

News Release

ST Engineering Delivers Strong First Half Performance and Record Order Book: Revenue & EBIT up 14% and 15% y-o-y and Order Book at \$27.7b

FINANCIAL HIGHLIGHTS For the first half-year ended 30 June 2023			
	2023 1H	2022 1H	Change
Revenue (\$m)	4,863	4,270	13.9%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	710.5	612.3	16.1%
Profit from operations (PFO) (\$m)	420.8	360.3	16.8%
Earnings before interest and tax (EBIT) (\$m)	444.2	384.6	15.5%
Finance costs, net (\$m)	(92.8)	(33.5)	177.1%
Profit before tax (PBT) (\$m)	351.4	351.1	0.1%
Profit attributable to shareholders (Net Profit) (\$m)	280.6	280.0	0.2%
Earnings per share (cents)	9.01	8.99	0.2%

- Record Order Book of \$27.7b as at end June 2023, of which about \$4.4b is expected to be delivered in the remaining months of 2023
- 1H2023 Commercial sales and defence sales¹ constituted \$3.3b and \$1.6b respectively
- Cash and cash equivalents as at end June 2023 of \$387m

N.B.: All currencies are in Singapore dollars

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Singapore, 11 August 2023 - Singapore Technologies Engineering Ltd (ST Engineering) today reported its first half-year financial results ended 30 June 2023 (1H2023).

Group revenue in the first six months was \$4.86b, 14% higher year-on-year (y-o-y) driven by higher contributions from all its three business segments. Group EBITDA of \$711m was 16% higher y-o-y. Group EBIT was \$444m from \$385m, an increase of 15% y-o-y.

Group Profit before tax (PBT) and Group Profit attributable to shareholders (Net Profit) were flat y-o-y at \$351m and \$281m respectively. In the same period last year, Commercial Aerospace segment recorded a one-off pension restructuring gain of \$72m. Adjusting for this gain and other one-off items, Group Net Profit on a base operating performance basis (BOP)² would be 26% higher y-o-y at \$300m, despite higher finance costs.

Business Segments: 1H2023 Revenue and EBIT

Commercial Aerospace: Revenue grew strongly at 32% y-o-y, reaching \$1.86b from \$1.40b with Aerospace MRO and Aerostructures & Systems sub-segments reporting higher y-o-y revenues. Despite a 3% y-o-y drop in EBIT to \$178m, the segment EBIT has rebounded robustly to its pre-COVID level supported by strong base operating performance. Excluding the one-off pension restructuring gain in 1H2022, EBIT improved by 60% y-o-y.

Defence & Public Security: Revenue remained resilient at \$2.12b despite the absence of revenue from U.S. Marine which was divested in 4Q2022. Excluding this divestment, revenue increased 6% y-o-y for the base business. EBIT rose 41% y-o-y from \$214m to \$301m due partly to a high graded portfolio and margin mix.

Urban Solutions & Satcom: Revenue rose 18% y-o-y to \$891m from \$757m, attributed to increased y-o-y revenue from Urban Solutions, offset by lower revenue from Satcom. This business segment incurred an EBIT loss of \$34m compared to an EBIT loss of \$12m in 1H2022. The EBIT loss was a consequence of Satcom's weaker performance due to supply chain disruptions (chip shortages), remaining impact of COVID, near-term costs of business restructuring and a one-off loss on the divestment of SatixFy³ shares.

“Our good performance in the first half demonstrated the strength and resilience of our business portfolio. This is reflected in the strong recovery of the Commercial Aerospace segment and the strength of the Defence & Public Security segment. Despite near-term challenges in our Satcom sub-segment, decisive steps are being taken to restructure and transform this business to be future ready. Consequently, we expect Urban Solutions & Satcom full-year 2023 segment EBIT to be comparable to 2022, supported by a significantly stronger second half 2023 for this segment. The target for TransCore to achieve earnings accretion from the second-year post acquisition remains.

We remain focused on delivering on our record order book of \$27.7b to achieve growth and value creation for our stakeholders.”

Vincent Chong, Group President & CEO

In the first half, commercial sales and defence sales accounted for \$3.3b and \$1.6b respectively of Group revenue. As at 30 June 2023, the Group held \$387m in cash and cash equivalents.

New Contract Wins and Order Book

In 2Q2023, the Group secured new contracts of around \$4.7b, comprising \$2.3b in Commercial Aerospace, \$1.9b in Defence & Public Security and \$0.5b in Urban Solutions & Satcom. For 1Q2023, the Group previously announced \$4.9b in new contracts, bringing the total value of contracts secured for 1H2023 to \$9.5b.

Commercial Aerospace clinched new contracts across the spectrum of its MRO and Aerostructures & Systems businesses. These include passenger-to-freighter (P2F) conversion orders for A330P2F units, a multi-year airframe heavy maintenance contract from a Japanese airline to support its Boeing aircraft fleet, a three-year agreement with Safran Aircraft Engines to provide quick-turn maintenance offload support for LEAP-1A engines, and several component maintenance-by-the-hour (MBH) contracts from airline customers.

Defence & Public Security secured new international defence contracts from customers in Europe and the Middle East. Its Digital Business also won new contracts in Managed Cloud, Data Centre, Training & Simulation, command & control systems, and cybersecurity products and services.

Urban Solutions & Satcom secured contracts across all its business sub-segments. Key wins from Urban Solutions include a communications and control systems contract for Singapore's Cross Island Line, contracts for tolling systems, back-office systems, customer services and RFID tag sales in the U.S. and the Middle East as well as integrated smart security management solutions in Singapore. Satcom secured ground infrastructure contracts across the maritime, government and defence segments in the U.S., Europe and the Middle East.

The Group ended 1H2023 with an order book of \$27.7b and it expects to deliver about \$4.4b from the order book in the remaining months of 2023.

Interim Dividend

The Board of Directors has approved a second interim dividend of 4.0 cents per ordinary share. Shareholders will receive the payment on 1 September 2023.

