



2Q/1H 2016 Results Briefing

CSE Global Limited

Fullerton Hotel
11 August 2016

Agenda

1. 2Q/1H 2016 Financial Overview
2. Business Overview and Outlook
3. Q & A

2Q/1H 2016 Financial Review

2Q 2016 Financial Overview Continuing Operations

- Revenue declined by 31.9% yoy to S\$74.3m
- Gross profit decreased by 11.6% yoy to S\$25.5m
- Gross margins in 2Q16 improves to 34.4% vs 26.5% in 2Q15
- PATMI from continuing operations at S\$5.5m vs S\$7.7m in 2Q15, 28.2% lower yoy
- Net margins at 7.4% in 2Q16 vs 2Q15 of 7.0%
- Strong operating cash inflow of S\$22.7m in 2Q16 vs -S\$12.7m in 2Q15
- New orders in 2Q16 totalling S\$83.2m vs S\$94.4m in 2Q15, a 11.9% drop
- Order book of S\$186.6m at end of 2Q16 vs S\$179.6m at end of 1Q16

1H 2016 Financial Overview

Continuing Operations

- Revenue declined by 24.5% yoy to S\$158.5m
- Gross profit decreased by 13.9% yoy to S\$49.6m
- Gross margins in 1H16 improves to 31.3% vs 27.4% in 1H15
- PATMI from continuing operations at S\$11.0m vs S\$14.6m in 1H15, 24.8% lower yoy
- Net margins in 1H16 are comparable to 1H15 of 7.0%
- New orders in 1H16 totalling S\$158.2m vs S\$192.8m in 1H15, a 18.0% drop
- Order book of S\$186.6m at end of 2Q16 vs S\$179.6m at end of 1Q16

1H 2016 Financial Overview Continuing Operations

Financial Position & Cashflow

- Equity attributable to owners of the Company were S\$234.2m at 30 June 2016 vs S\$241.6m at 31 December 2015
- Return on Equity annualised at 9.4%
- NAV per share at 30 June 2016 was lower at 45.38 cents vs 46.82 cents at 31 December 2015
- Strong operating cash inflow of S\$42.3m in 1H16 vs –S\$14.1m in 1H15, due to higher collections and billings, as a result of achievement of project delivery milestones for several projects
- Net Cash of S\$49.1m as at 30 June 2016, after deducting S\$20.3 million in quoted investments, payment for acquisitions of S\$10.4m, and payment of dividends in 1H16 of S\$7.7m

Summary Financials 2Q & 1H 2016

| S\$'m | 2Q 2016 | 2Q 2015 | Change | 1H 2016 | 1H 2015 | Change |
|---|---------|---------|--------|---------|---------|--------|
| Revenue | 74.3 | 109.1 | -31.9% | 158.5 | 210.0 | -24.5% |
| Gross Profit | 25.5 | 28.9 | -11.6% | 49.6 | 57.6 | -13.9% |
| EBIT | 7.3 | 10.7 | -31.8% | 13.7 | 20.7 | -33.9% |
| Profit before tax | 7.4 | 10.4 | -29.1% | 13.6 | 20.4 | -33.5% |
| PATMI from continuing operations | 5.5 | 7.7 | -28.2% | 11.0 | 14.6 | -24.8% |
| Profit attributable to shareholders | 5.5 | 9.9 | -44.5% | 11.0 | 17.5 | -37.1% |
| Gross margin (%) | 34.4% | 26.5% | 29.9% | 31.3% | 27.4% | 14.0% |
| EBIT margin (%) | 9.8% | 9.8% | 0.2% | 8.6% | 9.9% | -12.5% |
| Net margin from continuing operations (%) | 7.4% | 7.0% | 5.4% | 6.9% | 7.0% | -0.3% |
| Operating cash flow | 22.7 | -12.7 | N.M | 42.3 | -14.1 | N.M |
| Net Cash/(loan) | 49.1 | 7.1 | 591.0% | 49.1 | 7.1 | 591.0% |
| Net gearing (%) | - | - | | - | - | |
| Order intake | 83.2 | 94.4 | -11.9% | 158.2 | 192.8 | -18.0% |
| Order book/backlog | 186.6 | 237.8 | -21.6% | 186.6 | 237.8 | -21.6% |

2Q & 1H 2016 FX Movement

| | 2Q 2016 | 2Q 2015 | Variance (%) | 1H 2016 | 1H 2015 | Variance (%) |
|-----------------|----------------|----------------|---------------------|----------------|----------------|---------------------|
| USD/SGD: | 1.3617 | 1.3420 | 1.47% | 1.3903 | 1.3516 | 2.86% |
| GBP/SGD: | 1.9794 | 2.0708 | -4.41% | 2.0161 | 2.0617 | -2.21% |
| AUD/SGD: | 1.0167 | 1.0452 | -2.73% | 1.0093 | 1.0600 | -4.78% |

2Q & 1H 2016 Constant Currency

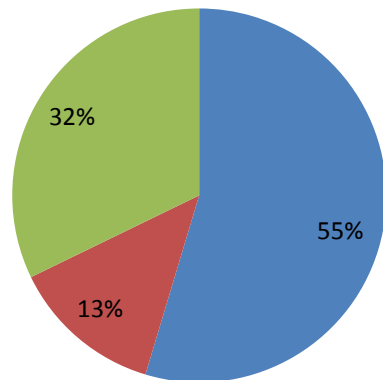
| S\$M | 2Q 2016 | 2Q 2015 | Variance (%) | 2Q 2016 Constant Currency | Variance (%) |
|-----------------|---------|---------|--------------|---------------------------------|--------------|
| Revenue: | 74.3 | 109.1 | -31.9% | 74.1 | -32.1% |
| PATMI: | 5.5 | 7.7 | -28.2% | 5.5 | -28.3% |

| S\$M | 1H 2016 | 1H 2015 | Variance (%) | 1H 2016 Constant Currency | Variance (%) |
|-----------------|---------|---------|--------------|---------------------------------|--------------|
| Revenue: | 158.5 | 210.0 | -24.5% | 157.1 | -25.2% |
| PATMI: | 11.0 | 14.6 | -24.8% | 11.0 | -24.8% |

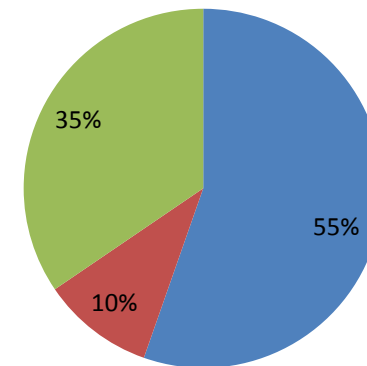
Revenue by Geographical Region - 1H 2016

| S\$m | 1H 2016 | 1H 2015 | Var % |
|--------------|--------------|--------------|---------------|
| Americas | 86.6 | 116.2 | -25.5% |
| EMEA | 20.9 | 21.3 | -1.8% |
| Asia Pacific | 51.0 | 72.5 | -29.6% |
| Total | 158.5 | 210.0 | -24.5% |

1H 2016



1H 2015

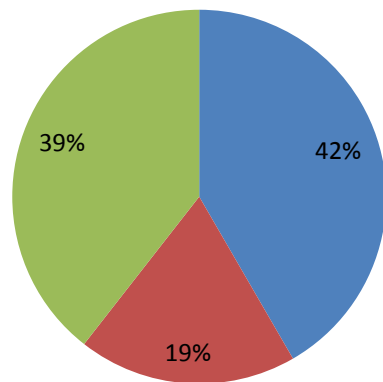


■ Americas
 ■ EMEA
 ■ Asia Pacific

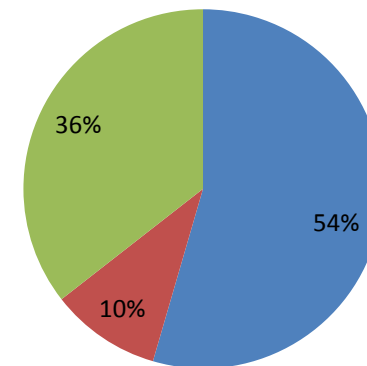
EBIT by Geographical Region - 1H 2016

| S\$m | 1H 2016 | 1H 2015 | Var % |
|--------------|---------|---------|--------|
| Americas | 5.7 | 11.3 | -49.5% |
| EMEA | 2.6 | 2.1 | 25.5% |
| Asia Pacific | 5.4 | 7.4 | -26.6% |
| Total | 13.7 | 20.7 | -33.9% |

