

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.

Land Systems

“Comparable profits”

FINANCIAL HIGHLIGHTS For the year ended 31 December 2013			
	2013 FY	2012 FY	Growth %
Revenue (\$m)	1,485	1,525	(3)
Earnings before interest and tax (EBIT) (\$m)	90.5	98.5	(8)
Other income, net (\$m)	19.4	18.7	4
Finance costs, net (\$m)	(6.3)	(11.0)	42
Profit before tax (PBT) (\$m)	111.8	113.3	(1)
Profit attributable to shareholders (\$m)	91.2	88.2	3
Economic value added (EVA) (\$m)	61.2	72.4	(15)

“We achieved comparable sales and PBT in 2013 despite continued weakness in defence export and slowdown in demand for specialty vehicles in China.

In 2014, we will continue to pursue and secure key defence programmes and grow market presence for specialty vehicles in the emerging economies of Africa, Latin America and Asia.”

Sew Chee Jhuen, President

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

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Land Systems sector audited results for the year ended 31 December 2013:

	FY2013 \$'000	FY2012 \$'000	+ / (-) %
1. (a) Revenue	1,485,219	1,525,341	(2.6)
(b) Cost of sales	(1,188,779)	(1,197,222)	(0.7)
(c) Gross Profit	<u>296,440</u>	<u>328,119</u>	(9.7)
(d) Distribution and selling expenses	(70,289)	(76,350)	(7.9)
(e) Administrative expenses	(100,077)	(112,065)	(10.7)
(f) Other operating expenses	(35,602)	(41,192)	(13.6)
(g) Profit from operations	<u>90,472</u>	<u>98,512</u>	(8.2)
(h) Other income, net	19,487	18,686	4.3
(i) Finance income	4,836	4,448	8.7
(j) Finance costs	(11,175)	(15,423)	(27.5)
(k) Finance costs, net	(6,339)	(10,975)	(42.2)
(l) Share of results of associates and jointly controlled entities	8,173	7,045	16.0
(m) Profit before taxation	<u>111,793</u>	<u>113,268</u>	(1.3)
(n) Taxation	(19,196)	(23,066)	(16.8)
(o) Profit for the period	<u>92,597</u>	<u>90,202</u>	2.7
Attributable to:			
(p) Shareholders of the Company	91,239	88,160	3.5
(q) Non-controlling interests	1,358	2,042	(33.5)
	<u>92,597</u>	<u>90,202</u>	2.7
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	39,083	41,467	(5.7)
Allowance for doubtful debts & bad debts written off, net	10,814	15,484	(30.2)
Allowance for inventory obsolescence, net	17,944	22,314	(19.6)
Impairment losses on intangible assets	877	3,074	(71.5)
(b) Finance costs, net comprises			
Interest income	2,615	2,882	(9.3)
Foreign exchange gain/(loss), net	1,365	(1,091)	(225.1)
Fair value changes of financial instruments/hedged items	280	216	29.6
Loss on disposal of investments	(12)	(103)	(88.3)
Impairment losses on investments	-	(1,394)	(100.0)
Interest expenses	(10,587)	(12,671)	(16.4)
Others	-	1,186	(100.0)
	<u>(6,339)</u>	<u>(10,975)</u>	(42.2)

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	FY2013 \$'000	FY2012 \$'000	+ / (-) %
3. (a) Profit for the period [1(o) above] as a percentage of revenue	6.2%	5.9%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period	22.2%	36.1%	
4. (a) Revenue reported for first half year	742,605	712,337	4.2
(b) Profit for the period reported for first half year	45,119	44,974	0.3
(c) Revenue reported for second half year	742,614	813,004	(8.7)
(d) Profit for the period reported for second half year	47,478	45,228	5.0
5. (a) There were over-provisions of current and deferred tax of \$1,373,000 and \$2,861,000 respectively, in respect of prior years. (FY2012: There was an over-provision of current tax of \$2,115,000 and an under-provision of deferred tax of \$2,968,000 in respect of prior years).			
(b) There was an impairment in value of intangible assets of \$877,000 recognised in the income statement during the year (FY2012: \$3,074,000).			
(c) There was a disposal of property for a gain of \$12,548,000 during the year (FY2012: \$5,726,000).			

6. Business Group Information

By Business Group

Fourth Quarter vs Third Quarter (unaudited)

	Revenue			Profit before Taxation		
	4Q2013 \$'000	3Q2013 \$'000	+ / (-) %	4Q2013 \$'000	3Q2013 \$'000	+ / (-) %
Automotive	302,721	283,175	6.9	17,775	9,004	97.4
Munitions & Weapon	65,654	45,280	45.0	13,903	1,850	651.5
Services, Trading & Others	22,771	23,013	(1.1)	7,964	6,652	19.7
Total	<u>391,146</u>	<u>351,468</u>	11.3	<u>39,642</u>	<u>17,506</u>	126.4

Full Year Ended 31 December

	Revenue			Profit before Taxation		
	FY2013 \$'000	FY2012 \$'000	+ / (-) %	FY2013 \$'000	FY2012 \$'000	+ / (-) %
Automotive	1,190,385	1,162,158	2.4	57,562	46,757	23.1
Munitions & Weapon	190,101	226,529	(16.1)	24,466	30,706	(20.3)
Services, Trading & Others	104,733	136,654	(23.4)	29,765	35,805	(16.9)
Total	<u>1,485,219</u>	<u>1,525,341</u>	(2.6)	<u>111,793</u>	<u>113,268</u>	(1.3)

Revenue	
FY2013 \$'000	FY2012 \$'000

By Geographical Areas

Asia	1,143,700	1,138,426	0.5
USA	239,408	238,676	0.3
Europe	16,200	81,162	(80.0)
Others	85,911	67,077	28.1
Total	<u>1,485,219</u>	<u>1,525,341</u>	(2.6)

By Country of Incorporation

Asia	1,218,349	1,265,064	(3.7)
USA	251,438	253,420	(0.8)
Europe	-	-	-
Others	15,432	6,857	125.1
Total	<u>1,485,219</u>	<u>1,525,341</u>	(2.6)

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7. Review of Performance

(a) Revenue

FY2013 vs FY2012

FY2013	FY2012	Growth	
\$1,485m	\$1,525m	(\$40m)	(3%)

FY2013 revenue compared to FY2012 decreased by 3% or \$40 million to \$1,485 million. This was due to lower revenue from **Munitions & Weapon (M&W)** and **Services, Trading & Others (S&T)** business groups, partially offset by increased revenue of **Automotive (Auto)** business group.

