

## News Release

### ST Engineering Reports 10% Lower Net Profit for FY2020 and Maintains Strong Order Book

<b>FINANCIAL HIGHLIGHTS</b>			
For the year ended 31 December 2020			
	<b>2020 FY</b>	<b>2019 FY</b>	<b>Change</b>
Revenue (\$m)	7,158	7,868	(9%)
Profit from operations (\$m)	560.9	673.1	(17%)
Other income, net (\$m)	5.1	17.8	(71%)
Finance costs, net (\$m)	(61.9)	(34.6)	79%
Profit before tax (PBT) (\$m)	534.4	695.2	(23%)
Profit attributable to shareholders (Net Profit) (\$m)	521.8	577.9	(10%)
Earnings per share (cents)	16.74	18.53	(10%)
Economic value added (EVA) (\$m)	286.4	317.0	(10%)
Return on equity (%)	22.8	26.0	(3pp)
Dividend per share (cents)	15.0	15.0	-
<ul style="list-style-type: none"> <li>• Final</li> <li>• Interim</li> </ul>	10.0 5.0	10.0 5.0	

- Order book was \$15.4b as at end December 2020, of which about \$5.3b is expected to be delivered in 2021
- Commercial sales and defence sales constituted \$4.6b and \$2.6b respectively
- Cash and cash equivalents of \$729m recorded as at end December 2020

*N.B.:*

- 1) All currencies are in Singapore dollars
- 2) Government grants in the prior year were reclassified from other income to underlying expenses in cost of sales and operating expenses in conformance with current year classification.
- 3) Fair value changes of investment in associates in the prior year were reclassified from finance costs to other expenses in conformance with current year classification.

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**Singapore, 19 February 2021** – Singapore Technologies Engineering Ltd (ST Engineering) today reported its full-year financial results for the year ended 31 December 2020 (FY2020).

Group revenue came in 9% lower at \$7.2b, compared to \$7.9b a year ago in the same period, which is in line with the revenue guidance provided in its 3Q market update. Profit before tax (PBT) dropped 23% year-on-year (y-o-y) to \$534.4m from \$695.2m, and its Profit attributable to shareholders (Net Profit) was \$521.8m, down 10% y-o-y from \$577.9m.

### **Group Revenue**

The revenue decline was primarily due to the impact of COVID-19 on the Group, namely *reduction in customer demand, supply chain challenges, and workforce disruption*. Its Aerospace sector was impacted the most due to a weak aviation sector as passenger air travel was curtailed.

### **Group's Profitability**

The Group PBT was impacted negatively by impairment of intangible assets and fair value changes of associates in line with the poorer business outlook for some lines of business due to COVID-19. Further, its U.S. shipbuilding business registered losses in the execution of several projects that were contracted and priced at the trough of the marine industry. The PBT drop was also impacted by lower Group revenue, buffered by savings from productivity and cost reduction initiatives, and government support.

The Group Net Profit similarly saw a reduction, but alleviated by the non-taxability of the Singapore government Job Support Scheme.

### **Cost Reduction Initiatives and Government Support Schemes**

The Group implemented a series of productivity and cost reduction initiatives in 2020, including right-sizing staff strength, salary cuts as well as reduction of outsourced and contract manpower and over-time costs. The Group also reduced discretionary capital expenditures and tightened operating expenditures. The savings from these actions, coupled with the receipt of government support grants enabled the Group to maintain even-keel bottom line in a challenging year.

**Business Sector: Revenue and Profits**

- Aerospace: Revenue was 21% lower y-o-y at \$2.7b from \$3.5b, and its Net Profit was 28% lower y-o-y at \$192.9m from \$268.9m. The results were mainly due to lower volume of MRO activities, asset impairments, and absence of favourable impact of end-of-programme reviews, offset by savings from cost reduction measures and government support. Excluding government support, FY2020 Net Profit for Aerospace would still have been positive.
- Electronics: Revenue was 2% lower y-o-y at \$2.3b, mainly due to rescheduling of projects which were affected by COVID-19. Its Net Profit grew 11% y-o-y to \$203.9m from \$183.3m, largely helped by savings from cost reduction measures and government support.
- Land Systems: Revenue was \$1.4b, comparable to the year before partially due to lower specialty vehicles sales, offset by stronger defence sales. Its Net Profit was 31% higher at \$101.4m from \$77.3m helped by savings from cost reduction measures and government support, partially offset by asset impairments.
- Marine: Revenue was up 10% y-o-y at \$710m from \$647m mainly due to higher contribution from U.S. Shipbuilding, offset by lower revenue contribution from Singapore as yard activities were disrupted by COVID-19. Its Net Profit was down 45% y-o-y to \$28.3m from \$51.5m largely due to weaker U.S. shipbuilding performance, and higher operating costs incurred due to COVID-19 disruption on operations and workforce. Its U.S. operations continued to incur losses in the construction of some vessels that were contracted and priced low at the trough of the marine industry in 2018.

*“Our 2020 financial results were in line with our guidance provided during our 3Q market update. In a year when COVID-19 posed challenges for many industries, we had been able to keep balanced keel because of the underlying strengths of the Group and various mitigating factors including our cost reduction initiatives and government support. Our results underscore the resilience of our businesses and the dedication of our people. We would also like to express our appreciation to our customers and partners for their continued support.*”

*Going into 2021, we expect recovery to be uneven across the industries we participate in. The aviation industry remains subdued and is unlikely to recover to pre-pandemic levels in 2021. Nevertheless, we are focusing on delivering our order book, seizing new opportunities in areas*

*like freighter conversions and cybersecurity. With partial revenue recovery, when combined with savings from our cost reduction initiatives, we target to offset the effects of lower government support in 2021.*

*With our new organisation structure, we are well positioned to better serve our customers, respond nimbly to macro-economic changes and achieve long-term sustainable growth.”*

**Vincent Chong, Group President & CEO**

Commercial sales and defence sales accounted for \$4.6b and \$2.6b respectively of Group revenue. As at 31 December 2020, the Group held \$729m in cash and cash equivalents compared to \$452m at the end of 2019.

### **2H2020 versus 2H2019**

For its second half financial results ended 31 December 2020 (2H2020), the Group posted revenue of \$3.6b, down 18% from \$4.4b a year ago. PBT was 32% lower at \$248.0m from \$365.6m the year before and Net Profit was down 14% at \$264.4m from \$308.6m.

