

Operations Review

Food Solutions

Culinary innovation and the adoption of new food technology is a sustainable advantage for SATS.

Revenue

S\$1,070.5M

+8.3% from FY2018-19

Backed by decades of culinary expertise and innovation, SATS brings authentic flavours to customers while upholding stringent food safety standards in aviation catering and central kitchens for food service chains and institutions across Asia.

SATS called upon all of the new capabilities in food technologies, large-scale central kitchens, and digital supply chain that it has been building over the last few years to respond with speed and agility to the COVID-19 pandemic. From catering for essential workers in healthcare and logistics, feeding migrant workers, to ambient meals for consumers in supermarkets, SATS harnessed its culinary know-how to rapidly redirect capacity to serve new customers at high volume across its network. In India, Taj SATS partnered the Taj Public Service Welfare Trust to deliver thousands of meals daily to frontline staff working at government hospitals in Delhi and Mumbai, and over two million meals to healthcare professionals and migrant workers in Mumbai during the COVID-19 crisis.

As the aviation sector begins a cautious recovery, new subsidiary Monty's Bakehouse is pioneering sustainable, low-touch packaging solutions to allow flight crew to serve inflight meals from SATS with minimal contact with passengers. Subsidiary Nanjing Weizhou Airline Food Corp., Ltd is disrupting the Chinese aviation catering market by adopting an asset-light supply chain model to provide a wide selection of frozen food to airports across mainland China's second and third tier cities like Ganzhou and Huizhou. SATS will continue to pursue growth in new food segments by building on its culinary capabilities, food technology, and integrated supply chain.

SATS Food Solutions revenue improved 8.3% to S\$1,070.5 million, driven by further expansion in the non-aviation food segment in China and Singapore. The volume of meals served, including SATS subsidiaries, joint ventures and associates, decreased 1.3% to 165 million.

New Ventures and Innovations

Culinary innovation and the adoption of new food technology is a sustainable advantage for SATS. Through the

SATS Open Innovation Platform, it is developing partnerships with SMEs, start-ups, institutes of higher learning such as the Singapore Institute of Technology, and research partners like the Agency for Science, Technology and Research (A*STAR) to bring new products and services to market. SATS established a ventures team in collaboration with the Singapore Economic Development Board (EDB) to build alternative business models and foster intrapreneurship.

SATS also signed a Memorandum of Understanding (MOU) with DHL Supply Chain to create turnkey solutions that enable airlines to optimise their supply chain for catering, merchandise and supplies across flight networks.

An innovation centre will be set up in Singapore with Monty's Bakehouse to create the next generation of innovative food products for Asian customers in aviation catering, buy-on-board retail, and adjacent segments.

Following the successful implementation of the world's first digital twin of a central kitchen with Dassault Systèmes to boost in-flight kitchen operations, SATS has developed more than 10 use cases to simulate various operational processes that will support future plans.

Gaining Traction in New Food Segments

Wholly-owned subsidiaries Country Foods, SATS China and Monty's Bakehouse all contributed to the accelerated expansion into new food segments in markets such as Singapore, Greater China, and the UK.

In September 2019, SATS gained full ownership of former food distribution joint venture, SATS BRF Food Pte. Ltd., and renamed it Country Foods Pte. Ltd. Since then, Country Foods has become a one-stop go-to-market platform in Asia for alternative proteins from food technology start-ups like Impossible Foods and Growthwell: expanding its global network of distribution partners to access new channels, while broadening product offerings for its popular retail brand, Farmpride.



We continue to extend our non-aviation food solutions to institutions such as hospitals, schools, and government agencies.

Over in mainland China, the central kitchen in Kunshan continued its rapid growth, providing customised food solutions for fast-casual restaurants, supermarkets, as well as coffee and bakery chains with market leaders such as Yum China and Alibaba's Hema. The Kunshan central kitchen also caters meals for students in Xuzhou's local schools in partnership with Sino-Healthy Foods.

Beyond Asia, Monty's Bakehouse set up a new sales channel for the hotel and food service industry in order to capitalise on increasing demand for safely packed meals and snacks as a post-COVID norm, including securing a new contract to provide Hilton Hotels with room service meals in the UK.

Awards and Accolades

It was a rewarding year as SATS brought home Singapore's first bronze medal for community catering at the prestigious IKA/Culinary Olympics 2020, and was named 'Airline Caterer of the Year – Asia 2020' for the third consecutive year by Pax International. Taj SATS Delhi also won the prominent 2019 QSAI Worldwide Platinum Award and Gold Award for excellence in catering quality in Asia Pacific.

Monty's Bakehouse received recognition as Onboard Hospitality's 'Future-Scoping Business of the Year' for its commitment to industry-wide collaboration on sustainability through its innovation centre.