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ISDN HOLDINGS LIMITED

億仕登控股有限公司

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code: 1656)

(Singapore stock code: I07.SI)

OVERSEAS REGULATORY ANNOUNCEMENT

PRESENTATION SLIDES FOR INVESTOR BRIEFING

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached announcement which has been published by ISDN Holdings Limited (the “**Company**”) on the website of the Singapore Exchange Securities Trading Limited on 13 January 2023.

By Order of the Board
ISDN HOLDINGS LIMITED
Teo Cher Koon
President and Managing Director

Hong Kong, 13 January 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Teo Cher Koon and Mr. Kong Deyang as executive directors of the Company; Mr. Toh Hsiang-Wen Keith as non-executive director of the Company; and Mr. Lim Siang Kai (Chairman), Mr. Soh Beng Keng and Mr. Tan Soon Liang as independent non-executive directors of the Company.



Investor update

January 2023



Disclaimer

This is a presentation of general information relating to the current activities of ISDN Holdings Ltd (“ISDN”). It is given in summary form and does not purport to be complete.

The presentation may contain forward-looking statements relating to financial trends for future periods, compared to the results for previous periods. Some of the statements contained herein are not historical facts but are statements of future expectations relating to the financial conditions, results of operations and businesses and related plans and objectives. The information is based on certain views and assumptions and would thus involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of a number 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, shifts in customer demands, customers and partners, changes in operating expenses, governmental and public policy changes, and the continued availability of financing. Such statements are not and should not be construed as a representation as to the future of ISDN and should not be regarded as a forecast or projection of future performance.

No reliance should therefore be placed on these forward-looking statements, which are based on the current view of the management of ISDN on future events. The presentation is also not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. ISDN accepts no responsibility whatsoever with respect to the use of this document or any part thereof.

In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified

Welcome

- Thank you for your continued support and strategic patience
- It has been difficult to disclose more details until recently:

We couldn't jeopardise good progress we made in complex policy and commercial discussions

- **Today, we're pleased to brief investors on an historic milestone in ISDN's history:**

The commercialisation of our hydro power business





Today's agenda

- 1 Introduction
- 2 The market opportunity
- 3 Lau Biang 1 (“**LB1**”) update
- 4 Outlook and potential
- 5 Q&A

ISDN had early vision in the shift to sustainable industries

ISDN doesn't just provide technologies for Asia's industrial future:

We also embody a sustainable future with our clean industries business



ISDN automation expertise and
commitment to clean industry



Core industrial automation portfolio

Components, software, systems that power
Asia's massive shift to Industry 4.0 automation

Emerging clean industries portfolio

Hydropower, clean agriculture and renewable
solutions for Asia's clean industry future

**We began seeing the shift to sustainable industry in 2013.
We re-organised our business into two key groups in 2019.
2023 is a historic year for our clean industries business.**

Why hydro-power?

