

# First Quarter 2019 Results

15 May 2019

# Agenda

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

# Group Highlights

# Group 1Q2019 Highlights

All figures are denominated in \$m unless indicated otherwise

Revenue

1,731

+5% y-o-y

EBIT

141.9

+16% y-o-y

PBT

159.9

+11% y-o-y

Net Profit

131.1

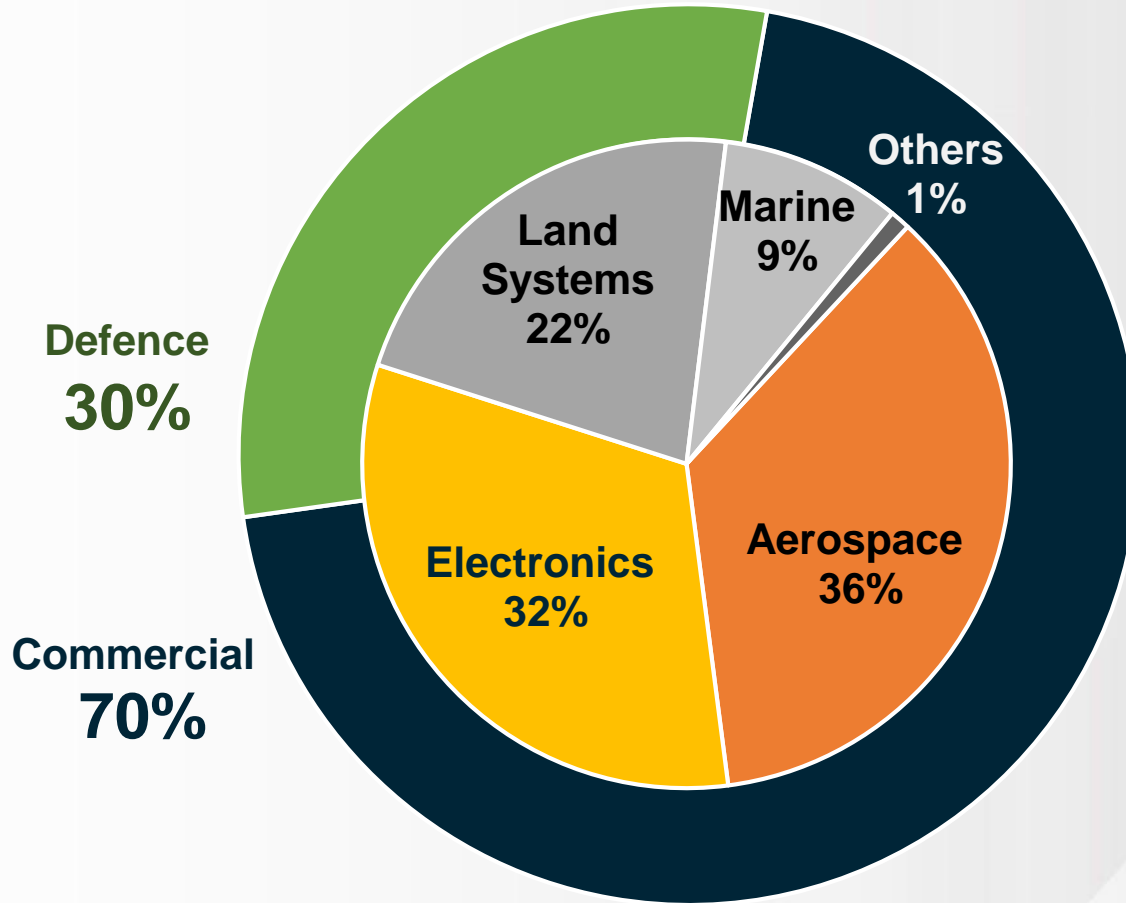
+11% y-o-y

Order book as at 31 March 2019: **\$14.1b**;  
about **\$4.2b** to be delivered in remaining months of 2019

# Group Revenue

\$'m	1Q2019	1Q2018	Change
Aerospace	622	599	+4%
Electronics	563	605	-7%
Land Systems	377	281	+34%
Marine	149	150	-1%
Others	20	12	+67%
<b>Group</b>	<b>1,731</b>	<b>1,647</b>	<b>+5%</b>

# Group 1Q2019 Revenue Breakdown



1Q2019 Revenue  
by location of customers

**ASIA**  
**61%**

**U.S.**  
**20%**

**EUROPE**  
**12%**

**OTHERS**  
**7%**

# Group Profit before Tax (PBT)

\$'m                      1Q2019                      1Q2018                      Change

Aerospace	76.6	76.3	-
Electronics	52.2	48.3	+8%
Land Systems	17.8	17.0	+5%
Marine	14.5	9.2	+56%
Others	(1.2)	(6.8)	NM
<b>Group</b>	<b>159.9</b>	<b>144.0</b>	<b>+11%</b>

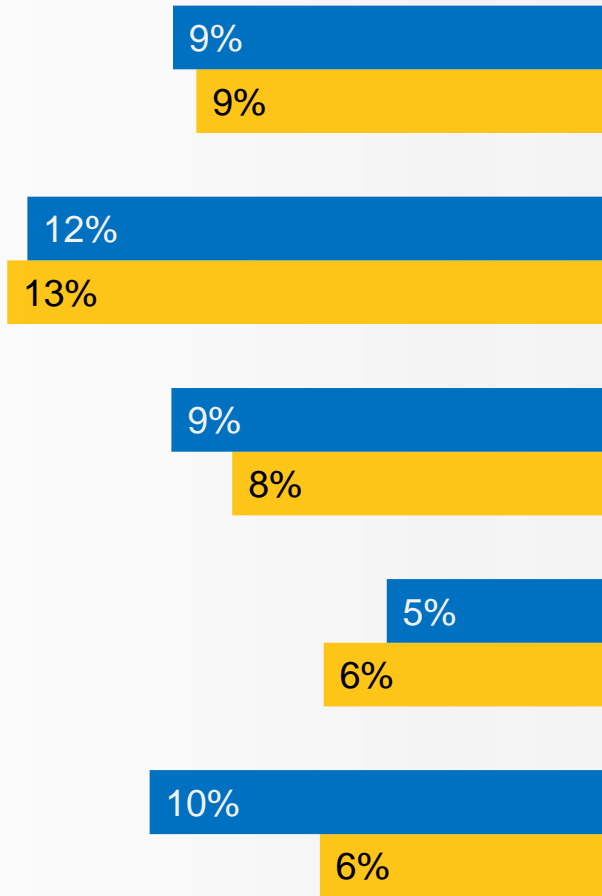
# Group Net Profit

\$'m	1Q2019	1Q2018	Change
Aerospace	62.7	59.2	+6%
Electronics	43.4	40.3	+8%
Land Systems	15.2	15.6	-3%
Marine	12.0	8.7	+38%
Others	(2.2)	(6.1)	<i>NM</i>
<b>Group</b>	<b>131.1</b>	<b>117.7</b>	<b>+11%</b>



