

First Half & Second Quarter 2019 Results

14 August 2019

Agenda

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

Group Highlights

Group Highlights

All figures are denominated in \$m unless indicated otherwise

2Q2019

Revenue

1,780

+8% y-o-y

EBIT

157.9

+9% y-o-y

PBT

169.7

+13% y-o-y

Net Profit

138.2

+18% y-o-y

1H2019

Revenue

3,511

+6% y-o-y

EBIT

299.8

+12% y-o-y

PBT

329.6

+12% y-o-y

Net Profit

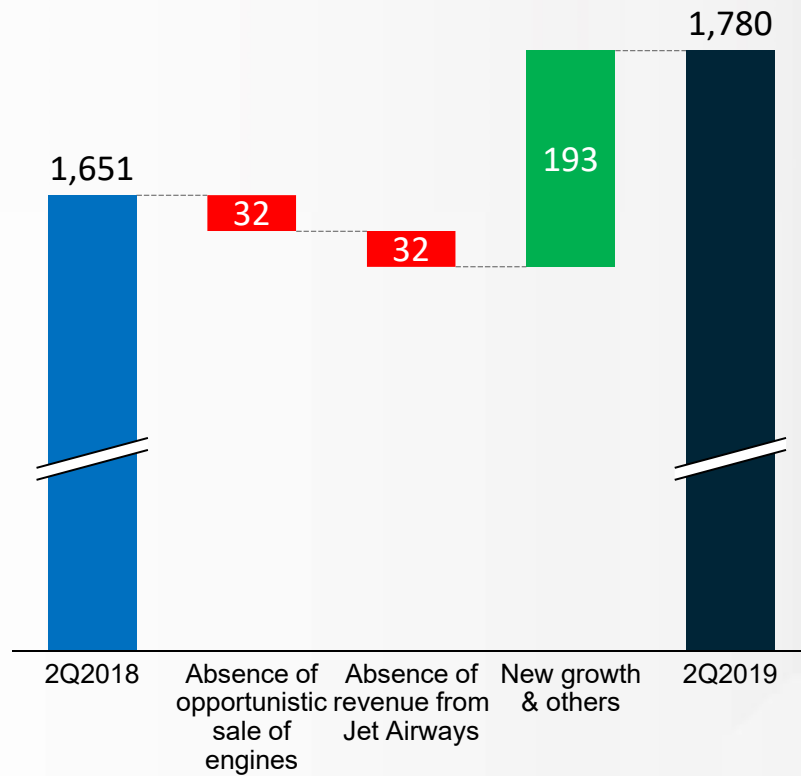
269.3

+14% y-o-y

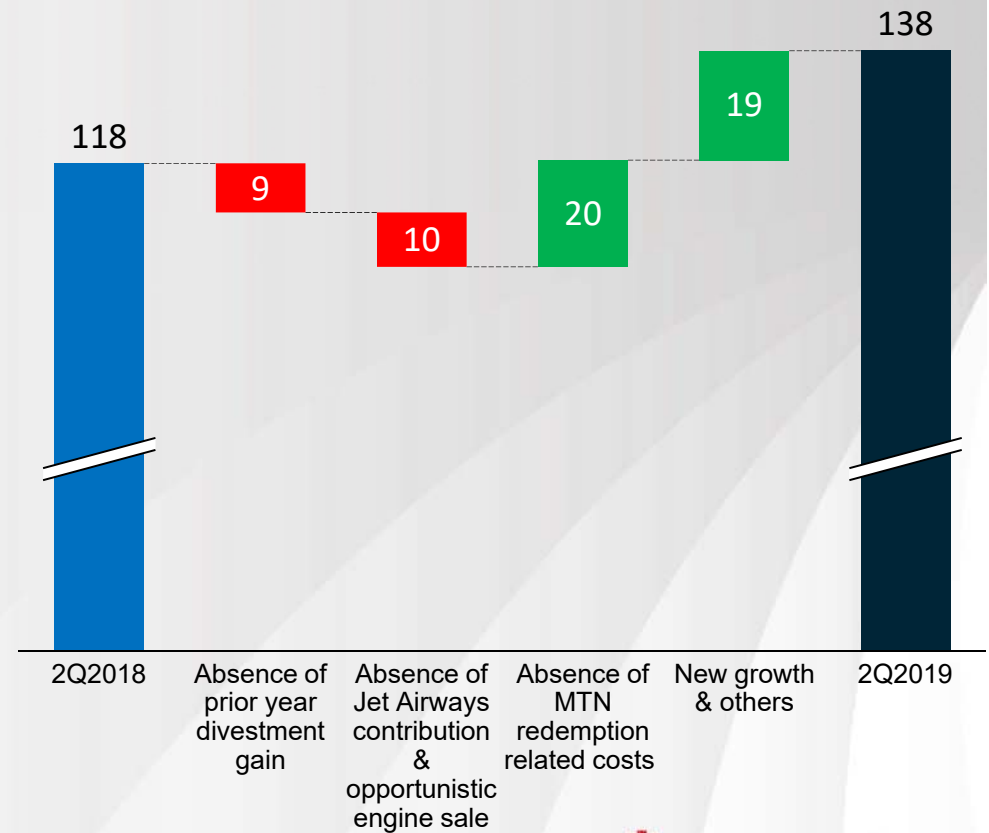
Order book as at 30 Jun 2019: **\$15.6b**;
about **\$3.8b** to be delivered in 2H2019

