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## ISOTeam achieves S\$5.1 million in net attributable profit in 9M2017; order book stands at S\$94.7 million

- A&A and C&P segments continued to generate strong revenue growth.
- Gross profit margin improved 2.4 percentage points to 27.2% in 9M2017 due to contribution from higher margin A&A and C&P projects.

### Financial Highlights for the Nine Months Ended 31 March

| S\$'m                                 | 3Q2017 | 3Q2016 | Chg (%) | 9M2017 | 9M2016 | Chg (%) |
|---------------------------------------|--------|--------|---------|--------|--------|---------|
| Revenue                               | 16.5   | 19.9   | (17.3)  | 61.2   | 64.6   | (5.2)   |
| Gross profit                          | 4.0    | 5.1    | (21.0)  | 16.7   | 16.0   | 4.1     |
| Profit before tax                     | 1.1    | 1.6    | (36.1)  | 6.3    | 6.9    | (8.2)   |
| Net profit for the period             | 1.1    | 0.8    | 31.2    | 5.3    | 5.4    | (0.7)   |
| Profit attributable to equity holders | 1.0    | 0.8    | 18.9    | 5.1    | 5.1    | (0.9)   |
| Earnings per share* (Singapore cents) | 0.35   | 0.30   | 16.7    | 1.78   | 1.79   | (0.6)   |

\*Based on the weighted average number of ordinary shares in issue of 284,252,544 and 284,415,687 in 3Q2017 and 3Q2016 respectively and 284,004,916 and 285,386,473 in 9M2017 and 9M2016 respectively.

SINGAPORE, 11 May 2017 – ISOTeam Ltd. (“ISOTeam” or together with its subsidiaries, the “Group”), an established eco-conscious Repairs and Redecoration (“R&R”), Addition and Alteration (“A&A”) and complementary niche services specialist in Singapore, maintained its net attributable profit at S\$5.1 million for the nine months ended 31 March 2017 (“9M2017”) despite a 5.2% dip in revenue to S\$61.2 million.

On a quarterly basis, the Group recorded a 18.9% growth in net attributable profit to S\$1.0 million for the three months ended 31 March 2017 (“3Q2017”) despite a 17.3% decline in revenue to S\$16.5 million.

The Group’s topline in both 3Q2017 and 9M2017 was affected mainly by the decline in revenue generated by its core R&R business, which had faced intense price competition during the period



under review. However this was partially offset by the performance of its A&A and Coating & Painting (“C&P”) segments, which have continued to gain traction in revenue generation.

In 9M2017, ISOTeam continued to ramp up its operations in preparation for future growth, acquiring a new subsidiary – ISO-Integrated M&E Pte. Ltd. – and incorporating a subsidiary company in Malaysia. In line with its expanded operations, the Group’s overall expenses in 3Q2017 and 9M2017 rose partly because of business expansion through the new subsidiaries. The Group continues to enjoy lower cost of sales as a result of the expanded operations with broader skill sets.

**Executive Director and Chief Executive Officer, Mr Anthony Koh (许统发)**, said: *“The last nine months were quite challenging because of the economic uncertainty, which had led to fewer projects and projects of lower value being awarded. However I am pleased that although revenue had shrunk, we were still able to maintain our net attributable profit at S\$5.1 million for 9M2017. This is thanks to the higher margins contributed by our A&A and C&P segments, which had enabled us to achieve a 2.4 percentage-point growth in our gross profit margin to 27.2% during the period.”*

For the nine months ended 31 March 2017, Earnings Per Share was 1.78 Singapore cents based on the weighted average number of ordinary shares in issue of 284,004,916. Net Asset Value per share was 19.86 Singapore cents as at 31 March 2017 based on the total number of ordinary shares in issue excluding the treasury shares of 285,034,941.

ISOTeam’s cash and bank balances stood at S\$19.4 million as at 31 March 2017 as compared to S\$34.1 million as at 30 June 2016. The decline was mainly due to the Group’s M&A-related activities and the purchase of property for Head Office. Gearing remains manageable at 0.6 times.

### Revenue by Segments

|                     | 3Q2017      |            | 3Q2016      |            | Chg (%)       | 9M2017      |            | 9M2016      |            | Chg (%)      |
|---------------------|-------------|------------|-------------|------------|---------------|-------------|------------|-------------|------------|--------------|
|                     | S\$'m       | %          | S\$'m       | %          |               | S\$'m       | %          | S\$'m       | %          |              |
| R&R                 | 4.4         | 26.7       | 8.1         | 40.5       | (45.5)        | 15.0        | 24.5       | 32.2        | 49.9       | (53.4)       |
| A&A                 | 6.3         | 38.4       | 5.4         | 27.2       | 16.8          | 23.6        | 38.5       | 15.1        | 23.4       | 55.9         |
| C&P                 | 3.1         | 19.1       | 1.4         | 6.8        | 131.7         | 11.3        | 18.5       | 6.1         | 9.4        | 87.3         |
| Others <sup>+</sup> | 2.6         | 15.8       | 5.1         | 25.5       | (48.9)        | 11.3        | 18.5       | 11.2        | 17.3       | 1.0          |
| <b>Total</b>        | <b>16.4</b> | <b>100</b> | <b>20.0</b> | <b>100</b> | <b>(17.3)</b> | <b>61.2</b> | <b>100</b> | <b>64.7</b> | <b>100</b> | <b>(5.2)</b> |

<sup>+</sup>Others includes revenue from commercial interior designs ("ID"), home retrofitting business, landscaping works, leasing services, waterproofing and green solutions business.

