

Nine Months & Third Quarter 2018 Results

14 November 2018

Agenda

- Group Highlights
- Sector Performance
- Outlook
- Appendix
 - Aerospace
 - Electronics
 - Land Systems
 - Marine

Group Highlights

Group Highlights

All figures are denominated in \$m unless indicated otherwise

3Q2018

Revenue

1,626

+1% y-o-y

EBIT

143.6

-1% y-o-y

PBT

165.8

+2% y-o-y

Net Profit

134.6

+5% y-o-y

9M2018

Revenue

4,924

+2% y-o-y

EBIT

410.3

+7% y-o-y

PBT

460.2

+5% y-o-y

Net Profit

369.8

+11% y-o-y

Order book as at 30 September 2018: \$13.3b;
about \$1.6b to be delivered in the remaining months of 2018

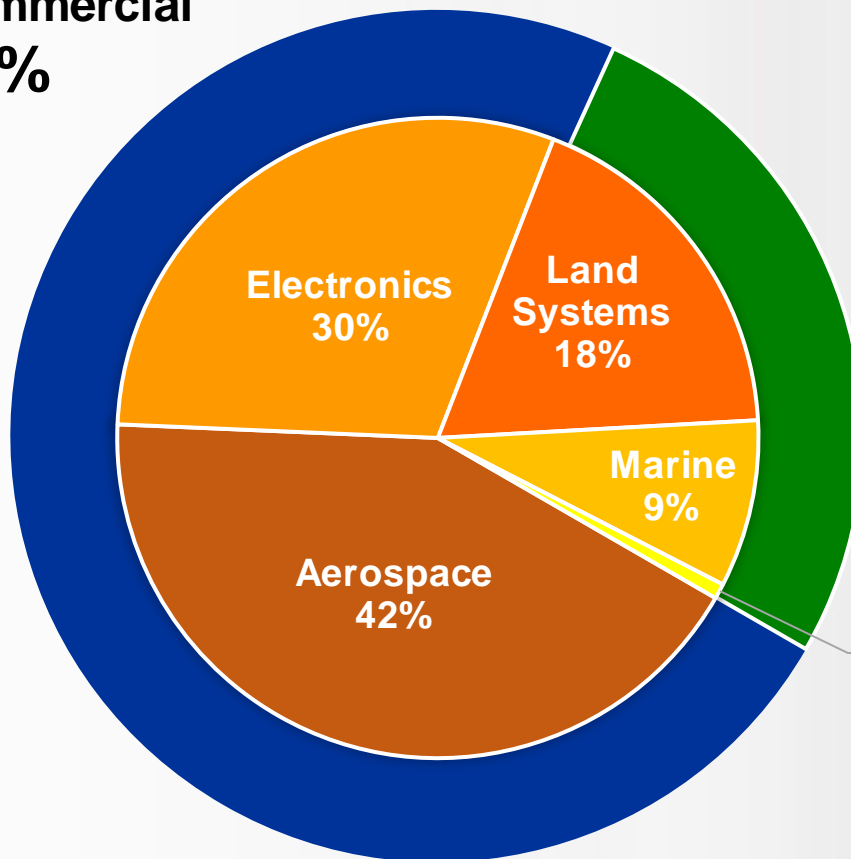
Group Revenue Breakdown

3Q2018 Revenue
S\$1.63b

3Q2018 Revenue
by location of customers

Commercial
73%

Defence
27%



ASIA
61%

US
20%

EUROPE
12%

OTHERS
7%

Others
1%

Revenue

| \$'m | 3Q2018 | 3Q2017 [*] (Restated) | Change | 9M2018 | 9M2017 [*] (Restated) | Change |
|--------------|--------------|-----------------------------------|------------|--------------|-----------------------------------|------------|
| Aerospace | 689 | 608 | +13% | 2,000 | 1,795 | +11% |
| Electronics | 491 | 482 | +2% | 1,608 | 1,550 [#] | +4% |
| Land Systems | 297 | 331 | -10% | 847 | 906 | -6% |
| Marine | 137 | 164 | -16% | 435 | 506 | -14% |
| Others | 12 | 24 | -50% | 34 | 70 | -52% |
| Group | 1,626 | 1,609 | +1% | 4,924 | 4,827 | +2% |

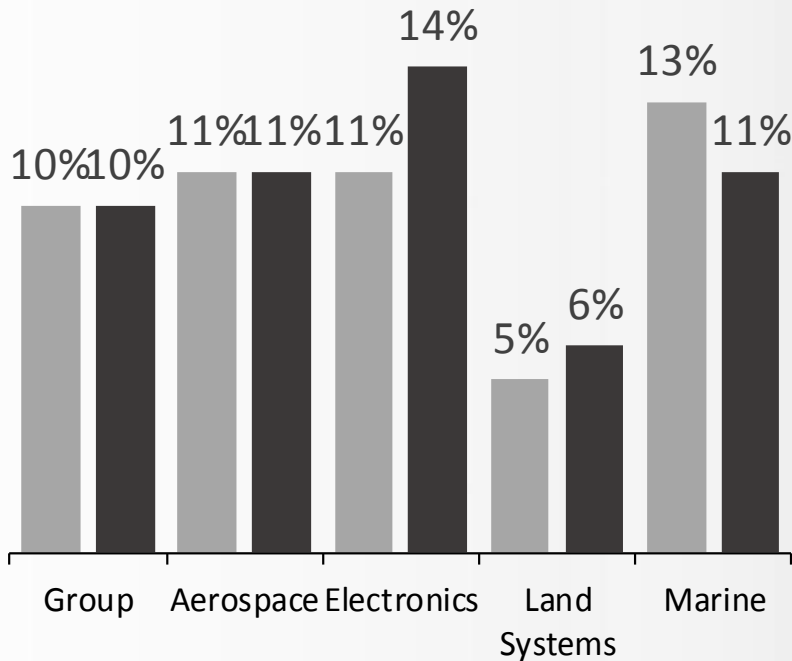
* Comparative figures were restated on adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) with effect from 1 January 2018.

9M2017 revenue included a one-time increase from modification of revenue recognition estimates for long-term contracts from milestone completion per customer acceptance to monthly work done.

Profit before Tax (PBT)

| \$'m | 3Q2018 | 3Q2017 (Restated) | Change | 9M2018 | 9M2017 (Restated) | Change |
|--------------|--------------|----------------------|------------|--------------|----------------------|------------|
| Aerospace | 73.4 | 66.5 | +10% | 237.4 | 223.7 | +6% |
| Electronics | 66.8 | 54.6 | +22% | 173.2 | 138.1 | +25% |
| Land Systems | 18.0 | 15.1 | +20% | 59.7 | 60.7 | -2% |
| Marine | 14.9 | 21.1 | -29% | 34.3 | 22.0 | +56% |
| Others | (7.3) | 4.9 | NM | (44.4) | (5.6) | NM |
| Group | 165.8 | 162.2 | +2% | 460.2 | 438.9 | +5% |

