



1HY2024 RESULTS BRIEFING

February 2024





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Q & As

Notice:

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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

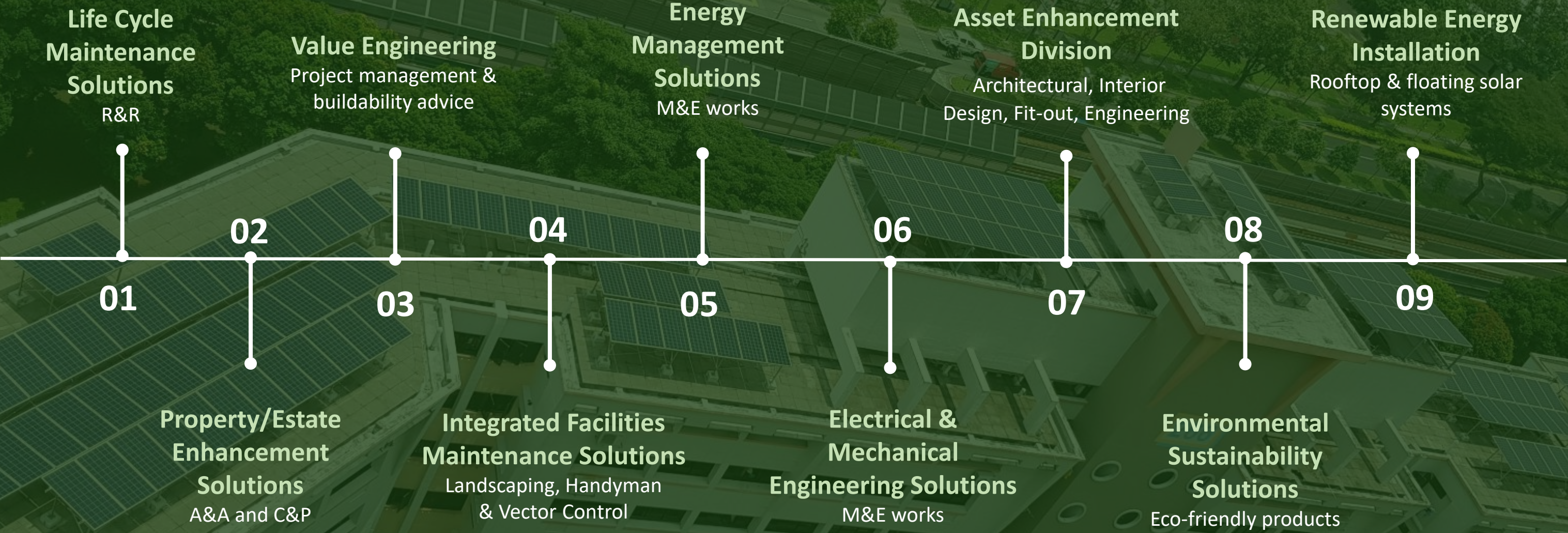
