

Nine Months & Third Quarter 2019 Results

11 November 2019

Agenda

- Group Highlights
- Outlook
- Appendix
 - Group
 - Aerospace
 - Electronics
 - Land Systems
 - Marine

Group Highlights

Group Highlights

All figures are denominated in S\$m unless indicated otherwise

3Q2019

Revenue

2,069

+27% y-o-y

EBIT

163.1

+14% y-o-y
+23% y-o-y

PBT

166.8

+1% y-o-y
+9% y-o-y

Net Profit

139.1

+3% y-o-y
+12% y-o-y

9M2019

Revenue

5,580

+13% y-o-y

EBIT

462.9

+13% y-o-y
+16% y-o-y

PBT

496.5

+8% y-o-y
+11% y-o-y

Net Profit

408.4

+10% y-o-y
+13% y-o-y

Legend:

Green: As reported

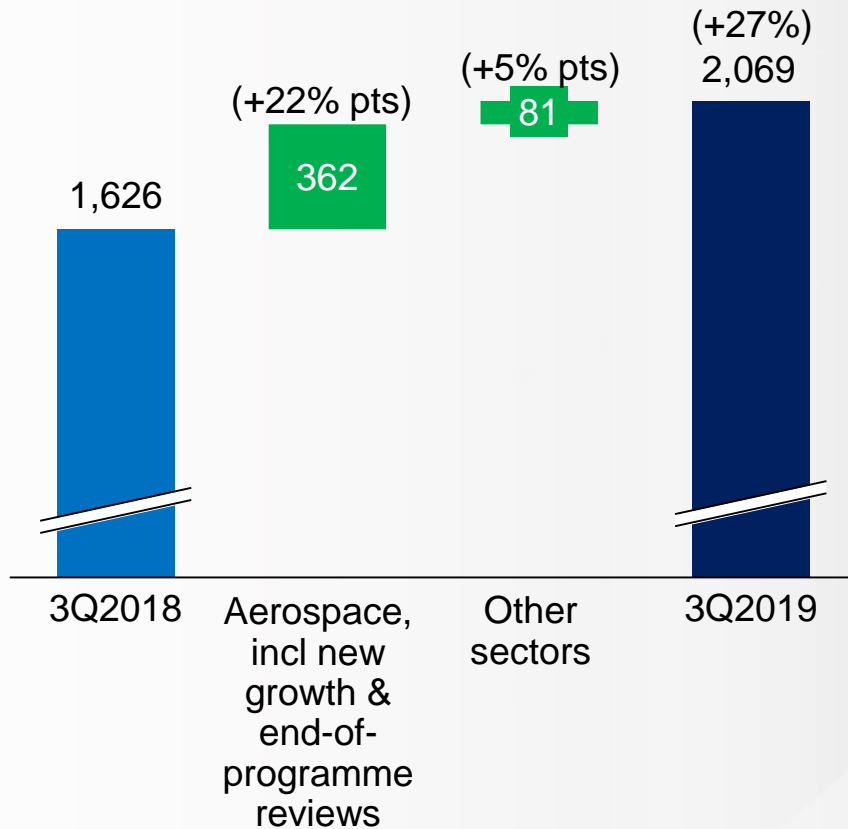
White: Exclude provision for arbitration outcome

Order book as at 30 Sep 2019: **\$15.9b**;
about **\$2.2b** to be delivered in the remaining months of 2019

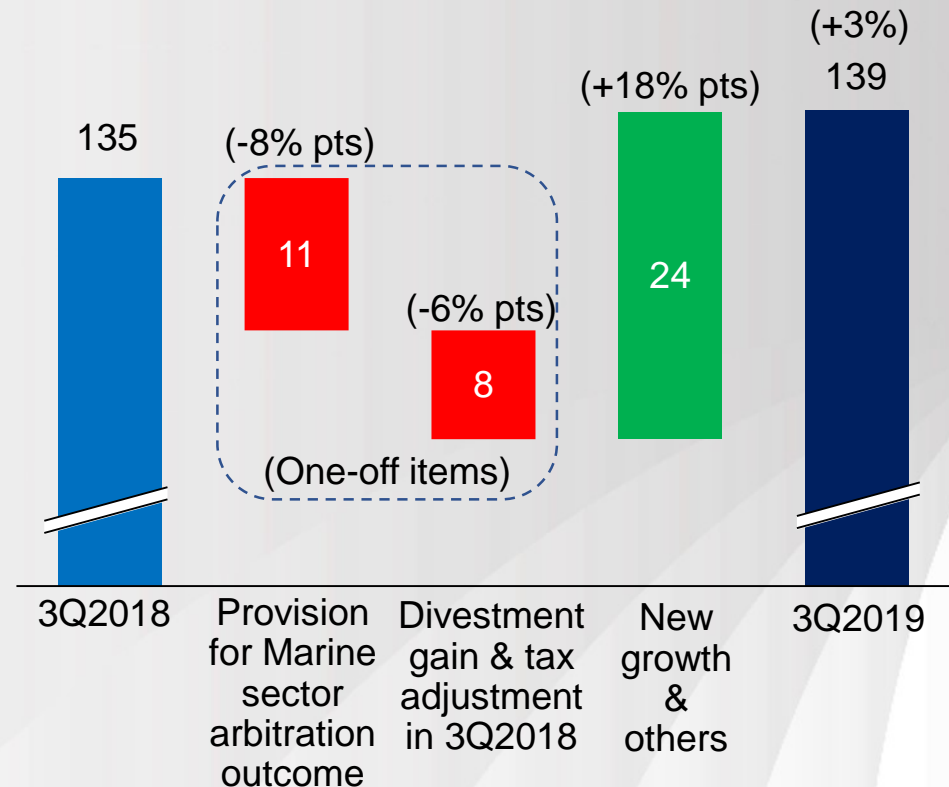
New Growth & One-off Items

All figures are denominated in S\$m unless indicated otherwise

Revenue



Net Profit



Amounts may not add up due to rounding.

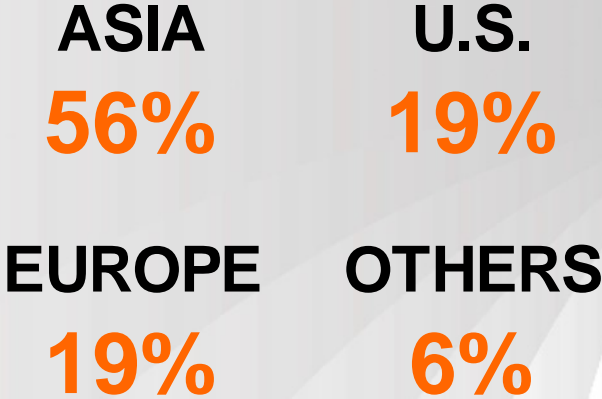
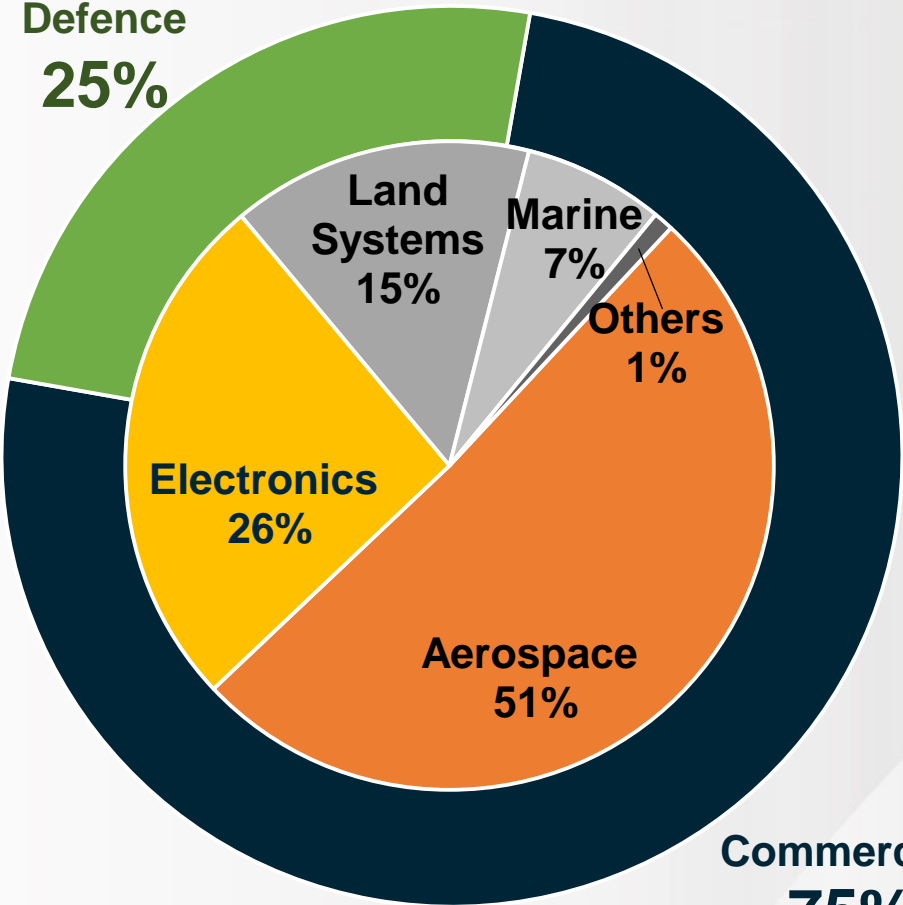
Group Revenue

