



Citi ASEAN C-Suite Forum 2016

1 – 2 June 2016

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.



Our Business

Food Solutions



Airline catering



Institutional catering



Food distribution and logistics



Airline linen laundry



Gateway Services



Passenger services and lounge management



Ramp and baggage handling



Airfreight handling and logistics



Aviation security



Cruise centre management

Asia's Largest Food and Gateway Services Network

45 Airports

12 Countries

638,000

Flights¹



83 million

Passengers¹



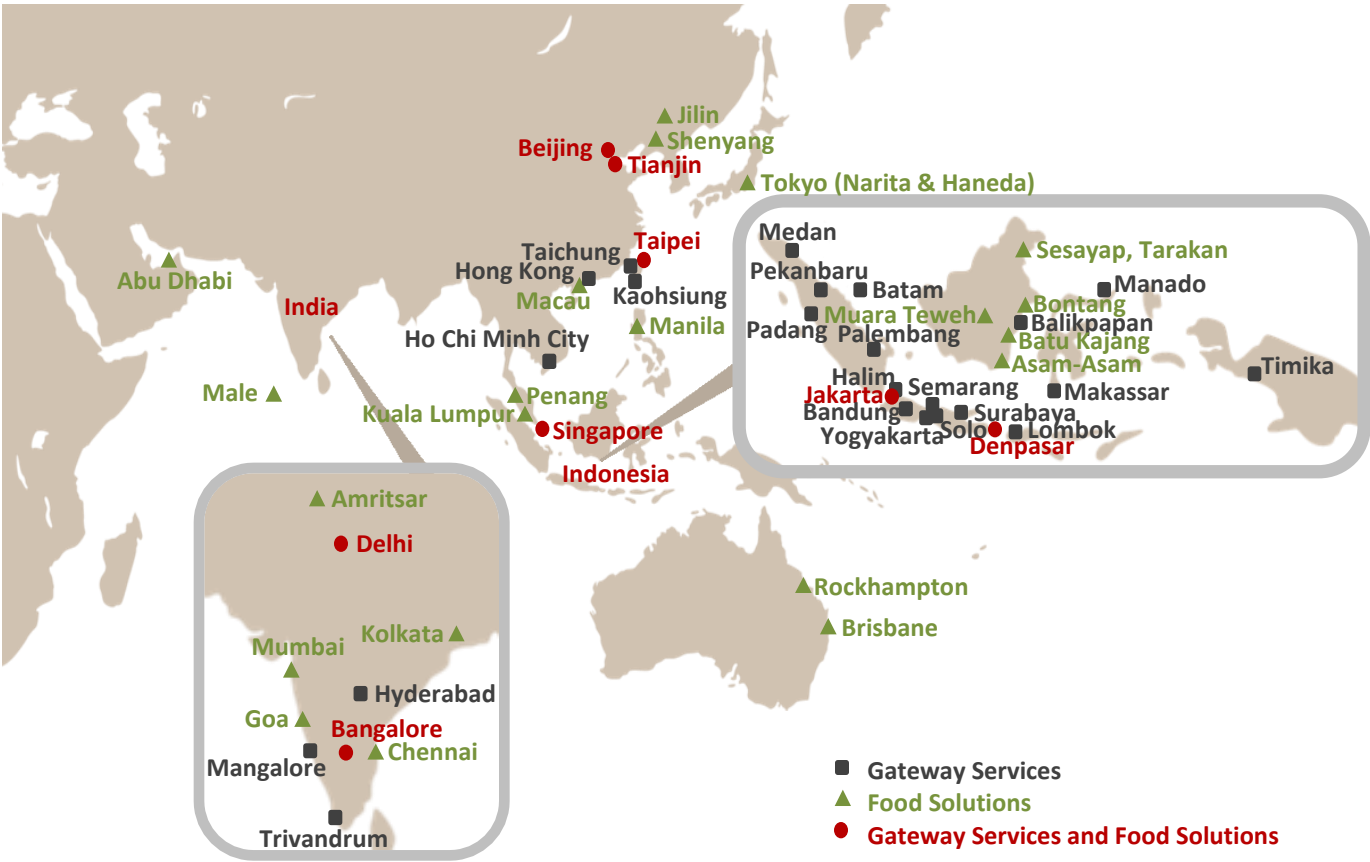
84 million

Meals¹



4 million

Tonnes of cargo¹



¹ Based on FY15 aviation statistics for Singapore and overseas operations



Feeding Asia

Productivity



Connectivity

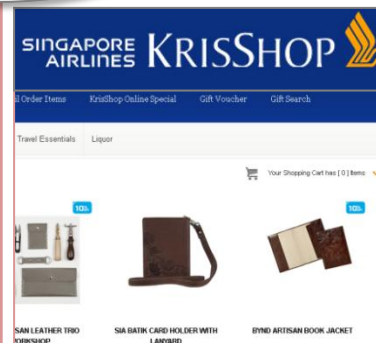
Scale



Connecting Asia



Alibaba Group
阿里巴巴集团

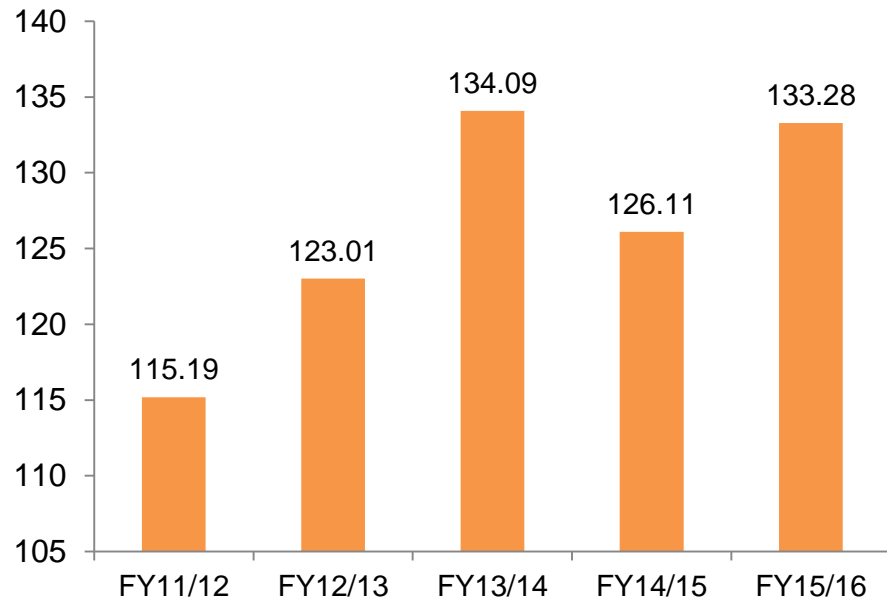


Five Year Trend

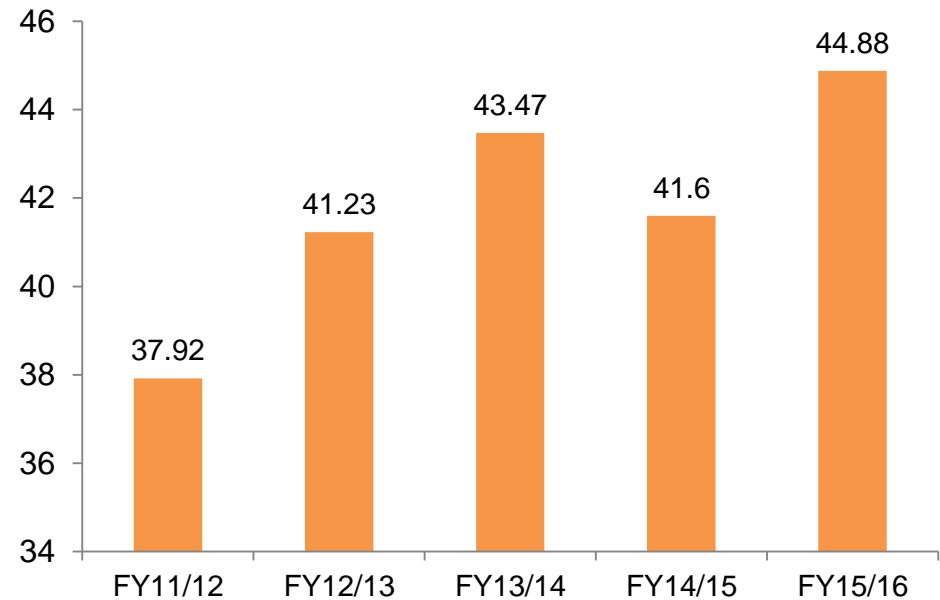


Singapore Aviation Operating Statistics

Flights Handled ('000)

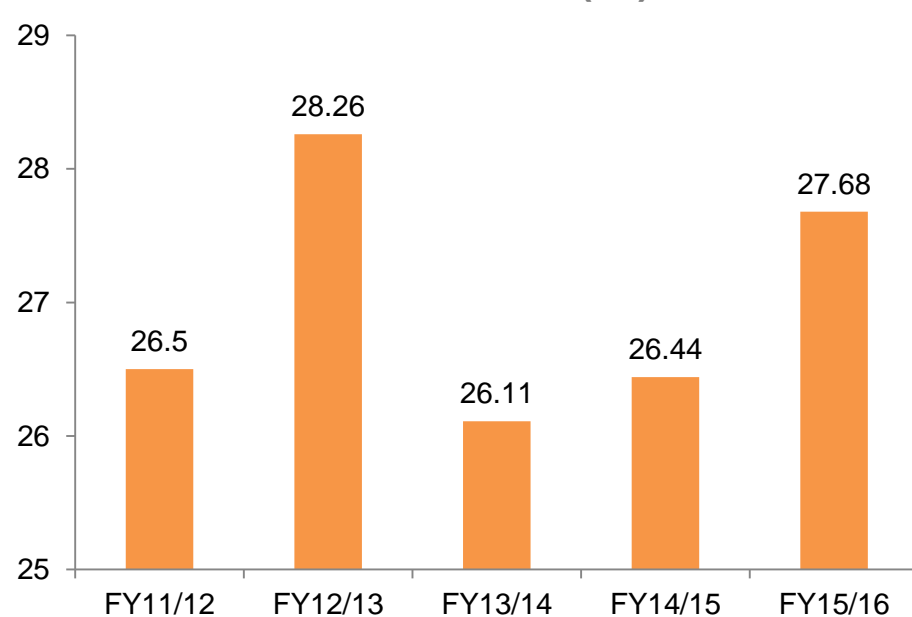


Passengers Handled ('M)

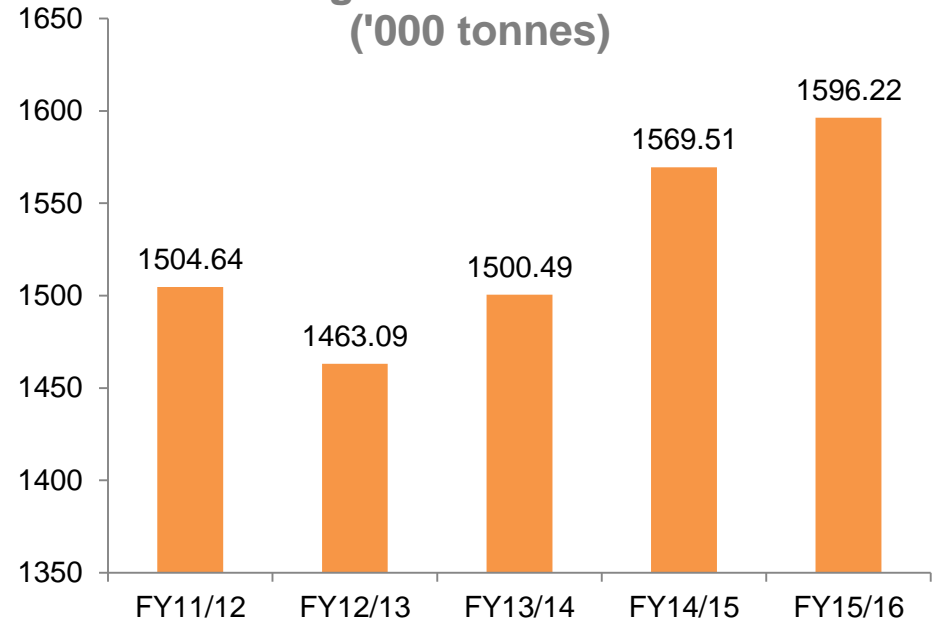


Singapore Aviation Operating Statistics

Gross Meals* ('M)

