



# dbAccess Asia Conference 2015

18-19 May 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>**

**\$2.0 billion**

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

**\$3.6 billion**

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

**\$48.1 million**

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

**\$195.7 million**

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

**13.7%**

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



<sup>1</sup> For the twelve months ended 31 March 2015, <sup>2</sup> As of 31 March 2015, <sup>3</sup> As of 15 May 2015

# Performance vs. STI (5 Years)

**Total return**  
incl. dividends

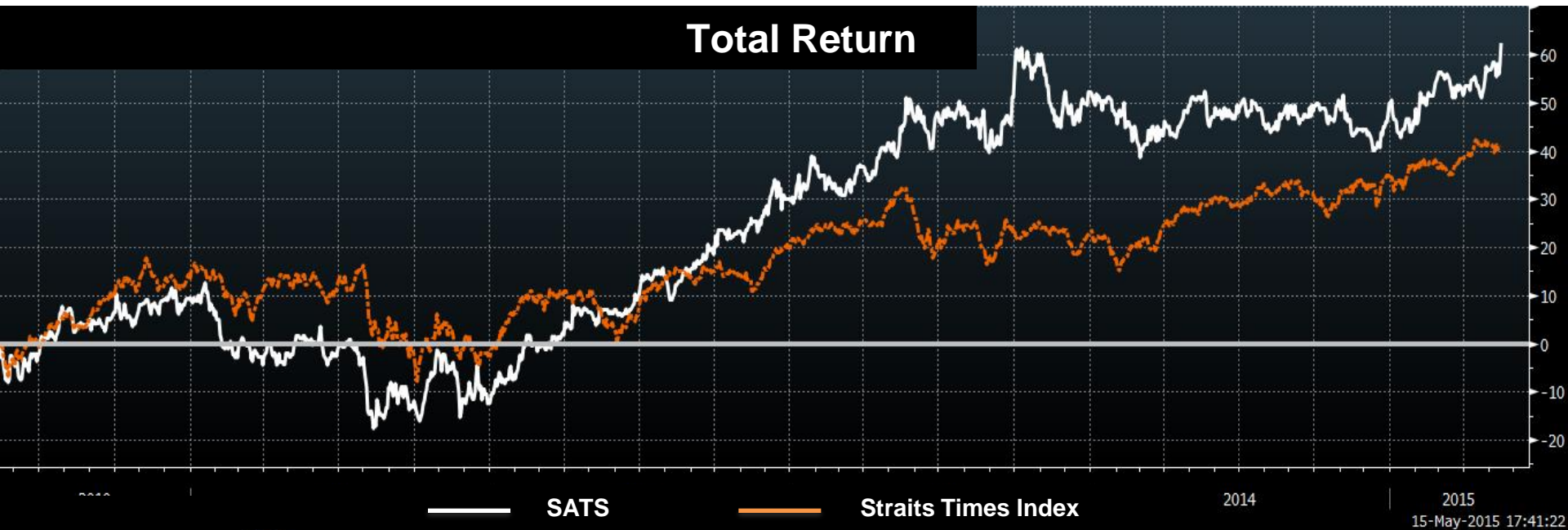


**+62%**

**SATS**

**+41%**

**Straits Times Index**



Source: Bloomberg, As of 15 May 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**

