

NEWS RELEASE

ADVANCER GLOBAL ACHIEVED RECORD REVENUE OF \$65 MILLION FOR FY2017

- *Revenue grew 28.2% to S\$65.3 million in FY2017 through higher aggregate service fees from all business segments*
- *Gross profit surged 39.1% to S\$18.9 million in FY2017 on the back of higher gross margins across all business segments*
 - *gross margin increased from 26.6% in FY2016 to 28.9% in FY2017*
- *Recommending final dividend of 0.34 Singapore cent per share, translating to total dividends of 0.83 Singapore cents per share for FY2017, 6.4% higher than total dividends for FY2016*
- *Achieved high retention rate from existing customers with continuing new contract wins under Facilities Management Services division*
 - *approximately S\$3.6 million of monthly service contracts secured, with varying contract periods, as at 31 December 2017. The Group's customer retention rates for its Building Management Business and its Security Services Business were 87.2% and 93.9% respectively.*
- *Group will continue to innovate its labour-intensive facilities management services to optimise businesses of its subsidiaries, driving growth through effective and cost-efficient smart integrated facilities management services to its broad base of customers*

FYE 31 Dec (S\$'000)	FY2017	FY2016	YoY Change
Revenue	65,260	50,909	+ 28.2%
Gross profit	18,857	13,555	+ 39.1%
Gross margin	28.9%	26.6%	+ 2.3 pp
Net profit attributable to owners of the Company	3,056	2,675	+ 14.2%

Notes:

(1) FY denotes 12 months ended 31 December.

(2) pp denotes percentage point.

Singapore, 1 March 2018 – Advancer Global Limited (前进集团有限公司) (the “Company”) together with its subsidiaries (“Advancer Global” or the “Group”), announced that it achieved a net profit attributable to owners of the Company of S\$3.1 million for the financial year ended 31

December 2017 (“FY2017”), an increase of 14.2% from S\$2.7 million in FY2016. The set of results was driven by a record revenue of S\$65.3 million in FY2017, an increase of 28.2% as compared to S\$50.9 million in FY2016.

Commenting on the financial performance of FY2017, CEO & Executive Director of Advancer Global, Mr. Gary Chin, said, *“We achieved a satisfactory set of results for FY2017. Our results in this financial year comprised the full-year contribution from our subsidiaries acquired in the second half of 2016. While our subsidiaries continue to grow organically, we have also looked at innovating and aggregating our services as a group. This will allow us to compete more effectively in the highly fragmented labour-intensive facilities management service sector in which we operate.*

Being a pioneer at integrating different business offerings providing services and solutions within the Facilities Management Services sector under a single corporate entity, we are heartened to achieve significant increase in our revenue and gross profit under this business division.

We believe in giving our customers the best value for effective solutions and services that meets their essential needs in this challenging landscape of labour shortage and higher wages. The Group will continue to fine tune our integrated services under the different subsidiaries to provide a holistic range of solutions and services for our customers, particularly in the real estate and building management sector.

As we stride in tandem with the government’s effort towards building Singapore into a Smart Nation, we are confident that Advancer Global Group is well-placed to provide a smart living lifestyle for everyone.”

All business segments registered revenue and gross profit growth in FY2017, in particular Facilities Management Services division which comprise Building Management Services and Security Services segments. These two business segments were expanded through the acquisitions of Newman & Goh Property Consultants Pte Ltd, Newman & Associates Pte Ltd, Premier Eco-Care Pte. Ltd., Prestige Enviro-Care Pte. Ltd., and Ashtree International Pte. Ltd. in the second half of 2016, as well as the acquisition of Envirocare Landscape (S) Pte, Ltd. in July 2017 (the “**New Subsidiaries**”).

The Building Management Services segment saw a significant surge in revenue as well as gross profit as it embarked on customisable integrated facilities management solutions and services to existing and new customers. This segment currently contributes 56.9% of the Group’s total revenue. The

stronghold of the Group, its Employment Services division, has also continued to grow steadily with higher placements of foreign domestic workers to households in Singapore.

Business segment review

FYE 31 Dec (S\$'000)	Revenue		YoY	Gross Profit		YoY	Gross Margin	
	FY2017	FY2016	Change	FY2017	FY2016	Change	FY2017	FY2016
Employment Services	13,151	12,627	4.1%	6,139	5,523	11.2%	46.7%	43.7%
Building Management	37,135	24,753	50.0%	9,597	6,042	58.8%	25.8%	24.4%
Security Services	14,974	13,529	10.7%	3,121	1,990	56.8%	20.8%	14.7%
Total	65,260	50,909	28.2%	18,857	13,555	39.1%	28.9%	26.6%

Source: Company's results announcement

Gross profit rose by 39.1% to S\$18.9 million in FY2017 from S\$13.6 million in FY2016. Gross profit margin improved from 26.6% in FY2016 to 28.9% in FY2017 in tandem with higher gross margins throughout all its business segments.

Revisions made to the government credit schemes such as Wage Credit Scheme and Temporary Employment Credit, as well as the absence of insurance premiums rebates and writeback of doubtful receivables in the financial year under review, resulted in a decline in other operating income from S\$2.7 million in FY2016 to S\$1.3 million in FY2017.