S\$m	3Q2019	3Q2018	Change	9M2019	9M2018	Change
Aerospace	1,051	689	+53%	2,510	2,000	+26%
Electronics	538	491	+10%	1,596	1,608	-1%
Land Systems	307	297	+3%	980	847	+16%
Marine	155	137	+13%	443	435	+2%
Others	18	12	+50%	51	34	+52%
Group	2,069	1,626	+27%	5,580	4,924	+13%

Group Revenue Breakdown

3Q2019 Revenue
S\$2.07b

3Q2019 Revenue
by location of customers

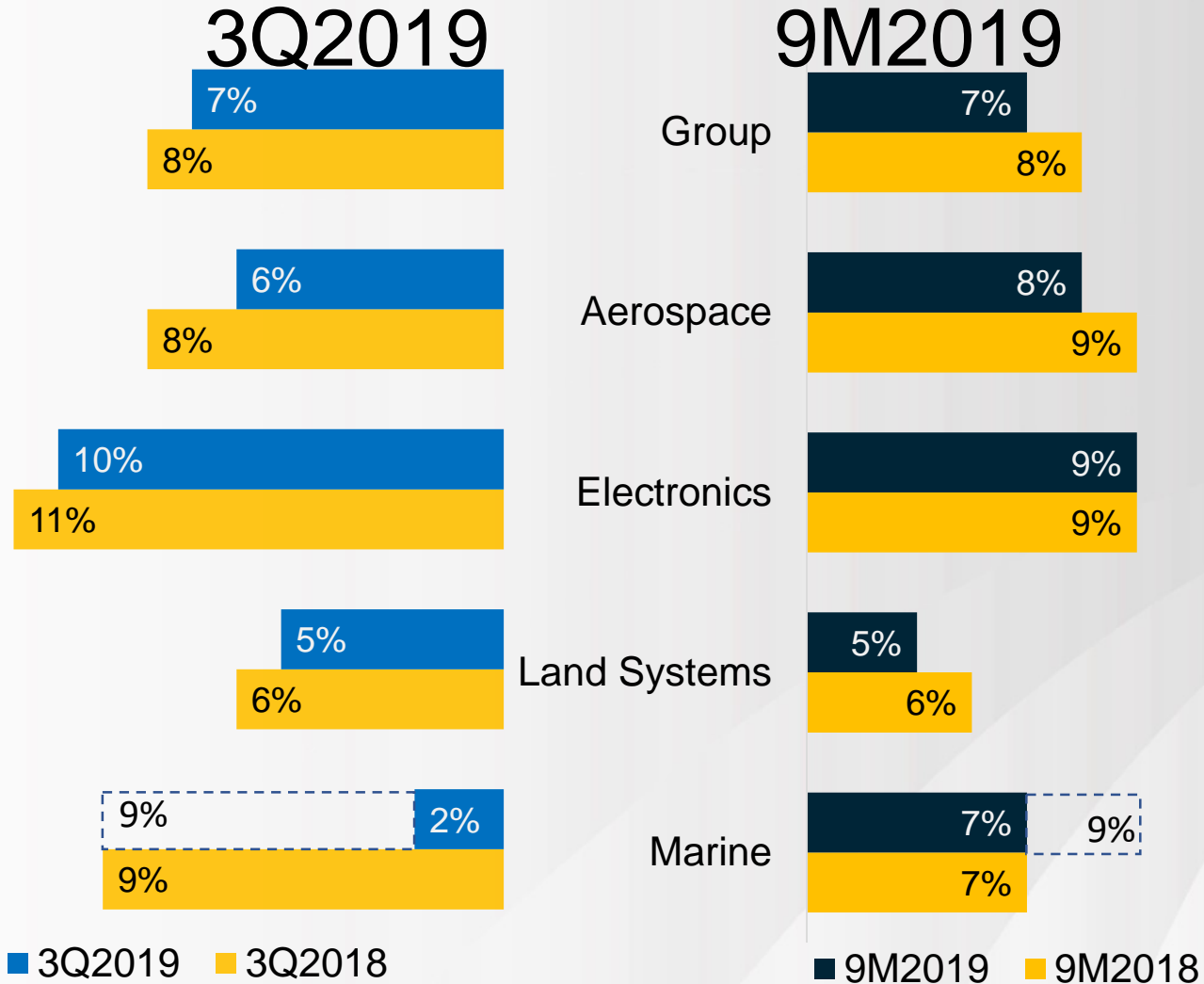


Commercial
75%

Group Net Profit

S\$m	3Q2019	3Q2018	Change	9M2019	9M2018	Change
Aerospace	65.0	55.4	+17%	191.9	181.2	+6%
Electronics	51.5	55.5	-7%	139.1	142.4	-2%
Land Systems	15.1	17.6	-14%	50.6	53.6	-5%
Marine	3.4	12.8	-73%	29.7	30.7	-3%
Others	4.1	(6.7)	NM	(2.9)	(38.1)	NM
Group	139.1	134.6	+3%	408.4	369.8	+10%
Exclude Provision for Arbitration Outcome						
Marine	14.6	12.8	+14%	40.9	30.7	+33%
Group	150.3	134.6	+12%	419.6	369.8	+13%

Group Net Profit Margin



 Exclude provision for marine sector arbitration outcome

Balance Sheet

S\$m

30 Sep 2019

31 Dec 2018

Property, plant & equipment	1,866	1,743
Right-of-use assets	492	-
Intangible assets	1,659	1,151
Other non-current assets	588	582
Current assets	4,908	4,097
Total assets	9,513	7,573
Current liabilities	5,555	3,851
Non-current liabilities	1,574	1,187
Total liabilities	7,129	5,038
Share capital and reserves	2,113	2,247
Non-controlling interests	271	288
Total equity and liabilities	9,513	7,573

Statement of Cash Flows

S\$m	3Q2019	3Q2018	9M2019	9M2018
Net cash from/(used in)				
Operating activities	(6)	43	417	439
Investing activities	(129)	(30)	(952)	186
Financing activities	569	(828)	877	(1,277)
Net increase/(decrease) in CCE *	434	(815)	342	(652)
CCE at beginning of the period	321	1,166	414	998
Exchange difference	4	-	3	5
CCE at end of the period	759	351	759	351

* CCE - Cash & Cash Equivalents

Outlook

President & CEO's Message

“Amidst the trade tensions and geopolitical uncertainties which continue to weigh on the global economy, we continue to pursue growth areas, build capabilities, and integrate MRAS, Newtec and Glowlink into the Group.

