

First-Half 2024 Results

14 August 2024

Disclaimer

The forward-looking statements in this presentation reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events as at the date of this presentation. 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. Some examples of these risk factors include disruption to global supply chains, general economic conditions, interest rate trends, inflationary pressure, shifts in customer demand, regulatory changes and natural disasters which may negatively impact business activities of the ST Engineering Group.

No assurance can be given that future events will occur, or that assumptions are correct. 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

➤ 1H2024 Financial Highlights

- Group Highlights
- Business Discussions
 - Commercial Aerospace (CA)
 - Defence & Public Security (DPS)
 - Urban Solutions (URS) & Satcom (USS)
- Contract Wins and Order Book
- Debt Profile
- Dividends
- 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

Group Highlights

Group Highlights

1H2024 Strong Revenue and Profit Growth Y-o-Y (\$'m)

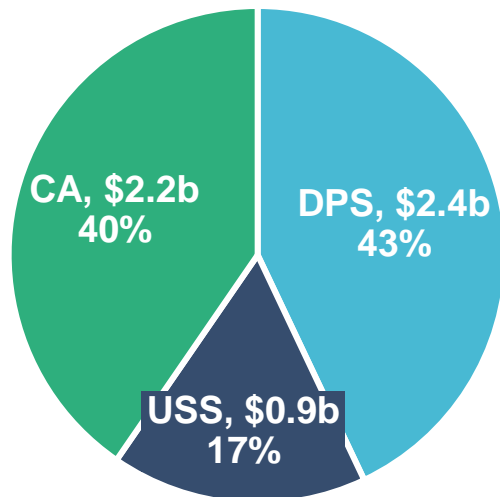
Revenue	EBIT	PBT	Net Profit
5,520	523	416	337
+14% y-o-y	+18% y-o-y	+19% y-o-y	+20% y-o-y

