

Press Release – 2nd Quarter/1st Half 2016 Results

CSE delivers strong cashflow generation of S\$42.3m in 1H16 and declares interim dividend of 1.25 cents per share

Key Highlights:

- **Strong operating cashflow generation of S\$42.3m in 1H16**
- **Net cash position of S\$49.1m at end of 1H16**
- **Resilient order intake of S\$83.2m in 2Q16**
- **Robust order book increased to S\$186.6m from 1Q16**
- **Tax-exempt one-tier interim dividend of 1.25 cents per ordinary share declared**

Singapore, 10 August 2016 – CSE Global Limited (“CSE” or the “Group”) announced today its financial results for the quarter and half year ended 30 June 2016. The Group reported net profit after tax and non-controlling interests from continuing operations in the second quarter (“2Q16”) of S\$5.5 million, on the back of revenue of S\$74.3 million, amid the difficult business and operating environment. Revenue and net profit after tax and non-controlling interests from continuing operations for the first half of 2016 (“1H16”) were reported at S\$158.5 million and S\$11.0 million respectively.

For 2Q16, revenue and gross profit declined by 31.9% and 11.6% respectively from the same corresponding period a year ago. The lower revenues in 2Q16 were mainly driven by lower revenues achieved across all geographic regions, particularly in the oil and gas industry sectors, resulting from a lack of large greenfield projects.

Operating expenses were relatively stable at S\$18.6 million in 2Q16 as compared to 2Q15. The operating expenses in 2Q16 included expenses of newly acquired businesses amounting to S\$1.4 million, restructuring costs of S\$0.3 million, and higher allowances for doubtful debts of S\$0.3 million. On a normalized basis, operating expenses in 2Q16 would have decreased by 9.8% year-on-year, reflecting rigorous efforts on cost management and improved operational efficiency.

Profit after tax and non-controlling interest from continuing operations in 2Q16 decreased by 28.2% year-on-year to S\$5.5 million.

The basic earnings per ordinary share was 1.07 cents in 2Q16 as compared to the basic earnings per ordinary share in 2Q15 of 1.92 cents.

In 2Q16, the Group generated a strong positive operating cashflow of S\$22.7 million, due to the achievement of project delivery milestones for several projects, which led to higher billings and collections. For 1H16, the Group generated a strong positive



operating cashflow of S\$42.3 million, and ended the period with a net cash position of S\$49.1 million, after deducting for quoted investments of S\$20.3 million, acquisition costs of S\$10.4 million, and dividend payments of S\$7.7 million.

The Group continues to receive new orders from greenfield and brownfield projects in 2Q16 totalling S\$83.2 million, bringing the 1H16 order intake to S\$158.2 million. With that, order book increased by 3.9% to S\$186.6 million as at end of 2Q16 from S\$179.6 million as at end of 1Q16.

Commenting on the Group's 2Q16 and 1H16 performance, Mr Lim Boon Kheng, Group MD of CSE, said, "Despite challenging operating conditions in the past year, our resilient business model has enabled us to deliver a set of respectable financial results and a strong positive operating cashflow. I am encouraged by the improvement in order intake numbers for 2Q16, which contributed to the resilient order book of S\$186.6 million as at 30th June 2016."

On the outlook, Mr Lim added, "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."

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.

The directors are pleased to declare a tax-exempt one-tier interim dividend of 1.25 cents per ordinary share. The payment of the interim dividend will be on 16th September 2016.

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.

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About CSE Global Limited (“CSE”):

Listed on Singapore Exchange since 1999, CSE Global Limited is a global technologies company with an international presence spanning the Americas, Asia Pacific, Europe, Middle East and Africa. The Group has now more than 1,100 employees worldwide, and operates a network of 36 offices across the globe, generating more than 95 percent of its revenues outside its home market. In line with global ambitions, the Group has adopted the ISO 9001 Quality Management System as certified by Lloyd’s Register Quality Assurance (LRQA) and DNV. The CSE Group of companies has been very successful in offering cost-effective, totally integrated solutions to industries in the Oil & Gas, Infrastructure and Mining sectors. CSE has a consistent profit track and a management that is focused on operational excellence to achieve sustainable profit growth and enhance shareholder returns.

For more information, please log onto: <http://www.cse-global.com>