

Financial Results Briefing

First Quarter 2017 Results

12 May 2017



Comparable Revenue and PBT



Agenda

- ▶ Financial Highlights
 - ▶ 1Q2017 vs 1Q2016
- ▶ 1Q2017 in Review
- ▶ Outlook
- ▶ Sector Performance
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine

Financial Highlights

for the first quarter ended 31 March 2017

\$'m	1Q2017	1Q2016	Change	
Revenue	1,539	1,627	▼ 88	5%
Earnings before interest & tax (EBIT)	116.7	97.2	▲ 19.5	20%
Other income, net	11.7	22.1	▼ 10.4	47%
Finance costs, net	(5.1)	(11.5)	▲ 6.4	56%
Profit before tax (PBT)	137.0	130.4	▲ 6.6	5%
Profit attributable to shareholders (Net Profit)	103.4	110.2	▼ 6.8	6%

Financial Highlights

for the first quarter ended 31 March 2017

- ▶ Commercial sales at 68% (1Q2016: 71%) or \$1.0b of 1Q2017 revenue
- ▶ \$13.3b order book; about \$3.0b to be delivered in remaining months of 2017 (end December 2016: \$11.6b)
- ▶ CCE including funds under management of \$1.7b (end December 2016: \$1.4b)
- ▶ EBITDA of \$168.7m (1Q2016: \$152.8m) and EBIT of \$116.7m (1Q2016: \$97.2m) are 10% and 20% higher respectively

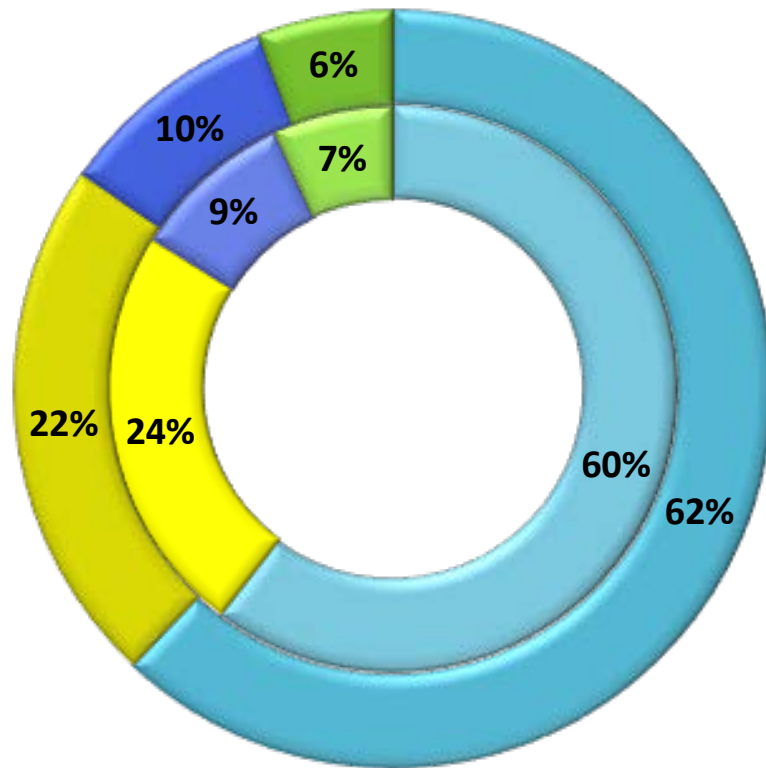
Group Revenue by sector

Comparable revenue							
\$'m	1Q2017	%	1Q2016	%	Change		
Aerospace	549	36	622	38	▼	73	12%
Electronics	523	34	457	28	▲	66	14%
Land Systems	273	18	316 [*]	20	▼	43	14%
Marine	179	11	213	13	▼	34	16%
Others	15	1	19 [*]	1	▼	4	21%
Group	1,539	100	1,627	100	▼	88	5%

*Comparative figures restated pursuant to the transfer of ST Synthesis from Others to Land Systems sector with effect from 1 January 2017

Group Revenue

Breakdown by location of customers (by geography)



Locality	1Q2016		1Q2017	
	\$m	%	\$m	%
Asia	982	60	955	62
USA	383	24	348	22
Europe	151	9	148	10
Others	111	7	88	6
Total	1,627	100	1,539	100

EBIT by sector

EBIT higher by \$19.5m or 20%

\$'m	1Q2017	1Q2016		Change	
Aerospace	63.1	59.7	▲	3.4	6%
Electronics	39.3	32.7	▲	6.6	20%
Land Systems	11.7	11.8 [*]	▼	0.1	1%
Marine	7.7	-	▲	7.7	NM
Others	(5.1)	(7.0) [*]	▲	1.9	27%
Group	116.7	97.2	▲	19.5	20%

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Other Income by sector

Other income lower by \$10.4m or 47%					
\$'m	1Q2017	1Q2016		Change	
Aerospace	4.0	6.1	▼	2.1	34%
Electronics	3.3	7.8	▼	4.5	58%
Land Systems	3.2	5.9*	▼	2.7	46%
Marine	1.1	2.2	▼	1.1	50%
Others	0.1	0.1*	-	-	-
Group	11.7	22.1	▼	10.4	47%