Notes

¹ Refers to Group revenue by products and services type

² BOP excludes (a)(i) pension restructuring gain, (a)(ii) higher TransCore transaction and integration (T&I) expenses in 1H2022, and (b)(i) loss on divestment of SatixFy shares and (b)(ii) Satcom severance expense in 1H2023

³ Divested in April 2023

ST Engineering is a global technology, defence and engineering group with a diverse portfolio of businesses across the aerospace, smart city, defence and public security segments. The Group harnesses technology and innovation to solve real-world problems, enabling a more secure and sustainable world. Headquartered in Singapore, it has operations spanning Asia, Europe, the Middle East and the U.S., serving customers in more than 100 countries. ST Engineering reported revenue of \$9b in FY2022 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, Dow Jones Sustainability Asia Pacific Index, iEdge SG ESG Transparency Index and iEdge SG ESG Leaders Index.

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**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR
ENDED 30 JUNE 2023**

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023

1 CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023

	GROUP		
	1H2023	1H2022	+ / (-)
	\$'000	\$'000	%
Revenue	4,863,416	4,269,907	13.9
Cost of sales	(3,883,004)	(3,421,007)	13.5
Gross profit	980,412	848,900	15.5
Distribution and selling expenses (refer to para 1.6)	(103,469)	(99,208)	4.3
Administrative expenses (refer to para 1.7)	(359,368)	(347,728)	3.3
Other operating expenses (refer to para 1.8)	(83,504)	(63,997)	30.5
Other (expenses)/ income, net (refer to para 1.9)	(13,250)	22,330	NM
Profit from operations	420,821	360,297	16.8
Non-operating (expenses)/ income, net (refer to para 1.10)	(202)	13,351	NM
Share of results of associates and joint ventures, net of tax (refer to para 1.11)	23,553	10,934	115.4
Earnings before interest and tax (refer to para 1.1)	444,172	384,582	15.5
Finance income	34,384	8,579	300.8
Finance costs	(127,167)	(42,059)	202.4
Finance costs, net (refer to para 1.2)	(92,783)	(33,480)	177.1
Profit before taxation	351,389	351,102	0.1
Taxation	(66,034)	(68,728)	(3.9)
Profit after taxation	285,355	282,374	1.1
Attributable to:			
Shareholders of the Company	280,617	279,980	0.2
Non-controlling interests	4,738	2,394	97.9
	285,355	282,374	1.1
EBITDA	710,537	612,266	16.1

NM: Not Meaningful

Note:

Amounts may not add to totals shown due to rounding

1(a) **BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT**

General

The Company is a public limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 1 Ang Mo Kio Electronics Park Road #07-01, ST Engineering Hub, Singapore 567710.

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group).

Basis of preparation

The condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period and are consistent with those used in the previous financial year. The adoption of the new and revised SFRS(I) and related interpretations that are mandatory for financial year beginning on or after 1 January 2023 has no significant impact on the financial statements of the Group or the Company.

The financial statements are presented in Singapore dollars (SGD) which is the Company's functional currency.

Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1(a) **BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT** (cont'd)

	GROUP		
	1H2023	1H2022	+/(-)
	\$'000	\$'000	%
1.1 Earnings before interest and tax is arrived at after charging the following:			
Depreciation and amortisation	266,365	227,684	17.0
The higher depreciation and amortisation in 1H2023 was attributed to Commercial Aerospace and Urban Solutions & Satcom segments, partially offset by Defence & Public Security segment.			
Impairment loss/ (reversal of impairment loss) on trade receivables and contract assets	5,579	(3,944)	NM
The impairment loss in 1H2023 was mainly attributed to Commercial Aerospace and Urban Solutions & Satcom segments. (1H2022: The reversal of impairment loss was mainly attributed to Commercial Aerospace, partially offset by Urban Solutions & Satcom.)			
Allowance for inventory obsolescence, net	22,367	8,944	150.1
The higher allowance for inventory obsolescence in 1H2023 was mainly attributed to Commercial Aerospace and Defence & Public Security segments.			
1.2 Finance costs, net comprises:			
Interest income	8,080	2,499	223.3
Foreign exchange gain, net	1,848	7,287	(74.6)
Fair value changes of financial instruments/ hedged items	11,433	(2,682)	NM
Interest expenses	(114,144)	(40,584)	181.3
	<u>(92,783)</u>	<u>(33,480)</u>	177.1
The higher finance cost in 1H2023 was mainly attributed to interest expense incurred for the acquisitions of TransCore and aviation assets, partially offset by Treasury lock fair value gain transferred from reserves to income statement.			
1.3 Profit after taxation as a percentage of revenue	5.9%	6.6%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	11.5%	12.0%	
1.5 The Group's tax charge in 1H2023 included adjustments for underprovision of current tax and deferred tax of \$1.5 million and \$0.2 million respectively in respect of prior years. (1H2022: Adjustments for underprovision of current tax and deferred tax of \$2.0 million and \$0.5 million respectively in respect of prior years.)			
1.6 The higher distribution and selling expenses in 1H2023 (by \$4.3 million) was mainly attributed to doubtful debts, as well as higher travelling expenses, exhibition and promotion, business development and other selling expenses, partially offset by absence of biennial Singapore Airshow expenses.			
1.7 The higher administrative expenses in 1H2023 (by \$11.6 million) was mainly attributed to higher staff related expenses and other administrative expenses, offset by lower professional fees.			
1.8 The higher other operating expenses in 1H2023 (by \$19.5 million) was mainly attributed to higher research and development expenses.			
1.9 The other (expenses)/ income, net in 1H2023 (\$13.3 million) was mainly attributed to loss on divestment of SatixFy, partially offset by gain from disposal of property, plant and equipment. (1H2022: Attributed to favourable fair value changes and gain on divestment on associate/ investment in the Corporate Venture Fund and gain from disposal of property, plant and equipment.)			
1.10 The non-operating (expenses)/ income, net (\$0.2 million) was not significant. In the prior year, the \$13.4 million was attributed to gain on disposal of subsidiaries.			
1.11 The share of results of associates and joint ventures, net of tax, increased (by \$12.6 million) largely due to improved performance from associates, offset by absence of contribution from Experia Events Pte. Ltd., the organiser of Singapore Airshow.			

