



MEDIA RELEASE

SATS POSTS 2H EBITDA OF \$113.9 MILLION

SATS 2H FY23 Results:

- Revenue rose 57% YoY to \$953.8M on the back of continued travel recovery
- Share of earnings from associates and joint ventures increased 72% YoY to \$27.8M
- PATMI of \$6.0M (last year: \$7.2M) despite one-off M&A expenses
- Total assets grew \$1.38B raised via Rights Issue and term loan drawdown for WFS

Singapore, 29 May 2023 – SATS Ltd. (SATS) today reported its unaudited results for the second half (2H) and the full year ended 31 March 2023 (FY23).

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

Group Financial Results (YoY Change)	2H FY23 (S\$ million)	2H FY22 (S\$ million)	Favourable / (Unfavourable) YoY Change (S\$ million)	Favourable / (Unfavourable) YoY Change (%)
Revenue	953.8	607.3	346.5	57.1
Expenditure	(959.5)	(653.9)	(305.6)	(46.7)
Operating loss	(5.7)	(46.6)	40.9	87.8
Share of earnings of associates/joint ventures, net of tax	27.8	16.2	11.6	71.6
PATMI	6.0	7.2	(1.2)	(16.7)
<i>PATMI excluding reliefs</i>	(26.0)	(46.6)	20.6	44.2
Core PATMI ⁽¹⁾	7.7	(21.7)	29.4	n.m.
<i>Core PATMI excluding reliefs</i>	(24.3)	(75.5)	51.2	67.8
EBITDA ⁽²⁾	113.9	28.5	85.4	299.6
Earnings per share (cents) - basic	0.5	0.6		
Return on Equity (%/ppt) ⁽³⁾	0.3	0.5		



Group Financial Results (YoY Change)	FY23 (S\$ million)	FY22 (S\$ million)	Favourable / (Unfavourable) YoY Change (S\$ million)	Favourable / (Unfavourable) YoY Change (%)
Revenue	1,758.3	1,176.8	581.5	49.4
Expenditure	(1,806.3)	(1,219.4)	(586.9)	(48.1)
Operating loss	(48.0)	(42.6)	(5.4)	(12.7)
Share of earnings of associates/joint ventures, net of tax	45.4	17.1	28.3	165.5
PATMI	(26.5)	20.4	(46.9)	n.m.
<i>PATMI excluding reliefs</i>	(77.6)	(112.2)	34.6	30.8
Core PATMI ⁽¹⁾	(26.7)	(8.5)	(18.2)	(214.1)
<i>Core PATMI excluding reliefs</i>	(77.8)	(141.1)	63.3	44.9
EBITDA ⁽²⁾	173.2	94.2	79.0	83.9
Earnings per share (cents) - basic	(2.2)	1.8		
Return on Equity (%/ppt) ⁽³⁾	(1.3)	1.3		

FY22 refers to the financial year from 1 April 2021 to 31 March 2022

FY23 refers to the financial year from 1 April 2022 to 31 March 2023

1. Core PATMI refers to net profit/(loss) attributable to owners of the Company excluding one-off items.

2. EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excludes one-off items. Excluding Share of results of associates/joint ventures, EBITDA would be \$86.1M for 2HFY23, \$12.3M for 2HFY22, \$127.8K for FY23, \$77.1K for FY22.

3. Return on equity ("ROE") is profit/(loss) attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non-annualised).

n.m. – not meaningful



GROUP EARNINGS

2H FY23 (1 October 2022 to 31 March 2023)

Group revenue rose \$346.5 million or 57.1%, to \$953.8 million, from increased business volume. Food Solutions revenue increased by 41.2%, or \$136.1 million, to \$466.7 million driven by travel recovery whilst Gateway Services revenue grew 76.8%, or \$211.4 million, to \$486.6 million over the same period last year due to increased flights handled and cargo revenue contribution from AAT. The consolidation of AAT, a subsidiary of the Group from March 2022, contributed \$57.1 million to revenue of Gateway Services.

Group expenditure increased \$305.6 million or 46.7%, to \$959.5 million. Staff costs increased \$157.9 million due to lower government grants and the higher level of manpower required to handle increased business volumes. Raw material costs, licence fees, company premises and utilities expenses grew in tandem with higher business volumes for both Food Solutions and Gateway business. Depreciation and amortisation increased \$32.9 million mainly due to the consolidation of AAT for the period. Other costs increased \$30.1 million due to higher fuel costs and maintenance expenses as well as lower government grants. Excluding the consolidation of AAT, Group expenditure would have recorded a lower increase of \$232.9 million.

