

OPERATIONS REVIEW

Food Solutions

We are strengthening our Food Solutions capability with greater automation and culinary innovation. Committed to serving sustainable food in-flight, we have obtained Aquaculture Stewardship Council (ASC) Chain of Custody Certification and Marine Stewardship Council (MSC) Chain of Custody Certification for seafood.

DOLLY

An AGV that uses Light Detection and Ranging (LIDAR) technology to enable follow-me technology that allows up to three food carts to be transported at one time by one employee.

SUSTAINABLE SUPPLY CHAIN

SATS attained the Marine Stewardship Council (MSC) consumer-facing organisation (CFO) Multi-site Chain of Custody (CoC) standard (MSC-C-55971) and the Aquaculture Stewardship Council (ASC) CFO Multi-site CoC standard (ASC-C-01503) in 2017.



OPERATIONS REVIEW | FOOD SOLUTIONS

Meal volume for Food Solutions grew 4.3% in FY2017-18, mitigating the impact pricing pressure on revenue and operating profit. Revenue declined 2.7% to end the year at \$946.6 million. Operating profit fell 11.3% to \$150 million. Share of after-tax profits from associates and joint ventures also dipped marginally by 0.6% to \$25.5 million.

DEEPENING CULINARY EXPERTISE

We continue to grow our culinary expertise to create menu excitement for our customers. Extending the engagement of SATS chefs in coaching and mentoring the National Culinary Team that won a gold medal in the 2016 Culinary Olympics, we partnered Singapore Chefs Association and signed on the National Culinary Team to develop new menu ideas.

In the year, we also obtained Aquaculture Stewardship Council (ASC) Chain of Custody Certification and Marine Stewardship Council (MSC) Chain of Custody Certification for seafood. Enhancing our capability to produce great-tasting, nutritious meals, SATS Food Services has been endorsed by Singapore Health Promotion Board as a Healthier Caterer.

GROWING NEW CUSTOMERS

SATS' culinary expertise and reputation for running large central kitchens efficiently has opened up options to create new partnerships in key cities. The growth in passenger traffic across Asia has given us opportunities to win new customers and deepen our relationships with existing ones.

New wins in the year included Qantas Airlines in Beijing, Qatar Airlines and China Southern Airlines in Kuala Lumpur, Air Canada in Tokyo, Hebei Airlines and Norwegian Air in Singapore, Xiamen Airlines and Royal Brunei Airlines in the Philippines, Air France and Alitalia in Maldives, and AirAsia in India.

MEETING DEMAND FOR QUALITY, SAFE FOOD

In China where the food industry is growing at an accelerated rate, we have started central kitchen operations in Kunshan and are quickly growing our customer base from Quick Service Restaurants to O2O stores.

Brahim's SATS Food Services in Malaysia has expanded into non-aviation catering to provide meals on board Keretapi Tanah Melayu Berhad's electric train services as well as rail cafes at its stations and terminals.

FASSCO, in Saudi Arabia, has also won a new hospital contract to expand our non-aviation business in the Middle East to Dubai. In Singapore, SATS Food Services added the new 1,400-bed Sengkang General & Community Hospitals to its list of customers and expanded catering to childcare centres.

ENHANCING PRODUCTIVITY WITH AUTOMATION

The building of kitchen extension, C2+, at SATS Inflight Catering Centre 2 (SICC 2) was completed in February 2018. Equipped with automated sauce and ingredient dispensers as well as robotic wok paddles, the highly automated kitchen operations at

Meal Volume

+4.3% from FY2016-17

70.51m[^]

[^] The data above covers SATS and its subsidiaries, but does not include joint ventures and associates.

C2+ will add 10% more capacity to current meal production in Singapore. This will help to meet the higher demand for meals brought about by the robust growth in passenger traffic at Changi Airport.

Our ware wash has also been automated to allow segregation and stacking of various types of wares automatically.

To further increase productivity, we automated food delivery trolleys that transport food to the lounges at the airport. With automation, one employee can now move up to three carts weighing up to 200 kg each at one go without the need to push them.

AWARDS AND ACCOLADES

We are proud of the following achievements: SATS won Caterer of the Year for IFSA 2017 Compass Awards, Brahim's SATS Food Services won Best In Class for Malaysia Productivity Corporation's Malaysia Business Excellence Framework, Maldives Inflight Catering won a gold in the Top 100 companies in the Maldives, TajSATS in Bombay won a gold in All Nippon Airways Best Caterer Worldwide Award, TFK was awarded Best Service by Air China and Best Caterer for Mid and Short-Haul Routes by Korean Air, Beijing Airport Inflight Kitchen achieved excellent on time performance award by Malaysian Airlines and Best Catering Services Award from Sichuan Airlines.

SATS' culinary expertise and our reputation for running large central kitchens efficiently has created new partnerships in key cities.