Note: Defence & Public Security includes "Others"

1(b) **BREAKDOWN OF REVENUE AND PROFIT FOR THE PERIOD**

	GROUP		
	2023	2022	+ / (-)
	\$'000	\$'000	%
Revenue reported for first half-year	4,863,416	4,269,907	13.9
Profit after taxation reported for first half-year	285,355	282,374	1.1

1(c) **RELATED PARTY TRANSACTIONS**

	Group	
	1H2023	1H2022
	\$'000	\$'000
Associates of the Group		
Sales and services rendered	4,492	3,766
Purchases and services received	28,062	15,623
Dividend income	30,487	22,237
Joint ventures of the Group		
Sales and services rendered	244,828	31,079
Purchases and services received	2,805	3,832
Dividend income	711	5,924
Other related parties *		
Sales and services rendered	37,491	36,179
Purchases and services received	25,759	14,234
Rental expense	3,336	3,128

* Other related parties refer to subsidiaries, associates and joint ventures of the immediate holding company.

1(d) **EARNINGS PER ORDINARY SHARE (EPS)**

	GROUP		
	1H2023	1H2022	FY2022
EPS based on profit attributable to shareholders:	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	9.01	8.99	17.18
(ii) On a fully diluted basis	8.95	8.93	17.06

2 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023**

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the SFRS(I).

	GROUP		
	1H2023	1H2022	+/(-)
	\$'000	\$'000	%
Profit after taxation	285,355	282,374	1.1
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Defined benefit plan remeasurements	2	4,608	(100.0)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Net fair value changes of cash flow hedges reclassified to income statement	(22,446)	5,859	NM
Effective portion of changes in fair value of cash flow hedges	24,874	87,842	(71.7)
Share of net fair value changes of cash flow hedges of joint ventures	559	1,832	(69.5)
Foreign currency translation differences	27,097	(32,623)	NM
Share of foreign currency translation differences of associates and joint ventures	(641)	485	NM
Reserves released on disposal of subsidiaries	710	150	373.3
	30,153	63,545	(52.5)
Other comprehensive income for the period, net of tax	30,155	68,153	(55.8)
Total comprehensive income for the period, net of tax	315,510	350,527	(10.0)
Total comprehensive income attributable to:			
Shareholders of the Company	297,474	363,777	(18.2)
Non-controlling interests	18,036	(13,250)	NM
	315,510	350,527	(10.0)

3 **STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,234,531	2,076,348	538	12
Right-of-use assets	553,479	581,792	148	203
Subsidiaries	-	-	1,524,668	1,537,911
Associates and joint ventures	490,691	468,175	-	-
Investments	59,831	76,704	-	-
Intangible assets	5,269,412	5,291,345	-	-
Long-term trade receivables	11,225	11,163	-	-
Deferred tax assets	247,019	198,237	-	-
Amounts due from related parties	37,583	35,000	-	-
Advances and other receivables	84,304	81,045	-	-
Derivative financial instruments	24,874	17,064	-	-
	9,012,949	8,836,873	1,525,354	1,538,126
Current assets				
Inventories	1,722,049	1,684,231	-	-
Contract assets	2,201,243	2,099,676	-	-
Trade receivables	1,201,909	1,152,328	-	-
Amounts due from related parties	33,922	135,089	60,387	7,159
Advances and other receivables	498,646	420,722	1,417	556
Derivative financial instruments	37,459	33,295	-	-
Bank balances and other liquid funds	387,150	601,771	35,075	117,879
	6,082,378	6,127,112	96,879	125,594
TOTAL ASSETS	15,095,327	14,963,985	1,622,233	1,663,720
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	1,403,156	939,990	-	-
Deposits from customers	36,847	34,886	-	-
Trade payables and accruals	2,744,671	2,826,498	7,823	4,255
Amounts due to related parties	35,344	41,887	27,912	8,102
Provisions	277,018	298,624	-	-
Provision for taxation	207,897	174,748	387	32
Borrowings	2,609,923	3,627,969	113	114
Deferred income	23,514	13,589	-	-
Post-employment benefits	7,746	8,413	-	-
Derivative financial instruments	27,262	38,606	-	-
	7,373,378	8,005,210	36,235	12,503
NET CURRENT (LIABILITIES)/ ASSETS	(1,291,000)	(1,878,098)	60,644	113,091

3 **STATEMENT OF FINANCIAL POSITION** (cont'd)

	GROUP		COMPANY	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Contract liabilities	906,364	877,937	-	-
Trade payables and accruals	81,038	72,712	-	-
Provisions	39,024	38,522	-	-
Deferred tax liabilities	180,490	167,481	-	-
Borrowings	3,558,480	2,906,568	-	-
Deferred income	13,641	17,588	-	-
Post-employment benefits	215,903	206,296	-	-
Derivative financial instruments	5,988	18,817	-	-
	5,000,928	4,305,921	-	-
TOTAL LIABILITIES	12,374,306	12,311,131	36,235	12,503
NET ASSETS	2,721,021	2,652,854	1,585,998	1,651,217
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(18,470)	(36,377)	(18,470)	(36,377)
Capital reserves	93,455	100,068	(22,598)	(15,977)
Other reserves	(26,573)	(34,437)	61,785	71,014
Retained earnings	1,503,810	1,472,816	669,355	736,631
Equity attributable to owners of the Company	2,448,148	2,397,996	1,585,998	1,651,217
Non-controlling interests	272,873	254,858	-	-
	2,721,021	2,652,854	1,585,998	1,651,217
TOTAL EQUITY AND LIABILITIES	15,095,327	14,963,985	1,622,233	1,663,720

3(a) **ANALYSIS OF STATEMENT OF FINANCIAL POSITION**

Compared to 31 December 2022, the increase in the Group's contract liabilities was due mainly to higher advances from customers. The reduction in borrowings (current) was due to repayment as well as refinancing of short-term borrowings via the Group's issuance of US\$500 million of medium-term notes, which correspondingly increased borrowings (non-current).

