



# TeleChoice International Limited

1H2005 Results Presentation



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# Section One

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## Financial & Operational Highlights

By Clive Lim  
President  
TeleChoice International Limited

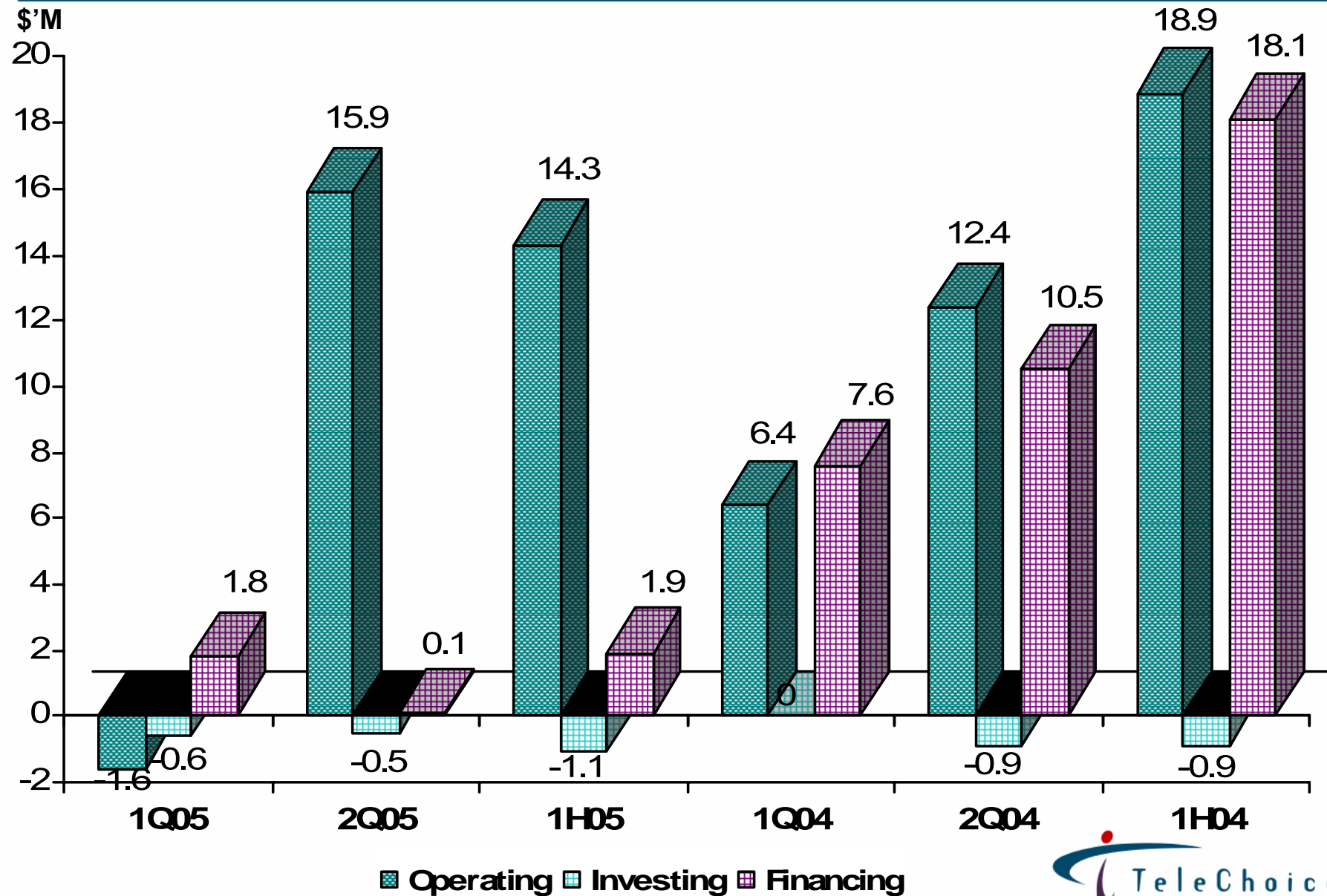


# Financial Performance Highlights

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- **Performance (1H05 vs 1H04):**
  - Revenue : \$265.2M vs \$257.3M
  - PBT : \$9.7M vs \$10.5M
  - PBT margin : 3.6% vs 4.1%
  
