

Harnessing Digitalisation and Connectivity

Operations Review

Gateway Services

Globally, travel was restricted for the greater part of FY2021-22, but according to IATA's statistics, travel demand was stronger in calendar year 2021 than in 2020. Volumes overall were, however, not back to pre-pandemic levels; international passenger demand in 2021 was still 75.5% below 2019 levels¹. The demand was weaker in Asia-Pacific compared with the rest of the world as key cities were in lockdown or still closed to international travel. Global air cargo traffic, however, remained strong. Full-year demand for air cargo increased by 6.9% in 2021 compared to 2019².

In tandem with global aviation's steady recovery, SATS Group's Gateway Services revenue expanded 36.6%, or S\$142.8 million, to S\$532.5 million in FY2021-22. Flights and passengers handled rose by 73.3% and 169%, respectively, while cargo tonnage increased by 45.2%.

Advancing our strategy to strengthen our core capabilities in Singapore and to expand internationally, we have been enhancing our systems, processes, and expertise in Singapore, with the goal of replicating these capabilities across our network.

Enhancing Connectivity

In readiness for air travel recovery, we have upgraded the systems in the SATS Integrated Operations Command and incorporated Artificial Intelligence capabilities with the aim to enable our customers to make quick decisions when disruptions occur.

In China, our joint venture company, Beijing CAH SATS Aviation Services Company Limited, added two more city check-in services, increasing the number of city check-in facilities to three. We are proud that SATS' other joint venture company in China, Beijing Aviation Ground Services (BGS), supported the Winter Olympic Games hosted in Beijing under a stringent "closed loop" environment. BGS served more than 14,000 Games participants and handled 36,800 pieces of baggage under challenging conditions.

Growing Cargo Capabilities

BGS has developed an intelligent cold-room monitoring system to improve and expand its cold-chain handling capabilities. The system monitors the various cold rooms, compressors, chillers, and other equipment in real-time and tracks the temperature and humidity in the environment to detect abnormalities.

During the year, SATS acquired an additional 16.4% stake in Hong Kong cargo associate, Asia Airfreight Terminal Company, making it the Group's newest subsidiary and expanding its network into the Greater China region.

Construction of the air freight terminal at King Khalid International Airport, Riyadh Saudi Arabia is underway and expected to be completed before 2023. SATS has also strengthened our Saudi cargo terminal operations to include Jeddah this year.

In Singapore, SATS continues to work closely with partners in the airport ecosystem to strengthen Changi Airport as a trusted hub. We instituted the IATA Dangerous Goods AutoCheck system to facilitate digital verification for compliance with regulations and upgraded our aviation operations system to digitally integrate all ground handling operations for better rostering, deployment and



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SATS associate, BGS, played a vital role as a dual Olympic ground handler for the Winter Olympic and Paralympic Games 2022, reprising its 2008 role at Beijing Capital International Airport, albeit under strict zero-COVID control measures with a dedicated operations command centre in place.



coordination of ground activities. These efforts highlighted the importance of the new cargo & security control centre, which houses SATS' aviation security and cargo operations command in one location to track mission-critical tasks in real-time for faster response rates and service fulfilment.

SATS has also facilitated the Known Consignor Regime, a new security process administered by the Singapore Airport Police. We enable quick turnaround during cargo acceptance through increased screening capacity and data integration to provide visibility for export shipment security status. With this capability, we were able to achieve zero delay in uplifting cargo despite the increased screening required during the initial phase of implementation.

Pursuing eCommerce opportunities, SATS has deepened partnerships with national postal services, airlines, key eCommerce movers, and integrators across our cargo hubs in Greater China, Singapore, and Malaysia, and gained momentum in the eCommerce business. In Malaysia, our subsidiary GTR is gaining traction in the fast-growing eCommerce logistics business, handling

nearly 8,000 tonnes of eCommerce shipments in less than a year since establishing the GTR eCommerce Hub and Cainiao Aeropolis eWTP Hub at Kuala Lumpur International Airport.

Expanding Beyond Aviation

SATS Security Services (SSS) is gearing up to grow its market share in the non-aviation security services. It has been granted the third auxiliary police academy training licence in Singapore and, adding to its capability, has established an outrider service. Working towards more effective and resource efficient outcome-based security solutions, SSS has invested in building a command centre that integrates systems across buildings within a facility to provide better situational awareness for centralised control.

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Awards and Certifications

SATS Cargo Services in Singapore

'Best Air Cargo Terminal Operator – Asia' at the Asian Freight, Logistics, and Supply Chain (AFLAS) Awards for the second consecutive year since 2020.

'Ground Handler of the Year' at the Payload Asia Awards 2021.

Air India SATS (AISATS)

'Best Ground Handling Service' at Asia's largest civil aviation event, Wings India Awards 2022.

GTR

Renewed ISAGO certification and obtained the TAPA Facility Security Requirement (FSR) – Level C certification for the GTR Air Cargo Hub and GTR eCommerce Hub. Malaysia's first cargo terminal operator to adhere to TAPA FSR 2020 standards.

Oman SATS LLC

Awarded RA3 certification, also known as EU Aviation Security Validated Regulated Agents, entitling non-European entities to become third-country regulated agents.

Gained European Commission Good Distribution Practices (GDP) validation and ISO 9001 quality management system certification in 2021.

SATS-Creuers Cruise Services

'Special Award for Community Care' at the Singapore Tourism Awards 2021 for displaying care and selflessness towards the wider community.

Marina Bay Cruise Centre voted 'Asia's Best Cruise Port' at Travel Weekly Asia's Readers' Choice Awards for the fourth year running and 'Asia's Best Cruise Terminal' at the inaugural World Cruise Awards 2021.

¹ <https://www.iata.org/en/pressroom/2022-releases/2022-01-25-02/#:~:text=International%20passenger%20demand%20in%202021,down%2028.2%25%20compared%20to%202019.>

² <https://www.aircargonews.net/airlines/iata/iata-strong-2021-air-cargo-demand-with-constrained-capacity/#:~:text=Full%20year%20demand%20for%20air,strong%20performance%20in%20December%202021.>