Mainly due to lower wage credit income

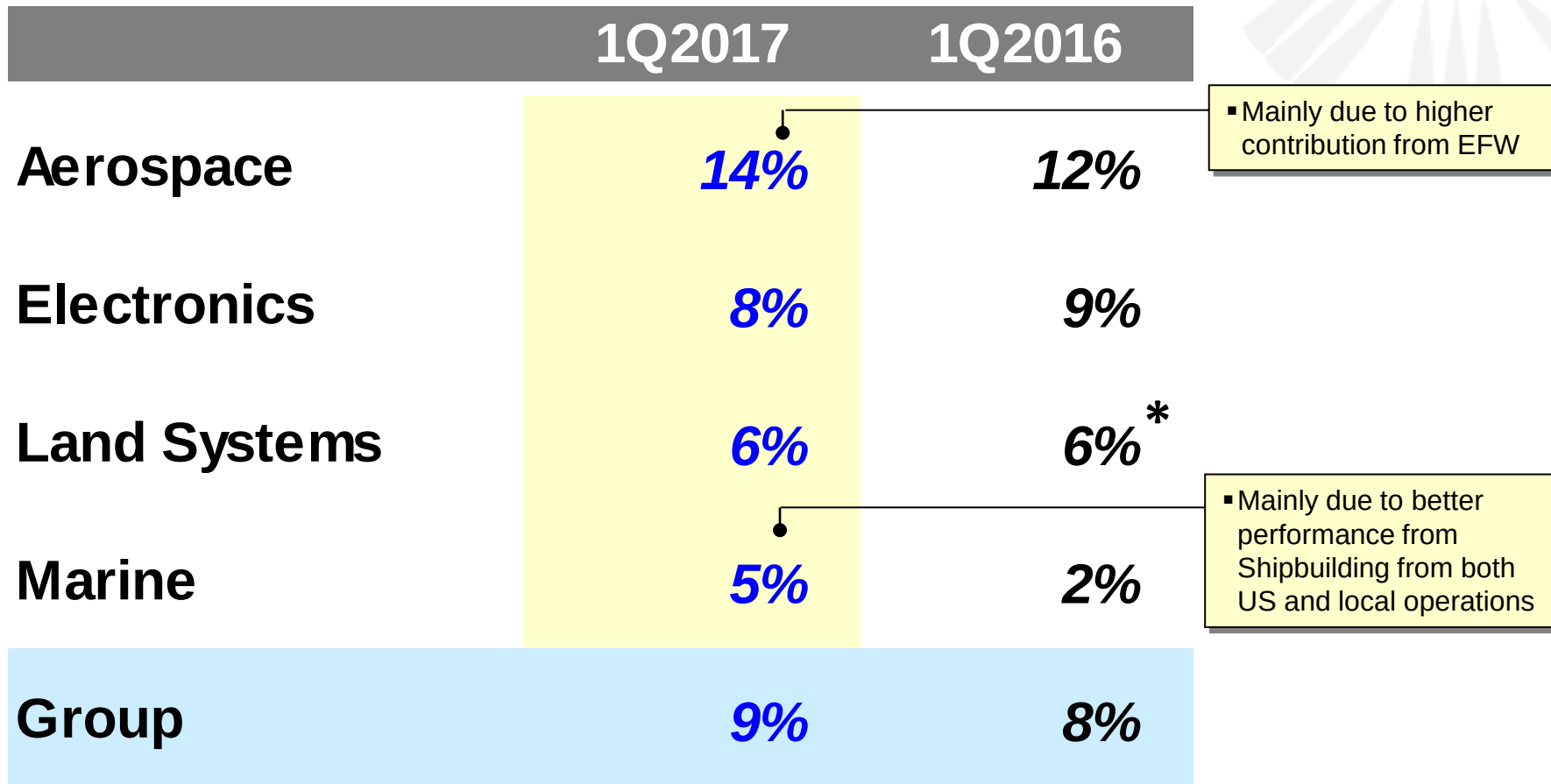
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Group PBT by sector

Comparable PBT							
\$'m	1Q2017	%	1Q2016	%		Change	
Aerospace	78.1	57	75.2	58	▲	2.9	4%
Electronics	41.7	30	39.6	30	▲	2.1	5%
Land Systems	16.2	12	18.3 [*]	14	▼	2.1	11%
Marine	9.0	7	3.4	3	▲	5.6	165%
Others	(8.0)	(6)	(6.1) [*]	(5)	▼	1.9	31%
Group	137.0	100	130.4	100	▲	6.6	5%

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PBT Margin by sector



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Aerospace

1Q2017 vs 1Q2016

Revenue	\$549m		\$73m or 12%	• Lower revenue from AMM due mainly to absence of 3 PTF 757 redeliveries and CERO partially offset by higher revenue from EMS
EBIT	\$63.1m		\$3.4m or 6%	Higher gross profit due largely to favourable sales mix Partially offset by • Allowance for doubtful debts vs write-back of doubtful debts in 1Q2016
PBT	\$78.1m		\$2.9m or 4%	• In line with higher EBIT

Electronics

1Q2017 vs 1Q2016

Revenue **\$523m** ▲ **\$66m or 14%** • Higher revenue from all business groups

EBIT **\$39.3m** ▲ **\$6.6m or 20%** • Higher gross profit from higher revenue

PBT **\$41.7m** ▲ **\$2.1m or 5%** • In line with higher EBIT
Partially offset by
• Lower wage credit income