Our core business remains strong and our Group's robust order book of \$15.9b continues to provide revenue visibility for the next few years.”

~ Vincent Chong, President & CEO, ST Engineering

Thank You

Appendix

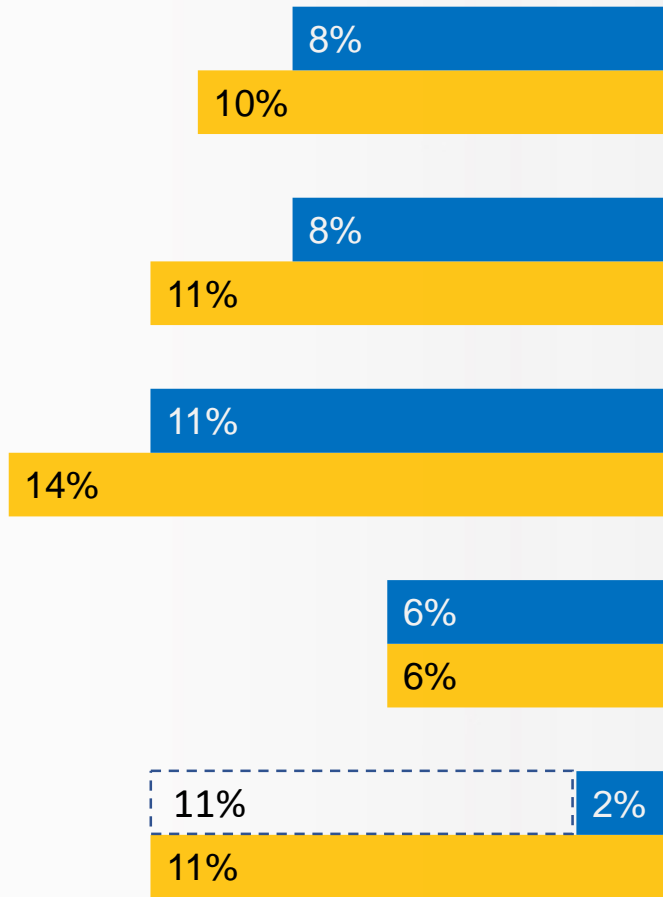
Group

Group Profit before Tax (PBT)

S\$m	3Q2019	3Q2018	Change	9M2019	9M2018	Change
Aerospace	79.2	73.4	+8%	237.7	237.4	-
Electronics	61.1	66.8	-9%	167.6	173.2	-3%
Land Systems	18.1	18.0	-	60.3	59.7	+1%
Marine	3.1	14.9	-79%	34.6	34.3	+1%
Others	5.3	(7.3)	NM	(3.7)	(44.4)	NM
Group	166.8	165.8	+1%	496.5	460.2	+8%
Exclude Provision for Arbitration Outcome						
Marine	17.3	14.9	+16%	48.8	34.3	+42%
Group	181.0	165.8	+9%	510.7	460.2	+11%