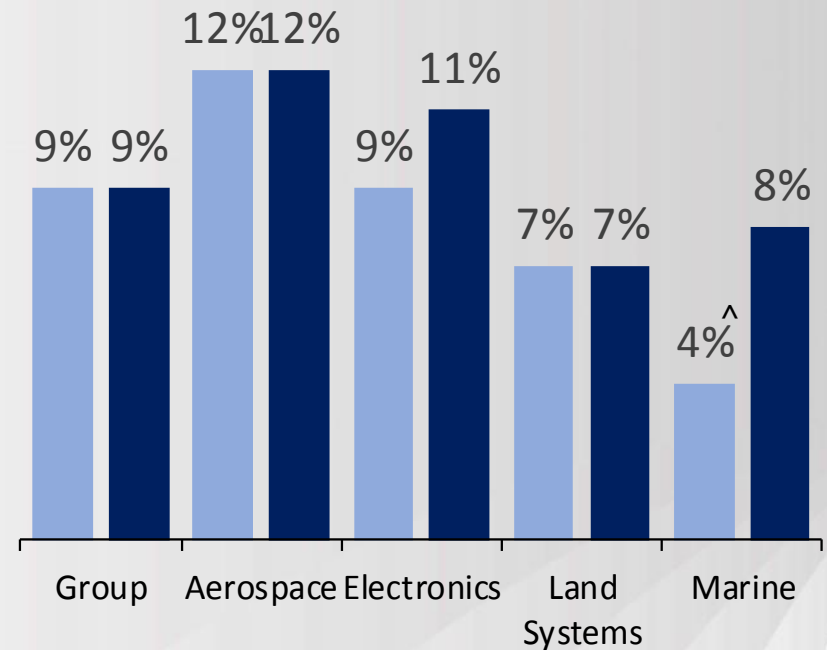
PBT Margins



■ 3Q2017 (Restated)

■ 3Q2018

^ Poor performance arising from weak industry conditions and US operations.



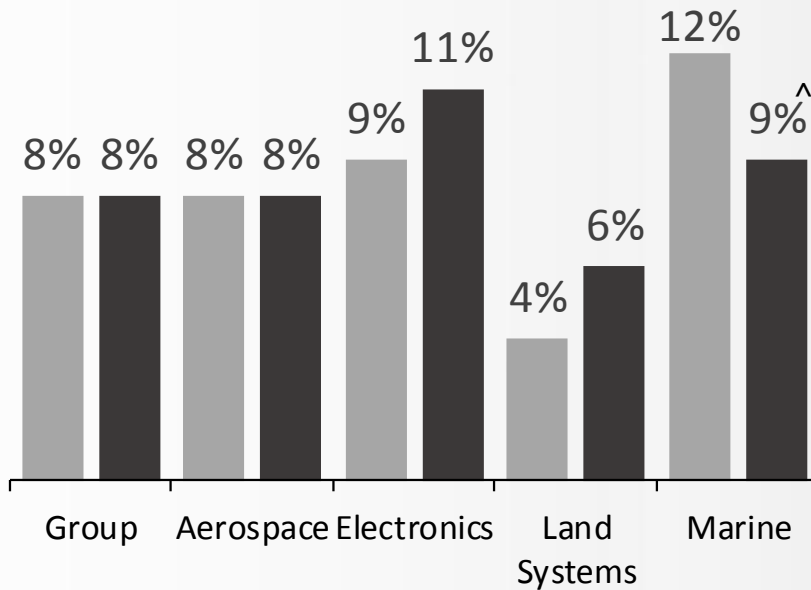
■ 9M2017 (Restated)

■ 9M2018

Group Net Profit

| \$'m | 3Q2018 | 3Q2017 (Restated) | Change | 9M2018 | 9M2017 (Restated) | Change |
|--------------|--------------|----------------------|------------|--------------|----------------------|-------------|
| Aerospace | 55.4 | 49.1 | +13% | 181.2 | 158.2 | +15% |
| Electronics | 55.5 | 42.8 | +30% | 142.4 | 113.8 | +25% |
| Land Systems | 17.6 | 12.1 | +45% | 53.6 | 44.9 | +19% |
| Marine | 12.8 | 19.7 | -35% | 30.7 | 26.4 | +16% |
| Others | (6.7) | 4.1 | NM | (38.1) | (8.8) | NM |
| Group | 134.6 | 127.8 | +5% | 369.8 | 334.5 | +11% |

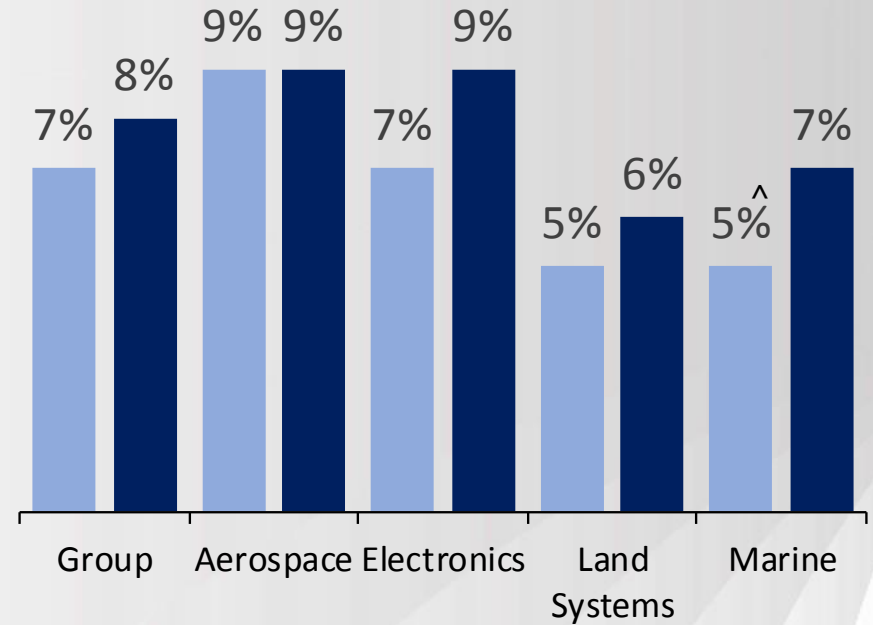
Net Profit Margins



■ 3Q2017 (Restated)

■ 3Q2018

[^] Poor performance arising from weak industry conditions and US operations.



■ 9M2017 (Restated)

■ 9M2018

3Q2018 Sector Performance

Aerospace

3Q2018 vs 3Q2017 (Restated)

Revenue **\$689m** **▲ \$81m or 13%**

- Higher revenue from all three business groups

PBT **\$73.4m** **▲ \$6.9m or 10%**

- Higher gross profit
 - Gain on partial divestment of an associate
- Partially offset by
- Higher operating expenses
 - Lower profits from associates and joint venture

Net Profit **\$55.4m** **▲ \$6.3m or 13%**

- In line with the increase in PBT
- Share of higher profits to NCI

Electronics

3Q2018 vs 3Q2017 (Restated)

Revenue **\$491m** **▲ \$9m or 2%**

- Higher revenue from LSG and CSG business groups
- Partially offset by
- Lower revenue from SSG business group

PBT **\$66.8m** **▲ \$12.2m or 22%**

- Higher gross profit in line with higher revenue
- Lower operating expenses

Net Profit **\$55.5m** **▲ \$12.7m or 30%**

- In line with the increase in PBT
- Lower tax expenses

Land Systems

3Q2018 vs 3Q2017 (Restated)

Revenue **\$297m** ▼ **\$34m or 10%**

- Lower revenue from M&W and S&T business groups

PBT **\$18.0m** ▲ **\$2.9m or 20%**

- Higher gross profit from favourable sales mix

Net Profit **\$17.6m** ▲ **\$5.5m or 45%**

- In line with the increase in PBT
- Lower tax expenses

Marine

3Q2018 vs 3Q2017 (Restated)

| | | | |
|-------------------|----------------|------------------------|---|
| Revenue | \$137m | ▼ \$27m or 16% | <ul style="list-style-type: none">• Lower revenue from Shipbuilding and Shiprepair business groups• Partially offset by Higher revenue from Engineering business group |
| PBT | \$14.9m | ▼ \$6.2m or 29% | <ul style="list-style-type: none">• In line with lower revenue• Unfavourable product mix |
| Net Profit | \$12.8m | ▼ \$6.9m or 35% | <ul style="list-style-type: none">• In line with the decrease in PBT• Higher tax expenses |

Outlook

President & CEO's Message

“A key highlight of the third quarter was our proposed acquisition of MRAS¹. This business will scale up our aerospace capabilities by moving us upstream into the OEM business of high-value components. We are excited by the role it will play in the growth of our Aerospace sector, and look forward to closing the transaction in the first quarter of 2019.

