



CSE Global

1H2022 Results Briefing

12 August 2022

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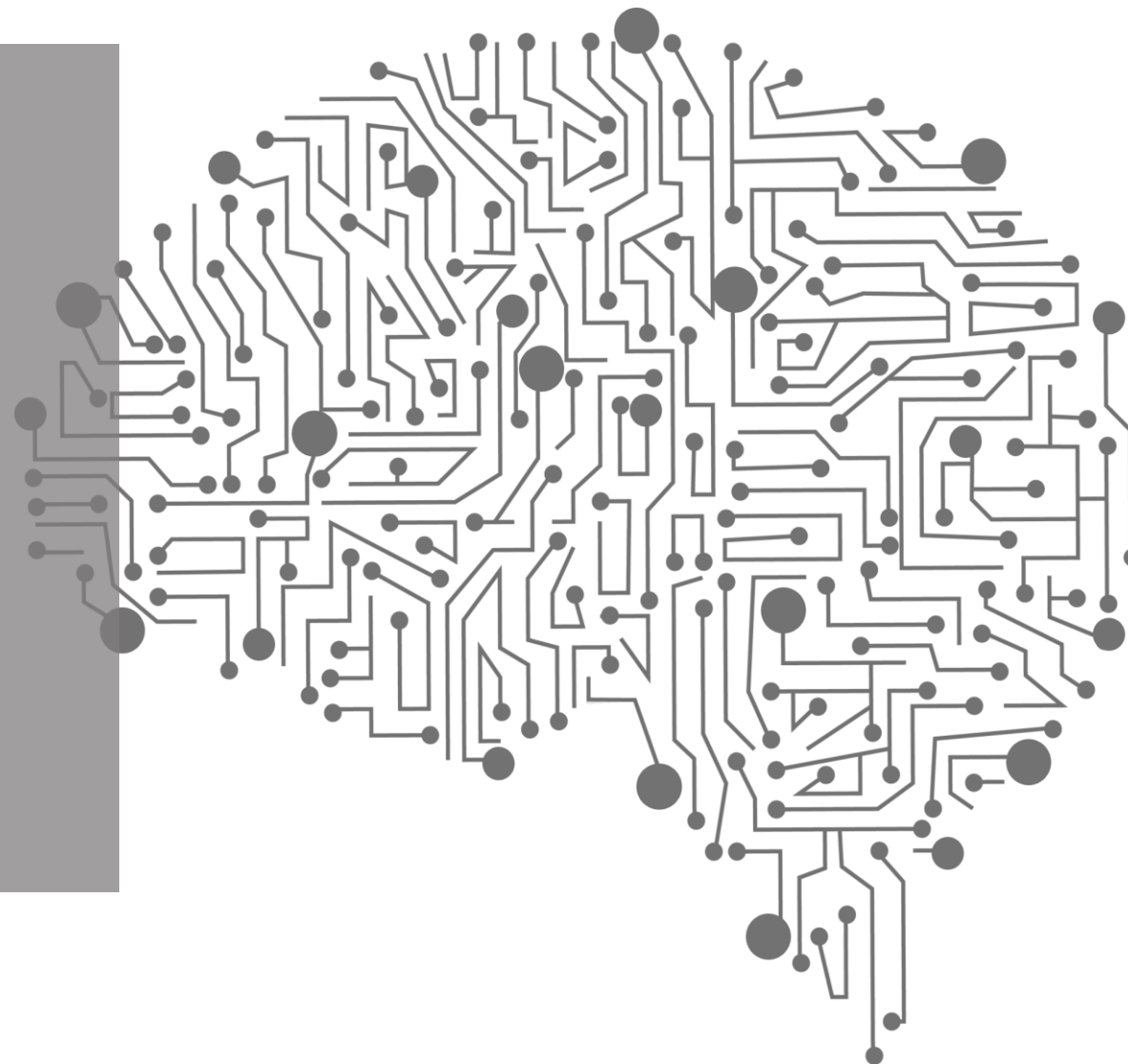
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Today's Agenda

1 Business Updates
Mr Lim Boon Kheng, Group CEO

2 1H2022 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.



34 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



Americas | Asia Pacific | Europe | Middle East | Africa

16
countries

45
offices

>1,500
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

General Sentiments

- 1H2022 – a challenging 6 months
- Supply chain disruptions continue to affect our operations resulting in longer lead time to convert an order into revenue
- Continue to build our infrastructure business through a combination of acquisitions and organically through sales, marketing, engineering support and capacity enhancement resulting increase in overheads

1H2022 Highlights:

- Strong order intake of S\$421.7 million
- Orders for Energy sector grew 124.0% year-on-year to S\$238.3 million
- Gross margins are lower at 27.8%, due to impact of supply chain disruptions and increased costs
- High selling & distribution and quoting costs
- Unabsorbed labour costs as we keep our technical workforce and when we bring in new workforce
- Expansion of our facility in USA to accommodate additional new work

2

Segmental Performance

Building on FY2017/2018 initiatives, with a focus on US Energy and ANZ&SG&UK Infra

1. Energy

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

2. Infrastructure

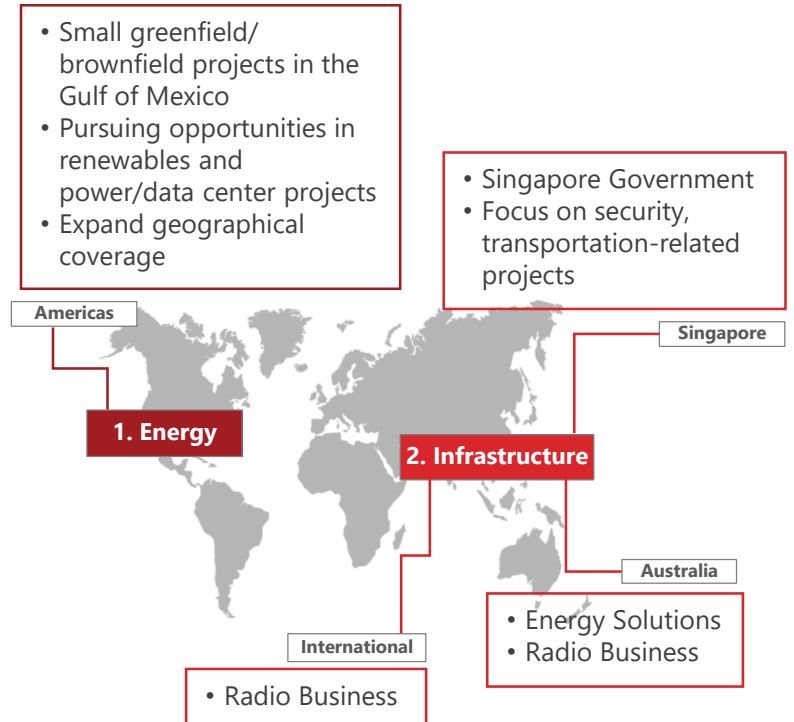
- Strengthening communications business in ANZ/UK and new regions through acquisitions
- Securing more water/wastewater projects
- Flow business stable
- Engaging more with the Singapore Government

3. Mining & Minerals

- Stable stream of flow projects

3

Key Strategies



Business Updates (cont'd)

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Energy Prices

- Recovered above US\$90 per barrel
- Few large opportunities as oil companies remain cautious in approving new larger greenfield projects
- Flow orders stable
- Remain committed to have a strong presence to support our customers in Americas region