- **Strong Cash Generation & Management**
  - Generated \$15M in 1H2005
  - Cash flow from operating activities : \$14.3M
  - Free cashflow as at 30 Jun 2005 : \$44.4M
  - AR vs AP
  
- **Interim Dividend Declared**
  - 2 cents per share (net of tax)

# Ability to Generate Strong & Consistent Cashflow



# Dividend

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- **Dividend Policy**

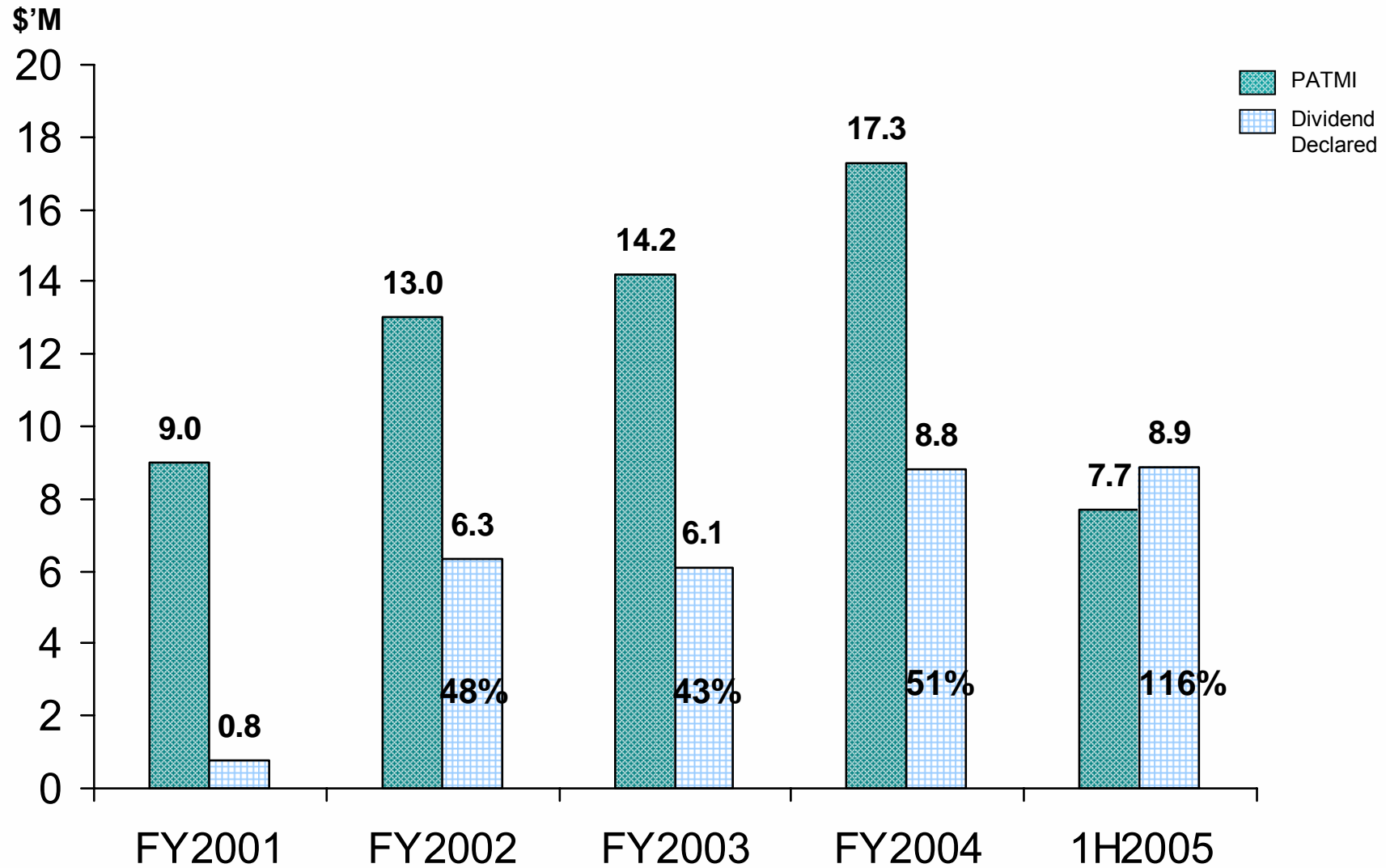
- Annual dividends of up to 30% of the annual net profit (subjected to Groups' earnings, cash flow, capital requirements and Directors' discretions)

