



4Q and FY14/15 Performance Review

14 May 2015

Forward Looking Statements

This presentation may contain forward-looking statements regarding, among other things, the Company's outlook, business and strategy which are current as of the date they are made. These forward-looking statements are based largely on the current assumptions, expectations and projections of the directors and management of SATS about our business, and the industry and markets in which we operate. These statements are not guarantees of SATS' future performance and are subject to a number of risks and uncertainties, some of which are beyond the Company's control and are difficult to predict. Future developments and actual results could differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will prove to be accurate. SATS does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.

Agenda

- Executive Summary
- Operating Statistics
- Group Financial Review
- Dividends
- Adding Scale in Food Distribution
- Outlook

Executive Summary

- Group revenue declined 1.9% in FY14-15 in tough environment
- Operating margin improved 0.6 ppt to 10.2% due to cost management and productivity
- PATMI improved 8.5% to \$195.7M
- EPS rose 8.7% to 17.5 cents
- ROE grew 0.9 ppt to 13.7%
- Free cash flow generated was \$175.1M
- Proposed final dividend up 1 cent, bringing DPS to 14 cents
- Strategy to grow scale and enhance connectivity progressing well

Operating Statistics

Operating Statistics for Singapore Aviation Business

	4Q14/15	4Q13/14	Change (%)	FY14/15	FY13/14	Change (%)
Passengers Handled ('M)	9.67	10.53	(8.2)	41.60	43.47	(4.3)
Flights Handled ('000)	29.38	33.52	(12.4)	126.11	134.09	(6.0)
Unit Services Handled ('000)	26.27	28.36	(7.4)	110.00	113.83	(3.4)
Cargo/Mail Processed ('000 tonnes)	380.38	373.38	1.9	1,569.51	1,500.49	4.6
Gross Meals Produced ('M)	6.47	6.37	1.6	26.44	26.11	1.3
Unit Meals Produced ('M)	5.11	5.03	1.6	20.83	20.59	1.2



- * The above aviation operating data cover Singapore operations only.
- * Except for unit and gross meals produced, all data include LCC operations.

Group Financial Review



4Q14/15 Highlights

Revenue

\$425.1M -2.2%

- Food solutions revenue dropped 5.8% y-o-y but was partially offset by higher gateway services revenue (+3.5%).

Operating profit

\$44.7M 7.2%

- Operating profit improved as operating expenditure declined 3.2%, mainly from lower cost of raw materials, depreciation expenses and other costs, while staff costs increase slowed.

Share of results of Associates/JV, net of tax

\$13.1M 32.3%

- Food associates continued to show strength while performance of gateway associates/JV also improved.

PATMI

\$51.6M 21.1%

- PATMI grew and EPS increased from 3.8 cents to 4.7 cents.



FY14/15 Highlights

Revenue

\$1,753.2M -1.9%

- Similar to 4Q, higher gateway services revenue (+2.8%) partially offset the lower food solutions revenue (-4.7%).

Operating profit

\$178.0M 4.1%

- Operating profit improved with the reduction in operating expenditure (-2.5%).

Share of results of Associates/JV, net of tax

\$48.1M 1.9%

- Food associates' contribution grew in FY14/15, offsetting the pressures on Gateway associates/ JVs.

PATMI

\$195.7M 8.5%

- PATMI increased by \$15.3M to \$195.7M.
- EPS grew from 16.1 cents to 17.5 cents.
- Return on equity improved 0.9 ppt to 13.7%.

Debt-to-equity

0.07 times -

- Debt-to-equity ratio remained healthy at 0.07 times.
- Cash and short-term deposits as at 31 MAR 2015 was \$410.9M, with \$175.1M free cash flow generated during the year.



