



# CSE Global Limited 1H2020 Results Briefing

6 August 2020

**CSE** Global



# Disclaimer

The information contained in this presentation has not been independently verified. The Company assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein nor for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation. It is not the intention to provide, and you may not rely on this presentation as providing a fair, accurate, complete or comprehensive analysis of all material information concerning the Company, or the Company's financial or trading position or prospects. The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice.

This presentation contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on estimates and current assumptions which are subject to business, economic and competitive uncertainties and contingencies as well as various risks and these may change over time and in many cases are outside the control of the Company and its directors. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of the Company on future events. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct.



# Table of Contents

- 1 Address by CEO
- 2 Financial Performance by CFO
- 3 Appendix



# 1 Address by CEO

**CSE** Global

# Corporate Profile

A systems integrator, global technologies company providing process controls, communication & security solutions & services for its customers



## Geographical Presence

- 12 countries, 41 offices
- Americas, Asia Pacific, Europe, Middle East & Africa

## Markets served



### Oil & Gas

- Offshore: shallow sea, continental shelf & deep sea
- Onshore: shale, pipeline & chemical/petrol-chemical



### Infrastructure

- Transportation (road, rail, air)
- Power utilities (generation & distribution)
- Water/waste water utilities



### Mineral & Mining

- Commodities & minerals: Coal, gold, iron, copper, nickel & molybdenum

# Business Overview

## General Sentiments

1H2020 overall an commendable result, markets remains cautious



### Positives

- Strong growth in net profit(+47.7%) in 1H2020
- Operating margins are stable
- Positive operating cash flow of S\$33.9 million
- Strong order intake of S\$242.1 million

### Negatives

- Net debt of S\$21.1m

## Segmental Performance

Building on FY2017/2018 initiatives, with a focus on US O&G and ANZ&SG Infra



### Oil & Gas

- Pursue organic growth in West Texas region apart from Permian and Eagleford
- Focus on onshore & offshore in the Americas



### Infrastructure

- Strengthening communications business in ANZ and new regions through acquisitions
- Engaging more with the SG Government



### Mineral & Mining

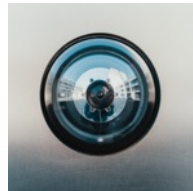
- Stable stream of flow projects

# FY 2020 Key Strategies



## Oil & Gas (Americas)

- Small greenfield projects / brownfield projects in the Gulf of Mexico
- Shale projects in the US (Permian Basin & Eagleford)
- Expand geographical coverage



## Infrastructure (Singapore)

- Singapore Government
- Focus on security, transportation related projects

## Infrastructure (Australia)

- Energy Solutions
- Radio Business



## Infrastructure (International)

- Radio Business

# FY 2020 Outlook



## Financial Performance

- CSE anticipates a steady flow of orders in 2020 from its existing installed base.
- Together with a strong order book of S\$293.8m, the Group remains confident to achieve a financial performance for FY2020 to be similar to that recorded in FY2019.

## Inorganic Growth

- As a group, we are continuously looking out for value accretive and strategic acquisitions to grow and reshape our business to ensure a diversified and sustainable income stream.

## Cash Flow

- Capital discipline is of utmost importance and we will focus on cashflow management.

## Dividend Policy

- Declares interim dividend of 1.25 cents per share



# Corporate Profile

A systems integrator, global technologies company providing process controls, communication & security solutions & services for its customers



## Geographical Presence

- 12 countries, 41 offices
- Americas, Asia Pacific, Europe, Middle East & Africa

## Markets served



### Oil & Gas

- Offshore: shallow sea, continental shelf & deep sea
- Onshore: shale, pipeline & chemical/petrol-chemical



### Infrastructure

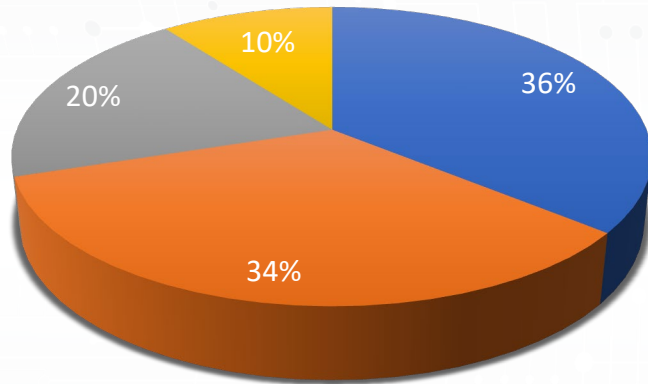
- Transportation (road, rail, air)
- Power utilities (generation & distribution)
- Water/waste water utilities