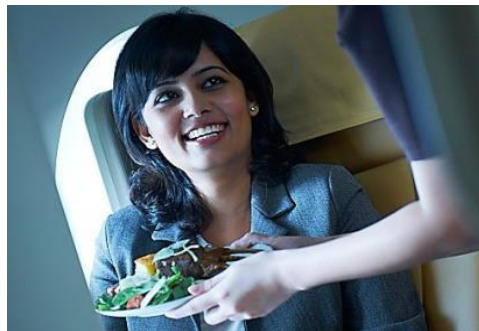


- 7 production facilities
- > 40 international and award winning chefs

**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



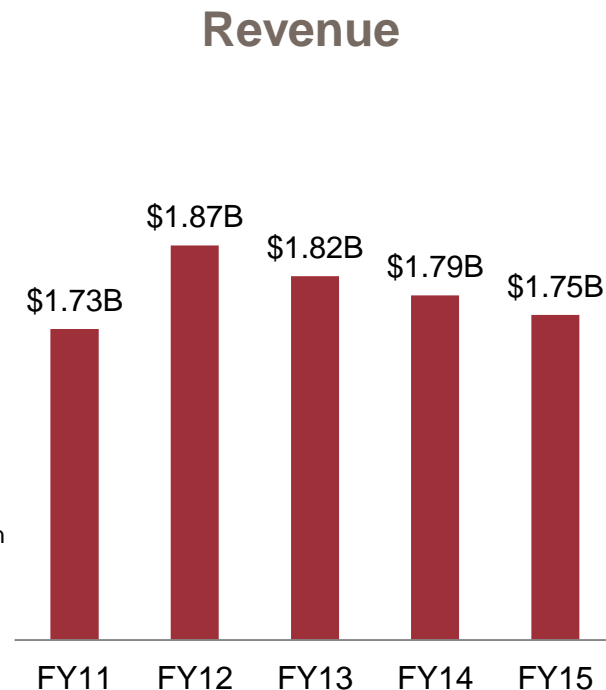
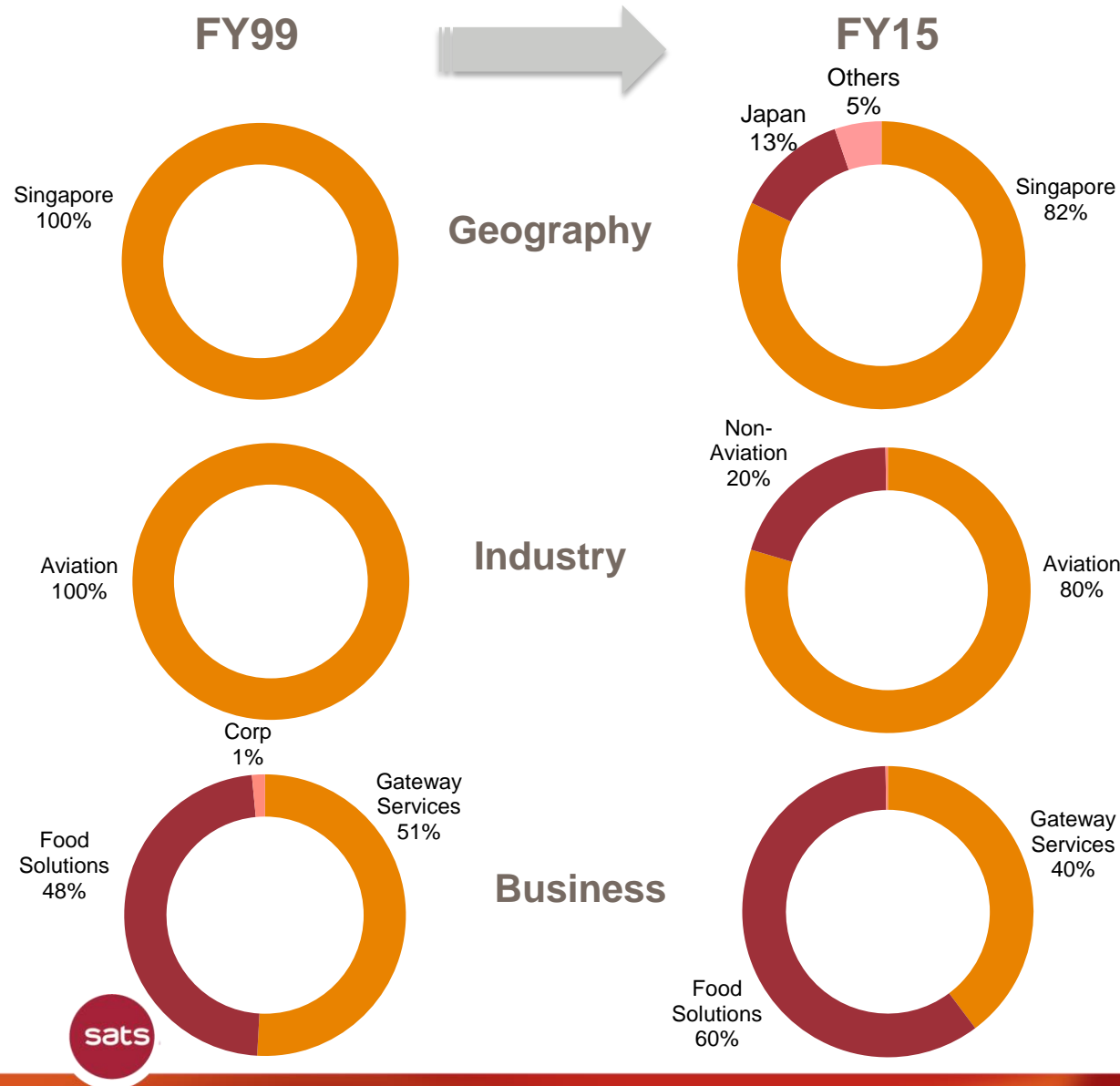
Transshipment freight handling



