



**Singapore Technologies  
Engineering**

# **1Q2004 Results Briefing**

**7 April 2004**



Marine

Aerospace

Land Systems

Electronics



Singapore Technologies  
Engineering

1Q2004

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# Resilient Performance

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*Engineering Our Future*



# Scope of Briefing

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- ◆ **Financial Highlights**
- ◆ Business Review
- ◆ Outlook



# Financial Highlights

for the quarter ended 31 March 2004



- ◆ Defence sales constituted 50% or \$335 million of total sales
- ◆ Order book was \$4.7 billion at end March 2004 of which about \$1.6 billion is expected to be delivered in the remaining months of 2004
- ◆ Cash and cash equivalents and funds under management total about \$2 billion



# Financial Highlights

for the quarter ended 31 March 2004



\$ m	1Q2004	1Q2003	Change
Turnover	670	645	↑ 4%
Investment, interest & other income	10.4	13.2	↓ 21%
EBIT	73.6	75.0	↓ 2%
PBT	95.9	95.7	-
PATMI	70.5	73.5	↓ 4%



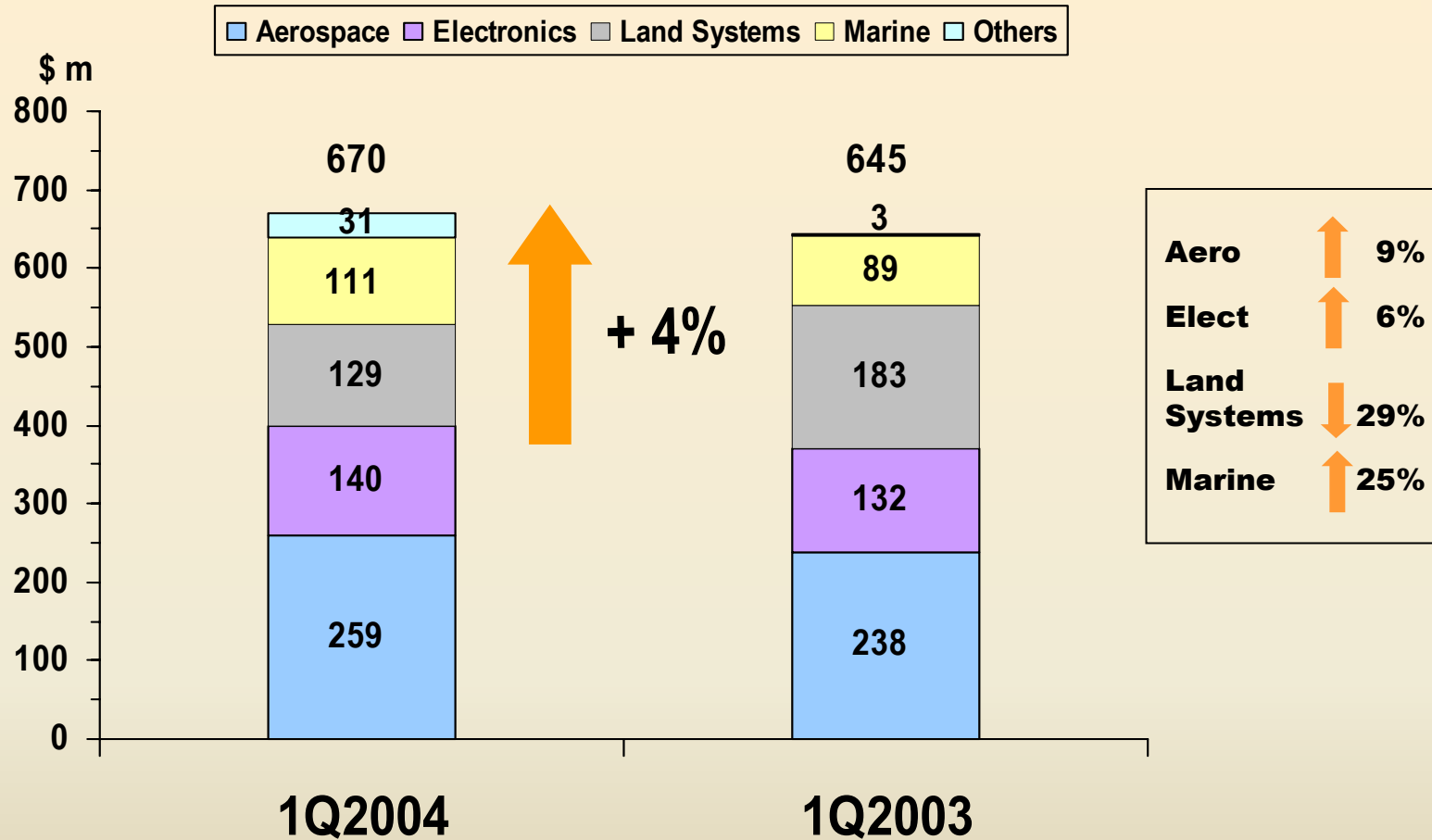
# Financial Indicators



	1Q2004	1Q2003
EPS (cents)	2.4	2.5
ROS (%)	10.5	11.4
ROE (%)	5.0	4.8



# Group Turnover *by sectors*





# Group Turnover *by sectors*

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- ◆ **Aerospace**
