

HY2021 Results Presentation

6 months ended 31 December

9 February 2021



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 - 02 Business Highlights
 - 03 Financial Highlights
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- Q & As

Notice:

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01

Business Overview



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



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



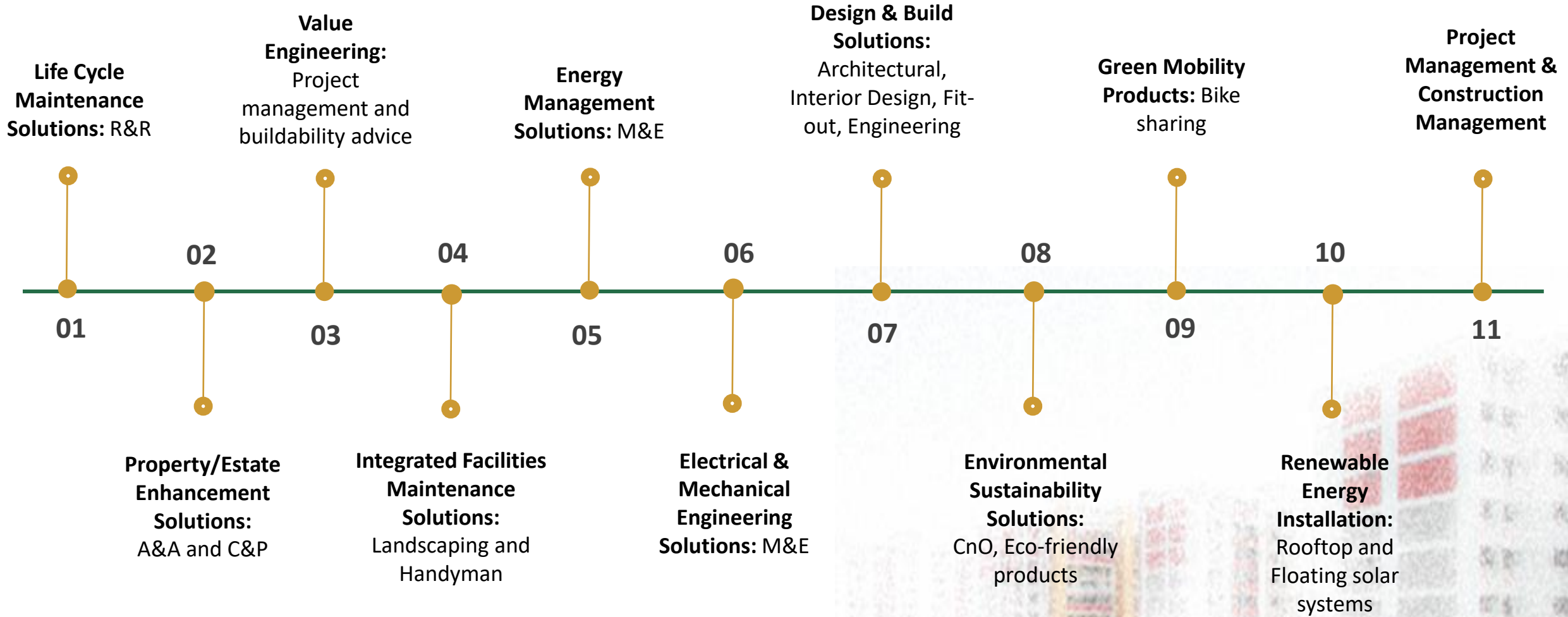
>500
projects



>5,000
buildings

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	100%	
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



HY2021: Operating in the new normal

1Q21

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

(Jul-Sep 2020)

2Q21

- Secures new contracts: \$21.4M
- Ongoing efforts and strategic measures to enhance competitiveness and performance, which had been adversely impacted by COVID-19

(Oct-Dec 2020)

3Q21

- New contracts: \$20.9M
- Appointment of new Chief Operating Officer







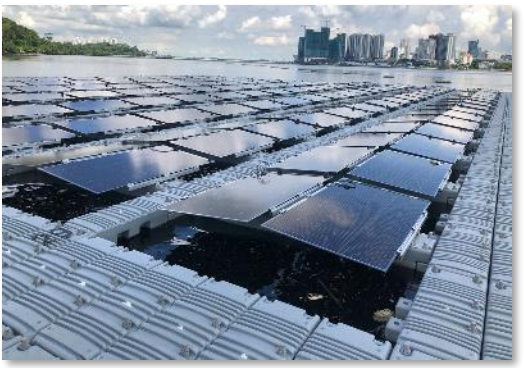

(Jan 2021 –Todate)

Showcase: Completed Projects






R&R	Bendemeer Road Market & Hawker Centre	8 blks at Circuit Road	15 blks at Kelantan Lane	14 blks at Lor 8 Toa Payoh	29 blks at Rivervale Cres./Dr.	Various residential homes
						

A&A	NRP at Circuit Road	HIP at Yishun	HIP at Tampines	NRP works at Choa Chu Kang Street 62	
					

Showcase: Completed Projects

C&P	Dulwich College	Kew Green Condo	Outram Community Hospital	Tuas Dormitory
				
M&E	Bedok Market	Fernvale Childcare Centre	Offshore Grid-Tied Solar Photovoltaic System	Temasek Polytechnic
				

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	
					

Summary: Ongoing Projects

	HY2020		HY2021	
	Number	Value (S\$'m)	Number	Value (S\$'m)
R&R	35	89.0	33	80.6
A&A	28	146.5	29	160.0
C&P	73	35.0	63	28.5
Others	28	39.6	36	84.8
Total <u>contract value</u> of ongoing projects		310.1		353.9

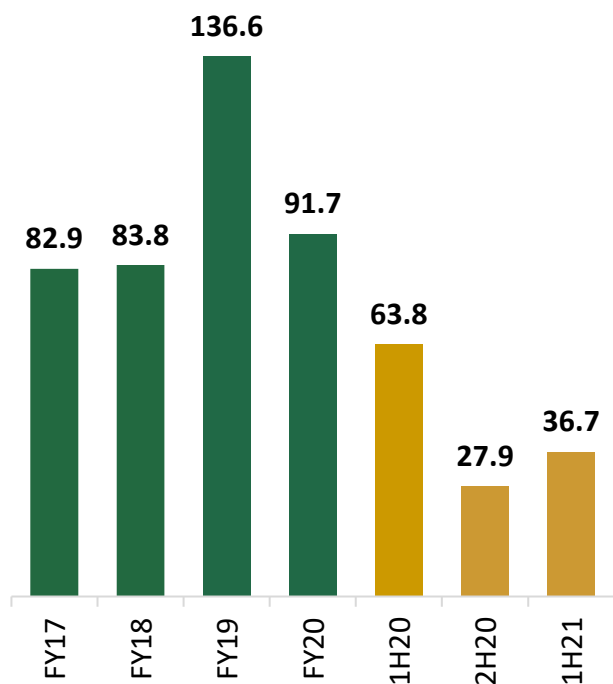


03

Financial Highlights

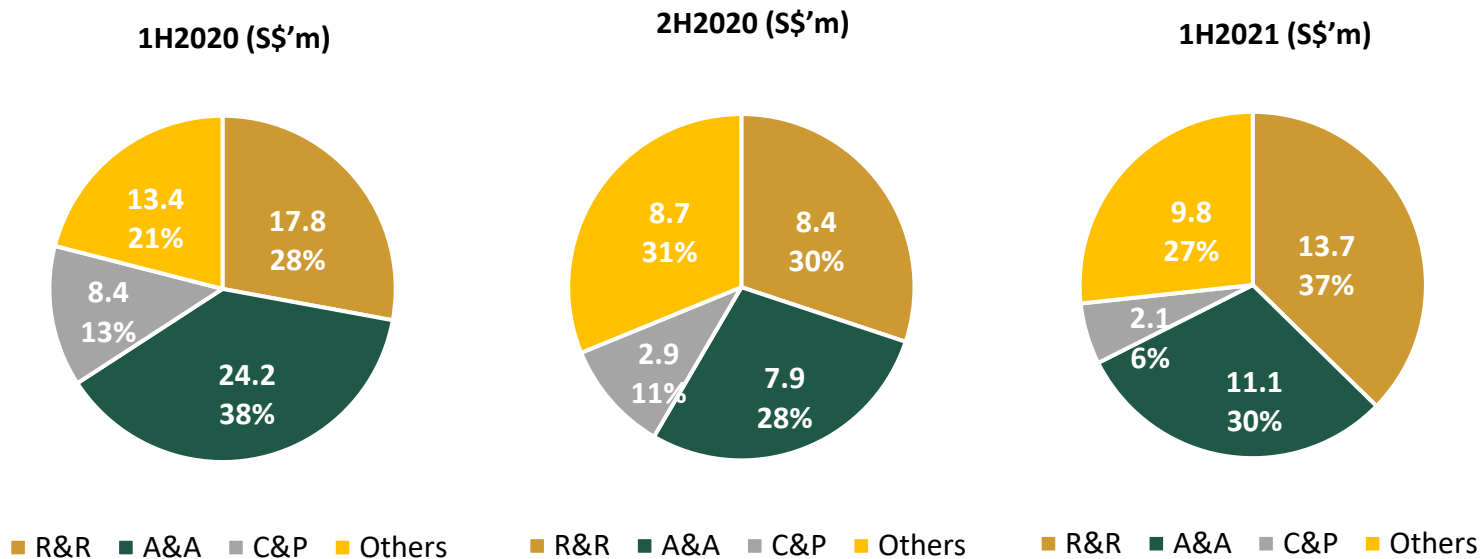


Revenue (S\$m)



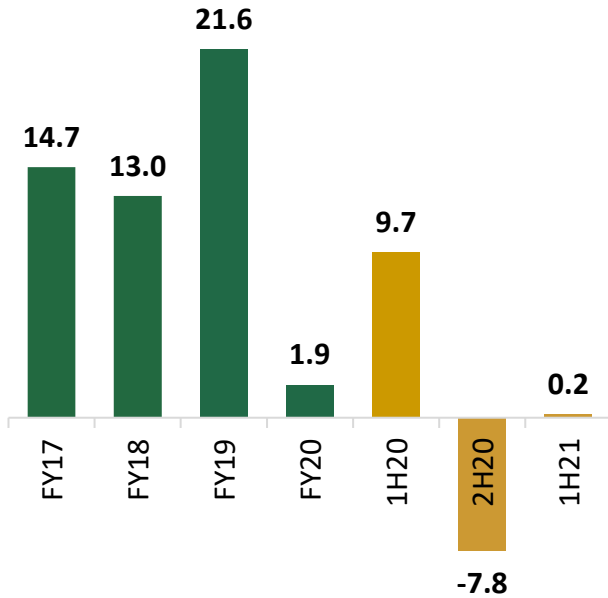
- Yoy: ↓ 42.4%
- Hoh: ↑ 31.5%

By Business Segments (S\$m)



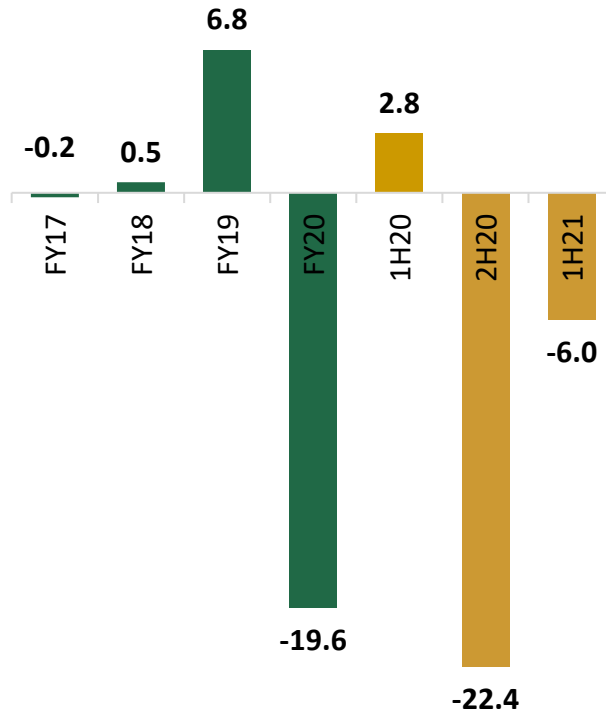
Segment	YoY	HoH
R&R	↓23.2%	↑62.4%
A&A	↓55.2%	↑40.6%
C&P	↓74.6%	↓27.2%
Others	↓26.8%	↑13.0%

