

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2022

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
RESULTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2022

1 CONSOLIDATED INCOME STATEMENT FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2022

	GROUP					
	2H2022	2H2021	+ / (-)	FY2022	FY2021	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4,765,196	4,041,975	17.9	9,035,103	7,692,865	17.4
Cost of sales	(3,915,439)	(3,251,373)	20.4	(7,336,446)	(6,157,797)	19.1
Gross profit	849,757	790,602	7.5	1,698,657	1,535,068	10.7
Distribution and selling expenses (refer to para 1.6)	(95,567)	(99,611)	(4.1)	(194,775)	(182,760)	6.6
Administrative expenses (refer to para 1.7)	(379,654)	(322,537)	17.7	(727,382)	(607,974)	19.6
Other operating expenses (refer to para 1.8)	(104,639)	(81,190)	28.9	(168,636)	(133,841)	26.0
Other income, net (refer to para 1.9)	34,340	26,413	30.0	56,670	35,420	60.0
Profit from operations	304,237	313,677	(3.0)	664,534	645,913	2.9
Non-operating income, net (refer to para 1.10)	23,937	467	>500	37,288	11,742	217.6
Share of results of associates and joint ventures, net of tax (refer to para 1.11)	22,336	4,403	407.3	33,270	15,991	108.1
Earnings before interest and tax (refer to para 1.1)	350,510	318,547	10.0	735,092	673,646	9.1
Finance income	2,624	1,838	42.8	11,203	11,686	(4.1)
Finance costs	(106,770)	(22,574)	373.0	(148,829)	(47,725)	211.8
Finance costs, net (refer to para 1.2)	(104,146)	(20,736)	402.2	(137,626)	(36,039)	281.9
Profit before taxation	246,364	297,811	(17.3)	597,466	637,607	(6.3)
Taxation	14,597	(24,396)	NM	(54,131)	(70,636)	(23.4)
Profit after taxation	260,961	273,415	(4.6)	543,335	566,971	(4.2)
Attributable to:						
Shareholders of the Company	255,032	274,445	(7.1)	535,012	570,540	(6.2)
Non-controlling interests	5,929	(1,030)	NM	8,323	(3,569)	NM
	260,961	273,415	(4.6)	543,335	566,971	(4.2)

NM: Not Meaningful

Note:

Amounts may not add to totals shown due to rounding.

1(a) **BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT**

General

The Company is a public limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 1 Ang Mo Kio Electronics Park Road #07-01 ST Engineering Hub, Singapore 567710.

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The consolidated financial statements as at and for the second half-year and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

Basis of preparation

The condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period and are consistent with those used in the previous financial year. The adoption of the new and revised SFRS(I) and related interpretations that are mandatory for financial year beginning on or after 1 January 2022 has no significant impact on the financial statements of the Group or the Company in the current financial year.

The financial statements are presented in Singapore dollars (SGD) which is the Company's functional currency.

Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1(a) **BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT** (cont'd)

	GROUP					
	2H2022 \$'000	2H2021 \$'000	+ / (-) %	FY2022 \$'000	FY2021 \$'000	+ / (-) %
1.1 Earnings before interest and tax is arrived at after charging the following:						
Depreciation and amortisation	289,188	210,766	37.2	516,872	398,090	29.8
The higher depreciation and amortisation expenses in FY2022 as compared to FY2021 were attributable to Commercial Aerospace and Urban Solutions & Satcom.						
(Reversal of)/ impairment loss on trade receivables and contract assets	14	25,823	(99.9)	(3,930)	29,828	NM
The reversal of impairment loss in FY2022 was due mainly to Commercial Aerospace, partially offset by impairment loss from Urban Solutions & Satcom.						
Allowance for inventory obsolescence, net	23,321	32,492	(28.2)	32,265	45,861	(29.6)
The lower allowance for inventory obsolescence in FY2022 as compared to FY2021 was mainly attributable to Commercial Aerospace.						
1.2 Finance costs, net comprises:						
Interest income	6,772	2,100	222.5	9,271	3,936	135.5
Foreign exchange (loss)/ gain, net	(18,807)	(1,626)	>500	(11,520)	4,388	NM
Fair value changes of financial instruments and hedged items	4,614	1,318	250.1	1,932	685	182.0
Interest expenses	(96,725)	(22,528)	329.4	(137,309)	(45,048)	204.8
	<u>(104,146)</u>	<u>(20,736)</u>	<u>402.2</u>	<u>(137,626)</u>	<u>(36,039)</u>	<u>281.9</u>
The higher finance costs in FY2022 was due mainly to higher borrowings for the acquisition of TransCore and aviation assets.						
1.3 Profit after taxation as a percentage of revenue	5.5%	6.8%		6.0%	7.4%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves	10.6%	11.4%		22.3%	23.6%	
1.5 The Group's tax charge in FY2022 included adjustments for overprovision of current tax of \$1.6 million and deferred tax of \$9.9 million in respect of prior years. (FY2021: Adjustments for overprovision of current tax of \$10.7 million and underprovision of deferred tax of \$1.4 million in respect of prior years.)						
1.6 The higher distribution and selling expenses in FY2022 (by \$12.0 million) was due mainly to Singapore Airshow expenses, as well as higher staff related expenses, travelling expenses, exhibition and promotion and other selling expenses.						
1.7 The higher administrative expenses in FY2022 (by \$119.4 million) was due mainly to transaction expenses for acquisitions and divestments, higher staff related expenses and other administrative expenses.						
1.8 The higher other operating expenses in FY2022 (by \$34.8 million) was due mainly to higher research and development expenses.						
1.9 The higher other income, net (by \$21.3 million) was mainly contributed by higher favourable fair value changes in FY2022 as compared to FY2021 on investments and associates in the Corporate Venture Fund, gain on disposal of associate and gain on sale of property, plant and equipment.						
1.10 Non-operating income, net (\$37.3 million) was mainly attributable to gain on disposal of subsidiaries in FY2022. In the prior year, non-operating income, net (\$11.7 million) was due to gain recognised on the receipt of liquidation proceeds of subsidiaries.						
1.11 The higher share of results of associates and joint ventures, net of tax, (by \$17.3 million) was largely due to improved performance from associates and joint ventures in Commercial Aerospace and Urban Solutions & Satcom and contribution from Experia Events Pte. Ltd., the organiser of Singapore Airshow 2022.						
1.12 The Group received COVID-19 related government support of \$2 million in FY2022, lower as compared to FY2021 by \$203 million. The government support mainly comprised amounts received under the Jobs Support Scheme (JSS) and various COVID-19 related government support received by the Group's subsidiaries in the countries they operate.						

