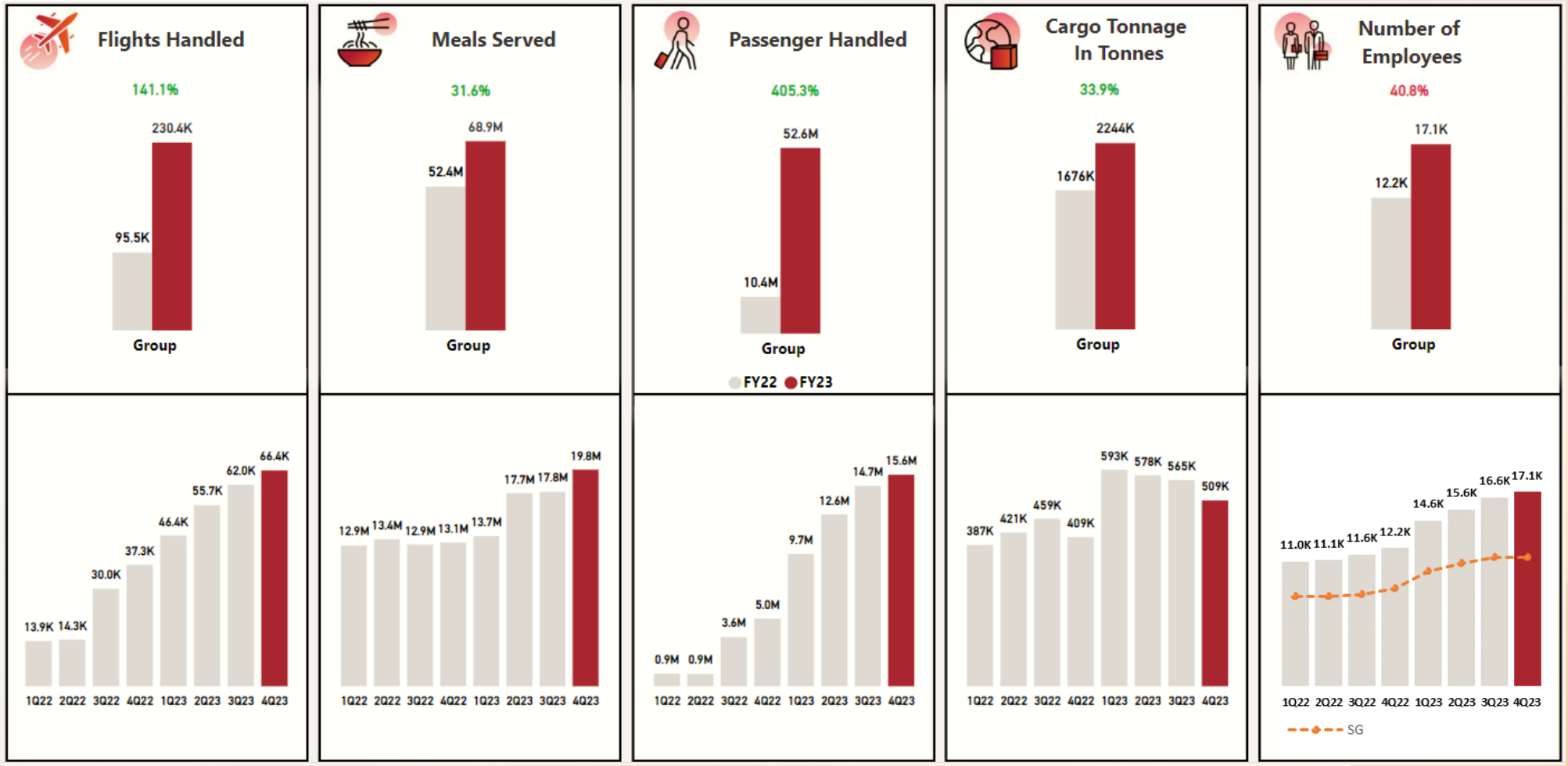
21 July 2023

SATS 50th Annual General Meeting

RESILIENT VALUE-DRIVEN GROWTH

Sustained travel growth through FY23 with further upsides expected in FY24

IATA expects 2023 global traffic (RPK) to reach 88% in 2023 and 100% in 2024 of pre-pandemic levels



