



FY2023 RESULTS BRIEFING

August 2023





CONTENT

01 Business Overview

02 Business Highlights

03 Financial Highlights

04 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 ISOTEAM

Established in 1998 in Singapore, we are a leading R&R, A&A and complementary niche specialist services provider for the built environment with a reputation for eco-conscious solutions

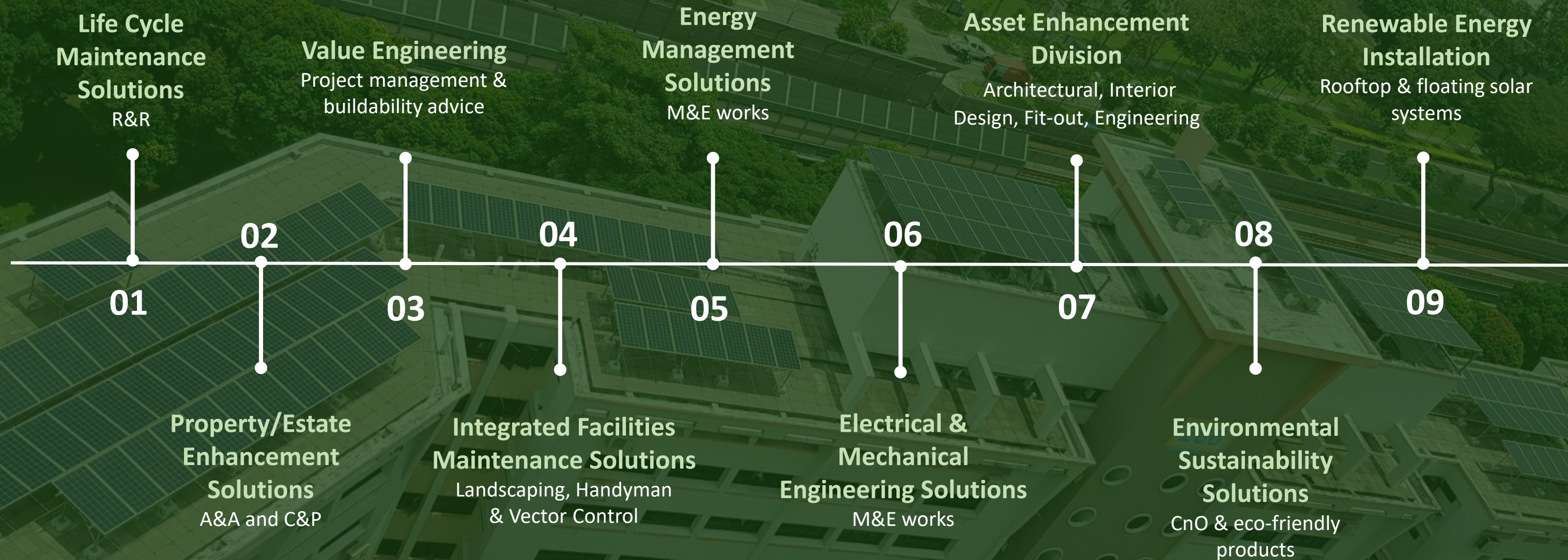
Competitive Strengths

- 25+ 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

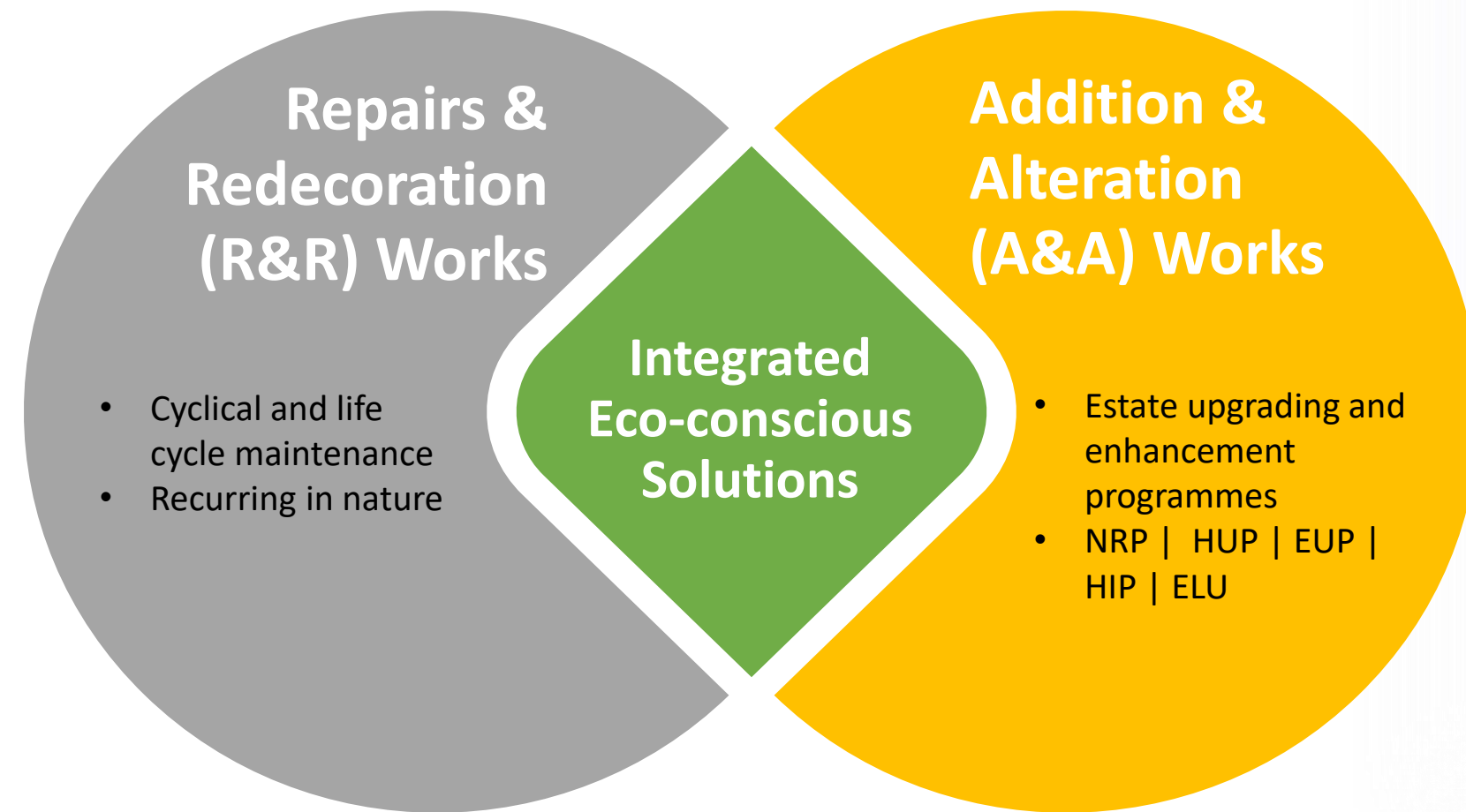


MULTI-DISCIPLINARY CAPABILITIES

Providing sustainable solutions for a better built environment



AN EDGE & FOCUS ON CORE R&R AND A&A BUSINESS



← Across Public and Private Sectors →



>800
projects



>7,200
buildings

A&A
30.2%
of FY2023 revenue

R&R
31.9%
of FY2023 revenue



CORPORATE STRUCTURE

As at 30 June 2023

Raymond Construction Pte. Ltd. ► A&A	100%
ISO-Team Corporation Pte. Ltd. ► A&A; R&R	100%
TMS Alliances Pte. Ltd. ► R&R	100%
ISO-Landscape Pte. Ltd. ► Niche landscaping & horticulture services	100%
ISO Integrated M&E Pte. Ltd. ► M&E services ► Air conditioning ► Plumbing works	100%
ISOteam Homecare Pte. Ltd. ► Handyman services	100%
ISOteam C&P Pte. Ltd. ► Specialist coating & painting	100%
Green-Pest Management Pte. Ltd. ► Pest control services	100%
