

# ISOTeam Ltd.

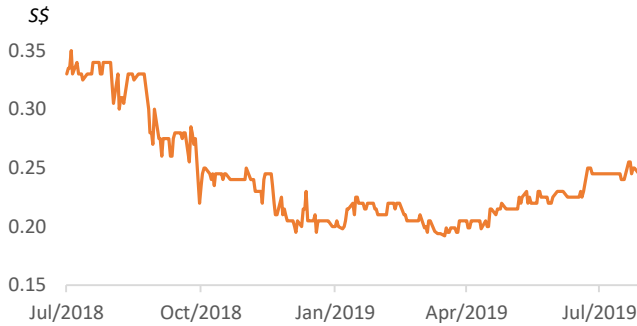
Date: 30 July 2019

**BUY**  
(Initiating coverage)

**Target Price: S\$0.325**  
(+32.7%)

**ISOTeam (5WF.SI)**

**Price: S\$0.245** (as at 29 July 2019)



Share price	1M	3M	6M	1Y
ISOTeam Ltd.	0.0%	14.0%	14.0%	-27.9%
Catalist Index	3.1%	-2.4%	-5.2%	-26.0%

Market capitalisation	S\$69.5 million		
Current price	S\$0.245		
Shares outstanding	283.62 million		
Free Float	32.94%		
Substantial shareholders	ADD Investment Holding	41.96% <sup>(1)</sup>	
	Nippon Paint (Singapore)	5.56%	
Recommendation of other brokers	2 BUY		

Source: Annual Report, SGX StockFacts, Bloomberg, SAC Advisors

(1) Key management team

## Analyst

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## Key Financials

Year ended 30 June	FY2017	FY2018	FY2019F	FY2020F	FY2021F
<b>Revenue</b>	82,922	83,801	144,000	182,900	210,500
<b>% Growth</b>	-11.9%	1.1%	71.8%	27.0%	15.1%
<b>Gross profit</b>	21,636	14,887	20,160	29,264	33,680
<b>Gross profit margin (%)</b>	26.1%	17.8%	14.0%	16.0%	16.0%
<b>Profit attributable to owners</b>	6,447	1,889	4,439	7,813	8,885
<b>Profit before tax margin (%)</b>	8.4%	0.3%	3.7%	5.3%	5.2%
<b>Profit after tax margin (%)</b>	7.8%	2.3%	3.1%	4.3%	4.2%
<b>Basic EPS (S\$ cents)</b>	2.27	0.66	1.57	2.75	3.13
<b>P/E (x)</b>	10.8	37.1	15.7	8.9	7.8
<b>P/B (x)</b>	1.2	1.1	1.1	0.9	0.8
<b>EV/EBITDA (x)</b>	6.6	14.3	9.2	6.4	5.7
<b>Net Debt/Equity</b>	10.2%	24.7%	40.0%	36.6%	32.3%

Source: Annual Report, SAC Advisors

## Enhance, Create and Sustain

**Fully integrated multi-disciplinary capabilities.** ISOTeam has a strong foothold in the retrofitting and enhancement of public housings, public facilities, parks and landscape. Over the years, it has added capabilities in engineering and design to become a one-stop solution provider to both the public and private sectors.

**Order book stands at S\$128.8 million**, about 154% of FY18 revenue, pointing to a strong turnaround in the business. The construction sector is recovering from the lull in 2017 and 2018, during which margins were hit by smaller contract values allowing smaller players to compete at fine margins. The tender process has been improved to place emphasis on work flow and quality. This puts it in good stead to win contracts and improve on margins. We expect earnings to improve.

**Positive industry tailwinds.** ISOTeam stands to benefit from 1) The expansion of the Home Improvement Programme, which will add 230,000 HDB households to the retrofitting programme, and 2) Higher demand for solar panel installations. Sunseap, its strategic partner, is building an offshore floating photovoltaic (PV) system in Singapore.

**Acquisition of Pure Group of businesses.** ISOTeam entered into a conditional sales and purchase agreement to acquire Pure Group of companies for S\$24m, which will open doors to commercial and retail clients in Singapore, Philippines, China, Malaysia and Thailand. The Earn-Out formula provides for earnings contributions of S\$3m for FY20E and S\$5m for FY21E from this acquisition.

**We initiate coverage on ISOTeam with a BUY and target price of S\$0.325.** This is backed by our DCF model (WACC: 4.8% and terminal growth 1.2%). The target price is 32.7% above the current share price of S\$0.245 per share.

**Key risk:** Uncertainty in job tendering.

## Investment Highlights

### Business Overview:

ISOTeam Ltd. is an established and leading player in Singapore's building maintenance and estate upgrading industry. The Group also offers a full range of services and solutions comprising specialist Coating & Painting ("C&P") services as well as complementary niche services

**Fully integrated multi-disciplinary capabilities.** ISOTeam offers complete solutions for Singapore's "built environment". Through the years, they have developed multi-disciplinary capabilities to be a one-stop solution provider to their clients, this strategy is especially given that this is what their customers are increasingly demanding. The Group's review of their operations have also convinced them on the importance of such a change in view of the increasingly competitive landscape and tightening margins. With a greater emphasis on quality and track record, projects are no longer assessed based on price alone, but on the basis of best value-for-money.

**ISOTeam's order book stands at S\$128.8 million as at 30 April 2019**, representing 154% of its FY18 revenue solidifying their turnaround following their recent contract wins from the HIP and the offshore floating solar panel system. The recent contract wins is an affirmation that management has taken heed of the challenges that they faced previously in the R&R segment and is looking to regain ground for the coming financial year and beyond. According to management, they have reviewed and revised their tendering strategy to be more competitive and to secure more projects to maintain their market share. The management also expect that most of the contracts in their order book is expected to be progressively recognised over the next two years.

**Positive industry tailwinds.** The Government recently announced the expansion of the HIP. The move extended the program to flats built between 1987 and 1997 vs. only flats up to 1986 previously. The move will see an additional 230,000 more HDB households benefit from the HIP program. ISOTeam has already been awarded the second HIP contract with upgrading works to 35 HDB blocks across precincts in Tampines, Jalan Bukit Merah/Silat Avenue and Kim Tian Place. In addition, Sunseap, a sustainable energy provider, has also announced that it is building an offshore floating photovoltaic (PV) system in Singapore. The five-hectare development will be located north of Woodlands Waterfront Park, along the Straits of Johor. Once completed, the five megawatt peak (MWp) floating solar energy system will generate about 6,388 megawatt hour (MWh) of renewable energy annually. This is equivalent to powering about 1,250 4-room flats, with a reduction in greenhouse gas emissions of about 2,600 tonnes every year, over the next 25 years and beyond. In the early stages now, ISOTeam is set to benefit from the progressive rollout of these contracts over time.

**Demonstrated ability to cross-sell services.** ISOTeam have won larger and higher profile projects within the private sector, by consolidating the Group's strength and abilities. This is useful in the management of a project that typically requires the expertise of various contractors. An example of this is the S\$46.5 million contract they won in FY2018 from a leading integrated resort group in Singapore. The project represented their biggest cross-selling project and required the deployment of almost all their capabilities.

## Investment Highlights

**Strong and expanding client relations.** ISOTeam has a diverse clientele that include, amongst others, town councils, government bodies and more recently, private sector building owners where they are getting larger and more high-profile projects. This can be seen from the completion of their commercial interior design project – Lavo Singapore at Marina Bay Sands in FY18. In Singapore, ISOTeam is the exclusive paint applicator for Nippon Paint Singapore and SKK Singapore for the public housing sector, and for SKK for Jurong Town Corporation.

**Acquisition of Pure Businesses.** ISOTeam announced that it had entered into a conditional sale and purchase agreement for the proposed acquisition of a set of 6 companies under the Pure Brand for an aggregate purchase consideration of S\$24,000,000. The group of companies are principally engaged in the provision of project and construction management services as well as commercial and retail fitting-out works in Singapore, Philippines, China, Malaysia and Thailand. Under the agreement, ISOTeam is promised a earn-out payment of S\$3,000,000 and S\$5,000,000 for FY2020 and FY2021 respectively. (Refer to Recent Developments for more details.)

**We initiate coverage on ISOTeam with a BUY and a target price of S\$0.325.** Driven by positive industry sentiments and the Group's capabilities in winning and executing projects, we expect the Group to be able to continue securing more contracts. The Group's earnings would be driven by their strong orderbook, which is already in effect as shown in its 9MFY2019 revenue, which increased 62.8% year-on-year. This will be further boosted by the acquisition of the Pure Businesses. In view of the strong performance and potential for growth, we have arrived at a target price of S\$0.325 per share backed by our DCF model (WACC: 4.8% and Terminal Growth: 1.2%). The target price is 32.7% above the current share price of S\$0.245 per share.

## SAC Advisors Forecast Summary

Fiscal Year Ended 30 June							
Revenue by segment (S\$'000)	2015	2016	2017	2018	2019E	2020E	2021E
Repairs & Redecoration	54,467	40,248	20,900	19,765	21,000	22,250	23,500
Additions & Alterations	17,403	24,390	32,385	36,236	73,000	77,400	80,000
Coating & Painting	3,550	11,750	14,317	9,895	20,000	21,350	23,000
Others	6,232	17,761	15,320	17,905	30,000	61,900	84,000
<b>Total</b>	<b>81,652</b>	<b>94,149</b>	<b>82,922</b>	<b>83,801</b>	<b>144,000</b>	<b>182,900</b>	<b>210,500</b>

Fiscal Year Ended 30 June							
Revenue % (Y-Y)	2015	2016	2017	2018	2019E	2020E	2021E
Repairs & Redecoration	12.7%	-26.1%	-48.1%	-5.4%	6.2%	6.0%	5.6%
Additions & Alterations	-14.6%	40.1%	32.8%	11.9%	101.5%	6.0%	3.4%
Coating & Painting	N/A	231.0%	21.8%	-30.9%	102.1%	6.8%	7.7%
Others	445.7%	185.0%	-13.7%	16.9%	67.6%	106.3%	35.7%
<b>Total</b>	<b>16.9%</b>	<b>15.3%</b>	<b>-11.9%</b>	<b>1.1%</b>	<b>71.8%</b>	<b>27.0%</b>	<b>15.1%</b>

Fiscal Year Ended 30 June							
Revenue breakdown (%)	2015	2016	2017	2018	2019E	2020E	2021E
Repairs & Redecoration	66.7%	42.7%	25.2%	23.6%	14.6%	12.2%	11.2%
Additions & Alterations	21.3%	25.9%	39.1%	43.2%	50.7%	42.3%	38.0%
Coating & Painting	4.3%	12.5%	17.3%	11.8%	13.9%	11.7%	10.9%
Others	7.6%	18.9%	18.5%	21.4%	20.8%	33.8%	39.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Fiscal Year Ended 30 June							
Gross profit	2015	2016	2017	2018	2019E	2020E	2021E
Gross profit growth	49.3%	19.9%	-10.4%	-31.2%	35.4%	45.2%	15.1%
Gross profit margin	24.7%	25.7%	26.1%	17.8%	14.0%	16.0%	16.0%
<b>Gross Profit (S\$'000)</b>	<b>20,153</b>	<b>24,156</b>	<b>21,636</b>	<b>14,887</b>	<b>20,160</b>	<b>29,264</b>	<b>33,680</b>

Fiscal Year Ended 30 June							
Operating profit**	2015	2016	2017	2018	2019E	2020E	2021E
Operating Profit margin	12.0%	11.3%	9.0%	1.0%	4.5%	6.0%	5.8%
Operating Profit growth y-y	38.3%	9.2%	-29.8%	-88.9%	680.3%	68.1%	12.1%
<b>Operating Profit (S\$'000)</b>	<b>9,771</b>	<b>10,674</b>	<b>7,488</b>	<b>832</b>	<b>6,492</b>	<b>10,912</b>	<b>12,230</b>

Fiscal Year Ended 30 June							
Profit Growth (%) (Y-Y)	2015	2016	2017	2018	2019E	2020E	2021E
Profit before tax	41.9%	8.1%	-32.0%	-96.3%	1955.7%	78.3%	13.7%
Profit after tax*	34.1%	13.6%	-30.1%	-70.7%	135.0%	76.0%	13.7%
<b>Profit before tax (S\$'000)</b>	<b>9,519</b>	<b>10,291</b>	<b>6,995</b>	<b>262</b>	<b>5,386</b>	<b>9,606</b>	<b>10,924</b>
<b>Profit after tax* (S\$'000)</b>	<b>8,124</b>	<b>9,227</b>	<b>6,447</b>	<b>1,889</b>	<b>4,439</b>	<b>7,813</b>	<b>8,885</b>

Fiscal Year Ended 30 June							
Profit margin (%)	2015	2016	2017	2018	2019E	2020E	2021E
Profit before tax	11.7%	10.9%	8.4%	0.3%	3.7%	5.3%	5.2%
Profit after tax*	9.9%	9.8%	7.8%	2.3%	3.1%	4.3%	4.2%

Source: Company data, SAC Advisors

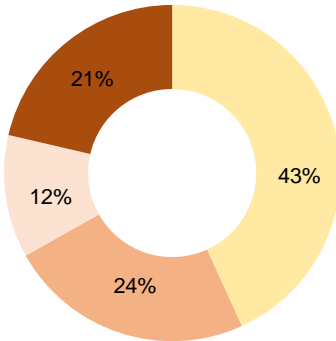
\* Profit attributable to owners of the Company

\*\* In-house estimate

N/A: Not Applicable

## Company Background

**Revenue Breakdown  
(FY2018)**



- Additions & Alterations
- Repairs & Redecoration
- Coating & Painting
- Others

Founded in 1998 and listed on Catalist of the Singapore Exchange Securities Trading Limited (Ticker: 5WF) on 12 July 2013, ISOTeam Ltd. is a building maintenance and estate upgrading company experienced in implementing eco-driven solutions through R&R and A&A services to the public and private sector. The Company has extensive experience in upgrading, retrofitting and maintenance of buildings and facilities in Singapore, and reshapes and rejuvenates public housing landscape, amenities and environment.

