

Financial Year 2020 Results

19 February 2021

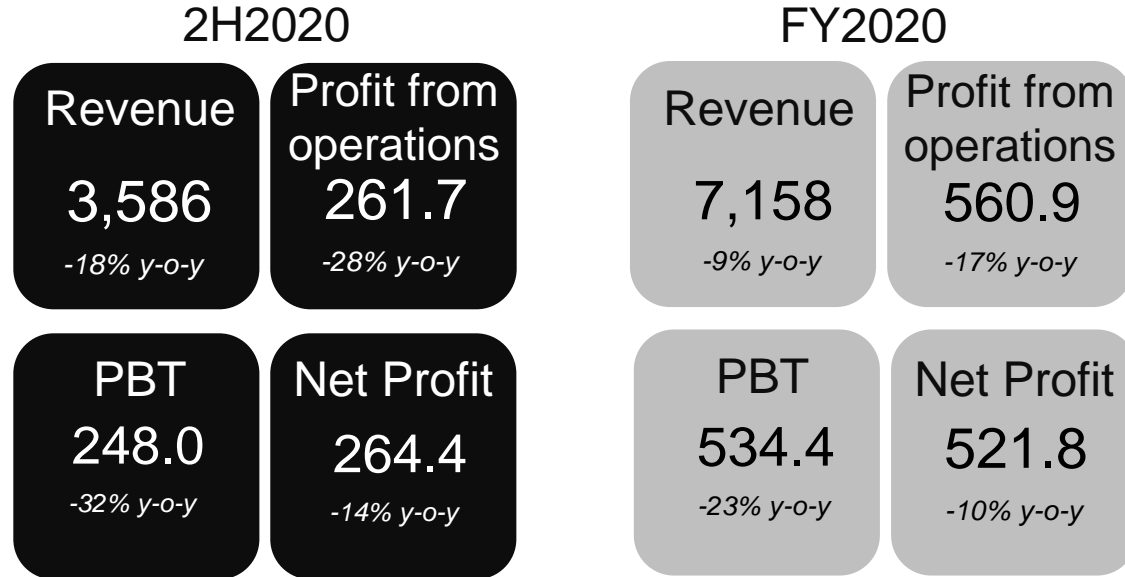
Agenda

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

Group Highlights

Group Highlights

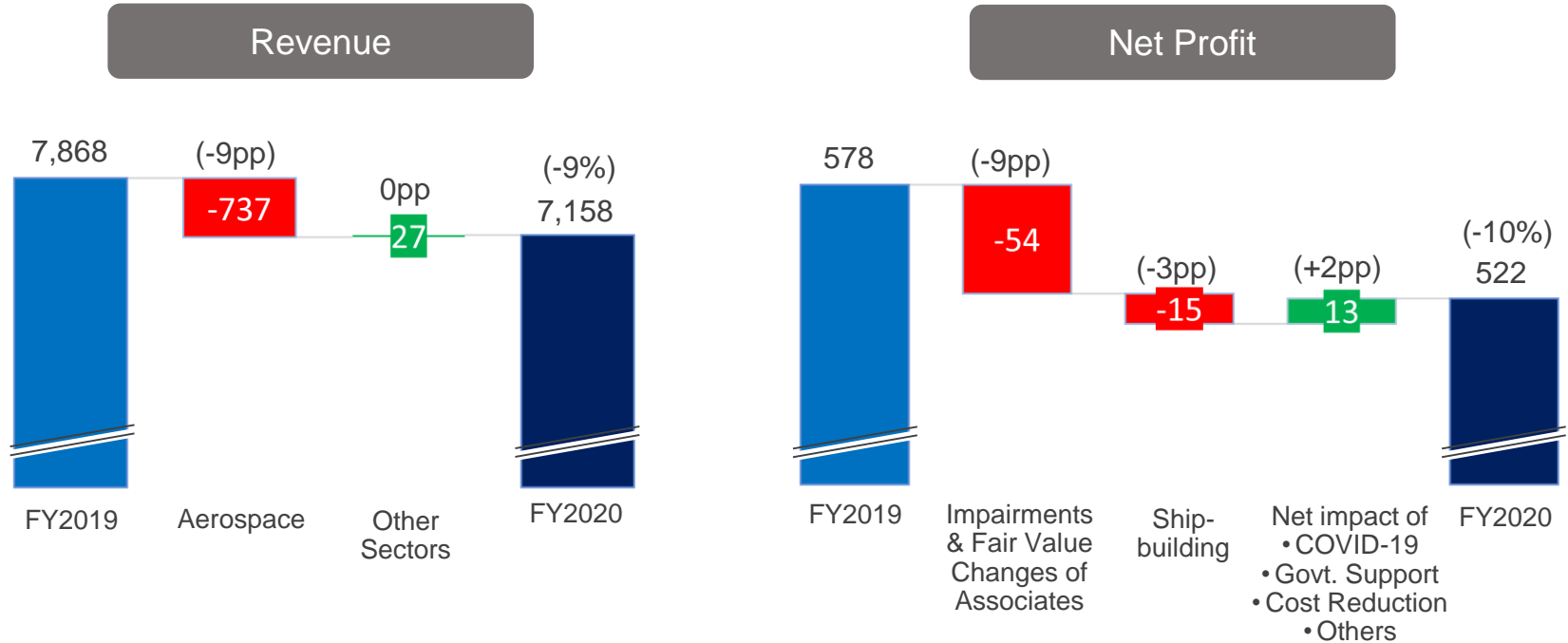
All figures are denominated in S\$m unless indicated otherwise



