First Quarter 2019 Results
15 May 2019
Agenda

- Group Highlights
- Sector Performance
- Outlook
- Appendix
  - Aerospace
  - Electronics
  - Land Systems
  - Marine
Group Highlights
### Group 1Q2019 Highlights

All figures are denominated in $m unless indicated otherwise.

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2 2019</th>
<th>Y-O-Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,731</td>
<td>+5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>141.9</td>
<td>+16%</td>
</tr>
<tr>
<td>PBT</td>
<td>159.9</td>
<td>+11%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>131.1</td>
<td>+11%</td>
</tr>
</tbody>
</table>

Order book as at 31 March 2019: **$14.1b**; about **$4.2b** to be delivered in remaining months of 2019.
# Group Revenue

<table>
<thead>
<tr>
<th></th>
<th>1Q2019</th>
<th>1Q2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>622</td>
<td>599</td>
<td>+4%</td>
</tr>
<tr>
<td>Electronics</td>
<td>563</td>
<td>605</td>
<td>-7%</td>
</tr>
<tr>
<td>Land Systems</td>
<td>377</td>
<td>281</td>
<td>+34%</td>
</tr>
<tr>
<td>Marine</td>
<td>149</td>
<td>150</td>
<td>-1%</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
<td>12</td>
<td>+67%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>1,731</td>
<td>1,647</td>
<td>+5%</td>
</tr>
</tbody>
</table>
Group 1Q2019 Revenue Breakdown

1Q2019 Revenue by location of customers

- **ASIA**: 61%
- **U.S.**: 20%
- **EUROPE**: 12%
- **OTHERS**: 7%

- **Commercial**: 70%
- **Defence**: 30%

- **Aerospace**: 36%
- **Electronics**: 32%
- **Land Systems**: 22%
- **Marine**: 9%
- **Others**: 1%
## Group Profit before Tax (PBT)

<table>
<thead>
<tr>
<th>$'m</th>
<th>1Q2019</th>
<th>1Q2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>76.6</td>
<td>76.3</td>
<td>-</td>
</tr>
<tr>
<td>Electronics</td>
<td>52.2</td>
<td>48.3</td>
<td>+8%</td>
</tr>
<tr>
<td>Land Systems</td>
<td>17.8</td>
<td>17.0</td>
<td>+5%</td>
</tr>
<tr>
<td>Marine</td>
<td>14.5</td>
<td>9.2</td>
<td>+56%</td>
</tr>
<tr>
<td>Others</td>
<td>(1.2)</td>
<td>(6.8)</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>159.9</strong></td>
<td><strong>144.0</strong></td>
<td><strong>+11%</strong></td>
</tr>
</tbody>
</table>
## Group Net Profit

<table>
<thead>
<tr>
<th></th>
<th>1Q2019</th>
<th>1Q2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>62.7</td>
<td>59.2</td>
<td>+6%</td>
</tr>
<tr>
<td>Electronics</td>
<td>43.4</td>
<td>40.3</td>
<td>+8%</td>
</tr>
<tr>
<td>Land Systems</td>
<td>15.2</td>
<td>15.6</td>
<td>-3%</td>
</tr>
<tr>
<td>Marine</td>
<td>12.0</td>
<td>8.7</td>
<td>+38%</td>
</tr>
<tr>
<td>Others</td>
<td>(2.2)</td>
<td>(6.1)</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>131.1</td>
<td>117.7</td>
<td>+11%</td>
</tr>
</tbody>
</table>
Group Margins

PBT Margin

<table>
<thead>
<tr>
<th>Group</th>
<th>1Q2019</th>
<th>1Q2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Land Systems</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>Electronics</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Aerospace</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Group</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Net Profit Margin

<table>
<thead>
<tr>
<th>Group</th>
<th>1Q2019</th>
<th>1Q2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Land Systems</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Electronics</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Aerospace</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

