

FY2020 Results Presentation

12 months ended 30 June

30 October 2020



Content

- 01 Business Overview
- 02 Business Highlights
- 03 COVID-19 Updates
- 04 Financial Highlights
- 05 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 Us

Established in 1998, we are a leading R&R, A&A and complementary niche specialist services provider for the built environment

Founded in Singapore, with a reputation for eco-conscious solutions



>500
projects



>5,000
buildings

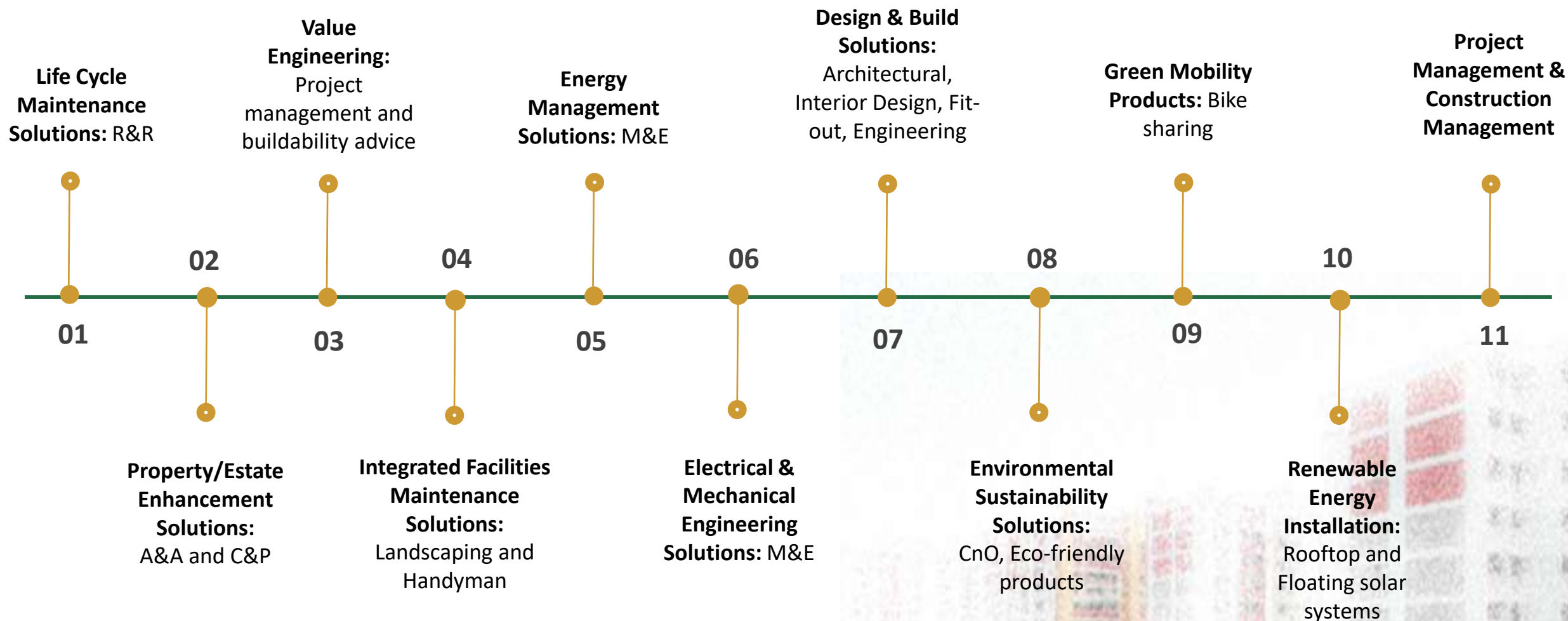


Competitive Strengths

- 20+ 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

We provide sustainable solutions for a better built environment



Corporate Structure (as of 30 June 2020)

