



SATS 1QFY25 Results

20 August 2024

<Public>



SATS 1Q FY25 Business Highlight



1Q Net Profit improved S\$94.9M
YoY to **S\$65M**



Cargo and aviation meals
volume scaled by 19.0%
and 26.8% YoY
respectively



Revenue grew 15.5% YoY
to S\$1.37B



YoY EBITDA margin
improved to 18.2% from
13.1%



Free Cash Flow *
increased S\$125.9M YoY
to S\$36.7M

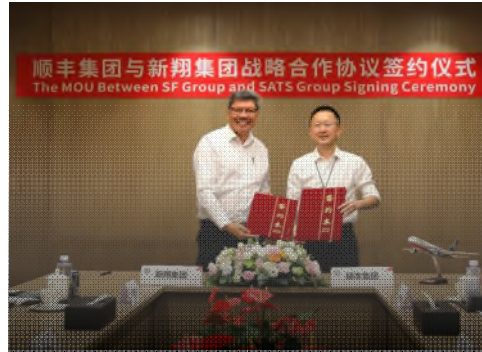
* Free Cash Flow = Net cash generated from operating activities after CAPEX and lease payments

Commercial & Operational updates



Mitsui Partnership

Strategic partnership with **Mitsui**, one of the largest global trading and investment companies to **accelerate growth** and **create value** for SATS Food Solutions through targeted demand generation.



MoU & Contract with Shun Feng

An MoU with **Shun Feng**, a leading global logistics provider, to **expand** our **strategic collaboration** and supply chain optimisation. This was followed by a **new contract** for **eCommerce** destination handling in Liege.



Sea-to-air service trials with Kuehne + Nagel

Following the MoU signed in October 2023, trials have begun in selected **air hubs** to provide sea-to-air services for shipments to **drive operational and cost efficiencies**.



Formation of SG Hub

SATS continue to invest **strategically** in **Singapore** while we **scale** our international presence to capture growth overseas.



5th Cargo Terminal in Madrid

Expand cargo handling capacity by 60% in Madrid with fifth cargo terminal.

Annualised: a) Total EBITDA Synergies = ~S\$51M (Commercial: ~S\$34M & Operational: ~S\$17M)

b) Financial Fiscal Savings = ~S\$50M

Awards and Accolades



‘Best Station Award of the Year’ AISATS

The ‘Best Station Award’ was awarded to AISATS at GHI Pride of Ground Handling Awards for its exceptional ground handling services at Indira Gandhi International Airport (IGIA), Delhi.



‘Airfreight Services Provider of the Year’ AAT

AAT was awarded “Airfreight Services Provider of the Year” Hong Kong Commercial Times (HKCT) Business Awards 2024. HKCT is a platform that recognises and honours exceptional enterprises in the industry.



‘Airline Caterer of the Year’ SATS Catering

SATS named "Airline Caterer of the Year for Asia" for the sixth consecutive year by the readers of PAX International.

Award serves as an endorsement of the hard work, innovation and R&D of our team to deliver tasty, authentic Asian flavours to airlines and customers.



‘Singapore Governance and Transparency Index (SGTI)’ SATS Ltd

SATS topped the annual corporate governance scorecard of the 2024 SGTI.

The SGTI evaluates SGX-listed companies on their corporate governance and financial disclosure practices.



Executive Summary – 1Q FY25



- SATS delivered strong financial results for 1Q FY25, driven by continuing aviation recovery and increased air cargo volume handled.
- Revenue improved by 15.5% (or \$183.8M) to \$1.37B from 1Q FY24, driven by robust growth in both Gateway and Food.
 - Gateway revenue grew by \$113.5M, driven primarily by a 19% increase in cargo tonnage across all regions. This growth was on the back of stronger demand for air cargo services due to the strong e-commerce volumes, impact of the security situation in the Red Sea on sea shipments, challenges faced by ocean freight from port congestion, and the ongoing travel recovery, generating higher revenue of \$101.8M.
 - Food revenue increased by \$70.3M, with \$56.6M of this growth due to a rise in aviation meal volume.
- EBITDA improved \$94.1M to \$249.1M, registering a margin of 18.2% (1Q FY24: 13.1%).
- SoAJV grew \$14.3M to \$35.6M, contributed by travel recovery and one-off net gain from the settlement of an existing loan arrangement from an outgoing local partner in Indonesia.
- 1Q FY25 PATMI rose to \$65M, an increase of \$94.9M YoY from a loss of \$29.9M last year.