Prior period **Current period**

*All statistics refer to Group (SATS and subsidiaries) unless indicated otherwise

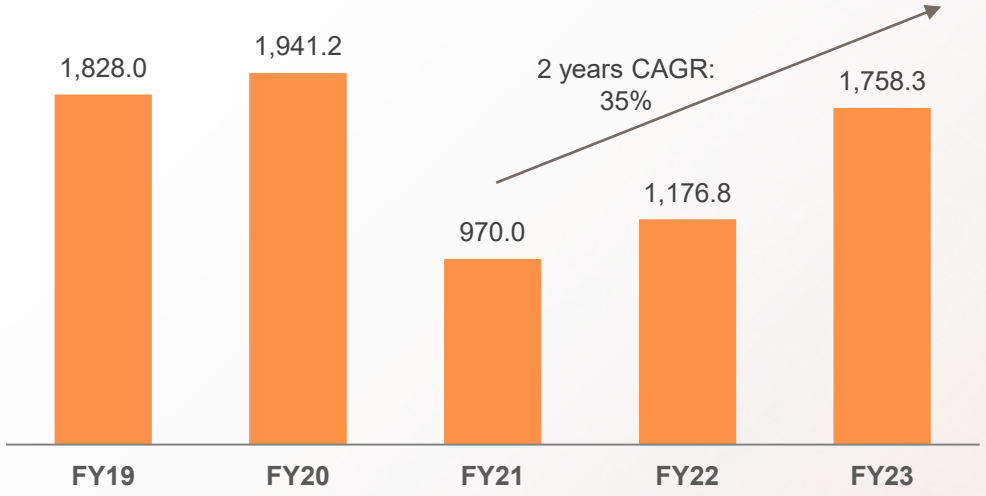
Scaling Sustainably

	DEVELOP SMART INFRASTRUCTURE	REDUCE FOOD AND PACKAGING WASTE	NUTURE SKILLS FOR THE FUTURE
THEMES			
GOALS	Convert 100% of ground support equipment in Singapore hub to cleaner energy sources by 2030[1]. Reduce Singapore-based Scope 1 and 2 carbon footprint by 50% by 2030 from FY20 baseline.	Halve food waste intensity in Singapore operations from 2021 baseline (4.1%) by 2028. Introduce 100% sustainable food packaging by 2030.	Increase average value-add per employee (VAPE) across all subsidiaries by 50% by 2030 from FY21 baseline. Touch a million lives by sharing our expertise with the communities in which we operate, by 2030 from FY19 baseline.
PROGRESS AS OF FY 23	**8.8%** lower than FY20 baseline for SATS Group carbon emissions **38%** GSE electrification for Singapore Hub	**44%** improvement on food waste intensity from FY21 baseline	**>50%** improvement of VAPE from FY21 baseline **44%** of overall target of lives touched
UN SDGs	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	8 DECENT WORK AND ECONOMIC GROWTH

