



# UBS ASEAN Conference 2015

2 September 2015

# Our Business

## Food Solutions



**Airline catering**



**Institutional catering**



**Food distribution and logistics**



**Airline linen laundry**

## Gateway Services



**Passenger services and lounge management**



**Ramp and baggage handling**



**Airfreight handling and logistics**



**Aviation security**



**Cruise centre management**



# Financial Summary

**\$1.8 billion**

**Revenue<sup>1</sup>**

**\$195.7 million**

**PATMI<sup>1</sup>**

**\$48.1 million**

**Share of results of  
Associates/JV<sup>1</sup>**

**\$2.1 billion**

**Assets<sup>2</sup>**

**13.7%**

**Return on equity<sup>1</sup>**

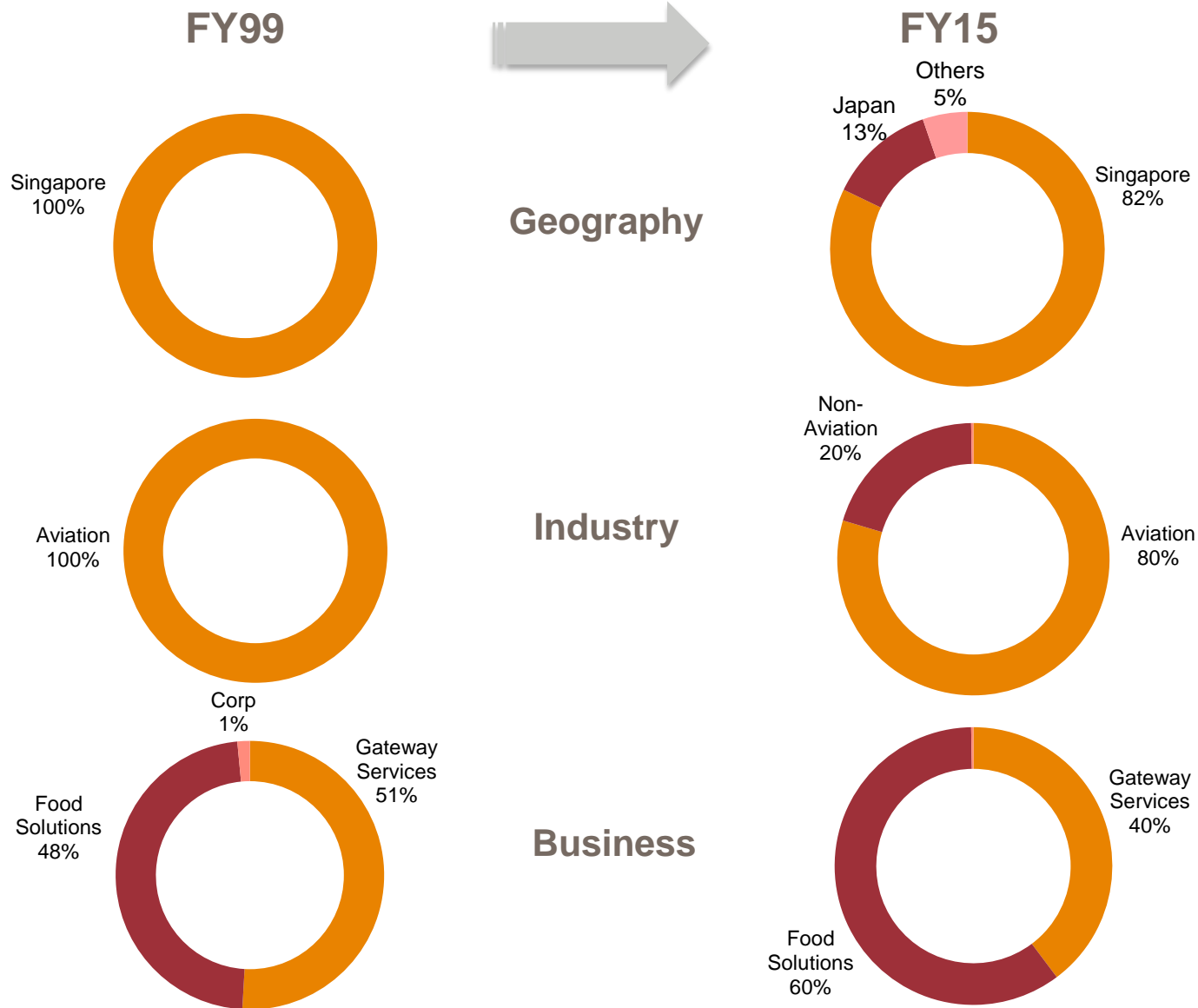
**\$4 billion**

**Market cap<sup>3</sup>**



<sup>1</sup> For the twelve months ended 31 March 2015, <sup>2</sup> As of 30 June 2015, <sup>3</sup> As of 31 August 2015

# Revenue Growth Beyond Singapore and Aviation

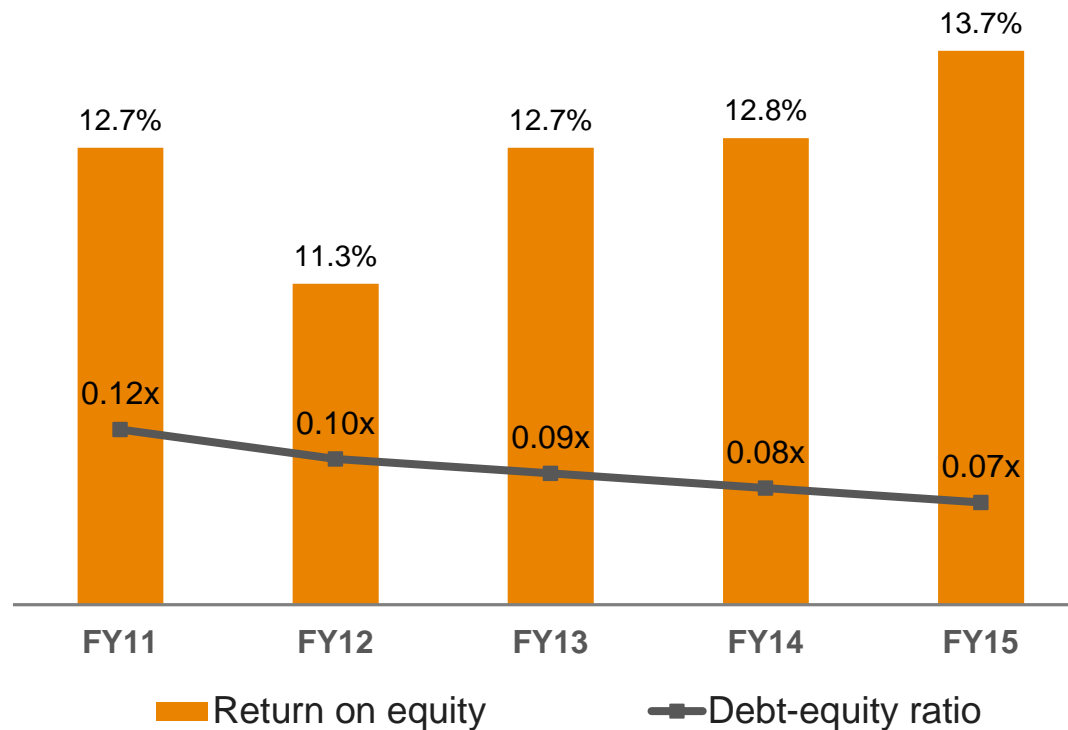


# Strong Balance Sheet, Improving Return on Equity

**\$366.6 million**

**Net Cash <sup>1</sup>**

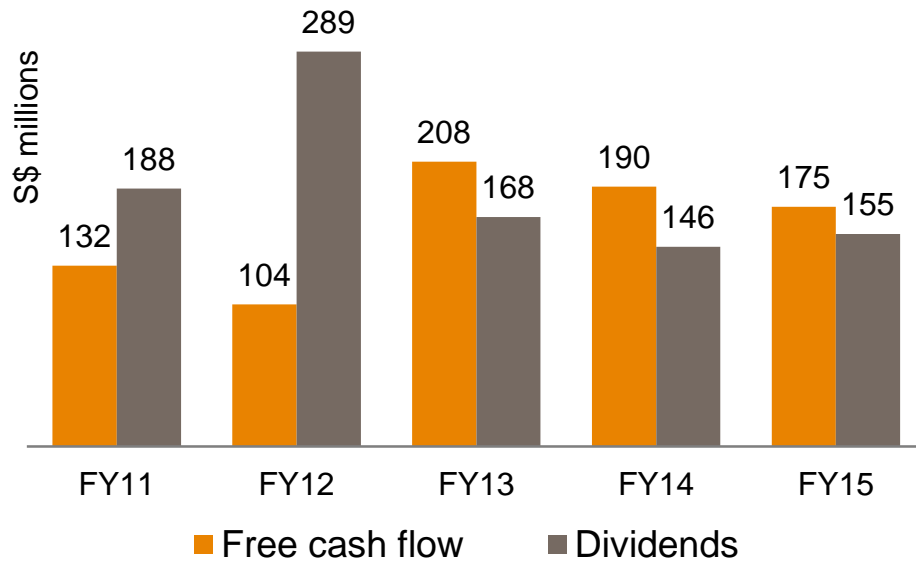
## Return on Equity and Debt-Equity Ratio