Perishable handling



# Revenue Growth Beyond Singapore & Aviation





# Asia's Largest Food and Gateway Services Network

42 Airports

11 Countries

639,000

Flights<sup>1</sup>



83 million

Passengers<sup>1</sup>



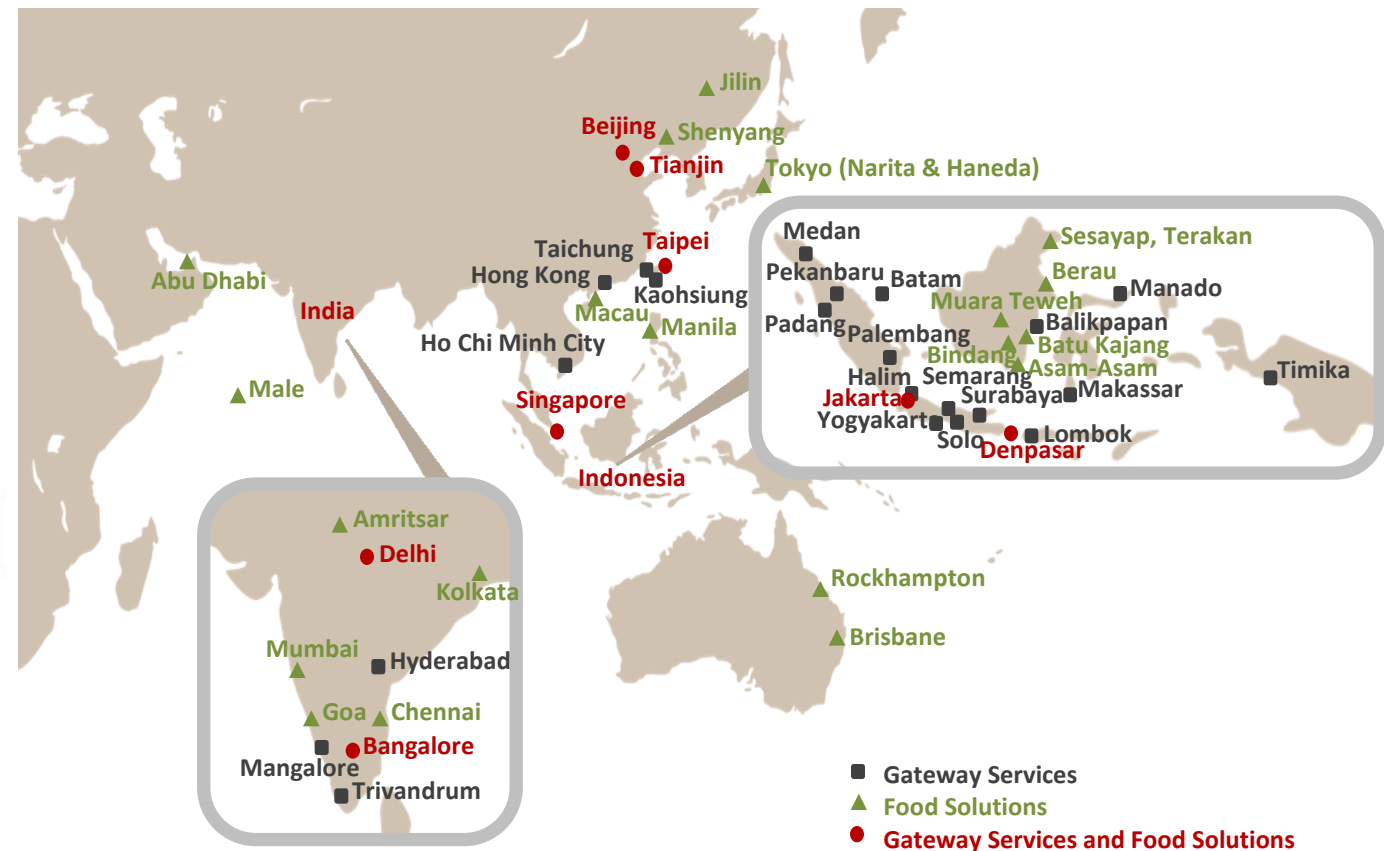
84 million

Meals<sup>1</sup>



4 million

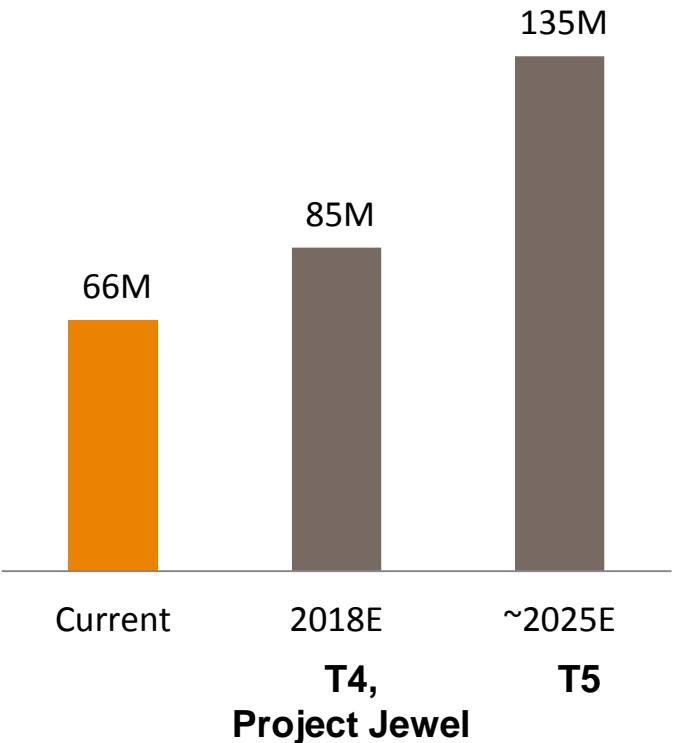
Tonnes of cargo<sup>1</sup>



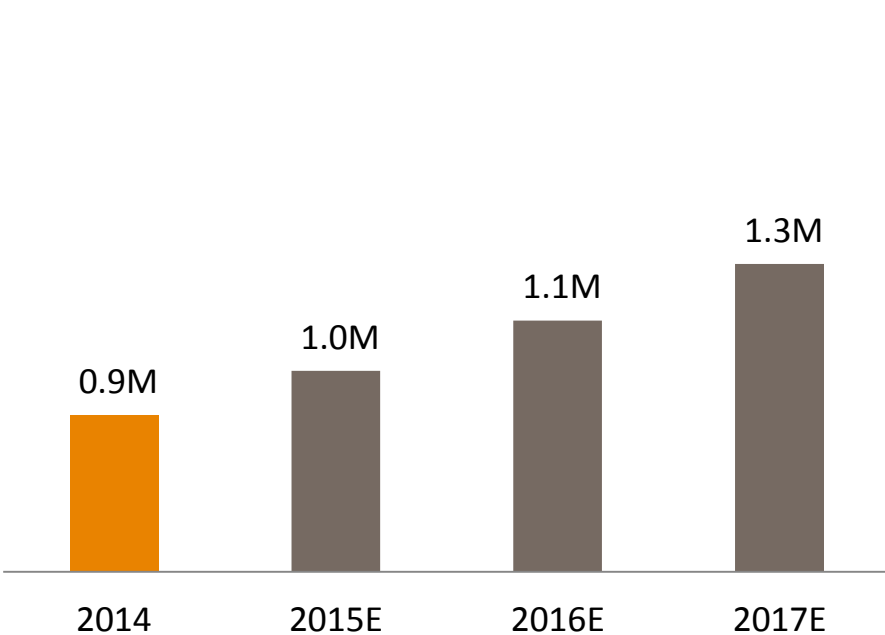
<sup>1</sup> Based on FY15 aviation statistics for Singapore and overseas operations

