

Financial Year 2020 Results

19 February 2021

Agenda

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

Group Highlights

Group Highlights

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

2H2020

Revenue

3,586

-18% y-o-y

Profit from operations

261.7

-28% y-o-y

PBT

248.0

-32% y-o-y

Net Profit

264.4

-14% y-o-y

FY2020

Revenue

7,158

-9% y-o-y

Profit from operations

560.9

-17% y-o-y

PBT

534.4

-23% y-o-y

Net Profit

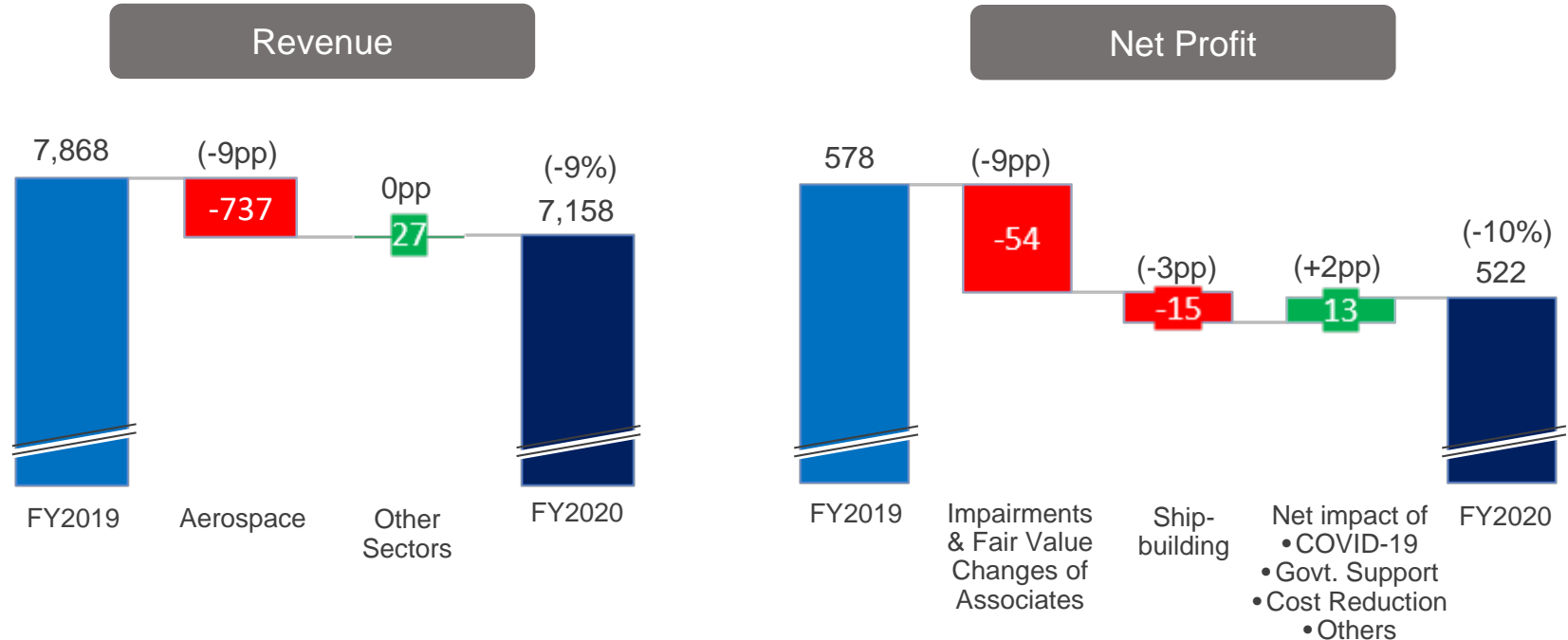
521.8

-10% y-o-y

Order book as at 31 Dec 2020: **\$15.4b**;
about **\$5.3b** to be delivered in 2021

FY2020 Revenue & Net Profit

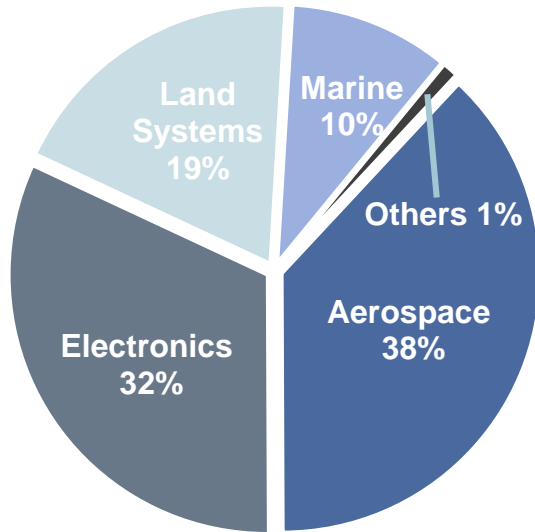
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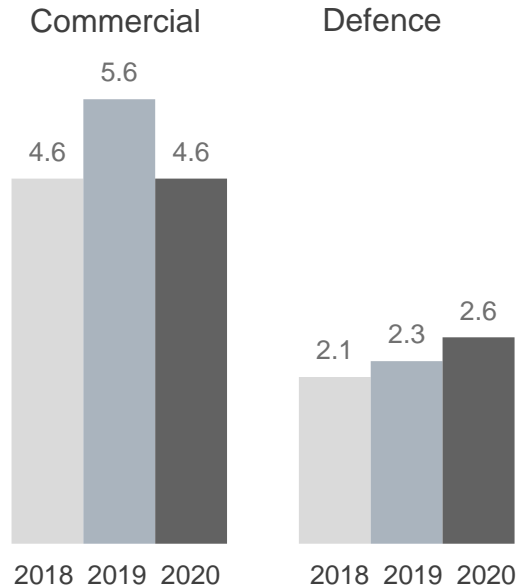
Note: amounts may not add due to rounding.

