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UEN No: S99SS0111B  
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**Issuer:** SATS Ltd.

**Stock code:** S58

**Meeting details:**

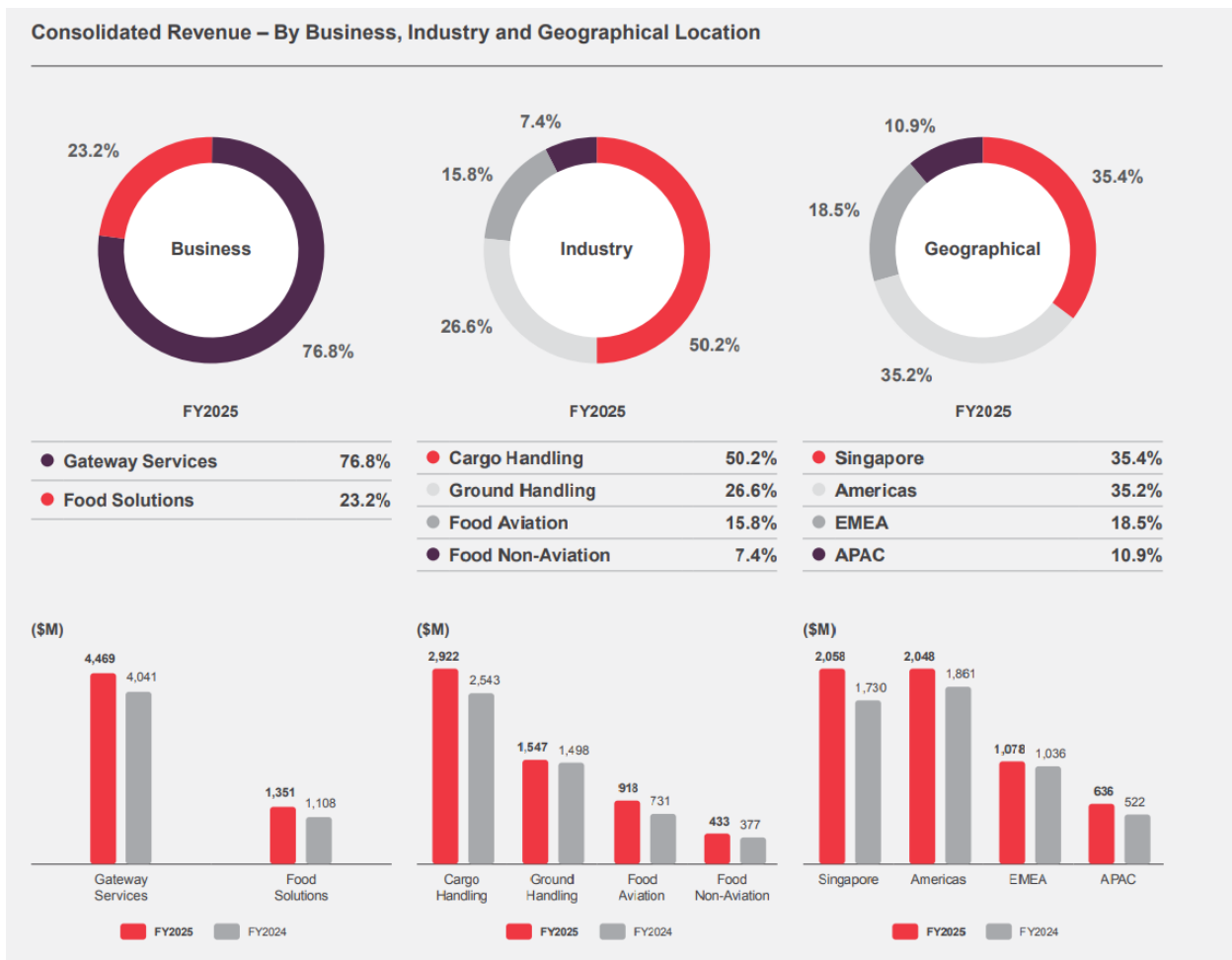
Date: 25 July 2025

Time: 11.00 a.m.

Venue: Grand Ballroom, Level 4, Grand Copthorne Waterfront Hotel Singapore, 392 Havelock Road, Singapore 169663

**Q1.** For the financial year ended 31 March 2025, the group reported a 13% increase in revenue to \$5.8 billion. Operating profit was \$475.7 million while net profit attributable to owners of the company stood at \$243.8 million. Management attributed the performance to increased scale, synergies realisation, and enhanced operational efficiency across the group’s expanded portfolio.

The breakdown of the group’s revenue, as shown in the financial review on page 65 of the annual report, is reproduced below:



(Source: company annual report)

- (i) **Has the integration of Worldwide Flight Services been completed? Has the group realised the expected synergies, and were these in line with or ahead of the assumptions used to justify the acquisition?**
- (ii) **Can management help shareholders understand the potential impact of tariffs on the group’s operations? How exposed are the group’s cargo handling businesses to tariff risks, and is air cargo as sensitive to import duties as sea freight?**



- (iii) **With increasing capital and management focus on the gateway services segment, can the board clarify whether the food solutions segment remains a strategic core of the group? How does it align with the group's long-term vision and capital allocation priorities?**

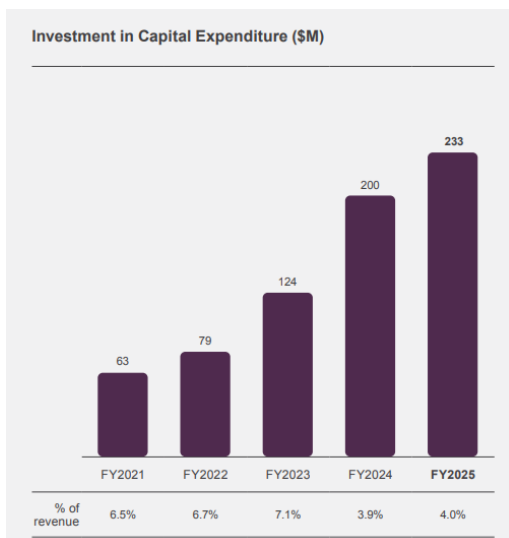
**Q2.** The consolidated statement of cash flows shows that net cash used in investing activities amounted to \$100.8 million in FY2025, driven mainly by \$221.7 million in capital expenditure. Capital expenditure has increased exponentially from \$61.5 million in FY2021 to \$221.7 million in FY2025.

<b>Cash flows from investing activities</b>			
Capital expenditure	27	(221.7)	(185.6)
Dividends from associates/joint ventures		58.2	44.9
Proceeds from disposal of property, plant and equipment		10.2	2.4
Proceeds from sale of subsidiary, net of cash disposed of		-	58.4
Investments in subsidiaries, net of cash acquired		(1.4)	139.1
Investment in joint ventures		(0.1)	(12.7)
Interest received from deposits		15.2	21.5
Proceeds from partial disposal of interest in associate		14.5	-
Proceeds from redemption of investment in secured loan		20.4	-
Others		3.9	-
<b>Net cash (used in)/from investing activities</b>		<b>(100.8)</b>	<b>68.0</b>

	FY2025	FY2024	FY2023	FY2022	FY2021
<b>Cash Flows (\$ million)</b>					
Cash flows from operations	1,066.0	693.7	101.9	96.3	159.4
Free cash flow before payment of lease liabilities	669.4	326.5	(39.8)	(15.6)	56.2
Free cash flow after payment of lease liabilities	228.3	(48.2)	(99.9)	(41.7)	27.1
Capital expenditure	221.7	185.6	119.4	77.9	61.5

(Source: company annual report)

The financial review on page 68 states that capital expenditure in FY2025 was \$233 million.



