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FOR IMMEDIATE RELEASE

ISDN net profit jumps 85.3% year-on-year

Rising trend of intelligent manufacturing augurs well for long-term growth

Singapore, 27 February 2018 – SGX and SEHK Mainboard-listed ISDN Holdings Limited (“the Company”, and with its subsidiaries, “the Group”), a leader in precision motion control and integrated engineering solutions, is pleased to report higher net profit growth of S\$9.5 million in FY2017 compared to S\$5.2 million in FY2016, which translates to a year-on-year (y-o-y) growth of 85.3%. The Board of Directors is proposing final cash dividends of S\$0.6 Singapore cents (equivalent to HK\$3.2 cents) per ordinary share for the year ended 31 December 2017. Books closure date for the final dividends is Thursday, 17 May 2018, and payment for the distribution is expected to be on Tuesday, 5 June 2018.

FY2017 revenue increased by 13.0% y-o-y to S\$292.2 million and gross profit grew by 13.6% y-o-y to S\$73.8 million. This was largely due to a stronger demand for motion control solutions and other specialized engineering solutions from existing customers as well as new customers, particularly in the China and Hong Kong markets. The strong growth of the semiconductor industry was one of the main drivers of demand for the Group’s highly-customized products during the financial year.

Gross profit margin for FY2017 remained stable at 25.3% compared to the previous financial year. Net profit jumped by 85.3% from S\$5.2 million in FY2016 to S\$9.5 million in FY2017. Taking into account approximately S\$1.1 million (S\$3.5 million in FY2016) in expenses arising from the Company’s listing on the Mainboard of The Stock Exchange of Hong Kong as well as one-off expenses of about S\$0.5 million for the Company’s 30th anniversary celebration, FY2017 net profit would have increased by about 28.8% y-o-y.

As at 31 December 2017, the Group maintained a healthy cash and cash equivalent balance of S\$38.1 million.

Financial Highlights

Quarterly comparison – 4Q2017 vs 4Q2016

	4Q2017 S\$ million	4Q2016 S\$ million	y-o-y% Change
Revenue	70.5	67.1	5.1
Gross profit	18.6	16.8	10.7
<i>Gross profit margin (%)</i>	26.4	25.1	1.3 pts
Profit before tax	3.1	6.0	-48.3
Profit for the period	2.3	4.9	-53.1
Profit attributable to equity holders of Company	1.8	2.9	-37.9
*Earnings per share (cents)	0.46	0.82	-43.9
Weighted average number of ordinary shares	394,684,950	354,684,950	

*Earnings per share based on consolidated net profit attributable to shareholders

Full-year comparison – FY2017 vs FY2016

	FY2017 S\$ million	FY2016 S\$ million	y-o-y% Change
Revenue	292.2	258.5	13.0
Gross profit	73.8	65.0	13.5
<i>Gross profit margin (%)</i>	25.3	25.1	0.2 pts
Profit before tax	18.8	14.3	31.5
Profit for the year	13.7	10.0	37.0
Profit attributable to equity holders of Company	9.5	5.2	82.7
*Earnings per share (cents)	2.43	1.45	67.6
Net asset value per share (cents)	38.48	38.38	0.3
Weighted average number of ordinary shares	394,479,471	354,684,950	

*Earnings per share based on consolidated net profit attributable to shareholders

Mr Teo Cher Koon, Managing Director and President of the Group said, “ISDN has once again delivered a strong net profit growth despite intense industry competition in 2017. Our Group successfully enlarged its market share by mobilizing its sales and marketing staff to engage existing customers and promote our products to new customers in our key markets, namely China and Singapore, as well as other markets in Southeast Asia.

Rising trend of intelligent manufacturing augurs well for long-term growth

The ongoing trend of China’s industrial transformation from a traditionally labour-intensive environment to one that is automated is positive for the Group’s core motion control and other specialized engineering solutions businesses.

The Group sees automated machine tools and robotics, as well as modern rail transport equipment, as sectors that are particularly important to its businesses. Industries that are expected to drive demand for the Group's products include medical, semiconductor, railway transportation, and oil & gas.

Mr Teo added, "We have an extensive supplier base and comprehensive knowledge of engineering solutions to serve a wide range of industries. By expanding our customer base and penetrating new markets in the region, our Group looks set to benefit immensely from the long-term trend of intelligent manufacturing and factory automation that is happening in many parts of the world".

Aside from the core motion control and other specialized engineering solutions businesses, the Group will continue to explore new opportunities and develop new frontiers. One such example is the strategic cooperation with Comtec Solar Systems Group Limited, its solar manufacturing partner, in the renewable energy industry.

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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 was also listed on the Main Board of the Stock Exchange of Hong Kong Limited since 12 January 2017.

ISDN is dominant in the niche area of motion control, other engineering solutions and industrial computing. ISDN's customized 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:

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