Revenue for the Aerospace sector was 38% lower y-o-y at \$1.2b from \$2.0b and its Net Profit was 38% lower at \$87.9m from \$141.9m a year ago. Revenue for the Electronics sector was 2% lower at \$1.2b and its Net Profit was 14% higher at \$116.3m from \$101.7m the year before. The Land Systems sector posted revenue of \$767m, up 2% from \$755m and its Net Profit was 43% higher y-o-y at \$59.6m from \$41.7m. Revenue for the Marine sector was down 9% at \$325m and its Net Profit was 73% lower at \$6.9m from \$25.2m a year ago.

### **New Contract Wins and Order Book**

The Group's Aerospace and Electronics sectors announced new contracts of about \$5.7b in FY2020, of which over \$1.3b was secured in the last quarter of 2020. In that quarter, the Aerospace sector clinched about \$821m worth of contracts for a spectrum of its aviation manufacturing and MRO businesses, including passenger-to-freighter (P2F) conversion orders for A330P2F units from freight operators and lessors, a five-year airframe heavy maintenance contract to support an international air cargo carrier's multiple fleet types and a four-year airframe heavy maintenance contract to support a North American airline's Boeing 777 fleet.

In 4Q2020, the Electronics sector won about \$516m worth of contracts from global customers for products and solutions in smart mobility, Internet of Things (IoT), defence, public safety and security. These include contracts to deploy an Enterprise Asset Management System for the Singapore MRT North-East Line, and Passenger Information Systems for the Singapore MRT Circle Line and North-East Line. Its IoT business also extended its streetlight control solution to cities in New Zealand, the U.S. and Sweden, and its Water Advanced Metering Infrastructure solution to help cities in the U.S. and around the world optimise water consumption and operational efficiency. Various contracts were also secured for the sector's defence and public safety and security businesses, including the deployment of its first Perimeter Intrusion Detection System for a global pharmaceutical facility based in Singapore, a port surveillance and tracking system, and a digital platform with integrated AI capabilities for a healthcare institution.

These new contracts, together with other contracts won but not disclosed, and after adjustments of revenue delivery and project cancellations of about \$1b, bring the Group's order book to \$15.4b as at 31 December 2020. This is slightly higher than the order book at year-end 2019, despite the challenges brought about by COVID-19. The Group expects to deliver about \$5.3b from the order book in 2021.

#### **Dividend Payout and Dividend Yield**

The Board of Directors proposes a Final Dividend of 10.0 cents per share. Together with the Interim Dividend of 5.0 cents per share distributed in September 2020, shareholders will receive a total dividend of 15.0 cents per share for FY2020. This translates to a dividend yield of 4%, computed using the average closing share price of the last trading day of 2020 and 2019.

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**ST Engineering** is a global technology, defence and engineering group with offices across Asia, Europe, the Middle East and the U.S., serving customers in more than 100 countries. The Group uses technology and innovation to solve real-world problems and improve lives through its diverse portfolio of businesses across the aerospace, smart city, defence and public security segments. Headquartered in Singapore, ST Engineering reported revenue of \$7.2b in FY2020 and it ranks among the largest companies listed on the Singapore Exchange. It is a

component stock of the FTSE Straits Times Index, MSCI Singapore, iEdge SG ESG Transparency Index and iEdge SG ESG Leaders Index.

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**SINGAPORE TECHNOLOGIES ENGINEERING LTD**  
**AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**1 CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>GROUP</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
<b>Revenue</b>	<b>7,158,286</b>	<b>7,868,276</b>	<b>(9.0)</b>
Cost of sales	(5,630,797)	(6,222,888)	(9.5)
<b>Gross profit</b>	<b>1,527,489</b>	<b>1,645,388</b>	<b>(7.2)</b>
Distribution and selling expenses (refer to para 1.6)	(225,048)	(263,583)	(14.6)
Administrative expenses	(595,360)	(579,917)	2.7
Other operating expenses (refer to para 1.7)	(146,218)	(128,809)	13.5
<b>Profit from operations</b>	<b>560,863</b>	<b>673,079</b>	<b>(16.7)</b>
Other income	14,426	25,303	(43.0)
Other expenses	(9,328)	(7,474)	24.8
Other income, net (refer to para 1.8)	5,098	17,829	(71.4)
Finance income	9,274	14,290	(35.1)
Finance costs	(71,222)	(48,937)	45.5
Finance costs, net (refer to para 1.2)	(61,948)	(34,647)	78.8
Share of results of associates and joint ventures, net of tax (refer to para 1.9)	30,389	38,983	(22.0)
<b>Profit before taxation</b>	<b>534,402</b>	<b>695,244</b>	<b>(23.1)</b>
Taxation (refer to para 1.10)	(8,779)	(102,570)	(91.4)
<b>Profit after taxation</b>	<b>525,623</b>	<b>592,674</b>	<b>(11.3)</b>
Attributable to:			
<b>Shareholders of the Company</b>	<b>521,840</b>	<b>577,945</b>	<b>(9.7)</b>
Non-controlling interests	3,783	14,729	(74.3)
	<b>525,623</b>	<b>592,674</b>	<b>(11.3)</b>

NM: Not Meaningful

Note: Government grants in the prior year were reclassified from other income to underlying expenses in cost of sales and operating expenses in conformance with current year classification.

Fair value changes of investment in associates in the prior year were reclassified from finance costs to other expenses in conformance with current year classification.



**1(a) BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT**

	<b>GROUP</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
1.1 Profit from operations is arrived at after charging the following:			
Depreciation and amortisation	378,631	368,252	2.8
The higher depreciation and amortisation in FY2020 was largely attributable to higher depreciation of right-of-use assets, partially offset by lower amortisation of capitalised development costs.			
Impairment loss on trade receivables and contract assets	26,686	53,473	(50.1)
The lower impairment loss in FY2020 was due mainly to lower impairment of trade receivables and contract assets in Aerospace and Land Systems sectors, partially offset by higher impairment in Electronics sector.			
Allowance for inventory obsolescence, net	40,001	76,780	(47.9)
The lower allowance for inventory obsolescence in FY2020 was largely attributable to Aerospace sector, partially offset by higher allowance from Electronics and Land Systems sectors.			
1.2 Finance costs, net comprises:			
Interest income	5,743	9,487	(39.5)
Exchange (loss)/gain, net	(19,441)	3,350	NM
Fair value changes of financial instruments/hedged items	1,333	(2,731)	NM
Interest expenses	(49,583)	(44,753)	10.8
	<u>(61,948)</u>	<u>(34,647)</u>	78.8
The higher finance cost in FY2020 was due mainly to unfavourable exchange rate movements, higher interest expense incurred on acquisition of MRA Systems, LLC (MRAS) and iDirect Europe and lower interest income.			
1.3 Profit after taxation as a percentage of revenue	7.3%	7.5%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the year	22.8%	26.0%	
1.5 The Group's tax charge in FY2020 included adjustments for overprovision of current tax of \$24.1 million and underprovision of deferred tax of \$14.5 million in respect of prior years. (FY2019: Adjustments for overprovision of current tax and deferred tax of \$9.2 million and \$12.3 million respectively.)			
1.6 The lower distribution and selling expenses in FY2020 (by \$38.5 million) was due mainly to lower travelling expenses and impairment of trade receivables.			
1.7 The higher other operating expenses (by \$17.4 million) arose mainly from goodwill impairment taken for cash generating units in Aerospace and Land Systems sectors.			
1.8 The lower other income, net (by \$12.7 million) was mainly attributable to lower gain from sale of property, plant and equipment in FY2020 and unfavourable fair value change of associates in the Corporate Venture Funds.			
1.9 The share of lower profits from associates and joint ventures (by \$8.6 million) was mainly attributable to lower contribution from associates and joint ventures in Aerospace, Electronics and Land Systems sectors, partially offset by contribution from Experia Events Pte Ltd.			
1.10 The lower taxation expense (by \$93.8 million) was due largely to non-taxable Jobs Support Scheme grants received from the Singapore government, tax adjustments and lower profit before tax.			
1.11 COVID-19 related government support of about \$350 million before tax were recognised during the year, including amounts received under the Jobs Support Scheme and various government grants received by the Group's subsidiaries in the countries they operate in.			

