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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 14 March 2024.

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

Hong Kong, 14 March 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. Lim Siang Kai (Chairman), Mr. Soh Beng Keng and Mr. Tan Soon Liang as independent non-executive directors of the Company.*



# Full year 2023 results presentation



# 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.

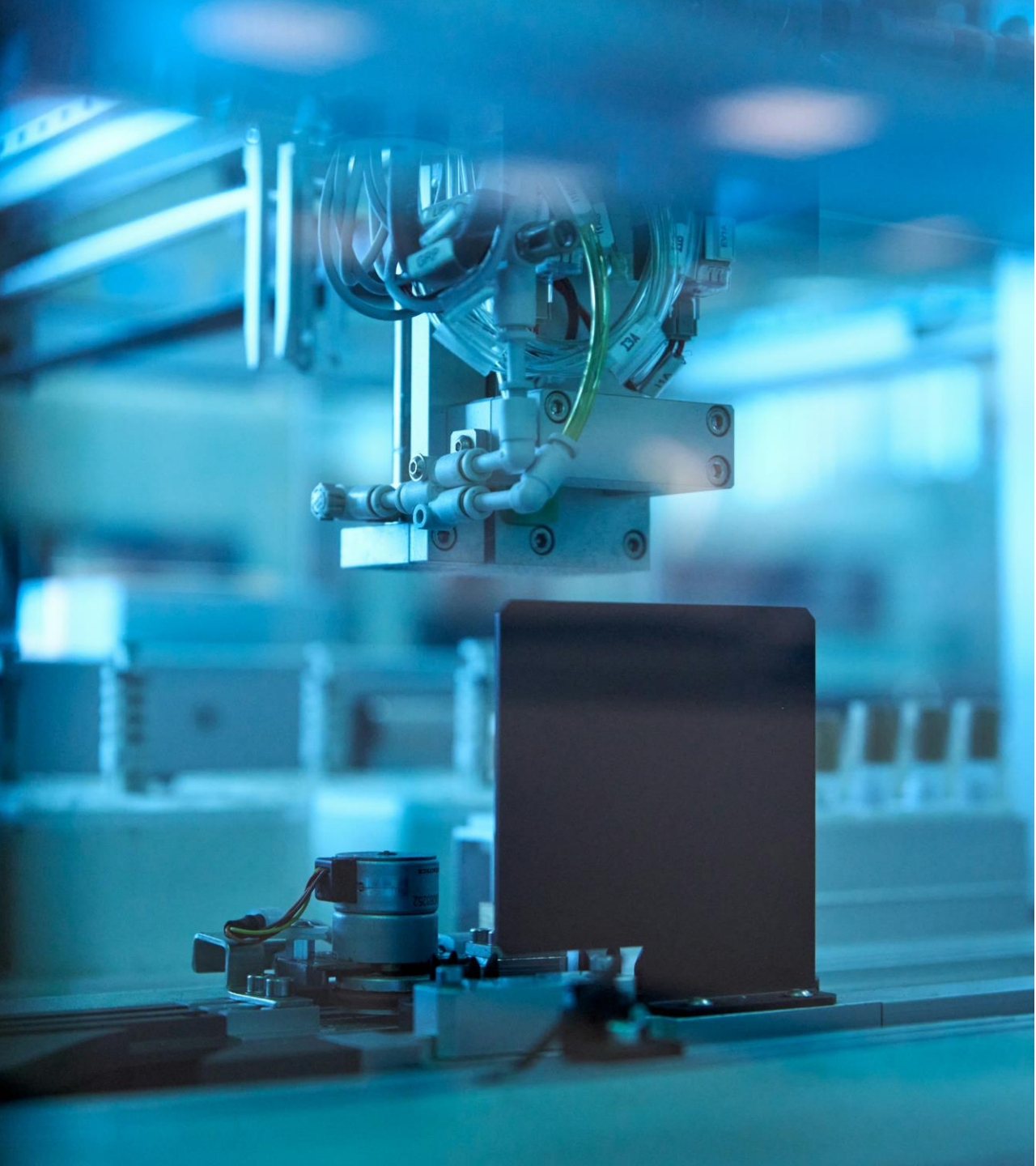
This presentation contains forward-looking statements relating to financial trends for future periods, compared to the results for previous periods. Some of the statements contained herein are not historical facts but are statements of future expectations relating to the financial conditions, results of operations and businesses, and related plans and objectives. The information presented is based on certain views and assumptions and involves risks and uncertainties. Actual future performance, outcomes, and results may materially differ from those expressed in these forward-looking statements as a result of a number of risks, uncertainties, assumptions and other factors, many of which are outside ISDN's control. 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. Actual results, performance or events could differ materially from the current view of the Management of ISDN, such forward-looking 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. It should be noted that the actual performance of ISDN may vary significantly from such statements.

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



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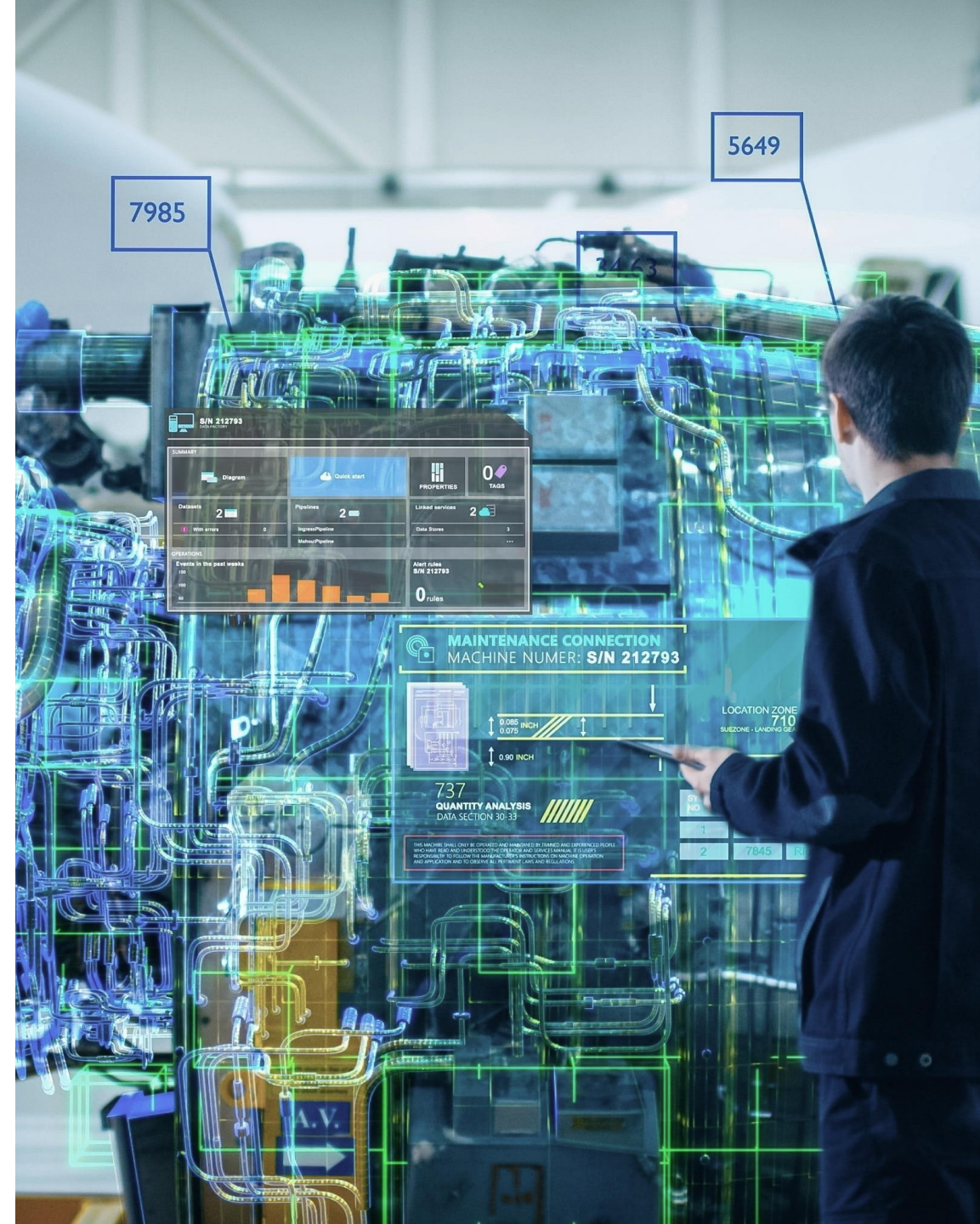
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# ISDN powers Asia's industrial future

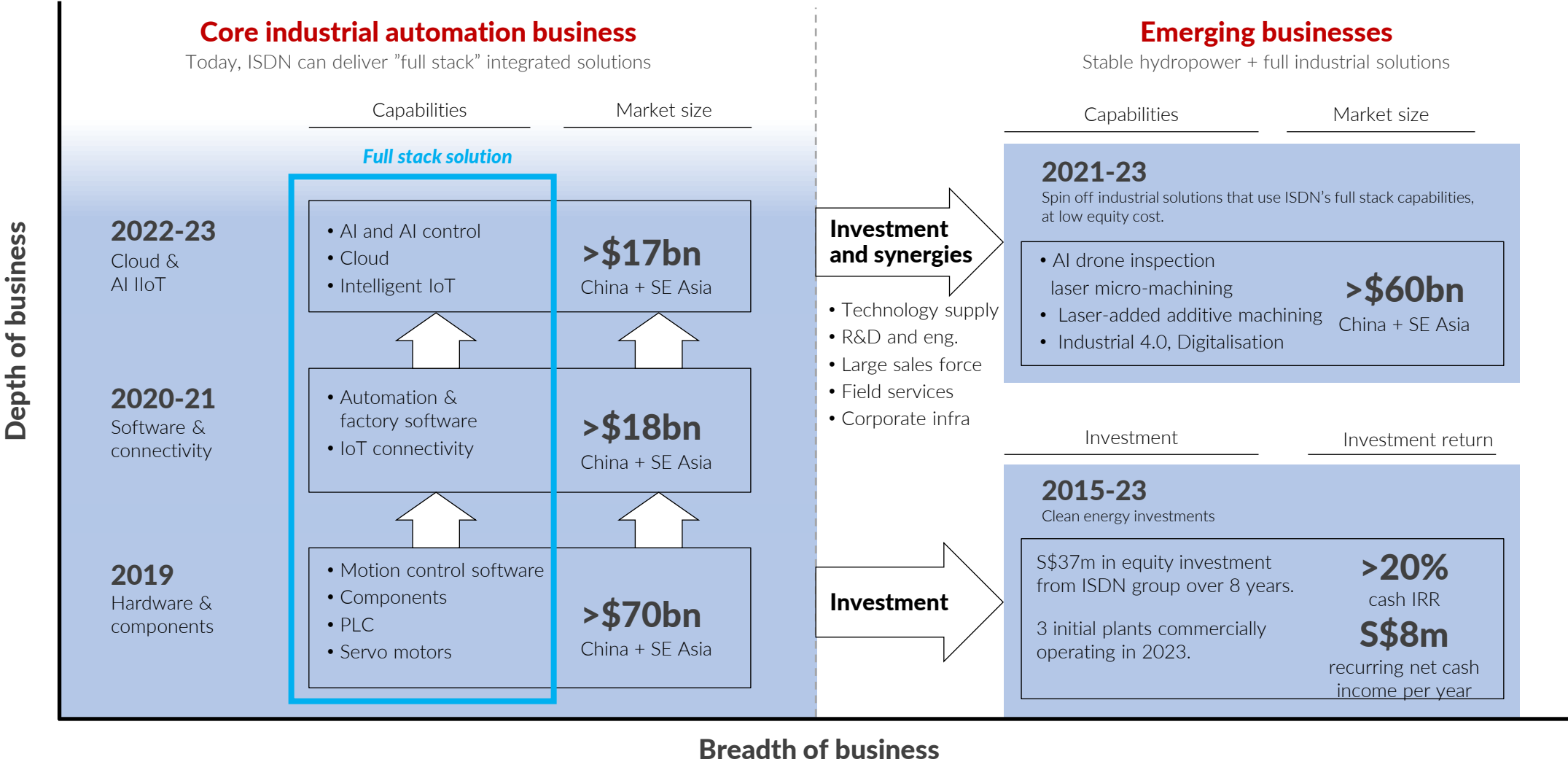
Our automation and sustainability solutions help thousands of companies build a more productive and sustainable future for Asia

