



MEDIA RELEASE

SATS REPORTS NET PROFIT OF \$180.4M FOR FY13-14

Proposes final dividend of 8 cents per share

SINGAPORE, 22 May 2014 – SATS Ltd. (SATS) today reports its unaudited results for the fourth quarter and the full year ended 31 March 2014.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

(\$ million)	4Q FY13-14	Favourable / (Unfavourable) (%)	FY13-14	Favourable / (Unfavourable) (%)
Revenue	434.6	(3.2)	1,786.7	(1.8)
Expenditure	(392.9)	0.5	(1,615.7)	0.7
Operating profit	41.7	(22.9)	171.0	(11.1)
Share of results of associates/JV, net of tax	9.9	(46.5)	47.2	(10.4)
Profit attributable to owners of the Company	42.6	(7.8)	180.4	(2.4)
Underlying net profit ⁽¹⁾	43.5	(31.0)	183.0	(9.4)
Earnings per share (cents) – basic	3.8	(9.5)	16.1	(3.0)
Return on equity (%)	-	-	12.8	0.1ppt

Note:

- 1) Underlying net profit refers to profit attributable to owners of the Company from continuing operations excluding the following one-off items:
- (i) impairment loss on carrying value of Assets Held for Sale (\$2.6 million in FY13-14; nil in FY12-13) and
 - (ii) loss on disposal of Country Foods Macau, Limited, which was divested on 28 September 2012 (nil in FY13-14; \$0.4 million in FY12-13).

GROUP EARNINGS

4Q FY13-14 (1 January – 31 March 2014)

For the fourth quarter ended 31 March 2014, Group revenue dropped 3.2% year-on-year to \$434.6 million. Revenue from food solutions declined 5.7% to \$266.3 million, mainly due to the translation loss on TFK's revenue arising from the weakening of the Japanese Yen. In addition,

our unit meal volumes at Changi Airport declined 6.3% mainly because of Qantas Airways moving its hub for European flights from Singapore to Dubai. Revenue from gateway services increased by 1.1% to \$167.1 million on the back of modest growth in flights (+6.7%) and airfreight (+4.4%) handled.

Operating expenditure decreased marginally by 0.5% to \$392.9 million. Lower costs were reported across all expense classes except for staff costs, which rose 5.3%. The Group continued to face manpower cost pressure including significant increases in statutory levies. Consequently, operating profit declined 22.9% to \$41.7 million.

Share of results of associates/JV, net of tax, dropped 46.5% to \$9.9 million due mainly to the poorer performance of some of the Gateway associates/JV arising from lower cargo volumes and higher staff costs.

Profit attributable to owners of the Company was \$42.6 million, 7.8% lower than the corresponding quarter last year. Excluding one-off items, underlying net profit from continuing operations was \$43.5 million, 31% lower than a year ago.

FY13-14 (1 April 2013 – 31 March 2014)

For the financial year ended 31 March 2014, Group revenue declined 1.8% year-on-year to \$1.79 billion. Revenue from gateway services increased 4.5% to \$678.1 million due to growth in flights (+9%) and airfreight (+2.6%) handled. Revenue from food solutions dropped 5.2% to \$1.1 billion, mainly due to the translation loss on TFK's revenue arising from the weakening of the Japanese Yen. In addition, unit meal volumes were 5.8% lower due mainly to the shift of Qantas Airways' transit hub from Singapore to Dubai.

Operating expenditure decreased 0.7% to \$1.62 billion and consequently, operating profit fell 11.1% to \$171 million.

Share of results of associates/JV, net of tax, declined 10.4% to \$47.2 million.

During the financial year in review, the Group made a one-off impairment provision of \$2.6 million for assets held for sale. These assets comprise of shares held in a subsidiary and two associates which are under negotiation for potential sale. The Group also benefitted from the write-back of prior year tax provision of \$6.9 million.

As a result, profit attributable to owners of the Company declined 2.4% to \$180.4 million. Excluding the one-off items, underlying net profit from continuing operations was \$183 million, 9.4% lower than last year.

GROUP FINANCIAL POSITION (as at 31 March 2014)

As at 31 March 2014, the Group has total assets of \$2.02 billion. Cash and cash equivalents declined by \$64.6 million to \$339.6 million. Total equity increased by \$14.2 million to \$1.51 billion mainly due to the profit generated during the year and increase in share capital of the Company resulting from the exercise of share options.

Free cash flow generated during FY13-14 amounted to \$189.8 million and debt-to-equity ratio remained healthy at 0.08 times. Return on equity held up at 12.8%, 0.1 percentage point higher than last year.

PROPOSED DIVIDEND

In view of the Group's financial performance in FY13-14, its liquidity position as well as capital management considerations, the Board has recommended a final dividend of 8 cents per share. Including the interim dividend of 5 cents per share, this brings the full year ordinary dividend to 13 cents per share and translates to an ordinary payout ratio of 80.8% of profit attributable to owners of the Company in FY13-14. This compares to an ordinary payout ratio of 66.4% in FY12-13.

The proposed final dividend will be tabled for shareholders' approval at the forthcoming Annual General Meeting on 23 July 2014 and if approved, will be paid on 13 August 2014. The book closure date is 4 August 2014.

OUTLOOK

Our operating landscape remains challenging in view of rising costs and ongoing pressure on regional aviation. At Changi Airport, we expect moderate growth in passenger traffic and marginal growth in airfreight.

We will continue to leverage our state-of-the-art facilities, comprehensive suite of services and new technologies to obtain scale advantages, improve productivity and enhance connectivity for our customers.

We are also growing new businesses and customer segments.

Said Mr Alex Hungate, President and CEO of SATS: "Our FY13-14 results reflect the challenging business environment we operate in, with pressure on the regional aviation industry combined with higher staff costs. However, we are confident in Singapore and the region's medium to long-term growth prospects and we remain focused on achieving our strategic goals of growing scale and enhancing connectivity as demonstrated by our recent acquisition of 41.65% equity stake in PT Cardig Aero Services in Indonesia."

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

SATS is present at 44 airports and 12 countries across Asia and the Middle East. We handle about 80% of the scheduled flights and serves close to 60 scheduled airlines at Changi Airport.

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 FY13-14 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	4Q FY13-14	4Q FY12-13	FY13-14	FY12-13
Revenue	434.6	449.0	1,786.7	1,819.0
Expenditure	(392.9)	(394.9)	(1,615.7)	(1,626.7)
Operating profit	41.7	54.1	171.0	192.3
Share of results of associates/JV, net of tax	9.9	18.5	47.2	52.7
Profit before tax	51.0	72.4	215.5	241.3
Profit attributable to owners of the Company	42.6	46.2	180.4	184.8
Underlying net profit	43.5	63.0	183.0	202.0
Per Share Data				
Earnings per share (cents)				
- Basic ^{R1}	3.8	4.2	16.1	16.6
- Diluted ^{R2}	3.8	4.1	16.0	16.5
Return on turnover (%) ^{R3}	9.8	10.3	10.1	10.2

Financial Position (S\$ million)	As at 31-MAR-14	As at 31-MAR-13
Equity attributable to owners of the Company	1,416.8	1,403.4
Total assets	2,019.8	2,003.3
Total debt	114.2	131.4
Gross debt/equity ratio (times) ^{R4}	0.08	0.09
Net asset value per share (\$) ^{R5}	1.27	1.26
Return on equity (%) ^{R6}	12.8	12.7

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 ordinary 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 employee share option plan, restricted share plan (RSP) and performance share plan (PSP).

^{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 in issue.

^{R6} Return on equity is computed by dividing profit attributable to owners of the Company by average equity attributable to owners of the Company.