For 9M2017, revenue from the Group's **R&R** segment fell 53.4% year-on-year ("**yoy**") to S\$15.0 million mainly because of price competition in the industry. During the period under review, the Group completed and delivered twelve R&R projects. The revenue was largely derived from the Pasir Ris-Punggol Town Council, National Environment Agency, Housing Development Board ("**HDB**"), National University of Singapore and Jurong Central Citizen's Consultative Committee.

The decline in the Group's R&R segment was offset by substantial improvement in the performance of its A&A and C&P segments.

The **A&A** segment grew strongly with revenue rising 55.9% yoy to S\$23.6 million in 9M2017 derived largely from the projects awarded by the Public Service Division, Pasir Ris-Punggol Town Council, Nee Soon Town Council and Marine Parade Town Council and private sector projects.

Revenue contribution from the **C&P** segment surged 87.3% yoy to S\$11.3 million in 9M2017. This was derived largely from projects awarded by Soil-Build Pte Ltd, Sato Kogyo (S) Pte Ltd, Singapore Piling & Civil Engineering Pte Ltd, Samsung C&T Corporation and Hexacon Construction Pte Ltd.

Revenue from the Group's **Others** business segment registered a modest 1.0% yoy increase to S\$11.2 million in 9M2017. This was derived largely from M&E works from Primetop Engineering Pte Ltd, ID works from Resorts World Sentosa Pte Ltd and residential projects, waterproofing works from Ang Mo Kio Town Council, landscaping works from Mao Sheng Quanji Construction Pte Ltd and rental income for leasing services.



## Outlook

The Group's order book as at 30 April 2017 stood at S\$94.7 million which will be progressively delivered over the next two years.

With rising price competition and labour cost, the Group expects market conditions in the next 12 months to remain challenging. Notwithstanding this, the Group believes its established track record and multi-disciplinary capabilities in the built environment put ISOTeAM in a strong competitive position.

To-date, ISOTeAM has acquired six subsidiaries and incorporated two overseas subsidiaries in Myanmar and Malaysia, and is working to fully unlock and maximise synergies from these units.

**Mr Koh** said: *"Since our IPO in 2013, ISOTeAM's capabilities have expanded tremendously through acquisitions and other business partnerships. Although our core strengths remain in A&A and R&R, we are at the same time establishing other skills in maintenance solutions so that we can broaden our revenue streams and build greater resilience and sustainability for the Group. We will continue to keep abreast of marketplace trends and needs as well as the latest technologies and methodologies so that we can always deliver the services that are relevant to the needs of both private and public sector customers."*

On 2 May 2017, ISOTeAM announced it had entered into a share subscription agreement for the proposed subscription Series C preference shares in Sunseap Group Pte. Ltd. ("**Sunseap**") for an aggregate principal amount of S\$5 million representing 2.78% of the total share capital of Sunseap on an as converted basis. Sunseap had agreed to award and engage the Group on certain government projects potentially up to a further 425 blocks of HDB flats if Sunseap were to secure the additional HDB projects. The partnership is expected to reap more opportunities for ISOTeAM in the renewable energy installation segment and enable the Group to participate more actively in the Singapore government's SolarNova Programme which calls for 350 MWp of solar power in Singapore by 2020.



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In the Group's most recent announcement, ITG-Green Technologies, a wholly owned subsidiary of ISOTeam, recently launched a product it jointly developed with E-Organic Solutions Pte Ltd. called Cockroaches, Mosquitoes and Odour (CMO) Remover. It is a water-based treatment that uses enzymes from edible plants to destroy pathogenic organisms that resides in cockroaches, thereby killing such pests. Tampines Town Council will be the first Town Council to use this product. The Group expects other Town Councils to use this product in the next 12 months.

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**About ISOTeam Ltd.**

*Founded in 1998 and listed on Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) (Ticker: 5WF) on 12 July 2013, ISOTeam Ltd. is an established player in Singapore's building maintenance and estate upgrading industry with over 18 years of Repairs & Redecoration (R&R) and Addition & Alteration (A&A) experience. We have successfully undertaken more than 300 public and private sector R&R and A&A projects for more than 3,000 buildings and counting since inception. ISOTeam also offers specialist Coating & Painting (C&P) services as well as complementary niche services (Others) through its specialist waterproofing, commercial interior design and home retrofitting, landscaping, access leasing and green solutions subsidiaries. An eco-conscious company, we integrate green methodologies in our R&R, A&A and Others projects, and actively work with strategic partners and technology companies to develop and commercialise green solutions / products. ISOTeam's major customers include town councils, government bodies, and private sector building owners. For more information, please visit [www.isoteam.com.sg](http://www.isoteam.com.sg).*

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**Issued by and on behalf of ISOTeam Ltd. by August Consulting**

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*ISOTeam Ltd. (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 12 July 2013. The initial public offering of the Company was sponsored by Hong Leong Finance Limited (the "Sponsor"). This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this press release. This press*



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*release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made, or reports contained in this press release. The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.*