- The Group's core business can be categorised into 4 business segments:

- (a) Additions & Alterations ("**A&A**")
- (b) Repairs & Redecoration ("**R&R**")
- (c) Coating & Painting ("**C&P**")
- (d) Others



### Additions & Alterations

- Neighbourhood renewal programme
- Hawker Centres Upgrading Programme
- Estate Upgrading Programme
- Electrical Load Upgrading projects



### Repairs & Redecoration

- Repainting, repairs and redecoration
- Waterproofing and reroofing
- Improvement works
- Routine maintenance
- Term contract works



### Coating & Painting

- New building painting
- Eco-friendly coating
- Architectural and protective coating
- Fireproofing coating
- Niche industrial coating



### Others

- Landscaping (e.g. Punggol Waterways as shown above)
- Eco-friendly solutions
- SG Bike project
- Handyman services
- Mechanical & Electrical works

## History

Founded in 1998 and listed on Catalist of the Singapore Exchange Securities Trading Limited (Ticker: 5WF) on 12 July 2013, ISOTeam Ltd. is an established and leading player in Singapore's building maintenance and estate upgrading industry. With two decades of R&R and A&A experience, they have successfully undertaken approximately 422 refurbishment and upgrading projects for approximately 4,280 buildings since inception. ISOTeam also offers a full range of services and solutions comprising specialist Coating & Painting ("**C&P**") services as well as complementary niche services ("**Others**") through their specialist waterproofing, commercial interior design and home retrofitting ("**ID**"), landscaping, access equipment leasing, green solutions and mechanical and electrical works ("**M&E**") subsidiaries.

As an eco-conscious company, ISOTeam integrates green methodologies in its projects, and actively work with strategic partners and technology companies to develop and commercialise green solutions and products such as solar panels installation and floating solar technology for the marine environment. In addition, the Group also began offering an environmentally sustainable bike sharing service in 2017 which is backed by geostation docking technology. The Group's reputation for quality, speed and safety, together with a winning edge in eco-conscious innovations and capabilities as a maintenance solutions provider, has won the trust and confidence of its customers, allowing them to repeatedly secure tenders over the years. ISOTeam has a diverse clientele that include, amongst others, town councils, government bodies and private sector building owners. In Singapore, ISOTeam is the exclusive paint applicator for Nippon Paint Singapore and SKK Singapore for the public housing sector, and for SKK Singapore for Jurong Town Corporation.



## Corporate Structure

Internally, having expanded their capabilities so extensively since IPO, the Group has integrated and consolidated their back end operations to optimise cost and improve efficiency. They have also streamlined some of their subsidiaries. ITG-Green Technologies has been renamed ISOTeam Green Solutions to focus on sustainable solutions such as CnO. They also plan to merge ISO-Seal Waterproofing into Raymond Construction as both are in the waterproofing business. Industrial Contracts Marketing will be merged with ISOTeam C&P as both are in the coating and painting business.



Source: Company data

## Industry Overview

### **HDB's latest SolarNova tender brings solar energy to over 2,400 HDB blocks.**

The HDB has awarded its third solar leasing tender to Sembcorp Solar Singapore Pte Ltd and Kurihara Kogyo Co., Ltd (Consortium), under the SolarNova programme. Under this tender, solar photovoltaic (PV) panels will be installed at 848 HDB blocks and 27 government sites by 2Q 2020. This brings the total number of HDB blocks identified for solar PV installation to over 2,400 blocks.

#### **About SolarNova program**

Led jointly by HDB and the Singapore Economic Development Board (EDB), the SolarNova programme aggregates demand for solar energy across public sector agencies to enable those with smaller solar PV demand to enjoy solar energy at a lower cost due to economies of scale. This has accelerated solar adoption across the whole-of-government and in Singapore, and continues to contribute significantly to Singapore's national solar energy target of 350 megawatt-peak (MWp) by 2020, with more than 60 percent or 220MWp coming from HDB's solar initiatives and programmes.

The first tender under the SolarNova programme, comprising about 800 HDB blocks, was awarded in December 2015 to Sunseap Leasing Pte Ltd for a solar capacity of 76 MWp. Under the second tender awarded to Million Lighting Co Pte Ltd in June 2017, solar panels with a capacity of 40 MWp will be installed at 636 HDB blocks and 31 government sites.

#### **HDB driving solar demand**

HDB is currently the largest stakeholder in the installation of solar PV system in Singapore. Including the third SolarNova tender awarded, about 190 MWp of solar capacity has been procured for over 2,400 HDB blocks. This represents more than 85 percent of HDB's commitment to generate solar capacity of 220MWp under the SolarNova programme and other solar initiatives by 2020. Power generated by the solar energy harnessed could be used to power common services, such as lifts, pumps, and lighting in common areas in the daytime, potentially reducing carbon emissions by 132,500 tonnes each year.

As of May 2018, about 1,130 HDB blocks have been installed with solar PV panels, covering an estimated area of about 400,000 square metres, or approximately the size of fifty football fields. Installation works for the remaining sites under the first two SolarNova tenders are underway and on track to be completed by 3Q 2019.

The installation of the solar PV systems under the third SolarNova tender is expected to begin in 3Q 2018 and complete by 2Q 2020. HDB targets to call the fourth SolarNova tender in 4Q 2019.



## Industry Overview

### More than \$4 billion in spending to spruce up HDB Households

Prime Minister Lee Hsien Loong's announcement at the National Day rally last year that the government has extended the program to flats built between 1987 and 1997 vs. only flats up to 1986 previously. The move will see an additional 230,000 more HDB households benefit from the HIP program. The programme is also expected to see HDB flats upgraded twice during their 99-year lease – HIP I at 30 years old and HIP II at about 60 to 70 years old.



#### Home Improvement Programme to be Extended to Benefit 230,000 More HDB Households

Source: HDB

The Government expects to spend more than \$4bn on these projects. Introduced in 2007, the HIP was offered to HDB flats built up to 1986 that had not undergone the previous Main Upgrading Programme (MUP). There are about 320,000 flats eligible for the HIP under this 1986 age-band. Since its launch, the HIP has benefitted many Singaporeans and improved their quality of life. As of 1 Aug 2018, HIP has been announced for about 242,000 of the close to 320,000 eligible flats under the 1986 age-band. Of these, the upgrading works have been completed for more than half, or 122,000 flats, with work underway in the remaining flats. The announcement of HIP for all eligible flats in the 1986 age-band will be done by 2019.

