


# PCEO Statement

## DEAR SHAREHOLDERS,

In the fiscal year of 2024 (FY2023-24), SATS returned to profitability thanks to the significant recovery in the aviation industry, which shows promising signs of continued tailwinds.

According to IATA, the aviation industry experienced a remarkable 36.9% year-on-year growth in 2023 and air traffic, reached 94.1% of 2019 levels, demonstrating a significant increase from 2022 when it was at 68.7%. Cargo volumes grew for the first time in 19 months in August 2023 and ended the year with strong momentum, achieving a 10% year-on-year growth in December 2023, marking the most substantial growth over the past two years.

 SATS PREMIER LOUNGE 3, CHANGI AIRPORT TERMINAL 3, SINGAPORE

177,000 bowls of laksa served in a year

**Kerry Mok**  
President and  
Chief Executive Officer

# PCEO Statement

Despite these positive developments, there are still uncertainties due to ongoing geopolitical conflicts such as the Russia-Ukraine conflict and the Israel-Hamas war which led to the Red Sea Crisis. We also experienced disruptions caused by the climate emergency, such as Typhoon Lan in Japan and extreme turbulence. These geopolitical events and climate change disruptions have led to inflation, economic uncertainties, and flight disruptions. Throughout the year, we have had to manage price pressures and stay operationally nimble to handle flight disruptions.

Against this backdrop, SATS embarked on the integration with Worldwide Flight Services (WFS) in April 2023 as we transitioned from an Asia-focused, Singapore-based company to a global leader in air cargo handling and a premier provider of aviation food services in Asia. Our global reach now spans over 215 locations in more than 27 countries across the Americas, Europe-Middle East-Africa-Asia (EMEA) and the Asia Pacific.

## Driving resilience and profitability

In FY2023-24, we achieved record revenues of S\$5.1 billion and delivered a profit of S\$56.4 million, a significant turnaround from three years of consecutive losses. This revenue growth was a result of the WFS acquisition and aviation recovery, and also saw greater diversification of our business mix, reducing our predominant focus on Singapore from 80% to 34%. Additionally, the EBITDA margin, inclusive of the share of earnings of associates and joint ventures, increased to 17.3% from 9.9% the year before.

The WFS acquisition was a strategic move to enhance SATS' business resilience and reinforce the foundation for our future growth to create long-term value for stakeholders. We are grateful to our shareholders for their support in our

Our Copenhagen team hard at work



## RECORD REVENUES

S\$ 5.1B

## PROFIT

S\$ 56.4M

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acquisition of WFS. I am pleased to report that the integration with WFS is on track and has begun showing tangible benefits from commercial and network synergies, improvements to operational excellence, and integrated procurements.

Our commercial teams have significantly boosted revenue by leveraging the benefits of our expanded network. We have also actively pursued opportunities to elevate our productivity through operational excellence. To date, we have successfully delivered about S\$40 million of EBITDA synergies.

We have also successfully executed a number of liability management initiatives to reduce our debt and enhance our financial flexibility. This included promptly redeeming all of WFS' high-interest bonds and reconfiguring WFS' credit facilities to eliminate restrictive covenants. In January 2024, we were accorded an A3 rating from Moody's Investors Service and launched a US\$500 million multicurrency debt issuance programme, which garnered 3.6 times oversubscription. These initiatives have delivered substantial refinancing and fiscal savings of S\$65 million for SATS. We are also looking at how we can optimise our portfolio of assets. We have received S\$61 million from the sale of Maytag and the proceeds from the sale will go towards funding our capital expenditures and debt repayments.

## Unlocking value and growth

During the year, we have made headway by leveraging our global network in Gateway Services and regional leadership position in Food Solutions to scale and grow.

As a leader in the air cargo industry, SATS Group has continued to maintain our track record of renewing contracts with existing customers while expanding our collaboration with



strategic customers across our global network. In this financial year, we have secured new contracts worth over S\$180 million in annualised revenue. Some of the notable new contract wins in cargo include the Etihad cold chain cargo handling contract for three additional airports, DSV long-term European Gateway cargo contract in Liège, the Air China cargo handling contract in Los Angeles, and the Air Canada passenger, ramp, and cargo handling contract in Singapore.

We are developing specialised cargo solutions and driving innovation in eCommerce, pharma and perishable cargo handling to increase yield. Some examples of progress in this area include signing an MOU with Kuehne+Nagel to drive value chain improvements and sustainability, collaboration with Saudia Cargo and Cainiao to process cross-border eCommerce shipments in Liège

WFS Los Angeles ground handling operations

SECURED NEW CONTRACTS WORTH OVER

S\$180M

# PCEO Statement



▲  
The new India Central Kitchen in Bengaluru

“  
We remain committed to excellence, and will continue to craft authentic Asian cuisines while maintaining rigorous food safety standards.  
”

and securing the Centralised Examination Station contract with the United States Customs and Border Protection agency for cargo safety and security at New York’s John F. Kennedy International Airport.

For Food Solutions, SATS upheld our position as Asia’s leading aviation caterer. For the sixth consecutive year, the readers of PAX International have honoured us with the prestigious “Airline Caterer of the Year for Asia” award. We remain committed to excellence, and will continue to craft authentic Asian cuisines while maintaining rigorous food safety standards.

