

**FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020**
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**SINGAPORE TECHNOLOGIES ENGINEERING LTD**  
**UNAUDITED RESULTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020**

**1 CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020**

|   | <b>GROUP</b>     |                  |                |
|---|------------------|------------------|----------------|
|   | <b>1H2020</b>    | <b>1H2019</b>    | <b>+ / (-)</b> |
|   | \$'000           | \$'000           | %              |
| <b>Revenue</b>  | <b>3,571,911</b> | <b>3,511,342</b> | <b>1.7</b>     |
| Cost of sales   | (2,835,014)      | (2,775,309)      | 2.2            |
| <b>Gross profit</b>   | <b>736,897</b>   | <b>736,033</b>   | <b>0.1</b>     |
| Distribution and selling expenses (refer to para 1.6)                             | (118,013)        | (98,955)         | 19.3           |
| Administrative expenses   | (263,318)        | (268,200)        | (1.8)          |
| Other operating expenses  | (56,337)         | (59,088)         | (4.7)          |
| <b>Earnings before interest and tax (refer to para 1.1)</b>                       | <b>299,229</b>   | <b>309,790</b>   | <b>(3.4)</b>   |
| Other income  | 8,589            | 7,480            | 14.8           |
| Other expenses  | (2,020)          | -                | NM             |
| Other income, net (refer to para 1.7)   | 6,569            | 7,480            | (12.2)         |
| Finance income  | 6,288            | 11,554           | (45.6)         |
| Finance costs   | (39,431)         | (20,825)         | 89.3           |
| Finance costs, net (refer to para 1.2)  | (33,143)         | (9,271)          | 257.5          |
| Share of results of associates and joint ventures, net of tax (refer to para 1.8) | 13,755           | 21,637           | (36.4)         |
| <b>Profit before taxation</b>   | <b>286,410</b>   | <b>329,636</b>   | <b>(13.1)</b>  |
| Taxation  | (31,050)         | (54,254)         | (42.8)         |
| <b>Profit after taxation</b>  | <b>255,360</b>   | <b>275,382</b>   | <b>(7.3)</b>   |
| Attributable to:  |                  |                  |                |
| <b>Shareholders of the Company</b>  | <b>257,446</b>   | <b>269,282</b>   | <b>(4.4)</b>   |
| Non-controlling interests   | (2,086)          | 6,100            | NM             |
|   | <b>255,360</b>   | <b>275,382</b>   | <b>(7.3)</b>   |

NM: Not Meaningful

Note: Government grants in the prior year were reclassified from other income to underlying expenses in cost of sales and operating expenses in conformance with current year classification.

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

|   | <b>GROUP</b>    |                |                |
|---|-----------------|----------------|----------------|
|   | <b>1H2020</b>   | <b>1H2019</b>  | <b>+ / (-)</b> |
|   | \$'000          | \$'000         | %              |
| 1.1 Earnings before interest and tax is arrived at after charging the following:  |                 |                |                |
| Depreciation and amortisation   | 195,871         | 171,631        | 14.1           |
| The higher depreciation and amortisation in 1H2020 was mainly attributable to the acquisitions of Middle River Aerostructure Systems, LLC (MRAS) in April 2019 and ST Engineering iDirect (Europe) NV (iDirect Europe) in October 2019, partially offset by absence of depreciation charged for Ropax.  |                 |                |                |
| Impairment loss on trade receivables and contract assets  | 12,799          | 2,001          | >500           |
| The higher impairment loss in 1H2020 was due mainly to impairment of trade receivables and contract assets from customers in Aerospace and Electronics sectors.   |                 |                |                |
| Allowance for inventory obsolescence, net   | 9,477           | 23,818         | (60.2)         |
| The allowance for inventory obsolescence in 1H2020 was lower as compared to 1H2019 mainly contributed by Aerospace and Electronics sectors.   |                 |                |                |
| 1.2 Finance costs, net comprises:   |                 |                |                |
| Interest income   | 3,210           | 6,321          | (49.2)         |
| Foreign exchange (loss)/gain, net   | (3,500)         | 2,730          | NM             |
| Fair value changes of financial instruments / hedged items  | (1,703)         | (779)          | 118.6          |
| Fair value changes of associates  | (5,462)         | -              | NM             |
| Interest expenses   | (25,688)        | (17,707)       | 45.1           |
| Others  | -               | 164            | (100.0)        |
|   | <u>(33,143)</u> | <u>(9,271)</u> | 257.5          |
| The higher finance cost in 1H2020 was due mainly to higher interest expense incurred on acquisition of MRAS and iDirect Europe, unfavourable net fair value changes of associates in the Corporate Venture Funds, unfavourable foreign exchange rate movements and lower interests income in the falling interest rate environment in 1H2020. |                 |                |                |
| 1.3 Profit after taxation as a percentage of revenue  | 7.1%            | 7.8%           |                |
| 1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period  | 11.5%           | 12.5%          |                |
| 1.5 The Group's tax charge in 1H2020 included adjustments for overprovision of current tax of \$0.4 million and underprovision of deferred tax of \$1.2 million in respect of prior years. (1H2019: Adjustments for overprovision of both current tax and deferred tax of \$2.8 million and \$2.4 million respectively.)                      |                 |                |                |
| 1.6 The higher selling and distribution expenses in 1H2020 (by \$19.1 million) was due mainly to biennial Singapore Airshow expenses and impairment loss on trade receivables and contract assets.  |                 |                |                |
| 1.7 The lower other income, net (by \$0.9 million) was mainly attributable to impairment of an associate in 1H2020.   |                 |                |                |
| 1.8 The share of results of associates and joint ventures, net of tax, decreased (by \$7.9 million) due mainly to weaker performance of associates of the Aerospace and Land Systems sectors, partially offset by contribution from Experia Events Pte. Ltd., the organiser of Singapore Airshow 2020.  |                 |                |                |
| 1.9 There was no disposal of property during the period.  |                 |                |                |

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

|  | <b>GROUP</b>          |                       |                   |
|--|-----------------------|-----------------------|-------------------|
|  | <b>2020</b><br>\$'000 | <b>2019</b><br>\$'000 | <b>+/(-)</b><br>% |
| Revenue reported for first half-year               | 3,571,911             | 3,511,342             | 1.7               |
| Profit after taxation reported for first half-year | 255,360               | 275,382               | (7.3)             |

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

|  | <b>GROUP</b>  |               |               |
|--|---------------|---------------|---------------|
|  | <b>1H2020</b> | <b>1H2019</b> | <b>FY2019</b> |
| EPS based on profit attributable to shareholders:                | Cents         | Cents         | Cents         |
| (i) Based on weighted average number of ordinary shares on issue | 8.26          | 8.63          | 18.53         |
| (ii) On a fully diluted basis                                    | 8.21          | 8.58          | 18.42         |

