Singapore

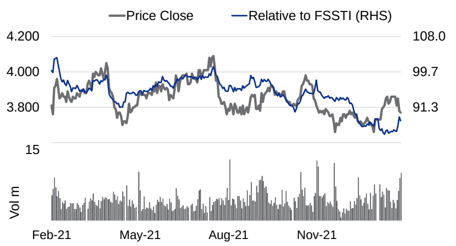
ADD *(no change)*

Consensus ratings*:	Buy 10 Hold 0 Sell 2
Current price:	S$3.77
Target price: ▲	S$4.70
Previous target:	S$4.54
Up/downside:	24.5%
CGS-CIMB / Consensus:	8.0%
Reuters:	STEG.SI
Bloomberg:	STE SP
Market cap:	US$8,667m
	S$11,735m
Average daily turnover:	US$12.43m
	S$17.16m
Current shares o/s:	3,122m
Free float:	49.0%

Source: Bloomberg

Key changes in this note

- FY23F EPS increased by 6%.
- Introduced FY24F EPS.



Source: Bloomberg

Price performance	*1M*	*3M*	*12M*
Absolute (%)	1.9	-3.8	-1.1
Relative (%)	0.5	-6.1	-11.9

Major shareholders	% held
Temasek Holdings	50.0
Capital Group	5.0
BlackRock	1.8

ST Engineering

Smashing new records

- STE surprised positively with strong order wins in 4Q21 (S$3.2bn) and FY21 (S$11.7bn), firming up order book to a record S$19.3bn.
- A change in dividend policy to quarterly payout and a commitment of 16 Scts for FY22F also point to better earnings prospects.
- We estimate full-year contribution from TransCore in FY23F and post-Covid-19 recovery across segments could lift STE's profit above S$700m.
- Recent share price correction offers good buying opportunity as it now trades at 17x FY23F P/E. Reiterate Add with a higher TP of S$4.70.

Record order wins of S$11.7bn in FY21; new dividend policy

STE's 2H21 net profit of S$274m (-7% hoh, +4% yoy) was in line with consensus but slightly below our expectations on lower hoh margins from Commercial Aerospace (higher investment and accelerated hiring) and Urban Solutions (chip shortage). FY21 net profit of S$571m (+9% yoy) formed 96%/101% of our/consensus forecasts. We were positively surprised by the S$3.2bn of new orders in 4Q21 (vs. 3Q21: S$1.8bn), driven by S$1.8bn of defence contracts (+c.336% qoq) and sustained qoq strength in commercial aerospace at S$1bn. STE also improved transparency with additional disclosures for commercially sensitive contracts clinched in 2021 (implied S$3.3bn in FY21 and S$1.5bn in FY20). Accordingly, orderbook hit a record of S$19.3bn, of which S$6.6bn is expected to be delivered in FY22. 2H21 DPS of 10 Scts (FY21: 15 Scts) was declared with a new dividend policy of quarterly payout and a committed FY22F DPS of 16 Scts (4.2% yield).

Positive Aerospace outlook; P2F works going strong

Commercial Aerospace (CA) continued its recovery in 2H21, with revenue up sequentially for MRO (+8% hoh) and Aerostructures (25% hoh). This was mainly due to a mix of 1) ramp-up in passenger-to-freighter (P2F) works, and 2) stronger OEM deliveries. STE is expanding capacity via construction of two additional facilities located in Mobile (US) and Shanghai (China), which should commence in FY22F. We expect CA's revenue to grow 13% in FY22F with PTF deliveries doubling in addition to aviation traffic recovery. We expect EBIT margins to gradually improve to 6.8-6.9% in FY22-23F (FY21: 6.6%) on stronger operating leverage, although this is still below pre-Covid-19 levels (9-10%) due to ramping up of PTF lines, higher staff and logistics costs as supply chain tightens. Upside could come from scaled up revenue after new PTF lines are normalised.

Defence is always the wild card; TP lifted to S$4.70; reiterate Add

Assuming commercially sensitive orders above are largely from Defence and Public Security (DPS), the segment won c.S$6bn of contracts in FY21, setting STE apart from Singapore industrial peers. EBIT margins for the segment (c.11% in FY21) are also the highest within STE and a key earnings pillar (c.60% of group EBIT). Our higher TP is still based on blended valuations but on a rolled forward basis (20.7x FY23F P/E, DCF and dividend yield). Key catalysts: quicker resumption of global travel, M&A.

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Financial Summary	**Dec-20A**	**Dec-21A**	**Dec-22F**	**Dec-23F**	**Dec-24F**
Revenue (S$m)	7,158	7,693	8,745	9,249	9,675
Operating EBITDA (S$m)	949	1,044	1,139	1,374	1,443
Net Profit (S$m)	521.8	570.5	600.4	706.3	771.2
Core EPS (S$)	0.17	0.18	0.19	0.23	0.25
Core EPS Growth	(9.6%)	9.3%	5.2%	17.6%	9.2%
FD Core P/E (x)	22.53	20.60	19.58	16.64	15.24
DPS (S$)	0.15	0.15	0.16	0.16	0.16
Dividend Yield	3.98%	3.98%	4.24%	4.24%	4.24%
EV/EBITDA (x)	13.58	12.29	14.34	11.74	11.01
P/FCFE (x)	13.11	15.58	50.06	15.49	14.80
Net Gearing	51%	49%	174%	155%	135%
P/BV (x)	5.13	4.87	4.68	4.32	3.93
ROE	23.1%	24.3%	24.4%	27.0%	27.0%
% Change In Core EPS Estimates			0.06%	6.07%	
CGS-CIMB/Consensus EPS (x)			1.01	1.08	0.99

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Smart city growth on track; we expect S$380m revenue from TransCore in FY22F

For its Urban Solutions and Satcom (USS) segment, management shared that the group was on track to achieve its smart city revenue target of S$3.5bn by 2026. While ongoing semiconductor chip shortages are likely to persist into FY22F, STE has been continuously diversifying its supply sources and adjusting its product designs to reduce impact on margins. In FY21, the chip shortage affected its EBIT by S$20m; hence, margins were down to 2.9%, without which, EBIT margins would have been at 4.6%.

The acquisition of TransCore is expected to conclude in 1Q22F, which we expect will underpin STE's USS revenue growth in FY22-24F. Recall that TransCore's FY20 revenue was US$565m (c.S$762m). We have conservatively assumed half-year revenue contribution of S$380m in FY22F and EBIT of S$21m (including transaction costs of S$36m and front-loaded integration costs of c.S$27m). Note that TransCore's EBITDA margin was 25% in FY20. This should lift USS EBIT margins above 10% from FY24F, in our view.

STE has locked in funding for the acquisition since Oct 21, including treasury benchmark rates that are lower than current rates. We expect net gearing to rise to 1.7x but are not overly concerned given the strong cash generative nature of the TransCore business.

Figure 1: Results comparison

FYE Dec (S$)	2H21	2H20	yoy % chg	1H21	hoh % chg	FY21	FY20	yoy % chg	Prev FY21F	Comments
Revenue	4,042.0	3,586.4	12.7	3,650.9	10.7	7,692.9	7,158.3	7.5	7,731.8	In line, FY21 at 99% of our forecast
Operating costs	(3,728.3)	(3,135.9)	18.9	(3,131.3)	19.1	(6,648.9)	(6,209.7)	7.1	(6,673.1)	
EBITDA	313.7	450.4	-30.4	519.6	-39.6	1,044.0	948.6	10.1	1,058.7	
Depn & amort	0.0	(182.8)	-100.0	(187.3)	-100.0	(398.1)	(378.6)	5.1	(347.9)	
EBIT	**313.7**	**267.7**	**17.2**	**332.2**	**-5.6**	**645.9**	**570.0**	**13.3**	**710.8**	**Below, higher opex**
EBIT margin (%)	7.8%	7.5%	4.0	9.1%	-14.7	8.4%	8.0%	5.4	9.2%	
Interest expense	(22.6)	(37.3)	-39.4	(25.2)	-10.2	(47.7)	(71.2)	-33.0	(57.0)	
Interest & invt inc	1.8	3.0	-38.4	9.8	-81.3	11.7	9.3	26.0	18.5	
Exceptionals	0.0	0.0	na	0.0	na	0.0	0.0	na	0.0	
Pretax profit	297.8	248.0	20.1	339.8	-12.4	637.6	534.4	19.3	696.6	
Tax	(24.4)	22.3	-209.5	(46.2)	-47.2	(70.6)	(8.8)	704.6	(94.0)	
Tax rate (%)	8.2%	-9.0%	-191.2	13.6%	-39.8	11.1%	1.6%	574.4	13.5%	
Minority interests	(1.0)	5.9	-117.5	(2.5)	-59.4	(3.6)	3.8	-194.3	5.2	
Net profit	**274.4**	**264.4**	**3.8**	**296.1**	**-7.3**	**570.5**	**521.8**	**9.3**	**597.4**	**Below, FY21 at 96% of our forecast**
EPS (Scts)	8.8	8.5	3.8	9.5	-7.4	18.3	16.7	9.3	19.1	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Revenue and EBIT breakdown by segment (historical)

	2H21	2H20	yoy %	1H21	hoh %	2H21 comments
Segment revenue (S$m)						
Commercial Aerospace	1,328.7	1,065.5	24.7%	1,136.1	16.9%	Higher yoy due to continued recovery in aviation activity
Urban Solutions & Satcom	662.8	630.1	5.2%	527.8	25.6%	Higher yoy due to more smart city project deliveries
Defence & Public Security	2,050.5	1,890.7	8.5%	1,987.0	3.2%	Higher yoy due to growth from all sub-segments
Total revenue	**4,042.0**	**3,586.3**	**12.7%**	**3,650.9**	**10.7%**	
EBIT (S$m)						
Commercial Aerospace	72.6	(13.5)	n.m.	89.7	-19.0%	Higher yoy due to significant cost savings and partial business recove
Urban Solutions & Satcom	18.9	57.1	-66.9%	15.8	19.9%	Lower yoy due to tapering government support, M&A transaction expe
Defence & Public Security	222.1	224.1	-0.9%	226.8	-2.1%	Lower yoy due to tapering government support
Total EBIT	**313.7**	**267.7**	**17.2%**	**332.2**	**-5.6%**	
EBIT margin (%)						
Commercial Aerospace	5.5%	-1.3%		7.9%		
Urban Solutions & Satcom	2.9%	9.1%		3.0%		
Defence & Public Security	10.8%	11.9%		11.4%		
Sub-segment revenue (S$m)						
Commercial Aerospace revenue						
Aerospace MRO	596.0	544.0	9.6%	551.0	8.2%	Higher yoy as MRO works gradually improve
Aerostructures & Systems	773.0	517.0	49.5%	619.0	24.9%	Higher yoy from strong P2F momentum
Others (inter-segment eliminations)	(40.3)	4.5	n.m.	(33.9)	19.0%	
Total revenue	**1,328.7**	**1,065.5**	**24.7%**	**1,136.1**	**16.9%**	
Urban Solutions & Satcom revenue						
Urban Solutions	454.0	388.0	17.0%	348.0	30.5%	
Satellite Communications	246.0	257.0	-4.3%	205.0	20.0%	
Others (inter-segment eliminations)	(37.2)	(14.9)	150.4%	(25.2)	47.6%	
Total revenue	**662.8**	**630.1**	**5.2%**	**527.8**	**25.6%**	
Defence & Public Security revenue						
Marine	423.0	326.0	29.8%	390.0	8.5%	
Land Systems	727.0	717.0	1.4%	717.0	1.4%	
Digital Systems & Cyber	737.0	716.0	2.9%	719.0	2.5%	
Defence Aerospace	220.0	206.0	6.8%	213.0	3.3%	
Others (inter-segment eliminations)	(56.5)	(74.3)	-24.0%	(52.0)	8.6%	
Total revenue	**2,050.5**	**1,890.7**	**8.5%**	**1,987.0**	**3.2%**	

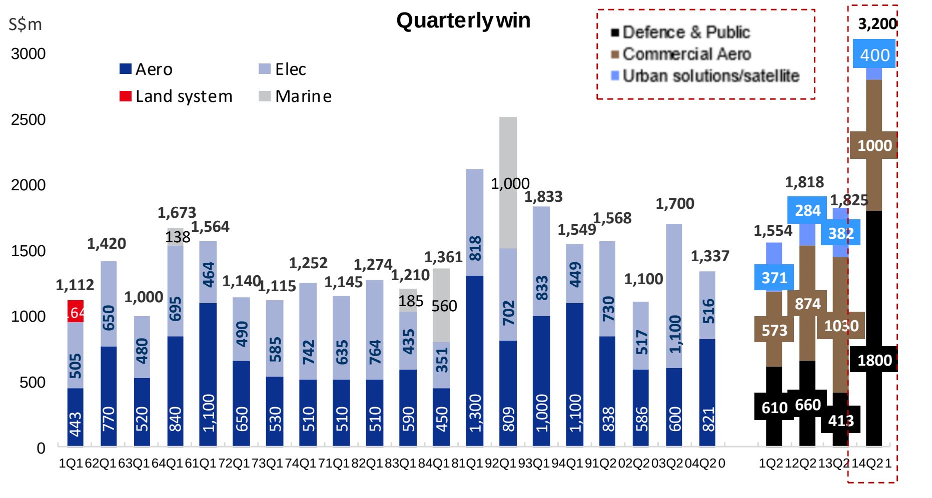
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Revenue and EBIT forecasts by segment

	FY20	FY21	FY22F	FY23F	FY24F
Segment revenue (S$m)					
Commercial Aerospace	2,332.5	2,464.8	2,774.6	2,981.9	3,094.2
Urban Solutions & Satcom	1,101.1	1,190.5	1,642.4	1,768.8	1,929.2
Defence & Public Security	3,724.7	4,037.5	4,328.4	4,498.7	4,651.4
Total revenue	**7,158.3**	**7,692.9**	**8,745.4**	**9,249.4**	**9,674.8**
EBIT (S$m)					
Commercial Aerospace	47.4	162.3	188.7	205.8	219.7
Urban Solutions & Satcom	38.8	34.7	70.6	159.2	192.9
Defence & Public Security	483.8	448.9	476.1	503.9	534.9
Total EBIT	**570.0**	**645.9**	**735.4**	**868.8**	**947.5**
EBIT margin (%)					
Commercial Aerospace	2.0%	6.6%	6.8%	6.9%	7.1%
Urban Solutions & Satcom	3.5%	2.9%	4.3%	9.0%	10.0%
Defence & Public Security	13.0%	11.1%	11.0%	11.2%	11.5%

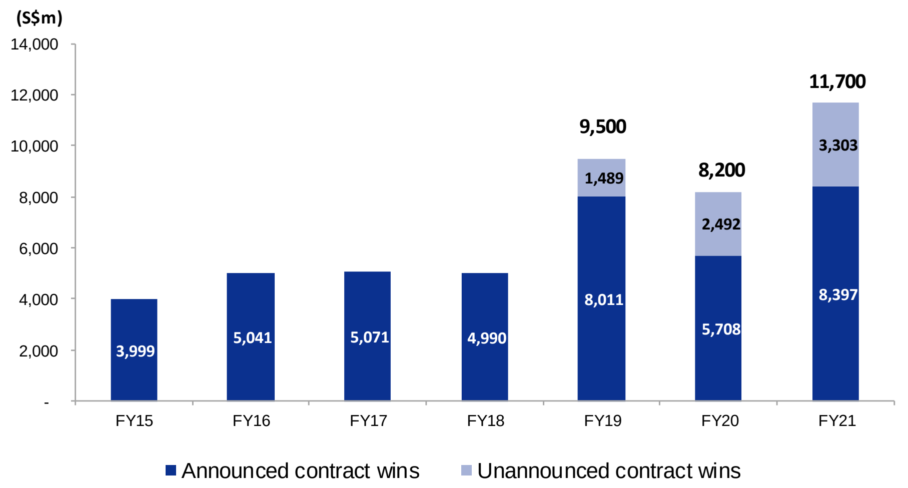
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Record quarterly order wins in 4Q21 at S$3.2bn



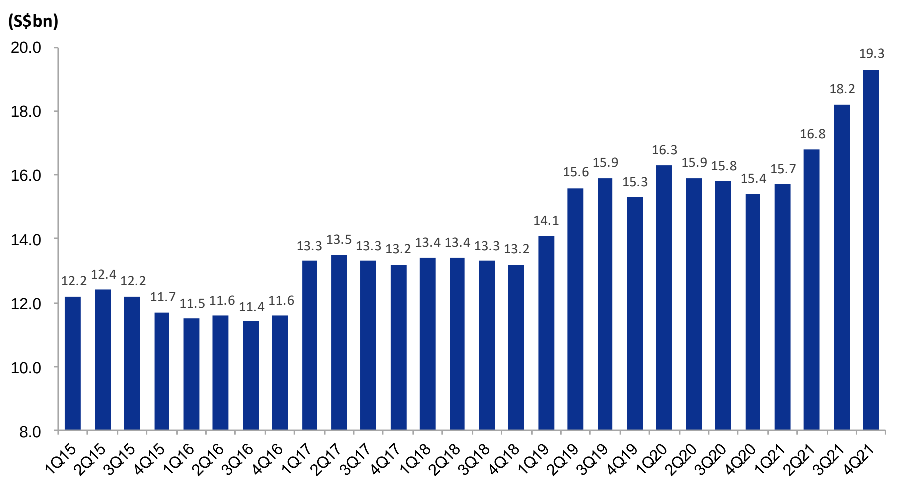
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Annual order wins of S$11.7bn. STE will report unannounced contract wins from henceforth



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Record high orderbook achieved of S$19.3bn



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Earnings revision

	New			Old			% change		
FYE Dec (S$)	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	
Revenue	8,745.4	9,249.4	9,674.8	8,401.6	9,151.9	9,674.8	4.1%	1.1%	0.0%
Gross profit	**1,862.3**	**2,061.2**	**2,195.2**	**1,769.1**	**1,947.4**	**2,195.2**	**5.3%**	**5.8%**	**0.0%**
Gross profit margin (%)	21.3%	22.3%	22.7%	21.1%	21.3%	22.7%	1.1%	4.7%	0.0%
EBIT	735.4	868.8	947.5	716.9	797.7	947.5	2.6%	8.9%	0.0%
Net profit	**600.4**	**706.3**	**771.2**	**600.4**	**666.4**	**771.2**	**0.0%**	**6.0%**	**0.0%**
NPM (%)	6.9%	7.6%	8.0%	7.1%	7.3%	8.0%	-3.9%	4.9%	0.0%
Core EPS (Scts)	19.3	22.7	24.7	19.2	21.4	24.7	0.1%	6.1%	0.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Blended valuations

Method	Value per share (S$)	Basis
P/E	4.69	20x CY23F earnings
DCF	5.40	WACC 6.3%, LTG 2%
Dividend yield (%)	4.00	4% net yield on FY22F DPS
Average	**4.70**	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Peers Comparison (as of 25 Feb 2022)

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	P/E (x) CY22F	P/E (x) CY23F	P/E (x) CY24F	2-year EPS CAGR (%)	P/BV (x) CY22F	P/BV (x) CY23F	Recurring ROE (%) CY22F	Dividend Yield (%) CY22F
Keppel Corporation	KEP SP	Add	5.96	7.20	7,955	12.6	13.2	13.5	-10.5%	0.87	0.85	7.0%	4.4%
Sembcorp Marine	SMM SP	Hold	0.09	0.09	1,971	na	na	na	na	0.77	0.80	-12.3%	0.0%
Singapore offshore - big cap simple average						**12.6**	**13.2**	**13.5**	**-10.5%**	**0.82**	**0.82**	**-2.6%**	**2.2%**
COSCO SHIPPING International S	COS SP	NR	0.24	na	413	na	na	na	na	na	na	na	na
Yangzijiang Shipbuilding	YZJSGD SP	Add	1.40	1.91	4,047	7.3	5.6	na	22.1%	0.68	0.62	9.6%	3.7%
Chinese Shipbuilder simple average						**7.3**	**5.6**	**na**	**22.1%**	**0.68**	**0.62**	**9.6%**	**3.7%**
SATS Ltd	SATS SP	Hold	4.05	4.34	3,357	49.0	22.6	na	270.8%	2.91	2.84	5.9%	2.2%
Sembcorp Industries	SCI SP	Add	2.56	2.96	3,367	10.7	9.3	8.8	32.9%	1.10	0.99	10.8%	2.8%
ST Engineering	STE SP	Add	3.77	4.70	8,667	19.6	16.6	15.2	10.8%	4.68	4.32	24.4%	4.2%
SIA Engineering	SIE SP	Add	2.19	2.92	1,816	36.2	32.4	na	20.8%	1.50	1.51	4.2%	3.7%
Industrial conglomerate simple average						**28.9**	**20.2**	**12.0**	**83.8%**	**2.55**	**2.42**	**11.3%**	**3.2%**
CSE Global	CSE SP	Add	0.49	0.61	185	9.7	9.1	na	14.0%	1.20	1.13	12.8%	5.6%
Ezion Holdings Ltd	EZI SP	NR	0.04	na	160	na	na	na	na	na	na	na	na
Mermaid Maritime PCL	MMT SP	NR	0.08	na	79	na	na	na	na	na	na	na	na
MTQ Corp Ltd	MTQ SP	NR	0.24	na	38	na	na	na	na	na	na	na	na
Singapore OSV owner simple average						**9.7**	**9.1**	**na**	**14.0%**	**1.20**	**1.13**	**12.8%**	**5.6%**
Bumi Armada	BAB MK	Hold	0.50	0.51	695	6.0	6.3	na	-14.7%	0.69	0.62	12.2%	0.0%
Velesto Energy Berhad	VEB MK	Hold	0.13	0.14	244	29.2	16.1	na	na	0.46	0.45	1.6%	0.0%
Yinson Holdings	YNS MK	Add	5.20	8.03	1,318	13.8	7.0	na	60.9%	1.44	1.22	10.4%	1.2%
Coastal Contracts Bhd	COCO MK	NR	1.99	na	241	13.3	12.4	na	26.0%	na	na	8.3%	na
Dialog Group Bhd	DLG MK	NR	2.76	na	3,733	25.9	23.8	23.2	9.0%	3.02	2.79	11.9%	1.4%
Malaysia Marine and Heavy Engi	MMHE MK	NR	0.39	na	147	na	38.5	14.3	na	0.36	0.36	1.8%	0.0%
Petronas Dagangan Bhd	PETD MK	NR	20.14	na	4,781	28.1	25.3	23.8	22.2%	3.62	3.61	12.4%	3.3%
Uzma Bhd	UZMA MK	NR	0.56	na	45	7.8	6.2	na	33.1%	0.37	0.34	4.7%	na
Wah Seong Corp Bhd	YNS MK	NR	0.77	na	141	11.3	9.4	5.7	na	0.77	0.72	9.5%	0.7%
Malaysia offshore simple average						**16.9**	**16.1**	**16.7**	**22.7%**	**1.34**	**1.26**	**8.1%**	**0.9%**

SOURCES: CGS-CIMB, COMPANY REPORTS, BLOOMBERG

ESG in a nutshell

Refinitiv ESG Scores

A-	A+	A-	A+	A-	B-
ESG Score	ESG Controversies Score	ESG Combined Score	ESG Environment Pillar Score	ESG Social Pillar Score	ESG Government Pillar Score

We think STE's transformation over the years, steering its focus towards aerospace, smart city, defence and public security segments, has lifted its overall ESG standing, away from the historical misconception of being associated with the production of antipersonnel landmines/cluster munitions. Accordingly, it has improved its ESG combined score by Refinitiv from a B- since 2015 to B+ in 2019. The current score of B+ is split into E: A- (weightage 23.7%); S: A- (weightage 43.9%); and G: B- (weightage 32.4%). Being a Temasek-linked company, we believe that STE plays a role in helping Singapore to achieve its 2030 Green Plan.

Keep your eye on

Being involved in the defence industry, transparency of information could be limited at times for contract wins/ tender pipeline. Order book amount disclosed includes defence contracts but details are not disclosed.

Implications

We do not forecast our financials by commercial/defence in nature but based on historical trend of revenue and margin by segments. Significant wins/cancellations of defence contracts could be an upside/downside risk as STE announces its end order book.

ESG highlights

Refinitiv ranked STE slightly better vs. its Singapore industrial peers (KEP: B, SCI: B-) in 2019. STE scored particularly well in Environment (A-) which we believe was due to its emission reduction target achievement. In 2019, its Singapore operations achieved a reduction of 39% in Greenhouse Gas (GHG) emission intensity, which surpassed our target of 36% reduction on a business-as-usual basis by 2030F, with 2010 as base year. In 2020, the reduction continued with -44%.

However, Refinitiv ranked STE B- for Governance in 2019 (KEP: A- , SCI: B+) which we believe was due to the number of independent directors in the board. Seven of STE's current 12 board of directors are independent or 58% vs. peers (KEP: c.87% and SCI: 90%).

Implications

STE generally appears to fare well in corporate governance amongst Singapore corporates with little controversy in recent years and can be valued at a premium by some investors. We believe that this ties in with our above Singapore market P/E in our fundamental valuations.

Trends

STE improved in Environment pillar, based on Refinitiv rankings in 2019, with a score of A- vs. 2018's B+ which was attributed to better resource efficiency (less energy use/million revenue), and lower Co2 emissions. It also improved in Social pillar in 2019 with a score of A- vs. C+ in the previous year mainly due to the disclosure of human rights policy – with zero tolerance for unethical labour practices such as child labour, forced labour, slavery and human trafficking in its operations.

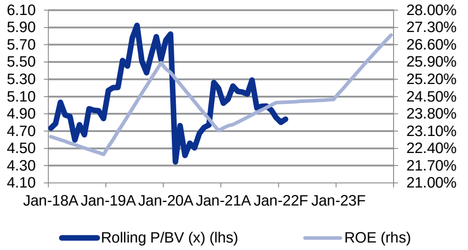
Implications

As STE ramps up projects in smart cities, it could gain more interest from funds which focus on high E and S scores.

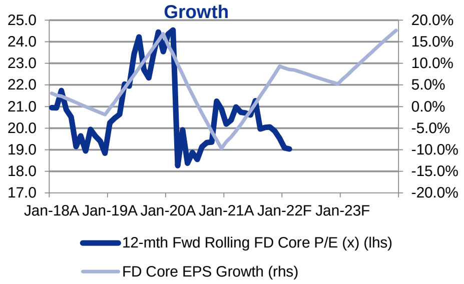
SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	**7,158**	**7,693**	**8,745**	**9,249**	**9,675**
Gross Profit	**1,527**	**1,535**	**1,862**	**2,061**	**2,195**
Operating EBITDA	**949**	**1,044**	**1,139**	**1,374**	**1,443**
Depreciation And Amortisation	(379)	(398)	(404)	(505)	(495)
Operating EBIT	**570**	**646**	**735**	**869**	**948**
Financial Income/(Expense)	(62)	(36)	(49)	(52)	(54)
Pretax Income/(Loss) from Assoc.	30	16	19	19	19
Non-Operating Income/(Expense)	(4)	12	0	0	0
Profit Before Tax (pre-EI)	**534**	**638**	**705**	**836**	**912**
Exceptional Items	0	0	0	0	0
Pre-tax Profit	**534**	**638**	**705**	**836**	**912**
Taxation	(9)	(71)	(99)	(124)	(135)
Exceptional Income - post-tax					
Profit After Tax	**526**	**567**	**606**	**712**	**777**
Minority Interests	(4)	4	(6)	(6)	(6)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**522**	**571**	**600**	**706**	**771**
Recurring Net Profit	522	571	600	706	771
Fully Diluted Recurring Net Profit	**522**	**571**	**600**	**706**	**771**

Cash Flow

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	949	1,044	1,139	1,374	1,443
Cash Flow from Invt. & Assoc.	(30)	(16)	(19)	(19)	(19)
Change In Working Capital	598	137	(333)	(112)	(178)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	160	105	79	82	85
Net Interest (Paid)/Received	(65)	(44)	(49)	(52)	(54)
Tax Paid	(78)	(112)	(99)	(124)	(135)
Cashflow From Operations	**1,533**	**1,114**	**718**	**1,149**	**1,141**
Capex	(200)	(312)	(350)	(250)	(200)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(95)	(102)	(3,333)	(140)	(147)
Cash Flow From Investing	**(295)**	**(414)**	**(3,683)**	**(390)**	**(347)**
Debt Raised/(repaid)	(341)	54	3,200	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	(29)	(33)	0	0	0
Dividends Paid	(468)	(468)	(500)	(500)	(500)
Preferred Dividends					
Other Financing Cashflow	(120)	(168)	(60)	(63)	(66)
Cash Flow From Financing	**(959)**	**(615)**	**2,641**	**(562)**	**(565)**
Total Cash Generated	279	86	(324)	196	229
Free Cashflow To Equity	**897**	**754**	**235**	**759**	**794**
Free Cashflow To Firm	**1,309**	**748**	**(2,906)**	**821**	**860**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	731	816	491	688	916
Total Debtors	1,048	1,067	1,246	1,318	1,378
Inventories	1,269	1,261	1,433	1,497	1,557
Total Other Current Assets	1,943	2,213	2,204	2,173	2,147
Total Current Assets	**4,991**	**5,356**	**5,374**	**5,675**	**5,999**
Fixed Assets	1,757	1,794	3,405	3,314	3,183
Total Investments	492	519	538	557	576
Intangible Assets	1,946	1,993	3,661	3,636	3,620
Total Other Non-Current Assets	778	854	854	854	854
Total Non-current Assets	**4,973**	**5,159**	**8,457**	**8,361**	**8,232**
Short-term Debt	496	560	560	560	560
Current Portion of Long-Term Debt					
Total Creditors	2,218	2,613	2,640	2,659	2,561
Other Current Liabilities	1,574	1,507	1,489	1,462	1,477
Total Current Liabilities	**4,289**	**4,680**	**4,689**	**4,681**	**4,598**
Total Long-term Debt	1,551	1,555	4,755	4,755	4,755
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,550	1,612	1,612	1,612	1,612
Total Non-current Liabilities	**3,100**	**3,168**	**6,368**	**6,368**	**6,368**
Total Provisions	0	0	0	0	0
Total Liabilities	**7,389**	**7,847**	**11,056**	**11,048**	**10,966**
Shareholders' Equity	2,293	2,413	2,514	2,720	2,992
Minority Interests	282	255	261	267	273
Total Equity	**2,575**	**2,668**	**2,775**	**2,988**	**3,265**

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(9.0%)	7.5%	13.7%	5.8%	4.6%
Operating EBITDA Growth	(10.4%)	10.1%	9.1%	20.6%	5.0%
Operating EBITDA Margin	13.3%	13.6%	13.0%	14.9%	14.9%
Net Cash Per Share (S$)	(0.42)	(0.42)	(1.55)	(1.48)	(1.41)
BVPS (S$)	0.74	0.77	0.81	0.87	0.96
Gross Interest Cover	8.00	13.53	12.33	13.87	14.41
Effective Tax Rate	1.6%	11.1%	14.0%	14.8%	14.8%
Net Dividend Payout Ratio	89.8%	82.1%	83.2%	70.7%	64.8%
Accounts Receivables Days	58.64	50.17	48.26	50.58	51.00
Inventory Days	83.88	74.99	71.44	74.39	74.72
Accounts Payables Days	136.6	143.2	139.3	134.5	127.7
ROIC (%)	11.2%	11.6%	12.5%	8.5%	9.3%
ROCE (%)	12.3%	14.0%	11.6%	10.7%	11.4%
Return On Average Assets	6.02%	5.85%	5.33%	5.43%	5.83%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Commercial Aerospace sales growth	N/A	0.1	0.1	0.1	0.0
Urban Solutions & Satcom sales growth	N/A	0.1	0.4	0.1	0.1
Defence & Public Security sales growth	N/A	0.1	0.1	0.0	0.0

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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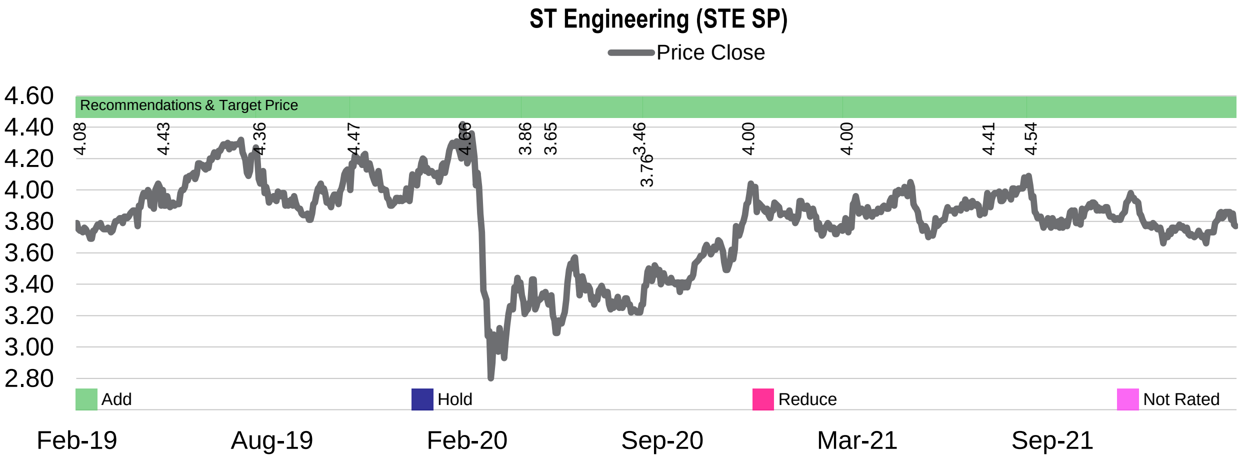
Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021 619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.