

Financial Results Briefing

First Quarter 2018 Results

11 May 2018



Higher Revenue and Net Profit for 1Q2018 vs 1Q2017

Agenda

- ▶ Financial Highlights (1Q2018 vs 1Q2017)
- ▶ President & CEO's Message
- ▶ Appendix
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine

Financial Highlights

for the first quarter ended 31 March 2018

\$'m	1Q2018	1Q2017 (Restated) *	Change		
Revenue	1,647	1,511	▲	136	9%
Earnings before interest & tax (EBIT)	122.1	112.6	▲	9.5	8%
Other income, net	8.7	11.7	▼	3	26%
Finance costs, net	(2.2)	(5.4)	▲	3.2	59%
Profit before tax (PBT)	144.0	132.7	▲	11.3	9%
Profit attributable to shareholders (Net Profit)	117.7	99.9	▲	17.8	18%

*Comparative figures were restated on adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) with effect from 1 January 2018.

Financial Highlights

for the first quarter ended 31 March 2018

- ▶ \$13.4b strong order book; about \$3.2b to be delivered in remaining months of 2018 (end Dec 2017^{*}: \$13.4b)
- ▶ Commercial sales and defence sales constituted 63% or \$1.0b and 37% or \$0.6b respectively (1Q2017^{*} commercial and defence sales: 67% and 33%)
- ▶ EBITDA of \$179.3m (1Q2017^{*}: \$164.6m) and EBIT of \$122.1m (1Q2017^{*}: \$112.6m) were higher by 9% and 8% respectively.
- ▶ CCE including funds under management of \$1.6b (end Dec 2017: \$1.3b)

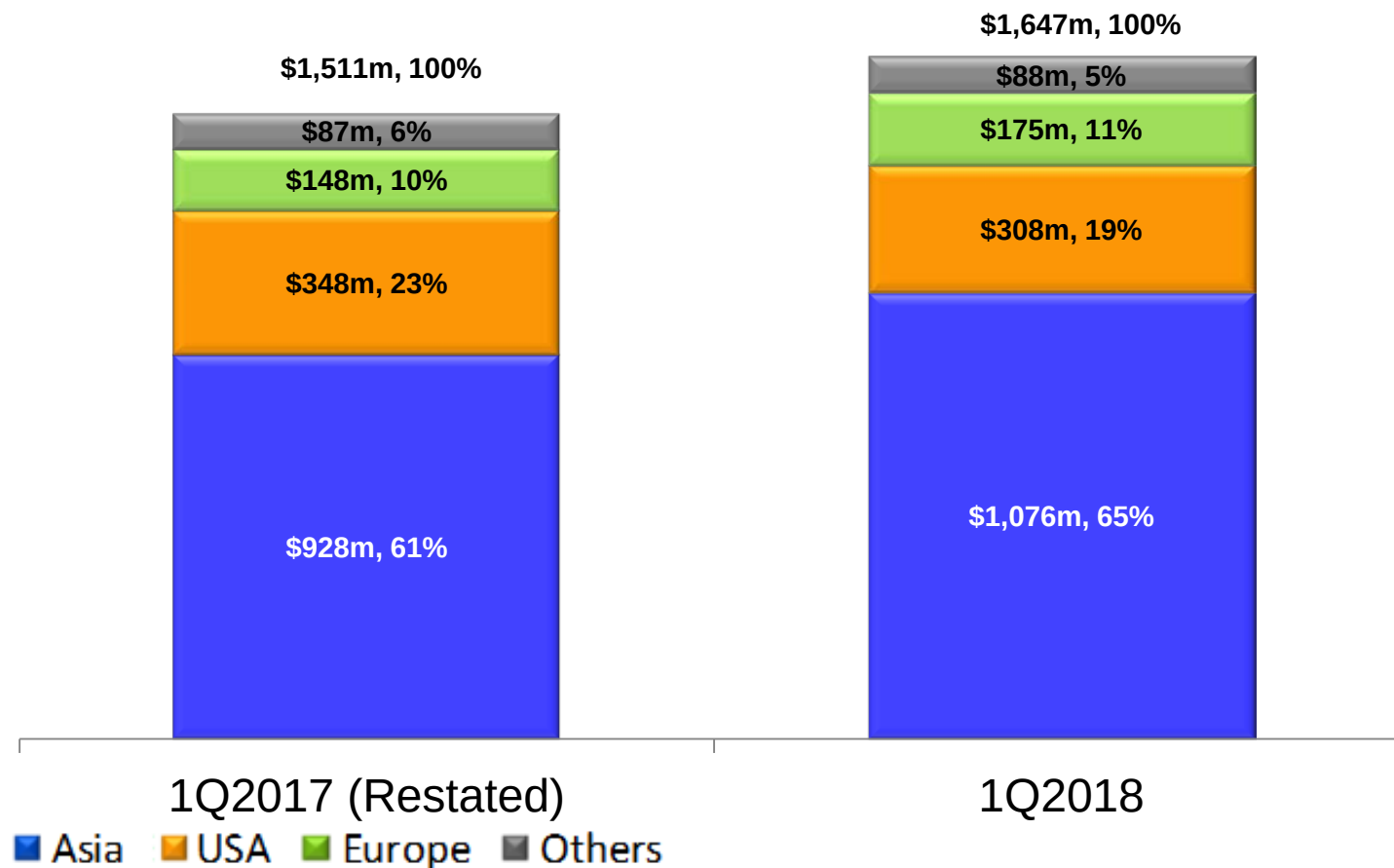
*Comparative figures were restated on adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) with effect from 1 January 2018.

Group Revenue by sector

Higher Revenue by \$136m or 9%

\$'m	1Q2018	%	1Q2017 (Restated)	%	Change		
Aerospace	599	36	548	36	▲	51	9%
Electronics	605	37	496	33	▲	109	22%
Land Systems	281	17	273	18	▲	8	3%
Marine	150	9	179	12	▼	29	16%
Others	12	1	15	1	▼	3	20%
Group	1,647	100	1,511	100	▲	136	9%

Group Revenue by geography (by location of customers)



Group PBT by sector

Higher PBT by \$11.3m or 9%

\$'m	1Q2018	%	1Q2017 (Restated)	%		Change	
Aerospace	76.3	53	78.2	59	▼	1.9	2%
Electronics	48.3	34	37.3	28	▲	11.0	29%
Land Systems	17.0	12	16.2	12	▲	0.8	5%
Marine	9.2	6	9.0	7	▲	0.2	2%
Others	(6.8)	(5)	(8.0)	(6)	▲	1.2	NM
Group	144.0	100	132.7	100	▲	11.3	9%

NM: Not Meaningful

PBT Margin by sector



	1Q2018	1Q2017 (Restated)
Aerospace	13%	14%
Electronics	8%	8%
Land Systems	6%	6%
Marine	6%	5%
Group	9%	9%

Group Net Profit by sector

Higher Net Profit by \$17.8m or 18%								
\$'m	1Q2018	%	1Q2017 (Restated)	%	Change			
Aerospace	59.2	50	56.1	56	▲	3.1	6%	
Electronics	40.3	34	32.8	33	▲	7.5	23%	
Land Systems	15.6	13	11.6	12	▲	4.0	34%	
Marine	8.7	7	8.1	8	▲	0.6	7%	
Others	(6.1)	(4)	(8.7)	(9)	▲	2.6	NM	
Group	117.7	100	99.9	100	▲	17.8	18%	

NM: Not Meaningful

Aerospace

1Q2018 vs 1Q2017 (Restated)

Revenue **\$599m** ▲ **\$51m or 9%**

- Higher revenue from all business groups

Net Profit **\$59.2m** ▲ **\$3.1m or 6%**

- Higher gross profit in line with higher revenue
 - Lower share of profits to non-controlling interest
- Partially offset by
- Realised foreign currency translation loss from Dalfort liquidation

Electronics

1Q2018 vs 1Q2017 (Restated)