**2 BALANCE SHEETS**

|   | <b>GROUP</b>     |                  | <b>COMPANY</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>30-Jun-20</b> | <b>31-Dec-19</b> | <b>30-Jun-20</b> | <b>31-Dec-19</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             | 1,793,355        | 1,805,034        | 29,561           | 28,688           |
| Right-of-use assets                       | 498,334          | 483,975          | 4,511            | 5,511            |
| Subsidiaries                              | -                | -                | 1,313,549        | 1,327,608        |
| Associates and joint ventures             | 461,828          | 453,419          | 17,657           | 17,657           |
| Investments                               | 16,721           | 16,178           | -                | -                |
| Intangible assets                         | 2,035,606        | 1,980,215        | -                | -                |
| Long-term trade receivables               | 1,246            | 1,668            | -                | -                |
| Deferred tax assets                       | 114,612          | 111,595          | -                | -                |
| Amounts due from related parties          | 4,806            | 4,806            | -                | -                |
| Advances and other receivables            | 12,477           | 11,849           | -                | -                |
| Derivative financial instruments          | 12,798           | 13,351           | -                | -                |
|   | <b>4,951,783</b> | <b>4,882,090</b> | <b>1,365,278</b> | <b>1,379,464</b> |
| <b>Current assets</b>                     |                  |                  |                  |                  |
| Contract assets                           | 1,312,798        | 1,246,207        | -                | -                |
| Inventories                               | 1,475,743        | 1,311,858        | -                | -                |
| Trade receivables                         | 947,492          | 1,245,881        | -                | -                |
| Amounts due from related parties          | 60,694           | 35,661           | 23,795           | 58,732           |
| Advances and other receivables            | 349,567          | 345,744          | 6,385            | 4,566            |
| Short-term investments                    | 850              | 604              | -                | -                |
| Bank balances and other liquid funds      | 342,953          | 453,230          | 3,188            | 16,271           |
|   | <b>4,490,097</b> | <b>4,639,185</b> | <b>33,368</b>    | <b>79,569</b>    |
| <b>TOTAL ASSETS</b>                       | <b>9,441,880</b> | <b>9,521,275</b> | <b>1,398,646</b> | <b>1,459,033</b> |
| <b>EQUITY AND LIABILITIES</b>             |                  |                  |                  |                  |
| <b>Current liabilities</b>                |                  |                  |                  |                  |
| Contract liabilities                      | 1,257,935        | 1,043,215        | -                | -                |
| Deposits from customers                   | 30,129           | 9,291            | -                | -                |
| Trade payables and accruals               | 1,714,468        | 2,012,897        | 9,367            | 18,817           |
| Amounts due to related parties            | 54,760           | 70,007           | 95,671           | 4,836            |
| Provisions                                | 255,676          | 233,459          | -                | -                |
| Provision for taxation                    | 229,641          | 195,059          | 876              | 876              |
| Borrowings                                | 286,443          | 1,868,812        | 2,133            | 118              |
| Deferred Income                           | 12,428           | 2,403            | -                | -                |
| Employee benefits                         | 7,970            | 11,265           | -                | -                |
|   | <b>3,849,450</b> | <b>5,446,408</b> | <b>108,047</b>   | <b>24,647</b>    |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b> | <b>640,647</b>   | <b>(807,223)</b> | <b>(74,679)</b>  | <b>54,922</b>    |

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

|   | <b>GROUP</b>     |                  | <b>COMPANY</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>30-Jun-20</b> | <b>31-Dec-19</b> | <b>30-Jun-20</b> | <b>31-Dec-19</b> |
|   | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>    |
| <b>Non-current liabilities</b>                      |                  |                  |                  |                  |
| Contract liabilities                                | 882,362          | 422,992          | -                | -                |
| Trade payables and accruals                         | 36,405           | 57,983           | 6,321            | 6,334            |
| Amounts due to related parties                      | -                | -                | 1,050            | 1,003            |
| Provisions  | 20,128           | 16,994           | -                | -                |
| Deferred tax liabilities                            | 169,059          | 174,732          | 1,000            | 2,268            |
| Borrowings  | 1,516,017        | 468,895          | 2,467            | 5,434            |
| Deferred income                                     | 35,048           | 34,309           | -                | -                |
| Employee benefits                                   | 400,476          | 380,061          | -                | -                |
| Derivative financial instruments                    | 34,064           | 27,900           | -                | -                |
|   | <b>3,093,559</b> | <b>1,583,866</b> | <b>10,838</b>    | <b>15,039</b>    |
| <b>TOTAL LIABILITIES</b>                            | <b>6,943,009</b> | <b>7,030,274</b> | <b>118,885</b>   | <b>39,686</b>    |
| <b>NET ASSETS</b>                                   | <b>2,498,871</b> | <b>2,491,001</b> | <b>1,279,761</b> | <b>1,419,347</b> |
| <b>Share capital and reserves</b>                   |                  |                  |                  |                  |
| Share capital                                       | 895,926          | 895,926          | 895,926          | 895,926          |
| Treasury shares                                     | (11,397)         | (26,731)         | (11,397)         | (26,731)         |
| Capital reserves                                    | 106,995          | 112,563          | (8,994)          | (3,412)          |
| Other reserves                                      | (96,736)         | (149,445)        | 54,108           | 68,952           |
| Retained earnings                                   | 1,335,094        | 1,389,966        | 350,118          | 484,612          |
| <b>Equity attributable to owners of the Company</b> | <b>2,229,882</b> | <b>2,222,279</b> | <b>1,279,761</b> | <b>1,419,347</b> |
| Non-controlling interests                           | 268,989          | 268,722          | -                | -                |
|   | <b>2,498,871</b> | <b>2,491,001</b> | <b>1,279,761</b> | <b>1,419,347</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <b>9,441,880</b> | <b>9,521,275</b> | <b>1,398,646</b> | <b>1,459,033</b> |

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

Compared to 31 December 2019, the Group's net current liabilities have turned to net current assets on the repayment of commercial papers and bank loans with proceeds received from the issuance of US\$750 million, 1.5% Medium Term Notes (MTN) on 29 April 2020 under the S\$5.0 billion Multicurrency Medium Term Note Programme established on 18 March 2020, and cash generated from operating activities.

The Group's contract liabilities have increased as it continues to win new long-term contracts from its customers and was able to secure advances from these customers.

