

Extraordinary General Meeting to be held on 15 December 2021 Responses to Substantial and Relevant Questions

Singapore Technologies Engineering Ltd (ST Engineering) would like to thank all shareholders who submitted their questions in advance of our Extraordinary General Meeting (EGM) to be held by electronic means on Wednesday, 15 December 2021 at 10 a.m. (GMT +8).

Responses to substantial questions relevant to the Resolution

We have received several questions relating to the Group's ordinary resolution on the proposed acquisition of all of the issued and outstanding interests of TransCore Partners, LLC and TLP Holdings, LLC from TransCore Holdings, LLC.

We have grouped related and similar questions together and provided our corresponding responses to them. Please refer to Appendix 1, which is also available on our corporate website at <https://www.stengg.com/agm-egm>.

Our TransCore acquisition presentation material published on 3 October 2021 is available on our corporate website at <https://www.stengg.com/media/1317938/analyst-presentation-proposed-acquisition-of-transcore.pdf>

By Order of the Board

Tan Wan Hoon
Joint Company Secretary
Singapore, 10 December 2021

Appendix 1

1. How did you arrive at the acquisition amount of US\$2.68b for TransCore?

- TransCore is a strong strategic fit for ST Engineering. It is a leader in the transportation industry in North America, specialising in next-generation electronic toll collection, congestion pricing, Intelligent Transportation Systems, back office systems and RFID products. Over its 80-year history, TransCore has deployed 15,000 tolling lanes and has 4,500 toll lanes under active management. It sells to 11 out of 15 of the largest toll agencies in the U.S. today and has shipped over 100 million RFID tags. Its comprehensive road transportation solutions and deep customer relationships built over many years will complement and enhance our suite of Smart City and Smart Mobility rail and road solutions.
- The purchase price of US\$2.68b was negotiated with the Seller pursuant to arm's length negotiations on a willing-buyer and willing-seller basis in a competitive auction process conducted by the Seller. The purchase price reflects TransCore's position as a leader in the U.S. transportation industry, underpinned by established customer relationships, high rate of occurring and re-occurring revenues, strong order book, innovative technology, attractive financial profile and potential synergies. Further, the Enterprise Value / EBITDA multiple of 16.2x is also well within the range of both precedent transactions and the market valuation of comparable public listed companies in this space.
- TransCore has built a robust business by leveraging value residing in its deep customer relationships, innovative technology, extensive patents and strong contract backlog. These will be reflected in goodwill and intangibles recognised as part of the proposed acquisition.
- Lastly, in arriving at our determination of the purchase consideration, the Board consulted with J.P. Morgan (S.E.A.) Limited as financial advisor on the proposed acquisition; Deloitte & Touche Financial Advisory Services Pte Ltd on financial and tax due diligence matters; Latham & Watkins LLP as legal advisor on the proposed acquisition; and industry consultant PTOLEMUS Consulting Group on commercial and market due diligence matters.

2. Please elaborate and provide examples on how ST Engineering will benefit from, and the growth it will achieve as a result of, this acquisition?

- The Smart City space has been an important strategic focus area for ST Engineering and TransCore is a strong strategic fit for us. Its road transportation solutions will enhance our suite of Smart Mobility solutions which will further strengthen our capabilities in the Smart Mobility domain.
- TransCore's leading position in the end-to-end electronic toll collection and congestion pricing segments in North America represents a new business for ST Engineering. The addition of TransCore into ST Engineering will create a larger group with enhanced products and solutions, new business and footprint in a new geography. This business combination will also allow for cross-selling of our ITS solutions such as smart road

junctions, transportation operation centres, and road traffic optimisation systems to North America.

- We are confident that the addition of TransCore will advance ST Engineering's leadership position in developing Smart City solutions to enable smarter and sustainable cities, and at the same time will deliver value for ST Engineering shareholders.

3. What is TransCore's past five years' financial status? Please show more financial details in addition to years 2019 and 2020.

- TransCore operates as part of Roper Technologies (Roper) and its financials are not disclosed publicly. Roper reports its financials by business segments, and not by individual companies.
- The audited financial information of TransCore for FY2019 and FY2020 was specifically commissioned by the Seller for divestment purposes, and audited standalone financial details of the TransCore business prior to FY2019 are not available.

4. Please provide more breakdown as to how the acquisition benefits ST Engineering financially in the next three to five years?

- At our recent Investor Day in November 2021, we shared that by 2026 the revenue of our Smart City business is expected to be S\$3.5b, and TransCore is expected to contribute to this growth.
- TransCore will operate as part of our Smart Mobility business line. Its financials will be subsumed under Urban Solutions & Satcom, per our financial reporting framework. We expect TransCore to be cash flow positive from the first year and earnings accretive from the second year to the Group post acquisition.
- We intend to provide regular updates on the transition of TransCore into the Group, so that shareholders are informed of the development of this business in its initial years as part of the Group.

5. To raise funds for this project, besides taking loans, will ST Engineering go for rights issue and allow shareholders to participate in the acquisition?

- There is no plan for a rights issue.
- This acquisition will be fully funded in cash at closing, and through the issuance of debt securities.

6. Will the acquisition result in accretive company performance in terms of share price and dividend?

- The acquisition is expected to be cash flow positive from the first year and earnings accretive from the second year to the Group post-acquisition.

- ST Engineering's dividend payout capacity will remain strong given the Group's high retained earnings and strong cash flows.
- We are unable to comment on share price performance as it is subject to various market forces.

7. Why make such a substantial acquisition that is close to 30% of ST Engineering's market capitalisation now? Were other transactions considered before deciding on TransCore as the most ideal M&A target for ST Engineering?

- We have been focused on driving growth in Smart City, one of our strategic areas. We have been on a lookout for potential targets that fit into our strategic growth areas. When presented with the opportunity to buy TransCore, we evaluated and considered it to be an attractive company for ST Engineering.
- TransCore is a strong fit with our Smart Mobility business. It has more than 80 years of history, and is a leader in the transportation industry in North America, providing innovative technical solutions and engineering services for applications encompassing next-generation electronic toll collection, congestion pricing, Intelligent Transportation Systems, back office solutions and RFID products. Importantly, its business is underpinned by:
 - Strong customer retention
 - Strength in execution and strong customer service delivery
 - High recurring business with high contract renewal rate
- It would have taken us extensive time and resources to organically develop a business of this scale and potential.
- Hence, we are confident that the addition of TransCore will advance ST Engineering's leadership position in developing Smart City solutions to enable smarter and sustainable cities, and at the same time will deliver value for ST Engineering shareholders.

8. Is this acquisition relevant to ST Engineering's needs in Singapore? Where are the target markets outside of local context?

- Our ambition is to build global champions, grow businesses that are globally competitive, scalable and profitable. Likewise, when we acquire TransCore, we look at the potential it offers in the base country and segments it operates in, and other international markets where we can potentially grow the business.
- As noted in Q&A 2 above, TransCore's leading position in the end-to-end electronic toll collection and congestion pricing segments in North America represents a new business for ST Engineering. This business combination will allow for cross-selling of our ITS solutions such as smart road junctions, transportation operation centres, and road traffic optimisation systems to North America.
- We also see potential for TransCore in the Southeast Asian region, including Indonesia, Thailand and Vietnam. These are markets where our Smart Mobility business has a

strong track record in providing our suite of solutions to help solve transportation issues accelerated by urbanisation.

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