Revenue **\$605m** ▲ **\$109m or 22%**

- Higher revenue from all business groups

Net Profit **\$40.3m** ▲ **\$7.5m or 23%**

- Higher gross profit in line with higher revenue

Land Systems

1Q2018 vs 1Q2017 (Restated)

Revenue **\$281m** ▲ **\$8m or 3%**

- Higher revenue from Auto business group

Net Profit **\$15.6m** ▲ **\$4.0m or 34%**

- Higher gross profit in line with higher revenue and favourable product mix

Marine

1Q2018 vs 1Q2017 (Restated)

Revenue **\$150m** ▼ **\$29m or 16%** • Lower revenue mainly from Shipbuilding business group

Net Profit **\$8.7m** ▲ **\$0.6m or 7%** • Absence of doubtful debt provided in 1Q2017
Partially offset by
• Weak industry conditions and US operations

Statement of Cash Flows

\$m	1Q2018	1Q2017 (Restated)
Net cash from/(used in):		
Operating activities	431	400
Investing activities	(44)	(15)
Financing activities	(78)	(3)
Net increase in CCE *	309	382
CCE at beginning of the period	998	904
Exchange difference	(4)	(14)
CCE at end of the period	1,303	1,272
Add: Funds under management	334	467
Total CCE & Funds under management	1,637	1,739

* CCE – Cash & Cash Equivalents

Balance Sheet

\$ m	31-Mar-18	31-Dec-2017 (Restated)
Property, plant and equipment	1,700	1,719
Associates & joint ventures	460	448
Investments	343	360
Intangible assets	1,081	1,087
Long-term receivables	22	22
Amount due from related parties	5	5
Derivative financial instruments	37	33
Deferred tax assets	65	74
Non-current assets	3,713	3,748
Current assets	4,546	4,276
Total assets	8,259	8,024
Current liabilities	3,682	3,587
Non-current liabilities	1,965	1,941
Total liabilities	5,647	5,528
Share capital and reserves	2,327	2,215
Non-controlling interests	285	281
Total equity and liabilities	8,259	8,024
Net current assets	864	689

Net Assets:
\$2.6b

Net Assets:
\$2.5b

Agenda

- ▶ Financial Highlights (1Q2018 vs 1Q2017)
- ▶ **President & CEO's Message**
- ▶ Appendix
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine

President & CEO's Message

“We started the year with healthy revenue growth and net profit. We also secured numerous contracts including Smart City projects in the past quarter. With a strong order book, the Group remains on track for steady growth.”

~ Vincent Chong, President & CEO, ST Engineering

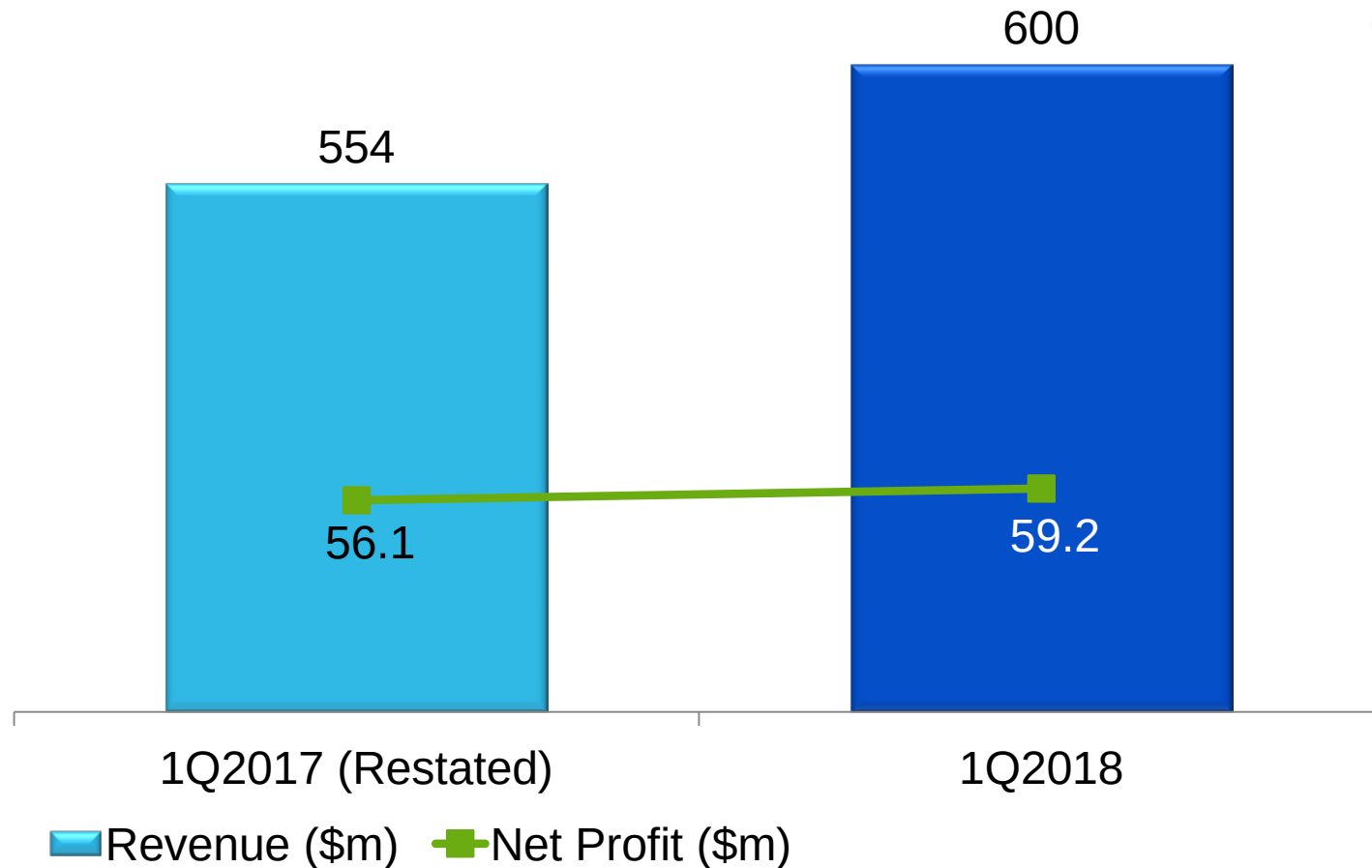
Agenda

- ▶ Financial Highlights (1Q2018 vs 1Q2017)
- ▶ President & CEO's Message
- ▶ Appendix
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine



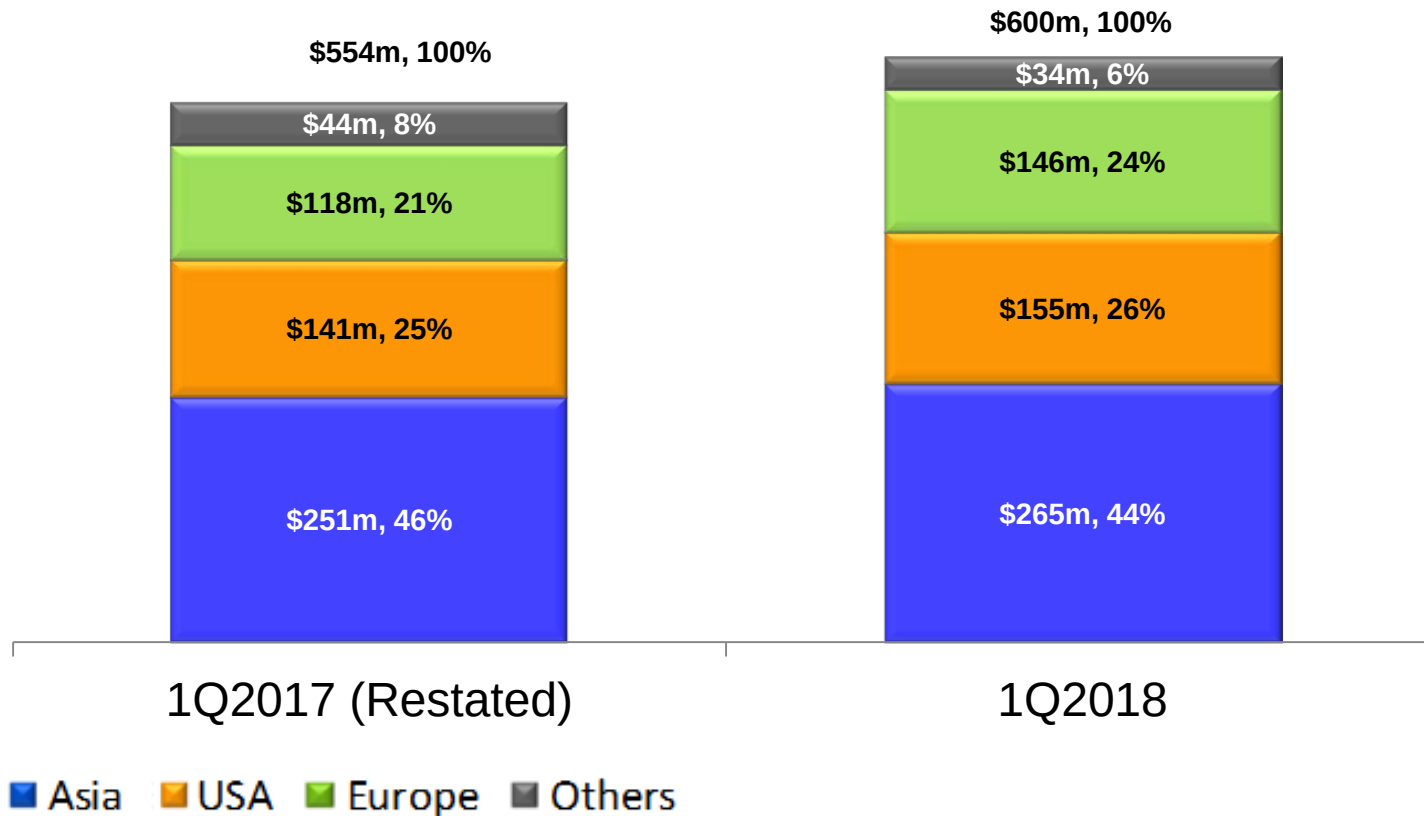
Aerospace

Aerospace Revenue and Net Profit



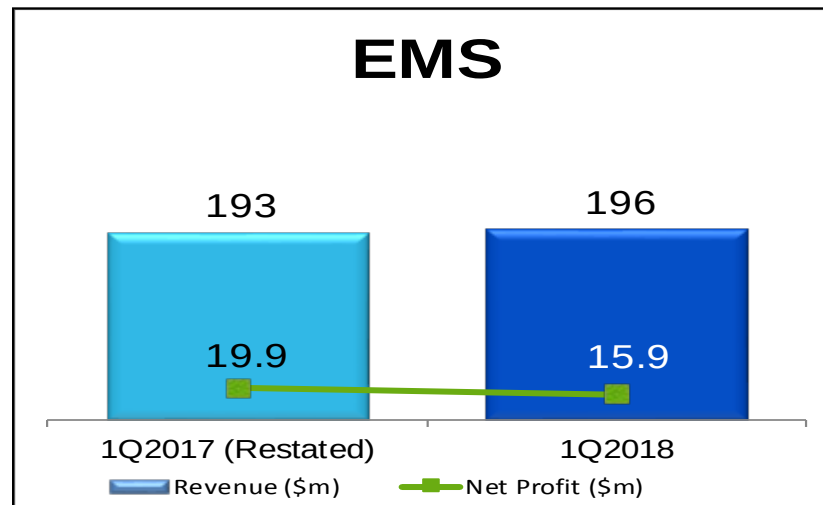
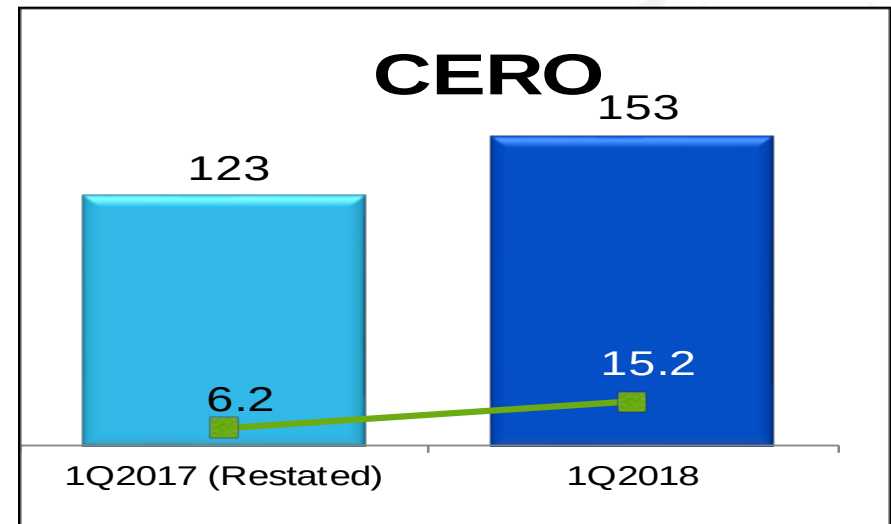
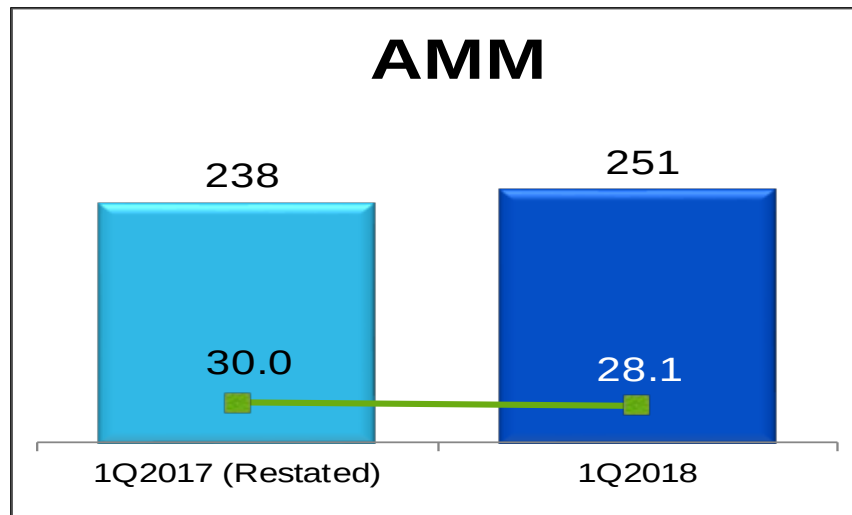
Note: Revenue includes inter-segment sales

Aerospace Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Aerospace Revenue and Net Profit by business group



Note: Revenue includes inter-segment sales

Aerospace – 1Q2018 in Review

- ▶ Secured \$510m worth of new contracts, including:
 - ▶ A 5-year exclusive maintenance support contract from Lufthansa Cargo that made us the sole service provider for the airline's light and heavy checks for MD-11 starting from 2019
 - ▶ An interior reconfiguration contract for Air Canada's Boeing 787 aircraft
 - ▶ Airframe heavy maintenance contracts for North American operators' Boeing 757 and 767 fleet
 - ▶ Contract extensions for EcoPower® engine wash solutions that have expanded to include the new LEAP engines

Aerospace – 1Q2018 in Review

▶ Building MRO capabilities:

- ▶ Expanded support to include nacelle systems for A320 aircraft
- ▶ Entered into collaboration agreement with Moog Inc. to explore and develop industry's first: Blockchain and 3D printing-enabled total digital supply chain solution
- ▶ Achieved new milestones for airframe maintenance business: Attained AS9110 Quality Management System certification from International Aerospace Quality Group and received the prestigious Federal Aviation Administration Aviation Maintenance Technician Diamond Award of Excellence

▶ Developing unmanned solution:

- ▶ Signed MOU with Civil Aviation Authority of Singapore on enabling Beyond Visual Line of Sight Unmanned Aircraft System applications in maritime, aviation, construction, security and public safety sectors in Singapore

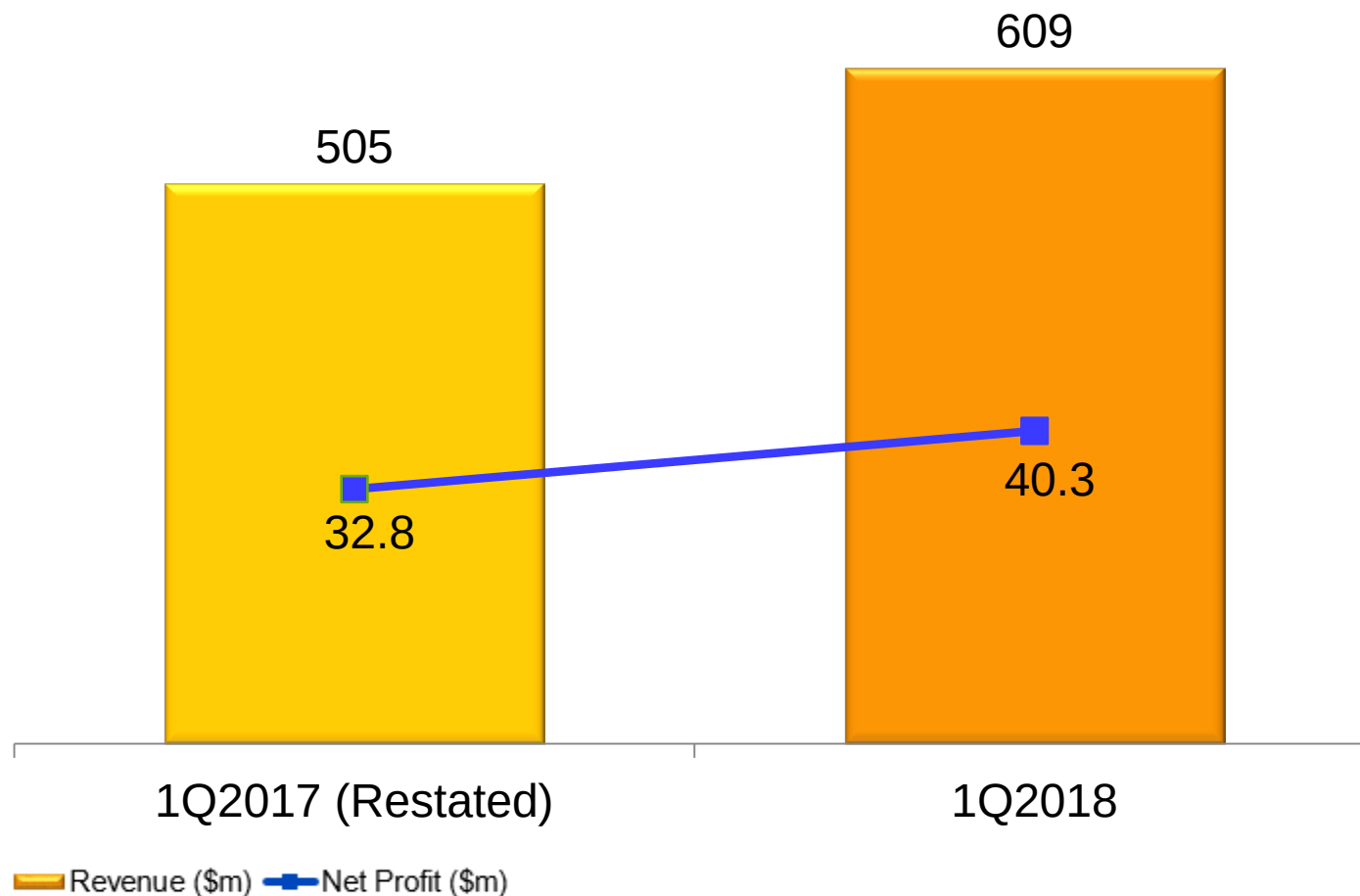
Aerospace – Outlook for 1H2018

- ▶ Secure launch customer for A320 passenger-to-freighter conversion
- ▶ Develop UAV programme and set up DroNet demonstration in phases
- ▶ Grow aircraft leasing fleet, focusing on mid- to end-life aircraft
- ▶ Enhance capacity in strategic aviation hubs, e.g. addition of a new facility in Pensacola, US