# Singapore - Healthy Underlying Demand Growth

## Changi Airport Capacity<sup>1</sup>



## Cruise Passenger Throughput<sup>2</sup>



<sup>1</sup> Changi Airport Group, <sup>2</sup> Singapore Tourism Board

# Booming Asian Middle Class

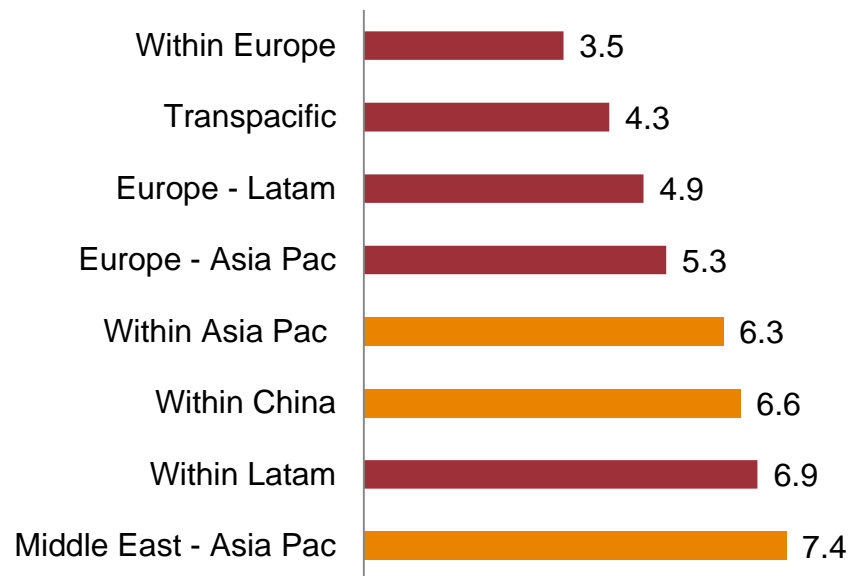
Asia Pacific to account for two-thirds of the world's middle class by 2030<sup>a</sup>

## Demand for safe, healthy and cosmopolitan food

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

## Demand for trade and travel

Asia Pacific air traffic to grow 6.3% annually until 2033<sup>d</sup>



<sup>a</sup> Human Development Report 2013, United Nations

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

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

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

# Financial Flexibility to Seek Strategic Opportunities

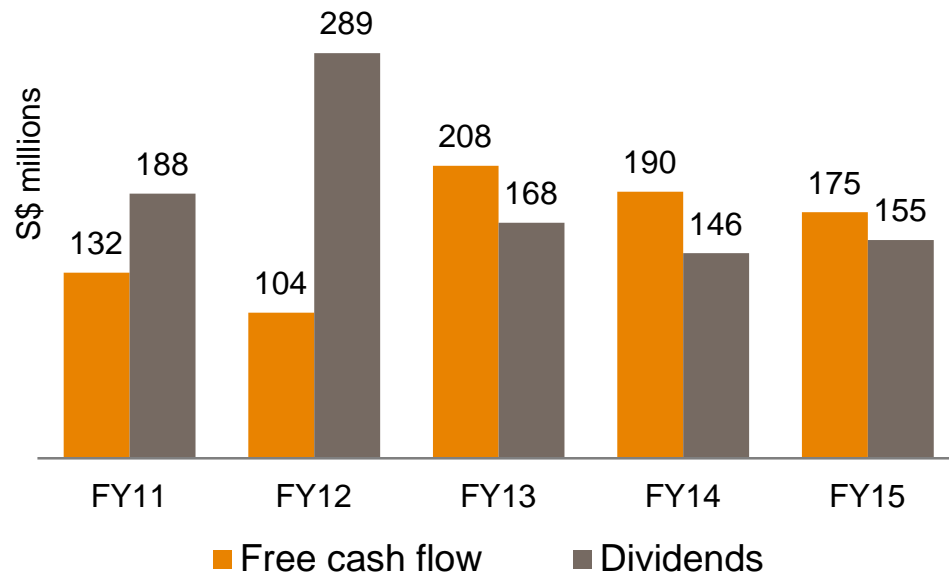
**\$429.7 million**

**Cash reserves<sup>1,2,3</sup>**

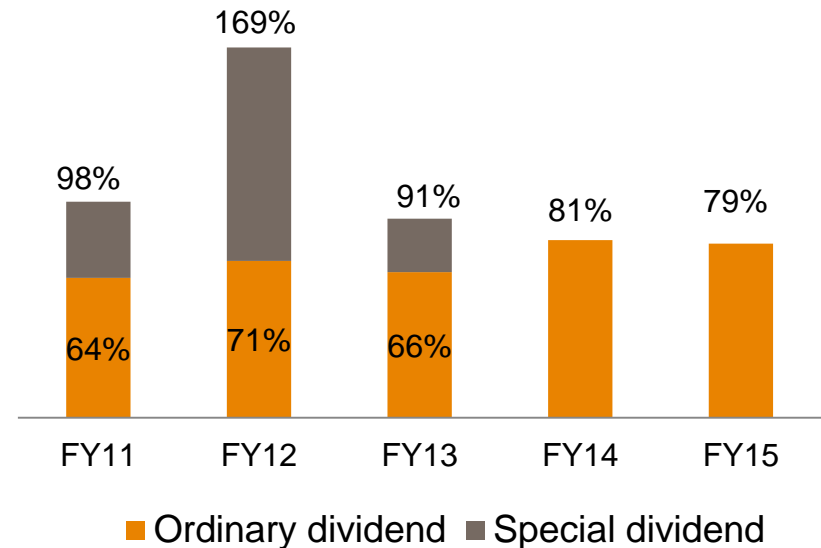
**0.07 times**

**Debt-to-equity ratio<sup>2</sup>**

Free cash flow & Dividends



Dividend payout ratio



<sup>1</sup> Cash and cash equivalents, <sup>2</sup> As of 31 March 2015,

<sup>3</sup> This includes \$18.8M cash transferred to assets held for sale

# Scale and Connectivity

- SATS is Asia's largest food solutions and gateway services company
- Our focus is to grow scale and enhance connectivity



- We will use state-of-the-art technology to reduce costs, improve productivity and develop new revenue streams



# Recent Awards and Accolades

- SATS won three awards at the Aviation Productivity Conference 2015, organised by CAAS
- SATS Coolport became the world's first Centre of Excellence for Independent Validators in Pharmaceutical Handling certified by IATA
- SATS launched an e-Acceptance initiative to simplify the cargo handling process
- AISATS won the Best Air Cargo Terminal Management Award for the fourth consecutive year by Indian Chamber of Commerce



# Outlook

The business environment remains challenging with lower economic growth, competitive pressures in the regional aviation sector and rising manpower costs. However, the demand for travel, high quality food and e-commerce will continue to grow, driven by the fast pace of urbanisation in Asia.

