

INVESTOR DAY 2021

# Driving the Next Bound of Growth

**Vincent Chong**  
Group President & CEO

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## Disclaimer

Amounts stated in this presentation are denominated in Singapore Dollars unless stated otherwise.

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# 2018 Focus Growth Areas - Recap

## Strengthen core businesses



Aerospace



Marine



Electronics



Land Systems

## Pursue growth opportunities



International  
Defence Business



Smart City

## Underpinned by strong capabilities



People  
& Culture



Customers  
& Marketing

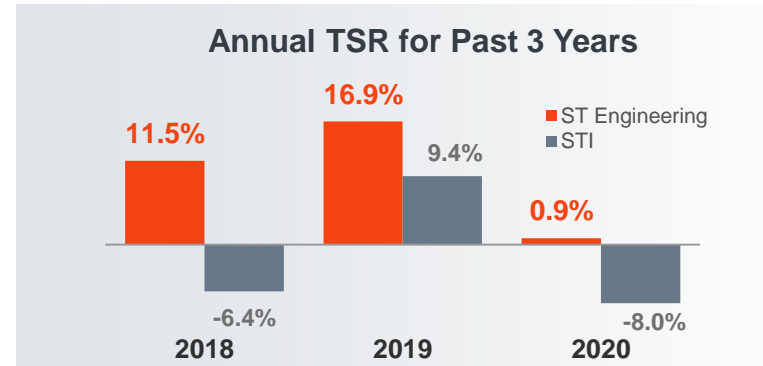
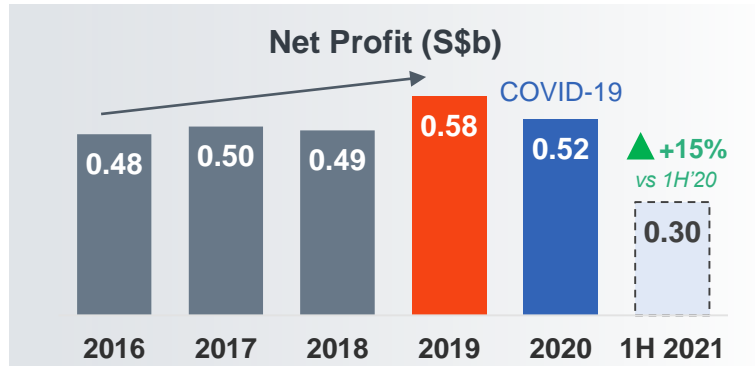
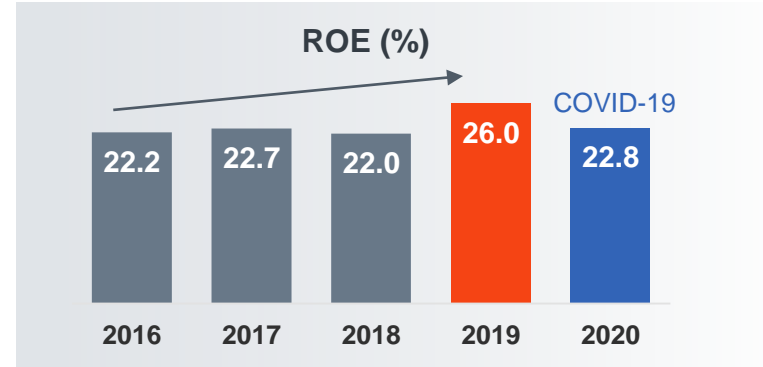
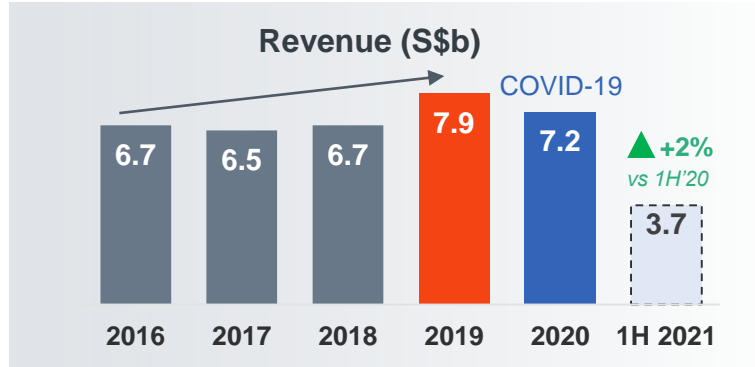