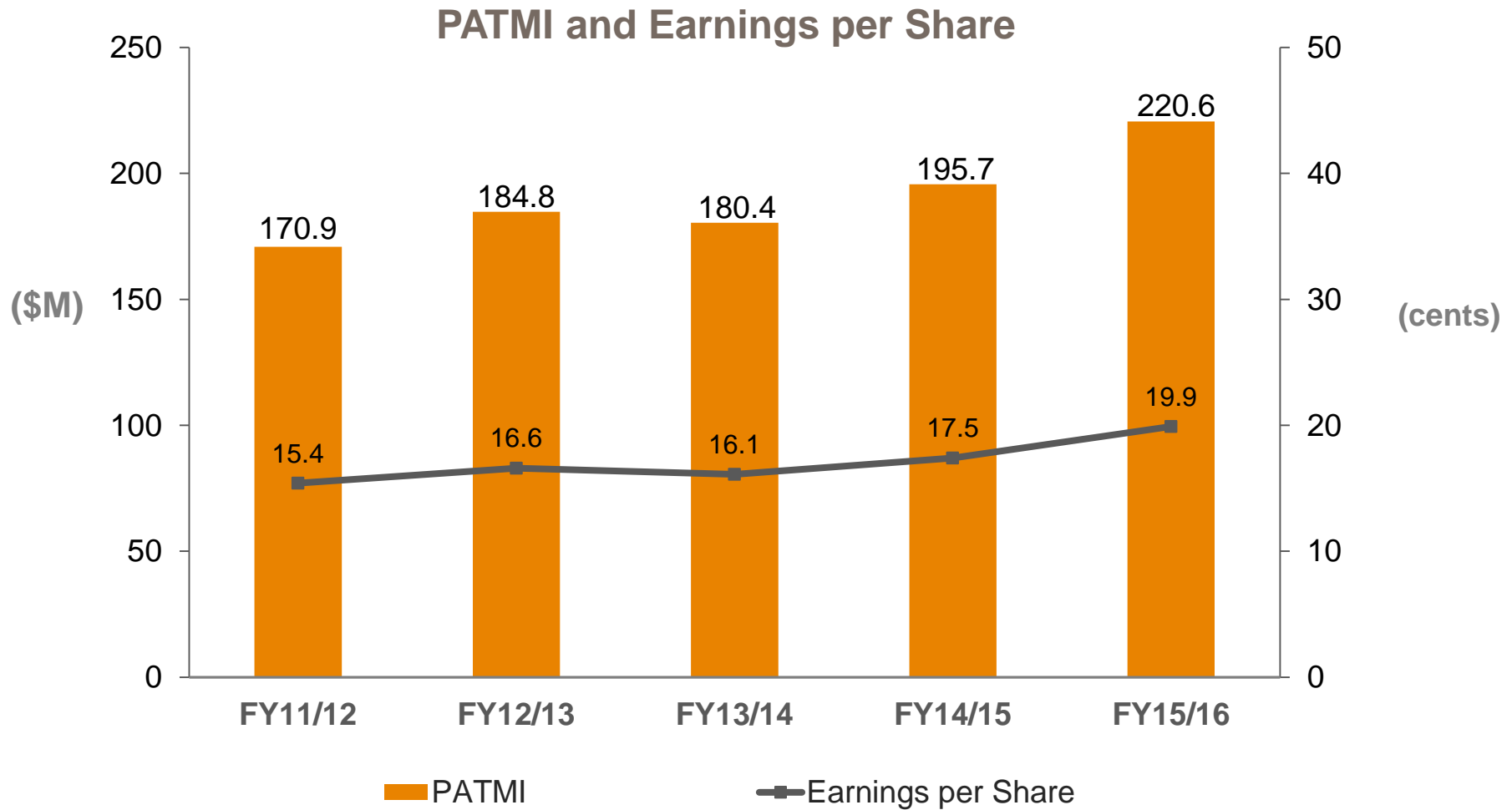


Cargo/Mail Processed ('000 tonnes)