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

FY2020 Revenue & Net Profit

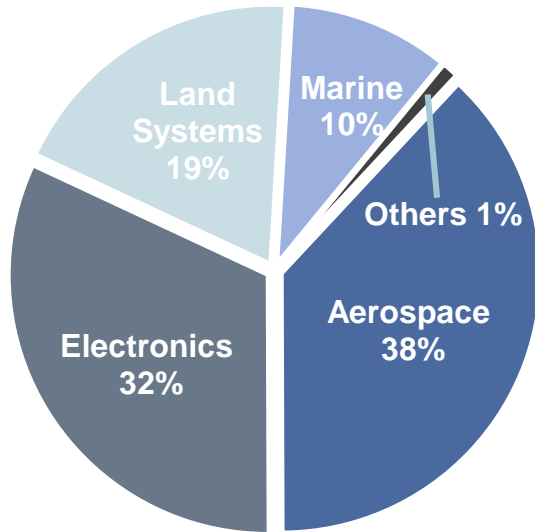
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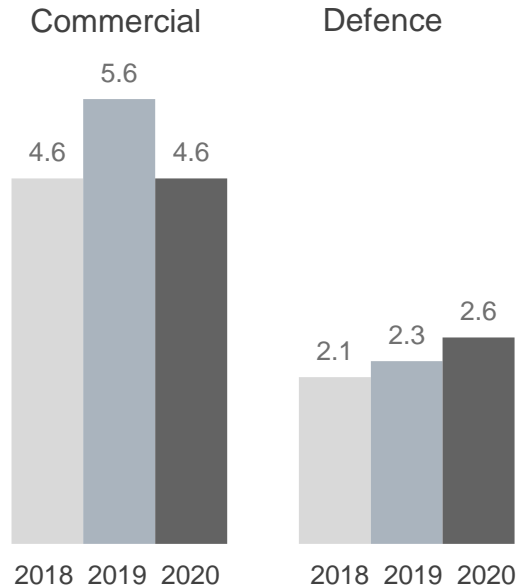
Note: amounts may not add due to rounding.

