



CHALLENGER TECHNOLOGIES LIMITED

Incorporated in the Republic of Singapore on 14 January 1984

Registration No. 198400182K

NEWS RELEASE - FOR IMMEDIATE RELEASE

Results for year ended 31 December 2017 ("FY2017")

90% increase in net profit for 4Q2017 and 22% increase in dividend payout for FY2017 as Group fights back against challenging retail climate

	FY2017	FY2016	Change	4Q2017	4Q2016	Change
	S\$'M	S\$'M		S\$'M	S\$'M	
Revenue	322.1	339.4	-5%	89.0	83.4	7%
Profit before tax	19.0	14.9	28%	6.5	3.7	76%
Profit after tax	16.3	12.1	35%	5.9	3.1	90%
Earnings per share	4.70	3.56	32%	1.70	0.87	95%
	cents	cents		cents	cents	
Dividend per share	3.3 cents	2.7 Cents	22%	2.2 cents	1.6 Cents	38%
	As at 31/12/17	As at 31/12/16	Change			
NAV/share	24.94	22.91	9%			

Singapore, 9 February 2018 – SGX Mainboard-listed Challenger Technologies Limited ("Challenger" or the "Group"), the largest IT products and services provider in Singapore, today announced its results for the full year and fourth quarter ended 31 December 2017.

4Q2017 revenue increased by 7% or \$5.6 million to \$89.0 million due mainly to better retail, trade show and corporate sales. Full year revenue decreased by 5% or \$17.3 million to \$322.1 million for the year ended 31 December 2017 due mainly to lower retail and trade show sales which were offset by higher corporate sales.

4Q2017 net profit increased by 90% or \$2.8 million to \$5.9 million mainly due to higher gross profit of about \$1.5 million, the absence of one-off impairment loss provision for an investment of about \$1.1 million made in 4Q2016 and decrease in operating expenses. Net profit for the full year increased by 35% or \$4.2 million to \$16.3 million, mainly due to the absence of one-off impairment

loss provision for an investment of about \$2.3 million made in FY2016 as well as lower operating expenses of about \$2.2 million. These were offset by lower gross profit of \$0.7 million and lower other income of \$0.7 million.

FY2017 had been a difficult year due to the continued weak retail consumer sentiments brought over from the previous year. This spurred the Group to implement sweeping productivity measures over the year. Overall costs were reviewed at the corporate office for more efficient processes and manpower allocation; measures were also taken on the retail side for a more productive operating footprint. These measures mitigated the lack of sales growth throughout 2017. Chief Executive Mr Loo Leong Thye said: “We used 2017 to spring-clean our operations, close non-performing outlets, as well as review and manage our costs of operations. These have yielded a positive outcome, driving higher profit in 2017.”

With Challenger’s flagship store at Bugis Junction basement nearly into its first full operating year, Mr Loo expressed confidence in the flagship’s ability to achieve higher sales there. “Our flagship store enjoys a strategic and centralised location. We will continue to build on this key fundamental, plus improve on our merchandising and partnerships with key brands for the flagship to extend its potential.”

Although the Group experienced a better-than-expected seasonal uplift in December 2017 which brought in higher sales, the challenging retail landscape in FY2017 could flow over to the next year. In 2018, the Group will extend its omni-channel push to engage its members better via its ValueClub app. “Over the last two years, we worked on building a strong ecommerce experience via Hachi.tech. 2018 will be the year of our app as we add in community features, such as donating rebates to charity and paying other bills with existing rebates; real-time account tracking, such as earning and redeeming rebates both online and in stores; replace current manual transactional processes; as well as become our primary mode of communicating with our members without over-touching them with electronic mailers and online advertising.”

To reward its shareholders, the Group has proposed a final dividend of 2.2 cents per share for FY2017 to be approved at its coming Annual General Meeting. Together with the interim dividend of 1.1 cent, this would give a total dividend of 3.3 cents per share for FY2017. This payout represents more than 70% of NPAT and is an increase of 22% over the total amount of 2.7 cents given in the previous financial year.

To date in Singapore, the Group has a total of 38 stores comprising one flagship Challenger store, 25 Challenger superstores and 12 small format stores. Conveniently-located island-wide, Challenger will continue to grow its retail footprint at locations in close proximity of its customers.

About Challenger Technologies Limited

Incorporated in 1984 and listed on the SGX in January 2004, Challenger Technologies Limited operates the Challenger chain of IT retail stores and online tech marketplace Hachi.tech. With an extensive network of strategically-located retail stores, Challenger has a million ValueClub members. Challenger also owns inCall System Pte Ltd, which provides extended warranted for products as well as call centre and IT repair services.

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