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

	<b>GROUP</b>		
	<b>2020</b>	<b>2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
Revenue reported for first half year	3,571,911	3,511,342	1.7
Profit after taxation reported for first half year	255,360	275,382	(7.3)
Revenue reported for second half year	3,586,375	4,356,934	(17.7)
Profit after taxation reported for second half year	270,263	317,292	(14.8)

**1(c) EARNINGS PER SHARE (EPS)**

	<b>GROUP</b>	
	<b>FY2020</b>	<b>FY2019</b>
EPS based on profit attributable to shareholders:	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	16.74	18.53
(ii) On a fully diluted basis	16.64	18.42

**2 BALANCE SHEETS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,756,944	1,805,034	2,137	28,688
Right-of-use assets	538,809	483,975	3,558	5,511
Subsidiaries	-	-	1,363,251	1,327,608
Associates and joint ventures	468,912	453,419	17,657	17,657
Investments	23,138	16,178	-	-
Intangible assets	1,946,138	1,980,215	-	-
Long-term trade receivables	1,524	1,668	-	-
Deferred tax assets	149,387	111,595	2,500	-
Amounts due from related parties	8,547	4,806	-	-
Advances and other receivables	58,248	11,849	-	-
Derivative financial instruments	20,847	13,351	-	-
Post-employment benefits	319	-	-	-
	<b>4,972,813</b>	<b>4,882,090</b>	<b>1,389,103</b>	<b>1,379,464</b>
<b>Current assets</b>				
Contract assets	1,153,192	1,246,207	-	-
Inventories	1,269,192	1,311,858	-	-
Trade receivables	1,047,844	1,245,881	-	-
Amounts due from related parties	46,305	35,661	70,030	58,732
Advances and other receivables	317,741	339,709	1,653	4,566
Derivative financial instruments	23,614	6,035	-	-
Short-term investments	-	604	-	-
Bank balances and other liquid funds	730,624	453,230	7,372	16,271
	<b>4,588,512</b>	<b>4,639,185</b>	<b>79,055</b>	<b>79,569</b>
<b>TOTAL ASSETS</b>	<b>9,561,325</b>	<b>9,521,275</b>	<b>1,468,158</b>	<b>1,459,033</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Contract liabilities	1,141,484	1,043,215	-	-
Deposits from customers	12,838	9,291	-	-
Trade payables and accruals	1,667,568	1,985,521	21,542	18,817
Amounts due to related parties	23,833	70,007	16,868	4,836
Provisions	306,758	233,459	-	-
Provision for taxation	163,703	195,059	3,267	876
Borrowings	496,335	1,868,812	2,014	118
Deferred income	70,922	2,403	-	-
Post-employment benefits	7,996	11,265	-	-
Derivative financial instruments	4,554	27,376	-	-
	<b>3,895,991</b>	<b>5,446,408</b>	<b>43,691</b>	<b>24,647</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>692,521</b>	<b>(807,223)</b>	<b>35,364</b>	<b>54,922</b>

Note: Derivative financial instruments under current assets and current liabilities in the prior year were reclassified from advances and other receivables and trade payables and accruals to be presented separately on the Consolidated Balance Sheet in conformity with current year presentation.

**2 BALANCE SHEETS (cont'd)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current liabilities</b>				
Contract liabilities	792,617	422,992	-	-
Trade payables and accruals	19,338	57,983	7,390	6,334
Amounts due to related parties	-	-	-	1,003
Provisions	29,801	16,994	-	-
Deferred tax liabilities	166,520	174,732	-	2,268
Borrowings	1,550,560	468,895	1,504	5,434
Deferred income	50,475	34,309	-	-
Post-employment benefits	462,548	380,061	-	-
Derivative financial instruments	18,686	27,900	-	-
	<b>3,090,545</b>	<b>1,583,866</b>	<b>8,894</b>	<b>15,039</b>
<b>TOTAL LIABILITIES</b>	<b>6,986,536</b>	<b>7,030,274</b>	<b>52,585</b>	<b>39,686</b>
<b>NET ASSETS</b>	<b>2,574,789</b>	<b>2,491,001</b>	<b>1,415,573</b>	<b>1,419,347</b>
<b>Share capital and reserves</b>				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(23,743)	(26,731)	(23,743)	(26,731)
Capital reserves	107,034	112,563	(8,940)	(3,412)
Other reserves	(89,017)	(149,445)	64,054	68,952
Retained earnings	1,402,414	1,389,966	488,276	484,612
<b>Equity attributable to owners of the Company</b>	<b>2,292,614</b>	<b>2,222,279</b>	<b>1,415,573</b>	<b>1,419,347</b>
Non-controlling interests	282,175	268,722	-	-
	<b>2,574,789</b>	<b>2,491,001</b>	<b>1,415,573</b>	<b>1,419,347</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,561,325</b>	<b>9,521,275</b>	<b>1,468,158</b>	<b>1,459,033</b>

**2(a) ANALYSIS OF BALANCE SHEETS**

Compared to 31 December 2019, the Group's liquidity position has improved, largely from the decrease in current liabilities on the back of repayment of commercial papers and bank loans with proceeds received from the issuance of its 5-year US\$750 million, 1.5% Medium Term Notes (MTN) on 29 April 2020 and advances received for long-term contracts from its customers.