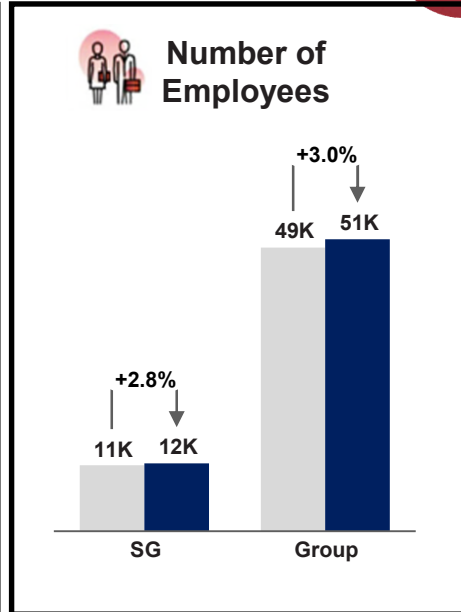
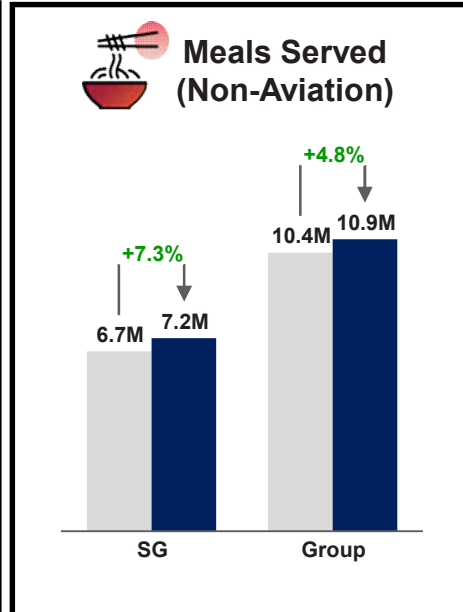
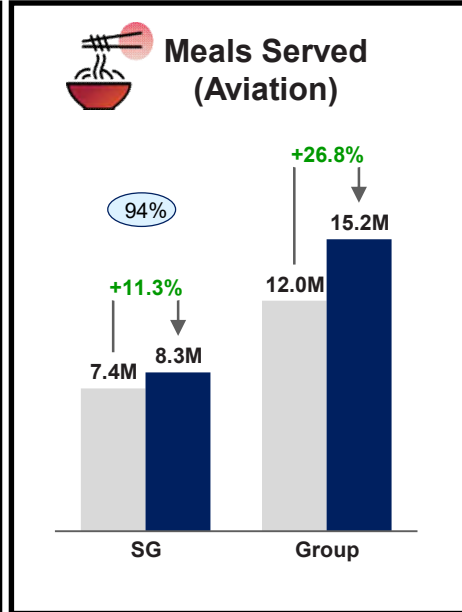
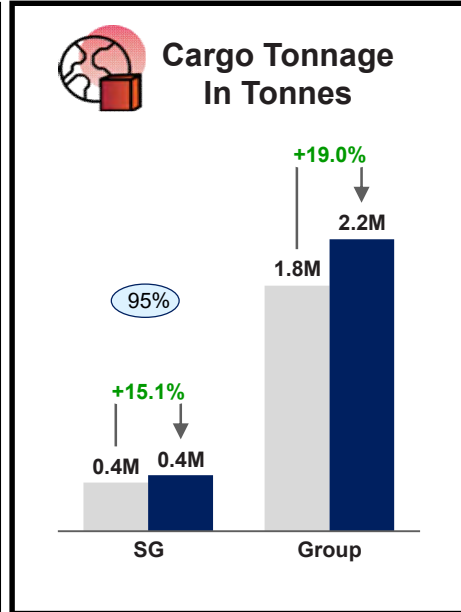
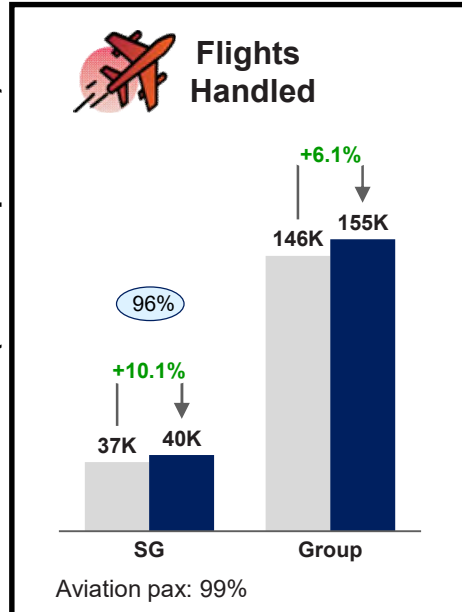
	Flights	Air Cargo	Pax	Aviation Meals
Key Operating Statistics:				
Group	154.8K	2.2M	21.2M	15.2M
YoY change	▲6.1%	▲19.0%	▲11.9%	▲26.8%

Operating statistics: Positive amid seasonal demand

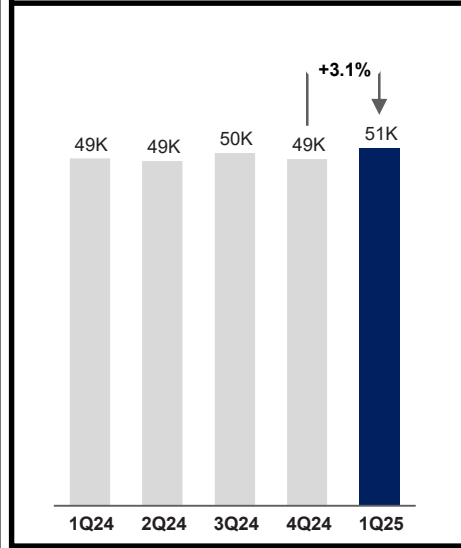
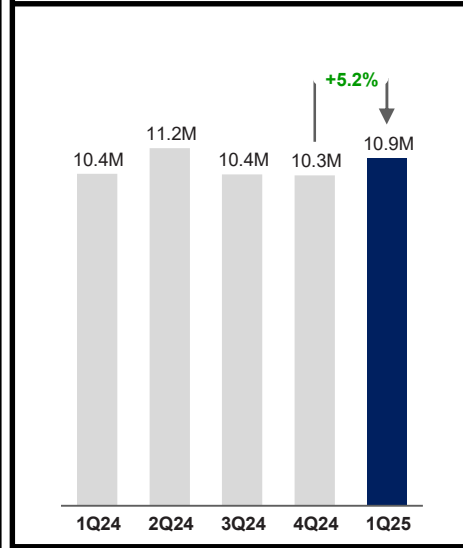
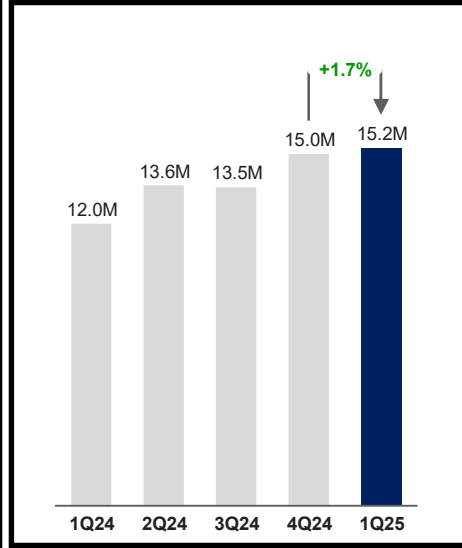
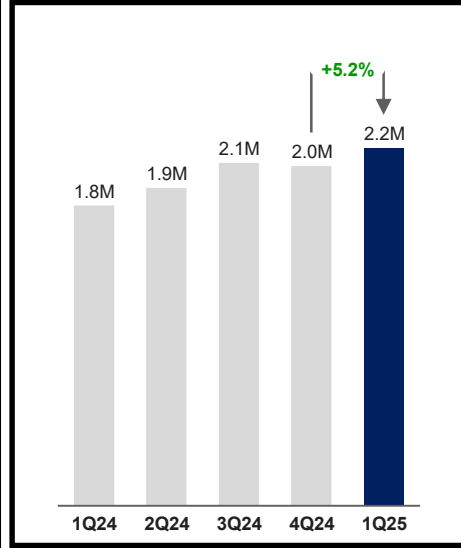
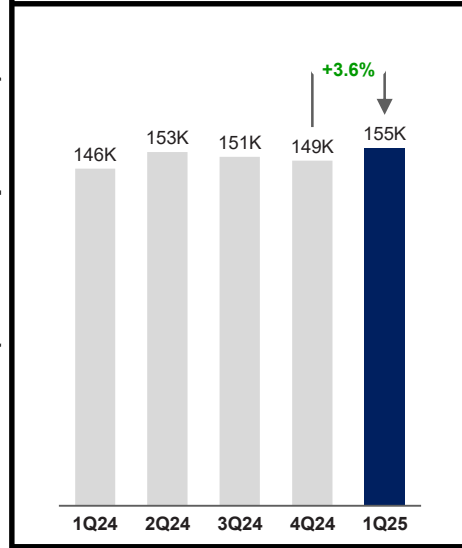