We continue to be well placed to deliver long-term sustainable growth. Our innovative and differentiated Smart City solutions are gaining traction outside of our traditional markets as more cities embrace technology for development and modernisation.

Our robust order book of \$13.3b continues to provide a strong revenue pipeline.”

~ Vincent Chong, President & CEO, ST Engineering

¹ ST Engineering entered into a conditional share purchase agreement to acquire a 100% ownership in MRA Systems, LLC (MRAS) from General Electric Company on 13 September 2018.

Thank You

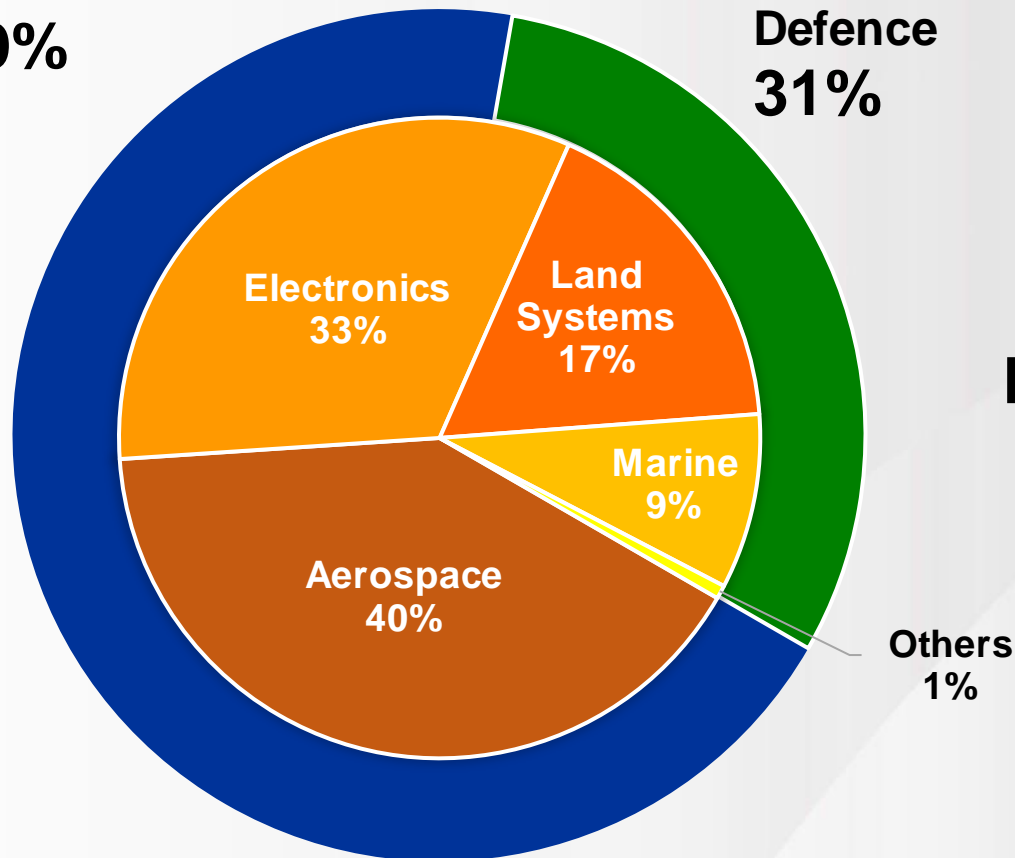
Appendix

Group Revenue Breakdown

9M2018 Revenue
S\$4.92b

9M2018 Revenue
by location of customers

Commercial
69%



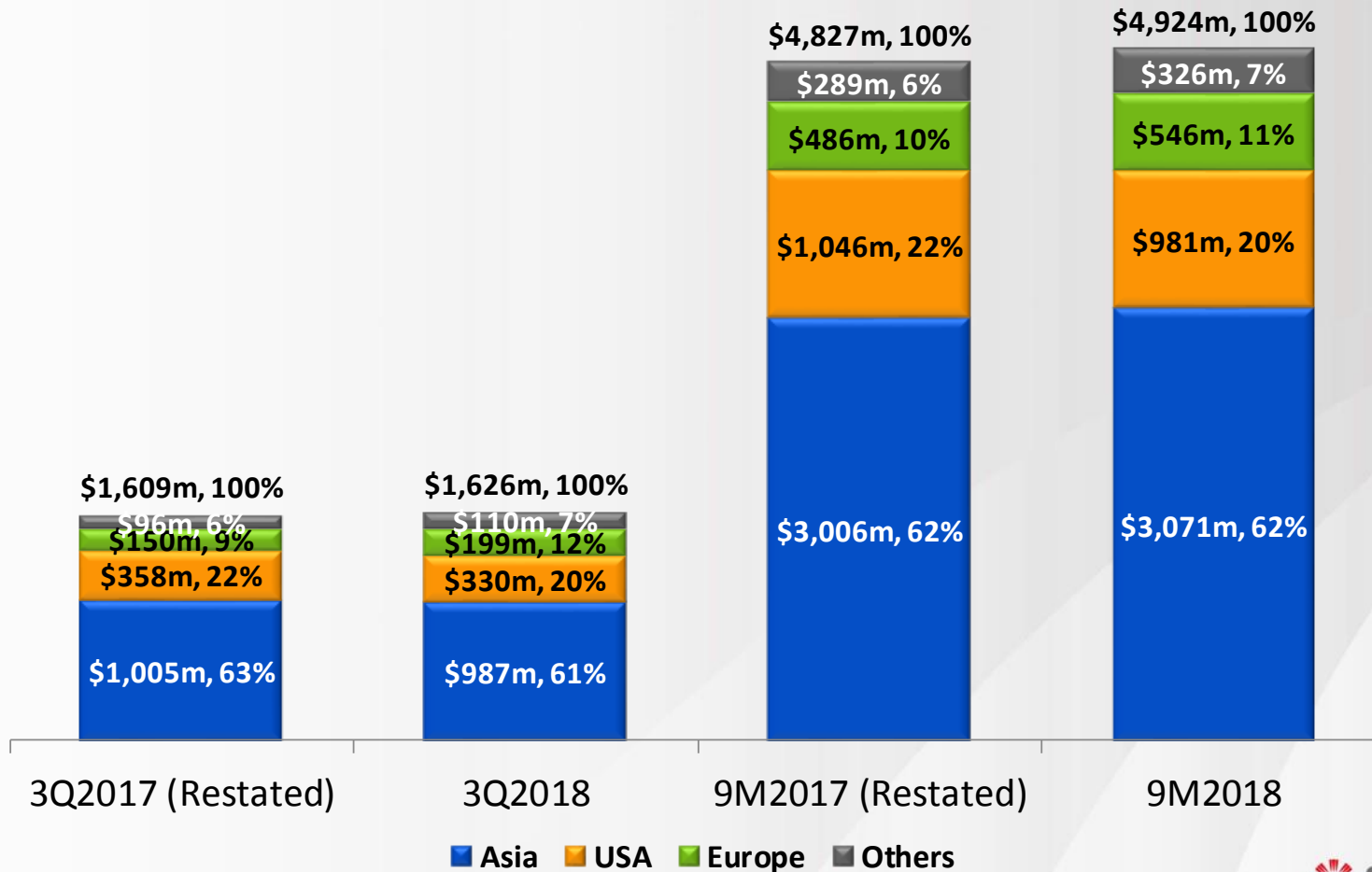
ASIA
62%

US
20%

EUROPE
11%

OTHERS
7%

Group Revenue by geography (by location of customers)