Operating loss recorded was \$5.7 million, an improvement of \$40.9 million from an operating loss of \$46.6 million in the same period last year.

Share of results from associates/joint ventures was \$11.6 million higher, improving from a profit of \$16.2 million in the prior period to a profit of \$27.8 million in the current period. The improved performance in associates and joint ventures of the Group was due to travel recovery.

Other non-operating loss (net) of \$16.6 million was related to one-off merger and acquisition expenses incurred during the period offset by gain from disposal of property, plant and equipment.

Group net profit attributable to owners of the Company ("PATMI") recorded a net profit of \$6.0 million, a decrease of \$1.2 million or 16.7% from net profit of \$7.2 million in the same period



last year. Excluding government reliefs, Group PATMI would have been a loss of \$26.0 million for the period compared to a loss of \$46.6 million last year.

Full Year FY23 (1 April 2022 to 31 March 2023)

Group revenue grew \$581.5 million, or 49.4% year-on-year, to \$1,758.3 million, with growth in both Food Solutions and Gateway Services driven by travel recovery and higher cargo revenue from AAT consolidation. Food Solutions revenue increased 35.6%, or \$228.4 million, to \$869.3 million while Gateway Services revenue grew 66.9%, or \$356.0 million, to \$888.5 million for the full year over the same period last year.

Group expenditure increased \$586.9 million or 48.1% year-on-year at \$1,806.3 million arising from increased business activities as well as the consolidation of AAT. Lower government grants and stepped-up hiring in support of higher levels of activity in passenger operations and meal production led to a rise in staff costs of \$341.2 million. Raw materials costs, licence fees, company premises and utilities expenses grew in tandem with the higher business volumes. Depreciation and amortisation increased \$56.1 million mainly due to the consolidation of AAT for the full financial year. Other costs rose \$74.0 million due to higher fuel costs and maintenance expenses as well as lower government grants. Excluding the consolidation of AAT, Group expenditure would have recorded a lower increase of \$446.9 million.

Operating loss for the Group increased \$5.4 million or 12.7%, from \$42.6 million last year to \$48.0 million in the current financial year.

Share of results from associates/joint ventures improved \$28.3 million from a profit of \$17.1 million to a profit of \$45.4 million as both Gateway and Food associates and joint ventures registered better performance due to aviation recovery.

Other non-operating loss (net) of \$32.5 million was mainly due to one-off merger and acquisition expenses incurred offset by gain from disposal of property, plant and equipment.

Group net profit attributable to owners of the Company ("PATMI") was a net loss of \$26.5 million, a \$46.9 million decrease from a net profit of \$20.4 million last year. Excluding



government reliefs, Group PATMI would have been a loss of \$77.6 million for the year compared to a loss of \$112.2 million last year.

GROUP FINANCIAL POSITION (as at 31 March 2023)

Total equity of the Group increased \$681.1 million to \$2,514.8 million as at 31 March 2023. The higher equity was mainly due to an increase in share capital arising from rights issue during the year.

Non-current assets decreased \$45.4 million mainly due to lower property, plant and equipment as a result of disposal and lower intangible assets due to amortisation and foreign currency translation difference. The lower investment in associates was mainly due to dividend received and foreign currency translation difference during the year.

Current assets increased \$1,426.8 million mainly due to deposit with notary pending payment for the WFS acquisition as well as higher trade and other receivables.

Current liabilities decreased \$24.2 million mainly from repayment of term loans offset by higher trade and other payables.

Non-current liabilities increased \$724.5 million due to a three-year term loan of €500 million (approximately S\$723.5 million) to fund the acquisition of WFS.

DIVIDENDS

The Board of Directors believes it would be prudent to not pay a dividend until SATS is profitable without government reliefs.

OUTLOOK

Our aviation business is expected to grow as travel continues to recover across the regions. However, the macroeconomic outlook remains uncertain. Monetary tightening is expected to further impact consumer and business spending while the ongoing geopolitical and trade tensions continue to disrupt global supply chains.