■ Current Period
■ Prior Period

Year-to-date (YoY comparison)



Quarter (QoQ comparison)



○ SG pre-Covid recovery as at Jun'24

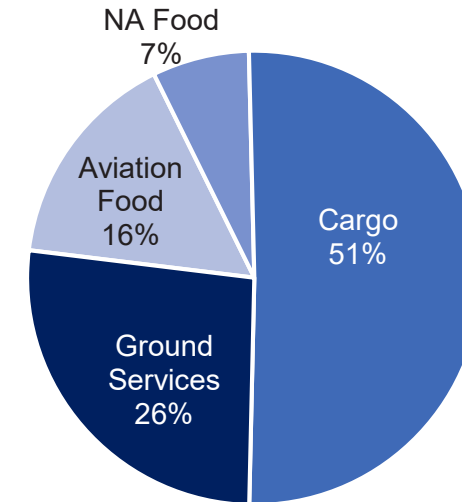
*All statistics refer to Group (SATS and subsidiaries) unless indicated otherwise.



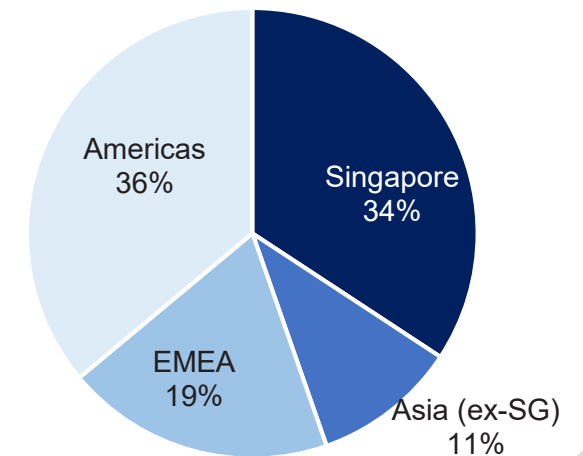
Revenue by business segment

Revenue	1Q FY25	1Q FY24	Change %
By Business			
<i>Cargo</i>	695.3	593.6	17.1
<i>Ground</i>	364.2	352.5	3.3
Gateway Services	1,059.5	946.1	12.0
<i>Aviation</i>	215.9	159.3	35.5
<i>Non-Aviation</i>	94.9	81.1	17.0
Food Solutions	310.8	240.4	29.3
Others	0.1	0.1	-
Total	1,370.4	1,186.6	15.5
By Region			
Singapore	469.4	395.5	18.7
Asia (ex-Singapore)	142.4	104.5	36.3
EMEA	264.2	246.6	7.1
Americas	494.4	440.0	12.4
Total	1,370.4	1,186.6	15.5

Business



Region



Notes: 1Q FY24 figures were restated retrospectively to reflect discontinued operations due to the disposal of a subsidiary in Mar 2024

1Q FY25 Highlights

\$'M	1Q FY25	1Q FY24	Change	
			\$	%
Revenue	1,370.4	1,186.6	183.8	15.5
Opex (ex-D&A)	(1,121.3)	(1,031.6)	(89.7)	(8.7)
EBITDA	249.1	155.0	94.1	60.7
<i>EBITDA margin (%)</i>	<i>18.2%</i>	<i>13.1%</i>	<i>5.1ppt</i>	
EBIT	112.9	7.9	105.0	1,329.1
<i>EBIT margin %</i>	<i>8.2%</i>	<i>0.7%</i>	<i>7.6ppt</i>	
SoAJV	35.6	21.3	14.3	67.1
Profit/(loss) from continuing operations	68.5	(33.6)	102.1	n.m.
Profit from discontinued operations	0.0	2.2	(2.2)	n.m.
Profit/(loss) for the year	68.5	(31.4)	99.9	n.m.
PATMI	65.0	(29.9)	94.9	n.m.
<i>PATMI margin %</i>	<i>4.7%</i>	<i>-2.5%</i>	<i>7.3ppt</i>	

Group revenue increased primarily driven by ongoing recovery in travel and the increase in air cargo shipments, fuelled by high-tech shipments, the eCommerce boom, and the shift from ocean freight.

Improvement in EBIT performance vs prior year as operating efficiency kicks in.

Improved SoAJV results arose from overall travel recovery and one-off net gain from the settlement of an existing loan arrangement from an outgoing local partner in Indonesia

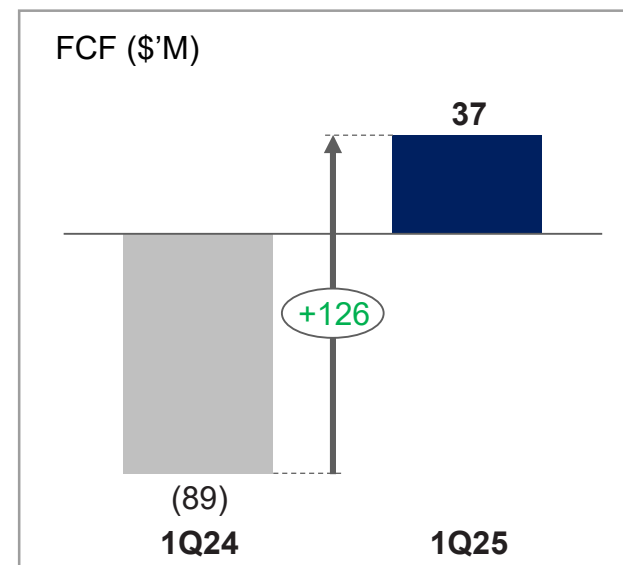
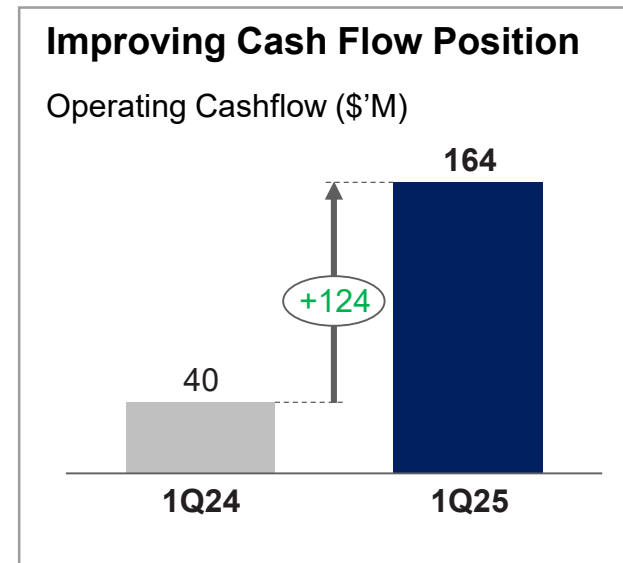
PATMI was higher primarily due to improvement in EBIT, better SoAJV performance, lower interest expense offset by higher tax expenses. In addition, 1Q FY25 PATMI includes a one-off gain of S\$7.2M from the settlement of an existing loan arrangement from an outgoing local partner in Indonesia.