Balance Sheet

| \$'m | 30 Sep 2018 | 31 Dec 2017 (Restated) |
|-------------------------------------|--------------|---------------------------|
| Property, Plant & Equipment | 1,612 | 1,719 |
| Intangible Assets | 1,133 | 1,087 |
| Other non-current assets | 581 | 942 |
| Current assets | 3,957 | 4,276 |
| Total assets | 7,283 | 8,024 |
| Current liabilities | 3,519 | 3,587 |
| Non-current liabilities | 1,348 | 1,941 |
| Total liabilities | 4,867 | 5,528 |
| Share capital and reserves | 2,131 | 2,215 |
| Non-controlling interests | 285 | 281 |
| Total equity and liabilities | 7,283 | 8,024 |
| Net current assets | 438 | 689 |

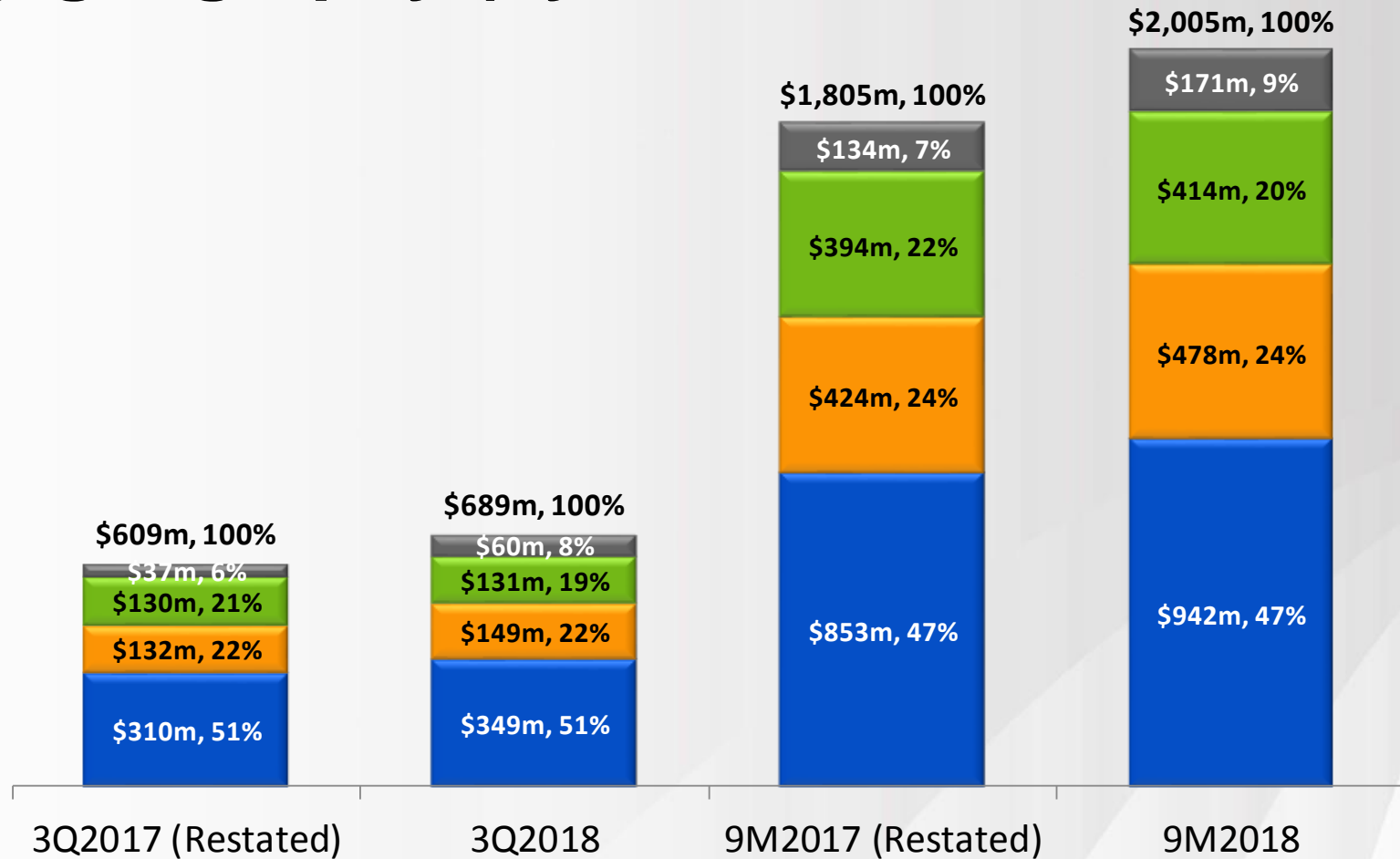
Statement of Cash Flows

| \$'m | 3Q2018 | 3Q2017 (Restated) | 9M2018 | 9M2017 (Restated) |
|---|------------|----------------------|------------|----------------------|
| Net cash from/(used in) | | | | |
| Operating activities | 43 | 112 | 439 | 460 |
| Investing activities | (30) | (62) | 186 | (174) |
| Financing activities | (828) | (58) | (1,277) | (373) |
| Net decrease in CCE * | (815) | (8) | (652) | (87) |
| CCE at beginning of the period | 1,166 | 804 | 998 | 904 |
| Exchange difference | - | (6) | 5 | (27) |
| CCE at end of the period | 351 | 790 | 351 | 790 |
| Add: Funds under management | - | 359 | - | 359 |
| Total CCE & Funds under management | 351 | 1,149 | 351 | 1,149 |