Group Revenue Breakdown

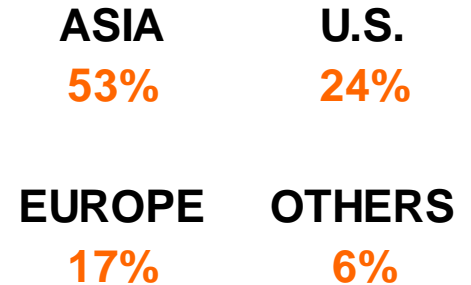
FY2020 Revenue
\$7.2b



FY2020 Revenue
by type



FY2020 Revenue
by location of customers



New Contracts

- Aerospace and Electronics sectors collectively secured about \$1.3b worth of new contracts in 4Q2020.
- Bringing their total contract wins to about \$5.7b in FY2020.
- These values exclude new contracts secured by Land Systems and Marine sectors.

Note: amounts may not add due to rounding.

Order Book

- Cancellations and adjustments to order book were about \$1b in 2020.
- Certain contracts slated for Q42020 were deferred to January 2021.
- Notwithstanding the above, our order book remained robust at \$15.4b as at 31 December 2020, slightly higher than that as at 31 December 2019.



Order book as at 31 Dec 2020: **\$15.4b**;
about **\$5.3b** to be delivered in 2021

Note: amounts may not add due to rounding.

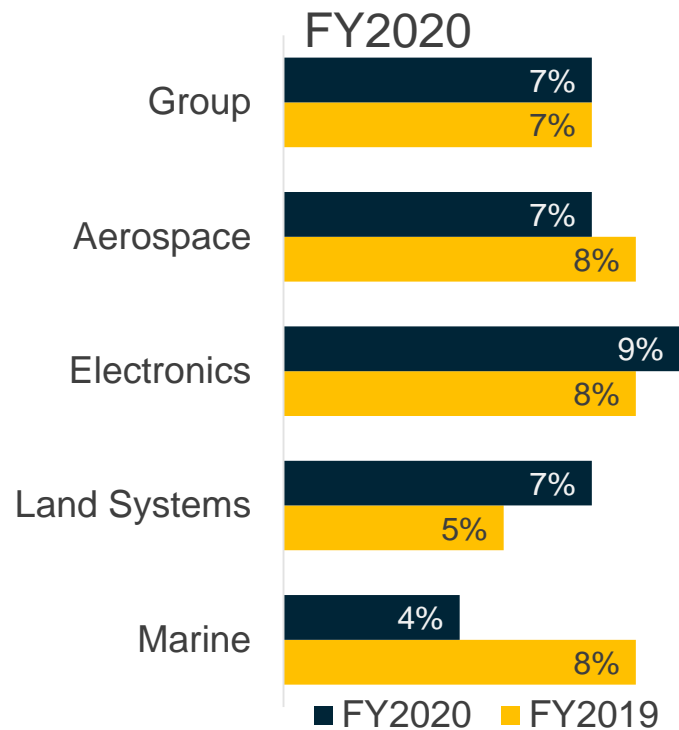
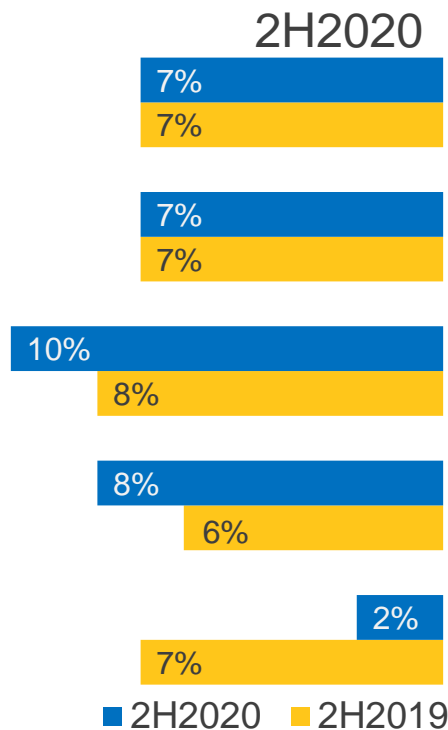
Group Revenue

| S\$m | 2H2020 | 2H2019 | Change | FY2020 | FY2019 | Change |
|--------------|--------------|--------------|-------------|--------------|--------------|------------|
| Aerospace | 1,243 | 1,992 | -38% | 2,713 | 3,450 | -21% |
| Electronics | 1,218 | 1,249 | -2% | 2,287 | 2,337 | -2% |
| Land Systems | 767 | 755 | +2% | 1,411 | 1,428 | -1% |
| Marine | 325 | 359 | -9% | 710 | 647 | +10% |
| Others | 33 | 2 | >500% | 37 | 6 | >500% |
| Group | 3,586 | 4,357 | -18% | 7,158 | 7,868 | -9% |

Group Net Profit

| S\$m | 2H2020 | 2H2019 | Change | FY2020 | FY2019 | Change |
|--------------|--------------|--------------|-------------|--------------|--------------|-------------|
| Aerospace | 87.9 | 141.9 | -38% | 192.9 | 268.9 | -28% |
| Electronics | 116.3 | 101.7 | +14% | 203.9 | 183.3 | +11% |
| Land Systems | 59.6 | 41.7 | +43% | 101.4 | 77.3 | +31% |
| Marine | 6.9 | 25.2 | -73% | 28.3 | 51.5 | -45% |
| Others | (6.3) | (1.9) | NM | (4.7) | (3.1) | NM |
| Group | 264.4 | 308.6 | -14% | 521.8 | 577.9 | -10% |

Group Net Profit Margin



Balance Sheet

| S\$'m | 31 Dec 2020 | 31 Dec 2019 |
|-------------------------------------|--------------|--------------|
| Property, plant & equipment | 1,757 | 1,805 |
| Right-of-use assets | 539 | 484 |
| Intangible assets | 1,946 | 1,980 |
| Other non-current assets | 731 | 613 |
| Current assets | 4,588 | 4,639 |
| Total assets | 9,561 | 9,521 |
| Current liabilities | 3,896 | 5,446 |
| Non-current liabilities | 3,090 | 1,584 |
| Total liabilities | 6,986 | 7,030 |
| Share capital and reserves | 2,293 | 2,222 |
| Non-controlling interests | 282 | 269 |
| Total equity and liabilities | 9,561 | 9,521 |

Statement of Cash Flows

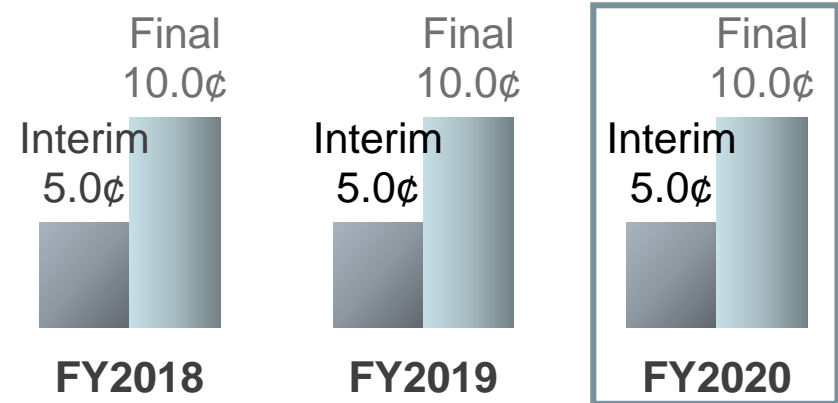
| S\$m | FY2020 | FY2019 |
|------------------------------|------------|------------|
| Net cash from/(used in) | | |
| Operating activities | 1,533 | 590 |
| Investing activities | (295) | (1,273) |
| Financing activities | (959) | 720 |
| Net increase in CCE * | 279 | 37 |
| CCE at beginning of the year | 452 | 414 |
| Exchange difference | (2) | 1 |
| CCE at end of the year | 729 | 452 |

* CCE - Cash & Cash Equivalents

FY2020 Final Dividend of 10.0 Cents per Share

- Board announced final dividend of 10.0 cents per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting, payable on 7 May 2021.
- FY2020 interim dividend was 5.0 cents bringing the total dividend for the year to 15.0 cents.
- FY2020 final dividend can be adequately funded out of past years' retained earnings.
- Retained earnings was \$1,402m or 44.9 cents per share as at year-end 2020 at group level.

Dividend per Ordinary Share



Outlook

2021 Target – Offset ~\$250m of lower government support *

- Through cost savings and partial business recovery & lower impairments



* Government support includes those in Singapore and certain other countries where we have locally incorporated businesses

Group President & CEO's Message

“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

Thank you

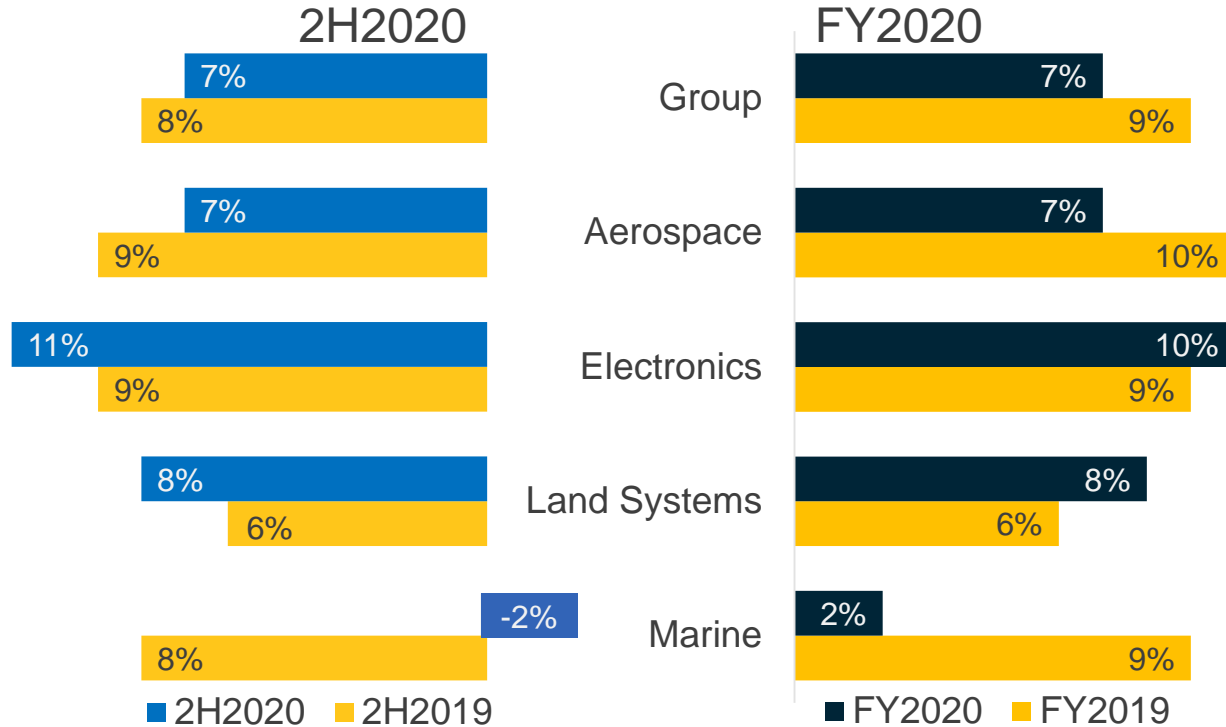
Appendix

Group

Group Profit before Tax (PBT)

| S\$m | 2H2020 | 2H2019 | Change | FY2020 | FY2019 | Change |
|--------------|--------------|--------------|-------------|--------------|--------------|-------------|
| Aerospace | 82.2 | 174.3 | -53% | 202.5 | 332.8 | -39% |
| Electronics | 132.8 | 117.9 | +13% | 229.4 | 216.3 | +6% |
| Land Systems | 63.8 | 46.4 | +38% | 113.0 | 88.6 | +28% |
| Marine | (5.3) | 29.3 | NM | 16.8 | 60.8 | -72% |
| Others | (25.5) | (2.3) | NM | (27.3) | (3.3) | NM |
| Group | 248.0 | 365.6 | -32% | 534.4 | 695.2 | -23% |

