

News Release

Update On Arbitration Proceedings Involving ST Engineering's U.S. Marine Subsidiary

Singapore, 23 October 2019 – Singapore Technologies Engineering Ltd (ST Engineering) refers to the earlier announcement made on 27 February 2017 in relation to arbitration proceedings in New Orleans, Louisiana, USA between its wholly-owned subsidiary, VT Halter Marine, Inc. (VT Halter Marine), and Hornbeck Offshore Services, LLC (Hornbeck).

ST Engineering wishes to provide an update on the arbitration proceedings.

The arbitration proceedings involved issues and disputes arising from a vessel construction agreement dated 14 November 2011 for the design and construction of certain vessels by VT Halter Marine for Hornbeck. In the course of the arbitration proceedings, Hornbeck had claimed damages totalling approximately US\$48.7m (about S\$66.5m), mainly on the basis that the vessels constructed by VT Halter Marine had alleged errors in design and construction. VT Halter Marine had in the arbitration proceedings asserted counterclaims against Hornbeck for approximately US\$2.4m (about S\$3.3m).

On 22 October 2019, the arbitration panel issued an arbitration award (Arbitration Award) whereby Hornbeck was awarded US\$18,025,281 (about S\$24.6m) for its claims and VT Halter Marine was awarded US\$2,129,579 (about S\$2.9m) for its counterclaims. The net amount payable to Hornbeck is therefore US\$15,895,702 (about S\$21.7m), of which provision of about S\$7.5m has been previously made and a further provision of about S\$14.2m will be taken into the financial statements for the period ended 30 September 2019 as an adjusting subsequent event in accordance with Singapore Financial Reporting Standards (International).

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The Arbitration Award is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of ST Engineering for the current financial year.

ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. The Group employs about 22,000 people across offices in Asia, the Americas, Europe and the Middle East, serving customers in the defence, government and commercial segments in more than 100 countries. With more than 500 smart city projects across 70 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 \$6.7b in FY2018 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, SGX ESG Transparency Index and SGX ESG Leaders Index.

Please visit www.stengg.com for more information.

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