  - Higher sales and deliveries in AMM and EMS business groups
- ◆ **Electronics**
  - Higher milestone completions in CSG and SSG, partially offset by lower value in project milestone completions in LSG
- ◆ **Land Systems**
  - Lower sales and deliveries in Auto and M&W business groups
- ◆ **Marine**
  - Higher Shipbuilding turnover from local and US operations, partially offset by lower shiprepair sales
- ◆ **Others**
  - Higher sales with inclusion of Miltope





# EBITDA / EBIT - Group



\$ m	1Q2004	1Q2003	%
<b>EBITDA</b>	94.6	96.9	(2)
Depreciation & amortisation	(21.0)	(21.9)	(4)
<b>EBIT</b>	73.6	75.0	(2)
Investment, interest and other income	10.4	13.2	(21)
Interest paid	(1.0)	(0.6)	59
<b>Operating profit</b>	83.0	87.6	(5)
Associated companies	12.9	8.1	59
<b>Profit before tax</b>	95.9	95.7	-



# Investment Income



\$'000	1Q2004		1Q2003		Change
Aerospace	4,195	95%	412	9%	NM
Electronics	-	-	191	4%	↓ 100%
Marine	200	5%	3,976	87%	↓ 95%
<b>Group</b>	<b>4,395</b>	<b>100%</b>	<b>4,579</b>	<b>100%</b>	<b>↓ 4%</b>



# Interest and Other Income



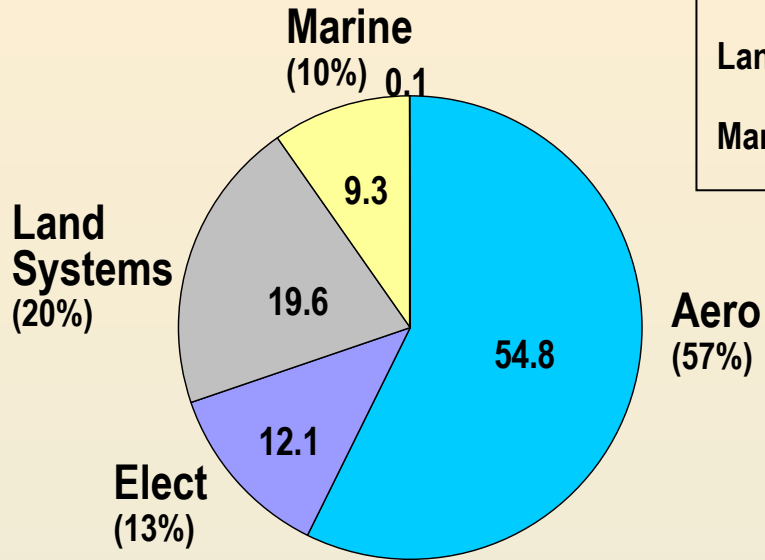
\$'000	1Q2004		1Q2003		Change
Aerospace	1,373	23%	3,200	37%	↓ 57%
Electronics	665	11%	1,001	12%	↓ 34%
Land Systems	1,914	32%	2,301	27%	↓ 17%
Marine	1,160	20%	787	9%	↑ 47%
Others	850	14%	1,318	15%	↓ 36%
<b>Group</b>	<b>5,962</b>	<b>100%</b>	<b>8,607</b>	<b>100%</b>	<b>↓ 31%</b>