Land Systems

1Q2017 vs 1Q2016*

Revenue	\$273m	▼	\$43m or 14%	• Lower revenue due mainly to absence of revenue from China SVs and lower project deliveries from M&W and Auto
EBIT	\$11.7m	▼	\$0.1m or 1%	• Lower gross profit due mainly to lower revenue • Partially offset by • Lower operating expenses due mainly to absence of costs incurred for China SVs
PBT	\$16.2m	▼	\$2.1m or 11%	• In line with lower EBIT • Lower wage credit income

*Comparative figures restated pursuant to the transfer of ST Synthesis from Others to Land Systems sector with effect from 1 January 2017

Marine

1Q2017 vs 1Q2016

Revenue **\$179m** ▼ **\$34m or 16%**

- Lower revenue mainly from Shiprepair and Engineering business groups

EBIT **\$7.7m** ▲ **\$7.7m or NM**

- Higher gross profit from Shipbuilding and Shiprepair
- Partially offset by
- Higher allowance for doubtful debts

PBT **\$9.0m** ▲ **\$5.6m or 165%** • In line with higher EBIT

Statement of Cash Flows

\$m	1Q2017	1Q2016
Net cash from/(used in):		
Operating activities	400	121
Investing activities	(15)	(40)
Financing activities	(3)	18
Net increase in CCE *	382	99
CCE at beginning of the period	904	944
Exchange difference	(14)	(14)
CCE at end of the period	1,272	1,029
Add: Funds under management	467	498
Total CCE & Funds under management	1,739	1,527

- Advance payment from customers (\$105m)
- Reduction in trade receivables (\$180m)

* CCE – Cash & Cash Equivalents

Balance Sheet

\$ m	31-Mar-17	31-Dec-16
Property, plant and equipment	1,660	1,670
Associates & joint ventures	390	406
Investments	467	322
Intangible assets	999	1,020
Long-term receivables	3	3
Amount due from related parties	5	5
Derivative financial instruments	25	33
Deferred tax assets	90	93
Non-current assets	3,639	3,552
Current assets	4,705	4,813
Total assets	8,344	8,365
Current liabilities	3,665	3,801
Non-current liabilities	2,149	2,120
Total liabilities	5,814	5,921
Share capital and reserves	2,260	2,182
Non-controlling interests	270	262
Total equity and liabilities	8,344	8,365
Net current assets	1,040	1,012

Net Assets:
\$2.53b

Net Assets:
\$2.44b

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1Q2017 In Review

► Aerospace

- Contract win hit new high of \$1.11b, largely driven by renewal of multi-year contracts
- Capacity expansion on track
 - Started operating 2nd hangar in Guangzhou, bringing potential effective capacity to 1 million man-hours in total at steady state
 - Started construction at 2nd composite panel production facility at EFW in Kodersdorf, Germany
- Capability enhancement gained momentum
 - Aircraft seats business received AS9100 Quality Management System certification from DNV GL

1Q2017 In Review

► Electronics

- Contract win momentum sustained with \$464m new contracts
- Significant inroads in cyber security, locally and overseas
 - Won a consultancy contract for the design of Sri Lanka's National Cyber Security Operations Centre
 - Entered into a MOU with SAF and Nanyang Polytechnic to enhance cyber defence training
- Satellite communications business strengthened
 - Partnered French Government Space Agency to leverage commercial satellite imagery provided by TeLEOS-1 for maritime security
 - Partnered DSTA to develop TeLEOS-2 with Synthetic Aperture Radar capable of capturing all-weather imagery 24x7 day and night

1Q2017 In Review

► Land System

- Contract win gained momentum, including entry into new markets
 - Next Generation Armoured Fighting Vehicles for MINDEF
 - 40mm munitions for Asia and Middle East
- Project deliveries on track
 - 3-door double decker bus to LTA for road trial

► Marine

- One of five recipients of a 12-month Heavy Polar Icebreaker Design and Analysis contract from US Coast Guard
 - To identify design and systems approaches to reduce acquisition cost and production timelines
 - To examine production risks and benefits associated with different types of product types

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Outlook For 1H2017

- ▶ Leverage group synergies for growth, strengthen core operations
- ▶ Actively pursue investment opportunities across business sectors
- ▶ Deepen expertise in cyber security, intelligent buildings, intelligent transportation, satellite communications, autonomous and robotics solutions, as well as machine-to-machine communication
- ▶ Further investments in R&D: robotics and autonomous systems, cyber security solutions and technologies

Outlook For 1H2017

► Aerospace

- Pursue launch customer for A320 Passenger-to-Freighter conversion and new in-house-designed economy-class passenger seats
- Secure new contracts for A330 Passenger-to-Freighter conversion, UAV services, new cabin interiors integration and VIP completion programme

Outlook For 1H2017

► Electronics

- Acquisition of SP Tel completed on 2 May 2017, with access to extensive fibre optic network vital for enterprise ICT solutions
- Sales recognition from various projects, including:
 - LSG: MRT projects in Singapore and Thailand
 - CSG: communication system projects, supply of telematics systems and satellite communication products including TeLEOS-2
 - SSG: software system and simulators projects and managed services sales

Outlook For 1H2017

► Land Systems

- Pursue and secure key defence and commercial programmes both locally & overseas, and to deliver secured contracts on schedule
- Drive development of Autonomous Vehicles for urban mobility
 - Lead Singapore Autonomous Vehicles (AV) Consortium to develop AV standards as well as accelerate the application and adoption of AV technologies in Singapore
 - Partner LTA to deploy autonomous buses for trials
 - Develop four Mobility-on-Demand-Vehicles for pilot public trial in Sentosa

Outlook For 1H2017

► Marine

- Laying the keel of the sixth Littoral Mission Vessel
- To complete O&M phase for the expansion of Kranji NEWater Factory

Group Outlook for 1H2017 and FY2017

Barring unforeseen circumstances, the Group's Revenue and PBT for 1H2017 are expected to be comparable to 1H2016.

