

26th Annual General Meeting

Presentation by Vincent Chong

Group President & Chief Executive Officer

20 April 2023

Aspiration & Corporate Purpose

Our Aspiration and Corporate Purpose

Our Aspiration

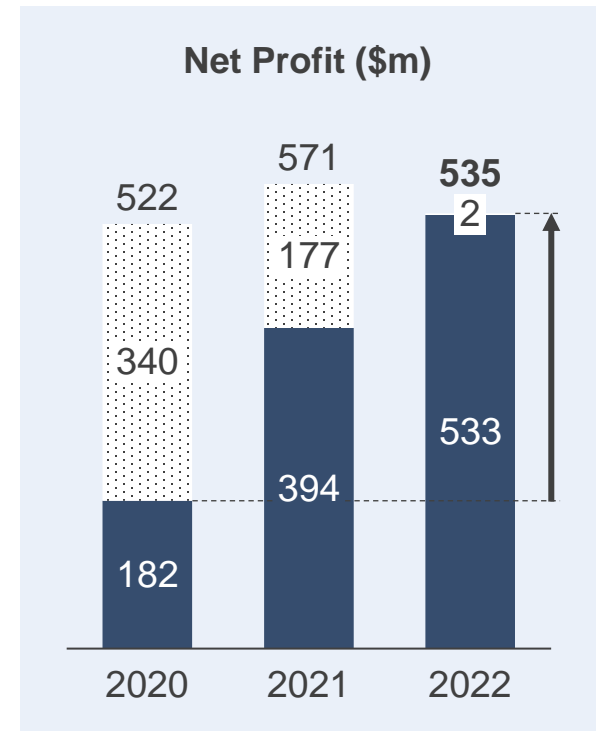
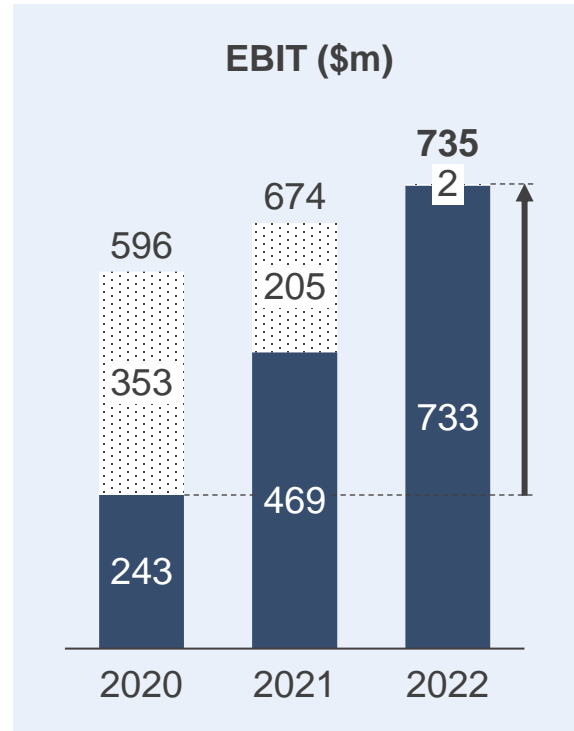
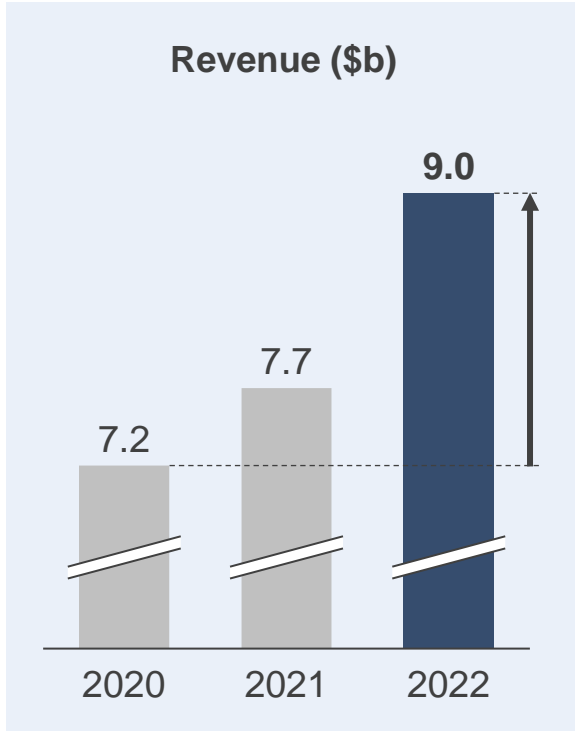
Global Technology, Defence and Engineering
Powerhouse

