



MEDIA RELEASE

SATS REPORTS NET PROFIT OF \$42.9M FOR 3Q

SINGAPORE, 11 February 2014 – SATS Ltd. (SATS) today reports its unaudited results for the third quarter and nine months ended 31 December 2013.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

(\$ million)	3Q FY13-14	Favourable / (Unfavourable) (%)	9M FY13-14	Favourable / (Unfavourable) (%)
Revenue	465.5	(1.1)	1,352.1	(1.3)
Expenditure	(423.5)	0.1	(1,222.8)	0.7
Operating profit	42.0	(10.3)	129.3	(6.4)
Share of results of associates / JVs, net of tax	13.0	7.4	37.3	9.1
Profit attributable to owners of the Company	42.9	(8.7)	137.8	(0.6)
Underlying net profit ⁽¹⁾	42.9	(8.7)	139.5	0.4
Earnings per share (cents) – basic	3.8	(9.5)	12.3	(1.6)

Note:

- 1) Underlying net profit refers to profit attributable to owners of the Company excluding the following one-off items:
 - (i) impairment loss on carrying value of Assets Held for Sale (\$1.7 million in 9M FY13-14; nil in 9M FY12-13);
 - (ii) loss on disposal of Country Foods Macau, Limited, which was divested on 28 September 2012 (nil in 9M FY13-14; \$0.4 million in 9M FY12-13).

GROUP EARNINGS

3Q FY13-14 (1 October – 31 December 2013)

For the third quarter ended 31 December 2013, Group revenue decreased 1.1% year-on-year to \$465.5 million. Revenue from gateway services increased 4.3% to \$173.3 million while revenue from food solutions dropped 3.9% to \$291.1 million, mainly due to the weakening of the Japanese Yen.

Operating expenditure decreased marginally by 0.1% to \$423.5 million. All expenses saw a reduction except for staff costs, which rose 3.6%. Consequently, operating profit declined 10.3% to \$42 million.

Share of results of associates and JVs, net of tax, increased 7.4% to \$13 million. Profit attributable to owners of the Company was \$42.9 million, 8.7% lower than the corresponding quarter last year.

9M FY13-14 (1 April – 31 December 2013)

For the nine months ended 31 December 2013, Group revenue declined 1.3% year-on-year to \$1.35 billion. Revenue from gateway services increased 5.7% to \$511 million while revenue from food solutions dropped 5.1% to \$837.3 million, mainly due to the weakening of the Japanese Yen.

Operating expenditure decreased 0.7% to \$1.22 billion and consequently, operating profit declined 6.4% to \$129.3 million.

Share of results of associates and JVs, net of tax, rose 9.1% to \$37.3 million.

During the period, the Group made a one-off impairment provision of \$1.7 million for assets held for sale. These assets comprise of shares held in two associates which are under negotiation for potential sale. The Group also benefitted from the write-back of tax provision for prior years of \$4 million. As a result, profit attributable to owners of the Company declined 0.6% to \$137.8 million. Excluding one-off items, underlying net profit was \$139.5 million, 0.4% higher than the corresponding period last year.

GROUP FINANCIAL POSITION (as at 31 December 2013)

As at 31 December 2013, the Group has total assets of \$1.94 billion. Cash and cash equivalents decreased from \$404.2 million as at 31 March 2013 to \$353.5 million. Total equity declined from \$1.5 billion to \$1.47 billion mainly due to dividend payment of \$168.4 million, partially offset by the profit generated during the 9 months and increase in share capital of the Company resulting from the exercise of share options. Free cash flow generated during the first nine months amounted to \$78.9 million while debt-to-equity ratio stood at 0.08 times.

OPERATING DATA FOR SINGAPORE AVIATION BUSINESS

In the third quarter of FY2013-14, the number of flights handled by SATS grew 10.2% and unit services increased by 6.6% year-on-year. Cargo throughput was up 1.9%.

Passengers handled rose 4.8% to 11.25 million, driven by higher low-cost carrier traffic. Gross and unit meals, however, declined 8% and 5.7% respectively due mainly to the loss of Qantas' flights to Europe.

Except for gross and unit meals, all operating metrics grew in the first nine months of FY2013-14.

	<u>3Q FY13-14</u>	<u>3Q FY12-13</u>	<u>Change (%)</u>
Unit services (thousand)	28.62	26.85	6.6
Flights handled (thousand)	34.92	31.68	10.2
Cargo/mail processed (thousand tonnes)	384.27	377.18	1.9
Passengers handled (million)	11.25	10.73	4.8
Unit meals produced (million)	5.29	5.61	(5.7)
Gross meals produced (million)	6.66	7.24	(8.0)

	<u>9M FY13-14</u>	<u>9M FY12-13</u>	<u>Change (%)</u>
Unit services (thousand)	83.14	77.12	7.8
Flights handled (thousand)	100.57	91.58	9.8
Cargo/mail processed (thousand tonnes)	1,127.10	1,105.29	2.0
Passengers handled (million)	32.95	30.71	7.3
Unit meals produced (million)	15.57	16.49	(5.6)
Gross meals produced (million)	19.75	21.31	(7.3)

Notes:

i. *The above aviation operating data are for Singapore operations only. With the exception of unit and gross meals produced, all data include LCC operations.*

OUTLOOK

The operating landscape for SATS remains challenging in view of the ongoing pressure on airlines' profitability and rising labour costs.

In the near-term, we expect modest growth in passenger traffic at Changi Airport and only marginal growth in air freight at best.

The Group will continue to focus on growing scale in our food business and improving connectivity in our gateway business, whilst using automation and technology to counter rising manpower costs.

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 handling and terminal management. Our food solutions include airline catering, institutional and remote catering, aviation laundry as well as food distribution and logistics.

SATS is present at 39 locations in 10 countries across Asia and the Middle East. We handle about 80% of the scheduled flights and serves close to 60 scheduled airlines at Changi Airport.

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

ANNOUNCEMENT INFORMATION

The complete 3Q and 9M FY13-14 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	3Q FY13-14	3Q FY12-13	9M FY13-14	9M FY12-13
Revenue	465.5	470.6	1,352.1	1,370.0
Expenditure	(423.5)	(423.8)	(1,222.8)	(1,231.8)
Operating profit	42.0	46.8	129.3	138.2
Share of results of associates and JVs, net of tax	13.0	12.1	37.3	34.2
Profit before tax	54.7	57.2	164.5	168.9
Profit attributable to owners of the Company	42.9	47.0	137.8	138.6
Underlying net profit	42.9	47.0	139.5	139.0

Per Share Data

Earnings per share (cents)				
- Basic ^{R1}	3.8	4.2	12.3	12.5
- Diluted ^{R2}	3.8	4.2	12.2	12.4
Return on turnover (%) ^{R3}	9.2	10.0	10.2	10.1

Financial Position (S\$ million)	As at 31-Dec-13	As at 31-Mar-13
Equity attributable to owners of the Company	1,373.2	1,403.4
Total assets	1,938.7	2,003.3
Total debt	116.5	131.4
Gross debt/equity ratio (times) ^{R4}	0.08	0.09
Net asset value per share (\$) ^{R5}	1.22	1.26

Notes:

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

^{R1} Earnings 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 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 employee share option plan, restricted share plan (RSP) and performance share plan (PSP).

^{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.