



FOR IMMEDIATE RELEASE

## ISOTeam achieves 9.2% revenue growth in HY2018

- R&R, A&A and Others segment generated strong double-digit growth in revenue.
- Gross profit and net attributable profit fell 25.3% and 16.5% respectively year-on-year due to lower margins as a result of intense price competition.
- Order book stands at S\$80.7 million as at 31 January 2018.

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

S\$'m	HY2018	HY2017	Chg (%)
Revenue	48.9	44.8	9.2
Gross profit	9.4	12.6	(25.3)
Profit before tax	2.9	5.3	(44.1)
Net profit for the period	2.8	4.2	(33.5)
Profit attributable to equity holders	3.4	4.1	(16.5)
Earnings per share* (Singapore cents)	1.20	1.43	(16.1)

\*Based on the weighted average number of 284,035,546 ordinary shares in issue in HY2018 and 283,883,793 ordinary shares in issue in HY2017.

**SINGAPORE, 12 February 2018 – 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 healthy 9.2% year-on-year (“yoy”) revenue growth to S\$48.9 million for the six months ended 31 December 2017 (“HY2018”) but profit attributable to equity holders fell 16.5% to S\$3.4 million as compared to the corresponding six months in 2016 (“HY2017”) due to lower margins.

**Executive Director and Chief Executive Officer, Mr Anthony Koh (许统发)**, said: “Although our revenue had gone up in HY2018, our bottomline felt the impact of more intense price competition in the industry as well as the lower number of projects available in the market for certain segments. To mitigate the current situation, we will step up our efforts to manage our costs and diversify into other untapped sectors. I believe with the upcoming move and centralisation of all our subsidiaries at our new premises in Changi, we will be able to lower some of our overheads, while improving operational efficiencies and productivity.”



As at 31 December 2017 and based on the weighted average number of 284,035,546 ordinary shares in issue, Earnings Per Share (“EPS”) was 1.20 Singapore cents. Net Asset Value (“NAV”) per share was 20.78 Singapore cents based on 283,762,041 ordinary shares in issue. This compared to an EPS of 1.43 Singapore cents as at 31 December 2016, which was based on the weighted average number of 283,883,793 ordinary shares in issue, and a NAV per share of 20.31 Singapore cents as at 30 June 2017, which was based on 284,387,041 ordinary shares in issue.

ISOTeam continued to maintain its healthy financial position with cash and bank balances of S\$14.1 million as at 31 December 2017. The Group’s gearing ratio remains manageable at 0.8 times.

#### Revenue by Segments

S\$’m	HY2018		HY2017		Chg (%)
	S\$’m	%	S\$’m	%	
R&R	12.0	24.6	10.7	23.9	12.3
A&A	22.0	45.0	17.3	38.6	27.5
C&P	4.9	10.0	8.2	18.3	(40.3)
Others <sup>+</sup>	10.0	20.4	8.6	19.2	15.5
<b>Total</b>	<b>48.9</b>	<b>100</b>	<b>44.8</b>	<b>100</b>	<b>9.2</b>

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

Revenue from the Group’s **R&R** segment rose 12.3% year-on-year (“yoy”) to S\$12.0 million in HY2018, while the **A&A** segment, which is also the Group’s biggest revenue generator, contributed the highest revenue growth of 27.5% to S\$22.0 million mainly due to the strong performance in our commercial A&A segment. ISOTeam recently completed a notable multimillion dollar A&A project for a restaurant at Sands Skypark Tower 1 ahead of time, which is a testament to its project management skills.

Revenue contribution from the Group’s **Others** segment rose 15.5% yoy to S\$10.0 million in HY2018 mainly due to contribution from the mechanical & electrical engineering division. The HY2017 results did not include this division, which was only acquired in January 2017.



The growth achieved by the Group's three aforementioned segments was partially offset by weaker performance from its Coating and Painting (“**C&P**”) segment, which was affected by lower revenue recognition. This led to a 40.3% yoy decline in revenue from S\$8.2 million in HY2017 to S\$4.9 million in HY2018.

### **Outlook**

As at 31 January 2018, ISOTeam's order book stood at a healthy S\$80.7 million to be progressively delivered over the next 24 months.

The Group expects market conditions to remain challenging over the next 12 months because of intensifying price competition partially brought on by fewer projects available in certain segments. However the Group is optimistic that its established track record and multi-disciplinary capabilities in the built environment gives it a strategic edge when tendering for new projects in both the private and public sectors.

**Mr Koh** said: *“We continue to see opportunities in the R&R and A&A segments in Singapore under the Government's various estate rejuvenation schemes. Approximately 101,000 flats have undergone Home Improvement Programme works since its launch in 2007 and works are currently in progress for another 139,400 homes. More than 300,000 flats are expected to benefit by the end of the programme, which means there remain opportunities for us to tender for projects under this scheme.”*

Several positive developments in the Group's other complementary products and services include the registering of its eco-product – Cockroaches and Odour Remover – as a vector control product with the National Environment Agency.

In November 2017, the Group incorporated ISO-Homecare with a joint venture partner to put more focus on this growing business. The Group holds a 51% stake in this entity.



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Following the successful implementation of floating wetland systems at Punggol Waterways in November 2017, Housing Development Board (“**HDB**”) is planning to introduce such systems at lakes and quarry parks throughout Singapore. Through its participation in this pilot project, the Group is optimistic of its prospects of securing more large scale eco-projects in the future.

The Group’s landscaping and horticultural arm has secured term contracts over a period of three years from two Town Councils to maintain the greenery in those estates. It is expected to bring regular and stable revenue to the Group over the duration of the contracts.

Meanwhile, the Group has plans to set up two new divisions, namely Cleaning and Conservancy and Energy Management Contract, for the purpose of offering facilities management services and energy saving consultation and installation services respectively. The Group will leverage its experience in estate rejuvenation and familiarity with the HDB / Town Council environment.

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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, green solutions, mechanical & electrical engineering works and handyman service 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*



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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, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.*