ISOteam Renewable Solutions Pte. Ltd. ► Installation of solar panel and mixed construction activities	100%
ISOteam AET Pte Ltd ¹ ► A&A and commercial interior design	100%
Zara @ ISOteam Pte. Ltd. ► Interior decoration & retrofitting works	51%

¹ Formerly known as Industrial Contracts Marketing (2001) Pte Ltd

Divestment of non-core subsidiaries SGBike Pte Ltd, ISOteam Access Pte Ltd, and ISOteam Green Solutions Pte Ltd completed on 12 December 2022



02 BUSINESS HIGHLIGHTS



CORPORATE DEVELOPMENTS

2H 2023

Feb 2023
S\$31.4 million
in new projects

Comprising 18 projects

- 3 R&R projects: ~S\$10.6 million
- 2 A&A projects: ~S\$12.3 million
- 6 C&P projects: ~S\$4.9 million
- 5 ID projects: ~S\$2.9 million
- 2 M&E and Landscaping projects: ~S\$0.7 million

May 2023
S\$50.7 million
in new projects

Comprising 14 projects

- 4 R&R projects: ~S\$18.3 million
- 3 A&A projects: ~S\$20.2 million
- 4 C&P projects: ~S\$5.9 million
- 1 Landscaping project: ~S\$3.0 million
- 2 M&E and ID projects: ~S\$3.3 million

June 2023
Rights issue

To support higher level of business activities

- Issuance of up to 347.2 million new ordinary shares ("Rights Shares") at S\$0.03 a piece

1Q 2024

July 2023
Drone fascade
inspections

Renews collaboration with H3 Dynamics for HDB and Town Councils' projects secured by TMS