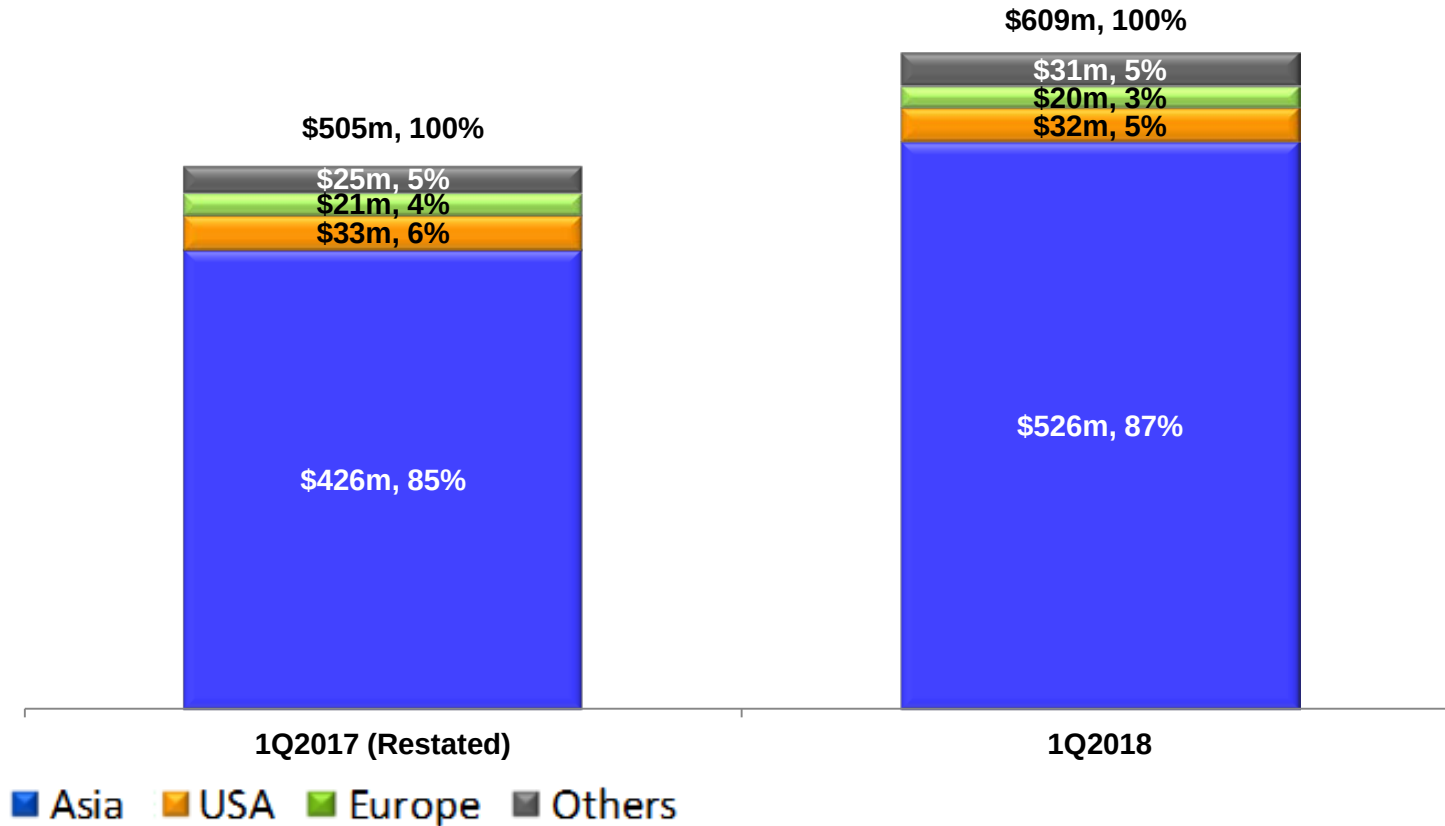
Electronics

Electronics Revenue and Net Profit



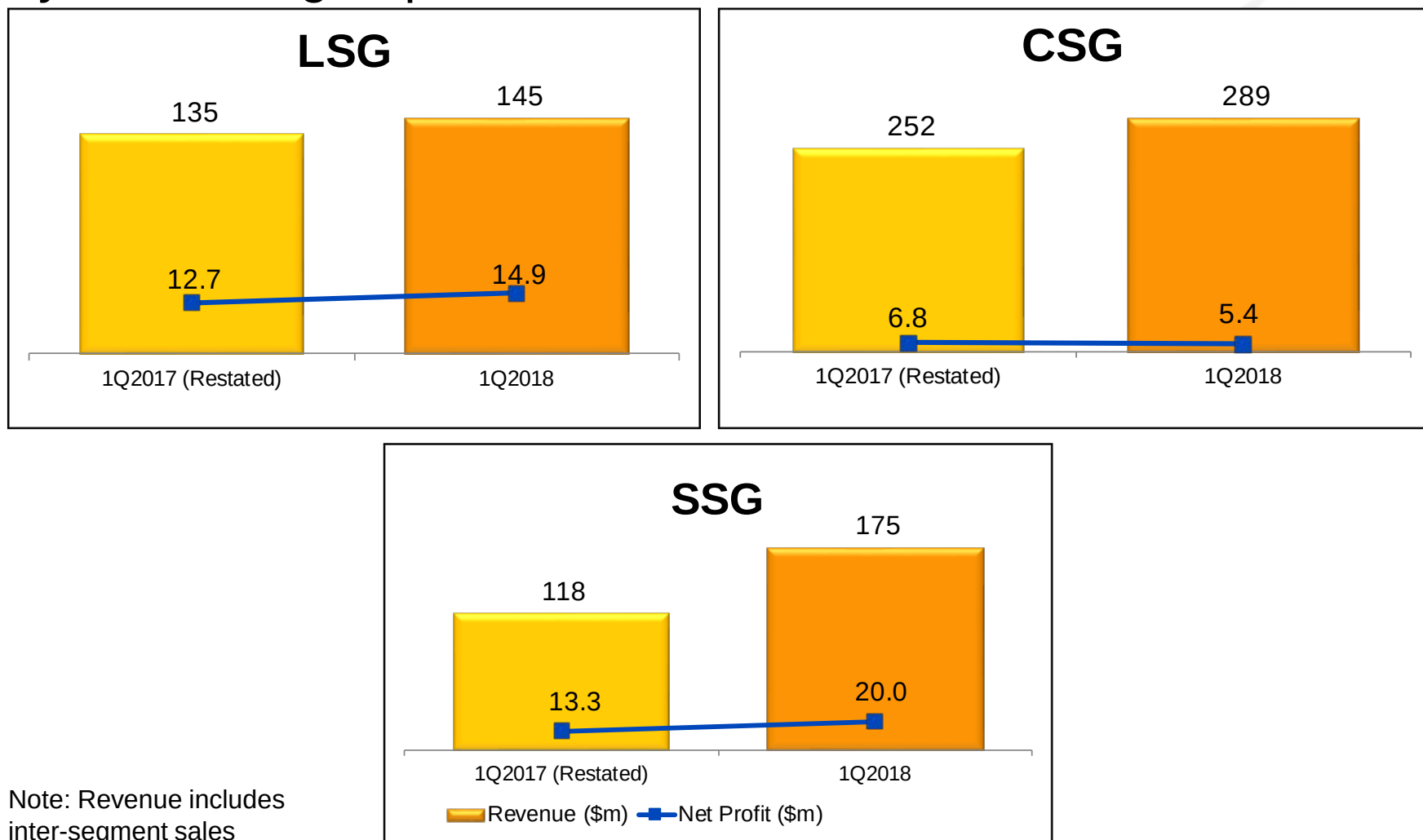
Note: Revenue includes inter-segment sales

Electronics Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Electronics Revenue and Net Profit by business group



Electronics – 1Q2018 In Review

- ▶ Secured \$635m worth of new contracts, including:
 - ▶ Turnkey rail electronics project for Sanying MRT line in New Taipei City and rail electronics solution for Bangkok BTS SkyTrain, Bangkok Blue Line Extension, Guangzhou Metro Line 3, Taoyuan Airport MRT line and Taipei MRT line
 - ▶ Smart sensor networks for automatic water reading and smart street lighting solutions for cities in New Zealand, the UK, Canada, Israel and the US
 - ▶ Integrated public safety and security, and cybersecurity solutions for commercial and defence customers
 - ▶ Various contracts to supply satellite communication products and Cloud solutions

Electronics – 1Q2018 In Review

- ▶ Industry collaborations on Smart Technologies with:
 - ▶ Azendian Holdings to enhance existing smart data analytics platform and to gain access to a wider pool of data analytics expertise
 - ▶ SatixFy UK to develop a state-of-the-art satellite antenna system that delivers enhanced in-flight connectivity for commercial aviation
 - ▶ Ghalam LLP to develop next-generation ground technologies to tackle digital divide issues in Kazakhstan and to provide connectivity to the populace in a cost-effective manner
 - ▶ Surbana Jurong and Changi Airport Planners and Engineers to develop next-generation smart airport solutions for participation in overseas airport development projects

