

Financial Results Briefing

Second Quarter 2010

3 August 2010



2Q2010 Results











Improved Performance

Agenda

- **Financial Highlights**
 - *2Q2010*
 - *1H2010*
- **Business Review**
 - *Sector Operations*
- **Outlook**

Financial Highlights

for the second quarter ended 30 June 2010

\$ m	2Q2010 (a)	1Q2010 (b)	Change (a) / (b)	2Q2009 (c)	Change (a) / (c)
Turnover	1,518	1,361	 12%	1,409	 8%
EBIT	147.3	110.9	 33%	125.9	 17%
Investment, interest and other income	17.2	6.2	 179%	13.4	 29%
PBT	157.6	116.6	 35%	139.3	 13%
Net Profit	124.0	92.8	 34%	108.7	 14%

Improved Operating Performance
EBIT Grew 33% over 1Q2010 and 17% over 2Q2009

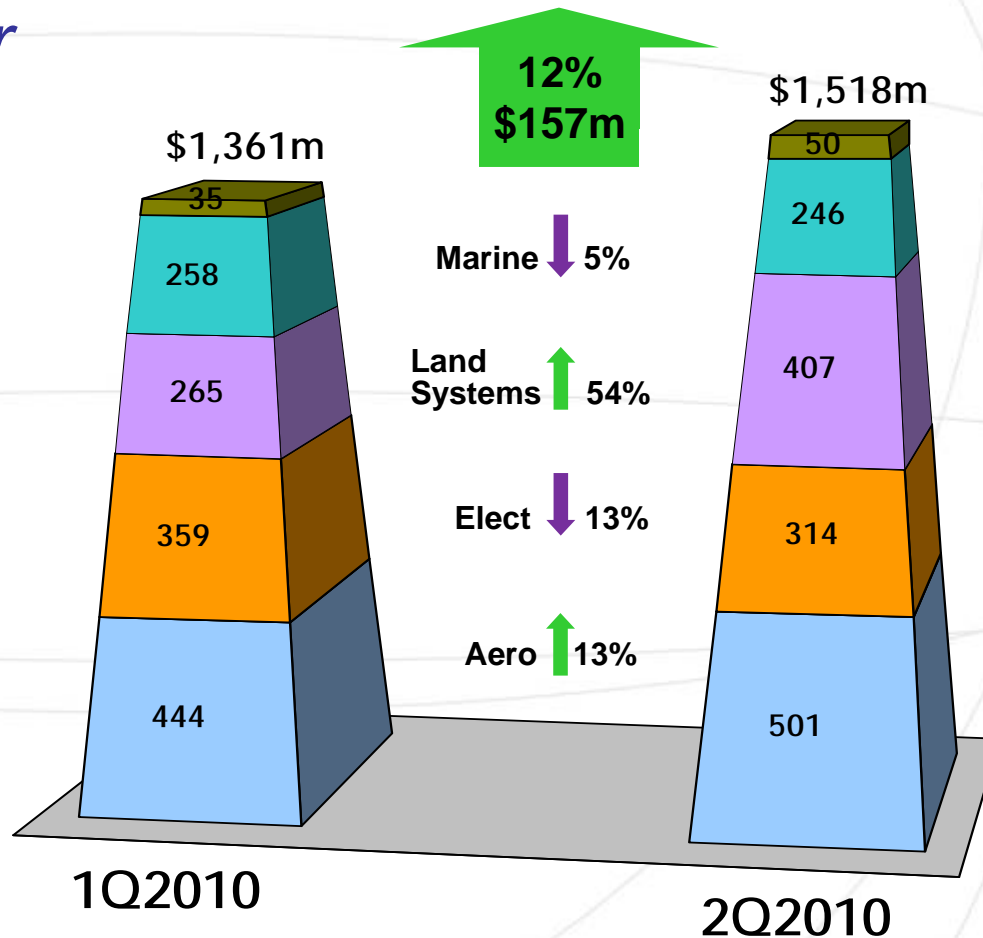
Financial Highlights

for the second quarter ended 30 June 2010

- Commercial sales at 60% (FY2009: 62%) or \$913m of 2Q2010 turnover
- \$11.3b order book; about \$2.2b to be delivered in 2H2010 (end March 2010: \$11.8b)
- CCE and short-term investments of \$1.72b (1Q2010: \$2.09b)
- EVA for 1H2010 at \$144.6m (1H2009: \$119.2m)
- Interim ordinary dividend of 3 cents per share payable on 9 September 2010

Group Turnover

by sector



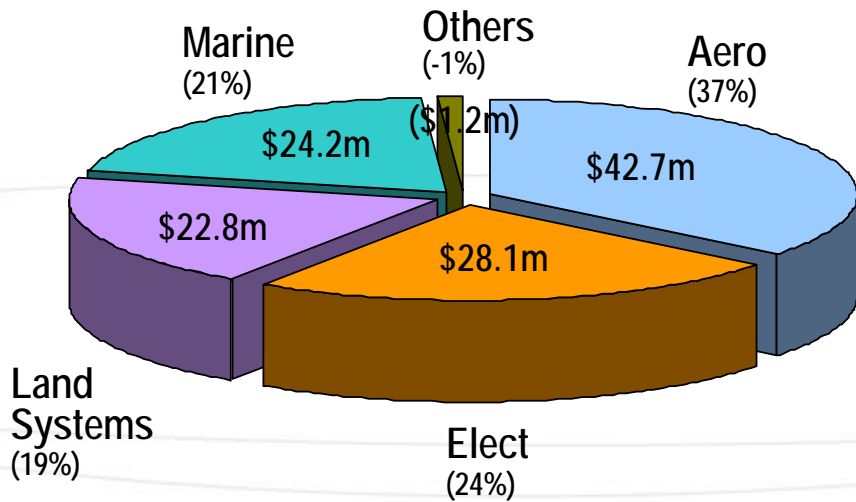
Turnover increased by 12%

Aerospace and Land Systems sectors had higher turnover, while Electronics and Marine sectors had lower turnover