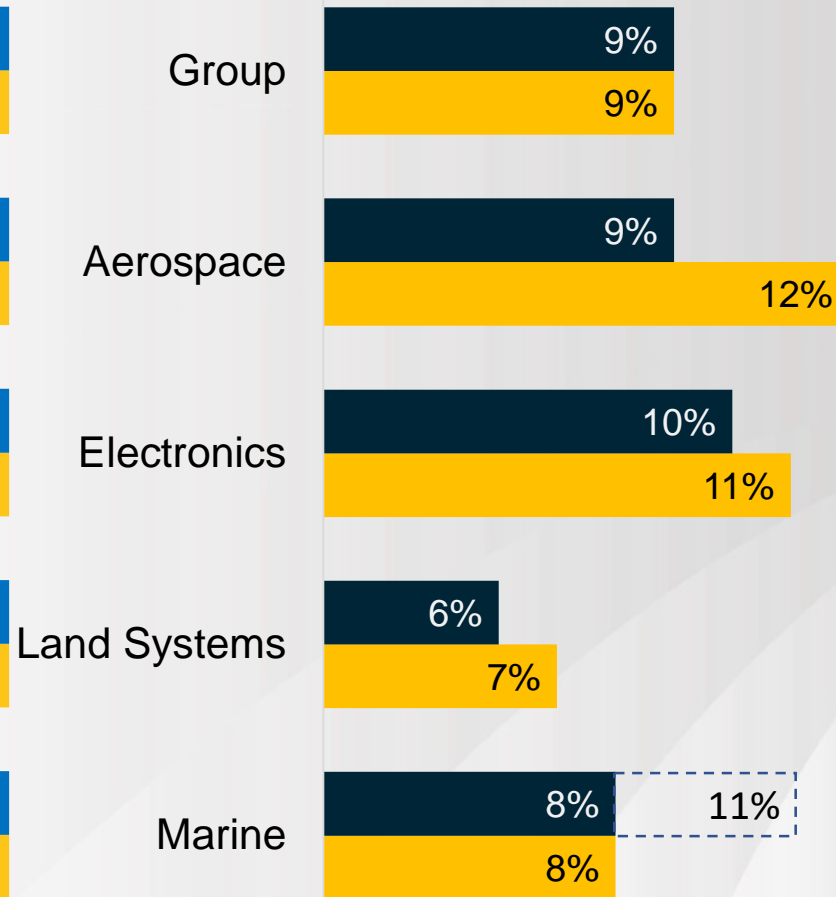
Group PBT Margin

3Q2019



■ 3Q2019 ■ 3Q2018

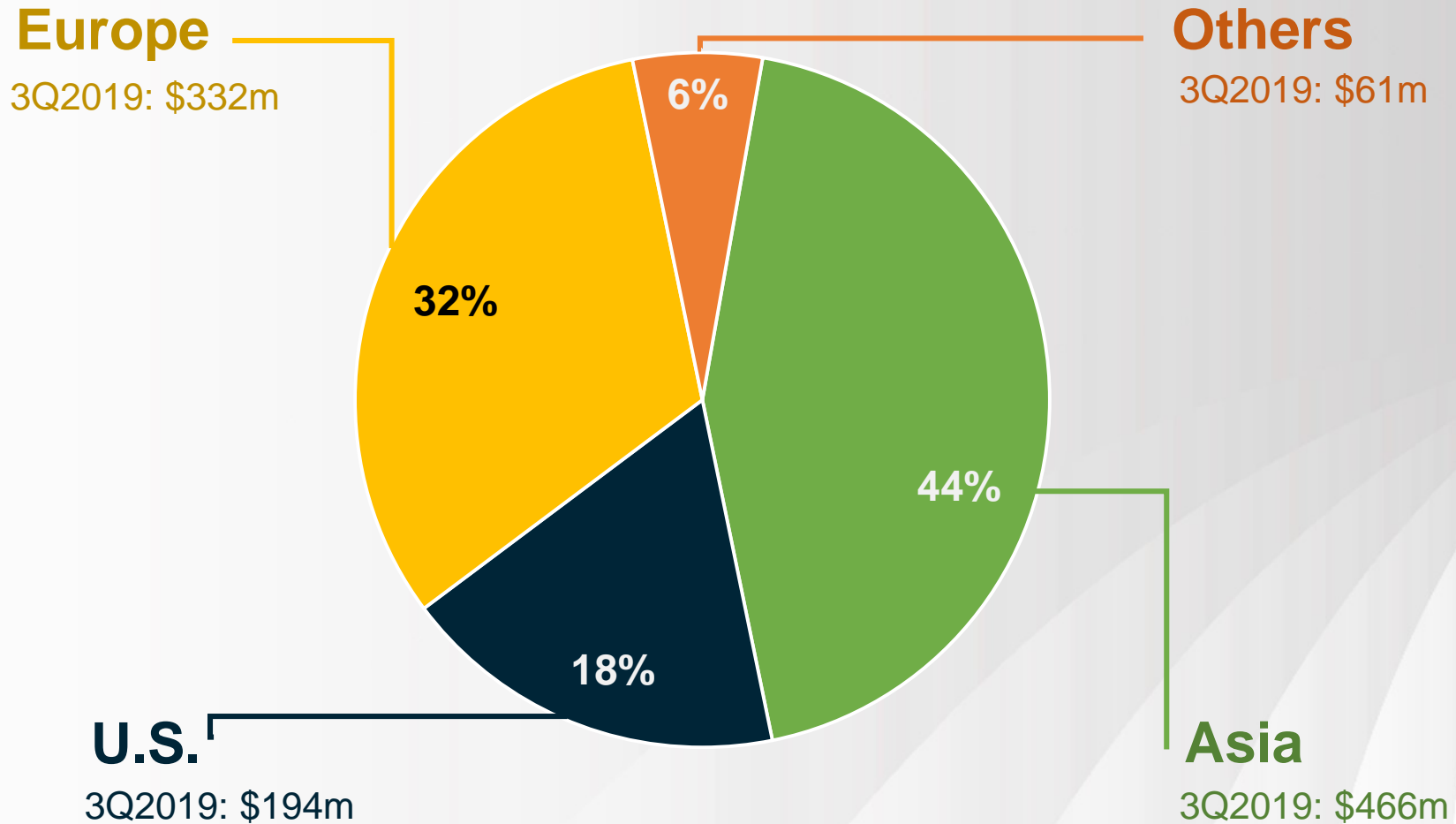
9M2019



■ 9M2019 ■ 9M2018

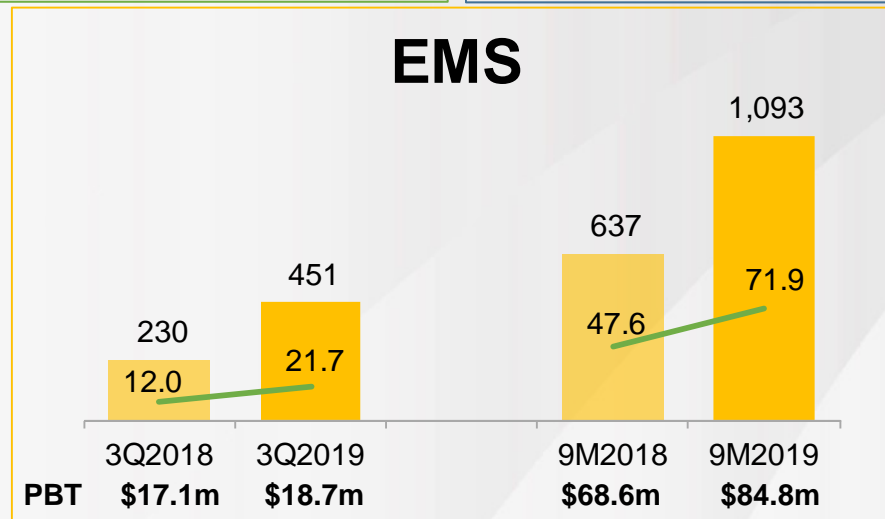
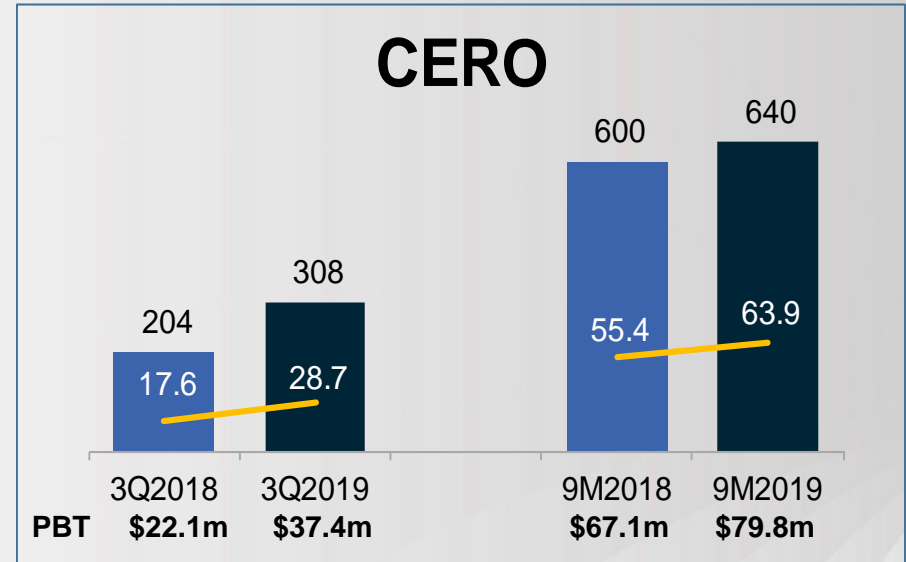
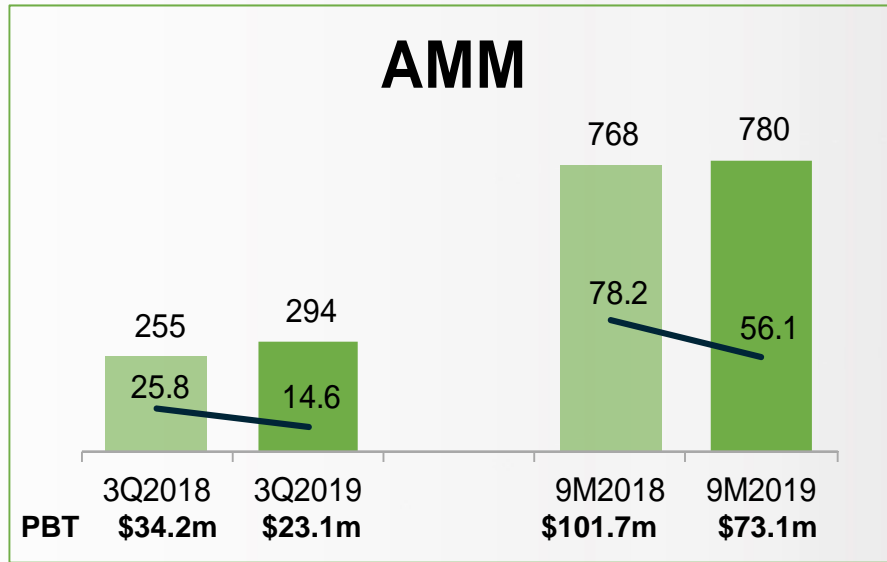
Aerospace

Aerospace Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Aerospace Revenue, PBT and Net Profit by business group



Legend:
 Bar: Revenue (\$m)
 Line: Net Profit (\$m)
 Note: Revenue includes inter-segment sales

Aerospace

3Q2019 vs 3Q2018

Revenue **\$1,051m** ▲ **\$362m or 53%**

- New income stream from MRAS
- Revenue recognised from various end-of-programme reviews

PBT **\$79.2m** ▲ **\$5.8m or 8%**

- Profit contribution from MRAS
 - Net favourable impact from end-of-programme reviews
- Partially offset by
- Absence of divestment gain
 - Timing differences in project revenue recognition
 - Impairment of assets