* CCE - Cash & Cash Equivalents

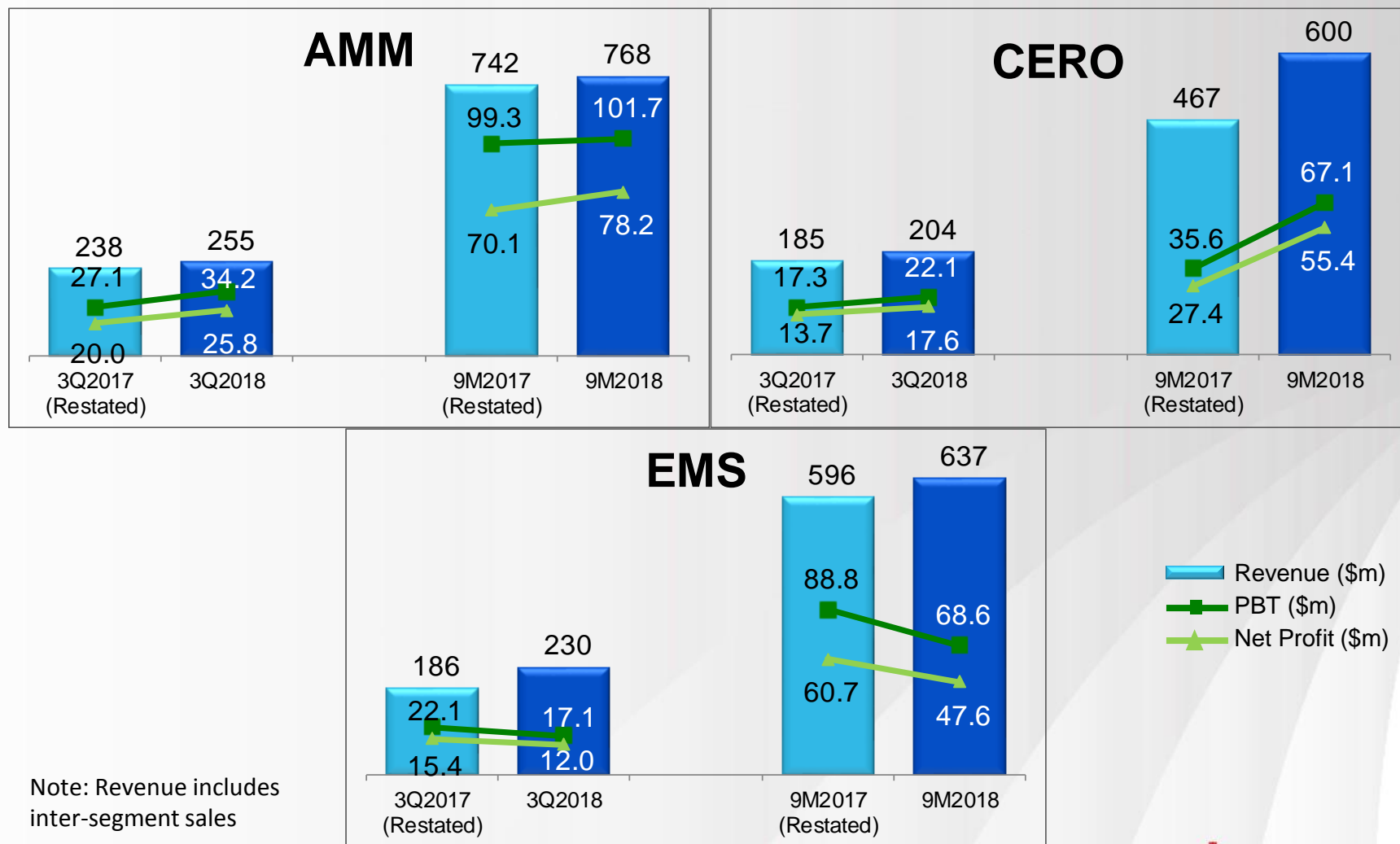
Aerospace

Aerospace Revenue by geography (by location of customers)



■ Asia ■ USA ■ Europe ■ Others

Aerospace Revenue, PBT and Net Profit by business group



Aerospace – 3Q2018 in Review

- Secured \$590m worth of new contracts, including:
 - Component Maintenance-By-the-Hour (MBH™) agreement from Japan Airlines
 - ATR 72 landing gear overhaul agreement from an Asian Airline
 - Contract extension to maintain the PW4000 thrust reversers and inlets of an European operator's A300-600 fleet
 - Heavy maintenance agreements from American freight operators

Aerospace – 3Q2018 in Review

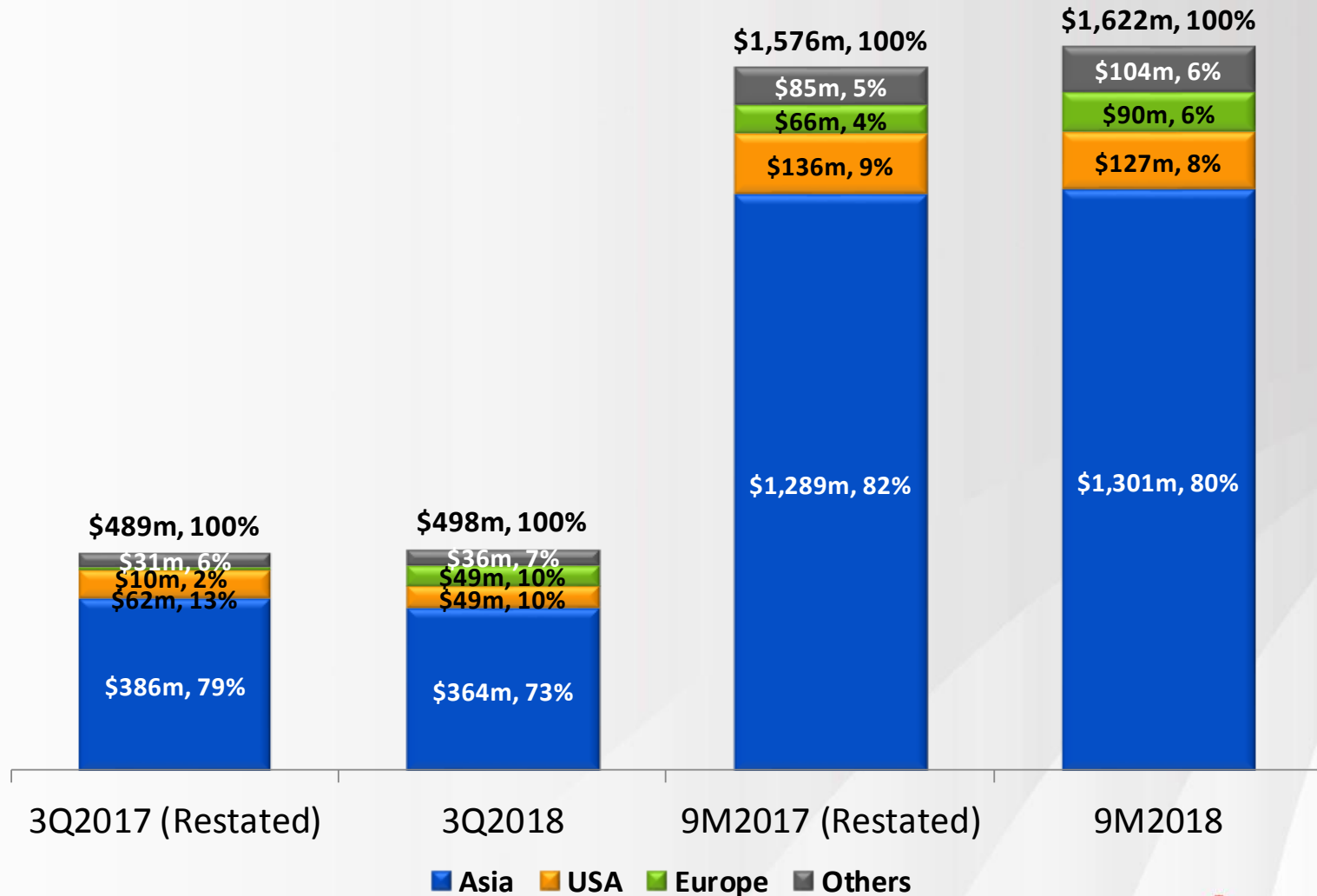
- Capabilities building
 - Proposed acquisition of 100% ownership in a nacelle manufacturer, MRA Systems, LLC, for aggregate purchase consideration of US\$630m, subject to adjustments
 - MRO for A320's V2500 and CFM56-5B engine nacelles
 - Civil Aviation Administration of China certified for Boeing 767 base maintenance services

