

## **Press Release – 3<sup>rd</sup> Quarter/9 Months 2016 Results**

# **CSE delivers strong cashflow generation of S\$57.3m in 9M16**

### **Key Highlights:**

- **Strong operating cashflow generation of S\$57.3m in 9M16**
- **Net cash position including quoted investments of S\$73.3m at end of 9M16**
- **Resilient order intake of S\$70.8m in 3Q16**
- **Robust order book at S\$179.0m at end of 9M16**

**Singapore, 9 November 2016 – CSE Global Limited** (“CSE” or the “Group”) announced today its financial results for the quarter and nine months ended 30 September 2016. The Group reported net profit after tax and non-controlling interests from continuing operations in the third quarter (“3Q16”) of S\$4.0 million, on the back of revenue of S\$81.0 million, amid the difficult business and operating environment. Revenue and net profit after tax and non-controlling interests from continuing operations for the nine months of 2016 (“9M16”) were reported at S\$239.5 million and S\$15.0 million respectively.

For 3Q16, revenue and gross profit declined by 21.6% and 21.0% respectively from the same corresponding period a year ago. The lower revenues in 3Q16 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 4.5% lower at S\$17.8 million in 3Q16 as compared to 3Q15. The operating expenses in 3Q16 included expenses of newly acquired businesses amounting to S\$0.6 million, higher amortization expenses on intangible assets arising from purchase price allocation and transaction costs for new acquisitions of S\$0.5 million, as well as redundancy costs of S\$0.2 million. On a normalized basis, operating expenses in 3Q16 would have decreased by 11.5% year-on-year, reflecting rigorous efforts on cost management and improved operational efficiency.

Profit after tax and non-controlling interest from continuing operations in 3Q16 decreased by 52.7% year-on-year to S\$4.0 million.

The basic earnings per ordinary share was 0.78 cents in 3Q16 as compared to the basic earnings per ordinary share in 3Q15 of 1.65 cents.

In 3Q16, the Group generated a strong positive operating cashflow of S\$14.9 million, due to higher collections achieved in 3Q16. For 9M16, the Group improved their positive cashflow generation to S\$57.3 million, and ended the period with a net cash



position including quoted investments of S\$73.3 million, after acquisition costs of S\$13.6 million, and dividend payments of S\$14.2 million.

The Group continues to receive new orders from greenfield and brownfield projects in 3Q16 totalling S\$70.8 million, bringing the 9M16 order intake to S\$229.0 million. With that, the Group ended the quarter with an order book of S\$179.0 million.

Commenting on the Group's 3Q16 and 9M16 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 pleased to note that our order intake numbers for the flow business continued to show resilience."

On the outlook, Mr Lim added, "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."

###end of release###

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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 1,000 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.

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