



# **FY2018 Update August 2018**





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# OVERVIEW



# ABOUT US

- A leading **R&R, A&A** and **complementary niche specialist** services provider in Singapore with a proven track record in **eco-conscious solutions**
- Completed approximately **422** building refurbishment and upgrading projects for approximately **4,280** buildings since 1998
  - A trusted **local** and growing **regional** brand

20-year Track record

One-stop provider

Established  
Stakeholder  
Relationships

Experienced &  
Professional  
Management Team

Industry  
Recognised Safety  
& Management  
Systems

Broad & Growing  
Range of Services

Early Mover in  
Green Solutions

Leading Brand  
Focused On Growth  
& Innovative  
Solutions

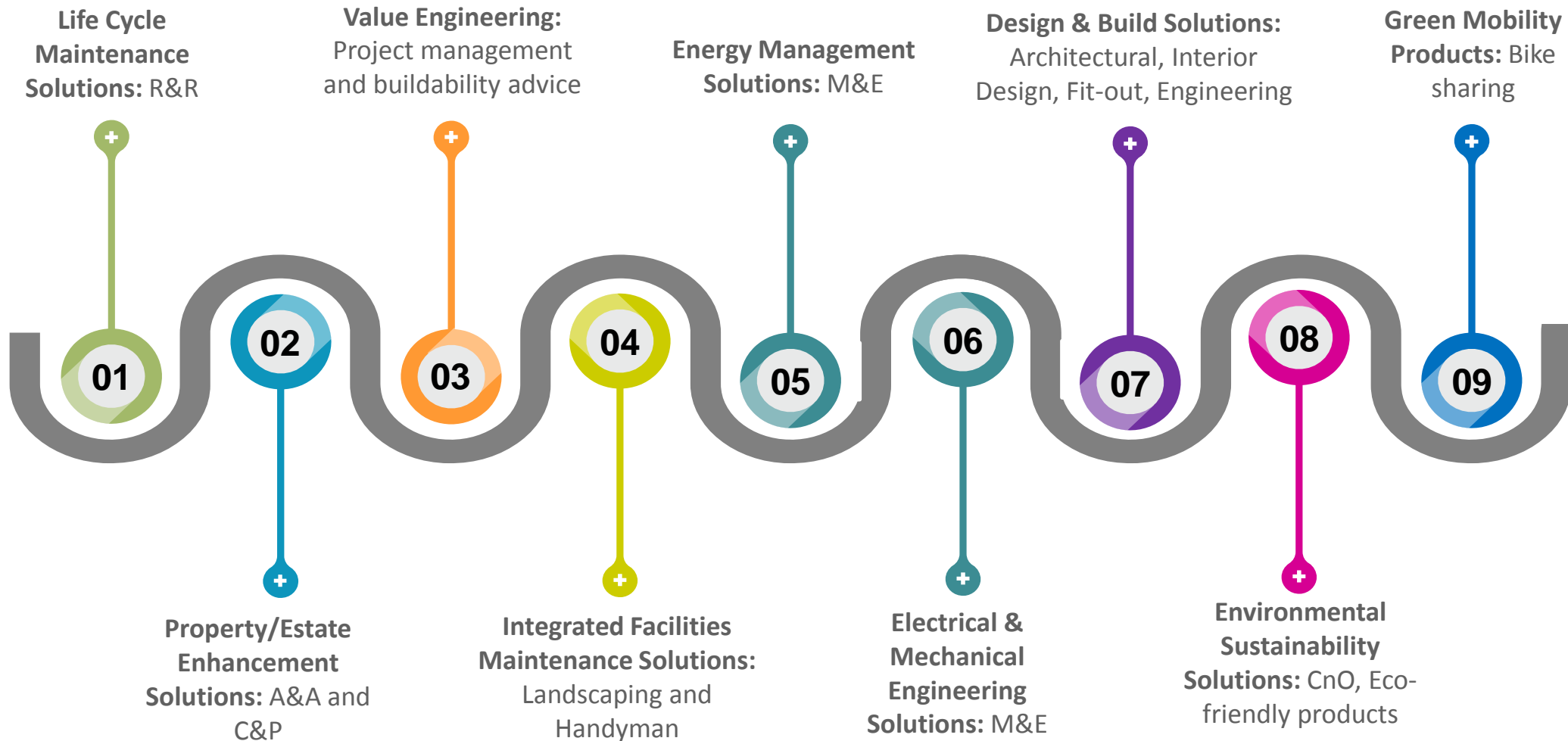


# CORPORATE STRUCTURE

<b>Raymond Construction Pte Ltd</b> ▶ Addition & Alteration	100%	5 subsidiaries upon listing involved mainly in R&R- and A&A- related works
<b>ISO-Team Corporation Pte Ltd</b> ▶ Addition & Alteration; Repair & Redecoration	100%	
<b>TMS Alliances Pte. Ltd.</b> ▶ Repair & Redecoration	100%	
<b>ISOteam Green Solutions Pte. Ltd.</b> ▶ Eco-friendly solutions/ products	100%	
<b>ISO-Seal Waterproofing Pte. Ltd.</b> ▶ Reroofing; Waterproofing	100%	
<b>Zara @ ISOteam Pte. Ltd.</b> ▶ Interior fitting-out works	51%	Diversified into interior design through JV in August 2013
<b>ISOteam Access Pte. Ltd.</b> ▶ Rental/ sale of height access equipment	100%	Substantially grew scale of operations with acquisition of 4 complementary business units in October 2014
<b>ISOteam C&amp;P Pte. Ltd.</b> ▶ Specialist coating & painting	100%	
<b>ISO-Landscape Pte. Ltd.</b> ▶ Niche landscaping; Horticulture services; Gardening/landscape maintenance (condominiums)	100%	
<b>Industrial Contracts Marketing (2001) Pte. Ltd.</b> ▶ Fireproofing coating; Floor-coating application; Specialist new-build painting	100%	Acquired in December 2015
<b>ISOTEAM TMG Pte. Ltd.</b> ▶ Specialist addition & alteration; architectural and commercial interior design	100%	
<b>ISOteam (TMS) Myanmar Limited</b> (A subsidiary of TMS Alliances Pte. Ltd.) ▶ Repairs & Redecoration in Myanmar	90%	Maiden overseas JV foray in April 2016 with Nippon Paint
<b>ITG Projects Sdn Bhd</b> ▶ Interior design works in Malaysia	55%	Malaysian JV company established in October 2016
<b>ISO Integrated M&amp;E Pte. Ltd.</b> ▶ Electrical works; Renewables installation and energy management contracts	65.9%	Acquired in January 2017; Sold 34.1% to Taisei Oncho Co., Ltd. in April 2018
<b>SG Bike Pte. Ltd.</b> ▶ Singapore's first locally established bike sharing company	51%	Incorporated in August 2017
<b>ISO-Homecare Pte. Ltd.</b> ▶ ISOHomeCare handyman portal	51%	Incorporated 15 November 2017

# MULTI-DISCIPLINARY CAPABILITIES TO CATER TO THE BUILT ENVIRONMENT

We are in the business of providing sustainable solutions for a better built environment



## R&R: ONE OF SINGAPORE'S TOP PLAYERS



### What we do:

- Repainting, repair and redecoration
- Waterproofing and reroofing