Aerospace – Outlook for FY2018

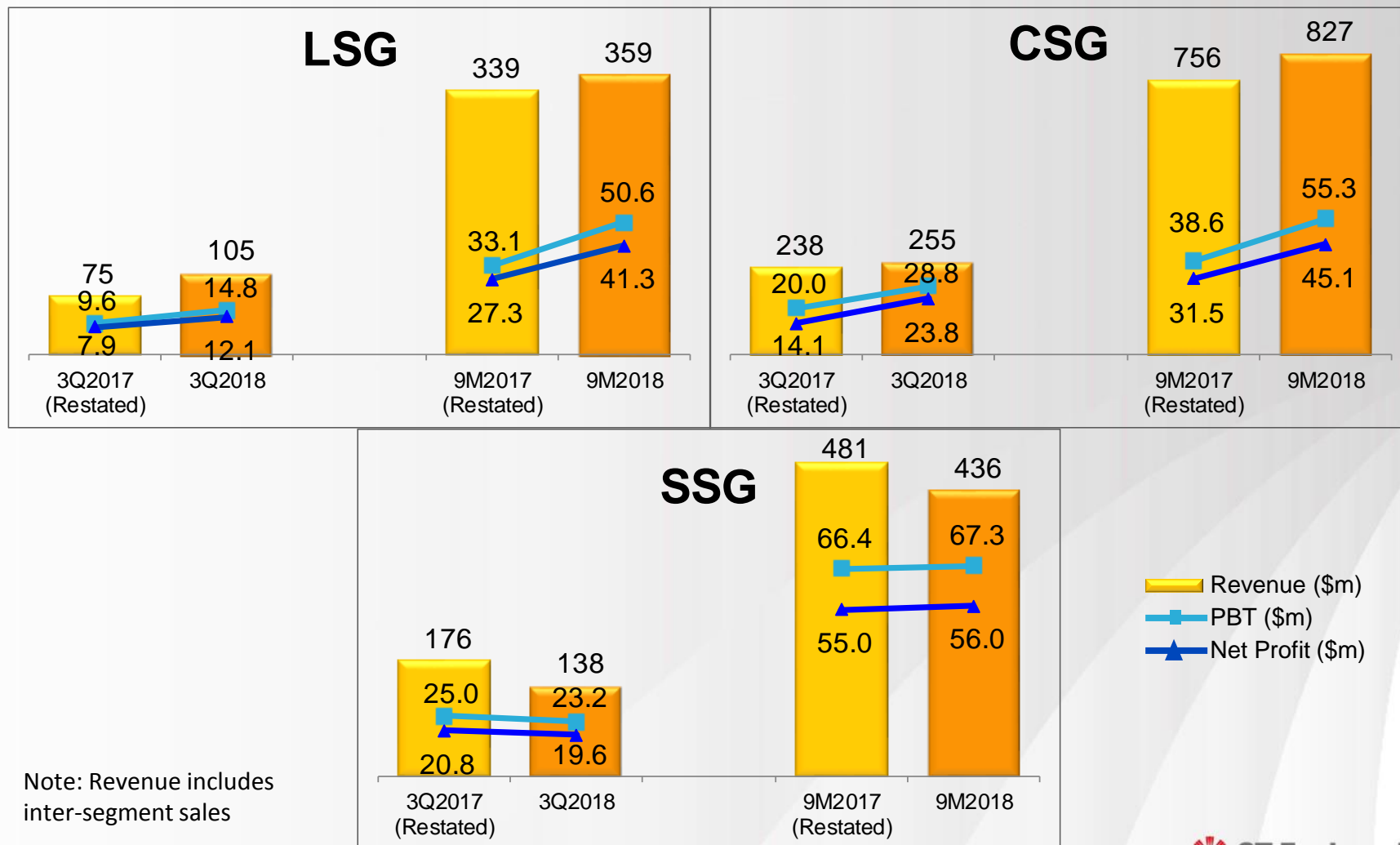
- Expand airframe MRO capacity in Pensacola, Florida, USA
- Develop UAV programme, including the deployment of DroScan in aircraft inspection and commercialisation of DroNet
- Accelerate digitisation of global operations
- Grow aircraft leasing fleet, focusing on mid- to end- life aircraft

Electronics

Electronics Revenue by geography (by location of customers)



Electronics Revenue, PBT and Net Profit by business group



Note: Revenue includes inter-segment sales

Electronics – 3Q2018 in Review

- Secured \$435m worth of new contracts, including:
 - Rail Enterprise Asset Management System for the Land Transport Authority in Singapore
 - First Indonesian contract to supply Platform Screen Doors for Jakarta's new light rail transit (LRT), the Jabodebek LRT System
 - Proof-of-concept trial to deploy multi-purpose lamp posts in Hong Kong
 - First VT iDirect DVB-S2X network in Africa, covering more than 300 sites in Nigeria

Electronics – 3Q2018 in Review

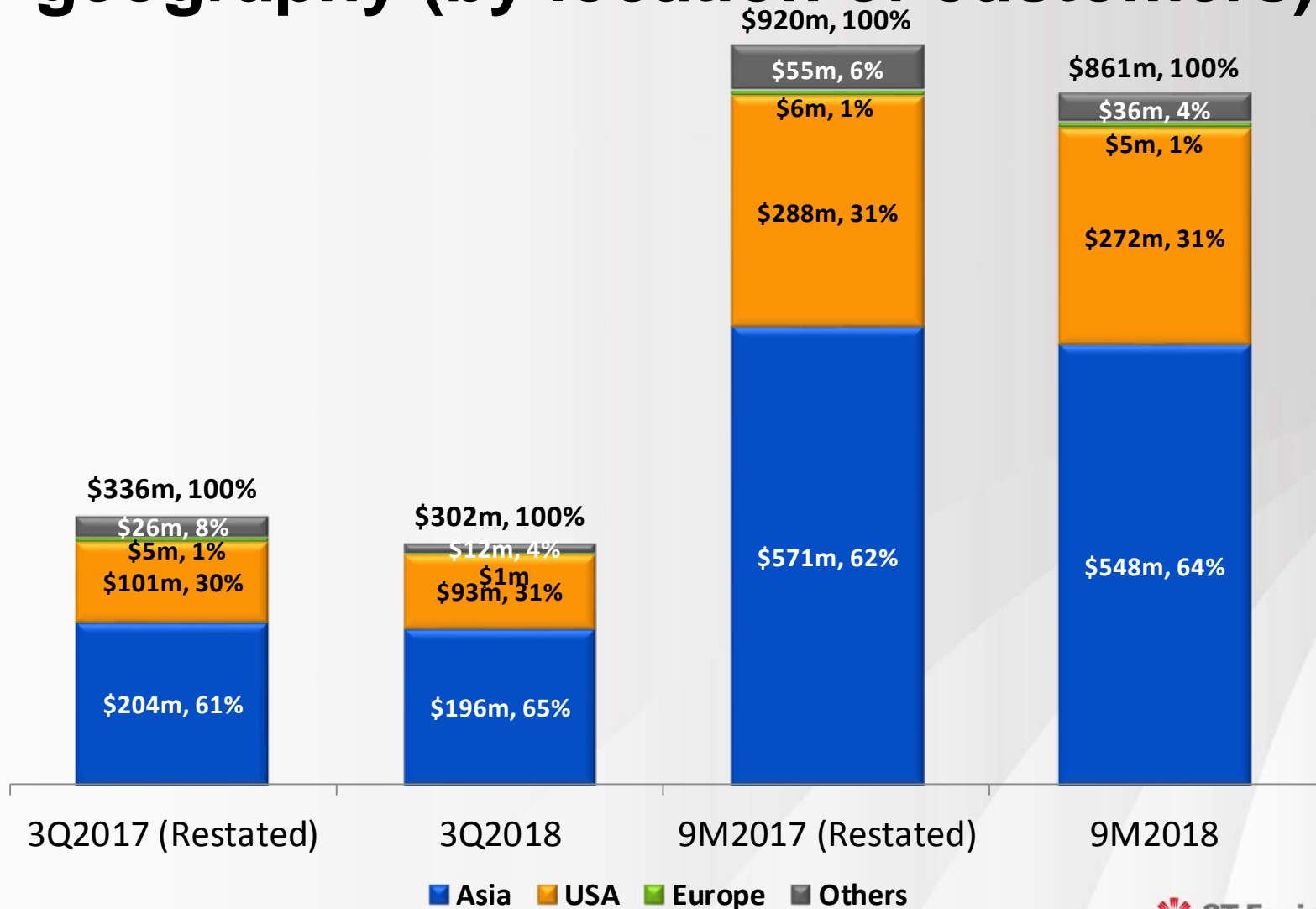
- Enhanced Smart City offerings:
 - Launched the world's thinnest and first ultra-slim two-factor authentication (2FA) encrypted data storage with smart card protection, the region's first gateless hands-free Automatic Fare Collection system as well as the region's first end-to-end cybersecurity solution for the rail transport industry
 - Completed testing and evaluation of the AgilFence Perimeter Intrusion Detection System by US-based National Safe Skies Alliance, Inc. for US aviation use
 - Invested in Radiflow, a Israeli-based provider of industrial cybersecurity solutions for critical infrastructure, through Corporate Venture Capital unit
 - Signed an MOU with SUTD to co-develop new operational technology cybersecurity courses for Singapore's Critical Sectors

