



CSE Global

FY2021 Results Briefing

28 February 2022

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Today's Agenda

1

Business Updates

Mr Lim Boon Kheng, Group CEO

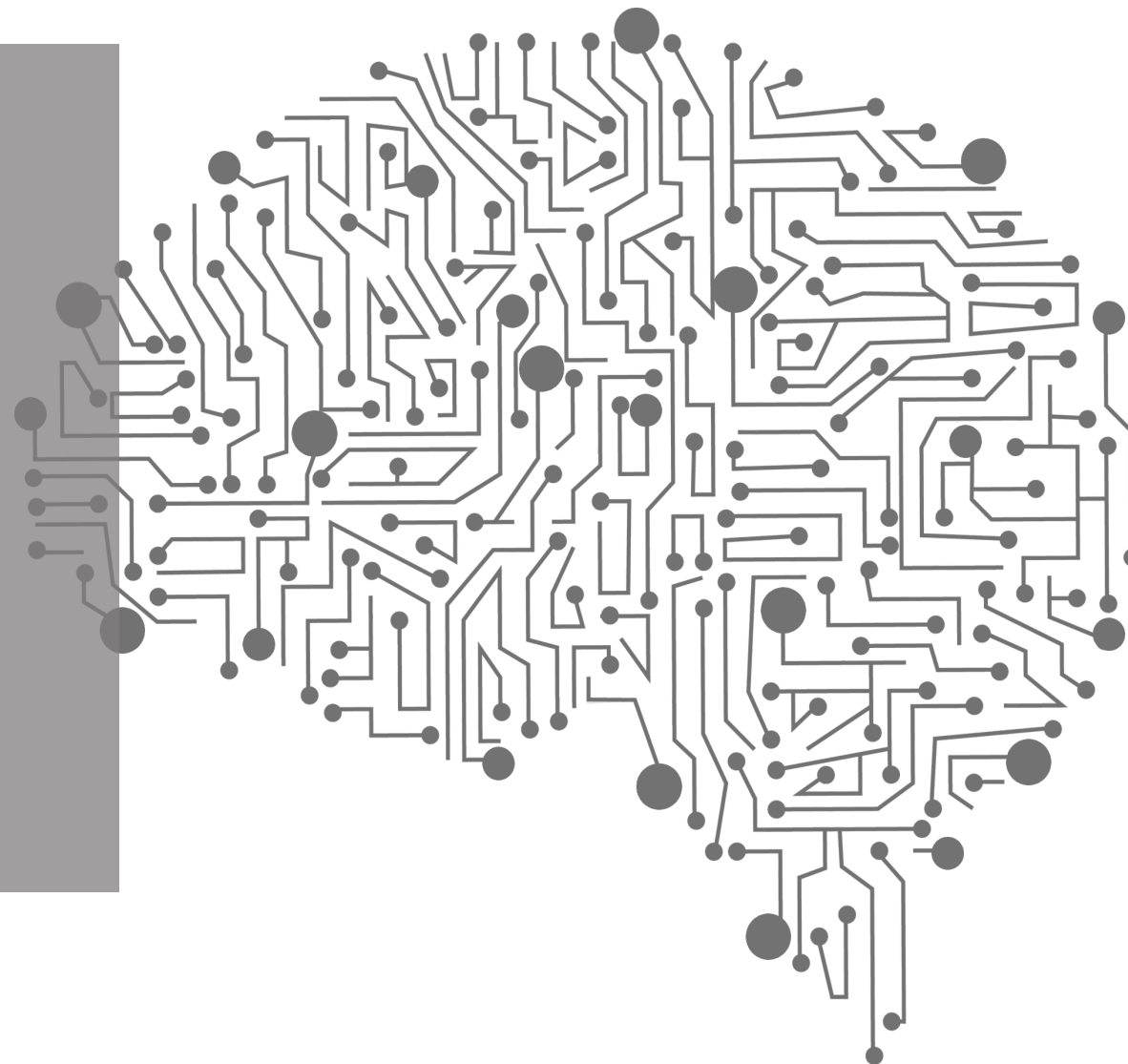
2

FY2021 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

>1,400
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
- 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



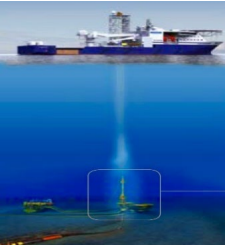
▪ FEED & Concept Studies



▪ Assembly & Development



▪ Commissioning & Maintenance



Business Updates

1

General Sentiments

- Covid-19 continues to cause disruptions to business
- Borders are mostly closed, with some states in lockdown
- Continue to face order delays, equipment deliveries and productivity issues
- 2H21 – a difficult 6 months

FY2021 Highlights:

- A resilient performance amidst uncertainty, healthy pipeline of orders with opportunities in Infrastructure
- Gross margins are stable
- Robust order intake of S\$462.1 million
- Order intake for Infrastructure sector grew by 23.8% to S\$147.7m
- Positive operating cash flow of S\$36.3 million
- Higher selling & distribution and quoting costs
- Unabsorbed labour costs as we keep our technical workforce

2

Segmental Performance

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

1. Energy

- Lower large project bookings and slower activities in time and material jobs
- Lower labour utilization
- Continues to see opportunities in this sector
- Actively pursuing opportunities and acquisitions in renewables and related infrastructure

2. Infrastructure

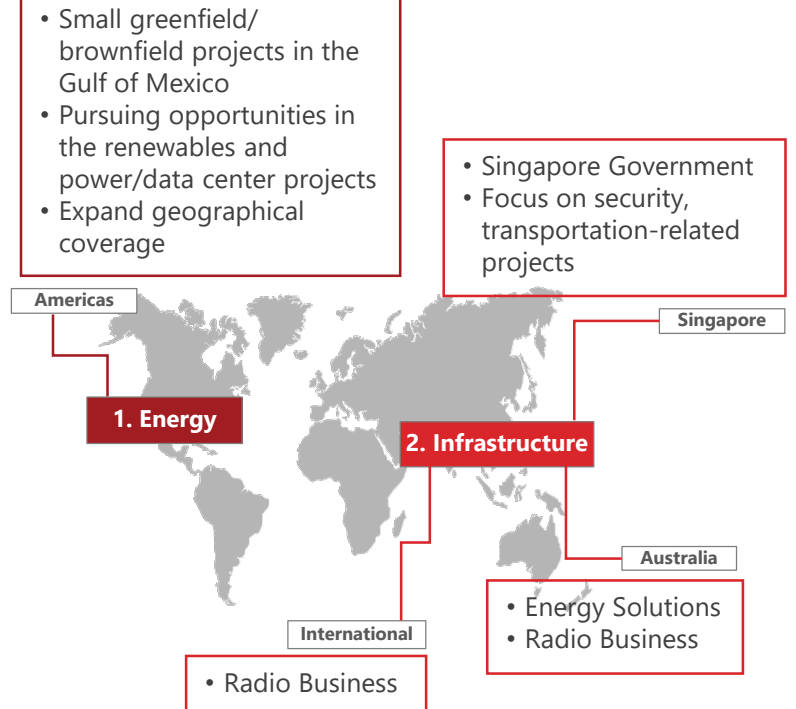
- Strengthening communications business in ANZ/UK and new regions through acquisitions
- Engaging more with the Singapore Government

3. Mining & Minerals

- Stable stream of flow projects

3

Key Strategies



Business Updates (cont'd)