Note: Defence & Public Security includes "Others"

1(b) **BREAKDOWN OF REVENUE AND PROFIT FOR THE PERIOD**

	GROUP		
	2022	2021	+/(-)
	\$'000	\$'000	%
Revenue reported for first half-year	4,269,907	3,650,890	17.0
Profit after taxation reported for first half-year	282,374	293,556	(3.8)
Revenue reported for second half-year	4,765,196	4,041,975	17.9
Profit after taxation reported for second half-year	260,961	273,415	(4.6)

1(c) **RELATED PARTY TRANSACTIONS**

	Group	
	FY2022	FY2021
	\$'000	\$'000
Associates of the Group		
Sales and services rendered	8,204	7,888
Purchases and services received	(2,503)	(3,384)
Dividend income	33,667	18,216
Joint ventures of the Group		
Sales and services rendered	144,156	54,999
Purchases and services received	(4,355)	(1,595)
Dividend income	6,808	6,132
Other related parties *		
Sales and services rendered	78,313	76,164
Purchases and services received	(46,359)	(9,882)
Rental expense	(6,719)	(5,368)

* Other related parties refer to subsidiaries, associates and joint ventures of the immediate holding company.

1(d) **EARNINGS PER ORDINARY SHARE (EPS)**

	GROUP	
	FY2022	FY2021
EPS based on profit attributable to shareholders:	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	17.18	18.30
(ii) On a fully diluted basis	17.06	18.20

2 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2022**

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the SFRS(I).

	GROUP					
	2H2022	2H2021	+ / (-)	FY2022	FY2021	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after taxation	260,961	273,415	(4.6)	543,335	566,971	(4.2)
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan remeasurements	89,614	49,887	79.6	94,222	49,887	88.9
Net fair value changes on equity investment at FVOCI	(2,957)	-	NM	(2,957)	-	NM
	86,657	49,887	73.7	91,265	49,887	82.9
Items that are or may be reclassified subsequently to profit or loss:						
Net fair value changes of cash flow hedges reclassified to income statement	21,609	2,233	>500	27,468	(2,415)	NM
Effective portion of changes in fair value of cash flow hedges	6,319	(16,893)	NM	94,161	(25,358)	NM
Share of net fair value changes on cash flow hedges of joint ventures	489	1,064	(54.0)	2,321	2,145	8.2
Foreign currency translation differences	(41,997)	(5,908)	>500	(74,620)	6,507	NM
Share of foreign currency translation differences of associates and joint ventures	(15,923)	2,555	NM	(15,438)	9,123	NM
Reserves released on disposal of subsidiaries	7,999	(298)	NM	8,149	(5,643)	NM
	(21,504)	(17,247)	24.7	42,041	(15,641)	NM
Other comprehensive income for the period, net of tax	65,153	32,640	99.6	133,306	34,246	289.3
Total comprehensive income for the period, net of tax	326,114	306,055	6.6	676,641	601,217	12.5
Total comprehensive income attributable to:						
Shareholders of the Company	302,918	309,792	(2.2)	666,695	615,183	8.4
Non-controlling interests	23,196	(3,737)	NM	9,946	(13,966)	NM
	326,114	306,055	6.6	676,641	601,217	12.5

3 **STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,076,348	1,793,811	12	145
Right-of-use assets	581,792	558,559	203	317
Subsidiaries	-	-	1,537,911	1,479,070
Associates and joint ventures	468,175	482,897	-	-
Investments	76,704	36,129	-	-
Intangible assets	5,291,345	1,992,738	-	-
Long-term trade receivables	11,163	1,534	-	-
Deferred tax assets	198,237	207,548	-	-
Amounts due from related parties	35,000	11,609	-	-
Advances and other receivables	81,045	69,863	-	-
Derivative financial instruments	17,064	4,217	-	-
Post-employment benefits	-	257	-	-
	8,836,873	5,159,162	1,538,126	1,479,532
Current assets				
Inventories	1,684,231	1,261,156	-	-
Contract assets	2,099,676	1,726,505	-	-
Trade receivables	1,152,328	1,066,756	-	-
Amounts due from related parties	135,089	113,843	7,159	14,833
Advances and other receivables	420,722	345,141	556	236
Derivative financial instruments	33,295	27,172	-	-
Bank balances and other liquid funds	601,771	815,924	117,879	82,255
	6,127,112	5,356,497	125,594	97,324
TOTAL ASSETS	14,963,985	10,515,659	1,663,720	1,576,856
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	939,990	919,524	-	-
Deposits from customers	34,886	17,078	-	-
Trade payables and accruals	2,826,498	2,612,515	4,255	3,526
Amounts due to related parties	41,887	27,781	8,102	11,878
Provisions	298,624	331,837	-	-
Provision for taxation	174,748	161,208	32	701
Borrowings	3,627,969	559,886	114	110
Deferred income	13,589	7,665	-	-
Post-employment benefits	8,413	7,640	-	-
Derivative financial instruments	38,606	34,508	-	-
	8,005,210	4,679,642	12,503	16,215
NET CURRENT (LIABILITIES)/ ASSETS	(1,878,098)	676,855	113,091	81,109

3 **STATEMENT OF FINANCIAL POSITION** (cont'd)

	GROUP		COMPANY	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Contract liabilities	877,937	832,754	-	-
Trade payables and accruals	72,712	63,482	-	-
Provisions	38,522	39,596	-	-
Deferred tax liabilities	167,481	174,661	-	-
Borrowings	2,906,568	1,555,334	-	113
Deferred income	17,588	73,882	-	-
Post-employment benefits	206,296	409,473	-	-
Derivative financial instruments	18,817	18,620	-	-
	4,305,921	3,167,802	-	113
TOTAL LIABILITIES	12,311,131	7,847,444	12,503	16,328
NET ASSETS	2,652,854	2,668,215	1,651,217	1,560,528
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(36,377)	(33,475)	(36,377)	(33,475)
Capital reserves	100,068	103,940	(15,977)	(12,044)
Other reserves	(34,437)	(101,937)	71,014	65,716
Retained earnings	1,472,816	1,548,308	736,631	644,405
Equity attributable to owners of the Company	2,397,996	2,412,762	1,651,217	1,560,528
Non-controlling interests	254,858	255,453	-	-
	2,652,854	2,668,215	1,651,217	1,560,528
TOTAL EQUITY AND LIABILITIES	14,963,985	10,515,659	1,663,720	1,576,856

3(a) **ANALYSIS OF STATEMENT OF FINANCIAL POSITION**

Compared to 31 December 2021, increase in the Group's property, plant and equipment as at 31 December 2022 was due to investments in aviation assets by the Group's Aviation Asset Management business. Increases in intangible assets and contract assets were due largely to the acquisition of TransCore. As a result, more borrowings were taken for the acquisitions of TransCore and aviation assets. Increase in business volume on the other hand drove increases in inventories as well as advances and other receivables. Reduction in post-employment benefits was due to pension restructuring effected during the year and lower fair value of pension liabilities.