Net Profit **\$65.0m** ▲ **\$9.6m or 17%**

- Recognition of tax credit

Aerospace – 3Q2019 in Review

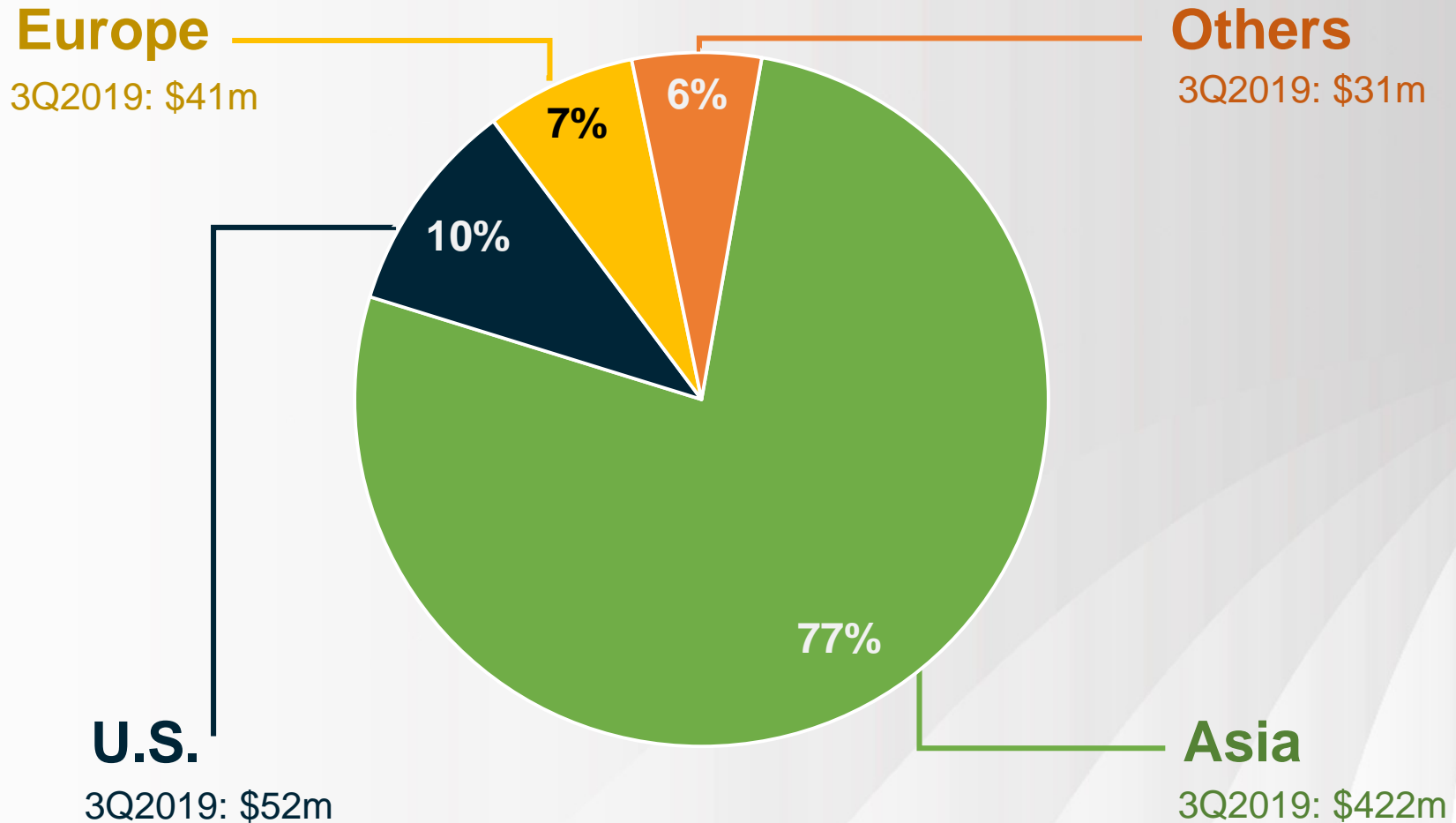
- Secured \$1.0b worth of contracts and orders, which include:
 - a 10-year agreement to work with Airbus Helicopters to support a substantial part of the German Armed Forces' NH90 fleet
 - a 5-year extension agreement for A380 airframe maintenance
 - a 7-year component MRO agreement for a fleet of B737NGs
 - Orders for engine nacelle components and composite floor panels
- Attained Supplemental Type Certificate from EASA for a refurbished aircraft that installed SPACElite I seats
- Opened new component MRO facilities in Hanoi and Ho Chi Minh City, Vietnam

Aerospace – Outlook for FY2019

- Complete and obtain certification for prototype A321P2F and pursue new freighter conversion contracts
- Pursue new engine maintenance contracts
- Accelerate digitalisation of global operations; adopt smart technologies to differentiate through efficiency and value added services
- Focus on MRAS integration
- Ramp up component MRO operations in Vietnam

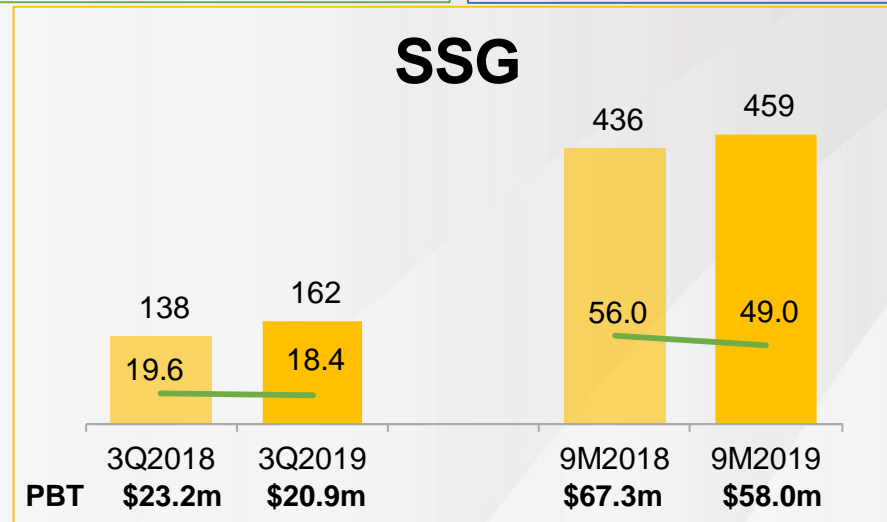
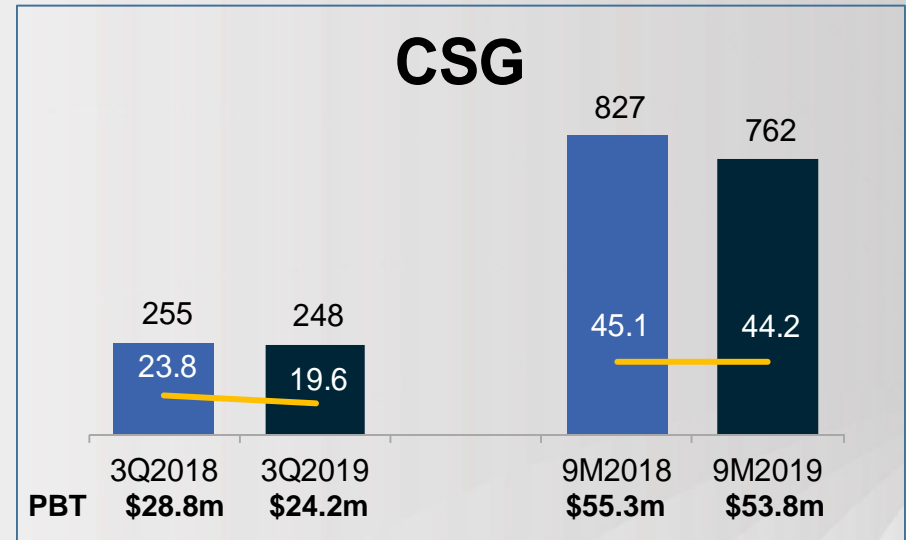
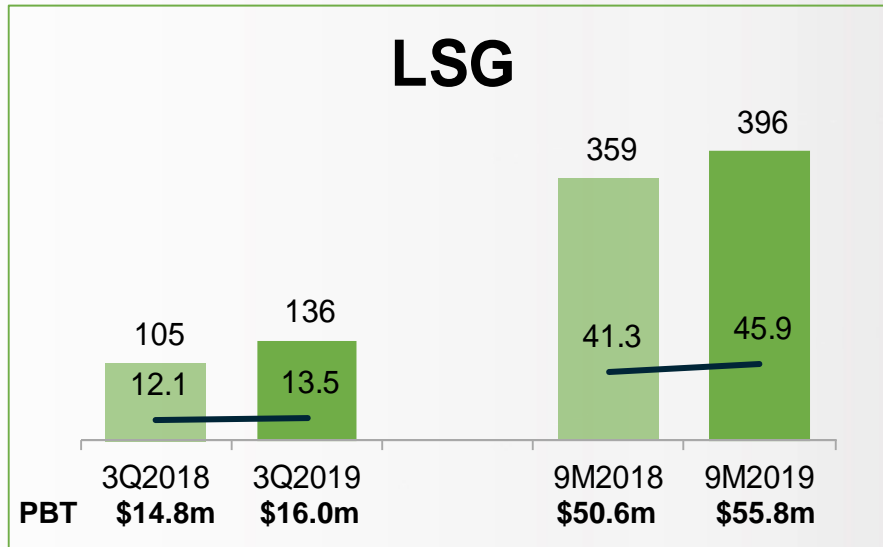
Electronics

