

Financial Results Briefing

Third Quarter 2017 Results

8 November 2017



Higher Profits in 3Q2017 vs 3Q2016



Agenda

- ▶ Financial Highlights
 - ▶ 3Q2017 vs 3Q2016
 - ▶ 9M2017 vs 9M2016
- ▶ Outlook
- ▶ Appendix
 - ▶ EBIT
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine

Financial Highlights

for the third quarter ended 30 September 2017

\$'m	3Q2017	3Q2016	Change		
Revenue	1,622	1,613	▲	9	1%
Earnings before interest & tax (EBIT)	146.1	82.0	▲	64.1	78%
Other income, net	9.2	10.7	▼	1.5	14%
Finance (costs)/income, net	(3.3)	0.6	▼	3.9	NM
Profit before tax (PBT)	162.9	106.6	▲	56.3	53%
Profit attributable to shareholders (Net Profit)	128.4	76.7	▲	51.7	67%

NM: Not Meaningful

Financial Highlights

for the third quarter ended 30 September 2017

- ▶ \$13.3b strong order book; about \$1.2b to be delivered in 4Q2017 (end June 2017: \$13.5b)
- ▶ Commercial sales and defence sales constituted 63% or \$1.0b and 37% or \$0.6b respectively (3Q2016 commercial and defence sales: 63% and 37%, FY2016 commercial and defence sales: 65% and 35%)
- ▶ EBITDA of \$201.0m (3Q2016: \$146.7m) and EBIT of \$146.1m (3Q2016: \$82.0m) higher by 37% and 78% respectively.
- ▶ CCE including funds under management of \$1.1b (end June 2017: \$1.3b)

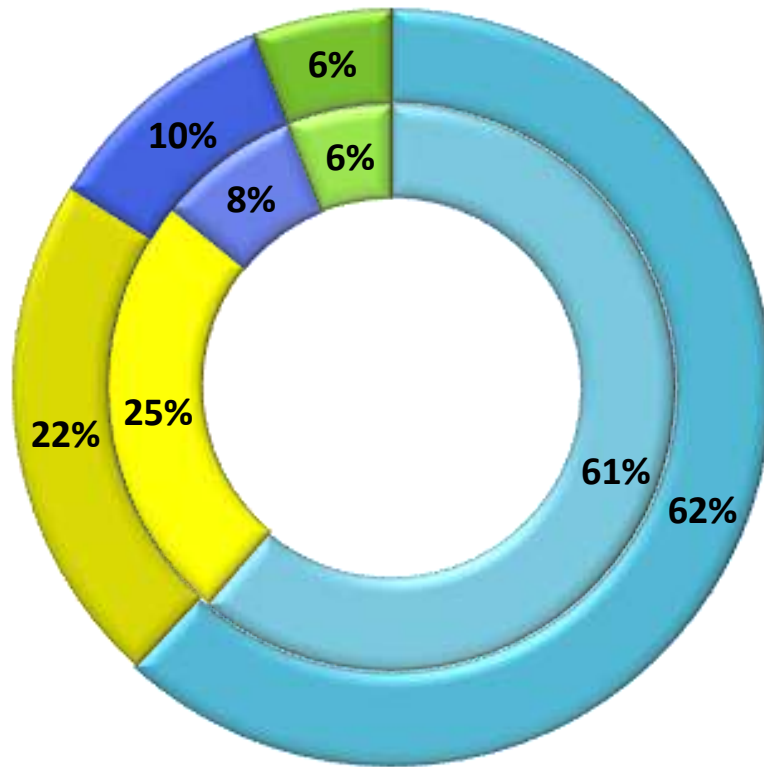
Group Revenue by sector

Comparable revenue							
\$'m	3Q2017	%	3Q2016	%	Change		
Aerospace	608	38	563	35	▲	45	8%
Electronics	495	31	466	29	▲	29	6%
Land Systems	331	20	350 [*]	22	▼	19	5%
Marine	164	10	211	13	▼	47	22%
Others	24	1	23 [*]	1	▲	1	4%
Group	1,622	100	1,613	100	▲	9	1%

*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	3Q2016		3Q2017	
	\$m	%	\$m	%
Asia	987	61	1,003	62
USA	398	25	358	22
Europe	133	8	165	10
Others	95	6	96	6
Total	1,613	100	1,622	100

Group PBT by sector

Higher PBT by \$56.3m or 53%

\$'m	3Q2017	%	3Q2016	%	Change	
Aerospace	66.3	41	65.2	61	▲	1.1 2%
Electronics	55.6	34	52.8	50	▲	2.8 5%
Land Systems	15.1	9	(37.0)*	(35)	▲	52.1 NM
Marine	21.1	13	38.7	36	▼	17.6 45%
Others	4.8	3	(13.1)*	(12)	▲	17.9 NM
Group	162.9	100	106.6	100	▲	56.3 53%

NM: Not Meaningful

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

PBT Margin by sector

	3Q2017	3Q2016
Aerospace	11%	12%
Electronics	11%	11%
Land Systems	5%	(11%)*
Marine	13%	18%
Group	10%	7%

One-off charge incurred for China Specialty Vehicle business

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

Aerospace

3Q2017 vs 3Q2016

Revenue **\$608m** ▲ **\$45m or 8%**

- Higher revenue from CERO business group

PBT **\$66.3m** ▲ **\$1.1m or 2%**

- Higher gross profit due largely to higher revenue
- Partially offset by
- Higher operating expenses
- Lower other income

Electronics

3Q2017 vs 3Q2016

Revenue **\$495m** ▲ **\$29m or 6%**

- Higher revenue from SSG and CSG business groups partially offset by lower revenue from LSG business group

PBT **\$55.6m** ▲ **\$2.8m or 5%**

- Higher gross profit in line with higher revenue
- Partially offset by
- Lower other income

Land Systems

3Q2017 vs 3Q2016*

Revenue **\$331m** ▼ **\$19m or 5%**

- Lower revenue from Automotive and M&W business groups partially offset by higher revenue from S&T business group

PBT **\$15.1m** ▲ **\$52.1m**

- Absence of prior year's impairment of asset carrying values and the provision for closure costs for the China Specialty Vehicle business

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

Marine

3Q2017 vs 3Q2016

Revenue **\$164m** ▼ **\$47m or 22%** • Lower revenue from all three business groups

PBT **\$21.1m** ▼ **\$17.6m or 45%** • Weaker performance from all three business groups

Statement of Cash Flows

\$m	3Q2017	3Q2016	
Net cash from/(used in):			
Operating activities	112	172	<ul style="list-style-type: none"> ▪ Acquisition of Aethon (\$50m) ▪ Purchase of marine repair assets (\$34m)
Investing activities	(62)	(79)	
Financing activities	(58)	(108)	<ul style="list-style-type: none"> ▪ Dividends paid (\$156m) ▪ Proceeds from bank loans, net, \$117m
Net decrease in CCE *	(8)	(15)	
CCE at beginning of the period	804	800	
Exchange difference	(6)	4	
CCE at end of the period	790	789	
Add: Funds under management	359	496	
Total CCE & Funds under management	1,149	1,285	

* CCE – Cash & Cash Equivalents

Agenda

- ▶ **Financial Highlights**
 - ▶ 3Q2017 vs 3Q2016
 - ▶ 9M2017 vs 9M2016
- ▶ Outlook
- ▶ Appendix
 - ▶ EBIT
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine

Financial Highlights

for the first nine months ended 30 September 2017

\$'m	9M2017	9M2016		Change	
Revenue	4,917	4,863	▲	54	1%
Earnings before interest & tax (EBIT)	393.6	316.3	▲	77.3	24%
Other income, net	31.6	57.4	▼	25.8	45%
Finance costs, net	(11.7)	(14.8)	▲	3.1	21%
Profit before tax (PBT)	449.7	407.3	▲	42.4	10%
Profit attributable to shareholders (Net Profit)	343.4	314.1	▲	29.3	9%

Group Revenue by sector

Comparable revenue							
\$'m	9M2017	%	9M2016	%	Change		
Aerospace	1,796	37	1,804	37	▼	8	-
Electronics	1,639	33	1,368	28	▲	271	20%
Land Systems	906	19	964*	20	▼	58	6%
Marine	506	10	672	14	▼	166	25%
Others	70	1	55*	1	▲	15	28%
Group	4,917	100	4,863	100	▲	54	1%

