

**Financial Results Briefing
Second Quarter 2015 Results
14 August 2015**

2Q2015 Results Comparable PBT

Agenda

- ▶ **Financial Highlights**
 - ▶ 2Q2015 vs 2Q2014
 - ▶ 1H2015 vs 1H2014
- ▶ **Business Review**
 - ▶ Sector Operations
- ▶ **Outlook**



Financial Highlights

for the second quarter ended 30 June 2015

\$m	2Q2015	2Q2014	Change	
Revenue	1,545	1,586	▼	3%
Earnings before interest & tax (EBIT)	150.4	148.2	▲	1%
Other income, net	5.4	5.6	▼	4%
Finance (costs)/income, net	(11.5)	0.9	▼	>500%
Profit before tax (PBT)	158.5	163.7	▼	3%
Profit attributable to shareholders (Net Profit)	125.0	133.2	▼	6%

Financial Highlights

for the second quarter ended 30 June 2015

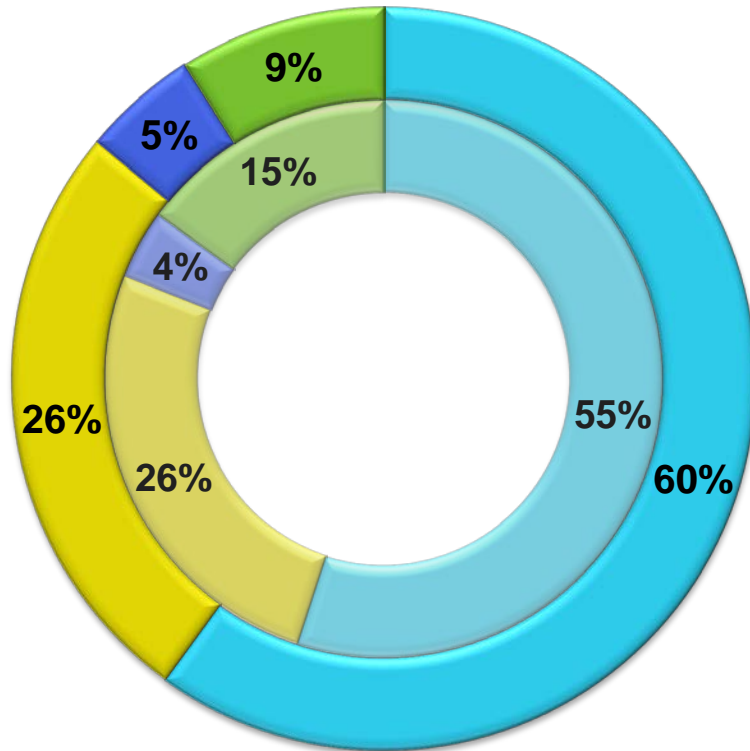
- ▶ Commercial sales at 64% (2Q2014: 62%; FY2014: 61%) or \$1.0b of 2Q2015 revenue
- ▶ \$12.4b order book; about \$2.3b to be delivered in 2H2015 (end March 2015: \$12.2b)
- ▶ CCE including funds under management of \$1.5b (1Q2015: \$1.9b)
- ▶ Comparable EBITDA and EBIT at \$195.8m and \$150.4m respectively (2Q2014:\$189.1m; \$148.2m)
- ▶ EVA for 1H2015 at \$173.4m (1H2014: \$179.8m)
- ▶ Interim dividend of 5.0 cents per ordinary share payable on 3 September 2015

Group Revenue by sector

Comparable Revenue						
\$m	2Q2015	%	2Q2014	%	Change	
Aerospace	515	33	537	34	▼	4%
Electronics	413	27	380	24	▲	8%
Land Systems	317	21	293	18	▲	8%
Marine	254	16	348	22	▼	27%
Others	46	3	28	2	▲	63%
Group	1,545	100	1,586	100	▼	3%

Group Revenue

Breakdown by location of customers (by geography)



Locality	2Q2014		2Q2015	
	\$m	%	\$m	%
Asia	867	55	930	60
USA	408	26	407	26
Europe	68	4	71	5
Others	243	15	137	9
Total	1,586	100	1,545	100