Profit Before Tax

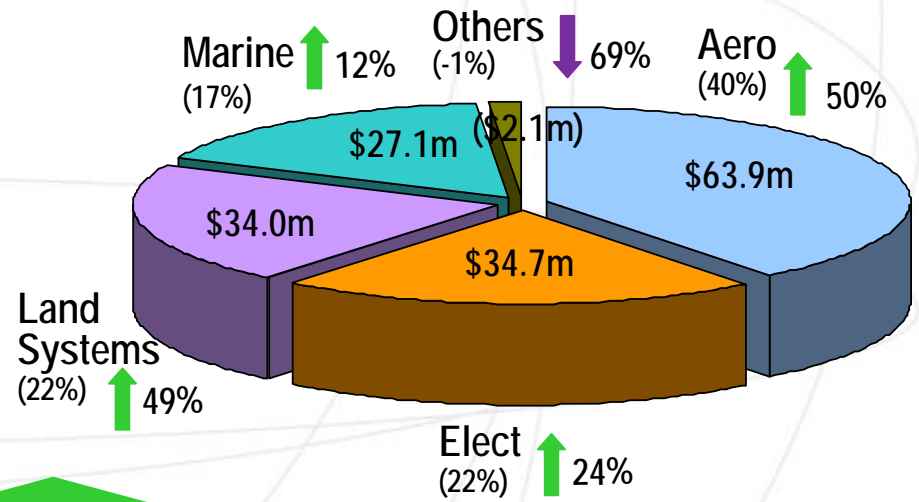
by sector

1Q2010



\$116.6m

2Q2010



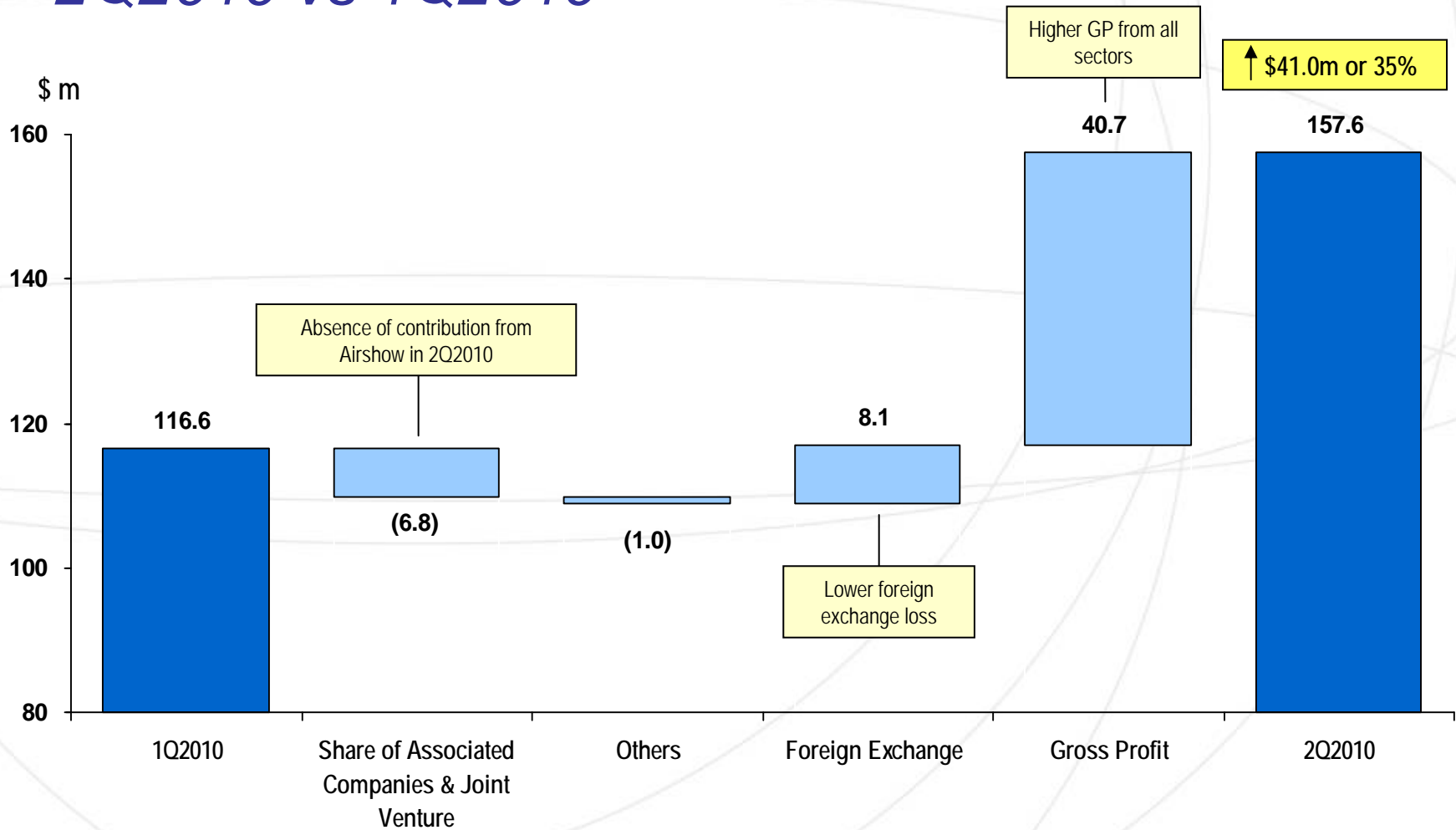
\$157.6m

35%
\$41.0m

Higher PBT in all sectors

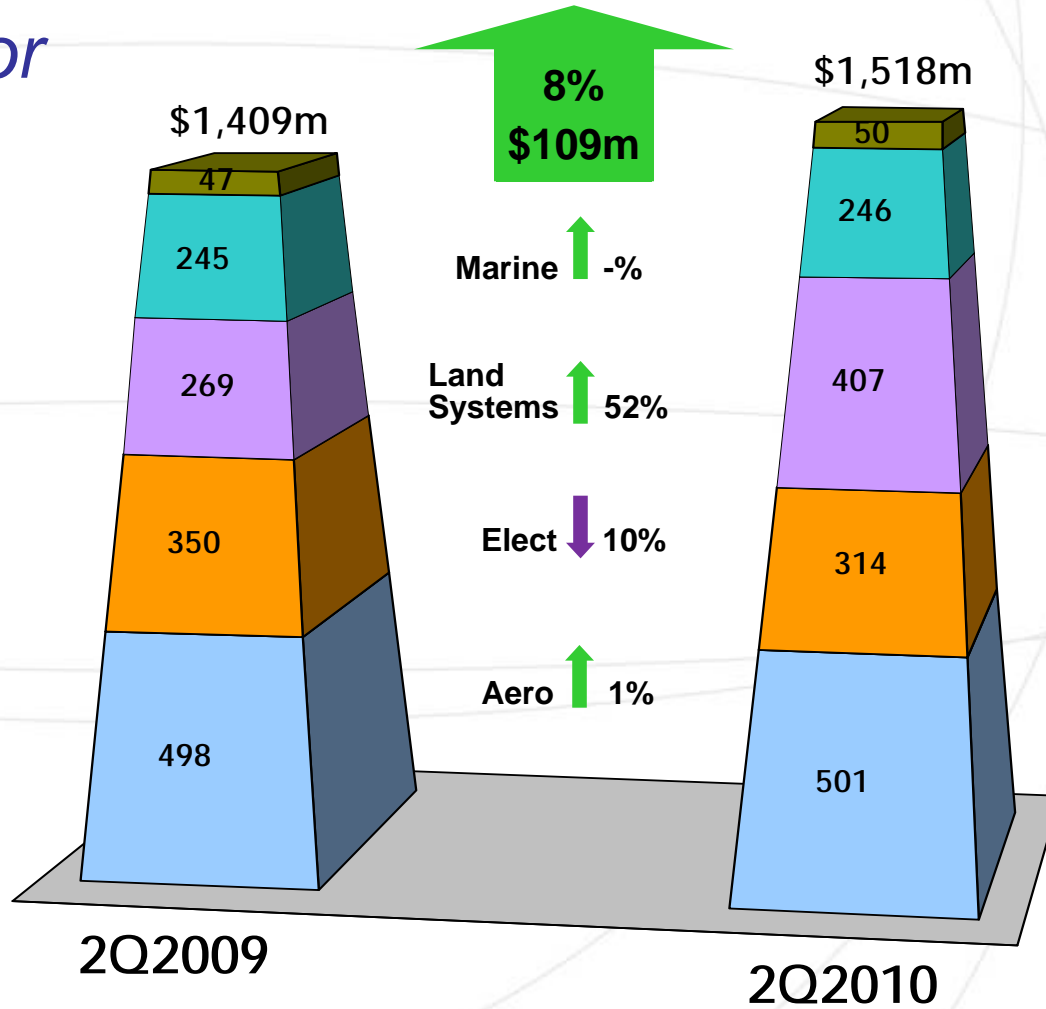
Profit Before Tax

2Q2010 vs 1Q2010



Group Turnover

by sector

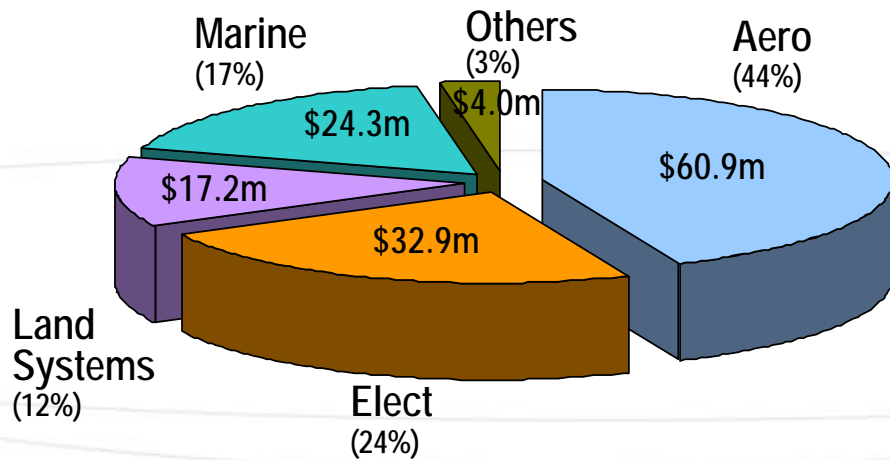


Turnover higher by 8%
 Growth from Land Systems sector, partially offset by Electronics sector