### Mineral & Mining

- Commodities & minerals: Coal, gold, iron, copper, nickel & molybdenum

# 1H2020 Revenue Breakdown By Industry Segments



- Oil & Gas - Onshore    ■ Oil & Gas – Offshore
- Infrastructure        ■ Mining & Mineral

Infrastructure: Power, Water, Waste Treatment & Transportation

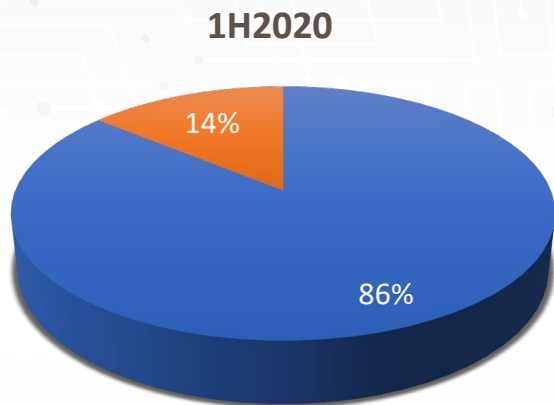
S\$ million	1H2020	1H2019	YoY%
Oil & Gas - Onshore	91.8	59.6	55.1%
Oil & Gas - Offshore	87.2	63.5	37.4%
Infrastructure	50.2	47.0	6.8%
Mining & Mineral	26.4	15.8	67.6%
<b>Total</b>	<b>255.6</b>	<b>183.7</b>	<b>39.1%</b>

Australia communication revenue:

1H2020 A\$43.4m

1H2019 A\$25.9m

# 1H2020 Revenue Breakdown By Projects



S\$ million	1H2020	1H2019	YoY%
Flow Business*	221.0	172.6	28.0%
Large Greenfield Projects	34.6	11.1	211.7%
<b>Total</b>	<b>255.6</b>	<b>183.7</b>	<b>39.1%</b>
<b>Flow Business %</b>	<b>86%</b>	<b>94%</b>	

■ Flow Business ■ Large Greenfield Projects ■ ■

\*Includes Brownfield and Small Greenfield Projects which tend to be recurring in nature

# Acquisitions

- Acquisition remains a key growth strategy
- Where?
  - Oil & gas segment and Infrastructure segment
  - USA, Europe and Australia/New Zealand
- Will acquire within means – No high gearing

- Most operations are deemed essential services
- Work from office and from home to support customers
  - inefficient but coping well
- Workforce mostly local, few migrant workers
  - little exposure
- Travel restrictions
  - sales effort negatively impacted
  - constrained in support for project where we do not have physical presence (little exposure)
- No material collectibility issues
- Future unknown as pandemic is evolving

# Low Oil & Gas Prices

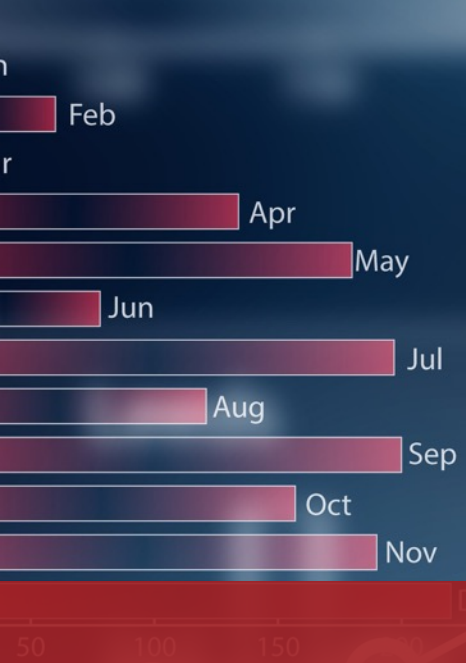
- No material project cancellation or delays for orders secured in order book
- No material collectibility issues – active monitoring
- Expect fewer opportunities and lower prices in new orders
- Remain committed to have a strong presence to support our customers in USA

- 1H 2020 order intake of S\$242.1m, order book of S\$293.8m, anticipates to continue receive new orders going forward.
- Numerous uncertainties going forward from impact of Covid-19 pandemic, low oil and gas prices and weak global economic outlook.
- Despite these uncertainties in the coming months, the Group remains confident to achieve a financial performance for FY2020 similar to that recorded in FY2019.

