

CSE GLOBAL LTD

3Q RESULTS BRIEFING

13 November 2008



Customer Satisfaction, Everytime.

Agenda

- 3Q 2008 Financial Review
- Update on acquisitions
- Update on US Market - Rick Lynn
- Update on UK market - Alan Stubbs
- Update on Australia Market - Greg Swinton
- Update on Middle East/Africa Market - Tarek Bary
- Q&A



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3Q 2008 Highlights

- Revenue of S\$116.0M; 6.3% growth over 3Q2007
- GM was 37.1% (3Q07 : 35.1%; 2Q08 : 37.7%)
- PATMI of S\$14.2M; 24.9% above that of 3Q07
- New orders totaling S\$103.8M (3Q07 : S\$109.1M; 2Q08 : S\$103.0M)
- Cash generation of S\$19.9M; versus S\$7.2M in 2Q08



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3Q 2008 Results

S\$M

| | <u>3Q2008</u> | <u>3Q2007</u> | <u>Variance (%)</u> |
|----------------|---------------|---------------|---------------------|
| Revenue | 116.0 | 109.1 | 6.3 |
| GM (%) | 37.1 | 35.1 | 2.0 |
| G & A | 23.5 | 22.2 | 5.8 |
| PATMI | 14.2 | 11.4 | 24.9 |
| Net Margin (%) | 12.3 | 10.4 | 1.9 |



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9M 2008 Highlights

- Revenue increased 13.5% to S\$327.7 M, over 9M2007
- GM was 37.0%, versus 35.8% in 9M2007
- PATMI was S\$40.3M, up by 32.2% over 9M2007
- EPS of 7.95 cents; 31.6% growth, over 9M2007
- ROE at 41.6%, up from 31.9% in 9M2007
- Net gearing at 45.8%; 4% increase versus end 2Q08
- Net debt was S\$65.7M (2Q08 : S\$63.3M)
- Outstanding orders of S\$305.3M



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9M 2008 Highlights

- The result could have been better, if not due to the strengthening in S\$;

| <u>Exchange Rate</u> | <u>9M2008</u> | <u>9M2007</u> | <u>Change (%)</u> | <u>Revenue (%)</u> | <u>Profit (%)</u> |
|----------------------|---------------|---------------|-------------------|--------------------|-------------------|
| US\$ | 1.3891 | 1.5223 | (8.6) | 55.1 | 41.4 |
| £ | 2.7050 | 3.0332 | (10.9) | 18.0 | 21.6 |
| AUS | 1.2697 | 1.2581 | 0.9 | 11.4 | 8.2 |
| € | 2.1145 | 2.0503 | 3.1 | 3.1 | 2.6 |

Proforma Performance

| <u>S\$M</u> | <u>9M2008</u> | <u>9M2007</u> | <u>Variance (%)</u> |
|-------------|---------------|---------------|---------------------|
| Revenue | 350.7 | 288.7 | 62.0 (21.4) |
| PATMI | 42.8 | 30.5 | 12.3 (40.3) |

Note : Americas - 8.6%
UK - 10.9%
Middle East/Africa - 8.6%



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9M 2008 Results

SSM

| | <u>9M2008</u> | <u>9M2007</u> | <u>Variance (%)</u> |
|---------------|---------------|---------------|---------------------|
| Revenue | 327.7 | 288.7 | 13.5 |
| GM(%) | 37.0 | 35.8 | 1.2 |
| G&A | 65.4 | 61.2 | 6.9 |
| PATMI | 40.3 | 30.5 | 32.2 |
| Net Margin(%) | 12.3 | 10.6 | 1.7 |
| EPS (cents) | 8.0 | 6.0 | 31.6 |
| ROE (%) | 41.6 | 31.9 | 9.7 |

