

Financial Results Briefing

First Quarter 2011

11 May 2011



1Q2011 Results







Double-Digit Growth

Agenda

- **Financial Highlights**
 - *1Q2011 vs 1Q2010*
 - *1Q2011 vs 4Q2010*
- **Business Review**
 - *Sector Operations*
- **Outlook**

Financial Highlights

for the first quarter ended 31 March 2011

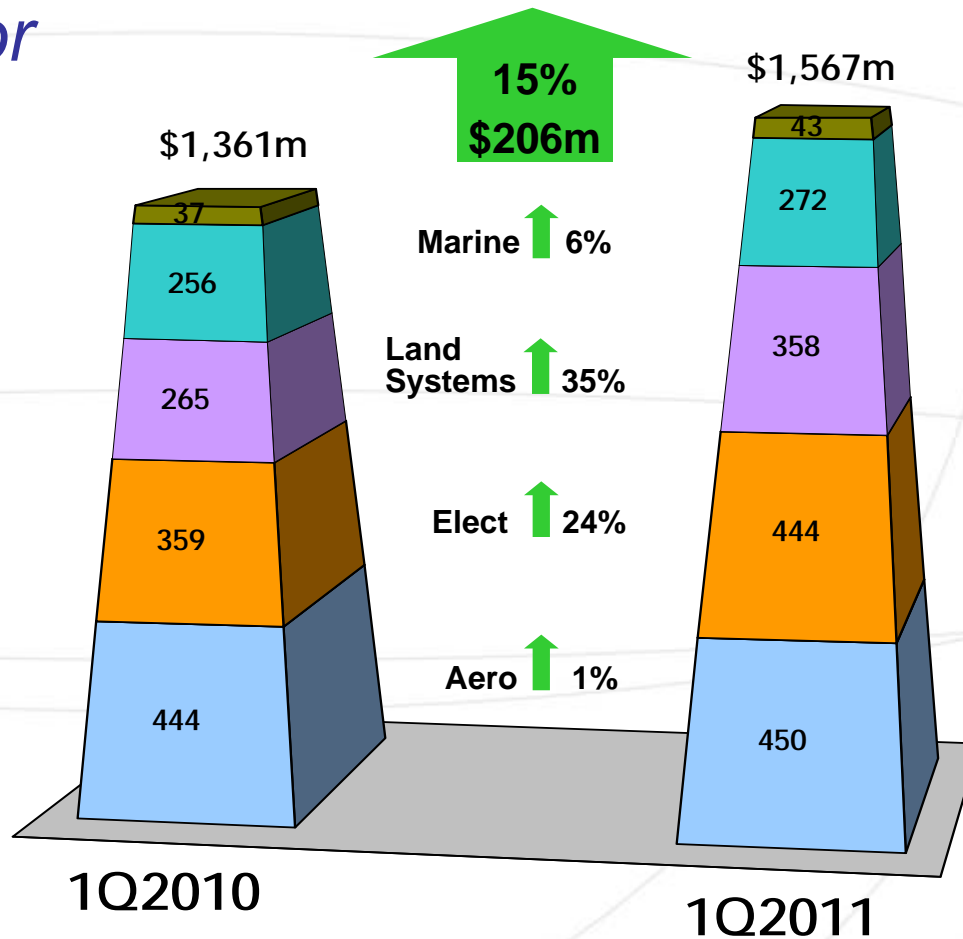
\$ m	1Q2011 (a)	1Q2010 (b)	Change (a) / (b)
Revenue	1,567	1,361	 15%
EBIT	129.2	110.9	 17%
Other income, net	8.7	10.5	 17%
Finance costs, net	(6.1)	(18.9)	 68%
PBT	138.0	116.6	 18%
Net Profit	111.1	92.8	 20%

Financial Highlights

for the first quarter ended 31 March 2011

- Commercial sales at 57% (FY2010: 59%) or \$892m of 1Q2011 revenue
- \$11.3b order book; about \$3.0b to be delivered in next three quarters (end 2010: \$11.5b)
- CCE and short-term investments of \$1.85b (FY2010: \$1.79b)

