

## News Release

### ST Engineering Delivers Double-Digit Growth in Revenue and Profits for 4Q2019 and FY2019

<b>FINANCIAL HIGHLIGHTS</b>			
<b>For the year ended</b>			
<b>31 December 2019</b>			
	<b>2019 FY</b>	<b>2018 FY</b>	<b>Change</b>
Revenue (\$m)	7,868	6,698	17%
Earnings before interest and tax (EBIT) (\$m)	654.0	570.3	15%
Other income, net (\$m)	38.9	35.0	11%
Finance costs, net (\$m)	(36.6)	(33.6)	9%
Profit before tax (PBT) (\$m)	695.2	620.7	12%
Profit attributable to shareholders (Net Profit) (\$m)	577.9	494.2	17%
Earnings per share (cents)	18.53	15.85	17%
Economic value added (EVA) (\$m)	317.0	306.0	4%
Return on equity (%)	26.0	22.0	4pp
Dividend per share (cents)	15.0	15.0	-
<ul style="list-style-type: none"> <li>• Final</li> <li>• Interim</li> </ul>	<ul style="list-style-type: none"> <li>10.0</li> <li>5.0</li> </ul>	<ul style="list-style-type: none"> <li>10.0</li> <li>5.0</li> </ul>	

- Order book was \$15.3b as at end December 2019, of which about \$5.9b is expected to be delivered in 2020
- Commercial sales and defence sales constituted \$5.6b and \$2.3b respectively
- Cash and cash equivalents of \$452m recorded as at end December 2019

*N.B.: All currencies are in Singapore dollars*

**Singapore Technologies Engineering Ltd**

ST Engineering Hub, 1 Ang Mo Kio Electronics Park Road #07-01, Singapore 567710

T: (65) 6722 1818 F: (65) 6720 2293

(Regn. No.: 199706274H)

**Singapore, 24 February 2020** - Singapore Technologies Engineering Ltd (ST Engineering) today reported strong growth in revenue and profits for its full-year financial results for the year ended 31 December 2019.

The Group posted a revenue of \$7.9b, a 17% increase from \$6.7b a year ago in the same period. Profit before Tax (PBT) grew 12% y-o-y to \$695.2m from \$620.7m, and Profit attributable to shareholders (Net Profit) was up 17% y-o-y to \$577.9m from \$494.2m.

At the business sectors, revenue for the Aerospace sector grew 30% y-o-y to \$3.5b from \$2.6b largely due to MRAS' contribution and revenue recognised from various end-of-programme reviews. Its Net Profit was up 10% y-o-y to \$268.9m from \$244.6m mainly due to MRAS' contribution and end-of-programme reviews partly offset by assets impairment including rotables, and the absence of prior year's divestment gain. Revenue for the Electronics sector was \$2.3b, up 6% from \$2.1b a year ago driven by broad-based growth across its business groups, and its Net Profit was 2% higher y-o-y at \$190.7m from \$186.5m, largely due to favourable sales mix partly offset by transaction and integration costs associated with the acquisitions of Newtec and Glowlink<sup>3</sup>.

Revenue for the Land Systems sector was \$1.4b, up 11% y-o-y from \$1.3b and its Net Profit at \$77.3m, was up 46% from \$52.9m a year ago in line with higher revenue and absence of portfolio rationalisation loss incurred in 4Q2018. Revenue for the Marine sector was up 13% y-o-y to \$647m from \$574m mainly due to better performance of its U.S. operations, and its Net Profit grew 14% to \$51.5m from \$45.2m a year ago despite impact of the arbitration outcome<sup>1</sup>, helped by improved U.S. operations and sale of ROPAX<sup>2</sup>. Revenue for "Others" was up 17% y-o-y to \$61m from \$52m and Net Loss narrowed to \$10.5m from \$35.0m the year before mainly due to improved performance of Miltope, its ruggedised computer business and the absence of one-time costs incurred for the early redemption of MTN.

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<sup>1</sup> Arbitration proceedings between VT Halter Marine, Inc. and Hornbeck Offshore Services, LLC were settled on 22 Oct 2019.

<sup>2</sup> The sale of the Roll-on/Roll-off Passenger Vessel (ROPAX), MV Nova Star to Polish ferry operator, Polferries was completed in Oct 2019.

*“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>3</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**

Commercial sales and defence sales accounted for \$5.6b and \$2.3b respectively of Group revenue in 2019. As of 31 December 2019, the Group held \$452m of cash and cash equivalents.

#### **4Q2019 versus 4Q2018**

In the fourth quarter ended 31 December 2019 (4Q2019), the Group achieved revenue of \$2.3b, up 29% from \$1.8b a year ago. PBT was 24% higher at \$198.8m from \$160.5m the year before and Net Profit grew 36% y-o-y to \$169.5m from \$124.5m.

The Aerospace sector recorded revenue of \$941m, up 45% from \$647m and its Net Profit was 21% higher at \$76.9m versus \$63.5m a year ago. Revenue for the Electronics sector was 28% higher y-o-y at \$686m from \$536m and its Net Profit increased 17% to \$51.6m from \$44.1m the year before. The Land Systems sector revenue grew 3% y-o-y to \$448m from \$435m and it turned in a Net Profit of \$26.7m compared to a Net Loss of \$0.7m a year ago. Revenue for the Marine sector was \$204m, up 47% y-o-y from \$139m, and its Net Profit grew 51% y-o-y to \$21.8m from \$14.5m.

#### **Dividend Payout and Dividend Yield**

The Board of Directors proposes a Final Dividend of 10.0 cents per share. Together with the Interim Dividend of 5.0 cents per share distributed in September 2019, shareholders will receive a total dividend of 15.0 cents per share for FY2019. This translates to a dividend yield of 4%, computed using the average closing share price of the last trading day of 2019 and 2018.

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<sup>3</sup> 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.

### **New Contract Wins in 2019**

New contracts announced for 2019 stood at \$8b, including \$1b for the one unit of Polar Security Cutter. For 4Q2019, the Group announced a total of \$1.5b new contracts, of which about \$1.1b was secured by the Aerospace sector across its aviation manufacturing (including nacelle component and floor panel) and MRO service businesses. Another \$449m was secured by its Electronics sector for products and solutions in smart mobility, satellite communications, Internet of Things, cybersecurity, public safety and security, and defence. In addition to these new contract highlights, the Group also had other contract wins in 2019.

### **Strong Order Book**

The Group ended the year with an order book of \$15.3b, and it expects to deliver about \$5.9b in 2020.