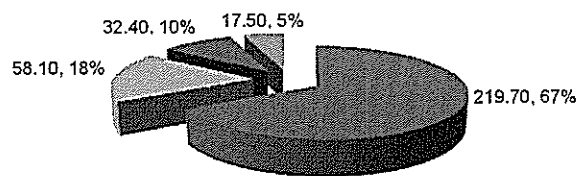
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9M 2008 Business Segments

SSM

□ Business Segments : Control, Telecommunication, Electrical and Healthcare



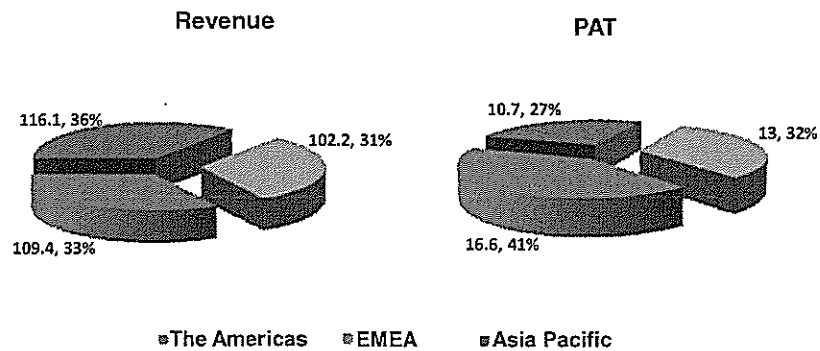
■ Control ■ Telecom ■ Electrical ■ Healthcare

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9M 2008 Geographical Segments

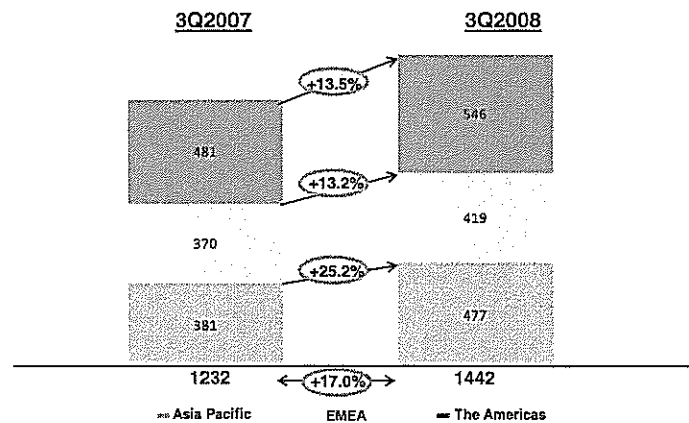
S\$M



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Human Resource Growth



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9M 2008 Group Balance Sheet

SSM

| | <u>9M2008</u> | <u>1H2008</u> |
|---------------------|---------------|---------------|
| Cash on Hand & Bank | 44.7 | 48.3 |
| Project Net WIP | 84.9 | 78.0 |
| Receivable | 84.2 | 81.4 |
| Payable | 71.2 | 54.2 |
| Loan | 110.4 | 111.6 |
| Net Loan | 65.7 | 63.3 |
| Shareholder Fund | 129.0 | 139.5 |

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9M 2008 Group Cash Flow

SSM

| | <u>3Q2008</u> | <u>9M2008</u> |
|--|---------------|---------------|
| As at beginning of the quarter/year | 48.3 | 58.9 |
| New Share Issue / (Shares Buy Back) | (14.3) | (12.8) |
| Net additional investment in subsidiaries & associates | (2.4) | (2.6) |
| Net Operations | 19.9 | 15.0 |
| Capital Expenditure | (0.6) | (1.8) |
| Bank Loans | (1.2) | 10.8 |
| Dividends | (5.0) | (22.8) |
| As at end of the quarter | 44.7 | 44.7 |