- We have the right **technology** { Cloud  
Software  
Hardware  
Components
- We have the right **customers** { 10,000+ customers  
All industrial verticals  
China + SE Asia
- We have the right **experience** { 20+ years of automation  
Best-of-breed approach  
76 locations
- We have the right **strategy** { Growing market share  
Growing market size  
Competitive moats  
Diversified growth



# We've built clear strategic growth over the last 5 years

Despite disruptions from COVID-19, supply shortages, semiconductor downcycle and China's slow recovery, we've grown our capabilities, expanded our markets, and gained share over the past 5 years. We are well positioned for growth.



# We are well-positioned to capitalised on clear, long-term market growth

The market drivers for automation and sustainability are clear, we're gaining share, and we're well positioned for cycle recovery.

## Market growth opportunity is clear

1

### Asia's technology industry growth

- Semiconductor & electronics cycle must recover
- Growing technology production
- Growing technology consumption

2

### Labour shifts drive automation

- Youth & greying populations don't want to work in factories
- Wages growing faster than economy
- Automation increasingly produces superior results

3

### High national priority

- Industrial advancement is a #1 economic priority in China
- Advanced production is a strategic sector for Southeast Asia

4

### Shift to sustainable industry

- Sustainable inputs (energy, materials)
- Sustainable production (less waste, higher yield)
- Sustainable products

5

### Cycle recovery

Increasing evidence of cycle recovery in:

- Semiconductors
- Electronics
- China industrial growth

## We're well positioned

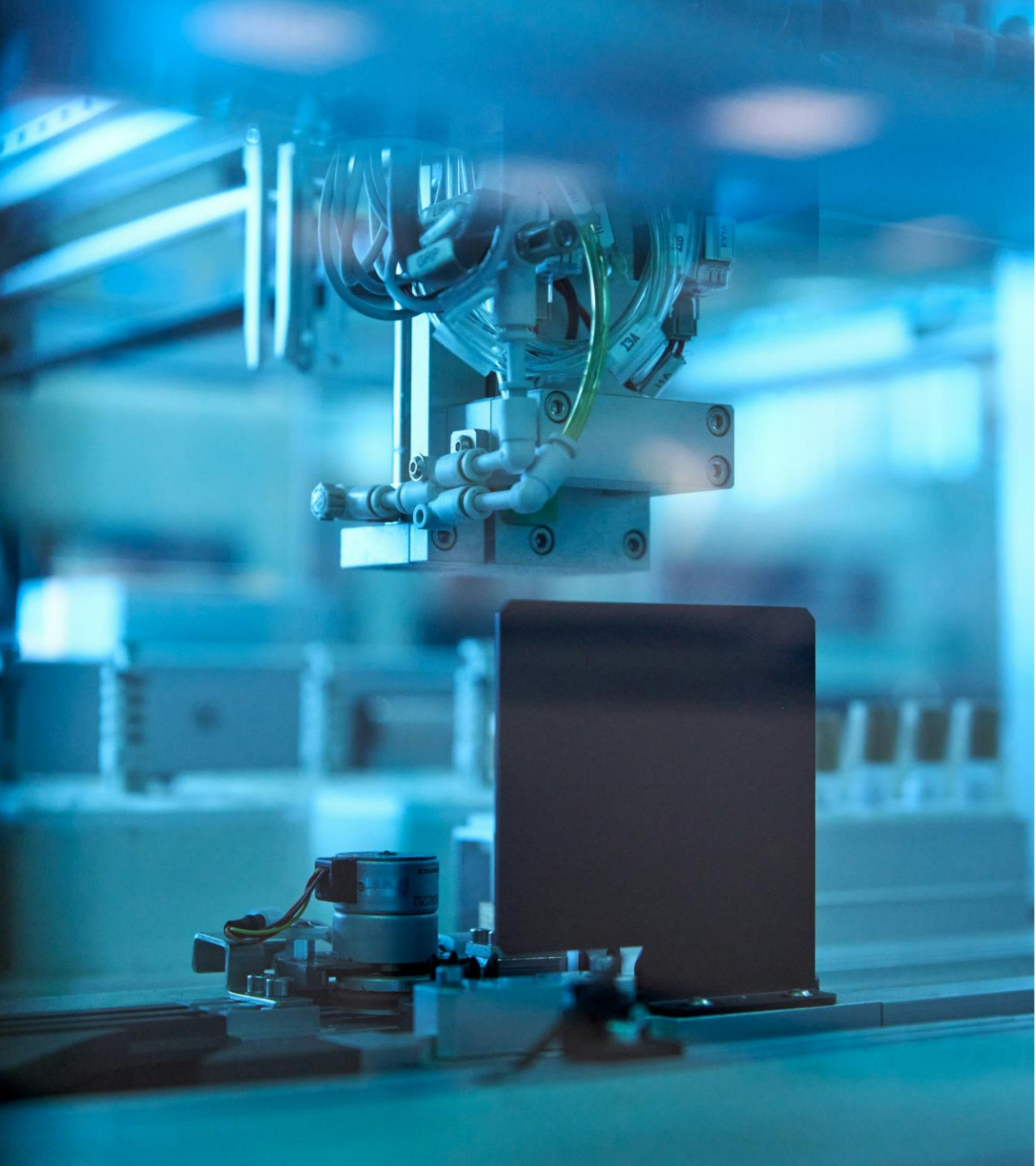


We have the right **technology**

We have the right **customers**

We have the right **experience**

We have the right **strategy**



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# FY2023 financial performance

Cautious emergence from cyclical headwinds

S\$'000	FY2022	FY2023	YoY change
Revenue	370,779	341,766	-7.8%
Gross Profit	105,888	91,134	-13.9%
Gross margin (%)	28.6%	26.7%	-1.9ppt
Operating expenses	67,839	66,714	-1.7%
Profit before tax	32,027	18,873	-41.1%
Profit after tax	23,079	11,172	-51.6%
Profit attributable to shareholders	14,620	4,952	-66.1%

## 1 Revenue

- Revenue troughed in 1H23 → grew +2% sequentially in 2H23
- ISDN grew +2.4% in China, gained share (market down 4-7%)
- Heavy cyclical impact in Southeast Asia (semiconductor), but ISDN has not lost customers and this sector should recover

## 2 Gross Margin

- 1.9ppt decline is primarily cyclical (impacting higher-margin semi/electronics business).
- We are not seeing excess inflationary or pricing pressure.

## 3 Operating expenses

- Managed down slightly to reflect lower revenues but maintained investment in capabilities to position for cycle recovery.

## 4 Profits

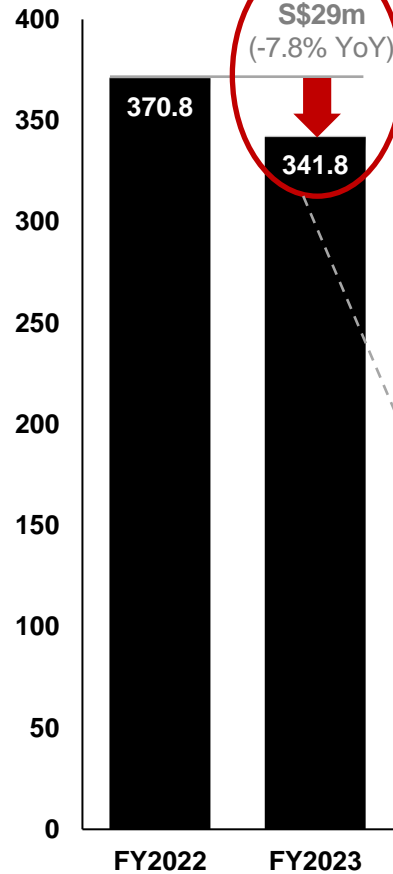
- Clear cyclical impact on profitability (gross margins)
- Management decision to maintain investment levels, since the impact to revenues is cyclical and not structural/long-term
- Long term growth and profit outlook remains intact: ISDN is gaining share, growing capability, and automation is a long-term growth sector in Asia.

# Revenue performance

100% of revenue impact in 2024 was in cyclical sectors. ISDN continue to hold or gain share across sectors in 2023.

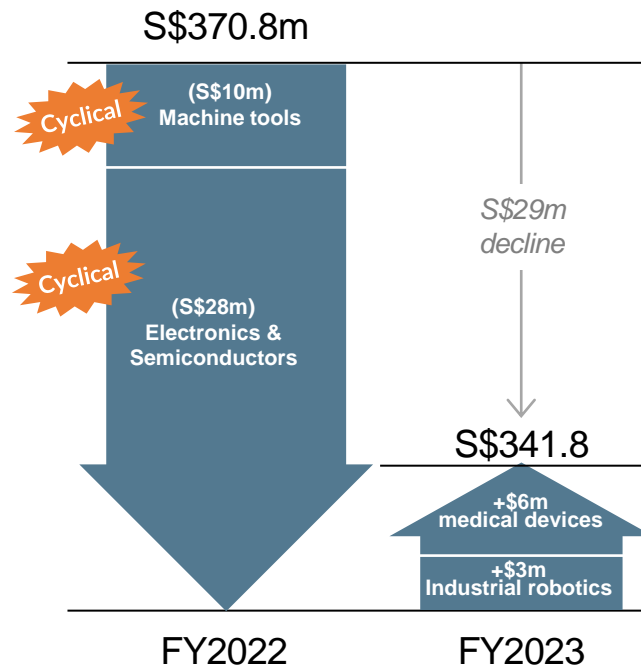
What drove the decline?

