

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

“Comparable PBT in 3Q2015”

| FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2015 | | | |
|---|--------------------|--------------------|---------------------|
| | 2015 3Q | 2014 3Q | Growth % |
| Revenue (\$m) | 439 | 360 | 22 |
| Earnings before interest and tax (EBIT) (\$m) | 47.3 | 45.5 | 4 |
| Other income, net (\$m) | 2.3 | 1.8 | 30 |
| Finance costs, net (\$m) | (0.5) | (0.4) | (50) |
| Profit before tax (PBT) (\$m) | 49.3 | 47.0 | 5 |
| Profit attributable to shareholders (\$m) | 39.6 | 36.9 | 7 |

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

Singapore Technologies Engineering Ltd

ST Engineering Hub, 1 Ang Mo Kio Electronics Park Road #07-01, Singapore 567710

T: (65) 6722 1818 F: (65) 6720 2293

www.stengg.com

(Regn. No.: 199706274H)

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Electronics sector unaudited results for the third quarter ended 30 September 2015

| | 3Q2015 \$'000 | 3Q2014 \$'000 | + / (-) % |
|--|------------------|------------------|--------------|
| 1. (a) Revenue | 438,643 | 360,598 | 21.6 |
| (b) Cost of sales | (302,160) | (237,502) | 27.2 |
| (c) Gross Profit | 136,483 | 123,096 | 10.9 |
| (d) Distribution and selling expenses | (21,603) | (20,259) | 6.6 |
| (e) Administrative expenses | (45,098) | (38,101) | 18.4 |
| (f) Other operating expenses | (22,480) | (19,225) | 16.9 |
| (g) Profit from operations | 47,302 | 45,511 | 3.9 |
| (h) Other income | 2,307 | 1,772 | 30.2 |
| (i) Other expenses | - | (1) | (100.0) |
| (j) Other income, net | 2,307 | 1,771 | 30.3 |
| (k) Finance income | 1,010 | 1,518 | (33.5) |
| (l) Finance costs | (1,545) | (1,875) | (17.6) |
| (m) Finance costs, net | (535) | (357) | 49.9 |
| (n) Share of results of associates and joint ventures, net of tax | 259 | 87 | 197.7 |
| (o) Profit before taxation | 49,333 | 47,012 | 4.9 |
| (p) Taxation | (9,785) | (10,234) | (4.4) |
| (q) Profit for the period | 39,548 | 36,778 | 7.5 |
| Attributable to: | | | |
| (r) Shareholders of the Company | 39,560 | 36,916 | 7.2 |
| (s) Non-controlling interests | (12) | (138) | (91.3) |
| | 39,548 | 36,778 | 7.5 |
| | | | |
| 2. (a) Profit from operations is arrived at after charging/(crediting) the following: | | | |
| Depreciation and amortisation | 10,336 | 9,020 | 14.6 |
| Allowance for doubtful debts & bad debts written off, net | 517 | 44 | >500 |
| Allowance for stock obsolescence, net | 381 | 499 | (23.6) |
| | | | |
| (b) Finance costs, net comprises: | | | |
| Interest income | 677 | 1,459 | (53.6) |
| Foreign exchange gain, net | 333 | 59 | 464.4 |
| Impairment loss on an investment | - | (632) | (100.0) |
| Interest expenses | (1,545) | (1,243) | 24.3 |
| | (535) | (357) | 49.9 |

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| | 3Q2015 \$'000 | 3Q2014 \$'000 | + / (-) % |
|--|------------------|------------------|--------------|
| 3. (a) Profit for the period [1(q) above] as a percentage of revenue | 9.0% | 10.2% | |
| (b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period | 10.3% | 10.3% | |
| 4. (a) Revenue reported for first half year | 784,530 | 763,414 | 2.8 |
| (b) Profit for the period reported for first half year | 69,544 | 68,616 | 1.4 |
| (c) Revenue reported for third quarter | 438,643 | 360,598 | 21.6 |
| (d) Profit for the period reported for third quarter | 39,548 | 36,778 | 7.5 |
| (e) Revenue reported for first nine months | 1,223,173 | 1,124,012 | 8.8 |
| (f) Profit for the period reported for first nine months | 109,092 | 105,394 | 3.5 |
| 5. (a) There was an overprovision of current tax of \$963,000 and an underprovision of deferred tax of \$37,000 in respect of prior years (3Q2014: 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). | | | |
| (b) There was no disposal of property during the third quarter. | | | |

6. Business Group Information

By Business Group

| | Revenue | | + / (-) % | Profit before Taxation | | + / (-) % |
|---------------------------------------|------------------|------------------|--------------|------------------------|----------------|--------------|
| | 2015 \$'000 | 2014 \$'000 | | 2015 \$'000 | 2014 \$'000 | |
| Third Quarter | | | | | | |
| Large-Scale Systems Group | 102,454 | 83,927 | 22.1 | 9,071 | 9,335 | (2.8) |
| Communication & Sensor Systems Group | 191,865 | 164,971 | 16.3 | 18,962 | 18,851 | 0.6 |
| Software Systems Group | 144,324 | 111,700 | 29.2 | 21,300 | 18,826 | 13.1 |
| Total | <u>438,643</u> | <u>360,598</u> | 21.6 | <u>49,333</u> | <u>47,012</u> | 4.9 |
| Nine Months Ended 30 September | | | | | | |
| Large-Scale Systems Group | 303,507 | 283,199 | 7.2 | 35,133 | 33,266 | 5.6 |
| Communication & Sensor Systems Group | 543,974 | 522,434 | 4.1 | 42,825 | 44,488 | (3.7) |
| Software Systems Group | 375,692 | 318,379 | 18.0 | 52,840 | 49,776 | 6.2 |
| Total | <u>1,223,173</u> | <u>1,124,012</u> | 8.8 | <u>130,798</u> | <u>127,530</u> | 2.6 |