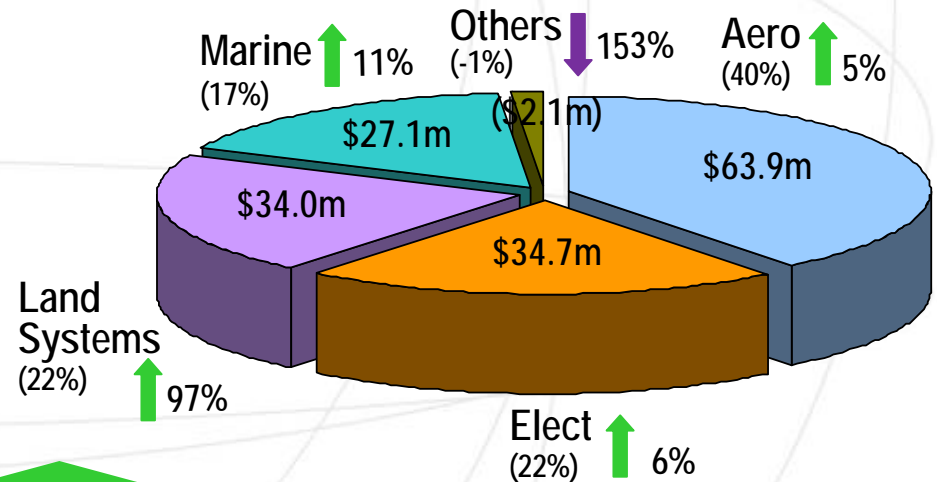
Profit Before Tax

by sector

2Q2009



2Q2010



\$139.3m

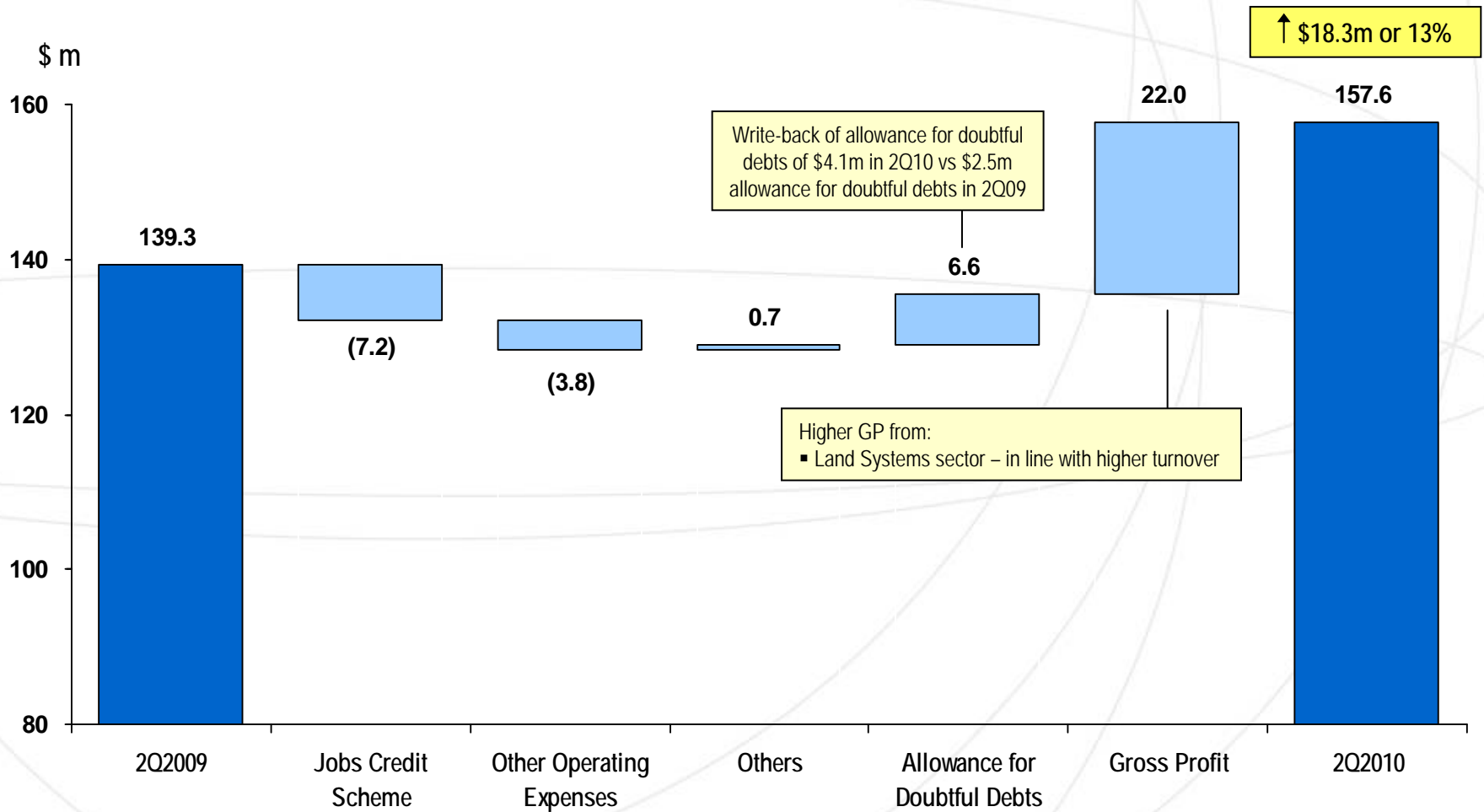
13%
\$18.3m

\$157.6m

Higher PBT in all sectors

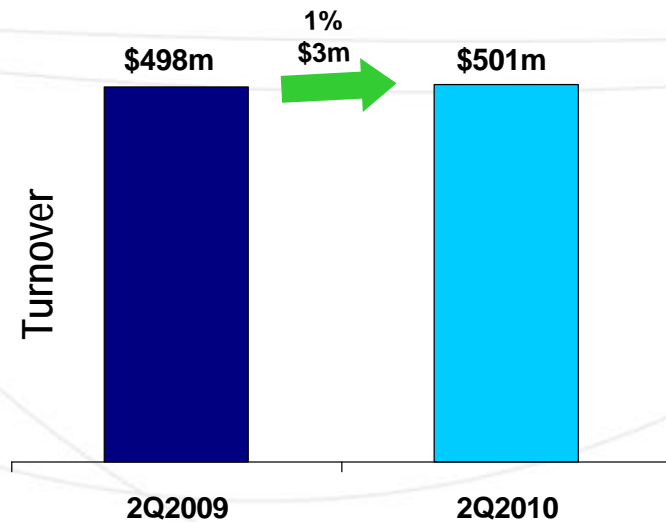
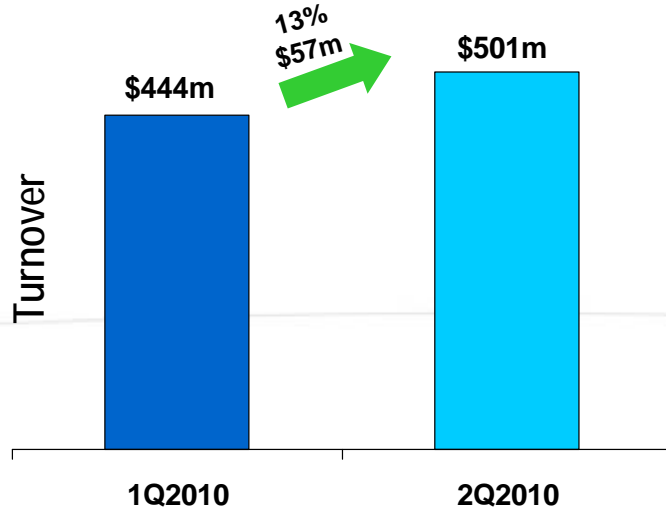
Profit Before Tax