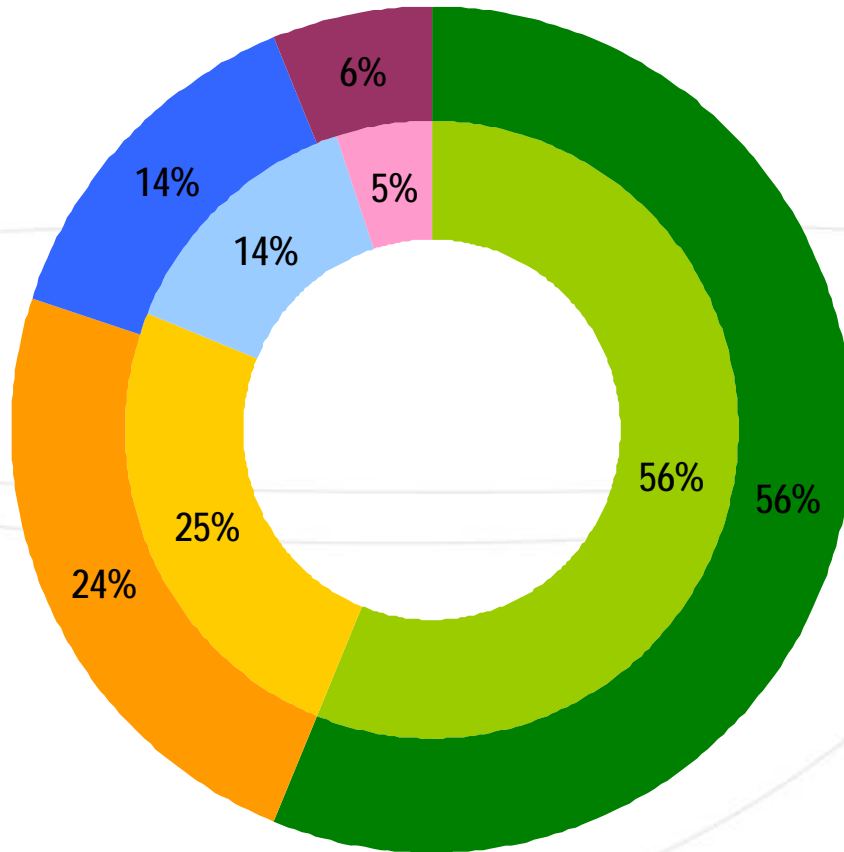
Group Revenue by sector



Revenue higher by 15%
Growth from all sectors except for Aerospace sector which had comparable revenue

Group Revenue

Breakdown by location of customers (by geography)

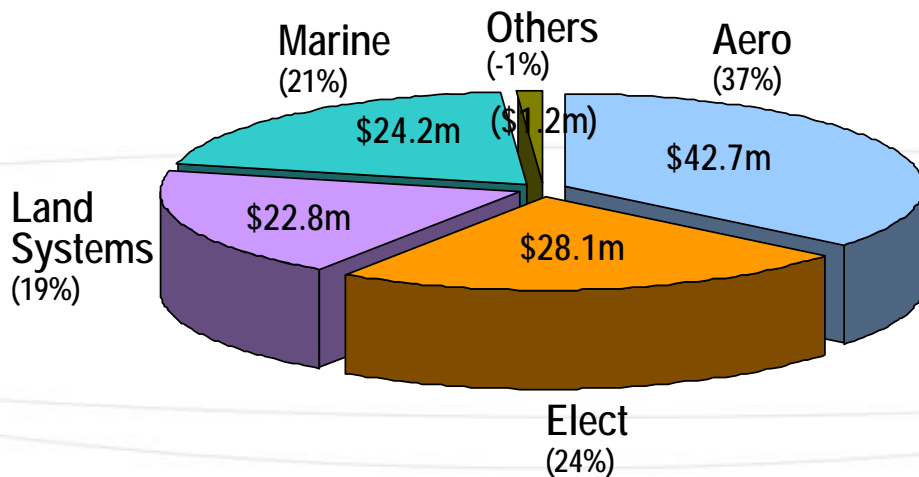


Locality	1Q2010		1Q2011	
	\$m	%	\$m	%
Asia	765	56	880	56
USA	339	25	378	24
Europe	188	14	224	14
Others	69	5	85	6
Total	1,361	100	1,567	100

