

# Operations Review

## Gateway Services



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Revenue

**S\$ 389.7M**

for FY2020-21

As the COVID-19 pandemic persists, SATS' cargo entities continue to boost their cold-chain capabilities and handle vaccine shipments across our cargo terminal operations (CTO) network spanning 10 countries in Asia Pacific and the Middle East.

# Operations Review

## Gateway Services

More than a year since COVID-19 first disrupted lives and businesses, governments continue to maintain stringent travel restrictions amidst a resurgence in COVID-19 cases. Global passenger movements measured by revenue passenger kilometres (RPKs) improved but remained significantly below pre-COVID levels with a year-on-year drop of 70.7%<sup>1</sup> in March 2021. However, global air cargo demand reached a new high against an improving macroeconomic backdrop in the same month.

Despite the global capacity crunch faced by freighter aircrafts, SATS' cargo businesses across our network steadily improved and contributed to more than a third of SATS' gateway business in FY2020-21 with 3.8 million tonnes of cargo handled, albeit a 25.7% drop in tonnage year-on-year. During the year in review, our CTO network which spans more than 10 major cities, performed a vital role in keeping global supply chains moving, ensuring that critical medical and food supplies reach countries that need them most. As countries gradually roll out COVID-19 vaccination programmes, SATS continues to handle vaccine shipments across geographies, while facilitating aid to others, with its team in Singapore and associates such as AISATS handling flights transporting over 600 oxygen concentrators to alleviate India's oxygen shortage during its second COVID-19 wave.

**SATS Gateway Services revenue contracted \$479.1 million or 55.1% to S\$389.7 million in FY2020-21, significantly impacted by the steep fall in demand for air travel caused by border restrictions since the onset of the COVID-19 outbreak. Operating volumes, including SATS subsidiaries, joint ventures and associates, for passengers handled was down 88.9%, flights handled dropped 71.3%, cargo tonnage dipped 25.7%, while ships calls decreased 62.8%.**

### Buttressing Cold-chain Capabilities

SATS' early investment in building capacity and capabilities have come to fruition, even as it continues to build up a network of cold-chain handling facilities with similar standards of excellence. The strong air connectivity of key airports in SATS' CTO network also helped to boost Singapore's status as a key pharmaceutical and regional vaccine distribution hub. Since the onset of the COVID-19 pandemic, SATS has handled multiple shipments of various types of COVID-19 vaccines in Singapore to countries in the Asia Pacific region.

SATS associate, Beijing Aviation Ground Services (BGS), proactively established a partnership with leading cold-chain solutions company, Envirotainer, to handle more pharmaceutical and vaccine shipments, extending our partnership with them in other hubs. BGS is also trialling automated forklifts that will stack and retrieve shipments in its cold rooms, as part of an Intelligent Cold-chain project in collaboration with the municipal authorities, slated to be completed by end-2021.

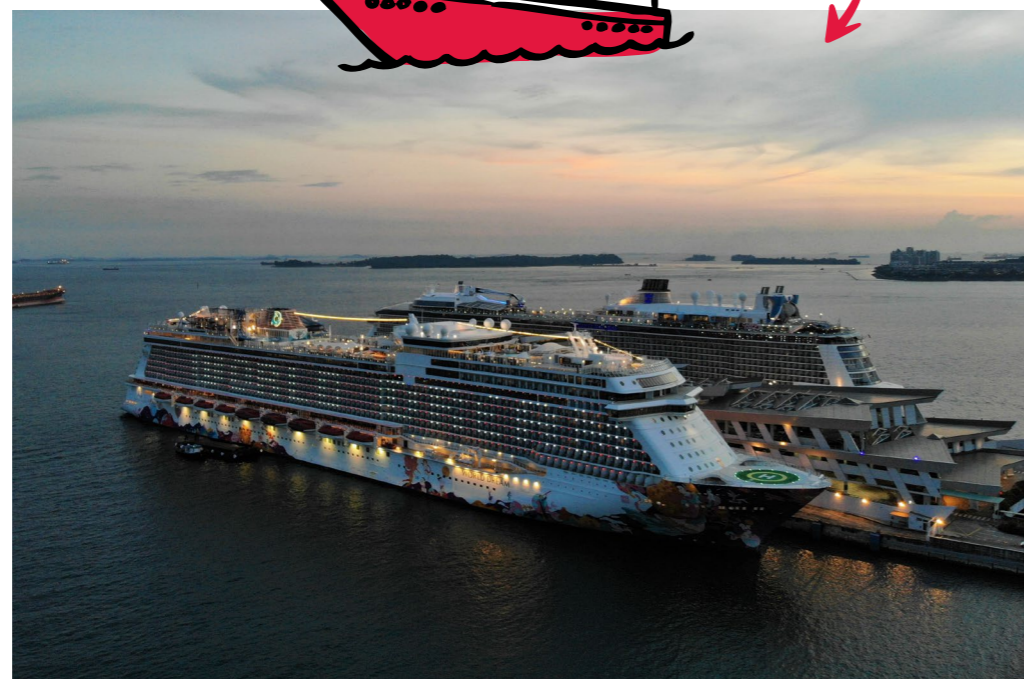
Demand for cold-chain and pharmaceutical storage is also growing in Indonesia, so PT JAS has built a refrigerated enclosed area of around 4,100 sqm at the import terminal with precision temperature zones ranging between 15°C to 25°C to ensure cold-chain integrity.

