



CSE

1H2023 Results Briefing

11 August 2023

Disclaimer

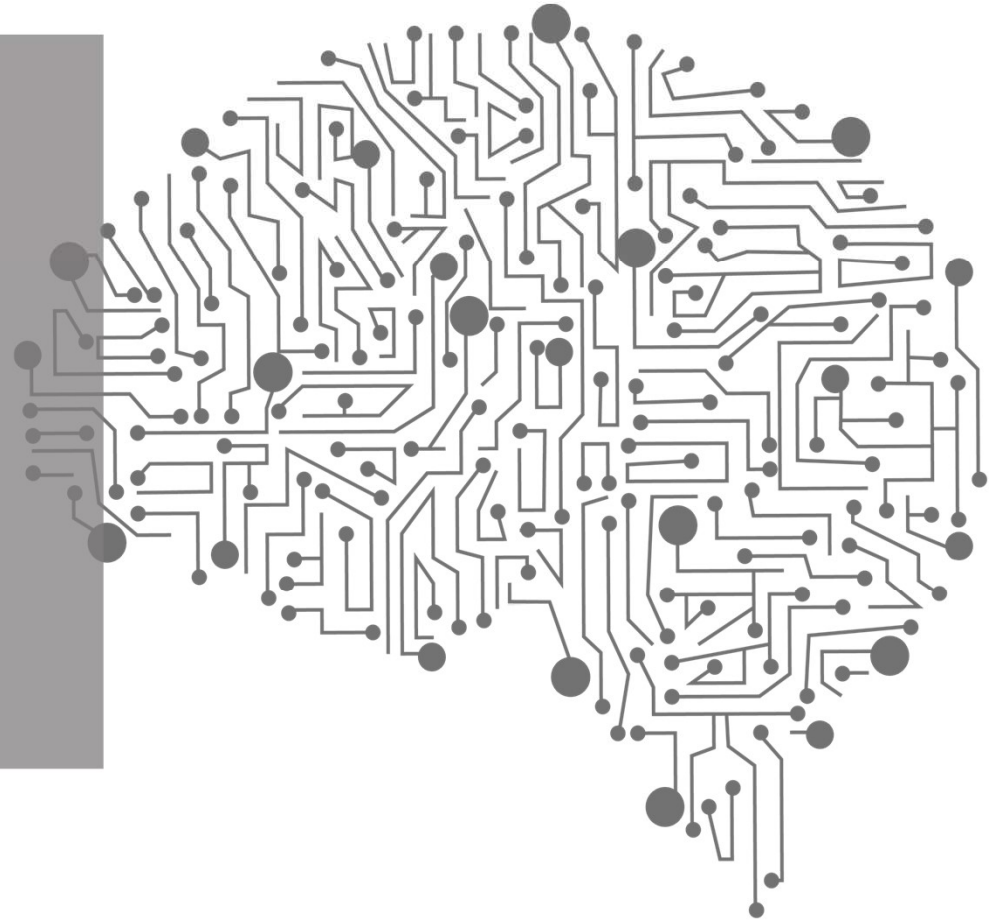
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Today's Agenda

- 1 Business Updates**
Mr Lim Boon Kheng, Group CEO
- 2 1H2023 Financial Performance**
Mr Eddie Foo, Group CFO
- 3 Q&A Session**





1

Business Updates

Mr Lim Boon Kheng,
Group CEO

About CSE Global

We are a solutions provider that serves customers across a global network.

We use our engineering experience and diverse skill sets to design and build customized, integrated systems for our customers that solve their problems.

You can count on us

We are a trusted industry partner to governments and renowned brands, globally.



Listed on the
Singapore Exchange
since **1999**

No problem is too big (or too small) for us

With our team being highly-skilled engineers with deep technical capabilities at our core, we thrive on delivering complex projects across industries.



80%
highly-skilled
engineers & technicians

We deliver what you need in a socially responsible way

Our smart systems are built-to-needs and highly customized to meet customers' needs.



Greener
& smarter solutions

We deliver consistent profitability and returns to shareholders, and chart a clear growth path

We have generated steady, reasonable returns and always seek ways to enhance shareholder value.



35 years
of profitable growth

We invest in our people

We believe in being collaborative, and people-centric, with our team culture and employee well-being as important areas of focus.



Supportive
& open culture



OUR GLOBAL FOOTPRINT



16
countries

57
offices

> 1,800
employees

OUR SOLUTIONS ACROSS KEY SECTORS

Our systems sit at the heart of every infrastructure and are critical

- CCTV / Security Systems
- Emergency Safety Systems
- Facility / Integrated Control and Safety Systems
- Fire & Gas Systems
- IT/OT and Networking Services
- Industrial Cybersecurity and Hardening Service
- Operator Training Systems
- Process Control Systems
- Subsea Master Control Station (MCS)
- SCADA and Data Management Systems
- Subsea Electrical Power Units (EPU)
- Simulation, Testing & Support



1. Energy

- Offshore: shallow sea, continental shelf & deep sea
- Onshore: shale, pipeline & chemical/petrol-chemical



2. Infrastructure

- Transportation (road, rail, air)
- Power utilities (generation & distribution)
- Water / wastewater utilities



3. Mining & Minerals

- Commodities & minerals: coal, gold, iron, copper, nickel & molybdenum

OTHER SECTORS

- Retail
- Transport
- Hospitality
- Pharmaceutical
- Government

Why Our Customers Choose Us

We exist because of our customers.

