

# Singapore Company Update

## ST Engineering

Bloomberg: STE SP | Reuters: STEG.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

4 Apr 2025

### BUY

Last Traded Price (3 Apr 2025): SGD6.75 (STI : 3,942.23)  
 Price Target 12-mth: SGD7.50 (11% upside) (Prev SGD6.00)

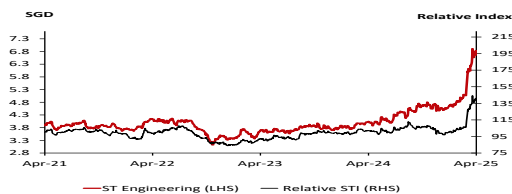
#### Analyst

Jason SUM, CFA jasonsum@dbs.com

#### What's New

- Defence poised for upside surprise as surging international procurement meets years of groundwork in marketing, R&D and partnerships
- Rising urgency should accelerate Smart City adoption and lead to positive surprise relative to medium term targets
- Potential M&A provides additional torque, underpinned by strong execution track record and balance sheet capacity
- Historical valuation benchmarks no longer do justice to STE's higher growth trajectory; notable PEG discount and earnings visibility justify TP raise to SGD7.50

#### Price Relative



#### Forecasts and Valuation

FY Dec (SGDmn)	2023A	2024A	2025F	2026F
Revenue	10,101	11,276	12,289	13,338
EBITDA	1,487	1,614	1,766	1,924
Pre-tax Profit	704	863	1,006	1,166
Net Profit	586	702	814	944
Net Pft (Pre Ex.)	617	702	814	944
Net Pft Gth (Pre-ex) (%)	22.0	13.7	15.9	15.9
EPS (S cts)	18.8	22.5	26.1	30.2
EPS Pre Ex. (S cts)	19.8	22.5	26.1	30.2
EPS Gth Pre Ex (%)	22	14	16	16
Net DPS (S cts)	16.0	17.0	18.0	19.0
BV Per Share (S cts)	78.8	85.5	94.6	107
PE (X)	36.2	30.2	26.1	22.5
PE Pre Ex. (X)	34.3	30.2	26.1	22.5
P/Cash Flow (X)	23.6	14.1	16.8	14.4
EV/EBITDA (X)	18.3	16.6	15.0	13.6
Net Div Yield (%)	2.4	2.5	2.7	2.8
P/Book Value (X)	8.6	7.9	7.2	6.4
Net Debt/Equity (X)	2.1	1.8	1.5	1.2
ROAE (%)	24.1	27.4	28.9	30.0
Earnings Rev (%)			1	0
Consensus EPS (S cts):			26.6	30.3
Other Broker Recs:		B: 13	S: 0	H: 2

Source of all data on this page: Company, DBS, Bloomberg

### New era of growth calls for a valuation rethink

#### Investment Thesis:

Well positioned across global megatrends of digitalisation, urbanisation, sustainability, and security, STE has established itself as a global force in aerospace, defence, and urban solutions by blending deep engineering know how with a proactive M&A strategy. Apart from its dominant position as a leading MRO operator, Singapore's prime defence contractor, and a rising provider of smart city platforms that enhance connectivity and security, its strength lies in offering integrated offerings that set it apart from more narrowly focused competitors. This breadth of expertise, together with a relentless emphasis on R&D and strategic partnerships, has enabled STE to consistently secure a robust order backlog and execute on challenging, large-scale projects worldwide.

Record order backlog underpins earnings visibility, and double-digit earnings CAGR is projected over the medium term. STE's order backlog climbed to a new record of SGD28.5bn as of Dec-24, with an average book-to-bill ratio of 1.4x over the past eleven quarters. We expect the group's core net earnings to grow at an impressive 15–20% CAGR between FY24–26F, driven by capacity expansion and a faster cadence of project deliveries across all business segments, along with strengthening operating margins as STE benefits from better pricing, increased operational leverage, and productivity gains, as well as lower interest costs from deleveraging.

Defence and Smart City could outperform management's targets, supported by structural shifts in global spending and years of execution groundwork. In defence, rising procurement budgets in Europe and the Middle East, especially for equipment, are expanding STE's export runway, with earlier investments in R&D, partnerships and marketing now set to deliver returns. Meanwhile, Smart City demand is accelerating as governments prioritise mobility, sustainability and public safety initiatives. These trends suggest STE's earnings could exceed the guided low to mid-teens CAGR over 2024–2029, with the group's M&A strategy likely to provide further uplift.

Maintain BUY with higher TP of SGD7.5. While STE's share price has continued to outperform YTD-2025, valuations remain undemanding relative to global peers given its sound fundamentals, and we see continued execution on its growth story catalysing a re-rating.

#### Key Risks

- 1) Trade war leading to higher input costs and margin erosion, 2) aviation supply chain disruptions could adversely impact its commercial aerospace business, and 3) turnaround in its satcom business could take longer than expected.

#### At A Glance

Issued Capital (mn shrs)	3,115
Mkt. Cap (SGDmn/USDnm)	21,024 / 15,751
Major Shareholders (%)	
Temasek Holdings Pte	50.9
Free Float (%)	49.1
3m Avg. Daily Val (USDmn)	31.3
GIC Industry : Industrials / Capital Goods	



Watchlist the stock on Insights Direct to receive prompt updates

**WHAT'S NEW**

**Potential medium-term earnings levers and a deep dive into valuation; raise TP to SGD7.5**

STE handily outperformed its 2021 Investor Day scorecard, and new targets signal a fresh era of growth for the group. STE has significantly exceeded its 2021 Investor Day targets, meeting several of its 2026 objectives two to three years ahead of schedule (as shown in the table on the right), underscoring the strength of its execution. We were pleasantly surprised by STE's 2025 Investor Day targets, which call for a high single-digit CAGR in revenue and low-to-mid teens growth in net profit, substantially above the 7.7% net profit CAGR recorded between FY20–24. While the group has guided for healthy top-line growth across all segments, we are excited about the group's high-single-digit revenue guidance for the defence and public security segment, which enjoys the highest margins.

We are also encouraged by STE's emphasis on cost control. Building on SGD0.9bn in savings achieved between FY20–24, the group aims to capture an additional >SGD1.0bn (annual savings of >SGD0.2bn) in efficiencies through procurement initiatives, automation, AI-driven manufacturing (robotics, AI-based quality control, predictive maintenance), AI-assisted supply chain optimisation (predictive analytics for inventory and logistics), and an upgraded ERP system.

The only less positive update is the group's new dividend policy: STE has planned for 18.0Scts dividend per share for FY25 and will increase future dividends by one-third of the incremental net profit in subsequent years (additional SGD33mn dividends for every SGD100mn increase in net profit). While special dividends remain a possibility if the group's capital position allows, we think investors would have welcomed a stronger focus on returning capital, particularly given the company's guidance for solid free cash flow generation over the next five years (annual capex of roughly SGD500mn and multiple initiatives to optimise working capital).

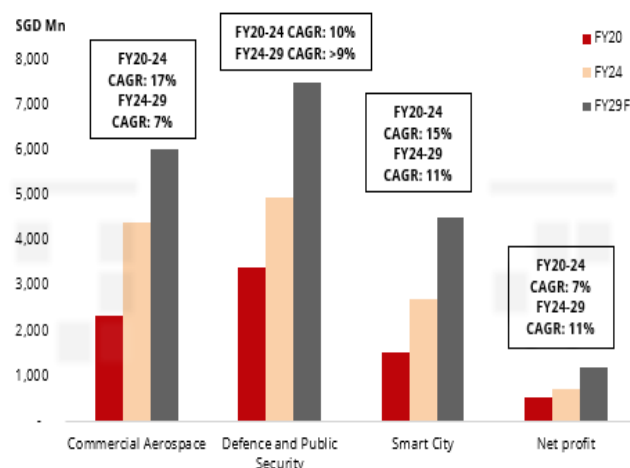
**Maintain BUY with higher TP of SGD7.5; multiple factors could translate into positive surprises for the group's medium-term targets.** Despite the stock's strong performance over the past year and YTD-2025, we argue that valuations remain attractive relative to global peers after factoring STE's transition into a new exciting growth phase. Additionally, we foresee 1) strong potential for more defence exports, 2) burgeoning demand for smart city solutions, and 3) more acquisitions pushing the group's bottom-line growth to 15-20% from low-to-mid teens over the next five years. Hence, we reiterate our BUY call with a higher TP of SGD7.50 as we raise our P/E peg and update our DCF assumptions.

**STE 2021 Investor Day Scorecard**

2026 Target	2024 Level	Comments
Group revenue to reach >SGD11.0bn	SGD11.3bn	Achieved two years ahead of target.
Net profit to grow in tandem with revenue	SGD702mn	Not yet achieved, but the group remains on track as net profit is expected to outpace revenue growth over the next two years.
Commercial aerospace segment revenue to exceed SGD3.5bn	SGD4.4bn	Achieved three years ahead of target, an impressive feat given prolonged supply chain and labour challenges.
Smart City revenue to more than double to SGD3.5bn	SGD2.7bn	Management stated they remain on track, suggesting Smart City revenue could grow at a 14% CAGR over the next two years.
Digital Business revenue to exceed SGD500mn	SGD645mn	Achieved two years ahead of target, partly boosted by inorganic growth from the acquisition of D'Crypt.
P2F conversion revenue to reach SGD700mn	SGD706mn	Achieved two years ahead of target; also attained a mid-single-digit EBIT margin in FY24.

Source: Company, DBS

**STE 2029 P&L Targets**



Source: Company, DBS

Note: CAGR for net profit refers to mid-point of guidance

**STE WELL POSITIONED FOR DEFENCE EXPORT BREAKOUT**

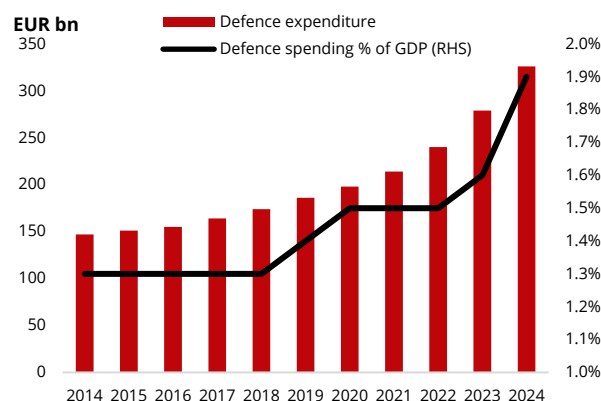
**Defence spending in Europe and the Middle East has surged over the past few years.** Considering the dramatically different security landscape today, we believe that defence spending in Europe and the Middle East, the two regions directly involved in conflicts over the past few years, will be on a long-term upswing. Total Europe defence expenditure in 2024 amounted to EUR326bn, up sharply by 52% compared to 2021 (prior to the Russia-Ukraine conflict), representing around 1.9% of GDP. Notably, spending on equipment procurement and R&D increased by an even greater magnitude of 96.2% between 2021-2024, and now accounts for 31% of total defence spending in 2024, up from 24% in 2021. Similarly, estimates from Forecast International show that defence spending by the Middle East and North Africa rose 15.6% y/y to USD220.6bn in 2024.

**Looking ahead, we anticipate a paradigm shift in European defence spending.** Until recently, European nations were planning to allocate between 2–2.5% of GDP towards defence by 2030. However, the region is now preparing to rearm on a scale not seen in decades. The European Commission's ReArm plan would mobilise up to EUR800bn in defence spending over several years, and this could dramatically lift defence spending in the region by up to 1.5% of GDP (to 3–3.5%) annually, with an emphasis on reducing its reliance on US support, modernisation and rebuilding depleted stockpiles. As shown in the table on the right, Europe's total defence expenditure could rise by 9–12% CAGR between 2024 and 2030, with equipment procurement growing at a faster 12–17% CAGR during this period, as countries focus on replacing ageing equipment, strengthening military capabilities, and refilling arsenals.

**Defence expenditure in the Middle East is also likely to remain on an uptrend even as conflicts de-escalate.** Estimates by Forecast International point to defence spending in the region growing at a 3.0% CAGR over 2024–2029, as governments respond to an increasingly volatile security environment and heightened threat perceptions, where conflicts involving Israel, Iran (including its nuclear ambitions), Hezbollah, and Yemeni insurgents have exposed gaps in regional capabilities and intensified the procurement of advanced equipment, with many countries in the midst of multi-year military modernisation programs. Additionally, many states are also increasingly focused on cultivating domestic defence industries through technology transfers and joint ventures.

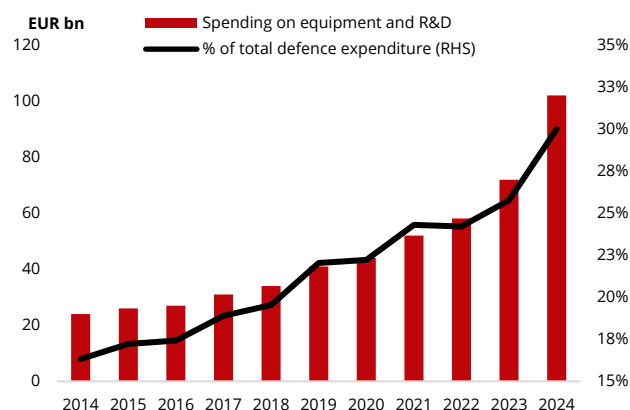
**We believe there is upside to STE's international defence growth trajectory.** As a recap, STE clinched USD1.7bn of international defence contracts between 2021-2024, compared to an addressable market of USD5.0bn between 2022-2026. The

**EU27 historical defence expenditure**



Source: European Council, DBS

**EU27 historical spending on equipment and R&D**



Source: European Council, DBS

**Estimated annual defence spending in 2030**

(In EUR bn)	3.0% of GDP	3.25%	3.5%
Total defence spending	562.8 (9.5% CAGR between 2024-2030)	609.7 (11.0%)	656.6 (12.4%)
Equipment & R&D (35% of total)	197.0 (11.6%)	213.4 (13.1%)	229.8 (14.5%)
Equipment & R&D (37.5%)	211.1 (12.9%)	228.7 (14.4%)	246.2 (15.8%)
Equipment & R&D (40%)	225.1 (14.1%)	243.9 (15.6%)	262.7 (17.1%)

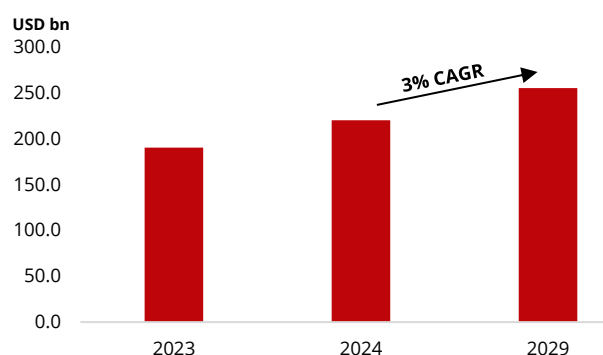
Source: European Council, DBS estimates

group has guided for a wider addressable market of over USD11.0bn over 2024-2029, more than double the figure back in 2021. However, we believe that there is potential for STE to exceed its target due to the following reasons:

- 1) **STE has spent the past few years laying down the foundation**, including building their presence in the international scene through marketing, defence exhibitions and live demonstrations. Additionally, the group has also inked many partnerships with leading defence contractors, including Babcock, Rheinmetall, Saab, Saudi Arabian Military Industries (SAMI), Kazakhstan Paramount Engineering (KPE), EDGE Group and Israel Aerospace industries. We believe the partnerships forged during 2018–2025 are likely to continue yielding new co-developed technologies and contract opportunities.
  
- 2) **Deferred modernisation needs and buffer-building will be prioritised**. Global ammunition stockpiles have been drawn down to perilously low levels by recent conflicts. In addition to replenishing supplies provided to Ukraine, NATO aims to rebuild to pre-war levels and then establish additional buffers to enhance readiness for worst-case scenarios. Furthermore, years of underinvestment prior to recent conflicts have led to considerable pent-up modernisation requirements.
  
- 3) **Europe’s defence contractors are in overdrive, suggesting that imports are required to fill the gap**. The combined order backlog of the seven largest European defence primes surged to EUR303bn in 2024, up 75% from 2021, and now represents 3.4 years of revenue (vs. 2.6 years in 2021). While the ReArm plan prioritises a ‘Made in Europe’ approach, prime contractors are struggling with long lead times and capacity constraints, limiting how quickly Europe can rearm. As Europe looks to reduce its security reliance on the US, new opportunities will emerge for contractors from other allied countries.

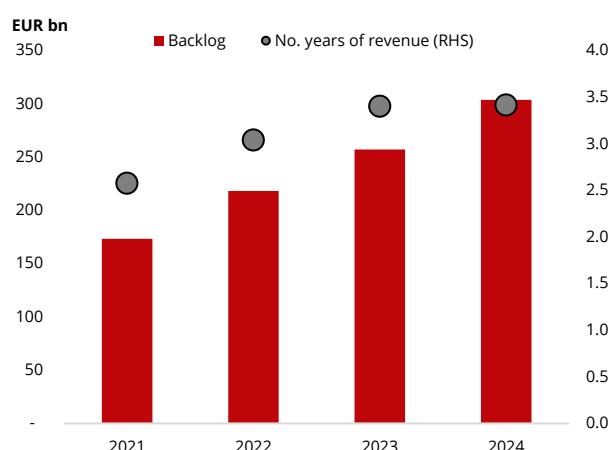
**STE is well-positioned to meet urgent defence needs in the Middle East and Europe.** Combat-proven platforms like the Bronco all-terrain carrier and the hybrid-electric Terrex 8x8, both designed for modular deployment across diverse missions. These are complemented by key subsystems, including G-DEX digital mortar systems, turreted weapon stations, and electronic warfare suites. Building on its strong track record in 40mm grenade production, STE can also provide NATO-standard 155mm shells. Meanwhile, its expertise in sensor integration and scalable co-production ensures adaptable solutions for modern, high-intensity operations.

**Historical & projected Middle East defence spending**



Source: Forecast International, DBS

**Europe defence contractors’ order backlog**



Source: Companies, DBS

**INCREASING URGENCY FOR SMART CITY SOLUTIONS**

**Smart City solutions are becoming much more essential.**

According to TomTom's traffic index ranking, 379 of the 500 tracked cities (76%) experienced slower average travel speeds in 2024 compared with the previous year. Although the pandemic briefly eased congestion, the lifting of restrictions, return-to-office policies, surging e-commerce deliveries, and a rebound in tourism and business travel have pushed many urban networks beyond pre-pandemic levels. Additionally, cities such as Jakarta, Bangkok, and Manila consistently rank among the most congested worldwide, and an Oliver Wyman study indicates that many Asian cities continue to fare poorly in transit infrastructure, highlighting significant room for improvement.

With the United Nations projecting the global urban population to rise from 57.3% in 2023 to approximately 68% by 2050, and cities already responsible for nearly 70% of global carbon emissions, governments worldwide are under mounting pressure to future-proof urban environments by investing in energy-efficient building systems, and digital infrastructure for security and environmental monitoring. At the same time, the worsening of traffic conditions globally reinforces the urgent need for smart mobility solutions. Energy crises and climate-induced disasters have further exposed how legacy systems are unfit for modern urban risks, driving governments to accelerate investments in smart grids, adaptive mobility, and real-time surveillance and emergency response systems.

**STE is primed to tap into this growing demand through its comprehensive suite of Smart City solutions.** Its smart mobility offerings include tolling systems and traffic-flow management, supported by TransCore, whose first tolling contract in Southeast Asia highlights the group's ability to cross-sell solutions into new markets. These capabilities are built on a modular and scalable technology architecture that allows cities to begin with targeted deployments and expand into fully integrated systems, as demonstrated by the group's smart city operating system in Lusail City, its first full-scale implementation outside Singapore.

Beyond mobility, ST Engineering has deployed more than 17 million sensors across applications such as smart street lighting, water metering and environmental monitoring, while its smart energy management system has achieved up to 25% energy savings. Notably, its cybersecurity operations span more than 20 countries, safeguarding critical infrastructure across transportation, energy, finance and healthcare sectors. These capabilities are further reinforced by its digital strengths in cloud services, AI analytics and green-certified data centers, aligning with public sector priorities in sustainability and digitisation. As cities respond to climate imperatives, urbanisation and security challenges, we believe that there could be upside to growth estimates for this segment over the medium-term.

**Congestion levels across key cities**

City	2023	2024	Ranking (1 = most congested)
Mexico City	48%	52%	1
Bangkok	48%	50%	2
Los Angeles	41%	43%	20
Jakarta	41%	43%	25
Manila	43%	42%	27
Istanbul	39%	41%	35
Vancouver	31%	35%	96
Mumbai	34%	35%	109
Taipei	30%	33%	140
UK	29%	32%	150
San Francisco	30%	32%	162
Toronto	27%	31%	185
Tokyo	28%	30%	207
Paris	29%	30%	215
Ho Chi Minh	27%	30%	220
New York	28%	30%	224
Singapore	26%	29%	236
Berlin	28%	29%	248
Kuala Lumpur	28%	28%	256

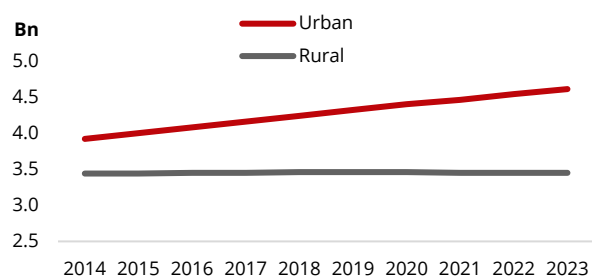
Source: TomTom, DBS

**Oliver Wyman Urban Mobility Readiness Index (2024)**

City	Sustainable Mobility	Public Transit	Technology Adoption	Rank
Singapore	58.9%	74.2%	59.6%	3
Tokyo	57.5%	64.2%	49.2%	18
Beijing	57.2%	58.1%	65.8%	20
Kuala Lumpur	34.3%	47.1%	35.7%	46
Bangkok	40.0%	43.5%	24.4%	48
Mumbai	30.6%	40.2%	21.3%	60
Manila	34.7%	31.4%	12.3%	65

Source: Oliver Wyman, DBS

**Global urban and rural population**



Source: World Bank, DBS

**M&A NOT FACTORED IN THE GROWTH EQUATION**

**M&A remains a wild card, but we like the odds.** Over the past several years, STE has executed a series of bolt-on (Glowlink, D'Crypt) and large-scale acquisitions (MRAS, Newtec, TransCore), and we believe that the majority of these have delivered broadly positive outcomes. Post-acquisition, Newtec has likely contributed low single-digit earnings accretion (although it is currently facing considerable challenges), while MRAS and TransCore are estimated to have driven high single-digit and low-double digit accretion respectively, with MRAS arguably being the group's best-executed deal to date.

While financial leverage remains notably higher versus pre-TransCore levels (given the deal was entirely debt-funded), we believe STE remains comfortable deploying more debt for M&A, supported by ~SGD700mn in debt repayments over the past two years, meaningful improvements in credit metrics (especially net debt to EBITDA given rising earnings), and our expectation of strong free cash flow generation in the coming years.

With one of the highest credit ratings in the sector, we note that STE's cost of funding remains highly competitive relative to peers across its key segments (MRO, Defence, Smart City). Given its strong track record, we expect further acquisitions in the coming years, likely in the Commercial Aerospace or Smart City (cybersecurity, smart mobility, digital infrastructure) domains, either to broaden its geographical reach or enhance its capabilities vertically or horizontally.

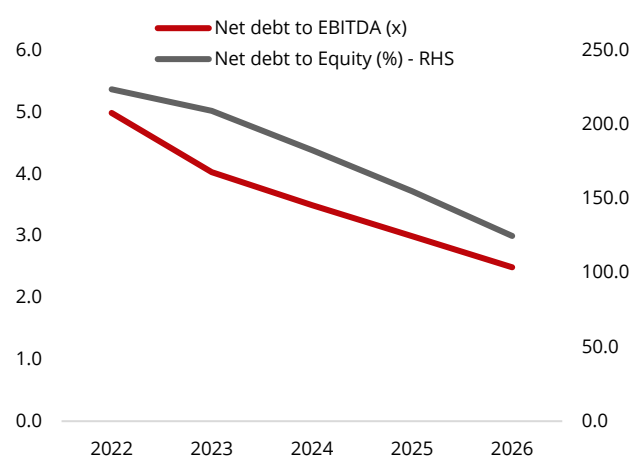
**Proactive portfolio optimisation efforts support a more resilient and focused earnings profile.** Since 2016, the group has divested or ceased 16 non-core operations, including the successful divestment of its loss-making US marine business, which had long faced structural challenges, subsequently resulting in a strong boost to segmental margins. While the group has not explicitly stated plans to divest its Satcom business, the segment has underperformed in recent years and continues to face industry headwinds. Management has acknowledged these challenges and is pursuing a turnaround through cost transformation, product innovation and platform upgrades, but if the business remains structurally unprofitable or misaligned with the group's core growth pillars, it may eventually be considered for divestment under the group's disciplined capital allocation framework.

**Breakdown of past major acquisitions**

Target	Purchase consideration	Implied multiple	Premium/discount to STE	Estimated EPS accretion
MRAS	USD630mn	c.12x P/E	35-40% discount	8-10%
Newtec	EUR250mn	14.6x EV/EBITDA	10-15% premium	2-3%
TransCore	USD2.7bn	16.2x EV/EBITDA	0-5% premium	10-12%

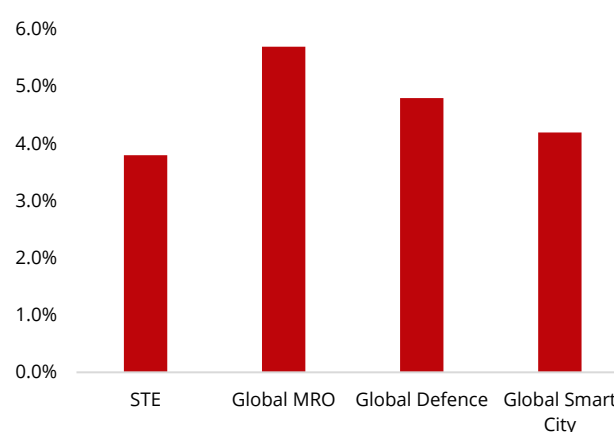
Source: Company, DBS estimates

**Historical and projected key credit metrics**



Source: Company, DBS estimates

**Cost of debt - STE vs peers**



Source: Companies, DBS estimates



**VALUATION AND TARGET PRICE UPDATE**

**Undemanding valuations relative to peers despite strong share price performance and solid fundamentals.** Having rallied more than 45% YTD-2025 and over 65% in the past year, STE is now trading at 24.5x forward P/E, which is more than 2.0 standard deviations above its five-year trading range and over 3.0 standard deviations above its historical trading range. However, we believe historical valuations are no longer a relevant yardstick, as STE is entering a much faster growth trajectory, as shown in the table on the right. Its new five-year bottom-line growth target of approximately 11% is about three times its historical growth profile of 2–4%. Benchmarking STE against peers, we believe its current valuation remains compelling, given its growth prospects. STE is trading at 1.4x PEG, compared to 1.2x for other MRO operators, 1.7x for global defence contractors, and 1.8x for global Smart City plays.

**Maintain BUY with a higher TP of SGD7.50.** While our FY25/26F earnings estimates remain largely intact, we raise our TP to SGD7.50, reflecting: (1) a higher target multiple of 26.0x blended FY25/26F EPS pegged to 1.6x PEG (average of peers across the three segments), and (2) a higher DCF-based TP driven by our increased longer-term earnings growth assumptions and lower reinvestment estimates, following STE's focus on working capital optimisation and limited capex requirements. Overall, we view the current risk-reward setup as favourable, underpinned by management's solid track record and strong execution, high earnings visibility due to its substantial order backlog, and relatively minimal impact from tariffs at this juncture. Although some investors might have preferred a stronger focus on capital returns, we believe any capital accumulation will eventually be deployed for additional M&A, bolstering the group's earnings profile.

**STE's historical trading range and earnings growth**

Time period	Average P/E	Max P/E	EPS CAGR
2009-2014	18.1x	22.3x	3.7%
2014-2019	19.0x	21.9x	2.2%
2019-2024	19.3x	23.5x	3.5%
2024-2029			11.0-14.0%

Source: Bloomberg, Company, DBS estimates

**Peer comparison – valuation and earnings growth**

Sector	Average FY25/26 P/E	2-year EPS CAGR	PEG
Global Defence	21.7x	11.2%	1.7x
Global Smart City	19.7x	11.3%	1.8x
Global MRO	17.1x	14.3%	1.2x
ST Engineering	23.7x	16.5%	1.4x

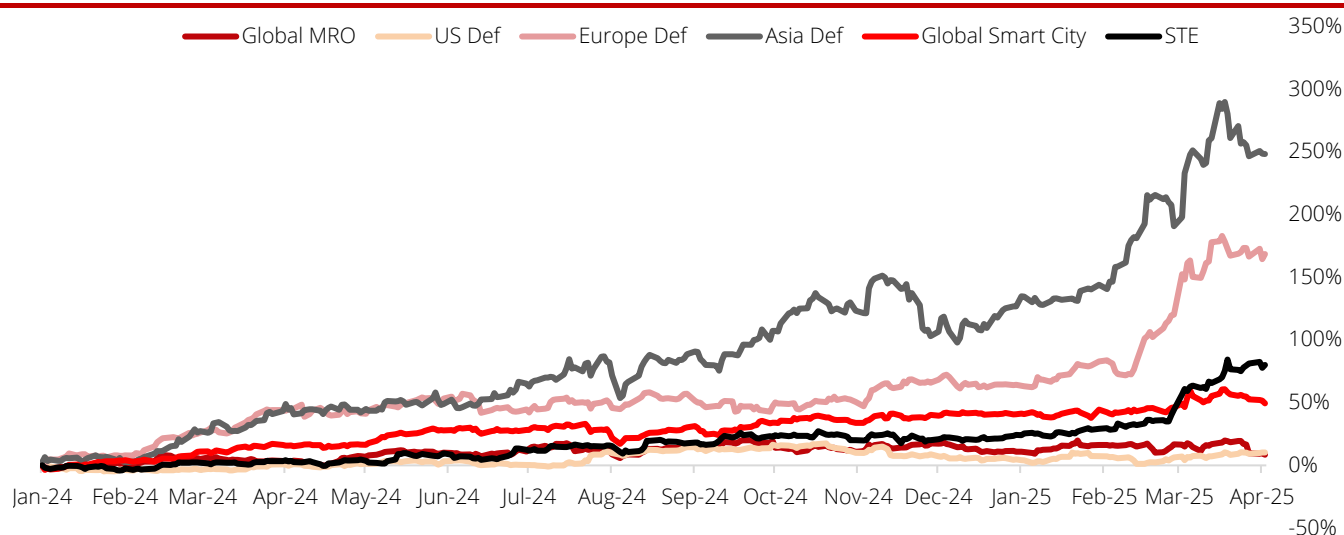
Source: Bloomberg, DBS estimates

Note: Values shown in each column are the median values

**Company Background**

ST Engineering (STE) is an integrated engineering group in the commercial aerospace, urban solutions, defence, and public security sectors. The company has, over the years, diversified its businesses and geographic exposure.

**Total returns of STE vs peers (01/01/2024 to 03/04/2025)**



Source: Bloomberg, DBS

## Peer comparison table

Company	BB ticker	Market cap (USD mn)	P/E		EPS CAGR	PEG	EV-to-EBITDA		P/BV		ROE (%)	
			CY25F	CY26F	2-year		CY25F	CY26F	CY25F	CY26F	CY25F	CY26F
MTU Aero Engines	MTX GR EQUITY	18,547	19.9x	18.0x	12.4%	1.5x	11.7x	10.6x	4.1x	3.5x	23.2%	21.4%
StandardAero	SARO US EQUITY	8,967	30.9x	23.0x	31.3%	0.9x	14.0x	12.0x	3.4x	2.9x	11.3%	13.0%
AAR Corp	AIR US EQUITY	1,999	12.3x	10.8x	16.1%	0.7x	7.8x	6.6x	nm	nm	nm	nm
SIA Engineering	SIE SP EQUITY	1,839	15.8x	14.7x	9.0%	1.7x	nm	nm	1.4x	1.4x	9.0%	9.4%
<b>Median</b>			17.8x	16.3x	14.3%	1.2x	11.7x	10.6x	3.4x	2.9x	11.3%	13.0%

Company	BB ticker	Market cap (USD mn)	P/E		EPS CAGR	PEG	EV-to-EBITDA		P/BV		ROE (%)	
			CY25F	CY26F	2-year		CY25F	CY26F	CY25F	CY26F	CY25F	CY26F
RTX Corp	RTX US Equity	177,367	21.7x	19.5x	9.0%	2.3x	15.5x	14.1x	2.8x	2.7x	13.1%	14.1%
Boeing	BA US Equity	126,532	nm	45.2x	nm	nm	45.1x	18.7x	nm	nm	28.9%	-50.9%
Lockheed Martin	LMT US Equity	105,239	16.4x	15.1x	3.0%	5.2x	11.7x	11.2x	16.2x	15.2x	96.4%	100.6%
Northrop Grumman	NOC US Equity	74,274	18.3x	17.7x	1.1%	15.7x	13.8x	13.5x	4.7x	4.5x	25.7%	25.0%
General Dynamics	GD US Equity	73,574	18.4x	16.3x	10.9%	1.6x	13.1x	11.9x	3.2x	3.0x	18.1%	19.4%
Rheinmetall	RHM GY EQUITY	62,880	44.0x	30.5x	54.9%	0.7x	23.9x	16.9x	11.4x	8.9x	27.6%	31.7%
BAE Systems	BA/ LN Equity	60,715	20.7x	18.7x	11.1%	1.8x	12.8x	11.8x	3.8x	3.6x	18.5%	18.9%
Thales S.A.	HO FP Equity	54,556	26.1x	22.9x	7.4%	3.3x	14.8x	13.3x	6.0x	5.3x	23.6%	23.3%
Leonardo	LDO IM Equity	27,711	25.2x	21.0x	6.6%	3.5x	12.1x	10.6x	2.7x	2.5x	11.0%	12.2%
Dassault Aviation	AM FP EQUITY	25,507	22.0x	18.0x	11.3%	1.8x	17.2x	14.0x	3.4x	3.0x	16.4%	17.7%
Kongsberg	KOG NO EQUITY	25,612	42.2x	35.4x	22.6%	1.7x	27.2x	23.2x	12.4x	10.6x	31.5%	32.3%
SAAB	SAABB SS EQUITY	21,278	38.9x	31.3x	30.4%	1.2x	20.7x	16.9x	5.3x	4.7x	14.3%	15.8%
Hanwha Aerospace	012450 KS EQUITY	20,642	20.3x	16.9x	-15.0%	nm	12.4x	10.2x	3.9x	3.2x	24.0%	22.2%
IHI CORP	7013 JT EQUITY	11,140	15.6x	14.7x	6.7%	2.3x	8.9x	8.5x	3.0x	2.6x	21.0%	18.6%
Kawasaki Heavy Industries	7012 JT EQUITY	10,144	16.2x	13.8x	17.2%	0.9x	10.3x	9.3x	2.0x	1.8x	12.8%	13.5%
Hensoldt	HAG GY EQUITY	7,637	34.2x	28.3x	29.7%	1.1x	15.3x	12.8x	7.0x	6.1x	19.6%	21.9%
Hyundai Rotem	064350 KS EQUITY	7,381	15.9x	14.5x	30.4%	0.5x	10.8x	9.2x	4.0x	3.1x	27.9%	23.9%
Korea Aerospace	047810 KS EQUITY	5,021	27.0x	18.7x	45.2%	0.5x	16.2x	12.0x	3.8x	3.2x	14.3%	18.5%
<b>Median</b>			21.7x	18.7x	11.1%	1.7x	14.3x	12.4x	3.9x	3.2x	20.3%	19.1%

Company	BB ticker	Market cap (USD mn)	P/E		EPS CAGR	PEG	EV-to-EBITDA		P/BV		ROE (%)	
			CY25F	CY26F	2-year		CY25F	CY26F	CY25F	CY26F	CY25F	CY26F
Siemens AG	SIE GY Equity	183,299	17.8x	17.9x	6.4%	2.8x	14.6x	12.4x	3.0x	2.7x	16.8%	15.7%
Honeywell	HON US Equity	138,479	20.5x	18.6x	14.2%	1.4x	15.1x	14.0x	7.8x	7.1x	36.5%	41.3%
Schneider Electric SE	SU FP Equity	133,227	22.3x	19.7x	7.6%	2.8x	14.4x	12.7x	3.7x	3.3x	17.0%	17.4%
ABB Ltd	ABB SS EQUITY	95,931	20.9x	19.0x	8.6%	2.3x	14.4x	12.9x	6.0x	5.2x	28.9%	28.3%
Motorola	MSI US EQUITY	72,794	29.6x	27.3x	7.4%	3.9x	20.8x	19.2x	27.7x	18.5x	99.4%	97.8%
NEC Corp	6701 JT EQUITY	28,756	21.3x	18.8x	25.1%	0.8x	9.7x	9.1x	1.9x	1.8x	9.7%	10.0%
Alstom S.A.	ALO FP Equity	9,832	11.4x	9.5x	32.5%	0.3x	5.5x	4.7x	0.8x	0.8x	6.8%	8.4%
Indra Sistemas	IDR SM EQUITY	5,153	14.6x	13.1x	14.0%	1.0x	7.7x	6.7x	3.0x	2.6x	22.9%	22.0%
<b>Median</b>			20.7x	18.7x	11.3%	1.8x	14.4x	12.6x	3.4x	3.0x	20.0%	19.7%
ST Engineering	STE SP EQUITY	15,410	24.9x	21.9x	16.5%	1.4x	14.9x	13.5x	7.1x	6.3x	29.2%	30.0%

Source: Bloomberg, DBS



## ST Engineering

### Valuation table

Valuation Methodology	Basis	Parameters	Price per share (SGD)
DCF	-	7.2% WACC, 3.0% risk-free rate	7.86
P/E	SGD846mn (Blended FY25/26F)	26.0x	7.05
		Average	7.50

Source: DBS

### Historical PE and PB band



Source: Bloomberg, DBS estimates



Source: Bloomberg, DBS estimates

## ST Engineering

### Segmental Breakdown

FY Dec	2022A	2023A	2024A	2025F	2026F
<b>Revenues (SGDmn)</b>					
Commercial Aerospace	2,991	3,905	4,384	4,727	5,120
Urban Solutions & Defence and Public	1,772	1,944	1,957	2,110	2,306
	4,272	4,252	4,935	5,452	5,911
<b>Total</b>	<b>9,035</b>	<b>10,101</b>	<b>11,276</b>	<b>12,289</b>	<b>13,338</b>
<b>EBIT (SGDmn)</b>					
Commercial Aerospace	200	283	342	383	430
Urban Solutions & Defence and Public	27.9	14.6	42.3	63.3	92.2
	365	543	621	692	757
<b>Total</b>	<b>593</b>	<b>840</b>	<b>1,006</b>	<b>1,139</b>	<b>1,279</b>
<b>EBIT Margins (%)</b>					
Commercial Aerospace	6.7	7.2	7.8	8.1	8.4
Urban Solutions & Defence and Public	1.6	0.7	2.2	3.0	4.0
	8.5	12.8	12.6	12.7	12.8
<b>Total</b>	<b>6.6</b>	<b>8.3</b>	<b>8.9</b>	<b>9.3</b>	<b>9.6</b>

### Income Statement (SGDmn)

FY Dec	2022A	2023A	2024A	2025F	2026F
Revenue	9,035	10,101	11,276	12,289	13,338
Cost of Goods Sold	(7,336)	(8,128)	(9,101)	(9,893)	(10,670)
<b>Gross Profit</b>	<b>1,699</b>	<b>1,973</b>	<b>2,174</b>	<b>2,396</b>	<b>2,668</b>
Other Opng (Exp)/Inc	(1,026)	(1,085)	(1,169)	(1,258)	(1,389)
<b>Operating Profit</b>	<b>673</b>	<b>888</b>	<b>1,005</b>	<b>1,139</b>	<b>1,279</b>
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	33.3	58.1	71.0	74.5	76.8
Net Interest (Exp)/Inc	(138)	(210)	(214)	(207)	(189)
Exceptional Gain/(Loss)	28.7	(31.0)	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>597</b>	<b>704</b>	<b>863</b>	<b>1,006</b>	<b>1,166</b>
Tax	(54.1)	(99.8)	(133)	(161)	(187)
Minority Interest	(8.3)	(18.0)	(26.9)	(31.2)	(36.2)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>535</b>	<b>586</b>	<b>702</b>	<b>814</b>	<b>944</b>
Net Profit before Except.	506	617	702	814	944
EBITDA	1,223	1,487	1,614	1,766	1,924
<b>Growth</b>					
Revenue Gth (%)	17.4	11.8	11.6	9.0	8.5
EBITDA Gth (%)	14.1	21.6	8.6	9.4	8.9
Opg Profit Gth (%)	2.4	31.9	13.3	13.2	12.3
Net Profit Gth (Pre-ex) (%)	(11.3)	22.0	13.7	15.9	15.9
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	18.8	19.5	19.3	19.5	20.0
Opg Profit Margin (%)	7.5	8.8	8.9	9.3	9.6
Net Profit Margin (%)	5.9	5.8	6.2	6.6	7.1
ROAE (%)	22.2	24.1	27.4	28.9	30.0
ROA (%)	4.2	3.9	4.4	5.0	5.6
ROCE (%)	7.2	7.2	7.9	8.8	9.9
Div Payout Ratio (%)	93.4	85.2	75.6	69.1	62.9
Net Interest Cover (x)	4.9	4.2	4.7	5.5	6.8

Source: Company, DBS

## ST Engineering

### Balance Sheet (SGDmn)

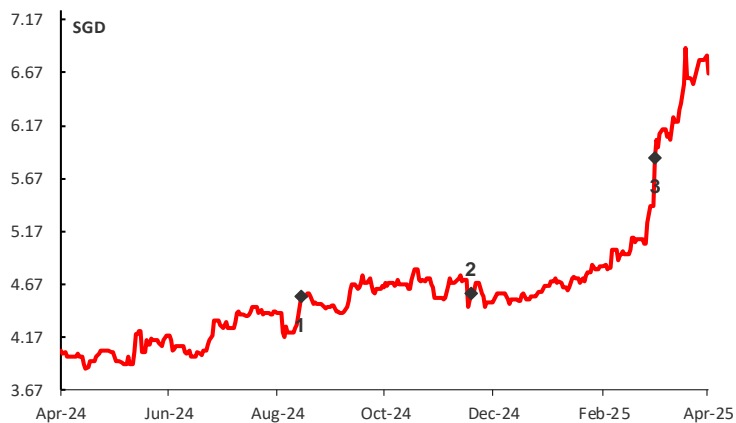
FY Dec	2022A	2023A	2024A	2025F	2026F
Net Fixed Assets	2,076	2,076	2,115	2,199	2,323
Invt in Associates & JVs	468	567	621	646	673
Other LT Assets	6,292	6,105	6,162	5,975	5,783
Cash	602	353	430	411	425
ST Investment	0.0	0.0	0.0	0.0	0.0
Inventory	3,784	4,137	4,629	5,016	5,335
Debtors	1,152	1,581	1,461	1,556	1,667
Net Intangibles Assets	5,291	4,958	4,990	4,803	4,611
Other Current Assets	589	558	804	804	804
<b>Total Assets</b>	<b>14,964</b>	<b>15,379</b>	<b>16,221</b>	<b>16,606</b>	<b>17,009</b>
ST Debt	3,628	2,564	2,945	2,595	2,145
Creditor	2,826	3,155	3,486	3,799	4,123
Other Current Liab	1,551	1,604	1,808	1,915	2,026
LT Debt	2,907	3,544	2,876	2,876	2,876
Other LT Liabilities	1,399	1,760	2,155	2,155	2,155
Shareholder's Equity	2,398	2,459	2,670	2,953	3,335
Minority Interests	255	293	280	312	348
<b>Total Cap. &amp; Liab.</b>	<b>14,964</b>	<b>15,379</b>	<b>16,221</b>	<b>16,606</b>	<b>17,009</b>
Non-Cash Wkg. Capital	1,148	1,518	1,600	1,661	1,657
Net Cash/(Debt)	(5,933)	(5,755)	(5,392)	(5,060)	(4,597)
Debtors Turn (avg days)	44.8	49.4	49.2	44.8	44.1
Creditors Turn (avg days)	145.6	143.9	141.5	142.3	143.1
Inventory Turn (avg days)	181.2	190.5	186.8	188.5	187.0
Asset Turnover (x)	0.7	0.7	0.7	0.7	0.8
Current Ratio (x)	0.8	0.9	0.9	0.9	1.0
Quick Ratio (x)	0.2	0.3	0.2	0.2	0.3
Net Debt/Equity (X)	2.2	2.1	1.8	1.5	1.2
Net Debt/Equity ex MI (X)	2.5	2.3	2.0	1.7	1.4
Capex to Debt (%)	14.5	3.8	6.1	8.2	10.0

### Cash Flow Statement (SGDmn)

FY Dec	2022A	2023A	2024A	2025F	2026F
Pre-Tax Profit	597	704	863	1,006	1,166
Dep. & Amort.	517	541	538	553	568
Tax Paid	(108)	(159)	(160)	(161)	(187)
Assoc. & JV Inc/(loss)	(33.3)	(58.1)	(71.0)	(74.5)	(76.8)
Chg in Wkg.Cap.	(442)	(101)	274	(61.1)	4.42
Other Operating CF	69.2	(31.1)	63.1	0.0	0.0
<b>Net Operating CF</b>	<b>601</b>	<b>897</b>	<b>1,507</b>	<b>1,262</b>	<b>1,475</b>
Capital Exp.(net)	(946)	(233)	(354)	(450)	(500)
Other Invt.(net)	(16.1)	(9.0)	(10.8)	0.0	0.0
Invt in Assoc. & JV	(74.3)	(116)	(18.7)	0.0	0.0
Div from Assoc & JV	40.5	56.1	48.2	50.0	50.0
Other Investing CF	(3,576)	102	(78.9)	0.0	0.0
<b>Net Investing CF</b>	<b>(4,571)</b>	<b>(201)</b>	<b>(414)</b>	<b>(400)</b>	<b>(450)</b>
Div Paid	(686)	(499)	(499)	(531)	(562)
Chg in Gross Debt	4,451	(307)	(464)	(350)	(450)
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	5.18	(138)	(48.0)	0.0	0.0
<b>Net Financing CF</b>	<b>3,770</b>	<b>(944)</b>	<b>(1,010)</b>	<b>(881)</b>	<b>(1,012)</b>
Currency Adjustments	(13.6)	(0.2)	(5.4)	0.0	0.0
Chg in Cash	(214)	(248)	76.5	(18.5)	13.3
Opg CFPS (S cts)	33.4	31.9	39.5	42.4	47.1
Free CFPS (S cts)	(11.1)	21.3	36.9	26.0	31.2

Source: Company, DBS

**Target Price & Ratings 12-mth History**



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	15 Aug 24	4.56	5.00	BUY
2:	19 Nov 24	4.58	5.40	BUY
3:	03 Mar 25	5.87	6.00	BUY

**Note :** Share price and Target price are adjusted for corporate actions.

Source: DBS

Analyst: Jason SUM, CFA

DBS Group Research recommendations are based on an Absolute Total Return\* Rating system, defined as follows:

**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

Completed Date: 4 Apr 2025 06:35:54 (SGT)

Dissemination Date: 4 Apr 2025 09:25:18 (SGT)

Sources for all charts and tables are DBS unless otherwise specified.

#### GENERAL DISCLOSURE/DISCLAIMER

**This report is prepared by DBS Bank Ltd.** This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

#### ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

#### COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), DBSVUSA, or their subsidiaries and/or other affiliates have proprietary positions in ST Engineering, RTX Corporation, The Boeing Co, Lockheed Martin Corp, Northrop Gruman Corp, Honeywell Inc, MOTOROLA SOLUTIONS INC recommended in this report as of 28 Feb 2025.

#### Compensation for investment banking services:

2. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

#### Directorship/trustee interests:

3. Sim S. LIM, a member of DBS Group Management Committee, is a Independent non-executive director of ST Engineering as of 09 Feb 2025.

---

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.


<sup>2</sup> Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.



**Disclosure of previous investment recommendation produced:**

4. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

**RESTRICTIONS ON DISTRIBUTION**

<b>General</b>	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
<b>Australia</b>	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
<b>Hong Kong</b>	<p>This report has been prepared by a personnel of DBS Bank Ltd, who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</p>
<b>Indonesia</b>	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
<b>Malaysia</b>	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">   Wong Ming Tek, Executive Director, ADBSR </p>

Singapore	<p>This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.</p>
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact Chanpen Sirithanarattanukul at <a href="mailto:research@dbs.com">research@dbs.com</a></p>
United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see <a href="http://www.dbs.com/ae/our-network/default.page">http://www.dbs.com/ae/our-network/default.page</a>.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p>

## ST Engineering

	Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.
<b>United States</b>	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
<b>Other jurisdictions</b>	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

### DBS Regional Research Offices

#### HONG KONG

##### DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam  
13th Floor One Island East,  
18 Westlands Road,  
Quarry Bay, Hong Kong  
Tel: 852 3668 4181  
Fax: 852 2521 1812  
e-mail: dbsvhk@dbs.com

#### SINGAPORE

##### DBS Bank Ltd

Contact: Andy Sim  
12 Marina Boulevard,  
Marina Bay Financial Centre Tower 3  
Singapore 018982  
Tel: 65 6878 8888  
e-mail: groupresearch@dbs.com  
Company Regn. No. 196800306E

#### INDONESIA

##### PT DBS Vickers Sekuritas (Indonesia)

Contact: William Simadiputra  
DBS Bank Tower  
Ciputra World 1, 32/F  
Jl. Prof. Dr. Satrio Kav. 3-5  
Jakarta 12940, Indonesia  
Tel: 62 21 3003 4900  
Fax: 6221 3003 4943  
e-mail: indonesiaresearch@dbs.com

#### THAILAND

##### DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanukul  
989 Siam Piwat Tower Building,  
9th, 14th-15th Floor  
Rama 1 Road, Pathumwan,  
Bangkok Thailand 10330  
Tel. 66 2 857 7831  
Fax: 66 2 658 1269  
e-mail: research@dbs.com  
Company Regn. No 0105539127012  
Securities and Exchange Commission, Thailand