In SGD millions



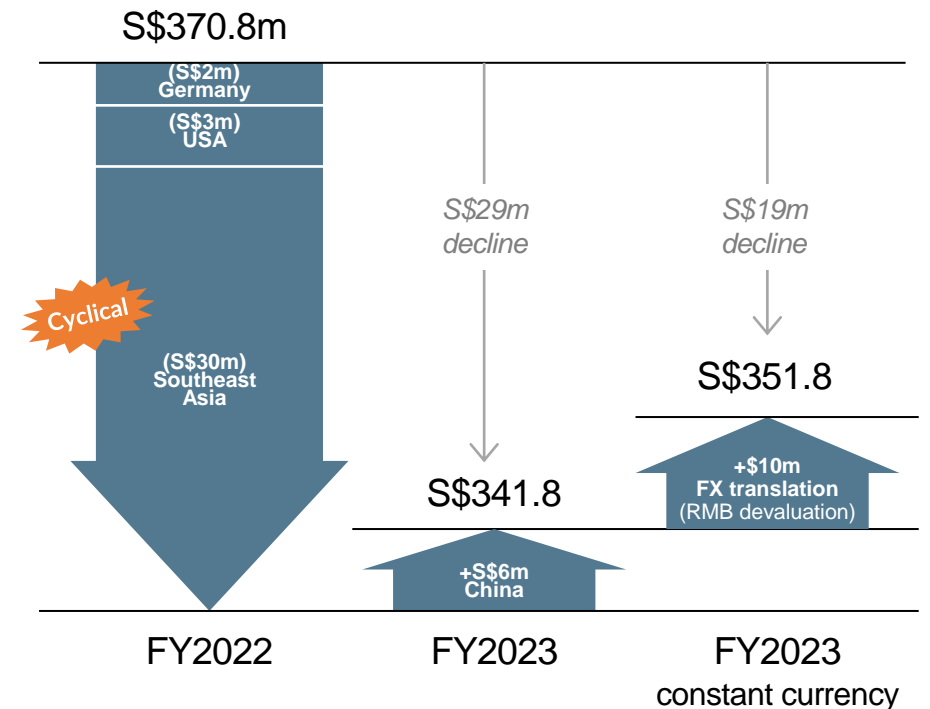
**110% of decline from cyclicals:  
Non-cyclicals continued to grow**

Revenue by industry



**China grew +6.6% on a constant currency basis; decline driven by cyclicals in SE Asia**

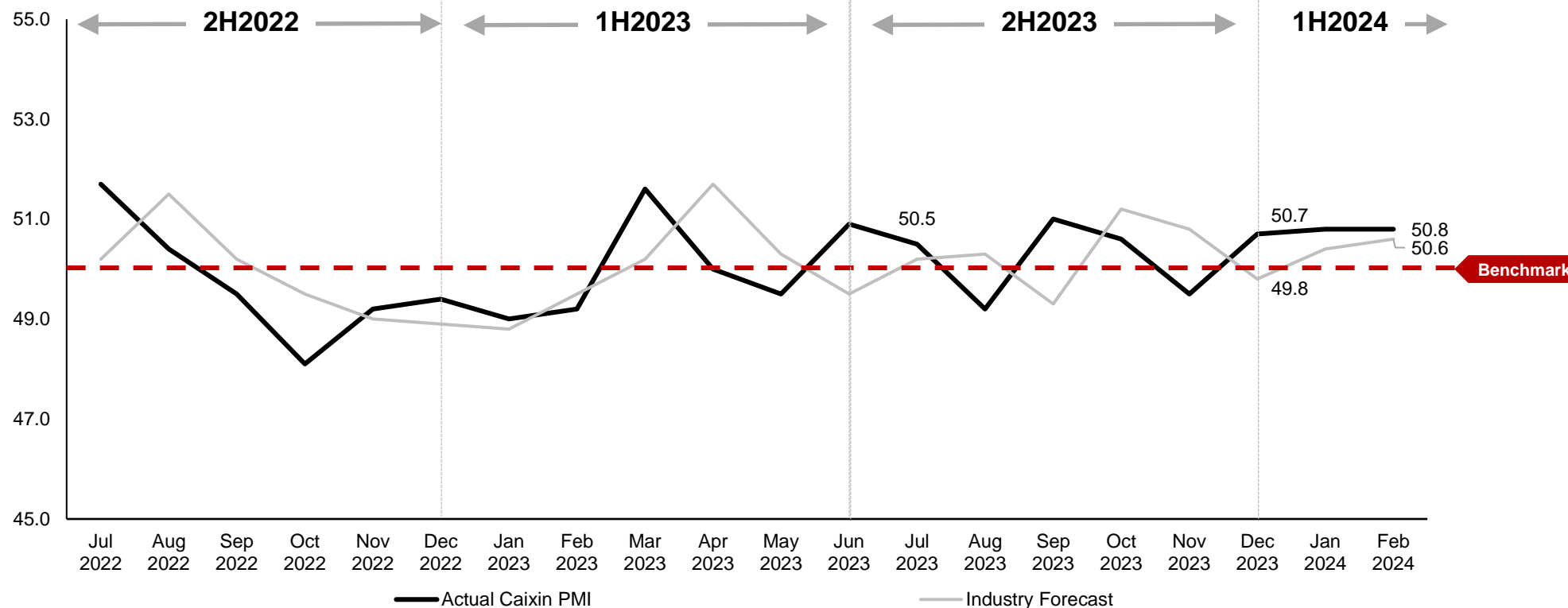
Revenue by geography



# Signs of recovery, but we remain cautious

Manufacturing PMI threads above benchmark for third consecutive month

## China Caixin Manufacturing PMI Index



**China Caixin Manufacturing PMI surpassed industry forecasts for a third consecutive month. Early indications of a potential bottoming out of the downcycle, but we remain cautious.**

2

3

## Gross margins and operating expenses

Gross margins primarily driven by cyclical mix shift.

Operating expenses at disciplined levels to maintain investment in growth

S\$'000	FY2022	FY2023	YoY change
<b>Revenue</b>	370,779	341,766	<b>-7.8%</b>
<b>Gross Profit</b>	105,888	91,134	<b>-13.9%</b>
<b>Gross margin (%)</b>	28.6%	26.7%	<b>-1.9ppt</b>
<b>Operating expenses</b>	67,839	66,714	<b>-1.7%</b>

### Gross Margin

- 1.9ppt decline is primarily cyclical, as higher-margin revenue segments were cyclically impacted in 2023 (semiconductors, electronics, machines, robotics)
- ISDN is not seeing excess pressure from inflation in cost of goods
- ISDN is not seeing excess pricing pressure in its markets