Barring unforeseen circumstances, the Group expects FY2017 Revenue to be comparable to, and PBT to be higher than that of FY2016.

President & CEO's Message

“For the first quarter of 2017, the Group reported year-on-year comparable Revenue and PBT.

The Group continued to secure orders in 1Q2017 and concluded the quarter with a strong order book of \$13.3b. Cash and cash equivalents including funds under management remain at a healthy level of \$1.7b.

Amidst global uncertainties, the Group adopts a cautious position at this time and maintains its outlook that FY2017 Revenue will be comparable to, and PBT will be higher than that of FY2016. We will provide an update at mid-year.”

~ Vincent Chong, President & CEO, ST Engineering

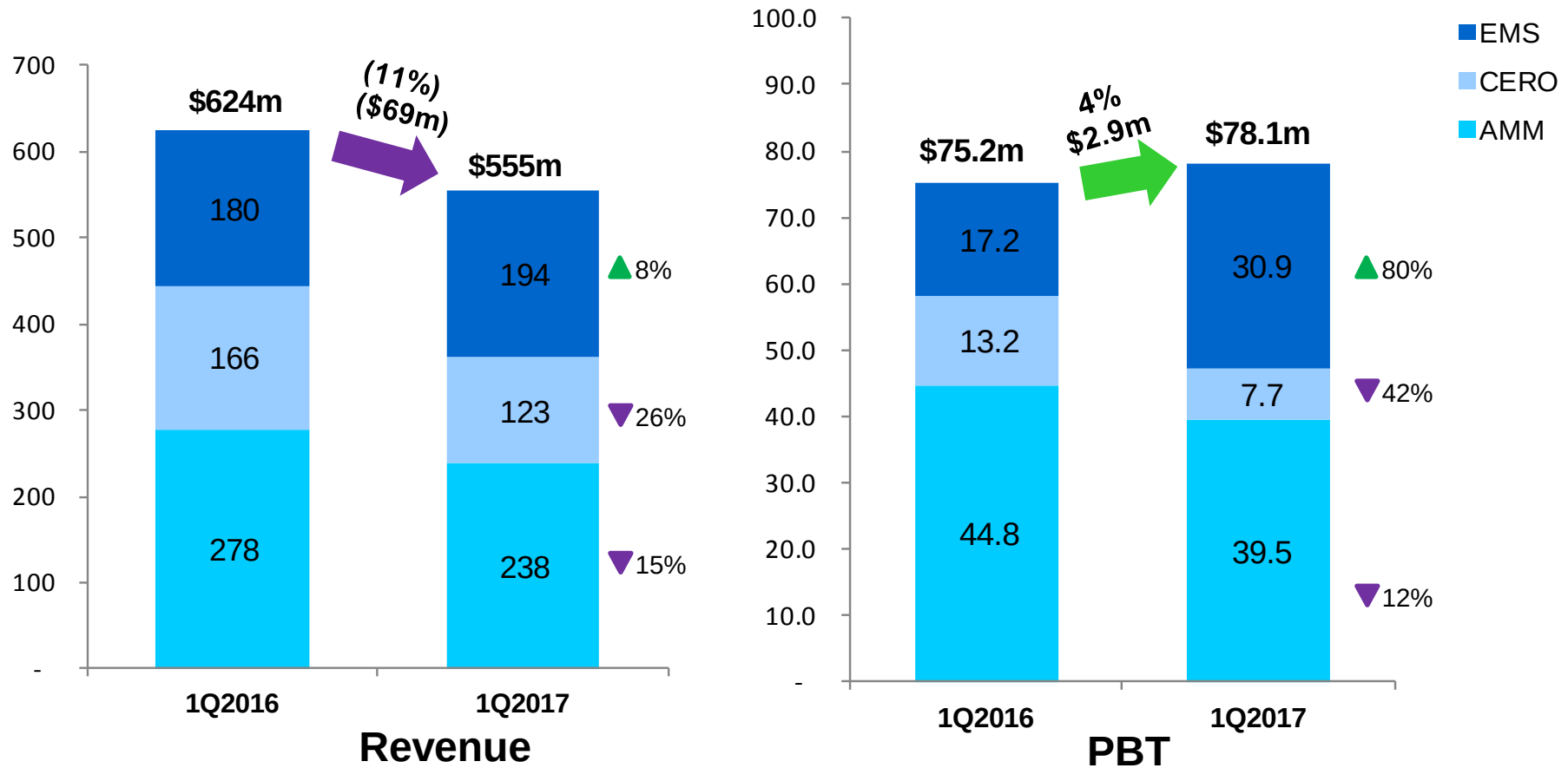
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Aerospace



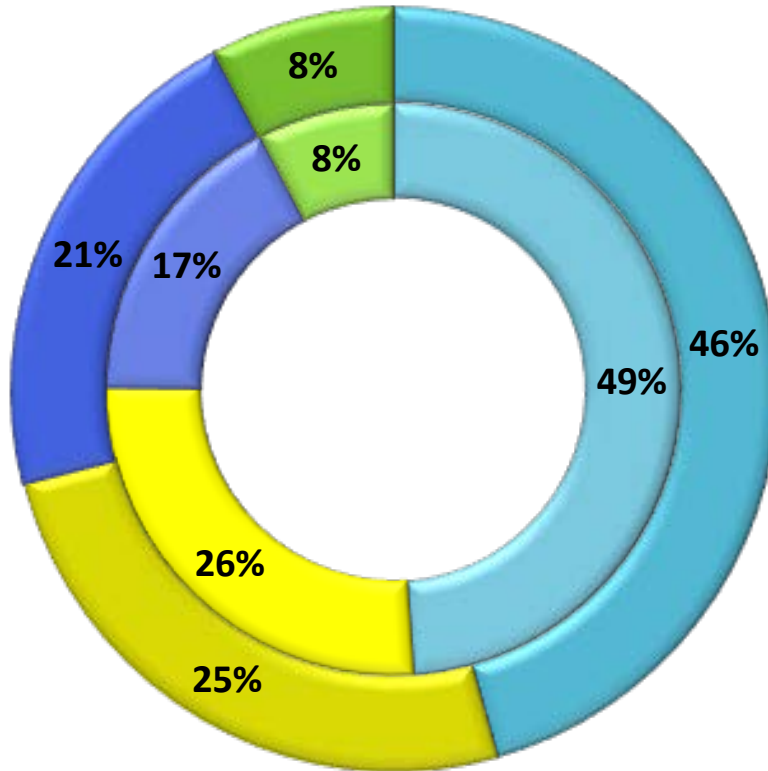
Aerospace Revenue and PBT by business group



Note: Revenue includes inter-segment sales

Aerospace Revenue

Breakdown by location of customers (by geography)



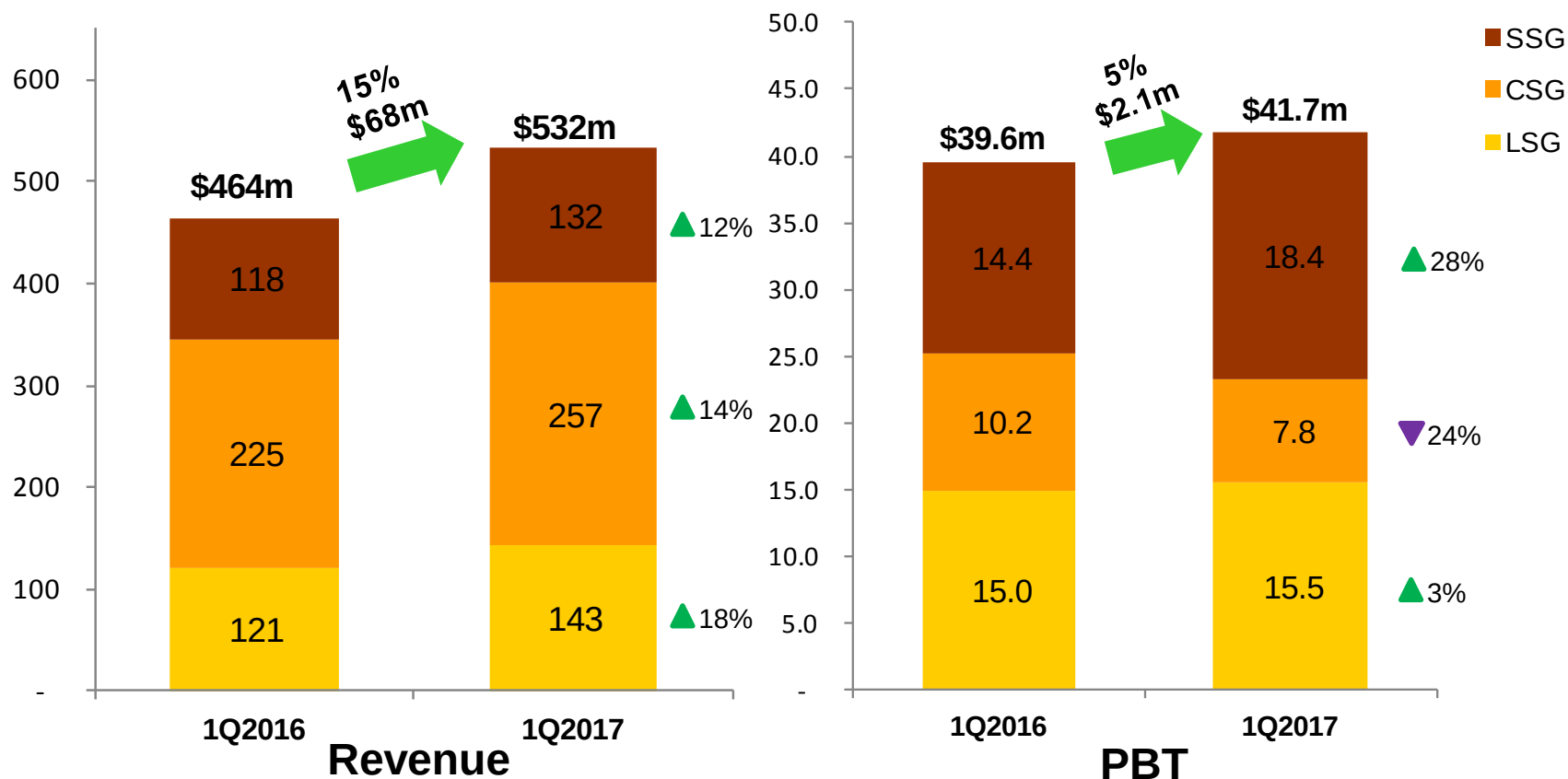
Locality	1Q2016		1Q2017	
	\$m	%	\$m	%
Asia	305	49	253	46
USA	164	26	141	25
Europe	107	17	118	21
Others	48	8	43	8
Total	624	100	555	100

