

CSE GLOBAL LTD

1H 2009

RESULTS BRIEFING



*The Fullerton Hotel
14 August 2009*

Customer Satisfaction, **Everytime.**

2Q 2009 Results

S\$M

	<u>2Q2009</u>	<u>1Q2009</u>	<u>Variances (%)</u>	<u>2Q2008</u>	<u>Variances (%)</u>
Revenue	95.6	95.0	0.6	106.6	(10.3)
GM (%)	41.0	38.6	2.4	37.7	3.3
G & A	21.2	25.0	(15.2)	21.6	(1.9)
EBIT	19.2	13.3	44.3	19.4	(1.0)
PATMI	12.1	8.1	49.3	14.0	(13.9)
Net Margin (%)	12.6	8.5	(4.1)	13.1	(0.5)

*The cost control measures have taken effect in 2Q09, shown a small dip in the G&A despite of higher forex losses and higher interest expenses and the inclusion of two acquisitions, Hankin & WAF

* Effective tax rate 2Q09 : 32.9% vs 2Q08 : 24.8%

2Q 2009 Highlights

- We have not been immune to the slowdown in the industry activity and have taken proactive steps to control cost and focus on excellent operation execution; some good results achieved in 2Q09

S\$M	<u>2Q09</u>	<u>1Q09</u>	<u>Variance</u>	<u>2Q08</u>	<u>Variance</u>
EBIT	19.2	13.1	44.3%	19.4	1.0%
G&A	21.2	25.1	15.5%	21.6	1.9%
Operating Cash Generation	24.3	0.9	N.M.	7.7	215.5%

2Q 2009 Highlights

- ❑ Revenue declined 16.3% as compared to 2Q08 due to slow down in the oil & gas business and lower project milestone recognition in the infrastructure sector
- ❑ Healthy Gross margin at 41.0%, vs 37.7% in 2Q08
- ❑ PATMI down 13.9% due to higher effective tax rate (2Q09 : 32.0% vs 2Q08 : 24.8%)
- ❑ Strong operating cash generation of S\$24.3M, despite of a dividend payout of S\$14.3M. The net debt was down by S\$9.7M and net gearing was 63.0%
- ❑ New orders for the quarter totaling S\$83.4M which is lower than our normal run rate. However, on 9 July 2009, CSE announced that it has received S\$45M of new orders in the Middle East
- ❑ Completed the refinancing of short-term loan on 31 July 2009

2Q 2009 Results

S\$M

	<u>2Q2009</u>	<u>1Q2009</u>	<u>Variances (%)</u>	<u>2Q2008</u>	<u>Variances (%)</u>
Revenue	95.6	95.0	0.6	106.6	(10.3)
GM (%)	41.0	38.6	2.4	37.7	3.3
G & A	21.2	25.0	(15.2)	21.6	(1.9)
EBIT	19.2	13.3	44.3	19.4	(1.0)
PATMI	12.1	8.1	49.3	14.0	(13.9)
Net Margin (%)	12.6	8.5	(4.1)	13.1	(0.5)

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* Effective tax rate 2Q09 : 32.9% vs 2Q08 : 24.8%

1H 2009 Highlights

□ Robust performance in a difficult market environment

Revenue	↓	10% to S\$190.6M
EBIT	↓	11.4% to S\$32.5M
PATMI	↓	22.6% to S\$20.2M
Gross Margin	↑	From 37.7% to 39.8%
Operating Cash	↑	From –S\$2.5M to S\$25.1M
EPS	↓	5.1 cents to 4.2 cents
New Orders	↑	Up 8.3% to S\$244.3M
ROE	↓	From 40.6% to 34.0%

