TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

TeleChoice Reports Half-Year 2020 Results

All Divisions' businesses, in particular the Personal Communications Solutions Services ("PCS"), were impacted in 1H2020 due to COVID-19 pandemic, resulting in revenue decline and consequent net loss

Slight recovery for PCS and Info-communications Technology Services ("ICT") Divisions on account of Singapore governmental support which led the Group to achieve breakeven in 2Q2020 as compared to a loss in 1Q2020

Group confident of weathering downturn on the strength of its balance sheet, healthy order book and net cash position

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Singapore, 7 August 2020 – 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 ended 30 June 2020 ("1H2020").

Mr Vincent Lim, President and CEO of TeleChoice said, "The COVID-19 pandemic has triggered one of the gravest economic crises of our times, disrupting trade and businesses globally. TeleChoice was not spared and all our Divisions were impacted to varying degrees.

"The Circuit Breaker measures implemented in Singapore and other movement control measures in our regional markets in March/April brought the majority of our business activities to a standstill. Although our operations have almost fully resumed since May/June with the lifting of those measures, demand has languished on the back of poor consumer sentiment, reduced business spending and delayed investment. Additionally, some of our regional operations such as in the Philippines and Indonesia, have been impeded by the slow progress back to the workplace due to capacity restrictions, limited transportation and controlled building access. These have caused delays in project delivery and revenue recognition.

"Consequently, our revenue declined. The various government grants and rental reliefs received in 2Q2020 helped to partially alleviate our fixed operating expenses; however, it is insufficient to cushion the full impact of the pandemic fallout. As a result, we recorded

a net loss in 1H2020, the first half-year loss sustained in our corporate history as a listed entity since 2004.

"Notwithstanding the weak showing given the unprecedented challenges faced, the Group remains confident of weathering this downturn on the strength of our balance sheet and order book. Our liquidity is also healthy, being in a net cash position with adequate banking facilities to fund any short-term needs."

Results Highlights

S$'M	1H2020	1H2019	+/- (%)
Revenue	100.6	153.5	-34.5
Gross Profit	8.1	15.4	-47.5
Gross Margin	8.0%	10.0%	-2.0ppt
(Loss)/Profit Before Income Tax ("PBT")	(1.8)	2.2	nm
(Loss)/Profit Attributable to Equity Holders	(2.0)	1.3	nm
(Loss)/Earnings Per Share (EPS) (cents)	(0.45)	0.29	
	As at 30/06/20	**As at 31/12/19**	
Net Asset Value (NAV) Per Share (cents)	14.59	15.88	

Group revenue in 1H2020 fell by 34.5% to S$100.6 million attributed to lower contribution from all three Divisions. The decline in revenue translated into lower gross profit of S$8.1 million in 1H2020, a 47.5% drop from 1H2019. Gross margin was lower at 8.0% with a 2.0 ppt drop. On account of all Divisions' losses in 1H2020, the Group registered a loss before income tax of S$1.8 million against 1H2019 PBT of S$2.2 million.

Compared to 1Q2020, for 2Q2020, the Group achieved breakeven on account of the Singapore governmental support amidst slight recovery for PCS and ICT Divisions.

Balance sheet wise, the Group's total assets stood at S$137.9 million against total liabilities of S$72.0 million with NAV per share of 14.59 cents. The Group's working capital position improved with higher cash balances and lower borrowings due to reduced inventories, contract assets and other receivables.

The Group maintained a net cash position with cash generated from operations amounting to $19.1 million. As at 30 June 2020, the Group's cash and cash equivalents was S$30.9 million,

after the FY2019 dividend payment of S$4.5 million in June 2020 and short term bank loans net repayment of S$2.4 million.

Outlook & Strategies

The overall business and economic environment is expected to remain fragile on account of the on-going pandemic and the resulting uncertainties. The Group maintains a cautious outlook for FY2020 as its businesses will continue to be challenged during the year.

For the Consumer Business, PCS Division's retail operations in Singapore and Malaysia have resumed and this has resulted in some sales improvement. However, its prepaid and channel sales continued to be impacted due to the substantial decline in tourists and foreign workers which collectively constituted the bulk of its market. It remains uncertain if the recovery momentum would be sustained given the tremendous challenges the retail and travel sectors are facing with anticipated rising unemployment and threats of new waves of infections. Nevertheless, the launch of new mobile handsets in 2H2020 may help to stimulate demand and drive sales.

For the Enterprise Business, while ICT Division has experienced an increase in demand for telecommuting and unified communication solutions, this has not been adequate to mitigate the shortfall in major contracts as government organisations and companies delay business investments and cut non-critical spending. Additionally, ongoing projects and new contract awards continue to progress very slowly with the resultant delays in project delivery and weak sales pipeline which will affect revenue recognition in 2H2020. While there are overseas network upgrading and infrastructure projects to be undertaken, Network Engineering Services ("Engineering") Division continues to face logistical and manpower obstacles due to tightened social restrictions and workplace controls in markets such as Indonesia, Malaysia and the Philippines, which are still grappling with the containment of the COVID-19 pandemic. In Singapore, any projects arising from the potential roll-out of the 5G network, will likely be available for tender only towards the end of 2020. Overall, the operating environment for the Enterprise Business is anticipated to remain challenging for the rest of the year.

Mr Lim added, "Despite the difficult operating environment, the Group will continue to seek new business opportunities even as we exercise financial prudence and keep a tight rein on costs. The longer-term growth prospects for the telecommunications industry remain intact. The 5G network roll-out and network upgrading in Singapore and the region will mandate continued infrastructure spending, potentially benefiting both the Engineering and ICT Divisions. Furthermore, business digitalisation and telecommuting will offer increased prospects for ICT Division. For PCS Division, the adoption of 5G will spur the ongoing smart devices evolution which would present more fulfilment and retail management opportunities as consumers upgrade and replace their handsets. The Group will widen our competencies and enhance our operational efficiencies so as to add value to our customers and be well-positioned for the eventual upturn."

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This press release is to be read in conjunction with TeleChoice's results announcement posted on the SGXNET on 7 August 2020.

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. Incorporated in Singapore on 28 April 1998 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 25 June 2004, TeleChoice is a subsidiary of ST Telemedia, a strategic investor in communications and media, data centres and infrastructure technology businesses across Asia, the US and Europe .

TeleChoice offers a comprehensive suite of services and solutions for the info-communications industry under three business divisions, Personal Communications Solutions Services ("PCS"), Info-Communications Technology Services ("ICT") and Network Engineering Services ("Engineering").

For more information, please visit our website at www.telechoice.com.sg

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