



DeClout Posts Revenue of \$73.4 Million and Gross Profit of \$18.8 Million Despite Sale of Acclivis

- Current performance affected due to strong headwinds faced by IT Infra segment and continued losses from the VDC segment
- Executing strategic review of business and undertook Corous360 restructuring and cost rationalisation initiatives
- Underlying foundation remains strong and strategy remains intact – Focus on the IT Infra segment as a source of stable and strong income generator and grow the VDC segment, particularly VCC

Singapore, 13 November 2017 – Catalyst-listed DeClout Limited (“DeClout” or the “Company”, and together with its subsidiaries and associated companies, the “Group”), announced its unaudited financial results for the third quarter ended 30 September 2017 (“3Q2017”) and nine-months ended 30 September 2017 (“9M2017”).

Group Financial Highlights

\$'000	3Q2017	3Q2016	% Chg	9M2017	9M2016	% Chg
Revenue	73,399	81,162	(9.6)	203,863	212,835	(4.2)
Gross Profit	18,818	20,204	(6.9)	51,740	55,844	(7.3)
Gross Profit Margin (%)	25.6	24.9	0.7 pts	25.4	26.2	(0.8 pts)
Loss Before Tax	(1,419)	(3,086)	(54.0)	(9,029)	(190)	n.m
Loss After Tax	(3,819)	(3,326)	14.8	(11,603)	(1,874)	n.m
Net Loss Attributable to the Owners of Company	(2,998)	(3,463)	(13.4)	(8,647)	(3,052)	183.3
NAV Per Share (cents) *	-	-	-	14.90	16.48	(9.6)

n.m – not meaningful

*As at 30 September

With the numerous corporate actions undertaken by the Group in recent years, the Group’s financial results have fluctuated significantly due to the many one-off accounting effects which accompanied the Group’s corporate activities. As a result, measurement of the Group’s performance based on quarter-to-quarter earnings does not reflect the true value of the Group.

The Group reported revenue of \$73.4 million for 3Q2017, a 9.6% year-on-year (“yoy”) decrease from \$81.2 million in 3Q2016, due mainly to the absence of \$13.1 million revenue contribution from Acclivis, which was divested in late 2016. Excluding the



revenue contribution from Acclivis in 3Q2016, 3Q2017's revenue would have risen by 7.9% yoy.

In line with the lower revenue for 3Q2017, the Group's gross profit declined by 6.9% to \$18.8 million for 3Q2017, as compared with \$20.2 million for 3Q2016. Excluding the gross profit contribution of \$4.2 million from Acclivis in 3Q2016, the Group's gross profit would have grown by 27.4% in 3Q2017. Gross profit margin increased by 0.7 percentage point to 25.6% due mainly to the favourable sales mix comprising a larger proportion from the IT Infrastructure Sales and Services ("IT Infra") segment.

In 3Q2017, the Group reported a net loss attributable to the owners of the Company of \$3.0 million, as compared to a net loss of \$3.5 million in the corresponding period last year.

Commenting on the Group's results, **Mr. Vesmond Wong, Chairman and Group Chief Executive Officer of DeClout**, said, "The strong headwinds faced by our IT Infra segment, coupled with continued losses from the Vertical Domain Clouds ("VDC") segment, have undermined our bottom-line performance. These challenges are short-term and transitional, the underlying foundation of our business remains strong. Nonetheless, we have executed the Corous360 restructuring and cost rationalisation initiatives which was outlined in our 2Q2017 announcement, however, its full impact can only be realised in 2018."

Segmental Review

IT Infrastructure Sales and Services ("IT Infra")

The IT Infra segment remains a key segment of the Group's operations, accounting for 94% of the Group's total revenue in 3Q2017. Revenue from the IT Infra segment rose 7.4% to \$69.0 million in 3Q2017 from \$64.2 million in 3Q2016. Excluding the revenue contribution from Acclivis, which stood at \$13.1 million in 3Q2016, revenue for the IT Infra segment would have grown by 35.1% in 3Q2017.

Vertical Domain Clouds ("VDC")

Revenue from the VDC segment declined 74.0% to \$4.4 million in 3Q2017 from \$17.0 million in 3Q2016 mainly from the e-commerce business unit, Corous360. However, revenue from vCargo Cloud ("VCC") rose by 120.4% to \$0.8 million in 3Q2017 as compared to \$0.4 million in 3Q2016.

As part of the Group's strategic review, the Group completed the restructuring of Corous360 in 3Q2017. This restructuring allows the EPA and PLAYe management to take on greater control of the business, which is facing increasingly intense competition from the big international players. With the restructuring of Corous360,



the Group can now re-deploy its resources to fuel the growth of VCC which has displayed good growth momentum.

Elaborating on the VCC business, **Mr Wong commented**, “More focus will be put on VCC and executing its twin-engine growth strategy, to increase its trade declaration market share in Singapore to become the market leader and to expand its business overseas to deploy its trade facilitation platform around regional trade network.

The recent collaboration with Infocomm Media Development Authority (“IMDA”), which is expected to officially launch by the end of 2017 will further enhanced VCC’s leadership position in Singapore. Its overseas expansion has also shown much progress as the proof-of-concept project awarded by the Asian Development Bank is on track to be deployed in three Central Asian countries and is expected to launch by end of 2017. In addition, VCC is also one of the two finalists shortlisted to deploy its trade facilitation platform for the Cambodia’s custom agency.”

Outlook

The Group’s strategy remains unchanged, focusing on the IT Infra segment as a source of stable and strong income generator. Barring any unforeseen circumstances, the Group expects the IT Infra segment to improve in 2018 with the growth of Procurri and Beaon to fill up the contributions gap left by the sale of Acclivis.

Mr Wong added, “The IT Infra segment is expected to improve in 2018. Once the transitional phase of the accounting impact from Procurri’s change in business model (from an outsourcing model to building its own in-house capabilities for its maintenance business) is normalised, the order book built up from the deferred revenue will provide a strong income resilience.

Beaon is stepping up to replace the Information and Communications Technologies (“ICT”) void in our eco-system resulting from the sale of Acclivis and is harnessing synergy among its businesses by integrating its telecommunication know-how with its wireless and security business in the budding neutral hosting business in Indonesia. The neutral hosting business allows Beaon to create and own intellectual property to complement its business and generate a steady stream of recurring services revenue.”

In the medium- to long-term, the Group will be enhancing its role as a corporate accelerator via DeClout Investments. Through DeClout Investments’ two-prong strategy of incubation and fund-raising facilitation, it aims to identify and work with innovative technology start-ups to fast track their growth. These efforts will underpin the Group’s strategy to create valuable assets in its portfolio of companies.

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About DeClout Limited

Headquartered in Singapore and listed on the Catalist Board of the SGX-ST since 2012, DeClout has a vast network across Asia-Pacific, the Americas, Europe and Africa.

DeClout is a global builder of next-generation Information and Communications Technologies companies and invests in, incubates and scales companies to become global or regional market leaders. The Group has built an exceptional track record in building companies for harvests and has generated good investment returns.

The Group's portfolio companies are grouped into two core business segments – IT Infrastructure Sales and Services ("IT Infra") and Vertical Domain Clouds ("VDC"). The IT Infra segment forms the building blocks of all technology and marketplace companies and comprises two portfolio companies – Beaqon and Procurri. The VDC segment consists of domain-focused platforms and communities with network-effects which redefine business and lifestyle trends, and consists of two portfolio companies – Corous360 and vCargo Cloud.

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