

# **Financial Year 2020 Results**

19 February 2021

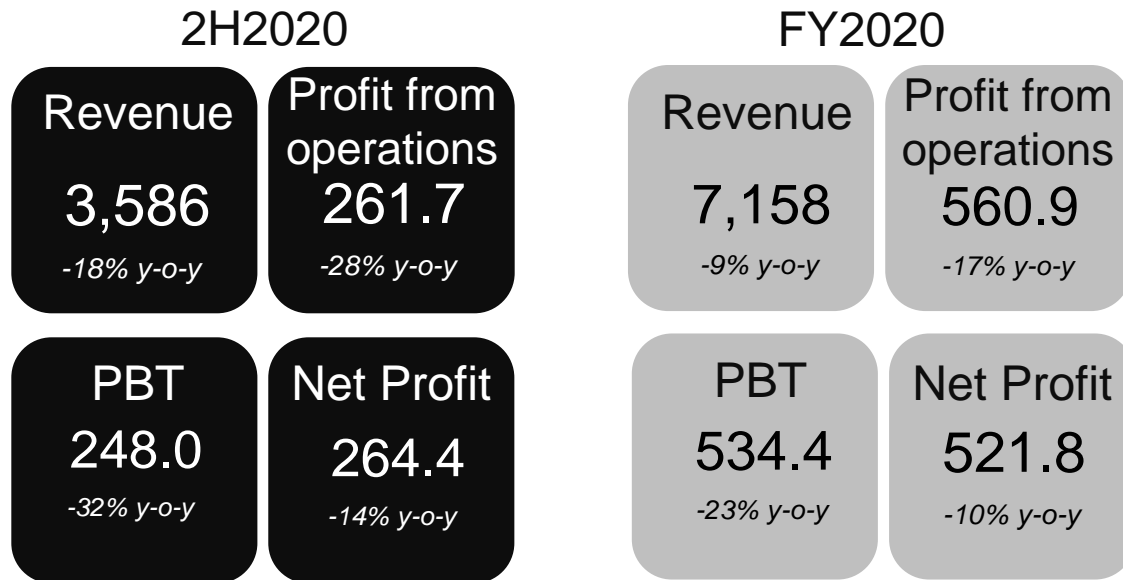
# Agenda

- Group Highlights
- Outlook
- Appendix
- FY2021 Financial Reporting Framework

# **Group Highlights**

# Group Highlights

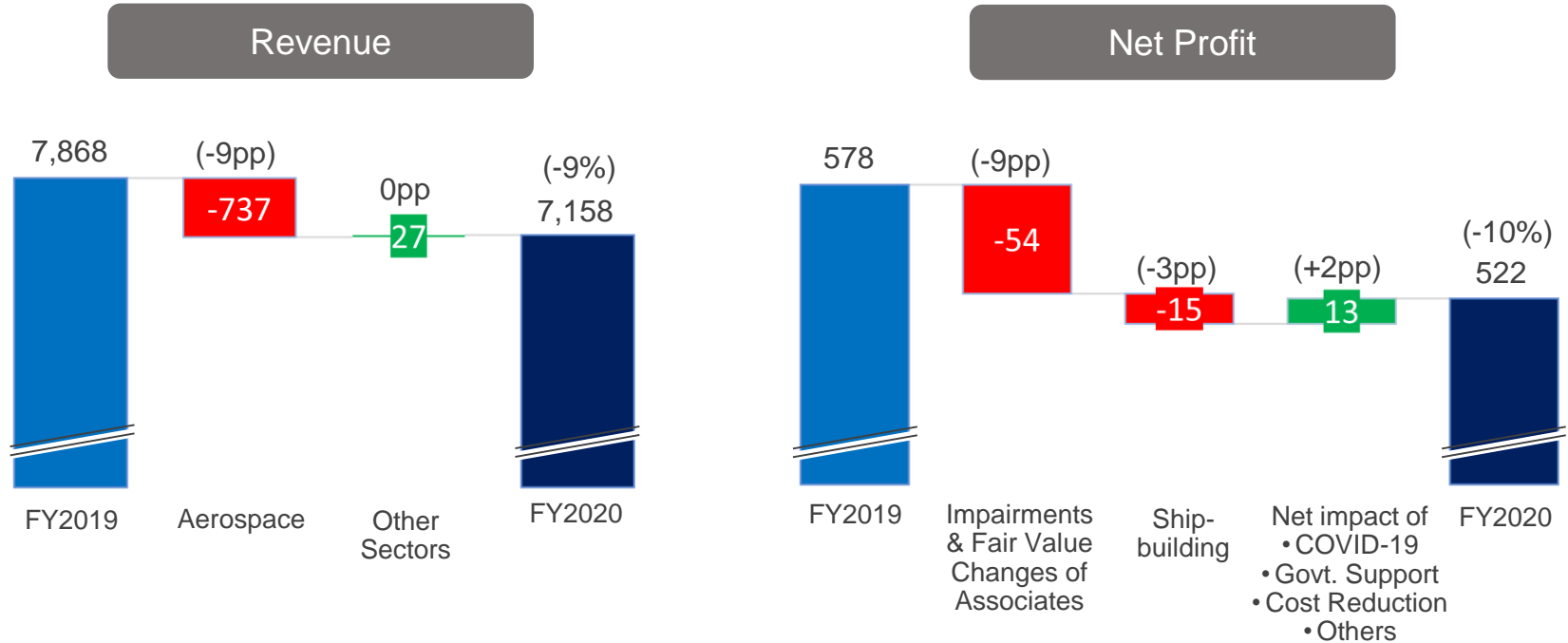
All figures are denominated in S\$m unless indicated otherwise



Order book as at 31 Dec 2020: **\$15.4b**;  
about **\$5.3b** to be delivered in 2021

# FY2020 Revenue & Net Profit

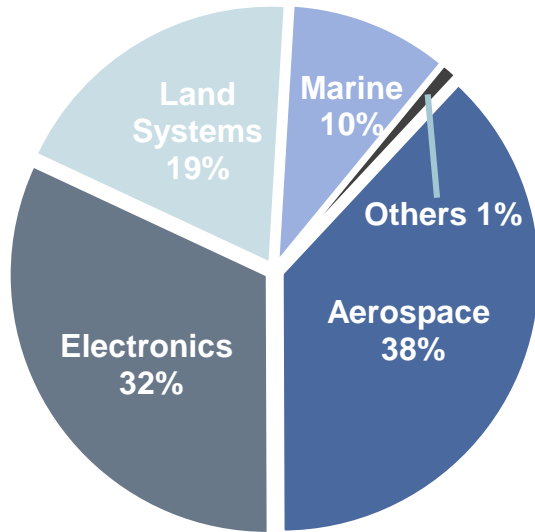
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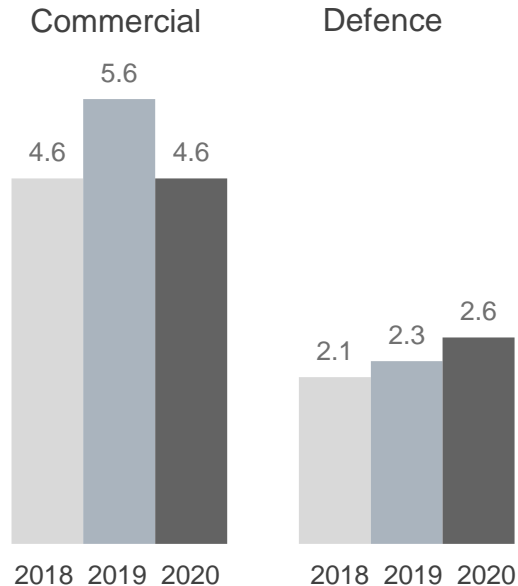
Note: amounts may not add due to rounding.

# Group Revenue Breakdown

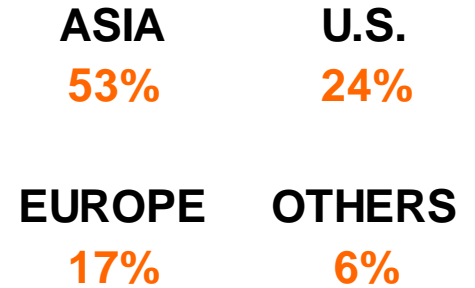
**FY2020 Revenue**  
**\$7.2b**



**FY2020 Revenue**  
**by type**



**FY2020 Revenue**  
**by location of customers**



# New Contracts

- Aerospace and Electronics sectors collectively secured about \$1.3b worth of new contracts in 4Q2020.
- Bringing their total contract wins to about \$5.7b in FY2020.
- These values exclude new contracts secured by Land Systems and Marine sectors.