### **Change in Quarterly Reporting**

We refer to amendment of the SGX Mainboard listing rules effective 7 February 2020 for quarterly reporting (QR) requirements for listed companies. The new rules take a risk-based approach to QR while strengthening continuous disclosure requirements for all listed companies. Pursuant to the new rules and in line with the long-term nature of the Group's businesses, the Group will henceforth publish its financial results on a half-yearly basis. The group will also augment its half-yearly financial results with relevant operating information on a quarterly basis.

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**ST Engineering** is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. The Group employs about 23,000 people across offices in Asia, the Americas, Europe and the Middle East, serving customers in the defence, government and commercial segments in more than 100 countries. With more than 700 smart city projects across 130 cities in its track record, the Group continues to help transform cities through its suite of Smart Mobility, Smart Security and Smart Environment solutions. Headquartered in Singapore, ST Engineering reported revenue of \$7.9b in FY2019 and it ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore, SGX ESG Transparency Index and SGX ESG Leaders Index.

For further enquiries, please contact:

Lina Poa  
Head, Corporate Communications & Investor Relations  
Tel: (65) 6722 1818  
Email: [linapoa@stengg.com](mailto:linapoa@stengg.com)

Sylvia Lee  
Manager, Investor Relations  
Tel: (65) 6722 1849  
Email: [lee.ruiting.sylvia@stengg.com](mailto:lee.ruiting.sylvia@stengg.com)

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**SINGAPORE TECHNOLOGIES ENGINEERING LTD**  
**AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**
**1 CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>GROUP</b>		
	<b>FY2019</b> \$'000	<b>FY2018</b> \$'000	<b>+ / (-)</b> %
<b>Revenue</b>	<b>7,868,276</b>	<b>6,697,928</b>	<b>17.5</b>
Cost of sales	(6,232,814)	(5,292,389)	17.8
<b>Gross profit</b>	<b>1,635,462</b>	<b>1,405,539</b>	<b>16.4</b>
Distribution and selling expenses (refer to para 1.6)	(263,990)	(200,180)	31.9
Administrative expenses (refer to para 1.7)	(583,600)	(509,874)	14.5
Other operating expenses	(133,883)	(125,227)	6.9
<b>Earnings before interest and tax</b>	<b>653,989</b>	<b>570,258</b>	<b>14.7</b>
Other income	44,393	55,391	(19.9)
Other expenses	(5,496)	(20,405)	(73.1)
Other income, net (refer to para 1.8)	38,897	34,986	11.2
Finance income	14,290	22,357	(36.1)
Finance costs	(50,915)	(55,909)	(8.9)
Finance costs, net (refer to para 1.2)	(36,625)	(33,552)	9.2
Share of results of associates and joint ventures, net of tax (refer to para 1.9)	38,983	49,056	(20.5)
<b>Profit before taxation</b>	<b>695,244</b>	<b>620,748</b>	<b>12.0</b>
Taxation	(102,570)	(104,326)	(1.7)
<b>Profit after taxation</b>	<b>592,674</b>	<b>516,422</b>	<b>14.8</b>
Attributable to:			
<b>Shareholders of the Company</b>	<b>577,945</b>	<b>494,241</b>	<b>16.9</b>
Non-controlling interests	14,729	22,181	(33.6)
	<b>592,674</b>	<b>516,422</b>	<b>14.8</b>

NM: Not Meaningful

**1(a) BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT**

	<b>GROUP</b>		
	<b>FY2019</b>	<b>FY2018</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
1.1 Earnings before interest and tax is arrived at after charging the following:			
Depreciation and amortisation	368,252	244,045	50.9
The higher depreciation and amortisation in FY2019 was mainly attributable to the acquisition of MRA Systems, LLC (subsequently renamed to Middle River Aerostructure Systems, LLC) (MRAS) and Newtec Group NV (subsequently renamed to ST Engineering iDirect (Europe) NV) (iDirect Europe) in 2019 and depreciation of right-of-use assets following the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 16 - Leases on 1 January 2019.			
Impairment loss on trade receivables and contract assets	53,473	7,405	>500
The impairment loss in FY2019 was due mainly to impairment of receivables in Aerospace and Land Systems sectors.			
Allowance for inventory obsolescence, net	76,780	56,432	36.1
The higher allowance for inventory obsolescence in FY2019 was mainly contributed by Aerospace and Electronics sectors and Miltope.			
1.2 Finance costs, net comprises:			
Interest income	9,487	17,906	(47.0)
Foreign exchange gain, net	3,350	3,895	(14.0)
Fair value changes of financial instruments / hedged items	(2,731)	(5,280)	(48.3)
Loss on disposal of investments, net	-	(5,173)	NM
Fair value changes of an associate	(1,978)	-	NM
Interest expenses	(44,753)	(44,900)	(0.3)
	<u>(36,625)</u>	<u>(33,552)</u>	9.2
1.3 Profit after taxation as a percentage of revenue	7.5%	7.7%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the year	26.0%	22.0%	
1.5 The Group's tax charge in FY2019 included adjustments for overprovision of current and deferred tax of \$9.2 million and \$12.3 million respectively in respect of prior years. (FY2018: Adjustments for overprovision of current tax and deferred tax of \$8.5 million and \$2.4 million respectively.)			
1.6 The higher selling and distribution expenses in FY2019 (by \$63.8 million) was due mainly to impairment of trade receivables and staff related costs.			
1.7 The higher administrative expenses (by \$73.7 million) arose mainly from acquisition of MRAS and iDirect Europe and staff related costs.			
1.8 The higher other income, net (by \$3.9 million) was mainly attributable to gain vis-à-vis loss in prior year from portfolio rationalisation activities, partially offset by lower government grants and impairment of an associate.			
1.9 The share of lower profits from associates and joint ventures (by \$10.1 million) was mainly attributable to lower contribution from associates in Aerospace sector and Experia Events Pte Ltd.			
1.10 There was no disposal of property during the year.			