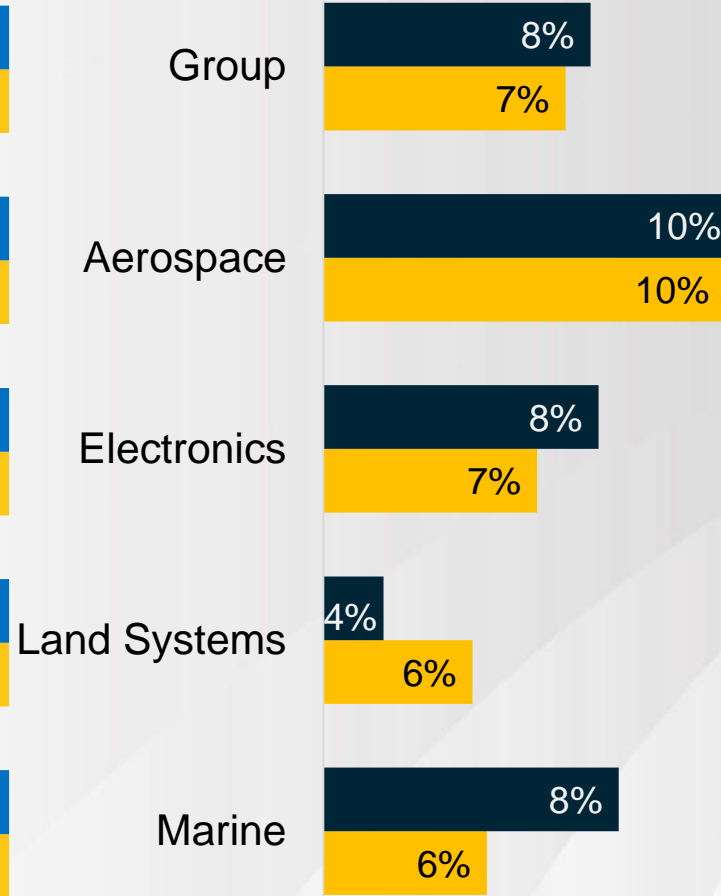
# Group Margins

## PBT Margin



■ 1Q2019 ■ 1Q2018

## Net Profit Margin



■ 1Q2019 ■ 1Q2018

# Balance Sheet

\$'m	31 Mar 2019	31 Dec 2018
Property, plant & equipment	1,707	1,743
Intangible assets	1,141	1,151
Right-of-use assets	428	-
Other non-current assets	572	582
Current assets	4,133	4,097
<b>Total assets</b>	<b>7,981</b>	<b>7,573</b>
Current liabilities	3,774	3,851
Non-current liabilities	1,604	1,187
<b>Total liabilities</b>	<b>5,378</b>	<b>5,038</b>
Share capital and reserves	2,320	2,247
Non-controlling interests	283	288
<b>Total equity and liabilities</b>	<b>7,981</b>	<b>7,573</b>

# Statement of Cash Flows

\$'m

31 Mar 2019

31 Mar 2018

Net cash from/(used in)		
Operating activities	369	431
Investing activities	(50)	(44)
Financing activities	(123)	(78)
Net increase in CCE *	196	309
CCE at beginning of the period	414	998
Exchange difference	(1)	(4)
CCE at end of the period	609	1,303
Add: Funds under management	-	334
<b>Total CCE &amp; Funds under management</b>	<b>609</b>	<b>1,637</b>

\* CCE - Cash & Cash Equivalents

# 1Q2019 Sector Performance

# Aerospace

1Q2019 vs 1Q2018

**Revenue**      **\$622m**      ▲ **\$23m or 4%**

- Higher revenue from CERO and EMS business groups  
Partially offset by
- Lower revenue from AMM business group

**PBT**      **\$76.6m**      ▲ **\$0.3m or 0%**

- Higher other income due to absence of portfolio rationalisation impact  
Partially offset by
- Lower gross profit from unfavourable sales mix

**Net Profit**      **\$62.7m**      ▲ **\$3.5m or 6%**

- Lower tax expense

# Electronics

1Q2019 vs 1Q2018

**Revenue**      **\$563m**      ▼ **\$42m or 7%**

- 1Q2018 was a very strong quarter

**PBT**      **\$52.2m**      ▲ **\$3.9m or 8%**

- Higher gross profit from favourable sales mix
- Share of lower losses from associates & joint ventures
- Partially offset by
- Higher operating expenses
- Lower other income

**Net Profit**      **\$43.4m**      ▲ **\$3.1m or 8%**

# Land Systems

1Q2019 vs 1Q2018

<b>Revenue</b>	<b>\$377m</b>	<b>▲ \$96m or 34%</b>	<ul style="list-style-type: none"><li>• Higher revenue from all business groups</li></ul>
<b>PBT</b>	<b>\$17.8m</b>	<b>▲ \$0.8m or 5%</b>	<ul style="list-style-type: none"><li>• Higher gross profit from higher revenue</li></ul> Partially offset by <ul style="list-style-type: none"><li>• Higher operating expenses</li><li>• Lower other income</li></ul>
<b>Net Profit</b>	<b>\$15.2m</b>	<b>▼ \$0.4m or 3%</b>	<ul style="list-style-type: none"><li>• Absence of favorable tax finalisation adjustment in 1Q2019</li></ul>

# Marine

1Q2019 vs 1Q2018

**Revenue**      **\$149m**      ▼ **\$1m or 1%**

- Lower revenue from Shipbuilding business group  
Largely offset by
- Higher revenue from Shiprepair and Engineering business groups

**PBT**      **\$14.5m**      ▲ **\$5.3m or 56%**

- Higher gross profit from improved U.S. shipbuilding performance

**Net Profit**      **\$12.0m**      ▲ **\$3.3m or 38%**



# Outlook

# President & CEO's Message

“We had a good start to the year and our recent contract wins have increased our order book to a high of \$14.1b. Our focus remains on strengthening our core businesses and pursuing growth in Smart City and in the international defence business.