Group Revenue Breakdown

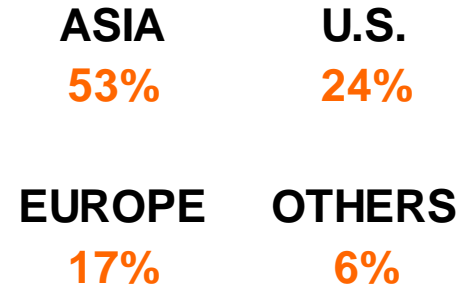
FY2020 Revenue
\$7.2b



FY2020 Revenue
by type



FY2020 Revenue
by location of customers



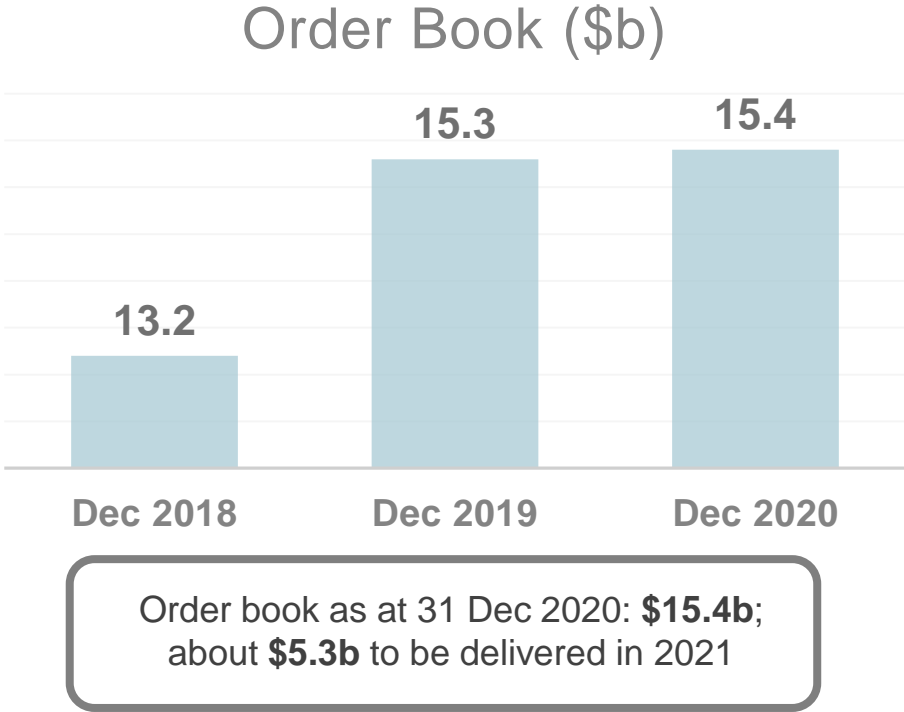
New Contracts

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

Note: amounts may not add due to rounding.

Order Book

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



Note: amounts may not add due to rounding.

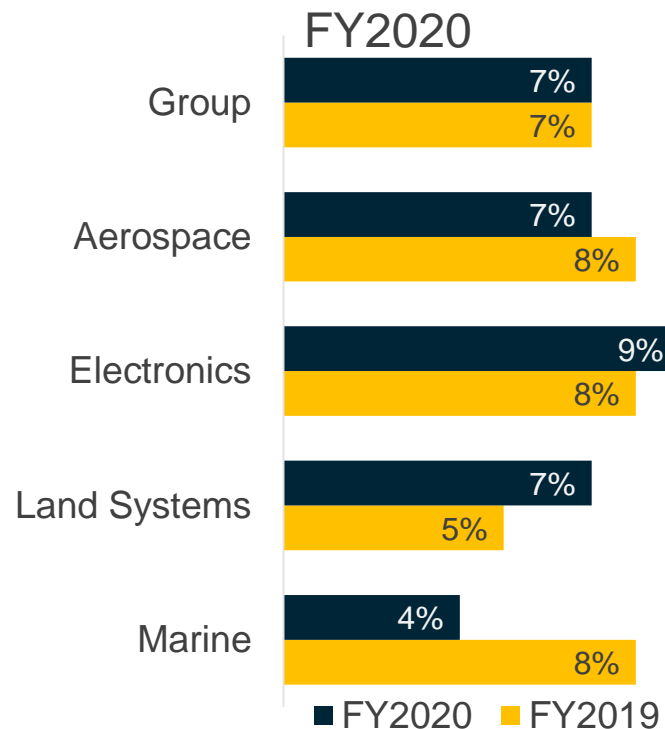
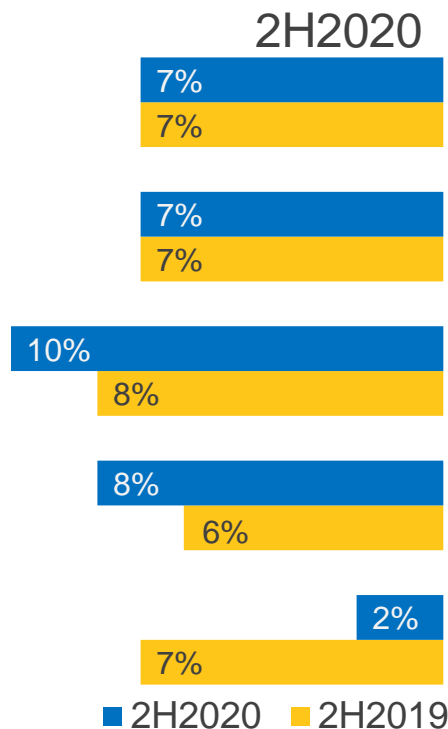
Group Revenue