(Source: company annual report)

- (i) **Can management clarify the variance between the \$221.7 million in the cash flow statement and the \$233 million cited in the financial review? Is this purely due to timing differences or does it reflect differing classifications?**

Despite the increase in absolute terms, capital expenditure still represents just 4% of revenue.

- (ii) **Can the board elaborate on the strategic priorities and hurdle rates used when approving large-scale capital expenditure?**
- (iii) **Of the planned \$250 million investment at Changi Airport, how much is allocated to upgrading existing infrastructure versus new investments in Terminal 5? Can management clarify if the group has already secured contracts to provide services for Terminal 5?**
- (iv) **What strategic, operational, or risk factors led the board to lower the dividend payout ratio from 40% to 30%? How does this decision reflect the group's outlook on funding needs, balance sheet resilience, and investment opportunities?**

**Q3.** Details of the group’s share-based compensation are disclosed in Note 15 of the financial statements (pages 161 to 166). In FY2025, total share-based compensation expense more than quadrupled to \$45.3 million, compared to \$11.1 million in FY2024.

**15. SHARE-BASED COMPENSATION (cont'd)**

**Movement of RSP and PSP shares award during the year (cont'd)**

The share-based compensation expense recognised in profit or loss based on the fair values determined on grant date and estimation of share grants that will ultimately vest are as follows:

	GROUP	
	FY2025 \$ million	FY2024 \$ million
<b>Share-based compensation expense</b>		
Restricted Share Plan	42.0	11.1
Performance Share Plan	3.3	*
	<b>45.3</b>	11.1

\* Amount is less than \$0.1 million.

(Source: company annual report)

- (i) **Could the remuneration committee clarify whether the observed change reflects a structural shift in the group’s incentive framework/philosophy or whether it was driven by specific performance thresholds being met under the existing scheme?**

15. **SHARE-BASED COMPENSATION** (cont'd)

**Movement of RSP and PSP shares award during the year**

**RSP**

Date of grant	Number of restricted shares				At 31 March 2025
	At 1 April 2024/ Date of grant	Vested	Forfeited	Adjustment*	
24 June 2022	715,133	(713,321)	(1,812)	–	–
3 July 2023	3,137,600	(1,565,800)	(76,700)	–	1,495,100
24 June 2024	5,826,700	(1,948,400)	(120,800)	–	3,757,500
6 August 2024	75,500	(75,500)	–	–	–
20 September 2024	8,343,900	–	(190,200)	–	8,153,700
1 November 2024	2,965,715	–	–	–	2,965,715
	21,064,548	(4,303,021)	(389,512)	–	16,372,015

**PSP**

Date of grant	Number of performance shares				At 31 March 2025
	At 1 April 2024/ Date of grant	Vested	Forfeited	Adjustment*	
2 August 2021	248,511	(110,300)	–	(138,211)	–
24 June 2022	228,737	–	–	–	228,737
22 March 2024	570,000	–	–	–	570,000
20 September 2024	6,217,545	–	(818,182)	–	5,399,363
	7,264,793	(110,300)	(818,182)	(138,211)	6,198,100

\* Adjustments due to the performance factor at the end of the performance period.

(Source: company annual report; emphasis added)

- (ii) **What specific corporate milestones, financial metrics, or individual performance conditions triggered the numerous restricted share plan (RSP) awards and the significant performance share plan (PSP) award in FY2024?**
- (iii) **Given the significant increase in share-based compensation expense, has the board assessed the long-term dilution impact on shareholders?**

**[Additional query]** The FY2025 annual report was made available on SGXNet and the company's corporate website on 10 July 2025. *Given that the notice of annual general meeting was issued on 26 June 2025 without the accompanying annual report, was there a delay in the release of the annual report? Furthermore, with the deadline for submitting questions set on 14 July 2025, has the company provided shareholders with sufficient time to review the directors' statement, audited financial statements, auditors' report, corporate governance report, and sustainability report, in line with SGX guidelines for shareholders to submit questions in advance?*



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*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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