TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R

UPDATES ON THE GROUP'S BUSINESS PERFORMANCE FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020

The Board of Directors (the "Board") of TeleChoice International Limited (the "Company", together with its subsidiaries, the "Group") wishes to provide the Group's business performance update for the third quarter ("3Q2020") and nine months ended 30 September 2020 ("9M2020").

FINANCIAL HIGHLIGHTS*

Revenue (S$'M)	1Q2020	2Q2020	3Q2020	9M2020	9M2019	+/- (%)
Personal Communications Solutions Services ("PCS")	29.3	17.2	28.8	75.3	128.9	-42
Info-Communications Technology Services ("ICT")	10.5	11.3	13.5	35.3	47.8	-26
Network Engineering Services ("Engineering")	17.1	15.2	16.1	48.4	55.3	-13
Group	**56.9**	**43.7**	**58.4**	**159.0**	**232.0**	**-31**
Profit/(Loss) Before Tax (S$'M)	**1Q2020**	**2Q2020**	**3Q2020**	**9M2020**	**9M2019**	**+/- (%)**
PCS	(0.9)	0.2	0.6	(0.1)	3.4	-102
ICT	(0.6)	0.1	0.1	(0.4)	(0.3)	-56
Engineering	(0.3)	(0.3)	(0.4)	(1.0)	0.9	-212
Group	**(1.8)**	**0.0**	**0.3**	**(1.5)**	**4.0**	**-138**

** The above figures have not been audited or reviewed by the Company's auditors.*

The Group's 9M2020 revenue decreased by 31% to S$159.0 million compared to S$232.0 million for 9M2019 due to lower contribution from all three divisions as the COVID-19 pandemic continued to ravage the economy and curtail consumer and business demand. PCS Division's consumer-facing business has been severely impacted, particularly during the first half of the year with temporary shop closures, lower traffic at shopping malls and a subdued retail climate. ICT Division's lower revenue was attributed to reduced business spending for non-critical projects. Engineering Division was affected by the various movement control orders implemented in our regional markets in response to the COVID-19 pandemic which hampered operations resulting in project delays and higher costs. Consequently, the Group reported a loss of S$1.5 million for 9M2020 compared to a profit of S$4.0 million for 9M2019.

For 3Q2020, the Group revenue was S$58.4 million compared to S$43.7 million for 2Q2020 due to higher contribution from all business divisions. Despite lower government support as compared to 2Q2020, the Group PBT in 3Q2020 amounted to S$0.3 million compared to a loss before tax of S$1.8 million and breakeven in 1Q2020 and 2Q2020, respectively. This was largely a result of improved operating performance for PCS and ICT Divisions following the gradual reopening of the

economy. Engineering Division continued to be impacted by the challenging operating environment in Indonesia and the Philippines.

CONSUMER BUSINESS

In Singapore, the Group's consumer business under the PCS Division manages 13 retail touchpoints which comprise its own branded Planet Telecoms retail chain, StarHub Platinum outlets, and Samsung and Huawei concept stores. Despite the implementation of Phase 2 re-opening ("Safe Transition") from 1 June 2020 and the launches of new handset and tablet models by manufacturers, sales in general have remained subdued. Although take up of new handset models was good, the slew of pre-order launches has caused consumers' enthusiasm to wane. Despite free premiums given, walk-in sales were still impacted as customers found the overall offerings comparatively less attractive. Online sales have also declined due to the overall weak consumer demand. On the prepaid front, there was no significant increase in sales despite the opening up of dormitories for foreign workers to start work.

In Malaysia, the 10 outlets that we operate for U Mobile have reopened after the Malaysian government gradually eased the Movement Control Order ("MCO") and transitioned the country to Recovery Movement Control order from 10 June 2020. However, with the resurgence in COVID-19 cases in certain regions, including Klang Valley, the government has reintroduced more stringent movement control measures which have caused a fall in mall traffic and sales, with the resultant decline in variable commission.

