



CSE Global

1H2021 Results Briefing

11 August 2021

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Today's Agenda

1

Business Updates

Mr Lim Boon Kheng, Group CEO

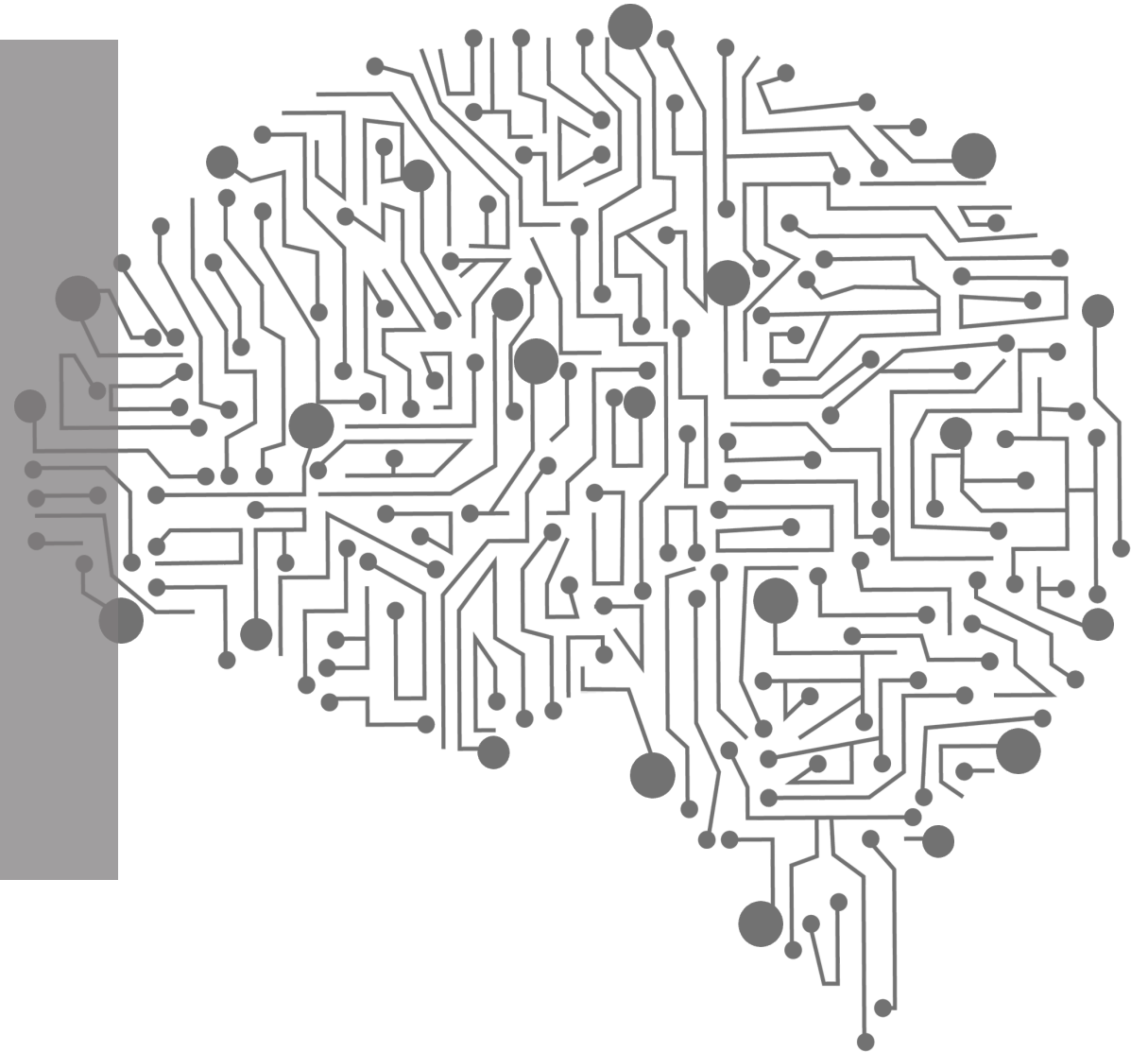
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1H2021 Financial Performance

Mr Eddie Foo, Group CFO

3

Q&A Session



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1

Business Updates

Mr Lim Boon Kheng,
Group CEO

About CSE Global

We are a solutions provider that serves customers across a global network.

We use our engineering experience and diverse skill sets to design and build customized, integrated systems for our customers that solve their problems.

You can count on us

We are a trusted industry partner to governments and renowned brands, globally.



Listed on the
Singapore Exchange
since **1999**

No problem is too big (or too small) for us

With our team being highly-skilled engineers with deep technical capabilities at our core, we thrive on delivering complex projects across industries.



80%
highly-skilled
engineers & technicians

We deliver what you need in a socially responsible way

Our smart systems are built-to-needs and highly customized to meet customers' needs.



**Greener
& smarter solutions**

We deliver consistent profitability and returns to shareholders, and chart a clear growth path

We have generated steady, reasonable returns and always seek ways to enhance shareholder value.



33 years
of profitable growth

We invest in our people

We believe in being collaborative, and people-centric, with our team culture and employee well-being as important areas of focus.



**Supportive
& open culture**

OUR GLOBAL FOOTPRINT



Americas | Asia Pacific | Europe | Middle East | Africa

16
countries

42
offices

1,400
employees

OUR SOLUTIONS ACROSS KEY SECTORS

Our systems sit at the heart of every infrastructure and are critical

- CCTV / Security Systems
- Emergency Safety Systems
- Facility / Integrated Control and Safety Systems
- Fire & Gas Systems
- IT/OT and Networking Services
- Industrial Cybersecurity and Hardening Service
- Operator Training Systems
- Process Control Systems
- Subsea Master Control Station (MCS)
- SCADA and Data Management Systems
- Subsea Electrical Power Units (EPU)
- Simulation, Testing & Support



1. Energy

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



2. Infrastructure

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



3. Mining & Minerals

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

OTHER SECTORS

- Retail
- Transport
- Hospitality
- Pharmaceutical
- Government

Why Our Customers Choose Us

We exist because of our customers.

We make their jobs easier by solving their problems and delivering what they need. By applying our engineering knowledge to find the right solutions to their problems, we meet their needs.



Integrity and credibility are what we stand for. We have built a solid reputation for providing quality, responsible and effective solutions that stand the test of time.



We can customize and integrate the systems that sit at the heart of every infrastructure, with the latest, smartest and most efficient technologies.



We count large government organizations, as well as renowned brand names as our clients across multiple industries and sectors.



We view our expertise as a form of social responsibility to ensure that what we do does not harm our environment as much as possible.



Increasingly, we develop technologies to reduce waste and adapt "greener", smarter ways to deliver efficient and effective solutions.

Notable projects

We have what it takes to get the job done and finish well – no problem is too big that we cannot solve.

 **90%**
repeat customers

We have taken on the most difficult projects in the most challenging conditions, at the most competitive prices; including large-scale, complex applications and solutions across Energy, Infrastructure, Mining & Minerals sectors.