Raymond Construction Pte Ltd ► Addition & Alteration	100%	Subsidiaries at the time of listing in 2013 involved mainly in R&R- and A&A- related works
ISO-Team Corporation Pte Ltd ► Addition & Alteration; Repair & Redecoration	100%	
TMS Alliances Pte. Ltd. ► Repair & Redecoration	100%	
ISOteam Green Solutions Pte. Ltd. ► Eco-friendly solutions/ products	100%	
Zara @ ISOTeam Pte. Ltd. ► Interior fitting-out works	51%	Growth and expansion through the years
ISOteam Access Pte. Ltd. ► Rental/ sale of height access equipment	100%	
ISOteam C&P Pte. Ltd. ► Specialist coating & painting	100%	
ISO-Landscape Pte. Ltd. ► Niche landscaping; Horticulture services; Gardening/landscape maintenance (condominiums)	100%	
ISOteam Projects Pte. Ltd. ► Specialist addition & alteration; architectural and commercial interior design	100%	
ISO Integrated M&E Pte. Ltd. ► Electrical works; Renewables installation and energy management contracts	100%	
ISOteam Homecare Pte. Ltd. ► Provision of handyman services	100%	
ISOteam (TMS) Myanmar Limited* (A subsidiary of TMS Alliances Pte. Ltd.) ► Repairs & Redecoration in Myanmar	90%	
SG Bike Pte. Ltd. ► Singapore's first locally established bike sharing company	51%	
ISO-Homecare Pte. Ltd. ► ISOHomeCare handyman portal	51%	
Pure Group (6 companies)¹ ► Project and construction management in the region	100%	

1. Pure Group (Singapore) Pte. Ltd. in Singapore (100%-owned), Pure Projects (Philippines) Inc in the Philippines (99.9%-owned), Pure Projects Construction Advisory Shanghai Co Ltd in China (100%-owned), Pure Projects Management Sdn. Bhd. in Malaysia (100%-owned), Pure Projects SEA Pte. Ltd. (100%-owned), and Pure Projects SEA Ltd in Thailand (49%-owned).

02

Business Highlights



A Recap of FY2020

Bolstering regional presence

- Proposed acquisition of Pure Group
- Proposed acquisition of Mobike assets
- New contracts: \$20.3M
- New contracts: \$31.0M

1Q20

(Jul-Sep 2019)

Enhancing market competitiveness

- New contracts: \$35.4M
- Commencement of fundraising activities
- Proposed issuance of TOC warrants and shares

2Q20

(Oct-Dec 2019)

Keeping the momentum

- Wins new contracts: \$20M
- Completes acquisition of Mobike assets and Pure Group
- Completes placement of 50M new shares
- Appoints new CFO and Non-Executive Director

3Q20

(Jan-Mar 2020)

Onset of Covid-19

- New contracts: \$32.5M
- Completes issuance of TOC warrants and shares
- Completes acquisition of TOC's shares in IME (34.1%) (via 12.5M consideration shares)

4Q20

(Apr-Jun 2020)

Operating in a 'new normal'




- Disposal of 57 Kaki Bukit Place for \$4.5M
- New contracts: \$20.9M
- Strengthened balance sheet with asset disposal and fund raising

1Q21









(Jul-Aug 2020)

Showcase: Completed Projects

R&R	Bendemeer Road Market & Hawker Centre	8 blks at Circuit Road	18 blks at Kim Tian & Jln Bukit Merah	14 blks at Lor 8 Toa Payoh	29 blks at Rivervale Cres./Dr.	Various residential homes
						

A&A	NRP works at Woodlands St 41	NRP at Circuit Road	NRP at Bishan St 22	One Fullerton
				

Showcase: Completed Projects






C&P	JTC Cleantech	Dulwich College	Hub Synergy	Tuas Dormitory
				
	Bedok Market	Fernvale Childcare Centre	Offshore Grid-Tied Solar Photovoltaic System	Temasek Polytechnic
				
	M&E			

Showcase: Completed Projects

ID	Work & store building	Various residential homes	Commune Showroom in Johor Bahru	YWCA	Wealth mgt. firm
					

LANDSCAPING	Floating Wetland at Pulau Ubin Pekan Quarry Lake	Bedok BTO Project: Roof Top Garden	Various Town Council Maintenance Projects
	 		 

Showcase: Pure Group

ON-GOING	Thailand	Malaysia	China	The Philippines	Singapore
	<ul style="list-style-type: none"> Fraser's at the Park TC 	<ul style="list-style-type: none"> IPC Shopping Mall, Kuala Langat Toppen Shopping Centre, JB IPC Shopping Mall, KL Zurich Insurance Design and Build 	<ul style="list-style-type: none"> Taubman City (Static TC), Zhengzhou Taubman City (Static TC), Xi'an 	<ul style="list-style-type: none"> IKEA Mall of Asia, Manila IKEA Pasay City, Manila 	<ul style="list-style-type: none"> BWID Germany Swarovski, Pavillion, KL
					

Summary: Ongoing Projects

	FY2019		FY2020	
	Number	Value (S\$'m)	Number	Value (S\$'m)
R&R	25	61.9	30	71.5
A&A	17	101.2	26	150.1
C&P	65	32.8	113	33.6
Others	47	39.5	38	56.4
Total <u>contract value</u> of ongoing projects	-	235.4	-	311.6



