

Analyst and Media Briefing on the Proposed Acquisition of Newtec Group NV

27 March 2019

Disclaimer

The forward-looking statements in this presentation 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 the current view of management on future events.

Transaction Highlights

Transaction Description

- Entered into an agreement to acquire 100% of Newtec Group NV (“Newtec”)
- Newtec is a key technology provider with unique ultra-high throughput capabilities and strong presence in European satcom market

Purchase Consideration

- Consideration of €250m (approx S\$383m) on a cash-free and debt-free basis subject to closing adjustments
- Translates to a multiple of 14.6x Newtec’s EBITDA and 2.7x Newtec’s revenue for the financial year ended 30 Sept 2018

Synergies

- About S\$200m in value arising from cost and revenue synergies

Financing

- Consideration will be satisfied fully in cash at closing
- To be fully funded through internal cash and external borrowings

Earnings Impact

- Expected to be earnings accretive from Year 2 onwards

Closing

- Subject to regulatory approvals, completion expected to be in 2H2019

Newtec Acquisition Fits ST Engineering's Smart City Strategy

Smart Security



Public Security



Cyber Security

Smart Environment



Energy Management



Waste and Water

Smart Mobility



Rail



Road

Businesses
and Platforms
Across Verticals



Analytics and
Artificial Intelligence

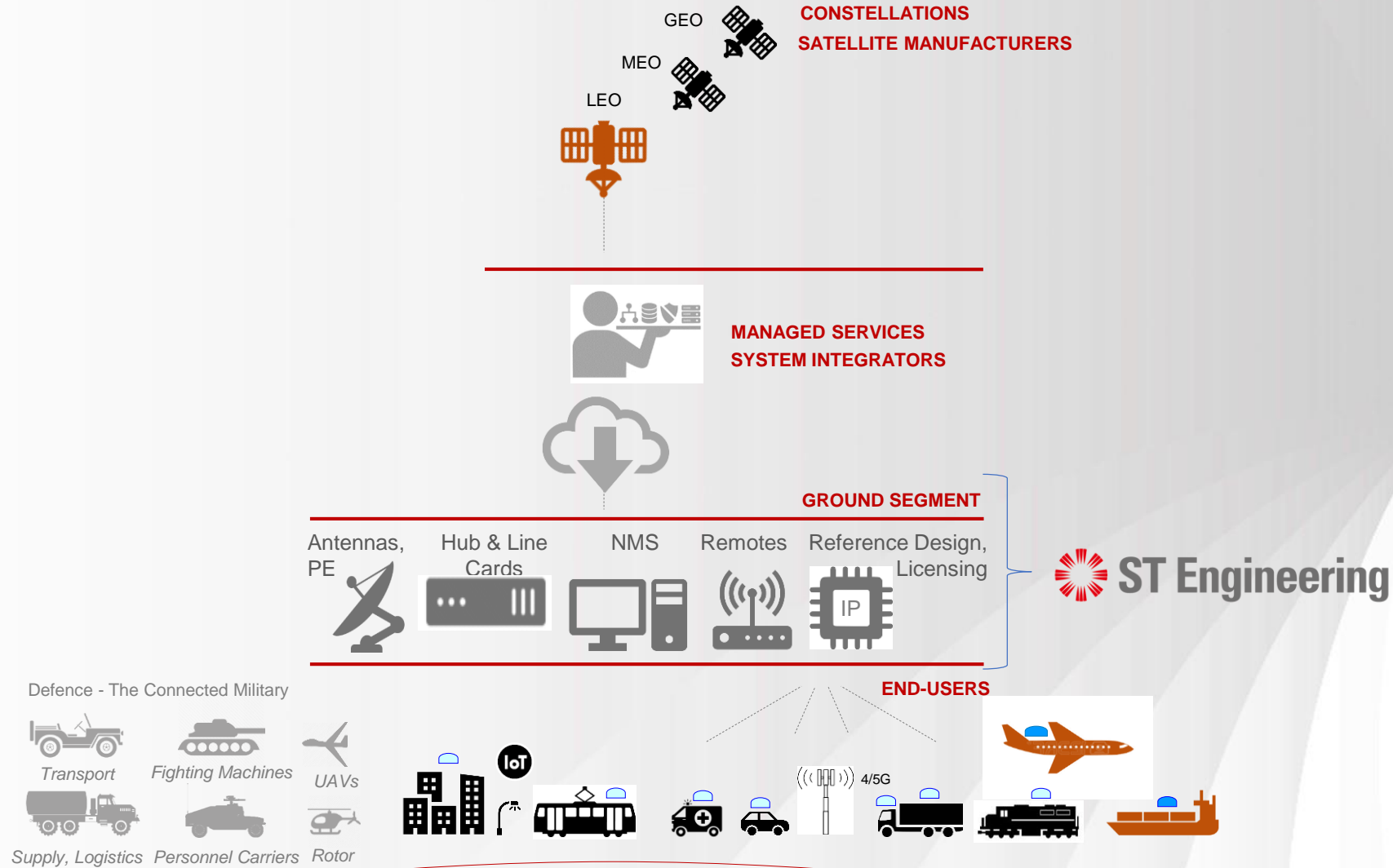


Digital
Connectivity



Robotics

Satcom Industry Value Chain



Demand for Satcom Is Fast Growing

Aeronautical



23,000
CONNECTED
AIRCRAFT BY
2025
(Euroconsult 2016)

PASSENGER
CONNECTIVITY
SERVICES TO
\$5.4B
BY 2025
(Euroconsult 2016)

UP TO
500GB
SENSOR DATA
FROM A SINGLE
BOEING 787 FLIGHT

Maritime



2,800
SENSORS
& **2TB**
OF DATA EVERY
100 DAYS
BY VESSEL

CRUISE SHIPS
DEMANDING
10 Mbs → 500 Mbs

60%
CRUISE PASSENGERS
CONNECTED WITH
MOBILE PHONES

Connected Cars >125m by 2022



SOFTWARE UPDATES

INFOTAINMENT

VOICE OVER IP CALLS

MAPPING SERVICES

SECURE GLOBAL ACCESS ANYWHERE YOU GO.

Smart Cities



IoT
INTERNET OF THINGS

INTERNET CONNECTIVITY

MONITORING UTILITIES

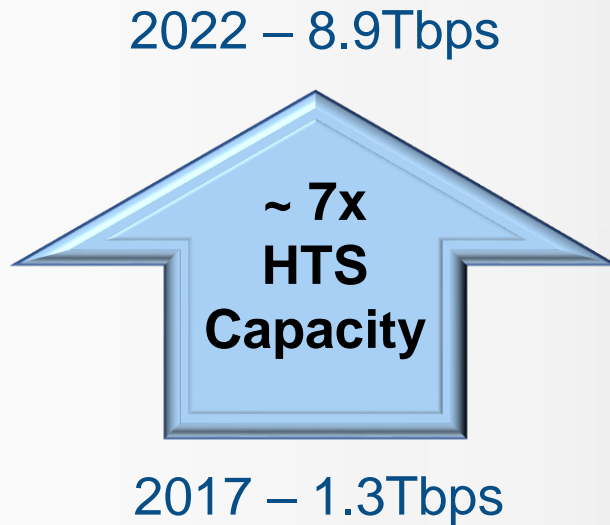
DISASTER RESPONSE

5G
CELL BACKHAUL

On Average 10% - 15% CAGR

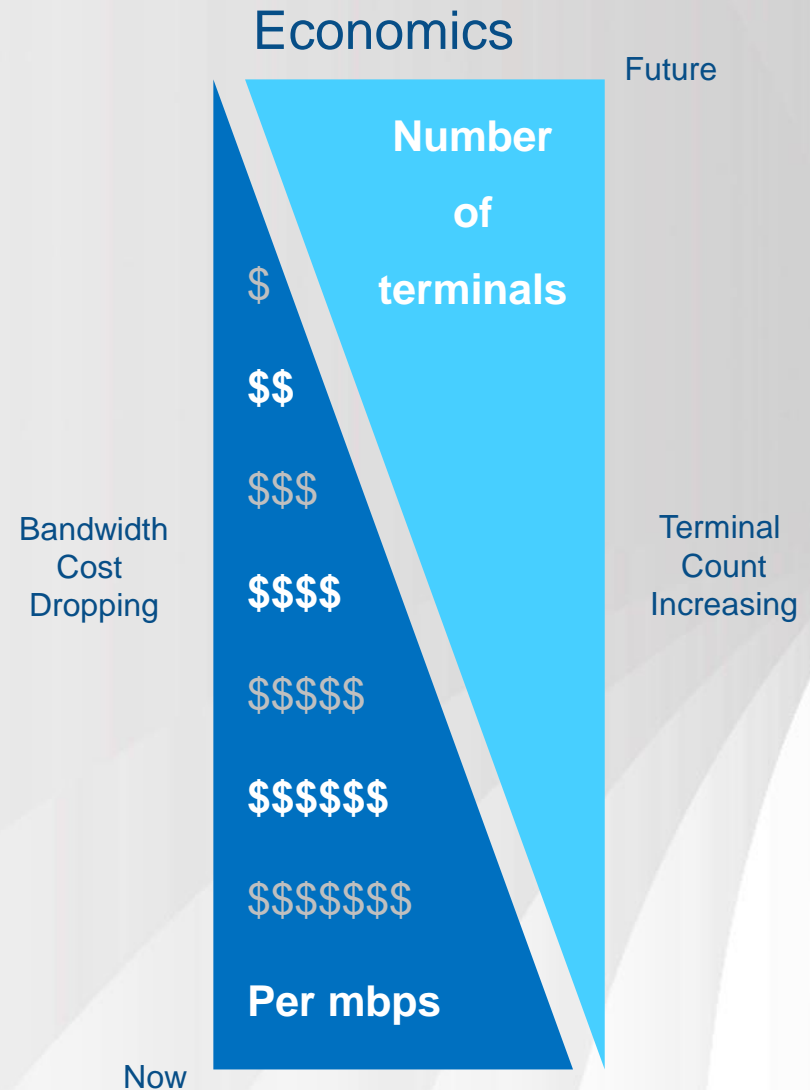
Sources:
Ericsson Mobility Report, Nov 2016
NSR CSGS3, 2018
ITS Digest