Administrative expenses increased by 29.5% from S\$12.9 million in FY2016 to S\$16.7 million in FY2017, due mainly to the consolidation of expenses from its acquired subsidiaries as well as higher staff costs, advertising expenses, operating lease expenses, depreciation expenses and amortisation of intangible assets. This was partially offset by the absence of the one-off IPO expenses in FY2016.

The effective tax rate was lower at 7.8% in FY2017, as compared to 15.3% in FY2016, due to the one-off non-tax-deductible IPO expenses and over provision of tax expenses in FY2016. Consequently, net profit attributable to owners of the Company increased by 14.2% to S\$3.1 million in FY2017, up from S\$2.7 million in FY2016. Earnings per share based on weighted average number of 180,980,808 shares, increased from 1.54 Singapore cents in FY2016 to 1.69 Singapore cents in FY2017.

Net asset value of the Group increased from S\$15.7 million as at 31 December 2016 to S\$21.6 million as at 31 December 2017. The increase was due mainly to the issuance of 12.5 million new shares to MES Group Holdings Pte. Ltd. in May 2017.. Based on the issued and paid-up share capital of 185,672,589 shares, net asset value per share increased from 9.08 Singapore cents as at 31 December 2016 to 11.64 Singapore cents as at 31 December 2017.

The Board is recommending a final dividend of S\$0.0034 per share for the second half of FY2017, subject to the approval of Shareholders at the forthcoming annual general meeting. Taking into consideration of the interim dividend of S\$0.0049 per share declared and paid in September 2017, this constitutes approximately 50% of its net profit attributable to owners of the Company as dividends for financial year ended 31 December 2017.

The Group announced on 9 February 2017 the adoption of a scrip dividend scheme (“**Advancer Scrip Dividend Scheme**”) to provide shareholders with greater flexibility by offering the option of receiving dividends in new shares or cash.

During the financial year under review, the Group forged a strategic collaboration with TEE International Limited (“**TEE**”), a Mainboard listed company on the Singapore Exchange, to explore potential opportunities together including:

- (1) exploring opportunities for joint tenders in contracts which require mechanical and electrical engineering works and facility management services;
- (2) creating synergies by tapping on and leveraging off each other’s expertise, experience, track record, and manpower and technical resources and competencies; and
- (3) jointly investing in facilities management projects in the Asia Pacific region with each partner providing value-added services to the projects.

In late 2017, the Group together with TEE and an investor formed a joint venture where they will own 20.1%, 50.1% and 29.8% stakes respectively, to acquire 100% of Chiang Kong Environmental Pte. Ltd. (which in turn owns Chiang Kiong Resources (Paper) Pte. Ltd.) and Envotek Engineering Pte. Ltd. (collectively known as “**Chiang Kiong Group**”) for an aggregate consideration of S\$18.5 million.

Chiang Kiong Group is one of Singapore’s leading industrial and commercial environmental service providers for waste management, recycling and environmental solutions facilities. Having amassed over 20 years of experience in both the private and public sectors, they now offer a wide range of customisable services, from cleaning, collection, transportation, disposal management to recycling capabilities.

Business Prospects

While the Singapore economy is expected to grow, there are potential concerns including higher taxation and expected wage growth in 2018. Hence, the Group is cautiously optimistic of its operating environment.

“In response to the government’s effort in building Singapore into a Smart Nation, we will continue to innovate our labour-intensive facilities management services through technology, and further enhance our existing man-machine method to overcome the challenges of labour shortages and rising wages.

With new regulations, such as wage increases and capped overtime hours for security officers, particularly in the security services sector, we expect costs for labour-intensive services to rise rapidly in the coming years. This will inevitably increase the living costs of everyone.

Hence, the Group will continue to infuse technology and optimise our range of facilities management services with the mission to provide effective and cost efficient integrated facilities management solutions and services to our customers,” added Mr. Gary Chin.

As at 31 December 2017, the Group has secured service contracts amounting to S\$3.6 million per month with an average one-year contract period from its facilities management projects.

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This press release is to be read in conjunction with the Company’s unaudited full year financial results announcement posted on the SGX website on 1 March 2018.

About ADVANCER GLOBAL LIMITED

(Stock Codes – SGX: 43Q | Bloomberg: ADGL SP | Reuters: ADVN.SI)

Advancer Global Limited (前进集团有限公司) and together with its subsidiaries (“**Advancer Global**” or the “**Group**”), is an established and integrated workforce solutions and services provider in Singapore. The Group operates through two main business divisions: (i) Employment Services, and (ii) Facilities Management Services, to provide a holistic suite of solutions and services to its diverse base of customers.

The Employment Services division offers integrated and comprehensive employment solutions and services including sourcing, recruitment, training and deployment of foreign domestic workers to households and foreign workers to corporations. The Group offers employment solutions and services through its well-recognised brands, “Nation” and “Enreach”.

The Facilities Management Services division encompasses two sub-divisions: (i) Building Management Services, and (ii) Security Services, which the Group, through its well-established subsidiaries, provides property management, security services, pest control, and cleaning and stewarding services to a diverse base of customers including residential and commercial properties, hospitals and hotels.

The Group continues to enhance efficiency and brings effectiveness to its business platforms by infusing technology to enable greater convenience and satisfaction for its customers.

For more information, please visit the company’s website at www.advancer.sg

*Issued for and on behalf of **ADVANCER GLOBAL LIMITED** by:*



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*This press release has been prepared by Advancer Global Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this press release.*

This press 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.

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