1H 2016



1H 2015

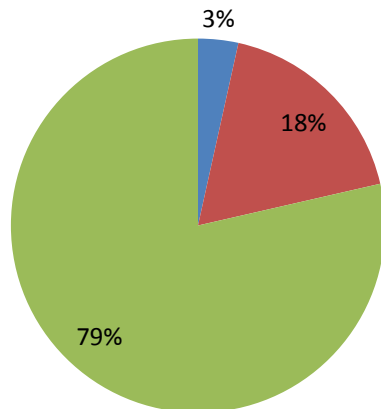


■ Americas
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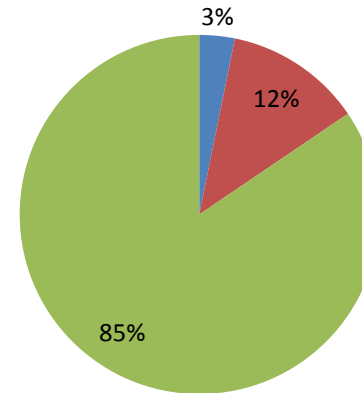
Revenue by Industry - 1H 2016

| S\$m | 1H 2016 | 1H 2015 | Var % |
|------------------|--------------|--------------|---------------|
| Mining & Mineral | 5.5 | 6.7 | -17.6% |
| Infrastructure | 28.4 | 25.9 | 9.8% |
| Oil & Gas | 124.6 | 177.4 | -29.8% |
| Total | 158.5 | 210.0 | -24.5% |

1H 2016



1H 2015



■ Mining & Mineral
 ■ Infrastructure
 ■ Oil & Gas

Infrastructure: Power, Water, Waste Treatment & Transportation

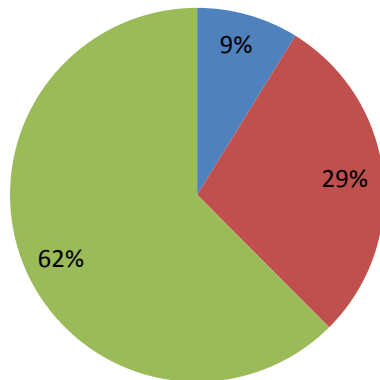


EBIT by Industry - 1H 2016

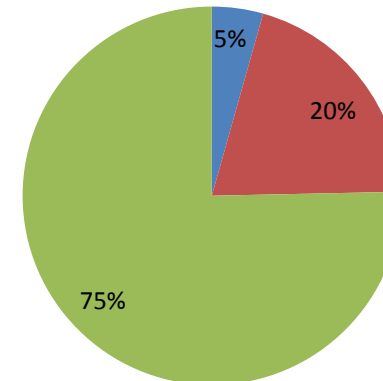
| S\$m | 1H 2016 | 1H 2015 | Var % |
|------------------|-------------|-------------|---------------|
| Mining & Mineral | 1.2 | 0.9 | 33.4% |
| Infrastructure | 3.9 | 4.2 | -6.5% |
| Oil & Gas | 8.5 | 15.6 | -45.2% |
| Total | 13.7 | 20.7 | -33.9% |

- Infrastructure in 1H16 included S\$0.4m of acquisition transaction costs and S\$0.3m of restructuring costs, excluding these exceptional costs, EBIT in 1H16 would have registered a 10.9% growth.

