

News Release

ST Engineering Delivers Higher Net Profit for 3Q2018 vs 3Q2017

FINANCIAL HIGHLIGHTS						
For the third quarter ended						
30 September 2018						
	2018 3Q	2017 3Q (Restated)*	Growth %	2018 9M	2017 9M (Restated)*	Growth %
Revenue (\$m)	1,626	1,609	1	4,924	4,827	2
Earnings before interest and tax (EBIT) (\$m)	143.6	145.5	(1)	410.3	383.4	7
Other income, net (\$m)	11.9	9.2	29	39.7	31.6	26
Finance income/(costs), net (\$m)	0.7	(3.5)	NM	(27.3)	(12.4)	(120)
Profit before tax (PBT) (\$m)	165.8	162.2	2	460.2	438.9	5
Profit attributable to shareholders (\$m)	134.6	127.8	5	369.8	334.5	11
Earnings per share (cents)	4.32	4.11	5	11.86	10.74	10

NM: *Not Meaningful*

* *Comparative figures were restated on the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) with effect from 1 January 2018*

- Order book of \$13.3b at end September 2018, of which about \$1.6b is expected to be delivered in the remaining months of 2018
- Commercial sales and defence sales constituted 73% or \$1.2b and 27% or \$0.4b respectively
- Cash and cash equivalents of \$0.4b

N.B.: All currencies are in Singapore dollars

Singapore, 14 November 2018 - Singapore Technologies Engineering Ltd (ST Engineering) today reported that Group revenue for its third quarter ended 30 September 2018 (3Q2018) came in slightly higher at \$1.63b compared to the same period last year. Group profit before tax (PBT) grew 2% to \$165.8m from \$162.2m, and Profit attributable to Shareholders (Net Profit) rose 5% to \$134.6m from \$127.8m in the same period last year.

Business sectors: 3Q2018 versus 3Q2017

Year-on-year, both revenue and Net Profit for the Aerospace sector grew 13% to \$689m and \$55.4m respectively led by broad-based growth from its business groups. Revenue for the Electronics sector was \$491m, up 2% from the year before driven by higher revenue recognition from its Large-scale Systems group and Communication & Sensor Systems group, and its Net Profit rose 30% year-on-year to \$55.5m largely due to higher revenue and lower operating expenses. In spite of a 10% year-on-year drop in revenue to \$297m, Net Profit for the Land Systems sector came in 45% higher at \$17.6m due to favourable sales mix. Market conditions remained challenging for the Marine sector as it posted a 16% drop in revenue to S\$137m, and a 35% drop in Net Profit to \$12.8m compared to the year before.

“A key highlight of the third quarter was our proposed acquisition of MRASⁱ. This business will help scale up our aerospace capabilities by moving us upstream into the OEM business of high-value components. We are excited by the role it will play in the growth of our Aerospace sector, and look forward to closing the transaction in the first quarter of 2019.

We continue to be well placed to deliver long-term sustainable growth. Our innovative and differentiated Smart City solutions are gaining traction outside of our traditional markets as more cities embrace technology for development and modernisation.

Our robust order book of \$13.3b continues to provide a strong revenue pipeline.”

Vincent Chong, President & CEO, ST Engineering

For 3Q2018, commercial sales and defence sales constituted 73% or \$1.2b and 27% or \$0.4b respectively of Group revenue. Cash and cash equivalents reduced to \$0.4b as at 30 September 2018 after drawing down our cash for the payment of FY2018 interim dividend

and the redemption of US\$500m Notes issued under the Multicurrency Medium Term Notes Programme.

9M2018 versus 9M2017

In the nine months ended 30 September 2018 (9M2018), the Group's revenue was 2% higher at \$4.9b. PBT grew 5% and Net Profit rose 11%, increasing the year to-date figure to \$460.2m and \$369.8m respectively.

Revenue for the Aerospace sector grew 11% year-on-year to \$2.0b and its Net Profit improved 15% to \$181.2m from a year ago mainly led by higher engine output in its CERO business group. The Electronics sector posted a revenue of \$1.6b, up 4% year-on-year and Net Profit increased 25% year-on-year to \$142.4m as a result of favourable sales mix and lower operating expenses. Compared to the same period last year, the Land Systems sector's revenue dropped 6% to \$847m but Net Profit was 19% higher at \$53.6m due largely to favourable sales mix. Revenue for the Marine sector was down 14% to \$435m and Net Profit increased 16% to \$30.7m from a year ago mainly due to lower allowance for doubtful debts.

Order book and order wins in 3Q2018

The Group ended 9M2018 with an order book of \$13.3b, of which \$1.6b will be delivered in the remaining months of 2018.

All sectors across the Group announced new contracts for 3Q2018. Its Aerospace sector secured \$590m worth of contracts for 3Q2018 including several multi-year agreements for airframe, engine and component maintenance and engine wash services, while its Electronics sector announced \$435m of new orders in Smart City related projects including mobility, satellite communications, Internet of Things and cybersecurity. At the Land Systems sector, the Group secured numerous contracts including the supply of a fleet of 111 Euro 6 diesel buses to the Land Transport Authority, and new orders for its weapon & munitions from customers globally. Its Marine sector secured contracts (including options) worth about \$431m for new builds as well as ship and rig repair works. These contracts covered detailed design and construction for two firm and up to four optional Auxiliary Personnel Lighter berthing barges from the US Navy, and an Articulated Tug Barge, with an option for a second vessel

from long-standing customer, Bouchard transportation Co., Inc, as well as its first refit on a naval platform for a foreign navy.

ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. The Group employs about 22,000 people across offices in Asia, the Americas, Europe and the Middle East, serving customers in the defence, government and commercial segments in more than 100 countries. With more than 500 smart city projects across 70 cities in its track record, the Group continues to help transform cities through its suite of Smart Mobility, Smart Security and Smart Environment solutions. Headquartered in Singapore, ST Engineering reported revenue of S\$6.62b in FY2017 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, SGX ESG Transparency Index and SGX ESG Leaders Index.

