ST Engineering

Financial Year 2024 Results

27 February 2025

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 industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, inflationary pressure, shifts in customer demand, governmental and public policy 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

ST Engineering

➢ FY 2024 Financial Highlights

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

ST Engineering

- Group Revenue, EBITDA, EBIT, PBT, Net Profit at new levels

$'m

2H2024

Revenue	5,755	*+10% y-o-y*
EBITDA	828	*+11% y-o-y*
EBIT	554	*+18% y-o-y*
PBT	446	*+26% y-o-y*
Net Profit	366	*+20% y-o-y*

FY2024

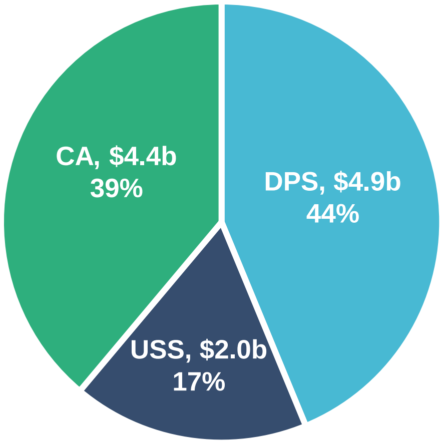
Revenue	11,276	*+12% y-o-y*
EBITDA	1,614	*+11% y-o-y*
EBIT	1,076	*+18% y-o-y*
PBT	863	*+23% y-o-y*
Net Profit	702	*+20% y-o-y*

Order book as at 31 Dec 2024: **$28.5b**;
about **$8.8b** to be delivered in 2025