Group Highlights

Group 1H2024 Revenue Breakdown

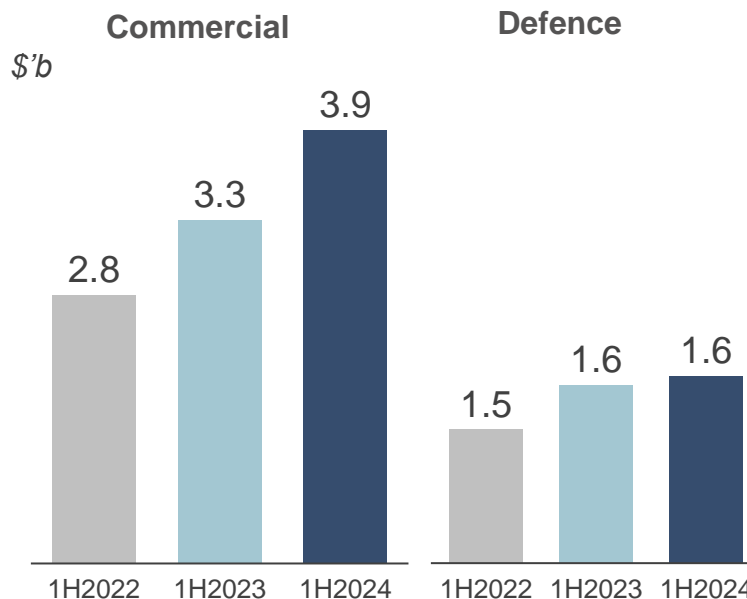
1H2024 Revenue by segment

\$5.5b

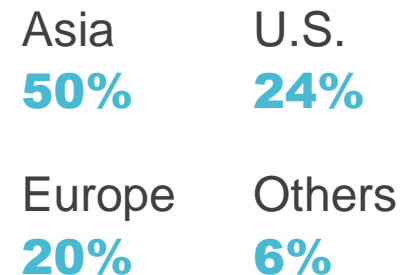


1H2024 Revenue by type

\$5.5b



1H2024 Revenue by location of customers

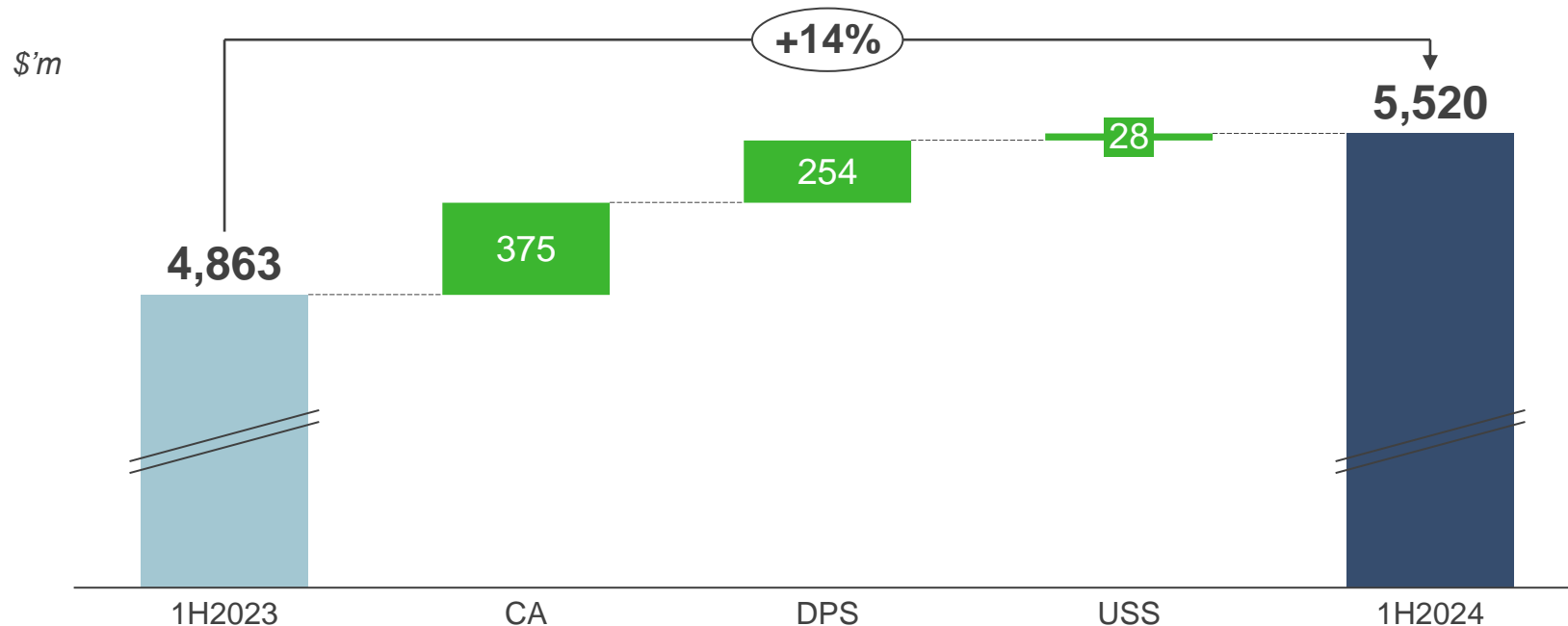


Note: DPS includes defence, public safety and security, critical information infrastructure and other commercial businesses, both local and international