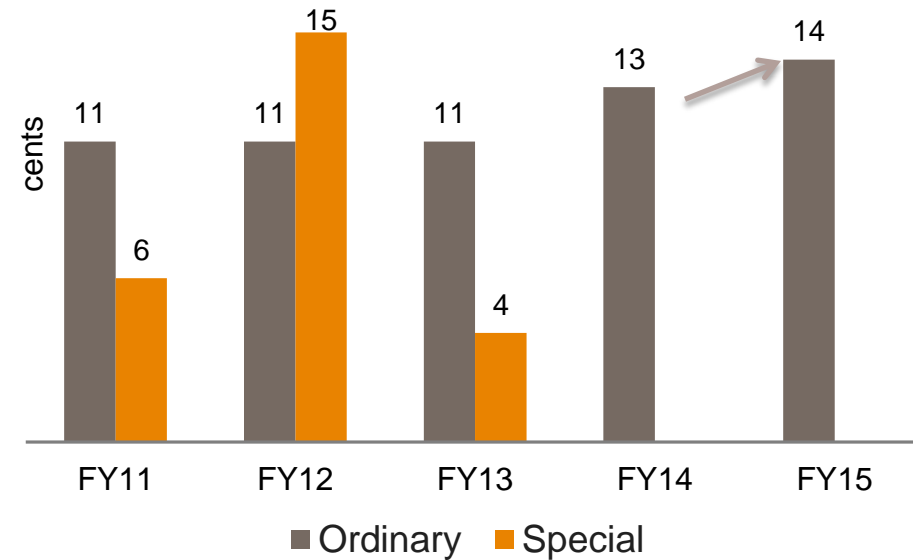
<sup>1</sup> As of 30 June 2015

# Resilient Cash Flows, Growing Ordinary Dividends

## Free Cash Flow and Dividends



## Dividend Per Share



# Share Price Performance vs. STI (5 Years)

**Total return**  
incl. dividends



**+72%**

**SATS**

**+15%**

**Straits Times Index**



Source: Bloomberg, As of 31 August 2015

# Our Vision and Mission

## Vision

SATS is **Asia's leading** food solutions and gateway services company

We **operate state-of-the-art facilities** to provide food solutions that delight our customers

We **improve connectivity** for our customers through our **comprehensive** gateway services across the region

## Mission

To be the **first-choice** provider of food solutions and gateway services by **delighting customers** with our **innovation** and **passion**





# Tailor-Made Food Solutions for Varying Customer Needs

**Largest inflight  
and institutional  
caterer**

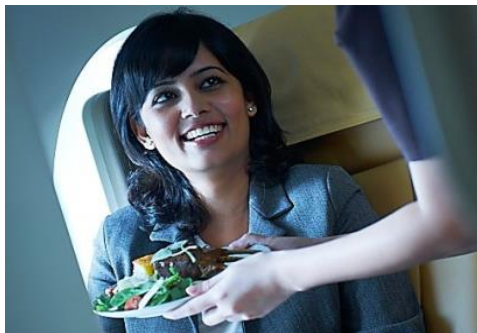


- 6 production facilities
- > 40 international and award winning chefs

**Range of offerings include cook fresh, cook chill, cook freeze and retort**



**Customer segments include hospitality, healthcare, education, military and retail**



# Comprehensive Gateway Hub Handling Capabilities

Presence  
in Singapore



- Changi Airport T1-3
- Airfreight Terminals 1-6
- Marina Bay Cruise Centre

Passenger services



Ramp handling



Cruise centre  
management



Transshipment freight handling



Perishable handling



# Asia's Largest Food and Gateway Services Network

43 Airports

11 Countries

638,000

Flights<sup>1</sup>



83 million

Passengers<sup>1</sup>



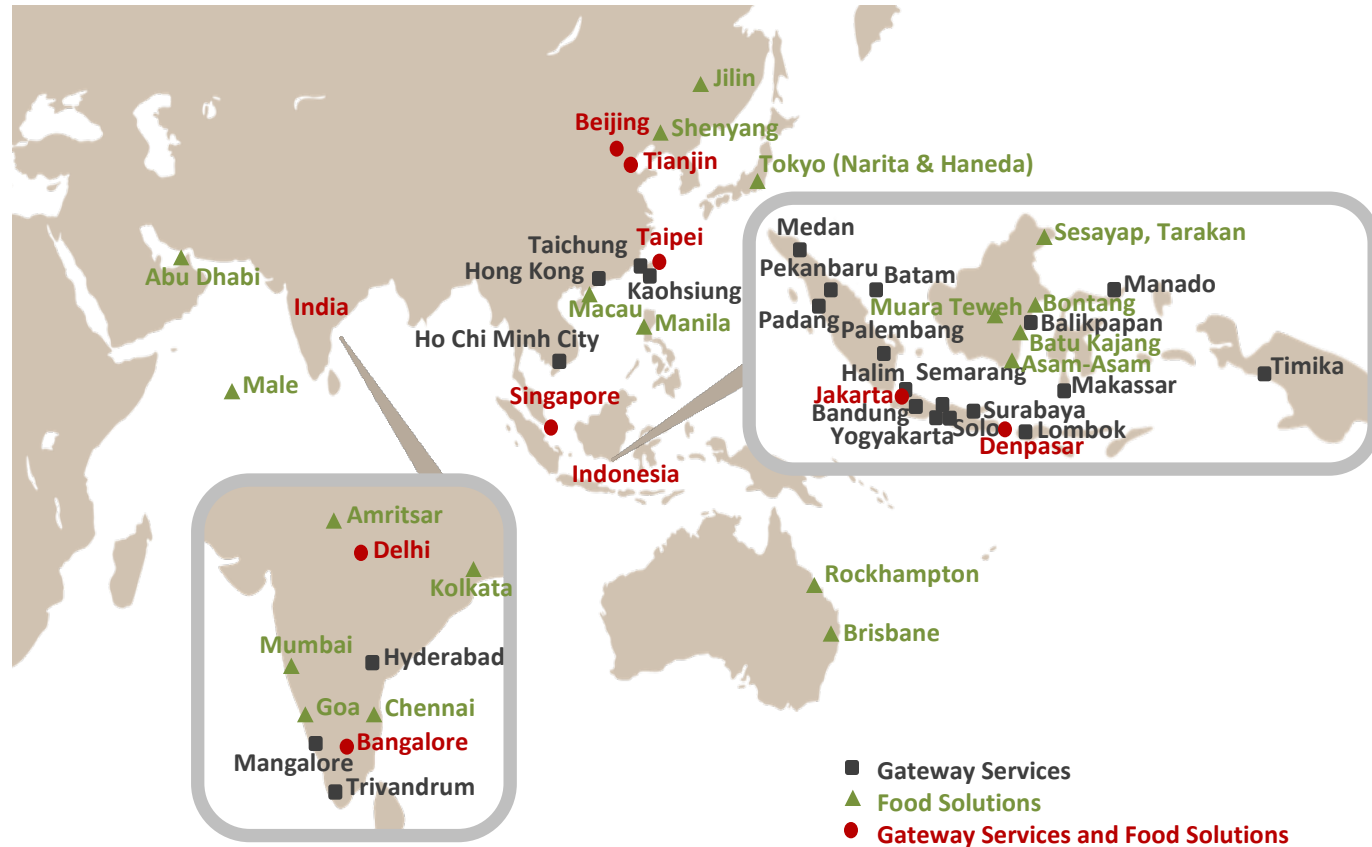
84 million

Meals<sup>1</sup>



4 million

Tonnes of cargo<sup>1</sup>



<sup>1</sup> Based on FY15 aviation statistics for Singapore and overseas operations

