



FY 2010 RESULTS BRIEFING  
22 FEBRUARY 2011



# Agenda

- ❑ 4Q 2010 / FY 2010 Financial Review
- ❑ CSE Group Historical Performance
- ❑ Proposed FY 2010 Dividends
- ❑ Business Outlook



## 4Q 2010 Highlights

- ❑ Revenue increased by 13.5%, as compared to 4Q09
- ❑ Gross margin at 35.4%, vs 41.7% in 4Q09
- ❑ PATMI up 3.0%, as compared to 4Q09
- ❑ Another quarter of strong operating cash generation of S\$14.7M
- ❑ New orders for the quarter totaling S\$121.7M
- ❑ The results could have been better if not for the delay Acceptance of a project requested by customer and higher bad debt provision for the quarter

# 4Q 2010 Highlights

Revenue	↑	10.6% to S\$448.1M
PATMI	↑	20.2% to S\$52.5M
Gross Margin	↓	from 38.9% to 37.4%
Operating Cash	↑	from S\$49.2M to S\$57.6M
EPS	↑	9.2 cents to 10.5 cents
New Orders	↓	down 6.4% to S\$490.8M
ROE	↓	from 32.0% to 26.9%
Net Borrowing	↓	from S\$52.5 M to NIL
Net Gearing	↓	from 38.6% to NIL

Note : At constant currency rate, Revenue and PAT up 16.2% and 24.9% respectively



# FY 2010 Results

	<u>FY2010</u>	<u>FY2009</u>	<u>Variances (%)</u>
<b>Revenue</b>	448.1	405.1	10.6
<b>GM (%)</b>	37.4	38.9	(1.5)
<b>G &amp; A</b>	99.6	98.6	1.0
<b>PATMI</b>	52.5	43.7	20.2
<b>EPS (cents)</b>	10.5	9.2	14.2
<b>Net Margin (%)</b>	11.7	10.8	0.9



# FY2010 FX Movement

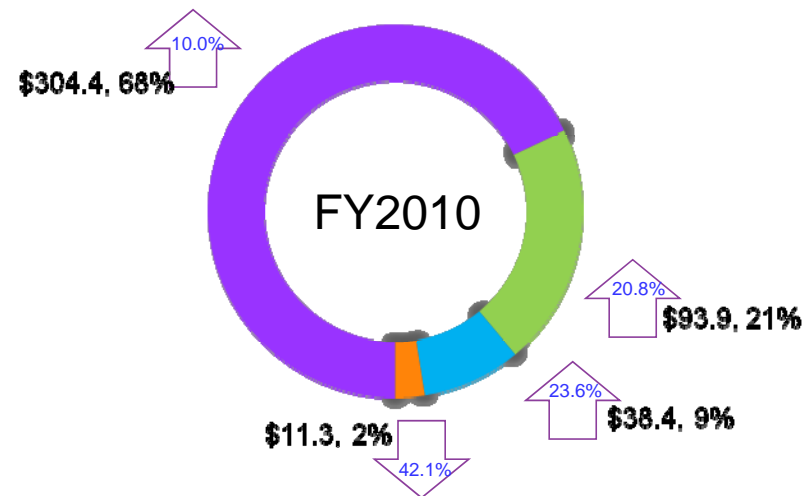
	<u>FY2009</u>	<u>FY2010</u>	<u>Variance (%)</u>
<b>USD/SGD</b>	1.4552	1.3608	(6.49)
<b>GBP/SGD</b>	2.2725	2.1009	(7.55)
<b>AUD/SGD</b>	1.1464	1.2542	9.40
<b>EUR/SGD</b>	2.0207	1.8039	(10.73)

# FY2010 Constant Currency

	<u>FY2009</u>	<u>FY2010</u>	<u>Variance (%)</u>	<u>FY2010 Constant Currency</u>	<u>Variance (%)</u>
<b>Revenue</b>	405.1	448.1	10.6	470.7	16.2
<b>PAT</b>	43.7	52.5	20.2	54.6	24.9