Group PBT Margin



Aerospace

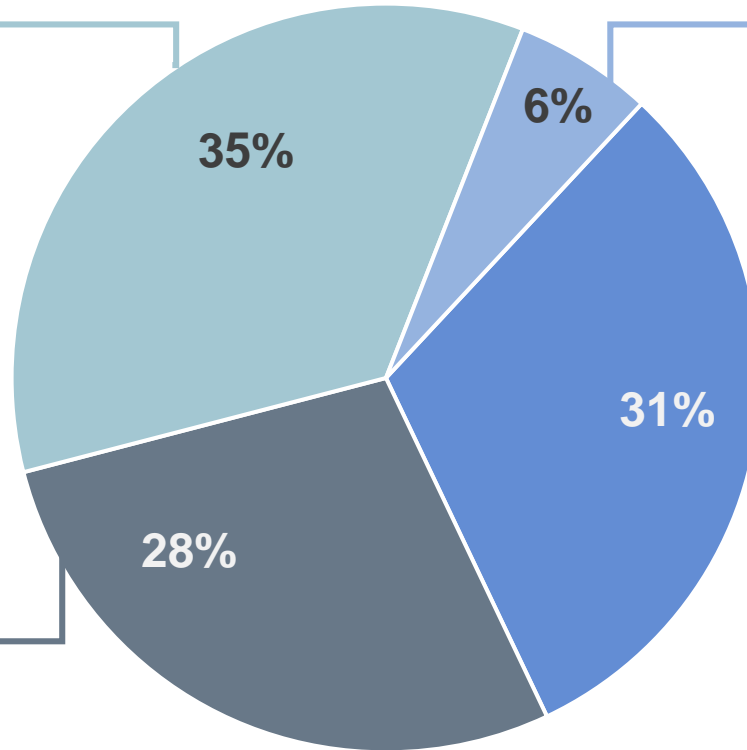
Aerospace Revenue by geography (by location of customers)

Europe

FY2020: \$962m

Others

FY2020: \$164m



U.S.

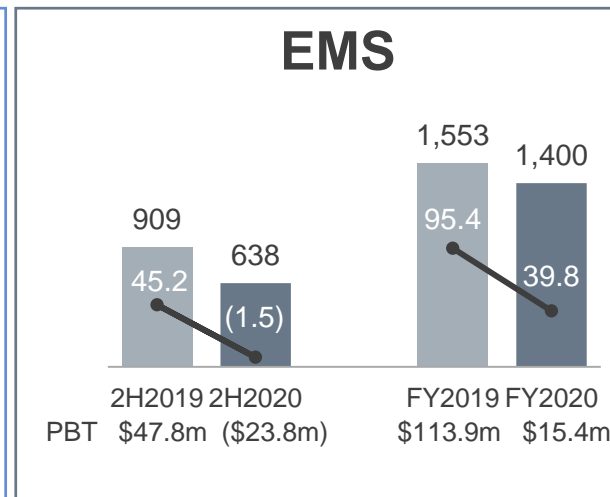
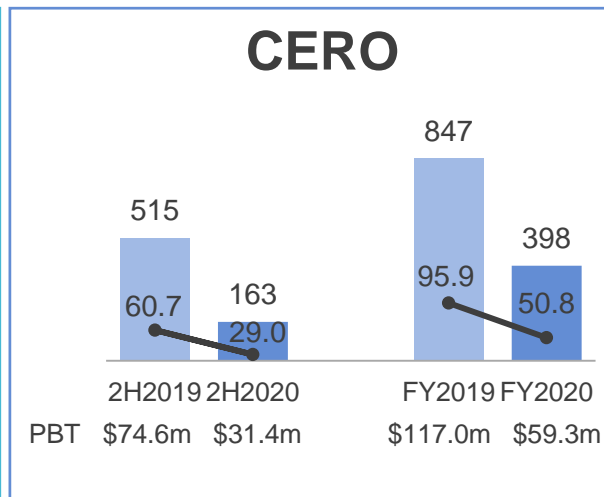
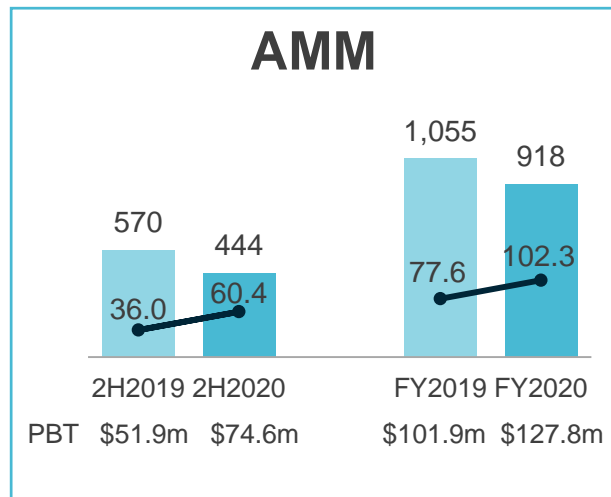
FY2020: \$752m

Asia

FY2020: \$838m

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

FY2020 vs FY2019

Revenue **\$2,713m** ▼ **\$737m or 21%**

- Lower revenue from all business groups due to reduced activities arising from COVID-19

PBT **\$202.5m** ▼ **\$130.3m or 39%**

- Lower activities and impairment of assets
 - Absence of net favorable impact from end-of-programme reviews
 - Share of lower profits from associates and joint ventures
- Partially offset by
- Government support and cost reduction measures

Net Profit **\$192.9m** ▼ **\$76.0m or 28%**

- In line with lower PBT
- Partially offset by
- Lower tax expense
 - Share of losses by NCI

Aerospace FY2020 in Review

- Secured about \$821m worth of new contracts in 4Q2020, bringing total contract wins to about \$2.9b in FY2020
- New contracts won in FY2020 include:
 - Multi-year engine and component MRO contracts to support T'way Air's Boeing 737 fleet
 - A 5-year nacelle maintenance contract to support Qantas' Boeing 737-800 and A330 fleet
 - A 3-year heavy maintenance contract for Alaska Airlines' A320 fleet
 - A 2-year exclusive heavy maintenance contract for up to 40 CFM56-7B engines for an Asian air carrier
 - A Multi-year heavy maintenance contract to support a Chinese cargo airline's Boeing 767 fleet
 - A 5-year airframe heavy maintenance contract with an international air cargo carrier
 - An exclusive 4-year heavy maintenance contract to support a North American airline's Boeing 777 fleet
 - A321P2F conversion orders including two units from BBAM and one conversion and lease unit from Qantas, and orders for A330P2F from freight operators and lessors

