

First-Half 2022 Results

12 August 2022

Disclaimer

The forward-looking statements in this presentation reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions especially given the evolving COVID-19, Ukraine-Russia conflict, inflation and supply chain challenges. Representative examples of these factors include (without limitation) travel and border restrictions, governmental orders on business closures, lock-down and movement restrictions, quarantines, disruption to global supply chains, general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact business activities of the ST Engineering Group.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

Agenda

➤ Financial Highlights

- Group Highlights
- Outlook
- Segment Highlights

➤ Question & Answer session

Notes:

- All amounts in millions of Singapore dollars unless otherwise stated
- Amounts may not add to totals shown due to rounding
- All government support refers to COVID-19 related government support only

Group Highlights

Group Highlights

1H2022 Revenue 17% higher; EBIT 8% higher (despite \$125m reduction in government support y-o-y)

Revenue

4,270

+17%

y-o-y

EBIT

385

+8%

y-o-y

PBT

351

+3%

y-o-y

Net profit

280

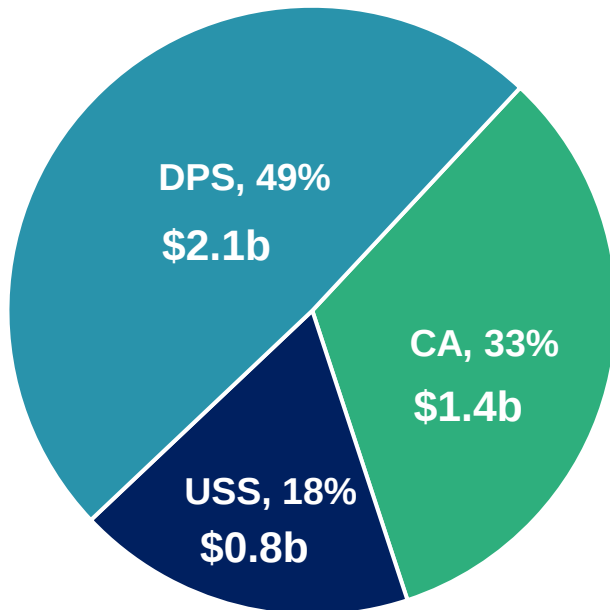
-5%

y-o-y

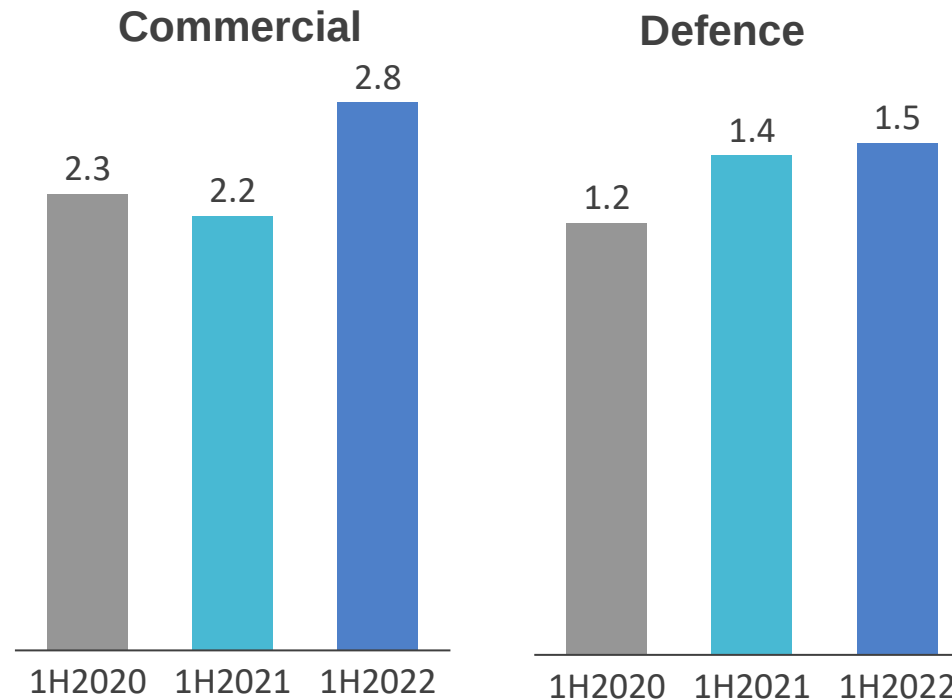
Group Highlights

Group 1H2022 Revenue breakdown

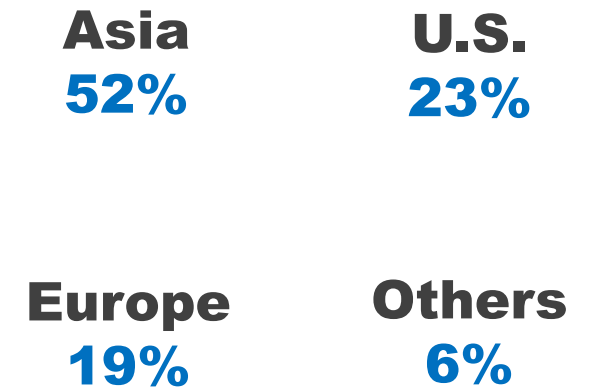
1H2022 Revenue
by segment (S\$4.3b)



1H2022 Revenue
by type (S\$4.3b)