Our Corporate Purpose

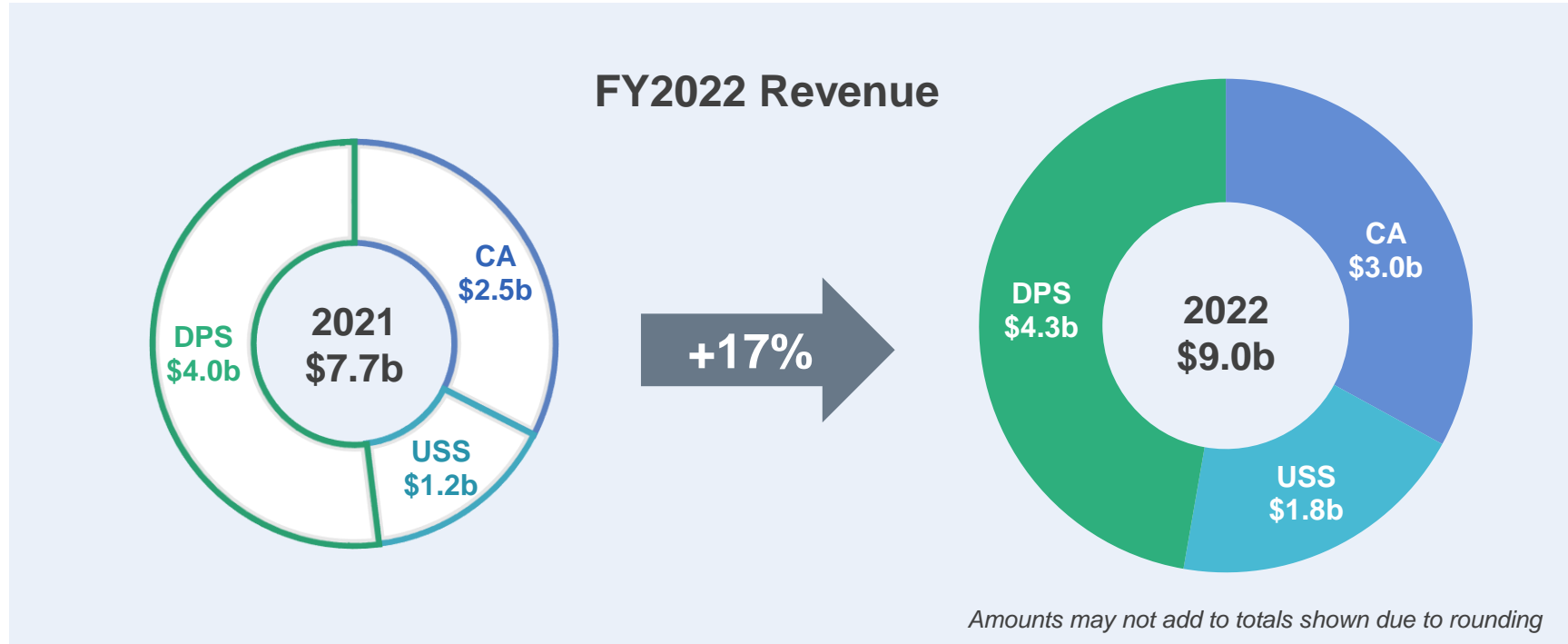
Harness technology and innovation to enable
a more secure and sustainable world