*Note: amounts may not add due to rounding.*

## Order Book

- Cancellations and adjustments to order book were about \$1b in 2020.
- Certain contracts slated for Q42020 were deferred to January 2021.
- Notwithstanding the above, our order book remained robust at \$15.4b as at 31 December 2020, slightly higher than that as at 31 December 2019.



Order book as at 31 Dec 2020: **\$15.4b**;  
about **\$5.3b** to be delivered in 2021

*Note: amounts may not add due to rounding.*



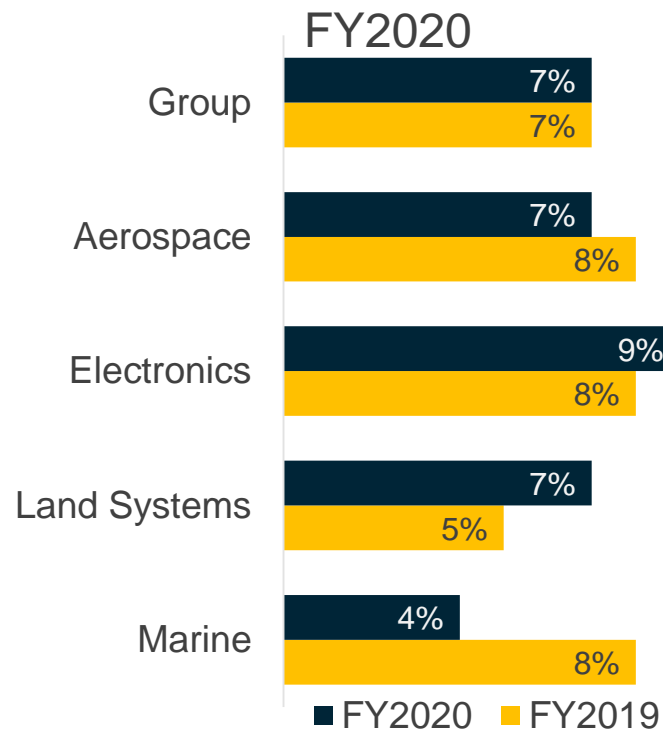
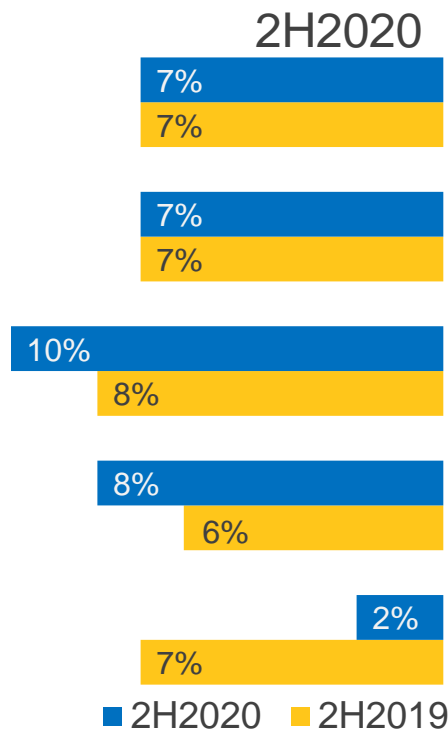
# Group Revenue

S\$m	2H2020	2H2019	Change	FY2020	FY2019	Change
Aerospace	1,243	1,992	-38%	2,713	3,450	-21%
Electronics	1,218	1,249	-2%	2,287	2,337	-2%
Land Systems	767	755	+2%	1,411	1,428	-1%
Marine	325	359	-9%	710	647	+10%
Others	33	2	>500%	37	6	>500%
<b>Group</b>	<b>3,586</b>	<b>4,357</b>	<b>-18%</b>	<b>7,158</b>	<b>7,868</b>	<b>-9%</b>

# Group Net Profit

S\$m	2H2020	2H2019	Change	FY2020	FY2019	Change
Aerospace	87.9	141.9	-38%	192.9	268.9	-28%
Electronics	116.3	101.7	+14%	203.9	183.3	+11%
Land Systems	59.6	41.7	+43%	101.4	77.3	+31%
Marine	6.9	25.2	-73%	28.3	51.5	-45%
Others	(6.3)	(1.9)	NM	(4.7)	(3.1)	NM
<b>Group</b>	<b>264.4</b>	<b>308.6</b>	<b>-14%</b>	<b>521.8</b>	<b>577.9</b>	<b>-10%</b>

# Group Net Profit Margin



# Balance Sheet

S\$'m	31 Dec 2020	31 Dec 2019
Property, plant & equipment	1,757	1,805
Right-of-use assets	539	484
Intangible assets	1,946	1,980
Other non-current assets	731	613
Current assets	4,588	4,639
<b>Total assets</b>	<b>9,561</b>	<b>9,521</b>
Current liabilities	3,896	5,446
Non-current liabilities	3,090	1,584
<b>Total liabilities</b>	<b>6,986</b>	<b>7,030</b>
Share capital and reserves	2,293	2,222
Non-controlling interests	282	269
<b>Total equity and liabilities</b>	<b>9,561</b>	<b>9,521</b>

# Statement of Cash Flows

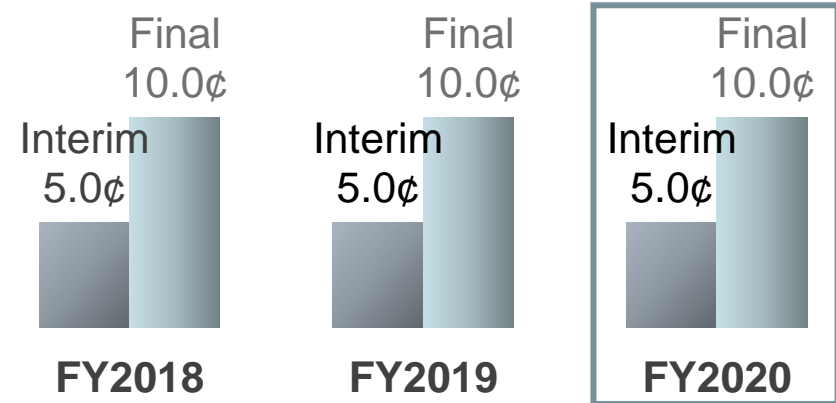
S\$m	FY2020	FY2019
Net cash from/(used in)		
Operating activities	1,533	590
Investing activities	(295)	(1,273)
Financing activities	(959)	720
Net increase in CCE *	279	37
CCE at beginning of the year	452	414
Exchange difference	(2)	1
CCE at end of the year	<b>729</b>	<b>452</b>

\* CCE - Cash & Cash Equivalents

# FY2020 Final Dividend of 10.0 Cents per Share

- Board announced final dividend of 10.0 cents per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting, payable on 7 May 2021.
- FY2020 interim dividend was 5.0 cents bringing the total dividend for the year to 15.0 cents.
- FY2020 final dividend can be adequately funded out of past years' retained earnings.
- Retained earnings was \$1,402m or 44.9 cents per share as at year-end 2020 at group level.

## Dividend per Ordinary Share



# Outlook

# 2021 Target – Offset ~\$250m of lower government support \*

- Through cost savings and partial business recovery & lower impairments



\* Government support includes those in Singapore and certain other countries where we have locally incorporated businesses



# Group President & CEO's Message

*“Our 2020 financial results were in line with our guidance provided during our 3Q market update. In a year when COVID-19 posed challenges for many industries, we had been able to keep balanced keel because of the underlying strengths of the Group and various mitigating factors including our cost reduction initiatives and government support. Our results underscore the resilience of our businesses and the dedication of our people. We would also like to express our appreciation to our customers and partners for their continued support.*

*Going into 2021, we expect recovery to be uneven across the industries we participate in. The aviation industry remains subdued and is unlikely to recover to pre-pandemic levels in 2021. Nevertheless, we are focusing on delivering our order book, seizing new opportunities in areas like freighter conversions and cybersecurity. With partial revenue recovery, when combined with savings from our cost reduction initiatives, we target to offset the effects of lower government support in 2021.*

*With our new organisation structure, we are well positioned to better serve our customers, respond nimbly to macro-economic changes and achieve long-term sustainable growth.”*