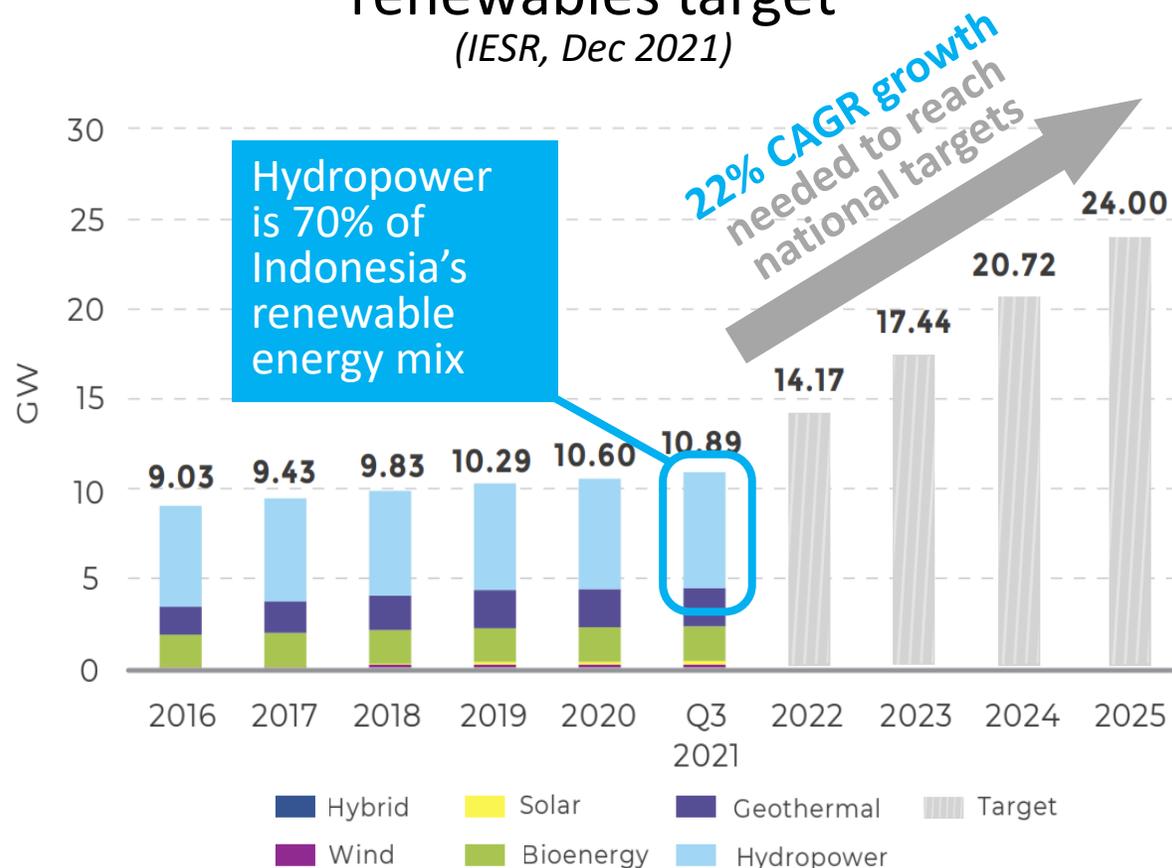
The market opportunity



A massive and growing market opportunity

\$2bn to \$5bn in investment per year
needed for Indonesia's 2030
renewables target

(IESR, Dec 2021)



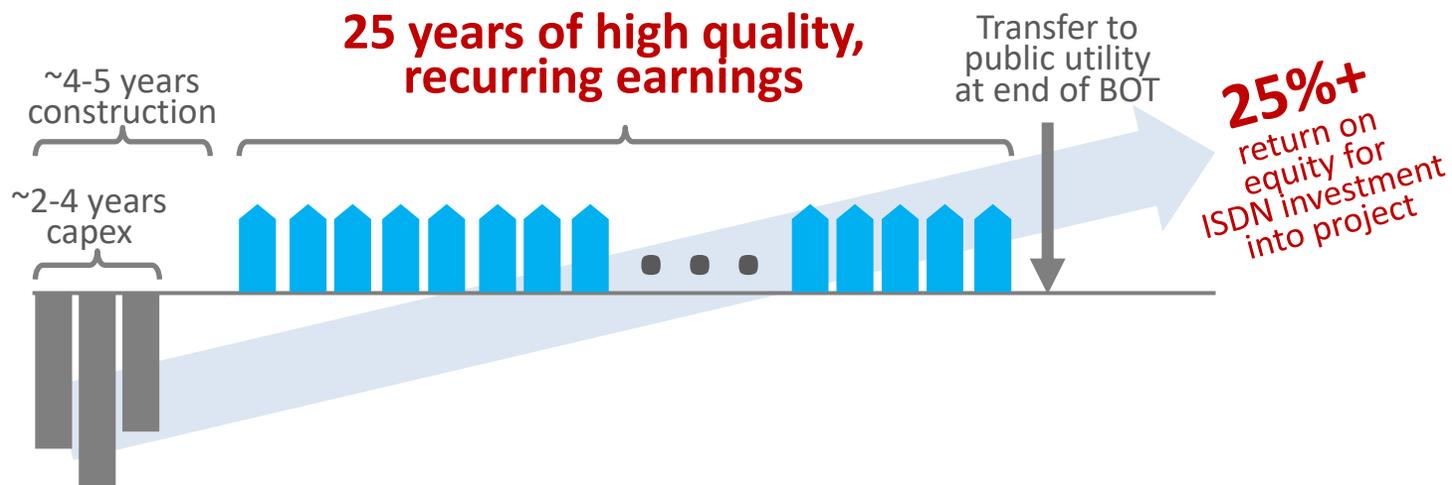
ISDN strategically positioned to build value for our shareholders

