

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

“PBT Crossed S\$200 Million Mark”

FINANCIAL HIGHLIGHTS For the year ended 31 December 2016			
	2016 FY	2015 FY	Growth %
Revenue (\$m)	1,910	1,743	10
Earnings before interest and tax (EBIT) (\$m)	191.8	178.7	7
Other income, net (\$m)	19.4	14.7	32
Finance costs, net (\$m)	(3.7)	(2.4)	(53)
Profit before tax (PBT) (\$m)	207.8	191.0	9
Profit attributable to shareholders (\$m)	174.5	163.0	7
Economic value added (EVA) (\$m)	138.9	130.1	7

“The Electronics sector achieved strong results for FY2016. We have crossed the S\$200M mark for PBT in FY2016 and secured S\$695M of contract wins in 4Q2016 bringing the total of new orders secured in FY2016 to S\$2.3B. These achievements, coupled with our proven track record, have given us greater confidence in our products and solutions offerings as we pursue new opportunities locally and overseas.”

Ravinder Singh, President

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 audited results for the year ended 31 December 2016

	FY2016	FY2015	+ / (-)
	\$'000	\$'000	%
1. (a) Revenue	1,910,501	1,743,174	9.6
(b) Cost of sales	(1,369,016)	(1,222,376)	12.0
(c) Gross Profit	541,485	520,798	4.0
(d) Distribution and selling expenses	(95,215)	(90,657)	5.0
(e) Administrative expenses	(164,522)	(162,649)	1.2
(f) Other operating expenses	(89,902)	(88,793)	1.2
(g) Profit from operations	191,846	178,699	7.4
(h) Other income	19,400	14,654	32.4
(i) Other expenses	(15)	-	NM
(j) Other income, net	19,385	14,654	32.3
(k) Finance income	4,089	3,683	11.0
(l) Finance costs	(7,827)	(6,122)	27.9
(m) Finance costs, net	(3,738)	(2,439)	53.3
(n) Share of results of associate and joint ventures, net of tax	305	38	>500
(o) Profit before taxation	207,798	190,952	8.8
(p) Taxation	(33,194)	(27,191)	22.1
(q) Profit for the year	174,604	163,761	6.6
Attributable to:			
(r) Shareholder of the Company	174,546	163,000	7.1
(s) Non-controlling interests	58	761	(92.4)
	174,604	163,761	6.6
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	45,536	39,871	14.2
Allowance for doubtful debts & bad debts written off, net	1,629	2,009	(18.9)
Allowance for inventory obsolescence, net	470	915	(48.6)
(b) Finance costs, net comprises:			
Interest income	2,194	3,366	(34.8)
Foreign exchange gain, net	1,642	311	428.0
Gain on disposal of investments	253	6	>500
Impairment loss on an investment	(8)	-	NM
Interest expenses	(7,819)	(6,122)	27.7
	(3,738)	(2,439)	53.3

* NM - Not Meaningful

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	FY2016 \$'000	FY2015 \$'000	+ / (-) %
3. (a) Profit for the year [1(q) above] as a percentage of revenue	9.1%	9.4%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of year	44.0%	46.8%	
	2016 \$'000	2015 \$'000	+ / (-) %
4. (a) Revenue reported for first half year	914,578	784,530	16.6
(b) Profit for the period reported for first half year	74,771	69,544	7.5
(c) Revenue reported for second half year	995,923	958,644	3.9
(d) Profit for the period reported for second half year	99,833	94,217	6.0
5. (a) There was overprovision of current tax and deferred tax of \$3,773,000 and \$1,648,000 respectively in respect of prior years (FY2015: There was overprovision of current tax and deferred tax of \$7,080,000 and \$1,319,000 respectively in respect of prior years).			
(b) There was no disposal of property during the year.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	FY2016 \$'000	FY2015 \$'000		FY2016 \$'000	FY2015 \$'000	
Full Year Ended 31 December						
Large-Scale Systems Group	430,954	396,738	8.6	46,726	39,326	18.8
Communication & Sensor Systems Group	925,892	814,888	13.6	77,312	75,204	2.8
Software Systems Group	553,655	531,548	4.2	83,760	76,422	9.6
Total	<u>1,910,501</u>	<u>1,743,174</u>	9.6	<u>207,798</u>	<u>190,952</u>	8.8