# Interim Dividend (Proposed)

	FY2018	FY2019	FY2020
Interim Dividends	1.25	1.25	1.25
Payment Date	15 September 2020		
Book Closure	26 August 2020		





# 2 Financial Performance By CFO



# Financial Snapshot

<b>1H2020</b>	
<b>+39.1%</b>	Revenue of S\$255.6 million
<b>+2.7pp</b>	Gross margins of 30.3%
<b>+38.1%</b>	EBIT of S\$19.5 million
<b>+47.7%</b>	Net profit of S\$15.1 million
<b>+47.3%</b>	EPS of 2.96 Singapore cents
<b>+25.7%</b>	Order Intake of S\$242.1 million
<b>+3.8pp</b>	Annualised ROE of 16.0%

# Summary Financials

S\$m	1H 2020	1H 2019	Change
Revenue	255.6	183.7	39.1%
Gross Profit	77.4	50.8	52.5%
EBIT	19.5	14.1	38.1%
EBITDA	28.6	19.5	46.6%
Net Profit attributable to equity owners of company	15.1	10.2	47.7%
Gross profit margin (%)	30.3%	27.6%	+2.7 pp
EBIT margin (%)	7.6%	7.7%	-0.1 pp
Net margin (%)	5.9%	5.6%	+0.3 pp
Operating cash flow from operations	33.9	6.2	447.9%
Net Cash/(debt)	(21.1)	8.6	N.M.
Order intake -continuing operations	242.1	192.6	25.7%
Order book - continuing operations	293.8	187.6	56.6%
ROE (annualised)	16.0%	12.2%	+3.8 pp

# FX Movement

	1H20	1H19	Change (%)
<b>USD/SGD</b>	1.3950	1.3603	2.55%
<b>GBP/SGD</b>	1.7683	1.7615	0.39%
<b>AUD/SGD</b>	0.9189	0.9635	-4.62%

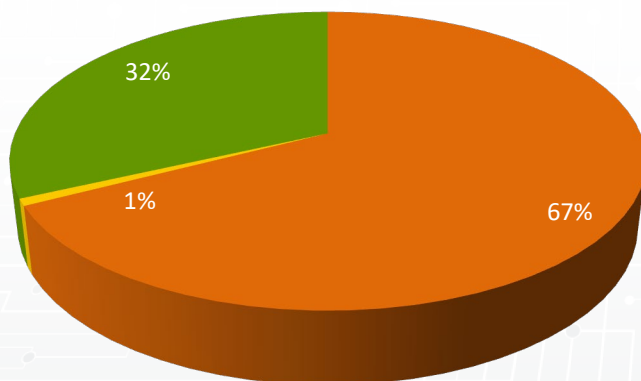
# Constant Currency Figures

S\$ million	1H20	1H19	Change (%)	1H20 Constant Currency	Change (%)
<b>Revenue</b>	255.6	183.7	39.1%	254.4	38.5%
<b>PATMI</b>	15.1	10.2	47.7%	14.8	45.2%

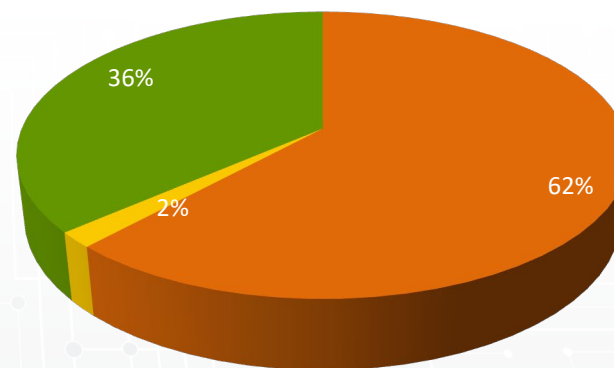
# 1H2020 Revenue Breakdown By Geographical Segments

