

News Release

ST Engineering Delivers Record Revenue and Net Profit in 2024

FINANCIAL HIGHLIGHTS			
For the year ended			
31 December 2024			
	2024 FY	2023 FY	Change
Revenue (\$m)	11,276	10,101	11.6%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	1,614.3	1,456.1	10.9%
Earnings before interest and tax (EBIT) (\$m)	1,076.5	914.7	17.7%
Finance costs, net (\$m)	(213.8)	(210.4)	1.6%
Profit before tax (PBT) (\$m)	862.7	704.2	22.5%
Profit attributable to shareholders (Net Profit) (\$m)	702.3	586.5	19.7%
Earnings per share (cents)	22.53	18.82	19.7%
Return on equity (%)	26.3	23.8	2.5pp
Dividend per share (cents)	17.0	16.0	1.0
<ul style="list-style-type: none"> • Final • Interim 	5.0	4.0	1.0
	12.0	12.0	-

- Order book was \$28.5b as at end December 2024, of which about \$8.8b is expected to be delivered in 2025
- Commercial sales¹ and defence sales¹ constituted \$7.8b and \$3.5b respectively in 2024
- Cash and cash equivalents of \$430m as at end December 2024

N.B.: All currencies are in Singapore dollars

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Singapore, 27 February 2025 - Singapore Technologies Engineering Ltd (ST Engineering) today reported its full-year (FY) financial results ended 31 December 2024.

The Group ended the year with a revenue of \$11.28b, reflecting a 12% year-on-year (y-o-y) increase from \$10.1b, contributed by all three segments. Group EBIT reached a new high of \$1.08b as it rose 18% y-o-y from \$915m. Group PBT was \$863m, 23% higher y-o-y from \$704m while Group Net Profit grew 20% to \$702m from \$586m last year.

At the segment level, Commercial Aerospace posted a revenue of \$4.38b, up 12% from \$3.91b the year before. Excluding aircraft sales, revenue from this segment would have been 15% higher y-o-y. Segment EBIT rose 19% y-o-y to \$400m from \$337m. The improved performance was contributed by higher sales from Engine MRO, nacelles, composite panels and freighter conversions (PTF). Its PTF business recorded \$706m in revenue, surpassing its 2021 Investor Day revenue target of \$700m set for 2026. Additionally, this business achieved a mid-single digit EBIT margin percentage as expected.

The Defence & Public Security segment posted a revenue of \$4.94b, 16% higher than \$4.25b in the year before. Its EBIT was \$636m, 12% higher compared to \$567m a year ago. The improved EBIT performance was driven by contributions from Digital Systems & Cyber, Land Systems and Defence Aerospace. Excluding the U.S. Marine's post-sale completion gain of \$16m in the prior year, its EBIT would have been up by 15%. The Digital business comprising Cloud, AI Analytics and Cyber businesses grew 39% y-o-y to \$645m from \$463m, exceeding its 2021 Investor Day revenue target of \$500m set for 2026.

In line with the Group's prior guidance, the Urban Solutions & Satcom segment achieved improved results compared to the same period a year ago. The segment posted \$1.96b in revenue, and its EBIT improved y-o-y to \$40m contributed by Urban Solutions and the absence of Satcom's divestment loss and lower severance costs. Its Satcom business showed early signs of improvement as its transformation journey continues, recording a 12% revenue improvement y-o-y in 4Q2024 despite weaker full year revenue compared to the same period last year, and a marginally positive operating EBIT in 4Q2024.

“We delivered a very strong set of results in 2024 despite an uncertain and challenging environment. We are confident that our strong fundamentals will continue to position us well, even as we confront a fast-changing landscape.

We have a robust order book and a competitive market position which will underpin our continuing revenue growth and performance.”

Vincent Chong, Group President & CEO

In terms of Group revenue breakdown, Commercial Aerospace, Defence & Public Security and Urban Solutions & Satcom accounted for 39%, 44% and 17% respectively. Commercial sales was \$7.8b and defence sales was \$3.5b. The Group generated strong operating cash flow of \$1.7b for the year ended 31 December 2024, a 46% increase y-o-y.

The Group decreased its unit operating expenses (per unit revenue) from 11.4% in 2023 to a low of 10.6% in 2024, a result of continual focus on cost management, productivity and enhancing operational efficiencies.

2H2024 versus 2H2023 Group Performance

FINANCIAL HIGHLIGHTS			
For the half-year ended 31 December 2024			
	2H2024	2H2023	Change
Revenue (\$m)	5,755	5,238	9.9%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	828.2	745.6	11.1%
Earnings before interest and tax (EBIT) (\$m)	553.5	470.5	17.7%
Profit before tax (PBT) (\$m)	446.2	352.8	26.5%
Profit attributable to shareholders (Net Profit) (\$m)	365.7	305.9	19.6%

In 2H2024, Group revenue grew 10% y-o-y to \$5.76b from \$5.24b. Group EBIT increased 18% to \$554m from \$470m. Group PBT was up 26% to \$446m from \$353m and Group Net Profit rose 20% y-o-y to \$366m from \$306m.

Revenue for the Commercial Aerospace segment was \$2.15b, up 5% from \$2.05b. Its EBIT grew 32% y-o-y to \$210m from \$160m. Defence & Public Security revenue was 20% higher at \$2.56b from \$2.13b. Its EBIT grew 17% y-o-y to \$312m from \$267m. Urban Solutions & Satcom revenue was flat at \$1.04b, EBIT was \$31m, compared to \$44m in the prior year mainly due to margin mix.

New Contract Wins in 4Q2024 and Order Book

In 2024, the Group achieved \$12.6b in new contract wins. Of this, about \$4.3b worth of new contracts were secured in the fourth quarter. These comprised \$1.8b from Commercial Aerospace segment, \$1.7b from Defence & Public Security segment and \$0.7b from Urban Solutions & Satcom segment.

With these new contract wins and adjustments for revenue delivery, ST Engineering ended 2024 with a robust order book of \$28.5b. The Group expects to deliver about \$8.8b from this order book in 2025.

Final and Total Dividend

The Board of Directors has proposed a final dividend of 5.0 cents per ordinary share, subject to shareholder approval at the upcoming AGM on 24 April 2025. When combined with the quarterly interim dividends of 12 cents per ordinary share for FY2024, the total dividend for FY2024 will be 17.0 cents per ordinary share, an increase from the 16.0 cents per ordinary share for FY2023. This translates to a dividend yield of 3.97%, computed using the average closing share price² of the last trading day of 2024 and 2023.

¹ Refers to Group revenue by products and services type.

² The average closing share price for FY2024 of \$4.28 is computed based on closing share price of \$3.89 for last trading day of 2023; and closing share price of \$4.66 for last trading day of 2024.

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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 Asia, Europe, the Middle East and the U.S., serving customers in more than 100 countries. ST Engineering reported a revenue of over \$11 billion in 2024 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of MSCI Singapore, FTSE Straits Times Index and Dow Jones Best-in-Class Asia Pacific Index.

