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## **MEDIA RELEASE**

# **ISDN Holdings' 2018 Revenue and Net Profit at All-Time Highs**

- *Revenue from China up despite slowdown in Chinese economy*
- *Final dividend of 0.7 Singapore cents a share proposed*

(S\$'000)	4Q2018	4Q2017	Change (%)	FY2018	FY2017	Change (%)
Revenue	71,147	70,243	1.3	301,990	291,963	3.4
Gross Profit	19,539	18,535	5.4	80,549	73,765	9.2
Gross Profit Margin (%)	27.5	26.4	4.2	26.7	25.3	5.5
Profit Before Tax	475	3,011	(84.2)	23,696	18,749	26.4
Profit (Loss) Attributable to Shareholders	(1,521)	1,774	N.M.	10,946	9,489	15.4

N.M. – Not Meaningful

**Singapore, 26 February 2019** – ISDN Holdings Limited (“**ISDN**”, and with its subsidiaries, the “**Group**”) announced today record revenue and earnings for the 12 months ended 31 December 2018 (“**FY2018**”) as demand for its motion control engineering services rose in most of its geographical markets.

Revenue for FY2018 climbed 3.4% to S\$302.0 million, crossing the S\$300 million mark for the first time, from S\$292.0 million in the previous year (“**FY2017**”). Contributions from China, the integrated engineering firm’s biggest market by revenue, edged up 1.6% to S\$210.8 million despite a broad slowdown in the world’s second-largest economy.

With the rise in revenue, the Group managed to generate a record pre-tax profit of S\$23.7 million. This gave rise to a profit attributable to shareholders of S\$10.9 million, the highest in its history and up 15.4% from FY2017.

An increase in other operating income – which included commission income from suppliers, a write-back of allowances for inventory obsolescence, and gains from the sale of plant and equipment – also lifted the Group’s FY2018 bottom line. Fully diluted earnings per share increased to 2.77 Singapore cents from 2.41 Singapore cents.

The Group has proposed a final cash dividend of 0.7 Singapore cent a share, up from 0.6 Singapore cents a share for FY2017. The dividend, if approved by shareholders, will be paid on 28 August 2019.

For the three months ended 31 December 2018, the Group incurred a loss attributable to shareholders of S\$1.5 million, compared with a profit of S\$1.8 million for the same period a year earlier. The loss was due mainly to higher commissions for sales staff, higher income taxes, allowances for impairment of trade and other receivables, as well as inventory write-offs.

Amid the current trade dispute between the world's two largest economies, the Group expects some headwinds in 2019, particularly in China. Notwithstanding the trade spat, many industries in China are still transforming themselves and moving up the value chain to better meet domestic consumer demand. Against this backdrop, the Group remains hopeful of business prospects in China over the long term. In the meantime, it is stepping up efforts to diversify its income streams and geographical focus.

In December 2018, for instance, ISDN formed a joint venture business with Maxon Motor AG to sell maxon motor's products in Southeast Asia. Switzerland-based maxon motors manufactures micro motors and drive systems used in various consumer products and industrial applications, including insulin pumps, surgical power tools and robots. The joint venture will market these products in Singapore, Malaysia, Indonesia, Thailand, the Philippines, Vietnam and Hong Kong.

The Group is also making progress with its nascent renewable energy business. As previously disclosed, its first mini-hydropower plant in Indonesia is expected to begin production by mid-2019, while another two hydropower plants will be ready in the third quarter of 2019 and the fourth quarter of 2020 respectively. When fully operational, all three plants will be able to power more than 12,000 homes in North Sumatra.

Mr Teo Cher Koon, ISDN's Managing Director and President, said: "Our core motion control engineering business should continue to do well over the long haul as industries constantly look for ways to innovate and improve production efficiency. In the meantime, given the headwinds in the global economy, we have to be nimble and seek to shore up our profitability by developing new growth engines, such as our renewable energy business, which entails projects not only in hydropower but also solar energy."

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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 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](http://www.isdnholdings.com)