



## MEDIA RELEASE

### **SATS 3Q PATMI improves to S\$31.5M boosted by strong seasonal demand**

- *SATS delivers steady business performance with revenue increasing 6.5% QoQ to S\$1.4 billion driven by ongoing travel recovery and strong seasonality impact*
- *3Q FY24 EBITDA plus SoAJV margin rose to 18.3% from 17.0% in the previous quarter, lifted by revenue growth and operating leverage as well as increased contribution from Associates and JVs*
- *3Q FY24 operating cash flow (before lease payments) increased to S\$172.3 million from S\$35.4 million in the previous quarter*
- *Refinancing efforts are bearing fruit with significant financial savings and continuing to drive improvements in debt position*

**SINGAPORE, 29 February 2024** – SATS Ltd. (“**SATS**” or the “**Company**” and its subsidiaries, the “**Group**”) today reports its financial performance for the three months ended 31 December 2023 (**3Q FY24**) and nine months ended 31 December 2023 (**9M FY24**).


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

|  | <b>3Q FY24</b><br><b>(S\$ million)</b> | <b>2Q FY24</b><br><b>(S\$ million)</b> | <b>Favourable /</b><br><b>(Unfavourable)</b><br><b>QoQ Change</b><br><b>(S\$ million)</b> | <b>Favourable /</b><br><b>(Unfavourable)</b><br><b>QoQ Change</b><br><b>(%)</b> |
|--|--|--|---|---|
| Revenue  | 1,365.4                                | 1,281.9                                | 83.5  | 6.5   |
| Expenditure  | (1,279.6)                              | (1,216.4)                              | (63.2)  | (5.2)   |
| Operating profit (EBIT)<br><i>EBIT margin</i>                              | 85.8<br>6.3%                           | 65.5<br>5.1%                           | 20.3<br>1.2ppt  | 31.0<br>-   |
| Share of earnings of<br>associations/joint ventures,<br>net of tax (SoAJV) | 34.6                                   | 23.1                                   | 11.5  | 49.8  |
| Profit attributable to owners<br>of the Company (PATMI)                    | 31.5                                   | 22.2                                   | 9.3   | 41.9  |
| Core PATMI <sup>(1)</sup>  | 31.8                                   | 16.8                                   | 15.0  | 89.3  |
|  |  |  |   |   |
| EBITDA <sup>(2)</sup> (+SoAJV)<br><i>EBITDA (+SoAJV) margin</i>            | 249.6<br>18.3%                         | 217.6<br>17.0%                         | 32.0<br>1.3ppt  | 14.7<br>-   |



|  | 9M FY24<br>(S\$ million) | 9M FY23<br>(S\$ million) | Favourable /<br>(Unfavourable)<br>QoQ Change<br>(S\$ million) | Favourable /<br>(Unfavourable)<br>QoQ Change<br>(%) |
|--|--------------------------|--------------------------|---|---|
| Revenue  | 3,846.0                  | 1,280.2                  | 2,565.8   | 200.4   |
| Expenditure  | (3,684.5)                | (1,323.6)                | (2,360.9)   | (178.4)   |
| Operating profit (EBIT)<br><i>EBIT margin</i>                              | 161.5<br>4.2%            | (43.4)<br>-3.4%          | 204.9<br>7.6ppt   | <i>n.m.</i><br>-                                    |
| Share of earnings of<br>associations/joint ventures,<br>net of tax (SoAJV) | 79.0                     | 27.8                     | 51.2  | 184.2   |
| Profit attributable to owners<br>of the Company (PATMI)                    | 23.7                     | (32.0)                   | 55.7  | <i>n.m.</i>   |
| Core PATMI <sup>(1)</sup>  | 31.2                     | (3.7)                    | 34.9  | <i>n.m.</i>   |
|  |                          |                          |   |   |
| EBITDA <sup>(2)</sup> (+SoAJV)<br><i>EBITDA (+SoAJV) margin</i>            | 646.6<br>16.8%           | 114.5<br>8.9%            | 532.1<br>7.9ppt   | 464.7<br>-  |
| Earnings per share (cents)<br>– basic <sup>(3)</sup>                       | 1.6                      | (2.7)                    | 4.3   | <i>n.m.</i>   |
| Return on Equity (%/ppt) <sup>(4)</sup>                                    | 1.0                      | (2.0)                    | 3.0   | <i>n.m.</i>   |

