



SATS ADDS SCALE TO ITS FOOD DISTRIBUTION BUSINESS BY FORMING JOINT VENTURE WITH GLOBAL FOOD COMPANY BRF

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of SATS Ltd. (“**SATS**”) is pleased to announce that its wholly-owned subsidiary, Singapore Food Industries Pte. Ltd. (“**SFI**”), has today entered into a joint venture agreement with BRF GmbH, a subsidiary of BRF S.A. (“**BRF**”), to set up a company in Singapore whose business will encompass meat processing and manufacturing of branded food products for distribution to retailers, restaurants, wholesalers, distributors and ship chandlers (the “**Transaction**”).
- 1.2 To be named “SATS BRF Food Pte. Ltd.” (“**SATS BRF Food**” or the “**JV Company**”), the JV Company will have an issued and paid up share capital of S\$48M consisting of 48M ordinary shares of S\$1 each. SFI will hold 24.48M ordinary shares while BRF GmbH will hold 23.52M ordinary shares, representing 51% and 49% equity stakes respectively. SATS BRF Food will be classified as an investment in joint venture by SATS.
- 1.3 Subject to the fulfillment of certain conditions precedent, including the receipt of approvals from the relevant regulatory authorities, completion of the Transaction is expected to take place on 15 May 2015.

2. TERMS OF THE TRANSACTION

2.1 Transfer of SFI’s Food Distribution Business to the JV Company

Under the terms of the joint venture agreement, SFI will first transfer its food distribution business to SATS BRF Food, in exchange for 100% of the shares in the capital of the JV Company.

In addition to the business transfer, SFI will grant a licence for the use of certain brands and trademarks in Singapore and along with its subsidiaries grant a sublease of two meat processing plants and a warehouse to SATS BRF Food.

2.2 Sale of 49% shareholding in JV Company to BRF GmbH

Concurrently with the business transfer, SFI will transfer 49% of the entire issued and paid-up share capital of SATS BRF Food to BRF GmbH at an aggregate cash consideration of S\$26M.

The consideration was negotiated on an arm's length, willing buyer-willing seller and debt-free basis, taking into account several factors including earnings and assets of the food distribution business.

3. RATIONALE FOR THE TRANSACTION

The Transaction is in line with SATS' strategy of increasing the scale of its food business to create value for customers and shareholders.

BRF is the world's seventh largest food company by revenue and Brazil's leading producer of meat products. It is a key supplier to SATS, which in turn is also one of its largest customers in Singapore.

The formation of SATS BRF Food will create a food distribution and meat processing business with enhanced scale and higher productivity.

The JV Company also intends to grow its portfolio of branded food products for the Singapore market and to expand into other Southeast Asian markets over time.

Alex Hungate, President and Chief Executive Officer of SATS commented: "We already have a successful relationship with BRF, bringing high quality meat into Singapore. Together, we can scale up our meat processing to become more productive and to innovate new branded food offerings for the growing middle classes in Asia."

Following the transfer of its food distribution business to SATS BRF Food, SATS and its subsidiaries will continue to operate their retort manufacturing, institutional catering and abattoir operations.

4. FINANCIAL EFFECTS

As at 31 March 2015, the book value and net tangible assets of the food distribution business were approximately S\$61M and S\$48M respectively.

The Transaction is not expected to have any material impact on SATS' net tangible assets per share and consolidated earnings per share for the current financial year.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of SATS or the controlling shareholders of SATS has any interest (whether direct or indirect) in the transactions contemplated by the Transaction.

6. DOCUMENT FOR INSPECTION

A copy of the joint venture agreement is available for inspection by shareholders of SATS during normal business hours at the registered office of SATS at 20 Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659 for a period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD

Prema d/o K. Subramaniam

Company Secretary

16 April 2015

Singapore

ABOUT SATS

SATS is Asia's leading provider of gateway services and food solutions.

Our comprehensive gateway services encompass airfreight handling, passenger services, ramp handling, baggage handling, aviation security services, aircraft interior and exterior cleaning as well as cruise centre management. Our food solutions include airline catering, institutional and remote catering, aviation laundry as well as food distribution and logistics.

SATS is present at 42 airports and 11 countries across Asia and the Middle East.

SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit www.sats.com.sg.

ABOUT BRF

BRF is a Brazilian company listed on both the BM&F BOVESPA in São Paulo and the New York Stock Exchange.

Owner of renowned brands such as Sadia, Perdigão and Qualy, BRF is one of the biggest food companies in the world, operating in a variety of segments, such as meat (poultry and swine), processed meat, margarine, pasta, frozen pizza and vegetable segments, and is responsible for 20% of the world's poultry trade.