# Performance by Business Solutions

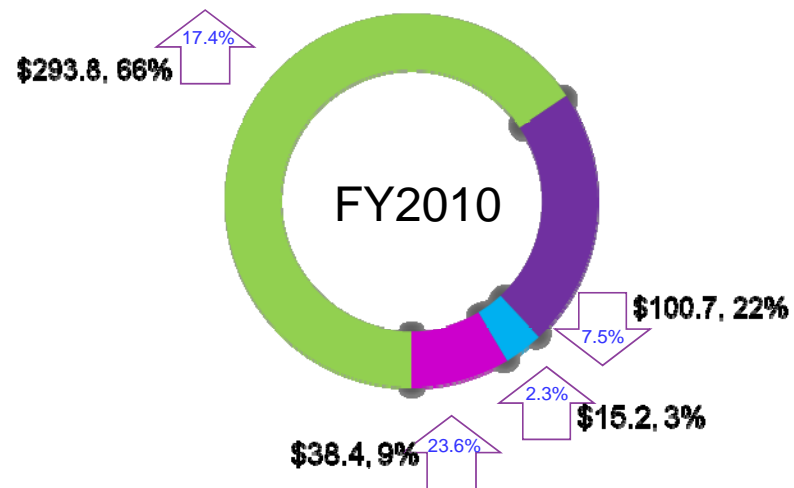
S\$M



Automation   Telecommunication & Security   Healthcare   Environmental

# Performance by Industries

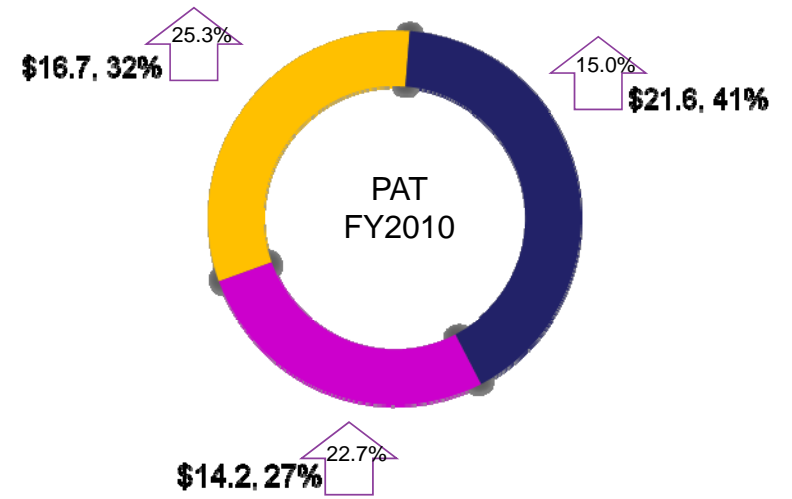
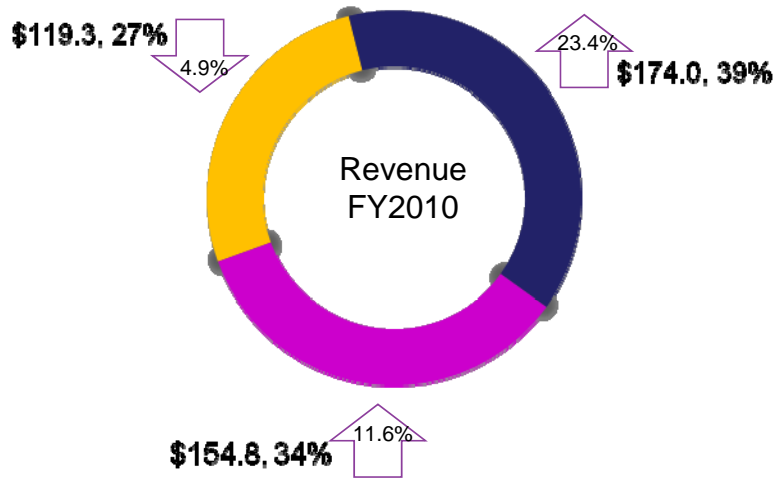
S\$M



Oil & Gas Infrastructure Mining & Mineral Healthcare

# Performance by Geographical Region

S\$M



Asia Pacific EMEA The Americas

**CSE** *global*



# FY 2010 Group Balance Sheet

	<u>FY2010</u>	<u>9M2010</u>
<b>Cash at Hand &amp; Bank</b>	58.4	68.5
<b>Project Net WIP</b>	91.3	75.3
<b>Receivable</b>	81.4	86.6
<b>Payable</b>	74.3	60.9
<b>Loan</b>	58.4	82.2
<b>Net Loan</b>	--	13.8
<b>Shareholder Fund</b>	195.2	184.8
<b>Net Gearing (%)</b>	--	7.4

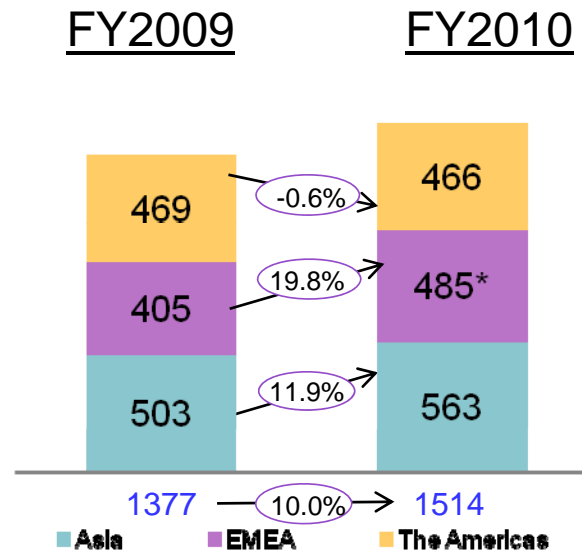
\* Net Loan at end of year S\$7K



# FY 2010 Group Cashflow

	<u>FY2010</u>	<u>FY2009</u>
As at beginning of the year	56.1	42.6
Proceed from sales of treasury shares	37.9	--
Net additional investment in subsidiaries & associates	(18.0)	0.6
Net Operations	57.6	49.2
Capital Expenditure	(3.8)	(2.8)
Bank Loans	(50.1)	(19.7)
Dividends	(17.9)	(14.3)
Net effect of FX on cash	(3.4)	0.5
As at the end of the year	58.4	56.1

# Human Resource Growth

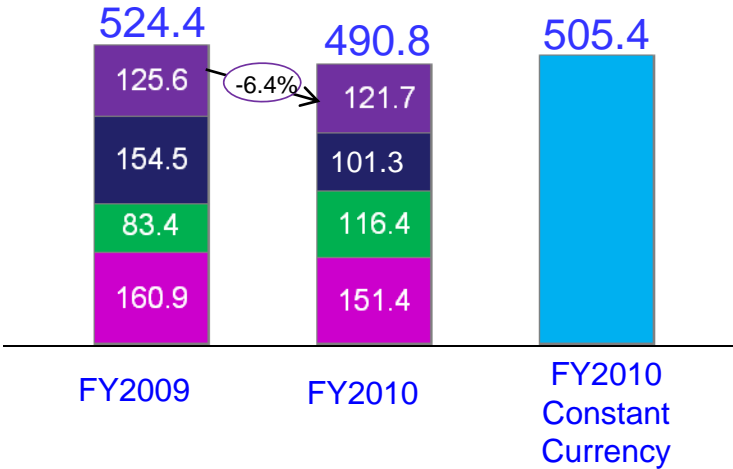


\*SIA acquisition in March 2010 (46 staff)