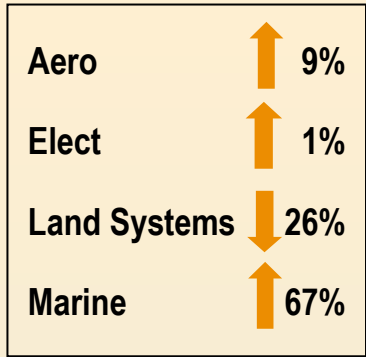
# Profit Before Tax *by sectors*



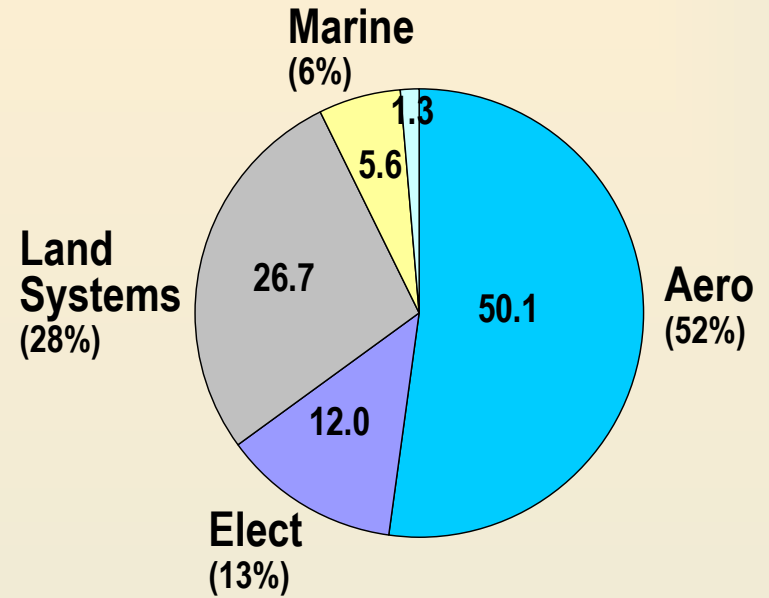
**1Q2004**



**\$95.9m**



**1Q2003**



**\$95.7m**



# Profit before Tax *by sectors*

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- ◆ **Aerospace**
  - Higher profits in line with higher turnover and higher investment income
- ◆ **Electronics**
  - Higher PBT of CSG and SSG, offset by loss incurred by an overseas subsidiary of LSG
- ◆ **Land Systems**
  - Lower PBT of M&W business group partially offset by higher PBT of Auto business group and associated companies' contribution
- ◆ **Marine**
  - Higher PBT from Shipbuilding and Shiprepair, partially offset by lower investment income



# Profit Before Tax / Sales *by sectors*



\$ m	1Q2004	1Q2003
Aerospace	21%	21%
Electronics	8%	9%
Land Systems	15%	15%
Marine	8%	6%
<b>Group</b>	<b>14%</b>	<b>15%</b>

Margins remain healthy



# Profit Attributable to Shareholders



\$ m	1Q2004		1Q2003		Change
Aerospace	42.0	60%	38.1	52%	↑ 10%
Electronics	8.8	12%	8.7	12%	↑ 1%
Land Systems	14.0	20%	20.7	28%	↓ 33%
Marine	6.7	10%	5.4	7%	↑ 25%
Others	(1.0)	(2%)	0.6	1%	↓ 274%
<b>Group</b>	<b>70.5</b>	<b>100%</b>	<b>73.5</b>	<b>100%</b>	<b>↓ 4%</b>