**Vincent Chong, Group President & CEO**

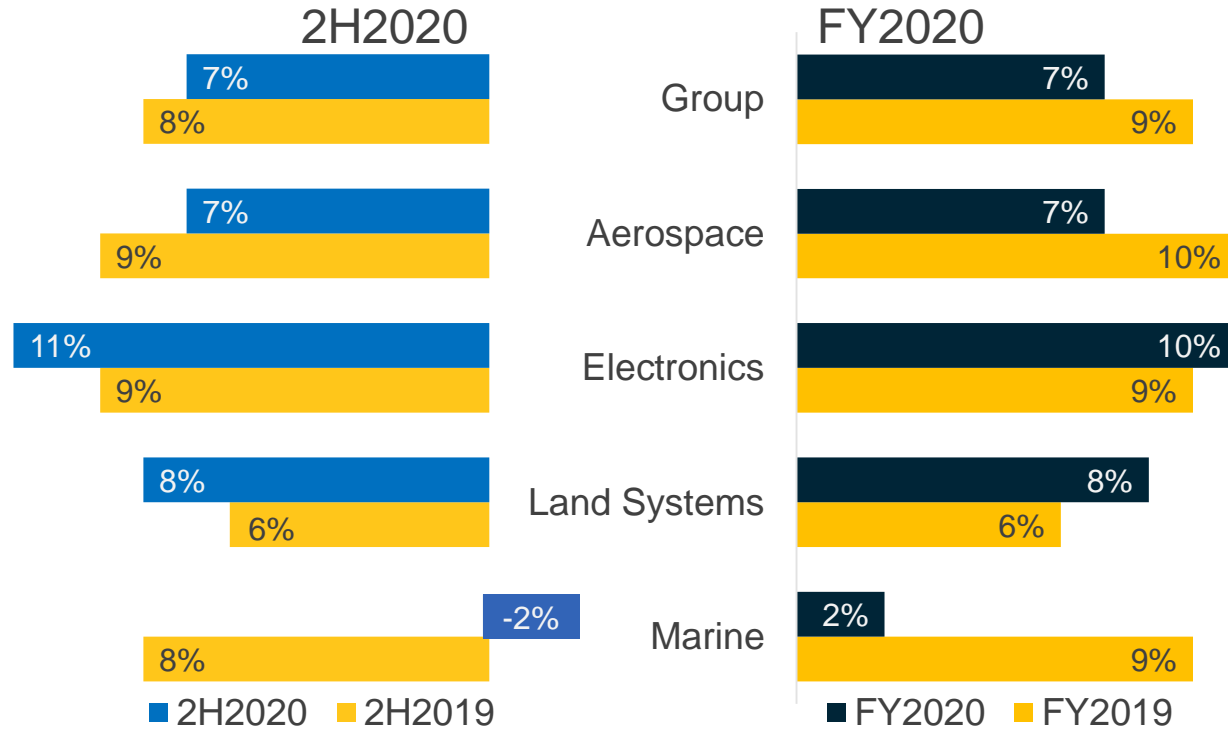
# Appendix

# Group

## Group Profit before Tax (PBT)

S\$m	2H2020	2H2019	Change	FY2020	FY2019	Change
Aerospace	82.2	174.3	-53%	202.5	332.8	-39%
Electronics	132.8	117.9	+13%	229.4	216.3	+6%
Land Systems	63.8	46.4	+38%	113.0	88.6	+28%
Marine	(5.3)	29.3	NM	16.8	60.8	-72%
Others	(25.5)	(2.3)	NM	(27.3)	(3.3)	NM
<b>Group</b>	<b>248.0</b>	<b>365.6</b>	<b>-32%</b>	<b>534.4</b>	<b>695.2</b>	<b>-23%</b>

# Group PBT Margin



# **Aerospace**

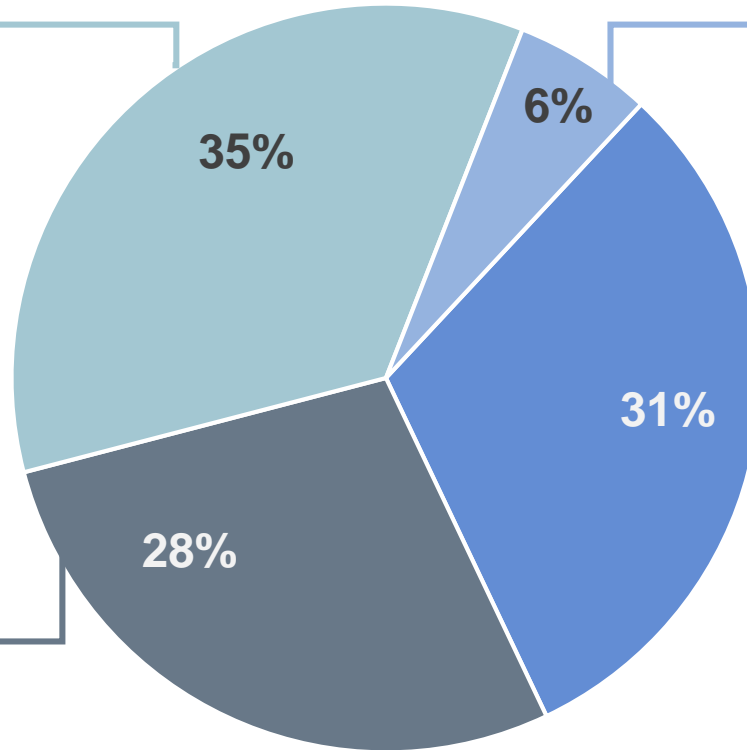
# Aerospace Revenue by geography (by location of customers)

## Europe

FY2020: \$962m

## Others

FY2020: \$164m



## U.S.

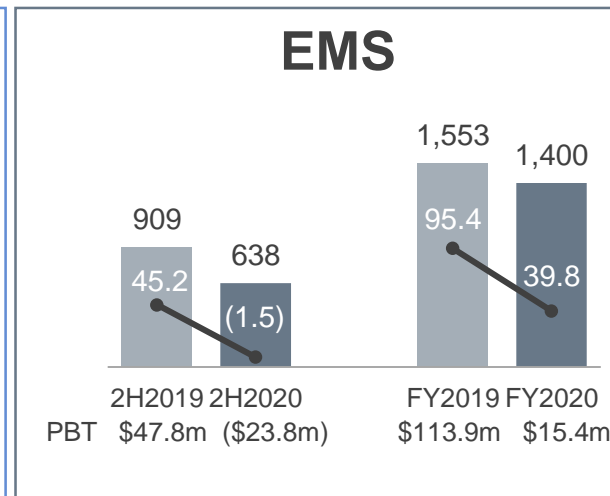
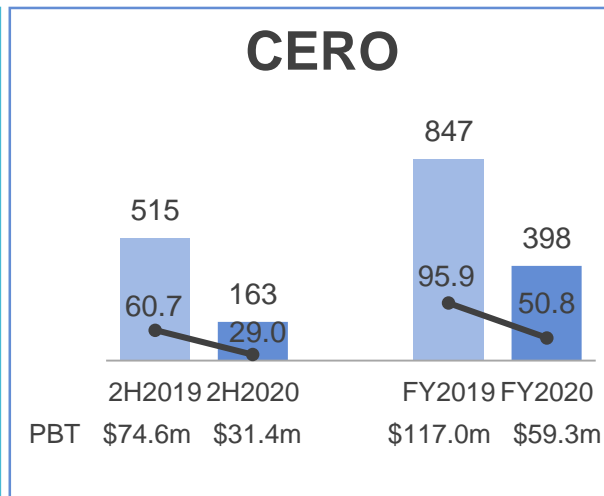
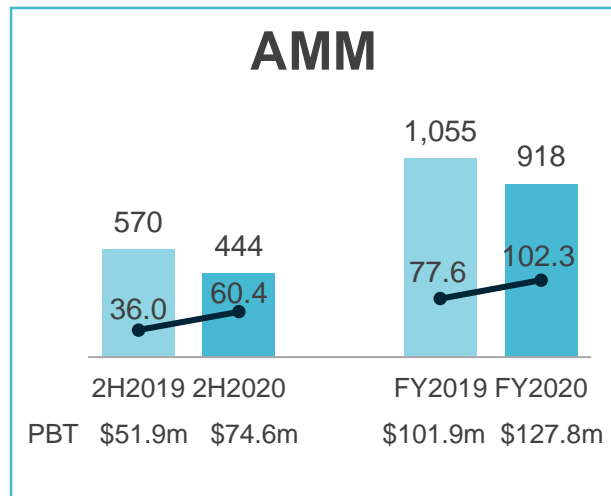
FY2020: \$752m

## Asia

FY2020: \$838m

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



## FY2020 vs FY2019

**Revenue**      **\$2,713m**      ▼ **\$737m or 21%**

- Lower revenue from all business groups due to reduced activities arising from COVID-19

**PBT**      **\$202.5m**      ▼ **\$130.3m or 39%**

- Lower activities and impairment of assets
  - Absence of net favorable impact from end-of-programme reviews
  - Share of lower profits from associates and joint ventures
- Partially offset by
- Government support and cost reduction measures

**Net Profit**      **\$192.9m**      ▼ **\$76.0m or 28%**

- In line with lower PBT
- Partially offset by
- Lower tax expense
  - Share of losses by NCI

