

# **3Q2022 Market Updates**

28 Nov 2022

## Disclaimer

The forward-looking statements in this presentation 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 especially given the evolving COVID-19, Ukraine-Russia conflict, inflation and supply chain challenges. Representative examples of these factors include (without limitation) travel and border restrictions, governmental orders on business closures, lock-down and movement restrictions, quarantines, disruption to global supply chains, 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 the current view of management on future events.

# Agenda

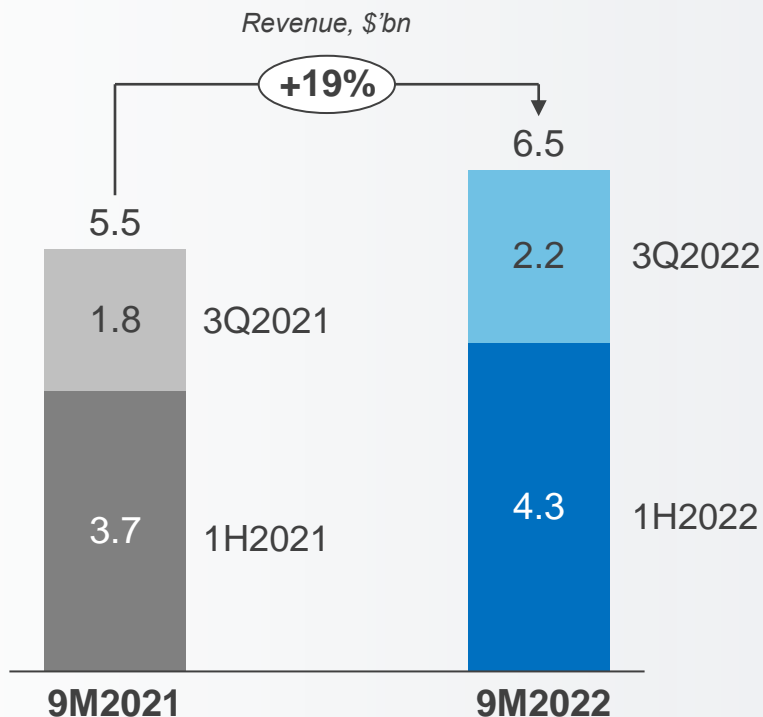
## 1. Financial Highlights

- Group Revenue
- Business Segments Revenue
- 3Q2022 Contract Wins & Order Book
- Interest Rate Debt Profile
- Management of Capital Employed
- Investor Day 5-Year Plan
- Summary

## 2. TransCore Acquisition Update

## 3. Q&A Session

## Higher Revenue From Organic Growth and Acquisition



- **19% y-o-y revenue increase**
- Higher contributions across all business segments

## Group Revenue: Growth in all Segments

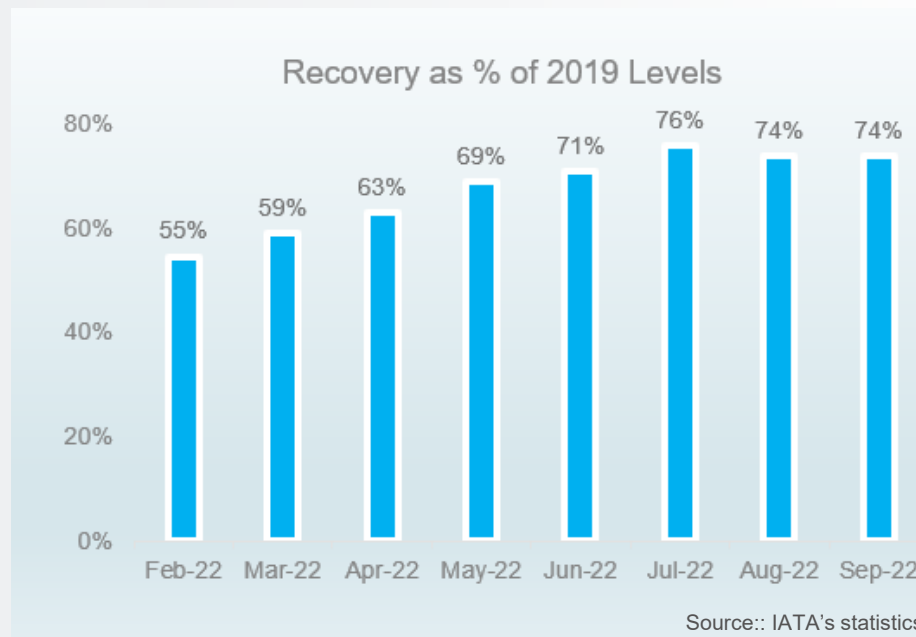
\$m	9M2022	9M2021	Change
Commercial Aerospace	2,181	1,743	+25%
Urban Solutions & Satcom (USS)	1,209	787	+54%
Defence & Public Security	3,118	2,952	+6%
<b>Group</b>	<b>6,508</b>	<b>5,482</b>	<b>+19%</b>