# 4Q 2010 Orders

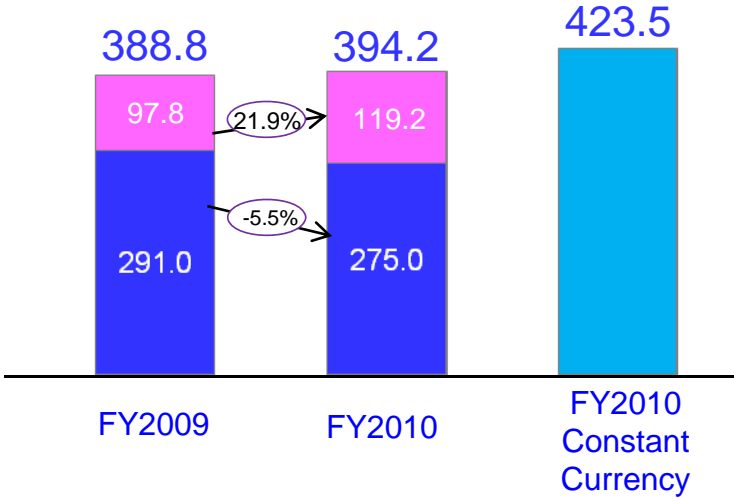
S\$M

## New Orders



■ 1Q ■ 2Q ■ 3Q ■ 4Q

## Outstanding Orders

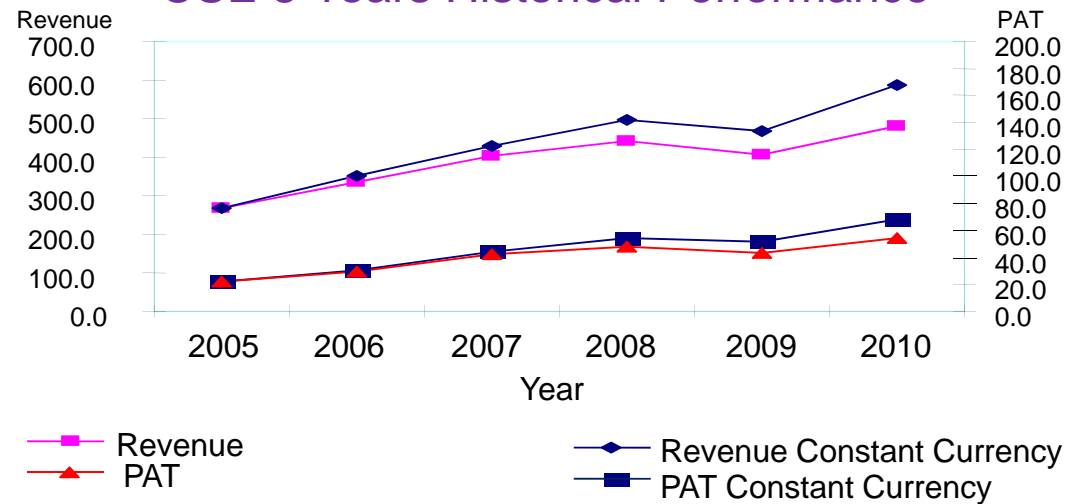


■ Healthcare Business

# Historical Financial Performance Constant Currency

S\$M	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>CAGR (%)</u>
Revenue	267.3	334.5	404.7	441.5	405.1	448.1	10.9
Revenue Constant Currency	267.3	353.0	428.7	498.1	467.6	537.1	15.0
PAT	22.1	29.1	42.1	48.3	43.7	52.5	19.7
PAT Constant Currency	22.1	30.7	44.2	54.5	51.5	63.7	25.2