1H2009 Results

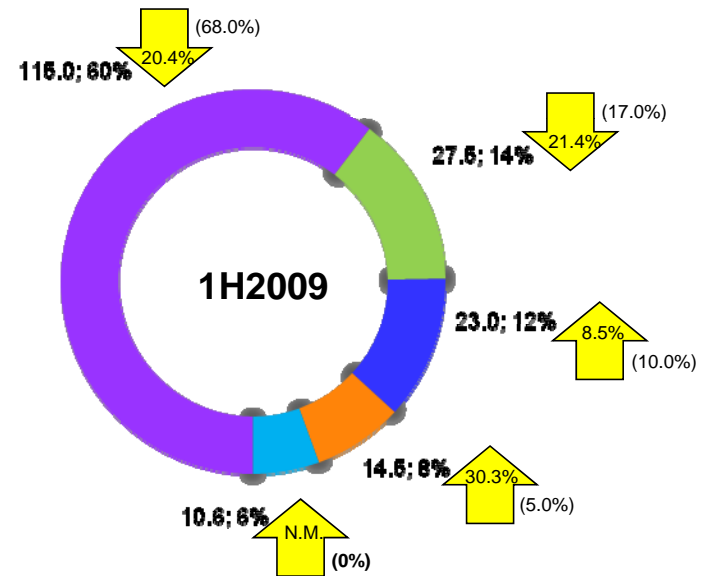
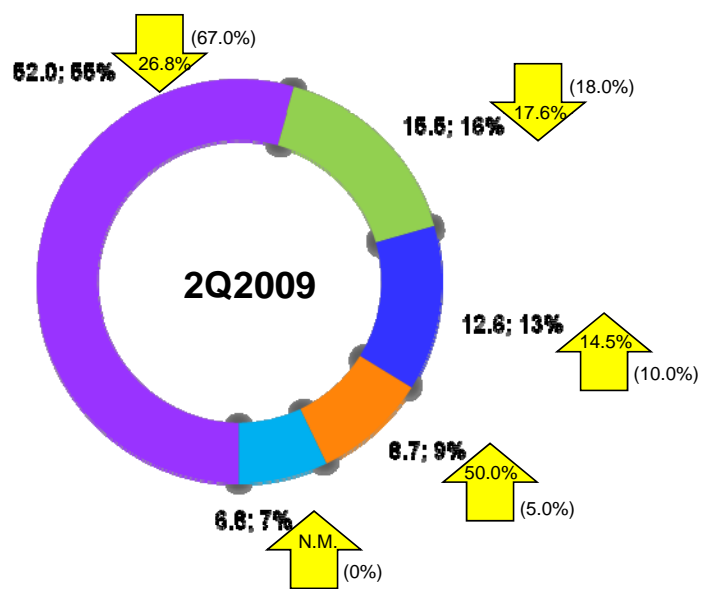
S\$M

	<u>1H2009</u>	<u>1H2008</u>	<u>Variances (%)</u>
Revenue	190.6	211.7	(10.0)
GM (%)	39.8	37.0	2.8
G & A	46.3	43.4	6.7
EBIT	32.5	36.7	(11.4)
PATMI	20.2	26.1	(22.6)
EPS (cents)	4.2	5.1	(17.6)
Net Margin (%)	10.6	12.3	(1.7)

* Higher G&A due to full-quarter inclusion of two acquisitions, Hankin & WAF; higher forex losses and interest expenses

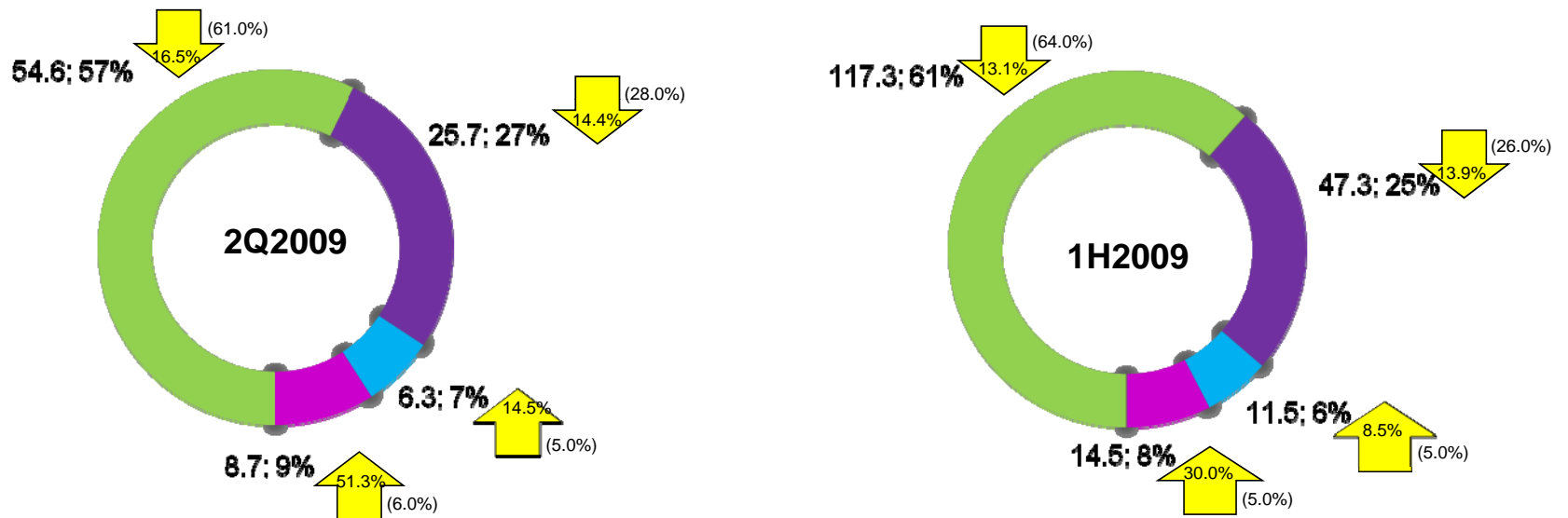
* Effective tax rate 1H09 : 31.9% vs 1H08 : 25.4%