EBIT by sector

EBIT higher by 1%

\$m	2Q2015	2Q2014	Change	
Aerospace	61.0	69.2	▼	12%
Electronics	45.1	47.1	▼	4%
Land Systems	14.6	16.3	▼	11%
Marine	26.2	21.2	▲	23%
Others	3.5	(5.6)	▲	161%
Group	150.4	148.2	▲	1%

Profit Before Tax by sector

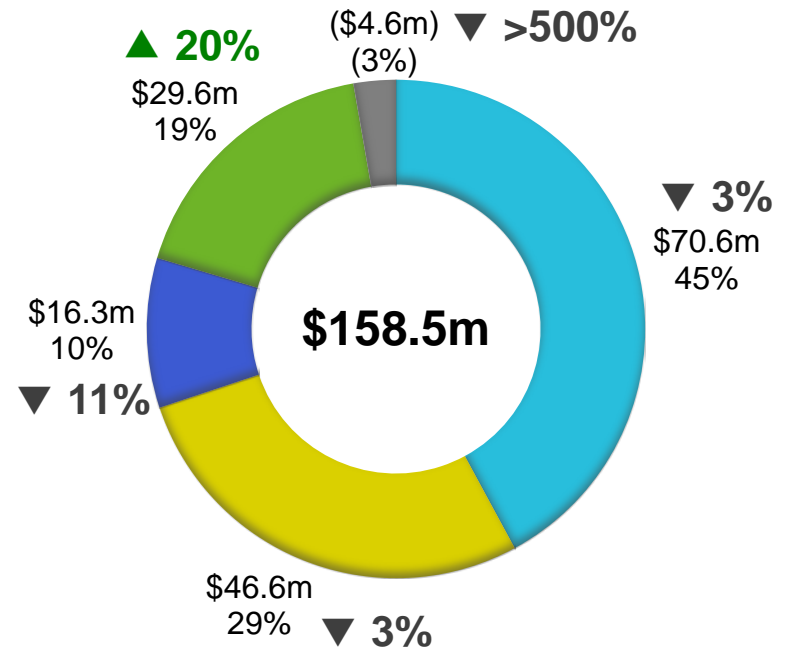
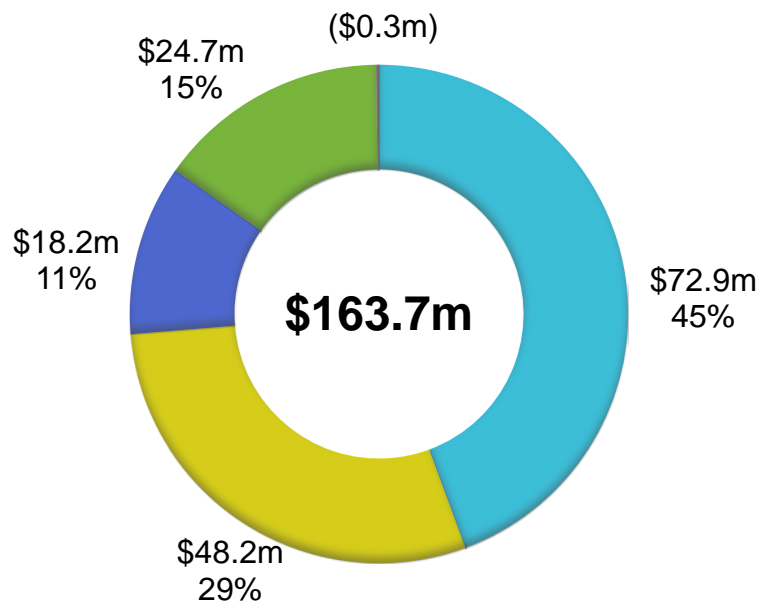
Comparable PBT

Lower PBT from Land Systems sector, partially offset by higher PBT from Marine sector

