

## **Press Release – First Quarter 2016 Results**

# **CSE records revenues of S\$84.2m in 1Q16, generates strong operating cashflow of S\$19.7m**

### **Key Highlights:**

- **Revenue declined by 16.5% to S\$84.2 million but gross margins stable**
- **Strong operating cashflow generation of S\$19.7m in 1Q16**
- **Net cash position strengthened to S\$57.3m at end of 1Q16**
- **Resilient order intake of S\$74.9m**
- **Order book stood at S\$179.6m**

**Singapore, 10 May 2016 – CSE Global Limited** (“CSE” or the “Group”) announced today its financial results for the three months ended 31 March 2016 (“1Q16”). The Group recorded net profit after tax and non-controlling interests from continuing operations of S\$5.5 million, on the back of revenue of S\$84.2 million, amid the difficult business and operating environment.

In line with the oil and gas sector downturn, revenue and gross profit for 1Q16 declined by 16.5% and 16.2% respectively from the same corresponding period a year ago. The lower revenues in 1Q16 were mainly driven by lower revenues achieved in the Asia-Pacific and the Americas regions. Gross margins remained relatively stable at 28.6%, however, in line with revenue, gross profit also decreased to S\$24.1 million.

Operating expenses were 6.4% lower at S\$17.8 million in 1Q16, mainly due to the inclusion of transaction expenses relating to new acquisitions of S\$0.6 million and expenses of newly acquired businesses of S\$1.2 million. On a normalised basis, operating expenses in 1Q16 would have decreased by 15.8% year-on-year, reflecting rigorous efforts on cost management and improved operational efficiency.

Profit after tax and non-controlling interest from continuing operations decreased by 20.9% year-on-year to S\$5.5 million in 1Q16. Excluding the transaction expenses relating to new acquisitions, profit after tax and non-controlling interest from continuing operations would have been S\$6.1 million in 1Q16, a 11.9% decrease year-on-year.

The basic earnings per ordinary share was 1.07 cents in 1Q16 as compared to the basic earnings per ordinary share in 1Q15 of 1.47 cents.

In 1Q16, the Group generated a strong positive operating cashflow of S\$19.7 million, due to the achievement of project delivery milestones for several projects, which led to higher billings and collections. During the quarter, the Group also acquired the businesses and assets of CC America and Mobile Masters for a combined consideration of S\$10.4 million. The Group ended the quarter with a net cash position of S\$57.3 million, higher than S\$54.2 million as at 31 December 2015.



In 1Q16, the Group continues to receive orders from greenfield and brownfield projects, totalling S\$74.9 million. As at 31 March 2016, order book stood at S\$179.6 million.

Mr Lim Boon Kheng, Group MD of CSE, said, “Despite challenging operating conditions in the past year, our resilient business model has enabled us to deliver a set of respectable financial results and a strong positive operating cashflow. The Group has implemented cost control measures which has resulted in a 16% year-on-year reduction in the Group’s overhead base and we will continue to be vigilant in managing cost and working capital.”

On the outlook, Mr Lim added, “Despite the sluggish outlook, there are opportunities available in the oil and gas sector which the Group will continue to secure more greenfield and brownfield orders. Additionally, CSE is confident that it is in a strong position to leverage its core engineering capabilities to win orders in the non-oil and gas sector, specifically in the infrastructure sector in FY2016. For FY2016, CSE will be in a net cash position and deliver a positive operating cashflow and profits. CSE will continue to explore acquisition opportunities to support its long term sustainable growth objectives.”

###end of release###

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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 1,100 employees worldwide, and operates a network of 36 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.

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