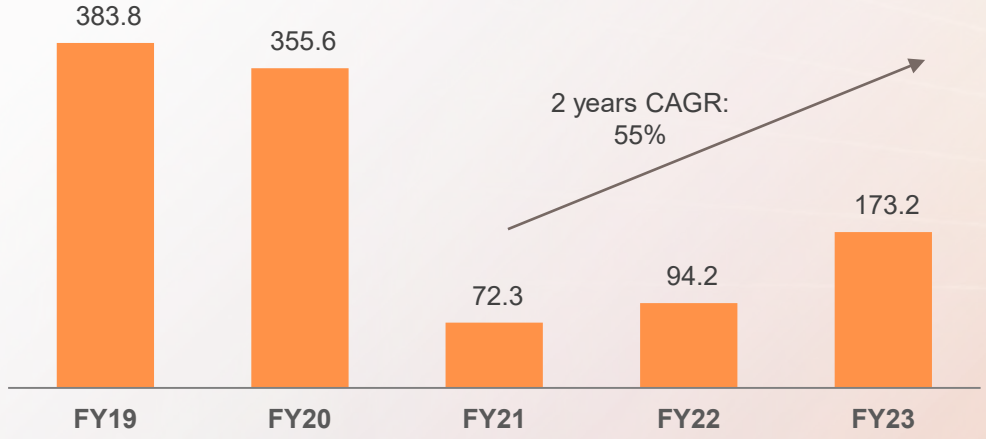
1 SATS will be reviewing the cleaner energy vehicle goal this year given that our global footprint has expanded with the integration of WFS and a re-baselining will need to be conducted before we refresh our goals in alignment with our ecosystem stakeholders.

Improving Financials (YoY)

REVENUE (S$'M)

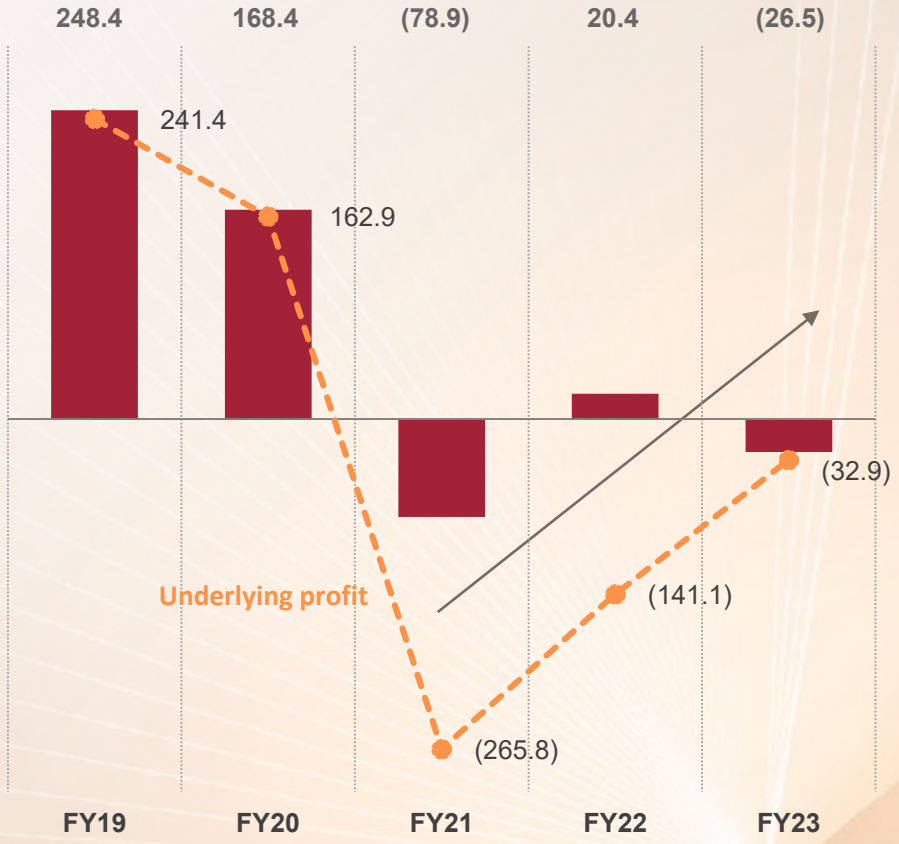


EBITDA (S$'M)



*Earnings before interest, taxes, depreciation and amortization, inclusive of SoAJV