- 2 + 1 year agreement wef 30 June 2023

August 2023
S\$21.5 million
in new projects

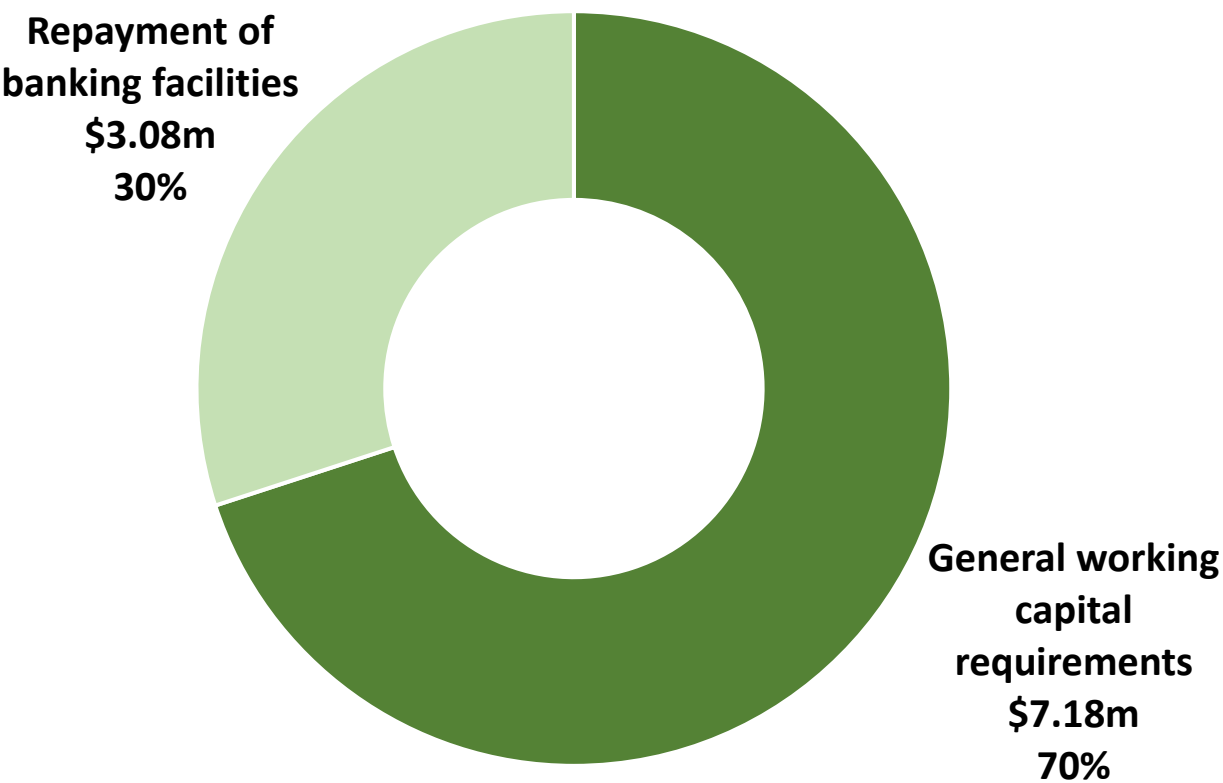
Comprising 7 projects

- 2 R&R projects: ~S\$11.7 million
- 2 A&A projects: ~S\$6.3 million
- 2 C&P projects: ~S\$1.6 million
- 1 ID project: ~S\$1.9 million

Strong Investor Take-up for the Rights Issue

- **347.2 million** rights shares
fully taken up @ **S\$0.03** per rights share
- **159.33%** subscribed
- **S\$10.26 million** net
proceeds raised

Use of Net Procceds



	Number of Rights Shares	As a % of the total number of Rights Shares available for subscription
Valid Acceptances	314,141,917	90.49%
Valid Excess Applications	239,022,706	68.85%
Total	553,164,623	159.33%



8 blocks at Yishun Avenue 6/11: Plazas, linkway, shared path and residents' corner



20 blks at Boon Lay Ave/Dr/Place and Market & Food Centre

20 blks at Holland Close/Ave/Dr & Commonwealth Close/Dr

SHOWCASE: KEY COMPLETED PROJECTS



C&P

Moral Home @ Jln Bilal



Neighbourhood @ Bukit Batok



HomeTeam @ Bedo



Sengkang Grand



Ramada Hotel



Waterfront Isle



RS

Installation of Solar PV Systems to Rooftops of Punggol and Sengkang HDB Estates



SHOWCASE: KEY COMPLETED PROJECTS

Bedok South



Residence @ Prince Charles Crescent



Shophouse @ Norris Road



Electrical Works @ Downtown Line and East West Line Rail Depot

Electrical Re-wiring @ Jln Besar Town Council (16 blks)