Technology  
& Innovation



Capacity  
for Growth

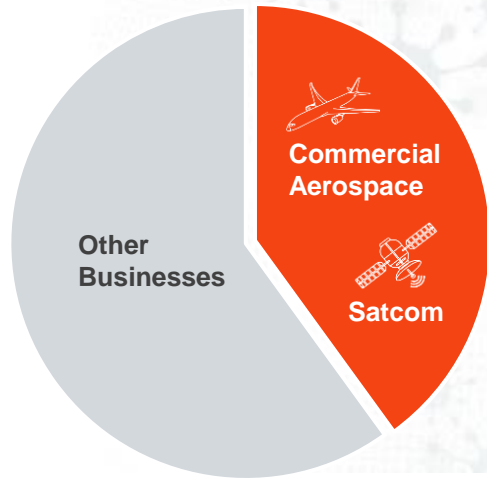
# Results reaffirm strategy - credible 2020 despite COVID-19



Reflections

# Weathered COVID-19

COVID-19 impacted key businesses



## Impact of COVID-19

Disruption to air travel and maritime cruise activity impacted **~40% of our business**



## We remain resilient

**Outperformed peers** in Aerospace MRO, seized opportunities in P2F and continued to invest for the long-term

### Supported by



Diversity of portfolio and revenue



Strong order book



Government support



Cost efficiency initiatives

# Update on 2018 Investor Day Ambitions

## Our 2022 Ambitions

## Achievement timeline

Two-thirds of our revenue growth will be from global markets



On Target  
(By 2022)

Smart City revenue of **S\$1b** to more than double by 2022



~1 year delay

Core and other businesses CAGR **2 to 3 times** global GDP growth rate over the next 5 years



~1 year delay

Net profits to grow in tandem with revenues



~1-2 year delay

## Recent trends continue to support and accelerate our strategy

### Digitalisation

Technology acceleration and disruption on a global scale



### Key Trends & Opportunities

### Sustainability

Heightened awareness leading to significant emphasis and opportunities

### Urbanisation

Governments investing in smart and sustainable infrastructure

### Security

Focus to ensure citizens and institutions protected from unconventional threats (cyber, physical, etc.)

