



TELECHOICE INTERNATIONAL LIMITED  
(REG. NO. 199802072R)

# TeleChoice Reports First-Half 2021 Results

- *Revenue declined by 7% to S\$93.6 million on the back of curtailed operations impacted by the ongoing COVID-19 pandemic*
- *Registered net cash inflow from operations and maintained strong balance sheet with healthy cash position of S\$29.2 million in spite of the challenging business environment*
- *PCS Division recorded significant profit improvement with an increase in gross margin, and encouraging results from new product Quair, an innovative clean air solution*

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Singapore, 14 August 2021 – 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 first half results (“1H2021”) ended 30 June December 2021.

Mr Vincent Lim, President and CEO of TeleChoice said, “The effects of the COVID-19 pandemic are still reverberating despite signs of economic recovery. In Singapore, we had to grapple with tightened restrictions due to resurgent of infections resulting from more contagious virus variants which impacted consumer and business spending. In our regional markets, Indonesia, Malaysia and the Philippines, the surge in COVID-19 infections have led to reimposition of strict movement control measures affecting our operations with project delays and inefficiencies, rising costs and logistical difficulties.

“Due to the challenging operating environment, our 1H2021 performance was negatively impacted. The decline in revenue, coupled with lower government grant and rental support received, resulted in a loss for the Group. However, excluding the effect of government and rental support, Group operating loss narrowed in 1H2021 when compared to 1H2020 on account of PCS Division profit improvement.”

## RESULTS HIGHLIGHTS

S\$ Million	1H2021	1H2020	Change (%)
<b>Revenue</b>	93.6	100.6	-7.0
<b>Gross Profit</b>	6.9	8.1	-15.2
<b>GP Margin (%)</b>	7.3	8.0	-0.7ppt
<b>Operating Loss Before Tax</b>	-2.8	1.6	-70.9
<b>Loss Before Tax</b>	-2.9	-1.8	-64.4
<b>Loss Attributable to Equity Holders</b>	-3.2	-2.0	-55.5
<b>Diluted EPS (cents)</b>	-0.69	-0.44	
<b>Net assets value per ordinary share (cents)</b>	12.39	13.60	

Group revenue in 1H2021 fell by 7.0% to S\$93.6 million from S\$100.6 million in 1H2020, attributed to lower contribution from PCS and Engineering Divisions, mitigated by higher contribution from ICT Division. This led to lower gross profit of S\$6.9 million in 1H2021, a 15.2% drop from S\$8.1 million in 1H2020, partially mitigated by lower operating expenses and finance costs. Gross margin decreased to 7.3% as compared to 8.0% in the same period last year was mainly due to the lower margin from ICT Division. Group loss before tax of S\$2.9 million in 1H2021 was higher compared to S\$1.8 million in 1H2020 due to lower government grants and rental rebates.

Segmentally, PCS Division revenue was lower at S\$42.0 million compared to S\$46.5 million due to short supply of some of the popular handset models. However, the Division registered profit improvement on the back of higher margin services, and sales for its new clean air product, Quair, was encouraging. ICT Division revenue was higher at S\$26.6 million in 1H2021 compared to S\$22.0 million in 1H2020 on account of increased in maintenance support services revenue and equipment sales. The Division incurred a loss due to lower project revenue recognition and voice services revenue as compared to 1H2020. when it completed orders secured prior to the COVID-19 pandemic. In addition, ICT Division incurred expenses with its expansion into new IoT and cloud solutions. Engineering Division's revenue decreased to S\$25.0 million 1H2021 as compared to S\$32.3 million in 1H2020. The overall operating environment for the Division remained challenging, especially for its regional markets, and its operating margin had been severely impacted by project delays, manpower constraints and increased costs arising from the pandemic control measures. The Group recorded a loss in 1H2021, mainly attributed to losses from its Singapore and Philippines operations. Its Indonesia operations also registered lower profit due to project delays and higher operational costs.