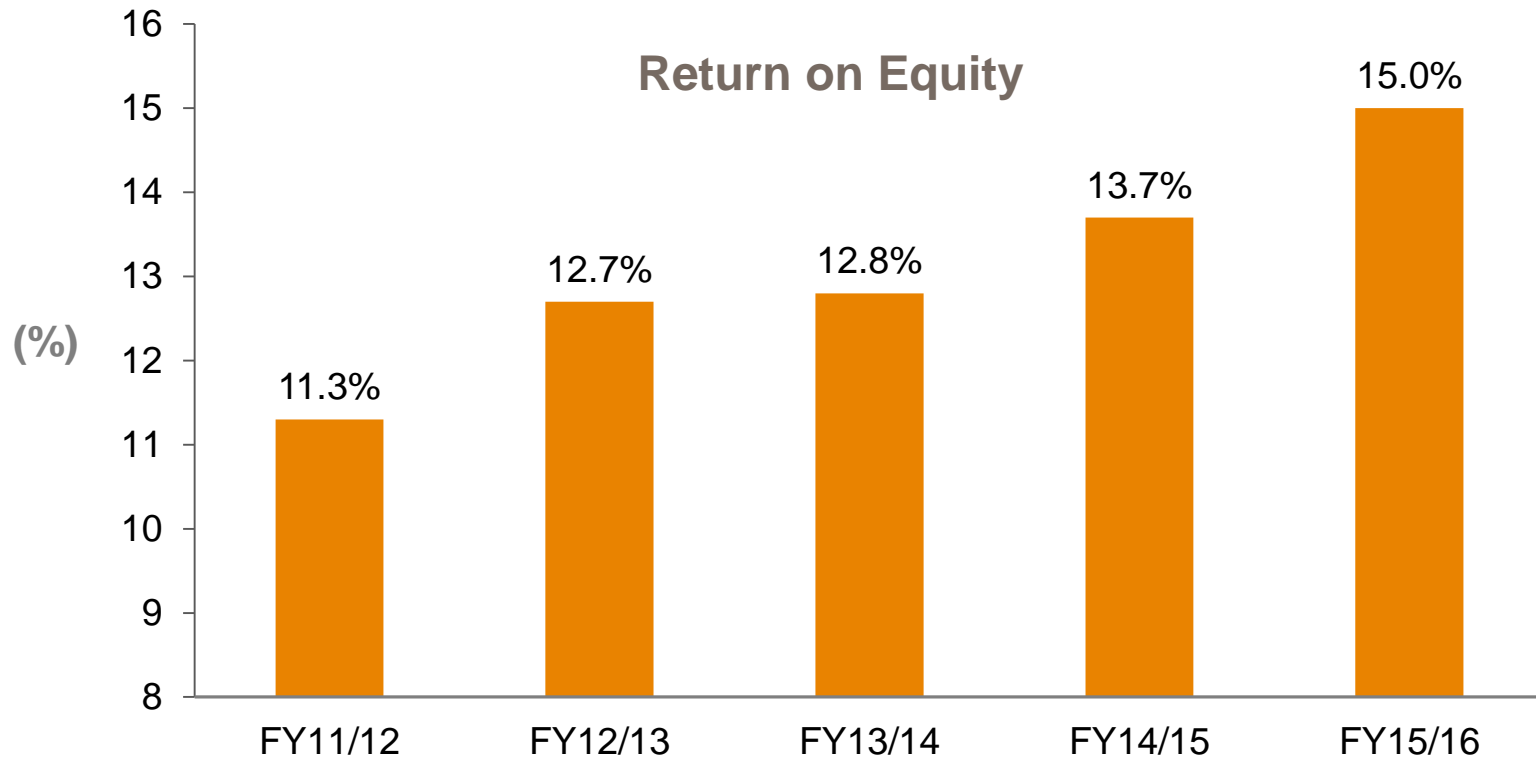


* Gross meals data do not include low-cost carrier operations

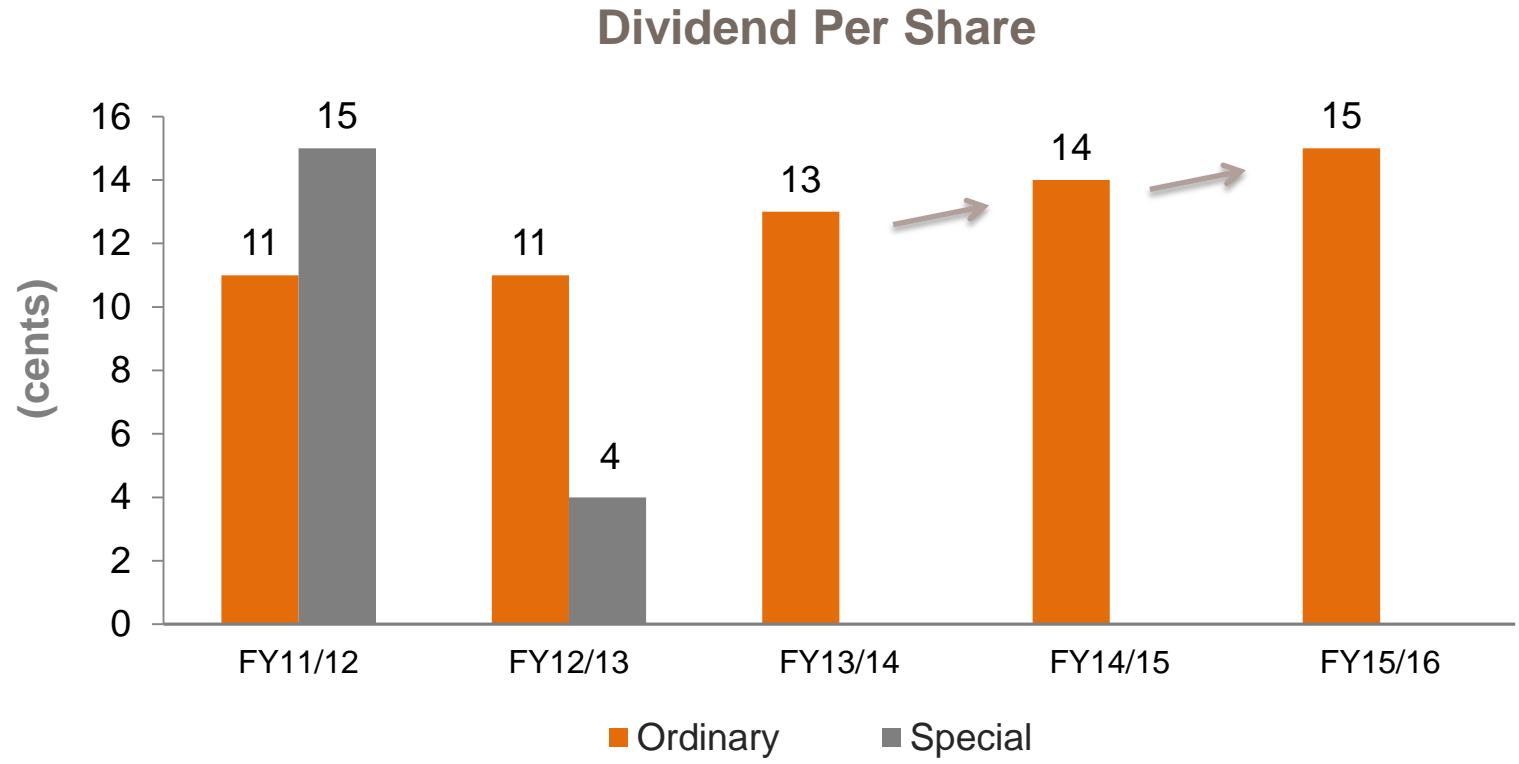
Improving PATMI and EPS



Increasing Return on Equity



Growing Ordinary Dividend



Proposed final dividend of 10 cents*.

