

ISOTeam Ltd

1 Sep 2025

BUY (Maintained)

BBG	ISO SP						
Market Cap	S\$58.0m						
Price (1 Sep 2025)	S\$0.082						
52-week range	S\$0.056 - 0.104						
Target Price	S\$0.096						
Previous Price	S\$0.091						
Shares Outstanding	707.2m						
Free Float	67.6%						
Major Shareholder	<table border="0"> <tr> <td>ADD Investment Holding Pte Ltd</td> <td>19.9%</td> </tr> <tr> <td>Taisei Oncho Co Ltd</td> <td>8.8%</td> </tr> <tr> <td>GINKO-AGT Global Growth Fund</td> <td>6.0%</td> </tr> </table>	ADD Investment Holding Pte Ltd	19.9%	Taisei Oncho Co Ltd	8.8%	GINKO-AGT Global Growth Fund	6.0%
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Source: Company Data, Bloomberg, SAC Capital



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ANALYST

Daniel Ng

+65 9382 9657

dng@saccapital.com.sg

Short-Term Miss, Long-Term Momentum

FY2025 Results. ISOTeam's FY2025 results fell short of our expectations, with revenue declining 8.4% yoy to S\$119.2m (11.7% below our forecast) and net profit attributable to shareholders dropping 21.2% yoy to S\$5.1m (29.2% below our forecast). The weaker performance was primarily driven by delayed project commencements in Repairs & Redecoration (-42.9% yoy) and Coating & Painting (-14.4%) segments, partially offset by strong growth in Addition & Alteration (25.0% yoy) and Others (10.4% yoy) segments. Gross margin improved modestly on better project mix and pricing, but earnings was further weighed down by lower other income and a higher effective tax rate. We view these as timing related execution challenges rather than structural issues. As of 27 Aug 2025, the group's order book stood at S\$181.1m, which is expected to be recognised progressively over the next two years.

Key Developments. In FY2025, ISOTeam has strengthened its strategic positioning through both M&A and partnerships. 1) The group acquired the remaining 49% stake in Zara@ISOTeam, giving it full control of its interior design and retrofitting subsidiary. This move not only broadens its interior solutions offering but also enhances margin capture from integrated projects. 2) ISOTeam also entered into an exclusive partnership with Design@Loft Architects to capture rising demand from the dormitory upgrading segment. 3) On the technology front, ISOTeam advanced its BuildTech initiatives, piloting autonomous façade painting drones and indoor robots. These are expected to be commercially deployable by end of 2025, with the potential to cut manpower requirements significantly. These developments provide near-term visibility and long-term scalability.

Structural Tailwinds. ISOTeam is well-positioned to benefit from the sustained public sector spending on estate renewal and sustainability. In February 2025, the Ministry of National Development and HDB committed S\$165m for the Neighbourhood Renewal Programme and Silver Upgrading Programme, covering 36,000 households. In addition, the government also announced S\$135m for the upgrading of 32 private estates over five years. The Home Improvement Programme remains a major driver, with about 29,000 flats announced for upgrading works, representing a multi-year pipeline

KEY FINANCIAL HIGHLIGHTS

Year ended Jun	FY24	FY25	FY26E	FY27E	FY28E
Revenue	130.2	119.2	140.6	165.4	190.2
EBIT	9.2	8.5	10.1	12.2	15.0
Net profit	6.6	5.6	6.9	8.4	10.6
EPS (S\$ cents)	0.95	0.79	0.97	1.19	1.50
Dividend per share (S\$ cents)	0.08	0.08	0.29	0.36	0.45
Net cash / (debt)	(27.1)	(30.0)	(26.4)	(20.3)	(12.1)
Valuation					
Gross profit margin (%)	15.5%	16.0%	16.5%	17.0%	17.5%
Net profit margin (%)	5.1%	4.7%	4.9%	5.1%	5.6%
EV/EBITDA (x)	6.8	7.6	6.4	5.0	3.7
P/E (x)	8.7	10.4	8.5	6.9	5.5
P/B (x)	1.3	1.2	1.1	1.0	0.9
Dividend yield (%)	1.0%	1.0%	3.5%	4.3%	5.5%
ROE (%)	15.4%	11.5%	12.8%	14.0%	15.6%