Note: Revenue includes inter-segment sales

Electronics



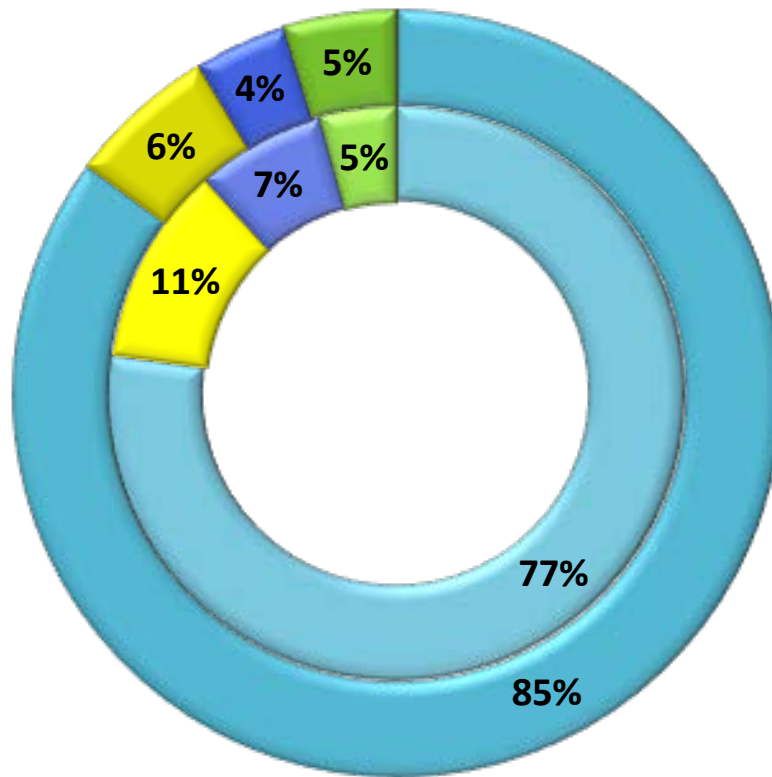
Electronics Revenue and PBT by business group



Note: Revenue includes inter-segment sales

Electronics Revenue

Breakdown by location of customers (by geography)



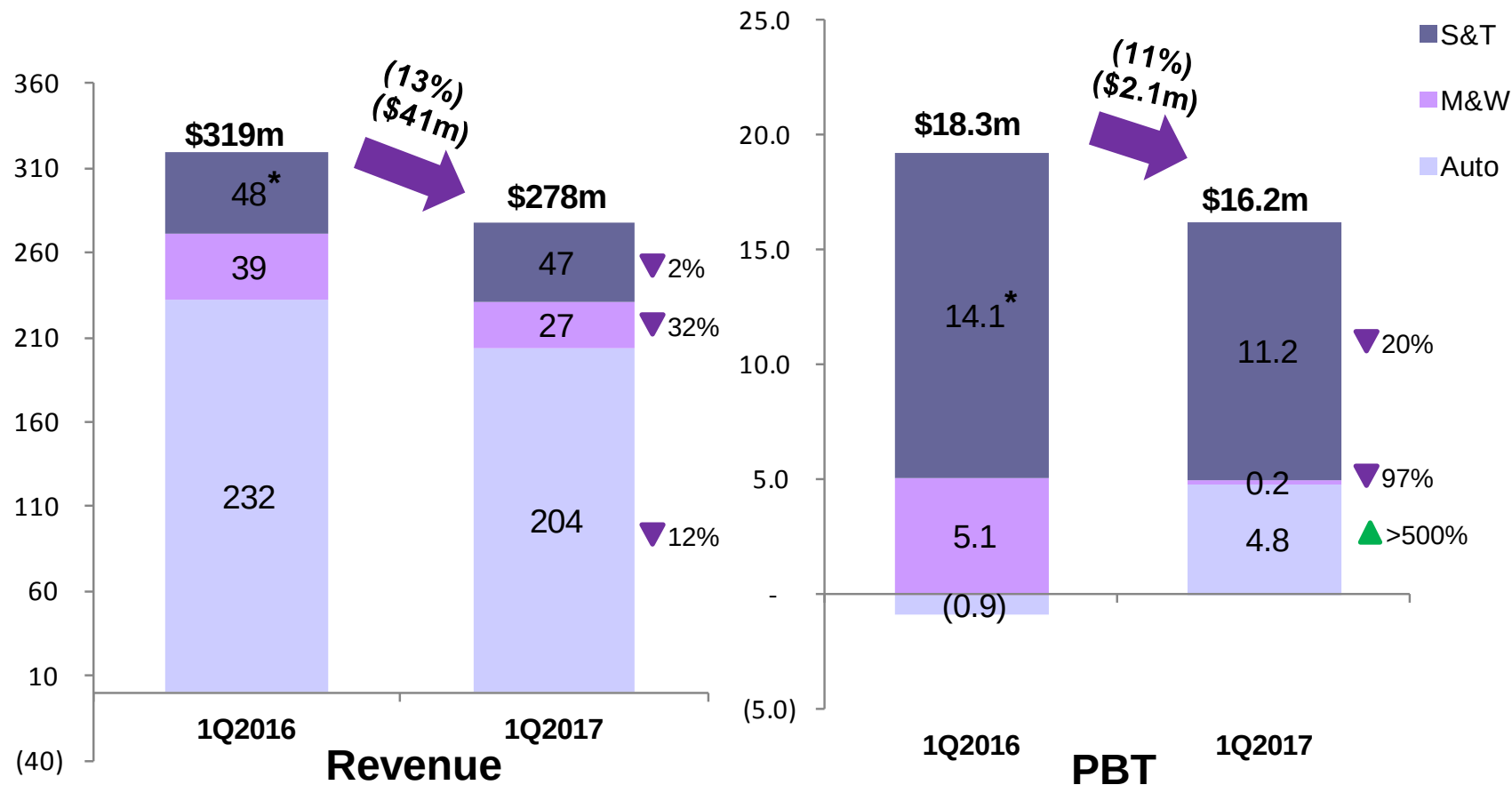
Locality	1Q2016		1Q2017	
	\$m	%	\$m	%
Asia	358	77	453	85
USA	52	11	33	6
Europe	34	7	21	4
Others	20	5	25	5
Total	464	100	532	100