The HIP focuses on improvements within the flat and helps flat owners address common maintenance problems related to ageing flats in a systematic and comprehensive manner. There are two main components of work under the HIP – Essential and Optional.

The Essential Improvements enhance public health and safety standards, and are fully paid for by the Government. They include repair of spalling concrete, replacement of waste/soil discharge stacks if damaged, replacement of pipe sockets with a new clothes drying rack, as well as upgrading of the electrical load.

Optional Improvements include items such as upgrading of the existing toilet/bathrooms, installation of a new decorative door and metal grille gate, and a new refuse chute hopper. Flat owners can choose the improvements they need in their flat, and pay only for those items selected.

The HIP will only proceed when at least 75% of a block's eligible Singapore Citizen households have voted in favour of it.

## Industry Overview

### Singapore's largest offshore floating solar panel system set to be built along Straits of Johor

Sunseap, a sustainable energy provider, announced that it is building an offshore floating photovoltaic (PV) system in Singapore. The five-hectare development will be located north of Woodlands Waterfront Park, along the Straits of Johor. Once completed, the five megawatt peak (MWp) floating solar energy system will generate about 6,388 megawatt hour (MWh) of renewable energy annually. This is equivalent to powering about 1,250 4-room flats, with a reduction in greenhouse gas emissions of about 2,600 tonnes every year, over the next 25 years and beyond.

***“We consulted about nine agencies and every time one of them brought up an issue, we had to restart the whole consultation process..”***

~Mr Frank Phuan, co-founder and chief executive officer of Sunseap Group



Source: Sunseap

Sunseap previously worked on the world's largest floating PV test-bed in Singapore at Tengeh Reservoir. Results have shown that the floating PV systems perform better than typical rooftop solar PV systems in Singapore, due to the cooler temperatures of the reservoir environment.

The project is supported by the Economic Development Board (EDB) and will be located north of the Woodlands Waterfront Park. Sunseap had previously participated in the world's largest floating solar panel test-bed in Singapore's Tengeh Reservoir. The test-bed was about 1ha in size. The approval of the process was especially difficult because of the number of agencies required to get this project going.

In conjunction with this, ISOTeam has been awarded contracts worth \$11.31 million contract to install Singapore's largest offshore floating solar farm. To be completed by September this year, the offshore floating solar farm project awarded by Sunseap Leasing involves the supply, design and installation of offshore grid-tied solar photovoltaic systems. We think this is a milestone project for ISOTeam because the successful completion of this project will allow ISOTeam to bid for more projects.

## Management



**DAVID NG CHENG LIAN**  
 Executive Chairman

Date of First Appointment: 12 Dec 2012  
 Date of Last Re-election: 27 Oct 2017

### **Mr. David Ng, Executive Chairman**

With over 35 years of experience in the building refurbishment and estate upgrading industry, Mr Ng heads the Board, aids the CEO in the corporate and strategic development of the Group and also supports and advises senior management. One of his areas of expertise lies in occupational safety and health. Before he co-founded the Group in 1998, he was a director of ISO-Build Corporation Pte Ltd and a manager at D&C Builders Pte Ltd where he was in charge of work place safety and equipment management. Prior to that, Mr Ng managed the suspended scaffold rental business as a project executive of Safewell Equipment Pte Ltd. He was also a suspended scaffold technician with Selat Chemicals Pte Ltd where he was responsible for the repair and maintenance of site equipment. Mr Ng was awarded a Certificate in Construction Supervision by the Construction Industry Development Board of Singapore in 1994.



**ANTHONY KOH THONG HUAT**  
 Executive Director and Chief  
 Executive Officer

Date of First Appointment: 12 Dec 2012  
 Date of Last Re-election: 27 Oct 2015

### **Mr. Anthony Koh, Chief Executive Officer & Executive Director**

One of the co-founders of the Group, Mr Koh has around 30 years of experience in the building refurbishment and estate upgrading industry. An instrumental figure, he sets and implements the expansion plans and overall corporate and strategic development of the Group, as well as oversees key functions such as marketing and tendering strategies, budget and cost controls, and resource planning and allocation. Before he co-founded the Group in 1998, Mr Koh was a director of ISO-Build Corporation Pte Ltd where he managed its projects and contracts and controlled budget and costs. He worked at D&C Builders Pte Ltd from 1989 to 1994 where he moved up the ranks from a site supervisor, to project coordinator and subsequently to project manager. Prior to that, he was the site supervisor for Hongplast General Contractor Pte Ltd for a year. Mr Koh obtained a Diploma in Building from the Singapore Polytechnic in 1988 and a Diploma in Marketing Management from Ngee Ann Polytechnic in 1994.

### **Mr. Chan Chung Khang, General Manager**

Mr Chan, who joined the Group in 2002 as a project supervisor, has been the Group's General Manager since 2012. He is in charge of the management and coordination of the Group's operations including business expansion and diversification; planning and policies updates; the management and supervision of its corporate business development plans; the administration of its key performance indicators whilst monitoring and managing its overheads. He is also in charge of corporate affairs and investor relations, as well as responsible for the application and management of the Group's government grants. He graduated from Singapore Polytechnic in 1999 with a Diploma in Building and Property Management and from Royal Melbourne Institute of Technology in 2008 with a Bachelor of Business (Economics and Finance) with Distinction.

## Business Segments

### Additions & Alterations

In FY2018, ISOTeam completed 14 A&A projects compared to 9 projects in FY2017. These projects comprised of 5 public sector jobs for approximately 78 blocks in Chua Chu Kang, Ang Mo Kio and Bishan-Toa Payoh town councils as well as Aloha Changi Resort - the second largest A&A project. The Group also completed 9 projects in the private sector that included restaurants at Marina Bay Sands and Resorts World Sentosa among other commercial contracts.

As at 30 June 2018, there are 14 ongoing A&A projects amounting to approximately \$120.3 million with the expected completion date of September 2019. This includes 7 Neighborhood Renewal Projects for approximately 140 blocks, 1 HIP project for 19 blocks, and the first park connector project at Tanjong Rhu. In the private segment, there is an ongoing project for a leading resort in Singapore worth approximately \$46.5 million as well as some private residences. The A&A projects typically last for 18-24 months.

### Private sector projects

An indicator for ISOTeam that their projects within this sector is increasing in scale and achieving a higher profile is the completion of a commercial interior design project for Lavo Singapore at Marina Bay Sands in FY2018. In addition to the interior design work, the project engaged their mechanical and electrical engineering expertise, specialist coating and painting services. The restaurant was launched with extensive media coverage, which effectively showcased the work done at the establishment. The success of these projects strongly affirmed the Group's strategy to diversify and transform the business from a regular R&R and A&A player into a multi-disciplinary provider of total maintenance solutions, which is in line with market demands.