4Q and FY14/15 Financials

\$M	4Q14/15	4Q13/14	Favourable/ (Unfavourable) Change (%)	FY14/15	FY13/14	Favourable/ (Unfavourable) Change (%)
Revenue	425.1	434.6	(2.2)	1,753.2	1,786.7	(1.9)
Expenditure	(380.4)	(392.9)	3.2	(1,575.2)	(1,615.7)	2.5
Operating Profit	44.7	41.7	7.2	178.0	171.0	4.1
EBITDA	61.0	61.1	(0.2)	243.8	248.1	(1.7)
Share of Results of Associates/JV, Net of Tax	13.1	9.9	32.3	48.1	47.2	1.9
Impairment of Assets Held for Sale	-	(0.9)	n.m.	(0.2)	(2.6)	(92.3)
PBT	57.9	51.0	13.5	224.8	215.5	4.3
PATMI	51.6	42.6	21.1	195.7	180.4	8.5
<i>Underlying Net Profit*</i>	51.6	43.5	18.6	195.9	183.0	7.0

Our PATMI grew 8.5% y-o-y to \$195.7M.



* Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – impairment loss on carrying value of Assets Held for Sale.

Financial Indicators

%	4Q14/15	4Q13/14	Change (ppt)	FY14/15	FY13/14	Change (ppt)
Operating Margin	10.5	9.6	0.9	10.2	9.6	0.6
EBITDA Margin	14.3	14.1	0.2	13.9	13.9	-
PBT Margin	13.6	11.7	1.9	12.8	12.1	0.7
PATMI Margin	12.1	9.8	2.3	11.2	10.1	1.1
Underlying Net Margin	12.1	10.0	2.1	11.2	10.2	1.0
Return on Equity				13.7	12.8	0.9

	4Q14/15	4Q13/14	Change (%)	FY14/15	FY13/14	Change (%)
EPS Based on PATMI (cents)	4.7	3.8	23.7	17.5	16.1	8.7
Free Cash Flow (\$M)				175.1	189.8	(7.7)

	31 MAR 15	31 MAR 14
NAV Per Share (\$)	1.30	1.27
Debt-to-Equity Ratio	0.07	0.08

Overall, margins and EPS have improved.



Group Segmental Revenue

\$M	4Q14/15	4Q13/14	Change (%)	FY14/15	FY13/14	Change (%)
By Business:						
Food Solutions	250.9	266.3	(5.8)	1,051.5	1,103.6	(4.7)
Gateway Services	173.0	167.1	3.5	697.0	678.1	2.8
Corporate	1.2	1.2	-	4.7	5.0	(6.0)
Total	425.1	434.6	(2.2)	1,753.2	1,786.7	(1.9)
By Industry:						
Aviation	336.9	346.4	(2.7)	1,395.4	1,424.2	(2.0)
Non-Aviation	87.0	87.0	-	353.1	357.5	(1.2)
Corporate	1.2	1.2	-	4.7	5.0	(6.0)
Total	425.1	434.6	(2.2)	1,753.2	1,786.7	(1.9)
By Geographical Location:						
Singapore	352.7	349.3	1.0	1,440.0	1,421.0	1.3
Japan	50.3	63.8	(21.2)	220.9	268.1	(17.6)
Others	22.1	21.5	2.8	92.3	97.6	(5.4)
Total	425.1	434.6	(2.2)	1,753.2	1,786.7	(1.9)

Revenue mix between Food and Gateway unchanged at 60:40.
Excluding Urangan Fisheries, our underlying non-aviation revenue was stronger.



Group Expenditure

\$M	4Q14/15	4Q13/14	Favourable/ (Unfavourable) Change (%)	FY14/15	FY13/14	Favourable/ (Unfavourable) Change (%)
Staff Costs	193.6	188.8	(2.5)	800.6	788.4	(1.5)
Cost of Raw Materials	84.0	91.8	8.5	349.3	379.6	8.0
Licensing Fees	18.9	18.6	(1.6)	78.1	76.8	(1.7)
Depreciation & Amortisation	17.3	19.1	9.4	68.2	77.2	11.7
Company Premise & Utilities	30.1	30.9	2.6	125.0	124.9	(0.1)
Other Costs	36.5	43.7	16.5	154.0	168.8	8.8
Group Expenditure	380.4	392.9	3.2	1,575.2	1,615.7	2.5
Group Revenue	425.1	434.6	(2.2)	1,753.2	1,786.7	(1.9)

Operating expenditure declined mainly due to lower cost of raw materials, depreciation expenses and other costs. Increase in staff costs was limited to 1.5% due to productivity measures supported by technology implementation. Cost of raw materials declined in line with lower food solutions revenue.



