

# Passenger and cargo decline hits SATS Q1 financials



Aviation services revenue dropped nearly 73 percent for SATS in the first quarter (Photo courtesy SATS)

The decline in passenger and cargo movements caused sharp drop in aviation revenue and a net loss in the first quarter of its fiscal year at [SATS](#), the company reported today.

Group revenue fell 55 percent to S\$209.4 million (US\$152.7 million) year-on-year. Revenue from its Gateway Services decreased by 67.9 percent to S\$71.6 million (US\$52.2 million) and revenue from Food Solutions dropped by 43.7 percent to S\$135.9 million (US\$99.2 million).

Due to the sharp decline in aviation volume and the loss contributed by the overseas entities, the Group recorded a net first quarter net loss of S\$43.7 million (US\$31.88 million). The company said the outcome was slightly better than the range of S\$50 million - 70 million (US\$36.48 million - US\$51.07 million) loss indicated in the profit warning on April 30, when fourth quarter and full year FY 19-20 results were released.

Aviation services revenue fell by 72.9 percent to S\$110.6 million (US\$80.69 million). Leveraging opportunities beyond aviation, the Group grew non-aviation revenue by 73.3 percent to S\$96.9 million (US\$70.7 million).

Group expenditure for the quarter decreased by 39.9 percent S\$245.4 million (US\$178.75 million) year-on-year. The most significant cost reduction was in staffing, which declined by 58.7 percent to

S\$96.5 million (\$70.41 million). The decrease in staff cost was due to a combination of factors such as government grants, lower contract services and reduction in workforce required to manage the lower volumes. License fees were also lower in line with smaller aviation revenue.

SATS stock lost 3.9 cents per share for the quarter compared with earnings of 4.9 cents per share a year ago.