



1H FY2023 RESULTS BRIEFING

February 2023





CONTENT

01 Business Overview

02 Business Highlights

03 Financial Highlights

04 Outlook & Plans

Q & As

Notice:

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.



01 BUSINESS OVERVIEW



ABOUT ISOTEAM

Established in 1998 in Singapore, we are a leading R&R, A&A and complementary niche specialist services provider for the built environment with a reputation for eco-conscious solutions

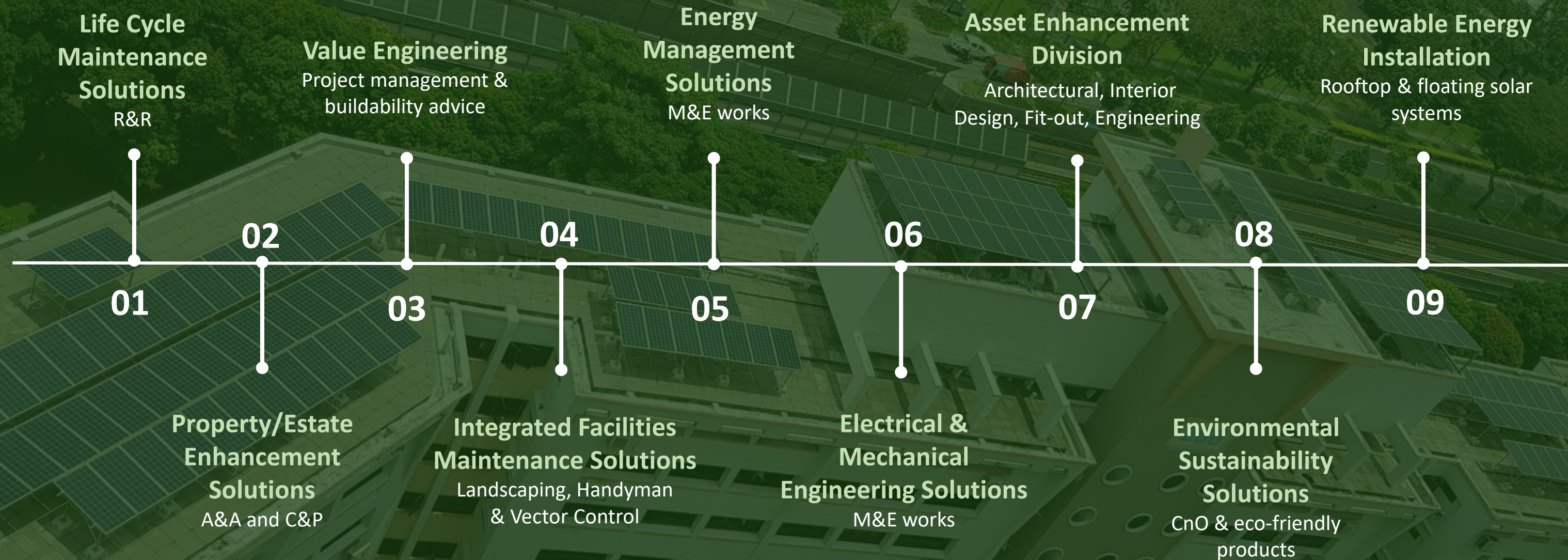


Competitive Strengths

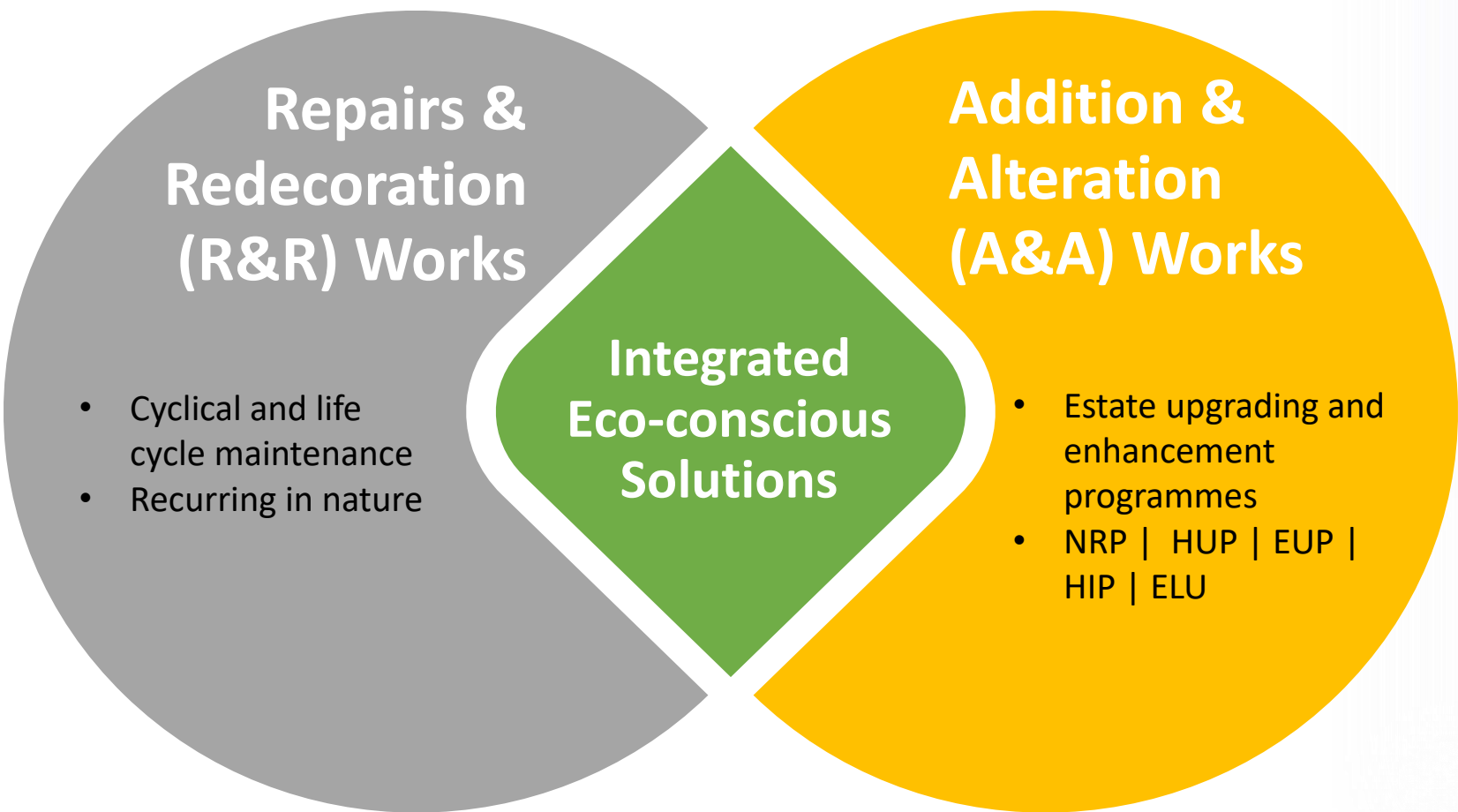
- 25+ year track record
- One-stop provider with multi-disciplinary capabilities
- Established stakeholder relationships
- Experienced and professional management team
- Industry-recognised safety and management systems
- Broad and growing range of services
- Early mover in green solutions
- Leading brand focused on growth and innovative solutions