**2(b) BORROWINGS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31-Dec-20 \$'000</b>	<b>As at 31-Dec-19 \$'000</b>	<b>As at 31-Dec-20 \$'000</b>	<b>As at 31-Dec-19 \$'000</b>
<b><u>Amount repayable within one year</u></b>				
Secured	73,647	75,723	2,014	118
Unsecured	422,688	1,793,089	-	-
	<u>496,335</u>	<u>1,868,812</u>	<u>2,014</u>	<u>118</u>
<b><u>Amount repayable after one year</u></b>				
Secured	506,801	417,531	1,504	5,434
Unsecured	1,043,759	51,364	-	-
	<u>1,550,560</u>	<u>468,895</u>	<u>1,504</u>	<u>5,434</u>
<b>Total</b>	<u>2,046,895</u>	<u>2,337,707</u>	<u>3,518</u>	<u>5,552</u>

**2(c) NET ASSET VALUE**

	<b>GROUP</b>	
	<b>FY2020</b>	<b>FY2019</b>
	Cents	Cents
Net asset value per ordinary share at end of the year	73.59	71.32

	<b>COMPANY</b>	
	<b>FY2020</b>	<b>FY2019</b>
	Cents	Cents
Net asset value per ordinary share at end of the year	45.44	45.55

**3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020**

	GROUP	
	FY2020	FY2019
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	534,402	695,244
Adjustments:		
Share of results of associates and joint ventures, net of tax	(30,389)	(38,983)
Share-based payment expense	21,716	24,354
Depreciation charge	297,620	275,632
Property, plant and equipment written off	874	1,408
Amortisation of other intangible assets	81,011	92,620
Impairment of property, plant and equipment	1,617	2,786
Impairment of right-of-use assets	2,397	-
Impairment of goodwill and other intangible assets	45,766	23,227
Impairment of an associate	4,000	4,000
Gain on disposal of property, plant and equipment	(16)	(9,029)
Gain on disposal of associates, net	-	(1,723)
Loss on disposal of right-of-use assets	77	-
Loss on disposal of subsidiaries	43	925
Changes in fair value of associates	5,285	1,978
Changes in fair value of financial instruments and hedged items	(1,333)	2,731
Interest expense	49,583	44,753
Interest income	(5,743)	(9,487)
Amortisation of deferred income	(6)	(272)
Operating profit before working capital changes	1,006,904	1,110,164
Changes in:		
Inventories	52,955	46,216
Contract assets	96,917	(34,001)
Trade receivables	196,681	13,174
Advance payments to suppliers	20,137	(48,201)
Other receivables, deposits and prepayments	(13,625)	(55,260)
Amounts due from related parties	410	3,175
Amounts due to related parties	(2,038)	(924)
Amounts due from associates	(4,671)	2,889
Amounts due from joint ventures	(35,438)	(36,508)
Contract liabilities	468,804	(374,285)
Trade payables	(166,540)	(10,031)
Deposits from customers	5,367	(1,504)
Other payables, accruals and provisions	(103,809)	61,226
Deferred income	86,515	(1,111)
Foreign currency translation of foreign operations	(4,139)	(4,046)
Cash generated from operations	1,604,430	670,973
Interest received	6,393	9,459
Income tax paid	(78,007)	(90,470)
<b>Net cash from operating activities</b>	<b>1,532,816</b>	<b>589,962</b>

**3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)**

	<b>GROUP</b>	
	<b>FY2020</b>	<b>FY2019</b>
	\$'000	\$'000
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	8,741	118,172
Proceeds from disposal of an associate and joint ventures	-	6,095
Proceeds from sale of investments	984	-
Purchase of property, plant and equipment	(200,301)	(290,124)
Purchase of investments	(7,272)	-
Additions to other intangible assets	(86,832)	(104,435)
Dividends from associates and joint ventures	13,273	47,839
Investment in associates and joint ventures	(4,868)	(28,767)
Repayment of loans by joint ventures	569	19,661
Loan to associates and joint ventures	(19,461)	-
Acquisition of controlling interests in subsidiaries, net of cash acquired	-	(1,050,121)
Disposal of subsidiaries, net of cash disposed	-	8,855
<b>Net cash used in investing activities</b>	<b>(295,167)</b>	<b>(1,272,825)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank loans	370,131	1,079,911
Proceeds from MTN issuance	1,058,400	-
Proceeds from commercial papers	524,092	1,440,175
Proceeds from other loans	19,565	-
Proceeds from finance lease receivables	3,209	844
Repayment of bank loans	(743,080)	(1,119,271)
Repayment of commercial papers	(1,570,209)	-
Repayment of lease liabilities	(61,271)	(92,894)
Repayment of loan to a joint venture	-	(4,000)
Purchase of treasury shares	(29,154)	(43,768)
Capital contribution from non-controlling interests of subsidiaries	13,260	4,263
Return of capital to non-controlling interests of a subsidiary	-	(8,652)
Dividends paid to shareholders of the Company	(468,035)	(468,156)
Dividends paid to non-controlling interests	(17,319)	(12,247)
Interest paid	(58,338)	(56,213)
Deposits (pledged)/discharged	(10)	245
<b>Net cash (used in)/from financing activities</b>	<b>(958,759)</b>	<b>720,237</b>
<b>Net increase in cash and cash equivalents</b>	<b>278,890</b>	<b>37,374</b>
Cash and cash equivalents at beginning of the year	452,095	414,400
Exchange difference on cash and cash equivalents at beginning of the year	(1,506)	321
<b>Cash and cash equivalents at end of the year</b>	<b>729,479</b>	<b>452,095</b>

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

The Group ended the year with cash and cash equivalents of \$729 million, \$277 million higher than FY2019. The Group generated net cash of \$1,533 million from operating activities in FY2020, as compared to \$590 million in FY2019. The increase is largely due to favourable working capital movements from contract liabilities due mainly to advances received from customers as well as lower trade receivables and contract asset balances.

Net cash used in investing activities of \$295 million was mainly attributable to the Group's investment in property, plant and equipment by Aerospace (\$92 million), Electronics (\$35 million), Land Systems (\$24 million), Marine (\$30 million) sectors and Others (\$19 million), additions to other intangible assets (\$87 million), and loan to associates and joint ventures (\$19 million).

Net cash used in financing activities of \$959 million in FY2020 was mainly attributable to net repayment of commercial papers (\$1,046 million), bank loans (\$373 million), the payment of FY2019 final dividend and FY2020 interim dividend (\$468 million), repayment of lease liabilities (\$61 million) and interest paid (\$58 million), partially offset by proceeds from issuance of MTN (\$1,058 million).