**2(b) BORROWINGS**

|  | GROUP                        |                              | COMPANY                      |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | As at<br>30-Jun-20<br>\$'000 | As at<br>31-Dec-19<br>\$'000 | As at<br>30-Jun-20<br>\$'000 | As at<br>31-Dec-19<br>\$'000 |
| <b><u>Amount repayable within one year</u></b> |                              |                              |                              |                              |
| Secured  | 79,012                       | 75,723                       | 2,133                        | 118                          |
| Unsecured                                      | 207,431                      | 1,793,089                    | -                            | -                            |
|  | <u>286,443</u>               | <u>1,868,812</u>             | <u>2,133</u>                 | <u>118</u>                   |
| <b><u>Amount repayable after one year</u></b>  |                              |                              |                              |                              |
| Secured  | 419,603                      | 417,531                      | 2,467                        | 5,434                        |
| Unsecured                                      | 1,096,414                    | 51,364                       | -                            | -                            |
|  | <u>1,516,017</u>             | <u>468,895</u>               | <u>2,467</u>                 | <u>5,434</u>                 |
| Total  | <u>1,802,460</u>             | <u>2,337,707</u>             | <u>4,600</u>                 | <u>5,552</u>                 |

**2(c) NET ASSET VALUE**

|  | GROUP  |        |        |
|--|--------|--------|--------|
|  | 1H2020 | 1H2019 | FY2019 |
|  | Cents  | Cents  | Cents  |
| Net asset value per ordinary share at end of the period/year | 71.49  | 68.79  | 71.32  |

|  | COMPANY |        |        |
|--|---------|--------|--------|
|  | 1H2020  | 1H2019 | FY2019 |
|  | Cents   | Cents  | Cents  |
| Net asset value per ordinary share at end of the period/year | 41.03   | 42.85  | 45.55  |

**3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020**

|   | <b>GROUP</b>     |                |
|---|------------------|----------------|
|   | <b>1H2020</b>    | <b>1H2019</b>  |
|   | \$'000           | \$'000         |
| <b>Cash flows from operating activities</b>                       |                  |                |
| Profit before taxation  | 286,410          | 329,636        |
| Adjustments:  |                  |                |
| Share of results of associates and joint ventures, net of tax     | (13,755)         | (21,637)       |
| Share-based payment expense                                       | 9,569            | 11,208         |
| Depreciation charge   | 149,312          | 132,842        |
| Property, plant and equipment written off                         | 185              | 376            |
| Amortisation of other intangible assets                           | 46,559           | 38,789         |
| Gain on disposal of property, plant and equipment                 | (370)            | (847)          |
| Gain on disposal of an associate                                  | -                | (648)          |
| Changes in fair value of financial instruments and hedged items   | 1,703            | 779            |
| Changes in fair value of associates                               | 5,462            | -              |
| Interest expense  | 25,688           | 17,707         |
| Interest income   | (3,210)          | (6,321)        |
| Impairment of property, plant and equipment                       | 1,035            | -              |
| Impairment of other intangible assets                             | 5,064            | -              |
| Impairment of an associate  | 2,000            | -              |
| Dividends from investments  | -                | (164)          |
| Amortisation of deferred income                                   | (3)              | (33)           |
| Operating cash flow before working capital changes                | 515,649          | 501,687        |
| Changes in:   |                  |                |
| Inventories   | (125,983)        | 41,187         |
| Contract assets   | (55,252)         | (79,483)       |
| Trade receivables   | 319,600          | 60,375         |
| Advance payments to suppliers                                     | (25,388)         | (14,964)       |
| Other receivables, deposits and prepayments                       | 27,889           | (10,617)       |
| Amount due from holding company and related corporations balances | (3,556)          | 187            |
| Amount due to holding company and related corporations balances   | (1,597)          | (2,578)        |
| Amount due from associates  | 1,701            | 3,544          |
| Amount due from joint ventures                                    | (16,035)         | 16,017         |
| Contract liabilities  | 667,363          | 42,053         |
| Trade payables  | (73,312)         | 12,633         |
| Deposits from customers   | 20,888           | 511            |
| Other payables, accruals and provisions                           | (229,460)        | (79,265)       |
| Loans to staff and third parties                                  | (3,149)          | (3,007)        |
| Deferred income   | 742              | (1,294)        |
| Foreign currency translation of foreign operations                | 1,331            | (1,643)        |
| Cash generated from operations                                    | 1,021,431        | 485,343        |
| Interest received   | 3,900            | 3,996          |
| Income tax paid   | (8,457)          | (66,507)       |
| <b>Net cash from operating activities</b>                         | <b>1,016,874</b> | <b>422,832</b> |



**3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020 (cont'd)**

|   | <b>GROUP</b>     |                  |
|---|------------------|------------------|
|   | <b>1H2020</b>    | <b>1H2019</b>    |
|   | \$'000           | \$'000           |
| <b>Cash flows from investing activities</b>                                 |                  |                  |
| Proceeds from sale of property, plant and equipment                         | 2,605            | 935              |
| Proceeds from disposal of an associate                                      | -                | 648              |
| Dividends from associates and joint ventures                                | 7,351            | 23,083           |
| Dividends from investments  | -                | 164              |
| Purchase of property, plant and equipment                                   | (96,538)         | (108,260)        |
| Investment in associates and joint ventures                                 | (2,022)          | (4,233)          |
| Loan to a joint venture   | (20,901)         | -                |
| Additions to other intangible assets  | (41,308)         | (46,763)         |
| Acquisition of controlling interests in a subsidiary                        | -                | (688,905)        |
| <b>Net cash used in investing activities</b>                                | <b>(150,813)</b> | <b>(823,331)</b> |
| <b>Cash flows from financing activities</b>                                 |                  |                  |
| Proceeds from bank loans  | 144,709          | 998,114          |
| Proceeds from MTN issuance  | 1,058,400        | -                |
| Proceeds from finance lease receivables                                     | 1,238            | -                |
| Repayment of bank loans   | (506,951)        | (248,599)        |
| Repayment of commercial papers  | (1,285,690)      | -                |
| Repayment of lease obligations  | (30,230)         | (70,195)         |
| Repayment of loan from a joint venture                                      | -                | (4,000)          |
| Purchase of treasury shares   | (14,661)         | (22,117)         |
| Capital contribution from non-controlling interests of subsidiaries         | -                | 375              |
| Dividends paid to shareholders of the Company                               | (312,147)        | (312,164)        |
| Dividends paid to non-controlling interests                                 | (2,000)          | (9,135)          |
| Interest paid   | (36,837)         | (24,042)         |
| Deposits pledged  | (9)              | (6)              |
| <b>Net cash (used in)/from financing activities</b>                         | <b>(984,178)</b> | <b>308,231</b>   |
| <b>Net decrease in cash and cash equivalents</b>                            | <b>(118,117)</b> | <b>(92,268)</b>  |
| Cash and cash equivalents at beginning of the period                        | 452,095          | 414,400          |
| Exchange difference on cash and cash equivalents at beginning of the period | 7,831            | (1,041)          |
| <b>Cash and cash equivalents at end of the period</b>                       | <b>341,809</b>   | <b>321,091</b>   |

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

The Group ended the first half year with cash and cash equivalents (CCE) of \$342 million, \$21 million higher than 1H2019. In 1H2020, the Group generated net cash of \$1,017 million from its operating activities as compared to \$423 million in 1H2019. The higher net cash from operating activities was due to favourable working capital movements largely driven by higher advances received from customers and higher earnings before interest and tax, depreciation and amortisation (EBITDA).

