

# Financial Year 2019 Results

24 February 2020

# Agenda

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

# Group Highlights

# Group Highlights

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

## 4Q2019

Revenue

2,288

+29% y-o-y

EBIT

191.1

+19% y-o-y

PBT

198.8

+24% y-o-y

Net Profit

169.5

+36% y-o-y

## FY2019

Revenue

7,868

+17% y-o-y

EBIT

654.0

+15% y-o-y

PBT

695.2

+12% y-o-y

Net Profit

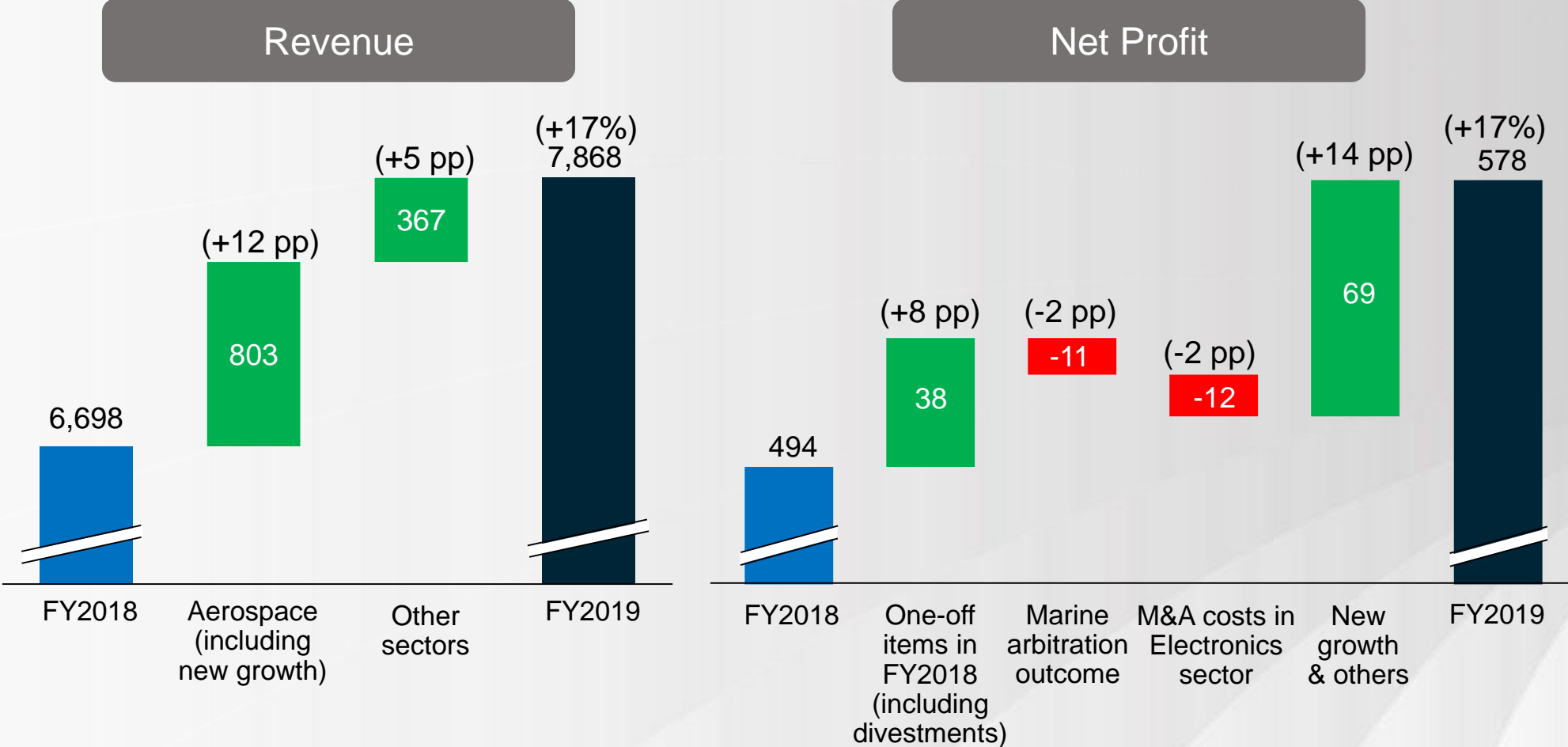
577.9

+17% y-o-y

Order book as at 31 Dec 2019: **\$15.3b**;  
about **\$5.9b** to be delivered in 2020

# FY2019 Revenue & Profit Growth

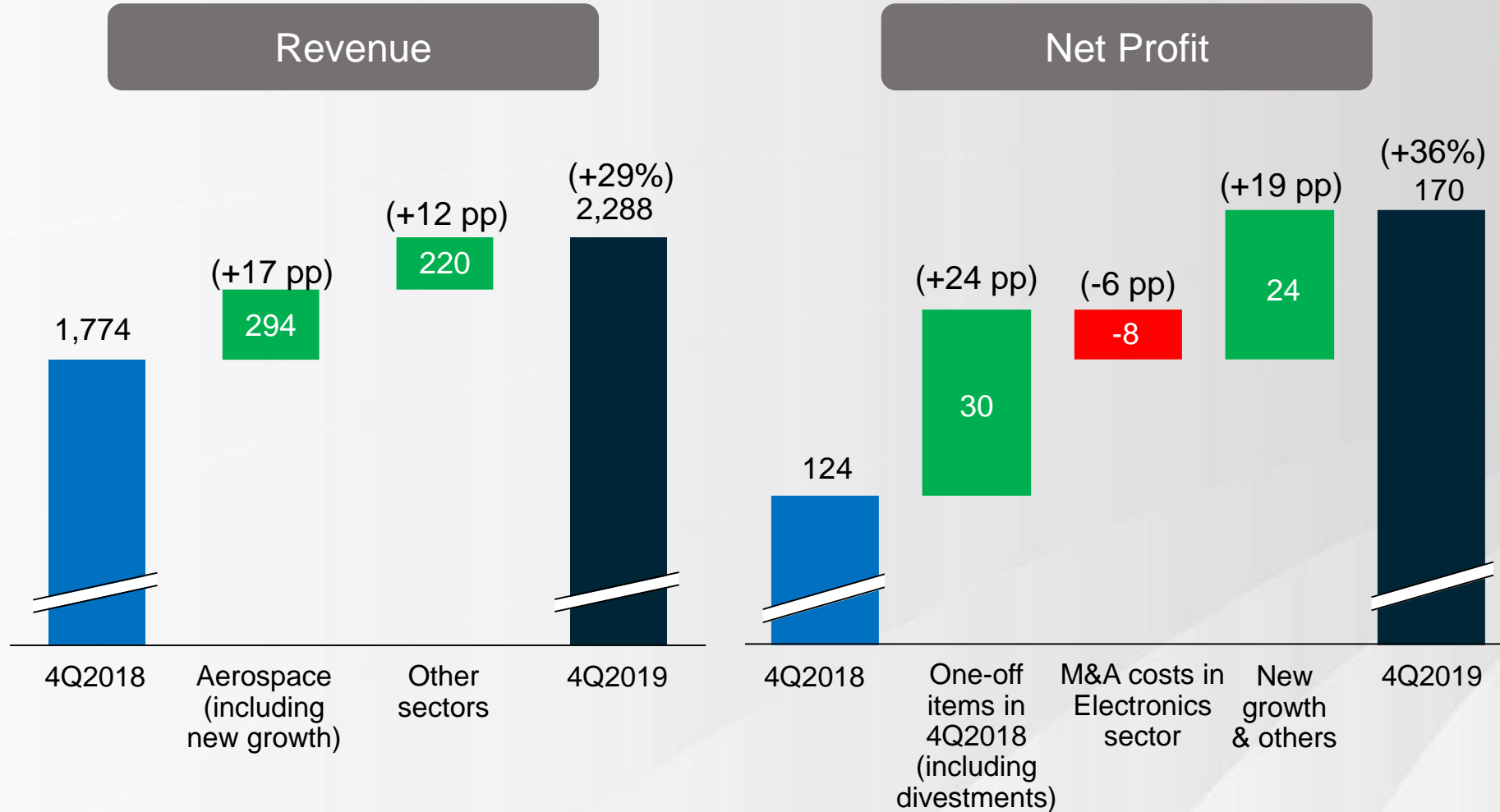
All figures are denominated in S\$m unless indicated otherwise



