

Chairman Statement

📍 SATS PREMIER
LOUNGE 3, CHANGI
AIRPORT TERMINAL 3,
SINGAPORE

Serving approximately
250,000 passengers annually



Euleen Goh
Chairman

DEAR SHAREHOLDERS,

As I reflect on my SATS journey in this, my final letter to you as Chairman, I have immense pride that SATS is evolving into a global aviation powerhouse, able to generate and sustain long-term value not just for you, our shareholder, but the wider aviation ecosystem.

When we made the bold and strategic move to acquire Worldwide Flight Services (WFS), even as SATS was recovering from the debilitating impact of the COVID-19 pandemic, there were many relevant questions on the strategic move and the consequential risks that SATS then faced. Board and Management were clear that this transformational move enabled the company to acquire the skillsets, operational capabilities and global network needed to future-proof the Group amid more intense international competition. It gave us room to grow into a world-class Aviation services provider, anchored in a world-class airport, Changi Airport.

Chairman Statement

Our imperative

In the decade leading up to COVID, SATS was highly profitable but experienced minimal growth year-on-year. We were a Singapore-centric, Asia-focused company. A substantial 80% of our revenue was derived from our operations in Singapore, and 55% of our revenue mix came from Food Solutions. We were at risk of disruptive effects on our business model and losing ground to our competitors. With trade wars and geopolitical tensions changing trade routes and companies moving manufacturing facilities onshore away from traditional markets, there has been and will continue to be supply chain disruptions that could affect our operations. Hence, the need to build resilience and strength to our business model.

After carefully assessing the risk factors, the Board and Management were aligned that WFS was the perfect asset in terms of size and reach for SATS. The transformational acquisition was a bold move to expand our geographical reach, capabilities and service deliveries. It has led to a re-alignment of strategy to be asset light with the capacity to capture growth opportunities in all our portfolios.

Integrate to accelerate

Through this first year of the integration of SATS and WFS, the collaborative spirit of the combined management team, the tireless efforts of all towards seamless integration and the agility to gain from the opportunities of the changing marketplace contributed collectively towards the positive results of the financial year. SATS Group is now firmly positioned for future success, capable of unlocking significant growth opportunities with strengthened business resilience.

SATS has evolved into a leading air cargo handler with an unparalleled global presence and the ability to serve customers worldwide through a connected network of operations in top-tier airports. The combined network covers trade routes that handle over 50% of global air cargo volume, providing the Group with wider coverage to manage changes in trade flows. Network connectivity and a global presence are critical enablers that allow SATS to provide high value, customer-centric services with high levels of operational performance.

We are established as a world class aviation services provider in hub airports and look to grow further with our specialist expertise. Singapore will be our anchor hub from which we will showcase our proficiency and efficiency in airport hub services. This will be the centre of our product and services innovation.

We have also made inroads to strengthen our Food Solutions business, having made strategic investments in food factories and central kitchens equipped with frozen meal production capability to cater to the growing demand for frozen meals. We plan to export these frozen meals to kitchens around the world, allowing SATS Food Solutions to expand rapidly and better serve customers in locations around the world.

Looking ahead

After one year of integration, SATS achieved full year revenue of S\$5.1 billion, representing a 2.7-fold increase from its pre-COVID peak. It has also returned to profitability, delivering a profit of S\$56.4 million in FY2023-24. Our businesses are now evenly spread across different geographies, products and services and all are delivering on a positive trajectory.

Towards an asset light model, we are also high-grading our portfolio and monetising our assets to free up balance sheet capacity. This approach, together with our increasing operating cash flows will serve to fund essential capital investments, take advantage of growth opportunities



50%

OF GLOBAL CARGO VOLUME IS HANDLED BY THE SATS COMBINED NETWORK

GLOBAL AIR CARGO TRAFFIC PROJECTED TO GROW IN 2024 BY

4.5%

Increasing demand for eCommerce and specialised cargo handling



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To Team SATS: Make your mark by being the aviation powerhouse you were meant to be: Bigger. Bolder. Brighter. I will cheer you on from the sidelines. Thank you all!

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and share the success of the company with our shareholders. For the year under review, we realised S\$61 million in proceeds from the sale of Maytag with more to come in the years ahead.

Poised to create increased value

It is anticipated that global air passenger traffic will fully recover to 2019 levels by the end of 2024. Global air cargo traffic is also projected to grow by 4.5% in 2024. This growth is expected to provide the Group with a strong opportunity to create value by riding on stronger demand and from better yields. SATS will capitalise on the expansion of the cargo supply chain and will benefit from the increasing demand for eCommerce and specialised cargo handling that spell higher yields, especially for temperature-sensitive items such as pharmaceuticals and perishables that require special care during their transit.

The rapidly growing urban markets that we serve will see increasing demand for reliable, high quality food products. Our central kitchens are set to deliver the culinary taste to suit our customers.

Through the future lens, we look to enhance our sustainability practices, with goals to reduce food waste, reduce our carbon footprint and provide food from sustainable sources. This is a journey that we look to all our customers to undertake with us.

Words of thanks

It has been a privilege to serve on the SATS Board with my colleagues, both past and present. The last eleven years have been eventful but fulfilling. When I joined the Board in 2013, SATS had just opened its specialised cargo handling facility at Changi Airport. The strides that we have taken so far took courage, drive, and energy to benefit from opportunities and deliver as planned, and I applaud the SATS Leadership Team for staying the course despite unprecedented challenges experienced during the pandemic years.

I congratulate WFS, which started as AMR Services in 1984 to provide ground handling services for American Airlines, on its 40th anniversary in 2024, and welcome WFS' deep experience and expertise to the SATS family. Having met and seen WFS Management and staff upfront, I am confident that the combined forces of SATS and WFS will create

synergistic benefits that far exceed each entity operating alone.

Special appreciation goes to SATS Management, the unions, and all our staff for working tirelessly, around the clock and around the world, to fulfill our purpose of feeding and connecting communities. The leadership team, with Kerry at its helm, gives me much confidence that we will maximise our potential and be a globally leading company that we can all be proud of.

Jenny Lee and Detlef Trefzger step down from the Board together with me at this forthcoming AGM. We have benefitted from their clear perspectives and deep market knowledge. All have contributed significantly to building the future of SATS and, on behalf of Board and Management, I extend my heartfelt thanks to them and extend our very best wishes for their future endeavours.

I welcome the new members to the Board; Irving Tan as the new Chairman of the Board as well as Pier Luigi Sigismondi, Mak Swee Wah, Chan Lai Fung. I am confident that the refreshed Board led by Irving, with his vast global experience, will guide SATS successfully through its next phase of growth.

Special acknowledgement and appreciation goes to our shareholders and stakeholders who have kept faith with us and stayed the course through the uncertainties and volatilities of the market. The future of SATS is well anchored in its leaders, its people and its businesses. We will all look to sharing the fruits of the successful journey ahead.

To Team SATS: Make your mark by being the aviation powerhouse you were meant to be: Bigger. Bolder. Brighter. I will cheer you on from the sidelines. Thank you all!

Euleen Goh
Chairman,
SATS
21 May 2024