S\$ million	1H2020	1H2019	YoY %
Americas	172.2	113.6	51.7%
EMEA	1.9	3.2	-40.1%
Asia Pacific	81.4	66.9	21.6%
<b>Total</b>	<b>255.6</b>	<b>183.7</b>	<b>39.1%</b>

**1H 2020**

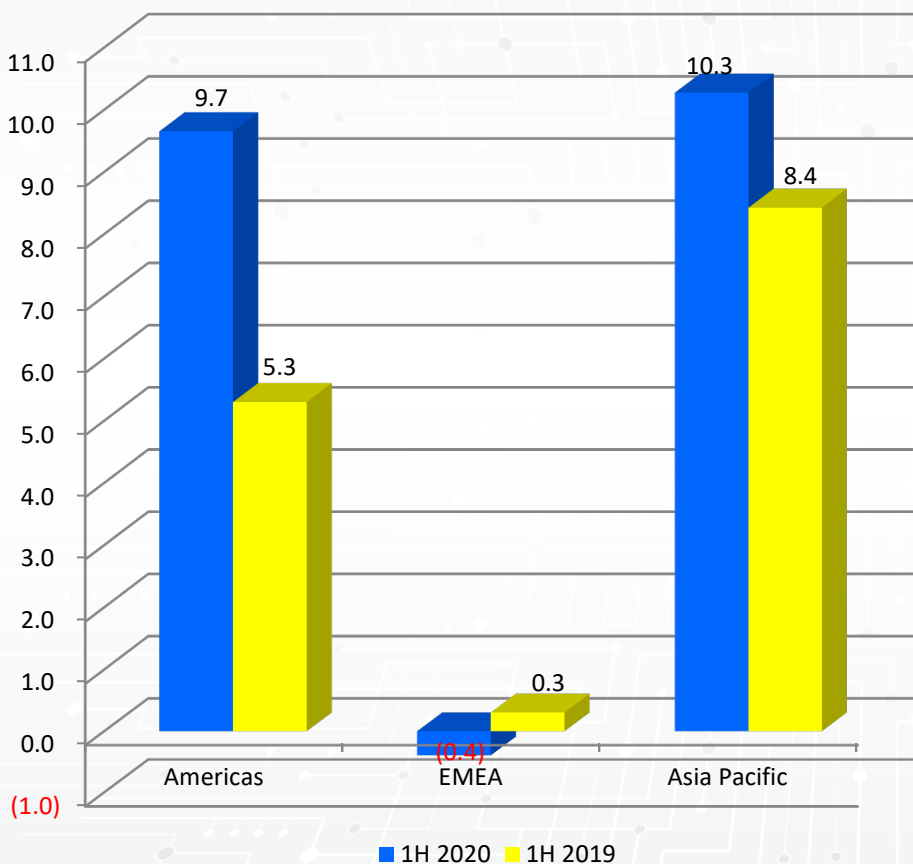


**1H 2019**



Americas EMEA Asia Pacific

# 1H2020 EBIT Breakdown By Geographical Segments

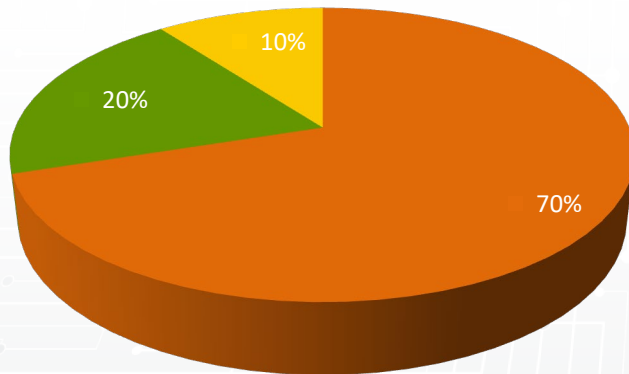


S\$ million	1H 2020	1H 2019	YoY%
Americas	9.7	5.3	82.1%
EMEA	(0.4)	0.3	N.M
Asia Pacific	10.3	8.5	20.3%
<b>Total</b>	<b>19.5</b>	<b>14.1</b>	<b>38.1%</b>