Notwithstanding the net current liabilities position in the current year, the Group has available financial resources, including committed lines of credit, to meet its obligations as and when they fall due. The Group has very strong credit ratings (Aaa by Moody's and AA+ by S&P) which provide it ready access to additional borrowings as necessary.

3(b) **BORROWINGS**

	GROUP		COMPANY	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year</u>				
Secured	80,572	73,010	114	110
Unsecured	3,547,397	486,876	-	-
	<u>3,627,969</u>	<u>559,886</u>	<u>114</u>	<u>110</u>
<u>Amount repayable after one year</u>				
Secured	545,012	517,994	-	113
Unsecured	2,361,556	1,037,340	-	-
	<u>2,906,568</u>	<u>1,555,334</u>	<u>-</u>	<u>113</u>
Total	<u>6,534,537</u>	<u>2,115,220</u>	<u>114</u>	<u>223</u>

3(c) **FINANCIAL ASSETS AND LIABILITIES**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	GROUP	
	31-Dec-22	31-Dec-21
	\$'000	\$'000
<u>Financial assets</u>		
Investments	76,704	36,129
Associates	15,460	34,215
Derivative financial instruments	50,359	31,389
Trade receivables	1,163,491	1,068,290
Amounts due from related parties	170,089	125,452
Advances and other receivables	147,577	164,144
Bank balances and other liquid funds	601,771	815,924
	<u>2,225,451</u>	<u>2,275,543</u>
<u>Financial liabilities</u>		
Derivative financial instruments	57,423	53,128
Trade payables and accruals	2,899,210	2,675,997
Amounts due to related parties	41,887	27,781
Borrowings	6,534,537	2,115,220
	<u>9,533,057</u>	<u>4,872,126</u>

3(d) **FAIR VALUE HIERARCHY**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table shows the levels of fair value hierarchy and the respective valuation technique used in measuring the fair values, as well as significant unobservable inputs:

	Types of financial instruments	Valuation method
Level 1	FVOCI - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
	FVTPL - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
Level 2	FVOCI - Equity investments (unquoted)	Determined by reference to the most recent purchase price.
	Derivatives - Forward currency contracts - Interest rate swaps - Embedded derivatives	Determined based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
	FVTPL - Investment in associates	Determined by reference to the most recent purchase price.
Level 3	FVOCI - Equity investment (unquoted)	Determined based on latest funding round.
	FVTPL - Investment in associates	Determined based on valuation performed using adjusted market multiples. Changing one or more of the inputs to reasonable alternative assumptions is not expected to have a material impact on the changes in fair value.

3(d) **FAIR VALUE HIERARCHY** (cont'd)

The following table presented the assets and liabilities measured at fair value:

31-Dec-22 Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Investments	26,273	-	50,431	76,704
Associates	-	-	15,460	15,460
Derivative financial instruments	-	50,359	-	50,359
	<u>26,273</u>	<u>50,359</u>	<u>65,891</u>	<u>142,523</u>
Financial liabilities measured at fair value				
Derivative financial instruments	-	57,423	-	57,423
	<u>-</u>	<u>57,423</u>	<u>-</u>	<u>57,423</u>
31-Dec-21 Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Investments	-	-	36,129	36,129
Associates	-	-	34,215	34,215
Derivative financial instruments	-	31,389	-	31,389
	<u>-</u>	<u>31,389</u>	<u>70,344</u>	<u>101,733</u>
Financial liabilities measured at fair value				
Derivative financial instruments	-	53,128	-	53,128
	<u>-</u>	<u>53,128</u>	<u>-</u>	<u>53,128</u>

3(e) **NET ASSET VALUE**

	GROUP	
	31-Dec-22	31-Dec-21
	Cents	Cents
Net asset value per ordinary share at end of the year	77.03	77.49

	COMPANY	
	31-Dec-22	31-Dec-21
	Cents	Cents
Net asset value per ordinary share at end of the year	53.04	50.12

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022**

	GROUP	
	FY2022	FY2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	597,466	637,607
Adjustments:		
Share of results of associates and joint ventures, net of tax	(33,270)	(15,991)
Share-based payment expense	24,893	21,720
Depreciation charge	337,602	314,197
Property, plant and equipment written off	3,844	2,249
Amortisation of other intangible assets	179,270	83,893
Amortisation of deferred income	(6)	-
Impairment of property, plant and equipment	42,378	19,490
Impairment of goodwill and other intangible assets	5,000	6,769
Gain on disposal of property, plant and equipment	(10,911)	(2,527)
Gain on disposal of subsidiaries	(37,288)	(11,742)
Loss on disposal of right-of-use assets	-	275
Gain on disposal of associate	(3,668)	-
Changes in fair value of associates	(1,471)	(11,154)
Changes in fair value of investments	(13,868)	-
Changes in fair value of financial instruments and hedged items	(1,932)	(685)
Interest expense	137,309	45,048
Interest income	(9,271)	(3,936)
Unrealised currency translation gains	(330)	(1,217)
Operating profit before working capital changes	<u>1,215,747</u>	<u>1,083,996</u>
Changes in:		
Inventories	(354,852)	9,455
Contract assets	(249,371)	(162,986)
Trade receivables	(58,447)	(13,511)
Amounts due from related parties	25,671	(22,212)
Advances and other receivables	(97,895)	(32,556)
Contract liabilities	139,808	(38,594)
Deposits from customers	17,754	5,434
Trade payables	198,293	221,215
Amounts due to related parties	1,900	(7,640)
Other payables, accruals and provisions	(67,872)	220,247
Deferred income	3,438	(40,183)
Cash generated from operations	<u>774,174</u>	<u>1,222,665</u>
Interest received	6,942	4,048
Income tax paid	<u>(108,021)</u>	<u>(112,441)</u>
Net cash from operating activities	<u>673,095</u>	<u>1,114,272</u>

