

OPERATIONS REVIEW

Gateway Services

We expanded our network connectivity and digitised our processes to provide travellers with a seamless travel experience, on the ground and in the air. Digitisation has also enabled us to develop innovative products and services that will enhance service quality for our customers.

eCOMMERCE AIRHUB

At SATS eCommerce AirHub, processing capacity for mail packages has tripled to enable 50% quicker turnaround time.

SMART GLASS

We are deploying augmented reality smart glasses across our ramp operations with the goal of reducing cargo and baggage loading time by 25%.



OPERATIONS REVIEW | GATEWAY SERVICES

FY2017-18 was a busy year for Gateway Services. We forged new partnerships, added nine new airports to our network and strengthened our presence in the markets we serve. We delivered a strong performance for the year in review. Revenue grew 2.9% or \$21.9 million to \$776.5 million. Operating profit leapt 22.1% to \$78.3 million. Share of after-tax profits from associates and joint ventures rose 15.5% to \$45.7 million.

SATS Tracer allows piece level track and trace for air cargo, providing greater visibility and tracking from end to end.



FUELLING GROWTH MOMENTUM IN DOMESTIC MARKET

Volume in all segments of Gateway Services increased on the back of higher passenger and cargo traffic at Singapore Changi Airport. The highly automated Terminal 4 opened at the end of October, adding more capacity to Changi Airport. We formed a new partnership to provide lounge services in this new terminal with Plaza Premium Group, a leader in airport lounge services.

The growth of cruise tourism has led to an exponential increase in SATS' cruise business. In addition to Royal Caribbean and Princess Cruises, Genting Dream with a thrice-weekly call is homeporting at Marina Bay Cruise Centre today.

The growing demand for fresh food has also created growth opportunities for SATS Gateway. Tapping into the increased trade flow between New Zealand and the European Union (EU), we are the first in the world to receive the EU's approval as an authorised establishment for the provision of meat transshipment services between New Zealand and the EU.



ACCELERATING GROWTH WITH OVERSEAS EXPANSION

New opportunities exist for SATS to deepen our partnerships in overseas markets, as airports in the region expand to cope with the burgeoning growth in passenger and cargo traffic. In the year, we formed a joint venture with AirAsia to handle their own ground operations, as well as jointly pursue third-party business in Malaysia and Singapore Changi Airport Terminal 4. In India, we deepened our footprint by forming a joint venture with Cargo Services Centre to manage an international cargo terminal in Mumbai.

Beijing Ground Services in China delivered markedly improved performance, following deregulation of ground handling rates. In Indonesia, we partnered PT JAS to manage a new international lounge that will open in June 2018 at Juanda International Airport Terminal 2 in Surabaya. In Dammam, Saudi Arabia, we have already started serving our first customer from an interim facility even before construction of our new air cargo terminal is completed.

Divestment of 51% of SATS' share in SATS HK to a wholly owned subsidiary of Hong Kong Airlines has brought significant new volumes and operating scale to our Hong Kong hub.

STRENGTHENING BRAND LEADERSHIP WITH NEW CAPABILITIES

Taking a technology-driven, people-led approach, we have digitised several of our processes, replicated new capabilities in key hubs, and developed the unique competencies required to manage these new capabilities.

We are grateful for the opportunities to collaborate with our customers on their various initiatives to transform the passenger journey. Early this year, we partnered Jetstar Asia on their launch of Max Airport Service where iPads are used to assist travellers with document checks and purchase of add-on items. We have also commenced the handling of Jetstar Asia's onboard F&B retail programme from August. We will continue to collaborate with Jetstar Asia, both on ground and in-flight, to deliver a seamless travel experience for their passengers travelling through their Southeast Asia hub in Singapore.

Revenue

+2.9% from FY2016-17

\$776.5m

In the year, we continued to enhance the standard of passenger services by introducing new technologies like Smart Wheelchairs and upgrading our Baggage Reconciliation information systems. We also launched the SATS Affinity booking portal in April that allows customers to book personalised airport services in Singapore and Jakarta airports. We are working on extending the service to other airports that we manage.

Value-added services from our specialised air cargo facilities, such as the SATS eCommerce AirHub and SATS Coolport, have helped to attract new air freight volumes. The increase in eCommerce traffic, and shift in airfreight cargo traffic from computer and electronics to fresh food, is increasing demand for these specialised services. We are attracting new business by offering high quality service corridors to customers across the network. For example, our associate, Beijing Ground Services, is upgrading their cold room facility and going through training to be accredited by the IATA Centre of Excellence for Independent Validators. They are also rolling out Tracer, a piece-level track and trace system for eCommerce packages using RFID technology.

AWARDS AND ACCOLADES

We are proud of the following achievements: SATS Premier Lounge in Changi Airport Terminal 2 has been awarded Priority Pass' Asia Pacific Airport Lounge of the Year; Marina Bay Cruise Centre Singapore won Cruise Passenger's Best Cruise Port Award; SATS Cargo was awarded the Industry Choice Winner for the Ground Handler of the Year 2017 by Payload Asia; SATS Technical Ramp Smart Watch initiative clinched IATA's IGHC Innovator Award 2018, AISATS won Best Air Cargo and Best Ground Handling Service Provider from Wings India.