

News Release

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.

Electronics

“Higher Profit over 3Q2012”

| FINANCIAL HIGHLIGHTS For the quarter ended 30 September 2013 | | | | | |
|--|------------|------------|-------------|------------|-------------|
| | 2013 3Q | 2012 3Q | Growth % | 2013 2Q | Growth % |
| Revenue (\$m) | 357 | 350 | 2 | 362 | (1) |
| Earnings before interest and tax (EBIT) (\$m) | 43.7 | 41.6 | 5 | 42.9 | 2 |
| Other income, net (\$m) | 0.4 | 0.5 | (13) | 0.1 | 292 |
| Finance income/(costs), net (\$m) | (0.1) | (0.9) | 87 | 4.6 | (103) |
| Profit before tax (PBT) (\$m) | 43.0 | 40.1 | 7 | 47.3 | (9) |
| Profit attributable to shareholders (\$m) | 32.4 | 30.7 | 6 | 37.1 | (13) |

N.B.: All currencies are in Singapore dollars.

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Electronics sector unaudited results for the third quarter ended 30 September 2013:

| | 3Q2013 \$'000 | 3Q2012 \$'000 | + / (-) % |
|---|------------------|------------------|---------------|
| 1. (a) Revenue | 357,211 | 349,566 | 2.2 |
| (b) Cost of sales | (234,008) | (227,258) | 3.0 |
| (c) Gross Profit | 123,203 | 122,308 | 0.7 |
| (d) Distribution and selling expenses | (20,871) | (19,831) | 5.2 |
| (e) Administrative expenses | (34,887) | (39,128) | (10.8) |
| (f) Other operating expenses | (23,761) | (21,698) | 9.5 |
| (g) Profit from operations | 43,684 | 41,651 | 4.9 |
| (h) Other income, net | 439 | 504 | (12.9) |
| (i) Finance income | 1,064 | 771 | 38.0 |
| (j) Finance costs | (1,182) | (1,711) | (30.9) |
| (k) Finance income/(costs), net | (118) | (940) | |
| (l) Share of results of associates and jointly controlled entities | (962) | (1,079) | (10.8) |
| (m) Profit before taxation | 43,043 | 40,136 | 7.2 |
| (n) Taxation | (10,007) | (8,824) | 13.4 |
| (o) Profit for the period | 33,036 | 31,312 | 5.5 |
| Profit attributable to: | | | |
| (p) Shareholders of the Company | 32,418 | 30,720 | 5.5 |
| (q) Non-controlling interests | 618 | 592 | 4.4 |
| | 33,036 | 31,312 | 5.5 |
| 2. (a) Profit from operations is arrived at after charging/(crediting) the following: | | | |
| Depreciation and amortisation | 6,929 | 6,083 | 13.9 |
| Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net | (459) | 530 | (186.6) |
| Allowance/(write-back of allowance) for inventory obsolescence, net | (253) | 1,314 | (119.3) |
| Impairment losses on intangible assets | 149 | - | NM |
| (b) Finance income/(costs), net comprises: | | | |
| Interest income | 953 | 771 | 23.6 |
| Foreign exchange gain/(loss), net | 11 | (429) | (102.6) |
| Gain/(Loss) on disposal of investments | 100 | - | NM |
| Interest expenses | (1,182) | (1,282) | (7.8) |
| | (118) | (940) | (87.4) |

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| | 3Q2013 \$'000 | 3Q2012 \$'000 | + / (-) % |
|--|------------------|------------------|--------------|
| 3. (a) Profit for the period [1(o) above] as a percentage of revenue | 9.2% | 9.0% | |
| (b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period | 9.7% | 10.3% | |
| 4. (a) Revenue reported for first half year | 795,277 | 822,805 | (3.3) |
| (b) Profit for the period reported for first half year | 67,386 | 60,459 | 11.5 |
| (c) Revenue reported for third quarter | 357,211 | 349,566 | 2.2 |
| (d) Profit for the period reported for third quarter | 33,036 | 31,312 | 5.5 |
| (e) Revenue reported for first nine months | 1,152,488 | 1,172,371 | (1.7) |
| (f) Profit for the period reported for first nine months | 100,422 | 91,771 | 9.4 |
| 5. (a) There was an underprovision of current tax of \$145,000 and overprovision of deferred tax of \$36,000 in respect of prior years (3Q2012: There was overprovision of current tax and deferred tax of \$417,000 and \$97,000 respectively in respect of prior years). | | | |
| (b) During the quarter, the Sector made an impairment loss on intangible asset of \$149,000 to the income statement (3Q2012: Nil). | | | |
| (c) There was no disposal of property during the third quarter. | | | |