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

Group PBT by sector

Higher PBT by \$42.4m or 10%

\$'m	9M2017	%	9M2016	%	Change		
Aerospace	223.3	50	214.5	53	▲	8.8	4%
Electronics	149.4	33	143.6	35	▲	5.8	4%
Land Systems	60.7	13	11.9*	3	▲	48.8	409%
Marine	22.0	5	62.6	15	▼	40.6	65%
Others	(5.7)	(1)	(25.3)*	(6)	▲	19.6	NM
Group	449.7	100	407.3	100	▲	42.4	10%

NM: Not Meaningful

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

Balance Sheet

\$ m	30-Sep-17	31-Dec-16
Property, plant and equipment	1,715	1,670
Associates & joint ventures	437	406
Investments	377	322
Intangible assets	1,077	1,020
Other non-current assets	137	134
Non-current assets	3,743	3,552
Current assets	4,555	4,813
Total assets	8,298	8,365
Current liabilities	3,793	3,801
Non-current liabilities	2,121	2,120
Total liabilities	5,914	5,921
Share capital and reserves	2,093	2,182
Non-controlling interests	291	262
Total equity and liabilities	8,298	8,365
Net current assets	762	1,012

Net Assets:
\$2.38b

Net Assets:
\$2.44b

Agenda

- ▶ Financial Highlights
 - ▶ 3Q2017 vs 3Q2016
 - ▶ 9M2017 vs 9M2016
- ▶ Outlook
- ▶ Appendix
 - ▶ EBIT
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine

Group Outlook for FY2017

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

President & CEO's Message

“We continue to position the Group for long-term sustainable growth and value creation. We acquired a US robotics company, Aethon, and marine repair assets in the US to strengthen our capability and service offerings.

ST Marine is part of a consortium that was named the preferred bidder by PUB to design, build, own and operate Singapore's fifth desalination plant, the Jurong Island Desalination Plant. This award will give our environmental engineering business a boost. The consortium has since set up a concession company to jointly undertake this Project. Our corporate venture capital unit made its first investment, taking a stake in Janus Technologies, Inc., a US-based endpoint cyber security provider. That led to a collaboration in which ST Electronics launched the Black Computer L100, an industry-first hardware-based cyber security solution.

Our order book continues to be strong, and we maintain our outlook of comparable revenue and PBT for the year.”

~ Vincent Chong, President & CEO, ST Engineering

Agenda

- ▶ Financial Highlights
 - ▶ 3Q2017 vs 3Q2016
 - ▶ 9M2017 vs 9M2016
- ▶ Outlook
- ▶ Appendix
 - ▶ EBIT
 - ▶ Aerospace
 - ▶ Electronics
 - ▶ Land Systems
 - ▶ Marine

Earnings before interest and tax (EBIT)



EBIT by sector

Higher EBIT by \$64.1m or 78%

\$'m	3Q2017	3Q2016		Change	
Aerospace	56.0	51.6	▲	4.4	9%
Electronics	55.4	49.4	▲	6.0	12%
Land Systems	11.5	(43.5)*	▲	55.0	NM
Marine	19.9	36.2	▼	16.3	45%
Others	3.3	(11.7)*	▲	15.0	NM
Group	146.1	82.0	▲	64.1	78%

