1Q2024 Market Updates

13 May 2024

ST Engineering

Disclaimer

The forward-looking statements in this presentation reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events as at the date of this presentation. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Some examples of these risk factors include disruption to global supply chains, general economic conditions, interest rate trends, inflationary pressure, shifts in customer demand, regulatory changes and natural disasters which may negatively impact business activities of the ST Engineering Group.

No assurance can be given that future events will occur, or that assumptions are correct. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

Agenda

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➢ **Financial Highlights**

- Group Revenue
- Business Segment Highlights
  - Commercial Aerospace (CA)
  - Defence & Public Security (DPS)
  - Urban Solutions & Satcom (USS)
- Contract Wins & Order Book
- Summary

➢ **Business Overview: Digital Business**

➢ **Question & Answer Session**

Notes:
- All amounts in Singapore dollars unless otherwise stated
- Amounts may not add to totals shown due to rounding

Strong Revenue Growth Driven by CA and DPS

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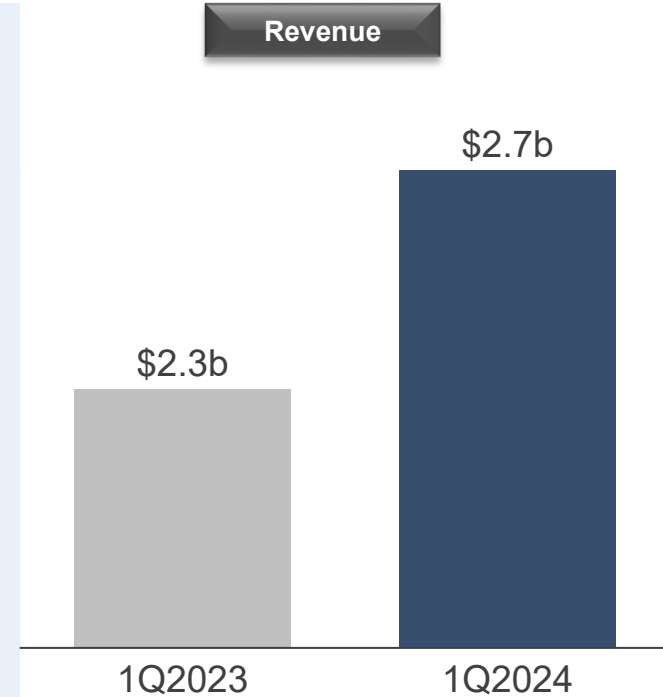
1Q2024 revenue

$2.7b

18% higher y-o-y

- CA and DPS recorded double-digit % y-o-y growth in revenue

Revenue

$2.7b

$2.3b

1Q2023   1Q2024

Group Revenue: Growth in CA and DPS Segments

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$m	1Q2024	1Q2023	Change
Commercial Aerospace	1,152	873	▲ 32%
Defence & Public Security	1,123	982	▲ 14%
Urban Solutions & Satcom	429	434	▼ 1%
Group	**2,703**	**2,289**	▲ 18%

Commercial Aerospace

1Q2024 revenue

$1.2b

32% higher y-o-y

- Broad-based growth
- Strong growth in Engine MRO
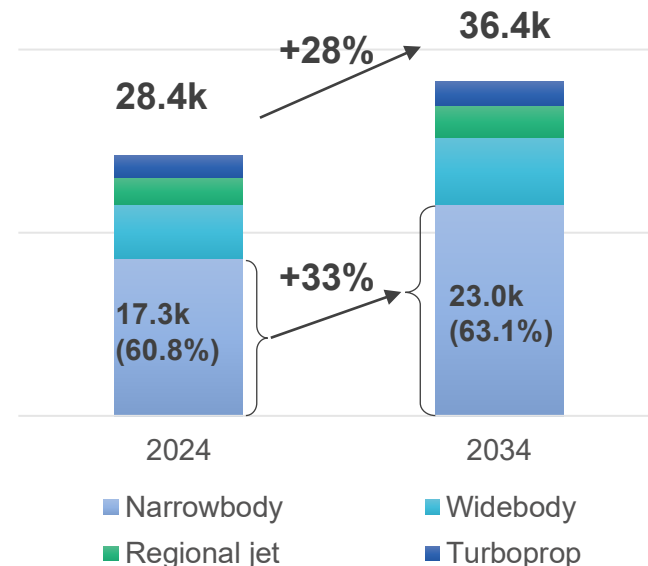
Revenue

