

NEWS RELEASE

CSE Global delivers strong 1H2023 financial performance; Record revenue of S\$349.3 million and net profit of S\$11.0 million

- Revenue increased 33.2% year-on-year to a record S\$349.3 million, mainly attributable to growth in flow revenues and contribution from new acquisitions
- Net profit jumps 142.8% year-on-year to S\$11.0 million
- Order book reached all-time high of S\$521.8 million as at 30 June 2023
- The Board recommends a one-tier tax-exempt interim dividend of 1.25 Singapore cents per ordinary share

Group Financial Highlights			
S\$'000	1H2023	1H2022	Change (%)
Revenue	349,279	262,186	33.2%
Gross profit	95,824	72,789	31.6%
EBITDA	30,862	18,023	71.2%
Net profit	11,007	4,534	142.8%
Gross profit margin	27.4%	27.8%	-0.4pp
Net profit margin	3.2%	1.7%	-1.5pp
Net cash generated from operations	6,116	8,134	-24.8%
New orders received	390,998	421,733	-7.3%
Outstanding orders	521,780	388,948	34.2%

Singapore, 10 August 2023 – CSE Global Limited (“CSE Global” or the “Group”), a global systems integrator providing automation and communications & security solutions, announced today its financial results for the half year ended 30 June 2023 (“1H2023”).

The Group’s 1H2023 revenue rose 33.2% or S\$87.1 million year-on-year to S\$349.3 million, mainly attributable to broad-based growth in flow revenues across all geographical regions as well as contribution from new acquisitions of S\$38.1 million. In line with higher revenues, the Group’s gross profit increased by S\$23.0 million or 31.6% year-on-year to S\$95.8 million. Net profit for 1H2023 surged by 142.8% to S\$11.0 million from S\$4.5 million in 1H2022, despite higher interest costs of S\$2.9 million, additional depreciation and amortization expenses of S\$1.8 million, and increased tax expenses of S\$1.7 million.

Mr Lim Boon Kheng, Group Managing Director of CSE Global, said, “While the prevailing global economic conditions and persistent inflationary pressures continue to weigh on our operational markets, we believe that, with a robust order book of S\$521.8 million as at 30 June 2023 coupled with a positive turnaround in the financial performance of our business in the Americas region, CSE is well positioned to achieve a strong financial performance in 2023.”

“Our diversification strategy to invest in and acquire communications businesses has contributed to the better financial performance for the Group. Looking ahead, we will continue to enhance our engineering capabilities and technology solutions such as automation, electrification and critical communications, to seize and capitalize on emerging market prospects driven by the growing megatrends of urbanization, electrification, and decarbonization,” added Mr Lim.

The Board of Directors has recommended a one-tier tax-exempt interim dividend of 1.25 Singapore cents per ordinary share. The payment of the interim dividend will be on 1 September 2023.

1H2023 Financial Review

The Group's gross margin remained relatively stable at 27.4% in comparison to 1H2022. A higher proportion of material revenues carrying lower gross margins in the Americas region, was recognized by the Group, but was offset substantially by higher gross margins in the Asia Pacific and EMEA regions.

In 1H2023, the Group's operating expenses were 19.2% or S\$12.6 million higher year-on-year at S\$78.1 million. The increase is mainly due to the impact of newly acquired subsidiaries of S\$7.3 million, higher personnel costs of S\$2.8 million, increase in upkeep of building and equipment cost of S\$1.4 million, and a higher allowance for expected credit losses of S\$1.1 million.

EBITDA improved by 71.2% to S\$30.9 million compared to S\$18.0 million in 1H2022, mainly attributed to higher gross profits of S\$23.0 million, offset by higher operating costs, excluding depreciation and amortization expenses, of S\$10.8 million.

In 1H2023, the Group generated operating cash inflow of S\$6.1 million, compared to S\$8.1 million in 1H2022. The Group's net debt position stood at S\$113.7 million at the end of June 2023, compared to S\$72.2 million in December 2022, attributed to S\$18.9 million for business acquisitions in 1H2023, S\$7.4 million in capital expenditures, and higher working capital requirements necessary to support the expanded business volume.

As at 30 June 2023, the Group's earnings per ordinary share ("EPS") was 1.79 Singapore cents.

1H2023 Revenue Performance By Geography

Revenue (S\$'000)	1H2023	1H2022	Change (%)
Americas	204,287	149,040	37.1%
Asia Pacific	134,928	104,450	29.2%
EMEA	10,064	8,696	15.7%
Total	349,279	262,186	33.2%
Earnings/(loss) before interest and tax (EBIT) (S\$'000)	1H2023	1H2022	Change (%)
Americas	3,393	(3,726)	N.M.
Asia Pacific	15,111	11,422	32.3%
EMEA	855	621	37.7%
Total	19,359	8,317	132.8%

In 1H2023, the geographical regions of the Americas, Asia Pacific, and Europe/Middle East/Africa ("EMEA") contributed 58.5%, 38.6% and 2.9% to revenue respectively.

The Americas region registered a 37.1% growth in revenue for both Energy and Infrastructure sectors in 1H2023 of S\$204.3 million as compared to 1H2022 of S\$149.0 million, mainly attributed to higher project and time and material revenue achieved. Consistent with revenue

growth as well as stable gross margin and improvement in cost efficiencies, EBIT rose to S\$3.4 million, reversing from a loss before interest and tax of S\$3.7 million in 1H2022.

The Asia Pacific region reported a growth of 29.2% in 1H2023 revenue to S\$134.9 million, due to higher infrastructure project revenue in Australia of S\$10.0 million and revenue contributions from new business acquisitions of S\$26.8 million. In line with higher revenue achieved in 1H2023, EBIT rose by 32.3% year-on-year to S\$15.1 million.

The EMEA region registered a 15.7% increase in revenues from S\$8.7 million in 1H2022 to S\$10.1 million in 1H2023 mainly due to contributions from the new acquisition in United Kingdom of S\$1.5 million, resulting in an improvement in EBIT to S\$0.9 million.

Operational Update

Order Intake by Industry Segment (S\$'000)	1H2023	1H2022	Change (%)
Energy	185,335	238,274	-22.2%
Infrastructure	171,485	153,695	11.6%
Mining & Minerals	34,178	29,764	14.8%
Total	390,998	421,733	-7.3%

Order intake in 1H2023 decreased by 7.3% to S\$391.0 million, compared to S\$421.7 million in 1H2022. This decrease was mainly attributed to a net decrease in major contracts secured in 1H2023 as compared to 1H2022 amounting to S\$101.0 million, which were not repeated in 1H2023. Excluding the effect of these major contracts, flow business orders grew by 25.6% year-on-year.

The Energy sector of the Group secured S\$185.3 million in new orders in 1H2023. This is in comparison to S\$238.3 million in 1H2022 which included some major contracts relating to the maintenance of integrated control systems for an onshore facility amounting to S\$74.7 million which were not repeated in 1H2023.

1H2023 order intake for the Group's Infrastructure sector increased 11.6% to S\$171.5 million, surpassing the S\$153.7 million recorded in the same period of 2022. This growth can be attributed to stronger orders of radio communication equipment and solutions in Asia Pacific and higher award of automation projects in the Americas region as well as higher order intake contributed by new acquisitions.

The Mining & Minerals Sector clinched S\$34.2 million worth of new orders in 1H2023, compared to S\$29.8 million in 1H2022, mainly a result of new orders for radio communication network services and electrical equipment from mining customers in Australia.

As at June 2023, the Group's order book remains robust, standing at S\$521.8 million.

End of Release

About CSE Global Limited (“CSE Global”)

CSE Global is a leading systems integrator providing automation and communications & security solutions across various industries globally.

At CSE Global, we pride ourselves as a trusted, lifelong partner to our customers who always has their interests at heart. Leveraging our engineering experience, technology and diverse skill sets across our global network, we design and build customised, integrated systems for our clients that solve their problems.

Our integrated systems – from intelligent transport to smart lighting or energy management systems – sit at the heart of every infrastructure and are mission-critical in nature. With highly attuned engineering capabilities at our core, we have successfully delivered complex, large-scale projects amidst the most challenging conditions. Our technologies are designed to reduce waste, allow for greener, smarter processes and are built to last.

Listed on the Singapore Exchange since 1999 and with our presence across 16 countries, 57 offices, and more than 1,800 employees across the globe, we enjoy long-standing relationships with a sizeable customer base comprising large government organisations and renowned brands across the Energy, Infrastructure, and Mining & Minerals sectors.

Over the years, we have built a workplace culture and management style that is people-centric, supportive and collaborative with employee well-being and people improvement as our key focus. Our passion for our work has resulted in a consistent profit track for the past three decades, as we continue to pursue operational excellence to achieve sustainable growth and enhanced shareholder returns.

CSE Global – Customer Satisfaction Everytime.

Visit www.cse-global.com for more information.

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