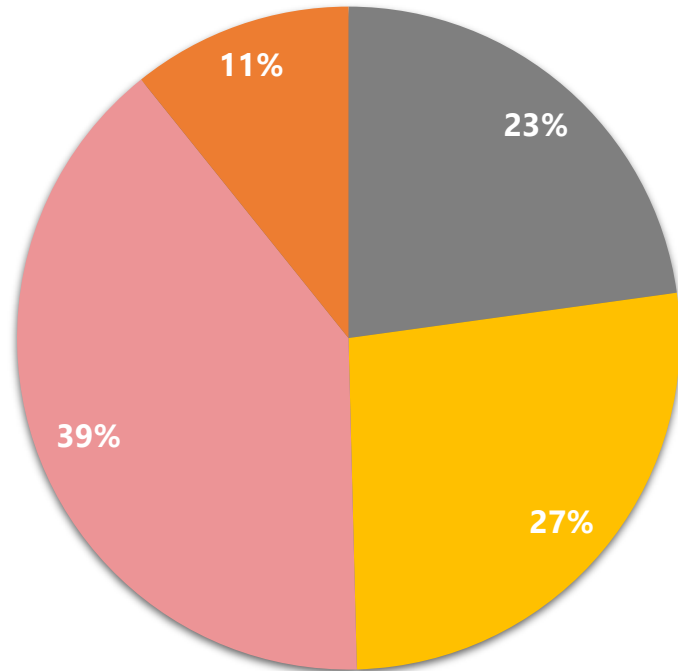
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Acquisition Strategy

- 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

1H2022 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 & Minerals

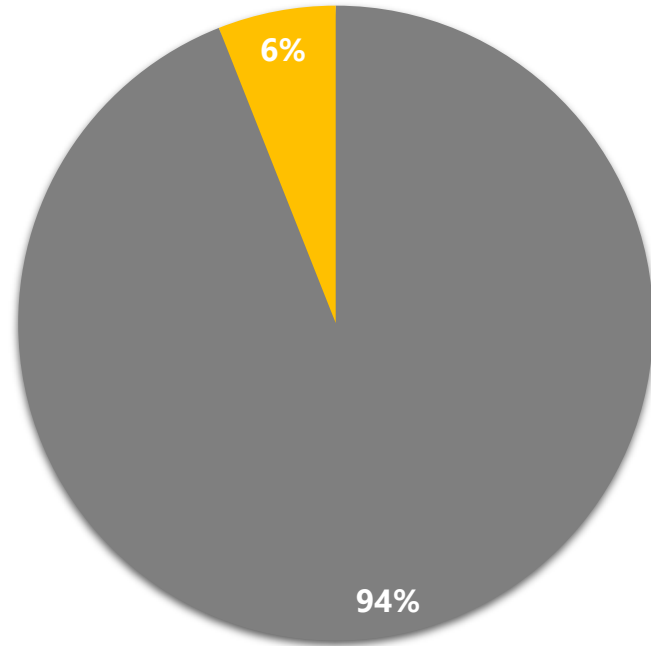
S\$ million	1H2022	1H2021	YoY%
Energy - Onshore	59.8	72.0	-16.9%
Energy - Offshore	70.2	68.3	2.7%
Infrastructure	103.9	70.3	47.9%
Mining & Minerals	28.2	23.9	18.4%
Total	262.2	234.5	11.8%

Australia communications revenue:

- 1H2022 A\$57.5 million
- 1H2021 A\$42.1 million

Infrastructure: Power, Water, Waste Treatment & Transportation

1H2022 Revenue Breakdown By Projects



■ Flow Business ■ Large Greenfield Projects

S\$ million	1H2022	1H2021	YoY%
Flow Business*	246.2	206.1	19.5%
Large Greenfield Projects	16.0	28.4	-43.7%
Total	262.2	234.5	11.8%
Flow Business %	94%	88%	

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

FY2022 Outlook



Steady Financial Performance

- We have delivered 34 years of profitable growth in a steady and consistent manner, and we intend to do the same in FY2022.

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	FY2020	FY2021	FY2022
Interim Dividends	1.25	1.25	1.25
Payment Date	2 September 2022		
Book Closure	19 August 2022		

Outlook

- There were fewer large greenfield projects in 1H2022 and foreseeably in the coming months as customers in the Energy sector remained focused on capital spending discipline, and we expect this trend to continue to weigh on the financial performance in Americas region for 2H2022.
- However, we do see higher flow business in the Energy sector and have secured several renewables projects in 1H2022 and expect this to continue for 2H2022.
- We continue to see a stable financial performance in the Infrastructure and Mining & Minerals sectors, supported by a steady stream of projects arising from requirements in digitalisation, communications and enhancements in physical and cyber security globally, and from data-centres, water/waste water in the Americas region.
- We will continue to build our Infrastructure business through a combination of acquisitions and invest organically through sales, marketing, engineering support and capacity enhancement which will lead to an increase in overheads.
- Supply chain disruptions continue to affect our operations resulting in longer lead time to convert an order into revenue and increases the cost of project execution leading to lower gross margins. Nevertheless, CSE remains confident that the financial performance for 2H2022 to be better than 1H2022.

A decorative background pattern consisting of a grid of small, rounded squares in various shades of gray, arranged in a way that creates a sense of depth and perspective, receding towards the right side of the slide.

2

1H2022 Financial Performance

Mr Eddie Foo,
Group CFO

Group Performance

	1H2022
Revenue	S\$262.2m
Gross margin	27.8%
EBITDA	S\$18.0m
Net profit	S\$4.5m
Order intake	S\$421.7m
Order book	S\$388.9m
Operating cashflow from operations	S\$8.1m
Annualised ROE	4.8%

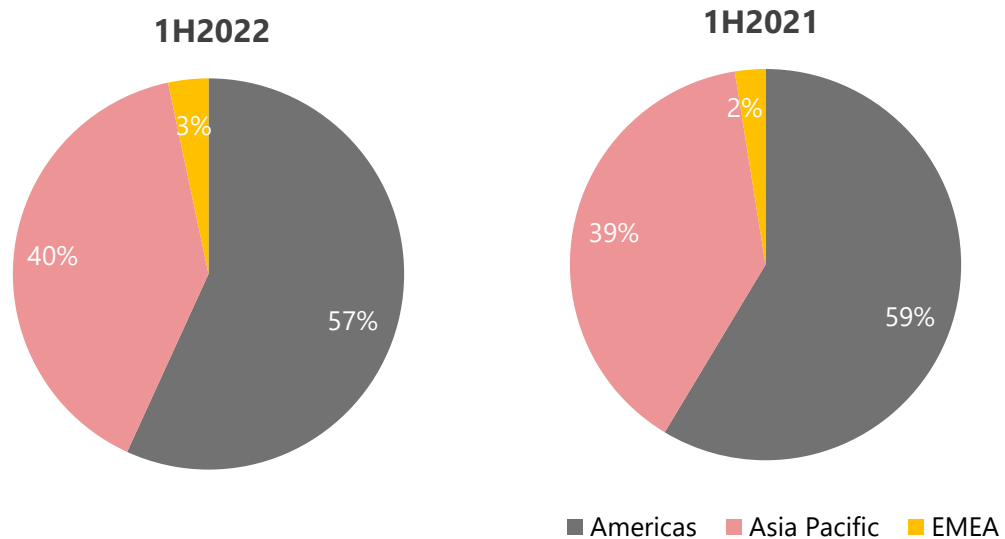
- **Revenue** grew by 11.8% to S\$262.2m:
 - Energy: -7.4% from lower large project revenues recognized in USA;
 - Infrastructure: +47.9% from all geographic regions;
 - Mining & Minerals: +18.4% attributed to increased mining activities and stable commodity prices
- **Gross profit margin** were 2.1pp lower:
 - Unfavourable sales mix in Energy sector at lower gross margins
 - lower margins in new infrastructure projects in USA and Singapore
- **EBITDA** reduced by 23.5% to S\$18.0m (-S\$5.6m), from:
 - lower gross profit margins from both Energy and Infrastructure sectors;
 - higher operating expenses from investing in headcounts, facility expansion and higher selling and distribution expenses; and
 - lower favourable exchange differences of S\$0.5m.
- **Net profit** were 55.0% lower in 1H2022 at S\$4.5m
- **Order intake** surged by 100.3% yoy, broad base growth across all sectors
- **Order book** reached an all time high at S\$388.9m
- **Operating cashflow from operations** was healthy at S\$8.1m in 1H2022