2Q2010 vs 2Q2009

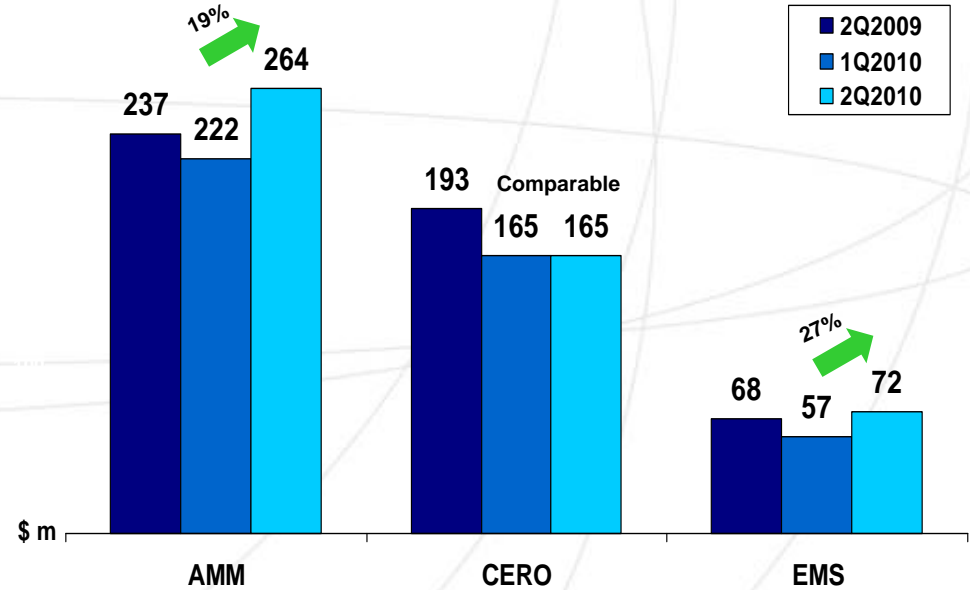


Aerospace

Steady Performance

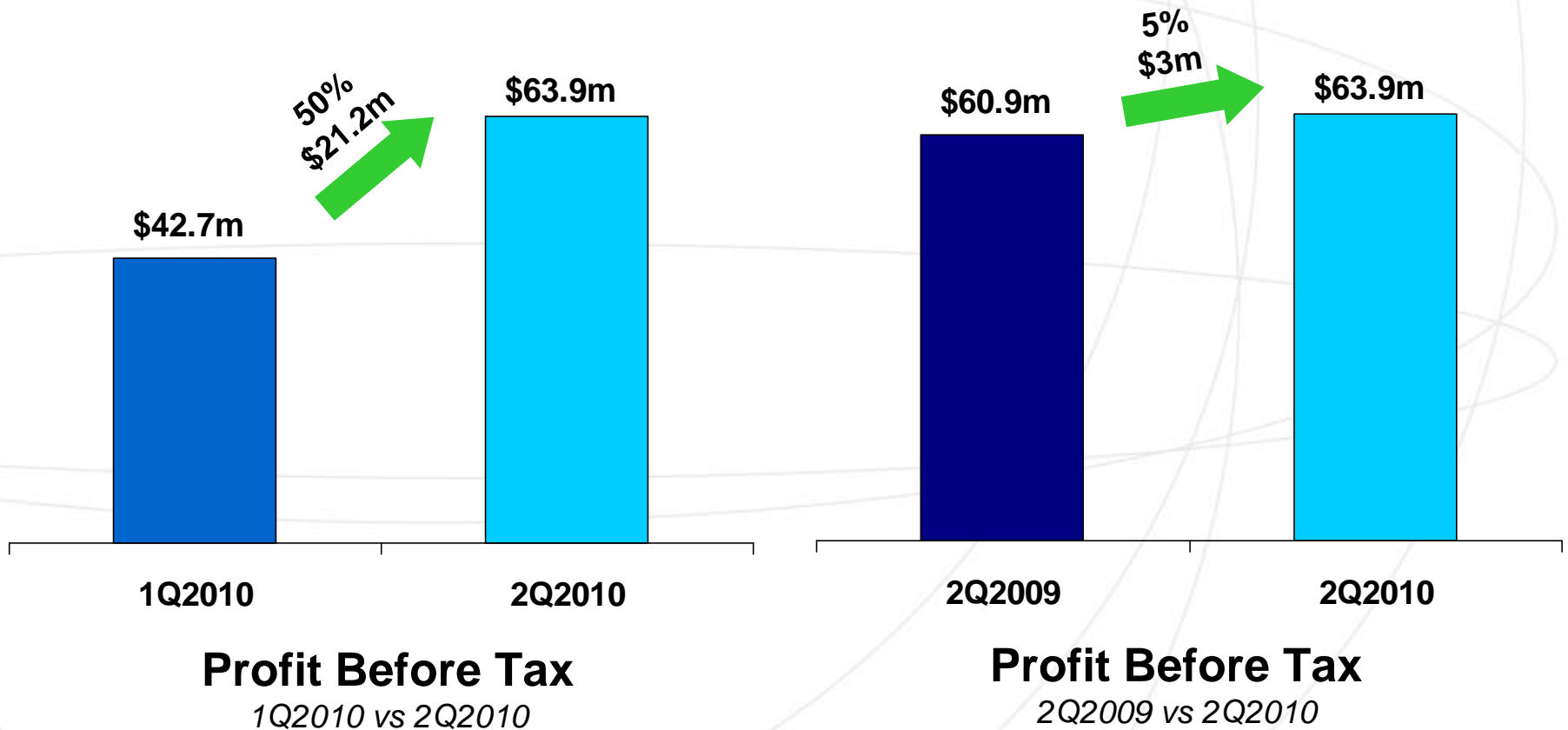


Turnover by business group



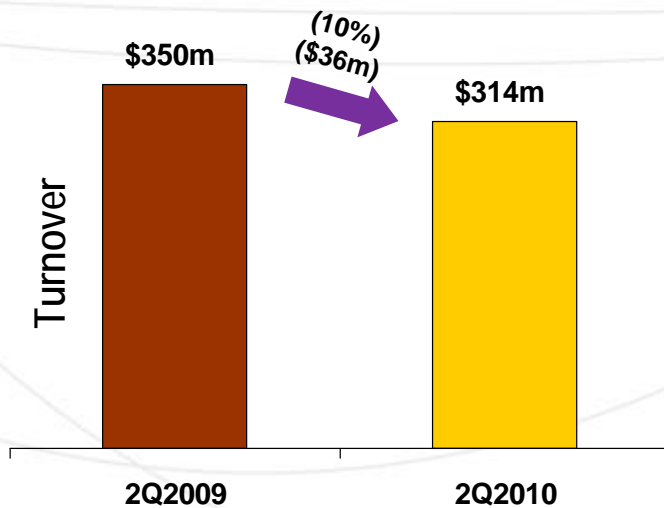
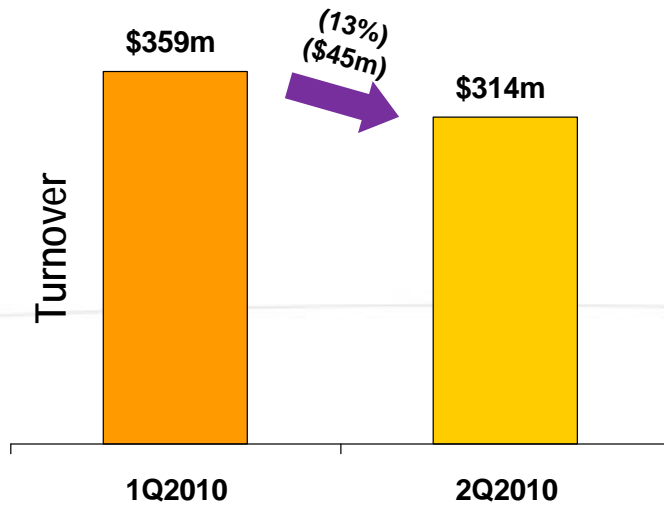
Aerospace