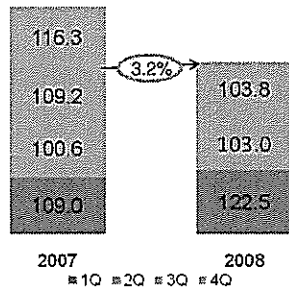
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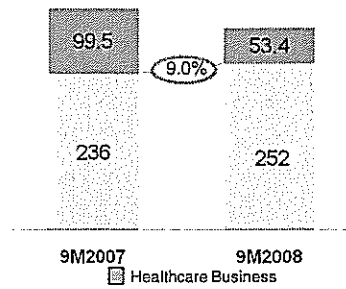
3Q 2008 Orders

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New Orders



Outstanding Orders



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Update on Acquisitions

W. Arthur Fisher Limited

- Type of Business - System integrator in process control & automation to diverse industries
- Rational - Complementary fit with our business and strategy
- Strengthens our presence in New Zealand from 2 to 27 employees

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Update on Acquisitions

Hankin Environmental System Inc

- Type of Business - Engineering, Design and Supply of Industrial Furnace Systems
- Customers - Industrial Incineration Plants
- Industrial Processing Plants
- Municipal Sludge Incinerators
- Founded - 1983



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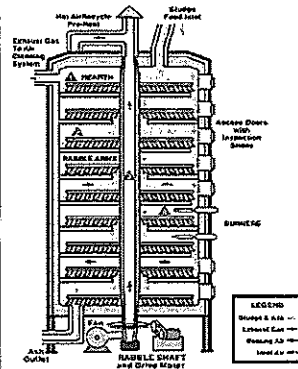
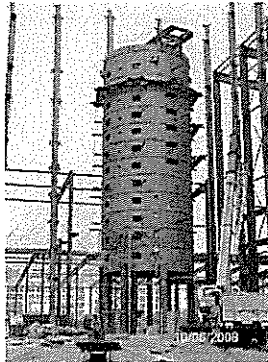
Update on Acquisitions

Multiple Hearth Furnace (MHF)

Applications:

- Activated Carbon Production
- Activated Carbon Regeneration
- Kaolin Calcining
- Moly-OX₂ Roasting
- Sludge Incineration

Typical Project Value Range:
(For One System)
\$3,000,000 to \$10,000,000 USD



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Update on Acquisitions

Fluidized Bed Incinerator (FBI)

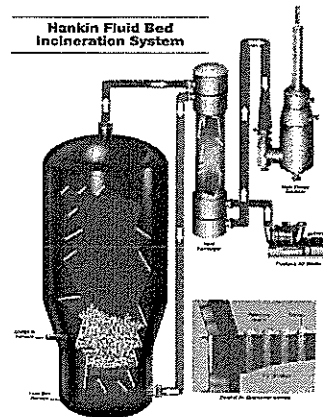
Applications:

- Sludge Incineration
- Liquid Waste Incineration
- Hazardous Waste Incineration

Typical Project Value Range:

(For One System)

\$3,000,000 to \$10,000,000 USD



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Update on Acquisitions

Rotary Kiln Incinerator (RKI)

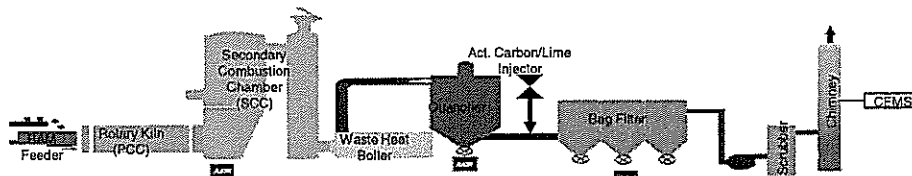
Applications:

- Medical Wastes
- Hazardous Wastes (Gas, Liquid, Solids)
- Soil Remediation

Typical Project Value Range:

(For One System)

\$3,000,000 to \$10,000,000 USD



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Update on Acquisitions

Contracts Awarded in 2008

- | | | |
|---|---|------------------------|
| □ | Beijing Capital International Airport incinerating system | <i>Rotary Kiln</i> |
| □ | CMOC Molybdenum Roster Plant | <i>Multiple Hearth</i> |
| □ | Jinduichen (JDC) Molybdenum Co Ltd | <i>Multiple Hearth</i> |
| □ | Eureka Molybdenum | <i>Multiple Hearth</i> |
| | Total contract value | US\$35M |