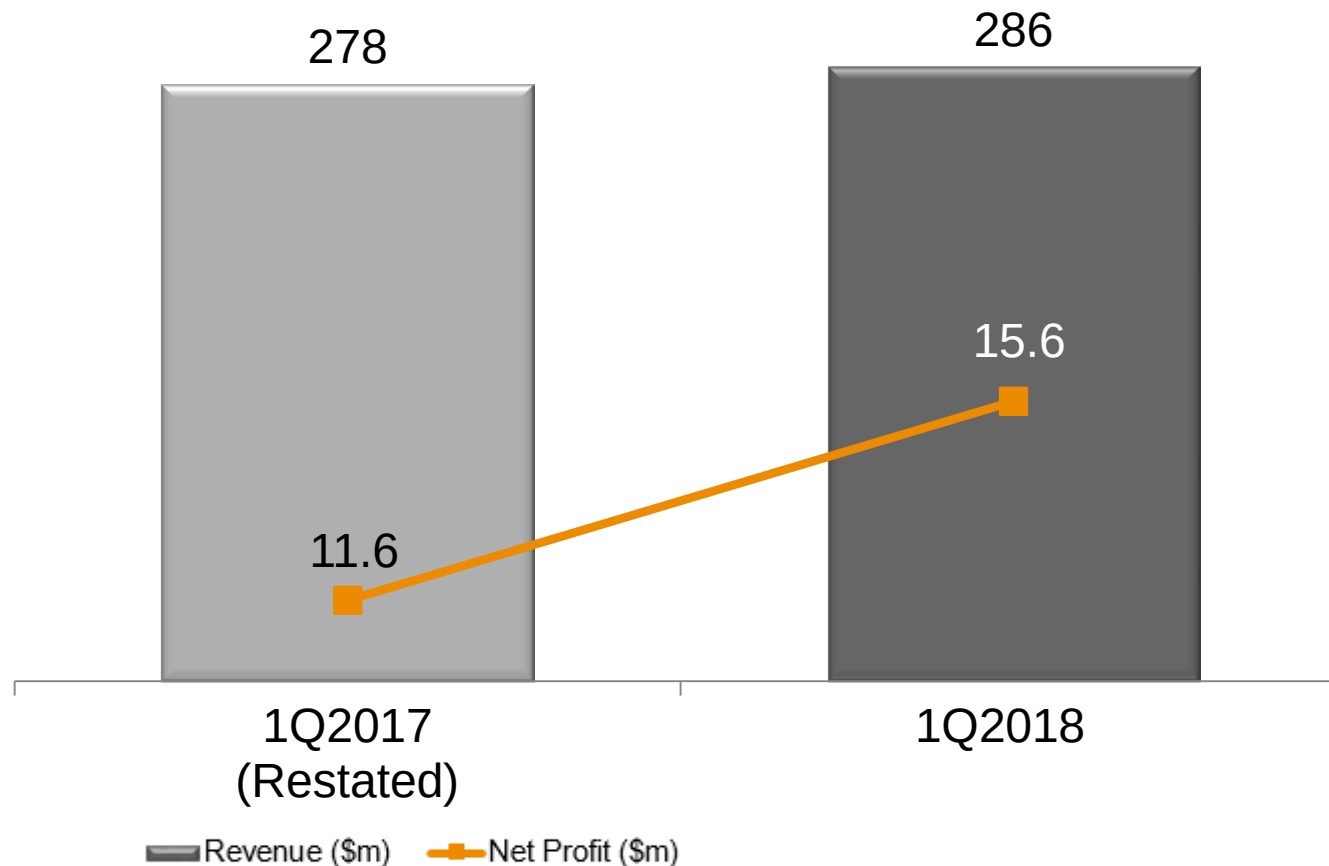
Electronics – Outlook for 1H2018

- ▶ Deliver smart transportation, satellite communications and software system related contracts on schedule
- ▶ Pursue smart city related contracts in and outside of Singapore