Business Segments



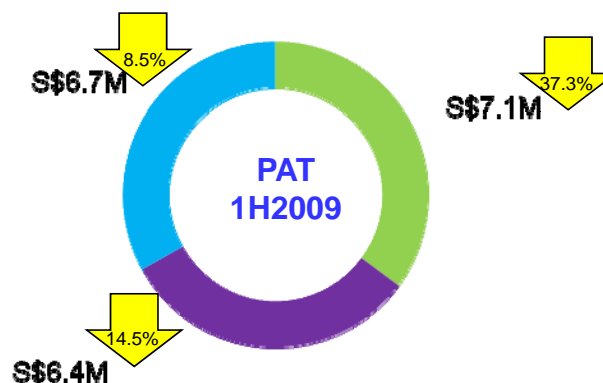
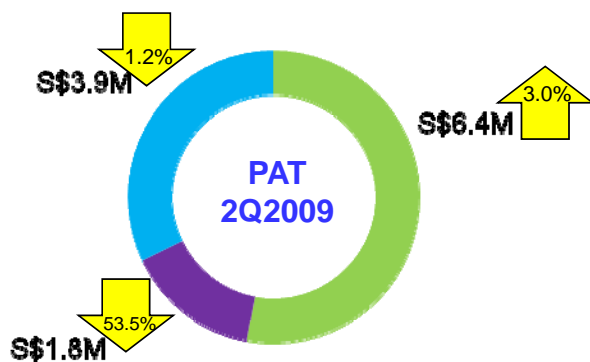
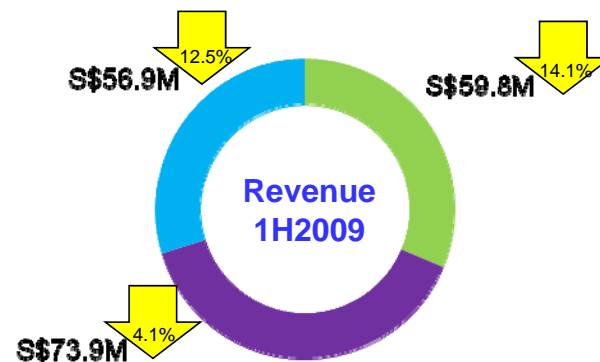
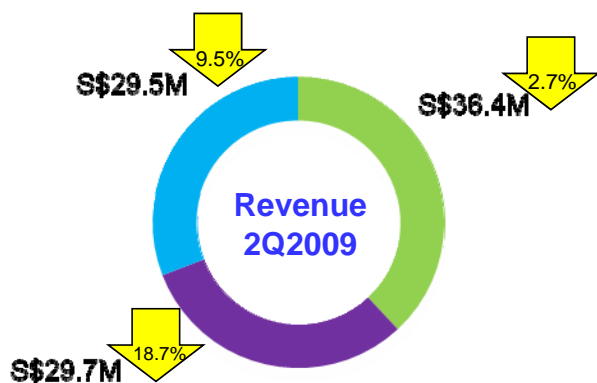
■ Control & Automation
 ■ Telecommunication & Security
 ■ Electrical Engineering
 ■ Healthcare
 ■ Thermal Engineering