1Q2019       1Q2018
# Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2019</th>
<th>31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant &amp; equipment</td>
<td>1,707</td>
<td>1,743</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,141</td>
<td>1,151</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>428</td>
<td>-</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>572</td>
<td>582</td>
</tr>
<tr>
<td>Current assets</td>
<td>4,133</td>
<td>4,097</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>7,981</strong></td>
<td><strong>7,573</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>3,774</td>
<td>3,851</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,604</td>
<td>1,187</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>5,378</strong></td>
<td><strong>5,038</strong></td>
</tr>
<tr>
<td>Share capital and reserves</td>
<td>2,320</td>
<td>2,247</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>283</td>
<td>288</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>7,981</strong></td>
<td><strong>7,573</strong></td>
</tr>
</tbody>
</table>
# Statement of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2019</th>
<th>31 Mar 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash from/(used in)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>369</td>
<td>431</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(50)</td>
<td>(44)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>(123)</td>
<td>(78)</td>
</tr>
<tr>
<td>**Net increase in CCE *</td>
<td>196</td>
<td>309</td>
</tr>
<tr>
<td><strong>CCE at beginning of the period</strong></td>
<td>414</td>
<td>998</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(1)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>CCE at end of the period</strong></td>
<td>609</td>
<td>1,303</td>
</tr>
<tr>
<td>Add: Funds under management</td>
<td>-</td>
<td>334</td>
</tr>
<tr>
<td><strong>Total CCE &amp; Funds under management</strong></td>
<td>609</td>
<td>1,637</td>
</tr>
</tbody>
</table>

* CCE - Cash & Cash Equivalents
1Q2019 Sector Performance
## Aerospace

### 1Q2019 vs 1Q2018

<table>
<thead>
<tr>
<th>Category</th>
<th>1Q2019</th>
<th>Change</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$622m</td>
<td>$23m or 4%</td>
<td>• Higher revenue from CERO and EMS business groups&lt;br&gt;Partially offset by</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Lower revenue from AMM business group</td>
</tr>
<tr>
<td>PBT</td>
<td>$76.6m</td>
<td>$0.3m or 0%</td>
<td>• Higher other income due to absence of portfolio rationalisation impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partially offset by&lt;br&gt;• Lower gross profit from unfavourable sales mix</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$62.7m</td>
<td>$3.5m or 6%</td>
<td>• Lower tax expense</td>
</tr>
</tbody>
</table>
# Electronics

## 1Q2019 vs 1Q2018

<table>
<thead>
<tr>
<th>Category</th>
<th>1Q2019</th>
<th>Change</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$563m</td>
<td>▼ $42m or 7%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 1Q2018 was a very strong quarter</td>
</tr>
<tr>
<td>PBT</td>
<td>$52.2m</td>
<td>▲ $3.9m or 8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Higher gross profit from favourable sales mix</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Share of lower losses from associates &amp; joint ventures</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partially offset by</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Higher operating expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Lower other income</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$43.4m</td>
<td>▲ $3.1m or 8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Land Systems

### 1Q2019 vs 1Q2018

<table>
<thead>
<tr>
<th></th>
<th>1Q2019</th>
<th>Change</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$377m</td>
<td>$96m</td>
<td>34%</td>
</tr>
<tr>
<td>PBT</td>
<td>$17.8m</td>
<td>$0.8m</td>
<td>5%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$15.2m</td>
<td>$0.4m</td>
<td>3%</td>
</tr>
</tbody>
</table>

- **Revenue**: $377m, ▲ $96m or 34%
  - Higher revenue from all business groups

- **PBT**: $17.8m, ▲ $0.8m or 5%
  - Higher gross profit from higher revenue
  - Partially offset by:
    - Higher operating expenses
    - Lower other income

- **Net Profit**: $15.2m, ▼ $0.4m or 3%
  - Absence of favorable tax finalisation adjustment in 1Q2019
# Marine