- **\$0.02 over \$0.24 = 8.3% (interim & final dividend payout, 2004)**

- **\$0.02 over \$0.26 = 7.7% (interim dividend declared, 1H2005)**

- **Dividend yield between 7-9%**

# Group's PATMI & Dividend Declared





# Operational Highlights

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- Transforming from a predominantly mobile handset distribution business to a **diversified provider & enabler of innovative communications**
- Maintain Distribution Business and continue to add-value
  - Acquisition of Planet Telecoms in July 2005 to complement the Distribution business
- Focus on growing the Telecommunications and Mobile Network Engineering businesses to drive future growth
  - Telecommunications
    - **High net margin of 25%**
    - Launch of SunPage Budget Mobile Call (“BMC”)
    - Exploring expansion into the region (eg. Malaysia)
  - Mobile Network and Engineering
    - **Strong growth of 26%**
    - New projects in Singapore and Indonesia
    - Robust order book

# TeleChoice's position in SGX

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- **Ranking by Market Capitalisation**
  - Top 36.3%
  - 229 out of 630 listed companies
- **Ranking by FY Net Profit**
  - Top 38.7%
  - 244 out of 630 listed companies
- **Ranking by FY Revenue**
  - Top 16.7%
  - 105 out of 630 listed companies
- **Ranking by Corporate Transparency Index**
  - Top 6.5%
  - 41 out of 630 listed companies

# Section Two

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## Results Review

By Wong Loke Mei  
Vice-President, Finance  
TeleChoice International Limited



# Results Highlights

## 2Q2005 vs 2Q2004

	2Q05	2Q04	Variance	
In \$'M	Actual	Actual	\$	%
Revenue	140.0	136.8	3.2	2.3
Gross Profits	9.9	9.9	0.1	(0.8)
GP%	7.0%	7.3%		(0.1)
G&A	(5.4)	(4.9)	(0.5)	(11.1)
G&A %	3.9%	3.6%		(0.3)
PBT	4.5	5.0	(0.6)	(11.4)
PBT %	3.2%	3.7%		(0.5)
PAT	3.5	4.0	(0.6)	(14.2)
PATMI	3.5	4.0	0.0	1.0
PATMI %	2.5%	2.9%		(0.4)
No of shares	442.094	402.769		
EPS (Basic) in cents	0.80	0.98	(0.18)	(18.4)
EPS (Diluted) in cents	0.79	0.98	(0.19)	(19.4)