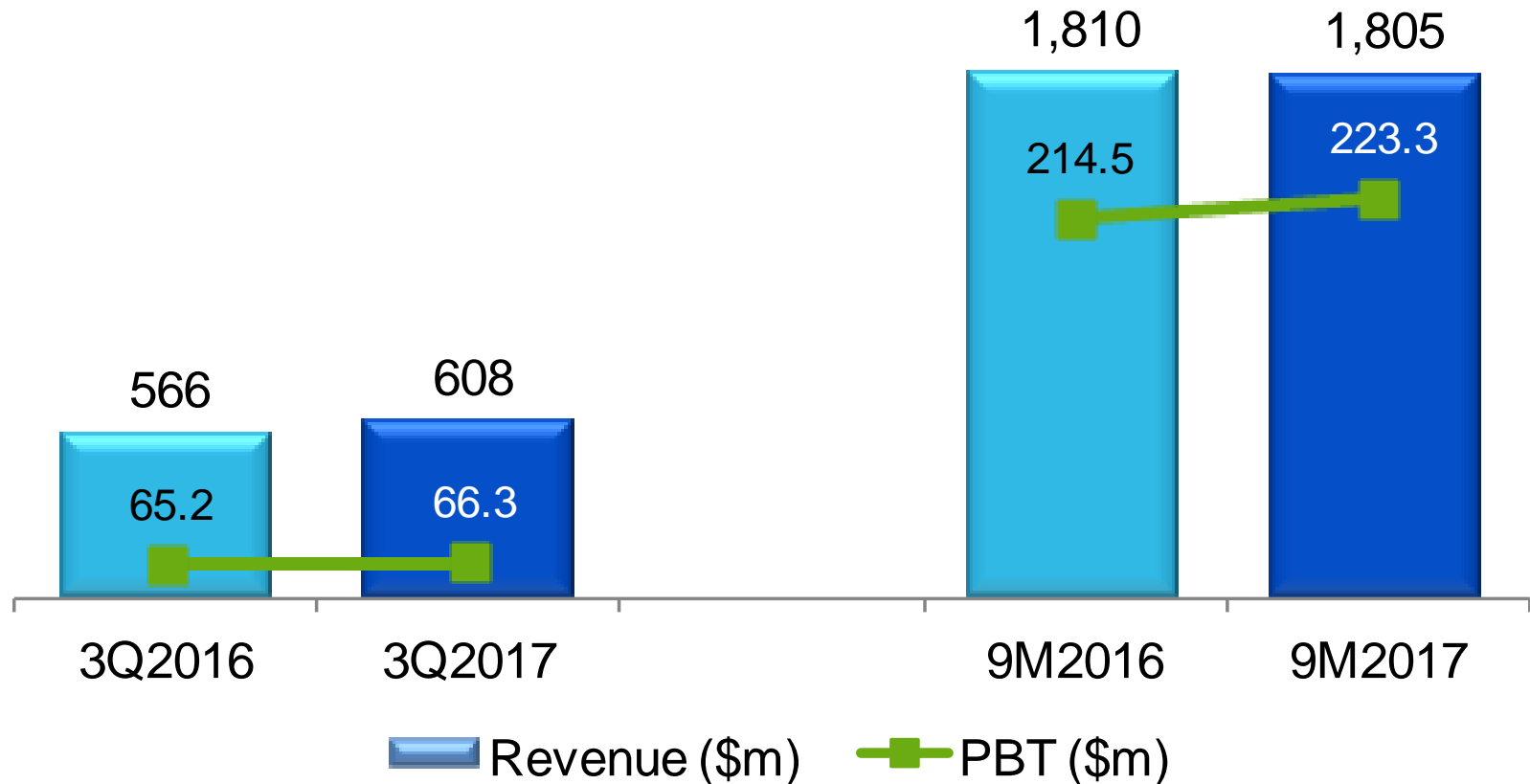
NM: Not Meaningful

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

Aerospace

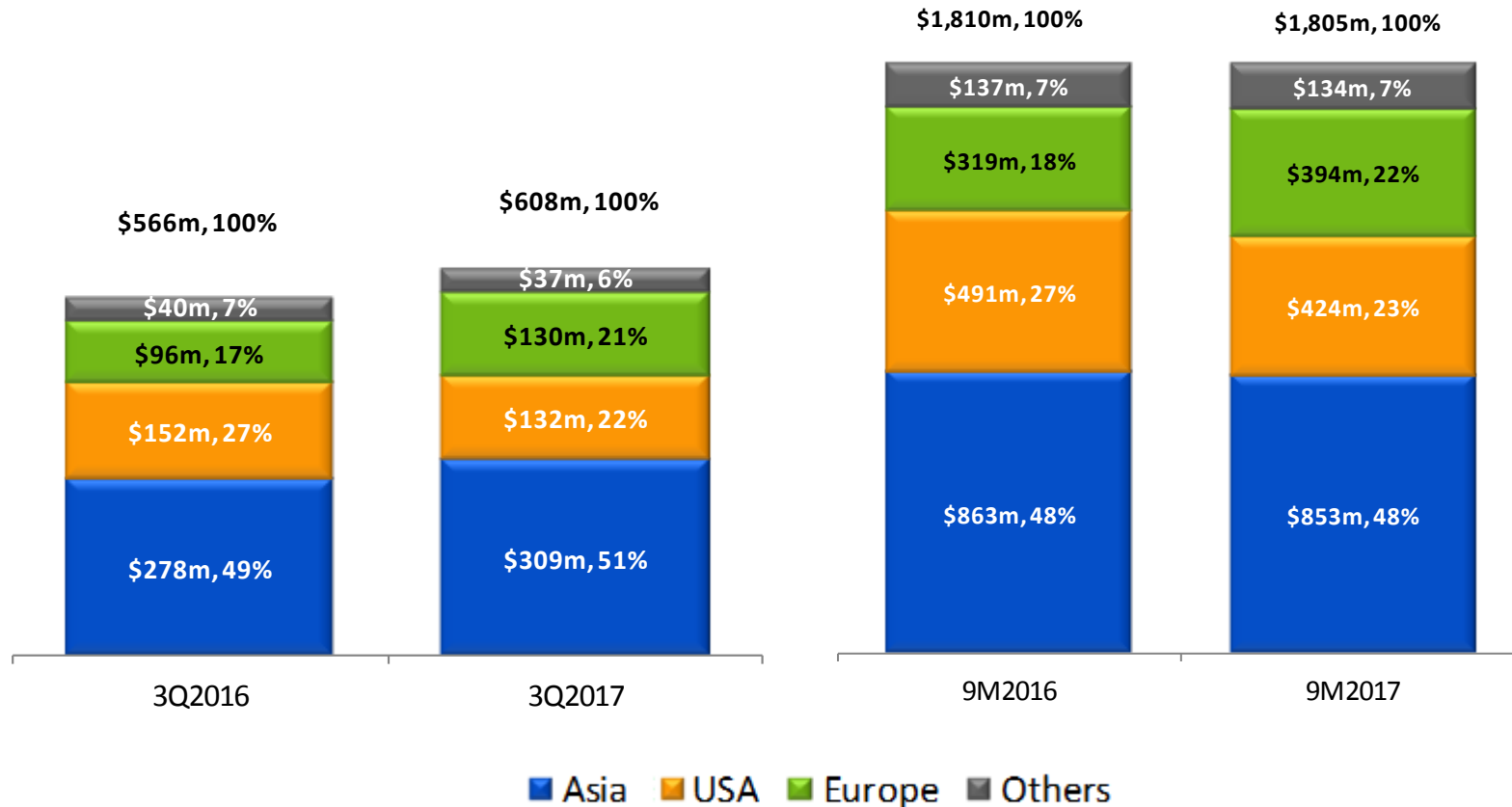
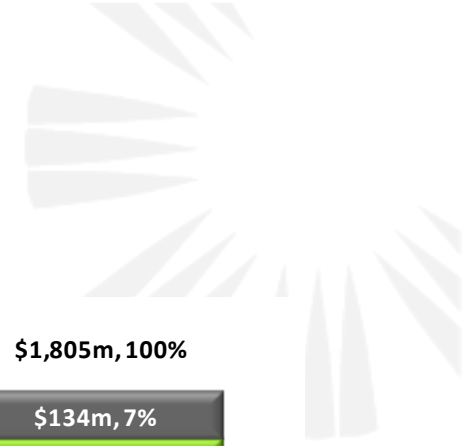


Aerospace Revenue and PBT



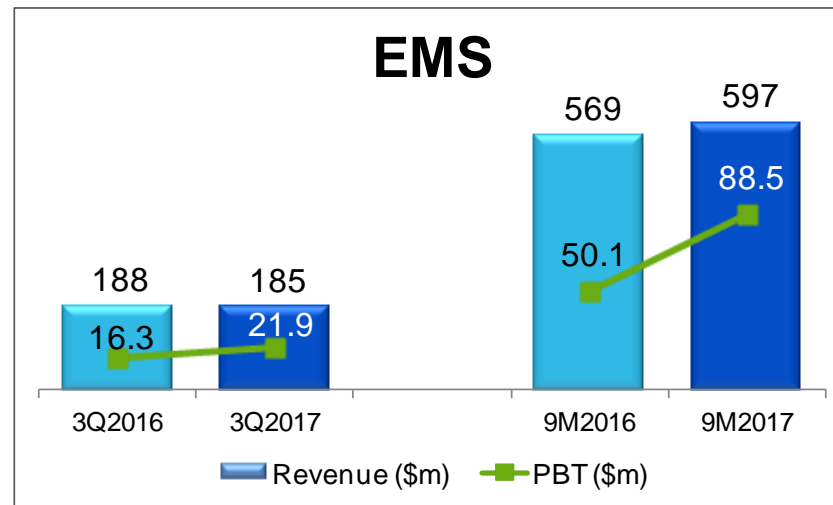
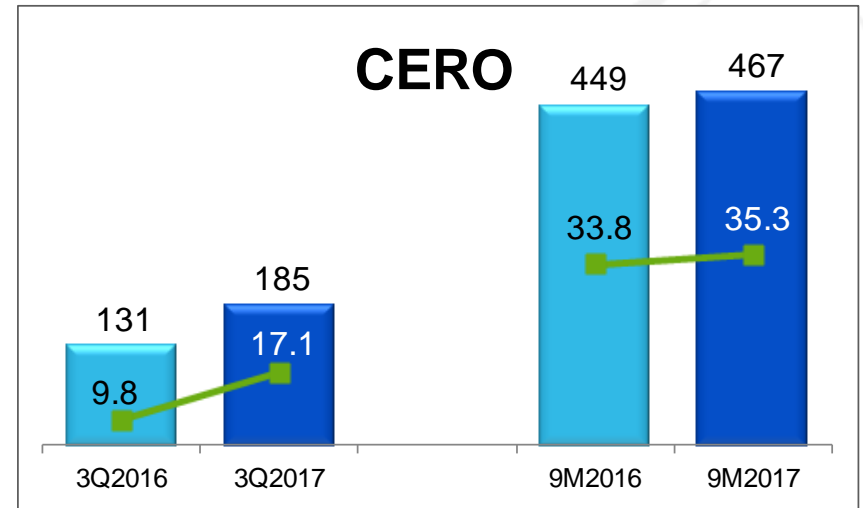
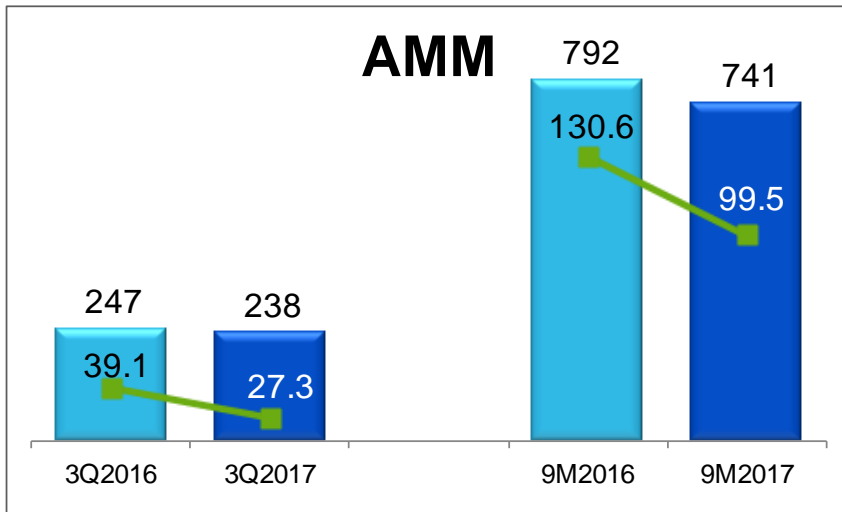
Note: Revenue includes inter-segment sales

Aerospace Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Aerospace Revenue and PBT by business group