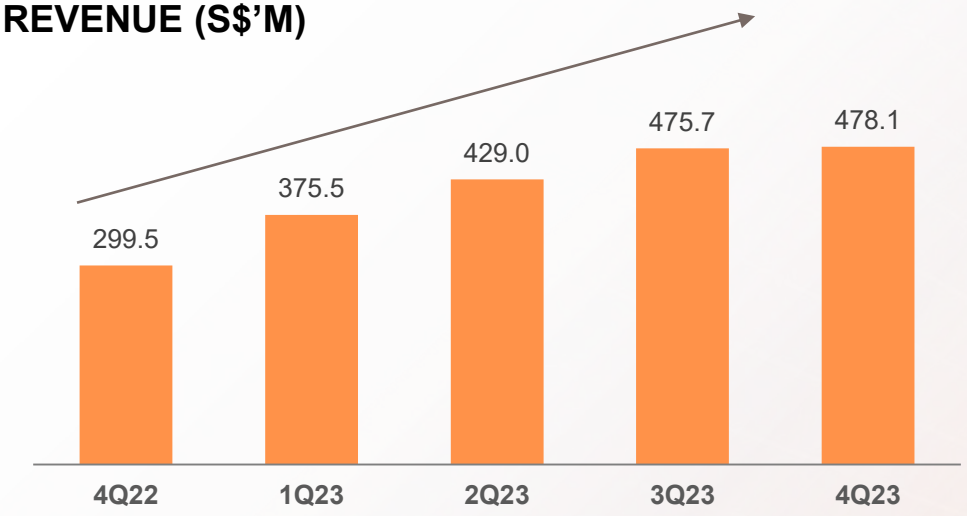
PATMI (S$'M)



Net Reliefs	–	**17.4**	**241.9**	**132.6**	**51.1**
One-offs	**7.0**	**(11.9)**	**(55.0)**	**28.9**	**(44.7)**

Improving Financials (QoQ)

REVENUE (S$'M)



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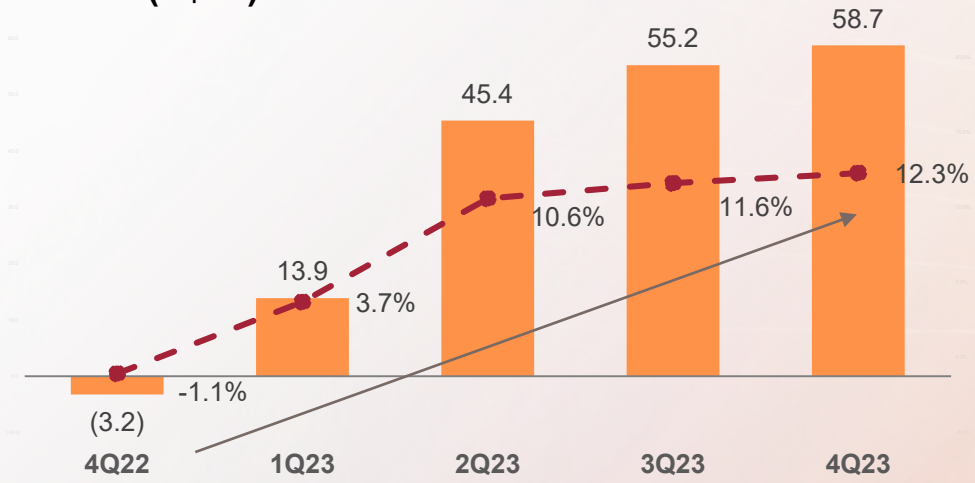

