

Financial Year 2019 Results

24 February 2020

Agenda

- Group Highlights
- Outlook
- Appendix
 - Aerospace
 - Electronics
 - Land Systems
 - Marine

Group Highlights

Group Highlights

All figures are denominated in S\$m unless indicated otherwise

4Q2019

Revenue

2,288

+29% y-o-y

EBIT

191.1

+19% y-o-y

PBT

198.8

+24% y-o-y

Net Profit

169.5

+36% y-o-y

FY2019

Revenue

7,868

+17% y-o-y

EBIT

654.0

+15% y-o-y

PBT

695.2

+12% y-o-y

Net Profit

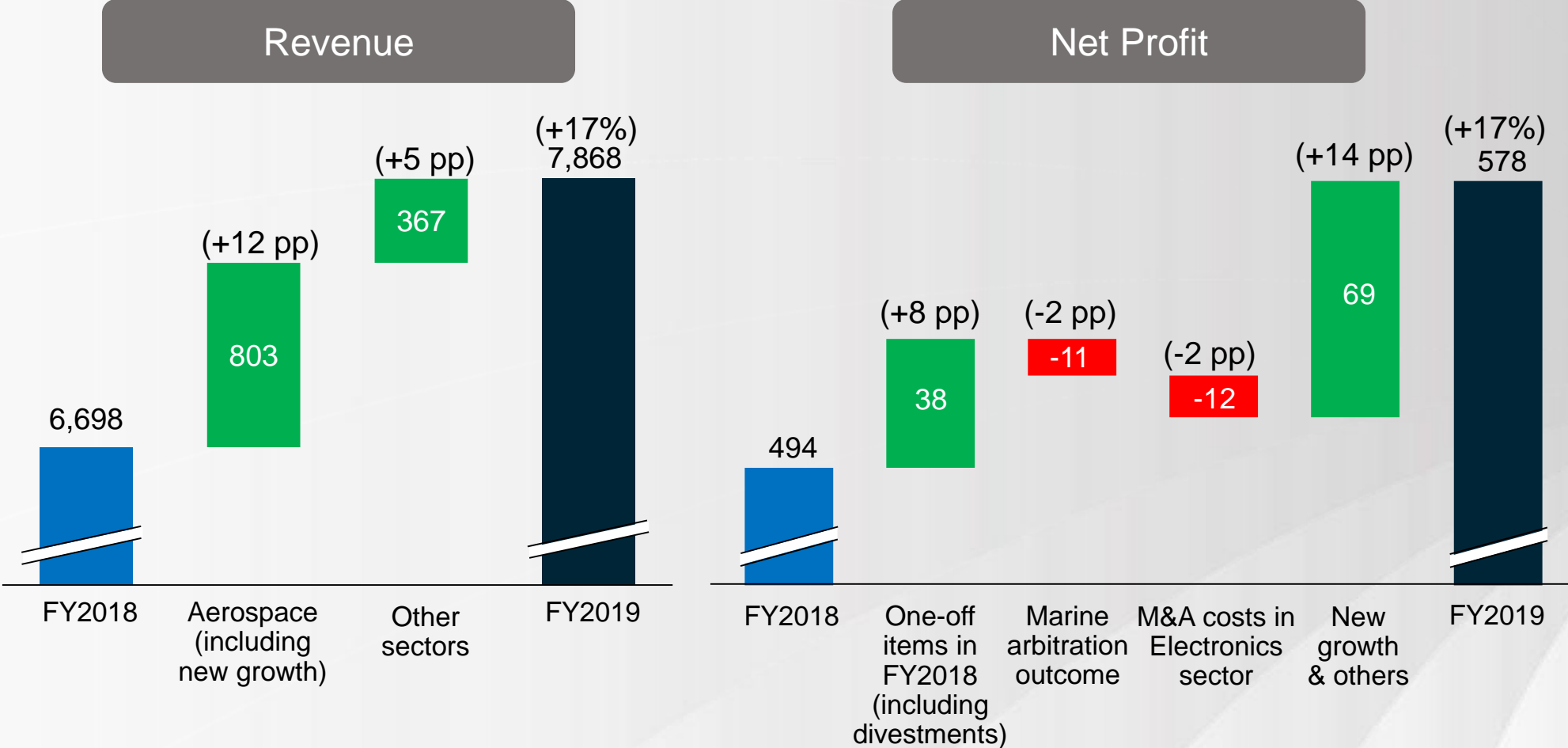
577.9

+17% y-o-y

Order book as at 31 Dec 2019: **\$15.3b**;
about **\$5.9b** to be delivered in 2020

FY2019 Revenue & Profit Growth

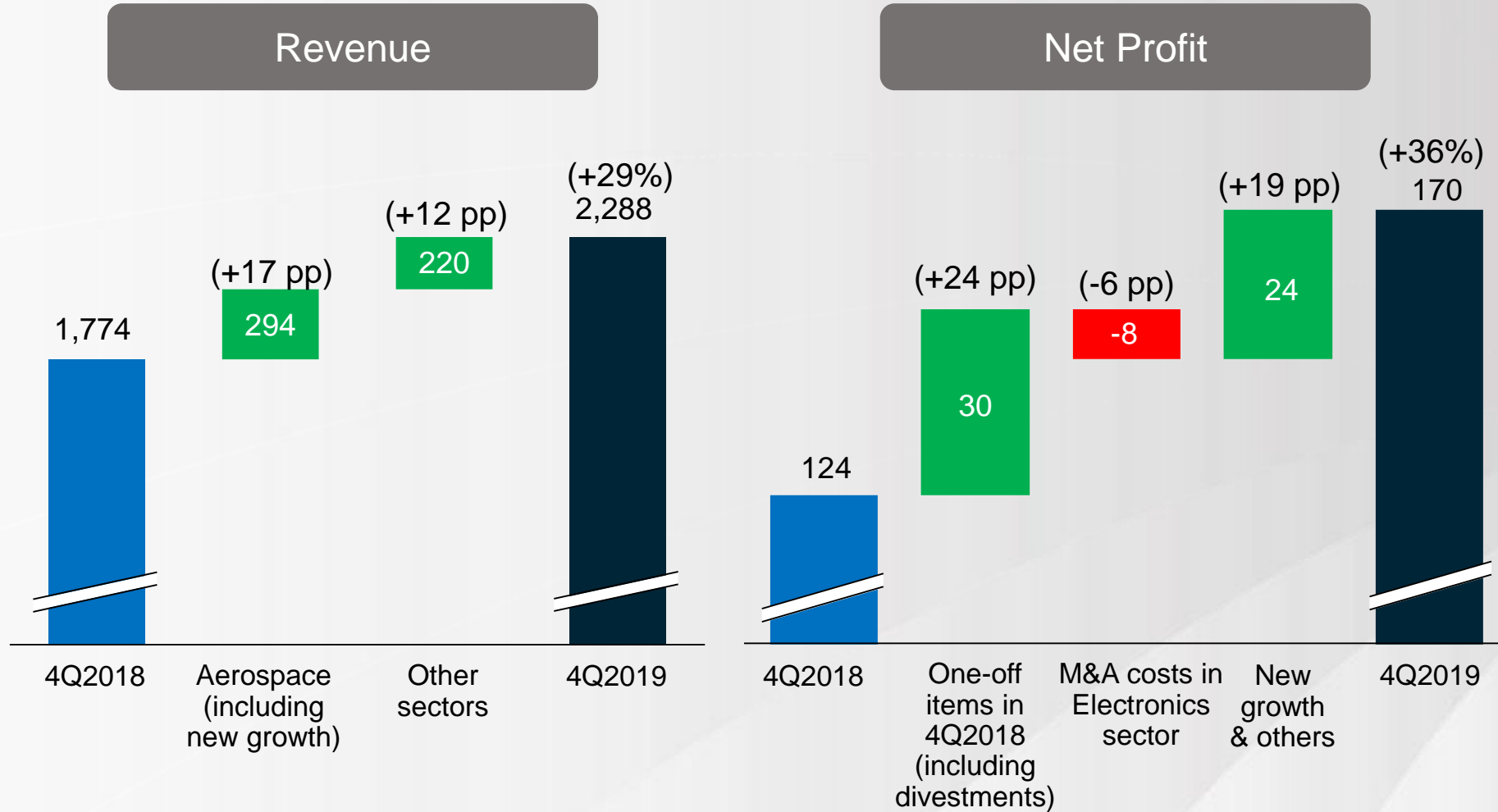
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Amounts may not add due to rounding