With the increasingly competitive landscape and tightening margins, the Group's management is increasingly convinced that such change is absolutely necessary in order to maintain a business that is sustainable and relevant to customers because it offers them a unique value proposition.



\* Image credit: Facebook/LAVO Singapore



## Business Segments

### Repairs & Redecoration

A total of eight R&R projects were completed for 49 HDB blocks located in Pasir Ris-Punggol, Tanjong Pagar and Holland-Bukit Panjang town councils in FY2018 compared to 13 projects and 132 HDB blocks in FY2017. Under the Hawker Upgrading Project (“**HUP**”) scheme, there are 2 completed markets and food centres, Tiong Bahru Market and Food Centre and Tekka Centre, which raised the total number of completed HUP projects to 38. Along with many R&R jobs for residential properties, ISOTeam also completed 3 commercial R&R projects that included The Supreme Court Building, Saint James’ Church and Mimosa Park in FY2018.

R&R accounted for 23.6% of their total revenue in FY2018. With eight completed projects, their revenue from this segment decreased by \$1.1 million or 5.4% from \$20.9 million in FY2017 to \$19.8 million in FY2018. This was due to a combination of factors that included fewer project completions during the year, intensified competition, and also some categorisation of R&R jobs under our A&A division as they were part of NRP projects.



Source: Company Data

This segment however, is seeing a recovery. As at 30 June 2018, there are 18 on-going R&R projects worth around \$32.2 million that are expected to complete by June 2019. These comprise mainly public sector contracts including paint jobs for around 117 HDB blocks and 2 market and food centres for several housing estates and building tradesmen and repair works. The R&R projects typically last for 12 months.



## Business Segments

### Coating & Painting

For FY2018, ISOTeam completed 20 C&P projects compared to 10 projects in the previous year. The Group increased market share in the education and healthcare institution segment with the completion of works for Hwa Chong Institution, Singapore Management University, the Australian International School and the Assisi Hospice. ISOTeam is also active in its efforts to continue expanding on the industrial segment with a slew of contracts for factories and data centres in Singapore. In Myanmar, they have completed 2 C&P projects as well.

As at 30 June 2018, there are 41 ongoing C&P projects, 10 of which are in Myanmar, valued at approximately \$17.7 million that are due for completion by June 2019, compared to 41 projects in FY2017. Significant projects include the National Centre for Infectious Diseases, Tampines Town Hub, the New State Court Building, Outram Community Hospital, Sengkang Community Hospital's SOC Building and Micron Semiconductor. There are also 4 infrastructure projects on hand for Changi Airport Terminal 1 and Bedok Town Park MRT station among others.

#### Some C&P Features:

##### Internal & External Wall Painting

Internal Emulsion or External Emulsion paint with algae and fungus resistant. The products are generally Green Label Certified due to its low VOC content.

##### Anti-Bacteria / Anti-Microbial / Mosquitoes Repellent

Paints that offer protection from harmful bacteria or against MRSA, E-Coli and Staphylococcus Aureus or Mosquitoes repellent properties.

##### Dirt Resistance

Paint that has a higher dirt resistance performance due to its tougher and harder finish such as silicon resin based paint.

##### Polyurethane (PU)

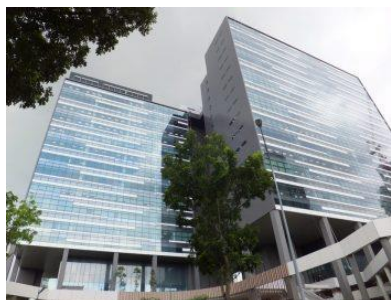
It can be a single or two component polyurethane resin based paint that is similar to liquid plastic when wet and it exhibits excellent weather resistance, light fastness and UV protection.

##### Heat Shield / Solar Reflect Wall Paint

Paint that has capabilities to reflect heat away from the building thereby reduce heating up in the building and aids in the conserving of energy consumption.



Source: Company data



Source: Company data

## Corporate Developments

Summary: Completed Projects	FY 2018
R&R	8
A&A	14
C&P	20
Others:	27
• ID	8
• Landscaping	4
• Waterproofing	3
• Eco solutions	1
• M&E	10
• Fireproofing/ Special Product	1

Source: Annual Report, SAC Advisors

The Group recently announced that they have won a slew of contracts worth S\$21.98 million in new orders which included the installation of Singapore's largest offshore floating solar panel system. The announcement follows on the heels of their announcement last week that they have secured their second HIP from the Housing Development Board worth S\$26.3 million.

The HIP project covers the following precincts:

- (i) 12 blocks at Tampines Street 11 and 22;
- (ii) 10 blocks at Tampines Street 21;
- (iii) 11 blocks at Jalan Bukit Merah and Silat Avenue; and
- (iv) 2 blocks at Kim Tian Place.

The abovementioned HIP contract awarded is expected to be completed by June 2020 and is expected to have a positive impact on the earnings per share and net tangible assets per share of the Group for the current financial year ending 30 June 2019. The recent HIP follows the completion of their first HIP from the HDB worth S\$17.5 million.

Summary: Ongoing Projects	FY 2018
R&R	18
A&A	14
C&P	41
Others:	40
• ID	8
• Landscaping	12
• Waterproofing	2
• Eco solutions	3
• M&E	3
• Fireproofing/ Special Product	12

Source: Annual Report, SAC Advisors

The latest contract win includes a S\$11.31 million contract to install Singapore's largest offshore floating solar farm. Together with three other R&R projects worth S\$9.8 million and two fireproofing projects worth \$0.87 million, ISOTeam's order book has hit yet another record to reach a new high of S\$142.98 million, the highest since the Group's inception more than two decades ago.

To be completed by September 2019, the offshore floating solar farm project awarded by Sunseap Leasing Pte Ltd, involves the supply, design and installation of Offshore Grid-tied Solar Photovoltaic Systems. Supported by the Singapore Economic Development Board, the five megawatt-peak system is expected to generate about 6,388 megawatt-hours of renewable energy annually once completed.

The three R&R project wins is a welcome boost to their R&R segment, which has taken a hit in recent years. The R&R project include works to 18 blocks at Kim Tian Place, Kim Tian Road and Jalan Bukit Merah, 44 blocks at Pasir Ris Street 1 and 44 blocks at Holland Avenue, Holland Drive, Holland Close, Commonwealth Crescent and Commonwealth Drive, all which are expected to be completed between January and June 2020. The two Fireproofing projects are expected to be completed by August 2019. ISOTeam expects this latest round of contract wins to impact the earnings per share and net tangible assets per share of the Group positively for the current financial year ended 30 June 2019.

ISOTeam expects this latest round of contract wins to impact the earnings per share and net tangible assets per share of the Group positively for the current financial year ended 30 June 2019.