Note: Revenue includes inter-segment sales

Land Systems



Land Systems Revenue and PBT by business group

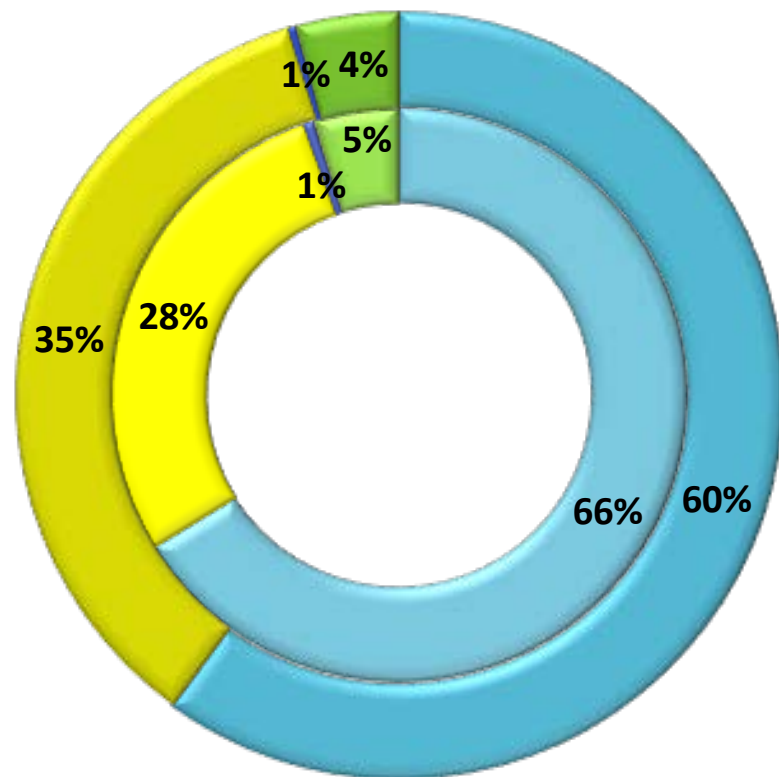


Note: Revenue includes inter-segment sales

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Land Systems Revenue

Breakdown by location of customers (by geography)



Locality	1Q2016		1Q2017	
	\$m	%	\$m	%
Asia	211	66	167	60
USA	91	28	98	35
Europe	2	1	1	1
Others	15	5	12	4
Total	319	100	278	100