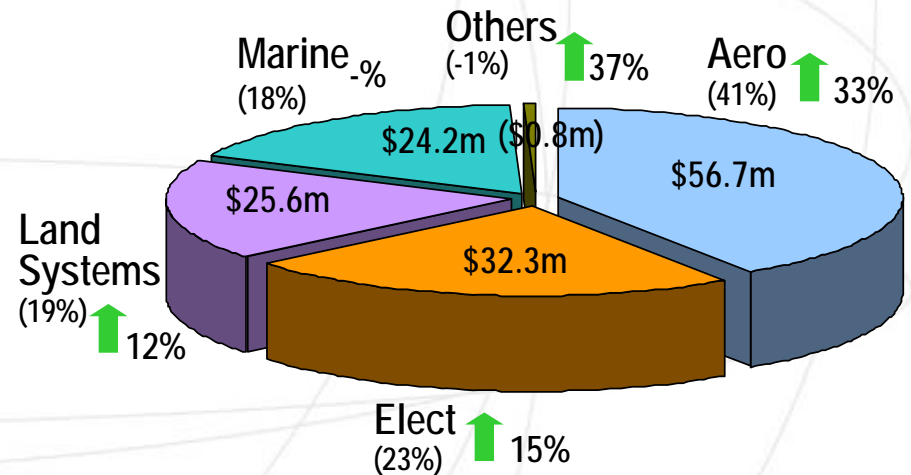
Profit Before Tax

by sector

1Q2010



1Q2011



\$116.6m

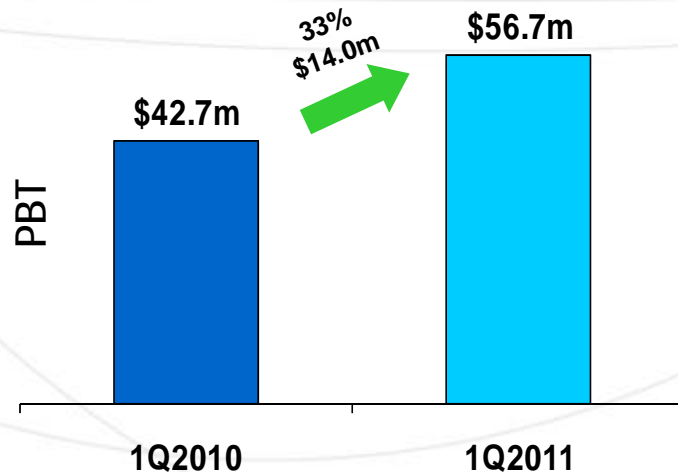
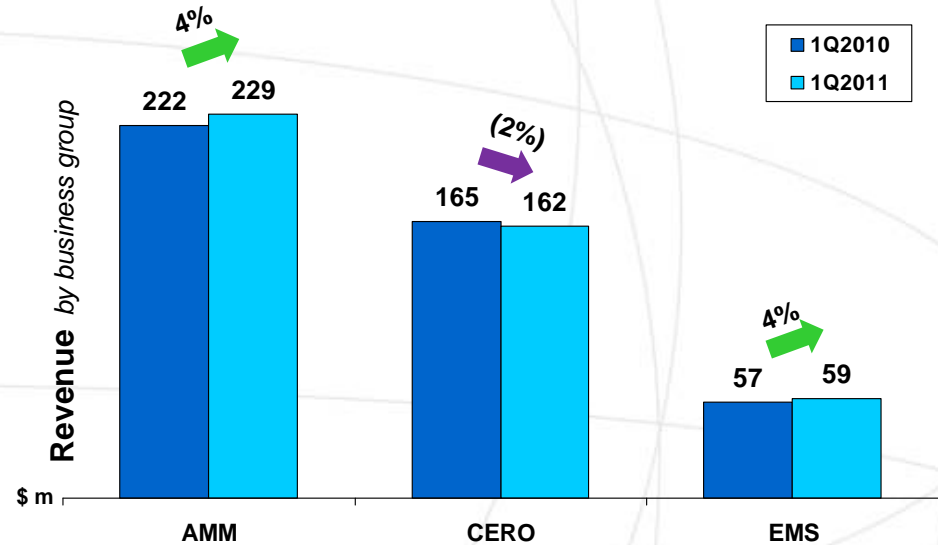
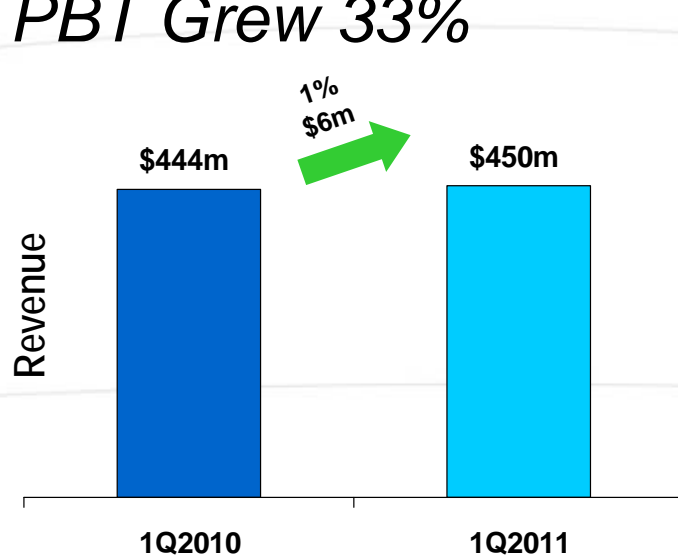
18%
\$21.4m

\$138.0m

Higher by 18%
Higher PBT in all sectors except for Marine sector which had comparable PBT

Aerospace

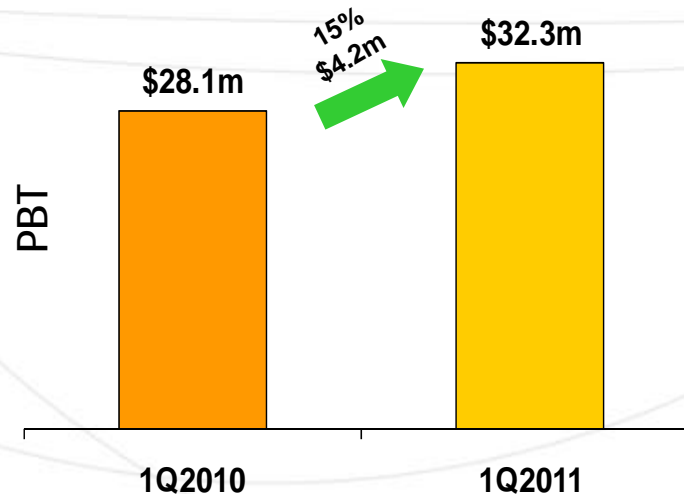
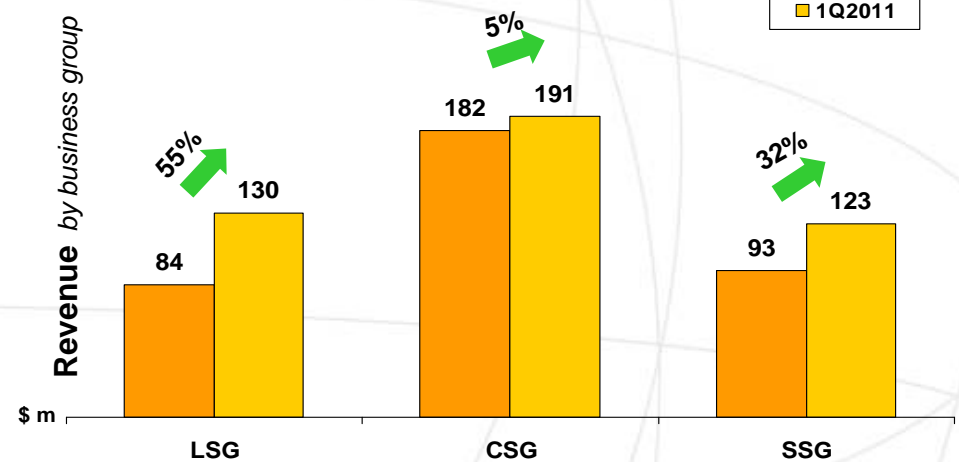
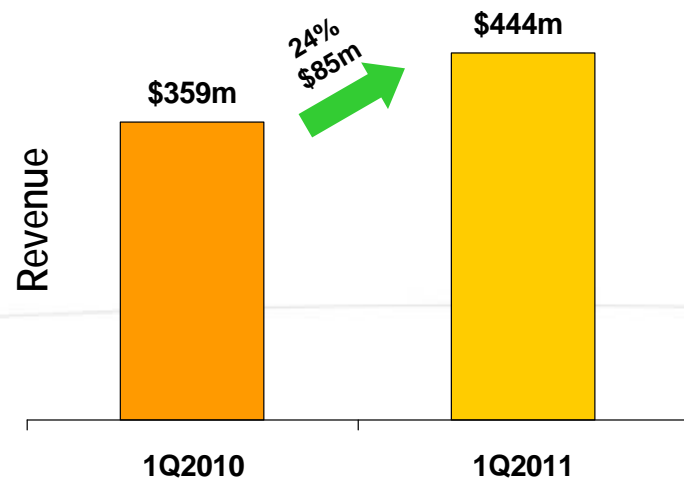
PBT Grew 33%