- Improvement works
- Routine maintenance
- Term contract works

**324** public housing R&R projects completed to-date

**962** private residential R&R projects completed to-date

- Exclusive applicator for SKK<sup>(1)</sup> and Nippon Paint<sup>(2)</sup>
- BCA L5 Financial Grading (CR09)
- Wide-ranging customer segments in the public and private sector

*(1) SKK - public housing sector (since 1998) + JTC/HDB industrial projects and army camps (since 2013)*

*(2) Nippon Paint - HDB and town councils sector (since 2004)*

## A&A: A RECOGNISED INDUSTRY LEADER



### What we do:

- Neighbourhood Renewal Programme (NRP)
- Hawker Centre Upgrading Programme (HUP)
- Estate Upgrading Programme (EUP)
- Home Improvement Programme (HIP)
- Electrical Load Upgrading (ELU)

**24** NRP projects completed to-date

**37** markets and food centres for HUP and R&R projects completed to-date

**1** HIP project currently ongoing

- BCA B1 Financial Grading (CW01)<sup>(3)</sup>
- ISOTeam Corporation upgraded to BCA B1 Financial Grading in August 2017
- Wide ranging customer base with the main source of income from public sector estate upgrading programmes
- Strong track record

*(3) Raymond Construction Pte. Ltd.*



# C&P: A NICHE BUSINESS

*Singapore Art Museum | The Salvation Army*



## What we do:

- New build painting
- Eco-friendly coating
- Architectural and protective coating
- Fireproofing coating
- Niche industrial coating

Diverse customer segments:  
| Residential | Commercial |  
Industrial | Community |  
Institutional



*Singapore Art Museum | The Salvation Army | Gardens by the Bay | Australian International School | Yishun Community Hospital | Tuas Bay Close*

# OTHERS

## ARCHITECTURAL & ENGINEERING SOLUTIONS

- Commercial A&A works
- Building services
- Engineering works
- Architectural & commercial interior construction solutions
- Advanced building technologies

## MECHANICAL & ELECTRICAL

- Electrical works
- Mechanical ventilation works
- Security, fire protection system
- Sanitary and plumbing services
- Energy management contracts

## ID

- Interior design and fitting-out
- Design and build works
- Home retrofit and fit-out services
- Property maintenance and enhancement

## LANDSCAPING

- Vertical gardens
- Horticulture services and maintenance (public and private sectors)
- Floating plantings

## DIGITAL HANDYMAN SERVICES

- Home care and upgrading
- General repairs and maintenance

## HEIGHT ACCESS EQUIPMENT

- Leasing of boom lifts, scissor lifts, personnel lifts, forklifts and telehandlers

## ECO-FRIENDLY SOLUTIONS

- Thermal insulating plaster
- Anti-slip floor coating
- Green label intumescent fireproofing coating
- Composite timber decking
- Renewables installation
- Cockroaches and Odour Remover (CnO)

## BIKE SHARING

- Next generation bike sharing using virtual docking stations



# WHY INVEST IN ISOTEAM?

## 1 Track Record

- An industry leader with a 20-year track record
- Completed approximately 422 refurbishment and upgrading projects for approximately 4,280 buildings



