

# **Extraordinary General Meeting: Proposed Acquisition of TransCore**

15 December 2021

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# Agenda

- Transaction Highlights
- Overview of TransCore
- Industry Trends and Growth
- Acquisition Rationale
- Summary

# Transaction Highlights

## Transaction Description

- ✓ Entered into an agreement to acquire 100% of TransCore
- ✓ TransCore is a market leader in electronic toll collection, congestion pricing, Intelligent Transportation Systems, back office solutions and RFID products

## Purchase Consideration

- ✓ Consideration of US\$2.68b (~ S\$3.62b<sup>1</sup>), on a cash-free and debt-free basis, subject to closing adjustments
- ✓ EV<sup>2</sup> / EBITDA<sup>3</sup> multiple of 16.2 times after accounting for tax benefits

## Financing

- ✓ Consideration will be paid fully in cash at closing
- ✓ To be fully funded through internal cash and the issuance of debt securities

## Financial Impact

- ✓ Cash flow positive from first year and earnings accretive from second year post-acquisition
- ✓ Revenue visibility due to strong backlog of US\$1.2b<sup>4</sup> & high customer contract renewal rate

## Closing

- ✓ We expect to complete transaction by end of 1Q2022
- ✓ CFIUS filing submitted & awaiting approval; U.S. Antitrust conditions satisfied on 8 Nov 2021

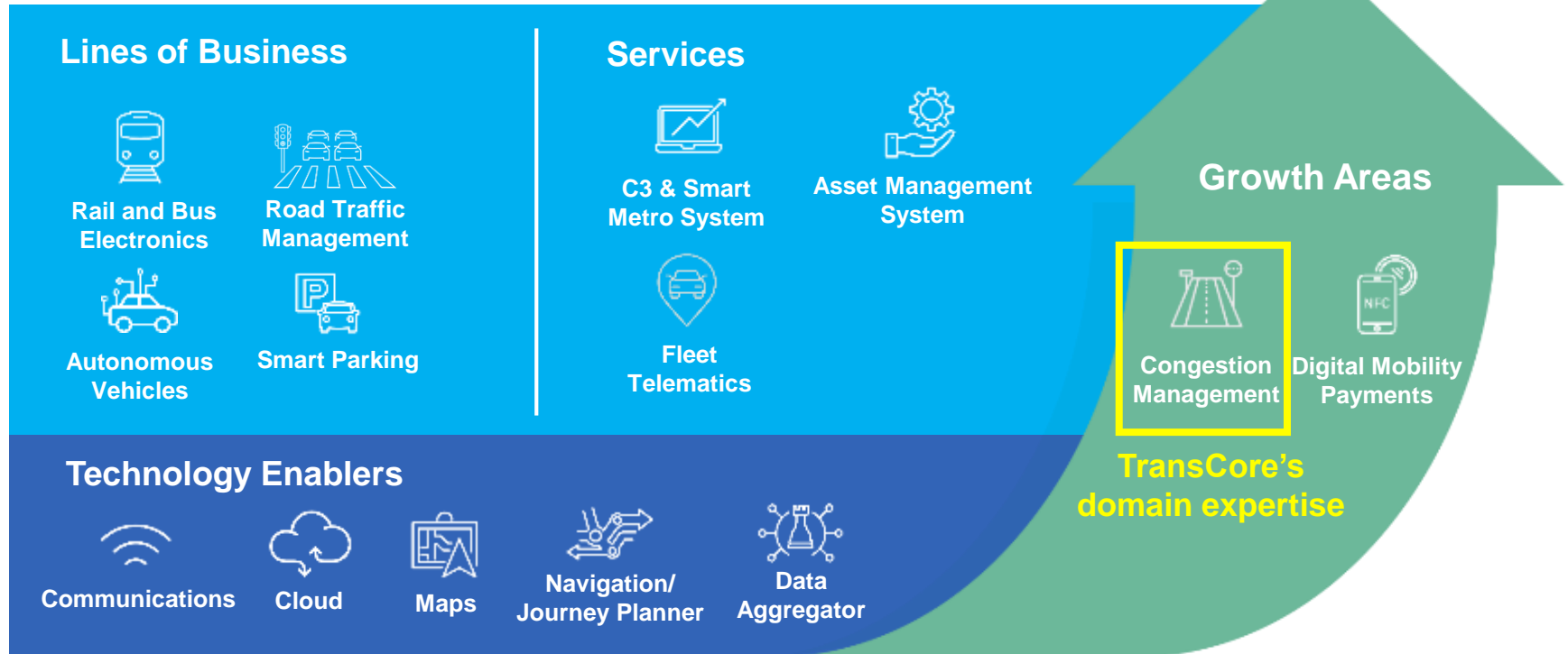
<sup>1</sup> Based on USD/SGD exchange rate of 1.35

<sup>2</sup> Enterprise Value (EV) is purchase consideration less PV of tax benefits

<sup>3</sup> EBITDA is based on audited financials for FY ended Dec 2020 and excluding corporate allocations from Roper

<sup>4</sup> As at 31<sup>st</sup> July 2021

# Unique acquisition opportunity - strong strategic fit with Smart Mobility offerings



# **Overview of TransCore**



Overview of TransCore

# Complete suite of road transportation solutions



## Tolling Systems

*Comprehensive electronic tolling solutions*



Digital Lane System



## Congestion Pricing

*Toll collection solutions designed to reduce urban congestion*



Congestion Pricing



## Back Office Solutions

*Systems, software and services for processing and reviewing toll transactions*



Back Office Solution



Customer Service Centres



## Intelligent Transportation Systems

*Advanced traffic management systems and solutions*



Command and Control



Adaptive Traffic Junctions



## RFID Solutions

*RFID transponders and readers used for toll transactions and other applications*



Toll Tags



Integrated Toll Module



## Overview of TransCore

# U.S. market leader in Electronic Toll Collection (ETC) solutions and strong position in Intelligent Transportation Systems (ITS)

- ✓ Outstanding track record of project execution, customer retention and renewal – 80 years of history
- ✓ Strong management team with deep industry experience and talented 1,900-strong workforce
- ✓ Contracted to deliver first congestion pricing project in the U.S. – Manhattan, New York
- ✓ Differentiated suite of Intellectual Property and products



**US\$ 565m<sup>1</sup>**  
Revenue



**US\$ 143m<sup>1</sup>**  
EBITDA



**US\$ 1.2b<sup>2</sup>**  
Backlog

<sup>1</sup> Based on audited financials for FY ending Dec 2020 excluding corporate allocations from Roper

<sup>2</sup> As at 31 July 2021

Overview of TransCore

# Market leader with strong track record in Electronic Toll Collection



**15k**

lanes deployed in U.S.  
over TransCore's history



**10b**

transactions  
annually



**US\$7b**

toll revenue  
processed annually



**11 of 15**

largest U.S. toll  
agencies served



**3**

24/7/365 maintenance  
monitoring centres



**9m**

accounts  
managed

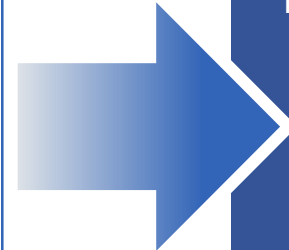



**100m**

RFID<sup>1</sup>  
tags shipped


## Overview of TransCore

**Backed by strong, long-standing customer relationships, excellent project execution, customer retention and renewal**



High recurring<sup>1</sup> / re-occurring<sup>2</sup> business  
> 50%

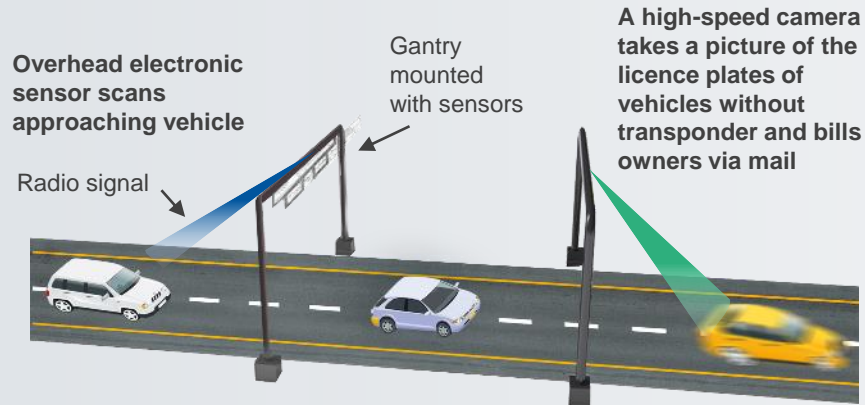


High contract renewal rate  
95%

<sup>1</sup> Operations & Maintenance business  
<sup>2</sup> Repeat RFID product sales to customers

## Overview of TransCore

# TransCore's capabilities encompass the end-to-end tolling systems value chain



Identification  
(Tolling Solutions)

Validation / Enforcement  
(Tolling Solutions)



Transaction Management  
(Back Office)

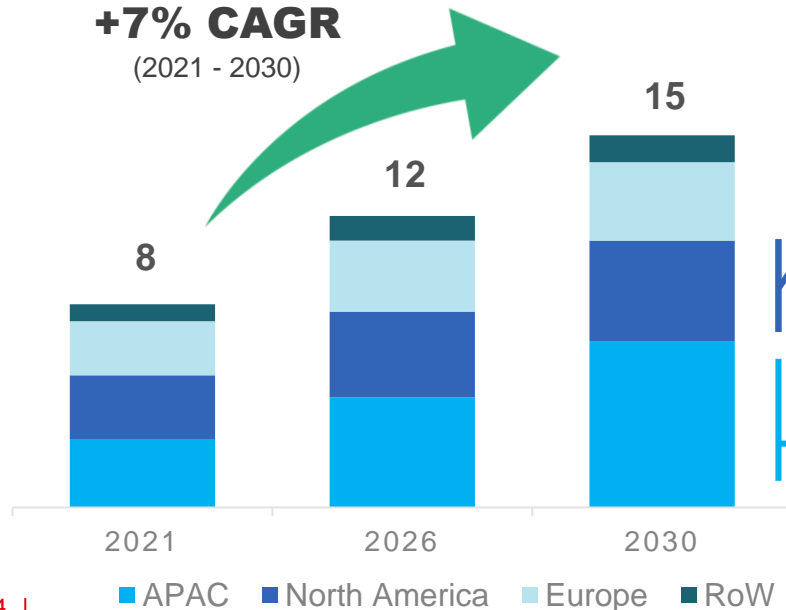


Vehicle Owner Interface  
(Back Office)

# **Industry Trends and Growth**

# Market for Electronic Toll Collection (ETC) and Intelligent Transportation Systems (ITS) is expected to reach US\$15b by 2030

## Global Market Size (US\$b)



North America ~ US\$4b in 2030:  
2<sup>nd</sup> fastest growing market

### ETC

- 6% CAGR, ~US\$2.5b in 2030
- Driven by:
  - Conversion to all electronic tolling
  - Need to raise funds for infrastructure upgrade

### ITS

- 4% CAGR; ~US\$1.5b in 2030

Southeast Asia ~ US\$1.2b in 2030

### ETC

- 15% CAGR, ~US\$650m in 2030
  - Outpaces APAC CAGR of 12%
- Driven by increased urbanisation

### ITS

- 14% CAGR, ~US\$575m in 2030

Participating in Smart Mobility Trends – Congestion Pricing in the U.S.

# TransCore is well-positioned for congestion pricing projects



**Legend:**

- Announced that they are exploring congestion pricing
- Implementing congestion pricing

## Drivers of Congestion Pricing growth in the U.S.

1. Generate funds to improve transportation infrastructure
2. Reduce pollution, enhance safety and sustainability

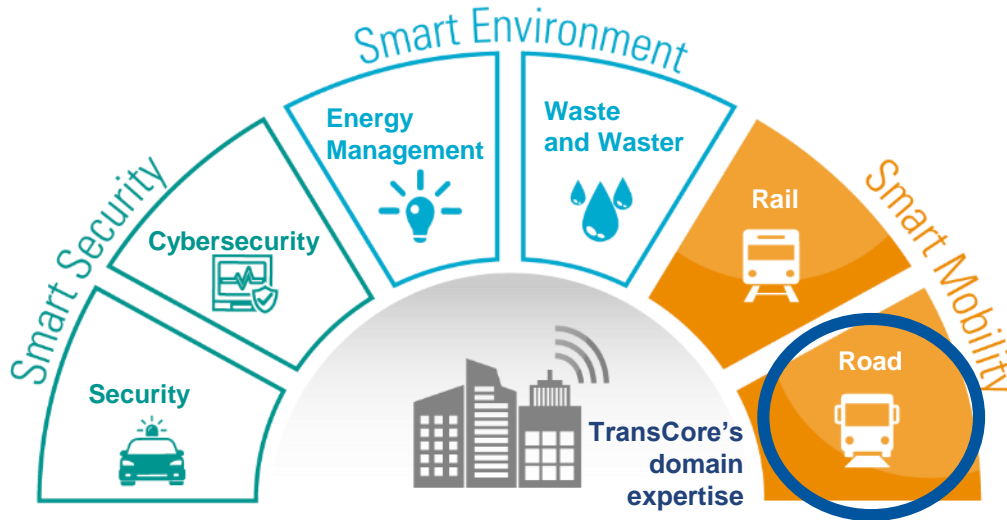
## TransCore’s NY Congestion Pricing Project (Contract Size ~US\$500m) – 1<sup>st</sup> project in U.S.



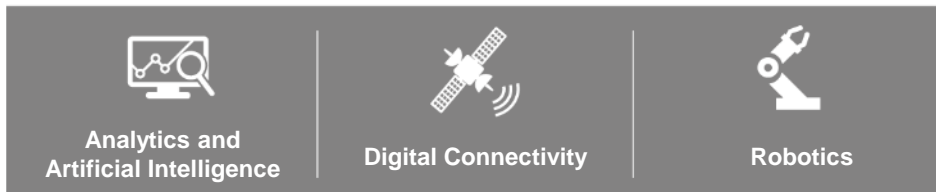
# **Acquisition Rationale**



# Acquisition accelerates growth in Smart City business



## Businesses and Platforms Across Verticals



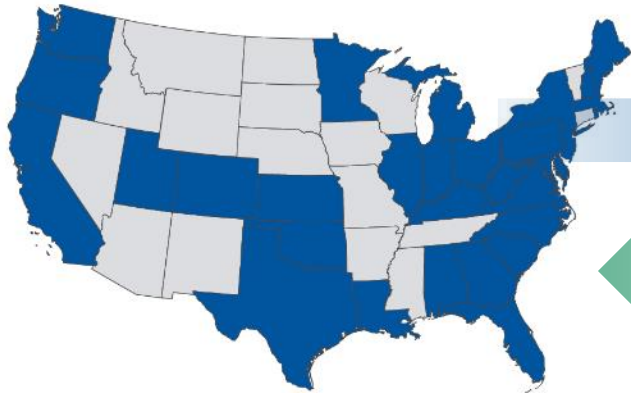
### Combined portfolio positions ST Engineering as a Smart Mobility market leader

- ✓ Enhance offerings through a **comprehensive suite of Smart Mobility products**
- ✓ Strengthen commitment to **sustainability** – **reduce traffic congestion** and **lower vehicle emissions**
- ✓ Achieve **synergies** through cross-selling **complementary products and solutions**
- ✓ Entry into **North American ETC** and **congestion pricing market**

# Combining TransCore's strength in the U.S. and ST Engineering's presence in APAC to create a Smart Mobility market leader



Leader in U.S. for  
tolling solutions



 States served by TransCore

 ST Engineering

Completed 60 ITS projects  
in more than 20 cities



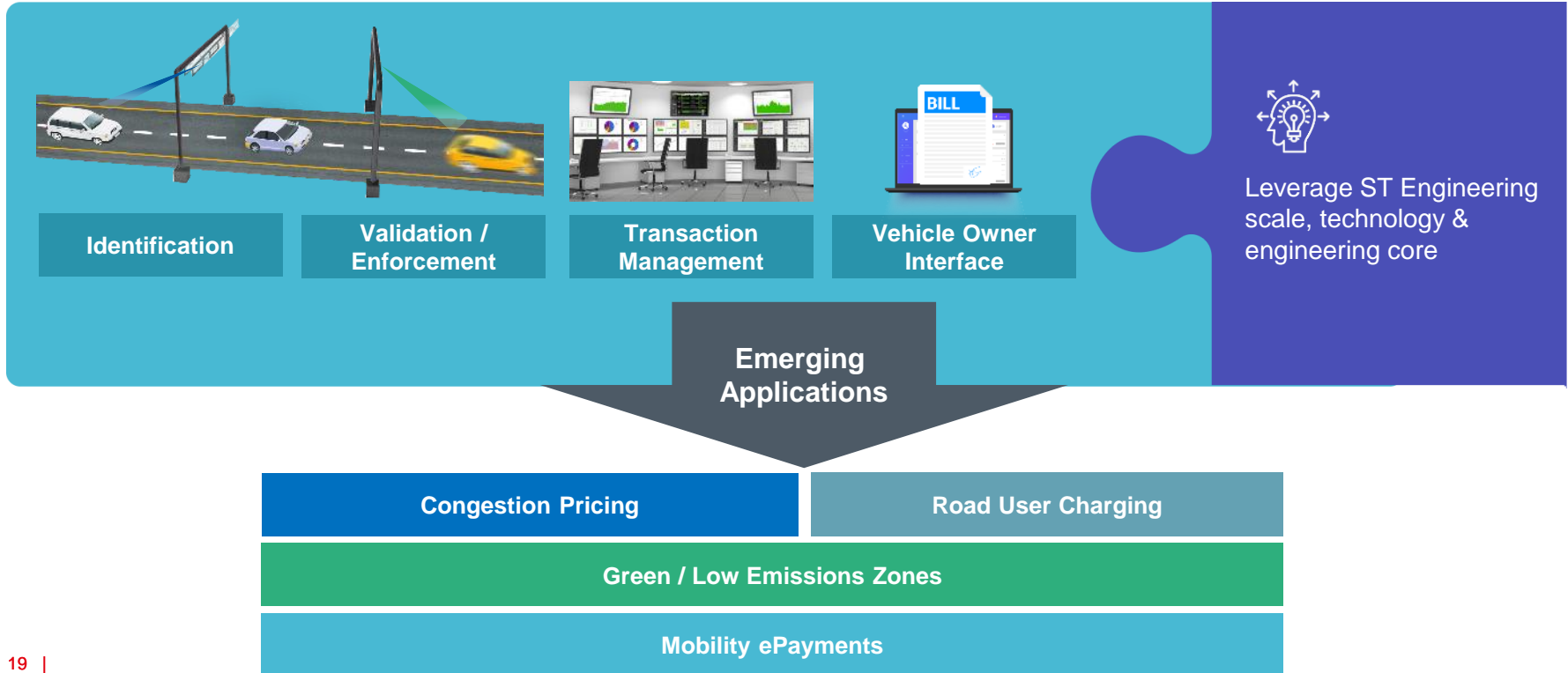
Bring tolling solutions to SE Asia



Bring ITS solutions to North America

# Develop next-bound tolling technologies and emerging applications

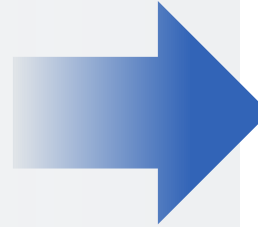
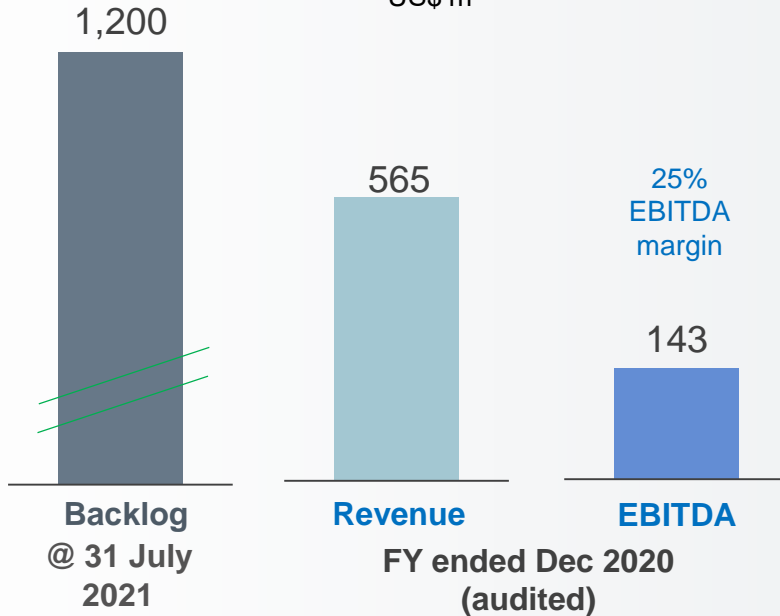
- leveraging ST Engineering's strength in technology and innovation



# TransCore has strong financials

*TRANS*CORE.

US\$m



 ST Engineering

- EV<sup>1</sup> / EBITDA<sup>2</sup> multiple 16.2x
- Cash positive from first year
- Earnings accretive from second year

<sup>1</sup> Enterprise Value (EV) is purchase consideration less PV of tax benefits  
<sup>2</sup> EBITDA is based on audited financials for FY ended Dec 2020 and excluding corporate allocations from Roper

# Group's strong financial position and favourable interest rate environment support the proposed acquisition



## Resilient Balance Sheet

Credit rating

*post-TransCore announcement*

- Moody's: Aaa (outlook negative)<sup>1</sup>
- S&P: AAA (credit watch negative)<sup>1</sup>



## Dividend Payout Capacity Remains Strong

- High retained earnings
- Strong cash flows



## Low Financing Costs

- Diverse funding sources
- Favourable interest rate environment

# Creating a Smart Mobility market leader, accelerating growth in Smart City business



Closing conditions update

## Clear path to close

Expect to complete  
transaction by end of  
1Q2022



### Shareholders' approval

- Directors recommend that Shareholders vote in favour of the transaction
- Majority shareholder Temasek agreed to vote in favour of transaction



### Regulatory approvals

- CFIUS
  - Filings submitted, awaiting for CFIUS approval
  - Successfully obtained all CFIUS approvals for 11 past acquisitions including 3 in 2019
- U.S. antitrust
  - Conditions satisfied – 30-day waiting period expired on 8 November 2021 without any inquiries or questions

**Thank You**