

1Q FY21 Performance Review

24th August 2020



sats



Forward looking statement –Important note



The following presentation contains forward looking statements by the management of SATS Ltd. (“SATS”), relating to financial and market trends for future periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses and related plans and objectives. Forward looking information is based on management’s current views and assumptions including without limitation, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not and should not be construed as a representation of future performance or commitment of SATS. In particular, any targets should not be regarded as a forecast or projection of future performance of SATS. It should be noted that the actual performance of SATS may vary significantly from such targets.

- 1 Business Update**
- 2 Group Financial Review**
- 3 Q&A**


Asia's largest food and gateway services network




1Q FY20


22.5m
Passengers Handled 

19.3m
Meals Served 

91,500
Flights Handled 

452k Tonnes
Cargo Handled 

13 Countries
Over **60** locations 

16,700 Employees 

1Q FY21

0.2m
Passengers Handled

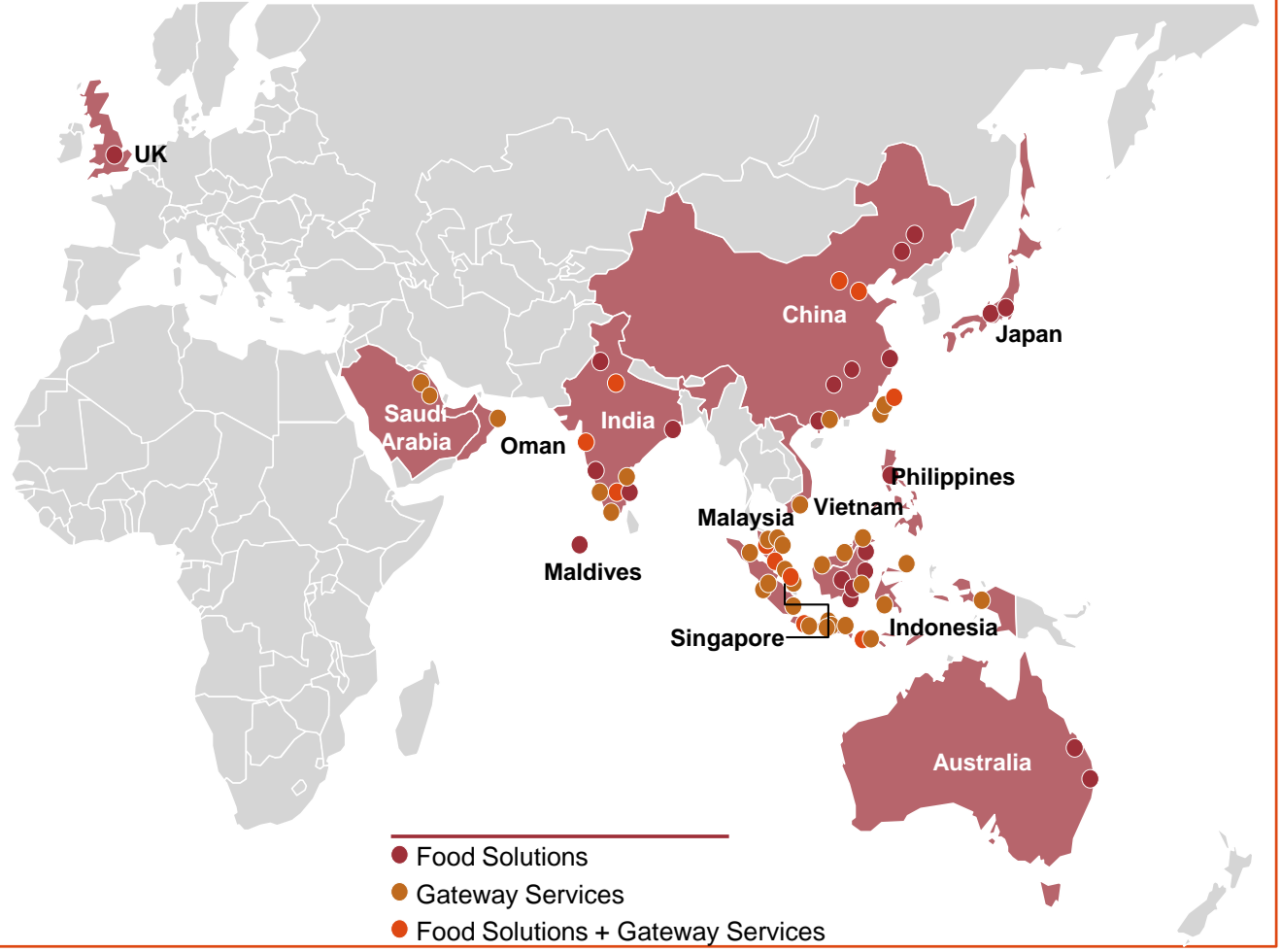
9.4m
Meals Served

6,550
Flights Handled

221k Tonnes
Cargo Handled

13 Countries
Over **60** locations

13,500 Employees



* The above operating data cover SATS and its subsidiaries, but does not include JVs and associates.

* Passengers handled comprises full service and low cost carriers, as well as cruise ship passengers.

* Gross meals include both inflight and institutional catering meals.