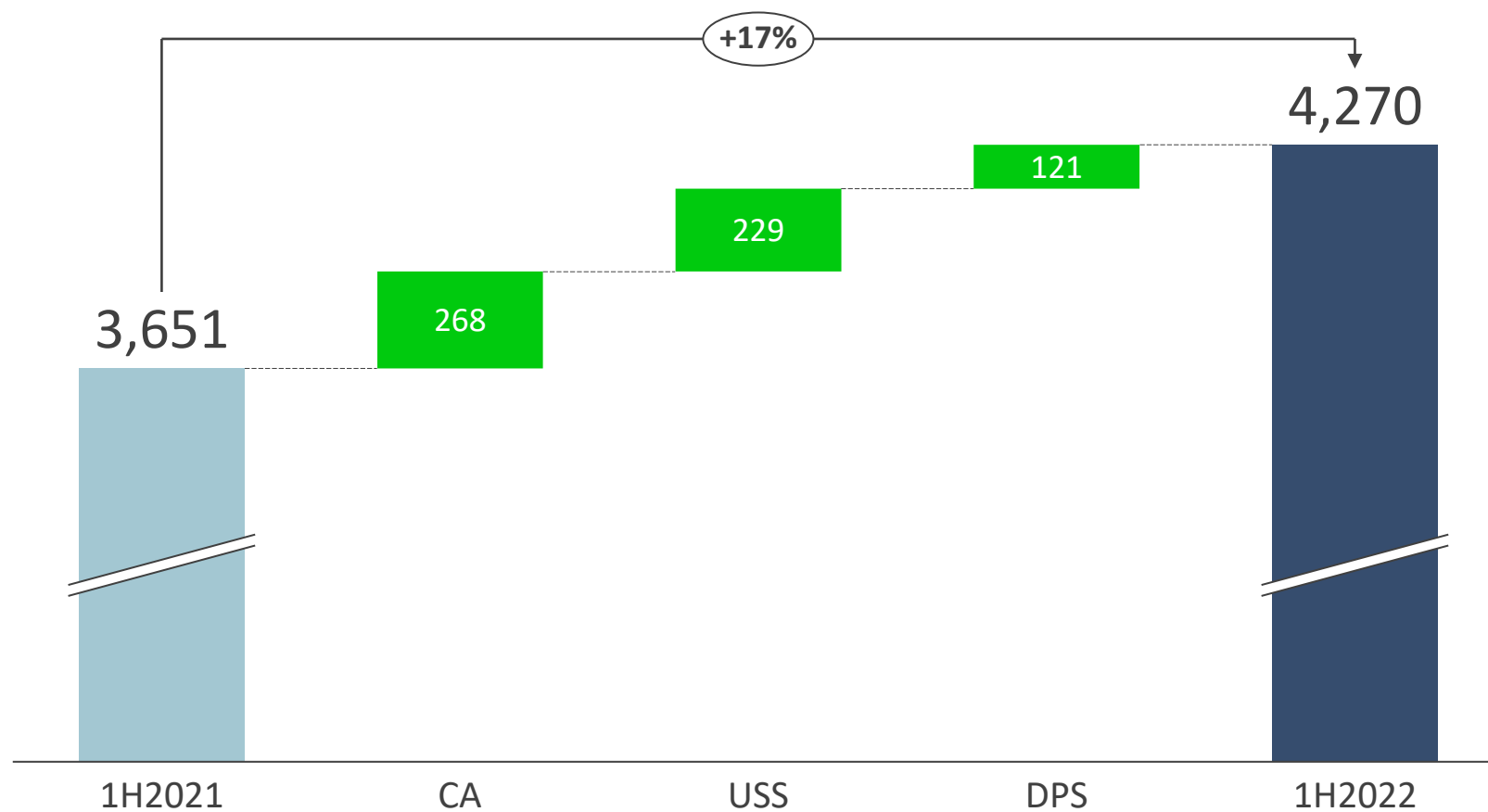
1H2022 Revenue
by location of customers



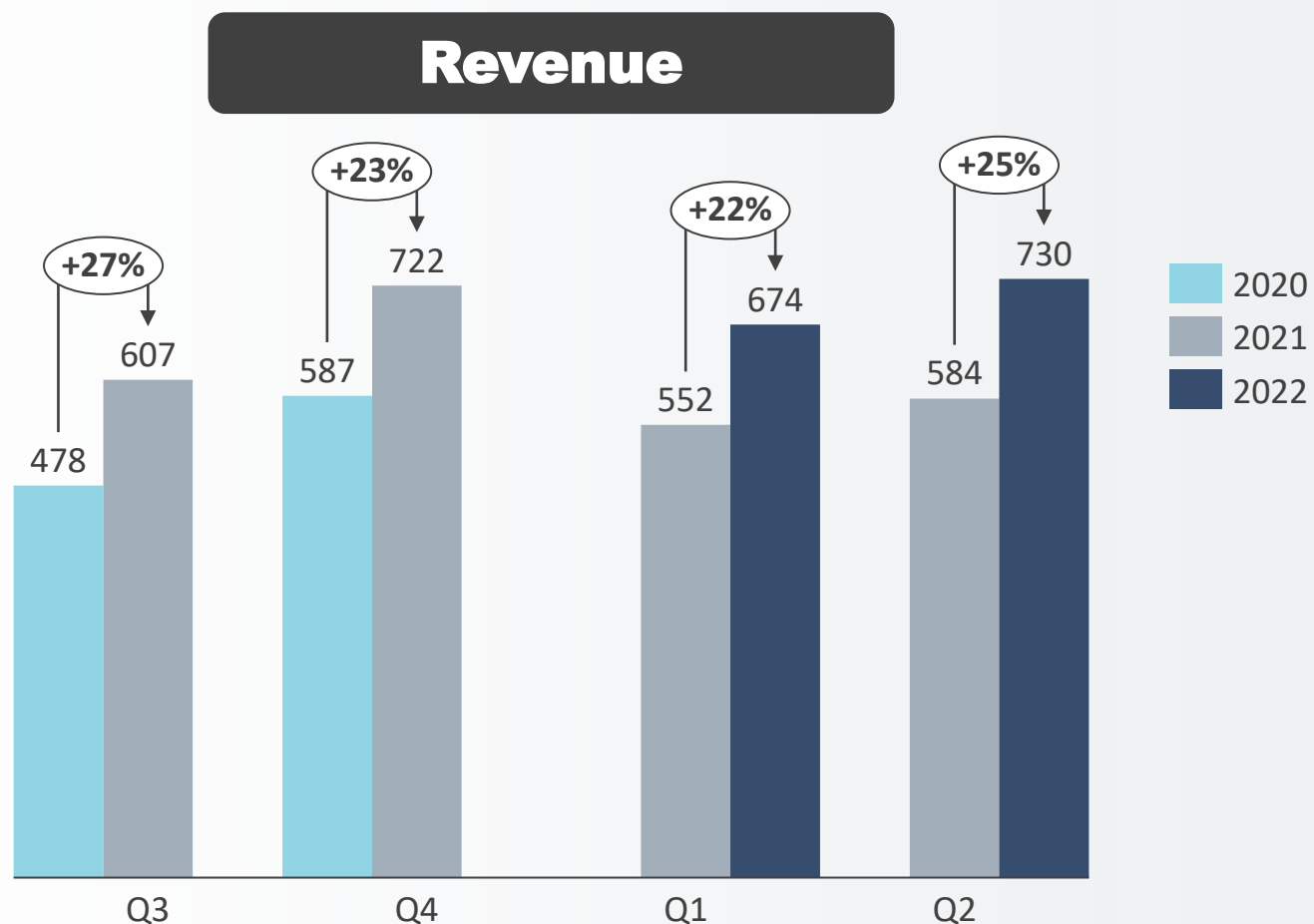
CA: Commercial Aerospace
 USS: Urban Solutions & Satcom
 DPS: Defence & Public Security, and
 Others

Group Highlights

1H2022 revenue growth from all segments



Recovery in Commercial Aerospace business



- **25% y-o-y growth in 2Q2022**
 - Opening of borders
 - Strong PTF demand
 - Healthy orders for nacelles
 - Gradual but not yet full recovery in MRO
- **A320/A321PTF and A330PTF**
 - Booked through 2025 and 2026 respectively
- **Secured \$2.1b of new contracts in 1H2022**

TransCore Updates

A) Key contract wins

>\$170 million Tolling projects (services & system upgrades) and RFID tag sales such as in Florida, West Virginia and Dubai

