



**CHALLENGER TECHNOLOGIES LIMITED**

Incorporated in the Republic of Singapore on 14 January 1984

Registration No. 198400182K

NEWS RELEASE - FOR IMMEDIATE RELEASE

Results for year ended 31 December 2018 ("FY2018")

**22% increase in net profit for FY2018 despite a challenging retail climate in 4Q2018**

|                           | FY2018                    | FY2017<br>(restated)                     | Change | 4Q2018       | 4Q2017<br>(restated) | Change |
|---------------------------|---------------------------|--|--------|--------------|----------------------|--------|
|                           | S\$'M                     | S\$'M                                    |        | S\$'M        | S\$'M                |        |
| <b>Revenue</b>            | 320.2                     | 321.9                                    | -0.5%  | 83.9         | 89.0                 | -5.7%  |
| <b>Profit before tax</b>  | 24.2                      | 18.8                                     | 28.7%  | 7.1          | 6.5                  | 9.2%   |
| <b>Profit after tax</b>   | 19.6                      | 16.1                                     | 21.7%  | 5.8          | 5.9                  | -1.7%  |
| <b>Earnings per share</b> | 5.64                      | 4.63                                     | 21.8%  | 1.66         | 1.69                 | -1.8%  |
|                           | cents                     | cents                                    |        | cents        | cents                |        |
| <b>Dividend per share</b> | 3.1<br>cents              | 3.3<br>Cents                             | -6.1%  | 2.0<br>cents | 2.2<br>Cents         | -9.1%  |
|                           | <b>As at<br/>31/12/18</b> | <b>As at<br/>31/12/17<br/>(restated)</b> | Change |              |                      |        |
| <b>NAV/share</b>          | 26.65                     | 24.33                                    | 9.5%   |              |                      |        |

**Singapore, 15 February 2019** – SGX Mainboard-listed Challenger Technologies Limited ("Challenger" or the "Group"), Singapore's largest IT products and services provider, today announced its results for the full year and fourth quarter ended 31 December 2018.

Net profit for the full year ended 31 December 2018 increased by 22%, or \$3.5 million, to \$19.6 million. This was mainly due to higher gross profit of \$2.4 million and lower operating expenses of \$2.9 million, which were offset by higher income tax expense of \$1.8 million. Higher full year net profit was achieved despite a decrease in 4Q2018 net profit by 2%, or \$0.1 million, to \$5.8 million. The decrease was mainly due to higher income tax expense of \$0.7 million, which was offset by lower operating expenses of \$0.6 million.

Revenue for the full year ended 31 December 2018 decreased by 0.5%, or \$1.7 million, to \$320.2 million. This was mainly due to lower retail sales, which was offset by higher trade show and

corporate sales revenue. 4Q2018 revenue decreased by about 6%, or \$5.1 million, to \$83.9 million—mainly due to lower retail and trade show sales.

The first three quarters of FY2018 produced good results. However, 4Q2018's slow-down—mainly due to weak retail sentiment from global economic uncertainties such as trade wars and Brexit—marked a tough quarter compared with the previous corresponding period. Chief Executive Mr Loo Leong Thye said, "We expect this weak retail sentiment to continue in 2019 as lingering global uncertainties may affect Singapore in a bigger way than what we experienced in 2018." The Group's measures to control and manage expenses for FY2018 will continue into FY2019.

The recent opening of Musica Boutique at level 4 ION Orchard marks Challenger's foray into high-end audio retail. "For the first time in Singapore, we have a one-stop luxury audio space for budding and discerning audiophiles alike. We've converged some of the world's latest and best audio systems here, including new models not ranged in Challenger stores," said Mr Loo. "Due to premium audio's niche nature, we do not expect Musica Boutique to turn a profit in the first six months."

The Group has proposed a final dividend of 2.0 cents per share for FY2018 to be approved at its coming Annual General Meeting. Together with the interim dividend of 1.1 cent, this would give a total dividend of 3.1 cents per share for FY2018. This payout represents 55% of net profit attributable to shareholders.

To date, the Group has a total of 39 stores comprising one flagship Challenger store, 25 Challenger superstores, one PIT.Money store, one Musica Boutique and 11 small format stores. Conveniently-located island-wide, Challenger will continue to grow its retail footprint at available and suitable locations to serve its customers within close proximity. In the first half of 2019, a 5,000 sq ft store will open at Paya Lebar Quarter, located at the heart of the URA's urban regeneration masterplan for that area.

#### **About Challenger Technologies Limited**

Incorporated in 1984 and listed on the SGX in January 2004, Challenger Technologies Limited operates the Challenger chain of IT retail stores and online tech marketplace Hachi.tech. With an extensive network of strategically-located retail stores, Challenger has half a million ValueClub members. Challenger also owns inCall System Pte Ltd, which provides extended warranty programs, IT repair as well as call centre services.

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