



SATS LTD.

(Incorporated in the Republic of Singapore)
(UEN / Company Registration No. 197201770G)

DISPOSAL OF MAYTAG AIRCRAFT LLC

SGX-ST'S APPROVAL FOR WAIVER FROM COMPLIANCE WITH RULE 1014 OF THE LISTING MANUAL

1. INTRODUCTION

1.1 Disposal. The Board of Directors (the "**Board**") of SATS Ltd. (the "**Company**" or "**SATS**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's indirect wholly-owned subsidiary, Worldwide Flight Services, Inc. ("**WFS**"), has on 15 March 2024 entered into a sale and purchase agreement (the "**SPA**") with Albion MA Holdings LLC (the "**Purchaser**") in relation to the sale (the "**Disposal**") of all the issued equity interests (the "**Sold Equity**") in Maytag Aircraft LLC ("**Maytag**") held by WFS. The Sold Equity represents the entire issued equity interest of Maytag.

1.2 Completion. Completion of the Disposal ("**Completion**") occurred on 15 March 2024.

1.3 Major Transaction. Based on the unaudited financial information of Maytag and the Group for the half year ended 30 September 2023 ("**1H2024**"), the net profits attributable to Maytag, compared with the Group's net profits, will exceed 20 per cent. under Rule 1006(b) of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Accordingly, the Disposal constitutes a major transaction for the purposes of Rule 1014 of the Listing Manual and would have been subject to the approval of the shareholders of the Company ("**Shareholders**") unless such requirement is waived by the SGX-ST.

1.4 SGX-ST Waiver. The Board also wishes to update the Shareholders that the Company had applied to the SGX-ST for a waiver from the requirement to comply with Rule 1014 of the Listing Manual (the "**Waiver**"). In its reply, the SGX-ST informed the Company that it has no objection to the Company's application for the Waiver, subject to the satisfaction of the Waiver Conditions (as defined in paragraph 4.2 below). The Waiver Conditions have been satisfied at the time of this Announcement.

2. DISPOSAL

2.1 Information on Maytag

2.1.1 Maytag is a limited liability company formed under the laws of Colorado, United States of America ("**US**"), which provides aircraft refuelling, fuel storage, base operation support, ground handling and weather observation and forecasting services as a contractor for the US Department of Defense at US and international military bases.

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2.1.2 On 30 December 2021, Maytag was acquired by WFS, as part of a wider acquisition by WFS of subsidiaries of the Mercury Air Group (“**Mercury Group**”), comprising Mercury Air Cargo LLC and Maytag.

2.1.3 On 3 April 2023, SATS International SAS, an indirect wholly-owned subsidiary of the Company, completed its acquisition of all of the issued shares of Neptune Holdings 4 B.V. (formerly known as Promontoria Holding 243 B.V.) (“**Neptune Holdings**”), the holding company which indirectly owns 100 per cent. of the shares in WFS.

2.2 Key Terms of the Disposal

2.2.1 Pursuant to the SPA, the Purchaser purchased, and WFS sold to the Purchaser, the Sold Equity, representing the entire issued equity interest of Maytag.

2.2.2 Under the terms of the SPA, the Purchaser acquired the Sold Equity for an enterprise value of US\$46.0 million (approximately equivalent to S\$61.2 million¹) (“**Consideration**”). The Consideration was arrived at on a negotiated arm’s length basis and determined after taking into account, *inter alia*, Maytag’s financial performance and financial position.

2.3 Rationale for the Disposal

2.3.1 WFS acquired Maytag on 30 December 2021 as part of a wider acquisition by WFS of the Mercury Group, including Mercury Air Cargo LLC, which has since been fully integrated into WFS’ North American operations.

2.3.2 Since the acquisition of Neptune Holdings and its subsidiaries (the “**WFS Group**”) by SATS, the Group has transformed into a leading global air cargo handler with over 220 stations in over 27 countries.

2.3.3 Maytag operates on a standalone basis and outside of the Group’s core businesses and competencies. The sale of Maytag is in line with SATS’ strategy, following the acquisition of the WFS Group, to streamline operations, leverage operational synergies and improve financial performance.

2.4 Information on the Sold Equity. Based on the unaudited financial information of the Group for 1H2024:

2.4.1 the book value of the Sold Equity is S\$76.0 million as at 30 September 2023;

2.4.2 the net tangible asset (“**NTA**”) value attributable to the Sold Equity is S\$24.7 million as at 30 September 2023; and

2.4.3 the net profits attributable to the Sold Equity is S\$2.4 million for 1H2024.

