



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

TeleChoice Reports First-Half 2022 Results

- ***Revenue grew by 6% to S\$99.1 million due to higher revenue contribution from PCS and Engineering Divisions***
- ***Gross profit increased 10% to S\$7.5 million with improved gross margin at 7.6%; operating loss was higher on account of significant reduction in COVID-19 support grants and higher expenses incurred for new business initiatives***
- ***PCS Division registered turnaround in spite of lower government grants with the recovery of its retail operations and contribution from its Smart and Green products***

Singapore, 12 August 2022 – 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 first half (“1H2022”) ended 30 June 2022.

Mr Vincent Lim, President and CEO of TeleChoice said, “The recovery momentum has continued to translate into improved revenue and gross profit for the Group. Our operating loss in 1H2022, however, was higher due to a significant reduction in government support received compared to 1H2021. We also incurred higher expenses for our new business initiatives. Additionally, our first half performance has historically been lower compared to the second half of the year.

“Segmentally, our operating environment continued to be asynchronous. While our Consumer Business Group’s performance, namely PCS Division, has been encouraging with the recovery in retail operations and was back in the black in spite of the lower government grants, performance for our Enterprise Business Group which comprises ICT and Engineering Divisions remains relatively lackluster. This was largely a result of weaker enterprise sales and delays in project completion and new awards due to cautious capex spending in light of tightened cost pressures even with the resumption of business activities.

“Notwithstanding the uncertainties and challenging outlook, based on the Group’s current operating activities, we are targeting for revenue increase although profit improvement in aggregate for FY2022 will be challenging.”

RESULTS HIGHLIGHTS

S\$ Million	1H2022	1H2021	Change (%)
Revenue	99.1	93.6	5.9
Gross Profit	7.5	6.9	9.9
GP Margin (%)	7.6	7.3	0.3ppt
Loss Before Tax	(4.0)	(2.9)	-37.0
Loss Attributable to Equity Holders	(4.4)	(3.2)	-39.4
Diluted EPS (cents)	(0.95)	(0.69)	
Net asset value per ordinary share (cents)	11.50	12.39	

Group revenue improved by 6% to S\$99.1 million in 1H2022 from S\$93.6 million in 1H2021 on account of higher revenue contribution from PCS and Engineering Divisions. Gross profit also improved by 10% to S\$7.5 million in 1H2022 compared to S\$6.9 million in 1H2021 with a corresponding increase in GP margin to 7.6% from 7.3%. However, the Group recorded higher operating loss before tax of S\$4.0 million in 1H2022 compared to S\$2.9 million in 1H2021, which is attributed to lower government grants received and higher expenses as well as consolidated losses from its recent acquisition of Radiance Communications Pte Ltd (“RCPL Group”).

PCS Division revenue and gross margin improved in 1H2022 due to higher contribution from its Singapore and Malaysia operations as compared to 1H2021 when its retail business was hard hit by the COVID-19 restrictions. The Division turned around with a marginal profit in 1H2022 despite substantially lower government grants received. ICT Division revenue decreased in 1H2022 which is attributed mainly to lower equipment sales, and voice usage. As customers remained prudent in capex spending, projects completion and new awards were delayed. In addition, slow sales conversion for its IoT and new Cloud initiatives also impacted revenue recognition and the Division incurred a loss consequently. Engineering Division maintained its revenue level with higher gross profit and gross margin. Profit contribution was from its major market, Indonesia, as well as from Malaysia. There were lower losses from the Philippines operations. The Singapore operations recorded higher losses due to lower revenue recognition from CAS projects and transmission equipment sales, partially mitigated by new sales of Nexans structured cables. As a result, the Division registered a loss in 1H2022.

Balance sheet wise, the Group’s total assets stood at S\$113.6 million against total liabilities of S\$61.5 million. NAV per share was 11.50 cents. In terms of cash flows, the Group recorded net cash outflow of S\$13.2 million due to negative changes in working capital arising from the increase in operating activities with the ramp up in business activities. As at 30 June 2022, the Group’s net cash position was S\$15.5 million.

FY2022 OUTLOOK

The Group continues to adopt a cautious outlook in FY2022, taking into account Singapore's and the region's growth prospects. While the local and the regional economy continue its recovery traction on the back of faster-than-expected lifting of COVID-19 restrictions and the resumption of global travel, the positive outlook, however, is tempered by significant risks and uncertainty. These include rising geopolitical challenges, higher interest and inflation, global supply chain disruptions as well as the threat of new COVID-19 wave.

Mr Lim added, "Although inflationary pressure may result in some belt tightening by consumers, the increase in demand for smart devices with new launches and the gradual easing of supply shortage, coupled with the improvement in retail sales momentum and tourism footfall, will continue to augur well for PCS Division in Singapore and Malaysia.

"ICT Division, having completed its acquisition of RCPL Group, is well-poised to augment its market leadership position in unified communications, contact centre and system integrations with its expanded customer base and service offerings, cost synergy and operational efficiency.

"The growing adoption of smart technology and the need for interconnectivity in the region have greatly increased the demand for cell towers and mobile network. Engineering Division will continue to leverage network roll-out, including 5G, as well as upgrading and maintenance opportunities to expand its project pipeline.

"The Group is mindful of its commitment to achieve sustainable growth and returns to shareholders. To this end, we will continue to improve our capabilities, expand our services and seek opportunities in synergistic businesses and new markets. Of equal importance, is our continued focus on exercising financial discipline through cost containment, productivity enhancements and the prudent and effective use of capex so as to maintain our strong balance sheet and healthy cash position going forward."

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This press release is to be read in conjunction with TeleChoice's results announcement posted on the SGXNET on 12 August 2022.

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 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 centres 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

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