



# **3Q/9M 2016 Results Briefing**

## **CSE Global Limited**

Fullerton Hotel  
10 November 2016

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1. 3Q/9M 2016 Financial Overview
2. Business Overview and Outlook
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# 3Q/9M 2016 Financial Review

# 3Q 2016 Financial Overview

## Continuing Operations

- Revenue declined by 21.6% to S\$81.0m y-o-y, mainly from O&G industry segment
- Gross profit decreased by 21.0% y-o-y to S\$23.6m
- Gross margins in 3Q16 stable at 29.1% vs 28.9% in 3Q15, lifted by higher infrastructure revenues
- PATMI from continuing operations at S\$4.0m vs S\$8.5m in 3Q15, 52.7% lower y-o-y
- Operating cash inflow in 3Q16 strengthens by 38.8% to S\$14.9m vs S\$10.7m in 3Q15
- Net Cash including quoted investments at 3Q16 were S\$73.3m vs S\$8.2m at 3Q15
- New orders in 3Q16 totalling S\$70.8m vs S\$87.4m in 3Q15, a 19.0% drop
- Order book of S\$179.0m at end of 3Q16 vs S\$186.6m at end of 2Q16



# 9M 2016 Financial Overview

## Continuing Operations

- Revenue declined by 23.5% to S\$239.5m yoy
- Gross profit decreased by 16.3% yoy to S\$73.2m
- Gross margins in 9M16 improves to 30.6% vs 27.9% in 9M15
- PATMI from continuing operations at S\$15.0m vs S\$23.1m in 9M15, 35.0% lower yoy
- Strong operating cash inflow of S\$57.3m in 9M16 vs -S\$3.3m in 9M15
- Net Cash including quoted investments of S\$73.3m at 9M16 vs S\$8.2m at 9M15, after payment for acquisitions of S\$13.6m, and payment of dividends of S\$14.2m
- New orders in 9M16 totalling S\$229.0m vs S\$280.2m in 9M15, a 18.3% drop
- Order book of S\$179.0m at end of 3Q16 vs S\$186.6m at end of 2Q16

# 9M 2016 Financial Overview

## Continuing Operations

### Financial Position & Cashflow

- Equity attributable to owners of the Company were S\$234.0m at 30 September 2016 vs S\$241.6m at 31 December 2015
- Return on Equity annualised at 8.5%
- NAV per share at 30 September 2016 was at 45.34 cents vs 46.82 cents at 31 December 2015
- Strong operating cash inflow of S\$57.3m in 9M16 vs –S\$3.3m in 9M15, due to higher collections and billings, as a result of achievement of project delivery milestones for several projects
- Net Cash including quoted investments of S\$73.3m at 9M16 vs S\$8.2m at 9M15, after payment for acquisitions of S\$13.6m, and payment of dividends of S\$14.2m

# Summary Financials 3Q & 9M 2016

S\$m	3Q 2016	3Q 2015	Change	9M 2016	9M 2015	Change
Revenue	81.0	103.2	-21.6%	239.5	313.2	-23.5%
Gross Profit	23.6	29.9	-21.0%	73.2	87.5	-16.3%
EBIT	5.6	10.8	-48.2%	19.3	31.5	-38.8%
Profit before tax	5.8	10.6	-45.4%	19.4	31.1	-37.6%
PATMI from continuing operations	4.0	8.5	-52.7%	15.0	23.1	-35.0%
Profit attributable to shareholders	4.0	8.5	-52.7%	15.0	26.0	-42.2%
Gross margin (%)	29.1%	28.9%	0.7%	30.6%	27.9%	9.4%
EBIT margin (%)	6.9%	10.5%	-33.9%	8.1%	10.1%	-20.0%
Net margin from continuing operations (%)	5.0%	8.2%	-39.7%	6.3%	7.4%	-15.0%
Operating cash flow	14.9	10.7	38.8%	57.3	-3.3	N.M
Net Cash/(loan)	52.9	8.2	546.0%	52.9	8.2	546.0%
Order intake	70.8	87.4	-19.0%	229.0	280.2	-18.3%
Order book/backlog	179.0	222.0	-19.4%	179.0	222.0	-19.4%