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CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2024

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
RESULTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2024

1 CONSOLIDATED INCOME STATEMENT FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2024

	GROUP					
	2H2024	2H2023	+ / (-)	FY2024	FY2023	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	5,755,265	5,237,605	9.9	11,275,659	10,101,021	11.6
Cost of sales	(4,633,885)	(4,245,265)	9.2	(9,101,384)	(8,128,269)	12.0
Gross profit	1,121,380	992,340	13.0	2,174,275	1,972,752	10.2
Distribution and selling expenses (refer to para 1.6)	(102,022)	(75,945)	34.3	(206,606)	(179,414)	15.2
Administrative expenses (refer to para 1.7)	(411,480)	(393,213)	4.6	(797,380)	(752,581)	6.0
Other operating expenses (refer to para 1.8)	(106,545)	(131,790)	(19.2)	(192,783)	(215,294)	(10.5)
Other income, net (refer to para 1.9)	19,652	27,897	(29.6)	28,034	14,647	91.4
Profit from operations	520,985	419,289	24.3	1,005,540	840,110	19.7
Non-operating (expenses)/ income, net (refer to para 1.10)	-	16,656	NM	(59)	16,454	NM
Share of results of associates and joint ventures, net of tax (refer to para 1.11)	32,560	34,540	(5.7)	70,986	58,093	22.2
Earnings before interest and tax (refer to para 1.1)	553,545	470,485	17.7	1,076,467	914,657	17.7
Finance income	11,565	6,902	67.6	37,862	41,286	(8.3)
Finance costs	(118,896)	(124,565)	(4.6)	(251,644)	(251,732)	(0.0)
Finance costs, net (refer to para 1.2)	(107,331)	(117,663)	(8.8)	(213,782)	(210,446)	1.6
Profit before taxation	446,214	352,822	26.5	862,685	704,211	22.5
Taxation	(65,207)	(33,751)	93.2	(133,480)	(99,785)	33.8
Profit after taxation	381,007	319,071	19.4	729,205	604,426	20.6
Attributable to:						
Shareholders of the Company	365,728	305,850	19.6	702,256	586,467	19.7
Non-controlling interests	15,279	13,221	15.6	26,949	17,959	50.1
	381,007	319,071	19.4	729,205	604,426	20.6
EBITDA	828,156	745,556	11.1	1,614,301	1,456,093	10.9

NM: Not Meaningful

Note:

Amounts may not add to totals shown 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 2024 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 2023.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period and are consistent with those used in the previous financial year. The adoption of the new and revised SFRS(I) and related interpretations that are mandatory for financial year beginning on or after 1 January 2024 has no significant impact on the financial statements of the Group or the Company in the current financial year.

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 2023.

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					
	2H2024	2H2023	+ / (-)	FY2024	FY2023	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Earnings before interest and tax is arrived at after charging the following:						
Depreciation and amortisation	274,611	275,071	(0.2)	537,834	541,436	(0.7)
The lower depreciation and amortisation expenses in FY2024 was mainly attributed to Urban Solutions & Satcom and Commercial Aerospace segments, partially offset by Defence & Public Security segment.						
(Reversal of impairment loss)/ impairment loss on trade receivables and contract assets	(6,487)	(2,637)	146.0	(6,865)	2,942	NM
The reversal of impairment loss in FY2024 was mainly attributed to Commercial Aerospace segment. (FY2023: The impairment loss in FY2023 was attributed to Commercial Aerospace and Urban Solutions & Satcom segments, offset by reversal of impairment loss from Defence & Public Security segment.)						
Allowance for inventory obsolescence, net	26,787	5,767	364.5	42,131	28,134	49.8
The higher allowance for inventory obsolescence in FY2024 was mainly attributed to Defence & Public Security segment, offset by Commercial Aerospace segment.						
1.2 Finance costs, net comprises:						
Interest income	10,872	5,265	106.5	17,409	13,345	30.5
Foreign exchange gain/ (loss), net	705	(16,148)	NM	17,524	(14,300)	NM
Fair value changes of financial instruments and hedged items	(9,929)	14,905	NM	(24,256)	26,338	NM
Interest expenses	(108,979)	(121,685)	(10.4)	(224,459)	(235,829)	(4.8)
	<u>(107,331)</u>	<u>(117,663)</u>	(8.8)	<u>(213,782)</u>	<u>(210,446)</u>	1.6
The marginally higher net finance costs in FY2024 (by \$3.3 million) was attributed to a one-off T-lock gain in the prior year, partially offset by lower interest expense (from lower borrowings) and higher interest income in FY2024.						
1.3 Profit after taxation as a percentage of revenue	6.6%	6.1%		6.5%	6.0%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves	13.7%	12.4%		26.3%	23.8%	
1.5 The Group's tax charge in FY2024 included adjustments for overprovision of current tax of \$5.1 million and deferred tax of \$10.2 million in respect of prior years. (FY2023: Adjustments for overprovision of current tax of \$7.3 million and deferred tax of \$5.4 million in respect of prior years.)						
1.6 The higher distribution and selling expenses in FY2024 (by \$27.2 million) was mainly attributed to biennial Singapore Airshow expenses, higher business development expenses and other selling expenses, partially offset by favourable variance in doubtful debts.						
1.7 The higher administrative expenses in FY2024 (by \$44.8 million) was mainly attributed to higher staff related expenses and other administrative expenses.						
1.8 The lower other operating expenses in FY2024 (by \$22.5 million) was mainly attributed to lower research and development expenses and absence of impairment in development expenditure.						
1.9 Other income, net in FY2024 (\$28.0 million) comprised gain on disposal of property, plant and equipment and other miscellaneous income, partially offset by unfavourable fair value changes in Corporate Venture Fund. (FY2023: Comprised gain on disposal of property, plant and equipment and other miscellaneous income, partially offset by loss on divestment of SatixFy.)						
1.10 Non-operating expenses, net in FY2024 was not significant. (FY2023: Attributed to U.S. Marine post-sale completion gain.)						
1.11 Share of results of associates and joint ventures, net of tax, in FY2024 increased (by \$12.9 million) largely due to better performance from associates and joint ventures in Commercial Aerospace and Urban Solutions & Satcom segments and contribution from Experia Events Pte. Ltd., the organiser of Singapore Airshow 2024.						

Note: Defence & Public Security includes "Others"

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

	GROUP		
	2024	2023	+/(-)
	\$'000	\$'000	%
Revenue reported for first half-year	5,520,394	4,863,416	13.5
Profit after taxation reported for first half-year	348,198	285,355	22.0
Revenue reported for second half-year	5,755,265	5,237,605	9.9
Profit after taxation reported for second half-year	381,007	319,071	19.4

1(c) **RELATED PARTY TRANSACTIONS**

	Group	
	FY2024	FY2023
	\$'000	\$'000
Associates of the Group		
Sales and services rendered	9,903	9,006
Purchases and services received	(116,180)	(112,533)
Dividend income	39,336	54,340
Joint ventures of the Group		
Sales and services rendered	253,532	656,732
Purchases and services received	(35,374)	(12,901)
Dividend income	8,877	1,714
Other related parties *		
Sales and services rendered	71,477	61,788
Purchases and services received	(54,536)	(46,515)
Rental expense	(6,888)	(6,899)

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

1(d) **EARNINGS PER ORDINARY SHARE (EPS)**

	GROUP	
	FY2024	FY2023
EPS based on profit attributable to shareholders:	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	22.53	18.82
(ii) On a fully diluted basis	22.35	18.69