Electronics – Outlook for FY2018

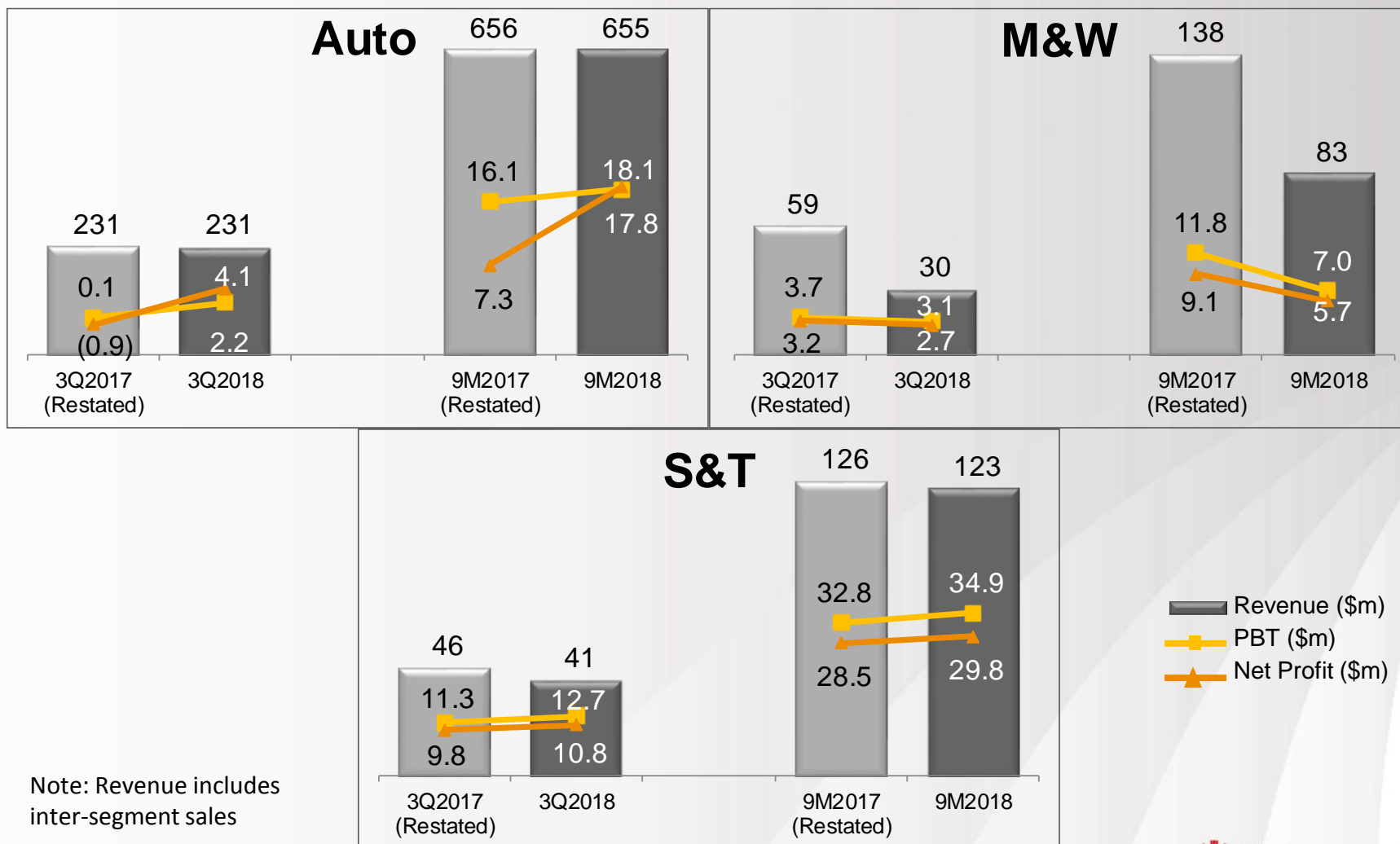
- Deliver smart mobility, satellite communications and software system related contracts on schedule
- Pursue smart city related contracts in and outside of Singapore

Land Systems

Land Systems Revenue by geography (by location of customers)