MULTI-DISCIPLINARY CAPABILITIES

Providing sustainable solutions for a better built environment



AN EDGE & FOCUS ON CORE R&R AND A&A BUSINESS



← Across Public and Private Sectors →



>650
projects



>7,200
buildings

A&A
32.5%
of HY2023 revenue

R&R
30.6%
of HY2023 revenue



CORPORATE STRUCTURE

As of December 2022

Raymond Construction Pte. Ltd. ► A&A	100%
ISO-Team Corporation Pte. Ltd. ► A&A; R&R	100%
TMS Alliances Pte. Ltd. ► R&R	100%
ISO-Landscape Pte. Ltd. ► Niche landscaping & horticulture services	100%
ISO Integrated M&E Pte. Ltd. ► M&E services ► Air conditioning ► Plumbing works	100%
ISOTeam Homecare Pte. Ltd. ► Handyman services	100%
ISOTeam C&P Pte. Ltd. ► Specialist coating & painting	100%
Green-Pest Management Pte. Ltd. ► Pest control services	100%
ISOTeam Renewable Solutions Pte. Ltd. ► Installation of solar panel and mixed construction activities	100%
ISOTeam AET Pte Ltd ¹ ► A&A and commercial interior design	100%
Zara @ ISOTeam Pte. Ltd. ► Interior decoration & retrofitting works	51%

¹ Formerly known as Industrial Contracts Marketing (2001) Pte Ltd

Divestment of non-core subsidiaries SGBike Pte Ltd, ISOTeam Access Pte Ltd, and ISOTeam Green Solutions Pte Ltd completed on 12 December 2022



02 BUSINESS HIGHLIGHTS





1H FY2023 RECAP

Aug 2022

**Wins S\$49.8 million
in new projects**

Comprising 21 projects

- 6 R&R projects - approximately S\$17.8 million
- 4 A&A projects - approximately S\$23.4 million
- 6 C&P projects - approximately S\$7.4 million
- 5 Landscaping projects - approximately S\$1.2 million

Dec 2022

**Resharpens focus
on core business**

- Transferred entire interest in non-core business assets – SGBike, ISOTeam Access, and ISOTeam Green Solutions – to focus on core construction-related segments that generate over 95% of its FY2022 revenue
- Transaction is expected to result in a gain to ISOTeam based on the book value of the assets