Control Measures

- Singapore
 - Closure of non-essential workplace premises in Singapore (Circuit Breaker): 7 April – 1 June 2020
 - Stay-home-notice for work permit and S Pass holders in the construction sector: 20 April – 18 May 2020
- Malaysia - Movement Control Order in Malaysia: 18 March – 9 June 2020
- China - Staff, workers and subcontractors unable to return to Singapore after the Chinese New Year when the outbreak began in China: February – June 2020

Operational Impact

- Closure of workplace during the Circuit Breaker period but able to continue providing certain essential services to customers
- Even after the Circuit Breaker was lifted, closures of workplace and project sites were prolonged to end July
- Slow-down in project tenders, the award and execution of projects
- Disruption of raw materials supply chain
- Disruption to the supply and work of sub-contractors and outsourced partners

Financial Impact

- Significant decline in 2H revenue and earnings partially offset by government financial aid
- Longer collection period during the closure periods with some default of accounts receivables
- Cash flow from operating activities still positive

Measures to Mitigate Impact of COVID-19: On Operations



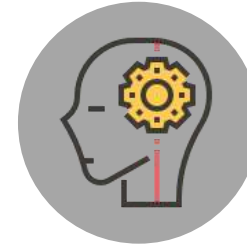
Re-scheduling, execution and extension for affected projects and other operational constraints

- Re-scheduling of the delivery dates of certain materials and equipment eg playground and fitness equipment, electrical fixtures
- Temporary suspension of service agreements with certain vendors eg rental of excavators and portable toilets, and security services



Ongoing safe distancing measures at the workplace and work sites

- Rostered Routine Testing (swab test)
- Dormitory clearance before workers are permitted to work
- Dedicated Safe Management Officer and Safe Distancing Officer
- SafeEntry (employees and visitors)
 - TraceTogether (employees)
 - Use of masks or face shields
- Temperature taking twice a day
- Staff briefings on personal hygiene
- SOP for unwell workers / suspected cases



Expedited digital transformation & adoption

- Developing an App or Device for virtual site inspection & management
- Also to track workers' movements for more effective deployment and increase productivity/efficiency post Covid-19
- On-site videos in the App to be made into case studies for staff training
- Other digitisation moves: e-Inventory | e-Purchase | e-Marketing | e-SafeEntry | e-Invoice | e-Payment | e-Inspection | e-Report



Review of policies and processes

- Business units
 - SOPs
 - Internal controls
- Cash and risk management
- Staff leadership development
- Skill upgrade and training
- Operational Audit Committee

Measures to Mitigate Impact of COVID-19: On Financials



Government support measures

Job Support Scheme Wage Support	Foreign Worker Levy (FWL) Waiver	FWL Rebates (Per S-Pass & Work Permit Holder)
75% (Jun - Aug 2020)	100% (Jun - Sep 2020)	\$750 (Jun 2020)
50% (Sep - Oct 2020)	75% (Oct 2020)	\$375 monthly (Jul - Sep 2020)
30% (Nov 2020 - Mar 2021)	50% (Nov 2020)	\$90 monthly (Oct 2020 - Dec 2021)
-	25% (Dec 2020)	-

\$1.36 Billion Construction Support Package

- Co-fund 50% of Safe Management Officers' (SMOs) salaries (Sep 2020 – Feb 2021)
- Construction Restart Booster to help firms defray costs of complying with COVID-Safe requirements
 - Project-based: Support up to 1.5% of project value for projects over \$100,000 (capped at max. support of \$150,000)
 - Firm-based: Provide \$400 per construction worker (one-off)
- Co-share 50% of prolongation costs for public sector projects, capped at 1.8% of contract sum
- Leases for commercial equipment to be covered by temporary relief law (Jun – Oct 2020)



Cost tightening controls

- Negotiations with relevant financial institutions on extending repayments
- Exploring other financing options and Government-assistance
- Prudent balance sheet management
- Defer all non-critical expenditures



Submission of advance project claims to several clients as per the BCA's guidelines

Snapshot of Government Support Measures for the Built Environment

SUPPORT MEASURES FOR BUILT ENVIRONMENT FIRMS AFFECTED BY COVID-19

#SGUnited

REDUCED LEVIES

% of Foreign Worker Levy waived, that were due in:

Apr to Sep: 100%
Nov: 50%
Oct: 75%
Dec: 25%



Monthly Foreign Worker Levy Rebates for each Work Permit or S Pass holder:

\$750 (Apr to Jun 2020)
\$375 (Jul to Sep 2020)
\$90 (Oct 2020 to Dec 2021)



3 months extension of levy payment timeline for SMEs

BUSINESS TRANSFORMATION



90% maximum support level for Enterprise Development Grant



80% maximum support level for Productivity Solutions Grant. Supportable IT solutions includes online collaboration tools for remote working



80% maximum support level for Productivity Innovation Project (PIP) scheme

Support up to 80% of the cost of Advanced Digital Solutions (ADS), up to a cap of \$20,000 per project

CONSTRUCTION & SUPPLY CONTRACTS



Waivers allowing builders to do partial on-site installation of finishing works for Prefabricated Prefinished Volumetric Construction (PPVC) and Prefabricated Bathrooms after suspension of business activities is lifted



No liability for non-performance of contracts (e.g. liquidated damages, non-supply of goods) due to COVID-19 for 6 months



Advance payment for contractors in public sector construction projects during the "Circuit Breaker" period, and until Safe Restart

Extension of Project Completion Period (PCP) by 6 months for development projects

Extension of 6 months for commencement, completion and sale of residential developments in relation to remission of ABSD for housing developers

Co-share prolongative costs of contractors in public construction projects up to 0.2% of contract sum per month of delay, capped at 1.8% of contract sum

SGUNITED JOBS AND SKILLS PACKAGE



\$2B

to create 100,000 new jobs, traineeships, and training opportunities



Enhanced Hiring Incentive:

up to \$12K

per worker for employers that hire local workers who have completed eligible reskilling and training schemes

SUPPORT MEASURES FOR BUILT ENVIRONMENT FIRMS AFFECTED BY COVID-19

#SGUnited

CASH FLOW & BUSINESS SUSTAINABILITY



Job Support Scheme:
75% (Apr to Aug 2020)
50% (Sep to Oct 2020)
30% (Nov 2020 to Mar 2021)
of the first \$4,600 of gross monthly wages for SC/SPW employees employed based on wages from Apr 2020 to Mar 2021 for all construction and consultancy firms



Wage Credit Scheme:
\$5,000 qualifying gross wage ceiling
15% and 20% government co-funding ratios for wage increases in 2020 and 2021 respectively



Defer higher CPF contribution rates for senior workers from Jan 2021 to Jan 2022

\$100

daily allowance for employers with eligible employees affected by Quarantine Orders

25%

Corporate Income Tax Rebate to all firms

Time-limited Man-Year Entitlement (MFE) relief

Fortnightly progress payment claims in public sector projects instead of monthly

Deferment of loan payments for SMEs, no enforcement of security located in Singapore

\$525M

Construction Restart Booster to help construction firms pay for additional compliance costs



Costs of swab testing will be funded by the government for the construction sector until 31 Mar 2021

50%

of the first \$4,600 of gross monthly wages for SC/SPW SMEs (co-funded from Sep 2020 to Feb 2021)

Flexible premium payment plans for cash-constrained insurance policyholders



Temporary Bridging Loan Programme:
\$5M higher maximum loan
90% government risk share with attractive interest rates



SME Working Capital Loan:
\$1M loan quantum
90% government risk share



\$2B in cash grants to help SMEs with rental costs
More rental waivers for commercial and other non-residential tenants of government properties

For more information and links to the specific support measures, please visit: <https://ga.gov.sg/bca-built-environment-support-measures>

Updated 20 August 2020

Building and Construction Authority

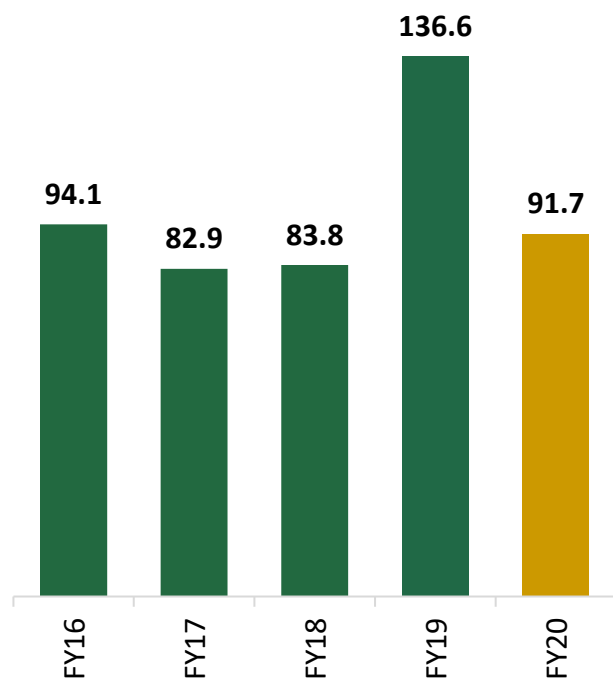
BuildSG
Transforming the way we Build Singapore