Notwithstanding the Group's net current liabilities position of \$1,291 million as at 30 June 2023, it has available financial resources to meet its obligations as and when they fall due. To ensure that the Group is not exposed to short-term liquidity risk, its outstanding United States Commercial Papers (USCP) of \$2.0 billion are backstopped by a committed revolving credit facility (RCF) of \$2.1 billion. The RCF remains undrawn as at 30 June 2023 and is more than enough to refinance all the outstanding USCP, if needed, and to cover the Group's net current liabilities position. The Group has very strong credit ratings (Aaa by Moody's and AA+ by Standard & Poor's) which provide it ready access to additional borrowings as necessary.

3(b) **BORROWINGS**

	GROUP		COMPANY	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year</u>				
Secured	98,991	80,572	113	114
Unsecured	2,510,932	3,547,397	-	-
	<u>2,609,923</u>	<u>3,627,969</u>	<u>113</u>	<u>114</u>
<u>Amount repayable after one year</u>				
Secured	507,451	545,012	-	-
Unsecured	3,051,029	2,361,556	-	-
	<u>3,558,480</u>	<u>2,906,568</u>	<u>-</u>	<u>-</u>
Total	<u>6,168,403</u>	<u>6,534,537</u>	<u>113</u>	<u>114</u>

3(c) **FINANCIAL ASSETS AND LIABILITIES**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	GROUP	
	30-Jun-23	31-Dec-22
	\$'000	\$'000
<u>Financial assets</u>		
Investments	59,831	76,704
Associates	15,531	15,460
Derivative financial instruments	62,333	50,359
Trade receivables	1,213,134	1,163,491
Amounts due from related parties	71,505	170,089
Advances and other receivables	152,100	147,577
Bank balances and other liquid funds	387,150	601,771
	<u>1,961,584</u>	<u>2,225,451</u>
<u>Financial liabilities</u>		
Derivative financial instruments	33,250	57,423
Trade payables and accruals	2,825,709	2,899,210
Amounts due to related parties	35,344	41,887
Borrowings	6,168,403	6,534,537
	<u>9,062,706</u>	<u>9,533,057</u>

3(d) **FAIR VALUE HIERARCHY**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table shows the levels of fair value hierarchy and the respective valuation technique used in measuring the fair values, as well as significant unobservable inputs:

	Types of financial instruments	Valuation method
Level 1	FVOCI - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
	FVTPL - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
Level 2	FVOCI - Equity investments (unquoted)	Determined by reference to the most recent purchase price.
	Derivatives - Forward currency contracts - Interest rate swaps - Embedded derivatives	Determined based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
	FVTPL - Investment in associates	Determined by reference to the most recent purchase price.
Level 3	FVOCI - Equity investment (unquoted)	Determined based on latest funding round.
	FVTPL - Investment in associates	Determined based on valuation performed using adjusted market multiples. Changing one or more of the inputs to reasonable alternative assumptions is not expected to have a material impact on the changes in fair value.

3(d) **FAIR VALUE HIERARCHY** (cont'd)

The following table presented the assets and liabilities measured at fair value:

30-Jun-23 Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Investments	-	-	59,831	59,831
Associates	-	-	15,531	15,531
Derivative financial instruments	-	62,333	-	62,333
	-	62,333	75,362	137,695
Financial liabilities measured at fair value				
Derivative financial instruments	-	33,250	-	33,250
	-	33,250	-	33,250
31-Dec-22 Group				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Investments	26,273	-	50,431	76,704
Associates	-	-	15,460	15,460
Derivative financial instruments	-	50,359	-	50,359
	26,273	50,359	65,891	142,523
Financial liabilities measured at fair value				
Derivative financial instruments	-	57,423	-	57,423
	-	57,423	-	57,423

3(e) **NET ASSET VALUE**

	GROUP		
	30-Jun-23	30-Jun-22	31-Dec-22
	Cents	Cents	Cents
Net asset value per ordinary share at end of the period/year	78.53	75.06	77.03

	COMPANY		
	30-Jun-23	30-Jun-22	31-Dec-22
	Cents	Cents	Cents
Net asset value per ordinary share at end of the period/year	50.87	47.65	53.04

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023**

	GROUP	
	1H2023	1H2022
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	351,389	351,102
Adjustments:		
Share of results of associates and joint ventures, net of tax	(23,553)	(10,934)
Share-based payment expense	11,627	9,380
Depreciation charge	166,031	154,449
Property, plant and equipment written off	1,061	833
Amortisation of other intangible assets	100,334	73,235
Amortisation of deferred income	(3)	(3)
Impairment of property, plant and equipment	-	11,986
Gain on disposal of property, plant and equipment	(5,666)	(7,229)
Loss on disposal of investment	24,132	-
Loss/ (gain) on disposal of subsidiaries, net	202	(13,351)
Gain on disposal of associate	-	(3,176)
Changes in fair value of associates	-	(1,643)
Changes in fair value of investments	-	(1,402)
Changes in fair value of financial instruments/ hedged items	(11,433)	2,682
Interest expense	114,144	40,584
Interest income	(8,080)	(2,499)
Unrealised currency translation (gains)/ losses	(1,660)	4,411
Operating profit before working capital changes	<u>718,525</u>	<u>608,425</u>
Changes in:		
Inventories	5,245	(120,873)
Contract assets	(96,441)	57,000
Trade receivables	(45,467)	(33,213)
Amounts due from related parties	8,306	21,298
Advances and other receivables	(75,590)	(109,287)
Contract liabilities	482,643	34,571
Deposits from customers	1,837	23,193
Trade payables	76,265	(68,930)
Amounts due to related parties	782	2,381
Other payables, accruals and provisions	(151,972)	(42,000)
Deferred income	5,981	(3,864)
Cash generated from operations	<u>930,114</u>	<u>368,701</u>
Interest received	6,470	1,994
Income tax paid	<u>(79,781)</u>	<u>(49,878)</u>
Net cash from operating activities	<u>856,803</u>	<u>320,817</u>

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023** (cont'd)