## CSE 5 Years Historical Performance



# Operating Capital Efficiency

S\$M

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Revenue	55.9	105.6	113.9	143.2	169.0	198.5	267.3	334.5	404.7	441.5	405.1	448.1	3087.3
PAT	7.8	13.7	4.1	12.1	14.2	17.4	22.1	29.1	42.1	48.3	43.7	52.5	307.1
New Capital	14.3	27.1	0.4	18.2	1.6	3.0	3.6	2.6	1.4	(26.5)	--	37.9	83.6
Divestment of non-core business / assets	--	2.8	1.0	--	4.4	1.1	2.4	7.6	--	--	--	--	19.3
CapEx	1.3	7.3	7.5	1.4	1.5	3.6	4.3	3.5	3.3	2.9	3.1	3.8	43.6
Acquisition	0.3	79.8	3.8	19.6	7.5	19.5	10.3	30.7	3.9	8.9	0.0	18.2	202.5
Dividend	--	--	--	--	2.4	5.1	6.5	8.3	11.8	22.8	14.3	17.9	89.1

102.9

335.2

\* Net borrowing @ FY2010 = S\$7K  
 Net gearing @ FY2010 = 0%  
 Cash Generation (335.2-102.9)= S\$232.3M  
 Cash Conversion since 1999 = 232.3 / 307.1 = 75.6%

# Historical Profitability & Efficiency Indicators

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Gross Profit Margin (%)</b>	32.8	36.5	37.4	38.9	37.4
<b>Net Profit Margin (%)</b>	8.7	10.4	10.9	10.8	11.7
<b>Revenue/Employee (S\$K)</b>	296.8	321.4	291.1	294.2	305.7
<b>Profit/Employee (S\$K)</b>	25.47	33.4	31.8	31.7	35.8
<b>Profit/Employment Cost</b>	0.31	0.37	0.42	0.36	0.38
<b>ROTA (%)</b>	9.1	13.0	14.3	13.1	14.3
<b>ROE (%)</b>	26.9	30.8	44.6	32.0	26.9
<b>EVA (\$M)*</b>	14.5	26.5	32.9	31.4	33.1
<b>Cash Conversion Cycle (days)</b>	49.0	59.0	92.0	113.0	93.0

\* Capital change @10.4%



# Dividends

	<u>2010</u>	<u>2009</u>
<b>Dividends (cents)</b>	4.0	3.5
<b>Total payable (S\$M)</b>	20.4	16.7
<b>Payment date</b>	16 May 2011	
<b>Book closure</b>	3 May 2011	
<b>AGM date</b>	20 April 2011	



# Business Outlook

- Our World is a mixed and diverse economy and our strength is in focused diversity

H      *Healthcare*  
E      *Environmental*  
A      *Automation*  
T      *Telecommunications*

A record opening order bank of S\$394.2M and together with a steady flow of brown field business will enable the group to deliver a good performance in 2011

- Over 60% of our business is derived from Oil & Gas and the dollar price of oil is currently over US\$100, which makes investment activity high



# Business Outlook

- ❑ In Australia the recovery from a dip caused by the threat of a mining 'super tax' continues and the future opportunities for the LNG and the CSG projects remain encouraging
- ❑ We continue to search for an Automation business to augment CSE Global Australia to tap into this growth
- ❑ The floods in the Queensland region of Australia have had no material impact on our business
- ❑ The acquisition of ASTIB in January 2011 will have a positive contribution in 2011



# Business Outlook

- ❑ In 2011 we are expecting an increase in our Thermal Engineering business because of the increased bid activity in Molybdenum and activated carbon opportunities
- ❑ Whilst the Middle East continues to be a key market for CSE and we need to invest more into the region especially for our Automation business but the recent unrest will slow the progress of our planned acquisition and growth in the region.
- ❑ Our US operation which operates in the Gulf of Mexico will continue at similar sustainable levels.



# Business Outlook

- ❑ Despite TPP being favorite to win the ASCC Framework, which was not built into our forecast, the Healthcare business will continue to perform well in 2011 as a function of a strong order book, combined with a positive expectation for Mental Health Trusts wins in the Northern Clusters. In 2011 will also anticipate our first order for CSE in the UK Acute market
- ❑ We continue our focus on operation discipline with a focus on cost control and cash management to achieve our desired financial performance.