



FOR IMMEDIATE RELEASE

## ISOTeam records strong revenue growth and improved profits from core businesses in 1HFY2024

- Raises optimism for a promising full fiscal year ending 30 June 2024.
- Strong performance led by core R&R, A&A and C&P segments, which contributed a combined revenue increase of S\$12.2 million in 1HFY2024, more than offsetting the S\$3.3 million decline in the Others segment partially due to the divestment of non-core competencies.
- Order book stands at S\$182.4 million as at 31 December 2023, which is expected to support the Group's activities to FY2026.

### Financial Highlights for the six months ended 31 December

S\$'m	1HFY2024	1HFY2023	Change (%)
Revenue by segment			
– Repairs & Redecoration (“R&R”)	26.3	16.5	59.6
– Addition & Alteration (“A&A”)	18.7	18.9	(1.0)
– Coating & Painting (“C&P”)	7.7	5.1	50.3
– Others <sup>(i)</sup>	10.0	13.4	(25.0)
<b>Total Revenue</b>	<b>62.7</b>	53.9	16.5
<b>Gross profit</b>	<b>8.3</b>	5.0	67.0
<b>Gross profit margin (%)</b>	<b>13.3</b>	9.3	3.9 pts
<b>Profit attributable to equity holders</b>	<b>1.4</b>	1.1	34.0
<b>Earnings per share (cents) <sup>(ii)</sup></b>	<b>0.26</b>	0.21	42.9

i. Includes home retrofitting business, landscaping works, interior design, leasing, mechanical & electrical engineering works, vector control services and handyman services.

ii. Based on 544,472,415 and 497,830,014 weighted average number of ordinary shares as at 31 December 2023 and as at 31 December 2022 respectively.

**SINGAPORE, 7 February 2024** – The strategic business review by the management of the Company in December 2022 and a rebound in the local construction and built environment have paid off handsomely for ISOTeam Ltd. (“ISOTeam” and together with its subsidiaries, the “Group”) with both top and bottom lines showing significant upticks in 1HFY2024. An established and one of the leading players in Singapore’s building maintenance and estate upgrading industry, ISOTeam recorded a



16.5% year-on-year (“YOY”) jump in total revenue to S\$62.7 million for the six months ended 31 December 2023 (“1HFY2024”).

The robust topline performance propelled the Group’s 1HFY2024 net attributable profit to S\$1.4 million, 34.0% higher YOY as compared to the corresponding six months period a year ago (“1HFY2023”), bringing earnings at half-time on par with the S\$1.4 million achieved for the full fiscal year ended 30 June 2023 (“FY2023”). The strong bottom-line growth was despite a fall in other income from S\$3.3 million in 1HFY2023 to S\$0.6 million in 1HFY2024, due to the absence of a one-off gain on disposal which was recognised in 1HFY2023.

ISOTeam attributed its improved results to better margins in 1HFY2024 compared to 1HFY2023, as lower margin projects that were secured during the pandemic era were fully completed. In addition, the Group’s strategic business review that led to the divestment of non-core businesses in December 2022 and a sharpened focus on its core construction-related segments<sup>1</sup>, had paid off in significantly higher revenue contributions from the Group’s R&R and C&P segments in 1HFY2024.

During the period under review, the R&R segment achieved YOY revenue growth of 59.6% to S\$26.3 million, while its C&P segment recorded a 50.3% YOY increase to S\$7.7 million. Revenue from the A&A business was stable at S\$18.7 million compared to S\$18.9 million in 1HFY2023. The performance of these core construction-related segments more than offset the revenue decline from the Others segment, which fell 25.0% YOY to S\$10.0 million partly due to a reduced basket of services following the divestment of non-core competencies that were previously under this segment.

**Executive Director and Chief Executive Officer, Mr Anthony Koh (许统发)**, said: *“Our renewed focus on our core R&R and A&A competencies, which traditionally contributed more than 90.0% to our annual revenue, enabled us to fully deploy our resources and energies to pursue potential construction-related projects. We are very encouraged that our efforts yielded more projects which lifted our order book to S\$182.4 million as at 31 December 2023. These projects, which command higher margins, are*

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<sup>1</sup> SGX announcement “ISOTeam reorganises to sharpen focus on core competencies” dated 5 December 2022.



*expected to support our activities until 30 June 2025. With our net attributable profit for the first six months of FY2024 already level with the entire 12 months of FY2023, we are optimistic that we will end FY2024, on a very positive note.”*

### **Outlook**

The Building and Construction Authority (“BCA”) projects the total construction demand in 2024 to range between S\$32.0 billion and S\$38.0 billion with the public sector contributing 55.0% of total demand. Over the medium term, BCA projects a steady improvement in construction demand of between S\$31.0 billion and S\$38.0 billion from 2025 to 2028 with the public sector contributing between S\$19.0 billion and S\$23.0 billion over the forecast period.<sup>2</sup>

Besides public housing developments, public sector construction demand from 2024 to 2028 will be supported by various major developments, such as MRT projects, infrastructure works for the future Changi Airport Terminal 5 (T5), Tuas Port developments, hospital and educational institution projects as well as integrated development spanning across various precincts including Siglap South and Toa Payoh.<sup>2</sup>

Against this backdrop and buoyed by a strong order book, ISOTeam is cautiously optimistic about the outlook for its business although it remains mindful of rising manpower and material costs as well as the current high interest rate environment which may impact costs of borrowing.

The healthy industry outlook is further supported by ongoing government initiatives such as upgrading works to HDB estates, urban landscaping to promote a green city as well as the installation of solar panels on HDB roof tops as part of the Solar Nova programme to harness more solar energy – all of which the Group is actively involved in. Additionally, ISOTeam is in the late stages of the development of its autonomous painting drones which is expected to undergo pilot programs in the late quarters of the year, reducing its reliance on labour and potentially become a new revenue stream for the Group when leased to external parties. ISOTeam has already successfully deployed drones for façade inspection and has completed more than 800 such inspections since 2021.

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<sup>2</sup> BCA media release “Steady Demand for the Construction Sector Projected for 2024” dated 15 January 2024.



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As at 31 December 2023, the Group's cash and bank balances stood at S\$11.3 million (S\$6.8 million as at 31 December 2022). The increase was mainly due to the completion of the Rights Issue in August 2023, which raised S\$10.3 million in net proceeds – S\$7.2 million was earmarked to provide additional cash reserves to support the Group's working capital needs as it bids and secures more new projects, and the remaining S\$3.1 million was allocated for the repayment of banking facilities. The funds raised had strengthened the Group's financial position and provided the flexibility to pursue business growth and expansion at the opportune time.

**Mr Koh**, said: *"I believe the strong support for our Rights Issue showed that our shareholders also recognise that the current environment is very positive for our business."*

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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 and eco-conscious player in Singapore's building maintenance and estate upgrading industry with more than 20 years of Repairs & Redecoration (R&R) and Addition & Alteration (A&A) experience. We have successfully undertaken more than 860 refurbishment and upgrading projects for over 7,200 buildings and counting since inception. ISOTeAM also offers specialist Coating & Painting (C&P) services as well as complementary niche services (Others) including specialist waterproofing, commercial interior design and home retrofitting (ID), landscaping, mechanical and electrical works (M&E), vector control services and handyman services. 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).

**Issued by and on behalf of ISOTeAM Ltd. by**

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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.*



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*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.*

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