Steady Performance

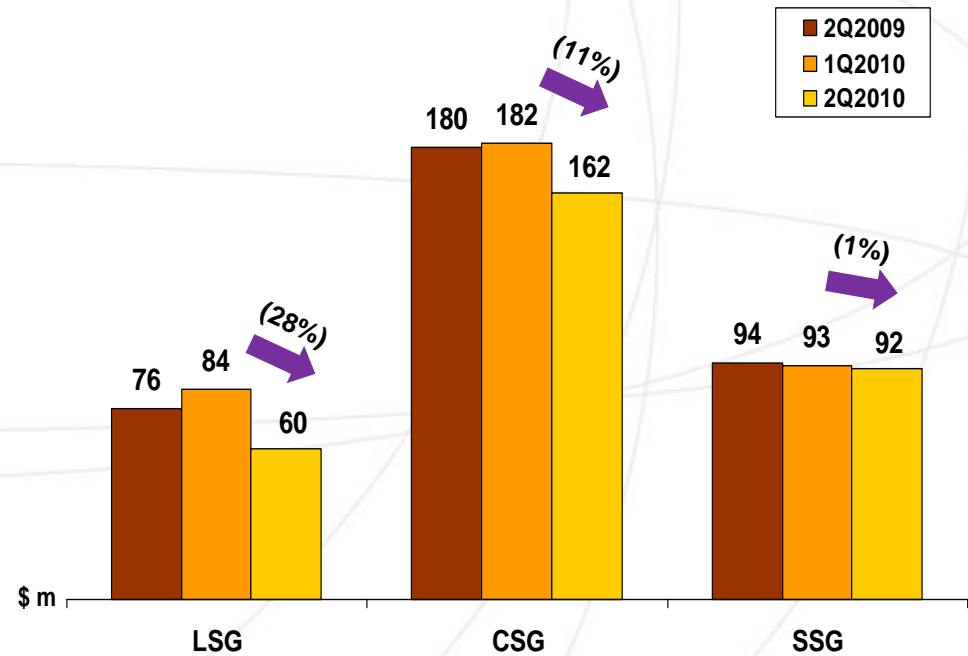


Electronics

Steady Profit Growth at 2Q

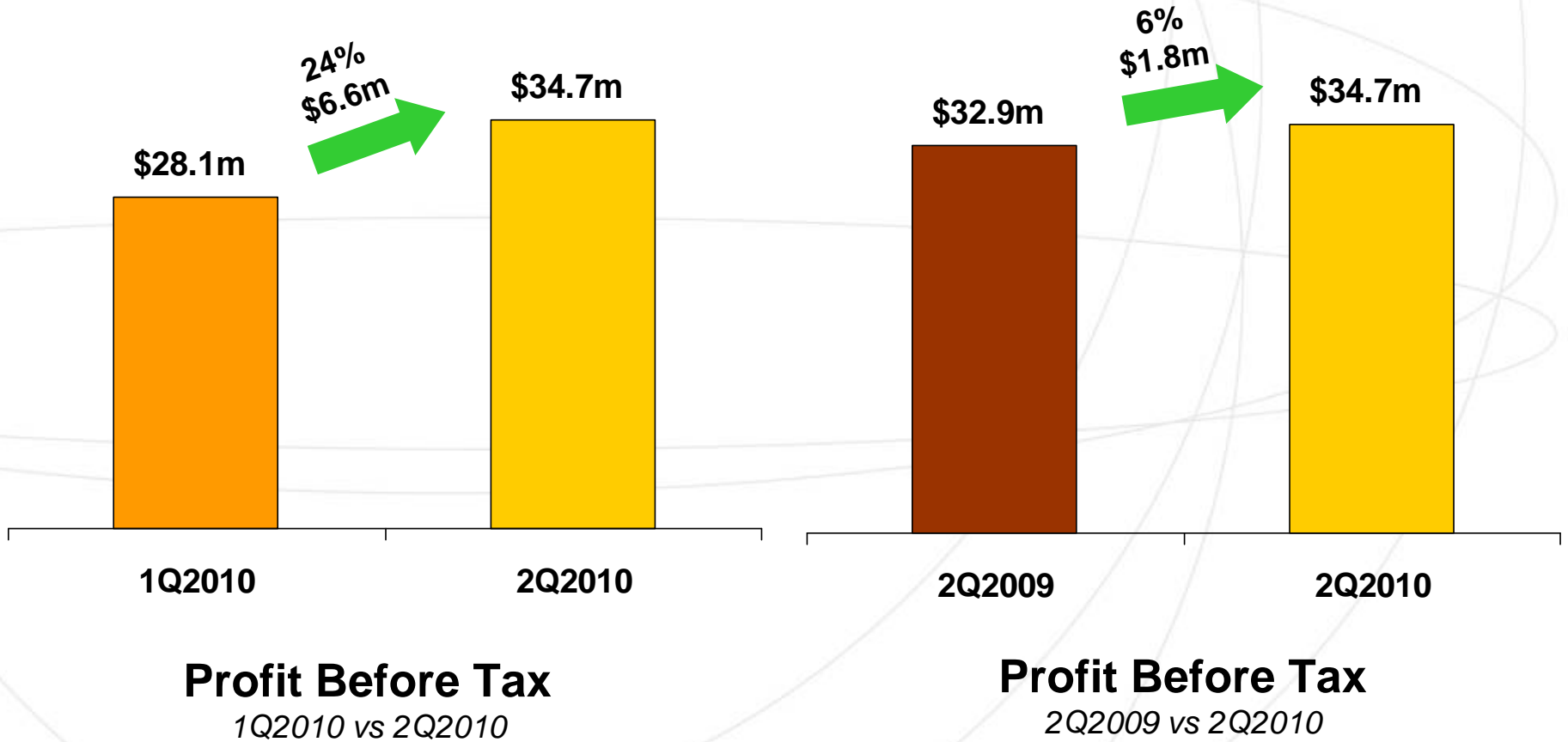


Turnover by business group



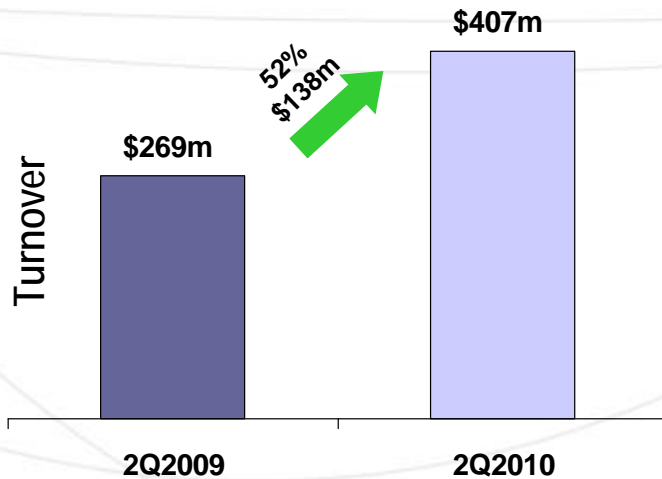
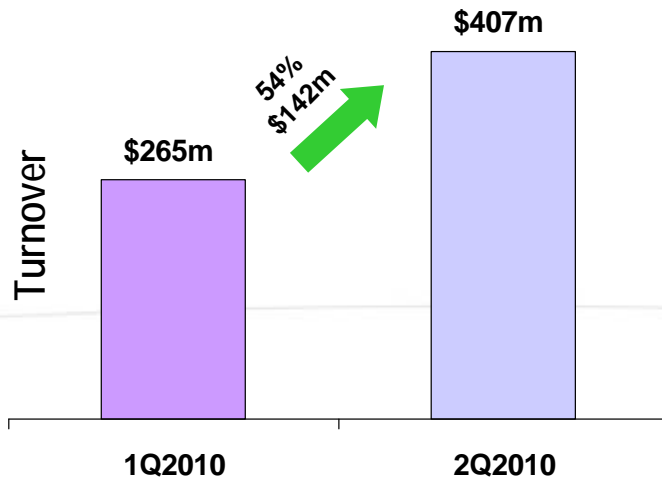
Electronics