**1(b) BREAKDOWN OF REVENUE AND PROFIT FOR THE YEAR**

	<b>GROUP</b>		
	<b>2019</b> \$'000	<b>2018</b> \$'000	<b>+ / (-)</b> %
Revenue reported for first half year	3,511,342	3,297,690	6.5
Profit after taxation reported for first half year	275,382	241,156	14.2
Revenue reported for second half year	4,356,934	3,400,238	28.1
Profit after taxation reported for second half year	317,292	275,266	15.3

**1(c) EARNINGS PER ORDINARY SHARE (EPS)**

	<b>GROUP</b>	
	<b>FY2019</b>	<b>FY2018</b>
EPS based on profit attributable to shareholders:	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	18.53	15.85
(ii) On a fully diluted basis	18.42	15.76

**2 BALANCE SHEETS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,805,034	1,742,742	28,688	18,129
Right-of-use assets	483,975	-	5,511	-
Subsidiaries	-	-	1,327,608	1,328,153
Associates and joint ventures	453,419	455,703	17,657	17,657
Investments	16,178	16,392	-	-
Intangible assets	1,980,215	1,151,238	-	-
Long-term trade receivables	1,668	1,172	-	-
Deferred tax assets	111,595	72,136	-	365
Amounts due from related parties	4,806	4,806	-	-
Advances and other receivables	11,849	20,074	-	-
Derivative financial instruments	13,351	11,483	-	-
	<b>4,882,090</b>	<b>3,475,746</b>	<b>1,379,464</b>	<b>1,364,304</b>
<b>Current assets</b>				
Contract assets	1,246,207	1,070,396	-	-
Inventories	1,311,858	1,183,510	-	-
Trade receivables	1,245,881	1,137,816	-	-
Amounts due from related parties	35,661	35,392	58,732	46,382
Advances and other receivables	345,744	253,961	4,566	9,170
Short-term investments	604	422	-	-
Bank balances and other liquid funds	453,230	415,780	16,271	273,456
	<b>4,639,185</b>	<b>4,097,277</b>	<b>79,569</b>	<b>329,008</b>
<b>TOTAL ASSETS</b>	<b>9,521,275</b>	<b>7,573,023</b>	<b>1,459,033</b>	<b>1,693,312</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Contract liabilities	1,043,215	1,324,093	-	-
Deposits from customers	9,291	4,219	-	-
Trade payables and accruals	2,012,897	1,829,758	18,817	21,337
Amounts due to related parties	70,007	85,445	4,836	210,275
Provisions	233,459	212,935	-	-
Provision for taxation	195,059	163,232	876	4,518
Borrowings	1,868,812	225,416	118	-
Deferred Income	2,403	3,761	-	-
Employee benefits	11,265	2,401	-	-
	<b>5,446,408</b>	<b>3,851,260</b>	<b>24,647</b>	<b>236,130</b>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>	<b>(807,223)</b>	<b>246,017</b>	<b>54,922</b>	<b>92,878</b>

**2 BALANCE SHEETS (cont'd)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current liabilities</b>				
Contract liabilities	422,992	495,453	-	-
Trade payables and accruals	57,983	80,345	6,334	8,706
Amounts due to related parties	-	-	1,003	964
Provisions	16,994	-	-	-
Deferred tax liabilities	174,732	170,726	2,268	-
Borrowings	468,895	270,363	5,434	-
Deferred income	34,309	42,405	-	-
Employee benefits	380,061	108,016	-	-
Derivative financial instruments	27,900	19,842	-	-
	<b>1,583,866</b>	<b>1,187,150</b>	<b>15,039</b>	<b>9,670</b>
<b>TOTAL LIABILITIES</b>	<b>7,030,274</b>	<b>5,038,410</b>	<b>39,686</b>	<b>245,800</b>
<b>NET ASSETS</b>	<b>2,491,001</b>	<b>2,534,613</b>	<b>1,419,347</b>	<b>1,447,512</b>
<b>Share capital and reserves</b>				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(26,731)	(9,030)	(26,731)	(9,030)
Capital reserves	112,563	118,174	(3,412)	2,199
Other reserves	(149,445)	(72,054)	68,952	65,054
Retained earnings	1,389,966	1,313,361	484,612	493,363
<b>Equity attributable to owners</b>				
<b>of the Company</b>	<b>2,222,279</b>	<b>2,246,377</b>	<b>1,419,347</b>	<b>1,447,512</b>
Non-controlling interests	268,722	288,236	-	-
	<b>2,491,001</b>	<b>2,534,613</b>	<b>1,419,347</b>	<b>1,447,512</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,521,275</b>	<b>7,573,023</b>	<b>1,459,033</b>	<b>1,693,312</b>

**2(a) ANALYSIS OF BALANCE SHEETS**

Compared to 31 December 2018, the Group's total assets increased due mainly to the acquisition of MRAS and iDirect Europe and the recognition of right-of-use assets with effect from 1 January 2019 in accordance with SFRS(I) 16. The Group applied the modified retrospective approach on adoption of SFRS(I) 16 and the comparative information was not restated. The increase in total liabilities was due mainly to the increase in employee benefits from the acquisition of MRAS and the increase in borrowings from the issuance of short-term unsecured promissory notes under the US\$1.5 billion U.S. Commercial Paper Programme (CP Programme) and the inclusion of lease liabilities as part of borrowings.

**2(b) BORROWINGS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31-Dec-19 \$'000</b>	<b>As at 31-Dec-18 \$'000</b>	<b>As at 31-Dec-19 \$'000</b>	<b>As at 31-Dec-18 \$'000</b>
<b><u>Amount repayable within one year</u></b>				
Secured	75,723	18,185	118	-
Unsecured	1,793,089	207,231	-	-
	<u>1,868,812</u>	<u>225,416</u>	<u>118</u>	<u>-</u>
<b><u>Amount repayable after one year</u></b>				
Secured	417,531	77,341	5,434	-
Unsecured	51,364	193,022	-	-
	<u>468,895</u>	<u>270,363</u>	<u>5,434</u>	<u>-</u>
<b>Total</b>	<u>2,337,707</u>	<u>495,779</u>	<u>5,552</u>	<u>-</u>

**2(c) NET ASSET VALUE**

	<b>GROUP</b>	
	<b>FY2019</b>	<b>FY2018</b>
	Cents	Cents
Net asset value per ordinary share at end of the year	71.32	72.00

	<b>COMPANY</b>	
	<b>FY2019</b>	<b>FY2018</b>
	Cents	Cents
Net asset value per ordinary share at end of the year	45.55	46.40