Surging Capacity – Open Up New Markets And Applications



Source: EuroConsult

- >5,000 LEO satellites to be launched by SpaceX, OneWeb, Telesat, LeoSat, etc
- Newtec technology successfully tested over-the-air on Low Earth Orbit (LEO) satellite in 2018



iDirect Is The Industry Preferred Satcom Platform

Platform of Choice for Global Satellite Operators



Serving



MARITIME



AERO



MILITARY



ENTERPRISE

Newtec – Leading Satcom Equipment Provider



Newtec

- Newtec is an established **Belgium-based** company in the satcom industry

**Established OEM of
Satcom Equipment**

- **Designs, develops, manufactures and sells** satcom equipment
- Provides **critical satcom technologies**

**World-class Design
and Engineering
Capabilities**

- Strong history of **innovations** and **awards**
- Owns **IPs and patents** for critical satcom technologies
- Possess **know-how** in creating efficient, scalable and economical technology solutions for satcom applications

Newtec – Differentiated & Complementary IP

Key Applications

TV Broadcast & Cell Backhaul

Dedicated, high bandwidth

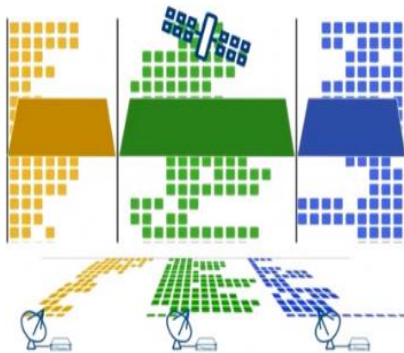
Video Streaming, Social Media

On-demand, dynamic bandwidth

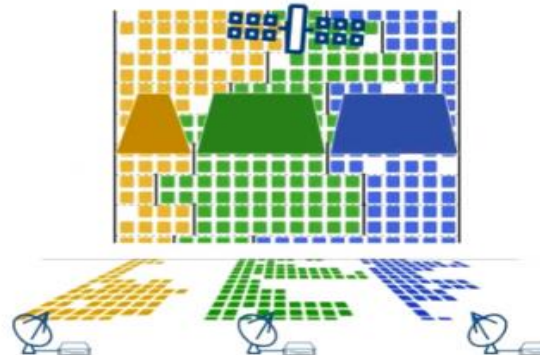
Robust & Reliable Connectivity

Core communications technology

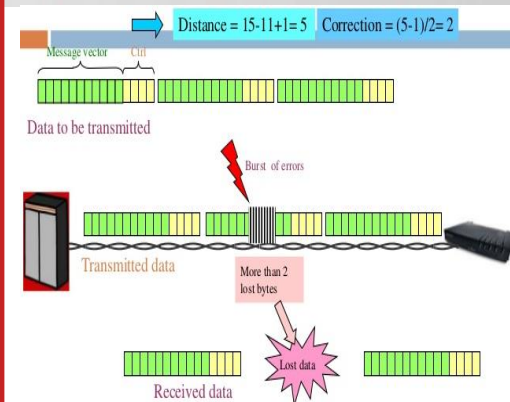
Key Technologies & IP



Single Channel Per Carrier (SCPC)