**4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	<b>GROUP</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
Profit after taxation	525,623	592,674	(11.3)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Defined benefit plan remeasurements	(48,789)	(46,150)	NM
Net fair value changes on equity investments at FVOCI	338	182	85.7
	(48,451)	(45,968)	NM
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Net fair value changes of cash flow hedges reclassified to income statement	22,495	3,680	>500
Effective portion of changes in fair value of cash flow hedges	18,905	(34,897)	NM
Share of net fair value changes on cash flow hedges of joint ventures	763	(5,379)	NM
Foreign currency translation differences	44,090	(48,333)	NM
Share of foreign currency translation differences of associates and joint ventures	1,819	(7,371)	NM
Reserves released on disposal of subsidiaries and a joint venture	121	2,722	(95.6)
	88,193	(89,578)	NM
Other comprehensive income/(loss) for the year, net of tax	39,742	(135,546)	NM
<b>Total comprehensive income for the year, net of tax</b>	<b>565,365</b>	<b>457,128</b>	<b>23.7</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company	547,678	459,759	19.1
Non-controlling interests	17,687	(2,631)	NM
	<b>565,365</b>	<b>457,128</b>	<b>23.7</b>



**5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

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
<b>At 1 January 2019</b>	895,926	(9,030)	118,174	(72,054)	1,313,361	2,246,377	288,236	2,534,613
<b>Total comprehensive income for the year</b>								
Profit after taxation	-	-	-	-	577,945	577,945	14,729	592,674
<b>Other comprehensive income</b>								
Net fair value changes on equity investments at FVOCI	-	-	-	182	-	182	-	182
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	(1,371)	-	(1,371)	5,051	3,680
Effective portion of changes in fair value of cash flow hedges	-	-	-	(29,476)	-	(29,476)	(5,421)	(34,897)
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	(5,379)	-	(5,379)	-	(5,379)
Foreign currency translation differences	-	-	-	(43,951)	-	(43,951)	(4,382)	(48,333)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(7,371)	-	(7,371)	-	(7,371)
Reserves released on disposal of subsidiaries and a joint venture	-	-	-	2,231	-	2,231	491	2,722
Defined benefit plan remeasurements	-	-	-	-	(33,051)	(33,051)	(13,099)	(46,150)
<i>Other comprehensive loss for the year, net of tax</i>	-	-	-	(85,135)	(33,051)	(118,186)	(17,360)	(135,546)
<b>Total comprehensive income for the year, net of tax</b>	-	-	-	(85,135)	544,894	459,759	(2,631)	457,128
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	3,700	-	3,700	(47)	3,653
<b>Transactions with owners of the Company, recognised directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Capital contribution by non-controlling interests	-	-	-	-	-	-	4,263	4,263
Return of capital contribution by non-controlling interests	-	-	-	-	-	-	(8,652)	(8,652)
Cost of share-based payment	-	-	-	24,279	-	24,279	75	24,354
Purchase of treasury shares	-	(43,768)	-	-	-	(43,768)	-	(43,768)
Treasury shares reissued pursuant to share plans	-	26,067	(5,611)	(20,368)	-	88	(88)	-
Dividends paid	-	-	-	-	(468,156)	(468,156)	-	(468,156)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(12,247)	(12,247)
<i>Total contributions by and distributions to owners of the Company</i>	-	(17,701)	(5,611)	3,911	(468,156)	(487,557)	(16,649)	(504,206)
<b>Changes in ownership interests in a subsidiary</b>								
Disposal of subsidiary	-	-	-	-	-	-	(187)	(187)
<b>Total transactions with owners of the Company</b>	-	(17,701)	(5,611)	3,911	(468,156)	(487,557)	(16,836)	(504,393)
Transfer from retained earnings to statutory reserve	-	-	-	133	(133)	-	-	-
<b>At 31 December 2019</b>	<b>895,926</b>	<b>(26,731)</b>	<b>112,563</b>	<b>(149,445)</b>	<b>1,389,966</b>	<b>2,222,279</b>	<b>268,722</b>	<b>2,491,001</b>

**5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020 (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
<b>At 1 January 2020</b>	895,926	(26,731)	112,563	(149,445)	1,389,966	2,222,279	268,722	2,491,001
<b>Total comprehensive income for the year</b>								
Profit after taxation	-	-	-	-	521,840	521,840	3,783	525,623
<b>Other comprehensive income</b>								
Net fair value changes on equity investments at FVOCI	-	-	-	(246)	584	338	-	338
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	15,635	-	15,635	6,860	22,495
Effective portion of changes in fair value of cash flow hedges	-	-	-	10,870	-	10,870	8,035	18,905
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	763	-	763	-	763
Foreign currency translation differences	-	-	-	38,062	-	38,062	6,028	44,090
Share of foreign currency translation differences of associates and joint ventures	-	-	-	1,819	-	1,819	-	1,819
Reserves released on disposal of a subsidiary	-	-	-	121	-	121	-	121
Defined benefit plan remeasurements	-	-	-	-	(41,770)	(41,770)	(7,019)	(48,789)
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	67,024	(41,186)	25,838	13,904	39,742
<b>Total comprehensive income for the year, net of tax</b>	-	-	-	<b>67,024</b>	<b>480,654</b>	<b>547,678</b>	<b>17,687</b>	<b>565,365</b>
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	(1,890)	-	(1,890)	-	(1,890)
<b>Transactions with owners of the Company, recognised directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Capital contribution by non-controlling interests	-	-	-	-	-	-	13,260	13,260
Cost of share-based payment	-	-	-	21,649	-	21,649	67	21,716
Purchase of treasury shares	-	(29,154)	-	-	-	(29,154)	-	(29,154)
Treasury shares reissued pursuant to share plans	-	32,142	(5,529)	(26,526)	-	87	(87)	-
Dividends paid	-	-	-	-	(468,035)	(468,035)	-	(468,035)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(17,474)	(17,474)
<i>Total contributions by and distributions to owners of the Company</i>	-	2,988	(5,529)	(4,877)	(468,035)	(475,453)	(4,234)	(479,687)
Transfer from retained earnings to statutory reserve	-	-	-	171	(171)	-	-	-
<b>At 31 December 2020</b>	<b>895,926</b>	<b>(23,743)</b>	<b>107,034</b>	<b>(89,017)</b>	<b>1,402,414</b>	<b>2,292,614</b>	<b>282,175</b>	<b>2,574,789</b>