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022** (cont'd)

	GROUP	
	FY2022	FY2021
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	20,308	16,266
Proceeds from disposal of associate and joint venture	8,832	361
Proceeds from disposal of investments	-	1,836
Purchase of property, plant and equipment	(762,927)	(312,039)
Purchase of investments	(16,124)	(14,322)
Additions to other intangible assets	(203,204)	(116,735)
Dividends from associates and joint ventures	40,475	24,348
Investment in associates and joint ventures	(25,051)	(9,884)
Return of capital by joint venture	-	3,752
Repayment of loans by associate	196	-
Loans to associates and joint ventures	(58,298)	(44,577)
Acquisition of controlling interests in subsidiaries, net of cash acquired	(3,630,087)	7,333
Disposal of subsidiaries, net of cash disposed	54,392	30,010
Net cash used in investing activities	(4,571,488)	(413,651)
Cash flows from financing activities		
Proceeds from bank loans	1,098,690	132,027
Proceeds from medium term note issuance	1,385,000	-
Proceeds from issuance of commercial papers	4,206,138	756,896
Proceeds from other loans	-	10,933
Proceeds from settlement of derivatives	124,425	-
Proceeds from finance lease receivables	233	882
Repayment of bank loans	(386,204)	(35,103)
Repayment of commercial papers	(1,852,969)	(810,960)
Repayment of other loans	-	(30,933)
Repayment of lease liabilities	(83,894)	(73,456)
Purchase of treasury shares	(26,430)	(32,894)
Capital contribution from non-controlling interests of a subsidiary	50	-
Acquisition of non-controlling interests in a subsidiary	-	(15,485)
Dividends paid to shareholders of the Company	(685,625)	(467,891)
Dividends paid to non-controlling interests	(9,225)	(16,554)
Interest paid	(72,382)	(33,644)
Deposits (pledged)/ discharged	(22)	1,145
Net cash from/ (used in) financing activities	3,697,785	(615,037)
Net change in cash and cash equivalents	(200,608)	85,584
Cash and cash equivalents at beginning of the year	815,924	729,479
Effect of exchange rate changes on balances held in foreign currency	(13,567)	861
Cash and cash equivalents at end of the year	601,749	815,924

4(a) **ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS**

The Group ended the year with cash and cash equivalents (CCE) of \$602 million, \$214 million lower than FY2021. In FY2022, the Group generated cash of \$673 million from its operating activities, which was lower than the prior year due to increase in working capital to support increase in business volume and new projects.

4(a) **ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS** (cont'd)

Net cash used in investing activities of \$4,571 million in FY2022 was attributable mainly to the Group's acquisition of TransCore (\$3,630 million), investment in property, plant and equipment (\$763 million) and additions to intangible assets (\$203 million).

Net cash from financing activities of \$3,698 million in FY2022 was mainly attributable to proceeds from medium-term note issuance (\$1,385 million), net proceeds from issuance of commercial papers (\$2,353 million) and net proceeds from banks loans (\$712 million), partially offset by payment of dividends (\$686 million).

5 **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**

Group	Share capital	Treasury shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	895,926	(23,743)	107,034	(89,017)	1,402,414	2,292,614	282,175	2,574,789
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	570,540	570,540	(3,569)	566,971
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	43,369	43,369	6,518	49,887
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	(1,579)	-	(1,579)	(836)	(2,415)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(12,848)	-	(12,848)	(12,510)	(25,358)
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	2,145	-	2,145	-	2,145
Foreign currency translation differences	-	-	-	10,076	-	10,076	(3,569)	6,507
Share of foreign currency translation differences of associates and joint ventures	-	-	-	9,123	-	9,123	-	9,123
Reserves released on disposal of a subsidiary	-	-	-	(5,643)	-	(5,643)	-	(5,643)
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	1,274	43,369	44,643	(10,397)	34,246
Total comprehensive income for the year, net of tax	-	-	-	1,274	613,909	615,183	(13,966)	601,217
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	(2,389)	-	(2,389)	20	(2,369)
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	21,600	-	21,600	120	21,720
Purchase of treasury shares	-	(32,894)	-	-	-	(32,894)	-	(32,894)
Treasury shares reissued pursuant to share plans	-	23,162	(3,094)	(19,978)	-	90	(90)	-
Dividends paid	-	-	-	-	(467,891)	(467,891)	-	(467,891)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(16,554)	(16,554)
<i>Total contributions by and distributions to owners of the Company</i>	-	(9,732)	(3,094)	1,622	(467,891)	(479,095)	(16,524)	(495,619)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(13,551)	-	(13,551)	(1,934)	(15,485)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	5,682	5,682
Total transactions with owners of the Company	-	(9,732)	(3,094)	(11,929)	(467,891)	(492,646)	(12,776)	(505,422)
Transfer from retained earnings to statutory reserve	-	-	-	124	(124)	-	-	-
Balance at 31 December 2021	895,926	(33,475)	103,940	(101,937)	1,548,308	2,412,762	255,453	2,668,215

5 **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022** (cont'd)

