



FOR IMMEDIATE RELEASE

## ISOTeam achieves modest revenue growth in HY2017; order book at a record S\$107.1 million

- A&A, C&P and Others segment generated strong double digit growth in revenue.
- Gross profit margin improved 3.8 percentage points to 28.2% in HY2017 due to contribution from higher margin A&A and C&P projects.
- Profit before tax remains stable at S\$5.3 million despite the allowance made for doubtful receivables of approximately S\$0.7 million.

### Financial Highlights for the Six Months Ended 31 December

S\$'m	HY2017	HY2016	Chg (%)
Revenue	44.8	44.7	0.1
Gross profit	12.6	10.9	15.8
Profit before tax	5.3	5.2	0.6
Net profit for the period	4.2	4.5	(6.5)
Profit attributable to equity holders	4.1	4.3	(4.8)
Earnings per share* (Singapore cents)	1.43	1.49	(4.0)

\*Based on the weighted average number of 283,883,793 ordinary shares in issue in HY2017 and 285,866,590 ordinary shares in issue in HY2016.

**SINGAPORE, 13 February 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, achieved a modest 0.1% growth in revenue to S\$44.8 million for the six months ended 31 December 2016 (“HY2017”), while gross profit rose 15.8% year-on-year (“YOY”) to S\$12.6 million as overall gross profit margin improved from 24.4% for the six months ended 31 December 2015 (“HY2016”) to 28.2% for the current reporting period.

As a result of its expanded operations, the Group’s overall expenses in HY2017 also increased due to higher overheads and staff costs arising from the acquisition of a new subsidiary namely ISOTeam TMG Pte. Ltd., and the incorporation of joint venture companies in Myanmar and Malaysia. The Group had a reduction of claimable tax relief during the reporting period and also made allowance for doubtful receivables of S\$0.7 million pertaining to a customer that went into liquidation. As such, net attributable profit declined 4.8% from S\$4.3 million in HY2016 to S\$4.1 million in HY2017. Without



the aforementioned doubtful receivables, the Group's operational net profit in HY2017 would have been an 8.9% improvement over HY2016.

Since its IPO in July 2013, ISOTeam has expanded its business units from four to 10 through a spate of business acquisitions that saw its capabilities broaden to include new skills such as mechanical and electrical engineering, interior design and fitting out, specialist coating and landscaping work. Its M&A activities also fulfil the Group's long-time goal to offer a full suite of maintenance solutions under one roof.

**Executive Director and Chief Executive Officer, Mr Anthony Koh (许统发)**, said: *“Although our bottomline felt the effects of higher expenses as a result of our expanded operations, I am satisfied with our half year performance particularly because we are moving more aggressively into the higher margin A&A and C&P segments. As we continue to actively go after new contracts with our newly added capabilities, I am optimistic that we are on track to have a healthy financial year despite market and economic challenges.”*

As at 31 December 2016 and based on the weighted average number of 283,883,793 ordinary shares in issue, Earnings Per Share (“EPS”) was 1.43 Singapore cents while Net Asset Value (“NAV”) per share was 19.21 Singapore cents, which was based on 281,122,956 ordinary shares in issue. This compared to an EPS of 1.49 Singapore cents as at 31 December 2015, which was based on 285,866,590 ordinary shares in issue, and a NAV per share of 18.79 Singapore cents as at 30 June 2016, which was based on 284,665,956 ordinary shares in issue.

ISOTeam continued to maintain its healthy financial position with cash and bank balances of S\$29.8 million as at 31 December 2016. The Group's gearing ratio remains manageable at 0.6 times.