## **Corporate Developments**

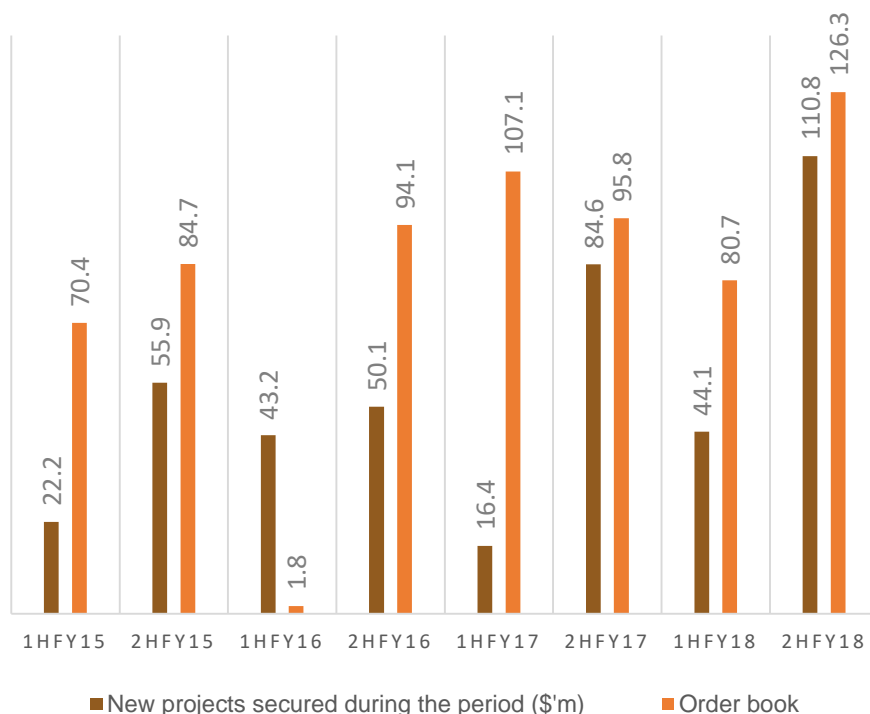
### **Centralisation and streamlining of operations**

ISOTeam recently integrated and consolidated their back-end operations to optimise cost and improve efficiency. They have also centralised their various departments and functions and recently moved into their new headquarters in Changi, which boast a space of 5,421 square metres. Specifically, the Group expects cost savings that they will enjoy as a result of shared functions such as finance and administration, in addition to savings on venue rental and dormitory costs. The Group is currently in the process of building a worker's dormitory, which will lead to further cost savings moving forward. Such reductions in operational and administrative expenses are expected to be reflected in their next set of full year results.

In the meantime, they are assessing the possibility of closing down or streamlining certain business units because of duplication in capabilities. They are also exploring avenues to improve productivity through job redesign and retraining, as well as investing in talent by upgrading the skills of workers who have performed well.

## Order Book

Following their most recent contract wins of S\$22.0 million in new projects, ISOTeam's order book stands at S\$128.8 million, representing 154% of FY18 revenue. According to management, as most of their projects are short-term, these contracts are expected to be progressively recognised over the next two years.



Source: Annual Report, SAC Advisors

## Key Risks

### Uncertainties in job tendering

ISOTeam's scope of work relies significantly on the tendering of contracts from government bodies. The competitiveness of their bid and past track record determine their success in winning these contracts

### Rapidly advancing technologies

ISOTeam's efforts to remain relevant is seen through its pursuit to expand its eco-solutions.

## Tender Criteria

The authority has adopted a 2-envelope model when calling for tenders: Contractors have to submit a price quote and a work plan. This has helped to weed out the weak players who in the past compete solely on price.

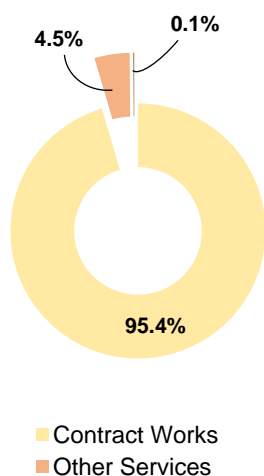
Contract assessment is largely based on the PQM criteria:

- (1) Price (1/3 of criteria);
- (2) Quality, based on client's assessment (1/3 of criteria); and
- (3) Management – Client's track record (1/3 of criteria).

On average, ISOTeam wins one out of three jobs tendered.

## Revenue

**Revenue Breakdown  
(FY2018)**



The Group's revenue breakdown can also be categorised into the following sections:

- (a) Contract Works (Building and Construction specialist, Mechanical Engineering, Upgrading, Interior Decoration and Retrofitting)
- (b) Other Services
- (c) Sale of goods

### FY2018

The Group's revenue rose marginally by \$0.9 million or 1.1% from \$82.9 million in FY2017 to \$83.8 million in FY2018 due to improved contribution from A&A and Others business segments and partially offset by lower contributions from R&R and C&P business segments due to lesser work performed during the year.

R&R accounted for 23.6% of the total revenue in FY2018. With 8 completed projects, revenue from this segment decreased by \$1.1 million or 5.4% from \$20.9 million in FY2017 to \$19.8 million in FY2018. This was due to a combination of factors that included fewer project completions during the year, intensified competition, and also some categorisation of R&R jobs under the A&A division as these were also part of NRP projects. A&A contributed 43.2% of the total revenue in FY2018. With 14 completed projects, A&A revenue increased by \$3.8 million or 11.9% from \$32.4 million in FY2017 to \$36.2 million in FY2018. C&P accounted for 11.8% of the Group's revenue in FY2018. Revenue from C&P decreased by 30.9% from \$14.3 million in FY2017 to \$9.9 million in FY2018.

Although the number of C&P projects completed in FY2018 was 2 times larger than FY2017, values of the projects were lower.

Source: Company data, SAC Advisors



## Recent developments

### 3QFY19 results turned around

The Group reported third quarter FY19 revenue of S\$30.4 million, a 106.3% y-y improvement. The improvement was driven by contributions from all business segments, particularly in the A&A segment, which improved 154.5%.

Revenue (9M ended) S\$'000	31.03.19	31.03.18	%
R&R	15,529	15,257	1.8%
A&A	57,654	26,797	115.2%
C&P	12,233	7,648	60.0%
Others	18,094	13,884	3.3%
Total	103,510	63,586	62.8%

Source: Company data, SAC Advisors

Gross profit and profit before tax increased by 48.0% and 403.6% to S\$4.8 million and S\$1.7 million in 3QFY19 respectively as a result of higher revenue during that period. Overall, profit for the period improved by 628.1% to S\$1.4 million.