Balance sheet wise, the Group's maintains a healthy position with total assets of S\$109.3 million against total liabilities of S\$53.0 million, and ample liquidity with cash and cash equivalents of S\$29.2 million. The Group generated cash from its operating activities on the back of the improvement in working capital. As at 30 June 2021, after dividend payment of S\$2.3 million in May 2021, the Group remains in a net cash position with S\$19.6 million, an improvement of S\$6.4 million against 31 December 2020 net cash of S\$13.2 million.

## IMPROVED RANKING IN SINGAPORE GOVERNANCE & TRANSPARENCY INDEX (SGTI) 2021

In the SGTI, the leading index for assessing corporate governance and sustainability practices of Singapore-listed companies, TeleChoice's ranking improved 232 places to 53 from 285 in the previous

year as the Group strived for continual improvement in areas of board responsibilities, shareholder rights, stakeholders engagement, accountability and audit, and disclosure and transparency.

## **FY2021 OUTLOOK**

The Ministry of Trade and Industry has upgraded its forecast for Singapore's gross domestic product to grow between 6 and 7 per cent for 2021 from its initial forecast of between 4 and 6 per cent. For retail services, the sector grew 50.7 per cent year-on-year in the second quarter of 2021, due primarily to the low base from a year ago when sales were significantly lower because of the circuit breaker measures. The information and communications sector also expanded by 9.6 per cent year-on-year in the second quarter of 2021 from 6.8 per cent growth in the previous quarter<sup>1</sup>.

While Singapore's economic growth remains largely on track with the successful rollout of the COVID-19 vaccine, recovery could be derailed if new and more contagious virus variants emerge and if the existing vaccines efficacy is reduced. For regional economies which have had slow vaccination rollouts, a more severe and protracted period of slowdown is expected if infection cases continue to surge. In addition, the gradual tapering of governmental support, Inflation risks and rising costs, could exert pressure on, and impact consumer sentiments. On account of the uncertainties in the domestic and regional economies, the Group maintains a cautious outlook for FY2021.

**Mr Lim added, "In spite of the fluidity and challenges in our operating environment, we remain confident of our ability to withstand the headwinds given our strong balance sheet, healthy cash position and order book backlog. Our divisions are on track with their transformation initiatives as they reposition themselves to take advantage of growth areas in the consumer and enterprise sectors.**

**"PCS Division, leveraging on its strengths and track record in distribution, fulfilment and retail managed services, has expanded its product portfolio beyond mobile handsets and accessories to include innovative lifestyle and healthcare wearables to capture the growing consumer shift towards personal care and well-being. It will also expand its e-commerce channel in line with the irreversible shift to online shopping.**

**"ICT Division which was impacted by customer lower capex spending and delayed project tendering and awards, may benefit from the rebound in business activities, digitisation acceleration and the resumption of projects as Singapore implements its COVID-19 pandemic exit strategy. The division's entry into higher margin cloud-based services with its IoT capabilities in unified communications, call centre solutions and smart building management and maintenance applications, will provide new revenue streams and will enable it to better meet customers' migration to more cost-efficient cloud solutions. Although Engineering Division is operating under very demanding conditions regionally, it is making good headway in markets like the Philippines where it narrowed its losses on the back of new higher margin projects. On a longer horizon, 5G network rollout, continued network upgrading and ongoing telecommunications infrastructural needs will provide sound prospects for the division.**

**"While pursuing growth, the Group will continue to take steps to improve our operational efficiencies and further strengthen our balance sheet and liquidity to fund growth and to deliver shareholder return."**

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<sup>1</sup> MTI Upgrades 2021 GDP Growth Forecast to "6.0 to 7.0 Per Cent", Ministry of Trade and Industry Singapore, 11 August 2021

This press release is to be read in conjunction with TeleChoice's results announcement posted on the SGXNET on 14 August 2021.

*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. It is a portfolio company of ST Telemedia, a strategic investor in communications and media, data centres and infrastructure technology businesses, across Asia, the US and Europe.

Incorporated in Singapore on 28 April 1998 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 25 June 2004, TeleChoice offers a comprehensive suite of info-communications services and solutions for the Consumer and Enterprise Groups under three business divisions.

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

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