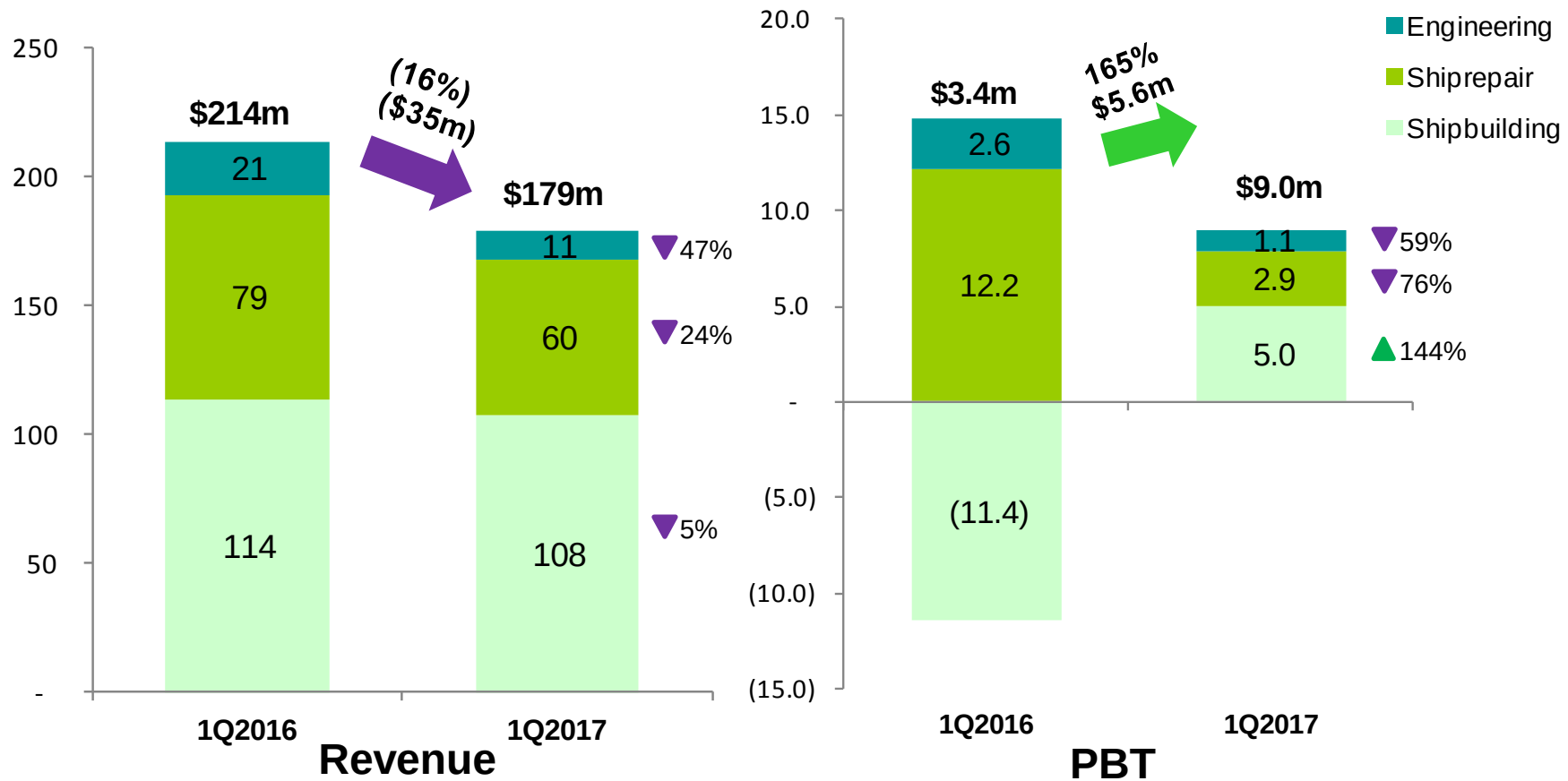
Note: Revenue includes inter-segment sales

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Marine



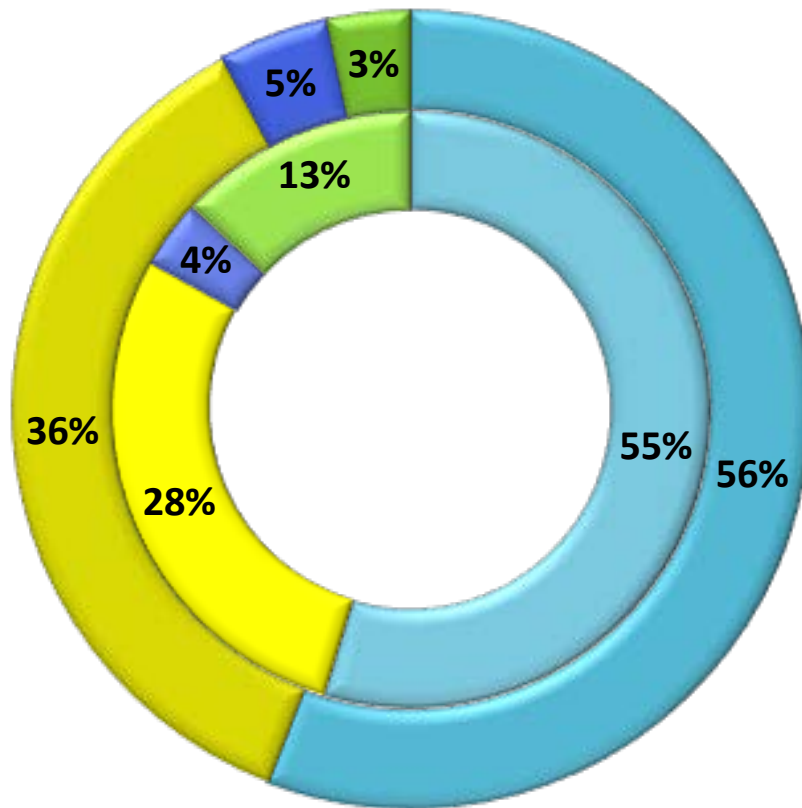
Marine Revenue and PBT by business group



Note: Revenue includes inter-segment sales

Marine Revenue

Breakdown by location of customers (by geography)



Locality	1Q2016		1Q2017	
	\$m	%	\$m	%
Asia	117	55	100	56
USA	61	28	65	36
Europe	8	4	8	5
Others	28	13	6	3
Total	214	100	179	100

Note: Revenue includes inter-segment sales

Thank You