**Notes:**

*FY24 refers to the financial year from 1 April 2023 to 31 March 2024.*

*(1) Core PATMI refers to net profit attributable to owners of the Company excluding one-off items.*

*(2) EBITDA refers to earnings before interest, tax, depreciation and amortisation.*

*(3) 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. Loss per share for 9M FY23 was restated due to rights issuance in March 2023.*

*(4) 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*



### **3Q FY24 (1 October 2023 to 31 December 2023)**

For 3Q FY24, Group revenue increased by 6.5% QoQ to S\$1.4 billion primarily due to volume improvements boosted by strong seasonal demand, particularly in cargo for WFS. Food Solutions revenue increased by 6.8% QoQ to S\$294.5 million, while Gateway Services revenue grew by 6.4% QoQ to S\$1.1 billion.

As at December 2023 (excluding WFS), aviation food and flight volumes reached 97% and 86% respectively, while cargo volume recovered to 99% of pre-COVID levels in 3Q FY24, primarily due to increased travel demand and seasonality factor. Group expenditure increased 5.2% QoQ to S\$1.3 billion as business volume growth and productivity measures began to positively impact results.

In 3Q FY24, the Group reported an operating profit of S\$85.8 million, a 31.0% improvement QoQ, reflecting greater efficiencies and operating leverage from a more balanced business mix in aviation food and air cargo. The Group also saw stronger contribution to its bottom line from its share of earnings of associates and joint ventures, which increased by S\$11.5 million to S\$34.6 million. Group Net Profit attributable to owners of the Company (PATMI) increased S\$9.3 million QoQ to S\$31.5 million, impacted positively by improvements in the performance of the Group's business units as well as strong seasonality in Cargo.

### **9M FY24 (1 April 2023 to 31 December 2023)**

9M FY24 Group revenue increased by 200.4% to S\$3.8 billion over the same period last year, driven primarily by the consolidation of Worldwide Flight Services (WFS) after its acquisition by SATS on 3 April 2023. WFS' revenue in the first 9 months was S\$2.2 billion. Excluding WFS, SATS' standalone revenue increased by 27.8% to S\$1.6 billion, bolstered by the recovery in the aviation sector. In 9M FY24, SATS Food Solutions revenue increased by 27.6% to S\$810.6 million, while Gateway Services revenue grew 28.0%, YoY, to S\$824.7 million.



In support of increased business activities, Group expenditure rose by 178.4% YoY, to S\$3.7 billion. While current inflationary and wage pressures are expected to persist in the near term, management has instituted cost and yield management initiatives to drive performance.

In 9M FY24, SATS Group recorded an operating profit of S\$161.5 million, despite the discontinuation of government reliefs. The amount of government reliefs recognised over the same period last year was S\$39.4 million. The 9M FY24 results is a marked improvement compared to an operating loss of S\$43.4 million posted in the corresponding period last year. Share of earnings of associates and joint ventures increased by 184.2% to S\$79.0 million, with improving performance from the majority of aviation associates and joint ventures on the back of industry recovery and seasonality factor.

For 9M FY24, the PATMI for the Group was S\$23.7 million after taking into account higher interest expenses, reflecting an improvement of S\$55.7 million from a loss of S\$32.0 million recorded in 9M FY23.

### **GROUP FINANCIAL POSITION (as of 31 December 2023)**

Total equity increased by S\$26.4 million to S\$2.5 billion as at 31 December 2023, compared to 31 March 2023 mainly due to profit in the current financial period.

Non-current assets increased by S\$4.7 billion to S\$6.6 billion, attributed to intangible assets, right-of-use assets, investment in joint ventures, and property, plant and equipment from the acquisition of WFS.

Current assets decreased by S\$768.4 million to S\$2.0 billion due to the transfer of deposits placed with the notary to the seller of WFS upon completion of the WFS



acquisition in April 2023. This was partially offset by higher trade and other receivables from aviation recovery and consolidation of WFS, as well as WFS's net cash acquired.