New Growth & One-off Items

Revenue



Net Profit



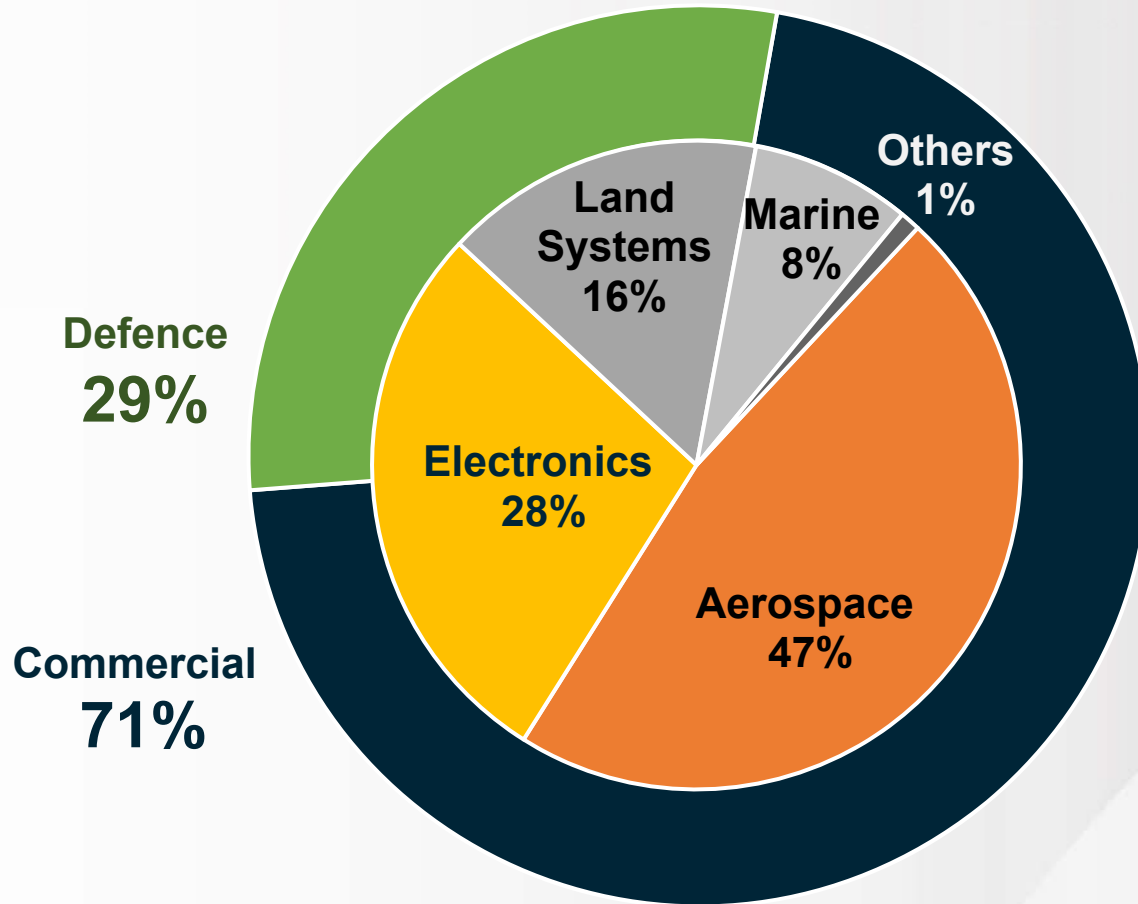
Group Revenue

\$'m	2Q2019	2Q2018	Change	1H2019	1H2018	Change
Aerospace	836	713	+17%	1,458	1,311	+11%
Electronics	495	512	-3%	1,058	1,117	-5%
Land Systems	296	270	+10%	673	551	+22%
Marine	139	148	-6%	288	298	-3%
Others	14	8	+75%	34	21	+59%
Group	1,780	1,651	+8%	3,511	3,298	+6%

Group Revenue Breakdown

2Q2019 Revenue
S\$1.78b

2Q2019 Revenue
by location of customers



ASIA
49%

US
24%

EUROPE
21%

OTHERS
6%

Group Profit before Tax (PBT)

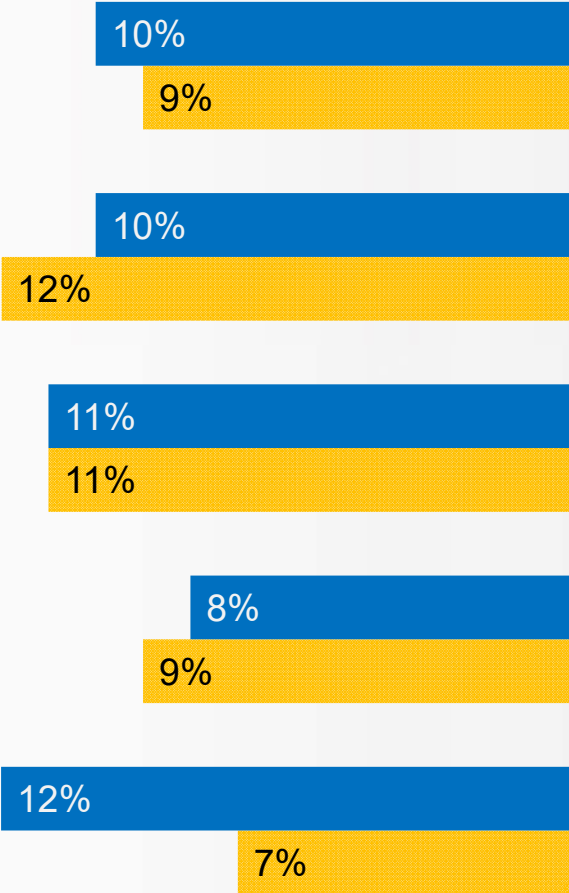
\$'m	2Q2019	2Q2018	Change	1H2019	1H2018	Change
Aerospace	81.8	87.7	-7%	158.5	164.0	-3%
Electronics	54.3	58.0	-6%	106.5	106.4	-
Land Systems	24.4	24.6	-1%	42.2	41.7	+1%
Marine	17.0	10.1	+69%	31.5	19.3	+63%
Others	(7.8)	(30.0)	<i>NM</i>	(9.1)	(37.0)	<i>NM</i>
Group	169.7	150.4	+13%	329.6	294.4	+12%

Group Net Profit

\$'m	2Q2019	2Q2018	Change	1H2019	1H2018	Change
Aerospace	64.2	66.6	-4%	127.0	125.7	+1%
Electronics	44.3	46.7	-5%	87.6	87.0	+1%
Land Systems	20.3	20.4	-	35.6	36.0	-1%
Marine	14.3	9.2	+55%	26.3	17.9	+47%
Others	(4.9)	(25.4)	<i>NM</i>	(7.2)	(31.4)	<i>NM</i>
Group	138.2	117.5	+18%	269.3	235.2	+14%