## 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



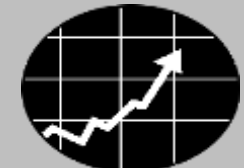
## 4 Team

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



## 5 Future

- Strong order book
- Upside from new business units
- Positive prospects in Singapore
- Overseas expansion
- Minimum dividend payout of 20%





# BUSINESS HIGHLIGHTS

EXIT



# FY2018 IN REVIEW

## Aug 2017

- Launches SG Bike
- Secures 15 projects worth S\$24.2M

## Feb – Mar 2018

- Jasdaq-listed Taisei Oncho acquires 34.1% interest in ISO Integrated M&E; JV with Taisei Oncho
- Secures 26 projects worth S\$24.2M

## May – Jun 2018

- Acquires landscaper, Chinensis Enterprise
- Secures 7 contracts worth S\$52.6M (largest A&A project: S\$46.5M)
- 1st shared bike co. to submit licensing application to LTA

- Incorporates ISO-Homecare Pte Ltd



- Centralises operations at new HQ in Changi



- Signs research collaboration agreement with HDB to jointly develop offshore floating solar technology for the marine environment
- NEA clears 1<sup>st</sup> set of data for approval of CnO as Botanical Pesticide



## Nov 2017

## Apr 2018

## Jul 2018



Straits Times  
25 Aug 2017



# CHANGI OFFICE



## R&R: KEY OPERATIONS UPDATES

- Completed **5 projects** for **49 HDB blocks** in FY2018
- Significant completed projects in the latest period include:
  - Tekka Centre
  - 628 Ang Mo Kio Market
  - Various private residential properties
  - HDB blocks at Petir, Gangsa, Lompang, Ghim Moh Road, Punggol Central and Edgefield Plains
  - HDB building tradesmen and repair works at West Zone and East Zone
- Significant ongoing projects include:
  - TCP2, MSCP term contract
  - Market and food centre at Marine Parade Central
  - Bishan Street 11 and 12 (21 blks)
  - Lorong 8 Toa Payoh (14 blks)
  - Ang Mo Kio Industrial Park 1 , Sin Ming Industrial Estate and Toa Payoh Industrial Park
  - Compassvale Drive, Lane and Link (25 blks)
  - Punggol Field and Place (18 blks)



*Tekka Centre*



*628 Ang Mo Kio Ave 4 Market*



*Private residential property: Before and After*



# A&A: KEY OPERATIONS UPDATES

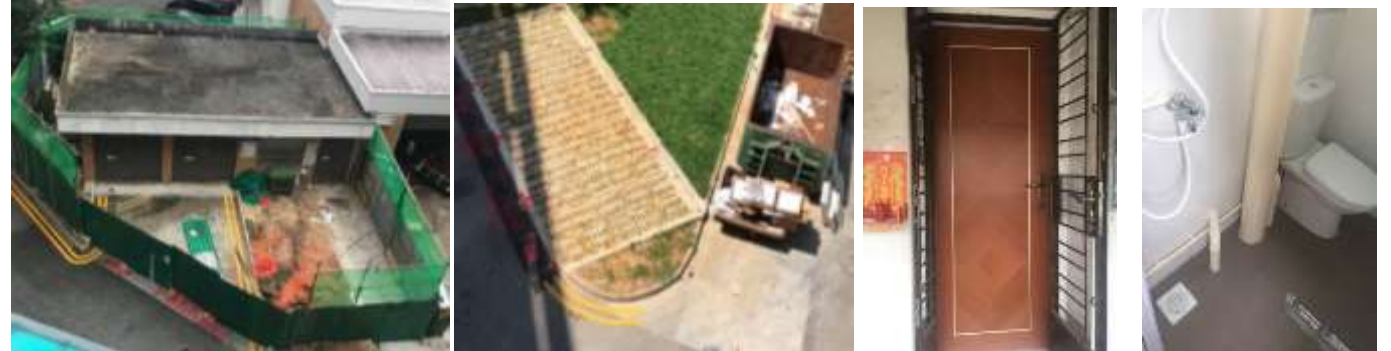
- Completed **5 projects** in FY2018
- Significant completed projects in the latest period include:
  - ELU at Ang Mo Kio, Marine Parade and Tampines Town Councils
- Significant ongoing projects include:
  - HIP: Yishun Ring Road / Tampines St 22 (19 blks)
  - Park connector at Tanjong Rhu

## NRP:

- Jurong East St 24 (8 blks)
- Choa Chu Kang St 62 and North 7 (29 blks)
- Yishun St 11 (12 blks)
- Yishun St 61 / Yishun Ring Road (18 blks)



*NRP: Nee Soon Town Council and Jurong Clementi Town Council*



## HIP: Tampines Council

- Demolition of existing ESS and conversion to new car lots
- EASE and design and build for G24D



# C&P: KEY OPERATIONS UPDATES

- ISOTeam C&P completed **18 projects** in FY2018 including
  - National Centre for Infectious Diseases
  - Havelock Square
  - Tampines Town Hub
  - Warehouse/factory at Jalan Lam Huat
  - Factory at Tuas Avenue 1
  - Sengkang General Hospital SOC Building
  