Gross Profit (S\$m)



- Yoy: ↓ 98.3%
- Hoh: Turned profitable

Net Attributable Profit (S\$m)



- Yoy: ↓ 98.3%
- Hoh: ↑ 73.2%

(%)	Gross Profit Margin	Net Attributable Profit Margin
FY17	17.8	NM
FY18	15.5	0.6
FY19	15.8	4.9
FY20	2.1	NM
HY20	15.2	4.4
HY21	0.4	NM



Income Statement: Expenses

KEY EXPENSES (\$\$'M)	FY2020	HY2020	HY2021	Chg (%)
Cost of sales	(89.8)	(54.1)	(36.5)	(32.4)
Marketing and distribution expenses	(0.9)	(0.5)	(0.4)	(8.5)
General and administrative expenses	(16.3)	(6.6)	(5.7)	(13.6)
Other operating expenses	(5.2)	(0.2)	(3.9)	NM
Finance costs	(1.8)	(0.9)	(0.7)	(29.0)

Any variances in percentage changes are due to rounding

- General and administrative expenses: Mainly due to the reduction in salaries and the receipt of foreign worker levy rebates and waiver
- Operating expenses: Mainly due to impairment of goodwill
- Finance costs: Mainly due to lower interest rate incurred on bank borrowings

Key Financial Highlights

KEY HIGHLIGHTS	FY2020	HY2020	HY2021
PROFITABILITY RATIOS			
Earnings Per Share ⁽¹⁾ (cents)	(6.46)	0.98	(1.73)
Return On Assets (%)	(17.9)	1.6	(5.4)
Return On Equity (%)	(39.6)	3.6	(13.7)
BALANCE SHEET	S\$'m	S\$'m	S\$'m
Current assets	70.8	86.9	77.1
Cash and bank balances	12.6	6.4	14.0
Net current assets	13.3	30.0	18.5
Net assets	48.6	60.4	42.4
CASH FLOWS	S\$'m	S\$'m	S\$'m
Operating cash flows before working capital changes	(7.5)	5.8	(1.1)
Cash generated from / (used in) operations	3.1	(0.5)	(4.9)
Net cash generated from / (used in) operating activities	2.7	(1.6)	(4.6)
Net cash (used in) / generated from investing activities	(12.0)	(0.3)	4.0
Net cash generated from / (used in) financing activities	12.3	(1.0)	3.6