Net cash used in investing activities of \$151 million in 1H2020 was attributable to the Group's investment in property, plant and equipment by Aerospace (\$51 million), Electronics (\$22 million), Land Systems (\$14 million), Marine (\$4 million) sectors and Others (\$5 million), additions to intangible assets (\$41 million) and loan to a joint venture (\$21 million).

Net cash used in financing activities of \$984 million in 1H2020 was mainly attributable to the net repayment of commercial papers (\$1,286 million), bank loans (\$362 million) and payment of FY2019 final dividend (\$312 million), partially offset by proceeds from issuance of MTN (\$1,058 million).

**4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020**

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

|  | <b>GROUP</b>   |                |                |
|--|----------------|----------------|----------------|
|  | <b>1H2020</b>  | <b>1H2019</b>  | <b>+ / (-)</b> |
|  | \$'000         | \$'000         | %              |
| Profit after taxation  | 255,360        | 275,382        | (7.3)          |
| <b>Other comprehensive income</b>  |                |                |                |
| <b>Items that will not be reclassified to profit or loss</b>                       |                |                |                |
| Equity investments at FVOCI - net change in fair value                             | 379            | 223            | 70.0           |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>        |                |                |                |
| Net fair value changes of cash flow hedges reclassified to income statement        | 19,994         | (13,416)       | NM             |
| Effective portion of changes in fair value of cash flow hedges                     | (23,545)       | (11,379)       | 106.9          |
| Share of net fair value changes of cash flow hedges of joint ventures              | (218)          | (6,153)        | (96.5)         |
| Foreign currency translation differences   | 67,847         | (15,348)       | NM             |
| Share of foreign currency translation differences of associates and joint ventures | 7,635          | (2,678)        | NM             |
|  | 71,713         | (48,974)       | NM             |
| Other comprehensive income/(loss) for the period, net of tax                       | 72,092         | (48,751)       | NM             |
| <b>Total comprehensive income for the period, net of tax</b>                       | <b>327,452</b> | <b>226,631</b> | <b>44.5</b>    |
| <b>Total comprehensive income attributable to:</b>                                 |                |                |                |
| Shareholders of the Company  | 325,125        | 222,035        | 46.4           |
| Non-controlling interests  | 2,327          | 4,596          | (49.4)         |
|  | <b>327,452</b> | <b>226,631</b> | <b>44.5</b>    |

**5 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020**

| Group  | Share capital<br>\$'000 | Treasury Shares<br>\$'000 | Capital reserves<br>\$'000 | Other reserves<br>\$'000 | Retained earnings<br>\$'000 | Total<br>\$'000  | Non-controlling interests<br>\$'000 | Total equity<br>\$'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 period</b>                                   |                         |                           |                            |                          |                             |                  |                                     |                        |
| Profit after taxation for the period   | -                       | -                         | -                          | -                        | 269,282                     | 269,282          | 6,100                               | 275,382                |
| <b>Other comprehensive income</b>  |                         |                           |                            |                          |                             |                  |                                     |                        |
| Net change in fair value - Equity investments at FVOCI                             | -                       | -                         | -                          | 223                      | -                           | 223              | -                                   | 223                    |
| Reclassified to income statement - Net fair value changes on cash flow hedges      | -                       | -                         | -                          | (13,522)                 | -                           | (13,522)         | 106                                 | (13,416)               |
| Effective portion of changes in fair value of cash flow hedges                     | -                       | -                         | -                          | (11,405)                 | -                           | (11,405)         | 26                                  | (11,379)               |
| Share of net fair value changes of cash flow hedges of joint ventures              | -                       | -                         | -                          | (6,153)                  | -                           | (6,153)          | -                                   | (6,153)                |
| Foreign currency translation differences   | -                       | -                         | -                          | (13,712)                 | -                           | (13,712)         | (1,636)                             | (15,348)               |
| Share of foreign currency translation differences of associates and joint ventures | -                       | -                         | -                          | (2,678)                  | -                           | (2,678)          | -                                   | (2,678)                |
| <i>Other comprehensive income for the period, net of tax</i>                       | -                       | -                         | -                          | (47,247)                 | -                           | (47,247)         | (1,504)                             | (48,751)               |
| <b>Total comprehensive income for the period, net of tax</b>                       | -                       | -                         | -                          | (47,247)                 | 269,282                     | 222,035          | 4,596                               | 226,631                |
| Hedging gains and losses and cost of hedging transferred to the cost of inventory  | -                       | -                         | -                          | 1,675                    | -                           | 1,675            | -                                   | 1,675                  |
| <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                                  | -                       | -                         | -                          | -                        | -                           | -                | 375                                 | 375                    |
| Cost of share-based payment  | -                       | -                         | -                          | 11,179                   | -                           | 11,179           | 29                                  | 11,208                 |
| Purchase of treasury shares  | -                       | (22,117)                  | -                          | -                        | -                           | (22,117)         | -                                   | (22,117)               |
| Treasury shares reissued pursuant to share plans                                   | -                       | 24,500                    | (5,266)                    | (19,347)                 | -                           | (113)            | (78)                                | (191)                  |
| Dividends paid   | -                       | -                         | -                          | -                        | (312,164)                   | (312,164)        | -                                   | (312,164)              |
| Dividends paid to non-controlling interests  | -                       | -                         | -                          | -                        | -                           | -                | (9,135)                             | (9,135)                |
| <i>Total contributions by and distributions to owners of the Company</i>           | -                       | 2,383                     | (5,266)                    | (8,168)                  | (312,164)                   | (323,215)        | (8,809)                             | (332,024)              |
| <b>Total transactions with owners of the Company</b>                               | -                       | 2,383                     | (5,266)                    | (8,168)                  | (312,164)                   | (323,215)        | (8,809)                             | (332,024)              |
| Transfer from retained earnings to statutory reserve                               | -                       | -                         | -                          | 133                      | (133)                       | -                | -                                   | -                      |
| <b>At 30.06.2019</b>   | <b>895,926</b>          | <b>(6,647)</b>            | <b>112,908</b>             | <b>(125,661)</b>         | <b>1,270,346</b>            | <b>2,146,872</b> | <b>284,023</b>                      | <b>2,430,895</b>       |

**5 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020 (cont'd)**

| Group  | Share capital<br>\$'000 | Treasury Shares<br>\$'000 | Capital reserves<br>\$'000 | Other reserves<br>\$'000 | Retained earnings<br>\$'000 | Total<br>\$'000  | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|--|-------------------------|---------------------------|----------------------------|--------------------------|-----------------------------|------------------|-------------------------------------|------------------------|
| <b>At 1.1.2020</b>   | 895,926                 | (26,731)                  | 112,563                    | (149,445)                | 1,389,966                   | 2,222,279        | 268,722                             | 2,491,001              |
| <b>Total comprehensive income for the period</b>                                   |                         |                           |                            |                          |                             |                  |                                     |                        |
| Profit after taxation for the period   | -                       | -                         | -                          | -                        | 257,446                     | 257,446          | (2,086)                             | 255,360                |
| <b>Other comprehensive income</b>  |                         |                           |                            |                          |                             |                  |                                     |                        |
| Net change in fair value -   |                         |                           |                            |                          |                             |                  |                                     |                        |
| Equity investments at FVOCI  | -                       | -                         | -                          | 379                      | -                           | 379              | -                                   | 379                    |
| Reclassified to income statement -   |                         |                           |                            |                          |                             |                  |                                     |                        |
| Net fair value changes on cash flow hedges   | -                       | -                         | -                          | 13,703                   | -                           | 13,703           | 6,291                               | 19,994                 |
| Effective portion of changes in fair value of cash flow hedges                     | -                       | -                         | -                          | (17,986)                 | -                           | (17,986)         | (5,559)                             | (23,545)               |
| Share of net fair value changes of cash flow hedges of joint ventures              | -                       | -                         | -                          | (218)                    | -                           | (218)            | -                                   | (218)                  |
| Foreign currency translation differences   | -                       | -                         | -                          | 64,166                   | -                           | 64,166           | 3,681                               | 67,847                 |
| Share of foreign currency translation differences of associates and joint ventures | -                       | -                         | -                          | 7,635                    | -                           | 7,635            | -                                   | 7,635                  |
| <i>Other comprehensive loss for the period, net of tax</i>                         | -                       | -                         | -                          | 67,679                   | -                           | 67,679           | 4,413                               | 72,092                 |
| <b>Total comprehensive income for the period, net of tax</b>                       | -                       | -                         | -                          | <b>67,679</b>            | <b>257,446</b>              | <b>325,125</b>   | <b>2,327</b>                        | <b>327,452</b>         |
| Hedging gains and losses and cost of hedging transferred to the cost of inventory  | -                       | -                         | -                          | (340)                    | -                           | (340)            | (3)                                 | (343)                  |
| <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  | -                       | -                         | -                          | 9,539                    | -                           | 9,539            | 30                                  | 9,569                  |
| Purchase of treasury shares  | -                       | (14,661)                  | -                          | -                        | -                           | (14,661)         | -                                   | (14,661)               |
| Treasury shares reissued pursuant to share plans                                   | -                       | 29,995                    | (5,568)                    | (24,340)                 | -                           | 87               | (87)                                | -                      |
| Dividends paid   | -                       | -                         | -                          | -                        | (312,147)                   | (312,147)        | -                                   | (312,147)              |
| Dividends paid to non-controlling interests  | -                       | -                         | -                          | -                        | -                           | -                | (2,000)                             | (2,000)                |
| <i>Total contributions by and distributions to owners of the Company</i>           | -                       | 15,334                    | (5,568)                    | (14,801)                 | (312,147)                   | (317,182)        | (2,057)                             | (319,239)              |
| <b>Total transactions with owners of the Company</b>                               | -                       | 15,334                    | (5,568)                    | (14,801)                 | (312,147)                   | (317,182)        | (2,057)                             | (319,239)              |
| Transfer from retained earnings to statutory reserve                               | -                       | -                         | -                          | 171                      | (171)                       | -                | -                                   | -                      |
| <b>At 30.06.2020</b>   | <b>895,926</b>          | <b>(11,397)</b>           | <b>106,995</b>             | <b>(96,736)</b>          | <b>1,335,094</b>            | <b>2,229,882</b> | <b>268,989</b>                      | <b>2,498,871</b>       |

**5 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020 (cont'd)**

| Company   | Share capital<br>\$'000 | Treasury Shares<br>\$'000 | Capital reserve<br>\$'000 | Share-based payment reserve<br>\$'000 | Retained earnings<br>\$'000 | Total equity<br>\$'000 |
|---|-------------------------|---------------------------|---------------------------|---------------------------------------|-----------------------------|------------------------|
| <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 period</b>                              |                         |                           |                           |                                       |                             |                        |
| Profit after taxation for the period  | -                       | -                         | -                         | -                                     | 213,054                     | 213,054                |
| Total comprehensive income for the period                                     | -                       | -                         | -                         | -                                     | 213,054                     | 213,054                |
| <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   | -                       | -                         | -                         | 11,208                                | -                           | 11,208                 |
| Purchase of treasury shares   | -                       | (22,117)                  | -                         | -                                     | -                           | (22,117)               |
| Treasury shares reissued pursuant to share plans                              | -                       | 24,500                    | (5,270)                   | (19,421)                              | -                           | (191)                  |
| Dividends paid  | -                       | -                         | -                         | -                                     | (312,164)                   | (312,164)              |
| <i>Total contributions by and distributions to owners of the Company</i>      | -                       | 2,383                     | (5,270)                   | (8,213)                               | (312,164)                   | (323,264)              |
| <b>At 30.06.2019</b>  | <b>895,926</b>          | <b>(6,647)</b>            | <b>(3,071)</b>            | <b>56,841</b>                         | <b>394,253</b>              | <b>1,337,302</b>       |
| <b>At 1.1.2020</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>       |
| <b>Total comprehensive income for the period</b>                              |                         |                           |                           |                                       |                             |                        |
| Profit after taxation for the period  | -                       | -                         | -                         | -                                     | 177,653                     | 177,653                |
| Total comprehensive income for the period                                     | -                       | -                         | -                         | -                                     | 177,653                     | 177,653                |
| <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   | -                       | -                         | -                         | 9,569                                 | -                           | 9,569                  |
| Purchase of treasury shares   | -                       | (14,661)                  | -                         | -                                     | -                           | (14,661)               |
| Treasury shares reissued pursuant to share plans                              | -                       | 29,995                    | (5,582)                   | (24,413)                              | -                           | -                      |
| Dividends paid  | -                       | -                         | -                         | -                                     | (312,147)                   | (312,147)              |
| <i>Total contributions by and distributions to owners of the Company</i>      | -                       | 15,334                    | (5,582)                   | (14,844)                              | (312,147)                   | (317,239)              |
| <b>At 30.06.2020</b>  | <b>895,926</b>          | <b>(11,397)</b>           | <b>(8,994)</b>            | <b>54,108</b>                         | <b>350,118</b>              | <b>1,279,761</b>       |

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

As at 30 June 2020, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2019: 3,122,495,197 ordinary shares) of which 3,344,752 were held by the Company as treasury shares (31 December 2019: 6,753,707).

|   | <b>Number of Shares</b> |
|---|-------------------------|
|   | <b>1H2020</b>           |
| As at beginning and end of the first half-year<br>(including treasury shares) | 3,122,495,197           |
| <b>As at end of the first half-year (excluding treasury shares)</b>           | <b>3,119,150,445</b>    |
| <b>As at 31 December 2019 (excluding treasury shares)</b>                     | <b>3,115,741,490</b>    |

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 30 June 2020, the total number of outstanding awards was 5,778,342 (30 June 2019: 4,930,958) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 9,823,181 (30 June 2019: 8,382,628) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 30 June 2020, the total number of outstanding awards was 14,185,858 (30 June 2019: 14,024,908) ordinary shares of the Company.

