

Press Release – 3rd Quarter/9 Months 2017 Results

CSE reports lower profits in 3Q17

Key Highlights:

- **Order intake grew by 22.1% to S\$86.4m in 3Q17**
- **Revenue registered 5.7% year-on-year growth in 3Q17**
- **Net profit declined by 25.3% in 3Q17, affected by lower gross margins**
- **Generates positive cashflow from operations of S\$6.2m for 3Q17**

Singapore, 8 November 2017 – CSE Global Limited (“CSE” or the “Group”) announced today its financial results for the quarter and 9 months ended 30 September 2017. The Group reported a net profit in the third quarter (“3Q17”) of S\$3.0 million, on the back of revenue of S\$85.6 million, amid the difficult business and operating environment. Revenue and net loss for the first 9 months of 2017 (“9M17”) were reported at S\$245.6 million and S\$7.8 million respectively.

Revenues grew by 5.7% in 3Q17 compared with 3Q16, mainly attributed to 38.6% growth in Americas region, particularly in the oil and gas sector. Gross profit, however, were 8.8% lower at \$21.5 million mainly due to lower gross margins from the oil and gas sector, resulting in group gross margins decreasing from 29.1% in 3Q16 to 25.1% in 3Q17.

Operating expenses were 13.4% higher at S\$20.2 million in 3Q17 as compared to 3Q16 at S\$17.8 million, mainly due to higher doubtful debts provision of S\$2.0 million in 3Q17.

Consequently, profit after tax attributable to equity owners of the Company in 3Q17 declined by 25.3% year-on-year to S\$3.0 million.

During the quarter, the Group continues to secure new orders from greenfield (new installations) projects and brownfield (maintenance, upgrade and enhancement of existing installations) projects totalling S\$86.4 million, an increase of 22.1% year-on-year, mainly due to higher flow orders. As at end of 3Q17, outstanding orders stood at S\$207.6 million as compared to S\$207.9 million as at end of 2Q17.

In 3Q17, the Group generated cash inflow from operations of S\$6.2 million, after funding of working capital for large greenfield projects secured in the Americas region earlier in the year. For 9M17, the Group generated a cash inflow from operations of S\$0.5 million. The Group ended the period with a net cash position of S\$20.6 million, after deducting for acquisition costs of S\$8.2 million, dividend payments of S\$14.2 million and the exceptional settlement of S\$16.6 million.



Commenting on the Group's 3Q17 and 9M17 performance, Mr Lim Boon Kheng, Group MD of CSE, said, "Despite the current challenging operating conditions, we continue to report operating profits for 3Q17 and 9M17. I am encouraged by the continual strong order intake numbers for our flow business in 3Q17, which enable the Group to close the 3rd quarter with an order book of S\$207.6 million."

On the outlook, Mr Lim added, "Given the current economic and the oil and gas industry conditions, CSE expects to report weaker operating performance for the next quarter. We are reviewing the collectability of our accounts receivables as well as undertaking a financial review of our business units for the purpose of assessing the fair values of our investments. Consequently, we expect to report a loss for FY2017 but will 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.

###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 1,000 employees worldwide, and operates a network of 39 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.

For more information, please log onto: <http://www.cse-global.com>