

News Release

ST Engineering Posts 7.5% Higher Revenue and 19.3% Higher PBT for FY2021 over FY2020

| FINANCIAL HIGHLIGHTS | | | |
|--|---|---|---------------|
| For the year ended | | | |
| 31 December 2021 | | | |
| | 2021 FY | 2020 FY | Change |
| Revenue (\$m) | 7,693 | 7,158 | 7.5% |
| Profit from operations (PFO) (\$m) | 645.9 | 570.0 | 13.3% |
| Earnings before interest and tax (EBIT) (\$m) | 673.6 | 596.4 | 13.0% |
| Finance costs, net (\$m) | (36.0) | (61.9) | (41.8%) |
| Profit before tax (PBT) (\$m) | 637.6 | 534.4 | 19.3% |
| Profit attributable to shareholders (Net Profit) (\$m) | 570.5 | 521.8 | 9.3% |
| Earnings per share (cents) | 18.30 | 16.74 | 9.3% |
| Economic value added (EVA) (\$m) | 313.0 | 286.4 | 9.3% |
| Return on equity (%) | 23.6 | 22.8 | 1pp |
| Dividend per share (cents) | 15.0 | 15.0 | - |
| <ul style="list-style-type: none"> • Final • Interim | <ul style="list-style-type: none"> 10.0 5.0 | <ul style="list-style-type: none"> 10.0 5.0 | |

- Order book was \$19.3b as at end December 2021, of which about \$6.6b is expected to be delivered in 2022
- Commercial sales¹ and defence sales¹ constituted \$4.8b and \$2.9b respectively
- Cash and cash equivalents of \$816m recorded as at end December 2021

N.B.: All currencies are in Singapore dollars

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Singapore, 25 February 2022 - Singapore Technologies Engineering Ltd (ST Engineering) today reported its full-year (FY) financial results ended 31 December 2021.

FY2021 versus FY2020 Performance Discussion

ST Engineering posted a 7.5% increase in Group revenue to \$7.7b from \$7.2b a year ago in the same period contributed by all its business segments. Group EBIT grew 13% year-on-year (y-o-y) to \$673.6m from \$596.4m. The Group guided in August 2021 that it expected a y-o-y reduction of \$150m in government support in 2021, and the impact of the reduction would mainly manifest in the second half of 2021. In line with this guidance, the actual y-o-y reduction in government support was \$149m, with \$137m of the reduction impacting 2H2021. As guided, the combination of cost savings net of reinvestments in future growth areas and partial business recovery more than offset the reduction in government support. Excluding government support, Group EBIT for FY2021 improved 93% y-o-y, reflecting a strong underlying performance amid continuing pandemic challenges.

Group Profit before tax (PBT) grew 19% y-o-y to \$637.6m from \$534.4m. Group Profit attributable to shareholders (Net Profit) grew 9% y-o-y to \$570.5m from \$521.8m. Net Profit growth was lower than PBT growth due to the unfavourable tax effect of lower non-taxable government grants received in 2021 compared to 2020.

Consequent to the Group's reorganisation² on 1 January 2021, the new reportable business segments are as follows: Commercial Aerospace (CA), Urban Solutions & Satcom (USS), and Defence & Public Security (DPS).

FY2021 versus FY2020 Segment Performance Review³

- **Commercial Aerospace:** Revenue was \$2.46b, up 6% y-o-y from \$2.33b, notwithstanding a strong 1Q2020 prior to the impact of COVID-19 being felt. This segment registered strong y-o-y revenue growth in 2Q, 3Q and 4Q of 2021, and sequential quarterly revenue growth across 2021. Revenue growth in 2021 was contributed by Aerostructures & Systems, while Aerospace MRO continued to be impacted by the subdued aviation sector. Aviation Asset Management's AUM increased by 30% to US\$1.05b (S\$1.4b) as at end December 2021 from US\$813m as at end December 2020. Commercial Aerospace's EBIT grew 125% y-o-y to \$182m from \$81m as a result of higher revenue and cost savings initiatives. To

emerge stronger, this segment continued to invest for future growth through digitalisation programmes and setting up of new passenger-to-freighter conversion sites across its global network in San Antonio, Mobile and Shanghai.

- **Urban Solutions & Satcom:** Revenue grew 8% y-o-y to \$1.19b from \$1.10b contributed by higher Smart City project deliveries, partially offset by the impact of global semiconductor chip shortages on Smart City project and Satcom product deliveries. Its EBIT was \$26m, down 18% y-o-y from \$31m largely due to \$8m of TransCore-related M&A transaction expenses, lower government support and the impact of semiconductor chip shortages, partially offset by contribution from higher revenue and lower operating expenses.
- **Defence & Public Security:** Revenue grew 8% y-o-y to \$4.04b from \$3.72b, with contribution from all its sub-segments of Digital Systems & Cyber, Defence Aerospace, Land Systems and Marine. EBIT was down 4% y-o-y to \$466m from \$484m due to lower government support of \$137m, substantially offset by contribution from higher revenue and cost savings.

“In 2021, we delivered a good set of results as all business segments registered growth despite persisting pandemic challenges. This reflects the underlying strengths of our businesses and our people. The proposed TransCore acquisition demonstrates our readiness to seize growth opportunities to emerge stronger post pandemic. We can look to the future with confidence as our order book of \$19.3b is very robust.

We expect the delivery of our strong order book, our various business initiatives and further business recovery to position us well for 2022 business performance. Moreover, our focus on the effective execution of our long-term strategy and our commitment to invest across the business cycles will put us in good stead to achieve our 2026 targets as communicated on our Investor Day.”

Vincent Chong, Group President & CEO

In terms of Group revenue breakdown, Commercial Aerospace, Urban Solutions & Satcom and Defence & Public Security accounted for 32%, 15% and 53% respectively. Commercial

sales¹ was \$4.8b and defence sales¹ was \$2.9b. The Group held \$816m in cash and cash equivalents as at end December 2021.

2H2021 versus 2H2020 Performance Discussion

| FINANCIAL HIGHLIGHTS For the second half-year ended 31 December 2021 | | | |
|---|---------------|---------------|---------------|
| | 2H2021 | 2H2020 | Change |
| Revenue (\$m) | 4,042 | 3,586 | 12.7% |
| Earnings before interest and tax (EBIT) (\$m) | 318.5 | 282.3 | 12.9% |
| Profit before tax (PBT) (\$m) | 297.8 | 248.0 | 20.1% |
| Profit attributable to shareholders (Net Profit) (\$m) | 274.4 | 264.4 | 3.8% |

In 2H2021, the Group posted revenue of \$4.0b, a 13% increase from \$3.6b the same period a year ago. Group EBIT was up 13% y-o-y to \$319m from \$282m, while Group PBT was 20% higher y-o-y at \$297.8m from \$248.0m, and Group Net Profit grew 4% y-o-y to \$274.4m from \$264.4m. Net Profit growth was lower than PBT growth due to the unfavourable tax effect of a significant reduction of non-taxable government support in 2H2021.

2H2021 versus 2H2020 Segment Performance Review

- Commercial Aerospace:** Revenue was 25% higher y-o-y at \$1.33b, from \$1.07b. Its 2H2021 EBIT improved sharply to \$79m from \$6m in 2H2020 from significant cost savings and partial business recovery, which more than offset the reduction in government support of \$51m.
- Urban Solutions & Satcom:** Revenue grew 5% y-o-y to \$663m from \$630m, contributed by higher Smart City project deliveries, partially offset by impact of global semiconductor chip shortages. EBIT was \$15m compared to \$52m in the same period a year ago as a result of lower government support, TransCore-related M&A transaction expenses and

semiconductor chip shortages. In addition to being affected by the global semiconductor chip shortages, the Satcom business continued to be impacted by the pandemic with lower demand for satcom solutions in its aviation and maritime cruise customer segments.

- **Defence & Public Security:** Revenue grew 8% y-o-y to \$2.05b from \$1.89b, contributed from all its sub-segments of Digital Systems & Cyber, Defence Aerospace, Land Systems, and Marine. EBIT remained largely the same from a year ago at \$224m. Contributions from higher revenue and cost saving initiatives were offset by lower government support of \$79m.

New Contract Wins in 4Q2021 and Order Book

In 4Q2021, the Group secured new contracts of about \$3.2b, comprising \$1.0b from Commercial Aerospace, \$0.4b from Urban Solutions & Satcom, and \$1.8b from Defence & Public Security. This brings the total new contract value⁴ for 2021 to \$11.7b, compared to \$8.2b⁴ in 2020 and \$9.5b⁴ in 2019.

- Commercial Aerospace clinched new contracts across a spectrum of its aviation manufacturing and MRO businesses, including passenger-to-freighter (P2F) conversion orders for A321P2F and A330P2F units from freight operators and lessors, multi-year airframe, engine and component maintenance contracts including cabin refresh modifications with regional airlines.
- Urban Solutions & Satcom won contracts from global customers for smart mobility, smart utilities, smart security and satcom. New wins from Urban Solutions included a contract to provide turnkey rail services comprising smart metro solutions, trains and a power supply system to the Kaohsiung MRT Red Line Extension over a seven-year period; the Group's first rail electronics contract in Romania to provide a Passenger Information System for Bucharest Metro Line 5; and a project to deploy its award-winning Telematics Wireless T-light Galaxy Smart Street Lighting solution with AGIL IoT platform to connect more than 300,000 LED street lights across Rio de Janeiro. The Group's Satcom business had various new contracts across key market verticals, including a contract with Eclipse Global Connectivity to deliver an integrated airborne Intelligence Surveillance and Reconnaissance satellite communications solution for military and government aircraft.

