

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.

Electronics

“Higher Profit in 1Q2015”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2015			
	2015 1Q	2014 1Q	Growth %
Revenue (\$m)	364	375	(3)
Earnings before interest and tax (EBIT) (\$m)	29.0	29.2	(1)
Other income, net (\$m)	6.2	3.7	70
Finance costs, net (\$m)	(0.4)	(0.7)	45
Profit before tax (PBT) (\$m)	34.9	32.3	8
Profit attributable to shareholders (\$m)	30.8	28.6	8

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

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Electronics sector unaudited results for the first quarter ended 31 March 2015

	1Q2015 \$'000	1Q2014 \$'000	+ / (-) %
1. (a) Revenue	363,675	375,214	(3.1)
(b) Cost of sales	(251,279)	(267,387)	(6.0)
(c) Gross Profit	112,396	107,827	4.2
(d) Distribution and selling expenses	(22,065)	(22,093)	(0.1)
(e) Administrative expenses	(39,974)	(34,461)	16.0
(f) Other operating expenses	(21,390)	(22,114)	(3.3)
(g) Profit from operations	28,967	29,159	(0.7)
(h) Other income	6,247	3,689	69.3
(i) Other expenses	-	(5)	(100.0)
(j) Other income, net	6,247	3,684	69.6
(k) Finance income	1,074	921	16.6
(l) Finance costs	(1,432)	(1,570)	(8.8)
(m) Finance costs, net	(358)	(649)	(44.8)
(n) Share of results of associates and joint ventures, net of tax	54	111	(51.4)
(o) Profit before taxation	34,910	32,305	8.1
(p) Taxation	(3,693)	(3,148)	17.3
(q) Profit for the period	31,217	29,157	7.1
Attributable to:			
(r) Shareholders of the Company	30,790	28,616	7.6
(s) Non-controlling interests	427	541	(21.1)
	31,217	29,157	7.1
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	9,431	8,445	11.7
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	835	(456)	(283.1)
Allowance for inventory obsolescence, net	74	197	(62.4)
(b) Finance costs, net comprises:			
Interest income	1,040	921	12.9
Foreign exchange gain/(loss), net	28	(256)	(110.9)
Gain on disposal of an investment	6	-	NM
Interest expenses	(1,432)	(1,314)	9.0
	(358)	(649)	(44.8)

* NM - Not Meaningful

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	1Q2015 \$'000	1Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	8.6%	7.8%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	8.4%	8.6%	
4. (a) Revenue reported for first quarter	363,675	375,214	(3.1)
(b) Profit for the period reported for first quarter	31,217	29,157	7.1
5. (a) There was an overprovision of current tax of \$1,801,000 and an underprovision of deferred tax of \$160,000 in respect of prior years (1Q2014: There was overprovision of current tax and deferred tax of \$1,311,000 and \$76,000 respectively in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2015 \$'000	1Q2014 \$'000		1Q2015 \$'000	1Q2014 \$'000	
<u>By Business Group</u>						
Large-Scale Systems Group	105,999	112,263	(5.6)	13,390	14,774	(9.4)
Communication & Sensor Systems Group	158,889	157,378	1.0	9,864	5,103	93.3
Software Systems Group	98,787	105,573	(6.4)	11,656	12,428	(6.2)
Total	<u>363,675</u>	<u>375,214</u>	(3.1)	<u>34,910</u>	<u>32,305</u>	8.1
<u>By Geographical Areas</u>						
Asia	269,880	301,916	(10.6)			
USA	26,486	22,086	19.9			
Europe	24,610	25,221	(2.4)			
Others	42,699	25,991	64.3			
Total	<u>363,675</u>	<u>375,214</u>	(3.1)			
<u>By Country of Incorporation</u>						
Asia	292,762	313,773	(6.7)			
USA	56,550	48,777	15.9			
Europe	3,725	3,712	0.4			
Others	10,638	8,952	18.8			
Total	<u>363,675</u>	<u>375,214</u>	(3.1)			

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7. Review of Performance

(a) Revenue

1Q2015 vs 1Q2014

1Q2015	1Q2014	Growth	
\$364m	\$375m	(\$11m)	(3%)

Revenue of \$364 million recorded in 1Q2015 was comparable to that of 1Q2014. **Communication & Sensor Systems Group's (CSG)** sales were comparable to that of 1Q2014. Both **Large-Scale Systems Group (LSG)** and **Software Systems Group (SSG)** recorded slightly lower sales mainly due to lower value project milestone completions.

(b) Profitability

1Q2015 vs 1Q2014

1Q2015	1Q2014	Growth	
\$34.9m	\$32.3m	\$2.6m	8%

The profit before tax of \$34.9 million for 1Q2015 was higher than that of 1Q2014 by 8% or \$2.6 million. Notwithstanding comparable sales and higher operating expenses, the Sector recorded higher profit mainly due to favourable sales mix and higher other income.

8. Prospects

1H2015

Barring unforeseen circumstances, revenue and profit before tax for 1H2015 are expected to be comparable to 1H2014.

9. Balance Sheet

	31-Mar-15	31-Dec-14
	\$'000	\$'000
Property, plant and equipment	177,943	179,704
Associates and joint ventures	10,351	10,297
Investments	4,128	3,963
Intangible assets	327,493	304,545
Long-term receivables, non-current	196	187
Deferred tax assets	28,684	30,023
Non-current assets	548,795	528,719
Current assets	1,244,637	1,265,351
Total assets	1,793,432	1,794,070
Current liabilities	1,028,840	1,086,428
Non-current liabilities	524,386	510,536
Total liabilities	1,553,226	1,596,964
Share capital and reserves	234,533	191,847
Non-controlling interests	5,673	5,259
Total equity and liabilities	1,793,432	1,794,070
Net current assets	215,797	178,923

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10. Statement of Cash Flows for the first quarter ended 31 March 2015

	1Q2015 \$'000	1Q2014 \$'000
Net cash from operating activities	92,762	13,765
Net cash used in investing activities	(17,285)	(10,929)
Proceed from sale of property, plant and equipment	1	2
Purchase of property, plant and equipment	(5,329)	(10,793)
Acquisition of other intangible assets	(11,963)	(138)
Proceed from sale of an unquoted investment	6	-
Net cash (used in)/from financing activities	(44,138)	13,281
Repayment of a related party loan	(2,723)	(411)
Proceeds from related party loan	-	23,542
Loans to a related party	(45,000)	-
Repayment of loan by a related party	5,000	-
Repayment of lease obligations	-	(5)
Dividend paid to shareholder	-	(8,617)
Interest paid	(1,462)	(1,228)
Deposits discharged	47	-
Net increase in cash and cash equivalents	31,339	16,117
Cash and cash equivalents at beginning of the period	276,893	476,383
Exchange difference on cash and cash equivalents at beginning of the period	387	(684)
Cash and cash equivalents at end of the period	<u>308,619</u>	<u>491,816</u>

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