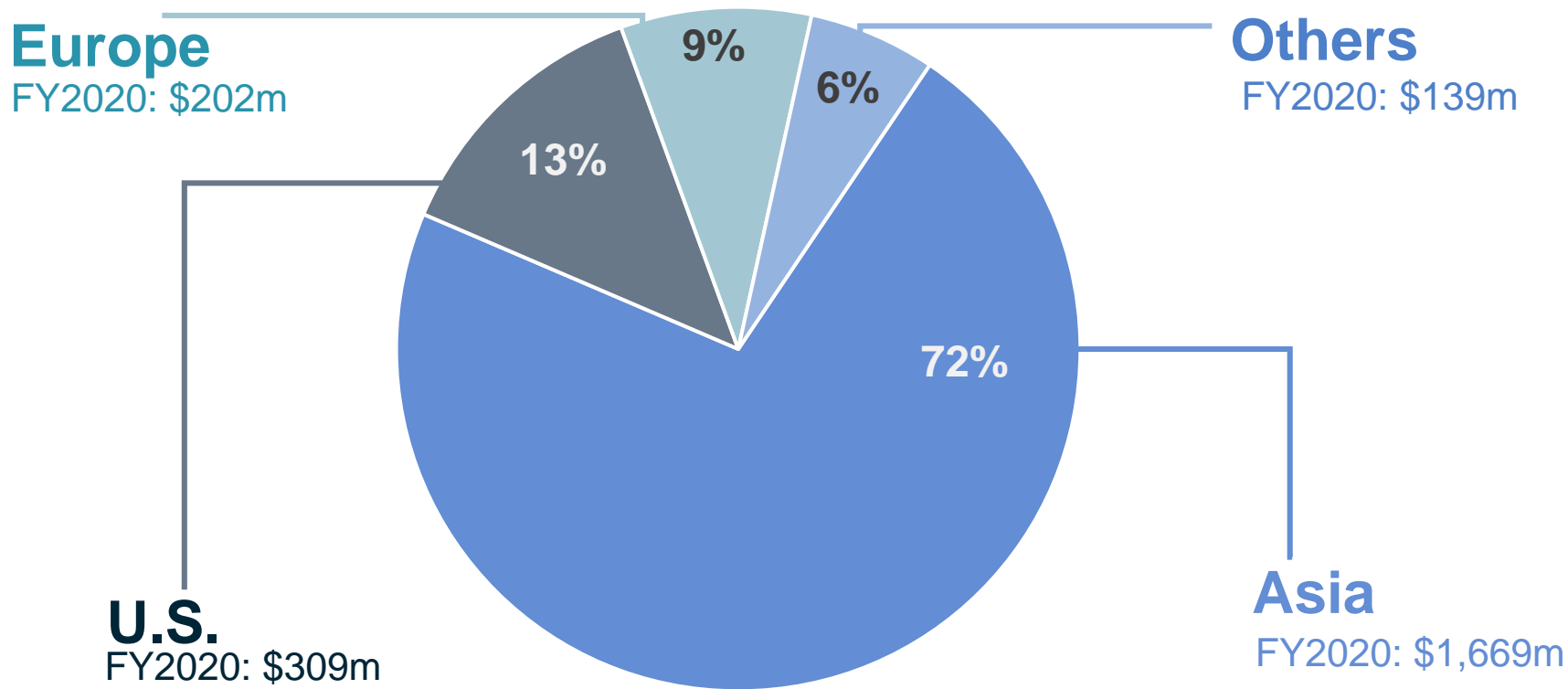
Note: amount may not add due to rounding.

Aerospace FY2020 in Review

- Sold a portfolio of aircraft engines using securitisation structure through engine leasing JV
- Developed new solutions including the world's first expandable aircraft lavatory, anti-microbial coating for cabin interiors, seat separators and mobile cabin cargo box for higher cargo carrying capacity
- Strengthened core MRO and P2F capabilities
 - A321P2F: Attained EASA Supplemental Type Certificate, redelivered the Group's first A321P2F to launch customer, Vallair and began A321P2F conversions in Guangzhou, China
 - Entered into an agreement with Vietnam Airlines to explore setting up airframe MRO JV in Vietnam
 - Became a licensed service centre for LEAP-1B engines
- Expanded drone applications
 - Authorised by CAAS to perform aircraft inspection using DroScan and completed first test flight of food delivering using DroNet
 - Entered into collaboration with Wilhelmsen Ships Service to develop solutions to enable Beyond Visual Line of Sight Unmanned Aircraft Systems operations for short-to-ship parcel deliveries

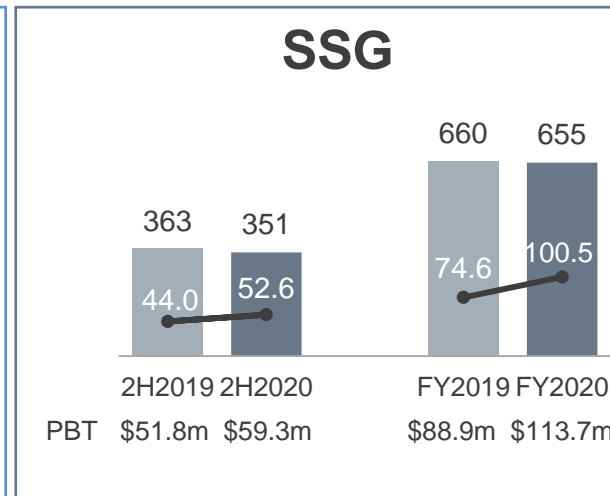
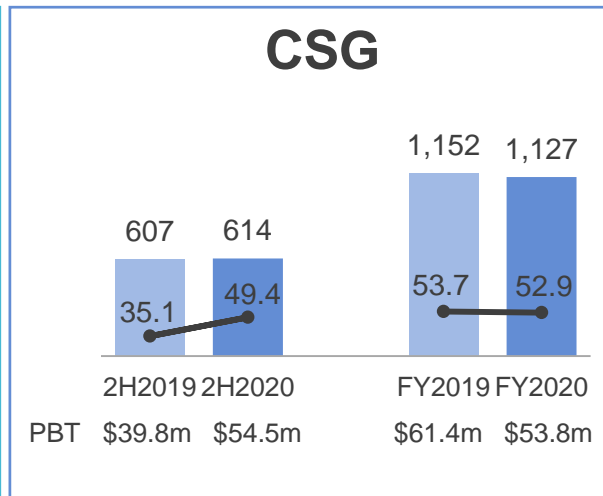
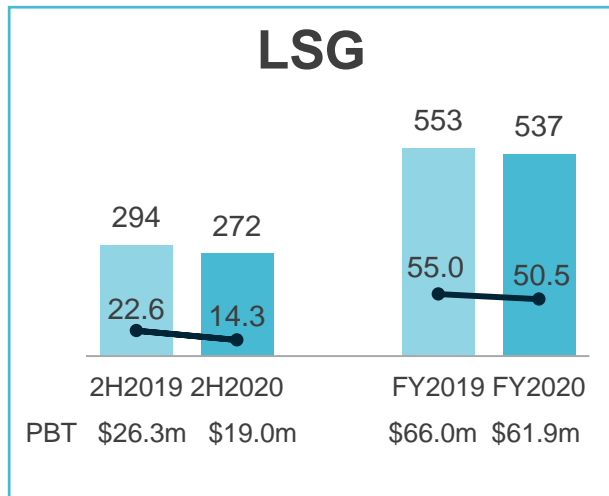
Electronics