Treasury Shares

During the first half year, the Company purchased 4,300,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (1H2019: 5,900,900).

During the first half year, 7,708,955 treasury shares were utilised pursuant to the RSP 2010, RSP 2020 and PSP 2010 (1H2019: 6,845,746).

As at 30 June 2020, the number of treasury shares held by the Company represented 0.11% (30 June 2019: 0.06%) of the total number of issued shares (excluding treasury shares).

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

| <b><u>Group and Company</u></b>                    | <b>Number of<br/>Treasury<br/>Shares for the<br/>half-year ended<br/>30.06.2020</b> |
|--|---|
| As at beginning of the year                        | 6,753,707   |
| Purchase of treasury shares                        | 4,300,000   |
| Treasury shares transferred on vesting of RSP 2010 | (5,182,952)   |
| Treasury shares transferred on vesting of RSP 2020 | (148,900)   |
| Treasury shares transferred on vesting of PSP 2010 | (2,377,103)   |
| <b>As at end of the first half-year</b>            | <b>3,344,752</b>  |

6 **AUDIT**

The figures have not been audited or reviewed by the Company's auditors.

7 **AUDITORS' REPORT**

Not applicable.

8 **ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2019 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) that are mandatory for financial year beginning on or after 1 January 2020. The adoption of these SFRS(I) has no significant impact on the financial statements.

9 **CHANGES IN ACCOUNTING POLICIES**

There are no changes to the accounting policies.

## 10 REVIEW OF GROUP PERFORMANCE

### 10(a) Revenue

#### 1H2020 vs 1H2019

| \$m          | 1H2020       | 1H2019       | Increase/(Decrease) |           |
|--------------|--------------|--------------|---------------------|-----------|
| Aerospace    | 1,470        | 1,458        | 12                  | 1%        |
| Electronics  | 1,069        | 1,088        | (19)                | (2%)      |
| Land Systems | 644          | 673          | (29)                | (4%)      |
| Marine       | 385          | 288          | 97                  | 34%       |
| Others       | 4            | 4            | –                   | –         |
| <b>Total</b> | <b>3,572</b> | <b>3,511</b> | <b>61</b>           | <b>2%</b> |

The Group generated revenue of \$3,572 million in 1H2020, an increase of 2% or \$61 million as compared to 1H2019. Aerospace and Marine sectors reported higher revenue, partially offset by lower revenue from Electronics and Land Systems sectors. The Group was impacted by COVID-19 due to reduction in customer demand, supply chain challenges, and workforce disruption, especially for Aerospace and Electronics sectors.

Aerospace sector's revenue of \$1,470 million increased by 1% or \$12 million as compared to 1H2019. The increase was attributable to **Engineering & Material Services** business group from full six months' as compared to two-and-a-half months' contribution by MRAS, partially offset by lower revenue from **Aircraft Maintenance & Modification** and **Component/Engine Repair and Overhaul** business groups from reduced activities due to COVID-19.

Revenue for Electronics sector of \$1,069 million in 1H2020 came in 2% or \$19 million lower as compared to 1H2019 due mainly to lower revenue from **Communication & Sensor Systems Group**, impacted by COVID-19, partially offset by higher revenue from **Large-Scale Systems Group** and **Software Systems Group**.

1H2020 revenue for Land Systems sector declined by 4% or \$29 million to \$644 million due to impact of COVID-19 on its US specialty vehicles business, and lower MAN bus sales, partially offset by stronger defence revenue in **Automotive** business group.

In 1H2020, Marine sector delivered revenue of \$385 million, an increase of 34% or \$97 million as compared to 1H2019. The increase in revenue was attributable to **Shipbuilding** business group, partially offset by **Shiprepair** and **Engineering** business groups.

Note: With effect from 1 January 2020, Miltope was re-organised from Others into Electronics sector and all comparatives were restated in conformance with current year classification.



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

**10(b) Profitability**
1H2020 vs 1H2019

| \$m          | 1H2020       | 1H2019       | Increase/(Decrease) |             |
|--------------|--------------|--------------|---------------------|-------------|
| Aerospace    | 105.0        | 127.0        | (22.0)              | (17%)       |
| Electronics  | 87.6         | 81.6         | 6.0                 | 7%          |
| Land Systems | 41.8         | 35.6         | 6.2                 | 17%         |
| Marine       | 21.4         | 26.3         | (4.9)               | (19%)       |
| Others       | 1.6          | (1.2)        | 2.8                 | NM          |
| <b>Total</b> | <b>257.4</b> | <b>269.3</b> | <b>(11.9)</b>       | <b>(4%)</b> |

In 1H2020, the Group recorded profit attributable to shareholders (Net Profit) of \$257.4 million, a decrease of 4% or \$11.9 million as compared to 1H2019. This was attributable to Aerospace and Marine sectors, partially offset by Electronics, Land Systems and "Others". Group's Net Profit was impacted by COVID-19, but aided by cost reduction measures and government support. Weaker business outlook has also resulted in the impairment of intangible assets, receivables and unfavourable fair value changes.

Aerospace sector's Net Profit decreased by 17% or \$22.0 million to \$105.0 million in 1H2020. The decrease was due largely to lower activities, impairment loss on trade receivables and intangible assets, and share of lower profits from associates and joint ventures, partially offset by higher contribution from MRAS and government support.

Electronics sector's Net Profit in 1H2020 of \$87.6 million was 7% or \$6.0 million higher than 1H2019. The increase was largely due to government support, partially offset by the impact of lower revenue and unfavourable sales mix.

Land Systems sector's 1H2020 Net Profit of \$41.8 million was higher by 17% or \$6.2 million as compared to 1H2019. The increase was due mainly to government support and lower operating expenses, partially offset by the impact of lower revenue, unfavourable sales mix, impairments and weaker performance from associates.

In 1H2020, Marine sector's Net Profit declined by 19% or \$4.9 million to \$21.4 million, largely due to weaker shipbuilding performance, partially offset by government support.

"Others" reported Net Profit instead of losses in 1H2020 due mainly contributions from an associate, Experia Events Pte. Ltd., the organiser of biennial Singapore Airshow 2020, partially offset by unfavourable fair value changes of associates in the Corporate Venture Fund.

11 **VARIANCE FROM PROSPECTS STATEMENT**

No forecast for 1H2020 was previously provided.