¹ Unless otherwise stated, the exchange rate used in this Announcement is US\$1: S\$1.33, which is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

2.5 Financial Effects of the Disposal

The financial effects of the Disposal prepared on a proforma basis on the unaudited financial information of the Group for 1H2024² and on the assumption that the purchase price allocation for the Group's acquisition of the WFS Group is provided on a provisional basis and the Disposal will result in net proceeds of approximately S\$60.7 million are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

2.5.1 Net Tangible Assets

The financial effect of the Disposal on the NTA per share of the Group for 1H2024 assuming that the Disposal had been effected as at 30 September 2023 is as follows:

	Before the Disposal	Proforma After the Disposal
Net tangible assets/(liabilities) (S\$' million)	(1,182.7)	(1,207.4)
Number of issued shares, excluding treasury shares (million)	1,490.6	1,490.6
Net tangible assets/(liabilities) per share (cents)	(79.3)	(81.0)

2.5.2 Earnings Per Share ("EPS")

The financial effect of the Disposal on the EPS of the Group for 1H2024 assuming that the Disposal had been effected as at 1 April 2023 is as follows:

	Before the Disposal	Proforma After the Disposal
Profit/(Loss) attributable to Shareholders (S\$' million)	(7.8)	(10.2)
Weighted average number of ordinary shares in issue (million)	1,487.3	1,487.3
Earnings/(Loss) per share (cents) – basic	(0.52)	(0.69)

2.5.3 Proceeds and Use of Proceeds

The estimated net proceeds from the Disposal would be approximately US\$45.6 million (approximately S\$60.7 million). In addition, Maytag will, immediately prior to the Completion of the Disposal, declare and pay a dividend of US\$3.2 million

² As Maytag was only acquired by the Group in April 2023, the acquisition of Maytag was not recorded in the latest audited consolidated full-year financial statements of the Group (being the Group's financial statements for the financial year ended 31 March 2023) (the "Latest Audited Accounts"). As such, the Disposal would have no financial effect on the Latest Audited Accounts. As such, the Company has opted instead to set out the Disposal's financial effects on the unaudited financial information of the Group for 1H2024.

(approximately S\$4.2 million). The Group intends to apply such net proceeds and dividend to deleverage and / or expand the Group's existing core business.

2.5.4 Gain on Disposal

Based on the estimated net proceeds from the Disposal set out in paragraph 2.5.3 above and the unaudited estimated carrying value of the Group's investment in Maytag at Completion of the Disposal, the Disposal is estimated to result in a gain of approximately S\$1.6 million, subject to finalisation of the purchase price allocation arising from the Group's acquisition of the WFS Group (including Maytag) in April 2023.

2.6 No Directors' Service Contracts. No person was appointed to the Board as part of the Disposal and no director's service contract was entered into by the Company with any person in connection with the Disposal.

2.7 Interests of Directors And Substantial Shareholders. To the best of the knowledge of the Board: (i) none of the directors (other than in his/her capacity as director or Shareholder, as the case may be) of the Company has any interest, direct or indirect in the Disposal; and (ii) there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Disposal.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

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

Rule 1006	Bases	Relative Figures (%) ⁽⁹⁾
(a)	The net asset value of Maytag ⁽¹⁾ , compared with the net asset value of the Group ⁽²⁾	3.0
(b)	The net profits ⁽³⁾ attributable to Maytag, compared with the net profits of the Group ⁽⁴⁾	26.8
(c)	The aggregate value of the consideration for the Disposal ⁽⁵⁾ , compared with the Company's market capitalisation based on the total number of shares in the capital of the Company ("Shares") (excluding treasury shares) ⁽⁶⁾	1.6
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽⁷⁾	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves ⁽⁸⁾	Not applicable

Notes:

- (1) The relative figure is computed based on the net asset value of Maytag as at 30 September 2023 of approximately US\$55.6 million³ (approximately S\$76.0 million based on an exchange rate of US\$1:S\$1.37 as at 30 September 2023). The net asset value is computed as total assets minus total liabilities.
- (2) The relative figure is computed based on the net asset value of the Group as at 30 September 2023 of approximately S\$2.5 billion. The net asset value is computed as total assets minus total liabilities.
- (3) The relative figure is computed based on net profits attributable to Maytag of US\$1.6 million⁴ for 1H2024 (approximately S\$2.2 million based on an exchange rate of US\$1:S\$1.37 as at 30 September 2023). Net profits is defined as profit including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) The relative figure is computed based on net profits of the Group of S\$8.4 million for 1H2024. Net profits is defined as profit including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (5) The relative figures are computed based on a Consideration of US\$45.6 million (approximately S\$60.7 million based on an exchange rate of US\$1:S\$1.33 as at 11 March 2024).
- (6) Market capitalisation has been calculated on the basis of 1,490.6 million Shares in issue as at 14 March 2024 (excluding treasury shares), being the last market day preceding the date of the SPA, multiplied by the volume weighted average price of the Shares transacted on the SGX-ST on the full market day immediately prior to the date of the SPA, being S\$2.57.
- (7) Rule 1006(d) of the Listing Manual is not applicable as there is no acquisition being proposed.
- (8) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil or gas company.
- (9) Any discrepancies between the figures in these notes to the table and the relative figures set out in the table are due to rounding to the nearest one decimal place.

3.2 Classification. As the relative figure under Rule 1006(b) exceeds 20 per cent., the Disposal constitutes a “major transaction” for the Company and, unless otherwise exempted, the approval of the Shareholders is required pursuant to Rule 1014 of the Listing Manual.

