



4Q/FY2016 Results Briefing

CSE Global Limited

Fullerton Hotel
24 February 2017

1. 4Q/FY2016 Financial Overview
2. Business Overview and Outlook
3. Q & A

4Q 2016 & FY 2016 Financial Review

4Q 2016 Financial Overview

Continuing Operations

- Revenue declined by 20.7% to S\$78.3m y-o-y, mainly from O&G industry segment
- Gross profit decreased by 10.5% y-o-y to S\$27.5m
- Gross margins increased by 12.9%, 4Q16 at 35.1% vs 31.1% in 4Q15, lifted by closing of projects in Asia Pacific region
- EBIT decreased by 7.8% to S\$8.3m in 4Q16 vs S\$9.0m in 4Q15
- EBIT margins were higher at 10.6% in 4Q16 vs 9.1% in 4Q15
- PATMI from continuing operations at S\$6.2m vs S\$8.1m in 4Q15, 23.6% lower y-o-y
- New orders in 4Q16 totalling S\$57.7m vs S\$70.8m in 4Q15, a 18.5% drop
- Order book of S\$163.1m at end of 4Q16 vs S\$192.7m at end of 4Q15

FY2016 Financial Overview

Continuing Operations

- Revenue declined by 22.9% to S\$317.8m yoy
- Gross profit decreased by 14.8% yoy to S\$100.7m
- Gross margins in FY16 improves to 31.7% vs 28.7% in FY15
- EBIT decreased by 32.0% to S\$27.6m in FY16 vs S\$40.5m in FY15
- EBIT margins were lower at 8.7% in FY16 vs 9.8% in FY15
- PATMI from continuing operations at S\$21.2m vs S\$31.2m in FY15, 32.1% lower yoy
- New orders in FY16 totalling S\$286.6m vs S\$351.0m in FY15
- Order book of S\$163.1m at end of FY16 vs S\$192.7m at end of FY15

FY2016 Financial Overview

Continuing Operations

Financial Position & Cashflow

- Strong operating cash inflow of S\$58.4m in FY16 vs 43.4m in FY15, due to higher collections and billings, as a result of achievement of project delivery milestones for several projects
- Net Cash of S\$70.2m at FY16 vs S\$54.2m at FY15, after deducting for acquisition costs of S\$14.4m, quoted investments of S\$7.2m, and dividend payments of S\$14.2m
- Equity attributable to owners of the Company were S\$251.4m at 31 December 2016 vs S\$241.6m at 31 December 2015
- Return on Equity for FY16 at 8.4%
- NAV per share at 31 December 2016 was at 48.70 cents vs 46.82 cents at 31 December 2015

Summary Financials 4Q & FY 2016

S\$m	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenue	78.3	98.8	-20.7%	317.8	412.0	-22.9%
Gross Profit	27.5	30.7	-10.5%	100.7	118.2	-14.8%
EBIT	8.3	9.0	-7.8%	27.6	40.5	-32.0%
Profit before tax	8.4	8.6	-2.6%	27.7	39.6	-30.0%
PATMI from continuing operations	6.2	8.1	-23.6%	21.2	31.2	-32.1%
Profit attributable to shareholders	6.2	8.1	-23.6%	21.2	34.1	-37.8%
Gross margin (%)	35.1%	31.1%	12.9%	31.7%	28.7%	10.4%
EBIT margin (%)	10.6%	9.1%	16.3%	8.7%	9.8%	-11.8%
Net margin from continuing operations (%)	7.9%	8.2%	-3.6%	6.7%	7.6%	-11.9%
Operating cash flow	1.1	46.8	-97.6%	58.4	43.4	34.4%
Net Cash/(loan)	70.2	54.2	29.5%	70.2	54.2	29.5%
Order intake	57.7	70.8	-18.5%	286.6	351.0	-18.3%
Order book/backlog	163.1	192.7	-15.4%	163.1	192.7	-15.4%