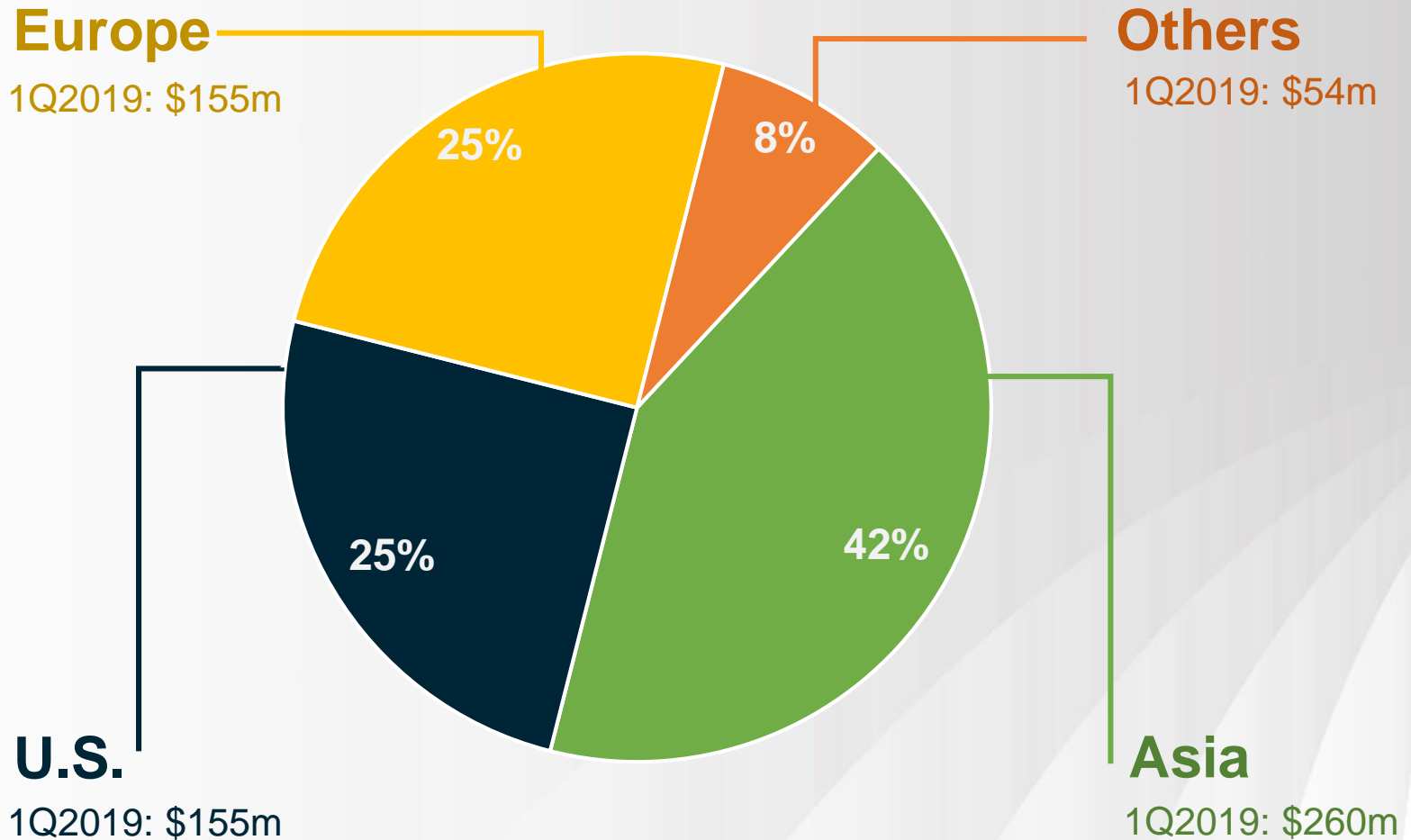
On the M&A front, we have agreed to acquire Newtec Group, which operates in the high-tech satellite communications industry driving connectivity. This acquisition is expected to complete in 2H2019, and when combined with our existing satellite communications businesses, will further enhance our value proposition for Smart City.”

~ Vincent Chong, President & CEO, ST Engineering

# Appendix

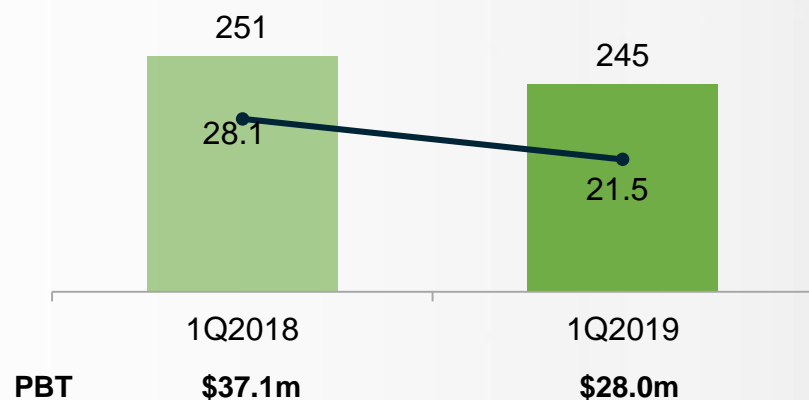
# Aerospace

# Aerospace Revenue by geography (by location of customers)

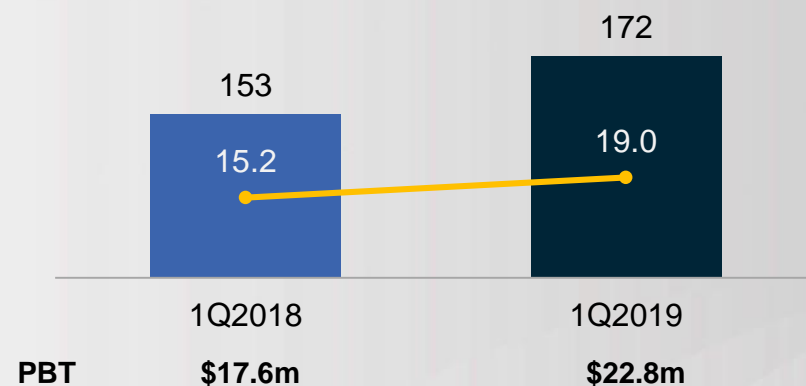


# Aerospace Revenue, PBT and Net Profit by business group

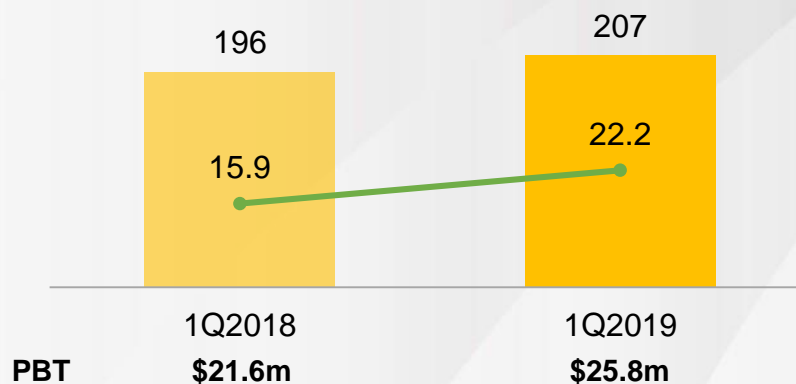
## AMM



## CERO



## EMS



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

# Aerospace – 1Q2019 in Review

- Secured \$1.28b worth of new contracts, including:
  - A 10-year airframe MRO contract from a long-time customer, a major North American operator, to provide heavy maintenance services for its entire fleet of A300s and Boeing 757
  - Component support for new African and European airline customers' Bombardier Q400
  - Engine wash and equipment leasing solutions to customers in the Middle East and Europe
- Building Capabilities
  - Completed Critical Design Review for prototype A320 passenger-to-freighter conversion programme
  - Achieved first-ever authorisation from the CAAS to conduct Beyond Visual Line of Sight trials for DroNet

# Aerospace – Outlook for 1H2019

- Pursue launch customer for A320 freighter conversion; grow aircraft leasing portfolio
- Develop and commercialise UAV programmes including DroNet
- Commence integration of MRAS
- Accelerate digitalisation of global operations; adopt smart technologies to differentiate through efficiency



# Electronics

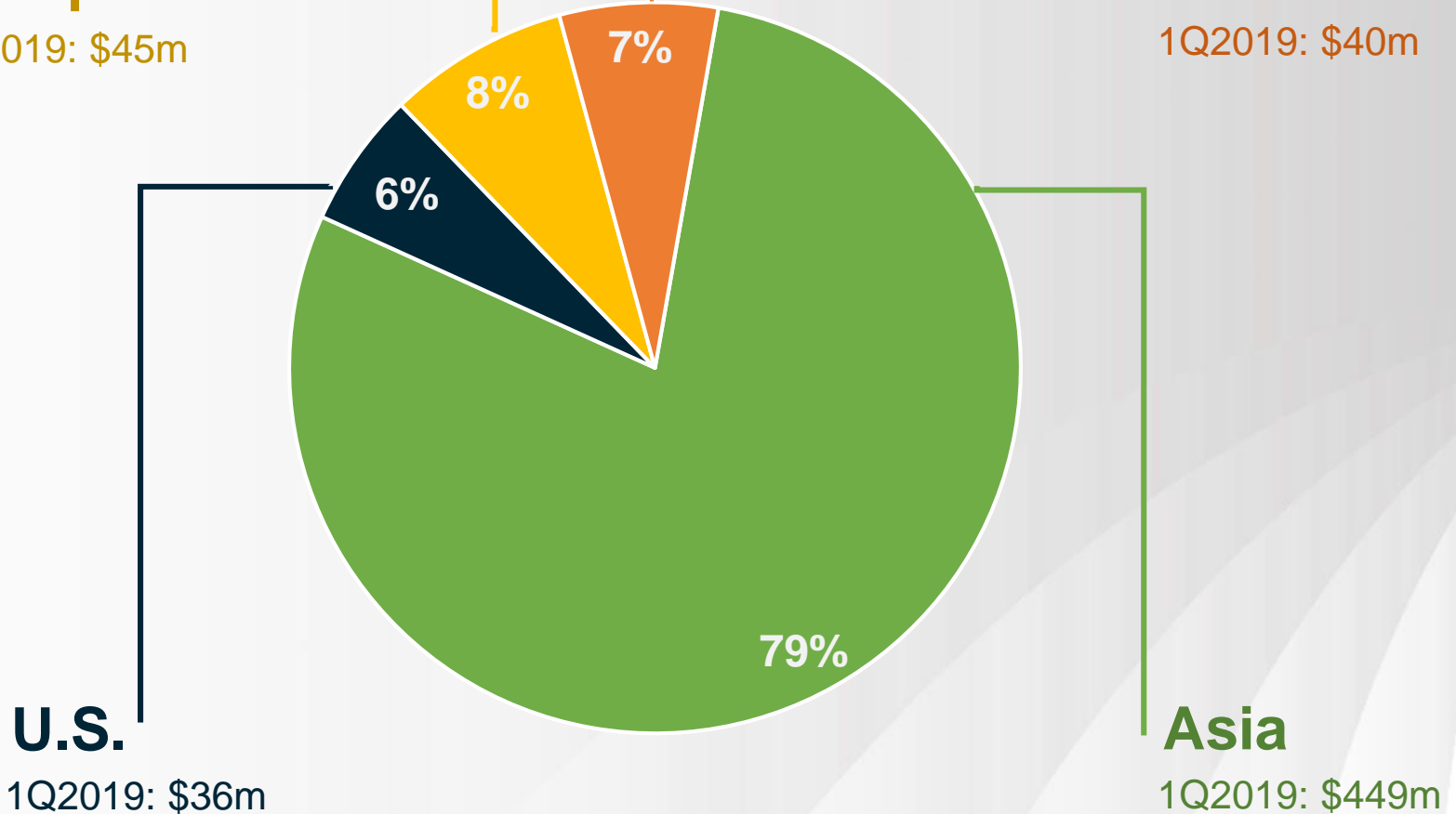
# Electronics Revenue by geography (by location of customers)

**Europe**

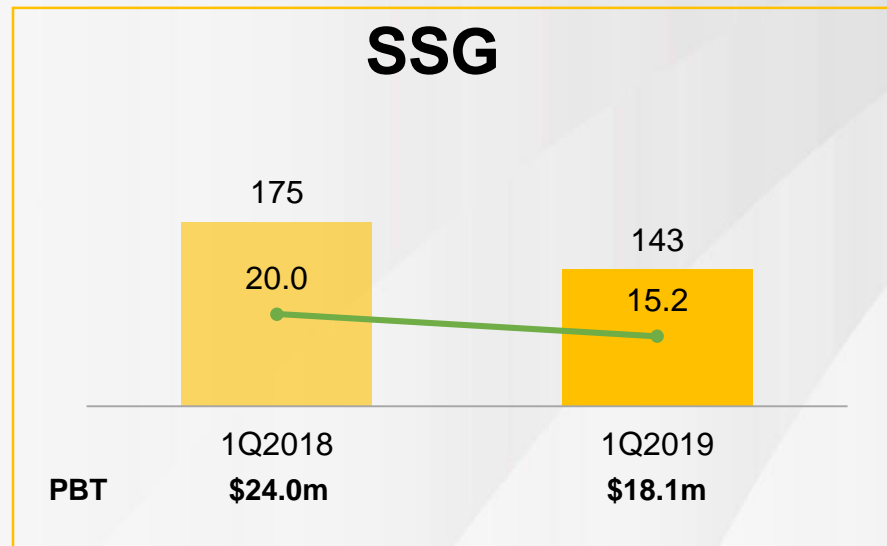
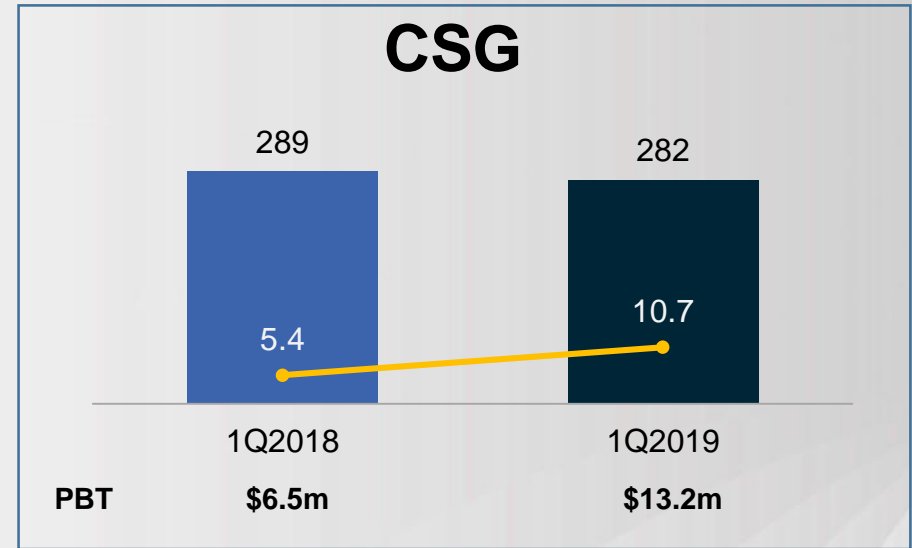
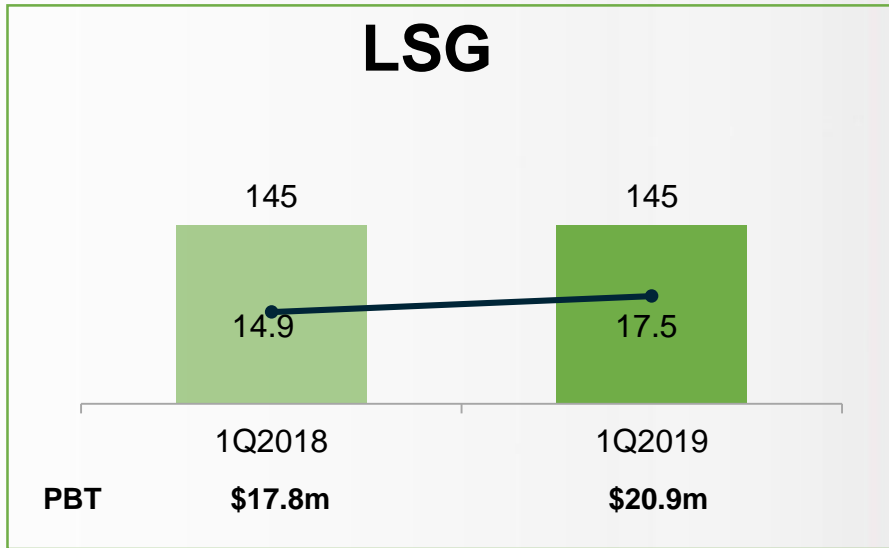
1Q2019: \$45m