SHOWCASE: KEY COMPLETED PROJECTS



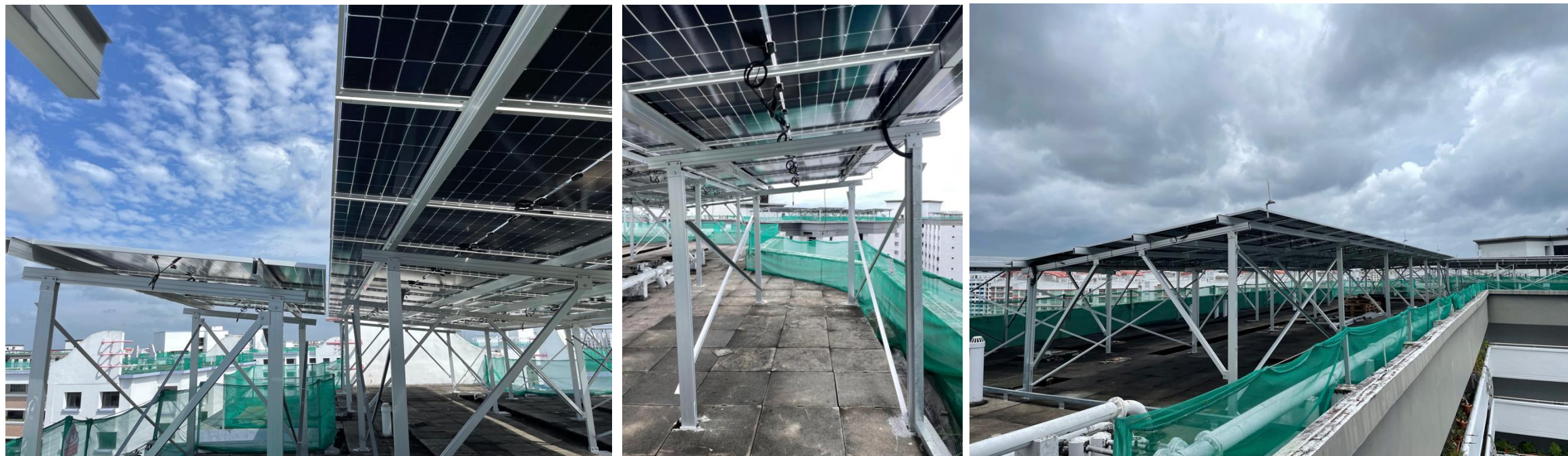
R&R

50 blks at Teban Gardens Road



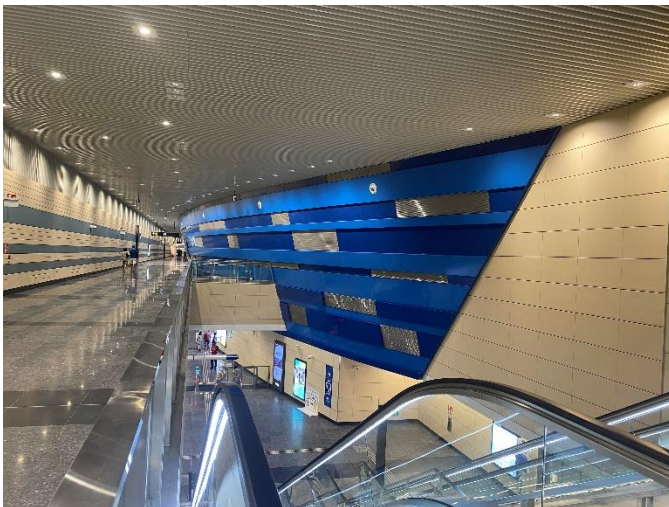
**A&A
(NRP)**

34 blks at Tampines Street 71/72



RS
Renewable Solutions

Installation of Solar PV Systems to Rooftops of Punggol and Sengkang HDB Estates



Great World City MRT Station



Residential project @ Telok Kurau Rd



Soka Centre @ Punggol



Woodlands HDB



Condo @ Newton Rd

C&P

SHOWCASE: KEY COMPLETED PROJECTS

SHOWCASE: KEY COMPLETED PROJECTS

NEA term contract



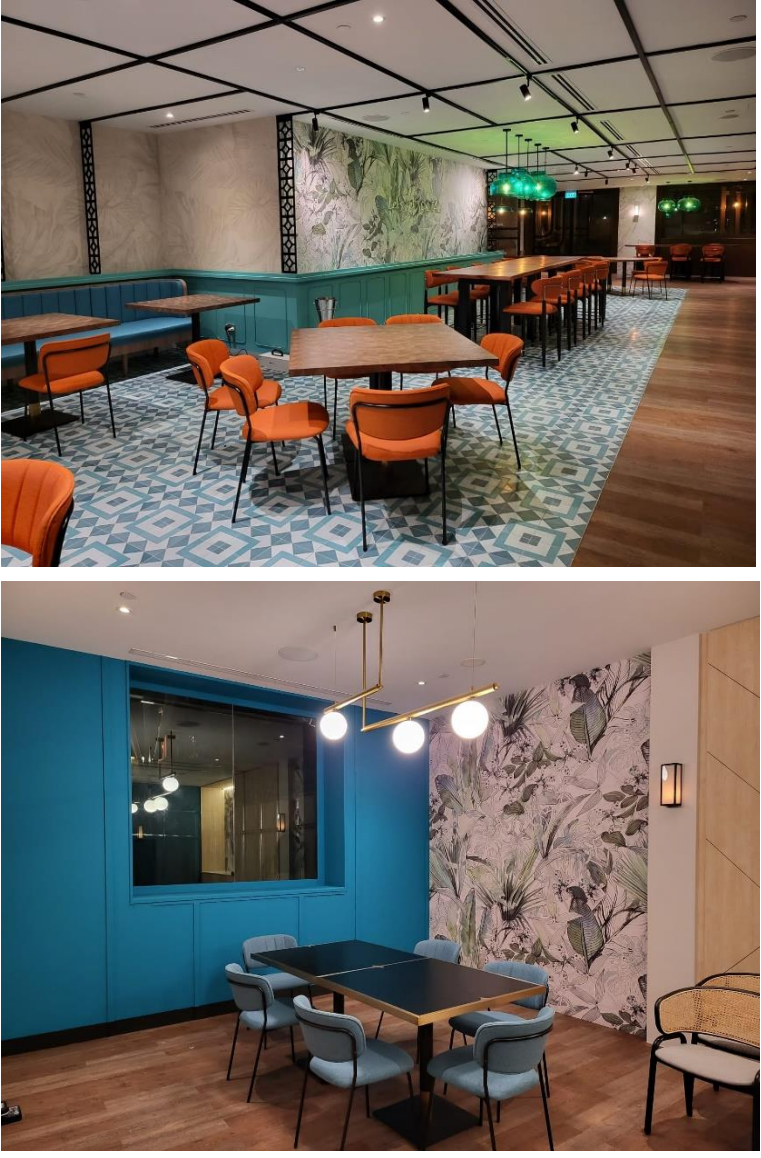
Nanyang Technological University Singapore

