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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**

**PRESS RELEASE**

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 14 August 2024.

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

Hong Kong, 14 August 2024

*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. Tan Soon Liang (Chairman), Mr. Sho Kian Hin and Ms. Heng Su-Ling Mae as independent non-executive directors of the Company.*



MEDIA RELEASE

## ISDN reports year-on-year and sequential revenue growth in 1H2024 as core markets continue to stabilise

- **Group revenue** increased +2.4% yoy and +1.9% sequentially in 1H2024, driven by recovery in key end markets, although slower-than-expected.
- **ISDN's China business** (76% of revenue) grew +3.2% yoy and +3.2% sequentially in 1H2024 and ISDN continues to gain market share.
- **ISDN's Southeast Asia industrial automation segment** (19% of revenue) declined -9.3% yoy, reflecting primarily cyclical declines in industrial and manufacturing segments for the region as it navigates the global manufacturing downcycle.
- **ISDN's hydropower business'** (3% of revenue) revenue contribution more than doubled in 1H2024 over 1H2023 as three of its mini hydropower plants are now operational.
- **Earnings to shareholders** declined by -17.4% yoy in 1H2024 as ISDN invests for long-term growth through the downcycle.
  - The Group continues to monitor costs actively to balance earnings with long-term growth and expects to see the cost-earnings balance improve over time as the industrial economy recovers.
- **ISDN continues to build both capabilities and geographical market access** by:
  - **Investing through the downturn** to improve our capabilities and market position has enabled us to leverage on secular drivers for continued long-term growth.
  - **Developing new strategic opportunities** in high growth industrial automation markets like **Malaysia and Taiwan**.

**Singapore, 14 August 2024** – ISDN Holdings Limited (“**ISDN**” or the “**Group**”), a leading industrial automation firm in Asia, today announced its financial results for the six months ended 30 June 2024 (“**1H2024**”).

### Financial summary

Revenue growth in 1H2024 points towards a gradual turnaround in key end markets, like semiconductors. Although profitability continued to decline year-on-year (“yoy”), the gap has narrowed significantly in 1H2024 over 1H2023, and ISDN continues to focus on maintaining profitability as demonstrated through the long track record of profits over the years.

S\$'000	1H2023	1H2024	YoY change	2H2023	1H2024	Seq. change
Revenue	170,411	174,573	+2.4%	171,355	174,573	+1.9%
Gross profit	45,584	44,393	-2.6%	45,550	44,393	-2.5%
Gross profit margin (%)	26.7%	25.4%	-1.3ppt	26.6%	25.4%	-1.2ppt
Operating expenses <sup>a</sup>	31,412	34,156	+8.7%	35,302	34,156	-3.2%
Profit before tax	13,346	8,515	-36.2%	5,527	8,515	+54.1%
Profit after tax	9,061	5,806	-35.9%	2,111	5,806	n.m.
Profit attributable to shareholders	4,580	3,781	-17.4%	372	3,781	n.m.
Net profit margin <sup>b</sup> (%)	5.3%	3.3%	-2.0ppt	1.2%	3.3%	+2.1ppt

ppt percentage points

n.m. not meaningful

<sup>a</sup> Operating expenses comprise distribution costs and administrative expenses

<sup>b</sup> Net profit margin calculates the portion of the net profit to overall revenue, and not the portion of profit attributable to shareholders to overall revenue

Through the downcycle, ISDN continued to re-invest in building core capabilities and expanding its portfolio of solutions to drive long-term growth. As a result, even though the robotics industry at large reported a yoy decline in sales, ISDN showcased resilience and grew sequentially over the last year and a half.<sup>1</sup>

## Review of 1H2024 performance

ISDN experienced overall sales growth in 1H2024 driven by early signs of turnaround in semiconductors and electronics and strong contributions from the hydropower business:

- **ISDN's China industrial automation business** (76% of revenue) grew +2.1% yoy in 1H2024. This performance represents market share gain for ISDN in China industrial automation market which saw a decline in robotic order shipments.<sup>1</sup>
- **ISDN's Southeast Asia industrial automation business** (19% of revenue) declined -9.3% yoy in 1H2024, primarily reflecting a broader cyclical slowdown with manufacturing and industrial capital expenditures as the region emerges cautiously from a downcycle.
- **ISDN's hydropower business** (3% of revenue) reported tariff income of S\$6.5 million for 1H2024 due to the additional contributions from Anggoci and Sisira in 1H2024, as compared to contributions from only Lau Biang 1 in 1H2023.

