

# CSE GLOBAL LTD

**FY2008**

## **RESULTS BRIEFING**

26 FEBRUARY 2009  
THE FULLERTON HOTEL



Customer Satisfaction, **Everytime.**

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## Milestones

- 1985 Commenced operations
- 1993-1995 Established presence in Thailand, Malaysia & India
- 1997 Management Buy-In
- 1999 Initial Public Offering
- 2000 Acquired W-Industries (US) and Servelec (UK)
- 2003 Acquired Transtel and established presence in Carmen, Doha, Dubai, Tehran, Soku, Muscat, Shanghai, Beijing and Jakarta
- 2004 Acquired Uniserve (Australia) & RTUnet (Australia; product business)
- 2006 Acquired Techno Trade (Belgium; product business) & Scomag (Scotland)
- 2008 Acquired W.Arthur Fisher (WAF) (New Zealand) & Hankin Acquisition Corp (US)



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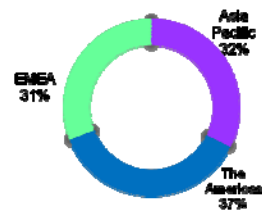
# A Truly Global Company



# Geographical Distribution

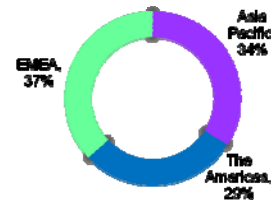
## Revenue

□	Asia Pacific	32%
□	The Americas	37%
□	EMEA*	31%



## PAT

□	Asia Pacific	34%
□	The Americas	29%
□	EMEA*	37%



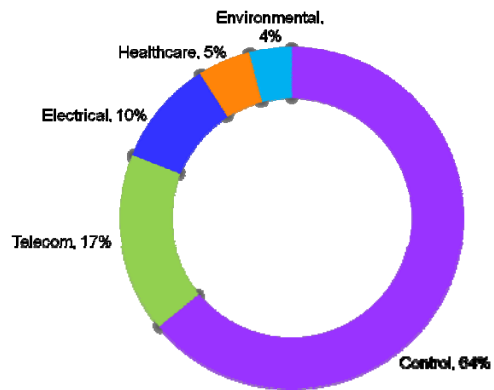
\*EMEA – Europe, Middle East & Africa



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# Core Business Segments

- Control 64%
- Telecom 17%
- Electrical 10%
- Healthcare 5%
- Environmental 4%



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# Control

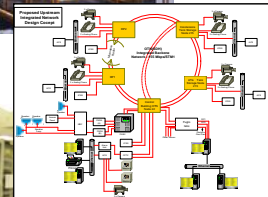
- Integrated Control System
  - Process Control System
  - SCADA/Telemetry System
  - Pipeline Control System
  - Well Head Control System
  - Subsea Control System
  - Chemical Injection System
  - I & E Construction
- Process and Fire & Gas Shutdown System
- Plant IT



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# Telecommunication

- Provides turnkey telecom infrastructure for the energy industries, solution includes;
  - Fiber Optic Telecom Backbone Networks
  - VSAT Telecom Transmission Solutions
  - Microwave Telecom Transmission Solutions
  - IP/LAN/WAN/MAN Network Solutions
  - RF Transmission & Wireless Solutions
  - Emergency Page & Communication Systems
  - CCTV Surveillance & Security Systems



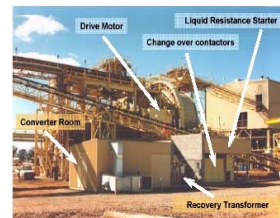
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# Electrical

- Power Conversion
 

The power conversion business incorporates various electrical control equipment including low/medium voltage variable speed drives and solid state soft starters, slip energy recovery drive and liquid resistance starters, all centered around the starting, running and electronic speed control of low, medium and high electric motors.
- Protection System and Control
 

Cover motor protection, feeder protection, line protection, transformer protection and generator protection etc.

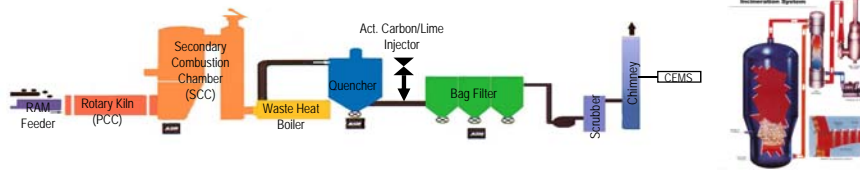


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# Environmental (New)

- Engineering, Design & Supply of Industrial Furnace Systems for industrial incineration plants, industrial process plants & municipal sludge incinerators

- Multiple Hearth Furnace
- Fluidized Bed Incinerator
- Rotary Kiln Incinerator



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# Healthcare

The RiO software package covers Mental Health, Community and Child Health with the different care settings being accommodated via the configuration of the system. RiO is a clinically rich package designed to be used by clinicians for themselves and for the benefits of their patients. The core of the system is a person-centric administration system or PAS, and with other key functions such as:

- Case Notes
- Assessments
- Care Plans
- Mental Health Act Administration
- Appointment Scheduling
- Clinic management
- In-patient management
- Reporting
- Care Setting Functionality

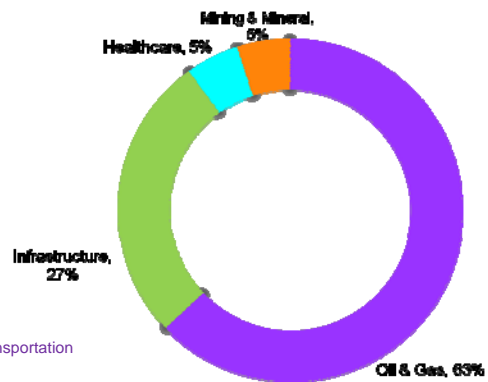


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# Turnover By Business Segments

- Oil & Gas 63%
- Infrastructure\* 27%
- Healthcare 5%
- Mining & Mineral 5%



\*Infrastructure : power, water, environmental and transportation

# 4Q08 Highlights

- Quarterly performance was affected by the volatility of Forex especially A\$ & £
- Exchange loss of S\$4M in 4Q08
- Revenue decreased 1.9% to S\$113.80M
- GM was 38.4% (4Q07 : 38.0%; 3Q08 : 37.1%)
- PATMI was S\$8.0M, down by 31.2%
- The forex translation losses were S\$8.9M (Revenue) and S\$1.1M (PAT)
- New orders totaling S\$96.6M

## 2008 Average Forex Rate

<u>Currency</u>	<u>2007</u>	<u>2008</u>	<u>Variance (%)</u>	<u>4Q2007</u>	<u>4Q2008</u>	<u>Variance (%)</u>
USD	1.5052	1.4151	(6.0)	1.4541	1.4932	2.7
£	3.0135	2.6020	(13.7)	2.9545	2.2932	(22.4)
AUD	1.2464	1.1980	(5.3)	1.2839	0.9830	(23.4)
€	2.0646	2.0758	0.5	2.1074	1.9599	(7.0)

## 2008 Forex Closing Rate

<u>Currency</u>	<u>2007</u>	<u>2008</u>	<u>Variance (%)</u>
USD	1.4535	1.4466	(0.5)
£	2.8797	2.1435	(25.6)
AUD	1.2653	0.9881	(21.9)
€	2.0902	2.0248	(3.1)

## 4Q08 Forex Translation Impact

(\$M)

	<u>4Q2008</u>	<u>QoQ Change (%)</u>	<u>4Q2008 (constant FX)</u>	<u>QoQ Change (%) (constant FX)</u>
Revenue	113.8	(2.0)	122.7	5.7
PAT	8.0	(31.0)	9.1	(21.5)



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## 4Q08 Results

(\$M)

	<u>4Q2008</u>	<u>4Q2007</u>	<u>Variance (%)</u>
Revenue	113.8	116.0	-1.9
GM (%)	38.4	38.0	0.4
G & A	32.6	28.7	13.7
PATMI	8.0	11.6	-31.0
Net Margin (%)	7.0	10.0	-3.0



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## FY08 Highlights

- The full-year results could be better if not for the volatility of Forex
- Record revenue of S\$441.5M; 9.1% growth in revenue
- Record PATMI of S\$48.3M; 14.7% above that of 2007.
- Record GM of 37.4% as compared to 36.5% for 2007.
- EPS was 9.65 cents, up from 8.33 cents in 2007 (15.9%)
- Record ROE at 39.5%, up from 34.4% in 2007
- The forex translation losses were S\$31.6M (Revenue) and S\$3.3M (PAT) for FY08
- Total exchange loss of S\$6.2M versus a loss of S\$0.9M in FY07



## FY08 Highlights

- Cash generation of S\$19.6M (2007 : S\$41.2M)
- Net gearing at 79.0%, versus 29.9% in 2007
- Net debt was S\$85.6M, up from S\$40.7M in 2007
- New orders totaling S\$425.9M
- Outstanding orders of S\$269.5M, consists of S\$56.8M of healthcare business and S\$212.7M of other businesses



# 2008 Forex Translation Impact

(\$M)

## □ P&L Impact

	<u>FY2008</u>	<u>YoY Change (%)</u>	<u>FY2008 (constant FX)</u>	<u>YoY Change (%) (constant FX)</u>
Revenue	441.5	9.1	473.1	16.2
PAT	48.3	14.6	51.6	23.1

## □ Other Impact

	<u>FY2008</u>	<u>FY2008 (constant FX)</u>
Operating Cash Flow	19.6	32.0
Shareholder fund	108.2	135.2
Outstanding orders	269.5	306.5



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# FY08 Group P&L

(\$M)

	<u>FY2008</u>	<u>FY2007</u>	<u>Variance (%)</u>
Revenue	441.5	404.7	9.1
GM(%)	37.4	36.5	0.9
G&A	99.5	89.9	10.7
PATMI	48.3	42.1	14.7
Net Margin(%)	10.9	10.4	0.5



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## Forex Loss FY08

Full-year forex loss of S\$6.2M, comprised of :

- Hedging for revenue/cost currency mismatch, S\$5.1M
  - of which S\$3.9M was marked to market and S\$1.2M realised
  - improved gross margin by S\$5.1M, about 1.2%
- Forex loss, S\$1.1M due to unhedge A\$, £, €, NZ\$, C\$, SKK etc.



## FY08 Geographical Segments

S\$M

	<u>FY2008</u>	<u>FY2007</u>	<u>Change YoY (%)</u>	<u>Change YoY (%) (constant FX)</u>
<u>REVENUE</u>				
Asia Pacific	143.2	106.3	34.7	38.9
The Americas	161.3	156.5	3.1	9.1
EMEA	137.0	141.9	-3.5	6.0
<u>PAT</u>				
Asia Pacific	16.3	9.5	71.0	74.9
The Americas	14.2	12.8	11.6	17.6
EMEA	17.8	19.8	-10.3	2.8

\*EMEA – Europe, Middle East, Africa



# FY08 Group Balance Sheet

S\$M

	<u>FY2008</u>	<u>FY2007</u>
Cash at Hand & Bank	42.6	58.9
Project Net WIP	71.1	60.8
Receivable	93.0	79.5
Payable	67.3	63.5
Loan	128.2*	99.6
Net Loan	85.6*	40.7
Shareholder Fund	108.2*	136.4

\*The variance as compared to FY07 was mainly due to the S\$28M of share buyback which increase the net gearing to 0.79x at the end of FY08



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# FY08 Group Cashflow

S\$M

	<u>FY2008</u>	<u>FY2007</u>
As at beginning of year	58.9	66.9
New Share Issue / Share buyback, net	(26.5)	1.4
Net additional investment in subsidiaries & associates	(7.4)	(34.5)
Net Operations	19.6	41.2
Capital Expenditure	(2.9)	(4.3)
Bank Loans	28.6	1.9
Dividends	(22.8)	(11.8)
Net effect of forex on Cash/Cash equivalent	(4.9)	(1.8)
As at end of year	42.6	58.9



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# Working Capital Analysis

\$M

	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>	<u>3Q08</u>	<u>4Q08</u>
Accounts Receivable	70.4	79.7	71.1	72.7	81.8	79.5	87.9	86.2	84.2	93.0
WIP & Stock	67.1	69.9	62.8	70.1	82.4	70.2	79.7	82.0	93.6	82.2
Accounts Payable & Accruals	52.8	32.8	52.8	53.0	69.1	63.5	57.5	54.2	71.2	67.2
Net	84.6	116.8	81.1	89.8	95.1	86.2	110.1	114.0	106.6	108.0
Net/Sale (Days)	80	127	88	86	80	68	96	98	84	87



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# Accounts Receivable Analysis