# Results Highlights

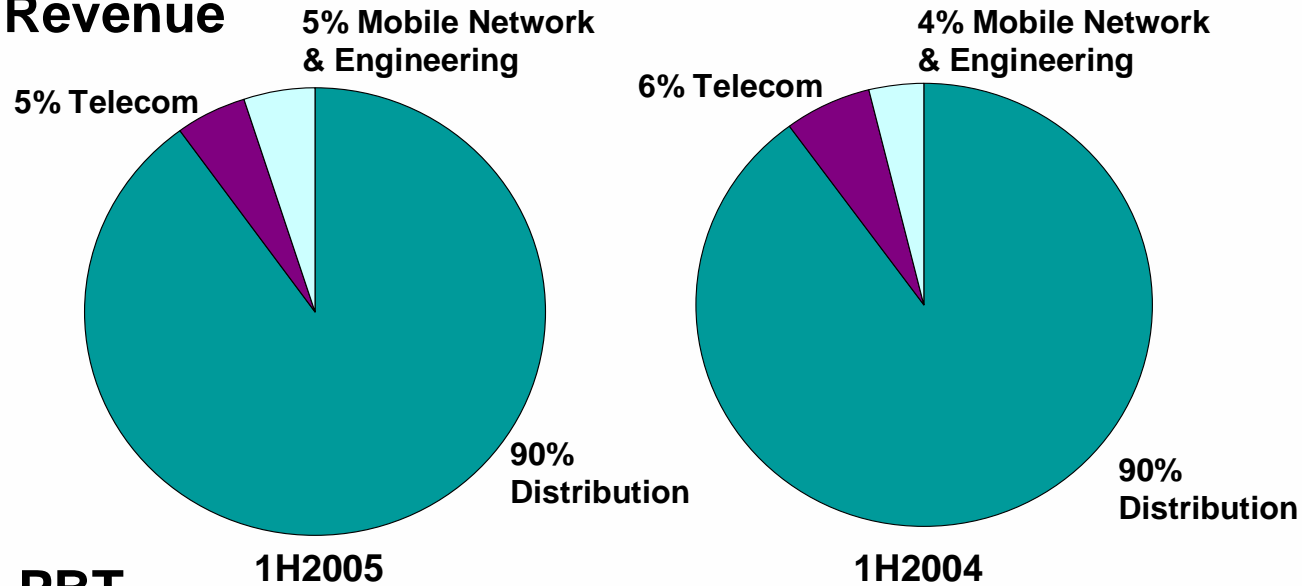
## 1H2005 vs 1H2004

	1H05	1H04	Variance		FY04
In \$'M	Actual	Actual	\$	%	
Revenue	265.2	257.3	7.9	3.1	530.1
Gross Profits	19.9	20.4	0.5	(2.4)	41.9
GP%	7.5%	7.9%		(0.4)	7.9%
G&A	(10.4)	(9.9)	(0.5)	(5.4)	(20.3)
G&A %	3.9%	3.8%		(0.1)	3.8%
PBT	9.7	10.5	(0.8)	(8.0)	21.6
PBT %	3.6%	4.1%		(0.5)	4.1%
PAT	7.7	8.4	(0.7)	(8.5)	17.4
PATMI	7.7	8.3	(0.5)	(6.4)	17.3
PATMI %	2.9%	3.2%		(0.3)	3.3%
No of shares	442.047	401.385			421.803
EPS (Basic) in cents	1.75	2.06	(0.31)	(15.0)	4.11
EPS (Diluted) in cents	1.73	2.06	(0.33)	(16.0)	4.09

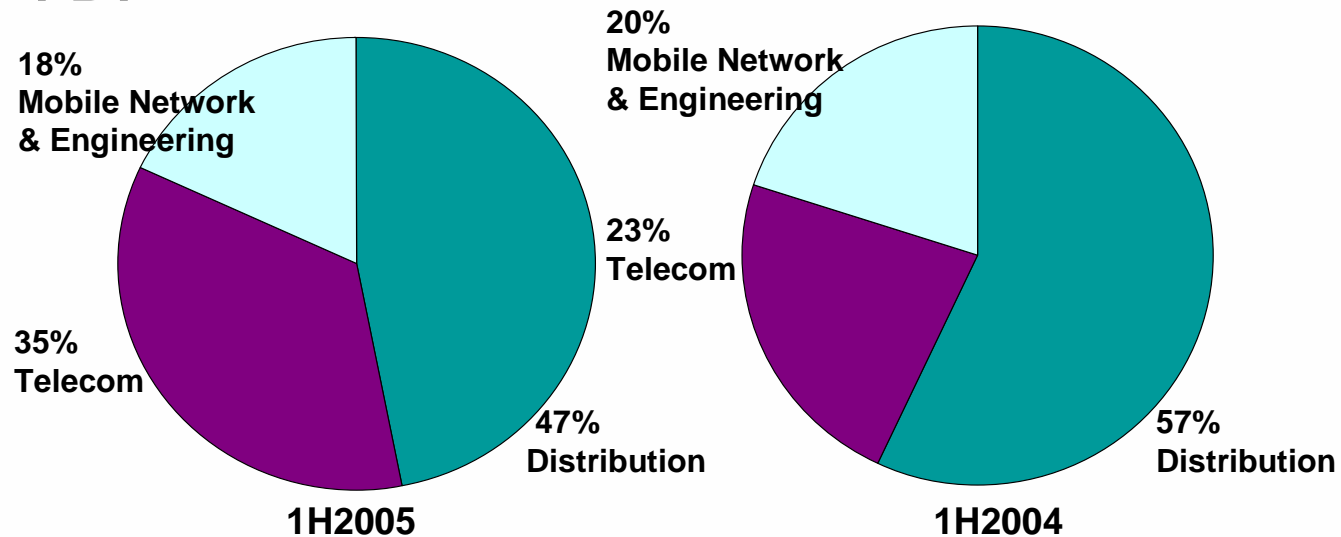
# Contribution by Business Activities

## 1H2005 vs 1H2004

### Revenue



### PBT



Although Distribution contributed to majority of our revenue, Telecoms and Mobile Network and Engineering are key contributors to our PBT