 **30 years**
long-standing customers

RELIABLE • RESOURCEFUL • TAILORED • SEAMLESS • SINGLE SOURCE SOLUTION

▪ Engineering



▪ Procurement



▪ Manufacturing



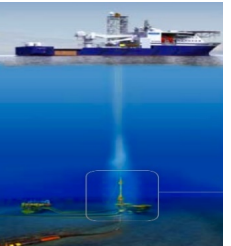
▪ FEED & Concept Studies



▪ Assembly & Development



▪ Commissioning & Maintenance



Business Updates

1

General Sentiments

- Covid-19 continues to cause disruptions to business
- Borders are mostly closed, with some states in lockdown
- Continue to face order delays, equipment deliveries and productivity issues

1H2021 Highlights:

- A resilient performance amidst uncertainty, healthy pipeline of orders with opportunities in Infrastructure
- Gross margins are stable
- Positive operating cash flow of S\$15.1 million
- Strong order intake of S\$210.6 million

2

Segmental Performance

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

1. Energy

- Slower activities in time and material and lower project bookings
- Lower labour utilization
- Continues to see opportunities in this sector
- Actively pursuing opportunities and acquisitions in renewables and related infrastructure

2. Infrastructure

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

3. Mining & Minerals

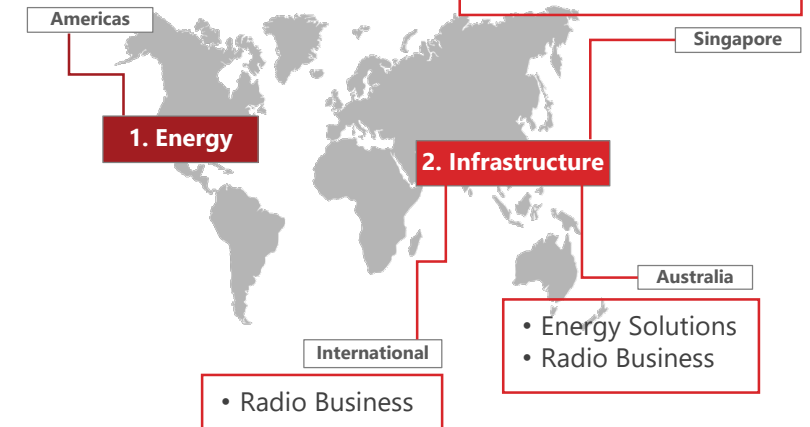
- Stable stream of flow projects

3

Key Strategies

- Small greenfield/brownfield projects in the Gulf of Mexico
- Pursuing opportunities in the renewables and power/data center projects
- Expand geographical coverage

- Singapore Government
- Focus on security, transportation-related projects



Business Updates (cont'd)

4 Energy Prices

- Recovered above US\$60 per barrel
- Few large opportunities as energy companies remain cautious in approving new larger greenfield projects
- Remain selective in pursuit of new orders
- Flow orders stable
- Remain committed to have a strong presence to support our customers in USA

5 COVID-19 Updates

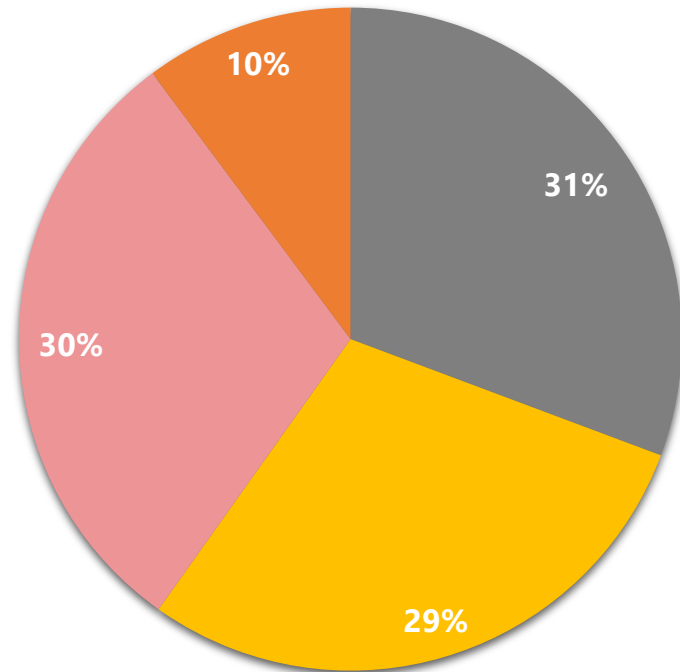
- Most operations are deemed essential services
- Hybrid workforce to support customers effectively
- Workforce mostly local, few migrant workers, limiting possible exposure from across borders
- Travel restrictions negatively impacted sales efforts, limiting on-the-ground support for projects in markets with little to no physical presence
- No material collectibility issues
- Future remains unknown as pandemic is evolving

6 Acquisition Strategy

- Acquisition remains a key growth strategy
- Focus areas will be in complementary and adjacent capabilities:
 - Energy and Infrastructure segments
 - USA, Europe and Australia/New Zealand
- Will acquire within means, whenever suitable opportunities arise
 - No high gearing

1H2021 Revenue Breakdown By Industry Segments

We have a sizeable base of loyal customers. Some of our customers have been with us for over 30 years, and 90% are repeat customers.



- Energy - Onshore
- Energy - Offshore
- Infrastructure
- Mining & Minerals

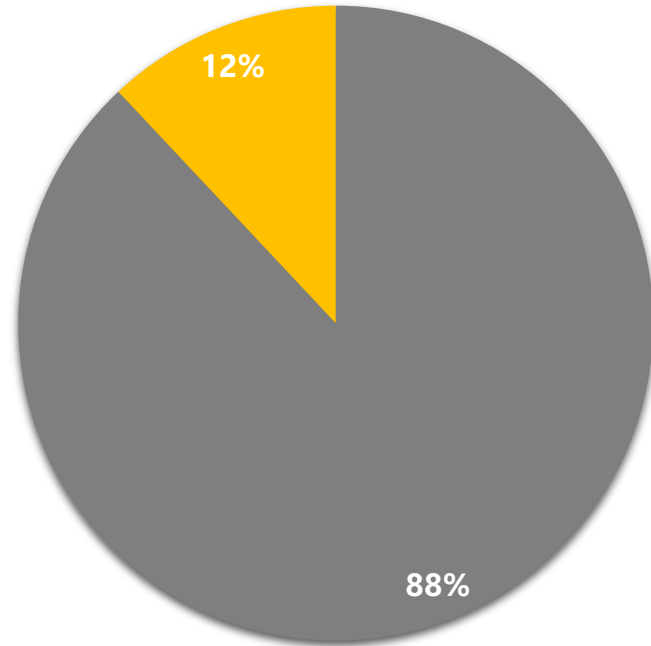
S\$ million	1H2021	1H2020	YoY%
Energy - Onshore	72.0	91.8	-21.6%
Energy - Offshore	68.3	87.2	-21.7%
Infrastructure	70.3	50.2	40.1%
Mining & Minerals	23.9	26.4	-9.7%
Total	234.5	255.6	-8.3%

Australia communications revenue:

- 1H2021 A\$42.1 million
- 1H2020 A\$43.4 million

Infrastructure: Power, Water, Waste Treatment & Transportation

1H2021 Revenue Breakdown By Projects



■ Flow Business ■ Large Greenfield Projects

S\$ million	1H2021	1H2020	YoY%
Flow Business*	206.1	221.0	-6.7%
Large Greenfield Projects	28.4	34.6	-17.9%
Total	234.5	255.6	-8.3%
Flow Business %	88%	86%	

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

FY2021 Outlook



Steady Financial Performance

- We have delivered 33 years of profitable growth in a steady and consistent manner, and we intend to do the same in FY2021.

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.
- We have completed 30-40 acquisitions since our inception, and our integration rate is very high; most of our large integrations are successful because we offer autonomy and flexibility as a parent company.

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

Singapore cents per share	FY2018	FY2019	FY2020
Interim Dividends	1.25	1.25	1.25
Payment Date	2 September 2021		
Book Closure	19 August 2021		

Outlook

- Numerous uncertainties going forward from impact of Covid-19 pandemic and global economic outlook.
- Our customers in the Energy sector remain focused on their capital spending discipline that will translate to fewer large greenfield contract awards in the coming months, though we continue to see a steady pipeline of projects from our Infrastructure and Mining and Minerals customers, supported by increasing requirements for digitalization and enhancements in physical and cyber security.
- Despite these uncertainties in the coming months, CSE remains confident to achieve a profitable financial performance in 2021.