Electrical Installation @ Minion Land, USS

Hotel Jen



SHOWCASE: KEY COMPLETED PROJECTS



03 FINANCIAL HIGHLIGHTS

12 MONTHS ENDED
30 JUNE 2023

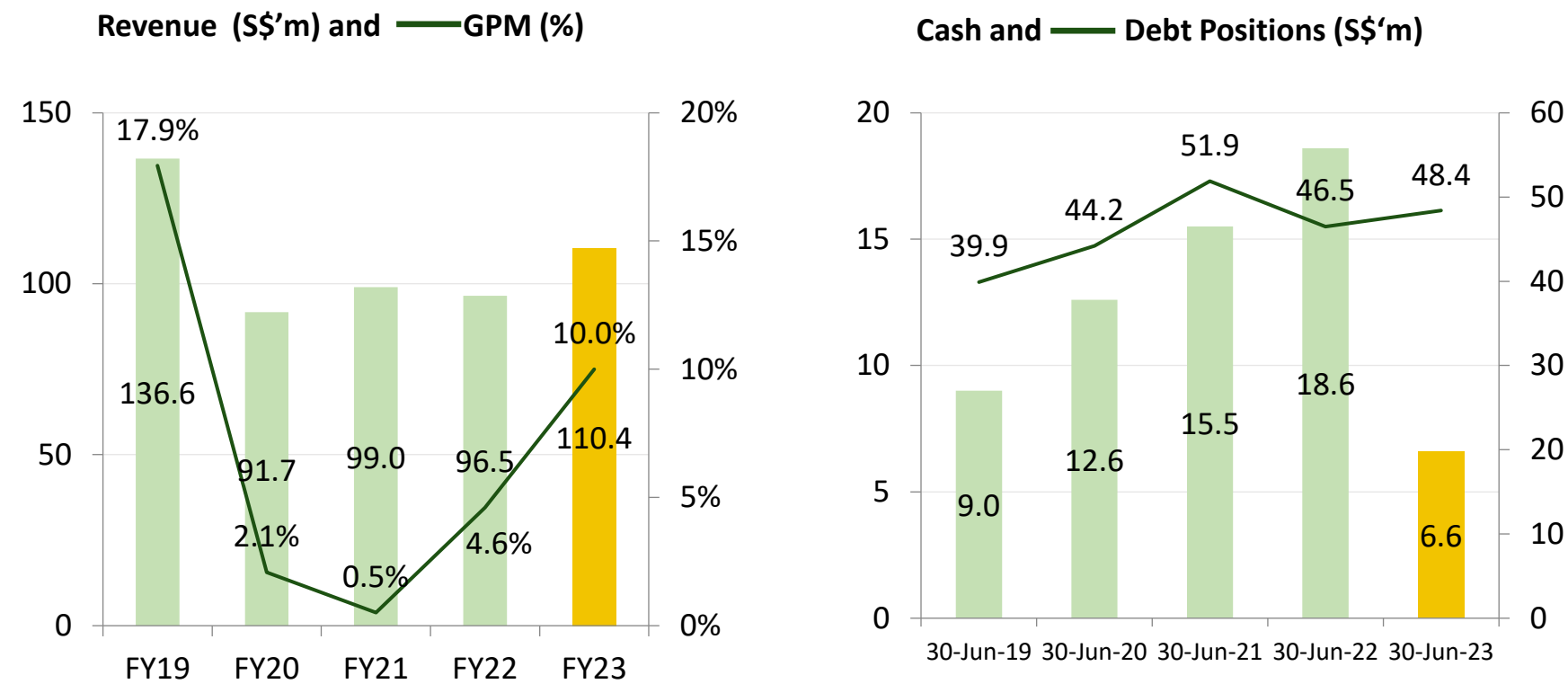


SALIENT HIGHLIGHTS

1. Back to **profitability** after three years of losses
2. **Drag from legacy contracts** (secured before/during COVID-19) has been fully eradicated from our order books
3. Latest **order book (S\$194.0 million @ 3 August 2023)** is at a **10-year record high**, and priced at better margins relative to legacy contracts
4. **Non-core legacy businesses have been divested** with gains of ~S\$2.5 million crystallised from SGBike Pte Ltd and ISOteam Green Solutions; more gains to be potentially recognized when ISOteam Access Pte Ltd is monetised
5. Full focus on **organically growing our core** R&R, A&A and C&P businesses
6. **Strong contract win momentum** supported by a recovering industry - ~\$153.4 million new jobs won between July 2022 and August 2023
7. Expects business **performance to improve** barring unforeseen circumstances