2 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2024**

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

	GROUP					
	2H2024	2H2023	+ / (-)	FY2024	FY2023	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after taxation	381,007	319,071	19.4	729,205	604,426	20.6
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan remeasurements	13,575	2,173	>500	13,246	2,175	>500
Net fair value changes on equity investment at FVOCI	(1,937)	2,769	NM	(1,937)	2,769	NM
	11,638	4,942	135.5	11,309	4,944	128.7
Items that are or may be reclassified subsequently to profit or loss:						
Net fair value changes of cash flow hedges reclassified to income statement	243	(33,362)	NM	(9,209)	(55,808)	(83.5)
Effective portion of changes in fair value of cash flow hedges	(39,825)	27,194	NM	(58,259)	52,068	NM
Share of net fair value changes on cash flow hedges of joint ventures	(1,209)	(3,902)	(69.0)	3,858	(3,343)	NM
Foreign currency translation differences	4,329	(35,602)	NM	26,976	(8,505)	NM
Share of foreign currency translation differences of associates and joint ventures	209	(7,319)	NM	10,744	(7,960)	NM
Reserves released on disposal of subsidiaries	(346)	(161)	114.9	2,007	549	265.6
	(36,599)	(53,152)	(31.1)	(23,883)	(22,999)	3.8
Other comprehensive income for the period, net of tax	(24,961)	(48,210)	(48.2)	(12,574)	(18,055)	(30.4)
Total comprehensive income for the period, net of tax	356,046	270,861	31.4	716,631	586,371	22.2
Total comprehensive income attributable to:						
Shareholders of the Company	356,986	256,372	39.2	713,020	553,846	28.7
Non-controlling interests	(940)	14,489	NM	3,611	32,525	(88.9)
	356,046	270,861	31.4	716,631	586,371	22.2

3 **STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,114,590	2,076,209	366	476
Right-of-use assets	605,254	651,109	134	90
Subsidiaries	-	-	1,958,153	1,634,953
Associates and joint ventures	621,455	567,404	-	-
Investments	63,006	63,075	-	-
Intangible assets	4,989,775	4,958,158	-	-
Long-term trade receivables	36,510	11,314	-	-
Deferred tax assets	264,484	214,178	-	-
Amounts due from related parties	49,015	36,219	-	-
Advances and other receivables	144,126	134,542	-	-
Derivative financial instruments	9,433	36,895	-	-
	8,897,648	8,749,103	1,958,653	1,635,519
Current assets				
Inventories	2,061,236	1,897,274	-	-
Contract assets	2,567,423	2,240,100	-	-
Trade receivables	1,461,259	1,581,261	-	-
Amounts due from related parties	77,860	59,964	34,256	1,169
Advances and other receivables	714,672	469,073	239	101
Derivative financial instruments	10,559	28,789	-	-
Bank balances and other liquid funds	430,642	353,337	35,484	8,163
	7,323,651	6,629,798	69,979	9,433
TOTAL ASSETS	16,221,299	15,378,901	2,028,632	1,644,952
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	1,193,627	978,051	-	-
Deposits from customers	21,348	31,229	-	-
Trade payables and accruals	3,485,697	3,155,075	7,210	6,937
Amounts due to related parties	51,619	50,168	36,199	494
Provisions	339,066	337,663	-	-
Provision for taxation	148,777	165,959	188	333
Borrowings	2,945,104	2,563,661	48	-
Deferred income	9,363	11,755	-	-
Post-employment benefits	3,112	10,075	-	-
Derivative financial instruments	40,884	18,722	-	-
	8,238,597	7,322,358	43,645	7,764
NET CURRENT (LIABILITIES)/ ASSETS	(914,946)	(692,560)	26,334	1,669

3 **STATEMENT OF FINANCIAL POSITION** (cont'd)

	GROUP		COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Contract liabilities	1,599,390	1,274,916	-	-
Trade payables and accruals	100,484	59,109	-	-
Provisions	39,921	39,095	-	-
Deferred tax liabilities	185,506	156,422	-	-
Borrowings	2,876,432	3,544,431	44	-
Deferred income	18,424	15,851	-	-
Post-employment benefits	190,893	209,840	-	-
Derivative financial instruments	20,805	4,543	-	-
	5,031,855	5,304,207	44	-
TOTAL LIABILITIES	13,270,452	12,626,565	43,689	7,764
NET ASSETS	2,950,847	2,752,336	1,984,943	1,637,188
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(32,806)	(29,644)	(32,806)	(29,644)
Capital reserves	88,733	93,464	(27,342)	(22,599)
Other reserves	(60,851)	(63,346)	83,403	77,348
Retained earnings	1,779,371	1,562,940	1,065,762	716,157
Equity attributable to owners of the Company	2,670,373	2,459,340	1,984,943	1,637,188
Non-controlling interests	280,474	292,996	-	-
	2,950,847	2,752,336	1,984,943	1,637,188
TOTAL EQUITY AND LIABILITIES	16,221,299	15,378,901	2,028,632	1,644,952

3(a) **ANALYSIS OF STATEMENT OF FINANCIAL POSITION**
(31 December 2024 vs 31 December 2023)

Associates and joint ventures increased by \$54 million to \$621 million due to additional investments in associates and joint ventures of Commercial Aerospace.

Long-term trade receivables increased by \$25 million to \$37 million mainly related to Urban Solutions sub-segment's long-term projects for U.S. government agencies and were contractually due after twelve months from the balance sheet date.

Amounts due from related parties (non-current), which increased by \$13 million to \$49 million, comprised loans to associates and joint ventures maturing after twelve months from the balance sheet date and no credit loss was expected.

Advances and other receivables (non-current), which increased by \$10 million to \$144 million, and advances and other receivables (current), which increased by \$246 million to \$715 million, comprised mainly advance payments to suppliers, prepayments, deposits, other receivables and finance lease receivables paid and/ or receivable in the ordinary course of business.

3(a) **ANALYSIS OF STATEMENT OF FINANCIAL POSITION** (cont'd)

Trade receivables (current) decreased by \$120 million to \$1,461 million due to collections. There was no material change in aging profile or expected credit loss as compared to the prior year.

The increase in borrowings (current) and corresponding reduction in borrowings (non-current) were because a US\$750m tranche of medium-term note (MTN) maturing in April 2025 was reclassified from non-current liabilities to current liabilities.

Contract liabilities (non-current) increased by \$324 million to \$1,599 million due mainly to higher advance payments and progress billings received from customers.

The Group's current liabilities, as at 31 December 2024, increased as compared to 31 December 2023 due mainly to the above-mentioned reclassification of MTN. The Group will be refinancing the MTN through a combination of internally generated funds and the issuance of a new tranche of MTN.

Notwithstanding the Group's net current liabilities position of \$915 million as at 31 December 2024, it has available financial resources to meet its obligations as and when they fall due. To ensure that the Group is not exposed to short-term liquidity risk, its outstanding United States Commercial Papers (USCP) of \$1.8 billion are backstopped by a committed revolving credit facility (RCF) of \$2.0 billion. The RCF remained undrawn as at 31 December 2024 and was more than enough to refinance all the outstanding USCP, if needed, and to cover the Group's net current liabilities position. The Group has very strong credit ratings (Aaa by Moody's and AA+ by S&P) which provide it ready access to refinancing of existing borrowings or additional borrowings as necessary. The Group's MTN, USCP and committed credit facilities do not have any financial covenants.