1H 2016



1H 2015



■ Mining & Mineral
 ■ Infrastructure
 ■ Oil & Gas

Infrastructure: Power, Water, Waste Treatment & Transportation



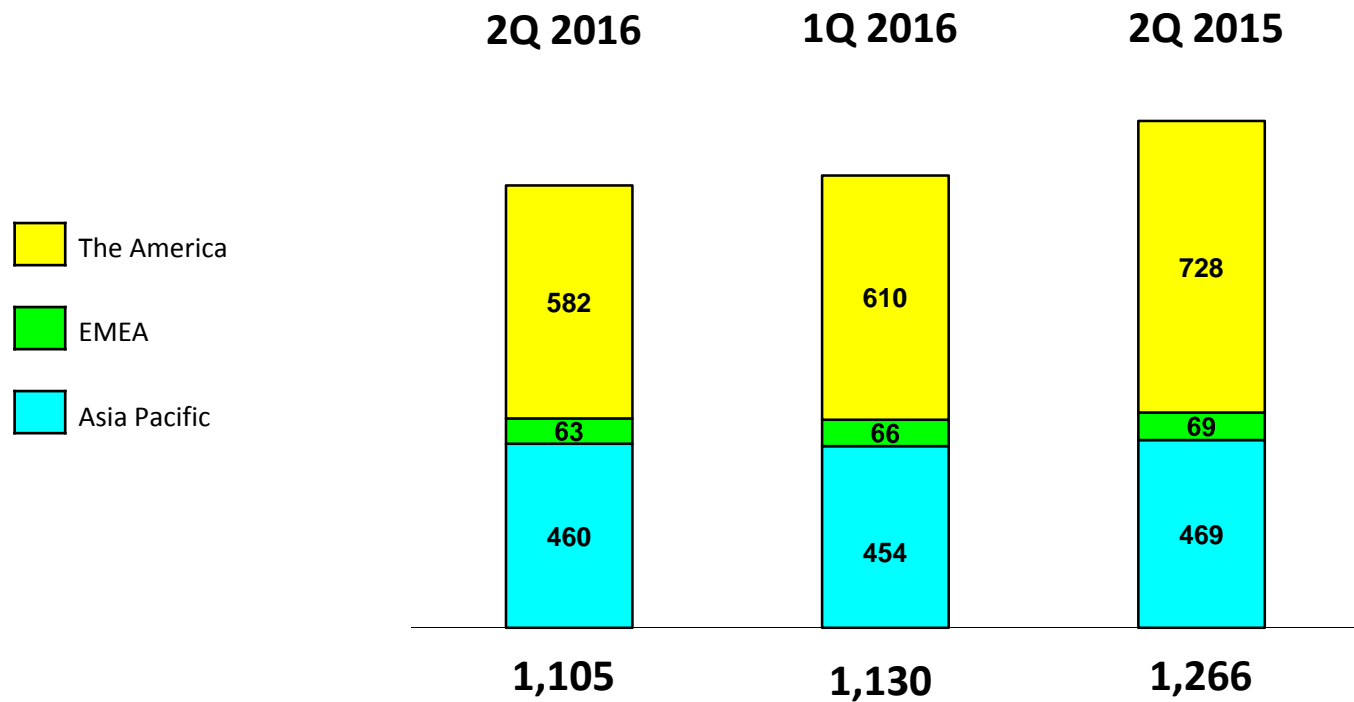
2Q 2016 Group Balance Sheet

| S\$M | 30-Jun-16 | 31-Mar-16 | 31-Dec-15 | 30-Sep-15 | 30-Jun-15 | 31-Mar-15 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Cash at Hand & Bank | 64.0 | 76.3 | 109.7 | 66.2 | 59.5 | 67.0 |
| Quoted Investments | 20.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Work in Progress (Net) | 24.5 | 37.7 | 47.8 | 76.5 | 88.0 | 73.2 |
| Inventories | 12.8 | 12.7 | 11.8 | 17.3 | 17.0 | 13.9 |
| Trade Receivable | 87.3 | 90.6 | 99.6 | 104.5 | 88.0 | 95.0 |
| Other Receivable | 12.6 | 8.8 | 7.6 | 10.3 | 10.8 | 13.8 |
| Trade Payable | 47.0 | 45.1 | 50.7 | 54.2 | 54.7 | 56.7 |
| Net Current Assets | 135.5 | 158.6 | 168.7 | 158.7 | 153.3 | 158.7 |
| Loan | 15.0 | 19.0 | 55.5 | 58.0 | 52.4 | 44.0 |
| Net Cash/(loan) | 49.1 | 57.3 | 54.2 | 8.2 | 7.1 | 23.0 |
| Shareholder Fund | 234.2 | 238.6 | 241.6 | 233.0 | 221.1 | 228.1 |