4 Energy Prices

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

5 COVID-19 Updates

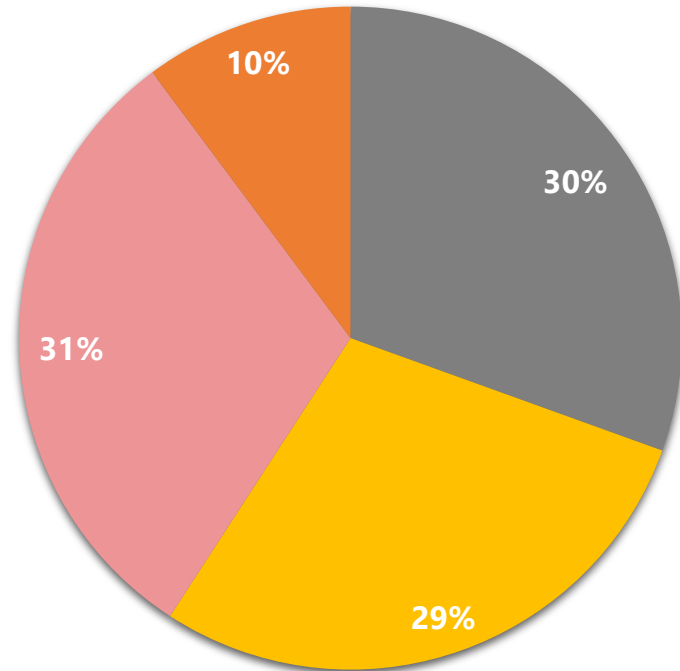
- Most operations are deemed essential services
- Hybrid workforce to support customers effectively
- Workforce mostly local, few migrant workers, limiting possible exposure from across borders
- Travel restrictions negatively impacted sales efforts, limiting on-the-ground support for projects in markets with little to no physical presence
- No material collectibility issues
- Future remains unknown as pandemic is evolving

6 Acquisition Strategy

- Acquisition remains a key growth strategy
- Large acquisitions for inroads into new markets/capabilities (to be driven by HQ)
- Small bolt on acquisitions for in-country expansions (to be driven by BU)
- Will acquire within means, whenever suitable opportunities arise
 - No high gearing

FY2021 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

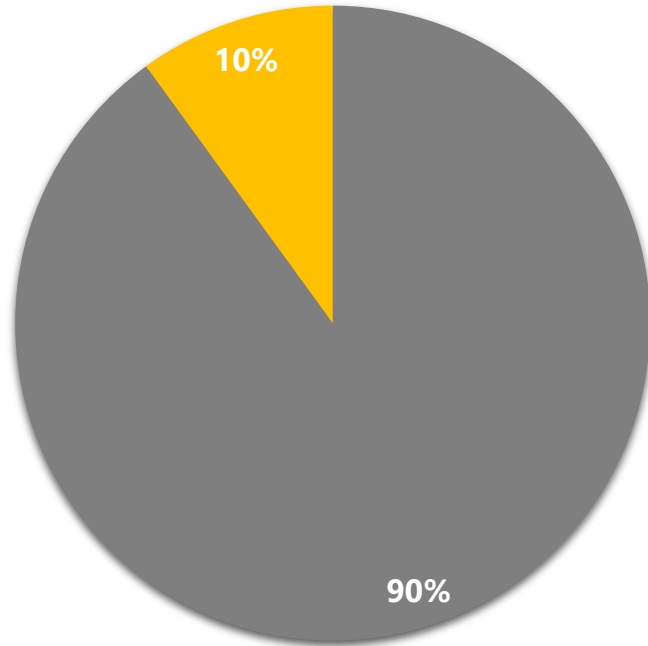
S\$ million	FY2021	FY2020	YoY%
Energy - Onshore	143.0	163.7	-12.6%
Energy - Offshore	134.3	177.5	-24.3%
Infrastructure	143.6	106.9	34.2%
Mining & Minerals	47.8	54.7	-12.6%
Total	468.7	502.8	-6.8%

Australia communications revenue:

- FY2021 A\$89.1 million
- FY2020 A\$87.0 million

Infrastructure: Power, Water, Waste Treatment & Transportation

FY2021 Revenue Breakdown By Projects



■ Flow Business ■ Large Greenfield Projects

S\$ million	FY2021	FY2020	YoY%
Flow Business*	420.9	407.9	3.2%
Large Greenfield Projects	47.8	94.9	-49.6%
Total	468.7	502.8	-6.8%
Flow Business %	90%	81%	

*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

- Proposes final dividend of 1.5 cents per share to be approved by shareholders at AGM on 20 April 2022.

Singapore cents per share	FY2019	FY2020	FY2021
Final Dividends	1.5	1.5	1.5
Payment Date	18 May 2022		
Book Closure	6 May 2022		

Outlook

- The current COVID-19 pandemic and global economic outlook which is impacted by supply chain disruptions and travel restrictions continue to present uncertainties in the markets we operate.
- Our customers in the Energy sector remain focused on their capital spending discipline that led to fewer large greenfield projects in the last quarter and foreseeably in the coming months, which together with the higher operating and sales costs, will continue to weigh on the financial performance in the Americas region in 1H2022 but expect to improve in 2H2022.
- The recent surge in oil prices caused in part by the current situation in Ukraine will present additional opportunities for our Americas operations as our customers are likely to increase their investments. This remains uncertain at the moment and we will pursue these opportunities when they arise.
- 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 digitalization and enhancements in physical and cyber security.
- CSE has announced on 28 February 2022 that it has secured S\$78.1m of large projects in the first two months of 2022.
- Consequently, CSE remains confident to achieve a better financial performance in 2022.

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

FY2021 Financial Performance

Mr Eddie Foo,
Group CFO

Financial Snapshot

2H2021	
-5.3%	Revenue of S\$234.2 million
+0.3pp	Gross margins of 28.1%
-35.6%	EBITDA of S\$19.2million
-61.8%	Net profit of S\$4.9 million
-62.1%	EPS of 0.96 Singapore cents
+32.8%	Order Intake of S\$251.5 million
-8.4pp	Annualised ROE of 5.1%

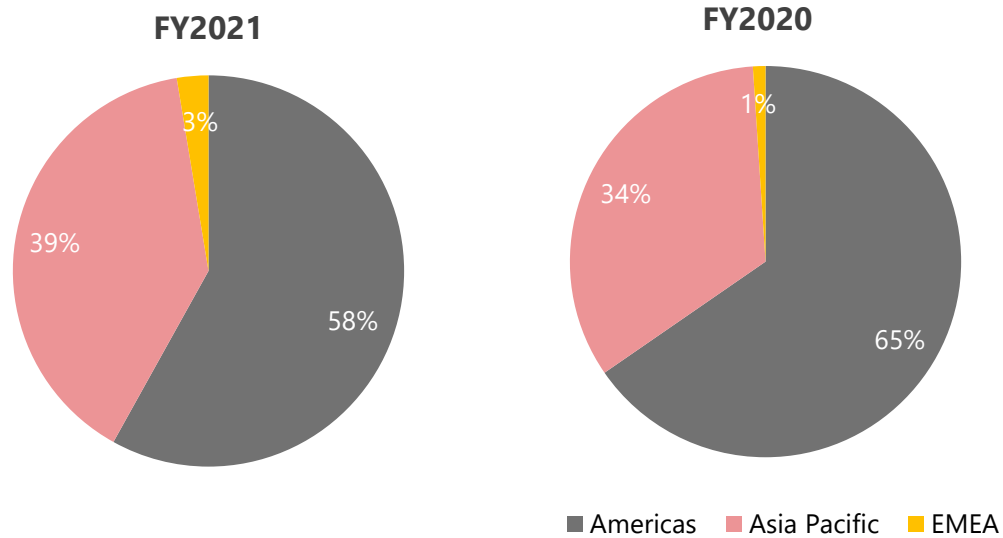
FY2021	
-6.8%	Revenue of S\$468.7 million
-0.1pp	Gross margins of 29.0%
-26.8%	EBITDA of S\$42.8 million
-46.4%	Net profit of S\$15.0 million
-46.6%	EPS of 2.93 Singapore cents
+7.1%	Order Intake of S\$462.1 million
-6.8pp	Annualised ROE of 7.8%