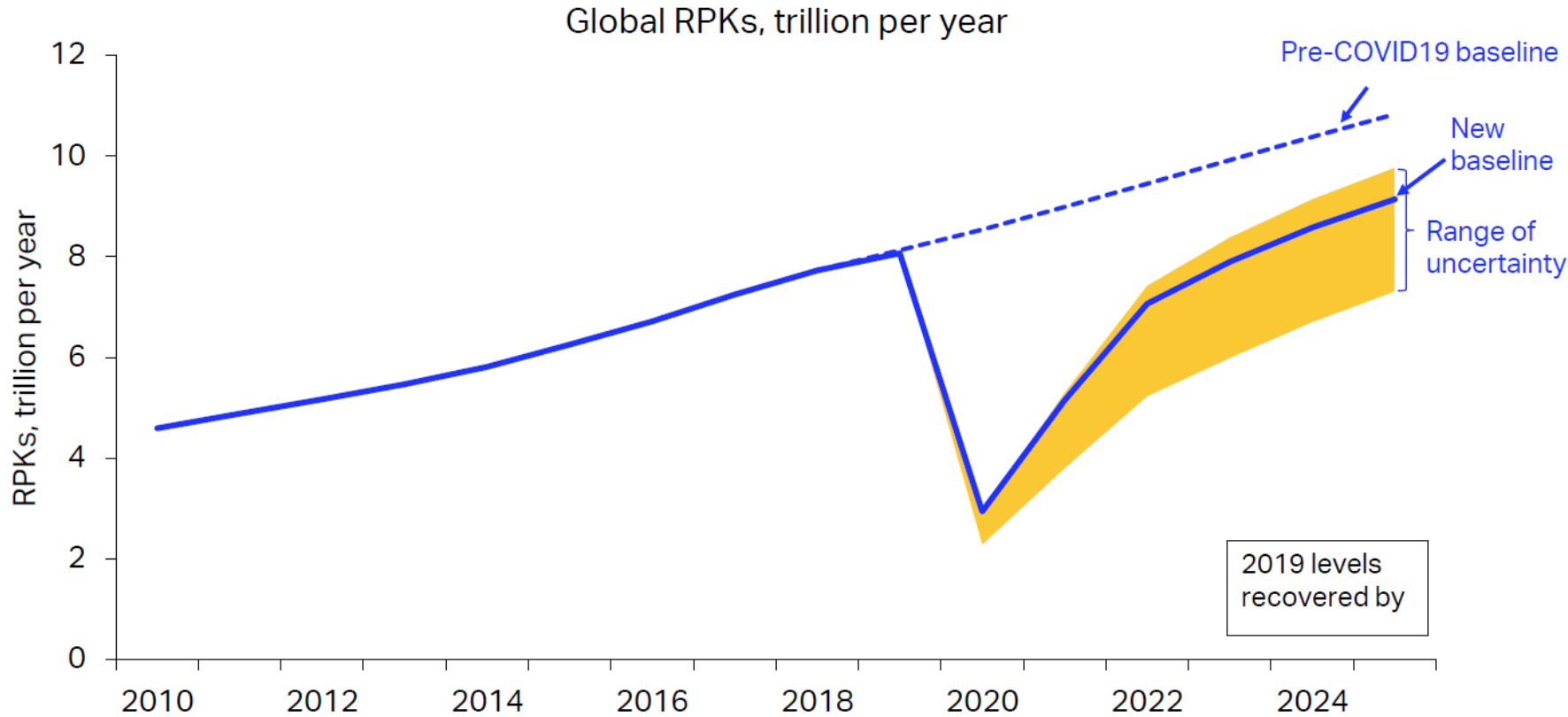
* Flights, cargo and passengers handled by GTR and SATS Seletar Aviation Services have been included in the above statistics since January 2019 and April 2019 respectively. Gross meals produced by Nanjing Weizhou are included in the above statistics since October 2019.

Expectations of aviation recovery now more prolonged, with uncertainty skewed towards the downside



RPK forecasts downgraded; 2019 regained only by 2024

75% growth now forecast for 2021 but RPKs still 36% below 2019 levels



Range of outcomes for global aviation:

- Base Case: 100% of pre-COVID volumes by 2024,
- Downside Case: ~75% of pre-COVID volumes by 2024
- Upside: ~110% of pre-COVID volumes by 2024



Emerging stronger from COVID-19



Despite the COVID-19 pandemic, SATS continued its transformation journey, building on prior investments in digitalisation and people development to reshape operations. Our technology-driven, people-led approach will enable SATS to maintain our leadership position in the new normal.



Nourishing Communities



SATS is developing sustainable packaging in a low-touch economy and building our digital integrated supply chain to enhance traceability, reduce waste, and strengthen procurement capabilities.



Connecting People



The SATS Academy is building a sustainable talent pipeline with the core skills and competencies required to support the growth of SATS. We are also digitalising operations to create unique solutions for seamless connectivity across the Group.