04

Financial Highlights



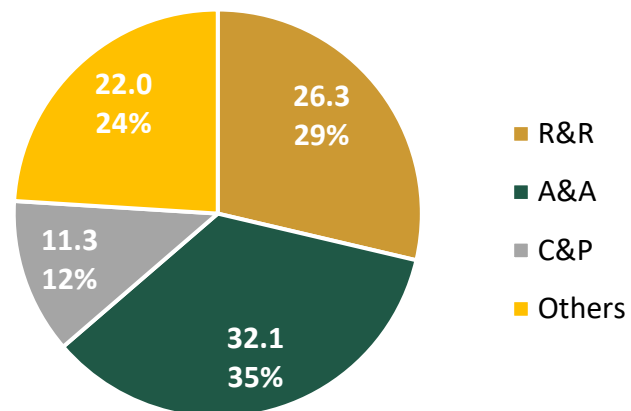
Revenue (\$\$'m)



- Full year: ↓32.9% yoy
- 2H: ↓56% yoy to \$27.9m

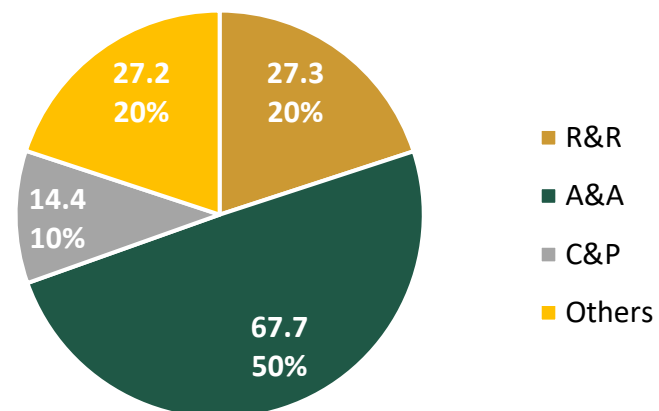
By Business Segments (\$\$'m)

FY2020 (\$\$'m)

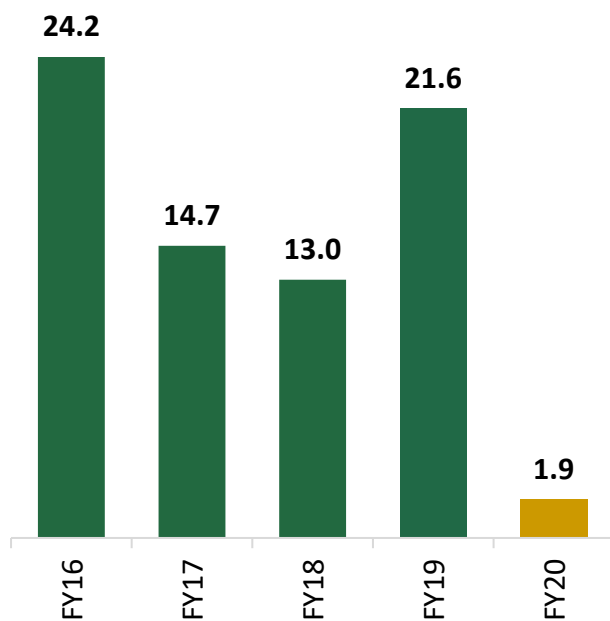


- R&R ↓3.6% yoy
- A&A ↓52.6% yoy
- C&P ↓21.5% yoy
- Others ↓19.2% yoy

FY2019 (\$\$'m)

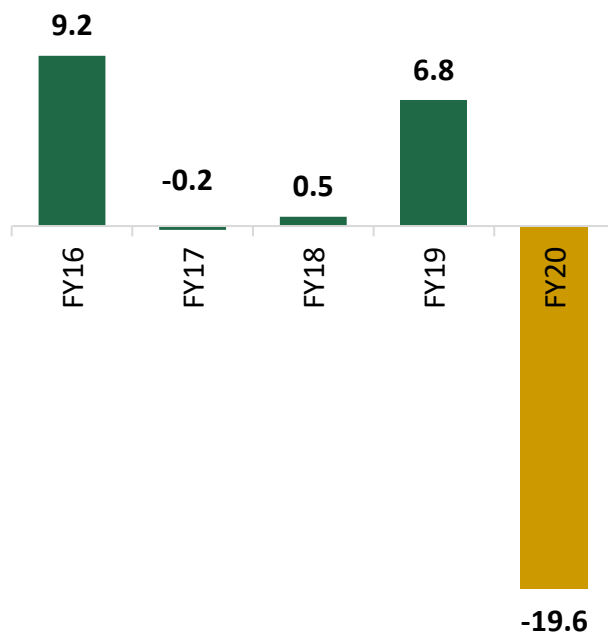


Gross Profit (\$\$'m)