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

Group Net Profit

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

Group Net Profit Margin



Balance Sheet

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

Statement of Cash Flows

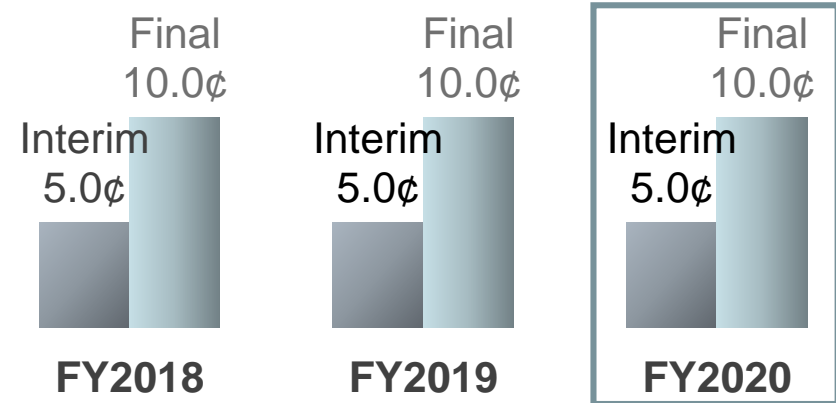
| S\$m | FY2020 | FY2019 |
|------------------------------|------------|------------|
| Net cash from/(used in) | | |
| Operating activities | 1,533 | 590 |
| Investing activities | (295) | (1,273) |
| Financing activities | (959) | 720 |
| Net increase in CCE * | 279 | 37 |
| CCE at beginning of the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

* CCE - Cash & Cash Equivalents

FY2020 Final Dividend of 10.0 Cents per Share

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

Dividend per Ordinary Share



Outlook

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

- Through cost savings and partial business recovery & lower impairments



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

Group President & CEO's Message

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

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

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

Vincent Chong, Group President & CEO

Financial Reporting Framework (post-reorganisation)