Gross margin for 1H2024 declined by 1.3ppts over 1H2023, reflecting a shift in mix away from electronics and semiconductors (which are seeing a downcycle) as well as medical (reflecting lower export activity), offset by growth in other industries. The Group believes gross margin will recover along with the broad-based recovery of cyclical sectors.

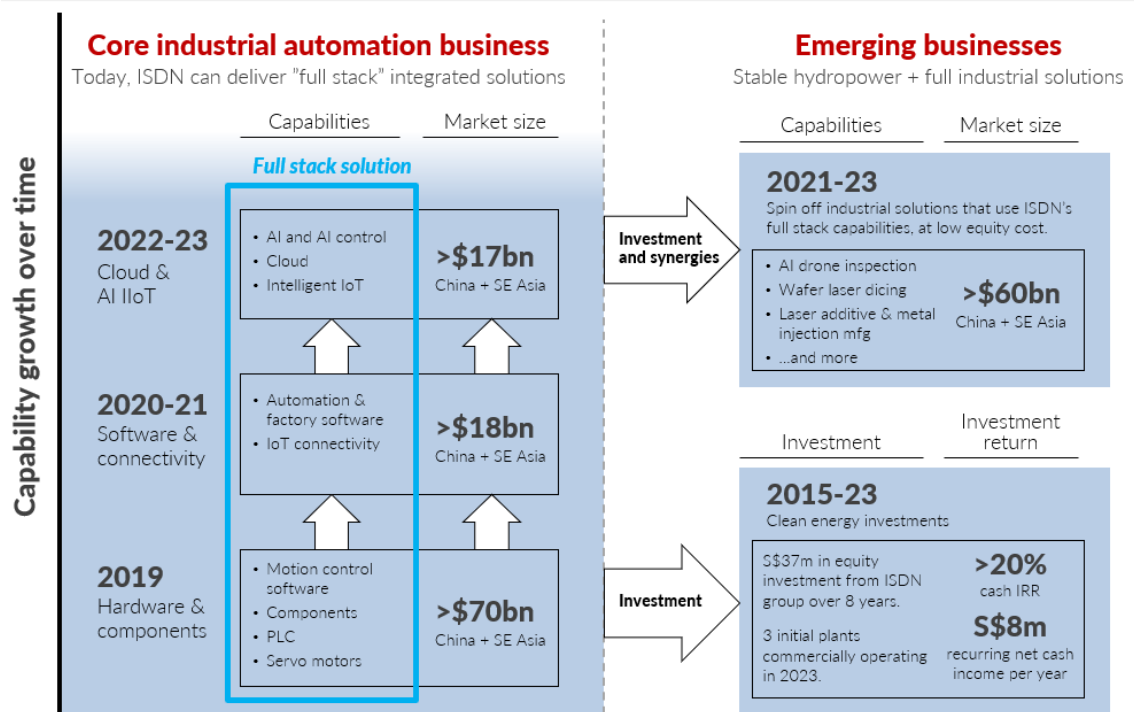
Net profit to shareholders declined by -17.4% yoy in 1H2024. This was primarily driven by +8.7% yoy increase in operating expenses, and higher withholding tax from our hydropower business in Indonesia.

ISDN continues to seek a balance between investing in long-term growth, and protecting profitability in the near-term as we navigate through the current downcycle in the manufacturing sector.

<sup>1</sup> <https://www.etftrends.com/disruptive-technology-channel/assessing-broad-robotics-landscape/>

## Building through the downturn and recovery

Despite the cyclical headwinds ISDN, ISDN made excellent progress building its business, and strategically positioning ourselves for upcoming positive tailwinds:



In ISDN's **core industrial automation** business, the Group built out its capabilities further in industrial cloud, AI, and software, enabling it to offer "full stack" integrated solutions that include components, machinery, software and intelligence in a single solution for customers. The Group has already delivered several such solutions, and looks forward to sharing case studies with investors this year.