Competitive Strengths

- 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

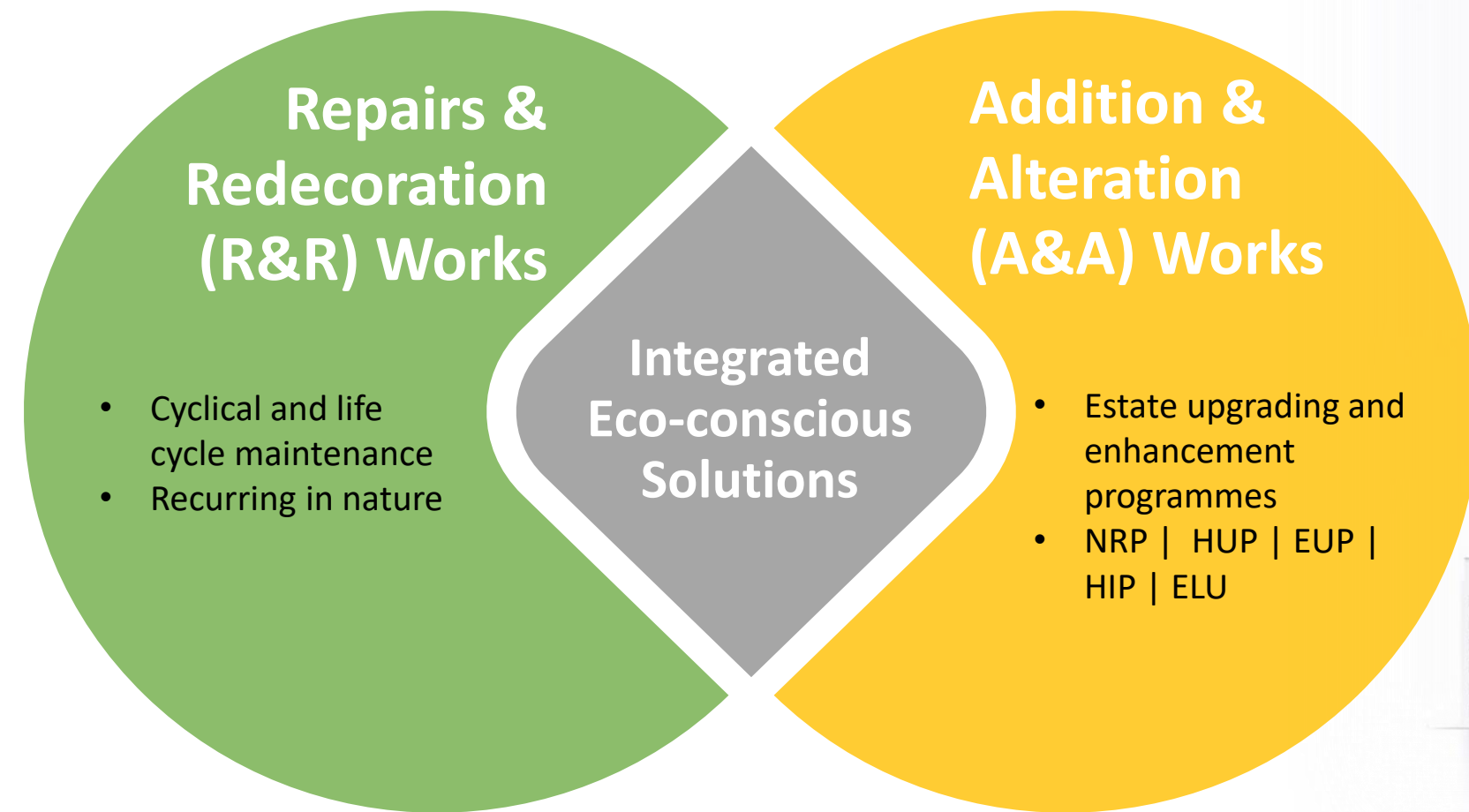


MULTI-DISCIPLINARY CAPABILITIES

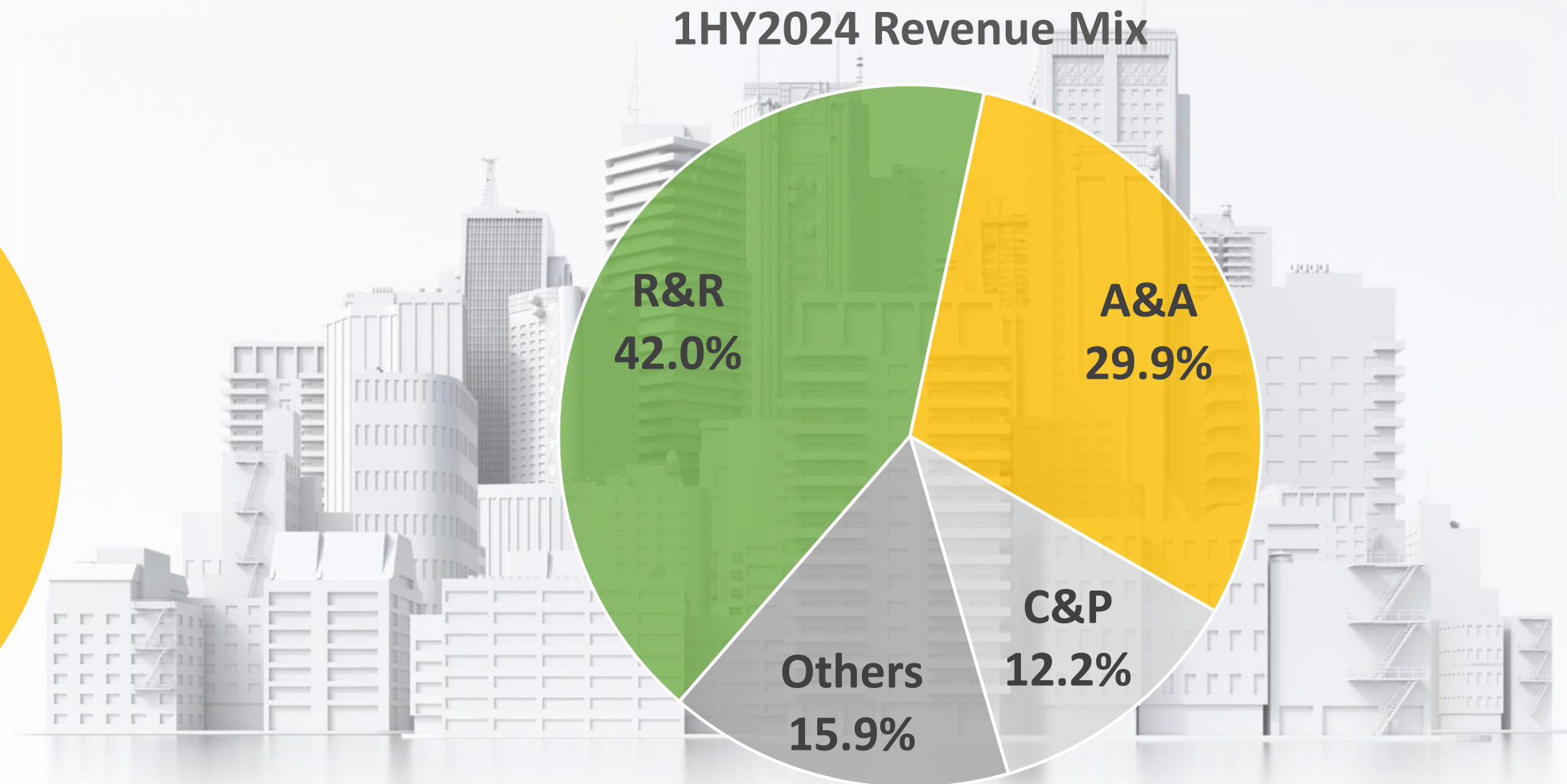
Providing sustainable solutions for a better built environment