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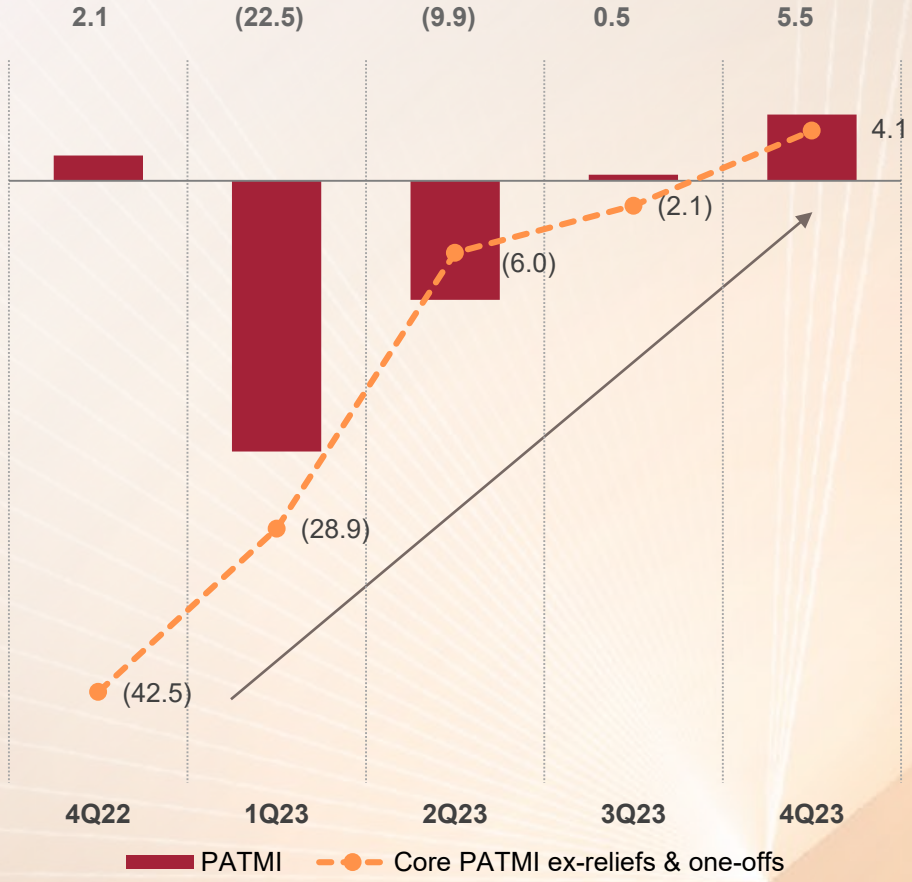
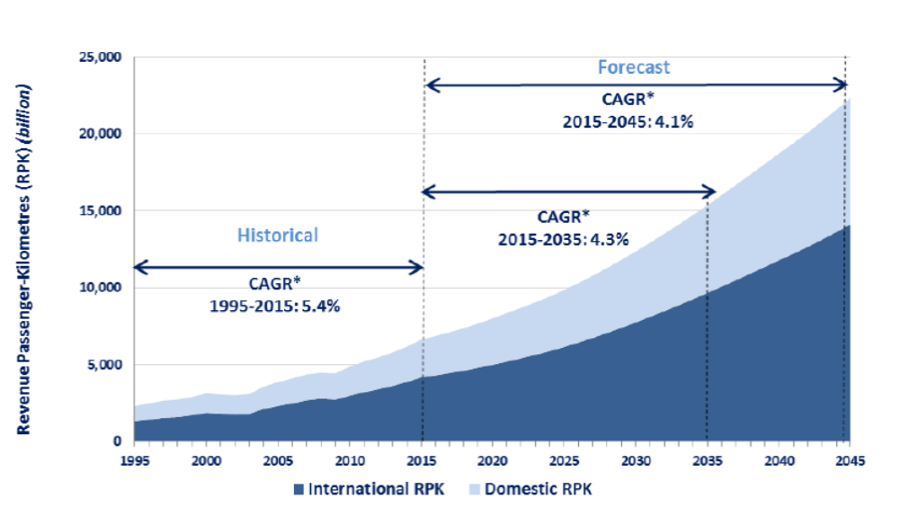
PATMI (S$'M)