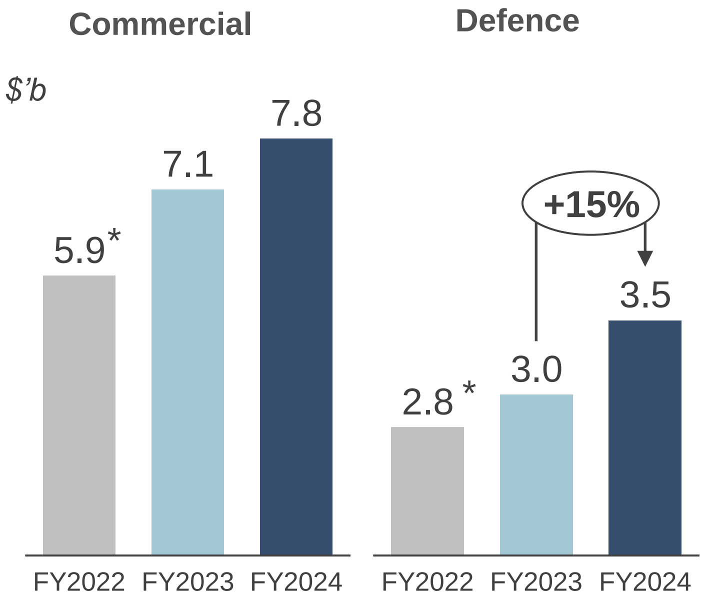
Group Highlights

Group FY2024 Revenue Breakdown

FY2024 Revenue by segment
$11.3b



FY2024 Revenue by type
$11.3b



** Excluding U.S. Marine divested in FY2022*

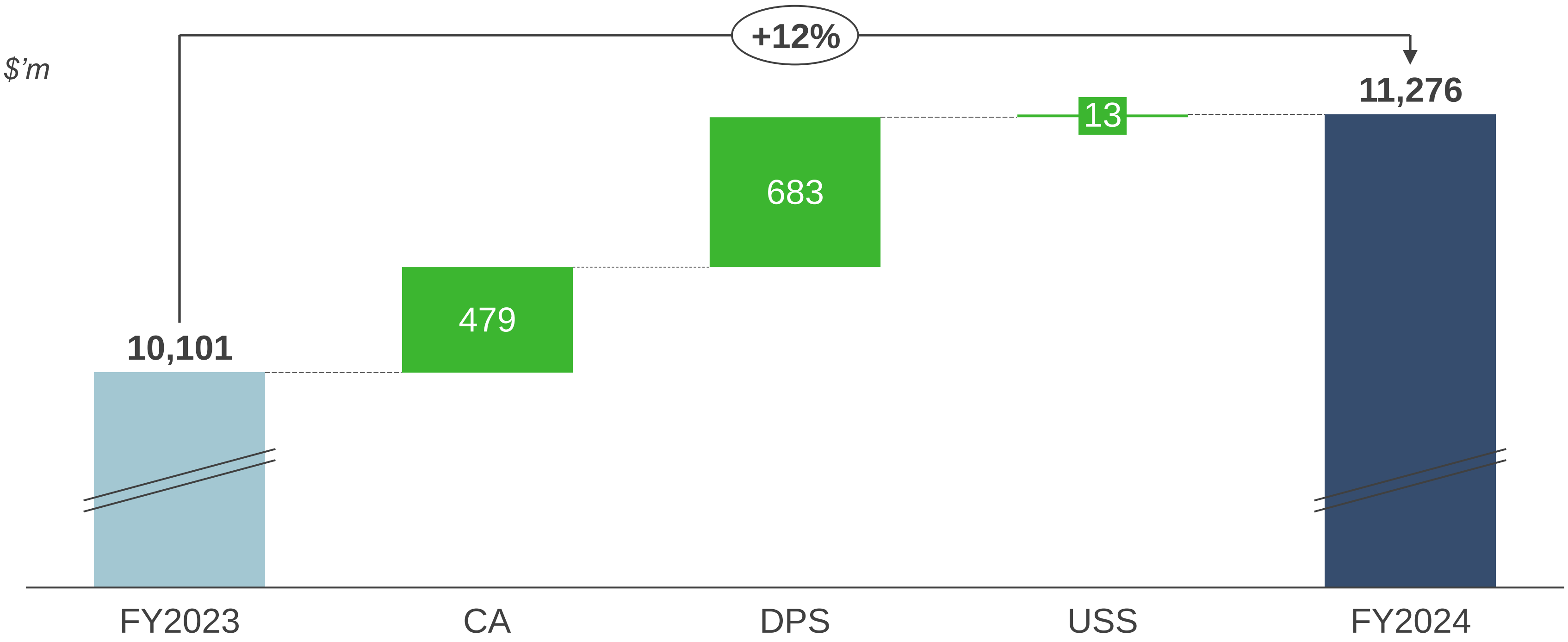
FY2024 Revenue by location of customers

Asia **51%**	U.S. **23%**
Europe **19%**	Others **7%**

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

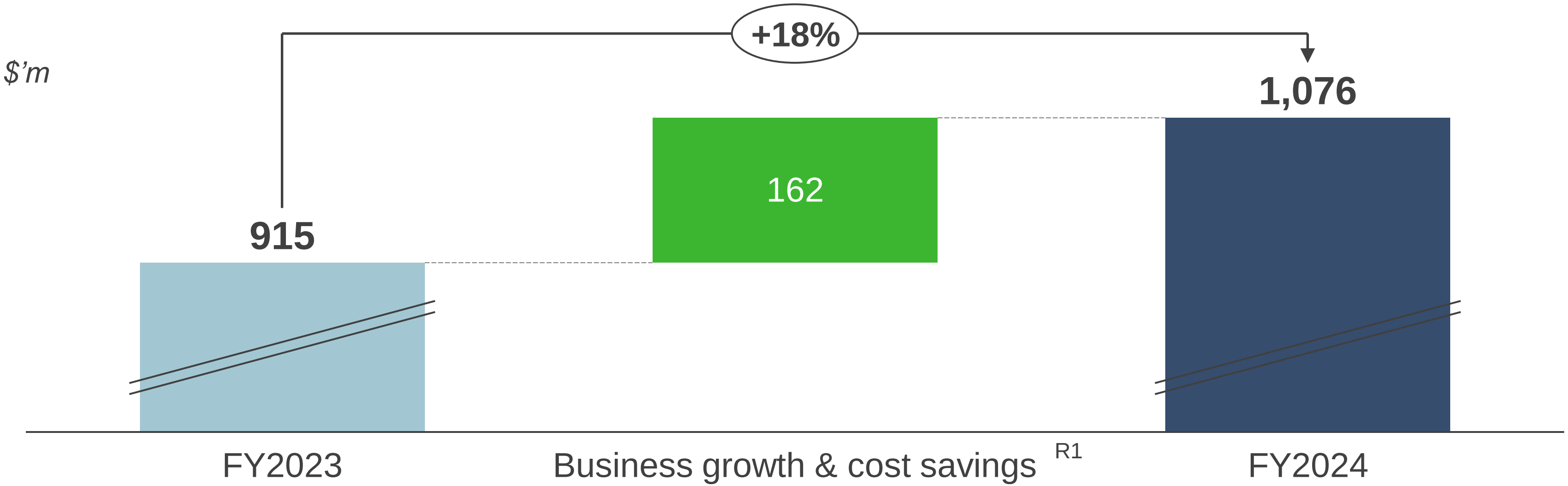
FY2024 Revenue

- ❑ Strong growth



FY2024 Earnings Before Interest and Tax (EBIT)