3(b) **BORROWINGS**

	GROUP		COMPANY	
	31-Dec-24 \$'000	31-Dec-23 \$'000	31-Dec-24 \$'000	31-Dec-23 \$'000
<u>Amount repayable within one year</u>				
Secured	100,851	91,051	48	-
Unsecured	2,844,253	2,472,610	-	-
	<u>2,945,104</u>	<u>2,563,661</u>	<u>48</u>	<u>-</u>
<u>Amount repayable after one year</u>				
Secured	489,605	532,815	44	-
Unsecured	2,386,827	3,011,616	-	-
	<u>2,876,432</u>	<u>3,544,431</u>	<u>44</u>	<u>-</u>
Total	<u>5,821,536</u>	<u>6,108,092</u>	<u>92</u>	<u>-</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 2024 and 31 December 2023:

	GROUP	
	31-Dec-24	31-Dec-23
	\$'000	\$'000
Financial assets		
Investments	63,006	63,075
Associates	8,208	9,970
Derivative financial instruments	19,992	65,684
Trade receivables	1,497,769	1,592,575
Amounts due from related parties	126,875	96,183
Advances and other receivables	98,600	144,771
Bank balances and other liquid funds	430,642	353,337
	<u>2,245,092</u>	<u>2,325,595</u>
Financial liabilities		
Derivative financial instruments	61,689	23,265
Trade payables and accruals	3,586,181	3,214,184
Amounts due to related parties	51,619	50,168
Borrowings	5,821,536	6,108,092
	<u>9,521,025</u>	<u>9,395,709</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.
	FVTPL - 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-24 Group	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Investments	9,145	53,861	63,006
Associates	-	8,208	8,208
Derivative financial instruments	19,992	-	19,992
	<u>29,137</u>	<u>62,069</u>	<u>91,206</u>
Financial liabilities measured at fair value			
Derivative financial instruments	61,689	-	61,689
	<u>61,689</u>	<u>-</u>	<u>61,689</u>
31-Dec-23 Group	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Investments	-	63,075	63,075
Associates	-	9,970	9,970
Derivative financial instruments	65,684	-	65,684
	<u>65,684</u>	<u>73,045</u>	<u>138,729</u>
Financial liabilities measured at fair value			
Derivative financial instruments	23,265	-	23,265
	<u>23,265</u>	<u>-</u>	<u>23,265</u>

3(e) **NET ASSET VALUE**

	GROUP	
	31-Dec-24	31-Dec-23
	Cents	Cents
Net asset value per ordinary share at end of the year	85.74	78.96

	COMPANY	
	31-Dec-24	31-Dec-23
	Cents	Cents
Net asset value per ordinary share at end of the year	63.73	52.57

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024**

	GROUP	
	FY2024	FY2023
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	862,685	704,211
Adjustments:		
Share of results of associates and joint ventures, net of tax	(70,986)	(58,093)
Share-based payment expense	31,475	27,266
Depreciation charge	355,919	340,861
Property, plant and equipment written off	2,645	2,118
Intangibles asset written off	4,603	-
Amortisation of other intangible assets	181,915	200,575
Amortisation of deferred income	(4)	(4)
(Write-back)/ impairment losses of property, plant and equipment	(24)	2,457
Impairment of goodwill and other intangible assets	-	10,162
Impairment losses on loan to associate	1,635	-
Gain on disposal of property, plant and equipment	(11,490)	(14,867)
Loss/ (gain) on disposal of subsidiaries	59	(16,454)
Loss on disposal of investment	-	24,132
Gain on ineffective portion/ discontinuation of cash flow hedges	(2,910)	(27,941)
Changes in fair value of associates	1,869	5,398
Changes in fair value of investments	10,538	657
Changes in fair value of financial instruments and hedged items	27,166	1,603
Interest expense	224,459	235,829
Interest income	(17,409)	(13,345)
Unrealised currency translation (gains)/ losses	(14,068)	2,063
Operating profit before working capital changes	<u>1,588,077</u>	<u>1,426,628</u>
Changes in:		
Inventories	(109,279)	(206,060)
Contract assets	(293,965)	(148,519)
Trade receivables	109,354	(437,738)
Amounts due from related parties	(7,417)	(3,464)
Advances and other receivables	(247,404)	(115,756)
Contract liabilities	520,991	438,702
Deposits from customers	(10,371)	(4,978)
Trade payables and accruals	313,014	338,900
Amounts due to related parties	707	913
Provisions	(2,053)	40,780
Deferred income	185	(3,567)
Cash generated from operations	<u>1,861,839</u>	<u>1,325,841</u>
Interest received	15,939	11,569
Income tax paid	<u>(159,721)</u>	<u>(158,853)</u>
Net cash from operating activities	<u>1,718,057</u>	<u>1,178,557</u>

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd)

	GROUP	
	FY2024	FY2023
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	190,872	261,723
Proceeds from disposal of intangible assets	-	120,941
Proceeds from disposal of investments	-	2,033
Purchase of property, plant and equipment	(480,494)	(540,272)
Purchase of investments	(10,778)	(11,002)
Additions to other intangible assets	(64,519)	(75,644)
Dividends from associates and joint ventures	48,213	56,054
Investment in associates and joint ventures	(18,677)	(116,141)
Repayment of loans by associate	-	85,726
Loans to associates and joint ventures	(24,166)	(988)
Acquisition of controlling interests in subsidiary, net of cash acquired	(54,782)	-
Disposal of subsidiaries, net of cash received	-	16,813
Net cash used in investing activities	(414,331)	(200,757)
Cash flows from financing activities		
Proceeds from bank loans	568,222	621,354
Proceeds from medium term note issuance	-	676,800
Proceeds from issuance of commercial papers	1,821,720	1,901,135
Proceeds from settlement of derivatives	2,910	9,734
Proceeds from finance lease receivables	220	221
Repayment of bank loans	(843,689)	(865,375)
Repayment of commercial papers	(1,934,270)	(2,641,075)
Repayment of lease liabilities	(78,694)	(132,796)
Purchase of treasury shares	(33,325)	(20,821)
Acquisition of non-controlling interests in a subsidiary	(2,008)	-
Capital contribution from non-controlling interests of a subsidiary	-	5,184
Dividends paid to shareholders of the Company	(498,883)	(498,680)
Dividends paid to non-controlling interests	(11,840)	-
Interest paid	(211,385)	(281,756)
Restricted cash	(795)	1
Net cash used in financing activities	(1,221,817)	(1,226,074)
Net change in cash and cash equivalents	81,909	(248,274)
Cash and cash equivalents at beginning of the year	353,316	601,749
Effect of exchange rate changes on balances held in foreign currency	(5,399)	(159)
Cash and cash equivalents at end of the year	429,826	353,316

4(a) **ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS**

The Group ended the year with cash and cash equivalents (CCE) of \$430 million, \$77 million higher than FY2023. In FY2024, the Group generated cash of \$1,718 million from its operating activities, which was higher than the prior year due to higher EBITDA and favourable working capital movements.

