



## MEDIA RELEASE

### SATS REPORTS RESILIENT NET PROFIT OF \$43.3M FOR 1Q FY14-15

**SINGAPORE, 22 July 2014** – SATS Ltd. (SATS) today reports its unaudited results for the first quarter ended 30 June 2014.

#### HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	1Q FY14-15 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	435.2	0.7	0.2
Expenditure	(395.5)	(1.7)	(0.4)
Operating profit	39.7	(1.0)	(2.5)
Share of results of associates/JV, net of tax	10.4	(2.1)	(16.8)
Profit attributable to owners of the Company	43.3	(2.9)	(6.3)
Underlying net profit <sup>(1)</sup>	43.4	(4.5)	(9.4)
Earnings per share (cents) - basic	3.9	(0.2)	(4.9)

**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 1Q FY14-15; \$1.7 million in 1Q FY13-14).

#### GROUP EARNINGS

##### **1Q FY14-15 (1 April – 30 June 2014)**

For the first quarter ended 30 June 2014, Group revenue increased 0.2% year-on-year to \$435.2 million. Gateway revenue increased 2% to \$171.2 million as a result of growth in flights (+2.5%) and airfreight (+4.9%) handled. However, food revenue declined 0.9% to \$262.7 million, arising mainly from lower revenue reported by TFK due largely to the weakening of the Japanese Yen.

Operating expenditure increased marginally by 0.4% to \$395.5 million as higher staff costs and company premises and utilities expenses were partially offset by lower cost of raw materials and depreciation charges. Consequently, operating profit declined 2.5% to \$39.7 million.

Muted cargo volumes across Asia saw reduced contribution from some of our Gateway ventures, causing our share of after-tax profits from overseas associates/JV to drop by 16.8%.

Notwithstanding the pressures on regional aviation and increasing manpower costs, profit attributable to owners of the Company remained resilient at \$43.3 million, 6.3% lower than the corresponding quarter last year. Excluding one-off items, our underlying net profit was \$43.4 million, 9.4% lower than a year ago.

## **GROUP FINANCIAL POSITION (as at 30 June 2014)**

As at 30 June 2014, the Group has total assets of \$2.06 billion. Cash and cash equivalents increased by \$55.5 million from 31 March 2014 to \$395.1 million mainly due to cash inflow from operating activities, dividends received from overseas associates, and proceeds received from the exercise of share options. This was partially offset by higher capital expenditure.

Free cash flow generated during the quarter amounted to \$31.1 million and debt-to-equity ratio remained healthy at 0.08 times.

## **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.

## **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 handling and terminal 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. We handle about 80% of the scheduled flights and serve close to 60 scheduled airlines at Changi Airport.

SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit [www.sats.com.sg](http://www.sats.com.sg).

## **ANNOUNCEMENT INFORMATION**

The complete 1Q FY14-15 results of SATS are available at [www.sats.com.sg](http://www.sats.com.sg).

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## ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	1Q FY14-15	1Q FY13-14
Revenue	435.2	434.5
Expenditure	(395.5)	(393.8)
<b>Operating profit</b>	<b>39.7</b>	<b>40.7</b>
Share of results of associates/JV, net of tax	10.4	12.5
<b>Profit before tax</b>	<b>49.0</b>	<b>50.9</b>
<b>Profit attributable to owners of the Company</b>	<b>43.3</b>	<b>46.2</b>
<b>Underlying net profit</b>	<b>43.4</b>	<b>47.9</b>
<b>Per Share Data</b>		
Earnings per share (cents)		
- Basic <sup>R1</sup>	3.9	4.1
- Diluted <sup>R2</sup>	3.8	4.1
Return on turnover (%) <sup>R3</sup>	9.9	10.6
<b>Financial Position (S\$ million)</b>		
	<b>As at</b>	<b>As at</b>
	<b>30-JUN-14</b>	<b>31-MAR-14</b>
Equity attributable to owners of the Company	1,453.3	1,416.8
Total assets	2,062.0	2,019.8
Total debt	114.4	114.2
Gross debt/equity ratio (times) <sup>R4</sup>	0.08	0.08
Net asset value per share (\$) <sup>R5</sup>	1.30	1.27

### Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 1 of this media release.

<sup>R1</sup> 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.

<sup>R2</sup> 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 employee share option plan, restricted share plan (RSP) and performance share plan (PSP).

<sup>R3</sup> Return on turnover is computed by dividing profit attributable to owners of the Company by total revenue.

<sup>R4</sup> Gross debt/equity ratio is computed by dividing total debt by equity attributable to owners of the Company.

<sup>R5</sup> 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.