

ST Engineering to Acquire TransCore

Creating a Smart Mobility Market Leader and
Accelerating Smart City Growth

3 October 2021

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Agenda

- Transaction Highlights
- Overview of TransCore
- Industry Trends and Growth
- Acquisition Rationale
- Summary

Transaction Highlights

Transaction Description

- ✓ Entered into an agreement to acquire 100% of TransCore
- ✓ TransCore is a market leader in electronic toll collection, congestion pricing, Intelligent Transportation Systems, back office solutions and RFID products

Purchase Consideration

- ✓ Consideration of US\$2.68b (~ S\$3.62b¹), on a cash-free and debt-free basis, subject to closing adjustments
- ✓ EV² / EBITDA³ multiple of 16.2 times after accounting for tax benefits

Financing

- ✓ Consideration will be paid fully in cash at closing
- ✓ To be fully funded through internal cash and the issuance of debt securities

Financial Impact

- ✓ Cash flow positive from first year and earnings accretive from second year post-acquisition
- ✓ Revenue visibility due to strong backlog of US\$1.2b⁴ & high customer contract renewal rate

Closing

- ✓ Subject to regulatory approvals, we expect to complete transaction by 1Q2022

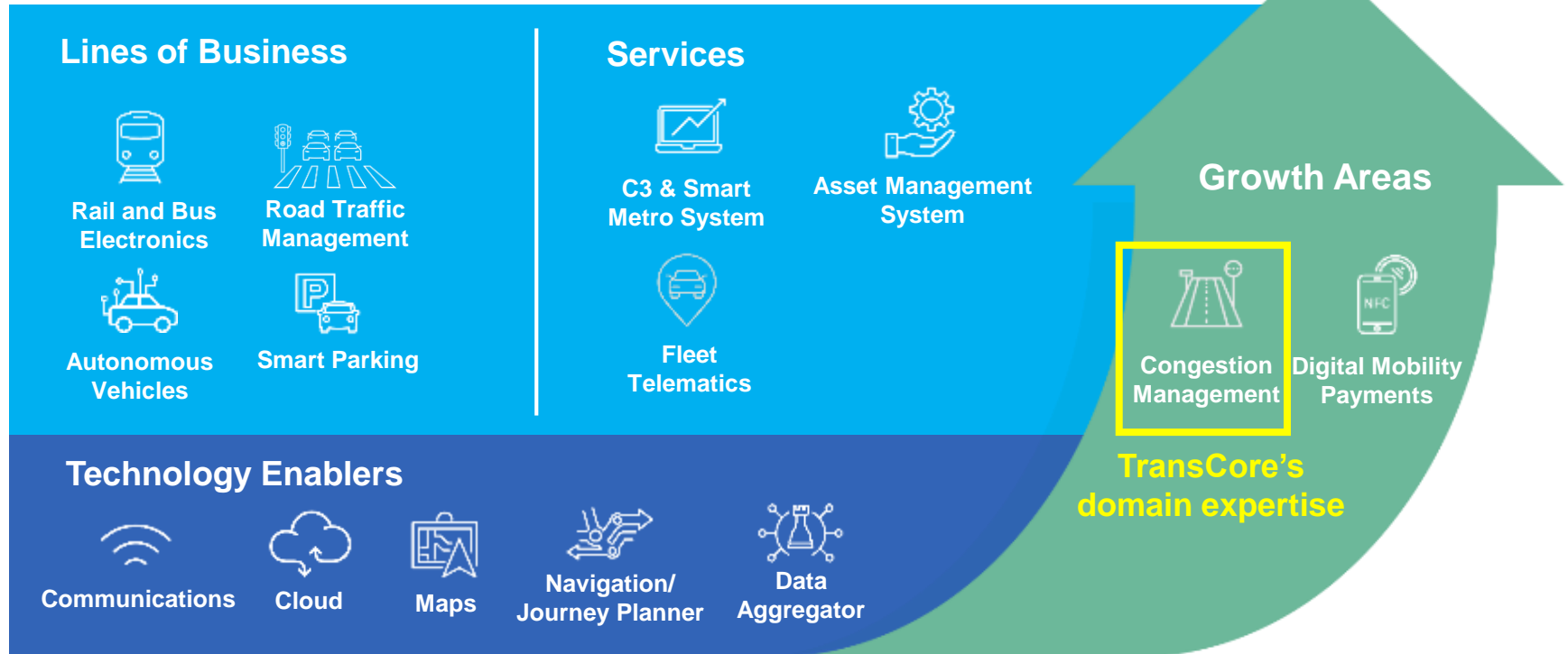
¹ Based on USD/SGD exchange rate of 1.35