B) Update on integration

- Integration activities proceeding well
- First year cashflow positive expected

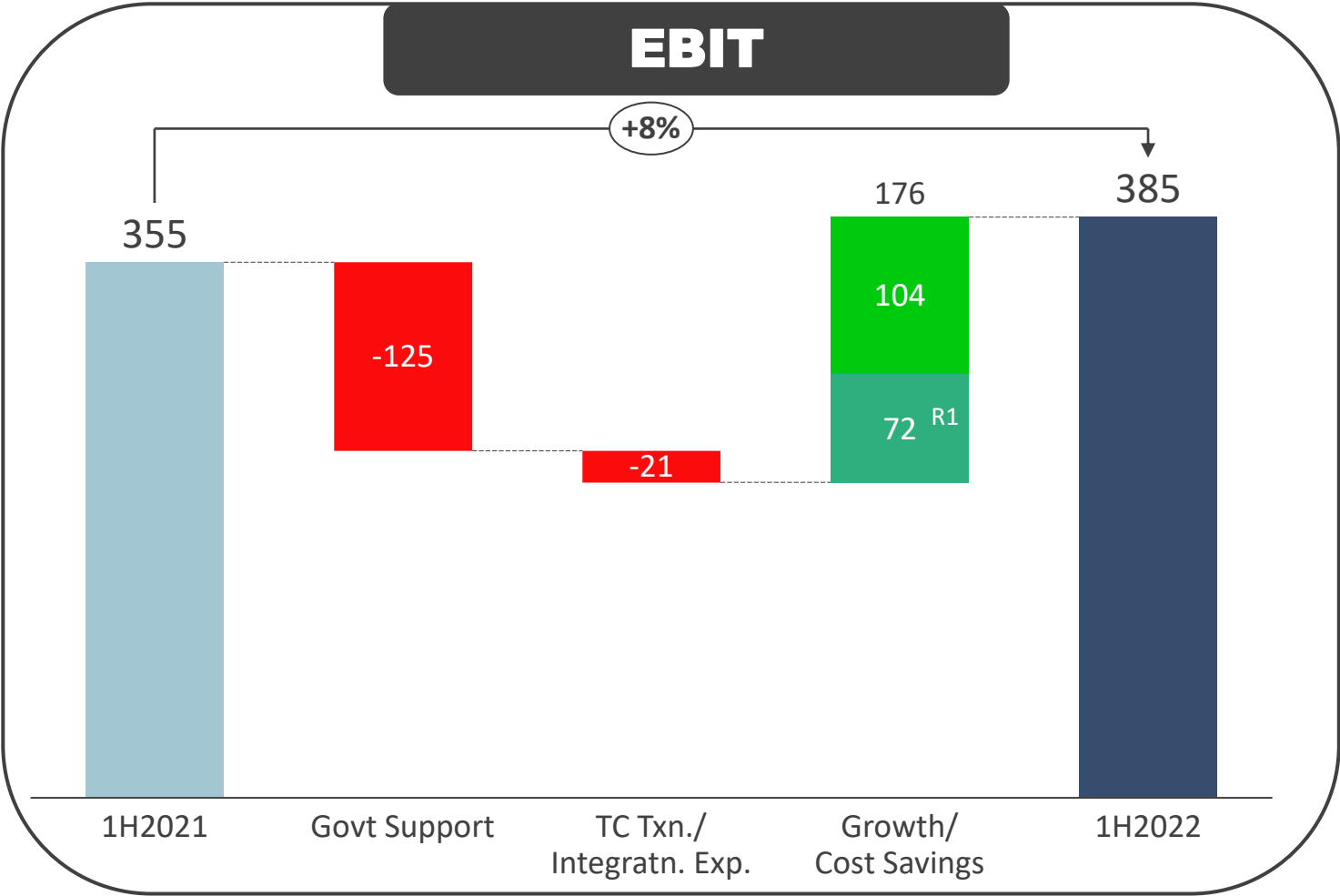
C) Update on Key Project

New York Congestion Pricing Project

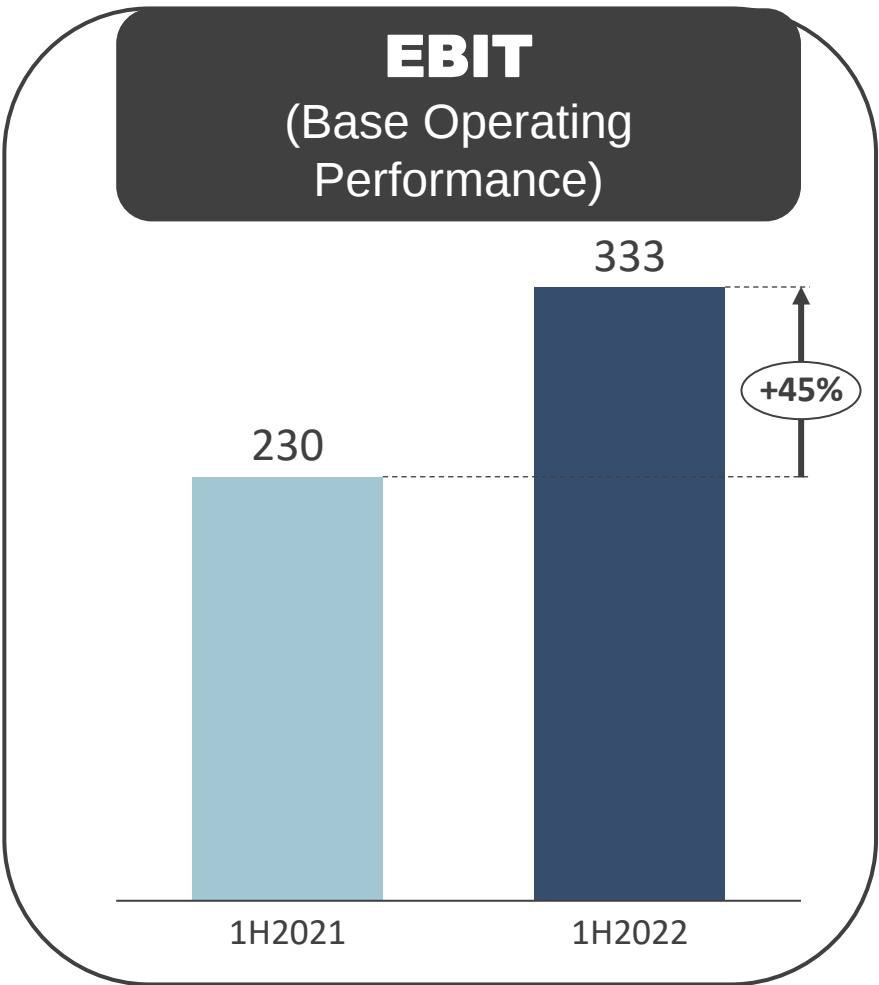
Expect to resume by Dec 2022, pending outcome of the Environmental Assessment