As at 30 April 2019, the order book remained strong at S\$128.8 million (154% of FY18 revenue), which is expected to be delivered over the next two years. One of these projects is the second Home Improvement Programme (“HIP”) project worth S\$26.3 million, after the award of its first HIP project in calendar year 2017. The contract win affirms the Group’s track record in this program, which is all the more important after Prime Minister Lee Hsien Loong’s announcement at the National Day rally last year that the government has extended the program to flats built between 1987 and 1997 vs. only flats up to 1986 previously. The move will see an additional 230,000 more HDB households benefit from the HIP program.

The Group was also awarded the floating solar installation project worth S\$11.3 million by Sunseap Leasing Pte Ltd who is also the Group’s strategic partner. Going forward, the Group expects to benefit from Singapore’s plans to have the largest offshore floating solar panel system, which is the world’s largest sea based floating photovoltaic system which is currently built on freshwater ponds, lakes or reservoirs, and is developed by one of Singapore’s leading sustainable energy provider Sunseap Group.

## Recent developments

### Acquisition of Pure Businesses

ISOTeam announced that it had entered into a conditional sale and purchase agreement to acquire Pure Group (Singapore) Pte. Ltd., Pure Projects (Philippines) Inc, Pure Projects Construction Advisory Shanghai Co Ltd, Pure Projects Management Sdn. Bhd., Pure Projects SEA Pte. Ltd. and Pure Projects SEA Ltd (together, “**Pure Businesses**”) for an aggregate purchase consideration of S\$24,000,000. The Group of companies principally engaged in the provision of project and construction management services, as well as commercial and retail fitting-out works in Singapore, Philippines, China, Malaysia and Thailand. S\$12,000,000 of the purchase consideration will be paid in cash while the rest will be settled by the issuing of 47,393,365 non-listed transferable warrants, which will only be released to the seller upon fulfilment of the respective profit targets.

Under the agreement, 11,848,341 Consideration Warrants, which value is equivalent to approximately S\$3,000,000 will be released from escrow to the Seller upon the Pure Businesses achieving an audited consolidated profit after tax of at least S\$3,000,000 for FY2020 or if the FY2020 Earn-Out Payment is not achieved, the Seller has made full payment in cash for the shortfall and 35,545,024, which value is equivalent to approximately S\$9,000,000 will be released from escrow to the Seller upon the Pure Businesses achieving an audited consolidated profit after tax of at least S\$5,000,000 for FY2021 or if the FY2021 Earn-Out Payment is not achieved, the Seller has made full payment in cash for the shortfall. The proposed acquisition will expand ISOTeam’s capability to offer the full suite of project and construction management services as well as offer an opportunity for the Group to leverage on the networks and capabilities of Pure Businesses as a project and construction manager. This is expected to result in increased business opportunities and growth for the Group.

## Future Plans

### **Focus on existing competitive advantages while building new capabilities**



Source: Company data



Source: TODAYonline

#### 1. Strengthening capabilities in the renewable energy installation segment

ISOTeam is an early mover and leading contractor in the renewable energy installation segment. In FY17, the Group had secured their largest renewal energy installation project to-date worth S\$6.3 million. The project was awarded by Sunseap Group (where they have a stake in) and involved installation work for grid-tied solar photovoltaic system to 150 blocks. We think ISOTeam will continue to work closely with partners such as HDB and Sunseap to harness innovative technology. The installation of the solar PV systems under the third SolarNova tender is expected to begin in 3Q 2018 and complete by 2Q 2020. HDB targets to call the fourth SolarNova tender in 4Q 2019.

#### 2. Enhance market share in the R&R segment

The Group's FY17 performance was affected largely by a decline in the number of R&R projects from the HDB. Specific to their challenges in the R&R segment, they have worked hard and the recent contract wins are a testament to their ability to regain ground and to turnaround their performance for the coming financial year and beyond. They have reviewed and revised their tendering strategy to be more competitive and to secure more R&R projects to maintain their market share/

#### 3. Unlocking value through the sale of their two properties

With their new premises in Changi, they now have the opportunity to unlock the value of certain assets. These include the possible sale of two properties at Kaki Bukit and Serangoon, which they are considering.

#### 4. Further investments in new initiatives and expansion overseas

Their bike sharing operations has been gaining momentum. As at August 2018, they have mobilised around 2,000 bikes, comprising mainly version 2 bikes which are lighter and easy for riders handle, and target to raise the fleet size to 3,000 by October 2018. In FY2018, they partnered with telco provider M1 as part of their efforts to improve their geostation technology and have approximately 3,000 stations to date. Moreover, they are the first shared bike company to apply for a full licence to operate dockless bicycle rental services under the LTA's new licencing regime. Their Cockroaches and Odour Remover ("CnO") has also made some progress with the NEA, who has cleared the first set of data for the approval of CnO as a botanical pesticide, bringing them closer to market commercialisation.

We think the Company will proceed cautiously in their overseas expansion. Their joint ventures in both Myanmar and Malaysia have stabilised and are starting to be revenue generative. In Myanmar, they expanded our scope beyond R&R to also cover residential ID to home owners. They are also likely to explore the possibility of extending their water- and fire-proofing services to Myanmar and their R&R services to Malaysia.

## Income Statement (\$S'000)

(\$S'000 )	Fiscal Year Ended 30 June				
	2017	2018	2019F	2020F	2021F
<b>Revenue</b>	<b>82,922</b>	<b>83,801</b>	<b>144,000</b>	<b>182,900</b>	<b>210,500</b>
Cost of sales	(61,286)	(68,914)	(123,840)	(153,636)	(176,820)
<b>Gross profit</b>	<b>21,636</b>	<b>14,887</b>	<b>20,160</b>	<b>29,264</b>	<b>33,680</b>
Other income	2,662	1,860	1,860	1,860	1,860
Marketing and distribution expenses	(1,375)	(1,813)	(1,440)	(1,829)	(2,105)
General and administrative expenses	(15,083)	(13,664)	(13,680)	(17,376)	(19,998)
Other operating expenses	(352)	(438)	(408)	(1,008)	(1,208)
Finance costs	(493)	(570)	(1,106)	(1,306)	(1,306)
<b>Profit before income tax</b>	<b>6,995</b>	<b>262</b>	<b>5,386</b>	<b>9,606</b>	<b>10,924</b>
Income tax expense	(260)	520	(1,158)	(1,633)	(1,857)
<b>Profit for the year</b>	<b>6,735</b>	<b>782</b>	<b>4,228</b>	<b>7,973</b>	<b>9,067</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Company	6,447	1,889	4,439	7,813	8,885
Non-controlling interests	288	(1,107)	(211)	159	181
<b>Earnings per share attributable to owners of the Company (Cents)</b>					
Basic	<b>2.27</b>	<b>0.66</b>	<b>1.57</b>	<b>2.75</b>	<b>3.13</b>
Diluted	<b>2.27</b>	<b>0.66</b>	<b>1.57</b>	<b>2.75</b>	<b>3.01</b>

