

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
TABLE OF CONTENTS

| <u>Paragraph</u> | <u>Description</u> | <u>Page</u> |
|------------------|--|---------------|
| | FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT | 1 – 24 |
| 1 | CONSOLIDATED INCOME STATEMENT | 1 – 3 |
| 2 | BALANCE SHEETS | 4 – 6 |
| 3 | CONSOLIDATED STATEMENT OF CASH FLOWS | 7 – 9 |
| 4 | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 9 |
| 5 | STATEMENT OF CHANGES IN EQUITY | 10 – 14 |
| 6 | AUDIT | 14 |
| 7 | AUDITORS' REPORT | 14 |
| 8 | ACCOUNTING POLICIES | 14 |
| 9 | CHANGES IN ACCOUNTING POLICIES | 14 |
| 10 | REVIEW OF GROUP PERFORMANCE | 15 – 16 |
| 11 | VARIANCE FROM PROSPECTS STATEMENT | 17 |
| 12 | PROSPECTS | 17 |
| 13 | DIVIDENDS | 17 – 18 |
| 14 | BUSINESS SEGMENTAL INFORMATION | 19 – 22 |
| 15 | ECONOMIC VALUE ADDED | 22 |
| 16 | INTERESTED PERSON TRANSACTIONS | 23 |
| 17 | CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1) | 23 |
| 18 | REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER | 24 |

SINGAPORE TECHNOLOGIES ENGINEERING LTD
AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020
1 CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

| | GROUP | | |
|---|------------------|------------------|----------------|
| | FY2020 | FY2019 | + / (-) |
| | \$'000 | \$'000 | % |
| Revenue | 7,158,286 | 7,868,276 | (9.0) |
| Cost of sales | (5,630,797) | (6,222,888) | (9.5) |
| Gross profit | 1,527,489 | 1,645,388 | (7.2) |
| 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 |
| Profit from operations | 560,863 | 673,079 | (16.7) |
| 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) |
| Profit before taxation | 534,402 | 695,244 | (23.1) |
| Taxation (refer to para 1.10) | (8,779) | (102,570) | (91.4) |
| Profit after taxation | 525,623 | 592,674 | (11.3) |
| Attributable to: | | | |
| Shareholders of the Company | 521,840 | 577,945 | (9.7) |
| Non-controlling interests | 3,783 | 14,729 | (74.3) |
| | 525,623 | 592,674 | (11.3) |

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

| | GROUP | | |
|--|-----------------|-----------------|----------------|
| | FY2020 | FY2019 | + / (-) |
| | \$'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

| | GROUP | | |
|---|-----------------------|-----------------------|-------------------|
| | 2020 \$'000 | 2019 \$'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)

| | GROUP | |
|--|---------------|---------------|
| | FY2020 | FY2019 |
| 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

| | GROUP | | COMPANY | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31-Dec-20 \$'000 | 31-Dec-19 \$'000 | 31-Dec-20 \$'000 | 31-Dec-19 \$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| 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 | - | - | - |
| | 4,972,813 | 4,882,090 | 1,389,103 | 1,379,464 |
| Current assets | | | | |
| 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 |
| | 4,588,512 | 4,639,185 | 79,055 | 79,569 |
| TOTAL ASSETS | 9,561,325 | 9,521,275 | 1,468,158 | 1,459,033 |
| EQUITY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| 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 | - | - |
| | 3,895,991 | 5,446,408 | 43,691 | 24,647 |
| NET CURRENT ASSETS/(LIABILITIES) | 692,521 | (807,223) | 35,364 | 54,922 |