Summary of Financials

S\$ million	2H2021	2H2020	Change	FY2021	FY2020	Change
Revenue	234.2	247.2	-5.3%	468.7	502.8	-6.8%
Gross profit	65.9	68.8	-4.2%	135.9	146.2	-7.1%
Operating expenses	58.1	47.9	21.4%	115.7	109.4	5.8%
EBITDA	19.2	29.8	-35.6%	42.8	58.4	-26.8%
Net profit attributable to equity owners of company	4.9	12.9	-61.8%	15.0	28.0	-46.4%
Gross profit margin (%)	28.1%	27.8%	+0.3pp	29.0%	29.1%	-0.1pp
EBITDA margin (%)	8.2%	12.1%	-3.9pp	9.1%	11.6%	-2.5pp
Net margin (%)	2.1%	5.2%	-3.1pp	3.2%	5.6%	-2.4pp
Operating cash flow from operations	21.2	14.5	45.9%	36.3	48.5	-25.1%
Net cash/(debt)	(48.9)	(39.0)	25.4%	(48.9)	(39.0)	25.4%
Order intake - continuing operations	251.5	189.4	32.8%	462.1	431.5	7.1%
Order book - continuing operations	229.4	236.0	-2.8%	229.4	236.0	-2.8%
ROE (annualised)	5.1%	13.5%	-8.4pp	7.8%	14.6%	-6.8pp

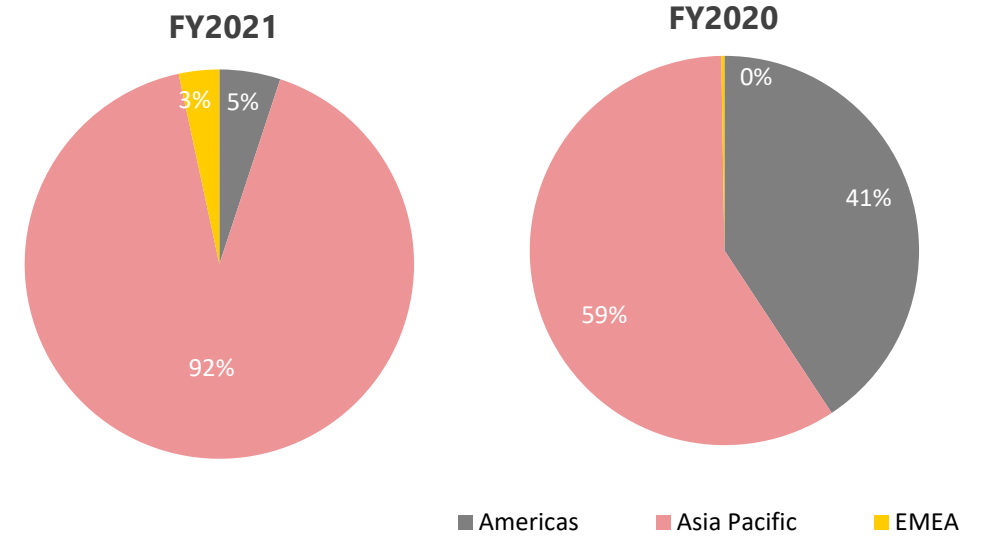
Breakdown By Geography

REVENUE



\$ million	FY2021	FY2020	YoY%
Americas	272.2	328.7	-17.2%
Asia Pacific	184.3	168.8	9.1%
EMEA	12.2	5.2	132.5%
Total	468.7	502.8	-6.8%

EBIT

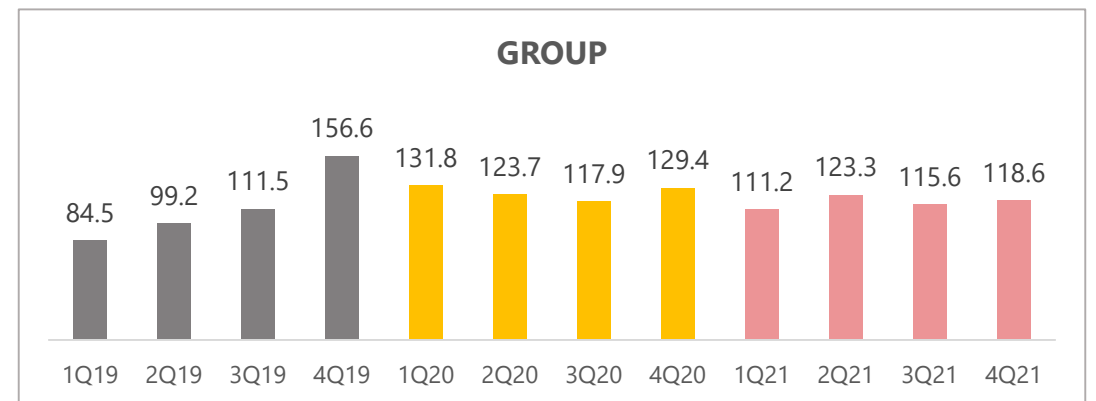
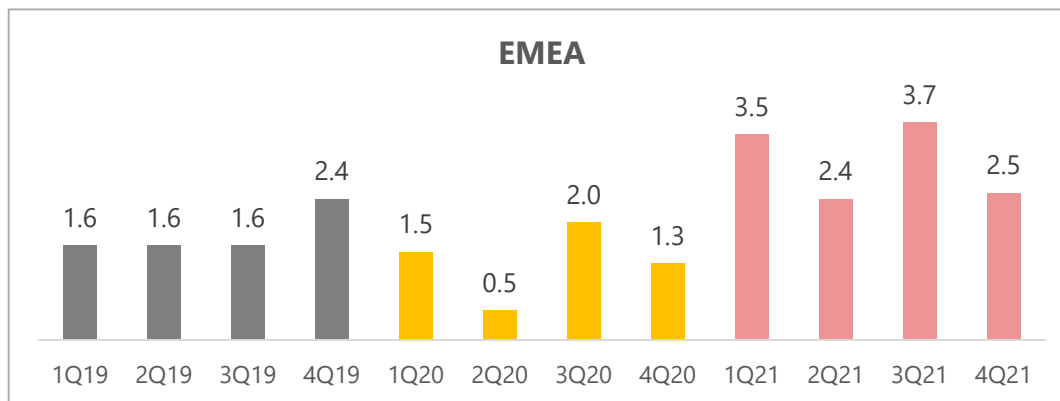
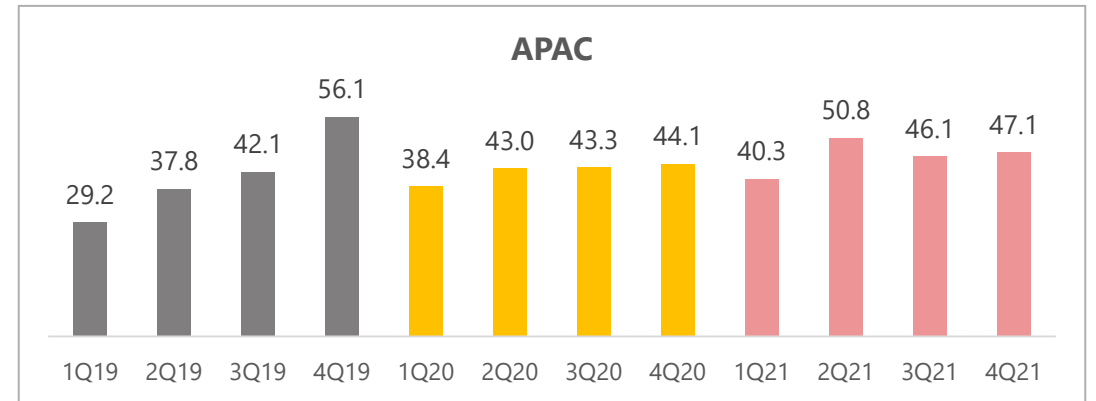
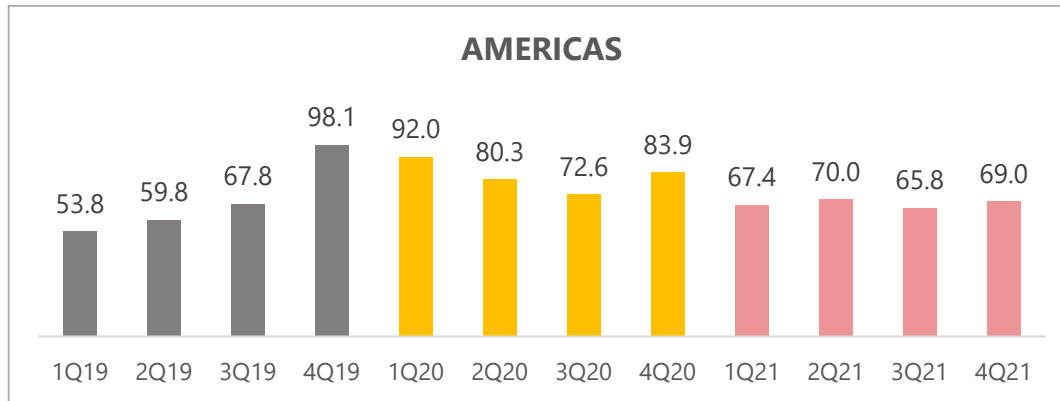