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



← Across Public and Private Sectors →



>860
projects



>7,200
buildings

CORPORATE STRUCTURE

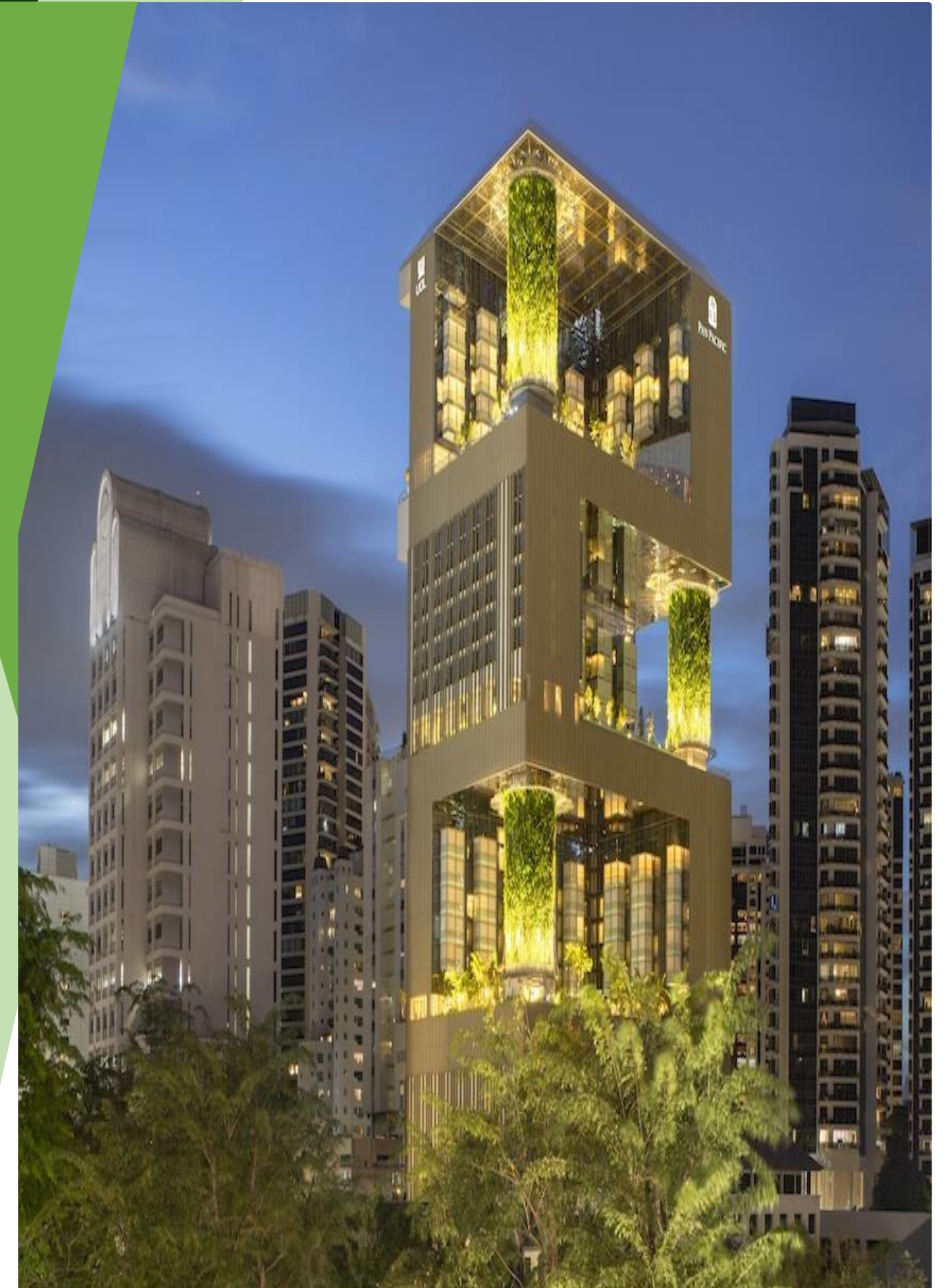
As at 31 December 2023

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



02 BUSINESS HIGHLIGHTS



CORPORATE DEVELOPMENTS

July 2023
Drone facade inspections
 Renewed collaboration with H3 Dynamics for HDB and Town Councils' projects secured by TMS (2 + 1 year agreement wef 30 June 2023)

August 2023
New projects: S\$21.5M
 7 new projects:
 • 2 R&R projects: ~S\$11.7m
 • 2 A&A projects: ~S\$6.3m
 • 2 C&P projects: ~S\$1.6m
 • 1 ID project: ~S\$1.9m

August 2023
Rights issue completed
 Completion and listing of 347.2 million Rights Shares on 24 August

September 2023
Autonomous painting drone
 Received Enterprise Development Grant from Enterprise Singapore and CAAS approval to take flight; Launch expected by end of 2024

October 2023
Dividend policy
 Resumed and raised annual dividend payout to at least 25% of net profit after tax for FY2024 and at least 30% for FY2025 (subject to conditions)

October 2023
New projects: S\$42.9M
 Order book hits all-time high of S\$226.3m with 8 new projects:
 • 4 A&A projects: ~S\$35.2m
 • 2 R&R projects: ~S\$6.7m
 • 1 C&P project: ~S\$0.1m
 • 1 ID project: ~S\$0.9m

ST, Aug 2023

ISOTeam bounces back in the black, expects strong project flows to continue

StraitsTimes.com/business/isoteam-bounces-back-to-the-black-expects-strong-project-flows-to-continue

Ven Sreenivasan

August 28, 2023



ISOTeam posted a net profit of \$1.51 million for the January-June 2023 second half. PHOTO: ISOTEAM

ST, Aug 2023

ISOTeam back in the black amid robust construction demand

It posts net profit of \$1.51m for second half of financial year, as full-year net profit hits \$1.41m

Ven Sreenivasan
 Associate Editor & Senior Columnist

Catalist-listed construction and refurbishment player ISOTeam bounced back to the black for the second half and full year as post-pandemic repairs and upgrades built up momentum towards end-June.

The company posted a net profit of \$1.51 million for the January-June 2023 second half, raising its full-year attributable net profit to \$1.41 million. This was a turnaround from a 2022 second-half loss of \$9.26 million and a full-year loss of \$33.24 million during the last financial year ended June 2022.

At the top line, ISOTeam's turnover for its January-June 2023 second half rose almost 10 per cent to \$52.69 million, from \$52.67 million. For the 12 months to end-June, revenue rose over 24 per cent to \$80.4 million, from \$64.8 million. Analysts at Lim & Tan Securities, which covers the firm, noted that the return to the black was also helped by the divestment of non-core businesses in December 2022, resulting in a one-off gain of \$5.9 million, which stemmed recurring losses once and for all.

ISOTeam mainly operates under four segments - repairs and redecoration, addition and alteration, coating and painting, and pest control. Almost two-thirds of its contracts come from public-sector projects, including Housing Board upgrading and maintenance. The company expressed confidence that the upward momentum of its top line and bottom line will remain intact amid robust demand in the building and construction sector in Singapore.

ven@sph.com.sg

TES, Oct 2023

ISOTeam secures \$42.9 mil in new projects; order book hits all-time high of \$226.3 mil

theedgessingapore.com/news/contracts/isoteam-secures-429-mil-new-projects-order-book-hits-all-time-high-2263-mil

October 18, 2023



ST, Sep 2023

ISOTeam roars back as demand for HDB upgrading works rebounds

Firm posts full-year net profit of \$1.41m, after \$13.24m loss in the previous year

The most time you walk through an HDB estate, have a look at the workers painting the blocks, taking out new pavements, upgrading busker centres, renovating neighbourhood facilities or putting up solar panels. They might be waiting



After being impacted for almost three years by the Covid-19 pandemic, the Catalist-listed renovations, retrofitting and upgrading specialists is back with a jolt, thanks to a strong take-off in demand for public sector and private sector projects. "When Covid-19 ended last year, we had a huge backlog of projects which we had to complete at quite slim margins," said company co-founder and chief executive Anthony Koh. "Now we are seeing a significant inflow of new projects, especially in HDB block painting, busker centre upgrading and landscaping."