4Q2019 Revenue & Profit Growth

All figures are denominated in S\$m unless indicated otherwise



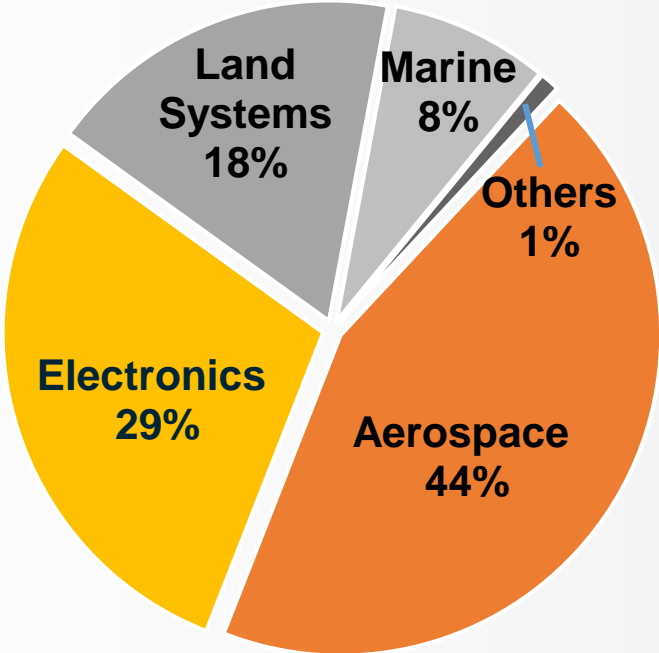
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Group Revenue

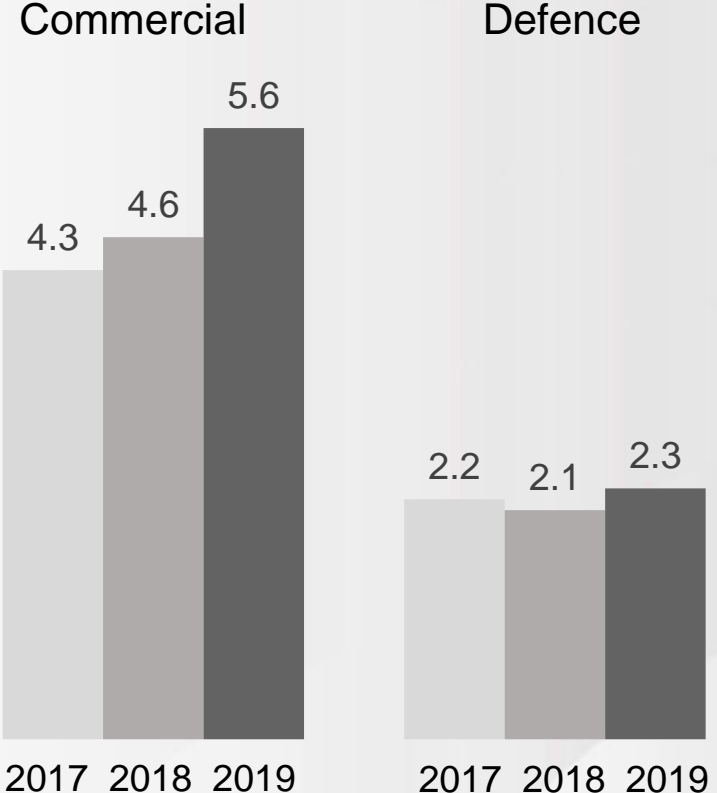
S\$m	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Aerospace	941	647	+45%	3,450	2,647	+30%
Electronics	686	536	+28%	2,282	2,143	+6%
Land Systems	448	435	+3%	1,428	1,282	+11%
Marine	204	139	+47%	647	574	+13%
Others	9	17	-47%	61	52	+17%
Group	2,288	1,774	+29%	7,868	6,698	+17%

Group Revenue Breakdown

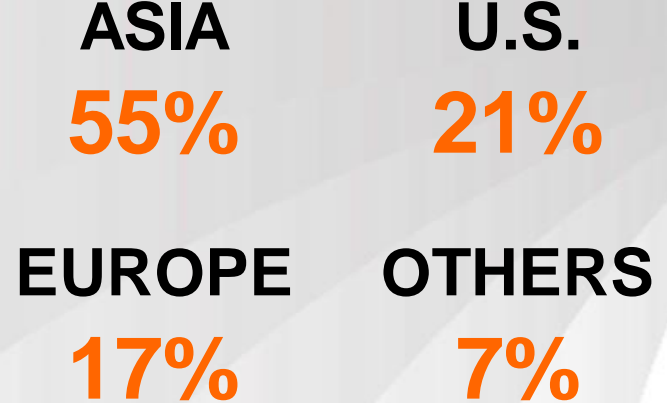
FY2019 Revenue
S\$7.9b



FY2019 Revenue
 by type



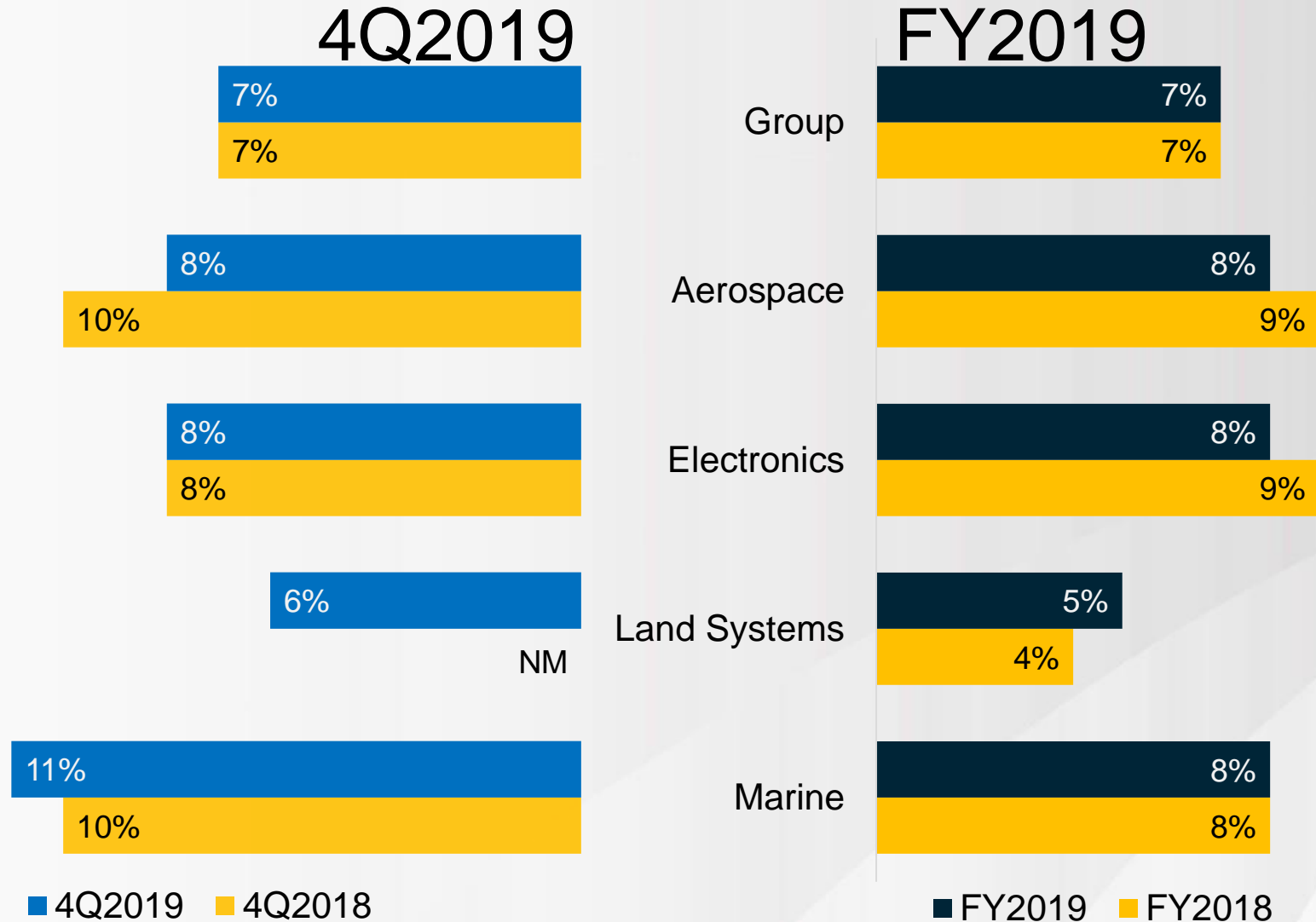
FY2019 Revenue
 by location of customers