Key Financial Highlights FY16

- **FY16 PATMI from continuing operations decreased by S\$10.0 m (32.1%) yoy:**
 - Lower gross profit of S\$17.5m (-14.8%) due to lower revenues (-22.9%) achieved across all regions
 - Higher amortisation of intangibles from new acquisitions (S\$0.8m)
 - One off acquisition transaction expenses (S\$0.7m)
 - Higher restructuring costs (S\$0.1m)
 - Offset by:
 - ✓ Reduction of operating expenses (S\$5.7m)
 - ✓ Lower provisions for doubtful debts (S\$0.4m)
 - ✓ Lower finance costs (S\$0.7m)
 - ✓ Lower tax expenses of S\$2.2m due to lower profits

4Q & FY 2016 FX Movement

	4Q 2016	4Q 2015	Variance (%)	FY 2016	FY 2015	Variance (%)
USD/SGD:	1.3949	1.4050	-0.72%	1.3824	1.3755	0.50%
GBP/SGD:	1.7480	2.1372	-18.21%	1.8928	2.1088	-10.24%
AUD/SGD:	1.0566	1.0112	4.49%	1.0228	1.0365	-1.31%

4Q & FY2016 Constant Currency

S\$M	4Q 2016	4Q 2015	Variance (%)	4Q 2016 Constant Currency	Variance (%)
Revenue:	78.3	98.8	-20.7%	77.9	-21.1%
PATMI:	6.2	8.1	-23.6%	6.2	-22.9%

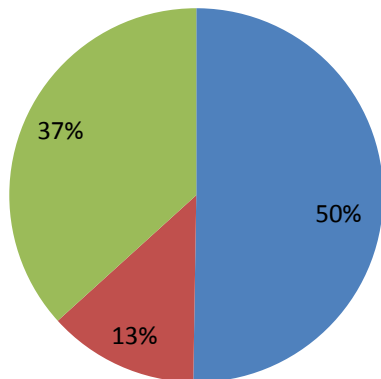
S\$M	FY 2016	FY 2015	Variance (%)	FY 2016 Constant Currency	Variance (%)
Revenue:	317.8	412.0	-22.9%	318.6	-22.7%
PATMI:	21.2	31.2	-32.1%	21.2	-32.1%



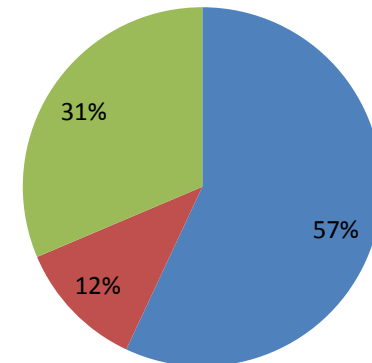
Revenue by Geographical Region - FY 2016

S\$m	FY 2016	FY 2015	Var %
Americas	159.7	234.7	-31.9%
EMEA	41.4	48.0	-13.8%
Asia Pacific	116.7	129.3	-9.8%
Total	317.8	412.0	-22.9%

FY 2016



FY 2015

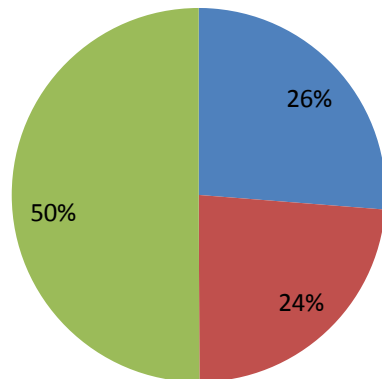


■ Americas
■ EMEA
■ Asia Pacific

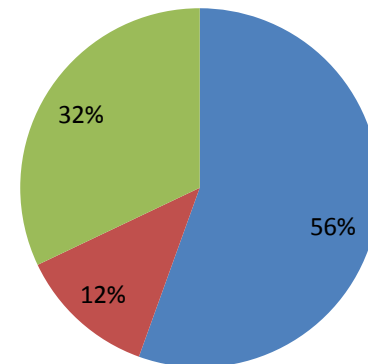
EBIT by Geographical Region - FY2016

S\$m	FY 2016	FY 2015	Var %
Americas	7.2	22.5	-67.8%
EMEA	6.5	5.0	29.6%
Asia Pacific	13.8	13.0	6.3%
Total	27.6	40.5	-32.0%

FY 2016



FY 2015



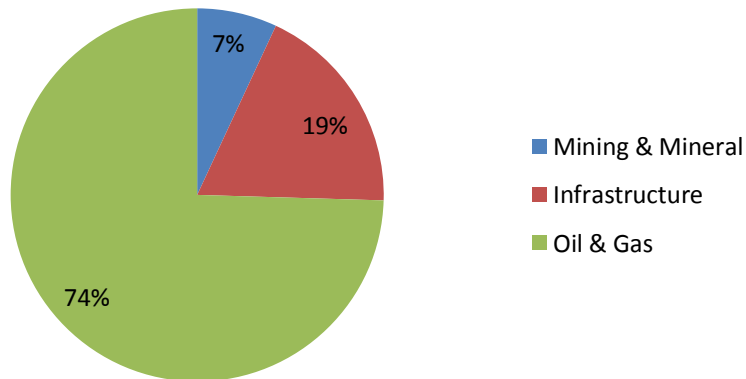
Revenue by Geographical Region - Qtrly Trends

S\$m	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Americas	34.2	38.9	39.2	47.4	60.3	58.2	57.4	58.8
EMEA	9.4	11.1	8.9	12.0	13.6	13.1	12.6	8.7
Asia Pacific	34.7	30.9	26.2	24.9	24.9	32.0	39.1	33.3
Total	78.3	81.0	74.3	84.2	98.8	103.2	109.1	100.8

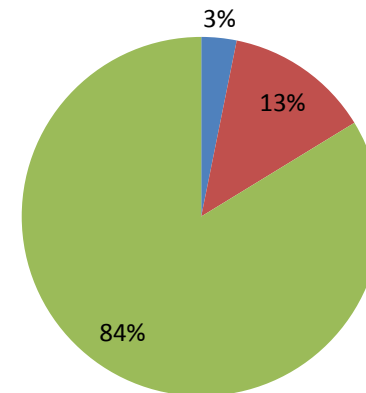
Revenue by Industry - FY 2016

S\$m	FY 2016	FY 2015	Var %
Mining & Mineral	22.0	13.1	68.7%
Infrastructure	58.9	53.9	9.2%
Oil & Gas	236.8	345.0	-31.3%
Total	317.8	412.0	-22.9%

FY 2016



FY 2015



Infrastructure: Power, Water, Waste Treatment & Transportation

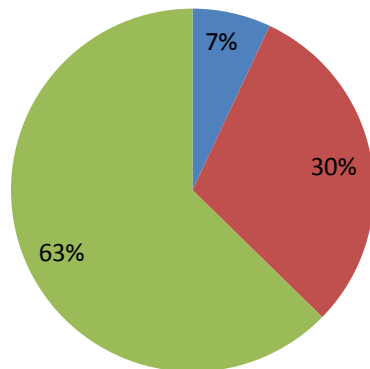


EBIT by Industry - FY 2016

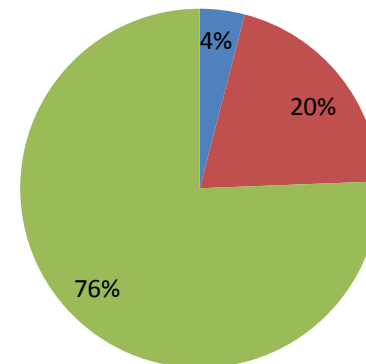
S\$m	FY 2016	FY 2015	Var %
Mining & Mineral	1.9	1.6	17.8%
Infrastructure#	8.4	8.2	1.4%
Oil & Gas	17.3	30.6	-43.6%
Total	27.6	40.5	-32.0%

Infrastructure included additional acquisition transaction cost of S\$0.4m, amortisation of PPA S\$0.4m, provision of doubtful debt S\$0.7m in 2016, excluding these exceptional costs, EBIT in FY16 would have registered a 20.7% growth.

FY 2016



FY 2015



■ Mining & Mineral
 ■ Infrastructure
 ■ Oil & Gas

Infrastructure: Power, Water, Waste Treatment & Transportation



Revenue by Industry - Qtrly Trends

S\$m	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Mining & Mineral	9.9	6.7	2.8	2.7	3.6	2.8	3.3	3.4
Infrastructure	14.1	16.4	15.5	12.9	14.6	13.4	14.3	11.7
Oil & Gas	54.4	57.9	56.0	68.6	80.6	87.0	91.6	85.8
Total	78.3	81.0	74.3	84.2	98.8	103.2	109.1	100.8

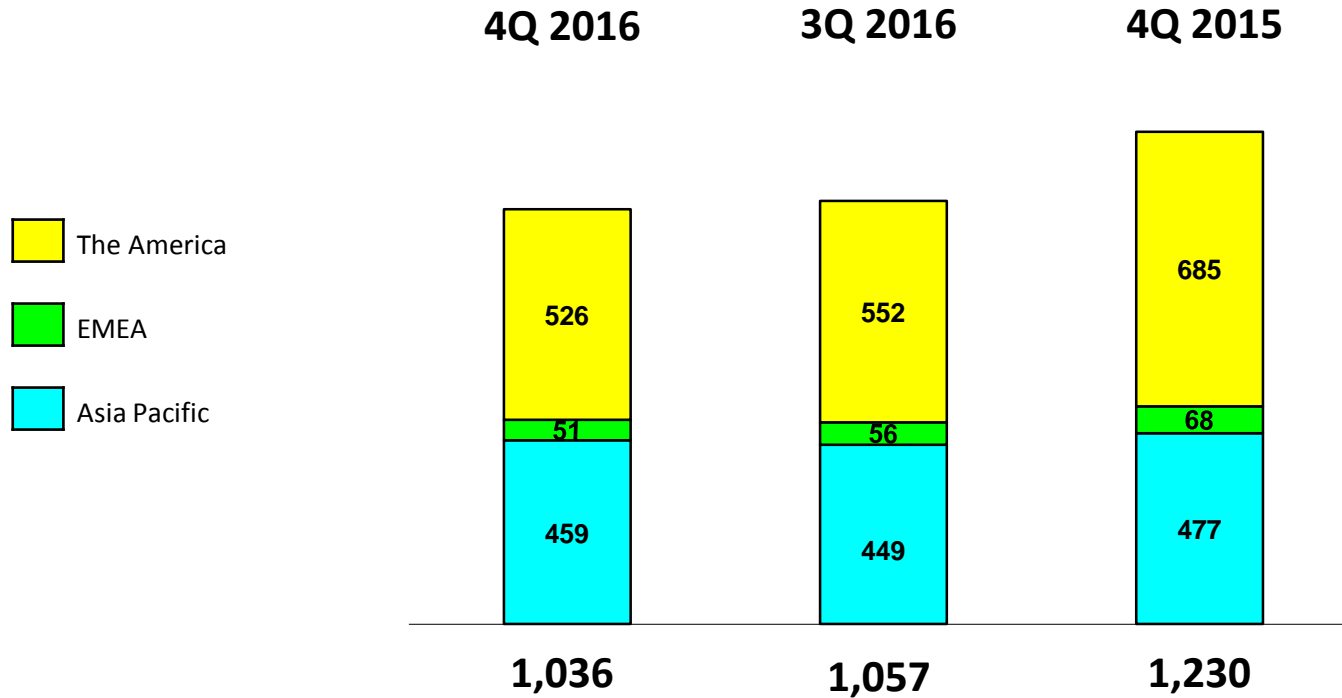
4Q 2016 Group Balance Sheet

S\$M	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15	30-Sep-15
Cash at Hand & Bank	90.8	71.2	64.0	76.3	109.7	66.2
Quoted Investments	7.4	20.4	20.3	0.0	0.0	0.0
Work in Progress (Net)	30.9	27.0	24.5	37.7	47.8	76.5
Inventories	14.7	12.4	12.8	12.7	11.8	17.3
Trade Receivable	83.0	84.6	87.3	90.6	99.6	104.5
Other Receivable	9.3	11.9	12.6	8.8	7.6	10.3
Trade Payable	37.1	52.2	47.0	45.1	50.7	54.2
Net Current Assets	165.6	132.4	135.5	158.6	168.7	158.7
Loan	20.6	18.3	15.0	19.0	55.5	58.0
Net Cash/(loan)	70.2	52.9	49.1	57.3	54.2	8.2
Shareholder Fund	251.4	234.0	234.2	238.6	241.6	233.0

4Q /FY 2016 Group Cash Flow Statement

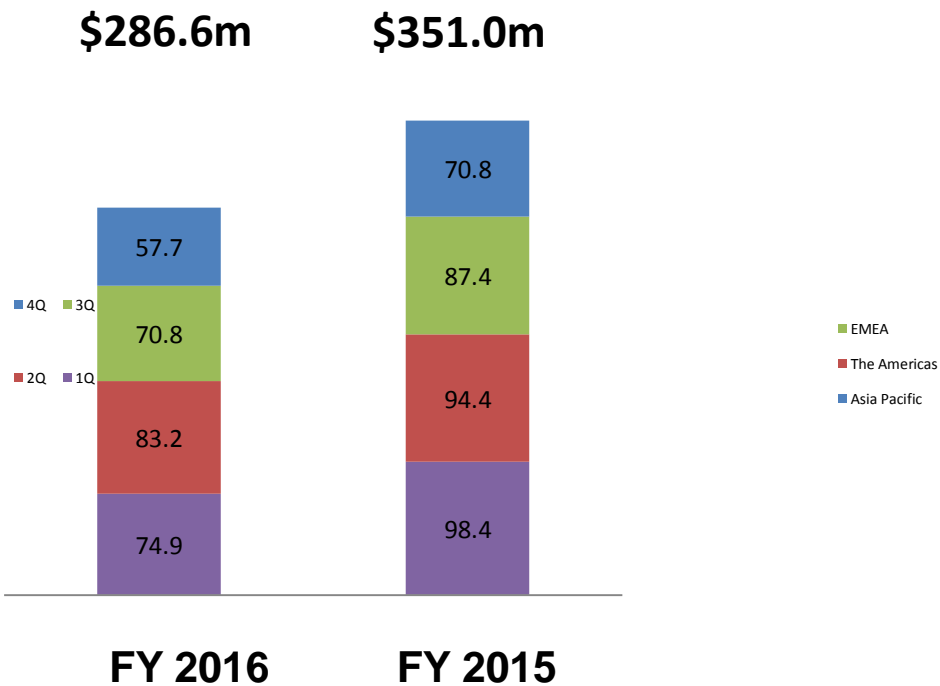
S\$m	Q4 2016	Q4 2015	FY 2016	FY 2015
As at beginning of the period	71.2	66.2	109.7	66.9
Net Operations	1.1	46.8	58.4	43.4
Capital Expenditure (Net)	(1.3)	1.3	(6.8)	(5.7)
Net consideration from disposal - PD	-	-	-	7.5
Quoted investment	13.2	-	(7.2)	-
Net additional investment in Subsidiaries & Associates	(0.8)	(4.1)	(14.4)	(4.6)
Bank Loans	2.2	(2.9)	(35.0)	11.6
Dividends	-	-	(14.2)	(14.2)
Net effect of FX on cash	5.2	2.4	0.2	4.8
As at end of period	90.8	109.7	90.8	109.7

Human Resource

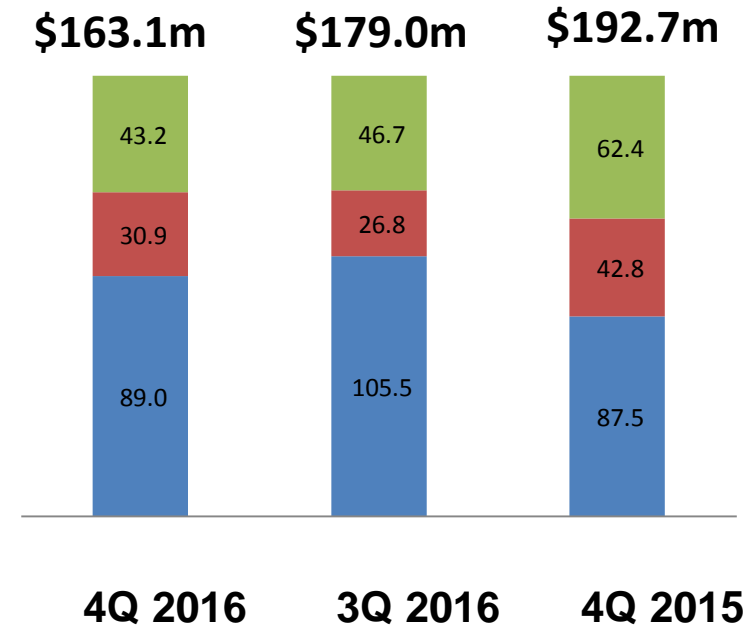


4Q/FY 2016 Orders

New orders



Outstanding orders



Order Intake by Industry

S\$m	FY 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Oil & Gas	194.6	43.3	49.6	39.5	62.2	58.6	73.6	75.0	87.8
Mining	32.0	1.9	4.2	23.8	2.0	2.3	3.7	2.7	2.6
Infrastructure	60.1	12.5	17.0	19.9	10.7	9.9	10.0	16.7	7.9
Total	286.6	57.7	70.8	83.2	75.0	70.8	87.4	94.4	98.4

Backlog by Industry

S\$m	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Oil & Gas	75.2	82.6	85.9	104.5	110.9	136.7	150.4	167.4
Mining	10.7	20.6	25.8	4.7	7.9	7.1	6.4	7.2
Infrastructure	77.1	75.8	74.9	70.5	73.9	78.1	81.0	77.9
	-	-	-	-	-	-	-	-
Total	163.1	179.0	186.6	179.6	192.7	222.0	237.8	252.5

Business Overview & Outlook

Business environment remains difficult

- forming base? possible
- increased enquires but no increase in purchasing yet

- Increased presence
 - 9 offices in United States of Americas
 - 10 offices in Australia/New Zealand
- Grown Mining & infrastructure
 - Revenue 26% in 2016, grow 21% (16% in 2015)
 - EBIT 37% in 2016, grow 20% (24% in 2015)
- Diversify into midstream and downstream O&G business and expand into new shale formations in USA

- Generate cash flow
- Cost control
- Continue to focus on building small greenfield projects and brownfield projects
- Win the window of opportunities
- Build the footprint in Americas and Australia through acquisitions and new setup

Be Prepared For The Turnaround

Summary

- Conditions in the sectors in which the Group operates remain challenging. The Group anticipates that the challenging operating conditions will continue to put pressure on its profitability going forward. The Group implemented cost control measures which had resulted in a 15.1% year on year reduction in the Group's FY2016 overhead base and will continue to be vigilant in managing cost and working capital.
- The Group expects an improved performance for its mining and infrastructure segments for FY2017 compared to FY2016. Notwithstanding the anticipated extended global downturn in the oil/gas segment, the Group will continue to diversify into the midstream and downstream business as well as to expand into new shale formations in the US region to sustain its revenue base.

Summary

- The Group expects a weaker performance in 1Q17 due to delays in award of several projects to the first half of 2017. Despite an anticipated weaker 1Q17 performance, the Group expects the performance of FY2017 to be similar to FY2016.
- The balance sheet remains strong with a net cash position of S\$70.2 million as at end of FY2016. CSE will continue to explore good investment opportunities to support its long term sustainable growth objectives. CSE intends to maintain the same dividend distribution for FY2017.

Dividends (Proposed)

	FY2014	FY2015	FY2016
Dividends (Cents):			
Interim	1.25	1.25	1.25
Special Interim	-	-	-
Final	1.5	1.25	1.5 [#]
Special	-	0.25	
Total	2.75	2.75	2.75
Payment Date:	19 May 2017		
Book Closure:	4 May 2017		
AGM:	20 April 2017		
#: proposed and subject to approval at AGM			

Questions & Answers

Thank You