



SATS POSTS THREE-FOLD REVENUE INCREASE AND 12 TIMES EBITDA INCREASE TO S\$1.2B AND S\$179.5M, RESPECTIVELY IN 1QFY24

*Enlarged SATS Group reports first consolidated results with integration of WFS
accelerating growth*

- EBITDA plus SoAJV margin rises to 15% from 3.7% for the same period last year
- PATMI loss of S\$29.9 million, after one-off integration costs of S\$12.6 million and non-cash provisional amortisation of acquired intangible assets and incremental lease accounting expenses¹ of S\$16.5 million
- Integration efforts show commercial, operational and financial wins across an expanded network

SINGAPORE, 15 August 2023 – SATS Ltd (**SATS** or the **Company** and its subsidiaries, the **Group**) today reports its financial performance for the three months ended 30 June 2023 (**1Q FY24**). This is the first set of financial statements reported by the Group where the financial performance of Worldwide Flight Services (**WFS**) has been incorporated. This follows the successful completion of the acquisition of WFS in April 2023.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	1Q FY24 (S\$ million)	1Q FY23 (S\$ million)	Favourable / (Unfavourable) YoY Change (S\$ million)	Favourable / (Unfavourable) YoY Change (%)
Revenue	1,198.6	375.5	823.1	219.2
Expenditure	(1,188.4)	(409.8)	(778.6)	(190.0)
Operating profit/(loss) (EBIT)	10.2	(34.3)	44.5	n.m.
Share of earnings of associates/joint ventures, net of tax (SoAJV)	21.3	6.9	14.4	208.7
EBIT + SoAJV ⁽¹⁾	31.5	(27.4)	58.9	n.m.
Loss attributable to owners of the Company (PATMI)	(29.9)	(22.5)	(7.4)	(32.9)
Core PATMI ⁽¹⁾	(17.4)	(19.5)	2.1	10.8
<i>Core PATMI excluding reliefs</i>	<i>(17.4)</i>	<i>(28.9)</i>	<i>11.5</i>	<i>39.8</i>

¹ Upon adoption of Singapore Financial Reporting Standards (International) by WFS



EBITDA (+SoAJV) ⁽²⁾	179.5	13.9	165.6	1,191.4
Earnings per share (cents) – basic ⁽³⁾	(2.0)	(1.6)		
Return on Equity (%/ppt) ⁽⁴⁾	(1.3)	(1.4)		

Notes:

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

FY24 refers to the financial year from 1 April 2023 to 31 March 2024

- 1) *Core PATMI refers to net profit/(loss) attributable to owners of the Company excluding one-off items. Prior year number has been restated to exclude M&A expenses for WFS acquisition.*
- 2) *EBITDA refers to earnings before interest, tax, depreciation and amortisation.*
- 3) *Earnings per share – basic for 1Q FY23 has been restated following the rights issue in March 2023.*
- 4) *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 revenue increased S\$823.1 million to S\$1.2 billion in 1Q FY24 from S\$375.5 million in 1Q FY23 due primarily to the revenue contribution from WFS and increase in flights handled, which has recovered to 81% of pre-pandemic levels.

With the acquisition of WFS, the Group saw a 215% YoY increase in flights handled to 145,900 and a 205% increase in cargo volumes YoY to 1.8 million tonnes. Meals served in aviation increased 120% from a year ago to 12 million in tandem with travel recovery.

Driven by the increase in business activities and consolidation of WFS, Group expenditure amounted to S\$1.2 billion in 1QFY24, with staff cost comprising 59% of expenditure.

The Group reported an operating profit of S\$10.2 million compared to an operating loss of S\$34.3 million a year ago. This is notwithstanding the discontinuation of government reliefs in the current quarter and the inclusion of one-time restructuring and liability management (**LM**) costs totalling S\$13.3 million related to the integration of WFS. Underlying EBIT of the Group plus its SoAJV (excluding one-off integration and LM expenses) would have increased by S\$72.2 million to S\$44.8 million compared to the results of the same period last year. This improvement is primarily attributed to the Group's stringent financial management and its ability to capture new revenue streams and foster growth through its expanded global platform. Furthermore, cost containment and productivity enhancement initiatives have been implemented to drive synergies and combined benefits through integration and capability-sharing efforts. Riding on the increased



scale of business globally, the Group posted a 1QFY24 EBITDA margin of 15.0% (1QFY23: 3.7%) as EBITDA increased by 12 times to S\$179.5 million from S\$13.9 million a year ago.

Share of results of associates/joint ventures (**SoAJV**) improved by S\$14.4 million to S\$21.3 million from S\$6.9 million in the corresponding period a year ago as the performance of most associates and joint ventures in the aviation sector improved in tandem with the global aviation recovery post-pandemic.

For 1Q FY24, the Group posts a net PATMI loss of S\$29.9 million after taking into account the one-off costs related to the integration of WFS, as mentioned above. Excluding integration-related one-off expenses, underlying Core PATMI loss narrowed to S\$17.4 million compared to a loss of S\$19.5 million, which included government reliefs of S\$9.4 million, in 1Q FY23.

GROUP FINANCIAL POSITION (as at 30 June 2023)

The Group is committed to strengthening its balance sheet through cost and yield management through operational excellence. The Group has adopted measures such as centralising production to leverage scale benefits, drive productivity, and improve operating margins.

Total equity of the Group as at 30 June 2023 was S\$2,481.3 million, compared to S\$2,514.8 million as at 31 March 2023 due to net losses incurred during the period.