- Full year: ↓91.2% yoy
- 2H: ↓167.9% yoy to -\$7.8m

Net Attributable Profit (\$\$'m)



(%)	Gross Profit Margin	Net Attributable Profit Margin
FY16	25.7	9.8
FY17	17.8	NM
FY18	15.5	0.6
FY19	15.8	4.9
FY20	2.1	NM

Income Statement: Expenses

KEY EXPENSES (\$\$'M)	FY2020	FY2019	Chg (%)
Cost of sales	(89.8)	(115.0)	(21.9)
Marketing and distribution expenses	(0.9)	(1.2)	(24.5)
General and administrative expenses	(17.3)	(14.8)	17.3
Other operating expenses	(6.4)	(0.4)	NM
Finance costs	(1.8)	(1.2)	58.0

Any variances in percentage changes are due to rounding

- General and administrative expenses: Mainly due to allowance for impairment on trade receivables and professional fees on acquisition of subsidiaries and assets
- Operating expenses: Mainly due to impairment of goodwill and contract assets
- Finance costs: Mainly due to increase in borrowings due for working capital for some sizable projects

Key Financial Highlights

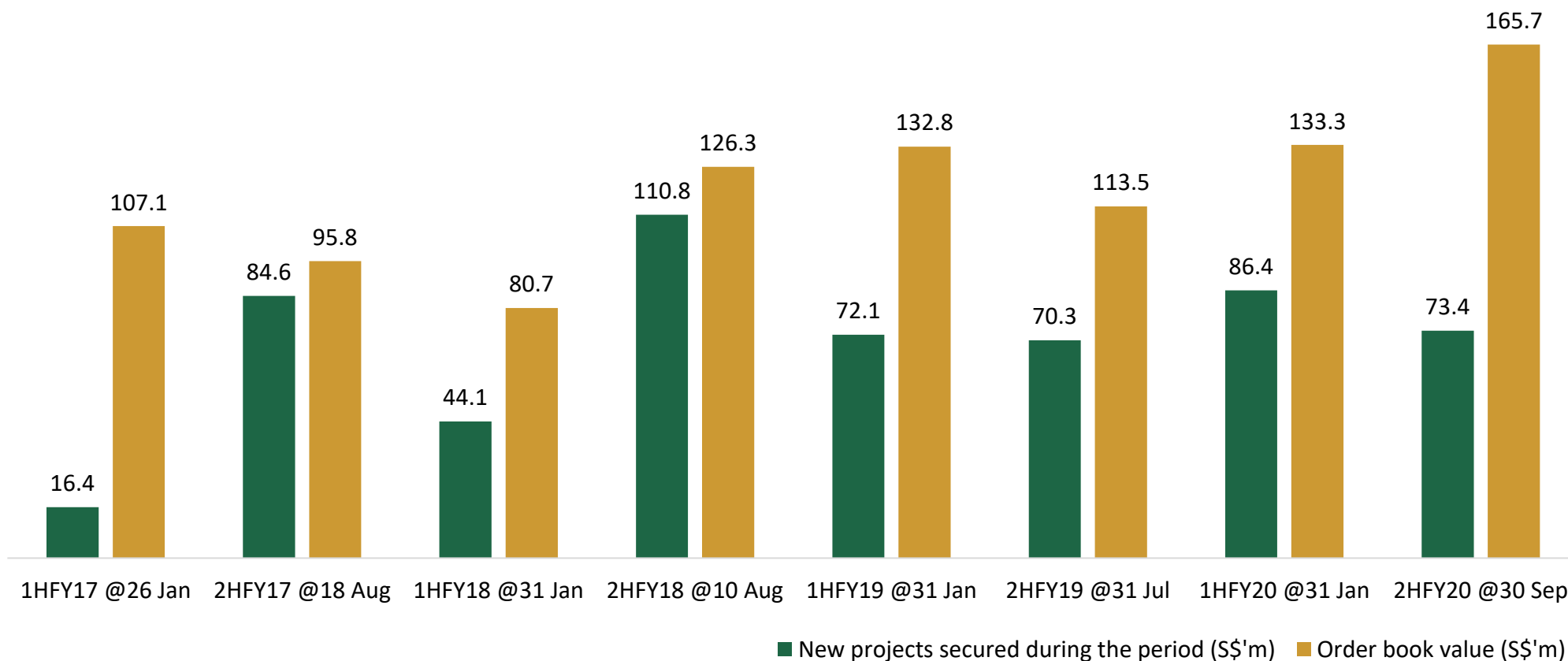
KEY HIGHLIGHTS	FY2020	FY2019
PROFITABILITY RATIOS		
Earnings Per Share ⁽¹⁾ (cents)	(6.46)	2.37
Return On Assets (%)	(17.9)	5.1
Return On Equity (%)	(44.1)	10.6
BALANCE SHEET	S\$'m	S\$'m
Current assets	70.8	78.9
Cash and bank balances	12.6	9.0
Net current assets	13.3	29.1
Net assets	48.6	59.6
CASH FLOWS	S\$'m	S\$'m
Operating cash flows before working capital changes	(7.5)	13.9
Cash generated from / (used in) operations	10.1	(10.0)
Net cash generated from / (used in) operating activities	9.8	(10.8)
Net cash used in investing activities	(12.1)	(1.2)
Net cash generated from financing activities	6.0	7.9