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1H2021 Financial Performance

Mr Eddie Foo,
Group CFO

Financial Snapshot

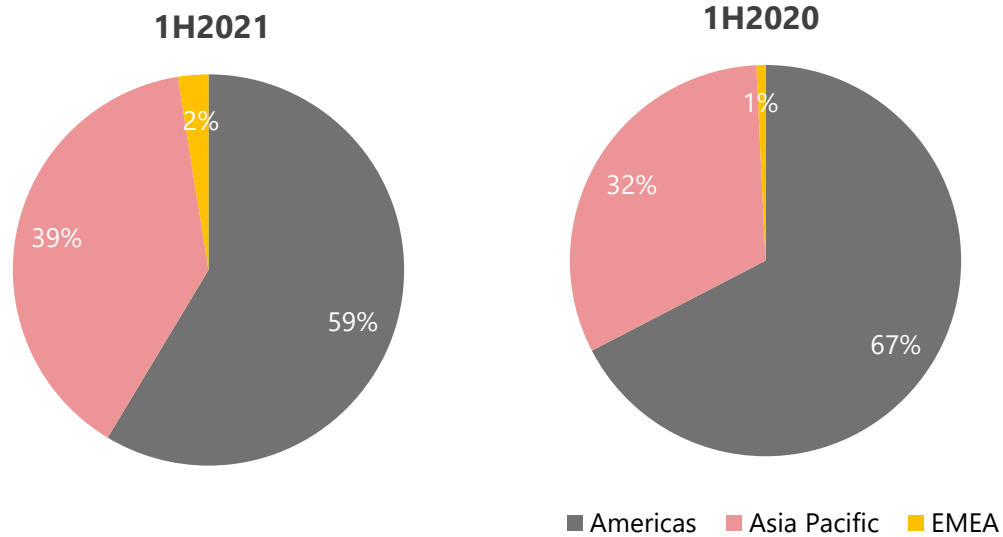
1H2021	
-8.3%	Revenue of S\$234.5 million
-0.4pp	Gross margins of 29.9%
-17.5%	EBITDA of S\$23.6 million
-33.3%	Net profit of S\$10.1 million
-33.4%	EPS of 1.97 Singapore cents
-13.0%	Order Intake of S\$210.6 million
-5.6pp	Annualised ROE of 10.4%

Summary of Financials

S\$ million	1H2021	1H2020	Change
Revenue	234.5	255.6	-8.3%
Gross Profit	70.0	77.4	-9.6%
EBITDA	23.6	28.6	-17.5%
Net Profit attributable to equity owners of company	10.1	15.1	-33.3%
Gross profit margin (%)	29.9%	30.3%	-0.4pp
EBITDA margin (%)	10.1%	11.2%	-1.1pp
Net margin (%)	4.3%	5.9%	-1.6pp
Operating cash flow from operations	15.1	34.0	-55.5%
Net cash/(debt)	(51.7)	(21.1)	144.7%
Order intake -continuing operations	210.6	242.1	-13.0%
Order book - continuing operations	212.1	293.8	-27.8%
ROE (annualised)	10.4%	16.0%	-5.6pp

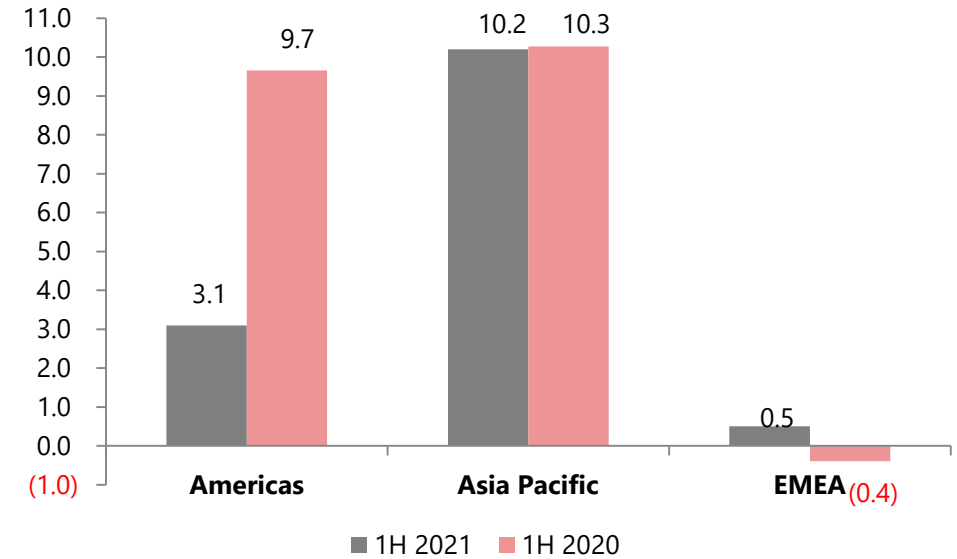
Breakdown By Geography

REVENUE



\$ million	1H2021	1H2020	YoY%
Americas	137.4	172.2	-20.2%
Asia Pacific	91.1	81.4	11.9%
EMEA	5.9	1.9	208.5%
Total	234.5	255.6	-8.3%

EBIT

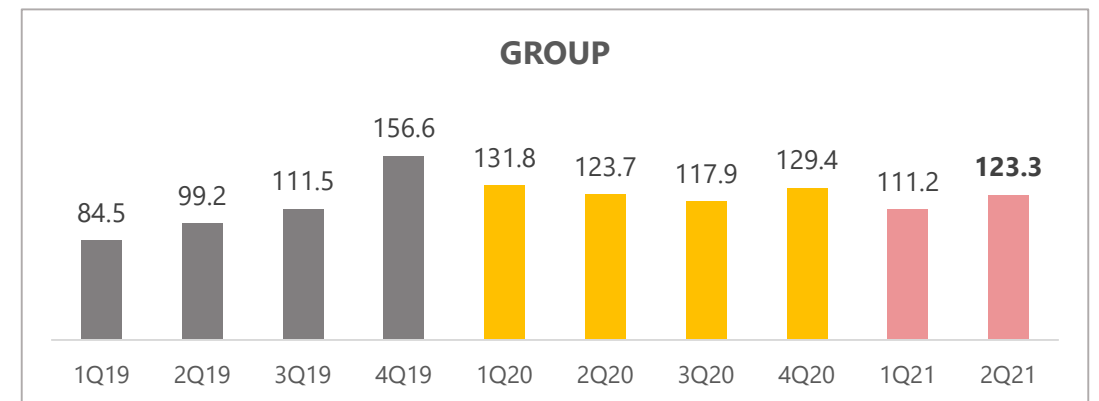
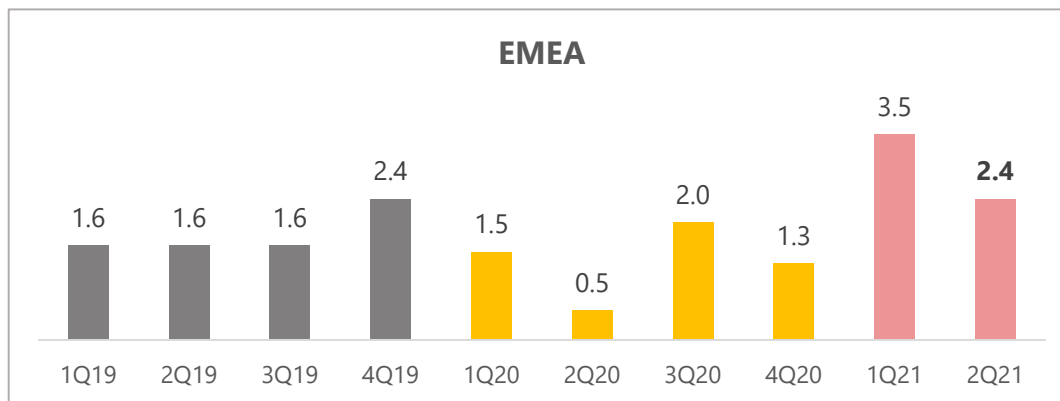
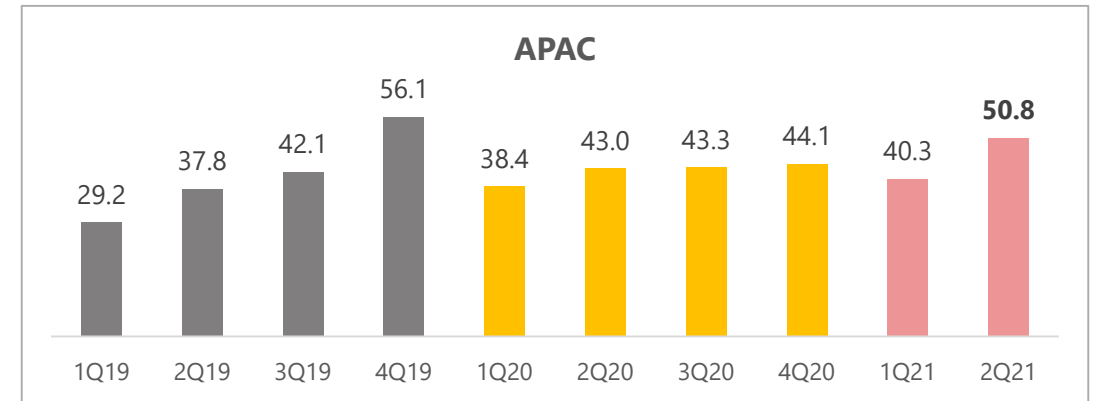
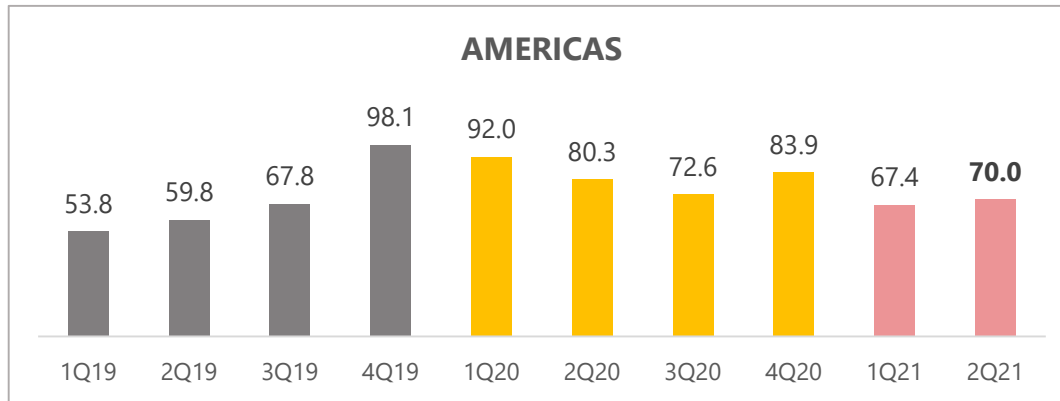