# 3Q & 9M 2016 FX Movement

	<b>3Q 2016</b>	<b>3Q 2015</b>	<b>Variance (%)</b>	<b>9M 2016</b>	<b>9M 2015</b>	<b>Variance (%)</b>
<b>USD/SGD:</b>	1.3540	1.3938	-2.86%	1.3782	1.3657	0.92%
<b>GBP/SGD:</b>	1.7909	2.1746	-17.64%	1.9410	2.0993	-7.54%
<b>AUD/SGD:</b>	1.0161	1.0146	0.14%	1.0116	1.0449	-3.19%



# 3Q & 9M 2016 Constant Currency

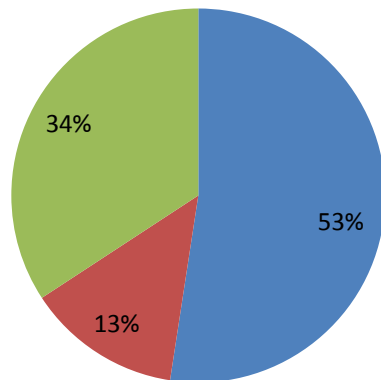
S\$M	3Q 2016	3Q 2015	Variance (%)	3Q 2016 Constant Currency	Variance (%)
<b>Revenue:</b>	81.0	103.2	-21.6%	83.0	-19.6%
<b>PATMI:</b>	4.0	8.5	-52.7%	4.1	-51.2%

S\$M	9M 2016	9M 2015	Variance (%)	9M 2016 Constant Currency	Variance (%)
<b>Revenue:</b>	239.5	313.2	-23.5%	240.3	-23.3%
<b>PATMI:</b>	15.0	23.1	-34.7%	15.0	-35.1%

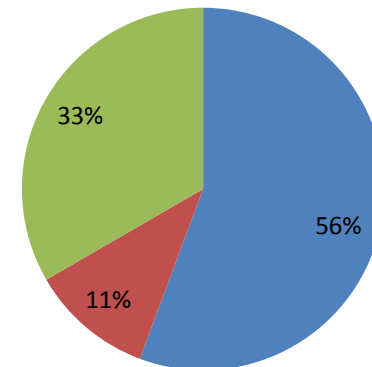
# Revenue by Geographical Region - 9M 2016

S\$m	9M 2016	9M 2015	Var %
Americas	125.5	174.4	-28.0%
EMEA	32.0	34.4	-6.9%
Asia Pacific	82.0	104.4	-21.5%
Total	239.5	313.2	-23.5%

9M 2016



9M 2015

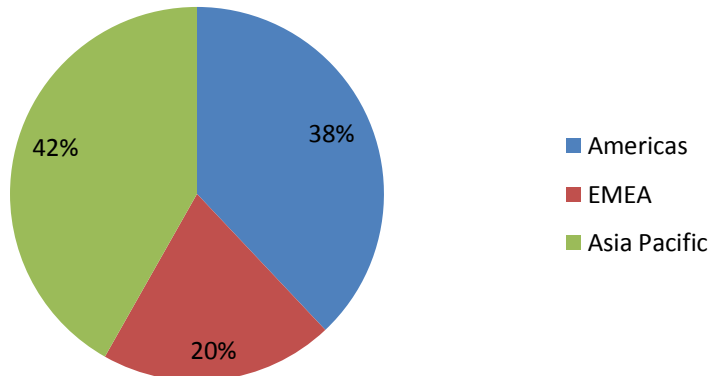


■ Americas  
■ EMEA  
■ Asia Pacific

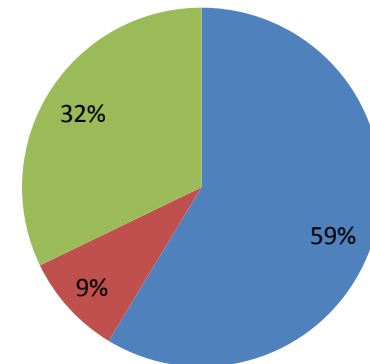
# EBIT by Geographical Region - 9M 2016

S\$m	9M 2016	9M 2015	Var %
Americas	7.3	18.5	-60.4%
EMEA	3.9	2.9	34.8%
Asia Pacific	8.1	10.1	-20.5%
Total	19.3	31.5	-38.8%