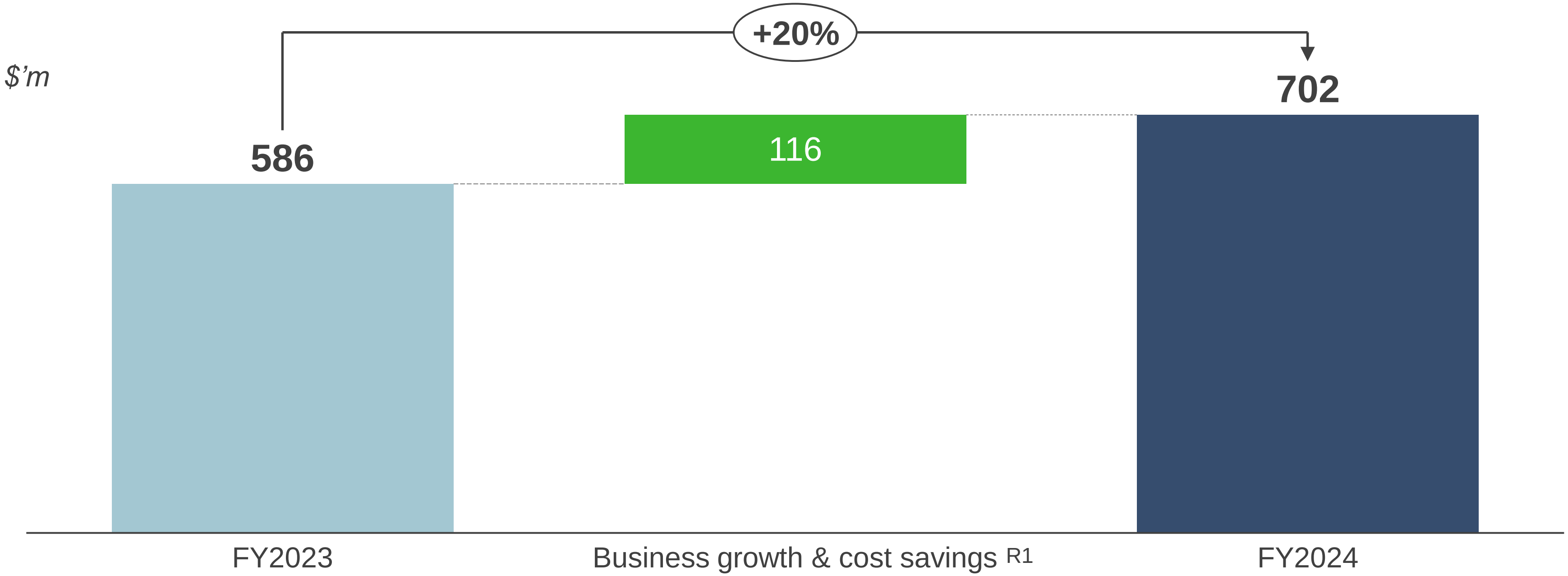
❑ Strong growth



[R1] FY2023 included SatixFy divestment loss of $24m and higher Satcom severance costs of $4m, partially offset by U.S. Marine post-sale completion gain of $16m. This resulted in a net negative impact of $11m in FY2023, which is absent in FY2024. Hence, on a base operating performance (BOP) basis, FY2024 EBIT increase would be 16% y-o-y.

FY2024 Net Profit

- Strong growth



[R1] FY2023 included SatixFy divestment loss of $18m and higher Satcom severance costs of $3m, partially offset by U.S. Marine post-sale completion gain of $12m. This resulted in a net negative impact of $8m in FY2023, which is absent in FY2024. Hence, on a base operating performance (BOP) basis, FY2024 Net Profit increase would be 18% y-o-y.

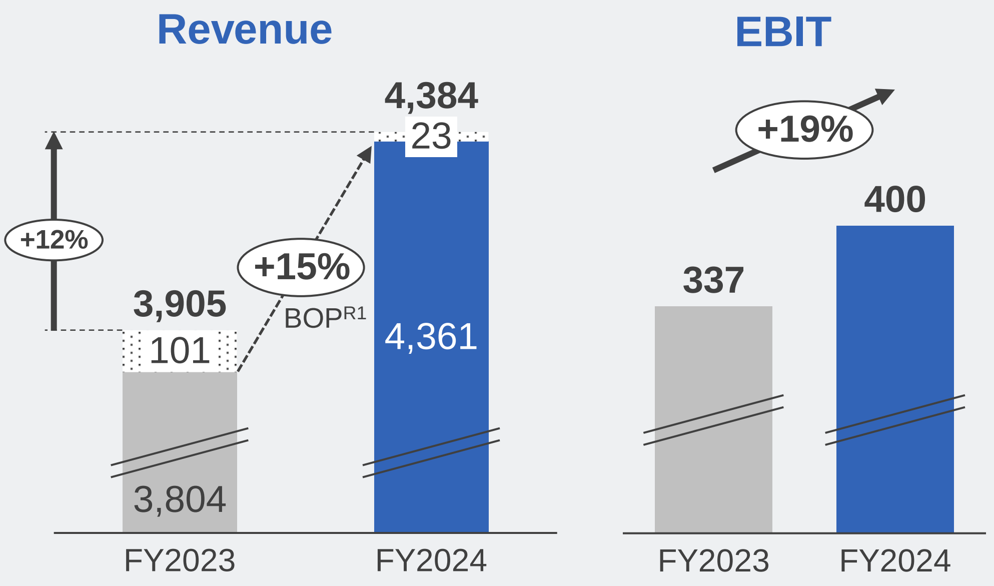
Note: all figures are stated net of tax

Business Discussions

Business Discussions

Strong CA Revenue and EBIT margin

Financials ($'m)



R1 Excluding aircraft sales of $23m in FY2024 (2023: $101m)