LS

Chifa @ RWS



Soi Social @RWS



ID



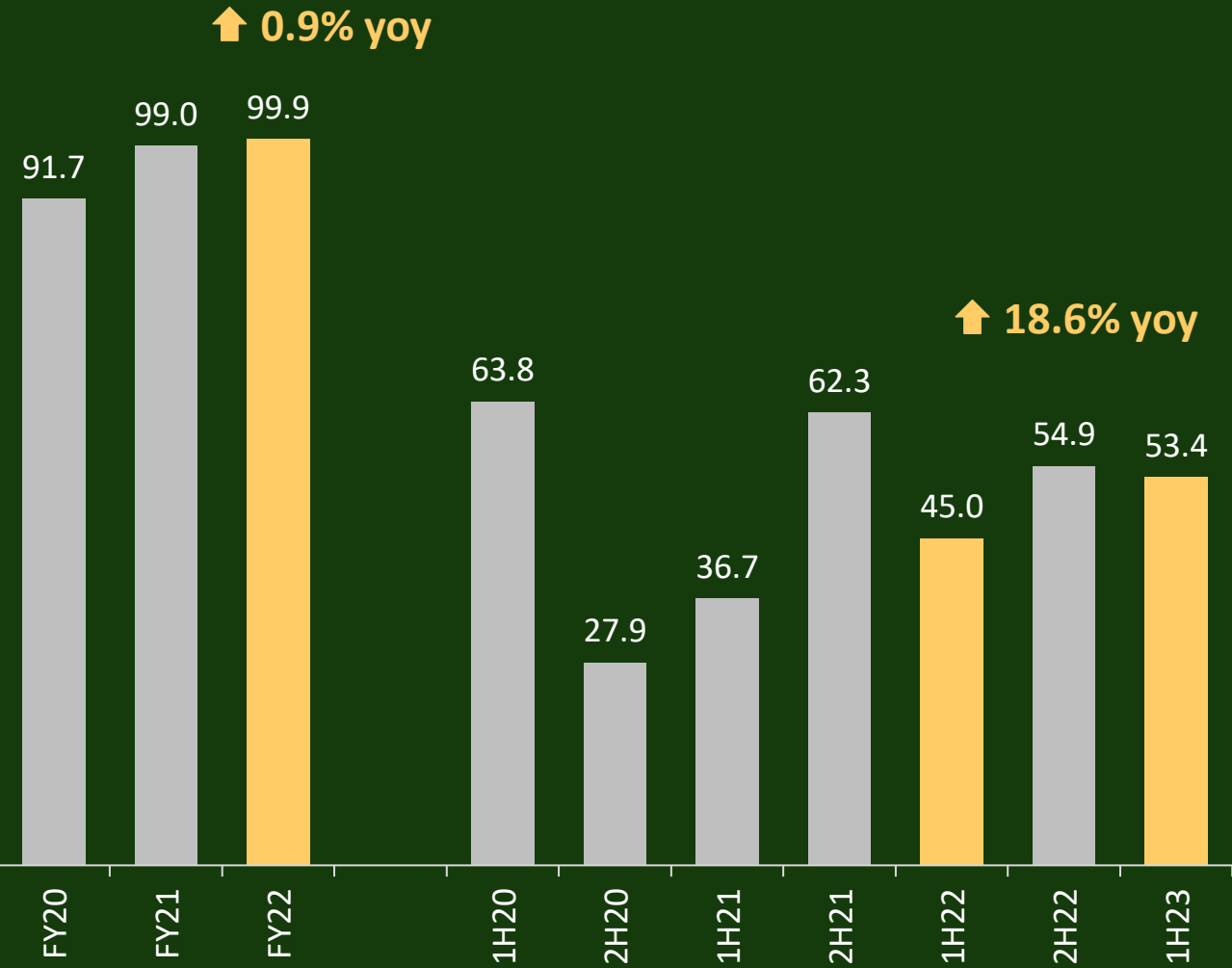
03 FINANCIAL HIGHLIGHTS

6 MONTHS ENDED 31
DECEMBER 2022



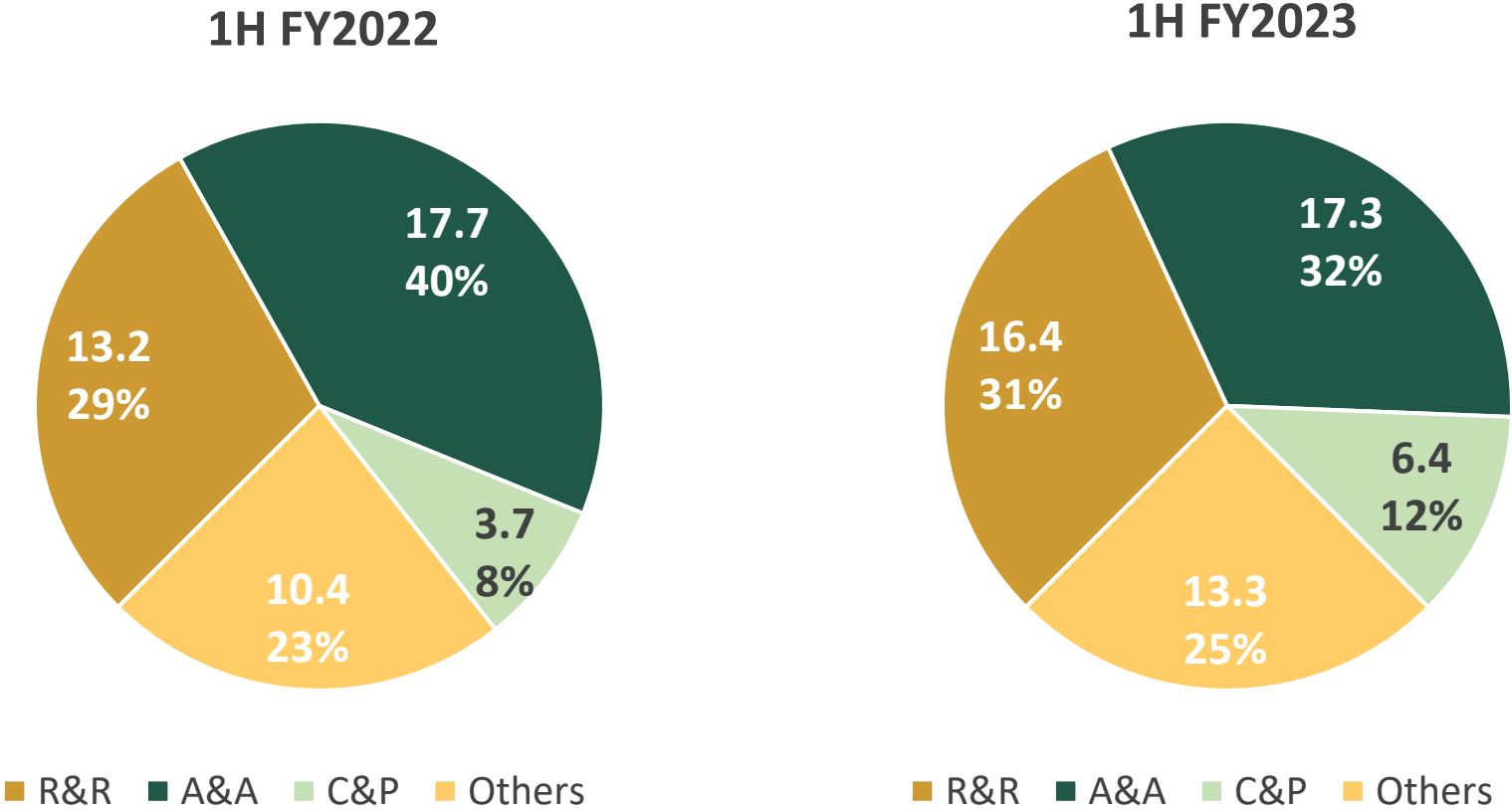
REVENUE

(S\$' million)



• FY2020 figures are restated

By Business Segments (S\$'m)



Segment	YoY
R&R	↑24.2%
A&A	↓1.8%
C&P	↑69.5%
Others	↑27.6%

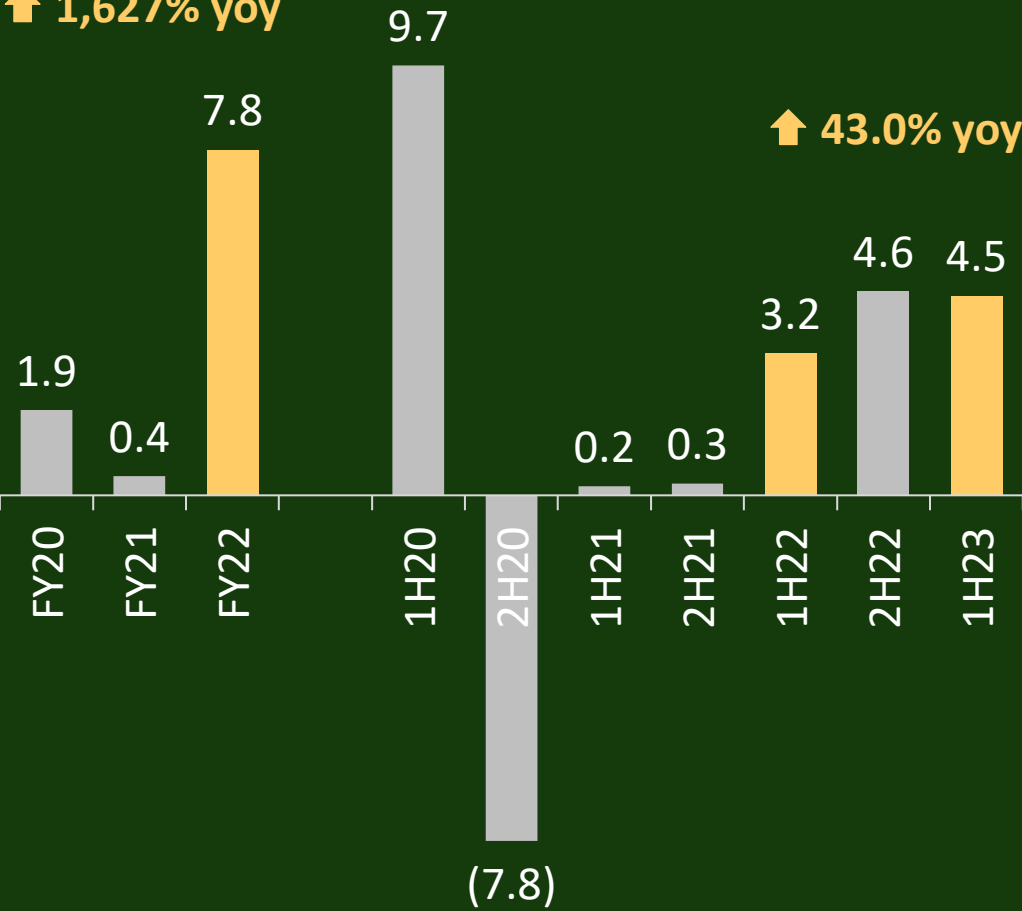
PROFIT

(S\$' million)