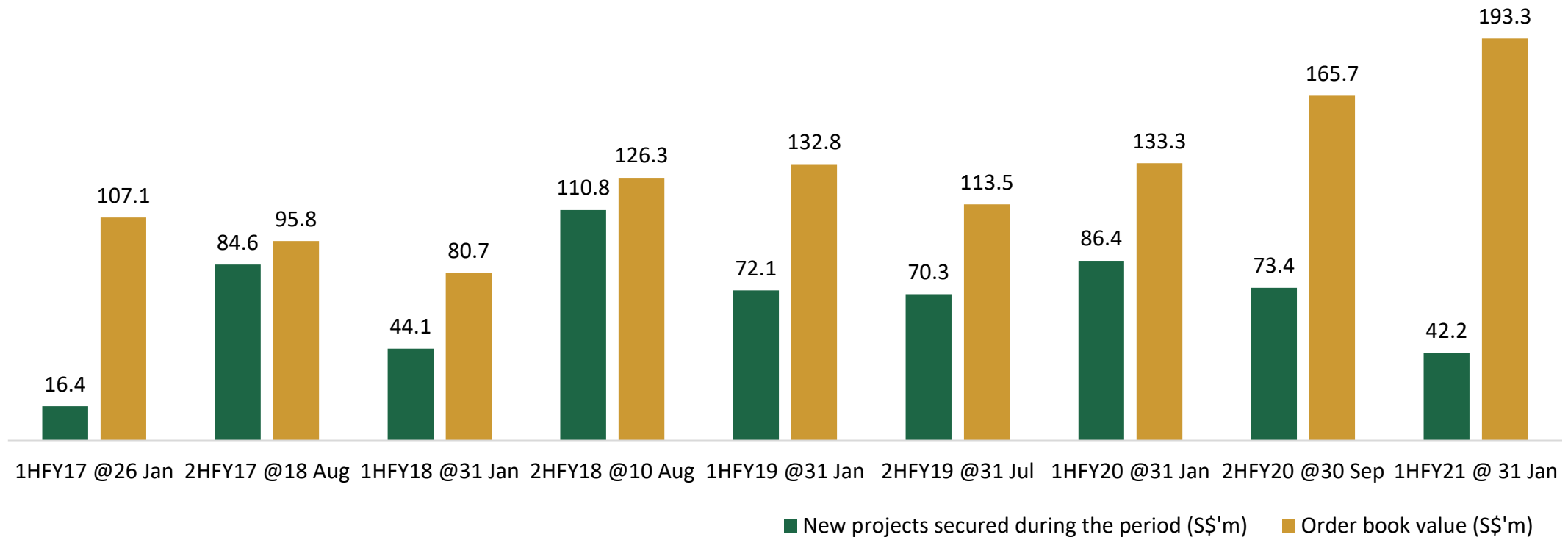
(1) Adjusted and Normalised

(2) Weighted average number of ordinary shares: HY2021: approx. 346.9 million shares; HY2020: approx. 285.1 million shares

Order Book Trend

S\$193.3 million book orders as at 31 January 2021 largely to be progressively delivered by FY2023

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





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

MND

Expanded HIP Scheme and HIP II



04

NEA & HDB

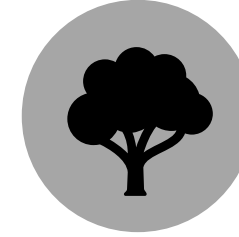
Hawker Centre Upgrading Programme



05

LTA

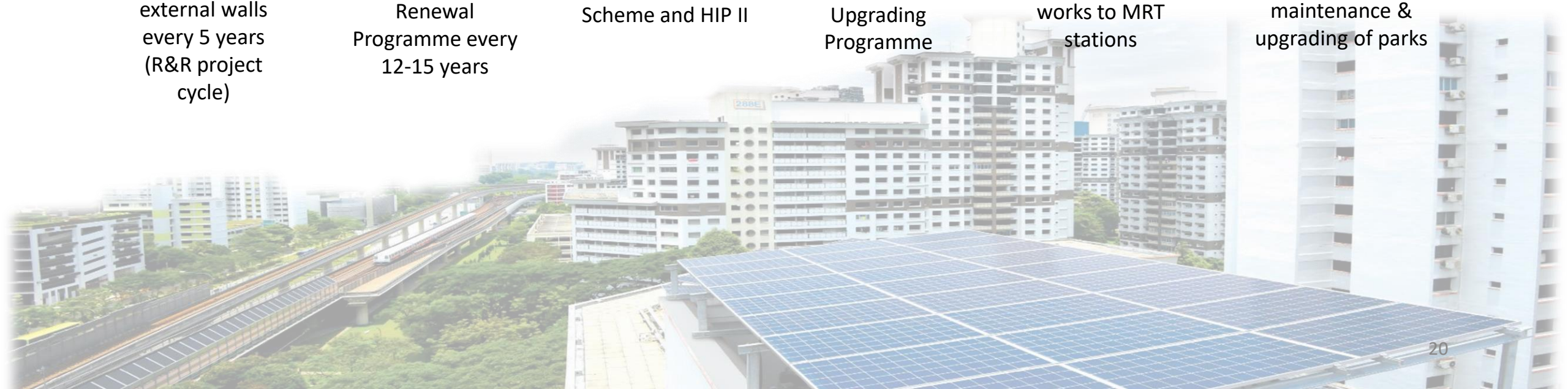
Upgrading / A&A works to MRT stations



06

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
- Explore urban farming and rooftop garden in line with the Government's 30 by 30 initiative - a target for Singapore to produce 30 percent of its nutritional needs by 2030, as a buffer from supply disruptions
- 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