2Q /1H 2016 Group Cash Flow Statement

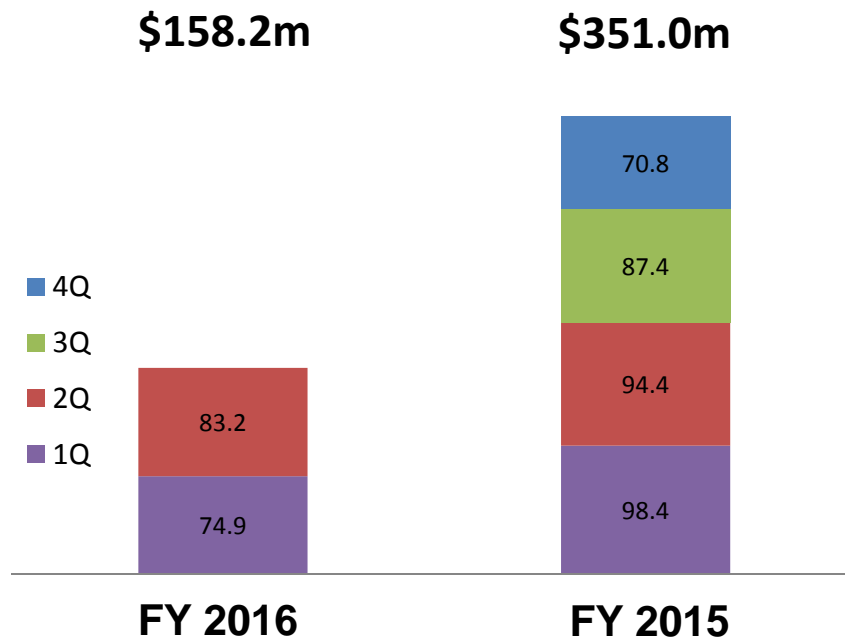
| S\$m | Q2 2016 | Q2 2015 | 1H 2016 | 1H 2015 |
|--|---------|---------|---------|---------|
| As at beginning of the period | 76.3 | 67.0 | 109.7 | 66.9 |
| Net Operations | 22.7 | (12.7) | 42.3 | (14.1) |
| Capital Expenditure (Net) | (1.7) | (1.1) | (4.7) | (1.8) |
| Net consideration from disposal - PD | | 7.5 | - | 7.5 |
| Quoted investments | (20.3) | - | (20.3) | - |
| Payment/ subsequent payment for subsidiary acquired | - | - | (10.4) | (0.6) |
| Bank Loans | (4.0) | 8.4 | (40.5) | 9.0 |
| Dividends | (7.7) | (7.7) | (7.7) | (7.7) |
| Net effect of FX on cash | (1.1) | (1.9) | (4.3) | 0.4 |
| As at end of period | 64.0 | 59.5 | 64.0 | 59.5 |

Human Resource

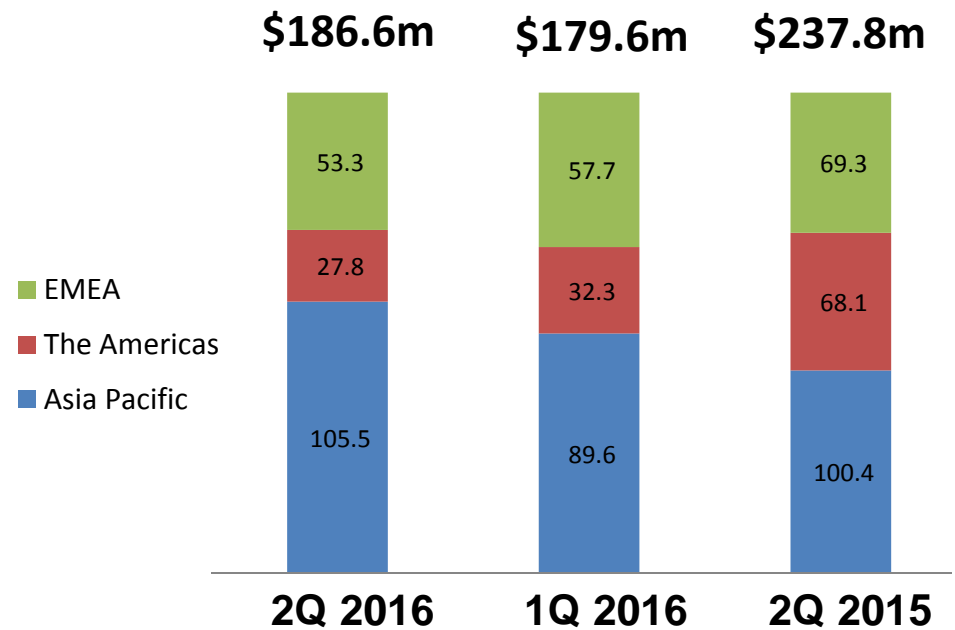


2Q 2016 Orders

New orders



Outstanding orders



Order Intake by Industry

| (S\$m) | Q2 2016 | Q1 2016 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Oil & Gas | 39.5 | 62.2 | 58.6 | 73.6 | 75.0 | 87.8 |
| Mining | 23.8 | 2.0 | 2.3 | 3.7 | 2.7 | 2.6 |
| Infrastructure | 19.9 | 10.7 | 9.9 | 10.0 | 16.7 | 7.9 |
| | | | | | | |
| Total | 83.2 | 74.9 | 70.8 | 87.4 | 94.4 | 98.4 |

Backlog by Industry

| (S\$m) | Q2 2016 | Q1 2016 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Oil & Gas | 85.9 | 104.5 | 110.9 | 136.7 | 150.4 | 167.4 |
| Mining | 25.8 | 4.7 | 7.9 | 7.1 | 6.4 | 7.2 |
| Infrastructure | 74.9 | 70.5 | 73.9 | 78.1 | 81.0 | 77.9 |
| Total | 186.6 | 179.6 | 192.7 | 222.0 | 237.8 | 252.5 |

Business Overview & Outlook

What are we?

Global

- System integrator and service provider and distributor

For

- Oil & gas, Utilities, Mining, Transport and Government

Business Outlook - Overall

- Business environment continues to be difficult
- Few large greenfield projects opportunities, tender activities coming back but for 2017/2018
- Consolidations by producers and service providers have started but slow – oversupply remains
- Operating capital expenditures by producers remains resilient but few are using their budget – flow business is down

Business Outlook - Overall 2

- Standardisation by industries to lower cost
- Long-term partnership forming for supply and demand

Key activities

- 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 industry sectors in which the Group operates remain difficult. Low oil/gas and commodity prices continue to influence investment decisions and customers remain highly focused on cost control. The Group will continue to support and service its existing installed base or customers.
- Given the current economic and the oil and gas industry conditions, 3Q16 will be very challenging and we anticipate that the performance in 3Q16 would be weaker than 2Q16.
- For the rest of FY2016, the Group expects a better performance for its mining and infrastructure segments and a continued lackluster performance for its oil and gas segment. With the part execution and delivery of the outstanding order book of S\$186.6 million (as at the end of 2Q16) together with the anticipated flow business, the Group is confident that it will deliver a positive operating cash flow and profits for FY2016.

Summary

- The Group has implemented cost control measures which has resulted in a 10% year on year reduction in the Group's 1H16 overhead base and will continue to be vigilant in managing cost and working capital.
- The balance sheet remained strong throughout the period with a net cash position of S\$49.1 million as at end of 2Q16. CSE will continue to explore good investment opportunities to support its long term sustainable growth objectives.
- CSE intends to maintain its annual cash dividend of S\$0.0275 per share for FY2016 as CSE is forecasted to have positive operating cashflow for FY2016 and will remain net cash after the dividend payments.

Interim Dividend

- Declares interim dividend of S\$0.0125 per share
 - Book closure date: 26th August 2016
 - Payment date: 16th September 2016
- 1H 2016 PATMI : S\$11.0m
- Proposed interim dividend: S\$6.4m (58%)

CSE intends to maintain the full year dividend of S\$0.0275 per share for 2016 as CSE is forecasted to have positive operating cashflow for 2016 and will remain net cash after the dividend payments

Questions & Answers

Thank You