# Aerospace FY2020 in Review

- Secured about \$821m worth of new contracts in 4Q2020, bringing total contract wins to about \$2.9b in FY2020
- New contracts won in FY2020 include:
  - Multi-year engine and component MRO contracts to support T'way Air's Boeing 737 fleet
  - A 5-year nacelle maintenance contract to support Qantas' Boeing 737-800 and A330 fleet
  - A 3-year heavy maintenance contract for Alaska Airlines' A320 fleet
  - A 2-year exclusive heavy maintenance contract for up to 40 CFM56-7B engines for an Asian air carrier
  - A Multi-year heavy maintenance contract to support a Chinese cargo airline's Boeing 767 fleet
  - A 5-year airframe heavy maintenance contract with an international air cargo carrier
  - An exclusive 4-year heavy maintenance contract to support a North American airline's Boeing 777 fleet
  - A321P2F conversion orders including two units from BBAM and one conversion and lease unit from Qantas, and orders for A330P2F from freight operators and lessors

*Note: amount may not add due to rounding.*

# Aerospace FY2020 in Review

- Sold a portfolio of aircraft engines using securitisation structure through engine leasing JV
- Developed new solutions including the world's first expandable aircraft lavatory, anti-microbial coating for cabin interiors, seat separators and mobile cabin cargo box for higher cargo carrying capacity
- Strengthened core MRO and P2F capabilities
  - A321P2F: Attained EASA Supplemental Type Certificate, redelivered the Group's first A321P2F to launch customer, Vallair and began A321P2F conversions in Guangzhou, China
  - Entered into an agreement with Vietnam Airlines to explore setting up airframe MRO JV in Vietnam
  - Became a licensed service centre for LEAP-1B engines
- Expanded drone applications
  - Authorised by CAAS to perform aircraft inspection using DroScan and completed first test flight of food delivering using DroNet
  - Entered into collaboration with Wilhelmsen Ships Service to develop solutions to enable Beyond Visual Line of Sight Unmanned Aircraft Systems operations for short-to-ship parcel deliveries

# Electronics

# Electronics Revenue by geography (by location of customers)

## Europe

FY2020: \$202m

## Others

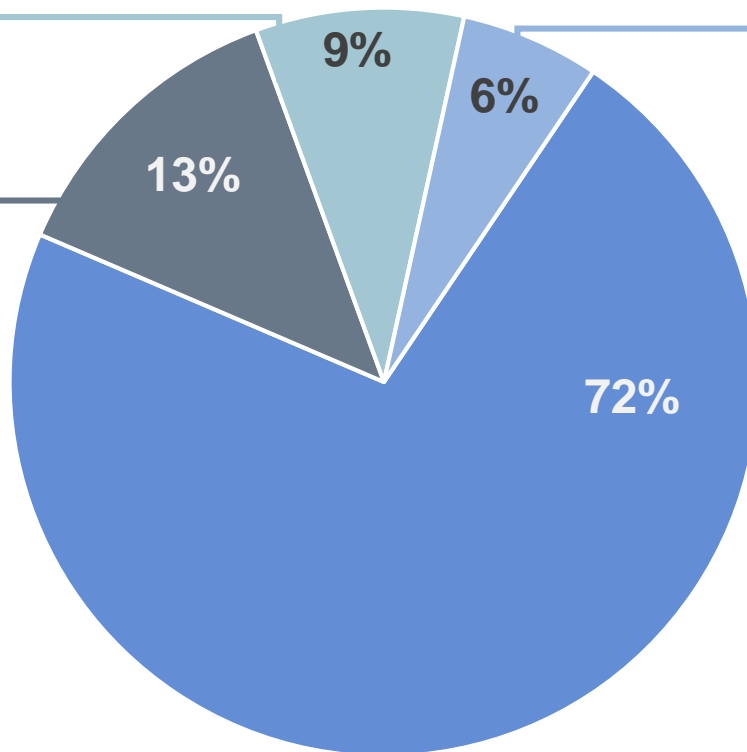
FY2020: \$139m

## U.S.

FY2020: \$309m

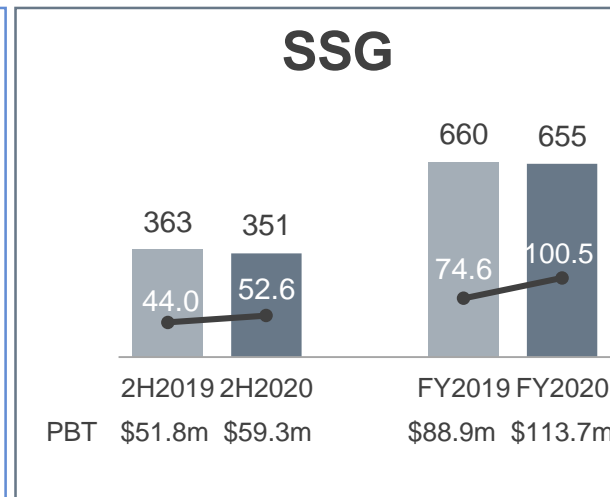
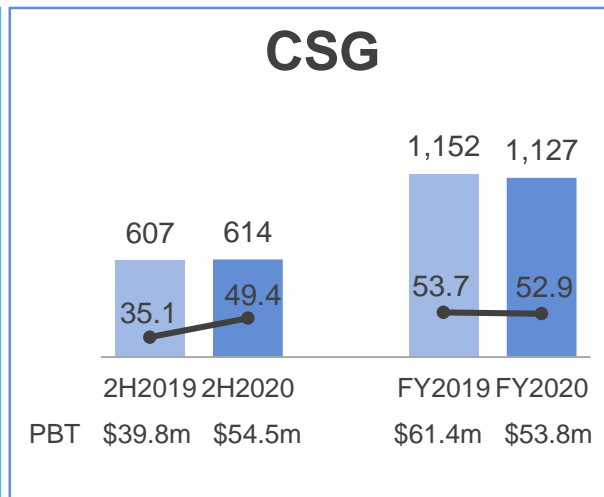
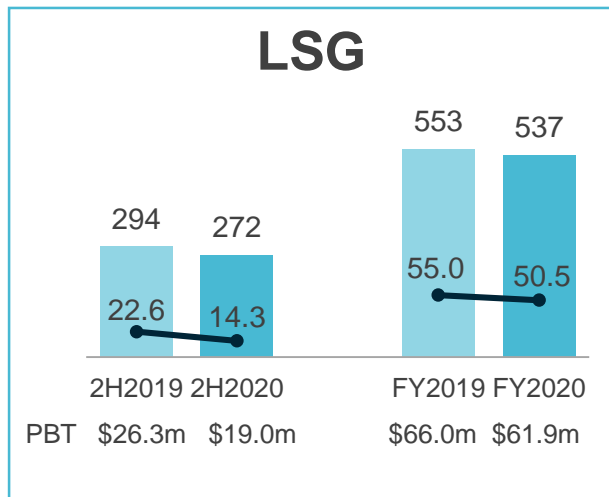
## Asia

FY2020: \$1,669m



Note: Revenue includes inter-segment sales

# Electronics Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

## FY2020 vs FY2019

Revenue	\$2,287m	▼ \$50m or 2%	<ul style="list-style-type: none"><li>• Lower revenue from all business groups, impacted by COVID-19</li></ul>
PBT	\$229.4m	▲ \$13.1m or 6%	<ul style="list-style-type: none"><li>• Government support and cost reduction measures Partially offset by</li><li>• Unfavourable sales mix</li><li>• Share of higher losses from associates and joint ventures</li></ul>
Net Profit	\$203.9m	▲ \$20.6m or 11%	<ul style="list-style-type: none"><li>• Lower tax expense</li></ul>

# Electronics FY2020 in Review

- Secured about \$516m worth of new contracts in 4Q2020, bringing total contract wins to about \$2.9b in FY2020
- New contracts won in FY2020 include:
  - Rail electronics projects in Singapore, China, India and Thailand
  - IoT solutions including smart lighting and water advanced metering infrastructure in Singapore and other global cities
  - Public safety and security projects
    - Perimeter Intrusion Detection Systems for a U.S. airport and global pharmaceutical facility based in Singapore
    - Aviation management and maintenance system for a leading airport authority's Southeast Asian operations
    - Port surveillance and tracking system; Command, Control and Communications systems for various agencies
    - Provision of Security Operations Centres and cybersecurity related services for customers in government, defence, critical infrastructure and enterprise sectors
  - Several training and simulation solutions for commercial and defence customers
  - Health-related digital platform with AI capabilities and business process outsourcing services for various Singapore government agencies

*Note: amount may not add due to rounding.*



# Electronics FY2020 in Review

- Deployed solutions to support Singapore's COVID-19 efforts including integrated command, control and communications (C3) systems, contact tracing and integrated surveillance systems
- Received industry recognition for Smart City solutions including Smart Lighting (IDC Smart City Asia Pacific Awards 2020); Smart City project for Cleveland (Smart 50 Awards 2020); and Newtec Dialog® platform (2020 Teleport Awards)
- Enhanced Smart City offerings:
  - Launched Singapore's first barrier-free Smart Car Park System
  - Launched BIOS-SHIELD™, Asia's first cloud, firmware endpoint security solution with Janus Technologies
  - Launched GEOEARTH, a cloud-based one-stop geospatial analytics platform that enables new business insights to accelerate decision-making
  - Entered into collaboration agreements with IHL and industry partners to advance capabilities in key tech domains including network encryption using quantum technology, digitalisation of critical payments and securities settlement, hybrid multi-cloud management and governance, and smart city planning and management.