12 **PROSPECTS**

**Group**

The Group entered the COVID-19 pandemic this year from a position of strength. The Group's technology and engineering foundation built up over the years, its strong balance sheet, its diverse business mix and robust order book helped it weather the impact of COVID-19 and maintain even-keel for its first half results.

The Group is cognisant of the 'tail wind' afforded it through the various government support schemes (especially the Singapore government's JSS) for 2020. The Group does not expect such support beyond this year. The Group is working to position itself to come out of the pandemic stronger and more competitive. This means focusing on cost reduction, productivity and talent acquisition, organising for growth and serving its customers better. The Group is also alert to opportunities that have emerged or been accentuated as a result of COVID-19. The Group is well positioned to benefit from areas like Passenger-to-Freighter conversion and smart city solutions, including safe access control management.

The Group is maintaining its guidance for FY2020 revenue to come in between 5% and 15% lower versus FY2019.

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**

On 13 August 2020, the Directors approved an interim dividend of 5.0 cents per ordinary share for the financial year ending 31 December 2020.

The financial statements for the first half-year ended, and as at 30 June 2020, do not reflect this interim dividend. The dividend will be accounted for in shareholders' equity as an appropriation of Retained Earnings in the financial year ending 31 December 2020.

**(a) Current Financial Period Reported On**

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

|                    |                                |
|--------------------|--------------------------------|
| Name of Dividend   | Interim<br>tax exempt (1-tier) |
| Dividend Type      | Cash                           |
| Dividend Per Share | 5.0 cents per ordinary share   |

**(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<br>tax exempt (1-tier) |
| Dividend Type      | Cash                           |
| Dividend Per Share | 5.0 cents per ordinary share   |

**(c) Record and Dividend Payment Dates**

NOTICE IS HEREBY GIVEN THAT The Register of Members and Share Transfer Books will be closed on 25 August 2020 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital 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 24 August 2020 will be registered to determine members' entitlements to the interim dividend. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 24 August 2020 will be entitled to the interim dividend. The interim dividend will be paid on 2 September 2020.

**14 BUSINESS SEGMENTAL INFORMATION**
By Business Activity

|   | 1H2020              |                       |                           |                  |                  |                       | Group<br>\$'000  |
|---|---------------------|-----------------------|---------------------------|------------------|------------------|-----------------------|------------------|
|   | Aerospace<br>\$'000 | Electronics<br>\$'000 | Land<br>Systems<br>\$'000 | Marine<br>\$'000 | Others<br>\$'000 | Elimination<br>\$'000 |                  |
| Revenue   |                     |                       |                           |                  |                  |                       |                  |
| External sales  | 1,470,188           | 1,068,747             | 643,764                   | 384,751          | 4,461            | -                     | 3,571,911        |
| Inter-segment sales   | 1,252               | 13,143                | 18,691                    | 82               | 1,145            | (34,313)              | -                |
|   | <u>1,471,440</u>    | <u>1,081,890</u>      | <u>662,455</u>            | <u>384,833</u>   | <u>5,606</u>     | <u>(34,313)</u>       | <u>3,571,911</u> |
| Reportable segment earnings before interest and tax           | 115,956             | 102,073               | 56,106                    | 21,805           | 3,289            | -                     | 299,229          |
| Other income  | 3,008               | 5,506                 | 1,699                     | 1,703            | 352              | (3,679)               | 8,589            |
| Other expenses  | (357)               | (350)                 | (2,023)                   | (20)             | (3)              | 733                   | (2,020)          |
| Finance income  | 14,881              | 2,718                 | 1,685                     | 1,606            | 33,707           | (48,309)              | 6,288            |
| Finance costs   | (27,522)            | (10,966)              | (4,271)                   | (3,374)          | (42,648)         | 49,350                | (39,431)         |
| Share of results of associates and joint ventures, net of tax | 14,332              | (2,361)               | (4,017)                   | 426              | 5,375            | -                     | 13,755           |
| Profit before taxation  | <u>120,298</u>      | <u>96,620</u>         | <u>49,179</u>             | <u>22,146</u>    | <u>72</u>        | <u>(1,905)</u>        | <u>286,410</u>   |
| Taxation  | (18,044)            | (8,391)               | (7,310)                   | (758)            | 3,453            | -                     | (31,050)         |
| Non-controlling interests                                     | 2,778               | (658)                 | (34)                      | -                | -                | -                     | 2,086            |
| Profit attributable to shareholders                           | <u>105,032</u>      | <u>87,571</u>         | <u>41,835</u>             | <u>21,388</u>    | <u>3,525</u>     | <u>(1,905)</u>        | <u>257,446</u>   |
| Other assets  | 4,490,013           | 3,146,051             | 2,116,615                 | 920,817          | 5,611,346        | (7,304,790)           | 8,980,052        |
| Associates and joint ventures                                 | 274,397             | 70,808                | 69,883                    | 3,288            | 43,452           | -                     | 461,828          |
| Segment assets  | <u>4,764,410</u>    | <u>3,216,859</u>      | <u>2,186,498</u>          | <u>924,105</u>   | <u>5,654,798</u> | <u>(7,304,790)</u>    | <u>9,441,880</u> |
| Segment liabilities   | <u>3,820,979</u>    | <u>2,614,655</u>      | <u>1,830,158</u>          | <u>927,178</u>   | <u>3,613,556</u> | <u>(5,863,517)</u>    | <u>6,943,009</u> |
| Capital expenditure   | 62,673              | 59,240                | 33,575                    | 4,024            | 7,807            | -                     | 167,319          |
| Depreciation and amortisation                                 | 91,275              | 57,784                | 28,126                    | 13,865           | 7,445            | (2,624)               | 195,871          |
| Impairment losses   | 6,099               | -                     | 2,000                     | -                | -                | -                     | 8,099            |
| Other non-cash expenses                                       | 149                 | 22                    | 14                        | -                | -                | -                     | 185              |

