MEDIA RELEASE

SATS' 4Q NET PROFIT IS $50.1M, HIGHEST AMONG 4 QUARTERS IN FY12

Proposes final and special dividends totalling 21 cents per share

SINGAPORE, 14 MAY 2012 – SATS Ltd. (SATS) today reported its unaudited results for the fourth quarter and the financial year ended 31 March 2012.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

(S$ million)	4Q FY12	Year-on-Year Change (%)	FY12	Year-on-Year Change (%)
Operating revenue	433.3	7.8	1,685.4	24.1
Operating profit	48.3	10.0	169.0	-
Share of profits of associates and JVs, net of tax[1]	10.5	2.9	41.2	(12.2)
Profit before tax from continuing operations	62.1	15.0	221.8	2.4
(Loss) from discontinued operations, net of tax[2]	-	n.m.	(10.1)	n.m.
Profit attributable to owners of the Company	50.1	(1.2)	170.9	(10.7)
Underlying net profit from continuing operations[3]	47.6	(0.4)	177.5	(4.3)
Earnings per share, based on underlying net profit from continuing operations (cents) – Basic	4.3	-	16.0	(4.8)

Notes:

1. In accordance with FRS1, share of profits of associates and JVs – previously reported as before tax, with the tax being reflected at the Group tax line – is now reported as net of tax.
2. The Company completed the disposal of its UK subsidiaries (Daniels) on 25 October 2011. The loss on disposal of $5.5 million and its post-tax losses up to the date of disposal are disclosed in the Consolidated Income Statement as a single line under "(Loss) from discontinued operations, net of tax".
3. Underlying net profit from continuing operations refers to profit attributable to owners of the Company excluding Daniels' contribution and the following one-off items: (i) reduction arising from TFK's revised retirement benefit plan (nil in 4Q FY12, $5.5 million, net of tax and non-controlling interests for the year), (ii) gain/loss (net of tax) from the unwinding of sale and lease back arrangements ($2.5 million gain in 4Q FY12, $2 million loss for FY12), and (iii) M&A expenses ($2.7 million in 4Q FY11 and $6 million for FY11).

GROUP EARNINGS

4Q FY12 (1 January – 31 March 2012)

Underpinned by better performance from gateway services and food solutions which registered revenue growth of 7.7% and 8.2% respectively, Group revenue from continuing operations rose 7.8% year-on-year to $433.3 million. Both businesses benefitted from increased flights and higher passenger traffic at Singapore Changi Airport as well as improved performance by overseas subsidiaries, SATS HK and TFK.

Operating expenses increased 7.5% to $385 million due mainly to higher raw material, company accommodation and utilities costs incurred, in line with increased business volumes. Other costs such as IT expenses and fuel costs also contributed to higher operating expenses.

Despite rising costs, the Group earned an operating profit of $48.3 million, 10% higher than a year ago.

Share of profits from associates and JVs, net of tax, increased 2.9% to $10.5 million. However, the absence of Daniels' contribution arising from its divestment in October 2011 saw Group profit attributable to owners of the Company declining marginally by 1.2% to $50.1 million.

Excluding the $5.6 million net profit contribution from Daniels in 4Q FY11 and one-off items, underlying net profit from continuing operations was steady at $47.6 million, or 4.3 cents per share.

FY12 (1 April 2011 – 31 March 2012)

Group revenue rose 24.1% to $1,685.4 million in FY12. Gateway services revenue improved 9.4% to $602.7 million, led by increased flights and passengers handled. Food solutions revenue was up 35.2% as TFK reported a full year's revenue of $302.6 million, accounting for 18% of Group revenue. The Group has consolidated TFK's results since 1 January 2011. Excluding TFK, food solutions revenue grew organically by 6.9% due mainly to higher inflight meal volumes.

Group operating profit remained at $169 million as operating expenses increased 27.6% to $1,516.4 million. Excluding TFK, operating expenses rose 8.9%, with higher staff and raw material costs as well as company accommodation and utilities expenses contributing to the increase.

Share of profits from associates and JVs, net of tax, fell 12.2% to $41.2 million as higher contributions from AISATS and PTJAS were offset by a stronger Singapore dollar and weaker performance from associates affected by soft cargo demand. The absence of Daniels' contribution and the loss arising from its disposal saw SATS' profit attributable to owners of the Company declining 10.7% to $170.9 million.

Excluding the $22.1 million year-on-year impact from Daniels and one-off items, underlying net profit was down 4.3% to $177.5 million, or 16 cents per share.

GROUP FINANCIAL POSITION (as at 31 March 2012)

As at 31 March 2012, SATS' total assets amounted to $2.12 billion, down 8.5% from 12 months ago due mainly to the deconsolidation of Daniels and payments of dividends to shareholders during the year. Cash and cash equivalents rose from $296.1 million to $470.1 million while equity attributable to owners of the Company declined marginally by 0.8% to $1.51 billion. Debt to equity ratio remained at a healthy 0.1 times. Free cash flow generated during the year was $103.7 million.

OPERATING DATA FOR SINGAPORE AVIATION BUSINESS

In the fourth quarter, unit services and flights handled recorded year-on-year growth of 8% and 9.6% respectively. Unit and gross meals rose 6.3% and 6.8% respectively on the back of higher passenger growth of 10% year-on-year. Cargo throughput, on the other hand, fell 2.4% due to soft consumer demand especially for electronics and manufactured goods in key markets such as Europe and Americas.