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Footnote:

ⁱ) ST Engineering entered into a conditional share purchase agreement to acquire a 100% ownership in MRA Systems, LLC (MRAS) from General Electric Company on 13 September 2018.

FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
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SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

1 CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	GROUP					
	3Q2018 \$'000	3Q2017 \$'000 (Restated)	+ / (-) %	9M2018 \$'000	9M2017 \$'000 (Restated)	+ / (-) %
Revenue	1,626,210	1,609,374	1.0	4,923,900	4,826,902	2.0
Cost of sales	(1,283,569)	(1,270,184)	1.1	(3,905,435)	(3,858,316)	1.2
Gross profit	342,641	339,190	1.0	1,018,465	968,586	5.1
Distribution and selling expenses (refer to para 1.6)	(49,246)	(34,707)	41.9	(145,009)	(129,987)	11.6
Administrative expenses	(126,948)	(123,885)	2.5	(376,714)	(364,744)	3.3
Other operating expenses (refer to para 1.7)	(22,809)	(35,085)	(35.0)	(86,466)	(90,497)	(4.5)
Profit from operations	143,638	145,513	(1.3)	410,276	383,358	7.0
Other income	11,891	9,232	28.8	44,817	31,586	41.9
Other expenses	-	-	NM	(5,076)	-	NM
Other income, net (refer to para 1.8)	11,891	9,232	28.8	39,741	31,586	25.8
Finance income	7,680	10,864	(29.3)	21,518	31,490	(31.7)
Finance costs	(6,965)	(14,352)	(51.5)	(48,803)	(43,872)	11.2
Finance income/(costs), net	715	(3,488)	NM	(27,285)	(12,382)	120.4
Share of results of associates and joint ventures, net of tax	9,577	10,901	(12.1)	37,471	36,298	3.2
Profit before taxation	165,821	162,158	2.3	460,203	438,860	4.9
Taxation	(23,823)	(28,825)	(17.4)	(77,049)	(84,198)	(8.5)
Profit for the period	141,998	133,333	6.5	383,154	354,662	8.0
Attributable to:						
Shareholders of the Company	134,594	127,823	5.3	369,787	334,509	10.5
Non-controlling interests	7,404	5,510	34.4	13,367	20,153	(33.7)
	141,998	133,333	6.5	383,154	354,662	8.0

NM: *Not Meaningful*

Comparative figures were restated on adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) with effect from 1 January 2018.

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

	GROUP					
	3Q2018	3Q2017	+ / (-)	9M2018	9M2017	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
		(Restated)			(Restated)	
1.1 Profit from operations is arrived at after charging the following:						
Depreciation and amortisation	65,351	54,930	19.0	180,781	158,691	13.9
The higher depreciation and amortisation in 3Q2018 was contributed by all sectors, except Marine sector.						
(Write-back)/allowance for doubtful debts & bad debts	(405)	(217)	86.6	(1,995)	17,296	NM
The higher write-back of doubtful debts in 3Q2018 was due mainly to collections received by Aerospace and Land Systems sectors.						
Allowance for inventory obsolescence, net	11,318	13,511	(16.2)	32,825	24,079	36.3
The lower allowance for inventory obsolescence in 3Q2018 was due mainly from lower allowances made by Aerospace, Electronics and Land Systems sectors.						
1.2 Finance income/(costs), net comprises:						
Interest income	2,488	6,129	(59.4)	16,377	19,242	(14.9)
Foreign exchange gain, net	9,748	3,481	180.0	3,219	10,182	(68.4)
Fair value changes of financial instruments / hedged items	(6,781)	(3,031)	123.7	(1,122)	(10,373)	(89.2)
(Loss)/gain on disposal of investments, net	(263)	401	NM	(5,145)	314	NM
Impairment loss on investment	-	-	-	-	(251)	(100.0)
Interest expenses	(4,476)	(10,427)	(57.1)	(40,614)	(31,525)	28.8
Others	(1)	(41)	(97.6)	-	29	(100.0)
	<u>715</u>	<u>(3,488)</u>	NM	<u>(27,285)</u>	<u>(12,382)</u>	120.4
The net finance income in 3Q2018 vis-à-vis net finance cost in 3Q2017 was mainly attributable to lower interest expense in 3Q2018 due to the early redemption of the Group's outstanding Notes issued under the Multicurrency Medium Term Note Programme on 16 July 2018.						
1.3 Profit for the period as a percentage of revenue	8.7%	8.3%		7.8%	7.3%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	6.3%	6.2%		17.4%	16.2%	
1.5 The Group's tax charge in 3Q2018 included adjustments for overprovision of current tax and underprovision of deferred tax of \$0.5 million and \$5.9 million respectively in respect of prior years. (3Q2017: Adjustments for overprovision of \$3.3 million and underprovision of \$1.1 million for current tax and deferred tax respectively.)						
1.6 Higher distribution and selling expenses in 3Q2018 (by \$14.5 million) arose mainly from higher staff related and business development expenses.						
1.7 Lower other operating expenses (by \$12.3 million) was due mainly to lower research and development expenses in 3Q2018.						
1.8 The higher other income, net in 3Q2018 (by \$2.7 million) was mainly attributable to gain on partial divestment of an associate.						
1.9 There was no disposal of property during the period.						

