



DMX Technologies Group Limited

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DMX grows net profit 5.2% in 3Q2014 as strong contribution from Digital Media business offsets maturing ICT performance

- Revenue declined 5.3% to US\$104.2 million due to fall in demand for ICT
- Focus on strengthening collaborations with cable TV operators within Digital Media as revenue increased 31.3% on the back of strong demand for differentiated products
- Order book of US\$75.6 million expected to allow the Group to achieve the same level of profitability as FY2013

Singapore, 12 November 2014 – DMX Technologies Group Limited, (“DMX”, “宏天科技” or the “Group”), a leading integrated network infrastructure and digital media solutions provider, reported a 5.3% year-on-year (“yoy”) decline in revenue to US\$104.2 million for the three months ended 30 September 2014 (“3Q2014”) as compared to US\$110.0 million in 3Q2013. Despite the fall in revenue, net profit attributable to shareholders rose 5.2% yoy to US\$7.6 million for 3Q2014 due to savings in operating expenses.

Financial Highlights (US\$ millions)	3Q2014	3Q2013	Change	9M2014	9M2013	Change
Revenue	104.2	110.0	-5.3%	247.1	276.3	-10.6%
Gross Profit	22.5	25.2	-10.6%	53.3	64.9	-17.9%
Gross Profit Margin (%)	21.6	22.9	-1.3ppt	21.6	23.5	-1.9ppt
Profit Attributable to Shareholders	7.6	7.2	5.2%	9.2	12.7	-27.7%
Net Profit Margin (%)	7.3	6.5	0.8ppt	3.8	4.7	-0.9ppt
Earnings per share (US cents)	0.65	0.62	4.8%	0.79	1.10	-28.2%

The Group’s ICT division recorded a 34.8% yoy decline in revenue to US\$39.3 million in 3Q2014 due to continued delays in ICT expenditure in Indonesia, slowdown and changing trends in the ICT business in China and Others. As a result, the ICT division’s revenue contribution declined from 54.8% in 3Q2013 to 37.7% in 3Q2014.

The Group’s Digital Media division, on the other hand, enjoyed a quarter of positive growth with revenue up 31.3% yoy to US\$64.2 million in 3Q2014 as the Group continued to tap on cable TV operators with the analog to digital TV migration and network convergence business. The Digital Media Solutions segment registered a 45.3% increase to US\$52.0 million in 3Q2014; however the Multi-media software segment declined 6.9% to US\$12.2 million due to competitive software pricing. The Group continued to focus on its established customer base in the CATV market, resulting in the division contributing to 61.6% of total revenue in 3Q2014, an increase from 44.5% in 3Q2013.

The Mobile Solution Services division registered a decrease in revenue of 12.5% yoy to US\$0.7 million in 3Q2014 as the shift to focus on mobile Software as a Service (“SaaS”) model for enterprises experienced

slower than expected traction. This division contributed to 0.7% of Group's total revenue in 3Q2014, unchanged from 3Q2013.

The Group's gross margin declined to 21.6% in 3Q2014 from 22.9% in 3Q2013 due mainly to lower revenue recorded from Multi-media Software, Managed Services segments and hardware solution pricing competitions.

Ms Jismyl Teo (“张楚琴”), CEO of DMX Technologies, *“We are happy to announce a growth in net profit this quarter, which is a reversal from the decline in profitability we experienced during the first half of 2014. Our Digital Media business, in particular, has been our key growth driver and we are encouraged by the potential seen within this segment. While our overall business environment remains challenging, we hope to leverage our expertise in Internet network infrastructure and digital media solutions to further unlock growth for us in the future.”*

Tapping onto new opportunities for growth

The Group continues to adopt a cautious and prudent approach to its ICT business as matured markets and changing IT trends negatively affect some of the countries in which the Group operates. In a bid to identify new growth opportunities within the segment, the Group has been gradually expanding its ICT business within emerging markets while moving away from capital intensive hardware systems integration business in the matured markets. Furthermore, the Group hopes to expand its presence in niche markets such as IT security solutions, software, managed services and cloud computing in order to recognise recurring income and higher profitability.

The Digital Media market, on the other hand, has been the Group's main growth driver as cable TV operators shift towards offering differentiated services in order remain competitive. The Group will focus on collaborating with these operators to develop more competitive products and investing resources in this market in order to grow revenue.

Although the adoption of SaaS is slower than expected, the Group still sees potential in the upcoming mobile solution market for enterprises and has been working towards establishing more distribution channels and partners in China.

“Our ICT business continues to weigh down on our top and bottom line, but we are managing the slowdown by adopting cost-cutting measures and entering new market segments. Moving forward, we remain focused on growing our Digital Media business by strengthening our customer base in the CATV market while seeking out more opportunities to achieve recurring and continual income growth for the rest of 2014,” concluded Ms Teo.

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About DMX Technologies Group Limited (“DMX”)

Established in 1999 and listed on the Mainboard of the Singapore Stock Exchange, DMX is a leading Internet network infrastructure and digital media solutions provider in Asia Pacific. Based in Hong Kong, DMX has built an extensive regional network of office in Asia, including Greater China, Indonesia, Korea, Malaysia, India and Singapore. The Group specializes in providing integrated ICT (Information & Communication Technologies) solutions and services to enable telecom operators, cable TV operators, mobile operators, media corporations and enterprises to deliver enhanced services to their end-users. In September 2009, KDDI (Japan’s second largest telecom operator) took a 51.68% stake in DMX, allowing the Group to leverage on their experience and technological offerings to distinguish itself in the market in the long term.

For more information please visit <http://www.dmxtechnologies.com>

Issued for and on behalf of DMX Technologies Group Limited

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