Associates/JV Performance by Business

\$M	4Q14/15	4Q13/14	Change (%)	FY14/15	FY13/14	Change (%)
PAT	13.1	9.9	32.3	48.1	47.2	1.9
Food Solutions	3.9	1.2	n.m.	9.2	5.8	58.6
Gateway Services	9.2	8.7	5.7	38.9	41.4	(6.0)
Dividends Received	-	-	-	88.7	27.2	n.m.

AISATS, AAT, MIC and PT JAS together contributed nearly 80% of our share of after-tax profits from associates/JV in FY14/15. Strong performance of food associates helped offset weakness in gateway associates/JV.



Group Balance Sheet

\$M	As at 31 MAR 15	As at 31 MAR 14
Total Equity	1,517.6	1,514.4
Long-term Loans	89.7	96.6
Other Long-Term Liabilities	66.6	79.3
Current Liabilities	345.8	329.5
Total Equity & Liabilities	2,019.7	2,019.8
Fixed Assets & Investment Property	558.7	577.1
Associated Companies & JV	464.8	494.8
Intangible Assets	165.5	185.0
Other Non-Current Assets & Long-Term Investment	38.0	38.3
Current Assets		
<i>Cash & Short-Term Deposits</i>	410.9	340.8
<i>Debtors & Other Current Assets</i>	381.8	383.8
Total Assets	2,019.7	2,019.8

Cash & short-term deposits increased mainly due to higher cash generated from operating activities, higher dividends received from associates/JV and proceeds from disposal of interest in associates and Urangan Fisheries.

Group Cash Flow Statement

\$M	FY14/15	FY13/14	Difference
Net Cash From Operating Activities	236.4	246.9	(10.5)
Net Cash From / (Used In) Investing Activities	58.1	(145.9)	204.0
Net Cash Used In Financing Activities	(199.6)	(162.6)	(37.0)
Net Increase / (Decrease) In Cash & Cash Equivalents	94.9	(61.6)	156.5
Cash & Cash Equivalents At End Of Financial Period	429.7	339.6	90.1
Free Cash Flow*	175.1	189.8	(14.7)

Net cash from investing activities was higher due to higher dividends from associates/JV, proceeds from disposal of interest in associates and Urangan Fisheries, as well as the absence of cash outflow due to investment.



* Free Cash Flow refers to net cash from operating activities less cash purchases of capital expenditure.

Dividends

Dividends

In cents	FY14/15	FY13/14
Interim Dividend	5.0	5.0
Proposed Final Dividend	9.0*	8.0
Total Dividends	14.0	13.0
Payout Ratio (%)	79.4%	80.9%

Payment of final dividend is on 12 August 2015. Book closure date is 29 July 2015.



* Subject to shareholders' approval at AGM to be held on 21 July 2015

Adding Scale in Food Distribution

SATS BRF Food



(Through SFI)

51%



49%

- SATS BRF Food will carry out the business of **meat distribution and processing**, as well as **manufacturing of branded food products** for distribution to retailers, restaurants, wholesalers, distributors and ship chandlers
- SATS agrees to transfer food distribution business to SATS BRF Food
- Completion of transaction is expected to be 31 May 2015
- Institutional catering, retort manufacturing and abattoir operations continue to be owned by SATS



Who is BRF?

- 6th largest food company in the world by market value
- Largest poultry exporter in the world with 20% of global trade
- Most valuable brands in Brazil and Top of Mind in Middle East
- Sales of US\$9.3B (FY2014)
- Major exporter of poultry and pork to Singapore, with SATS as a key customer
- Main brands include:

Sadia

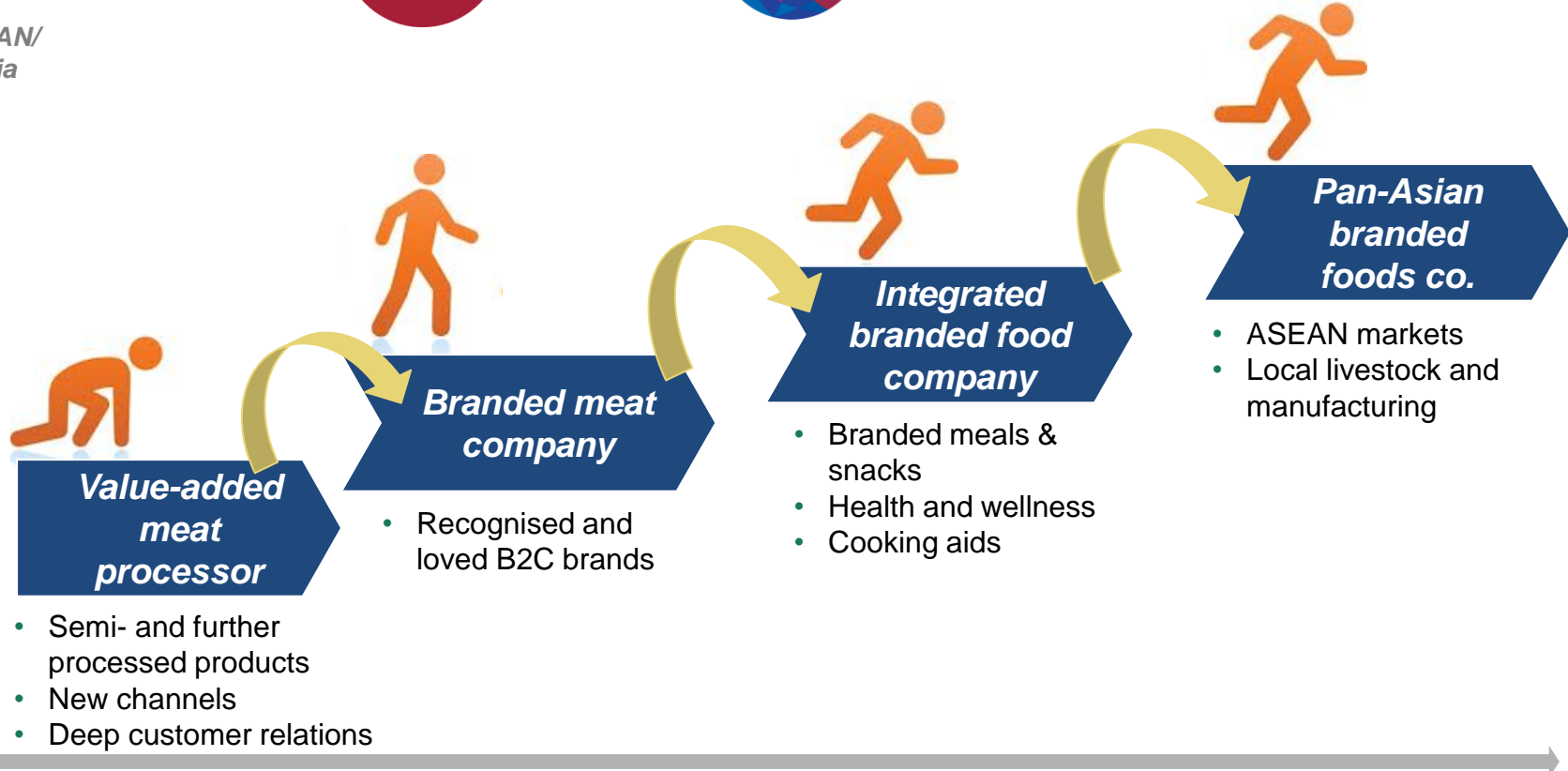


Qualy
Sadia

Creating a Singapore-based Major Branded Food Player



Pan ASEAN/
Pan Asia



Value-added meat processor

- Semi- and further processed products
- New channels
- Deep customer relations

Branded meat company

- Recognised and loved B2C brands

Integrated branded food company

- Branded meals & snacks
- Health and wellness
- Cooking aids

Pan-Asian branded foods co.