Business Updates

Revenue

- Stronger Engine MRO, Nacelles, PTF and Composite Panels sales

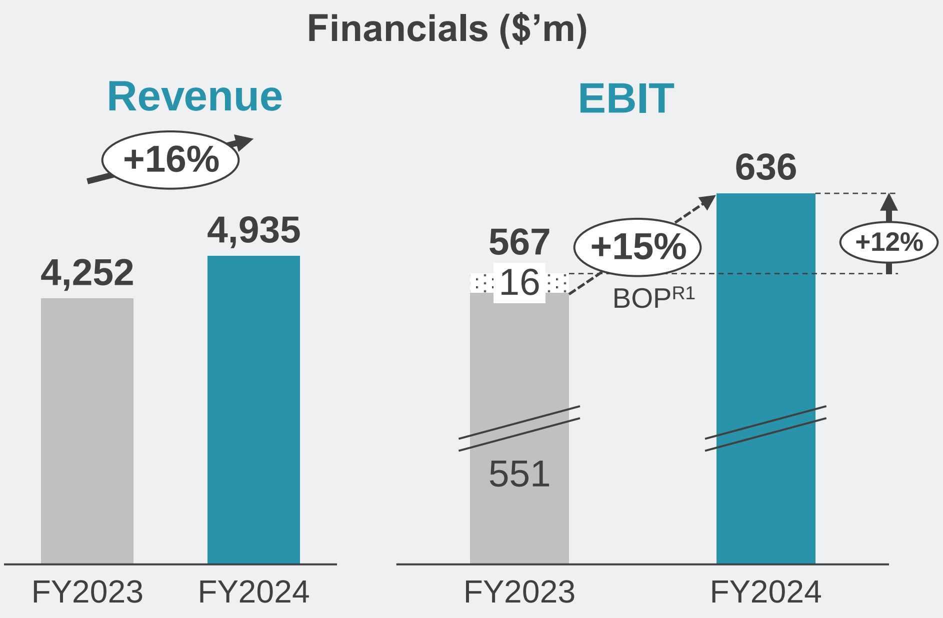
EBIT

- Stronger revenue and margin
- PTF margin achieved mid-single digit %
- Continuing network optimisation for greater efficiency

Contract Wins

- $4.7b of new contracts in FY2024
  - $1.8b in 4Q2024

Strong DPS Revenue and EBIT growth



R1 Excluding U.S. Marine post-sale completion gain of $16m in 2023

Business Updates

Revenue
- Contributed by all sub-segments
- Digital Business achieved $645m revenue

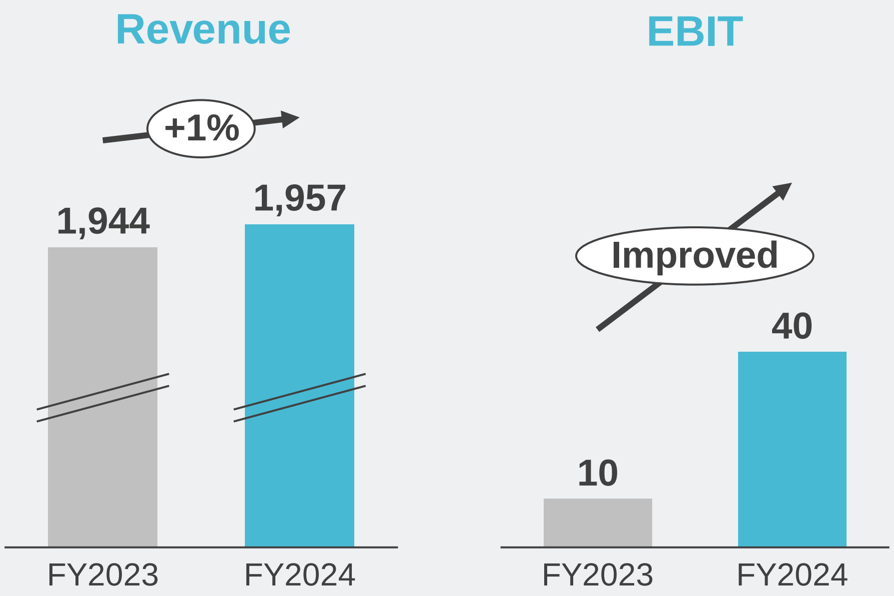
EBIT
- Growth driven by higher revenue

Contract Wins
- $5.3b of new contracts in FY2024
  - $1.7b in 4Q2024

Business Discussions

USS Revenue and EBIT

Financials ($'m)



Business Updates

Revenue

- Contributed by URS, partially offset by Satcom

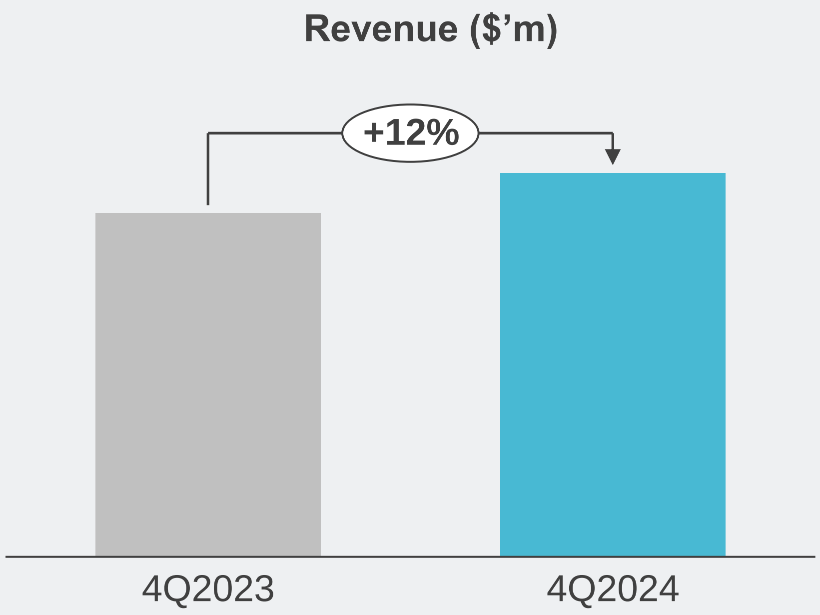
EBIT

- Improved EBIT
- Absence of SatixFy divestment loss
- Lower Satcom severance costs

Contract Wins

- $2.6b of new contracts in FY2024
  - $0.7b in 4Q2024
  - First TransCore tolling solution win in Southeast Asia