9M 2016



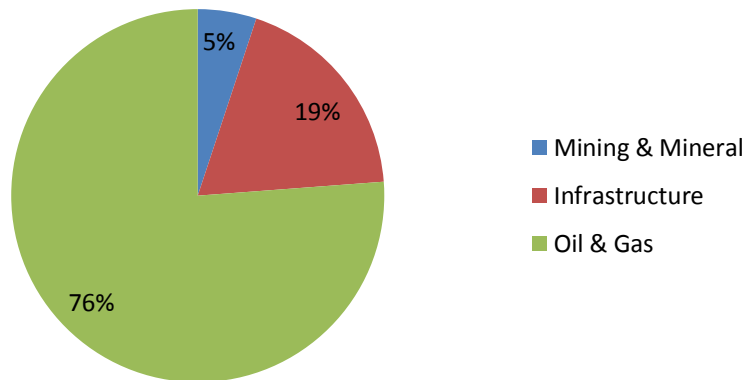
9M 2015



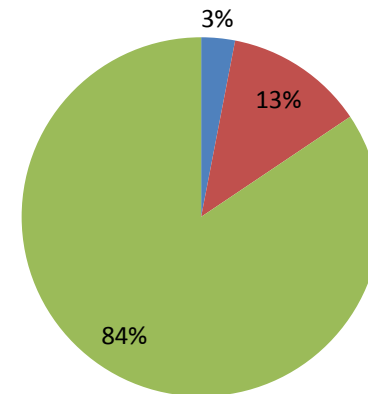
# Revenue by Industry - 9M 2016

S\$m	9M 2016	9M 2015	Var %
Mining & Mineral	12.2	9.5	28.1%
Infrastructure	44.8	39.3	14.0%
Oil & Gas	182.5	264.4	-31.0%
<b>Total</b>	<b>239.5</b>	<b>313.2</b>	<b>-23.5%</b>

9M 2016



9M 2015



*Infrastructure: Power, Water, Waste Treatment & Transportation*

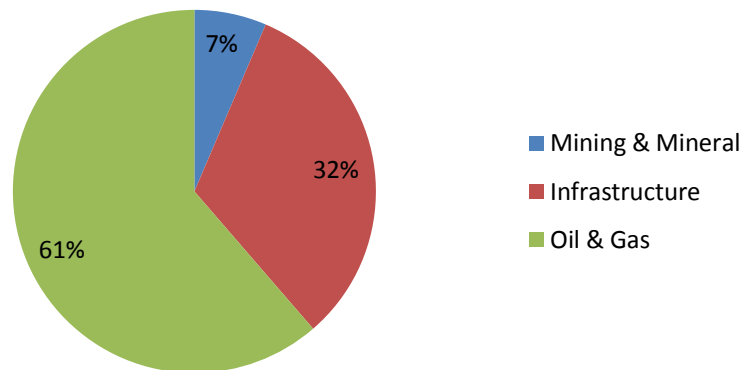


# EBIT by Industry - 9M 2016

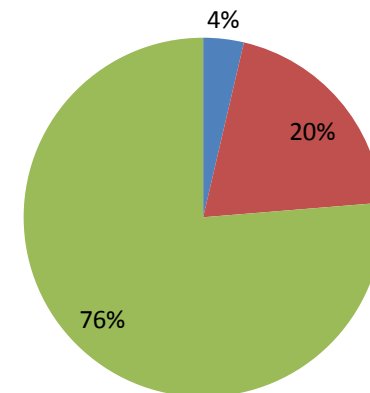
S\$m	9M 2016	9M 2015	Var %
Mining & Mineral	1.2	1.2	7.8%
Infrastructure #	6.2	6.3	-1.7%
Oil & Gas	11.8	24.1	-50.8%
<b>Total</b>	<b>19.3</b>	<b>31.5</b>	<b>-38.8%</b>

# Infrastructure in 9M16 included S\$0.4m of acquisition transaction costs, higher amortisation on intangible assets of S\$0.3m arising from purchase price allocation, and S\$0.3m of restructuring costs, excluding these exceptional costs, EBIT in 9M16 would have registered a 14.1% growth.

