



3Q and 9M14/15 Performance Review

4 February 2015

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

- Group revenue declined 3.2% in 3Q and 1.8% for year-to-date as difficult environment for aviation continued.
- The Group's continued efforts to manage cost and improve productivity have yielded positive results.
- Better gateway performance with improved margins due to favourable shift in business mix coupled with lower operating costs.
- Food was weaker as TFK's performance continued to be affected by overcapacity at Narita Airport.
- Year-to-date net profit stayed resilient, increasing by 4.6% to \$144.1M and EPS increased by 4.9% to 12.9 cents.
- Strong balance sheet continues to support strategy execution to grow scale and enhance connectivity.



Operating Statistics

Operating Statistics for Singapore Aviation Business

	3Q14/15	3Q13/14	Change (%)	9M14/15	9M13/14	Change (%)
Passengers Handled ('M)	10.43	11.25	(7.3)	31.93	32.95	(3.1)
Flights Handled ('000)	31.23	34.92	(10.6)	96.73	100.57	(3.8)
Unit Services Handled ('000)	27.45	29.42	(6.7)	83.73	85.47	(2.0)
Cargo/Mail Processed ('000 tonnes)	407.65	384.27	6.1	1,189.13	1,127.10	5.5
Gross Meals Produced ('M)	6.73	6.66	1.0	19.97	19.75	1.1
Unit Meals Produced ('M)	5.32	5.29	0.6	15.72	15.57	1.0

In 3Q, unit services, flights handled and passengers handled decreased y-o-y. Cargo throughput increased, mostly reflecting our market share gain.



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

Group Financial Review



3Q14/15 Highlights

Revenue

\$450.7M -3.2%

- Revenue decreased 3.2%. Higher gateway services revenue (+3.5%) offset by lower food solutions revenue (-7.2%).

Operating profit

\$51.1M 21.7%

- Operating profit improved 21.7% due to lower operating expenditure (-5.6%). The Group's continued efforts to manage costs and improve productivity have yielded results.

Share of results of Associates/JV, net of tax

\$13.8M 6.2%

- Share of after-tax profits from associates/JV increased 6.2%. Food associates continued to show strength and gateway associates' performance also improved.

PATMI

\$53.7M 25.2%

- PATMI improved with EPS increasing from 3.8 cents to 4.8 cents.



9M14/15 Highlights

Revenue

\$1,328.1M -1.8%

- Revenue declined 1.8%. Similar to 3Q, higher gateway services revenue (+2.5%) offset by lower food solutions revenue (-4.4%).

Operating profit

\$133.3M 3.1%

- Operating profit improved 3.1% due to reduction in operating expenditure (-2.3%).

Share of results of Associates/JV, net of tax

\$35.0M -6.2%

- Share of after-tax profits from associates/JV declined 6.2% mainly due to lower contribution from some gateway associates. Food associates continued to show strength.

PATMI

\$144.1M 4.6%

- PATMI remained resilient, increasing by \$6.3M to \$144.1M.
- Underlying net profit was \$144.3M, 3.4% higher y-o-y.

Debt-to-equity

0.07 times -

- Debt-to-equity ratio stood at 0.07 times.
- Cash and cash equivalents stood at \$358.3M, with \$87.6M free cash flow generated year-to-date.



3Q and 9M14/15 Financials

\$M	3Q14/15	3Q13/14	Favourable/ (Unfavourable) Change (%)	9M14/15	9M13/14	Favourable/ (Unfavourable) Change (%)
Revenue	450.7	465.5	(3.2)	1,328.1	1,352.1	(1.8)
Expenditure	(399.6)	(423.5)	5.6	(1,194.8)	(1,222.8)	2.3
Operating Profit	51.1	42.0	21.7	133.3	129.3	3.1
EBITDA	67.3	61.0	10.3	182.8	187.0	(2.2)
Share of Results of Associates/JV, Net of Tax	13.8	13.0	6.2	35.0	37.3	(6.2)
Impairment of Assets Held for Sale	(0.1)	-	n.m.	(0.2)	(1.7)	(88.2)
PBT	64.3	54.7	17.6	166.9	164.5	1.5
PATMI	53.7	42.9	25.2	144.1	137.8	4.6
Underlying Net Profit*	53.8	42.9	25.4	144.3	139.5	3.4

Year-to-date PATMI remained resilient, improving by 4.6% to \$144.1M.



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

Financial Indicators

%	3Q14/15	3Q13/14	Change (ppt)	9M14/15	9M13/14	Change (ppt)
Operating Margin	11.3	9.0	2.3	10.0	9.6	0.4
EBITDA Margin	14.9	13.1	1.8	13.8	13.8	-
PBT Margin	14.3	11.8	2.5	12.6	12.2	0.4
PATMI Margin	11.9	9.2	2.7	10.9	10.2	0.7
Underlying Net Margin	11.9	9.2	2.7	10.9	10.3	0.6

Cents	3Q14/15	3Q13/14	Change (%)	9M14/15	9M13/14	Change (%)
EPS Based on Net Profit Attributable to Shareholders	4.8	3.8	26.3	12.9	12.3	4.9

	31 DEC 14	31 MAR 14
NAV Per Share (\$)	1.25	1.27
Debt-to-Equity Ratio	0.07	0.08

Improved margins and higher EPS in 3Q and 9M.
Debt-to-equity ratio at 0.07 times.