Total dividends to increase by 1 cent to 15 cents, estimated dividend payout of \$166M.
Payment of final dividend is on 10 August 2016. Book closure date is 27 July 2016.



*Subject to shareholders' approval at AGM to be held on 19 July 2016

FY15/16 Financial Performance



Executive Summary: FY15/16 Performance

- Group revenue was \$1.7B. Excluding the food distribution revenue transferred to SATS BRF Food, and divestment of Urangan Fisheries, the Group's underlying revenue increased by 3%
- Operating margin expanded 2.4 ppt to 12.6%
- PATMI improved by 12.7% to \$220.6M
- EPS rose 13.7% to 19.9 cents
- ROE grew 1.3 ppt to 15%
- Free cash flow generated was \$222M
- Proposed final ordinary dividend of 10 cents per share, bringing total full year dividend up 1 cent to 15 cents
- We continue to invest in new technology to achieve greater efficiencies. While our aviation business in Singapore remains a pillar of strength, we have been developing our non-aviation business and expanding across the region



FY15/16 Highlights

Revenue

\$1,698.2M -3.1%

- Revenue declined 3.1%. Excluding the food distribution revenue transferred and divestment of Urangan, the Group's underlying revenue grew by \$53.2M (+3.0%) while Food Solutions' revenue grew by \$24.1M (+2.3%). Gateway Services' revenue grew by \$28.9M (+4.1%).

Operating profit

\$214.7M 20.6%

- Operating profit increased 20.6% due to a decrease in operating expenses.

Share of results of Associates/JVs, net of tax

\$48.0M -0.2%

- Share of after-tax profits from associates/JVs declined slightly by 0.2%, with better performances from the Food Solutions' associates/JVs.

PATMI

\$220.6M 12.7%

- Underlying net profit was \$218.1M, 11.3% higher y-o-y.
- EPS increased to 19.9 cents from 17.5 cents.

Debt-to-equity

0.07 times -

- Debt-to-equity ratio remained healthy at 0.07 times.
- Cash and short-term deposits stood at \$489.9M.
- Free cash flow generated year-to-date amounted to \$222M.



4Q and FY15/16 Financials

\$M	4Q15/16	4Q14/15	Favourable/ (Unfavourable) Change (%)	FY15/16	FY14/15	Favourable/ (Unfavourable) Change (%)
Revenue	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)
Expenditure	(367.9)	(380.4)	3.3	(1,483.5)	(1,575.2)	5.8
Operating Profit	49.7	44.7	11.2	214.7	178.0	20.6
EBITDA	68.5	61.0	12.3	284.7	243.8	16.8
Share of Results of Associates/JVs, Net of Tax	11.7	13.1	(10.7)	48.0	48.1	(0.2)
Impairment of Assets Held for Sale	-	-	n.m.	-	(0.2)	n.m.
Impairment of property, plant and equipment	(2.1)	-	n.m.	(2.1)	-	n.m.
Net gain from transfer of business to a JV	-	-	n.m.	2.5	-	n.m.
PBT	60.5	57.9	4.5	265.2	224.8	18.0
PATMI	50.7	51.6	(1.7)	220.6	195.7	12.7
Underlying Net Profit*	50.7	51.6	(1.7)	218.1	195.9	11.3

n.m. – not meaningful

** Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – net gain from transfer of business to a JV and impairment loss on carrying value of Assets Held for Sale.*



Financial Indicators

%	4Q15/16	4Q14/15	Change (ppt)	FY15/16	FY14/15	Change (ppt)
Operating Margin	11.9	10.5	1.4	12.6	10.2	2.4
EBITDA Margin	16.4	14.3	2.1	16.8	13.9	2.9
PBT Margin	14.5	13.6	0.9	15.6	12.8	2.8
PATMI Margin	12.1	12.1	0.0	13.0	11.2	1.8
Underlying Net Margin	12.1	12.1	0.0	12.8	11.2	1.6

	4Q15/16	4Q14/15	Change (%)	FY15/16	FY14/15	Change (%)
EPS Based on PATMI (cents)	4.6	4.7	-2.1%	19.9	17.5	13.7%

	31 MAR 16	31 MAR 15
NAV Per Share (\$)	1.34	1.30
Debt-to-Equity Ratio	0.07	0.07

Improved margins in 4Q and FY.



Group Segmental Revenue

\$M	4Q15/16	4Q14/15	Change (%)	FY15/16	FY14/15	Change (%)
By Business:						
Food Solutions	232.3	250.9	(7.4)	967.4	1,051.5	(8.0)
Gateway Services	183.8	173.0	6.2	725.9	697.0	4.1
Corporate	1.5	1.2	25.0	4.9	4.7	4.3
Total	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)
By Industry:						
Aviation	360.0	336.9	6.9	1,431.7	1,395.4	2.6
Non-Aviation	56.1	87.0	(35.5)	261.6	353.1	(25.9)
Corporate	1.5	1.2	25.0	4.9	4.7	4.3
Total	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)
By Geographical Location:						
Singapore	336.1	352.6	(4.7)	1,383.3	1,439.9	(3.9)
Japan	59.9	50.3	19.1	221.7	220.9	0.4
Others	21.6	22.2	(2.7)	93.2	92.4	0.9
Total	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)

Revenue mix between Food Solutions and Gateway Services of 56:44 for 4Q15/16.