FINANCIAL OVERVIEW

Note: FY22 figures have been restated

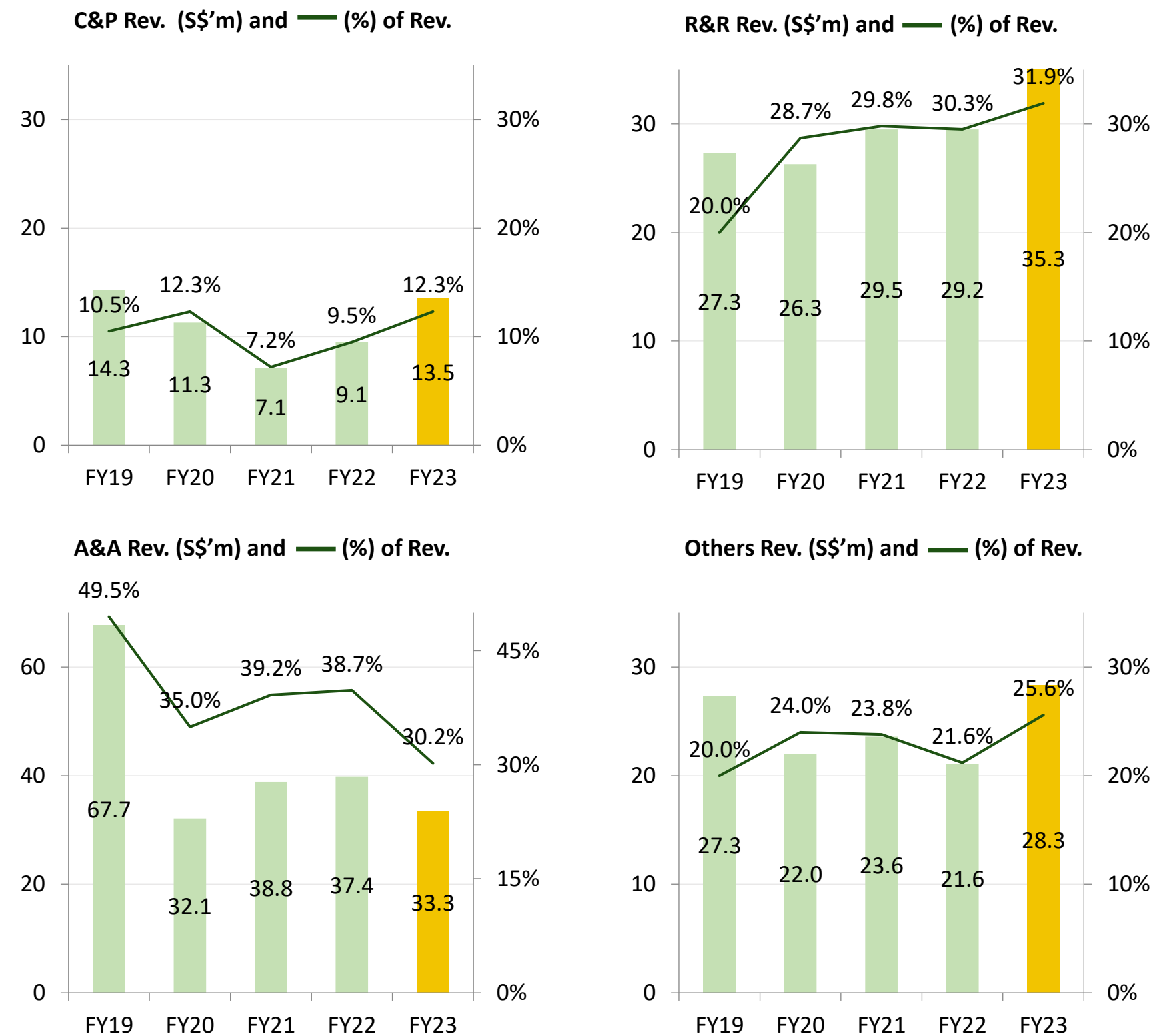


Key Financial Metrics

\$'m	FY19	FY20	FY21	FY22	FY23
NPAT*	9.7	(22.1)	(9.8)	(4.3)	1.7
Gross Profit	21.6	1.9	0.5	4.4	11.1
EBITDA*	16.3	(15.3)	(4.0)	1.4	7.0
Int. Coverage Ratio (x)	6.2	n/m	n/m	n/m	1.5
Times (x)	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
Gearing Ratio	0.7	0.9	1.6	2.2	1.9
Debt Ratio	0.3	0.4	0.4	0.5	0.5
Quick Ratio	1.6	1.2	0.9	1.1	1.2

*Excluding impairment loss on receivables and contract assets; including non-recurring items from other income
n/m : Not meaningful

SEGMENTAL REVENUE



INCOME STATEMENT: EXPENSES

KEY EXPENSES (S\$'M)	FY2023	FY2022 (Restated)	Chg (%)
Cost of sales	(99.3)	(92.1)	7.9
Marketing and distribution expenses	(0.8)	(1.0)	(17.4)
General and administrative expenses	(11.3)	(12.1)	(6.8)
Other operating expenses (OOE)	(0.2)	(1.4)	(83.0)
Finance costs	(2.3)	(1.7)	33.4
Impairment loss on receivables and contract assets	(0.6)	(9.8)	(94.2)

Any variances in percentage changes are due to rounding

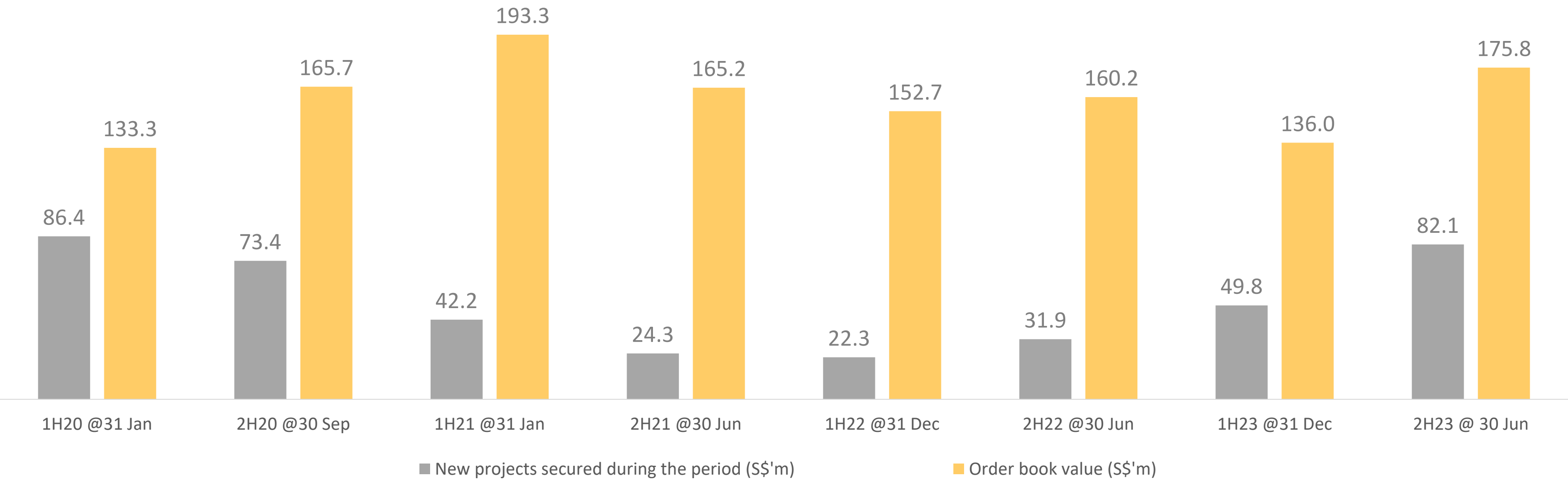
- Decrease in OOE mainly due to the reduction in amortisation of intangible assets as a result of derecognition of subsidiary in FY2022
- Decrease in impairment loss mainly due to the one-off impairment in TMG Projects in FY2022
- Other income decreased by 31.8% to S\$4.6 million due to the one-off gain from the disposal of other investment in FY2022