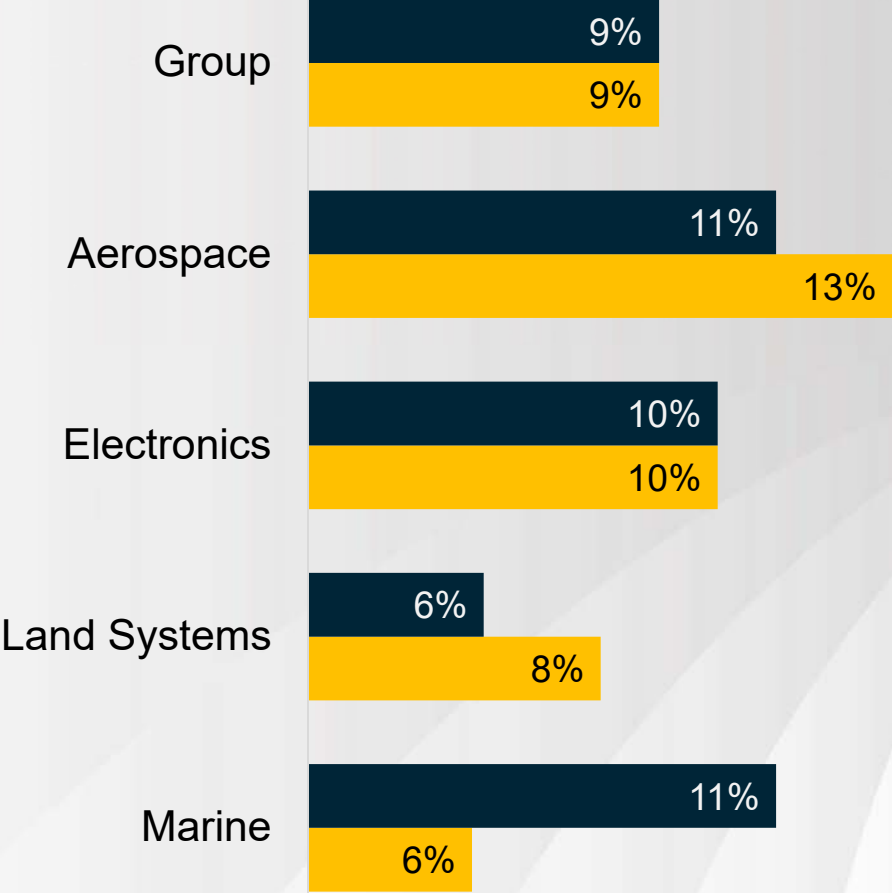
Group PBT Margin

2Q2019



■ 2Q2019 ■ 2Q2018

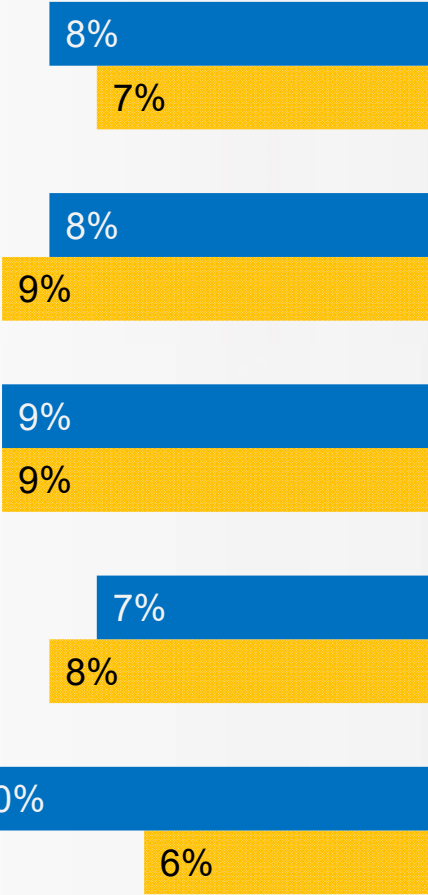
1H2019



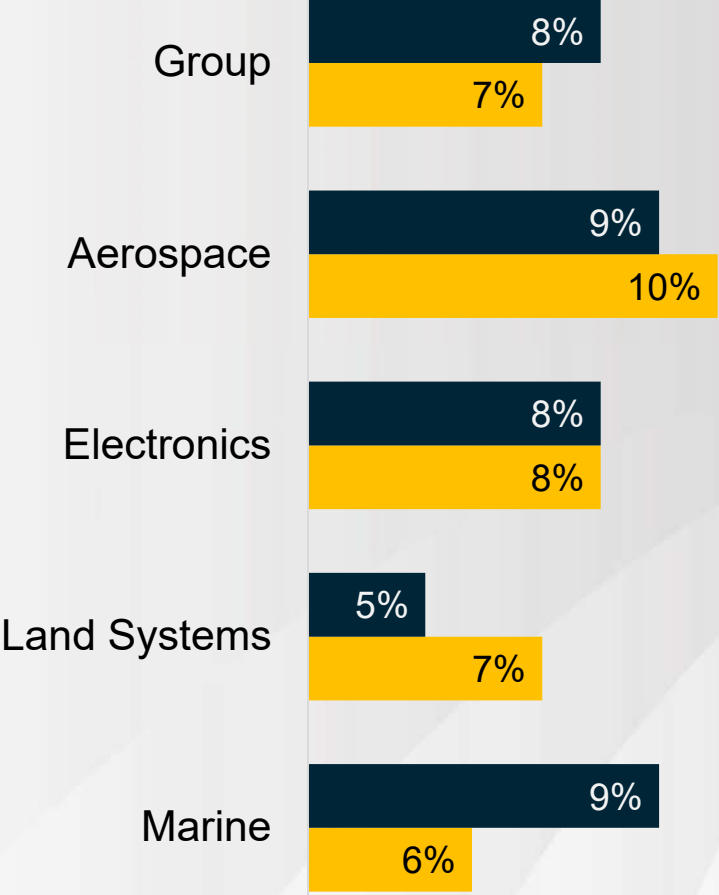
■ 1H2019 ■ 1H2018

Group Net Profit Margin

2Q2019



1H2019



■ 2Q2019 ■ 2Q2018

■ 1H2019 ■ 1H2018

Balance Sheet

\$'m	30 Jun 2019	31 Dec 2018
Property, plant & equipment	1,834	1,743
Intangible assets	1,660	1,151
Right-of-use assets	482	-
Other non-current assets	573	582
Current assets	4,354	4,097
Total assets	8,903	7,573
Current liabilities	4,604	3,851
Non-current liabilities	1,868	1,187
Total liabilities	6,472	5,038
Share capital and reserves	2,147	2,247
Non-controlling interests	284	288
Total equity and liabilities	8,903	7,573

Statement of Cash Flows

\$'m	2Q2019	2Q2018	1H2019	1H2018
Net cash from/(used in)				
Operating activities	54	(39)	423	392
Investing activities	(773)	264	(823)	220
Financing activities	431	(371)	308	(449)
Net (decrease)/increase in CCE *	(288)	(146)	(92)	163
CCE at beginning of the period	609	1,303	414	998
Exchange difference	-	9	(1)	5
CCE at end of the period	321	1,166	321	1,166
Add: Funds under management	-	46	-	46
Total CCE & Funds under management	321	1,212	321	1,212

* CCE - Cash & Cash Equivalents

Outlook

President & CEO's Message

“MRAS acquisition was completed in April. It has been accretive to our earnings and its integration into the Group is progressing well.

Our underlying business remains strong and our group's record high order book of \$15.6b gives us revenue visibility over the next few years.”

~ Vincent Chong, President & CEO, ST Engineering

Thank You



Appendix

Aerospace

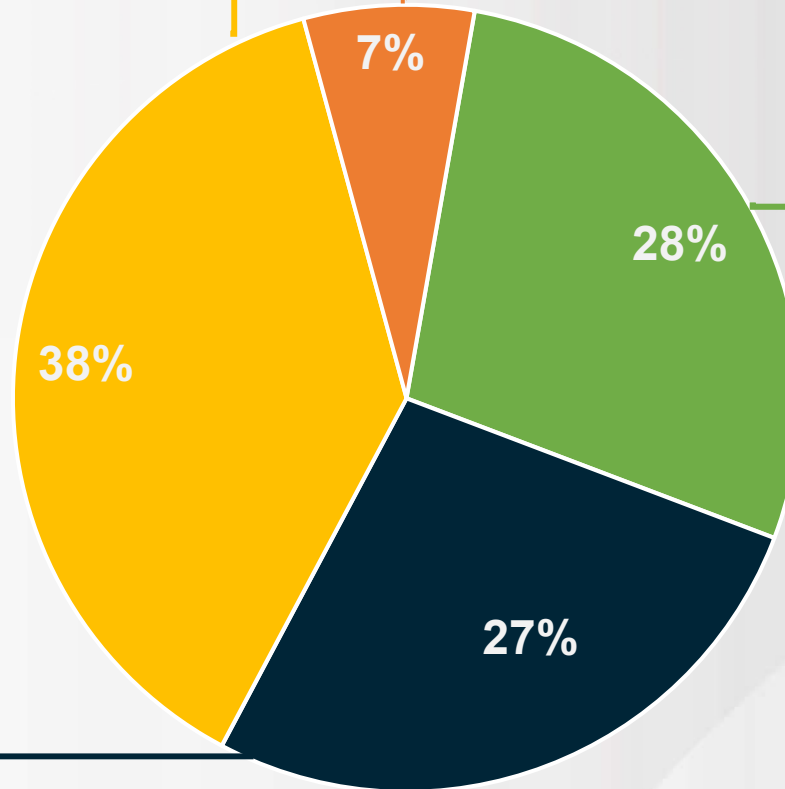
Aerospace Revenue by geography (by location of customers)

Europe

2Q2019: \$320m

Others

2Q2019: \$56m



U.S.