1(b) BREAKDOWN OF REVENUE AND PROFIT FOR THE PERIOD

	GROUP		
	2018 \$'000	2017 \$'000 (Restated)	+ / (-) %
Revenue reported for first half year	3,297,690	3,217,528	2.5
Profit for the period reported for first half year	241,156	221,329	9.0
Revenue reported for third quarter	1,626,210	1,609,374	1.0
Profit for the period reported for third quarter	141,998	133,333	6.5
Revenue reported for first nine months	4,923,900	4,826,902	2.0
Profit for the period reported for first nine months	383,154	354,662	8.0

1(c) EARNINGS PER ORDINARY SHARE ("EPS")

	GROUP				
	3Q2018	3Q2017 (Restated)	9M2018	9M2017 (Restated)	FY2017 (Restated)
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	4.32	4.11	11.86	10.74	16.13
(ii) On a fully diluted basis	4.29	4.11	11.79	10.74	16.05

2 BALANCE SHEETS

	GROUP		COMPANY	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	1,612,388	1,719,396	15,386	9,661
Subsidiaries	-	-	1,323,785	1,277,232
Associates and joint ventures	447,211	448,387	17,657	17,657
Investments	16,406	360,346	-	-
Intangible assets	1,133,040	1,087,412	-	-
Long-term trade receivables	1,131	-	-	-
Deferred tax assets	77,855	74,028	2,200	2,200
Amounts due from related parties	4,806	4,806	6,000	344,514
Advances and other receivables	20,638	20,406	-	-
Derivative financial instruments	11,941	33,082	8	-
Employee benefits	242	243	-	-
	3,325,658	3,748,106	1,365,036	1,651,264
Current assets				
Contract assets	1,170,702	939,073	-	-
Inventories	1,250,099	1,082,356	-	-
Trade receivables	892,321	940,725	-	-
Amounts due from related parties	11,433	28,271	199,167	388,894
Advances and other receivables	279,471	286,524	9,029	12,923
Short-term investments	606	357	-	-
Bank balances and other liquid funds	352,576	999,003	257,110	596,494
	3,957,208	4,276,309	465,306	998,311
TOTAL ASSETS	7,282,866	8,024,415	1,830,342	2,649,575
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	1,202,172	1,258,247	-	-
Deposits from customers	6,350	5,809	-	-
Trade payables and accruals	1,759,201	1,599,739	16,715	21,019
Amounts due to related parties	88,299	104,042	429,927	545,066
Provisions	219,698	260,146	-	-
Provision for taxation	127,047	134,686	1,000	1,000
Borrowings	111,727	221,642	-	-
Deferred Income	1,513	630	-	-
Employee benefits	2,605	2,491	-	-
	3,518,612	3,587,432	447,642	567,085
NET CURRENT ASSETS	438,596	688,877	17,664	431,226

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	30-Sep-18 \$'000	31-Dec-17 \$'000 (Restated)	30-Sep-18 \$'000	31-Dec-17 \$'000 (Restated)
Non-current liabilities				
Contract liabilities	642,590	521,787	-	-
Trade payables and accruals	83,981	131,843	9,646	7,608
Deferred tax liabilities	193,400	205,200	-	-
Borrowings	258,986	894,422	-	-
Deferred income	49,062	69,156	-	-
Employee benefits	107,065	102,669	-	-
Derivative financial instruments	13,217	15,553	-	-
Amounts due to related parties	-	17	947	667,594
	1,348,301	1,940,647	10,593	675,202
TOTAL LIABILITIES	4,866,913	5,528,079	458,235	1,242,287
NET ASSETS	2,415,953	2,496,336	1,372,107	1,407,288
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(10,148)	(22,870)	(10,148)	(22,870)
Capital reserves	118,213	119,782	2,238	3,807
Other reserves	(62,188)	(67,480)	59,431	61,151
Retained earnings	1,188,713	1,289,653	424,660	469,274
	2,130,516	2,215,011	1,372,107	1,407,288
Non-controlling interests	285,437	281,325	-	-
	2,415,953	2,496,336	1,372,107	1,407,288
TOTAL EQUITY AND LIABILITIES	7,282,866	8,024,415	1,830,342	2,649,575

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2017, the decrease in the Group's total assets was mainly due to the redemption of the Group's outstanding Notes issued under the Multicurrency Medium Term Notes Programme to the bond holders on 16 July 2018 and payment of FY2018 interim dividend in August 2018. The Group continues to be in a healthy net current asset position at the quarter end.

2(b) BORROWINGS

	GROUP	
	As at 30-Sep-18 \$'000	As at 31-Dec-17 \$'000
<u>Amount repayable within one year</u>		
Secured	12,538	33,460
Unsecured	99,189	188,182
	111,727	221,642
<u>Amount repayable after one year</u>		
Secured	81,460	46,779
Unsecured	177,526	847,643
	258,986	894,422
Total	370,713	1,116,064

2(c) NET ASSET VALUE

	GROUP		
	3Q2018	3Q2017 (Restated)	FY2017 (Restated)
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	68.30	66.38	71.09

	COMPANY		
	3Q2018	3Q2017	FY2017
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	43.99	36.80	45.17