$873m*

$1,152m

1Q2023   1Q2024
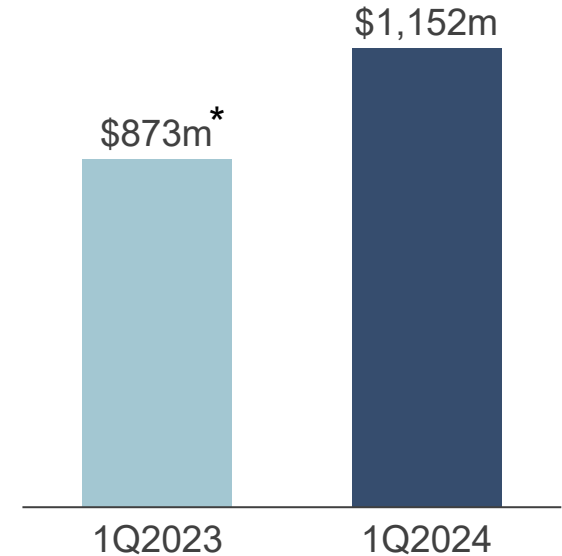
Includes aircraft sales of $35m in 1Q2023

MRAS Nacelle Business Benefiting from Popularity of A320neo and Leap 1A

- Narrowbody production expected to be strong over next 10 years

- By 2034, narrowbody aircraft will make up 63% of global fleet [1] - A320 family has the largest share

- LEAP-1A engine estimated to account for 59%[2] of A320neo platform by 2033

- MRAS is the single-source nacelle provider for LEAP-1A[3]

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Global Fleet Forecast, 2024-2034[1]

+28%

28.4k

36.4k

17.3k (60.8%)

+33%

23.0k (63.1%)

2024   2034

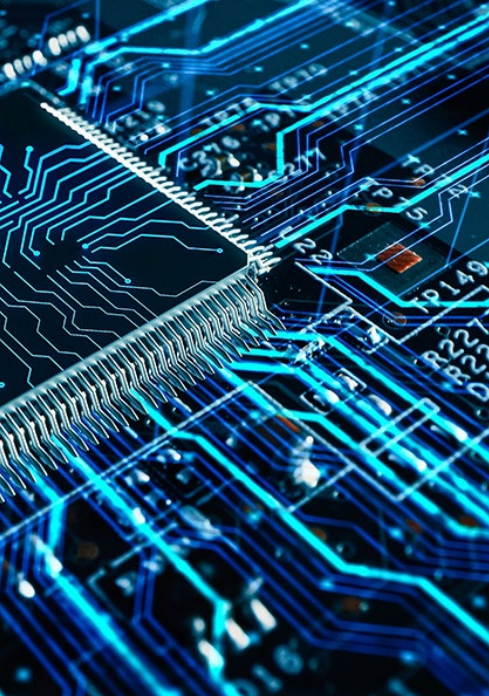■ Narrowbody   ■ Widebody
■ Regional jet   ■ Turboprop

[1] Oliver Wyman Global Fleet and MRO Market Forecast 2024-2034
[2] Aviation Week's May 2024 Fleet & MRO Forecast
[3] In partnership with Safran Nacelle
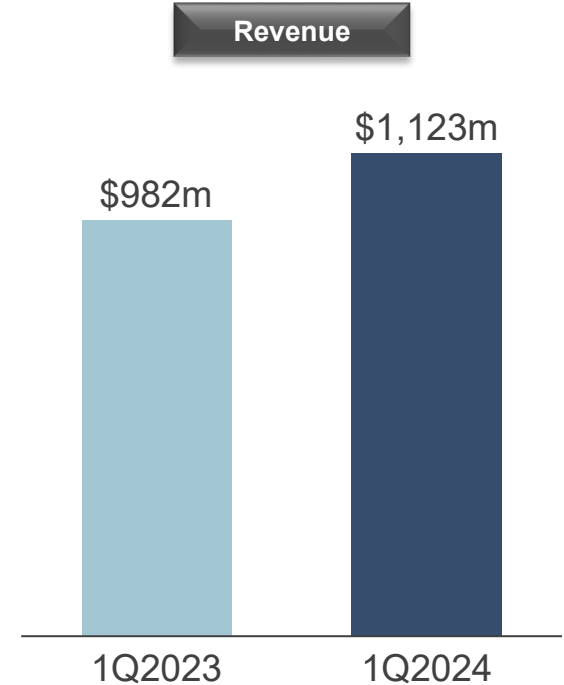
Defence & Public Security

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1Q2024 revenue

$1.1b

14% higher y-o-y

• Growth in all sub-segments

• Digital Business (Cloud, AI Analytics, Cyber) poised to well exceed 2026 revenue target

Revenue

$982m — 1Q2023

$1,123m — 1Q2024

Urban Solutions & Satcom

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1Q2024 revenue

$429m

1% lower y-o-y

- TransCore revenue grew >10% y-o-y
- URS base business revenue
  - 2H weighted
- Satcom transformation well in progress
  - ➤ Multi-orbit NGP development on track; "Intuition" brand unveiled in Mar'24

Revenue

$434m — 1Q2023

$429m — 1Q2024

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New Contract Wins and Strong Order Book

Contract Wins

$3.0b

New contracts for 1Q2024

Commercial Aerospace

$0.84b

Defence & Public Security

$1.65b

Urban Solutions & Satcom

$0.54b

Order Book

$27.7b

as at 31 Mar 2024

$6.5b

Expected to be delivered for rest of the year

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~$3.0b New Contract Wins Secured in 1Q2024

	1Q2024	Highlights
Commercial Aerospace	$839m	• Five-year CFM56-7B engine maintenance contract extension with PT Lion Group • Three-year heavy maintenance contract extension with a Japanese airline • Heavy maintenance for several U.S. cargo airlines
Defence & Public Security	$1,654m	• Digital solutions and services in Cloud, Data Centre and Training & Simulation • AI-enabled Mission Critical Command and Control systems, and Cybersecurity • International orders for 40mm ammunition
Urban Solutions & Satcom	$542m	• Contracts to modernise Singapore's public bus fleet and operations for ~5,800 buses • Contracts for electronic toll collection systems, ITS, O&M and RFID sales in U.S. and Middle East, as well as smart car park solution for Dubai Mall in UAE • Smart utility solutions and integrated smart security management solutions in Singapore, and healthcare ICT solution in Hong Kong • Satcom ground infrastructure contracts for aviation, enterprise and government segments in Europe and Middle East
Total	**$3,035m**	

Summary - 1Q2024

1 Strong revenue performance

2 Poised to well exceed Digital Business' revenue target of $500m by 2026

3 Satcom - lower cost base; transformation well underway

4 Delivering on strong order book

5 1Q2024 interim dividend of 4 cents per share

Business Overview:
Digital Business

Digital Business

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Cloud

- Cloud Managed and Professional Services
- Cloud business for Government and Commercial Enterprises including data centres

AI Analytics

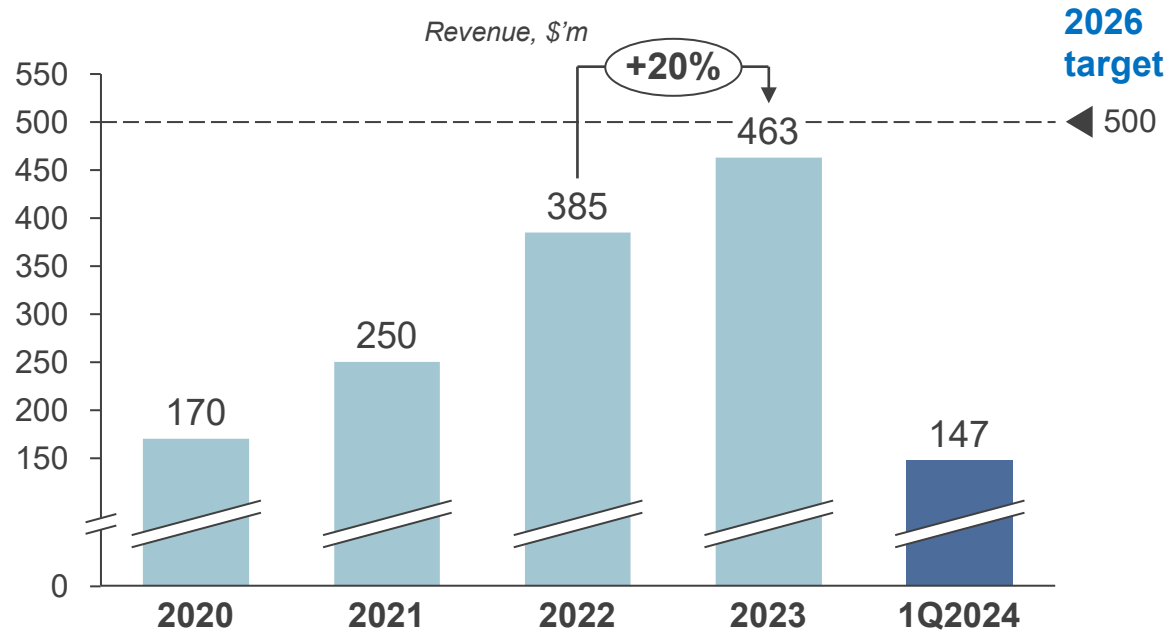- Gen-AI, AI-ML and Data Analytics software and solutions

Cybersecurity

- Cybersecurity product suite for IT & OT e.g. Security Operations Centre
- Cybersecurity services - threat hunting, digital forensic and incident response

Cloud, AI Analytics, Cyber business to triple to >$500m by 2026

Strong Momentum in Digital Business

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Revenue, $'m

2026 target

+20%

2020: 170
2021: 250
2022: 385
2023: 463
1Q2024: 147

500

Digital Business:
Cloud, AI Analytics & Cyber

- On track to well exceed 2026 target

- Growth in Cyber to be further augmented by integration with D'Crypt

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Growth Drivers for Digital Business

AI-powered end-to-end mission critical software systems

Resilient Hybrid Cloud and Data Centres

Integration of D'Crypt's cryptographic technology into Cyber business for growth

Customer Segments
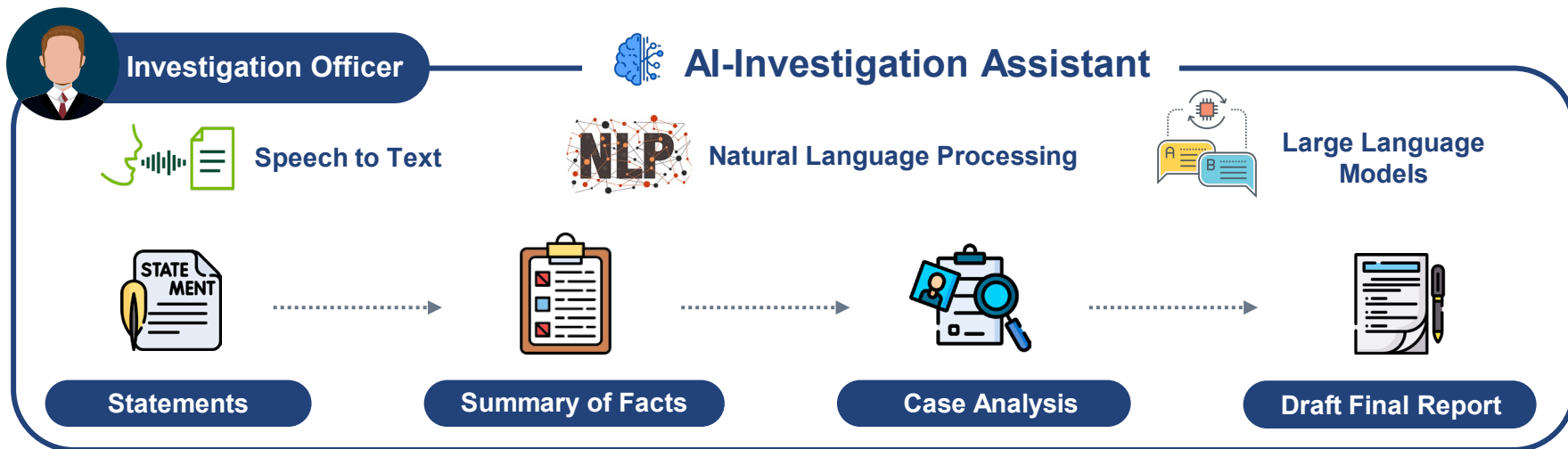

Government

Critical Infrastructure

Enterprise

AI-Powered Investigation Assistant

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Problem Statement

Labour-Intensive and Time-Consuming Manual Investigation Process

- High volumes of investigation documents
- Information gaps in statement taking
- Manual processing of information, analysing statements, extraction of salient information and draft report preparation

Investigation Officer

AI-Investigation Assistant

Speech to Text

Natural Language Processing

Large Language Models

Statements → **Summary of Facts** → **Case Analysis** → **Draft Final Report**

AI-Powered Automation Reduces Human Workload by 50%

Digital Business Updates

Hybrid & Multi-Cloud Solutions

Highly Secure Data Centres

Largest Private Azure Cloud outside the U.S.

Largest Secure Hybrid Cloud Infra of Nutanix in S.E.A.

Built .SG Domain Registry System in Public Cloud

Build, Manage Enterprise Cloud Solutions

Cloud Migration and Managed Services

Cyber Capabilities

Cybersecurity Operations Centre

- Design, build, operate & maintain for IT/OT
- 24/7 monitoring
- Threat intelligence / hunting
- Cyber dashboard

Encryption Products

- Secure connectivity
- Secure storage
- Cross-domain

Cybersecurity Services

- Vulnerability assessment & penetration testing
- Risk assessment
- Digital forensic & incident response (on-prem / cloud)

Cyber: Deriving Synergies from Acquisition of D'Crypt

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- Access to cutting-edge technologies in Cryptography and ASIC*-enabled secured module
- Accelerate build-up of talent & capabilities

1 Enhance GTM for D'Crypt Products

ASIC

Encryptor

Secure Computing Anywhere
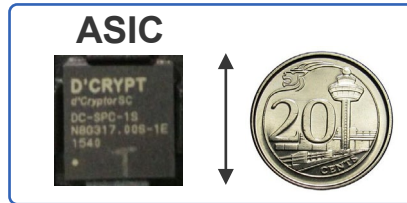
2 Synergies with ST Engineering Products

- Strengthen position as Cryptographic Technology and Product house

- Embed cryptography in digital systems solutions

*ASIC: Application-Specific Integrated Circuit

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Building Up Next Gen Digital & Cyber Talents

- Highly skilled talent pool driving our growth initiatives

- Solid industry credentials, validated by a diverse array of accreditations and certifications

- Continuous skill and capability enhancement by internal Digital & Cyber training academies

>550
Cybersecurity specialists

~ 300
Cloud & AI engineers

Riding Digital and AI Tailwinds for Growth

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1 Poised to well surpass 2026 revenue target of $500m

2 Strategically positioned with differentiated products for growth

3 Continually focused on talent development and product innovation

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www.stengg.com