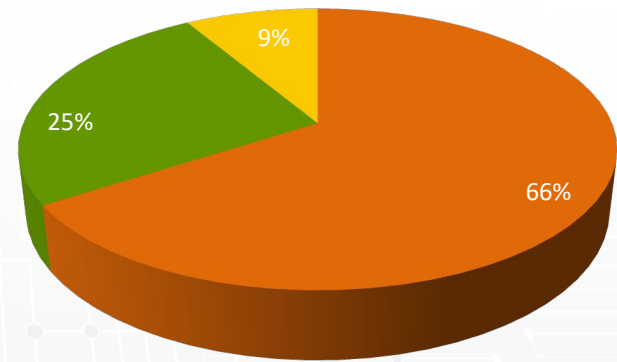
# 1H2020 Revenue Breakdown By Industry Segments

S\$ million	1H2020	1H2019	YoY %
Oil & Gas	179.0	121.0	48.0%
Infrastructure	50.2	47.0	6.8%
Mining & Mineral	26.4	15.8	67.6%
<b>Total</b>	<b>255.6</b>	<b>183.7</b>	<b>39.1%</b>

**1H 2020**



**1H 2019**



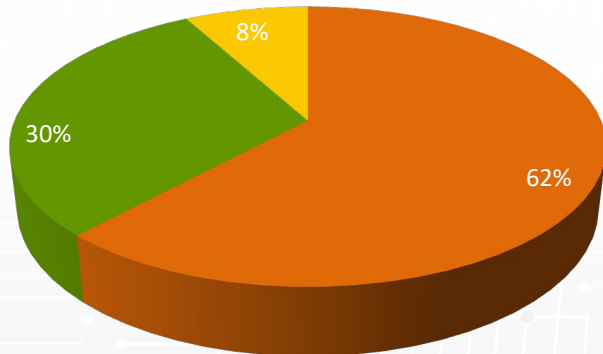
Oil & Gas    Infrastructure    Mining & Mineral



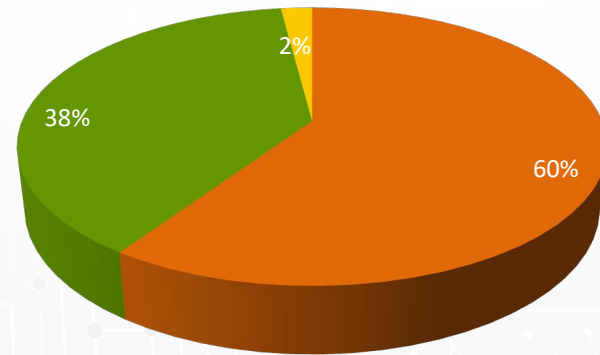
# 1H2020 EBIT Breakdown By Industry Segments

S\$ million	1H2020	1H2019	YoY %
Oil & Gas	12.1	8.3	45.3%
Infrastructure	5.9	5.8	1.9%
Mining & Mineral	1.6	0.1	N.M.
<b>Total</b>	<b>19.5</b>	<b>14.1</b>	<b>38.1%</b>