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	GROUP			
	3Q2018	3Q2017	9M2018	9M2017
	\$'000	\$'000 (Restated)	\$'000	\$'000 (Restated)
Cash flows from operating activities				
Profit before taxation	165,821	162,158	460,203	438,860
Adjustments:				
Share of results of associates and joint ventures, net of tax	(9,577)	(10,901)	(37,471)	(36,298)
Share-based payment expense	6,342	5,160	13,791	8,852
Depreciation charge	49,166	46,533	144,334	135,847
Property, plant and equipment written off	290	15	571	200
Amortisation of other intangible assets	16,185	8,397	36,447	22,844
(Write-back)/impairment loss on other intangible assets	(8)	11	(11)	11
Loss/(gain) on disposal of property, plant and equipment	460	(141)	(1,751)	(257)
Gain on disposal of intangible assets	(39)	-	(39)	-
Loss/(gain) on disposal of investments, net	263	(401)	5,145	(314)
Gain on disposal of associates	(3,766)	-	(12,426)	-
Loss on disposal of subsidiaries	-	-	4,752	-
Changes in fair value of financial instruments and hedged items	6,782	3,031	1,122	10,373
Changes in fair value of financial instruments held for trading	-	41	-	(24)
Interest expense	4,476	10,427	40,614	31,525
Interest income	(2,488)	(6,129)	(16,377)	(19,242)
Write-back impairment of property, plant and equipment	-	(142)	-	(79)
Impairment of investments	-	-	-	251
Dividends from investments	-	-	-	(5)
Amortisation of deferred income	(16)	(15)	(49)	(45)
Operating profit before working capital changes	<u>233,891</u>	<u>218,044</u>	<u>638,855</u>	<u>592,499</u>
Changes in:				
Inventories	(77,279)	(50,414)	(118,933)	(54,160)
Contract assets	(3,719)	(122,641)	(227,520)	(131,162)
Trade receivables	(66,512)	98,890	50,152	236,305
Advance payments to suppliers	(3,288)	18,691	19,533	41,930
Other receivables, deposits and prepayments	89,141	(5,119)	(24,331)	11,469
Amount due from holding company and related corporations balances	262	(11,208)	13,684	(11,716)
Amount due to holding company and related corporations balances	(159)	(3,299)	794	776
Amount due from associates	(10,484)	(1,006)	(5,465)	(491)
Amount due from joint ventures	(150)	(2,054)	(4,063)	(21,889)
Contract liabilities	(137,743)	(94,450)	60,873	(67,691)
Trade payables	29,995	36,538	153,788	(49,916)
Deposits from customers	(3,024)	(1,935)	541	(5,231)
Other payables, accruals and provisions	38,526	70,297	(22,346)	11,752
Loans to staff and third parties	1,535	(5,701)	(1,024)	(7,998)
Deferred income	(12,683)	291	(20,045)	(1,766)
Foreign currency translation of foreign operations	3,748	5,894	2,901	457
Cash generated from operations	<u>82,057</u>	<u>150,818</u>	<u>517,394</u>	<u>543,168</u>
Interest received	3,404	6,681	22,880	22,337
Income tax paid	(42,184)	(45,496)	(101,255)	(104,795)
Net cash from operating activities	<u>43,277</u>	<u>112,003</u>	<u>439,019</u>	<u>460,710</u>

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
 (cont'd)

	GROUP			
	3Q2018	3Q2017	9M2018	9M2017
	\$'000	\$'000 (Restated)	\$'000	\$'000 (Restated)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	94	872	2,662	2,200
Proceeds from disposal of associates and return of capital from joint ventures	13,436	-	27,682	-
Proceeds from sale and maturity of investments	45,903	98,787	375,087	273,074
Proceeds from unwinding of cross currency interest rate swaps	-	-	13,210	-
Proceeds from sale of intangible assets	62	-	62	-
Dividends from associates and joint ventures	11,505	31,539	50,753	68,397
Dividends from investments	-	-	-	5
Purchase of property, plant and equipment	(48,976)	(96,788)	(143,951)	(214,896)
Purchase of investments	(6,836)	(18,363)	(40,920)	(142,479)
Investment in associates and joint ventures	(11,905)	(13,958)	(26,585)	(74,133)
Additions to other intangible assets	(30,705)	(14,229)	(69,042)	(44,476)
Acquisition of controlling interests in subsidiaries, net of cash acquired	-	(49,875)	-	(49,875)
Disposal of subsidiaries, net of cash disposed	(2,622)	-	(2,622)	8,324
Net cash (used in)/from investing activities	(30,044)	(62,015)	186,336	(173,859)
Cash flows from financing activities				
Proceeds from bank loans	83,287	129,523	133,729	161,345
Proceeds from a loan from a joint venture	7,000	6,000	17,925	26,463
Repayment of bank loans	(40,258)	(12,736)	(201,708)	(51,598)
Repayment of other loans	-	(41)	(148)	(137)
Repayment of lease obligations	(172)	(311)	(524)	(652)
Repayment of loan to a joint venture	(4,952)	(3,547)	(21,805)	(8,547)
Redemption of medium term notes	(681,100)	-	(681,100)	-
Proceeds from share options exercised with issuance of treasury shares	-	8,177	-	24,916
Purchase of treasury shares	(3,247)	(11,924)	(4,354)	(11,924)
Capital contribution from non-controlling interests of subsidiaries	-	-	432	397
Acquisition of non-controlling interests in a subsidiary	-	(220)	-	(220)
Dividends paid to shareholders of the Company	(155,968)	(155,996)	(468,004)	(467,641)
Dividends paid to non-controlling interests	(676)	-	(2,787)	(7,713)
Interest paid	(32,405)	(16,735)	(48,811)	(37,992)
Deposit pledged	(4)	(1)	(17)	-
Net cash used in financing activities	(828,495)	(57,811)	(1,277,172)	(373,303)
Net decrease in cash and cash equivalents	(815,262)	(7,823)	(651,817)	(86,452)
Cash and cash equivalents at beginning of the period	1,165,989	803,632	997,614	903,632
Exchange difference on cash and cash equivalents at beginning of the period	473	(5,775)	5,403	(27,146)
Cash and cash equivalents at end of the period	351,200	790,034	351,200	790,034

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Group ended the quarter with cash and cash equivalents (CCE) of \$351 million, \$439 million lower than the same quarter last year. The Group generated net cash of \$43 million from its operating activities compared to \$112 million in 3Q2017, due mainly to working capital movements.

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

Net cash used in investing activities of \$30 million in 3Q2018 arose mainly from the Group's investment in property, plant and equipment by Aerospace (\$25 million), Electronics (\$11 million), Land Systems (\$7 million) and Marine (\$1 million) sectors, and additions to intangible assets (\$31 million), partially offset by proceeds from sale of investments (\$46 million).

Net cash used in financing activities of \$828 million in 3Q2018 was mainly attributable to the redemption of outstanding Notes issued under the Multicurrency Medium Term Notes Programme (\$681 million) and payment of FY2018 interim dividend (\$156 million).