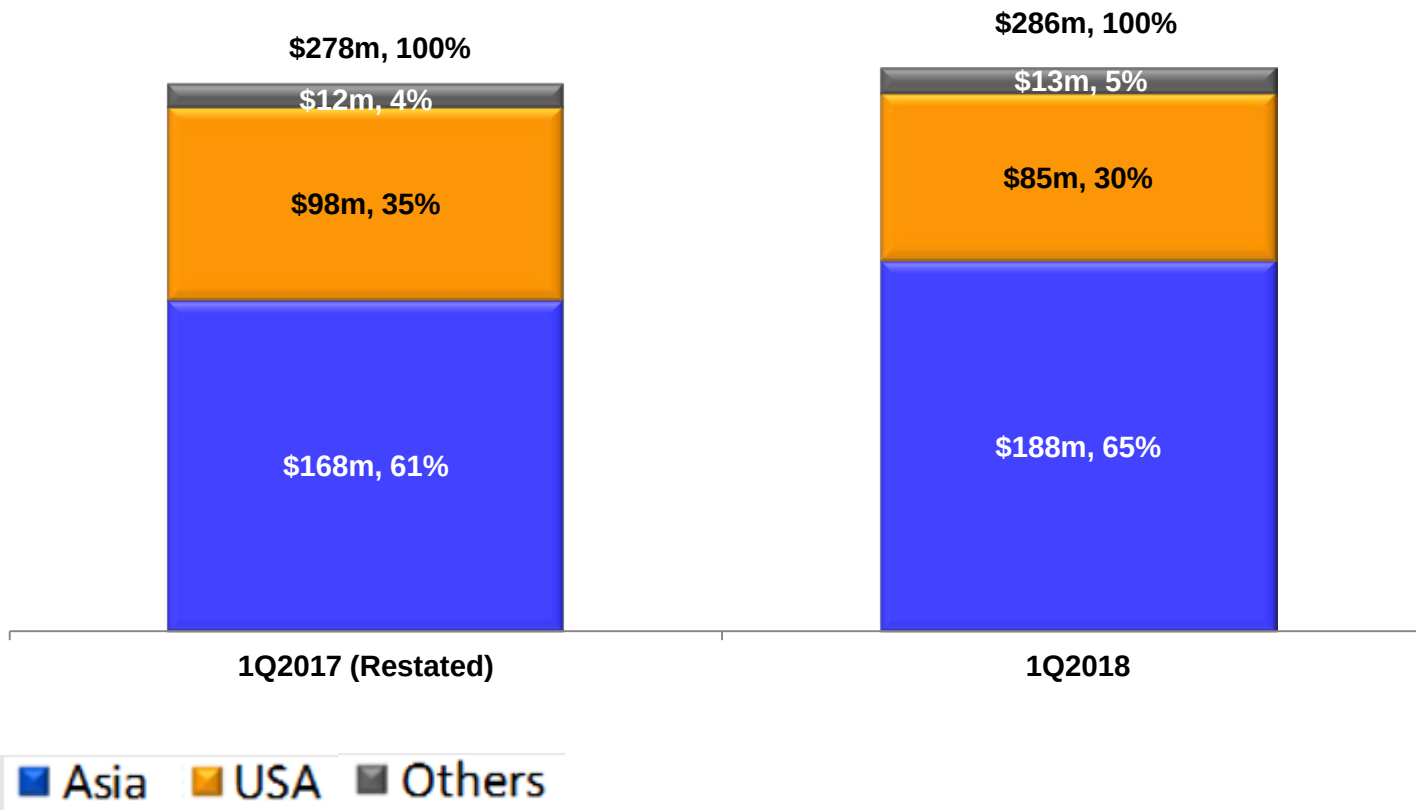
Land Systems

Land Systems Revenue and Net Profit



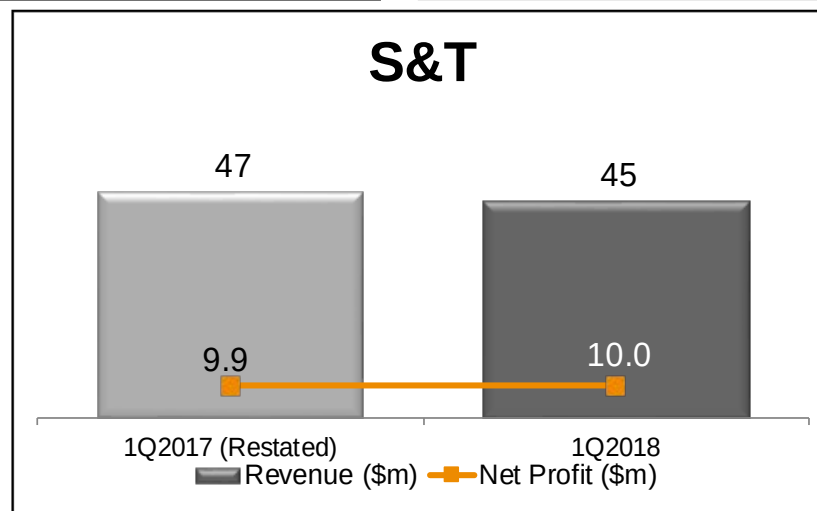
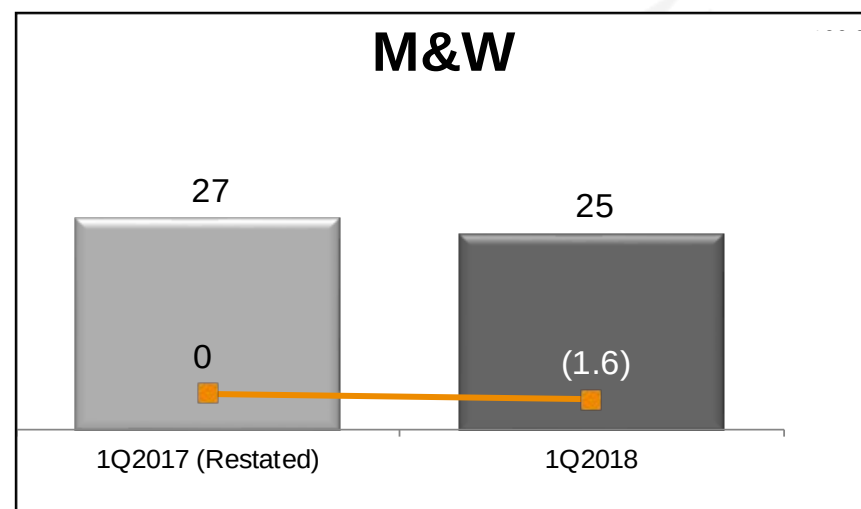
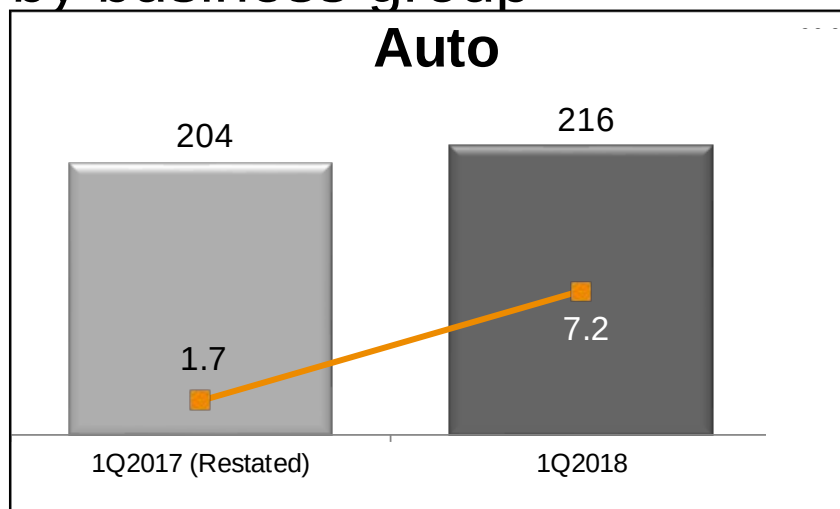
Note: Revenue includes inter-segment sales

Land Systems Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Land Systems Revenue and Net Profit by business group



Note: Revenue includes
inter-segment sales

Land Systems – 1Q2018 in Review

- ▶ Secured orders for weapons and ammunition as well as supply contracts for road construction equipment and specialty vehicles from customers in North America, Latin America and Asia
- ▶ Industry collaboration on robotics with:
 - ▶ PBA Group to pursue and undertake new robotics and automation projects in industrial and logistics sectors in Singapore and Southeast Asia