\$ million	1H2021	1H2020	YoY%
Americas	3.1	9.7	-67.6%
Asia Pacific	10.2	10.3	-0.3%
EMEA	0.5	(0.4)	N.M
Total	13.8	19.5	-29.1%

Quarterly Revenue Trends

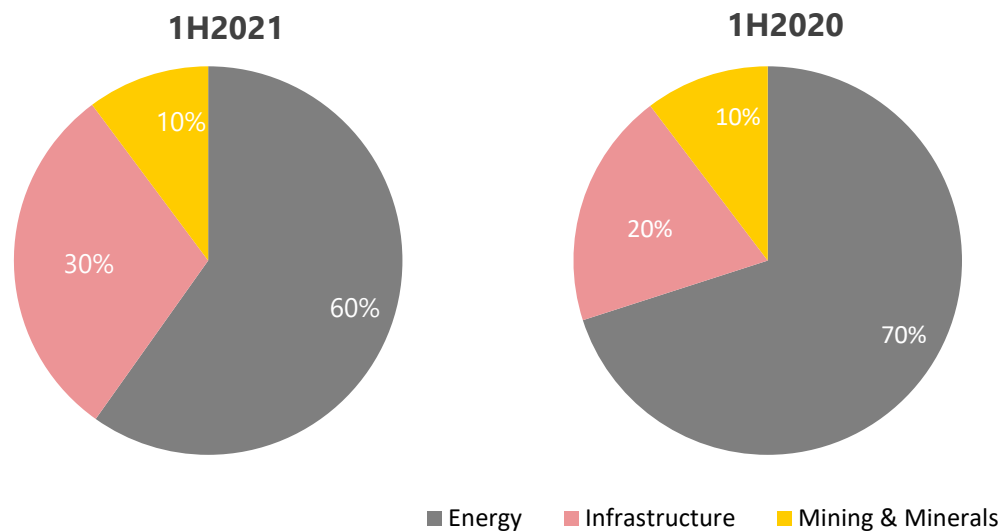
By Geography, Q-o-Q

(\$ million)



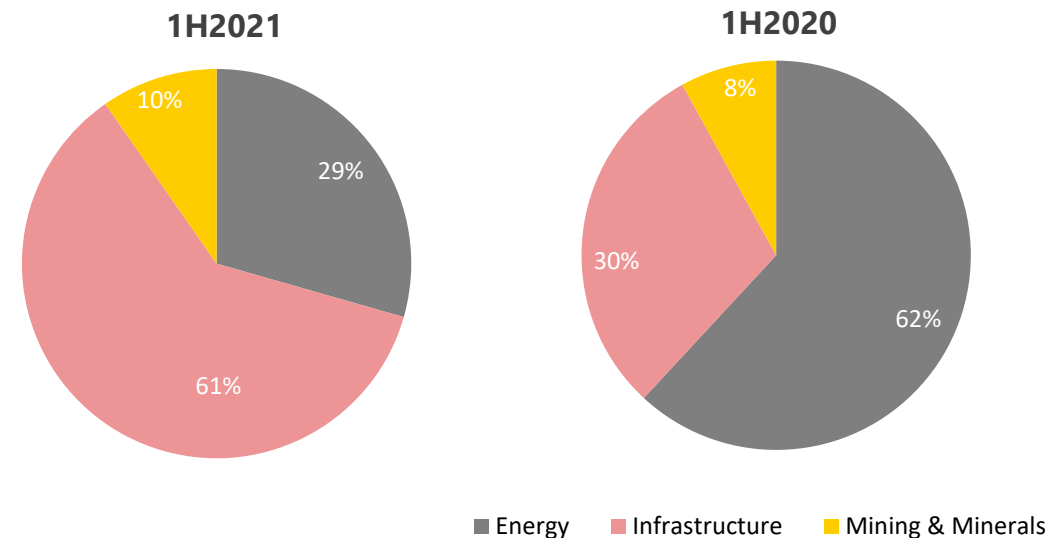
Breakdown By Industry

REVENUE



S\$ million	1H2021	1H2020	YoY %
Energy	140.3	179.0	-21.6%
Infrastructure	70.3	50.2	40.1%
Mining & Minerals	23.9	26.4	-9.7%
Total	234.5	255.6	-8.3%