2Q2014

▼ 3% ; \$5.2m

2Q2015



■ Aerospace ■ Electronics ■ Land Systems ■ Marine ■ Others

Aerospace Comparable Profits



2Q2015 vs 2Q2014

Revenue	\$515m	▼ \$22m or 4%	<ul style="list-style-type: none">• Comparable revenue
EBIT	\$61.0m	▼ \$8.2m or 12%	<ul style="list-style-type: none">• Lower gross profit margin Partially offset by• Lower operating expenses
PBT	\$70.6m	▼ \$2.3m or 3%	<ul style="list-style-type: none">• Favourable exchange and lower interest expense• Higher contribution from associates

Electronics

Comparable Profit in 2Q2015

2Q2015 vs 2Q2014

Revenue	\$413m	▲ \$33m or 8%	<ul style="list-style-type: none">Higher value project milestone completions in LSG and SSG
EBIT	\$45.1m	▼ \$2.0m or 4%	<ul style="list-style-type: none">Unfavourable sales mixPartially offset byLower staff related costs and professional fees
PBT	\$46.6m	▼ \$1.6m or 3%	<ul style="list-style-type: none">In line with lower EBIT

Land Systems Lower Profits

2Q2015 vs 2Q2014

Revenue **\$317m** ▲ **\$24m or 8%**

- More project deliveries by Auto
- Partially offset by
- Lower revenue from both M&W and S&T

EBIT **\$14.6m** ▼ **\$1.7m or 11%**

- Higher allowance for inventory obsolescence
- Goodwill impairment (LeeBoy Brazil)
- Partially offset by
- Lower distribution and selling expenses as well as administrative expenses

PBT **\$16.3m** ▼ **\$1.9m or 11%**

- In line with lower EBIT

Marine Higher Profits



2Q2015 vs 2Q2014

Revenue	\$254m	▼ \$94m or 27%	<ul style="list-style-type: none">• Lower Shipbuilding revenue from both local and US operations• Lower Engineering revenue
EBIT	\$26.2m	▲ \$5.0m or 23%	<ul style="list-style-type: none">• Higher gross profit due to better shipbuilding performance
PBT	\$29.6m	▲ \$4.9m or 20%	<ul style="list-style-type: none">• In line with higher EBIT

PBT Margin by sector

	2Q2015	2Q2014	1Q2015
Aerospace	14%	14%	15%
Electronics	11%	12%	10%
Land Systems	5%	6%	5%
Marine	12%	7%	8%
Group	10%	10%	10%

Statement of Cash Flows

\$m		2Q2015	2Q2014
Net cash from/(used in):			
Operating activities	Investments in bonds	(71)	301
Investing activities	Payment of final dividends	(152)	(19)
Financing activities		(350)	(435)
Net decrease in CCE *		(573)	(153)
CCE at beginning of the period		1,671	1,723
Exchange difference		(6)	(3)
CCE at end of the period		1,092	1,567

* CCE – Cash & Cash Equivalents

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Financial Highlights

for the first half year ended 30 June 2015

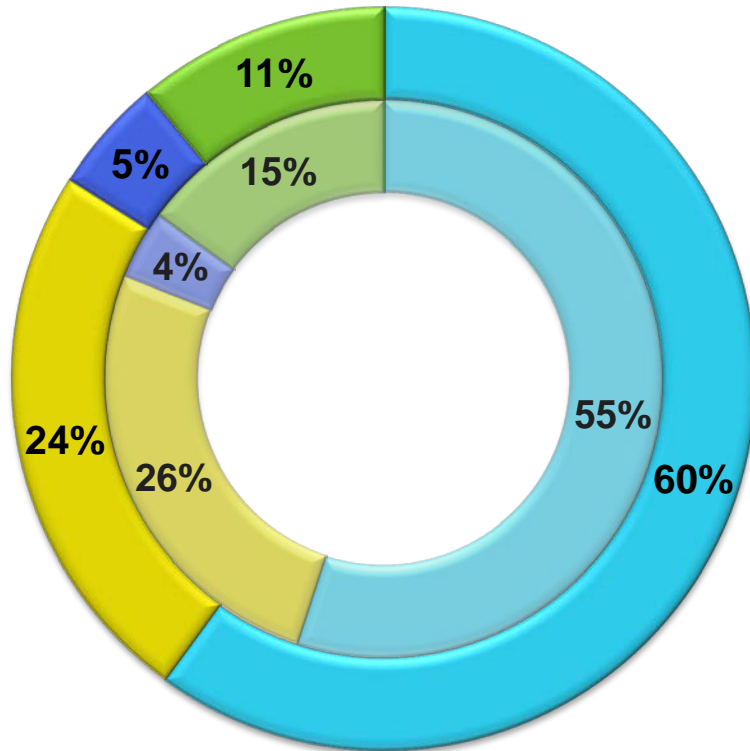
\$m	1H2015	1H2014	Change	
Revenue	3,056	3,138	▼	3%
Earnings before interest & tax (EBIT)	260.4	281.7	▼	8%
Other income, net	26.2	23.0	▲	14%
Finance costs, net	(3.0)	(3.2)	▲	7%
Profit before tax (PBT)	309.0	331.6	▼	7%
Profit attributable to shareholders (Net Profit)	255.0	270.4	▼	6%