Group	Share capital \$'000	Treasury shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2022	895,926	(33,475)	103,940	(101,937)	1,548,308	2,412,762	255,453	2,668,215
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	535,012	535,012	8,323	543,335
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	75,096	75,096	19,126	94,222
Net fair value changes on equity investment at FVOCI	-	-	-	(2,957)	-	(2,957)	-	(2,957)
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	12,008	-	12,008	15,460	27,468
Effective portion of changes in fair value of cash flow hedges	-	-	-	110,463	-	110,463	(16,302)	94,161
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	2,321	-	2,321	-	2,321
Foreign currency translation differences	-	-	-	(57,959)	-	(57,959)	(16,661)	(74,620)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(15,438)	-	(15,438)	-	(15,438)
Reserves released on disposal of subsidiaries	-	-	-	8,149	-	8,149	-	8,149
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	56,587	75,096	131,683	1,623	133,306
Total comprehensive income for the year, net of tax	-	-	-	56,587	610,108	666,695	9,946	676,641
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	3,983	-	3,983	(30)	3,953
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Capital contribution by non-controlling interests	-	-	-	-	-	-	50	50
Cost of share-based payment	-	-	-	24,809	-	24,809	84	24,893
Purchase of treasury shares	-	(26,430)	-	-	-	(26,430)	-	(26,430)
Treasury shares reissued pursuant to share plans	-	23,528	(3,872)	(19,546)	-	110	(110)	-
Dividends paid	-	-	-	-	(685,625)	(685,625)	-	(685,625)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(9,225)	(9,225)
<i>Total contributions by and distributions to owners of the Company</i>	-	(2,902)	(3,872)	5,263	(685,625)	(687,136)	(9,201)	(696,337)
Changes in ownership interests in subsidiaries								
Disposal of subsidiaries	-	-	-	1,692	-	1,692	(1,310)	382
Total transactions with owners of the Company	-	(2,902)	(3,872)	6,955	(685,625)	(685,444)	(10,511)	(695,955)
Transfer from retained earnings to statutory reserve	-	-	-	(25)	25	-	-	-
Balance at 31 December 2022	895,926	(36,377)	100,068	(34,437)	1,472,816	2,397,996	254,858	2,652,854

5 **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022** (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2021	895,926	(23,743)	(8,940)	64,054	488,276	1,415,573
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	624,020	624,020
Total comprehensive income for the year	-	-	-	-	624,020	624,020
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	21,720	-	21,720
Purchase of treasury shares	-	(32,894)	-	-	-	(32,894)
Treasury shares reissued pursuant to share plans	-	23,162	(3,104)	(20,058)	-	-
Dividends paid	-	-	-	-	(467,891)	(467,891)
<i>Total contributions by and distributions to owners of the Company</i>	-	(9,732)	(3,104)	1,662	(467,891)	(479,065)
Balance at 31 December 2021	895,926	(33,475)	(12,044)	65,716	644,405	1,560,528
At 1 January 2022	895,926	(33,475)	(12,044)	65,716	644,405	1,560,528
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	777,851	777,851
Total comprehensive income for the year	-	-	-	-	777,851	777,851
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	24,893	-	24,893
Purchase of treasury shares	-	(26,430)	-	-	-	(26,430)
Treasury shares reissued pursuant to share plans	-	23,528	(3,933)	(19,595)	-	-
Dividends paid	-	-	-	-	(685,625)	(685,625)
<i>Total contributions by and distributions to owners of the Company</i>	-	(2,902)	(3,933)	5,298	(685,625)	(687,162)
Balance at 31 December 2022	895,926	(36,377)	(15,977)	71,014	736,631	1,651,217

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL**

Issued and paid up capital

As at 31 December 2022, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2021: 3,122,495,197 ordinary shares) of which 9,612,551 were held by the Company as treasury shares (31 December 2021: 8,826,399).

	Number of Shares
	31-Dec-22
As at beginning and end of the year (including treasury shares)	3,122,495,197
As at end of the year (excluding treasury shares)	3,112,882,646
As at 31 December 2021 (excluding treasury shares)	3,113,668,798

Performance Share Plan

Singapore Technologies Engineering Performance Share Plan (PSP)

As at 31 December 2022, the total number of outstanding awards was 6,069,216 (31 December 2021: 5,139,347) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 10,317,667 (31 December 2021: 8,736,888) ordinary shares of the Company.

Restricted Share Plan

Singapore Technologies Engineering Restricted Share Plan (RSP)

As at 31 December 2022, the total number of outstanding awards was 14,210,928 (31 December 2021: 13,324,714) ordinary shares of the Company.

Treasury Shares

During the year, the Company purchased 7,000,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (FY2021: 8,500,000).

During the year, 6,213,848 treasury shares were utilised pursuant to the RSP and PSP (FY2021: 6,637,661).

As at 31 December 2022, the number of treasury shares held by the Company represented 0.31% (31 December 2021: 0.28%) of the total number of issued shares (excluding treasury shares).

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL** (cont'd)

<u>Group and Company</u>	Number of Treasury Shares for the year ended 31-Dec-22
As at beginning of the year	8,826,399
Purchase of treasury shares	7,000,000
Treasury shares transferred on vesting of RSP	(5,523,440)
Treasury shares transferred on vesting of PSP	(690,408)
As at end of the year	9,612,551

6 **AUDIT**

The consolidated statement of financial position of Singapore Technologies Engineering Ltd ("the Company") and its subsidiaries ("the Group") and the financial position of the Company as at 31 December 2022 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and certain explanatory notes have been audited by the Company's auditors.

7 **AUDITOR'S REPORT**

See attached auditor's report.

8 REVIEW OF GROUP PERFORMANCE

8(a) FY2022 vs FY2021

Revenue

\$m	FY2022	FY2021	Increase/(Decrease)	
Commercial Aerospace	2,991	2,465	526	21%
Urban Solutions & Satcom	1,772	1,191	582	49%
Defence & Public Security	4,272	4,038	234	6%
Total	9,035	7,693	1,342	17%

The Group generated revenue of \$9,035 million in FY2022, an increase of 17% or \$1,342 million as compared to FY2021. The increase was contributed by all business segments.

Commercial Aerospace's revenue of \$2,991 million was 21% or \$526 million higher as compared to FY2021, amidst an operating environment where the aviation industry was still recovering to pre-COVID level.

Urban Solutions & Satcom revenue of \$1,772 million in FY2022 was 49% or \$582 million higher as compared to FY2021. The acquisition of TransCore was completed in March 2022 and this contributed to the revenue growth.

Defence & Public Security's revenue increased by 6% or \$234 million to \$4,272 million in FY2022, with steady growth contributed by all sub-segments.

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(a) FY2022 vs FY2021 (cont'd)

Profitability – Earnings before interest and tax

\$m	FY2022	FY2021	Increase/(Decrease)	
Commercial Aerospace	300.9	181.9	119.0	65%
Urban Solutions & Satcom	29.2	25.8	3.4	13%
Defence & Public Security	405.0	466.0	(61.0)	(13%)
Total	735.1	673.6	61.4	9%

The Group's earnings before interest and tax (EBIT) of \$735.1 million for FY2022 was higher than FY2021 by 9% or \$61.4 million. Business growth and cost savings (including pension cost savings of \$72 million) in FY2022, more than offset the substantial reduction of \$203 million in government support. Excluding government support, the negative impacts of energy inflation of \$36 million and TransCore transaction and integration expenses of \$30 million, as well as the positive impact of pension cost savings, Group EBIT on a base operating performance basis (BOP) would be \$727 million, higher by 55% than FY2021 EBIT (BOP) of \$469 million.