Industrial Segments



Oil & Gas Infrastructure Mining & Mineral Healthcare

Geographical Segments

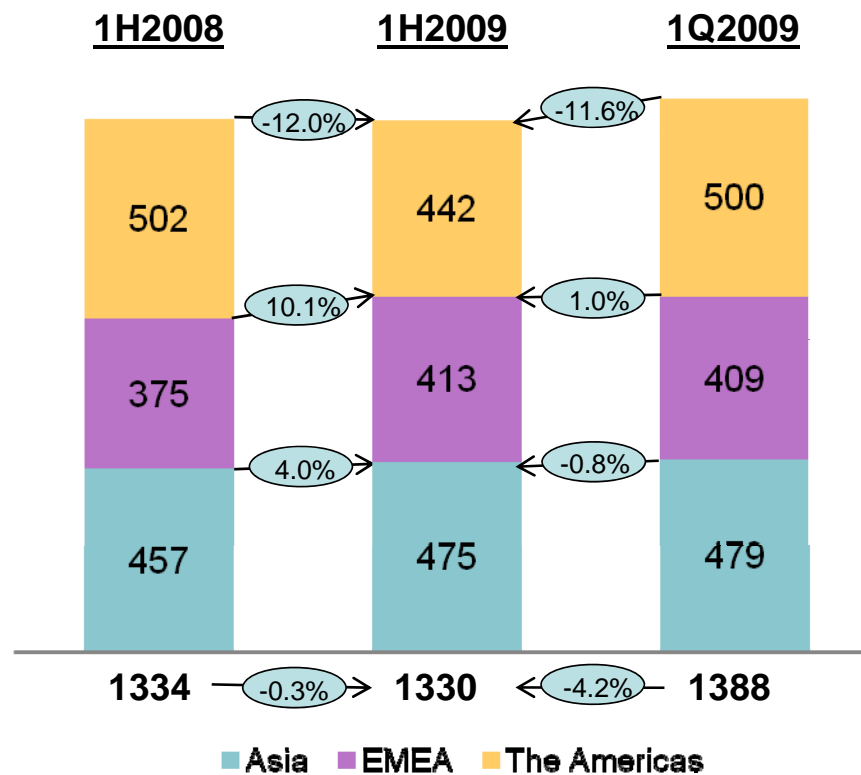


1H2009 Group Cashflow

S\$M

	<u>2Q2009</u>	<u>1Q2009</u>	<u>1H2009</u>	<u>1H2008</u>
As at beginning of quarter	49.0	42.6	42.6	58.9
New Share Issue	--	--	--	1.5
Net additional investment in subsidiaries & associates	0.3	(0.1)	0.3	(0.2)
Net Operations	24.3	0.9	25.1	(2.5)
Capital Expenditure	(0.7)	(0.7)	(1.5)	(1.3)
Bank Loans	(6.1)	5.0	(1.1)	12.0
Dividends	(14.3)	--	(14.3)	(17.8)
Net effect of FX on cash	--	1.3	1.4	(2.3)
As at end of quarter	52.5	49.0	52.5	48.3

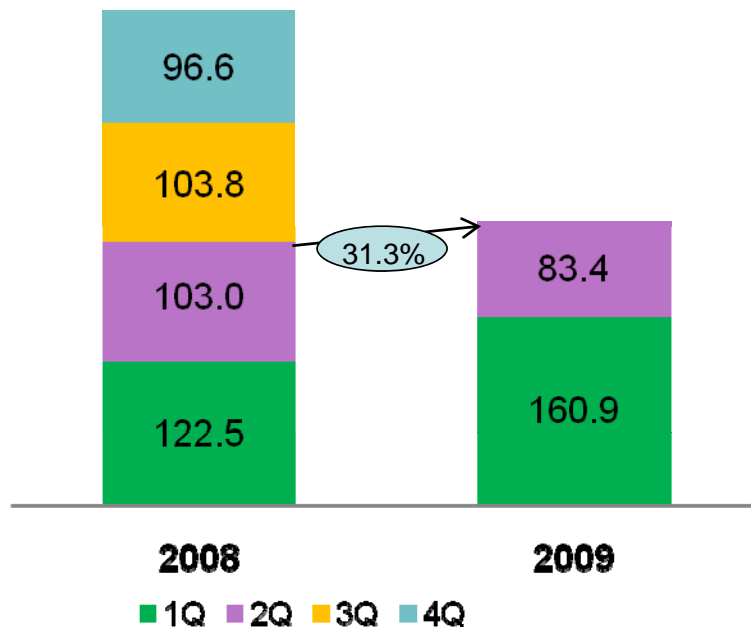
Human Resource Growth



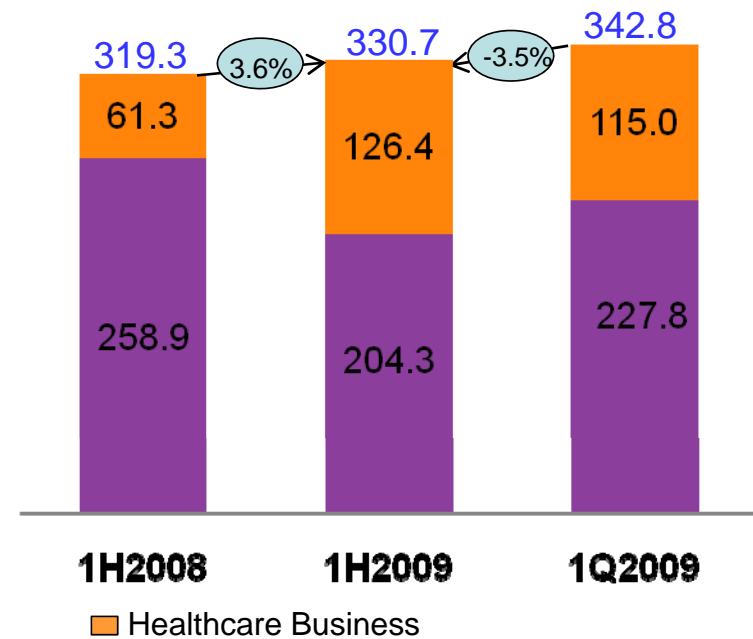
1H2009 Orders

S\$M

New Orders



Outstanding Orders



Business Update

- ❑ Market outlook for 2009 remains challenging
 - Oil & Gas (upstream) and Mining businesses are likely to experience delay in projects and orders
 - Oil & Gas (downstream) will perform well due to activities in Saudi Arabia, UAE, Algeria and Australia
 - Infrastructure (water, power, thermal engineering and transportation) business will perform well; especially seeing good contribution from the thermal engineering business
 - Health care business will show significant improved performance due to the award of the Southern Cluster project
- ❑ Continues to focus on cost control and excellent operation execution
- ❑ Completed the refinancing of short term loan on 31 July 2009

Buoyant Downstream Activities In Selective Countries

- ❑ Australia has enjoyed a commodities boom built on coal and iron ore. New LNG holds out the promise of another bonanza (source : The Weekend Australia Finance Review)
- ❑ Abu Dhabi awards gas deals worth US\$10B. The development will transfer pressure gas from the offshore Unim Shaif field to new onshore processing facilities at Habshan and Rawais vai Das Island (source : MEED 16 Jul 2009)
- ❑ Algeria offers lifeline to contractors with US\$120B worth of energy projects to be launched by 2020, the state becoming the focus of attention. The Country awarded US\$8B worth of Engineering procurement contract (EPC) between Jan to May this year (source : MEED 4 Jul 2009)
- ❑ Saudi Aramco is moving ahead with petrochemicals project worth US\$29B despite the economic slowdown in the Kingdom and the wider region (source : MEED 24 Mar 2009)
- ❑ Aramco and Dow have launched the first construction package on their US\$20B integrated oil and petrochemical scheme at Ras Tanura (source : MEED 10 Jul 2009)

Buoyant Downstream Activities In Selective Countries

- In June, the joint venture of Saudi Aramco and Conoco Phillips invite 29 pre-qualified international contractors to bid for the six largest EPC packages on Yanbu refinery, worth nearly US\$6B in total (source : MEED 19 Jun 09)
- Saudi Aramco and French Oil Major Total have signed 13 engineering, procurement and construction (EPC) contracts for their 400KB/D JV export refinery at Jubai (source : MEED 7 Jul 2009)

Outlook

- Net gearing at the end o the year below 0.5x (FY08 0.8x)
- Expecting strong orders from the buoyant downstream activities