### Pursuing eCommerce Opportunities

At Beijing's Daxing International Airport, joint venture Beijing CAH SATS Aviation Services (BCS), has secured contracts with SF Airlines and China Post Airlines, China's top two domestic freighter service providers for eCommerce and express delivery and the only airlines currently operating freighter

<sup>1</sup> Source: IATA Economics using data from IATA Monthly Statistics

In FY2020-21, SATS-Creuers Cruise Services was integral in supporting the resumption of safe cruises in Singapore, welcoming more than 360,000 passengers since November 2020.



flights at the airport. Over in Malaysia, GTR has established a partnership with Cainiao and YTO Cargo Airlines to handle air cargo and eCommerce shipments at Kuala Lumpur International Airport (KLIA). The Cainiao Aeropolis eWTP Hub in KLIA is a joint venture between Malaysia Airports and Alibaba Group, and a major project under the electronic World Trade Platform (eWTP) partnership entered between the Malaysian government and Alibaba Group in 2017. The partnership has given GTR a foothold in the fast-growing eCommerce logistics business with its presence at Cainiao Aeropolis eWTP hub that has a dedicated facility capable of handling 50,000 tonnes of eCommerce shipments annually. SATS is taking a lead role in Enterprise Singapore's eCommerce Supply Chain Challenge 2020, working with start-ups to innovate solutions that will optimise operations and catalyse growth in a sustainable manner.

### Automation and Digitalisation

SATS continued to accelerate digital transformation initiatives in its operations to enhance service delivery and solutions for customers, while enhancing productivity and safety across the business. Its cargo operating system, which now operates on a cloud-based architecture, is fully operational in Singapore Changi and Beijing Daxing airports, with work underway to extend its link to other cargo hubs in its network.

In Singapore, SATS continues to raise the bar to reinforce Changi Airport as a trusted hub. From various multiskilling and job enlargement projects that were accelerated in FY2020-21, to initiating solutions such as a safe travel application and digitalising the handling of dangerous goods, SATS plays a key role in preparing for air travel recovery. For example, SATS Ground Commanders, who lead ground operations on the apron, are now equipped with a new data application

to help them coordinate all ground activities to meet precise flight timings, while maintaining world-class levels of safety performance. In conjunction with Singapore Airlines, SATS is also piloting a digitalised system that monitors the special handling services rendered to passengers with special needs or reduced mobility.

AISATS also provided UV-C (Ultraviolet-C Band) disinfection services to its customer airlines for aircraft interior cleaning. The robotic device, UV-VECTOR Air, is able to eliminate up to 99.99% of all germs, bacteria and viruses that are airborne or on solid surfaces in the aircraft cabin while minimising wastage of cleaning chemicals.

The Group has implemented a series of technology projects across the Group that focus on productivity improvement. For example, GTR introduced digital rostering for more efficient manpower deployment across shifts. In addition, SATS Security has digitalised the inflight meal cart security screening process, and rolled out remote surveillance capabilities to monitor sensitive facilities and aircraft access.

In the Middle East, SATS has established a start-up cargo terminal in Riyadh's King Khalid International Airport, forming a cold-chain connected corridor between Dammam and Riyadh in Saudi Arabia. Oman SATS LLC developed and launched a self-service kiosk for cargo agents to process their own shipments via the kiosk at its cargo terminal in Muscat International Airport.

### Awards and Certifications

SATS was honoured to be named 'Best Cargo Terminal Operator – Asia' at the 2020 Asian Freight, Logistics and Supply Chain (AFLAS) Awards in recognition of our air cargo handling capabilities. In addition, SATS clinched the 'Best Cargo Handling Operation Award' at GHI's Pride of Ground



SATS associate, Beijing Aviation Ground Services (BGS), has secured the ground handling contract for Air China at Beijing Capital International Airport for the first time. The national flag carrier will become its largest domestic airline customer, as it progressively ramps up flights to over 100 daily arrivals and departures, from Summer 2021 onwards.



Handling Awards 2020, alongside Ms Li Jia Meng representing BGS who won the 'Unsung Hero Award'. Payload Asia also accorded SATS the 'Ground Handler of the Year' Award in 2020.

We also brought home the titles of 'Omni-Experience Innovator' for the second consecutive year and 'Information Visionary' at the IDC Digital Transformation Awards 2020 Singapore for using A.I. to facilitate decision-making during flight disruptions to ensure seamless connectivity for travellers. In our India hub, joint venture AISATS secured its Good Distribution Practices (GDP) and Hazard Analysis and Critical Control Points (HAACP) certifications in October 2020. PT JAS in Indonesia has also successfully completed its GDP recertification. In the Middle East, Oman SATS LLC obtained its IATA CEIV Pharma and Fresh certifications, while SATS Hong Kong completed its IATA CEIV Pharma and IATA ISAGO recertifications in early 2021.

In the cruise sector, Marina Bay Cruise Centre Singapore, operated by SATS-Creuers Cruise Services, continued its winning streak as Travel Weekly Asia voted it Asia's Best Cruise Port for the third year running in 2020.