Group Highlights

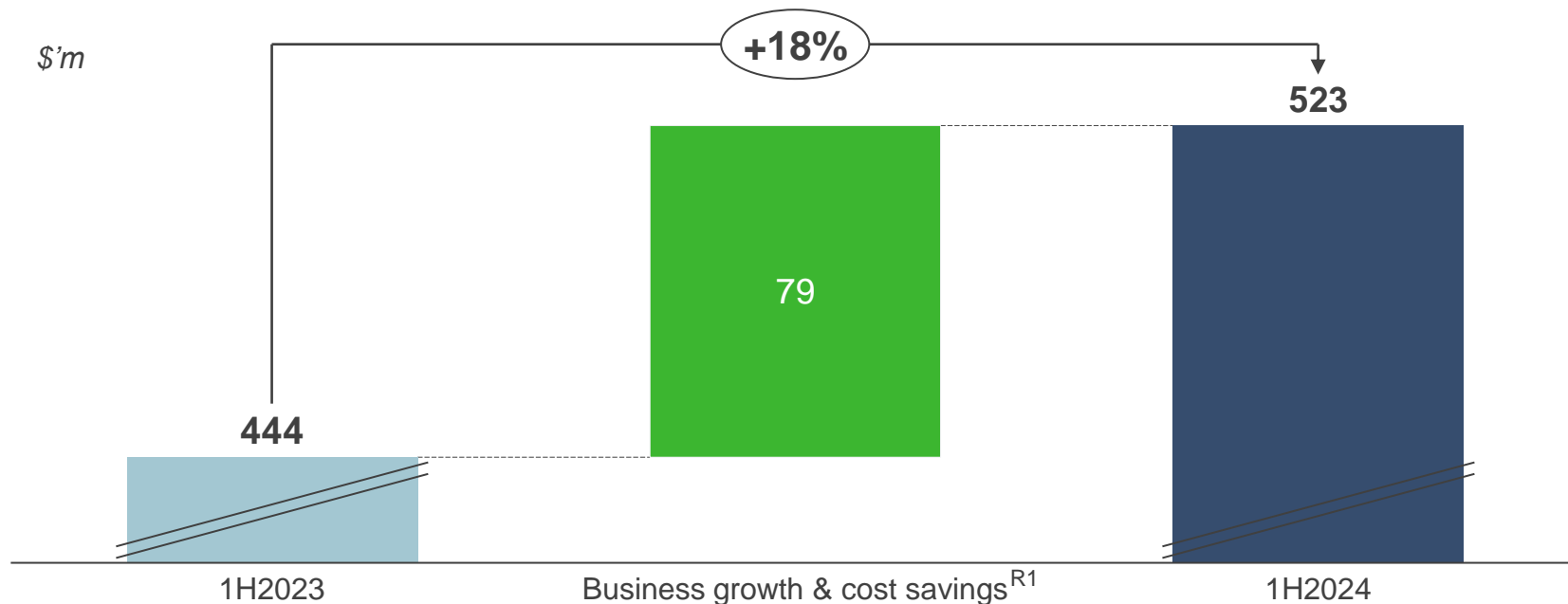
Group Revenue

□ Growth in all segments



1H2024 EBIT

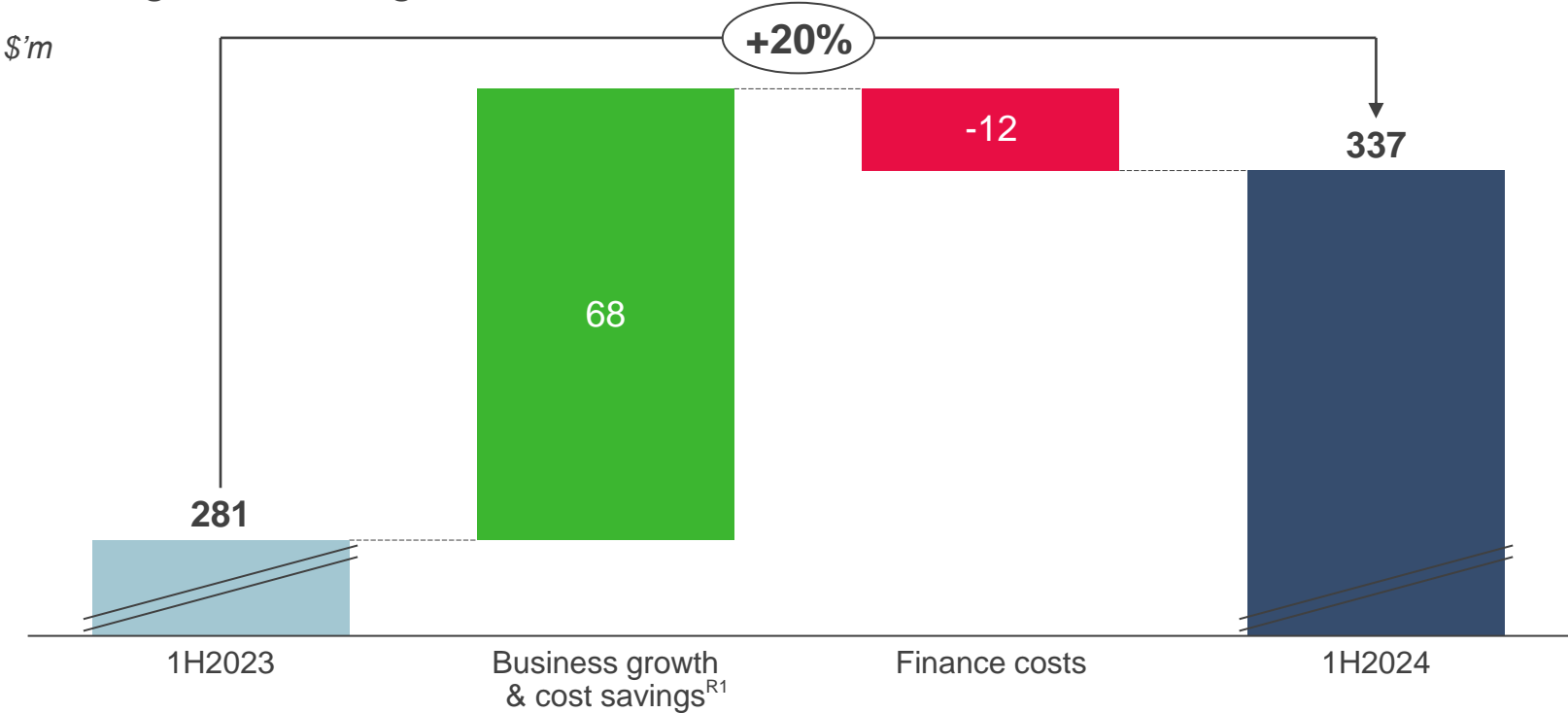
☐ Strong EBIT growth



^{R1} Includes \$26m Satcom one-off losses due to SatixFy divestment loss and severance costs recorded in 1H2023. Hence, on a Base Operating Performance (BOP) basis, 1H2024 EBIT increased by 11% y-o-y.

1H2024 Net Profit

Strong Net Profit growth

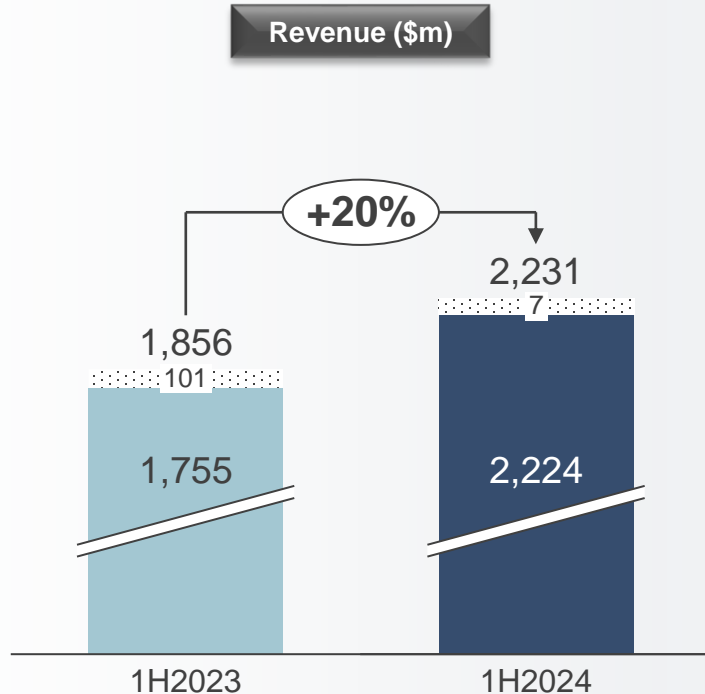


^{R1} Includes \$19m Satcom one-off losses due to SatixFy divestment loss and severance costs (after tax) recorded in 1H2023. Hence, on a BOP basis, 1H2024 Net Profit increased by 12% y-o-y.
Note: all factors stated net of tax

Business Discussions


Business Discussions

Commercial Aerospace



Note:

Excluding aircraft sale, revenue growth was 27% y-o-y.