- Comparable Revenue at \$450m
 - More aircraft redeliveries (AMM) and higher MBH™ sales (EMS)
 - Offset by:
 - Lower sales in the components business (CERO)
- PBT higher by 33% or \$14.0m to \$56.7m
 - Favourable sales mix
 - Favourable foreign exchange impact
 - Partially offset by:
 - Higher administrative expenses

Electronics

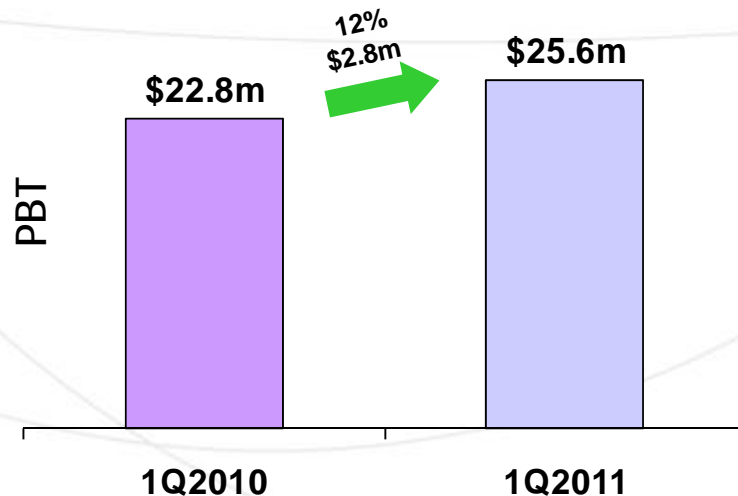
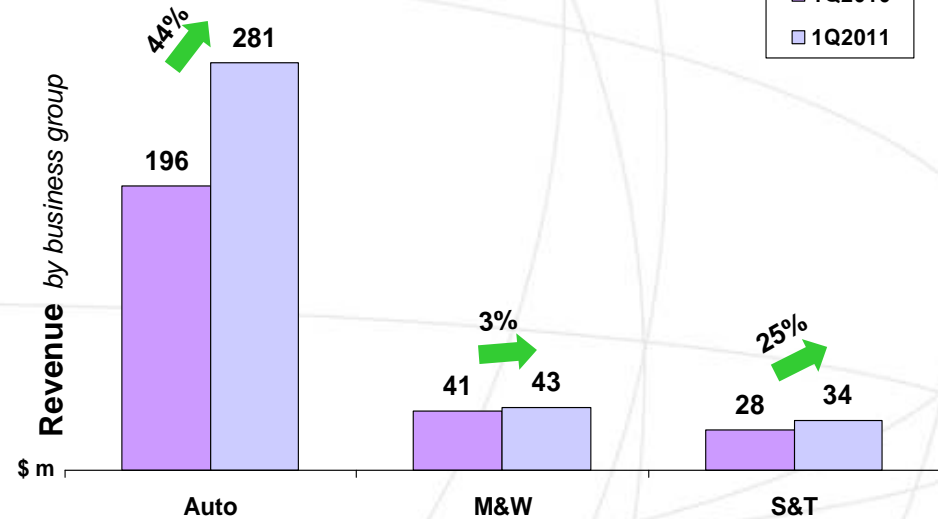
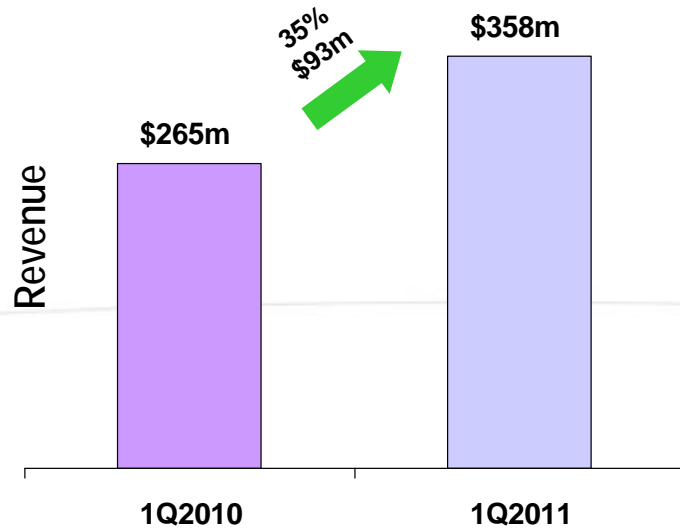
Strong Performance in 1Q2011



- Revenue higher by 24% or \$85m to **\$444m**
 - Milestone completions of LTA's Circle Line Project and half height platform screen doors project (LSG)
 - Milestone completions of communication projects (CSG)
 - Milestone completions of various software system projects (SSG)
- PBT higher by 15% or \$4.2m to **\$32.3m**
 - In line with higher revenue
 - Partially offset by:
 - Less favourable sales mix
 - Higher operating expenses