**1H 2020**



**1H2019**



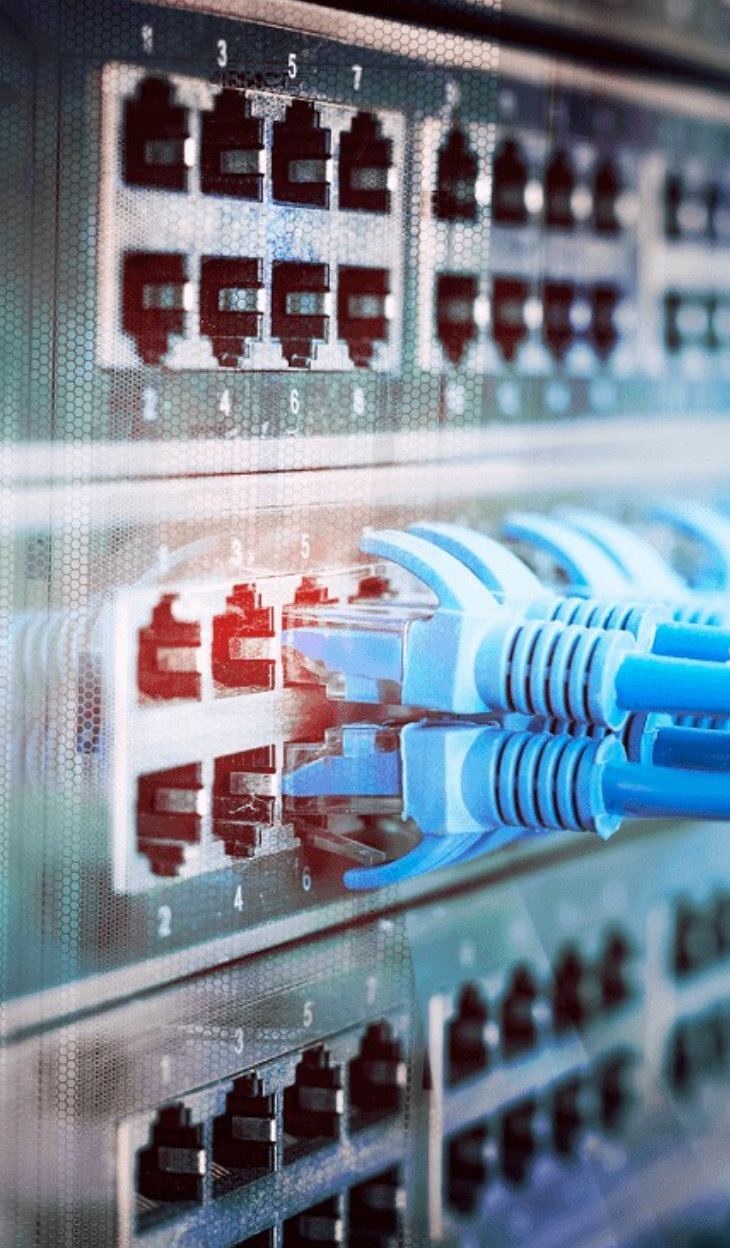
Oil & Gas    Infrastructure    Mining & Mineral

# Revenue By Geographical Segments – Quarterly Trends

S\$ million	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19
<b>Americas</b>	80.3	92.0	98.1	67.8	59.8	53.8
<b>EMEA</b>	0.5	1.5	2.4	1.6	1.6	1.6
<b>Asia Pacific</b>	43.0	38.4	56.1	42.1	37.8	29.2
<b>Total</b>	<b>123.7</b>	<b>131.8</b>	<b>156.6</b>	<b>111.5</b>	<b>99.2</b>	<b>84.5</b>

# Revenue By Industry – Quarterly Trends

\$ million	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19
<b>Oil &amp; Gas</b>	83.4	95.6	101.8	71.3	63.9	57.1
<b>Infrastructure</b>	25.3	24.9	39.4	28.9	24.3	22.7
<b>Mining &amp; Mineral</b>	15.1	11.3	15.4	11.2	11.1	4.7
<b>Total</b>	<b>123.7</b>	<b>131.8</b>	<b>156.6</b>	<b>111.5</b>	<b>99.2</b>	<b>84.5</b>