Notes: - All figures are unaudited and in S\$ M unless otherwise stated. n.m. represents not meaningful
 - 1Q FY24 figures were restated retrospectively to reflect discontinued operations due to the disposal of a subsidiary in Mar 2024
 - EBIT represents Operating Profits; EBITDA refers to earnings before interest, tax, depreciation and amortisation

Group Cash Flow



(\$'M)	1Q FY25	1Q FY24	Change \$
Operating cashflow	164.2	40.1	124.1
Lease payment	(85.9)	(78.5)	(7.4)
Operating cashflow after lease payment	78.3	(38.4)	116.7
Other net cash inflow	35.4	3.2	32.2
Debt repayment, Net	(68.1)	(90.8)	22.7
Investment in subsidiaries and AJVs, Net of cash acquired	21.0	126.4	(105.4)
Proceeds from borrowings	-	1,595.8	(1,595.8)
Redemption of bonds	-	(1,357.8)	1,357.8
Capital expenditure	(41.6)	(50.8)	9.2
	(88.7)	222.8	(311.5)
Net cash inflow	25.0	187.6	(162.6)
Opening cash balance	659.0	374.4	284.6
Closing cash balance	684.0	562.0	122.0
FCF before lease payment	122.6	(10.7)	133.3
FCF	36.7	(89.2)	125.9



Note:
 All figures are unaudited and in S\$ M unless otherwise stated.
 1Q FY24 figures were restated.

- FCF (Free Cash Flow) = Net cash generated from operating activities after CAPEX and lease payments
- Other net inflow includes mainly dividends from investments, dividends paid to non-controlling interest, disposal of PPE.

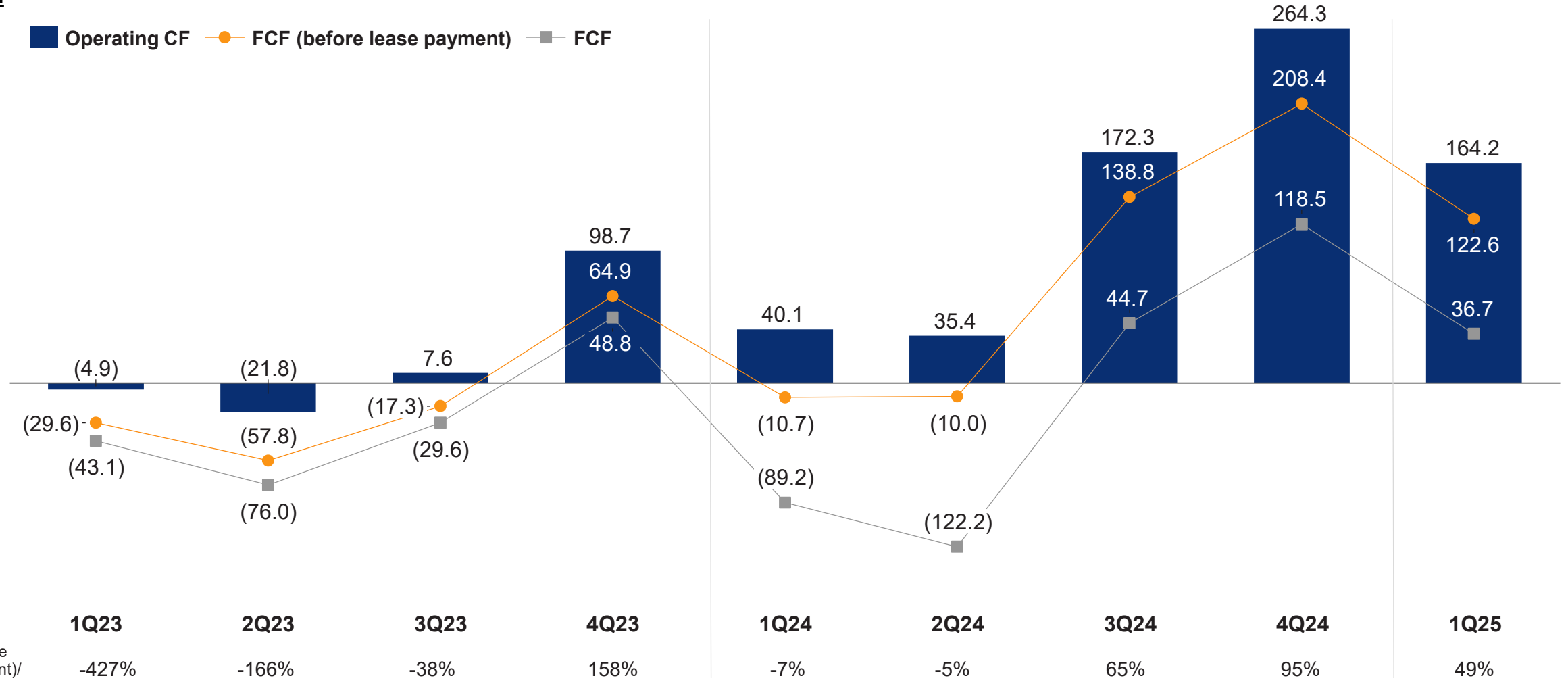


Quarterly Cash Flow

1Q Operating CF and FCF improved YoY by S\$124.1M and S\$125.9M respectively

\$'M

Operating CF FCF (before lease payment) FCF

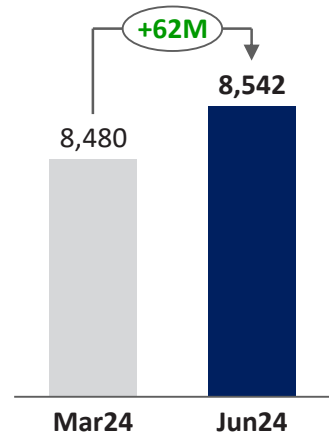


* FCF (Free Cash Flow) = Net cash generated from operating activities after CAPEX and lease payments

