

Press Release – 3rd Quarter/ 9M 2018 Results

CSE Q3 net profit soars by 67%

Key Highlights:

- **Net profit jumped 67% to S\$5m, on the back of 8% revenue growth and improved gross margins**
- **Generates strong cash inflow from operations of S\$24.8m**
- **Net cash position strengthened to S\$34.4m**

Singapore, 7 November 2018 – CSE Global Limited (“CSE” or the “Group”) announced today its financial results for the quarter ended and nine months ended 30 September 2018. The Group reported its third quarter net profit grew by 67% year-on-year to S\$5.0 million, on the back of 8% revenue growth and gross margins improvement, driven mainly by the improvement in oil and gas sector revenues in the Americas region. Revenue and net profit for the nine months of 2018 (“9M18”) were reported at S\$276.7 million and S\$15.0 million respectively.

For the quarter ended 30 September 2018, the Group’s revenues rose by 8.0% to S\$92.4 million, mainly contributed by higher revenues achieved in Asia-Pacific and the Americas regions. In line with the growth in revenues and supported by a moderate improvement in gross margins to 27.5%, gross profit in 3Q18 rose by 18.1% year-on-year to S\$25.4 million.

Group operating expenses in 3Q18 were 6.6% lower year-on-year at S\$18.9 million, mainly due to lower provisions for doubtful debts as compared to 3Q17.

With that, profit after tax and non-controlling interest rose by 67.0% year-on-year to S\$5.0 million in 3Q18 from S\$3.0 million in 3Q17.

Earnings per ordinary share for the quarter under review clocked 0.99 Singapore cents, up from 0.58 Singapore cents in the third quarter of the year prior.

In 3Q18, the Group generated a strong cash inflow from operations of S\$24.8 million, mainly attributed to higher collections from trade receivables due to completion of milestones for some projects. For 9M18, the Group generated a strong cash inflow from operations of S\$47.4 million. The Group ended the period with a net cash position of S\$34.4 million, after deducting the share buybacks of S\$3.3 million and dividend payments of S\$14.2 million. Mr Eddie Foo, Group CFO of CSE, commented, “We are pleased with the collective commitment and efforts of our business units to meet the project milestones and deliver the strong cash flow generation in 3Q18, which strengthens our financial position to support our future expansion.”



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\$80.9 million. The Group's order book decreased from S\$148.8 million a quarter ago to S\$136.5 million as more projects were completed and billed.

On the Group's 3Q18 performance, Mr. Lim Boon Kheng, Group CEO of CSE, said, "Despite uncertainties in the operating environment, I am delighted that CSE has continued to grow our revenue and net profit in the third quarter." On the outlook, Mr Lim added, "The current improvement in oil and gas and commodity prices has not translated into significant investments in large greenfield projects in the markets that we operate. Customers remain focused on cost control and cashflow generation. That notwithstanding, we continue to see a steady flow of smaller projects in US and Australia."

The Group will continue to focus on its profitability and gross margins by supporting and servicing its existing installed base of customers more closely. At the same time, it is actively exploring acquisition opportunities in the market.

Looking ahead, CSE expects its operating net profit for the current financial year to be better than FY2017.

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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.

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