EBIT

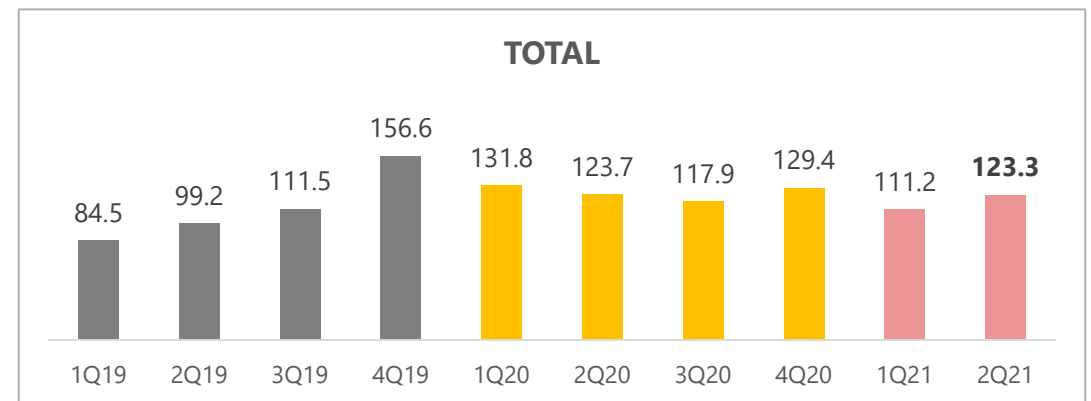
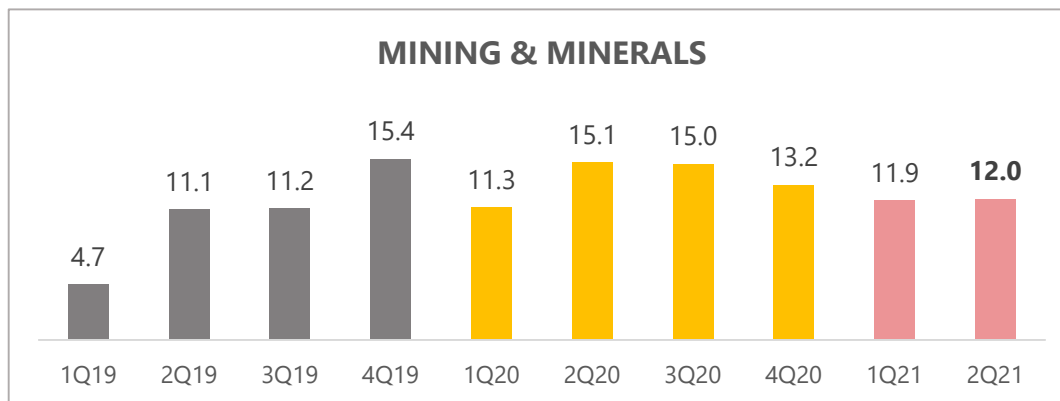
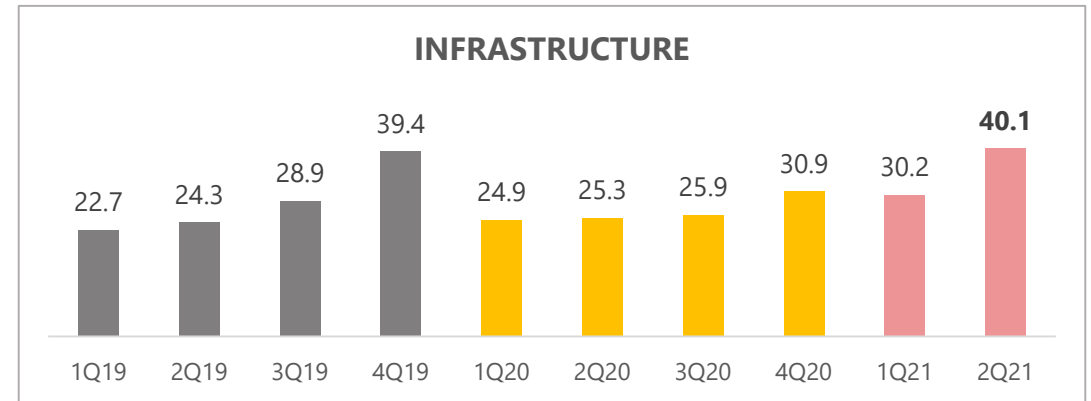
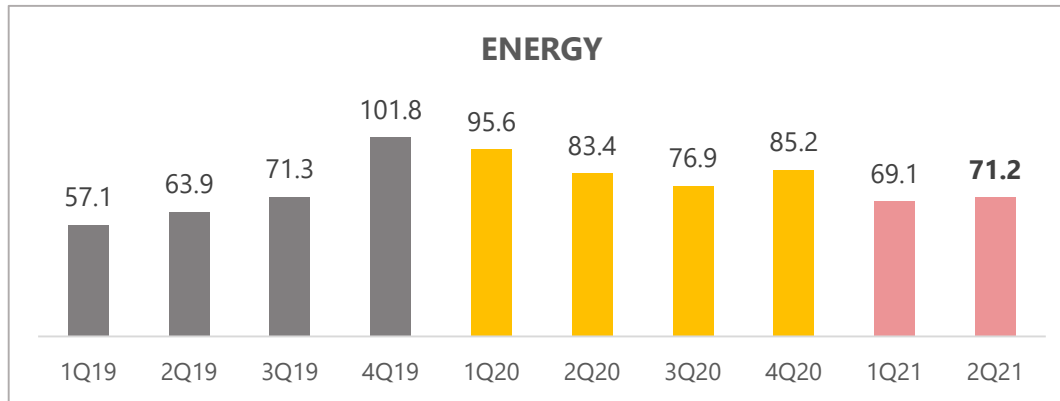


S\$ million	1H2021	1H2020	YoY%
Energy	4.1	12.1	-66.3%
Infrastructure	8.4	5.9	43.3%
Mining & Minerals	1.3	1.6	-14.1%
Total	13.8	19.5	-29.1%

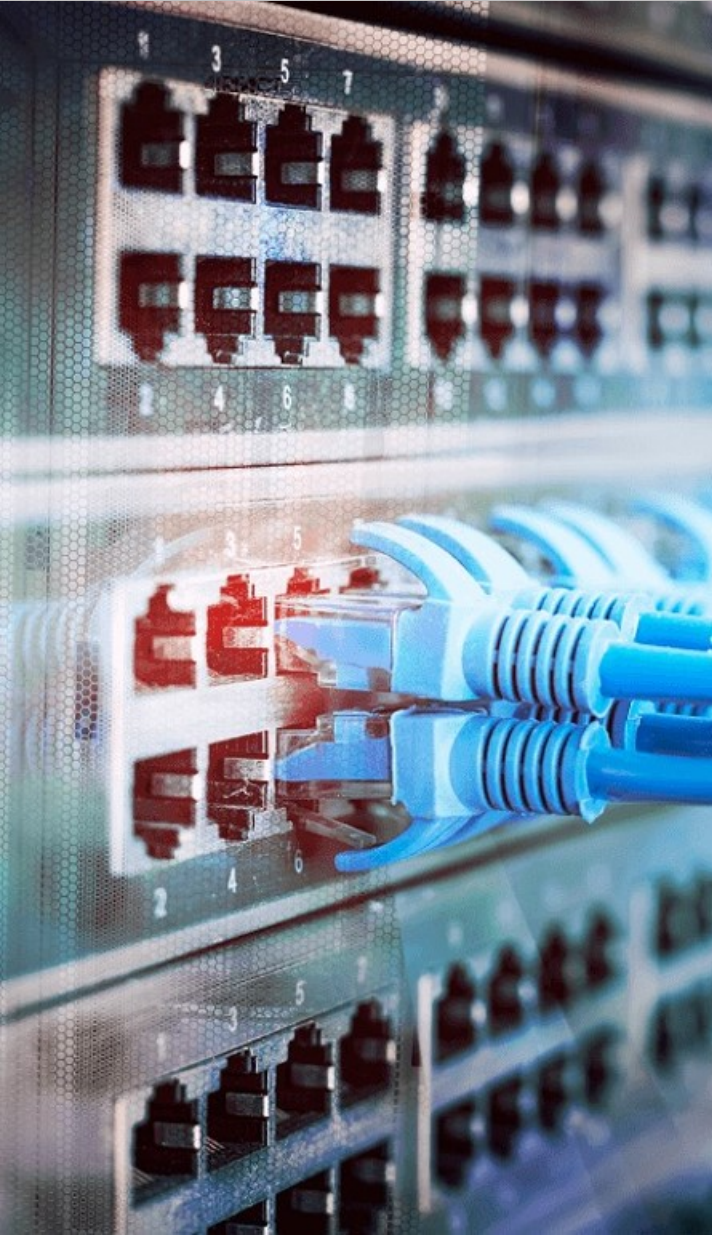
Quarterly Revenue Trends

By Industry

(\$ million)



Financial Position & Cash Flow



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

S\$15.1 million in 1H2021 vs S\$34.0 million in 1H2020

Net cash/(debt)

S\$(51.7) million as at 30 June 2021 vs (S\$39.0) million at 31 December 2020

**Equity attributable to
owners of the
Company**

S\$194.2 million at 30 June 2021 vs S\$191.8 million at 31 December 2020

NAV per share

37.89 cents at 30 June 2021 vs 37.52 cents at 31 December 2020

Group Balance Sheet

S\$ million	30-Jun-21	31-Dec-20	30-Jun-20
PPE	63.6	61.6	60.1
Right-to-use assets	23.1	23.2	24.0
Intangible assets	58.6	57.5	59.6
Cash at hand & bank	56.3	52.5	67.6
Contract assets (net)	47.6	45.6	41.1
Inventories	29.0	26.1	27.9
Trade and other receivables	110.9	108.9	92.6
Trade payables and accruals	66.4	68.1	67.3
Derivative liabilities	1.4	2.2	3.3
Loans and borrowings	108.0	91.5	88.7
Net cash/(debt)	(51.7)	(39.0)	(21.1)
Shareholders' fund	194.2	191.8	189.1

