

## News Release

*Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.*

### Land Systems

“Higher profits”

<b>FINANCIAL HIGHLIGHTS</b>			
<b>For the year ended</b>			
<b>31 December 2015</b>			
	<b>2015 FY</b>	<b>2014 FY</b>	<b>Growth %</b>
Revenue (\$m)	1,401	1,405	0
Earnings before interest and tax (EBIT) (\$m)	47.2	38.7	22
Other income, net (\$m)	11.6	13.0	(11)
Finance costs, net (\$m)	(10.4)	(8.5)	(22)
Profit before tax (PBT) (\$m)	65.0	56.2	16
Profit attributable to shareholders (\$m)	55.7	50.3	11
Economic value added (EVA) (\$m)	15.0	5.0	200

*“FY2015 revenue was comparable to FY2014. Higher PBT in 2015 was due mainly to lower allowances and provisions, partially offset by unfavourable product mix.*

*In 2016, we will pursue key programmes and continue to improve productivity. We will continue to collaborate with partners to penetrate new markets and pursue new customers.”*

*Ravinder Singh, President*

N.B.: All currencies are in Singapore dollars.

**Singapore Technologies Engineering Ltd**

ST Engineering Hub, 1 Ang Mo Kio Electronics Park Road #07-01, Singapore 567710

T: (65) 6722 1818 F: (65) 6720 2293

www.stengg.com

(Regn. No.: 199706274H)

## Land Systems

### Land Systems sector audited results for the year ended 31 December 2015:

	FY2015 \$'000	FY2014 \$'000	+ / (-) %
<b>1. (a) Revenue</b>	<b>1,401,019</b>	<b>1,405,132</b>	<b>(0.3)</b>
(b) Cost of sales	(1,133,748)	(1,140,622)	(0.6)
<b>(c) Gross Profit</b>	<b>267,271</b>	<b>264,510</b>	<b>1.0</b>
(d) Distribution and selling expenses	(64,989)	(69,100)	(5.9)
(e) Administrative expenses	(111,260)	(106,692)	4.3
(f) Other operating expenses	(43,833)	(49,991)	(12.3)
<b>(g) Profit from operations</b>	<b>47,189</b>	<b>38,727</b>	<b>21.9</b>
(h) Other income	13,239	14,525	(8.9)
(i) Other expenses	(1,645)	(1,570)	4.8
(j) Other income, net	11,594	12,955	(10.5)
(k) Finance income	2,880	3,124	(7.8)
(l) Finance costs	(13,252)	(11,655)	13.7
(m) Finance costs, net	(10,372)	(8,531)	21.6
(n) Share of results of associates and joint ventures, net of tax	16,590	13,050	27.1
<b>(o) Profit before taxation</b>	<b>65,001</b>	<b>56,201</b>	<b>15.7</b>
(p) Taxation	(14,395)	(11,001)	30.9
<b>(q) Profit for the year</b>	<b>50,606</b>	<b>45,200</b>	<b>12.0</b>
Attributable to:			
(r) <b>Shareholders of the Company</b>	<b>55,736</b>	<b>50,323</b>	<b>10.8</b>
(s) Non-controlling interests	(5,130)	(5,123)	0.1
	<b>50,606</b>	<b>45,200</b>	<b>12.0</b>
<b>2. (a) Profit from operations is arrived at after charging/(crediting) the following:</b>			
Depreciation and amortisation	38,981	38,053	2.4
Allowance for doubtful debts & bad debts written off, net	9,535	11,863	(19.6)
Allowance for inventory obsolescence, net	19,385	45,529	(57.4)
Impairment losses of intangible assets	4,942	12,853	(61.5)
<b>(b) Finance costs, net comprises:</b>			
Interest income	2,586	2,557	1.1
Foreign exchange loss, net	(2,682)	(736)	264.4
Fair value changes of financial instruments / hedged items	180	(163)	(210.4)
Gain on disposal of investments, net	-	1	(100.0)
Interest expenses	(10,456)	(10,190)	2.6
	<b>(10,372)</b>	<b>(8,531)</b>	<b>21.6</b>