**3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019**

	GROUP	
	FY2019	FY2018
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	695,244	620,748
Adjustments:		
Share of results of associates and joint ventures, net of tax	(38,983)	(49,056)
Share-based payment expense	24,354	20,490
Depreciation charge	275,632	194,714
Property, plant and equipment written off	1,408	982
Amortisation of other intangible assets	92,620	49,331
Impairment of property, plant and equipment	2,786	81
Impairment of goodwill and other intangible assets	23,227	1,861
Impairment of an associate	4,000	-
Gain on disposal of property, plant and equipment	(9,029)	(2,000)
Gain on disposal of intangible assets	-	(41)
Gain on disposal of associates, net	(1,723)	(12,426)
Loss on disposal of investments, net	-	5,173
Loss on disposal of subsidiaries	925	20,081
Changes in fair value of an associate	1,978	-
Changes in fair value of financial instruments and hedged items	2,731	5,280
Interest expense	44,753	44,900
Interest income	(9,487)	(17,906)
Dividends from investments	-	-
Amortisation of deferred income	(272)	(144)
Operating cash flow before working capital changes	1,110,164	882,068
Changes in:		
Inventories	46,216	(60,784)
Contract assets	(34,001)	(134,319)
Trade receivables	13,174	(200,106)
Advance payments to suppliers	(48,201)	20,616
Other receivables, deposits and prepayments	(54,041)	(11,903)
Amount due from holding company and related corporations balances	3,175	9,474
Amount due to holding company and related corporations balances	(924)	1,677
Amount due from associates	2,889	(431)
Amount due from joint ventures	(36,508)	(3,777)
Contract liabilities	(374,285)	36,026
Trade payables	(10,031)	163,941
Deposits from customers	(1,504)	(1,590)
Other payables, accruals and provisions	61,226	28,604
Loans to staff and third parties	(1,219)	542
Deferred income	(1,111)	(11,459)
Foreign currency translation of foreign operations	(4,046)	(2,435)
Cash generated from operations	670,973	716,144
Interest received	9,459	22,510
Income tax paid	(90,470)	(99,161)
<b>Net cash from operating activities</b>	<b>589,962</b>	<b>639,493</b>

**3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019 (cont'd)**

	<b>GROUP</b>	
	<b>FY2019</b>	<b>FY2018</b>
	\$'000	\$'000
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	118,172	4,097
Proceeds from disposal of associates and joint venture and return of capital from joint venture	6,095	27,682
Proceeds from sale and maturity of investments	-	375,098
Proceeds from unwinding of cross currency interest rate swaps	-	13,210
Proceeds from sale of intangible assets	-	64
Purchase of property, plant and equipment	(290,124)	(336,102)
Purchase of investments	-	(40,920)
Additions to other intangible assets	(104,435)	(115,408)
Dividends from associates and joint ventures	47,839	61,081
Investment in associates and joint ventures	(28,767)	(34,305)
Repayment of loan by/(loan to) a joint venture	19,661	(19,806)
Acquisition of controlling interests in subsidiaries, net of cash acquired	(1,050,121)	-
Disposal of subsidiaries, net of cash disposed	8,855	138
<b>Net cash used in investing activities</b>	<b>(1,272,825)</b>	<b>(65,171)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank loans	1,079,911	307,901
Proceeds from commercial papers	1,440,175	-
Proceeds from a loan from a joint venture	-	17,925
Proceeds from finance lease receivables	844	-
Repayment of bank loans	(1,119,271)	(247,134)
Repayment of other loans	-	(148)
Repayment of lease liabilities	(92,894)	(2,513)
Repayment of loan from a joint venture	(4,000)	(30,805)
Redemption of medium term notes	-	(681,100)
Purchase of treasury shares	(43,768)	(4,354)
Capital contribution from non-controlling interests of a subsidiary	4,263	432
Return of capital to non-controlling interests of a subsidiary	(8,652)	-
Dividends paid to shareholders of the Company	(468,156)	(468,004)
Dividends paid to non-controlling interests	(12,247)	(4,200)
Interest paid	(56,213)	(49,416)
Deposits discharged	245	9
<b>Net cash from/(used in) financing activities</b>	<b>720,237</b>	<b>(1,161,407)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
	<b>37,374</b>	<b>(587,085)</b>
Cash and cash equivalents at beginning of the year	414,400	997,614
Exchange difference on cash and cash equivalents at beginning of the year	321	3,871
<b>Cash and cash equivalents at end of the year</b>	<b>452,095</b>	<b>414,400</b>

**3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**

The Group ended the year with cash and cash equivalents (CCE) of \$452 million, \$38 million higher than FY2018. In FY2019, the Group generated \$590 million from operating activities, \$50 million lower than FY2018 due mainly to higher working capital requirements for projects partially offset by higher earnings before interest, tax, depreciation and amortisation (EBITDA).

Net cash used in investing activities of \$1,273 million was mainly attributable to the acquisitions of MRAS, iDirect Europe and Glowlink Communications Technology, Inc (\$1,050 million), investment in property, plant and equipment by Aerospace (\$175 million), Electronics (\$60 million), Land Systems (\$29 million), Marine (\$8 million) sectors and Others (\$18 million), and additions to intangible assets (\$104 million), partially offset by proceeds from the sale of property, plant and equipment (\$118 million), mainly from sale of ROPAX.

Net cash from financing activities of \$720 million in FY2019 was mainly attributable to the issuance of notes under the CP Programme (\$1,440 million), partially offset by payment of FY2018 final dividend and FY2019 interim dividend (\$468 million), repayment of lease liabilities (\$93 million) and purchase of treasury shares (\$44 million).

**4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the SFRS(I).

	<b>GROUP</b>		
	<b>FY2019</b>	<b>FY2018</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
Profit after taxation	592,674	516,422	14.8
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Defined benefit plan remeasurements	(46,150)	201	NM
Equity investments at FVOCI - net change in fair value	182	80	127.5
	(45,968)	281	NM
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Debt investments at FVOCI - reclassified to income statement	-	(2,343)	NM
Net fair value changes of cash flow hedges reclassified to income statement	3,680	2	NM
Effective portion of changes in fair value of cash flow hedges	(34,897)	(35,110)	(0.6)
Share of net fair value changes of cash flow hedges of joint ventures	(5,379)	505	NM
Foreign currency translation differences	(48,333)	302	NM
Share of foreign currency translation differences of associates and joint ventures	(7,371)	(213)	NM
Reserves released on disposal of subsidiaries and a joint venture	2,722	13,714	(80.2)
	(89,578)	(23,143)	287.1
Other comprehensive loss for the year, net of tax	(135,546)	(22,862)	492.9
<b>Total comprehensive income for the year, net of tax</b>	<b>457,128</b>	<b>493,560</b>	<b>(7.4)</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company	459,759	482,888	(4.8)
Non-controlling interests	(2,631)	10,672	NM
	<b>457,128</b>	<b>493,560</b>	<b>(7.4)</b>