Current liabilities increased by S\$2.7 billion to S\$3.3 billion, mainly from the addition of WFS' lease liabilities and trade and other payables as well as a €1.04 billion bank loan obtained by SATS in 1Q FY24 to refinance WFS' debt. The €1.04 billion bank loan, which matures in May 2024, was classified as current liabilities as at 31 December 2023 for which €460 million (US\$500 million) has been repaid in February 2024 using the proceeds raised from the Multicurrency Debt Issuance Programme ('**EMTN**') issued in January 2024. The Group is focused on refinancing the outstanding €580 million loan, continuing to improve its leverage and free cash flow position.

Non-current liabilities increased by S\$1.1 billion to S\$2.7 billion, mainly due to the addition of WFS' lease liabilities, and deferred tax liabilities upon consolidation of WFS.

3Q FY24 operating cash flow increased to S\$172.3 million from S\$35.4 million in the previous quarter, driven by improved operating performance, lower working capital requirement and partially offset by higher interest paid. Net of lease payments, 3Q FY24 operating cash flow was at S\$78.2 million, which improved by \$155.0 million compared to an operating outflow of S\$76.8 million posted in 2QFY24.

For 9M FY24, operating cash flow increased to S\$247.8 million, compared to an outflow of S\$19.1 million recorded in the corresponding period last year. Net of lease payments, 9M FY24 operating cash outflow was S\$37.0 million, which improved from an outflow of \$63.1 million in 9M FY23.

## **BOND ISSUANCE**

In January 2024, SATS issued US\$500 million bonds to refinance existing debt and lower borrowing costs. The bonds, combined with a concurrent cross-currency swap to Euros,



helped reduce interest rate to approximately 3.5% per annum and matched the currency of the existing bridge loans to hedge the Company's foreign currency exposure. The proceeds from the bond issuance was applied entirely to refinance part of SATS' existing €1 billion bridge loan, maturing in May 2024. Combined with the refinancing of WFS senior secured notes in June 2023, this would result in total annual financial savings in excess of S\$50 million, demonstrating the Group's commitment to reducing borrowing costs and enhancing financial flexibility.

## **OUTLOOK**

While Asia's travel recovery still lags behind other regions, IATA<sup>1</sup> expects the broader industry to return to profitability in the second half of 2024. Despite prevailing headwinds, including inflationary costs, wage pressures, and geopolitical factors, we remain focused on managing costs, leveraging operational synergies, winning new contracts and strengthening our financial position. We believe this will lead to continuing improvement in financial results, delivering sustainable long-term growth and performance.

We are committed to achieving commercial and operational synergies with the expanded network. We will continue to focus on our operations in Singapore while expanding scalable and profitable solutions globally. This is demonstrated by our recently secured contracts, such as Etihad across 12 prime cargo airports and Air China Cargo in Los Angeles, as well as our strategic collaboration with Saudia Cargo and Cainiao in Liege.

SATS is well-positioned to benefit from the ongoing recovery in both passenger and cargo in 2024. As the Group focuses on profitability, the priorities remain on repaying debt, reinvesting in the business, and resuming dividend distribution to our shareholders.

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<sup>1</sup> Source: <https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport---december-2023---report/>



**Kerry Mok, President and Chief Executive Officer of SATS**, said, *“During the quarter, our business operations continued to show improvement in profitability, driven by travel recovery and strong seasonal demand. The Group continues to benefit from operational synergies and new commercial wins from the expanded network and our strengthened global position.*

*Singapore remains a key pillar of our business. We are committed to support the continued growth of Changi Airport and have ramped up our operations accordingly.*

*Our refinancing efforts are also bearing fruit with significant financial savings realised to date. We continue to be focused on driving profitable growth and increasing shareholder value.”*

**END**





## **ABOUT SATS GROUP**

SATS Ltd. (SATS) is a global leader in gateway services and Asia's pre-eminent provider of food solutions. 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. Using innovative food technologies and resilient supply chains, we create tasty, quality food in sustainable ways for airlines, foodservice chains, retailers, and institutions.