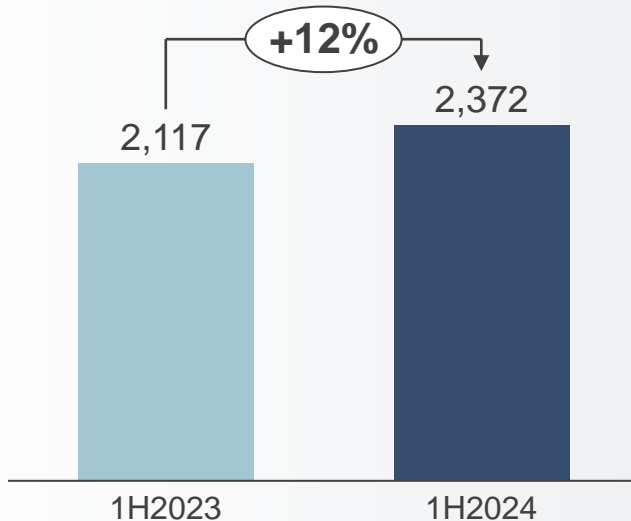
 Aircraft sale

- **20% y-o-y growth in 1H2024**
 - Strong growth for MRO and Aerostructures & Systems
- **\$2.1b of new contracts in 1H2024**
 - \$1.3b in 2Q2024

Business Discussions

Defence & Public Security

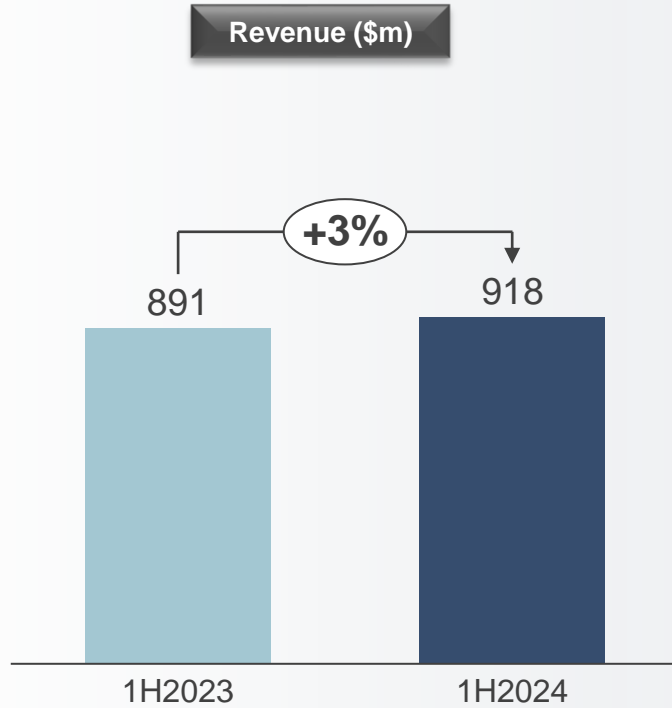
Revenue (\$m)



- **12% y-o-y revenue growth in 1H2024**
 - Growth for all sub-segments
- **\$2.6b of new contracts in 1H2024**
 - \$1.0b in 2Q2024
- **Good progress in international market development**
 - >\$500m contract wins in 1H2024

Business Discussions

Urban Solutions & Satcom

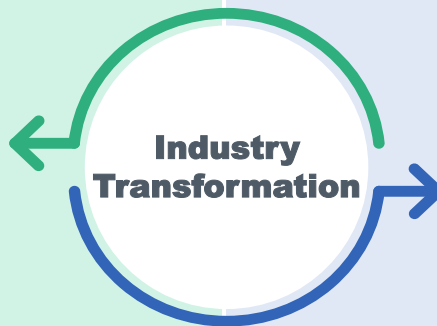


- **3% y-o-y growth in 1H2024**
 - Growth in URS offsets lower Satcom revenue
 - Pause in New York Congestion Pricing start date; no material impact on USS
- **\$1.4b of new contracts in 1H2024**
 - \$0.8b in 2Q2024

Satcom: Opportunities and Challenges

Opportunities

- Multi-orbit systems
- Growing demand for connectivity and end-to-end orchestration



Challenges

- Disruptions from LEO constellations and rise of vertically-integrated providers

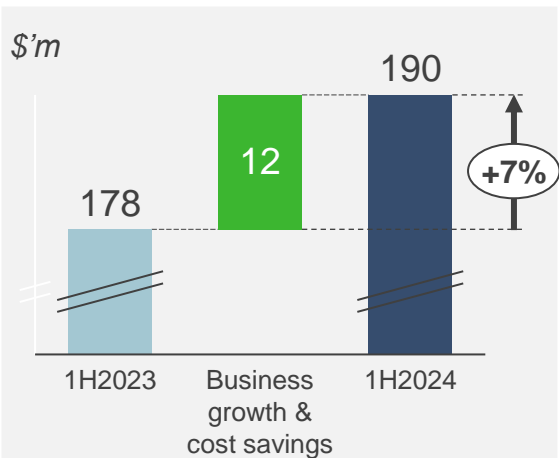
- **INTUITION** on track to deliver multi-orbit, cloud native and standards-based capabilities
- Changing industry landscape adds to execution risks in our transformation