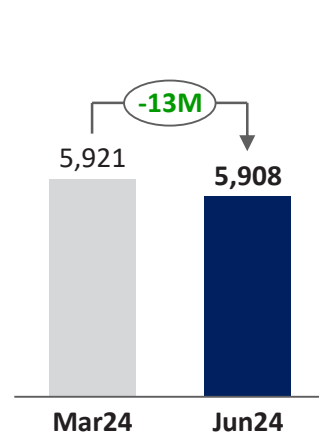


Group Financial Position: Jun24

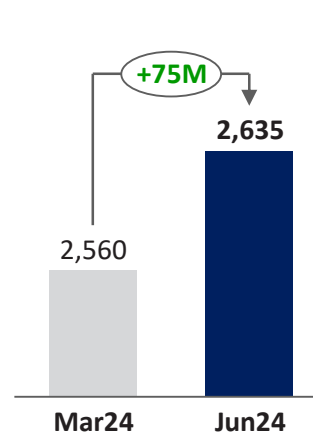
Total Assets (\$'M)



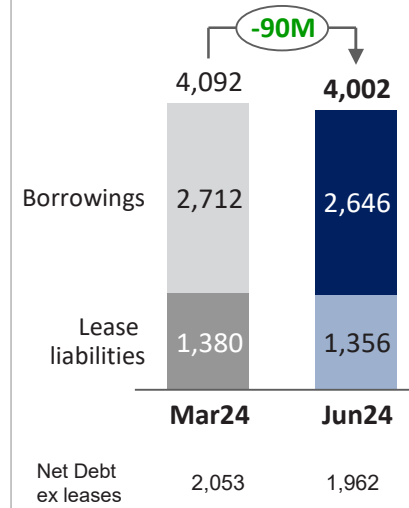
Total Liabilities (\$'M)



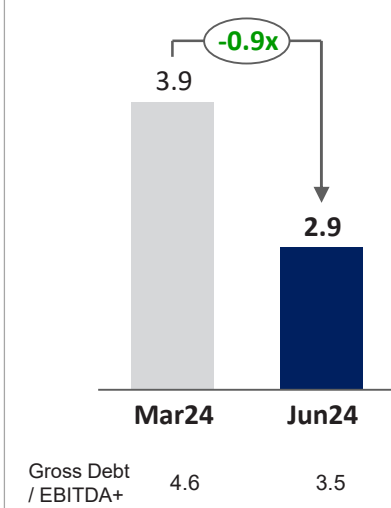
Total Equity (\$'M)



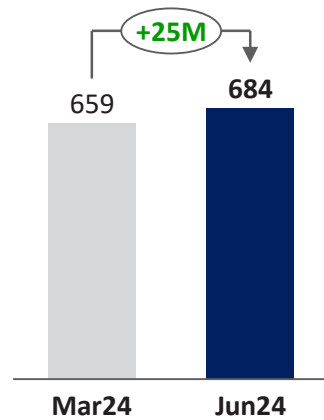
Total Debts (\$'M)



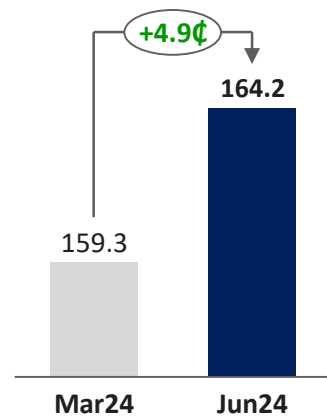
Net Debt / EBITDA+ (x)



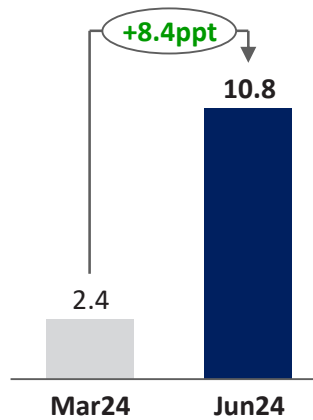
Cash Position (\$'M)



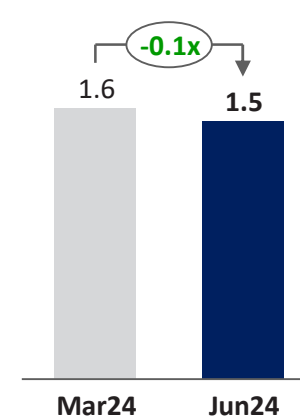
NAV / Share (¢)



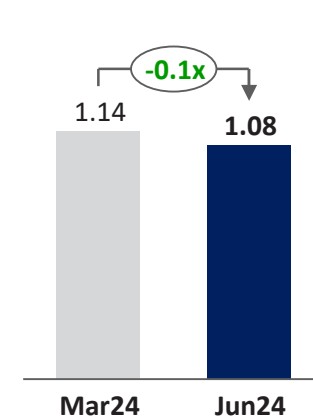
ROE (%)



Debt / Equity (x)



Total borrowing/Net worth (x)

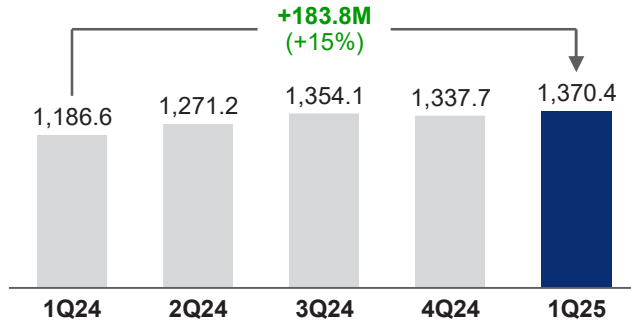


Note: EBITDA+ refers to earnings before interest, tax, depreciation and amortization, includes share of earnings from associates and joint-ventures (SoAJV)

