



## MEDIA RELEASE

### SATS REPORTS 3Q NET PROFIT OF \$53.7M

*Year-to-date net profit resilient, growing 4.6% to \$144.1M*

**SINGAPORE, 4 February 2015** – SATS Ltd. (SATS) today reports its unaudited results for the third quarter and nine months ended 31 December 2014.

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

	3Q FY14-15 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	450.7	(14.8)	(3.2)
Expenditure	(399.6)	23.9	5.6
Operating profit	51.1	9.1	21.7
Share of results of associates/JV, net of tax	13.8	0.8	6.2
Profit attributable to owners of the Company	53.7	10.8	25.2
Underlying net profit <sup>(1)</sup>	53.8	10.9	25.4
Earnings per share (cents) - basic	4.8	1.0	26.3

	9M FY14-15 (S\$ million)	Favourable / (Unfavourable) Change (S\$ million)	Favourable / (Unfavourable) Change (%)
Revenue	1,328.1	(24.0)	(1.8)
Expenditure	(1,194.8)	28.0	2.3
Operating profit	133.3	4.0	3.1
Share of results of associates/JV, net of tax	35.0	(2.3)	(6.2)
Profit attributable to owners of the Company	144.1	6.3	4.6
Underlying net profit <sup>(1)</sup>	144.3	4.8	3.4
Earnings per share (cents) - basic	12.9	0.6	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 3Q FY14-15 and nil in 3Q FY13-14; \$0.2 million in 9M FY14-15 and \$1.7 million in 9M FY13-14).

## **GROUP EARNINGS**

### **3Q FY14-15 (1 October – 31 December 2014)**

For the third quarter ended 31 December 2014, revenue from gateway services increased 3.5% to \$179.4 million. Revenue from food solutions declined 7.2% to \$270.2 million due mainly to weaker performance from TFK, weaker Japanese Yen and loss of contribution from Urangan Fisheries which was divested in July 2014. As a result, Group revenue decreased 3.2% year-on-year to \$450.7 million.

The Group's continued efforts to manage costs and improve productivity have yielded positive results. Operating expenditure dropped 5.6% to \$399.6 million resulting mainly from lower cost of raw materials, staff costs, depreciation expenses and other costs. Consequently, operating profit improved 21.7% year-on-year to \$51.1 million.

Share of after-tax profits from overseas associates/JV rose 6.2% year-on-year to \$13.8 million due to higher profit contributions from both food and gateway associates.

Profit attributable to owners of the Company was \$53.7 million, \$10.8 million or 25.2% higher than the corresponding quarter last year.

### **9M FY14-15 (1 April – 31 December 2014)**

For the nine months ended 31 December 2014, revenue from gateway services increased 2.5% to \$524 million while revenue from food solutions declined 4.4% to \$800.6 million. Consequently, Group revenue declined 1.8% year-on-year to \$1.33 billion.

Group operating profit improved 3.1% year-on-year to \$133.3 million as a result of lower operating expenditure.

Share of after-tax profits from overseas associates/JV declined 6.2% year-on-year to \$35 million due to pricing pressure and lower cargo volumes reported by some of our gateway associates.

Profit attributable to owners of the Company increased 4.6% year-on-year to \$144.1 million while underlying net profit was \$144.3 million or 3.4% higher year-on-year.

## **GROUP FINANCIAL POSITION (as at 31 December 2014)**

As at 31 December 2014, the Group had total assets of \$1.94 billion. Cash and short-term deposits increased by \$17.5 million from 31 March 2014 to \$358.3 million. This was mainly due to higher cash generated from operating activities, higher dividends received from associates/joint venture, and proceeds from disposal of interest in associates, partially offset by purchase of treasury shares.

Free cash flow for the first nine months amounted to \$87.6 million and debt-to-equity ratio stood at 0.07 times.

## **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 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.

## **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 42 airports and 11 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](http://www.sats.com.sg).

## **ANNOUNCEMENT INFORMATION**

The complete 3Q and 9M 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)	3Q FY14-15	3Q FY13-14	9M FY14-15	9M FY13-14
Revenue	450.7	465.5	1,328.1	1,352.1
Expenditure	(399.6)	(423.5)	(1,194.8)	(1,222.8)
<b>Operating profit</b>	<b>51.1</b>	<b>42.0</b>	<b>133.3</b>	<b>129.3</b>
Share of results of associates/JV, net of tax	13.8	13.0	35.0	37.3
<b>Profit before tax</b>	<b>64.3</b>	<b>54.7</b>	<b>166.9</b>	<b>164.5</b>
<b>Profit attributable to owners of the Company</b>	<b>53.7</b>	<b>42.9</b>	<b>144.1</b>	<b>137.8</b>
<b>Underlying net profit</b>	<b>53.8</b>	<b>42.9</b>	<b>144.3</b>	<b>139.5</b>
<b>Per Share Data</b>				
Earnings per share (cents)				
- Basic <sup>R1</sup>	4.8	3.8	12.9	12.3
- Diluted <sup>R2</sup>	4.8	3.8	12.8	12.2
Return on turnover (%) <sup>R3</sup>	11.9	9.2	10.9	10.2
<b>Financial Position (S\$ million)</b>				
	<b>As at</b>	<b>As at</b>		
	<b>31-DEC-14</b>	<b>31-MAR-14</b>		
Equity attributable to owners of the Company	1,392.0	1,416.8		
Total assets	1,939.1	2,019.8		
Total debt	101.8	114.2		
Gross debt/equity ratio (times) <sup>R4</sup>	0.07	0.08		
Net asset value per share (\$) <sup>R5</sup>	1.25	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 various employee share plans.

<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.