<table>
<thead>
<tr>
<th>1Q2019 vs 1Q2018</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$149m</th>
<th>▼ $1m or 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lower revenue from Shipbuilding business group</strong></td>
<td>Largely offset by</td>
<td></td>
</tr>
<tr>
<td><strong>Higher revenue from Shiprepair and Engineering business groups</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PBT</th>
<th>$14.5m</th>
<th>▲ $5.3m or 56%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Higher gross profit from improved U.S. shipbuilding performance</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Net Profit | $12.0m | ▲ $3.3m or 38% |
Outlook
President & CEO’s Message

“We had a good start to the year and our recent contract wins have increased our order book to a high of $14.1b. Our focus remains on strengthening our core businesses and pursuing growth in Smart City and in the international defence business.

On the M&A front, we have agreed to acquire Newtec Group, which operates in the high-tech satellite communications industry driving connectivity. This acquisition is expected to complete in 2H2019, and when combined with our existing satellite communications businesses, will further enhance our value proposition for Smart City.”

~ Vincent Chong, President & CEO, ST Engineering
Appendix
Aerospace
Aerospace Revenue by geography (by location of customers)

- **Europe**: 25% of revenue in 1Q2019 ($155m)
- **U.S.**: 25% of revenue in 1Q2019 ($155m)
- **Asia**: 42% of revenue in 1Q2019 ($260m)
- **Others**: 8% of revenue in 1Q2019 ($54m)
Aerospace Revenue, PBT and Net Profit by business group

**AMM**

- **PBT** 1Q2018: $37.1m, 1Q2019: $28.0m

**CERO**

- **PBT** 1Q2018: $17.6m, 1Q2019: $22.8m

**EMS**

- **PBT** 1Q2018: $21.6m, 1Q2019: $25.8m

**Legend:**
- Bar: Revenue ($m)
- Line: Net Profit ($m)

**Note:** Revenue includes inter-segment sales
Aerospace – 1Q2019 in Review

- Secured $1.28b worth of new contracts, including:
  - A 10-year airframe MRO contract from a long-time customer, a major North American operator, to provide heavy maintenance services for its entire fleet of A300s and Boeing 757
  - Component support for new African and European airline customers’ Bombardier Q400
  - Engine wash and equipment leasing solutions to customers in the Middle East and Europe

- Building Capabilities
  - Completed Critical Design Review for prototype A320 passenger-to-freighter conversion programme
  - Achieved first-ever authorisation from the CAAS to conduct Beyond Visual Line of Sight trials for DroNet
Aerospace – Outlook for 1H2019

- Pursue launch customer for A320 freighter conversion; grow aircraft leasing portfolio
- Develop and commercialise UAV programmes including DroNet
- Commence integration of MRAS
- Accelerate digitalisation of global operations; adopt smart technologies to differentiate through efficiency
Electronics
Electronics Revenue
by geography (by location of customers)

- Europe: 1Q2019: $45m
- U.S.: 1Q2019: $36m
- Asia: 1Q2019: $449m
- Others: 1Q2019: $40m
Electronics Revenue, PBT and Net Profit by business group

Legend:
Bar: Revenue ($m)
Line: Net Profit ($m)
Note: Revenue includes inter-segment sales
Electronics - 1Q2019 in Review

• Secured $818m worth of new contracts, including:
  • Smart mobility projects in Bangkok for its Gold Line and Purple Line, Wuxi Metro Line 3 in China, Taiwan Railway Authority’s trains and Singapore for Downtown Line 3
  • Defence projects including engineering support services for communications and sensor equipment
  • Satellite communications, Internet of Things, cybersecurity, public safety and security related projects
• Building capabilities
  • Proposed acquisition of 100% ownership in an established Belgium-based satcom provider, Newtec Group NV, for €250m, subject to closing adjustments
  • Launched SERIS® Airport Analytics for enhanced airport operations
  • Entered into a JV with DSO National Laboratories for satellite analytics and new space technologies
Electronics - Outlook for 1H2019

- Deliver smart mobility, satellite communications and software system related contracts on schedule
- Pursue smart city related contracts in and outside of Singapore
Land Systems Revenue by geography (by location of customers)