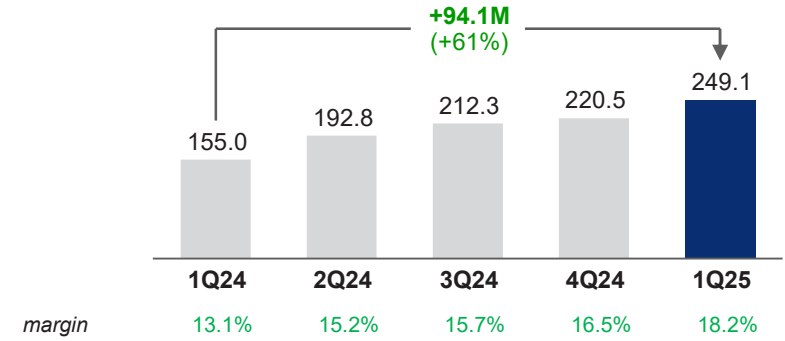


Quarterly Trending

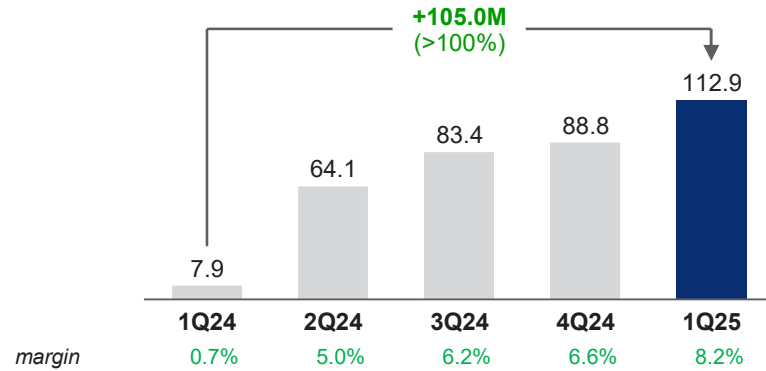
Revenue



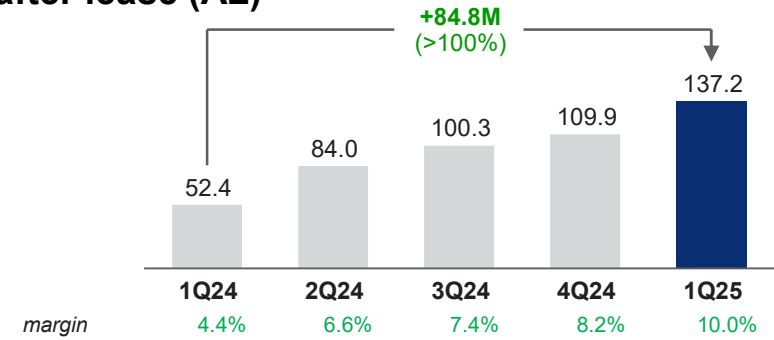
EBITDA



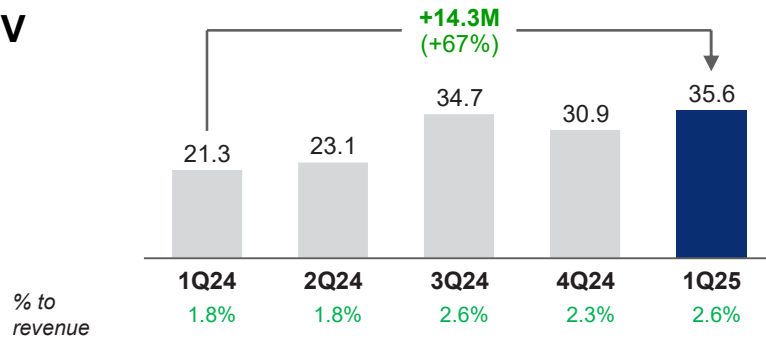
EBIT



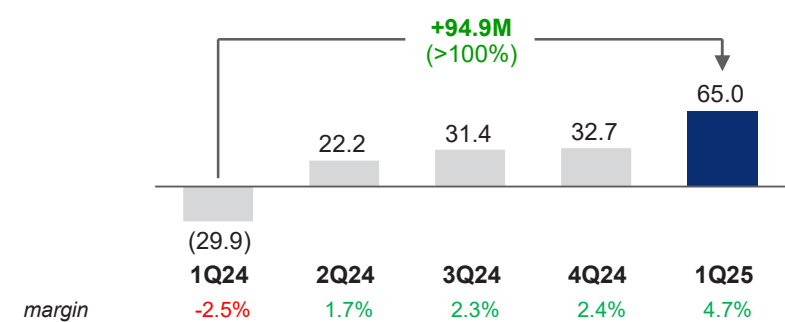
EBITDA after lease (AL)



SoAJV



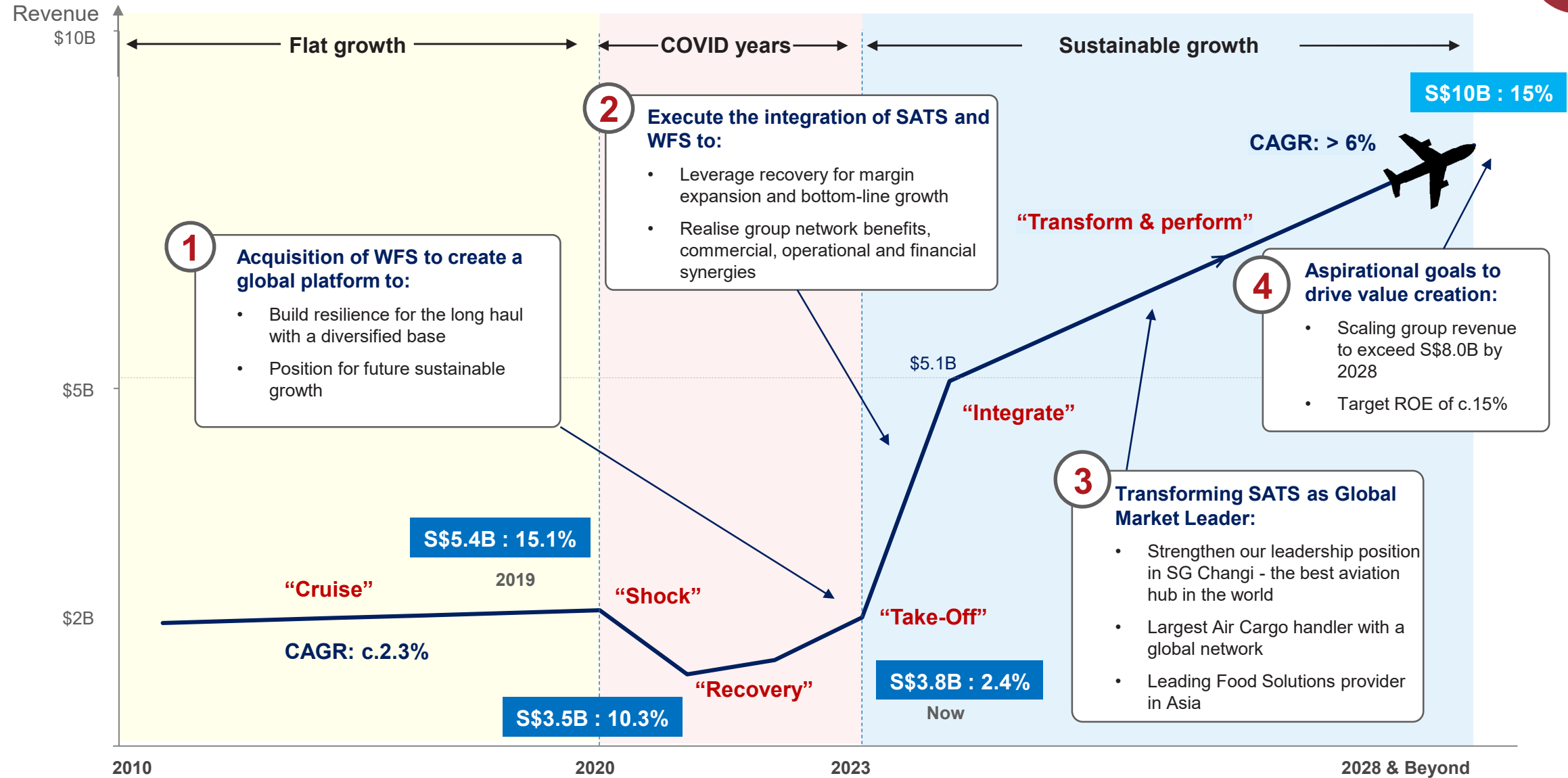
PATMI



Note: Results for 1Q to 3Q FY24 were restated to reflect discontinued operations due to the disposal of a subsidiary in Mar 2024. EBITDA after lease is EBITDA less ROU depreciation and ROU interest expense.