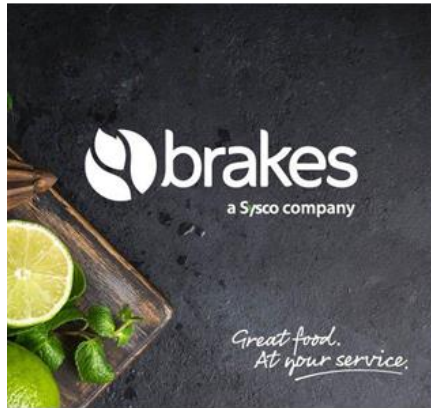



Treasuring Resources




SATS is reducing its carbon footprint through the electrification of GSEs and use of renewable energy. We are improving our recycling capabilities to minimise water consumption in our operations.


Signing up new customers for Food Solutions...




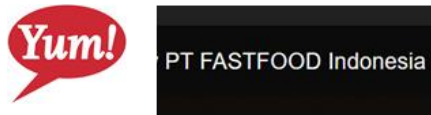
#BRAKESCHIPWEEK 

We sold 35, 627, 506 kg of chips in 2019

That's 6,558 elephants 

Or 869 Boeing 737 planes 

OR 323,299 Donald Trumps 



New Brand Introductions



DOTS[®]
ORIGINAL



Product Extensions

NEW FROM FARMPRIDE

Delight your family with a gourmet burger meal at only **\$6.95**

A collection of Farmpride burger meal boxes. The top box is 'TOKJING CHICKEN BURGERS' (和風つくね/パティ) with 4 patties. Below it are two boxes for 'BULGOGI BEEF BURGERS' (불고기 소고기 패티) and 'BULGOGI CHICKEN BURGERS' (불고기 닭고기 패티), each with 4 patties. Each box features an image of the burger and the Farmpride logo.



Group Financial Review



- Group revenue decreased 55.0% to \$209.4M
- PATMI decreased 180.0% to (\$43.7M)
- Share of earnings from associates/JVs decreased 315.1% to (\$31.4M)
- EBITDA decreased 134.7% to (\$33.9M)
- EPS declined 8.8 cents to (3.9 cents)

¹⁰ Note: All figures are unaudited and in S\$ m unless otherwise stated.

EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excluding one-off items.

1Q FY21 Highlights



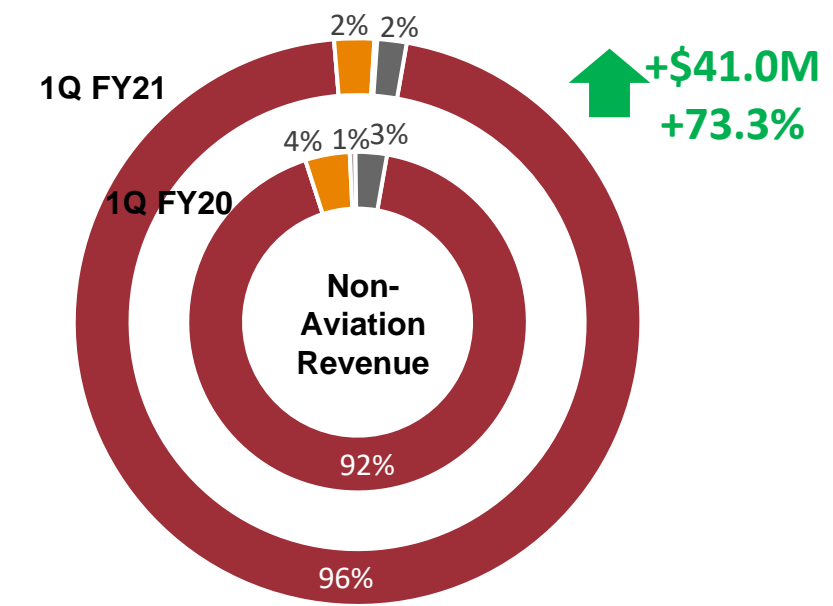
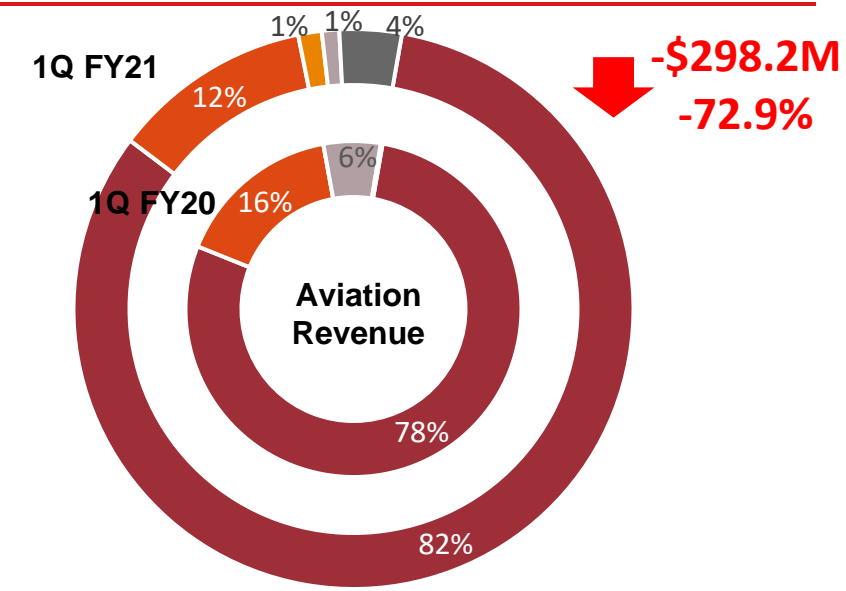
(\$'M)	1Q FY21 Act	1Q FY20 Act	Change		Commentary
			\$/ppt	%	
Revenue	209.4	465.1	(255.7)	(55.0)	<ul style="list-style-type: none"> • Gateway (-\$151.7M), Food (-\$105.5M) • Aviation revenue declined 72.9% due to COVID-19 pandemic • Overall flights handled declined > 88% • Cargo tonnage dropped 50% in SG and >86% in overseas • Overall meals volume dropped >95%
OPEX	(245.4)	(408.3)	162.9	39.9	<ul style="list-style-type: none"> • Staff cost reduced by \$136.9M • Lower licence fees (-\$18.9M) & company premise expenses (-\$2.8M) • Partly offset by consol effect of NWA (\$2.8M) and CFPL (\$40.6M)
EBIT	(36.0)	56.8	(92.8)	(163.4)	<ul style="list-style-type: none"> • Revenue decline surpassed OPEX reduction • Overseas subs made up >100% of the total EBIT losses
•EBIT (%)	(17.2%)	12.2%			
Share of results of Associates/JV (SoAJV)	(31.4)	14.6	(46.0)	(315.1)	<ul style="list-style-type: none"> • COVID-19 impacted all associates and JVs esp in China and India • Gateway (-\$28.7M), Food (-\$17.3M)
PATMI	(43.7)	54.7	(98.4)	(180.0)	Driven by sharp decline in aviation revenue and contribution from SoAJV largely due to COVID-19 impact
•PATMI (%)	(20.9%)	11.8%			
EBITDA	(33.9)	97.8	(131.7)	(134.7)	
•EBITDA (%)	(16.2%)	21.0%			

11 Note: All figures are unaudited and in S\$ m unless otherwise stated.
EBIT represents Operating Profits

Group Segmental Revenue



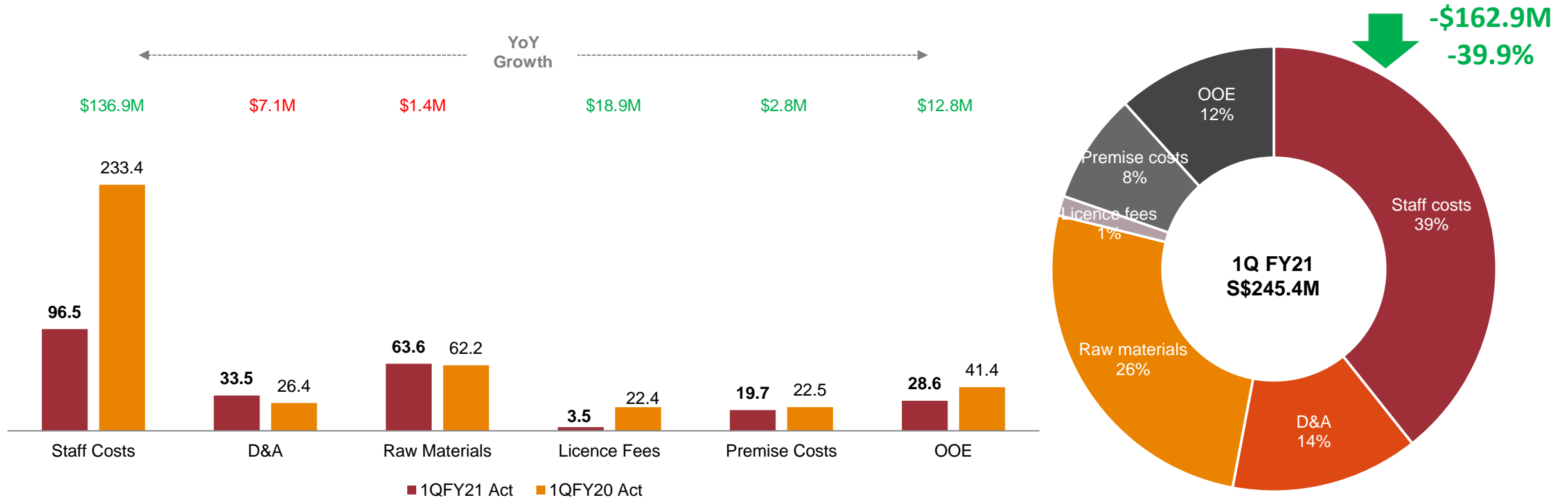
Revenue	1Q FY21	1Q FY20	Change (%)
By Business:			
Food Solutions	135.9	241.4	(43.7)
Gateway Services	71.6	223.3	(67.9)
Others	1.9	0.4	n.m.
Total	209.4	465.1	(55.0)
By Industry:			
Aviation	110.6	408.8	(72.9)
Non-aviation	96.9	55.9	73.3
Others	1.9	0.4	n.m.
Total	209.4	465.1	(55.0)
By Geographical Location			
Singapore	185.9	372.1	(50.0)
Japan	12.8	65.5	(80.5)
Greater China	3.7	2.4	54.2
Asean (ex-SG)	1.3	22.8	(94.4)
Others	5.7	2.3	147.8
Total	209.4	465.1	(55.0)



■ Singapore ■ Japan ■ Greater China ■ Asean (ex-SG) ■ Others

Note: All figures are unaudited and in S\$ m unless otherwise stated.