## Financial Position & Cash Flow

**Cash inflow/(outflow)  
from operations**

S\$33.9 million in 1H20 vs S\$6.2 million in 1H19

**Net cash/(debt)**

(\$21.1) million at 30 June 2020 vs (\$44.5) million  
at 31 December 2019

**Equity attributable to  
owners of the  
Company**

S\$189.1 million at 30 June 2020 vs  
S\$176.3 million at 31 December 2019

**NAV per share**

37.01 cents at 30 June 2020 vs  
34.72 cents at 31 December 2019

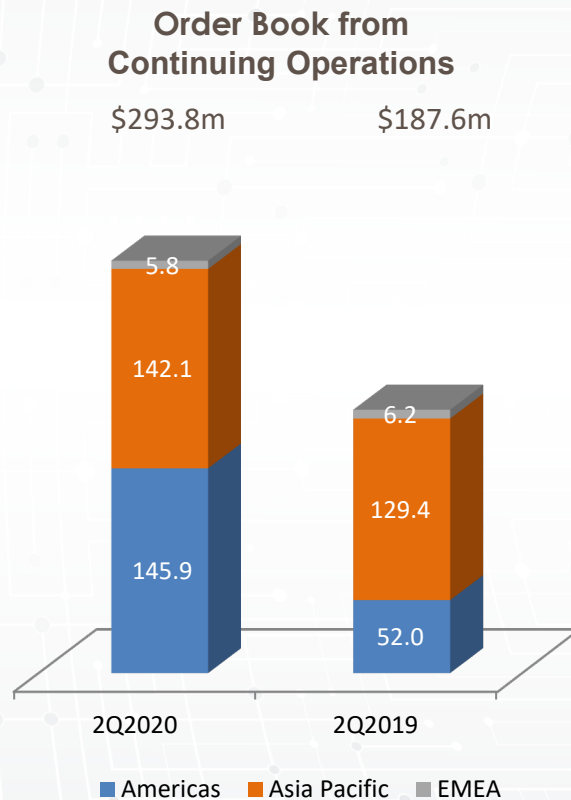
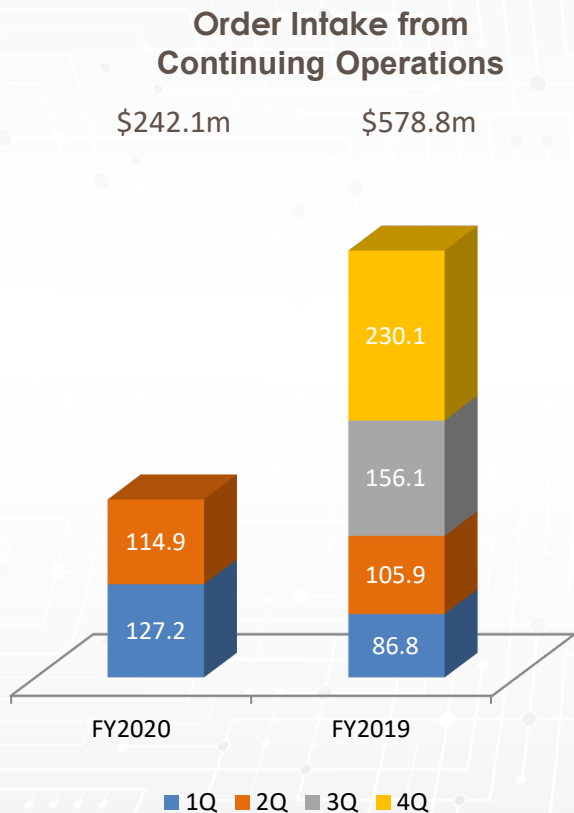
# Group Balance Sheet

<b>S\$ million</b>	<b>30-Jun-20</b>	<b>31-Dec-19</b>	<b>30-Jun-19</b>
<b>PPE</b>	60.1	58.2	31.6
<b>Right-to-use assets</b>	24.0	13.8	12.9
<b>Intangible Assets</b>	59.6	58.9	34.9
<b>Cash at Hand &amp; Bank</b>	67.6	58.6	43.6
<b>Contract Assets (Net)</b>	41.1	23.2	29.3
<b>Inventories</b>	27.9	21.7	19.9
<b>Trade and Other Receivables</b>	92.6	127.9	85.7
<b>Trade Payables and Accruals</b>	67.3	71.5	44.5
<b>Derivative liabilities</b>	3.3	-	-
<b>Loans and borrowings</b>	88.7	103.1	34.9
<b>Net Cash/(Debt)</b>	(21.1)	(44.5)	8.6
<b>Shareholders' Fund</b>	189.1	176.3	168.2

# Group Cash Flow Statement

S\$ million	1H2020	1H2019
As at beginning of the period	58.6	74.1
Net Operations	33.9	6.2
Interest and tax	(2.2)	(3.6)
Capital Expenditure (Net)	(6.0)	(5.5)
Acquisitions	-	(15.0)
Bank Loans	(14.4)	(0.8)
Payment of lease liabilities	(3.6)	(1.4)
Purchase of treasury shares	-	(2.1)
Dividends	-	(7.6)
Net effect of FX on cash	1.2	(0.7)
Cash and bank balances at end of the financial period	67.6	43.6
Cash and bank balances comprise of:-		
Cash and cash equivalents	59.7	43.6
Restricted cash	7.9	-
	67.6	43.6