Transforming SATS into a global champion

For enduring success and sustainable value





SATS Transformation Journey ...

1. **True global aviation services platform** - The acquisition of WFS has transformed SATS into a clear **global aviation services platform** with a **diversified geographical network** across 210 locations and 27 countries
2. **Largest global air cargo handler** - SATS is the **largest global air cargo handler** with **leading positions at key strategic hubs** in Europe, North America and Asia Pacific, which cover **trade routes responsible for more than 50%** of global air cargo volumes
3. **Integration progressing well with further synergistic benefits envisaged** - The business combination and integration between SATS and WFS have achieved **annualized EBITDA synergies in excess of S\$51M** (commercial + operational) out of the targeted S\$100M for the medium-term, in addition to the **c. S\$50-60M of annual financing and fiscal savings** previously guided
4. **Scalable business and operating model** - Leveraging its network and **market leading positions** in Gateway Services and Food Solutions, the Group has a **scalable business and operating model** to pursue market share gains through new wins, specialized services and network expansion etc. as well as to drive **operational efficiency and productivity gains**
5. **Resilient markets poised for significant growth** - The Group **operates in resilient markets** supported primarily by thematic **growth tailwinds in the global air cargo market** driven by e-commerce growth, and **recovery momentum of air travel** now beyond pre-covid levels
6. **Management's drive to enhance value and shareholders return** - Management aspires to drive and improve **quality earnings, profitability margins and financial position** to support attractive **value creation and shareholders' return** for the Company over the next 3-5years through proactive and prudent financial and operational management



Outlook

Outlook



SATS expects positive momentum in the coming quarters. The acceleration of eCommerce, the shift to air cargo because of seaport congestion, and disruption in maritime shipping are expected to continue to underpin demand for air cargo services.

According to IATA, global air cargo traffic is expected to grow by 5% in 2024, while global passenger traffic growth is projected at 11.6% in total revenue passenger kilometres (RPK) this year. Notably, Asia Pacific is leading the recovery, with the region expected to contribute half of the world's RPK growth in 2024, particularly through its robust domestic markets .

SATS remains confident to deliver on its commitments to improve financial performance, reduce debt, and strengthen the overall cash position.

Source: <https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport-june-2024-report/>

Outlook (cont'd)

Kerry Mok, President and Chief Executive Officer of SATS, said, *“The S\$65 million profit for the first quarter of FY25 is a result of favourable market conditions and our relentless drive towards better cost optimisation and operational efficiency.*

We continue to gain traction from the integration with WFS as we strengthen our global market position. Our new win with the Shun Feng Group in Liège and the deepening of our collaboration with Kuehne + Nagel are testaments to the strength of our global network. We are also committed to supporting the needs of Singapore's Changi Airport and have established the Singapore Hub to focus on enhancing Singapore's aviation position.

We are also growing our Food Solutions business with Mitsui, leveraging SATS' culinary expertise, knowledge of food technology, and high food safety standards to mutually benefit both parties by supporting Mitsui's distribution network with ready-to-eat meals in different formats to capture the growing demand for convenient food.”