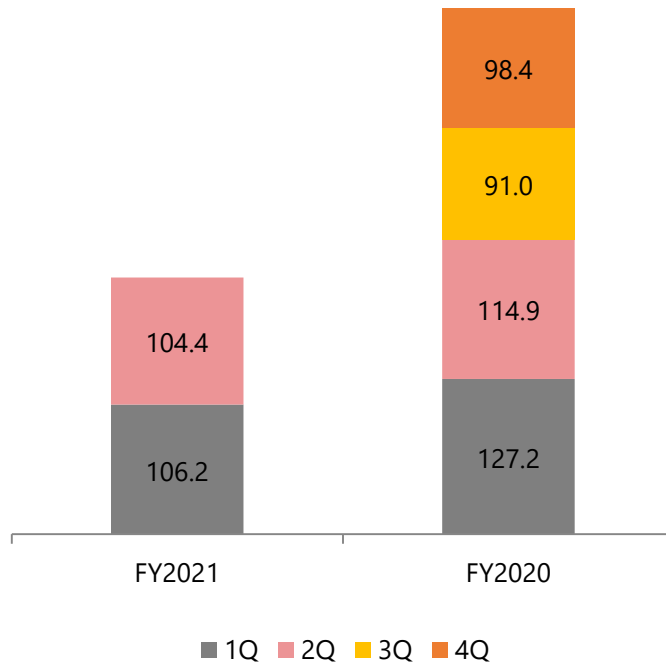
Group Cash Flow Statement

\$ million	1H2021	1H2020
As at beginning of the period	49.4	50.7
Cash flow from operations	15.1	34.0
Interest and tax	(4.4)	(2.2)
Capital expenditure (net)	(5.4)	(6.0)
Acquisitions	(6.0)	-
Release of restricted cash	2.5	-
Proceeds/(repayment) of borrowings, net	15.9	(14.4)
Payment of lease liabilities	(3.0)	(3.6)
Purchase of treasury shares	(1.4)	-
Dividends	(7.7)	-
Net effect of FX on cash	0.4	1.2
Cash and bank balances at end of the financial period	55.7	59.7
Cash and bank balances comprise of:-		
Cash and cash equivalents	55.7	59.7
Restricted cash	0.6	7.9
	56.3	67.6

1H2021 Order Intake/Book By Geographical Segments

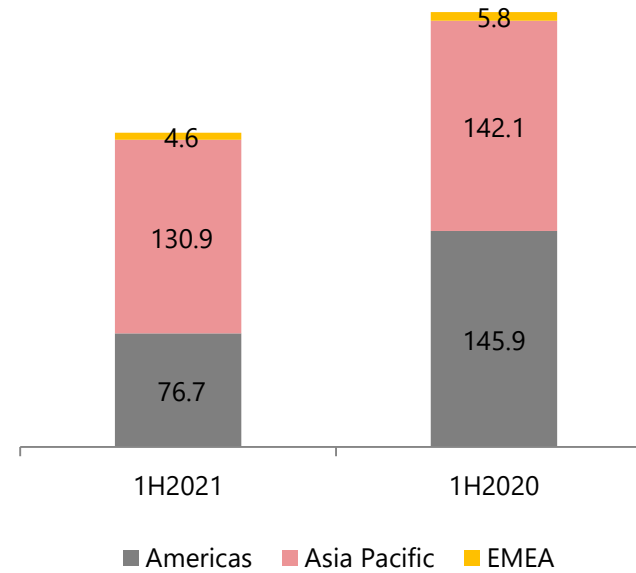
Order Intake from Continuing Operations

\$210.6m \$431.5m



Order Book from Continuing Operations

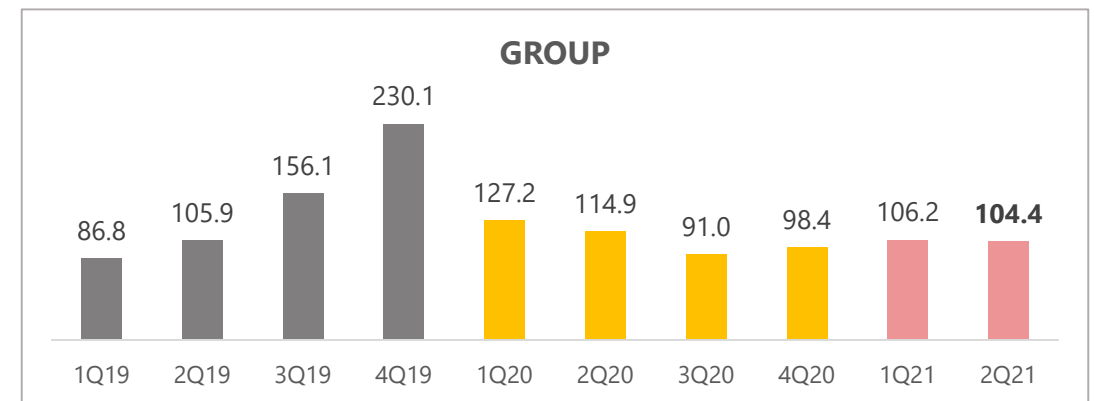
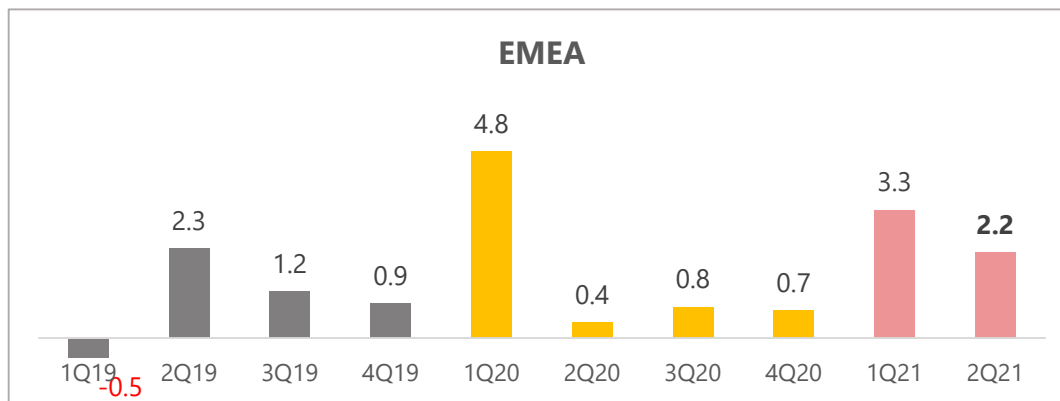
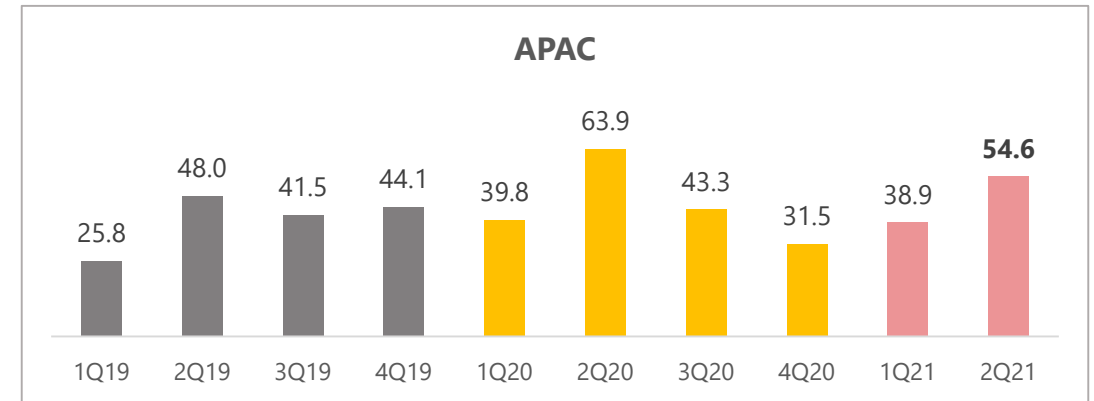
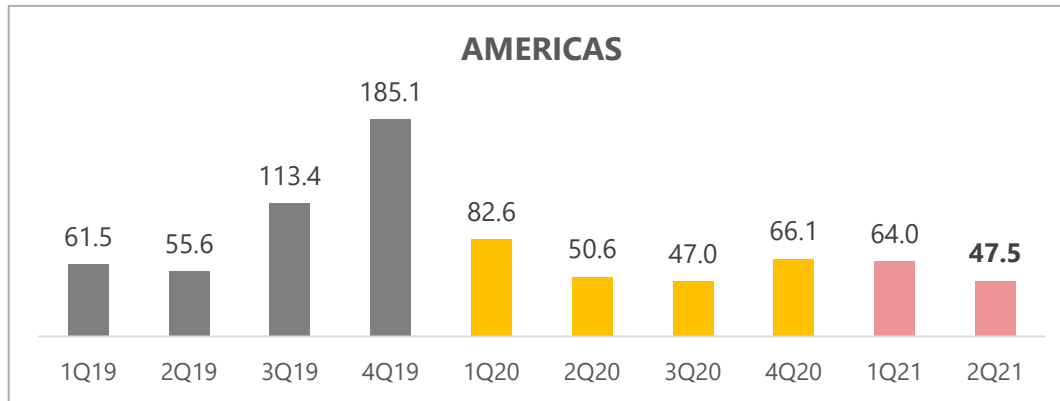
\$212.1m \$293.8m



Quarterly Order Intake Trends

By Geography

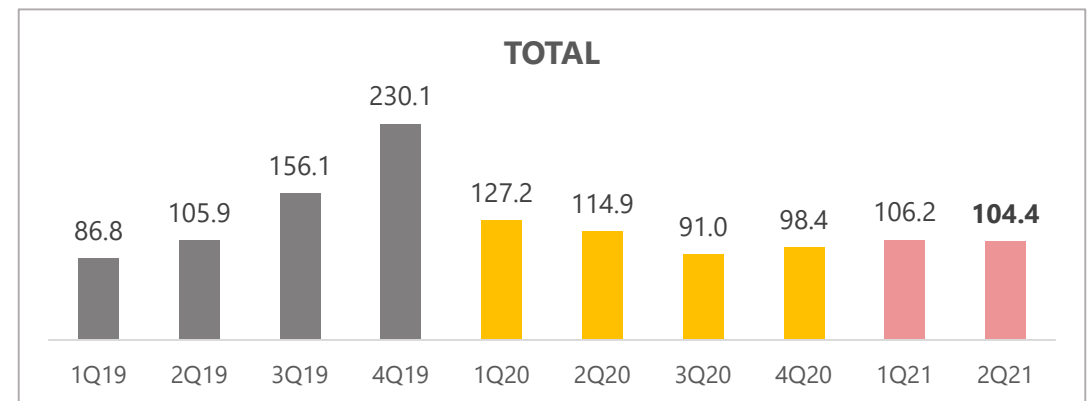
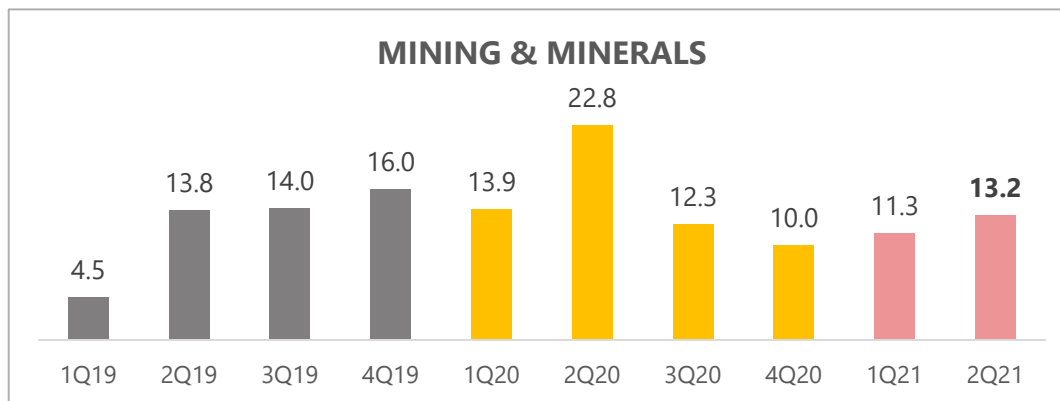
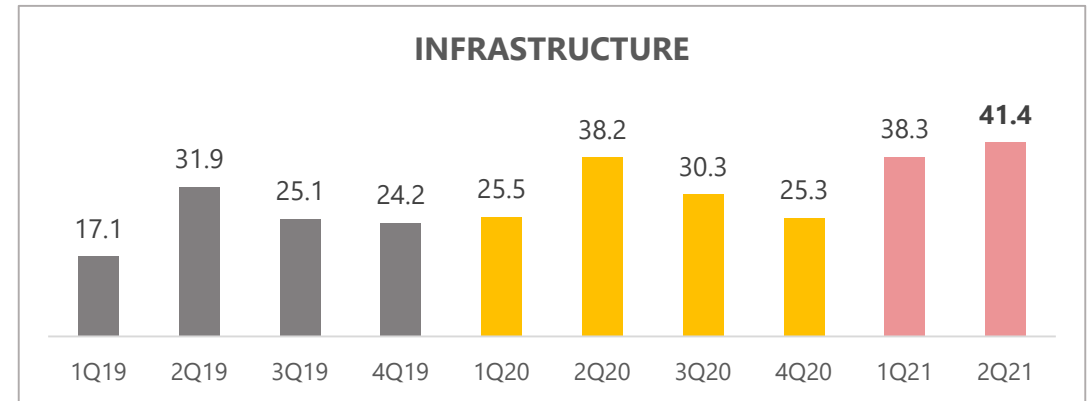
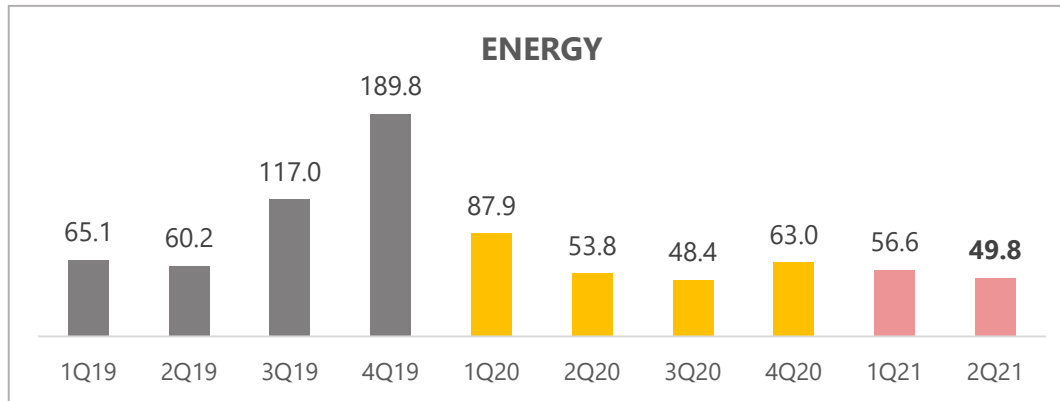
(\$ million)