# Continued investments to drive our strategy forward



2018-19

Move up the value chain to components / OEM



2019

Solidify leadership in Satcom Ground Segment  
Enhance anti-jam capabilities

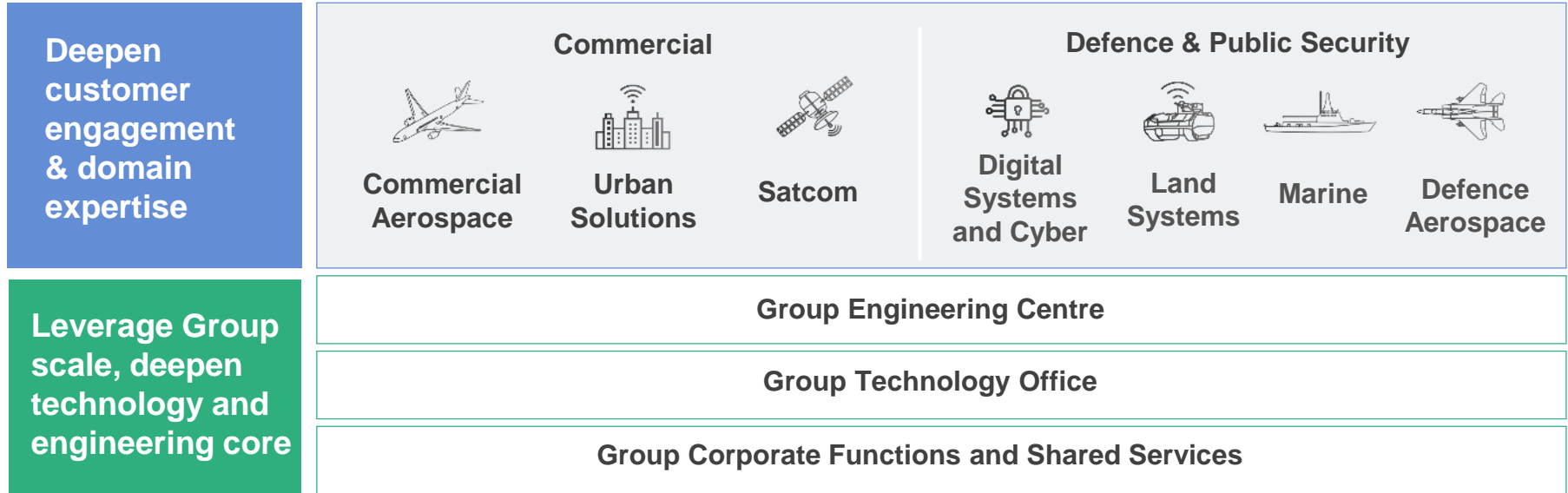


2021-22

Enhance suite of Smart Mobility road solutions  
Access to North America



# Reorganised to better achieve strategic objectives



**Enhance leadership structure, broaden bench strength**


# Strategic focus areas



 **Grow Digital Business – Cloud, AI Analytics, Cyber**

 **People & Culture**

 **Customers & Marketing**

 **Capacity for Growth**

**Growth Vector:** Ride the recovery in Commercial Aerospace

## Near-term challenges persist; recovery in 2-3 years

- Unprecedented COVID-19 impact on aviation industry
- Commercial Aerospace revenue to recover by 2024
- Continue to invest for long-term growth



\* Source: IATA forecast, Aviation Week, ST Engineering in-house analysis

**Growth Vector:** Ride the recovery in Commercial Aerospace

## Remained resilient, invest and position strongly for recovery



**Secured  
\$4.4b New  
Contracts\***

\*Between Mar 2020 and Sep 2021



Expand MRO capabilities and capacity. Strengthen OEM position

Scale aviation asset management portfolio

Capture strong demand in Passenger-to-Freighter conversion

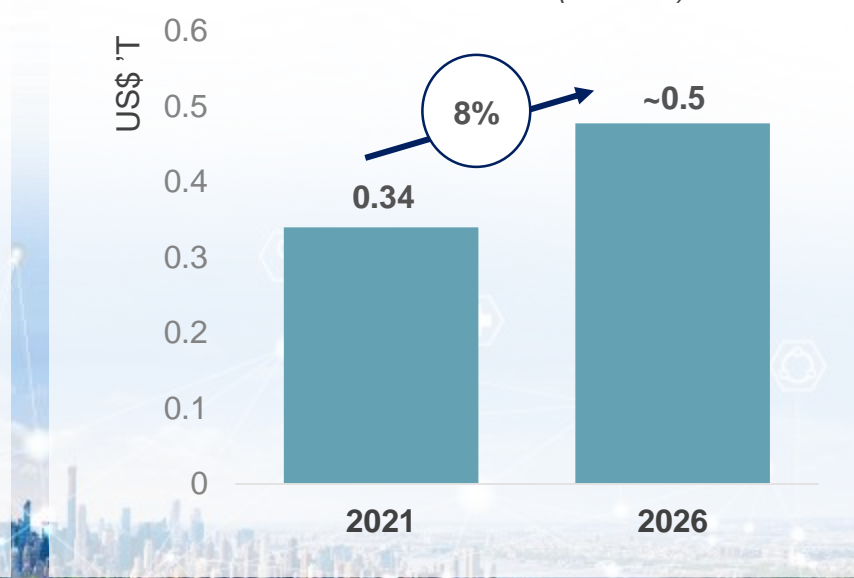
Seed the future – leverage autonomous and robotics technologies

**Growth Vector:** Drive Growth in Smart City

# Opportunity: Continued strong demand for Smart City solutions

- Relevant smart city market to grow at CAGR 8% to reach ~US\$0.5T in 2026
  
- Growth in demand at intersection of urbanisation, digitalisation and sustainability

Relevant Smart City Market Size Forecast\* (in US\$'T)



\*Markets we have solutions for (specific segments within Mobility, Environment, Security)

Source: LEK Consulting, Homeland Security Corp Research, Northeast Research, KBV Research, ST Engineering in-house Analysis

**Growth Vector:** Drive Growth in Smart City

# Track Record: Robust suite of leading solutions to capture opportunities

## Commercial Cluster

### Smart Mobility

- Smart Metro Solutions
- Traffic Management Solutions
- Autonomous Solutions
- Electric Vehicles

### Smart Environment

- IoT Solutions for Municipalities
- Smart Water & Waste Mgmt.
- Building Energy Management
- Environmental Engineering

### Platforms

- Satellite Communications
- Open Digital Platforms – Estate
- Fibre Connectivity



**More than 700  
successful smart  
city projects in  
over 130 cities  
globally**

## Defence & Public Security Cluster

### Smart Security

- Physical Security Solutions
- Cybersecurity Solutions
- Identity Management Platforms
- Security Management Systems

### Platforms

- Cloud Services and Platforms
- Data Centre Services

**Growth Vector:** Drive Growth in Smart City

## Build on strong momentum to accelerate growth



**More than double  
our Smart City  
revenue from 2020  
to 2026**



Reorganised to sharpen focus –  
formation of URS and Satcom  
GBAs



Accelerated growth through  
acquisitions – Newtec and  
TransCore



Continued base business growth  
momentum

**Growth Vector:** Expand International Defence

## Driving success in international defence business

- ✓ Digital acceleration drives adoption of dual-use technologies in military
- ✓ Legacy platforms being upgraded
- ✓ Pursue more opportunities through overseas partnerships

Attractive  
Addressable Market

**~US\$5b**

Over next 5 years



**Enabler: Grow Sustainability-linked Revenues**

# Sustainability – Core to our business; exploring new opportunities

## Core Businesses

### Commercial Aerospace



Engine Eco-wash



P2F Conversion

### Smart City



Smart Mobility



Smart Environment



Smart Security

### Defence & Public Security



Training & Simulation



Hybrid Electric Drive

## New Opportunities



Materials



Products



System Solutions



Solve urban and city issues



Reduce GHG emissions



Circular economy



**Enabler:** Invest in Digitalisation Technologies

## Consistently invest 4-5% revenue in R&D annually

### > 75% of R&D in Digital Technologies

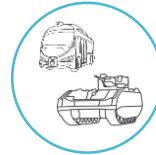
- Advanced networks
- Cybersecurity
- Cloud management software
- AI & Data/Video Analytics
- Robotics & Autonomous Technologies



**MRO analytics -**  
Condition monitoring



**Autonomous systems**  
management



Strengthen dual-use capabilities



Enhance product offerings and solutions



Scale operations and processes



Save cost and improve productivity

## Drive growth in digital businesses



### Cloud

- Drive growth in Cloud Managed and Professional Services
- Expand cloud business into Commercial Enterprises (e.g. Healthcare, Education...)



### AI Analytics

Expand capabilities in cognitive capacity and resource optimisation via AI-ML and Data Analytics



### Cybersecurity

- Expand cybersecurity product suite to capture opportunities from IT & OT cybersecurity convergence.
- Deepen cybersecurity capabilities - threat hunting, digital forensic and incident response

