



# 1Q FY14/15 Performance Review

22 July 2014

# 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
- Operating Statistics
- Group Financial Review
- Outlook

# Executive Summary: 1Q FY14/15 Performance

- Challenging operating landscape for Singapore and gateway associates
- Moderate y-o-y growth in Singapore aviation operating metrics
- Cost pressure continues but operating profit remains resilient
- PATMI of \$43.3M
- Free cash flow generated during the quarter was \$31.1M
- Strong balance sheet to execute our strategy of growing scale and enhancing connectivity

# Operating Statistics

# Operating Statistics for Singapore Aviation Business

	1Q14/15	1Q13/14	% Change
Passengers Handled ('M)	10.69	10.61	0.8
Flights Handled ('000)	33.17	32.37	2.5
Unit Services Handled ('000)	27.29	26.85	1.6
Cargo/Mail Processed ('000 tonnes)	388.39	370.41	4.9
Gross Meals Produced ('M)	6.47	6.44	0.5
Unit Meals Produced ('M)	5.11	5.06	1.0

Most operating metrics grew modestly while cargo throughput showed slightly stronger growth.



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

# Group Financial Review



# 1Q FY14/15 Highlights

## Revenue

\$435.2M 0.2%

- Revenue grew 0.2% with higher gateway revenue (+2.0%) offset by lower food revenue (-0.9%).

## Operating Profit

\$39.7M -2.5%

- Operating profit decreased 2.5% as growth in operating expenses outpaced growth in revenue

## Share of results of Associates/JV, net of tax

\$10.4M -16.8%

- Share of after-tax profits from associates/JV dropped 16.8% mainly due to lower contribution from gateway associates arising from lower cargo volumes.

## PATMI

\$43.3M -6.3%

- PATMI declined 6.3% to \$43.3M.
- Underlying net profit was \$43.4M, 9.4% lower year-on-year.

## Debt-to-equity

0.08 times -

- Debt-to-equity ratio remained healthy at 0.08 times.
- Cash and cash equivalents as at 30 June 2014 was \$395.1M.
- Free cash flow generated during the quarter was \$31.1M.





# 1Q FY14/15 Financials

\$M	1Q14/15	1Q13/14	Favourable/ (Unfavourable) % Change
Revenue	435.2	434.5	0.2
Expenditure	(395.5)	(393.8)	(0.4)
<b>Operating Profit</b>	<b>39.7</b>	<b>40.7</b>	<b>(2.5)</b>
EBITDA	56.5	60.1	(6.0)
Share of Results of Associates/JV, Net of Tax	10.4	12.5	(16.8)
Impairment of Assets Held for Sale	(0.1)	(1.7)	(94.1)
<b>PBT</b>	<b>49.0</b>	<b>50.9</b>	<b>(3.7)</b>
<b>PATMI</b>	<b>43.3</b>	<b>46.2</b>	<b>(6.3)</b>
<b><i>Underlying Net Profit*</i></b>	<b>43.4</b>	<b>47.9</b>	<b>(9.4)</b>



\* Underlying net profit refers to profit attributable to owners of the Company excluding one-off items

# Financial Indicators

%	1Q14/15	1Q13/14	Change (ppt)
Operating Margin	9.1	9.4	(0.3)
EBITDA Margin	13.0	13.8	(0.8)
PBT Margin	11.3	11.7	(0.4)
PATMI Margin	9.9	10.6	(0.7)
Underlying Net Margin	10.0	11.0	(1.0)

Cents	1Q14/15	1Q13/14	% Change
EPS Based on Net Profit Attributable to Shareholders	3.9	4.1	(4.9)

	30 JUN 14	31 MAR 14
NAV Per Share (\$)	1.30	1.27
Debt Equity Ratio	0.08	0.08

Debt-to-equity ratio remained healthy at 0.08 times.