# Growing Asian Demand for Safe, Healthy and Cosmopolitan Food

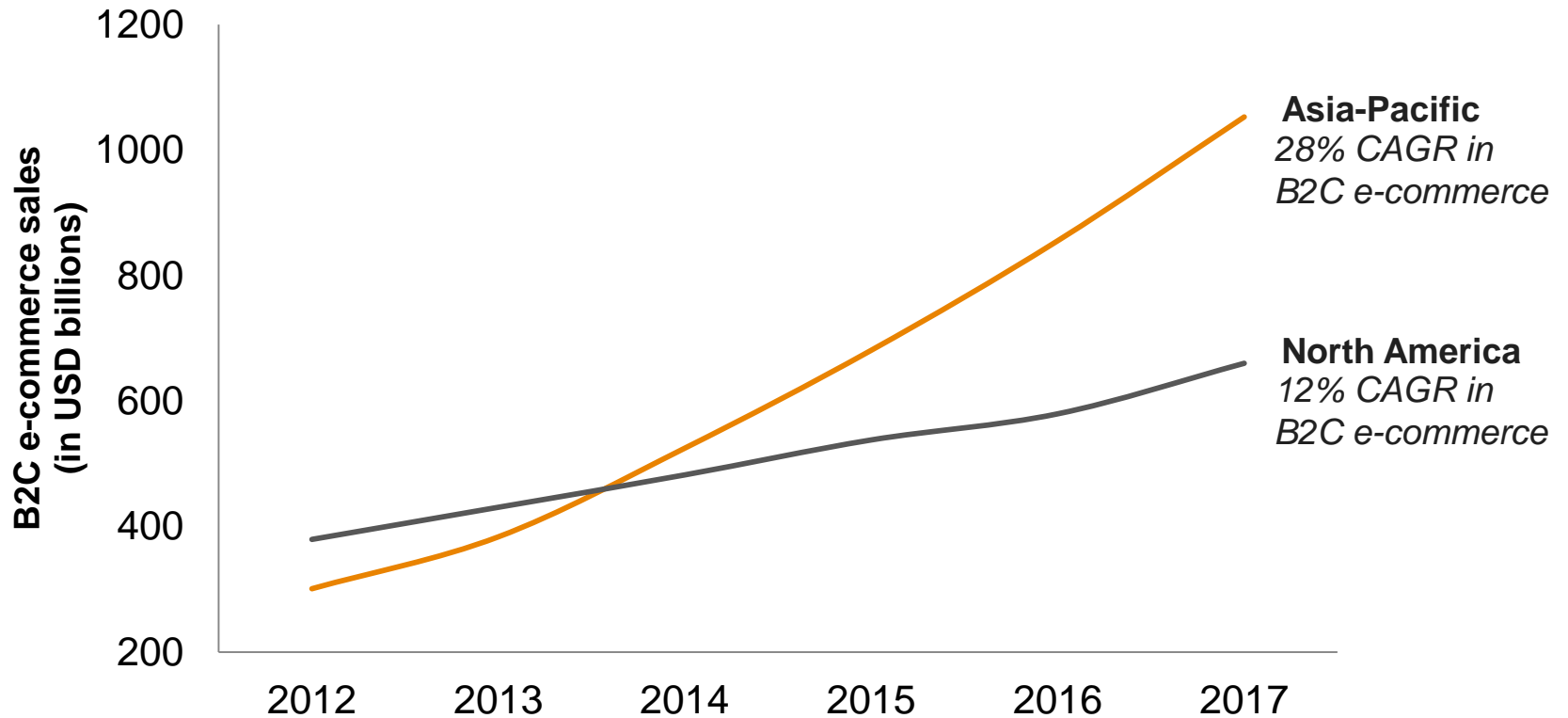
Food Consumption <sup>a</sup>	2010 – 2020 CAGR %
Asia-9 <sup>b</sup>	7.0
China	8.1
Indonesia	5.9
Philippines	4.1
Singapore	8.0



<sup>a</sup> DBS Group Research, BMI (assume constant USD)

<sup>b</sup> China, Hong Kong, Taiwan, Korea, Singapore, Malaysia, Indonesia, Thailand, Philippines

