



2Q17/18 Performance Review

9 November 2017

Forward Looking Statements

This presentation may contain forward-looking statements regarding, among other things, the Company's outlook, business and strategy which are current as of the date they are made. These forward-looking statements are based largely on the current assumptions, expectations and projections of the directors and management of SATS about our business, and the industry and markets in which we operate. These statements are not guarantees of SATS' future performance and are subject to a number of risks and uncertainties, some of which are beyond the Company's control and are difficult to predict. Future developments and actual results could differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will prove to be accurate. SATS does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.

Agenda

- Executive Summary
- Group Financial Review
- Outlook

Executive Summary: 2Q17/18 Performance

- PATMI grew 16.3% to \$72.2M
- 56.5% increase in share of after-tax profits from associates/JVs
- Group revenue declined 0.8% with deconsolidation of SATS HK after strategic transaction with Hong Kong Airlines
- Operating margins 14.1%, down 0.4 percentage points
- RoE improved to 4.4% from 4.0%
- EPS increased 0.9 cents to 6.5 cents
- Interim dividend 6.0 cents per share



Operating Statistics for SATS Group

	1H17/18	1H16/17	Change (%)
Passengers Handled ('M)	25.96	25.18	3.1
Flights Handled ('000)	85.28	83.88	1.7
Cargo/Mail Processed ('000 tonnes)	904.88	840.64	7.6
Gross Meals Produced ('M)	34.90	34.21	2.0
Ship Calls Handled	33	22	50.0

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

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

* Gross meals include both inflight and institutional catering meals.



Group Financial Review



2Q17/18 Highlights

Revenue

\$434.8M -0.8%

- Food Solutions' revenue declined 3.1% to \$244.8M, while Gateway Services' revenue grew 2.3% to \$189.7M. Excluding the deconsolidation impact of SATS HK, Group revenue would have increased \$4M, with Gateway growth of \$12M or 6.8%.

Operating profit

\$61.1M -3.9%

- Group expenditure decreased 0.3% to \$373.7M. Cessation of rebates by Changi Airport contributed to licence fees increase of 24.2% y-o-y, offset by the decline in staff costs, premises and utilities expenses from deconsolidation of SATS HK.

Share of results of Associates/JVs

\$18.0M 56.5%

- Share of after-tax profits from associates/JVs increased \$6.5M, with higher contributions from both Food Solutions' and Gateway Services' associates/JVs.

PATMI

\$72.2M 16.3%

- Underlying net profit was \$65.2M, 5.0% higher y-o-y.
- EPS increased 0.9 cents to 6.5 cents.
- ROE improved 0.4 ppts to 4.4%.



1H 17/18 Highlights

Revenue

\$861.3M -0.2%

- Food Solutions' revenue declined 3% to \$477.9M, while Gateway Services' revenue grew 3.7% to \$382.8M. Excluding the deconsolidation impact of SATS HK, Group revenue would have increased \$6.3M with Gateway growth of \$21.3M or 5.9%.

Operating profit

\$114.6M -3.0%

- Group expenditure increased \$2.1M or 0.3% to \$746.7M, mainly due to higher licence fees and reduction of CAG incentives, offset by lower staff and raw material costs.

Share of results of Associates/JVs

\$33.5M 41.4%

- Share of after-tax profits from associates/JVs increased \$9.8M, with high contributions from both Food Solutions' and Gateway Services' associates/JVs.

PATMI

\$129.5M 2.6%

- Underlying net profit was \$122.5M, 4.2% higher y-o-y.
- EPS increased 0.2 cents to 11.6 cents.
- ROE declined 0.3 pts to 8.1%.

Debt / Equity

0.07 times

- Debt/Equity ratio remained healthy at 0.07 times.
- Cash and short-term deposits stood at \$471.4M.
- Free cash flow generated was \$46.3M.



2Q and 1H 17/18 Highlights

\$M	2Q17/18	2Q16/17	Fav/(Unfav) Change (%)	1H17/18	1H16/17	Fav/(Unfav) Change (%)
Revenue	434.8	438.5	(0.8)	861.3	862.7	(0.2)
Expenditure	(373.7)	(374.9)	0.3	(746.7)	(744.6)	(0.3)
Operating Profit	61.1	63.6	(3.9)	114.6	118.1	(3.0)
Share of Results of Associates/JVs, Net of Tax	18.0	11.5	56.5	33.5	23.7	41.4
Gain on disposal of PPE	0.1	-	n.m.	0.2	0.1	n.m.
Gain on disposal of assets held for sale	7.0	-	n.m.	7.0	9.3	n.m.
Loss on divestment/dilution of interest in associates	-	-	n.m.	-	(0.7)	n.m.
PBT	87.0	76.5	13.7	157.2	152.7	2.9
PATMI	72.2	62.1	16.3	129.5	126.2	2.6
Underlying Net Profit*	65.2	62.1	5.0	122.5	117.6	4.2

n.m. – not meaningful

** Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – gain on disposal of assets held for sale and loss on divestment/dilution of interest in associates.*