Group Highlights

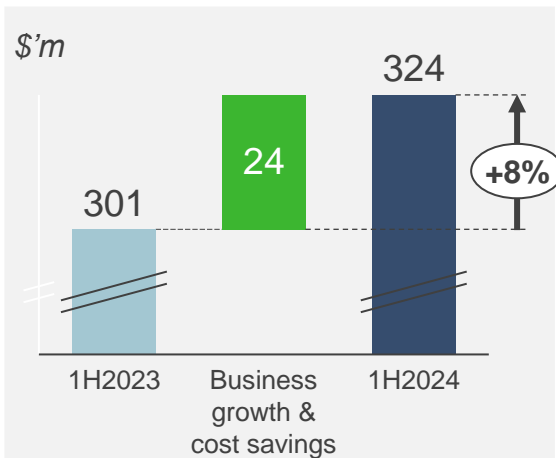
1H2024 EBIT by Segments

□ Better performance in all segments

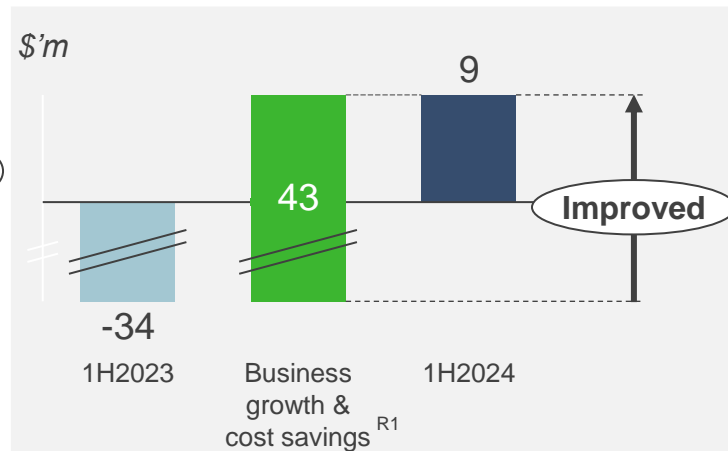
Commercial Aerospace



Defence & Public Security



Urban Solutions & Satcom



^{R1} Includes \$26m Satcom one-off losses (comprising SatixFy divestment loss and severance costs) recorded in 1H2023.

Order Book

New Contract Wins and Strong Order Book

Contract Wins

\$6.1b

New contracts for 1H2024
(1Q2024: \$3.0b; 2Q2024: \$3.1b)



