

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 Profit in FY2014”

FINANCIAL HIGHLIGHTS			
For the year ended			
31 December 2014			
	2014 FY	2013 FY	Growth %
Revenue (\$m)	1,614	1,682	(4)
Earnings before interest and tax (EBIT) (\$m)	174.4	165.5	5
Other income, net (\$m)	10.4	2.0	409
Finance income/(costs), net (\$m)	(1.3)	4.2	(130)
Profit before tax (PBT) (\$m)	184.0	170.3	8
Profit attributable to shareholders (\$m)	152.1	137.1	11
Economic value added (EVA) (\$m)	118.7	106.1	12

“The Electronics Sector closed the year with higher profit and also managed to secure new orders worth approximately \$2.18 billion for the year 2014.

We will continue to work closely with our customers and partners to build a roadmap for future solutions and services that will further enhance their operational effectiveness and efficiency.”

Lee Fook Sun, President

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

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Electronics sector audited results for the year ended 31 December 2014

	FY2014 \$'000	FY2013 \$'000	+ / (-) %
1. (a) Revenue	1,614,079	1,682,278	(4.1)
(b) Cost of sales	(1,125,260)	(1,182,514)	(4.8)
(c) Gross Profit	488,819	499,764	(2.2)
(d) Distribution and selling expenses	(82,982)	(86,827)	(4.4)
(e) Administrative expenses	(153,706)	(158,134)	(2.8)
(f) Other operating expenses	(77,760)	(89,257)	(12.9)
(g) Profit from operations	174,371	165,546	5.3
(h) Other income	10,402	3,685	182.3
(i) Other expenses	(6)	(1,641)	(99.6)
(j) Other income, net	10,396	2,044	408.6
(k) Finance income	4,867	9,546	(49.0)
(l) Finance costs	(6,136)	(5,342)	14.9
(m) Finance income/(costs), net	(1,269)	4,204	(130.2)
(n) Share of results of associates and joint ventures, net of tax	470	(1,466)	(132.1)
(o) Profit before taxation	183,968	170,328	8.0
(p) Taxation	(30,614)	(30,502)	0.4
(q) Profit for the year	153,354	139,826	9.7
Attributable to:			
(r) Shareholder of the Company	152,143	137,119	11.0
(s) Non-controlling interests	1,211	2,707	(55.3)
	153,354	139,826	9.7
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	38,362	29,106	31.8
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	(2,226)	1,535	(245.0)
Allowance for inventory obsolescence, net	3,045	2,904	4.9
Impairment losses on intangible assets	-	1,576	(100.0)
(b) Finance income/(costs), net comprises:			
Interest income	4,867	3,459	40.7
Foreign exchange gain/(loss), net	(287)	1,362	(121.1)
Fair value changes of financial instruments / hedged items	-	204	(100.0)
Gain on disposal of investments	-	4,521	(100.0)
Impairment losses on investments	(638)	(633)	0.8
Interest expenses	(5,211)	(4,709)	10.7
	(1,269)	4,204	(130.2)

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	FY2014 \$'000	FY2013 \$'000	+ / (-) %
3. (a) Profit for the year [1(q) above] as a percentage of revenue	9.5%	8.3%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of year	47.1%	43.7%	
4. (a) Revenue reported for first half year	763,414	795,277	(4.0)
(b) Profit for the period reported for first half year	68,616	67,386	1.8
(c) Revenue reported for second half year	850,665	887,001	(4.1)
(d) Profit for the period reported for second half year	84,738	72,440	17.0
5. (a) There was overprovision of current tax and deferred tax of \$1,989,000 and \$2,875,000 respectively in respect of prior years (FY2013: There was an underprovision of current tax of \$125,000 and overprovision of deferred tax of \$4,169,000 in respect of prior years).			
(b) There was no disposal of property during the year.			

6. Business Group Information

By Business Group

Fourth Quarter vs Third Quarter (unaudited)

	Revenue			Profit before Taxation		
	4Q2014 \$'000	3Q2014 \$'000	+ / (-) %	4Q2014 \$'000	3Q2014 \$'000	+ / (-) %
Large-Scale Systems Group	97,426	83,927	16.1	9,422	9,335	0.9
Communication & Sensor Systems Group	237,302	164,971	43.8	25,841	18,851	37.1
Software Systems Group	155,339	111,700	39.1	21,175	18,826	12.5
Total	<u>490,067</u>	<u>360,598</u>	35.9	<u>56,438</u>	<u>47,012</u>	20.1