**Others**

1Q2019: \$40m



# Electronics Revenue, PBT and Net Profit by business group



Legend:  
 Bar: Revenue (\$m)  
 Line: Net Profit (\$m)  
 Note: Revenue includes inter-segment sales

# Electronics - 1Q2019 in Review

- Secured \$818m worth of new contracts, including:
  - Smart mobility projects in Bangkok for its Gold Line and Purple Line, Wuxi Metro Line 3 in China, Taiwan Railway Authority's trains and Singapore for Downtown Line 3
  - Defence projects including engineering support services for communications and sensor equipment
  - Satellite communications, Internet of Things, cybersecurity, public safety and security related projects
- Building capabilities
  - Proposed acquisition of 100% ownership in an established Belgium-based satcom provider, Newtec Group NV, for €250m, subject to closing adjustments
  - Launched SERIS<sup>®</sup> Airport Analytics for enhanced airport operations
  - Entered into a JV with DSO National Laboratories for satellite analytics and new space technologies

# Electronics - Outlook for 1H2019

- Deliver smart mobility, satellite communications and software system related contracts on schedule
- Pursue smart city related contracts in and outside of Singapore

# Land Systems

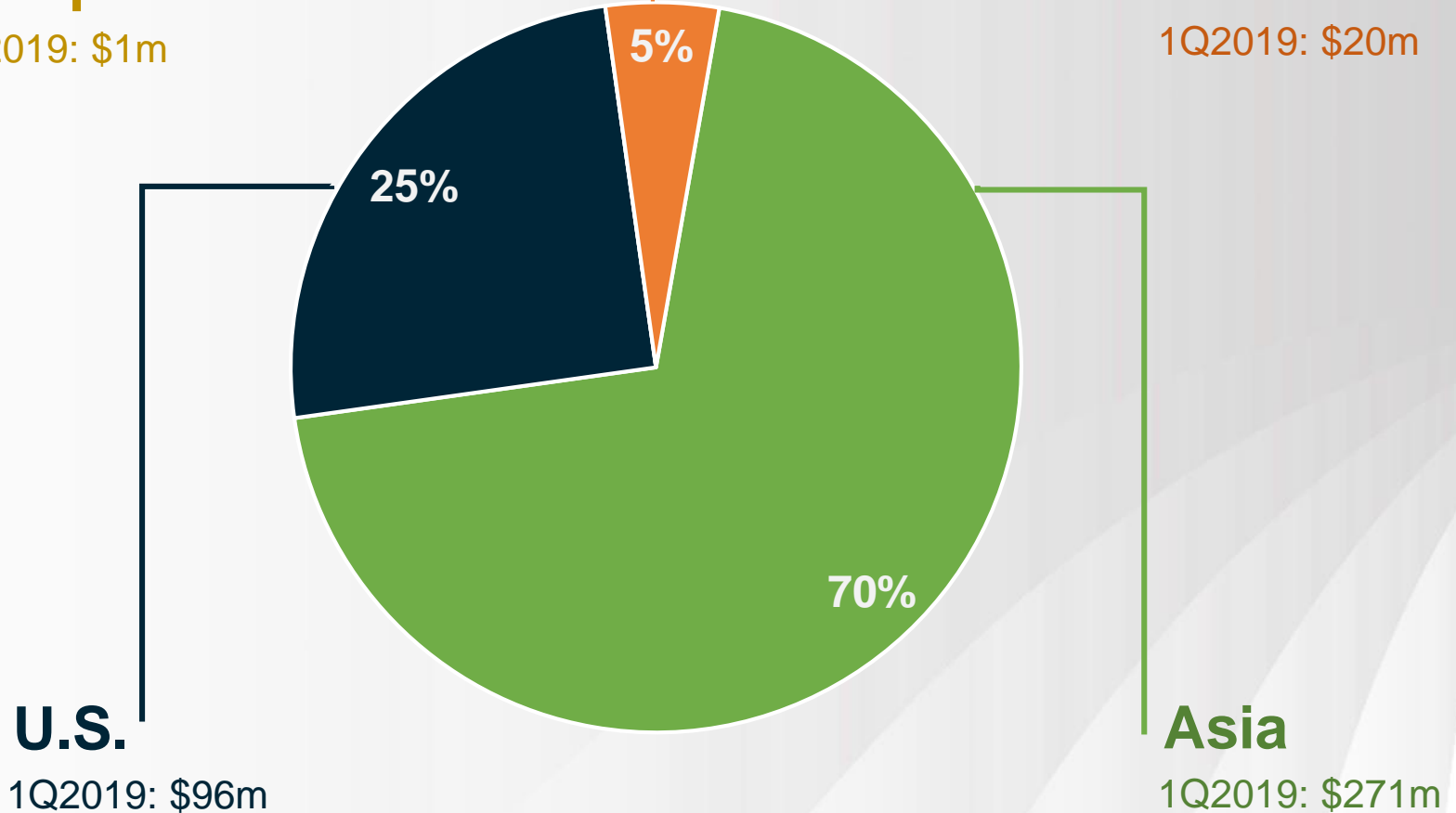
# Land Systems Revenue by geography (by location of customers)