EBIT: Growth & cost savings more than offset \$125m drop in government support

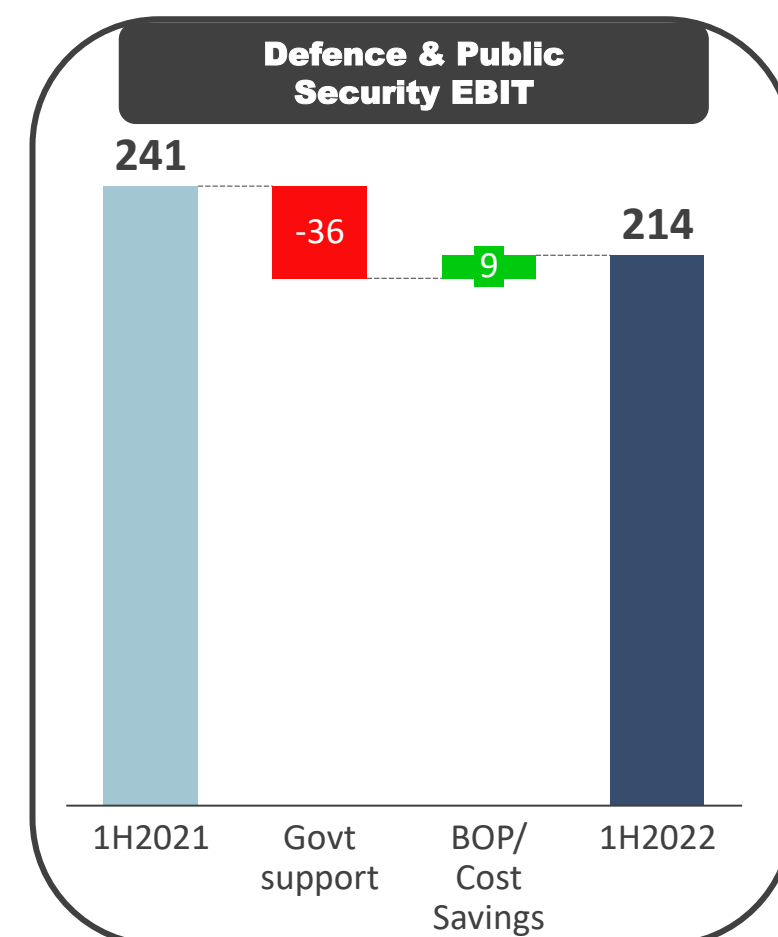
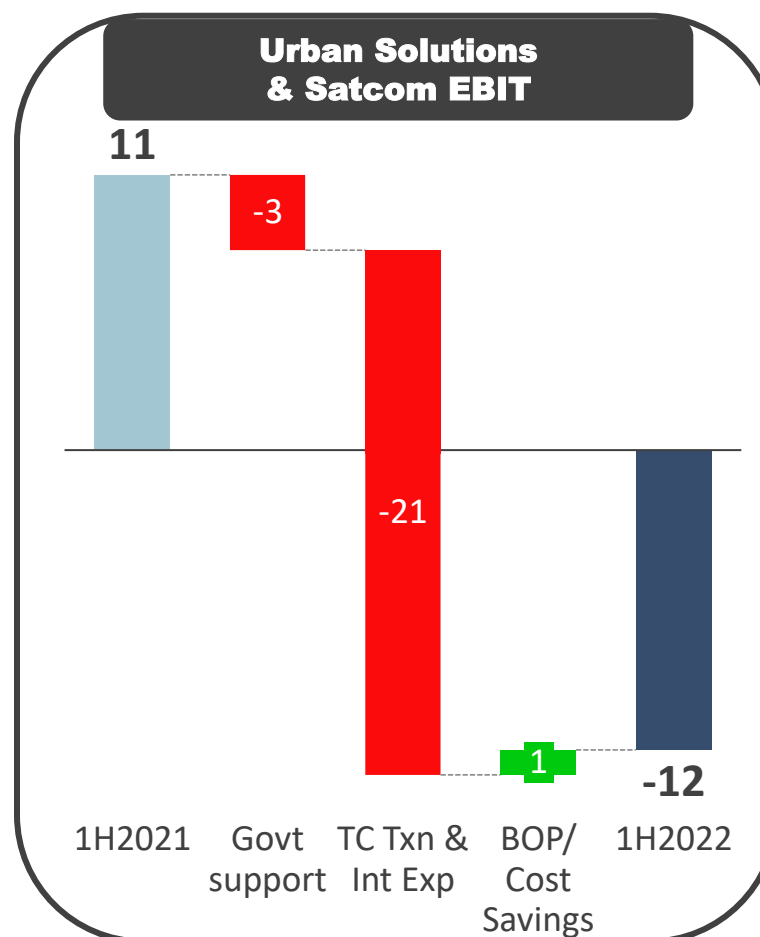
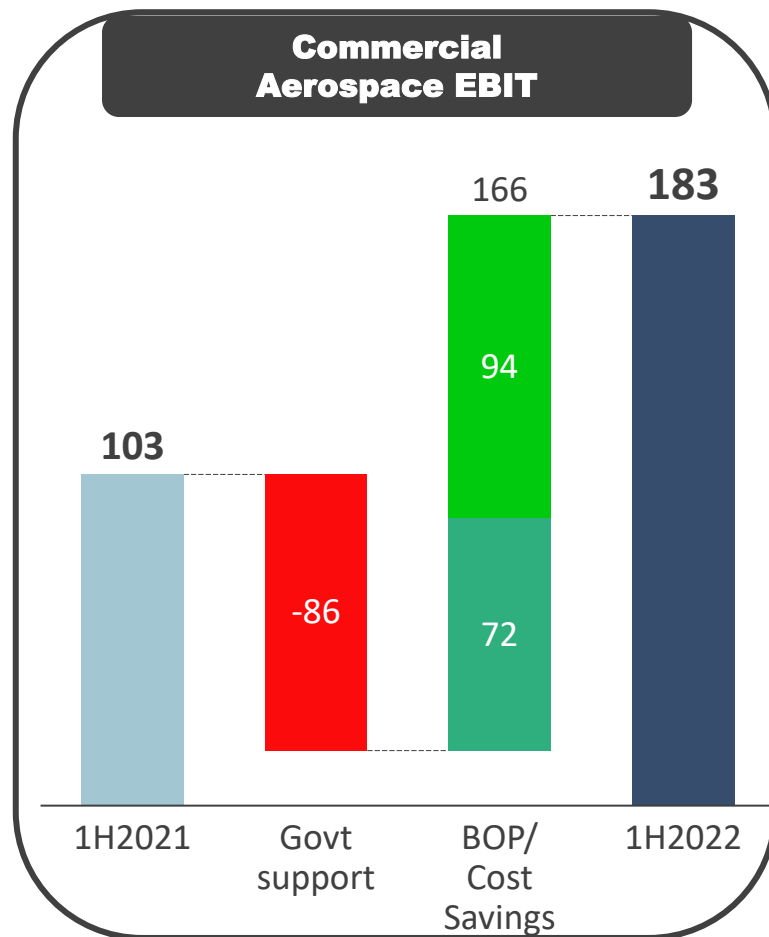


EBIT (BOP)^{R2} grew by 45%



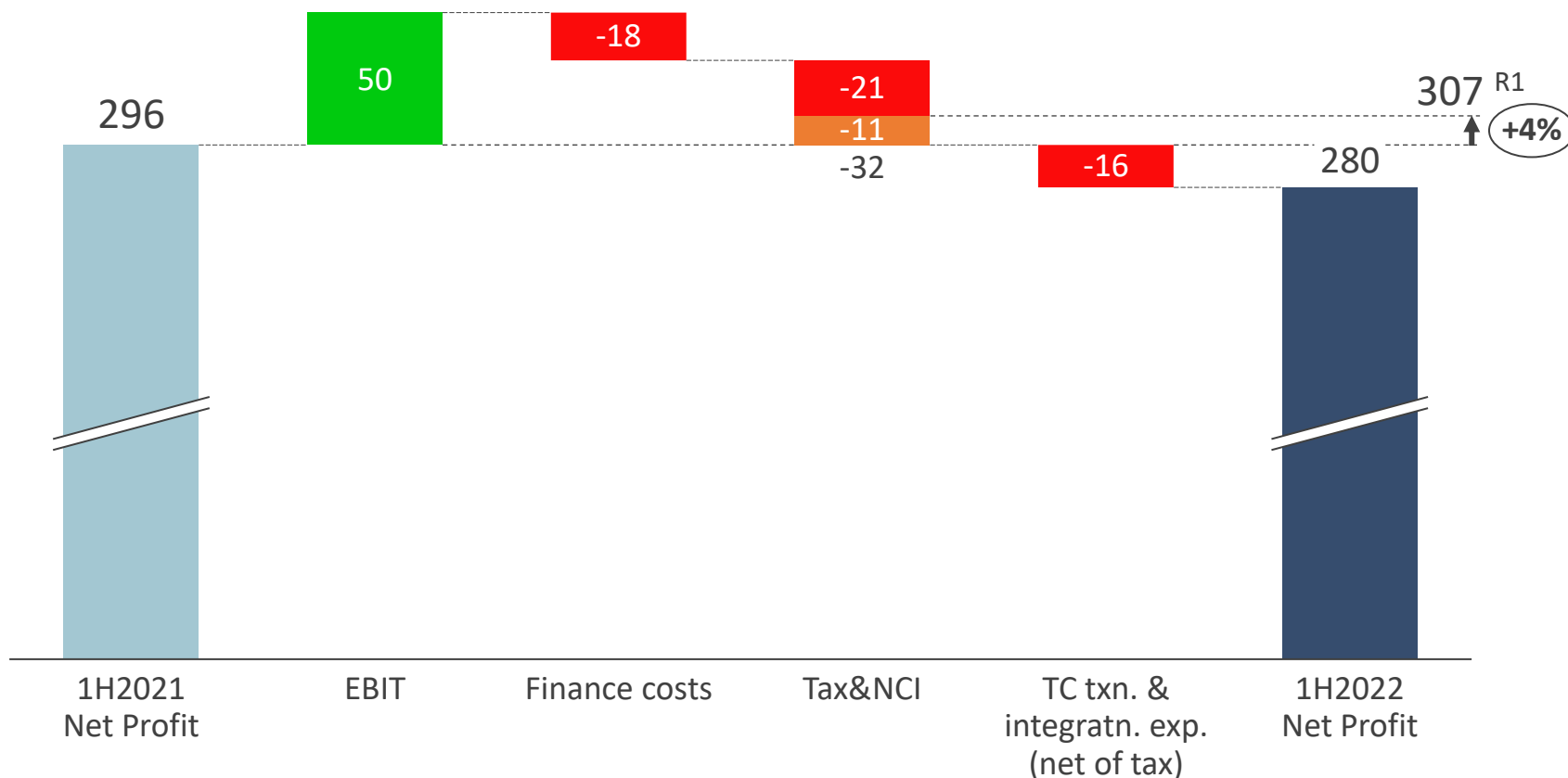
Notes:
R1 One-off pension restructuring effect
R2 Excluding COVID-19 related government support (1H2022: \$0.5m;1H2021:\$125m), one-off pension restructuring effect, and TransCore transaction & integration expenses.