Gross Profit

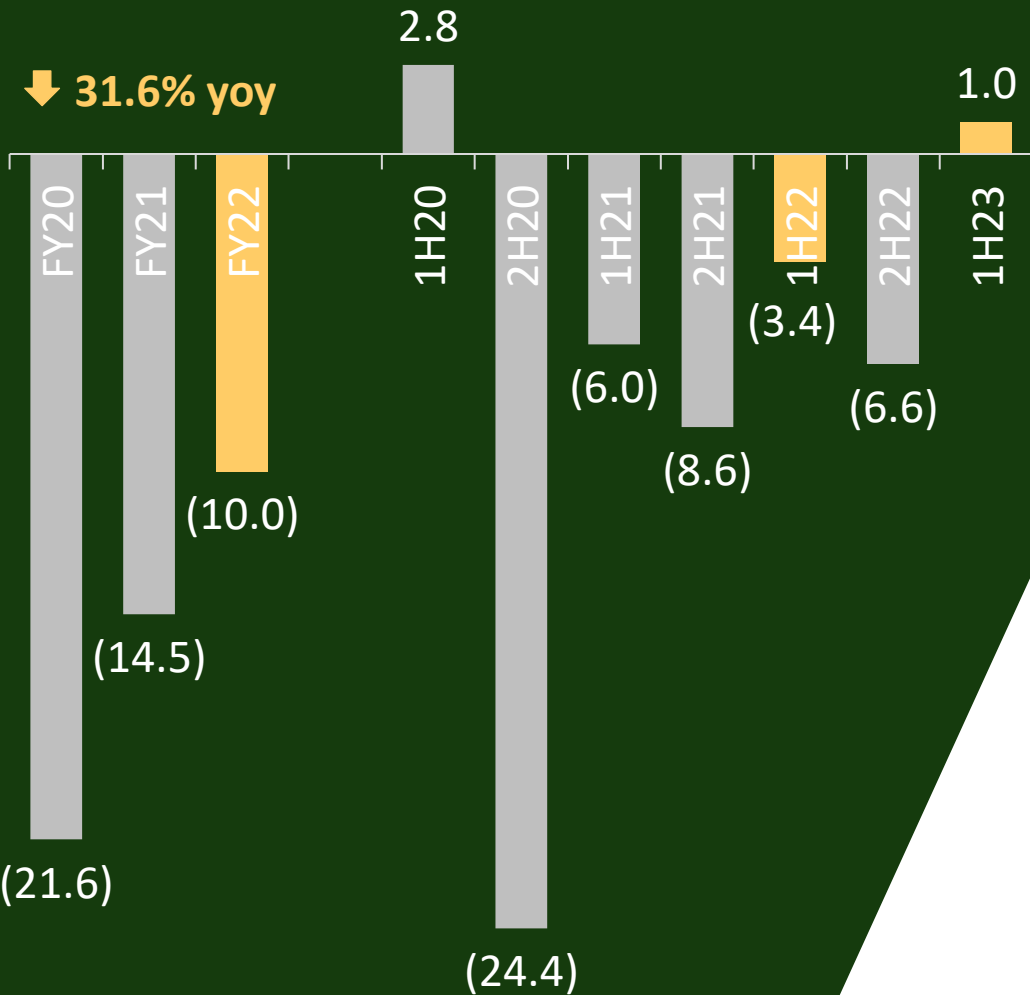
↑ 1,627% yoy

↑ 43.0% yoy



Net Attributable Profit/(Loss)

↓ 31.6% yoy



%	Gross Profit Margin	Net Attributable Profit Margin
FY20 (restated)	2.1	NM
FY21	0.5	NM
FY22	7.8	NM
1H FY23	8.5	1.8

- FY2020 figures are restated
- NM: Not meaningful

INCOME STATEMENT: EXPENSES

KEY EXPENSES (S\$'M)	FY2022	1H FY2022	1H FY2023	Chg (%)
Cost of sales	(92.1)	(41.9)	(48.9)	16.7
Marketing and distribution expenses	(1.0)	(0.5)	(0.4)	(14.5)
General and administrative expenses	(12.9)	(6.3)	(5.4)	(15.2)
Other operating expenses	(1.4)	(0.2)	(0.1)	(33.5)
Finance costs	(1.7)	(0.9)	(1.0)	22.1
Impairment loss on receivables and contract assets	(9.4)	(0.3)	(0.3)	9.3

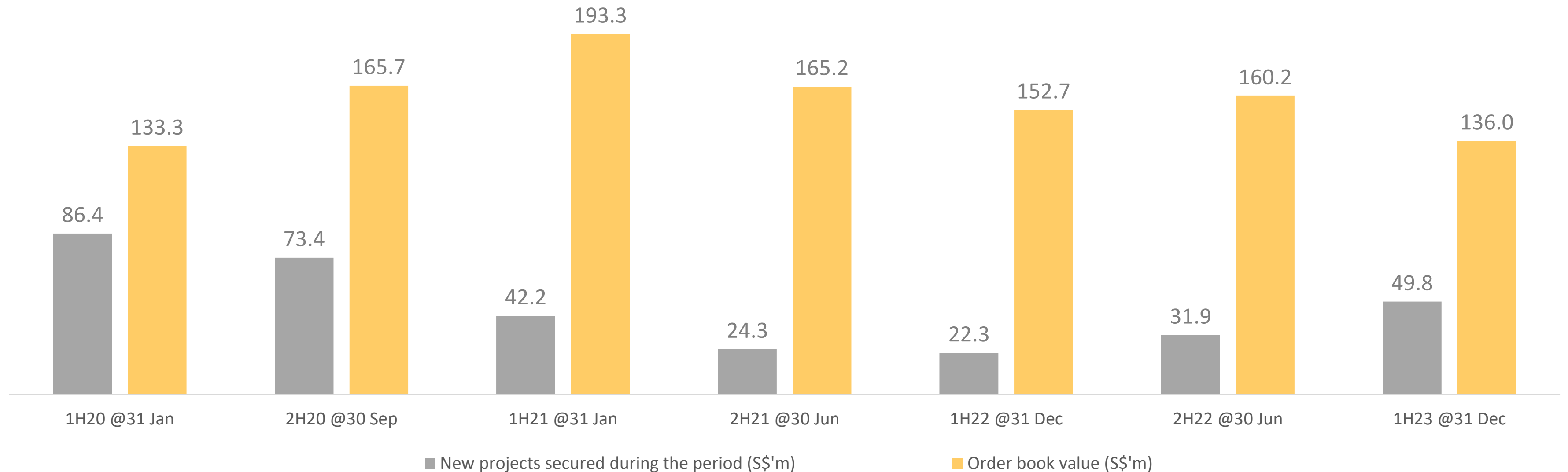
Any variances in percentage changes are due to rounding

- Marketing and distribution expenses decreased due to reduction in staff cost as a result of disposal of subsidiaries.
 - General and administrative expenses decreased by mainly from a decrease in professional fees.
 - Other operating expenses decreased mainly due to reduction in amortisation of intangible assets as a result of derecognition of subsidiary in FY2022.
-
- Other income increased by S\$5.5 million to \$6.7 million in 1H FY2023 mainly due to gain on disposal of subsidiaries.