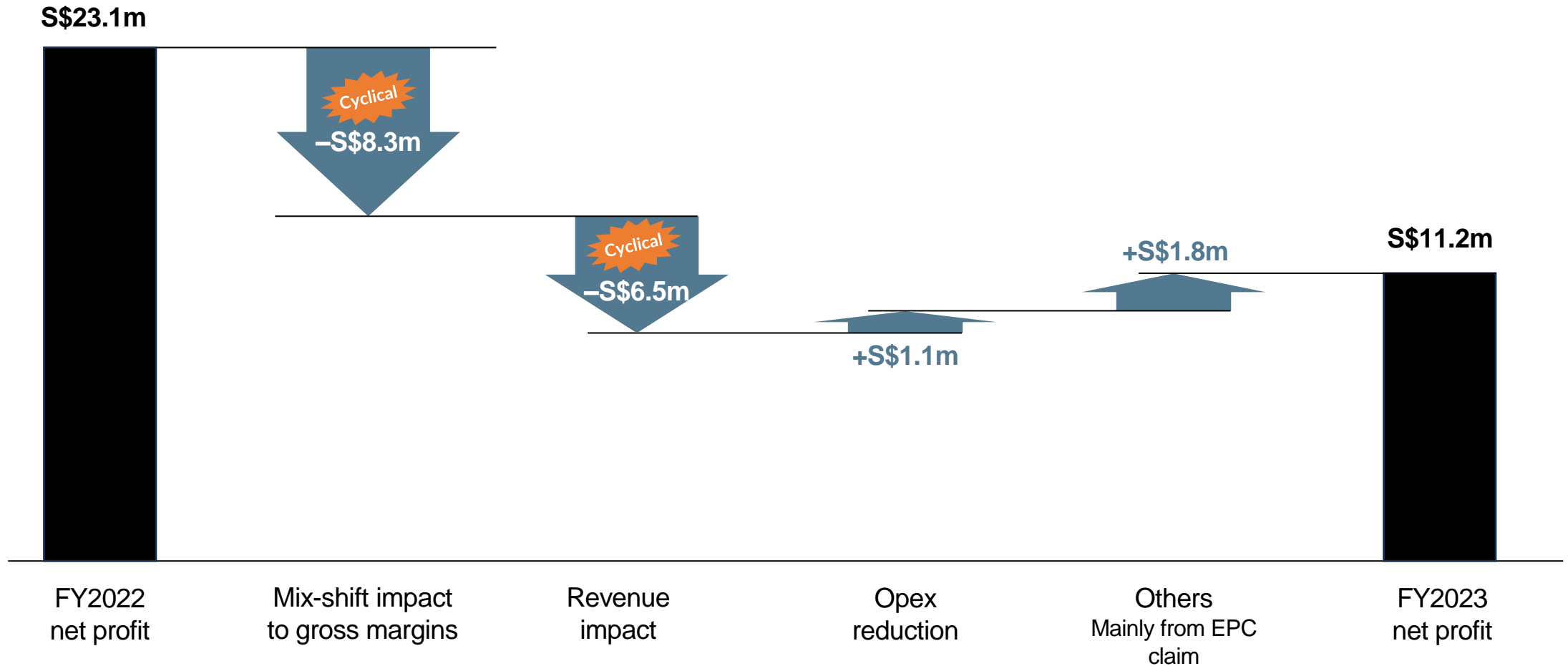
### Operating expenses

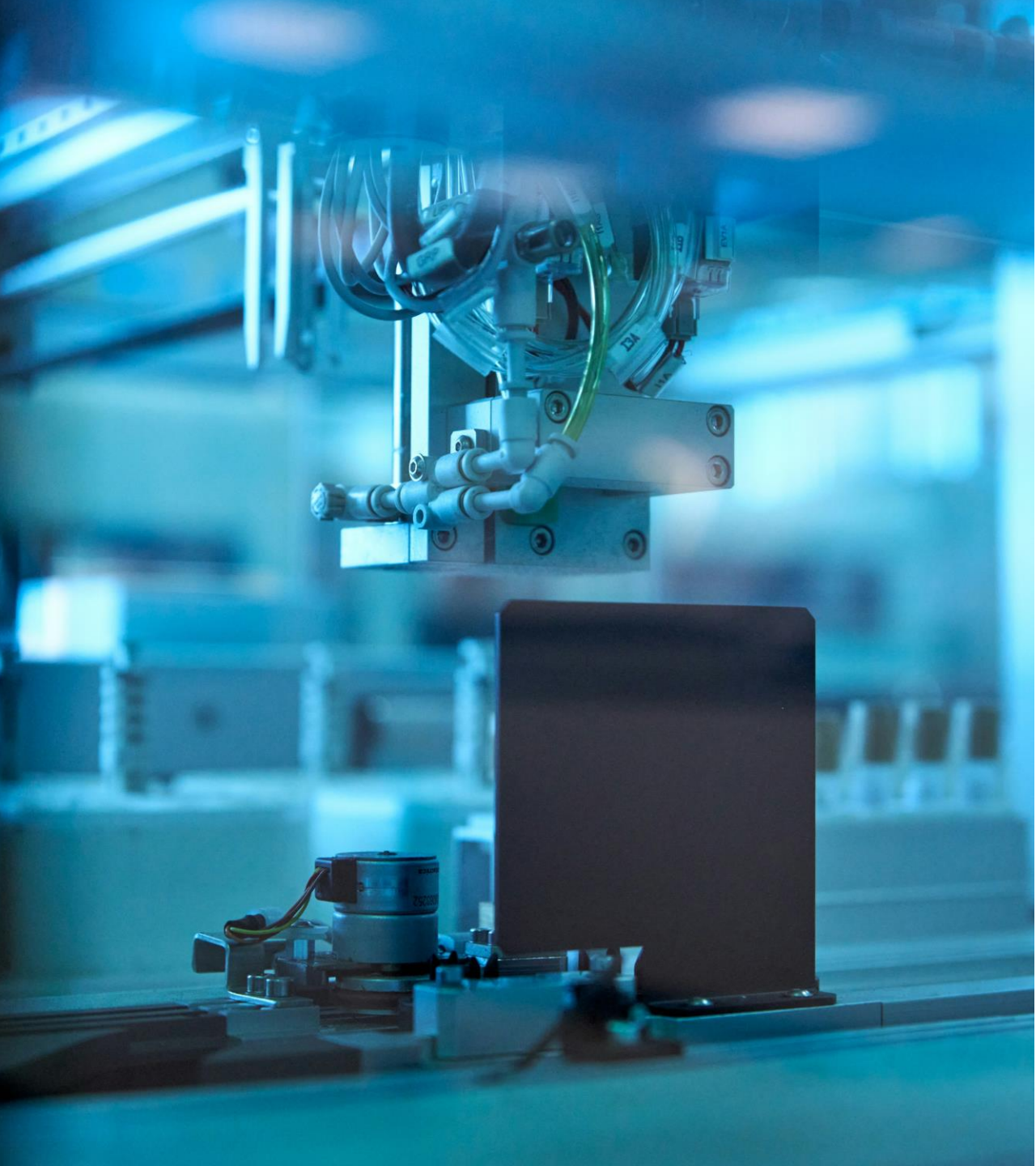
- Managed down slightly to reflect lower revenues but maintained investment in capabilities to position for cycle recovery.

## Profitability

It's clear from our analysis that 2023 earnings were impacted by cyclical factors. We expect profitability to recover with the cycle and grow faster than our markets.

### Net profit bridge: FY2022 to FY2023





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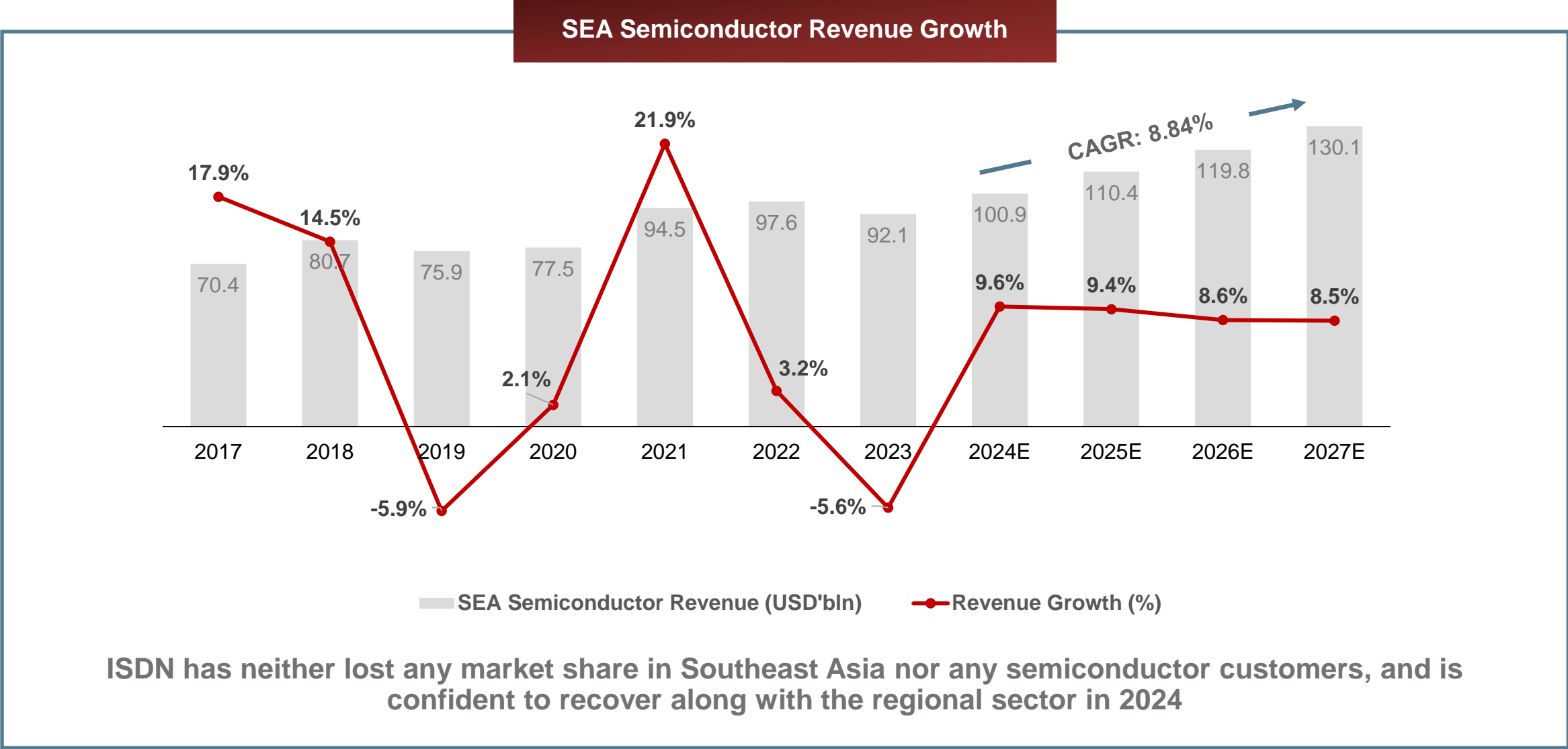
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# Strong growth forecasted for the SEA semiconductor industry

SEA business to recover alongside semiconductor industry in FY2024



# Structural growth drivers in China

Demographic, self-reliance, and policies contributing to the high-paced growth

## Demographics and labour costs

- **Ageing population and low fertility rates:** China's population is on a declining trend with an ageing population, thereby leading to a shrinking labor force
- **Relocation to lower labour costs countries:** Manufacturing set-ups are increasingly shifting to Southeast Asia countries due to lower labour costs

## The need for self-reliance

- **US-China tensions:** Strengthened the determination of China's policymakers to advance domestic manufacturing.
- **Skilled labour shortage:** Attracting and retaining skilled workers has become more challenging as some jobs remain unfilled and high turnover rates persist

## Strengthening of policy guidance

- **Industrial support ranked 1<sup>st</sup> on Beijing's priority list for 2024:** Finance ministry to allocate 10.4 billion yuan (\$1.45 billion) to rebuild industrial foundations and promote high-quality development of the manufacturing sector as it
- **Smart Factory Strategy:** Expect 70% of China's major manufacturing firms to be digitalized and networked by 2025, alongside building more than 500 industry-leading smart-manufacturing demonstration plants. Furthermore, all of China's manufacturing firms above a designated size will be digitalized and networked by 2035.

Sources:

SCMP: China steels itself for labour shortfalls, demographic decline with industrial robots

UOB KayHian "Sector update: Industrial Automation - China"

CNBC: China doubles down on manufacturing, leaving real estate behind



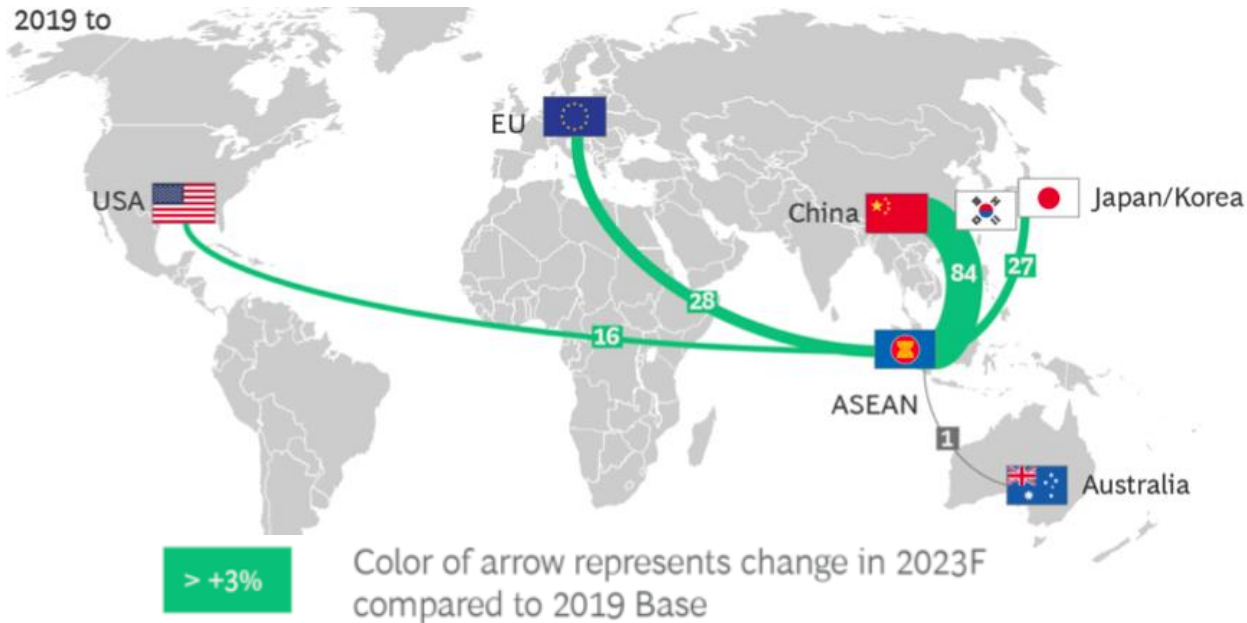
# Attractive growth from Industry 4.0 in ASEAN

ISDN is at the right place at the right time with the right capabilities

## Industry 4.0 opportunity

- “Next-generation Industry 4.0 technologies and mounting pressures on companies to lower their greenhouse gas emissions, are creating new opportunities for ASEAN
- If ASEAN can take full advantage of these trends, we estimate that by 2030 the region can generate up to \$600 billion a year in additional manufacturing output

### Evident shift in trade flows



## The ISDN advantage

### Right locations

#### Singapore, Malaysia, and Vietnam

We have strong presence in the key ASEAN nations where manufacturing capabilities are growing

### Right capabilities

#### 30+ years of experience

We have a long-standing history and proven capabilities in PRC (largest manufacturing economy in the world)

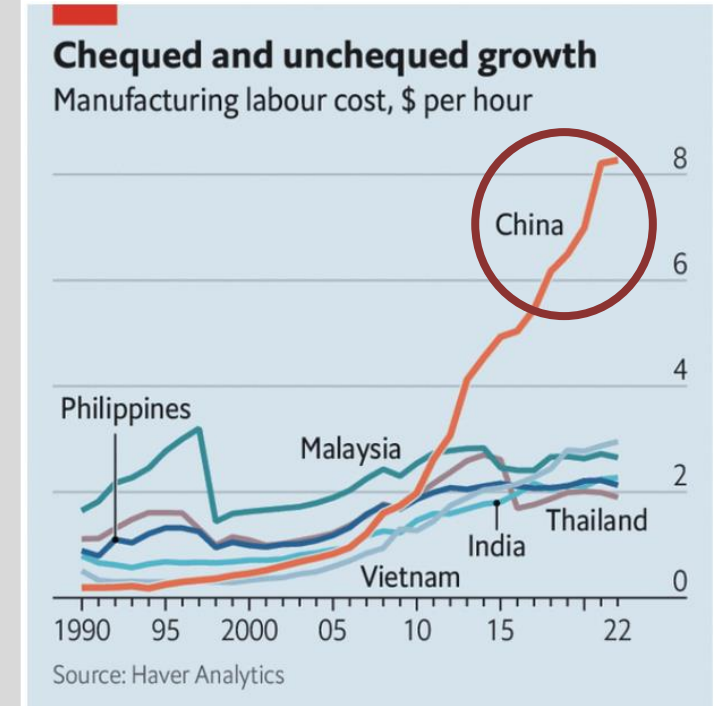
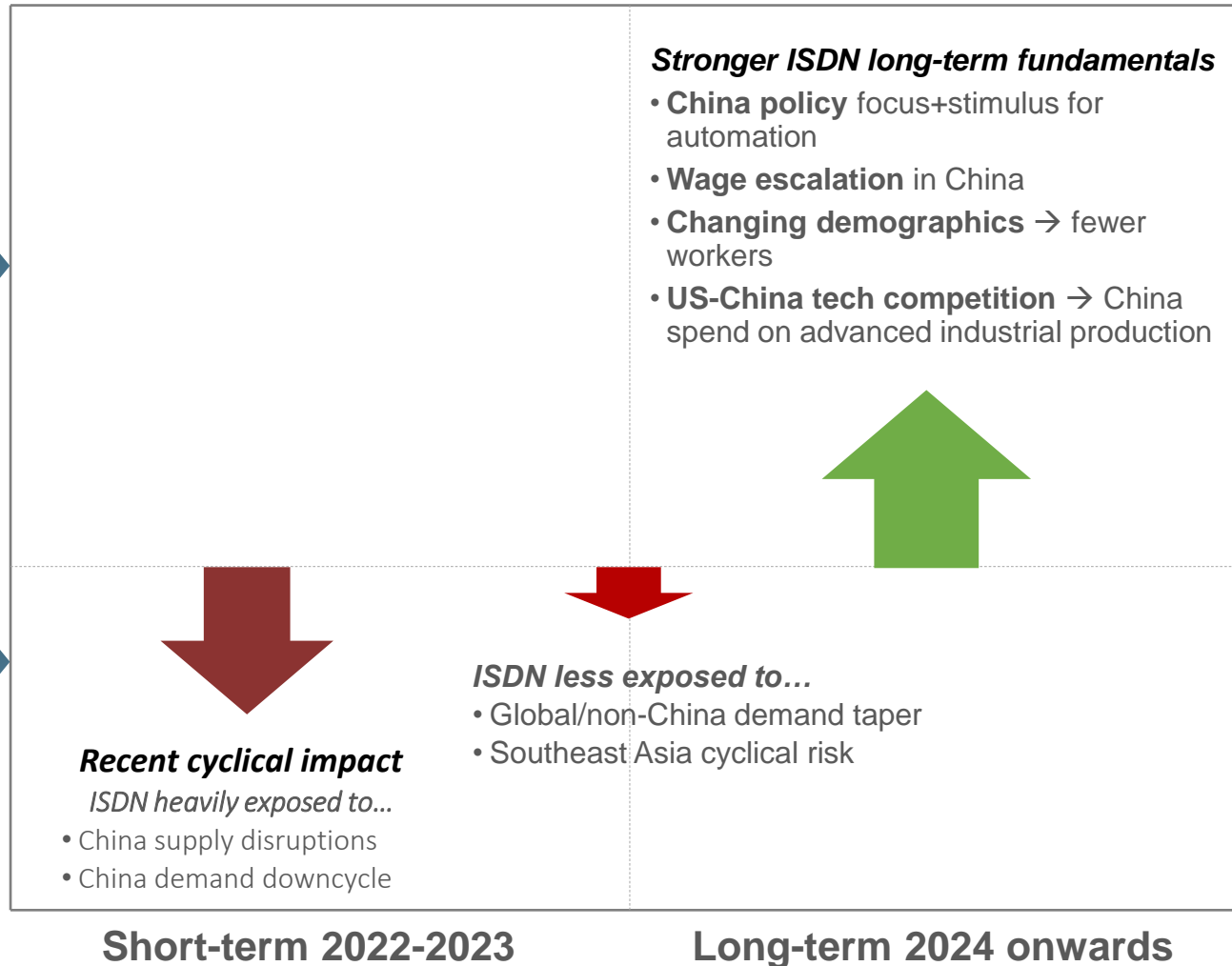
### Right shifts

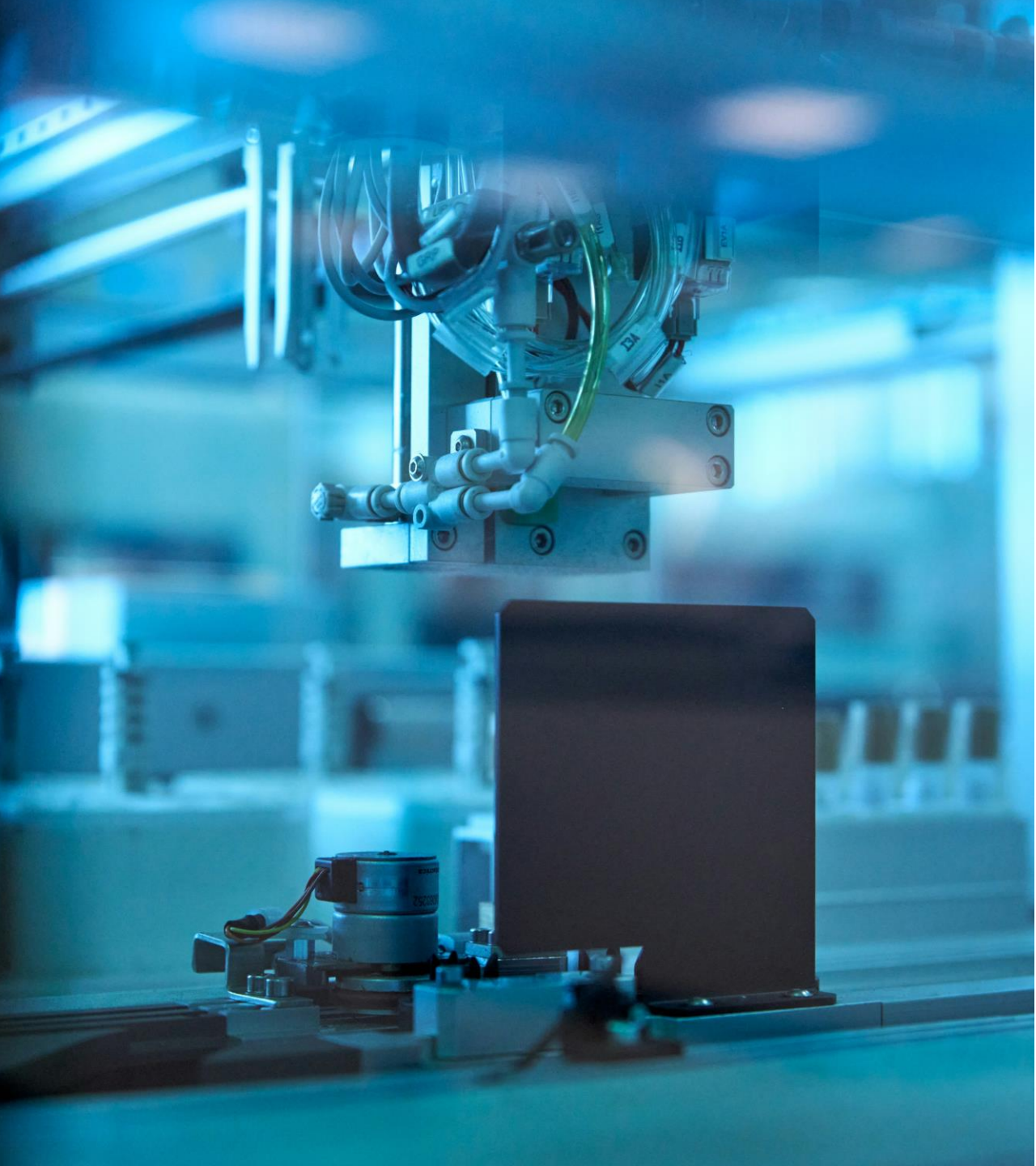
#### Shift in manufacturing to other ASEAN nations

Shift in manufacturing towards Vietnam, Malaysia, and Singapore as an advanced manufacturing and design hub