- We are early in a clear growth market
- 9 years of hydro power experience in Indonesia
- Proven results with 24.8 MW already operational, and 10 MW commercialised
- Positive and sustainable working relationships with key stakeholders
- Good, public company governance

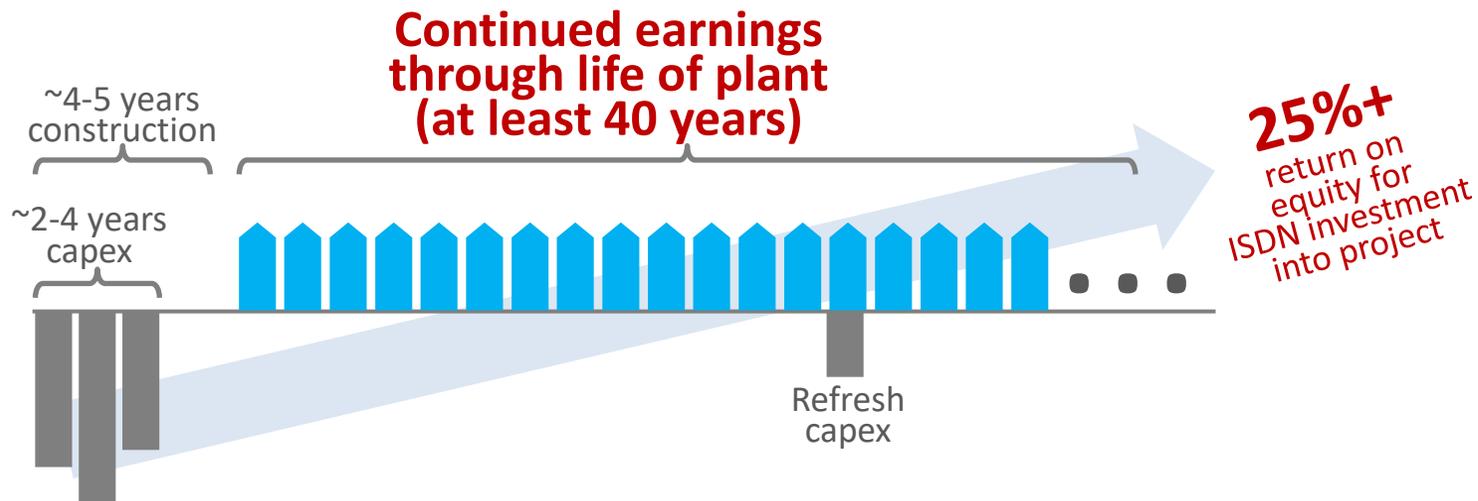
With LB1 commercialised, we have proven the solid returns to shareholders