**Commercial
Aerospace**

\$2.1b



**Defence &
Public Security**

\$2.6b



**Urban Solutions
& Satcom**

\$1.4b

Order Book

\$27.9b

as at 30 Jun 2024

\$4.9b

Expected to be delivered
for rest of the year

Contract Wins and Order Book

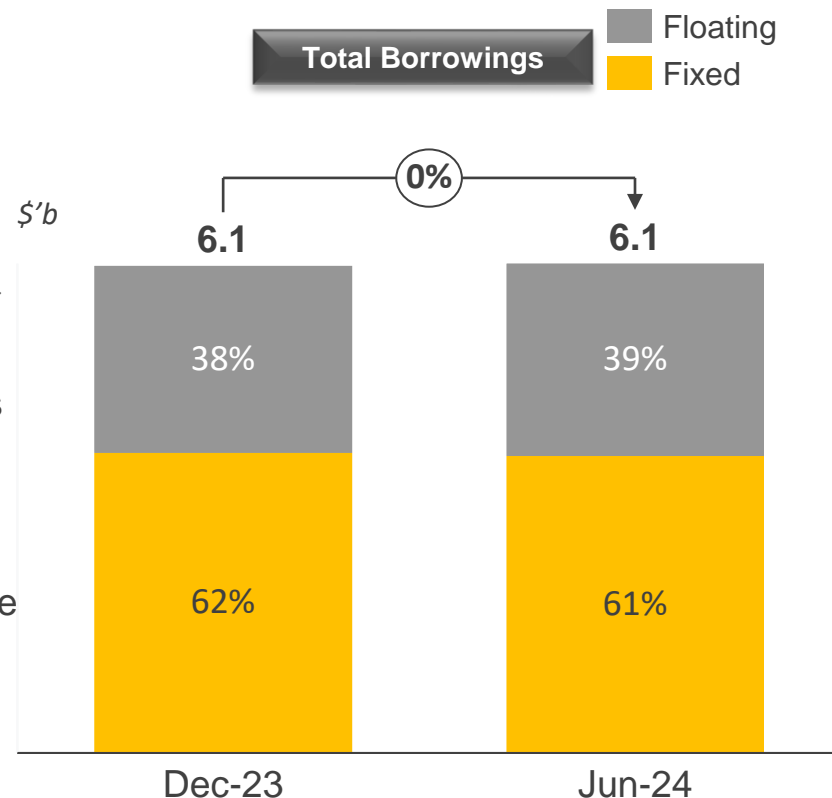
~\$3.1b New Contracts for 2Q2024

	2Q2024	Highlights
Commercial Aerospace	\$1,287m	<ul style="list-style-type: none"> Two-year CFM LEAP engine module repair offload agreement with Safran Aircraft Engines Three-year LEAP-1B quick-turn offload agreement extension with Safran Aircraft Engines A320 airframe heavy maintenance contract for an Asian airline
Defence & Public Security	\$958m	<ul style="list-style-type: none"> Digital solutions and services in Cloud, Data Centre and Training & Simulation AI-enabled Mission Critical Command and Control systems and Cybersecurity International orders for 40mm and 155mm ammunition, and Defence Electronics Ship repair for naval and commercial vessels
Urban Solutions & Satcom	\$808m	<ul style="list-style-type: none"> Contracts for Passenger Information System in Australia, rail digital radio system upgrade in Taiwan, and bus fleet maintenance management system in Singapore Multi-year contracts for electronic toll collection systems including with Delaware River Port Authority, O&M and RFID sales in the U.S. and Middle East, and an Intelligent Transportation System for Missouri Dept of Transportation Smart lighting project for a leading international airport in Southeast Asia and integrated smart security management solutions in Singapore Satcom ground infrastructure contracts for the aviation, enterprise, mobility and government segments in North and South America and Europe.
Total	\$3,053m	

Debt Profile

Balanced Debt Profile

- Total borrowings (~90% USD denominated) was flat at S\$6.1b, despite 3% stronger USD/SGD
- EBITDA increased 11% y-o-y to \$786m
 - applied towards capital expenditure for growth, debt & interest repayments and dividends
- Debt/LTM EBITDA leverage ratios improved from 4.2x as at 31 Dec 2023 to 4.0x as at 30 Jun 2024
- Balanced fixed-vs-floating interest rate ratio of 61%:39%
- FY2024 weighted average borrowing cost estimated to be 3.7% assuming no Fed rate cuts for the rest of 2024
- Strong credit rating of Aaa/stable by Moody's and AA+/stable by S&P



Dividends

Dividends

Consistent returns to Shareholders

✓ Together with 4.0 cents paid in June 2024, 8.0 cents declared from 1H2024 results

✓ **Payment date:** 5 September 2024

**2Q2024
Interim Dividend**

4.0 cents
per ordinary share

Outlook

Group President & CEO's Message



We posted strong revenue and profit growth in the first half of 2024. Despite continuing challenges in the operating environment, we see opportunities in aerospace, smart city, defence and public security industry domains. Given these opportunities, and supported by a robust order book, we remain confident in achieving long-term sustainable growth.”

Vincent Chong, Group President & CEO

Segment Highlights

Group Revenue

\$'m	1H2024	1H2023	Change
Commercial Aerospace	2,231	1,856	▲ 20%
Defence & Public Security	2,372	2,117	▲ 12%
Urban Solutions & Satcom	918	891	▲ 3%
Group	5,520	4,863	▲ 14%

Segment Highlights

Group EBIT

\$'m	1H2024	1H2023	Change
Commercial Aerospace	190	178	▲ 7%
Defence & Public Security	324	301	▲ 8%
Urban Solutions & Satcom	9	(34)	NM
Group	523	444	▲ 18%

Commercial Aerospace

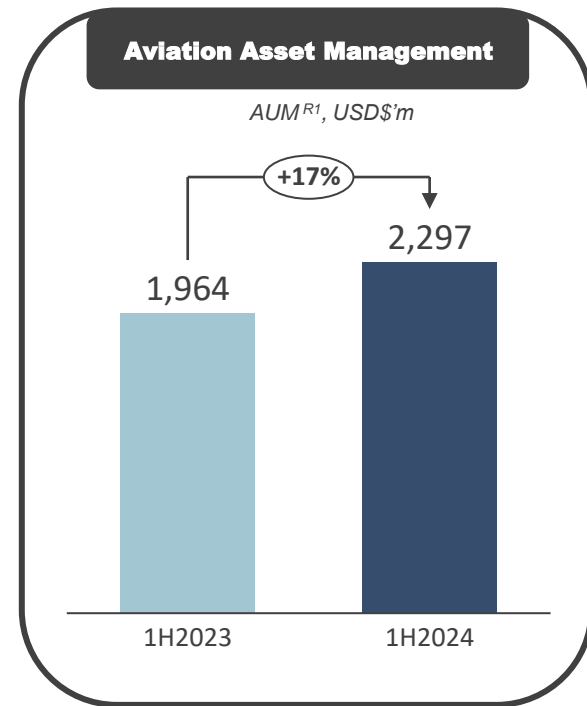
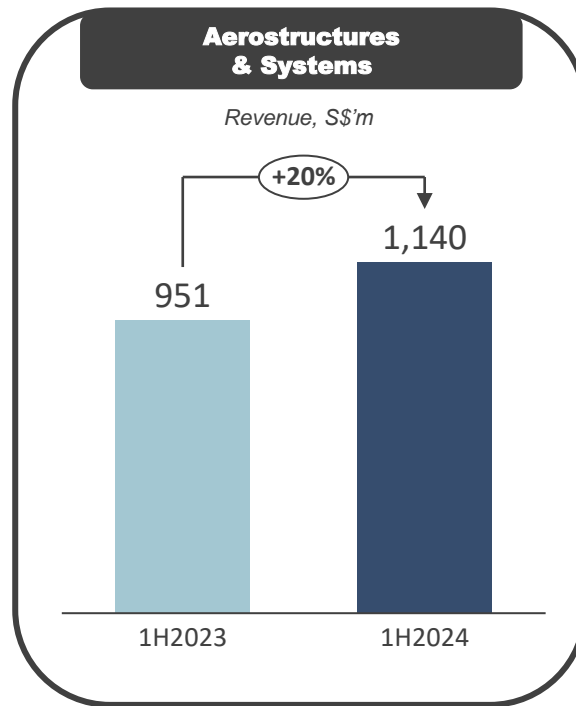
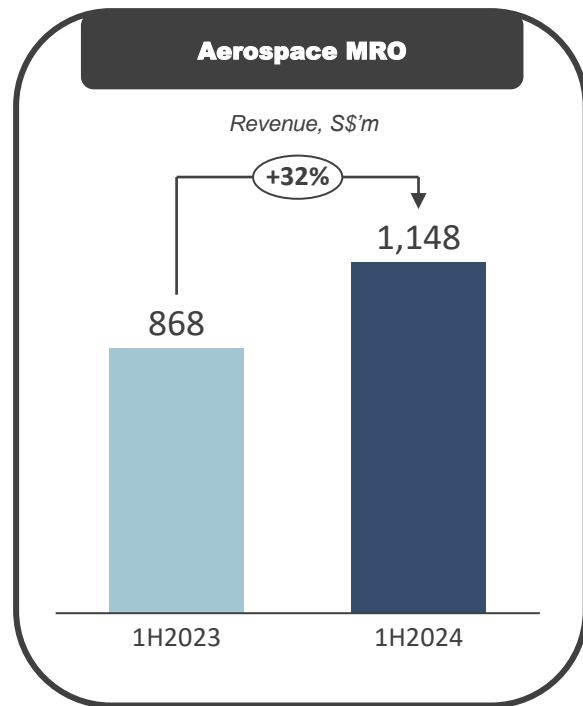
Segment Highlights