Group Net Profit

S\$m	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Aerospace	76.9	63.5	+21%	268.9	244.6	+10%
Electronics	51.6	44.1	+17%	190.7	186.5	+2%
Land Systems	26.7	(0.7)	NM	77.3	52.9	+46%
Marine	21.8	14.5	+51%	51.5	45.2	+14%
Others	(7.5)	3.1	NM	(10.5)	(35.0)	NM
Group	169.5	124.5	+36%	577.9	494.2	+17%

Group Net Profit Margin



Balance Sheet

S\$m	31 Dec 2019	31 Dec 2018
Property, plant & equipment	1,805	1,743
Right-of-use assets	484	-
Intangible assets	1,980	1,151
Other non-current assets	613	582
Current assets	4,639	4,097
Total assets	9,521	7,573
Current liabilities	5,446	3,851
Non-current liabilities	1,584	1,187
Total liabilities	7,030	5,038
Share capital and reserves	2,222	2,247
Non-controlling interests	269	288
Total equity and liabilities	9,521	7,573

Statement of Cash Flows

S\$m	FY2019	FY2018
Net cash from/(used in)		
Operating activities	590	639
Investing activities	(1,273)	(65)
Financing activities	720	(1,161)
Net increase/(decrease) in CCE *	37	(587)
CCE at beginning of the year	414	998
Exchange difference	1	3
CCE at end of the year	452	414

* CCE - Cash & Cash Equivalents

Outlook

President & CEO's Message

“The Group’s focus in executing its strategy in 2019 produced a good set of financial results. In addition to achieving double-digit revenue and profit growth, we made three strategic acquisitions^[1] to strengthen the Group’s position for the future. We also recorded a strong order book which provides near-term revenue visibility.”

~ Vincent Chong, President & CEO, ST Engineering

[1] The acquisition of MRAS was completed on 18 Apr 2019, the acquisition of Glowlink was completed on 17 Sept 2019 and the acquisition of Newtec was completed on 1 Oct 2019.

Thank You

Appendix

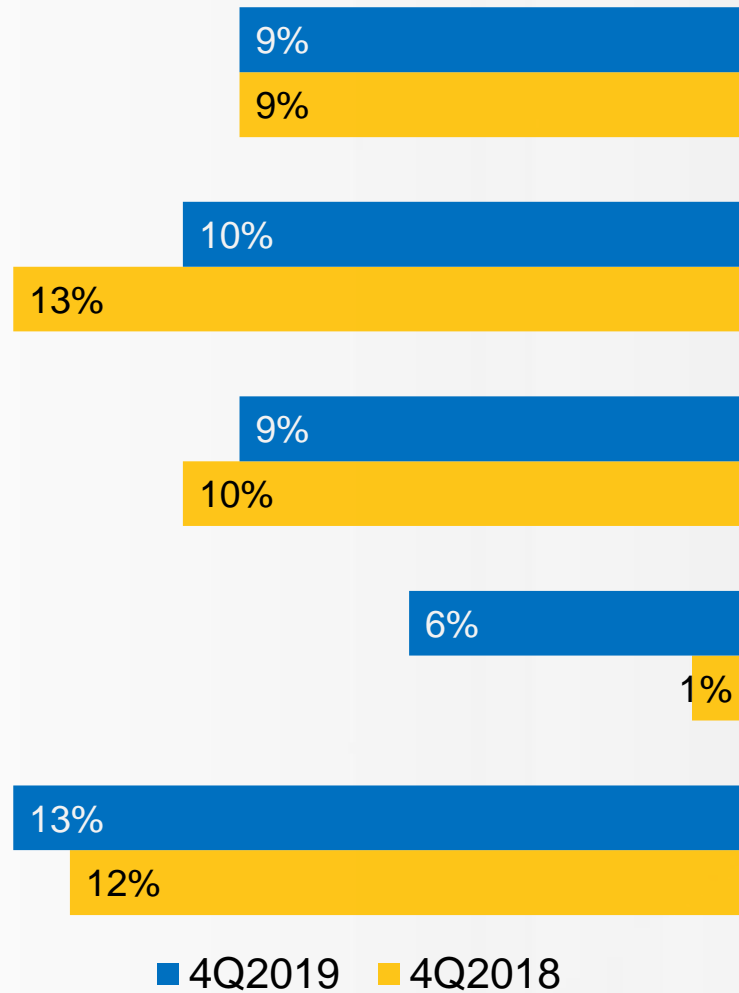
Group

Group Profit before Tax (PBT)

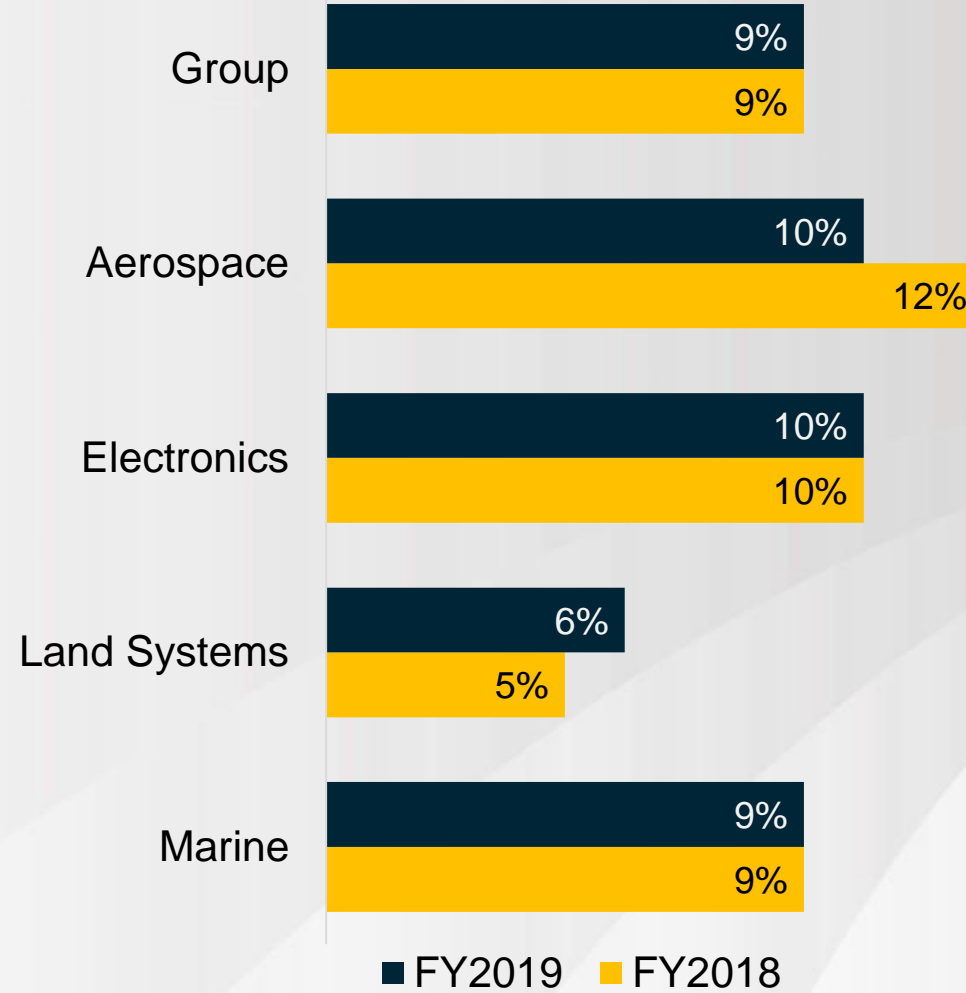
S\$m	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Aerospace	95.1	82.6	+15%	332.8	320.0	+4%
Electronics	59.0	51.5	+15%	226.5	224.7	+1%
Land Systems	28.3	2.6	>500%	88.6	62.3	+42%
Marine	26.2	16.0	+64%	60.8	50.3	+21%
Others	(9.8)	7.8	NM	(13.5)	(36.6)	NM
Group	198.8	160.5	+24%	695.2	620.7	+12%