Group Expenditure

\$M	4Q15/16	4Q14/15	Favourable/ (Unfavourable) Change (%)	FY15/16	FY14/15	Favourable/ (Unfavourable) Change (%)
Staff Costs	212.6	193.6	(9.8)	825.9	800.6	(3.2)
Cost of Raw Materials	62.8	84.0	25.2	282.7	349.3	19.1
Licence Fees	16.3	18.9	13.8	68.0	78.1	12.9
Depreciation & Amortisation charges	18.4	17.3	(6.4)	70.4	68.2	(3.2)
Company Premise & Utilities Expenses	23.1	30.1	23.3	108.1	125.0	13.5
Other Costs	34.7	36.5	4.9	128.4	154.0	16.6
Group Expenditure	367.9	380.4	3.3	1,483.5	1,575.2	5.8
Group Revenue	417.6	425.1	(1.8)	1,698.2	1,753.2	(3.1)

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	4Q15/16	4Q14/15	Change (%)	FY15/16	FY14/15	Change (%)
PAT	11.7	13.1	(10.7)	48.0	48.1	(0.2)
Food Solutions	2.7	3.9	(30.8)	9.6	9.2	4.3
Gateway Services	9.0	9.2	(2.2)	38.4	38.9	(1.3)
Dividends Received	-	-	-	33.6	88.7	(62.1)

AISATS, AAT, MIC and PT JAS together contributed approximately 75.4% of our share of after-tax profits from associates/JVs.



Strong Balance Sheet

\$M	As at 31 MAR 16	As at 31 MAR 15
Total Equity	1,565.1	1,517.6
Long-Term Loans	0.8	89.7
Other Long-Term Liabilities	69.5	66.6
Current Liabilities	470.3	345.8
Total Equity & Liabilities	2,105.7	2,019.7
Fixed Assets & Investment Properties	530.7	558.7
Associates & JVs	546.1	464.8
Intangible Assets	163.7	165.5
Other Non-Current Assets & Long-Term Investments	35.6	38.0
Current Assets		
<i>Cash & Short-Term Deposits</i>	489.9	410.9
<i>Debtors & Other Current Assets</i>	339.7	381.8
Total Assets	2,105.7	2,019.7

Cash and short-term deposits increased mainly due to cash generated from operations, dividends received from associates/JVs, proceeds from exercise of share options.



Group Cash Flow Statement

\$M	FY15/16	FY14/15	Difference
Net Cash From Operating Activities	273.1	236.4	36.7
Net Cash (Used In)/From Investing Activities	(56.3)	58.1	(114.4)
Net Cash Used In Financing Activities	(157.2)	(199.6)	42.4
Net Increase In Cash & Cash Equivalents	59.6	94.9	(35.3)
Cash & Cash Equivalents At End Of Financial Period	489.9	429.7	60.2
Free Cash Flow*	222.0	175.1	46.9

Net cash used in investing activities was higher due to investments in associates/JVs, lower dividends received from associates/JVs, and absence of last year's proceeds from disposal of interest in associates.



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

Outlook and Growth Opportunities



Outlook

Our focus on productivity from scale and use of technology will continue to position us well to weather global economic and political uncertainties as well as intense competition. Airline load factors are improving although airline yields are still weak.

Investments in technology will bring more value to our customers as we connect our services across our operations in Asia.

While our aviation business in Singapore remains a pillar of strength, we have been developing our non-aviation business and expanding across the region. The growth of tourism in the region as well as demand for safe, high quality food from the burgeoning urban populations of Asia are also creating new growth opportunities for us.

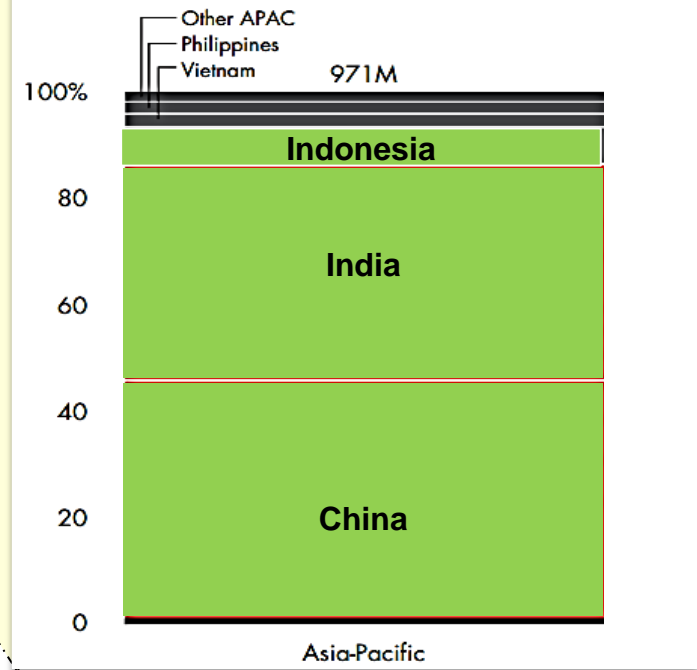
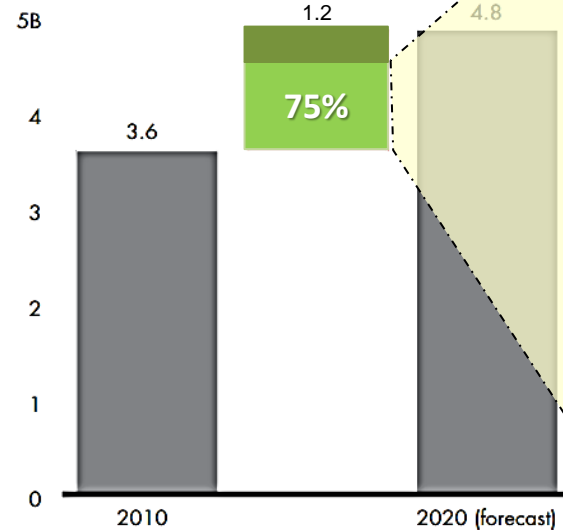


Growth of Middle Class in Asia

The rising wealth of emerging economies will continue to bring about more discretionary spending

From 2010 to 2020:
Asia-Pacific forms 75% of the population growth in the global middle class, where more than two-thirds comes from China, India and Indonesia

World population with household income exceeding \$5K USD



Source: Euromonitor; Bain Macro Trends Group analysis, 2011

Increased food demand in Asia

Food consumption in China will more than double to around **US\$1.48 trillion** by 2020



Indonesia will account for **56%** of the **Southeast Asian** food market size

Food demand in Asia will more than double by 2020, to nearly US\$3 trillion a year