Land Systems

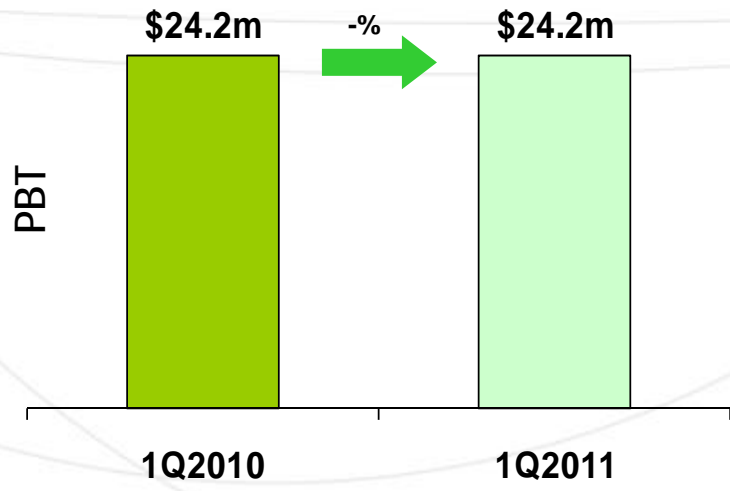
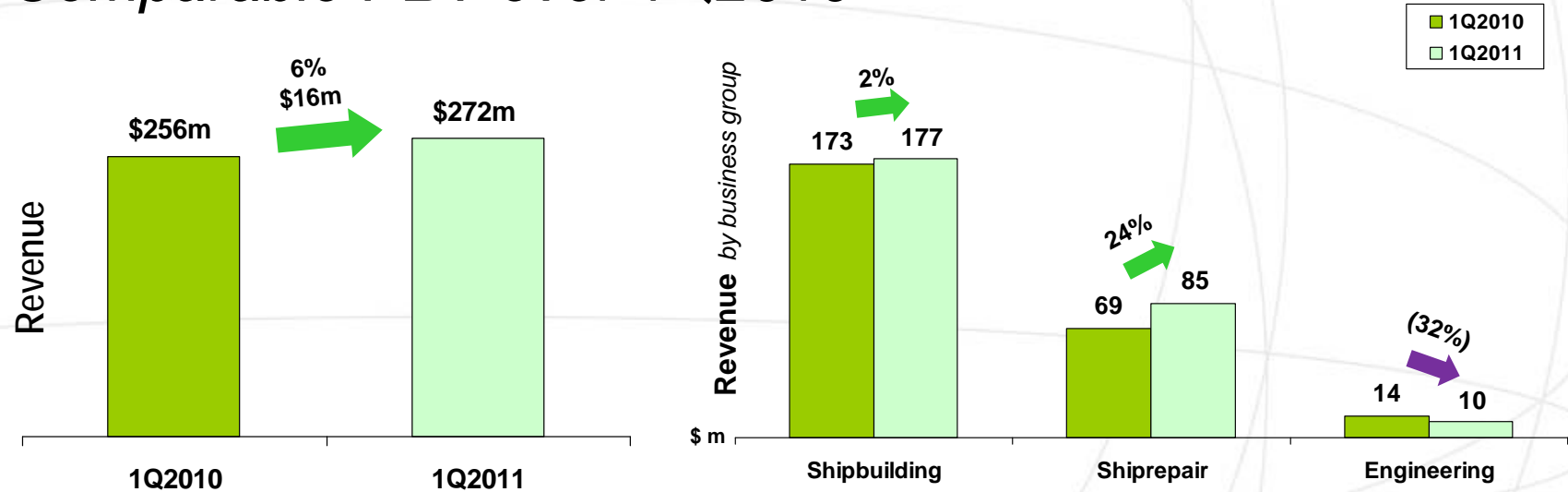
Higher Year-on-Year 1Q PBT



- Revenue higher by 35% or \$93m to \$358m
 - Higher project deliveries (Auto)
 - PBT higher by 12% or \$2.8m to \$25.6m
 - Lower operating expenses
 - Positive fair value change of embedded derivatives
- Partially offset by:
- Unfavourable product mix