FY2021 and onwards

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

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

New organisation structure from January 2021



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

Commercial



**Commercial
Aerospace**



**Urban
Solutions**



**Satellite
Communications**

Defence & Public Security



**Digital
Systems
and Cyber**



**Land
Systems**



Marine



**Defence
Aerospace**



- Strengthen engineering & technology core
- Leverage group scale

Group Engineering Centre

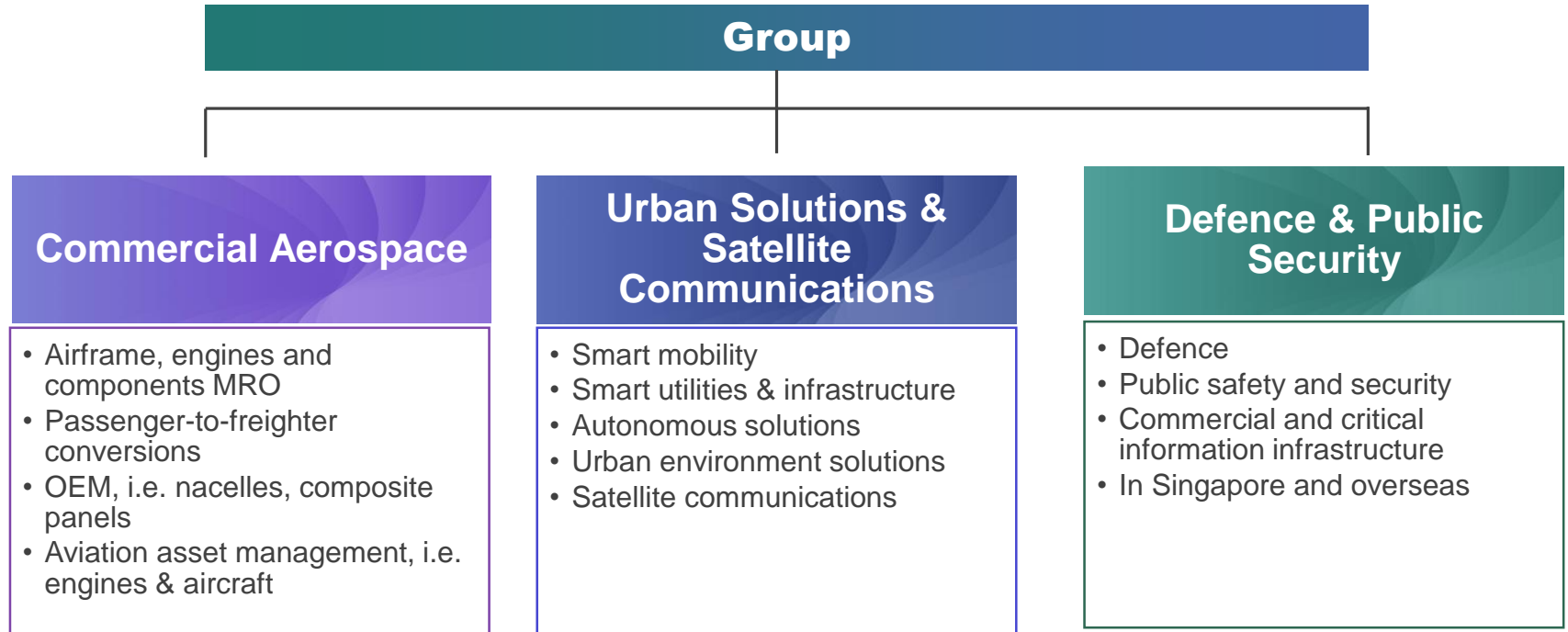
Group Technology Office

Group HQ Functions and Shared Services

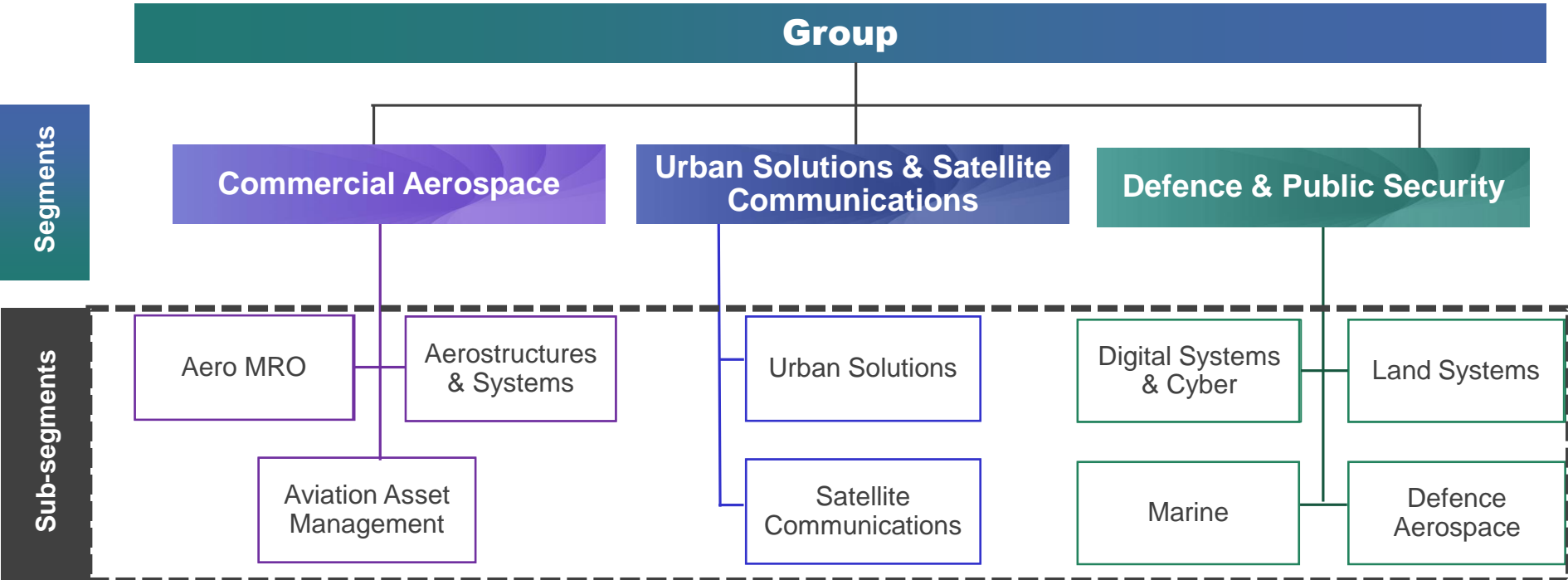
Guiding principles for new financial reporting framework