# ...for e-Commerce

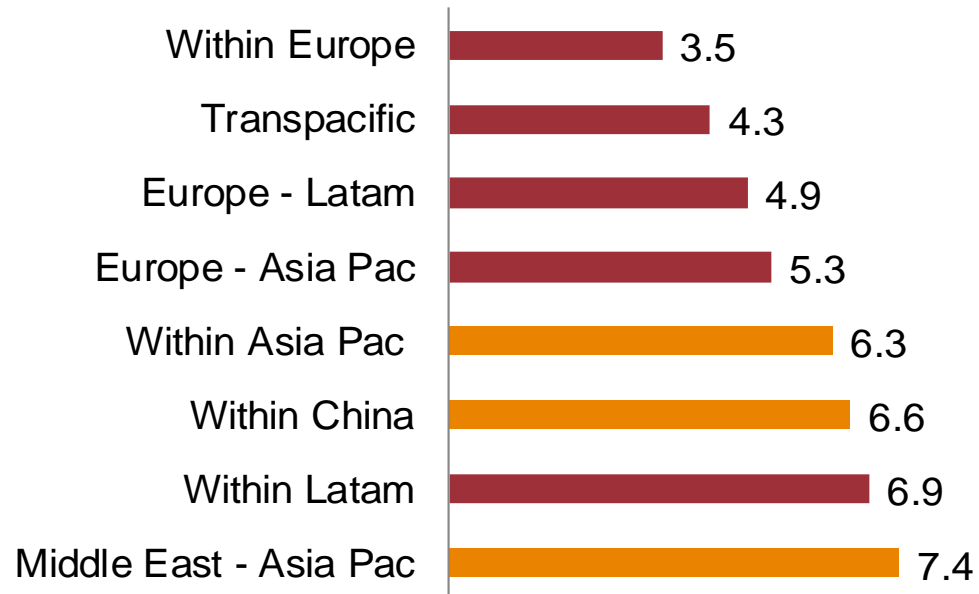


Source: eMarketer, January 2014

# ...for Travel

Air Travel Penetration Rate (%) <sup>a</sup>					
Asia	0.4	Europe	3.3	N. America	5.6

## Asia Pacific Air Traffic to Grow 6.3% Annually Until 2033<sup>b</sup>



<sup>a</sup> Changi Airport Group

<sup>b</sup> Current Market Outlook 2014, Boeing

# Airport Infrastructure Upgrades Across Asia

Airport	Current Capacity	Planned Capacity	Completion
	<i>(in millions of passengers)</i>		
Al Maktoum International Airport, Dubai	66	200	2020
Beijing International Airport, China	76	142	2020
Changi Airport, Singapore	66	135	mid-2020s
Incheon International Airport, South Korea	44	100	2020
Suvarnabhumi Airport, Thailand	45	85	2020
Soekarno-Hatta International Airport, Indonesia	22	62	2015
Chhatrapati Shivaji International Airport, India	40	60	2019



# Power Up Transformation

## aircargonews

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Minister praises Singapore streamlining



Josephine Teo, Singapore's Senior Minister of State, Ministry of Finance and Ministry of Transport

25.02.2015 | Initiatives by Singapore ground handler SATS cargo pallet handling, and a warehouse reorganisation to

## Swiss, Cargologic and SATS form quality alliance

Swiss WorldCargo and its partner ground handling companies Cargologic AG and SATS have concluded a memorandum of understanding aimed at further enhancing their cargo handling and information services.

Posted on 15 January 2015 by Denise Cabel

Swiss WorldCargo and its partner ground handling companies Cargologic

## SATS unveils e-Acceptance, training initiatives

Nisha Ramchandani | The Business Times | Friday, Apr 17, 2015



## SATS forms joint venture with global food company BRF

By Mindy Tan tamindy@sph.com.sg @MindyTanBT

MORE

SATS unit clinches 30b yen catering contract from Delta

Market up on Greek optimism and Wall St gains

SATS' Japanese subsidiary bags 30b yen inflight catering contract from Delta

SATS reports 21.1%



SATS'S Singapore Food Industries (SFI) has entered into a joint venture agreement with BRF GmbH to set up a company in Singapore to process meat and manufacture branded food products for distribution to retailers, restaurants, wholesalers, distributors and ship chandlers. PHOTO: SATS LTD