**Cloud, AI Analytics, Cyber business to triple to >\$500m by 2026**

## People and Culture

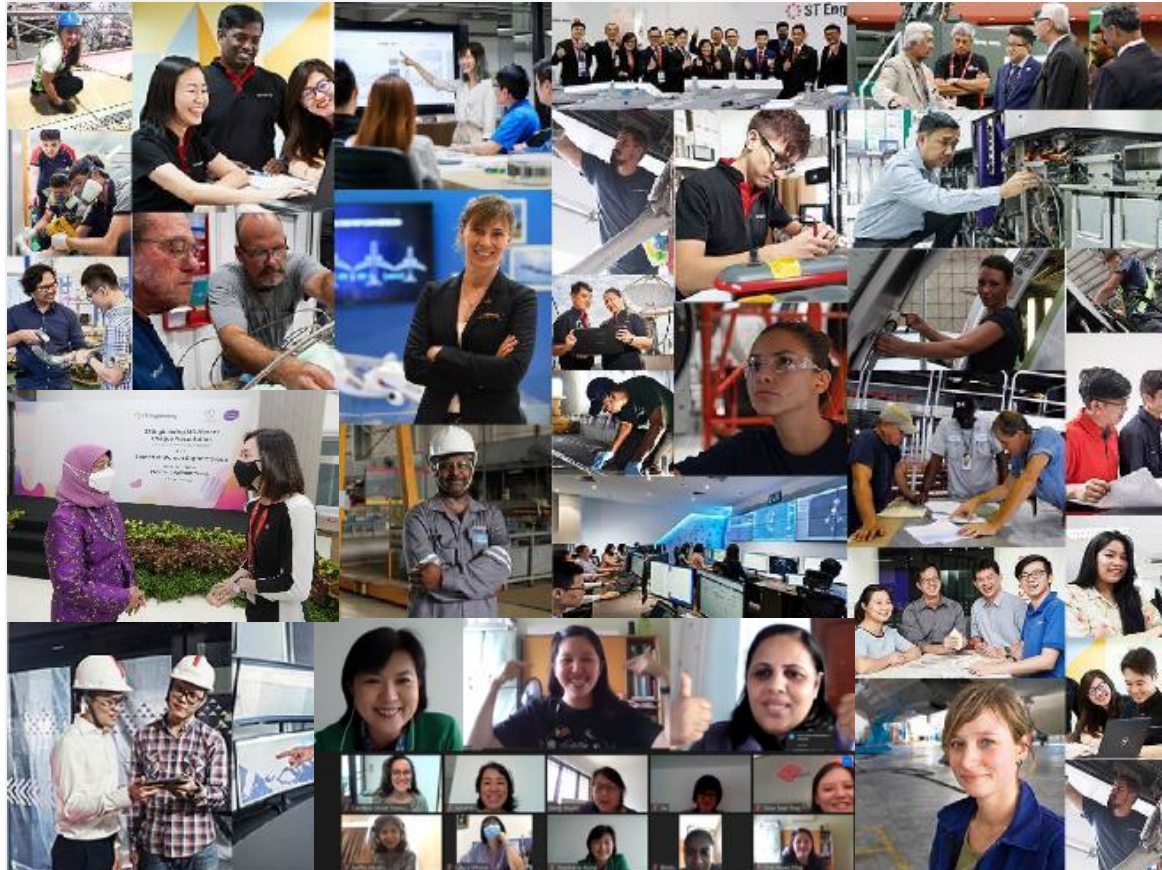
# Investing in key assets – Our People

Strengthen technology and engineering core

Grow diverse and global talents

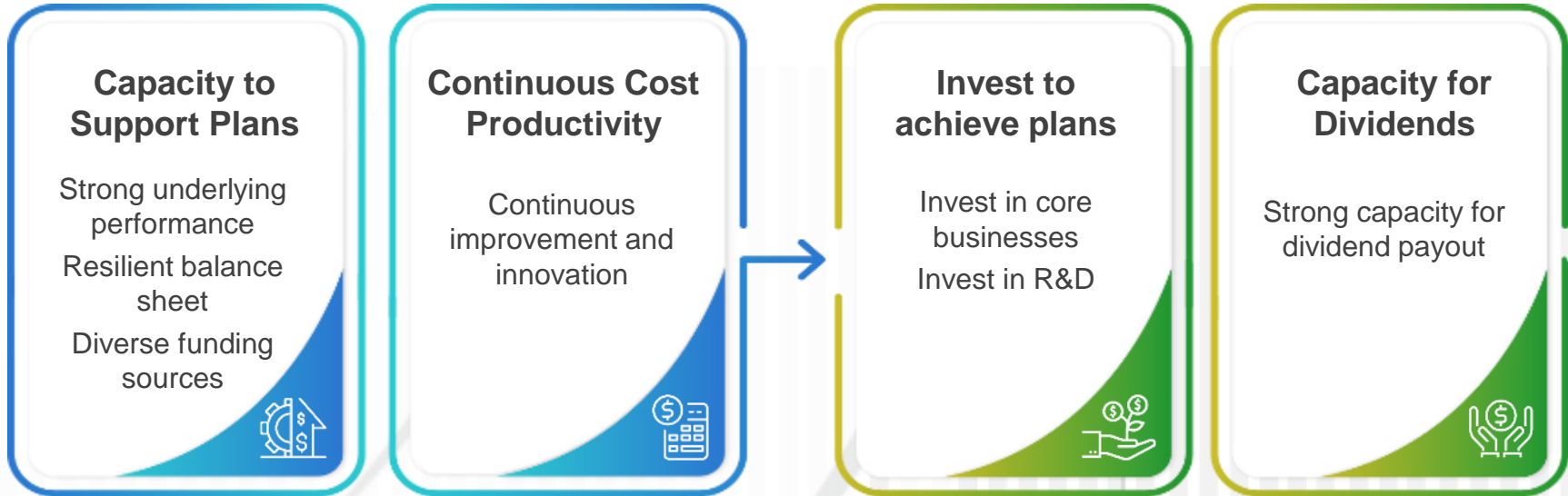
Foster diversity & inclusion

- Women@ST Engineering
- Women Support Group



## Capacity for Growth

# Strong capacity to fund our journey and deliver dividends



**Deliver steady ROE above 20%**

Annual revenue to grow at 2 to 3 times  
global GDP growth rate to >\$11b<sup>1</sup>

Sustainability-  
linked revenue to  
grow to >\$3b

Commercial  
Aerospace to  
achieve >\$3.5b  
in revenue<sup>2</sup>

Smart City revenue to more  
than double to \$3.5b<sup>1</sup>

Other Core  
Businesses



Grow Digital Business – Cloud, AI Analytics, Cyber

Net profits to grow in  
tandem with revenue



# Thank you