Financial Indicators

%	2Q17/18	2Q16/17	Change ppt/%	1H17/18	1H16/17	Change ppt/%
Operating Margin	14.1	14.5	(0.4)	13.3	13.7	(0.4)
PBT Margin	20.0	17.4	2.6	18.3	17.7	0.6
PATMI Margin	16.6	14.2	2.4	15.0	14.6	0.4
Underlying Net Margin	15.0	14.2	0.8	14.2	13.6	0.6
Return on Equity	4.4	4.0	0.4	8.1	8.4	(0.3)
Basic EPS (cents)	6.5	5.6	16.1%	11.6	11.4	1.8%
Dividend Per Share (cents)*	6.0	6.0	0.0	6.0	6.0	0.0

	30 SEP 17	31 MAR 17
NAV Per Share (\$)	1.43	1.44
Debt / Equity	0.07	0.07

*Interim dividend declared at 9 November 2017



Group Segmental Revenue

\$M	2Q17/18	2Q16/17	Change (%)	1H17/18	1H16/17	Change (%)
By Business*:						
Food Solutions	244.8	252.7	(3.1)	477.9	492.8	(3.0)
Gateway Services	189.7	185.4	2.3	382.8	369.2	3.7
Others	0.3	0.4	(25.0)	0.6	0.7	(14.3)
Total	434.8	438.5	(0.8)	861.3	862.7	(0.2)
By Industry*:						
Aviation	374.6	382.6	(2.1)	749.3	754.2	(0.6)
Non-Aviation	60.2	55.9	7.7	112.0	108.5	3.2
Total	434.8	438.5	(0.8)	861.3	862.7	(0.2)
By Geographical Location:						
Singapore	353.4	342.9	3.1	703.8	684.9	2.8
Japan	61.7	71.1	(13.2)	120.6	137.3	(12.2)
Others	19.7	24.5	(19.6)	36.9	40.5	(8.9)
Total	434.8	438.5	(0.8)	861.3	862.7	(0.2)



* Certain revenue in 2Q16/17 and 1H16/17 have been reclassified in conformity with the current year's presentation.

Group Expenditure

\$M	2Q17/18	2Q16/17	Fav/(Unfav) Change (%)	1H17/18	1H16/17	Fav/(Unfav) Change (%)
Staff Costs	205.7	210.6	2.3	420.0	424.4	1.0
Cost of Raw Materials	66.6	69.1	3.6	124.5	131.5	5.3
Licence Fees	20.5	16.5	(24.2)	42.1	33.8	(24.6)
Depreciation & Amortisation charges	19.2	18.1	(6.1)	38.0	35.9	(5.8)
Company Premise & Utilities Expenses	26.7	28.0	4.6	53.6	54.9	2.4
Other Costs	35.0	32.6	(7.4)	68.5	64.1	(6.9)
Group Expenditure	373.7	374.9	0.3	746.7	744.6	(0.3)
Group Revenue	434.8	438.5	(0.8)	861.3	862.7	(0.2)

Staff costs maintained through automation, productivity and cost management initiatives.
Licence fees increased due to cessation of rebates.



Associates/JVs Performance by Business

\$M	2Q17/18	2Q16/17	Change (%)	1H17/18	1H16/17	Change (%)
PAT	18.0	11.5	56.5	33.5	23.7	41.4
Food Solutions	5.1	2.9	75.9	8.4	4.7	78.7
Gateway Services	12.9	8.6	50.0	25.1	19.0	32.1
Dividends Received	7.0	5.2	34.6	12.9	20.7	(37.7)

Strong growth in contribution from overseas associates/JVs.

Food grew by \$3.7M (78.7%) and Gateway grew by \$6.1M (32.1%) y-o-y for 1H17/18.



Group Balance Sheet

\$M	As at 30 SEP 17	As at 31 MAR 17
Total Equity	1,681.0	1,691.2
Long-Term Liabilities	176.1	178.3
Current Liabilities	380.2	409.9
Total Equity & Liabilities	2,237.3	2,279.4
Fixed Assets & Investment Properties	552.8	549.1
Associates / JVs	677.5	670.8
Intangible Assets	157.1	157.9
Other Non-Current Assets & Long-Term Investments	38.7	45.1
Current Assets		
<i>Cash & short-term deposits</i>	471.4	505.8
<i>Debtors & other current assets</i>	339.8	350.7
Total Assets	2,237.3	2,279.4

Total equity stood at \$1.68 billion with total assets of \$2.24 billion @ 30 Sep 17.

Group Cash Flow Statement

\$M	1H17/18	1H16/17	Change
Net Cash From Operating Activities	90.6	105.1	(14.5)
Net Cash Used In Investing Activities	(6.0)	(35.8)	29.8
Net Cash Used In Financing Activities	(119.6)	(110.1)	(9.5)
Net decrease In Cash & Cash Equivalents	(35.0)	(40.8)	5.8
Cash & Cash Equivalents At End Of Financial Period	471.4	452.7	18.7
Free Cash Flow*	46.3	68.1	(21.8)

Net cash used in investing activities was lower mainly due to absence of long-term investment as well as lower investments in associates/JVs, dividends from associates/JVs and higher proceeds from disposal of assets held for sale.



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

Outlook

Outlook

The operating environment continues to be challenging, with global economic uncertainty and competitive pressures in the aviation business.

Our productivity initiatives have helped us to offset pricing pressures resulting from lower yields in the airline sector.

We expect our recently announced investments in Malaysia and Turkey to make important contributions to growth in the future.



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