# Group Segmental Revenue

\$M	1Q14/15	1Q13/14	% Change
<b>By Business:</b>			
Food Solutions	262.7	265.2	(0.9)
Gateway Services	171.2	167.9	2.0
Corporate	1.3	1.4	(7.1)
<b>Total</b>	<b>435.2</b>	<b>434.5</b>	<b>0.2</b>
<b>By Industry:</b>			
Aviation	352.4	354.0	(0.5)
Non-Aviation	81.5	79.1	3.0
Corporate	1.3	1.4	(7.1)
<b>Total</b>	<b>435.2</b>	<b>434.5</b>	<b>0.2</b>
<b>By Geographical Location:</b>			
Singapore	355.9	351.5	1.3
Japan	59.1	65.3	(9.5)
Others	20.2	17.7	14.1
<b>Total</b>	<b>435.2</b>	<b>434.5</b>	<b>0.2</b>

Food Solutions and Gateway Services accounted for about 60% and 40% of Group revenue respectively.

# Group Expenditure

\$M	1Q14/15	1Q13/14	Favourable/ (Unfavourable) % Change
Staff Costs	203.9	198.0	(3.0)
Cost of Raw Materials	85.3	87.8	2.8
Licensing Fees	19.4	19.3	(0.5)
Depreciation & Amortisation	16.9	19.8	14.6
Company Premise & Utilities	30.9	29.1	(6.2)
Other Costs	39.1	39.8	1.8
<b>Group Expenditure</b>	<b>395.5</b>	<b>393.8</b>	<b>(0.4)</b>
<b>Group Revenue</b>	<b>435.2</b>	<b>434.5</b>	<b>0.2</b>

Higher staff costs attributed to increase in basic pay and allowances, foreign worker levies and contract services. Revision in estimated useful lives of certain asset classes and full depreciation of some assets resulted in lower depreciation charges.

# Associates/JV Performance by Business

\$M	1Q14/15	1Q13/14	% Change
<b>PAT</b>	<b>10.4</b>	<b>12.5</b>	<b>(16.8)</b>
Food Solutions	1.2	1.5	(20.0)
Gateway Services	9.2	11.0	(16.4)
<b>Dividends Received</b>	<b>18.1</b>	<b>11.4</b>	<b>58.8</b>

Lower gateway associates contribution attributed to muted cargo volumes across Asia.

JAS, AAT, AISATS and MIC account for more than 80% of our share of after-tax profits from Associates/JV.

# Group Balance Sheet

\$M	As at 30 JUN 14	As at 31 MAR 14
Total Equity	1,551.6	1,514.4
Long-term Loans	96.9	96.6
Other Long-Term Liabilities	76.2	79.3
Current Liabilities	337.3	329.5
<b>Total Equity &amp; Liabilities</b>	<b>2,062.0</b>	<b>2,019.8</b>
Fixed Assets & Investment Property	575.5	577.1
Associated Companies & JV	475.6	494.8
Intangible Assets	183.8	185.0
Other Non-Current Assets & Long-Term Investment	39.4	38.3
Current Assets		
<i>Cash &amp; Short-Term Deposits</i>	395.1	340.8
<i>Debtors &amp; Other Current Assets</i>	392.6	383.8
<b>Total Assets</b>	<b>2,062.0</b>	<b>2,019.8</b>

Higher cash & short-term deposits mainly due to cash inflow from operating activities, dividends received from associates, and proceeds received from exercise of share options. These were partially offset by higher capex.

# Group Cash Flow Statement

\$M	1Q FY14/15	1Q FY13/14	Difference
Net Cash Flows From Operating Activities	45.3	71.8	(26.5)
Net Cash Flows From / (Used In) Investing Activities	5.5	(1.0)	6.5
Net Cash Flows From Financing Activities	4.2	17.4	(13.2)
<b>Net Increase In Cash &amp; Cash Equivalents</b>	<b>55.0</b>	<b>88.2</b>	<b>(33.2)</b>
<b>Cash &amp; Cash Equivalents At End Of Financial Period</b>	<b>395.1</b>	<b>490.7</b>	<b>(95.6)</b>
<b>Free Cash Flow*</b>	<b>31.1</b>	<b>59.0</b>	<b>(27.9)</b>

Higher net cash from investing activities was due to higher dividends from associates and proceeds from sale of interest in an associate, partially offset by higher capex.



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

# Outlook





# Outlook

Our operating landscape remains challenging in view of rising manpower costs and the ongoing pressure on regional aviation. At Changi Airport, we expect moderate growth in passenger traffic and airfreight.

We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to obtain scale advantages, improve productivity and enhance connectivity for our customers.

We are also growing new businesses and customer segments.





# Q&A