A compelling business model

Build-operate-transfer (BOT) model



Build-operate-own (BOO) model



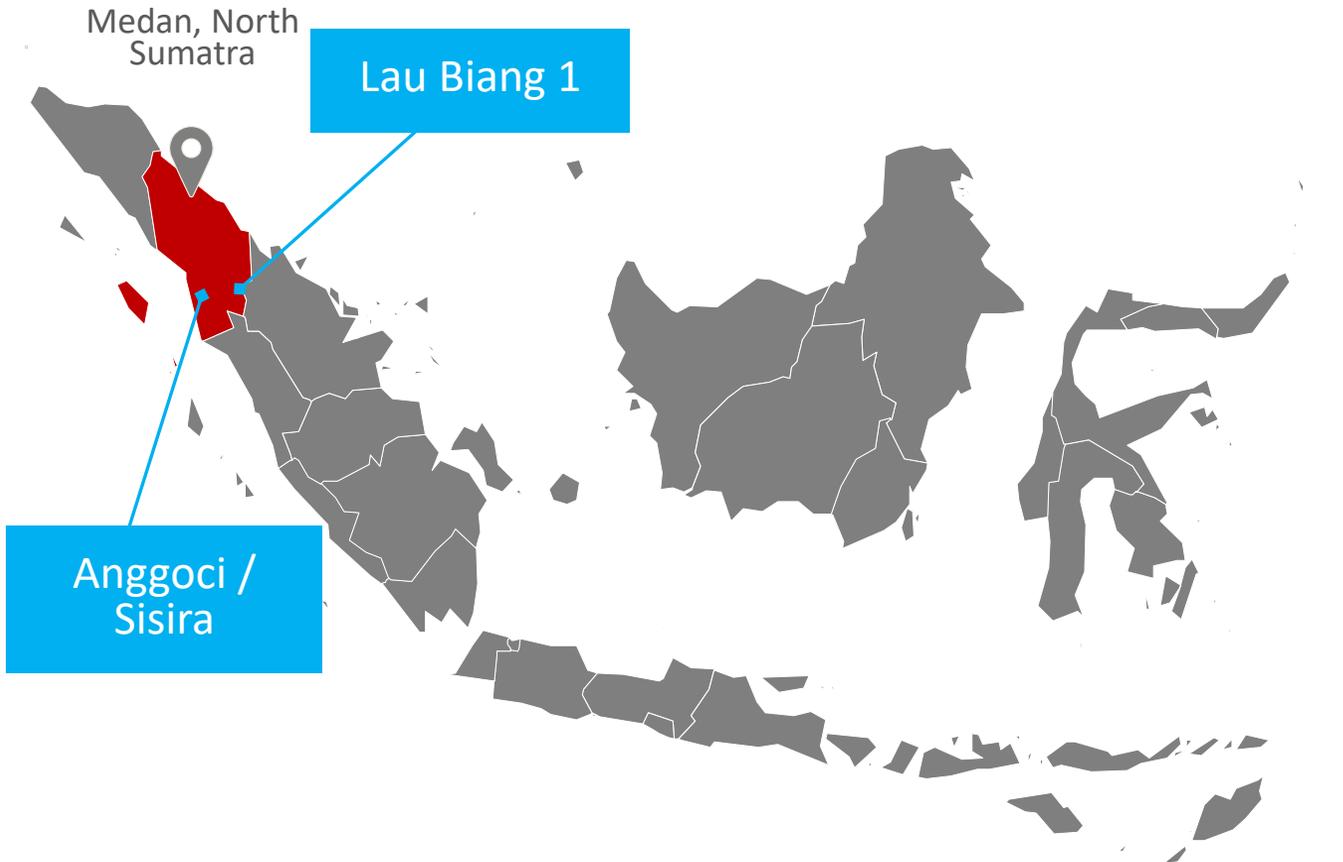
Investment highlights

- **Very profitable** when operational
- **Quality, recurring earnings with long term visibility**
- **High return on equity** for ISDN



Hydro earnings are high-quality with higher equity value:
with Indonesia hydro companies trading publicly at ~30x P/E