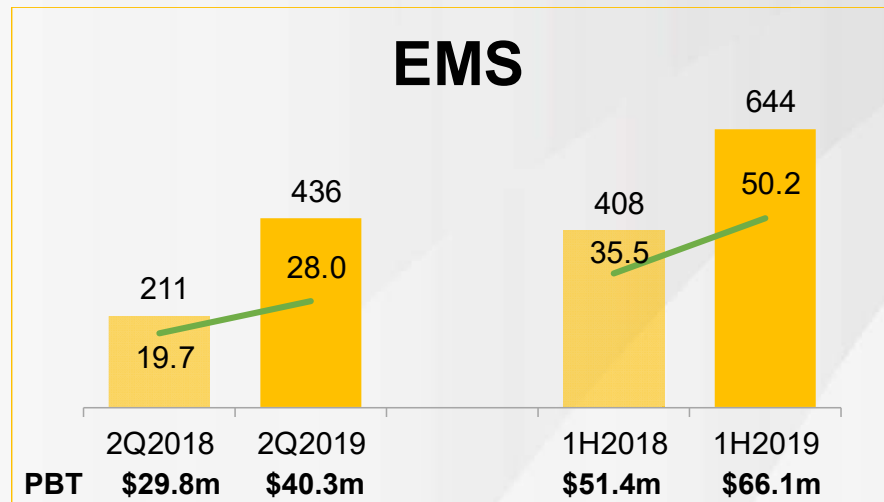
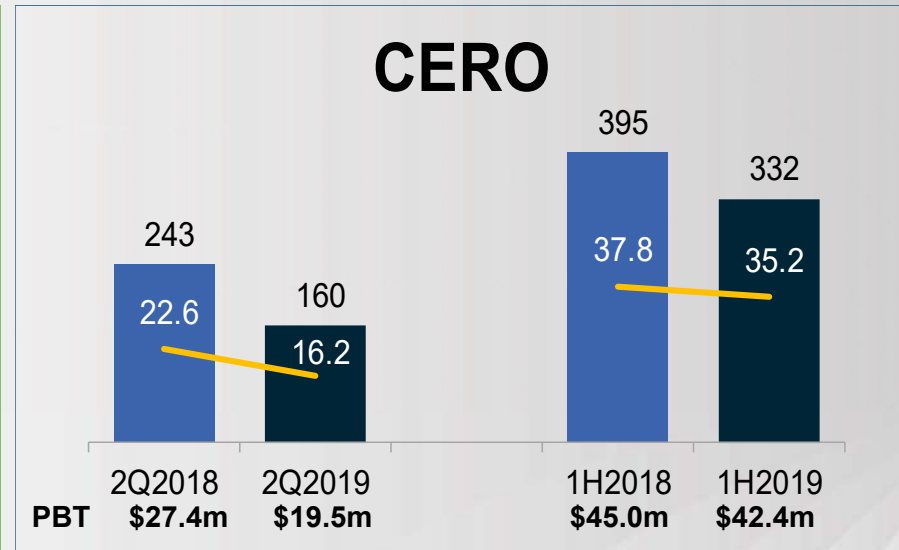
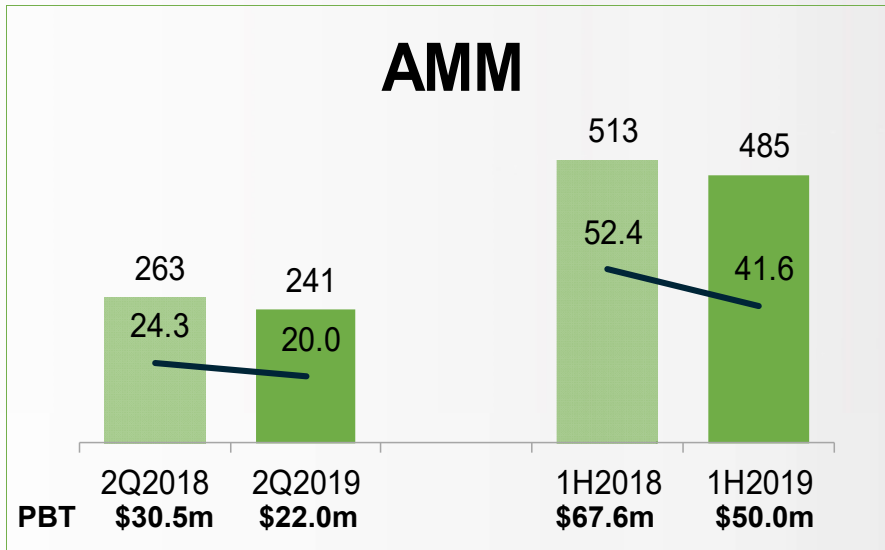
2Q2019: \$226m

Asia

2Q2019: \$235m

Note: Revenue includes inter-segment sales

Aerospace Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

Aerospace

2Q2019 vs 2Q2018

Revenue **\$836m** ▲ **\$123m or 17%**

- Inclusion of MRAS revenue
Partially offset by
- Lower revenue from AMM business group
- Absence of engine asset sale and Jet Airways revenue in CERO business group

PBT **\$81.8m** ▼ **\$5.9m or 7%**

- Absence of divestment gain from portfolio rationalisation
- Impact of lower revenue from AMM & CERO business groups
Partially offset by
- Profit contribution from MRAS

Net Profit **\$64.2m** ▼ **\$2.4m or 4%**

Aerospace – 2Q2019 in Review

- Secured \$809b worth of new contracts, including:
 - A multi-year heavy maintenance agreement from a long-time customer to support their fleet of Boeing 717s
 - CFM56-7B engine overhaul contracts
 - A DroNet contract for security and surveillance applications
- Became an official member of Honeywell Channel Partner Network as a licensed repair centre for Honeywell components
- Collaboration with Air New Zealand to trial the use of drones for aircraft inspection
- Maintains position as the world's largest Airframe MRO provider for the eighth consecutive time since 2002

Aerospace – Outlook for 2H2019

- Complete and obtain certification for prototype A321P2F, and pursue new freighter conversion contracts
- Pursue new engine maintenance contracts
- Accelerate digitalisation of global operations; adopt smart technologies to differentiate through efficiency
- Focus on MRAS integration