6. Business Group Information

By Business Group

| | Revenue | | + / (-) % | Profit before Taxation | | + / (-) % |
|--------------------------------------|----------------|----------------|--------------|------------------------|----------------|--------------|
| | 2013 \$'000 | 2012 \$'000 | | 2013 \$'000 | 2012 \$'000 | |
| Third Quarter | | | | | | |
| Large-Scale Systems Group | 79,221 | 56,815 | 39.4 | 4,736 | 6,934 | (31.7) |
| Communication & Sensor Systems Group | 178,804 | 187,651 | (4.7) | 23,505 | 21,732 | 8.2 |
| Software Systems Group | 99,186 | 105,100 | (5.6) | 14,802 | 11,470 | 29.0 |
| Total | <u>357,211</u> | <u>349,566</u> | 2.2 | <u>43,043</u> | <u>40,136</u> | 7.2 |

Nine Months Ended 30 September

| | | | | | | |
|--------------------------------------|------------------|------------------|-------|----------------|----------------|-------|
| Large-Scale Systems Group | 274,864 | 256,234 | 7.3 | 30,851 | 26,283 | 17.4 |
| Communication & Sensor Systems Group | 558,771 | 590,524 | (5.4) | 52,117 | 56,809 | (8.3) |
| Software Systems Group | 318,853 | 325,613 | (2.1) | 40,607 | 32,611 | 24.5 |
| Total | <u>1,152,488</u> | <u>1,172,371</u> | (1.7) | <u>123,575</u> | <u>115,703</u> | 6.8 |

| | Revenue | | |
|-------------------------------------|------------------|------------------|--------|
| | 3Q2013 \$'000 | 3Q2012 \$'000 | |
| <u>By Geographical Areas</u> | | | |
| Asia | 255,507 | 231,824 | 10.2 |
| USA | 31,938 | 49,203 | (35.1) |
| Europe | 35,563 | 19,214 | 85.1 |
| Others | 34,203 | 49,325 | (30.7) |
| Total | <u>357,211</u> | <u>349,566</u> | 2.2 |

By Country of Incorporation

| | | | |
|--------|----------------|----------------|--------|
| Asia | 269,701 | 259,383 | 4.0 |
| USA | 78,169 | 78,836 | (0.8) |
| Europe | 2,995 | 2,314 | 29.4 |
| Others | 6,346 | 9,033 | (29.7) |
| Total | <u>357,211</u> | <u>349,566</u> | 2.2 |

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7. Review of Performance

(a) Revenue

3Q2013 vs 3Q2012

| 3Q2013 | 3Q2012 | Growth | |
|--------|--------|--------|----|
| \$357m | \$350m | \$7m | 2% |

Revenue of \$357 million recorded in 3Q2013 was comparable to that of 3Q2012. **Large-Scale Systems Group (LSG)** recorded higher sales mainly due to milestone completions of the Land Transport Authority's Downtown Line project, the Chennai Metro Rail project, the Bangkok and Taiwan MRT projects. **Communication & Sensor Systems Group's (CSG)** sales were comparable to that of 3Q2012. **Software Systems Group (SSG)** recorded lower sales mainly due to lower value project milestone completions.

3Q2013 vs 2Q2013

| 3Q2013 | 2Q2013 | Growth | |
|--------|--------|--------|------|
| \$357m | \$362m | (\$5m) | (1%) |

Revenue of \$357 million recorded in 3Q2013 was comparable to that of 2Q2013. **LSG** recorded higher sales mainly due to milestone completions of the Bangkok and Taiwan MRT projects. **SSG's** sales were higher mainly due to milestone completions of various software system projects. The decrease in sales from **CSG** was mainly due to lower value project milestone completions.