## Europe

1Q2019: \$1m

## Others

1Q2019: \$20m



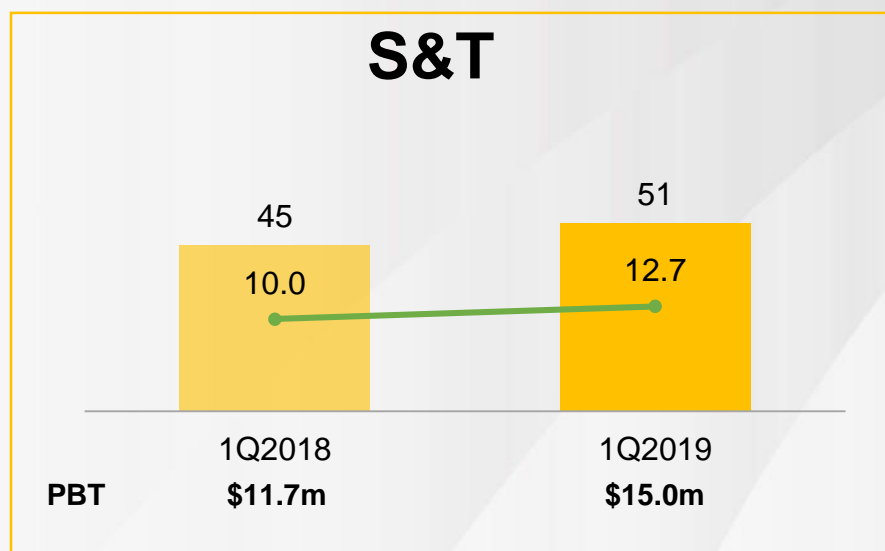
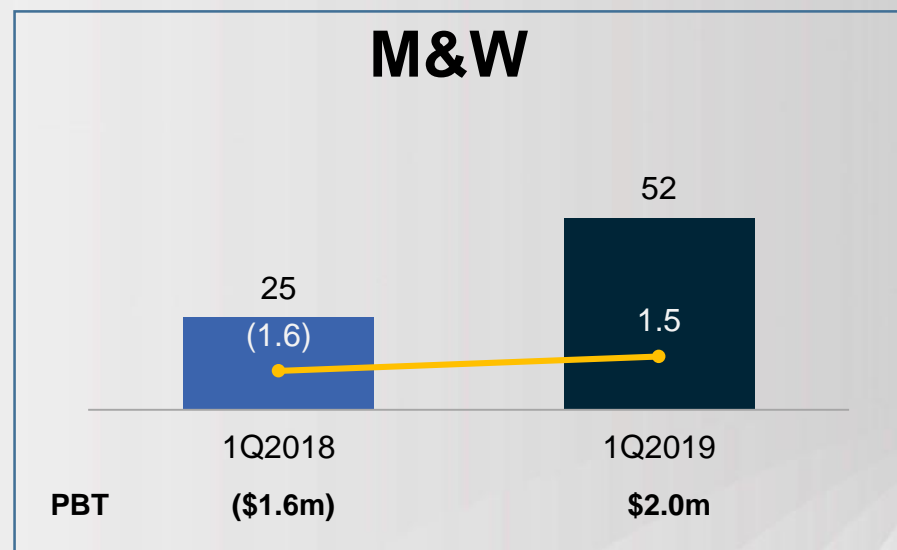
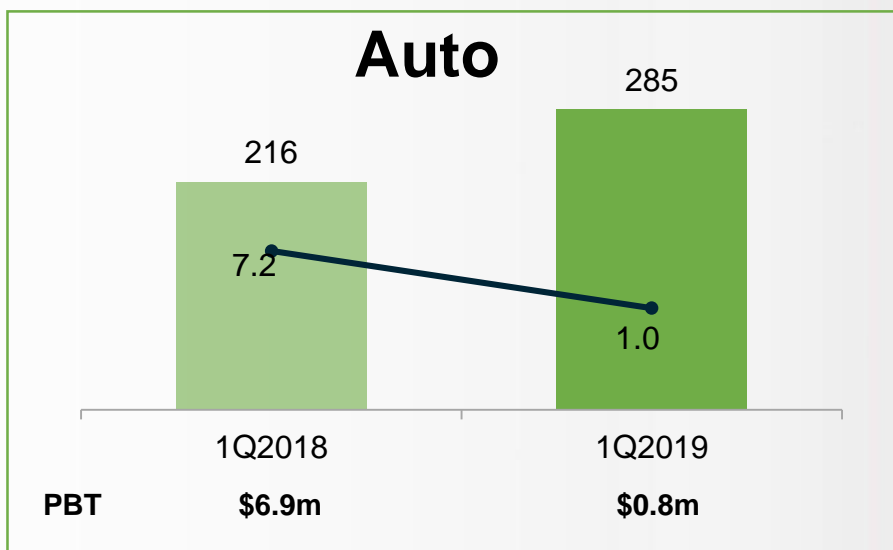
## U.S.

1Q2019: \$96m

## Asia

1Q2019: \$271m

# 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 - 1Q2019 in Review

- Secured new contracts, including:
  - Weapons & munitions from customers in Asia Pacific, Middle East and Europe
  - Road Construction Equipment and Specialty Vehicles from customers in North America
  - 80 Automated Guided Vehicles for PSA for deployment at Singapore's next generation port in Tuas
- Industry collaborations on Autonomous Vehicles with:
  - Entered into an MOU with BYD to develop autonomous bus platforms
  - Partnered 800 Super Waste Management to design, develop and trial Autonomous Environmental Service Vehicles
  - Commenced Autonomous Bus trial on Jurong Island, Singapore
- Recognised as Best Collaboration Partner at the Land Transport Excellence Awards 2019

# Land Systems - Outlook for 1H2019

- Pursue and secure key defence and commercial programmes locally and overseas
- Accelerate the deployment of autonomous vehicles
- Provide logistics autonomous solutions for the warehouse, airport, seaport and manufacturing industries