Financial Year 2022 Highlights

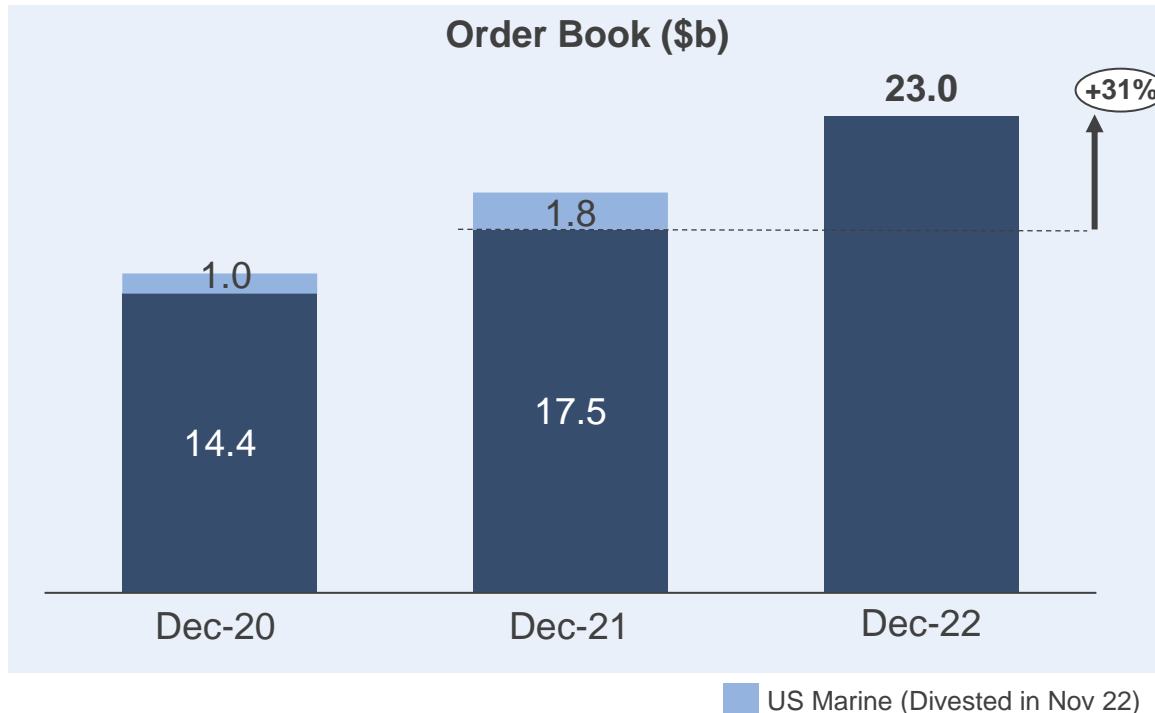
Strong underlying performance against challenging environment