- **Europe**
  - 1Q2019: $1m
- **U.S.**
  - 1Q2019: $96m
- **Asia**
  - 1Q2019: $271m
- **Others**
  - 1Q2019: $20m
Land Systems Revenue, PBT and Net Profit by business group

**Auto**

<table>
<thead>
<tr>
<th></th>
<th>1Q2018</th>
<th>1Q2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$216m</td>
<td>$285m</td>
</tr>
<tr>
<td>PBT</td>
<td>$6.9m</td>
<td>$0.8m</td>
</tr>
</tbody>
</table>

**M&W**

<table>
<thead>
<tr>
<th></th>
<th>1Q2018</th>
<th>1Q2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$45m</td>
<td>$51m</td>
</tr>
<tr>
<td>PBT</td>
<td>($1.6m)</td>
<td>$2.0m</td>
</tr>
</tbody>
</table>

**S&T**

<table>
<thead>
<tr>
<th></th>
<th>1Q2018</th>
<th>1Q2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$10.0m</td>
<td>$12.7m</td>
</tr>
<tr>
<td>PBT</td>
<td>$11.7m</td>
<td>$15.0m</td>
</tr>
</tbody>
</table>

Legend:
Bar: Revenue ($m)
Line: Net Profit ($m)

Note: Revenue includes inter-segment sales
Land Systems - 1Q2019 in Review

- Secured new contracts, including:
  - Weapons & munitions from customers in Asia Pacific, Middle East and Europe
  - Road Construction Equipment and Specialty Vehicles from customers in North America
  - 80 Automated Guided Vehicles for PSA for deployment at Singapore’s next generation port in Tuas

- Industry collaborations on Autonomous Vehicles with:
  - Entered into an MOU with BYD to develop autonomous bus platforms
  - Partnered 800 Super Waste Management to design, develop and trial Autonomous Environmental Service Vehicles
  - Commenced Autonomous Bus trial on Jurong Island, Singapore

- Recognised as Best Collaboration Partner at the Land Transport Excellence Awards 2019
Land Systems - Outlook for 1H2019

- Pursue and secure key defence and commercial programmes locally and overseas
- Accelerate the deployment of autonomous vehicles
- Provide logistics autonomous solutions for the warehouse, airport, seaport and manufacturing industries
Marine
Marine Revenue by geography (by location of customers)

- **Asia**: 1Q2019: $93m (62%)
- **Europe**: 1Q2019: $15m (10%)
- **U.S.**: 1Q2019: $37m (25%)
- **Others**: 1Q2019: $4m (3%)
Marine Revenue, PBT and Net Profit by business group

**Shipbuilding**
- 1Q2018: PBT $(7.6m)
- 1Q2019: PBT $1.8m
- Revenue: 81
- Net Profit: (5.5)

**Shiprepair**
- 1Q2018: PBT $11.6m
- 1Q2019: PBT $10.7m
- Revenue: 75
- Net Profit: 9.8

**Engineering**
- 1Q2018: PBT $5.2m
- 1Q2019: PBT $2.0m
- Revenue: 12
- Net Profit: 4.4

Legend:
- Bar: Revenue ($m)
- Line: Net Profit ($m)

Note: Revenue includes inter-segment sales
Marine – 1Q2019 in Review

• Secured new contracts, including
  • Phase 1 Preliminary/Contract design for the National Oceanic and Atmospheric Administration AGOR Variant by Naval Sea Systems Command
  • Production engineering studies support work for the U.S. Coast Guard Polar Security Cutter’s acquisition programme by U.S. Department of Homeland Security
  • First of four options for the construction of the Auxiliary Personnel Lighter Small (APL(S)) Class berthing barges by U.S. Department of the Navy

• Achieved milestones in existing shipbuilding programmes
  • Launched 8th Littoral Mission Vessel (LMV) for Republic of Singapore Navy (RSN)
  • Delivered ATB Tug, Evening Breeze, for Bouchard Transportation
  • Commenced plate cutting for 150MW power barge for Transcontinental Capital Corporation (Bermuda)