(1) Weighted average number of ordinary shares: FY2020: approx. 303.1 million shares; FY2019: approx. 284.7 million shares

Order Book Trend

S\$165.7 million book orders as at 30 September 2020 largely to be progressively delivered over the next two years

- Construction progress may be impacted by the implementation of and compliance with COVID-19 measures



05

Outlook & Plans



Sustainable Demand Fundamentals Post Covid-19: Government Initiatives for the Built Environment



01

TOWN COUNCILS

Repaint external walls every 5 years (R&R project cycle)



02

HDB

Neighbourhood Renewal Programme every 12-15 years



03

NPARKS

Round Island Route Programme



04

NEA & HDB

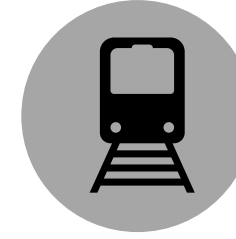
Hawker Centre Upgrading Programme



05

MND

Expanded HIP Scheme and HIP II



06

LTA

Upgrading / A&A works to MRT stations



07

NPARKS & TOWN COUNCILS

Development, maintenance & upgrading of parks



Sustainable Demand Fundamentals Post Covid-19: **Greening Trends**

Green Mark

- 80% of buildings to be certified with BCA Green Mark by 2030

LUSH

- City in the Garden identity
- Urban farming and rooftop garden
- 200 ha of high-rise greenery by 2030

SolarNova

- 2030 solar power targets raised in Oct 2019
- 540 MWp (HDB)
- 2 GWp (National)

Offshore Floating Solar Farms

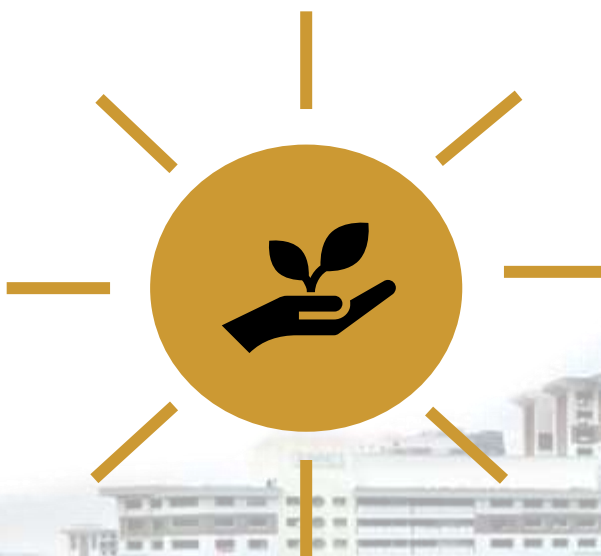
- Joint-effort with HDB and leverage on ESG

HDB Green Print

- Roadmap to Better Living in HDB Town using Green Building Technology like Cool Paint and Community Garden and Cycling Path Network for a Greener and Cooler Neighbourhood

Bike Sharing

- URA to triple cycling paths and park connectors to 1,320km by 2030
- Catering to diverse local needs
- Focus on recreational and leisure business
- Supporting LTA's car-lite initiative