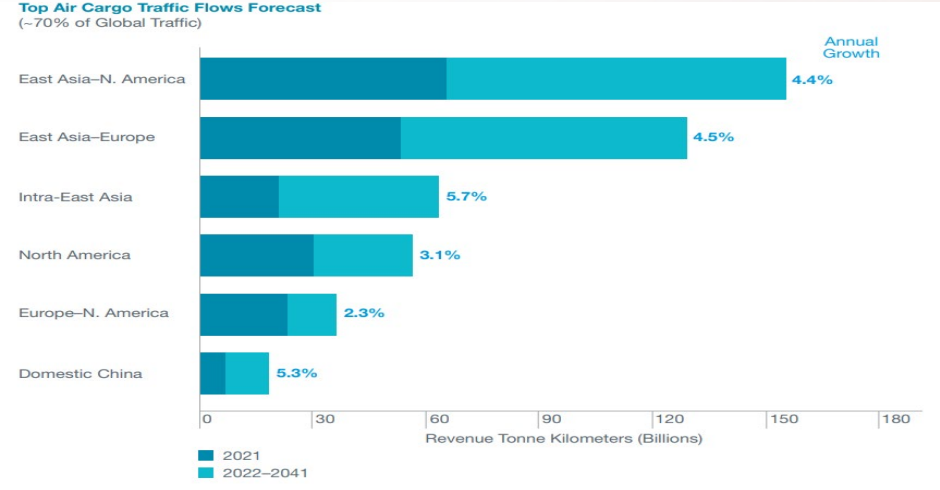
Net Reliefs	**15.7**	**9.4**	**9.8**	**14.2**	**17.7**
One-offs	**28.9**	**(3.0)**	**(13.7)**	**(11.7)**	**(16.3)**

SEIZING OPPORTUNITIES: RESTORING PROFITABILITY AND POSITIONING FOR GROWTH

Aviation Industry Set for Sustained Growth



Source: ICAO



Source: Boeing

Near term:

- IATA expects 2023 **global passenger traffic** to reach 88% and 100% of pre-pandemic levels in 2023 and 2024 respectively.
- IATA expects global air cargo traffic to narrow to 4% in 2023, versus 8% in 2022 as recovery momentum continues.

Long-term:

- ICAO expects **global passenger traffic to grow** at CAGR of 4.3% (2015-2035).
- Boeing estimates **global air cargo traffic to grow** at 4.1% CAGR (2022- 2041) with intra-east Asia traffic to grow at CAGR of 5.7%.

Executing Twin-Engine Growth Strategy

SATS is **positioning for growth** and **strengthening our core** pursuing industry leadership in international markets.

2021

Thailand (Acquisition of Food City)

Bengaluru ground breaking

2022

AAT – Increased stake & consolidation; launch of Coolport

2023

Acquisition of WFS

Mitsui MOU signing

Tianjin Kitchen

Noida Cargo Hub

Positioning for Growth

Strengthen our Core

SATS Finesse, COSYS+

G-Ops System

SATS Global Innovation Hub

Lithium Battery Cert (SG, HK and ID)

Refresh SATS Inflight Catering Centre 1

Partnered Hilton Foods

SingPost MOU signing

2020 | **2021** | **2022** | **2023**

Cost and Yield Management Through Operational Excellence

Driving productivity to improve operating margins:

- Driving productivity as a service driven industry with staff cost forming 56% of OPEX.
- Leveraging technology and innovative solutions to deliver and maintain quality of service.
- Harnessing new digital ground operating system, G-Ops. across network.

Achieving scale benefits through centralised production

- Relaunched Singapore SATS Inflight Catering Centre 1 with ramped up capacity.
- Launched Tianjin Kitchen with IoT capability to serve ready-to-eat market in China.
- Increasing capacity in SATS' factory in Thailand.

Improving yield through gain sharing and right pricing:

- Tackling inflationary cost pressures by pricing re-adjustments with some contract adjustments including terminal charges.

Enhancing Free Cash Flow

Achieve sustainable and recurring savings to reduce leverage:

- Refinanced WFS' 3 series of Senior Secured Notes due 2027 - annual savings of S$40m in interest costs.
- Ongoing Treasury management to reduce cost of borrowings.
- Proactive monitoring of investments to ensure investment returns are optimised.