**5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)**

<b>Company</b>	Share capital \$'000	Treasury Shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2019</b>	<b>895,926</b>	<b>(9,030)</b>	<b>2,199</b>	<b>65,054</b>	<b>493,363</b>	<b>1,447,512</b>
<b>Total comprehensive income for the year</b>						
Profit after taxation	-	-	-	-	459,405	459,405
Total comprehensive income for the year	-	-	-	-	459,405	459,405
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Cost of share-based payment	-	-	-	24,354	-	24,354
Purchase of treasury shares	-	(43,768)	-	-	-	(43,768)
Treasury shares reissued pursuant to share plans	-	26,067	(5,611)	(20,456)	-	-
Dividends paid	-	-	-	-	(468,156)	(468,156)
<i>Total contributions by and distributions to owners of the Company</i>	-	(17,701)	(5,611)	3,898	(468,156)	(487,570)
<b>At 31 December 2019</b>	<b>895,926</b>	<b>(26,731)</b>	<b>(3,412)</b>	<b>68,952</b>	<b>484,612</b>	<b>1,419,347</b>
<b>At 1 January 2020</b>	<b>895,926</b>	<b>(26,731)</b>	<b>(3,412)</b>	<b>68,952</b>	<b>484,612</b>	<b>1,419,347</b>
<b>Total comprehensive income for the year</b>						
Profit after taxation	-	-	-	-	471,699	471,699
Total comprehensive income for the year	-	-	-	-	471,699	471,699
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Cost of share-based payment	-	-	-	21,716	-	21,716
Purchase of treasury shares	-	(29,154)	-	-	-	(29,154)
Treasury shares reissued pursuant to share plans	-	32,142	(5,528)	(26,614)	-	-
Dividends paid	-	-	-	-	(468,035)	(468,035)
<i>Total contributions by and distributions to owners of the Company</i>	-	2,988	(5,528)	(4,898)	(468,035)	(475,473)
<b>At 31 December 2020</b>	<b>895,926</b>	<b>(23,743)</b>	<b>(8,940)</b>	<b>64,054</b>	<b>488,276</b>	<b>1,415,573</b>

**5(a) CHANGES IN COMPANY'S SHARE CAPITAL**
Issued and paid up capital

As at 31 December 2020, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2019: 3,122,495,197 ordinary shares) of which 6,964,060 were held by the Company as treasury shares (31 December 2019: 6,753,707).

	<b>Number of Shares</b>
	<b>FY2020</b>
As at beginning and end of the year (including treasury shares)	3,122,495,197
<b>As at end of the year (excluding treasury shares)</b>	<b>3,115,531,137</b>
<b>As at 31 December 2019 (excluding treasury shares)</b>	<b>3,115,741,490</b>

**Performance Share Plan**
Singapore Technologies Engineering Performance Share Plan 2010 (PSP2010)

As at 31 December 2020, the total number of outstanding awards was 5,546,244 (31 December 2019: 4,896,009) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 9,428,614 (31 December 2019: 8,323,215) ordinary shares of the Company.

**Restricted Share Plan**
Singapore Technologies Engineering Restricted Share Plan 2010 (RSP2010)

As at 31 December 2020, the total number of outstanding awards was 13,136,949 (31 December 2019: 13,308,887) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2020 (RSP2020)

As at 31 December 2020, the total number of outstanding awards was 125,090 (31 December 2019: Nil) ordinary shares of the Company.

**Treasury Shares**

During the year, the Company purchased 8,550,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (FY2019: 11,300,000).

During the year, 8,339,647 treasury shares were utilised pursuant to the PSP2010, RSP2010 and RSP2020 (FY2019: 7,247,491).

As at 31 December 2020, the number of treasury shares held by the Company represented 0.22% (31 December 2019: 0.22%) of the total number of issued shares (excluding treasury shares) of the Company.

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

<b><u>Group and Company</u></b>	<b><u>Number of Treasury Shares for the Year ended 31.12.2020</u></b>
As at beginning of the year	6,753,707
Purchase of treasury shares	8,550,000
Treasury shares transferred on vesting of PSP2010	(2,377,103)
Treasury shares transferred on vesting of RSP2010	(5,811,474)
Treasury shares transferred on vesting of RSP2020	(151,070)
<b>As at end of the year</b>	<b><u>6,964,060</u></b>

6 **AUDIT**

The figures have been audited by the Company's auditors.

7 **AUDITORS' REPORT**

See attached auditors' report.

8 **ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2019 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) that are mandatory for financial year beginning on or after 1 January 2020. The adoption of these SFRS(I) has no significant impact on the financial statements.

9 **CHANGES IN ACCOUNTING POLICIES**

There are no changes to the accounting policies.

## 10 REVIEW OF GROUP PERFORMANCE

### 10(a) Revenue

#### FY2020 vs FY2019

\$m	FY2020	FY2019	Increase/(Decrease)	
Aerospace	2,713	3,450	(737)	(21%)
Electronics	2,287	2,337	(50)	(2%)
Land Systems	1,411	1,428	(17)	(1%)
Marine	710	647	63	10%
Others	37	6	31	>500%
<b>Total</b>	<b>7,158</b>	<b>7,868</b>	<b>(710)</b>	<b>(9%)</b>

The Group ended the year with revenue of \$7,158 million, a decrease of 9% or \$710 million as compared to FY2019. All sectors, except for Marine sector and “Others”, contributed to the decrease.

In FY2020, Aerospace sector was impacted by reduced activities arising from COVID-19 and reported a decline in revenue of \$737 million or 21%, to \$2,713 million. The decrease was attributable to all three business groups.

Compared to FY2019, Electronics sector’s revenue of \$2,287 million decreased by 2% or \$50 million, contributed by all three business groups, due mainly to rescheduling of projects affected by COVID-19.

Revenue for Land Systems sector in FY2020 declined slightly by 1% or \$17 million to \$1,411 million. **Automotive** business group had lower US specialty vehicles sales, impacted by COVID-19, partially offset by increased vehicle production in Singapore.

Revenue of Marine sector in FY2020 of \$710 million was 10% or \$63 million higher as compared to FY2019. The increase was due mainly to higher contribution from US Shipbuilding partially offset by lower revenue from Singapore operations as yard activities were disrupted by COVID-19.

Higher revenue under “Others” was attributable to ST Engineering Innosparks Pte. Ltd.

Note: With effect from 1 January 2020, Miltope Corporation was re-organised from Others into Electronics sector and all comparatives were restated in conformance with current year classification.

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

**10(b) Profit attributable to shareholders**
FY2020 vs FY2019

\$m	<b>FY2020</b>	<b>FY2019</b>	<b>Increase/(Decrease)</b>	
Aerospace	192.9	268.9	(76.0)	(28%)
Electronics	203.9	183.3	20.6	11%
Land Systems	101.4	77.3	24.1	31%
Marine	28.3	51.5	(23.2)	(45%)
Others	(4.7)	(3.1)	(1.6)	NM
<b>Total</b>	<b>521.8</b>	<b>577.9</b>	<b>(56.1)</b>	<b>(10%)</b>

The Group's profit attributable to shareholders (Net Profit) for FY2020 of \$521.8 million was lower than that of FY2019 by 10% or \$56.1 million. The decrease was contributed mainly by Aerospace and Marine sectors, partially offset by Electronics and Land Systems sectors.