# Revenue by Segment

## Quarter & Half Year Comparison

In \$'M	2Q05	2Q04	Growth		1H05	1H04	Growth	
			\$	%			\$	%
Distribution	125.9	121.5	4.4	4	238.8	231.9	6.9	3
Telecommunication	7.1	8.4	(1.3)	(15)	13.7	15.3	(1.6)	(10)
Engineering	7.0	6.9	0.1	1	12.7	10.1	2.6	26
<b>Total</b>	<b>140.0</b>	<b>136.8</b>	<b>3.2</b>	<b>2</b>	<b>265.2</b>	<b>257.3</b>	<b>7.9</b>	<b>3</b>

- **Distribution** - Growth in revenue was mainly contributed by Singapore, Indonesia and Thailand operations, offset by decrease in revenue from Australia and Malaysia operations
- **Telecommunication** – Revenue decreased due to lower iDD usage, ASP, however, is maintained
- **Engineering** - New projects secured from major telecommunications operators and vendors in Singapore and Indonesia contributed mainly to the increase in revenue. This was partially offset by reduction in usage of mobile data services from a major customer

# PBT by Segment

## Quarter & Half Year Comparison

In \$'M	2Q05	2Q04	Growth		1H05	1H04	Growth	
			\$	%			\$	%
Distribution	2.0	2.2	(0.2)	(9)	4.6	5.9	(1.3)	(22)
Telecommunication	2.1	1.5	0.6	40	3.4	2.5	0.9	36
Engineering	0.4	1.3	(0.9)	(69)	1.7	2.1	(0.4)	(19)
<b>Total</b>	<b>4.5</b>	<b>5.0</b>	<b>(0.5)</b>	<b>(10)</b>	<b>9.7</b>	<b>10.5</b>	<b>(0.8)</b>	<b>(8)</b>

- **Distribution** – Growth in Singapore was offset by poor performances in Indonesia and Australia
- **Telecommunication** – Improvements mainly from better gross margin and lower operating expenses
- **Engineering** – Decline mainly due to increase in operating expenses as a result of new projects secured in Singapore and Indonesia, as well as loss of gross profits from lower mobile data service usage from a major customer