1Q FY21 Group Expenditure



- The lower staff costs was due to government reliefs (\$61.7M), reduced contract services as well as lower headcount for the quarter.
- The increase in D&A cost was mainly due to the consolidation of new entities and ROU assets due to SFRS 16.
- The higher cost of raw materials due to consolidation of CFPL and NWA offset by the lower aviation volume.
- Lower licence fees is in line with the lower aviation volume.
- OOE decreased due to reduction in discretionary spending in view of group wide cost containment measures.

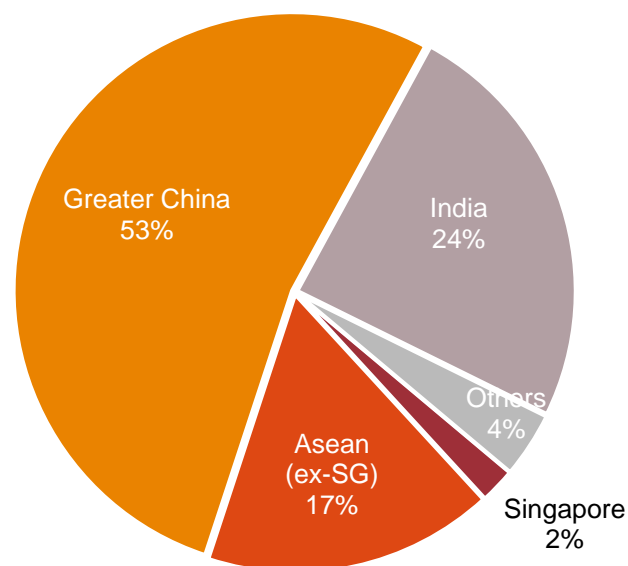
*Note: All figures are unaudited and in S\$ m unless otherwise stated.
D&A represents Depreciation & Amortisation
OOE represents Other Operating Costs*

Summary Financials – Associates and Joint Ventures

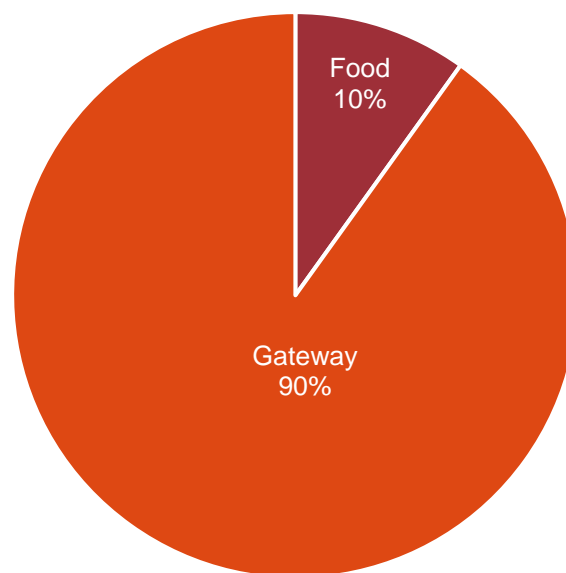
S\$'M	FY21	FY20	% change
SATS Share of Revenue (SSOR)	69.6	181.8	(61.7)
Share of losses / earnings	(31.4)	14.6	(315.1)

Segmental SSOR – Assoc. and JVs

Geographical



Business



OVERVIEW

- Greater China constitute 53% of SSOR (*Assoc. and JVs*)
- Gateway associates and JVs make up 90% of total SSOR
- All Food SoAJVs were adversely impacted by COVID-19 cushioned by Gateway cargo SoAJVs

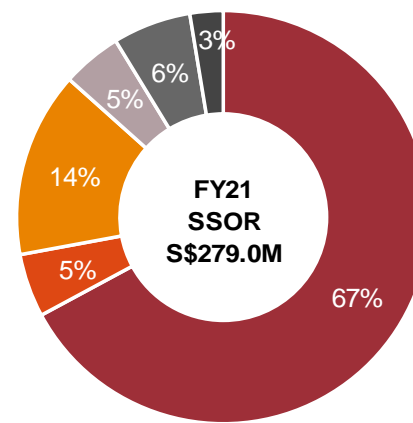
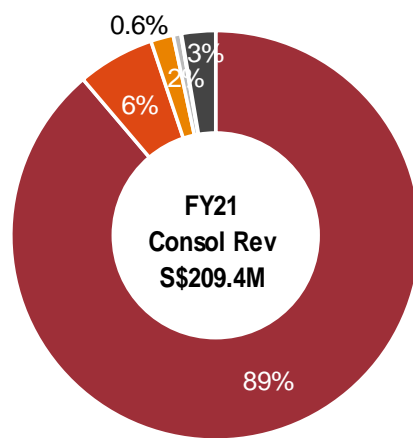
1Q FY21 SATS share of revenue and PATMI by region