All segments saw increase in EBIT (BOP)



Note: BOP refers to base operating performance, excluding government support and TransCore (TC) transaction and integration expenses, and one-off pension restructuring effect as applicable.

Net Profit: Net Profit would be 4% higher y-o-y at \$307m, excl. TransCore transaction & integration expenses and tax-exempt effect of JSS



\$3.1b worth of new contracts secured in 2Q2022

	2Q2022	Highlights
Commercial Aerospace	\$1.2b	- A330P2F and A321P2F orders - Airframe heavy maintenance agreement with United Airlines - Five-year engine maintenance offload agreement with Safran - Component MBH™ extension contracts from various airlines
Urban Solutions & Satcom	\$0.4b	- Rail electronics contracts for metro lines in Singapore, Taiwan, the Middle East, and our first Integrated Traffic Management Platform contract in Thailand - Tolling projects (services & system upgrades) and RFID tag sales such as in Florida, West Virginia and Dubai - Smart lighting control solutions in Brazil and New Zealand, and integrated smart security management solutions for customers in Singapore. - Satcom ground infrastructure solutions in the broadband, enterprise, maritime, government & defence segments
Defence & Public Security	\$1.4b	- Digital solutions and services in Cloud, Data Centre and Training & Simulation - AI-enabled Mission Critical Command and Control systems (including cybersecurity products and services) - Road construction vehicles orders in the U.S.
Total	\$3.1b	

Notable contract wins in 2Q2022



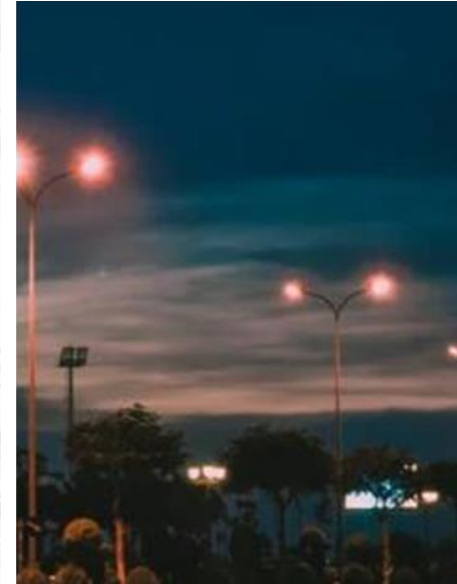
Freighter conversion orders from various operators



Engine MRO offload and component MBH™ contracts



Tolling projects and RFID tag sales in the U.S. and Dubai



Smart street lighting control systems in two more cities in Brazil

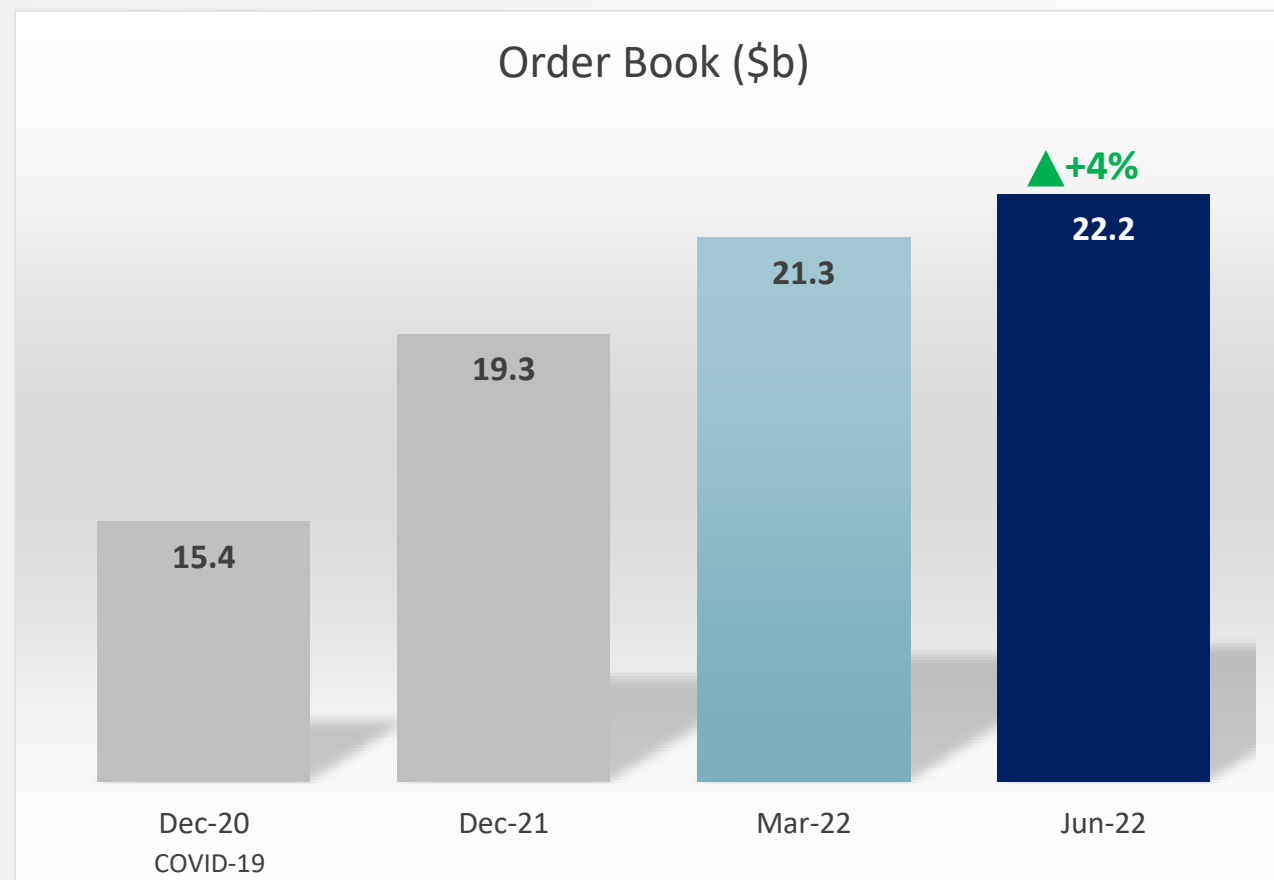


Data centre co-location and managed services

Group Order Book

Order Book: Remains Robust

- \$22.2b as at 30 Jun 2022
- \$4.6b expected to be delivered in the remaining months of 2022



Balance Sheet

\$m	30 Jun 2022	31 Dec 2021
Property, plant & equipment	2,027	1,794
Right-of-use assets	535	559
Intangible assets	5,455	1,993
Other non-current assets	892	814
Current assets	5,705	5,356
Total assets	14,614	10,516
Current liabilities	7,523	4,680
Non-current liabilities	4,519	3,168
Total liabilities	12,043	7,847
Share capital and reserves	2,339	2,413
Non-controlling interests	233	255
Total equity and liabilities	14,614	10,516

Statement of Cash Flows

\$m	1H2022	1H2021
Net cash from/(used in):		
Operating activities	321	426
Investing activities	(4,126)	(146)
Financing activities	3,525	(429)
Net decrease in CCE*	(281)	(150)
CCE at beginning of the period	816	729
Exchange difference	(2)	3
CCE at end of the period	533	583

* CCE –Cash & Cash Equivalents

Group President & CEO's Message

“Despite a challenging operating environment in the first half of 2022, our businesses continued to demonstrate their underlying strengths and resilience. Year-on-year revenue growth and base business profitability, continued cost savings and productivity initiatives more than offset the substantial reduction of \$125 million in government support.

The TransCore acquisition, which was completed in March this year will accelerate the Group's Smart City growth. Contract win momentum remains strong, and our robust order book provides healthy revenue visibility for the next few years.”