## 9M 2016



## 9M 2015



*Infrastructure: Power, Water, Waste Treatment & Transportation*



# Revenue by Geographical Region - Qtrly Trends

S\$m	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Americas</b>	38.9	39.2	47.4	60.3	58.2	57.4	58.8
<b>EMEA</b>	11.1	8.9	12.0	13.6	13.1	12.6	8.7
<b>Asia Pacific</b>	30.9	26.2	24.9	24.9	32.0	39.1	33.3
<b>Total</b>	81.0	74.3	84.2	98.8	103.2	109.1	100.8

# Revenue by Industry - Qtrly Trends

S\$m	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Mining &amp; Mineral</b>	6.7	2.8	2.7	3.6	2.8	3.3	3.4
<b>Infrastructure</b>	16.4	15.5	12.9	14.6	13.4	14.3	11.7
<b>Oil &amp; Gas</b>	57.9	56.0	68.6	80.6	87.0	91.6	85.8
<b>Total</b>	81.0	74.3	84.2	98.8	103.2	109.1	100.8

# 3Q 2016 Group Balance Sheet

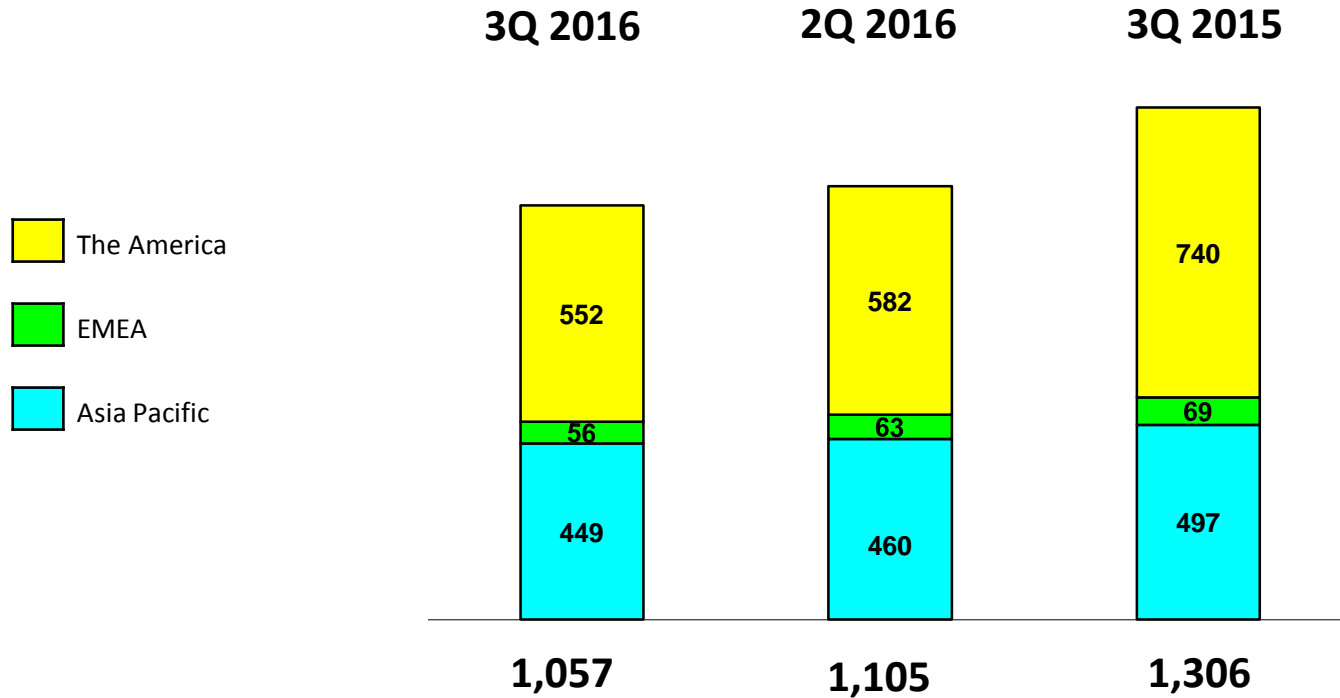
S\$M	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15
<b>Cash at Hand &amp; Bank</b>	71.2	64.0	76.3	109.7	66.2	59.5
<b>Quoted Investments</b>	20.4	20.3	0.0	0.0	0.0	0.0
<b>Work in Progress (Net)</b>	27.0	24.5	37.7	47.8	76.5	88.0
<b>Inventories</b>	12.4	12.8	12.7	11.8	17.3	17.0
<b>Trade Receivable</b>	84.6	87.3	90.6	99.6	104.5	88.0
<b>Other Receivable</b>	11.9	12.6	8.8	7.6	10.3	10.8
<b>Trade Payable</b>	52.2	47.0	45.1	50.7	54.2	54.7
<b>Net Current Assets</b>	132.4	135.5	158.6	168.7	158.7	153.3
<b>Loan</b>	18.3	15.0	19.0	55.5	58.0	52.4
<b>Net Cash/(loan)</b>	52.9	49.1	57.3	54.2	8.2	7.1
<b>Shareholder Fund</b>	234.0	234.2	238.6	241.6	233.0	221.1