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

New Segments



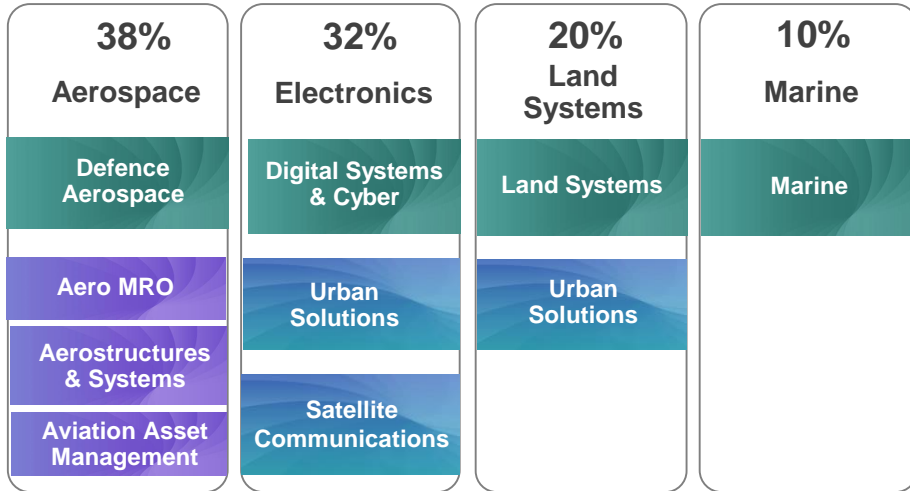
New Sub-segments



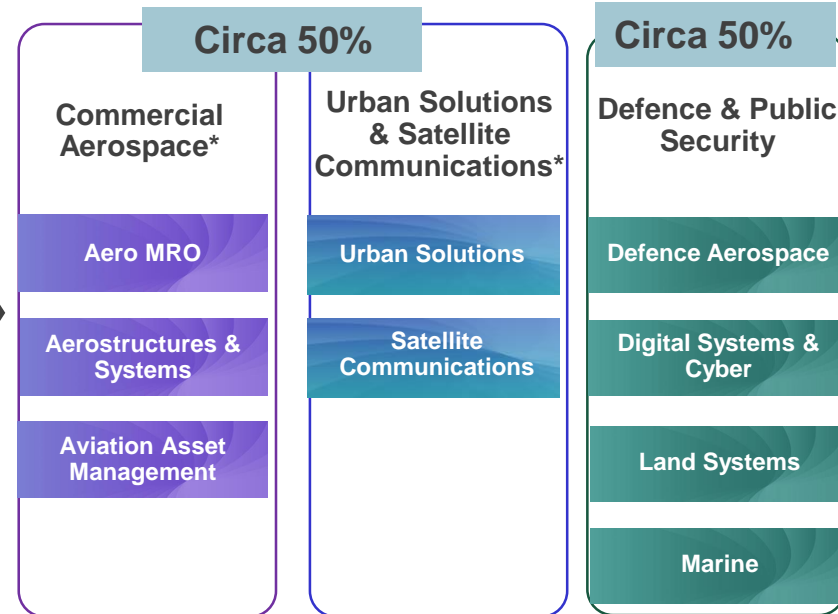
FY2020 Revenue Breakdown

Business segment contributions (%)

Old reporting framework



New reporting framework



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

Disclosures of Key Financial Metrics

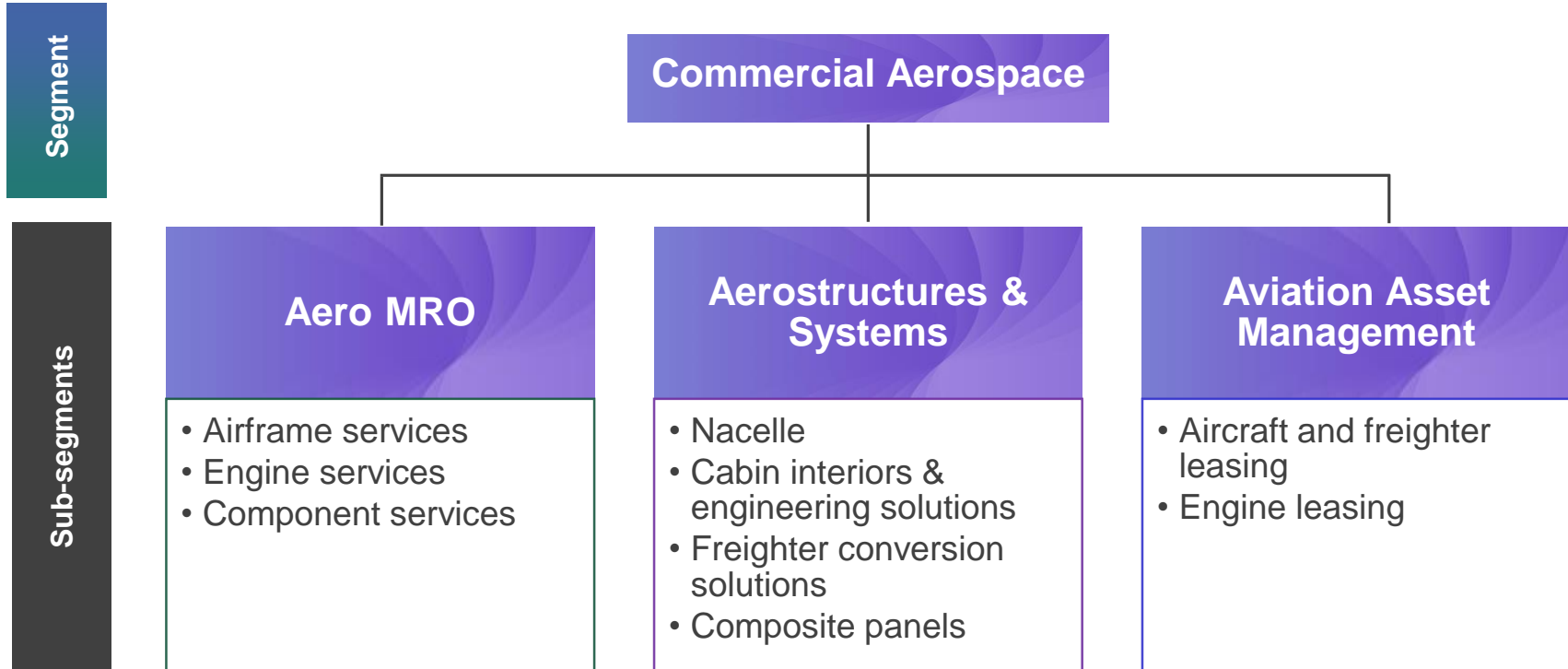
| | Profit & Loss | Balance Sheet | Cash Flow |
|--------------------------|--|--------------------------------|----------------------------|
| Group | ✓ Full Profit & Loss statement | ✓ Full Balance Sheet statement | ✓ Full Cash Flow statement |
| Business Segments | ✓ Revenue ✓ Earnings before Interest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