Electronics Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Electronics Revenue, PBT and Net Profit by business group



Legend:
 Bar: Revenue (\$m)
 Line: Net Profit (\$m)
 Note: Revenue includes inter-segment sales

Electronics

3Q2019 vs 3Q2018

Revenue

\$538m

▲ \$47m or 10%

- Higher revenue from LSG and SSG business groups

PBT

\$61.1m

▼ \$5.7m or 9%

- Increased investments in new growth areas

Net Profit

\$51.5m

▼ \$4.0m or 7%

Electronics - 3Q2019 in Review

- Secured \$833m worth of new contracts, including:
 - Satellite communications (satcom) projects that enhanced communications for first response teams and ensured business continuity for healthcare and banking in rural U.S.
 - Rail electronics projects in Wuhan, Nanjing and Nanchang in China, Manila in Philippines, Riyadh in Saudi Arabia and Singapore
 - Smart water meter and smart street lighting deployment in various global cities
 - A next-generation emergency response management system for a public safety agency in Asia
 - 3D Air Traffic Tower Simulator for a Southeast Asian aviation provider
 - Cybersecurity solutions for Vietnam's enterprises and critical information infrastructure, and Singapore's aviation and homeland security customers
 - New defence contracts for training and simulation, engineering and software services
 - Development of an enterprise data analytics platform for a utility company

Electronics - 3Q2019 in Review

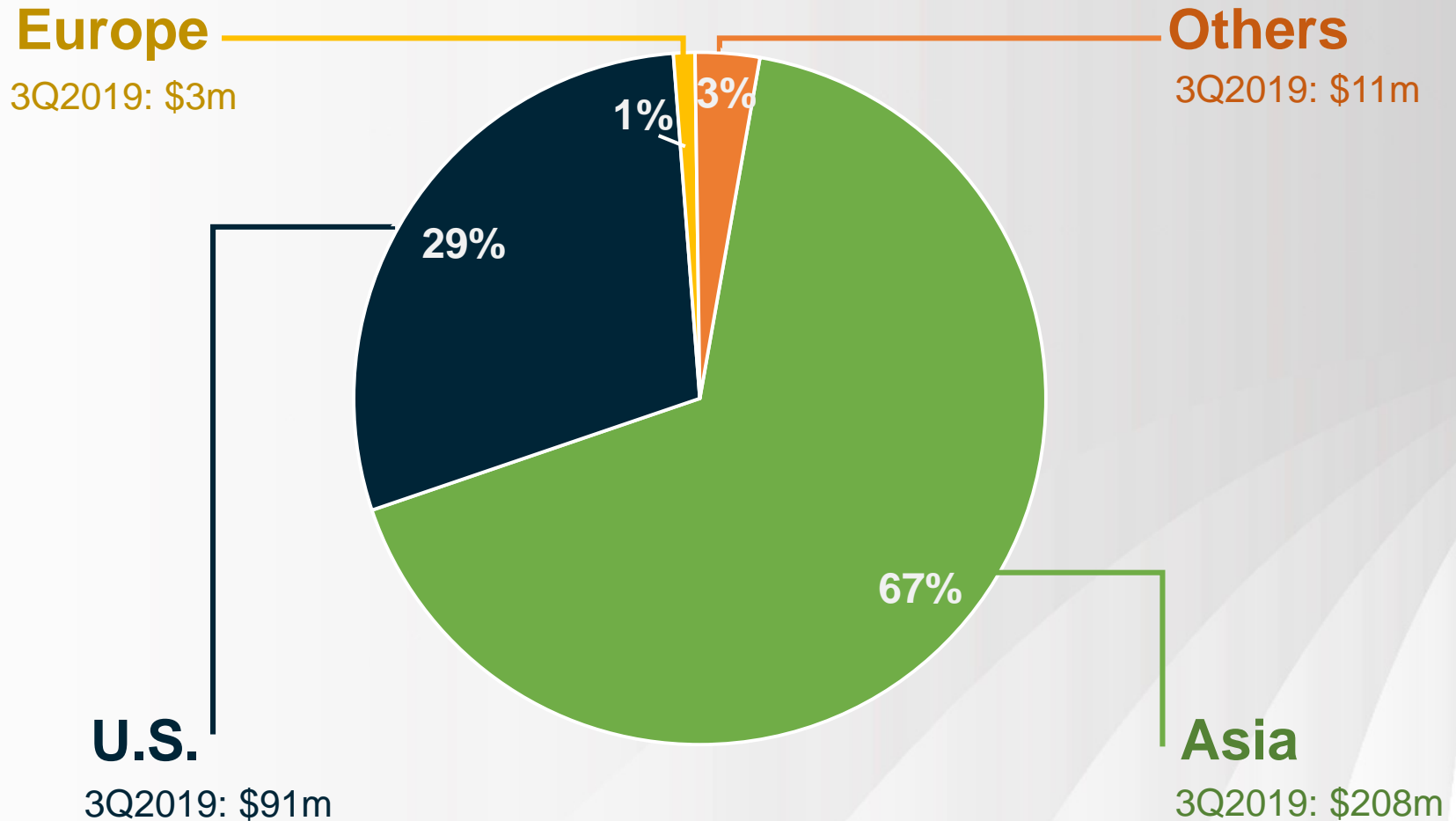
- Enhanced Smart City offerings
 - Acquired Glowlink Communications, which possesses advanced satcom anti-jamming technology
 - Completed the acquisition of Newtec Group*, a key satcom technology provider with unique ultra-high throughput capabilities and a strong presence in the European satcom market
 - Launched Wireless Automatic Test System for Emergency Lights, a fully automated solution that meets national Fire Safety Regulations

Electronics - Outlook for FY2019

- Focus on integration of Newtec and Glowlink
- Deliver smart mobility, satcom and software system related contracts on schedule
- Pursue smart city related contracts in and outside of Singapore