Amounts may not add due to rounding

# 4Q2019 Revenue & Profit Growth

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



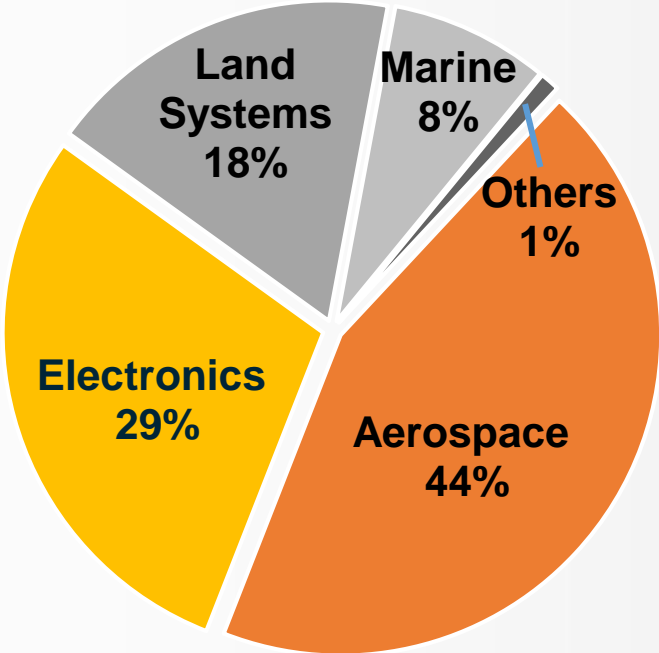
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# Group Revenue

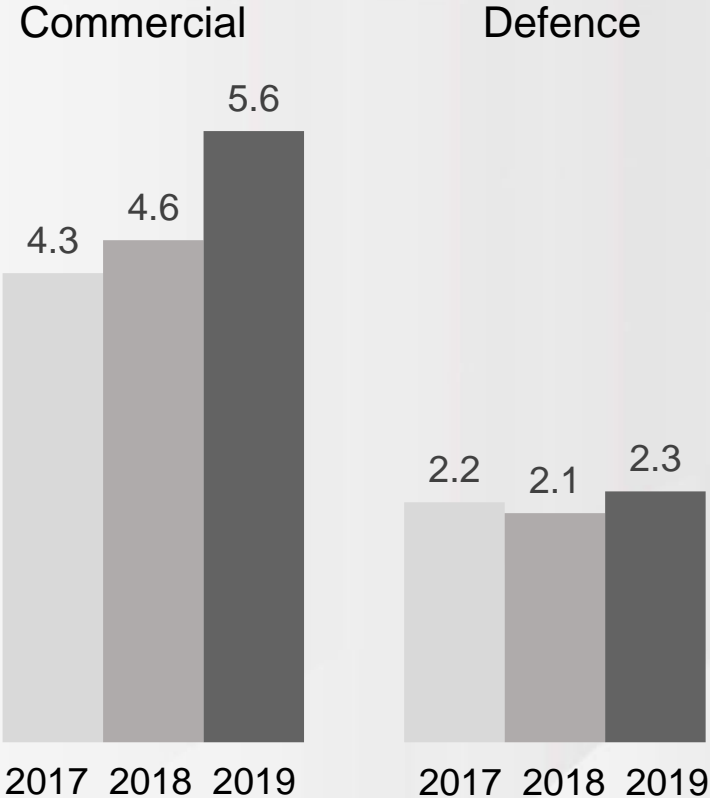
S\$m	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Aerospace	941	647	+45%	3,450	2,647	+30%
Electronics	686	536	+28%	2,282	2,143	+6%
Land Systems	448	435	+3%	1,428	1,282	+11%
Marine	204	139	+47%	647	574	+13%
Others	9	17	-47%	61	52	+17%
<b>Group</b>	<b>2,288</b>	<b>1,774</b>	<b>+29%</b>	<b>7,868</b>	<b>6,698</b>	<b>+17%</b>

# Group Revenue Breakdown

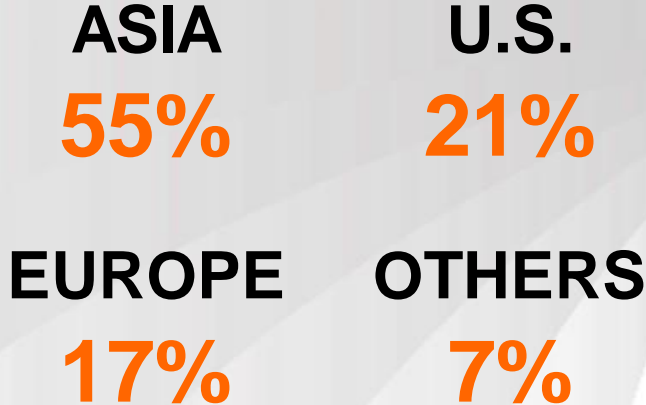
FY2019 Revenue  
**S\$7.9b**



FY2019 Revenue  
 by type



FY2019 Revenue  
 by location of customers

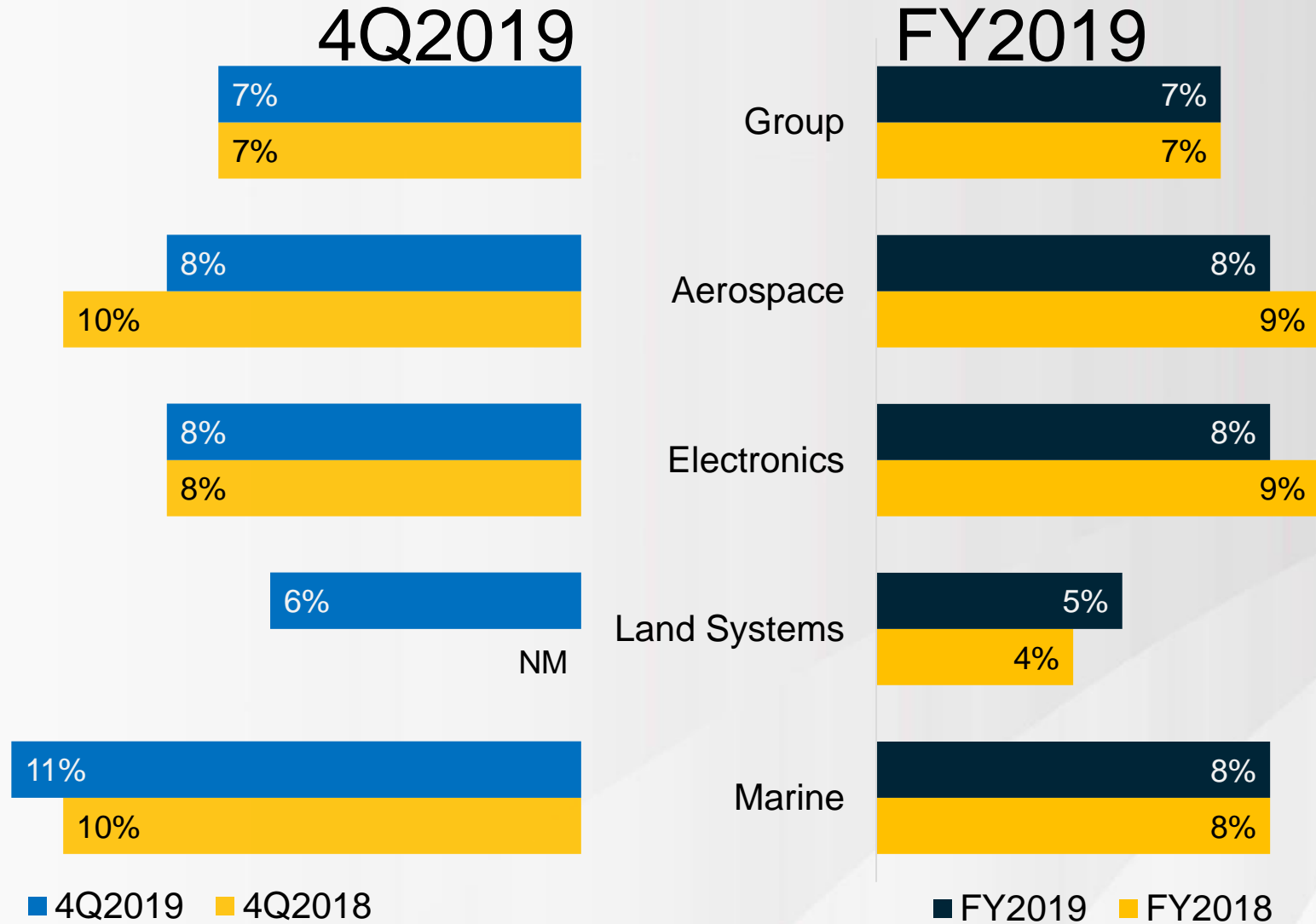




# Group Net Profit

S\$m	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Aerospace	76.9	63.5	+21%	268.9	244.6	+10%
Electronics	51.6	44.1	+17%	190.7	186.5	+2%
Land Systems	26.7	(0.7)	NM	77.3	52.9	+46%
Marine	21.8	14.5	+51%	51.5	45.2	+14%
Others	(7.5)	3.1	NM	(10.5)	(35.0)	NM
<b>Group</b>	<b>169.5</b>	<b>124.5</b>	<b>+36%</b>	<b>577.9</b>	<b>494.2</b>	<b>+17%</b>

# Group Net Profit Margin



# Balance Sheet

S\$m	31 Dec 2019	31 Dec 2018
Property, plant & equipment	1,805	1,743
Right-of-use assets	484	-
Intangible assets	1,980	1,151
Other non-current assets	613	582
Current assets	4,639	4,097
<b>Total assets</b>	<b>9,521</b>	<b>7,573</b>
Current liabilities	5,446	3,851
Non-current liabilities	1,584	1,187
<b>Total liabilities</b>	<b>7,030</b>	<b>5,038</b>
Share capital and reserves	2,222	2,247
Non-controlling interests	269	288
<b>Total equity and liabilities</b>	<b>9,521</b>	<b>7,573</b>

# Statement of Cash Flows

S\$m	FY2019	FY2018
Net cash from/(used in)		
Operating activities	590	639
Investing activities	(1,273)	(65)
Financing activities	720	(1,161)
Net increase/(decrease) in CCE *	37	(587)
CCE at beginning of the year	414	998
Exchange difference	1	3
CCE at end of the year	<b>452</b>	<b>414</b>

\* CCE - Cash & Cash Equivalents

# Outlook

# President & CEO's Message

“The Group’s focus in executing its strategy in 2019 produced a good set of financial results. In addition to achieving double-digit revenue and profit growth, we made three strategic acquisitions<sup>[1]</sup> to strengthen the Group’s position for the future. We also recorded a strong order book which provides near-term revenue visibility.”

~ Vincent Chong, President & CEO, ST Engineering

[1] The acquisition of MRAS was completed on 18 Apr 2019, the acquisition of Glowlink was completed on 17 Sept 2019 and the acquisition of Newtec was completed on 1 Oct 2019.

# Thank You

# Appendix



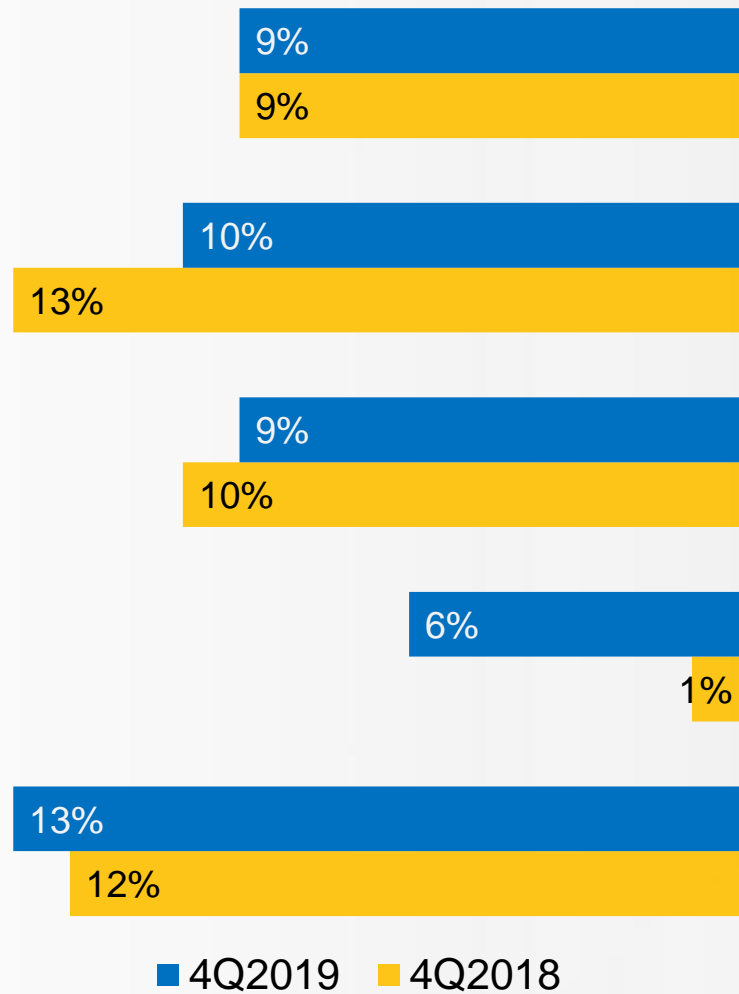
# Group

# Group Profit before Tax (PBT)

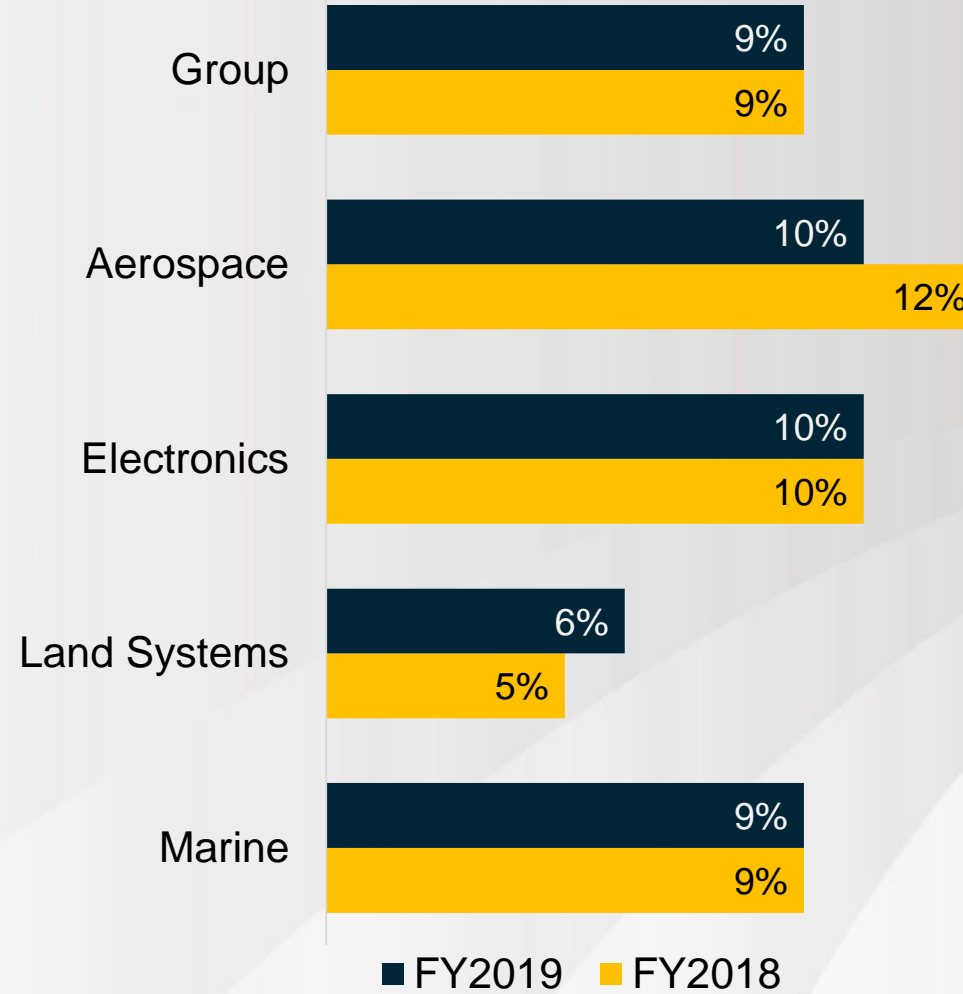
S\$m	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Aerospace	95.1	82.6	+15%	332.8	320.0	+4%
Electronics	59.0	51.5	+15%	226.5	224.7	+1%
Land Systems	28.3	2.6	>500%	88.6	62.3	+42%
Marine	26.2	16.0	+64%	60.8	50.3	+21%
Others	(9.8)	7.8	NM	(13.5)	(36.6)	NM
<b>Group</b>	<b>198.8</b>	<b>160.5</b>	<b>+24%</b>	<b>695.2</b>	<b>620.7</b>	<b>+12%</b>

# Group PBT Margin

## 4Q2019



## FY2019

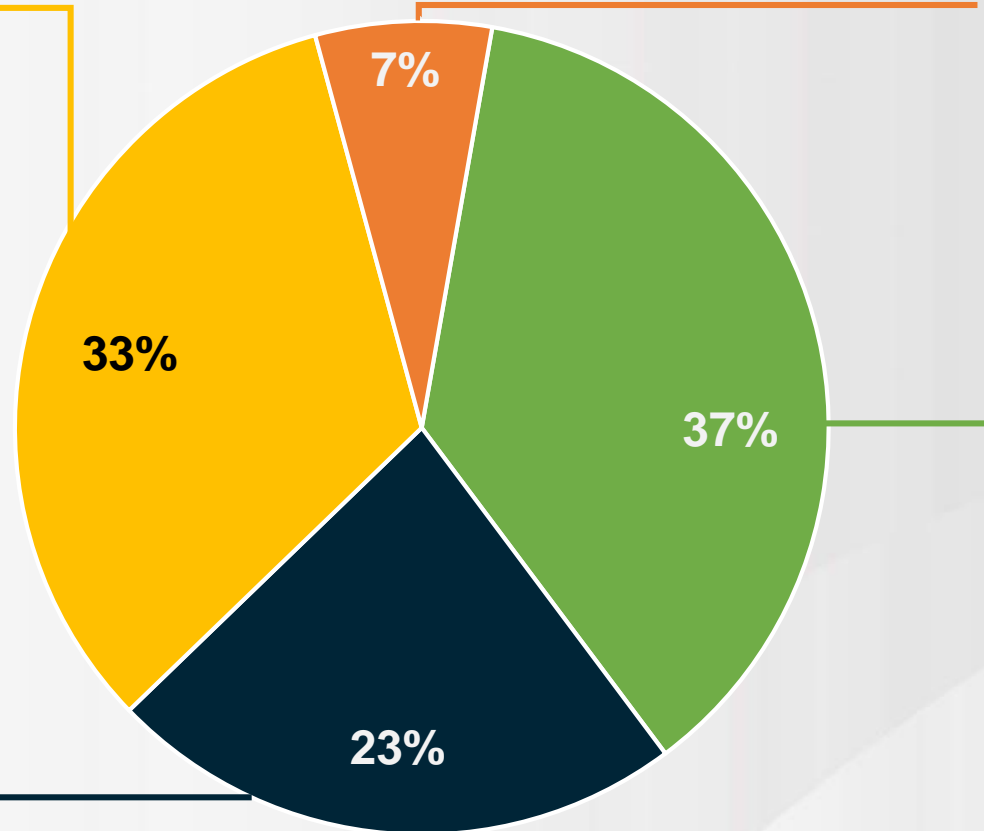


# Aerospace

# Aerospace Revenue by geography (by location of customers)

**Europe**  
FY2019: \$1,134m

**Others**  
FY2019: \$249m

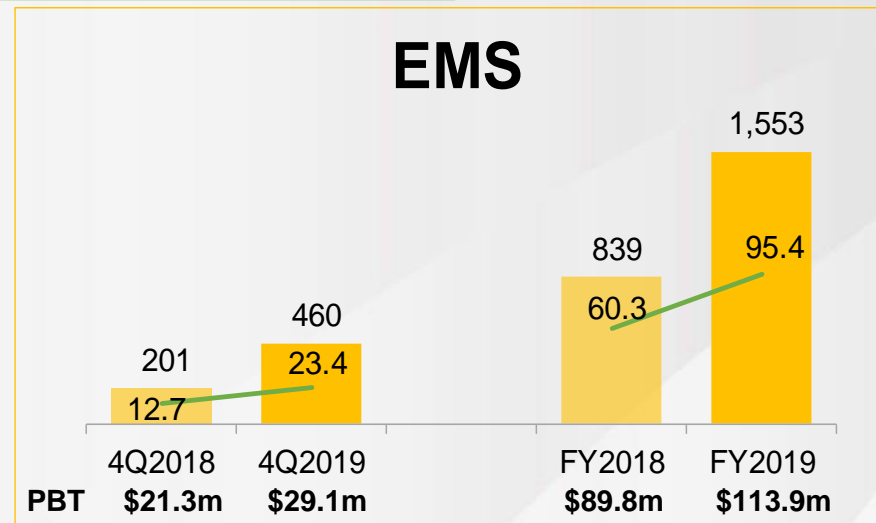
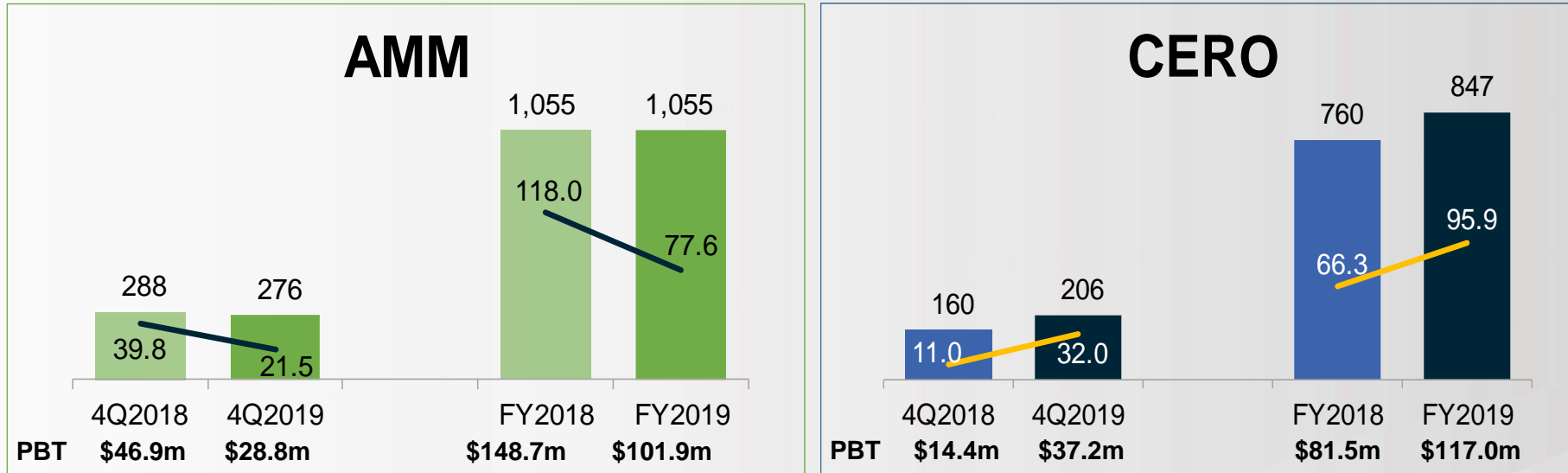


**U.S.**  
FY2019: \$780m

**Asia**  
FY2019: \$1,292m

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

FY2019 vs FY2018

**Revenue**      **\$3,450m**      ▲ **\$803m or 30%**

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

**PBT**      **\$332.8m**      ▲ **\$12.8m or 4%**

- Profit contribution from MRAS
  - Net favourable impact from end-of-programme reviews
- Partially offset by
- Absence of divestment gain
  - Unfavourable sales mix
  - Impairment of assets

**Net Profit**      **\$268.9m**      ▲ **\$24.3m or 10%**

- Recognition of tax credit
- Lower share of profits to non-controlling interest

# Aerospace – FY2019 in Review

- Secured \$4.2b worth of new contracts, including:
  - A 10-year airframe MRO contract to provide heavy maintenance services for a major North American airline's entire fleet of A300s and Boeing 757s
  - A 5-year extension agreement for A380 airframe maintenance
  - A multi-year contract for Boeing 717 heavy maintenance
  - A 10-year agreement to work with Airbus Helicopters to support a substantial part of the German Armed Forces' NH90 fleet
  - A 15-year engine MBH™ contract to support Japan Transocean Air's Boeing 737NG fleet
  - A 4-year landing gear overhaul contract to support Solaseed Air's Boeing 737-800 fleet
  - Orders for engine nacelle components and composite floor panels
  - A DroNet contract for security and surveillance applications