Continued Commitment by the Government and Industry Towards Greening

Business Times, 20 August 2020

More buildings here going greener as 376 projects bag BCA's Green Mark Award



- Indicative of the industry's awareness of the positive impact of green buildings
- Number of non-residential building projects obtaining higher tier Green Mark certification has doubled to 149 over the past five years

The Straits Times, 27 August 2020

Addendum to President's Address: MND to raise construction productivity, support public housing needs



The pace of industry transformation in the hard-hit construction sector will be quickened. PHOTO: GIN TAN

- Government to develop and invest in infrastructure even amid Covid-19
- Roll out the next Green Building Masterplan, raise building sustainability standards
- Adopt advanced building technologies for cleaner, higher quality, and less manpower-intensive construction
- To drive research, innovation and digitalisation across the built environment value chain

The Straits Times, 27 October 2020

Singapore unveils greener energy plan



- Singapore to ramp up its efforts to install more solar panels here, and invest in research on low-carbon energy solutions.
- A trial to import electricity from Malaysia, which could pave the way for more renewable energy imports from other nations in the region

The Straits Times, 27 October 2020

Solar panels on rooftops or floating water may be a common sight soon



- Singapore aims to harness 1.5 GWp of solar energy by 2025, almost four times the current solar usage of 390 MWp
- This new target will accelerate Singapore's goal to employ 2GWp of solar energy by 2030.

Construction Industry Recovery Expected from 2021

Straits Times, 17 September 2020

S'pore's projected construction demand for 2020 slashed by \$10 billion; some pickup expected from 2021: BCA



The downward revision is due to a drop in private sector construction demand. ST PHOTO: MARK CHEONG

Value of contracts awarded (S\$ billion)

Year	Public	Private	Total
2019	19.03	14.5	33.52*
2020 (F)	11-14	7-9	18-23

- BCA has cut 2020 forecast for projected construction demand by about S\$10B to between S\$18B-S\$23B due to a drop in private sector demand and postponements in the award of some public sector projects
- 2020 forecast for public sector contracts is S\$11B to S\$14B while the private sector is S\$7B to S\$9B.
- Construction demand is **expected to recover to some extent from 2021** supported by public residential projects, new healthcare facilities and various infrastructure projects

WHERE WE STAND NOW

01



WORK HAS GRADUALLY RESUMED SINCE JUNE 2020

- All projects/worksites have restarted to-date but pace is slow due to COVID-19 measures
- Supporting our subcontractors with COVID-19 resources to start work safely

02



ORDER BOOK HEALTHY & INTACT FOR THE NEXT 12-18 MONTHS

- No cancellations of existing projects
- Active and robust tender book

03



SUFFICIENT WORKING CAPITAL FOR OPERATIONAL NEEDS AND FINANCIAL COMMITMENTS

- Fundraising and asset disposal completed
- Cash of \$12.6 million as at FY2020
- Temporary bridging loans from banks secured

04



PREPARING FOR THE NEW NORMAL

- New Crisis and Risk Management Committee @ ISOTeam
- Tech-based solutions to reduce labour reliance eg App for virtual inspection
- Exploring new business niches – Virtual Project Management, Drone inspection & supervision, e-Reports

PRUDENCE

- Manage liquidity and costs prudently
- Monitor and minimise risk exposure
- Protect health and safety of workforce

SYNERGY

- Harness and pool resources through digitalization and leverage on a powerful Intranet platform.
- Tap on multi-disciplinary capabilities to cross sell services and improve efficiency
- 3-in-1 or 4-in-1 packages to key customers

SUSTAINABILITY

- Protect jobs of employees and workers who are our assets
- Cultivate a motivated skilled workforce to drive financial success and enhance digital capabilities
- Protect the sustainability of our operations in the near and mid-term
- Explore strategic partnerships in the longer term

Investment Merits

1 Track Record

- An industry leader with a 20-year track record
- Defensive business with 70% of business from Singapore government bodies



2 Network

- Established stakeholder relationships
- Exclusive applicator for Nippon Paint Singapore and SKK (S) Pte Ltd



3 Capabilities

- Multi-disciplinary services
- Able to handle a wide spectrum of projects
- Evolved into a green solutions provider
- Turnkey capabilities from design inception to project completion



4 Team

- An experienced and professional management team
- Industry leading operational team at the forefront of evolving market trends



5 Future

- Strong order book (\$165.7M @ 30 Sep 2020)
- Upside from new business units
- Tapping into new sectors
- Positive prospects in Singapore
- Overseas expansion
- Lower default risk
- Minimum dividend payout of 20% of net profit



Thank You
Q & As