We are progressing well in our strategy of improving productivity through scale and connectivity in our existing business. We are also launching new ventures that will bring valuable, innovative products and services to the market.



# 4Q and FY14/15 Performance Review



# Operating Statistics for Singapore Aviation Business

|                                    | 4Q14/15 | 4Q13/14 | Change (%) | FY14/15  | FY13/14  | Change (%) |
|------------------------------------|---------|---------|------------|----------|----------|------------|
| Passengers Handled ('M)            | 9.67    | 10.53   | (8.2)      | 41.60    | 43.47    | (4.3)      |
| Flights Handled ('000)             | 29.38   | 33.52   | (12.4)     | 126.11   | 134.09   | (6.0)      |
| Unit Services Handled ('000)       | 26.27   | 28.36   | (7.4)      | 110.00   | 113.83   | (3.4)      |
| Cargo/Mail Processed ('000 tonnes) | 380.38  | 373.38  | 1.9        | 1,569.51 | 1,500.49 | 4.6        |
| Gross Meals Produced ('M)          | 6.47    | 6.37    | 1.6        | 26.44    | 26.11    | 1.3        |
| Unit Meals Produced ('M)           | 5.11    | 5.03    | 1.6        | 20.83    | 20.59    | 1.2        |



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

# 4Q and FY14/15 Financials

| \$M  | 4Q14/15     | 4Q13/14     | Favourable/<br>(Unfavourable)<br>Change (%) | FY14/15      | FY13/14      | Favourable/<br>(Unfavourable)<br>Change (%) |
|--|-------------|-------------|---|--------------|--------------|---|
| Revenue  | 425.1       | 434.6       | (2.2)                                       | 1,753.2      | 1,786.7      | (1.9)                                       |
| Expenditure                                      | (380.4)     | (392.9)     | 3.2   | (1,575.2)    | (1,615.7)    | 2.5   |
| <b>Operating Profit</b>                          | <b>44.7</b> | <b>41.7</b> | <b>7.2</b>                                  | <b>178.0</b> | <b>171.0</b> | <b>4.1</b>                                  |
| EBITDA   | 61.0        | 61.1        | (0.2)                                       | 243.8        | 248.1        | (1.7)                                       |
| Share of Results of<br>Associates/JV, Net of Tax | 13.1        | 9.9         | 32.3  | 48.1         | 47.2         | 1.9   |
| Impairment of Assets<br>Held for Sale            | -           | (0.9)       | n.m.  | (0.2)        | (2.6)        | (92.3)                                      |
| <b>PBT</b>                                       | <b>57.9</b> | <b>51.0</b> | <b>13.5</b>                                 | <b>224.8</b> | <b>215.5</b> | <b>4.3</b>                                  |
| <b>PATMI</b>                                     | <b>51.6</b> | <b>42.6</b> | <b>21.1</b>                                 | <b>195.7</b> | <b>180.4</b> | <b>8.5</b>                                  |
| <b><i>Underlying Net Profit*</i></b>             | <b>51.6</b> | <b>43.5</b> | <b>18.6</b>                                 | <b>195.9</b> | <b>183.0</b> | <b>7.0</b>                                  |

Our PATMI grew 8.5% y-o-y to \$195.7M.



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



# Financial Indicators

| %                     | 4Q14/15 | 4Q13/14 | Change<br>(ppt) | FY14/15 | FY13/14 | Change<br>(ppt) |
|-----------------------|---------|---------|-----------------|---------|---------|-----------------|
| Operating Margin      | 10.5    | 9.6     | 0.9             | 10.2    | 9.6     | 0.6             |
| EBITDA Margin         | 14.3    | 14.1    | 0.2             | 13.9    | 13.9    | -               |
| PBT Margin            | 13.6    | 11.7    | 1.9             | 12.8    | 12.1    | 0.7             |
| PATMI Margin          | 12.1    | 9.8     | 2.3             | 11.2    | 10.1    | 1.1             |
| Underlying Net Margin | 12.1    | 10.0    | 2.1             | 11.2    | 10.2    | 1.0             |
| Return on Equity      |         |         |                 | 13.7    | 12.8    | 0.9             |

|                            | 4Q14/15 | 4Q13/14 | Change<br>(%) | FY14/15 | FY13/14 | Change<br>(%) |
|----------------------------|---------|---------|---------------|---------|---------|---------------|
| EPS Based on PATMI (cents) | 4.7     | 3.8     | 23.7          | 17.5    | 16.1    | 8.7           |
| Free Cash Flow (\$M)       |         |         |               | 175.1   | 189.8   | (7.7)         |

|                      | 31 MAR 15 | 31 MAR 14 |
|----------------------|-----------|-----------|
| NAV Per Share (\$)   | 1.30      | 1.27      |
| Debt-to-Equity Ratio | 0.07      | 0.08      |

Overall, margins and EPS have improved.