	GROUP	
	1H2023	1H2022
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	6,778	10,473
Proceeds from disposal of investment	2,033	-
Purchase of property, plant and equipment	(295,713)	(367,637)
Purchase of investments	(8,848)	(8,249)
Additions to other intangible assets	(39,949)	(108,754)
Dividends from associates and joint ventures	31,198	28,161
Investment in associates and joint ventures	(30,243)	(750)
Repayment of loans by associate	85,726	3,062
Loans to associates and joint ventures	(2,773)	(48,668)
Acquisition of controlling interests in subsidiaries, net of cash acquired	-	(3,630,314)
Disposal of subsidiaries, net of cash received/ (disposed)	155	(3,434)
Net cash used in investing activities	(251,636)	(4,126,110)
Cash flows from financing activities		
Proceeds from bank loans	50,000	266,811
Proceeds from medium term note issuance	676,800	1,385,000
Proceeds from issuance of commercial papers	2,049,865	2,756,358
Proceeds from finance lease receivables	100	120
Repayment of bank loans	(444,837)	(5,298)
Repayment of commercial papers	(2,722,090)	(360,100)
Repayment of lease liabilities	(33,013)	(31,992)
Purchase of treasury shares	(9,570)	(13,555)
Dividends paid to shareholders of the Company	(249,437)	(436,323)
Dividends paid to non-controlling interests	-	(8,000)
Interest paid	(131,810)	(28,420)
Net cash (used in)/ from financing activities	(813,992)	3,524,601
Net change in cash and cash equivalents	(208,825)	(280,692)
Cash and cash equivalents at beginning of the period	601,749	815,924
Effect of exchange rate changes on balances held in foreign currency	(5,796)	(1,896)
Cash and cash equivalents at end of the period	387,128	533,336

4(a) **ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS**

The Group ended the first half-year of 2023 with cash and cash equivalents (CCE) of \$387 million, \$215 million lower than end of 2022. In 1H2023, the Group generated net cash of \$857 million from its operating activities as compared to \$321 million in 1H2022, due largely to higher EBITDA and favourable working capital movements.

4(a) **ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS** (cont'd)

Net cash used in investing activities of \$252 million in 1H2023 was mainly attributed to the Group's investment in property, plant and equipment (\$296 million) and additions to intangible assets (\$40 million), partially offset by repayment of loans by an associate (\$86 million).

Net cash used in financing activities of \$814 million in 1H2023 was mainly attributed to net repayment of commercial papers (\$672 million), bank loans (\$395 million), payment of dividends (\$249 million) and interest paid (\$132 million), partially offset by proceeds from medium-term note issuance (\$677 million).

5 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023**

Group	Share capital \$'000	Treasury shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2022	895,926	(33,475)	103,940	(101,937)	1,548,308	2,412,762	255,453	2,668,215
Total comprehensive income for the period								
Profit after taxation	-	-	-	-	279,980	279,980	2,394	282,374
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	4,591	4,591	17	4,608
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	3,768	-	3,768	2,091	5,859
Effective portion of changes in fair value of cash flow hedges	-	-	-	103,056	-	103,056	(15,214)	87,842
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	1,832	-	1,832	-	1,832
Foreign currency translation differences	-	-	-	(30,085)	-	(30,085)	(2,538)	(32,623)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	485	-	485	-	485
Reserves released on disposal of a subsidiary	-	-	-	150	-	150	-	150
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	79,206	4,591	83,797	(15,644)	68,153
Total comprehensive income for the period, net of tax	-	-	-	79,206	284,571	363,777	(13,250)	350,527
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	1,223	-	1,223	(3)	1,220
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	9,339	-	9,339	41	9,380
Purchase of treasury shares	-	(13,555)	-	-	-	(13,555)	-	(13,555)
Treasury shares reissued pursuant to share plans	-	22,936	(3,797)	(19,051)	-	88	(88)	-
Dividends paid	-	-	-	-	(436,323)	(436,323)	-	(436,323)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(8,000)	(8,000)
<i>Total contributions by and distributions to owners of the Company</i>	-	9,381	(3,797)	(9,712)	(436,323)	(440,451)	(8,047)	(448,498)
Changes in ownership interests in subsidiaries								
Disposal of subsidiaries	-	-	-	1,692	-	1,692	(1,310)	382
Total transactions with owners of the Company	-	9,381	(3,797)	(8,020)	(436,323)	(438,759)	(9,357)	(448,116)
Balance at 30 June 2022	895,926	(24,094)	100,143	(29,528)	1,396,556	2,339,003	232,843	2,571,846

5 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023** (cont'd)

Group	Share capital \$'000	Treasury shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2023	895,926	(36,377)	100,068	(34,437)	1,472,816	2,397,996	254,858	2,652,854
Total comprehensive income for the period								
Profit after taxation	-	-	-	-	280,617	280,617	4,738	285,355
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	-	-	2	2
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	(25,713)	-	(25,713)	3,267	(22,446)
Effective portion of changes in fair value of cash flow hedges	-	-	-	22,130	-	22,130	2,744	24,874
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	559	-	559	-	559
Foreign currency translation differences	-	-	-	19,812	-	19,812	7,285	27,097
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(641)	-	(641)	-	(641)
Reserves released on disposal of subsidiaries	-	-	-	710	-	710	-	710
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	16,857	-	16,857	13,298	30,155
Total comprehensive income for the period, net of tax	-	-	-	16,857	280,617	297,474	18,036	315,510
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	17	-	17	21	38
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	11,595	-	11,595	32	11,627
Purchase of treasury shares	-	(9,570)	-	-	-	(9,570)	-	(9,570)
Treasury shares reissued pursuant to share plans	-	27,477	(6,613)	(20,791)	-	73	(73)	-
Dividends paid	-	-	-	-	(249,437)	(249,437)	-	(249,437)
<i>Total contributions by and distributions to owners of the Company</i>	-	17,907	(6,613)	(9,196)	(249,437)	(247,339)	(41)	(247,380)
Changes in ownership interests in subsidiaries								
Total transactions with owners of the Company	-	17,907	(6,613)	(9,196)	(249,437)	(247,339)	(41)	(247,380)
Transfer from retained earnings to statutory reserve	-	-	-	186	(186)	-	-	-
Balance at 30 June 2023	895,926	(18,470)	93,455	(26,573)	1,503,810	2,448,148	272,873	2,721,021

5 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023** (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2022	895,926	(33,475)	(12,044)	65,716	644,405	1,560,528
Total comprehensive income for the period						
Profit after taxation	-	-	-	-	364,434	364,434
Total comprehensive income for the period	-	-	-	-	364,434	364,434
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	9,849	-	9,849
Purchase of treasury shares	-	(13,555)	-	-	-	(13,555)
Treasury shares reissued pursuant to share plans	-	22,936	(3,851)	(19,085)	-	-
Dividends paid	-	-	-	-	(436,323)	(436,323)
<i>Total contributions by and distributions to owners of the Company</i>	-	9,381	(3,851)	(9,236)	(436,323)	(440,029)
Balance at 30 June 2022	895,926	(24,094)	(15,895)	56,480	572,516	1,484,932
At 1 January 2023	895,926	(36,377)	(15,977)	71,014	736,631	1,651,217
Total comprehensive income for the period						
Profit after taxation	-	-	-	-	182,161	182,161
Total comprehensive income for the period	-	-	-	-	182,161	182,161
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	11,627	-	11,627
Purchase of treasury shares	-	(9,570)	-	-	-	(9,570)
Treasury shares reissued pursuant to share plans	-	27,477	(6,621)	(20,856)	-	-
Dividends paid	-	-	-	-	(249,437)	(249,437)
<i>Total contributions by and distributions to owners of the Company</i>	-	17,907	(6,621)	(9,229)	(249,437)	(247,380)
Balance at 30 June 2023	895,926	(18,470)	(22,598)	61,785	669,355	1,585,998

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL**

Issued and paid up capital

As at 30 June 2023, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2022: 3,122,495,197 ordinary shares) of which 4,966,815 were held by the Company as treasury shares (31 December 2022: 9,612,551).

	Number of Shares
	30-Jun-23
As at beginning and end of the first half-year (including treasury shares)	3,122,495,197
As at end of the first half-year (excluding treasury shares)	3,117,528,382
As at 30 June 2022 (excluding treasury shares)	3,116,228,294
As at 31 December 2022 (excluding treasury shares)	3,112,882,646

Performance Share Plan

Singapore Technologies Engineering Performance Share Plan (PSP)

As at 30 June 2023, the total number of outstanding awards was 6,400,977 (30 June 2022: 6,070,762) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 10,881,661 (30 June 2022: 10,320,295) ordinary shares of the Company.

Restricted Share Plan

Singapore Technologies Engineering Restricted Share Plan (RSP)

As at 30 June 2023, the total number of outstanding awards was 16,448,952 (30 June 2022: 14,829,392) ordinary shares of the Company.

Treasury Shares

During the first half-year, the Company purchased 2,700,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (1H2022: 3,500,000).

During the first half-year, 7,345,736 treasury shares were utilised pursuant to the RSP and PSP (1H2022: 6,059,496).

As at 30 June 2023, the number of treasury shares held by the Company represented 0.16% (30 June 2022: 0.20%) of the total number of issued shares (excluding treasury shares).

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL** (cont'd)

<u>Group and Company</u>	Number of Treasury Shares for the half-year ended 30 June 2023
As at beginning of the year	9,612,551
Purchase of treasury shares	2,700,000
Treasury shares transferred on vesting of RSP	(5,480,876)
Treasury shares transferred on vesting of PSP	(1,864,860)
As at end of the first half-year	4,966,815

6 **AUDIT**

The condensed consolidated statement of financial position of Singapore Technologies Engineering Ltd and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

7 **AUDITORS' REPORT**

Not applicable.

8 REVIEW OF GROUP PERFORMANCE

8(a) Revenue

1H2023 vs 1H2022

\$m	1H2023	1H2022	Increase/(Decrease)	
Commercial Aerospace	1,856	1,404	451	32%
Defence & Public Security	2,117	2,108	9	0.4%
Urban Solutions & Satcom	891	757	133	18%
Total	4,863	4,270	594	14%

The Group generated revenue of \$4,863 million in 1H2023, an increase of 14% or \$594 million as compared to 1H2022. The increase was contributed by all business segments.

Commercial Aerospace's revenue of \$1,856 million for 1H2023 grew strongly by 32% or \$451 million as compared to 1H2022, mainly attributed to continued business recovery and aircraft sales.

Defence & Public Security's revenue grew by \$9 million or 0.4% despite divestment of U.S. Marine. Base business revenue (excluding U.S. Marine's revenue of \$119 million in 1H2022) grew by 6%, contributed by growth in all subsegments.

Urban Solutions & Satcom delivered revenue of \$891 million in 1H2023, 18% or \$133 million higher as compared to 1H2022. The increase was contributed by Urban Solutions, partially offset by lower revenue from Satcom.

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(b) **Profitability – Earnings before interest and tax**

1H2023 vs 1H2022

\$m	1H2023	1H2022	Increase/(Decrease)	
Commercial Aerospace	177.5	182.7	(5.1)	(3%)
Defence & Public Security	300.7	214.0	86.7	41%
Urban Solutions & Satcom	(34.1)	(12.1)	(22.0)	(182%)
Total	444.2	384.6	59.6	15%

The Group's earnings before interest and tax (EBIT) of \$444.2 million for 1H2023 was higher than 1H2022 by 15% or \$59.6 million. On a base operating performance (BOP)¹ basis, Group EBIT would be \$470 million, which was 43% higher than 1H2022, on the back of business growth and cost savings.

In 1H2023, EBIT for Commercial Aerospace, despite a 3% or \$5.1 million drop to \$177.5 million as compared to 1H2022, has rebounded robustly to its pre-COVID level. Excluding the one-off pension restructuring gain of \$72 million in 1H2022, EBIT for 1H2023 would be higher by 60% or \$66.9 million, mainly attributed to business recovery and cost savings.