Electronics Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Electronics Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

FY2020 vs FY2019

| | | | |
|-------------------|-----------------|-------------------------|---|
| Revenue | \$2,287m | ▼ \$50m or 2% | <ul style="list-style-type: none">• Lower revenue from all business groups, impacted by COVID-19 |
| PBT | \$229.4m | ▲ \$13.1m or 6% | <ul style="list-style-type: none">• Government support and cost reduction measures Partially offset by• Unfavourable sales mix• Share of higher losses from associates and joint ventures |
| Net Profit | \$203.9m | ▲ \$20.6m or 11% | <ul style="list-style-type: none">• Lower tax expense |

Electronics FY2020 in Review

- Secured about \$516m worth of new contracts in 4Q2020, bringing total contract wins to about \$2.9b in FY2020
- New contracts won in FY2020 include:
 - Rail electronics projects in Singapore, China, India and Thailand
 - IoT solutions including smart lighting and water advanced metering infrastructure in Singapore and other global cities
 - Public safety and security projects
 - Perimeter Intrusion Detection Systems for a U.S. airport and global pharmaceutical facility based in Singapore
 - Aviation management and maintenance system for a leading airport authority's Southeast Asian operations
 - Port surveillance and tracking system; Command, Control and Communications systems for various agencies
 - Provision of Security Operations Centres and cybersecurity related services for customers in government, defence, critical infrastructure and enterprise sectors
 - Several training and simulation solutions for commercial and defence customers
 - Health-related digital platform with AI capabilities and business process outsourcing services for various Singapore government agencies

Note: amount may not add due to rounding.

Electronics FY2020 in Review

- Deployed solutions to support Singapore's COVID-19 efforts including integrated command, control and communications (C3) systems, contact tracing and integrated surveillance systems
- Received industry recognition for Smart City solutions including Smart Lighting (IDC Smart City Asia Pacific Awards 2020); Smart City project for Cleveland (Smart 50 Awards 2020); and Newtec Dialog® platform (2020 Teleport Awards)
- Enhanced Smart City offerings:
 - Launched Singapore's first barrier-free Smart Car Park System
 - Launched BIOS-SHIELD™, Asia's first cloud, firmware endpoint security solution with Janus Technologies
 - Launched GEOEARTH, a cloud-based one-stop geospatial analytics platform that enables new business insights to accelerate decision-making
 - Entered into collaboration agreements with IHL and industry partners to advance capabilities in key tech domains including network encryption using quantum technology, digitalisation of critical payments and securities settlement, hybrid multi-cloud management and governance, and smart city planning and management.

Land Systems

Land Systems Revenue by geography (by location of customers)

Europe

FY2020: \$4m

Others

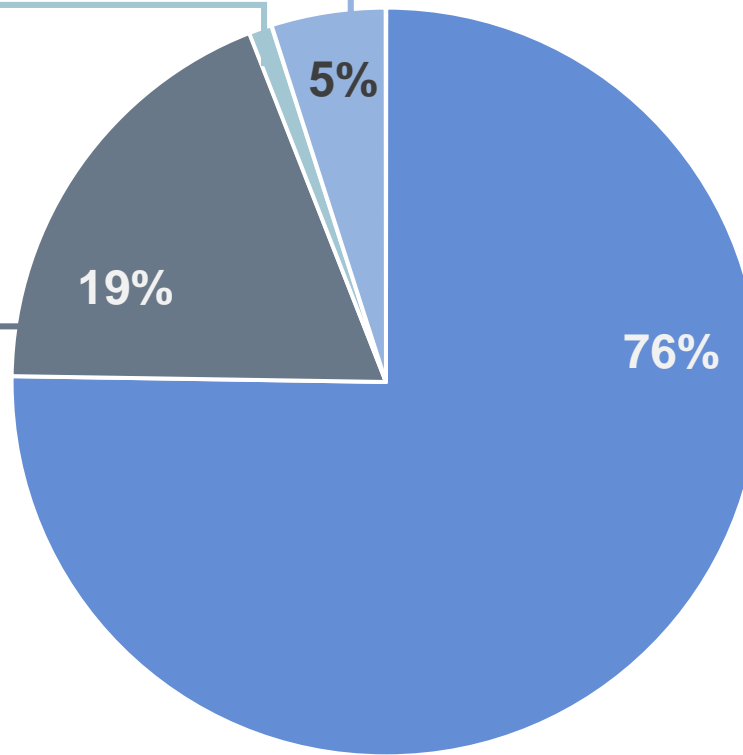
FY2020: \$72m

U.S.