In ISDN's **clean energy** business, the Group reached full commercialisation for all 3 of its mini-hydropower plants, demonstrating a clear return on equity invested in the projects, as well as a high-quality, recurring stream of annual net cash income of approximately S\$8 million a year for the next 20 to 25 years.

In ISDN's **industrial solutions** business, the Group continued to incubate commercial solutions using ISDN's full-stack technology capabilities. Each of these solutions requires very low cash investment, and allows ISDN to realise synergies through contributing technical, sales, manufacturing, or other full stack capabilities to help realise a commercial market entry.

ISDN's progress in all three business areas provides the Group with solid strategic capabilities to capitalise on the long-term growth in industrial automation in Asia. As the Group looks towards continued cyclical recovery in 2024, we believe the enlarged capabilities in industrial automation, the expanded market access with both customer- and commercial- solutions, and the proven return from our clean energy portfolio will position ISDN favourably for multi-year growth.

The Group reaffirms its confidence in the growth fundamentals for Asia's industrial automation market, as well as ISDN's competitive position in the market. In addition to building technological

capabilities, ISDN is making good progress in developing strategic opportunities in new high growth industrial automation markets like Malaysia and Taiwan. The Group looks forward to updating shareholders on developments in the near future.

## Clean energy business update

2023 was a historic year for ISDN as the Group completed commercialisation of its Anggoci and Sisira mini-hydropower plants. These milestones, coupled with the commercialisation of Lau Biang 1 on 31 December 2022 have increased the total power generation capacity for ISDN to 24.6MW from the three hydropower plants.

In 1H2024, the Group recognised S\$2.3 million operating income and S\$2.7 million finance lease income as revenue from the three hydropower plants. A total of S\$6.5 million was billed to PT PLN (Persero) (“**PLN**”) for 1H2024 and received as of July 2024.

The Group continues to focus on building its renewable energy portfolio as construction works for 2 more mini-hydropower plants are already underway.

ISDN will continue to expand its clean energy portfolio and hopes to strengthen the significant and recurring profits further.

## 2H2024 and 2025 outlook

While the Group remains cautious about predicting the pace of recovery, it notes that:

- ISDN saw certain cyclical industries moving into more stable demand in 1H2024. The Group remains cautiously optimistic that the industrial downcycle will continue this improvement towards recovery;
- ISDN’s investment in expanding the breadth of its “full stack” solutions will protect its competitive position in Asia; and
- ISDN’s upcoming push into Malaysia and Taiwan should help expand distribution for the Group’s services and products.

ISDN believes that the secular growth drivers for the industrial automation segment positions the Group well to capitalise on cyclical recovery of key end markets and build long-term sustainable growth.

## CEO remarks

Reflecting on ISDN’s strategic position and performance in 1H2024, **Mr Teo Cher Koon, ISDN’s Managing Director and President** remarked that “we are seeing more stability in our core markets as Asia’s industrial and manufacturing sector navigates the cyclical downturn.

Our investments in growing capabilities, operationalising our clean energy business, and expanding geographical markets continue to build solid foundations for long-term growth.

We look forward to discussing our progress at our upcoming investor briefing, and we thank our investors, customers and employees for their continued support of our growth strategy.”

— End —

## About ISDN Holdings Limited

ISDN is a leading provider of industrial automation solutions throughout Asia. The Company has more than 10,000 customers, and 55 offices spanning key Asian growth markets, and has a 30-year history of innovating alongside the growing technology needs of its customers.

Today, ISDN's solutions power advanced industrial sectors including semiconductors, Industry 4.0 manufacturing, medical devices, aerospace, and clean energy. ISDN's solutions power products and manufacturing in 5G, industrial robotics, the Internet of Things (IoT/IIoT), cloud and edge computing, and Industry 4.0 intelligent manufacturing.

ISDN was founded in 1986 and has been listed on the SGX Main Board since 2005 and the Stock Exchange of Hong Kong Main Board since 2017.

For more information, please visit [www.isdnholdings.com](http://www.isdnholdings.com)

**Issued for and on behalf of ISDN Holdings Limited by Financial PR.**

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