Managing Cash and Optimising Debt Levels

Cash Reserves

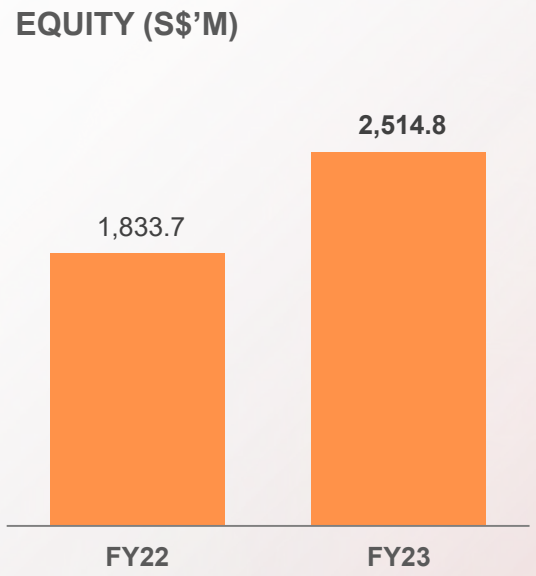
S$374M (Last year: S$786M)

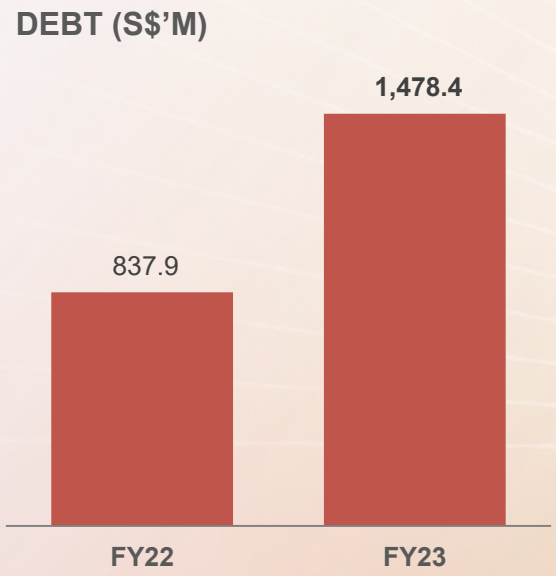
Decline in cash mainly due to acquisition of WFS.

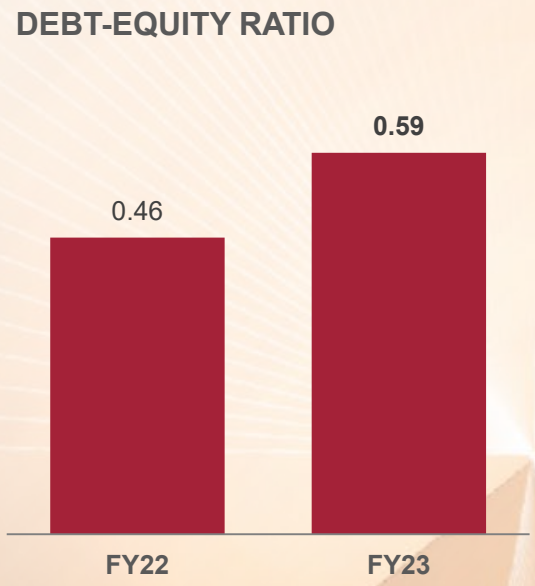
Debt-Equity Ratio

0.59 (Last year: 0.46)

Debt raised €500M, and Rights raised S$784M.