# Turnover and PBT - 1Q2004 vs 4Q2003



\$ m	Turnover			Profit before Tax		
	1Q2004	4Q2003	%	1Q2004	4Q2003	%
Aerospace	259	293	(11)	54.8	60.5	(10)
Electronics	140	175	(20)	12.1	18.8	(36)
Land Systems	129	154	(16)	19.6	10.4	88
Marine	111	94	18	9.3	6.9	35
Others	31	2	NM	0.1	(8.5)	101
<b>Group</b>	<b>670</b>	<b>718</b>	<b>(7)</b>	<b>95.9</b>	<b>88.1</b>	<b>9</b>



# Balance Sheet



\$ m	31 Mar 2004	31 Dec 2003
Fixed assets	417	419
Associated companies and joint ventures	211	197
Long-term investments	43	36
Intangible assets	63	58
Loan receivables, non-current	1	1
Deferred tax assets	80	85
Net current assets	<u>1,112</u>	<u>1,050</u>
	1,927	1,846
Non-current liabilities	<u>(486)</u>	<u>(482)</u>
	<u>1,441</u>	<u>1,364</u>
Share capital and reserves	1,398	1,324
Minority interests	43	40
	<u>1,441</u>	<u>1,364</u>



# Cash Flow Statement



\$ m	31 Mar 04	31 Mar 03
<b>Cash flow from/(used in) :</b>		
<b>Operating activities</b>	<b>14</b>	<b>6</b>
<b>Investing activities</b>	<b>(23)</b>	<b>18</b>
<b>Financing activities</b>	<b>10</b>	<b>(6)</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>1</b>	<b>18</b>
<b>Cash &amp; cash equivalents at beginning of year</b>	<b>1,802</b>	<b>1,987</b>
<b>Exchange difference</b>	<b>(2)</b>	<b>1</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>1,801</b>	<b>2,006</b>



# Scope of Briefing

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- ◆ Financial Highlights
- ◆ **Business Review**
- ◆ Outlook



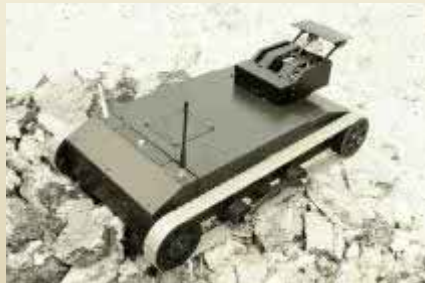
# Business Review



## Asian Aerospace 2004 (24 –29 Feb 2004)

### ◆ Latest Products & Solutions

- **Aerospace**
  - Unmanned Aerial Vehicles – MAV-1 & FanTail
- **Electronics**
  - Maritime, Aviation and Port Security (MAPS) Solution
- **Land Systems**
  - Robotics Vehicle – IRAV and Spider
  - Active Articulation Vehicle



# Business Review



## Asian Aerospace 2004 (24 – 29 Feb 2004)

### ◆ Events

#### ● Group

- **Opened Kazakhstan representative office and planning one in India**
  - to spearhead the Group's marketing efforts in the region

#### ● Aerospace

- **Topping up of new hangar in SASCO**
  - to meet the demands of growing customer base

#### ● Land Systems

- **Signed MOU with Lockheed Martin**
  - for joint cooperation on manned and unmanned ground systems



# Business Review - Aerospace



## ◆ AMM

- Signed agreement with Qatar Airways for “C” checks on 4 A320
- Awarded contract to supply 20 refurbished UH1H to Philippines Air Force

## ◆ CERO

- Secured F100 engine maintenance from Asian customer
- New capabilities - testing capabilities for CFM56-3 Main Engine Control (MEC)