SATS is focused on advancing its strategy of strengthening its Singapore core while expanding overseas. The acquisition of Worldwide Flight Services (WFS) enhances SATS' competitive



advantage and resilience in cargo handling to better weather headwinds through new customer acquisitions and a larger share of the specialised air cargo handling business. Tapping on the growth of the ready-to-eat market in Asia, SATS has opened a new central kitchen in Tianjin and is also in the midst of building the largest central kitchen in Bengaluru to produce ready-to-eat meals for airlines, institutions and foodservice customers.

With our expanded network, we will be able to offer our customers more value-added products and services from end-to-end to enhance their supply chains.

With effect from 1Q FY24, SATS will be consolidating WFS' financial information into SATS Group's financial results.

Kerry Mok, President and Chief Executive Officer of SATS, said, "In support of Changi Airport's preeminent air hub status, SATS ramped up its operations in Singapore quickly ahead of travel recovery to ensure minimal disruptions to operations. During the year, we managed the sharp increase of flights in Singapore from 43% to 84% of pre-pandemic levels. While air travel recovery momentum is expected to continue, we are mindful that air cargo volume has softened due to macroeconomic factors. Fuelled by our twin-engine growth strategy, we continue to drive productivity through operational excellence and enhanced scale to achieve the desired network synergies and combined benefits for the group. We will deliver improved connectivity to our clients and customers particularly through our enlarged reach with WFS."

END



ABOUT SATS GROUP

SATS is Asia's preeminent provider of food solutions and a global leader in gateway services. Using innovative food technologies and resilient supply chains, we create tasty, quality food in sustainable ways for airlines, foodservice chains, retailers and institutions. With heartfelt service and advanced technology, we connect people, businesses and communities seamlessly through our comprehensive gateway services for customers such as airlines, cruise lines, freight forwarders, postal services and eCommerce companies.

Fulfilling our purpose to feed and connect communities, SATS delights customers in over 201 locations and 23 countries across the Asia Pacific, UK, Europe, the Middle East and the Americas. SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit www.sats.com.sg.

ANNOUNCEMENT INFORMATION

The complete 4Q and FY23 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (\$ million)	4Q FY23	4Q FY22
Revenue	478.1	299.5
Expenditure	(482.7)	(336.6)
Operating loss	(4.6)	(37.1)
Share of results of associates/JVs, net of tax	17.6	4.1
Profit/(Loss) attributable to owners of the Company	5.5	2.1
PATMI excluding reliefs	(12.2)	(13.6)
Core PATMI	7.2	(26.8)
Core PATMI excluding reliefs	(10.5)	(42.5)
EBITDA	58.7	(3.2)

Per Share Data

Earnings/(loss) per share (cents)

- Basic ^{R1}	0.5	0.2
- Diluted ^{R2}	0.5	0.2
Return on turnover (%) ^{R3}	1.2	0.7
Return on Equity (%/ppt)	0.3	0.1

Financial Position (\$ million)	As at 31 Mar 2023	As at 31 Mar 2022
Total equity	2,514.8	1,833.7
Total assets	4,673.7	3,292.3
Total debt	1,478.4	837.9
Gross debt/equity ratio (times) ^{R4}	0.59	0.46
Net asset value per share (\$) ^{R5}	15.7	1.42

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 2 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 fully paid 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 various employee share plans.

^{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 total equity.

^{R5} Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares (excluding treasury shares) in issue.



ANNEX B: OPERATING STATISTICS

	4Q FY23	4Q FY22	Change (%)	2H FY23	2H FY22	Change (%)	FY23	FY22	Change (%)
Passengers Handled ('M)	15.6	5.0	212.0	30.3	8.6	252.3	52.6	10.4	405.8
Flights Handled ('000)	66.4	37.3	78.0	128.3	67.3	90.6	230.4	95.5	141.3
Cargo/Mail Processed ('000 tonnes)	508.9	408.7	24.5	1,073.6	867.6	23.7	2,244.5	1,675.9	33.9
Gross Meals Produced ('M)	19.8	13.1	51.1	37.6	26.1	44.1	68.9	52.4	31.5
Ship Calls Handled	82	59	39.0	147	125	17.6	254	254	0.0

Notes:

- i. The above operating data cover SATS and its subsidiaries, but does not include joint ventures and associates.
- ii. Passengers handled comprise full service and low cost carriers, business aviation, as well as cruise ship passengers.
- iii. Gross meals include both inflight and institutional catering meals.