We make their jobs easier by solving their problems and delivering what they need. By applying our engineering knowledge to find the right solutions to their problems, we meet their needs.



Integrity and credibility are what we stand for. We have built a solid reputation for providing quality, responsible and effective solutions that stand the test of time.



We can customize and integrate the systems that sit at the heart of every infrastructure, with the latest, smartest and most efficient technologies.



We count large government organizations, as well as renowned brand names as our clients across multiple industries and sectors.



We view our expertise as a form of social responsibility to ensure that what we do does not harm our environment as much as possible.



Increasingly, we develop technologies to reduce waste and adapt "greener", smarter ways to deliver efficient and effective solutions.

Notable projects

We have what it takes to get the job done and finish well – no problem is too big that we cannot solve.

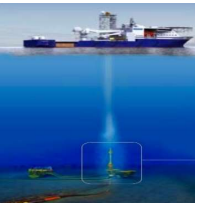
 **90%**
repeat customers

We have taken on the most difficult projects in the most challenging conditions, at the most competitive prices; including large-scale, complex applications and solutions across Energy, Infrastructure, Mining & Minerals sectors.

 **30 years**
long-standing customers

RELIABLE • RESOURCEFUL • TAILORED • SEAMLESS • SINGLE SOURCE SOLUTION

- Engineering
- Procurement
- Manufacturing
- FEED & Concept Studies
- Assembly & Development
- Commissioning & Maintenance



Business Updates

1 1H2023 Highlights

- 1H2023 – an excellent performance
- The Americas region returns to profitability
- Gross margin relatively stable around 27%
- Strong order intake of S\$391.0 million in 1H2023
- Orders for Infrastructure sector grew 11.6% year-on-year to S\$171.5 million
- Infrastructure and Mining/Minerals revenues contribute to more than 50% of revenue
- Order book stood robust at S\$521.8m as at 30 June 2023

2 Segmental Performance

Building on diversification initiatives, with a focus on Infrastructure sector in ANZ, SG, UK & USA

1. Energy

- Few large opportunities as oil companies remain cautious in approving new larger greenfield projects
- Higher orders for flow business
- Actively pursuing opportunities in renewables and related infrastructure

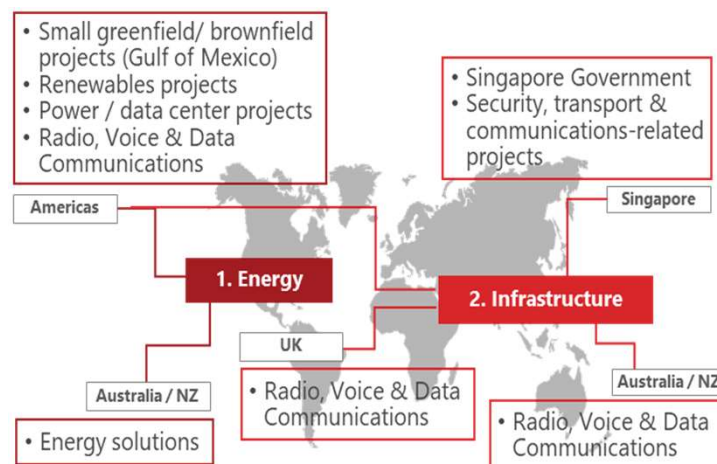
2. Infrastructure

- Strengthening communications business in ANZ/UK and new regions such as USA through acquisitions
- Growth in the data centre markets in USA
- Securing more water/wastewater projects
- Flow business stable
- Engaging more with the Singapore Government

3. Mining & Minerals

- Stable stream of flow projects

3 Key Strategies

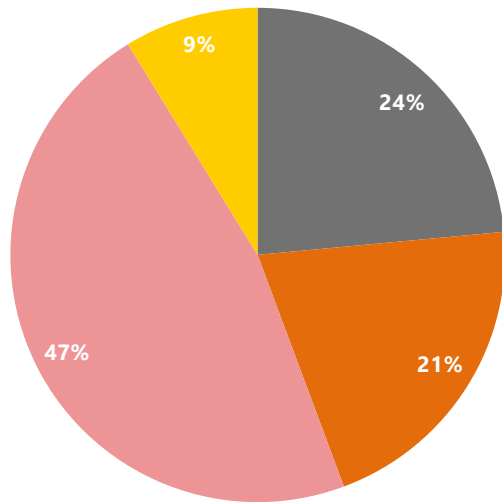


4 Acquisition Strategy

- Acquisition remains a key growth strategy
- Focus areas will be in complementary and adjacent capabilities:
 - Energy and Infrastructure segments
 - USA, Europe and Australia/New Zealand
- Will acquire within means, whenever suitable opportunities arise
 - No high gearing

1H2023 Revenue Breakdown By Industry Segments

We have a sizeable base of loyal customers. Some of our customers have been with us for over 30 years, and 90% are repeat customers.