Full Year Ended 31 December

	Revenue			Profit before Taxation		
	FY2014 \$'000	FY2013 \$'000	+ / (-) %	FY2014 \$'000	FY2013 \$'000	+ / (-) %
Large-Scale Systems Group	380,625	367,578	3.5	42,688	37,964	12.4
Communication & Sensor Systems Group	759,736	853,946	(11.0)	70,329	79,996	(12.1)
Software Systems Group	473,718	460,754	2.8	70,951	52,368	35.5
Total	<u>1,614,079</u>	<u>1,682,278</u>	(4.1)	<u>183,968</u>	<u>170,328</u>	8.0

By Geographical Areas

	Revenue		
	FY2014 \$'000	FY2013 \$'000	+ / (-) %
Asia	1,271,829	1,247,952	1.9
USA	114,269	137,179	(16.7)
Europe	89,327	148,483	(39.8)
Others	138,654	148,664	(6.7)
Total	<u>1,614,079</u>	<u>1,682,278</u>	(4.1)

By Country of Incorporation

	Revenue		
	FY2014 \$'000	FY2013 \$'000	+ / (-) %
Asia	1,341,814	1,323,122	1.4
USA	217,968	311,752	(30.1)
Europe	19,106	14,862	28.6
Others	35,191	32,542	8.1
Total	<u>1,614,079</u>	<u>1,682,278</u>	(4.1)

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7. Review of Performance

(a) Revenue

FY2014 vs FY2013

FY2014	FY2013	Growth	
\$1,614m	\$1,682m	(\$68m)	(4%)

Revenue of \$1,614 million recorded in FY2014 was comparable to that of FY2013. Both **Large-Scale Systems Group's (LSG)** and **Software Systems Group's (SSG)** sales were comparable to that of FY2013. **Communication & Sensor Systems Group (CSG)** recorded lower sales mainly due to decreased sales of satellite communication products.

(b) Profitability

FY2014 vs FY2013

FY2014	FY2013	Growth	
\$184.0m	\$170.3m	\$13.7m	8%

The profit before tax of \$184.0 million for FY2014 was higher than that of FY2013 by 8% or \$13.7 million. Notwithstanding comparable sales, the Sector recorded higher profit mainly due to favourable sales mix, lower operating expenses and higher other income, partially offset by lower finance income as FY2013 result included the gain on the disposal of an investment.

8. Prospects

FY2015

Barring unforeseen circumstances, FY2015 revenue and profit before tax are expected to be higher compared to FY2014.

9. Balance Sheet

	31-Dec-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	179,704	170,244
Associates and joint ventures	10,297	729
Investments	3,963	632
Intangible assets	304,545	282,861
Long-term receivables, non-current	187	-
Deferred tax assets	30,023	31,159
Non-current assets	528,719	485,625
Current assets	1,265,351	1,247,896
Total assets	1,794,070	1,733,521
Current liabilities	1,086,428	1,081,005
Non-current liabilities	510,536	457,767
Total liabilities	1,596,964	1,538,772
Share capital and reserves	191,847	182,754
Non-controlling interests	5,259	11,995
Total equity and liabilities	1,794,070	1,733,521
Net current assets	178,923	166,891

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10. Statement of Cash Flows for the year ended 31 December 2014

	FY2014 \$'000	FY2013 \$'000
Net cash from operating activities	88,193	266,548
Net cash used in investing activities	(99,367)	(69,032)
Proceeds from sale of property, plant and equipment	65	173
Proceed from sale of an associate	-	1,200
Proceeds from sale of a quoted investment	-	12,842
Proceed from sale of an unquoted investment	-	100
Dividends from an associate and a joint venture	1,297	23
Purchase of property, plant and equipment	(42,574)	(80,088)
Additional investment in an associate	-	(304)
Acquisition of other intangible assets	(18,854)	(2,978)
Investment in unquoted investments	(3,970)	-
Acquisition of controlling interests in a subsidiary, net of cash acquired	565	-
Deconsolidation of a subsidiary	(35,896)	-
Net cash used in financing activities	(188,171)	(120,836)
Repayment of a related party loan	(50,140)	(24,803)
Proceeds from a related party loan	89,009	14,664
Proceed of a loan from a joint venture	-	836
Loans to related parties	(173,000)	(5,187)
Repayment of loans by related parties	93,000	7,010
Repayment of a joint venture loan	(824)	-
Repayment of lease obligations	(6)	(29)
Dividends paid to shareholder	(143,249)	(109,300)
Dividends paid to non-controlling interests	-	(660)
Interest paid	(4,005)	(3,512)
Deposits discharged	1,044	145
Net (decrease)/increase in cash and cash equivalents	(199,345)	76,680
Cash and cash equivalents at beginning of the year	476,383	396,312
Exchange difference on cash and cash equivalents at beginning of the year	(145)	3,391
Cash and cash equivalents at end of the year	276,893	476,383

11. Economic Value Added (EVA)

EVA for FY2014 was \$118.7 million, an increase of \$12.5 million or 12% over FY2013. The weighted average cost of capital was 5.6% for 2014 (2013: 5.2%).

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