Commercial Aerospace's EBIT in FY2022 increased by 65% or \$119.0 million to \$300.9 million despite a substantial reduction in government support of \$150 million, due to cost savings (including pension cost savings) and strong business recovery.

Urban Solutions & Satcom's EBIT of \$29.2 million in FY2022 was 13% or \$3.4 million higher as compared to FY2021 despite TransCore transaction and integration expenses of \$30 million and weakness in Satcom due to chip shortages and higher investment in product development.

Defence & Public Security's EBIT of \$405.0 million was 13% or \$61 million lower as compared to FY2021, impacted by absence of government support of \$51 million and energy inflation impact of \$23 million. If these factors were excluded, EBIT would be 3% higher, with business growth and cost savings, partially offset by U.S. Marine losses.

Profitability – Net Profit

\$m	FY2022	FY2021	Increase/(Decrease)	
Net Profit	535.0	570.5	(35.5)	(6%)

The Group's net profit of \$535.0 million in FY2022 was lower by 6% or \$35.5 million as compared to FY2021, impacted by reduction in government support of \$177 million, energy inflation impact of \$30 million, TransCore transaction and integration expenses of \$22 million and tax-exempt effect of Jobs Support Scheme grant (JSS) of \$17 million, but largely mitigated by business growth and cost savings (including pension cost savings of \$53 million).

Excluding the abovementioned negative factors totalling \$246 million as well as the positive pension cost savings, the Group's net profit (BOP) would be \$549 million, which was 39% higher than FY2021 net profit (BOP) of \$394 million. (Note: All factors are stated net of tax.)

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(b) 2H2022 vs 2H2021

Revenue

\$m	2H2022	2H2021	Increase/(Decrease)	
Commercial Aerospace	1,587	1,329	258	19%
Urban Solutions & Satcom	1,015	663	352	53%
Defence & Public Security	2,163	2,051	113	5%
Total	4,765	4,042	723	18%

The Group generated revenue of \$4,765 million in 2H2022, an increase of 18% or \$723 million as compared to 2H2021. All business segments contributed to the higher revenue.

Commercial Aerospace's revenue in 2H2022 of \$1,587 million was higher by 19% or \$258 million as compared to 2H2021, attributable to continued business recovery.

In 2H2022, Urban Solutions & Satcom recorded revenue of \$1,015 million, 53% or \$352 million higher as compared to 2H2021, with contribution from TransCore.

Defence & Public Security's revenue increased by 5% or \$113 million to \$2,163 million in 2H2022.

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(b) 2H2022 vs 2H2021 (cont'd)

Profitability – Earnings before interest and tax

\$m	2H2022	2H2021	Increase/(Decrease)	
Commercial Aerospace	118.2	79.3	38.9	49%
Urban Solutions & Satcom	41.3	15.0	26.3	176%
Defence & Public Security	191.0	224.3	(33.3)	(15%)
Total	350.5	318.5	32.0	10%

The Group's earnings before interest and tax (EBIT) of \$350.5 million for 2H2022 was higher than 2H2021 by 10% or \$32.0 million, attributable to cost savings and business growth, which when combined more than offset the reduction of \$78 million in government support, energy inflation and TransCore transaction and integration expenses.

In 2H2022, Commercial Aerospace's EBIT increased to \$118.2 million from \$79.3 million in 2H2021. The increase was attributable to continued business recovery, which more than offset the reduction in government support of \$63 million.

Urban Solutions & Satcom's EBIT of \$41.3 million in 2H2022 was \$26.3 million higher as compared to 2H2021 despite TransCore transaction and integration expenses and weakness in Satcom performance.

Defence & Public Security's EBIT of \$191.0 million in 2H2022 was lower than 2H2021 by 15% or \$33.3 million due mainly to reduction in government support of \$16 million and energy inflation.

Profitability – Net Profit

\$m	2H2022	2H2021	Increase/(Decrease)	
Net Profit	255.0	274.4	(19.4)	(7%)

The Group's net profit of \$255.0 million in 2H2022 was 7% or \$19.4 million lower than 2H2021, impacted by reduction in government support of \$67 million (net of tax), energy inflation, TransCore transaction and integration expenses and tax exempt effect of JSS, but significantly mitigated by cost savings and business growth.

9 **VARIANCE FROM PROSPECT STATEMENT**

No results forecast was provided.

10 **PROSPECTS**

Group

The Group made good progress in 2022 to deliver against its five-year plan (Investor Day targets for 2022-2026).

The Group's Commercial Aerospace segment has benefited from the recovery in aviation and will see further improvement, especially in the Asia Pacific region and with the re-opening of China. Urban Solutions & Satcom segment demonstrated good contract win momentum and sees good opportunities to derive synergies from the strategic TransCore acquisition. Defence & Public Security segment has eliminated the losses relating to the U.S. Marine business post divestment and the Group's business portfolio was high graded as a result. All segments won sizeable new contracts culminating in a robust order book of \$23 billion, which is a leading indicator of future growth.

All factors considered, the Group is well positioned and is optimistic about its future to deliver strong shareholder value.

This release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact business activities of the ST Engineering group. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

DIVIDENDS

On 25 February 2022, the Company announced a dividend policy to declare dividends every quarter instead of twice a year previously. The Directors are pleased to announce that a final tax exempt (one-tier) cash dividend of 4.0 cents per ordinary share has been recommended for the year ended 31 December 2022.

Together with the three quarterly interim cash dividends of 4.0 cents per ordinary share paid on 7 June 2022, 2 September 2022 and 20 December 2022, the total dividend for the year ended 31 December 2022 will be 16.0 cents per ordinary share. The recommended dividend takes into consideration the Group's FY2022 profit after tax, present cash position, positive cash flow generated from operations and projected capital requirements. Payment of the final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	First Interim tax exempt (one-tier)	Second Interim tax exempt (one-tier)	Third Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash	Cash	Cash
Dividend Per Share	4.0 cents per ordinary share (paid on 7 June 2022)	4.0 cents per ordinary share (paid on 2 September 2022)	4.0 cents per ordinary share (paid on 20 December 2022)	4.0 cents per ordinary share (to be paid on 9 May 2023)	16.0 cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share

(c) Record and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 27 April 2023 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 26 April 2023 will be registered to determine members' entitlements to the proposed dividend, subject to approval of members to the proposed dividend at the Annual General Meeting to be convened on 20 April 2023. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 26 April 2023 will be entitled to the proposed dividend. The proposed dividend, if so approved by members, will be paid on 9 May 2023.

12 **BUSINESS SEGMENTAL INFORMATION**
By Business Activity

	FY2022				
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	2,991,209	1,772,238	4,271,656	-	9,035,103
Inter-segment sales	61,550	48,566	47,889	(158,005)	-
	<u>3,052,759</u>	<u>1,820,804</u>	<u>4,319,545</u>	<u>(158,005)</u>	<u>9,035,103</u>
Reportable segment profit from operations	271,690	27,941	364,903	-	664,534
Non-operating income, net	327	5,117	31,844	-	37,288
Share of results of associates and joint ventures, net of tax	28,869	(3,847)	8,248	-	33,270
Earnings before interest and tax	<u>300,886</u>	<u>29,211</u>	<u>404,995</u>	<u>-</u>	<u>735,092</u>
Finance income					11,203
Finance costs					(148,829)
Profit before taxation					<u>597,466</u>
Taxation					(54,131)
Non-controlling interests					(8,323)
Profit attributable to shareholders					<u>535,012</u>
Other assets	4,870,823	6,173,792	4,539,902	(1,888,715)	13,695,802
Associates and joint ventures	318,469	46,919	102,787	-	468,175
Segment assets	<u>5,189,292</u>	<u>6,220,711</u>	<u>4,642,689</u>	<u>(1,888,715)</u>	<u>14,163,977</u>
Deferred tax assets					198,237
Bank balances and other liquid funds					601,771
Total assets					<u>14,963,985</u>
Segment liabilities	1,842,187	1,029,410	4,205,294	(1,642,526)	5,434,365
Provision for taxation					174,748
Deferred tax liabilities					167,481
Borrowings					6,534,537
Total liabilities					<u>12,311,131</u>
Capital expenditure	831,607	98,056	163,358	(36,929)	1,056,092
Depreciation and amortisation	195,698	179,298	140,997	879	516,872
Impairment losses	4,513	-	42,865	-	47,378

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)
By Business Activity

	FY2021				
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	2,464,827	1,190,536	4,037,502	-	7,692,865
Inter-segment sales	60,126	63,266	41,381	(164,773)	-
	<u>2,524,953</u>	<u>1,253,802</u>	<u>4,078,883</u>	<u>(164,773)</u>	<u>7,692,865</u>
Reportable segment profit from operations	162,307	34,695	448,911	-	645,913
Non-operating (expenses)/income, net	(582)	-	12,324	-	11,742
Share of results of associates and joint ventures, net of tax	20,143	(8,914)	4,762	-	15,991
Earnings before interest and tax	181,868	25,781	465,997	-	673,646
Finance income					11,686
Finance costs					(47,725)
Profit before taxation					637,607
Taxation					(70,636)
Non-controlling interests					3,569
Profit attributable to shareholders					<u>570,540</u>
Other assets	3,746,315	2,342,589	5,792,972	(2,872,586)	9,009,290
Associates and joint ventures	303,443	53,388	126,066	-	482,897
Segment assets	4,049,758	2,395,977	5,919,038	(2,872,586)	9,492,187
Deferred tax assets					207,548
Bank balances and other liquid funds					815,924
Total assets					<u>10,515,659</u>
Segment liabilities	1,634,740	943,732	4,616,915	(1,799,032)	5,396,355
Provision for taxation					161,208
Deferred tax liabilities					174,661
Borrowings					2,115,220
Total liabilities					<u>7,847,444</u>
Capital expenditure	310,438	102,278	173,704	(62,798)	523,622
Depreciation and amortisation	176,665	80,680	143,016	(2,271)	398,090
Impairment losses	21,259	-	5,000	-	26,259

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)
By Business Activity

	2H2022				
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	1,586,973	1,014,979	2,163,244	-	4,765,196
Inter-segment sales	32,888	21,603	27,839	(82,330)	-
	<u>1,619,861</u>	<u>1,036,582</u>	<u>2,191,083</u>	<u>(82,330)</u>	<u>4,765,196</u>
Reportable segment profit from operations	96,770	37,638	169,829	-	304,237
Non-operating income, net	-	5,117	18,820	-	23,937
Share of results of associates and joint ventures, net of tax	21,462	(1,478)	2,352	-	22,336
Earnings before interest and tax	<u>118,232</u>	<u>41,277</u>	<u>191,001</u>	<u>-</u>	<u>350,510</u>
Finance income					2,624
Finance costs					<u>(106,770)</u>
Profit before taxation					246,364
Taxation					14,597
Non-controlling interests					<u>(5,929)</u>
Profit attributable to shareholders					<u>255,032</u>
Other assets	4,870,823	6,173,792	4,539,902	(1,888,715)	13,695,802
Associates and joint ventures	318,469	46,919	102,787	-	468,175
Segment assets	<u>5,189,292</u>	<u>6,220,711</u>	<u>4,642,689</u>	<u>(1,888,715)</u>	<u>14,163,977</u>
Deferred tax assets					198,237
Bank balances and other liquid funds					601,771
Total assets					<u>14,963,985</u>
Segment liabilities	1,842,187	1,029,410	4,205,294	(1,642,526)	5,434,365
Provision for taxation					174,748
Deferred tax liabilities					167,481
Borrowings					6,534,537
Total liabilities					<u>12,311,131</u>
Capital expenditure	432,849	65,383	106,429	(32,967)	571,694
Depreciation and amortisation	109,441	107,394	71,203	1,150	289,188
Impairment losses	832	-	34,560	-	35,392