² Enterprise Value (EV) is purchase consideration less PV of tax benefits

³ EBITDA is based on audited financials for FY ended Dec 2020 and excluding corporate allocations from Roper

⁴ As at 31st July 2021

Unique acquisition opportunity - strong strategic fit with Smart Mobility offerings



Overview of TransCore

Overview of TransCore

Complete suite of road transportation solutions



Tolling Systems

Comprehensive electronic tolling solutions



Digital Lane System



Congestion Pricing

Toll collection solutions designed to reduce urban congestion



Congestion Pricing



Back Office Solutions

Systems, software and services for processing and reviewing toll transactions



Back Office Solution



Customer Service Centres



Intelligent Transportation Systems

Advanced traffic management systems and solutions



Command and Control



Adaptive Traffic Junctions



RFID Solutions

RFID transponders and readers used for toll transactions and other applications



Toll Tags



Integrated Toll Module

Overview of TransCore

U.S. market leader in Electronic Toll Collection (ETC) solutions and strong position in Intelligent Transportation Systems (ITS)

- ✓ Outstanding track record of project execution, customer retention and renewal – 80 years of history
- ✓ Strong management team with deep industry experience and talented 1,900-strong workforce
- ✓ Contracted to deliver first congestion pricing project in the U.S. – Manhattan, New York
- ✓ Differentiated suite of Intellectual Property and products



US\$ 565m¹
Revenue



US\$ 143m¹
EBITDA



US\$ 1.2b²
Backlog

¹ Based on audited financials for FY ending Dec 2020 excluding corporate allocations from Roper

² As at 31 July 2021

Overview of TransCore

Market leader with strong track record in Electronic Toll Collection



15k

lanes deployed in U.S.
over TransCore's history



10b

transactions
annually



US\$7b

toll revenue
processed annually



11 of 15

largest U.S. toll
agencies served



3

24/7/365 maintenance
monitoring centres



9m

accounts
managed

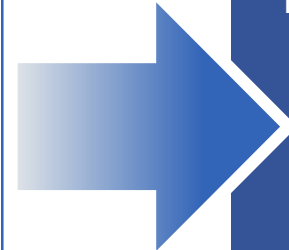



100m

RFID¹
tags shipped

Overview of TransCore

Backed by strong, long-standing customer relationships, excellent project execution, customer retention and renewal