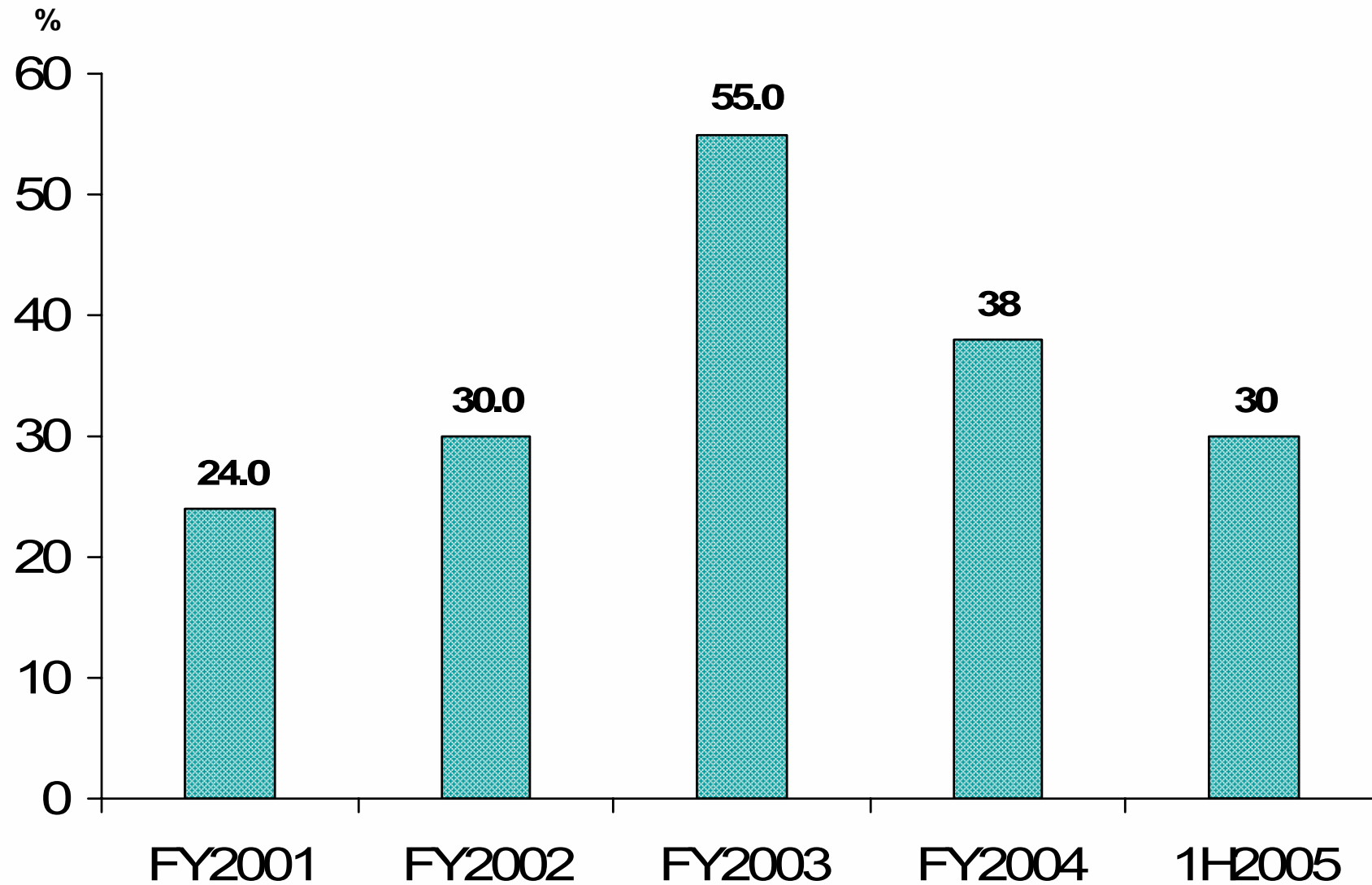


# Balance Sheet

In \$'M	Jun 2005	Dec 2004	Change	
			\$	%
Non Current Assets	4.0	3.4	0.6	18.0
Current Assets	120.5	120.2	0.3	0.2
Current Liabilities	70.6	78.1	(7.5)	(9.6)
Net Current Assets	49.8	42.1	7.7	18.3
Shareholder Equity (excl MI)	53.7	45.4	8.3	18.3
Current Ratio	1.72	1.54	0.18	12.0
ROTA (annualised)	13%	14%	-	(1.0)
ROE (annualised)	30%	38%	-	(8.0)
NAV/share (cents)	12.1	10.2	1.9	18.6

- Increase in **Net Current Assets** was mainly due to :
  - Reduction in trade payables
  - Increase in trade receivables and inventories, resulting in increase in cash and cash equivalent, trade and other receivables
- Decrease in **ROE** from 38% to 30% due to increase in shareholders' equity from 1H05 profits
- **NAV/share** increased as net assets increased

# High and Consistent ROE



# Cash Flow Statement

In \$'M	1H05	1H04	Change
Net cash flow from operating activities	14.3	18.9	(4.6)
Net cash flow from investing activities	(1.1)	(0.9)	(0.2)
Net cash flow from financing activities	1.9	18.1	(16.2)
Net change in cash and cash equivalent	15.1	36.1	(21.0)
Cash and cash equiv at beginning of year	29.3	16.5	12.8
Cash and cash equivalent at end of year	44.4	52.2	(7.8)

- **Operating activities**

- Net cash inflow from operating profit and positive changes in working capital (decrease in trade receivables and inventories)
- Prepayment to suppliers to enjoy early payment discount

- **Investing activities**

- Lower net cash outflow due to investment in NexWave Technologies in 2Q04
- Non-interest bearing loan granted to PT Sakalaguna
- Additional purchases on plant and equipment

- **Financing activities**

- Cash inflow of \$1.9M mainly due to withdrawal of short term fixed deposit placed with a related corporation
- Decrease due to payment to suppliers and increase in trade balances with TCID, offset by reduction in receivables. In 1H04, there were also proceeds from IPO of \$10.7M