Land Systems Revenue, PBT and Net Profit by business group



Land Systems – 3Q2018 in Review

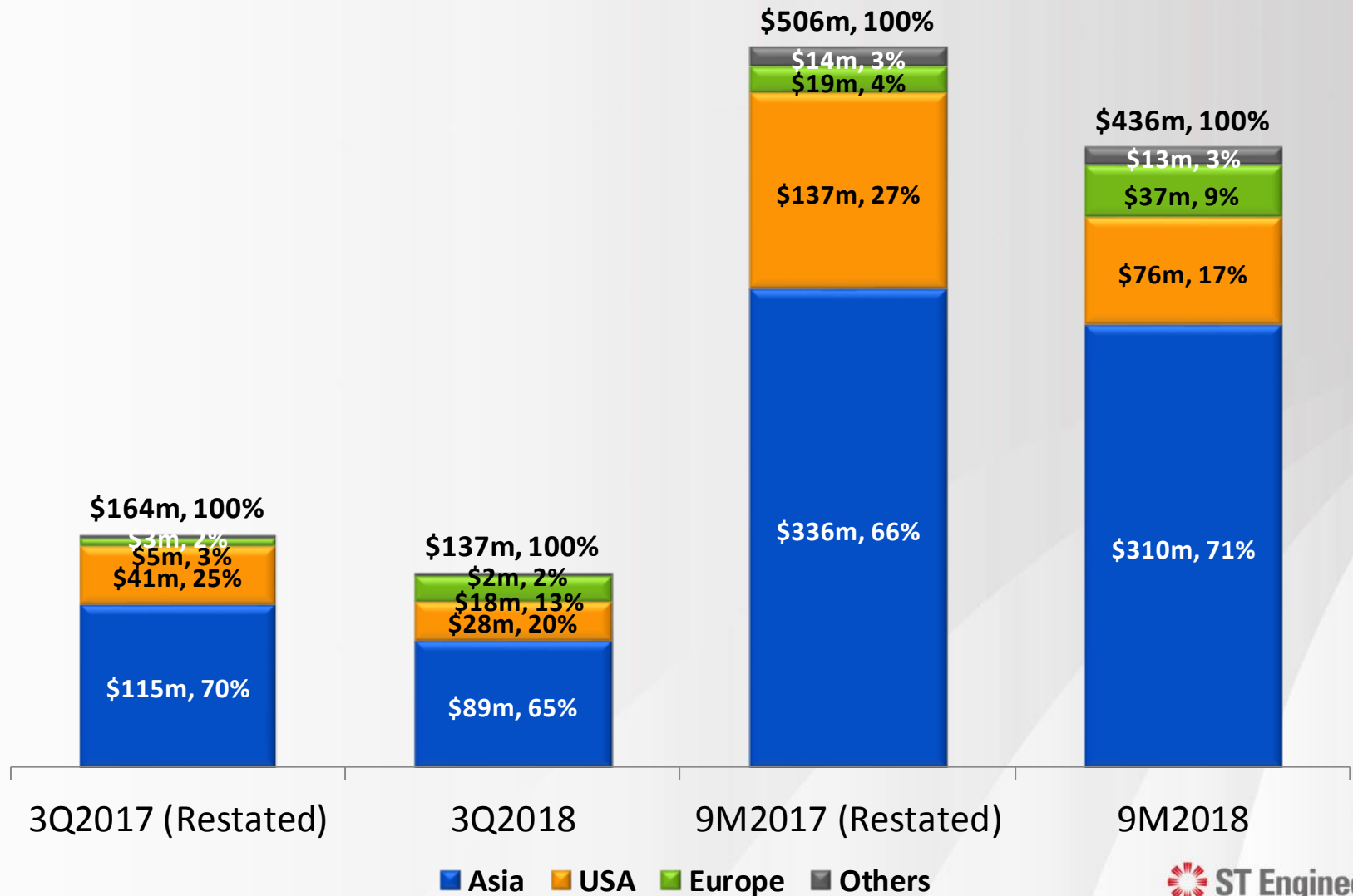
- Secured new contracts, including:
 - 111 two-door double-deck Euro 6 diesel buses for Land Transport Authority in Singapore
 - Weapons & munitions from customers in Asia Pacific, Middle East and Europe
 - Road construction equipment and specialty vehicles from customers in North America, LATAM and Asia
- Partnered Paramount Group to market the family of Belrex Protected Vehicles globally
- Partnered RideOS to initiate a first-of-its-kind self-driving technology ecosystem and end-to-end Mobility-as-a-Service system in Singapore

Land Systems – Outlook for FY2018

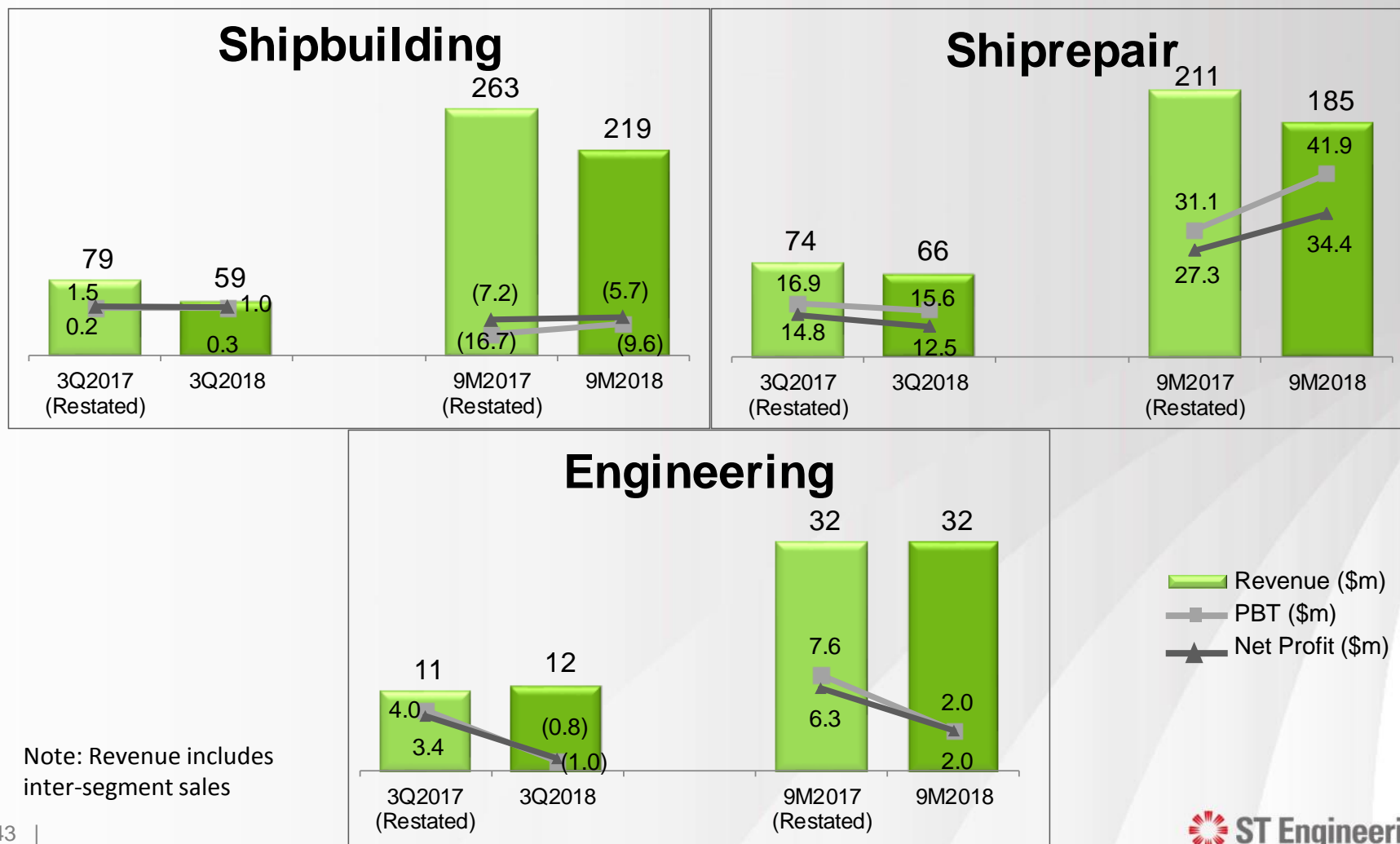
- Pursue and secure key defence and commercial programmes locally and overseas
- Accelerate the deployment of autonomous vehicles
- Provide logistics autonomous solutions for the warehouse, airport, seaport and manufacturing industries

Marine

Marine Revenue by geography (by location of customers)



Marine Revenue, PBT and Net Profit by business group



Marine – 3Q2018 in Review

- Secured new contracts including options worth \$431m:
 - Two firm and up to four optional Auxiliary Personnel Lighter Small APL Class Berthing Barges for US Navy
 - One firm order of Articulated Tug Barge with an option for a second vessel from Bouchard Transportation
 - First refit on a naval platform for a foreign navy with operations in the Indo-Pacific region
- Shipbuilding programmes on track:
 - Launched seventh of eight Littoral Mission Vessel (LMVs), *Dauntless* for Republic of Singapore Navy (RSN)
 - Delivered first of two LNG-powered Container Roll-on/Roll-off (ConRo), *El Coqui* to Crowley Maritime
 - Launched *Powhatan*, vehicle/passenger ferry to Virginia Department of Transportation
- Completed numerous ship and rig repair and related projects

Marine – Outlook for FY2018

- Scheduled launch:
 - ATB Tug, *M/V Evening Breeze* to Bouchard Transportation
- Expected delivery:
 - Sixth LMV, *Fortitude* to RSN
 - Second and final LNG-powered ConRo, *Taino*, to Crowley Maritime
 - Vehicle & Passenger ferry, *Powhatan* to Virginia Department of Transportation