# Group Segmental Revenue

| \$M                              | 4Q14/15      | 4Q13/14      | Change (%)   | FY14/15        | FY13/14        | Change (%)   |
|----------------------------------|--------------|--------------|--------------|----------------|----------------|--------------|
| <b>By Business:</b>              |              |              |              |                |                |              |
| Food Solutions                   | 250.9        | 266.3        | (5.8)        | 1,051.5        | 1,103.6        | (4.7)        |
| Gateway Services                 | 173.0        | 167.1        | 3.5          | 697.0          | 678.1          | 2.8          |
| Corporate                        | 1.2          | 1.2          | -            | 4.7            | 5.0            | (6.0)        |
| <b>Total</b>                     | <b>425.1</b> | <b>434.6</b> | <b>(2.2)</b> | <b>1,753.2</b> | <b>1,786.7</b> | <b>(1.9)</b> |
| <b>By Industry:</b>              |              |              |              |                |                |              |
| Aviation                         | 336.9        | 346.4        | (2.7)        | 1,395.4        | 1,424.2        | (2.0)        |
| Non-Aviation                     | 87.0         | 87.0         | -            | 353.1          | 357.5          | (1.2)        |
| Corporate                        | 1.2          | 1.2          | -            | 4.7            | 5.0            | (6.0)        |
| <b>Total</b>                     | <b>425.1</b> | <b>434.6</b> | <b>(2.2)</b> | <b>1,753.2</b> | <b>1,786.7</b> | <b>(1.9)</b> |
| <b>By Geographical Location:</b> |              |              |              |                |                |              |
| Singapore                        | 352.7        | 349.3        | 1.0          | 1,440.0        | 1,421.0        | 1.3          |
| Japan                            | 50.3         | 63.8         | (21.2)       | 220.9          | 268.1          | (17.6)       |
| Others                           | 22.1         | 21.5         | 2.8          | 92.3           | 97.6           | (5.4)        |
| <b>Total</b>                     | <b>425.1</b> | <b>434.6</b> | <b>(2.2)</b> | <b>1,753.2</b> | <b>1,786.7</b> | <b>(1.9)</b> |

Revenue mix between Food and Gateway unchanged at 60:40.  
Excluding Urangan Fisheries, our underlying non-aviation revenue was stronger.



# Group Expenditure

| \$M                            | 4Q14/15      | 4Q13/14      | Favourable/<br>(Unfavourable)<br>Change (%) | FY14/15        | FY13/14        | Favourable/<br>(Unfavourable)<br>Change (%) |
|--------------------------------|--------------|--------------|---|----------------|----------------|---|
| Staff Costs                    | 193.6        | 188.8        | (2.5)                                       | 800.6          | 788.4          | (1.5)                                       |
| Cost of Raw Materials          | 84.0         | 91.8         | 8.5   | 349.3          | 379.6          | 8.0   |
| Licensing Fees                 | 18.9         | 18.6         | (1.6)                                       | 78.1           | 76.8           | (1.7)                                       |
| Depreciation &<br>Amortisation | 17.3         | 19.1         | 9.4   | 68.2           | 77.2           | 11.7  |
| Company Premise<br>& Utilities | 30.1         | 30.9         | 2.6   | 125.0          | 124.9          | (0.1)                                       |
| Other Costs                    | 36.5         | 43.7         | 16.5  | 154.0          | 168.8          | 8.8   |
| <b>Group Expenditure</b>       | <b>380.4</b> | <b>392.9</b> | <b>3.2</b>                                  | <b>1,575.2</b> | <b>1,615.7</b> | <b>2.5</b>                                  |
| <b>Group Revenue</b>           | <b>425.1</b> | <b>434.6</b> | <b>(2.2)</b>                                | <b>1,753.2</b> | <b>1,786.7</b> | <b>(1.9)</b>                                |

Operating expenditure declined mainly due to lower cost of raw materials, depreciation expenses and other costs. Increase in staff costs was limited to 1.5% due to productivity measures supported by technology implementation. Cost of raw materials declined in line with lower food solutions revenue.

# Associates/JV Performance by Business

| \$M                       | 4Q14/15     | 4Q13/14    | Change (%)  | FY14/15     | FY13/14     | Change (%)  |
|---------------------------|-------------|------------|-------------|-------------|-------------|-------------|
| <b>PAT</b>                | <b>13.1</b> | <b>9.9</b> | <b>32.3</b> | <b>48.1</b> | <b>47.2</b> | <b>1.9</b>  |
| Food Solutions            | 3.9         | 1.2        | n.m.        | 9.2         | 5.8         | 58.6        |
| Gateway Services          | 9.2         | 8.7        | 5.7         | 38.9        | 41.4        | (6.0)       |
| <b>Dividends Received</b> | -           | -          | -           | <b>88.7</b> | <b>27.2</b> | <b>n.m.</b> |

AISATS, AAT, MIC and PT JAS together contributed nearly 80% of our share of after-tax profits from associates/JV in FY14/15. Strong performance of food associates helped offset weakness in gateway associates/JV.



# Group Balance Sheet

| \$M   | As at 31 MAR 15 | As at 31 MAR 14 |
|---|-----------------|-----------------|
| Total Equity                                    | 1,517.6         | 1,514.4         |
| Long-term Loans                                 | 89.7            | 96.6            |
| Other Long-Term Liabilities                     | 66.6            | 79.3            |
| Current Liabilities                             | 345.8           | 329.5           |
| <b>Total Equity &amp; Liabilities</b>           | <b>2,019.7</b>  | <b>2,019.8</b>  |
| Fixed Assets & Investment Property              | 558.7           | 577.1           |
| Associated Companies & JV                       | 464.8           | 494.8           |
| Intangible Assets                               | 165.5           | 185.0           |
| Other Non-Current Assets & Long-Term Investment | 38.0            | 38.3            |
| Current Assets                                  |                 |                 |
| <i>Cash &amp; Short-Term Deposits</i>           | 410.9           | 340.8           |
| <i>Debtors &amp; Other Current Assets</i>       | 381.8           | 383.8           |
| <b>Total Assets</b>                             | <b>2,019.7</b>  | <b>2,019.8</b>  |

Cash & short-term deposits increased mainly due to higher cash generated from operating activities, higher dividends received from associates/JV and proceeds from disposal of interest in associates and Urangan Fisheries.