Satcom: Transformation Journey Continues



Stronger 4Q2024 performance

- 4Q2024 - 12% higher y-o-y
- 4Q2024 - Marginally positive operating EBIT
- Keeping focus on continuous improvements

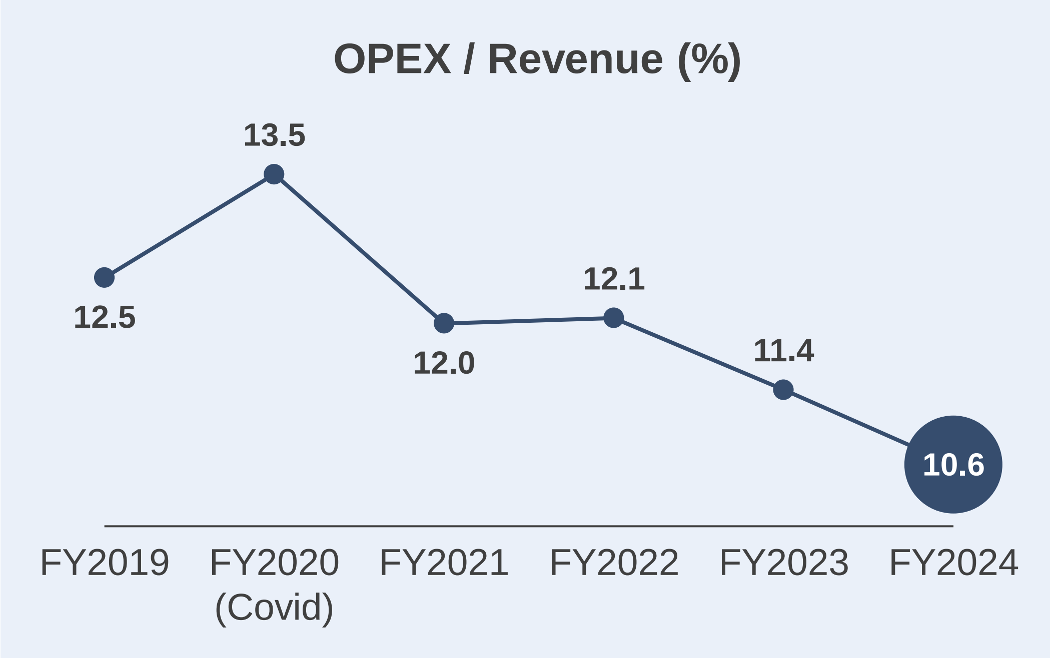
Key wins and developments

- Indonesia's Satria-1 satellite network
- Brazil's energy connectivity project with Viasat

Productivity

Productivity

Operating expenses / revenue continue to improve



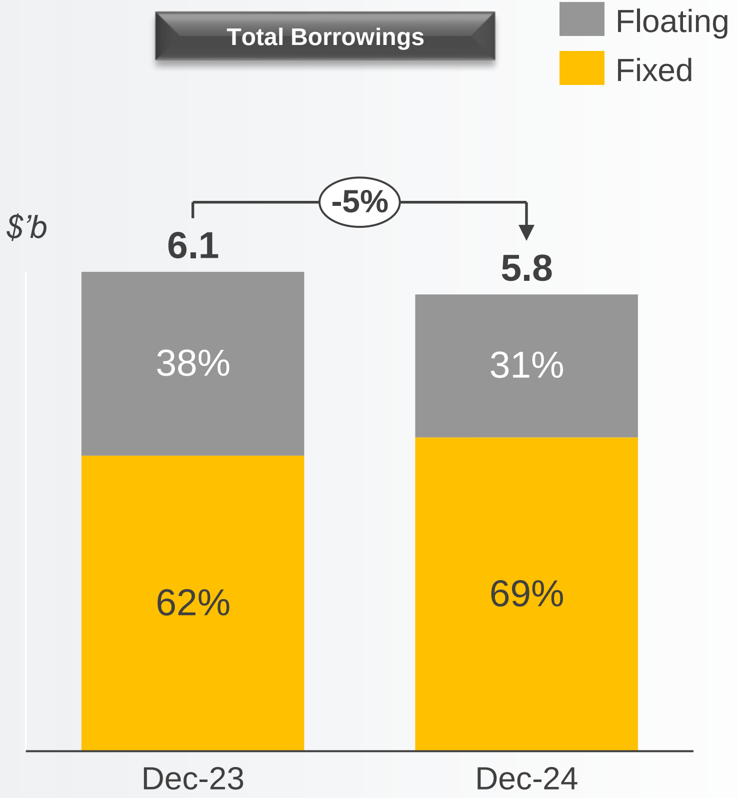
- Achieved lowest OPEX / Revenue
- Continuous improvement, productivity gain and cost management to mitigate inflation

Debt Profile

Debt Profile

Balanced Debt Profile

- Borrowings reduced from $6.1b to $5.8b, despite 3% stronger USD/SGD.
- EBITDA increased 11% to $1.6b.
- Gross Debt/EBITDA leverage ratio reduced from 4.2x in 2023 to 3.6x in 2024.
- Fixed-vs-floating interest rate ratio of 69%:31%.
- Group weighted average borrowing cost for FY2024 was 3.6%.
- Group weighted average borrowing cost for FY2025 expected to remain at mid 3%.
- Continued strong credit ratings of Aaa/stable by Moody's and AA+/stable by S&P.



