



2Q/1H 2017 Results Briefing

CSE Global Limited

Fullerton Hotel

11 August 2017

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2. Business Overview and Outlook
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2Q & FY2017 Financial Review

Summary Financials 2Q And 1H 2017

S\$m	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
Revenue	85.5	74.3	15.1%	160.1	158.5	1.0%
Gross Profit	22.0	25.5	-14.0%	43.7	49.6	-11.9%
Operating expenses	18.1	18.6	-2.3%	36.1	36.3	-0.6%
Operating Profit	3.8	7.0	-45.1%	7.6	13.3	-42.9%
EBIT	4.3	7.3	-41.6%	8.4	13.7	-38.8%
Operating PATMI	3.0	5.5	-45.4%	6.0	11.0	-45.5%
Profit attributable to shareholders	-13.8	5.5	-351.6%	-10.8	11.0	-198.5%
Gross margin (%)	25.7%	34.4%	-25.3%	27.3%	31.3%	-12.8%
EBIT margin (%)	5.0%	9.8%	-49.2%	5.2%	8.6%	-39.4%
Net margin from continuing operations (%)	3.5%	7.4%	-52.6%	3.8%	6.9%	-46.0%
Operating cash flow	-10.5	22.7	N.M	-9.2	42.3	N.M
Net Cash/(loan)	35.2	49.1	N.M	35.2	49.1	N.M
Order intake	90.7	83.2	9.0%	208.6	158.2	31.9%
Order book/backlog	207.9	186.6	11.4%	207.9	186.6	11.4%

2Q 2017 Financial Overview

Continuing Operations

- Revenue increased by 15.1% to S\$85.5m yoy, from Mining & Mineral and Infrastructure industry segments
- Gross margins decreased to 25.7% in 2Q17 vs 34.4% in 2Q16, leading to 14.0% decline in GP to S\$22.0m
- Operating profit in 2Q17 saw a 45.1% decline to S\$3.8m from S\$7.0m in 2Q16
- Operating PATMI closed at S\$3.0m in 2Q17 vs S\$5.5m in 2Q16
- Due to lower gross margins, net margins were lower at 3.5% in 2Q17 vs 7.4% in 2Q16
- New orders in 2Q17 increased by 9.0% yoy to S\$90.7m vs S\$83.2m in 2Q16, mainly from the growth in O&G and Infrastructure orders.
- Order book of S\$207.9m at end of 2Q17 vs S\$204.2m at end of 1Q17

1H 2017 Financial Overview

Continuing Operations

- Revenue increased by 1.0% to S\$160.1m yoy, from Mining & Mineral and Infrastructure industry segments
- Gross margins decreased to 27.3% in 1H17 vs 31.3% in 1H16, leading to 11.9% decline in GP to S\$43.7m
- Operating profit in 1H17 saw a 42.9% decline to S\$7.6m from S\$13.3m
- Operating PATMI closed at S\$6.0m in 1H17 vs S\$11.0m in 1H16
- Due to lower gross margins, net margins were lower at 3.8% in 1H17 vs 6.9% in 1H16
- New orders in 1H17 increased by 31.9% yoy to S\$208.6m vs S\$158.2m in 1H16, mainly from the growth in O&G and Infrastructure orders.
- Order book of S\$207.9m at end of 1H17 vs S\$204.2m at end of 1Q17

1H 2017 Financial Overview

Continuing Operations

Financial Position & Cashflow

- Operating cash outflow of S\$10.5m in 2Q17 and S\$9.2m in 1H17
- Net Cash of S\$35.2m at 2Q17 vs S\$55.8m at 1Q17, mainly due to funding of working capital and dividend payments of S\$7.7m.
- Equity attributable to owners of the Company were S\$224.6m at 30 June 2017 vs S\$248.1m at 31 March 2017
- NAV per share at 30 June 2017 was at 43.52 cents vs 48.08 cents at 31 March 2017.