Industries

- Oil & Gas (IEA : World Energy Outlook 2008)
 - World oil demand is set to continue to expand through 2030 on current trend. IEA forecast the oil demand will rise by 1% per year (2007 : 85 mb/d ; 2030 : 106 mb/d)
 - Even if oil demand was to remain flat to 2030, 45 mb/d of gross capacity – about 4 x the current capacity of Saudi Arabia would be needed to build worldwide to offset the oil field decline. Massive investment will be needed
- Mining
 - China recent announced plans to invest around US\$870B over the next two years on infrastructure and housing will benefit the Australia mining industry

Industries

- Healthcare
 - Healthcare is huge spend in UK, un-dented by economic crisis
- Environmental
 - Waste handling is major issue in many countries, especially disposal of sewage sludges
 - Industrial roaster demand is strong especially for Molly and activated carbon

Outlook

- The current financial crisis and economic slowdown will have some impact on our business. However, we remain confident that the FY08 performance will be better than FY07
- The Group had been growing about 31% CAGR since 2004. Going forward, we expect the growth rate will be slowing down due to uncertainty in the current financial crisis

Update On US Market

- **US Gulf of Mexico Market**
 - Major project outlook remains strong with mega projects in planning stage for Chevron, Shell, BP and others
 - US still imports large majority of it's crude oil
 - US government royalties on oil & gas production remain small compared to other countries



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Update On US Market

- **Brazil Offshore Market**
 - Several mega projects planned on heels of recent major discoveries
 - Petrobras has several drilling rigs on order to accommodate development of new discoveries
 - Recent opening up of offshore Brazil leases allows US major players to participate



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Update On US Market

- **Pemex Market**

- Recent accelerated decline in traditional offshore Pemex field production rates is a major issue for Pemex whose income funds the majority of the countries costs
- Aggressive project planning underway for both short term and long term production rate increases
- Up to sixteen new offshore facilities planned for tender in Y2009



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Update On UK Market

- UK

Healthcare - £24 billion National Programme, then £400 million/year on IT

Social Care - £500 million programme over 5 years

Water – AMP5 2010..2015 £15m of Telemetry/SCADA Work

Oil & Gas.. Difficult to Estimate – Concentrate on Brownfield Refurbishment

Power - Refurbishment of Coal, Delay in Nuclear

- Middle East

Abu Dhabi US\$ 55 billion over next five years, = US£400m/year Brownfield



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Update On UK Market

- CSE Global (UK) Ltd Operates as Three Divisions

- CSE Controls

- CSE Healthcare Systems

- CSE Servelec



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Update On UK Market

- CSE Controls is Pursuing Two Markets
Four Offices Aberdeen, Motherwell, Nitra & Sheffield
 - Focus on obtaining high quality business from the Oil & Gas and Power markets.
 - Whilst maintaining a small number of existing "key clients".
 - We can foresee considerable continued investment in these markets for a number of years to come. Growth can be achieved organically or through acquisition.
 - Strategic plan concentrates on delivering growth by organic means, but constrained by the availability of good, affordable engineering resource.



Customer Satisfaction. Exceptionally.

Update On UK Market

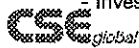
- CSE Healthcare Systems
one office in Sheffield
 - Health is a huge UK spend, un-dented by Economic Crisis.
 - Plan to Consolidate and Win Work in the Southern Cluster.
On track, but not with Fujitsu, planned 2008 growth now 2009.
 - Working to Develop Acute or Social Care Offer in addition to the continued development of existing product and markets.



Customer Satisfaction. Exceptionally.

Update On UK Market

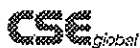
- CSE Servelec
one office in Sheffield – combined Seprol, Business Solutions & Telemetry Support
 - Broadcast Telemetry business lost by merger of Arqiva and Crown Castle, but, RTU sales promising.
 - New Projects in Water Slowing – better in 2010.
 - RTU sales remain strong, but could be stronger.
 - Expand Semaphore Sales in UK.
 - Support revenues strong and healthy.
 - Investment in SCOPE-X underway; Pilot & Merlin.



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Update On UK Market

- Stay in Markets that can give growth despite a Recession.
- Health, Utilities, Oil & Gas.
- Re-engage with key clients in the Middle East on weakness of Sterling.
- Healthcare - Licence Revenue, Services & Support.
- Develop the SCOPE-X Range of Products; Pilot, Merlin.



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Update On Australia Market

- Long relationships representing major electrical companies – Fuji Electric, GE Multilin & Hyundai
- Electrical Engineering High Technology Products & Solutions – Protection, Ethernet communications networks, Cyber security, MV motors, Motor starting and speed control
- Major Markets – Mining, Heavy Industrial, Energy, Infrastructure & Transport
- Australia & New Zealand based
- 30 years old
- Approx 85 staff



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Update On Australia Market

- Mining Project Pipeline still strong despite some project deferrals.
 - Well positioned on many mining projects in WA & Queensland
 - Coal/IronOre/Alumina/Copper/Gold/Phosphate/Molybdenum/Uranium
 - Sino Iron Cape Preston Project WA
 - RIO Tinto Villages upgrade project
- China's demand for raw materials continuing despite some moderation in growth. Recent stimulus package assists.



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Update On Australia Market

- Infrastructure growth in Energy, Water, Transport & Ports
 - Port Waratah Coal Loader
 - Cape Lambert WA Bulk Handling Iron Ore Port
 - Melbourne Water
 - Transgrid 500kV upgrade
 - Irrigation Schemes NZ
- Renewables sector continued project growth. Govt MRET and demand for green energy assisting
 - Waubra Wind Farm 192MW 128 turbines
 - Capital Wind Farm 132MW 63 turbines
 - Colac Wind Farm 232MW 116 turbine



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Update On Australia Market

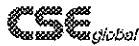
- Developing oil & gas market in Australia
 - Coal Seam Methane (CSM) Queensland & NSW
 - Arrow Energy & Santos 1400 wells



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Update On MEA Market

- The Oil&Gas Market still active and NO SIGN of major projects cancellation YET by the credit and financial problems.
- The projects committed are still proceeding as Planned with no sign of delaying, postponement or cancellation.
- Request for Proposals is still strong



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Update On MEA Market

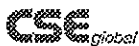
- Middle East Area:

Projects committed in Saudi Arabia are going ahead such Manifa, Jubail Refinery, Yanbu Refinery and Karan offshore.

[Yanbu project tender submission delayed to Q2/09, however, Manifa project and Jubail Refinery are progressing as planned]

Projects committed in Abu Dhabi are progressing such as: SAS Gas Project, IDG, IPIC Pipeline, TFP pipeline & Habshan Gas Plant.

[TransTel is Pre-qualified for all the above]



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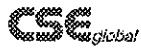
Update On MEA Market

- Kuwait

The New Oil Refinery project EPC contracts are awarded and progressing.

- Algeria

All projects in Algeria are progressing to EPC stage such Skikda, Gassie Touil, El Merk, etc...



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Update On MEA Market

- Customers:

EPC contractors did not report any slow down in their activities for onshore and offshore project.

The number of enquiries is at all time high especially for high value projects between US\$10M to US\$ 30M



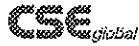
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Update On MEA Market

- End Users
 - ExxonMobil announced it will continue with its US\$ 125BN investment for the next 5 years.

Example: PNG LNG project is proceeding with FEED awarded to Chiyoda of Japan

Panyu Urip (Indonesia) is proceeding for EPC by Q1/09.
 - Middle East Operators keeping their pledged investment in the Oil & Gas unchanged.



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