As the fourth quarter is the low season for Singapore's aviation sector, all operating indicators, with the exception of passengers handled, showed a sequential decline from third quarter of FY2011-12.

For the full year, growth was recorded across all indicators although cargo growth was muted as the higher volumes in the first half were offset by the soft cargo demand in the second half of the year.

	4Q FY12	**4Q FY11**	**% change**
Unit services ('000)	23.09	21.37	8.0
Flights handled ('000)	29.26	26.69	9.6
Cargo/mail processed ('000 tonnes)	351.43	360.03	(2.4)
Passengers handled ('M)	9.67	8.79	10.0
Unit meals produced ('M)	5.26	4.95	6.3
Gross meals produced ('M)	6.70	6.27	6.8

	FY12	**FY11**	**% change**
Unit services ('000)	91.51	84.05	8.9
Flights handled ('000)	115.19	103.73	11.0
Cargo/mail processed ('000 tonnes)	1,504.64	1,494.66	0.7
Passengers handled ('M)	37.92	35.38	7.2
Unit meals produced ('M)	20.72	19.78	4.8
Gross meals produced ('M)	26.50	25.06	5.7

PROPOSED DIVIDENDS

In view of the Group's financial performance in FY12, its liquidity position as well as capital management considerations, the Board has recommended a final dividend of 6 cents per share and a special dividend of 15 cents per share. Including the interim dividend of 5 cents per share paid on 9 December 2011, the proposed total dividend will be 26 cents per share. This represents a dividend payout ratio of 168.6% of profit attributable to owners of the Company for FY12. The proposed final and special dividends will be tabled for shareholders' approval at the forthcoming Annual General Meeting on 26 July 2012 and if approved, will be paid on 15 August 2012. The book closure date is 3 August 2012.

OUTLOOK

Passenger traffic at Changi Airport is anticipated to increase on the back of growing regional traffic as well as certain airlines expanding their networks. For 2012, the Singapore Tourism Board has projected moderate growth in visitor arrivals to between 13.5 million and 14.5 million. These present growth opportunities for the Group's gateway and food businesses in the domestic market. However, weakness in cargo demand is likely to continue, especially for the next two quarters.

Weaker general cargo demand and a stronger Singapore dollar are expected to continue to affect the performance of some overseas associates/JVs. Nevertheless, the Group remains committed to growing its businesses in the Asia Pacific region and will continue to leverage its financial strength to access other opportunities in key overseas markets.

With continued inflationary pressure on labour and other costs, the Group remains vigilant in managing its costs. It will intensify its efforts to increase productivity including skill upgrading and process improvements.

About SATS

With over 60 years of operating experience and a growing regional presence, SATS is Singapore's leading provider of gateway services and food solutions.

Our comprehensive scope of *gateway services* encompasses airfreight handling, passenger services, ramp handling, baggage handling, security services, aircraft interior and exterior cleaning as well as cruise handling and terminal management. Our *food solutions* business comprises airline catering, institutional catering, and food distribution and logistics.

Today, SATS handles about 80% of the scheduled flights and serves close to 60 scheduled airlines at Singapore Changi Airport. We are present in 36 airports in 10 countries and through our non-aviation food business, we have also established our presence in Australia and China.

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

ANNOUNCEMENT INFORMATION

The complete SATS Group's 4Q and FY12 results are available on the following websites: www.sats.com.sg and www.irasia.com/listco/sg/sats/index.htm.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S$ million)	4Q FY12	4Q FY11	FY12	FY11
Total revenue	433.3	402.1	1,685.4	1,357.8
Total expenditure	(385.0)	(358.2)	(1,516.4)	(1,188.8)
Operating profit	**48.3**	**43.9**	**169.0**	**169.0**
Share of profits of associated/JVs, net of tax	10.5	10.2	41.2	46.9
Profit before taxation from continuing operations	**62.1**	**54.0**	**221.8**	**216.7**
Profit/(Loss) from discontinued operation, net of tax	-	5.6	(10.1)	12.0
Profit attributable to owners of the Company	**50.1**	**50.7**	**170.9**	**191.4**
Underlying net profit from continuing operations	***47.6***	***47.8***	***177.5***	***185.4***
Per Share Data				
Earnings per share (cents)				
- Basic [R1]	4.5	4.6	15.4	17.4
- Diluted [R2]	4.5	4.6	15.4	17.3
Earnings per share based on net profit from continuing operations attributable to shareholders (cents)				
- Basic [R1]	4.5	4.1	16.3	16.3
- Diluted [R2]	4.5	4.1	16.3	16.2
Return on turnover (%) [R3]	11.6	12.6	10.1	14.1

Financial Position (S$ million)	As at 31-Mar-12	As at 31-Mar-11
Equity attributable to owners of the Company	1,509.4	1,521.2
Total assets	2,122.5	2,319.9
Total debt	158.0	184.5
Gross debt/equity ratio (times) [R4]	0.10	0.12
Net asset value per share ($) [R5]	136.1	137.3

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 1 of this media release.

[R1] Earnings after tax per share (basic) is computed by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

[R2] Earnings after tax per share (diluted) is computed by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

[R3] Return on turnover is computed by dividing profit attributable to owners of the Company by total revenue.

[R4] Gross debt/equity ratio is computed by dividing total debt by equity attributable to owners of the Company.

[R5] Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue.