

## **Annual General Meeting to be held on 23 April 2026**

### **Responses to SIAS**

Singapore Technologies Engineering Ltd (ST Engineering) would like to thank SIAS for its list of questions in advance of our 29<sup>th</sup> Annual General Meeting (AGM) to be held on Thursday, 23 April 2026 at 2:30 p.m. (GMT +8).

We have provided our responses to the questions received.

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

**For and on behalf of  
Singapore Technologies Engineering Ltd**

Tan Wan Hoon

Company Secretary

Singapore, 17 April 2026

## Appendix 1

**Q1. For the financial year ended 31 December 2025, the group reported strong operating performance, with revenue increasing 9% to \$12.3 billion, adjusted<sup>1</sup> EBITDA rising 10% to \$1.77 billion and adjusted net profit growing 21% to \$850.8 million. The order book expanded by 16% to \$33.2 billion, providing improved visibility on future revenue and earnings.**

**(i) The 2025-2029 strategic plan outlines revenue growth targets. How does the plan balance growth with profitability? Has the board also set profitability targets as well?**

- Our 2025–2029 Group strategy and mid-term targets were set out in our investor day materials as presented on 18 March 2025. These materials are accessible on the Investor Relations section of our corporate website at [www.stengg.com/en/investor-relations/2025-investor-day](http://www.stengg.com/en/investor-relations/2025-investor-day).
- Specifically, Revenue is targeted to grow from \$11.3b in 2024 as a base year to \$17b in 2029. This implies a CAGR of ~8.6%. We also target Net Profit CAGR to exceed Revenue CAGR by up to 5 percentage points.

**It appears that growth and profitability in the urban solutions and satcom segment significantly lags the group's other core segments, even on a base operating performance basis.**

**(ii) What is the strategic rationale for continued capital allocation to this segment, and has the board formally evaluated strategic options, including restructuring or divestment? Is the segment still a critical component of the group's overall strategy?**

- The Urban Solutions and Satcom (USS) segment is one of the Group's three core segments. This segment addresses a growth market anchored by urbanisation, digitalisation and connectivity.
- Within the USS segment, Urban Solutions is the primary growth driver. Its Smart Mobility business, comprising rail and road solutions, continues to grow robustly and has built a strong multi-year order book through contract wins in Singapore, Asia Pacific and the U.S.
- Satcom, on the other hand, continues to operate in a challenging operating environment, although the long-term industry prospects remain positive as the world becomes more digitally connected. The Group presented the pertinent factors and challenges for its Satcom business extensively in its November 2025 announcement (<https://links.sgx.com/1.0.0/corporate-announcements/OU0UJFM511W7PHF3>).
- During regular results briefings, Management has been sharing its focus on turning around the business, while evaluating strategic options to maximise shareholder value.
- There is no certainty that any strategic transaction will take place.

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<sup>1</sup> Adjusted for gains on divestments of subsidiary, LeeBoy, and divestments of shareholding interests in CityCab, STARCO and SPTel, and one-off impairment losses related to iDirect group and Jet-Talk.

**(iii) Specific to TransCore, it has been approximately four years since the acquisition, which resulted in goodwill of \$2.32 billion being recognised on the balance sheet. Has the board reviewed whether the original investment thesis remains intact, and to what extent actual performance has met or exceeded the underwriting assumptions at the time of acquisition?**

- The board regularly reviews major acquisitions against their investment objectives.
- TransCore is a key component of our Smart Mobility business. The business has met the acquisition milestones and objectives, and continues to contribute meaningfully to the Group's performance. TransCore's order book has doubled to \$3b (as at 1Q2025) since acquisition. It also won tolling contracts outside U.S. leveraging the Group's global network, including one in Southeast Asia and one in Australia to deliver a next-gen AI-powered multi-lane free flow tolling system.

**(iv) Separately, the defence and public security segment has delivered strong growth and accounted for approximately half of contract wins in 2025, at \$9.1 billion out of \$18.7 billion. EBIT margins have improved to 13.5%. How does the segment's margin profile compare with global defence peers on a like-for-like basis, and what are the specific operational and portfolio levers available to lift EBIT margins even higher?**

- ST Engineering and other defence companies are not directly comparable due to differences in business portfolio mix, product types and customer profiles.
- The Defence and Public Security (DPS) segment has delivered robust and sustainable margin, driven by disciplined programme execution, operational productivity gains, and an improving project mix.
- Looking ahead, as DPS revenue continues to grow, further margin improvement is expected to come from scale effects, improved project mix and productivity savings.

**Q2. For FY2025, the group incurred total research and development costs of \$456.4 million, comprising \$185.6 million recognised as R&D expense, \$63.1 million as capital development expenditure and \$207.7 million within cost of sales. This represents approximately 3.7% of revenue.**

**The group has articulated a strong focus on technology and innovation. As noted by the Group chief technology & digital officer, a five-year, \$250 million AI research translation programme has been launched to accelerate the deployment of advanced AI capabilities and build internal engineering capacity to commercialise research into next-generation, AI-first systems and platforms. Details of the group's R&D, innovation and applications, including AI-related applications, can be found on pages 20 to 23 of the annual report.**

- (i) **Can management quantify the financial impact of AI initiatives to date, including revenue uplift, cost savings and margin expansion? Over what timeframe does management expect AI to be meaningfully embedded across the group's core operations/applications?**
- (ii) **Separately, in relation to emerging areas such as humanoid systems and more established domains such as drones, what proprietary capabilities, products or solutions has the group developed, and what is the commercialisation roadmap**
- AI is a fundamental capability for the Group to remain competitive in the industries which we operate in. It acts as a force multiplier across the Group, enhancing scalability, productivity and product quality.
  - We deploy AI to strengthen the efficacy of our products and solutions and operational efficiency. AI currently underpins numerous product offerings and operations across the Group.
  - Consistent with our R&D approach, investments in AI, autonomy and advanced systems are outcome-driven, prioritised by relevance to customers, commercial impact and financial returns.
  - In unmanned systems, the Group has proven strengths in autonomy, command-and-control systems that are deployed in products and customer programmes. In newer areas such as humanoid systems, we are pursuing targeted R&D and partnerships, with commercialisation paced by customer demand and use-case maturity.
  - The Group has established a governance framework and guardrails for the responsible development, deployment, and use of AI.
- (iii) **How is the R&D determined and prioritised across competing initiatives?**
- The Group maintains a clear R&D focus.
  - R&D allocation is closely aligned with business and product strategy, and is reviewed regularly by management and the board.
  - Priorities are determined mainly based on relevance to customers, commercial impact and financial returns.
  - This ensures R&D spending remains disciplined, outcome-oriented and closely tied to value creation, with a strong focus on translating research into deployable systems, platforms and services.

**Q3. The group has identified ten material factors spanning four broad areas of economic, environmental, social and governance through a double materiality approach. A summary of these material factors can be found on pages 14 and 15 of the sustainability report<sup>2</sup>.**

**Within governance, areas such as export control and anti-bribery and corruption are particularly critical given the nature of the group's operations, its exposure to multiple jurisdictions and the potential regulatory and reputational risks involved.**

**(i) Export control: The group states that it complies with all applicable export control regimes and aims to ensure that its products and technologies are not used by unauthorised parties or for unauthorised purposes. How does the board obtain assurance that these controls are effective across different jurisdictions, particularly in higher-risk markets? Can management describe the key control framework, monitoring mechanisms and escalation protocols for potential breaches?**

- Export control compliance is treated as a core licence-to-operate with clear board expectations of strict compliance.
- We maintain a group-wide control framework, supported by policies, training programmes, system checks and independent audits.
- Issues are escalated through defined governance channels to management and the board.

**(ii) Anti-bribery and corruption: The group has a zero-tolerance policy towards fraud and corruption, supported by policies and procedures embedded within its enterprise risk management framework. How does the board ensure that governance standards, internal controls and compliance frameworks are robust enough to prevent misconduct, particularly as management pursues its 2029 targets?**

- The Group adopts a zero-tolerance approach to bribery and corruption. The Group has a robust enterprise risk management framework overseen by management and the board.
- This is reinforced through tone from the top, established policies, training programmes, internal controls, independent audits and whistle-blowing channels.

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<https://links.sgx.com/FileOpen/ST%20Engineering%20Sustainability%20Report%202025.ashx?App=Announcement&FileID=880330>