Group PBT Margin

4Q2019



FY2019

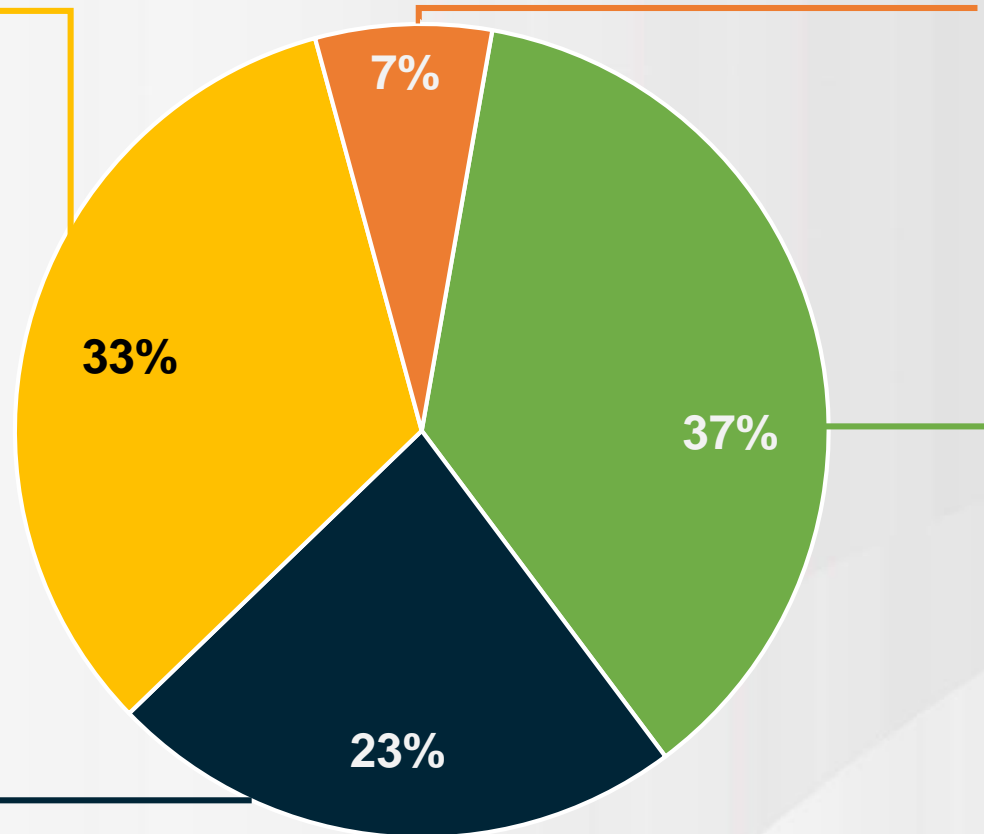


Aerospace

Aerospace Revenue by geography (by location of customers)

Europe
FY2019: \$1,134m

Others
FY2019: \$249m

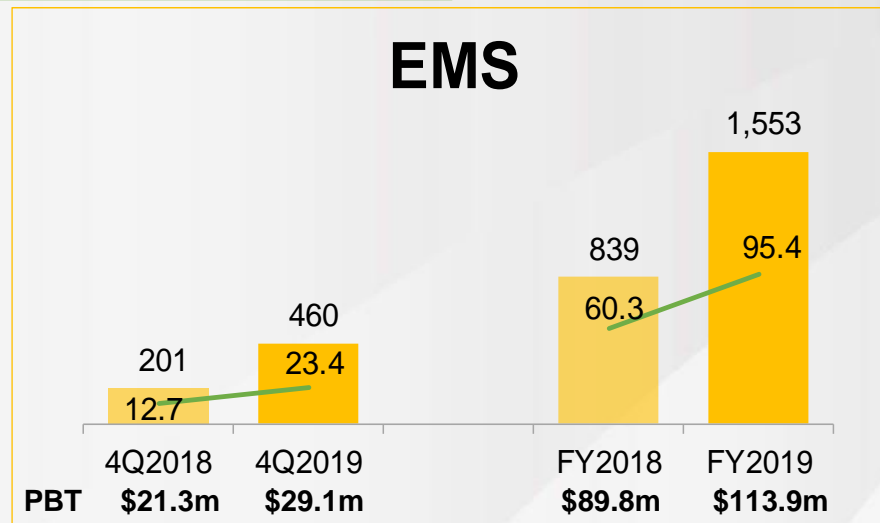
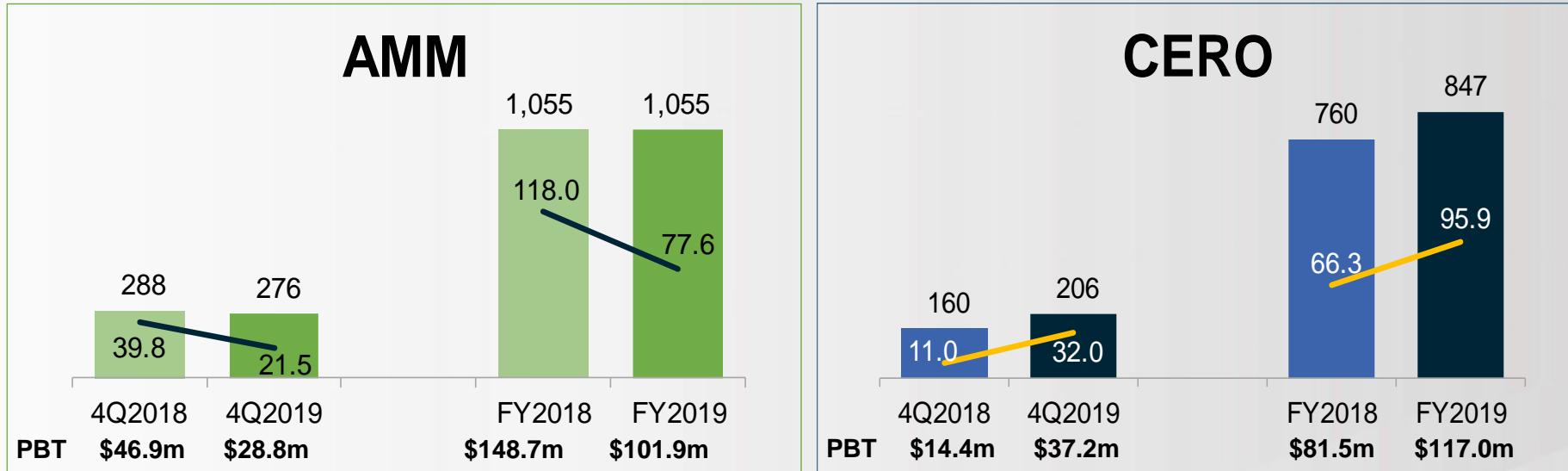


U.S.
FY2019: \$780m

Asia
FY2019: \$1,292m

Note: Revenue includes inter-segment sales

Aerospace Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

Aerospace

FY2019 vs FY2018

Revenue **\$3,450m** ▲ **\$803m or 30%**

- New income stream from MRAS
- Revenue recognised from various end-of-programme reviews

PBT **\$332.8m** ▲ **\$12.8m or 4%**

- Profit contribution from MRAS
 - Net favourable impact from end-of-programme reviews
- Partially offset by
- Absence of divestment gain
 - Unfavourable sales mix
 - Impairment of assets

Net Profit **\$268.9m** ▲ **\$24.3m or 10%**

- Recognition of tax credit
- Lower share of profits to non-controlling interest

Aerospace – FY2019 in Review

- Secured \$4.2b worth of new contracts, including:
 - A 10-year airframe MRO contract to provide heavy maintenance services for a major North American airline's entire fleet of A300s and Boeing 757s
 - A 5-year extension agreement for A380 airframe maintenance
 - A multi-year contract for Boeing 717 heavy maintenance
 - A 10-year agreement to work with Airbus Helicopters to support a substantial part of the German Armed Forces' NH90 fleet
 - A 15-year engine MBH™ contract to support Japan Transocean Air's Boeing 737NG fleet
 - A 4-year landing gear overhaul contract to support Solaseed Air's Boeing 737-800 fleet
 - Orders for engine nacelle components and composite floor panels
 - A DroNet contract for security and surveillance applications