Steady Profit Growth at 2Q

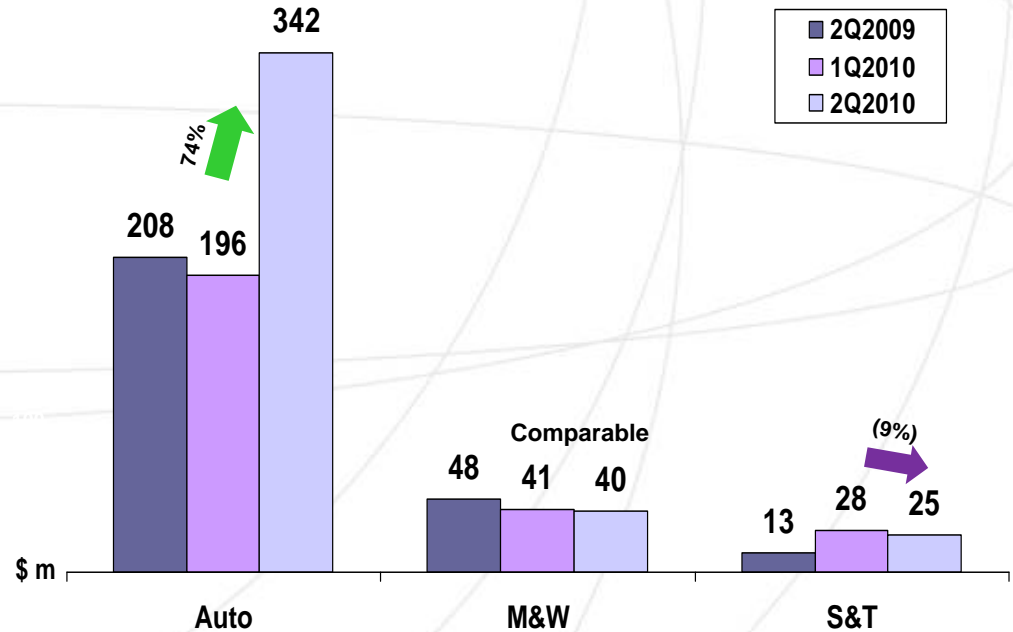


Land Systems

Higher Profits

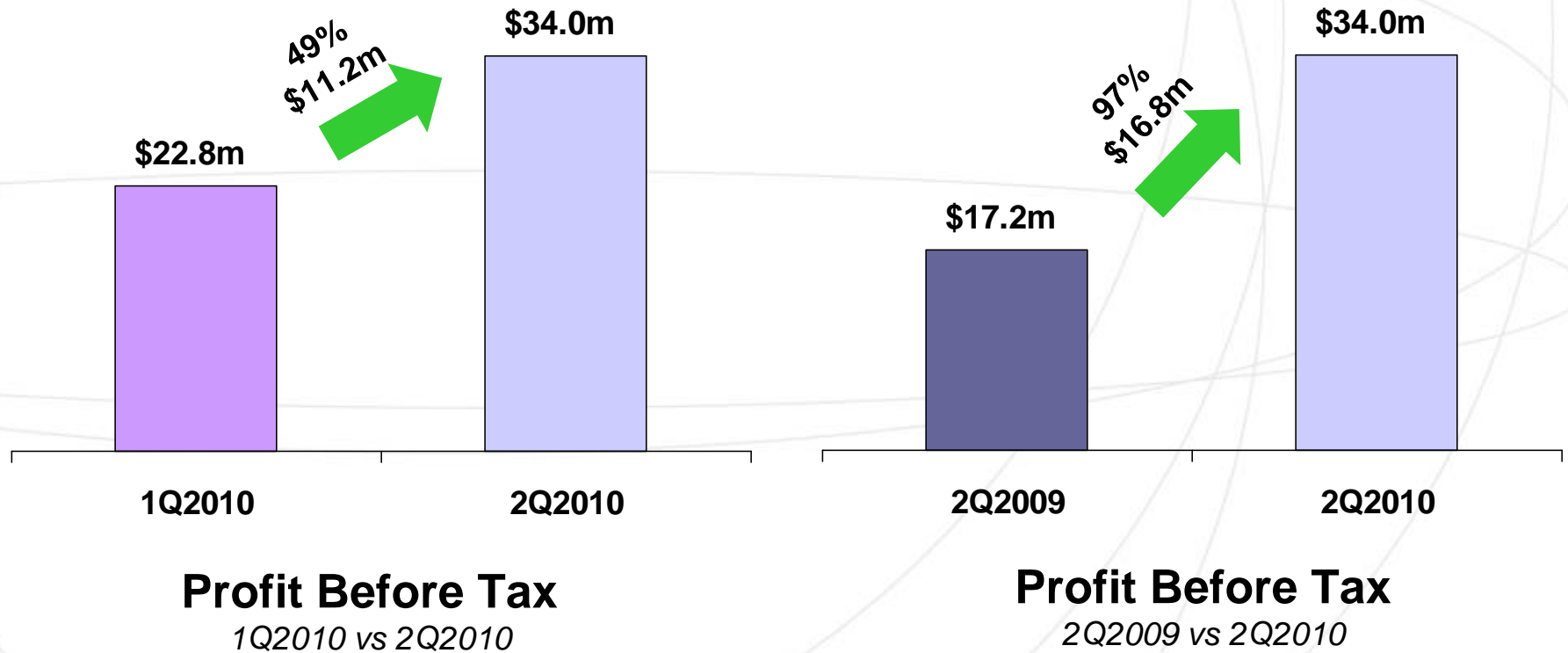


Turnover *by business group*



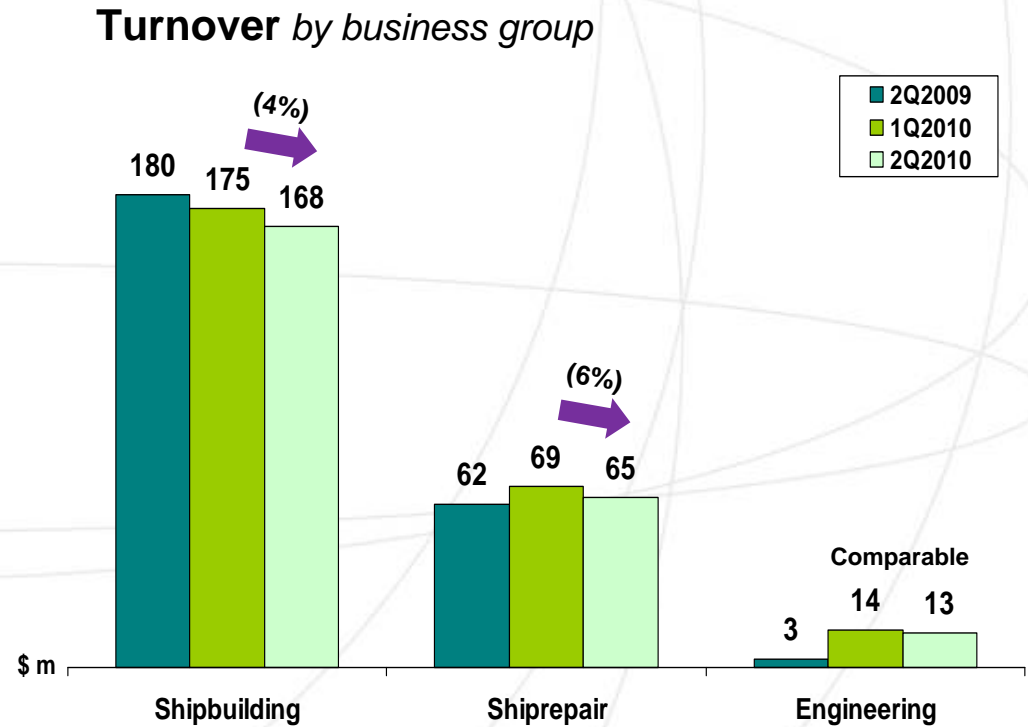
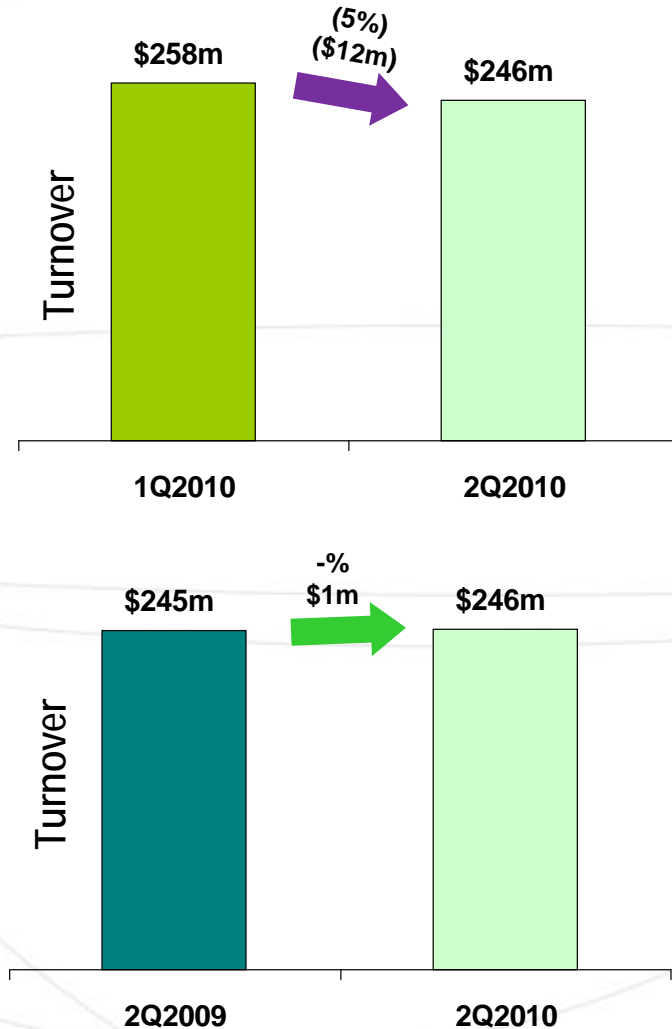
Land Systems

Higher Profits



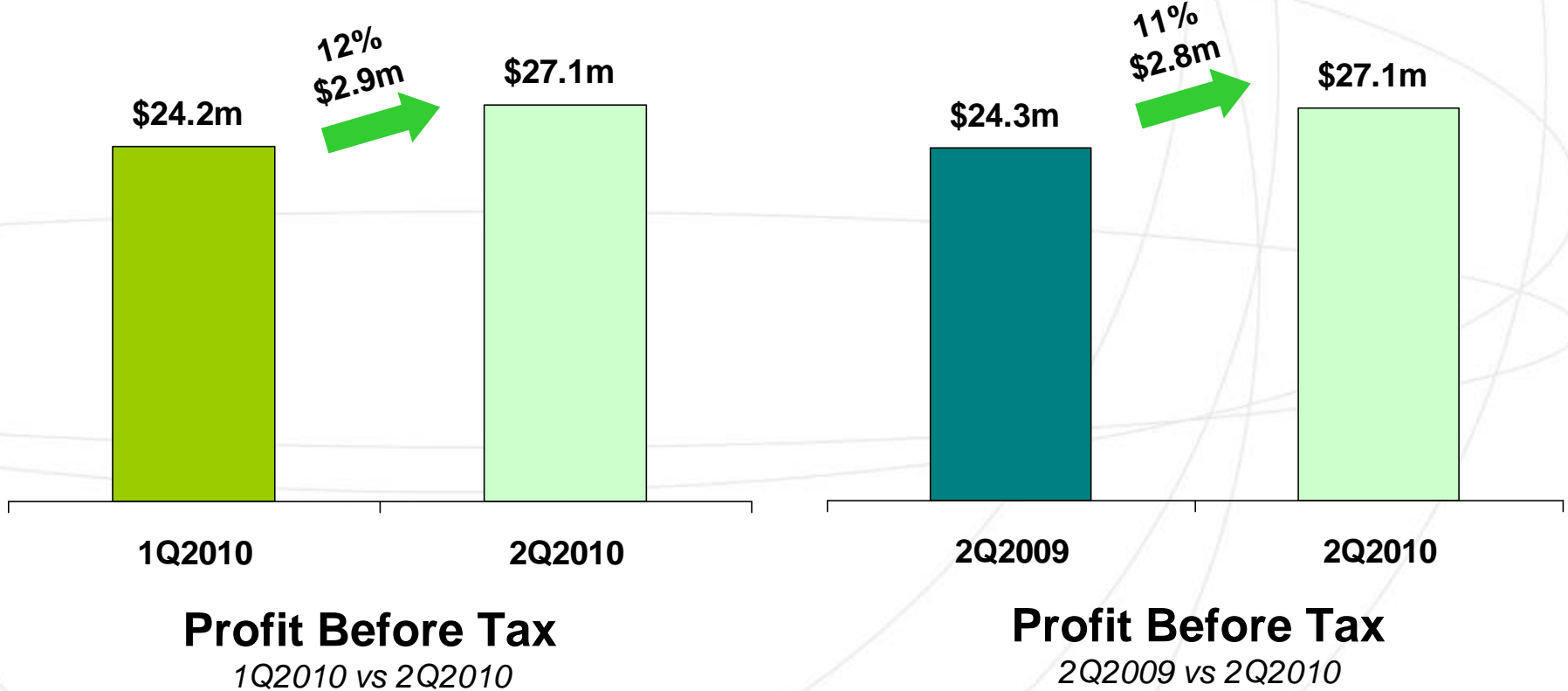
Marine

Improved Profitability



Marine

Improved Profitability



PBT Margin *by sector*

	2Q2010		1Q2010		2Q2009
	%		%		%
Aerospace	13	} Higher GP margins from favourable sales mix	10		12
Electronics	11		8		9
Land Systems	8		9		6
Marine	11		9		10
Group	10		9		10

Steady PBT margin

EBITDA / EBIT – Group

\$ m	2Q2010	2Q2009	%
EBITDA	190.5	164.5	16
Depreciation & amortisation	<u>(43.2)</u>	<u>(38.6)</u>	(12)
EBIT	147.3	125.9	17
Investment, interest and other income	17.2	13.4	29
Financial expenses	(14.2)	(8.1)	(76)
Operating profit	150.3	131.2	15
Associated companies and joint ventures	7.3	8.1	(10)
Profit before tax	157.6	139.3	13

Strong operating performance in all sectors except Aerospace sector

- Lower income from Jobs Credit Scheme
 - Higher financial expenses partially offset by higher interest income
- partially offset by
- favourable USD movement