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

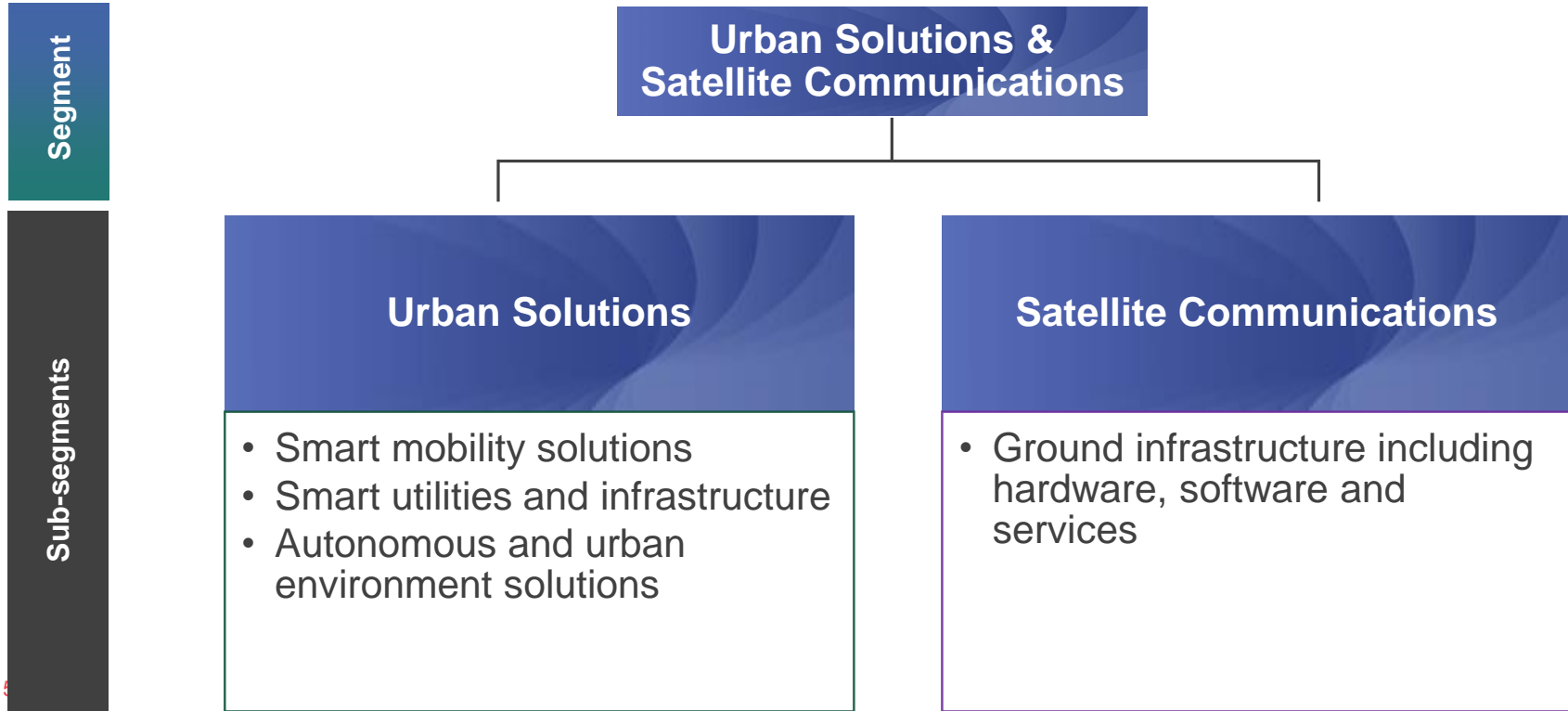
(EBIT is defined as sum of (1) profit from operations, (2) non-operating income and (3) share of profits of associates and joint ventures)