Note: Revenue includes inter-segment sales

Aerospace – 3Q2017 in Review

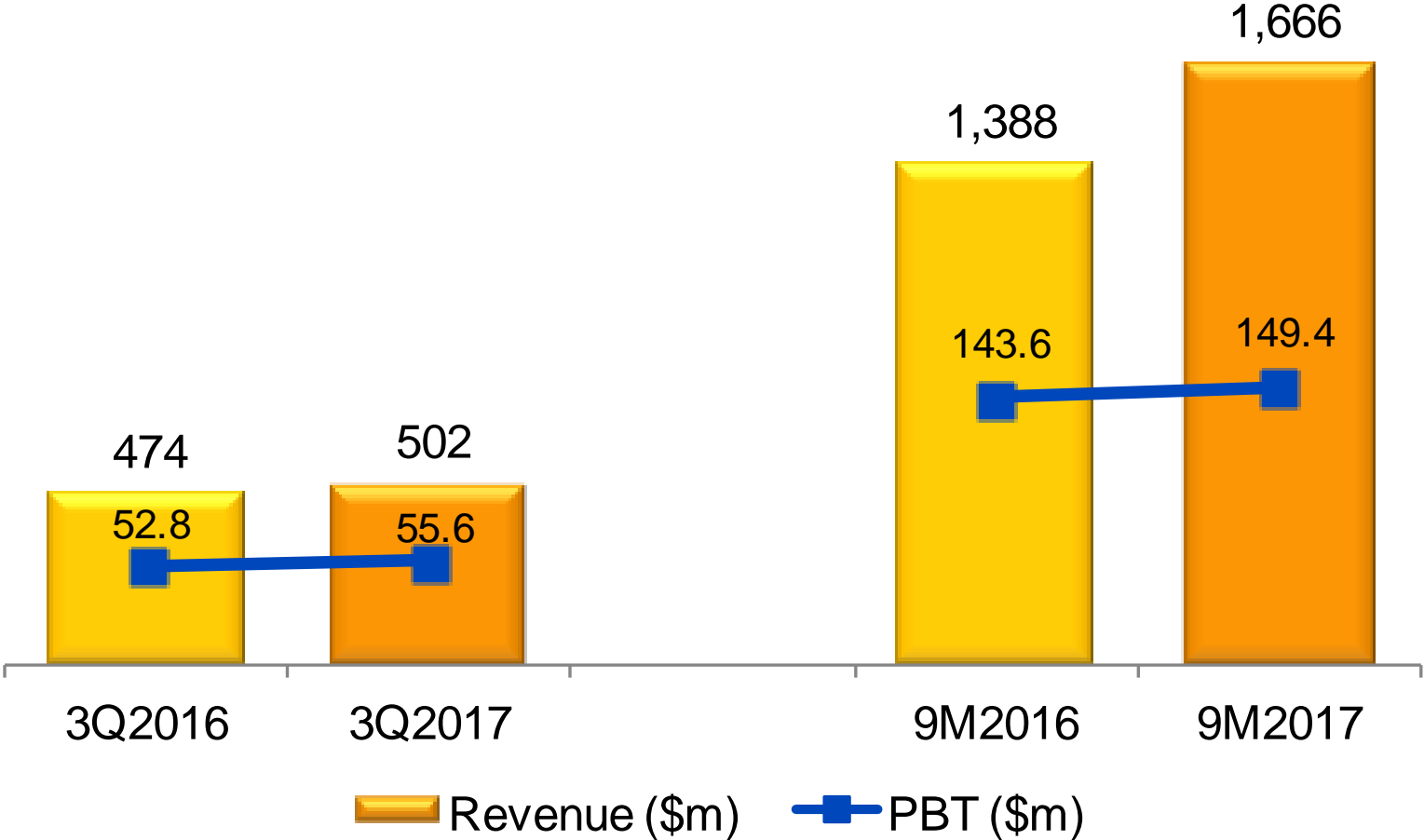


- ▶ Secured \$530m worth of new contracts, including:
 - ▶ Several long-term heavy airframe, CFM56-7B engines and landing gears maintenance contracts for commercial and military aircraft
 - ▶ A launch customer for in-house designed aircraft seats for two A320 aircraft
 - ▶ 3-year pilot training agreements with Xiamen Airlines and Air China
- ▶ Acquired two aircraft for aircraft leasing, bringing total fleet to 5 aircraft
- ▶ Capability enhancement on track
 - ▶ Received approval from Civil Aviation Authority of Malaysia for Boeing 767 maintenance services in Guangzhou, China
 - ▶ Incorporated AERIA as a subsidiary with independent FAA repair certification for VIP completion and refurbishment

Electronics

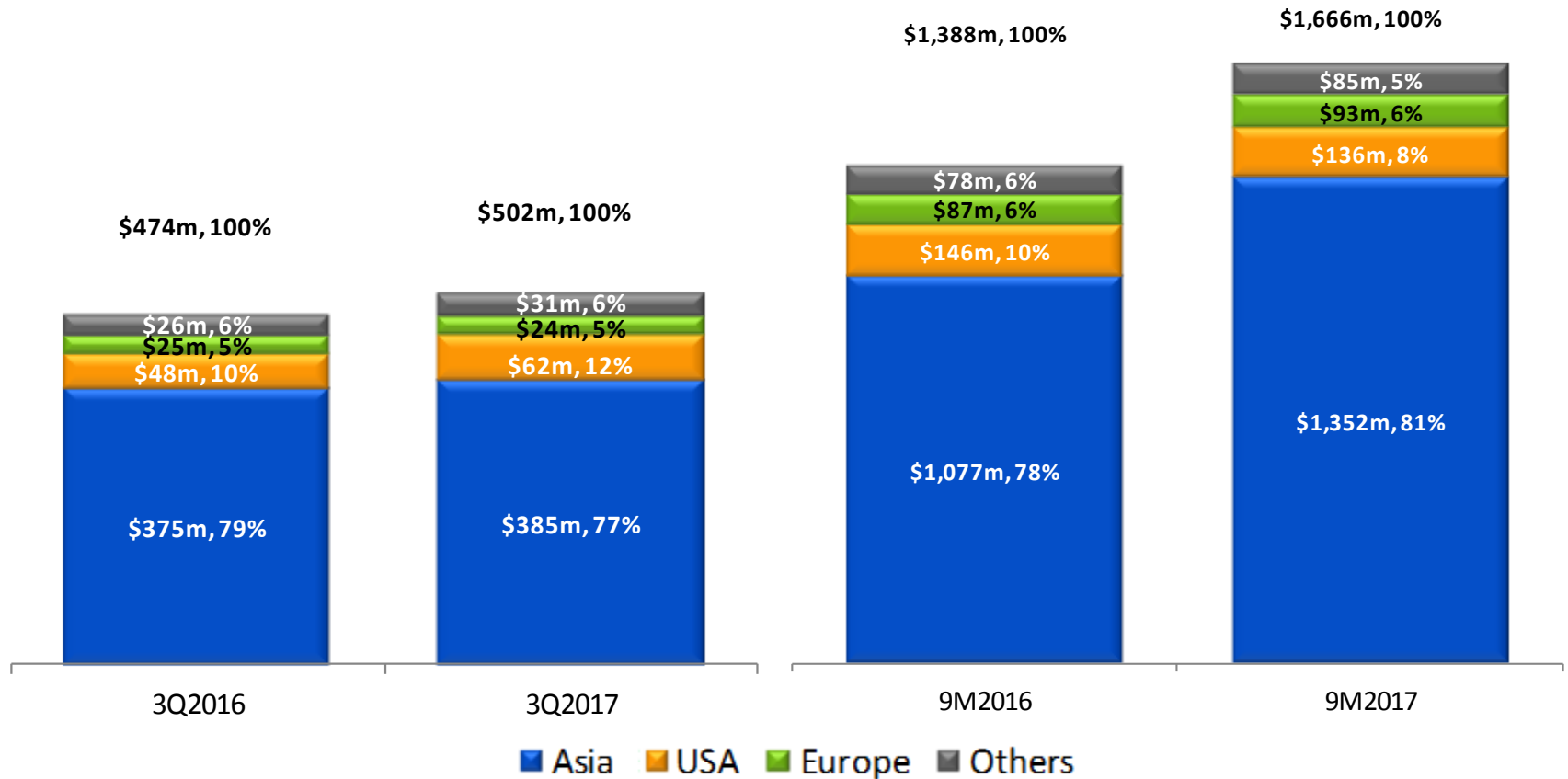
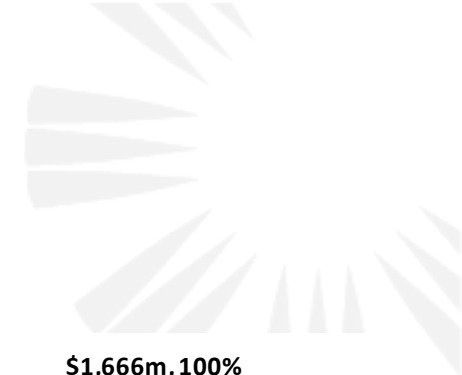