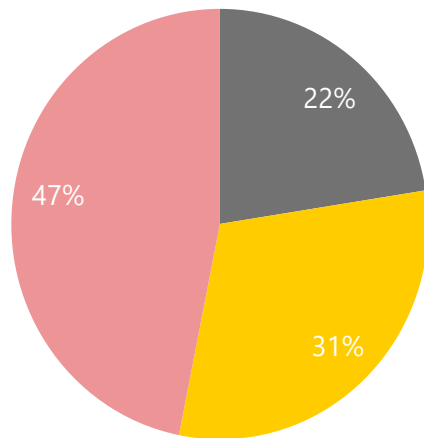
Energy - Onshore
 Energy - Offshore
 Infrastructure
 Mining & Mineral

S\$ million	1H2023	1H2022	YoY %
Energy - Onshore	82.1	59.8	37.2%
Energy - Offshore	72.7	70.2	3.7%
Infrastructure	163.8	103.9	57.6%
Mining & Mineral	30.7	28.2	8.6%
Total	349.3	262.2	33.2%

Infrastructure: Power, Water, Waste Treatment & Transportation

1H2023 Revenue Breakdown By Business Segments

1H2023

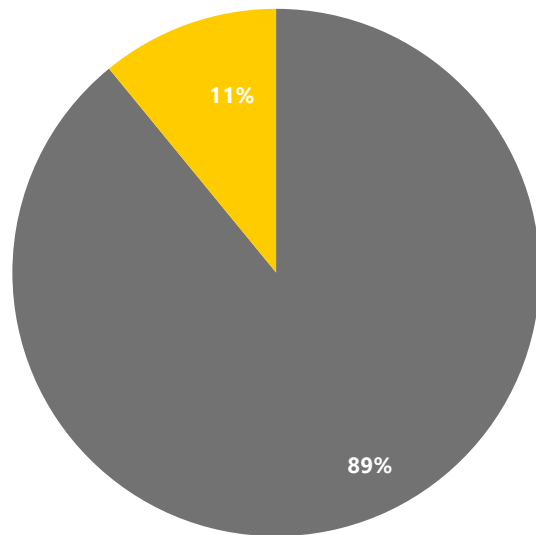


■ Automation/process control ■ Communications
■ Electrification

S\$ million	1H2023	1H2022	YoY %
Automation/process control	78.6	84.4	-6.9%
Communications	107.1	73.3	46.0%
Electrification	163.6	104.5	56.6%
Total	349.3	262.2	33.2%

Note: Total may not sum up due to rounding.

1H2023 Revenue Breakdown By Projects



■ Flow Business ■ Large Greenfield Projects

S\$ million	1H2023	1H2022	YoY%
Flow Business *	311.1	245.5	26.7%
Large Greenfield Projects	38.2	16.7	128.6%
Total	349.3	262.2	33.2%
Flow Business %	89%	94%	

**Includes Brownfield and Small Greenfield Projects which tend to be recurring in nature*

Order Intake and Backlog by Industry Segments

S\$ million	Order Intake			Backlog		
	1H2023	1H2022	%	1H2023	1H2022	%
Energy	185.3	238.3	-22.2%	208.9	180.6	15.6%
Infrastructure	171.5	153.7	11.6%	288.7	188.3	53.4%
Mining & Minerals	34.2	29.8	14.8%	24.2	20.1	20.4%
Total	391.0	421.7	-7.3%	521.8	388.9	34.2%

Order Intake and Backlog by Business Segments

S\$ million	Order Intake			Backlog		
	1H2023	1H2022	%	1H2023	1H2022	%
Automation/process control	89.9	155.9	-42.4%	194.4	154.4	25.9%
Communications	126.7	76.6	65.5%	97.6	81.5	19.7%
Electrification	174.4	189.3	-7.8%	229.8	153.1	50.1%
Total	391.0	421.7	-7.3%	521.8	388.9	34.2%

FY2023 Outlook



Steady Financial Performance

- We have delivered 35 years of profitable growth in a steady and consistent manner, and we intend to do the same in FY2023.

Inorganic Growth

- As a Group, we are continuously looking out for value accretive and strategic acquisitions to grow and reshape our business to ensure a diversified and sustainable income stream.
- We have completed 30-40 acquisitions since our inception, and our integration rate is very high; most of our large integrations are successful because we offer autonomy and flexibility as a parent company.

Cash Flow

- Capital discipline is of utmost importance, and we will focus on cashflow management.

Dividend Policy

- Declares interim dividend of 1.25 cents per share.

Singapore cents per share	FY2021	FY2022	FY2023
Interim dividend	1.25	1.25	1.25
Payment Date	1 September 2023		
Book Closure	18 August 2023		

Outlook

The current global economic outlook and inflationary pressures continue to present uncertainties in the markets we operate. In the coming quarters, we will continue to work with our existing and new customers to secure a steady flow of small greenfield and brownfield maintenance projects. This, together with the receipt of 2 major contracts totalling S\$86.4 million announced on 1 August 2023, will enable CSE to build its growing backlog for the rest of 2023 and beyond.

With a robust order book of S\$521.8 million as at 30 June 2023 compared with S\$480.1 million as at 31 December 2022, coupled with a positive turnaround in financial performance 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.

Going forward, we will expand our engineering capabilities and technology solutions such as automation, electrification and critical communications, to pursue new market opportunities and diversify into new markets brought about by the emerging trends towards urbanization, electrification and decarbonisation.



2

1H2023 Financial Performance

Mr Eddie Foo,
Group CFO

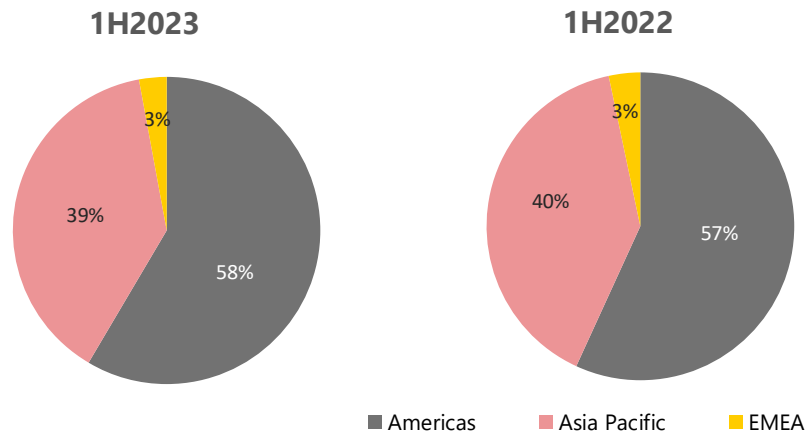
Group Performance

	1H2023	1H2022
Revenue	S\$349.3m	S\$262.2m
Gross margin	27.4%	27.8%
EBITDA	S\$30.9m	S\$18.0m
Net profit	S\$11.0m	S\$4.5m
Order intake	S\$391.0m	S\$421.7m
Order book	S\$521.8m	S\$388.9m
Cashflow from operations	S\$6.1m	S\$8.1m
Annualised ROE	10.3%	4.8%

- **Revenue** grew by 33.2% to S\$349.3m:
 - Energy: +19.1% from more project, time and material revenue recognized in the Americas region;
 - Infrastructure: +57.6% contributed by new acquisitions (S\$38.1m) and higher infrastructure revenues from the Americas;
 - Mining & Minerals: +8.6% attributed to increased mining activities and stable commodity prices
- **Gross profit margin** was relatively stable at 27.4% when compared year-on-year around 27%
- **EBITDA** improved by 71.2% to S\$30.9m (+S\$12.8m) mainly attributed to higher gross profits of S\$23.0 million partially offsetted by higher operating costs (excluding depreciation and amortisation) of S\$10.8m
- **Net profit** were 142.8% higher at S\$11.0m compared to S\$4.5m in 1H2022
- **Order book** reached an all time high at S\$521.8m

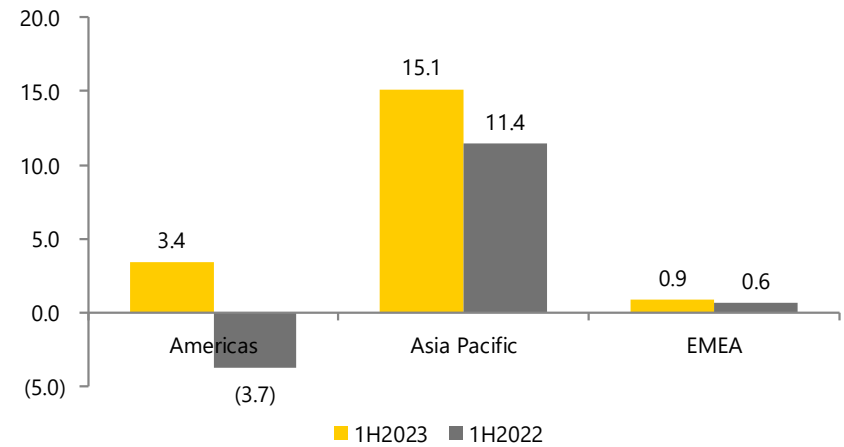
Breakdown By Geography

REVENUE



S\$ million	1H2023	1H2022	YoY %
Americas	204.3	149.0	37.1%
Asia Pacific	134.9	104.5	29.2%
EMEA	10.1	8.7	15.7%
Total	349.3	262.2	33.2%

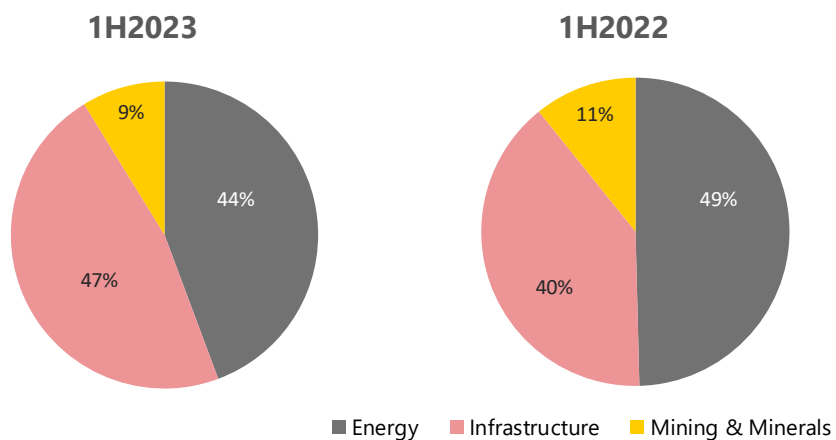
EBIT



S\$ million	1H2023	1H2022	YoY %
Americas	3.4	(3.7)	N.M
Asia Pacific	15.1	11.4	32.3%
EMEA	0.9	0.6	37.7%
Total	19.4	8.3	132.8%

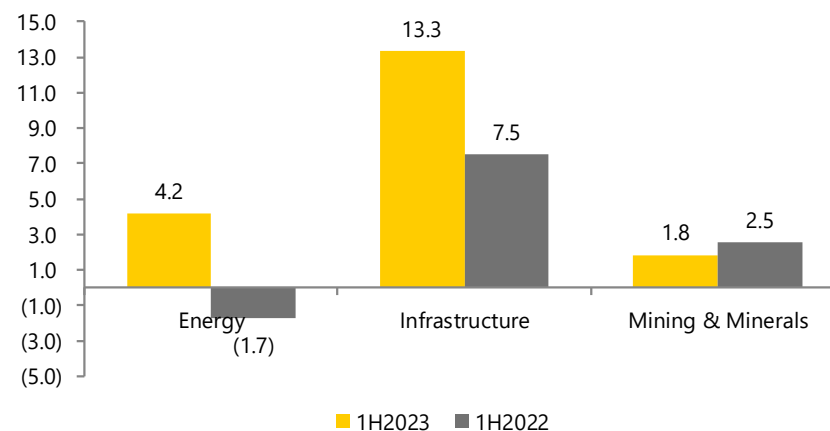
Breakdown By Industry

REVENUE



S\$ million	1H2023	1H2022	YoY %
Energy	154.8	130.0	19.1%
Infrastructure	163.8	103.9	57.6%
Mining & Minerals	30.7	28.2	8.6%
Total	349.3	262.2	33.2%

EBIT



S\$ million	1H2023	1H2022	YoY %
Energy	4.2	(1.7)	N.M
Infrastructure	13.3	7.5	77.3%
Mining & Minerals	1.8	2.5	-27.3%
Total	19.4	8.3	132.8%

Quarterly Revenue Trends

By Geography, Q-o-Q

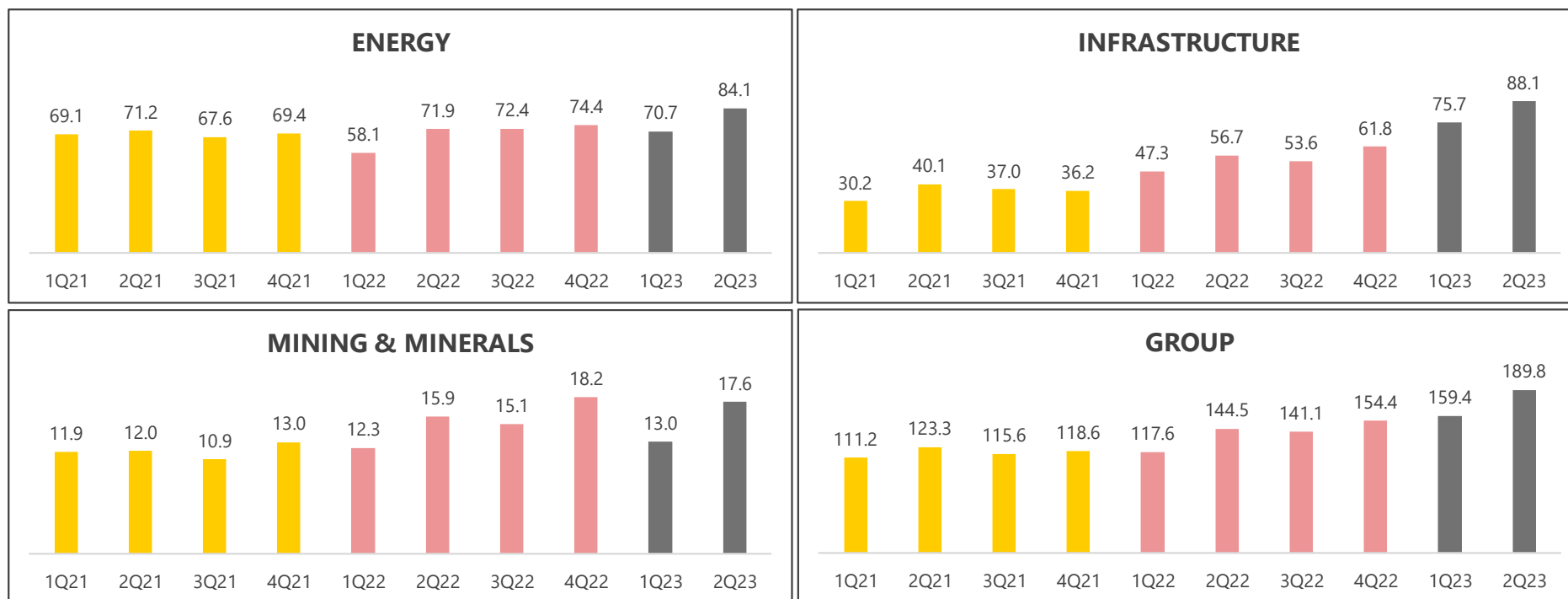
(S\$ million)



Quarterly Revenue Trends

By Industry

(S\$ million)



Financial Position & Cash Flow



**Cash
inflow/(outflow)
from operations**

S\$6.1 million in 1H2023 vs S\$8.1 million in 1H2022

Net cash/(debt)

(S\$113.7) million as at 30 June 2023 vs (S\$72.2)
million at 31 December 2022

**Equity attributable to
owners of the
Company**

S\$213.9 million at 30 June 2023 vs
S\$212.3 million at 31 December 2022

NAV per share

34.79 cents at 30 June 2023 vs
34.53 cents at 31 December 2022

Group Balance Sheet

S\$ million	30-Jun-23	31-Dec-22	30-Jun-22
PPE	68.7	63.5	63.4
Right-to-use assets	20.1	19.8	21.8
Intangible assets	92.3	80.8	64.9
Cash at hand & bank	23.5	34.2	27.1
Contract assets (net)	77.6	54.2	53.1
Inventories	68.6	52.0	35.9
Trade and other receivables	155.3	138.1	116.9
Trade payables and accruals	139.8	102.6	79.2
Derivative assets/(liabilities)	0.0	(0.2)	(0.7)
Loans and borrowings	137.1	106.4	101.5
Net cash/(debt)	(113.7)	(72.2)	(74.4)
Shareholders' fund	213.9	212.3	189.4

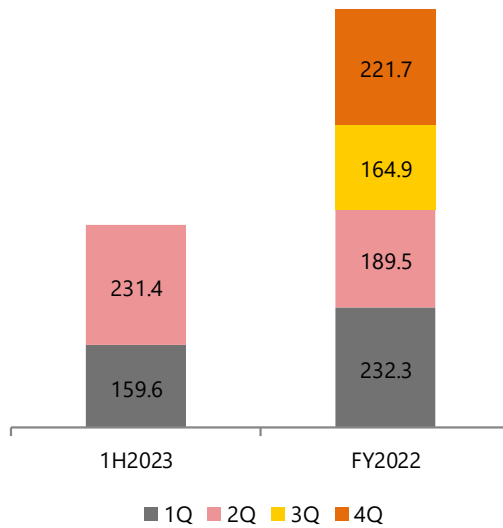
Group Cash Flow Statement

S\$ million	1H2023	1H2022
As at beginning of the period	24.1	45.5
Cash flow from operations	6.1	8.1
Interest and tax	(7.3)	(4.1)
Capital expenditure (net)	(8.3)	(9.4)
Proceeds from disposal of property, plant and equipment	0.5	0.1
Release of restricted cash from disposal of a property	7.9	-
Acquisitions	(16.9)	(8.3)
Release of restricted cash from acquisition of business	2.1	-
Proceeds of borrowings, net	28.2	5.4
Payment of lease liabilities	(3.9)	(3.3)
Dividends	(9.2)	(7.7)
Net effect of FX on cash	(0.1)	(0.1)
Cash and bank balances at end of the financial period	23.5	26.2
Cash and bank balances comprise of:-		
Cash and cash equivalents	23.5	26.2
Restricted cash	-	0.9
	23.5	27.1

1H2023 Order Intake/Book By Geographical Segments

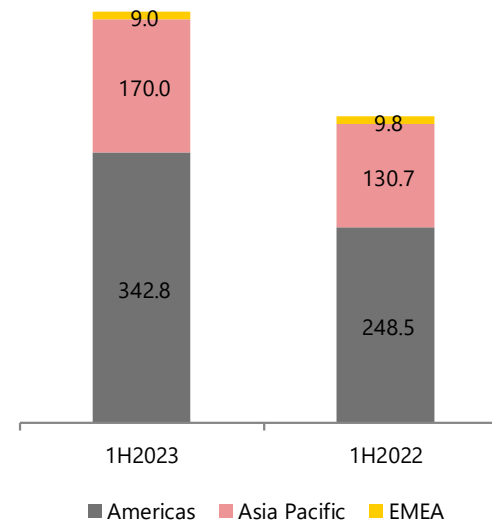
Order Intake from Continuing Operations

\$391.0m \$808.4m



Order Book from Continuing Operations

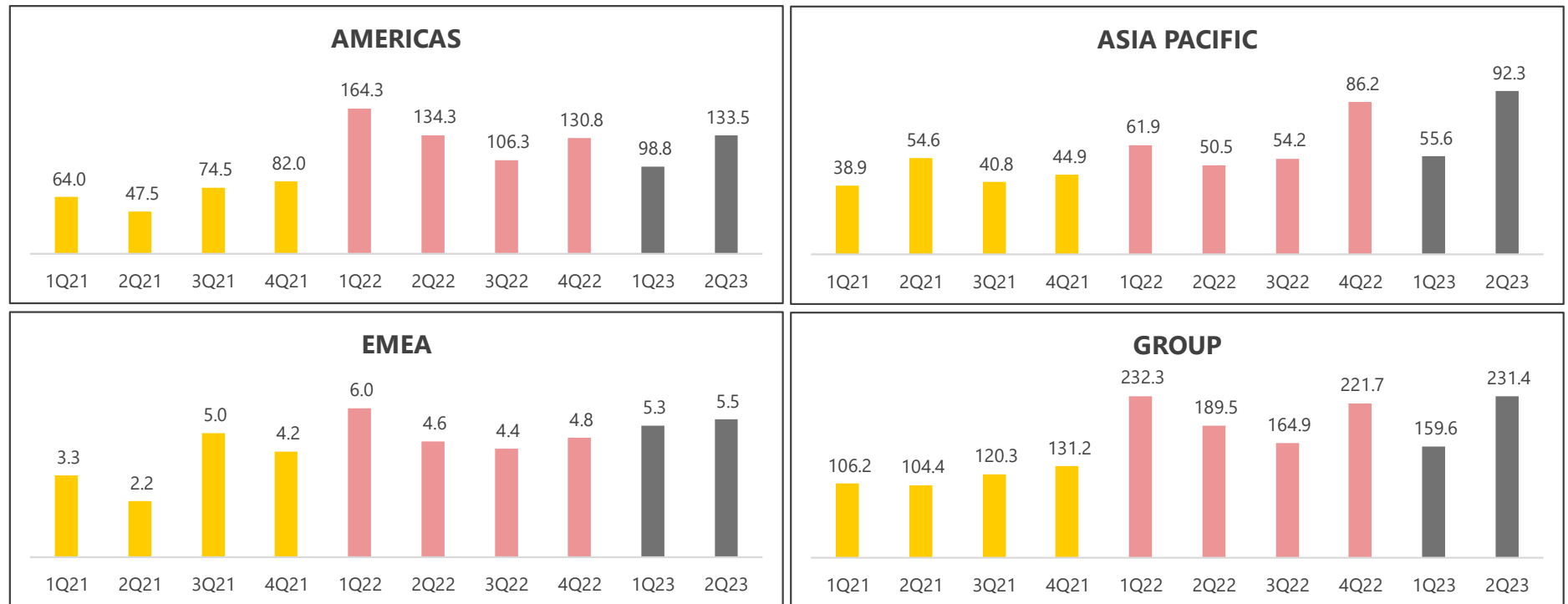
\$521.8m \$388.9m



Quarterly Order Intake Trends

By Geography

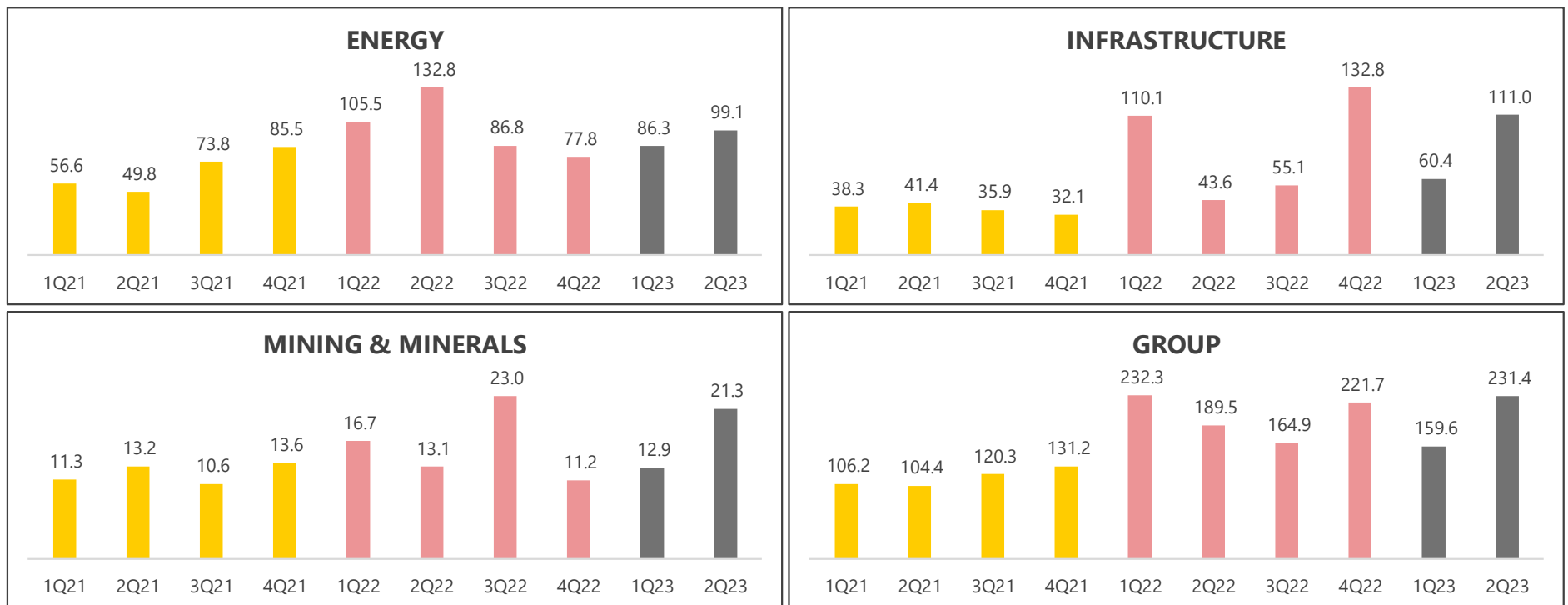
(S\$ million)



Quarterly Order Intake Trends

By Industry

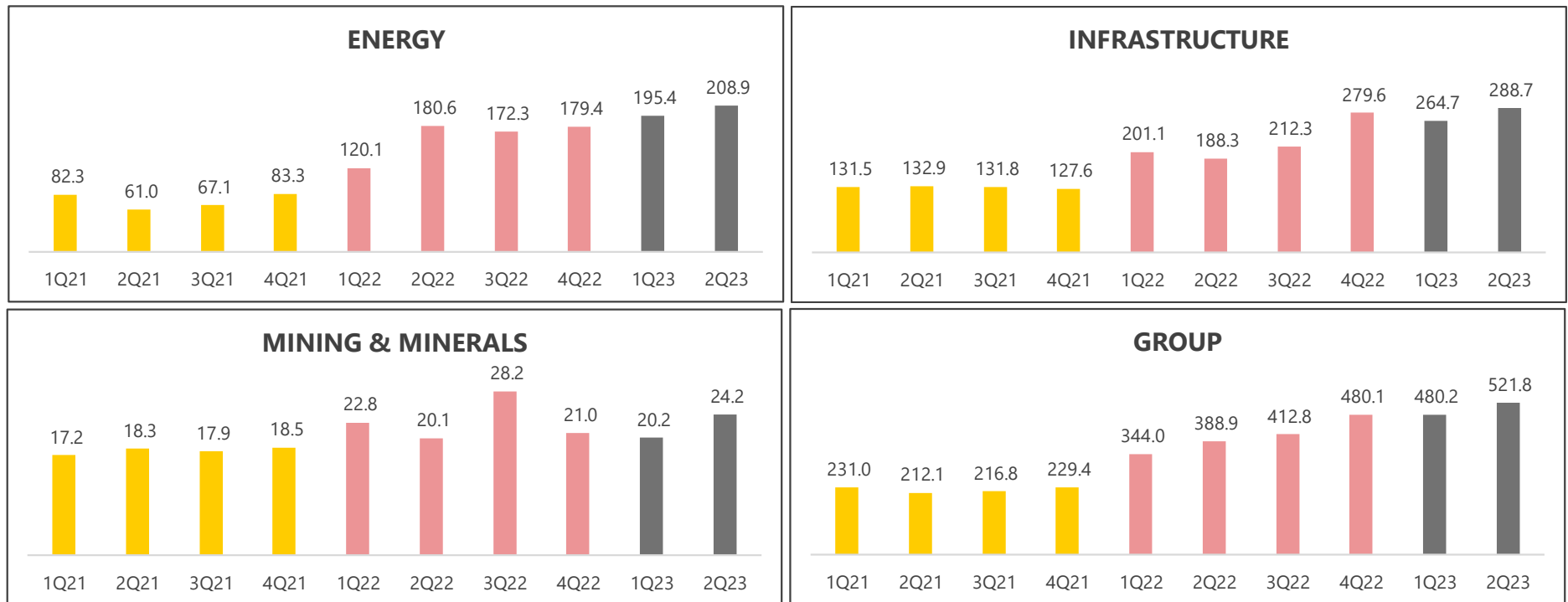
(S\$ million)



Quarterly Order Book Trends

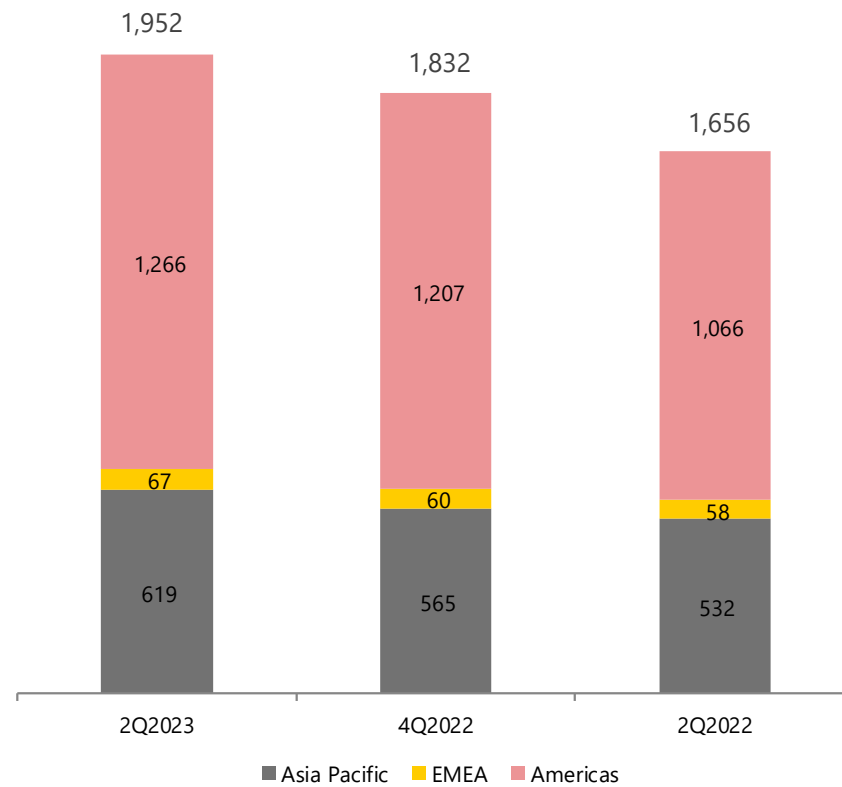
By Industry

(S\$ million)



Human Resources Allocation

No. of headcount



The image features a stylized world map where the continents are formed by a complex network of interconnected nodes and lines. The nodes vary in size, with larger nodes acting as hubs. A horizontal grey bar runs across the middle of the map. The text 'CSE' is positioned on the left side of the bar, and 'Q&A' is positioned on the right side of the bar.

CSE

Q&A