



## SATS 51<sup>ST</sup> ANNUAL GENERAL MEETING

### RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

**Singapore, 13 July 2024** – SATS Ltd. (“**SATS**”) will be holding its 51<sup>st</sup> Annual General Meeting (“**AGM**”) on Friday, 19 July 2024 at 11 am (Singapore time), in a wholly physical format at the Grand Ballroom, Level 4, Grand Copthorne Waterfront Hotel Singapore, 392 Havelock Road, Singapore 169663.

We would like to thank our shareholders for submitting their questions in advance of the AGM. As some of the questions that we have received are similar, we have set out our responses to them according to the following themes:

- (i) Financials;
- (ii) Business Strategy & Outlook; and
- (iii) Dividends.

Please refer to **Appendix 1** for the list of substantial and relevant questions, and the Company’s responses to these questions. Where questions overlap or are closely related, they have been merged and rephrased for clarity.

Issued by SATS Ltd. on 13 July 2024



## Appendix 1

Themes	No	Questions	Responses
Financials	1	After the announcement of a good set of earnings, SATS' share price went up to a high of \$2.99 per share. Subsequently, it has been hovering around \$2.8x region. Is the high purchase price of WFS still a concern to the market?	Both Heritage SATS and Heritage WFS are operationally profitable, and WFS has contributed to the group's profitability and growth prospects on a combined basis. We generally do not comment on the stock price but suffice to say that stock price performance may be subject to external factors beyond the group's control.
	2	In view of the interest rate staying higher for longer, what is SATS's plan for debt management moving forward, and could management share details on the progress of debt status?	Over the last 12 months since the acquisition of WFS, SATS has actively pursued a liability management programme to refinance its debts to lower the Group's cost of borrowings. During the year, Moody's accorded SATS an A3 credit rating, and the Group issued a debut EMTN bond at an all-in cost of 3.48%. Management is proactively seeking to continue reducing financing costs and targets repaying approximately S\$200 million of its borrowings in FY25 to continue to drive value for our shareholders.
	3	Repayment of lease liabilities has become a relatively significant cash outflow after the acquisition of WFS. There is also notable movement of this item from quarter to quarter in FY2024. Could more context be given as to how this came about and how it may change as the business operation further recovers or the capital recycling plan progresses?	WFS operates on an asset-light model by which most of its facilities and equipment are leased, giving rise to the higher payment of lease liabilities following the acquisition of WFS. The quarter-to-quarter movement is due to the timing of inception and payment for these leases. A significant portion of these leases pertain to warehouses that we do not own, and hence would not be able to recycle capital.



	4	As SATS Food Solutions works to scale up, how does it ensure that it can continue to protect and grow its profitability given increased volatility in the supply and prices of commodities due to various reasons such as climate change and trade protectionism?	We continue to collaborate closely with our customers to plan and design appropriate menus that balance the cost to serve without compromising the quality, safety and nutritional value of meals. In addition, we have a Group Procurement Team that looks into our sourcing needs and executes longer-term contracts with price lock-in periods to mitigate price fluctuations and drive procurement efficiencies. The team is also constantly seeking to diversify our supply chain to source products from various markets so as to mitigate the impact of supply chain disruptions caused by trade protectionism.
Business Strategy & Outlook	5	The company has set a goal of exceeding S\$8 billion in revenue by 2028. How important is the recovery of the China market in achieving the goal?	Domestic travel in China is recovering well, and there will be upside opportunities when the international travel market fully recovers. We opened a new central kitchen in Tianjin last year to leverage the growing demand for Ready-To-Eat meals in foodservice and retail. China continues to be an important market, and we are focused on scaling and capturing market share in the domestic market and building capabilities to leverage growth in international travel when it returns.
	6	What can shareholders look forward to at SATS Capital Markets Day?	We will share more details on the Group's strategic plans and how we would achieve our S\$8 billion revenue goal. The various functional and geographic leaders will also discuss progress and plans in their respective areas to demonstrate how we are executing the strategy across our network.



Dividends	7	Final Dividend has been declared for 2024. Is there any plan to resume the mid-year dividend as well?	<p>We are pleased to be able to deliver on our commitment to resume dividend payments as soon as SATS restores profitability without government reliefs.</p> <p>The Company is committed to paying dividends to shareholders equitably and sustainably, considering its cash reserves, capex reinvestment needs for sustainable growth, and debt repayments to strengthen its balance sheet. The Board will take these factors into consideration as we continue to drive value for the Company and our shareholders.</p>
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