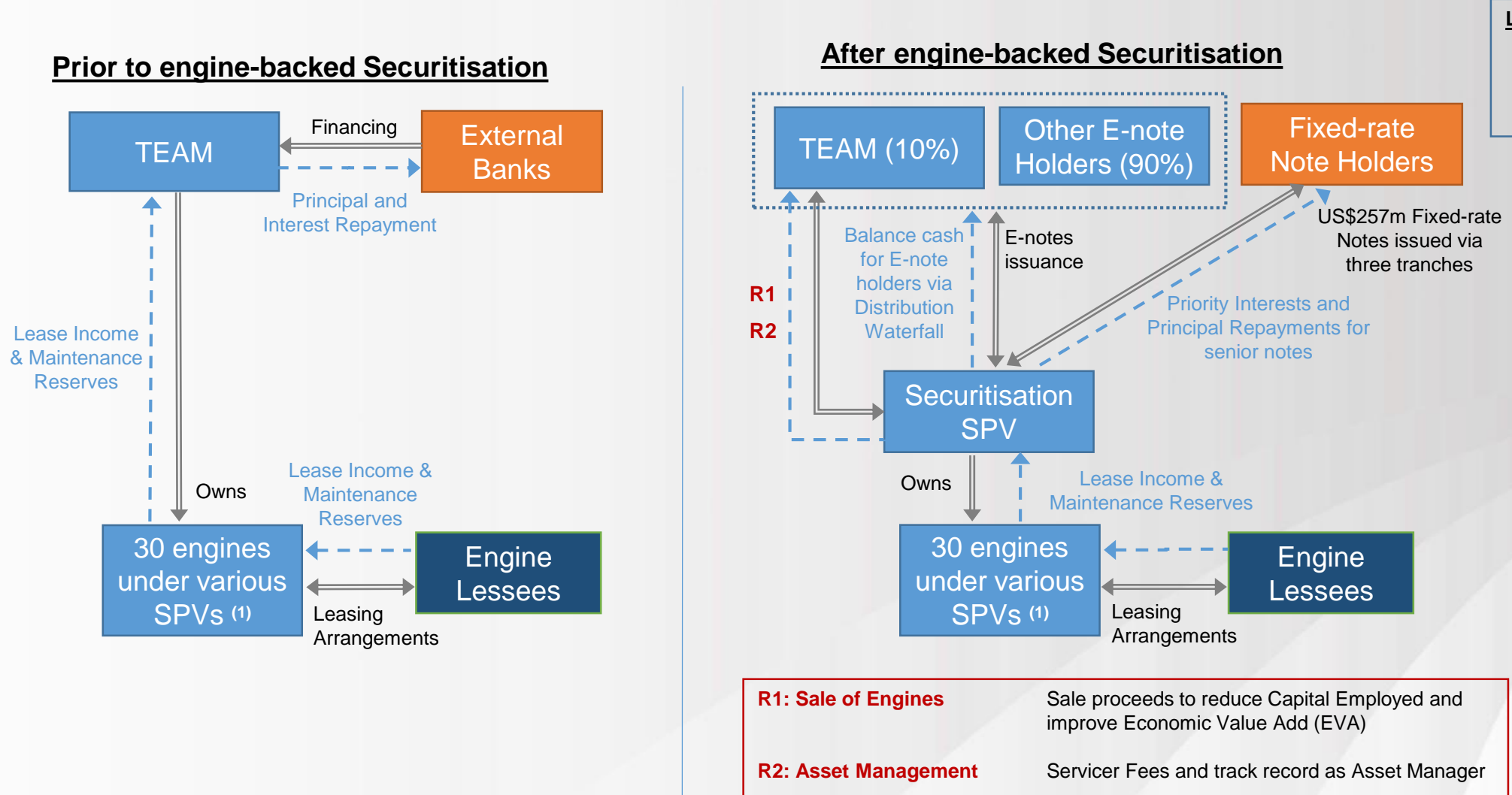
# Aerospace – FY2019 in Review

- Expanded into engine nacelle design and manufacturing business through MRAS
- Strengthened core capabilities
  - Opened new component MRO facilities in Hanoi and Ho Chi Minh City, Vietnam
  - Became official member of Honeywell Channel Partner Network as its licensed components repair centre
  - Completed Critical Design Review for prototype A320P2F
  - Achieved first-ever authorisation from the CAAS to conduct Beyond Visual Line of Sight trials for DroNet
  - Attained Supplemental Type Certificate from EASA for a refurbished aircraft that installed SPACElite I seats
  - Collaborated with Air New Zealand to trial the use of drones for aircraft inspection

# Aerospace – Outlook for FY2020

- Grow nacelle manufacturing and aftermarket business in U.S.
- Ramp up component MRO operations and set up airframe MRO capabilities in Vietnam
- Redeliver A321P2F prototype and pursue new P2F contracts
- Pursue opportunities to scale up engine leasing business post successful securitisation
- Accelerate digital transformation to enhance operations and add value to customers
- Continue to market UAV solutions and advance commercial applications of these solutions

# Aircraft Engine Securitisation Transaction



# Electronics

# Electronics Revenue by geography (by location of customers)

**Europe**

FY2019: \$181m

**Others**

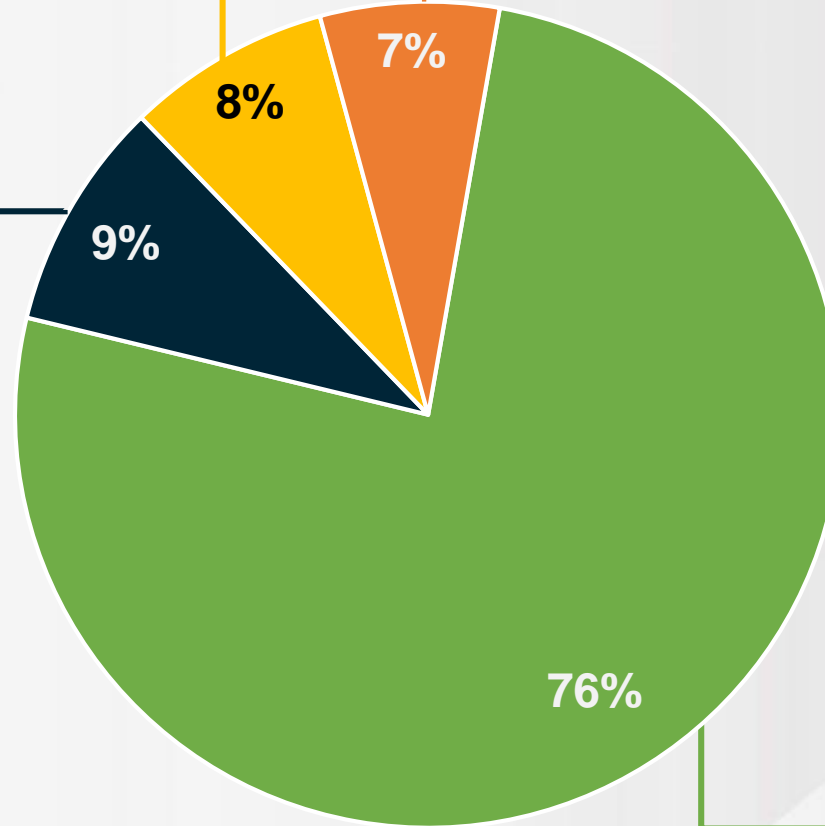
FY2019: \$163m

**U.S.**

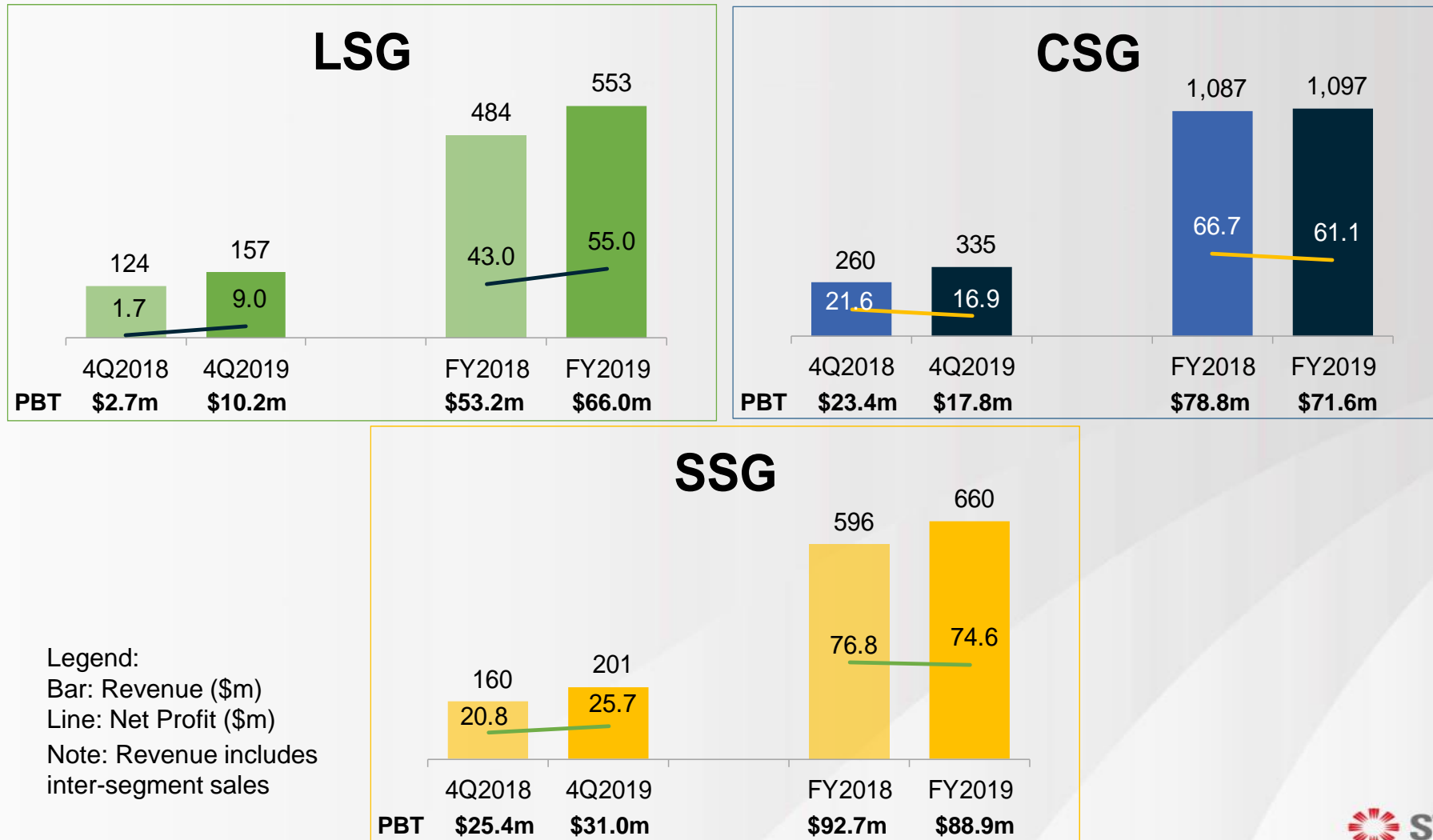
FY2019: \$219m

**Asia**

FY2019: \$1,747m



# Electronics Revenue, PBT and Net Profit by business group



# Electronics

FY2019 vs FY2018

**Revenue**

**\$2,282m**

**▲ \$139m or 6%**

- Higher revenue from all business groups

**PBT**

**\$226.5m**

**▲ \$1.8m or 1%**

- In line with higher revenue  
Partially offset by
- Transaction and integration costs for new acquisitions

**Net Profit**

**\$190.7m**

**▲ \$4.2m or 2%**

# Electronics - FY2019 in Review

- Secured \$2.8b worth of new contracts, including:
  - Satellite communications projects for first response teams, maritime, healthcare and banking industries
  - Rail electronics projects in China, Philippines, Taiwan, Thailand, Saudi Arabia and Singapore
  - Smart water meter and smart lighting solutions deployment in various global cities
  - An advanced Command Centre for PSA's Tuas port operations
  - An Air Traffic Control Tower Simulator system for the Civil Aviation Authority of the Philippines
  - An enterprise data analytics platform for a utility company
  - A next-generation emergency response management system for a public safety agency in Asia
  - Cybersecurity solutions to Vietnam's enterprises and critical information infrastructure (CII), and Singapore's aviation and homeland security customers
  - A unified simulation platform for the U.S. Army's synthetic training environment that meets demands for next generation collective training



# Electronics - FY2019 in Review

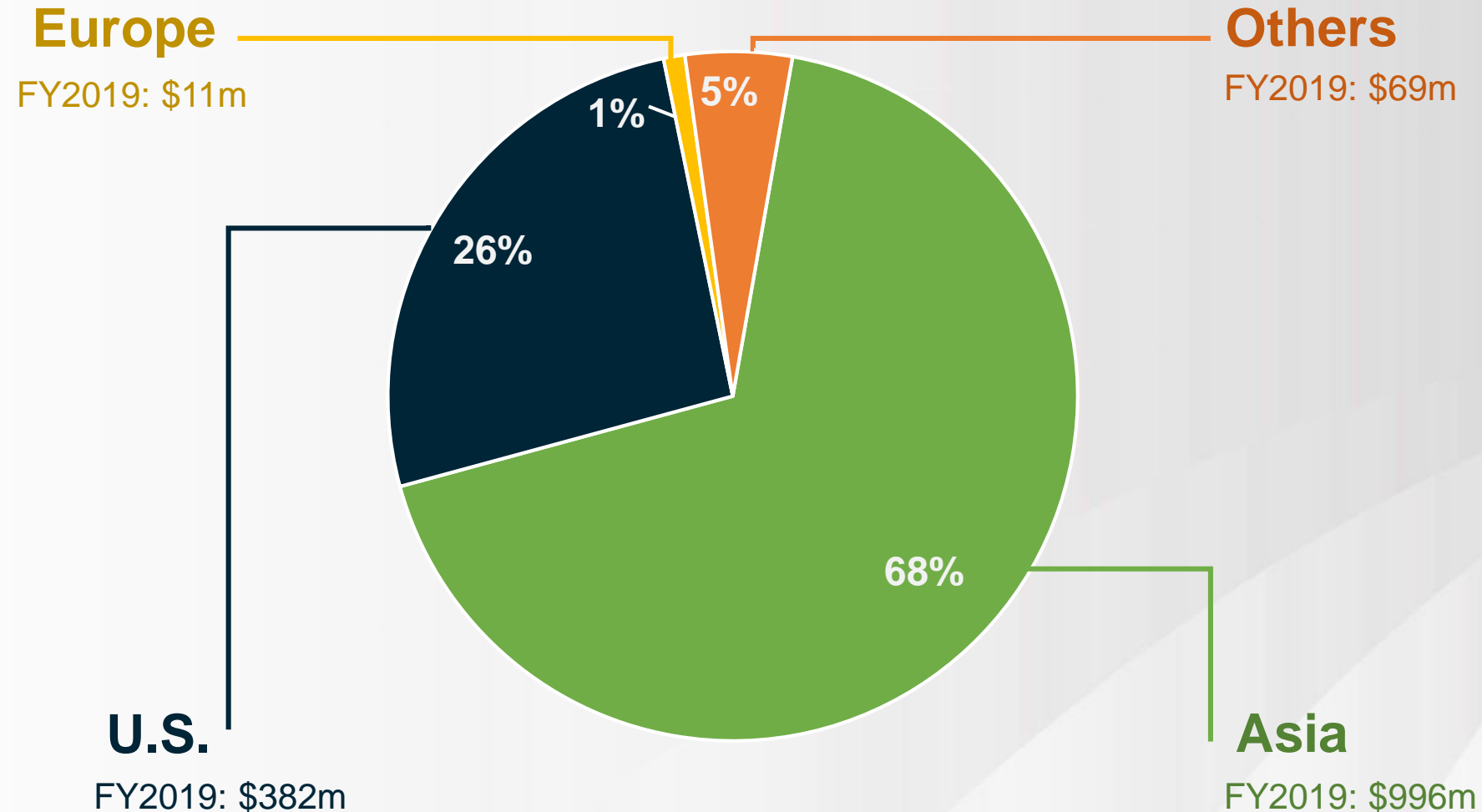
- Acquired Newtec and Glowlink Communications to build a highly differentiated global satellite communications business group
- Enhanced Smart City offerings
  - Entered into a JV with DSO National Laboratories for satellite analytics and new space technologies
  - Partnered government agencies and business partners to advance key technology areas such as 5G, Internet of Things and autonomous applications
  - Launched new products including the world's first Variable Pitch Platform Screen Door, Buried Intrusion Detection System, Airport Analytics, and Wireless Automatic Test System for Emergency Lights

