

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 in 3Q2014”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	2013 3Q	Growth %
Revenue (\$m)	360	357	1
Earnings before interest and tax (EBIT) (\$m)	45.5	43.7	4
Other income, net (\$m)	1.8	0.4	303
Finance costs, net (\$m)	(0.4)	(0.1)	(203)
Profit before tax (PBT) (\$m)	47.0	43.0	9
Profit attributable to shareholders (\$m)	36.9	32.4	14

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

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Electronics sector unaudited results for the third quarter ended 30 September 2014

	3Q2014	3Q2013	+ / (-)
	\$'000	\$'000	%
1. (a) Revenue	360,598	357,211	0.9
(b) Cost of sales	(237,502)	(234,008)	1.5
(c) Gross Profit	123,096	123,203	(0.1)
(d) Distribution and selling expenses	(20,259)	(20,871)	(2.9)
(e) Administrative expenses	(38,101)	(34,887)	9.2
(f) Other operating expenses	(19,225)	(23,761)	(19.1)
(g) Profit from operations	45,511	43,684	4.2
(h) Other income	1,772	489	262.4
(i) Other expenses	(1)	(50)	(98.0)
(j) Other income, net	1,771	439	303.4
(k) Finance income	1,518	1,064	42.7
(l) Finance costs	(1,875)	(1,182)	58.6
(m) Finance costs, net	(357)	(118)	202.5
(n) Share of results of associates and joint ventures, net of tax	87	(963)	(109.0)
(o) Profit before taxation	47,012	43,042	9.2
(p) Taxation	(10,234)	(10,006)	2.3
(q) Profit for the period	36,778	33,036	11.3
Attributable to:			
(r) Shareholders of the Company	36,916	32,418	13.9
(s) Non-controlling interests	(138)	618	(122.3)
	36,778	33,036	11.3
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	9,020	6,929	30.2
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	44	(459)	(109.6)
Allowance/(write-back of allowance) for stock obsolescence, net	499	(253)	(297.2)
Impairment losses on intangible assets	-	149	(100.0)
(b) Finance costs, net comprises:			
Interest income	1,459	953	53.1
Foreign exchange gain/(loss), net	59	11	436.4
Gain on disposal of an investment	-	100	(100.0)
Impairment losses on an investment	(632)	-	NM
Interest expenses	(1,243)	(1,182)	5.2
	(357)	(118)	202.5

* NM - Not Meaningful

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	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	10.2%	9.2%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	10.3%	9.7%	
4. (a) Revenue reported for first half year	763,414	795,277	(4.0)
(b) Profit for the period reported for first half year	68,616	67,386	1.8
(c) Revenue reported for third quarter	360,598	357,211	0.9
(d) Profit for the period reported for third quarter	36,778	33,036	11.3
(e) Revenue reported for first nine months	1,124,012	1,152,488	(2.5)
(f) Profit for the period reported for first nine months	105,394	100,422	5.0
5. (a) There was an underprovision of current tax of \$1,065,000 and an overprovision of deferred tax of \$849,000 in respect of prior years (3Q2013: There was an underprovision of current tax of \$145,000 and overprovision of deferred tax of \$36,000 in respect of prior years).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2014 \$'000	2013 \$'000		2014 \$'000	2013 \$'000	
Third Quarter						
Large-Scale Systems Group	83,927	79,221	5.9	9,335	4,735	97.1
Communication & Sensor Systems Group	164,971	178,804	(7.7)	18,851	23,505	(19.8)
Software Systems Group	111,700	99,186	12.6	18,826	14,802	27.2
Total	<u>360,598</u>	<u>357,211</u>	0.9	<u>47,012</u>	<u>43,042</u>	9.2
Nine Months Ended 30 September						
Large-Scale Systems Group	283,199	274,864	3.0	33,266	30,855	7.8
Communication & Sensor Systems Group	522,434	558,771	(6.5)	44,488	52,117	(14.6)
Software Systems Group	318,379	318,853	(0.1)	49,776	40,607	22.6
Total	<u>1,124,012</u>	<u>1,152,488</u>	(2.5)	<u>127,530</u>	<u>123,579</u>	3.2

	Revenue		
	3Q2014 \$'000	3Q2013 \$'000	
<u>By Geographical Areas</u>			
Asia	282,516	255,507	10.6
USA	27,926	31,938	(12.6)
Europe	17,214	35,563	(51.6)
Others	32,942	34,203	(3.7)
Total	<u>360,598</u>	<u>357,211</u>	0.9

By Country of Incorporation

Asia	295,728	269,701	9.7
USA	52,675	78,169	(32.6)
Europe	4,016	2,995	34.1
Others	8,179	6,346	28.9
Total	<u>360,598</u>	<u>357,211</u>	0.9

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7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$360m	\$357m	\$3m	1%

Revenue of \$360 million recorded in 3Q2014 was comparable to that of 3Q2013. The increase in sales recorded by **Software Systems Group (SSG)** and **Large-Scale Systems Group (LSG)** was mainly due to higher value project milestone completions. This was offset by lower sales in **Communication & Sensor Systems Group (CSG)** mainly due to decreased sales of satellite communication products.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$47.0m	\$43.0m	\$4.0m	9%

The profit before tax of \$47.0 million for 3Q2014 was higher than that of 3Q2013 by 9% or \$4.0 million. Notwithstanding comparable sales, the Sector recorded higher profit mainly due to lower operating expenses and lower loss incurred by an associate.

8. Prospects

FY2014

Barring unforeseen circumstances, FY2014 revenue is expected to be comparable while profit before tax is expected to be higher compared to FY2013.

9. Balance Sheet

	30-Sep-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	176,798	170,244
Associates and joint ventures	871	729
Investments	-	632
Intangible assets	292,040	282,861
Deferred tax assets	27,287	31,159
Non-current assets	496,996	485,625
Current assets	1,289,057	1,247,896
Total assets	1,786,053	1,733,521
Current liabilities	1,081,350	1,081,005
Non-current liabilities	465,437	457,767
Total liabilities	1,546,787	1,538,772
Share capital and reserves	227,908	182,754
Non-controlling interests	11,358	11,995
Total equity and liabilities	1,786,053	1,733,521
Net current assets	207,707	166,891

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10. Statement of Cash Flows for the third quarter ended 30 September 2014

	3Q2014 \$'000	3Q2013 \$'000
Net cash (used in)/from operating activities	(1,303)	76,098
Net cash used in investing activities	(16,078)	(22,831)
Proceeds from sale of property, plant and equipment	1	70
Proceed from sale of an unquoted investment	-	100
Dividend from an associate	46	23
Additional investment in an associate	-	(304)
Purchase of property, plant and equipment	(7,795)	(22,640)
Acquisition of other intangible assets	(8,330)	(80)
Net cash (used in)/from financing activities	(1,399)	225
Repayment of related parties loans	(10,129)	(3,850)
Proceeds from a related party loans	11,702	5,890
Loans to related parties	(15,000)	(702)
Repayment of loans by related parties	15,000	390
Repayment of a joint venture loan	(824)	-
Repayment of lease obligations	-	(9)
Dividend paid to shareholder	(1,249)	-
Dividend paid to non-controlling interests	-	(300)
Interest paid	(1,238)	(1,188)
Deposits pledged	339	(6)
Net (decrease)/increase in cash and cash equivalents	(18,780)	53,492
Cash and cash equivalents at beginning of period	324,227	444,007
Exchange difference on cash and cash equivalents	(314)	(156)
Cash and cash equivalents at end of period	305,133	497,343

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