FY2020: \$270m

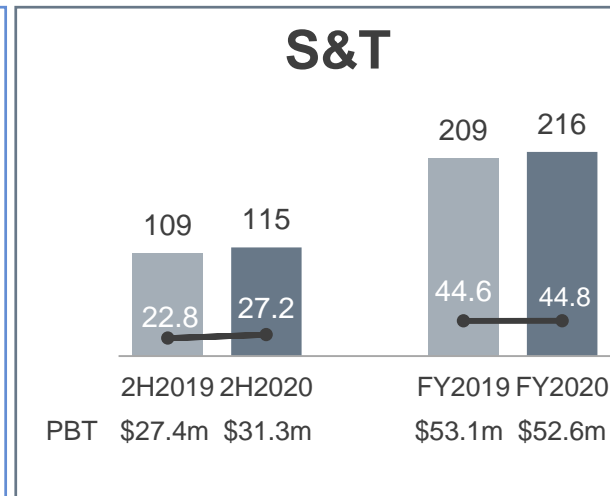
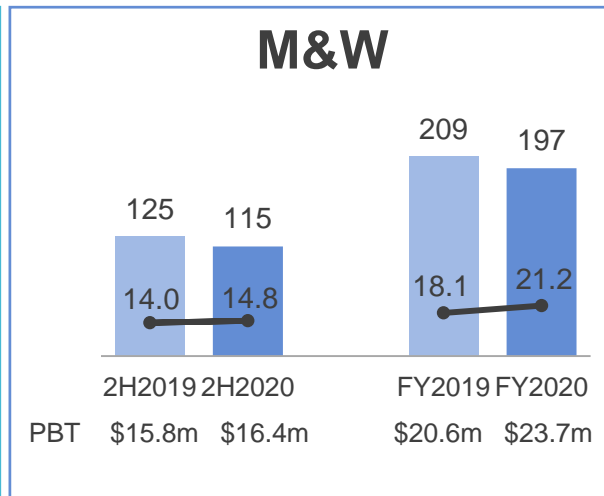
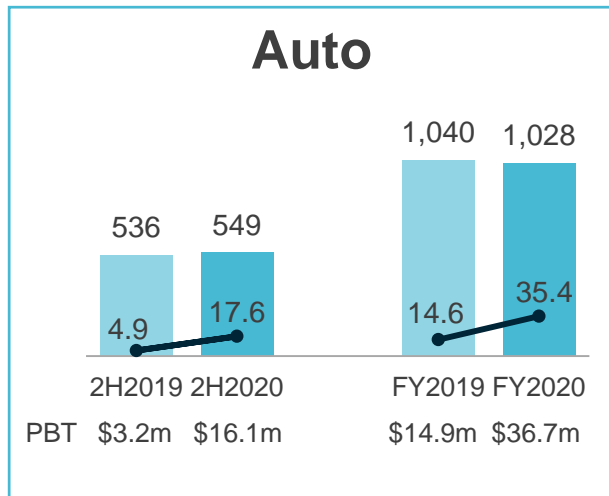
Asia

FY2020: \$1,095m



Note: Revenue includes inter-segment sales

Land Systems Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

FY2020 vs FY2019

| | | | |
|-------------------|-----------------|-------------------------|---|
| Revenue | \$1,411m | ▼ \$17m or 1% | <ul style="list-style-type: none">• Lower revenue from US specialty vehicles and Munitions & Weapon business groups Partially offset by• Increased vehicle production in Singapore |
| PBT | \$113.0m | ▲ \$24.4m or 28% | <ul style="list-style-type: none">• Higher revenue from vehicle production, cost reduction measures and Government support Partially offset by• Weaker performance from US specialty vehicles and associate• Unfavourable product mix |
| Net Profit | \$101.4m | ▲ \$24.1m or 31% | <ul style="list-style-type: none">• In line with higher PBT |

Land Systems FY2020 in Review

- Secured new contracts, including
 - Additional units of Hunter Armoured Fighting Vehicle from Singapore Ministry of Defence
 - Weapons & munitions from customers in Asia and Middle East
- Progressive delivery of three-door double-deck buses and electric buses to Singapore's Land Transport of Authority
- Deployed mobile swab stations, TUG autonomous mobile robots as well as security and disinfecting robots to support Singapore's COVID-19 efforts
- On-demand autonomous buses won the Transportation category at IDC Smart City Asia Pacific Awards 2020
- Set up a JV with Israel Aerospace Industries Ltd to market advanced naval missile systems, including a next-generation anti-ship missile system

Marine

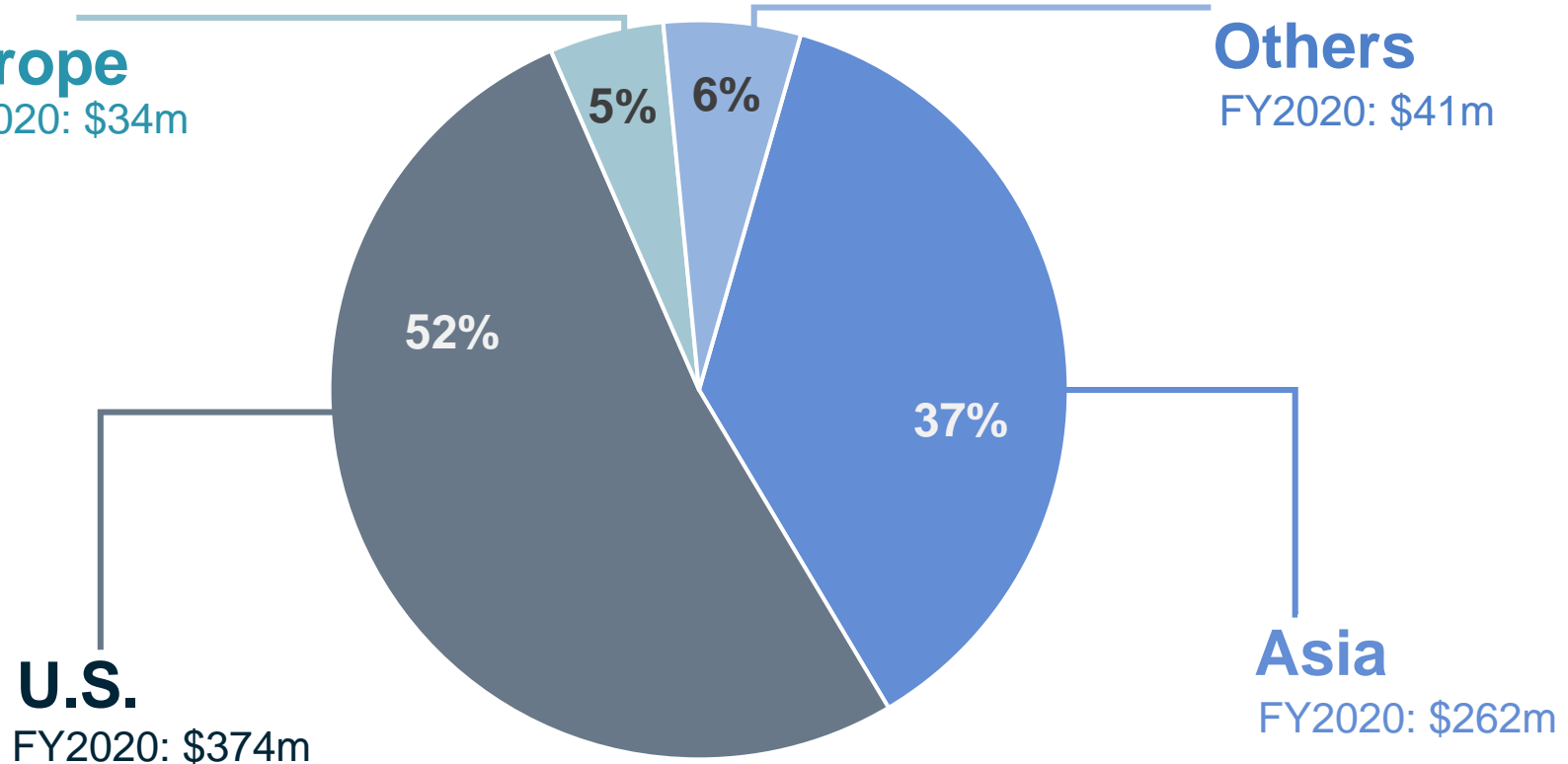
Marine Revenue by geography (by location of customers)