## Commercial Aerospace Revenue Continues to Grow as Aviation Sector Recovers

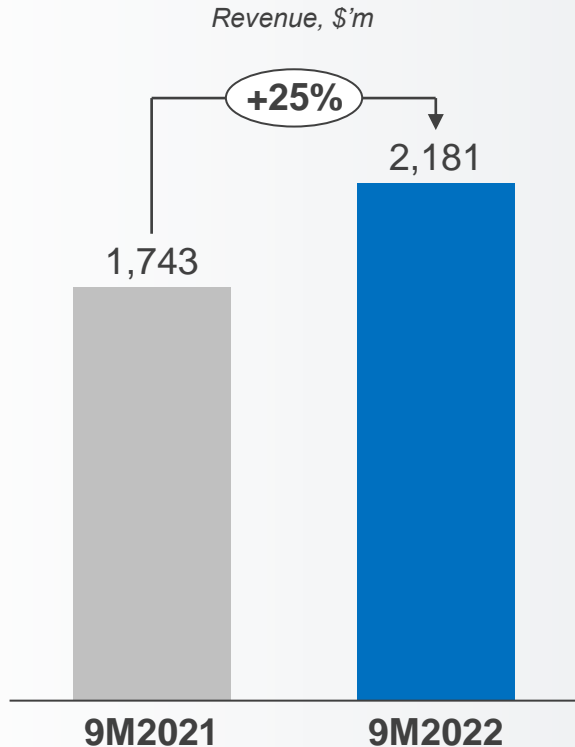
- Air travel has recovered to 74% of pre-Covid level
- International lags at 70%, while domestic air travel growth leads at 81%
- APAC international air travel yet to recover (International RPK of Asia Pacific based airlines is at 42% pre-Covid level)

### Air travel recovery 74% as at Sep 2022

- International – 70%
- Domestic – 81%

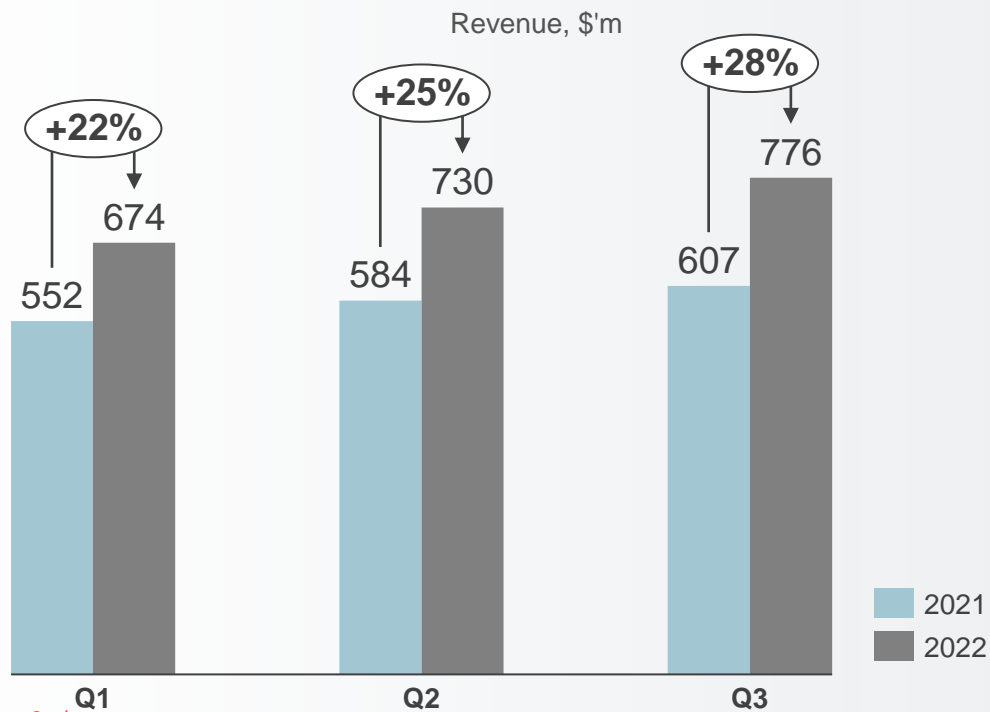


## Commercial Aerospace



- **25% y-o-y revenue increase; contributed by all sub-segments**
  - Nacelle and MRO (incl. component/engine) demand
  - Strong PTF demand - booked through 2025/2026. Conversion lines still going through learning curve
- **New contract wins of \$1.0b in 3Q2022, totaling \$3.0b for 9M2022**