# Section Three

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## Business Review

By Tay Kiong Hong  
Senior Vice President  
TeleChoice International Limited



# Distribution

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- **Foray into retail arena in Singapore**
  - Acquisition of Planet Telecoms for \$1.12 million in Jul 2005
  - Access to network of 13 retail outlets in prime high-traffic locations
    - Raffles City, Plaza Singapura, Century Square, North Point Rivervale Mall, Ang Mo Kio, Jurong East etc
  - Provides mobile line activation service and mobile handset retailing



# Telecommunication Services

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- Average IDD Selling Price (ASP) maintained
- Growing current IDD subscriber base of 87,000
- Exploring expansion into the region (Malaysia, Indonesia, Thailand)
- Launched SunPage Budget MobileCall (“BMC”) in Jun 2005
  - First one-step dial call back service in Singapore
  - Targeted at individual and corporate users and complements free-incoming mobile call plans with any of the mobile operators
  - Cost savings of up to 70% on local outgoing mobile calls:
    - BMC subscribers pay only 5.9 cents per minute compared to 10.5 cents – 21 cents per minute for out-going mobile call
- Tie up with 7-Eleven for new BMC customer registration
  - Enable customers to walk in to sign up at 290 shops island wide



# Telecommunication Services

## How BMC works

**1** step dialling

**1 5 2 1 0** ▶

**S'pore No.**

- ▶ After dialling, you'll hear a beeping tone, which will end automatically.
- ▶ Answer when your mobile phone rings and you'll be connected.



IN

**Friend**

①

OUT



**Caller**



②

OUT

②

OUT

IN

①

Caller dials 1521 0 + friend's mobile number

②

System places 2 outgoing calls:

1. To caller's mobile phone (CLI)
2. To friend's mobile phone

# Mobile Network and Engineering Services

## Network Planning

- RF & capacity planning
- Network dimensioning, planning & optimisation
- In-building coverage

## Base Station Engineering

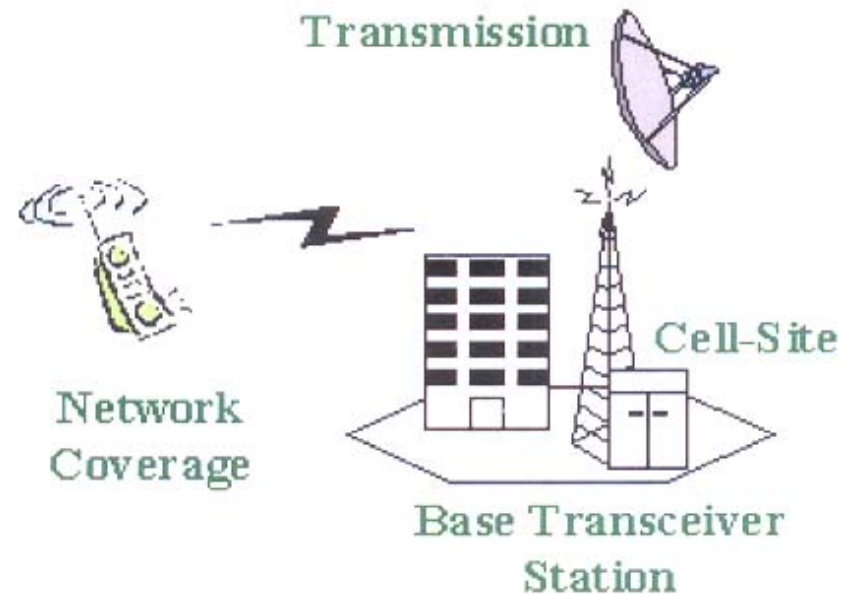
- Installation, commissioning & integration, maintenance, swaps

## Microwave Transmission

- Planning & optimisation
- Repair & maintenance
- Fixed line implementation

## Site Engineering (In-building & Outdoor)

- Acquisition, roll-out & maintenance



## Cellular Infrastructure Roll-out Services



# Mobile Network & Engineering Services



**nextwave**

Next Generation Mobility Solutions & Services.



