



**TELECHOICE INTERNATIONAL LIMITED**  
(REG. NO. 199802072R)

# TeleChoice Reports Half-Year 2023 Results

- ***Gross profit grew by 16.5% to S\$18.6 million on the back of an increase in revenue to S\$101.7 million***
- ***Recorded lower net losses of S\$4.3 million despite an increase in expenses incurred with the transition towards higher margin service businesses***

Singapore, 14 August 2023 – SGX mainboard-listed TeleChoice International Limited ("TeleChoice" or the "Group"), a regional diversified provider and enabler of innovative info-communications products and services, announced its results for the half-year ("1H2023") ended 30 June 2023.

**Mr Vincent Lim, President, and CEO of TeleChoice, said, "In 1H2023, we recorded a modest improvement in Group revenue compared to 1H2022, with a 16.5% increase in gross profit due to improvement of gross margin from 7.6% in 1H2022 to 8.6% in 1H2023. Our ICT and Engineering Services Divisions performed well. This is particularly encouraging as it aligns with our five-year business transformation plan aimed at achieving sustainable growth through higher-margin service offerings.**

**"As part of our strategic efforts, we successfully integrated Radiance Communications ("RCPL"), which we acquired last year which significantly strengthened our managed services and unified communications for enterprise and contact center telecommunications. Additionally, we completed the disposal and sale of NexWave Telecoms, our legacy voice business, streamlining our operations for increased efficiency. Our Engineering Services Division continues to excel in its Indonesia operations as a market leader.**

**"While our PCS Services Division faced challenges, including lower sales due to the lack of, and delayed product launches typical in the first half of the year, we are delighted to share that we have been appointed as the new managed services partner and full service distributor of HONOR mobile phones in Singapore. This partnership has been well received, with the trade launch alone generating a million dollars in sales, thanks to the strong support from over 60 trade partners and 100 retail touchpoints."**

## RESULTS HIGHLIGHTS

<b>S\$'M</b>	<b>1H2023</b>	<b>1H2022</b>	<b>+/- (%)</b>
<b>Revenue</b>	<b>101.7</b>	99.1	2.6
<b>Gross Profit</b>	<b>8.8</b>	7.5	16.5
<b>Gross Margin</b>	<b>8.6</b>	7.6%	1.0ppt
<b>Operating Profit/ (Loss) Before Tax</b>	<b>(3.8)</b>	(3.9)	3.6
<b>Profit/ (Loss) Before Tax</b>	<b>(3.8)</b>	(4.0)	4.2
<b>Profit/ (Loss) Attributable to Equity Holders</b>	<b>(4.3)</b>	(4.4)	3.3
<b>Diluted EPS (cents)</b>	<b>(0.91)</b>	(0.95)	
<b>NAV Per Share (cents)</b>	<b>As at 30 Jun 23</b>	<b>As at 31 Dec 22</b>	
	<b>8.63</b>	9.56	

The Group's 1H2023 revenue of S\$101.7 million, was a 3% increase from 1H2022's S\$99.1 million. Additionally, the Group reported a lower loss before tax of S\$3.8 million, against a loss before tax of S\$4.0 million in 1H2022. Although the higher gross profit in 1H2023 resulted from increased revenue and improved gross profit margin, it was partially offset by higher operating expenses.. Operating expenses in 1H2023 were higher against 1H2022 mainly from the consolidation of RCPL which was acquired in June 2022 and professional and IT expenses incurred. While the ICT and Engineering Divisions showed lower losses in 1H2023, these gains were partially offset by losses incurred from the PCS Division.

In terms of segmental performance, the PCS Division experienced a loss before tax of S\$0.45 million in 1H2023, a decrease from the S\$16,000 profit in 1H2022. Its Malaysian operations, the primary profit contributor, saw lower profitability due to increased marketing expenses. At the same time, Singapore operations incurred higher losses, mainly due to reduced revenue from its retail operations and lower incentives received. However, profits from HONOR mobile phone sales since June 2023 partially offset the impact.

In 1H2023, the ICT Division saw increased revenue in both the IT and Communication businesses. Despite a rise in gross profit, higher staff costs due to the acquisition of RCPL in June 2023 partially offset the gains. Nonetheless, the Division showed improvement by reporting a reduced loss before tax of S\$2.7 million, compared to the S\$3.1 million loss in the same period last year. The loss primarily stemmed from additional expenses incurred for project completions and expertise development in Hybrid Cloud Managed Services and Data Analytics.

The Engineering Division reported a slight increase in revenue and achieved higher gross profit and margins in 1H2023, mainly driven by its profitable Indonesian operation compared to the same period in 1H2022. In 1H2023, it successfully reduced its loss before tax to S\$0.7 million, an improvement from loss of S\$0.9 million in the previous year. Despite the positive performance of its Indonesian operations, the Division's overall losses were primarily attributed to the underperformance of its Singapore and Philippines operations.

As of 30 June 2023, the Group's balance sheet showed total assets of S\$105.2 million against total liabilities of S\$66.1 million, resulting in a NAV per share of 8.63 cents. In terms of cash flows, the Group achieved a net cash inflow of S\$2.9 million in 1H2023, driven by positive changes in working capital arising from lower receivables and net contract assets. Consequently, the Group's net cash position increased to S\$16.0 million as of the same date.

### **FY2023 OUTLOOK**

The Group maintains a cautious outlook on its growth prospects in Singapore and the region for FY2023, consistent with the business update provided in 1Q2023. The operating environment is expected to continue being uncertain primarily due to weakened global demand with the risk of a global recession. While there are preliminary indications of inflation easing, it is anticipated that interest rates will remain high.

**“Amidst these challenging factors, our Group remains vigilant and focus on revenue growth and sustainable profitability. Our strategic plan is already in motion across all divisions, with the PCS Services Division set to benefit from upcoming smart device launches, and our new managed services and full service distributorship contract with HONOR gaining momentum for a positive impact. Additionally, we have streamlined and refocused our ICT Services Division, enhancing efficiency, while the Engineering Services Division expands operations in Indonesia, leveraging our lead to capture further growth,”** said Mr Lim.

**“On the corporate front, we are strengthening governance and sustainability efforts, establishing a dedicated Risk and Sustainability Committee, and appointing two new Board members with diverse expertise in finance, economics, and sustainability. Concurrently, we are also renewing our leadership with the appointment of Ms Pauline Wong as President and CEO Designate. Ms Wong brings with her more than 25 years of valuable experience in the telecommunications industry and has played a crucial role in the expansion and success of the PCS Division and is well-prepared to lead the Group into the future. Through our refocused business strategies, enhanced governance and sustainability initiatives, we are committed to creating long-term value and driving sustainable growth for all stakeholders.”**

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the current view of management on future events.

### ***About TeleChoice International Limited (Co. Reg. No. 199802072R)***

TeleChoice International Limited ("TeleChoice") is a regional diversified provider and enabler of innovative info-communications products and services. It is a portfolio company of ST Telemedia, a strategic investor focused on communications and media, data centers and infrastructure technology businesses across Asia, the US and Europe.

Incorporated in Singapore on 28 April 1998 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 25 June 2004, TeleChoice offers a comprehensive suite of info-communications services and solutions for the Consumer and Enterprise Groups under three business divisions.

For more information, please visit our website at [www.telechoice.com.sg](http://www.telechoice.com.sg)

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