APR 16, 2015 9:52 PM

SATS'S Singapore Food Industries (SFI) has entered into a

## SATS' Japan subsidiary receives Halal certification for in-flight meals

PUBLISHED ON SEP 24, 2014 7:04 PM

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Certificate presentation ceremony where CEO Warees Investments Zaini (TKK President) Mikoto Fukuda, witnessed by TKK-Sats Executive Vice President Higashi (TKK Member) ... PHOTO: MUBG

BY FIONA CHAN

TOKYO - TFK Corporation, a Japanese subsidiary of group SATS, has achieved Halal certification for its kit

This will allow it to prepare certified Halal meals to cat

BUSINESS > SINGAPORE BUSINESS

## SATS, SingPost in airmail handling tie-up

The companies will set up an automated facility at SATS Airfreight Terminal 1 to bring their airmail consignment operations under one roof.

POSTED: 17 Aug 2015 10:36

PHOTOS



Alex Hungate, president and CEO of SATS and Dr Wolfgang Baier, group CEO of SingPost, sign a commercial agreement to collaborate in the area of eCommerce. (Photo: SingPost and SATS)

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AA\*

## Bengaluru airport to get its first perishable cargo facility

Air India joint venture to set up 60k sq ft centre at Kempegowda International Airport

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## SATS' Japan subsidiary signs S\$325m catering deal with Delta Air Lines

The subsidiary, TFK Corporation, will offer inflight catering services for the American airline at Narita and Haneda airports in Tokyo from October.

POSTED: 24 Jun 2015 09:35

PHOTOS



File photo of Delta Airlines planes, LAX (Luo Thyer)

## SATS gets IATA pharma seal of approval

12 / 02 / 2014



Singapore Airport Terminal Services (SATS) perishables handling facility





# 1Q FY15/16 Performance Review



# Operating Statistics for Singapore Aviation Business

	1Q15/16	1Q14/15	Change (%)
Passengers Handled ('M)	10.04	10.69	(6.1)
Flights Handled ('000)	30.15	33.17	(9.1)
Unit Services Handled ('000)	27.10	28.30	(4.2)
Cargo/Mail Processed ('000 tonnes)	390.10	388.39	0.4
Gross Meals Produced ('M)	6.65	6.47	2.8
Unit Meals Produced ('M)	5.24	5.11	2.5



- \* The above aviation operating data cover Singapore operations only.
- \* Except for unit and gross meals produced, all data include LCC operations.

# 1Q15/16 Financials

\$M	1Q15/16	1Q14/15	Favourable/ (Unfavourable) Change (%)
Revenue	416.9	435.2	(4.2)
Expenditure	(372.9)	(395.5)	5.7
<b>Operating Profit</b>	<b>44.0</b>	<b>39.7</b>	<b>10.8</b>
EBITDA	62.2	56.5	10.1
Share of Results of Associates/JVs, Net of Tax	12.8	10.4	23.1
Impairment of Assets Held for Sale	-	(0.1)	n.m.
Net gain from transfer of business to a JV	2.5	-	n.m.
<b>PBT</b>	<b>59.9</b>	<b>49.0</b>	<b>22.2</b>
<b>PATMI</b>	<b>49.6</b>	<b>43.3</b>	<b>14.5</b>
<b><i>Underlying Net Profit*</i></b>	<b><i>47.1</i></b>	<b><i>43.4</i></b>	<b><i>8.5</i></b>

*n.m. – not meaningful*

*\* Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – net gain from transfer of business to a JV and impairment loss on carrying value of Assets Held for Sale.*

# Financial Indicators

%	1Q15/16	1Q14/15	Change (ppt)
Operating Margin	10.6	9.1	1.5
EBITDA Margin	14.9	13.0	1.9
PBT Margin	14.4	11.3	3.1
PATMI Margin	11.9	9.9	2.0
Underlying Net Margin	11.3	10.0	1.3

	1Q15/16	1Q14/15	Change (%)
EPS Based on PATMI (cents)	4.5	3.9	15.4

	30 JUN 15	31 MAR 15
NAV Per Share (\$)	1.34	1.30
Debt-to-Equity Ratio	0.07	0.07

Overall, margins and EPS have improved.