\$ million	FY2021	FY2020	YoY%
Americas	1.1	16.0	-93.0%
Asia Pacific	20.4	23.2	-12.0%
EMEA	0.7	0.1	653.5%
Total	22.3	39.3	-43.3%

Quarterly Revenue Trends

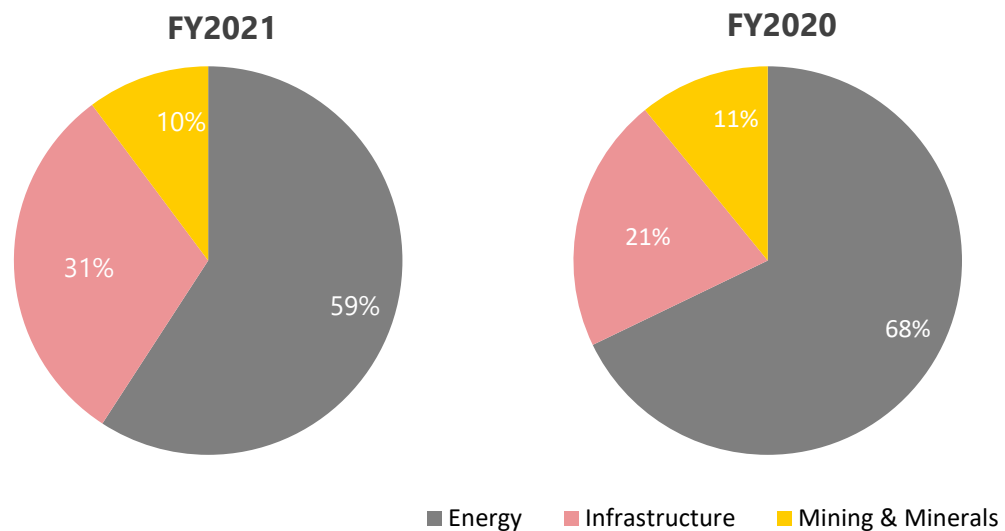
By Geography, Q-o-Q

(\$ million)



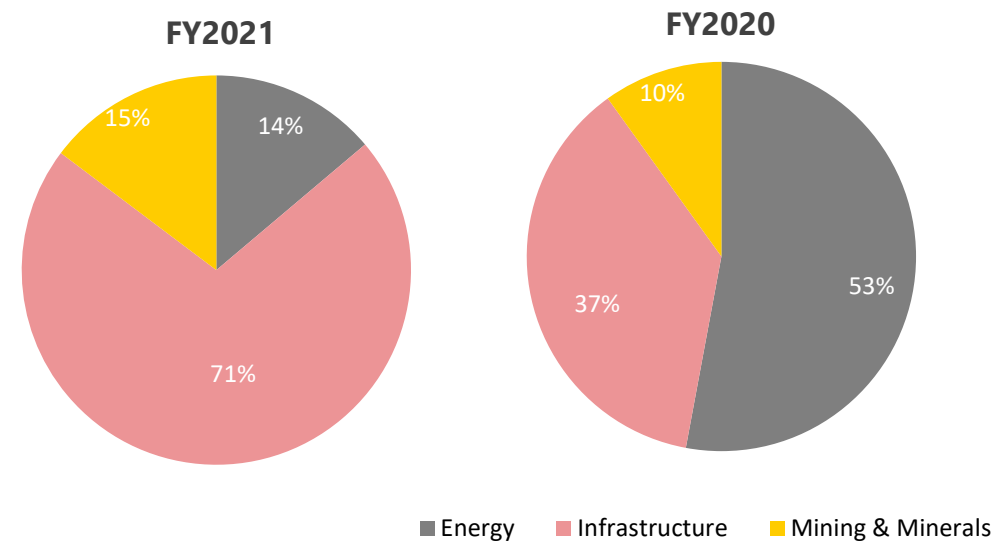
Breakdown By Industry

REVENUE



S\$ million	FY2021	FY2020	YoY %
Energy	277.3	341.1	-18.7%
Infrastructure	143.6	106.9	34.2%
Mining & Minerals	47.8	54.7	-12.6%
Total	468.7	502.8	-6.8%

EBIT

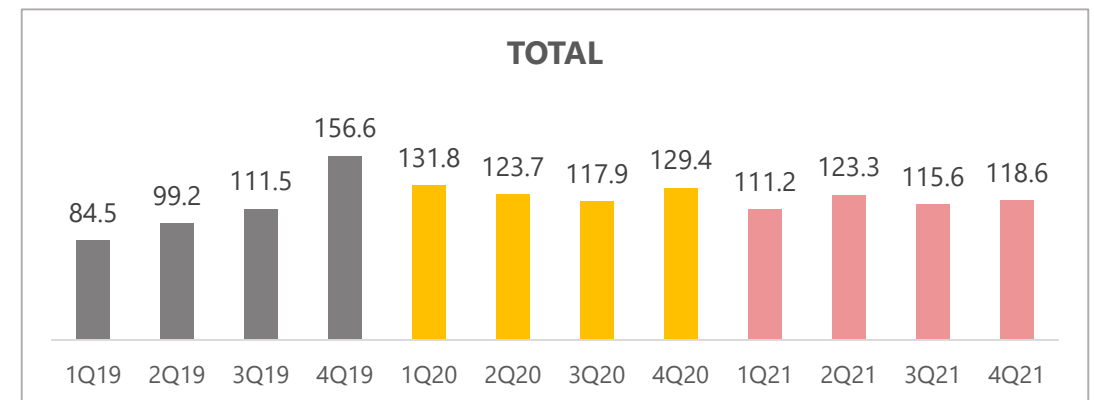
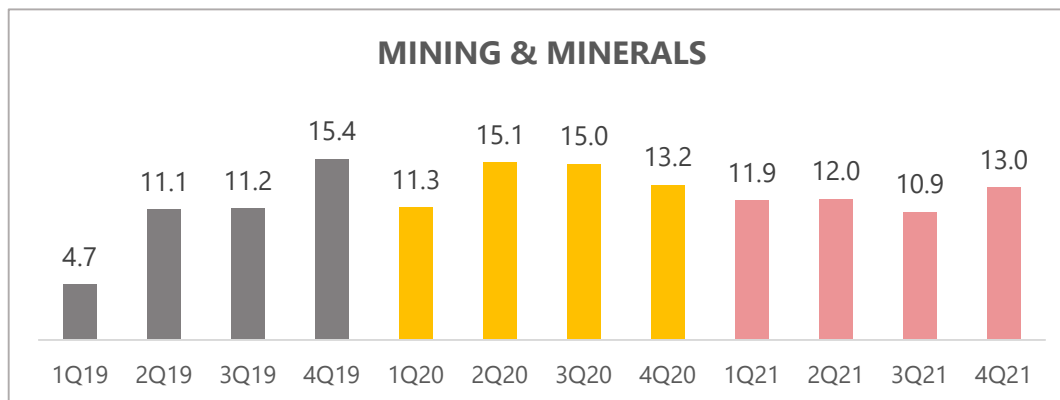
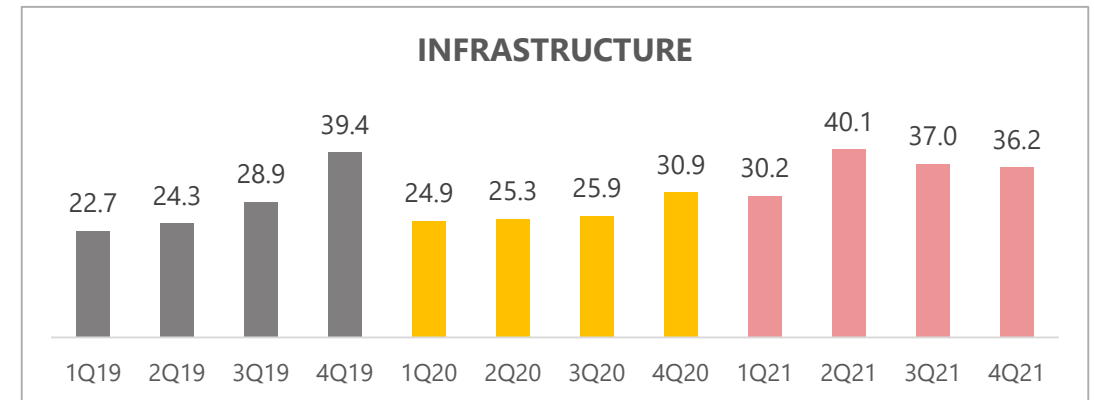
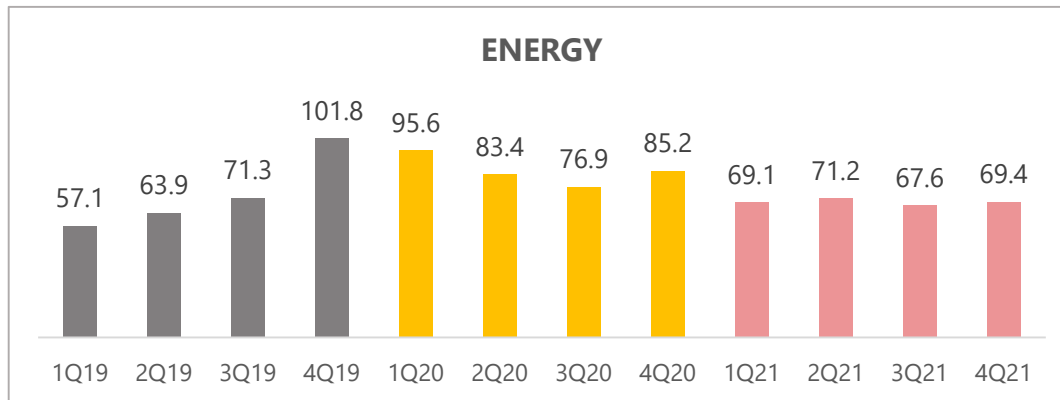


S\$ million	FY2021	FY2020	YoY%
Energy	3.1	20.8	-85.2%
Infrastructure	16.0	14.6	9.1%
Mining & Minerals	3.3	3.9	-15.7%
Total	22.3	39.3	-43.3%

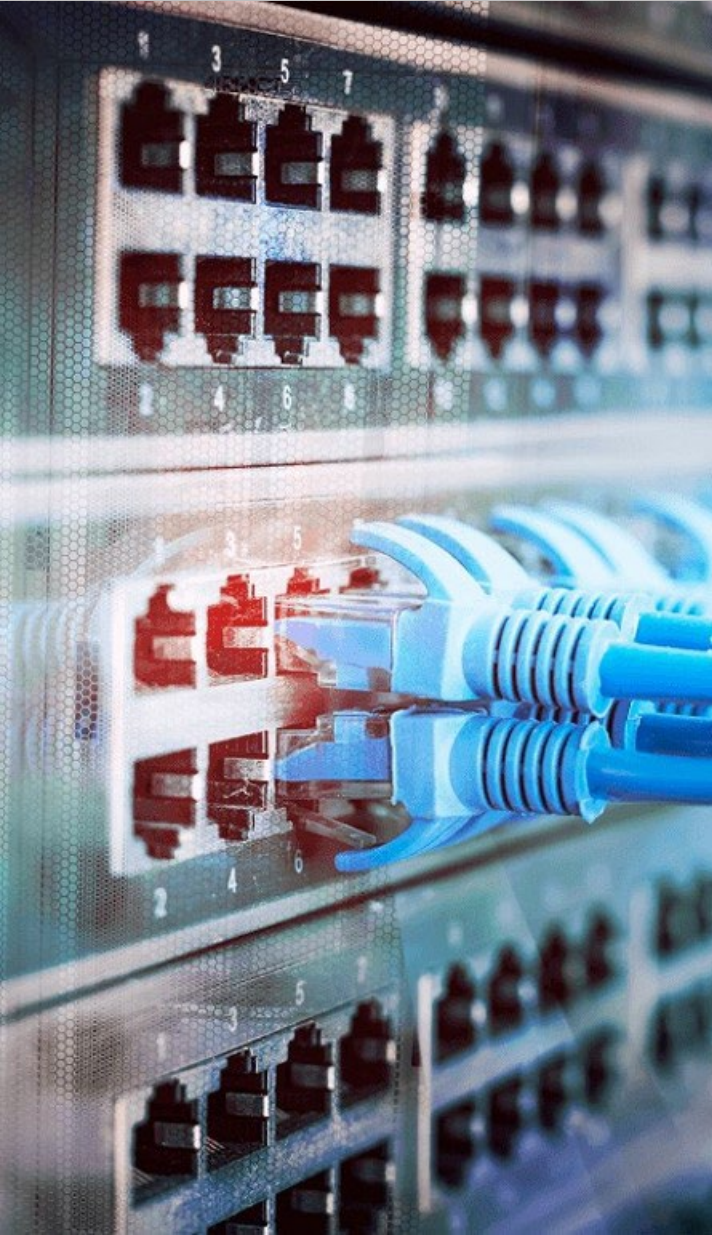
Quarterly Revenue Trends

By Industry

(\$ million)



Financial Position & Cash Flow



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

S\$36.3 million in FY2021 vs S\$48.5 million in FY2020

Net cash/(debt)

S\$(48.9) million as at 31 December 2021 vs (S\$39.0) million at 31 December 2020

**Equity attributable to
owners of the
Company**

S\$192.0 million at 31 December 2021 vs
S\$191.8 million at 31 December 2020

NAV per share

37.48 cents at 31 December 2021 vs
37.52 cents at 31 December 2020

Group Balance Sheet

\$ million	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20
PPE	62.0	64.4	63.6	62.8	61.6
Right-to-use assets	21.6	21.5	23.1	22.3	23.2
Intangible Assets	58.5	59.2	58.6	57.1	57.5
Cash at Hand & Bank	46.5	46.4	56.3	72.9	52.5
Contract Assets (Net)	53.3	50.4	47.6	47.8	45.6
Inventories	29.3	27.4	29.0	27.6	26.1
Trade and Other Receivables	96.6	97.9	110.9	90.8	108.8
Trade Payables and Accruals	59.1	52.4	66.4	54.8	68.1
Derivative liabilities	1.1	1.2	1.4	1.4	2.2
Loans and borrowings	95.4	106.4	108.0	110.2	91.5
Net Cash/(Debt)	(48.9)	(60.0)	(51.7)	(37.3)	(39.0)
Shareholders' Fund	192.0	190.6	194.2	196.6	191.8

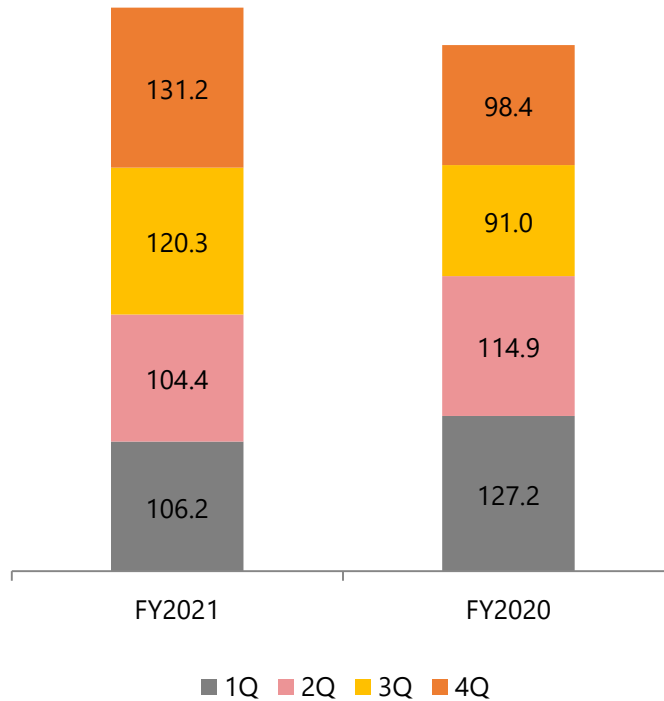
Group Cash Flow Statement

S\$ million	2H2021	2H2020	FY2021	FY2020
As at beginning of the period	55.7	59.6	49.4	50.7
Cash Flow from Operations	21.2	14.5	36.3	48.5
Interest and tax	(2.5)	(6.2)	(6.9)	(8.4)
Capital Expenditure (Net)	(4.2)	(4.4)	(9.6)	(10.3)
Acquisitions	(2.1)	(4.2)	(8.1)	(4.2)
(Restricted cash from acquisition of subsidiary)/release of restricted cash	(0.4)	4.9	2.2	4.9
(Repayment)/proceeds of borrowings, net	(12.6)	3.0	3.3	(11.4)
Payment of lease liabilities	(2.9)	(3.0)	(5.8)	(6.6)
Purchase of treasury shares	-	-	(1.4)	-
Dividends	(6.4)	(14.1)	(14.1)	(14.1)
Net effect of FX on cash	(0.2)	(0.8)	0.2	0.4
Cash and bank balances at end of the financial period	45.5	49.4	45.5	49.4
Cash and bank balances comprise of:-				
Cash and cash equivalents	45.5	49.4	45.5	49.4
Restricted cash	1.0	3.1	1.0	3.1
	46.5	52.5	46.5	52.5

FY2021 Order Intake/Book By Geographical Segments

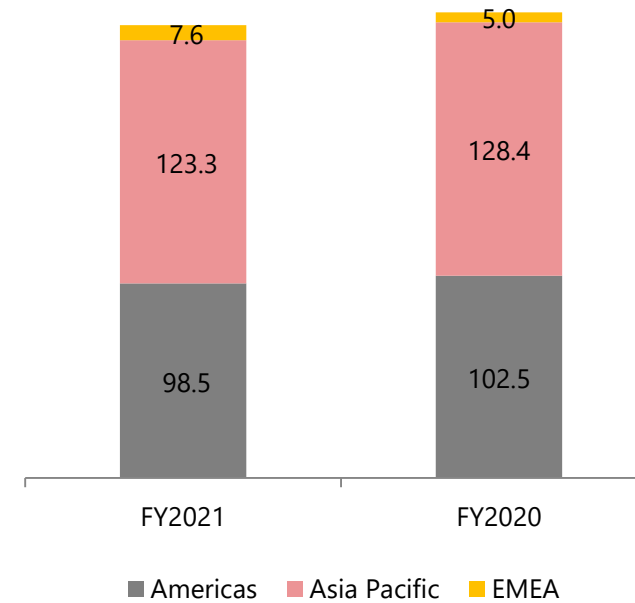
Order Intake from Continuing Operations

\$462.1m \$431.5m



Order Book from Continuing Operations

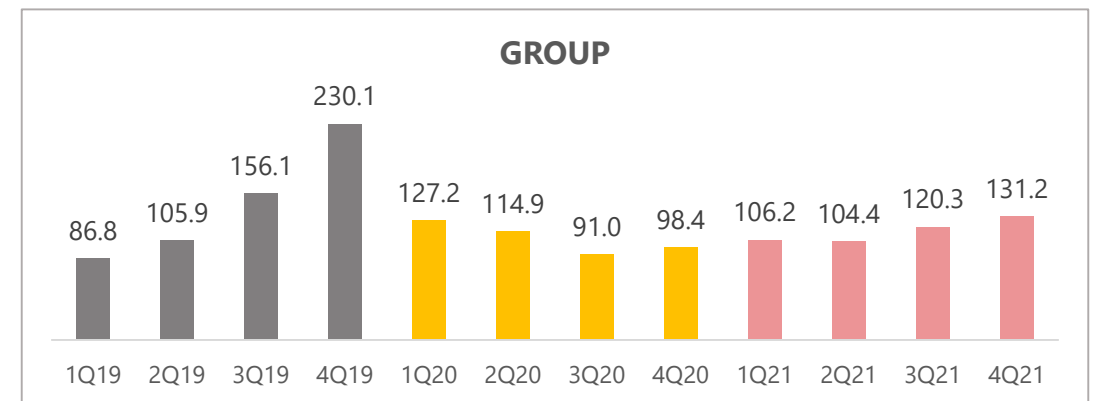
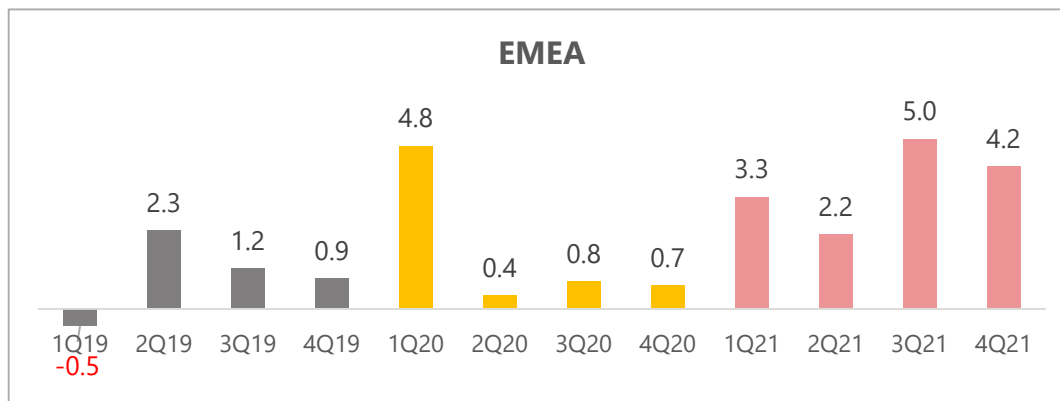
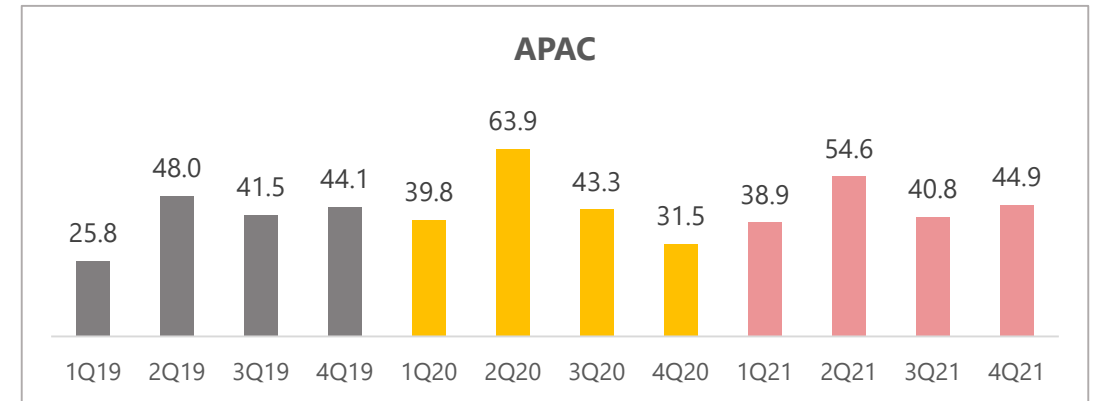
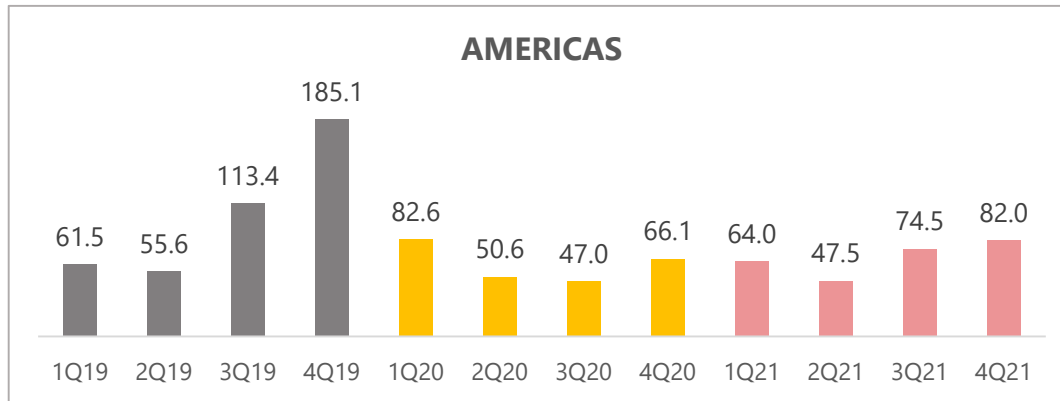
\$229.4m \$236.0m



Quarterly Order Intake Trends

By Geography

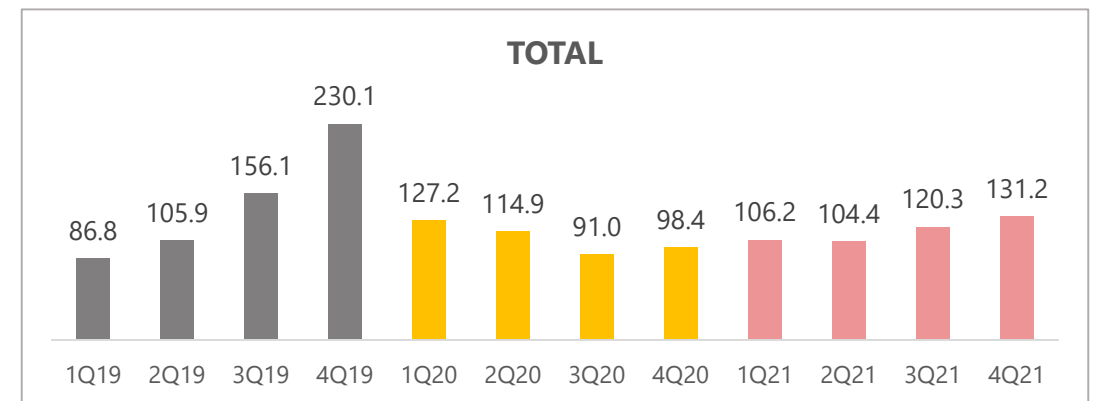
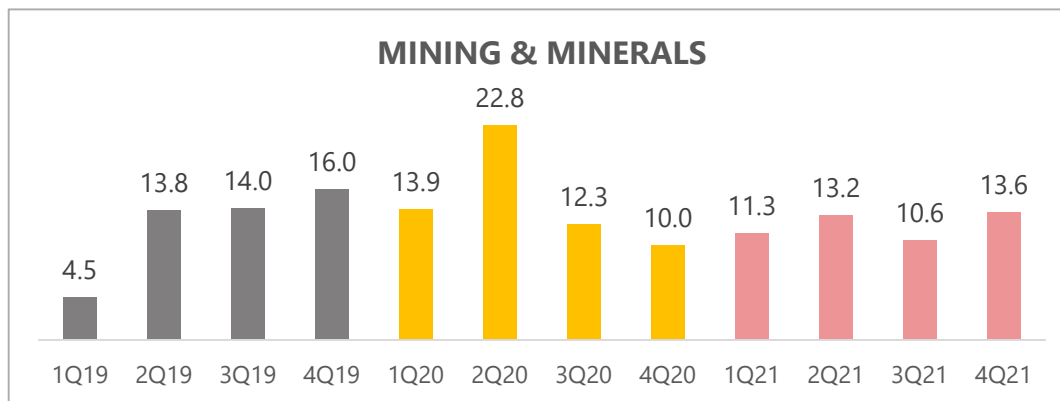
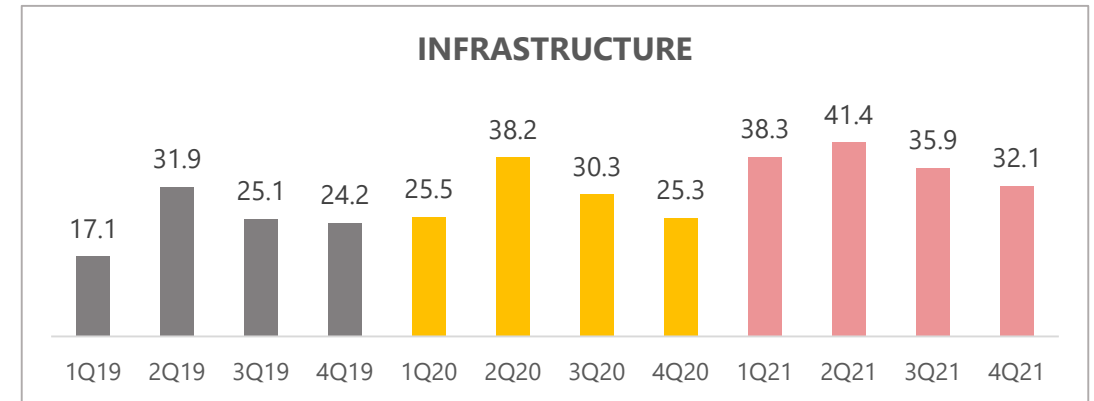
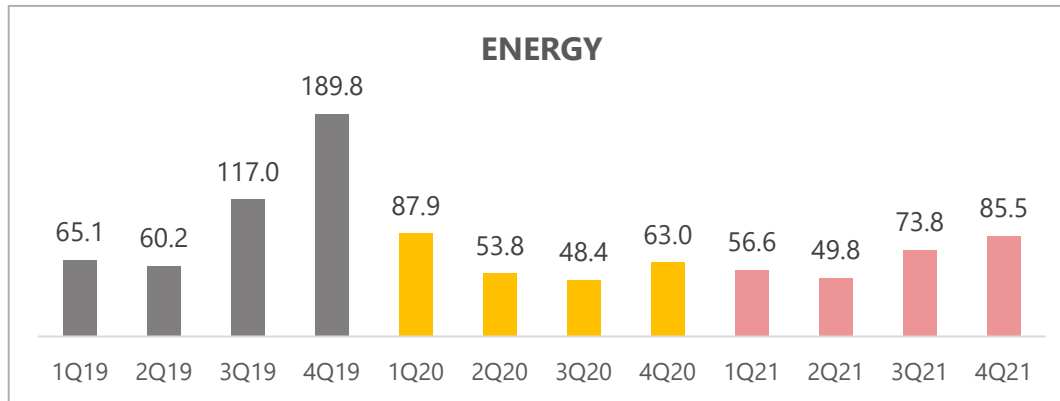
(\$ million)



Quarterly Order Intake Trends

By Industry

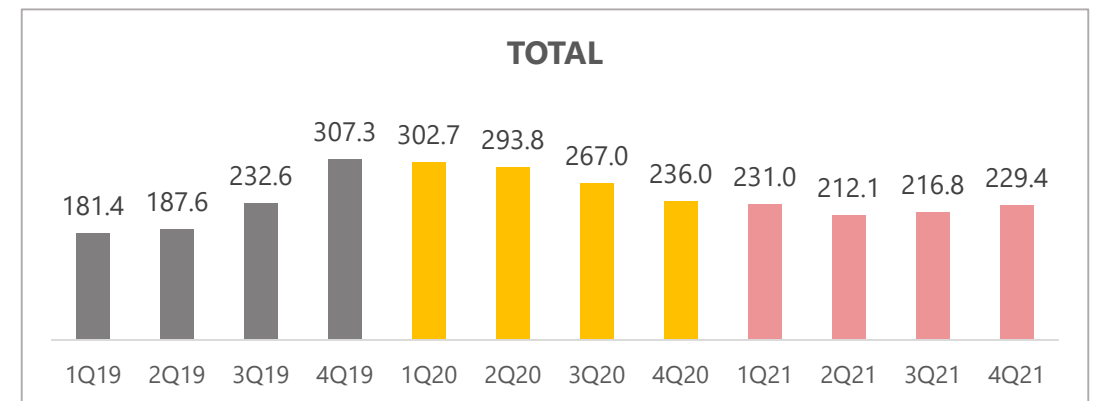
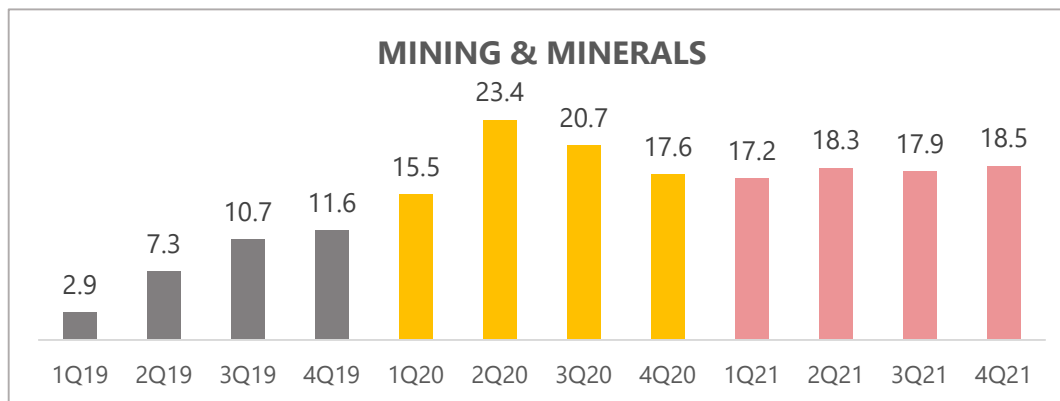
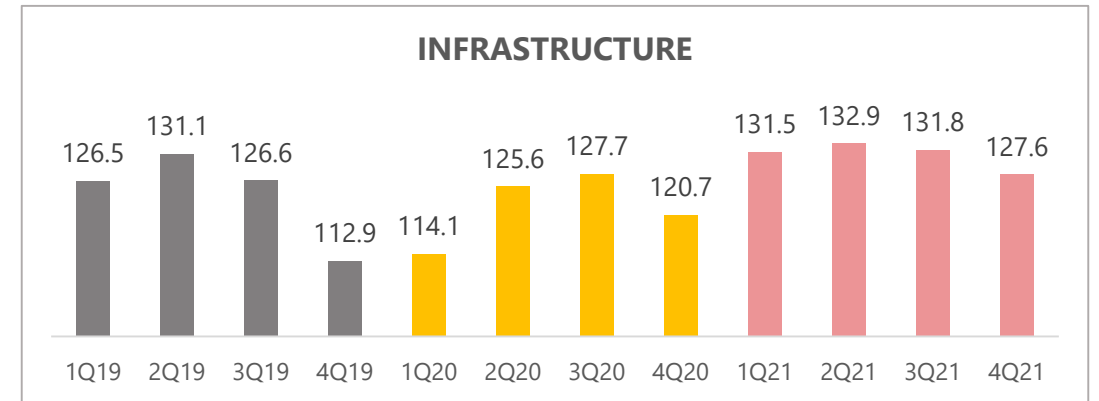
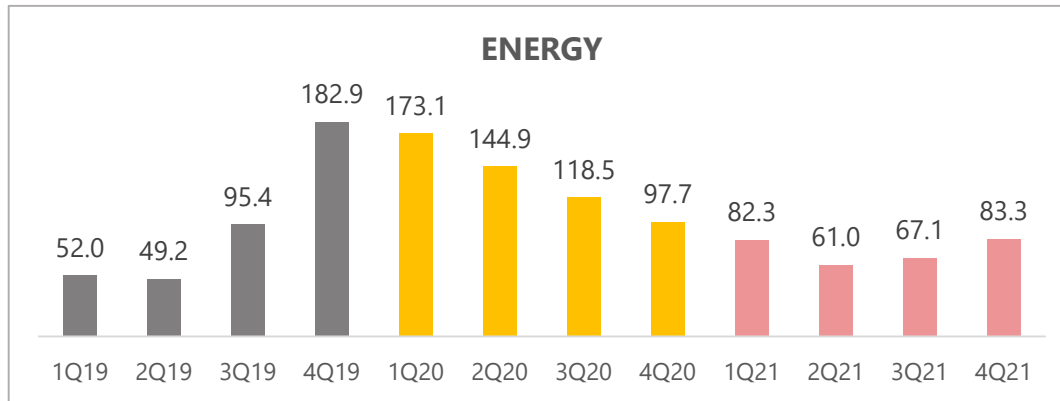
(\$ million)



Quarterly Order Book Trends

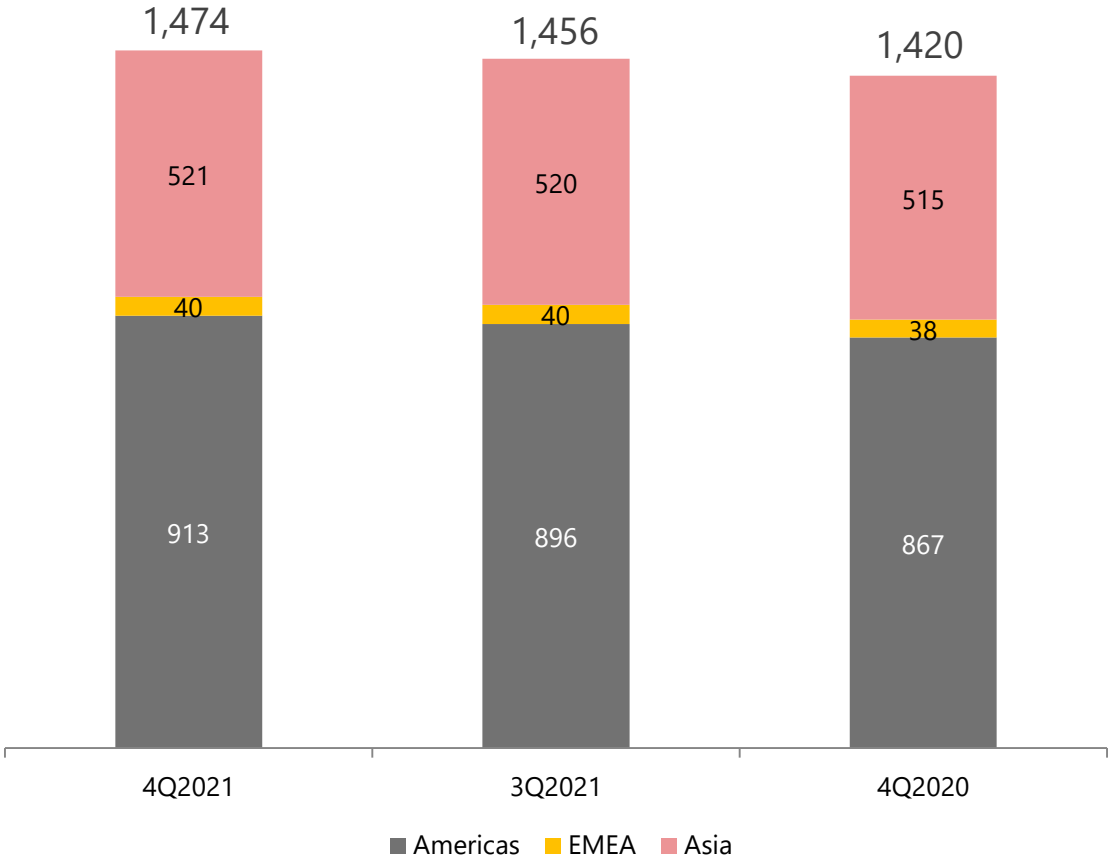
By Industry

(\$ million)



Human Resources Allocation

No. of headcount





CSE Global

Q&A