



SATS ACQUIRES 41.65% OF PT CARDIG AERO SERVICES TBK FOR APPROXIMATELY S\$118.3 MILLION

1. INTRODUCTION

1.1 The Board of Directors (the **Board**) of SATS Ltd. (**SATS**) is pleased to announce that its wholly-owned subsidiaries, SATS Investments (II) Pte. Ltd. (**SIPL2**) and Cemerlang Pte. Ltd. (**CPL**) (together, referred to as the **Purchasers**) have today entered into a share sale and purchase agreement (the **SPA**) with Puncak Cemerlang B.V. (**PC**) and Bintang Nusantara Limited (**BN**) (together, referred to as the **Sellers**), for the acquisition of an aggregate of 869,220,800 ordinary shares (each having a nominal value of IDR 100) in PT Cardig Aero Services Tbk (**CAS**), representing 41.65% of the entire issued and paid-up share capital of CAS (the **Sale Shares**) (the **Transaction**).

1.2 **Completion** of the Transaction is expected to take place on 20 February 2014.

2. TERMS OF THE TRANSACTION

2.1 **CAS.** CAS is a company incorporated under the laws of Indonesia, and has been listed on the Indonesia Stock Exchange (**IDX**) since 5 December 2011. For further details on CAS, please refer to paragraph 3 of this Announcement.

2.2 **Sale and Purchase Agreement.** The Purchasers will acquire the Sale Shares in the following proportions (in relation to each Purchaser, its **Relevant Proportion**):

2.2.1 **SIPL2:** 451,830,800 Sale Shares representing 21.65% of the entire issued and paid-up share capital of CAS; and

2.2.2 **CPL:** 417,390,000 Sale Shares representing 20.00% of the entire issued and paid-up share capital of CAS.

2.3 Consideration.

2.3.1 The Sale Shares will be acquired at an aggregate consideration (the **Aggregate Consideration**) of an amount in cash equivalent to IDR1,108.3 billion (approximately S\$118.3 million¹) to be paid by each Purchaser on Completion in proportion to its Relevant Proportion, as follows:

- (i) **SIPL2:** SIPL2 shall pay IDR576.1 billion (approximately S\$61.5 million) and
- (ii) **CPL:** CPL shall pay IDR532.2 billion (approximately S\$56.8 million).

2.3.2 There will be no adjustment to the Aggregate Consideration.

2.3.3 The Aggregate Consideration was negotiated on a willing buyer, willing seller basis, taking into account a number of factors including the earnings, financial position, management experience, track record as well as the business prospects of CAS.

¹ Unless otherwise stated, the S\$ equivalent of IDR amounts in this Announcement are based on an exchange rate of S\$1.00: IDR 9,368.

3. INFORMATION ON CAS

CAS is a leading food solutions and gateway services provider in Indonesia. Its key subsidiaries include: (1) PT Jasa Angkasa Semesta Tbk² (which provides airfreight handling, ramp handling and passenger services), (2) PT JAS Aero Engineering Services (which offers aircraft line maintenance and technical ramp services), (3) PT Cardig Anugrah Sarana Catering (which provides institutional catering services), (4) PT Purantara Mitra Angkasa Dua (which provides airline catering services), and (5) PT Cardig Anugra Sarana Bersama (which provides facility management services).

4. VALUE OF THE SALE SHARES

4.1 Market Value. Based on the volume weighted average price of the shares of CAS transacted on the IDX on 18 February 2014 (being the full market day preceding the date of the SPA on which CAS' shares were traded on the IDX), the open market value of the Sale Shares is approximately IDR738.3 billion (approximately S\$78.8 million).

4.2 Net Profit. Based on the unaudited consolidated financial statements of CAS and its subsidiaries for the nine months ended 30 September 2013, the profit before income tax, minority interests and extraordinary items attributable to the Sale Shares is approximately IDR105.0 billion (approximately S\$11.2 million).

5. RATIONALE FOR THE TRANSACTION

The Transaction is in line with SATS' strategy to grow its food and gateway businesses by accessing value-creating opportunities.

CAS, a leader in food solutions and gateway services, has presence in 17 airports across Indonesia. It is focussed on the same core business as SATS. This acquisition will also contribute to growing scale in SATS' food business and will bring new opportunities for connectivity for our mutual customers across our comprehensive suite of gateway offerings.

Indonesia is a priority market for SATS. The country's topography as an island nation – which makes air travel the most reliable and efficient mode of transportation for both people and cargo across the archipelago – and its fast growing economy and middle class population will continue to drive greater demand for high quality, safe food and travel.

Said Mr Alexander Hungate, President and CEO of SATS: "We already have a strong partnership with CAS through our joint venture, PT Jasa Angkasa Semesta Tbk (**PT JAS**). With this Transaction, we will work closely with the management of the CAS group to accelerate its growth in the same way that we have with PT JAS over the last 10 years."