The company posted a net profit of \$1.51 million for the January-June 2023 second half, raising its full-year attributable net profit to \$1.41 million. This was a turnaround from a 2022 second-half loss of \$9.26 million and a full-year loss of \$33.24 million during the last financial year ended June 2022.

Set up 25 years ago by Mr Koh and his partners David Ng and Danny Foo, and listed on the Catalist board in July 2023, ISOTeam is Singapore's largest contractor for repairs and redecoration, addition and alteration, coating and painting, and pest control. Asked about its government pipeline as a contractor, Koh said: "Government payments

in recent years, with many condominiums getting older, the company is also attracting demand for upgrading, painting and waterproofing from private sector customers. Mr Koh said that while the overall market is growing by 10 to 15 per cent per year, ISOTeam's own market share is expanding because it has more capacity than its competitors. "During the Covid years, when there were virtually no projects, many of our competitors were forced to lay off workers. But we kept our people, housed them and paid them. So today, we have over 1,200 workers which gives us the capability to hit the ground running when projects come."

The company recently obtained permits to build a worker dormitory on two floors of its Changi Business Park complex to house almost 300 workers. Mr Koh reckons this will save it about \$5 million over three years in accommodation costs. But it has not always been a

smooth ride. In 2021, ISOTeam's revenue fell 10 per cent to \$52.67 million, with a net loss of \$9.26 million. In 2022, revenue fell 10 per cent to \$64.8 million, with a net loss of \$33.24 million. Koh said the company would resume rewarding shareholders. Although it has maintained a 20 per cent dividend payout ratio, it has been generous in recent years, with the rate hitting more than 25 per cent in 2017 and 2018. Mr Koh acknowledged that ISOTeam's growth is being fuelled by Singapore's policy of mandating that infrastructure is always in shipshape condition. "Every housing estate has to be maintained properly and painted every five to seven years in Singapore," he said. "Some 60 per cent of our population live in public housing, and many of these buildings have been around for more than 20 years. We play in this captive market."

ven@edg.com.sg

ISOTeam's order book hits new high

StraitsTimes.com/business/isoteam-s-order-book-hits-new-high

Ven Sreenivasan

October 19, 2023



Around 70 per cent of its business comes from government agencies such as the Housing Board, Land Transport Authority and National Parks Board.