# Long-term growth drivers have strengthened during downcycle

China policy, wages, economic development all require automation growth





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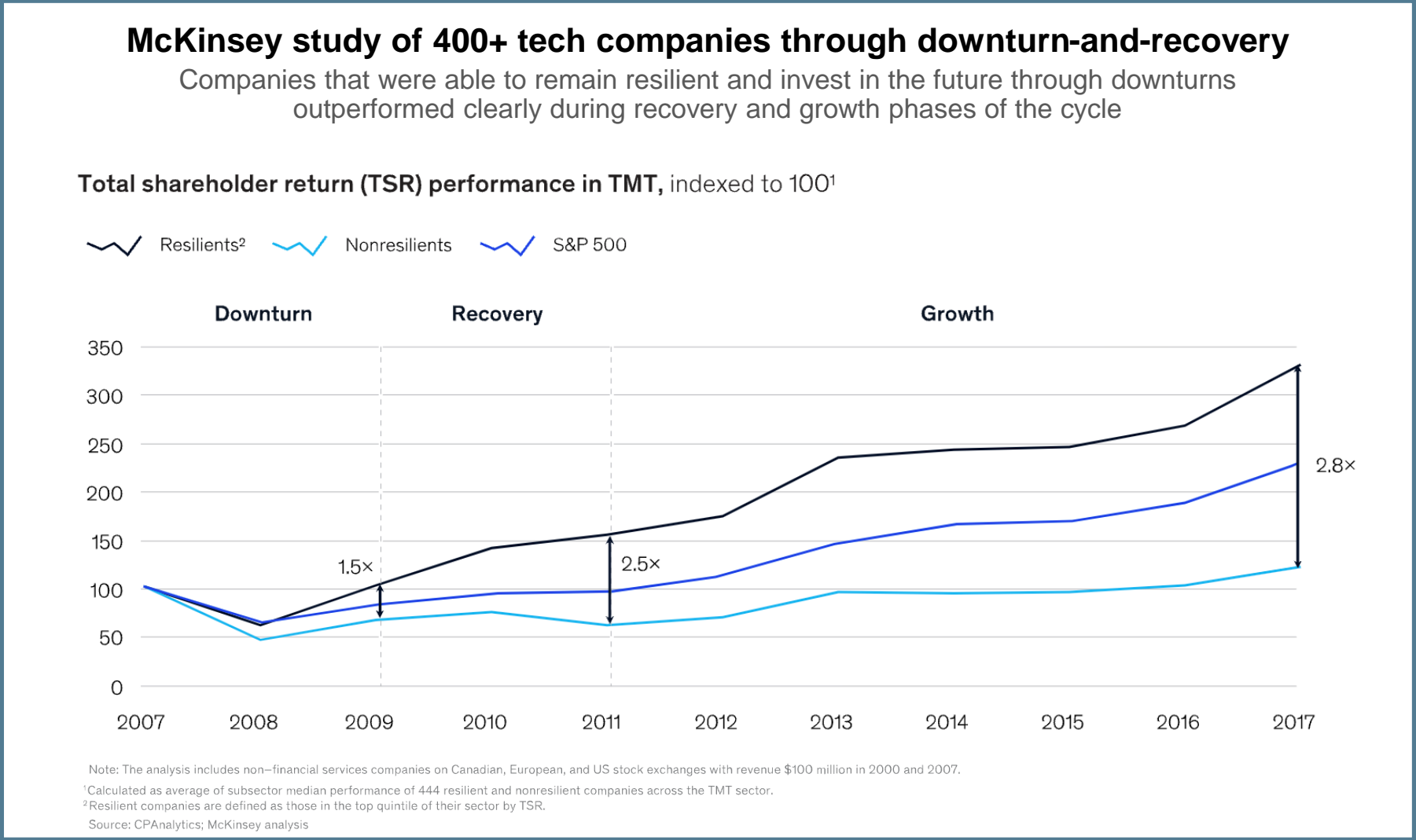
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# Why we've kept building through the downturn

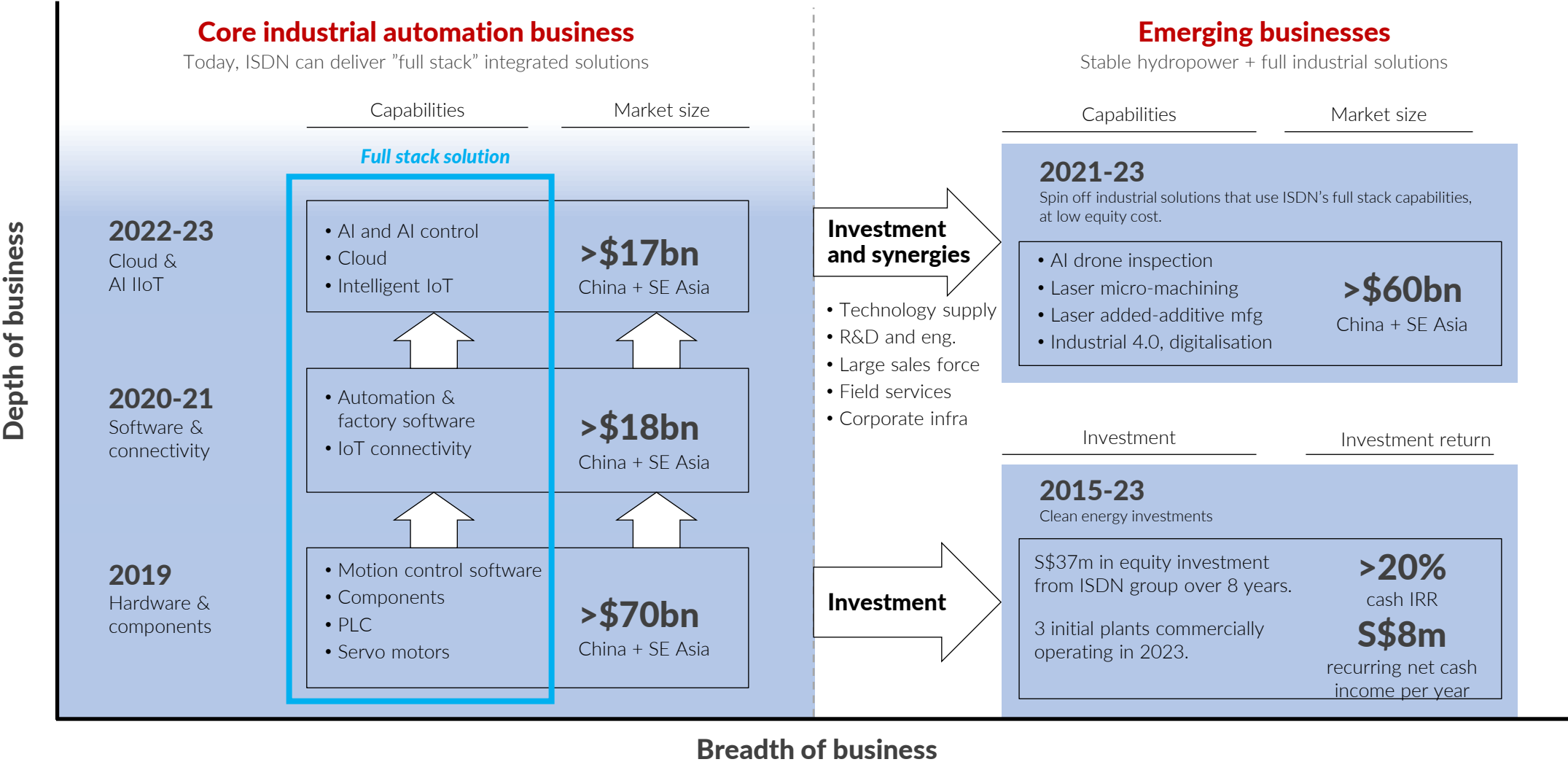
Companies that drive hard through downturns emerge with significantly stronger growth.

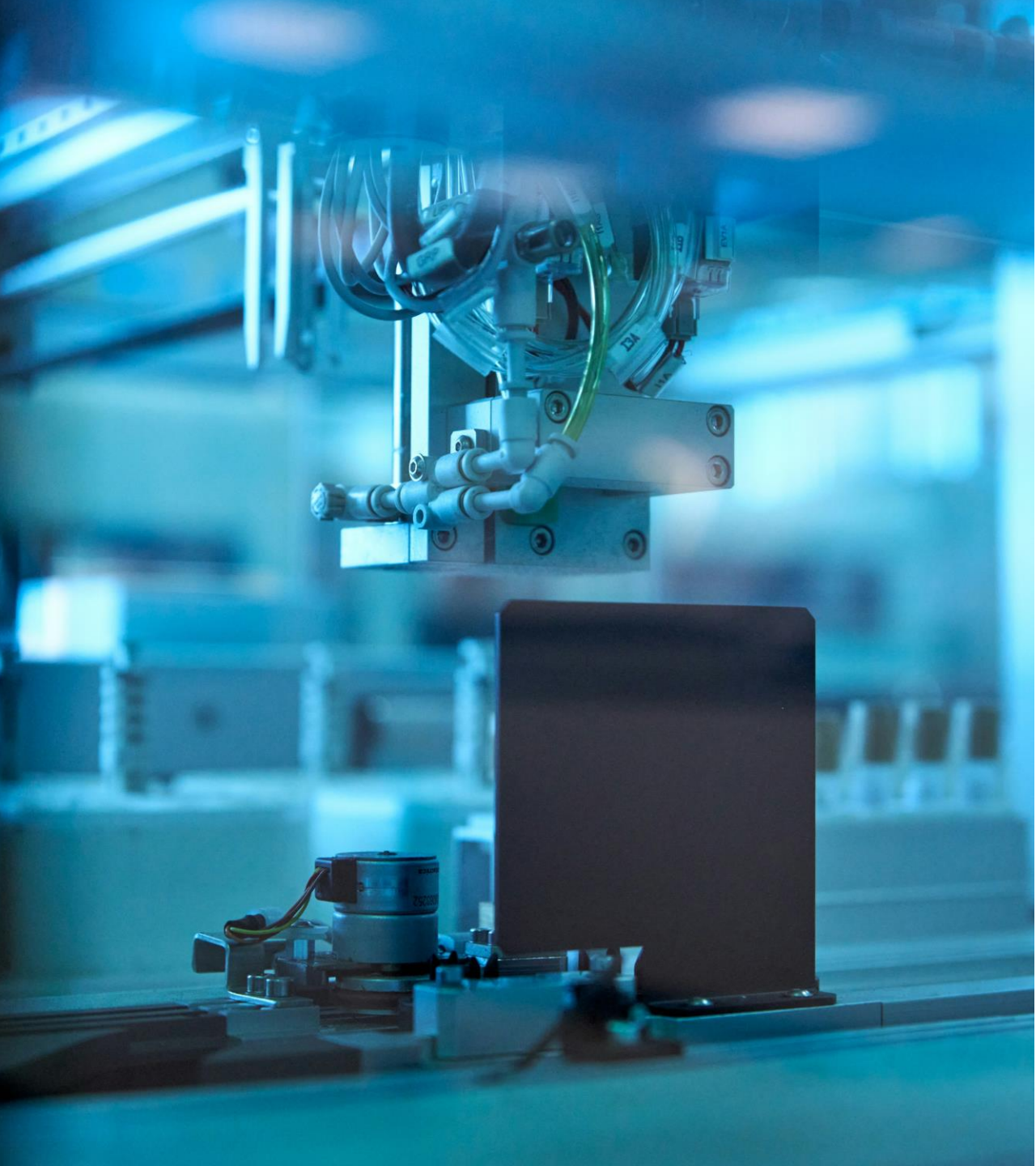
=> We believe sustained investment will position us well for growth, and we are taking market share as a result



# We have grown the depth × breadth of our capability through the downturn

Our investment in capabilities has opened up significant addressable market space for ISDN's growth, and we have good commercial traction building in our new capabilities.