Contract Wins and Order Book

ST Engineering

$12.6b New Contracts for FY2024, incl. $4.3b for 4Q2024

	4Q2024	Highlights
Commercial Aerospace	$1.8b	• 15-year exclusive LEAP-1B contract with Akasa Air • CFM56-7B engine MRO contract with an Asian airline • Six-year airframe heavy maintenance contract with a Canadian airline • Five-year exclusive LEAP-1A engine nacelle MRO agreement with a European airline
Defence & Public Security	$1.7b	• Contract with Kazakhstan Paramount Engineering to provide expertise for a new 8x8 armoured vehicle and international sales of 155mm ammunition • High Performance Cloud Infrastructure for AI processing, AI enabled command & control systems and training & simulation solutions • Cybersecurity products and services • Shipbuilding contract for a Walk-to-Work vessel and repair and maintenance contracts for commercial and naval ships
Urban Solutions & Satcom	$0.7b	• Smart metro solutions for Bangkok's Blue and Orange Lines, Kaohsiung Red Line Extension, Singapore's North-South and East-West Lines • Tolling and O&M contracts including first tolling contract for a Southeast Asian city • Building structural health monitoring project and integrated smart security management solutions in Singapore • Satcom ground infrastructure contracts for aviation, government and enterprise segments in Asia, Middle East and Europe
Total	**$4.3b**	

Contract Wins and Order Book

Order Book Remains Robust

- $28.5b as at 31 Dec 2024
- $8.8b expected to be delivered in 2025

Investing for the future

Operational Highlights

Investing for Growth

1

Capacity & Capability Building

- Airframe MRO facilities
- Gul shipyard
- 4th Data Centre
- AI and Cyber
- Satcom next-gen platform

2

Market Expansion

- 155mm ammunition exports to Europe
- 8x8 Armoured Vehicle partnership in Kazakhstan
- Smart City platform in Lusail City, Qatar
- First TransCore tolling solution win in Southeast Asia

3

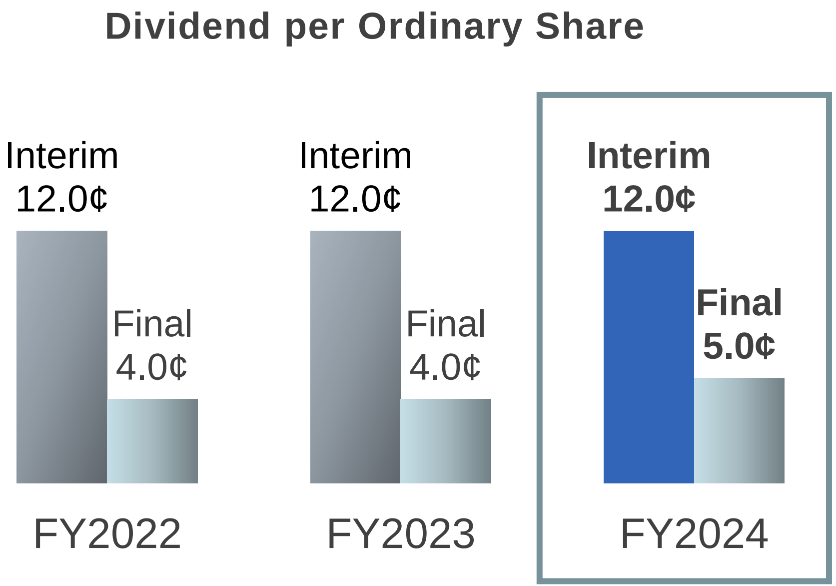
Operation Improvement

- Harnessing AI
- Procurement savings
- Offshore Competency Center

Continual portfolio and network optimisation

Dividends

FY2024 Final Dividend of 5.0 Cents per Share



- Final dividend of 5.0 cents per ordinary share for FY2024, subject to shareholder approval at upcoming AGM on 24 April 2025
- If approved, the total dividend for FY2024 will be 17.0 cents per ordinary share including interim dividends of 12.0 cents per ordinary share
- Increase of 1.0 cent per ordinary share compared with FY2023

Outlook

Group President & CEO's Message

"We delivered a very strong set of results in 2024 despite an uncertain and challenging environment. We are confident that our strong fundamentals will continue to position us well, even as we confront a fast-changing landscape.

We have a robust order book and a competitive market position which will underpin our continuing revenue growth and performance."

Vincent Chong, Group President & CEO

Segment Highlights

Segment Highlights

Segment Revenue

$’m	2H2024	2H2023	Change	FY2024	FY2023	Change
Commercial Aerospace	2,154	2,050	*+5%*	4,384	3,905	*+12%* *+15% excl. aircraft sales*
Defence & Public Security	2,563	2,135	*+20%*	4,935	4,252	*+16%*
Urban Solutions & Satcom	1,038	1,053	*-1%*	1,957	1,944	*+1%*
Group	**5,755**	**5,238**	***+10%***	**11,276**	**10,101**	***+12%***

