



**CSE**

# FY2023 Results Briefing

28 February 2024

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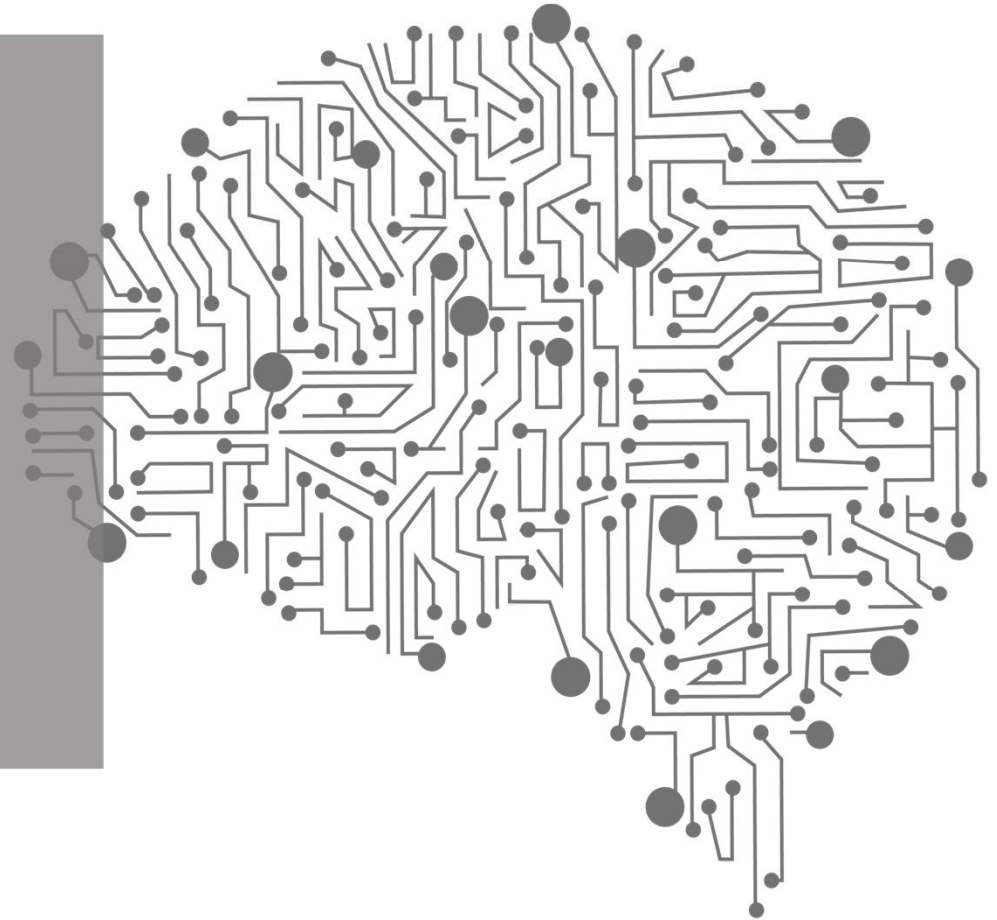


## Today's Agenda

**1 Business Updates**  
Mr Lim Boon Kheng, Group CEO

**2 FY2023 Financial Performance**  
Mr Eddie Foo, Group CFO

**3 Q&A Session**



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**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.



**36 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

**CSE**

## OUR GLOBAL FOOTPRINT



**16**  
countries

**57**  
offices

**> 1,800**  
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
- Transport
- 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.

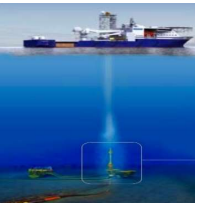
 **90%**  
repeat customers

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 FY2023 Highlights

- Current global economic outlook and inflationary pressures continue to present uncertainties in the markets
- The Americas region returns to profitability
- Gross margin relatively stable around 27.6% in FY2023 vs 26.2% in FY2022
- EBITDA margin of 8.7% in FY2023 as compared to 6.0% in FY2022
- Higher order intake of S\$990.2 million in FY2023
- Order book stood robust at S\$730.6m as at 31 December 2023

## 2 Segmental Performance

Building on diversification initiatives, with a focus on **Electrification in USA and ANZ** and **Communications in ANZ, SG, UK & USA**

### 1. Electrification

- Securing more water/wastewater and power distribution projects to support rising demand of power
- Actively pursuing opportunities in renewables, energy storage, data centres and related infrastructure in USA and ANZ

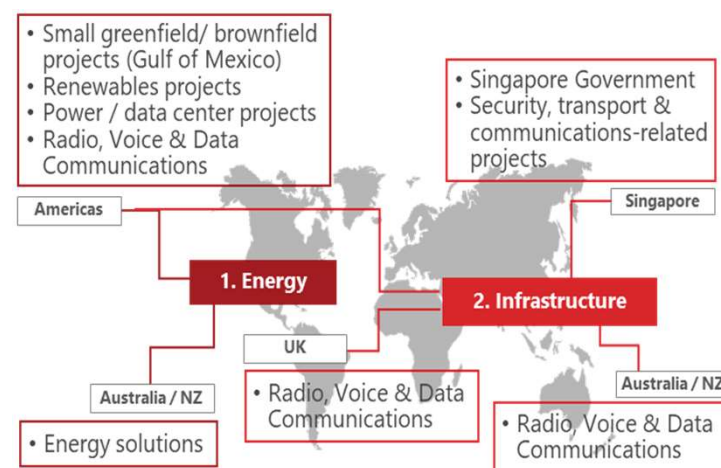
### 2. Communications

- Strengthening Communications business in ANZ/UK through integration/optimization of acquired businesses
- Pursue new acquisitions to grow our Communications business in USA
- Focus on critical communications and security solutions
- Consistent flow revenues and profitable

### 3. Automation

- Stable stream of project and maintenance revenues
- Focus on infrastructure related business