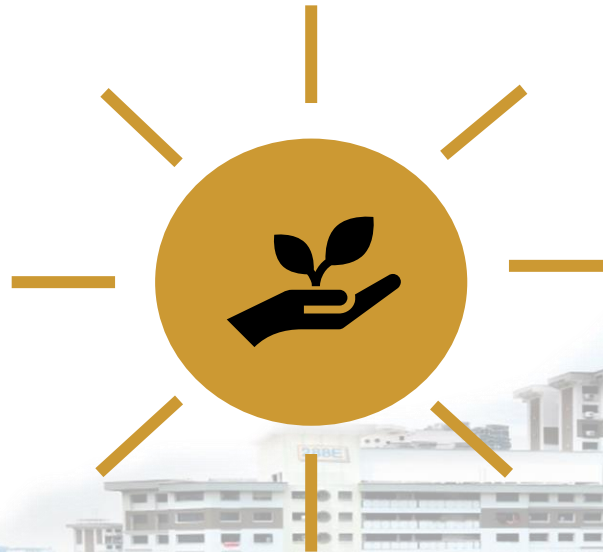
- Joint-effort with HDB and leverage on ESG

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

- Expanding SG Bike fleets
- 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



Business Times, 01 October 2020

SFA awards tender for 9 HDB carpark rooftop sites for urban farming

© THU, OCT 01, 2020 - 5:50 AM

RACHEL CHIA ✉ rchia@sph.com.sg 🐦 @RachelChiaBT
Singapore

THE Singapore Food Agency (SFA) has awarded the tender for nine sites on the rooftops of Housing and Development Board (HDB) multi-storey carparks for urban farming, it said in a joint statement with HDB on Wednesday.

Five single sites and two cluster sites comprising two sites each, were awarded to six tenderers.

The tenders for the single sites were won by four companies and an individual, Gaurav Saraf.

- The Singapore Food Agency (SFA) awarded the tender for nine sites on the rooftops of HDB multi-storey carparks for urban farming
- SFA is looking to transform the rooftops into vegetable farms that will contribute to Singapore's "30 by 30" goal
- This is also in line with HDB's "Green Towns" Programme to intensify the greening in HDB estates

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, 5 January 2021

Parliament: Plans to make energy greener as Singapore rebounds from 2020 electricity demand fall



Second Minister for Trade and Industry Tan See Eeng said solar energy is the most viable source of renewable energy in Singapore. PHOTO: ST FILE

- Singapore to green its energy mix as energy use is expected to rebound following Covid-19
- Accelerating efforts in Solar energy and will almost quadruple solar capacity to 1.5 gigawatt-peak by 2025, and 2 gigawatt-peak by 2030

CNN, 02 February 2021

Singapore is building a 42,000-home eco 'smart' city



- Government committed to sustainable urban design and offers a roadmap for slashing carbon emissions
- Singapore to promise 42,000 new homes, more than 70% to be made available through HDB leases across five residential districts, in the eco-town of Tengah
- The first settlement in Singapore with centralized cooling, automated trash collection and a car-free town centre

Construction Industry Recovery Expected in 2021 Supported by Public Housing and Infrastructure Projects

19 January 2021, Business Times

TOP STORIES

SINGAPORE ECONOMY

2021 construction demand forecast to recover

However, the shadow of the manpower crunch will continue to hang over it, say those in the industry

Construction Demand

Year	Public	Private	Total
2020 (P)	13.2	8.1	21.3
2021 (F)	15 - 18	8 - 10	23 - 28
2022-2025 (F)	14 - 18 / yr	11 - 14 / yr	25 - 32 / yr



By Ben Wee
SINGAPORE
The construction industry is expected to recover in 2021, supported by public housing and infrastructure projects, say those in the industry. However, the shadow of the manpower crunch will continue to hang over it, say those in the industry.