Electronics

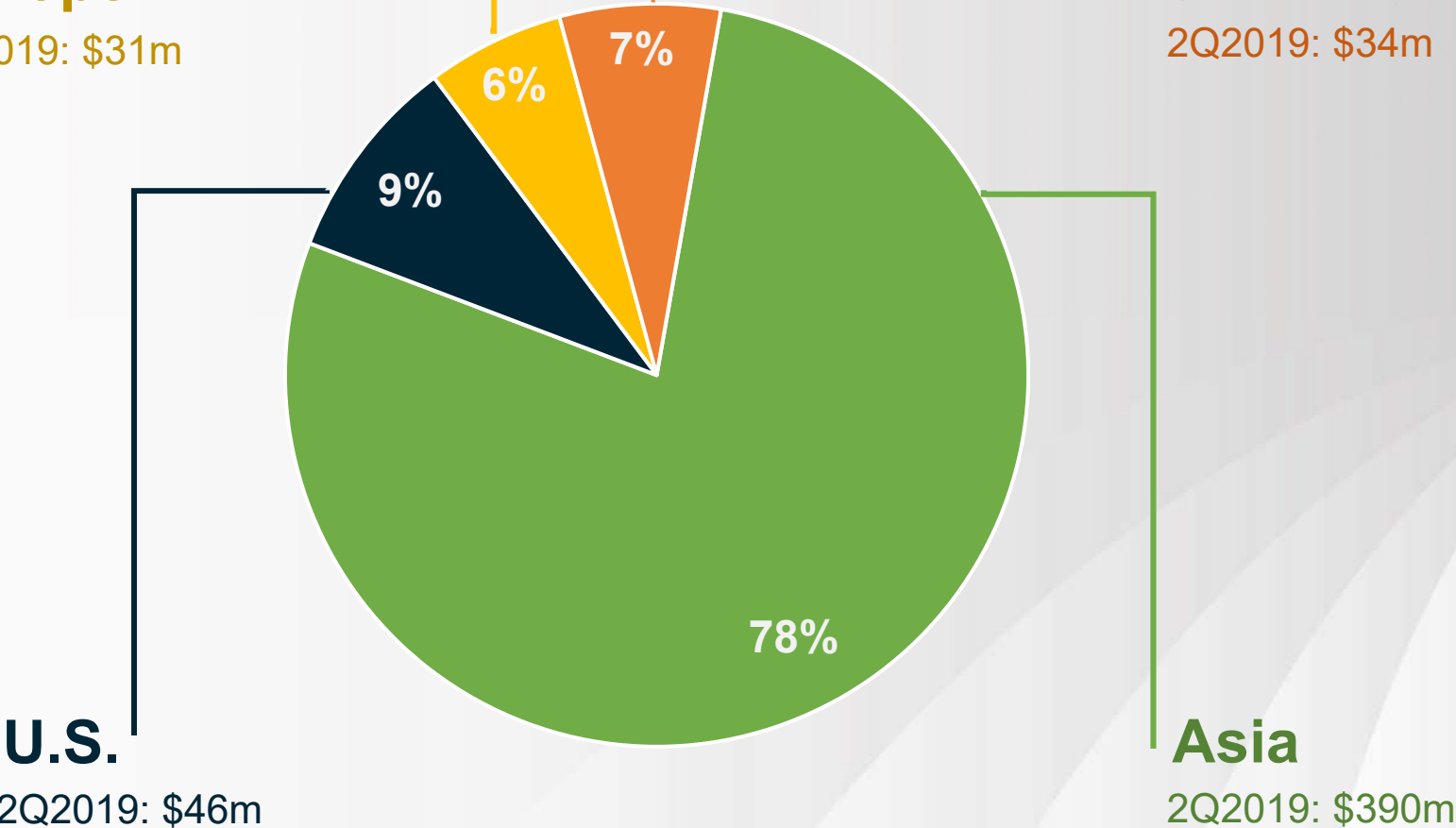
Electronics Revenue by geography (by location of customers)

Europe

2Q2019: \$31m

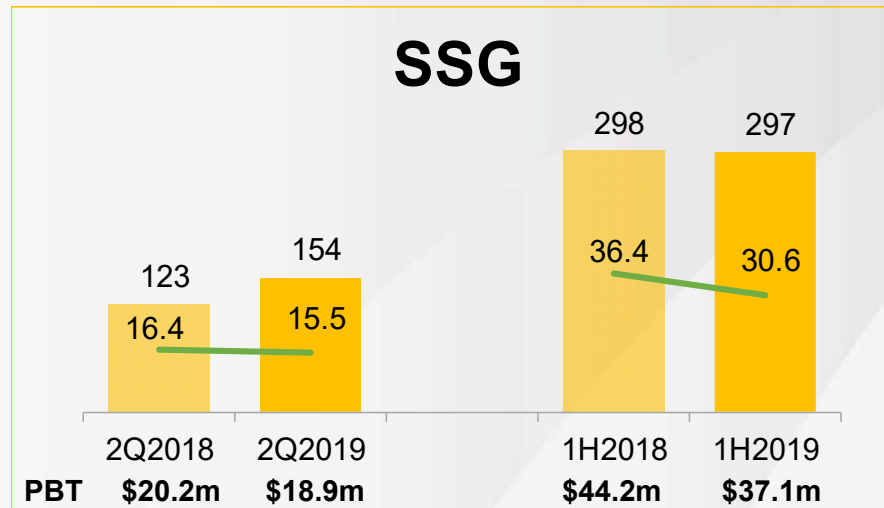
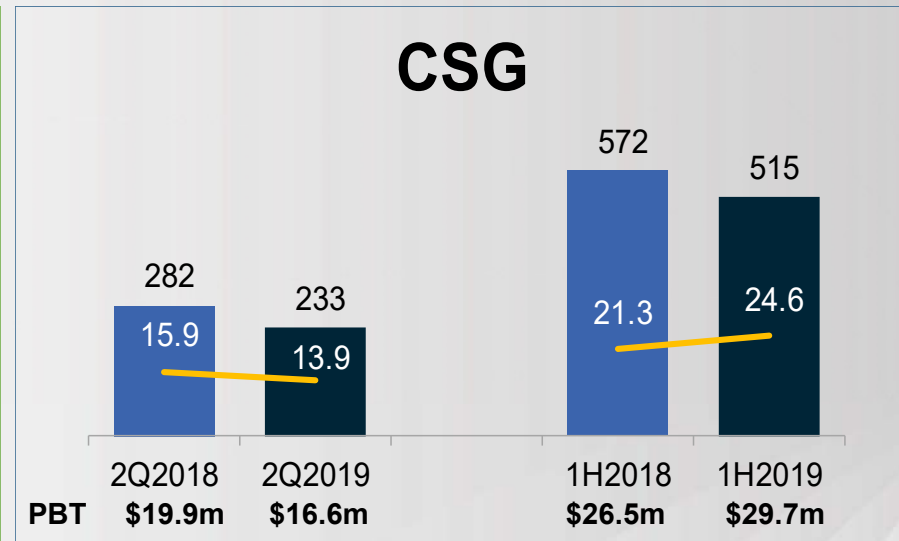
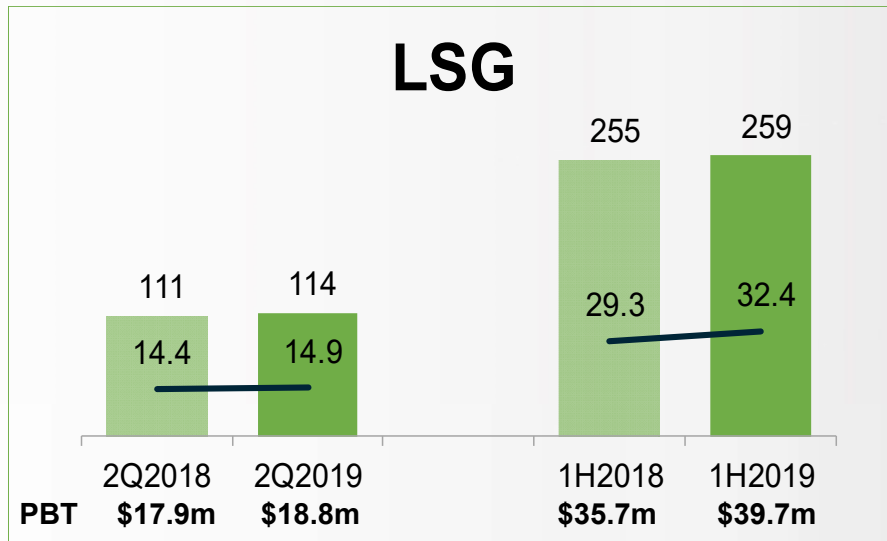
Others

2Q2019: \$34m



Note: Revenue includes inter-segment sales

Electronics Revenue, PBT and Net Profit by business group



Legend:
 Bar: Revenue (\$m)
 Line: Net Profit (\$m)
 Note: Revenue includes inter-segment sales

