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PRESS RELEASE

ADVANCER GLOBAL ACHIEVES REVENUE OF S\$67.3 MILLION FOR FY2018

- **Revenue grew 3.1% from S\$65.3 million in FY2017 to S\$67.3 million in FY2018**
- **Gross profit decreased 8.3% to S\$17.3 million in FY2018 mainly due to the decrease in gross profit from all the Group's business segments**
 - gross margin decreased by 3.2% from 28.9% in FY2017 to 25.7% in FY2018
- **Recommending final dividend of 0.15 Singapore cent per share, translating to total dividends of 0.40 Singapore cents per share for FY2018**
- **Maintained high retention rate from existing customers with continuing new contract wins under Facilities Management Services division**
 - approximately S\$3.7 million monthly service contracts with varying contract periods from its facility management projects as at 31 December 2018
 - The Group's customer retention rates for its Building Management Business and its Security Services Business were 87.9% and 85.8% respectively
- **Technology and innovations will drive growth in Facilities Management Division and optimised operations efficiency in response to changing market conditions**

FYE 31 Dec (S\$'000)	FY2018	FY2017	YoY Change
Revenue	67,283	65,260	3.1%
Gross profit	17,283	18,857	(8.3%)
Gross profit margin (in %)	25.7%	28.9%	(3.2%)
Net profit attributable to owners of the Company	1,336	3,056	(56.3%)

Notes: FY denotes 12 months ended 31 December.

Singapore, 25 February 2019 — Advancer Global Limited (前进集团有限公司) (the "Company") together with its subsidiaries ("Advancer Global" or the "Group"), announced that it achieved a net profit attributable to owners of the Company of S\$1.3 million for the financial year ended 31 December 2018 ("FY2018"), a decrease of 56.3% from S\$3.1 million in FY2017. This was largely due to lower gross profit margins and higher administrative expenses.

Commenting on the financial performance of FY2018, CEO & Executive Director of Advancer Global, Mr. Gary Chin, said, "The past year has been a challenging year. There was a nominal increase in the Group's revenue but our gross profit had dropped slightly as a result of, amongst others, increases in manpower-related costs such as higher average recruitment costs for the Employment Services Business, increased average salaries of security guards for the Security Services Business, increase in direct labour costs of pest control services for the Building Management Business. In spite of these challenges, the Group recorded high customer retention rates for its overall Facility Management Services division (consisting of the Group's Security Services and Building Management segments), which is a testament of the quality of the Group's services.

The Group continues to innovate and infuse services and solutions it provides with technology to better and more efficiently address the needs of our customers, which is especially important in this landscape of an ageing workforce, labour shortages and higher wages.

We will press on in our goal to provide integrated facilities management powered by technology and smart solutions and am confident that our Group is well positioned to provide holistic solutions to our customers.”

The Group’s revenue increased by 3.1% from S\$65.3 million in FY2017 to S\$67.3 million in FY2018 mainly due to the increase in revenue from the Security Services Business that was offset by the decrease in revenue for the (a) Building Management Business and (b) Employment Services.

For FY2018, the Group’s customer retention rates for Security Service Business and Building Management Services were 85.8% and 87.9% respectively (FY2017: 93.9% and 87.2% respectively).

The Group’s cost of sales increased by 7.8% from S\$46.4 million in FY2017 to S\$50.0 million in FY2018, mainly due to increase in direct labour costs for Security Services Business. The decrease in gross profit margin was mainly due to the, (i) higher average recruitment cost to overseas recruiters for the Employment Services Business, (ii) increase direct labour cost of the pest control services for the Building Management Business, and (iii) increase in average salaries of security guards for the Security Services Business.

An increase in the amount from government credit schemes such as Wage Credit Scheme and reversal of loss allowance of trade receivables in FY2017 resulted in an increase in other operating income to S\$1.7 million in FY2018 from S\$1.3 million in FY2017.

Administrative expense increased by 4.4% from S\$16.7 million in FY2017 to S\$17.4 million in FY2018 mainly due to increased administrative staff costs, bad debt written-off arising from Group’s cleaning and pest controls businesses and increased advertising fees. This is partially offset by decrease in operating lease expenses for motor vehicles, office premises as well as a subsidiary director’s remuneration.

The effective tax rate of 8.0% in FY2018 was slightly higher than 7.8% in FY2017 mainly due to the expiration of Productivity and Innovation Credit Scheme which allowed 400% tax deductions for qualifying expenditure in FY2017. Consequently, the Group’s profit after tax decreased by S\$1.7 million or 55.2% from S\$3.1 million in FY2017 to S\$1.4 million in FY2018. Earnings per share based on weighted average number of 208,030,230 shares decreased from 1.69 Singapore cents in FY2017 to 0.64 Singapore cents in FY2018.

Net asset value of the Group increased from S\$22.1 million as at 31 December 2017 to S\$44.1 million as at 31 December 2018. This is largely due to (a) increase in trade and other receivables (b) increase in cash and cash equivalents (c) decrease in bank borrowings and income tax payables and (d) decrease in other payables.

The Board is recommending a final dividend of 0.15 Singapore cent per share for the second half of FY2018, subject to the approval of Shareholders at the forthcoming annual general meeting. Taking into consideration of the interim dividend of 0.25 Singapore cent per share declared and paid in September 2018, this constitutes approximately 75.5% of its net profit attributable to owners of the Company as dividends for financial year ended 31 December 2018.

Business Prospects

Trade conflicts and slowing global demand will continue to weigh on the world economy in 2019. In spite of the muted economy in 2019, it is expected that smart urban living¹ from the Singapore Smart Nation initiative² will be the driving force for the Facilities Management (FM) Sector in Singapore as building owners aim for increased efficiency of operations, optimised performance, sustainability programmes to minimise environmental impact and maximise cost-saving benefits. The Group's Facilities Management Division (comprising Building Management and Security Services Business) has been investing in technology innovations and Internet of Things (IoT) to strengthen our competitive advantage in line with the Government's smart urban living and smart nation initiative. This is a necessary step forward as increasing manpower costs for cleaners and security guards under the Progressive Wage Model (PWM) is a major factor expected to impact the bottom-lines of relevant businesses.

The Security Services Business is poised for new challenges through the integrated offerings of physical and hardware, such as intelligent surveillance cameras, biometric systems and backend AI-based platforms to help organisations mitigate risks under their business continuity plans.

On the Employment Services Business, the strategy to target new growth sectors (such as the ageing population), and the increasing use of social media channels and digital mobile devices in the employers' search for foreign domestic workers and household solutions remain relevant. The Group is also exploring to develop and expand its employment business in Japan, in view of its strategic alliance with Fullcast.

"Amidst the changing landscape in the industries in which we operate, the Group's vision is to be the pre-eminent solutions provider, admired for our technology innovations, professional and excellent services and best practices," added Mr Gary Chin.

~ End ~

This press release is to be read in conjunction with the Company's unaudited full year financial results announcement posted on the SGX website on 25 February 2019.

¹ <https://www.smartnation.sg/what-is-smart-nation/initiatives/Urban-Living/smart-towns>

² Smart Nation is an initiative by the Singapore government to transform the Republic into a global city through technology and digital innovation.

About ADVANCER GLOBAL LIMITED

(Stock Codes – SGX: 43Q | Bloomberg: ADGL SP | Reuters: ADVN.SI)

Advancer Global Limited (前进集团有限公司) (the “**Company**”) together with its subsidiaries (“**Advancer Global**” or the “**Group**”), is an established and integrated workforce solutions and services provider in Singapore. The Group operates through two main business divisions: (i) Employment Services, and (ii) Facilities Management Services, to provide a holistic suite of solutions and services to its diverse base of customers.

The Employment Services division offers integrated and comprehensive employment solutions and services including sourcing, recruitment, training and deployment of foreign domestic workers to households and foreign workers to corporations. The Group offers employment solutions and services through its well-recognised brand, “Nation”.

The Facilities Management Services division encompasses two sub-divisions: (i) Building Management Services, and (ii) Security Services, which the Group, through its well-established subsidiaries, provides property management, security services, pest control and fumigation landscape, waste management, cleaning and stewarding services to a diverse base of customers including residential and commercial, and industrial properties, hospitals, schools and hotels.

The Group continues to enhance efficiency and brings effectiveness to its business platforms by infusing technology to enable greater convenience and satisfaction for its customers.

For more information, please visit the company’s website at www.advancer.sg.

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This press release has been prepared by Advancer Global Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this press release.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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. David Yeong (Telephone: 65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542