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

|   | <b>1H2019</b>               |                               |                                    |                          |                          |                               | <b>Group<br/>\$'000</b> |
|---|-----------------------------|-------------------------------|------------------------------------|--------------------------|--------------------------|-------------------------------|-------------------------|
|   | <b>Aerospace<br/>\$'000</b> | <b>Electronics<br/>\$'000</b> | <b>Land<br/>Systems<br/>\$'000</b> | <b>Marine<br/>\$'000</b> | <b>Others<br/>\$'000</b> | <b>Elimination<br/>\$'000</b> |                         |
| Revenue   |                             |                               |                                    |                          |                          |                               |                         |
| External sales  | 1,458,436                   | 1,088,038                     | 673,022                            | 288,384                  | 3,462                    | -                             | 3,511,342               |
| Inter-segment sales   | 2,452                       | 13,447                        | 15,391                             | 5                        | 1,333                    | (32,628)                      | -                       |
|   | <u>1,460,888</u>            | <u>1,101,485</u>              | <u>688,413</u>                     | <u>288,389</u>           | <u>4,795</u>             | <u>(32,628)</u>               | <u>3,511,342</u>        |
| Reportable segment earnings before interest and tax           | 145,870                     | 100,814                       | 41,055                             | 30,858                   | (8,807)                  | -                             | 309,790                 |
| Other income  | 3,294                       | 5,598                         | 2,388                              | 1,739                    | 456                      | (5,995)                       | 7,480                   |
| Other expenses  | (2,622)                     | (12)                          | (100)                              | (47)                     | (178)                    | 2,959                         | -                       |
| Finance income  | 9,673                       | 2,085                         | 1,288                              | 1,826                    | 66,936                   | (70,254)                      | 11,554                  |
| Finance costs   | (19,452)                    | (9,469)                       | (5,040)                            | (2,599)                  | (54,519)                 | 70,254                        | (20,825)                |
| Share of results of associates and joint ventures, net of tax | 21,696                      | (598)                         | 2,647                              | (299)                    | (1,809)                  | -                             | 21,637                  |
| Profit before taxation  | <u>158,459</u>              | <u>98,418</u>                 | <u>42,238</u>                      | <u>31,478</u>            | <u>2,079</u>             | <u>(3,036)</u>                | <u>329,636</u>          |
| Taxation  | (25,096)                    | (16,571)                      | (7,231)                            | (5,161)                  | (195)                    | -                             | (54,254)                |
| Non-controlling interests                                     | (6,409)                     | (271)                         | 580                                | -                        | -                        | -                             | (6,100)                 |
| Profit attributable to shareholders                           | <u>126,954</u>              | <u>81,576</u>                 | <u>35,587</u>                      | <u>26,317</u>            | <u>1,884</u>             | <u>(3,036)</u>                | <u>269,282</u>          |
| Other assets  | 4,564,890                   | 2,454,436                     | 1,672,583                          | 813,487                  | 5,322,333                | (6,374,741)                   | 8,452,988               |
| Associates and joint ventures                                 | 254,688                     | 61,865                        | 87,706                             | 3,796                    | 42,454                   | -                             | 450,509                 |
| Segment assets  | <u>4,819,578</u>            | <u>2,516,301</u>              | <u>1,760,289</u>                   | <u>817,283</u>           | <u>5,364,787</u>         | <u>(6,374,741)</u>            | <u>8,903,497</u>        |
| Segment liabilities   | <u>3,874,701</u>            | <u>2,080,106</u>              | <u>1,396,720</u>                   | <u>802,712</u>           | <u>3,246,109</u>         | <u>(4,927,746)</u>            | <u>6,472,602</u>        |
| Capital expenditure   | 130,344                     | 59,919                        | 16,845                             | 4,401                    | 6,541                    | 698                           | 218,748                 |
| Depreciation and amortisation                                 | 86,068                      | 39,190                        | 25,549                             | 17,294                   | 5,194                    | (1,664)                       | 171,631                 |
| Other non-cash expenses                                       | 331                         | -                             | 45                                 | -                        | -                        | -                             | 376                     |

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

|              | Revenue          |            |                  |            |
|--------------|------------------|------------|------------------|------------|
|              | 1H2020           |            | 1H2019           |            |
|              | \$'000           | %          | \$'000           | %          |
| Asia         | 1,840,100        | 51.5       | 1,929,629        | 55.0       |
| U.S.         | 852,291          | 23.9       | 770,033          | 21.9       |
| Europe       | 669,281          | 18.7       | 586,001          | 16.7       |
| Others       | 210,239          | 5.9        | 225,679          | 6.4        |
| <b>Total</b> | <b>3,571,911</b> | <b>100</b> | <b>3,511,342</b> | <b>100</b> |

By Country of Incorporation

|              | Revenue          |            |                  |            |
|--------------|------------------|------------|------------------|------------|
|              | 1H2020           |            | 1H2019           |            |
|              | \$'000           | %          | \$'000           | %          |
| Asia         | 2,141,252        | 60.0       | 2,322,432        | 66.1       |
| U.S.         | 1,111,934        | 31.1       | 858,555          | 24.5       |
| Europe       | 290,133          | 8.1        | 287,221          | 8.2        |
| Others       | 28,592           | 0.8        | 43,134           | 1.2        |
| <b>Total</b> | <b>3,571,911</b> | <b>100</b> | <b>3,511,342</b> | <b>100</b> |

|              | Non-Current Assets <sup>+</sup> |            |                  |            |
|--------------|---------------------------------|------------|------------------|------------|
|              | 1H2020                          |            | 1H2019           |            |
|              | \$'000                          | %          | \$'000           | %          |
| Asia         | 1,795,108                       | 37.2       | 1,860,108        | 41.7       |
| U.S.         | 1,694,976                       | 35.2       | 1,671,939        | 37.5       |
| Europe       | 1,241,188                       | 25.7       | 828,540          | 18.6       |
| Others       | 93,101                          | 1.9        | 98,750           | 2.2        |
| <b>Total</b> | <b>4,824,373</b>                | <b>100</b> | <b>4,459,337</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 INTERESTED PERSON TRANSACTIONS (unaudited)**

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

|  | <b>1H2020</b> | <b>1H2019</b>  |
|--|---------------|----------------|
|  | \$'000        | \$'000         |
| <b>Transactions for the Sale of Goods and Services</b>             |               |                |
| CapitaLand Limited and its Associates                              | 691           | -              |
| SATS Ltd. and its Associates                                       | 5,028         | 6,016          |
| SembCorp Industries Ltd and its Associates                         | 151           | -              |
| Singapore Airlines Limited and its Associates                      | -             | 1,355          |
| SIA Engineering Company Limited and its Associates                 | 102           | -              |
| Singapore Telecommunications Limited and its Associates            | 481           | 410            |
| StarHub Ltd and its Associates                                     | 1,315         | 612            |
| Temasek Holdings (Private) Limited and its Associates (non-listed) | 34,814        | 65,365         |
|  | <u>42,582</u> | <u>73,758</u>  |
| <b>Transactions for the Purchase of Goods and Services</b>         |               |                |
| Mapletree Industrial Trust   | -             | 11,851         |
| SATS Ltd. and its Associates                                       | 2,292         | 2,154          |
| SembCorp Industries Ltd and its Associates                         | 2,026         | 7,585          |
| Singapore Telecommunications Limited and its Associates            | 161           | 474            |
| Temasek Holdings (Private) Limited and its Associates (non-listed) | 47,492        | 7,057          |
|  | <u>51,971</u> | <u>29,121</u>  |
| <b>Total Interested Person Transactions</b>                        | <u>94,553</u> | <u>102,879</u> |

**16 CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the first half-year ended 30 June 2020 to be false or misleading in any material respect.

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).

BY ORDER OF THE BOARD

LOW MENG WAI  
Company Secretary  
14 August 2020

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