Electronics

2Q2019 vs 2Q2018

Revenue **\$495m** ▼ **\$17m or 3%**

- Lower revenue from CSG business group from timing in revenue recognition for projects
- Partially offset by
- Higher revenue from LSG and SSG business groups

PBT **\$54.3m** ▼ **\$3.7m or 6%**

- In line with lower revenue
- Higher selling and distribution expenses from increased sales activities to support international expansion

Net Profit **\$44.3m** ▼ **\$2.4m or 5%**

Electronics - 2Q2019 in Review

- Secured \$702m worth of new contracts, including:
 - Smart mobility projects in Taiwan for Taoyuan MRT Green Line and in China for Foshan Metro Line 2 and Gaoming District Tram
 - Smart indoor lighting control solutions to maximise energy savings and operational efficiency in Singapore's residential estates and carparks
 - An advanced Command Centre that enables digitalisation, automation and intelligent decision-making for PSA's Tuas port operations in Singapore
 - A US\$95m unified simulation platform for the U.S. Army's synthetic training environment that meet demands for next generation collective training

Electronics - 2Q2019 in Review

- Enhanced Smart City offerings
 - Partnership with Maritime and Port Authority of Singapore (MPA) to drive the following initiatives at the Maritime Innovation Lab:
 - Next Generation Vessel Traffic Management System Lab;
 - Remotely Assisted Pilotage Advisory;
 - Autonomous Vessel Programme;
 - Autonomous Flotsam Clearance Vessel; and
 - Smart Maritime Autonomous Vessel (jointly with Marine)
 - Delivered new 24/7 Maritime Cybersecurity Operations Centre for MPA to boost maritime cyberdefence readiness
 - Entered into a partnership agreement with Nokia on key technology areas such as 5G and Internet of Things
 - Signed a MOU with SBS Transit and SMRT Trains to foster greater knowledge-sharing and grow local rail maintenance and engineering capabilities (jointly with Land Systems)
 - Launched AgilFence Buried Intrusion Detection System for enhanced unfenced border security.

Electronics - Outlook for 2H2019

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

Land Systems

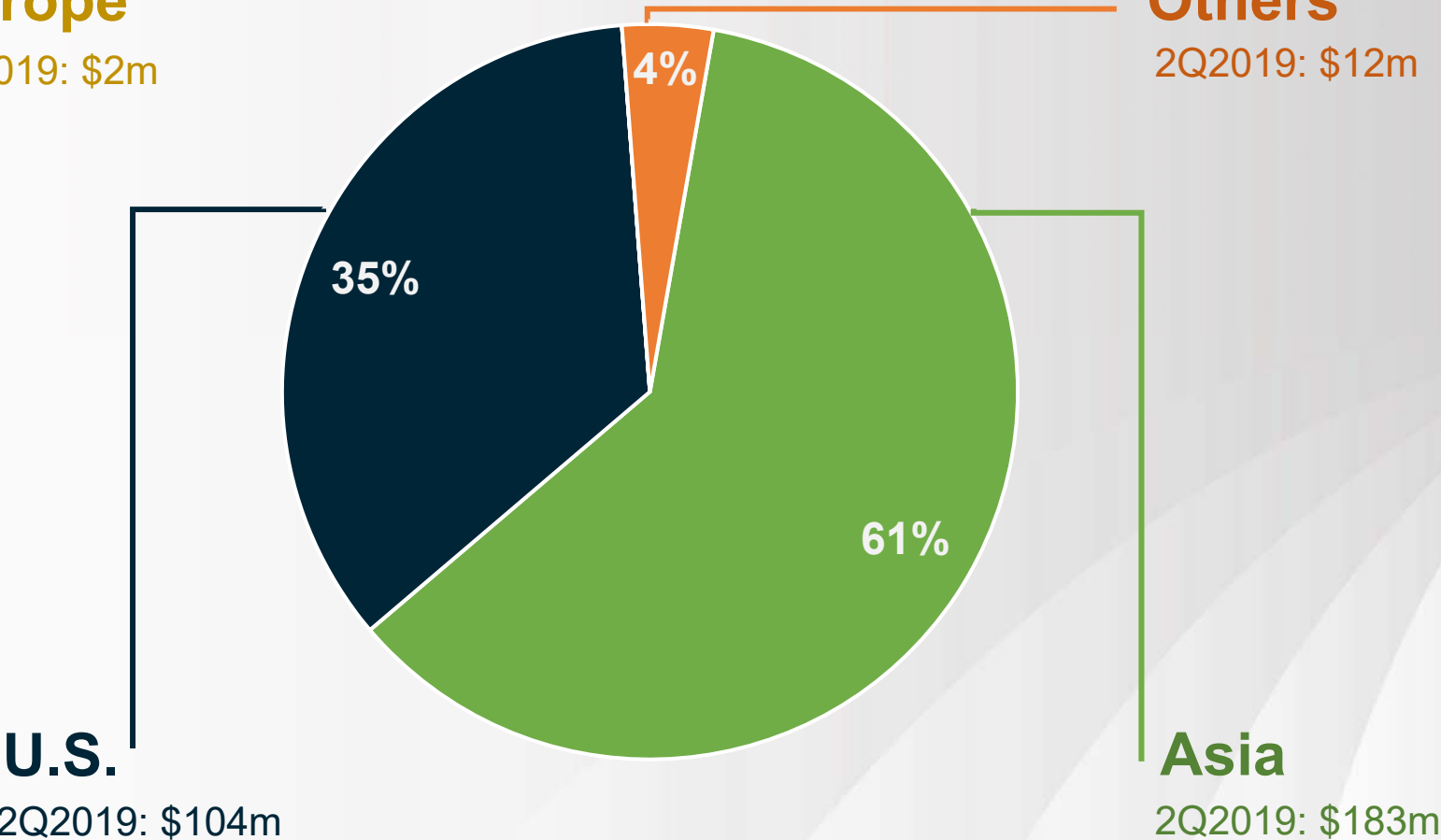
Land Systems Revenue by geography (by location of customers)

Europe

2Q2019: \$2m

Others

2Q2019: \$12m



U.S.