# Land Systems

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

**Europe**

FY2020: \$4m

**Others**

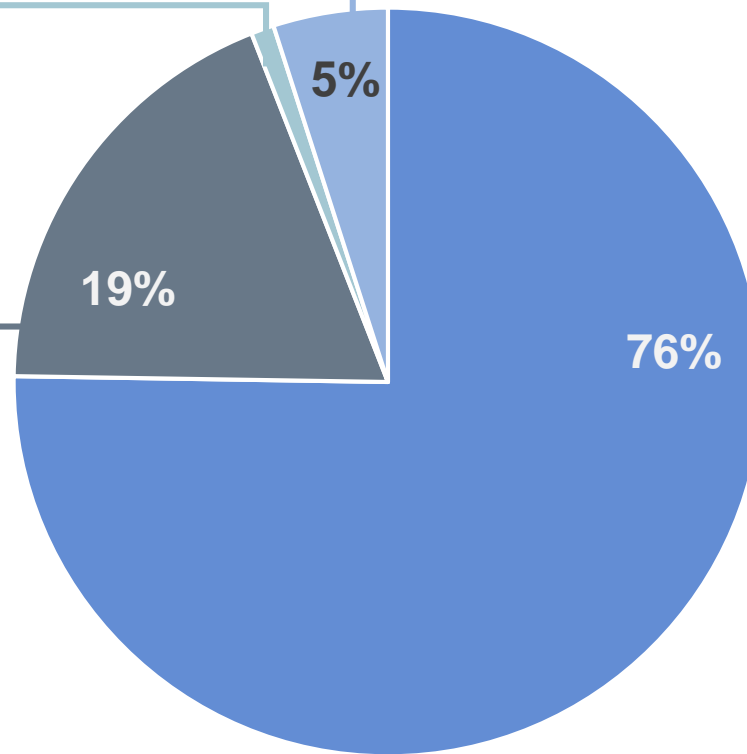
FY2020: \$72m

**U.S.**

FY2020: \$270m

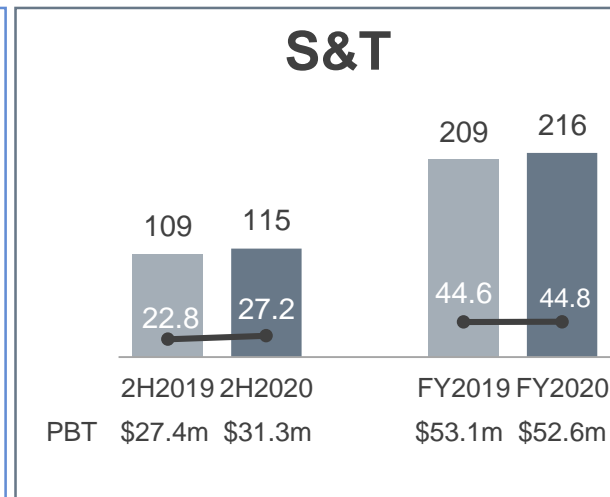
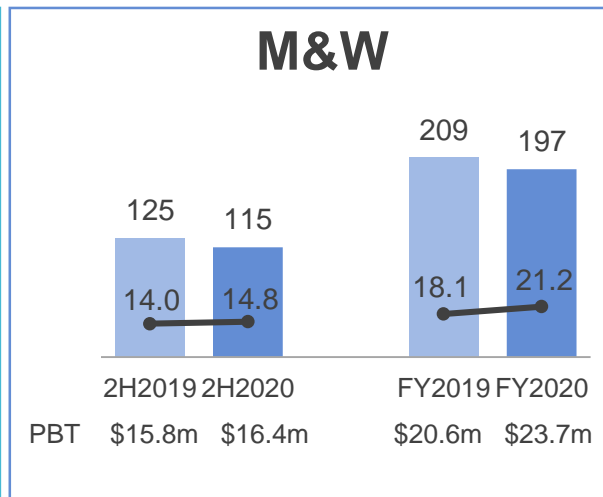
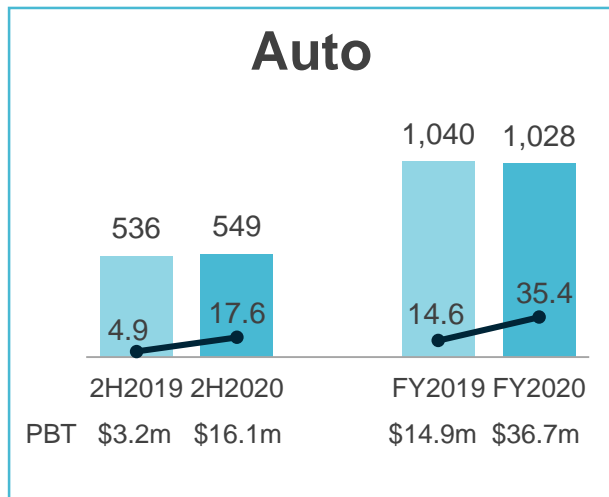
**Asia**

FY2020: \$1,095m



Note: Revenue includes inter-segment sales

# Land Systems Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

## FY2020 vs FY2019

<b>Revenue</b>	<b>\$1,411m</b>	<b>▼ \$17m or 1%</b>	<ul style="list-style-type: none"><li>• Lower revenue from US specialty vehicles and Munitions &amp; Weapon business groups Partially offset by</li><li>• Increased vehicle production in Singapore</li></ul>
<b>PBT</b>	<b>\$113.0m</b>	<b>▲ \$24.4m or 28%</b>	<ul style="list-style-type: none"><li>• Higher revenue from vehicle production, cost reduction measures and Government support Partially offset by</li><li>• Weaker performance from US specialty vehicles and associate</li><li>• Unfavourable product mix</li></ul>
<b>Net Profit</b>	<b>\$101.4m</b>	<b>▲ \$24.1m or 31%</b>	<ul style="list-style-type: none"><li>• In line with higher PBT</li></ul>

# Land Systems FY2020 in Review

- Secured new contracts, including
  - Additional units of Hunter Armoured Fighting Vehicle from Singapore Ministry of Defence
  - Weapons & munitions from customers in Asia and Middle East
- Progressive delivery of three-door double-deck buses and electric buses to Singapore's Land Transport of Authority
- Deployed mobile swab stations, TUG autonomous mobile robots as well as security and disinfecting robots to support Singapore's COVID-19 efforts
- On-demand autonomous buses won the Transportation category at IDC Smart City Asia Pacific Awards 2020
- Set up a JV with Israel Aerospace Industries Ltd to market advanced naval missile systems, including a next-generation anti-ship missile system