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	FY2015 \$'000	FY2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	3.6%	3.2%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of year	15.1%	13.6%	
4. (a) Revenue reported for first half year	665,709	622,926	6.9
(b) Profit for the period reported for first half year	24,019	31,413	(23.5)
(c) Revenue reported for second half year	735,310	782,206	(6.0)
(d) Profit for the period reported for second half year	26,587	13,787	92.8
5. (a) There was an over-provision of current tax of \$1,595,000 and deferred tax of \$951,000 in respect of prior years. (FY2014: There was an over-provision of current tax of \$4,201,000 and under-provision of deferred tax of \$175,000 in respect of prior years).			
(b) There was a disposal of property due to factory relocation during the year. Arising from government compensation for the relocation, there was no profit and loss impact.			

#### 6. Business Group Information

##### By Business Group

##### Fourth Quarter vs Third Quarter (unaudited)

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	4Q2015 \$'000	3Q2015 \$'000		4Q2015 \$'000	3Q2015 \$'000	
Automotive	320,137	271,269	18.0	(7,681)	9,534	(180.6)
Munitions & Weapon	79,091	36,034	119.5	13,535	2,069	>500
Services, Trading & Others	15,222	13,557	12.3	6,882	8,156	(15.6)
Total	<u>414,450</u>	<u>320,860</u>	29.2	<u>12,736</u>	<u>19,759</u>	(35.5)

##### Full Year Ended 31 December

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	FY2015 \$'000	FY2014 \$'000		FY2015 \$'000	FY2014 \$'000	
Automotive	1,136,081	1,065,335	6.6	9,019	(14,402)	(162.6)
Munitions & Weapon	199,188	253,901	(21.5)	26,134	38,596	(32.3)
Services, Trading & Others	65,750	85,896	(23.5)	29,848	32,007	(6.7)
Total	<u>1,401,019</u>	<u>1,405,132</u>	(0.3)	<u>65,001</u>	<u>56,201</u>	15.7

##### By Geographical Areas

	Revenue		
	FY2015 \$'000	FY2014 \$'000	
Asia	1,018,169	1,008,154	1.0
USA	297,948	248,950	19.7
Europe	17,615	22,333	(21.1)
Others	67,287	125,695	(46.5)
Total	<u>1,401,019</u>	<u>1,405,132</u>	(0.3)

##### By Country of Incorporation

Asia	1,068,195	1,115,960	(4.3)
USA	315,074	263,577	19.5
Europe	-	-	-
Others	17,750	25,595	(30.7)
Total	<u>1,401,019</u>	<u>1,405,132</u>	(0.3)

## Land Systems

### 7. Review of Performance

#### (a) Revenue

<u>FY2015 vs FY2014</u>	FY2015	FY2014	Growth	
	\$1,401m	\$1,405m	(\$4m)	(0%)

FY2015 revenue was comparable to FY2014.

#### (b) Profitability

<u>FY2015 vs FY2014</u>	FY2015	FY2014	Growth	
	\$65.0m	\$56.2m	\$8.8m	16%

FY2015 profit before tax (PBT) of \$65.0 million was higher than FY2014 PBT by 16% or \$8.8 million. This was due to favourable results of the **Automotive (Auto)** business group, partially offset by lower profits of the **Munitions & Weapon (M&W)** and **Services, Trading & Others (S&T)** business groups. The **Auto** business group's favourable results were due mainly to higher revenue and lower allowances and provisions, partially offset by unfavourable product mix. The **M&W** business group had lower profits mainly from lower revenue and unfavourable product mix, partially offset by lower allowance for inventory obsolescence. The **S&T** business group's lower profits were due mainly to lower revenue.

