



MEDIA RELEASE

**ISDN's Net Profit for First 9 Months of 2018
 Surpass Earnings for Entire 2017**

- On track to end 2018 with highest full-year earnings since IPO in 2005

	3Q2018 (S\$'000)	3Q2017 (S\$'000)	Change (%)	9M2018 (S\$'000)	9M2017 (S\$'000)	Change (%)
Revenue	68,739	76,693	(10.4)	230,843	221,720	4.1
Gross Profit	19,307	19,180	0.7	61,010	55,230	10.5
Gross Profit Margin (%)	28.1	25.0	12.4	26.4	24.9	6.0
Profit Before Tax	5,187	6,198	(16.3)	23,221	15,738	47.5
Profit Attributable to Shareholders	2,391	2,984	(19.9)	12,467	7,715	61.6

Singapore, 7 November 2018 – ISDN Holdings Limited (“ISDN”, and with its subsidiaries, the “Group”) reported today a profit attributable to shareholders of S\$12.5 million for the first nine months of 2018 (“9M2018”), more than the S\$9.5 million in earnings for the whole of 2017 and nearly double what it made for the same period last year (“9M2017”).

The notable increase puts the integrated engineering firm on track to end 2018 with the highest full-year earnings since its public listing on the Singapore Exchange in 2005, barring unforeseen developments.

Higher revenue, lower allowances for inventory obsolescence and a smaller foreign-exchange loss drove the growth in ISDN’s bottom line in 9M2018. It also benefited from an increase in other operating income, which included technical consultancy income and gains from the sale of plant and equipment.

Revenue for 9M2018 rose 4.1% to S\$230.8 million, boosted by demand for ISDN’s motion control solutions, especially from medical device manufacturers that require high-tech precision control systems. With revenue growth outpacing a rise in cost of sales, the Group’s gross profit margin increased to 26.4% in 9M2018 from 24.9% in 9M2017.

The Group also maintained a sound balance sheet, with S\$33.9 million in cash and cash equivalents as at 30 September 2018 compared to S\$32.3 million as at 30 September 2017. Total borrowings¹ as a percentage of total equity were low at 16.1% as at 30 September 2018.

¹ Total borrowings are the sum of bank borrowings and finance leases

For the quarter ended 30 September 2018 (“**3Q2018**”), the Group managed to turn in a net profit attributable to shareholders of S\$2.4 million in spite of an increasingly tougher operating environment in China due to its trade dispute with the United States. China is ISDN’s biggest market by revenue.

The earnings of S\$2.4 million were lower than the profit attributable to shareholders of S\$3.0 million made in the same quarter last year. Besides lower revenue, the profit decline in 3Q2018 was also due to a reduction of commission income from suppliers, a foreign-exchange loss stemming from the Chinese yuan’s depreciation against other currencies, and allowances for inventory obsolescence and for the impairment of trade receivables.

While it believes the increasing reliance on automation and robotics in manufacturing will underpin demand for its engineering services, the Group will continue to pursue new avenues of growth to diversify its income streams, according to Mr Teo Cher Koon, ISDN’s Managing Director and President.

“Our motion control and specialised engineering solutions will always be required by various industries to support their diverse engineering needs. But we are continuously thinking out of the box to find ways to expand our capabilities and develop additional growth engines,” said Mr Teo.

“This year alone, for example, we announced some strategic partnerships that are expected to propel our diversification into the renewable energy and infrastructure sectors. These tie-ups could pave the way for the use of blockchain technology to more efficiently trade and distribute solar energy among a diverse community of producers and consumers.”

In the meantime, ISDN’s venture into the development of mini-hydropower plants will yield some definitive results from 2019. Its first two plants, capable of producing 4.6MW and 9MW of electricity respectively, are expected to be operational by the middle of next year, while a third plant, which can yield 10MW, will be ready by 2020. This 10MW facility is the first of five plants with similar production capacities that ISDN will be rolling out. It has another eight hydropower plants in the pipeline in Indonesia.

Besides hydropower in Indonesia, ISDN’s renewable energy push also extends to China, where it has been operating a 1MW rooftop solar power plant at its industrial park in Wujiang, an urban district in Suzhou, for the past eight months. In collaboration with Hong Kong-listed Comtec Solar Systems Group Limited, ISDN intends to set up an energy storage system at the industrial park soon to showcase its energy storage capability.

- End -

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 or contact: