



1Q 2017 Results Briefing CSE Global Limited

Fullerton Hotel

12 May 2017

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1Q 2017 Financial Review

1Q 2017 Financial Overview

Continuing Operations

- Revenue declined by 11.5% to S\$74.5m y-o-y, mainly from O&G industry segment
- Gross profit decreased by 9.7% y-o-y to S\$21.7m
- Gross margins in 1Q17 remained stable at 29.2% vs 28.6% in 1Q16,
- EBIT decreased by 35.7% to S\$4.1m in 1Q17 vs S\$6.4m in 1Q16, due to lower revenues recognised.
- EBIT margins were lower at 5.5% in 1Q17 vs 7.6% in 1Q16
- PATMI from continuing operations at S\$3.0m vs S\$5.5m in 1Q17
- New orders in 1Q17 increased by 57.3% y-o-y to S\$117.9m vs S\$74.9m in 1Q16, mainly due to two major deepwater offshore projects in GOM secured.
- Order book of S\$204.2m at end of 1Q17 vs S\$163.1m at end of 4Q16

1Q 2017 Financial Overview

Continuing Operations

Financial Position & Cashflow

- Operating cash inflow of S\$1.3m in 1Q17
- Net Cash of S\$55.8m at 1Q17 vs S\$70.2m at 4Q16, mainly due to acquisition costs of S\$8.2m.
- Equity attributable to owners of the Company were S\$248.1m at 31 March 2017 vs S\$251.4m at 31 December 2016
- NAV per share at 31 March 2017 was at 48.08 cents vs 48.70 cents at 31 December 2016.

Summary Financials 1Q 2017

S\$m	1Q 2017	1Q 2016	Change
Revenue	74.5	84.2	-11.5%
Gross Profit	21.7	24.1	-9.7%
EBIT	4.1	6.4	-35.7%
PATMI	3.0	5.5	-45.5%
Profit attributable to shareholders	3.0	5.5	-45.5%
Gross margin (%)	29.2%	28.6%	2.0%
EBIT margin (%)	5.5%	7.6%	-27.3%
Net margin (%)	4.0%	6.5%	-38.4%
Operating cash flow	1.3	19.7	-93.5%
Net Cash/(loan)	55.8	57.3	-2.7%
Order intake	117.9	74.9	57.3%
Order book/backlog	204.2	179.6	13.7%

1Q 2017 FX Movement

	1Q 2017	1Q 2016	Variance (%)
USD/SGD:	1.4265	1.4189	0.53%
GBP/SGD:	1.7703	2.0528	-13.76%
AUD/SGD:	1.0662	1.0019	6.41%

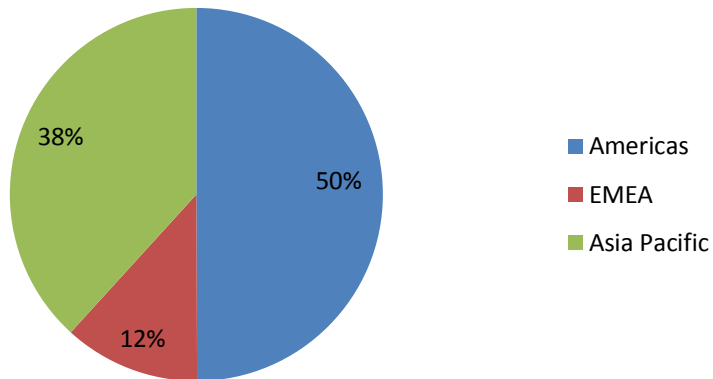
1Q 2017 Constant Currency

S\$M	1Q 2017	1Q 2016	Variance (%)	1Q 2017 Constant Currency	Variance (%)
Revenue:	74.5	84.2	-11.5%	73.4	-12.8%
PATMI:	3.0	5.5	-45.5%	3.0	-45.9%

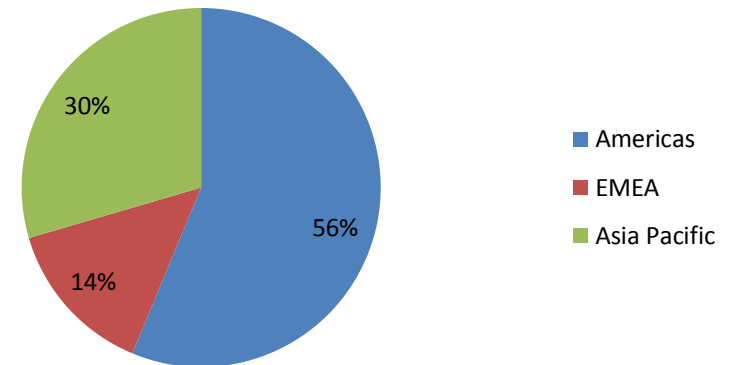
Revenue by Geographical Region - 1Q 2017

S\$m	Q1 2017	Q1 2016	Var %
Americas	37.2	47.4	-21.5%
EMEA	8.8	12.0	-26.3%
Asia Pacific	28.5	24.9	14.6%
Total	74.5	84.2	-11.5%

Q1 2017



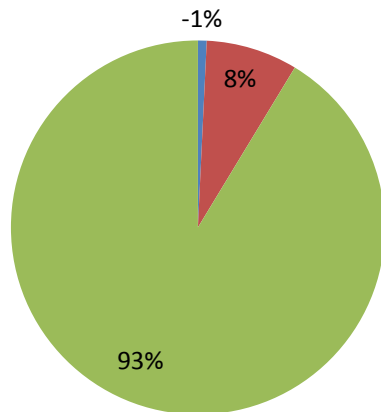
Q1 2016



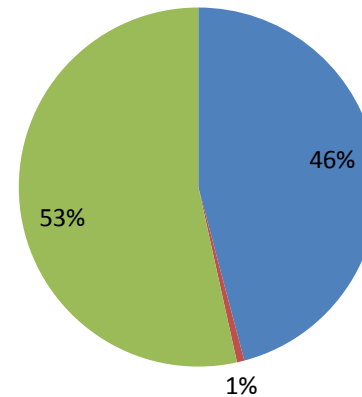
EBIT by Geographical Region - 1Q 2017

S\$m	Q1 2017	Q1 2016	Var %
Americas	(0.0)	2.9	-101.1%
EMEA	0.3	0.0	669.8%
Asia Pacific	3.8	3.4	11.5%
Total	4.1	6.4	-35.7%

Q1 2017



Q1 2016



■ Americas
■ EMEA
■ Asia Pacific

■ Americas
■ EMEA
■ Asia Pacific

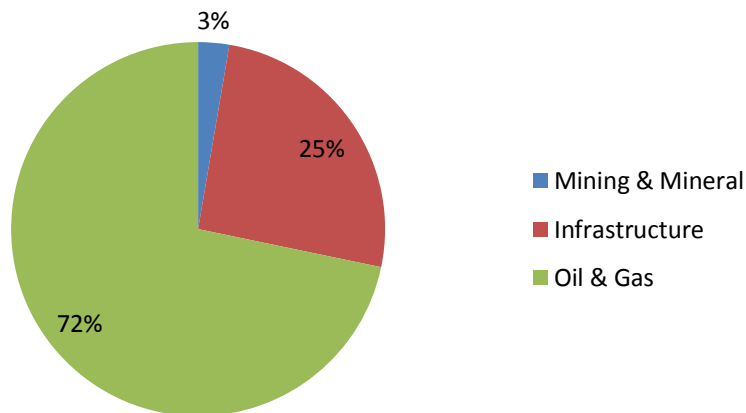
Revenue by Geographical Region - Qtrly Trends

S\$m	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Americas	37.2	34.2	38.9	39.2	47.4
EMEA	8.8	9.4	11.1	8.9	12.0
Asia Pacific	28.5	34.7	30.9	26.2	24.9
Total	74.5	78.3	81.0	74.3	84.2

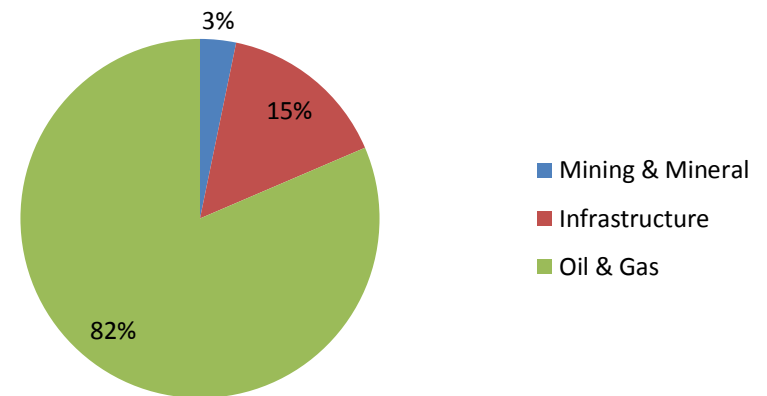
Revenue by Industry - 1Q 2017

S\$m	Q1 2017	Q1 2016	Var %
Mining & Mineral	2.0	2.7	-26.7%
Infrastructure	19.1	12.9	47.8%
Oil & Gas	53.5	68.6	-22.1%
Total	74.5	84.2	-11.5%

Q1 2017



Q1 2016



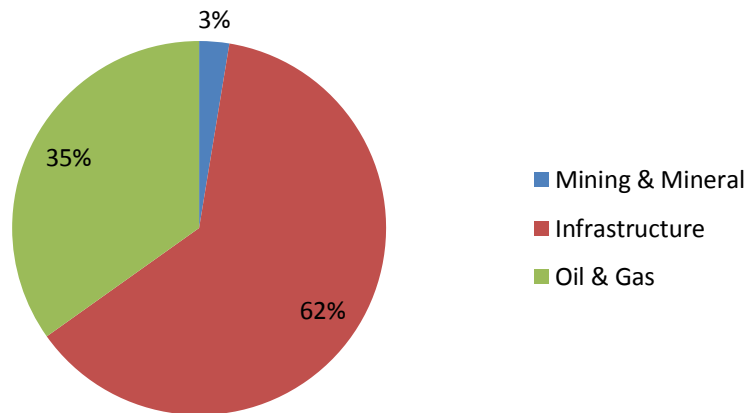
Infrastructure: Power, Water, Waste Treatment & Transportation



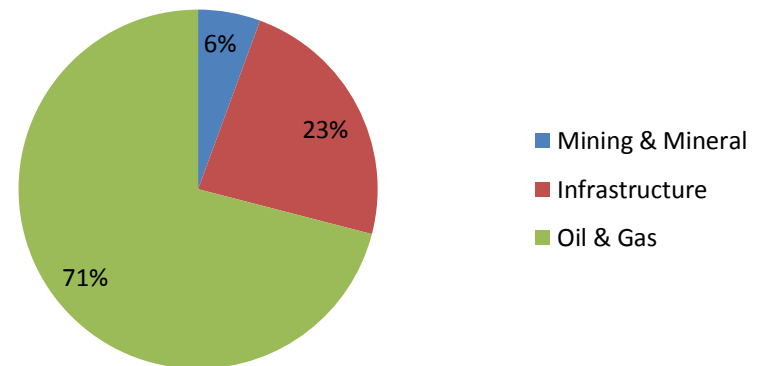
EBIT by Industry - 1Q 2017

S\$m	Q1 2017	Q1 2016	Var %
Mining & Mineral	0.1	0.4	-70.2%
Infrastructure	2.6	1.5	71.1%
Oil & Gas	1.4	4.5	-68.2%
Total	4.1	6.4	-35.7%

Q1 2017



Q1 2016



Infrastructure: Power, Water, Waste Treatment & Transportation



Revenue by Industry - Qtrly Trends

S\$m	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Mining & Mineral	2.0	9.9	6.7	2.8	2.7
Infrastructure	19.1	14.1	16.4	15.5	12.9
Oil & Gas	53.5	54.4	57.9	56.0	68.6
Total	74.5	78.3	81.0	74.3	84.2

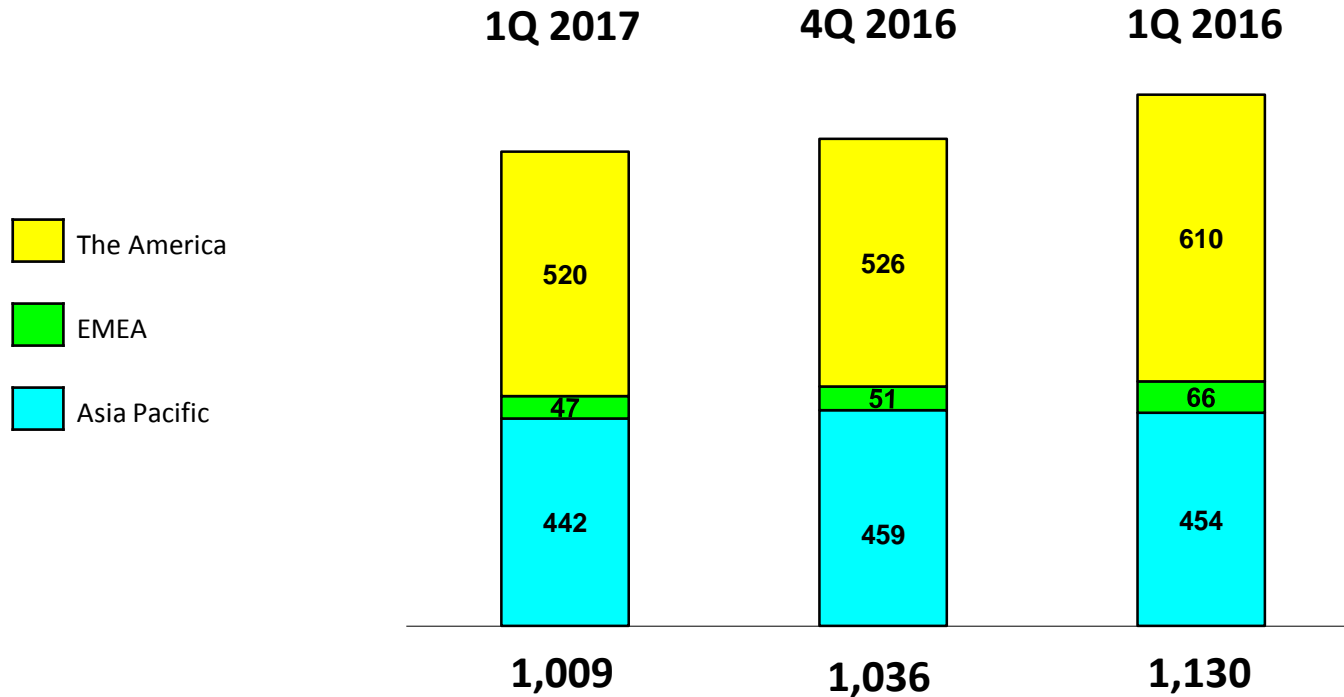
1Q 2017 Group Balance Sheet

S\$M	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15
Cash at Hand & Bank	75.8	90.8	71.2	64.0	76.3	109.7
Quoted Investments	9.4	7.4	20.4	20.3	0.0	0.0
Work in Progress (Net)	42.3	30.9	27.0	24.5	37.7	47.8
Inventories	16.8	14.7	12.4	12.8	12.7	11.8
Trade Receivable	81.0	83.0	84.6	87.3	90.6	99.6
Other Receivable	10.2	5.6	11.9	12.6	8.8	7.6
Trade Payable	51.6	37.1	52.2	47.0	45.1	50.7
Net Current Assets	153.2	165.6	132.4	135.5	158.6	168.7
Loan	20.1	20.6	18.3	15.0	19.0	55.5
Net Cash/(loan)	55.8	70.2	52.9	49.1	57.3	54.2
Shareholder Fund	248.1	251.4	234.0	234.2	238.6	241.6

1Q 2017 Group Cash Flow Statement

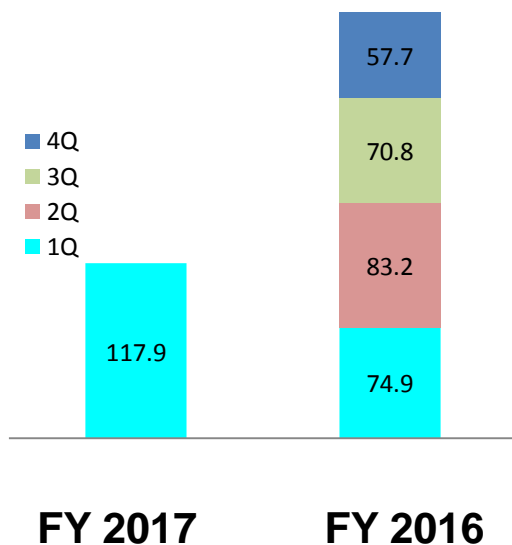
S\$m	Q1 2017	Q1 2016
As at beginning of the period	90.8	109.7
Net Operations	1.3	19.7
Capital Expenditure (Net)	(3.5)	(3.0)
Payment for subsidiary/assets acquired	(8.2)	(10.4)
Quoted Investment	(2.1)	-
Bank Loans	(0.5)	(36.6)
Dividends	-	-
Net effect of FX on cash	(2.0)	(3.2)
As at end of period	75.8	76.3

Human Resource



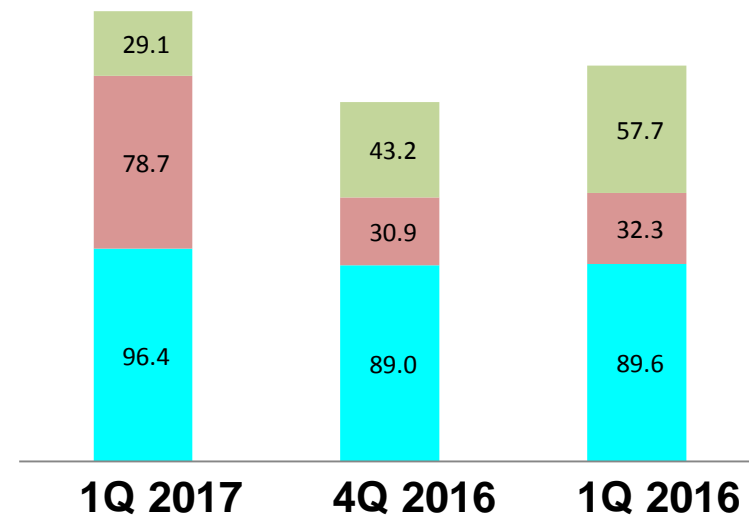
New orders

\$117.9m **\$286.6m**



Outstanding orders

\$204.2m **\$163.1m** **\$179.6m**



Order Intake by Industry

S\$m	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Oil & Gas	86.4	43.3	49.6	39.5	62.2
Mining	2.5	1.9	4.2	23.8	2.0
Infrastructure	29.0	12.5	17.0	19.9	10.7
Total	117.9	57.7	70.8	83.2	75.0

Backlog by Industry

S\$m	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Oil & Gas	103.1	75.2	82.6	85.9	104.5
Mining	11.9	10.7	20.6	25.8	4.7
Infrastructure	89.2	77.1	75.8	74.9	70.5
Total	204.2	163.1	179.0	186.6	179.6

Business Overview & Outlook

- Q1 2017 was another challenging quarter

Negatives

- Business remains slow particularly in the Americas
- Reduced revenue and profits

Positives

- Positive operating cash flow
- Good new order received : > S\$100m
- Increase order book : > S\$200m

The rest of FY2017

- Operating conditions remain challenging
 - increased enquires but no increase in awards
- Operating expenditure of customers remains resilient, but anticipate lower level of brownfield activities and prices
- Performance will only improve in 2H 2017
- Performance for FY2017 to be similar to FY2016

- What we intend to do

Internal

- Focus on cash generation
- Continue to be vigilant in managing operating cost
- Integrate the 6 new acquisitions
- Strengthen its technical knowhow/solutions

External

- Support and service its existing customers
- Win some of the limited large project opportunities
- Build geographical presence
- Grow our Mining & Infrastructure business
- Diversify into midstream and downstream O&G business and new shale formations in USA

Summary

- Conditions in the industry sectors which the Group operates remain challenging. Despite the improved oil and gas and commodity prices, our customers remain highly focused on cost control and cash flow generation. Though the Group has secured some orders in 1Q17, the Group expects that the oil and gas industry will not see significant recovery for the rest of the year.
- Notwithstanding its weakness, the Group believes there are still opportunities available in the oil and gas sector. Additionally, CSE is confident that it is in a strong position to leverage on its core engineering capabilities to win orders in the infrastructure sector in FY2017.

Summary

- Looking ahead, CSE expects its performance to continue to be lacklustre in the next quarter. However, it expects to improve on its performance in 2H2017. For FY2017, CSE will continue to be profitable with a net cash position at the end of the year. CSE will focus on integrating and consolidating the new acquisitions, and will continue to explore acquisition opportunities to support its long term sustainable growth objectives.

Questions & Answers

Thank You