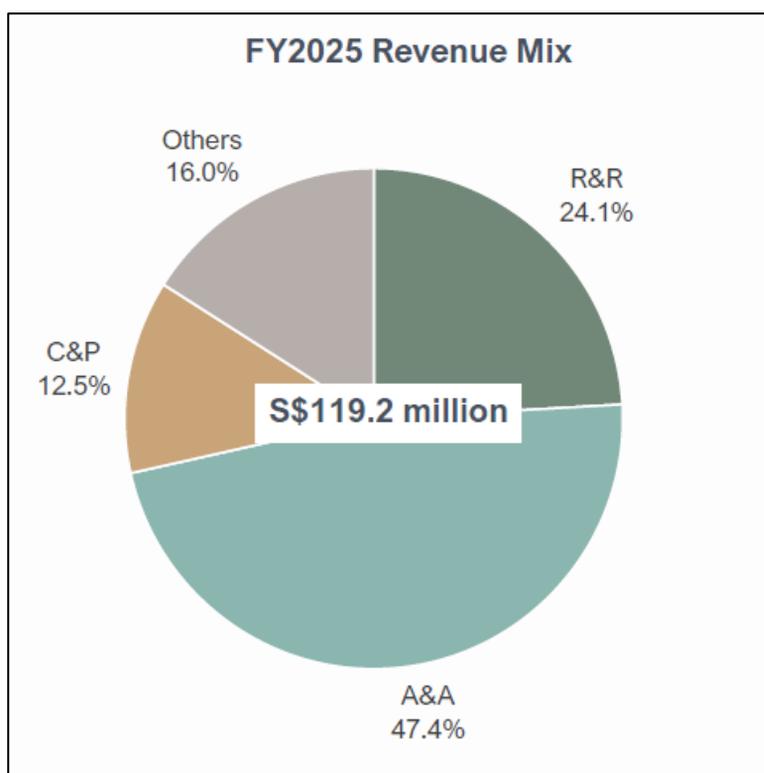
ISOTeam Ltd

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that directly supports ISOTeam’s R&R and A&A segments. The Green Towns programme adds further visibility, where HDB towns are set to receive heat-reflective paint application (S\$60m opportunity) and solar panel installations under the SolarNova Programme. These initiatives provide a steady stream of projects that supports ISOTeam’s growth outlook.

Risks. Project execution remains the key risk for ISOTeam, as the FY2025 earnings miss showed how project delays in R&R and C&P can materially affect earnings. Heavy reliance on public sector tenders also exposes ISOTeam to intense pricing competition and rising labour and material costs. While BuildTech solutions offer upside, their benefits depend on timely approval and scaling.

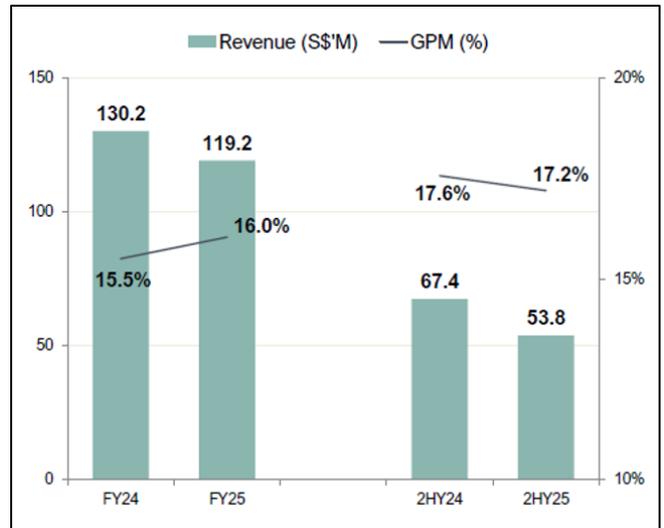
Maintain BUY. We maintain our BUY rating with a revised TP of S\$0.096, based on ISOTeam’s forward EPS against the average PER of 8.9x of its peers. While FY2025 earnings came in below expectations due to project delays, the structural drivers for growth remains intact. The group’s secured order book of S\$181.1m provides revenue visibility for the next 2 years, underpinned by public sector upgrading works. Beyond the backlog, ISOTeam’s Buildtech initiatives, growing presence in renewable energy, and the consolidation of its interior design arm offer additional growth drivers and margin expansion opportunities.