High recurring¹ / re-occurring² business
> 50%

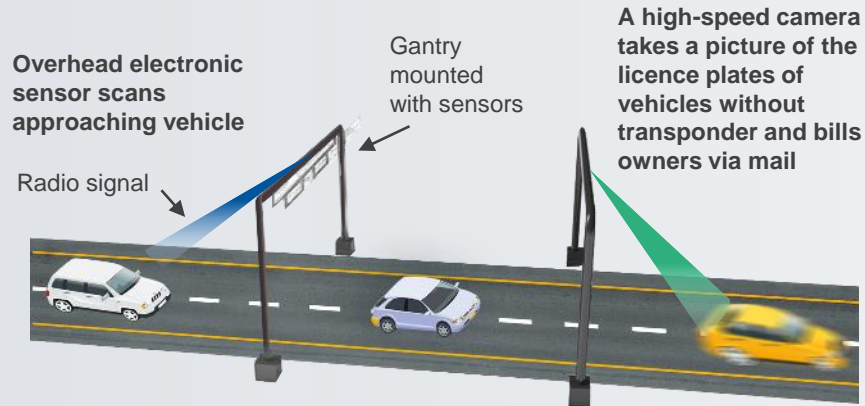


High contract renewal rate
95%

¹ Operations & Maintenance business
² Repeat RFID product sales to customers

Overview of TransCore

TransCore's capabilities encompass the end-to-end tolling systems value chain



Identification
(Tolling Solutions)

Validation / Enforcement
(Tolling Solutions)



Transaction Management
(Back Office)

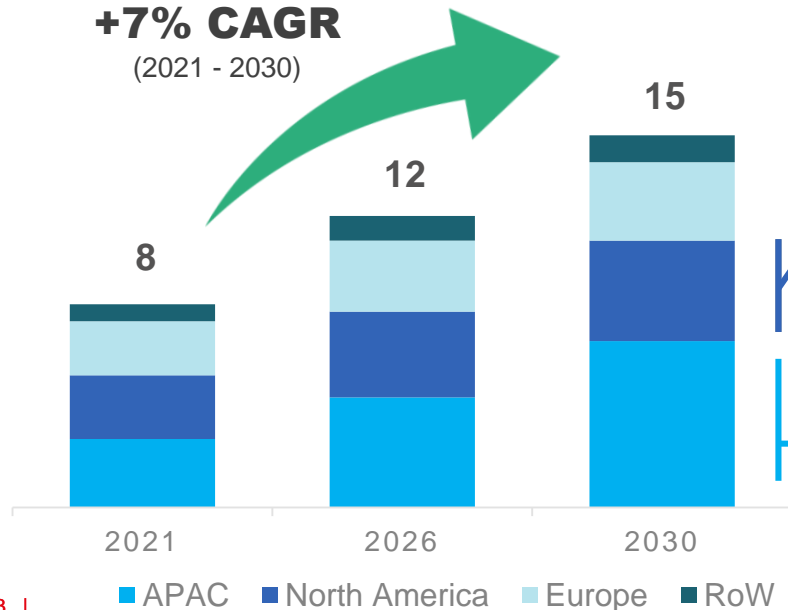


Vehicle Owner Interface
(Back Office)

Industry Trends and Growth

Market for Electronic Toll Collection (ETC) and Intelligent Transportation Systems (ITS) is expected to reach US\$15b by 2030

Global Market Size (US\$b)



North America ~ US\$4b in 2030:
2nd fastest growing market

ETC

- 6% CAGR, ~US\$2.5b in 2030
- Driven by:
 - Conversion to all electronic tolling
 - Need to raise funds for infrastructure upgrade

ITS

- 4% CAGR; ~US\$1.5b in 2030

Southeast Asia ~ US\$1.2b in 2030

ETC

- 15% CAGR, ~US\$650m in 2030
 - Outpaces APAC CAGR of 12%
- Driven by increased urbanisation

ITS

- 14% CAGR, ~US\$575m in 2030

Participating in Smart Mobility Trends – Congestion Pricing in the U.S.

TransCore is well-positioned for congestion pricing projects



Legend:

- Announced that they are exploring congestion pricing
- Implementing congestion pricing

Drivers of Congestion Pricing growth in the U.S.

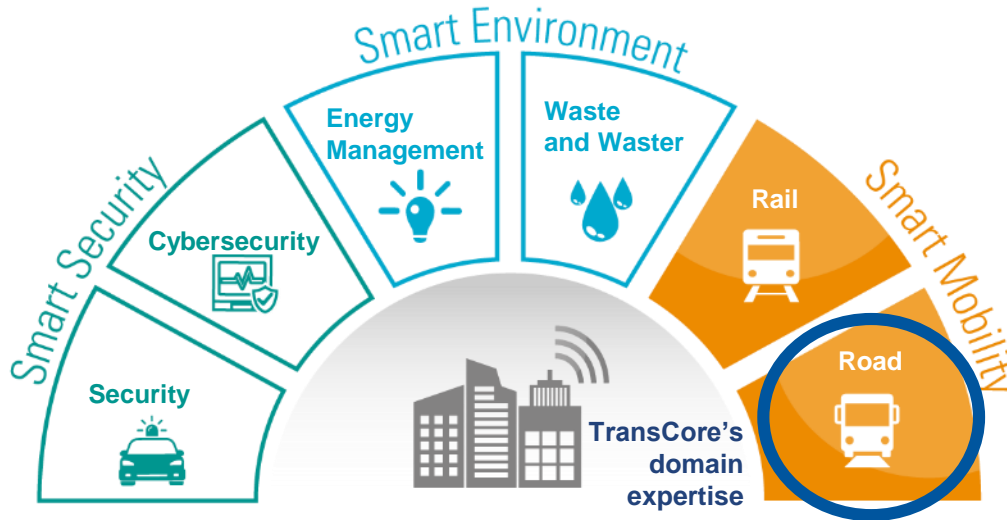
1. Generate funds to improve transportation infrastructure
2. Reduce pollution, enhance safety and sustainability

TransCore’s NY Congestion Pricing Project (Contract Size ~US\$500m) – 1st project in U.S.

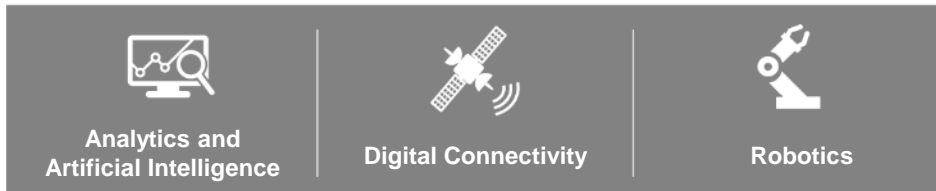


Acquisition Rationale

Acquisition accelerates growth in Smart City business



Businesses and Platforms Across Verticals



Combined portfolio positions ST Engineering as a Smart Mobility market leader

- ✓ Enhance offerings through a **comprehensive suite of Smart Mobility products**
- ✓ Strengthen commitment to **sustainability** – **reduce traffic congestion** and **lower vehicle emissions**
- ✓ Achieve **synergies** through cross-selling **complementary products and solutions**
- ✓ Entry into **North American ETC** and **congestion pricing market**

Driving Sustainability in Smart Mobility



Reduce congestion and enable seamless, efficient journeys
(End-to-end tolling solutions)



Facilitate green / low emission zones
(Congestion Pricing)

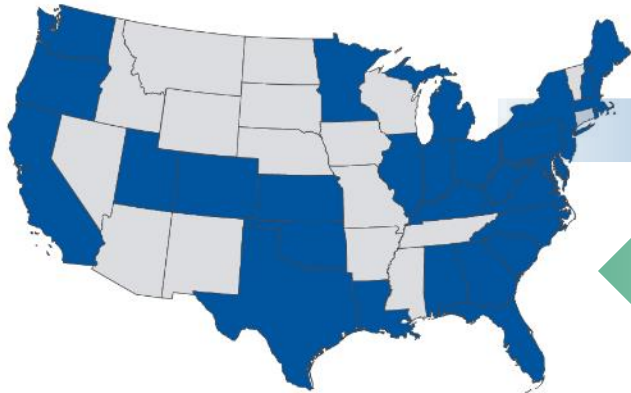


Expand sustainable solutions to other geographies
(Tolling to Southeast Asia, more ITS offerings to North America)