- ASEAN markets
- Local livestock and manufacturing

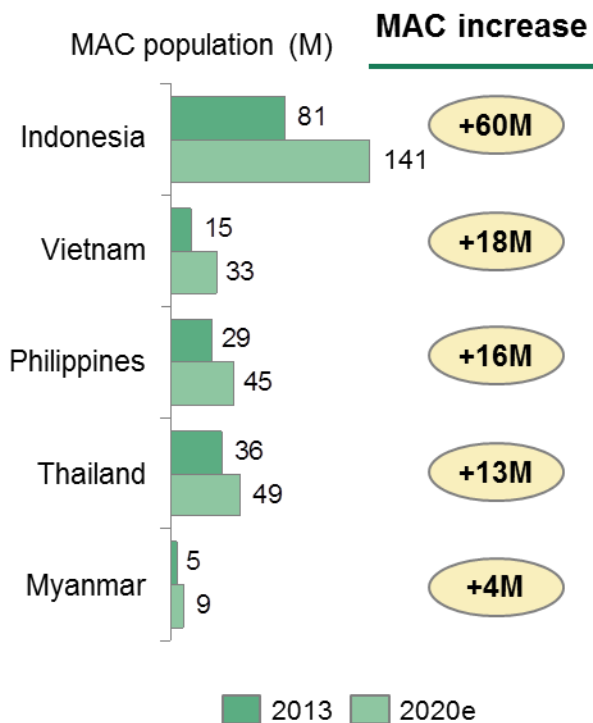
Trusted meat processor & distributor

Integrated branded food co.

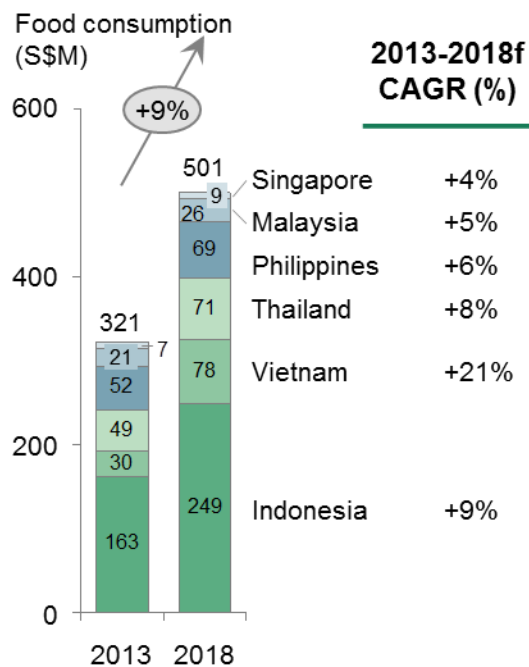


Asean – Attractive and High Potential Meat Market

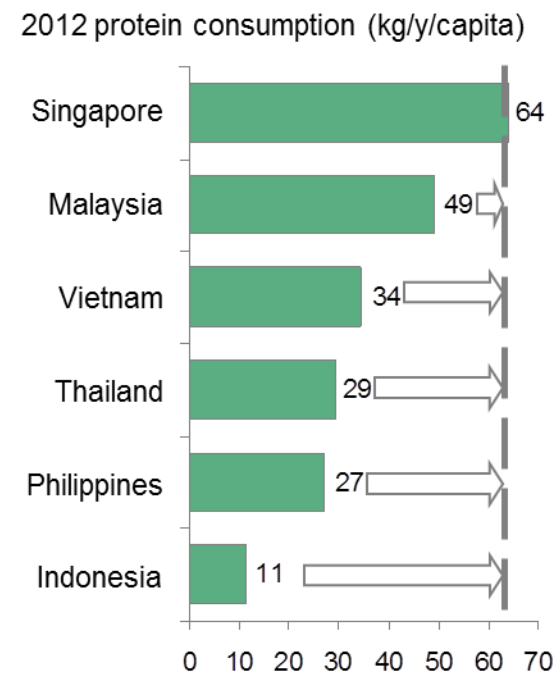
High growth in Middle and Affluent Class (MAC)...



... driving healthy growth in Food consumption ...



... With particularly strong growth potential in meat¹



1. Considering current consumption per capita and Singapore consumption as a benchmark
 Source: BCG CCI models, BMI Food and Beverage reports, BCG analysis

Benefits of the Transaction

- Grow food distribution business
- Increase scale of meat processing business
- BRF will bring strong capabilities in retail marketing and sales
- Consider expansion in ASEAN

Outlook

Outlook

The business environment remains challenging with lower economic growth, competitive pressures in the regional aviation sector and rising manpower costs. However, the demand for travel, high quality food and e-commerce will continue to grow, driven by the fast pace of urbanisation in Asia.

We are progressing well in our strategy of improving productivity through scale and connectivity in our existing business. We are also launching new ventures that will bring valuable, innovative products and services to the market.





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