Electronics Revenue and PBT



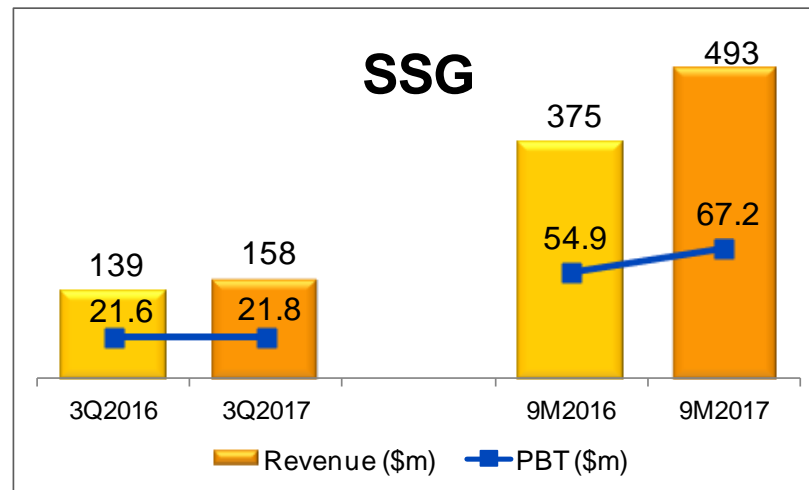
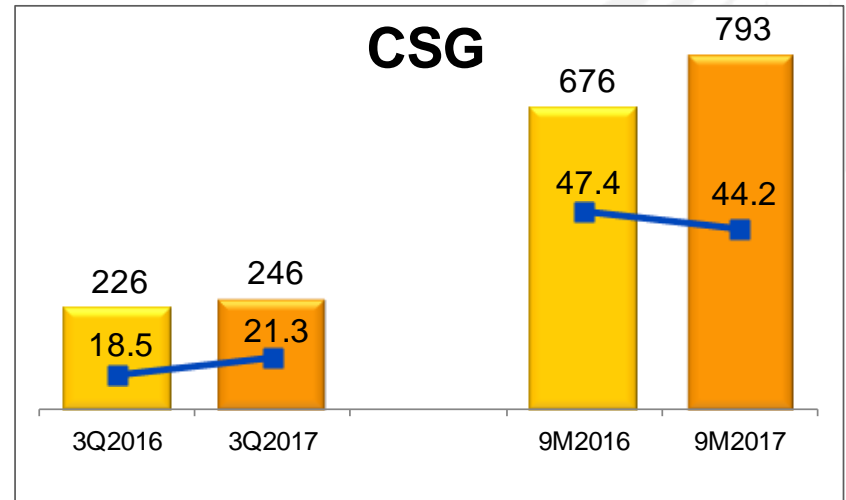
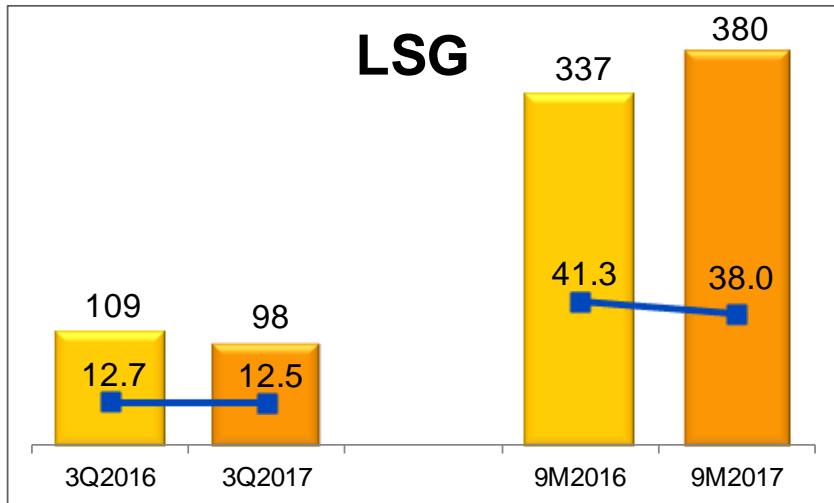
Note: Revenue includes inter-segment sales

Electronics Revenue by geography (by location of customers)




Note: Revenue includes inter-segment sales

Electronics Revenue and PBT by business group



Note: Revenue includes inter-segment sales

Electronics - 3Q2017 In Review

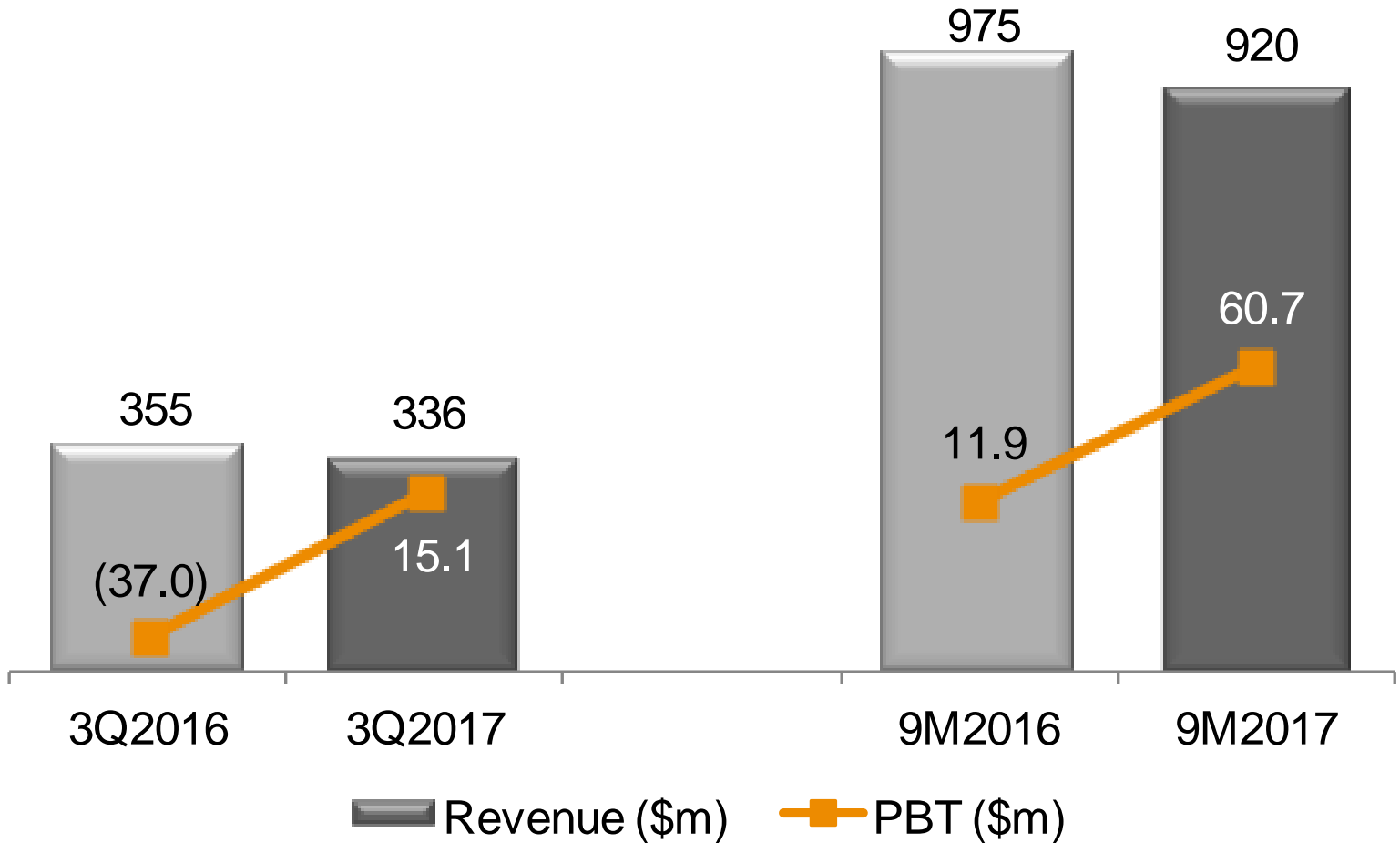


- ▶ Clinched \$585m worth of new contracts for its Rail Electronics & Intelligent Transportation, Satellite & Broadband Communications, Advanced Electronics and ICT solutions
- ▶ Enhanced smart city offerings
 - ▶ Launched Black Computer L100, an industry-first hardware-based cyber security solution, in collaboration with Janus Technologies, Inc.
 - ▶ Signed MOU with IBM & Siemplify to co-develop First-of-its-Kind Cyber Security Operations Centre
 - ▶ Partnered Cisco to provide Managed Detection and Response Security Services and to deliver enhanced security capabilities
 - ▶ Signed MOU with CAAS & GomSpace for the world's first space-based VHF communications for air traffic management in & around the Singapore Flight Information Region
 - ▶ Signed MOU with Alpha Ori to develop a Cloud-based Data Platform to power Smart Data Analytics for maritime operations