Appendix

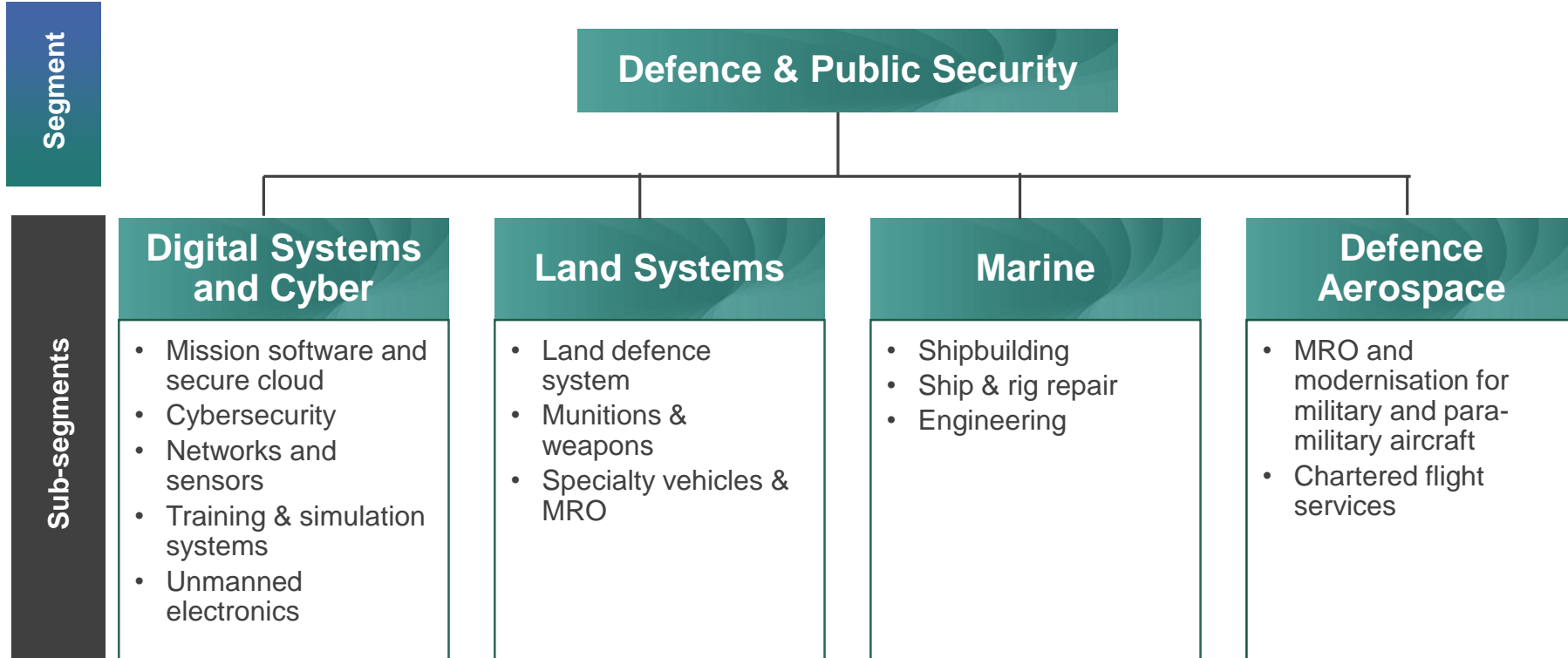
Commercial Aerospace Business Overview



Urban Solutions & Satellite Communications Business Overview



Defence & Public Security Business Overview



Thank you