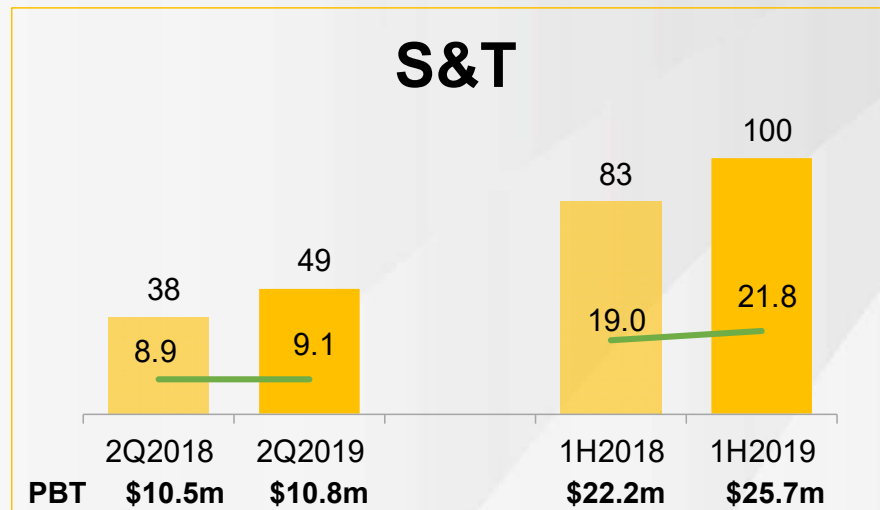
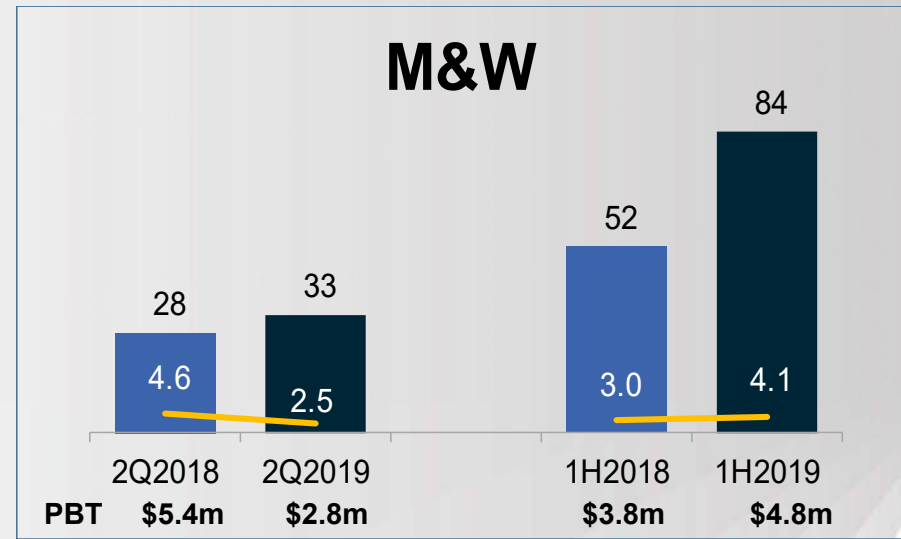
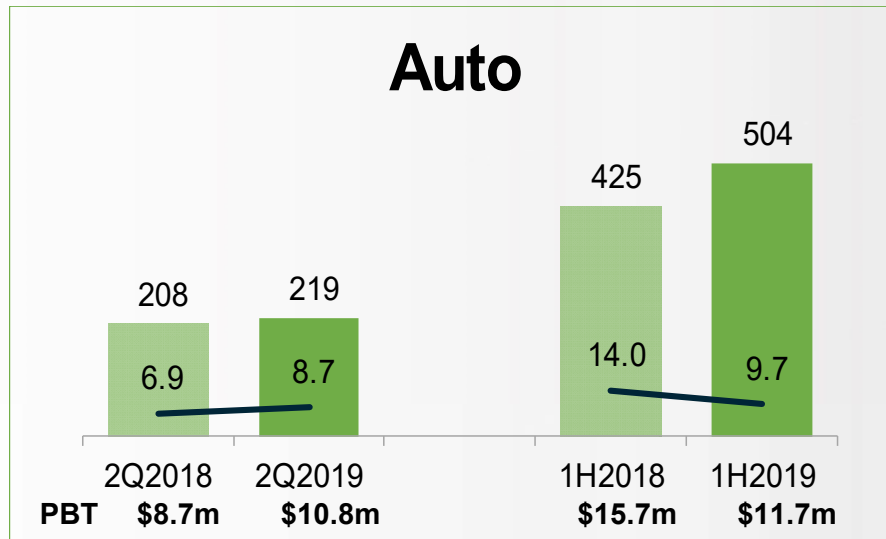
2Q2019: \$183m

Asia

2Q2019: \$104m

Note: Revenue includes inter-segment sales

Land Systems Revenue, PBT and Net Profit by business group



Legend:
 Bar: Revenue (\$m)
 Line: Net Profit (\$m)
 Note: Revenue includes inter-segment sales

Land Systems

2Q2019 vs 2Q2018

Revenue

\$296m

▲ \$26m or 10%

- Higher revenue from all business groups

PBT

\$24.4m

▼ \$0.2m or 1%

- Less favourable product mix
 - Higher operating expenses of robotics business
- Partially offset by
- Higher other income

Net Profit

\$20.3m

▼ \$0.1m or 0%

Land Systems - 2Q2019 in Review

- Secured new contracts, including:
 - Weapons & munitions from customers in Asia Pacific, Middle East and Europe
 - Road Construction Equipment and Specialty Vehicles from customers in North America
 - Supply of 50 three-door double-deck buses for Land Transport Authority in Singapore
- Entered into a partnership with Israeli Innovation Authority for autonomous technologies
- Roll-out first Hunter AFV in May and commissioned in June

Land Systems - Outlook for 2H2019

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

Marine

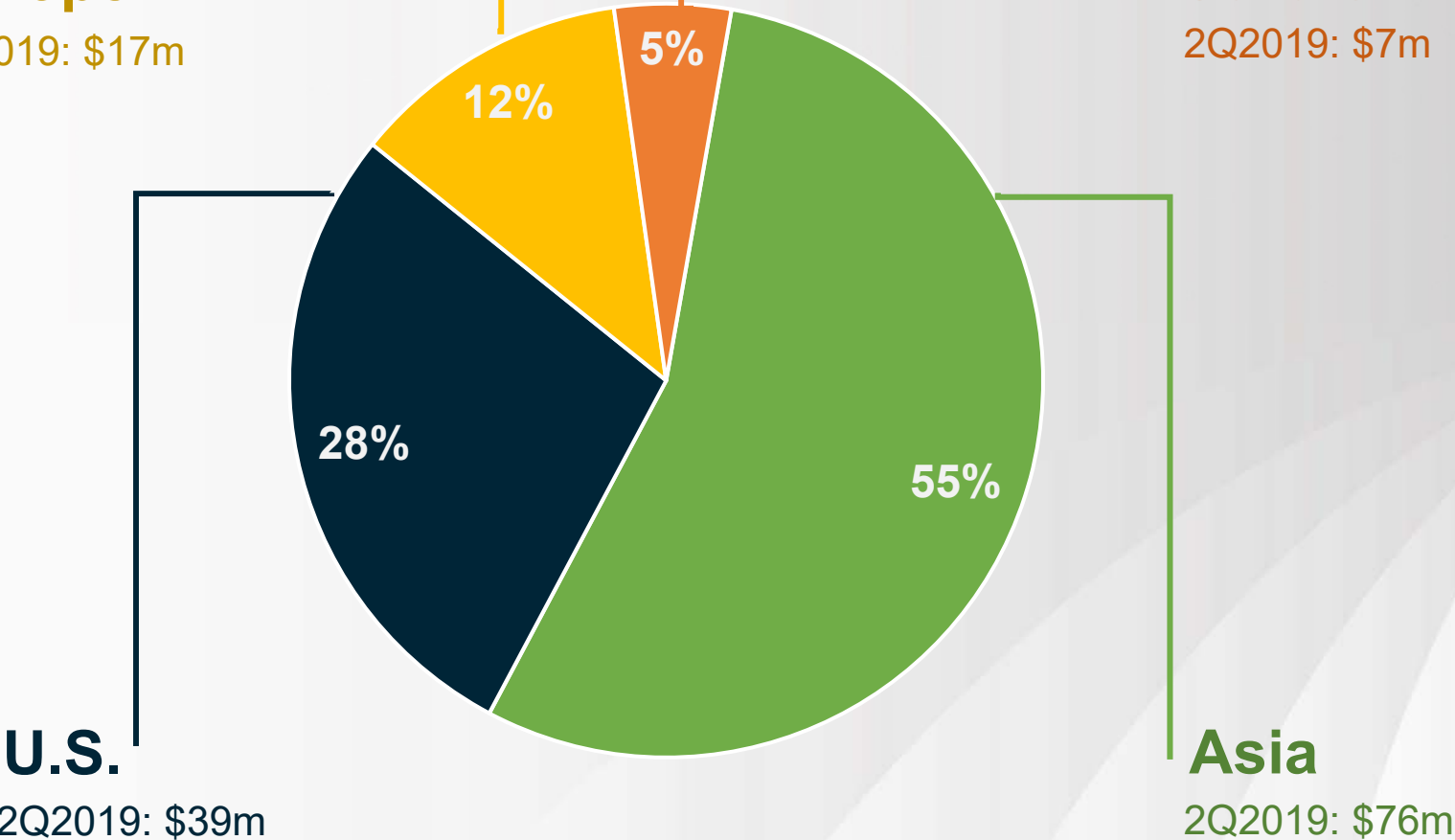
Marine Revenue by geography (by location of customers)

Europe

2Q2019: \$17m

Others

2Q2019: \$7m



U.S.

