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MEDIA RELEASE

ISDN Holdings reports S\$4.2 million earnings for 1Q2019

- Revenue for 1Q2019 of S\$75.5 million up 6.2% from 4Q2018 as business remained resilient to modest pressure from US-China trade tensions.
- Revenue and Gross margins were lower at 0.9% and 0.5% respectively on a year-on-year (“YoY”) basis delivering a gross profit of S\$18.8 million.
- Diversification in ISDN’s wide base of customers is helping to stabilise revenues, with the Group benefitting from growth in medical and emerging market customer segments.
- Group continues to focus on expanding its core automation business; with good progress expected in realizing the value of its hydropower business.

(S\$’000)	1Q2019	1Q2018	YoY Change (%)	4Q2018	QoQ Change (%)
Revenue	75,537	76,192	(0.9)	71,147	6.2
Gross Profit	18,829	19,353	(2.7)	19,539	(3.6)
Gross Profit Margin (%)	24.9	25.4	(0.5) ppt	27.5	(2.6) ppt
Operating Expenses[#]	13,549	12,583	7.7	15,712	(13.8)
Profit Before Tax	6,796	8,789	(22.7)	475	N.M.
Profit / (Loss) Attributable to Shareholders	4,212	5,198	(19.0)	(1,521)	N.M.
PATMI	5.6%	6.8%	0.8 ppt	N.M.	N.M.

ppt – percentage points

– Operating expenses comprise distribution costs and administrative expenses

N.M. – Not Meaningful

Singapore, 13 May 2019 – ISDN Holdings Limited (“ISDN”, and with its subsidiaries, the “Group”), a leading multi-industry corporation providing motion control, engineering solutions and industrial computing solutions, today reported net profit attributable to shareholders of S\$4.2 million for the three months ended 31 March 2019 (“1Q2019”).

Revenue from the Group’s core engineering solutions increased 3.5% from 4Q2018 as the Group’s diverse customer base helped it weather soft macroeconomic conditions arising from global trade tensions. Revenue was down 3.4% YoY on the back of a record-high 1H2018 performance last year. In 1Q2019, ISDN observed greater growth in emerging markets such as Malaysia and Vietnam, as well as growth in certain diversified end-segments such as Medical and Information technology. The Group also recognised revenue from its nascent renewable energy business of S\$1.9 million.

Gross profit for 1Q2019 decreased 2.7% YoY to S\$18.8 million with gross margin at 24.9%. Excluding gross profit from the construction of two mini-hydropower plants, the Group maintained core engineering solutions gross margins at 25.4%.

Operating expenses increased 7.7% YoY to S\$13.5 million for 1Q2019. Distribution costs decreased slightly while administrative expenses increased as a result of the consolidation of Aenergy Subgroup (hydropower investment holdings), and increases in salaries and bonuses, office and administrative expenses and professional fees.

As a result, the Group reported a profit attributable to shareholders of S\$4.2 million for 1Q2019 compared to S\$5.2 million for 1Q2018.

Overall, against the uncertainties in the market the Group performed notably better in 1Q2019 compared to 4Q2018, with revenue growing 6.2% quarter-on-quarter from S\$71.1 million for 4Q2018 and a rebound on its bottom line from a loss of S\$1.5 million in 4Q2018.

Mr Teo Cher Koon, ISDN's Managing Director and President, said, *"Over the longer term, we will continue to deepen our presence in China and also look to the rest of the Asia Pacific region to drive diversified demand for our engineering solutions as industrial automation is increasingly embraced in many sectors across Asia to boost productivity and move up the value chain. While the outlook for the foreseeable future for businesses in general may be affected by geopolitical tensions, we have our ears to the ground and are working closely with our customers to increase earnings visibility and mitigate any downside.*

We also expect to gain traction on renewable energy business in the quarters ahead as our first few mini-hydropower plants come on stream in Indonesia. This will also help to provide greater earnings consistency."

The Group is seeking to penetrate the hydropower and solar-energy sectors in Asia, and to date the Group has recognized S\$1.9 million in revenue from the construction of mini-hydropower plants in North Sumatra in 1Q2019. The first two plants, with a combined capacity of more than 14 megawatts of electricity, are expected to start production in the second half of 2019.

Overall, ISDN continues to make good progress growing its market presence in its core engineering business by increasing the value of its solutions offerings, growing diversified customers, and expanding geographically. At the same time, the Group continues to advance the buildout of its additional earnings platform in hydropower energy, with the first 3 mini-hydropower plants scheduled to begin commercial operations this year and next.

- End -

This news release is to be read in conjunction with the Group's announcement concurrently posted on SGXNET.

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

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