



MEDIA RELEASE

ISDN Holdings reports S\$8.3 million net profit for 1H2019

- The Group reports 1H2019 revenue of S\$147.0 million, or a 9.3% decrease year-on-year, despite headwinds from global trade tensions and cyclicity across the semiconductor sector
- Diversification across broad customer base has helped mitigate deeper impacts to revenue portfolio
- 1H2019 gross margin of 25.4% represents slight 0.3 percentage points erosion year-on-year (“YoY”)
- ISDN continues to make good progress with its long-term growth strategy of diversifying its revenue base and pursuing higher value Industry 4.0 offerings

Singapore, 7 August 2019 – ISDN Holdings Limited (“**ISDN**”, and with its subsidiaries, the “**Group**”), a leading industrial automation firm, today announced its financial results for the six months ended 30 June 2019 (“**1H2019**”).

(S\$'000)	2Q2019	2Q2018	YoY Change (%)	1H2019	1H2018	YoY Change (%)
Revenue	71,426	85,912	(16.9)	146,963	162,104	(9.3)
Gross Profit	18,570	22,350	(16.9)	37,399	41,703	(10.3)
Gross Margin (%)	26.0	26.0	0.0ppt	25.4	25.7	(0.3ppt)
Operating Expenses[#]	13,993	14,779	(5.3)	27,542	27,362	0.7
Profit Before Tax	4,125	9,245	(55.4)	10,921	18,034	(39.4)
Net Profit After Tax (NPAT)	2,529	6,675	(62.1)	8,324	13,524	(38.5)
Profit After Tax and Minority Interests (PATMI)	1,336	4,878	(72.6)	5,548	10,076	(44.9)

ppt – percentage points

– Operating expenses comprise distribution costs and administrative expenses

For 1H2019, overall revenue declined by 9.3% to S\$147.0 million YoY due to headwinds from global trade tensions and semiconductor sector cyclicity. The impact of these headwinds was cushioned by ISDN’s diversified sector exposure including medical, civil, aerospace and other broad industries. The Group’s Engineering Solutions segment continues to drive the Group’s business and accounted for 98.2% of overall revenue at S\$144.3 million for 1H2019. The Group recognised S\$2.6 million from its nascent renewable energy business for 1H2019, which generated its maiden commercial revenue in the three months ended 31 March 2019 (“**1Q2019**”).

Gross profit for 1H2019 decreased in tandem with revenue to S\$37.4 million (down 10.3% YoY). Excluding contributions from the mini-hydropower plants, the Group's core engineering business margins were largely in line with the previous corresponding period ("1H2018"), registering 25.8% (1H2018: 25.7%) vs 25.4% on total Group basis for 1H2019.

Operating expenses, comprising distribution costs and administrative expenses, remained largely flat with a 0.7% YoY increase to S\$27.5 million for 1H2019, primarily driven by an increase in distribution costs offset by lower administrative expenses.

As a result, the Group registered a profit before tax of S\$10.9 million for 1H2019 compared to S\$18.0 million from 1H2018. The Group registered a net profit of S\$8.3 million with net profit attributable to shareholders of S\$5.5 million for 1H2019 as compared to 1H2018 Group net profit of S\$13.5 million and S\$10.1 million net profit to shareholders respectively.

On a quarter basis, the Group's revenue fell by 16.9% to S\$71.4 million for the three months ended 30 June 2019 ("2Q2019") from S\$85.9 million for the previous corresponding quarter ("2Q2018"). In line with the revenue fall, gross profit decreased 16.9% YoY to S\$18.6 million for 2Q2019, although keeping overall GPM stable at 26.0% for 2Q2019, similar to 2Q2018. Net profit and net profit attributable to shareholders were S\$2.5 million and S\$1.3 million respectively (2Q2018: S\$6.7 million and S\$4.9 million respectively).

Mr Teo Cher Koon, ISDN's Managing Director and President, said, "The on-going trade disputes have created a negative drag on the global economy, and coupled with the weaker Renminbi, have affected our first half financial performance. We take some comfort in knowing that our diversified customer base has helped ISDN weather past periods of economic difficulties effectively, and is already helping to mitigate impact from macroeconomic headwinds today.

Our initiatives to broaden our geographic footprint in South East Asian countries like Vietnam should continue to build long-term growth diversification and increase exposure to promising new high growth markets close to our corporate headquarters in Singapore.

While we are managing the business with caution, we continue to strengthen our core business value by upgrading our technological capabilities to position ourselves better to capitalise on the powerful long-term growth of Industry 4.0 spending throughout Asia."

- End -

This news release is to be read in conjunction with the Group's announcement concurrently posted on SGXNET.

About ISDN Holdings Limited

Founded on its precision and motion control engineering capabilities in 1986 and listed on the Main Board of the Singapore Exchange Securities Trading Limited since 2005, ISDN Holdings Limited has today transformed into a multi-industry corporation with more than 60 offices spanning key Asian growth markets. ISDN is also listed on the Main Board of the Stock Exchange of Hong Kong Limited since 12 January 2017.

ISDN is dominant in the niche areas of motion control, other engineering solutions and industrial computing. ISDN's customised engineering solutions cater to different industrial sectors including medical, robotics, factory automation, energy, manufacturing, hard disk and semiconductor industries. By leveraging its alliances with strategic partners in Europe and Asia, ISDN is able to combine and thereupon benefit from the best-in-class technology and business systems these collaborations have to offer.

For more information, please visit www.isdnholdings.com

Issued for and on behalf of ISDN Holdings Limited by Financial PR

Romil Singh

Email: romil@financialpr.com.sg

Kintan Andanari

Email: kintan@financialpr.com.sg

Tel: +65 6438 2990