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

	GROUP					
	3Q2018	3Q2017	+ /(-)	9M2018	9M2017	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%
		(Restated)			(Restated)	
Profit for the period	141,998	133,333	6.5	383,154	354,662	8.0
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Defined benefit plan remeasurements	-	977	(100.0)	-	977	(100.0)
Items that are or may be reclassified subsequently to profit or loss						
Net fair value changes on available-for-sale financial assets	-	979	(100.0)	-	9,054	(100.0)
Net fair value changes on financial assets at fair value through other comprehensive income	277	-	NM	(2,107)	-	NM
Net fair value changes on cash flow hedges	1,241	12,887	(90.4)	(16,796)	60,658	(127.7)
Share of net fair value changes on cash flow hedges of a joint venture and an associate	(32)	(512)	(93.8)	(64)	(526)	(87.8)
Foreign currency translation differences	1,445	(1,732)	NM	14,364	(32,207)	NM
Share of foreign currency translation differences of associates and joint ventures	(4,130)	(1,781)	131.9	(538)	(9,539)	(94.4)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	337	-	NM	6,131	851	>500
Other comprehensive (loss)/income for the period, net of tax	(862)	10,818	NM	990	29,268	(96.6)
Total comprehensive income for the period, net of tax	141,136	144,151	(2.1)	384,144	383,930	0.1
Total comprehensive income attributable to:						
Shareholders of the Company	133,781	134,697	(0.7)	377,663	348,151	8.5
Non-controlling interests	7,355	9,454	(22.2)	6,481	35,779	(81.9)
	141,136	144,151	(2.1)	384,144	383,930	0.1

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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
Balance at 1.7.2017 as previously reported	895,926	(15,867)	117,001	(61,395)	1,177,149	2,112,814	280,899	2,393,713
Impact of change in accounting policy	-	-	-	(33)	(24,019)	(24,052)	-	(24,052)
Restated balance at 1.7.2017	895,926	(15,867)	117,001	(61,428)	1,153,130	2,088,762	280,899	2,369,661
Total comprehensive income for the period								
Restated Profit for the period	-	-	-	-	127,823	127,823	5,510	133,333
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	979	-	979	-	979
Net fair value changes on cash flow hedges	-	-	-	10,004	-	10,004	2,883	12,887
Share of net fair value changes on cash flow hedges of an associate	-	-	-	(512)	-	(512)	-	(512)
Foreign currency translation differences	-	-	-	(2,353)	-	(2,353)	621	(1,732)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(1,781)	-	(1,781)	-	(1,781)
Defined benefit plan remeasurements	-	-	-	-	537	537	440	977
<i>Restated other comprehensive income for the period, net of tax</i>	-	-	-	6,337	537	6,874	3,944	10,818
Restated Total comprehensive income for the period, net of tax	-	-	-	6,337	128,360	134,697	9,454	144,151
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	5,140	-	5,140	20	5,160
Purchase of treasury shares	-	(11,924)	-	-	-	(11,924)	-	(11,924)
Treasury shares reissued pursuant to share plans	-	7,754	2,812	(2,403)	-	8,163	14	8,177
Dividends paid	-	-	-	-	(155,996)	(155,996)	-	(155,996)
<i>Total contributions by and distributions to owners of the Company</i>	-	(4,170)	2,812	2,737	(155,996)	(154,617)	34	(154,583)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	-	-	-	250	250
Total transactions with owners of the Company	-	(4,170)	2,812	2,737	(155,996)	(154,617)	284	(154,333)
Restated balance as at 30.09.2017	895,926	(20,037)	119,813	(52,354)	1,125,494	2,068,842	290,637	2,359,479

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (cont'd)

Group	Share capital	Treasury Shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1.7.2018	895,926	(7,474)	118,237	(67,145)	1,210,087	2,149,631	278,735	2,428,366
Total comprehensive income for the period								
Profit for the period	-	-	-	-	134,594	134,594	7,404	141,998
Other comprehensive income								
Net fair value changes on financial assets at fair value through other comprehensive income	-	-	-	277	-	277	-	277
Net fair value changes on cash flow hedges	-	-	-	1,396	-	1,396	(155)	1,241
Share of net fair value changes on cash flow hedges of a joint venture	-	-	-	(32)	-	(32)	-	(32)
Foreign currency translation differences	-	-	-	1,339	-	1,339	106	1,445
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(4,130)	-	(4,130)	-	(4,130)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	-	337	-	337	-	337
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	(813)	-	(813)	(49)	(862)
Total comprehensive income for the period, net of tax	-	-	-	(813)	134,594	133,781	7,355	141,136
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	6,319	-	6,319	23	6,342
Purchase of treasury shares	-	(3,247)	-	-	-	(3,247)	-	(3,247)
Treasury shares reissued pursuant to share plans	-	573	(24)	(549)	-	-	-	-
Dividends paid	-	-	-	-	(155,968)	(155,968)	-	(155,968)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(676)	(676)
<i>Total contributions by and distributions to owners of the Company</i>	-	(2,674)	(24)	5,770	(155,968)	(152,896)	(653)	(153,549)
Total transactions with owners of the Company	-	(2,674)	(24)	5,770	(155,968)	(152,896)	(653)	(153,549)
At 30.09.2018	895,926	(10,148)	118,213	(62,188)	1,188,713	2,130,516	285,437	2,415,953