# 3Q /9M 2016 Group Cash Flow Statement

S\$m	Q3 2016	Q3 2015	9M 2016	9M 2015
As at beginning of the period	64.0	59.5	109.7	66.9
Net Operations	14.9	10.7	57.3	(3.3)
Capital Expenditure (Net)	(0.8)	(5.3)	(5.5)	(7.1)
Net consideration from disposal - PD	-	-	-	7.5
Quoted investments		-	(20.3)	-
Payment/ subsequent payment for subsidiary acquired	(3.2)	-	(13.6)	(0.6)
Bank Loans	3.4	5.5	(37.2)	14.5
Dividends	(6.5)	(6.5)	(14.2)	(14.2)
Net effect of FX on cash	(0.7)	2.1	(5.0)	2.4
As at end of period	71.2	66.2	71.2	66.2

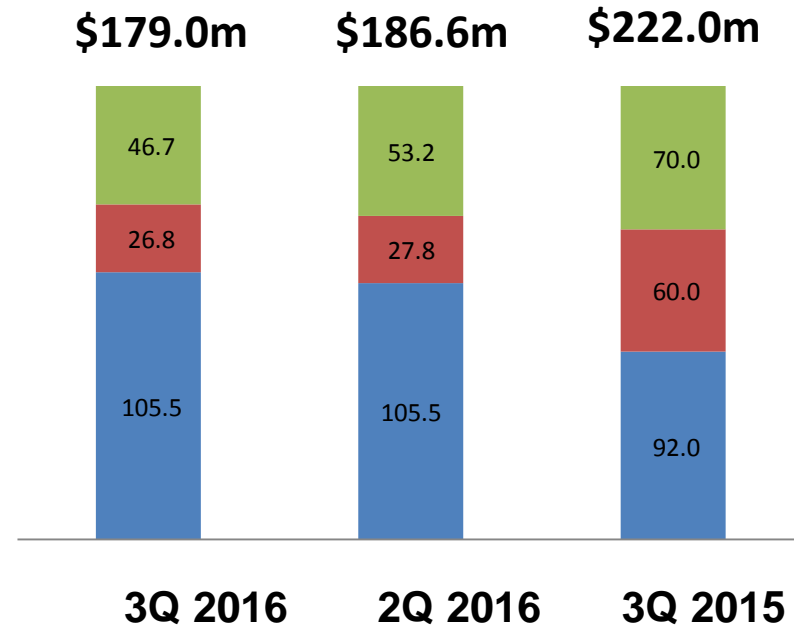
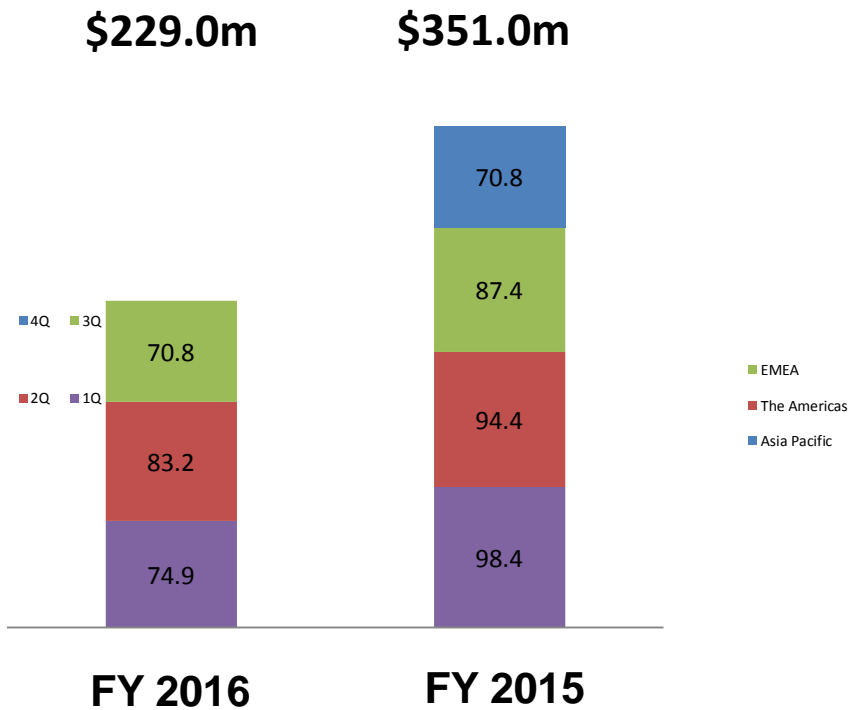
# Human Resource



# 3Q 2016 Orders

## New orders

## Outstanding orders



# Order Intake by Industry

(S\$m)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Oil & Gas	49.6	39.5	62.2	58.6	73.6	75.0	87.8
Mining	4.2	23.8	2.0	2.3	3.7	2.7	2.6
Infrastructure	17.0	19.9	10.7	9.9	10.0	16.7	7.9
<b>Total</b>	70.8	83.2	74.9	70.8	87.4	94.4	98.4

# Backlog by Industry

(S\$m)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Oil & Gas	82.6	85.9	104.5	110.9	136.7	150.4	167.4
Mining	20.6	25.8	4.7	7.9	7.1	6.4	7.2
Infrastructure	75.8	74.9	70.5	73.9	78.1	81.0	77.9
<b>Total</b>	<b>179.0</b>	<b>186.6</b>	<b>179.6</b>	<b>192.7</b>	<b>222.0</b>	<b>237.8</b>	<b>252.5</b>

# Business Overview & Outlook

## Summary

- Conditions in the 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. In response, the Group has also implemented cost control measures which has resulted in a 10% year on year reduction in the Group's 9M16 overhead base and will continue to be vigilant in managing cost and working capital.
- The Group expects a better performance for its mining and infrastructure segments for FY2016 compared to FY2015. However, the improved performance of the mining and infrastructure segments in FY2016 will not compensate for the poor performance of its oil and gas segment. Consequently, the Group will deliver a lower profit in FY2016 as compared to FY2015, although it will remain cashflow positive for the current financial year. The Group anticipates that the challenging operating conditions will continue to put pressure on its profitability going forward.

## Summary

- The balance sheet remains strong with a net cash position including quoted investments of S\$73.3 million as at end of 3Q16. CSE will continue to explore good investment opportunities to support its long term sustainable growth objectives.



# Questions & Answers

Thank You