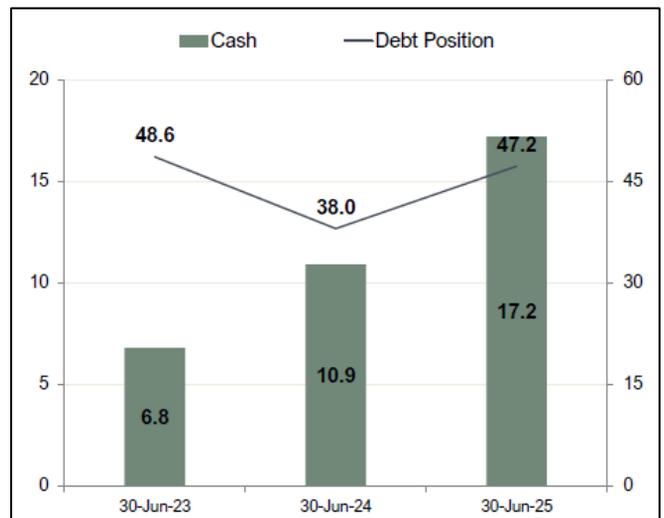
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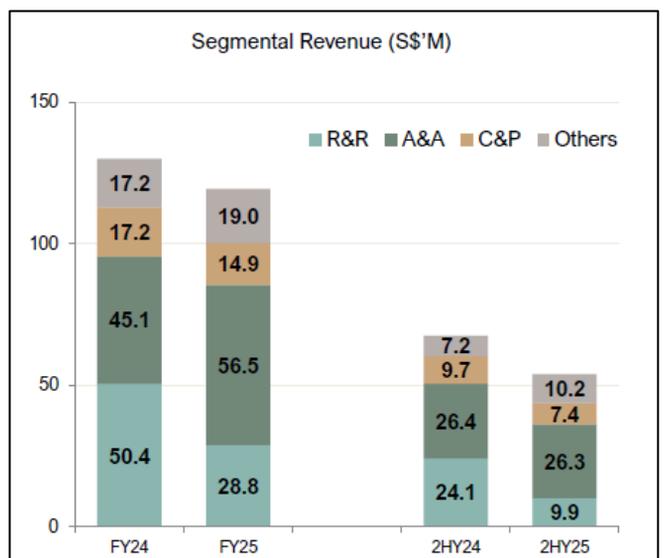
Revenue Performance



Cash and Debt Position



Segmental Breakdown



Income Statement

FYE Jun (\$S'm)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	130.2	119.2	140.6	165.4	190.2
Cost of sales	(110.0)	(100.1)	(117.4)	(137.2)	(156.9)
Gross profit	20.2	19.1	23.2	28.1	33.3
Other income	5.7	3.7	3.6	4.3	4.9
Marketing and Distribution expenses	(0.7)	(0.8)	(1.2)	(1.4)	(1.6)
General and Administrative expenses	(13.2)	(12.4)	(14.1)	(16.5)	(19.0)
Finance costs	(2.5)	(2.2)	(2.2)	(2.6)	(3.1)
Impairment loss on receivables and contract assets	(1.7)	(0.1)	(0.7)	(0.9)	(1.0)
Other operating expenses	(0.5)	(0.6)	(0.3)	(0.8)	(0.7)
Profit before tax	7.3	6.7	8.3	10.1	12.8
Tax Expense	(0.7)	(1.1)	(1.4)	(1.7)	(2.2)
Net income	6.6	5.6	6.9	8.4	10.6

Balance Sheet

FYE Jun (\$S'm)	FY24	FY25	FY26E	FY27E	FY28E
Property, plant and equipment	20.0	17.7	16.2	14.4	12.4
Goodwill	1.7	1.7	1.7	1.7	1.7
Intangible assets	0.1	0.1	0.1	0.1	0.1
Other investments	4.7	7.4	7.4	7.4	7.4
Deferred tax assets	0.8	0.8	0.8	0.8	0.8
Total non-current assets	27.3	27.6	26.1	24.3	22.3
Contract assets	42.2	41.4	40.7	39.9	38.9
Trade and other receivables	27.9	34.5	38.0	44.6	51.3
Cash and bank balances	10.9	17.2	30.6	46.5	64.5
Total current assets	81.0	93.1	109.3	131.0	154.7
Total assets	108.3	120.8	135.4	155.3	177.0
Borrowings	10.1	7.7	10.2	12.7	15.2
Deferred tax liabilities	0.1	0.1	0.1	0.1	0.1
Lease liabilities	2.6	2.4	2.3	2.2	2.1
Total non-current liabilities	12.8	10.2	12.6	15.0	17.4
Contract liabilities	1.6	0.8	0.8	0.8	0.8
Trade and other payables	25.4	22.9	22.5	26.3	30.1
Borrowings	24.1	36.6	44.1	51.6	59.1
Lease liabilities	1.2	0.6	0.5	0.4	0.3
Provision for taxation	0.3	1.4	1.4	1.4	1.4
Total current liabilities	52.7	62.2	69.2	80.4	91.6
Total liabilities	65.4	72.3	81.8	95.4	108.9
Net assets	42.9	48.4	53.6	60.0	68.0
Share capital	54.3	35.0	35.0	35.0	35.0
Treasury shares	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Accumulated (losses)/profits	(4.0)	20.5	25.7	32.1	40.2
Foreign currency translation reserve	0.0	0.0	0.0	0.0	0.0
Merger reserve	(7.3)	(7.3)	(7.3)	(7.3)	(7.3)
Other reserves	0.1	(0.1)	(0.1)	(0.1)	(0.1)
Equity attributable to equity holders of the Company	42.9	48.0	53.2	59.6	67.7
Non-controlling interests	(0.0)	0.4	0.4	0.4	0.4
Total equity	42.9	48.4	53.6	60.0	68.0