(b) Profitability

3Q2013 vs 3Q2012

| 3Q2013 | 3Q2012 | Growth | |
|---------|---------|--------|----|
| \$43.0m | \$40.1m | \$2.9m | 7% |

The profit before tax of \$43.0 million for 3Q2013 was higher than that of 3Q2012 by 7% or \$2.9 million. At the business group level, the increase in profit was contributed by **SSG** and **CSG**. **SSG** recorded higher profit mainly due to favourable sales mix. **CSG's** profit was higher mainly due to lower operating expenses. Despite higher sales, **LSG's** profit was lower mainly due to higher operating expenses.

3Q2013 vs 2Q2013

| 3Q2013 | 2Q2013 | Growth | |
|---------|---------|----------|------|
| \$43.0m | \$47.3m | (\$4.3m) | (9%) |

The profit before tax of \$43.0 million for 3Q2013 was lower than that of 2Q2013 by 9% or \$4.3 million. At the business group level, the decrease in profit was recorded by **LSG**, partially offset by higher profit from **CSG** and **SSG**. **LSG's** profit was lower mainly due to less favourable sales mix and 2Q2013 result included the gain on the disposal of an investment. Despite lower sales, **CSG** recorded higher profit mainly due to favourable sales mix and lower operating expenses. **SSG's** profit was higher mainly due to increase in sales, partially offset by higher operating expenses.

8. Prospects

FY2013

Barring unforeseen circumstances, FY2013 revenue is expected to be comparable and profit before tax is expected to be higher compared to FY2012.

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9. Balance Sheet

| | 30-Sep-13 \$'000 | 31-Dec-12 \$'000 |
|--|---------------------|---------------------|
| Property, plant and equipment | 156,781 | 104,672 |
| Associates and jointly controlled entities | 3,430 | 4,702 |
| Investments | 1,265 | 11,582 |
| Intangible assets | 282,183 | 279,932 |
| Finance lease receivables, non-current | 266 | - |
| Derivative financial instrument | 49 | 15 |
| Deferred tax assets | 34,457 | 33,237 |
| Non-current assets | 478,431 | 434,140 |
| Current assets | 1,183,516 | 1,126,556 |
| Total assets | 1,661,947 | 1,560,696 |
| Current liabilities | 984,855 | 1,035,080 |
| Non-current liabilities | 461,282 | 372,975 |
| Total liabilities | 1,446,137 | 1,408,055 |
| Share capital and reserves | 204,684 | 142,723 |
| Non-controlling interests | 11,126 | 9,918 |
| Total equity and liabilities | 1,661,947 | 1,560,696 |
| Net current assets | 198,661 | 91,476 |

10. Statement of Cash Flows for the third quarter ended 30 September 2013

| | 3Q2013 \$'000 | 3Q2012 \$'000 |
|---|------------------|------------------|
| Net cash from operating activities | 76,098 | 21,348 |
| Net cash used in investing activities | (22,831) | (10,361) |
| Proceeds from sale of property, plant and equipment | 70 | - |
| Proceed from sale of an unquoted investment | 100 | - |
| Dividends from associates | 23 | 53 |
| Additional investment in an associate | (304) | - |
| Purchase of property, plant and equipment | (22,640) | (10,414) |
| Acquisition of other intangible assets | (80) | - |
| Net cash from/(used in) financing activities | 225 | (605) |
| Repayment of bank loan | - | (533) |
| Repayment of related parties loans | (3,850) | (3,025) |
| Proceeds from a related party loans | 5,890 | 1,923 |
| Proceeds from bank loans | - | 227 |
| Loans to related parties | (702) | (2,194) |
| Repayment of loans by related parties | 390 | 4,619 |
| Repayment of lease obligations | (9) | (12) |
| Dividend paid to non-controlling interests | (300) | (251) |
| Interest paid | (1,188) | (1,193) |
| Deposits pledged | (6) | (166) |
| Net increase in cash and cash equivalents | 53,492 | 10,382 |
| Cash and cash equivalents at beginning of period | 444,007 | 424,143 |
| Exchange difference on cash and cash equivalents | (156) | (2,116) |
| Cash and cash equivalents at end of period | 497,343 | 432,409 |

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