KEY FINANCIAL HIGHLIGHTS

KEY HIGHLIGHTS	FY2023	FY2022 (Restated)
<u>PROFITABILITY RATIOS</u>		
Earnings/(Loss) Per Share (cents)	0.40	(3.8)
Return On Assets (%)	1.2	n/m
Return On Equity (%)	5.5	n/m
<u>BALANCE SHEET</u>	<u>S\$'m</u>	<u>S\$'m</u>
Current assets	72.8	63.9
Cash and bank balances	6.5	18.6
Net current assets	14.7	15.0
Net assets	25.7	20.9
<u>CASH FLOWS</u>	<u>S\$'m</u>	<u>S\$'m</u>
Operating cash flows before working capital changes	4.4	(2.5)
Cash used in operations	(10.7)	(5.3)
Net cash used in operating activities	(10.6)	(5.2)
Net cash (used in) / generated from investing activities	(1.1)	16.1
Net cash used in financing activities	(2.7)	(7.9)

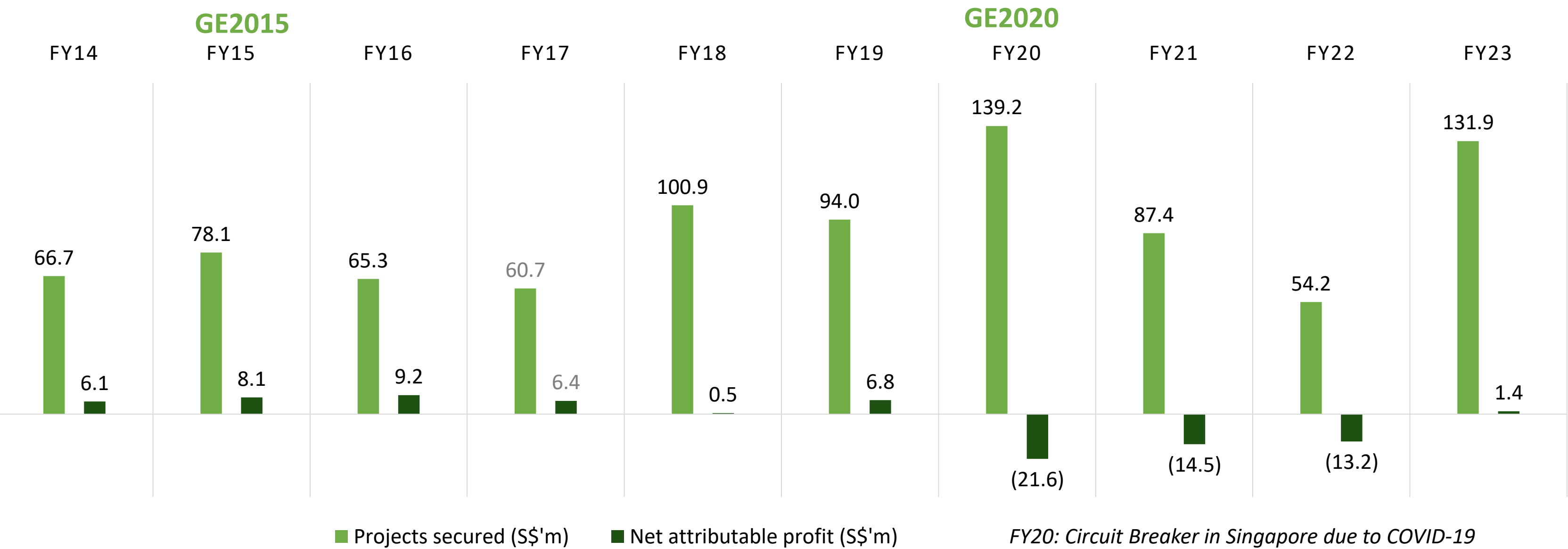
n/m: Not meaningful

ORDER BOOK TREND



- Legacy contracts fully completed (those secured before and during the pandemic)
- Order book @ 30 June 2023: **S\$175.8 million** to be progressively delivered by FY2026
- New contracts secured after financial period under review @ 3 Aug 2023: **S\$21.5 million**

PROJECTS TREND



Uptick in project volumes due to GE effect



04 OUTLOOK & PLANS



CONSTRUCTION DEMAND ¹ (VALUE OF CONTRACTS AWARDED) (BCA, 12 JAN 23)			
Year (S\$'b)	Public	Private	Total
2022 (p)	17.9	11.9	29.8
2023 (f)	16 - 19	11 - 13	27 - 32
2024 (f) to 2027 (f)	14 - 18	11 - 14	25 - 32
<ul style="list-style-type: none"> Building and Construction Authority (“BCA”) of Singapore estimates total construction demand in 2023 to be S\$27.0 – S\$32.0 billion 60.0% to be driven by Public Sector demand (S\$16.0 – S\$19.0 billion): <ul style="list-style-type: none"> BTOs in public housing water treatment plants, educational buildings, community clubs in industrial areas and institutional construction 			