Quarterly Order Intake Trends

By Industry

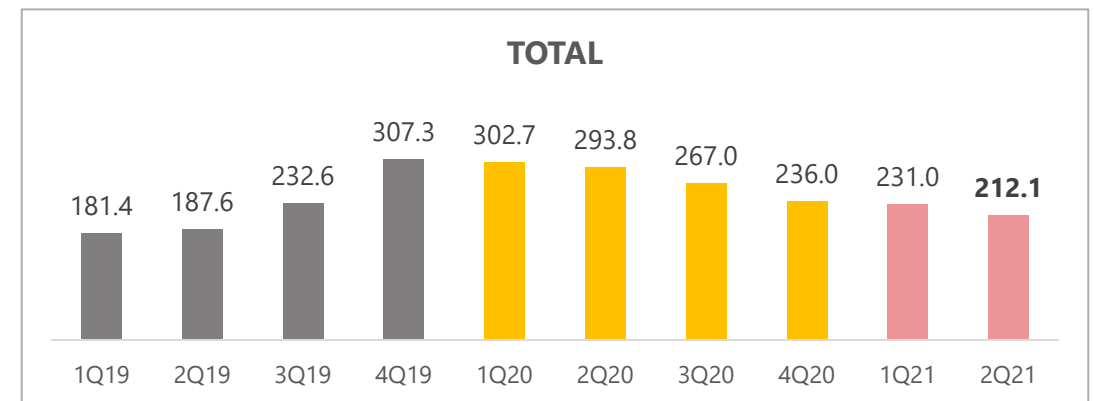
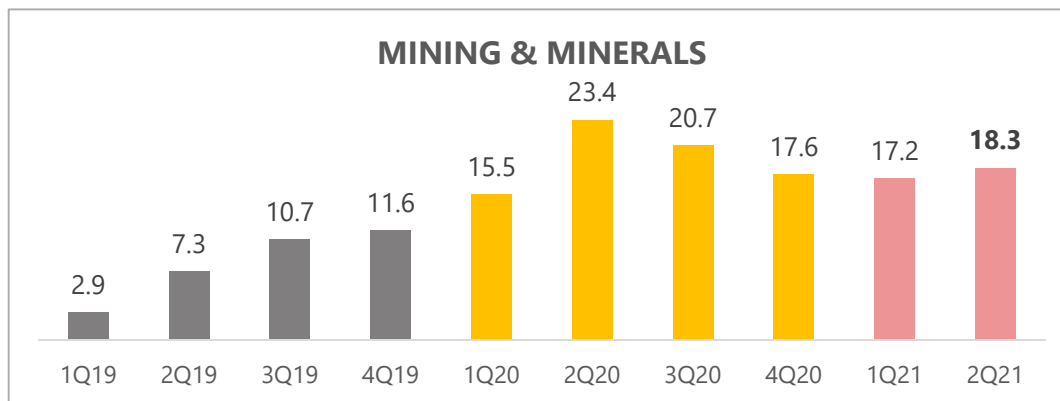
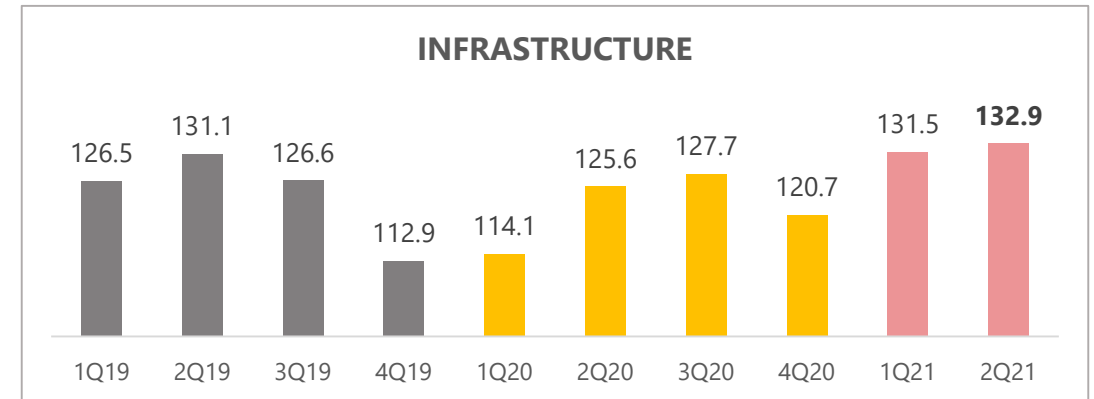
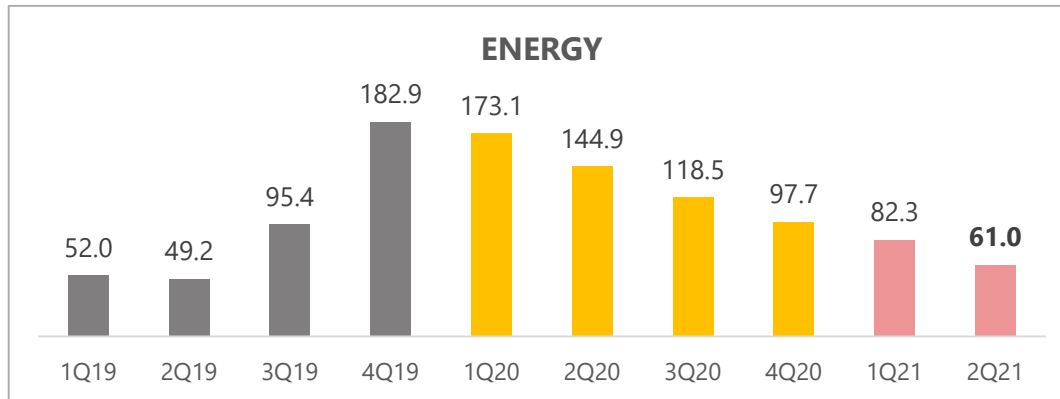
(\$ million)



Quarterly Order Book Trends

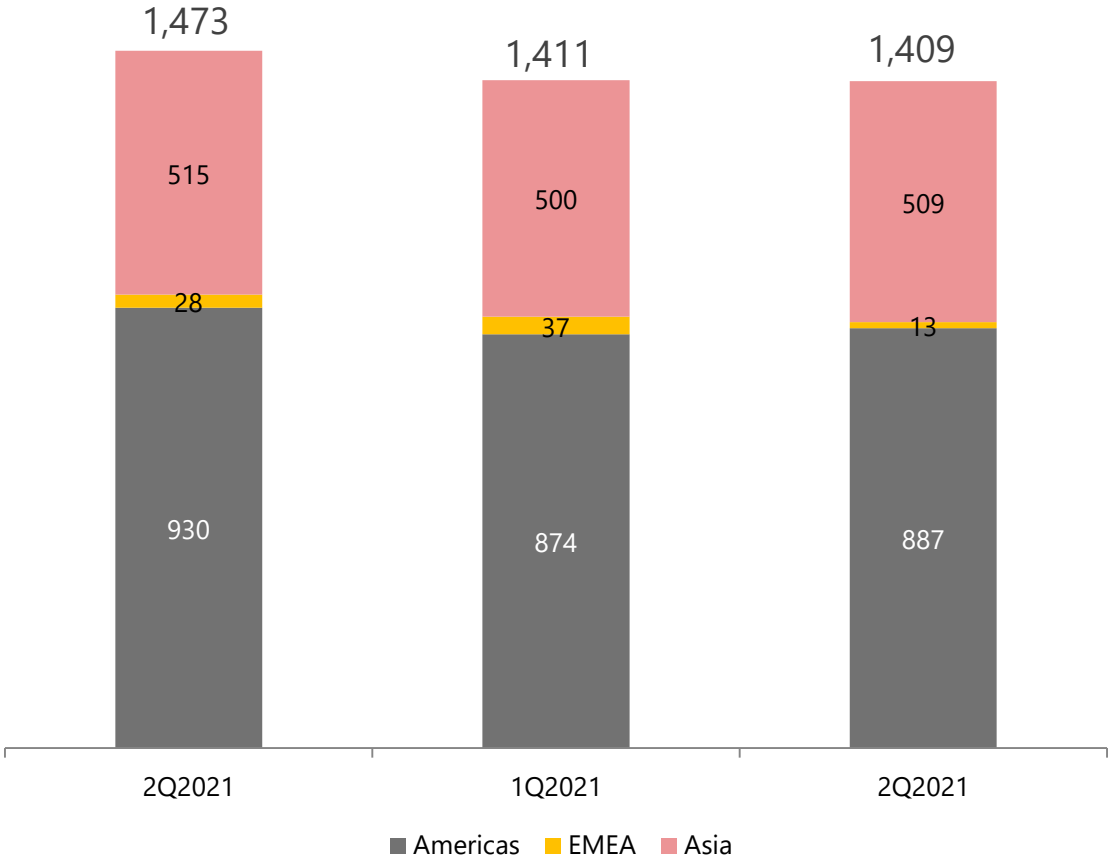
By Industry

(\$ million)



Human Resources Allocation

No. of headcount





CSE Global

Q&A