Vincent Chong

Segment Highlights

Group Revenue

\$m	1H2022	1H2021	Change
Commercial Aerospace	1,404	1,136	+24%
Urban Solutions & Satcom	757	528	+43%
Defence & Public Security	2,108	1,987	+6%
Group	4,270	3,651	+17%

Segment Highlights

EBIT

\$m	1H2022	1H2021	Change
Commercial Aerospace	183	103	+78%
Urban Solutions & Satcom	(12)	11	NM
Defence & Public Security	214	241	-11%
Group	385	355	+8%

Commercial Aerospace

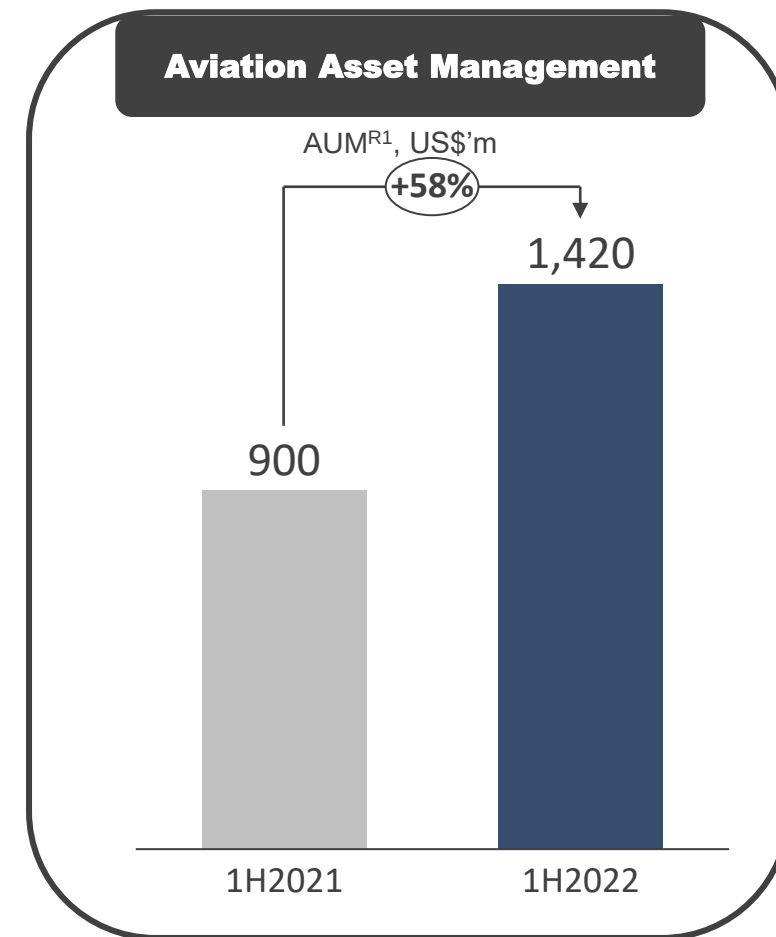
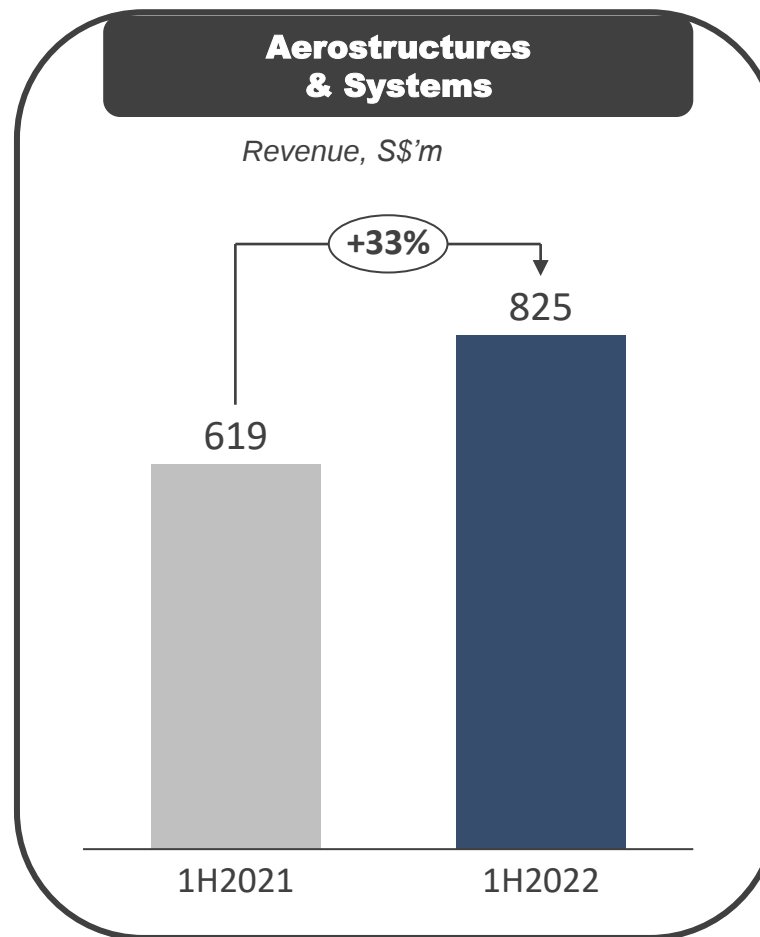
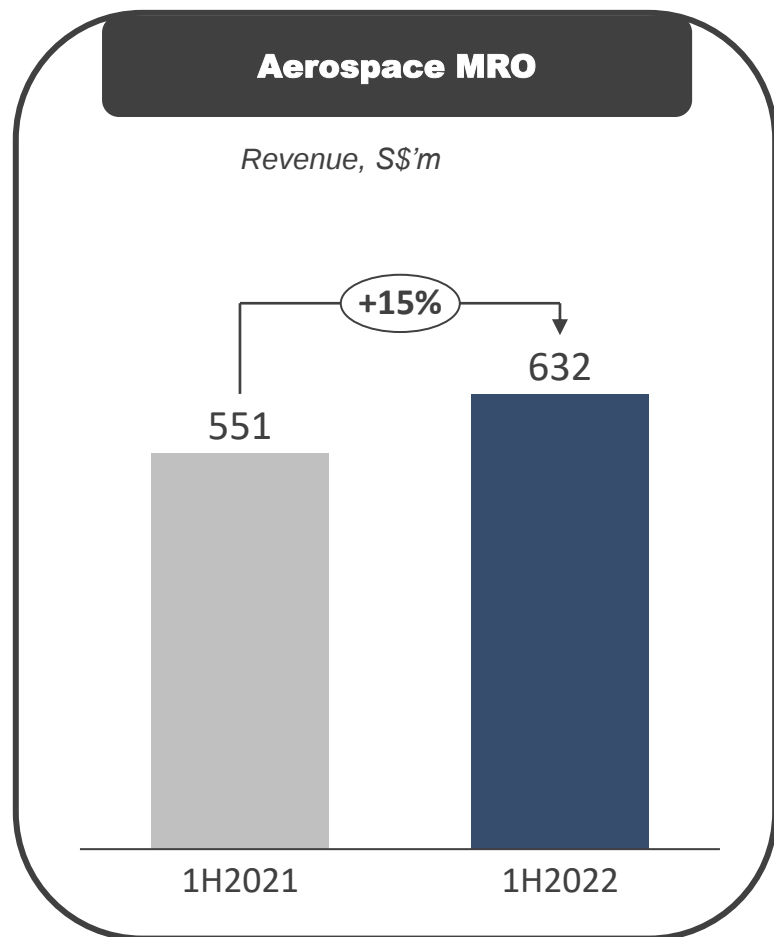
Segment Highlights

Commercial Aerospace

\$m	1H2022	1H2021	Change	Remarks
Revenue	1,404	1,136	▲24%	Higher revenue attributable to continued but not yet full business recovery
EBIT	183	103	▲78%	Business recovery and one-off pension restructuring effect more than offset reduction in government support of \$86m