Group Revenue by sector

Comparable Revenue						
\$m	1H2015	%	1H2014	%	Change	
Aerospace	1,004	33	1,038	33	▼	3%
Electronics	769	25	749	24	▲	3%
Land Systems	663	22	618	20	▲	7%
Marine	534	17	671	21	▼	20%
Others	86	3	62	2	▲	39%
Group	3,056	100	3,138	100	▼	3%

Group Revenue

Breakdown by location of customers (by geography)



Locality	1H2014		1H2015	
	\$m	%	\$m	%
Asia	1,732	55	1,827	60
USA	805	26	740	24
Europe	141	4	160	5
Others	460	15	329	11
Total	3,138	100	3,056	100

EBIT by sector

EBIT lower by 8%

\$m	1H2015	1H2014	Change	
Aerospace	116.4	135.7	▼	14%
Electronics	74.1	76.3	▼	3%
Land Systems	23.1	31.1	▼	26%
Marine	44.7	49.4	▼	10%
Others	2.1	(10.8)	▲	119%
Group	260.4	281.7	▼	8%

Profit Before Tax by sector

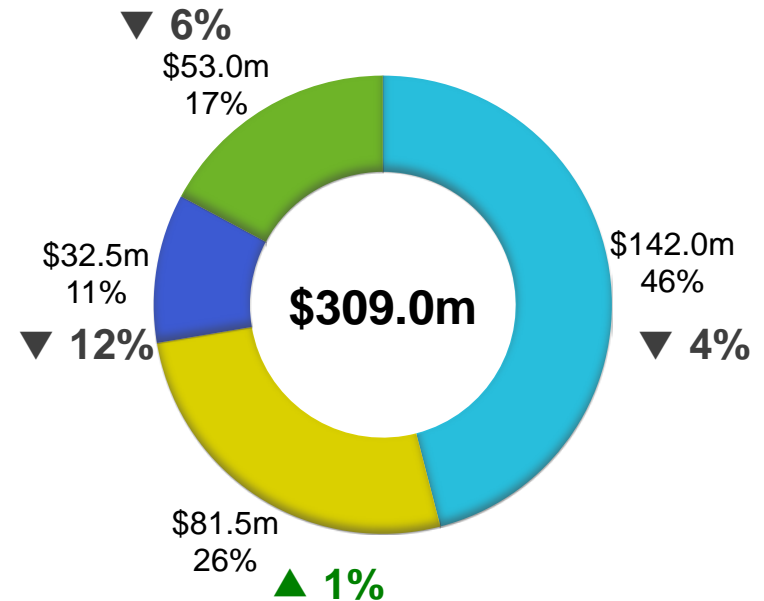
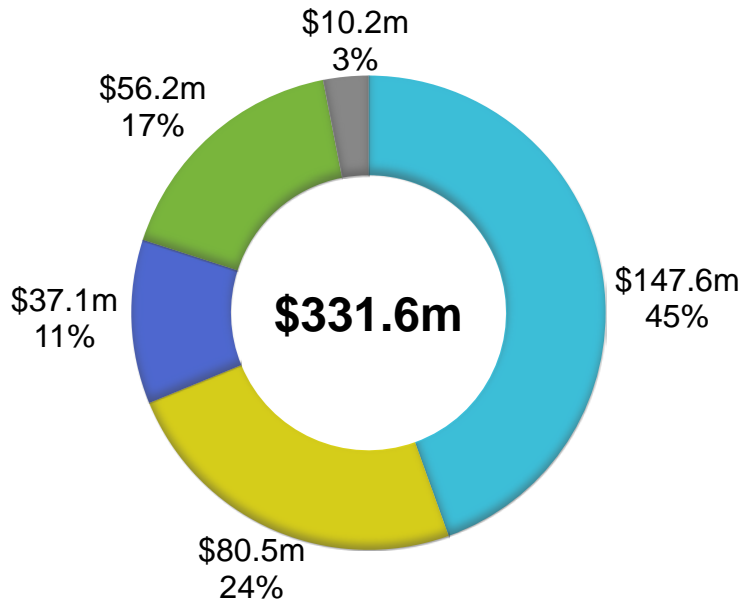
Lower PBT