Group Segmental Revenue

\$M	3Q14/15	3Q13/14	Change (%)	9M14/15	9M13/14	Change (%)
By Business:						
Food Solutions	270.2	291.1	(7.2)	800.6	837.3	(4.4)
Gateway Services	179.4	173.3	3.5	524.0	511.0	2.5
Corporate	1.1	1.1	-	3.5	3.8	(7.9)
Total	450.7	465.5	(3.2)	1,328.1	1,352.1	(1.8)
By Industry:						
Aviation	351.3	360.2	(2.5)	1,058.5	1,077.8	(1.8)
Non-Aviation	98.3	104.2	(5.7)	266.1	270.5	(1.6)
Corporate	1.1	1.1	-	3.5	3.8	(7.9)
Total	450.7	465.5	(3.2)	1,328.1	1,352.1	(1.8)
By Geographical Location:						
Singapore	369.7	362.9	1.9	1,087.3	1,071.7	1.5
Japan	52.4	67.6	(22.5)	170.6	204.3	(16.5)
Others	28.6	35.0	(18.3)	70.2	76.1	(7.8)
Total	450.7	465.5	(3.2)	1,328.1	1,352.1	(1.8)

Revenue mix between Food Solutions and Gateway Services stays at 60:40.
Underlying non-aviation was stronger.



Group Expenditure

\$M	3Q14/15	3Q13/14	Favourable/ (Unfavourable) Change (%)	9M14/15	9M13/14	Favourable/ (Unfavourable) Change (%)
Staff Costs	200.9	204.1	1.6	607.0	599.6	(1.2)
Cost of Raw Materials	90.0	103.6	13.1	265.3	287.8	7.8
Licensing Fees	20.4	19.6	(4.1)	59.2	58.2	(1.7)
Depreciation & Amortisation	17.1	19.2	10.9	50.9	58.1	12.4
Company Premise & Utilities	31.8	32.4	1.9	94.9	94.0	(1.0)
Other Costs	39.4	44.6	11.7	117.5	125.1	6.1
Group Expenditure	399.6	423.5	5.6	1,194.8	1,222.8	2.3
Group Revenue	450.7	465.5	(3.2)	1,328.1	1,352.1	(1.8)

Cost saving measures alongside implementation of new technologies contributed to lower staff costs in 3Q.

Cost of raw materials declined in line with lower food solutions revenue.

Associates/JV Performance by Business

\$M	3Q14/15	3Q13/14	Change (%)	9M14/15	9M13/14	Change (%)
PAT	13.8	13.0	6.2	35.0	37.3	(6.2)
Food Solutions	2.1	1.6	31.3	5.3	4.6	15.2
Gateway Services	11.7	11.4	2.6	29.7	32.7	(9.2)
Dividends Received	43.9	4.3	n.m.	88.7	27.2	n.m.

Food associates continued to show strength. Gateway associates affected by persistent pricing pressure and lower cargo volumes. AISATS, AAT, MIC and PT JAS together contributed nearly 80% of our share of after-tax profits from associates/JV.



Group Balance Sheet

\$M	As at 31 DEC 14	As at 31 MAR 14
Total Equity	1,468.3	1,514.4
Long-term Loans	86.6	96.6
Other Long-Term Liabilities	67.1	79.3
Current Liabilities	317.1	329.5
Total Equity & Liabilities	1,939.1	2,019.8
Fixed Assets & Investment Property	563.3	577.1
Associated Companies & JV	440.9	494.8
Intangible Assets	177.5	185.0
Other Non-Current Assets & Long-Term Investment	36.5	38.3
Current Assets		
<i>Cash & Short-Term Deposits</i>	358.3	340.8
<i>Debtors & Other Current Assets</i>	362.6	383.8
Total Assets	1,939.1	2,019.8

Cash & short-term deposits increased mainly due to higher cash generated from operating activities, higher dividends from associates/JV and proceeds from disposal of interest in associates. These were partially offset by purchase of Treasury shares.

Group Cash Flow Statement

\$M	9M14/15	9M13/14	Difference
Net Cash From Operating Activities	128.6	122.0	6.6
Net Cash From / (Used In) Investing Activities	76.3	(13.8)	90.1
Net Cash Used In Financing Activities	(180.9)	(156.9)	(24.0)
Net Increase / (Decrease) In Cash & Cash Equivalents	24.0	(48.7)	72.7
Cash & Cash Equivalents At End Of Financial Period	358.3	353.5	4.8
Free Cash Flow*	87.6	78.9	8.7

Higher net cash from investing activities due to higher dividends from associates/JV, lower capex and proceeds from sale of interests in associates and Urangan Fisheries.



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

Outlook

Outlook

In the near term, our operating landscape remains challenging as a result of competitive pressures in the aviation sector and continued rise in manpower costs.

We have confidence in our strategy. Our focus on managing costs and improving productivity has begun to yield results. We will continue with our strategy to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to drive economies of scale and enhance connectivity for our customers. We will also remain focused on growing new businesses and customer segments.





Q&A