



MEDIA RELEASE

SATS FY14-15 NET PROFIT GROWS 8.5% TO \$195.7M

Proposes final dividend of 9 cents per share

SINGAPORE, 14 May 2015 – SATS Ltd. (SATS) today reports its unaudited results for the fourth quarter and the full year ended 31 March 2015.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	4Q FY14-15 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	425.1	(9.5)	(2.2)
Expenditure	(380.4)	12.5	3.2
Operating profit	44.7	3.0	7.2
Share of results of associates/JV, net of tax	13.1	3.2	32.3
Profit attributable to owners of the Company	51.6	9.0	21.1
Underlying net profit ⁽¹⁾	51.6	8.1	18.6
Earnings per share - basic	4.7 cents	0.9 cents	23.7

	FY14-15 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	1,753.2	(33.5)	(1.9)
Expenditure	(1,575.2)	40.5	2.5
Operating profit	178.0	7.0	4.1
Share of results of associates/JV, net of tax	48.1	0.9	1.9
Profit attributable to owners of the Company	195.7	15.3	8.5
Underlying net profit ⁽¹⁾	195.9	12.9	7.0
Earnings per share - basic	17.5 cents	1.4 cents	8.7
Return on equity	13.7%	0.9 ppt	not applicable

Note:

- 1) Underlying net profit refers to profit attributable to owners of the Company excluding the one-off impairment loss on carrying value of Assets Held for Sale (Nil in 4Q FY14-15 and \$0.9 million in 4Q FY13-14; \$0.2 million in FY14-15 and \$2.6 million in FY13-14).

GROUP EARNINGS

4Q FY14-15 (1 January – 31 March 2015)

For the fourth quarter ended 31 March 2015, revenue from gateway services increased 3.5% to \$173 million. Revenue from food solutions declined 5.8% to \$250.9 million due mainly to weaker performance from TFK, weaker Japanese Yen and from the divestment of Urangan Fisheries in July 2014. As a result, Group revenue decreased 2.2% year-on-year to \$425.1 million.

The Group's efforts to manage costs have yielded positive results. Operating expenditure declined 3.2% to \$380.4 million resulting mainly from lower cost of raw materials, depreciation expenses and other costs, along with successful productivity measures which have mitigated rising labour costs. Consequently, operating profit improved 7.2% year-on-year to \$44.7 million.

Share of after-tax profits from overseas associates/JV rose 32.3% year-on-year to \$13.1 million due to higher profit contributions from both food and gateway associates/JV.

Profit attributable to owners of the Company was \$51.6 million, 21.1% higher than the corresponding quarter last year, while underlying net profit of \$51.6 million was 18.6% higher year-on-year.

FY14-15 (1 April – 31 March 2015)

For the financial year ended 31 March 2015, revenue from gateway services increased 2.8% to \$697 million and revenue from food solutions declined 4.7% to \$1.05 billion. Consequently, Group revenue declined 1.9% year-on-year to \$1.75 billion.

Group operating profit improved 4.1% year-on-year to \$178 million as a result of lower operating expenditure.

Share of after-tax profits from overseas associates/JV increased 1.9% year-on-year to \$48.1 million due to higher profit contributions from food associates, partially offset by lower contributions from gateway associates/JV.

Profit attributable to owners of the Company grew 8.5% year-on-year to \$195.7 million while underlying net profit was \$195.9 million, 7% higher than last year. Return on equity improved 0.9 percentage point to 13.7%.

GROUP FINANCIAL POSITION (as at 31 March 2015)

As at 31 March 2015, the Group had total assets of \$2.02 billion. Excluding cash transferred to assets of disposal groups classified as held for sale, cash and short-term deposits increased by \$70.1 million from 31 March 2014 to \$410.9 million. This was mainly contributed by cash flows from operations, higher dividends received from associates/joint venture, and proceeds from disposal of interest in associates and Urangan Fisheries.

Free cash flow generated during the year amounted to \$175.1 million and debt-to-equity ratio was 0.07 times.

PROPOSED DIVIDEND

In view of the Group's financial performance in FY14-15, its liquidity position and capital allocation considerations, the Board has recommended a final dividend of 9 cents per share. Including the interim dividend of 5 cents per share, this brings the total dividend to 14 cents per share and translates to a payout ratio of 79.4% of profit attributable to owners of the Company in FY14-15. This compares to an ordinary payout ratio of 80.9% in FY13-14.

The proposed final dividend will be tabled for shareholders' approval at the forthcoming Annual General Meeting on 21 July 2015 and if approved, will be paid on 12 August 2015. The book closure date is 29 July 2015.

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.

Said Alex Hungate, President and Chief Executive Officer of SATS: "Despite the tough operating conditions, we turned in a solid performance for the year. Our dedicated people have shown that they can manage costs, drive productivity and embrace new technologies. Our earnings per share improved 8.7% while our return on equity increased by 0.9 percentage point to 13.7%. Moving forward, we remain focused on executing against our strategy of growing scale and enhancing connectivity for our customers."

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

SATS is present at 42 airports and 11 countries across Asia and the Middle East.

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 FY14-15 results of SATS are available at www.sats.com.sg.

INVESTOR AND MEDIA CONTACTS:

Sandy Leng

Vice President, Corporate Relations

SATS

DID: (65) 6541 8200

HP: (65) 9018 5168

Email: sandy_leng@sats.com.sg

Evelyn Yeo

Director

Edelman Public Relations

DID: (65) 6347 2359

HP: (65) 9367 6017

Email: evelyn.yeo@edelman.com

ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	4Q FY14-15	4Q FY13-14	FY14-15	FY13-14
Revenue	425.1	434.6	1,753.2	1,786.7
Expenditure	(380.4)	(392.9)	(1,575.2)	(1,615.7)
Operating profit	44.7	41.7	178.0	171.0
Share of results of associates/JV, net of tax	13.1	9.9	48.1	47.2
Profit before tax	57.9	51.0	224.8	215.5
Profit attributable to owners of the Company	51.6	42.6	195.7	180.4
Underlying net profit	51.6	43.5	195.9	183.0

Per Share Data

Earnings per share (cents)				
- Basic ^{R1}	4.7	3.8	17.5	16.1
- Diluted ^{R2}	4.6	3.8	17.4	16.0
Return on turnover (%) ^{R3}	12.1	9.8	11.2	10.1

Financial Position (S\$ million)	As at 31-MAR-15	As at 31-MAR-14
Equity attributable to owners of the Company	1,441.1	1,416.8
Total assets	2,019.7	2,019.8
Total debt	105.3	114.2
Gross debt/equity ratio (times) ^{R4}	0.07	0.08
Net asset value per share (\$) ^{R5}	1.30	1.27

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 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 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 (excluding treasury share) in issue.