Net cash used in investing activities of \$414 million in FY2024 was mainly attributed to the Group's investment in property, plant and equipment (\$480 million), additions to intangible assets (\$65 million) and acquisition of D'Crypt Pte. Ltd. (\$55 million), partially offset by proceeds from disposal of property, plant and equipment (\$191 million) and dividends from associates and joint ventures (\$48 million).

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

Net cash used in financing activities of \$1,222 million in FY2024 was mainly attributed to payment of dividends (\$511 million), net repayment of bank loans (\$275 million), interest paid (\$211 million) and net repayment of commercial papers (\$113 million).

5 **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024**

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 2024	895,926	(29,644)	93,464	(63,346)	1,562,940	2,459,340	292,996	2,752,336
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	702,256	702,256	26,949	729,205
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	13,418	13,418	(172)	13,246
Net fair value changes on equity investment at FVOCI	-	-	-	(1,937)	-	(1,937)	-	(1,937)
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	(13,857)	-	(13,857)	4,648	(9,209)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(37,029)	-	(37,029)	(21,230)	(58,259)
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	3,858	-	3,858	-	3,858
Foreign currency translation differences	-	-	-	35,828	-	35,828	(8,852)	26,976
Share of foreign currency translation differences of associates and joint ventures	-	-	-	10,744	-	10,744	-	10,744
Reserves released on disposal of subsidiaries	-	-	-	(261)	-	(261)	2,268	2,007
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	(2,654)	13,418	10,764	(23,338)	(12,574)
Total comprehensive income for the year, net of tax	-	-	-	(2,654)	715,674	713,020	3,611	716,631
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	443	-	443	-	443
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	31,392	-	31,392	83	31,475
Purchase of treasury shares	-	(33,325)	-	-	-	(33,325)	-	(33,325)
Treasury shares reissued pursuant to share plans	-	30,163	(4,731)	(25,350)	-	82	(82)	-
Dividends paid	-	-	-	-	(498,883)	(498,883)	-	(498,883)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(11,840)	(11,840)
<i>Total contributions by and distributions to owners of the Company</i>	-	(3,162)	(4,731)	6,042	(498,883)	(500,734)	(11,839)	(512,573)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(1,696)	-	(1,696)	(2,008)	(3,704)
Disposal of subsidiary	-	-	-	-	-	-	(2,286)	(2,286)
Total transactions with owners of the Company	-	(3,162)	(4,731)	4,346	(498,883)	(502,430)	(16,133)	(518,563)
Transfer from retained earnings to statutory reserve	-	-	-	259	(259)	-	-	-
Transfer from other reserves to retained earnings	-	-	-	101	(101)	-	-	-
Balance at 31 December 2024	895,926	(32,806)	88,733	(60,851)	1,779,371	2,670,373	280,474	2,950,847

5 **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024** (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 2023	895,926	(36,377)	100,068	(34,437)	1,472,816	2,397,996	254,858	2,652,854
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	586,467	586,467	17,959	604,426
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	3,199	3,199	(1,024)	2,175
Net fair value changes on equity investment at FVOCI	-	-	-	2,769	-	2,769	-	2,769
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	(51,696)	-	(51,696)	(4,112)	(55,808)
Effective portion of changes in fair value of cash flow hedges	-	-	-	36,401	-	36,401	15,667	52,068
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	(3,343)	-	(3,343)	-	(3,343)
Foreign currency translation differences	-	-	-	(12,540)	-	(12,540)	4,035	(8,505)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(7,960)	-	(7,960)	-	(7,960)
Reserves released on disposal of subsidiaries	-	-	-	549	-	549	-	549
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	(35,820)	3,199	(32,621)	14,566	(18,055)
Total comprehensive income for the year, net of tax	-	-	-	(35,820)	589,666	553,846	32,525	586,371
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	(265)	-	(265)	14	(251)
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	-	-	-	-	-	-	5,184	5,184
Cost of share-based payment	-	-	-	27,193	-	27,193	73	27,266
Purchase of treasury shares	-	(20,821)	-	-	-	(20,821)	-	(20,821)
Treasury shares reissued pursuant to share plans	-	27,554	(6,604)	(20,879)	-	71	(71)	-
Dividends paid	-	-	-	-	(498,680)	(498,680)	-	(498,680)
<i>Total contributions by and distributions to owners of the Company</i>	-	6,733	(6,604)	6,314	(498,680)	(492,237)	5,186	(487,051)
Changes in ownership interests in subsidiaries								
Disposal of subsidiary	-	-	-	-	-	-	244	244
Total transactions with owners of the Company	-	6,733	(6,604)	6,314	(498,680)	(492,237)	5,430	(486,807)
Transfer from retained earnings to statutory reserve	-	-	-	862	(862)	-	169	169
Balance at 31 December 2023	895,926	(29,644)	93,464	(63,346)	1,562,940	2,459,340	292,996	2,752,336

5 **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024** (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 2024	895,926	(29,644)	(22,599)	77,348	716,157	1,637,188
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	848,488	848,488
Total comprehensive income for the year	-	-	-	-	848,488	848,488
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	31,475	-	31,475
Purchase of treasury shares	-	(33,325)	-	-	-	(33,325)
Treasury shares reissued pursuant to share plans	-	30,163	(4,743)	(25,420)	-	-
Dividends paid	-	-	-	-	(498,883)	(498,883)
<i>Total contributions by and distributions to owners of the Company</i>	-	(3,162)	(4,743)	6,055	(498,883)	(500,733)
Balance at 31 December 2024	895,926	(32,806)	(27,342)	83,403	1,065,762	1,984,943
At 1 January 2023	895,926	(36,377)	(15,977)	71,014	736,631	1,651,217
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	478,206	478,206
Total comprehensive income for the year	-	-	-	-	478,206	478,206
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	27,266	-	27,266
Purchase of treasury shares	-	(20,821)	-	-	-	(20,821)
Treasury shares reissued pursuant to share plans	-	27,554	(6,622)	(20,932)	-	-
Dividends paid	-	-	-	-	(498,680)	(498,680)
<i>Total contributions by and distributions to owners of the Company</i>	-	6,733	(6,622)	6,334	(498,680)	(492,235)
Balance at 31 December 2023	895,926	(29,644)	(22,599)	77,348	716,157	1,637,188

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

Issued and paid up capital

As at 31 December 2024, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2023: 3,122,495,197 ordinary shares) of which 7,818,186 were held by the Company as treasury shares (31 December 2023: 7,946,236).

	Number of Shares
	31-Dec-24
As at beginning and end of the year (including treasury shares)	3,122,495,197
As at end of the year (excluding treasury shares)	3,114,677,011
As at 31 December 2023 (excluding treasury shares)	3,114,548,961

Performance Share Plan

Singapore Technologies Engineering Performance Share Plan (PSP)

As at 31 December 2024, the total number of outstanding awards was 7,585,088 (31 December 2023: 6,356,672) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 12,894,650 (31 December 2023: 10,806,342) ordinary shares of the Company.

Restricted Share Plan

Singapore Technologies Engineering Restricted Share Plan (RSP)

As at 31 December 2024, the total number of outstanding awards was 17,537,281 (31 December 2023: 16,241,986) ordinary shares of the Company.

Treasury Shares

During the year, the Company purchased 7,880,700 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (FY2023: 5,700,000).

During the year, 8,008,750 treasury shares were utilised pursuant to the RSP and PSP (FY2023: 7,366,315).

As at 31 December 2024, the number of treasury shares held by the Company represented 0.25% (31 December 2023: 0.26%) 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-Dec-24
As at beginning of the year	7,946,236
Purchase of treasury shares	7,880,700
Treasury shares transferred on vesting of RSP	(6,173,128)
Treasury shares transferred on vesting of PSP	(1,835,622)
As at end of the year	7,818,186

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 2024 and the related consolidated income statement, 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) FY2024 vs FY2023

Revenue

\$m	FY2024	FY2023	Increase/(Decrease)	
Commercial Aerospace	4,384	3,905	479	12%
Defence & Public Security	4,935	4,252	683	16%
Urban Solutions & Satcom	1,957	1,944	13	1%
Total	11,276	10,101	1,175	12%

The Group generated revenue of \$11,276 million in FY2024, an increase of 12% or \$1,175 million as compared to FY2023, with contributions from all business segments.

Commercial Aerospace's revenue of \$4,384 million grew by 12% or \$479 million as compared to FY2023, contributed by higher sales from Engine MRO, nacelles, composite panels and PTF.

Defence & Public Security's revenue of \$4,935 million grew by 16% or \$683 million as compared to FY2023. The higher revenue was contributed by all sub-segments.

Urban Solutions & Satcom's revenue of \$1,957 million was 1% or \$13 million higher as compared to FY2023. The higher revenue was contributed by Urban Solutions, partially offset by Satcom.

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

8(a) FY2024 vs FY2023 (cont'd)

Profitability – Earnings before interest and tax

\$m	FY2024	FY2023	Increase/(Decrease)	
Commercial Aerospace	400.2	337.2	62.9	19%
Defence & Public Security	636.4	567.4	69.0	12%
Urban Solutions & Satcom	39.9	10.0	29.9	299%
Total	1,076.5	914.7	161.8	18%

The Group's earnings before interest and tax (EBIT) of \$1,076.5 million was 18% or \$161.8 million higher than FY2023, contributed by all segments.

Commercial Aerospace's EBIT of \$400.2 million was 19% or \$62.9 million higher as compared to FY2023. This was contributed by stronger revenue and margins.

Defence and Public Security's EBIT of \$636.4 million was 12% or \$69.0 million higher as compared to FY2023. Excluding the U.S. Marine post-sale completion gain of \$16 million in the prior year, base operating performance (BOP) EBIT for FY2024 would be higher by 15%, driven by higher revenue.

Urban Solutions & Satcom's EBIT of \$39.9 million was 299% or \$29.9 million higher as compared to FY2023. This was attributed mainly to the absence of SatixFy divestment loss, lower Satcom severance costs and higher revenue.

Profitability – Net Profit

\$m	FY2024	FY2023	Increase/(Decrease)	
Net Profit	702.3	586.5	115.8	20%

The Group's net profit of \$702.3 million was 20% or \$115.8 million higher as compared to FY2023 due to strong EBIT growth.

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

8(b) 2H2024 vs 2H2023

Revenue

\$m	2H2024	2H2023	Increase/(Decrease)	
Commercial Aerospace	2,154	2,050	104	5%
Defence & Public Security	2,563	2,135	428	20%
Urban Solutions & Satcom	1,038	1,053	(15)	(1%)
Total	5,755	5,238	518	10%

The Group generated revenue of \$5,755 million in 2H2024, an increase of 10% or \$518 million as compared to 2H2023. The increase in revenue was driven by the Defence & Public Security and Commercial Aerospace segments.

Commercial Aerospace's revenue in 2H2024 of \$2,154 million was 5% or \$104 million higher as compared to 2H2023, contributed by all sub-segments.

Defence & Public Security's revenue in 2H2024 of \$2,563 million grew strongly by 20% or \$428 million as compared to 2H2023. The higher revenue was contributed by all sub-segments.

Urban Solutions & Satcom's revenue in 2H2024 was flat at \$1,038 million.

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

8(b) 2H2024 vs 2H2023 (cont'd)

Profitability – Earnings before interest and tax

\$m	2H2024	2H2023	Increase/(Decrease)	
Commercial Aerospace	210.5	159.7	50.8	32%
Defence & Public Security	311.9	266.7	45.2	17%
Urban Solutions & Satcom	31.1	44.1	(12.9)	(29%)
Total	553.5	470.5	83.0	18%

The Group's earnings before interest and tax (EBIT) of \$553.5 million for 2H2024 was higher than 2H2023 by 18% or \$83.0 million, driven by Commercial Aerospace and Defence & Public Security segments, partially offset by Urban Solutions & Satcom segment.

Commercial Aerospace's EBIT of \$210.5 million increased by 32% or \$50.8 million as compared to 2H2023, attributed to stronger revenue and margins.

Defence & Public Security's EBIT of \$311.9 million was 17% or \$45.2 million higher than 2H2023. Excluding the U.S. Marine post-sale completion gain of \$16 million in the prior year, BOP EBIT for 2H2024 would be higher by 25%, driven by higher revenue.

Urban Solutions & Satcom's EBIT of \$31.1 million was 29% or \$12.9 million lower as compared to 2H2023, attributed mainly to margin mix.

Profitability – Net Profit

\$m	2H2024	2H2023	Increase/(Decrease)	
Net Profit	365.7	305.9	59.9	20%

The Group's net profit of \$365.7 million was 20% or \$59.9 million higher than 2H2023 contributed by strong EBIT growth.

9 **VARIANCE FROM PROSPECT STATEMENT**

Nil. Actual results were in line with previously provided guidance.

10 **PROSPECTS**

Group

The Group delivered a very strong set of results in 2024 despite an uncertain and challenging environment. The Group is confident that its strong fundamentals will continue to position it well, even as it confronts a fast-changing landscape.

The Group has a robust order book and a competitive market position which will underpin its continuing revenue growth and performance.

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 tax exempt (one-tier) cash dividend of 5.0 cents per ordinary share has been recommended for the year ended 31 December 2024.

Together with the three quarterly interim cash dividends of 4.0 cents per ordinary share paid on 5 June 2024, 5 September 2024 and 10 December 2024, the total dividend for the year ended 31 December 2024 will be 17.0 cents per ordinary share. The recommended dividend takes into consideration of the Group's FY2024 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 ("AGM").

(a) **Current Financial Period Reported On**

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

Name of Dividend	First Interim tax exempt (one-tier)	Second Interim tax exempt (one-tier)	Third Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash	Cash	Cash
Dividend Per Share	4.0 cents per ordinary share (paid on 5 June 2024)	4.0 cents per ordinary share (paid on 5 September 2024)	4.0 cents per ordinary share (paid on 10 December 2024)	5.0 cents per ordinary share (to be paid on 15 May 2025)	17.0 cents per ordinary share

(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	First Interim tax exempt (one-tier)	Second Interim tax exempt (one-tier)	Third Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash	Cash	Cash
Dividend Per Share	4.0 cents per ordinary share (paid on 6 June 2023)	4.0 cents per ordinary share (paid on 31 August 2023)	4.0 cents per ordinary share (paid on 1 December 2023)	4.0 cents per ordinary share (paid on 14 May 2024)	16.0 cents per ordinary share

(c) **Record and Dividend Payment Dates**

NOTICE IS HEREBY GIVEN THAT the Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on 30 April 2025 up to (and including) 2 May 2025 for the purpose of determining members' entitlements to the proposed final one-tier tax exempt dividend for the financial year ended 31 December 2024 (the "**Proposed FY2024 Final Dividend**"). 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, Tricor Barbinder Share Registration Services, at 9 Raffles Place, #26-01 Republic Plaza Tower 1, Singapore 048619 up to 5.00 p.m. on 30 April 2025 will be registered to determine members' entitlements to the Proposed FY2024 Final Dividend, subject to approval of members for the Proposed FY2024 Final Dividend at the AGM to be convened and held on 24 April 2025. 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 30 April 2025 will be entitled to the Proposed FY2024 Final Dividend. The Proposed FY2024 Final Dividend, if so approved by members, will be paid on 15 May 2025.

12 **BUSINESS SEGMENTAL INFORMATION**
By Business Activity

	FY2024				
	Commercial Aerospace \$'000	Defence & Public Security \$'000	Urban Solutions & Satcom \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	4,384,398	4,934,508	1,956,753	-	11,275,659
Inter-segment sales	55,874	36,472	52,414	(144,760)	-
	<u>4,440,272</u>	<u>4,970,980</u>	<u>2,009,167</u>	<u>(144,760)</u>	<u>11,275,659</u>
Reportable segment profit from operations	342,294	620,950	42,296	-	1,005,540
Non-operating expenses, net	26	-	(85)	-	(59)
Share of results of associates and joint ventures, net of tax	57,859	15,418	(2,291)	-	70,986
Earnings before interest and tax	400,179	636,368	39,920	-	1,076,467
Finance income					37,862
Finance costs					(251,644)
Profit before taxation					862,685
Taxation					(133,480)
Non-controlling interests					(26,949)
Profit attributable to shareholders					<u>702,256</u>
Other assets	4,835,204	6,680,634	6,011,880	(2,623,000)	14,904,718
Associates and joint ventures	499,310	102,765	19,380	-	621,455
Segment assets	<u>5,334,514</u>	<u>6,783,399</u>	<u>6,031,260</u>	<u>(2,623,000)</u>	<u>15,526,173</u>
Deferred tax assets					264,484
Bank balances and other liquid funds					430,642
Total assets					<u>16,221,299</u>
Segment liabilities	1,939,312	6,217,255	1,098,336	(2,140,270)	7,114,633
Provision for taxation					148,777
Deferred tax liabilities					185,506
Borrowings					5,821,536
Total liabilities					<u>13,270,452</u>
Capital expenditure	286,151	195,046	117,450	(21,881)	576,766
Depreciation and amortisation	183,371	167,785	190,635	(3,957)	537,834
Allowance for inventory obsolescence, net	7,189	27,306	7,636	-	42,131
Write-back of impairment loss	-	(24)	-	-	(24)

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

	FY2023				
	Commercial Aerospace \$'000	Defence & Public Security \$'000	Urban Solutions & Satcom \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	3,905,269	4,251,967	1,943,785	-	10,101,021
Inter-segment sales	60,791	36,731	36,795	(134,317)	-
	<u>3,966,060</u>	<u>4,288,698</u>	<u>1,980,580</u>	<u>(134,317)</u>	<u>10,101,021</u>
Reportable segment profit from operations	282,665	542,872	14,573	-	840,110
Non-operating income, net	(309)	16,254	509	-	16,454
Share of results of associates and joint ventures, net of tax	54,880	8,291	(5,078)	-	58,093
Earnings before interest and tax	<u>337,236</u>	<u>567,417</u>	<u>10,004</u>	<u>-</u>	<u>914,657</u>
Finance income					41,286
Finance costs					(251,732)
Profit before taxation					<u>704,211</u>
Taxation					(99,785)
Non-controlling interests					(17,959)
Profit attributable to shareholders					<u>586,467</u>
Other assets	4,737,972	5,768,074	5,858,657	(2,120,721)	14,243,982
Associates and joint ventures	444,807	100,926	21,671	-	567,404
Segment assets	<u>5,182,779</u>	<u>5,869,000</u>	<u>5,880,328</u>	<u>(2,120,721)</u>	<u>14,811,386</u>
Deferred tax assets					214,178
Bank balances and other liquid funds					353,337
Total assets					<u>15,378,901</u>
Segment liabilities	1,790,448	5,109,060	957,008	(1,660,424)	6,196,092
Provision for taxation					165,959
Deferred tax liabilities					156,422
Borrowings					6,108,092
Total liabilities					<u>12,626,565</u>
Capital expenditure	310,273	363,615	118,838	(27,642)	765,084
Depreciation and amortisation	195,109	136,624	210,865	(1,162)	541,436
Allowance for inventory obsolescence, net	24,089	(1,262)	5,307	-	28,134
Impairment losses	-	3,283	9,336	-	12,619

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

	2H2024				
	Commercial Aerospace	Defence & Public Security	Urban Solutions & Satcom	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External sales	2,153,856	2,563,004	1,038,405	-	5,755,265
Inter-segment sales	30,111	21,214	33,533	(84,858)	-
	<u>2,183,967</u>	<u>2,584,218</u>	<u>1,071,938</u>	<u>(84,858)</u>	<u>5,755,265</u>
Reportable segment profit from operations	183,199	307,041	30,745	-	520,985
Non-operating income, net	-	-	-	-	-
Share of results of associates and joint ventures, net of tax	27,287	4,885	388	-	32,560
Earnings before interest and tax	210,486	311,926	31,133	-	553,545
Finance income					11,565
Finance costs					(118,896)
Profit before taxation					446,214
Taxation					(65,207)
Non-controlling interests					(15,279)
Profit attributable to shareholders					<u>365,728</u>
Other assets	4,835,204	6,680,634	6,011,880	(2,623,000)	14,904,718
Associates and joint ventures	499,310	102,765	19,380	-	621,455
Segment assets	<u>5,334,514</u>	<u>6,783,399</u>	<u>6,031,260</u>	<u>(2,623,000)</u>	<u>15,526,173</u>
Deferred tax assets					264,484
Bank balances and other liquid funds					430,642
Total assets					<u>16,221,299</u>
Segment liabilities	1,939,312	6,217,255	1,098,336	(2,140,270)	7,114,633
Provision for taxation					148,777
Deferred tax liabilities					185,506
Borrowings					5,821,536
Total liabilities					<u>13,270,452</u>
Capital expenditure	112,884	105,248	51,350	(4,461)	265,021
Depreciation and amortisation	95,060	87,986	93,812	(2,247)	274,611
Allowance for inventory obsolescence, net	2,882	20,382	3,523	-	26,787
Write-back of impairment loss	-	(24)	-	-	(24)

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

	2H2023				
	Commercial Aerospace	Defence & Public Security	Urban Solutions & Satcom	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External sales	2,049,689	2,134,798	1,053,118	-	5,237,605
Inter-segment sales	29,019	19,310	21,715	(70,044)	-
	<u>2,078,708</u>	<u>2,154,108</u>	<u>1,074,833</u>	<u>(70,044)</u>	<u>5,237,605</u>
Reportable segment profit from operations	128,393	245,741	45,155	-	419,289
Non-operating income, net	(309)	16,254	711	-	16,656
Share of results of associates and joint ventures, net of tax	31,642	4,701	(1,803)	-	34,540
Earnings before interest and tax	<u>159,726</u>	<u>266,696</u>	<u>44,063</u>	<u>-</u>	<u>470,485</u>
Finance income					6,902
Finance costs					(124,565)
Profit before taxation					<u>352,822</u>
Taxation					(33,751)
Non-controlling interests					(13,221)
Profit attributable to shareholders					<u>305,850</u>
Other assets	4,737,972	5,768,074	5,858,657	(2,120,721)	14,243,982
Associates and joint ventures	444,807	100,926	21,671	-	567,404
Segment assets	<u>5,182,779</u>	<u>5,869,000</u>	<u>5,880,328</u>	<u>(2,120,721)</u>	<u>14,811,386</u>
Deferred tax assets					214,178
Bank balances and other liquid funds					353,337
Total assets					<u>15,378,901</u>
Segment liabilities	1,790,448	5,109,060	957,008	(1,660,424)	6,196,092
Provision for taxation					165,959
Deferred tax liabilities					156,422
Borrowings					6,108,092
Total liabilities					<u>12,626,565</u>
Capital expenditure	194,698	162,892	54,467	(27,642)	384,415
Depreciation and amortisation	98,306	72,808	105,054	(1,097)	275,071
Allowance for inventory obsolescence, net	13,089	(11,815)	4,493	-	5,767
Impairment losses	-	3,283	9,336	-	12,619

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)

Disaggregation of Revenue

Major products/service lines

	2H2024		2H2023		FY2024		FY2023	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Sale of goods	1,793,884	31.2	1,630,579	31.1	3,422,093	30.3	3,218,049	31.9
Service income	1,617,191	28.1	1,414,368	27.0	3,178,740	28.2	2,638,050	26.1
Contract revenue	2,344,190	40.7	2,192,658	41.9	4,674,826	41.5	4,244,922	42.0
Total	5,755,265	100	5,237,605	100	11,275,659	100	10,101,021	100

Timing of revenue recognition

	2H2024		2H2023		FY2024		FY2023	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Transferred at a point in time	2,369,964	41.2	2,401,183	45.8	4,797,586	42.5	4,636,499	45.9
Transferred over time	3,385,301	58.8	2,836,422	54.2	6,478,073	57.5	5,464,522	54.1
Total	5,755,265	100	5,237,605	100	11,275,659	100	10,101,021	100

By Geographical Areas

	Revenue				Revenue			
	2H2024		2H2023		FY2024		FY2023	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	3,027,103	52.6	2,512,768	48.0	5,794,836	51.4	4,924,215	48.7
U.S.	1,260,522	21.9	1,303,699	24.9	2,599,341	23.0	2,448,772	24.2
Europe	1,060,040	18.4	1,056,724	20.2	2,130,103	18.9	2,015,610	20.0
Others	407,600	7.1	364,414	6.9	751,379	6.7	712,424	7.1
Total	5,755,265	100	5,237,605	100	11,275,659	100	10,101,021	100

By Country of Incorporation

	Revenue				Revenue			
	2H2024		2H2023		FY2024		FY2023	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	3,535,251	61.4	2,957,551	56.5	6,771,555	60.0	5,760,303	57.0
U.S.	1,588,682	27.6	1,626,405	31.1	3,200,408	28.4	3,086,297	30.6
Europe	586,719	10.2	614,560	11.7	1,239,089	11.0	1,185,465	11.7
Others	44,613	0.8	39,089	0.7	64,607	0.6	68,956	0.7
Total	5,755,265	100	5,237,605	100	11,275,659	100	10,101,021	100

	Non-current assets ⁺			
	31-Dec-24		31-Dec-23	
	\$'000	%	\$'000	%
Asia	2,574,923	29.8	2,446,852	28.8
U.S.	4,713,784	54.7	4,601,877	54.1
Europe	1,242,354	14.4	1,358,609	16.0
Others	92,670	1.1	90,692	1.1
Total	8,623,731	100	8,498,030	100

⁺ Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* exclude derivative financial instruments 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)	
		FY2024 \$'000	FY2023 \$'000	FY2024 \$'000	FY2023 \$'000
Transactions for the Sale of Goods and Services					
SATS Ltd. and its Associates	Temasek Holdings	-	-	2,814	2,459
Seatrium Limited and its Associates	(Private) Limited is	-	-	-	1,164
SembCorp Industries Ltd and its Associates	a controlling	-	-	52,570	152
SIA Engineering Company Limited and its Associates	shareholder of the	-	-	-	121
Singapore Airlines Limited and its Associates	Company. The	-	-	18,231	-
Singapore Telecommunications Limited and its Associates	other named	-	-	1,731	1,886
StarHub Ltd and its Associates	interested persons	-	-	162	1,329
Temasek Holdings (Private) Limited and its Associates (non-listed)	are its associates.	-	-	65,760	218,845
		-	-	141,268	225,956
Transactions for the Purchase of Goods and Services					
CapitaLand Investment Limited and its Associates				189	-
SATS Ltd. and its Associates				663	756
Seatrium Limited and its Associates	Temasek Holdings	-	-	776	120
SembCorp Industries Ltd and its Associates	(Private) Limited is	-	-	1,335	832
SIA Engineering Company Limited and its Associates	a controlling	-	-	868	-
Singapore Airlines Limited and its Associates	shareholder of the	-	-	-	134
Singapore Telecommunications Limited and its Associates	Company. The	-	-	4,412	1,887
StarHub Ltd and its Associates	other named	-	-	1,218	1,371
Telechoice International Limited	interested persons	-	-	-	4,131
Temasek Holdings (Private) Limited and its Associates (non-listed)	are its associates.	-	-	28,092	72,330
		-	-	37,553	81,561
Transaction for Acquisition of Business					
StarHub Ltd and its Associates		10,369	67,500	-	-
Joint Venture					
Temasek Holdings (Private) Limited and its Associates (non-listed) *	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	32,195	23,862	-	-
Investment in Venture Fund					
Temasek Holdings (Private) Limited and its Associates (non-listed)		20,429	-	-	-
Consortium					
Temasek Holdings (Private) Limited and its Associates (non-listed) **		18,100	-	-	-
		81,093	91,362	-	-
Total Interested Person Transactions		81,093	91,362	178,821	307,517

* The transactions pertain to i) equity injections of \$9,675,000 by the Group into Juniper Aviation Investments Pte Ltd (Juniper) to partially fund Juniper's aircraft acquisitions from the Group, where the value of sale of aircraft by the Group to Juniper are included above under the category of sale of goods and services to Temasek Holdings (Private) Limited and its Associates (as at 31 December 2024, the cumulative equity injections by the Group into Juniper amounted to \$63,324,000), and ii) interest-bearing loans of \$22,520,000 to and loan interest received from SPTel Pte Ltd, which cumulatively amounted to \$51,320,000.

** The transaction pertains to a sales contract secured by a consortium formed by ST Engineering Urban Solutions Ltd and Strides Engineering Pte Ltd.

14 **SUBSEQUENT EVENTS**

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

15 **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).

16 **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 2024, 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
27 February 2025

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ST Engineering
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