Fulfilling our purpose to feed and connect communities, SATS delights customers in over 210 locations and 27 countries across the Asia Pacific, UK, Europe, the Middle East, Africa, and the Americas. 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 FY24 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 FY24     | 3Q FY23       |
|--|-------------|---------------|
| Revenue  | 1,365.4     | 475.7         |
| Expenditure  | (1,279.6)   | (476.8)       |
| <b>Operating profit/(loss)</b>                             | <b>85.8</b> | <b>(1.1)</b>  |
| Share of results of associates/JVs, net of tax             | 34.6        | 10.2          |
| <b>Profit/(Loss) before tax</b>                            | <b>56.0</b> | <b>(2.0)</b>  |
| <b>Profit/(Loss) attributable to owners of the Company</b> | <b>31.5</b> | <b>0.5</b>    |
| <b>PATMI excluding reliefs</b>                             | <b>31.5</b> | <b>(13.7)</b> |
| <b>Core PATMI</b>  | <b>31.8</b> | <b>12.1</b>   |
| <b>Core PATMI excluding reliefs</b>                        | <b>31.8</b> | <b>(2.1)</b>  |
| EBITDA   | 249.6       | 55.2          |
| <b>Per Share Data</b>                                      |             |               |
| Earnings/(loss) per share (cents)                          |             |               |
| - Basic <sup>R1</sup>                                      | 2.1         | -             |
| - Diluted <sup>R2</sup>                                    | 2.1         | -             |
| Return on turnover (%) <sup>R3</sup>                       | 2.3         | 0.1           |
| Return on Equity (%/ppt)                                   | 1.3         | -             |

| Financial Position (S\$ million)              | As at<br>31 Dec 2023 | As at<br>31 Mar 2023 |
|---|----------------------|----------------------|
| Total equity                                  | 2,541.2              | 2,514.8              |
| Total assets                                  | 8,567.7              | 4,673.7              |
| Total debt                                    | 4,161.1              | 1,478.4              |
| Gross debt/equity ratio (times) <sup>R4</sup> | 1.64                 | 0.59                 |
| Net asset value per share (\$) <sup>R5</sup>  | 1.57                 | 1.57                 |

### Notes:

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

<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. Loss per share for Q3 FY23 was restated due to rights issuance in March 2023.

<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 total equity.

<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 FY24        | 2Q FY24        | Change (%)  | 9M FY24        | 9M FY23        | Change (%)   |
|---|----------------|----------------|-------------|----------------|----------------|--------------|
| <b>Passengers Handled ('M)</b>            | <b>20.3</b>    | <b>19.6</b>    | <b>3.6</b>  | <b>58.8</b>    | <b>37.1</b>    | <b>58.6</b>  |
| <b>Flights Handled ('000)</b>             | <b>151.0</b>   | <b>153.2</b>   | <b>-1.4</b> | <b>450.2</b>   | <b>164.0</b>   | <b>174.5</b> |
| - SATS                                    | 74.9           | 77.0           | -2.7        | 225.2          | 164.0          | 37.3         |
| - WFS                                     | 76.1           | 76.2           | -0.2        | 225.0          | -              | n.m.         |
| <b>Cargo/Mail Processed ('000 tonnes)</b> | <b>2,066.2</b> | <b>1,915.4</b> | <b>7.9</b>  | <b>5,792.1</b> | <b>1,735.6</b> | <b>233.7</b> |
| - SATS                                    | 634.8          | 591.2          | 7.4         | 1,766.0        | 1,735.6        | 1.7          |
| - WFS                                     | 1,431.3        | 1,324.2        | 8.1         | 4,026.1        | -              | n.m.         |
| <b>Gross Meals Produced ('M)</b>          | <b>23.9</b>    | <b>24.8</b>    | <b>-3.6</b> | <b>71.1</b>    | <b>49.1</b>    | <b>44.6</b>  |
| - Aviation                                | 13.5           | 13.6           | -0.6        | 39.2           | 21.7           | 80.8         |
| - Non-Aviation                            | 10.4           | 11.2           | -7.3        | 31.9           | 27.4           | 16.1         |
| <b>Ship Calls Handled</b>                 | <b>83</b>      | <b>56</b>      | <b>48.2</b> | <b>214</b>     | <b>172</b>     | <b>24.4</b>  |

### 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.