Marine

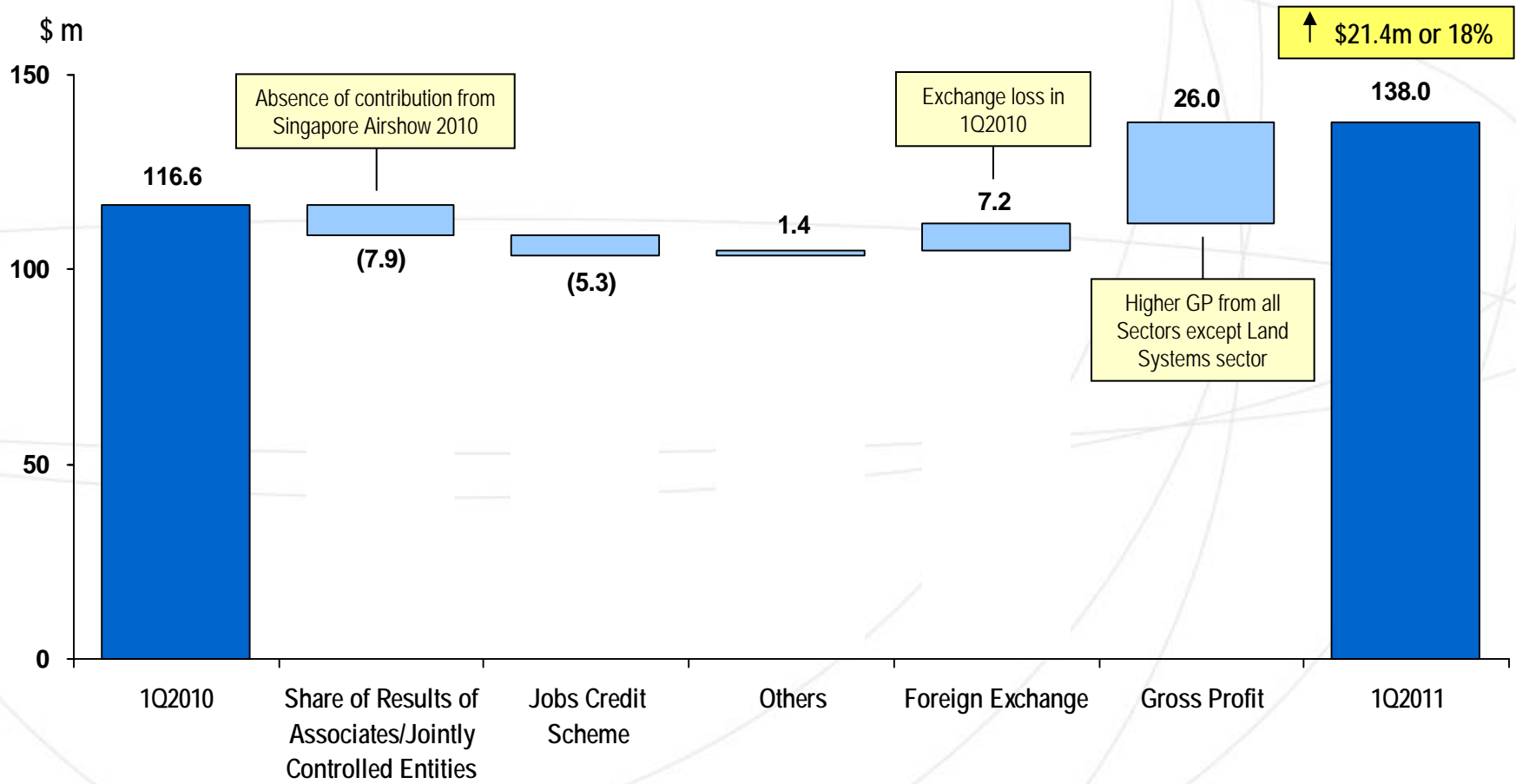
Comparable PBT over 1Q2010



- Revenue higher by 6% or \$16m to \$272m
- Higher shiprepair activities
- Comparable PBT at \$24.2m

Profit Before Tax

1Q2011 vs 1Q2010



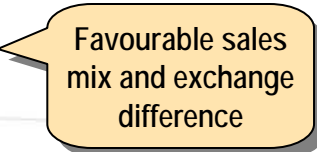
EBITDA / EBIT - Group

\$ m	1Q2011	1Q2010	%
EBITDA	161.3	153.0	5
Depreciation & amortisation	<u>(32.1)</u>	<u>(42.1)</u>	24
EBIT	129.2	110.9	17
Other income, net	8.7	10.5	(17)
Finance costs, net	(6.1)	(18.9)	68
Associates and jointly controlled entities	6.2	14.1	(56)
Profit before tax	138.0	116.6	18

Favourable foreign exchange impact

Absence of contribution from Singapore Airshow 2010

PBT Margin *by sector*

	1Q2011		1Q2010
	%		%
Aerospace	13		10
Electronics	7		8
Land Systems	7		9
Marine	9		9
Group	9		9

Steady PBT Margin

Net Profit *by sector*

\$ m	1Q2011		1Q2010		Change	
Aerospace	45.0	41%	32.8	35%	↑	37%
Electronics	26.9	24%	22.6	24%	↑	19%
Land Systems	22.6	20%	18.4	20%	↑	23%
Marine	18.0	16%	19.0	21%	↓	5%
Others	(1.4)	(1%)	-	-	↓	NM
Group	111.1	100%	92.8	100%	↑	20%

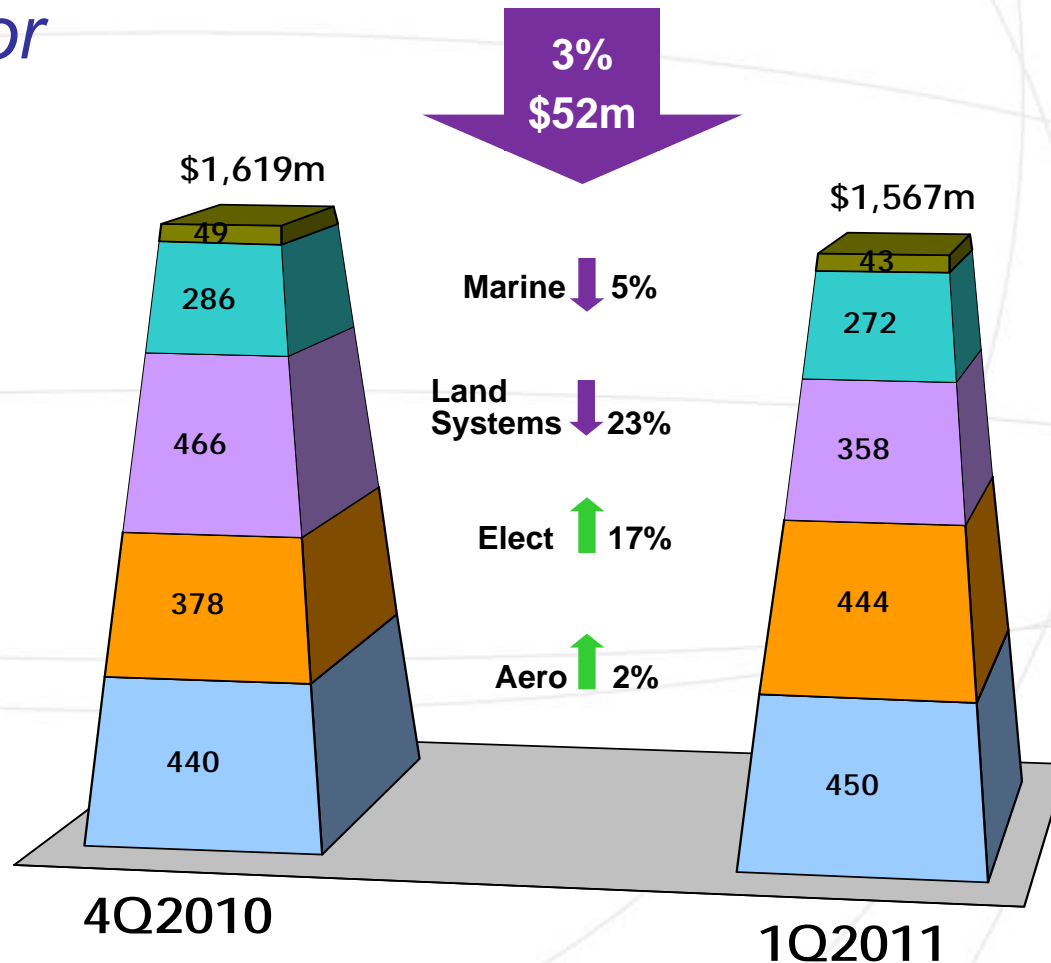
Higher Net Profit in all Sectors except for Marine sector