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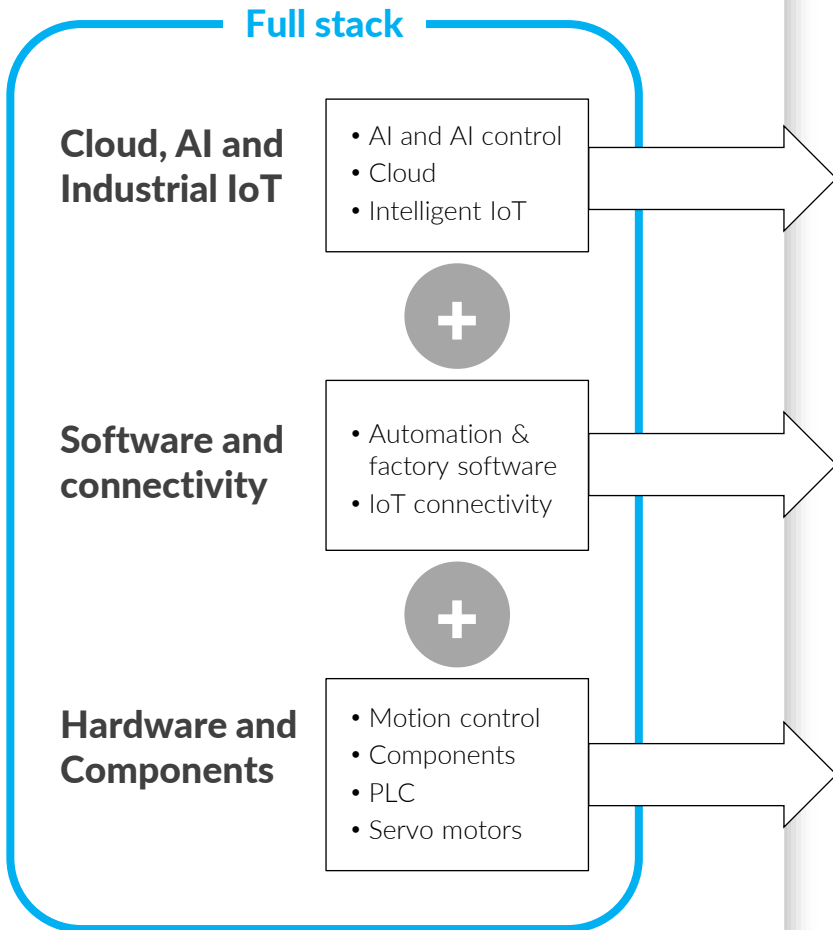
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# NOVAPEAK is a full stack solution provider



Hardware, software, IoT, cloud, AI are all integrated into next-gen solution that is operating today



**AI-based advanced optical inspection for defects**  
Cloud-based analytics and reporting  
Connectivity to agencies for reporting



**Building digital twin, remote operations, report automation and more**



**Drone-based regulatory building inspection**

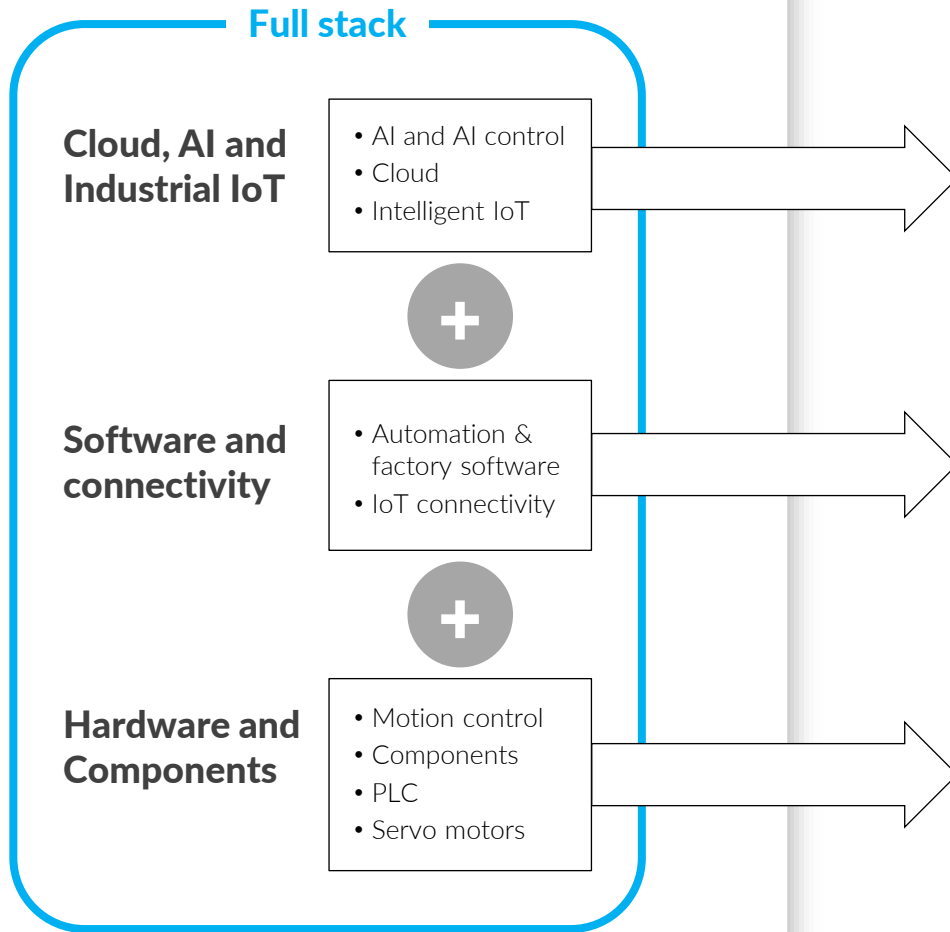
Novapeak automates human-based building inspection in a safer, faster, 100% attentive full stack solution.



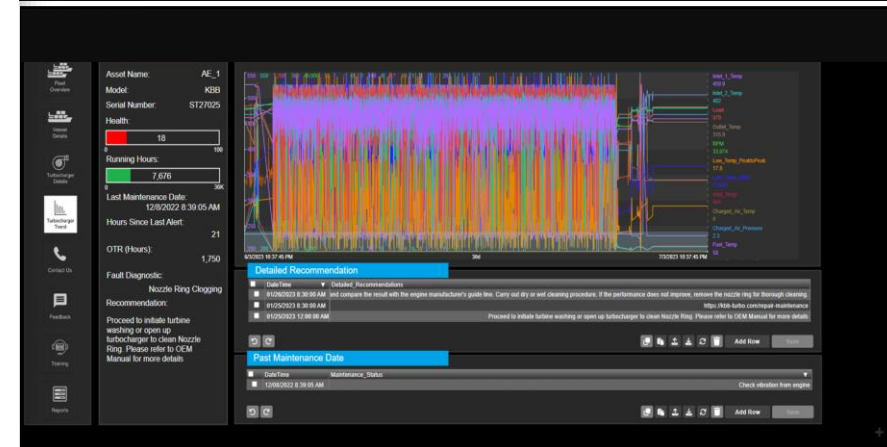
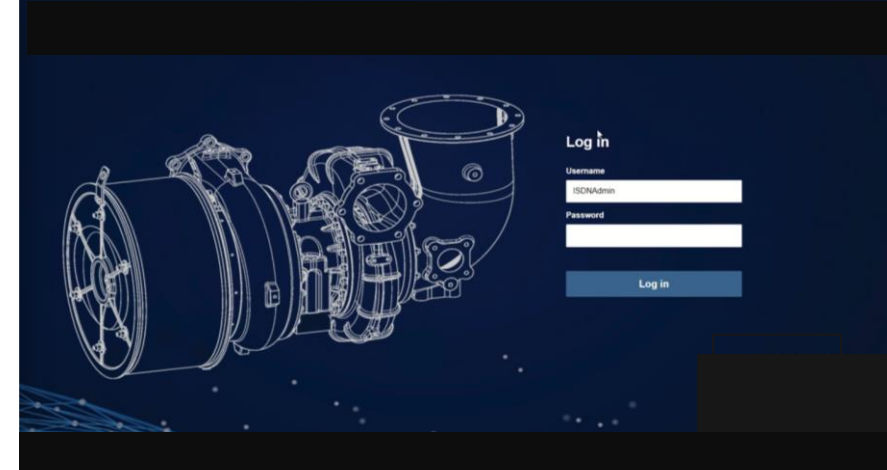
- No limit to building height
- Able to inspect hard-to-reach areas
- Dependable, auditable coverage
- Consistency (significantly less human variance)
- **AI means the system gets better and better over time as it learns!**

# Apply machine learning to monitor and maintain turbochargers

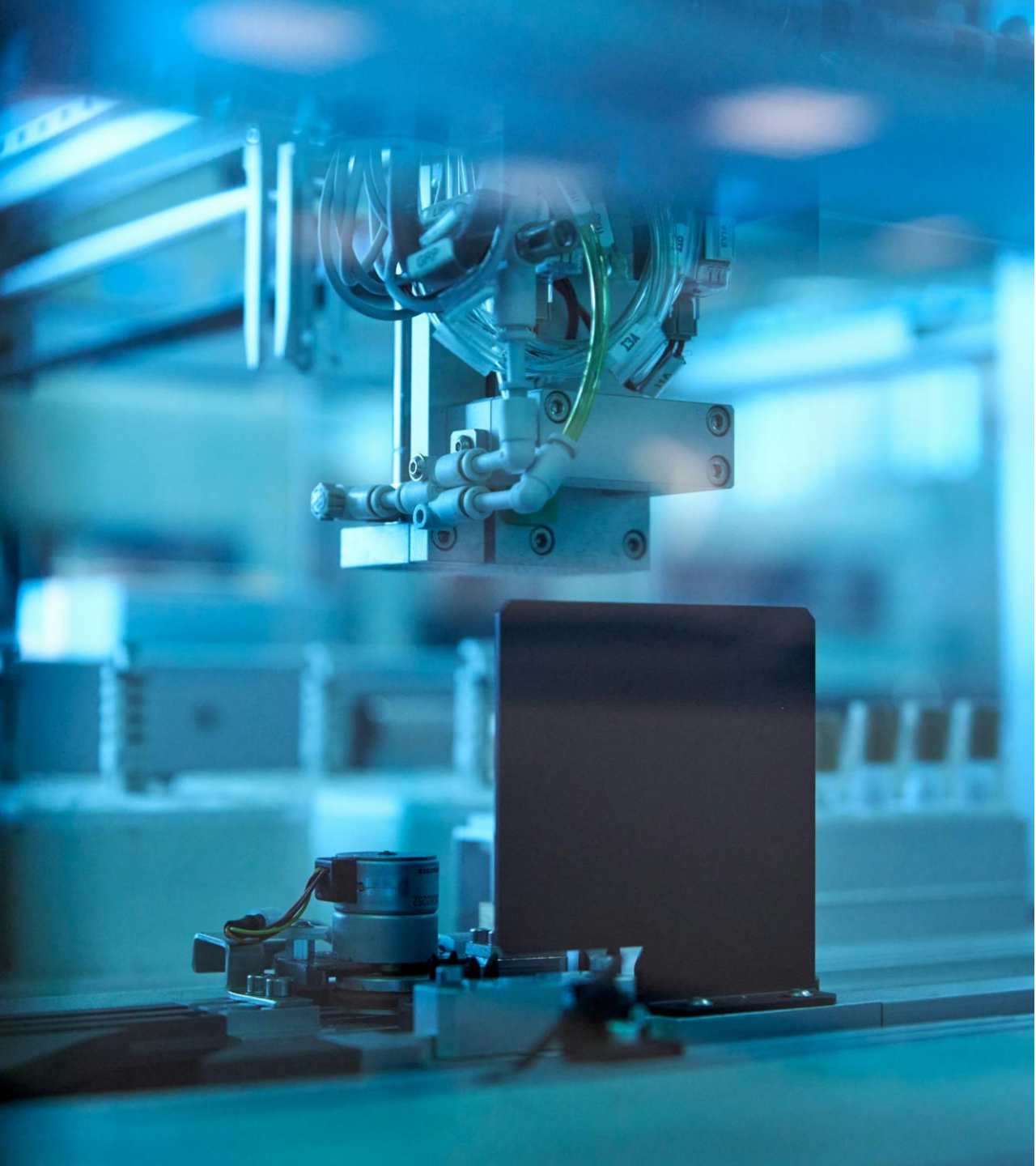
ISDN software and solutions worked to integrate IoT sensors, real time data analytics, and machine learning to optimise the performance of a critical industrial system