# Marine

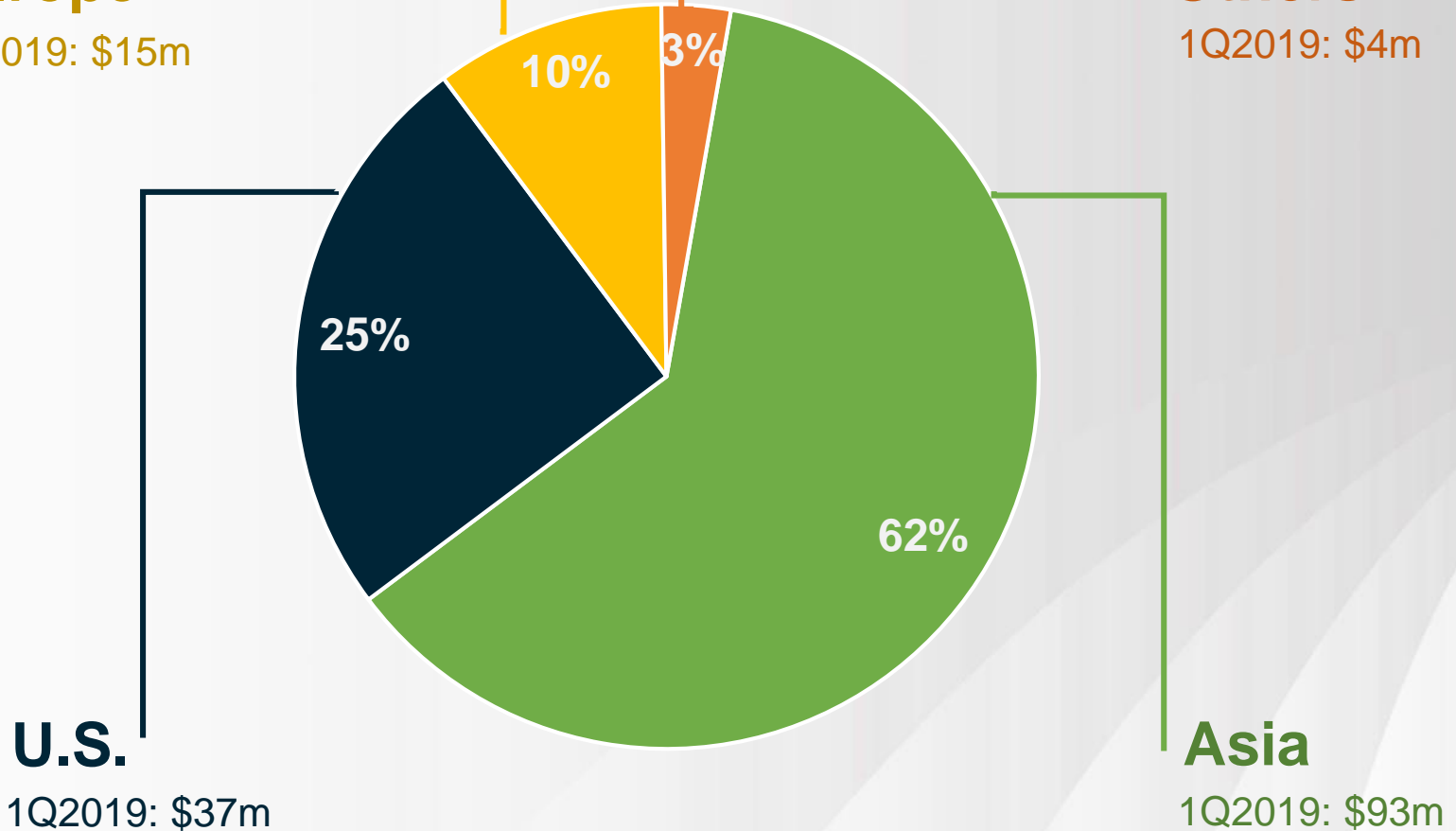
# Marine Revenue by geography (by location of customers)

**Europe**

1Q2019: \$15m

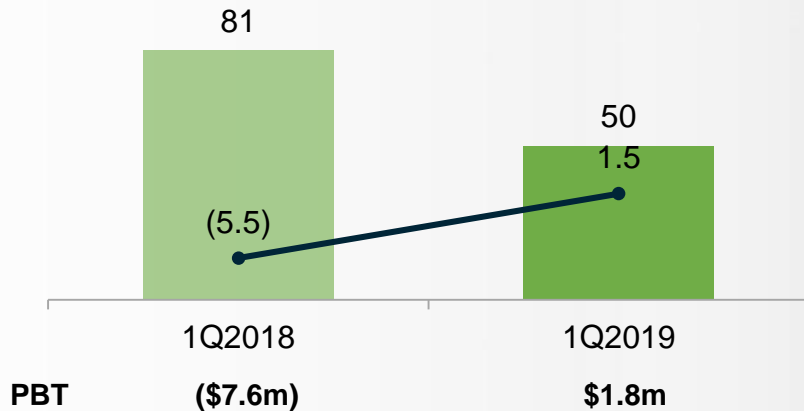
**Others**

1Q2019: \$4m

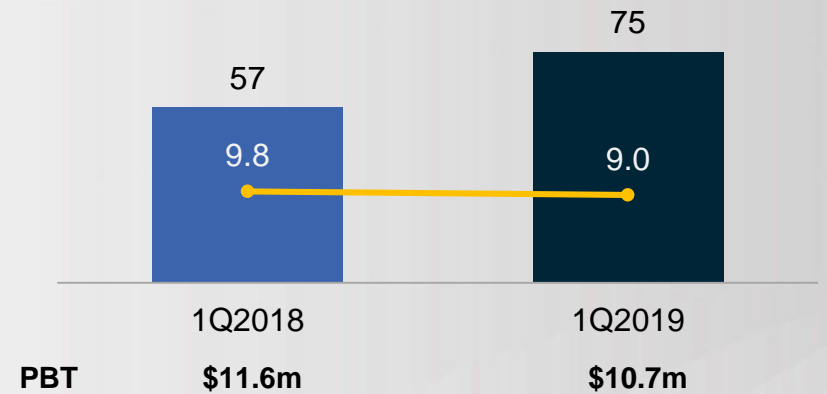


# Marine Revenue, PBT and Net Profit by business group

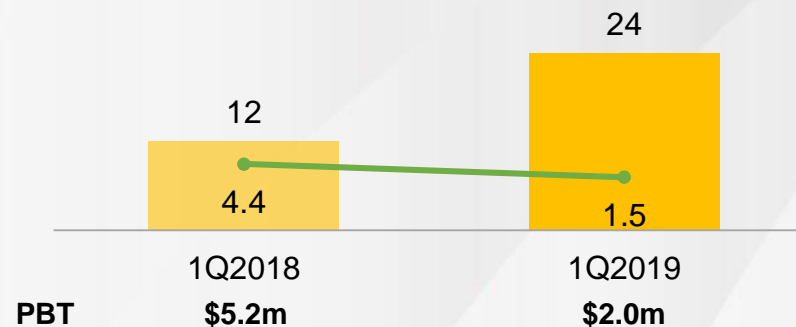
## Shipbuilding



## Shiprepair



## Engineering



Legend:

Bar: Revenue (\$m)

Line: Net Profit (\$m)

Note: Revenue includes inter-segment sales

# Marine – 1Q2019 in Review

- Secured new contracts, including
  - Phase 1 Preliminary/Contract design for the National Oceanic and Atmospheric Administration AGOR Variant by Naval Sea Systems Command
  - Production engineering studies support work for the U.S. Coast Guard Polar Security Cutter's acquisition programme by U.S. Department of Homeland Security
  - First of four options for the construction of the Auxiliary Personnel Lighter Small (APL(S)) Class berthing barges by U.S. Department of the Navy
- Achieved milestones in existing shipbuilding programmes
  - Launched 8<sup>th</sup> Littoral Mission Vessel (LMV) for Republic of Singapore Navy (RSN)
  - Delivered ATB Tug, *Evening Breeze*, for Bouchard Transportation
  - Commenced plate cutting for 150MW power barge for Transcontinental Capital Corporation (Bermuda)
- Completed numerous shiprepair projects, rig repair and related fabrication works