• Completed numerous shiprepair projects, rig repair and related fabrication works
Marine – Outlook for 1H2019

• Expects to deliver 7\textsuperscript{th} of eight LMVs to RSN
• International Defence shipbuilding opportunities
  • To begin detail design and construction contract for Polar Security Cutter by U.S. Department of the Navy
Marine sector: Polar Security Cutter for the U.S. Coast Guard
Programme Overview

- **U.S. Coast Guard Polar Security Cutter (PSC)**
  - A multi-year programme, with up to three multi-mission PSCs to recapitalise the USCG fleet of heavy icebreakers

- **VT Halter Marine (VTHM) awarded contract for one PSC @ S$1b**

- **Contract includes options for two more PSCs**
  - The cumulative contract value is S$2.6b, incl. options

- **The first PSC delivery is scheduled for 2024**
  - The second and third vessels’ will be delivered in 2025 and 2027 respectively, if options are exercised
VT Halter Marine
A company of VT Systems

MULTI-MISSION READY
POLAR SECURITY CUTTER

KEY FEATURES AND CAPABILITIES
- Ice Breaking
- Seakeeping
- Operating Range
- Flight Operations
- Boat Operations
- Flexible Mission Space
- Aft Working Space

TECH SPECS:
Length: 460.0 Ft
Beam: 88.0 Ft
Displacement: 33,000 Lt
Propulsion:
Diesel electric at over 45,200 horse power
Breaks ice between 6Ft and 8Ft

Enhanced Mission Capabilities
- Large flight deck
- Configurable workspaces
- Supports 9 20' ISO containers
- Accommodations for 186
- Significant weight margins support future missions

Integrated Power System
- 2 proven ABB Azipod drives+1 shafted centerline propeller
- Meets threshold icebreaking without loss of largest propulsor
- Redundant 3 generator sets:
  - Enhanced power flexibility
  - Optimized fuel consumption/range
- Power margins exceed objective requirements

Proven Hull Design
- Based on PC II-class Icebreaker under construction
- Customized through 6 design spirals & model tests
- ABS “Approval in Principle”

Improved Crew Safety
- Damage Control Deck 51Ft above baseline
- Crew can traverse entire ship without exposure to weather

OPTIMALLY BALANCED BETWEEN ICEBREAKING AND SEAKEEPING

Design Studies in 2017 to Contract Win in 2019

VTHM was one of five shipyards awarded a firm fixed-price contract for the heavy polar icebreaker design studies and analysis.

VTHM received a contract for work to support production engineering studies for the USCG PSC acquisition programme.

VTHM won the PSC detailed design and construction contract.

- **Feb 2017**: VTHM was one of five shipyards awarded a firm fixed-price contract for the heavy polar icebreaker design studies and analysis.
- **Feb 2019**: VTHM received a contract for work to support production engineering studies for the USCG PSC acquisition programme.
- **Apr 2019**: VTHM won the PSC detailed design and construction contract.
We Are Ready to Deliver the PSC

**Additional capacity**
- Adjacent Pascagoula yard acquired in 2017
- Provides flexibility in resource deployment

**Rigorous reviews before construction**
- Our PSC design based on the mature “PolarStern II” as parent design
- Underwent 6 design spirals including model tests for design optimisation
- Next 18-month process includes 3 rounds of detailed design review and 1 production readiness review before construction
- Extensive research on risk and mitigation measures

**Yard infrastructure**
- Large layout and assembly space
- Launch ways and required water depth

**Experienced team**
- Deep expertise in building large ships with similarly complex integrated systems
- Supported by a ready and robust team of supply chain partners
PSC Programme Schedule

2019
• 18-month detailed design and planning phase

2021
• Commence construction of PSC 1

2024
• Expected delivery of PSC 1

2025/2027
• Delivery of 2nd & 3rd PSC if options are exercised
Thank You