4. WAIVER FROM THE REQUIREMENT TO COMPLY WITH RULE 1014 OF THE LISTING MANUAL

4.1 Application for the Waiver. The Company had applied to the SGX-ST for a waiver from the requirement to comply with Rule 1014 of the Listing Manual in relation to the Disposal, in lieu of seeking approval of the Shareholders for the Disposal at an extraordinary general meeting to be convened.

4.2 Granting of the Waiver by the SGX-ST; Waiver Conditions. In its reply, the SGX-ST informed the Company that it has no objection to the Company’s application for the Waiver, subject to the following conditions (collectively, the “**Waiver Conditions**”):

- 4.2.1** the submission of a written confirmation from the Board that there has been or will be no material change in the risk profile of the Company arising from the Disposal, including the bases for its opinion;

³ Net asset value includes intangible assets identified during the purchase price allocation upon the Group’s acquisition of the WFS Group on a provisional basis.

⁴ Net profits attributable to Maytag includes the amortisation of intangible assets which were identified during the purchase price allocation upon the Group’s acquisition of the WFS Group on a provisional basis.

- 4.2.2 the submission of a written confirmation from the Board that the Disposal is in the best interests of the Group and the Shareholders; and
- 4.2.3 the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual, and if the Waiver Conditions have been satisfied.
- 4.3 **Reasons for Waiver Application.** The reasons for the Company's application for the Waiver are as follows:
- 4.3.1 **No change to risk profile of the Company:** there will be no change to the risk profile of the Company as a result of the Disposal for the following reasons:
- (i) **no exit from jurisdiction:** the Disposal will not expose the Group to significant risk as the Group will not be making a complete exit from an existing jurisdiction. In fact, it is submitted that the proceeds derived from the Disposal will allow the Group to reinvest and/or expand the Group's existing core businesses in the US through business development and new acquisitions which would result in an increase in revenue and profit contributions to the Group; and
 - (ii) **the net profits attributable to Maytag narrowly exceeds the major transaction threshold set out in Rule 1014 and the net profit test is not a comparable nor meaningful indication of the significance of the Disposal to the Group in the current circumstances:** the net profits attributable to Maytag, compared with the Group's net profits, exceeds the 20 per cent. threshold narrowly by 6.8 per cent.. In addition, the board of directors of the Company believes that the test based on net profits under Rule 1006(b) does not give a meaningful indication of the significance of the Disposal to the Group in the current circumstances, as the Group's net profit position for 1H2024 is a direct result of the Group's ongoing recovery efforts from a net loss position brought about by the effects of the COVID-19 pandemic. The Group's reported results for 1H2024 are significantly lower than its net profit position in comparable periods for the financial years immediately preceding the onset of the COVID-19 pandemic. For illustration, when computed based on the Group's net profit position for the half years ended 30 September 2017, 30 September 2018 and 30 September 2019 and the net profits attributable to Maytag for 1H2024, the relative figures in Rule 1006(b) would be just 1.4 per cent., 1.4 per cent. and 1.5 per cent. respectively; and
- 4.3.2 **Maytag is a non-core asset and the Disposal is not likely to affect the nature of the Company's principal business:** in addition to the reasons set out in paragraph 4.3.1 above, the Disposal will not result in a disposal of a substantial part of the Group's business as Maytag is not critical to the principal business activity of the Group, and there is minimal overlap or synergies between Maytag's operations and the Group's core competencies and other businesses. Furthermore:
- (i) Maytag accounts for just 3.0 per cent. of the Group's net assets as at 30 September 2023;

- (ii) the consideration for the Disposal accounts for just 1.6 per cent. of the Group's market capitalisation as at the market day immediately preceding the date of the SPA; and
- (iii) Maytag's revenue for 1H2024⁵ accounts for only 0.9 per cent. of the Group's revenue for 1H2024⁶.

4.4 Board Opinion. The Board has submitted to the SGX-ST a written confirmation to the SGX-ST stating there has been or will be no material change in the risk profile of the Company arising from the Disposal (including the bases for its opinion), and that the Disposal is in the best interests of the Group and the Shareholders.

4.5 Waiver Conditions. As at the date of this Announcement, all of the Waiver Conditions have been satisfied.

5. FURTHER INFORMATION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company for three months from the date of this Announcement.

6. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to the Purchaser, including in this Announcement (the "**Third Party Information**")) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein (other than information relating to the Third Party Information) are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Purchaser (including the Third Party Information), the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the Company do not accept any responsibility for any information relating to the Third Party Information or any information obtained from the Purchaser.

For and on behalf of the Board
SATS Ltd.

Ian Chye
Company Secretary
16 March 2024

⁵ Based on revenue of Maytag of approximately US\$15.7 million (approximately S\$21.4 million based on an exchange rate of US\$1:S\$1.37 as at 30 September 2023).

⁶ Based on revenue of the Group of approximately S\$2.5 billion.