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 01.07.2017	895,926	(15,867)	1,026	53,631	306,370	1,241,086
Total comprehensive income for the period						
Profit for the period	-	-	-	-	60,478	60,478
Total comprehensive income for the period	-	-	-	-	60,478	60,478
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	5,160	-	5,160
Purchase of treasury shares	-	(11,924)	-	-	-	(11,924)
Treasury shares reissued pursuant to share plans	-	7,754	2,812	(2,389)	-	8,177
Dividends paid	-	-	-	-	(155,996)	(155,996)
<i>Total contributions by and distributions to owners of the Company</i>	-	(4,170)	2,812	2,771	(155,996)	(154,583)
At 30.09.2017	895,926	(20,037)	3,838	56,402	210,852	1,146,981
At 01.07.2018	895,926	(7,474)	2,258	53,642	276,731	1,221,083
Total comprehensive income for the period						
Profit for the period	-	-	-	-	303,897	303,897
Total comprehensive income for the period	-	-	-	-	303,897	303,897
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	6,342	-	6,342
Purchase of treasury shares	-	(3,247)	-	-	-	(3,247)
Treasury shares reissued pursuant to share plans	-	573	(20)	(553)	-	-
Dividends paid	-	-	-	-	(155,968)	(155,968)
<i>Total contributions by and distributions to owners of the Company</i>	-	(2,674)	(20)	5,789	(155,968)	(152,873)
At 30.09.2018	895,926	(10,148)	2,238	59,431	424,660	1,372,107

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

Issued and paid up capital

As at 30 September 2018, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2017: 3,122,495,197 ordinary shares) of which 3,035,818 were held by the Company as treasury shares (31 December 2017: 6,772,773).

	Number of Shares
	3Q2018
As at beginning and end of the quarter (including treasury shares)	3,122,495,197
As at end of the quarter (excluding treasury shares)	3,119,459,379
As at 31 December 2017 (excluding treasury shares)	3,115,722,424

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 30 September 2018, the total number of contingent shares granted conditionally but not released was 4,818,034 (30 September 2017: 5,051,656). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,190,657 (30 September 2017: 8,587,815) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 30 September 2018, the total number of contingent shares granted conditionally but not released was 6,323,923 (30 September 2017: up to a maximum of 7,487,534).

As at 30 September 2018, the total number of unvested awards was 6,613,176 (30 September 2017: 5,655,685) ordinary shares of the Company.

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

Treasury Shares

During the quarter, the Company purchased 1,000,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (30 September 2017: 3,363,500).

During the quarter, 171,138 treasury shares were utilised pursuant to the RSP 2010. In the prior year quarter, 2,433,286 treasury shares were utilised pursuant to the Singapore Technologies Engineering Share Option Plan and RSP 2010.

As at 30 September 2018, the number of treasury shares held by the Company represented 0.10% (30 September 2017: 0.19%) of the total number of issued shares (excluding treasury shares).

<u>Group and Company</u>	Number of Shares for the Quarter ended 30.09.2018
As at beginning of the quarter	2,206,956
Purchase of treasury shares	1,000,000
Treasury shares transferred on vesting of RSP 2010	(171,138)
As at end of the quarter	3,035,818

6 **AUDIT**

The figures have not been audited or reviewed by the Company's auditors.

7 **AUDITORS' REPORT**

Not applicable.

8 **ACCOUNTING POLICIES**

Except as disclosed in paragraph 9 below regarding the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective on 1 January 2018, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2017.

9 **CHANGES IN ACCOUNTING POLICIES**

The Group has adopted the new financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s, amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* (Amendments to SFRS(I) 15 and Clarifications to SFRS(I) 15);
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- *Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of these SFRS(I)s, amendments to and interpretations of SFRS(I) did not have a material impact on the financial statements of the Group except for the adoption of SFRS(I) 15.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under SFRS(I) 15, the Group is required to identify distinct performance obligations (PO) in bundled arrangements and account for each PO separately.

The Group is also required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in contract revenue to the extent that it is probable that there will be no significant reversal when the uncertainty is resolved.

For contracts that contain significant financing components, the Group adjusts the transaction price for the effects of the time value of money.

Following the presentation requirements in SFRS(I) 15, the Group has presented contract assets and contract liabilities separately and the comparative figures have been restated.

10 REVIEW OF GROUP PERFORMANCE

10(a) Revenue

3Q2018 vs 3Q2017

\$m	3Q2018	3Q2017 (Restated)	Increase/(Decrease)	
Aerospace	689	608	81	13%
Electronics	491	482	9	2%
Land Systems	297	331	(34)	(10%)
Marine	137	164	(27)	(16%)
Others	12	24	(12)	(50%)
Total	1,626	1,609	17	1%

The Group's revenue of \$1,626 million was 1% or \$17 million higher than 3Q2017. Aerospace and Electronics sectors contributed higher revenue, partially offset by declines from Land Systems and Marine sectors and "Others".

Aerospace sector delivered revenue of \$689 million in 3Q2018, an increase of 13% or \$81 million as compared to 3Q2017. All three business groups contributed to the increase.

In 3Q2018, Electronics sector generated revenue of \$491 million, increased of 2% or \$9 million as compared to 3Q2017 from higher revenue contribution from **Large-Scale Systems Group** and **Communication & Sensor Systems Group**, partially offset by lower revenue from **Software Systems Group**.

Revenue for Land Systems sector declined by 10% or \$34 million to \$297 million. The decline was mainly attributable to lower sales from **Munitions & Weapon** and **Services, Trading and Others** business groups.

Marine sector in 3Q2018 came in with revenue of \$137 million, a decrease of 16% or \$27 million compared to 3Q2017. The decrease in revenue was mainly attributable to **Shipbuilding** and **Shiprepair** business groups, partially offset by better performance from **Engineering** business group.

Lower revenue under "Others" was mainly attributable to lower sales from Miltope.