Ven Sreenivasan
 Associate Editor & Senior Columnist



**A&A
(NRP)**

NRP at Bukit Merah: Plazas, linkway, shared path and more



R&R

R&R to → 15 blocks at Choa Chu Kang Ave 5

→ 24 blocks at Pasir Ris St 51 and Dr 1

→ 21 blocks at Woodlands Dr and Sembawang Dr

SHOWCASE: KEY COMPLETED PROJECTS



C&P

Singapore Data Centre



Pan Pacific Orchard



Arena Residences



Integrated Care Hub



RS

Installation of Solar PV Systems: Rooftops @ Lubitrade, 5 Kallang Way



36 Tuas Ave 8



SHOWCASE: KEY COMPLETED PROJECTS

Rooftop Garden @ Tampines



Zuicho Restaurant @ Mandarin Oriental Singapore



BMF outlet at Parkway Parade



Ngee Ann Poly HMS Pantry



SHOWCASE: KEY COMPLETED PROJECTS



03 FINANCIAL HIGHLIGHTS

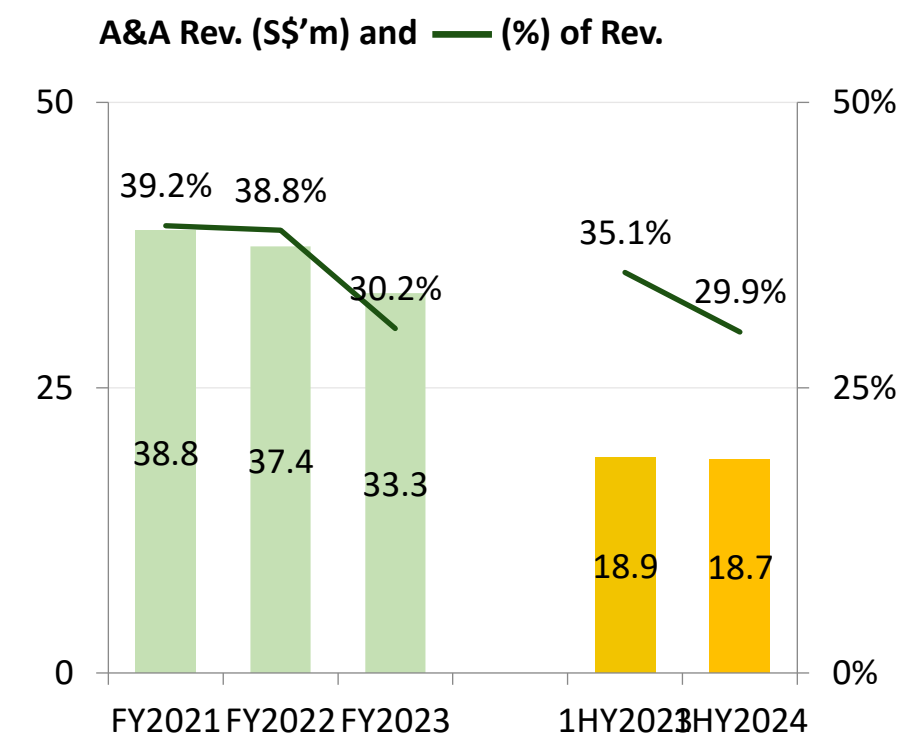
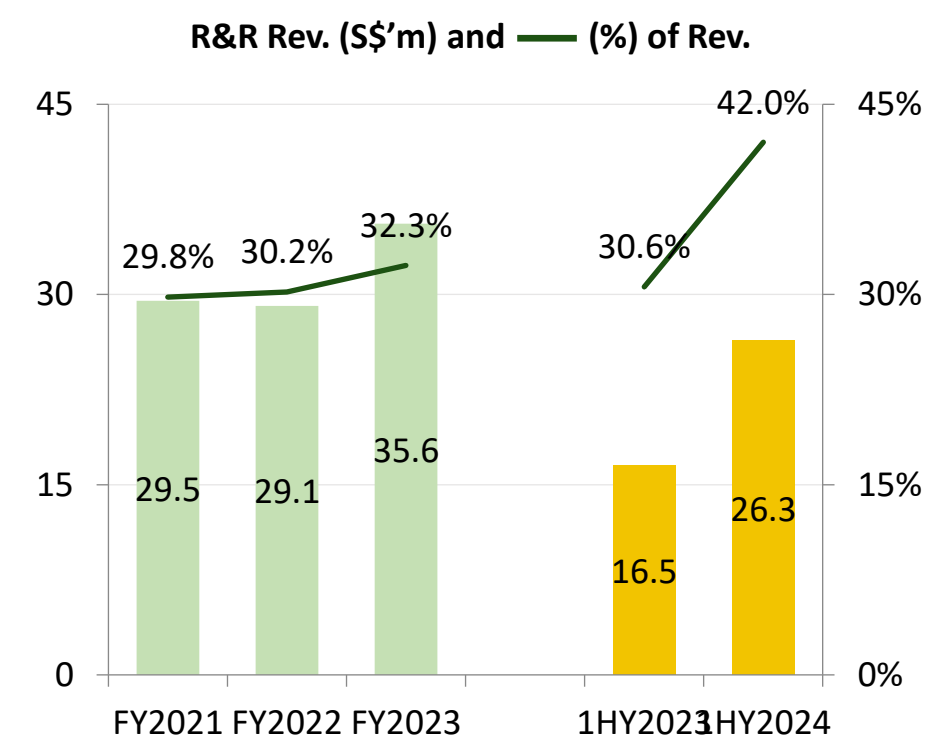
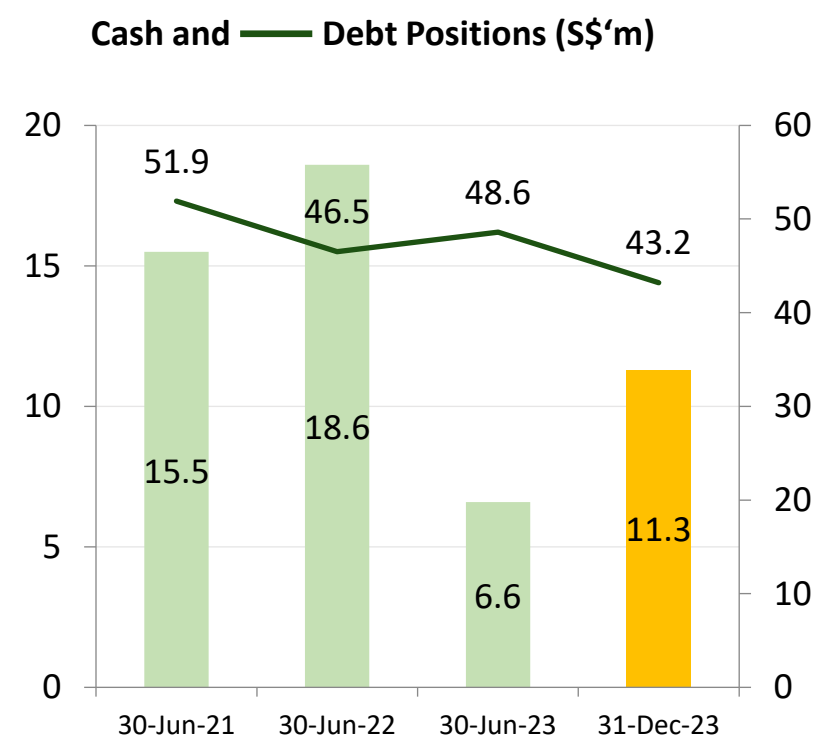
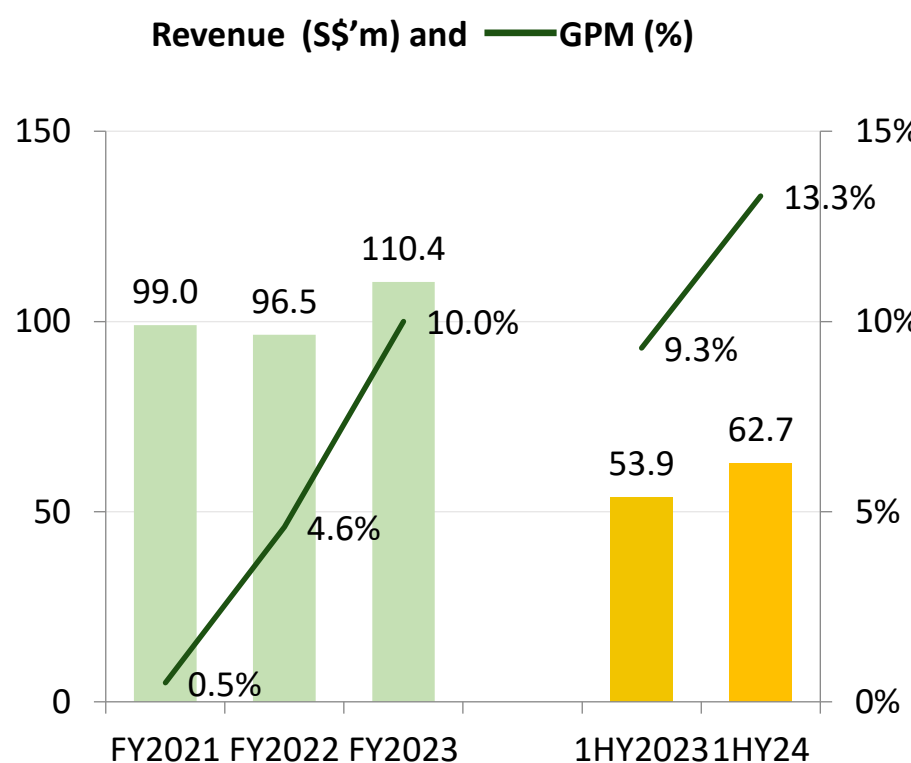
6 MONTHS ENDED
31 DECEMBER 2023
(1HY2024)