Europe

FY2020: \$34m

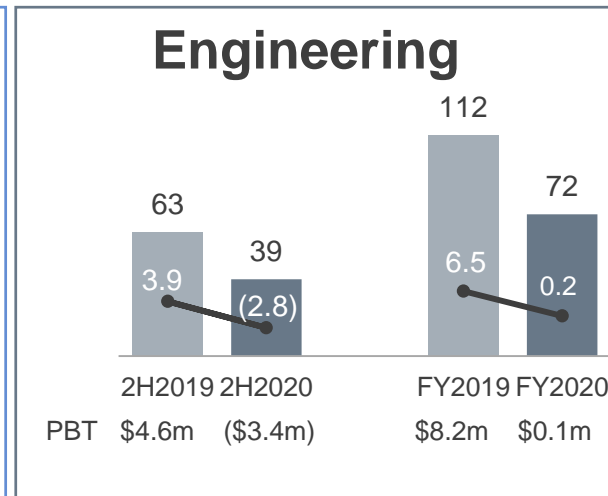
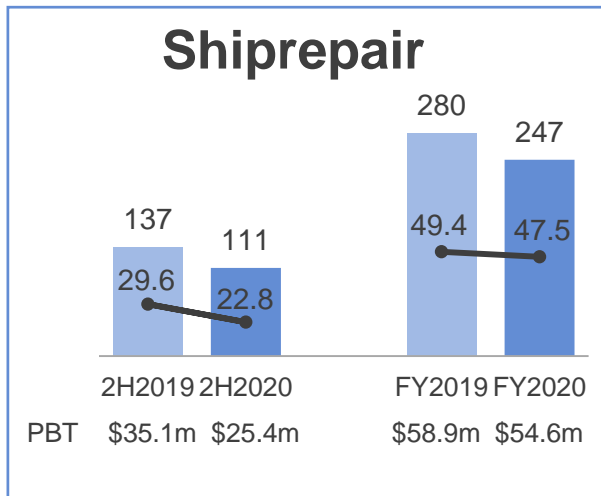
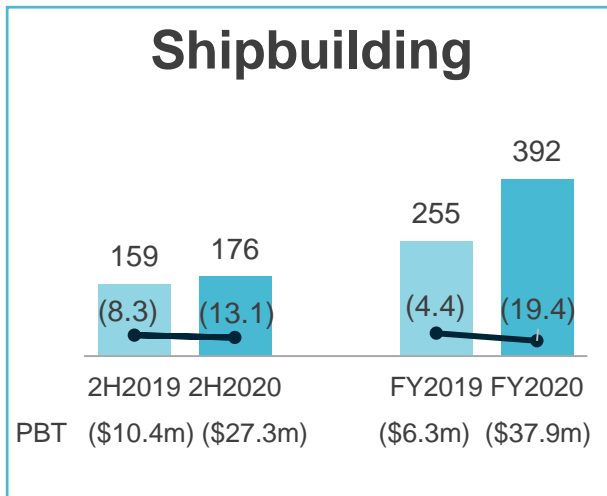
Others

FY2020: \$41m



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

FY2020 vs FY2019

| | | | |
|-------------------|----------------|-------------------------|--|
| Revenue | \$710m | ▲ \$63m or 10% | <ul style="list-style-type: none">• Higher contribution from US ShipbuildingPartially offset by• Lower revenue from Singapore operations as yard activities were disrupted by COVID-19 |
| PBT | \$16.8m | ▼ \$44.0m or 72% | <ul style="list-style-type: none">• Weaker U.S. shipbuilding performance and higher operating costs incurred due to COVID-19 disruption on operations |
| Net Profit | \$28.3m | ▼ \$23.2m or 45% | <ul style="list-style-type: none">• In line with lower PBTPartially offset by• Lower tax expense |

Marine FY2020 in Review

- Secured new contracts, including:
 - Firm order for one Auxiliary Personnel Lighter-Small (APL(S)) 67 Class berthing barge for the U.S. Navy, bringing total orders to four units
 - Industrial studies contract for U.S. Navy's T-AGOS programme
 - Design studies for the development of U.S. Navy's Large Unmanned Surface Vessel
 - Engineering, Procurement and Construction contract with consortium partners, Keppel Seghers and China Harbour, for a Waste-to-Energy facility and a Materials Recovery at the new Tuas Nexus IWMF in Singapore
- Shipbuilding programme updates
 - Delivered first pair of 5GPT boats to Singapore Police Coast Guard
 - Launched first and second APL(S) berthing barges
- Completed numerous shiprepair projects, rig repair and related fabrication works