10 REVIEW OF GROUP PERFORMANCE (cont'd)

10(b) Profitability
3Q2018 vs 3Q2017

\$m	3Q2018	3Q2017 (Restated)	Increase/(Decrease)	
Aerospace	55.4	49.1	6.3	13%
Electronics	55.5	42.8	12.7	30%
Land Systems	17.6	12.1	5.5	45%
Marine	12.8	19.7	(6.9)	(35%)
Others	(6.7)	4.1	(10.8)	NM
Total	134.6	127.8	6.8	5%

The Group delivered profit attributable to shareholders (Net Profit) of \$134.6 million, an increase of 5% or \$6.8 million. All sectors except Marine sector and "Others" contributed to the increase.

Aerospace sector contributed Net Profit of \$55.4 million, 13% or \$6.3 million higher as compared to 3Q2017. The better performance was largely attributable to the gain on partial divestment of an associate and higher gross profit, partially offset by higher operating expenses, share of lower profits from associates and joint ventures and share of higher profits to non-controlling interests.

In 3Q2018, Electronics sector's Net profit grew by 30% or \$12.7 million to \$55.5 million. The increase in Net Profit was mainly arising from higher revenue and lower operating expenses.

Land Systems sector's Net Profit rose by \$5.5 million or 45% to \$17.6 million, largely driven by favourable sales mix and lower tax expense.

Marine sector's 3Q2018 Net Profit of \$12.8 million was 35% or \$6.9 million lower than 3Q2017 from all three business groups.

"Others" incurred losses in 3Q2018 due mainly lower contribution from Miltope and corporate expenses, partially offset by lower interest expense on redemption of the MTN on 16 July 2018.

11 **VARIANCE FROM PROSPECTS STATEMENT**

No forecast was previously provided.

12 **PROSPECTS**

Group

A key highlight of the third quarter was the Group's proposed acquisition of MRAS¹. This business will scale up its aerospace capabilities by moving the Group upstream into the OEM business of high-value components. The Group is excited by the role it will play in the growth of its Aerospace sector, and look forward to closing the transaction in the first quarter of 2019.

The Group continues to be well placed to deliver long-term sustainable growth. The Group's innovative and differentiated Smart City solutions are gaining traction outside of its traditional markets as more cities embrace technology for development and modernisation.

The Group's robust order book of \$13.3b continues to provide a strong revenue pipeline.

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**

No interim dividend for the quarter ended 30 September 2018 is recommended.

¹ ST Engineering entered into a conditional share purchase agreement to acquire a 100% ownership in MRA Systems, LLC (MRAS) from General Electric Company on 13 September 2018.

14 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	3Q2018						Group
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	688,627	491,061	296,661	137,426	12,435	-	1,626,210
Inter-segment sales	733	6,748	5,158	40	1,979	(14,658)	-
	<u>689,360</u>	<u>497,809</u>	<u>301,819</u>	<u>137,466</u>	<u>14,414</u>	<u>(14,658)</u>	<u>1,626,210</u>
Reportable segment profit from operations	58,699	65,603	15,115	13,905	(57,180)	47,496	143,638
Other income	7,629	3,135	3,416	1,105	351,736	(355,130)	11,891
Other expenses	(842)	(4)	(934)	(13)	(51)	1,844	-
Finance income	1,010	513	202	751	16,056	(10,852)	7,680
Finance costs	(576)	(2,415)	(1,516)	(1,075)	(12,196)	10,813	(6,965)
Share of results of associates and joint ventures, net of tax	7,495	(33)	1,750	253	-	112	9,577
Profit before taxation	<u>73,415</u>	<u>66,799</u>	<u>18,033</u>	<u>14,926</u>	<u>298,365</u>	<u>(305,717)</u>	<u>165,821</u>
Taxation	(11,053)	(11,128)	(233)	(2,170)	912	(151)	(23,823)
Non-controlling interests	(6,955)	(209)	(240)	-	-	-	(7,404)
Profit attributable to shareholders	<u>55,407</u>	<u>55,462</u>	<u>17,560</u>	<u>12,756</u>	<u>299,277</u>	<u>(305,868)</u>	<u>134,594</u>
Other assets	2,977,898	1,934,296	1,581,180	814,042	3,135,208	(3,606,969)	6,835,655
Associates and joint ventures	<u>240,889</u>	<u>64,418</u>	<u>90,775</u>	<u>5,425</u>	<u>38,916</u>	<u>6,788</u>	<u>447,211</u>
Segment assets	<u>3,218,787</u>	<u>1,998,714</u>	<u>1,671,955</u>	<u>819,467</u>	<u>3,174,124</u>	<u>(3,600,181)</u>	<u>7,282,866</u>
Segment liabilities	<u>2,311,378</u>	<u>1,716,222</u>	<u>1,289,974</u>	<u>721,055</u>	<u>972,543</u>	<u>(2,144,259)</u>	<u>4,866,913</u>
Capital expenditure	45,221	21,005	7,466	1,378	4,610	-	79,680
Depreciation and amortisation	32,063	14,930	9,428	7,353	1,587	(10)	65,351
Write-back of impairment loss	(8)	-	-	-	-	-	(8)
Other non-cash expenses	284	-	6	-	-	-	290