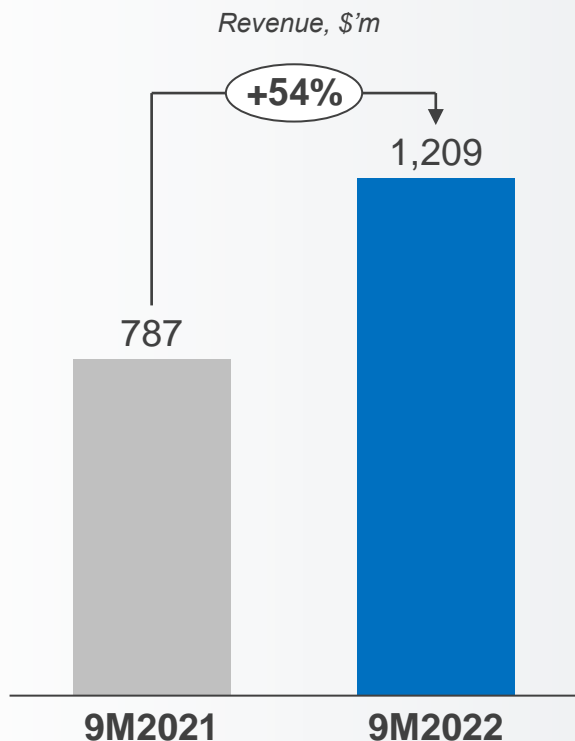
## Recovery in Commercial Aerospace business



- **28% growth for 3Q2022 vs 3Q2021**
  - >20% y-o-y growth for all three quarters in 2022
  - Yet to recover fully to pre-Covid level

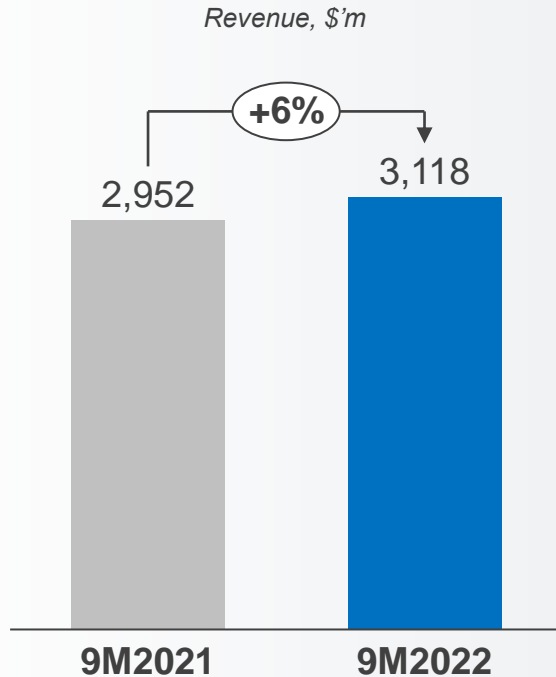


## Urban Solutions & Satcom



- **54% y-o-y revenue increase**
  - Contribution from TransCore
  - Higher Smart City project milestones recognition
- **New contract wins of \$2.0b in 3Q2022, totaling \$2.7b for 9M2022**
  - \$1.4b Turnkey rail contract for Kaohsiung MRT Yellow Line
- **Global chip shortages continue to impact this segment**

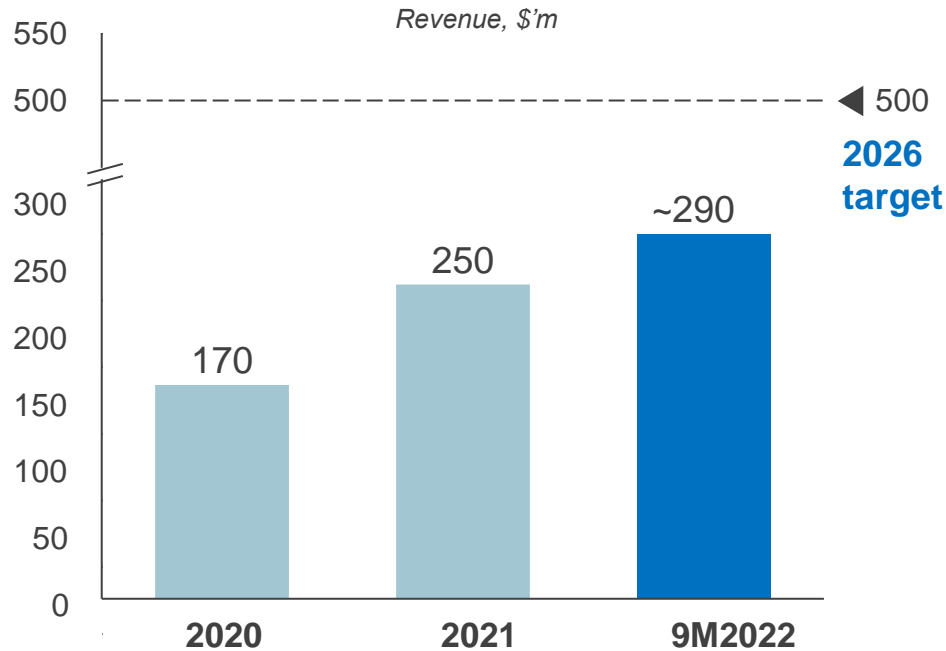
## Defence & Public Security



- **6% y-o-y revenue increase**
  - Growth from all sub-segments
- **New contract wins of \$1.8b in 3Q2022, totaling \$4.5b for 9M2022**
  - Significant international defence contract wins (>\$300m) in the Middle East

## Business Segments Revenue

# Strong momentum in Digital Business



**Digital Business:**  
Cloud, AI Analytics & Cyber

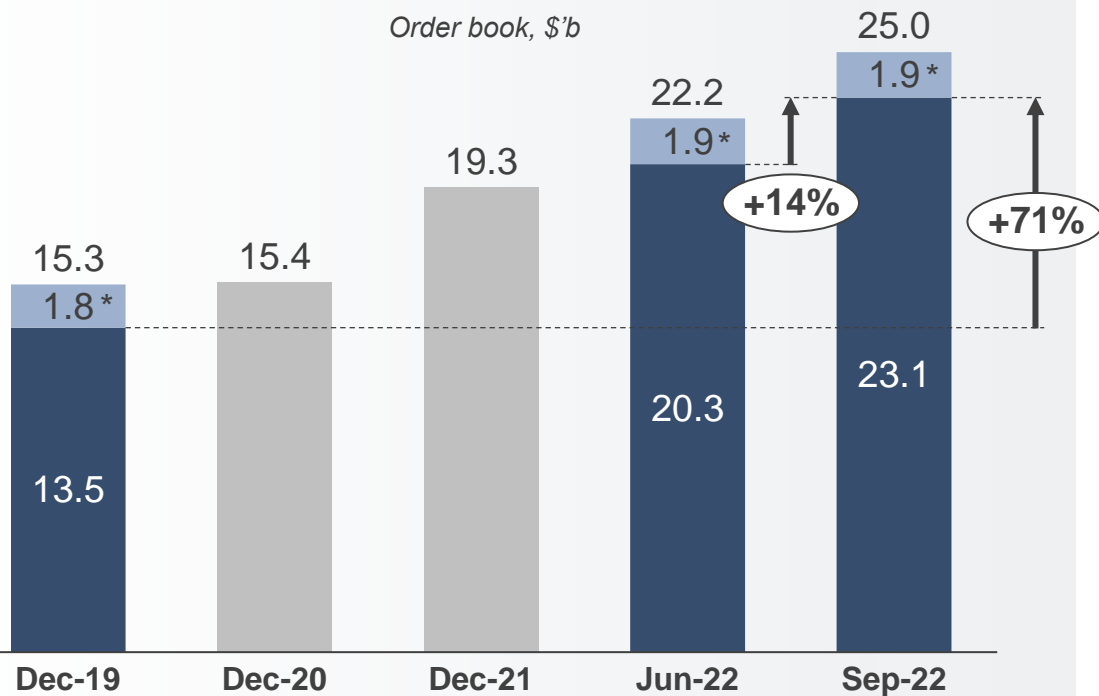
- Ride on digitalisation trends and opportunities
- Leverage strong capabilities with end-to-end solutions
- Continue to invest in tech and innovation
- Tap partnerships to scale up and differentiate
- On track to meet 2026 target