Revenue growth from all segments

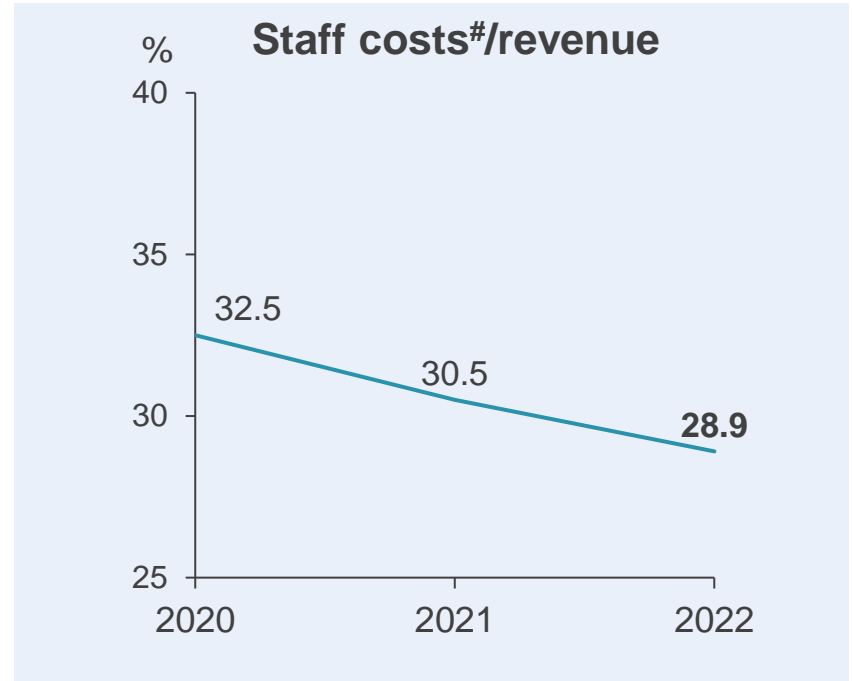
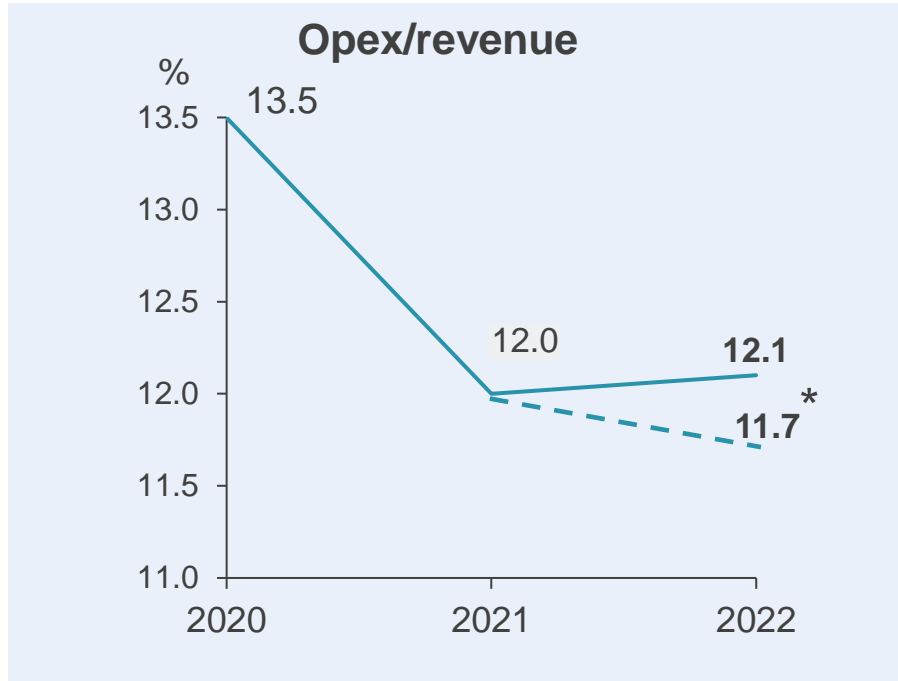


Strong order book provides revenue visibility



- **\$13.1b new contract wins**
- **Order book of \$23b as at 31 Dec 2022**
 - ~\$7.2b to be delivered in 2023

Productivity metrics trending well



* Excluding M&A transaction expenses

Staff costs excluding govt. support

Delivered on our 2022 Focus Areas



Strengthened global presence



Continued to streamline portfolio



Integrated sustainability as our core



Continued to drive technology & innovation

2022 In Review – Strengthened Global Presence

Welcomed TransCore to ST Engineering

North America Smart Mobility Market Leader in Electronic Toll Collection



Accelerates Smart City growth



Strong leadership team



Strengthened U.S. presence



~US\$1.5b contract wins



Cash flow positive in year 1

2022 In Review – Strengthened Global Presence

Commercial Aerospace continued to expand capacity to emerge stronger post COVID-19



- Redelivered **world's first A320P2F¹**
- P2F conversion **fully booked through 2026**
- New modification sites in **Shanghai and Mobile, Alabama**
- Collaborations with third-party P2F conversion houses in **Istanbul and Chengdu**
- Introduced **new MRO solutions with LEAP-1B²** engine quick-turn services



2022 In Review – Strengthened Global Presence

Urban Solutions & Satcom attained successes in the global market despite headwinds

- Mobility rail contracts in **Canada, Singapore & various cities in Asia**
- Smart street lighting solutions in the **Americas**
- Satcom ground systems for regional player across **Middle East & Africa**
- Critical connectivity for essential community services & education in **Asia & Africa**



Satcom industry undergoing transformation

- **Industry fast evolving:**
 - LEO & VHT³ satellites
 - Satellite operator consolidation
 - Cloud & virtualisation
 - 5G network convergence
- **Near-term headwinds:**
 - Weakness in Satcom business performance
 - Continued R&D investments required
 - Internal transformation to be future-ready
- **Positive outlook for Satcom industry** augmented by new use cases