Segment Highlights

Commercial Aerospace sub-segment highlights



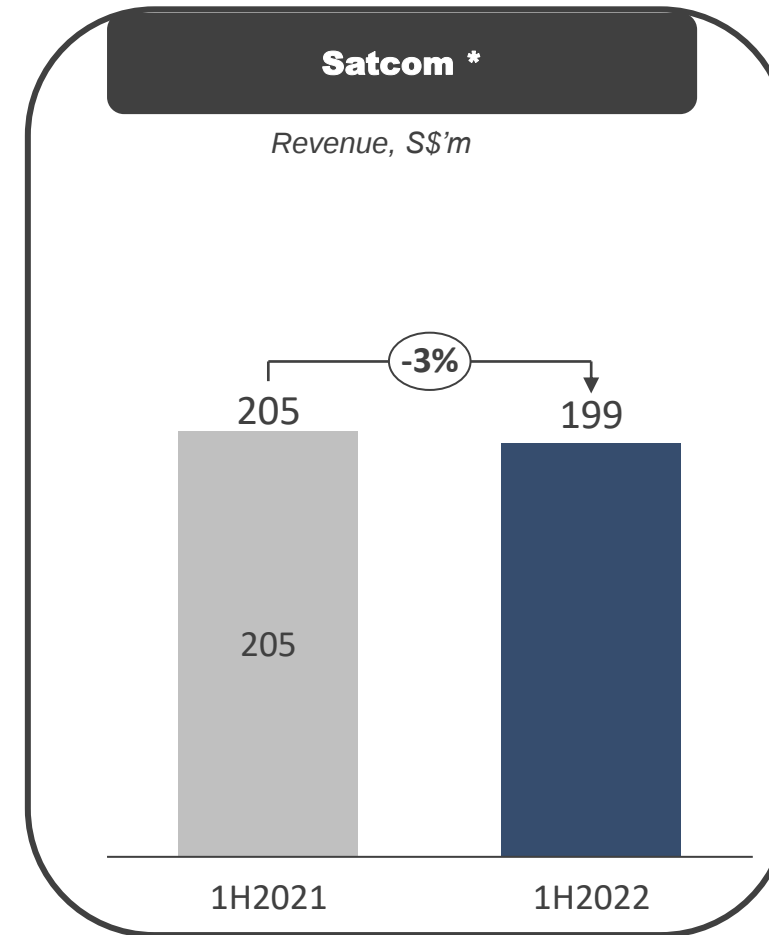
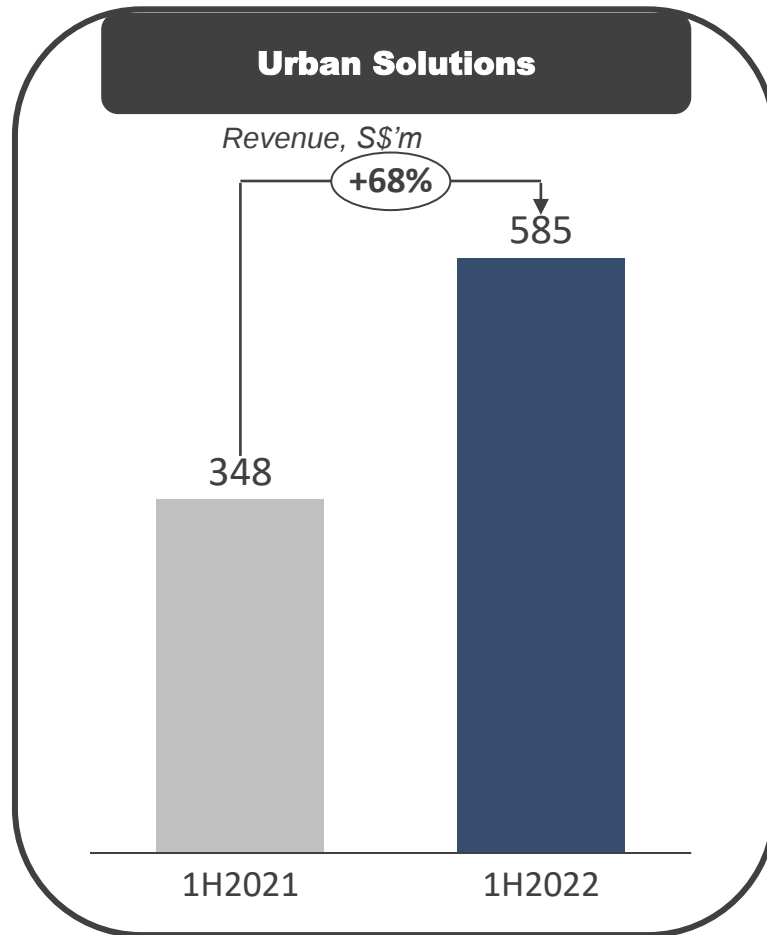
- ^{R1} AUM refers to Asset Under Management, including owned, partly owned and managed assets
- Revenue includes inter-segment and inter-subsegment sales

Urban Solutions & Satcom

Urban Solution & Satcom

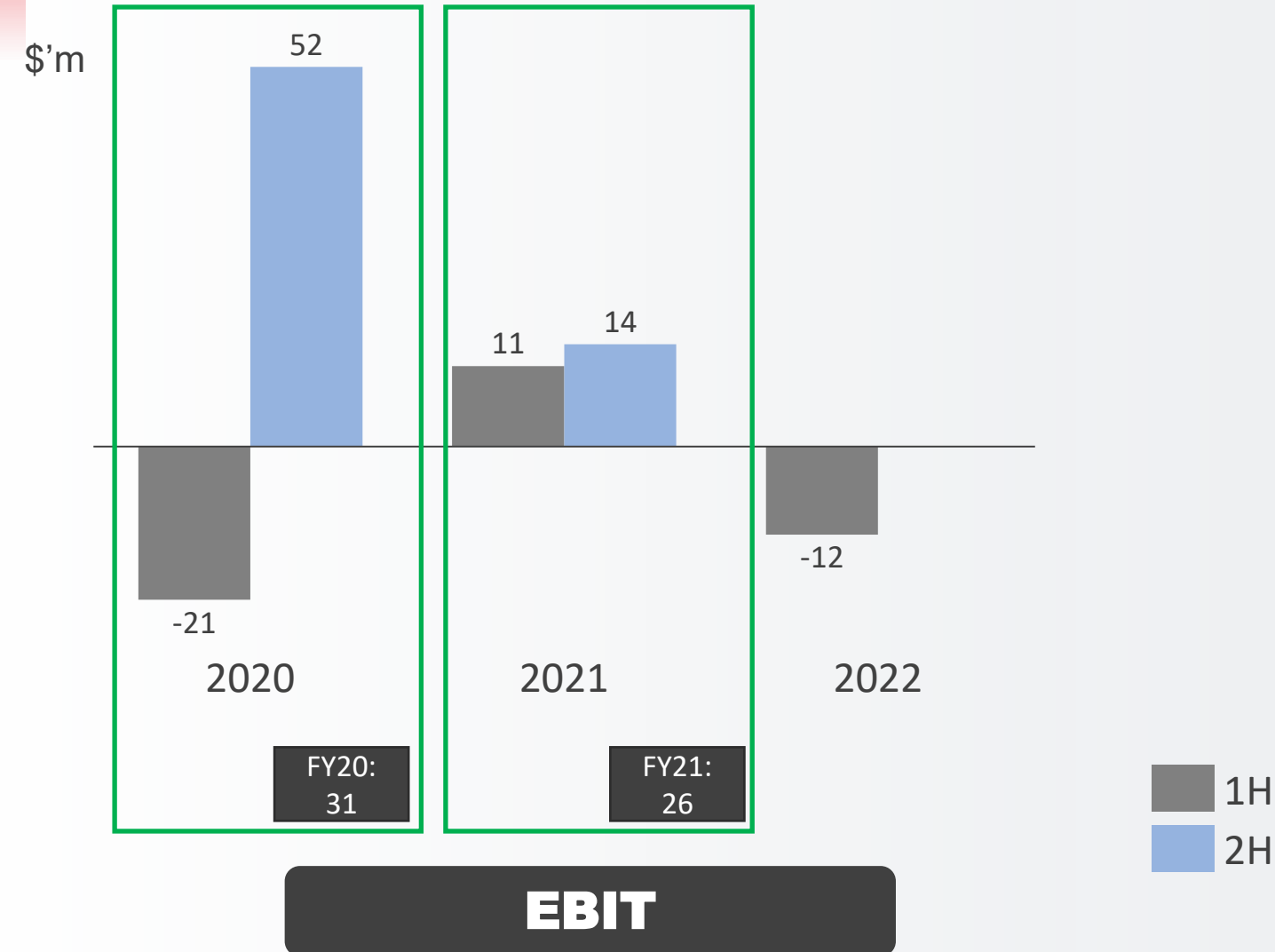
\$m	1H2022	1H2021	Change	Remarks
Revenue	757	528	▲ 43%	Higher revenue from Smart Mobility (including TransCore), offset by lower revenue from Satcom due to semiconductor chip shortages
EBIT	(12)	11	NM	Excluding TransCore transaction and integration expenses of \$21m and lower government support of \$3m, EBIT would be higher by \$1m. Satcom had weaker performance as a result of an exceptionally strong 1H2021 and semiconductor chip shortages