Net Profit *by sector*

\$ m	2Q2010		2Q2009		Change	
Aerospace	51.9	42%	49.2	45%	↑	5%
Electronics	26.1	21%	24.3	22%	↑	8%
Land Systems	27.2	22%	14.1	13%	↑	92%
Marine	20.9	17%	19.0	18%	↑	10%
Others	(2.1)	(2%)	2.1	2%	↓	200%
Group	124.0	100%	108.7	100%	↑	14%

Higher Net Profit in all sectors

Statement of Cash Flows

\$ m	2Q2010	2Q2009
Cash flow from/(used in) :		
Operating activities	(14)	184
Investing activities	(77)	(66)
Financing activities	<u>(300)</u>	<u>(413)</u>
Net decrease in CCE	(391)	(295)
CCE at 1 April	1,807	1,380
Exchange difference	(5)	(5)
CCE at 30 June	<u>1,411</u>	<u>1,080</u>

Payment of final dividends

- CCE - Cash & Cash Equivalents

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Financial Highlights

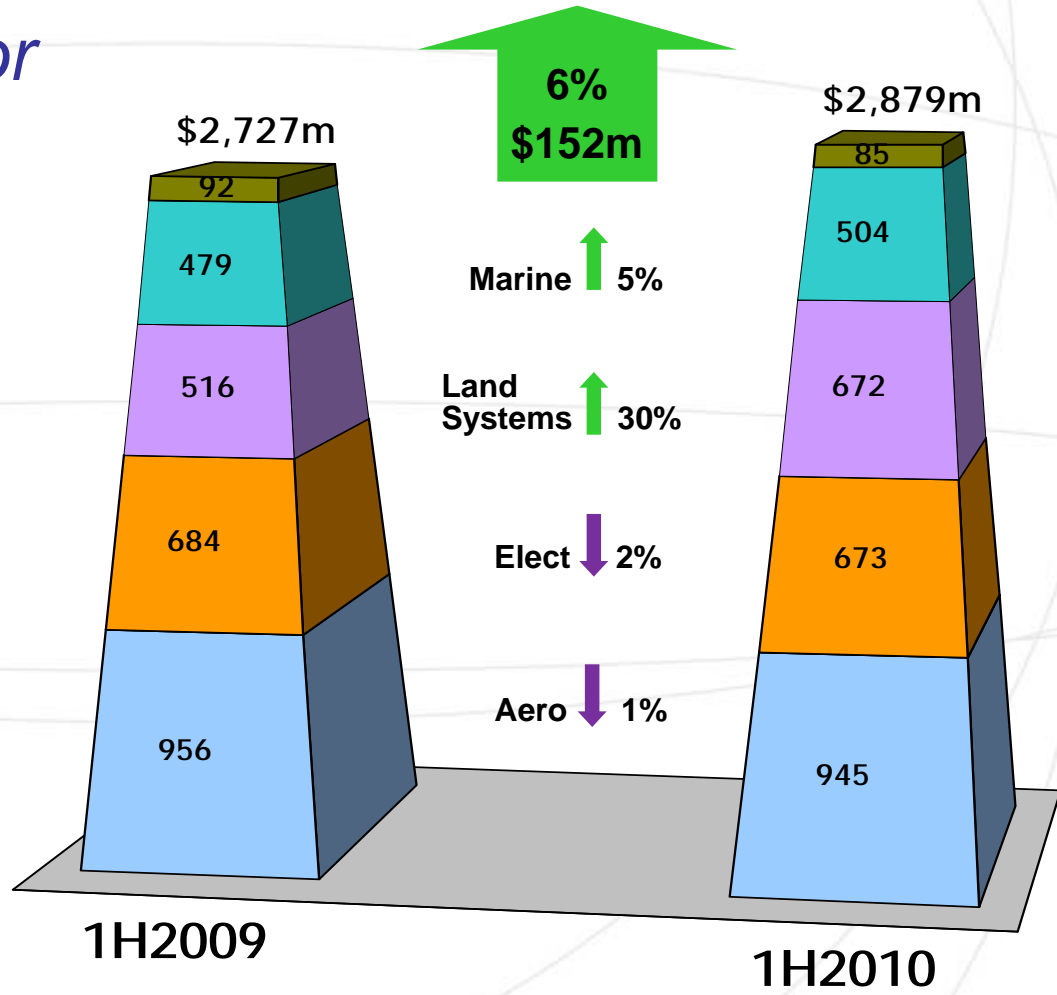
for the first half year ended 30 June 2010

\$ m	1H2010 (a)	1H2009 (b)	Change (a) / (b)
Turnover	2,879	2,727	6%
EBIT	258.2	214.6	20%
Investment, interest and other income	23.4	41.1	43%
PBT	274.1	250.6	9%
PBT (excl. Jobs Credit Scheme)	266.2	231.4	15%
Net Profit	216.8	193.9	12%
Net Profit (excl. Jobs Credit Scheme)	208.9	174.7	20%
EPS	7.18	6.46	11%

Lower income from Jobs Credit Scheme (by \$11m)

Group Turnover

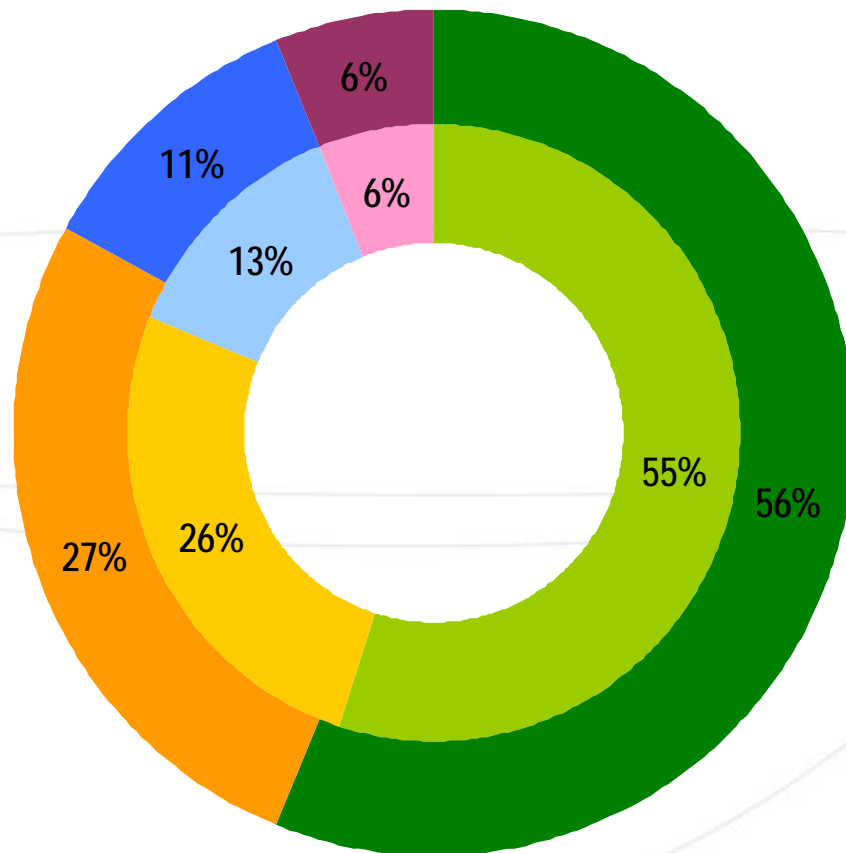
by sector



Turnover increased by 6%
 Both Land Systems and Marine sectors had higher turnover,
 while Aerospace and Electronics sectors had lower turnover

Group Turnover

Breakdown by location of customers (by geography)



Locality	1H2009		1H2010	
	\$m	%	\$m	%
Asia	1,495	55	1,611	56
USA	710	26	771	27
Europe	348	13	329	11
Others	174	6	168	6
Total	2,727	100	2,879	100

EBITDA / EBIT – Group

1H2010 vs 1H2009

\$ m	1H2010 Actual	1H2009 Actual	%
EBITDA	343.5	292.7	17
Depreciation & amortisation	<u>(85.3)</u>	<u>(78.1)</u>	(9)
EBIT	258.2	214.6	20
Investment, interest and other income	23.4	41.1	(43)
Financial expenses	(28.8)	(23.4)	(23)
Operating profit	252.8	232.3	9
Associated companies and joint ventures	21.3	18.3	17
Profit before tax	274.1	250.6	9

Strong operating performance in all sectors

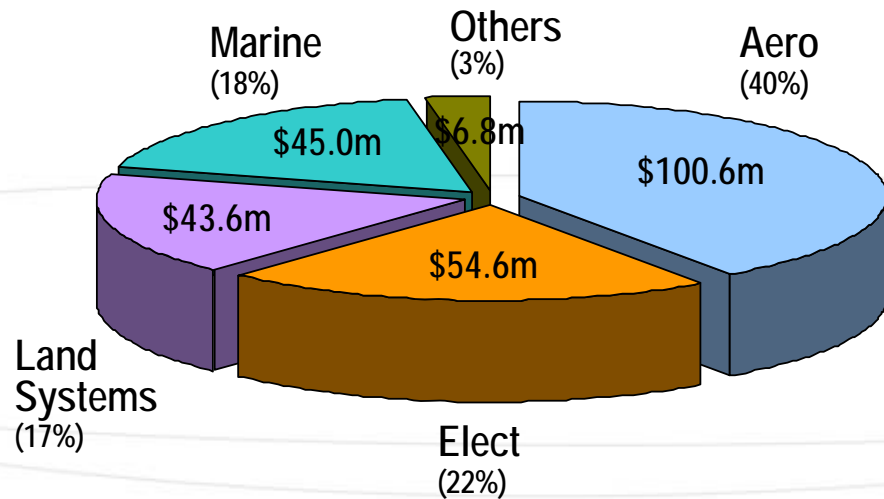
- Unfavourable foreign exchange impact
- Lower income from Jobs Credit Scheme

