

News Release

ST Engineering to Expand its Aerospace MRO Presence in the US with New Facilities

Singapore, 29 October 2018 – As part of capacity expansion for its aircraft maintenance, repair and overhaul (MRO) business in the US, ST Engineering is pursuing the development of a 655,000 sq ft airframe MRO complex at the Pensacola International Airport in Pensacola, Florida. The development cost for the MRO complex is estimated at US\$210m (about S\$290m), of which ST Engineering will invest US\$35m (about S\$48m), with the rest to be funded by the City of Pensacola, Escambia County, Triumph Gulf Coast, Inc., the State of Florida as well as several other state and federal organisations.

A Memorandum of Understanding (MOU) for the new facility was signed on 27 October with the City of Pensacola, represented by its Mayor, Ashton Hayward. The Mayor, along with Escambia County Commissioner, Jeff Bergosh and FloridaWest Economic Development Alliance CEO, Scott Luth were in Singapore for the signing ceremony.

Under the MOU, ST Engineering and the City of Pensacola will develop the MRO complex, over four years after the formalisation of definitive agreements. The design-to-build complex, adjacent to ST Engineering's newly opened 173,500 sq ft MRO facility, will consist of three state-of-the-art widebody aircraft hangars and an administration building. When completed, it will contribute about 1.5 million labour hours in annual capacity, bringing ST Engineering's total annual capacity of its Pensacola MRO facility -- to be called the *Pensacola Aerospace Campus* -- to 2.1 million labour hours. Since opening in June 2018, the current facility has already redelivered 25 aircraft.

“Since December 2010, we’ve worked relentlessly to create an environment where Florida’s private-sector can grow, and our focus has created real results. More than 1.6 million jobs have been created and our state’s GDP has grown to over \$1 trillion. In fact, Pensacola’s unemployment rate has dropped from 9.9 percent in December 2010 to 2.9 percent in September 2018 – a decrease of 7 percentage points. This means more families are finding

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great jobs in Florida and our state's economy is attracting more and more businesses that are looking to succeed," said Governor of Florida, Rick Scott. "One such example is ST Engineering's investments in the City of Pensacola for its award winning Aerospace MRO business. In building up its business, it has committed to collectively help us build a robust and sustainable pipeline of talent to support the growth of the local aerospace industry."

"The incredible partnership between the City of Pensacola and ST Engineering has brought forth a monumental opportunity to expand the I-10 aviation corridor and ignite transformational change to the region with economic impacts to be seen for generations to come," said Pensacola Mayor Ashton Hayward. "Proudly known as America's First Settlement and the Cradle of Naval Aviation, Pensacola has a proven track record of successfully executing on the expansion of the first 400 jobs. This announcement of further expansion is a tremendous win for the region and is a true testament of collaboration between our local, state and federal partners as well as the Triumph Gulf Coast Board."

Vincent Chong, President & CEO of ST Engineering, commended Mayor Hayward for his vision in expanding and diversifying the economic base of Pensacola, and reiterated the Group's commitment to continue to invest in technology and capability, as well as develop a highly skilled and robust workforce in the facility. This will help create a differentiator for its Pensacola facility, thereby further strengthening the position of its aerospace network across the US and globally.

"We are excited to embark on this expansion, with unique financial opportunity via city, county and state support, in conjunction with the Triumph Gulf Coast fund availability," said Lim Serh Ghee, President, Aerospace of ST Engineering. "The attractiveness of this investment is further strengthened by the strong eco-system and robust aerospace industry, supported by a ready workforce pool in the Florida panhandle region that we can tap on. We look forward to working as closely as ever with the Mayor's office and relevant local authorities and organisations to realise this expansion plan."

Senator Don Gaetz, Chairman of Triumph Gulf Coast, said, "On behalf of the Triumph Gulf Coast, Inc. organization, we are delighted that ST Engineering is considering a substantial expansion of their state-of-the-art Pensacola MRO facilities. We know that ST Engineering,

with its global reach and reputation has many locations where it could invest in, and we are certain that it will be glad to have chosen our community and the Northwest Florida region. We look forward to the job creation and skillsets of the workforce that will be developed to support the strong and growing aviation aerospace industry in Northwest Florida."

Jeff Bergosh, Chairman of the Escambia Board of County Commissioners, said, "On behalf of the Board, I am proud to support and celebrate this historic agreement between our region of Florida and the world's number one airframe MRO service provider, ST Engineering. This project to greatly expand the footprint of the Group's MRO presence in Escambia County at our airport represents a transformational initiative of massive proportions. This US\$210 million project could produce an additional 1,325 direct, good-paying full time jobs with benefits as well as 3,400 indirect jobs -- which may add more than US\$400 million yearly to personal incomes in our County, while simultaneously benefitting all our region's citizens for decades to come!"

Florida has been ranked among the top USA states for aerospace industry attractiveness for a number of years, according to PricewaterhouseCoopers' Aerospace Manufacturing Attractiveness Rankings, clinching 6th place in 2017. To support its growth in Pensacola, ST Engineering is already working with local colleges and schools in Northwest Florida to develop an Airman Academy to develop the next generation of aviation professionals, tapping on the region's rich pool of highly trained engineering and aviation talent.

ST Engineering currently operates eight operational bases across the US, Asia Pacific and Europe. In the US, it has two other operational bases in Mobile, Alabama, and San Antonio, Texas. The expansion plan in Pensacola, which aligns with the Group's commitment to invest in its core business, would strengthen ST Engineering's aerospace network in the US to better serve its growing customer base in the Americas.

The development 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.

Note to editor:

From June 2018, we have harmonised the corporate brands of our subsidiaries by using one masterbrand "ST Engineering". We continue to highlight our four business sectors as Aerospace, Electronics, Land Systems and Marine. To find out more, please visit www.stengg.com/news/masterbrand.

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 more than 100 countries. Its employees bring innovation and technology together to create smart engineering solutions for customers in the defence, government and commercial segments. 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 S\$6.62b in FY2017 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.

The Aerospace sector operates a global MRO network with facilities and affiliates in the Americas, Asia Pacific and Europe. An integrated aerospace service provider, it offers a spectrum of maintenance and engineering services that include airframe, engine and component maintenance, repair and overhaul; engineering design and technical services; as well as aviation materials and asset management services. The sector has a global customer base that includes leading airlines, airfreight and military operators, and is the world's largest commercial airframe MRO service provider. For more information, please visit www.stengg.com.

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