**5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019**

Group	Share capital	Treasury Shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1.1.2018</b>	895,926	(22,870)	119,782	(67,480)	1,286,056	2,211,414	280,716	2,492,130
<b>Total comprehensive income for the year</b>								
Profit after taxation for the year	-	-	-	-	494,241	494,241	22,181	516,422
<b>Other comprehensive income</b>								
Net change in fair value -								
Equity investments at FVOCI	-	-	-	52	28	80	-	80
Reclassified to income statement -								
Debt investments at FVOCI	-	-	-	(2,343)	-	(2,343)	-	(2,343)
Net fair value changes on cash flow hedges	-	-	-	2	-	2	-	2
Effective portion of changes in fair value of cash flow hedges	-	-	-	(25,294)	-	(25,294)	(9,816)	(35,110)
Share of net fair value changes of cash flow hedges of a joint venture	-	-	-	505	-	505	-	505
Foreign currency translation differences	-	-	-	2,030	-	2,030	(1,728)	302
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(213)	-	(213)	-	(213)
Reserves released on disposal of subsidiaries	-	-	-	13,714	-	13,714	-	13,714
Defined benefit plan remeasurements	-	-	-	-	166	166	35	201
<i>Other comprehensive loss for the year, net of tax</i>	-	-	-	(11,547)	194	(11,353)	(11,509)	(22,862)
<b>Total comprehensive income for the year, net of tax</b>	-	-	-	<b>(11,547)</b>	<b>494,435</b>	<b>482,888</b>	<b>10,672</b>	<b>493,560</b>
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	3,955	-	3,955	-	3,955
<b>Transactions with owners of the Company, recognised directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Capital contribution by non-controlling interests	-	-	-	-	-	-	432	432
Cost of share-based payment	-	-	-	20,415	-	20,415	75	20,490
Purchase of treasury shares	-	(4,354)	-	-	-	(4,354)	-	(4,354)
Treasury shares reissued pursuant to share plans	-	18,194	(1,608)	(16,523)	-	63	(64)	(1)
Dividends paid	-	-	-	-	(468,004)	(468,004)	-	(468,004)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3,595)	(3,595)
<i>Total contributions by and distributions to owners of the Company</i>	-	13,840	(1,608)	3,892	(468,004)	(451,880)	(3,152)	(455,032)
<b>Total transactions with owners of the Company</b>	-	13,840	(1,608)	3,892	(468,004)	(451,880)	(3,152)	(455,032)
Transfer from retained earnings to statutory reserve	-	-	-	(874)	874	-	-	-
<b>At 31.12.2018</b>	<b>895,926</b>	<b>(9,030)</b>	<b>118,174</b>	<b>(72,054)</b>	<b>1,313,361</b>	<b>2,246,377</b>	<b>288,236</b>	<b>2,534,613</b>



**5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (cont'd)**

Group	Share capital \$'000	Treasury Shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>At 1.1.2019</b>	895,926	(9,030)	118,174	(72,054)	1,313,361	2,246,377	288,236	2,534,613
<b>Total comprehensive income for the year</b>								
Profit after taxation for the year	-	-	-	-	577,945	577,945	14,729	592,674
<b>Other comprehensive income</b>								
Net change in fair value -								
Equity investments at FVOCI	-	-	-	182	-	182	-	182
Reclassified to income statement -								
Net fair value changes on cash flow hedges	-	-	-	(1,371)	-	(1,371)	5,051	3,680
Effective portion of changes in fair value of cash flow hedges	-	-	-	(29,476)	-	(29,476)	(5,421)	(34,897)
Share of net fair value changes of cash flow hedges of joint ventures	-	-	-	(5,379)	-	(5,379)	-	(5,379)
Foreign currency translation differences	-	-	-	(43,951)	-	(43,951)	(4,382)	(48,333)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(7,371)	-	(7,371)	-	(7,371)
Reserves released on disposal of subsidiaries and a joint venture	-	-	-	2,231	-	2,231	491	2,722
Defined benefit plan remeasurements	-	-	-	-	(33,051)	(33,051)	(13,099)	(46,150)
<i>Other comprehensive loss for the year, net of tax</i>	-	-	-	(85,135)	(33,051)	(118,186)	(17,360)	(135,546)
<b>Total comprehensive income for the year, net of tax</b>	-	-	-	(85,135)	544,894	459,759	(2,631)	457,128
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	3,700	-	3,700	(47)	3,653
<b>Transactions with owners of the Company, recognised directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Capital contribution by non-controlling interests	-	-	-	-	-	-	4,263	4,263
Return of capital to non-controlling interests	-	-	-	-	-	-	(8,652)	(8,652)
Cost of share-based payment	-	-	-	24,279	-	24,279	75	24,354
Purchase of treasury shares	-	(43,768)	-	-	-	(43,768)	-	(43,768)
Treasury shares reissued pursuant to share plans	-	26,067	(5,611)	(20,368)	-	88	(88)	-
Dividends paid	-	-	-	-	(468,156)	(468,156)	-	(468,156)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(12,247)	(12,247)
<i>Total contributions by and distributions to owners of the Company</i>	-	(17,701)	(5,611)	3,911	(468,156)	(487,557)	(16,649)	(504,206)
<b>Changes in ownership interests in subsidiaries</b>								
Disposal of a subsidiary	-	-	-	-	-	-	(187)	(187)
<b>Total transactions with owners of the Company</b>	-	(17,701)	(5,611)	3,911	(468,156)	(487,557)	(16,836)	(504,393)
Transfer from retained earnings to statutory reserve	-	-	-	133	(133)	-	-	-
<b>At 31.12.2019</b>	<b>895,926</b>	<b>(26,731)</b>	<b>112,563</b>	<b>(149,445)</b>	<b>1,389,966</b>	<b>2,222,279</b>	<b>268,722</b>	<b>2,491,001</b>