Contribution from Singapore Airshow

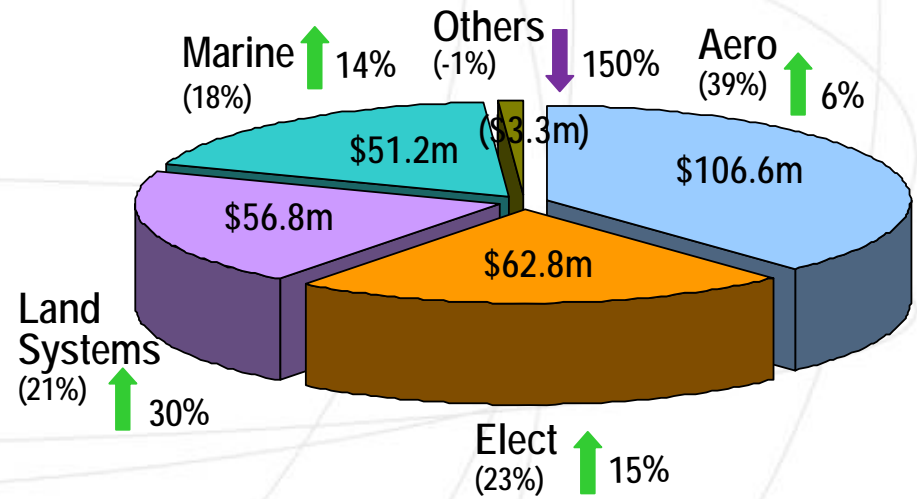
Profit Before Tax

by sector

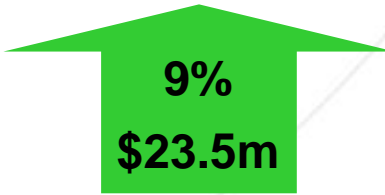
1H2009



1H2010









\$250.6m



\$274.1m

Higher PBT in all sectors

Net Profit *by sector*

\$ m	1H2010	1H2009	Change
Aerospace	84.7 39%	76.6 39%	 10%
Electronics	48.7 23%	42.4 22%	 15%
Land Systems	45.6 21%	37.1 19%	 23%
Marine	39.8 18%	34.5 18%	 15%
Others	(2.0) (1%)	3.3 2%	 162%
Group	216.8 100%	193.9 100%	 12%

Higher Net Profit in all sectors

Balance Sheet

\$ m	30 Jun 2010	31 Dec 2009
Property, plant and equipment	1,141	1,167
Associated companies & joint ventures	279	273
Investments	20	21
Intangible assets	640	643
Investment properties	2	2
Long-term receivables, non-current	34	37
Finance lease receivables, non-current	7	5
Derivative financial instruments	-	19
Deferred tax assets	136	127
<i>Non-current assets</i>	2,259	2,294
<i>Current assets</i>	4,792	4,590
Total assets	7,051	6,884
<i>Current liabilities</i>	3,476	3,081
<i>Non-current liabilities</i>	1,989	2,127
Total liabilities	5,465	5,208
<i>Share capital and reserves</i>	Net Assets: \$1.586b { 1,474	Net Assets: \$1.676b { 1,568
<i>Non-controlling interests</i>	112	108
Total equity and liabilities	7,051	6,884
Net current assets	1,316	1,509

Non-Current Liabilities

Decrease by \$138m:

- Lower LT bank loans
 - reclass \$300m to current liabilities

Partially offset by:

- Higher advance payments from customers

Net Current Assets

Decrease by \$193m:

- Decrease in Trade Debtors
- Decrease in CCE
- Increase in ST bank loans
 - reclass from LT liabilities

Partially offset by:

- Increase in stocks & WIP
- Increase in advances & other debtors

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 - *Sector Operations*
- Outlook

Business Review

– Aerospace Operations

■ AMM

- AMM group continues to serve its major customer base, redeliver existing PTF programmes, win new customers:
 - Major customers: ANA, CEA, Delta Air Lines, FedEx, JAL, United Airlines, UPS, US Airways
 - New customers: BrisAir, Cargotitalia, China United Cargo, Compagnie Africaine d' Aviation, Myanmar Airways, Omni Air

■ CERO

- Components
 - Established more support agreements and Basic Ordering Agreements with OEMs such as Aerokool, Dukane, Hamilton Sundstrand, IPECO, Kollsman, Northrop Grumman
- Engines
 - Successfully audited by GE for GEn-X On-Wing Support capability

Business Review

– *Electronics Operations*

- LSG
 - Secured a S\$4.6m contract to provide Passenger Information System for Brazil's Rio de Janeiro Metro

- CSG
 - Telematics Wireless' sales orders of Automated Meter Readers

- SSG
 - Secured a maintenance contract for Hong Kong Fire Services Third Generation Mobilising System



Passenger Information System

Business Review

– *Land Systems Operations*

■ Auto

- Delivered Terrex, Warthog, specialised truck bodies and trailers, road construction and maintenance equipment, off-road dump trucks and excavators
- Unveiled Bronco Fire Support Vehicle (FSV) at Eurosatory 2010, France

■ M&W

- Secured munitions and weapon contracts including 40mm munitions contract from Finnish Army

■ S&T

- Delivered test services and agency sales



Ultra Temp hybrid refrigeration truck



Bronco FSV

Business Review

– *Marine Operations*

■ Shipbuilding

- Local - Launched Diving Support Vessel, "*Skandi Singapore*"
- US - Launched Missile Range Instrumentation Ship (T-AGM 25), "*USNS Howard O. Lorenzen*"

■ Shiprepair

- Completed docking and steelwork repair on tanker, "*Coastal Energy Resolution*"
- Completed repair work on supply vessels, "*Lady Gerda*", "*Far Sound*", "*Far Grip*", "*Far Spirit*" and "*Lady Christine*"

■ Engineering

- Awarded Integrated Management project (S\$66.5m) in Brunei



Skandi Singapore



USNS Howard O. Lorenzen



Coastal Energy Resolution

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Group Outlook for 2H2010

Barring unforeseen circumstances, the Group expects to achieve a higher turnover and PBT in 2H2010 compared to that of 1H2010

- For 2H2010, Aerospace sector expects turnover to be comparable to that of 1H2010, while PBT is expected to be higher than that of 1H2010
- For the Electronics sector, 2H2010 turnover is expected to be higher, while PBT is expected to be comparable to that of 1H2010
- For the Land Systems sector, 2H2010 turnover is expected to be higher, but PBT is expected to be lower than that of 1H2010
- For the Marine sector, 2H2010 turnover and PBT are expected to be higher than that of 1H2010

Group Outlook for 2H2010

Aerospace

- Facility developments
 - San Antonio facility to open its eighth hangar by end 2010
 - New 49% Guangzhou development facility subject to approval by Chinese government
- Components
 - Component repair cooperation in Middle East
 - Business process improvements in Denmark component facility
- Engines
 - Official opening of Xiamen engine facility
 - Grow On-Wing Support services
- Deliver UAV and upgrade projects



ST Aerospace San Antonio

Group Outlook for 2H2010

Electronics

- Sales recognition from both LTA's Circle Line and the Half Height Platform Screen Doors projects and Taiwan MRT projects
- Sales recognition from an Advanced Combat Man System, a communication system project, the supply of telematics system, satellite communication products and electro-optics equipment
- Sales recognition from the milestones completion of a simulator project, a 3rd Generation Learning System and managed services sales

Group Outlook for 2H2010

Land Systems

- Continue to deliver Terrex, Warthog, munitions, weapons and specialty vehicles
- Continue to pursue key defence programmes
- Continue to extend specialty vehicle market reach



Terrex ICV



40mm munitions

Group Outlook for 2H2010

Marine

- Expects to launch Seismic Survey Vessel and deliver 2nd 350,000 bbl ATB for OSG
- Expects to complete
 - Lengthening and upgrading work on fishing vessel, "*Pacific Princess*"
 - Repair work on fire damaged dredger, "*Antigoon*"

Group Outlook for FY2010

**Barring unforeseen circumstances,
the Group expects to achieve a higher turnover
and PBT in FY2010 compared to that of FY2009.**

President & CEO's Message

"The Group reported increases in Turnover, PBT and Net Profit of 12%, 35% and 34% respectively in 2Q2010 over 1Q2010. Compared to 2Q2009, Turnover, PBT and Net Profit improved by 8%, 13% and 14% respectively. The Group's order book ended the quarter at a healthy \$11.3 billion.

The Board of Directors has approved the payment of an interim ordinary dividend of 3 cents per share, payable on 9 September 2010.

Barring unforeseen circumstances, the Group expects to achieve higher turnover and PBT for FY2010 over FY2009."

~ Tan Pheng Hock

Thank You