## \$4.8b New Contracts Secured in 3Q2022

	3Q2022	Highlights
<b>Commercial Aerospace</b>	\$1.0b	<ul style="list-style-type: none"> <li>• Multi-year line maintenance contract from an Asian airline.</li> <li>• Multi-year component MBH™ contracts from Nok Air and Turkish Technic.</li> <li>• P2F including 15 A321P2F conversions by a major leasing company.</li> </ul>
<b>Urban Solutions &amp; Satcom</b>	\$2.0b	<ul style="list-style-type: none"> <li>• Prime contractor for Kaohsiung MRT Yellow Line, contracts for Singapore Cross Island Line and Sengkang-Punggol LRT depot expansion.</li> <li>• Tolling projects (TransCore) in Pennsylvania and Dubai.</li> <li>• Water metering solutions in the U.S, Smart Lighting contracts in Singapore, and a Perimeter Intrusion Detection System contract for an airport.</li> <li>• Satcom contracts across key verticals including with Türksat for services in the Middle East and Africa.</li> </ul>
<b>Defence &amp; Public Security</b>	\$1.8b	<ul style="list-style-type: none"> <li>• Training &amp; simulation solutions to several international customers.</li> <li>• International defence contracts in the Middle East.</li> <li>• Ship repair and maintenance contracts in Singapore.</li> </ul>
<b>Total</b>	<b>\$4.8b</b>	

# Robust Order book as at 30 Sep 2022

Order book, \$'b

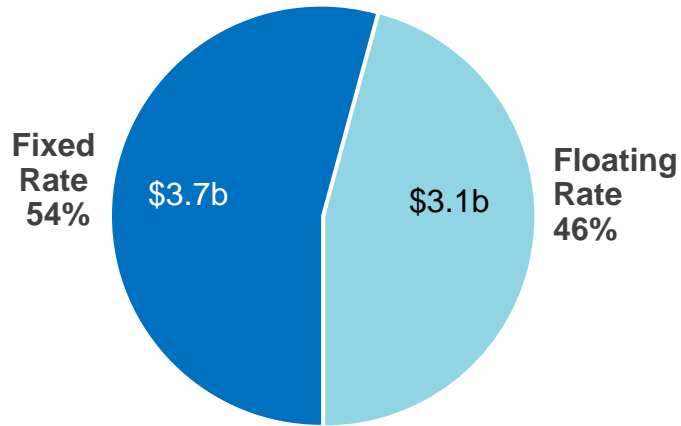


- \$25.0b as at 30 Sep 2022
- \$2.5b expected to be delivered in 4Q2022
- Total **4Q2022** new contracts (incl. ~\$1.5b toll systems for New Jersey) will more than offset \$1.9b U.S. Marine order book divested

\* U.S. Marine Orderbook; divested on 14 Nov 2022

## Interest Rate Debt Profile

# Balanced Fixed vs Floating Interest Rate Debt Profile



**\$6.8b Borrowings  
as at 30 Sep 2022**

- Fixed vs floating interest rate ratio of 54%:46% – balanced and in accordance with interest rate hedging policy<sup>1</sup>
- Plan to term out between US\$500m and US\$700m through new fixed coupon bonds or loans
- US\$32m of T-lock gains in hedging reserves will reduce interest rate for next bond issuance or loans

Management of Capital Employed

## Capital Employed Optimisation



Continue to  
optimise  
net working capital



Divest non-core  
businesses



Target to securitise  
aviation leasing  
assets

# Investor Day 5-Year Plan on Track

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

Net profits\* to grow in tandem with revenue

## Core Business

- Divested U.S. Marine to high-grade Group portfolio
- Continued recovery of Commercial Aerospace

## Smart City

- Acquired TransCore and secured large-scale mobility contracts in the U.S. and Taiwan

## Digital Business

- Strong growth momentum

## International Defence Business

- Significant defence contract wins in the Middle East





# Summary

- 1 Group 9M2022 revenue at \$6.5b, 19% higher y-o-y.
- 2 Strong contract wins of \$10.3b in 9M2022, including \$4.8b secured in 3Q2022.
- 3 Robust order book of \$25.0b as at 30 Sept 2022. Total 4Q2022 new contracts (incl. ~\$1.5b toll systems for New Jersey) will more than offset \$1.9b U.S. Marine order book divested.
- 4 Balanced fixed vs floating interest rate debt profile.
- 5 Optimisation of capital employed.
- 6 3Q2022 interim dividend of 4.0 cents per share.

**Thank you**