Land Systems

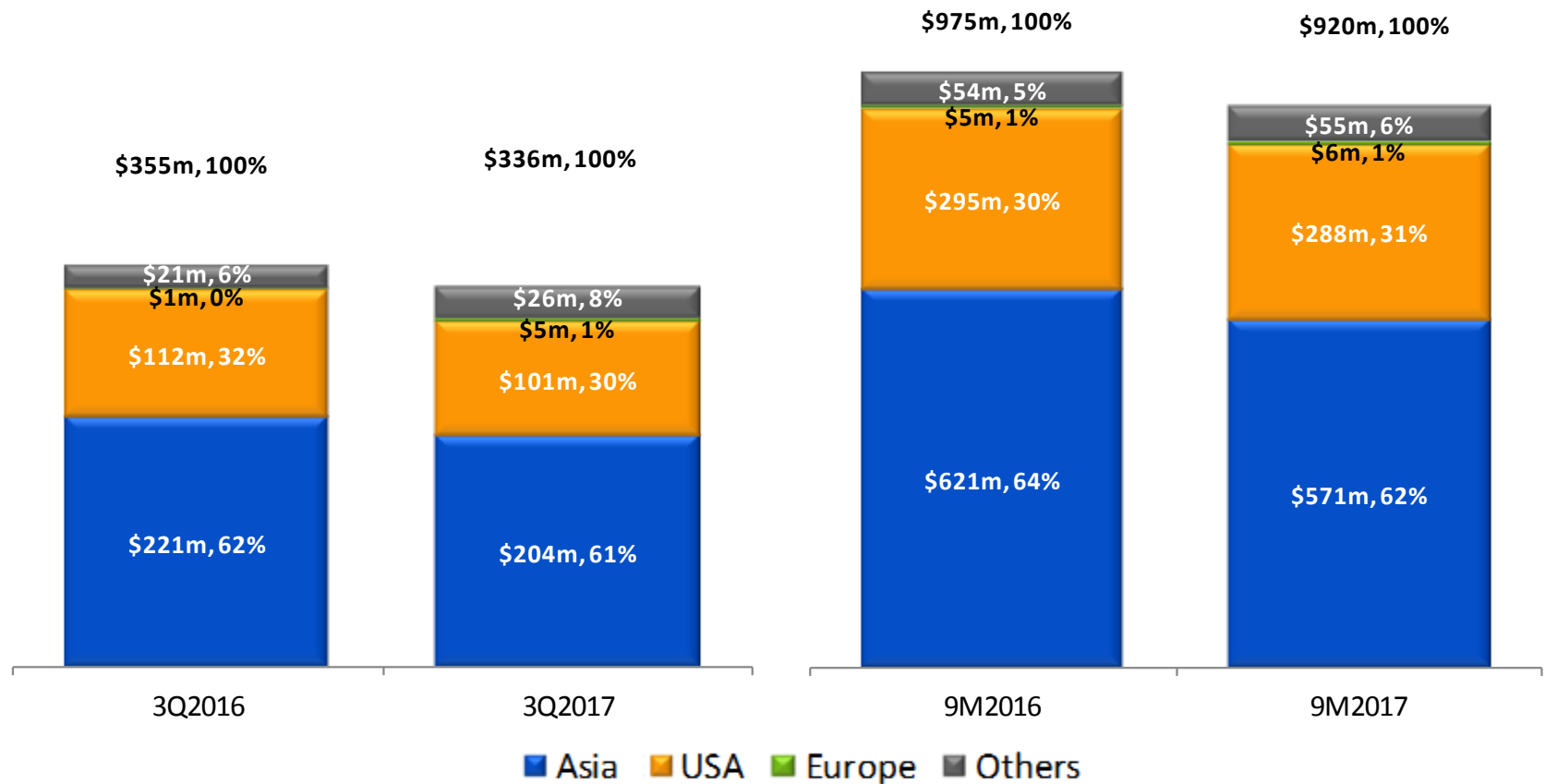


Land Systems Revenue and PBT



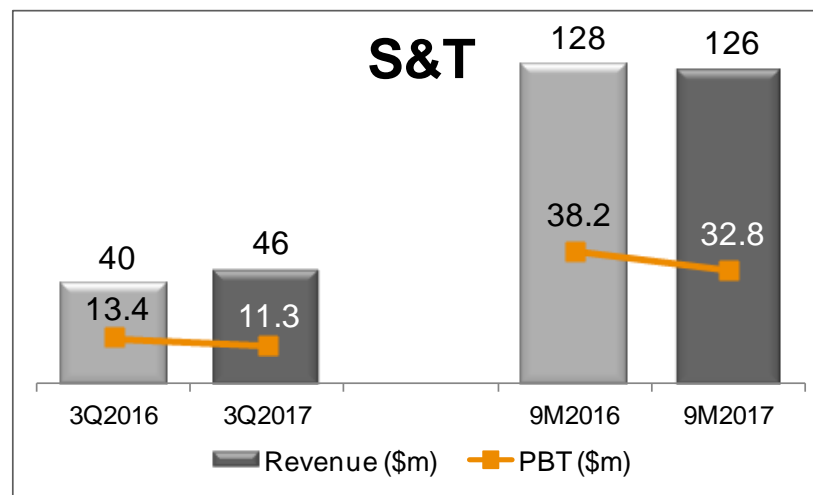
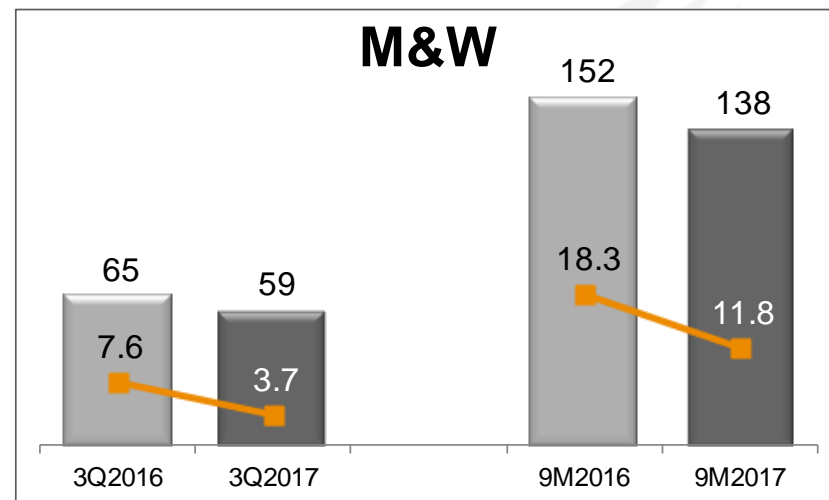
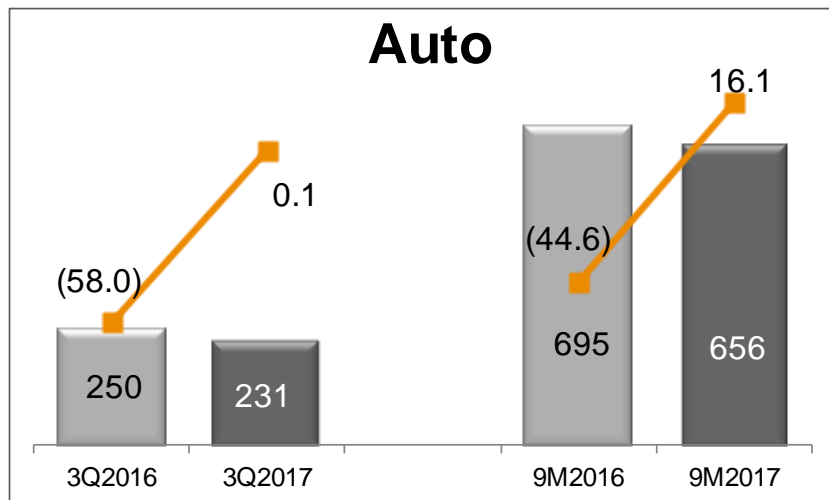
Note: Revenue includes inter-segment sales

