

News Release

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.

Electronics

“Higher Revenue and Profits in 3Q2016”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2016			
	2016 3Q	2015 3Q	Growth %
Revenue (\$m)	474	439	8
Earnings before interest and tax (EBIT) (\$m)	49.4	47.3	4
Other income, net (\$m)	3.8	2.3	65
Finance costs, net (\$m)	(0.6)	(0.5)	(7)
Profit before tax (PBT) (\$m)	52.8	49.3	7
Profit attributable to shareholders (\$m)	45.2	39.6	14

N.B.: All currencies are in Singapore dollars.

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Electronics

Electronics sector unaudited results for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
1. (a) Revenue	473,675	438,643	8.0
(b) Cost of sales	(331,698)	(302,160)	9.8
(c) Gross Profit	141,977	136,483	4.0
(d) Distribution and selling expenses	(21,590)	(21,603)	(0.1)
(e) Administrative expenses	(43,308)	(45,098)	(4.0)
(f) Other operating expenses	(27,650)	(22,480)	23.0
(g) Profit from operations	49,429	47,302	4.5
(h) Other income	3,806	2,307	65.0
(i) Other expenses	-	-	-
(j) Other income, net	3,806	2,307	65.0
(k) Finance income	1,319	1,010	30.6
(l) Finance costs	(1,891)	(1,545)	22.4
(m) Finance costs, net	(572)	(535)	6.9
(n) Share of results of associates and joint venture, net of tax	146	259	(43.6)
(o) Profit before taxation	52,809	49,333	7.0
(p) Taxation	(7,723)	(9,785)	(21.1)
(q) Profit for the period	45,086	39,548	14.0
Attributable to:			
(r) Shareholder of the Company	45,187	39,560	14.2
(s) Non-controlling interests	(101)	(12)	>500
	45,086	39,548	14.0
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	11,383	10,336	10.1
Allowance for doubtful debts & bad debts written off, net	365	517	(29.4)
Allowance for inventory obsolescence, net	183	381	(52.0)
(b) Finance costs, net comprises:			
Interest income	432	677	(36.2)
Foreign exchange gain, net	638	333	91.6
Gain on disposal of an investment	249	-	NM
Interest expenses	(1,891)	(1,545)	22.4
	(572)	(535)	6.9

* NM - Not Meaningful

Electronics

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	9.5%	9.0%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	10.9%	10.3%	
	2016 \$'000	2015 \$'000	+ / (-) %
4. (a) Revenue reported for first half year	914,578	784,530	16.6
(b) Profit for the period reported for first half year	74,771	69,544	7.5
(c) Revenue reported for third quarter	473,675	438,643	8.0
(d) Profit for the period reported for third quarter	45,086	39,548	14.0
(e) Revenue reported for first nine months	1,388,253	1,223,173	13.5
(f) Profit for the period reported for first nine months	119,857	109,092	9.9
5. (a) There was an overprovision of current tax of \$1,412,000 and an underprovision of deferred tax of \$722,000 in respect of prior years (3Q2015: There was an overprovision of current tax of \$963,000 and an underprovision of deferred tax of \$37,000 in respect of prior years).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000	
Third Quarter						
Large-Scale Systems Group	108,348	102,454	5.8	12,681	9,071	39.8
Communication & Sensor Systems Group	226,168	191,865	17.9	18,520	18,962	(2.3)
Software Systems Group	139,159	144,324	(3.6)	21,608	21,300	1.4
Total	<u>473,675</u>	<u>438,643</u>	8.0	<u>52,809</u>	<u>49,333</u>	7.0

Nine Months Ended 30 September

Large-Scale Systems Group	337,259	303,507	11.1	41,356	35,133	17.7
Communication & Sensor Systems Group	676,065	543,974	24.3	47,366	42,825	10.6
Software Systems Group	374,929	375,692	(0.2)	54,901	52,840	3.9
Total	<u>1,388,253</u>	<u>1,223,173</u>	13.5	<u>143,623</u>	<u>130,798</u>	9.8

	Revenue		+ / (-) %
	3Q2016 \$'000	3Q2015 \$'000	
<u>By Geographical Areas</u>			
Asia	374,884	336,576	11.4
USA	47,977	40,306	19.0
Europe	24,748	23,682	4.5
Others	26,066	38,079	(31.5)
Total	<u>473,675</u>	<u>438,643</u>	8.0

By Country of Incorporation

Asia	382,966	354,322	8.1
USA	73,632	67,921	8.4
Europe	3,746	5,906	(36.6)
Others	13,331	10,494	27.0
Total	<u>473,675</u>	<u>438,643</u>	8.0

Electronics

7. Review of Performance

(a) Revenue

3Q2016 vs 3Q2015

3Q2016	3Q2015	Growth	
\$474m	\$439m	\$35m	8%

Revenue of \$474 million recorded in 3Q2016 was higher than that of 3Q2015 by 8% or \$35 million. **Communication & Sensor Systems Group's (CSG)** sales were higher mainly due to higher value project milestone completions, increased sales of satellite communication products and electro-optics equipment. **Large-Scale Systems Group (LSG)** recorded higher sales mainly due to higher value project milestone completions. **Software Systems Group's (SSG)** sales were comparable to that of 3Q2015.

(b) Profitability

3Q2016 vs 3Q2015

3Q2016	3Q2015	Growth	
\$52.8m	\$49.3m	\$3.5m	7%

The profit before tax of \$52.8 million for 3Q2016 was higher than that of 3Q2015 by 7% or \$3.5 million. The Sector recorded higher profit mainly due to increased sales and higher other income, partially offset by higher operating expenses.

8. Prospects

FY2016

Barring unforeseen circumstances, revenue and profit before tax for FY2016 are expected to be higher compared to FY2015.

9. Balance Sheet

	30-Sep-16	31-Dec-15
	\$'000	\$'000
Property, plant and equipment	189,372	185,192
Associates and joint venture	1,507	1,397
Investments	9,558	9,902
Intangible assets	329,151	335,049
Long-term receivable, non-current	936	913
Deferred tax assets	24,704	29,726
Derivative financial instruments, non-current	857	40
Non-current assets	556,085	562,219
Current assets	1,318,770	1,299,812
Total assets	1,874,855	1,862,031
Current liabilities	1,079,627	1,114,278
Non-current liabilities	503,972	523,445
Total liabilities	1,583,599	1,637,723
Share capital and reserves	284,784	217,088
Non-controlling interests	6,472	7,220
Total equity and liabilities	1,874,855	1,862,031
Net current assets	239,143	185,534

Electronics

10. Statement of Cash Flows for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000
Net cash from operating activities	44,152	6,811
Net cash (used in)/from investing activities	(17,901)	7,369
Proceeds from sale of property, plant and equipment	19	23
Proceeds from sale of an unquoted investment	249	-
Dividend from an associate	137	-
Purchase of property, plant and equipment	(15,526)	(5,907)
Acquisition of other intangible assets	(2,780)	(4,423)
Acquisition of controlling interests in a subsidiary, net of cash acquired	-	17,676
Net cash from/(used in) financing activities	29,787	(14,889)
Repayment of a related party loan	(2,467)	-
Repayment of loans by related parties	-	34,000
Proceeds from related parties loans	33,698	6,839
Loans to related parties	-	(33,000)
Acquisition of non-controlling interests in subsidiaries	-	(4,600)
Dividend paid to shareholder	-	(16,600)
Dividend paid to non-controlling interests	(605)	-
Interest paid	(833)	(445)
Deposits pledged	(6)	(1,083)
Net increase/(decrease) in cash and cash equivalents	56,038	(709)
Cash and cash equivalents at beginning of period	203,179	242,911
Exchange difference on cash and cash equivalents	1,262	4,034
Cash and cash equivalents at end of period	260,479	246,236 ¹

¹ Cash and cash equivalents at the end of 3Q2015 was after deducting \$69.0 million of short term net lending to a related party.

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