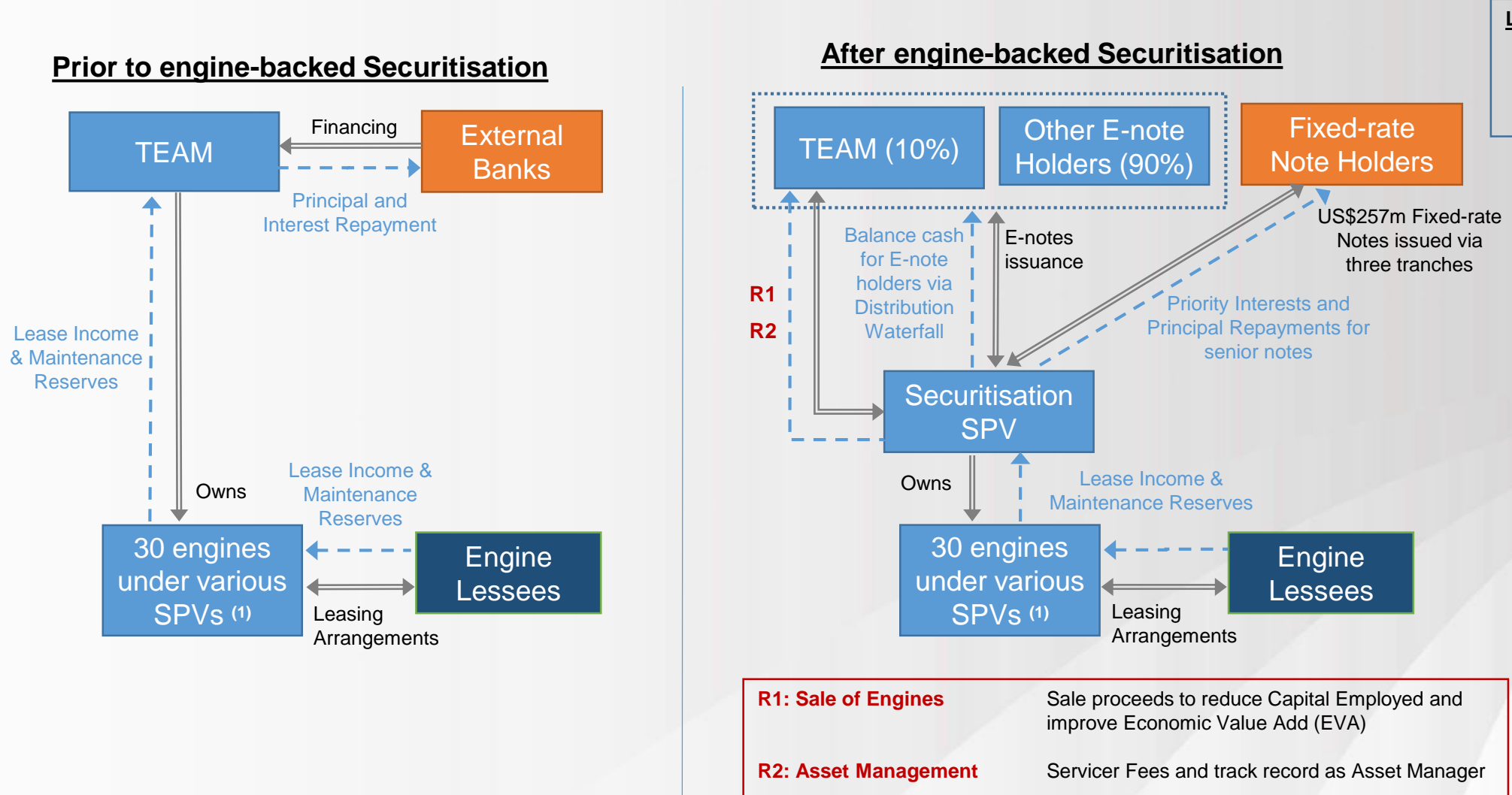
Aerospace – FY2019 in Review

- Expanded into engine nacelle design and manufacturing business through MRAS
- Strengthened core capabilities
 - Opened new component MRO facilities in Hanoi and Ho Chi Minh City, Vietnam
 - Became official member of Honeywell Channel Partner Network as its licensed components repair centre
 - Completed Critical Design Review for prototype A320P2F
 - Achieved first-ever authorisation from the CAAS to conduct Beyond Visual Line of Sight trials for DroNet
 - Attained Supplemental Type Certificate from EASA for a refurbished aircraft that installed SPACElite I seats
 - Collaborated with Air New Zealand to trial the use of drones for aircraft inspection

Aerospace – Outlook for FY2020

- Grow nacelle manufacturing and aftermarket business in U.S.
- Ramp up component MRO operations and set up airframe MRO capabilities in Vietnam
- Redeliver A321P2F prototype and pursue new P2F contracts
- Pursue opportunities to scale up engine leasing business post successful securitisation
- Accelerate digital transformation to enhance operations and add value to customers
- Continue to market UAV solutions and advance commercial applications of these solutions

Aircraft Engine Securitisation Transaction



Electronics

Electronics Revenue by geography (by location of customers)

Europe

FY2019: \$181m

Others

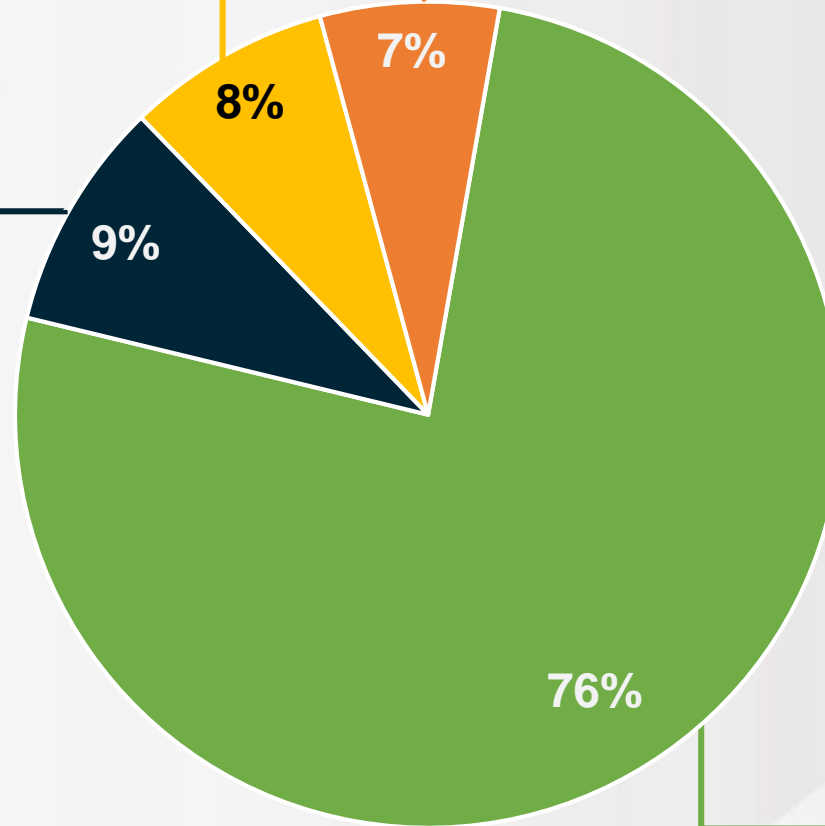
FY2019: \$163m

U.S.