4Q2013 vs 3Q2013

4Q2013	3Q2013	Growth	
\$391m	\$351m	\$40m	11%

4Q2013 revenue compared to 3Q2013 increased by 11% or \$40 million to \$391 million attributable to higher revenue from **M&W** and **Auto** business groups.

(b) Profitability

FY2013 vs FY2012

FY2013	FY2012	Growth	
\$111.8m	\$113.3m	(\$1.5m)	(1%)

FY2013 profit before tax (PBT) of \$111.8 million was comparable to FY2012. The lower profits of the **M&W** and **S&T** business groups were largely offset by higher profits of the **Auto** business group. The **M&W** and **S&T** business groups' lower profits were due mainly to lower revenue. The **Auto** business group had higher profits due mainly to lower operating expenses and higher property disposal gain, partially offset by unfavourable product mix.

4Q2013 vs 3Q2013

4Q2013	3Q2013	Growth	
\$39.6m	\$17.5m	\$22.1m	126%

4Q2013 PBT compared to 3Q2013 increased by 126% or \$22.1 million to \$39.6 million attributable mainly to higher profits from **M&W** and **Auto** business groups. The **M&W** business group had higher profits due mainly to higher revenue, favourable product mix and lower operating expenses. The **Auto** business group's higher profits were due mainly to gain on disposal of a property and lower net finance costs, partially offset by unfavourable product mix.

8 Prospects

FY2014

Barring unforeseen circumstances, revenue for FY2014 is expected to be comparable to FY2013, while PBT is expected to be lower.

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9 Balance Sheet

	31-Dec-13 \$'000	31-Dec-12 \$'000
Property, plant and equipment	330,063	301,522
Associates and jointly controlled entities	110,972	111,550
Investments	349	454
Intangible assets	213,942	197,133
Investment properties	-	10,239
Long-term receivables, non-current	58	97
Amounts due from related parties, non-current	5,420	5,229
Finance lease receivables, non-current	2,679	10,379
Derivative financial instruments	9,208	939
Deferred tax assets	8,898	12,859
Non-current assets	681,589	650,401
Current assets	1,420,861	1,407,306
Total assets	2,102,450	2,057,707
Current liabilities	898,168	971,044
Non-current liabilities	880,972	936,491
Total liabilities	1,779,140	1,907,535
Share capital and reserves	265,486	98,231
Non-controlling interests	57,824	51,941
Total equity and liabilities	2,102,450	2,057,707
Net current assets	522,693	436,262

The increase in share capital and reserves was due mainly to an increase of \$150 million in share capital in 1Q2013.

10 Statement of Cash Flows for the year ended 31 December 2013

	FY2013 \$'000	FY2012 \$'000
Net cash from operating activities	145,577	303,034
Net cash used in investing activities	(66,522)	(14,454)
Proceeds from disposal of property, plant and equipment	841	4,522
Proceeds from disposal of an investment property	-	3,908
Dividends from an associate	7,440	10,881
Distribution from funds under management	-	1,186
Proceeds from disposal of quoted equity investment	82	127
Short-term loan to related party	-	(1,525)
Short-term loan to a jointly controlled entity	(3,136)	-
Purchase of property, plant and equipment	(59,892)	(50,679)
Purchase of intangible assets	(1,980)	(2,186)
Investment in an associate	-	(735)
Acquisition of a subsidiary and business, net of cash acquired	(9,877)	18,457
Proceeds from disposal of an associate	-	1,590
Net cash used in financing activities	(73,587)	(193,655)
Capital contribution from non-controlling interests	7,116	2,023
Repayment of long-term immediate holding company loans	(6,851)	(40,000)
Proceeds from long-term immediate holding company loans	-	6,851
Repayment of short-term immediate holding company loans	(21,272)	(179,300)
Proceeds from short-term immediate holding company loans	57,000	101,272
Repayment of long-term related party loans	(2,976)	-
Proceeds from long-term related party loans	-	6,823
Proceeds from long-term bank loan	2,616	4,291
Repayment of long-term loans	(335)	(133)
Repayment of short-term related party loans	(3,669)	-
Proceeds from short-term related party loans	8,152	3,766
Proceeds from short-term bank loans	10,895	7,240
Repayment of short-term bank loan	(4,391)	-
Dividends paid to shareholder	(105,800)	(87,400)
Dividends paid to non-controlling interests	(5,365)	(4,463)
Interest paid	(10,587)	(12,671)
Deposits discharged/(pledged)	1,880	(1,954)
Net increase in cash and cash equivalents	5,468	94,925
Cash and cash equivalents at beginning of the year	237,969	143,989
Exchange difference on cash and cash equivalents at beginning of the year	872	(945)
Cash and cash equivalents at end of the year	244,309	237,969



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11 Economic Value Added (EVA)

EVA for FY2013 was \$61.2 million, a decrease of \$11.2 million or 15% over FY2012. The weighted average cost of capital was 5.2% for 2013 (2012: 5.3%).

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