



CSE

1H2024 Results Briefing

6 August 2024

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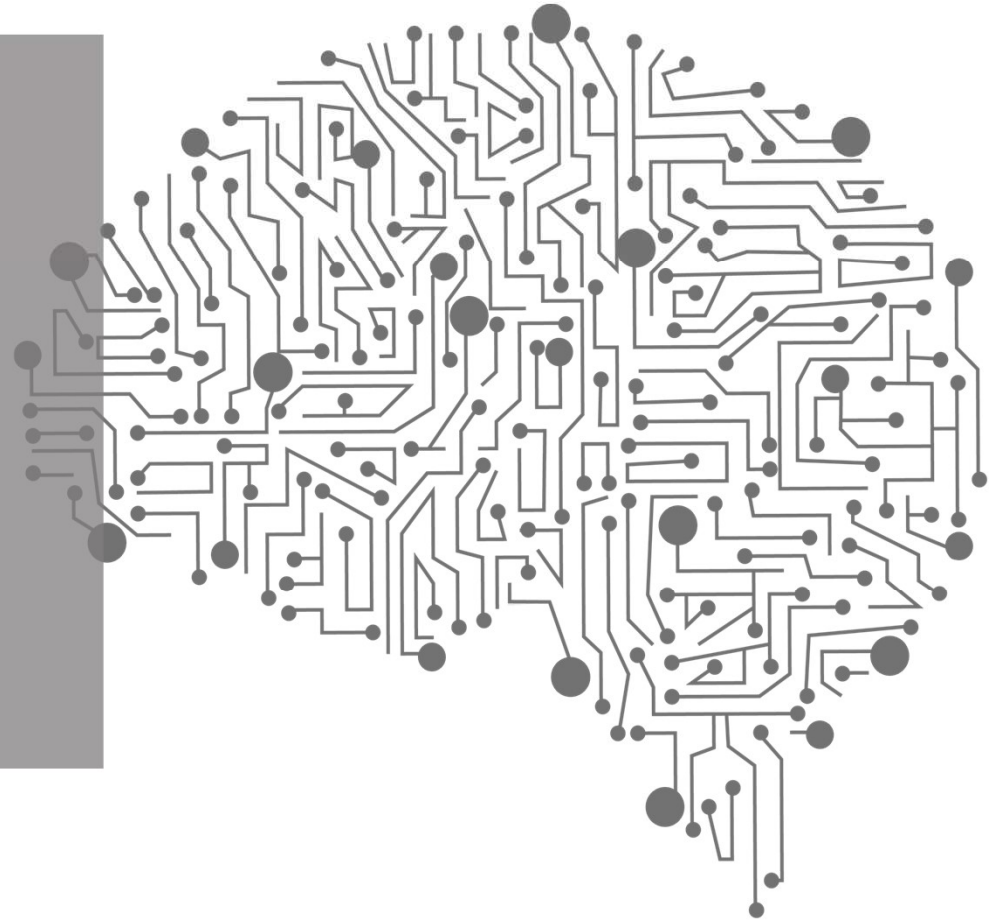
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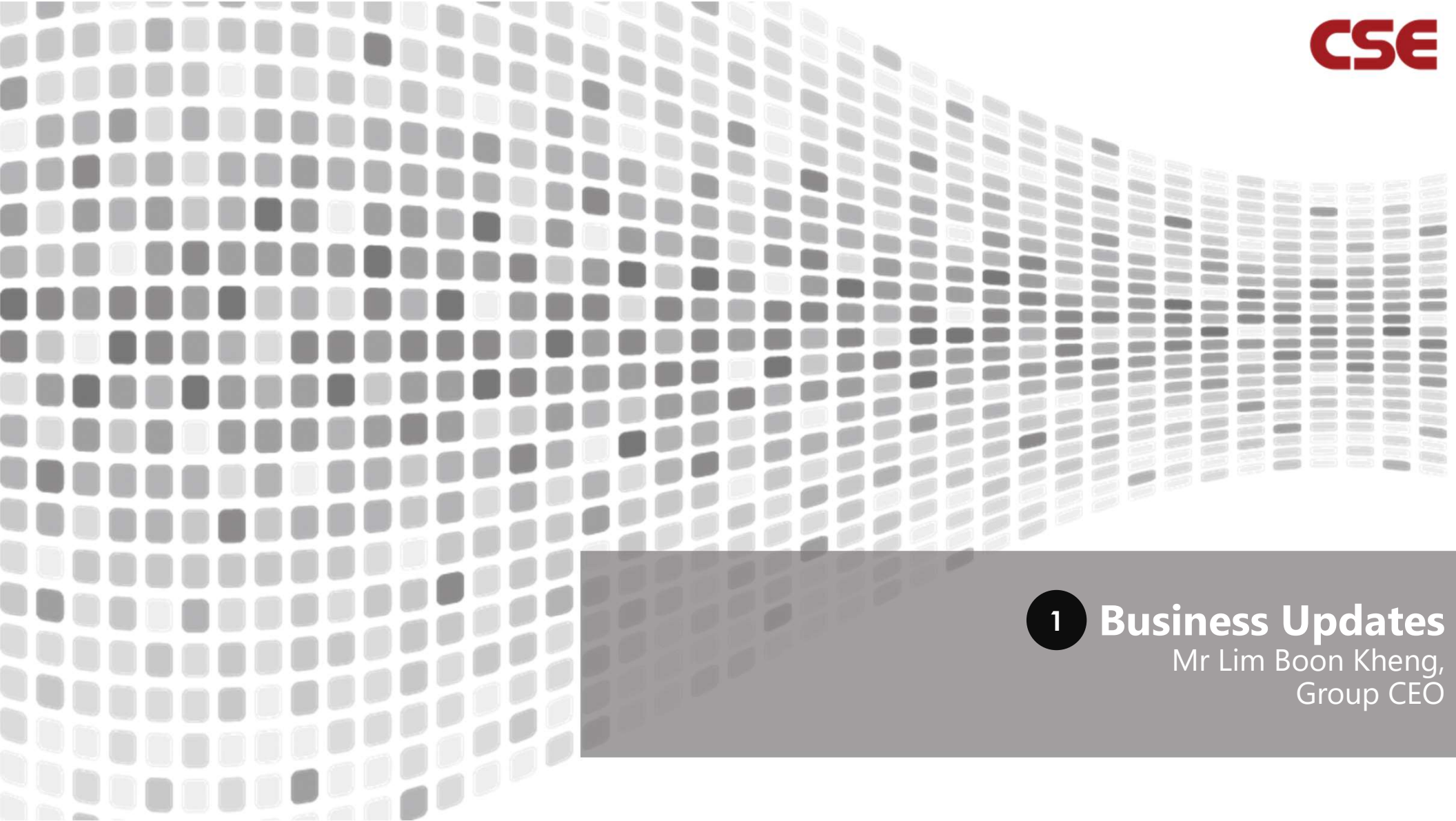
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Today's Agenda

- 1 Business Updates**
Mr Lim Boon Kheng, Group CEO
- 2 1H2024 Financial Performance**
Mr Eddie Foo, Group CFO
- 3 Q&A Session**



A decorative background element consisting of a grid of squares in various shades of gray, arranged in a pattern that recedes into the distance, creating a sense of depth and perspective.

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

58
offices

~2,000
employees

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 1H2024 Highlights

- Current global economic outlook and inflationary pressures continue to present uncertainties in the markets
- Strong growth in revenue of 22.8% to S\$428.9m
- Gross margin stable at 27.6% in 1H2024 vs 27.4% in 1H2023
- EBITDA increased by 24.1% to S\$38.3m
- EBITDA margin stable at 8.9% in 1H2024 as compared to 8.8% in 1H2023
- Higher net profit of S\$15.0m in 1H2024, increased by 36.4% as compared to 1H2023
- Robust order backlog of S\$692.3m as at 30 June 2024
- Cash generated from operating activities improved to S\$15.8m in 1H2024

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

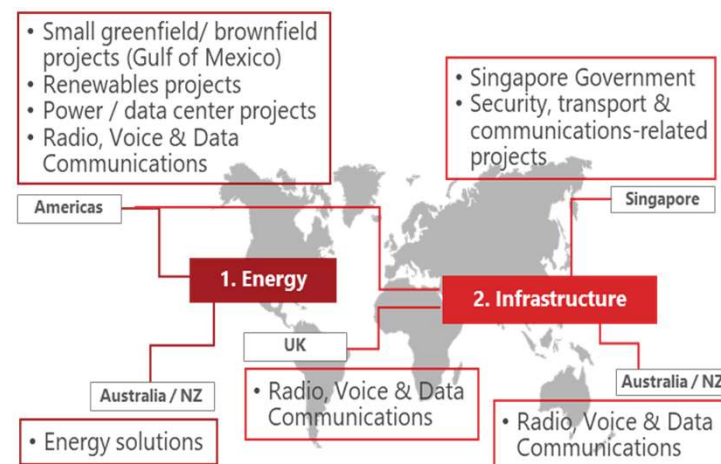
2. Communications

- 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

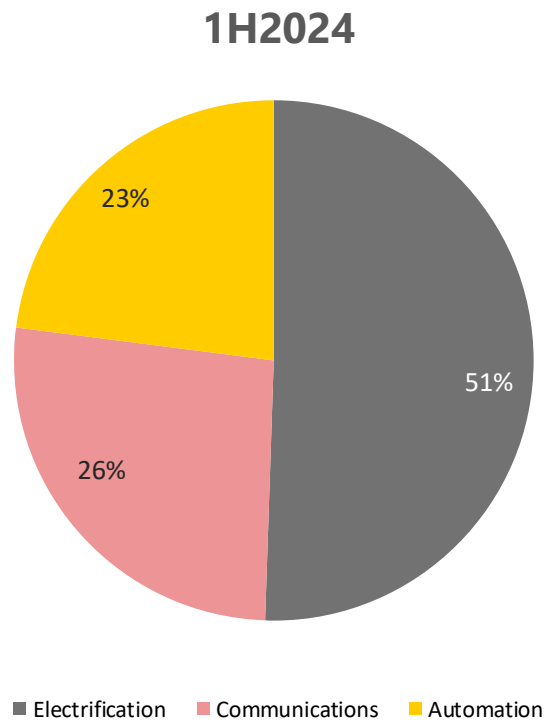
3 Key Strategies



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

1H2024 Revenue Breakdown By Business Segments



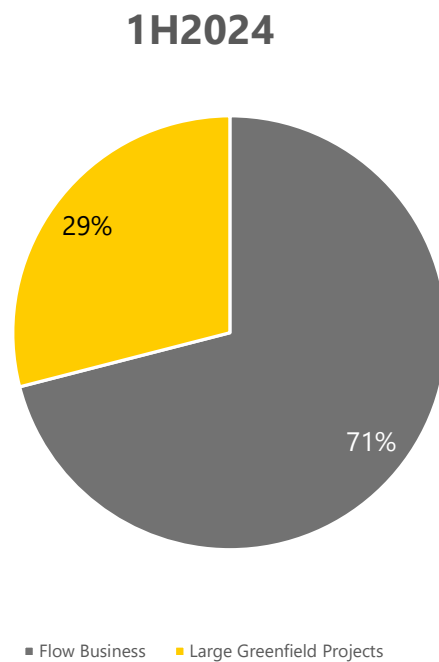
| S\$ million | 1H2024 | 1H2023 | YoY % |
|-----------------|--------------|--------------|--------------|
| Electrification | 216.7 | 163.6 | 32.4% |
| Communications | 113.6 | 107.1 | 6.1% |
| Automation | 98.6 | 78.6 | 25.5% |
| Total | 428.9 | 349.3 | 22.8% |

Note: Total may not sum up due to rounding.

Order Intake and Order Book by Business Segments

| | Order Intake | | | Order Book | | |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| S\$ million | 1H2024 | 1H2023 | YoY% | 1H2024 | 1H2023 | YoY% |
| Electrification | 175.6 | 174.4 | 0.7% | 395.0 | 229.8 | 71.9% |
| Communications | 115.0 | 126.7 | -9.3% | 106.2 | 97.6 | 8.9% |
| Automation | 100.1 | 89.9 | 11.3% | 191.1 | 194.4 | -1.7% |
| Total | 390.6 | 391.0 | -0.1% | 692.3 | 521.8 | 32.7% |

1H2024 Revenue Breakdown By Projects

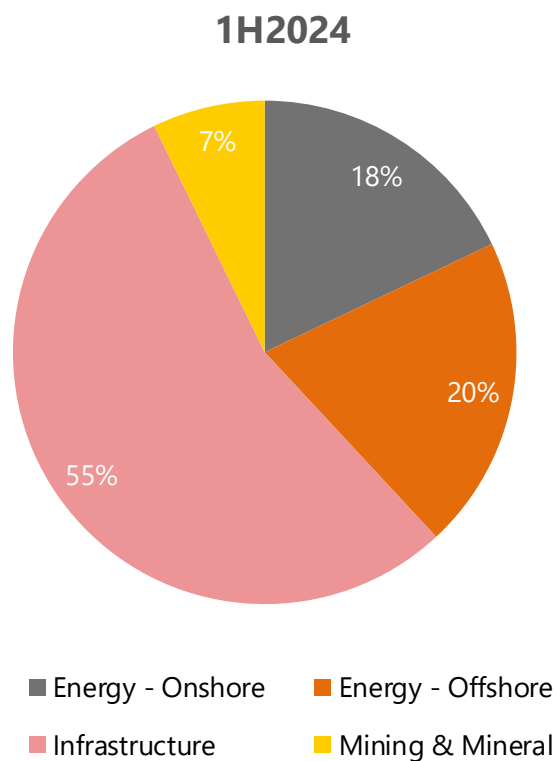


| S\$ million | 1H2024 | 1H2023 | YoY% |
|---------------------------|--------------|--------------|--------------|
| Flow Business * | 305.7 | 311.1 | -1.7% |
| Large Greenfield Projects | 123.2 | 38.2 | 222.7% |
| Total | 428.9 | 349.3 | 22.8% |
| Flow Business % | 71% | 89% | |

Note: Total may not sum up due to rounding.

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

1H2024 Revenue Breakdown By Industry Segments



| S\$ million | 1H2024 | 1H2023 | YoY % |
|-------------------|--------------|--------------|--------------|
| Energy - Onshore | 76.8 | 82.1 | -6.4% |
| Energy - Offshore | 86.5 | 72.7 | 19.0% |
| Infrastructure | 234.5 | 163.8 | 43.2% |
| Mining & Mineral | 31.0 | 30.7 | 1.0% |
| Total | 428.9 | 349.3 | 22.8% |

Infrastructure: Power, Water, Waste Treatment & Transportation

Note: Total may not sum up due to rounding.

Order Intake and Order Book by Industry Segments

| S\$ million | Order Intake | | | Order Book | | |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1H2024 | 1H2023 | YoY% | 1H2024 | 1H2023 | YoY% |
| Energy | 167.6 | 185.3 | -9.6% | 157.6 | 208.9 | -24.5% |
| Infrastructure | 188.0 | 171.5 | 9.6% | 500.4 | 288.7 | 73.3% |
| Mining & Minerals | 35.0 | 34.2 | 2.5% | 34.3 | 24.2 | 42.1% |
| Total | 390.6 | 391.0 | -0.1% | 692.3 | 521.8 | 32.7% |

A decorative background pattern of a grid of squares in various shades of gray, arranged in a perspective that recedes into the distance. A dark gray horizontal bar is positioned at the bottom of the grid.

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⁽¹⁾, this figure is expected to be more than doubled by 2050.

⁽¹⁾ The World Bank, April 2023 – Urban Development

⁽²⁾ Precedence Research, March 2023 - Electrification Market

⁽³⁾ 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 CO₂ emissions).
- According to Precedence Research⁽²⁾, 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 CO₂ output into the atmosphere.
- Plays a very important role in limiting global warming.
- According to Deloitte⁽³⁾, 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

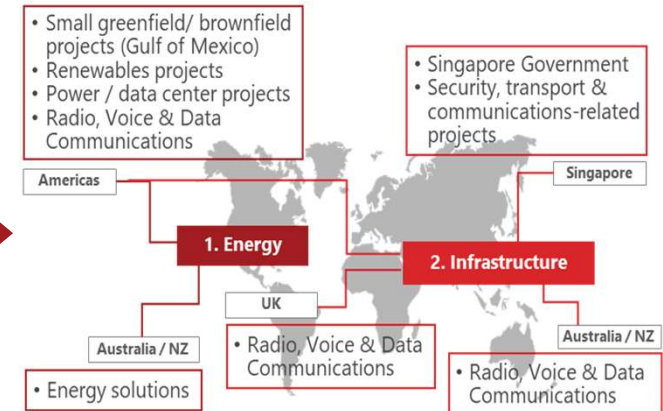


- Increasing demand for key products such as:
 - ✓ Power systems protection and control solutions
 - ✓ Critical communications
 - ✓ Wind and Solar Systems
 - ✓ Battery energy storage systems
 - ✓ Electric-vehicle charging infrastructure

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

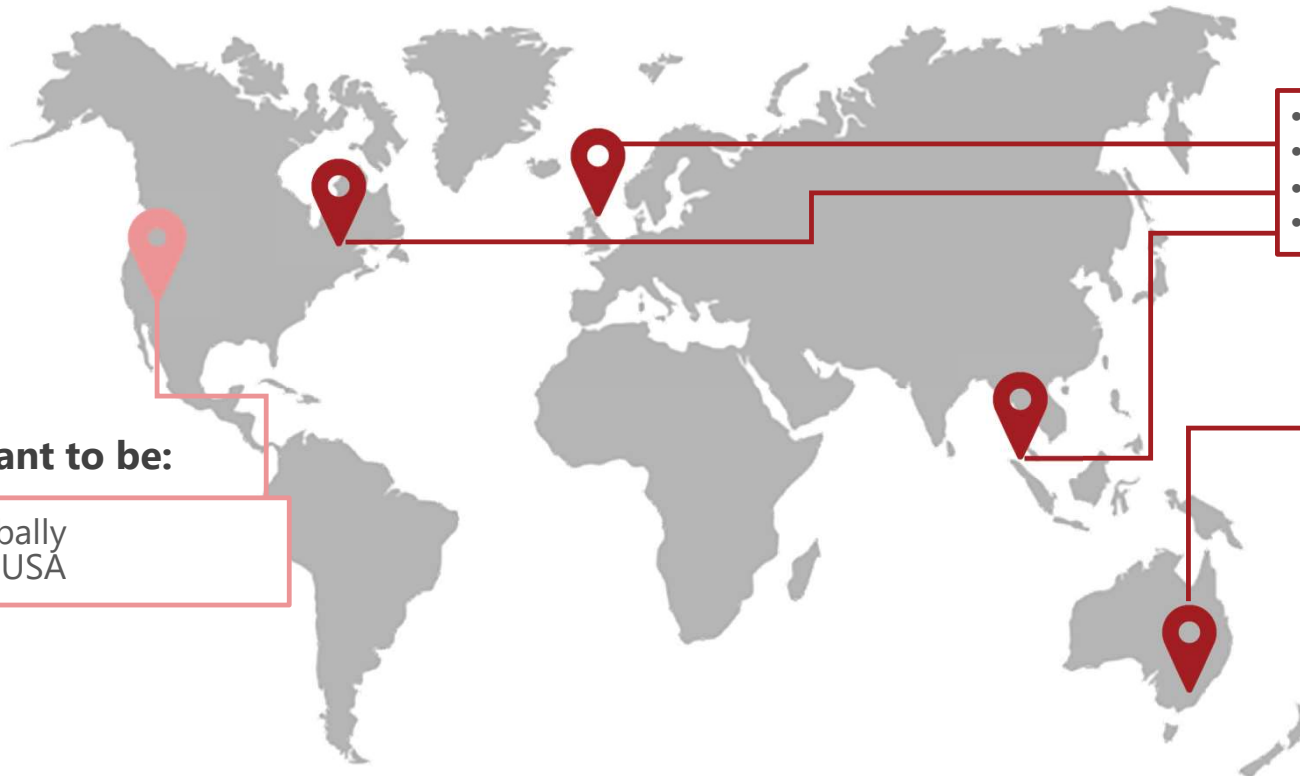
- Private network
- Provides push-to-talk (PTT) and public switch telephone network (PSTN) using tetra radio/LTE network

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

- Declares interim dividend of 1.25 cents per share.

| Singapore cents per share | FY2022 | FY2023 | FY2024 |
|---------------------------|-------------------|--------|--------|
| Interim dividend | 1.25 | 1.25 | 1.25 |
| Payment Date | 27 September 2024 | | |
| Book Closure | 15 August 2024 | | |

Outlook

CSE is well positioned to achieve a healthy financial performance in 2024 with an order book of S\$692.3 million as at 30 June 2024. However, the current global economic outlook and inflationary pressures continue to present uncertainties in the markets we operate.

Our strategy to focus on Electrification and Communications businesses is expected to yield positive outcomes for the Group. The recent acquisition of RFC Wireless, Inc. (announced on 1 August 2024) will strengthen the Company's existing business partner and customer relationships as well as extend its geographic coverage into the USA market for its Communications business, thereby enhancing its market position in the USA market.

Going forward, we will expand our engineering capabilities and technology solutions to pursue new market opportunities brought about by the emerging trends towards urbanisation, electrification and decarbonisation.

A decorative background pattern of a grid of squares, with the squares becoming smaller and more spaced out as they recede into the distance, creating a 3D perspective effect. The squares are in various shades of gray.

2

1H2024 Financial Performance

Mr Eddie Foo,
Group CFO

Group Performance

| | 1H2024 | 1H2023 |
|--|-----------|-----------|
| Revenue | S\$428.9m | S\$349.3m |
| Gross margin | 27.6% | 27.4% |
| EBITDA | S\$38.3m | S\$30.9m |
| Net profit | S\$15.0m | S\$11.0m |
| Order intake | S\$390.6m | S\$391.0m |
| Order book | S\$692.3m | S\$521.8m |
| Cash generated from/(used in) operating activities | S\$15.8m | (\$1.1)m |
| ROE | 11.8% | 10.3% |

- Revenue grew 22.8% to S\$428.9m led by Electrification and Automation business segments
- Gross profit increased 23.6% to S\$118.4m, gross margin relatively stable at 27.6% compared to 27.4% in 1H2023
- EBITDA improved 24.1% to S\$38.3m mainly attributed to higher gross profits with EBITDA margin at 8.9%
- Net profit rose 36.4% to S\$15.0m, net margin at 3.5%
- ROE improved to 11.8% in 1H2024 from 10.3% in 1H2023
- Stronger cash inflow from operating activities of S\$15.8m in 1H2024
- Net debt reduced to S\$60.1m as at 30 June 2024 compared to S\$76.0m in as at 31 December 2023
- Net gearing ratio at 0.24x as at 30 June 2024 vs 0.35x as at 31 December 2023
- Robust order book of S\$692.3m as at 30 June 2024 vs S\$521.8 as at 30 June 2023
- Declared interim dividend of 1.25 Singapore cents per ordinary share

Summary Financials

| S\$ million | 1H2024 | 1H2023 | Change |
|---|--------|---------|--------|
| Revenue | 428.9 | 349.3 | 22.8% |
| Gross profit | 118.4 | 95.8 | 23.6% |
| Operating expenses | (95.5) | (78.1) | 22.2% |
| EBITDA | 38.3 | 30.9 | 24.1% |
| Net profit attributable to equity owners of the Company | 15.0 | 11.0 | 36.4% |
| Gross margin (%) | 27.6% | 27.4% | 0.2p.p |
| EBITDA margin (%) | 8.9% | 8.8% | 0.1p.p |
| Net margin (%) | 3.5% | 3.2% | 0.3p.p |
| Cash generated from/(used in) operating activities | 15.8 | (1.1) | N.M |
| Net cash/(debt) | (60.1) | (113.7) | -47.1% |
| Order intake | 390.6 | 391.0 | -0.1% |
| Order book | 692.3 | 521.8 | 32.7% |
| ROE (annualised) | 11.8% | 10.3% | 1.5p.p |

FX Movement

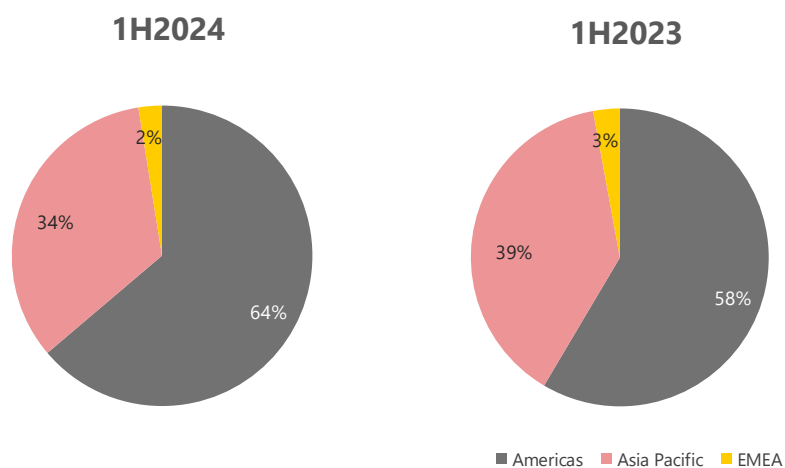
| | 1H2024 | 1H2023 | Change (%) |
|---------|--------|--------|------------|
| USD/SGD | 1.3434 | 1.3383 | 0.38% |
| GBP/SGD | 1.7022 | 1.6397 | 3.81% |
| AUD/SGD | 0.8881 | 0.9015 | -1.49% |

Constant Currency Figures

| S\$ million | 1H2024 | 1H2023 | Change (%) | 1H2024 Constant Currency | Change (%) |
|-------------|--------|--------|------------|--------------------------|------------|
| Revenue | 428.9 | 349.3 | 22.8% | 429.2 | 22.9% |
| PATMI | 15.0 | 11.0 | 36.4% | 15.0 | 36.6% |

1H2024 Breakdown By Geography Segments

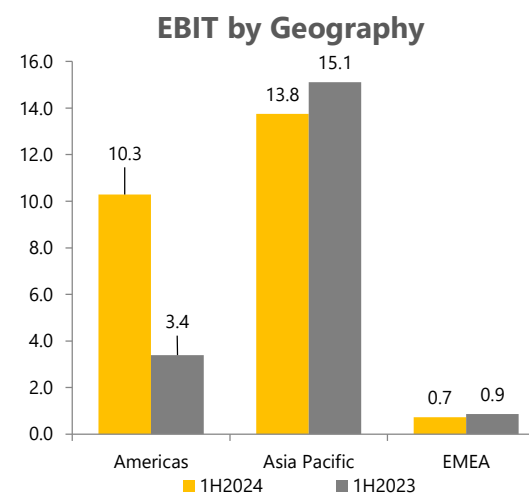
REVENUE



| S\$ million | 1H2024 | 1H2023 | YoY % |
|--------------|--------------|--------------|--------------|
| Americas | 273.7 | 204.3 | 34.0% |
| Asia Pacific | 144.4 | 134.9 | 7.0% |
| EMEA | 10.8 | 10.1 | 6.9% |
| Total | 428.9 | 349.3 | 22.8% |

Note: Total may not sum up due to rounding.

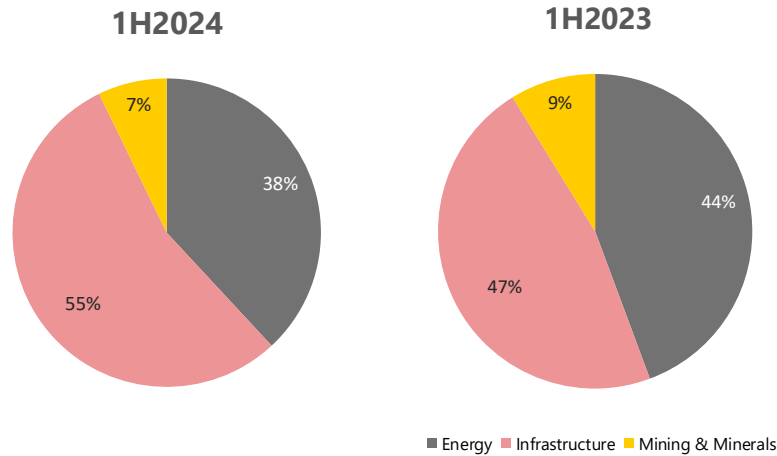
EBIT



| S\$ million | 1H2024 | 1H2023 | YoY % |
|--------------|-------------|-------------|--------------|
| Americas | 10.3 | 3.4 | 203.0% |
| Asia Pacific | 13.8 | 15.1 | -9.0% |
| EMEA | 0.7 | 0.9 | -15.1% |
| Total | 24.8 | 19.4 | 27.9% |

1H2024 Breakdown By Industrial Segments

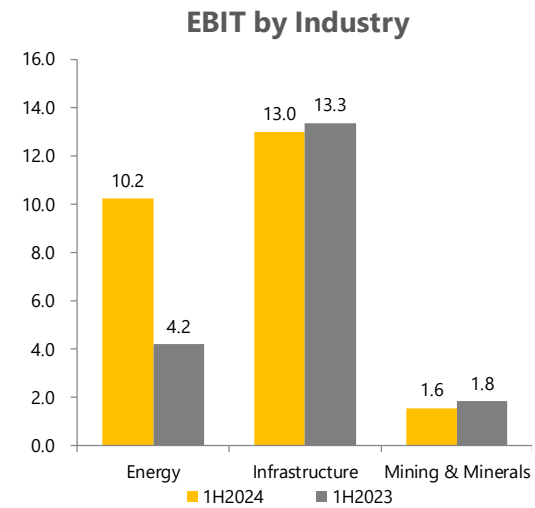
REVENUE



| S\$ million | 1H2024 | 1H2023 | YoY % |
|-------------------|--------------|--------------|--------------|
| Energy | 163.3 | 154.8 | 5.5% |
| Infrastructure | 234.5 | 163.8 | 43.2% |
| Mining & Minerals | 31.0 | 30.7 | 1.0% |
| Total | 428.9 | 349.3 | 22.8% |

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EBIT

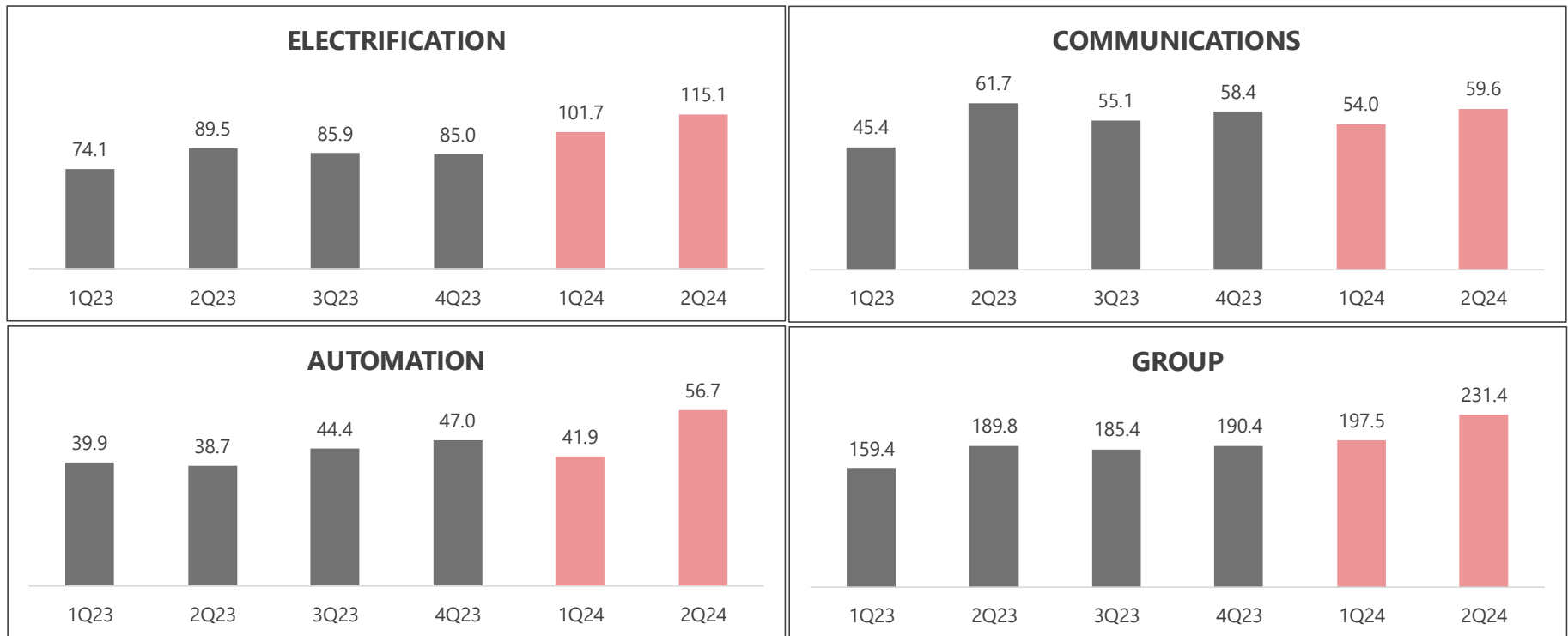


| S\$ million | 1H2024 | 1H2023 | YoY % |
|-------------------|-------------|-------------|--------------|
| Energy | 10.2 | 4.2 | 144.6% |
| Infrastructure | 13.0 | 13.3 | -2.7% |
| Mining & Minerals | 1.6 | 1.8 | -15.6% |
| Total | 24.8 | 19.4 | 27.9% |

Quarterly Revenue Trends

By Business, Q-o-Q

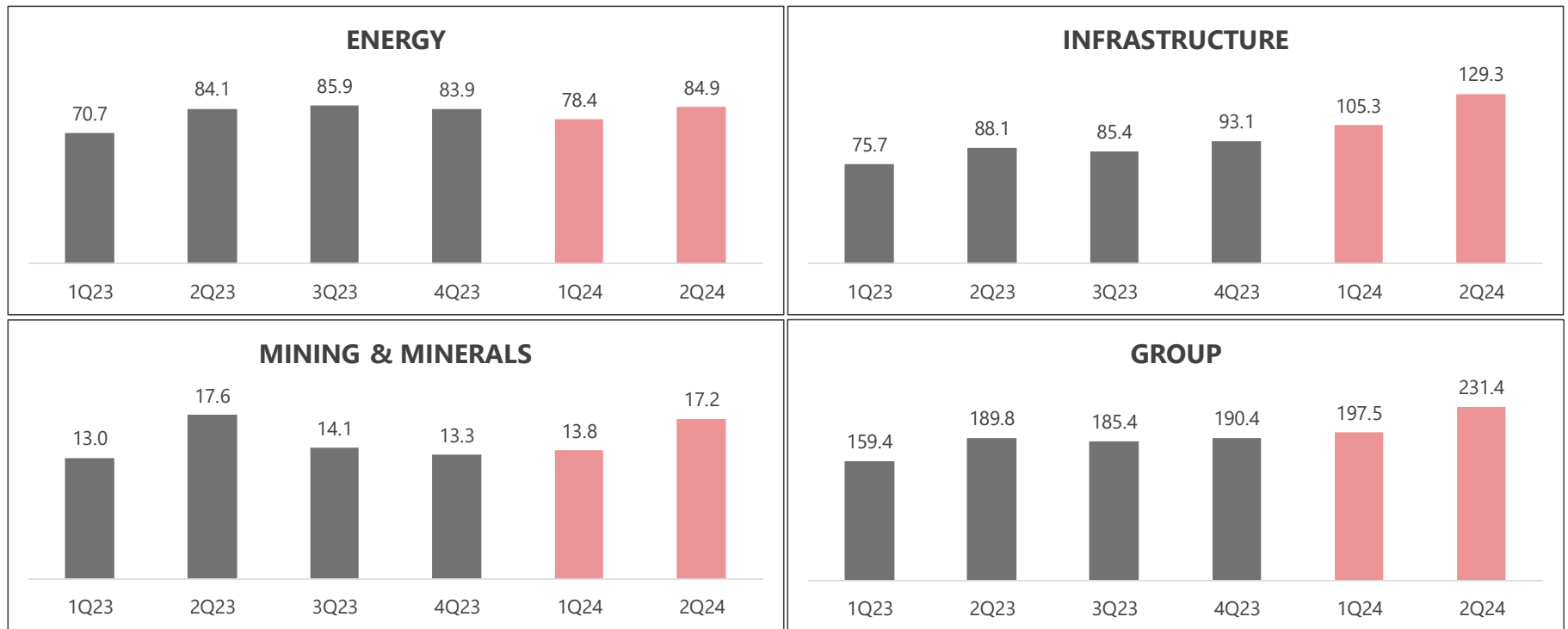
(S\$ million)



Quarterly Revenue Trends

By Industry, Q-o-Q

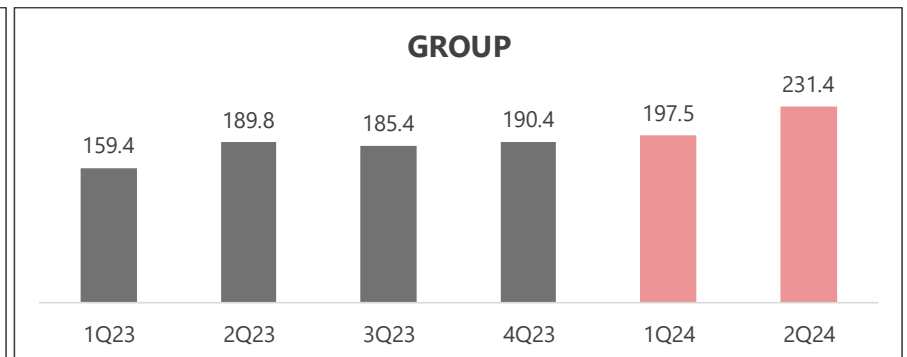
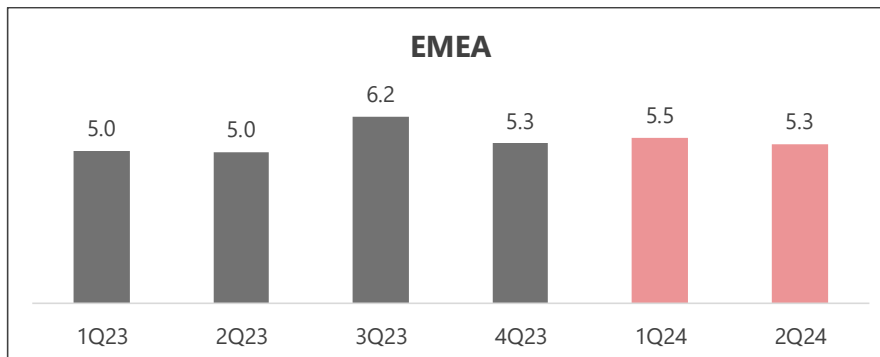
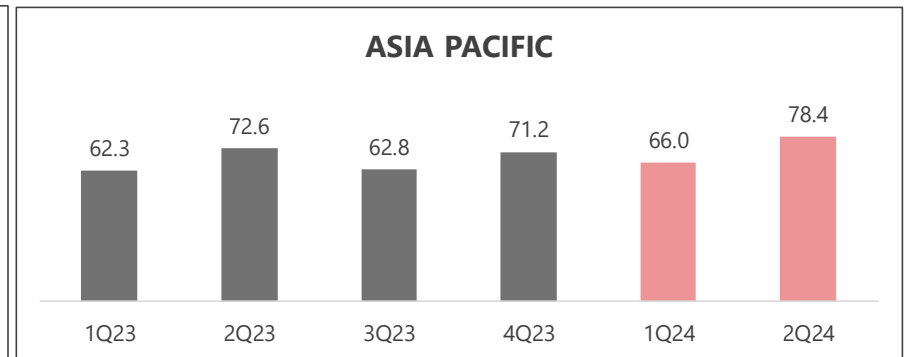
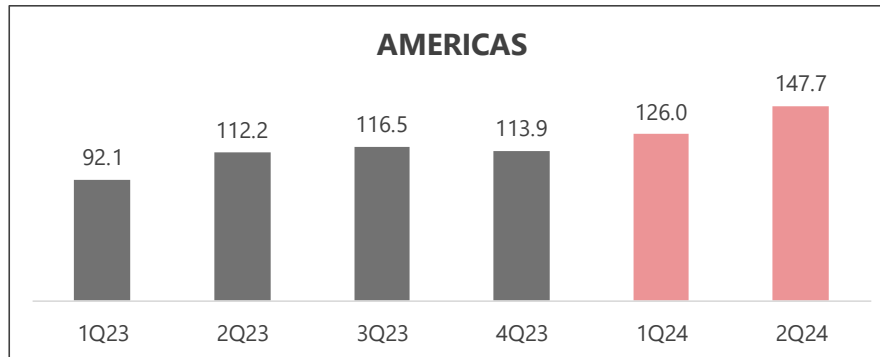
(S\$ million)



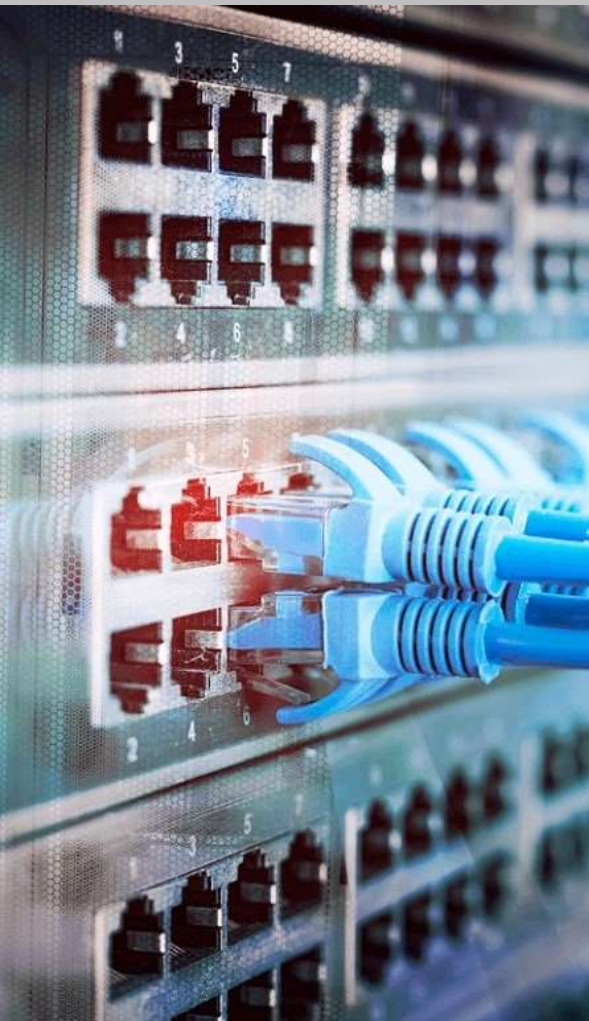
Quarterly Revenue Trends

By Geography, Q-o-Q

(S\$ million)



Financial Position & Cash Flow



**Cash inflow/(outflow)
from operating
activities**

S\$15.8 million in 1H2024 vs (S\$1.1) million in 1H2023

Net cash/(debt)

(S\$60.1) million as at 30 June 2024 vs (S\$76.0) million
as at 31 December 2023

**Equity attributable to
owners of the
Company**

S\$253.6 million at 30 June 2024 vs
S\$216.1 million at 31 December 2023

NAV per share

36.60 cents at 30 June 2024 vs
35.15 cents at 31 December 2023

Group Balance Sheet

| | 30-Jun-24 | 31-Dec-23 | 30-Jun-23 |
|-----------------------------|-----------|-----------|-----------|
| PPE | 76.4 | 70.3 | 68.7 |
| Right-to-use assets | 26.1 | 26.2 | 20.1 |
| Intangible Assets | 95.8 | 93.4 | 92.3 |
| Cash at Hand & Bank | 101.8 | 39.4 | 23.5 |
| Net Contract Assets | 43.2 | 28.1 | 77.6 |
| Inventories | 70.2 | 70.8 | 68.6 |
| Trade and Other Receivables | 148.0 | 153.0 | 155.3 |
| Trade Payables and Accruals | 128.6 | 127.0 | 139.8 |
| Loans and borrowings | 161.9 | 115.4 | 137.1 |
| Net Cash/(Debt) | (60.1) | (76.0) | (113.7) |
| Shareholders' Fund | 253.6 | 216.1 | 213.9 |

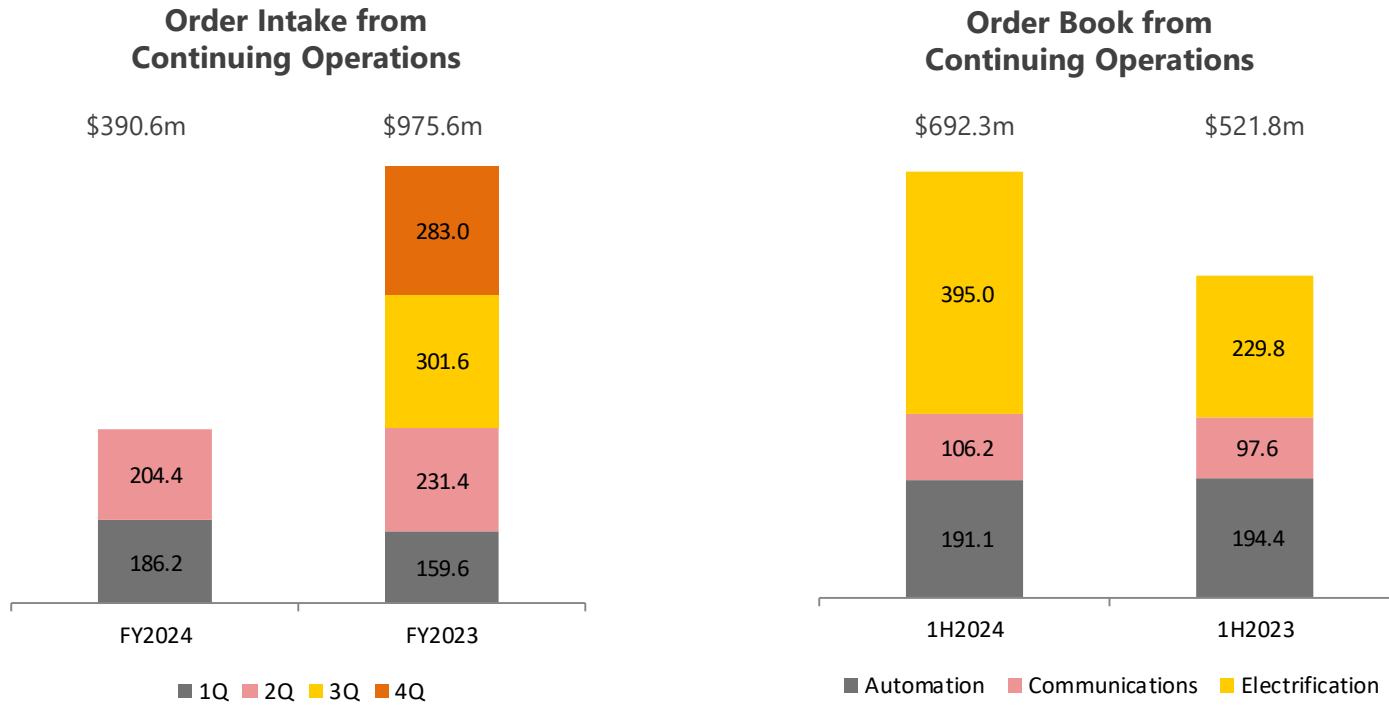
Group Cash Flow Statement

| S\$ million | 1H2024 | 1H2023 |
|---|---------------|---------------|
| As at beginning of the period | 38.4 | 24.1 |
| EBITDA | 38.3 | 30.9 |
| Other non-cash adjustments | 0.8 | 0.8 |
| Changes in working capital | (15.5) | (25.5) |
| Interest and tax | (7.8) | (7.3) |
| Cash flow from operating activities | 15.8 | (1.1) |
| Capital expenditure, net of sale ¹ | (10.9) | 0.2 |
| Acquisition of businesses, net of cash | (4.1) | (14.8) |
| Cash flow from investing activities | (15.0) | (14.6) |
| Proceeds from borrowings, net | 47.4 | 28.2 |
| Payment of lease liabilities | (5.4) | (3.9) |
| Net proceeds from issuance of ordinary shares | 23.2 | - |
| Dividends | (4.6) | (9.2) |
| Cash flow from financing activities | 60.6 | 15.1 |
| Net effect of FX on cash | 1.0 | (0.1) |
| Cash and bank balances at end of the financial period | 100.7 | 23.5 |

Note: Cash and bank balances at end of the financial period above excluded restricted cash of S\$1.0 million as at June 2024.

¹ 1H2024 capital expenditure mainly due to plant and machinery (S\$3.5 million) related to ELEC business unit facilities and Grid's network equipment (S\$2.8 million). 1H2023 included release of restricted cash from disposal of a property (S\$7.9m).

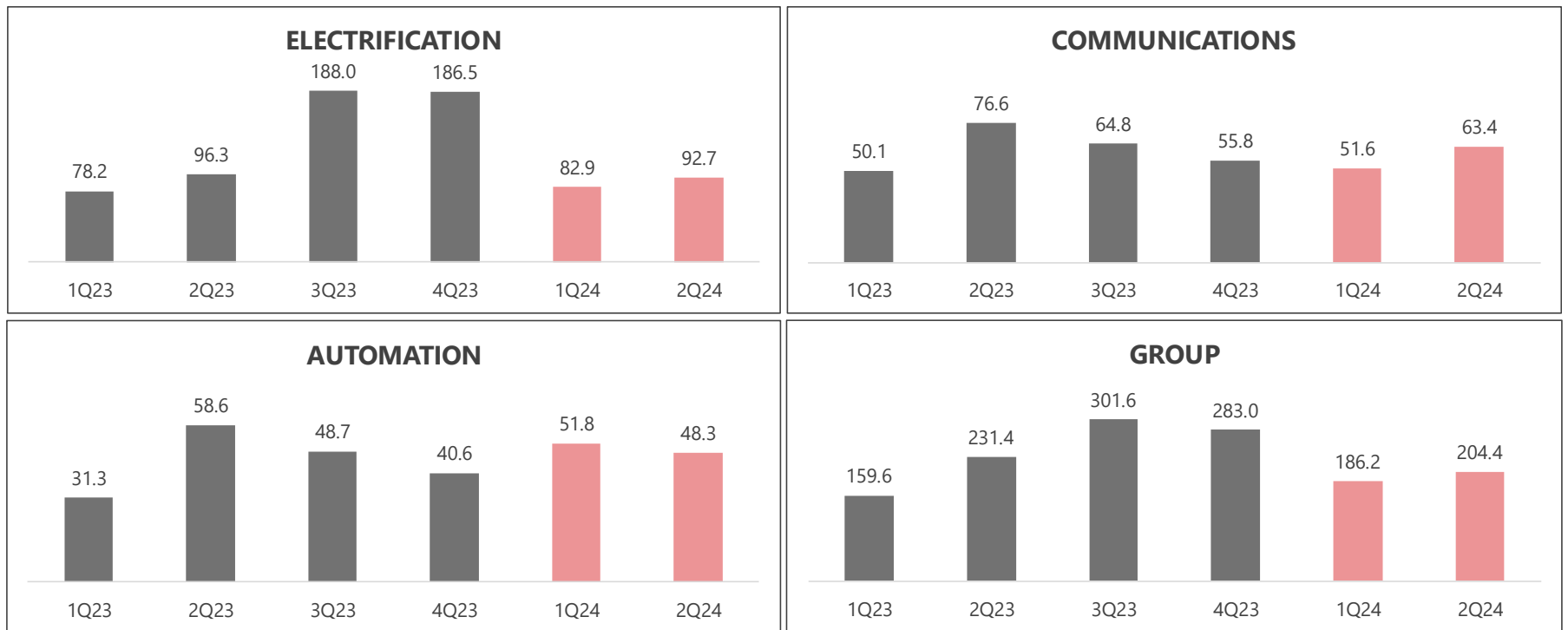
FY2024 Order Intake/Book By Business Segments



Order Intake

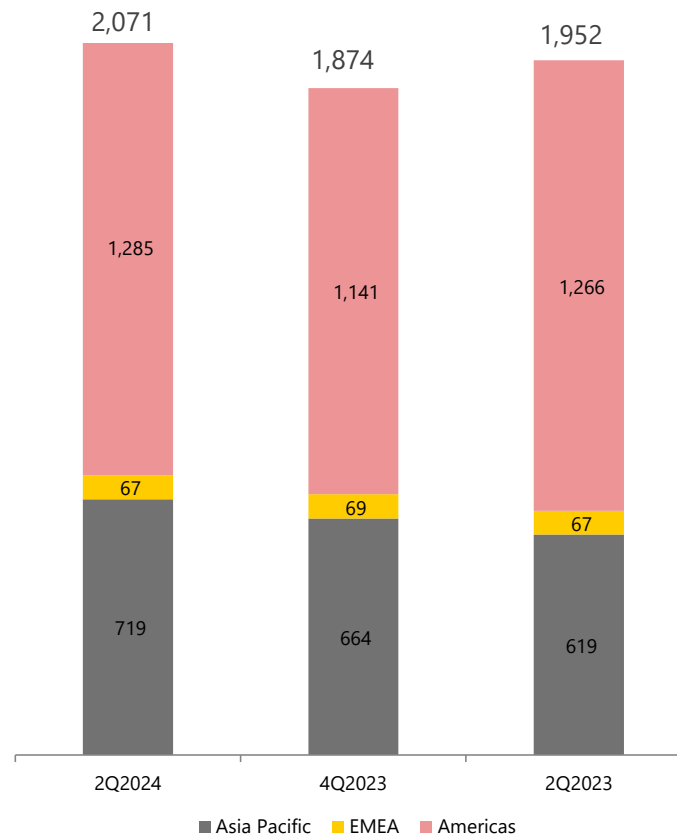
By Business, Q-o-Q

(S\$ million)



Human Resources Allocation

No. of headcount





CSE

Q&A