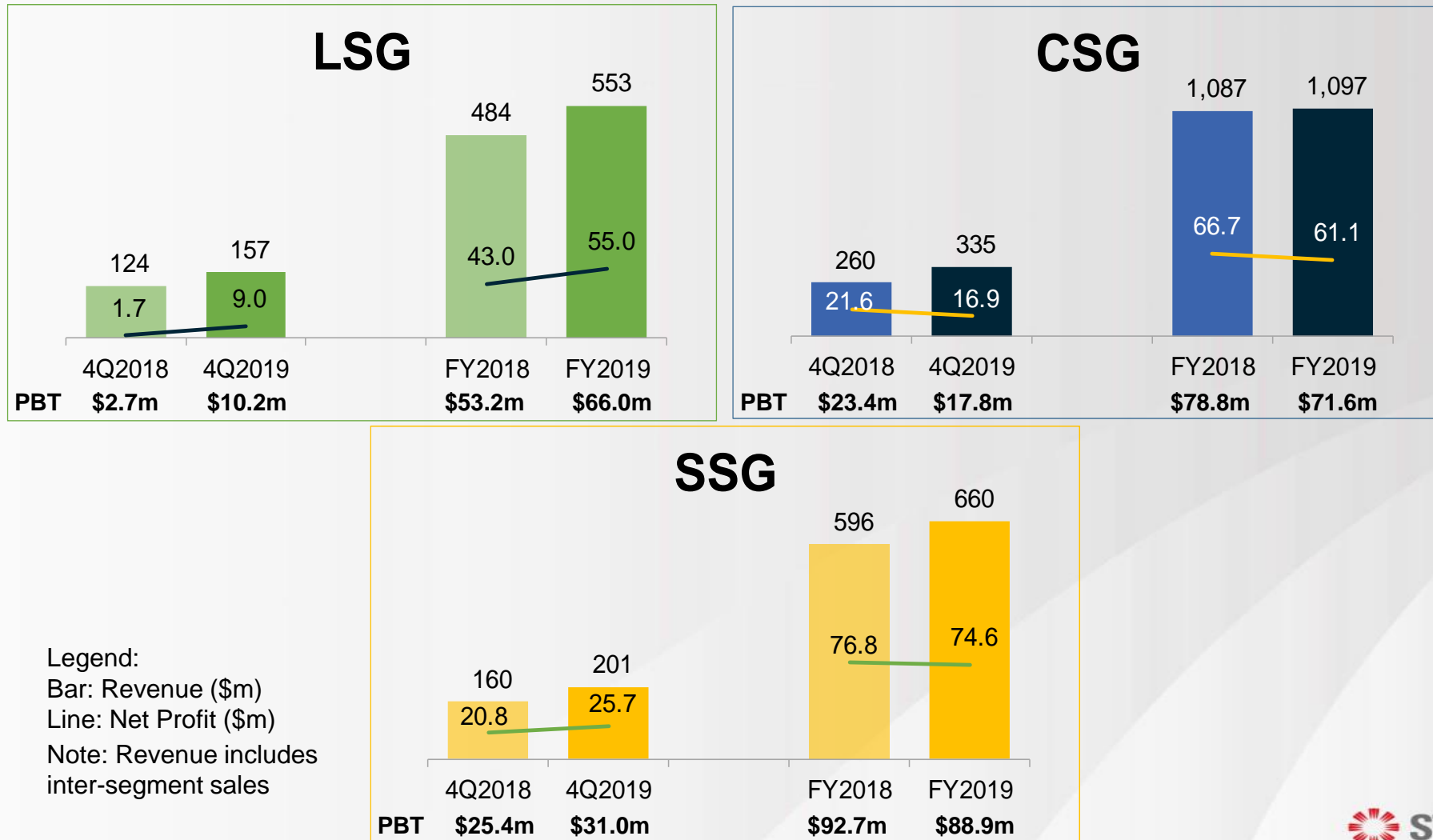
FY2019: \$219m

Asia

FY2019: \$1,747m



Electronics Revenue, PBT and Net Profit by business group



Electronics

FY2019 vs FY2018

Revenue

\$2,282m

▲ \$139m or 6%

- Higher revenue from all business groups

PBT

\$226.5m

▲ \$1.8m or 1%

- In line with higher revenue
Partially offset by
- Transaction and integration costs for new acquisitions

Net Profit

\$190.7m

▲ \$4.2m or 2%

Electronics - FY2019 in Review

- Secured \$2.8b worth of new contracts, including:
 - Satellite communications projects for first response teams, maritime, healthcare and banking industries
 - Rail electronics projects in China, Philippines, Taiwan, Thailand, Saudi Arabia and Singapore
 - Smart water meter and smart lighting solutions deployment in various global cities
 - An advanced Command Centre for PSA's Tuas port operations
 - An Air Traffic Control Tower Simulator system for the Civil Aviation Authority of the Philippines
 - An enterprise data analytics platform for a utility company
 - A next-generation emergency response management system for a public safety agency in Asia
 - Cybersecurity solutions to Vietnam's enterprises and critical information infrastructure (CII), and Singapore's aviation and homeland security customers
 - A unified simulation platform for the U.S. Army's synthetic training environment that meets demands for next generation collective training

Electronics - FY2019 in Review

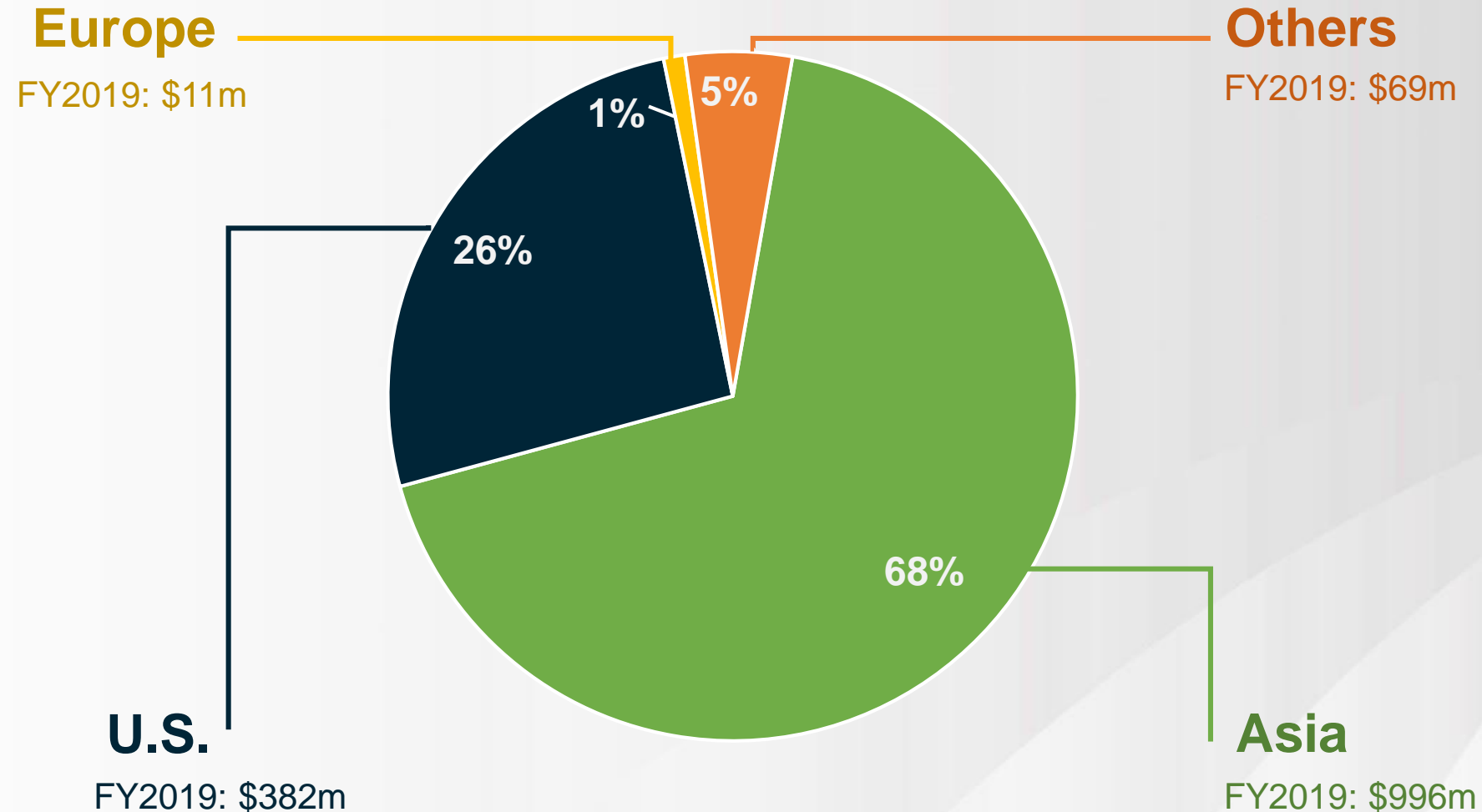
- Acquired Newtec and Glowlink Communications to build a highly differentiated global satellite communications business group
- Enhanced Smart City offerings
 - Entered into a JV with DSO National Laboratories for satellite analytics and new space technologies
 - Partnered government agencies and business partners to advance key technology areas such as 5G, Internet of Things and autonomous applications
 - Launched new products including the world's first Variable Pitch Platform Screen Door, Buried Intrusion Detection System, Airport Analytics, and Wireless Automatic Test System for Emergency Lights