Summary of Financials

S\$ million	1H2022	1H2021	Change
Revenue	262.2	234.5	11.8%
Gross Profit	72.8	70.0	4.0%
EBITDA	18.0	23.6	-23.5%
Net Profit attributable to equity owners of company	4.5	10.1	-55.0%
Gross profit margin (%)	27.8%	29.9%	-2.1p.p
EBITDA margin (%)	6.9%	10.1%	-3.2p.p
Net margin (%)	1.7%	4.3%	-2.6p.p
Operating cash flow from operations	8.1	15.1	-46.2%
Net cash/(debt)	(74.4)	(51.7)	43.8%
Order intake -continuing operations	421.7	210.6	100.3%
Order book - continuing operations	388.9	212.1	83.4%
ROE (annualised)	4.8%	10.4%	-5.6p.p

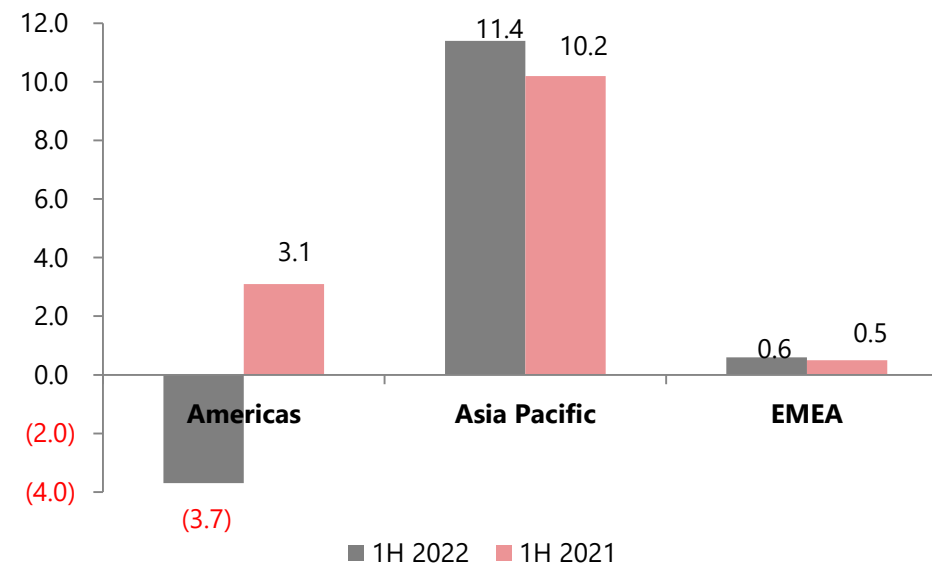
Breakdown By Geography

REVENUE



S\$ million	1H2022	1H2021	YoY%
Americas	149.0	137.4	8.5%
Asia Pacific	104.5	91.1	14.6%
EMEA	8.7	5.9	46.6%
Total	262.2	234.5	11.8%

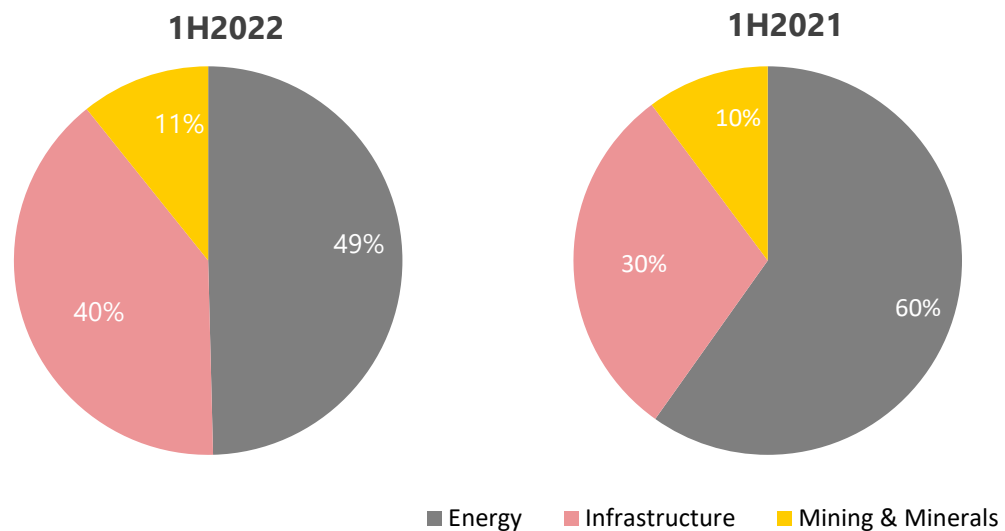
EBIT



S\$ million	1H2022	1H2021	YoY%
Americas	(3.7)	3.1	N.M
Asia Pacific	11.4	10.2	11.6%
EMEA	0.6	0.5	31.0%
Total	8.3	13.8	-39.9%

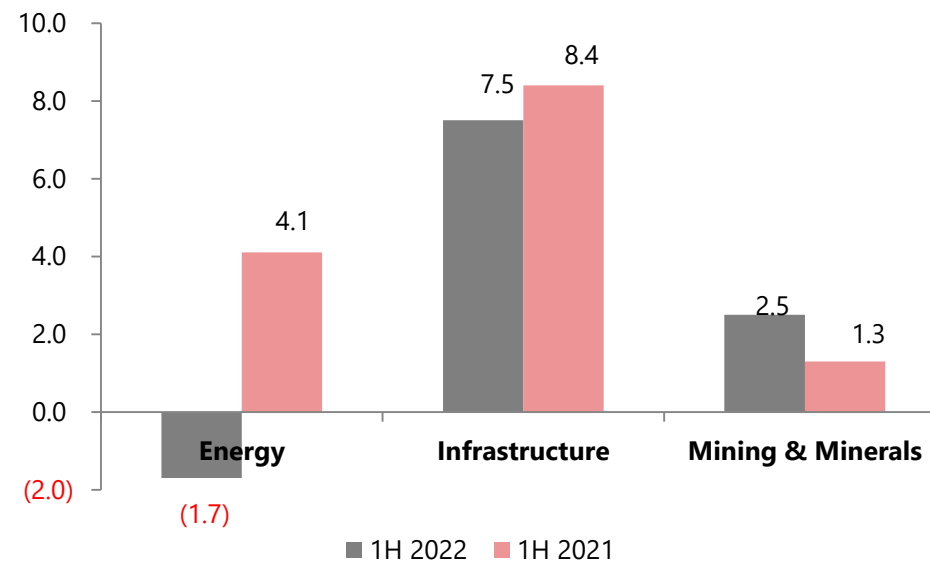
Breakdown By Industry

REVENUE



S\$ million	1H2022	1H2021	YoY %
Energy	130.0	140.3	-7.4%
Infrastructure	103.9	70.3	47.9%
Mining & Minerals	28.2	23.9	18.4%
Total	262.2	234.5	11.8%

EBIT

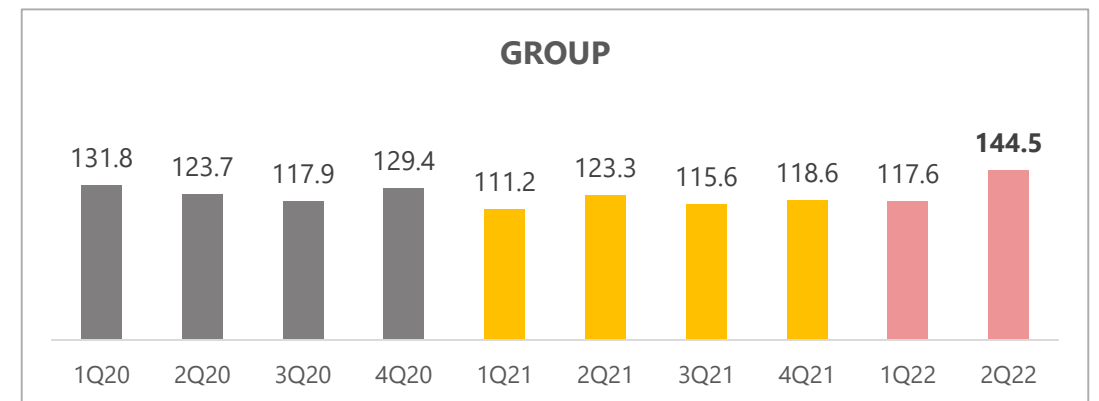
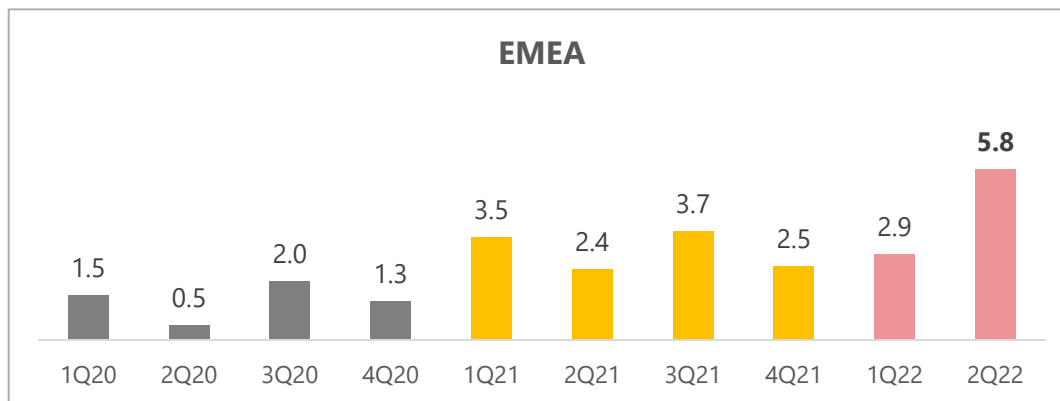
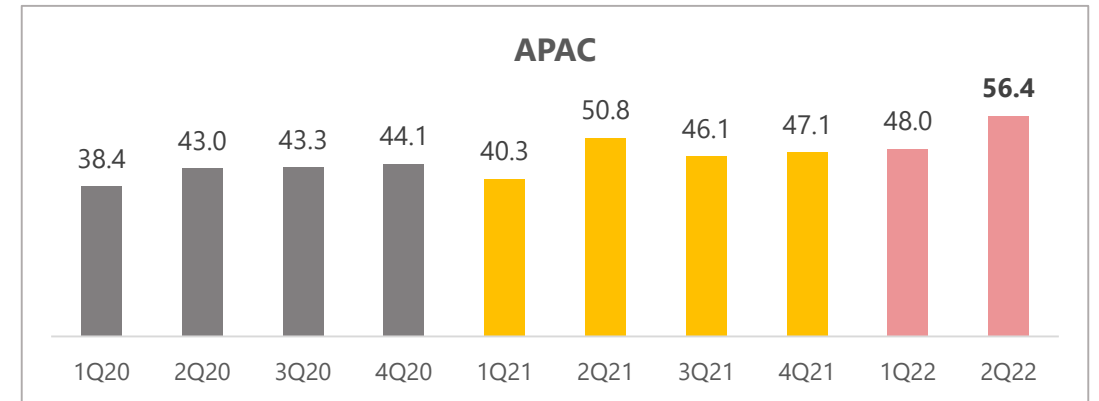
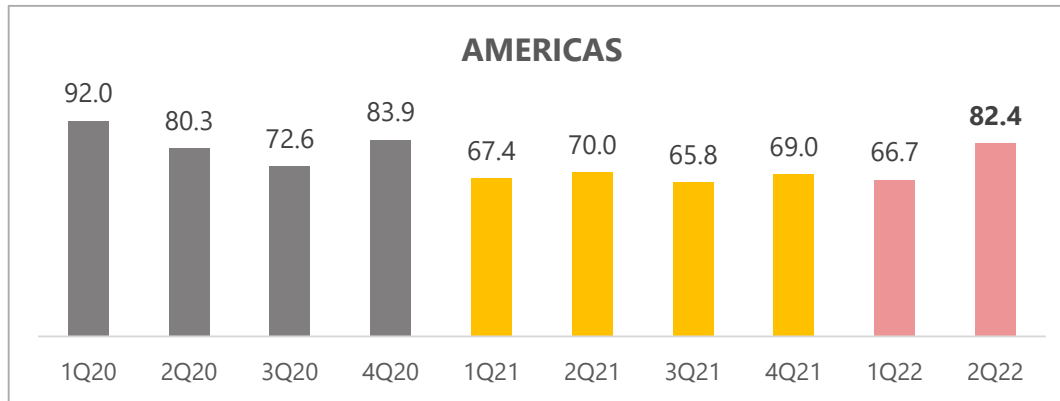


S\$ million	1H2022	1H2021	YoY%
Energy	(1.7)	4.1	N.M
Infrastructure	7.5	8.4	-10.7%
Mining & Minerals	2.5	1.3	88.7%
Total	8.3	13.8	-39.9%

Quarterly Revenue Trends

By Geography, Q-o-Q

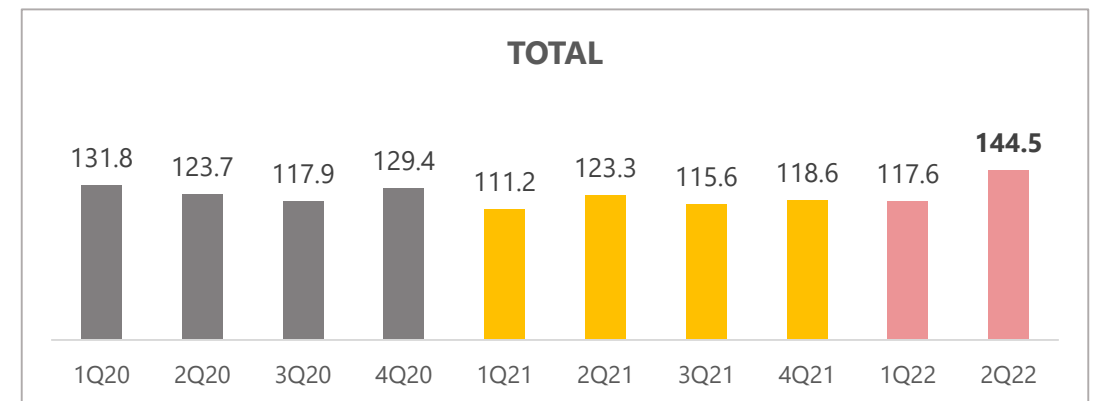
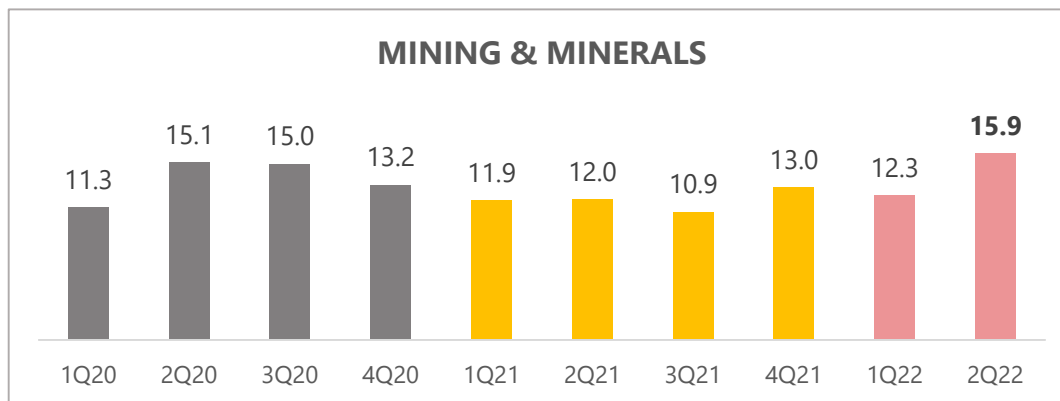
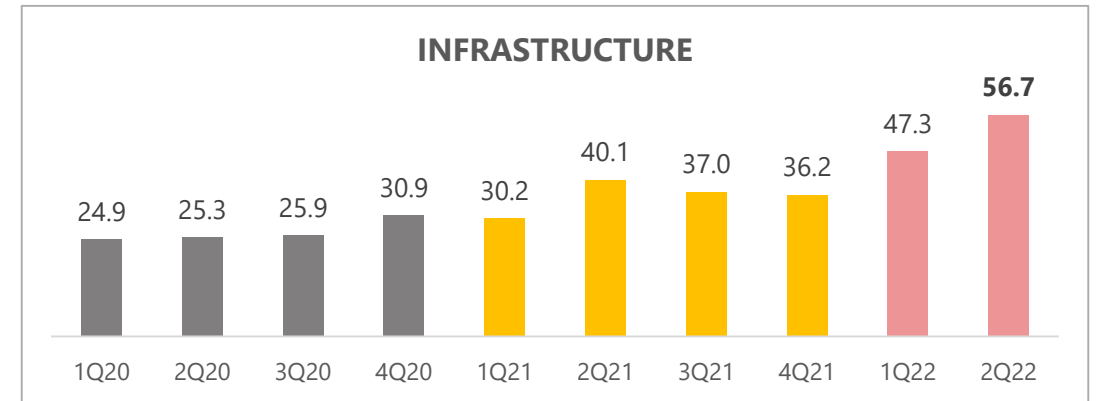
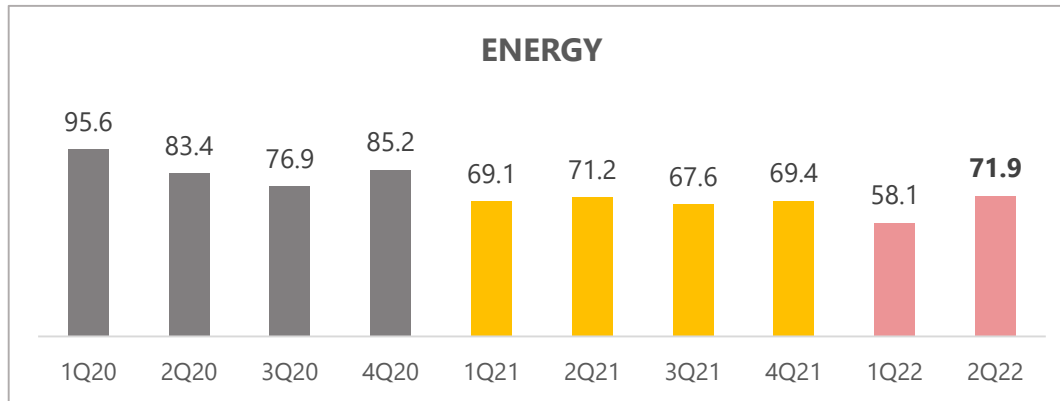
(\$ million)



Quarterly Revenue Trends

By Industry

(\$ million)



Financial Position & Cash Flow



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

S\$8.1 million in 1H2022 vs S\$15.1 million in 1H2021

Net cash/(debt)

(S\$74.4) million as at 30 June 2022 vs (S\$48.9) million at 31 December 2021

**Equity attributable to
owners of the
Company**

S\$189.4 million at 30 June 2022 vs S\$192.0 million at 31 December 2021

NAV per share

36.97 cents at 30 June 2022 vs 37.48 cents at 31 December 2021

Group Balance Sheet

S\$ million	30-Jun-22	31-Dec-21	30-Jun-21
PPE	63.4	62.0	63.6
Right-to-use assets	21.8	21.6	23.1
Intangible assets	64.9	58.5	58.6
Cash at hand & bank	27.1	46.5	56.3
Contract assets (net)	53.1	53.3	47.6
Inventories	35.9	29.3	29.0
Trade and other receivables	116.9	96.6	110.9
Trade payables and accruals	79.2	59.1	66.4
Derivative liabilities	0.7	1.1	1.4
Loans and borrowings	101.5	95.4	108.0
Net cash/(debt)	(74.4)	(48.9)	(51.7)
Shareholders' fund	189.4	192.0	194.2

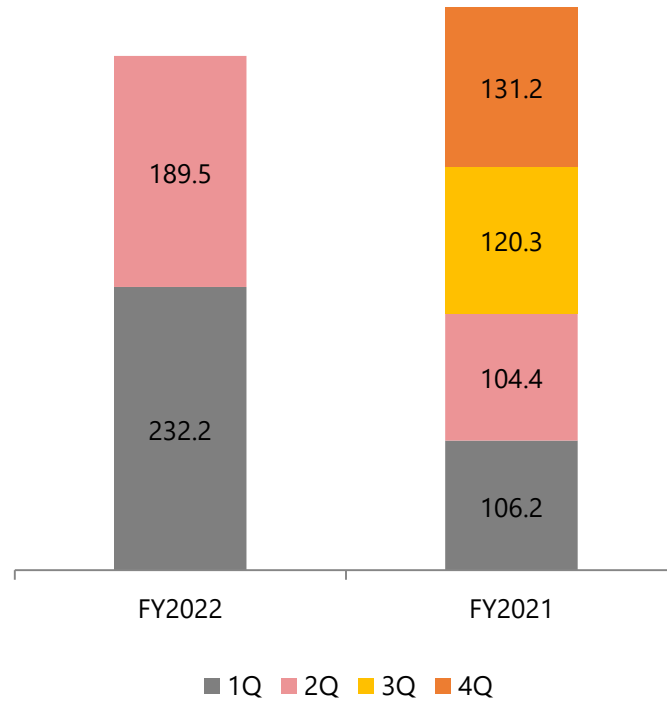
Group Cash Flow Statement

\$ million	1H2022	1H2021
As at beginning of the period	45.5	49.4
Cash flow from operations	8.1	15.1
Interest and tax	(4.1)	(4.4)
Capital expenditure (net)	(9.3)	(5.4)
Acquisitions	(8.3)	(6.0)
Release of restricted cash	-	2.5
Proceeds of borrowings, net	5.4	15.9
Payment of lease liabilities	(3.3)	(3.0)
Purchase of treasury shares	-	(1.4)
Dividends	(7.7)	(7.7)
Net effect of FX on cash	(0.1)	0.4
Cash and bank balances at end of the financial period	26.2	55.7
Cash and bank balances comprise of:-		
Cash and cash equivalents	26.2	55.7
Restricted cash	0.9	0.6
	27.1	56.3

1H2022 Order Intake/Book By Geographical Segments

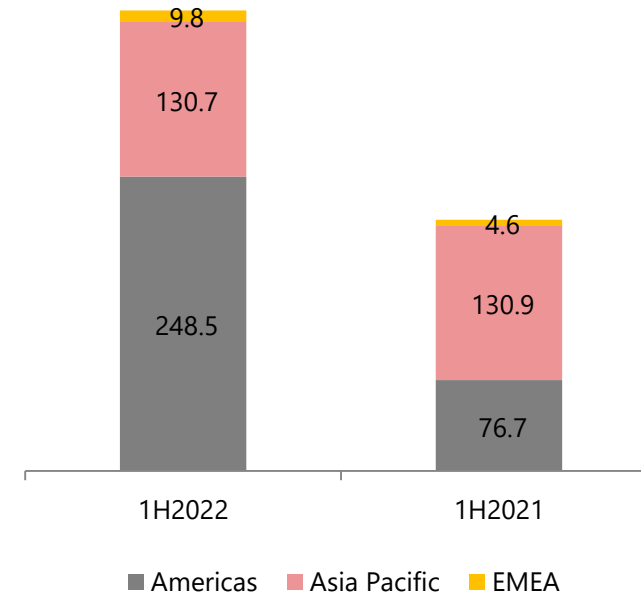
Order Intake from Continuing Operations

\$421.7m \$462.1m



Order Book from Continuing Operations

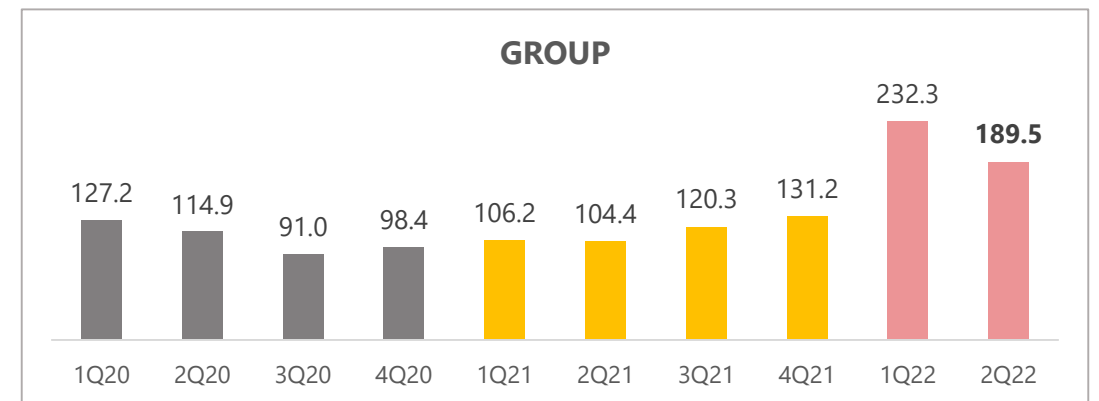
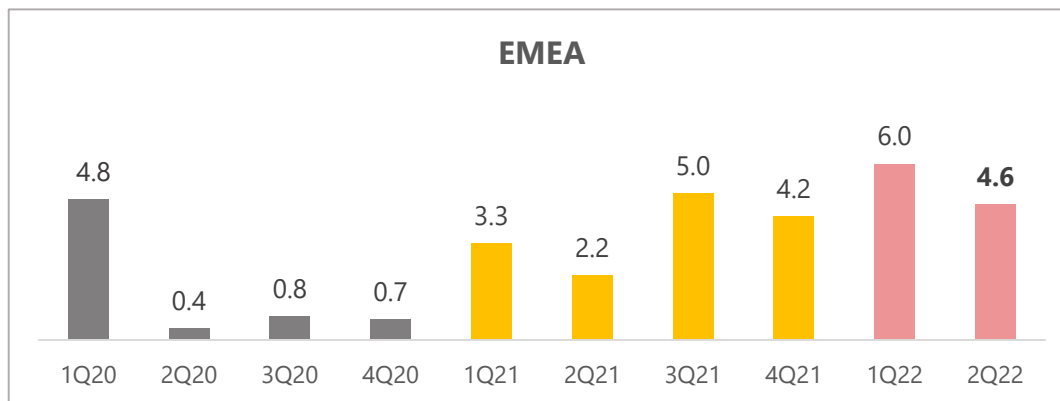
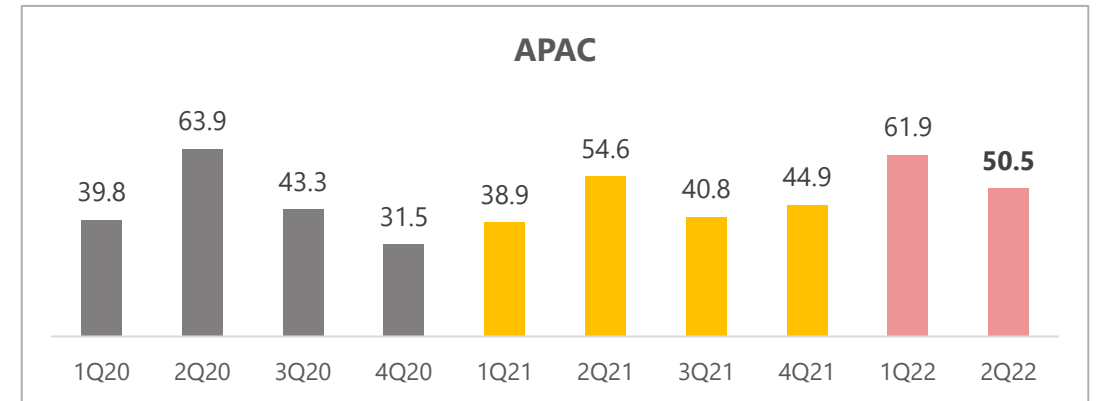
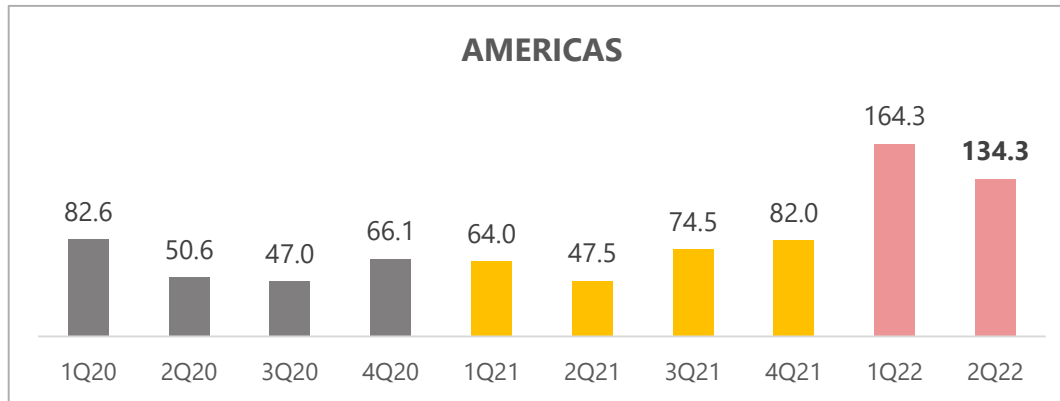
\$388.9m \$212.1m



Quarterly Order Intake Trends

By Geography

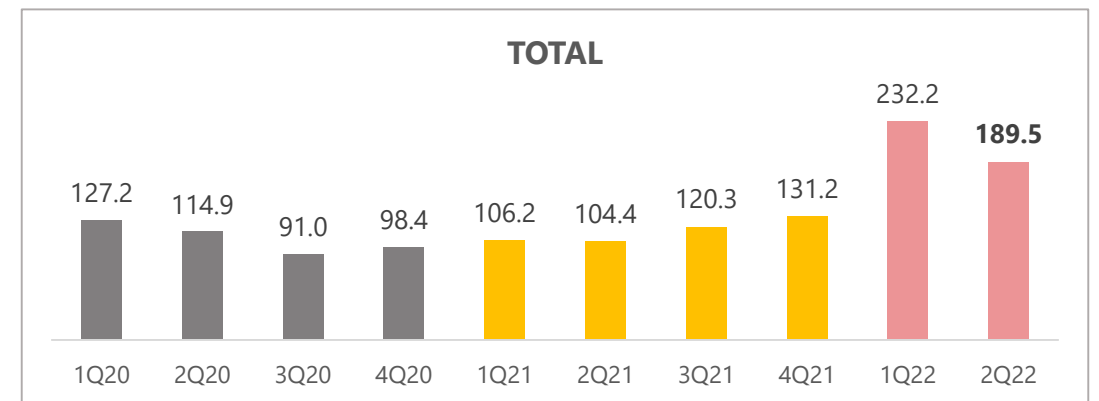
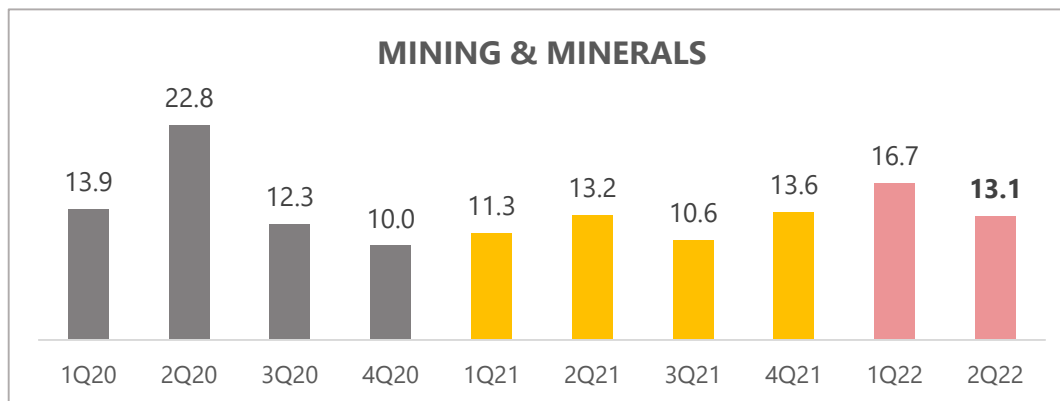
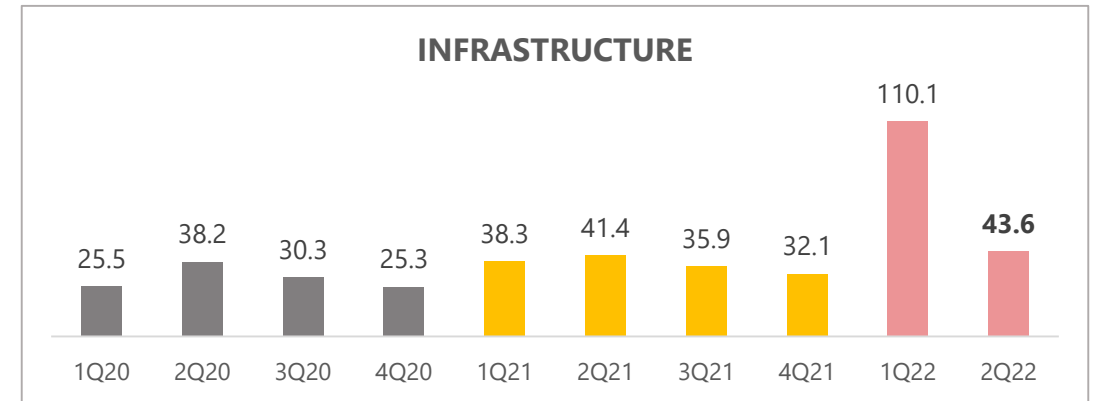
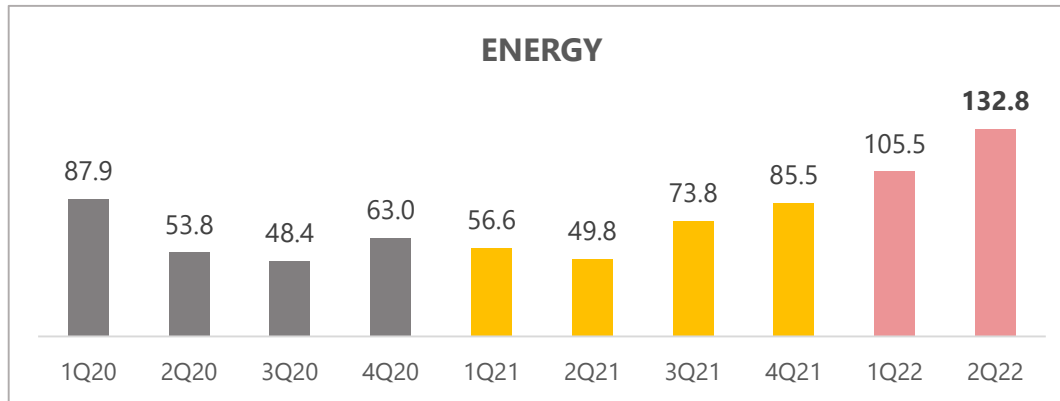
(\$ million)



Quarterly Order Intake Trends

By Industry

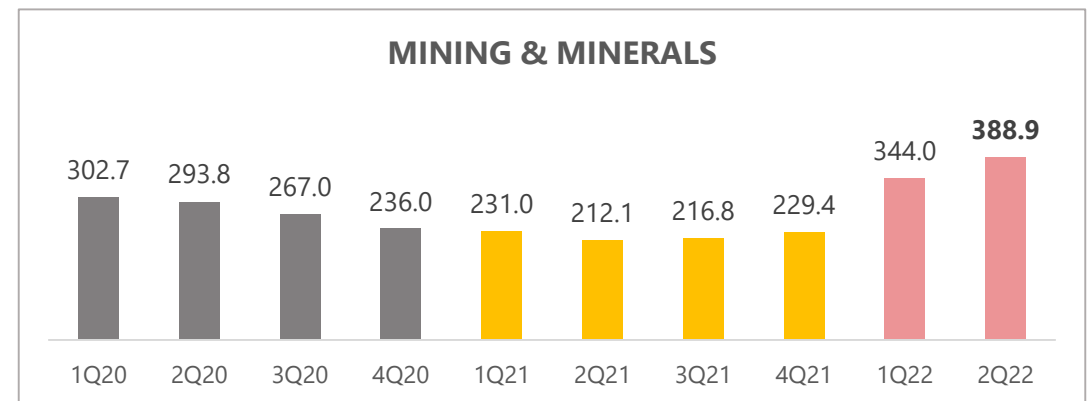
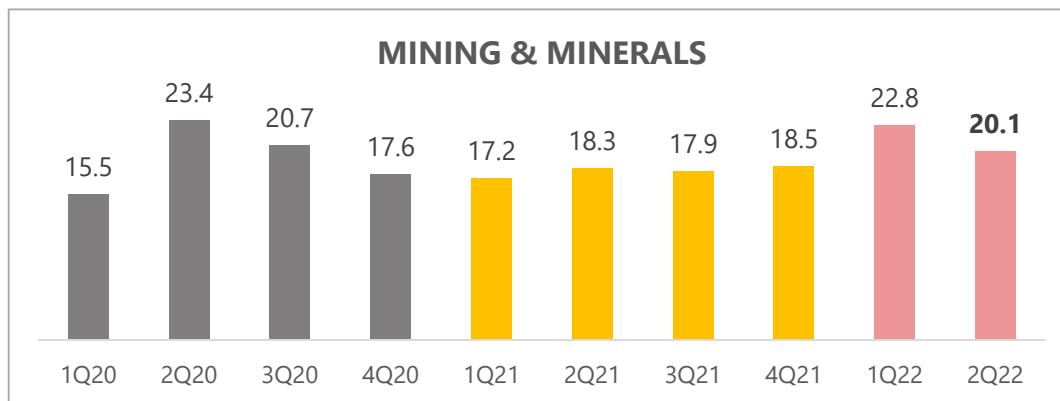
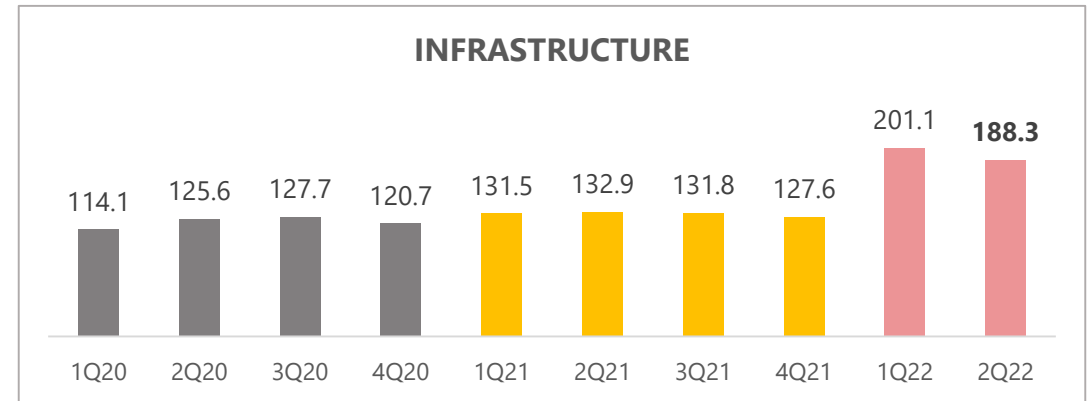
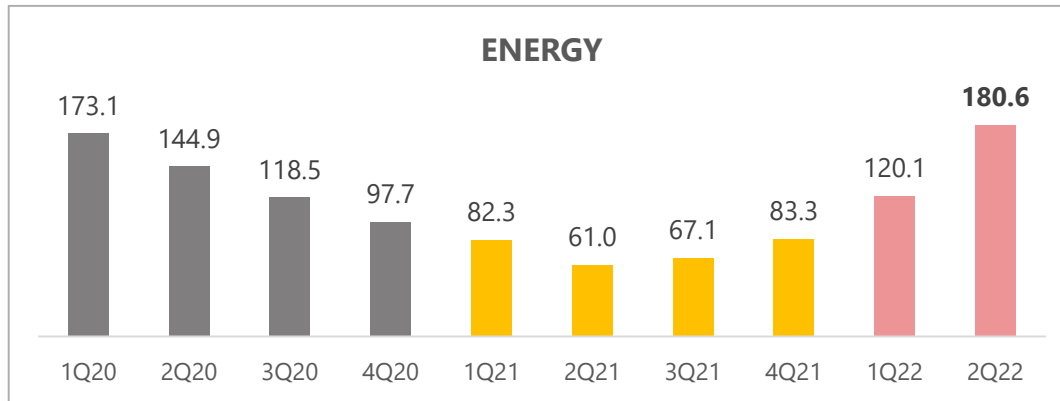
(\$ million)



Quarterly Order Book Trends

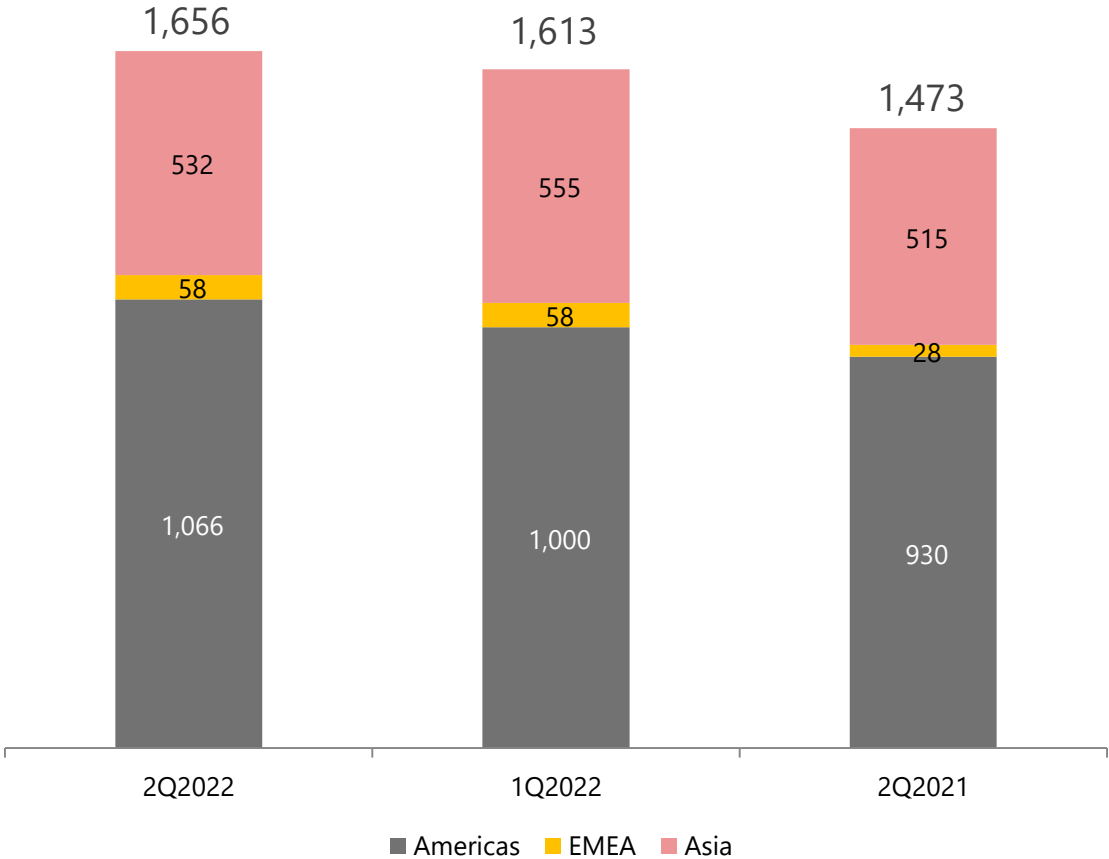
By Industry

(\$ million)



Human Resources Allocation

No. of headcount





CSE Global

Q&A