**5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (cont'd)**

<b>Company</b>	Share capital \$'000	Treasury Shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1.1.2018</b>	<b>895,926</b>	<b>(22,870)</b>	<b>3,807</b>	<b>61,151</b>	<b>469,274</b>	<b>1,407,288</b>
<b>Total comprehensive income for the year</b>						
Profit after taxation for the year	-	-	-	-	492,093	492,093
Total comprehensive income for the year	-	-	-	-	492,093	492,093
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Cost of share-based payment	-	-	-	20,490	-	20,490
Purchase of treasury shares	-	(4,354)	-	-	-	(4,354)
Treasury shares reissued pursuant to share plans	-	18,194	(1,608)	(16,587)	-	(1)
Dividends paid	-	-	-	-	(468,004)	(468,004)
<i>Total contributions by and distributions to owners of the Company</i>	-	13,840	(1,608)	3,903	(468,004)	(451,869)
<b>At 31.12.2018</b>	<b>895,926</b>	<b>(9,030)</b>	<b>2,199</b>	<b>65,054</b>	<b>493,363</b>	<b>1,447,512</b>
<b>At 1.1.2019</b>	<b>895,926</b>	<b>(9,030)</b>	<b>2,199</b>	<b>65,054</b>	<b>493,363</b>	<b>1,447,512</b>
<b>Total comprehensive income for the year</b>						
Profit after taxation for the year	-	-	-	-	459,405	459,405
Total comprehensive income for the year	-	-	-	-	459,405	459,405
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Cost of share-based payment	-	-	-	24,354	-	24,354
Purchase of treasury shares	-	(43,768)	-	-	-	(43,768)
Treasury shares reissued pursuant to share plans	-	26,067	(5,611)	(20,456)	-	-
Dividends paid	-	-	-	-	(468,156)	(468,156)
<i>Total contributions by and distributions to owners of the Company</i>	-	(17,701)	(5,611)	3,898	(468,156)	(487,570)
<b>At 31.12.2019</b>	<b>895,926</b>	<b>(26,731)</b>	<b>(3,412)</b>	<b>68,952</b>	<b>484,612</b>	<b>1,419,347</b>

**5(a) CHANGES IN COMPANY'S SHARE CAPITAL**
Issued and paid up capital

As at 31 December 2019, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2018: 3,122,495,197 ordinary shares) of which 6,753,707 were held by the Company as treasury shares (31 December 2018: 2,701,198).

	<b>Number of Shares FY2019/4Q2019</b>
As at beginning and end of the year/quarter (including treasury shares)	3,122,495,197
<b>As at end of the year/quarter (excluding treasury shares)</b>	<b>3,115,741,490</b>
<b>As at 31 December 2018 (excluding treasury shares)</b>	<b>3,119,793,999</b>

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 31 December 2019, the total number of outstanding awards was 4,896,009 (31 December 2018: 4,818,034) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,323,215 (31 December 2018: 8,190,657) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 31 December 2019, the total number of outstanding awards was 13,308,887 (31 December 2018: 12,501,287) ordinary shares of the Company.

Treasury Shares

During the year, the Company purchased 11,300,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (FY2018: 1,321,400).

During the year, 7,247,491 treasury shares were utilised pursuant to the PSP 2010 and RSP 2010 (FY2018: 5,392,975).

As at 31 December 2019, the number of treasury shares held by the Company represented 0.22% (31 December 2018: 0.09%) of the total number of issued shares (excluding treasury shares) of the Company.

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL** (cont'd)

<b><u>Group and Company</u></b>	<b>Number of Treasury Shares for the Year ended 31.12.2019</b>	<b>Number of Treasury Shares for the Quarter ended 31.12.2019</b>
As at beginning of the year/quarter	2,701,198	4,170,850
Purchase of treasury shares	11,300,000	2,828,400
Treasury shares transferred on vesting of PSP 2010	(2,041,497)	-
Treasury shares transferred on vesting of RSP 2010	(5,205,994)	(245,543)
<b>As at end of the year/quarter</b>	<b>6,753,707</b>	<b>6,753,707</b>

6 **AUDIT**

The figures have been audited by the Company's auditors.

7 **AUDITORS' REPORT**

See attached auditors' report.

8 **ACCOUNTING POLICIES**

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2018.

9 **CHANGES IN ACCOUNTING POLICIES**

The Group has adopted SFRS(I) 16, effective for the annual periods beginning on or after 1 January 2019.

**SFRS(I) 16**

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessee. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group applied the modified retrospective approach with no restatement of comparative information and the practical expedient for recognition exemptions for short-term leases and leases of low-value items.

On 1 January 2019, the Group recognised right-of-use assets of \$432 million and lease liabilities of \$404 million. The right-of-use assets included an amount of \$28 million pertaining to reinstatement costs and prepaid leases.

The Group's activities as a lessor are not material.

## 10 REVIEW OF GROUP PERFORMANCE

### 10(a) Revenue

#### FY2019 vs FY2018

\$m	FY2019	FY2018	Increase	
Aerospace	3,450	2,647	803	30%
Electronics	2,282	2,143	139	6%
Land Systems	1,428	1,282	146	11%
Marine	647	574	73	13%
Others	61	52	9	17%
<b>Total</b>	<b>7,868</b>	<b>6,698</b>	<b>1,170</b>	<b>17%</b>

The Group ended the year with revenue of \$7,868 million, an increase of 17% or \$1,170 million as compared to FY2018. All sectors and Others contributed to the increase.

In FY2019, Aerospace sector reported record revenue of \$3,450 million, an increase of 30% or \$803 million as compared to FY2018. The increase was largely due to new income stream from the acquisition of MRAS and revenue recognised from various end-of-programme reviews.

Electronics sector's revenue of \$2,282 million increased by 6% or \$139 million as compared to FY2018, contributed by all three business groups.

Land Systems sector's revenue in FY2019 increased by 11% or \$146 million to \$1,428 million, with increases from all three business groups.

Compared to FY2018, Marine sector delivered revenue of \$647 million in FY2019, an increase of 13% or \$73 million, contributed by **Shiprepair** and **Engineering** business groups.

Higher revenue under "Others" was mainly attributable to Miltope.

**10 REVIEW OF GROUP PERFORMANCE** (cont'd)

**10(b) Net Profit attributable to shareholders**
FY2019 vs FY2018

\$m	<b>FY2019</b>	<b>FY2018</b>	<b>Increase</b>	
Aerospace	268.9	244.6	24.3	10%
Electronics	190.7	186.5	4.2	2%
Land Systems	77.3	52.9	24.4	46%
Marine	51.5	45.2	6.3	14%
Others	(10.5)	(35.0)	24.5	NM
<b>Total</b>	<b>577.9</b>	<b>494.2</b>	<b>83.7</b>	<b>17%</b>

The Group's profit attributable to shareholders (Net Profit) for FY2019 of \$577.9 million was higher than that of FY2018 by 17% or \$83.7 million. The increase was contributed by all sectors and Others.

Aerospace sector's Net Profit in FY2019 of \$268.9 million was 10% or \$24.3 million higher than FY2018 due mainly to contribution from new income stream, MRAS, net favourable impact from end-of-programme reviews and favourable tax adjustment, partially offset by impairment of assets and unfavourable sales mix and absence of portfolio rationalisation gain.

Electronics sector's Net Profit of \$190.7 million increased by 2% or \$4.2 million as compared to FY2018. The increase was in line with higher revenue, partially offset by transaction and integration costs for new acquisitions. Excluding transaction and integration costs for the new acquisitions, Net Profit would be higher by 9%.