# Marine

# Marine Revenue by geography (by location of customers)

## Europe

FY2020: \$34m

## Others

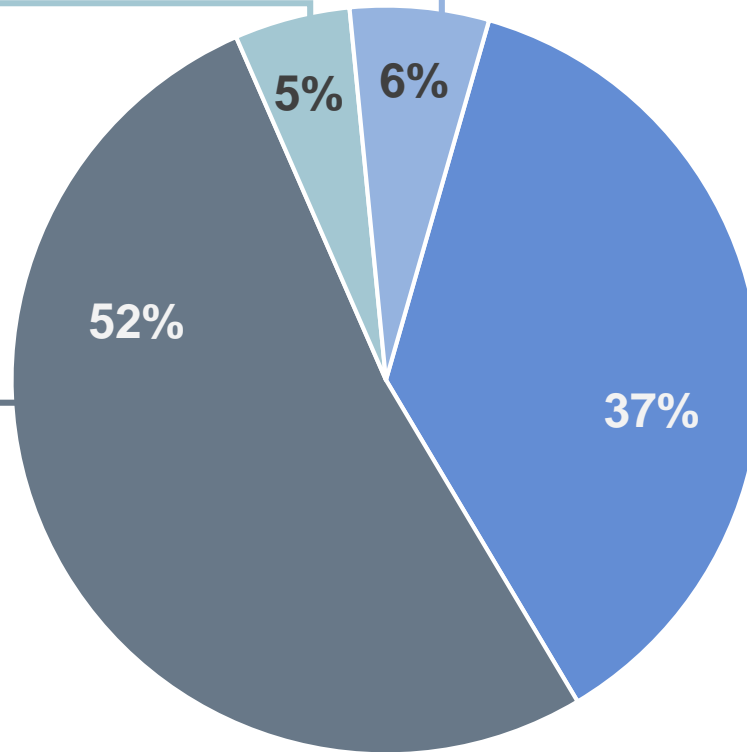
FY2020: \$41m

## U.S.

FY2020: \$374m

## Asia

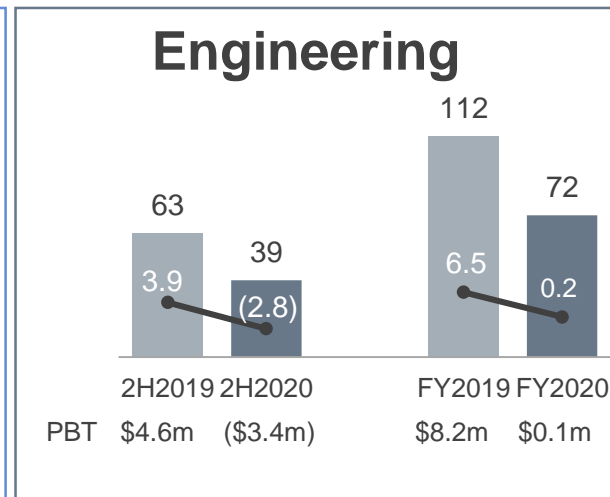
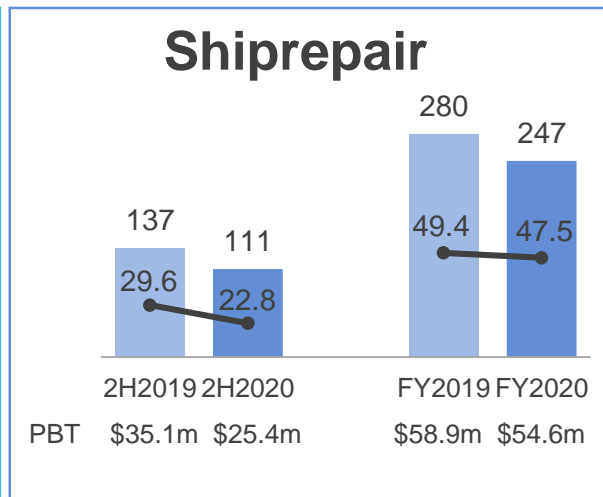
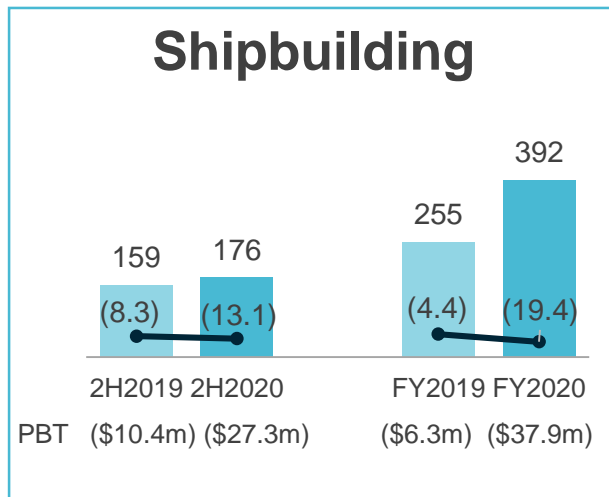
FY2020: \$262m



Note: Revenue includes inter-segment sales



# Marine Revenue, PBT and Net Profit by business group



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

## FY2020 vs FY2019

**Revenue**      **\$710m**      ▲ **\$63m or 10%**

- Higher contribution from US Shipbuilding  
Partially offset by
- Lower revenue from Singapore operations  
as yard activities were disrupted by COVID-19

**PBT**      **\$16.8m**      ▼ **\$44.0m or 72%**

- Weaker U.S. shipbuilding performance and  
higher operating costs incurred due to COVID-19  
disruption on operations

**Net Profit**      **\$28.3m**      ▼ **\$23.2m or 45%**

- In line with lower PBT  
Partially offset by
- Lower tax expense

# Marine FY2020 in Review

- Secured new contracts, including:
  - Firm order for one Auxiliary Personnel Lighter-Small (APL(S)) 67 Class berthing barge for the U.S. Navy, bringing total orders to four units
  - Industrial studies contract for U.S. Navy's T-AGOS programme
  - Design studies for the development of U.S. Navy's Large Unmanned Surface Vessel
  - Engineering, Procurement and Construction contract with consortium partners, Keppel Seghers and China Harbour, for a Waste-to-Energy facility and a Materials Recovery at the new Tuas Nexus IWMF in Singapore
- Shipbuilding programme updates
  - Delivered first pair of 5GPT boats to Singapore Police Coast Guard
  - Launched first and second APL(S) berthing barges
- Completed numerous shiprepair projects, rig repair and related fabrication works

# **Financial Reporting Framework (post-reorganisation)**

## **FY2021 and onwards**

**New  
organisation  
structure  
requires new  
financial  
reporting  
framework**

- New structure is to align with growth strategy:
  - strengthen core business
  - grow smart city and international defence business
- Organised into (1) Commercial and (2) Defence & Public Security clusters:
  - deepen customer focus
  - accelerate domain expertise
  - position for international growth

## New organisation structure from January 2021



- Deepen customer focus
- Accelerate domain expertise
- Position for International growth