Aerospace sector's Net Profit in FY2020 of \$192.9 million declined by 28% or \$76.0 million as compared to FY2019, due mainly to lower activities, impairment of assets, absence of net favourable impact from end-of-programme reviews and share of lower profits from associates and joint ventures, partially offset by government support and cost reduction measures.

In FY2020, Electronics sector's Net Profit of \$203.9 million increased by 11% or \$20.6 million as compared to FY2019. The increase was largely due to government support and cost reduction measures, partially offset by impact of lower revenue, unfavourable sales mix and share of higher losses from associates and joint ventures.

In FY2020, Land Systems sector achieved Net Profit of \$101.4 million, 31% or \$24.1 million higher than FY2019, due mainly to higher revenue from vehicle production, government support and cost reduction measures, partially offset by weaker performance from US specialty vehicles, unfavourable product mix, impairment of assets and weaker performance from associates.

Marine sector's FY2020 Net Profit decreased by 45% or \$23.2 million to \$28.3 million due mainly to weaker US shipbuilding performance and higher operating costs incurred due to COVID-19 disruption on operations.

**11 VARIANCE FROM PROSPECTS STATEMENT**

No variance from the previous prospects statement.

**12 PROSPECTS****Group**

The Group's 2020 financial results were in line with our guidance provided during our 3Q market update. In a year when COVID-19 posed challenges for many industries, we had been able to keep balanced keel because of the underlying strengths of the Group and various mitigating factors including our cost reduction initiatives and government support. Our results underscore the resilience of our businesses and the dedication of our people. We would also like to express our appreciation to our customers and partners for their continued support.

Going into 2021, we expect recovery to be uneven across the industries we participate in. The aviation industry remains subdued and is unlikely to recover to pre-pandemic levels in 2021. Nevertheless, we are focusing on delivering our order book, seizing new opportunities in areas like freighter conversions and cybersecurity. With partial revenue recovery, when combined with savings from our cost reduction initiatives, we target to offset the effects of lower government support in 2021.

With our new organisation structure, we are well positioned to better serve our customers, respond nimbly to macro-economic changes and achieve long-term sustainable growth.

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.

**13 DIVIDENDS**

The Directors are pleased to announce that a final dividend of 10.0 cents per share has been recommended for the year ended 31 December 2020. Together with the interim dividend of 5.0 cents per share paid on 2 September 2020, the total dividend for the year ended 31 December 2020 will be 15.0 cents per share and amounts to \$468 million. The recommended dividends take into consideration the Group's FY2020 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.



**13 DIVIDENDS (cont'd)**
**(a) Current Financial Period Reported On**

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

Name of Dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$156.0m	\$312.0m	\$468.0m

**(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	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$156.0m	\$312.0m	\$468.0m

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

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 29 April 2021 for the preparation of dividend warrants. 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, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 28 April 2021 will be registered to determine members' entitlements to the proposed dividend, subject to approval of members to the proposed dividend at the Annual General Meeting to be convened on 22 April 2021. 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 28 April 2021 will be entitled to the proposed dividend. The proposed dividend, if so approved by members, will be paid on 7 May 2021.

**14 BUSINESS SEGMENTAL INFORMATION**
By Business Activity

	FY2020						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000	Marine \$'000	Others \$'000	Elimination \$'000	
Revenue							
External sales	2,713,565	2,286,556	1,410,727	710,377	37,061	-	7,158,286
Inter-segment sales	2,135	32,666	29,911	341	1,729	(66,782)	-
	<u>2,715,700</u>	<u>2,319,222</u>	<u>1,440,638</u>	<u>710,718</u>	<u>38,790</u>	<u>(66,782)</u>	<u>7,158,286</u>
Reportable segment							
profit from operations	198,567	244,752	123,703	14,366	(20,525)	-	560,863
Other income	5,059	10,578	3,114	3,984	1,078	(9,387)	14,426
Other expenses	(2,737)	(722)	(4,089)	(30)	(5,380)	3,630	(9,328)
Finance income	6,348	1,913	2,144	3,072	42,588	(46,791)	9,274
Finance costs	(39,261)	(20,576)	(9,166)	(5,039)	(48,255)	51,075	(71,222)
Share of results of							
associates and joint							
ventures, net of tax	34,501	(6,587)	(2,699)	474	4,700	-	30,389
Profit before taxation	202,477	229,358	113,007	16,827	(25,794)	(1,473)	534,402
Taxation	(8,351)	(23,832)	(10,711)	11,467	22,648	-	(8,779)
Non-controlling interests	(1,228)	(1,639)	(916)	-	-	-	(3,783)
Profit attributable to							
shareholders	<u>192,898</u>	<u>203,887</u>	<u>101,380</u>	<u>28,294</u>	<u>(3,146)</u>	<u>(1,473)</u>	<u>521,840</u>
Other assets	4,385,392	3,007,807	2,031,956	858,022	5,531,999	(6,722,763)	9,092,413
Associates and							
joint ventures	284,446	67,871	69,351	4,244	43,000	-	468,912
Segment assets	<u>4,669,838</u>	<u>3,075,678</u>	<u>2,101,307</u>	<u>862,266</u>	<u>5,574,999</u>	<u>(6,722,763)</u>	<u>9,561,325</u>
Segment liabilities	<u>3,744,101</u>	<u>2,469,685</u>	<u>1,733,350</u>	<u>908,105</u>	<u>3,336,267</u>	<u>(5,204,972)</u>	<u>6,986,536</u>
Capital expenditure	106,680	122,537	56,726	29,569	28,416	-	343,928
Depreciation and							
amortisation	181,859	101,231	57,009	27,016	15,945	(4,429)	378,631
Impairment losses	38,837	1,405	13,538	-	-	-	53,780
Other non-cash expenses	819	31	24	-	-	-	874

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

	<b>FY2019</b>						<b>Group</b> \$'000
	<b>Aerospace</b> \$'000	<b>Electronics</b> \$'000	<b>Land Systems</b> \$'000	<b>Marine</b> \$'000	<b>Others</b> \$'000	<b>Elimination</b> \$'000	
Revenue							
External sales	3,450,442	2,336,365	1,428,480	647,128	5,861	-	7,868,276
Inter-segment sales	4,580	28,281	29,164	23	2,305	(64,353)	-
	<u>3,455,022</u>	<u>2,364,646</u>	<u>1,457,644</u>	<u>647,151</u>	<u>8,166</u>	<u>(64,353)</u>	<u>7,868,276</u>
Reportable segment profit from operations	314,337	223,939	89,802	56,392	(11,391)	-	673,079
Other income	13,965	11,353	5,731	6,506	808	(13,060)	25,303
Other expenses	(7,439)	(25)	(4,422)	(83)	(2,461)	6,956	(7,474)
Finance income	14,018	4,695	1,807	3,782	76,336	(86,348)	14,290
Finance costs	(40,336)	(22,234)	(9,937)	(5,693)	(52,665)	81,928	(48,937)
Share of results of associates and joint ventures, net of tax	38,227	(1,445)	5,579	(75)	(3,303)	-	38,983
Profit before taxation	332,772	216,283	88,560	60,829	7,324	(10,524)	695,244
Taxation	(48,914)	(32,984)	(11,459)	(9,287)	74	-	(102,570)
Non-controlling interests	(14,962)	24	209	-	-	-	(14,729)
Profit attributable to shareholders	<u>268,896</u>	<u>183,323</u>	<u>77,310</u>	<u>51,542</u>	<u>7,398</u>	<u>(10,524)</u>	<u>577,945</u>
Other assets	4,415,722	3,141,381	1,723,451	805,296	5,940,875	(6,958,869)	9,067,856
Associates and joint ventures	253,884	73,639	82,276	2,850	40,770	-	453,419
Segment assets	<u>4,669,606</u>	<u>3,215,020</u>	<u>1,805,727</u>	<u>808,146</u>	<u>5,981,645</u>	<u>(6,958,869)</u>	<u>9,521,275</u>
Segment liabilities	<u>3,781,016</u>	<u>2,646,334</u>	<u>1,458,862</u>	<u>803,159</u>	<u>3,795,675</u>	<u>(5,454,772)</u>	<u>7,030,274</u>
Capital expenditure	293,215	128,186	43,522	8,876	16,035	698	490,532
Depreciation and amortisation	185,359	91,753	51,308	32,478	11,359	(4,005)	368,252
Impairment losses	26,013	-	4,000	-	-	-	30,013
Other non-cash expenses	954	363	91	-	-	-	1,408

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

	<b>Revenue</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
Aerospace	2,713,565	3,450,442	(21.4)
Electronics	2,286,556	2,336,365	(2.1)
Land Systems	1,410,727	1,428,480	(1.2)
Marine	710,377	647,128	9.8
Others	37,061	5,861	>500
<b>Group</b>	<b><u>7,158,286</u></b>	<b><u>7,868,276</u></b>	<b><u>(9.0)</u></b>

	<b>Profit/(Loss) Before Tax</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
Aerospace	202,477	332,772	(39.2)
Electronics	229,358	216,283	6.0
Land Systems	113,007	88,560	27.6
Marine	16,827	60,829	(72.3)
Others	(27,267)	(3,200)	NM
<b>Group</b>	<b><u>534,402</u></b>	<b><u>695,244</u></b>	<b><u>(23.1)</u></b>

	<b>Profit/(Loss) Attributable to Shareholders</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
Aerospace	192,898	268,896	(28.3)
Electronics	203,887	183,323	11.2
Land Systems	101,380	77,310	31.1
Marine	28,294	51,542	(45.1)
Others	(4,619)	(3,126)	NM
<b>Group</b>	<b><u>521,840</u></b>	<b><u>577,945</u></b>	<b><u>(9.7)</u></b>

**14 BUSINESS SEGMENTAL INFORMATION (cont'd)**
By Geographical Areas

	Revenue			
	FY2020		FY2019	
	\$'000	%	\$'000	%
Asia	3,835,145	53.6	4,303,811	54.7
U.S.	1,704,798	23.8	1,645,681	20.9
Europe	1,202,009	16.8	1,379,580	17.5
Others	416,334	5.8	539,204	6.9
<b>Total</b>	<b>7,158,286</b>	<b>100</b>	<b>7,868,276</b>	<b>100</b>

By Country of Incorporation

	Revenue			
	FY2020		FY2019	
	\$'000	%	\$'000	%
Asia	4,415,728	61.7	5,079,390	64.5
U.S.	2,088,678	29.2	2,091,860	26.6
Europe	587,031	8.2	612,046	7.8
Others	66,849	0.9	84,980	1.1
<b>Total</b>	<b>7,158,286</b>	<b>100</b>	<b>7,868,276</b>	<b>100</b>

	Non-Current Assets *			
	FY2020		FY2019	
	\$'000	%	\$'000	%
Asia	1,841,190	38.4	1,790,865	37.6
U.S.	1,629,426	33.9	1,663,115	35.0
Europe	1,239,616	25.8	1,213,482	25.5
Others	92,028	1.9	89,682	1.9
<b>Total</b>	<b>4,802,260</b>	<b>100</b>	<b>4,757,144</b>	<b>100</b>

\* Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* excludes derivative financial instruments, employee benefits and deferred tax assets.

**15 ECONOMIC VALUE ADDED (EVA)**

EVA for FY2020 was \$286.4 million, a decrease of 10% or \$30.6 million compared to FY2019. The weighted average cost of capital for 2020 was 4.5% (2019: 5.6%).

**16 INTERESTED PERSON TRANSACTIONS (unaudited)**

	Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	<b>FY2020</b>	<b>FY2019</b>
	\$'000	\$'000
<b>Transactions for the Sale of Goods and Services</b>		
CapitaLand Limited and its Associates	691	-
CapitaLand Commercial Trust	125	-
SATS Ltd. and its Associates	51,860	12,425
SembCorp Industries Ltd and its Associates	151	-
Singapore Airlines Limited and its Associates	-	3,356
SIA Engineering Company Limited and its Associates	102	-
Singapore Telecommunications Limited and its Associates	2,637	828
StarHub Ltd and its Associates	2,125	612
Temasek Holdings (Private) Limited and its Associates (non-listed)	45,741	88,523
	<u>103,432</u>	<u>105,744</u>
<b>Transactions for the Purchase of Goods and Services</b>		
CapitaLand Limited and its Associates	143	-
Mapletree Industrial Trust	356	403
Mapletree Logistics Trust	-	11,851
SATS Ltd. and its Associates	3,841	3,211
SembCorp Industries Ltd and its Associates	2,264	17,546
Singapore Telecommunications Limited and its Associates	1,038	2,557
StarHub Ltd and its Associates	1,575	205
Temasek Holdings (Private) Limited and its Associates (non-listed)	55,826	17,397
	<u>65,043</u>	<u>53,170</u>
<b>Total Interested Person Transactions</b>	<u>168,475</u>	<u>158,914</u>

**17 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).

18 **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 2020, 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  
19 February 2021

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