Cash Flow Statement

FYE Jun (\$S'm)	FY24	FY25	FY26E	FY27E	FY28E
Cash flows from operating activities					
Profit/(loss) before tax	7.3	6.7	8.3	10.1	12.8
Adjustments for:					
Amortisation and Depreciation	3.2	3.0	2.8	3.3	3.8
Gains and Losses on Disposal	(3.3)	(0.0)	0.0	0.0	0.0
Impairments and Write-offs	1.9	0.1	0.7	0.9	1.0
Interest income	(0.3)	(0.0)	(0.2)	(0.4)	(0.6)
Interest expense	2.2	1.9	2.2	2.6	3.1
Investments and Equity	0.3	0.6	0.0	0.0	0.0
Other adjustments	(1.2)	(2.7)	2.5	(0.9)	(1.0)
Operating profit/loss	10.1	9.4	16.3	15.7	19.1
Changes in working capital	(4.1)	(9.3)	(3.1)	(2.0)	(2.0)
Cash used in operations	6.0	0.1	13.2	13.7	17.1
Interest received	0.3	0.0	0.2	0.4	0.6
Tax paid	(0.0)	0.0	(1.4)	(1.7)	(2.2)
Net cash used in operating activities	6.2	0.1	12.0	12.3	15.5
Cash flows from investing activities					
Additions to intangible assets	(0.0)	0.0	0.0	0.0	0.0
Purchases of property, plant and equipment	(1.0)	(0.3)	(1.3)	(1.5)	(1.8)
Proceeds from disposal of investment property	0.0	0.1	0.0	0.0	0.0
Proceeds from disposal of property, plant and equipment and asset held for sale	0.1	0.0	0.0	0.0	0.0
Proceeds from disposal of other investments	0.0	0.0	0.0	0.0	0.0
Proceeds from disposal of associates	0.0	0.0	0.0	0.0	0.0
Net cash inflow from disposal and derecognition of subsidiaries	(0.0)	0.0	0.0	0.0	0.0
Net cash outflow for acquisition of a subsidiary	0.0	0.0	0.0	0.0	0.0
Net cash generated from investing activities	(0.9)	(0.2)	(1.3)	(1.5)	(1.8)
Cash flows from financing activities					
Proceeds from issue of share capital	10.4	0.0	0.0	0.0	0.0
Transaction costs related to issue of share capital	(0.1)	0.0	0.0	0.0	0.0
(Placement)/withdrawal of fixed deposits pledged to bank	1.0	(0.0)	0.0	0.0	0.0
Drawdown of borrowings	49.7	71.0	50.0	50.0	50.0
Repayment of borrowings	(56.7)	(60.9)	(40.0)	(40.0)	(40.0)
Repayment of lease liabilities	(1.4)	(1.3)	(0.2)	(0.2)	(0.2)
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0
Due to directors (non-trade)	(0.2)	0.0	0.0	0.0	0.0
Interest paid	(2.2)	(1.7)	(2.2)	(2.6)	(3.1)
Dividends paid to equity owners	0.0	(0.6)	(1.7)	(2.1)	(2.5)
Net cash used in financing activities	0.5	6.5	5.9	5.1	4.2
Net (decrease)/increase in cash and cash equivalents	5.8	6.5	16.6	15.9	18.0
Cash and cash equivalents at beginning of financial year	1.8	7.6	14.0	30.6	46.5
Cash and cash equivalents at end of financial year	7.6	14.0	30.6	46.5	64.5

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