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Group Revenue

by sector

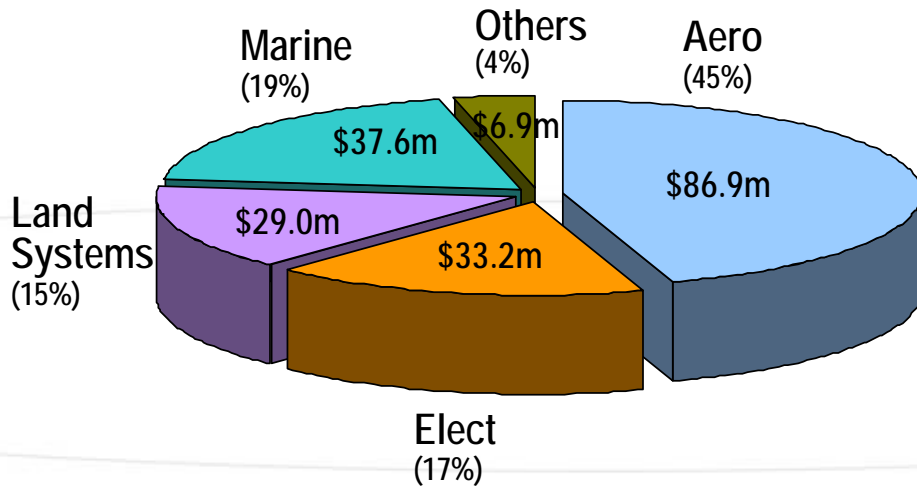


Comparable Revenue

Lower revenue from Land Systems and Marine sectors offset by higher revenue from Electronics sector

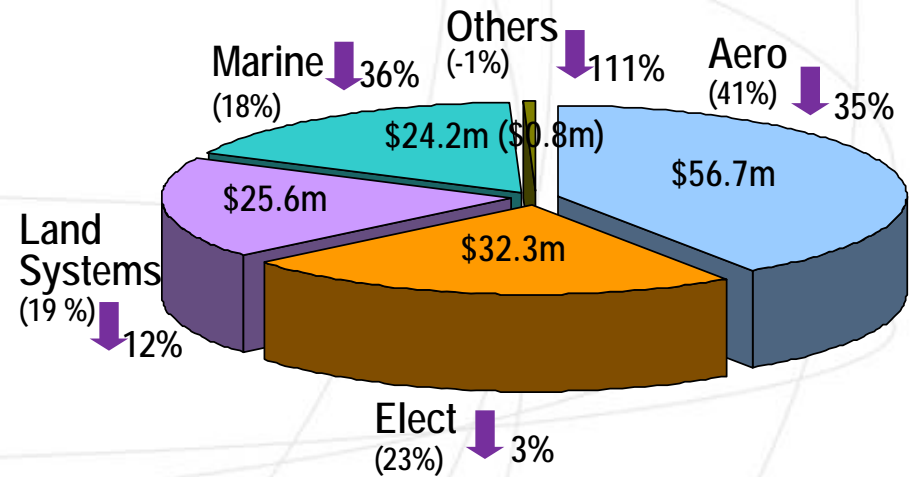
Profit Before Tax by sector

4Q2010



\$193.6m

1Q2011



\$138.0m

29%
\$55.6m

Lower by 29%
Lower PBT in all Sectors except for Electronics sector which had comparable PBT

Statement of Cash Flows

\$ m	1Q2011	1Q2010
Cash flow from/(used in) :		
Operating activities	105	457
Investing activities	(129)	(103)
Financing activities	(4)	(52)
Net (decrease)/increase in CCE	<u>(28)</u>	<u>302</u>
CCE at beginning of the period	1,592	1,514
Exchange difference	(4)	(9)
CCE at end of the period	<u>1,560</u>	<u>1,807</u>