- Over **35 ongoing projects** including:
  - The New State Court Building
  - Outram Community Hospital
  - Micron Semiconductor

*NCID | SMU | Sengkang GH | Australian International School | Arc 380 | Changi GH*



*Changi GH | Arc 380 | Australian International School*

# OTHERS: KEY OPERATIONS UPDATES

## MECHANICAL & ELECTRICAL ENGINEERING SOLUTIONS

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- Completed **10 projects** worth approximately **S\$8 million** in FY2018
- Kickstarted mechanical division with support from Taisei Oncho
- Exploring potential energy saving solutions with overseas partners

## Significant Completed Projects include

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- 1 Kranji Recreation Centre
- 2 CHIJ Our Lady Queen of Peace
- 3 CHIJ Our Lady of Good Counsel
- 4 Montfort Junior

## Significant ongoing / New Projects include

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- 1 MOE PERI Projects (4 schools): Horizon, Greendale, North Vista and Yuneng Primary Schools
- 2 Sub-stations at Serangoon Ave 1 and 2
- 3 Jurong West Ave 1 and St 42
- 4 SolarNova 1 PV installation



SolarNova 1 PV installation



Kranji Recreation Centre



CHIJ Our Lady of Good Counsel

# OTHERS: KEY OPERATIONS UPDATES

## ARCHITECTURE, ENGINEERING & COMMERCIAL ID (ISOTEAM TMG)

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- Completed **8 projects** in FY2018 including:
  - At MBS: Lavo Singapore and Yardbird
  - Teppan Restaurant (RWS)
  - Villas (RWS Hotel Equarius)
  - Kallang Junction
  - Digitalisation room (NUH)
  - Northpoint
  - Level 4 Café @ Robinson
  - ISOTeam Building at Changi North
- Significant ongoing projects include:
  - Alexandra Canal
  - Global Switch
  - Nee Soon CC
  - MBS
  - RWS

...and more



*Clockwise from top: The Robinson | Kallang Junction | Acid Bar (Peranakan Place)*

# OTHERS: KEY OPERATIONS UPDATES

## INTERIOR DESIGN & FIT-OUT (ZARA@ISOTEAM)

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- **8 projects** completed in FY2018 including:
  - Bella Marie France Marina Square
  - Bella Marie France Tampines
  - Bella Marie France Orchard Gateway
  - Girls Guide Singapore
  - Sunseap corporate office
- Significant ongoing projects:
  - ST Kinetics
  - Hotel at Kitchener Road



*Girls Guide HQ | Sunseap corporate office | Residence*

# OTHERS: KEY OPERATIONS UPDATES

## LANDSCAPING

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- Acquired Chinesis Enterprise to penetrate private condominium landscape maintenance business
- Signed RCA with HDB to jointly develop offshore solar floating modules for the marine environment
- Successfully completed and supplied 7,100 units of floating wetland modules to offshore island

## Completed Projects include

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- 1 Serangoon NRP
- 2 Geylang Serai Market

## Over 10 ongoing / New Projects include

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- 1 7 term contracts for landscape maintenance from Town Councils – Yishun, Sembawang, Yew Tee/ Marsiling
- 2 First BTO project at Bedok N2C11
- 3 Changi East Runway operations



*Serangoon NRP | Geylang Serai Market | Condo landscape maintenance | Town council landscape maintenance*

# OTHERS: KEY OPERATIONS UPDATES

## SG BIKES

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- New locations: Bedok, Nee Soon, Yio Chu Kang, Marina South
  - Latest bike count:
    - 2,000 (August 2018)
    - 3,000 (October 2018)
  - Upgraded bike model to version 2
- 1<sup>st</sup> shared bike company to submit licensing application to LTA
    - Expect to obtain first batch of licenses in Sep 2018
  - Partnership with M1 to improve geostation technology
    - 3,000 geo stations as at July 2018
  - Community initiatives
    - Singapore Kindness Movement (bike sharing graciousness)
    - Yio Chu Kang Bonding on Wheels



*SG Bikes Version 2 | Yio Chu Kang Bonding on Wheels*



*| The Singapore Bike Show 2018*

# DEVELOPMENTS IN MYANMAR AND MALAYSIA

## MYANMAR

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- Completed painting projects for:
  - Shwe Lin Pan Factory
  - 4-story office building at Hnin Si Gone
  - Jade Hotel Northokkalapa



*Shwe Lin Pan Factory | Office Building at Hnin Si Gone | Jade Hotel*

## MALAYSIA

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- Completed renovation works to 2 units at Pudina
- Renovation to 15 other units ongoing



*Pudina show unit*



# FINANCIAL HIGHLIGHTS

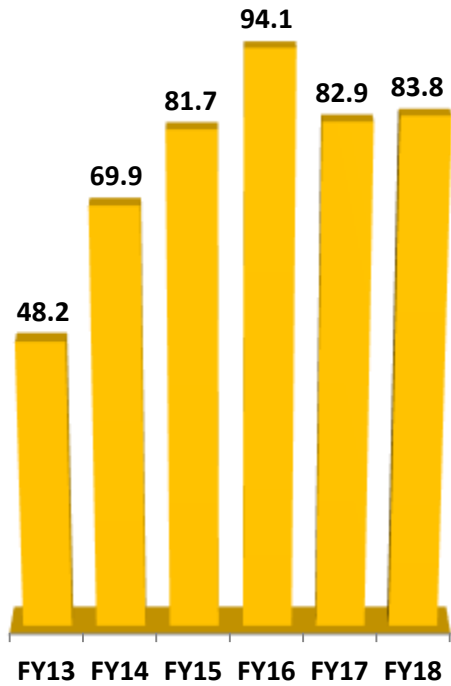




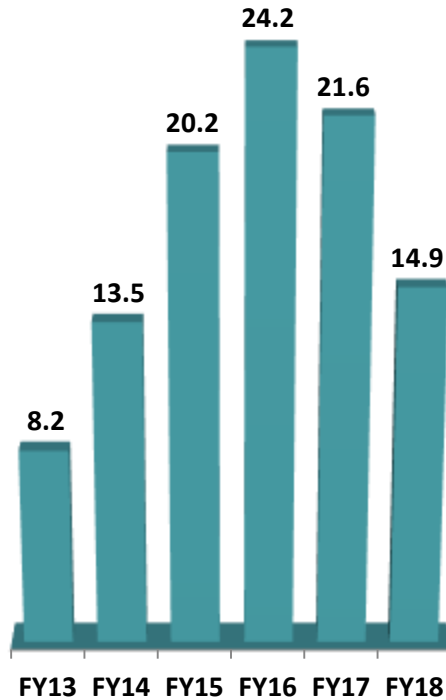


# FINANCIAL TRACK RECORD

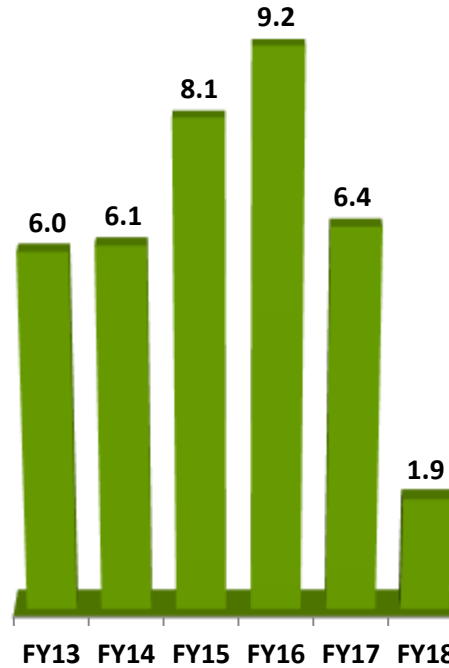
### Revenue (S\$m)



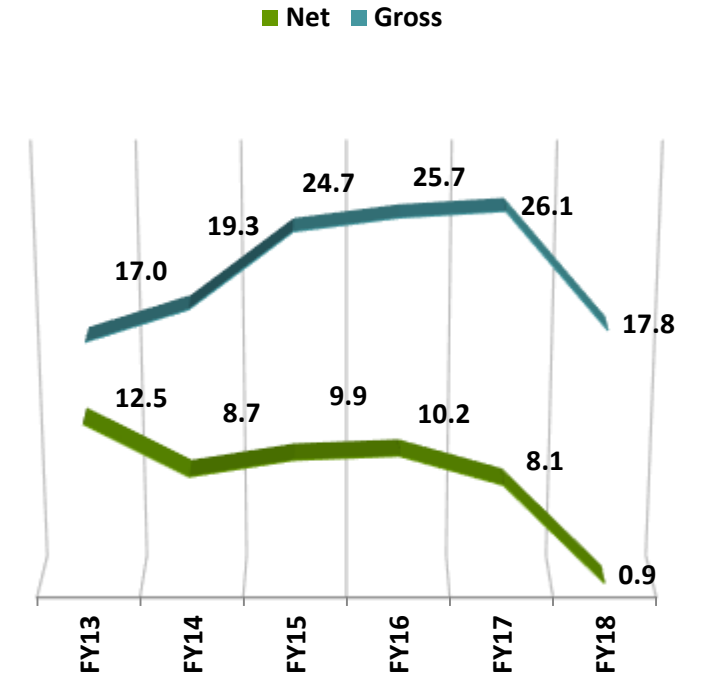
### Gross Profit (S\$m)



### Net Attributable Profit (S\$m)



### Profit Margin (%)





## INCOME STATEMENT: EXPENSES

KEY EXPENSES (\$\$'M)	FY2016	FY2017	FY2018	Chg (%)*
Cost of sales	(70.0)	(61.3)	(68.9)	12.4
Marketing and distribution expenses	(1.8)	(1.4)	(1.8)	31.9
General and administrative expenses	(12.1)	(15.1)	(13.7)	(9.4)
Other operating expenses	(1.5)	(0.4)	(0.4)	24.4
Finance costs	(0.4)	(0.5)	(0.6)	15.6
Tax (expense)/credit	(0.7)	(0.3)	0.5	(300)

### Marketing and distribution expenses

- More business entities arising from acquisition of subsidiary and incorporation of new subsidiaries

