



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 2014 ("FY2014")

Revenue and net profit grew by about 11% and 9% respectively for Q4 FY2014, reversing a trend of year-on-year decrease for both revenue and net profit between Q1 to Q3 in FY2014

	FY2014	FY2013	Change	4Q2014	4Q2013	Change
	S\$'M	S\$'M		S\$'M	S\$'M	
Revenue	355.1	385.4	-8%	104.6	94.1	11%
Profit before tax	18.4	20.8	-12%	6.2	5.6	11%
Profit after tax	15.0	17.3	-13%	5.0	4.6	9%
Earnings per share	4.28	4.96	-14%	1.43	1.32	8%
	cents	cents		cents	cents	
Dividend per share	2.35 cents	2.52 Cents	-7%	1.25 cents	1.42 Cents	-12%
	As at 31/12/14	As at 31/12/13	Change			
NAV/share	19.21	17.42	10%			

Highlights:

- Highest quarterly revenue and net profit achieved in FY2014 during 4Q2014
- Stronger sales in December 2014 resulted in better performance in 4Q2014 compared to the previous corresponding period 4Q2013
- Dividend proposed and paid for FY2014 is about 55% of net profit compared to 51% in FY2013

Singapore, 16 February 2015 – 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 2014.

Group revenue decreased by \$30.3 million or 8% to \$355.1 million for the full year ended 31 December 2014. This has been mainly attributable to higher sales from Singapore's retail business, offset by lower sales from Malaysia's retail business due to cessation of Malaysia operations by the end of June 2014 and lower corporate sales. Despite three earlier challenging quarters in 2014, 4Q2014 revenue increased by \$10.5 million or 11% compared with 4Q2013. This has been due to higher sales from Singapore's retail business driven by better same-store sales as well as new stores opened in 2013 and 2014.

Net profit decreased by 13% to \$15.0 million for the year ended 31 December 2014 mainly due to higher rental expenses, which was offset by higher gross profit. Net profit for the fourth quarter increased by about 9% to \$5.0 million compared to the same corresponding period last year. This is mainly due to higher gross profit and lower staff costs, offset by higher income tax provision, rental and other operating expenses.

"Retail sales for December 2014 surpassed our expectations and reversed a 9-month long slide with a solid year-end performance," said Mr Loo Leong Thye, the Chief Executive of the Company. "Although we continue to face industry-wide challenges such as higher manpower costs, escalating operating costs and increasing store rentals, we will continue to evaluate viable store locations for future growth opportunities in Singapore."

One such growth opportunity identified is in the mobile phone landscape. With larger screen size adoption by consumers who may also own multiple mobility devices, Challenger has tracked improved sales from mobile phones and related accessories. "Our 2014 mobile handset sales shot up five times compared with 2013. Most recently, we have already seen a positive retail response by our customers and vendors to our new 2000 square feet Android Zone at our flagship Funan megastore, which is Singapore's only location to house the latest Android devices, accessories and related products under one roof," said Mr Loo. "Success in this concept has signaled the right direction for us to ride on this growing mobility trend with new initiatives like Online-to-Offline sales (O to O)."

To date in Singapore, the Group has a total of 44 stores comprising one flagship Challenger megastore, 21 Challenger superstores and 22 small format stores. Its extensive network of

conveniently-located stores island-wide enables it to reach its half a million members and customers near where they live, work or play.

About Challenger Technologies Limited

Incorporated in 1984, listed on the SGX in January 2004, Challenger Technologies Limited operates a chain of IT retail stores known as Challenger and lifestyle retail concepts such as audio specialty store Musica in Singapore. With an extensive network of strategically-located retail stores, Challenger has over half a million ValueClub members. Challenger also owns end-to-end integrated marketing solutions provider, inCall System Pte Ltd and LED signage and services provider, CBD eVision Pte Ltd.

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