

## Press Release – 2<sup>nd</sup> Quarter/ 1<sup>st</sup> Half 2018 Results

# **CSE reports strong growth in net profit of S\$4.3m in 2Q18 and declares interim dividend of 1.25 cents per share**

### **Key Highlights:**

- **Core net profit soars 44% on the back of revenue growth and improved gross margins**
- **Generates strong cash inflow from operations of S\$27.9m**
- **Net cash position strengthened to S\$20.9m**
- **Strong order intake of S\$89m in 2Q18**
- **Tax-exempt one-tier interim dividend of 1.25 cents per ordinary share declared**

**Singapore, 13 August 2018 – CSE Global Limited** (“CSE” or the “Group”) announced today its financial results for the quarter ended and half year ended 30 June 2018. The Group reported its second quarter net profit grew by 43.9% year-on-year to S\$4.3 million, on the back of 7.7% 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 first half of 2018 (“1H18”) were reported at S\$184.3 million and S\$10.0 million respectively.

For the quarter ended 30 June 2018, the Group’s revenues rose by 7.7% to S\$92.1 million, driven by 43.3% growth in the Americas region in the oil and gas sector. In line with the growth in revenues and supported by a moderate improvement in gross margins to 26.9%, gross profit in 2Q18 was 13.1% higher year-on-year at S\$24.8 million.

Operating expenses in 2Q18 grew by 9.4% to S\$19.8 million as compared to 2Q17 of S\$18.1 million, mainly due to increased personnel costs in line with the increase in revenue.

With that, profit after tax and non-controlling interest (before exceptional items) (“**core net profit**”) grew by 43.9% year-on-year to S\$4.3 million in 2Q18 from S\$3.0 million in 2Q17. In 2Q17, the Group had made an exceptional provision of S\$16.8 million arising from a settlement agreement, resulting in a net loss attributable to shareholders of the company of S\$13.8 million for 2Q17.

The basic earnings per ordinary share in 2Q18 was 0.84 cents compared to a loss per ordinary share of 2.68 cents in 2Q17.

In 2Q18, the Group generated a strong cash inflow from operations of S\$27.9 million, mainly attributed to higher collections from trade receivables due to completion of milestones for some projects. The Group ended the period with a net cash position of S\$20.9 million, after deducting the share buybacks of S\$1.5 million and dividend payments of S\$7.7 million. Mr Eddie Foo, Group CFO of CSE, commented, “We are encouraged by the commitment and efforts of each individual business unit to meet the project milestones and deliver the strong cash flow generation in 2Q18. The Group still has some projects that will reach billing milestones in the second half of 2018, which we believe would further strengthen our cashflow generation.”

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\$89.1 million, ending the quarter with an order book of S\$148.8 million.

On the Group’s 2Q18 performance, Mr. Lim Boon Kheng, Group CEO of CSE, said, “Despite uncertainties in the operating environment, I am pleased that CSE has performed well with the revenue and net profit growth achieved in the second quarter. The order intake numbers have also recovered from 1Q18, which we continue to see a steady inflow of small greenfield and brownfield projects.”

On the outlook, Mr Lim added, “While there is improvement in oil and gas and commodity prices, our customers remain highly focused on cost control and cash flow generation, resulting in a lack of investments in large greenfield projects. The Group will continue to focus on its profitability and gross margins by supporting and servicing its existing installed base of customers more closely as well as exploring available opportunities either from its current operations or new investments in the market, including exploring synergies together with Serba Dinamik.”

Looking ahead, CSE expects its operating net profit for the current financial year to improve over FY2017 and it intends to maintain the full year dividend of S\$0.0275 per ordinary share for FY2018.

The balance sheet remained strong throughout the period with a net cash position of S\$20.9 million as at end of 1H18. CSE will continue to explore good investment opportunities to support its long term sustainable growth objectives.

The directors are pleased to declare a tax-exempt one-tier interim dividend of 1.25 cents per ordinary share. The payment of the interim dividend will be on 13<sup>th</sup> September 2018.

###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.

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