We have strategic plant locations



Strategic rural locations with clear need for sustainable power

- **Clear win-win benefit** for rural communities who depend on fossil fuels to generate power today
- **Good competitive dynamics:** competitors unlikely to pick the same locations, and hydro is critical (protected) infrastructure
- **Large market whitespace** as over 40% of Indonesia's population lives in fragmented rural geographies

ISDN is now a proven sponsor and owner for hydro plants

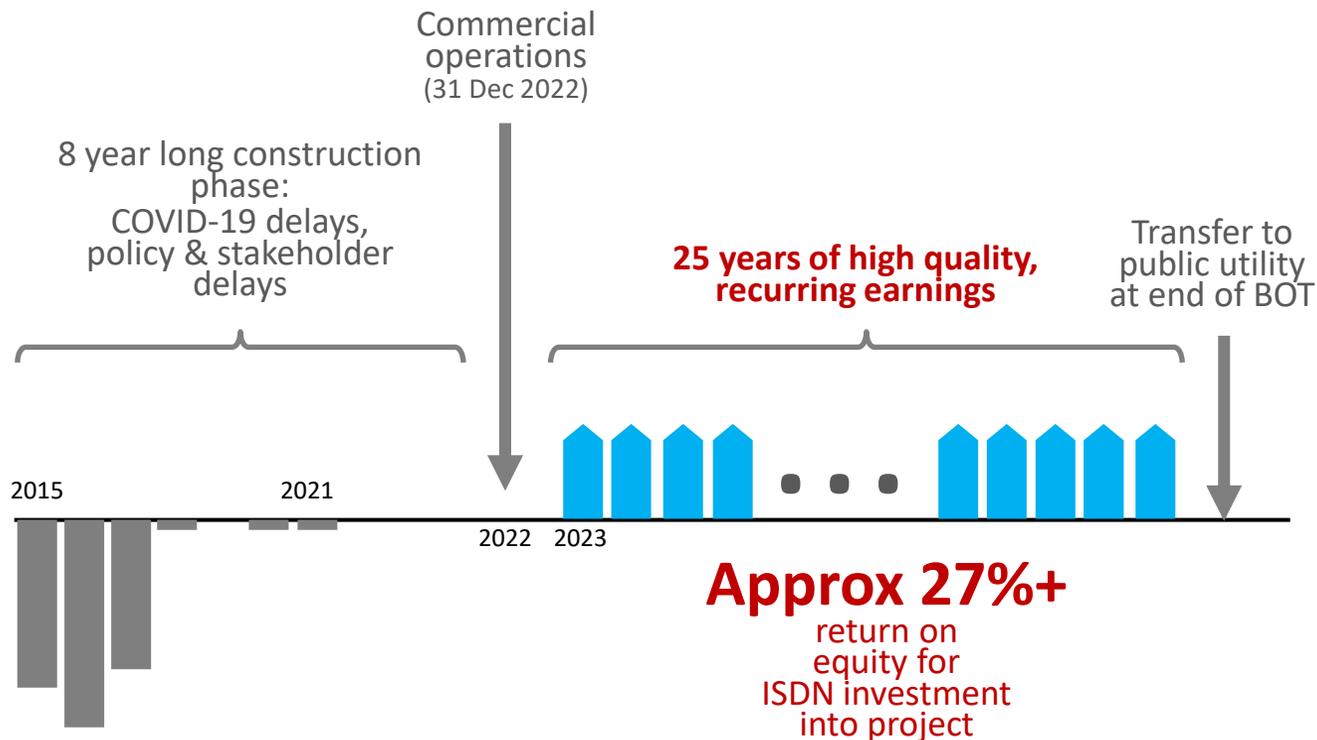
Lau Biang 1

a success for ISDN



Lau Biang 1 business model

Many delays for first commercial launch but we've resolved many policy and stakeholder issues:
Next 2 plants will be much faster (~2023-24)



Note: Based on current management estimates. These estimates are not guarantees of future performance and undue reliance should not be placed on them.

Lau Biang 1 profile



Type:	Mini hydro power plant
Output:	10.0 MW
Location:	Lau Biang River, Karo Regency, North Sumatra
Why?	Significant rainfall; sustainable energy demand from local community & businesses
Invested:	US\$11.4m total equity
Status:	Commercially operating as of 31 Dec 2022

Impact on ISDN earnings



Solid and high-quality earnings impact from LB1

P&L and earnings contribution

Strong earnings accretion:

We estimate that LB1 will be +20% accretive to earnings and +19% accretive to PATMI.

Earnings are of high quality: recurring, cash-rich, with long-term visibility

Based on current management estimates (S\$m)	Annualised LB1 P&L		ISDN 9M22 annualised	Accretion to ISDN	
	Book	Cash		Book	Cash
Revenue	S\$ 4.9	S\$ 7.8	S\$ 382.0	+1.3%	+2.0%
Cost of revenue	(0.5)	(0.5)	300.5		
Gross profit	4.3	7.3	81.4	+5.3%	+8.9%
Gross profit %	89%	93%	28.4%		
Finance lease income	1.4	–			
Interest	(1.4)	(1.4)			
PBT	4.3	5.8	81.4	+5.3%	+7.1%
Tax	(0.9)	(0.9)			
Net profit	3.3	4.9	23.8	+14.0%	+20.5%
Net profit to ISDN shareholders	2.0	2.9	15.6	+12.6%	+18.5%

Return on investment

Solid return on investment

ISDN equity invested S\$ 10.7m

Annual cash earnings to ISDN S\$ 2.9m

Cash return on equity: **27%**

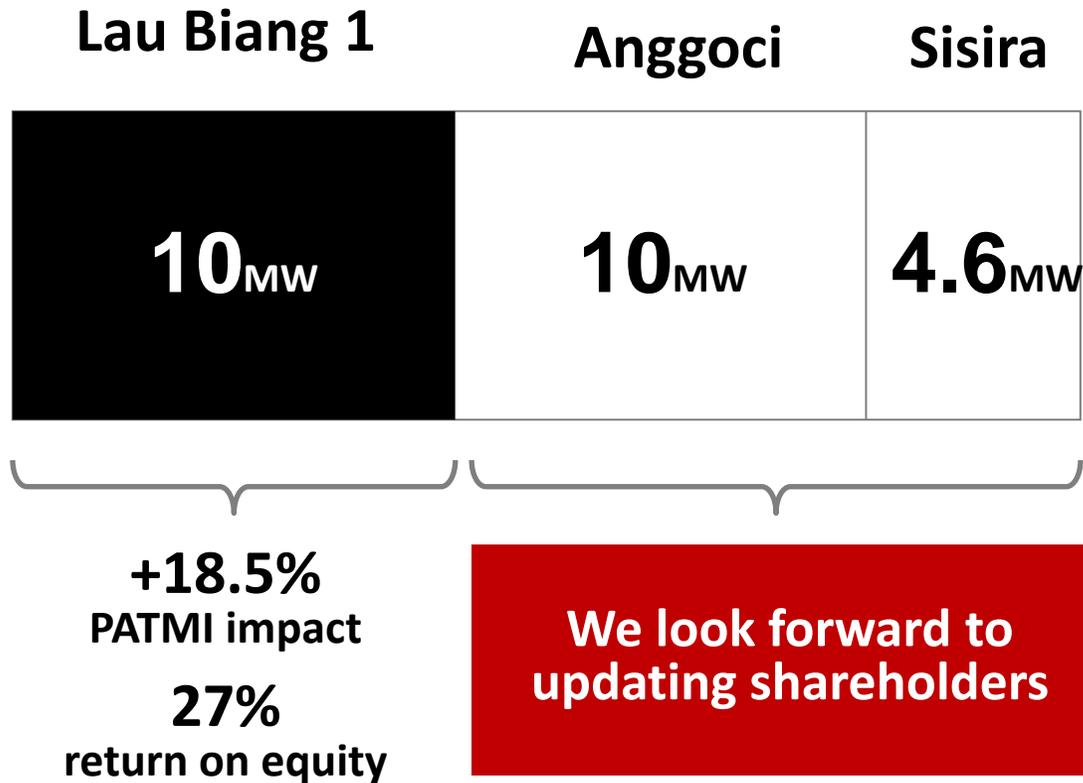
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Outlook for our hydro portfolio