SATS is also in a strong position to capitalise on the growth opportunity for frozen food solutions in Asia. In addition to our food factory in Thailand, we have opened two new kitchens in Tianjin, China, and Bengaluru, India. Our India Central Kitchen is SATS’ largest kitchen facility, capable of producing 40,000 kg of ready-to-eat food products per

day, bringing our food production capacity in Asia up to 750,000 meals per day. Our investment in frozen food solutions capabilities will enable us to serve customers beyond our current footprint without the need to invest in central kitchens locally.

SATS Food Solutions has built capability in a wide range of food technology to deliver convenient meals in different formats, from cook-fresh to ambient and frozen. Coupled with strong culinary expertise, we are winning new customers across different segments. Some of the significant new wins we have achieved in non-aviation food solutions include Swiggy in India and Nissin in Japan.

### Strengthening the Singapore core

Singapore continues to be important to SATS’ future and we are fully committed to empowering Changi Airport and our clients to achieve their global ambitions. We will use the global knowledge and best practices gained from the integration with WFS to further strengthen the Singapore Hub. We believe that our transformation into a global player will strengthen our Singapore Hub even more. With access to data across our expanded network, we can create seamless connections across stations, expedite shipments, and provide greater support during disruptions.

To that end, we are continuing to invest in Singapore. We are building a Built Up Pallet (BUP) Centre to ensure seamless handling of export cargo lodgements. We have solidified a strategic partnership with Shun Feng Express to bolster

### INDIA CENTRAL KITCHEN CAPABLE OF PRODUCING

40,000KG of Ready-To-Eat food products per day

▼  
Ramping up aviation meal production in Singapore



its regional hub operations in Singapore. We are also investing to increase efficiency and productivity as we scale up aviation meal production output in Singapore to 53 million meals by 2025.

Beyond aviation, we have also actively supported government agencies such as the Singapore Food Agency (SFA) in their efforts to enhance food security in Singapore. We collaborated with SFA and the Ministry of Education (MOE) for their nationwide SG Ready initiative, providing 50,000 meals to 40 schools in Singapore to educate young Singaporeans on the use of Ready-To-Eat meals as a quick and convenient source of sustenance during times of crisis or emergency.

“  
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”

# PCEO Statement

THE BOARD OF DIRECTORS HAVE PROPOSED A FINAL DIVIDEND OF

1.5¢ per share

## Creating one culture, one team

As a global company with 50,000 employees across more than 215 locations, we recognise that people are our most important asset. We have started integrating our teams and processes to leverage the expertise of our global talents more effectively and operate smoothly as a combined network. While there were a number of shared common values across Heritage SATS and Heritage WFS, we recognise that culture is key. We have developed and rolled out a common set of "People Values" across the organisation to align the values that we hold dear. We also broadened our employee engagement surveys to encompass the 50,000 employees across our network. This will help us to assess the level of our employee engagement, establish a global baseline and allow us to better progress forward as a global employer of choice.

## Dividend

In view of the Group's financial performance in FY2023-24, the Board of Directors has recommended a final dividend of 1.5 cents per share. This represents our commitment to shareholders that we will resume dividend payment once we restore profitability. The proposed final dividend will be tabled for shareholders' approval at the forthcoming Annual General Meeting on 19 July 2024 and if approved, will be paid on 8 August 2024. The book closure date is 26 July 2024.

## Acknowledgements

We have some changes to the Board this year, notably the change in Chairmanship. Firstly, I want to express my gratitude to Euleen Goh, who will be retiring as SATS Chairman after the conclusion of



One culture, one team



Cargo agents in Barcelona offloading a ULD

I would like to express our heartfelt thanks to our shareholders for their unwavering faith and support of SATS as we focused on returning our business to profitability.

the AGM on 19 July 2024. Euleen began serving on the SATS board as an Independent Director in 2013 and became Chairman in 2016. Under her leadership, SATS has achieved many milestones: a record-high stock price in 2018, the global expansion of SATS in 2022, and the highest-ever revenue of S\$5.1 billion in 2024. I am thankful to Euleen for her unwavering commitment and exceptional leadership. Her steadfast guidance helped us navigate through the pandemic, and her visionary leadership transformed SATS into a global player. After stepping down, Euleen will be appointed as Advisor to the Chairman.

I look forward to working with Chairman-Designate, Irving Tan as SATS embarks on the next chapter of its globalisation journey. Irving is Executive Vice President, Global Operations at Western Digital, a leading maker of data storage devices. He was also the former Chairman of Asia-Pacific, Japan, and Greater China at Cisco, a worldwide technology leader. I believe SATS will benefit greatly from Irving's global leadership experience.

I would like to express our heartfelt thanks to our shareholders for their unwavering faith and support of SATS as we focused on returning our business to profitability. Over the past year, we have dedicated ourselves to delivering tangible results and fulfilling our commitments. I am grateful to our customers and business partners worldwide for their invaluable support, our Board members for their guidance and lastly, my colleagues in SATS Management and our dedicated employees for their diligence during this inaugural year of integration. We will forge ahead to pursue the next phase of growth and deliver value to our stakeholders.

**Kerry Mok**  
President & Chief Executive Officer,  
SATS  
21 May 2024