In FY2019, Land Systems sector delivered Net Profit of \$77.3 million, 46% or \$24.4 million higher than FY2018, due mainly to higher revenue and absence of loss from portfolio rationalisation, partially offset by higher operating expenses from continued investments in robotics business, impairment of an associate and absence of favourable tax adjustment.

Marine sector's FY2019 Net Profit increased by 14% or \$6.3 million to \$51.5 million due mainly to improved performance from US operations and sale of ROPAX, partially offset by unfavourable arbitration outcome with a customer.

"Others" better performance in FY2019 was due mainly to improved performance from Miltope and absence of MTN related redemption costs.

## 11 **VARIANCE FROM PROSPECTS STATEMENT**

No forecast was previously provided.

## 12 **PROSPECTS**

### **Group**

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.

This release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements 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. Representative examples of these factors include (without limitation) 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 current view of management on future events.

## 13 **DIVIDENDS**

The Directors are pleased to announce that a final dividend of 10.0 cents per share has been recommended for the year ended 31 December 2019. Together with the interim dividend of 5.0 cents per share paid on 3 September 2019, the total dividend for the year ended 31 December 2019 will be 15.0 cents per share and amounts to \$468 million. The recommended dividends take into consideration the Group's FY2019 profit after tax, present cash position, positive cash flow generated from operations and projected capital requirements. Payment of the final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

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<sup>1</sup> 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.

**13 DIVIDENDS (cont'd)**
**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$156.0m	\$312.0m	\$468.0m

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$156.0m	\$312.0m	\$468.0m

**(c) Books Closure and Dividend Payment Dates**

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 29 April 2020 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 28 April 2020 will be registered to determine members' entitlements to the proposed dividend, subject to approval of members to the proposed dividend at the Annual General Meeting to be convened on 23 April 2020. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 28 April 2020 will be entitled to the proposed dividend. The proposed dividend, if so approved by members, will be paid on 12 May 2020.



**14 BUSINESS SEGMENTAL INFORMATION**
By Business Activity

	FY2019						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000	Marine \$'000	Others \$'000	Elimination \$'000	
Revenue							
External sales	3,450,442	2,281,663	1,428,480	647,128	60,563	-	7,868,276
Inter-segment sales	4,580	28,281	29,164	23	2,305	(64,353)	-
	<u>3,455,022</u>	<u>2,309,944</u>	<u>1,457,644</u>	<u>647,151</u>	<u>62,868</u>	<u>(64,353)</u>	<u>7,868,276</u>
Reportable segment earnings before interest and tax	309,605	229,239	83,384	54,107	(22,346)	-	653,989
Other income	18,697	15,616	12,149	8,791	2,200	(13,060)	44,393
Other expenses	(7,439)	(25)	(4,422)	(83)	(483)	6,956	(5,496)
Finance income	14,018	4,666	1,807	3,782	76,365	(86,348)	14,290
Finance costs	(40,336)	(21,518)	(9,937)	(5,693)	(55,359)	81,928	(50,915)
Share of results of associates and joint ventures, net of tax	38,227	(1,445)	5,579	(75)	(3,303)	-	38,983
Profit before taxation	<u>332,772</u>	<u>226,533</u>	<u>88,560</u>	<u>60,829</u>	<u>(2,926)</u>	<u>(10,524)</u>	<u>695,244</u>
Taxation	(48,914)	(35,824)	(11,459)	(9,287)	2,914	-	(102,570)
Non-controlling interests	(14,962)	24	209	-	-	-	(14,729)
Profit attributable to shareholders	<u>268,896</u>	<u>190,733</u>	<u>77,310</u>	<u>51,542</u>	<u>(12)</u>	<u>(10,524)</u>	<u>577,945</u>
Other assets	4,415,722	3,052,212	1,723,451	805,296	6,030,044	(6,958,869)	9,067,856
Associates and joint ventures	253,884	73,639	82,276	2,850	40,770	-	453,419
Segment assets	<u>4,669,606</u>	<u>3,125,851</u>	<u>1,805,727</u>	<u>808,146</u>	<u>6,070,814</u>	<u>(6,958,869)</u>	<u>9,521,275</u>
Segment liabilities	<u>3,781,016</u>	<u>2,613,255</u>	<u>1,458,862</u>	<u>803,159</u>	<u>3,828,754</u>	<u>(5,454,772)</u>	<u>7,030,274</u>
Capital expenditure	293,215	123,801	43,522	8,876	20,420	698	490,532
Depreciation and amortisation	185,359	89,851	51,308	32,478	13,261	(4,005)	368,252
Impairment losses	26,013	-	4,000	-	-	-	30,013
Other non-cash expenses	954	363	91	-	-	-	1,408

**14 BUSINESS SEGMENTAL INFORMATION (cont'd)**
By Business Activity

	<b>FY2018</b>						<b>Group</b>
	<b>Aerospace</b>	<b>Electronics</b>	<b>Land Systems</b>	<b>Marine</b>	<b>Others</b>	<b>Elimination</b>	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	2,646,992	2,143,415	1,282,022	574,084	51,415	-	6,697,928
Inter-segment sales	7,127	23,118	20,787	270	4,244	(55,546)	-
	<u>2,654,119</u>	<u>2,166,533</u>	<u>1,302,809</u>	<u>574,354</u>	<u>55,659</u>	<u>(55,546)</u>	<u>6,697,928</u>
Reportable segment earnings before interest and tax	268,148	220,774	59,076	44,375	(22,115)	-	570,258
Other income	30,380	15,718	12,775	6,809	1,800	(12,091)	55,391
Other expenses	(13,281)	(53)	(12,071)	(276)	(81)	5,357	(20,405)
Finance income	8,773	2,533	1,375	3,072	6,604	-	22,357
Finance costs	(14,773)	(9,375)	(6,290)	(4,275)	(21,196)	-	(55,909)
Share of results of associates and joint ventures, net of tax	40,748	(4,905)	7,396	555	5,262	-	49,056
Profit before taxation	319,995	224,692	62,261	50,260	(29,726)	(6,734)	620,748
Taxation	(54,644)	(37,419)	(8,726)	(5,059)	1,522	-	(104,326)
Non-controlling interests	(20,724)	(782)	(675)	-	-	-	(22,181)
Profit attributable to shareholders	<u>244,627</u>	<u>186,491</u>	<u>52,860</u>	<u>45,201</u>	<u>(28,204)</u>	<u>(6,734)</u>	<u>494,241</u>
Other assets	3,104,811	2,174,291	1,626,420	800,078	4,191,077	(4,779,357)	7,117,320
Associates and joint ventures	248,906	62,749	92,206	4,099	47,743	-	455,703
Segment assets	<u>3,353,717</u>	<u>2,237,040</u>	<u>1,718,626</u>	<u>804,177</u>	<u>4,238,820</u>	<u>(4,779,357)</u>	<u>7,573,023</u>
Segment liabilities	<u>2,394,681</u>	<u>1,909,405</u>	<u>1,339,760</u>	<u>761,596</u>	<u>1,954,163</u>	<u>(3,321,195)</u>	<u>5,038,410</u>
Capital expenditure	299,766	88,857	37,879	10,309	13,367	-	450,178
Depreciation and amortisation	113,015	56,519	37,993	29,985	6,575	(42)	244,045
(Write-back of)/impairment losses	(11)	-	1,953	-	-	-	1,942
Other non-cash expenses	847	38	43	-	54	-	982

**14 BUSINESS SEGMENTAL INFORMATION (cont'd)**
By Business Activity

	Revenue			Revenue		
	4Q2019	4Q2018	+/-)	FY2019	FY2018	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	940,582	647,132	45.3	3,450,442	2,646,992	30.4
Electronics	685,715	535,779	28.0	2,281,663	2,143,415	6.4
Land Systems	448,429	434,643	3.2	1,428,480	1,282,022	11.4
Marine	204,126	138,702	47.2	647,128	574,084	12.7
Others	9,468	17,772	(46.7)	60,563	51,415	17.8
Group	<u>2,288,320</u>	<u>1,774,028</u>	<u>29.0</u>	<u>7,868,276</u>	<u>6,697,928</u>	<u>17.5</u>

	Profit Before Tax			Profit Before Tax		
	4Q2019	4Q2018	+/-)	FY2019	FY2018	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	95,106	82,564	15.2	332,772	319,995	4.0
Electronics	58,964	51,513	14.5	226,533	224,692	0.8
Land Systems	28,252	2,578	>500	88,560	62,261	42.2
Marine	26,218	16,001	63.9	60,829	50,260	21.0
Others	(9,778)	7,889	NM	(13,450)	(36,460)	NM
Group	<u>198,762</u>	<u>160,545</u>	<u>23.8</u>	<u>695,244</u>	<u>620,748</u>	<u>12.0</u>

	Profit Attributable to Shareholders			Profit Attributable to Shareholders		
	4Q2019	4Q2018	+/-)	FY2019	FY2018	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	76,949	63,476	21.2	268,896	244,627	9.9
Electronics	51,606	44,052	17.1	190,733	186,491	2.3
Land Systems	26,667	(723)	NM	77,310	52,860	46.3
Marine	21,849	14,499	50.7	51,542	45,201	14.0
Others	(7,549)	3,150	NM	(10,536)	(34,938)	NM
Group	<u>169,522</u>	<u>124,454</u>	<u>36.2</u>	<u>577,945</u>	<u>494,241</u>	<u>16.9</u>

**14 BUSINESS SEGMENTAL INFORMATION (cont'd)**
By Geographical Areas

	Revenue			
	FY2019		FY2018	
	\$'000	%	\$'000	%
Asia	4,303,811	54.7	4,157,711	62.0
U.S.	1,645,681	20.9	1,324,508	19.8
Europe	1,379,580	17.5	746,853	11.2
Others	539,204	6.9	468,856	7.0
<b>Total</b>	<b>7,868,276</b>	<b>100</b>	<b>6,697,928</b>	<b>100</b>

By Country of Incorporation

	Revenue			
	FY2019		FY2018	
	\$'000	%	\$'000	%
Asia	5,079,390	64.5	4,884,431	72.9
U.S.	2,091,860	26.6	1,198,872	17.9
Europe	612,046	7.8	540,575	8.1
Others	84,980	1.1	74,050	1.1
<b>Total</b>	<b>7,868,276</b>	<b>100</b>	<b>6,697,928</b>	<b>100</b>

	Non-Current Assets <sup>+</sup>			
	FY2019		FY2018	
	\$'000	%	\$'000	%
Asia	1,790,865	37.6	1,622,510	47.8
U.S.	1,663,115	35.0	921,086	27.2
Europe	1,213,482	25.5	752,059	22.2
Others	89,682	1.9	96,472	2.8
<b>Total</b>	<b>4,757,144</b>	<b>100</b>	<b>3,392,127</b>	<b>100</b>

<sup>+</sup> Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* excludes derivative financial instruments, employee benefits and deferred tax assets.

**15 ECONOMIC VALUE ADDED (EVA)**

EVA for FY2019 was \$317.0 million, an increase of 4% or \$11.0 million over FY2018. The weighted average cost of capital for 2019 was 5.6% (2018: 5.7%).

**16 INTERESTED PERSON TRANSACTIONS (unaudited)**

Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual

	<b>FY2019</b>	<b>FY2018</b>
	\$'000	\$'000
<b>Transactions for the Sale of Goods and Services</b>		
SATS Ltd. and its Associates	12,425	7,562
SembCorp Industries Ltd and its Associates	-	4,549
Singapore Airlines Limited and its Associates	3,356	1,397
Singapore Telecommunications Limited and its Associates	828	1,534
StarHub Ltd and its Associates	612	668
Temasek Holdings (Private) Limited and its Associates (non-listed)	88,523	36,177
	<u>105,744</u>	<u>51,887</u>
<b>Transactions for the Purchase of Goods and Services</b>		
Mapletree Industrial Trust	403	417
Mapletree Logistics Trust	11,851	-
SATS Ltd. and its Associates	3,211	3,617
SembCorp Industries Ltd and its Associates	17,546	12,726
Singapore Telecommunications Limited and its Associates	2,557	6,728
StarHub Ltd and its Associates	205	2,601
Temasek Holdings (Private) Limited and its Associates (non-listed)	17,397	30,499
	<u>53,170</u>	<u>56,588</u>
<b>Total Interested Person Transactions</b>	<u>158,914</u>	<u>108,475</u>

**17 CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

18 **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the SGX Listing Manual, as at 31 December 2019, no person occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

KAREN NG KWEE LIAN  
Company Secretary  
24 February 2020

Media Contact:  
Lina Poa  
Head, Corporate Communications & Investor Relations  
Tel: (65) 6722 1883  
Fax: (65) 6720 2293  
Email: [linapoa@stengg.com](mailto:linapoa@stengg.com)