Lower PBT from Land Systems and Marine sectors, and Others, while Aerospace and Electronics sectors had comparable PBT

1H2014

▼ **7% ; \$22.6m**

1H2015



■ Aerospace ■ Electronics ■ Land Systems ■ Marine ■ Others

Balance Sheet

\$ m	30 Jun 2015	31 Dec 2014
Property, plant and equipment	1,568	1,578
Associates & joint ventures	474	478
Investments	400	127
Intangible assets	686	671
Long-term receivables, non-current	7	3
Amount due from related parties, non-current	5	5
Finance lease receivables, non-current	1	1
Derivative financial instruments, non-current	26	24
Deferred tax assets	113	106
<i>Non-current assets</i>	<i>3,280</i>	<i>2,993</i>
<i>Current assets</i>	<i>4,701</i>	<i>5,326</i>
Total assets	7,981	8,319
<i>Current liabilities</i>	<i>3,711</i>	<i>3,716</i>
<i>Non-current liabilities</i>	<i>2,155</i>	<i>2,339</i>
Total liabilities	5,866	6,055
<i>Share capital and reserves</i>	<div style="display: inline-block; border: 1px solid black; padding: 2px;">Net Assets: \$2.1b</div> } 1,985	<div style="display: inline-block; border: 1px solid black; padding: 2px;">Net Assets: \$2.3b</div> } 2,132
<i>Non-controlling interests</i>	130	132
Total equity and liabilities	7,981	8,319
Net current assets	990	1,610

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2Q2015 In Review

▶ Aerospace

- ▶ New contracts worth \$920m, including:
 - ▶ Six-year engine maintenance contract for Jet Airways' and JetLite, seven-year component MBH™ contract from Flybe, three-year agreement for simulator training services, heavy maintenance contract for several A319 aircraft, landing gear overhaul contracts, and engine wash contracts
- ▶ Significant Awards
 - ▶ Ranked 'Top Airframe MRO' by Aviation Week and awarded 'Best Component MRO Provider' of the year by ATE&M
- ▶ New capability / capacity
 - ▶ Launched A320/A321 P2F conversion programme with Airbus and EFW
 - ▶ Set up Boeing 787 line maintenance capability in Singapore
 - ▶ Started construction of second hangar in Guangzhou

2Q2015 In Review

▶ Electronics

- ▶ New contracts worth about \$424m, including:
 - ▶ Rail electronics and intelligent transportation system contracts in various cities, satcomms contracts from worldwide customers, NEA C-Band Meteorological Doppler Weather Radar System and Content Management & Operations for SAF Learnet Centre

2Q2015 In Review

▶ Land Systems

▶ New contracts:

- ▶ Secured contract worth S\$18.5m to supply 120mm SRAMS (mortar system) to an overseas customer and a contract to supply MAN double-decker buses to SMRT
- ▶ Signed MOU with NUS Engineering's Centre and Singapore Institute of Power and Gas to create platforms and training opportunities for integrating Energy Storage Systems with Singapore's power grid

2Q2015 In Review

▶ Marine

- ▶ Delivered: Pasha Car Truck Carrier, “Marjorie C”; 4th of four Fast Missile Craft, “A. GAD”; 10th of ten Offshore Support Vessels (OSVs) to Hornbeck Offshore Services, LLC
- ▶ Milestone completions: Keel-laid for 2nd of eight Littoral Mission Vessel for the Republic of Singapore Navy; Steel-cut 2nd of two ConRo for Crowley Maritime
- ▶ Delivered various shiprepair projects

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Outlook for 2H2015

▶ Aerospace

- ▶ To add Boeing 787 maintenance capabilities
- ▶ To commence A380 heavy maintenance work in EFW
- ▶ To commence operations for cabin seat integration facility

Outlook for 2H2015

▶ Electronics

- ▶ LSG: Sales recognition from the LTA's Communications & Integrated Supervisory Control System and Bangkok MRT project
- ▶ CSG: Sales recognition from various communication system projects, an Intelligent Bus Management System, the supply of telematics systems & satellite communication products
- ▶ SSG: Sales recognition from the milestone completions of a software system project, simulator projects & managed services sales

Outlook for 2H2015

▶ Land Systems

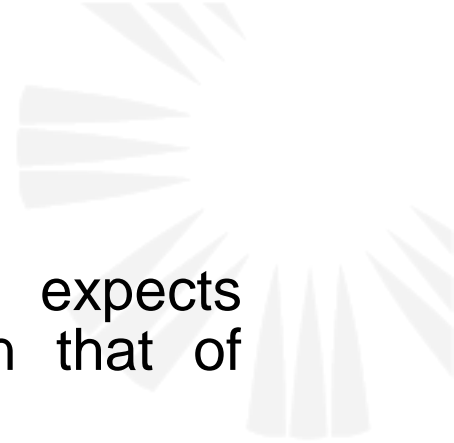
- ▶ Continue to pursue key defence programmes locally and overseas and deliver military products and services
- ▶ Continue to pursue and deliver commercial sales

▶ Marine

▶ Shipbuilding:

- ▶ To Launch: 2nd of two Articulated Tug Barge (ATB) for Bouchard Transportation Co., Inc.; 9th of ten OSVs; 1st of eight Littoral Mission Vessels
- ▶ To Deliver: 1st of two ATB for Bouchard and 1st of four Patrol Vessels for Royal Navy of Oman

Group Outlook for 2H2015



Barring unforeseen circumstances, the Group expects 2H2015 Revenue and PBT to be higher than that of 1H2015.

- ▶ For Aerospace sector, both Revenue and PBT for 2H2015 are expected to be comparable to that of 1H2015.
- ▶ For Electronics sector, both Revenue and PBT for 2H2015 are expected to be higher than that of 1H2015.
- ▶ For 2H2015, Land Systems sector's Revenue is expected to be higher, while PBT is expected to be comparable to that of 1H2015.
- ▶ For Marine sector, both Revenue and PBT for 2H2015 are expected to be lower than that of 1H2015.

Group Outlook for FY2015



Barring unforeseen circumstances, the Group expects FY2015 Revenue and PBT to be comparable to that of FY2014.

Deputy CEO's Message

“In 2Q2015, the Group reported comparable year-on-year Revenue and PBT. 1H2015 Revenue was comparable while PBT was lower compared with 1H2014. The Group secured more new orders to end the quarter with a healthy order book of \$12.4b. Cash and cash equivalents including funds under management remained high at \$1.5b after payment of the final FY2014 dividend of \$342m.”

The Board of Directors has approved the payment of an interim ordinary dividend of 5.0 cents per share, payable on 3 September 2015. Barring unforeseen circumstances, the Group expects FY2015 Revenue and PBT to be comparable to that of FY2014.”

~ Lee Fook Sun, Deputy CEO, ST Engineering

Thank You