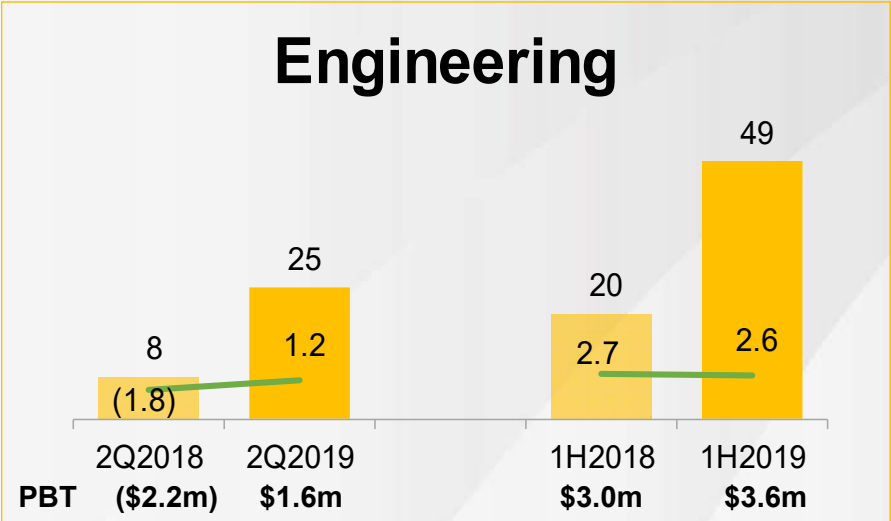
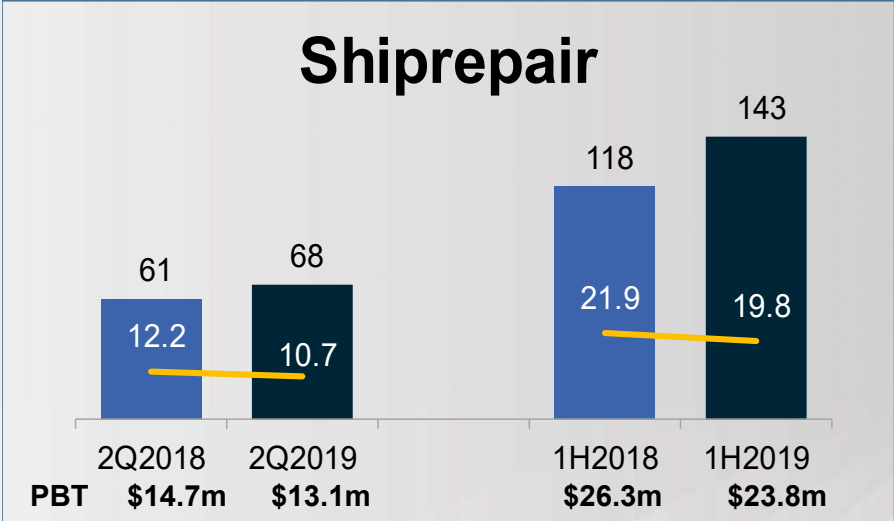
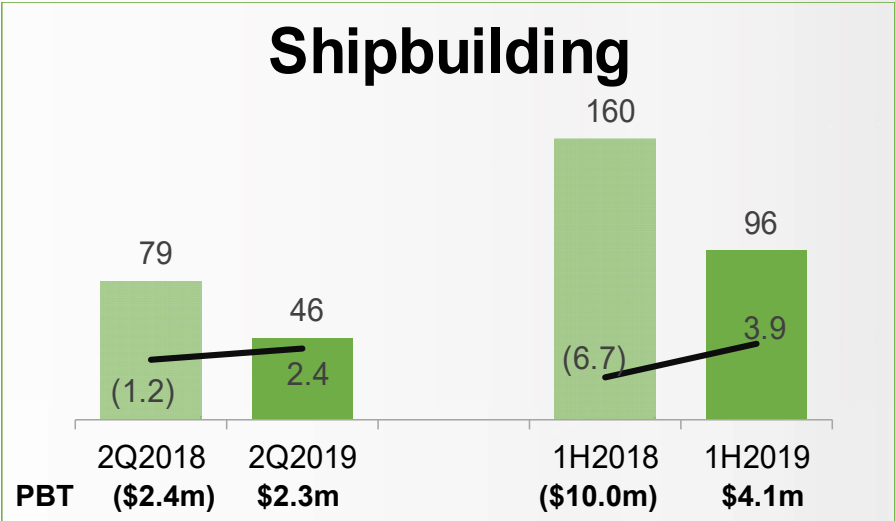
2Q2019: \$39m

Asia

2Q2019: \$76m

Note: Revenue includes inter-segment sales

Marine Revenue, PBT and Net Profit by business group



Legend:
 Bar: Revenue (\$m)
 Line: Net Profit (\$m)
 Note: Revenue includes inter-segment sales

Marine

2Q2019 vs 2Q2018

Revenue **\$139m** ▼ **\$9m or 6%**

- Lower revenue from Shipbuilding business group
Largely offset by
- Higher revenue from Shiprepair and Engineering business groups

PBT **\$17.0m** ▲ **\$6.9m or 69%**

- Improved U.S. shipbuilding performance
- Contribution from higher revenue of Engineering business group

Net Profit **\$14.3m** ▲ **\$5.1m or 55%**

Marine – 2Q2019 in Review

- Secured new contracts, including
 - US\$745.9m design and construction contract for a Polar Security Cutter for the U.S. Coast Guard, with an option for two more
 - US\$2.8m Common Hull Auxiliary Mission Platform program study for U.S. Navy
- Shipbuilding programmes updates
 - Commenced plate cutting and keel-laying of Fast Patrol Boats for Singapore Police Coast Guard (PCG) and three Auxiliary Personnel Lighter Small (APL(S)) Class berthing barges for U.S. Navy
 - Keel-laid 145MW Floating Power Plant for Transcontinental Capital Corporation
- Completed numerous shiprepair projects, rig repair and related fabrication works

Marine – Outlook for 2H2019

- Scheduled launch
 - Fast Patrol Boats for PCG
 - Floating Power Plant for Transcontinental Capital Corporation
 - ATB Tug and ATB Barge for Quality Liquefied Natural Gas Transport
- Expected delivery
 - 7th and 8th of eight Littoral Mission Vessels to Republic of Singapore Navy
 - Passenger and vehicle ferry for Commonwealth of Virginia, Department of Transportation