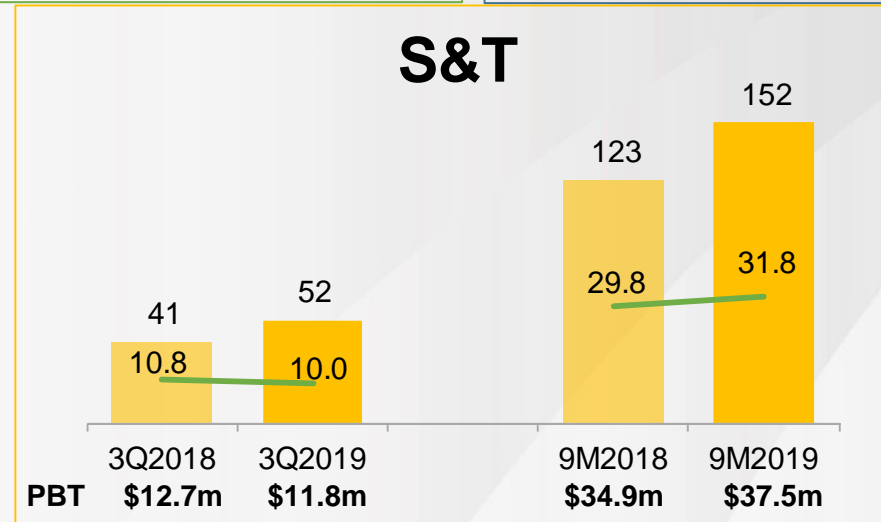
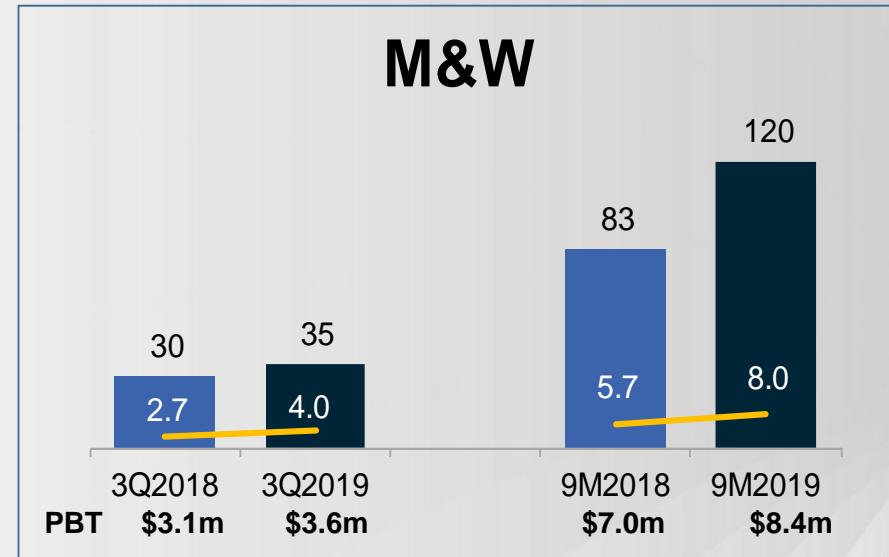
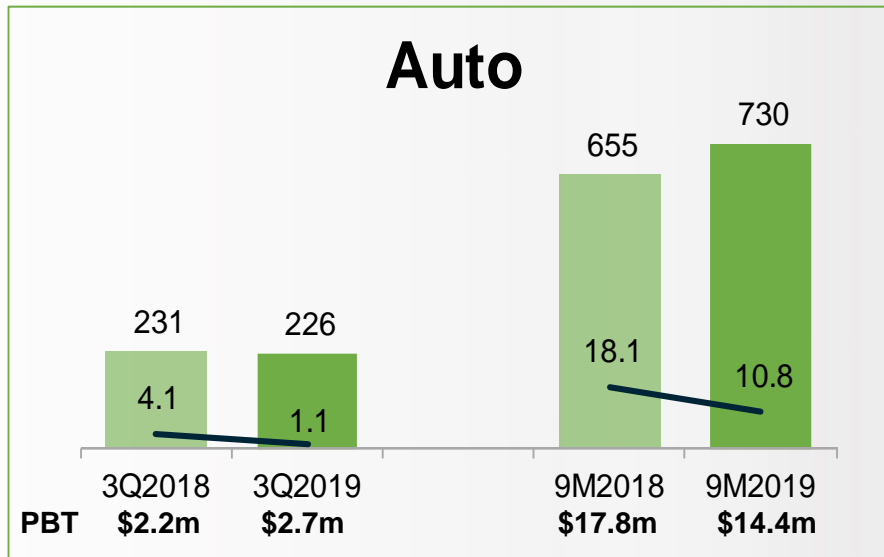
Land Systems

Land Systems Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Land Systems Revenue, PBT and Net Profit by business group



Legend:
 Bar: Revenue (\$m)
 Line: Net Profit (\$m)
 Note: Revenue includes inter-segment sales

Land Systems

3Q2019 vs 3Q2018

Revenue **\$307m** ▲ **\$10m or 3%**

- Higher revenue from M&W and S&T business groups
- Partially offset by
- Lower revenue from Auto business group

PBT **\$18.1m** ▲ **\$0.1m**

- Higher gross profit in line with higher revenue
- Partially offset by
- Higher operating expenses from continued investments in robotics capabilities

Net Profit **\$15.1m** ▼ **\$2.5m or 14%**

- Absence of prior year tax credit

Land Systems - 3Q2019 in Review

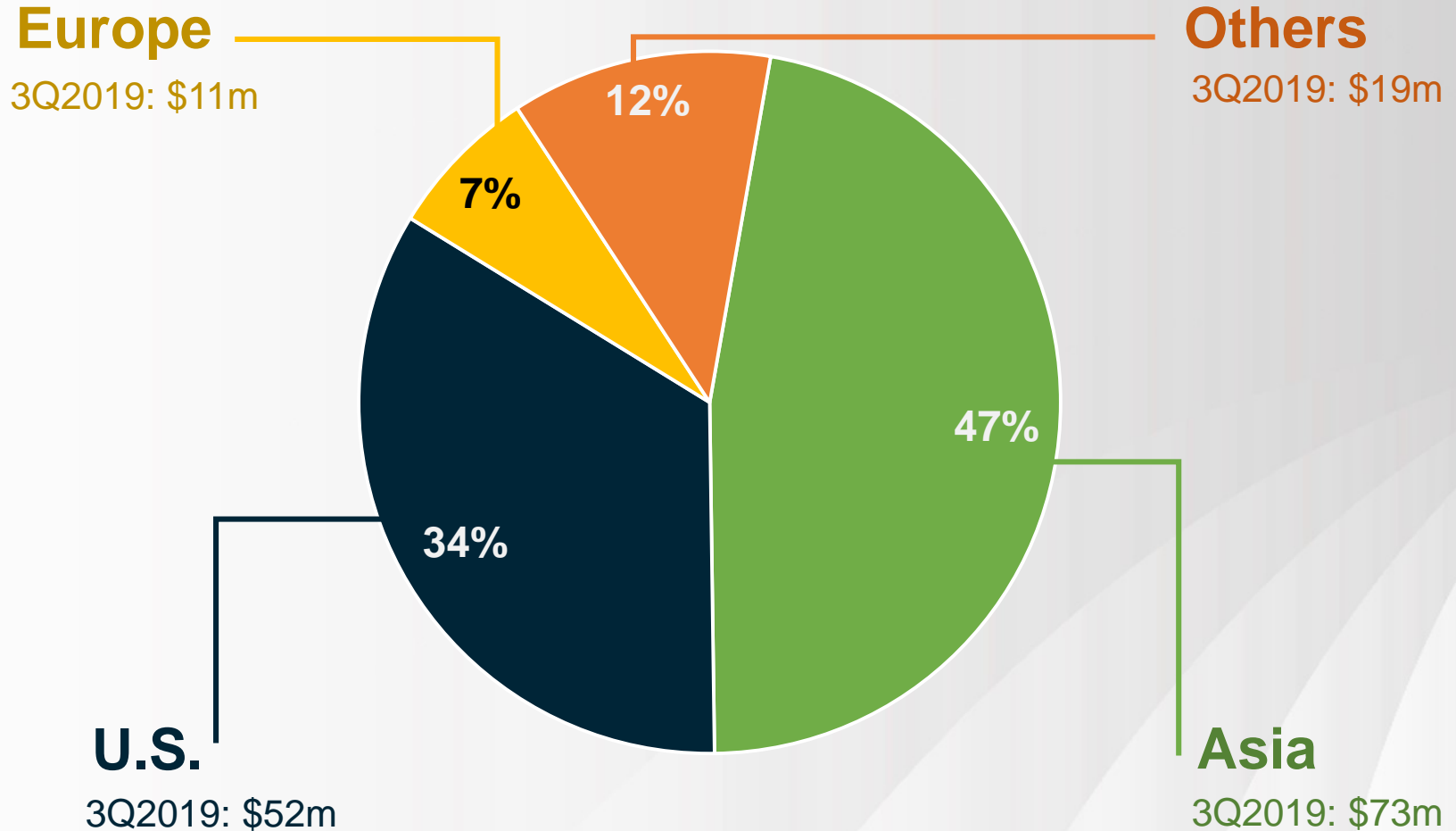
- Secured new contracts, including:
 - Supply of weapons & munitions to customers in Asia Pacific and Middle East
 - Supply of DC Charge Points for Automated Guide Vehicles at Tuas Port, Singapore
 - Supply of Road Construction Equipment and Specialty Vehicles to customers in North America
- Entered into a MOU with Rheinmetall to pursue business opportunities for development and sales of defence products, systems and solutions
- Commenced Singapore's first on-demand autonomous shuttle public trial at Sentosa