FINANCIAL OVERVIEW

Note: FY2022 figures have been restated

SEGMENTAL REVENUE

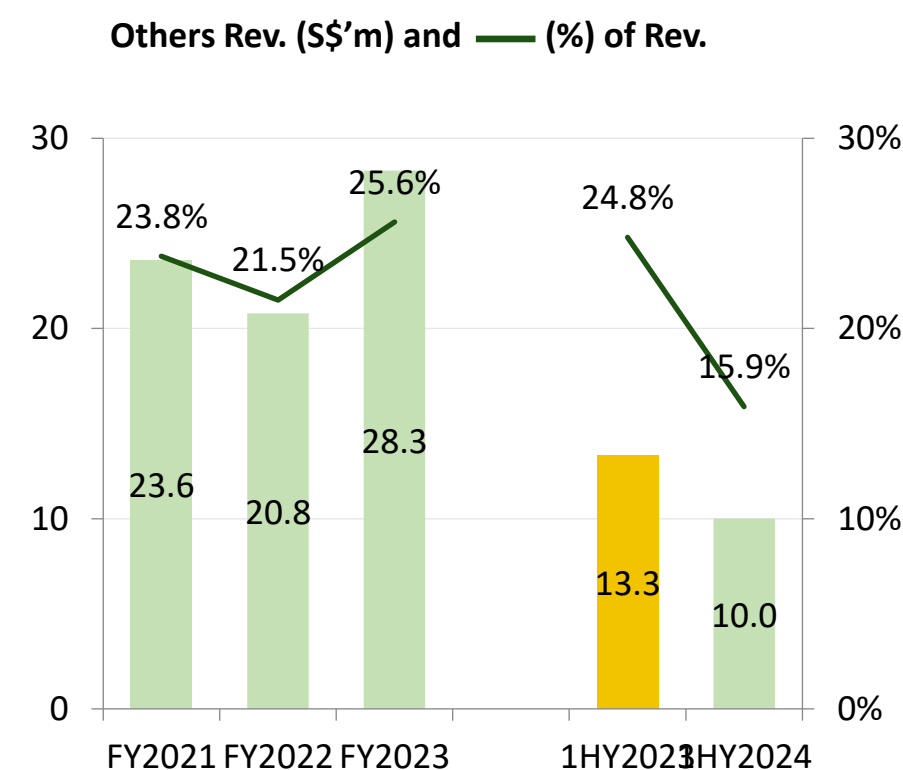
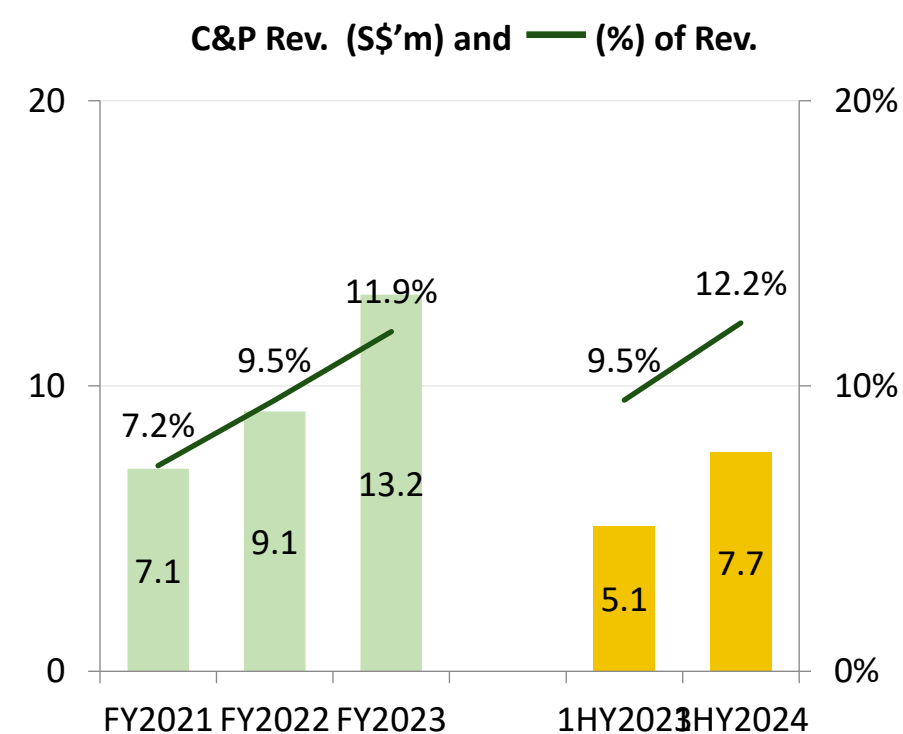


Key Financial Metrics

S\$m	FY2020	FY2021	FY2022	FY2023	1HY2024
NPAT*	(22.1)	(9.8)	(4.3)	1.7	1.4
Gross Profit	1.9	0.5	4.4	10.0	8.3
EBITDA*	(15.3)	(4.0)	1.4	7.0	4.3
Int. Coverage Ratio (x)	n/m	n/m	n/m	1.5	2.1

Times (x)	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	31-Dec-23
Gearing Ratio	0.9	1.6	2.2	1.9	1.2
Debt Ratio	0.4	0.4	0.5	0.5	0.4
Quick Ratio	1.2	0.9	1.1	1.2	1.4