- Asia will consume nearly 80% as much food as US



Increased passenger volumes

Growth trends of passenger volumes in key markets

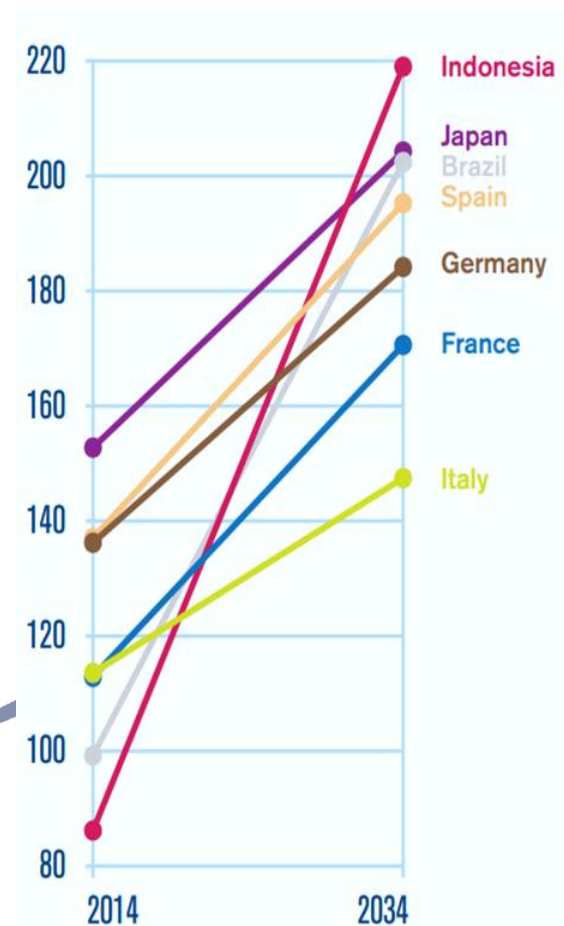
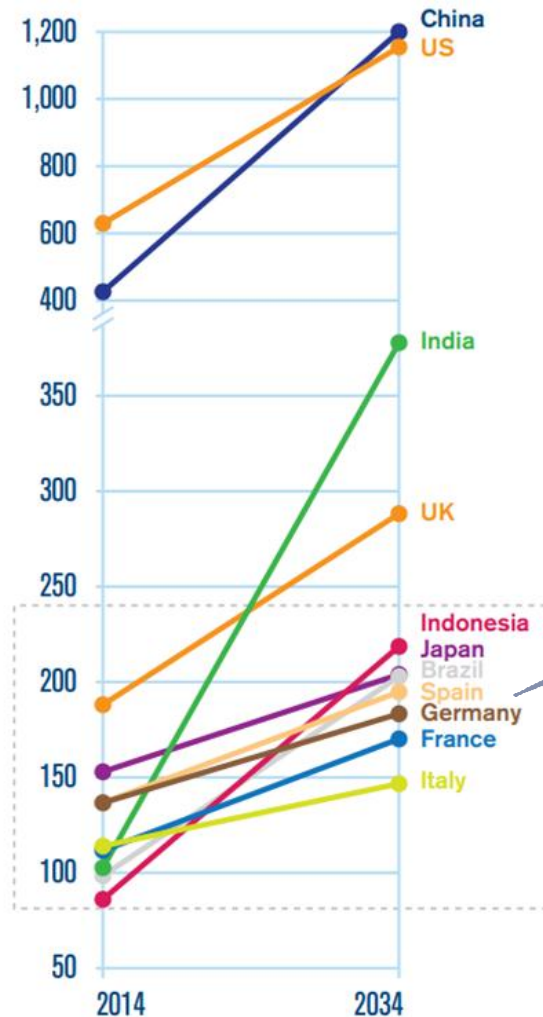
Millions

Asia Pacific will grow by an extra **1.8 billion** passengers by 2034.

Majority of the growth comes from:

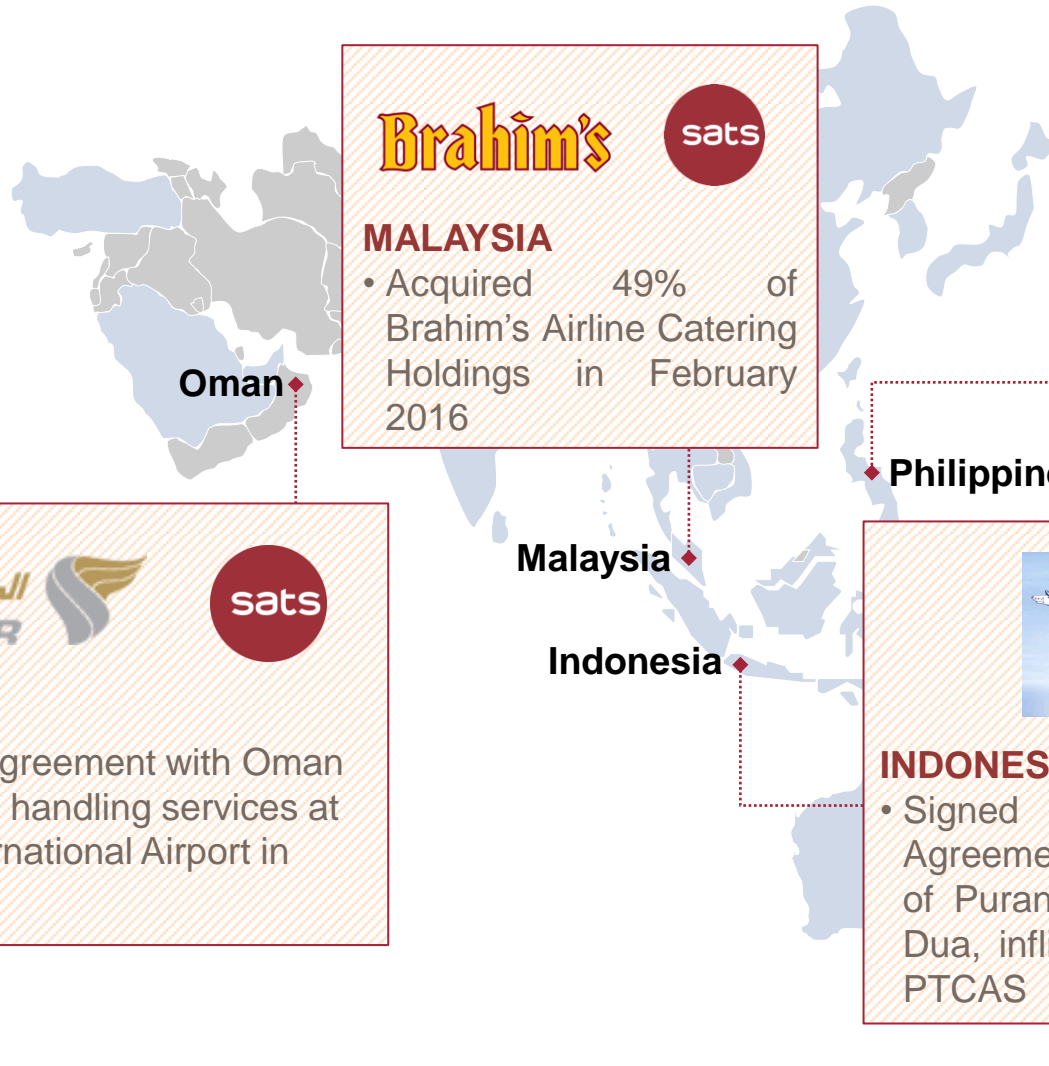
China: +63.7%
 India: +275%
 Indonesia: +159%

