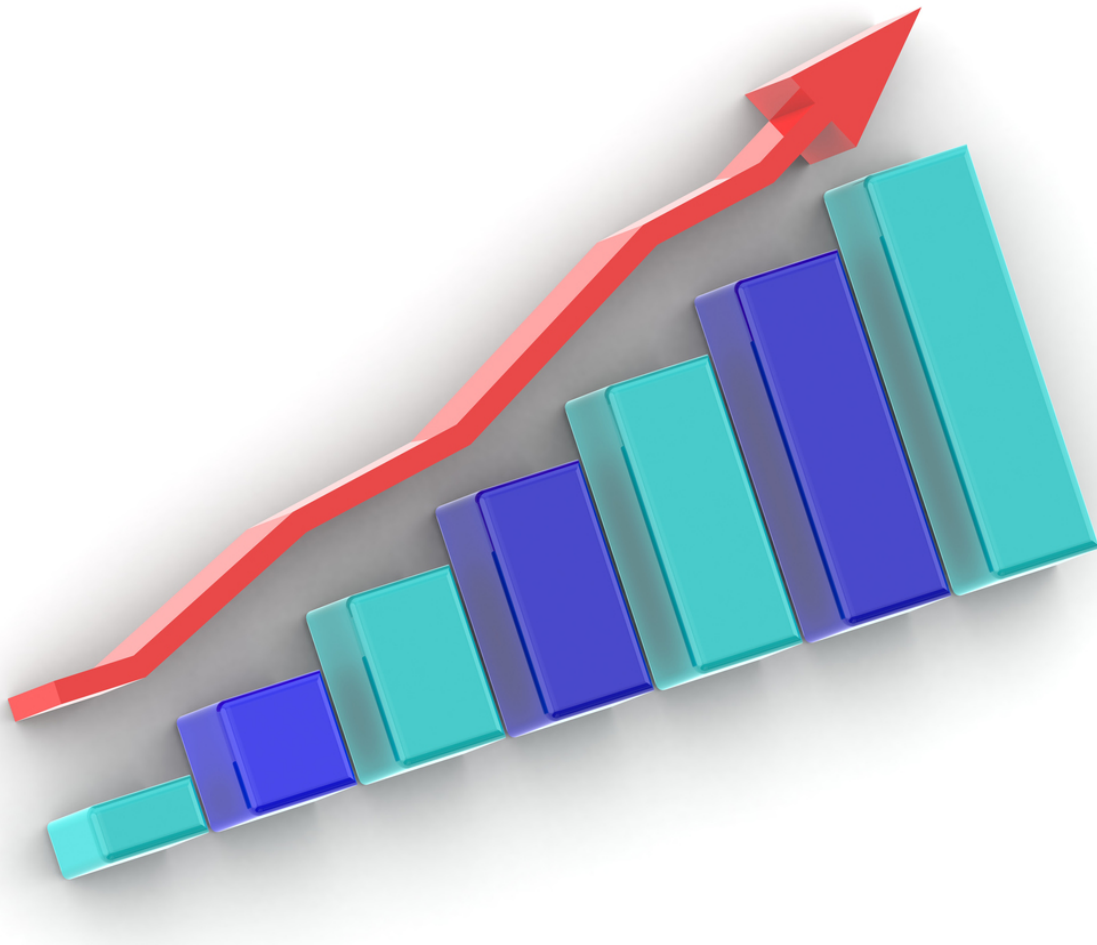


SATS releases its third quarter earnings for 2022



[SATS](#) is reporting its unaudited results for the third quarter that ended December 31, 2022.

The release shows a positive profit after taxation and minority interest in 2022's third quarter of about half a million after losses of \$9.9M in the second quarter and \$22.5M in the first quarter. The third quarter's performance reflects improving business conditions and a seasonal high.

Excluding one-off acquisition expenses, nine-month underlying losses would have reduced to \$1.8M operating expense year-over-year due to AAT consolidation, further reduction in government reliefs, ramp-up in capacity, and higher fuel and utility costs in line with greater business volume and inflation.

In a February 13 press release, President and Chief Executive Officer of SATS, Kerry Mok said, "Despite headwinds, our underlying business performance has shown improvements as we execute on our twin-engine growth strategy and capture meaningful business value. While cargo volumes have softened, the reopening of China borders is expected to improve volume throughput."

The release shows an increase in business activities on the back of the continued aviation recovery with flight volume reaching 71 percent of pre-pandemic levels. As such, Group revenue grew to nearly \$168 million, or 54 percent year-on-year (YoY), to around \$476 million.

Staff costs rose over \$82 million YoY due to the ramp-up of hiring in support of increased business

activities, coupled with a near \$24 million YoY reduction in government grant support. Staffing numbers are now at an optimal level to meet increased travel and customer demand.

The rise in the cost of raw materials, licence fees, and company premise and utility expenses was in line with greater business volume, inflation and increased utility tariffs. Depreciation and amortization in the third quarter increased \$17 million YoY mainly due to the consolidation of AAT compared to the same period last year. Other costs rose over \$25 million mainly due to higher fuel costs and maintenance expenses and foreign exchange translation losses, coupled with lower government grants.

As a result, the Group recorded an operating loss of \$1.1 million. This is an improvement of about \$8 million as compared to the operating loss of \$9.5 million in the third quarter.

The total equity of the Group decreased by \$100 million to \$1,733.7 million as of December 31, 2022, compared to 31 March 2022.

Current assets of the Group decreased \$60.6 million largely due to lower cash and short-term deposits partly offset by higher trade and other receivables due to higher business volume. The lower cash and short-term deposits was due to capital expenditure payment and repayment of term loans amounting to over \$112 million.

Going forward, SATS is acquiring Worldwide Flight Services (WFS) to strengthen business and earnings resilience against structural industry dynamics and competitive forces, while continuing to build the Singapore core.

Mok said, "Alongside our strong Singapore focus, we are building geographic and business resilience with the proposed acquisition of Worldwide Flight Services. We are heartened that at the recent EGM, shareholders gave us their vote of confidence, supporting this transformational transaction and our growth direction. We are working on closing the acquisition and delivering a smooth transition to unlock the synergies of our combined operations and scale."