### General and administrative expenses

- Absence of one-time costs relating to doubtful receivables for a customer under receivership and decrease in staff related expenses

### Tax expenses

- Overprovision in FY2017 and lower deferred tax expenses

\* FY2017 versus FY2018

# KEY FINANCIAL HIGHLIGHTS

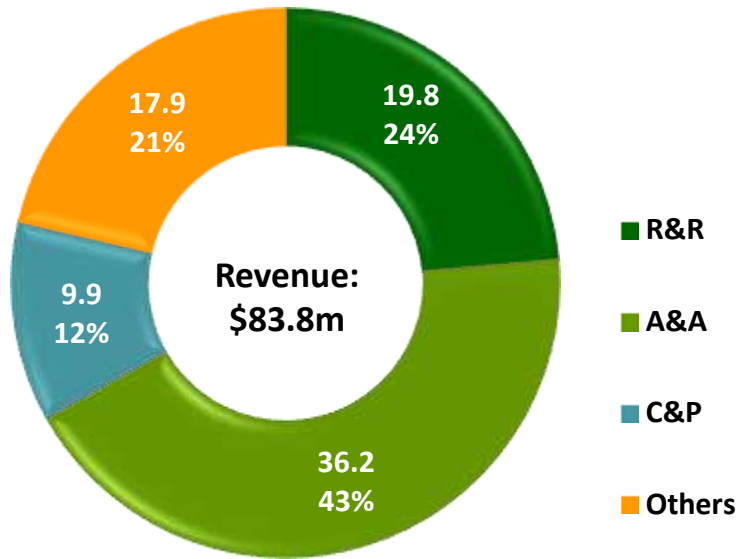
KEY HIGHLIGHTS	FY2016	FY2017	FY2018
<b>PROFITABILITY RATIOS<sup>(1)</sup></b>			
Earnings Per Share <sup>(2)</sup> (cents)	3.23	2.71	0.66
Return On Assets (%)	12.4	7.8	1.1
Return On Equity (%)	21.7	13.6	2.0
<b>BALANCE SHEET</b>			
Current assets (S\$'m)	71.5	58.7	64.4
Cash and bank balances (S\$'m)	34.1	14.8	12.2
Net current assets (S\$'m)	35.4	30.9	31.4
Net assets (S\$'m)	53.9	58.7	61.6
<b>KEY OPERATING RATIOS</b>			
Profit before tax margin (%)	13.2	10.0	0.9
Net operating profit margin (%)	12.4	10.6	1.5

(1) Adjusted and Normalised

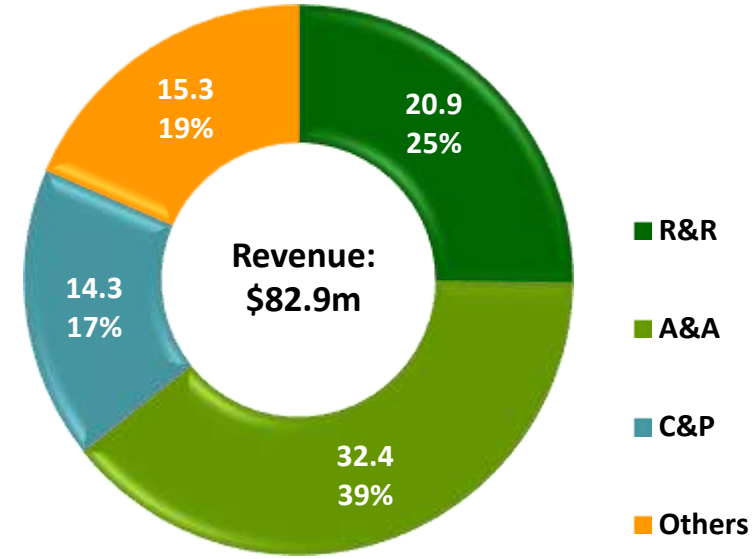
(2) Calculation of EPS is based on the weighted average number of ordinary shares of 285,746,788 in FY2016, 284,205,736 in FY2017 and 284,508,757 shares in FY2018

# REVENUE ANALYSIS BY BUSINESS SEGMENTS

FY2018 (S\$'m)



FY2017 (S\$'m)



- R&R revenue -5.4%
- A&A revenue +11.9%
- C&P revenue -30.9%
- Others revenue +16.9%

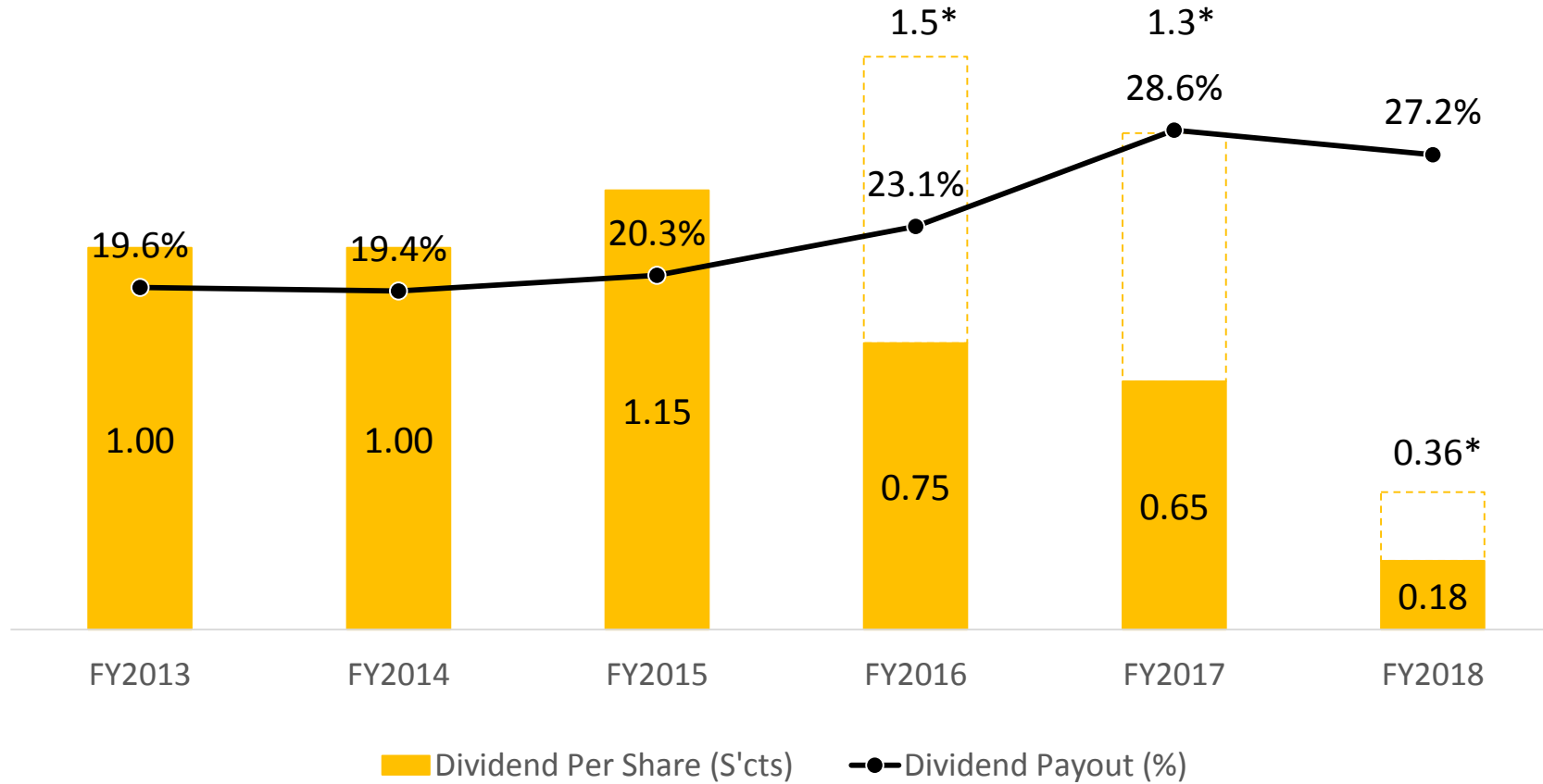
• "Others": Commercial interior designs (ID); home retrofitting business, landscaping works; leasing service; waterproofing, green solutions business, mechanical and electrical engineering works and handyman services

# ORDER BOOK TREND



**Book orders of S\$126.3 million** as at 10 Aug 2018 to be progressively delivered over the next two years

# 20% DIVIDEND POLICY



\* ISOTeam undertook a 1-for-1 bonus share issue on 23 February 2016 . The dotted lines on the bars illustrate ISOTeam's dividend per share if the bonus issue were not taken into account



# BUSINESS PLANS



# OPPORTUNITIES FOR US

## MYANMAR

- Public sector investments in infrastructure
- Residential projects: construction of mega-developments - “cities”
- Easing of restrictions on domestic and foreign investments wef April 2017: to drive more FDI into construction projects in the coming years<sup>(1)</sup>
- Plan to expand into building products and services such as waterproofing, fireproofing A&A and ID

## MALAYSIA

- Government plans to roll out more PPA1M projects to build another 100,000 units in the next two years
- Malaysia aims to have 11% of its energy sources from renewable sources by 2020<sup>(2)</sup>
- Plans to launch R&R Services partnering Westar group

## SINGAPORE Government Initiatives

- Repainting of external building walls: Every 5 years
- HDB HIP to every 30 years: All HDB flats now upgraded twice; first in 30 years and the second time in 60 to 70 years
- BCA: Buildings > 20 years to undergo façade inspection once in 7 years
- Nparks: Park improvement and connector networks Round Island Route (RIR) Programme (1<sup>st</sup> Npark project at Tanjong Rhu)
- NEA: Hawker Centre Upgrading Programme

## SINGAPORE Greening Trends

- Green Mark: 80% of buildings by 2030
- SolarNova: 350 MWp of solar power in Singapore by 2020
- Offshore Floating Solar Farm
- Bike sharing
- Floating modules for both landscape and solar

(1) PR Newswire, “Construction in Myanmar’s Key Trends and Opportunities to 2021” on 24 July 2017

(2) Malaysiadigest.com “Clean, green and profitable, A look at Msia’s switch to renewable energy”, 24 July 2017



### NATIONAL DAY RALLY

## HDB value proposition improves as market awaits scheme details

No immediate impact yet; but owners now have further assurance they would be able to 'cash out' as lease runs down

By Nisha Ramchandani  
nisha@sp.com.sg  
@nisha\_bt

FRESH measures to spruce up and redevelop ageing HDB flats aren't expected to immediately impact the HDB resale market, say property analysts, who are seeking greater clarity on how the new voluntary early re-development scheme (VERS) will be implemented.