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

	3Q2017 (Restated)						Group
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	607,620	481,958	331,396	164,360	24,040	-	1,609,374
Inter-segment sales	905	7,256	4,965	75	1,105	(14,306)	-
	<u>608,525</u>	<u>489,214</u>	<u>336,361</u>	<u>164,435</u>	<u>25,145</u>	<u>(14,306)</u>	<u>1,609,374</u>
Reportable segment profit from operations	56,407	54,498	11,519	19,882	(22,099)	25,306	145,513
Other income	4,147	2,736	1,945	1,065	78,875	(79,536)	9,232
Other expenses	(2,821)	-	(364)	(43)	-	3,228	-
Finance income	1,683	474	1,156	773	28,514	(21,736)	10,864
Finance costs	(2,392)	(2,562)	(1,416)	(850)	(24,422)	17,290	(14,352)
Share of results of associates and joint ventures, net of tax	9,457	(517)	2,229	299	-	(567)	10,901
Profit before taxation	66,481	54,629	15,069	21,126	60,868	(56,015)	162,158
Taxation	(11,775)	(12,086)	(2,762)	(1,458)	(430)	(314)	(28,825)
Non-controlling interests	(5,572)	220	(158)	-	-	-	(5,510)
Profit attributable to shareholders	<u>49,134</u>	<u>42,763</u>	<u>12,149</u>	<u>19,668</u>	<u>60,438</u>	<u>(56,329)</u>	<u>127,823</u>
Other assets	2,828,827	1,852,102	1,567,548	894,610	4,553,079	(4,249,594)	7,446,572
Associates and joint ventures	245,149	55,662	107,631	8,948	17,657	2,452	437,499
Segment assets	<u>3,073,976</u>	<u>1,907,764</u>	<u>1,675,179</u>	<u>903,558</u>	<u>4,570,736</u>	<u>(4,247,142)</u>	<u>7,884,071</u>
Segment liabilities	<u>2,057,379</u>	<u>1,553,887</u>	<u>1,386,038</u>	<u>754,164</u>	<u>2,618,338</u>	<u>(2,845,214)</u>	<u>5,524,592</u>
Capital expenditure	37,480	22,895	7,135	37,723	4,609	-	109,842
Depreciation and amortisation	26,315	12,416	7,725	7,636	849	(11)	54,930
Impairment losses	11	-	-	-	-	-	11
Write-back of impairment losses	(142)	-	-	-	-	-	(142)
Other non-cash expenses	6	6	3	-	-	-	15

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

For Revenue and Net Profit of 3Q2018 vis-à-vis 3Q2017, please refer to paragraph 10.

	Profit Before Tax		
	3Q2018	3Q2017	+/(-)
	\$'000	\$'000	%
		(Restated)	
Aerospace	73,415	66,481	10.4
Electronics	66,799	54,629	22.3
Land Systems	18,033	15,069	19.7
Marine	14,926	21,126	(29.3)
Others	(7,352)	4,853	NM
Group	165,821	162,158	2.3

	Revenue			Profit Before Tax		
	9M2018	9M2017	+/(-)	9M2018	9M2017	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
		(Restated)			(Restated)	
Aerospace	1,999,860	1,794,822	11.4	237,431	223,717	6.1
Electronics	1,607,636	1,549,890	3.7	173,179	138,065	25.4
Land Systems	847,379	905,698	(6.4)	59,683	60,659	(1.6)
Marine	435,382	506,228	(14.0)	34,259	22,028	55.5
Others	33,643	70,264	(52.1)	(44,349)	(5,609)	NM
Group	4,923,900	4,826,902	2.0	460,203	438,860	4.9

	Profit Attributable to Shareholders		
	9M2018	9M2017	+/(-)
	\$'000	\$'000	%
		(Restated)	
Aerospace	181,151	158,170	14.5
Electronics	142,439	113,755	25.2
Land Systems	53,583	44,868	19.4
Marine	30,702	26,376	16.4
Others	(38,088)	(8,660)	NM
Group	369,787	334,509	10.5

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

	Revenue				Revenue			
	3Q2018		3Q2017		9M2018		9M2017	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
			(Restated)				(Restated)	
Asia	986,727	60.7	1,005,378	62.5	3,071,147	62.4	3,005,505	62.2
USA	330,272	20.3	357,527	22.2	980,760	19.9	1,046,321	21.7
Europe	198,749	12.2	150,277	9.3	546,355	11.1	486,336	10.1
Others	110,462	6.8	96,192	6.0	325,638	6.6	288,740	6.0
Total	1,626,210	100	1,609,374	100	4,923,900	100	4,826,902	100

By Country of Incorporation

	Revenue				Revenue			
	3Q2018		3Q2017		9M2018		9M2017	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
			(Restated)				(Restated)	
Asia	1,140,643	70.1	1,160,411	72.1	3,580,054	72.7	3,474,506	72.0
USA	317,216	19.5	314,565	19.6	880,661	17.9	933,280	19.3
Europe	149,530	9.2	121,422	7.5	406,087	8.2	383,813	8.0
Others	18,821	1.2	12,976	0.8	57,098	1.2	35,303	0.7
Total	1,626,210	100	1,609,374	100	4,923,900	100	4,826,902	100

	Non-Current Assets ⁺			
	9M2018		9M2017	
	\$'000	%	\$'000	%
			(Restated)	
Asia	1,593,549	49.2	2,088,668	57.5
USA	927,095	28.7	915,658	25.2
Europe	617,241	19.1	535,616	14.8
Others	97,735	3.0	91,499	2.5
Total	3,235,620	100	3,631,441	100

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

15 INTERESTED PERSON TRANSACTIONS (unaudited)

	Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	3Q2018	3Q2017
	\$'000	\$'000
Transactions for the Sale of Goods and Services		
SATS Ltd. and its Associates	1,606	-
SembCorp Industries Ltd and its Associates	4,549	106
Singapore Airlines Limited and its Associates	156	-
Singapore Telecommunications Limited and its Associates	-	290
Temasek Holdings (Private) Limited and its Associates (non-listed)	12,745	3,836
	<u>19,056</u>	<u>4,232</u>
Transactions for the Purchase of Goods and Services		
Mapletree Industrial Trust	-	1,068
SATS Ltd. and its Associates	663	1,491
SembCorp Industries Ltd and its Associates	3,178	-
Singapore Telecommunications Limited and its Associates	1,346	2,994
Temasek Holdings (Private) Limited and its Associates (non-listed)	10,159	1,882
	<u>15,346</u>	<u>7,435</u>
Total Interested Person Transactions	<u>34,402</u>	<u>11,667</u>

16 CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the third quarter ended 30 September 2018 to be false or misleading in any material respect.

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).

BY ORDER OF THE BOARD

KAREN NG KWEE LIAN
Company Secretary
14 November 2018

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