"CAS is an attractive investment opportunity in our core business which will generate sustainable value for our customers, employees and shareholders as Indonesia continues to grow," added Mr. Hungate.

² As at the date hereof, CAS and SATS hold 50.1% and 49.79% of the total issued share capital in PT Jasa Angkasa Semesta Tbk respectively.

6. FINANCIAL EFFECTS AND FUNDING

6.1 Bases and Assumptions. The pro forma financial effects of the Transaction on the net tangible assets (**NTA**) per share and the earnings per share (**EPS**) of SATS and its subsidiaries (the **Group**) as set out below, are prepared purely for illustration purposes only and do not reflect the actual financial position of the Group after completion of the Transaction. The pro forma financial effects have been prepared based on the audited consolidated statements of the Group for FY2012-13.

6.2 NTA. For illustrative purposes only, assuming that the Transaction had been effected on 31 March 2013 (being the end of FY 2012-13), the pro forma financial effects of the Transaction on the consolidated NTA³ of SATS for the financial year ended 31 March 2013 are as follows:

| | Before the Transaction | After the Transaction |
|---------------------------------|------------------------|-----------------------|
| NTA (S\$ million) | 1,118.8 | 1,010.0 |
| NTA per share (Singapore cents) | 100.5 | 90.7 |

6.3 EPS. For illustrative purposes only, assuming that the Transaction had been effected on 1 April 2012 (being the beginning of FY 2012-2013), the pro forma effects of the Transaction on the consolidated earnings of SATS for the financial year ended 31 March 2013 are as follows:

| | Before the Transaction | After the Transaction |
|---|------------------------|-----------------------|
| Profit after tax and minority interests (S\$ million) | 184.8 | 184.9 |
| EPS (Singapore cents) | 16.6 | 16.6 |

6.4 Funding. SATS intends to fund the Transaction wholly through existing cash reserves.

7. CHAPTER 10 OF THE LISTING MANUAL

7.1 Under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”) (which governs acquisitions and realisations), where any of the relative figures of an asset purchase or asset sale transaction, computed on the bases in Rule 1006 of the Listing Manual exceeds 5% but is less than 20%, that transaction is classified as a discloseable transaction.

³ The consolidated NTA of SATS in this announcement refers to the consolidated NTA attributable to owners of SATS, i.e., excluding non-controlling interests.

7.2 Relative Figures. The relative figures for the Transaction computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

| Rule 1006 | Bases | The Transaction (\$ million) | The Group (\$ million) | Relative Figure (%) |
|------------------|--|-------------------------------------|-------------------------------|----------------------------|
| (a) | Net asset value of the assets disposed of, compared with the Group's net asset value. | Not applicable | Not applicable | Not applicable |
| (b) | The net profits attributable to the Sale Shares, compared with the net profits of the Group. | 11.2 | 164.5 | 6.8 |
| (c) | The aggregate value of the consideration given, compared with SATS' market capitalisation based on the total number of issued shares in SATS, excluding treasury shares. | 118.3 | 3,450.2 | 3.4 |
| (d) | The number of equity securities issued by SATS as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable | Not applicable | Not applicable |

Notes:

- (1) The figure for Rule 1006(b) of the Listing Manual was computed based on the unaudited net profit attributable to a 41.65% equity interest in CAS for the nine months ended 30 September 2013 (the latest available consolidated accounts from CAS), divided by the Group's unaudited consolidated net profits for the nine months ended 31 December 2013. These figures are stated before income tax, minority interests and extraordinary items.
- (2) The figures for Rule 1006(c) of the Listing Manual was computed based on the consideration for the Transaction, divided by the market capitalisation of SATS as at 18 February 2014, on the basis of 1,121,937,074 shares in issue multiplied by the volume weighted average price of S\$3.0752 per share on 18 February 2014.

7.3 Classification. As one of the relative figures under Rule 1006 for the Transaction exceeds 5% but none exceeds 20%, the Transaction constitutes a discloseable transaction for the purposes of Chapter 10 of the Listing Manual. Accordingly, the Transaction is not subject to the approval of the SATS' shareholders.

8. RULE 704(17)(b) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Pursuant to Rule 704(17)(b) of the Listing Manual , SATS' aggregate cost of investment in quoted securities are as follows:

| | Before the Transaction | After the Transaction |
|---|-------------------------------|------------------------------|
| Aggregate cost of SATS' quoted investments (S\$ million) | - | 118.3 |
| Aggregate cost of SATS' quoted investments as a percentage of the latest audited consolidated net tangible assets of SATS as at 31 March 2013 | - | 10.6% |
| Total market value of SATS' quoted investments (S\$ million) | - | 78.8 |
| Amount of any provision for diminution in value of investments (S\$ million) | - | - |

9. 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.

10. NO SERVICE AGREEMENTS

No person will be appointed to the Board of Directors of SATS in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between SATS and any such person.

11. DOCUMENTS FOR INSPECTION

Copies of the SPA are 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

19 February 2014
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 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 serve 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.