Enterprise  
Communications  
Solutions



Mobile  
Application  
Services



Mobile  
Network  
Services



Mobile Network  
Engineering  
Services

- Revenue loss from LTA compensated by revenue growth in other services
- Wireless Applications Services (Smartapps) revenue grew 50% over last 6 months
- Next Generation IP Network solution business growing steadily
- Order book for engineering is strong both in Singapore and Indonesia

# Section Four

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## Prospects & Growth Strategies

By Clive Lim  
President and Executive Director  
TeleChoice International Limited

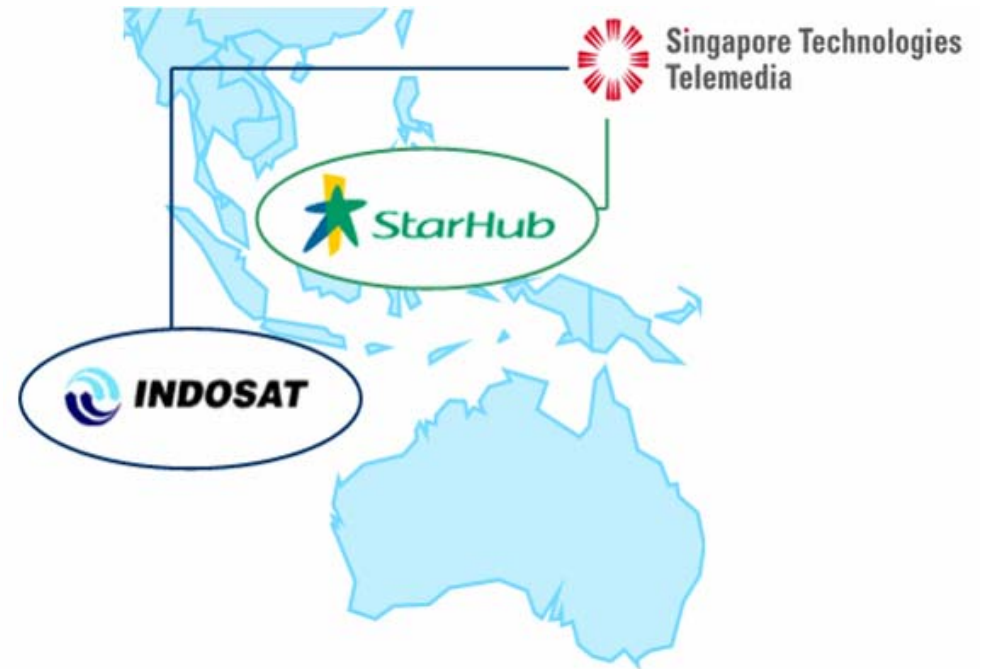


# Prospects & Growth Strategies

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## Distribution – Forward Strategies

- Explore regional fulfillment & other services-related opportunities, leveraging on parent company, ST Telemedia's network
- Continue tight inventory management policy, ARs and APs (credit terms); focusing on systems and processes



# Prospects & Growth Strategies



## Telecommunications Services

- Expand into regional markets such as Malaysia and Thailand through acquisition or JV
- Increase market share by expanding product offerings such as new value-added 1521 call services (eg. Prepaid BMC, International Mobile Roaming using callback service)

# Prospects & Growth Strategies

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## Mobile Network & Engineering Services

- **All-round revenue generation strategy**
  - Balance portfolio of recurrent and project based work
- **Strong growth in network engineering and wireless products and services**
  - Gartner forecasting strong growth of 27% in FY05-06 for wireless LAN shipments in Asia Pacific
  - Continue to benefit from 2.5/3G network rollout and optimisation
- **Aims to be the outsourcer of choice for mobile network operators**
  - Capitalise on outsourcing opportunities in the Telco industry
  - Partner best of breed vendors to offer managed services to telecom operators

# In Summary ...

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## TeleChoice International Limited

**Transforming from mobile handset distributor into a diversified provider & enabler of innovative communications**

**Consistently profitable and strong cash flow**

**Annual dividend payout of up to 30% of net profit**

**Diversified business: Cash rich distribution business supported by higher growth & higher margin telecommunications and mobile network and engineering businesses**

**Scalability of business: Ability to replicate successful business model and to leverage on parent company ST Telemedia's network when expanding into regional markets**





# TeleChoice International Limited

Question & Answer





**Thank You**

For more information, please visit our website:  
[www.telechoice.com.sg](http://www.telechoice.com.sg)