Commercial Aerospace

\$'m	1H2024	1H2023	Change	Remarks
Revenue	2,231	1,856	▲ 20%	Strong growth in Aerospace MRO and Aerostructures & Systems
EBIT	190	178	▲ 7%	Contribution from higher revenue, partially offset by lower contribution from significantly lower aircraft sales, project timing and sales mix

Segment Highlights

Commercial Aerospace Sub-segment Highlights



^{R1} AUM: Asset Under Management, including owned, partly owned and managed assets

Note:

Revenue includes inter-segment and inter-subsegment sales

Defence & Public Security

Segment Highlights

Defence & Public Security

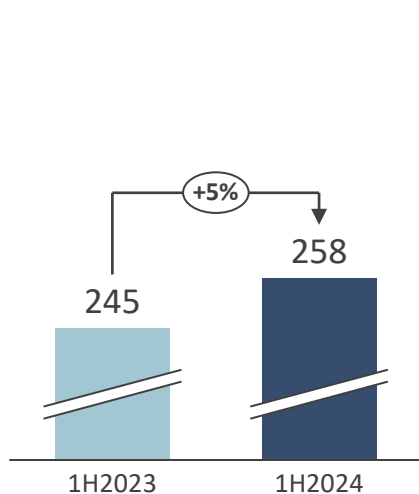
\$m	1H2024	1H2023	Change	Remarks
Revenue	2,372	2,117	▲ 12%	Revenue growth contributed by all subsegments
EBIT	324	301	▲ 8%	Contribution from higher revenue