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)

| | GROUP | | COMPANY | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31-Dec-20 \$'000 | 31-Dec-19 \$'000 | 31-Dec-20 \$'000 | 31-Dec-19 \$'000 |
| Non-current liabilities | | | | |
| 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 | - | - |
| | 3,090,545 | 1,583,866 | 8,894 | 15,039 |
| TOTAL LIABILITIES | 6,986,536 | 7,030,274 | 52,585 | 39,686 |
| NET ASSETS | 2,574,789 | 2,491,001 | 1,415,573 | 1,419,347 |
| Share capital and reserves | | | | |
| 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 |
| Equity attributable to owners of the Company | 2,292,614 | 2,222,279 | 1,415,573 | 1,419,347 |
| Non-controlling interests | 282,175 | 268,722 | - | - |
| | 2,574,789 | 2,491,001 | 1,415,573 | 1,419,347 |
| TOTAL EQUITY AND LIABILITIES | 9,561,325 | 9,521,275 | 1,468,158 | 1,459,033 |

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

| | GROUP | | COMPANY | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31-Dec-20 \$'000 | As at 31-Dec-19 \$'000 | As at 31-Dec-20 \$'000 | As at 31-Dec-19 \$'000 |
| <u>Amount repayable within one year</u> | | | | |
| 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> |
| <u>Amount repayable after one year</u> | | | | |
| 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> |
| Total | <u>2,046,895</u> | <u>2,337,707</u> | <u>3,518</u> | <u>5,552</u> |

2(c) NET ASSET VALUE

| | GROUP | |
|---|---------------|---------------|
| | FY2020 | FY2019 |
| | Cents | Cents |
| Net asset value per ordinary share at end of the year | 73.59 | 71.32 |

| | COMPANY | |
|---|----------------|---------------|
| | FY2020 | FY2019 |
| | 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 |
| Cash flows from operating activities | | |
| 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) |
| Net cash from operating activities | 1,532,816 | 589,962 |

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

| | GROUP | |
|--|------------------|--------------------|
| | FY2020 \$'000 | FY2019 \$'000 |
| Cash flows from investing activities | | |
| 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 |
| Net cash used in investing activities | (295,167) | (1,272,825) |
| Cash flows from financing activities | | |
| 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 |
| Net cash (used in)/from financing activities | (958,759) | 720,237 |
| Net increase in cash and cash equivalents | 278,890 | 37,374 |
| 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 |
| Cash and cash equivalents at end of the year | 729,479 | 452,095 |

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).

| | GROUP | | |
|--|----------------|----------------|----------------|
| | FY2020 | FY2019 | + / (-) |
| | \$'000 | \$'000 | % |
| Profit after taxation | 525,623 | 592,674 | (11.3) |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| 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 |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| 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 |
| Total comprehensive income for the year, net of tax | 565,365 | 457,128 | 23.7 |
| Total comprehensive income attributable to: | | | |
| Shareholders of the Company | 547,678 | 459,759 | 19.1 |
| Non-controlling interests | 17,687 | (2,631) | NM |
| | 565,365 | 457,128 | 23.7 |

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 |
|--|-------------------------|---------------------------|----------------------------|--------------------------|-----------------------------|------------------|-------------------------------------|------------------------|
| At 1 January 2019 | 895,926 | (9,030) | 118,174 | (72,054) | 1,313,361 | 2,246,377 | 288,236 | 2,534,613 |
| Total comprehensive income for the year | | | | | | | | |
| Profit after taxation | - | - | - | - | 577,945 | 577,945 | 14,729 | 592,674 |
| Other comprehensive income | | | | | | | | |
| 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) |
| Total comprehensive income for the year, net of tax | - | - | - | (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 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| 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) |
| Changes in ownership interests in a subsidiary | | | | | | | | |
| Disposal of subsidiary | - | - | - | - | - | - | (187) | (187) |
| Total transactions with owners of the Company | - | (17,701) | (5,611) | 3,911 | (468,156) | (487,557) | (16,836) | (504,393) |
| Transfer from retained earnings to statutory reserve | - | - | - | 133 | (133) | - | - | - |
| At 31 December 2019 | 895,926 | (26,731) | 112,563 | (149,445) | 1,389,966 | 2,222,279 | 268,722 | 2,491,001 |