2 more plants entering commercial profits

Anggoci and Sisira are paid-for, operational, and awaiting COD



COD should happen faster for Anggoci and Sisira

- Policy is now supportive (e.g. Sep 2022 Presidential Regulation 112 in Indonesia)
- LB1 COD has cleared the path for Anggoci and Sisira also to commercialise quickly
- (Nov '22) US\$20 billion agreement between Indonesia and G20 nations for its green transition

Note: Based on current management estimates. These estimates are not guarantees of future performance and undue reliance should not be placed on them.

Unlocking shareholder return for ISDN

Public comparable companies in Indonesia trade at ~30-37x P/E

Once 3 plants are commercialised, ISDN's energy business should have significant equity value

	List Co 1	List Co 2	List Co 3	Listed peers - Average
Hydropower in commercial operation	49.0 MW	17.4 MW	0.0 MW	22.1 MW
Market capitalization (US\$m)	143.4	106.1	8.8	86.1
Enterprise Value (US\$m)	257.9	127.0	16.9	133.9
Revenue (US\$m, LTM)	37.5	15.9	1.8	18.4
Gross Profit Margin (%)	67.3	51.9	43.0	54.1
EBITDA Margin (%)	62.4	47.8	17.4	42.5
Net Profit Margin (%)	34.9	25.8	7.7	22.8
EV / EBITDA ratio	11.3x	19.9x	56.8x	29.3x
EV / Revenue ratio	7.0x	8.4x	9.9x	8.4x
Price / Earnings ratio	10.0x	29.6x	67.2x	35.6x

Source: Capital IQ (retrieved 9 Jan 2023)

We have several ways to realise value for ISDN shareholders

ISDN share price grows to recognise hydro value

- Option: keep energy business with high quality earnings contribution, and raise dividends
- Option: reinvest to realise strong added return on equity

ISDN share price does not recognise hydro value

- Option: IPO or sell some/all of energy portfolio to realise returns

The equity value for hydro is clearly growing, and we remain focused on delivering the best return for our shareholders

Group outlook: both growth engines are now operational

Core industrial automation business

- **China re-opening is a clear positive**, but may take several quarters to build momentum
- **Our solutions are well-positioned** in China as Industry 4.0 is a clear priority for the state
- **Southeast Asia continues to grow for us** as a beneficiary of "China+1" supply chain shifts

Clean energy business

Lau Biang 1

Anggoci

Sisira

10_{MW}

10_{MW}

4.6_{MW}

- Large swing to profitable, quality earnings
- Accelerated commercialisation for Anggoci, Sisira
- Multiple paths to realising value for shareholders

Industrial automation and hydro power are clear 'alpha' growth drivers that build long-term equity value for our shareholders.

The global economy remains volatile, but our strategic capabilities are better than ever and we're well positioned to capitalise on growth recovery

Q&A session



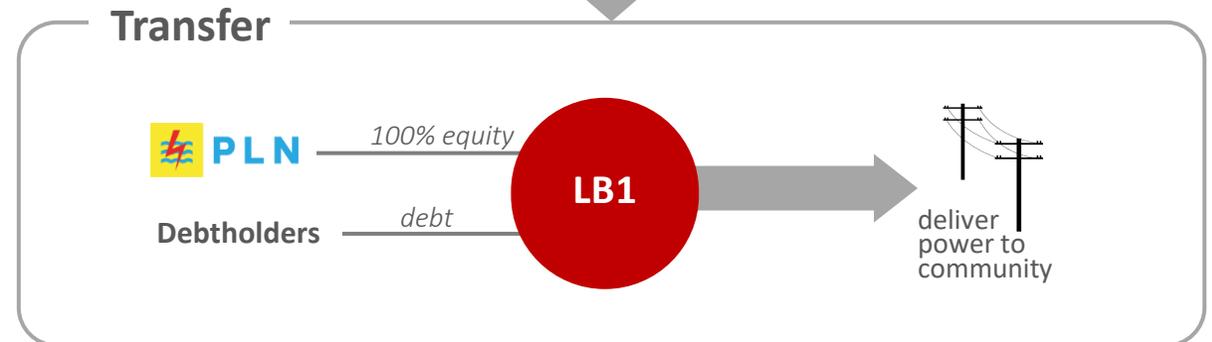
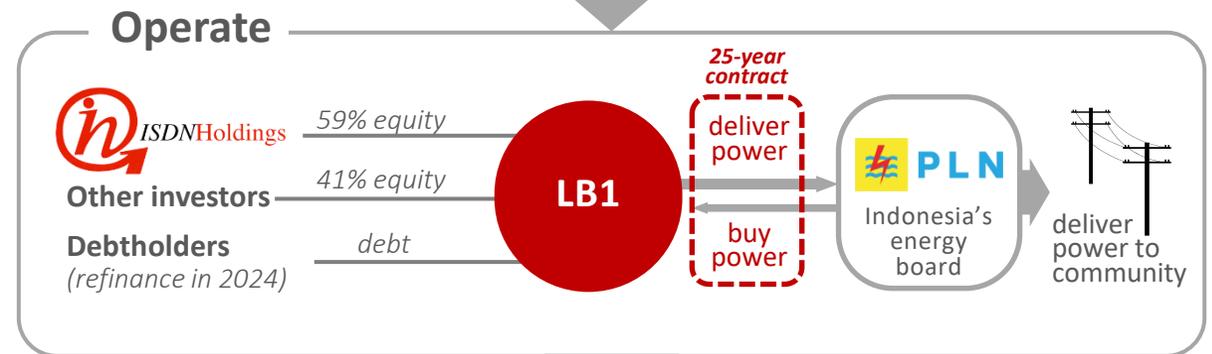
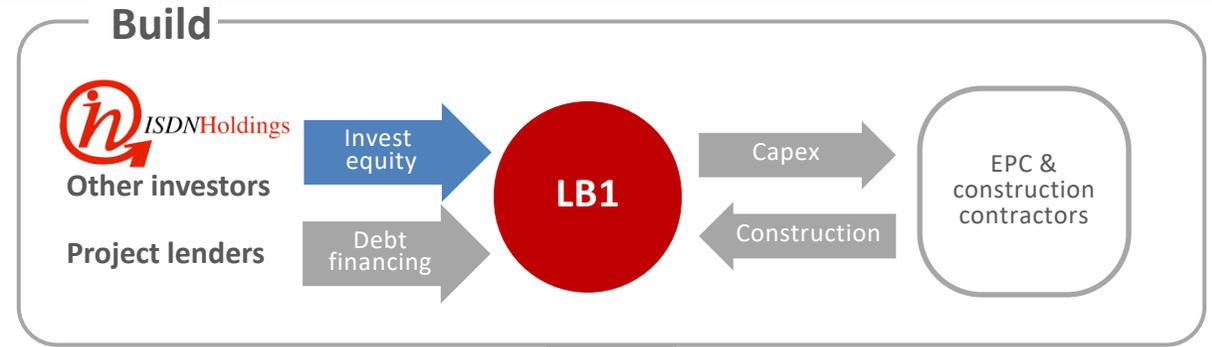


Thank you

Appendix



Lau Biang 1 business model phases: BOT



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