Combining TransCore's strength in the U.S. and ST Engineering's presence in APAC to create a Smart Mobility market leader



Leader in U.S. for
tolling solutions



 States served by TransCore

 ST Engineering

Completed 60 ITS projects
in more than 20 cities



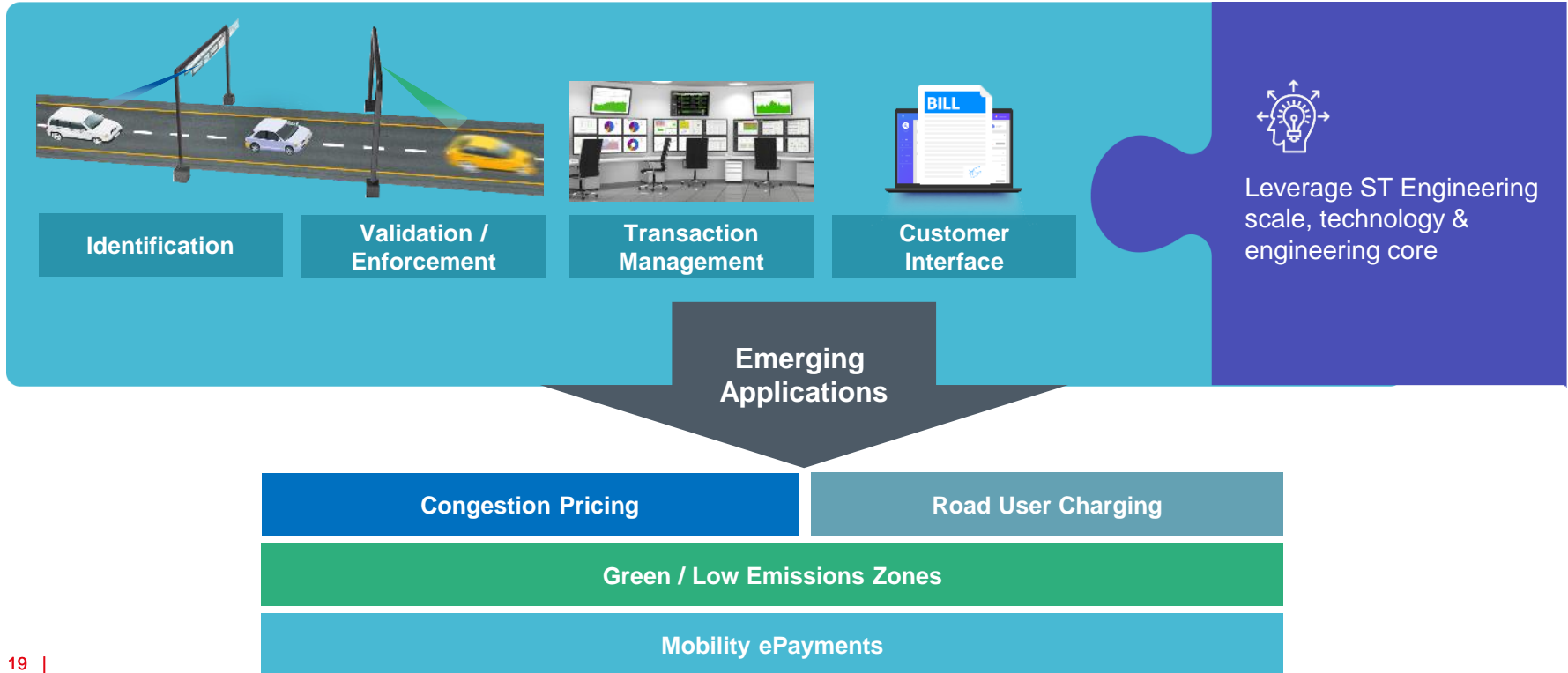
Bring tolling solutions to SE Asia



Bring ITS solutions to North America

Develop next-bound tolling technologies and emerging applications

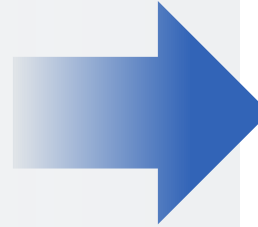
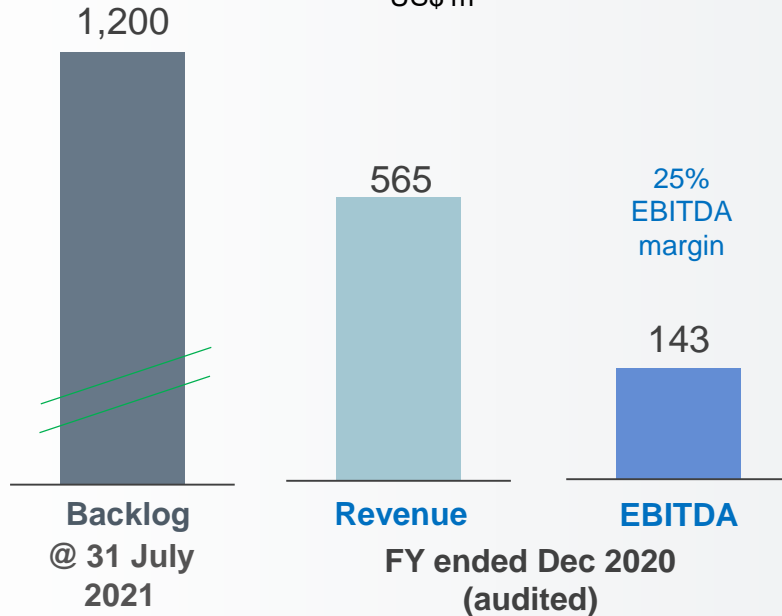
- leveraging ST Engineering's strength in technology and innovation



TransCore has strong financials

*TRANS*CORE.

US\$m







 ST Engineering

- EV¹ / EBITDA² multiple 16.2x
- Cash positive from first year
- Earnings accretive from second year
- Dividend payout capacity remains strong

¹ Enterprise Value (EV) is purchase consideration less PV of tax benefits
² EBITDA is based on audited financials for FY ended Dec 2020 and excluding corporate allocations from Roper

Comparable Company Valuation Multiples




Transactions

Year	Acquirer	Target	Target Description	% Acquired	Transaction EV (US\$m)	EV / EBITDA	
2020	 Partners Group <small>REALIZING POTENTIAL IN PRIVATE MARKETS</small>	 TELEPASS	Electronic toll payment systems in Europe	Minority 49%	1,238	18.0x	
2021	 VERITAS CAPITAL	 CUBIC <small>Global. Innovative. Trusted.</small>	Global defence and transportation solutions	100%	2,990	WholeCo 16.9x	Transport 19.3x ¹

Source: Company press releases and filings

¹Estimated based on comparable defence multiples of 13x EBITDA applied to its defence segment

Trading

ETC and ITS Solutions	Description	EV (US\$m)	EV / EBITDA 2020
 VERRA MOBILITY™	Automated traffic safety systems and toll solutions	3,438	17.6x
 init	Electronic ticketing and intermodal transport control systems	531	15.7x
 IVU TRAFFIC TECHNOLOGIES AG	Fleet management, ticketing and passenger info for public transport	374	20.9x

Creating a Smart Mobility market leader, accelerating growth in Smart City business



Clear path to close

Expect to complete transaction by end of 1Q2022



Shareholders' approval

- ST Engineering to convene an Extraordinary General Meeting
- Majority shareholder - Temasek agreed to vote in favour of transaction



Regulatory approvals

- CFIUS
 - Successfully obtained all CFIUS approvals for 11 past acquisitions including three in 2019
- U.S. antitrust
 - No overlapping business footprint in the U.S.

Thank You