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)
By Business Activity

	2H2021				
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	1,328,700	662,761	2,050,514	-	4,041,975
Inter-segment sales	29,682	38,027	20,836	(88,545)	-
	<u>1,358,382</u>	<u>700,788</u>	<u>2,071,350</u>	<u>(88,545)</u>	<u>4,041,975</u>
Reportable segment profit from operations	72,628	18,918	222,131	-	313,677
Non-operating income, net	461	-	6	-	467
Share of results of associates and joint ventures, net of tax	6,211	(3,963)	2,155	-	4,403
Earnings before interest and tax	<u>79,300</u>	<u>14,955</u>	<u>224,292</u>	<u>-</u>	<u>318,547</u>
Finance income					1,838
Finance costs					(22,574)
Profit before taxation					<u>297,811</u>
Taxation					(24,396)
Non-controlling interests					1,030
Profit attributable to shareholders					<u>274,445</u>
Other assets	3,746,315	2,342,589	5,792,972	(2,872,586)	9,009,290
Associates and joint ventures	303,443	53,388	126,066	-	482,897
Segment assets	<u>4,049,758</u>	<u>2,395,977</u>	<u>5,919,038</u>	<u>(2,872,586)</u>	<u>9,492,187</u>
Deferred tax assets					207,548
Bank balances and other liquid funds					815,924
Total assets					<u>10,515,659</u>
Segment liabilities	1,634,740	943,732	4,616,915	(1,799,032)	5,396,355
Provision for taxation					161,208
Deferred tax liabilities					174,661
Borrowings					2,115,220
Total liabilities					<u>7,847,444</u>
Capital expenditure	251,665	40,807	114,059	(62,798)	343,733
Depreciation and amortisation	96,686	40,256	75,917	(2,093)	210,766
Impairment losses	12,259	-	5,000	-	17,259

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)

Disaggregation of Revenue

Major products/service lines

	2H2022		2H2021		FY2022		FY2021	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Sale of goods	1,572,082	33.0	1,396,614	34.5	3,007,410	33.3	2,689,518	35.0
Service income	1,180,835	24.8	884,562	21.9	2,275,274	25.2	1,717,058	22.3
Contract revenue	2,012,279	42.2	1,760,799	43.6	3,752,419	41.5	3,286,289	42.7
Total	4,765,196	100	4,041,975	100	9,035,103	100	7,692,865	100

Timing of revenue recognition

	2H2022		2H2021		FY2022		FY2021	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Transferred at a point in time	2,143,040	45.0	2,048,877	50.7	4,122,662	45.6	3,665,242	47.6
Transferred over time	2,622,156	55.0	1,993,098	49.3	4,912,441	54.4	4,027,623	52.4
Total	4,765,196	100	4,041,975	100	9,035,103	100	7,692,865	100

By Geographical Areas

	Revenue				Revenue			
	2H2022		2H2021		FY2022		FY2021	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	2,298,007	48.2	2,319,713	57.4	4,514,285	50.0	4,468,755	58.1
U.S.	1,232,613	25.9	774,665	19.2	2,229,652	24.7	1,532,475	19.9
Europe	838,233	17.6	648,570	16.0	1,642,526	18.1	1,215,704	15.8
Others	396,343	8.3	299,027	7.4	648,640	7.2	475,931	6.2
Total	4,765,196	100	4,041,975	100	9,035,103	100	7,692,865	100

By Country of Incorporation

	Revenue				Revenue			
	2H2022		2H2021		FY2022		FY2021	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	2,694,882	56.5	2,501,523	61.9	5,219,845	57.8	4,839,875	62.9
U.S.	1,566,302	32.9	1,139,113	28.2	2,852,309	31.6	2,126,761	27.7
Europe	471,260	9.9	379,231	9.4	899,513	9.9	684,778	8.9
Others	32,752	0.7	22,108	0.5	63,436	0.7	41,451	0.5
Total	4,765,196	100	4,041,975	100	9,035,103	100	7,692,865	100

	Non-current assets ⁺			
	31-Dec-22		31-Dec-21	
	\$'000	%	\$'000	%
Asia	1,979,057	23.0	1,963,235	39.7
U.S.	4,788,762	55.5	1,620,948	32.8
Europe	1,758,155	20.4	1,263,520	25.5
Others	95,598	1.1	99,437	2.0
Total	8,621,572	100	4,947,140	100

⁺ Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* exclude derivative financial instruments, post-employment benefits and deferred tax assets.

13 **INTERESTED PERSON TRANSACTIONS** (unaudited)

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		FY2022 \$'000	FY2021 \$'000	FY2022 \$'000	FY2021 \$'000
Transactions for the Sale of Goods and Services					
SATS Ltd. and its Associates	Temasek Holdings	-	-	1,775	967
SembCorp Industries Ltd and its Associates	(Private) Limited is	-	-	3,685	45,638
Singapore Airlines Limited and its Associates	a controlling	-	-	611	1,308
SIA Engineering Company Limited and its Associates	shareholder of the	-	-	143	-
Singapore Telecommunications Limited and its Associates	Company. The	-	-	3,635	17,679
StarHub Ltd and its Associates	other named	-	-	1,088	430
Temasek Holdings (Private) Limited and its Associates (non-listed)	interested persons are its associates.	22,768	-	85,172	24,714
		<u>22,768</u>	<u>-</u>	<u>96,109</u>	<u>90,736</u>
Transactions for the Purchase of Goods and Services					
CapitaLand Investment Limited and its Associates	Temasek Holdings	-	-	-	110
Mapletree Pan Asia Commercial Trust	(Private) Limited is	-	-	1,576	-
SATS Ltd. and its Associates	a controlling	-	-	295	4,580
SembCorp Industries Ltd and its Associates	shareholder of the	-	-	919	352
SembCorp Marine Ltd and its Associates	Company. The	-	-	350	-
Singapore Telecommunications Limited and its Associates	other named	-	-	2,827	2,893
StarHub Ltd and its Associates	interested persons	-	-	2,568	641
Temasek Holdings (Private) Limited and its Associates (non-listed)	are its associates.	-	-	21,155	12,171
		<u>-</u>	<u>-</u>	<u>29,690</u>	<u>20,747</u>
Total Interested Person Transactions		<u>22,768</u>	<u>-</u>	<u>125,799</u>	<u>111,483</u>

14 **SUBSEQUENT EVENTS**

Subsequent to 31 December 2022, the Group's Marine business acquired the site and assets of an existing shipyard in Singapore at 55 Gul Road from Keppel FELS for \$95 million for its commercial ship repair business. The assets acquired include three floating docks, existing buildings, workshops, and machinery. The approximately 141,000 square meters Gul yard, with a gross built up floor area of 74,593 square meters, has a remaining lease until August 2030 which can be extended by another 20 years.

15 **CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

16 **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the SGX Listing Manual, as at 31 December 2022, no person occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

LOW MENG WAI
Company Secretary
24 February 2023

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