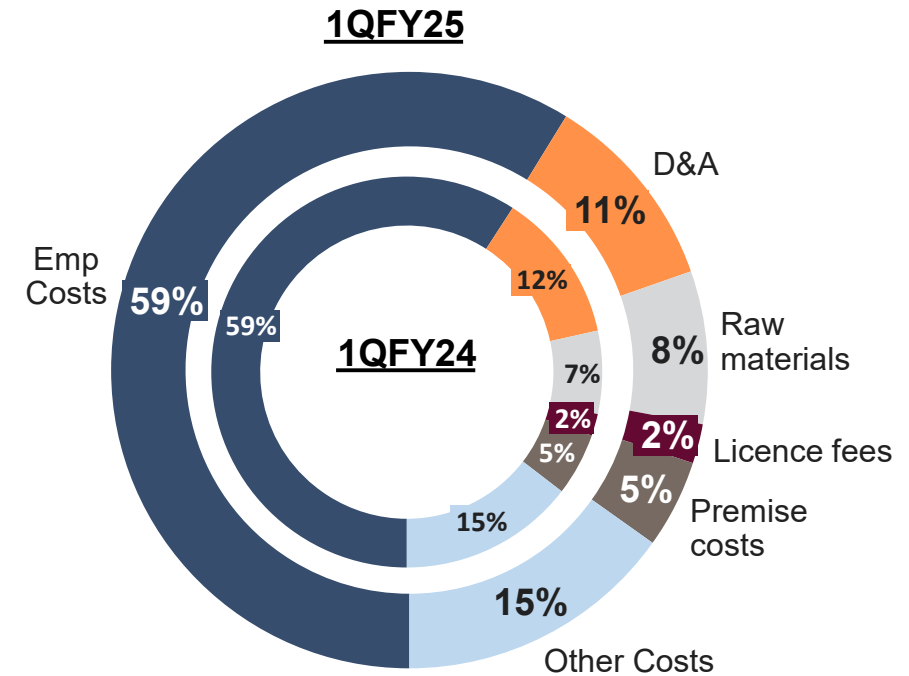
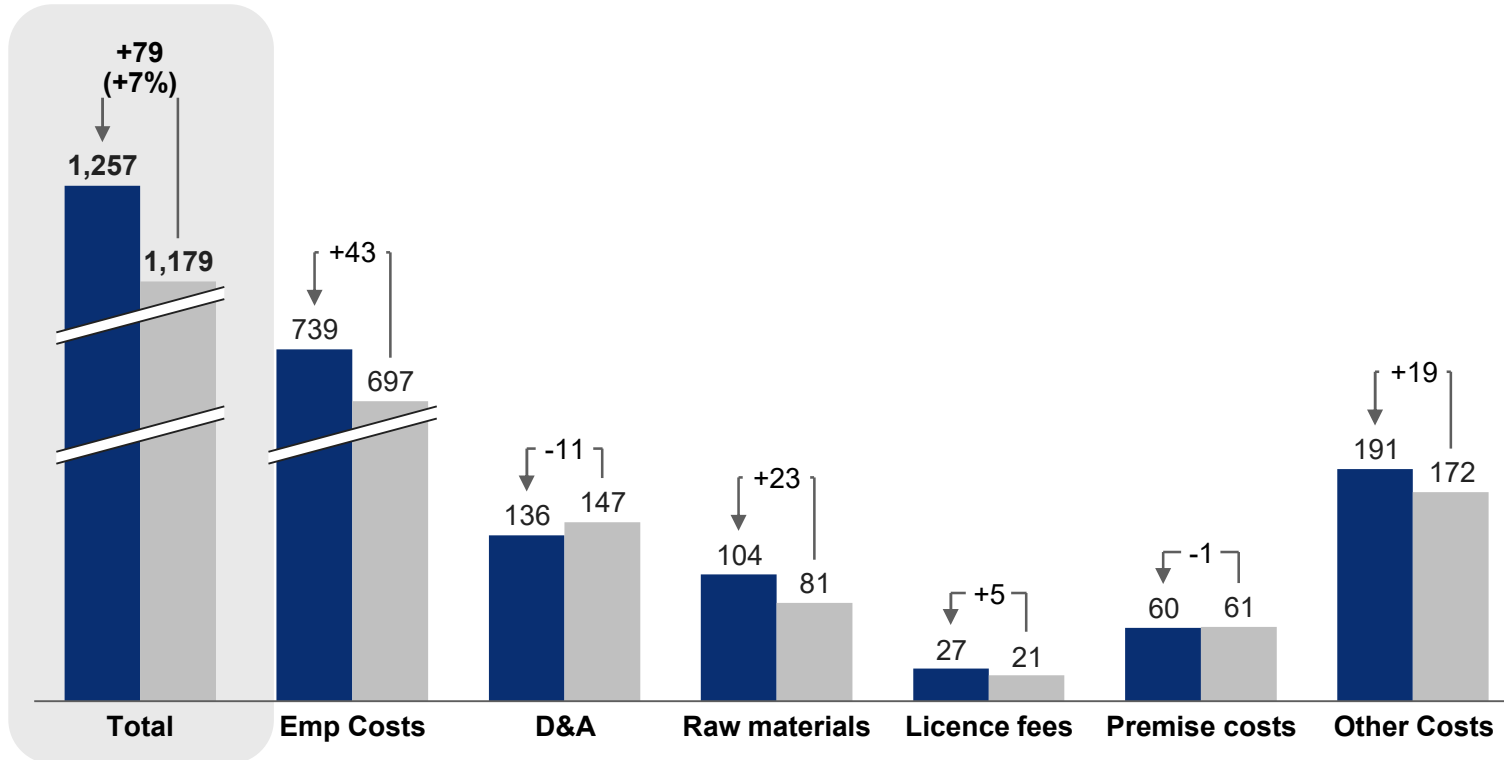
Appendix



1Q FY25 Group Expenditure

\$'M

1QFY25 1QFY24



- 1QFY25 operating expenditure increased by \$79M primarily due to higher business activities.
- Other costs includes subcontracting services, security services, equipment maintenance, IT costs, and professional fees.

Note: - All figures are unaudited and in S\$ M unless otherwise stated.
 - 1Q FY24 figures were restated due to disposal of a subsidiary in Mar 24.
 - D&A represents Depreciation & Amortisation

Operating Statistics



	1Q FY25	4Q FY24	QoQ (%)	1Q FY24	YoY (%)
Flights Handled ('000)	154.8	149.4	3.6%	145.9	6.1%
- APAC	79.0	75.8	4.1%	73.2	7.9%
- EMEA	8.1	9.7	-15.6%	11.9	-31.6%
- Americas	67.7	63.9	5.9%	60.8	11.3%
Cargo/Mail Processed ('000 tonnes)	2,155.1	2,048.0	5.2%	1,810.4	19.0%
- APAC	675.9	664.6	1.7%	544.6	24.1%
- EMEA	809.9	765.8	5.8%	654.2	23.8%
- Americas	669.3	617.6	8.4%	611.6	9.4%
Gross Meals Produced ('M)	26.1	25.3	3.1%	22.4	16.6%
- Aviation meals	15.2	15.0	1.7%	12.0	26.8%
- Non-aviation meals	10.9	10.3	5.2%	10.4	4.8%
Ship Calls Handled	54	95	-43.2%	75	-28.0%

Note: Reduction in flights handled volume in EMEA due to loss of two (2) ground handling licenses in Spain.

Group Segmented P&L – 1Q FY25



1Q FY25	Food Solutions	Gateway Services	APAC	EMEAA	Americas	Others	1Q FY25 Total
Revenue	310.8	1,059.5	311.9	253.2	494.4	0.1	1,370.4
EBITDA	38.0	202.3	56.5	58.6	87.2	8.8	249.1
<i>EBITDA (%)</i>	<i>12.2%</i>	<i>19.1%</i>	<i>18.1%</i>	<i>23.2%</i>	<i>17.6%</i>	<i>n.m.</i>	<i>18.2%</i>
EBIT profit / (loss)	24.5	81.2	22.8	25.6	32.8	7.2	112.9
<i>EBIT (%)</i>	<i>7.9%</i>	<i>7.7%</i>	<i>7.3%</i>	<i>10.1%</i>	<i>6.6%</i>	<i>n.m.</i>	<i>8.2%</i>
Share of results of Associates/JVs (SoAJV)	11.0	24.6	20.8	3.8	-	-	35.6

1Q FY24	Food Solutions	Gateway Services	APAC	EMEAA	Americas	Others	1Q FY24 Total
Revenue	240.4	946.1	257.0	249.1	440.0	0.1	1,186.6
EBITDA	7.4	154.2	33.0	47.8	73.4	(6.6)	155.0
<i>EBITDA (%)</i>	<i>3.1%</i>	<i>16.3%</i>	<i>12.9%</i>	<i>19.2%</i>	<i>16.7%</i>	<i>n.m.</i>	<i>13.1%</i>
EBIT profit / (loss)	(4.0)	34.3	0.5	14.4	19.4	(22.4)	7.9
<i>EBIT (%)</i>	<i>(1.7)%</i>	<i>3.6%</i>	<i>0.2%</i>	<i>5.8%</i>	<i>4.4%</i>	<i>n.m.</i>	<i>0.7%</i>
Share of results of Associates/JVs (SoAJV)	5.1	16.2	11.9	4.3	-	-	21.3

Note: - All figures are unaudited and in S\$ M unless otherwise stated

- EBIT represents Operating Profits; EBITDA refers to earnings before interest, tax, depreciation and amortisation.