Defence and Public Security's EBIT of \$300.7 million was 41% or \$86.7 million higher as compared to 1H2022, mainly attributed to business growth, cost savings, margin mix and absence of losses from U.S. Marine.

Urban Solutions & Satcom (USS) recorded a higher EBIT loss of \$34.1 million in 1H2023 as compared to EBIT loss of \$12.1 million in 1H2022. The EBIT loss was a consequence of Satcom's weaker performance due to supply chain disruptions (chip shortages), remaining impact of COVID, near-term costs of business restructuring and a one-off loss of \$24 million on the divestment of SatixFy shares. Excluding Satcom's weakness and the one-off divestment loss, 1H2023 EBIT for USS would be higher by \$30 million than 1H2022, mainly attributed to business growth, cost savings and lower TransCore transaction and integration expenses.

8(b) **Profitability – Net Profit**

1H2023 vs 1H2022

\$m	1H2023	1H2022	Increase/(Decrease)	
Net Profit	280.6	280.0	0.6	0.2%

The Group's net profit of \$280.6 million in 1H2023 was flat as compared to 1H2022 despite absence of pension restructuring gain and near-term Satcom weakness.

On a BOP¹ basis, the Group's net profit would be \$300 million, which was 26% higher than 1H2022, with business growth and cost savings more than offsetting the higher finance costs.

¹ Excluding (a)(i) pension restructuring gain, partially offset by (ii) higher TransCore transaction and integration expenses in 1H2022, and (b)(i) loss on divestment of SatixFy shares and (ii) Satcom severance expense in 1H2023.

9 **SEASONAL OPERATIONS**

Based on historical trends, the Group's half-yearly revenue is not significantly affected by seasonal factors. The average ratio of the Group's revenue for the first half to the second half of the year is 48:52², excluding the effects of acquisitions.

10 **VARIANCE FROM PROSPECT STATEMENT**

No forecast for 1H2023 was previously provided.

11 **PROSPECTS**

Group

The Group's good performance in the first half demonstrated the strength and resilience of its business portfolio. This is reflected in the strong recovery of the Commercial Aerospace segment and the strength of the Defence & Public Security segment. Despite near-term challenges in the Group's Satcom sub-segment, decisive steps are being taken to restructure and transform this business to be future ready. Consequently, the Group expects Urban Solutions & Satcom full-year 2023 segment EBIT to be comparable to 2022, supported by a significantly stronger second half 2023 for this segment. The target for TransCore to achieve earnings accretion from the second-year post acquisition remains.

The Group remains focused on delivering on its record order book of \$27.7b to achieve growth and value creation for its stakeholders.

This release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact business activities of the ST Engineering group. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

² Based on the average of the past three financial years of 2020 – 2022, excluding the effect of acquisitions.

12 DIVIDENDS

For 1Q2023, a first interim dividend of 4.0 cents per ordinary share was declared and subsequently paid on 6 June 2023. On 10 August 2023, the Directors approved a second interim dividend of 4.0 cents per ordinary share for 2Q2023 to be paid on 1 September 2023.

The financial statements for the first half-year ended, and as at 30 June 2023, include the 1Q2023 interim tax exempt (1-tier) cash dividend of 4.0 cents per ordinary share, paid on 6 June 2023. The 2Q2023 interim dividend will be accounted for in shareholders' equity as an appropriation of Retained Earnings in the financial year ending 31 December 2023.

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	First interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	4.0 cents per ordinary share (paid on 6 June 2023)

Name of Dividend	Second interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	4.0 cents per ordinary share (to be paid on 1 September 2023)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	First Interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	4.0 cents per ordinary share

Name of Dividend	Second interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	4.0 cents per ordinary share

(c) Record and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT the Transfer Books and Register of Members will be closed from 5.00 p.m. on 22 August 2023 up to (and including) 23 August 2023 for the purpose of determining members' entitlements to the second interim dividend. Duly completed transfers in respect of ordinary shares of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 22 August 2023 will be registered to determine members' entitlements to the second interim dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 22 August 2023 will be entitled to the second interim dividend. The second interim dividend will be paid on 1 September 2023.

13 BUSINESS SEGMENTAL INFORMATION

By Business Activity

	1H2023				
	Commercial Aerospace	Defence & Public Security	Solutions & Satcom	Urban Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External sales	1,855,580	2,117,169	890,667	-	4,863,416
Inter-segment sales	31,772	17,421	15,080	(64,273)	-
	<u>1,887,352</u>	<u>2,134,590</u>	<u>905,747</u>	<u>(64,273)</u>	<u>4,863,416</u>
Reportable segment profit from operations	154,272	297,131	(30,582)	-	420,821
Non-operating expenses	-	-	(202)	-	(202)
Share of results of associates and joint ventures, net of tax	23,238	3,590	(3,275)	-	23,553
Earnings before interest and tax	<u>177,510</u>	<u>300,721</u>	<u>(34,059)</u>	<u>-</u>	<u>444,172</u>
Finance income					34,384
Finance costs					(127,167)
Profit before taxation					<u>351,389</u>
Taxation					(66,034)
Non-controlling interests					(4,738)
Profit attributable to shareholders					<u>280,617</u>
Other assets	5,099,967	4,737,294	6,097,583	(1,964,377)	13,970,467
Associates and joint ventures	356,383	110,834	23,474	-	490,691
Segment assets	<u>5,456,350</u>	<u>4,848,128</u>	<u>6,121,057</u>	<u>(1,964,377)</u>	<u>14,461,158</u>
Deferred tax assets					247,019
Bank balances and other liquid funds					387,150
Total Assets					<u>15,095,327</u>
Segment liabilities	1,916,355	4,734,345	1,009,139	(1,842,323)	5,817,516
Provision for taxation					207,897
Deferred tax liabilities					180,490
Borrowings					6,168,403
Total Liabilities					<u>12,374,306</u>
Capital expenditure	115,575	200,723	64,371	-	380,669
Depreciation and amortisation	96,803	63,816	105,811	(65)	266,365

13 **BUSINESS SEGMENTAL INFORMATION** (cont'd)