Purchase of PPE and short-term investments

* CCE - Cash & Cash Equivalents

Balance Sheet

\$ m	31 Mar 2011	31 Dec 2010
Property, plant and equipment	1,318	1,302
Associates & jointly controlled entities	281	281
Investments	17	16
Intangible assets	568	580
Investment properties	2	2
Long-term receivables, non-current	36	36
Amount due from related parties, non-current	7	7
Finance lease receivables, non-current	9	7
Derivative financial instruments	1	1
Deferred tax assets	119	119
<i>Non-current assets</i>	2,358	2,351
<i>Current assets</i>	5,025	4,917
Total assets	7,383	7,268
<i>Current liabilities</i>	3,428	3,551
<i>Non-current liabilities</i>	2,100	1,990
Total liabilities	5,528	5,541
<i>Share capital and reserves</i>	1,755	1,622
<i>Non-controlling interests</i>	100	105
Total equity and liabilities	7,383	7,268
Net current assets	1,597	1,366

Non-Current Liabilities

Increased by \$110m:

- Mainly due to refinancing of a long-term bank loan, current

Net Current Assets

Increased by \$231m:

- Decrease in bank loans following refinancing of a long-term bank loan, current
- Decrease in other creditors and accruals

Net Assets:
\$1.86b

Net Assets:
\$1.73b

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Business Review

– *Aerospace Operations*

■ AMM

- Secured \$320m of new contracts
- Redelivered 144 aircraft, including 5 PTF conversions
- Commenced 757 combi conversion
- Renovated Paya Lebar hangar – added one aircraft slot

■ CERO

- Completed services for 58 engines and 11,971 components
- Commenced 737 landing gear support in Singapore
- Completed test cell correlation, obtained CFMI approval of test cell and completed CAAC/FAA audit in Xiamen engine facility

Business Review

– *Electronics Operations*

■ LSG

- Secured a CCTV and Fence Intrusion Detection System contract from SMRT

■ CSG

- iDirect Government Technologies (iGT) awarded U.S. government proxy agreement to pursue classified government & military contracts
- Secured a US\$60m contract from Inmarsat to provide Ground Network Infrastructure for Inmarsat's Global Xpress Service

■ SSG

- Secured an Intelligent Water Management System from PUB
- VT MÄK secured a contract from Rheinmetall Canada to provide VR-Forces & VR-Vantage for Dutch Air Defense Operations Simulator



**CCTV & Fence Intrusion
Detection System**



VR-Forces 3D GUI

Business Review

– *Land Systems Operations*

- **Auto**
 - Delivered Terrex ICV, Warthog, specialised truck bodies and trailers, road construction and maintenance equipment, off-road dump trucks and excavators

- **M&W**
 - Delivered munitions and weapons

- **S&T**
 - Delivered test services and agency sales



Warthog Troop Carrier



Paver



40mm munitions

Business Review

– Marine Operations

■ Shipbuilding

- Launched Landing Platform Dock
- Delivered Seismic Survey Vessel, "*Pacific Finder*"
- Keel laid T-AGS 60 Class Oceanographic Survey Ship (OSS)
- Delivered 2nd 350,000 bbl Articulated Tug / Barge unit

■ Shiprepair

- Secured upgrading work on cutter suction dredger, "*Volvox Terranova*"
- Secured major repair work on research vessel, "*Pacific Explorer*"
- Completed upgrading work on offshore diving support construction vessel, "*Caballo Maya*"



"Pacific Finder"



Keel laying of T-AGS 60
Class OSS

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Group Outlook for 1H2011

Barring unforeseen circumstances, the Group expects to achieve higher revenue and PBT in 1H2011 compared to that of 1H2010.

- For Aerospace sector, 1H2011 revenue is expected to be comparable, whilst PBT is expected to be higher than that of 1H2010.
- For Electronics sector, 1H2011 revenue and PBT are expected to be higher than that of 1H2010.
- For Land Systems sector, 1H2011 revenue is expected to be higher, whilst PBT is expected to be comparable to that of 1H2010.
- For Marine sector, 1H2011 revenue and PBT are expected to be comparable to that of 1H2010.

Group Outlook for 1H2011

Aerospace

- To commence hangar construction in Guangzhou airframe facility
- To pursue new PTF capabilities and MBH™ opportunities
- To grow new engine services business
- To pursue new component investments

Group Outlook for 1H2011

Electronics

- Sales recognition from LTA's Circle Line and the Half Height Platform Screen Doors projects
- Sales recognition from an Advanced Combat Man System, a communication system project, an Integrated Resort project, the supply of telematics systems and satellite communication products
- Sales recognition from the milestone completions of various software system projects and managed services sales

Group Outlook for 1H2011

Land Systems

- Deliver Terrex ICV, balance of Warthog deliveries, munitions, weapons and specialty vehicles
- Continue to pursue key defence programmes
- Launch TRXBUILD at ConBuild Indonesia 2011

Group Outlook for 1H2011

Marine

- Expect to deliver Diving Support Vessel, "*Skandi Singapore*"
- Expect to launch 1st of 4 Fast Missile Craft and 2nd 8,000 HP Tug
- Expect to complete conversion work on combat logistics vessel, "*HMAS Success*"

Group Outlook for FY2011

Barring unforeseen circumstances, the Group expects to achieve higher revenue and PBT for FY2011 compared to that of FY2010.

President & CEO's Message

"The Group achieved strong growth for Revenue, PBT and Net Profit in the first quarter of this year compared to the corresponding quarter of 2010. Revenue rose by 15% while margins expanded with PBT and Net Profit growing 18% and 20% respectively. EBIT increased by 17% over the same period, representing a robust operating performance. The Group continued to secure new orders and ended the quarter with a strong order book at \$11.3b.

The Aerospace, Electronics and Marine sectors did well with double-digit PBT and Net Profit growth.

Barring unforeseen circumstances, the Group expects to achieve higher turnover and PBT for FY2011 compared to FY2010."

~ Tan Pheng Hock

Thank You