### Commercial



**Commercial  
Aerospace**



**Urban  
Solutions**



**Satellite  
Communications**

### Defence & Public Security



**Digital  
Systems  
and Cyber**



**Land  
Systems**



**Marine**



**Defence  
Aerospace**



- Strengthen engineering & technology core
- Leverage group scale

**Group Engineering Centre**

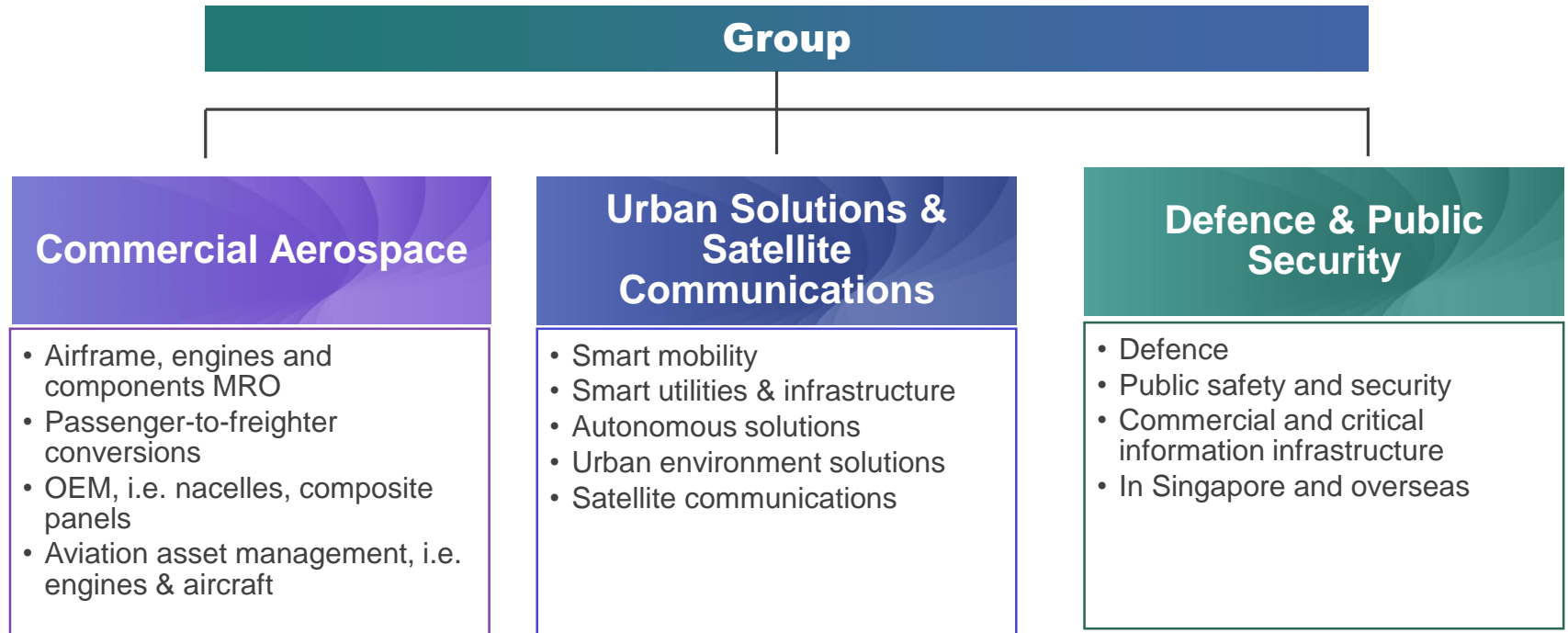
**Group Technology Office**

**Group HQ Functions and Shared Services**

# Guiding principles for new financial reporting framework

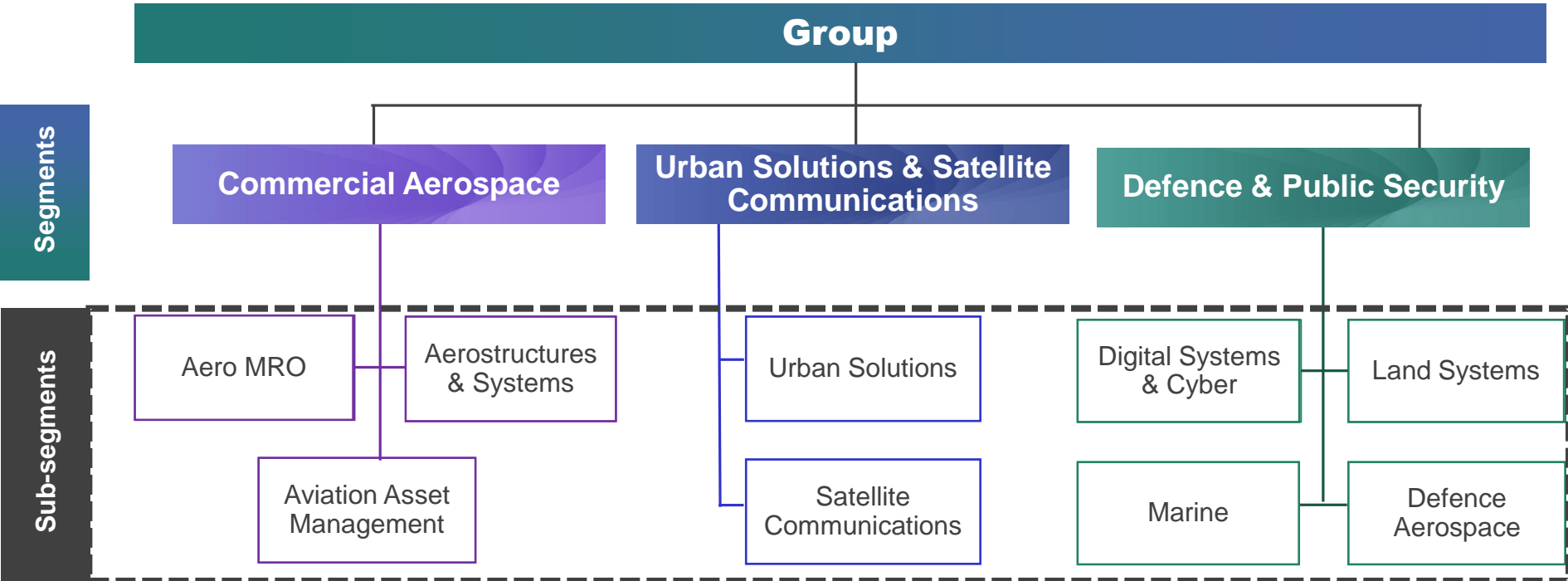
- 1 Reflects management structure, stewardship and accountability
- 2 Enable comparison to peer group companies
- 3 Provides segment performance

# New Segments





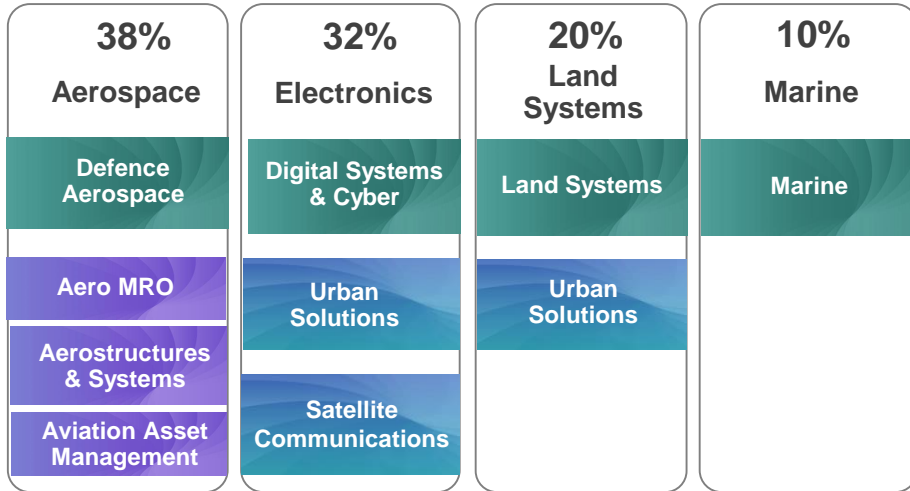
# New Sub-segments



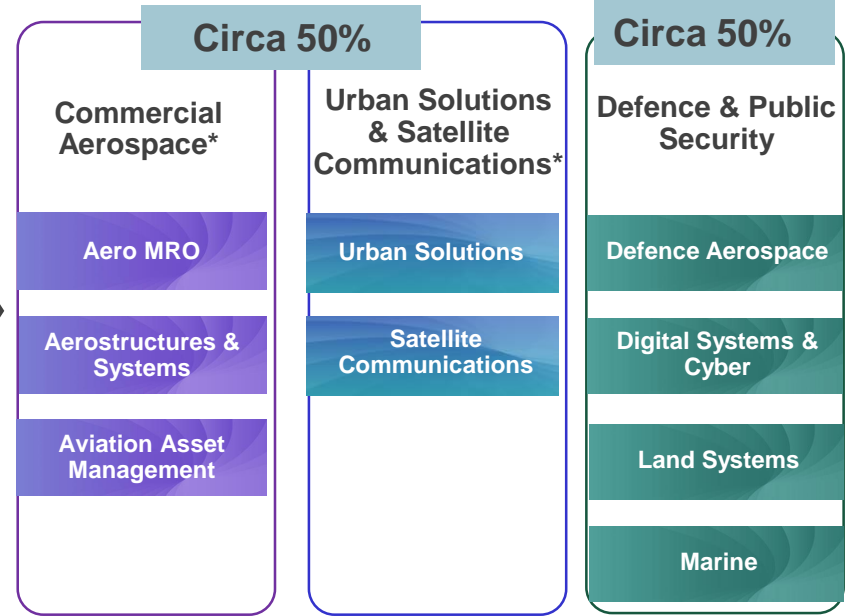
# FY2020 Revenue Breakdown

Business segment contributions (%)

## Old reporting framework



## New reporting framework



\*Commercial Aerospace and Urban Solutions & Satellite Communications were in the trough of their business cycles due to COVID-19.

## Disclosures of Key Financial Metrics

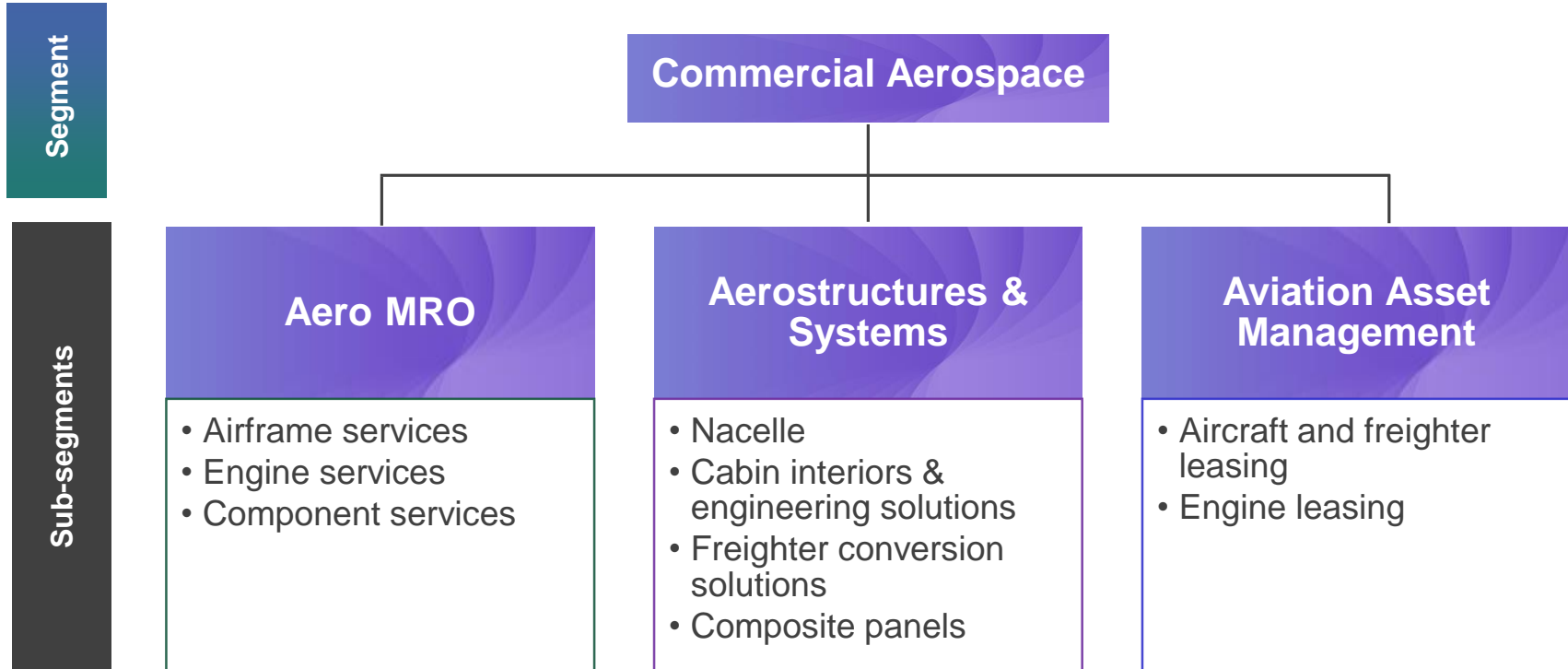
	Profit & Loss	Balance Sheet	Cash Flow
<b>Group</b>	✓ Full Profit & Loss statement	✓ Full Balance Sheet statement	✓ Full Cash Flow statement
<b>Business Segments</b>	✓ Revenue ✓ Earnings before Interest & Tax*	✓ Segment assets/liabilities	x
<b>Sub-segments</b>	✓ Revenue	x	x

