

Press Release – 2nd Quarter/1st Half 2017 Results

CSE reports strong orders of S\$90.7m and declares interim dividend of 1.25 cents per share

Key Highlights:

- **Strong order intake of S\$90.7m in 2Q17**
- **Order book strengthened to S\$207.9m from 1Q17**
- **Tax-exempt one-tier interim dividend of 1.25 cents per ordinary share declared**

Singapore, 10 August 2017 – CSE Global Limited (“CSE” or the “Group”) announced today its financial results for the quarter and half year ended 30 June 2017. The Group reported a net loss in the second quarter (“2Q17”) of S\$13.8 million, on the back of revenue of S\$85.5 million, amid the difficult business and operating environment. Revenue and net loss for the first half of 2017 (“1H17”) were reported at S\$160.1 million and S\$10.8 million respectively.

Revenues grew by 15.1% in 2Q17 compared with 2Q16, mainly attributed to higher revenues achieved in the Asia Pacific region, particularly in the Infrastructure industry sector. Gross profit, however, were 14.0% lower at \$22.0 million mainly due to lower gross margins from the oil and gas sector, which saw their gross margins decreasing from 30.7% in 2Q16 to 24.5% in 2Q17. Consequently, group gross margins declined to 25.7% in 2Q17 from 34.4% in 2Q16.

Operating expenses were 2.3% lower in 2Q17 at S\$18.1 million as compared to 2Q16, mainly attributed to lower personnel costs of S\$0.6 million offsetted by higher amortization of intangible assets from new acquisitions of S\$0.25 million.

Profit before exceptional items and after tax and non-controlling interests for 2Q17 declined by 45.4% year-on-year to S\$3.0 million.

During the quarter, the Group made an exceptional provision of S\$16.8 million arising from a settlement agreement which was subsequently concluded in July 2017, resulting in a net loss attributable to shareholders of the company of S\$13.8 million for 2Q17.

During the quarter, the Group continues to secure new orders from greenfield (new installations) projects and brownfield (maintenance, upgrade and enhancement of existing installations) projects totalling S\$90.7 million, an increase of 9.0% year-on-year, mainly due to higher flow orders. As at end of 2Q17, outstanding orders increased to S\$207.9 million from S\$204.2 million as at end of 1Q17.

In 2Q17, the Group generated an operating cash outflow of S\$10.5 million, mainly attributed to funding of working capital for earlier projects secured in the Americas regions and higher billings as at end of 2Q17.



Commenting on the Group's 2Q17 and 1H17 performance, Mr Lim Boon Kheng, Group MD of CSE, said, "Despite the current challenging operating conditions, we continue to report operating profits for 2Q17 and 1H17. I am encouraged by the improvement in order intake numbers for our flow business in 2Q17, which strengthened the order book to S\$207.9 million as at 30th June 2017."

On the outlook, Mr Lim added, "Given the current economic and the oil and gas industry conditions, CSE expects to report weaker operating performance for the next quarter and FY2017 as compared to the same corresponding period in 2016, but it expects to remain in a net cash position at the end of the year."

The balance sheet remained strong throughout the period with a net cash position of S\$35.2 million as at end of 1H17. 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 13th September 2017.

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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 39 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>