Intra-Asia traffic will account for **62%** of all traffic to, from and within Asia in 2034



Source: IATA; Boeing CMO

Building Out Across Asia and Middle East



Brahim's

sats

MALAYSIA

- Acquired 49% of Brahim's Airline Catering Holdings in February 2016



PHILIPPINES

- Acquired additional 13% interest in MacroAsia Catering Services in January 2016 to raise stake from 20% to 33%

Oman

Philippines

الطيران العماني
OMAN AIR



sats

OMAN

- Signed JV agreement with Oman Air for cargo handling services at Muscat International Airport in March 2016

Malaysia

Indonesia

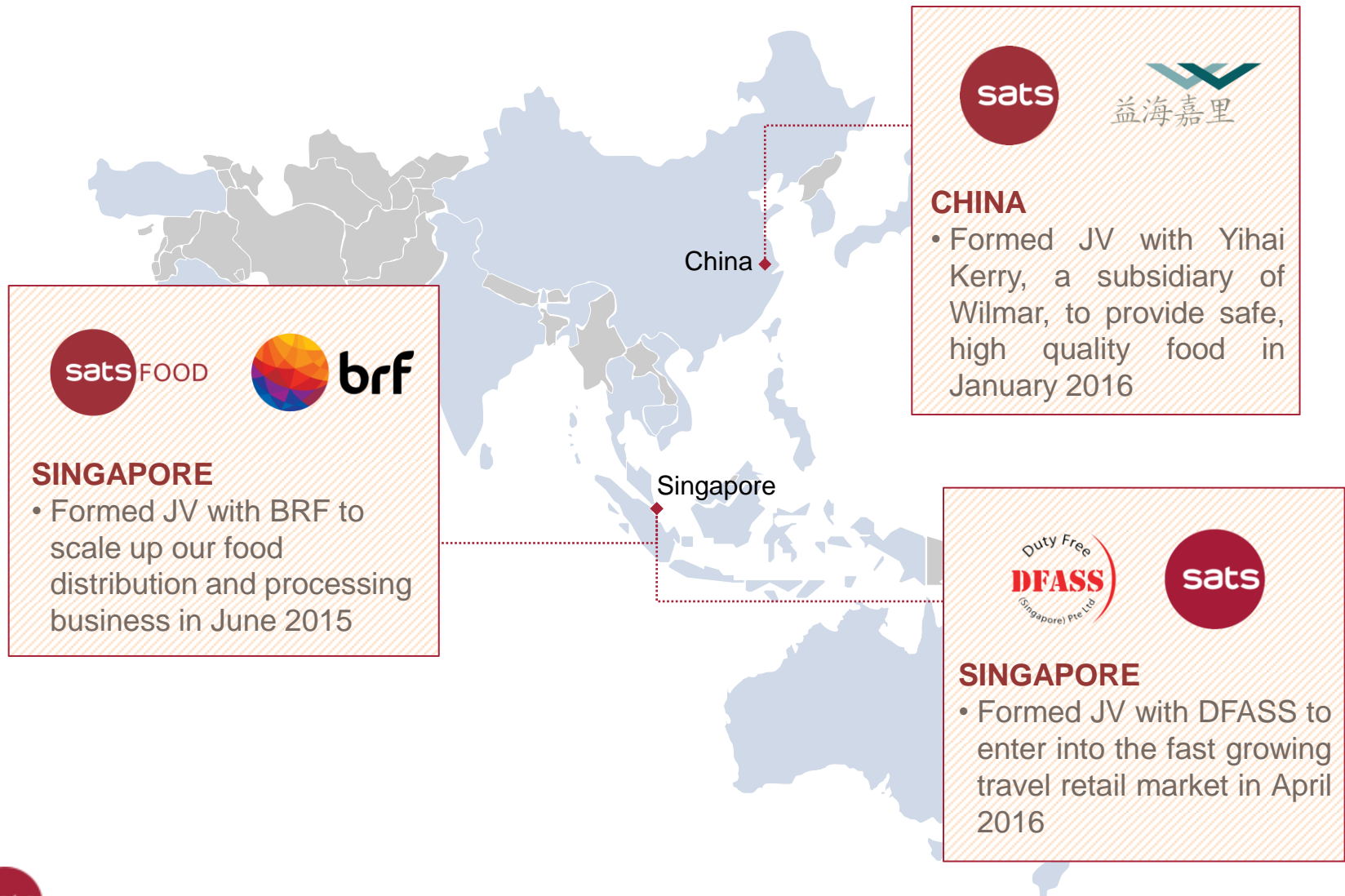


INDONESIA

- Signed Share Subscription Agreement to acquire 20% of Purantara Mitra Angkasa Dua, inflight catering arm of PTCAS

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Building Up Into Adjacent Businesses





END