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 |
|--|-------------------------|---------------------------|----------------------------|--------------------------|-----------------------------|------------------|-------------------------------------|------------------------|
| At 1 January 2020 | 895,926 | (26,731) | 112,563 | (149,445) | 1,389,966 | 2,222,279 | 268,722 | 2,491,001 |
| Total comprehensive income for the year | | | | | | | | |
| Profit after taxation | - | - | - | - | 521,840 | 521,840 | 3,783 | 525,623 |
| Other comprehensive income | | | | | | | | |
| 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 |
| Total comprehensive income for the year, net of tax | - | - | - | 67,024 | 480,654 | 547,678 | 17,687 | 565,365 |
| Hedging gains and losses and costs of hedging transferred to the cost of inventory | - | - | - | (1,890) | - | (1,890) | - | (1,890) |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| 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) | - | - | - |
| At 31 December 2020 | 895,926 | (23,743) | 107,034 | (89,017) | 1,402,414 | 2,292,614 | 282,175 | 2,574,789 |

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

| Company | Share capital \$'000 | Treasury Shares \$'000 | Capital reserve \$'000 | Share-based payment reserve \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|-------------------------|---------------------------|---------------------------|---------------------------------------|-----------------------------|------------------------|
| At 1 January 2019 | 895,926 | (9,030) | 2,199 | 65,054 | 493,363 | 1,447,512 |
| Total comprehensive income for the year | | | | | | |
| Profit after taxation | - | - | - | - | 459,405 | 459,405 |
| Total comprehensive income for the year | - | - | - | - | 459,405 | 459,405 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | |
| 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) |
| At 31 December 2019 | 895,926 | (26,731) | (3,412) | 68,952 | 484,612 | 1,419,347 |
| At 1 January 2020 | 895,926 | (26,731) | (3,412) | 68,952 | 484,612 | 1,419,347 |
| Total comprehensive income for the year | | | | | | |
| Profit after taxation | - | - | - | - | 471,699 | 471,699 |
| Total comprehensive income for the year | - | - | - | - | 471,699 | 471,699 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | |
| 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) |
| At 31 December 2020 | 895,926 | (23,743) | (8,940) | 64,054 | 488,276 | 1,415,573 |

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).

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

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)

| <u>Group and Company</u> | <u>Number of Treasury Shares for the Year ended 31.12.2020</u> |
|---|---|
| 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) |
| As at end of the year | <u>6,964,060</u> |

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% |
| Total | 7,158 | 7,868 | (710) | (9%) |

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 | FY2020 | FY2019 | Increase/(Decrease) | |
|--------------|---------------|---------------|----------------------------|--------------|
| 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 |
| Total | 521.8 | 577.9 | (56.1) | (10%) |

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

| | FY2019 | | | | | | Group \$'000 |
|---|----------------------------|------------------------------|-----------------------------------|-------------------------|-------------------------|------------------------------|------------------------|
| | Aerospace \$'000 | Electronics \$'000 | Land Systems \$'000 | Marine \$'000 | Others \$'000 | Elimination \$'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

| | Revenue | | |
|--------------|------------------|------------------|--------------|
| | FY2020 | FY2019 | + / (-) |
| | \$'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 |
| Group | <u>7,158,286</u> | <u>7,868,276</u> | <u>(9.0)</u> |

| | Profit/(Loss) Before Tax | | |
|--------------|--------------------------|----------------|---------------|
| | FY2020 | FY2019 | + / (-) |
| | \$'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 |
| Group | <u>534,402</u> | <u>695,244</u> | <u>(23.1)</u> |

| | Profit/(Loss) Attributable to Shareholders | | |
|--------------|--|----------------|--------------|
| | FY2020 | FY2019 | + / (-) |
| | \$'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 |
| Group | <u>521,840</u> | <u>577,945</u> | <u>(9.7)</u> |

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 |
| Total | 7,158,286 | 100 | 7,868,276 | 100 |

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 |
| Total | 7,158,286 | 100 | 7,868,276 | 100 |

| | 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 |
| Total | 4,802,260 | 100 | 4,757,144 | 100 |

⁺ 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

| | FY2020 | FY2019 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Transactions for the Sale of Goods and Services | | |
| 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> |
| Transactions for the Purchase of Goods and Services | | |
| 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> |
| Total Interested Person Transactions | <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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