## ◆ EMS

- Signed 3 year contract to provide Total Aviation Support (TAS) for Valuair





# Business Review - Electronics



## ◆ LSG

- Secured additional order from Kaohsiung Rapid Transit Corporation (KRTC) for MRT Integrated Comms System
- ST Elect (Shanghai) signed agreement with PCI to form JVCo in Guangzhou, China for Huanan market
- Secured Guangzhou AFC project worth about \$15 million



## ◆ CSG

- Secured Guangzhou Metro On-Train Comms Project



# Business Review – Land Systems



## ◆ Auto

- Continued contractual delivery of Bronco
- Obtained regulatory approvals for joint venture company, Beijing Zhonghuan Kinetics Heavy Vehicles Co. Ltd



## ◆ M&W

- 40mm ABMS undergoing evaluation trials in European country



## ◆ Strategic Alliances

- Signed MOU with Lockheed Martin for joint cooperation for manned and unmanned ground systems



# Business Review - Marine



## ◆ Shipbuilding

- Local

- Frigate program on schedule

- US

- Delivered Offshore Supply Vessel, “Seacor Pride”
- Secured contract to construct a Stevedoring Crane Barge for Tide Leasing Company, LLC



“Seacor Pride”

## ◆ Shiprepair

- Dredger repairs continued to dominate. Major repairs include - “Nile River” for Dredging International
- Completed major damage repairs of bulk carrier, “Katerina” for Eurocarriers SA, Greece



“Nile River”



# Scope of Briefing

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- ◆ Financial Highlights
- ◆ Business Review
- ◆ **Outlook**



# Outlook

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## Aerospace

- ◆ While aviation industry seemed to be improving, much uncertainties remain
- ◆ Looking to secure more work outsourced by major carriers
- ◆ Leveraging on global network to offer TAS for regional airlines and LCCs

## Electronics

- ◆ Continue to bid for commercial business opportunities in the Asia-Pacific region

## Land Systems

- ◆ Investing in new capabilities and products
- ◆ Building up BZK as catalyst to specialty vehicles business
- ◆ Continue to pursue export orders

## Marine

- ◆ Focus on Frigates construction
- ◆ Seeking new orders for VT Halter Marine



# Group Outlook for 2Q2004

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For 2Q2004, the Group expects higher turnover and PBT compared to 1Q2004

- ◆ **Aerospace** - Turnover and PBT are expected to be higher than 1Q2004
- ◆ **Electronics** - Turnover and PBT are expected to be higher compared to 1Q2004
- ◆ **Land Systems** - Turnover is expected to be higher while PBT is expected to be comparable to that of 1Q2004
- ◆ **Marine** - Turnover and PBT are expected to be lower compared to 1Q2004



# Group Outlook for FY2004



For FY2004, the Group expects higher turnover and a modest increase in PBT

- ◆ **Aerospace** - Turnover and PBT are expected to be higher than FY2003
- ◆ **Electronics** - Turnover and PBT are expected to be higher than FY2003
- ◆ **Land Systems** - Turnover is expected to be lower than FY2003 as a result of reduced projected deliveries while PBT is expected to be significantly lower due to lower margins from changes in product mix and reduced deliveries
- ◆ **Marine** - Turnover and PBT are expected to be higher than FY2003





# President & CEO's Message

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*“The Group's pre-tax profit was comparable to 1Q2003. Higher tax charges led to lower profit after tax as a result of the downward adjustment in deferred tax assets following the reduction in corporate tax rate announced in February 2004. Both Aerospace and Marine sectors recorded higher sales and pre-tax profits, while Land Systems sector recorded lower sales and profits.*”

*The various acquisitions and JVs that we have invested over the last 1 to 2 years will provide medium term growth as we ramp up operations. While we expect modest PBT growth in 2004, uncertainties continue in the aviation sector.”*

*~ Tan Pheng Hock*





Marine

Aerospace

Land Systems

Electronics



**Singapore Technologies  
Engineering**

*Thank You*

***“Engineering Our Future”***



**SINGAPORE  
QUALITY  
AWARD**  
*for business excellence*

**2002 Winner**