



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

TeleChoice Reports Fourth Quarter and Full-Year 2019 Results

Increase in gross profit and margin with migration to higher margin services revenue

Turnaround year for ICT Division from loss-making position a year ago

Proposed final dividend of S\$0.01 per share, similar to last year

Singapore, 21 February 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 fourth quarter and full-year (“4Q2019” and “FY2019”) results for the financial year ended 31 December 2019.

Mr Vincent Lim, President of TeleChoice said, “FY2019 on the whole, has ended positively, notwithstanding the continued competitive environment of the info-communications industry and weak external economic conditions. We registered improved profit and margins over FY2018, in spite of lower revenue, as we successfully moved towards providing higher margin services revenue, away from product sales. The Info-Communications Technology Services (“ICT”) Division, in particular, has made good progress, posting increased PBT of 222.0% in FY2019, turning around from a loss in FY2018 to become profitable.”

Results Highlights

- FY2019 net profit grew 25.2% to S\$5.4 million while EPS increased 34.1% to 1.18 cents; revenue decreased 36.2% to S\$313.6 million
- Gross margin improved by 4.0 ppt to 10.5% from 6.5%
- Cash generated from operations of S\$6.5 million; cash and cash equivalent of S\$23.1million
- Proposed final dividend of S\$0.01 per share

S\$'M	4Q2019	4Q2018	+/- (%)	FY2019	FY2018	+/- (%)
Revenue	81.6	125.0	-34.7	313.6	491.7	-36.2
Gross Profit	9.6	10.2	-5.7	33.0	32.0	3.2
Gross Margin	11.8%	8.1%	3.7 ppt	10.5%	6.5%	4.0 ppt
Profit Before Tax ("PBT")	3.2	3.5	-6.5	7.3	6.1	19.2
Profit Attributable to Equity Holders	2.5	2.5	-0.0	5.4	4.0	34.1
Earnings Per Share (EPS) (cents)	0.56	0.56		1.18	0.88	
	As at 31/12/19	As at 31/12/18				
Net Asset Value (NAV) Per Share (cents)	15.88	15.57				

FY2019 Group revenue fell by 36.2% to S\$313.6 million due to lower revenue from Personal Communications Services ("PCS") and ICT Divisions. Despite the lower revenue, Group gross profit strengthened by 3.2% to S\$33.0 million in FY2019, with resultant gross margin improvement to 10.5%, or by 4.0 ppt. Group PBT increased 19.2% to S\$7.3 million due to higher margin services revenue from PCS and ICT Divisions, as well as the latter's lower operating expenses.

ICT Services Division turned profitable while PCS Services Division maintained performance; Increased revenue contribution from regional markets in FY2019

Segmentally, PCS Division's lower revenue was on account of lower equipment sales to a major customer in Singapore and weaker prepaid sales. ICT Division recorded lower software and enterprise network products distribution sales and lower maintenance revenue. These were mitigated by Engineering Division's higher revenue for all countries except Singapore. In terms of profitability, PCS Division maintained its PBT at FY2018's level of S\$4.1 million. ICT Division, which recorded a loss of S\$0.9 million in FY2018, achieved PBT of S\$1.1 million in FY2019. Engineering Division, however, recorded lower PBT of S\$2.1 million, or a decrease of 28.0%, due to lower PBT from all markets except Singapore, with only its Indonesian operations profitable.

Geographical wise, although Singapore continues to be the major revenue contributor at 77.0% in FY2019 (FY2018: 88.0%), regional markets contribution has increased, particularly for Indonesia, Malaysia and the Philippines.

The Group's balance sheet comprised total assets of S\$160.2 million with total liabilities of S\$88.2 million, and its NAV per share stood at 15.88 cents. Cash generated from operations amounted to S\$6.5 million and cash and cash equivalents was higher at S\$23.1 million.

Proposed final dividend amount maintained at S\$0.01 per share

In light of the Group's respectable FY2019 financial results in addition to its strong cash position and balance sheet, the Board has proposed a final dividend of S\$0.01 per share (FY2018: S\$0.01), amounting to total annual dividend of S\$4.5 million. This translates to a dividend yield of 4.9%¹ and a dividend payout ratio of 84.5% of FY2019's net profit. If approved by shareholders, it will be paid on 20 May 2020.

Outlook & Strategies

Mr Vincent Lim added, “With the confluence of intense competition for market share among the telcos and the mobile virtual network operators, and declining data-related revenue, the local telecommunications industry will continue to come under pressure. Enterprise revenue is expected to stay weak due to the prevailing macroeconomic uncertainty. The recent global COVID-19 outbreak will further exacerbate the already challenging operating environment as businesses curtail capex and consumers reign in spending.”

“Nevertheless, the longer-term prospects for the telecommunications industry remained robust. The roll-out of 5G network in Singapore and network upgrading in the region will necessitate continued infrastructure spending, which will mitigate to some extent, these challenges in the coming years. This stands to benefit our Engineering Division with opportunities for ICT Division as well. The ongoing smart phone evolution and the launch of new models of branded handset, will provide retail, distribution and managed service opportunities for PCS Division.

“We will stay focused on leveraging our core competencies to improve our operating performance and actively pursuing overseas opportunities and expansion to drive future growth. However, due to the anticipated difficult economic outlook, at least for 1H2020, our efforts will be balanced with prudence in cost management and resource allocation. We are confident, given our strong financial position, to continue to deliver sustainable return and value to all our stakeholders.”

The Singapore Ministry of Trade and Industry has downgraded 2020 growth forecast on the back of the current challenging and uncertain economic conditions. The Group remain cautious on its FY2020 outlook, and barring any unforeseen circumstances, operating performance for FY2020 is expected to be maintained as last year.

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This press release is to be read in conjunction with TeleChoice's results announcement posted on the SGXNET on 21 February 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

¹ Based on closing share price of \$0.205 as at 31 December 2019

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 (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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