2Q & 1H 2017 FX Movement

	2Q 2017	2Q 2016	Variance (%)	1H 2017	1H 2016	Variance (%)
USD/SGD:	1.3930	1.3617	2.30%	1.4097	1.3903	1.40%
GBP/SGD:	1.7723	1.9794	-10.46%	1.7713	2.0161	-12.14%
AUD/SGD:	1.0485	1.0167	3.13%	1.0574	1.0093	4.76%

2Q & 1H 2017 Constant Currency

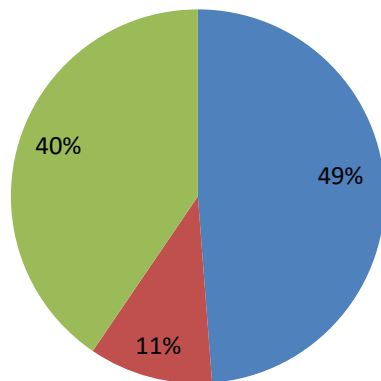
S\$M	2Q 2017	2Q 2016	Variance (%)	2Q 2017 Constant Currency	Variance (%)
Revenue:	85.5	74.3	15.1%	83.8	12.7%
PATMI:	3.0	5.5	-45.4%	3.0	-46.3%

S\$M	1H 2017	1H 2016	Variance (%)	1H 2017 Constant Currency	Variance (%)
Revenue:	160.1	158.5	1.0%	157.1	-0.9%
PATMI:	6.0	11.0	-45.5%	5.9	-46.1%

Revenue by Geographical Region - 1H 2017

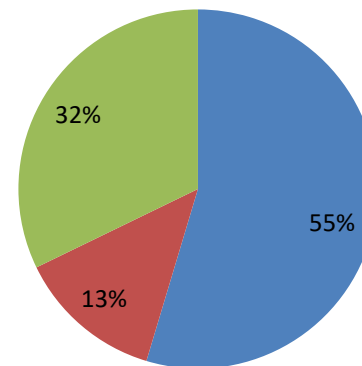
S\$m	1H 2017	1H 2016	Var %
Americas	78.1	86.6	-9.8%
EMEA	17.2	20.9	-17.8%
Asia Pacific	64.8	51.0	27.0%
Total	160.1	158.5	1.0%

1H 2017



Americas
EMEA
Asia Pacific

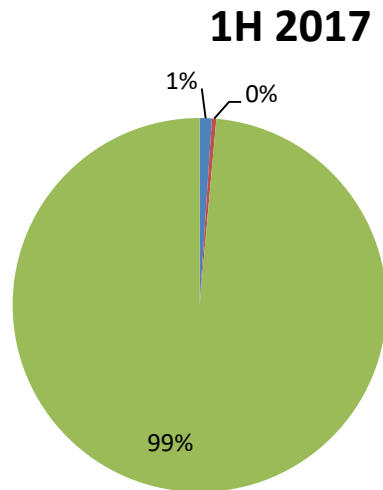
1H 2016



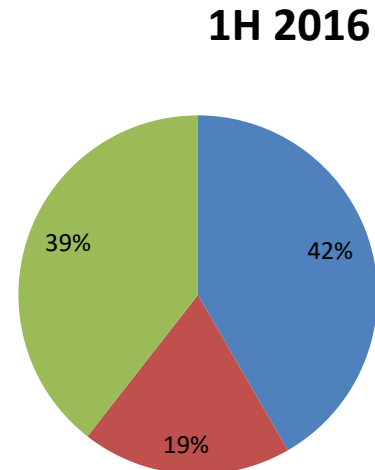
Americas
EMEA
Asia Pacific

EBIT by Geographical Region - 1H 2017

S\$m	1H 2017	1H 2016	Var %
Americas	0.1	5.7	-98.4%
EMEA	(0.0)	2.6	-101.2%
Asia Pacific	8.3	5.4	54.1%
Total	8.4	13.7	-38.8%



■ Americas
■ EMEA
■ Asia Pacific



■ Americas
■ EMEA
■ Asia Pacific

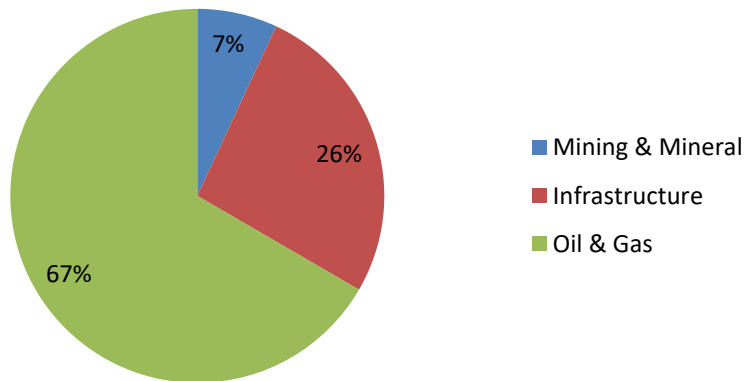
Revenue by Geographical Region - Qtrly Trends

S\$m	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Americas	40.9	37.2	34.2	38.9	39.2	47.4
EMEA	8.3	8.8	9.4	11.1	8.9	12.0
Asia Pacific	36.3	28.5	34.7	30.9	26.2	24.9
Total	85.5	74.5	78.3	81.0	74.3	84.2

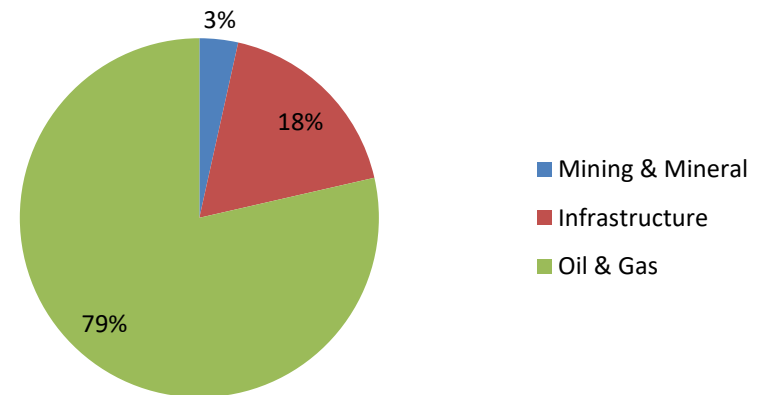
Revenue by Industry - 1H 2017

S\$m	1H 2017	1H 2016	Var %
Mining & Mineral	11.1	5.5	101.5%
Infrastructure	42.3	28.4	48.8%
Oil & Gas	106.6	124.6	-14.4%
Total	160.1	158.5	1.0%

1H 2017



1H 2016



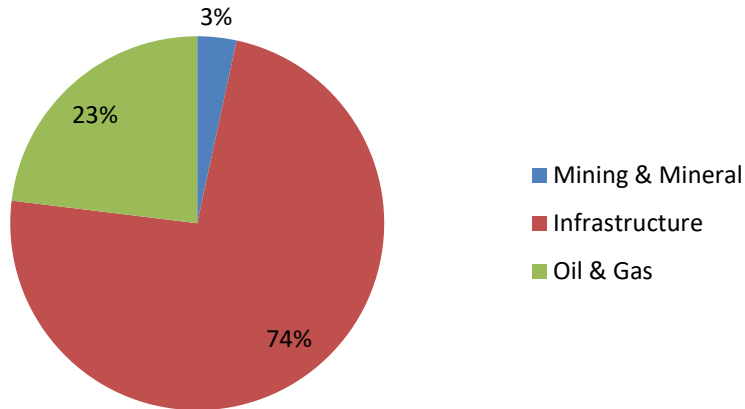
Infrastructure: Power, Water, Waste Treatment & Transportation



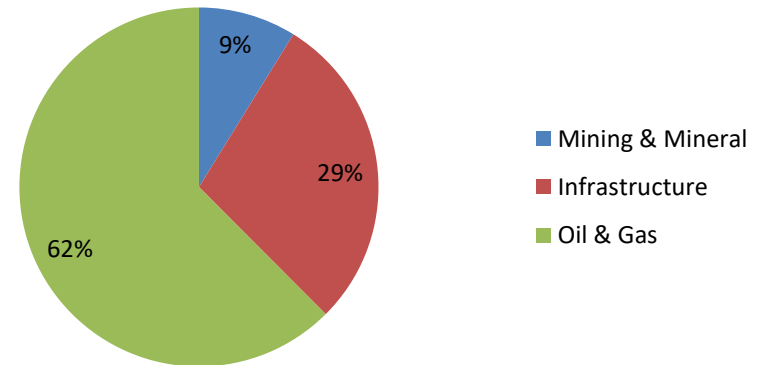
EBIT by Industry - 1H 2017

S\$m	1H 2017	1H 2016	Var %
Mining & Mineral	0.3	1.2	-76.5%
Infrastructure	6.2	3.9	56.8%
Oil & Gas	1.9	8.5	-77.4%
Total	8.4	13.7	-38.8%

1H 2017



1H 2016



Infrastructure: Power, Water, Waste Treatment & Transportation



Revenue by Industry - Qtrly Trends

S\$m	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Mining & Mineral	9.1	2.0	9.9	6.7	2.8	2.7
Infrastructure	23.3	19.1	14.1	16.4	15.5	12.9
Oil & Gas	53.2	53.5	54.4	57.9	56.0	68.6
Total	85.5	74.5	78.3	81.0	74.3	84.2

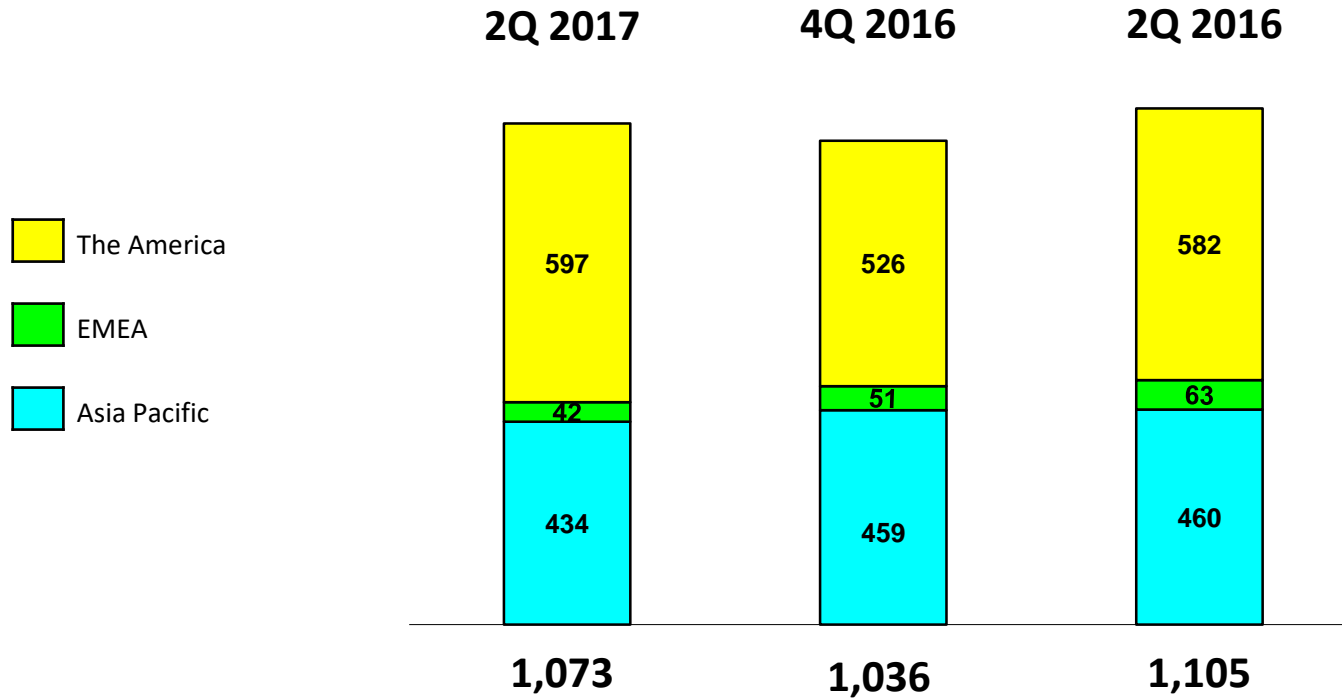
2Q 2017 Group Balance Sheet

S\$M	30-Jun-17	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16
Cash at Hand & Bank	53.9	75.8	90.8	71.2	64.0	76.3
Quoted Investments	9.4	9.4	7.4	20.4	20.3	0.0
Work in Progress (Net)	38.4	42.3	30.9	27.0	24.5	37.7
Inventories	19.3	16.8	14.7	12.4	12.8	12.7
Trade Receivable	92.8	81.0	83.0	84.6	87.3	90.6
Other Receivable	9.5	12.9	5.6	11.9	12.6	8.8
Trade Payable	65.7	51.6	37.1	52.2	47.0	45.1
Net Current Assets	130.4	153.2	165.6	132.4	135.5	158.6
Loan	18.7	20.1	20.6	18.3	15.0	19.0
Net Cash/(loan)	35.2	55.8	70.2	52.9	49.1	57.3
Shareholder Fund	224.6	248.1	251.4	234.0	234.2	238.6

2Q /1H 2017 Group Cash Flow Statement

S\$m	Q2 2017	Q2 2016	1H 2017	1H 2016
As at beginning of the period	75.8	76.3	90.8	109.7
Net Operations	(10.5)	22.7	(9.2)	42.3
Capital Expenditure (Net)	(1.9)	(1.7)	(5.3)	(4.7)
Quoted investments	-	(20.3)	(2.1)	(20.3)
Payment/ subsequent payment for subsidiary acquired	-	-	(8.2)	(10.4)
Bank Loans	(1.4)	(4.0)	(1.9)	(40.5)
Dividends	(7.7)	(7.7)	(7.7)	(7.7)
Net effect of FX on cash	(0.5)	(1.1)	(2.5)	(4.3)
As at end of period	53.9	64.0	53.9	64.0

Human Resource

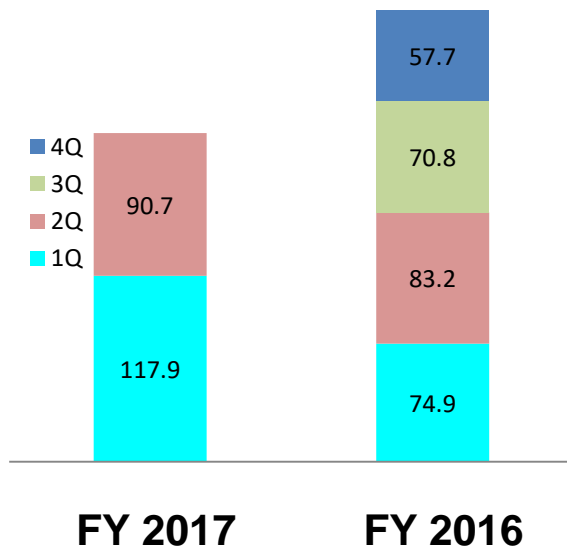


2Q/FY 2017 Orders

New orders

\$208.6m

\$286.6m

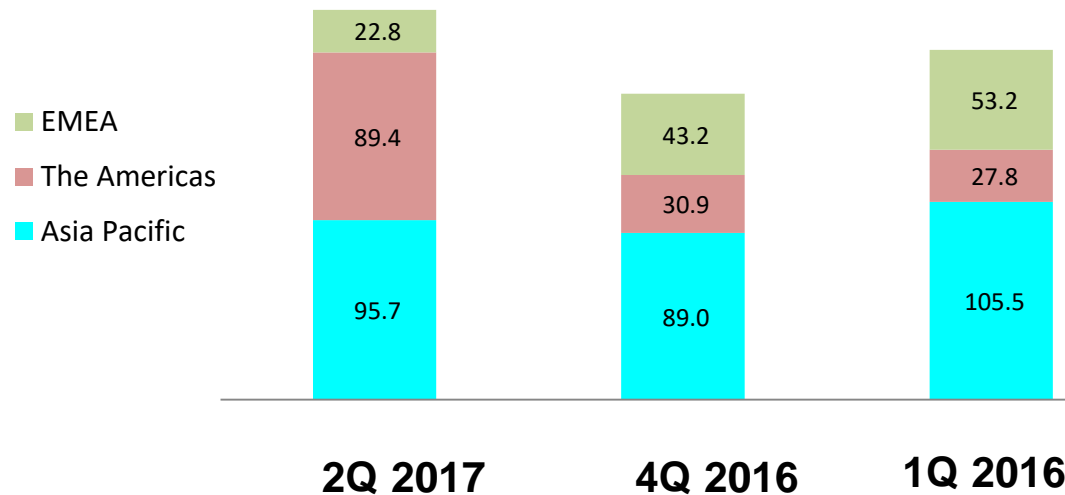


Outstanding orders

\$207.9m

\$163.1m

\$179.6m



Order Intake by Industry

S\$'m	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Oil & Gas	57.8	86.4	43.3	49.6	39.5	62.2
Mining	6.0	2.4	1.9	4.2	23.8	2.0
Infrastructure	27.0	29.0	12.5	17.0	19.9	10.7
Total	90.7	117.9	57.7	70.8	83.2	74.9

Backlog by Industry

S\$m	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Oil & Gas	106.9	103.1	75.2	82.6	85.9	104.5
Mining	8.7	11.9	10.7	20.6	25.8	4.7
Infrastructure	92.4	89.2	77.1	75.8	74.9	70.5
Total	207.9	204.2	163.1	179.0	186.6	179.6

Business Overview & Outlook

- Q2 2017 was another challenging quarter

Negatives

- Settlement with OFAC – S\$16.8m
- Lower margins for projects now reflected

Positives

- Good new order received of S\$90m
- Maintain order book > S\$200m

The rest of FY2017

- Operating conditions remain challenging
 - increased enquires but no increase in awards
- Operating expenditure of customers remains resilient, but anticipate lower level of brownfield activities and prices

- What we intend to do

Internal

- Focus on cash generation
- Continue to be vigilant in managing operating cost
- Integrate the 6 new acquisitions
- Strengthen its technical knowhow/solutions

External

- Support and service its existing customers
- Build geographical presence
- Grow our Mining & Infrastructure business
- Diversify into midstream and downstream O&G business and new shale formations in USA

Summary

- Conditions in the industry sectors which the Group operates remain challenging. Despite the improved oil and gas and commodity prices, our customers remain highly focused on cost control and cash flow generation. Though the Group has secured higher orders in 1H17 compared to 1H16, the Group expects that the oil and gas industry will not see significant recovery for the rest of the year.
- The Group will focus on executing the existing backlog and delivering the flow orders while keeping a look out for any new business opportunities that may arise either from its current operations or new investments in the oil and gas sector. In the infrastructure segment, there are the business opportunities, although not of a very significant nature, in Singapore and elsewhere that have yet to be awarded. The Group believes that, given its core engineering capabilities, it is in a good position in winning some of these opportunities for the rest of the year.

Summary

- For the next quarter and FY2017, CSE expects to report weaker operating performance 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.
- CSE will focus on integrating and consolidating the new acquisitions, and will continue to explore acquisition opportunities to support its long term sustainable growth objectives.

- Declares interim dividend of S\$0.0125 per share
 - Book closure date: 25th August 2017
 - Payment date: 13th September 2017
- Proposed interim dividend: S\$6.5m

CSE intends to maintain the full year dividend of S\$0.0275 per share for 2017.

Questions & Answers

Thank You