Segment Highlights

Defence & Public Security Sub-segment Highlights

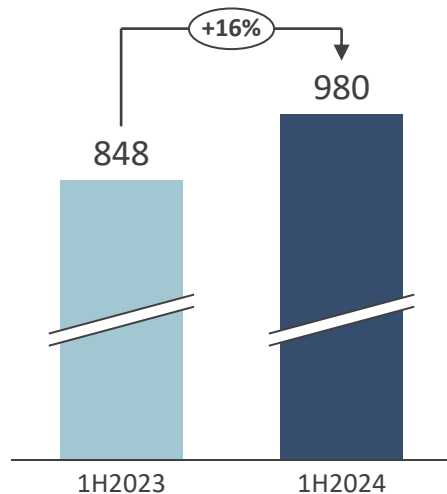
Defence Aerospace

Revenue, S\$m



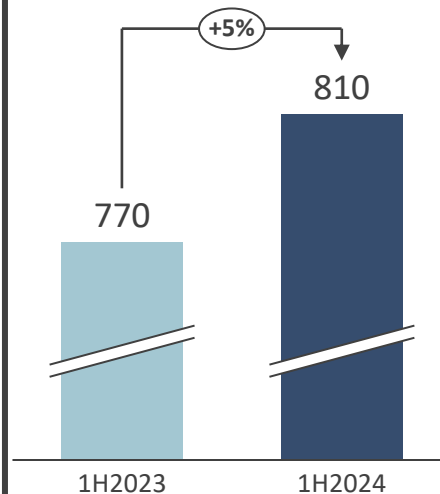
Digital Systems & Cyber

Revenue, S\$m



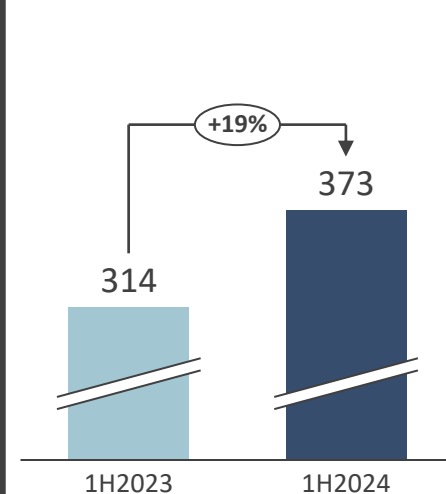
Land Systems

Revenue, S\$m



Marine

Revenue, S\$m



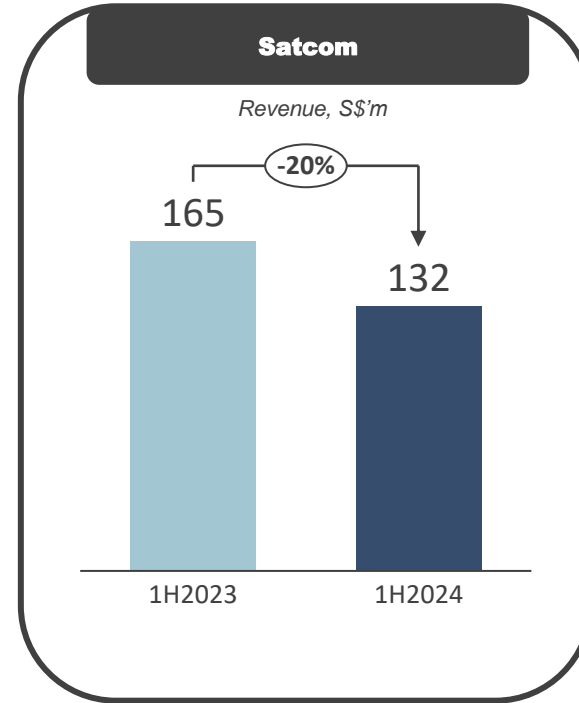
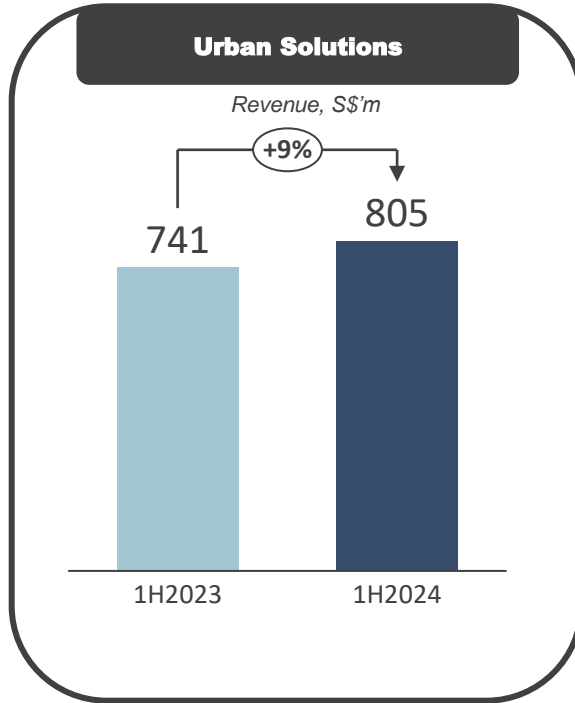
Urban Solutions & Satcom

Urban Solutions & Satcom

\$m	1H2024	1H2023	Change	Remarks
Revenue	918	891	▲ 3%	Higher revenue from Urban Solutions, with contribution from TransCore, partially offset by lower revenue from Satcom
EBIT	9	(34)	NM	<p>Strong Urban Solutions EBIT performance and absence of one-off SatixFy divestment loss</p> <p>Satcom operating EBIT flat, despite lower revenue, due to cost management</p>

Segment Highlights

Urban Solutions & Satcom Sub-segment Highlights



Note:
Revenue include inter-segment and inter-subsegment sales

Appendix

Balance Sheet

\$'m	30 Jun 2024	31 Dec 2023
Property, plant & equipment	2,067	2,076
Right-of-use assets	626	651
Intangible assets	5,064	4,958
Other non-current assets	1,199	1,064
Current assets	6,924	6,630
Total assets	15,880	15,379
Current liabilities	8,224	7,322
Non-current liabilities	4,803	5,304
Total liabilities	13,026	12,627
Share capital and reserves	2,566	2,459
Non-controlling interests	288	293
Total equity and liabilities	15,880	15,379

Note:

The Group's current liabilities, as at 30 June 2024, increased as compared to 31 December 2023 because a US\$750m tranche of medium-term note (MTN) was re-classified from long-term liabilities to current liabilities. This MTN will mature in April 2025 and the Group will be refinancing it through a combination of internally generated funds and the issuance of a new tranche of MTN.

Notwithstanding the Group's net current liabilities position of \$1,299 million as at 30 June 2024, it has available financial resources to meet its obligations as and when they fall due. To ensure that the Group is not exposed to short-term liquidity risk, its outstanding United States Commercial Papers (USCP) of \$2.1 billion are backstopped by a committed revolving credit facility (RCF) of \$2.3 billion. The RCF remained undrawn as at 30 June 2024 and was more than enough to refinance all the outstanding USCP, if needed, and to cover the Group's net current liabilities position. The Group has very strong credit ratings (Aaa by Moody's and AA+ by S&P) which provide it ready access to refinancing of existing borrowings or additional borrowings as necessary. The Group's MTN, USCP and committed credit facilities do not have any financial covenants.

Statement of Cash Flows

\$'m	1H2024	1H2023
Net cash from/(used in)		
Operating activities	809	857
Investing activities	(196)	(252)
Financing activities	(537)	(814)
Net change in CCE*	76	(209)
CCE at beginning of the period	353	602
Exchange difference	1	(6)
CCE at the end of the period	430	387

* CCE –Cash & Cash Equivalents

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