The number of diluted shares is calculated assuming the exercise of 11,848,341 warrants for FY2021 in association with the Pure Group acquisition

## Balance Sheet (\$S'000)

(\$S'000)	Fiscal Year Ended 30 June				
	2017	2018	2019F	2020F	2021F
PPE	29,725	34,238	33,212	33,951	33,934
Goodwill	2,658	2,658	2,658	2,658	2,658
Investment property	0	0	912	895	878
Intangible assets	4,650	2,923	2,245	1,567	889
Other non-current assets	6,462	6,048	6,048	22,269	22,269
<b>Total non-current assets</b>	<b>43,495</b>	<b>45,867</b>	<b>45,075</b>	<b>61,340</b>	<b>60,628</b>
Cash and cash equivalents	14,830	12,200	8,374	18,655	19,808
Trade and other receivables	23,265	26,887	50,671	50,806	58,472
Asset held for sale	0	0	2,330	2,330	2,330
Inventories	271	486	1,360	1,536	1,768
Due from customers for contract work-in-progress	20,332	24,422	26,640	32,922	37,890
Other current assets	0	0	0	0	0
<b>Total current assets</b>	<b>58,698</b>	<b>63,995</b>	<b>89,375</b>	<b>106,249</b>	<b>120,268</b>
<b>Total assets</b>	<b>102,193</b>	<b>109,862</b>	<b>134,450</b>	<b>167,589</b>	<b>180,896</b>
Finance leases	1,752	2,478	3,018	3,018	3,018
Bank borrowings	11,701	12,101	11,249	11,249	11,249
Other non-current liabilities	2,175	1,160	1,160	1,160	1,160
<b>Total non-current liabilities</b>	<b>15,628</b>	<b>15,739</b>	<b>15,427</b>	<b>15,427</b>	<b>15,427</b>
Due to customers for contract work-in-progress	2,371	3,477	4,334	5,377	6,189
Bank borrowings	6,408	11,699	18,920	30,920	30,920
Trade and other payables	17,887	16,106	29,107	38,409	44,205
Finance leases	972	1,150	1,299	1,299	1,299
Other current liabilities	158	140	140	140	140
<b>Total current liabilities</b>	<b>27,796</b>	<b>32,572</b>	<b>53,801</b>	<b>76,145</b>	<b>82,753</b>
<b>Total liabilities</b>	<b>43,424</b>	<b>48,311</b>	<b>69,228</b>	<b>91,572</b>	<b>98,180</b>
Share capital	29,618	29,618	29,618	29,618	32,618
Treasury shares	(562)	(256)	(172)	(172)	(172)
Accumulated profits	36,038	36,082	40,008	46,548	53,193
Foreign currency translation reserve	8	16	16	16	16
Merger reserve	(7,338)	(7,338)	(7,338)	(7,338)	(7,338)
Other reserve	(4)	1,065	1,065	5,286	2,286
<b>Equity attributable to owners of the Company</b>	<b>57,760</b>	<b>59,187</b>	<b>63,197</b>	<b>73,958</b>	<b>80,603</b>
Non-controlling interests	1,009	2,364	2,026	2,058	2,113
<b>Total equity</b>	<b>58,769</b>	<b>61,551</b>	<b>65,223</b>	<b>76,017</b>	<b>82,716</b>
<b>Total equity and liabilities</b>	<b>102,193</b>	<b>109,862</b>	<b>134,450</b>	<b>167,589</b>	<b>180,896</b>

## Cash Flow Statement (\$S'000)

(\$S'000)	Fiscal Year Ended 30 June				
	2017	2018	2019F	2020F	2021F
<b>Profit before tax</b>	<b>6,995</b>	<b>262</b>	<b>5,386</b>	<b>9,606</b>	<b>10,924</b>
Depreciation & amortisation	3,972	5,132	3,956	4,351	4,668
Change in working capital	(16,269)	(8,818)	(13,017)	3,752	(6,259)
Others	1,100	443	987	1,187	1,187
Interest and taxes	(1,338)	(466)	(2,145)	(2,820)	(3,044)
<b>Net Cash (used in)/ from operations</b>	<b>(5,540)</b>	<b>(3,447)</b>	<b>(4,834)</b>	<b>16,075</b>	<b>7,475</b>
Purchase of PPE	(14,400)	(5,686)	(5,494)	(4,395)	(3,955)
Others	(6,779)	3,215	0	(12,000)	0
<b>Net Cash (used in)/ from investing</b>	<b>(21,179)</b>	<b>(2,471)</b>	<b>(5,494)</b>	<b>(16,395)</b>	<b>(3,955)</b>
Net change in equity	(1,626)	(322)	(84)	0	0
Net change in debt	10,893	5,310	7,058	12,000	0
Dividends paid	(2,135)	(1,972)	(640)	(1,400)	(2,367)
Others	550	(1,111)	0	0	0
<b>Net Cash (used in)/ from financing</b>	<b>7,682</b>	<b>1,905</b>	<b>6,334</b>	<b>10,600</b>	<b>(2,367)</b>

## Ratios

	Fiscal Year Ended 30 June				
	2017	2018	2019F	2020F	2021F
<b>Profitability (%)</b>					
Gross profit margin	26.1%	17.8%	14.0%	16.0%	16.0%
Operating profit margin	9.0%	1.0%	4.5%	6.0%	5.8%
Profit before tax margin	8.4%	0.3%	3.7%	5.3%	5.2%
Profit after tax margin	7.8%	2.3%	3.1%	4.3%	4.2%
<b>Liquidity (x)</b>					
Current ratio	2.1	2.0	1.7	1.4	1.5
Quick ratio	2.1	2.0	1.7	1.4	1.5
Interest coverage ratio	15.2	1.5	5.9	8.4	9.4
Net Debt to Equity	10%	25%	40%	37%	32%
<b>Valuation (x)</b>					
P/S	0.8	0.8	0.5	0.4	0.3
P/E	10.8	37.1	15.7	8.9	7.8
P/E (ex-cash)	8.6	30.6	13.9	6.6	5.7
P/B	1.2	1.1	1.1	0.9	0.8
EV/EBITDA	6.6	14.3	9.2	6.4	5.7
<b>Cash Conversion Cycle</b>					
Trade receivable days	93	109	128	101	101
Inventory days	2	3	4	4	4
Trade payable days	117	90	86	91	91
CCC days	(22)	22	47	14	14
<b>Returns</b>					
Return on equity	11.6%	3.2%	7.3%	11.4%	11.5%
Return on capital employed	11.3%	1.1%	8.2%	12.7%	12.9%
Dividend payout ratio	28.5%	27.2%	28.4%	28.4%	28.4%

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Party	Quantum of position
Nil	Nil

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Company	Nature of business relation	Date of business relation
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Analyst name	Quantum of position
N/A	N/A

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As noted above, research analyst(s) of SAC Advisors who produced this report hereby certify that

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