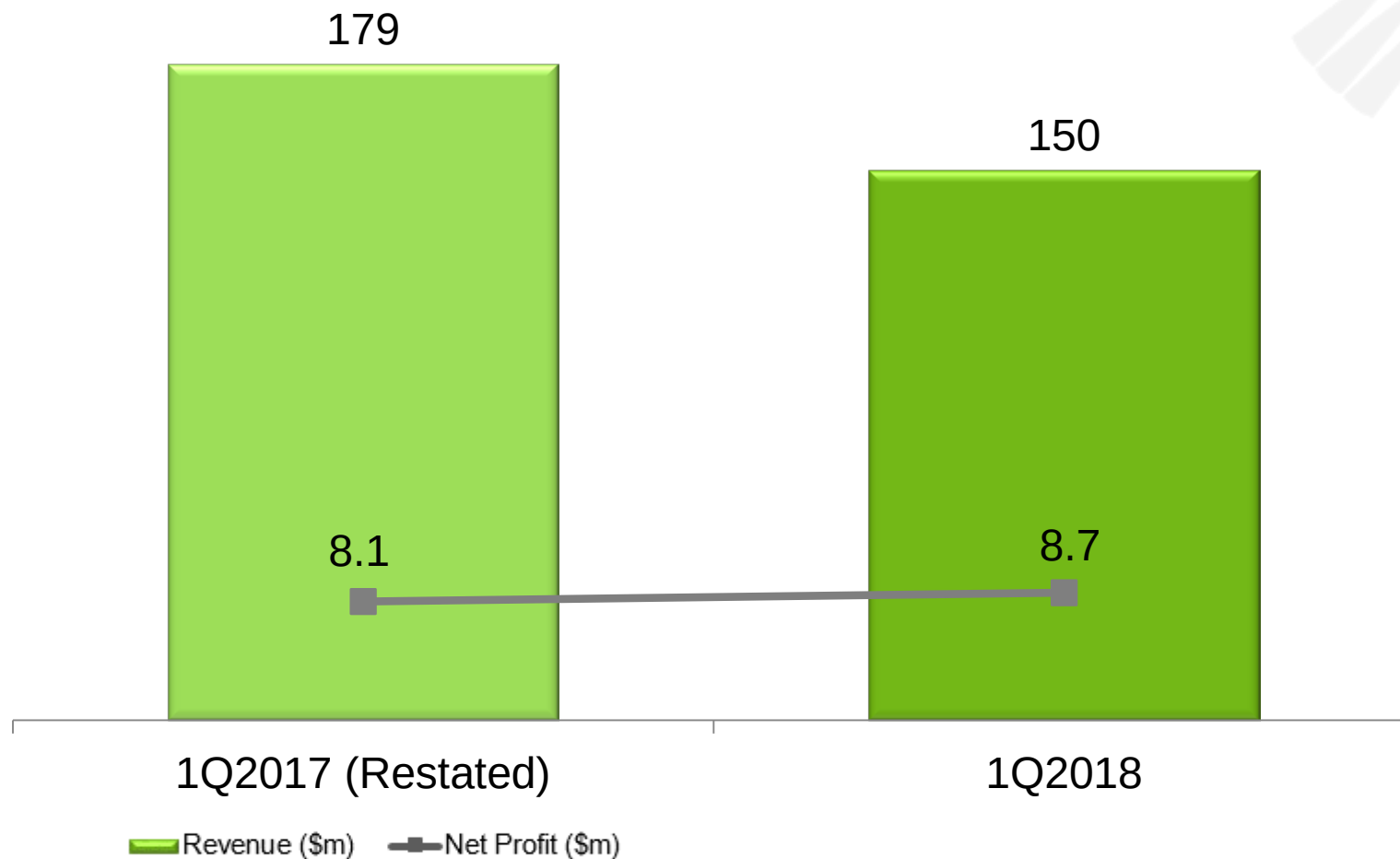
Land Systems – Outlook for 1H2018

- ▶ Pursue and secure key defence and commercial programmes locally and overseas



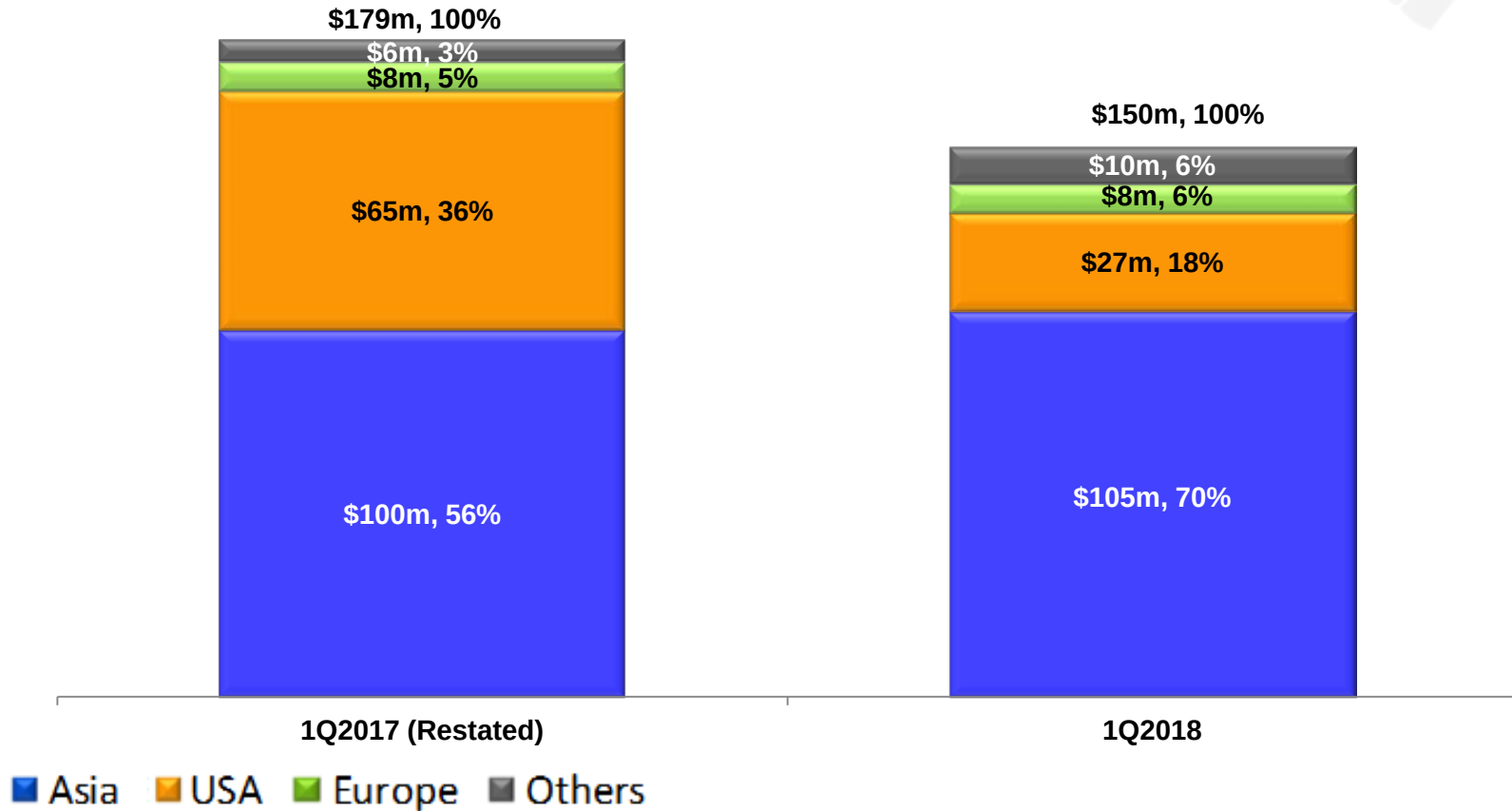
Marine

Marine Revenue and Net Profit



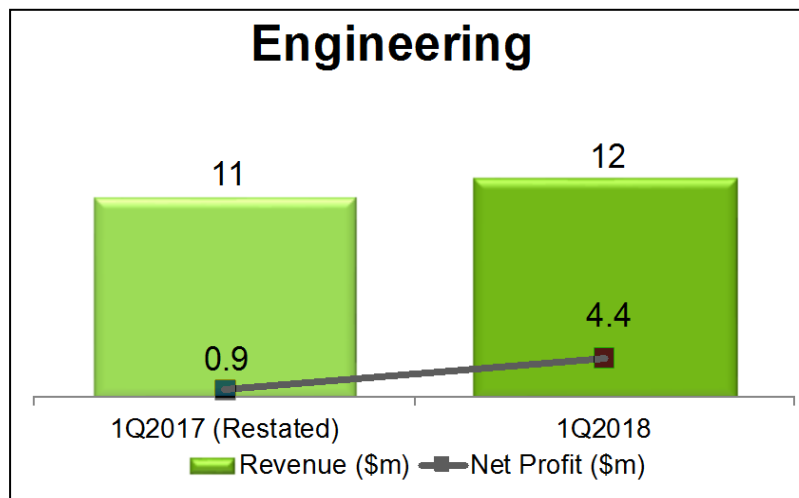
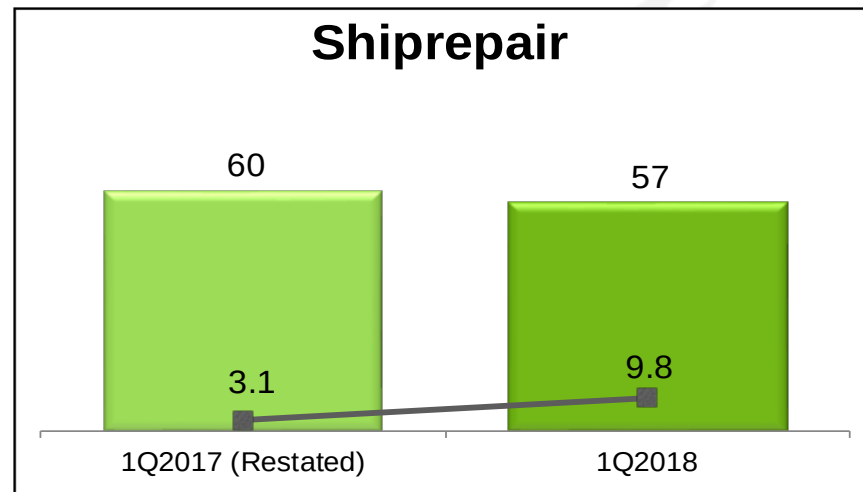
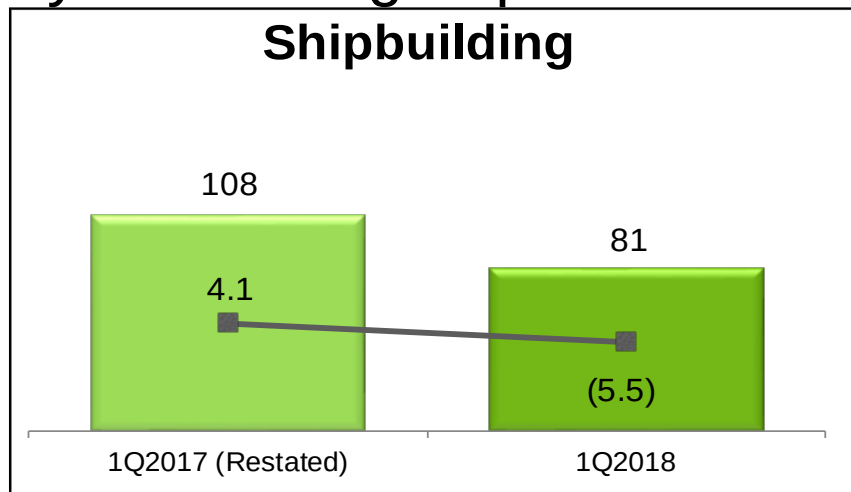
Note: Revenue includes inter-segment sales

Marine Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Marine Revenue and Net Profit by business group



Note: Revenue includes
inter-segment sales

Marine – 1Q2018 in Review

- ▶ Naval shipbuilding programme on track:
 - ▶ Launched 6th of eight Littoral Mission Vessels (LMVs) for Republic of Singapore Navy (RSN)
- ▶ Completed numerous shiprepair projects, several rig repair and upgrade works and rig decommissioning projects

Marine – Outlook for 1H2018

- ▶ Scheduled launch:
 - ▶ Heavy Fire Vessel for Singapore's Ministry of Home Affairs
 - ▶ Vehicle & passenger ferry for the Commonwealth of Virginia, Department of Transportation
- ▶ Expected delivery:
 - ▶ 5th of eight LMVs to RSN
 - ▶ 1st of two Container Roll-on/Roll-offs for Crowley Maritime
- ▶ Complete heavy polar icebreaker design studies and analysis to US Coast Guards
- ▶ Start Engineering, Procurement and Construction aspects for Jurong Island Desalination Plant

Thank You