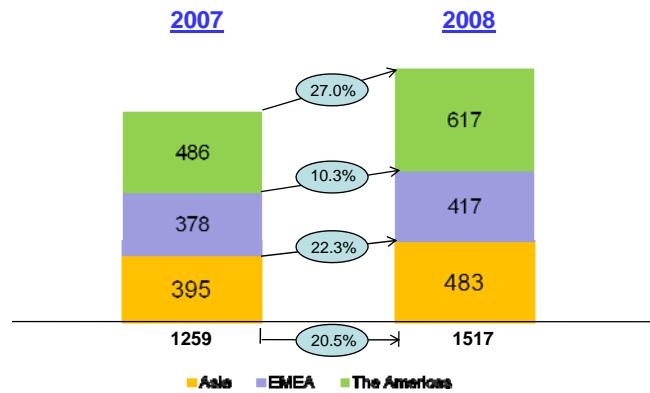
\$M

	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>	<u>3Q08</u>	<u>4Q08</u>
Accounts Receivable	70.4	79.7	71.1	72.7	81.8	79.5	87.9	86.2	84.2	93.0
Accounts Receivable (days)	67	87	77	70	68	63	76	74	66	75



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# Human Resource Growth

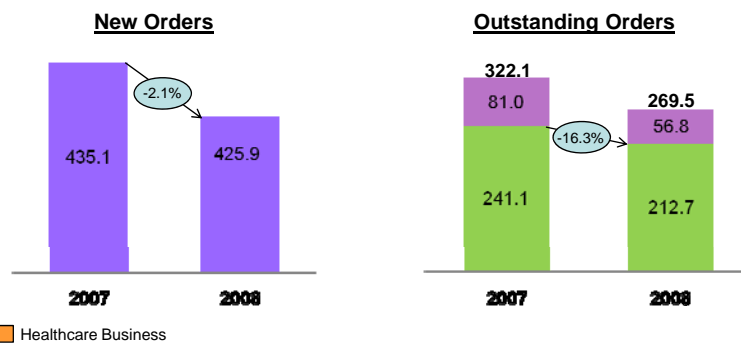


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# FY08 Orders

S&M



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# Current Market Turmoil : Risks & Strengths

## RISKS

- Market outlook for 2009 and 2010 is very uncertain
- Smaller industrial customers likely to feel credit squeeze
- Project funding and cost
- Orders visibility depends on EPC projects to be secured in 1H2009
- Exchange rates volatility
- Lower gross margin due to competition

## STRENGTHS

- Order backlog and brown field business will buffer negative impact in 2009
- Middle East/Africa/Australia remains strong especially in gas related projects
- Infrastructure business will benefit from government stimulus package
- Healthcare business in UK remains positive; opportunities to expand to other clusters
- Strong operating cash flow



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# Current Market Turmoil : Immediate Priorities

## □ **Business**

- Streamline and improve our business process and operations, cost control cash flow generation – CASH is King
- Capture growth opportunities especially in the Healthcare and Infrastructure business

## □ **Capital Deployment**

- Suspend share buyback
- Restructure short-term debt to long-term debt



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# Proposed Dividends

- Interim dividend of 1.0 cents per share (paid in Sept 2008)
- Proposed final dividend of 3.0 cents per share
- Total (interim + final) 4.0 cents vs 3.5 cents in 2007
- PAT : \$48.3M  
Dividend payment : 40.0%  
Dividend yield : 11.4%
- Dividend Yield for FY08 is computed against closing price of S\$0.35 as at 23<sup>rd</sup> Feb 2009



# Group Performance after listed on 10 Feb 1999 on SGX Sesdaq

	<u>1998</u>	<u>2008</u>	
Revenue (S\$M)	47.0	441.5	↑ 839%
EBITA (S\$M)	7.9	73.8	↑ 834%
PAT (S\$M)	6.0	48.3	↑ 705%
EPS (cents)	1.67	9.65	↑ 478%
Profit /Employee (K)	34.0	34.5	
Local Business (%)	75.3	9.7	
Share price	0.28	0.35	↑ 25%
Average number of employee	176	1400	↑ 695%



# Summary

- Achievements
  - Good result in this difficult time
- Area of focus
  - Orders
  - Cash generation
  - Term-out loan
- Our good geographical and industry diversification, together with our strong foundation, will help us sail through the tough economic crisis