

ASSET ACQUISITIONS AND DISPOSALS::FUNDING PLAN FOR PROPOSED WORLDWIDE FLIGHT SERVICES ACQUISITION

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Please refer to the attachments.

Attachments

[Funding Plan for Proposed Worldwide Flight Services Acquisition.pdf](#)

[Media Release.pdf](#)

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FUNDING PLAN FOR PROPOSED WORLDWIDE FLIGHT SERVICES ACQUISITION

On 9 November 2022, SATS Ltd. (“**SATS**” or the “**Company**”) disclosed in its financial results announcement for the half-year ended 30 September 2022 (the “**Half-Year Announcement**”) that it is at an advanced stage of finalising its funding plan for the proposed acquisition of Worldwide Flight Services (“**WFS**”, and such acquisition the “**Proposed Acquisition**”). As disclosed in the Half-Year Announcement, with a total acquisition cost of S\$1.8 billion (the “**Total Acquisition Cost**”), the proposed rights issue will not exceed S\$800 million, with the balance amount of the Total Acquisition Cost to be funded primarily through a combination of term loans and internal cash resources.

SATS is pleased to announce that the funding plan for the Total Acquisition Cost of S\$1.8 billion will comprise a Euro denominated Term Loan equivalent to approximately S\$700 million and Proposed Rights Issue of up to approximately S\$800 million, with the balance funded by internal cash.

Details of the funding plan are as follows:

1. **3-Year Euro denominated Term Loan** equivalent to approximately **S\$700 million** (the “**Term Loan**”)
 - SATS has received committed letters of offer from its principal bankers for the **Term Loan**.
 - The loan has an all-in cost of 4.0% to 4.5% per annum based on prevailing Euribor, and is comparable to the terms of SATS existing borrowing facilities.
2. A renounceable underwritten **Rights Issue** of up to approximately **S\$800 million** (the “**Proposed Rights Issue**”)
 - The Proposed Rights Issue is expected to be launched in 1Q 2023, subject to conducive market conditions and the satisfaction or waiver of all of the regulatory approvals (being the conditions set out in paragraph 1(b) of Appendix A of SATS’s announcement dated 28 September 2022 in relation to the Proposed Acquisition) in accordance with the sale and purchase agreement dated 28 September 2022, as well as shareholders’ approval of the Proposed Acquisition at an Extraordinary General Meeting.
 - Gross proceeds of the Proposed Rights Issue will be used to partially finance the Total Acquisition Cost or to be applied towards repayment of an acquisition bridge facility, if drawn.
 - It is envisaged that the Proposed Rights Issue will be underwritten by the banks subject to the execution of an underwriting agreement on such terms and conditions as the underwriters may agree with the Company. The underwriting agreement is anticipated to be signed upon the terms of the Proposed Rights Issue being agreed upon.
 - As disclosed in the Half-Year Announcement, Temasek Holdings (Private) Limited, via its indirect wholly-owned subsidiary, Venezio Investments Pte. Ltd., has indicated its

intention, subject to the final terms of the Proposed Rights Issue, to subscribe for its *pro rata* Proposed Rights Issue entitlements.

- SATS Directors who are also SATS shareholders have also indicated their intention to subscribe for their *pro rata* entitlements in full.
- The details of the Proposed Rights Issue will be announced by the Company on the SGXNet at the appropriate time when the Company launches the Proposed Rights Issue on such terms and at such time as may be agreed with the underwriter(s). For the avoidance of doubt, the final decision regarding the Rights Issue will be made by SATS, at its discretion, at the appropriate time, taking into account the then-prevailing market conditions. While the Rights Issue will only be undertaken if shareholders' approval of the Proposed Acquisition is obtained, the Proposed Acquisition is not conditional upon the Rights Issue taking place, as SATS has also obtained an acquisition bridge facility for a Singapore dollar equivalent of up to €1,200 million (approximately equivalent to S\$1,657 million) to fund and complete the Proposed Acquisition, if required.

3. **Cash of S\$320 million** from SATS' existing cash balance.

SATS believes this finalised funding plan provides a balanced mix of sources, and presents shareholders an optimal value proposition for the Proposed Acquisition. Going forward, SATS is confident that it will be able to deleverage and meet its debt commitments with the potential free cash flows that will be generated from the combined businesses.

Shareholders will be invited to attend an Extraordinary General Meeting to approve the Proposed Acquisition and further details with respect to the Proposed Acquisition will be shared via a shareholder circular.

Strategic Rationale and Benefits to Shareholders

The Proposed Acquisition will create a pre-eminent global air cargo handling platform. SATS will gain leading positions in strategic hubs connecting key trade lanes across North America and Europe to complement its foothold in Asia Pacific. The transaction will expand SATS' capabilities to meet growing demand from customers wanting to transport higher-value goods, including pharmaceutical products, vaccines and specialised cargo, on a global scale.

The combined SATS and WFS entity is expected to capture meaningful run-rate EBITDA synergies in excess of S\$100 million through specific initiatives including:

- **Cross selling:** Opportunities to identify gaps in customer coverage across the combined business, driven by a new cross-selling sales team and other initiatives.
- **Network expansion:** A global network of 205 cargo and ground stations in 23 countries positions SATS for continued growth in existing and new markets.
- **Global eCommerce cargo partnerships:** Leverage WFS's leading eCommerce / express cargo handling proposition in Asia.
- **Accelerate Cargo Automation:** A larger combined capital base which enables increased investment in productivity improvement and automation initiatives.

- **Reinforce Downstream Cargo Logistics:** Establish and scale a downstream logistics business across geographies.

The combined entity will be able to deliver greater earnings resilience and diversification across geographies, and increase its access to the air cargo market. This market is underpinned by a positive long-term outlook and has proven its resilience across multiple economic cycles. SATS will gain increased resilience against future economic cycles and disruptions, with greater earnings robustness supported by a global and diversified customer base.

Issued by SATS Ltd. on 1 December 2022.