**Revenue by Segments**

S\$'m	HY2017		HY2016		Chg (%)
	S\$'m	%	S\$'m	%	
R&R	10.7	23.9	24.0	53.7	(55.5)
A&A	17.3	38.6	9.7	21.8	77.6
C&P	8.2	18.3	4.9	10.9	67.8
Others <sup>+</sup>	8.6	19.2	6.1	13.6	41.3
<b>Total</b>	<b>44.8</b>	<b>100</b>	<b>44.7</b>	<b>100</b>	<b>0.1</b>

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

Revenue from the Group’s **R&R** segment fell 55.5% year-on-year (“**yoy**”) to S\$10.7 million mainly because of the smaller value of contracts won and also because some completed R&R works were recorded as A&A revenue, namely projects under the Neighbourhood Renewal Programme in Jurong, Tampines and Serangoon. During the period under review, the Group completed and delivered eight R&R projects. The revenue was largely derived from the Pasir Ris-Punggol Town Council, National Environment Agency (“**NEA**”), 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 other three segments.

The **A&A** segment was the star performer in HY2017 with revenue leaping 77.6% yoy to S\$17.3 million derived largely from the projects awarded by the Public Service Division, Pasir Ris-Punggol Town Council, NEA, Nee Soon Town Council and Marine Parade Town Council.

The Group’s Coating and Painting (“**C&P**”) segment, which had gained enough traction to be reported as an individual segment since HY2016, continued to grow from strength to strength with a 67.8% yoy increase in revenue to S\$8.2 million in HY2017. This was derived largely from projects awarded by Sato Kogyo (S) Pte Ltd, Singapore Piling & Civil Engineering Pte Ltd, Samsung C&T Corporation, Hexacon Construction Pte Ltd and Welltech Construction Pte Ltd.



Revenue from the Group's **Others** business segment rose 41.3% yoy to S\$8.6 million in HY2017. This was derived largely from 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**

ISOTeam expects the construction related services industry to face some headwinds in the next 12 months with intense price competition and climbing foreign workers' levies. Notwithstanding this, the Group remains optimistic of clinching new projects as the Singapore government continues to invest in the renewal and rejuvenation of older estates. Its expanded capabilities have also opened the doors to an increasing number of private sector projects.

Just last month, ISOTeam achieved an important milestone by clinching its first project under HDB's Home Improvement Programme ("**HIP**") worth S\$17.5 million. The Group will carry out the HIP scope of works at Blocks 236 to 242 Yishun Ring Road and Blocks 287 to 298 Tampines Street 22.

Also in January 2017, the Group announced its proposed acquisition of Rong Shun Construction Pte. Ltd. ("**Rong Shun**"). The new target is principally engaged in the provision of electrical works including electrical installation, provision of fire alarm system, security system and all wire related works. The proposed acquisition will expand the Group's capability to offer a full suite of engineering services and solutions such as mechanical and electrical ("**M&E**"), air conditioning, mechanical ventilation works, security, fire protection system as well as sanitary and plumbing services, which complement the Group's existing capabilities in A&A, upgrading and renewable energy installation.

As at 26 January 2017, ISOTeam's order book hit a record S\$107.1 million to be progressively delivered over the next 24 months. In addition, upon successful completion of the acquisition, Rong Shun has guaranteed to the Group that it shall for the period 1 October 2016 to 30 September 2019 achieve a cumulative profit before tax of an aggregate sum representing at least 12.0% of its existing order book as well as maintain its existing order book to be no less than S\$13.1 million.



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**Mr Koh** said: *“Winning the HIP project is a real confidence booster for us as only the most trusted contractors are invited to tender for them. It really shows that our determination to maintain a track record of quality work and on-time delivery over the years has paid off. We are very excited about it and we will work very hard to do a good job so that we will be invited for future HIP tenders.*

*“We are also looking forward to working with our new subsidiary Rong Shun as it has paved the way for us to tender for engineering and M&E projects across various industries including shopping malls, REITs, factories, schools, hospitals, offices, highend hotels and residences.”*

With its experience in renewable energy installation, ISOTeam also expects to benefit from the government-led SolarNova programme, which aims to have solar power contribute 350 megawatt-peak to Singapore’s energy supply by 2020. In 2015, there were 400 HDB blocks with solar panels and the target for the programme is 5,500 to have such panels by 2020.

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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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*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 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.*