- Machine learning based on turbocharger digital twin, including full maintenance history and operational track record
- Satellite backhaul of data into the cloud
- Data aggregation at the edge (ship-side)
- IoT sensors on turbocharger aboard vessel







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# Powering Asia's sustainable future

Early vision will result in impressive long-term results



## Our portfolio of mini-hydropower plants



**LAU BIANG 10MW**  
Commercialised since  
31 December 2022



**SISIRA 4.6MW**  
Commercialised since  
15 June 2023



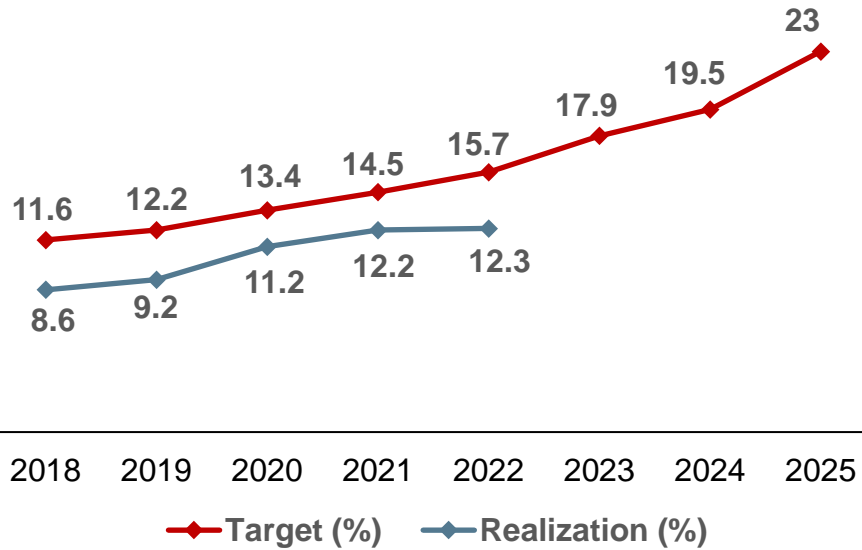
**ANGGOCI 10MW**  
Commercialised since  
15 June 2023

# Multi-year growth prospects in clean energy

Servicing a massive and growing market opportunity

**RE<sup>1</sup> realisation short of target indicates need for acceleration**

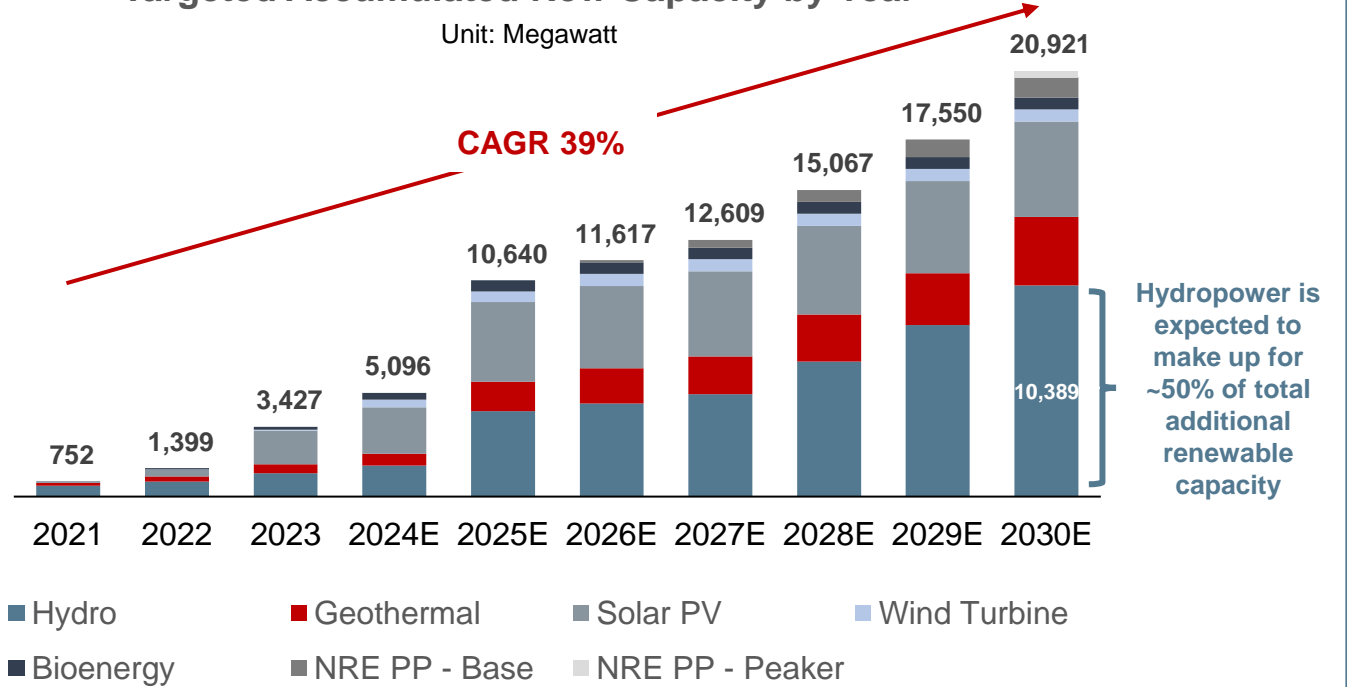
Development of RE share realization over the years



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

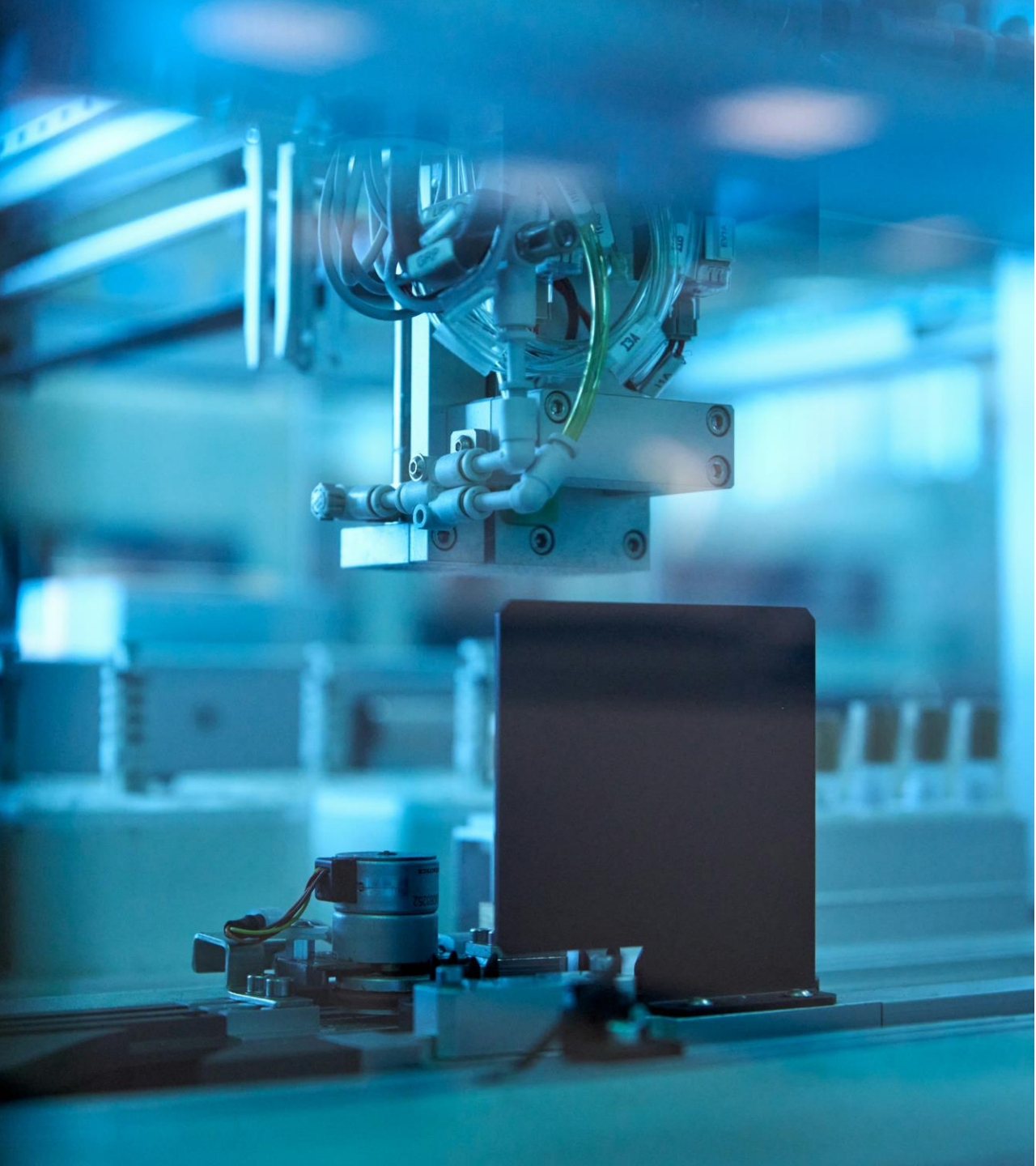
Targeted Accumulated New Capacity by Year

Unit: Megawatt



**Early in a clear growth market has strategically positioned ISDN to build value through strong recurring income**

<sup>1</sup>RE – Renewable Energy  
Sources: Ministry of Energy And Mineral Resources (3 March 2023); IESR (January 2024)



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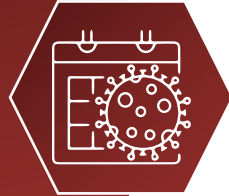
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# ISDN's focus for FY2024

Capitalise on strong business model to drive incremental growth

**EMERGE STRONGER  
from China and  
semiconductor downcycle**



- Keep building capability and customer relationships in downturn
- Protect market share, position well for recovery

**CAPITALISE  
on Industry 4.0 and AI-driven growth**



- Drive continued growth in core automation
- Continue investing to grow capability, including M&A opportunities

**DRIVE  
commercial progress in clean industry**



- Generate strong recurring earnings from hydropower plants
- Complete construction work for hydropower plants 4 & 5

**CONTINUOUS  
improvement in operations**



- Continue pushing up the technology stack in automation
- Deepen position in Southeast Asia to benefit from China+1 shifts



# Investor Q&A