Annual General Meeting to be held on 22 April 2021
Responses to Substantial and Relevant Questions

Singapore Technologies Engineering Ltd (ST Engineering) would like to thank all shareholders who submitted their questions in advance of our 24th Annual General Meeting (AGM) to be held by electronic means on Thursday, 22 April 2021 at 2:30 p.m. (GMT +8).

Responses to substantial questions relevant to the Resolutions

We have grouped related and similar questions together and provided our corresponding responses to them.

Please refer to our responses as set out in Appendix 1.

The Appendix 1 can also be found on our Investor Relations page on https://www.stengg.com/en/investor-relations/annual-general-meetings/.

By Order of the Board

Tan Wan Hoon
Joint Company Secretary
Singapore, 19 April 2021

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
(Regn. No.: 199706274H)
www.stengg.com

Appendix 1

Business strategy/outlook

1. How does your Aerospace business remain competitive in the current climate, with the slow recovery in global travel?

- While recovery of the aviation industry in the short term continues to be subdued, we remain positive on the long-term growth trajectory of our Aerospace business. Our Aerospace business' resilience and competitiveness are driven by our strong operating performance including cost management, global diverse portfolio and customer base.
- Our portfolio, in addition to MRO, includes passenger-to-freighter conversion, aircraft and engine leasing, as well as engine nacelle manufacturing, which enable us to capture various opportunities along the value chain.
- For example, on MRO, we have added CFM56-7B and V2500 engine nacelle MRO capability to the aftermarket solutions of our U.S. subsidiary, MRAS, to provide more integrated solutions in nacelles to our customers. On aviation leasing portfolio, we see opportunities not just in passenger aircraft but also in freighter aircraft especially at this time when aircraft asset values are going down due to COVID-19.
- Today, we are known as an integrator with capabilities across design, engineering, assembly, MRO, aircraft and engine leasing and end-of-life solutions that can provide wide-ranging aviation solutions and options to customers.
- We continue to invest to position ourselves even better as a choice solution provider, by implementing smart technologies into our operations, and expanding our service offerings.

2. Why did ST Engineering decide to reorganise amid the pandemic?

- While we could have spent much of 2020 wrestling with the immediate challenges posed by the COVID-19 pandemic, we decided to proceed with the reorganisation as we did not want to lose sight of the bigger, long-term picture. We had to proceed with the reorganisation, which we started before COVID-19, to prepare the Group for the upturn, and to position us to recover faster and emerge stronger.
- In a difficult year, our 2020 financial results showed that we had been able to keep a balanced keel because of the underlying strengths of the Group and various mitigating factors including our cost reduction initiatives and government support.

- What we achieved in 2020 also underscores the resilience of our diversified business across industries and geographies, the dedication of our people, our strength in technology and innovation, and the breadth and depth of our engineering capabilities.

- The new organisation structure, which we have since operationalised in January 2021, is designed to enable better execution of the Group's global growth strategy of strengthening our core businesses, and pursuing growth in smart city and international defence business. It is also designed for customer-centricity, enabling the business clusters to build deeper and more strategic customer partnerships. This change provides greater effectiveness in resource allocation, and also helps accelerate the development of deeper domain expertise to further enhance the performance of our businesses.

- We are now better positioned to better serve our customers, respond nimbly to macro-economic changes and achieve long-term sustainable growth.

3. **Rationale for the acquisition of Cubic Corporation, intended funding approach and impact on dividend?**

- ST Engineering terminated acquisition discussions with Cubic Corporation (Cubic) on 31 March 2021 for the reasons disclosed in our news release. This followed our revised proposal to our initial offer to Cubic.

- We saw the value in Cubic's transportation business, and that it would be a strategic fit to the Group's Smart City business, particularly our Smart Mobility Business. This is why we structured the deal to only allow us to retain the transportation business.

- We have done sufficient due diligence work that gave management the confidence before deciding to put in our proposal.

- We have a strong balance sheet, and also would have had access to debt funding to finance the acquisition, had it proceeded.

- While we do not give guidance on dividends, we have sufficient retained earnings to sustain dividend payment while investing for growth.

- Ultimately, we did not pursue the transaction further as we were disciplined in our investment strategy. ST Engineering is well positioned for further value creation and will continue to execute on the many other opportunities we have to be a key Smart City solutions provider on the global stage.

Dividends

4. Are you growing by M&A? How will more acquisitions impact dividend payout?

- ST Engineering has strong core businesses that will continue to drive and deliver organic growth.

- M&A is opportunistic, and we will pursue opportunities that fit into our strategy, and are value and earnings accretive. We will continue to evaluate such opportunities with a disciplined approach.

- New acquisitions, when well integrated, will provide a stronger base from which to drive organic growth in our base businesses, and deliver sustainable growth. We are benefiting from the value created by our newly acquired companies (MRAS, Newtec and Glowlink), now that they have been well integrated into our base businesses. We expect long-term value creation from these acquisitions.

- On dividend, we do not provide any guidance on future payout, nor do we have a dividend policy. However, we have sufficient retained earnings to sustain dividend payment, while investing for growth. The Group also has efficient capital structure to drive long-term growth as part of value creation for our shareholders.

# # #