\* Earnings before Interest & Tax (EBIT) reflects segment performance.

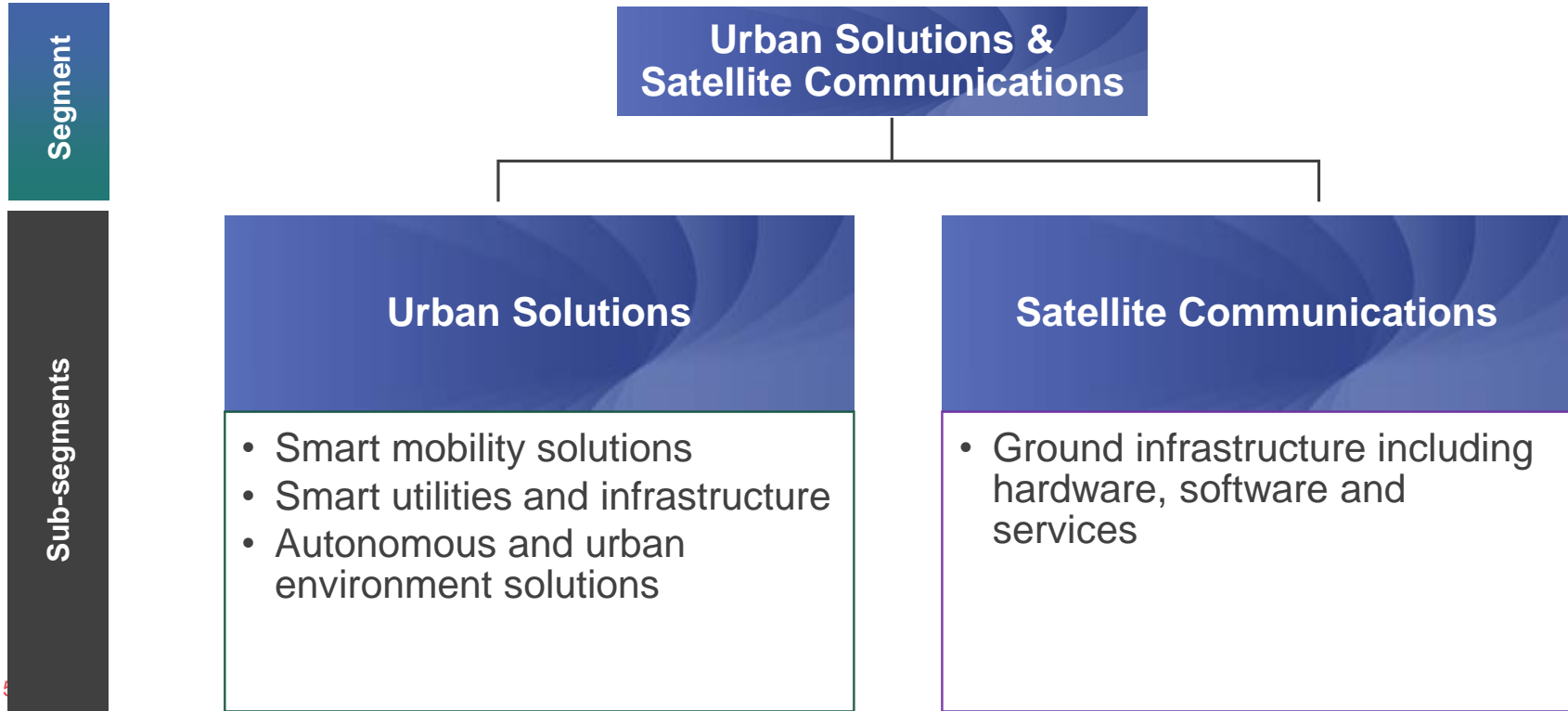
(EBIT is defined as sum of (1) profit from operations, (2) non-operating income and (3) share of profits of associates and joint ventures)

# Appendix

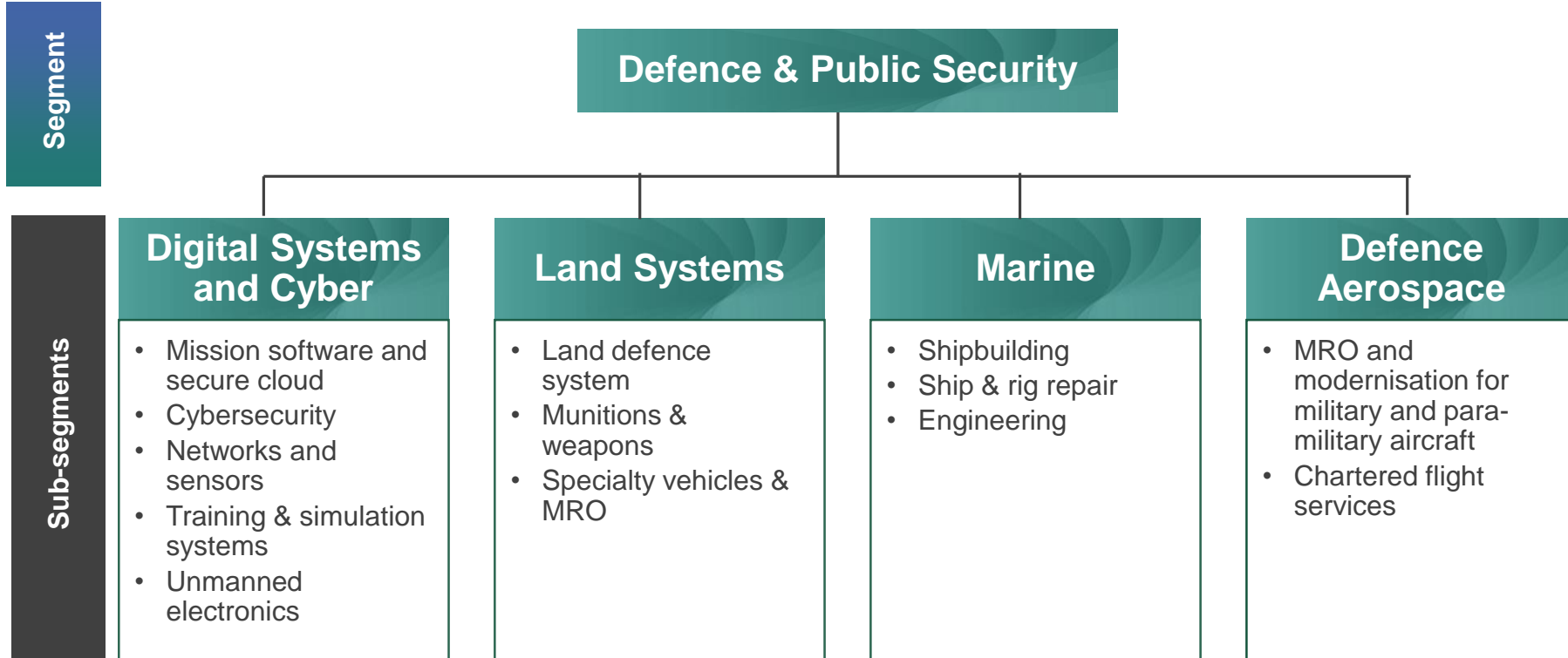
# Commercial Aerospace Business Overview



# Urban Solutions & Satellite Communications Business Overview



# Defence & Public Security Business Overview



**Thank you**