News Release

ST Engineering
COVID-19 Update
- Providing essential services -

Singapore, 14 April 2020 - On 7 April 2020, the Covid-19 (Temporary Measures) (Control Order) Regulations 2020 were passed in Singapore. Under these regulations, all workplace premises must be closed for the period 7 April 2020 through 4 May 2020 (inclusive), save that entities which provide essential services can continue to operate with minimum staff. These measures form part of the elevated set of safe distancing measures introduced by the Singapore government as a 'circuit breaker' to pre-empt the trend of increasing local transmission of Covid-19.

The Group continues to operate substantively as provider of essential services

Singapore Technologies Engineering Ltd (ST Engineering) and many of its subsidiaries in Singapore have been classified as a provider of essential services and will continue to be able to operate from their premises (including aerospace hangars, shipyards, automotive factories and electronics workshops) during this period.

In the U.S., many states have required their residents to observe 'Shelter in Place' orders in the past weeks. Nevertheless, the Group's subsidiaries in the U.S. will continue to operate as essential businesses with the necessary safeguards including safe-distancing measures and telecommuting arrangements.

ST Engineering has activated its business continuity plans since February and has swiftly stepped up measures aligned with the latest government advisories to protect the health and well-being of its employees, customers and other stakeholders. The Group will comply with all measures as required by the governments and agencies in Singapore and elsewhere where it operates, to continue with its operations at its various premises, including safe-distancing, shift work/split teams, staggered hours and work-from-home arrangements.

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Diverse portfolio, group-wide efficiency & cost initiative and Government stimulus packages

Like many businesses, ST Engineering is not immune to the adverse economic effects brought about by the Covid-19 pandemic. However, its diverse business portfolio, covering defence and various domains in the aerospace, electronics, land systems and marine sectors, allows the Group to mitigate the overall impact on the Group.

The Group is closely monitoring the rapidly evolving nature of the pandemic, and it is in constant dialogue with its customers and suppliers to adjust delivery schedules and/or address disruptions in the supply chains. In the meantime, it has embarked on a Group-wide efficiency & cost reduction initiative even as it invests in improving processes and skills upgrading with an aim to emerge stronger when the pandemic ends.

Additionally, it expects that various state or government aid and stimulus packages in Singapore and elsewhere where it operates would mitigate the impact on the Group's financial performance.

Credit standing remains AAA/stable outlook

The Group's balance sheet remains strong. The rating agencies of Standard & Poor's and Moody's have maintained ST Engineering's credit rating at AAA/Stable and Aaa/Stable in their recently published credit opinions on 18 March 2020 and 9 April 2020 respectively.

Solidarity

To lend support and solidarity as it weathers this pandemic together with its partners and stakeholders, the Board has decided to reduce Board fees by 10%. The President & CEO will also reduce his salary by 10%, while the senior management team will reduce their salaries by percentages ranging between 5% and 10%. These changes will take effect from 1 May 2020.

The Group would like to express its deep appreciation to its customers, suppliers and employees for their strong support during this period.

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ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. The Group employs about 23,000 people across offices in Asia, Europe, Middle East and the U.S., serving customers in the defence, government and commercial segments in more than 100 countries. With more than 700 smart city projects across 130 cities in its track record, the Group continues to help transform cities through its suite of Smart Mobility, Smart Security and Smart Environment solutions. Headquartered in Singapore, ST Engineering reported revenue of $7.9b in FY2019 and it ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore, iEdge SG ESG Transparency Index and iEdge SG ESG Leaders Index.

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