# Electronics - Outlook for FY2020

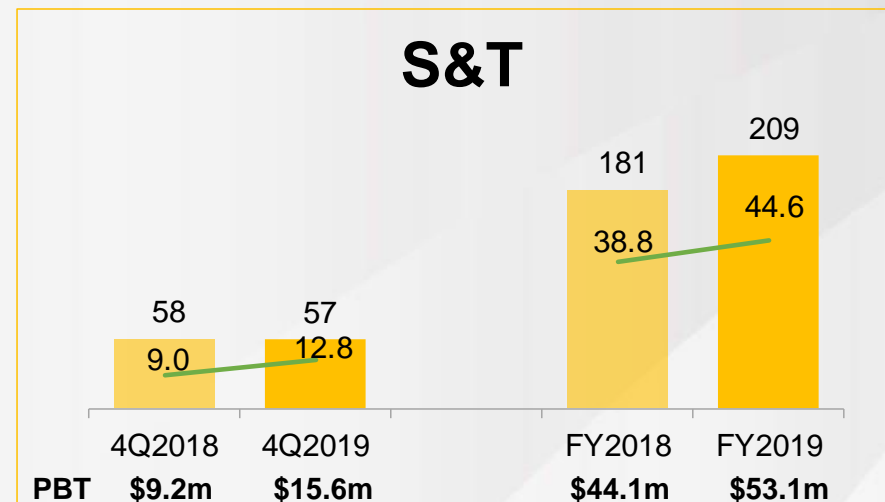
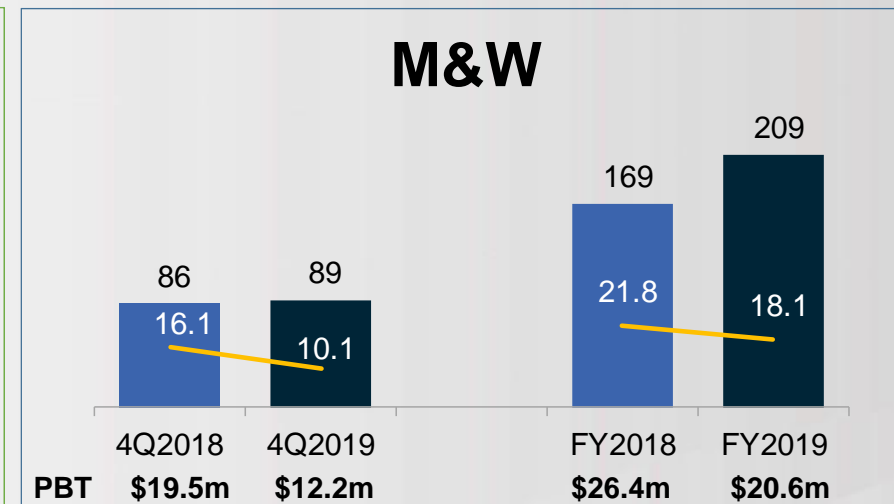
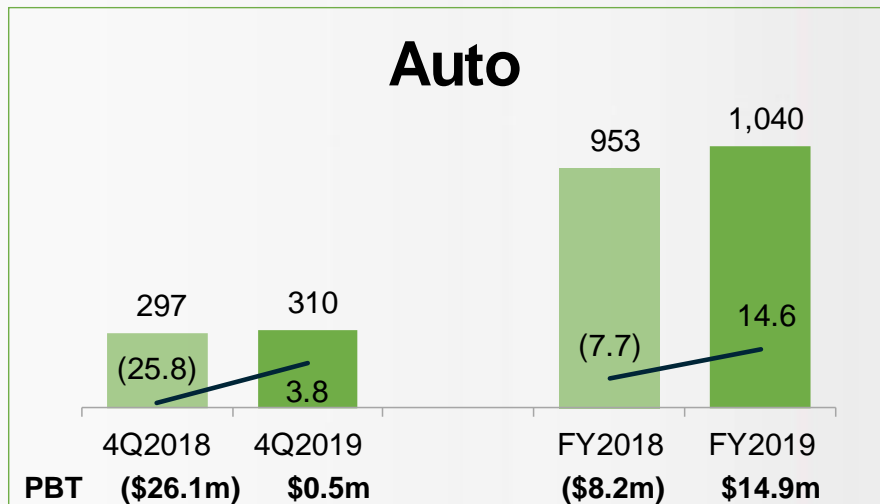
- Focus on integration of iDirect Europe (formerly known as Newtec) and Glowlink Communications
- Deliver smart mobility, satellite communications and software system related contracts on schedule
- Pursue smart city related contracts in and outside of Singapore

# Land Systems

# Land Systems Revenue by geography (by location of customers)



# 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

FY2019 vs FY2018

**Revenue**

**\$1,428m**

**▲ \$146m or 11%**

- Higher revenue from all business groups

**PBT**

**\$88.6m**

**▲ \$26.3m or 42%**

- Higher gross profit in line with higher revenue
  - Absence of portfolio rationalisation loss
- Partially offset by
- Higher operating expenses from continued investments in robotics capabilities

**Net Profit**

**\$77.3m**

**▲ \$24.4m or 46%**

# Land Systems - FY2019 in Review

- Secured new contracts during the year, including:
  - Weapons & munitions from customers in Asia Pacific, Middle East and Europe
  - Road construction equipment and specialty vehicles from customers in North America
  - Supply of 80 Automated Guided Vehicles and Automated DC chargers for PSA for deployment at Singapore's next-generation port in Tuas
  - Supply of 32 units of Aethon Autonomous Mobile Robots (AMRs) for the new Woodlands Health Campus
  - Supply of 50 three-door double-decker buses for Land Transport Authority

# Land Systems - FY2019 in Review

- Made progress in Robotics and Autonomous Vehicle businesses
  - Completed Singapore's first on-demand autonomous shuttle public trial at Sentosa
  - Commenced Autonomous Bus trial on Jurong Island
  - Formed a consortium of industry leaders to explore the commercialisation and export of its autonomous transport solutions
- Roll-out of first Hunter AFV in May. Vehicle was commissioned in June.
- Completed the first proof-of-concept diesel-to-electric conversion of a single decker bus
- Launched the STROBO portfolio brand of autonomous bus platforms at ITS World Congress 2019