In his National Day Rally speech, Prime Minister Lee Hsien Loong announced a multi-billion dollar programme, Home Improvement Programme (HIP) II, which will be launched in 10 years' time to upgrade flats that are 60 to 70 years old. This will see them being upgraded for a second time during their 99-year lease. Meanwhile, the existing HIP, which upgrades flats for the first time at the 30-year mark, is being expanded to include housing blocks built up to 1997. Prior to this, it was offered to flats built up to 1986.

In addition, residents in selected precincts will get to vote on whether to sell their ageing flats back to the government before the lease runs out. Through VERS - which will kick off in around two decades - the government would be able to redevelop these older towns if residents vote in favour of it.

Noting that VERS will be launched another 20 years, national real estate search & consultancy agent Knight Frank, Ong Teck Fui, doesn't expect a demand or prices for HDB resale to shoot up. However, he adds that the overall move is a positive one, and should stabilise the market, especially when potential buyers are aware that flats are concerned.

While it may be too early to gauge if prices will rise because of the HIP and VERS schemes, the real estate



## Lease buyback now open to all HDB flats; liquidity boost for older resale flats

Singaporean elderly owners in all Housing Board flats - including those in five-room money if his age plus the number of years left on the remaining lease of the property is at least 80 years, but



## Every HDB flat to be upgraded twice

Government will also launch voluntary scheme to redevelop precincts in 20 years' time

By Nisha Ramchandani

Every HDB flat in Singapore will be upgraded twice in the next 10 years, says Prime Minister Lee Hsien Loong at the National Day Rally. The government will also launch a voluntary scheme to redevelop precincts in 20 years' time.

Prime Minister Lee Hsien Loong announced a multi-billion dollar programme, Home Improvement Programme (HIP) II, which will be launched in 10 years' time to upgrade flats that are 60 to 70 years old. This will see them being upgraded for a second time during their 99-year lease.

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Business Times, 21 Aug 2018

Straits Times, 20 Aug 2018

- Existing **HIP** will be expanded to include housing blocks built up to **1997**
  - HIP upgrades flats for the first time at the 30-year mark
  - To benefit another 230,000 flats in Tampines, Pasir Ris, Yishun, Jurong and other housing towns
- New multi-billion dollar **HIP II** to upgrade flats that are **60 to 70 years old**
  - Upgrades flats for a second time during their 99-year lease
  - To be launched in 10 years
- **VERS:** The Government will progressively take back flats that reach about 70 years of age, and **redevelop older towns over two to three decades.**
  - VERS will start 20 years down the road.

# STRATEGY

## CORE BUSINESS

Continue to be market leader in R&R, A&A and C&P – focus government ministries and F&B sectors

Achieve better market penetration in Myanmar and Malaysia with strategic partners

Export expertise overseas – ID works to Myanmar; R&R to Malaysia

## INTEGRATION & CONSOLIDATION

Merge certain BUs – ISO-Seal into Raymond Construction and ICM into ISOTeam C&P

Synergies from consolidation at HQ (Account, HR, Admin, Resources, Workshop, Safety)

## UNLOCK SYNERGIES

Cross-sell across BUs

Offer package deals to customers

B2B partnerships eg ERA, facility managers

## GROW INTO NEW SECTORS

Renewable energy – floating modules for solar panels

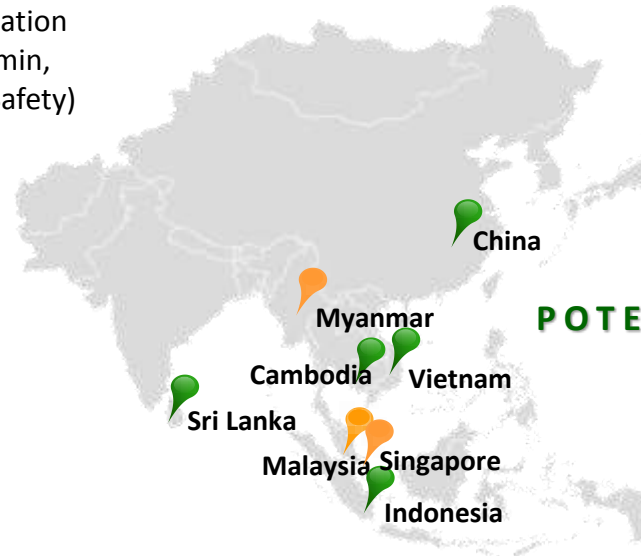
Landscape maintenance and gardening for condominiums

Bike sharing business

## OTHER OPPORTUNITIES

M&As and strategic partnerships

- Conservancy and cleaning services
- MEP
- Energy management system (planning)



## POTENTIAL MARKETS



**THANK YOU  
Q&A SESSION**