2022 In Review – Strengthened Global Presence

Defence & Public Security continued momentum of global expansion

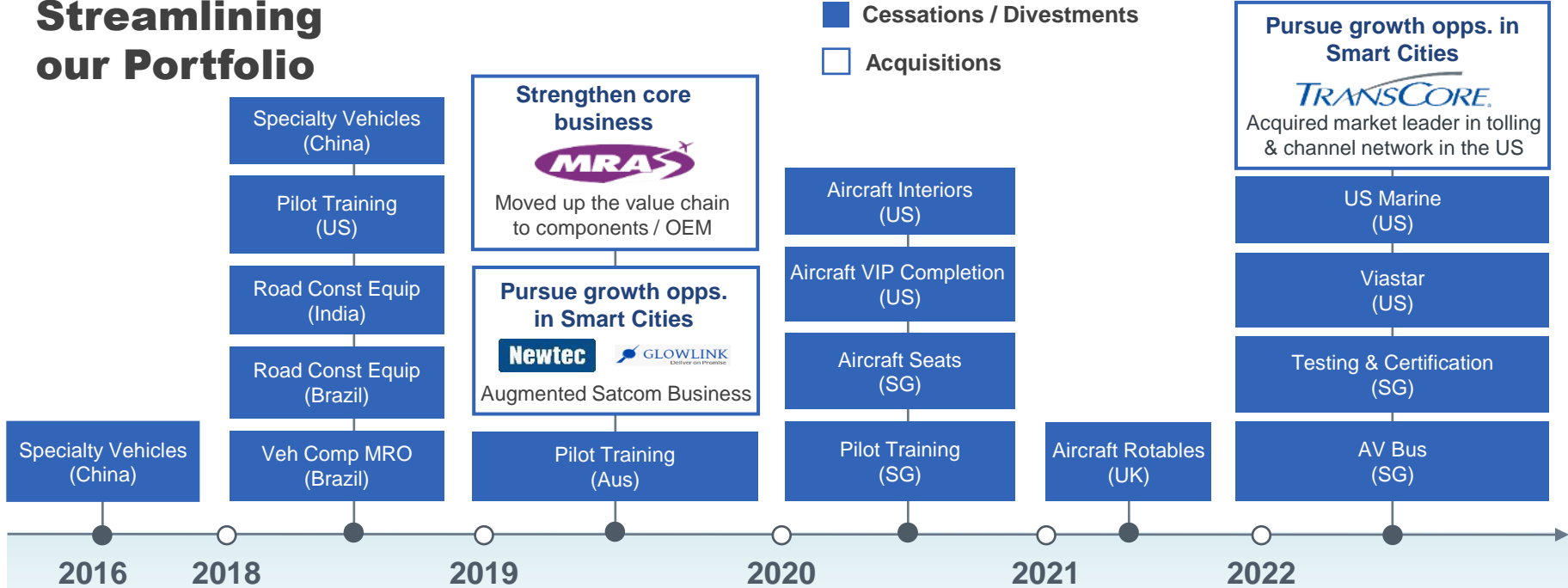
- Significant international defence contract wins (>\$300m) in the **Middle East**
- Training & simulation solutions to **Australian Army & Pakistan Air Force**
- Expanded **digital business presence**
- Inroads in the Humanitarian Assistance and Disaster Relief (HADR) segment (**Mexico & Peru**)
- **Deepened trust & relationship** with Singapore defence ecosystem through key wins



2022 In Review – Continued to Streamline Portfolio

Streamlining our Portfolio

■ Cessations / Divestments
 □ Acquisitions



Continuous Portfolio Review

Divest and liquidate businesses that are non-core or no longer fit strategic goals