KEY FINANCIAL HIGHLIGHTS

KEY HIGHLIGHTS	FY2022	1H FY2022	1H FY2023
<u>PROFITABILITY RATIOS</u>			
Earnings Per Share (cents)	(2.9)	(0.98)	0.28
Return On Assets (%)	(10.8)	(3.3)	1.1
Return On Equity (%)	(40.4)	(10.8)	3.9
<u>BALANCE SHEET</u>	S\$'m	S\$'m	S\$'m
Current assets	64.6	71.5	62.8
Cash and bank balances	18.6	15.8	7.6
Net current assets	15.4	20.2	17.2
Net assets	21.3	28.6	25.5
<u>CASH FLOWS</u>	S\$'m	S\$'m	S\$'m
Operating cash flows before working capital changes	0.4	(0.3)	1.3
Cash used in operations	(5.5)	(1.0)	(10.1)
Net cash used in operating activities	(5.4)	(0.9)	(10.1)
Net cash generated from / (used in) investing activities	16.1	4.4	(0.6)
Net cash used in financing activities	(12.8)	(2.8)	(2.0)

ORDER BOOK TREND



- Order book @ 13 Feb 2023: **S\$160.0 million** to be progressively delivered by FY2025
 - New contracts secured @ 9 Feb 2023: **S\$31.4 million**



04 OUTLOOK & PLANS



Construction Demand (Value of contracts awarded) (BCA, 12 Jan 2023)			
Year (S\$'b)	Public	Private	Total
2022 (p)	17.9	11.9	29.8
2023 (f)	16-19	11-13	27-32
2024-2027 (f)	14 - 18 / yr	11 - 14 / yr	25 - 32 / yr

- Total construction demand in 2023: S\$27-32 bil
- Public sector: S\$16-19 bil ie ~60% mainly from:
 - BTOs in public housing
 - water treatment plants, educational buildings and community clubs in industrial and institutional construction

12 Jan 2023, The Business Times

BCA projects Singapore construction demand in 2023 to hit S\$27-32b, with public sector leading the way

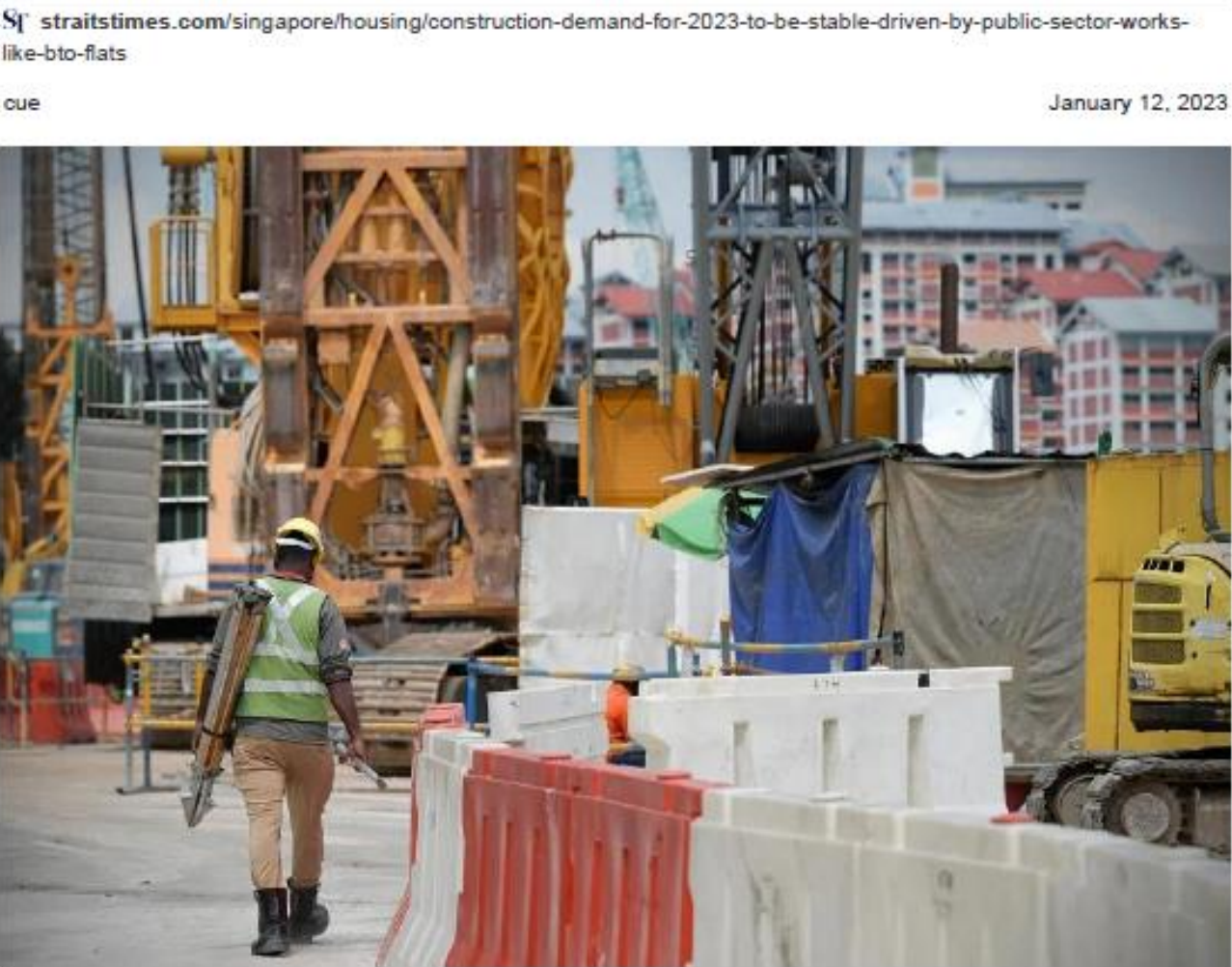


THE value of construction contracts to be awarded in 2023 is projected to range between S\$27 billion and S\$32 billion this year, Singapore's Building and Construction Authority (BCA) said on Thursday (Jan 12).

Analysts are also positive on the sector, even as it continues to face manpower constraints and disruptions from safety incidents.

12 Jan 2023, The Straits Times

Construction demand for 2023 set to be stable, driven by public-sector works like BTO flats



SINGAPORE - Demand for construction across Singapore in 2023 is expected to be stable and driven by the public sector, with Build-To-Order (BTO) flats, MRT lines and water treatment plants in the pipeline.