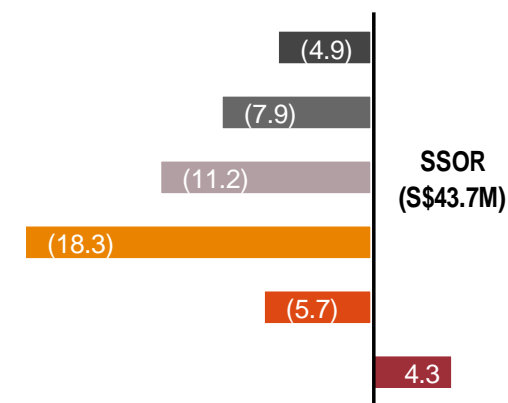
Consol Revenue	YoY
1Q FY21	%
185.9	(50.0)
12.8	(80.5)
1.3	(94.4)
3.7	56.7
0.1	n.m.
5.6	146.0
209.4	(55.0)

	SSOR		YoY
	1Q FY21	1Q FY20	%
Singapore	187.3	400.3	(53.2)
Japan	13.8	67.8	(79.6)
Asean (ex-SG)	13.0	58.1	(77.6)
Greater China	40.5	74.0	(45.3)
India	17.1	36.7	(53.5)
Others	7.3	10.1	(28.3)
Total	279.0	647.0	(56.9)

PATMI	YoY
1Q FY21	%
4.3	(89.9)
(5.7)	n.m.
(11.2)	n.m.
(18.3)	n.m.
(7.9)	n.m.
(4.9)	n.m.
(43.7)	(180.0)

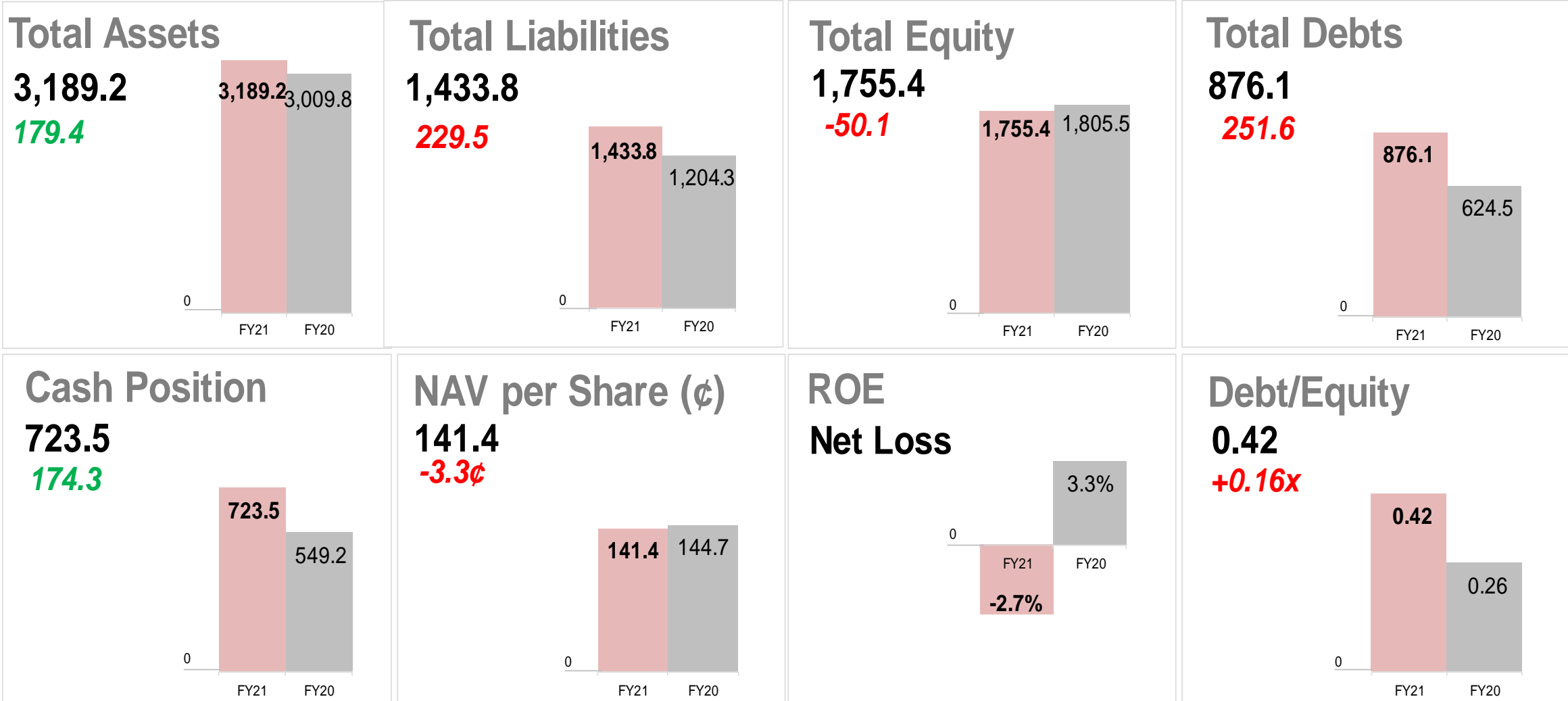


SATS Share of PATMI



■ Singapore ■ Japan ■ Greater China ■ Asean (ex-SG) ■ India ■ Others

1Q FY21 Group Financial Position



• FY21 Debt/Equity: 0.42x. With the SFRS (I) 16, Debt/Equity ratio will be 0.55x

¹⁶ Note: All figures as at 30 June 20 are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful

Group Balance Sheet



\$M	As at 30 June 20	As at 31 Mar 20	% change	Commentary
Non-Current Assets	1,939.0	1,978.3	(2.0)	Lower non-current assets mainly due to share of losses recognised for investments in associates and joint ventures for the period, as well as depreciation and amortization for the period.
Current Assets	1,250.2	1,031.5	21.2	Higher current assets mainly due to higher cash balance arising from the drawdown of credit facilities to improve liquidity position as well as higher inventory balance at CFPL.
Total Assets	3,189.2	3,009.8	6.0	
Non-Current Liabilities	770.3	642.1	20.0	Higher total liabilities mainly due to drawdown on existing credit facilities of \$256.5M to build up its liquidity position.
Current Liabilities	663.5	562.2	18.0	
Total Liabilities	1,433.8	1,204.3	19.1	
Equity attributable to shareholders	1,580.7	1,617.5	(2.3)	
Non-controlling interests	174.7	188.0	(7.1)	
Total Equity	1,755.4	1,805.5	(2.8)	

%	1Q FY21	1Q FY20	Change ppt/%
EBIT Margin	(17.2)	12.2	(29.4)
PATMI Margin	(20.9)	11.8	(32.7)
EBITDA Margin	(16.2)	21.0	(37.2)
Return on Equity	(2.7)	3.3	n.m.
Basic EPS (cents)	(3.90)	4.90	(179.6)

	30 JUN 20	30 MAR 20	Change ppt/%
NAV Per Share (\$)	1.41	1.45	(2.8)
Debt/Equity Ratio	0.42	0.26	0.16
Current Ratio	1.88	1.83	2.7

Including the impact of adopting SFRS(I) 16, Debt/Equity ratio will be 0.55 times

*Note: All figures are unaudited and in S\$ m unless otherwise stated.
n.m. – not meaningful*

Group Cash Flow Statement



\$M	1Q FY21	1Q FY20	Difference
Net Cash (used in)/from Operating Activities	(61.1)	80.0	(141.1)
Net Cash used in Investing Activities	(1.4)	(24.5)	23.1
<i>Capital expenditure</i>	<i>(10.4)</i>	<i>(10.4)</i>	
<i>Dividends from associates/joint ventures</i>	<i>5.7</i>	<i>13.5</i>	
<i>Proceeds from disposal of property, plant and equipment</i>	<i>1.3</i>	<i>-</i>	
<i>Investment in associates/joint ventures</i>	<i>-</i>	<i>(22.6)</i>	
<i>Long-term investments</i>	<i>-</i>	<i>(6.1)</i>	
<i>Other investing activities</i>	<i>2.0</i>	<i>1.1</i>	
Net Cash from/(used in) Financing Activities	240.0	(4.1)	244.1
<i>Repayment of term loans</i>	<i>(6.2)</i>	<i>-</i>	
<i>Repayment of lease liabilities</i>	<i>(7.7)</i>	<i>(3.1)</i>	
<i>Proceeds from borrowings</i>	<i>256.5</i>	<i>-</i>	
<i>Dividends paid</i>	<i>(1.0)</i>	<i>(1.0)</i>	
<i>Other financing activities</i>	<i>(1.6)</i>	<i>-</i>	
Net increase in Cash & Cash Equivalents	177.5	51.4	126.1
Cash & Cash Equivalents at end of financial period	723.5	401.7	321.8
Free Cash Flow *	(71.5)	69.6	(141.1)

Note: All figures are unaudited and in S\$ m unless otherwise stated.

* Free Cash Flow refers to net cash from operating activities less cash purchases of capital expenditure.



Appendix

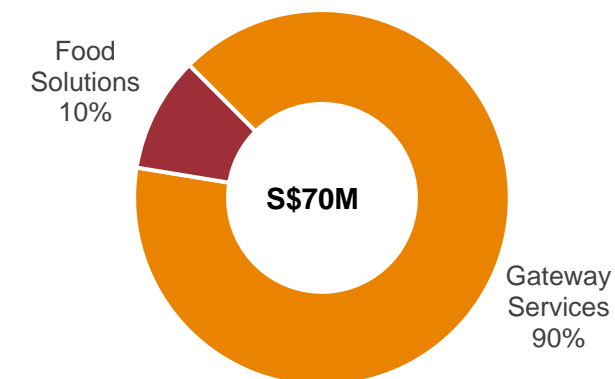
Summary of key associates / joint ventures



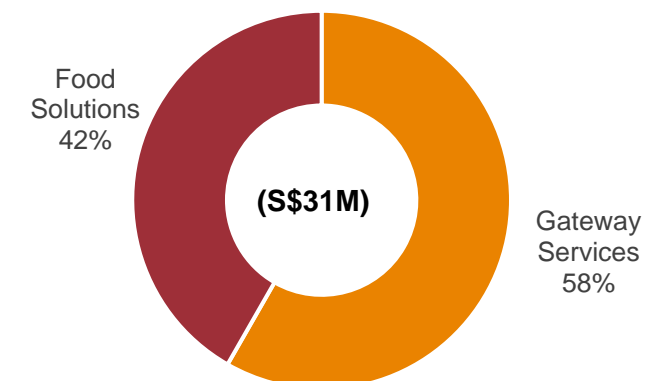
1Q FY21 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	Taj SATS Air Catering/TMFK	Food	3	-	-	-	-	3	-
2	Evergreen Sky Catering	Food	1	-	-	-	1	-	-
3	Brahim's SATS	Food	1	-	-	1	-	-	-
4	Beijing Airport Inflight Kitchen	Food	1	-	-	-	1	-	-
5	MacroAsia Catering	Food	1	-	-	1	-	-	-
6	Asia Airfreight Terminal	Gateway	17	-	-	-	17	-	-
7	Beijing Aviation Ground Services	Gateway	11	-	-	-	11	-	-
8	PT Cardig Aero Services**	Gateway	9	-	-	9	-	-	-
9	Mumbai Cargo Services	Gateway	9	-	-	-	-	9	-
10	Evergreen Airline Services/Air Cargo	Gateway	7	-	-	-	7	-	-
11	Air India SATS Airport Services	Gateway	5	-	-	-	-	5	-
12	OmanSATS	Gateway	1	-	-	-	-	-	1
	Sub-total	94.3%	66	-	-	11	37	17	1
	Others	5.7%	4	1	1	1	-	-	1
	Share of Associates/JVs revenue (SSoR)	100.0%	70	1	1	12	37	17	2
	Share of results of Associates/JVs (SoAJV)		(31)	(1)	(0)	(5)	(15)	(8)	(2)

SSoR



SoAJV



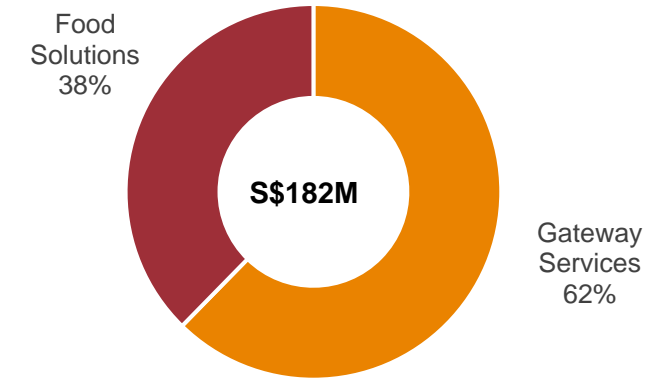
Summary of key associates / joint ventures



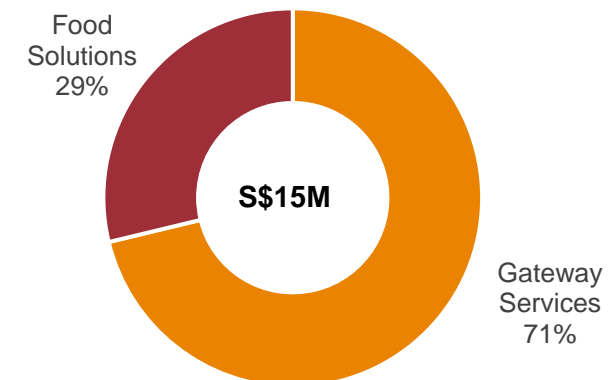
1Q FY20 SATS share of revenue (SSoR)

No.	Associates/JVs	Business Unit	Total	Singapore	Japan	Asean (ex-SG)	Greater China	India	Others
1	SATS BRF	Food	25	25	-	-	-	-	-
2	Evergreen Sky Catering	Food	10	-	-	-	10	-	-
3	Taj SATS Air Catering/TMFK	Food	9	-	-	-	-	9	-
4	Brahim's SATS	Food	8	-	-	8	-	-	-
5	Beijing Airport Inflight Kitchen	Food	6	-	-	-	6	-	-
6	MacroAsia Catering	Food	4	-	-	4	-	-	-
7	PT Cardig Aero Services*	Gateway	21	-	-	21	-	-	-
8	Air India SATS Airport Services	Gateway	18	-	-	-	-	18	-
9	Asia Airfreight Terminal	Gateway	17	-	-	-	17	-	-
10	Beijing Aviation Ground Services	Gateway	17	-	-	-	17	-	-
11	Evergreen Airline Services/Air Cargo	Gateway	11	-	-	-	11	-	-
12	Mumbai Cargo Services	Gateway	10	-	-	-	-	10	-
	Sub-total	85.7%	156	25	-	33	61	37	-
	Others	14.3%	26	3	2	3	11	-	7
	Share of Associates/JVs revenue (SSoR)	100.0%	182	28	2	36	72	37	7
	Share of results of Associates/JVs (SoAJV)		15	-	1	6	5	1	2

SSoR



SoAJV



Note: All figures are unaudited and in S\$ m unless otherwise stated.

Based on Group management estimates

*PT CAS revenue refers to consolidated revenue of PT CAS Group which include PT Jasa Angkasa and PT Purantara Mitra



Q&A