ENTERPRISE BUSINESS

ICT Division

For ICT Division, the prevailing economic conditions and uncertain outlook from the COVID-19 pandemic have resulted in a weaker sales pipeline. While offices are reopening, working from home ("WFH") is still the de facto arrangement. This has led to longer than usual time to process requests for proposal and awards of tenders. Consequently, many of our sale opportunities did not materialise within the forecasted timeline.

Although ICT deployments were less affected since they can be carried out remotely, the decision-making process for larger scale projects has generally been slower, which in turn led to delays in project finalisation and delivery. Further, our customers are consolidating or suspending maintenance projects to achieve cost savings. This has resulted in a slowdown in our revenue recognition.

Engineering Division

Engineering Division's operations in Singapore, Indonesia, Malaysia, the Philippines and Vietnam have been impacted to varying degrees of severity, depending on the measures imposed by the government in these countries in response to the COVID-19 pandemic. Most of our operations have experienced project implementation delays, decreased efficiencies, lower productivity and increased operational costs due to such measures.

WFH has changed mobile usage pattern since demand has shifted towards residential areas rather than traditional office areas. As a result, regional telco operators are focusing more on network enhancement activities instead of new network rollouts. This has impacted our revenue recognition and margin since network upgrades are generally of lower value compared to new rollouts.

While the COVID-19 situation in Singapore has generally stabilised, the operating environment for some of our regional markets continues to be challenging. In the Philippines, the government has imposed some of the most stringent lockdown measures in Southeast Asia. Restrictions on public transportation as well as police and military checks and roadblocks have seriously affected workforce mobility, supply chain and logistics. Consequently, we have been operating at between 30% to 60%

capacity. In Indonesia, Jakarta has been placed back under large scale social restrictions ("PSBB") transition phase which only allows between 25% to 50% work capacity in the office. Due to weak internet connectivity, our WFH workforce is unable to operate at similar levels of efficiency, resulting in lower productivity. Our operations were also disrupted when some of our employees in Indonesia and Philippines were tested positive for, or were suspected of, COVID-19 infections, which resulted in us having to undertake measures such as contact tracing, quarantine of affected workers and deep cleaning of affected premises.

OUTLOOK

In Singapore, the Ministry of Trade and Industry has forecast that GDP for 2020 will be between -7% to -5%. Although the economy has rebounded in the third quarter of 2020 from a weak second quarter, riding on a strong manufacturing sector and from the gradual reopening of the economy, visibility for economic recovery remains uncertain. Regionally, the resurgence of COVID-19 infections in some countries has led to governments reintroducing health and safety control measures including partial lockdowns and movement controls, which will impact the anticipated economic turnaround. The political uncertainties following the US elections, the ongoing trade impasse between China and US as well as growing protectionist and nationalist sentiments also do not bode well for a swift rebound in global economic activities.

Given the lacklustre macroeconomic outlook, the Group maintains a cautious outlook for FY2020 as our businesses will continue to be challenged during the year. For our Consumer Business, while the various government grants have offered temporary relief, these are unlikely to boost consumer spending in the light of the ongoing threats of further job losses and reduced wages. With a weaker sales pipeline, our Enterprise Business is facing challenges in building its order book. Engineering Division, despite having a strong pipeline of projects in Indonesia and the Philippines, has been crippled operationally by the government measures imposed.

Looking ahead to FY2021, financial returns expectations based on pre-COVID-19 assumptions may also have to be moderated. Nevertheless, the Group's balance sheet and working capital position remain healthy. The Group does not foresee liquidity issues with net cash and net current asset position as at 30 September 2020, and have adequate banking facilities for any short-term funding needs to weather this downturn.

The Group will continue to focus on cost containment, improving efficiencies, financial prudence, liquidity and cashflow management, and explore new business opportunities to reposition the Group for growth. The Group is confident that it has the resilience and agility to successfully navigate through the current COVID-19 pandemic crisis. The longer-term prospects for the telecommunications industry remain bright as the roll-out of 5G network in Singapore and network upgrading in the region will necessitate continued infrastructure spending. Business digitalisation and cloud migration will also offer opportunities, and these will provide the impetus for sustainable growth for our Enterprise Business. The evolution of smart phones and other complementary devices will, likewise, provide upsides to our Consumer Business.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO
13 November 2020