Land Systems Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Land Systems Revenue and PBT by business group



Note: Revenue includes inter-segment sales

Land Systems - 3Q2017 in Review

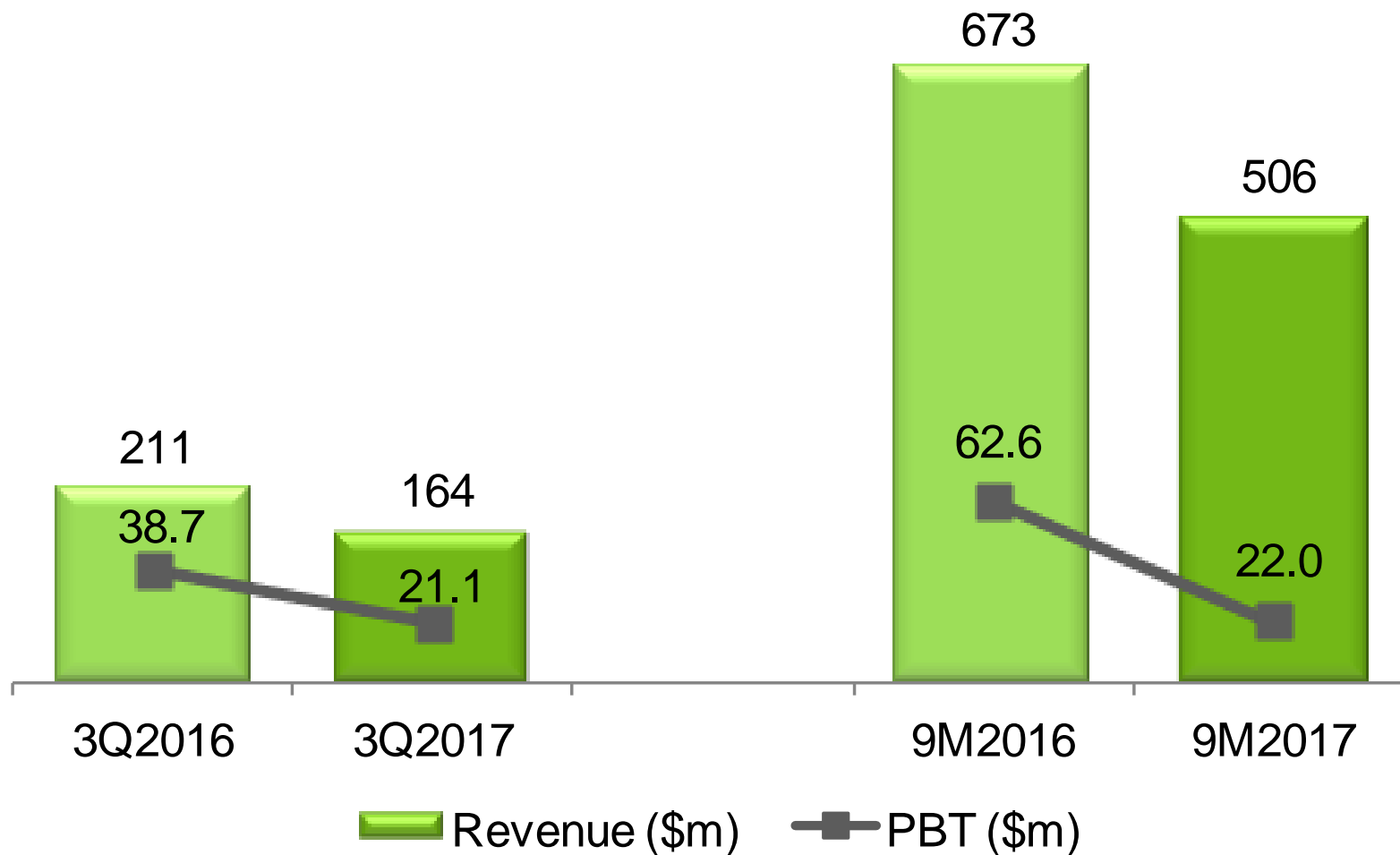


- ▶ Secured contracts for Road Construction Equipment and Specialty Vehicles from customers in North America, LATAM and Asia
- ▶ Project deliveries on track
 - ▶ Delivered 3 more Terrex 2 ACV1.1 prototypes to US Marine Corps, bringing total deliveries to-date to 15 units
 - ▶ Completed delivery of 6 units of Next Generation Delivery Vehicles prototypes to United States Postal Service
- ▶ Launched new Engine Remanufacturing Centre in Singapore
- ▶ Stepped up investment in new growth engine
 - ▶ Completed acquisition of 100% interest in Aethon, Inc. at US\$36m (about S\$50m), which is known for its TUG[®] smart autonomous mobile robots already deployed in more than 200 customer sites worldwide

Marine

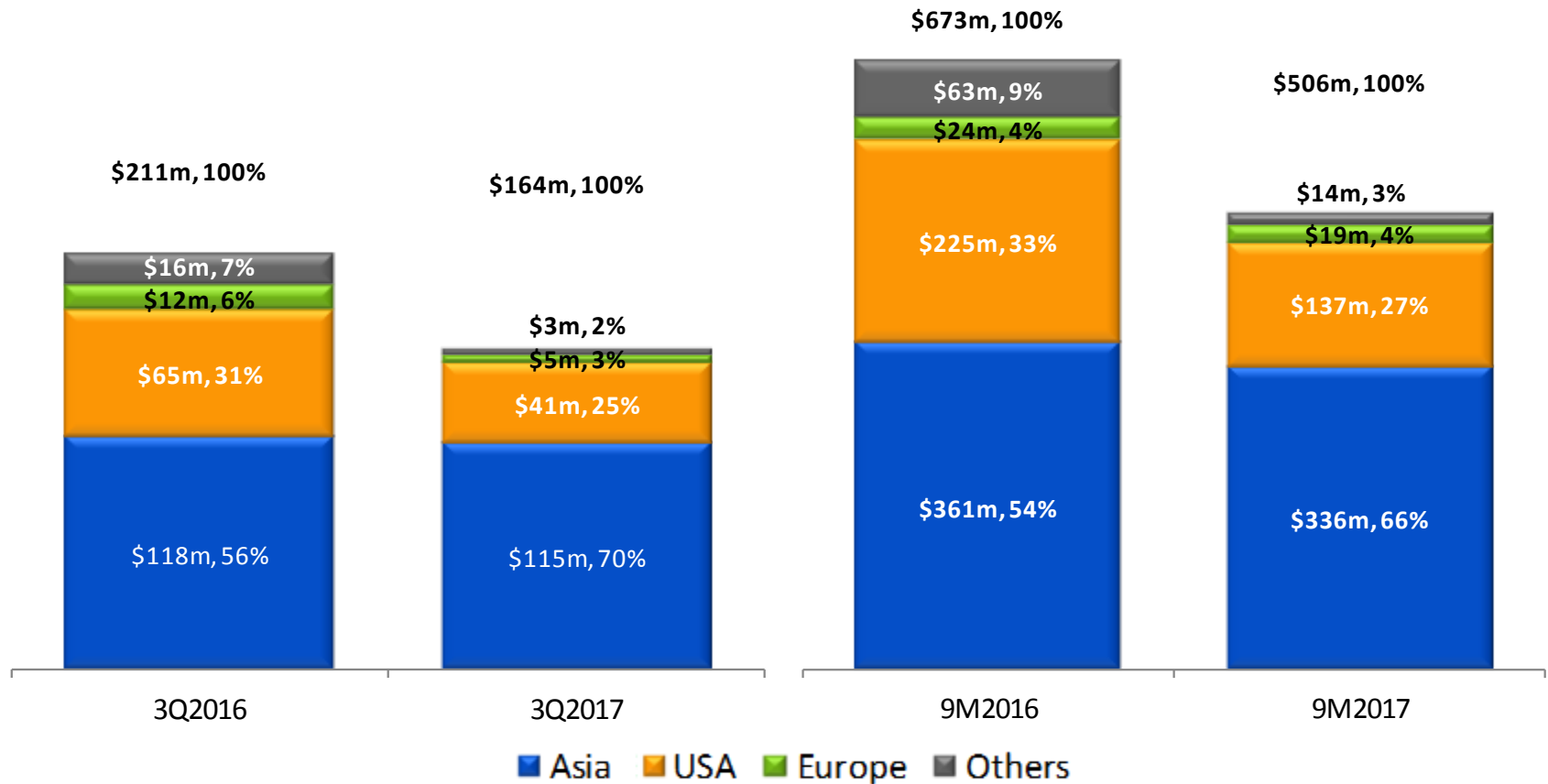


Marine Revenue and PBT



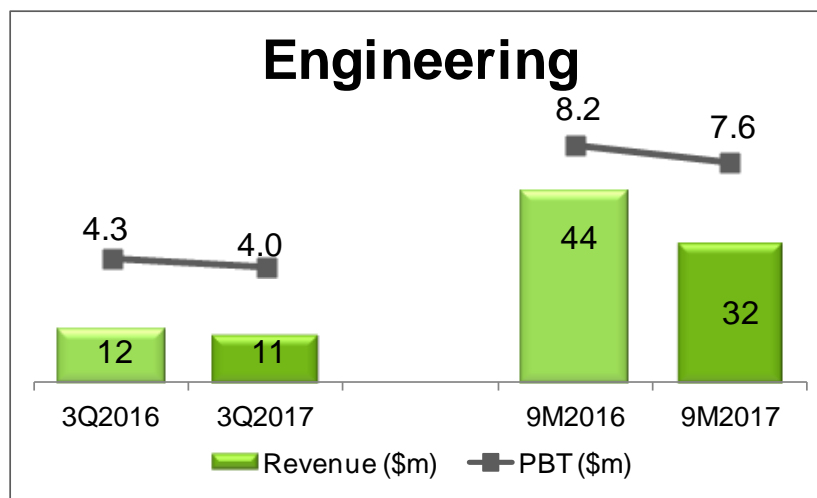
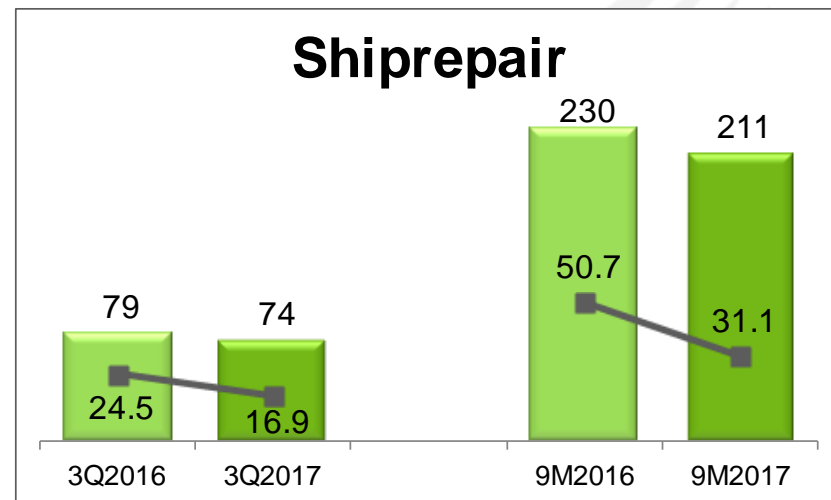
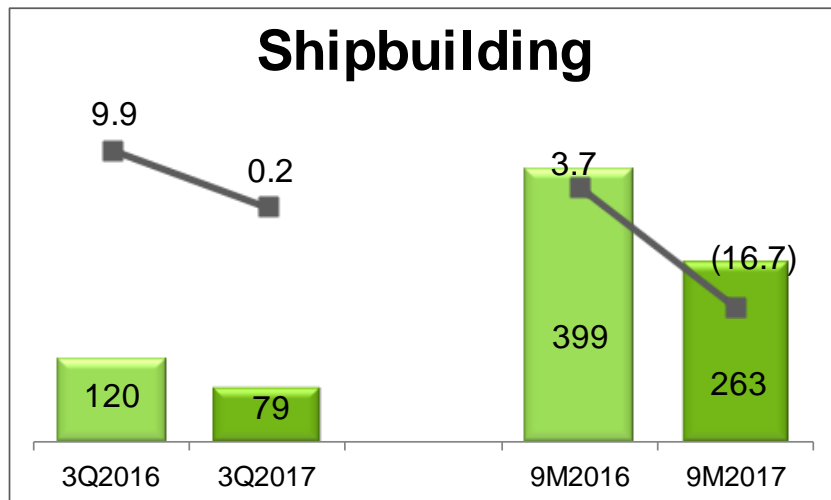
Note: Revenue includes inter-segment sales

Marine Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Marine Revenue and PBT by business group



Note: Revenue includes inter-segment sales

Marine - 3Q2017 in Review

- ▶ Acquired marine repair assets including a purpose-built facility of 94 acres in US for US\$25m (about S\$34m)
- ▶ Tuas Power-ST Marine consortium named as the preferred bidder to design, build, own and operate a seawater desalination plant in Jurong Island for a concessionary period of 25 years from 2020
- ▶ Shipbuilding programme on track:
 - ▶ Launched 5th and steel cut 7th and 8th of Littoral Mission Vessels (LMVs) for Republic of Singapore Navy (RSN)
 - ▶ Steel cut Heavy Fire Vessel for Singapore Civil Defence Force
 - ▶ LNG-powered Container Roll-on/Roll-off (ConRo) for Crowley Holdings Inc (Crowley)
- ▶ Completed various shiprepair projects in the US and Singapore

Thank You



3Q2017 Financial Results Briefing

Land Systems Sector: Update on Robotics Solutions

8 November 2017



Land Systems Sector: Driving Growth



- ▶ Local defence business remains core and sustainable
- ▶ Grow defence exports
- ▶ Continuous review of Specialty Vehicles portfolio
 - ▶ China's Specialty Vehicles business divested (in FY2016)
- ▶ Focus on growth levers:
 - ▶ Unmanned and autonomous vehicles (AV)
 - ▶ Robotics

AV & Robotics Solutions: Harnessing Engineering Capabilities for Different Industries

HEALTHCARE

Autonomous Mobile Robots



LOGISTICS

Material Handling Robots



DEFENCE & SECURITY

Security Robots



TRANSPORTATION

AV Bus / MODV



Enhancing Product Offering with Intelligent Solutions

Perception Planning System Control Robot Management System Machine Learning
Localisation System Management Indoor Navigation Machine Vision Speech

Robotics: Acquisition To Augment Capabilities

- ▶ Acquired Aethon, US-based Autonomous Mobile Robot (AMR) company in August 2017
- ▶ Best known for its TUG AMR, heavy duty robot capable of carrying up to 635kg of load
- ▶ Aethon's "indoor" autonomous navigation robots, complements ST Kinetics' existing robotics and automation capabilities



Aethon: Market Leader of AMR with Proven Track Record

Market Leader of AMRs

- **Largest deployed fleet of AMRs with 700+ robots, accounting for >30% global market share (2000 units)**
- **Deployed in 140 hospitals in the US**

Proven Track Record

- **Reliable operations in 200+ live customer sites globally, clocking over 100,000 delivery runs per week**

Superior Platform Technology

- **Autonomous indoor navigation**
- **No fixed infrastructure required for navigation**
- **Adaptive to surroundings – obstacle avoidance**
- **Robotic Management Systems**



Serving Customers Globally with 24/7 Command Center



Strategic Intent for Aethon

- ▶ Estimated global market of about \$1 billion for AMRs in 2022 across multiple customer segments
- ▶ Leverage track record in healthcare segment in the US, expand to hospitality, industrial and logistics segments
- ▶ Tap on the Group's global network to grow Asia Pacific and European markets
- ▶ Build on the Group's global innovation network for rapid product development
 - ▶ Integrate with other payloads for multiple applications e.g. robotic arms, machine / robotic vision for detection and monitoring purposes





Thank You



Engineering Our Future