# Group Cash Flow Statement

| \$M   | FY14/15      | FY13/14       | Difference    |
|---|--------------|---------------|---------------|
| Net Cash From Operating Activities                              | 236.4        | 246.9         | (10.5)        |
| Net Cash From / (Used In) Investing Activities                  | 58.1         | (145.9)       | 204.0         |
| Net Cash Used In Financing Activities                           | (199.6)      | (162.6)       | (37.0)        |
| <b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b> | <b>94.9</b>  | <b>(61.6)</b> | <b>156.5</b>  |
| <b>Cash &amp; Cash Equivalents At End Of Financial Period</b>   | <b>429.7</b> | <b>339.6</b>  | <b>90.1</b>   |
| <b>Free Cash Flow*</b>  | <b>175.1</b> | <b>189.8</b>  | <b>(14.7)</b> |

Net cash from investing activities was higher due to higher dividends from associates/JV, proceeds from disposal of interest in associates and Urangan Fisheries, as well as the absence of cash outflow due to investment.



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

# Dividends

# Dividends

| In cents                | FY14/15      | FY13/14      |
|-------------------------|--------------|--------------|
| Interim Dividend        | 5.0          | 5.0          |
| Proposed Final Dividend | 9.0*         | 8.0          |
| <b>Total Dividends</b>  | <b>14.0</b>  | <b>13.0</b>  |
| <b>Payout Ratio (%)</b> | <b>79.4%</b> | <b>80.9%</b> |

Payment of final dividend is on 12 August 2015. Book closure date is 29 July 2015.



\* Subject to shareholders' approval at AGM to be held on 21 July 2015

# Adding Scale in Food Distribution

# SATS BRF Food



(Through SFI)

**51%**



**49%**

- SATS BRF Food will carry out the business of **meat distribution and processing**, as well as **manufacturing of branded food products** for distribution to retailers, restaurants, wholesalers, distributors and ship chandlers
- SATS agrees to transfer food distribution business to SATS BRF Food
- Completion of transaction is expected to be 31 May 2015
- Institutional catering, retort manufacturing and abattoir operations continue to be owned by SATS



# Who is BRF?

- 6<sup>th</sup> largest food company in the world by market value
- Largest poultry exporter in the world with 20% of global trade
- Most valuable brands in Brazil and Top of Mind in Middle East
- Sales of US\$9.3B (FY2014)
- Major exporter of poultry and pork to Singapore, with SATS as a key customer
- Main brands include:

**Sadia**

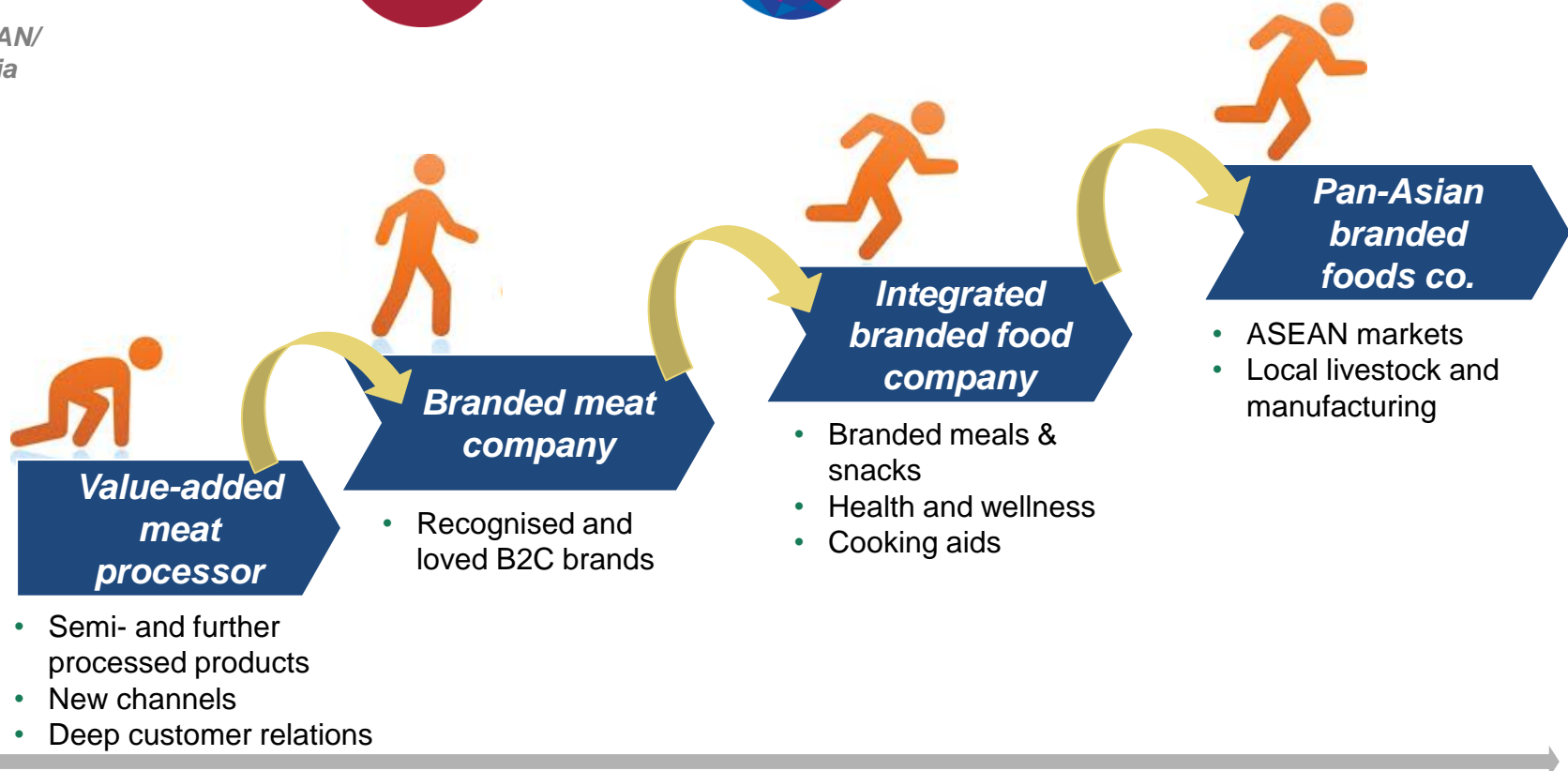


**Qualy**  
Sadia

# Creating a Singapore-based Major Branded Food Player



Pan ASEAN/  
Pan Asia



- Value-added meat processor**
- Semi- and further processed products
  - New channels
  - Deep customer relations

- Branded meat company**
- Recognised and loved B2C brands

- Integrated branded food company**
- Branded meals & snacks
  - Health and wellness
  - Cooking aids

- Pan-Asian branded foods co.**
- ASEAN markets
  - Local livestock and manufacturing

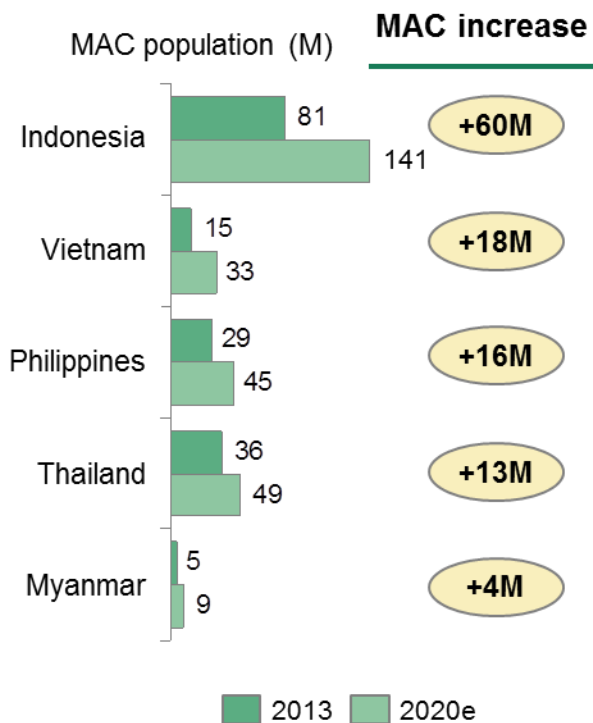
*Trusted meat processor & distributor*

*Integrated branded food co.*

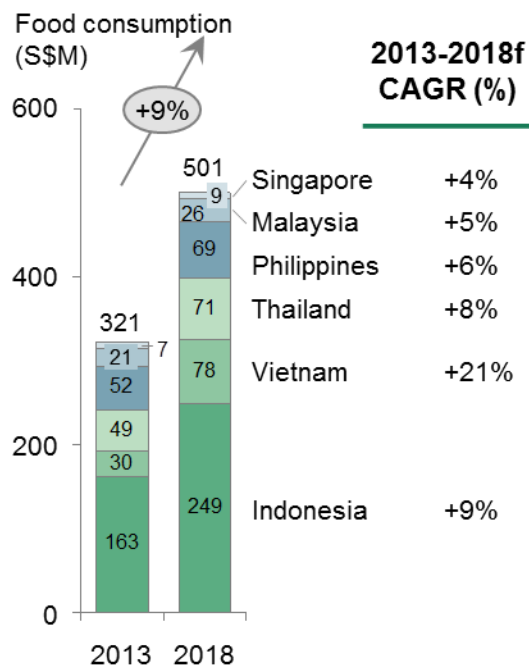


# Asean – Attractive and High Potential Meat Market

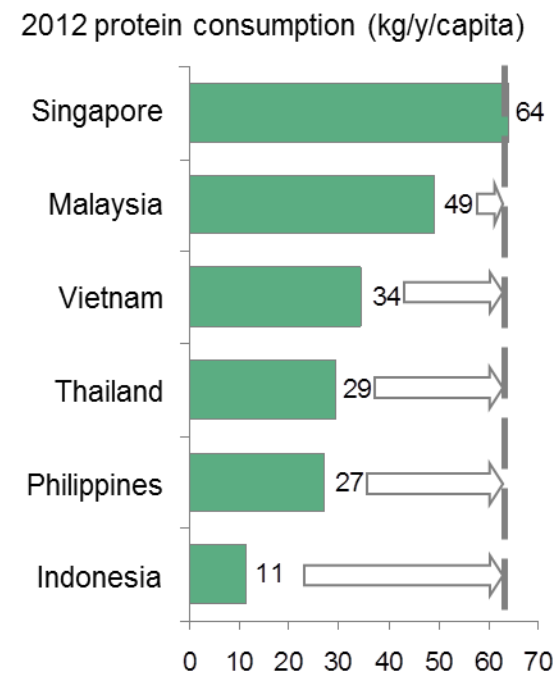
## High growth in Middle and Affluent Class (MAC)...



## ... driving healthy growth in Food consumption ...



## ... With particularly strong growth potential in meat<sup>1</sup>



1. Considering current consumption per capita and Singapore consumption as a benchmark  
 Source: BCG CCI models, BMI Food and Beverage reports, BCG analysis



# Benefits of the Transaction

- Grow food distribution business
- Increase scale of meat processing business
- BRF will bring strong capabilities in retail marketing and sales
- Consider expansion in ASEAN



**End**