



MEDIA RELEASE

SATS 2Q NET PROFIT RESILIENT AT \$47.1M

SINGAPORE, 13 November 2014 – SATS Ltd. (SATS) today reports its unaudited results for the second quarter and first half ended 30 September 2014.

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	2Q FY14-15 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	442.2	(9.9)	(2.2)
Expenditure	(399.7)	5.8	1.4
Operating profit	42.5	(4.1)	(8.8)
Share of results of associates/JV, net of tax	10.8	(1.0)	(8.5)
Profit attributable to owners of the Company	47.1	(1.6)	(3.3)
Underlying net profit ⁽¹⁾	47.1	(1.6)	(3.3)
Earnings per share (cents) - basic	4.2	(0.1)	(2.3)

	1H FY14-15 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	877.4	(9.2)	(1.0)
Expenditure	(795.2)	4.1	0.5
Operating profit	82.2	(5.1)	(5.8)
Share of results of associates/JV, net of tax	21.2	(3.1)	(12.8)
Profit attributable to owners of the Company	90.4	(4.5)	(4.7)
Underlying net profit ⁽¹⁾	90.5	(6.1)	(6.3)
Earnings per share (cents) - basic	8.1	(0.4)	(4.7)

Note:

- 1) Underlying net profit refers to profit attributable to owners of the Company excluding the one-off impairment loss on carrying value of Assets Held for Sale (\$0.1 million in 1H FY14-15; \$1.7 million in 1H FY13-14).

GROUP EARNINGS

2Q FY14-15 (1 July – 30 September 2014)

For the second quarter ended 30 September 2014, Group revenue decreased 2.2% year-on-year to \$442.2 million.

Revenue from gateway services grew 2.1% to \$173.4 million. Revenue from food solutions declined 4.7% to \$267.7 million due to weaker performance from our Japanese subsidiary TFK, and loss of contribution from our Australian subsidiary Urangan Fisheries which was divested in July. The weaker Yen also contributed to the lower food solutions revenue from TFK.

Operating expenditure decreased 1.4% to \$399.7 million arising mainly from lower cost of raw materials, depreciation charges and other costs. The reductions were partially offset by higher staff costs. Consequently, operating profit declined 8.8% year-on-year to \$42.5 million.

Pricing pressure and lower cargo volumes saw reduced contributions from some of our gateway associates. These led to our share of after-tax profits from overseas associates/JV declining 8.5% year-on-year to \$10.8 million.

Notwithstanding the pressures on regional aviation and increasing staff costs, profit attributable to owners of the Company remained resilient at \$47.1 million, 3.3% or \$1.6 million lower than the corresponding quarter last year.

1H FY14-15 (1 April – 30 September 2014)

For the half year ended 30 September 2014, Group revenue declined 1% to \$877.4 million. Revenue from gateway services grew 2% to \$344.6 million while revenue from food solutions decreased 2.9% to \$530.4 million. Group operating profit decreased 5.8% year-on-year to \$82.2 million.

Share of after-tax profits from overseas associates/JV declined 12.8% year-on-year to \$21.2 million due to pricing pressure and lower cargo volumes reported by some of our gateway associates.

Profit attributable to owners of the Company decreased 4.7% year-on-year to \$90.4 million while underlying net profit was \$90.5 million or 6.3% lower year-on-year.

GROUP FINANCIAL POSITION (as at 30 September 2014)

As at 30 September 2014, the Group had total assets of \$1.98 billion. Cash and cash equivalents decreased slightly by \$1.2 million from 31 March 2014 to \$338.4 million. This was mainly due to final dividends paid to shareholders, mitigated by cash generated from operating activities and dividends received from associates.

The company continues to generate strong free cash flow of \$41.2 million during the first six months. Debt-to-equity ratio remained healthy at 0.08 times.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 5 cents per share, payable on 12 December 2014. The book closure date is 1 December 2014.

OUTLOOK

Our operating landscape remains challenging given the ongoing pressures on regional aviation and rising manpower costs. Near-term regional aviation growth is also expected to be muted.

We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to improve economies of scale and enhance connectivity for our customers. We remain focused on growing new businesses and customer segments.

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 centre 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.

SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit www.sats.com.sg.

ANNOUNCEMENT INFORMATION

The complete 2Q and 1H FY14-15 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	2Q FY14-15	2Q FY13-14	1H FY14-15	1H FY13-14
Revenue	442.2	452.1	877.4	886.6
Expenditure	(399.7)	(405.5)	(795.2)	(799.3)
Operating profit	42.5	46.6	82.2	87.3
Share of results of associates/JV, net of tax	10.8	11.8	21.2	24.3
Profit before tax	53.6	58.9	102.6	109.8
Profit attributable to owners of the Company	47.1	48.7	90.4	94.9
Underlying net profit	47.1	48.7	90.5	96.6
Per Share Data				
Earnings per share (cents)				
- Basic ^{R1}	4.2	4.3	8.1	8.5
- Diluted ^{R2}	4.2	4.3	8.0	8.4
Return on turnover (%) ^{R3}	10.7	10.8	10.3	10.7
Financial Position (S\$ million)				
	As at	As at		
	30-SEP-14	31-MAR-14		
Equity attributable to owners of the Company	1,413.2	1,416.8		
Total assets	1,978.3	2,019.8		
Total debt	110.0	114.2		
Gross debt/equity ratio (times) ^{R4}	0.08	0.08		
Net asset value per share (\$) ^{R5}	1.26	1.27		

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 fully paid 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 various employee share plans.

^{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 (excluding treasury share) in issue.