# 1H2020 Order Intake/Book By Geographical Segments



# Order Intake By Geographical Segment – Quarterly Trends

<b>S\$ million</b>	<b>2Q20</b>	<b>1Q20</b>	<b>4Q19</b>	<b>3Q19</b>	<b>2Q19</b>	<b>1Q19</b>
<b>Americas</b>	50.6	82.6	185.1	113.4	55.6	61.5
<b>EMEA</b>	0.4	4.8	0.9	1.2	2.3	(0.5)
<b>Asia Pacific</b>	63.9	39.8	44.1	41.5	48.0	25.8
<b>Total</b>	<b>114.9</b>	<b>127.2</b>	<b>230.1</b>	<b>156.1</b>	<b>105.9</b>	<b>86.8</b>



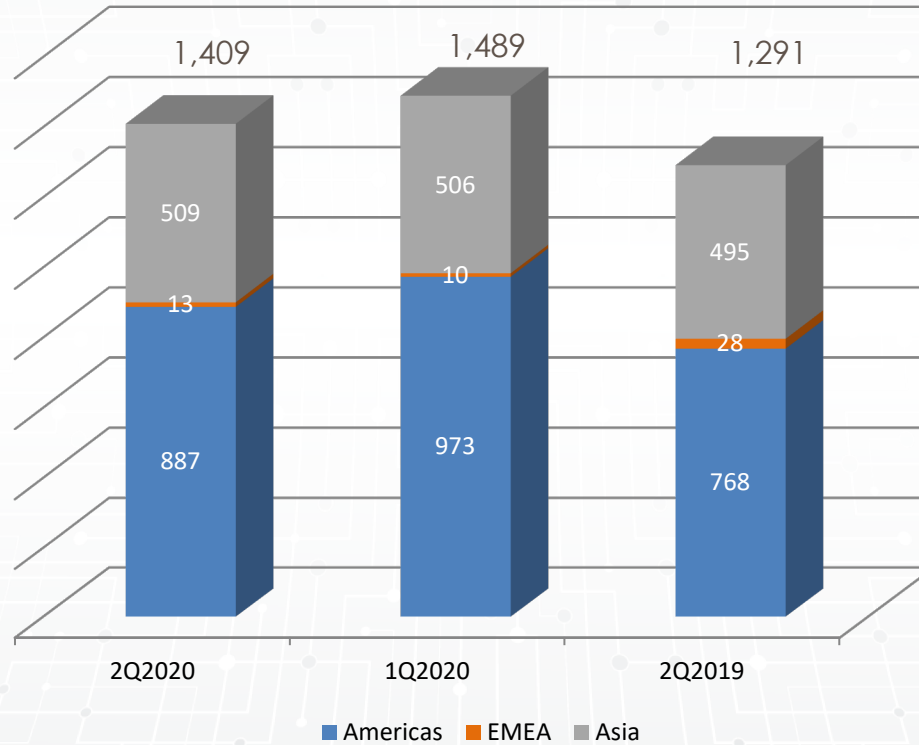
# Order Intake By Industry – Quarterly Trends

S\$ million	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19
Oil & Gas	53.8	87.9	189.8	117.0	60.2	65.1
Infrastructure	38.2	25.5	24.2	25.1	31.9	17.1
Mining & Mineral	22.8	13.9	16.0	14.0	13.8	4.5
Total	114.9	127.2	230.1	156.1	105.9	86.8

# Order Book By Industry Segments

S\$ million	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19
Oil & Gas	144.9	173.1	182.9	95.4	49.2	52.0
Infrastructure	125.6	114.1	112.9	126.6	131.1	126.5
Mining & Mineral	23.4	15.5	11.6	10.7	7.3	2.9
<b>Total</b>	<b>293.8</b>	<b>302.7</b>	<b>307.3</b>	<b>232.6</b>	<b>187.6</b>	<b>181.4</b>

# Human Resources Allocation





**CSE** Global

Questions & Answers