Land Systems - Outlook for FY2019

- Pursue and secure key defence and commercial programmes locally and overseas
- Provide logistics autonomous solutions for the warehouse, airport, seaport and manufacturing industries

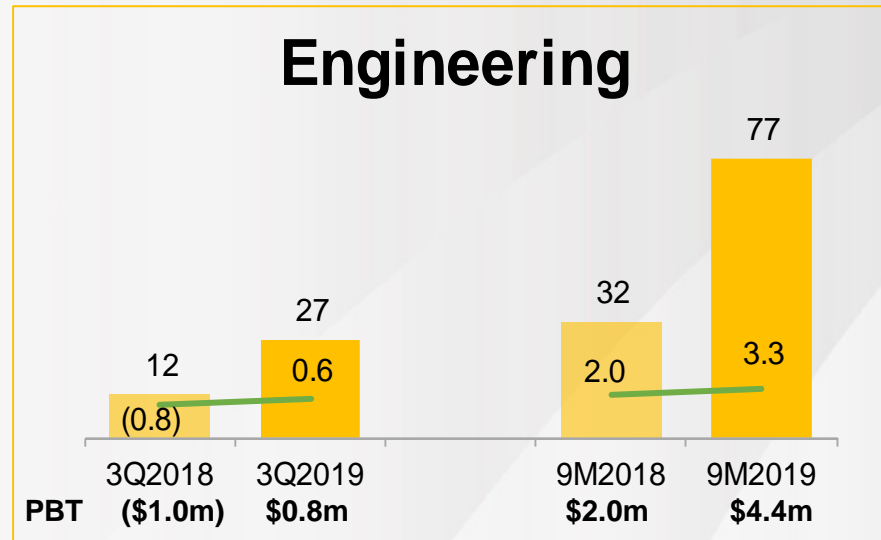
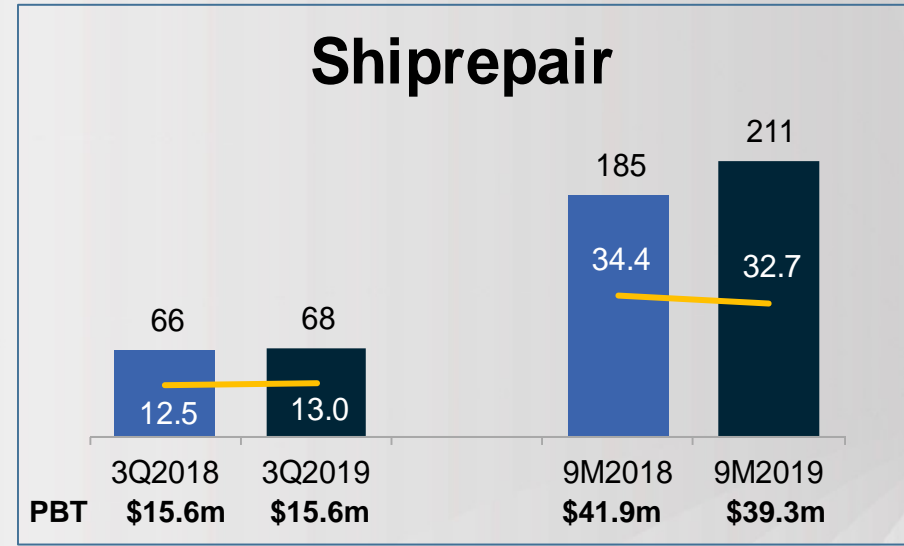
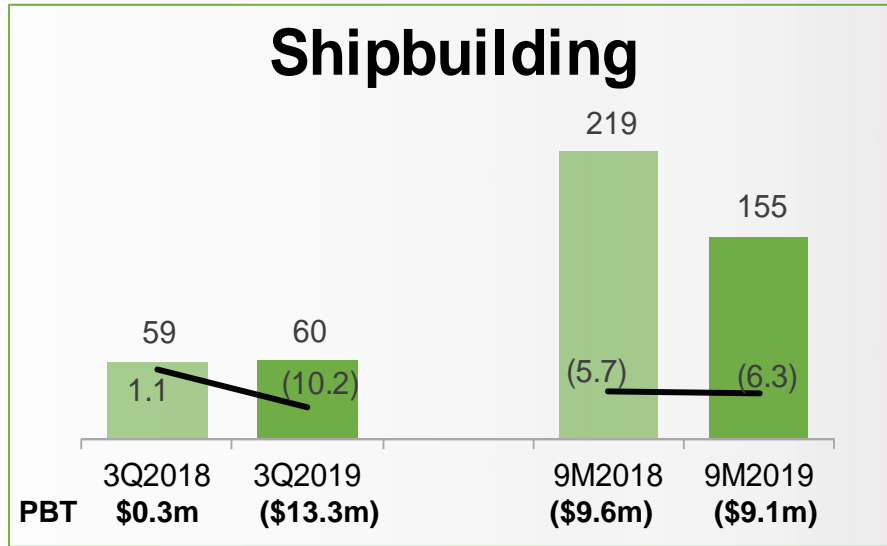
Marine

Marine Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

Marine Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

Marine

3Q2019 vs 3Q2018

Revenue

\$155m

▲ \$18m or 13%

- Higher revenue from all three business groups

PBT

\$3.1m

▼ \$11.8m or 79%

Exclude provision for arbitration outcome

\$17.3m

▲ \$2.4m or 16%

- Lower contribution from U.S. Shipbuilding due mainly to additional provision for arbitration outcome
- Partially offset by
- Contribution from higher revenue of Engineering business group

Net Profit

\$3.4m

▼ \$9.4m or 73%

Exclude provision for arbitration outcome

\$14.6m

▲ \$1.8m or 14%

Marine – 3Q2019 in Review

- Shipbuilding programme updates
 - Commenced plate cutting and keel-laying of Fast Patrol Boats for Singapore Police Coast Guards (PCG)
 - Delivered passenger and vehicle ferry to Commonwealth of Virginia, Department of Transportation
- Completed numerous shiprepair projects, rig repair and related fabrication works

Marine – Outlook for FY2019

- Scheduled launch
 - Fast Patrol Boats for PCG
 - Floating Power Plant for Transcontinental Capital Corporation
 - ATB Tug and ATB Barge for Quality Liquefied Natural Gas Transport
- Scheduled delivery
 - 7th and 8th of eight Littoral Mission Vessels to Republic of Singapore Navy