Electronics - Outlook for FY2020

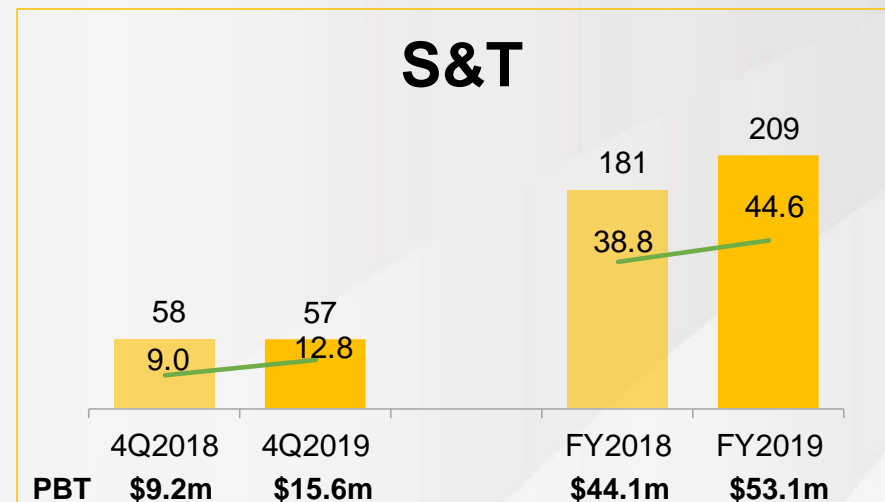
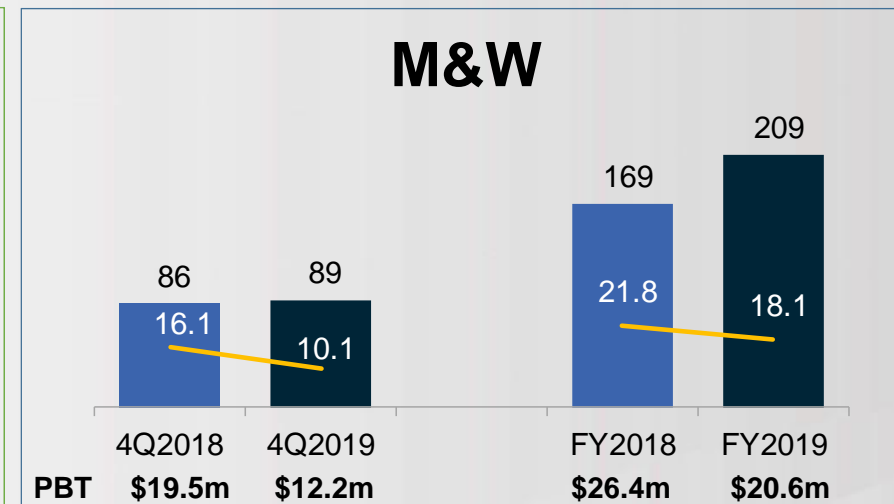
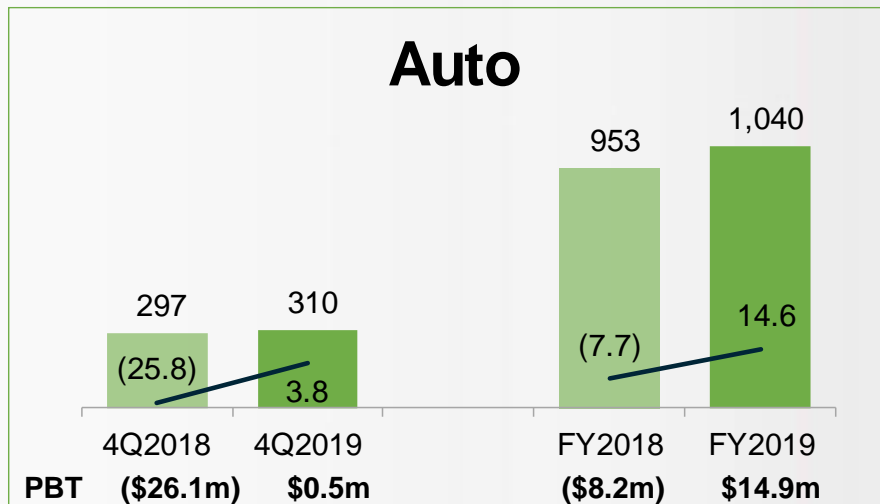
- Focus on integration of iDirect Europe (formerly known as Newtec) and Glowlink Communications
- Deliver smart mobility, satellite communications and software system related contracts on schedule
- Pursue smart city related contracts in and outside of Singapore

Land Systems

Land Systems Revenue by geography (by location of customers)



Land Systems Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

Land Systems

FY2019 vs FY2018

Revenue

\$1,428m

▲ \$146m or 11%

- Higher revenue from all business groups

PBT

\$88.6m

▲ \$26.3m or 42%

- Higher gross profit in line with higher revenue
 - Absence of portfolio rationalisation loss
- Partially offset by
- Higher operating expenses from continued investments in robotics capabilities

Net Profit

\$77.3m

▲ \$24.4m or 46%

Land Systems - FY2019 in Review

- Secured new contracts during the year, including:
 - Weapons & munitions from customers in Asia Pacific, Middle East and Europe
 - Road construction equipment and specialty vehicles from customers in North America
 - Supply of 80 Automated Guided Vehicles and Automated DC chargers for PSA for deployment at Singapore's next-generation port in Tuas
 - Supply of 32 units of Aethon Autonomous Mobile Robots (AMRs) for the new Woodlands Health Campus
 - Supply of 50 three-door double-decker buses for Land Transport Authority

Land Systems - FY2019 in Review

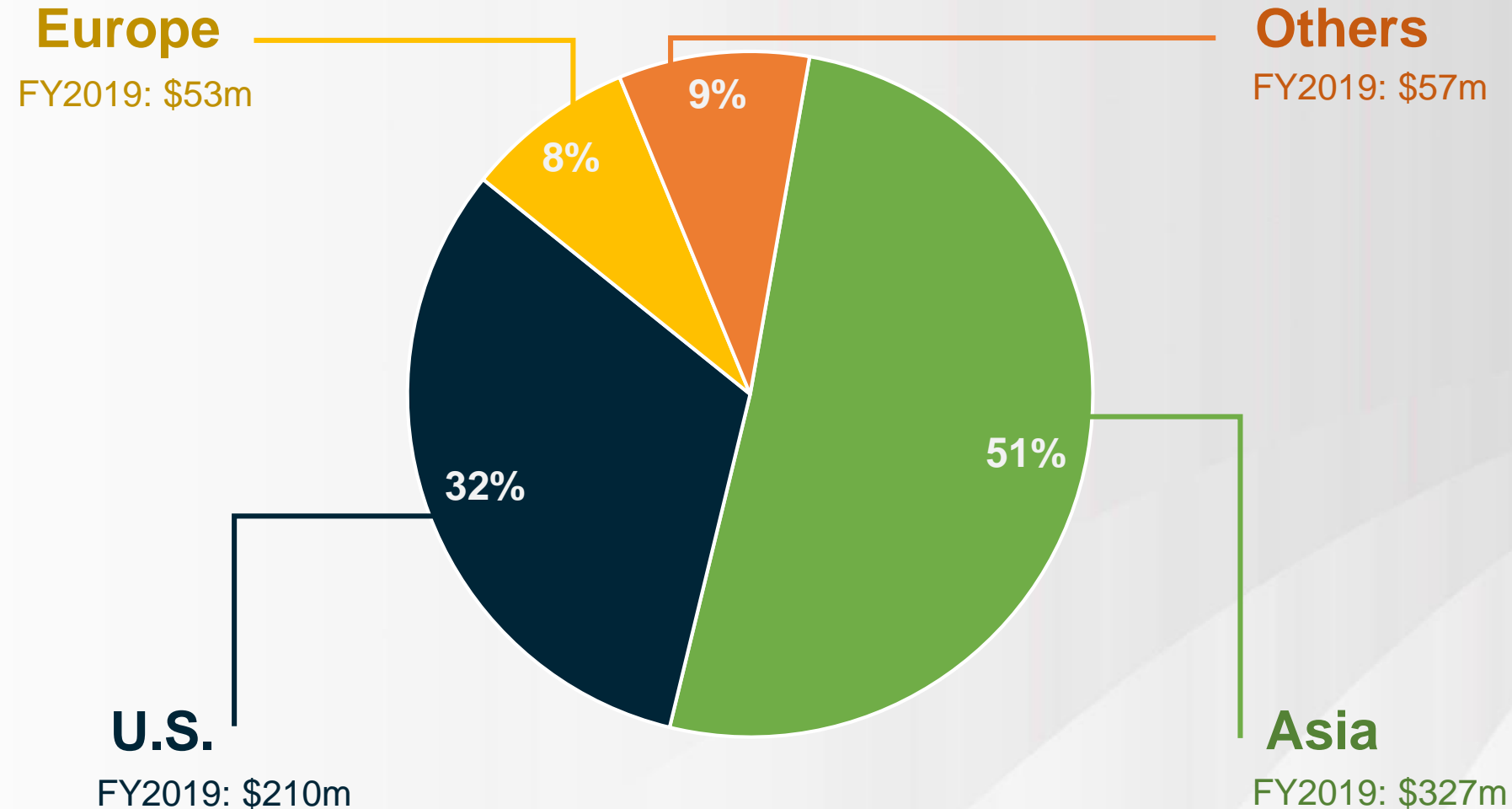
- Made progress in Robotics and Autonomous Vehicle businesses
 - Completed Singapore's first on-demand autonomous shuttle public trial at Sentosa
 - Commenced Autonomous Bus trial on Jurong Island
 - Formed a consortium of industry leaders to explore the commercialisation and export of its autonomous transport solutions
- Roll-out of first Hunter AFV in May. Vehicle was commissioned in June.
- Completed the first proof-of-concept diesel-to-electric conversion of a single decker bus
- Launched the STROBO portfolio brand of autonomous bus platforms at ITS World Congress 2019