Non-current assets of the Group increased to S\$6,421.4 million from S\$1,950.9 million, attributable to the increase in intangible assets and right-of-use assets arising from the acquisition of WFS.

Current assets of the Group as at 30 June 2023 decreased S\$990.9 million to S\$1,731.9 million due to the transfer of deposits placed with notary to the seller of WFS upon completion of the WFS acquisition in April 2023. This was offset by higher trade and other receivables on the back of aviation recovery and consolidation of WFS and net cash acquired upon WFS acquisition.

The Group's current liabilities increased to S\$1,582.7 million from S\$606.4 million as of the previous year end. This rise was primarily attributed to additions to trade and other payables and lease liabilities resulting from the consolidation of WFS. This was in addition to the increase in trade and other payables consistent with higher business volume.



As at 30 June 2023, non-current liabilities of the Group rose to S\$4,089.3 million, mainly from an increase in notes and borrowings, lease liabilities and other non-current liabilities with the addition of WFS.

The Group maintained a sound cash position as at 30 June 2023 with total cash and cash equivalents amounting to S\$562.0 million and a debt-to-equity ratio, including lease liabilities, of 1.68 times. The Group has completed the redemption of EUR Senior Secured Notes and USD Senior Secured Notes issued by WFS through loan facilities of EUR 1.04 billion. This will result in net interest savings of over S\$40 million annually for the Group until the notes' maturity date in 2027.

CREATING VALUE THROUGH INTEGRATION

The integration of SATS and WFS is progressing well, generating synergies for the Group's combined business and delivering added value to customers through an expanded global network. We are focused on accelerating team integration, enhancing productivity through operational excellence and effective cost management, positioning the Group to capitalise on and benefit from the long-term growth trajectory in air cargo.

Leveraging the expanded network, the Group implemented SATS' cargo management system in a newly launched WFS cargo terminal in Bengaluru, which drove S\$800,000 one-off cost savings. Furthermore, new contracts with more than S\$15 million annual revenue have been secured globally.

The Group is also collaborating with a prominent global freight forwarder to create innovative cross-border services to enhance speed, streamline processes, and harness the potential of multimodal logistics to scale and adapt these services for other participants in the logistics industry.



OUTLOOK

The growth momentum in the aviation industry continues, with optimistic projections from IATA, ICAO, Boeing, and Singapore's Ministry of Transport (MOT). IATA estimates that global air traffic will reach 88% of pre-pandemic levels in 2023 and 100% by 2024, while MOT anticipates that Changi Airport, currently operating at approximately 90% of pre-pandemic levels, will fully recover by the first half of 2024.

Global air cargo market is also showing signs of stabilising. According to IATA, the global air cargo market recorded the smallest contraction in June 2023 with demand falling by 3.4% YoY. The YTD cargo tonne-kilometers (CTKs) were 8.1% below last year's level. Leading indicators of air cargo demand, including global goods trade, manufacturing PMIs, and inventory-to-sales ratio, continued to point to contractions. However, improvements in inflation in major economies could provide tailwind to the global economy and air cargo demand.

Said **Kerry Mok, President and Chief Executive Officer of SATS Ltd.**, "The underlying performance of the enlarged SATS Group remains resilient, despite the recent slow-down in the air-cargo market. We are laser-focused on restoring profitability and driving productivity across the group through operational excellence and have seen early wins. As part of integration initiatives, we have successfully refinanced our debt delivering interest savings of S\$40 million annually. We will continue to realise synergies and drive value creation from the Group's enlarged global network."

END



ABOUT SATS GROUP

SATS Ltd. (SATS) is a global leader in gateway services and Asia's pre-eminent provider of food solutions. 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 210 locations and 27 countries across the Asia Pacific, UK, Europe, the Middle East, Africa, 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 1Q FY24 results of SATS are available at www.sats.com.sg.

INVESTOR AND MEDIA CONTACT

Adam Rahim

SATS Ltd.

DID: (65) 6541 8685

Email: adam_rahim@sats.com.sg



ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (\$ million)	1Q FY24	1Q FY23
Per Share Data		
Earnings per share (cents) ^{R1}		
- Basic ^{R2}	(2.0)	(1.6)
- Diluted ^{R3}	(2.0)	(1.6)
Return on turnover (%) ^{R4}	(2.5)	(6.0)
	As at	As at
Financial Position (\$ million)	30 Jun 2023	31 Mar 2023
Total equity	2,481.3	2,514.8
Total assets	8,153.3	4,673.7
Total debt	4,169.8	1,478.4
Gross debt/equity ratio (times) ^{R5}	1.68	0.59
Net asset value per share (\$) ^{R6}	1.56	1.57

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 for 1Q FY23 has been restated following the rights issue in March 2023

^{R2} 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.

^{R3} 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.

^{R4} Return on turnover is computed by dividing profit attributable to owners of the Company by total revenue.

^{R5} Gross debt/equity ratio is computed by dividing total debt by total equity.

^{R6} 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

	1Q FY24	1Q FY23	Change (%)
Passengers Handled ('M)	18.9	9.7	94.3
Flights Handled ('000)	145.9	46.4	214.7
- SATS	73.2	46.4	57.9
- WFS	72.7	-	n.m.
Cargo/Mail Processed ('000 tonnes)	1,810.4	593.3	205.2
- SATS	539.9	593.3	(9.0)
- WFS	1,270.5	-	n.m.
Gross Meals Produced ('M)	22.4	13.7	63.0
- Aviation	12.0	5.5	119.6
- Non-Aviation	10.4	8.3	25.5
Ship Calls Handled	75	39	92.3

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.