Urban Solutions & Satcom sub-segment highlights



Segment Highlights

USS – Satcom Seasonality



- **Satcom seasonality**
 - Weaker first half has been the norm in past years
 - Exceptionally strong 1H2021 vs 2H2021
 - Expect the trend of 'stronger 2H compared to 1H' going forward.

Defence & Public Security

Segment Highlights

Defence & Public Security

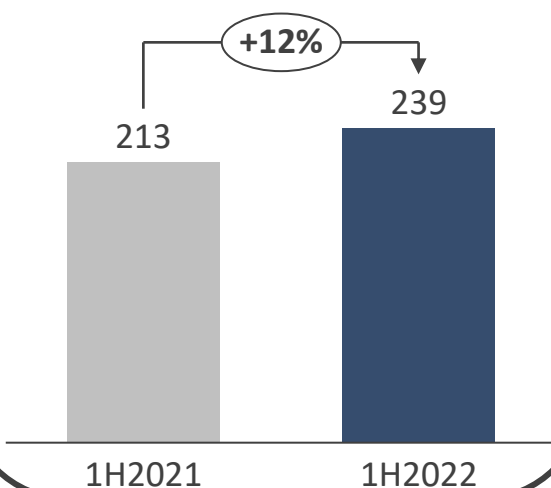
\$m	1H2022	1H2021	Change	Remarks
Revenue	2,108	1,987	▲ 6%	Higher revenue contributed by Digital Systems & Cyber, Land Systems and Defence Aerospace, partially offset by lower revenue from Marine.
EBIT	214	241	▼ 11%	Excluding government support of \$36m in prior year, EBIT would be 5% higher despite challenging conditions in the Marine business area, supply chain disruptions and higher energy costs.
EBIT, excl. govt. support	214	205	▲ 5%	

Segment Highlights

Defence & Public Security sub-segment highlights

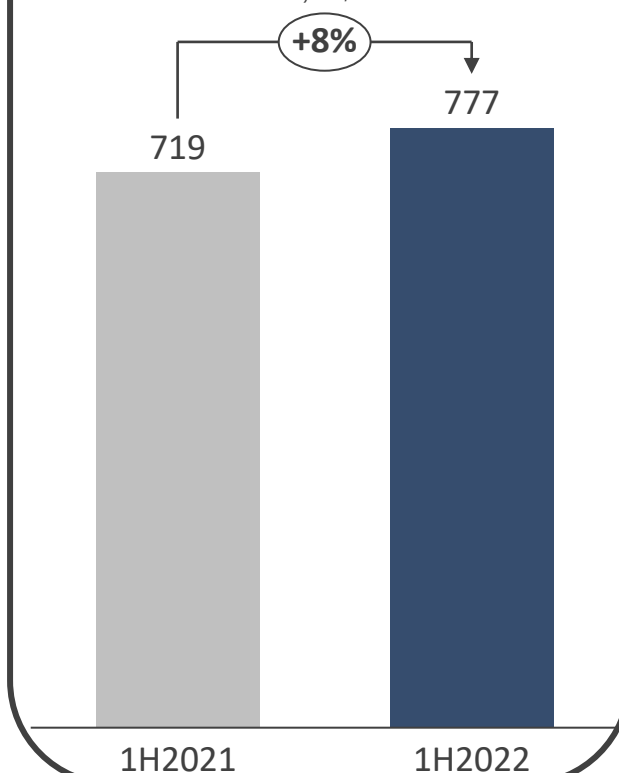
Defence Aerospace

Revenue, S\$'m



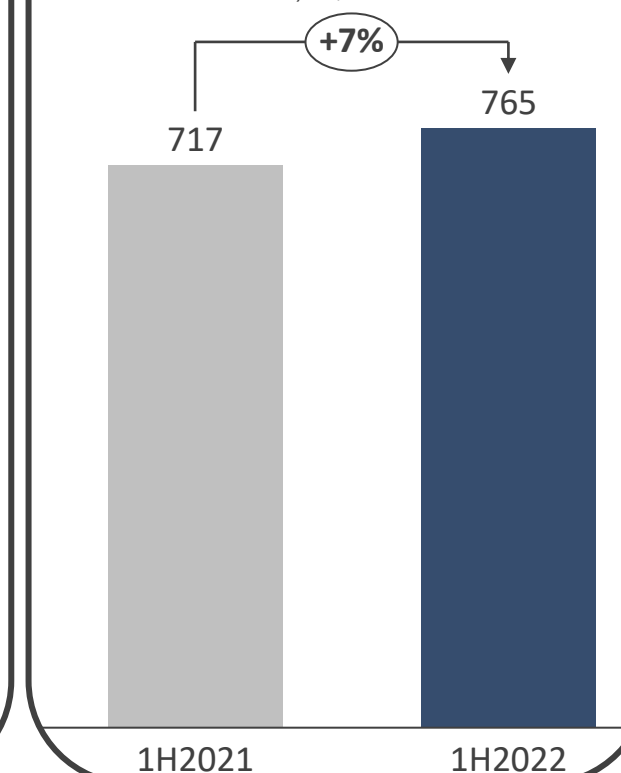
Digital Systems & Cyber

Revenue, S\$'m



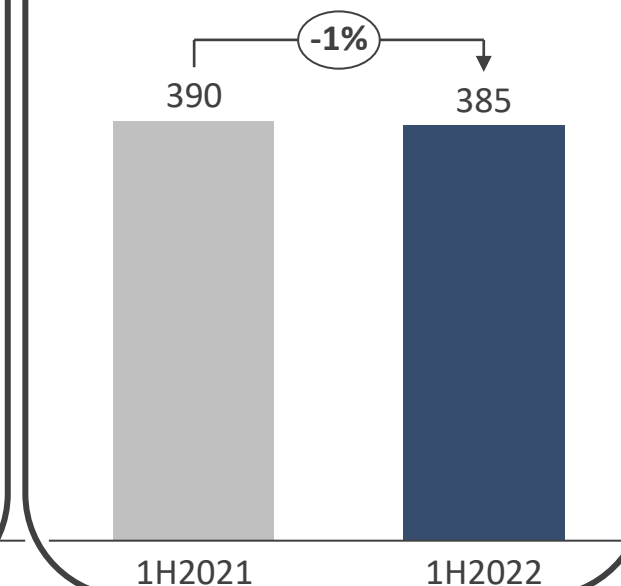
Land Systems

Revenue, S\$'m



Marine

Revenue, S\$'m



Thank you