Land Systems - Outlook for FY2020

- Pursue and secure key defence and commercial programmes locally and overseas
- Develop and strengthen capabilities to be a leading contributor of the AV ecosystem in Singapore, supporting the nation's Land Transport Master Plan
- Provide logistics autonomous solutions for the warehouse, airport, seaport and manufacturing industries

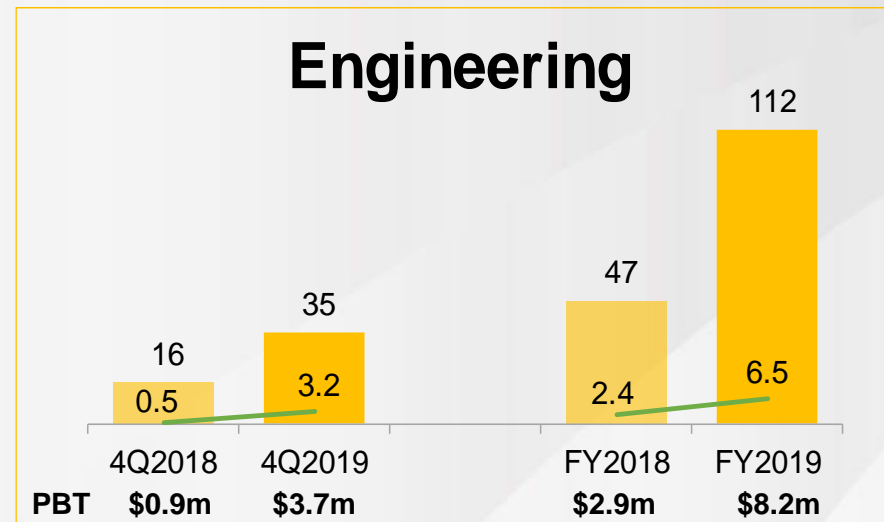
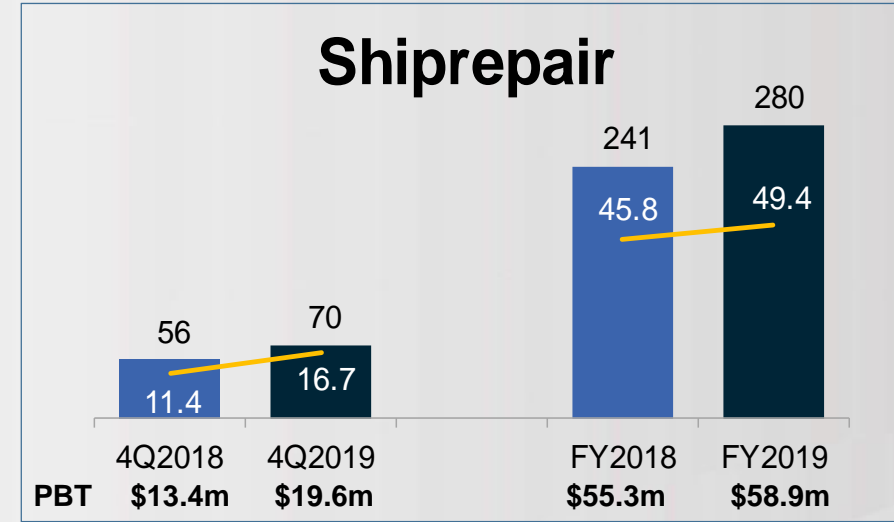
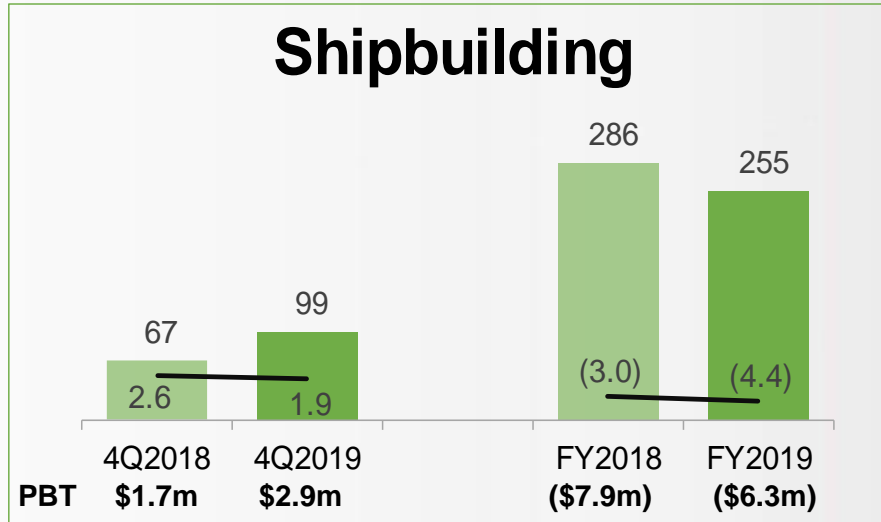
Marine

Marine Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Marine Revenue, PBT and Net Profit by business group



Legend:
 Bar: Revenue (\$m)
 Line: Net Profit (\$m)
 Note: Revenue includes inter-segment sales

Marine

FY2019 vs FY2018

Revenue

\$647m

▲ \$73m or 13%

- Higher revenue from Shiprepair and Engineering business groups

PBT

\$60.8m

▲ \$10.5m or 21%

- Improved performance from US operations and sale of Ropax
Partially offset by
- Unfavourable arbitration outcome with a customer

Net Profit

\$51.5m

▲ \$6.3m or 14%

Marine – FY2019 in Review

- Secured new contracts during the year, including:
 - Design and construction of a Polar Security Cutter for the U.S. Coast Guard, with an option for two more
 - A Common Hull Auxiliary Mission Platform programme study for U.S. Navy
 - Phase 1 Preliminary/Contract design for the National Oceanic and Atmospheric Administration AGOR Variant by Naval Sea Systems Command
 - Construction of three firm Auxiliary Personnel Lighter Small (APL(S)) Class berthing barges for U.S. Navy

Marine – FY2019 in Review

- Shipbuilding programme updates
 - Delivered 7th & 8th of eight Littoral Mission Vessel to Republic of Singapore Navy
 - Delivered ATB Tug to Bouchard Transportation and passenger and vehicle ferry to Commonwealth of Virginia, Department of Transportation
 - Keel-laid (APL(S)) Class berthing barges and Logistics Support Vessel
 - Launched Floating Power Plant for Transcontinental Capital Corporation
 - Launched Q-LNG Tug and Barge for Q-LNG
 - Started the 5GPT programme for Singapore Police Coast Guard
- Sold MV Nova Star, a Roll-on/Roll-off Passenger Vessel to Polferries
- Completed numerous shiprepair projects, rig repair and related fabrication works

Marine – Outlook for FY2020

- R&D plan including design performance specifications for Polar Security Cutter
- Pursue and secure defence and commercial newbuild programmes locally and overseas
- Scheduled launch
 - 5GPT for Singapore Police Coast Guard
 - (APL(S)) Class berthing barges for U.S. Navy
- Scheduled delivery
 - 5GPT for Singapore Police Coast Guard
 - Q-LNG Tug and Barge for Q-LNG