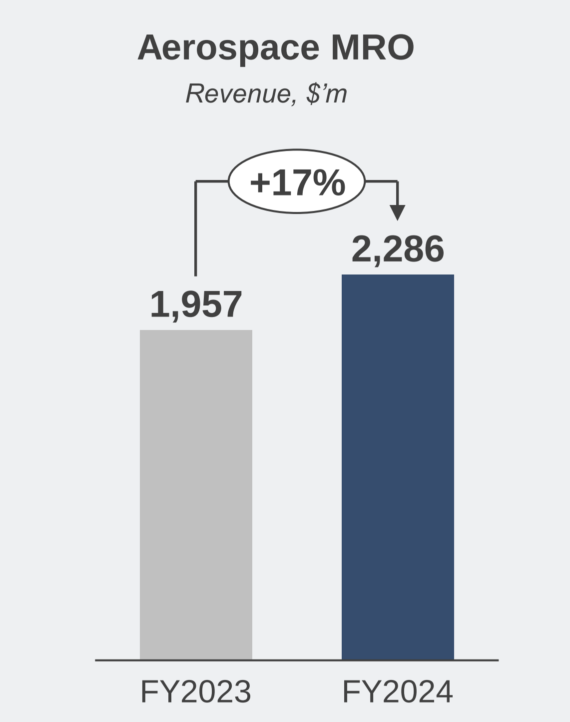
Segment Highlights

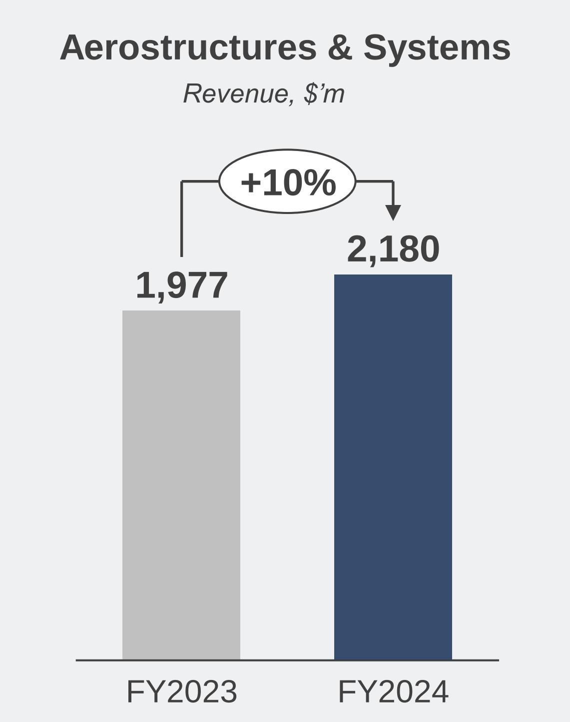
Segment EBIT

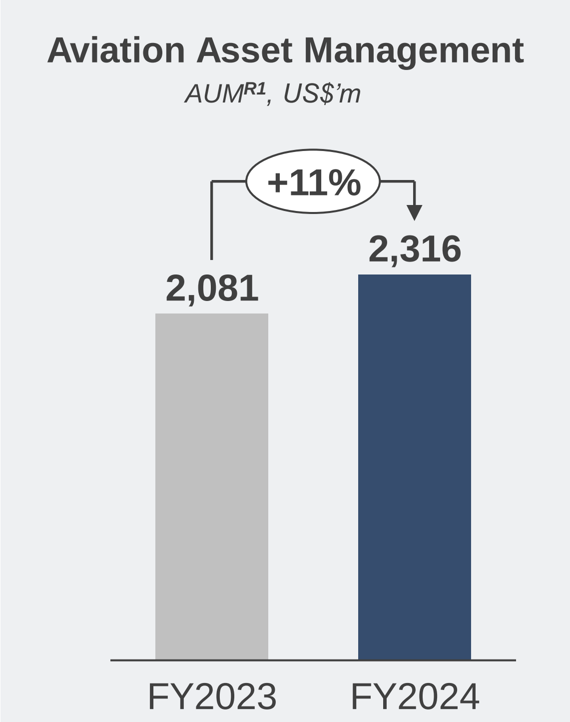
$'m	2H2024	2H2023	Change	FY2024	FY2023	Change
Commercial Aerospace	210	160	*+32%*	400	337	*+19%*
Defence & Public Security	312	267	*+17%*	636	567	*+12%* *+15% excl U.S. Marine post-sale completion gain in 2023*
Urban Solutions & Satcom	31	44	*-29%*	40	10	*+299%*
Group	**554**	**470**	***+18%***	**1,076**	**915**	***+18%***

Segment Highlights

Commercial Aerospace Sub-segment Highlights





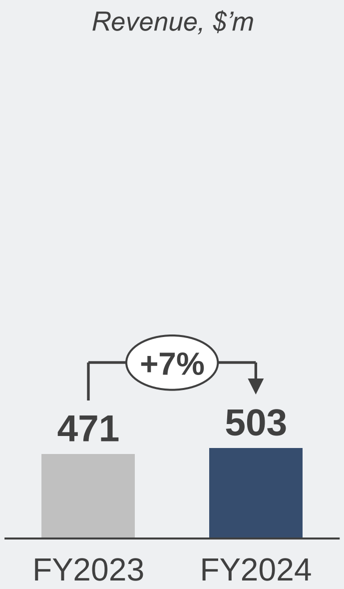


Notes:
- [R1] AUM refers to Asset Under Management, including owned, partly owned and managed assets
- Revenue includes inter-segment and inter-subsegment sales

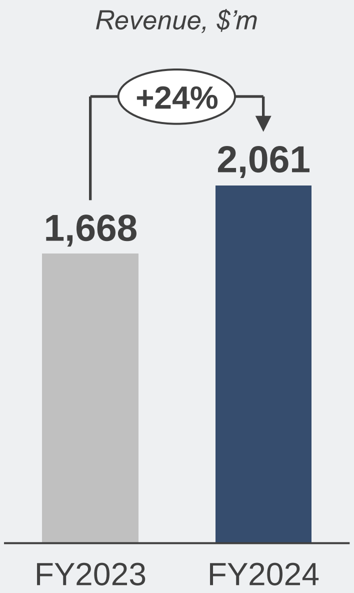
Segment Highlights

Defence & Public Security Sub-segment Highlights

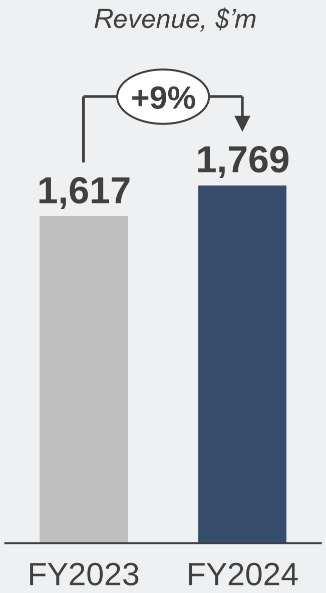
Defence Aerospace



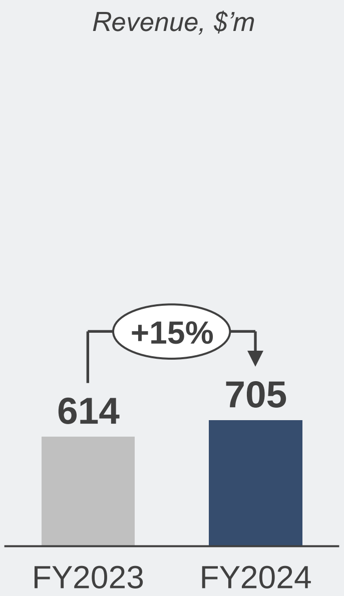
Digital Systems & Cyber



Land Systems



Marine

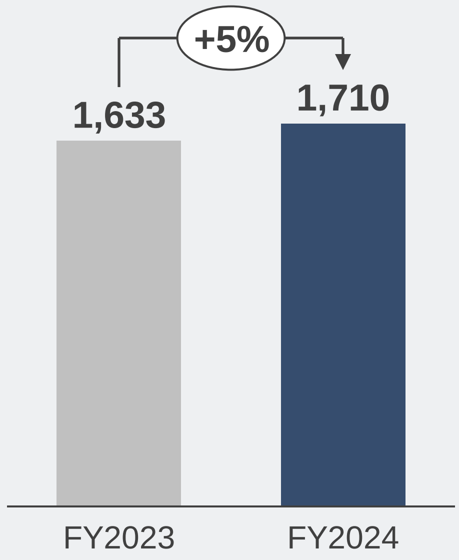


Note: Revenue includes inter-segment and inter-subsegment sales

Urban Solutions & Satcom Sub-segment Highlights

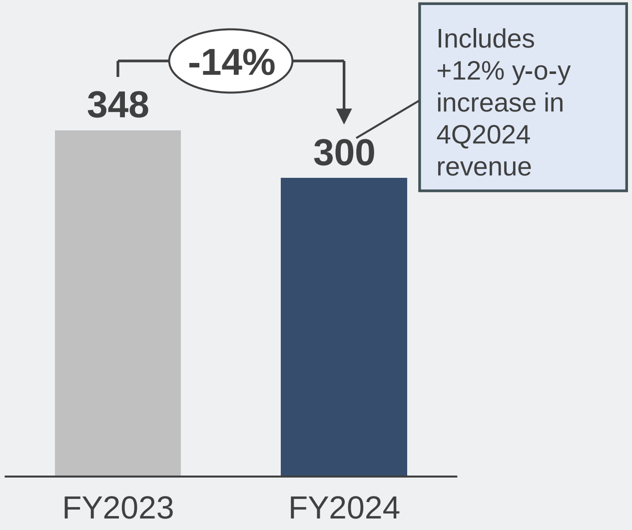
Urban Solutions

Revenue, $'m



Satcom

Revenue, $'m



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

Appendix

Statement of Financial Position

$'m	31 Dec 2024	31 Dec 2023
Property, plant and equipment	2,115	2,076
Right-of-use assets	605	651
Intangible assets	4,990	4,958
Other non-current assets	1,188	1,064
Current assets	7,324	6,630
Total assets	**16,221**	**15,379**
Current liabilities	8,239	7,322
Non-current liabilities	5,032	5,304
Total liabilities	**13,270**	**12,627**
Share capital and reserves	2,670	2,459
Non-controlling interests	280	293
Total equity and liabilities	**16,221**	**15,379**

Note:
Notwithstanding the Group's net current liabilities position of $915 million as at 31 December 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 $1.8 billion are backstopped by a committed revolving credit facility (RCF) of $2.0 billion. The RCF remained undrawn as at 31 December 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 Standard & Poor's) which provide it ready access to additional borrowings as necessary. The Group's medium-term note, USCP and committed credit facilities do not have any financial covenants.

Appendix

Statement of Cash Flows

$'m	FY2024	FY2023
Net cash from / (used in):		
Operating activities	1,718	1,179
Investing activities	(414)	(201)
Financing activities	(1,222)	(1,226)
Net change in CCE*	**82**	**(248)**
CCE at beginning of the year	**353**	**602**
Exchange difference	**(5)**	-
CCE at end of the year	**430**	**353**

* CCE – Cash & Cash Equivalents

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