



INVESTOR DAY

22 MARCH 2018

DISCLAIMER

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. The Company does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.

CAPACITY FOR GROWTH

CEDRIC FOO
CHIEF FINANCIAL OFFICER

Capacity for Growth

Financial Strength



- Strong balance sheet provides capacity to grow and sustain dividends

Efficiency & Scalability



- Cost optimisation through shared services
- Cumulative net savings of ~S\$150m over next 5 years*

Portfolio Management



- Diversified portfolio
- Unlock value and recycle capital

Disciplined Growth



- Disciplined approach to go-to-market models and M&A

* versus business-as-usual

Strong Balance Sheet Provides Capacity to Grow and Sustain Dividends

Cash and cash equivalents¹ of ~S\$1.3b and net debt² of ~S\$150m



Net debt² to EBITDA ratio of 0.2 times and net debt² to equity ratio of 0.1 times

Triple-A rated by Moody's and Standard & Poor's; Prime rating

| Moody's | S&P | Rating description |
|---------|-----|--------------------|
| Aaa | AAA | Prime |

¹ Including funds under management

² Including operating lease obligations but excluding advances

| Cost Optimisation

Shared services for seven support functions

- Cumulative net savings of ~S\$150m over the next 5 years versus business-as-usual
- Annual net savings of ~S\$50m at steady-state



Finance



HR



IT



Procurement



Corp Comms



Legal



Estate &
Facilities Management

Simplify and optimise legal entity structures

- Scalable and nimble

Efficiency & Scalability

Reduce Working Capital to Improve
Capital Efficiency

Aerospace



Electronics



Land Systems



Marine



One Group Treasury Centre



Cash Management

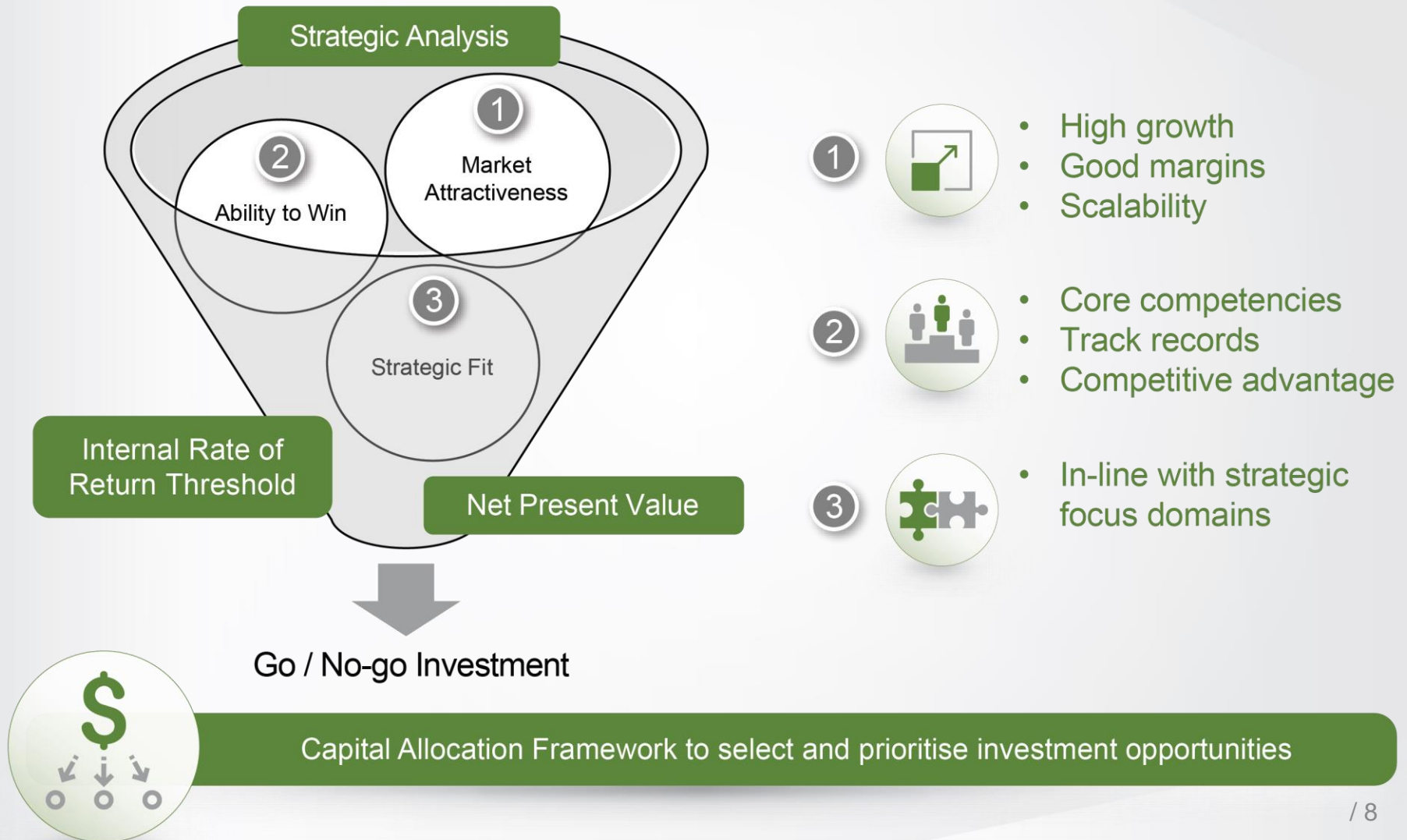


Loan and Bank
Facilities Management



Foreign Exchange
Management

Diversified Portfolio



Portfolio Management

**Divest Non-core Businesses to
Unlock Value and Recycle Capital**



**Divested China-based
construction equipment
businesses in 2016**

**Continuous portfolio
evaluation**

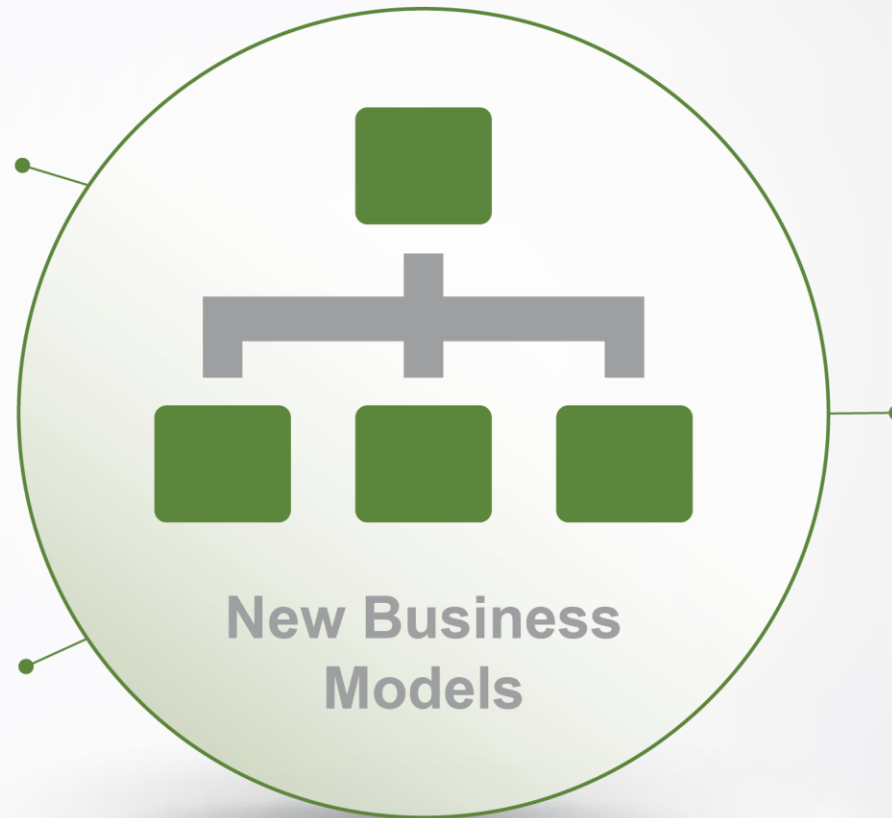
Disciplined Growth

Adopt New go-to-market (GTM) Models

(e.g. Public and private partnerships, gain sharing, project financing)

Evaluate new
GTM models,
where appropriate

Consider
across-cycle
investments



Benefits to
commensurate
with risks

Disciplined Growth

M&A: Judicious Due Diligence and Integration Planning to Support Value Accretive Growth



Alignment with
strategy &
Sourcing



Due diligence
& Integration
planning



Valuation &
Negotiations



Integration &
Post Investment
Review

M&A for scale, market access and value creation

Strong Order Book



Strong order book of
\$13.2b

provides stability
and visibility on
near-term revenue
and cash flows

Competitive advantages in key segments



Our Plan is to Deliver Growth While Sustaining Dividend Payout

Steady historical dividend pay-out across business cycles



Poised for Success





Our **2022** target

- Smart City revenue of **S\$1b** to more than double by 2022
- Core and other businesses CAGR **2 to 3 times** global GDP growth rate over the next 5 years
- **Two-thirds of our revenue growth** will be from global markets
- Net profits to grow in tandem with revenues



**THANK
YOU**

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