2022 In Review – Integrated Sustainability as our Core

Progressed on our sustainability ambitions

 Enhanced reporting framework



 Developed pathway to halve GHG emissions by 2030



 Completed climate change assessment



Doing Our Part

Enabling Our Customers

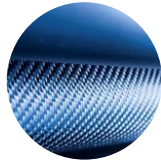


 Defined new sustainability-linked growth areas




 Hydrogen

 Sustainable Composites



 Carbon Services

 Grew sustainability-linked revenues

2022 In Review – Continued to Drive Technology & Innovation



Our Innovation Approach

Drive Innovation Culture

Internal Innovation Programmes

Deepen Capability Building

Business-driven
Product Development

Core Engineering
Capabilities

Strategic Technology
Centres

Broaden Outreach to Leverage External Capabilities

Research Translation @
ST Engineering

Corporate Venture
& Open Innovation

R&D spend of up to **5%** of annual revenue

2022 In Review – Community Outreach

Giving back to the community

Our community investments and volunteerism efforts are guided by three focus areas:



Improving lives through charitable gifts



Enriching lives through education



Touching lives through engineering

新科工程为总统挑战筹款近44万元

【本報訊】由新加坡總統府主辦的「總統挑戰」活動，今年由新加坡理工大學（SUT）的學生和教職員組成「新科工程」團隊，為這項活動籌款。該團隊在過去一年中，共籌得近44萬元的善款，用於支持總統挑戰的各項活動。



ST Engineering raises \$13k for ST School Pocket Money Fund

ST Engineering has raised \$13,000 for the children from the South Island School Pocket Money Fund. The fund is used to support the school's various activities and programs. ST Engineering's contribution is a testament to its commitment to social responsibility and community support.



In 2022, we contributed **\$2.9m** to the community



MOE scholarship for students with passion for engineering, tech

The Ministry of Education (MOE) has announced a scholarship program for students with a passion for engineering and technology. The program aims to support and encourage students to pursue careers in these fields. ST Engineering is proud to support this initiative.



Strong balance sheet provides capacity for growth, supplemented by diverse funding sources

