortisation dipped S\$9.5 million, mainly attributable to assets impaired in the last financial year. Company premises and utilities expenses corresponded with higher business volumes that were partially offset by Group-wide cost containment measures. Other costs increased S\$23.2 million mainly due to higher fuel costs, professional fees and lower government grants.

Operating loss of the Group for the nine months narrowed by S\$27.1 million or 83.1% to S\$5.5 million, from a loss of S\$32.6 million recorded in the same period last year.

Share of results from associates/joint ventures improved to a profit of S\$13 million, compared to a loss of S\$40.7 million in the previous financial year. The gradual recovery from the pandemic has improved the performance of most aviation associates and joint ventures of the Group.

Other non-operating loss of S\$6.9 million is related to the impairment made for property, plant and equipment.

Group net profit attributable to the owners of the Company ("PATMI") reached a net profit of S\$18.3 million, an improvement of S\$98 million from a net loss of S\$79.7 million in the last financial year. Excluding government reliefs, Group PATMI would have been a loss of S\$98.6 million for the period compared to a loss of S\$275.4 million in the previous year.

### **GROUP FINANCIAL POSITION (as at 31 December 2021)**

The total equity of the Group increased by S\$19.9 million to S\$1,718.7 million as at 31 December 2021, compared to 31 March 2021, mainly attributable to the profit generated during the period.

Non-current assets increased by S\$2.1 million, primarily due to higher intangible assets and deferred tax assets, which were partly offset by lower property, plant and equipment and right-of-use (ROU) assets. The increase in intangible assets arose from the consolidation of Food City in July 2021, while the decrease in property, plant and equipment was due to the impairment of assets, and the lower ROU assets due to the amortisation for the period.

Current assets of the Group decreased S\$121.5 million largely due to lower cash and short-term deposits and inventories, which were partially offset by higher trade and other receivables. Cash and cash equivalents fell primarily due to the full repayment of a S\$150 million term loan ahead of its maturity.

Current liabilities decreased S\$82.3 million mainly due to a lower term loan and reduced income tax payables, which were partially offset by higher trade and other payables. The lower term loan was due to the reclassification of a JPY 7.8 billion loan to a long-term loan upon refinancing.

Non-current liabilities of the Group fell S\$57 million due to the early repayment of a S\$150 million term loan partly offset by the reclassification of the JPY loan from short-term liabilities.

The Group continues to maintain a net cash position. Cash balance stood at S\$678.3 million as at 31 December 2021, while free cash flow generated during the nine months amounted to negative S\$49 million. Debt-to-equity ratio including SFRS (I) 16 lease liabilities remained healthy at 0.47 times.

**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 delights customers in over 55 locations and 14 countries across the Asia Pacific, UK, and Middle East. SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit [www.sats.com.sg](http://www.sats.com.sg).

## **ANNOUNCEMENT INFORMATION**

The complete 3Q FY21-22 results of SATS are available at [www.sats.com.sg](http://www.sats.com.sg).

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## ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	3Q FY21-22	3Q FY20-21	9M FY21-22	9M FY20-21
Revenue	307.8	251.0	877.3	691.5
Expenditure	(317.3)	(247.6)	(882.8)	(724.1)
<b>Operating (Loss)/Profit</b>	<b>(9.5)</b>	<b>3.4</b>	<b>(5.5)</b>	<b>(32.6)</b>
Share of results of associates/JVs, net of tax	12.1	3.5	13.0	(40.7)
<b>(Loss) before tax</b>	<b>(7.1)</b>	<b>(20.2)</b>	<b>(10.0)</b>	<b>(139.6)</b>
<b>Profit/(Loss) attributable to owners of the Company</b>	<b>5.1</b>	<b>(2.8)</b>	<b>18.3</b>	<b>(79.7)</b>
<b>Core PATMI</b>	<b>5.1</b>	<b>8.2</b>	<b>18.3</b>	<b>(37.1)</b>
<b>Per Share Data</b>				
Earnings per share (cents)				
- Basic <sup>R1</sup>	0.5	(0.2)	1.6	(7.1)
- Diluted <sup>R2</sup>	0.5	(0.2)	1.6	(7.1)
Return on turnover (%) <sup>R3</sup>	1.7	(1.1)	2.1	(11.5)
	<b>As at</b>	<b>As at</b>		
<b>Financial Position (S\$ million)</b>	<b>31-DEC-21</b>	<b>31-MAR-21</b>		
Equity attributable to owners of the Company	1,580.3	1,546.3		
Total assets	2,972.4	3,091.8		
Total debt	737.6	873.4		
Gross debt/equity ratio (times) <sup>R4</sup>	0.47	0.56		
Net asset value per share (S\$) <sup>R5</sup>	1.41	1.38		

### Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 2 of this business update.

<sup>R1</sup> 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.

<sup>R2</sup> 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.

<sup>R3</sup> Return on turnover is computed by dividing profit attributable to owners of the Company by total revenue.

<sup>R4</sup> Gross debt/equity ratio is computed by dividing total debt by equity attributable to owners of the Company.

<sup>R5</sup> 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

	3Q FY21-22	3Q FY20-21	Change (%)	9M FY21-22	9M FY20-21	Change (%)
Passengers Handled ('M)	3.61	1.08	234.3	5.45	3.11	75.2
Flights Handled ('000)	29.99	14.62	105.1	58.23	41.76	39.4
Cargo/Mail Processed ('000 tonnes)	458.87	322.10	42.5	1,267.19	813.63	55.7
Gross Meals Produced ('M)	12.95	11.47	12.9	39.26	32.16	22.1
Ship Calls Handled	66	34	94.1	195	34	473.5

### 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. *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.*