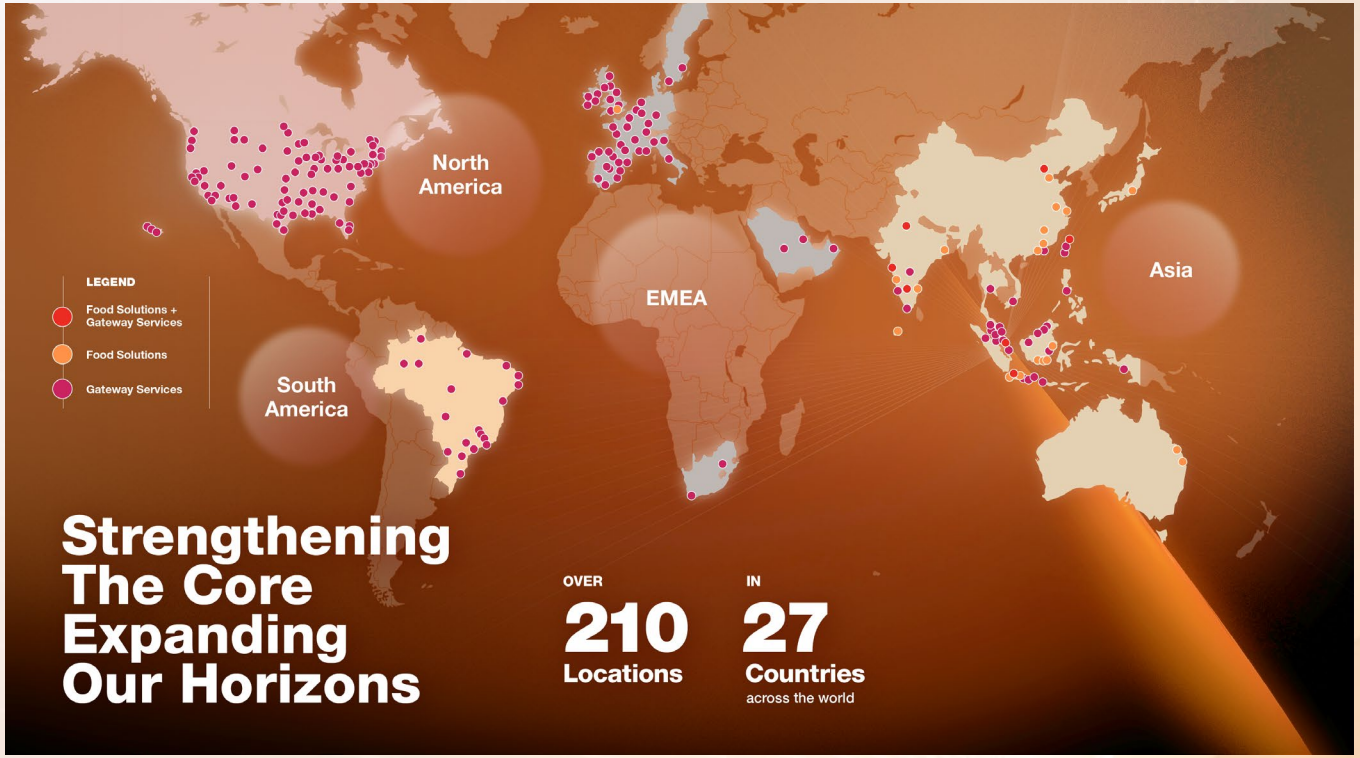




Driving Synergies of the Expanded Gateway Services Network

- Cross-sell and develop new value-added & end-to-end solutions for our customers
- Gain efficiencies in global procurement, automation and digitalisation
- Leverage network to enhance global eCommerce cargo partnerships
- Reinforce downstream cargo logistics business across geographies

Expanded gateway services network to achieve potential incremental EBITDA in excess of S$100M within 5 Years



SATS is poised for a New Era of Growth

- WFS has transformed SATS from a Singapore-centric company to a global gateway services provider serving customers in more than 210 locations in 27 countries.
- The enlarged SATS Group is now more resilient and has another pathway to growth.
- We have now a distinctive platform to scale our business, develop our people, and grow our profitability, aligning well with our purpose to feed and connect communities.
- Our gateway services business enables global trade while our food solutions business ensures food security, keeping SATS relevant on the global stage.
- Priority is to restore profitability and create long-term value for our stakeholders.

Thank you

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