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



INCOME STATEMENT: EXPENSES

KEY EXPENSES (S\$'M)	FY2023	1HY2023	1HY2024	Chg (%)
Cost of sales	(99.3)	(48.9)	(54.4)	11.3
Marketing and distribution expenses	(0.8)	(0.4)	(0.4)	(16.4)
General and administrative expenses	(11.3)	(5.8)	(5.6)	(1.9)
Other operating expenses (OOE)	(0.2)	(0.1)	(0.3)	145.5
Finance costs	(2.3)	(1.0)	(1.3)	19.8

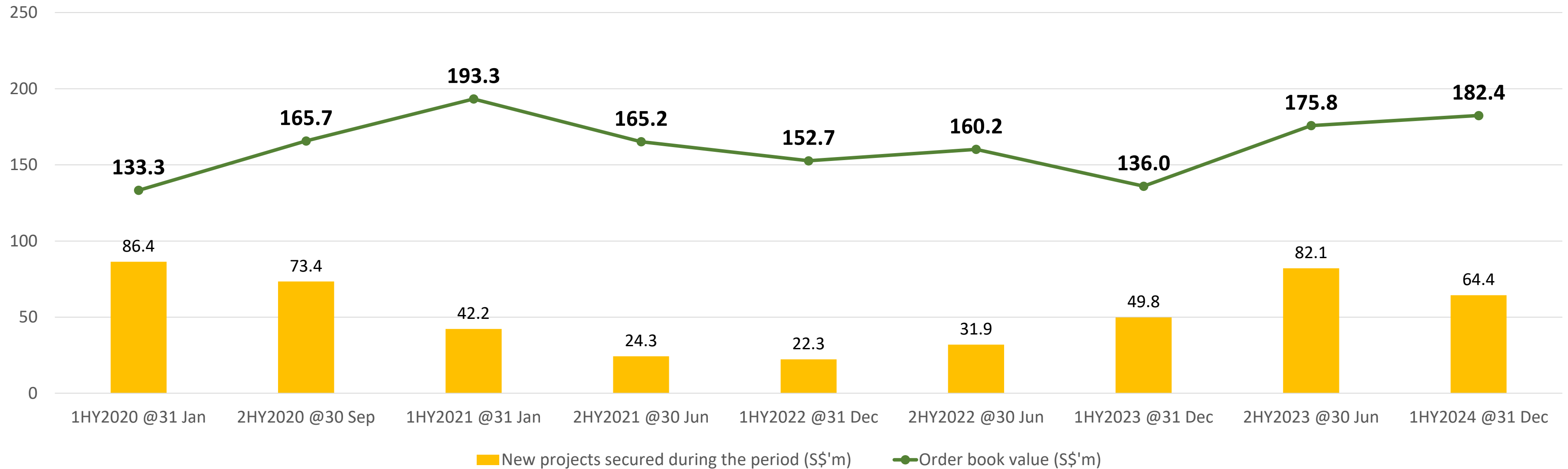
All figures have been rounded to 1 decimal place and any variances in percentage changes are due to rounding

- Increase in OOE mainly due to the share-based payment compensation in FY2024
- Other income decreased by 81.7% to S\$0.6 million due to a one-off gain from the disposal of subsidiaries that occurred in 1HY2023

KEY FINANCIAL HIGHLIGHTS

KEY HIGHLIGHTS	FY2023	1HY2023	1HY2024
<u>PROFITABILITY RATIOS</u>			
Earnings Per Share (cents)	0.4	0.2	0.3
Return On Assets (%)	1.4	0.9	1.2
Return On Equity (%)	5.4	4.1	3.7
<u>BALANCE SHEET</u>	S\$'m	S\$'m	S\$'m
Current assets	73.0	67.1	86.3
Cash and bank balances	6.8	7.6	11.3
Net current assets	14.7	16.8	25.3
Net assets	25.7	25.3	37.4
Net asset value / share (cts)	7.38	7.23	5.41
<u>CASH FLOWS</u>	S\$'m	S\$'m	S\$'m
Operating cash flows before working capital changes	4.7	1.3	4.1
Cash (used in) / generated from operations	(10.1)	(10.1)	1.1
Net cash (used in) / generated from operating activities	(10.0)	(10.1)	1.3
Net cash used in investing activities	(1.1)	(0.6)	(0.2)
Net cash (used in) / generated from financing activities	(3.2)	(2.0)	4.3

ORDER BOOK TREND



- Order book of **S\$182.4 million** to be progressively delivered by FY2026



04 OUTLOOK & PLANS



CONSTRUCTION DEMAND (VALUE OF CONTRACTS AWARDED) (BCA, 15 JAN 2024)

Year (S\$'b)	Public	Private	Total
2023 (p)	19.5	14.3	33.8
2024 (f)	18 - 21	14 - 17	32 - 38
2025 to 2028 (f) (per year)	19 - 23	12 - 15	31 - 38

- 2024: **Steady demand** with total construction demand to be between **S\$32-S\$38 bil**; 55% to be driven by Public Sector demand (**S\$18-S\$21 bil**):
- 2025 to 2028: Continued steady demand improvement to reach between **S\$31-S\$38 bil per year**; public sector continue to lead and contribute **S\$19-\$23 bil per year**, with 70% from building projects and 30% from civil engineering works

SINGAPORE'S GDP GROWTH (MTI, 2 JAN 2024) (Advance estimates)

YoY % Change	4Q22	2022	1Q23	2Q23	3Q23	4Q23*	2023*
Total	2.1	3.6	0.5	0.6	1.0	2.8	1.2
Construction	10.0	6.7	7.9	7.7	6.2	9.1	7.7
QoQ Growth (%)	4Q22	2022	1Q23	2Q23	3Q23	4Q23*	2023*
Total	0.1	3.6	-0.3	0.1	1.3	1.7	1.2
Construction	1.4	6.7	1.2	2.7	0.8	4.3	7.7

- Construction sector grew at a faster rate of 9.1% yoy in 4Q23; increase in output from public and private sectors

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

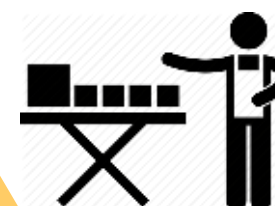
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- Every 12-15 years: Neighbourhood Renewal Programme
- Expanded HIP & HIP II
- Newly introduced FEP & ROH