SINGAPORE’S CONSTRUCTION DEMAND TO REMAIN STRONG IN 2023

GOVERNMENT INITIATIVES FOR THE BUILT ENVIRONMENT

TOWN
COUNCILS



Every 5 years: Repaint external walls with mandatory façade checks for all blocks (R&R project cycle)

HDB



Every 12-15 years: Neighbourhood Renewal Programme

Expanded HIP & HIP II

NEA



Hawker Centre Upgrading Programme

NPARKS
& BCA



Development, maintenance & upgrading of parks

Every 7 years: Facade checks for structures that are over 13m in height and over 20 years old

10 Jan 2023, The Straits Times

Law passed to make it easier to carry out upgrading works in common areas of heartland shops

St | [straitstimes.com/business/bill-passed-to-make-it-easier-to-carry-out-upgrading-works-in-common-areas-of-heartland-shops](https://www.straitstimes.com/business/bill-passed-to-make-it-easier-to-carry-out-upgrading-works-in-common-areas-of-heartland-shops)

cue

January 10, 2023



SINGAPORE - Parliament on Tuesday passed a law that will make it easier for heartland shop owners to get upgrading works in their precinct, by lowering the voting threshold to proceed with such works from 100 per cent to 75 per cent.

28 Jan 2023, Mothership SG

PM Lee: Ang Mo Kio is 'one of the towns' HDB will be renewing

mothership.sg/2023/01/pm-lee-ang-mo-kio-hdb-renewal



Ang Mo Kio is one of the towns that the Housing and Development Board (HDB) will be renewing, Prime Minister Lee Hsien Loong announced on Jan. 28, at the Teck Ghee Chinese New Year Celebration Dinner.

SUSTAINABLE
DEMAND
FUNDAMENTALS

PARTNERSHIPS TO TAP OPPORTUNITIES IN THE BUILT ENVIRONMENT



AI & DRONE FACADE INSPECTION

5-year collaboration with H3 Dynamics
Since Oct 2021

- Exclusive partnership for HDB, town councils, commercial and condominium building façade inspection projects secured by ISOteam; and non-exclusively for other projects.
- Master agent to market H3 Dynamics' façade inspection products and services to other parties for HDB block inspections.
- Over 233 HDB blocks secured to date

AI DRONE PAINTING

Collaboration with Nippon Paint and Acclivis Technologies
(Subsidiary of Citic Telecom)
Since November 2021

- To develop and enable the use of autonomous painting drones for the painting of building façades or structures.
- To improve productivity and manpower deployment.



INTEGRATED CONDOMINIUM SERVICES

Collaboration with Condominium Ecosys
Since September 2022

- To provide full suite of upgrading and maintenance services for Management Corporation Strata Titles (MCSTs) on Condo Ecosys' smart platform.
- Other platform partners include Mitsubishi HC Capital Asia Pacific Pte Ltd and Hitachi Elevator Asia Pte Ltd

SG GREEN PLAN 2030

A whole-of-nation movement to advance Singapore's national agenda on sustainable development



CITY IN NATURE

LUSH 3.0 (Landscaping for Urban Spaces and High-rises)

- Landscape Replacement Areas:
 - Co-located solar panels & greenery
 - Rooftop urban farming
 - Green walls
 - Extensive green roofs
 - Communal rooftop gardens



ENERGY RESET

Green Energy (By 2030)

- Increase solar energy deployment to at least 2 GWp to meet ~3% of 2030 projected electricity demand → 527 MWp of installed PV capacity @2Q21
- Floating solar panel systems under a \$6 mil push toward clean energy solutions on Jurong Island
- Solar energy production by 2025 and make its water system entirely powered by renewable energy
- Floating solar PV testbed at Tengah Reservoir; PV systems at Bedok and Lower Seletar Reservoirs



RESILIENT FUTURE

Keeping Singapore Cool

- Achieve up to 2°C reduction in ambient temperature by 2030 → Cool coatings pilot in Tampines commenced in 2021; to complete in 2024

Source: www.NCCS.gov.sg (8 Mar 2022)

SUSTAINABLE DEMAND FUNDAMENTALS

OUTLOOK & STRATEGIC PLAN

Outlook

- Strong post-pandemic order book
- Improving GP margin
- Stabilising labour supply situation
- Strong construction demand ahead

Downside risks:

- Global inflation
- Supply chain instability
- Geopolitical tensions
- High financing costs
- Shortage of skilled labour
- Deployment challenges






PRUDENCE

- Continue to build good order book
- Protection of GPM – Focus on deliverables, procurement strategies and transferring of higher costs to tender price
- Prioritise cash conservation by delaying non-essential big ticket expenses
- Enhance WSH management system to improve safety at work sites
- Continuous digitalisation effort to trim process and cost
- Continuous collaboration between business units to serve customers better

SUSTAINABILITY

- Consolidation of business units – Focus on core business: Streamline business units and trim non-performing business
- Ride on SG Green Plan 2030
- Robotisation and AI drives - drone application
- Opportunity in build tech - IOT application

INVESTMENT MERITS

TRACK RECORD	NETWORK	CAPABILITIES	TEAM	FUTURE
<ul style="list-style-type: none">• An industry leader with a 20+ year track record• Defensive business: 70% of business from Singapore government bodies• Largest market share in Town Council segment projects	<ul style="list-style-type: none">• Established stakeholder relationships (TOC and Nippon Paint Singapore)• Exclusive applicator for Nippon Paint Singapore and SKK (S) Pte Ltd	<ul style="list-style-type: none">• Multi-disciplinary services• A green solutions provider• Turnkey capabilities	<ul style="list-style-type: none">• An experienced and professional management team• Industry leading operational team at the forefront of evolving market trends	<ul style="list-style-type: none">• Construction sector recovery• Strong order book• Synergy across business units• Minimum dividend payout of 20% of net profit• SG Green Plan 2030• Build capabilities in untapped markets (JTC, LTA, MOE etc)
				



THANK YOU

Q&As