## 3 Key Strategies

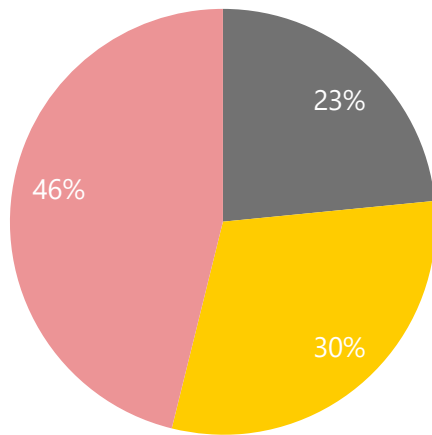


## 4 Acquisition Strategy

- Acquisition remains a key growth strategy
- Focus areas will be in complementary and adjacent capabilities:
  - Electrification and critical communications
  - USA, Europe and Australia/New Zealand
- Will acquire within means, whenever suitable opportunities arise
  - No high gearing

# FY2023 Revenue Breakdown By Business Segments

FY2023



■ Automation ■ Communications ■ Electrification

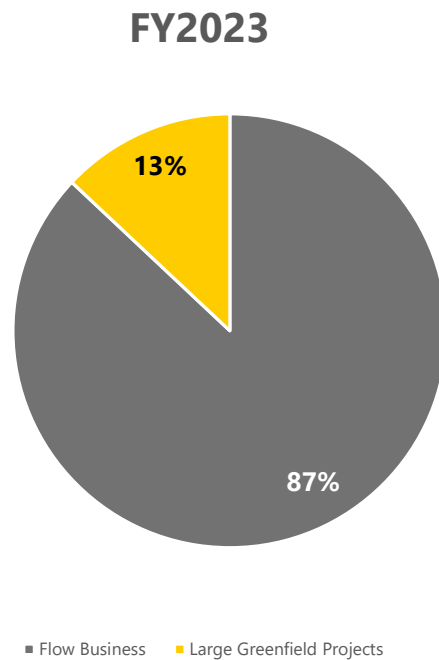
S\$ million	FY2023	FY2022	YoY %
Automation	170.0	164.5	3.3%
Communications	220.5	153.1	44.0%
Electrification	334.5	240.1	39.4%
<b>Total</b>	<b>725.1</b>	<b>557.7</b>	<b>30.0%</b>



# Order Intake and Order Book by Business Segments

S\$ million	Order Intake			Order Book		
	FY2023	FY2022	YoY%	FY2023	FY2022	YoY%
Automation	181.5	267.2	-32.1%	192.3	184.8	4.1%
Communications	247.7	156.1	58.7%	104.7	78.0	34.3%
Electrification	561.1	395.4	41.9%	433.5	217.3	99.5%
<b>Total</b>	<b>990.2</b>	<b>818.7</b>	<b>20.9%</b>	<b>730.6</b>	<b>480.1</b>	<b>52.2%</b>

# FY2023 Revenue Breakdown By Projects

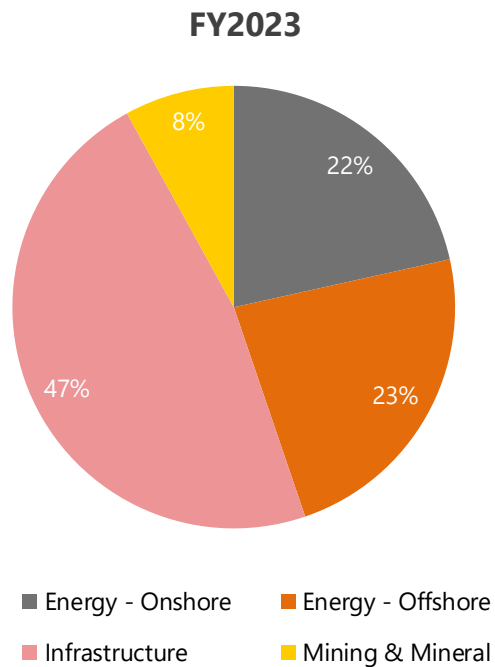


S\$ million	FY2023	FY2022	YoY%
Flow Business *	629.6	502.5	25.3%
Large Greenfield Projects	95.5	55.2	73.0%
<b>Total</b>	<b>725.1</b>	<b>557.7</b>	<b>30.0%</b>
<b>Flow Business %</b>	<b>87%</b>	<b>90%</b>	

*\*Includes Brownfield and Small Greenfield Projects which tend to be recurring in nature*

# FY2023 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.



S\$ million	FY2023	FY2022	YoY %
Energy - Onshore	156.0	134.6	15.9%
Energy - Offshore	168.5	142.1	18.6%
Infrastructure	342.3	219.4	56.1%
Mining & Mineral	58.1	61.6	-5.6%
<b>Total</b>	<b>725.1</b>	<b>557.7</b>	<b>30.0%</b>

*Infrastructure: Power, Water, Waste Treatment & Transportation*

# Order Intake and Order Book by Industry Segments

S\$ million	Order Intake			Order Book		
	FY2023	FY2022	YoY%	FY2023	FY2022	YoY%
Energy	310.4	402.1	-22.8%	160.7	179.4	-10.4%
Infrastructure	611.5	350.6	74.4%	539.5	279.6	92.9%
Mining & Minerals	68.2	66.0	3.4%	30.4	21.0	44.7%
<b>Total</b>	<b>990.2</b>	<b>818.7</b>	<b>20.9%</b>	<b>730.6</b>	<b>480.1</b>	<b>52.2%</b>

A decorative background element consisting of a grid of rounded squares. The squares are arranged in a pattern that recedes into the distance, creating a sense of depth. The squares are in various shades of gray, from light to dark, and are set against a white background. The grid is partially obscured by a dark gray horizontal bar at the bottom.

# Growth Strategy

# Growth Drivers – Emerging Megatrends

## Urbanisation



- Currently, 56% of the world's population (4.4 billion) live in cities.
- According to The World Bank<sup>(1)</sup>, this figure is expected to be more than doubled by 2050.

<sup>(1)</sup> The World Bank, April 2023 – Urban Development

<sup>(2)</sup> Precedence Research, March 2023 - Electrification Market

<sup>(3)</sup> Deloitte Article – What is decarbonisation?

## Electrification



- Process of substituting fossil-fuel sources of power with electricity generated from renewable energy sources (One of the most important strategy for reducing CO<sub>2</sub> emissions).
- According to Precedence Research<sup>(2)</sup>, the Global Electrification Market will reach a size of US\$172.9 billion by 2032, growing at a CAGR of almost 9% between 2023 and 2032.



## Decarbonisation



- Process of removal or reduction of CO<sub>2</sub> output into the atmosphere.
- Plays a very important role in limiting global warming.
- According to Deloitte<sup>(3)</sup>, decarbonisation requires a fundamentally different energy system, such as alternative energy sources based on green electricity and green molecules.

# Growth Strategy – Diversification and Expansion

## Diversification into new markets brought about by emerging trends

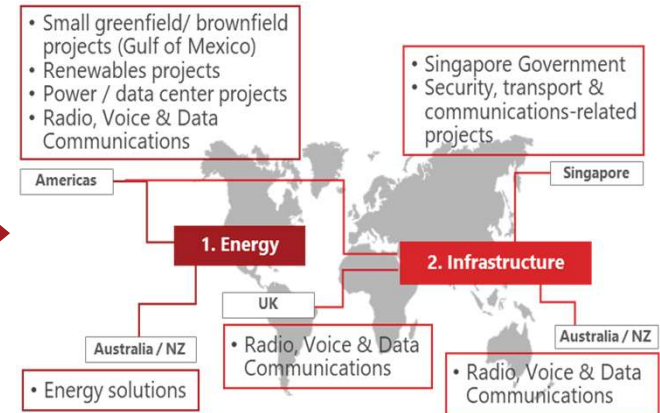


- Increasing demand for key products such as:
  - ✓ Power systems protection and control solutions
  - ✓ Critical communications
  - ✓ Wind and Solar Systems
  - ✓ Battery energy storage systems
  - ✓ Electric-vehicle charging infrastructure

Diversification

Expansion

## Expansion of engineering capabilities in key markets



- Acquisition remains a key growth strategy
- Focus areas will be in complementary and adjacent capabilities:
  - Energy and Infrastructure segments
  - USA, Europe and Australia/New Zealand
- Will acquire within means, whenever suitable opportunities arise

# Growth Plans - Critical Communications

## Our Solutions

- Private network
- Provides push-to-talk (PTT) and public switch telephone network (PSTN) using tetra radio/LTE network

## Where we are today:

- UK
- USA
- Australia & New Zealand
- Singapore

## Where we want to be:

- Operate globally
- Expand into USA





# FY2024 Outlook



## Steady Financial Performance

- We have delivered 36 years of profitable growth in a steady and consistent manner, and we intend to do the same in FY2024.

## Growth through acquisitions

- 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

- Proposes final dividend of 1.5 cents per share to be approved by shareholders at AGM on 29 April 2024.

Singapore cents per share	FY2021	FY2022	FY2023
Interim dividend	1.50	1.50	1.50
Payment Date	20 May 2024		
Book Closure	13 May 2024		

## Outlook

The current global economic outlook and inflationary pressures continue to present uncertainties in the markets we operate. Despite these uncertainties in the macroeconomic environment, our strategy to focus in Electrification and Communications businesses will continue to yield positive outcomes for the Group in the future.

In FY2023, CSE has achieved its goal of receiving S\$1 billion of new orders and generating 55% of the business from Infrastructure and Mining/Minerals customers, signifying a significant improvement in its performance and outlook.

With a record order book of S\$730.6 million as at 31 December 2023 and continued growth in the Electrification and Communications businesses, CSE is well positioned to achieve a stronger financial performance in 2024.

Going forward, on the back of a prudent cashflow management and optimal capital structure, we will expand our engineering capabilities and technology solutions (organically and through acquisitions), in automation, electrification and critical communications, to pursue new market opportunities and diversify into new markets brought about by the emerging trends towards urbanization, electrification and decarbonisation.

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2

## FY2023 Financial Performance

Mr Eddie Foo,  
Group CFO

# Group Performance

	FY2023	FY2022
Revenue	S\$725.1m	S\$557.7m
Gross margin	27.6%	26.2%
EBITDA	S\$62.8m	S\$33.4m
Net profit	S\$22.5m	S\$4.8m
Order intake	S\$990.2m	S\$818.7m
Order book	S\$730.6m	S\$480.1m
Cashflow from operations	S\$72.0m	S\$9.1m
ROE	10.4%	2.2%

**CSE**

- Revenue at a record high at S\$725.1m (+30.0% yoy) led by Electrification & Communications business segments
- Gross profit grew by 36.7% to S\$199.9m, gross margin was relatively stable at 27.6%
- EBITDA surged by 88.1% to S\$62.8m mainly attributed to higher gross profits and improved operating efficiencies
- Net profit jumped by 372.0% to S\$22.5m despite higher interest costs
- ROE improved to 10.4% in FY2023 from 2.2% in FY2022
- Strong cash inflow from operations of S\$72.0m in FY2023 vs S\$9.1m in FY2022
- Net gearing ratio at 0.35x as at 31 Dec 2023 vs 0.34x as at 31 Dec 2022
- Record order book at S\$730.6m as at 31 Dec 2023 vs S\$480.1m as at 31 Dec 2022
- Proposed final dividend of 1.5 cts/share, total dividend of 2.75 cts/share

# Summary Financials

S\$ million	2H2023	2H2022	Change	FY2023	FY2022	Change
Revenue	375.8	295.5	27.2%	725.1	557.7	30.0%
Gross profit	104.0	73.4	41.8%	199.9	146.2	36.7%
Operating expenses	(84.2)	(72.5)	16.1%	(162.3)	(138.0)	17.6%
EBITDA	32.0	15.4	107.9%	62.8	33.4	88.1%
Net profit attributable to equity owners of the Company	11.5	0.2	4795.3%	22.5	4.8	372.0%
Gross margin (%)	27.7%	24.8%	2.9p.p	27.6%	26.2%	1.4p.p
EBITDA margin (%)	8.5%	5.2%	3.3p.p	8.7%	6.0%	2.7p.p
Net margin (%)	3.1%	0.1%	3.0p.p	3.1%	0.9%	2.2p.p
Net cash generated from operations	65.9	1.0	6822.7%	72.0	9.1	692.6%
Net cash/(debt)	(76.0)	(72.2)	5.3%	(76.0)	(72.2)	5.3%
Order intake	600.0	400.1	50.0%	990.2	818.7	20.9%
Order book	730.6	480.1	52.2%	730.6	480.1	52.2%
ROE (annualised)	10.6%	0.2%	10.4p.p	10.4%	2.2%	8.2p.p

# FX Movement

	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
USD/SGD	1.3518	1.3992	-3.39%	1.3450	1.3803	-2.56%
GBP/SGD	1.6909	1.6419	2.99%	1.6653	1.7122	-2.74%
AUD/SGD	0.8799	0.9417	-6.56%	0.8907	0.9622	-7.43%

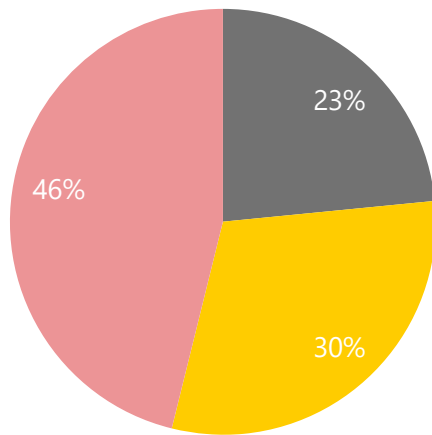
## Constant Currency Figures

S\$ million	2H2023	2H2022	Change (%)	2H2023 Constant Currency	Change (%)
Revenue	375.8	295.5	27.2%	390.5	32.1%
PATMI	11.5	0.2	4795.3%	12.0	5020.7%

S\$ million	FY2023	FY2022	Change (%)	FY2023 Constant Currency	Change (%)
Revenue	725.1	557.7	30.0%	752.8	35.0%
PATMI	22.5	4.8	372.0%	23.6	395.4%

# FY2023 Revenue Breakdown By Business Segments

FY2023



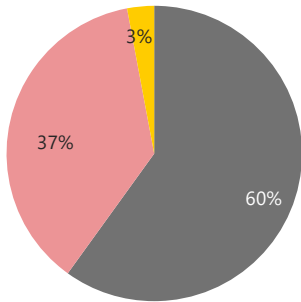
■ Automation ■ Communications ■ Electrification

S\$ million	FY2023	FY2022	YoY %
Automation	170.0	164.5	3.3%
Communications	220.5	153.1	44.0%
Electrification	334.5	240.1	39.4%
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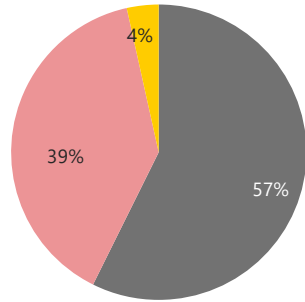
# FY2023 Breakdown By Geographical Segments

## REVENUE

FY2023



FY2022



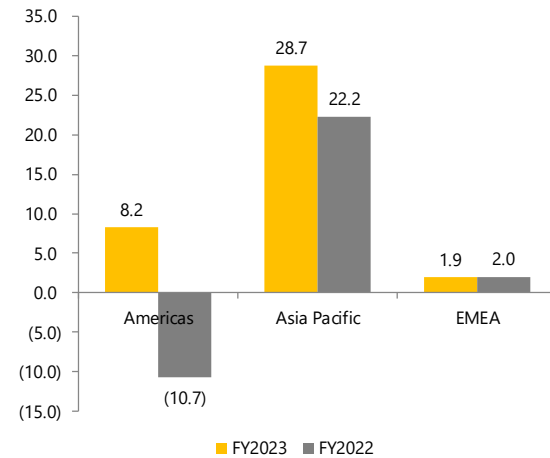
■ Americas ■ Asia Pacific ■ EMEA

S\$ million	FY2023	FY2022	YoY %
Americas	434.6	319.7	35.9%
Asia Pacific	268.9	218.6	23.0%
EMEA	21.5	19.4	10.9%
<b>Total</b>	<b>725.1</b>	<b>557.7</b>	<b>30.0%</b>

Note: Total may not sum up due to rounding.

## EBIT

EBIT by Geography

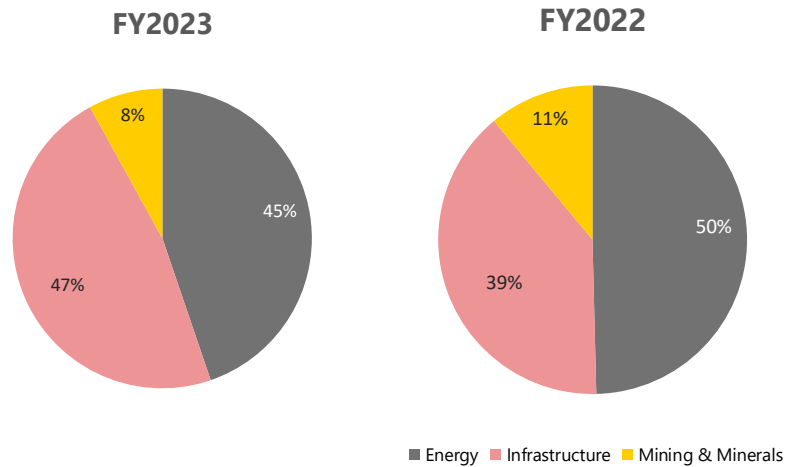


S\$ million	FY2023	FY2022	YoY %
Americas	8.2	(10.7)	N.M
Asia Pacific	28.7	22.2	29.2%
EMEA	1.9	2.0	-4.5%
<b>Total</b>	<b>38.9</b>	<b>13.6</b>	<b>186.5%</b>



# FY2023 Breakdown By Industrial Segments

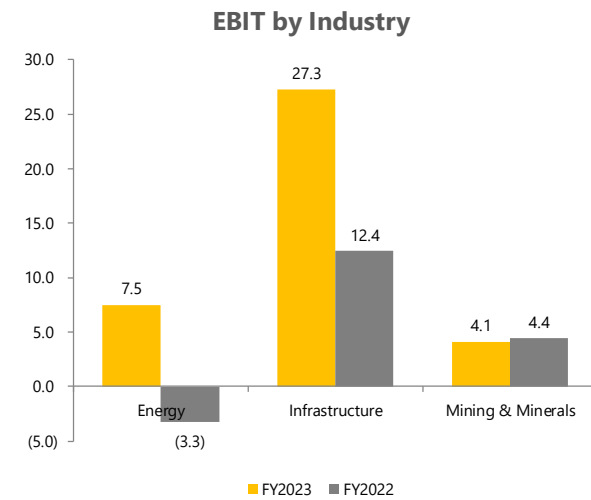
## REVENUE



S\$ million	FY2023	FY2022	YoY %
Energy	324.6	276.8	17.3%
Infrastructure	342.3	219.4	56.1%
Mining & Minerals	58.1	61.6	-5.6%
<b>Total</b>	<b>725.1</b>	<b>557.7</b>	<b>30.0%</b>

Note: Total may not sum up due to rounding.

## EBIT



S\$ million	FY2023	FY2022	YoY %
Energy	7.5	(3.3)	N.M
Infrastructure	27.3	12.4	119.3%
Mining & Minerals	4.1	4.4	-6.6%
<b>Total</b>	<b>38.9</b>	<b>13.6</b>	<b>186.5%</b>

# Quarterly Revenue Trends

## By Business, Q-o-Q

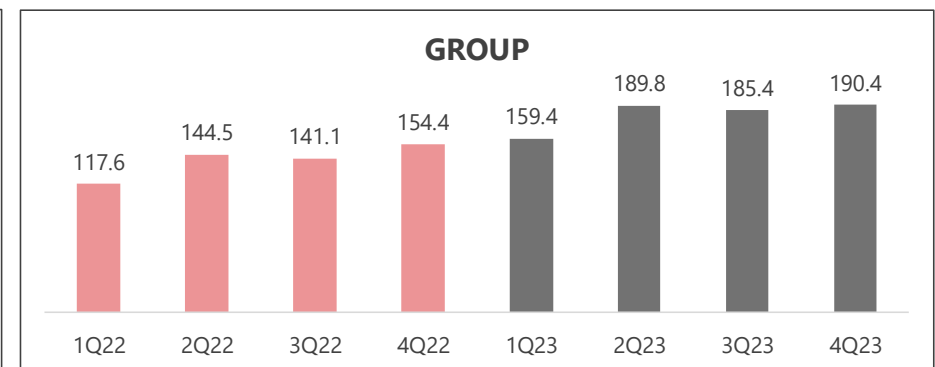
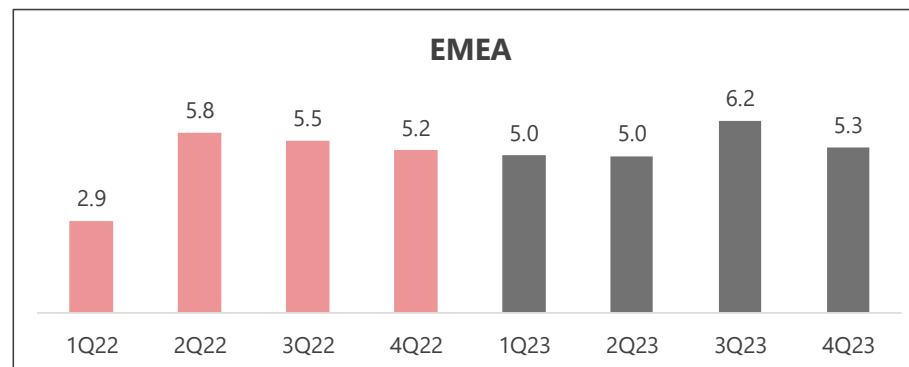
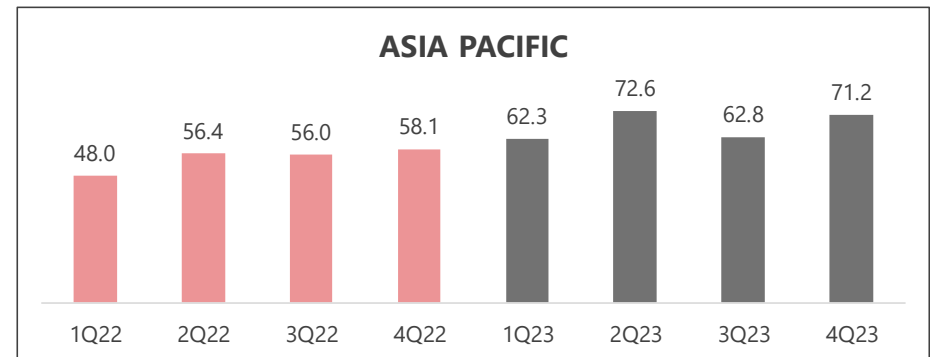
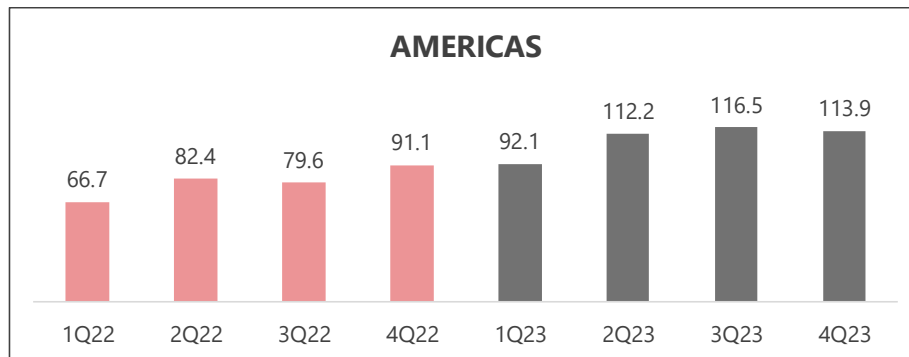
(S\$ million)



# Quarterly Revenue Trends

## By Geography, Q-o-Q

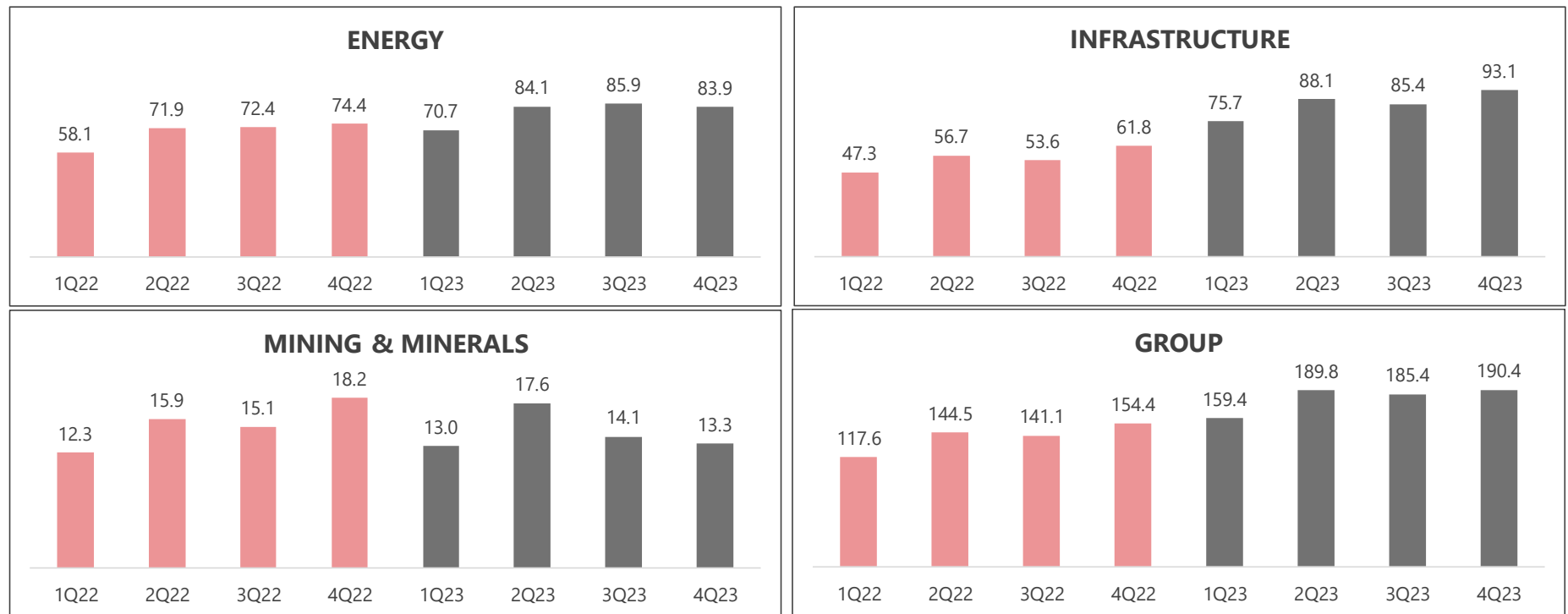
(S\$ million)



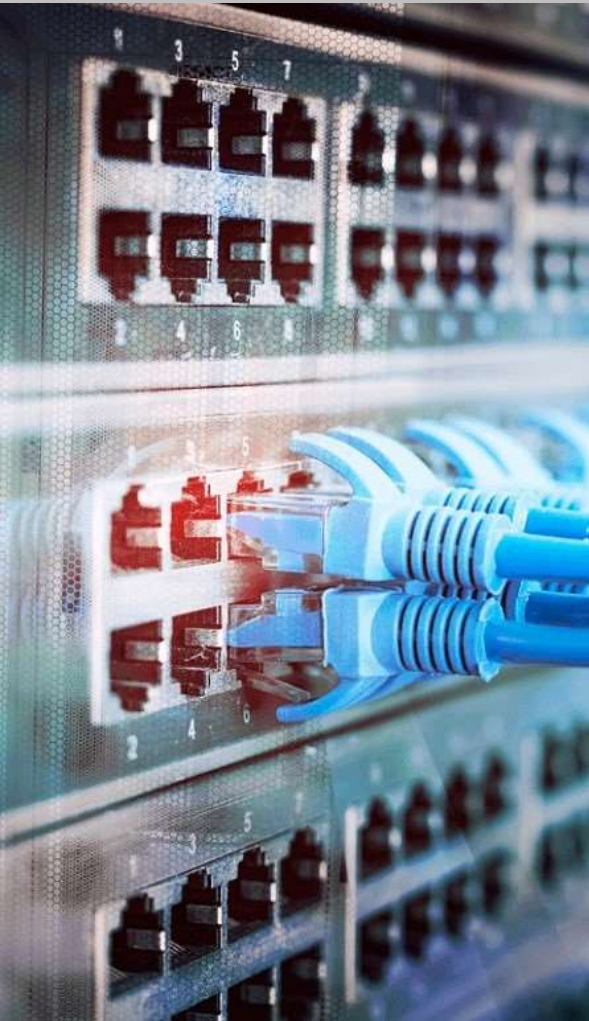
# Quarterly Revenue Trends

## By Industry, Q-o-Q

(S\$ million)



# Financial Position & Cash Flow



## Cash inflow/(outflow) from operations

S\$65.9 million in 2H2023 vs S\$1.0 million in 2H2022  
S\$72.0 million in FY2023 vs S\$9.1 million in FY2022

## Net cash/(debt)

(S\$76.0) million as at 31 December 2023 vs (S\$72.2) million as at 31 December 2022

## Equity attributable to owners of the Company

S\$216.1 million at 31 December 2023 vs S\$212.3 million at 31 December 2022

## NAV per share

35.15 cents at 31 December 2023 vs 34.53 cents at 31 December 2022

# Group Balance Sheet

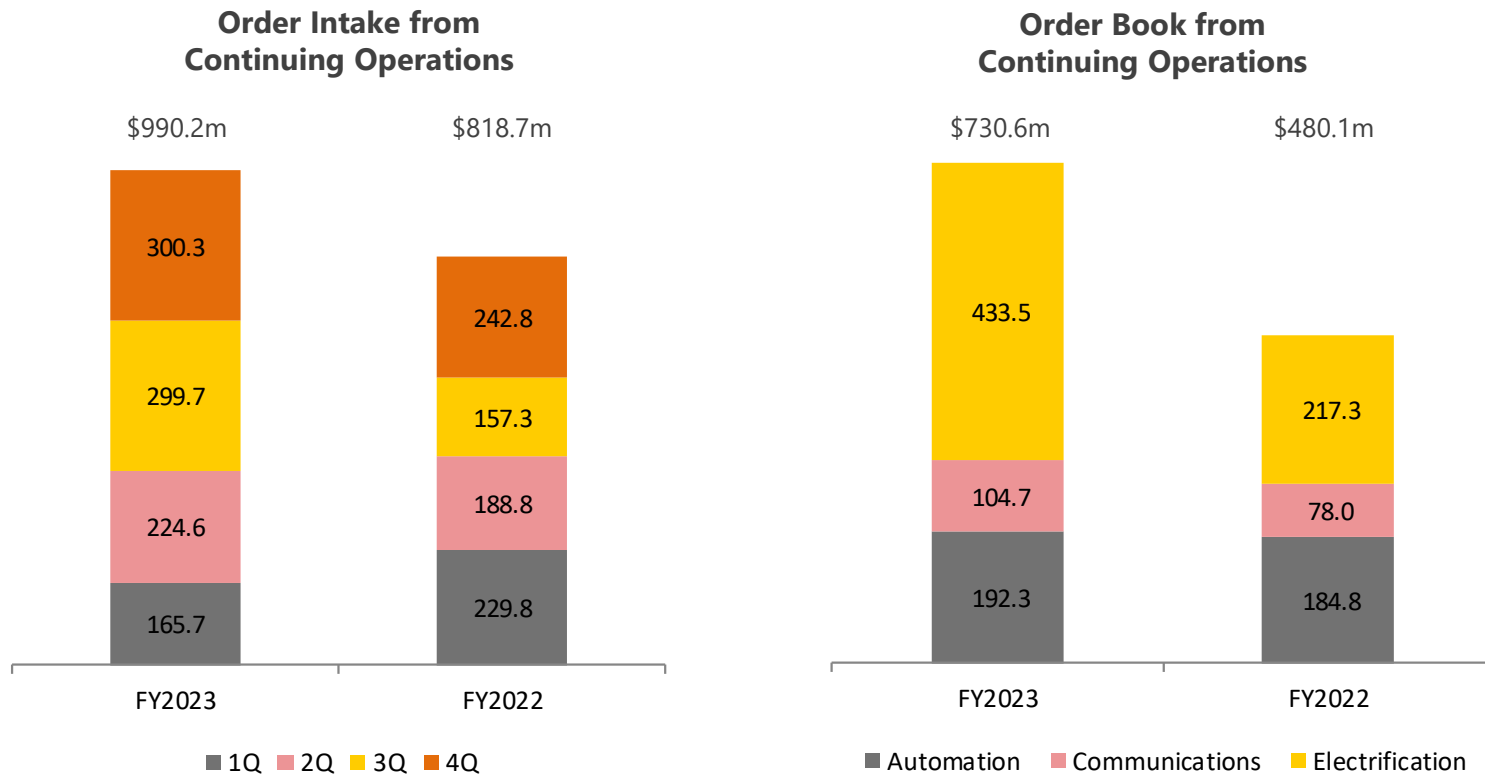
S\$ million	31-Dec-23	30-Jun-23	31-Dec-22
<b>PPE</b>	70.3	68.7	63.5
<b>Right-to-use assets</b>	26.2	20.1	19.8
<b>Intangible assets</b>	93.4	92.3	80.8
<b>Cash at hand &amp; bank</b>	39.4	23.5	34.2
<b>Contract assets (net)</b>	28.1	77.6	54.2
<b>Inventories</b>	70.8	68.6	52.0
<b>Trade and other receivables</b>	153.0	155.3	138.1
<b>Trade payables and accruals</b>	127.8	139.8	102.6
<b>Derivative assets/(liabilities)</b>	(0.0)	0.0	(0.2)
<b>Loans and borrowings</b>	115.4	137.1	106.4
<b>Net cash/(debt)</b>	(76.0)	(113.7)	(72.2)
<b>Shareholders' fund</b>	216.1	213.9	212.3

# Group Cash Flow Statement

S\$ million	2H2023	2H2022	FY2023	FY2022
As at beginning of the period	23.5	26.2	24.1	45.5
EBITDA	32.0	15.4	62.8	33.4
Other non-cash adjustments	1.9	(3.4)	2.6	(3.1)
Changes in working capital	32.1	(11.0)	6.5	(21.2)
Interest and tax	(8.9)	(4.9)	(16.1)	(9.1)
<b>Cash flow from operating activities</b>	<b>57.0</b>	<b>(4.0)</b>	<b>55.9</b>	<b>0.0</b>
Capital expenditure, net of sale	(9.8)	(5.6)	(9.5)	(15.0)
Acquisition of businesses, net of cash	(0.0)	(23.6)	(14.8)	(32.0)
Proceeds from disposal of other investment	-	1.2	-	1.2
<b>Cash flow from investing activities</b>	<b>(9.8)</b>	<b>(28.0)</b>	<b>(24.4)</b>	<b>(45.7)</b>
(Repayment of)/proceeds from borrowings, net	(20.0)	6.7	8.2	12.1
Payment of lease liabilities	(4.3)	(3.0)	(8.1)	(6.4)
Net proceeds from issuance of ordinary shares	-	33.4	-	33.4
Dividends	(7.7)	(6.4)	(16.9)	(14.1)
<b>Cash flow from financing activities</b>	<b>(32.0)</b>	<b>30.6)</b>	<b>(16.8)</b>	<b>25.0)</b>
Net effect of FX on cash	(0.3)	(0.6)	(0.4)	(0.7)
Cash and bank balances at end of the financial period	38.4	24.1	38.4	24.1

Note: Cash and bank balances at end of the financial period above excluded restricted cash of S\$1.0 million and S\$10.1 million as at December 2023 and December 2022 respectively.

# FY2023 Order Intake/Book By Geographical Segments

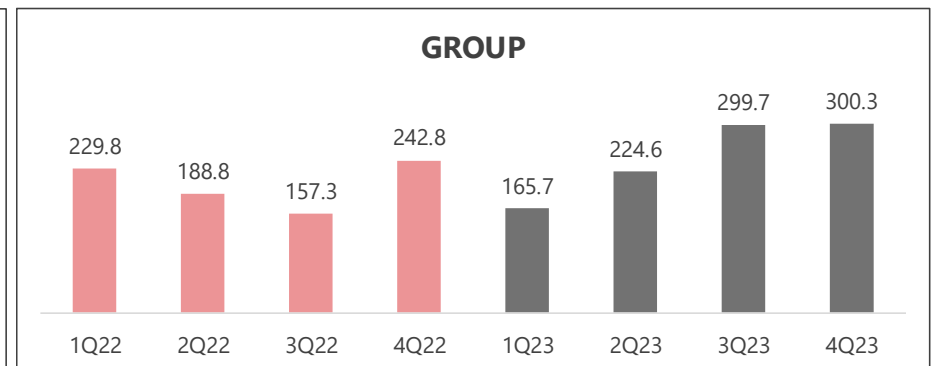
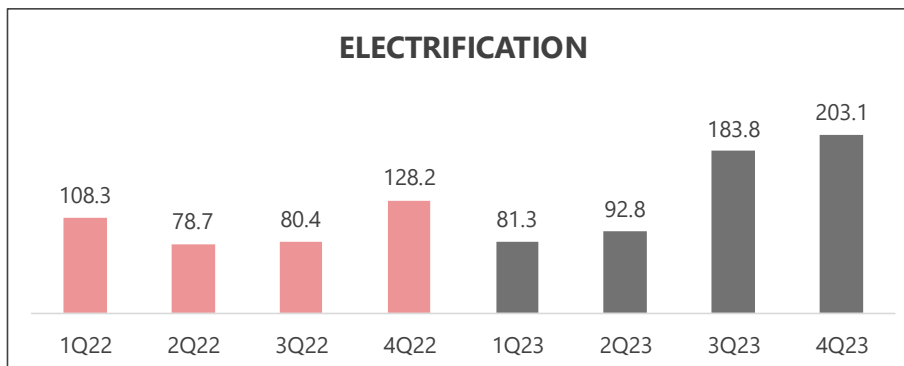
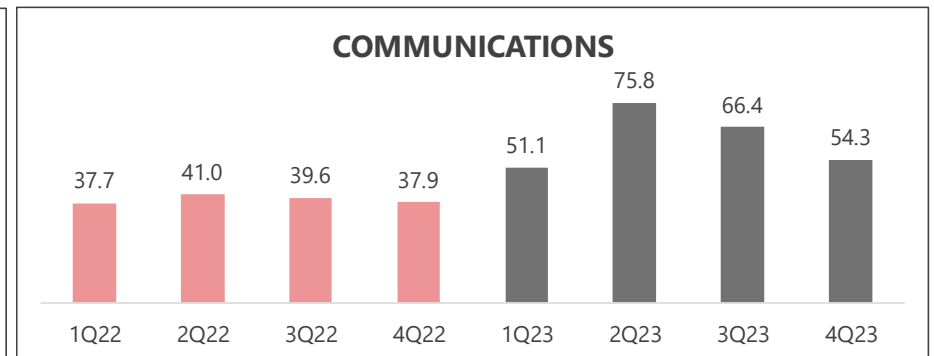
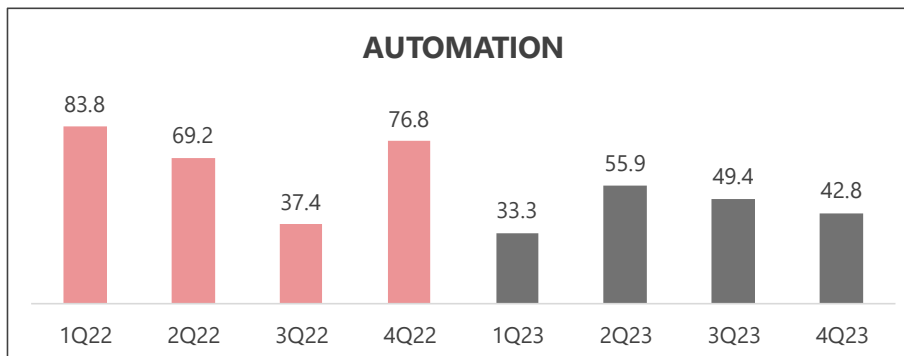




# Quarterly Order Intake Trends

## By Business, Q-o-Q

(S\$ million)



# Human Resources Allocation

No. of headcount





**CSE**

**Q&A**