By Business Activity

	1H2022				
	Commercial Aerospace	Defence & Public Security	Solutions & Satcom	Urban Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External sales	1,404,236	2,108,412	757,259	-	4,269,907
Inter-segment sales	28,662	20,050	26,963	(75,675)	-
	<u>1,432,898</u>	<u>2,128,462</u>	<u>784,222</u>	<u>(75,675)</u>	<u>4,269,907</u>
Reportable segment profit from operations	174,920	195,074	(9,697)	-	360,297
Non-operating income	327	13,024	-	-	13,351
Share of results of associates and joint ventures, net of tax	7,407	5,896	(2,369)	-	10,934
Earnings before interest and tax	<u>182,654</u>	<u>213,994</u>	<u>(12,066)</u>	<u>-</u>	<u>384,582</u>
Finance income					8,579
Finance costs					(42,059)
Profit before taxation					<u>351,102</u>
Taxation					(68,728)
Non-controlling interests					(2,394)
Profit attributable to shareholders					<u>279,980</u>
Other assets	4,364,732	6,419,252	6,213,839	(3,617,652)	13,380,171
Associates and joint ventures	297,809	101,803	49,423	-	449,035
Segment assets	<u>4,662,541</u>	<u>6,521,055</u>	<u>6,263,262</u>	<u>(3,617,652)</u>	<u>13,829,206</u>
Deferred tax assets					251,833
Bank balances and other liquid funds					533,336
Total Assets					<u>14,614,375</u>
Segment liabilities	1,721,902	4,431,887	1,044,253	(1,703,909)	5,494,133
Provision for taxation					192,937
Deferred tax liabilities					186,889
Borrowings					6,168,570
Total Liabilities					<u>12,042,529</u>
Capital expenditure	398,758	56,929	32,673	(3,962)	484,398
Depreciation and amortisation	86,257	69,794	71,904	(271)	227,684
Impairment losses	3,681	8,305	-	-	11,986

13 **BUSINESS SEGMENTAL INFORMATION** (cont'd)

Disaggregation of Revenue

<u>Major products/service lines</u>	1H2023		1H2022	
	\$'000	%	\$'000	%
Sale of goods	1,587,470	32.6	1,435,328	33.6
Service income	1,223,682	25.2	1,094,439	25.6
Contract revenue	2,052,264	42.2	1,740,140	40.8
Total	<u>4,863,416</u>	<u>100</u>	<u>4,269,907</u>	<u>100</u>

Timing of revenue recognition

	1H2023		1H2022	
	\$'000	%	\$'000	%
Transferred at a point in time	2,235,316	46.0	1,979,622	46.4
Transferred over time	2,628,100	54.0	2,290,285	53.6
Total	<u>4,863,416</u>	<u>100</u>	<u>4,269,907</u>	<u>100</u>

By Geographical Areas

	Revenue			
	1H2023		1H2022	
	\$'000	%	\$'000	%
Asia	2,411,447	49.6	2,216,278	51.9
U.S.	1,145,073	23.5	997,039	23.4
Europe	958,886	19.7	804,293	18.8
Others	348,010	7.2	252,297	5.9
Total	<u>4,863,416</u>	<u>100</u>	<u>4,269,907</u>	<u>100</u>

By Country of Incorporation

	Revenue			
	1H2023		1H2022	
	\$'000	%	\$'000	%
Asia	2,802,752	57.6	2,524,963	59.1
U.S.	1,459,892	30.0	1,286,007	30.1
Europe	570,905	11.8	428,253	10.0
Others	29,867	0.6	30,684	0.7
Total	<u>4,863,416</u>	<u>100</u>	<u>4,269,907</u>	<u>100</u>

	Non-Current Assets ⁺			
	30-Jun-23		30-Jun-22	
	\$'000	%	\$'000	%
Asia	2,128,794	24.3	1,910,093	22.1
U.S.	4,737,745	54.2	5,135,468	59.3
Europe	1,779,367	20.4	1,507,895	17.4
Others	95,150	1.1	100,034	1.2
Total	<u>8,741,056</u>	<u>100</u>	<u>8,653,490</u>	<u>100</u>

⁺ Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* excludes derivative financial instruments, post-employment benefits and deferred tax assets.

14 **INTERESTED PERSON TRANSACTIONS** (unaudited)

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		1H2023 \$'000	1H2022 \$'000	1H2023 \$'000	1H2022 \$'000
Transactions for the Sale of Goods and Services					
SATS Ltd. and its Associates	Temasek Holdings	-	-	1,900	678
Seatrium Limited and its Associates	(Private) Limited is	-	-	912	-
SembCorp Industries Ltd and its Associates	a controlling	-	-	-	3,685
Singapore Airlines Limited and its Associates	shareholder of the	-	-	-	611
SIA Engineering Company Limited and its Associates	Company. The	-	-	-	143
Singapore Telecommunications Limited and its Associates	other named	-	-	1,710	3,248
StarHub Ltd and its Associates	interested persons	-	-	734	369
Temasek Holdings (Private) Limited and its Associates (non-listed)	are its associates.	-	-	211,629	11,912
		-	-	216,885	20,646
Transactions for the Purchase of Goods and Services					
SATS Ltd. and its Associates	Temasek Holdings	-	-	181	182
Seatrium Limited and its Associates	(Private) Limited is	-	-	120	-
SembCorp Industries Ltd and its Associates	a controlling	-	-	428	392
Singapore Telecommunications Limited and its Associates	shareholder of the	-	-	122	1,872
StarHub Ltd and its Associates	Company. The	-	-	711	966
Temasek Holdings (Private) Limited and its Associates (non-listed)	other named	-	-	59,429	8,211
	interested persons	-	-	60,991	11,623
	are its associates.	-	-	60,991	11,623
Total Interested Person Transactions		-	-	277,876	32,269

15 **SUBSEQUENT EVENTS**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

16 **CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the statement of financial position (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the first half-year ended 30 June 2023 to be false or misleading in any material respect.

17 **CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

LOW MENG WAI
Company Secretary
11 August 2023

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