SINGAPORE’S GDP GROWTH ² (MTI, 11 AUG 2023)						
YoY % Change	2Q22	3Q22	4Q22	2022	1Q23	2Q23
Total	4.5	4.0	2.1	3.6	0.4	0.5
Construction	5.5	8.1	10.0	6.7	6.9	6.8
QoQ Growth (%)	2Q22	3Q22	4Q22	2022	1Q23	2Q23
Total	-0.1	0.8	0.1	3.6	-0.4	0.1
Construction	2.9	2.1	1.4	6.7	0.3	2.7
<ul style="list-style-type: none"> Growth in the construction sector was at 6.8% yoy in 2Q23; Both public and private sector construction output rose in 2Q23. 						

1 <https://www.straitstimes.com/singapore/housing/construction-demand-for-2023-to-be-stable-driven-by-public-sector-works-like-bto-flats>
2 https://www.mti.gov.sg/Newsroom/Press-Releases/2023/08/MTI-Narrows-Singapore-GDP-Growth-Forecast-for-2023-to-0_5-to-1_5-Per-Cent

GOVERNMENT INITIATIVES FOR THE BUILT ENVIRONMENT

Town Councils

01


- Every 5 years: Repaint external walls with mandatory façade checks for all blocks (R&R project cycle)

HDB

02


- Every 12-15 years: Neighbourhood Renewal Programme
- Expanded HIP & HIP II
- Newly introduced FEP & ROH

NEA

03


- Hawker Centre Upgrading Programme

National Parks & BCA

04


- Development, maintenance & upgrading of parks
- Every 7 years: Facade checks for structures that are over 13 metres in height and over 20 years old

HDB = Housing & Development Board of Singapore
NEA = National Environment Agency of Singapore
BTO = Built-to-Order
FEP = Façade Enhancement Programme
ROH = Remaking our Heartlands

SINGAPORE’S PUBLIC CONSTRUCTION DEMAND
TO REMAIN STABLE FOR THE NEXT 5 YEARS

ADDRESSABLE MARKET: SINGAPORE

- Number of HDB blocks: **~10,000** under HDB management (HDB)
- Number of markets & food centres: **118** (NEA)
- Number of parks and gardens: **~400** (Nparks)

HDB'S ESTATE RENEWAL STRATEGY

HIP	
Number of projects announced in FY21/22	7
Number of projects completed in FY21/22	61
In progress (31 Mar 2022)	87.5
NRP	
Number of projects announced in FY21/22	6

Source: HDB Annual Report FY2021/2022 <https://www.hdb.gov.sg/cs/infoweb/about-us/news-and-publications/annual-reports>

2 Apr 2023, CNA

Almost all eligible HDB flats built up to 1986 have been upgraded under home improvement scheme

[channelnewsasia.com/singapore/home-improvement-programme-hdb-flats-almost-all-upgraded-wheelchair-friendly-3390621](https://www.channelnewsasia.com/singapore/home-improvement-programme-hdb-flats-almost-all-upgraded-wheelchair-friendly-3390621)



Portable ramp (left) and wheelchair lifter to help residents access their flats more easily and safely. (Photos: Housing & Development Board)

HIP for ~305,000 HDB flats, or 95% of the units that were built up to 1986, completed @31 Mar 2023.

The Extended HIP (for 230,000 flats built between 1987 and 1997): **93,000 flats selected to date** of which works have completed for ~1,200 flats, while another **55,000 are in various stages of upgrading.**

18 Apr 2023, Straits Times

Improving your living environment: 4 other HDB upgrading programmes to know

[straitstimes.com/singapore/housing/improving-your-living-environment-4-other-hdb-upgrading-programmes-to-know](https://www.straitstimes.com/singapore/housing/improving-your-living-environment-4-other-hdb-upgrading-programmes-to-know)

cue

April 18, 2023



Facade Enhancement Programme launched in March 2023: **\$338 million programme where over 4,000 HDB blocks** will benefit; will run until March 2029.

Remaking our Heartland (ROH): 13 towns/estates selected @ November 2022.

- Plans for Batches 1 & 2(Punggol, Dawson, Yishun, East Coast, Hougang and Jurong Lake) completed; Works for Batch 3 (Woodlands, Toa Payoh and Pasir Ris) under way.
- Plans for Batch 4 (Ang Mo Kio, Bukit Merah, Choa Chu Kang and Queenstown) to be announced.