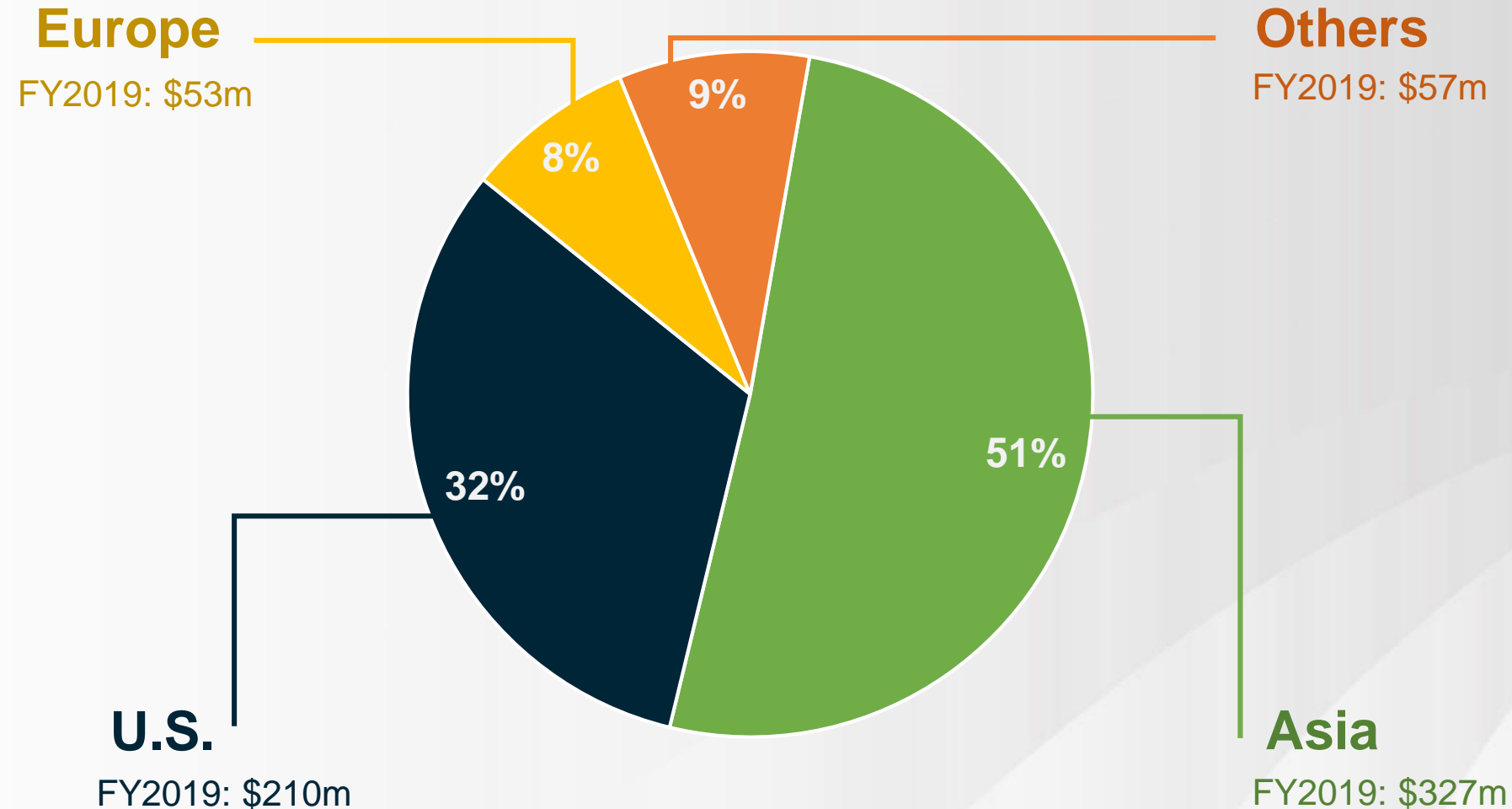


# Land Systems - Outlook for FY2020

- Pursue and secure key defence and commercial programmes locally and overseas
- Develop and strengthen capabilities to be a leading contributor of the AV ecosystem in Singapore, supporting the nation's Land Transport Master Plan
- Provide logistics autonomous solutions for the warehouse, airport, seaport and manufacturing industries

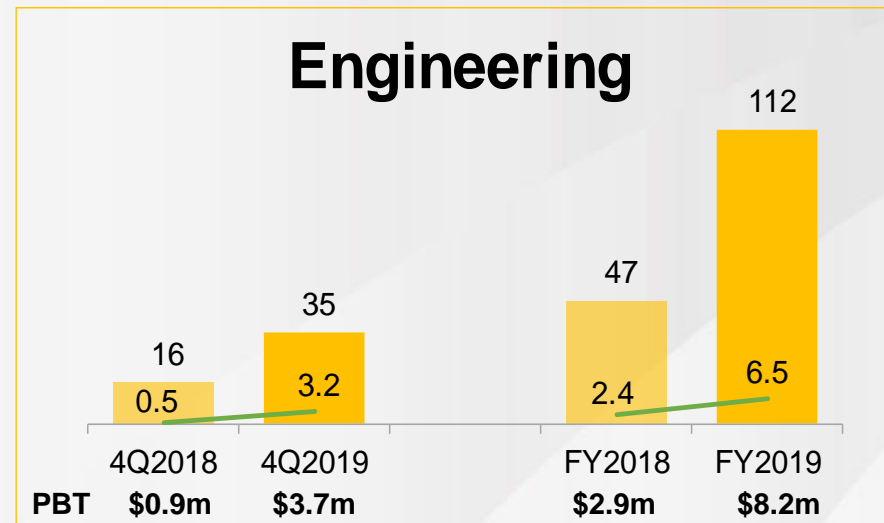
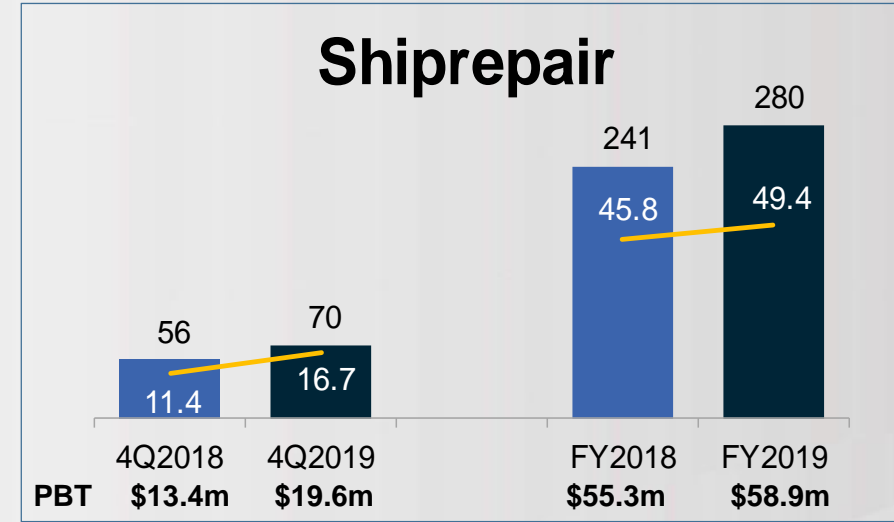
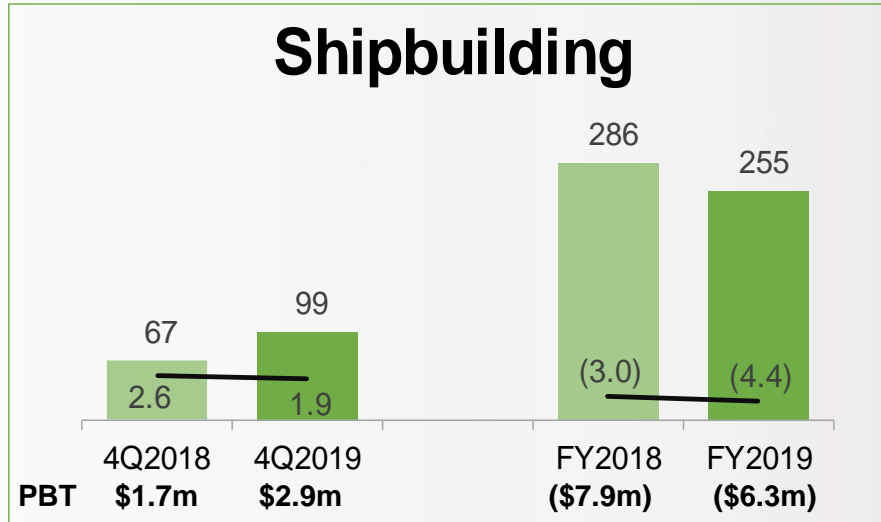
# Marine

# Marine Revenue by geography (by location of customers)



Note: Revenue includes inter-segment sales

# Marine Revenue, PBT and Net Profit by business group



Legend:  
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 Note: Revenue includes inter-segment sales

# Marine

FY2019 vs FY2018

**Revenue**

**\$647m**

**▲ \$73m or 13%**

- Higher revenue from Shiprepair and Engineering business groups

**PBT**

**\$60.8m**

**▲ \$10.5m or 21%**

- Improved performance from US operations and sale of Ropax  
Partially offset by
- Unfavourable arbitration outcome with a customer

**Net Profit**

**\$51.5m**

**▲ \$6.3m or 14%**

# Marine – FY2019 in Review

- Secured new contracts during the year, including:
  - Design and construction of a Polar Security Cutter for the U.S. Coast Guard, with an option for two more
  - A Common Hull Auxiliary Mission Platform programme study for U.S. Navy
  - Phase 1 Preliminary/Contract design for the National Oceanic and Atmospheric Administration AGOR Variant by Naval Sea Systems Command
  - Construction of three firm Auxiliary Personnel Lighter Small (APL(S)) Class berthing barges for U.S. Navy

# Marine – FY2019 in Review

- Shipbuilding programme updates
  - Delivered 7<sup>th</sup> & 8<sup>th</sup> of eight Littoral Mission Vessel to Republic of Singapore Navy
  - Delivered ATB Tug to Bouchard Transportation and passenger and vehicle ferry to Commonwealth of Virginia, Department of Transportation
  - Keel-laid (APL(S)) Class berthing barges and Logistics Support Vessel
  - Launched Floating Power Plant for Transcontinental Capital Corporation
  - Launched Q-LNG Tug and Barge for Q-LNG
  - Started the 5GPT programme for Singapore Police Coast Guard
- Sold MV Nova Star, a Roll-on/Roll-off Passenger Vessel to Polferries
- Completed numerous shiprepair projects, rig repair and related fabrication works

# Marine – Outlook for FY2020

- R&D plan including design performance specifications for Polar Security Cutter
- Pursue and secure defence and commercial newbuild programmes locally and overseas
- Scheduled launch
  - 5GPT for Singapore Police Coast Guard
  - (APL(S)) Class berthing barges for U.S. Navy
- Scheduled delivery
  - 5GPT for Singapore Police Coast Guard
  - Q-LNG Tug and Barge for Q-LNG