NEA

03



- Hawker Centre Upgrading Programme

National Parks & BCA

04



- Development, maintenance & upgrading of parks
- Every 7 years: Façade 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

PUBLIC CONSTRUCTION SECTOR: STEADY DEMAND GROWTH TILL 2028

ADDRESSABLE MARKET: SINGAPORE

- Number of HDB blocks: **~10,000** under HDB management ([HDB](#))
- Number of markets & food centres: **119** ([NEA](#))
- Number of parks and gardens: **~400** ([Nparks](#))

REPAIRS AND REDECORATION¹

- Estimated spend on cyclical maintenance in FY2022/23: **~\$200 million**
- Estimated number of blocks involved in R&R every year: **2,000**

HDB'S ESTATE RENEWAL STRATEGY²

- Number of NRP projects announced in FY2022: **10**

REJUVENATION OF TOWNS AND FLATS BY HDB²

- **\$558 million** spent on upgrading programmes in FY2022, **↑** 40% yoy from \$392 million in FY2021

Source:

¹ Town Councils

² HDB's Annual [Report](#) FY2022/23



SG GREEN PLAN 2030

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



**CITY IN NATURE:
LUSH 3.0**

By 2030:

- Increase nature parks' land area by over 50% from 2020 baseline
- Every household within a 10-minute walk from a park

By 2035:

- Add 1000 ha of green spaces



**ENERGY RESET:
GREEN ENERGY**

By 2030:

- Increase solar energy to at least 2 GWp to meet around 3% of our 2030 projected electricity demand or for around 350,000 households



**RESILIENT FUTURE:
KEEPING SINGAPORE COOL**

- Mitigate the Urban Heat Island (UHI) effect
- Piloting the use of cool materials and reducing human-generated heat

Source: www.greenplan.gov.sg (Jan 2024)

SUSTAINABLE DEMAND FUNDAMENTALS

UPDATES ON PARTNERSHIPS



AI & DRONE FACADE INSPECTION (Since Oct 2021 & Renewed in July 2023)

5-year collaboration with H3 Dynamics

- Inspected 794 HDB blocks since 2021
- Business as usual

INTEGRATED CONDOMINIUM SERVICES (Since September 2022)

Collaboration with Condominium Ecosys

- Provides full suite of upgrading and maintenance services to MCSTs on Condo Ecosys' smart platform; Other platform partners include Mitsubishi HC Capital Asia Pacific Pte Ltd and Hitachi Elevator Asia Pte Ltd



AI DRONE PAINTING (Since November 2021)

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

- R&D in progress
- CAAS approval obtained in September 2023
- Expected to launch by end 2024

AUTONOMOUS PAINTING DRONE: DEVELOPMENT WORK CONTINUES TO BE UNDERWAY

2022 Partnership with Acclivis



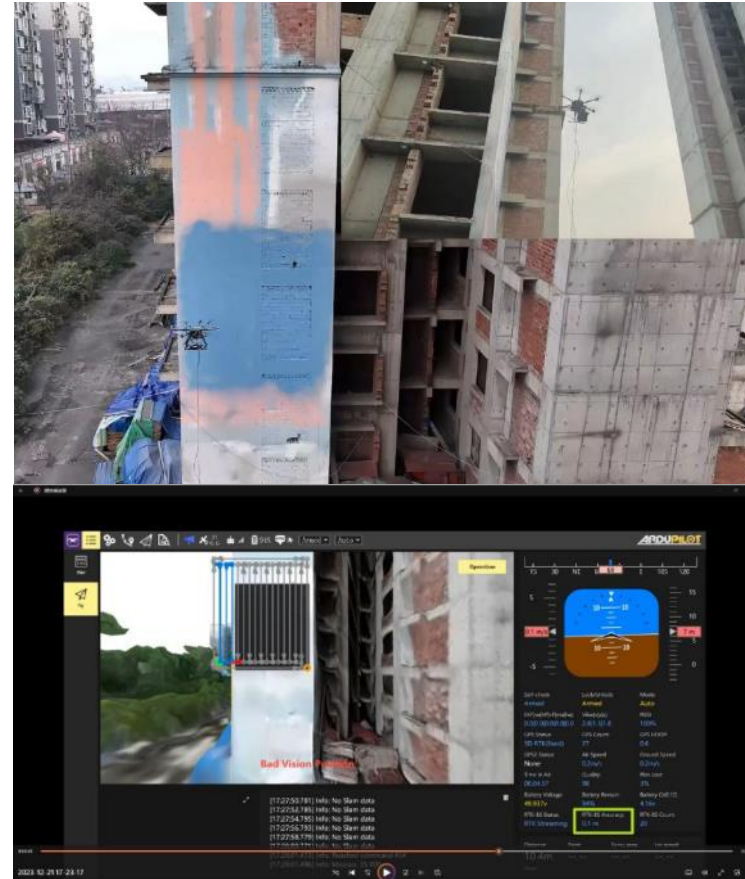
Development works starting from a washing drone

2023 Manned Piloted Drone



Prototype and testing of the manned drone following development works

End 2024¹ Testbedding Autonomous Painting Drone



¹Targeted timeline



ISO Team
+ Drones

1. Enhance workplace safety & quality control
2. Counter rising costs of foreign labour
3. Reduce need of heavy equipment
4. Speed-up project completion time
5. Early adopter of autonomous painting drones
6. 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

INVESTMENT MERITS

TRACK RECORD

- 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

NETWORK

- Established stakeholder relationships (TOC and Nippon Paint Singapore)
- Exclusive applicator for Nippon Paint Singapore and SKK (S) Pte Ltd

CAPABILITIES

- Multi-disciplinary services
- A green solutions provider
- Turnkey capabilities

TEAM

- An experienced and professional management team
- Industry leading operational team at the forefront of evolving market trends

FUTURE

- Construction sector recovery
- Strong order book
- Synergy across business units
- Minimum dividend payout of 25% of net profit
- SG Green Plan 2030
- Build capabilities in untapped markets (JTC, LTA, MOE etc)





THANK YOU

Q&As