By Geographical Areas

| | Revenue | | |
|--------|------------------|------------------|------|
| | 3Q2015 \$'000 | 3Q2014 \$'000 | |
| Asia | 336,576 | 282,516 | 19.1 |
| USA | 40,306 | 27,926 | 44.3 |
| Europe | 23,682 | 17,214 | 37.6 |
| Others | 38,079 | 32,942 | 15.6 |
| Total | <u>438,643</u> | <u>360,598</u> | 21.6 |

By Country of Incorporation

| | | | |
|--------|----------------|----------------|------|
| Asia | 354,322 | 295,728 | 19.8 |
| USA | 67,921 | 52,675 | 28.9 |
| Europe | 5,906 | 4,016 | 47.1 |
| Others | 10,494 | 8,179 | 28.3 |
| Total | <u>438,643</u> | <u>360,598</u> | 21.6 |

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7. Review of Performance

(a) Revenue

3Q2015 vs 3Q2014

| 3Q2015 | 3Q2014 | Growth | |
|--------|--------|--------|-----|
| \$439m | \$360m | \$79m | 22% |

Revenue of \$439 million recorded in 3Q2015 was higher than that of 3Q2014 by 22% or \$79 million. All three business groups recorded higher sales. **Large-Scale Systems Group (LSG)** and **Software Systems Group (SSG)** recorded higher sales mainly due to higher value project milestone completions. **Communication & Sensor Systems Group's (CSG)** sales were higher mainly due to higher value project milestone completions and increased sales of satellite communication products.

(b) Profitability

3Q2015 vs 3Q2014

| 3Q2015 | 3Q2014 | Growth | |
|---------|---------|--------|----|
| \$49.3m | \$47.0m | \$2.3m | 5% |

The profit before tax of \$49.3 million for 3Q2015 was comparable to that of 3Q2014. Notwithstanding higher sales and better contribution from satellite communication product sales, the Sector recorded comparable profit as a result of less favourable sales mix and higher operating expenses.

8. Prospects

FY2015

Barring unforeseen circumstances, FY2015 revenue is expected to be higher while profit before tax is expected to be comparable to FY2014.

9. Balance Sheet

| | 30-Sep-15 \$'000 | 31-Dec-14 \$'000 |
|---|---------------------|---------------------|
| Property, plant and equipment | 173,904 | 179,704 |
| Associates and joint ventures | 1,315 | 10,297 |
| Investments | 9,981 | 3,963 |
| Intangible assets | 345,953 | 304,545 |
| Long-term receivables, non-current | 588 | 187 |
| Deferred tax assets | 27,642 | 30,023 |
| Derivative financial instruments, non-current | 103 | - |
| Non-current assets | 559,486 | 528,719 |
| Current assets | 1,299,969 | 1,265,351 |
| Total assets | 1,859,455 | 1,794,070 |
| Current liabilities | 1,080,861 | 1,086,428 |
| Non-current liabilities | 519,787 | 510,536 |
| Total liabilities | 1,600,648 | 1,596,964 |
| Share capital and reserves | 251,560 | 191,847 |
| Non-controlling interests | 7,247 | 5,259 |
| Total equity and liabilities | 1,859,455 | 1,794,070 |
| Net current assets | 219,108 | 178,923 |

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10. Statement of Cash Flows for the third quarter ended 30 September 2015

| | 3Q2015 \$'000 | 3Q2014 \$'000 |
|--|-----------------------------|-----------------------------|
| Net cash from/(used in) operating activities | 6,811 | (1,303) |
| Net cash from/(used in) investing activities | 7,369 | (16,078) |
| Proceed from sale of property, plant and equipment | 23 | 1 |
| Dividend from an associate | - | 46 |
| Purchase of property, plant and equipment | (4,407) | (7,795) |
| Acquisition of other intangible assets | (5,923) | (8,330) |
| Acquisition of controlling interests in a subsidiary, net of cash acquired | 17,676 | - |
| Net cash used in financing activities | (14,889) | (1,399) |
| Repayment of related parties loans | - | (10,129) |
| Proceeds from a related party loans | 6,839 | 11,702 |
| Loans to related parties | (33,000) | (15,000) |
| Repayment of loans by related parties | 34,000 | 15,000 |
| Repayment of a joint venture loan | - | (824) |
| Acquisition of non-controlling interests in subsidiaries | (4,600) | - |
| Dividend paid to shareholder | (16,600) | (1,249) |
| Interest paid | (445) | (1,238) |
| Deposits (pledged)/discharged | (1,083) | 339 |
| Net decrease in cash and cash equivalents | (709) | (18,780) |
| Cash and cash equivalents at beginning of period | 242,911 | 324,227 |
| Exchange difference on cash and cash equivalents | 4,034 | (314) |
| Cash and cash equivalents at end of period | <u>246,236</u> ¹ | <u>305,133</u> ² |

¹ Cash and cash equivalents at the end of 3Q2015 was after deducting \$69.0 million of short term net lending to a related party.

² Cash and cash equivalents at the end of 3Q2014 was after deducting \$140.0 million of short term net lending to a related party.

Media Contact:
Michelle Choh
AVP, Corporate Communications
Tel: (65) 64131788
Fax: (65) 64848840
Email: choh.ssushien@stee.stengg.com