	Revenue		+ / (-) %
	FY2016 \$'000	FY2015 \$'000	
<u>By Geographical Areas</u>			
Asia	1,484,115	1,336,315	11.1
USA	191,148	148,354	28.8
Europe	120,599	113,235	6.5
Others	114,639	145,270	(21.1)
Total	<u>1,910,501</u>	<u>1,743,174</u>	9.6

By Country of Incorporation

Asia	1,528,860	1,407,747	8.6
USA	316,257	272,483	16.1
Europe	23,114	22,871	1.1
Others	42,270	40,073	5.5
Total	<u>1,910,501</u>	<u>1,743,174</u>	9.6

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7. Review of Performance

(a) Revenue

FY2016 vs FY2015

FY2016	FY2015	Growth	
\$1,910m	\$1,743m	\$167m	10%

Revenue of \$1,910 million recorded in FY2016 was higher than that of FY2015 by 10% or \$167 million. **Communication & Sensor Systems Group (CSG)** recorded higher sales mainly due to higher value project milestone completions, increased sales of satellite communication products and electro-optics equipment. **Large-Scale Systems Group's (LSG)** sales were higher mainly due to higher value project milestone completions. **Software Systems Group's (SSG)** sales were comparable to that of FY2015.

(b) Profitability

FY2016 vs FY2015

FY2016	FY2015	Growth	
\$207.8m	\$191.0m	\$16.8m	9%

The profit before tax of \$207.8 million for FY2016 was higher than that of FY2015 by 9% or \$16.8 million. The Sector recorded higher profit mainly due to increased sales and higher other income, partially offset by higher operating expenses.

8. Prospects

FY2017

Barring unforeseen circumstances, FY2017 revenue and profit before tax are expected to be higher compared to FY2016.

9. Balance Sheet

	31-Dec-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	212,030	185,192
Associates and joint venture	1,565	1,397
Investments	10,114	9,902
Intangible assets	347,989	335,049
Long-term receivable, non-current	966	913
Deferred tax assets	25,889	29,726
Derivative financial instruments, non-current	845	40
Non-current assets	599,398	562,219
Current assets	1,457,021	1,299,812
Total assets	2,056,419	1,862,031
Current liabilities	1,270,920	1,113,779
Non-current liabilities	513,017	523,944
Total liabilities	1,783,937	1,637,723
Share capital and reserves	265,872	217,088
Non-controlling interests	6,610	7,220
Total equity and liabilities	2,056,419	1,862,031
Net current assets	186,101	186,033

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10. Statement of Cash Flows for the year ended 31 December 2016

	FY2016	FY2015
	\$'000	\$'000
Net cash from operating activities	148,504	65,846
Net cash used in investing activities	(77,459)	(33,151)
Proceeds from sale of property, plant and equipment	66	50
Proceeds from disposal of an associate	731	-
Proceeds from disposal of unquoted investments	253	6
Dividends from an associate and a joint venture	137	720
Purchase of property, plant and equipment	(65,881)	(32,154)
Purchase of investments	(9)	(5,281)
Acquisition of other intangible assets	(12,756)	(14,168)
Acquisition of controlling interests in a subsidiary, net of cash acquired	-	17,676
Net cash used in financing activities	(106,209)	(40,633)
Repayment of related parties loans	(79,467)	(2,723)
Repayment of loans by related parties	17,500	163,000
Repayment of loans to a joint venture	(7,000)	-
Proceeds from related parties loans	117,719	46,155
Proceeds of a loan from a joint venture	2,000	5,000
Loans to related parties	(17,500)	(83,000)
Acquisition of non-controlling interests in subsidiaries	-	(7,600)
Dividends paid to shareholder	(133,274)	(158,059)
Dividends paid to non-controlling interests	(605)	-
Interest paid	(5,568)	(2,827)
Deposits pledged	(14)	(579)
Net decrease in cash and cash equivalents	(35,164)	(7,938)
Cash and cash equivalents at beginning of the year	270,221	276,893
Exchange difference on cash and cash equivalents at beginning of the year	(105)	1,266
Cash and cash equivalents at end of the year	<u>234,952</u>	<u>270,221</u>

11. Economic Value Added (EVA)

EVA for FY2016 was \$138.9 million, an increase of \$8.8 million or 7% over FY2015. The weighted average cost of capital was 5.6% for 2016 (2015: 5.5%).

Media Contact:
 Agnes Chang
 AVP, Corporate Communications
 Tel: (65) 64131788
 Fax: (65) 64848840
 Email: chang.chehhong.agnes@stee.stengg.com