### 8. Prospects

#### FY2016

Barring unforeseen circumstances, FY2016 revenue is expected to be comparable to FY2015, while PBT is expected to be lower.

### 9. Balance Sheet

	31-Dec-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	354,677	372,275
Associates and joint ventures	121,781	112,750
Investments	189	378
Intangible assets	208,201	205,335
Long-term receivables, non-current	-	13
Finance lease receivables, non-current	523	973
Deferred tax assets	25,993	18,028
Amounts due from related parties, non-current	6,049	5,650
Derivative financial instruments, non-current	1,138	1,196
Non-current assets	718,551	716,598
Current assets	1,258,310	1,487,167
<b>Total assets</b>	<b>1,976,861</b>	<b>2,203,765</b>
Current liabilities	942,164	965,063
Non-current liabilities	771,307	966,263
<b>Total liabilities</b>	<b>1,713,471</b>	<b>1,931,326</b>
Share capital and reserves	221,847	223,060
Non-controlling interests	41,543	49,379
<b>Total equity and liabilities</b>	<b>1,976,861</b>	<b>2,203,765</b>
<b>Net current assets</b>	<b>316,146</b>	<b>522,104</b>

## Land Systems

### 10. Statement of Cash Flows for the year ended 31 December 2015

	FY2015 \$'000	FY2014 \$'000
Net cash from operating activities	47,525	122,107
Net cash used in investing activities	<b>(15,015)</b>	<b>(43,601)</b>
Proceeds from sale of property, plant and equipment	580	1,834
Proceeds from sale of an investment property	-	22,000
Proceeds from sale of a quoted investment	-	1
Proceeds from disposal of a subsidiary	-	2
Proceeds from disposal of a joint venture	-	3,280
Repayment of short term loan by a joint venture	-	3,887
Dividends from associates	7,652	9,418
Purchase of property, plant and equipment	(22,371)	(83,829)
Purchase of intangible assets	(876)	-
Acquisition of non-controlling interests in subsidiary	-	(194)
Net cash used in financing activities	<b>(116,846)</b>	<b>(47,095)</b>
Interest paid	(10,414)	(10,190)
Repayment of short-term related party loans	(72,705)	(7,865)
Proceeds from short-term related party loans	46,752	20,000
Short-term loan to a related corporation	(20,000)	-
Repayment of short-term loan by a related corporation	20,000	-
Repayment of short-term loan by joint ventures	272	-
Repayment of short-term immediate holding company loans	(65,500)	(47,000)
Proceeds from short-term immediate holding company loans	44,100	-
Repayment of long-term related party loans	(710)	-
Repayment of long-term immediate holding company loans	(50,000)	-
Proceeds from long-term immediate holding company loans	-	50,000
Repayment of short-term loans	(156)	(369)
Repayment of short-term bank loans	(30,802)	(45,709)
Proceeds from short-term bank loans	40,540	28,847
Proceeds of a short-term loan from non-controlling interest	1,615	-
Dividends paid to shareholder	(17,800)	(31,800)
Dividends paid to non-controlling interests	(3,403)	(5,666)
Capital contribution from non-controlling interests	50	2,596
Deposits pledged	1,315	61
Net (decrease)/increase in cash and cash equivalents	<b>(84,336)</b>	<b>31,411</b>
Cash and cash equivalents at beginning of the year	276,750	244,309
Exchange difference on cash and cash equivalents at beginning of the year	943	1,030
Cash and cash equivalents at end of the year	<b>193,357</b>	<b>276,750</b>

### 11. Economic Value Added (EVA)

EVA for FY2015 was \$15.0 million, an increase of \$10.0 million or 200% over FY2014. The weighted average cost of capital was 5.5% for 2015 (2014: 5.6%).

Media Contact:  
Rudy Tan  
SVP, Corporate Development  
Tel: (65) 6660 7105  
Fax: (65) 6261 6932  
Email: rudytan@stengg.com