A whole-of-nation movement to advance Singapore's national agenda on sustainable development



CITY IN NATURE

LUSH 3.0 (Landscaping for Urban Spaces and High-rises)

- Landscape Replacement Areas:
 - Co-located solar panels & greenery
 - Rooftop urban farming
 - Green walls
 - Extensive green roofs
 - Communal rooftop gardens



ENERGY RESET

Green Energy (By 2030)

- Increase solar energy deployment to at least 2 GWp to meet ~3% of 2030 projected electricity demand
- Solar energy production by 2025 and make its water system entirely powered by renewable energy
- Floating solar PV system at Tengah Reservoir; PV systems at Bedok and Lower Seletar Reservoirs
- Launched 285 MW./ hour Energy Storage Systems (ESS) on Jurong Island in Feb 2023, the largest in SEA and fastest in the world



RESILIENT FUTURE

Keeping Singapore Cool

- Achieve up to 2°C reduction in ambient temperature by 2030 →
Cool coatings pilot in Tampines to complete in 2024

Source: www.NCCS.gov.sg (8 Mar 2022) and www.greenplan.gov.sg (27 May 2023)

SUSTAINABLE DEMAND FUNDAMENTALS

PARTNERSHIPS TO TAP OPPORTUNITIES IN THE BUILT ENVIRONMENT



AI & DRONE FACADE INSPECTION

5-year collaboration with H3 Dynamics
Since Oct 2021 & Renewed in July 2023

- Exclusive partnership for HDB, town councils, commercial and condominium building façade inspection projects secured by ISOteam; and non-exclusively for other projects.
- Master agent to market H3 Dynamics' façade inspection products and services to other parties for HDB block inspections.
- 636 HDB blocks inspected (2021-2023)

AI DRONE PAINTING

Collaboration with Nippon Paint and Acclivis Technologies
(Subsidiary of Citic Telecom)
Since November 2021

- To develop and enable the use of autonomous painting drones for the painting of building façades or structures.
- To improve productivity and manpower deployment.



INTEGRATED CONDOMINIUM SERVICES

Collaboration with Condominium Ecosys
Since September 2022

- To provide full suite of upgrading and maintenance services for Management Corporation Strata Titles (MCSTs) on Condo Ecosys' smart platform.
- Other platform partners include Mitsubishi HC Capital Asia Pacific Pte Ltd and Hitachi Elevator Asia Pte Ltd

AUTONOMOUS PAINTING DRONE: DEVELOPMENT PROGRESS



Development works starting from a washing drone



Prototype and testing of the manned drone following development works



Development work for the autonomous A.I. drone continues to be underway



BEFORE



AFTER

Partnership with Acclivis

2022



Manned Piloted Drone

2023



Autonomous A.I. Drone

2024¹

¹Targeted timeline

US\$63.6
Billion

“According to Insider Intelligence², the global drones services market size is expected to grow to US\$63.6 billion by 2025”

²https://www.insiderintelligence.com/insights/drone-industry-analysis-market-trends-growth-forecasts/?sscid=41k7_mvahs&

15.0%
CAGR

“Mordor Intelligence³ forecasts the global drones market to record a CAGR of over 15.0% from 2022 to 2027, with the construction segment set to dominate the market and Asia-Pacific region to witness the highest growth”

³<https://www.mordorintelligence.com/industry-reports/drones-market>

ISOTeam + Drones

- ✓ Enhance workplace safety & quality control
- ✓ Counter rising costs of foreign labour
- ✓ Reduce need of heavy equipment
- ✓ Speed-up project completion time
- ✓ Early adopter of autonomous A.I. drones
- ✓ Environmentally friendly & sustainable

FOCUS ON OUR CORE BUSINESS

Singapore's leading player in the building maintenance, estate upgrading and renewable solutions space with a green plus sustainable focus

VISION

GOAL

- To consistently achieve annual revenue of at least S\$100 million each year
- To consistently grow our profitability

PRUDENCE

- Continue to build-up order book strength
- Protection of GPM: (i) focus on deliverables, (ii) enhance procurement strategies and (iii) transfer higher costs to tender price
- Prioritise cash conservation
- Enhance WSH management system to improve safety at work sites
- Continuous digitalisation effort to trim process and cost
- Continuous collaboration between BUs to serve customers better

SUSTAINABILITY

- Consolidation of business units:
 - 1) focus on core business
 - 2) harness synergy between business units
 - 3) streamline business units
 - 4) trim non-performing business
- Ride on SG Green Plan 2030
- Robotisation and A.I. drives : drone application
- Opportunity in build-tech : IOT application






STRATEGY

FOUNDATION

- Strong order book visibility till FY2026
- Improving GPM
- Stabilising supply of migrant workers
- Post-pandemic recovery for the construction sector*

*https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4_4-Per-Cent-in-the-Third-Quarter-of-2022

INVESTMENT MERITS

TRACK RECORD	NETWORK	CAPABILITIES	TEAM	FUTURE
<ul style="list-style-type: none"> • An industry leader with a 20+ year track record • Defensive business: 70% of business from Singapore government bodies • Largest market share in Town Council segment projects 	<ul style="list-style-type: none"> • Established stakeholder relationships (TOC and Nippon Paint Singapore) • Exclusive applicator for Nippon Paint Singapore and SKK (S) Pte Ltd 	<ul style="list-style-type: none"> • Multi-disciplinary services • A green solutions provider • Turnkey capabilities 	<ul style="list-style-type: none"> • An experienced and professional management team • Industry leading operational team at the forefront of evolving market trends 	<ul style="list-style-type: none"> • Construction sector recovery • Strong order book • Synergy across business units • Minimum dividend payout of 20% of net profit • SG Green Plan 2030 • Build capabilities in untapped markets (JTC, LTA, MOE etc)
				



THANK YOU

Q&As

