

News Release

ST Engineering's Aerospace Arm Divests 5% Stake in STA Guangzhou to New JV Strategic Partner JAL

Singapore, 8 February 2018 – Singapore Technologies Engineering Ltd (ST Engineering) today announced that its aerospace arm, Singapore Technologies Aerospace Ltd (ST Aerospace), has signed a definitive agreement to divest 5% equity stake in ST Aerospace (Guangzhou) Aviation Services Company Limited (STA Guangzhou), a joint venture with Guangdong Airport Authority, to Japan Airlines Co., Ltd (Japan Airlines) for a consideration of US\$7m (approximately S\$9.2m). The consideration was arrived at taking into account STA Guangzhou's current performance, net asset value and growth potential in the fast growing Baiyun International Airport.

Upon completion, which is subject to customary closing conditions, ST Aerospace and Guangdong Airport Authority will each own 44% and 51% stake respectively in STA Guangzhou, while Japan Airlines will become a strategic partner of the joint venture with a 5% stake.

STA Guangzhou, set up in 2014, is an aircraft maintenance, repair and overhaul (MRO) station located within Guangzhou Baiyun International Airport in China. Given Japan Airlines' strong reputation in quality and standards for both its services and demands placed on MRO providers, the new partnership will facilitate cross-learning and enable STA Guangzhou to enhance its own standing in safety and quality, and be better positioned for greater growth. STA Guangzhou has unaudited net tangible assets of about RMB400m (approximately S\$84m) as at 31 December 2017.

This divestment 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 Aerospace (Singapore Technologies Aerospace Ltd) is the aerospace arm of ST Engineering with revenue of S\$2.49b in FY2016. Operating a global MRO network with facilities and affiliates in the Americas, Asia Pacific and Europe, it is the world's largest commercial airframe MRO provider with a global customer base that includes leading airlines, airfreight and military operators. ST Aerospace is an integrated service provider that offers a spectrum of maintenance and engineering services that include airframe, engine and component maintenance, repair and overhaul; engineering design and technical services; and aviation materials and asset management services, including Total Aviation Support. ST Aerospace has a global staff strength of around 9,000 employees worldwide. Please visit www.stengg.com/en/aerospace for more information.

ST Engineering (Singapore Technologies Engineering Ltd) is an integrated defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. It has global presence with offices in Asia, the Americas, Europe and the Middle East and employs about 22,000 employees. Across the globe, its employees bring innovation and technology together to create smart engineering solutions for its customers in the defence, government and commercial segments. Headquartered in Singapore, ST Engineering reported revenue of S\$6.68b in FY2016 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore and the SGX Sustainability Leaders Index. Please visit www.stengg.com for more information.

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