# Group Segmental Revenue

\$M	1Q15/16	1Q14/15	Change (%)
<b>By Business:</b>			
Food Solutions	241.1	262.7	(8.2)
Gateway Services	174.7	171.2	2.0
Corporate	1.1	1.3	(15.4)
<b>Total</b>	<b>416.9</b>	<b>435.2</b>	<b>(4.2)</b>
<b>By Industry:</b>			
Aviation	342.8	352.4	(2.7)
Non-Aviation	73.0	81.5	(10.4)
Corporate	1.1	1.3	(15.4)
<b>Total</b>	<b>416.9</b>	<b>435.2</b>	<b>(4.2)</b>
<b>By Geographical Location:</b>			
Singapore	350.5	355.9	(1.5)
Japan	48.6	59.1	(17.8)
Others	17.8	20.2	(11.9)
<b>Total</b>	<b>416.9</b>	<b>435.2</b>	<b>(4.2)</b>

Revenue mix between Food and Gateway unchanged at 60:40.

# Group Expenditure

\$M	1Q15/16	1Q14/15	Favourable/ (Unfavourable) Change (%)
Staff Costs	200.1	203.9	1.9
Cost of Raw Materials	75.9	85.3	11.0
Licence Fees	17.0	19.4	12.4
Depreciation & Amortisation	17.3	16.9	(2.4)
Company Premise & Utilities Expenses	29.4	30.9	4.9
Other Costs	33.2	39.1	15.1
<b>Group Expenditure</b>	<b>372.9</b>	<b>395.5</b>	<b>5.7</b>
<b>Group Revenue</b>	<b>416.9</b>	<b>435.2</b>	<b>(4.2)</b>

Operating expenditure declined at a faster rate than the drop in revenue. Lower cost of raw materials was due to better sourcing and in line with lower food solutions revenue.

# Associates/JVs Performance by Business

\$M	1Q15/16	1Q14/15	Change (%)
<b>PAT</b>	<b>12.8</b>	<b>10.4</b>	<b>23.1</b>
Food Solutions	2.6	1.2	116.7
Gateway Services	10.2	9.2	10.9
<b>Dividends Received</b>	<b>17.6</b>	<b>18.1</b>	<b>(2.8)</b>

AISATS, AAT, BAIK, MIC and PT JAS together contributed approximately 80% of our share of after-tax profits from associates/JVs.

Both food and gateway associates/JVs continue to show strength.



# Group Balance Sheet

\$M	As at 30 JUN 15	As at 31 MAR 15
Total Equity	1,553.3	1,517.6
Long-term Loans	86.1	89.7
Other Long-Term Liabilities	65.9	66.6
Current Liabilities	353.1	345.8
<b>Total Equity &amp; Liabilities</b>	<b>2,058.4</b>	<b>2,019.7</b>
Fixed Assets & Investment Property	545.4	558.7
Associated Companies & JVs	484.3	464.8
Intangible Assets	162.8	165.5
Other Non-Current Assets & Long-Term Investment	39.8	38.0
Current Assets		
<i>Cash &amp; Short-Term Deposits</i>	467.6	410.9
<i>Debtors &amp; Other Current Assets</i>	358.5	381.8
<b>Total Assets</b>	<b>2,058.4</b>	<b>2,019.7</b>

Cash & short-term deposits increased mainly due to higher cash generated from operating activities, dividends from associates/JVs and proceeds from exercise of share options.



# Group Cash Flow Statement

\$M	1Q15/16	1Q14/15	Difference
Net Cash From Operating Activities	26.9	45.3	(18.4)
Net Cash From Investing Activities	10.4	5.5	4.9
Net Cash From Financing Activities	1.9	4.2	(2.3)
<b>Net Increase In Cash &amp; Cash Equivalents</b>	<b>39.2</b>	<b>55.0</b>	<b>(15.8)</b>
<b>Cash &amp; Cash Equivalents At End Of Financial Period</b>	<b>467.6</b>	<b>395.1</b>	<b>72.5</b>
<b>Free Cash Flow*</b>	<b>21.0</b>	<b>31.1</b>	<b>(10.1)</b>

Net cash from investing activities was higher due to lower capital expenditure, partly offset by lower dividends from associates and net investment in SATS BRF Food.



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

# Outlook

Competition between airlines in Asia continues to be intense amid relatively low growth in air traffic in the near term.

Despite slower economic growth and rising manpower costs, the structural growth prospects of Asia remain strong with rapid urbanisation and growth of the middle class.

The Group is well-positioned to capture these opportunities. We are progressing well with our strategy of driving productivity through scale and connectivity, and launching new ventures that will support our future growth.



**End**