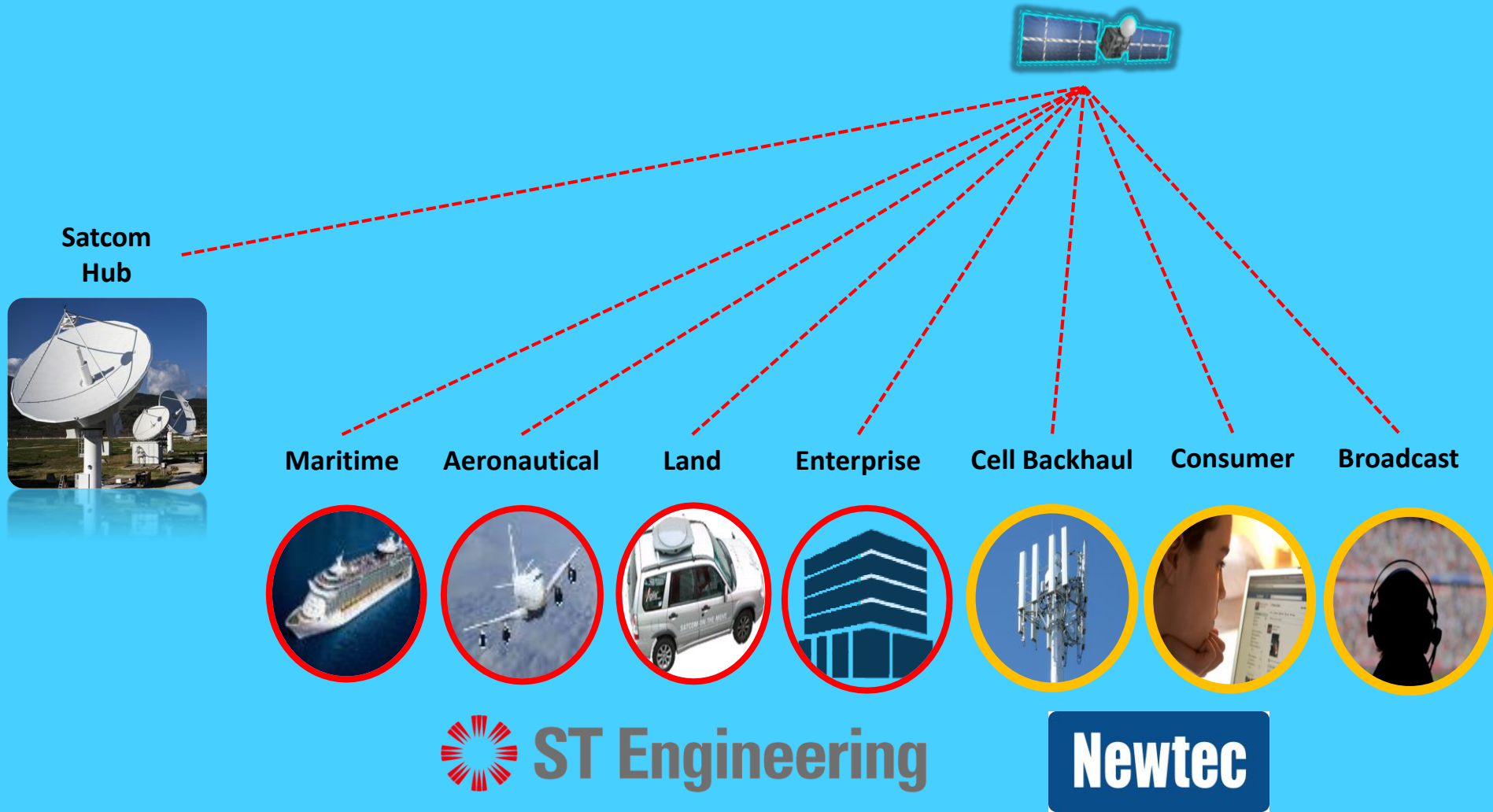


Cross-Dimensional Multiple Access (Mx-DMA) Return Technology



Forward Error Correction (FEC)

Newtec – Complementary Segments



Positioning For Future Growth



- Accelerate the deployment of satcom-enabled 5G network
- Address growing needs for IoT and M2M connectivity
- Provide end-to-end solutions for mobility market, including connected vehicles

\$200m In Value Creation

Revenue Synergies

- Enhanced Products & Solutions
- Cross Selling
- New Markets & Emerging Segments
- Position Newtec in Belgium as Group's European Satcom Centre

Costs Synergies

- Economies of Scale:
 - R&D
 - Manufacturing & Supply Chain
- Common Go-to Market

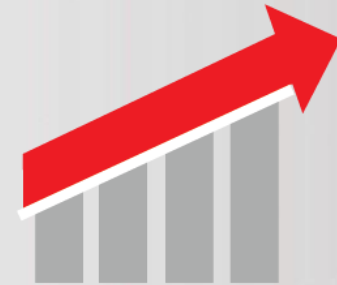
Acquisition of Newtec – Strong Strategic Fit



Complementary IP & technologies, broader portfolio & new segments



Expect to be **earnings accretive** from Year 2 with **strong synergies**



High growth potential from strong market positions

Q&A