On Monday, National Development Minister Lawrence said that the industry is expected to recover in 2021, supported by public housing and infrastructure projects, say those in the industry. However, the shadow of the manpower crunch will continue to hang over it, say those in the industry.

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Workers at a public housing project. Last year, public sector construction demand fell to \$11.1 billion from \$13.2 billion. Expected to rise to between \$15 billion and \$18 billion in 2021.

19 January 2021, Straits Times

A4 | THE BIG STORY

Construction demand set to perk up with public sector support

Contracts expected to grow to between \$23b and \$28b this year, up from estimated \$21.3b last year

By Ben Wee
SINGAPORE
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Construction Demand (Value of contracts awarded) (\$ billion)

Year	Public	Private	Total
2020 (P)	13.2	8.1	21.3
2021 (F)	15 - 18	8 - 10	23 - 28
2022-2025 (F)	14 - 18 / yr	11 - 14 / yr	25 - 32 / yr

2021 construction demand to recover to between S\$23b -S\$28b

- Public sector to contribute 65% driven by stronger demand for public housing and infrastructure projects
- Private sector construction demand - en-bloc residential sites, major retrofitting of commercial developments as well as construction of high-specification industrial buildings to meet business needs

Steady improvement in construction demand to S\$25b-S\$32b per year from 2022-2025

- Public sector to lead the demand - public residential developments and large infrastructure and institutional projects
- Private sector construction demand is expected to improve steadily on a gradual recovery of the global economy, contingent on the successful deployment and effectiveness of COVID-19 treatment and vaccines and easing of lockdown restrictions

Operating in the New Normal

01



GRADUAL RESTART SINCE JUNE 2020

- All 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



LABOUR SUPPLY

- Easing of entry rules since Dec 2020
- Higher costs of labour due to supply crunch and COVID-10 requirements eg SHN

03



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

- No cancellations of existing projects
- New contracts secured
- Active and robust tender book

04



SUFFICIENT WORKING CAPITAL FOR OPERATIONAL NEEDS AND FINANCIAL COMMITMENTS

- Cash of \$14.0 million as at HY2021
- Temporary bridging loans from banks secured

05



ADAPTING TO THE NEW NORMAL

- New Crisis and Risk Management Committee @ ISOTeam
- Tech-based solutions to reduce labour reliance eg App for virtual inspection
- Exploring new niches – Virtual project mgt, 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 (\$193.3M @ 31 January 2021)
- Upside from new business units
- Tapping into new sectors
- Positive prospects in Singapore
- Lower default risk
- Minimum dividend payout of 20% of net profit
- Focus on Delivery and Cost Management
- Focus on specialisation through spring off on FP business
- Explore Urban Farming in line with the Government's 30:30 initiative
- Expanding SG Bike fleets
- Continue to grow Core Competency in R&R and NRP





Thank You
Q & As





Covid-19 Updates



Measures to Mitigate Impact of COVID-19: On Operations



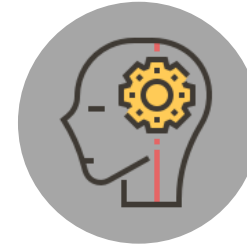
Re-scheduling, execution and extension for affected projects and other operational constraints

- 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%** Oct: **75%**
Nov: **50%** 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)
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3 months extension of levy payment timeline for SMEs

NEW!

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

NEW!

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 prolongation 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



Jobs Support Scheme: **NEW!**

75% (Apr to Aug 2020)	50% (Sep to Oct 2020)	30% (Nov 2020 to Mar 2021)
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of the first \$4,600 of gross monthly wages for SC/SPR employees co-funded, 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 2018 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 (MYE) refund

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/SPR SMEs co-funded from Sep 2020 to Feb 2021

Flexible premium instalment plans for cash-constrained insurance policyholders



Temporary Bridging Loan Programme:

\$5M **90%**

high or maximum loan government risk share with attractive interest rates



SME Working Capital Loan:

\$1M **90%**

non quantum 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://go.gov.sg/bca-built-environment-support-measures>

Updated 23 Aug. 2020