# Marine – Outlook for 1H2019

- Expects to deliver 7<sup>th</sup> of eight LMVs to RSN
- International Defence shipbuilding opportunities
  - To begin detail design and construction contract for Polar Security Cutter by U.S. Department of the Navy

# **Marine sector: Polar Security Cutter for the U.S. Coast Guard**



# Programme Overview

- U.S. Coast Guard Polar Security Cutter (PSC)
  - A multi-year programme, with up to three multi-mission PSCs to recapitalise the USCG fleet of heavy icebreakers
- VT Halter Marine (VTHM) awarded contract for one PSC @ S\$1b
- Contract includes options for two more PSCs
  - The cumulative contract value is S\$2.6b, incl. options
- The first PSC delivery is scheduled for 2024
  - The second and third vessels' will be delivered in 2025 and 2027 respectively, if options are exercised



# VT Halter Marine

A company of VT Systems

## MULTIMISSION-READY POLAR SECURITY CUTTER

### KEY FEATURES AND CAPABILITIES

- Ice Breaking
- Seakeeping
- Operating Range
- Flight Operations
- Boat Operations
- Flexible Mission Space
- Aft Working Space

### TECH SPECS:

Length: 460.0Ft

Beam: 88.0 Ft

Displacement: 33,000 Lt

#### Propulsion:

Diesel electric at over  
45,200 horse power

Breaks ice between 6Ft and 8Ft

### Enhanced Mission Capabilities

- Large flight deck
- Configurable workspaces
- Supports 9 20' ISO containers
- Accommodations for 186
- Significant weight margins support future missions

### Proven Hull Design

- Based on PC II-class Icebreaker under construction
- Customized through 6 design spirals & model tests
- ABS "Approval in Principle"

### Improved Crew Safety

- Damage Control Deck 51Ft above baseline
- Crew can traverse entire ship without exposure to weather

### Integrated Power System

- 2 proven ABB Azipod drives+1 shafted centerline propeller
- Meets threshold icebreaking without loss of largest propulsor
- Redundant 3 generator sets:
  - Enhanced power flexibility
  - Optimized fuel consumption/range
- Power margins exceed objective requirements

## OPTIMALLY BALANCED BETWEEN ICEBREAKING AND SEAKEEPING

Artist rendering of the VT Halter Polar Security Cutter design, Illustration Credits: VT Halter Marine / Designer: Technology Associates, Inc.

# Design Studies in 2017 to Contract Win in 2019

VTHM received a contract for work to support production engineering studies for the USCG PSC acquisition programme

**Feb 2017**

VTHM was one of five shipyards awarded a firm fixed-price contract for the heavy polar icebreaker design studies and analysis

**Feb 2019**

VTHM won the PSC detailed design and construction contract

**Apr 2019**

# We Are Ready to Deliver the PSC

## Additional capacity

- Adjacent Pascagoula yard acquired in 2017
- Provides flexibility in resource deployment

## Yard infrastructure

- Large layout and assembly space
- Launch ways and required water depth

## Rigorous reviews before construction

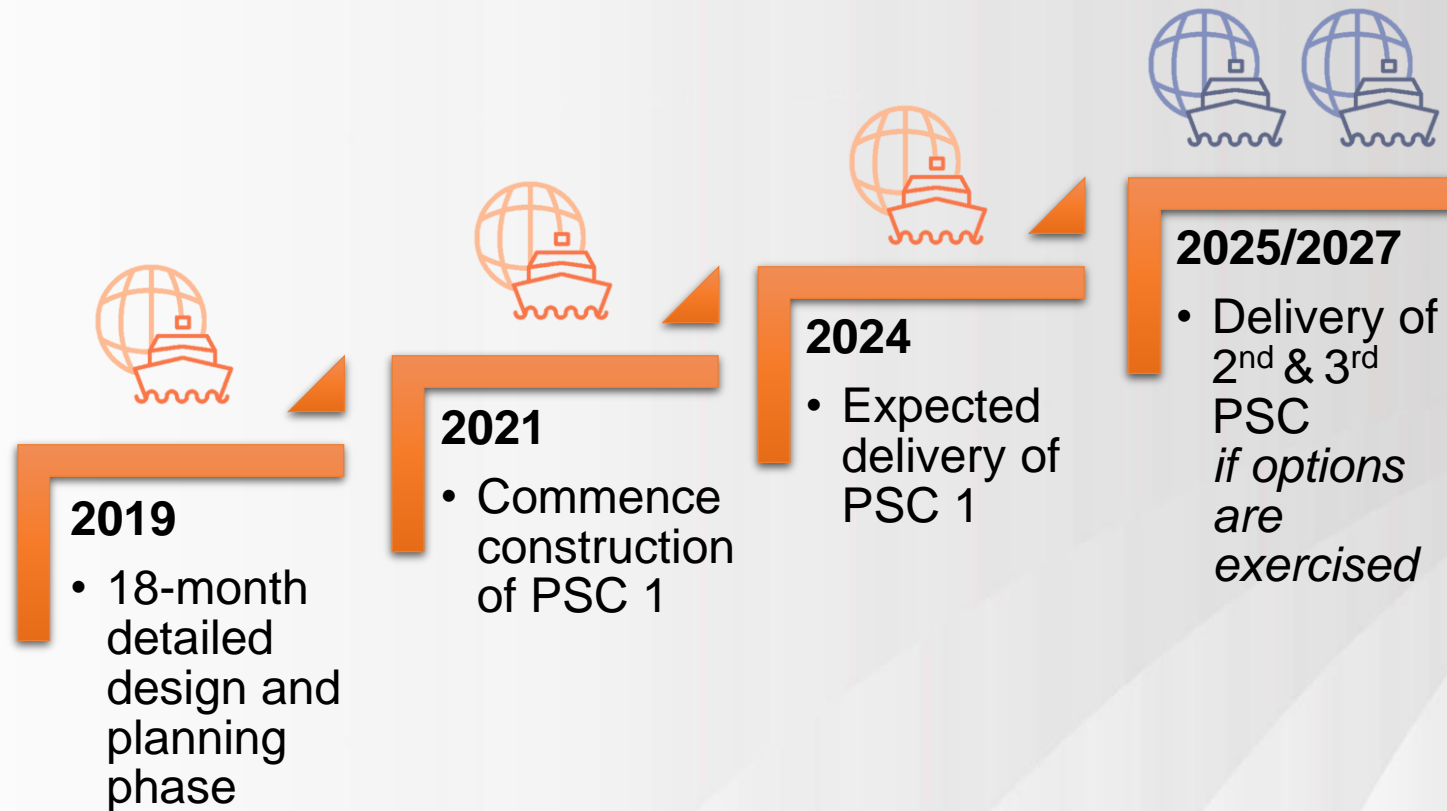
- Our PSC design based on the mature “PolarStern II” as parent design
- Underwent 6 design spirals including model tests for design optimisation
- Next 18-month process includes 3 rounds of detailed design review and 1 production readiness review before construction
- Extensive research on risk and mitigation measures

## Experienced team

- Deep expertise in building large ships with similarly complex integrated systems
- Supported by a ready and robust team of supply chain partners



# PSC Programme Schedule



# Thank You