

MEDIA RELEASE



ISDN Holdings reports 1Q 2022 results: Net profit to shareholders up +5.8% despite impact from China COVID-19 measures

- ISDN reported revenue of S\$94.7 million in 1Q2022, a 3.8% decrease from S\$98.4 million in 1Q2021.
- Profit attributable to equity holders increased 5.8% to reach S\$6.4 million in 1Q2022, as compared to S\$6.1 million in 1Q2021
- Gross profit margin increased by +0.9 ppt from 27.0% in 1Q2021 to 27.9% in 1Q2022
- China business impacted by COVID-19 lockdowns, but other regions continued to deliver solid growth. China's pandemic measures are now being lifted
- The Group has collaborated closely with technology partners to solidify its supply chain resilience to mitigate the impacts of supply chain disruptions in their key geographies

Singapore, 10 June 2022 – ISDN Holdings Limited (“ISDN”, together its subsidiaries the “Group”), a leading industrial automation firm, today announced its financial results for the three months ended 31 March 2022 (“1Q2022”).

Financial summary

S\$'000	1Q2022	1Q2021	YoY % Change
Revenue	94,716	98,443	-3.8
Gross Profit	26,441	26,547	-0.4
Gross Profit Margin (%)	27.9	27.0	+0.9 ppt
Operating Expenses ^a	16,535	15,065	+9.8
Profit Before Tax	10,800	12,246	-11.8
Profit After Tax	8,573	9,169	-6.5
Profit Attributable to Shareholders	6,423	6,073	+5.8
Net Profit Margin ^b (%)	9.1	9.3	-0.2 ppt

ppt percentage points

^a Operating expenses comprise distribution costs and administrative expenses

^b Net profit margin calculates the portion of the net profit to overall revenue, and not the portion of profit attributable to shareholders to overall revenue

Good long-term growth prospects, despite rising macro risks

ISDN continues to see positive prospects from its comprehensive long term growth strategy:

► **Diversified revenue growth**

ISDN continues to target *diversified growth industries* such as advanced medical devices, electronics and semiconductors manufacturing, digital transportation, aerospace, 5G and cloud hardware and software, infrastructure and precision manufacturing where industrial automation is a disruptive long-term growth opportunity.

ISDN looks to build *diversified technology capability* to grow alongside customer needs. The Group has already expanded from components to modules and systems, and is now also delivering Industry 4.0 software and cloud solutions.

ISDN continues to operate in *diversified geographies*, providing the Group with a very large addressable market opportunity across the Asian continent.

► **Operational cost discipline**

ISDN has seen benefits from its upgrade of internal IT systems and the consolidation of corporate functions to improve efficiency. As a result, operating costs for the Group have risen much slower than revenues, creating earnings lift as ISDN grows.

The Group has additional opportunities to partner more deeply with customers and leverage its large geographical presence of over 55 offices to continue creating efficiency as it grows.

► **Growing technology capability pillars**

ISDN restructured its business into five capability pillars since 2019. By creating growing centres of excellence in motion control, software, precision manufacturing, systems and clean energy, the Group brings together the best technical expertise across its 400+ engineers and over 10,000 customers to push the leading edge of capabilities for the market.

► **Sustainable industry**

ISDN has been an early and visionary believer in sustainable industry, and today offers a range of commercial solutions in its emerging clean industry portfolio. From hydropower plants to solar and energy storage, clean disinfectant technologies and agriculture, ISDN's commitment to Asia's sustainable future provides benefits to the Group's many stakeholders as the world moves towards a more sustainable industrial future.

The Group continues to advance its capabilities to drive its comprehensive growth strategy. The Group's efficient business deployment across its five capability pillars allow it to remain resilient in a volatile market and maintain a strong orderbook.

Boosting geographical diversification has always been a priority in the Group's growth process. The Group maintains strong cash and bank balances to leverage on business expansion opportunities, and to explore earnings accretive acquisitions to expand its business offerings.

The Group is closely monitoring the global economy as the Russia-Ukraine conflict and rising inflation and interest rates buffet markets. While ISDN remains committed and well-positioned for long-term growth, the Group remains vigilant in managing investment and expense levels so that it can act quickly if the global economy shifts.

Financial results

The overall revenue for the Group was recorded as S\$94.7 million in 1Q2022, representing a 3.8% decrease from S\$98.4 million in 1Q2021. The Group's operations and customers were impacted by COVID-19 lockdown measures in China, but solid growth in ISDN's other regions helped to mitigate the impact to revenue.

The solid performance of non-China geographies, coupled with a good diversification mix in ISDN's business resulted in net profit attributable to equity holders growing +5.8% to S\$6.4 million in 1Q2022, as compared to S\$6.1 million in 1Q2021.

Net profit decreased by 6.5% YoY to S\$8.6 million for 1Q2022 compared to S\$9.2 million for 1Q2021, and profit before tax decreased by 11.8% YoY to S\$10.8 million for 1Q2022 compared to S\$12.2 million for 1Q2021.

Gross profit margins increased by +0.9 ppt from 27.0% to 27.9% in 1Q2022 for the Group. Gross profit for the core industrial automation business (excluding mini-hydropower plants) expanded by +1.5 ppt in 1Q2022 from 27.1% to 28.7%.

As at 31 March 2022, ISDN maintained a healthy cash and bank balances of S\$70.1 million.

CEO remarks

Reflecting on ISDN's strategic position and performance in 1Q2022, **Mr Teo Cher Koon, ISDN's Managing Director and President** remarked that "despite the significant challenges of operating while under COVID-19 restrictions in our China operations, we are pleased that our employees were able to react with agility to mitigate impact on our business. Despite a slight decline in revenue, ISDN was able to deliver shareholder profit growth in 1Q2022.

We continue to see solid demand for industrial automation across our customer base, resulting in a strong current order book. We hope that with the lifting of pandemic restrictions in China underway, we can return to normal operations and focus on meeting demand.

While the global economy remains in a volatile state, buffeted by the Russia-Ukraine conflict and rising inflation, we continue to see demand for our solutions and will remain focused on growing our business but also vigilant to shifts in the global economy."

— End —

About ISDN Holdings Limited

ISDN is a leading provider of industrial automation solutions throughout Asia. The Company has more than 10,000 customers, and 55 offices spanning key Asian growth markets, and has a 30-year history of innovating alongside the growing technology needs of its customers.

Today, ISDN's solutions power advanced industrial sectors including semiconductors, Industry 4.0 manufacturing, medical devices, aerospace, and clean energy. ISDN's solutions power products and manufacturing in 5G, industrial robotics, the Internet of Things (IoT/IIoT), cloud and edge computing, and Industry 4.0 intelligent manufacturing.

ISDN was founded in 1986 and has been listed on the SGX Main Board since 2005 and the Stock Exchange of Hong Kong Main Board since 2017.

For more information, please visit www.isdnholdings.com

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