Balance sheet remains strong

Credit rating

post-TransCore transaction

- Moody's: Aaa (negative outlook)
- S&P: AA+/ Stable

Diverse funding sources

US\$3b

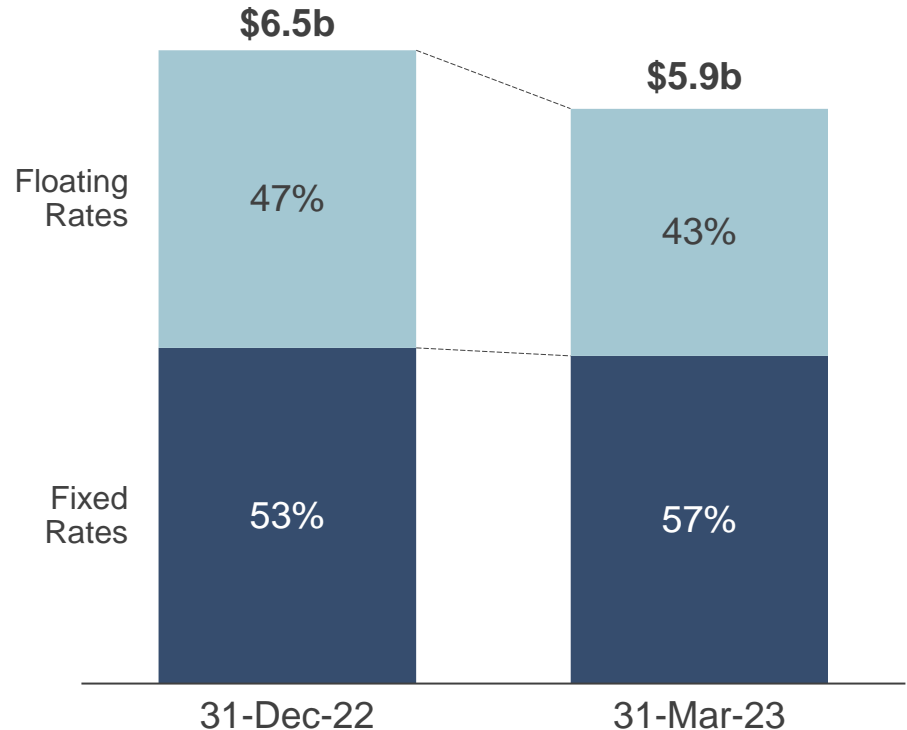
*U.S. Commercial
Paper programme*

S\$5b

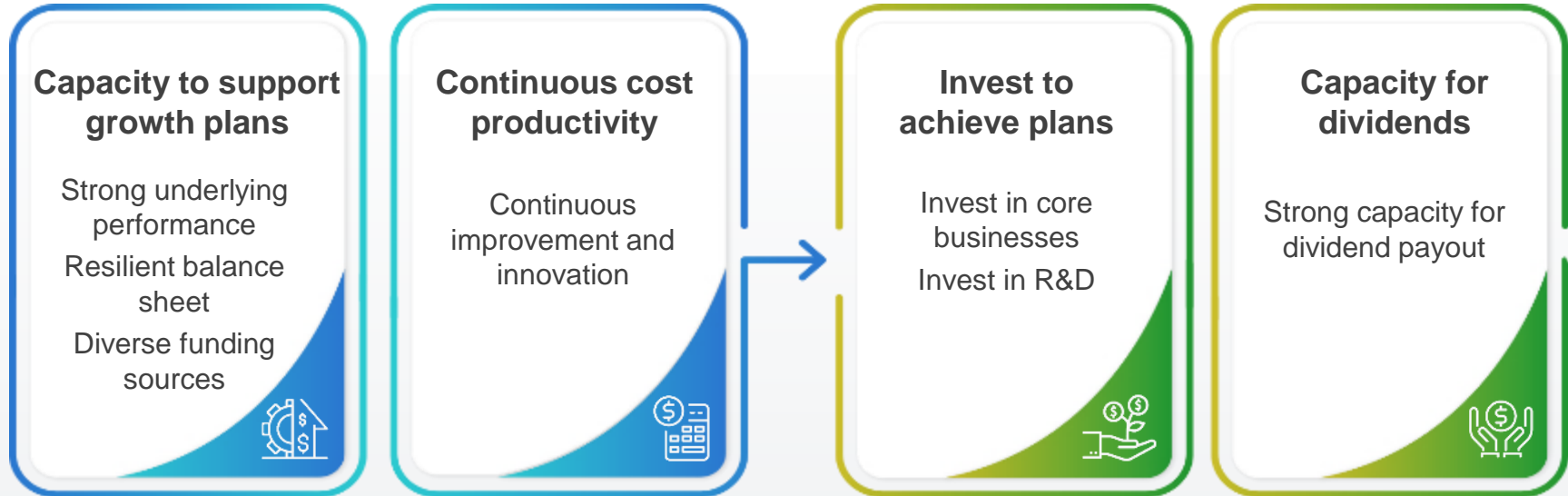
*Global Medium Term
Note programme*

Reduced borrowings & balanced debt profile

- Weighted average borrowing cost for **FY2022 – 2.4%**
- **Borrowings at \$5.9b** as at 31 Mar 23
- **Percentage of fixed rate borrowings increased**
- Plan to issue US\$500m of fixed rate debt with **US\$32m T-lock gain amortisation**
- **FY2023** weighted average borrowing cost estimated to be **low 3%⁴**



Long-term sustainable value creation for shareholders



Dividend policy: Returning value through **quarterly dividends** of 4cps

Total dividend for FY2022 is 16cps; higher than 15cps in FY2020 and FY2021

Opportunities from re-opening but near-term headwinds persist

Opportunities

- Recovery of Commercial Aerospace
- Sustainability, Smart Cities & Digital
- Defence & Security

Headwinds

- Geopolitical tensions
- Persistent inflation
- Supply chain disruption & logistical lead time
- Satcom industry disruptions

Looking Ahead – 2023 Highlights

Key milestones in 1Q23

1st provider in Asia to join the LEAP MRO network under a CBSA⁵ agreement



Airframe MRO JV in Hubei with SF Airlines



Kaohsiung MRT Red Line rail contract worth over \$430m



Multi-Role Combat Vessels (MRCVs) contract by MINDEF



On track towards 2026 targets

Annual revenue to grow at 2 to 3 times
global GDP growth rate to >\$11b



Grow Digital Business – Cloud, AI Analytics, Cyber

Net profits to grow in
tandem with revenue



Thank you