- The business segments of the Defence & Public Security cluster secured various contracts including a sub-contract by Abu Dhabi Ship Building PJSC for the supply of design, platform equipment and technical assistance for the construction of four Falaj 3-class Offshore Patrol Vessels, a fixed-price incentive-firm contract for a second U.S. Coast Guard Polar Security Cutter, and the construction of the fifth Auxiliary Personnel Lighter-Small berthing barge for the U.S. Navy. Other contracts include the sale of the Autonomast system which is an all-in-one modular system that can transform any vessel to an unmanned vessel to the Defence Science and Technology Group of the Australian Department of Defence; international munition sales; supply of cybersecurity products and solutions, AI based mission critical systems, on-premise private cloud solutions and cloud managed services.

With these new contracts, and after adjustments of revenue delivery, ST Engineering ended the year with a robust order book of \$19.3b, compared to \$18.2b as at end September 2021, providing good revenue visibility for the Group. In 2022, the Group expects to deliver about \$6.6b from the order book.

Final and Total Dividend

The Board of Directors has proposed a final dividend of 10.0 cents per share. Together with the interim dividend of 5.0 cents per share paid in August 2021, the total dividend for the full year will be 15.0 cents per share. This translates to a dividend yield of 4.0%, computed using the average closing share price of the last trading day of 2021 and 2020.

Dividend Policy

On 24 February 2022, the Board approved a dividend policy to declare dividends every quarter instead of twice a year previously. For FY2022, the plan is for dividends to be paid four times a year, at 4.0 cents per share each time resulting in total dividends of 16.0 cents per share payable for FY2022 (compared to the 15.0 cents per share paid or payable for FY2021).

The dividends for FY2022 are currently scheduled to be paid in June 2022, September 2022, December 2022 and May 2023. As and when the Board declares an interim dividend for each of the first three quarters of FY2022, ST Engineering will announce the relevant record date and payment date on SGXNet. The final dividend payable in May 2023 is subject to

shareholders' approval at the ST Engineering AGM to be held in April 2023, the record date and payment date for which will be announced in conjunction with the release of the Group's full-year financial results for FY2022.

This change from declaring dividends semi-annually to quarterly will provide shareholders with more frequent income streams. Notwithstanding the new dividend policy, ST Engineering continues to focus on and has sufficient financial capacity to seek growth pursuant to the Group's strategy as communicated at its Investor Day in November 2021, and as it has demonstrated in the last few years.

¹ Refers to Group's FY2021 revenue by product and services type.

² Organisation structure as of 1 January 2021: Commercial and Defence & Public Security clusters have replaced the sector-structure of Aerospace, Electronics, Land Systems and Marine. The Commercial cluster comprises Commercial Aerospace, Urban Solutions & Satellite Communications (Satcom), and the Defence & Public Security cluster comprises Digital Systems & Cyber, Land Systems, Marine and Defence Aerospace.

³ 2020 financial information has been restated to conform with the new reporting framework (effective 1 January 2021) for comparative purposes.

⁴ The values of certain contracts have not been included in 'contract wins' for previous quarters due to confidentiality reasons. Such contract values are now aggregated and included under 'Total New Contract Value'. This new approach will improve transparency while preserving confidentiality since no contract details are disclosed.

ST Engineering is a global technology, defence and engineering group with a diverse portfolio of businesses across the aerospace, smart city, defence and public security segments. The Group harnesses technology and innovation to solve real-world problems, enabling a more secure and sustainable world. Headquartered in Singapore, it has operations spanning across Asia, Europe, the Middle East and the U.S., serving customers in more than 100 countries. ST Engineering reported revenue of \$7.7b in FY2021 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore, iEdge SG ESG Transparency Index and iEdge SG ESG Leaders Index.

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CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
RESULTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

1 CONSOLIDATED INCOME STATEMENT FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

| | GROUP | | | | | |
|---|------------------|------------------|----------------|------------------|------------------|----------------|
| | 2H2021 | 2H2020 | + / (-) | FY2021 | FY2020 | + / (-) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Revenue | 4,041,975 | 3,586,375 | 12.7 | 7,692,865 | 7,158,286 | 7.5 |
| Cost of sales | (3,251,373) | (2,795,783) | 16.3 | (6,157,797) | (5,630,797) | 9.4 |
| Gross profit | 790,602 | 790,592 | 0.0 | 1,535,068 | 1,527,489 | 0.5 |
| Distribution and selling expenses (refer to para 1.6) | (99,611) | (107,035) | (6.9) | (182,760) | (225,048) | (18.8) |
| Administrative expenses | (322,537) | (333,565) | (3.3) | (607,974) | (595,360) | 2.1 |
| Other operating expenses | (81,190) | (89,881) | (9.7) | (133,841) | (146,218) | (8.5) |
| Other income, net (refer to para 1.7) | 26,413 | 7,557 | 249.5 | 35,420 | 9,141 | 287.5 |
| Profit from operations | 313,677 | 267,668 | 17.2 | 645,913 | 570,004 | 13.3 |
| Non-operating income/(expenses), net (refer to para 1.8) | 467 | (2,043) | NM | 11,742 | (4,043) | NM |
| Share of results of associates and joint ventures, net of tax (refer to para 1.9) | 4,403 | 16,634 | (73.5) | 15,991 | 30,389 | (47.4) |
| Earnings before interest and tax (refer to para 1.1) | 318,547 | 282,259 | 12.9 | 673,646 | 596,350 | 13.0 |
| Finance income | 1,838 | 2,986 | (38.4) | 11,686 | 9,274 | 26.0 |
| Finance costs | (22,574) | (37,253) | (39.4) | (47,725) | (71,222) | (33.0) |
| Finance costs, net (refer to para 1.2) | (20,736) | (34,267) | (39.5) | (36,039) | (61,948) | (41.8) |
| Profit before taxation | 297,811 | 247,992 | 20.1 | 637,607 | 534,402 | 19.3 |
| Taxation | (24,396) | 22,271 | NM | (70,636) | (8,779) | >500 |
| Profit after taxation | 273,415 | 270,263 | 1.2 | 566,971 | 525,623 | 7.9 |
| Attributable to: | | | | | | |
| Shareholders of the Company | 274,445 | 264,394 | 3.8 | 570,540 | 521,840 | 9.3 |
| Non-controlling interests | (1,030) | 5,869 | NM | (3,569) | 3,783 | NM |
| | 273,415 | 270,263 | 1.2 | 566,971 | 525,623 | 7.9 |

NM: Not Meaningful

Notes:

- (i) Change in definition of Other income and Non-operating income/(expenses) in conformance with current year classification. Other income is now included in profit from operations.
- (ii) Amounts may not add up due to rounding.

1(a) **BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT**

General

The Company is a public limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 1 Ang Mo Kio Electronics Park Road #07-01 ST Engineering Hub, Singapore 567710.

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The consolidated financial statements as at and for the second half-year and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

Basis of preparation

The condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2020 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) that are mandatory for financial year beginning on or after 1 January 2021. The adoption of these SFRS(I) has no significant impact on the financial statements.

The financial statements are presented in Singapore dollars (SGD) which is the Company's functional currency.

Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1(a) BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT (cont'd)

| | GROUP | | | | | |
|--|-----------------|-----------------|---------|-----------------|-----------------|---------|
| | 2H2021 | 2H2020 | + / (-) | FY2021 | FY2020 | + / (-) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| 1.1 Earnings before interest and tax is arrived at after charging the following: | | | | | | |
| Depreciation and amortisation | 210,766 | 182,760 | 15.3 | 398,090 | 378,631 | 5.1 |
| The higher depreciation and amortisation in FY2021 as compared to FY2020 was attributable to all business segments. | | | | | | |
| Impairment loss on trade receivables and contract assets | 25,823 | 13,887 | 86.0 | 29,828 | 26,686 | 11.8 |
| The higher impairment loss in FY2021 was attributable mainly to Urban Solutions & Satcom, partially offset by Defence & Public Security. | | | | | | |
| Allowance for inventory obsolescence, net | 32,492 | 30,524 | 6.4 | 45,861 | 40,001 | 14.6 |
| The higher allowance for inventory obsolescence in FY2021 was attributable mainly to Commercial Aerospace, partially offset by Urban Solutions & Satcom. | | | | | | |
| 1.2 Finance costs, net comprises: | | | | | | |
| Interest income | 2,100 | 2,533 | (17.1) | 3,936 | 5,743 | (31.5) |
| Foreign exchange gain/(loss), net | (1,626) | (15,941) | (89.8) | 4,388 | (19,441) | NM |
| Fair value changes of financial instruments/hedged items | 1,318 | 3,036 | (56.6) | 685 | 1,333 | (48.6) |
| Interest expenses | (22,528) | (23,895) | (5.7) | (45,048) | (49,583) | (9.1) |
| | <u>(20,736)</u> | <u>(34,267)</u> | (39.5) | <u>(36,039)</u> | <u>(61,948)</u> | (41.8) |
| The lower finance cost in FY2021 was due mainly to favourable foreign exchange rate movements and lower interest expenses incurred. | | | | | | |
| 1.3 Profit after taxation as a percentage of revenue | 6.8% | 7.5% | | 7.4% | 7.3% | |
| 1.4 Profit attributable to shareholders as a percentage of share capital and reserves | 11.4% | 11.5% | | 23.6% | 22.8% | |
| 1.5 The Group's tax charge in FY2021 included adjustments for overprovision of current tax of \$10.7 million and underprovision of deferred tax of \$1.4 million in respect of prior years. (FY2020: Adjustments for overprovision of current tax of \$24.1 million and underprovision of deferred tax of \$14.5 million in respect of prior years.) | | | | | | |
| 1.6 The lower distribution and selling expenses in FY2021 (by \$42.3 million) was due mainly to absence of biennial Singapore Airshow expenses, lower impairment loss on trade receivables as well as lower business development, travelling and other selling expenses. | | | | | | |
| 1.7 The higher other income, net (by \$26.3 million) was mainly attributable to favourable fair value changes in FY2021 as compared to unfavourable fair value changes in FY2020 on associates in the Corporate Venture Fund and higher gain from sale of property, plant and equipment. | | | | | | |
| 1.8 The non-operating income, net in FY2021 (\$11.7 million) was mainly attributable to gain recognised on the receipt of liquidation proceeds of subsidiaries in FY2021 as compared to impairment loss on an associate in FY2020. | | | | | | |
| 1.9 The share of results of associates and joint ventures, net of tax, decreased (by \$14.4 million) largely due to absences of contribution from Experia Events Pte. Ltd., the organiser of Singapore Airshow 2020, and engine asset divestment gains from a joint venture, partially offset by improved performance from CityCab Pte Ltd. | | | | | | |
| 1.10 The Group received COVID-19 related government support of \$205 million before tax in FY2021, lower as compared to FY2020 by \$149 million. The government support mainly comprised amounts received under the Jobs Support Scheme and various other government support received by the Group's subsidiaries in the countries they operate. | | | | | | |

Note: Defence & Public Security includes "Others"

1(b) BREAKDOWN OF REVENUE AND PROFIT FOR THE PERIOD

| | GROUP | | |
|---|--------------|-------------|----------------|
| | 2021 | 2020 | + / (-) |
| | \$'000 | \$'000 | % |
| Revenue reported for first half-year | 3,650,890 | 3,571,911 | 2.2 |
| Profit after taxation reported for first half-year | 293,556 | 255,360 | 15.0 |
| Revenue reported for second half-year | 4,041,975 | 3,586,375 | 12.7 |
| Profit after taxation reported for second half-year | 273,415 | 270,263 | 1.2 |

1(c) RELATED PARTY TRANSACTIONS

| | Group | |
|------------------------------------|---------------|---------------|
| | FY2021 | FY2020 |
| | \$'000 | \$'000 |
| Associates of the Group | | |
| Sales and services rendered | 7,888 | 8,074 |
| Purchases and services received | (3,384) | (22,398) |
| Dividend income | 18,216 | 10,903 |
| Joint ventures of the Group | | |
| Sales and services rendered | 54,999 | 41,481 |
| Purchases and services received | (1,595) | (22,300) |
| Dividend income | 6,132 | 2,370 |
| Other related parties * | | |
| Sales and services rendered | 76,164 | 45,066 |
| Purchases and services received | (9,882) | (19,378) |
| Rental expense | (5,368) | (4,633) |
| Rental income | - | 538 |

* Other related parties refer to subsidiaries, associates and joint ventures of the immediate holding company.

1(d) EARNINGS PER ORDINARY SHARE (EPS)

| | GROUP | |
|--|---------------|---------------|
| | FY2021 | FY2020 |
| EPS based on profit attributable to shareholders: | Cents | Cents |
| (i) Based on weighted average number of ordinary shares on issue | 18.30 | 16.74 |
| (ii) On a fully diluted basis | 18.20 | 16.64 |

2 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the SFRS(I).

| | GROUP | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2H2021 | 2H2020 | + / (-) | FY2021 | FY2020 | + / (-) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Profit after taxation | 273,415 | 270,263 | 1.2 | 566,971 | 525,623 | 7.9 |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | | |
| Defined benefit plan remeasurements | 49,887 | (48,789) | NM | 49,887 | (48,789) | NM |
| Net fair value changes on equity investments at FVOCI | - | (41) | NM | - | 338 | NM |
| | 49,887 | (48,830) | NM | 49,887 | (48,451) | NM |
| Items that are or may be reclassified subsequently to profit or loss | | | | | | |
| Net fair value changes of cash flow hedges reclassified to income statement | 2,233 | 2,501 | (10.7) | (2,415) | 22,495 | NM |
| Effective portion of changes in fair value of cash flow hedges | (16,893) | 42,450 | NM | (25,358) | 18,905 | NM |
| Share of net fair value changes on cash flow hedges of joint ventures | 1,064 | 981 | 8.5 | 2,145 | 763 | 181.1 |
| Foreign currency translation differences | (5,908) | (23,757) | (75.1) | 6,507 | 44,090 | (85.2) |
| Share of foreign currency translation differences of associates and joint ventures | 2,555 | (5,816) | NM | 9,123 | 1,819 | 401.5 |
| Reserves released on disposal of subsidiaries | (298) | 121 | NM | (5,643) | 121 | NM |
| | (17,247) | 16,480 | NM | (15,641) | 88,193 | NM |
| Other comprehensive income/(loss) for the period, net of tax | 32,640 | (32,350) | NM | 34,246 | 39,742 | (13.8) |
| Total comprehensive income for the period, net of tax | 306,055 | 237,913 | 28.6 | 601,217 | 565,365 | 6.3 |
| Total comprehensive income attributable to: | | | | | | |
| Shareholders of the Company | 309,792 | 222,553 | 39.2 | 615,183 | 547,678 | 12.3 |
| Non-controlling interests | (3,737) | 15,360 | NM | (13,966) | 17,687 | NM |
| | 306,055 | 237,913 | 28.6 | 601,217 | 565,365 | 6.3 |

3 STATEMENT OF FINANCIAL POSITION

| | GROUP | | COMPANY | |
|--------------------------------------|-------------------|------------------|------------------|------------------|
| | 31-Dec-21 | 31-Dec-20 | 31-Dec-21 | 31-Dec-20 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 1,793,811 | 1,756,944 | 145 | 2,137 |
| Right-of-use assets | 558,559 | 538,809 | 317 | 3,558 |
| Subsidiaries | - | - | 1,479,070 | 1,363,251 |
| Associates and joint ventures | 482,897 | 468,912 | - | 17,657 |
| Investments | 36,129 | 23,138 | - | - |
| Intangible assets | 1,992,738 | 1,946,138 | - | - |
| Long-term trade receivables | 1,534 | 1,524 | - | - |
| Deferred tax assets | 207,548 | 149,387 | - | 2,500 |
| Amounts due from related parties | 11,609 | 8,547 | - | - |
| Advances and other receivables | 69,863 | 58,248 | - | - |
| Derivative financial instruments | 4,217 | 20,847 | - | - |
| Post-employment benefits | 257 | 319 | - | - |
| | 5,159,162 | 4,972,813 | 1,479,532 | 1,389,103 |
| Current assets | | | | |
| Contract assets | 1,726,505 | 1,555,781 | - | - |
| Inventories | 1,261,156 | 1,269,192 | - | - |
| Trade receivables | 1,066,756 | 1,047,844 | - | - |
| Amounts due from related parties | 113,843 | 46,305 | 14,833 | 70,030 |
| Advances and other receivables | 345,141 | 317,741 | 236 | 1,653 |
| Derivative financial instruments | 27,172 | 23,614 | - | - |
| Bank balances and other liquid funds | 815,924 | 730,624 | 82,255 | 7,372 |
| | 5,356,497 | 4,991,101 | 97,324 | 79,055 |
| TOTAL ASSETS | 10,515,659 | 9,963,914 | 1,576,856 | 1,468,158 |
| EQUITY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| Contract liabilities | 919,524 | 983,887 | - | - |
| Deposits from customers | 17,078 | 12,838 | - | - |
| Trade payables and accruals | 2,612,515 | 2,218,023 | 3,526 | 21,542 |
| Amounts due to related parties | 27,781 | 23,833 | 11,878 | 16,868 |
| Provisions | 331,837 | 306,758 | - | - |
| Provision for taxation | 161,208 | 163,703 | 701 | 3,267 |
| Borrowings | 559,886 | 496,335 | 110 | 2,014 |
| Deferred Income | 7,665 | 70,922 | - | - |
| Post-employment benefits | 7,640 | 7,996 | - | - |
| Derivative financial instruments | 34,508 | 4,554 | - | - |
| | 4,679,642 | 4,288,849 | 16,215 | 43,691 |
| NET CURRENT ASSETS | 676,855 | 702,252 | 81,109 | 35,364 |

Note: The comparative figures for contract assets, contract liabilities and trade payables and accruals have been reclassified in conformance with current year presentation.

3 STATEMENT OF FINANCIAL POSITION (cont'd)

| | GROUP | | COMPANY | |
|---|-------------------|------------------|------------------|------------------|
| | 31-Dec-21 | 31-Dec-20 | 31-Dec-21 | 31-Dec-20 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current liabilities | | | | |
| Contract liabilities | 832,754 | 802,348 | - | - |
| Trade payables and accruals | 63,482 | 19,338 | - | 7,390 |
| Provisions | 39,596 | 29,801 | - | - |
| Deferred tax liabilities | 174,661 | 166,520 | - | - |
| Borrowings | 1,555,334 | 1,550,560 | 113 | 1,504 |
| Deferred income | 73,882 | 50,475 | - | - |
| Post-employment benefits | 409,473 | 462,548 | - | - |
| Derivative financial instruments | 18,620 | 18,686 | - | - |
| | 3,167,802 | 3,100,276 | 113 | 8,894 |
| TOTAL LIABILITIES | 7,847,444 | 7,389,125 | 16,328 | 52,585 |
| NET ASSETS | 2,668,215 | 2,574,789 | 1,560,528 | 1,415,573 |
| Share capital and reserves | | | | |
| Share capital | 895,926 | 895,926 | 895,926 | 895,926 |
| Treasury shares | (33,475) | (23,743) | (33,475) | (23,743) |
| Capital reserves | 103,940 | 107,034 | (12,044) | (8,940) |
| Other reserves | (101,937) | (89,017) | 65,716 | 64,054 |
| Retained earnings | 1,548,308 | 1,402,414 | 644,405 | 488,276 |
| Equity attributable to owners of the Company | 2,412,762 | 2,292,614 | 1,560,528 | 1,415,573 |
| Non-controlling interests | 255,453 | 282,175 | - | - |
| | 2,668,215 | 2,574,789 | 1,560,528 | 1,415,573 |
| TOTAL EQUITY AND LIABILITIES | 10,515,659 | 9,963,914 | 1,576,856 | 1,468,158 |

3(a) ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Compared to 31 December 2020, the Group's current assets increased due largely to higher contract assets balance and current liabilities increased due largely to higher trade payables and accruals balance, both of which were attributable to increased project related activities.

3(b) BORROWINGS

| | GROUP | | COMPANY | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31-Dec-21 \$'000 | As at 31-Dec-20 \$'000 | As at 31-Dec-21 \$'000 | As at 31-Dec-20 \$'000 |
| <u>Amount repayable within one year</u> | | | | |
| Secured | 73,010 | 73,647 | 110 | 2,014 |
| Unsecured | 486,876 | 422,688 | - | - |
| | <u>559,886</u> | <u>496,335</u> | <u>110</u> | <u>2,014</u> |
| <u>Amount repayable after one year</u> | | | | |
| Secured | 517,994 | 506,801 | 113 | 1,504 |
| Unsecured | 1,037,340 | 1,043,759 | - | - |
| | <u>1,555,334</u> | <u>1,550,560</u> | <u>113</u> | <u>1,504</u> |
| Total | <u>2,115,220</u> | <u>2,046,895</u> | <u>223</u> | <u>3,518</u> |

3(c) FINANCIAL ASSETS AND LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

| | GROUP | |
|--------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31-Dec-21 \$'000 | As at 31-Dec-20 \$'000 |
| <u>Financial Assets</u> | | |
| Investments | 36,129 | 23,138 |
| Associates | 34,215 | 20,858 |
| Derivative financial instruments | 31,389 | 44,461 |
| Trade receivables | 1,068,290 | 1,049,368 |
| Amount due from related parties | 125,452 | 54,852 |
| Advances and other receivables | 164,144 | 146,400 |
| Bank balances and other liquid funds | 815,924 | 730,624 |
| | <u>2,275,543</u> | <u>2,069,701</u> |
| <u>Financial liabilities</u> | | |
| Derivative financial instruments | 53,128 | 23,240 |
| Trade payables and accruals | 2,675,997 | 2,237,361 |
| Amount due to related parties | 27,781 | 23,833 |
| Borrowings | 2,115,220 | 2,046,895 |
| | <u>4,872,126</u> | <u>4,331,329</u> |

3(d) FAIR VALUE HIERARCHY

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table shows the levels of fair value hierarchy and the respective valuation technique used in measuring the fair values, as well as significant unobservable inputs:

| | Types of financial instruments | Valuation method |
|----------------|--|---|
| Level 1 | FVOCI - Equity investments (quoted) | Determined by reference to their quoted bid prices for these investments as at reporting date. |
| Level 2 | FVOCI - Equity investments (unquoted) | Determined by reference to the most recent purchase price. |
| | Derivatives - Forward currency contracts - Interest rate swaps - Embedded derivatives | Determined based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. |
| | FVTPL - Investment in associates | Determined by reference to the most recent purchase price. |
| Level 3 | FVOCI - Equity investment (unquoted) | Determined based on latest funding round. |
| | FVTPL - Investment in associates | Determined based on valuation performed using adjusted market multiples. Changing one or more of the inputs to reasonable alternative assumptions is not expected to have a material impact on the changes in fair value. |

3(d) FAIR VALUE HIERARCHY (cont'd)

The following table presented the assets and liabilities measured at fair value:

| 31-Dec-21 Group | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---|---------------------------|---------------------------|-------------------------|
| Financial assets measured at fair value | | | |
| Investments | - | 36,129 | 36,129 |
| Associates | - | 34,215 | 34,215 |
| Derivative financial instruments | 31,389 | - | 31,389 |
| | <u>31,389</u> | <u>70,344</u> | <u>101,733</u> |
| Financial liabilities measured at fair value | | | |
| Derivative financial instruments | 53,128 | - | 53,128 |
| | <u>53,128</u> | <u>-</u> | <u>53,128</u> |
| | | | |
| 31-Dec-20 Group | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Financial assets measured at fair value | | | |
| Investments | - | 23,138 | 23,138 |
| Associates | - | 20,858 | 20,858 |
| Derivative financial instruments | 44,461 | - | 44,461 |
| | <u>44,461</u> | <u>43,996</u> | <u>88,457</u> |
| Financial liabilities measured at fair value | | | |
| Derivative financial instruments | 23,240 | - | 23,240 |
| | <u>23,240</u> | <u>-</u> | <u>23,240</u> |

3(e) NET ASSET VALUE

| | GROUP | |
|---|------------------|------------------|
| | 31-Dec-21 | 31-Dec-20 |
| | Cents | Cents |
| Net asset value per ordinary share at end of the year | 77.49 | 73.59 |

| | COMPANY | |
|---|------------------|------------------|
| | 31-Dec-21 | 31-Dec-20 |
| | Cents | Cents |
| Net asset value per ordinary share at end of the year | 50.12 | 45.44 |

4 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | GROUP | |
|---|-------------------------|-------------------------|
| | FY2021 | FY2020 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Profit before taxation | 637,607 | 534,402 |
| Adjustments: | | |
| Share of results of associates and joint ventures, net of tax | (15,991) | (30,389) |
| Share-based payment expense | 21,720 | 21,716 |
| Depreciation charge | 314,197 | 297,620 |
| Property, plant and equipment written off | 2,249 | 874 |
| Amortisation of other intangible assets | 83,893 | 81,011 |
| Impairment of property, plant and equipment | 19,490 | 1,617 |
| Impairment of right-of-use assets | - | 2,397 |
| Impairment of goodwill and other intangible assets | 6,769 | 45,766 |
| Impairment of an associate | - | 4,000 |
| Gain on disposal of property, plant and equipment | (2,527) | (16) |
| Gain on disposal of subsidiaries | (13,021) | - |
| Loss on disposal of right-of-use assets | 275 | 77 |
| Loss on disposal of subsidiaries | 1,279 | 43 |
| Changes in fair value of associates | (11,154) | 5,285 |
| Changes in fair value of financial instruments and hedged items | (685) | (1,333) |
| Interest expense | 45,048 | 49,583 |
| Interest income | (3,936) | (5,743) |
| Amortisation of deferred income | (5) | (6) |
| Operating profit before working capital changes | <u>1,085,208</u> | <u>1,006,904</u> |
| Changes in: | | |
| Inventories | 9,455 | 52,955 |
| Contract assets | (162,986) | 78,613 |
| Trade receivables | (13,511) | 196,681 |
| Advance payments to suppliers | (18,457) | 20,137 |
| Other receivables, deposits and prepayments | (14,099) | (13,625) |
| Amounts due from related parties | (18,620) | 410 |
| Amounts due to related parties | (7,640) | (2,038) |
| Amounts due from associates | 8,109 | (4,671) |
| Amounts due from joint ventures | (11,701) | (35,438) |
| Contract liabilities | (38,594) | 434,497 |
| Trade payables | 221,215 | (166,540) |
| Deposits from customers | 5,434 | 5,367 |
| Other payables, accruals and provisions | 220,247 | (51,198) |
| Deferred income | (40,183) | 86,515 |
| Foreign currency translation of foreign operations | (1,212) | (4,139) |
| Cash generated from operations | <u>1,222,665</u> | <u>1,604,430</u> |
| Interest received | 4,048 | 6,393 |
| Income tax paid | <u>(112,441)</u> | <u>(78,007)</u> |
| Net cash from operating activities | <u>1,114,272</u> | <u>1,532,816</u> |

4 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 (cont'd)

| | GROUP | |
|--|------------------|------------------|
| | FY2021 | FY2020 |
| | \$'000 | \$'000 |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | 16,266 | 8,741 |
| Return of capital by joint venture | 3,752 | - |
| Proceeds from disposal of joint venture | 361 | - |
| Proceeds from sale of investments | 1,836 | 984 |
| Purchase of property, plant and equipment | (312,039) | (200,301) |
| Purchase of investments | (14,322) | (7,272) |
| Additions to other intangible assets | (116,735) | (86,832) |
| Dividends from associates and joint ventures | 24,348 | 13,273 |
| Investment in associates and joint ventures | (9,884) | (4,868) |
| Repayment of loans by joint ventures | - | 569 |
| Loans to associates and joint ventures | (44,577) | (19,461) |
| Acquisition of controlling interests in subsidiaries, net of cash acquired | 7,333 | - |
| Disposal of subsidiaries, net of cash disposed | 30,010 | - |
| Net cash used in investing activities | (413,651) | (295,167) |
| Cash flows from financing activities | | |
| Proceeds from bank loans | 132,027 | 370,131 |
| Proceeds from MTN issuance | - | 1,058,400 |
| Proceeds from issuance of commercial papers | 756,896 | 524,092 |
| Proceeds from other loans | 10,933 | 19,565 |
| Proceeds from finance lease receivables | 882 | 3,209 |
| Repayment of bank loans | (35,103) | (743,080) |
| Repayment of commercial papers | (810,960) | (1,570,209) |
| Repayment of other loans | (30,933) | - |
| Repayment of lease obligations | (73,456) | (61,271) |
| Purchase of treasury shares | (32,894) | (29,154) |
| Capital contribution from non-controlling interests of a subsidiary | - | 13,260 |
| Acquisition of non-controlling interests in a subsidiary | (15,485) | - |
| Dividends paid to shareholders of the Company | (467,891) | (468,035) |
| Dividends paid to non-controlling interests | (16,554) | (17,319) |
| Interest paid | (33,644) | (58,338) |
| Deposits discharged/(pledged) | 1,145 | (10) |
| Net cash used in financing activities | (615,037) | (958,759) |
| Net increase in cash and cash equivalents | 85,584 | 278,890 |
| Cash and cash equivalents at beginning of the year | 729,479 | 452,095 |
| Effect of exchange rate changes on balances held in foreign currency | 861 | (1,506) |
| Cash and cash equivalents at end of the year | 815,924 | 729,479 |

4(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Group ended the year with cash and cash equivalents (CCE) of \$816 million, \$86 million higher than FY2020. In FY2021, the Group generated cash of \$1,114 million from its operating activities, in line with EBITDA of \$1,072 million. Higher cash was generated from operating activities in FY2020 due largely to customer advances received.

4(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Net cash used in investing activities of \$414 million in FY2021 was attributable mainly to the Group's investment in property, plant and equipment (\$312 million) and additions to intangible assets (\$117 million).

Net cash used in financing activities of \$615 million in FY2021 was mainly attributable to the payment of FY2020 final dividend and FY2021 interim dividend (\$468 million), repayment of lease obligations (\$73 million), net repayment of commercial papers (\$54 million) and interest paid (\$34 million), partially offset by net proceeds from bank loans (\$97 million).

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| Group | Share capital | Treasury shares | Capital reserves | Other reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|--|----------------|-----------------|------------------|-----------------|-------------------|------------------|---------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2020 | 895,926 | (26,731) | 112,563 | (149,445) | 1,389,966 | 2,222,279 | 268,722 | 2,491,001 |
| Total comprehensive income for the year | | | | | | | | |
| Profit after taxation | - | - | - | - | 521,840 | 521,840 | 3,783 | 525,623 |
| Other comprehensive income | | | | | | | | |
| Net fair value changes on equity investments at FVOCI | - | - | - | (246) | 584 | 338 | - | 338 |
| Net fair value changes of cash flow hedges reclassified to income statement | - | - | - | 15,635 | - | 15,635 | 6,860 | 22,495 |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | 10,870 | - | 10,870 | 8,035 | 18,905 |
| Share of net fair value changes on cash flow hedges of joint ventures | - | - | - | 763 | - | 763 | - | 763 |
| Foreign currency translation differences | - | - | - | 38,062 | - | 38,062 | 6,028 | 44,090 |
| Share of foreign currency translation differences of associates and joint ventures | - | - | - | 1,819 | - | 1,819 | - | 1,819 |
| Reserves released on disposal of a subsidiary | - | - | - | 121 | - | 121 | - | 121 |
| Defined benefit plan remeasurements | - | - | - | - | (41,770) | (41,770) | (7,019) | (48,789) |
| <i>Other comprehensive income for the year, net of tax</i> | - | - | - | 67,024 | (41,186) | 25,838 | 13,904 | 39,742 |
| Total comprehensive income for the year, net of tax | - | - | - | 67,024 | 480,654 | 547,678 | 17,687 | 565,365 |
| Hedging gains and losses and costs of hedging transferred to the cost of inventory | - | - | - | (1,890) | - | (1,890) | - | (1,890) |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | 13,260 | 13,260 |
| Cost of share-based payment | - | - | - | 21,649 | - | 21,649 | 67 | 21,716 |
| Purchase of treasury shares | - | (29,154) | - | - | - | (29,154) | - | (29,154) |
| Treasury shares reissued pursuant to share plans | - | 32,142 | (5,529) | (26,526) | - | 87 | (87) | - |
| Dividends paid | - | - | - | - | (468,035) | (468,035) | - | (468,035) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (17,474) | (17,474) |
| <i>Total contributions by and distributions to owners of the Company</i> | - | 2,988 | (5,529) | (4,877) | (468,035) | (475,453) | (4,234) | (479,687) |
| Transfer from retained earnings to statutory reserve | - | - | - | 171 | (171) | - | - | - |
| At 31 December 2020 | 895,926 | (23,743) | 107,034 | (89,017) | 1,402,414 | 2,292,614 | 282,175 | 2,574,789 |

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (cont'd)

| Group | Share capital \$'000 | Treasury shares \$'000 | Capital reserves \$'000 | Other reserves \$'000 | Retained earnings \$'000 | Total \$'000 | Non-controlling interests \$'000 | Total equity \$'000 |
|--|-------------------------|---------------------------|----------------------------|--------------------------|-----------------------------|------------------|-------------------------------------|------------------------|
| At 1 January 2021 | 895,926 | (23,743) | 107,034 | (89,017) | 1,402,414 | 2,292,614 | 282,175 | 2,574,789 |
| Total comprehensive income for the year | | | | | | | | |
| Profit after taxation | - | - | - | - | 570,540 | 570,540 | (3,569) | 566,971 |
| Other comprehensive income | | | | | | | | |
| Net fair value changes of cash flow hedges reclassified to income statement | - | - | - | (1,579) | - | (1,579) | (836) | (2,415) |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | (12,848) | - | (12,848) | (12,510) | (25,358) |
| Share of net fair value changes on cash flow hedges of joint ventures | - | - | - | 2,145 | - | 2,145 | - | 2,145 |
| Foreign currency translation differences | - | - | - | 10,076 | - | 10,076 | (3,569) | 6,507 |
| Share of foreign currency translation differences of associates and joint ventures | - | - | - | 9,123 | - | 9,123 | - | 9,123 |
| Reserves released on disposal of a subsidiary | - | - | - | (5,643) | - | (5,643) | - | (5,643) |
| Defined benefit plan remeasurements | - | - | - | - | 43,369 | 43,369 | 6,518 | 49,887 |
| <i>Other comprehensive income for the year, net of tax</i> | - | - | - | 1,274 | 43,369 | 44,643 | (10,397) | 34,246 |
| Total comprehensive income for the year, net of tax | - | - | - | 1,274 | 613,909 | 615,183 | (13,966) | 601,217 |
| Hedging gains and losses and cost of hedging transferred to the cost of inventory | - | - | - | (2,389) | - | (2,389) | 20 | (2,369) |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| Cost of share-based payment | - | - | - | 21,600 | - | 21,600 | 120 | 21,720 |
| Purchase of treasury shares | - | (32,894) | - | - | - | (32,894) | - | (32,894) |
| Treasury shares reissued pursuant to share plans | - | 23,162 | (3,094) | (19,978) | - | 90 | (90) | - |
| Dividends paid | - | - | - | - | (467,891) | (467,891) | - | (467,891) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (16,554) | (16,554) |
| <i>Total contributions by and distributions to owners of the Company</i> | - | (9,732) | (3,094) | 1,622 | (467,891) | (479,095) | (16,524) | (495,619) |
| Changes in ownership interests in subsidiaries | | | | | | | | |
| Acquisition of non-controlling interests in a subsidiary without a change in control | - | - | - | (13,551) | - | (13,551) | (1,934) | (15,485) |
| Acquisition of subsidiaries with non-controlling interests | - | - | - | - | - | - | 5,682 | 5,682 |
| Total transactions with owners of the Company | - | (9,732) | (3,094) | (11,929) | (467,891) | (492,646) | (12,776) | (505,422) |
| Transfer from retained earnings to statutory reserve | - | - | - | 124 | (124) | - | - | - |
| At 31 December 2021 | 895,926 | (33,475) | 103,940 | (101,937) | 1,548,308 | 2,412,762 | 255,453 | 2,668,215 |

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (cont'd)

| Company | Share capital \$'000 | Treasury shares \$'000 | Capital reserve \$'000 | Share-based payment reserve \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|-------------------------|---------------------------|---------------------------|---------------------------------------|-----------------------------|------------------------|
| At 1 January 2020 | 895,926 | (26,731) | (3,412) | 68,952 | 484,612 | 1,419,347 |
| Total comprehensive income for the year | | | | | | |
| Profit after taxation | - | - | - | - | 471,699 | 471,699 |
| Total comprehensive income for the year | - | - | - | - | 471,699 | 471,699 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | |
| Cost of share-based payment | - | - | - | 21,716 | - | 21,716 |
| Purchase of treasury shares | - | (29,154) | - | - | - | (29,154) |
| Treasury shares reissued pursuant to share plans | - | 32,142 | (5,528) | (26,614) | - | - |
| Dividends paid | - | - | - | - | (468,035) | (468,035) |
| <i>Total contributions by and distributions to owners of the Company</i> | - | 2,988 | (5,528) | (4,898) | (468,035) | (475,473) |
| At 31 December 2020 | 895,926 | (23,743) | (8,940) | 64,054 | 488,276 | 1,415,573 |
| At 1 January 2021 | 895,926 | (23,743) | (8,940) | 64,054 | 488,276 | 1,415,573 |
| Total comprehensive income for the year | | | | | | |
| Profit after taxation | - | - | - | - | 624,020 | 624,020 |
| Total comprehensive income for the year | - | - | - | - | 624,020 | 624,020 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | |
| Cost of share-based payment | - | - | - | 21,720 | - | 21,720 |
| Purchase of treasury shares | - | (32,894) | - | - | - | (32,894) |
| Treasury shares reissued pursuant to share plans | - | 23,162 | (3,104) | (20,058) | - | - |
| Dividends paid | - | - | - | - | (467,891) | (467,891) |
| <i>Total contributions by and distributions to owners of the Company</i> | - | (9,732) | (3,104) | 1,662 | (467,891) | (479,065) |
| At 31 December 2021 | 895,926 | (33,475) | (12,044) | 65,716 | 644,405 | 1,560,528 |

5(a) CHANGES IN COMPANY'S SHARE CAPITAL
Issued and paid up capital

As at 31 December 2021, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2020: 3,122,495,197 ordinary shares) of which 8,826,399 were held by the Company as treasury shares (31 December 2020: 6,964,060).

| | Number of Shares FY2021 |
|--|------------------------------------|
| As at beginning and end of the year (including treasury shares) | 3,122,495,197 |
| As at end of the year (excluding treasury shares) | 3,113,668,798 |
| As at 31 December 2020 (excluding treasury shares) | 3,115,531,137 |

Performance Share Plan
Singapore Technologies Engineering Performance Share Plan (PSP)

As at 31 December 2021, the total number of outstanding awards was 5,139,347 (31 December 2020: 5,546,244) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,736,888 (31 December 2020: 9,428,614) ordinary shares of the Company.

Restricted Share Plan
Singapore Technologies Engineering Restricted Share Plan (RSP)

As at 31 December 2021, the total number of outstanding awards was 13,324,714 (31 December 2020: 13,262,039) ordinary shares of the Company.

Treasury Shares

During the year, the Company purchased 8,500,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (FY2020: 8,550,000).

During the year, 6,637,661 treasury shares were utilised pursuant to the RSP and PSP (FY2020: 8,339,647).

As at 31 December 2021, the number of treasury shares held by the Company represented 0.28% (31 December 2020: 0.22%) of the total number of issued shares (excluding treasury shares).

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL** (cont'd)

| <u>Group and Company</u> | Number of Treasury Shares for the year ended 31.12.2021 |
|---|--|
| As at beginning of the year | 6,964,060 |
| Purchase of treasury shares | 8,500,000 |
| Treasury shares transferred on vesting of RSP | (5,940,548) |
| Treasury shares transferred on vesting of PSP | (697,113) |
| As at end of the year | 8,826,399 |

6 **AUDIT**

The consolidated statement of financial position of Singapore Technologies Engineering Ltd ("the Company") and its subsidiaries ("the Group") and the financial position of the Company as at 31 December 2021 and the related consolidated income statements, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and certain explanatory notes have been audited by the Company's auditors.

7 **AUDITOR'S REPORT**

See attached auditor's report.

8 REVIEW OF GROUP PERFORMANCE
8(a) FY2021 vs FY2020
Revenue

| \$m | FY2021 | FY2020 | Increase/(Decrease) | |
|---------------------------|---------------|---------------|----------------------------|-------------|
| Commercial Aerospace | 2,465 | 2,332 | 132 | 6% |
| Urban Solutions & Satcom | 1,191 | 1,101 | 89 | 8% |
| Defence & Public Security | 4,038 | 3,725 | 313 | 8% |
| Total | 7,693 | 7,158 | 535 | 7.5% |

The Group generated revenue of \$7,693 million in FY2021, an increase of 7.5% or \$535 million as compared to FY2020. In the prior year, 1Q2020 performance was still tracking pre-COVID-19 levels and COVID-19 impact only manifested in the Group's results from April 2020 onwards.

Commercial Aerospace's revenue of \$2,465 million was 6% or \$132 million higher as compared to FY2020, notwithstanding a strong 1Q2020 prior to the impact of COVID-19 being felt. The increase was contributed by Aerostructures & Systems, while Aerospace MRO continued to be impacted by the subdued aviation sector. This segment registered strong year-on-year revenue growth in 2Q, 3Q and 4Q of 2021, and sequential quarterly revenue growth across 2021.

Urban Solutions & Satcom revenue of \$1,191 million in FY2021 was 8% or \$89 million higher as compared to FY2020, from higher Smart City project deliveries, partially offset by the impact of global semiconductor chip shortages on Smart City project and Satcom product deliveries.

In FY2021, Defence & Public Security's revenue increased by 8% or \$313 million to \$4,038 million. The increase was contributed by all sub-segments, namely Defence Aerospace, Digital Systems & Cyber, Land Systems and Marine.

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(a) FY2021 vs FY2020 (cont'd)

Profitability – Earnings before interest and tax

| \$m | FY2021 | FY2020 | Increase/(Decrease) | |
|---------------------------|---------------|---------------|----------------------------|------------|
| Commercial Aerospace | 181.9 | 80.9 | 101.0 | 125% |
| Urban Solutions & Satcom | 25.8 | 31.4 | (5.7) | (18%) |
| Defence & Public Security | 466.0 | 484.0 | (18.0) | (4%) |
| Total | 673.6 | 596.4 | 77.3 | 13% |

The Group's earnings before interest and tax (EBIT) of \$673.6 million for FY2021 was higher than FY2020 by 13% or \$77.3 million.

Commercial Aerospace's EBIT in FY2021 increased by 125% or \$101.0 million to \$181.9 million. The strong improvement was attributable to higher revenue and cost savings initiatives.

Urban Solutions & Satcom's EBIT of \$25.8 million in FY2021 was 18% or \$5.7 million lower as compared to FY2020. The decrease was largely due to lower government support, \$8 million of M&A transaction expenses incurred for the acquisition of Transcore, and the impact of semiconductor chip shortages, partially offset by contribution from higher revenue and cost savings initiatives.

In FY2021, Defence & Public Security's EBIT of \$466.0 million was 4% or \$18.0 million lower as compared to FY2020. The decrease was due largely to lower government support, substantially offset by contribution from higher revenue and cost savings initiatives.

Profitability – Net Profit

| \$m | FY2021 | FY2020 | Increase/(Decrease) | |
|------------|---------------|---------------|----------------------------|----|
| Net Profit | 570.5 | 521.8 | 48.7 | 9% |

The Group's net profit of \$570.5 million in FY2021 was higher by 9% or \$48.7 million as compared to FY2020, due mainly to higher EBIT and lower finance costs, partially offset by higher tax expense due mainly to higher profit before tax (PBT) and lower non-taxable government grants received in FY2021 compared to FY2020.

8 REVIEW OF GROUP PERFORMANCE (cont'd)

8(b) 2H2021 vs 2H2020
Revenue

| \$m | 2H2021 | 2H2020 | Increase/(Decrease) | |
|---------------------------|---------------|---------------|----------------------------|------------|
| Commercial Aerospace | 1,329 | 1,066 | 263 | 25% |
| Urban Solutions & Satcom | 663 | 630 | 33 | 5% |
| Defence & Public Security | 2,051 | 1,891 | 160 | 8% |
| Total | 4,042 | 3,586 | 456 | 13% |

The Group generated revenue of \$4,042 million in 2H2021, an increase of 13% or \$456 million as compared to 2H2020.

Commercial Aerospace's revenue in 2H2021 of \$1,329 million was higher by 25% or \$263 million as compared to 2H2020, attributable to continued business recovery.

In 2H2021, Urban Solutions & Satcom recorded revenue of \$663 million, 5% or \$33 million higher as compared to 2H2020. The revenue growth was attributable to higher Smart City project deliveries, partially offset by the impact of semiconductor chip shortages. In addition to being affected by the global semiconductor chip shortages, the Satcom business continued to be impacted by the pandemic with lower demand for satcom solutions in its aviation and maritime cruise customer segments.

Defence & Public Security's revenue increased by 8% or \$160 million to \$2,051 million in 2H2021, with higher revenue from all sub-segments.

8 REVIEW OF GROUP PERFORMANCE (cont'd)

8(b) 2H2021 vs 2H2020 (cont'd)

Profitability – Earnings before interest and tax

| \$m | 2H2021 | 2H2020 | Increase/(Decrease) | |
|---------------------------|--------------|--------------|---------------------|------------|
| Commercial Aerospace | 79.3 | 6.2 | 73.1 | >500% |
| Urban Solutions & Satcom | 15.0 | 52.4 | (37.5) | (71%) |
| Defence & Public Security | 224.3 | 223.6 | 0.7 | 0.3% |
| Total | 318.5 | 282.3 | 36.3 | 13% |

The Group's earnings before interest and tax (EBIT) of \$318.5 million for 2H2021 was higher than 2H2020 by 13% or \$36.3 million.

In 2H2021, Commercial Aerospace's EBIT increased to \$79.3 million from \$6.2 million in 2H2020. The increase was attributable mainly to significant cost savings and partial business recovery, which more than offset the reduction in government support of \$51m.

Urban Solutions & Satcom's EBIT of \$15.0 million in 2H2021 was 71% or \$37.5 million lower as compared to 2H2020. The decrease was largely due to lower government support, M&A transaction expenses incurred for the acquisition of Transcore and semiconductor chip shortages, partially offset by contribution from higher revenue and cost savings initiatives.

Defence & Public Security's EBIT of \$224.3 million was marginally higher than 2H2020 by \$0.7 million due mainly to contribution from higher revenue and cost savings initiatives, largely offset by lower government support of \$79m.

Profitability – Net Profit

| \$m | 2H2021 | 2H2020 | Increase/(Decrease) | |
|------------|--------|--------|---------------------|----|
| Net Profit | 274.4 | 264.4 | 10.1 | 4% |

The Group's net profit of \$274.4 million in 2H2021 was 4% or \$10.1 million higher than 2H2020 due mainly to higher EBIT and lower finance costs, partially offset by higher tax expense due mainly to higher PBT and lower non-taxable government grants received in 2H2021 compared to 2H2020.

9 **VARIANCE FROM PROSPECT STATEMENT**

No results forecast was provided.

However, the Group guided that cost savings and partial business recovery will offset the reduction in government support. The Group's financial results for FY2021 were in line with the guidance.

10 **PROSPECTS**

Group

In 2021, the Group delivered a good set of results as all business segments registered growth despite persisting pandemic challenges. This reflects the underlying strengths of the Group's businesses and its people. The proposed TransCore acquisition demonstrates the Group's readiness to seize growth opportunities to emerge stronger post pandemic. The Group can look to the future with confidence as its order book of \$19.3b is very robust.

The Group expects the delivery of its strong order book, its various business initiatives and further business recovery to position it well for 2022 business performance. Moreover, the Group's focus on the effective execution of its long-term strategy and its commitment to invest across the business cycles will put it in good stead to achieve its 2026 targets as communicated on its Investor Day.

This release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. 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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact business activities of the ST Engineering group. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

11 **DIVIDENDS**

The Directors are pleased to announce that a final dividend of 10.0 cents per share has been recommended for the year ended 31 December 2021. Together with the interim dividend of 5.0 cents per share paid on 31 August 2021, the total dividend for the year ended 31 December 2021 will be 15.0 cents per share and amounts to \$468.2 million. The recommended dividends take into consideration the Group's FY2021 profit after tax, present cash position, positive cash flow generated from operations and projected capital requirements. Payment of the final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

11 DIVIDENDS (cont'd)
(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

| Name of Dividend | Interim tax exempt (one-tier) | Final tax exempt (one-tier) | Total |
|--------------------|-------------------------------|-------------------------------|-------------------------------|
| Dividend Type | Cash | Cash | Cash |
| Dividend Per Share | 5.0 cents per ordinary share | 10.0 cents per ordinary share | 15.0 cents per ordinary share |
| Annual Dividend | \$156.0m | \$312.2m | \$468.2m |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

| Name of Dividend | Interim tax exempt (one-tier) | Final tax exempt (one-tier) | Total |
|--------------------|-------------------------------|-------------------------------|-------------------------------|
| Dividend Type | Cash | Cash | Cash |
| Dividend Per Share | 5.0 cents per ordinary share | 10.0 cents per ordinary share | 15.0 cents per ordinary share |
| Annual Dividend | \$155.9m | \$311.9m | \$467.8m |

(c) Record and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 28 April 2022 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 27 April 2022 will be registered to determine members' entitlements to the proposed dividend, subject to approval of members to the proposed dividend at the Annual General Meeting to be convened on 21 April 2022. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 27 April 2022 will be entitled to the proposed dividend. The proposed dividend, if so approved by members, will be paid on 10 May 2022.

12 BUSINESS SEGMENTAL INFORMATION

With effect from 1 January 2021, the Group is reorganised as Commercial and Defence & Public Security clusters, replacing the sector-structure of Aerospace, Electronics, Land Systems and Marine.

The Commercial cluster will drive the Group's international growth through areas in Commercial Aerospace, and Urban Solutions & Satcom domains, to be known as Global Business Areas (or GBAs), which are also reportable business segments.

The Defence & Public Security cluster will integrate capabilities to be organised as a single cluster which is a reportable business segment, comprising Defence Business Areas (or DBAs), namely Digital Systems and Cyber, Land Systems, Marine and Defence Aerospace.

12 BUSINESS SEGMENTAL INFORMATION (cont'd)

The principal activities of the aforementioned reportable business segments are as follows:

| Segments | Principal Activities |
|---------------------------|---|
| Commercial Aerospace | Airframe, engines and components maintenance, repair and overhaul, original equipment manufacturer for nacelles, composite floorboard and passenger-to-freighter conversions and aviation asset management. |
| Urban Solutions & Satcom | Smart mobility, smart utilities & infrastructure, urban environment solutions and satcom. |
| Defence & Public Security | Defence, public safety and security, critical information infrastructure solutions and others, including Group HQ functions. |

By Business Activity

| | FY2021 | | | | |
|---|--|--|---|-------------------------------|-------------------------|
| | Commercial Aerospace \$'000 | Urban Solutions & Satcom \$'000 | Defence & Public Security \$'000 | Elimination \$'000 | Group \$'000 |
| Revenue | | | | | |
| External sales | 2,464,827 | 1,190,536 | 4,037,502 | - | 7,692,865 |
| Inter-segment sales | 60,126 | 63,266 | 41,381 | (164,773) | - |
| | <u>2,524,953</u> | <u>1,253,802</u> | <u>4,078,883</u> | <u>(164,773)</u> | <u>7,692,865</u> |
| Reportable segment | | | | | |
| profit from operations | 162,307 | 34,695 | 448,911 | - | 645,913 |
| Non-operating (expenses)/income, net | (582) | - | 12,324 | - | 11,742 |
| Share of results of associates and joint ventures, net of tax | 20,143 | (8,914) | 4,762 | - | 15,991 |
| Earnings before interest and tax | <u>181,868</u> | <u>25,781</u> | <u>465,997</u> | <u>-</u> | <u>673,646</u> |
| Finance income | | | | | 11,686 |
| Finance costs | | | | | <u>(47,725)</u> |
| Profit before taxation | | | | | 637,607 |
| Taxation | | | | | (70,636) |
| Non-controlling interests | | | | | 3,569 |
| Profit attributable to shareholders | | | | | <u>570,540</u> |
| Other assets | 3,746,315 | 2,342,589 | 5,792,972 | (2,872,586) | 9,009,290 |
| Associates and joint ventures | 303,443 | 53,388 | 126,066 | - | 482,897 |
| Segment assets | <u>4,049,758</u> | <u>2,395,977</u> | <u>5,919,038</u> | <u>(2,872,586)</u> | <u>9,492,187</u> |
| Deferred tax assets | | | | | 207,548 |
| Bank balances and other liquid funds | | | | | 815,924 |
| Total Assets | | | | | <u>10,515,659</u> |
| Segment liabilities | 1,634,740 | 943,732 | 4,616,915 | (1,799,032) | 5,396,355 |
| Provision for taxation | | | | | 161,208 |
| Deferred tax liabilities | | | | | 174,661 |
| Borrowings | | | | | 2,115,220 |
| Total Liabilities | | | | | <u>7,847,444</u> |
| Capital expenditure | 310,438 | 102,278 | 173,704 | (62,798) | 523,622 |
| Depreciation and amortisation | 176,665 | 80,680 | 143,016 | (2,271) | 398,090 |
| Impairment losses | 21,259 | - | 5,000 | - | 26,259 |
| Other non-cash expenses | 966 | 211 | 1,072 | - | 2,249 |

12 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Business Activity

| | FY2020 (Restated)* | | | | |
|--|---------------------------------|---|--|--------------------|------------------|
| | Commercial Aerospace | Urban Solutions & Satcom | Defence & Public Security | Elimination | Group |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | |
| External sales | 2,332,453 | 1,101,128 | 3,724,705 | - | 7,158,286 |
| Inter-segment sales | 52,080 | 25,336 | 67,258 | (144,674) | - |
| | <u>2,384,533</u> | <u>1,126,464</u> | <u>3,791,963</u> | <u>(144,674)</u> | <u>7,158,286</u> |
| Reportable segment | | | | | |
| profit from operations | 47,406 | 38,844 | 483,754 | - | 570,004 |
| Non-operating (expenses)/income, net | - | - | (4,043) | - | (4,043) |
| Share of results of associates and joint ventures, net of tax | 33,505 | (7,400) | 4,284 | - | 30,389 |
| Earnings before interest and tax | 80,911 | 31,444 | 483,995 | - | 596,350 |
| Finance income | | | | | 9,274 |
| Finance costs | | | | | (71,222) |
| Profit before taxation | | | | | 534,402 |
| Taxation | | | | | (8,779) |
| Non-controlling interests | | | | | (3,783) |
| Profit attributable to shareholders | | | | | <u>521,840</u> |
| Other assets | 3,455,508 | 2,220,670 | 5,676,487 | (2,737,674) | 8,614,991 |
| Associates and joint ventures | 283,864 | 62,024 | 123,024 | - | 468,912 |
| Segment assets | <u>3,739,372</u> | <u>2,282,694</u> | <u>5,799,511</u> | <u>(2,737,674)</u> | <u>9,083,903</u> |
| Deferred tax assets | | | | | 149,387 |
| Bank balances and other liquid funds | | | | | 730,624 |
| Total Assets | | | | | <u>9,963,914</u> |
| Segment liabilities | 1,365,902 | 905,482 | 4,472,085 | (1,731,462) | 5,012,007 |
| Provision for taxation | | | | | 163,703 |
| Deferred tax liabilities | | | | | 166,520 |
| Borrowings | | | | | 2,046,895 |
| Total Liabilities | | | | | <u>7,389,125</u> |
| Capital expenditure | 96,057 | 111,924 | 136,359 | (412) | 343,928 |
| Depreciation and amortisation | 164,968 | 79,417 | 141,094 | (6,848) | 378,631 |
| Impairment losses | 37,634 | 1,664 | 14,482 | - | 53,780 |
| Other non-cash expenses | 810 | 32 | 32 | - | 874 |

* FY2020 business segment information has been restated following the re-organisation of the Group into Commercial and Defence & Public Security clusters with effect from 1 January 2021, replacing the sector-structure of Aerospace, Electronics, Land Systems and Marine.

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)
By Business Activity

| | 2H2021 | | | | |
|---|--|--|---|-------------------------------|-------------------------|
| | Commercial Aerospace \$'000 | Urban Solutions & Satcom \$'000 | Defence & Public Security \$'000 | Elimination \$'000 | Group \$'000 |
| Revenue | | | | | |
| External sales | 1,328,700 | 662,761 | 2,050,514 | - | 4,041,975 |
| Inter-segment sales | 29,682 | 38,027 | 20,836 | (88,545) | - |
| | <u>1,358,382</u> | <u>700,788</u> | <u>2,071,350</u> | <u>(88,545)</u> | <u>4,041,975</u> |
| Reportable segment | | | | | |
| profit from operations | 72,628 | 18,918 | 222,131 | - | 313,677 |
| Non-operating (expenses)/income, net | 461 | - | 6 | - | 467 |
| Share of results of associates and joint ventures, net of tax | 6,211 | (3,963) | 2,155 | - | 4,403 |
| Earnings before interest and tax | <u>79,300</u> | <u>14,955</u> | <u>224,292</u> | <u>-</u> | <u>318,547</u> |
| Finance income | | | | | 1,838 |
| Finance costs | | | | | <u>(22,574)</u> |
| Profit before taxation | | | | | 297,811 |
| Taxation | | | | | (24,396) |
| Non-controlling interests | | | | | <u>1,030</u> |
| Profit attributable to shareholders | | | | | <u>274,445</u> |
| Other assets | 3,746,315 | 2,342,589 | 5,792,972 | (2,872,586) | 9,009,290 |
| Associates and joint ventures | <u>303,443</u> | <u>53,388</u> | <u>126,066</u> | <u>-</u> | <u>482,897</u> |
| Segment assets | <u>4,049,758</u> | <u>2,395,977</u> | <u>5,919,038</u> | <u>(2,872,586)</u> | <u>9,492,187</u> |
| Deferred tax assets | | | | | 207,548 |
| Bank balances and other liquid funds | | | | | 815,924 |
| Total Assets | | | | | <u>10,515,659</u> |
| Segment liabilities | 1,634,740 | 943,732 | 4,616,915 | (1,799,032) | 5,396,355 |
| Provision for taxation | | | | | 161,208 |
| Deferred tax liabilities | | | | | 174,661 |
| Borrowings | | | | | <u>2,115,220</u> |
| Total Liabilities | | | | | <u>7,847,444</u> |
| Capital expenditure | 251,665 | 40,807 | 114,059 | (62,798) | 343,733 |
| Depreciation and amortisation | 96,686 | 40,256 | 75,917 | (2,093) | 210,766 |
| Impairment losses | 12,259 | - | 5,000 | - | 17,259 |
| Other non-cash expenses | 591 | 11 | 862 | - | 1,464 |

12 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Business Activity

| | 2H2020 | | | | |
|--|--|--|---|-------------------------------|-------------------------|
| | Commercial Aerospace \$'000 | Urban Solutions & Satcom \$'000 | Defence & Public Security \$'000 | Elimination \$'000 | Group \$'000 |
| Revenue | | | | | |
| External sales | 1,065,694 | 629,756 | 1,890,925 | - | 3,586,375 |
| Inter-segment sales | 22,853 | 13,205 | 48,923 | (84,981) | - |
| | <u>1,088,547</u> | <u>642,961</u> | <u>1,939,848</u> | <u>(84,981)</u> | <u>3,586,375</u> |
| Reportable segment | | | | | |
| profit from operations | (13,456) | 57,069 | 224,055 | - | 267,668 |
| Non-operating (expenses)/income, net | - | - | (2,043) | - | (2,043) |
| Share of results of associates and joint ventures, net of tax | 19,696 | (4,632) | 1,570 | - | 16,634 |
| Earnings before interest and tax | 6,240 | 52,437 | 223,582 | - | 282,259 |
| Finance income | | | | | 2,986 |
| Finance costs | | | | | (37,253) |
| Profit before taxation | | | | | 247,992 |
| Taxation | | | | | 22,271 |
| Non-controlling interests | | | | | (5,869) |
| Profit attributable to shareholders | | | | | <u>264,394</u> |
| Other assets | 3,455,508 | 2,220,670 | 5,676,487 | (2,737,674) | 8,614,991 |
| Associates and joint ventures | 283,864 | 62,024 | 123,024 | - | 468,912 |
| Segment assets | <u>3,739,372</u> | <u>2,282,694</u> | <u>5,799,511</u> | <u>(2,737,674)</u> | <u>9,083,903</u> |
| Deferred tax assets | | | | | 149,387 |
| Bank balances and other liquid funds | | | | | 730,624 |
| Total Assets | | | | | <u>9,963,914</u> |
| Segment liabilities | 1,365,902 | 905,482 | 4,472,085 | (1,731,462) | 5,012,007 |
| Provision for taxation | | | | | 163,703 |
| Deferred tax liabilities | | | | | 166,520 |
| Borrowings | | | | | 2,046,895 |
| Total Liabilities | | | | | <u>7,389,125</u> |
| Capital expenditure | 42,832 | 62,641 | 71,548 | (412) | 176,609 |
| Depreciation and amortisation | 82,059 | 32,797 | 70,329 | (2,425) | 182,760 |
| Impairment losses | 32,570 | 1,664 | 11,447 | - | 45,681 |
| Other non-cash expenses | 667 | 7 | 15 | - | 689 |

12 BUSINESS SEGMENTAL INFORMATION (cont'd)
Disaggregation of Revenue
Major products/service lines

| | 2H2021 | | 2H2020 | | FY2021 | | FY2020 | |
|------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | \$'000 | % | \$'000 | % | \$'000 | % | \$'000 | % |
| Sale of goods | 1,396,614 | 34.5 | 1,315,663 | 36.7 | 2,689,518 | 35.0 | 2,622,118 | 36.6 |
| Service income | 884,562 | 21.9 | 762,201 | 21.2 | 1,717,058 | 22.3 | 1,600,076 | 22.4 |
| Contract revenue | 1,760,799 | 43.6 | 1,508,511 | 42.1 | 3,286,289 | 42.7 | 2,936,092 | 41.0 |
| Total | 4,041,975 | 100 | 3,586,375 | 100 | 7,692,865 | 100 | 7,158,286 | 100 |

Timing of revenue recognition

| | 2H2021 | | 2H2020 | | FY2021 | | FY2020 | |
|--------------------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | \$'000 | % | \$'000 | % | \$'000 | % | \$'000 | % |
| Transferred at a point in time | 2,048,877 | 50.7 | 1,807,617 | 50.4 | 3,665,242 | 47.6 | 3,335,096 | 46.6 |
| Transferred over time | 1,993,098 | 49.3 | 1,778,758 | 49.6 | 4,027,623 | 52.4 | 3,823,190 | 53.4 |
| Total | 4,041,975 | 100 | 3,586,375 | 100 | 7,692,865 | 100 | 7,158,286 | 100 |

By Geographical Areas

| | Revenue | | | | Revenue | | | |
|--------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | 2H2021 | | 2H2020 | | FY2021 | | FY2020 | |
| | \$'000 | % | \$'000 | % | \$'000 | % | \$'000 | % |
| Asia | 2,319,713 | 57.4 | 1,995,045 | 55.6 | 4,468,755 | 58.1 | 3,835,145 | 53.6 |
| U.S. | 774,665 | 19.2 | 852,507 | 23.8 | 1,532,475 | 19.9 | 1,704,798 | 23.8 |
| Europe | 648,570 | 16.0 | 532,728 | 14.9 | 1,215,704 | 15.8 | 1,202,009 | 16.8 |
| Others | 299,027 | 7.4 | 206,095 | 5.7 | 475,931 | 6.2 | 416,334 | 5.8 |
| Total | 4,041,975 | 100 | 3,586,375 | 100 | 7,692,865 | 100 | 7,158,286 | 100 |

By Country of Incorporation

| | Revenue | | | | Revenue | | | |
|--------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | 2H2021 | | 2H2020 | | FY2021 | | FY2020 | |
| | \$'000 | % | \$'000 | % | \$'000 | % | \$'000 | % |
| Asia | 2,501,523 | 61.9 | 2,274,476 | 63.4 | 4,839,875 | 62.9 | 4,415,728 | 61.7 |
| U.S. | 1,139,113 | 28.2 | 976,744 | 27.2 | 2,126,761 | 27.7 | 2,088,678 | 29.2 |
| Europe | 379,231 | 9.4 | 296,898 | 8.3 | 684,778 | 8.9 | 587,031 | 8.2 |
| Others | 22,108 | 0.5 | 38,257 | 1.1 | 41,451 | 0.5 | 66,849 | 0.9 |
| Total | 4,041,975 | 100 | 3,586,375 | 100 | 7,692,865 | 100 | 7,158,286 | 100 |

| | Non-Current Assets ⁺ | | | |
|--------------|---------------------------------|------------|------------------|------------|
| | FY2021 | | FY2020 | |
| | \$'000 | % | \$'000 | % |
| Asia | 1,963,235 | 39.7 | 1,841,190 | 38.4 |
| U.S. | 1,620,948 | 32.8 | 1,629,426 | 33.9 |
| Europe | 1,263,520 | 25.5 | 1,239,616 | 25.8 |
| Others | 99,437 | 2.0 | 92,028 | 1.9 |
| Total | 4,947,140 | 100 | 4,802,260 | 100 |

⁺ Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* exclude derivative financial instruments, post-employment benefits and deferred tax assets.

13 INTERESTED PERSON TRANSACTIONS (unaudited)

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders mandate pursuant to Rule 920) | | Aggregate value of all interested person transactions conducted under a shareholders mandate pursuant to Rule 920 (excluding transactions less than \$100,000) | |
|--|---------------------------------------|---|------------------|--|------------------|
| | | FY2021 \$'000 | FY2020 \$'000 | FY2021 \$'000 | FY2020 \$'000 |
| Transactions for the Sale of Goods and Services | | | | | |
| CapitaLand Limited and its Associates | Temasek Holdings (Private) Limited is | - | - | 37 | 691 |
| CapitaLand Commercial Trust | a controlling | - | - | - | 125 |
| SATS Ltd. and its Associates | shareholder of the | - | - | 967 | 51,860 |
| SembCorp Industries Ltd and its Associates | Company. The | - | - | 45,638 | 151 |
| Singapore Airlines Limited and its Associates | other named | - | - | 1,308 | - |
| SIA Engineering Company Limited and its Associates | interested persons | - | - | - | 102 |
| Singapore Telecommunications Limited and its Associates | are its associates. | - | - | 17,679 | 2,637 |
| StarHub Ltd and its Associates | | - | - | 430 | 2,125 |
| Temasek Holdings (Private) Limited and its Associates (non-listed) | | - | - | 24,677 | 45,741 |
| | | - | - | 90,736 | 103,432 |
| Transactions for the Purchase of Goods and Services | | | | | |
| CapitaLand Limited and its Associates | Temasek Holdings (Private) Limited is | - | - | 110 | 143 |
| Mapletree Industrial Trust | a controlling | - | - | - | 356 |
| SATS Ltd. and its Associates | shareholder of the | - | - | 4,580 | 3,841 |
| SembCorp Industries Ltd and its Associates | Company. The | - | - | 352 | 2,264 |
| Singapore Telecommunications Limited and its Associates | other named | - | - | 2,893 | 1,038 |
| StarHub Ltd and its Associates | interested persons | - | - | 641 | 1,575 |
| Temasek Holdings (Private) Limited and its Associates (non-listed) | are its associates. | - | - | 12,171 | 55,826 |
| | | - | - | 20,747 | 65,043 |
| Total Interested Person Transactions | | - | - | 111,483 | 168,475 |

14 ECONOMIC VALUE ADDED (EVA)

EVA for FY2021 was \$313.0 million, an increase of 9% or \$26.6 million compared to FY2020. The weighted average cost of capital for FY2021 was 5.0% (FY2020: 4.5%).

15 SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of financial statements.

16 **CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

17 **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the SGX Listing Manual, as at 31 December 2021, no person occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

LOW MENG WAI
Company Secretary
25 February 2022

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