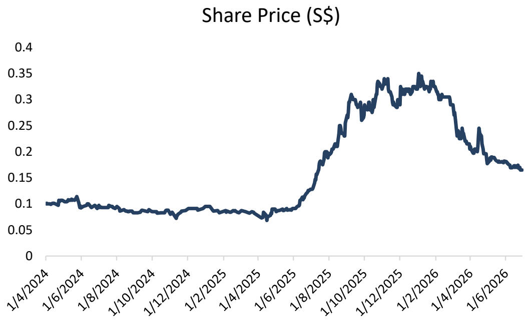
Sanli Environmental Ltd

6 July 2026

Buy (Maintained)

BBG	SANLI SP	
Market Cap	S$63.3m	
Price (6 July 2026)	S$0.163	
52-week range	S$0.13-0.37	
Target Price	S$0.182	
Shares Outstanding	340.4m	
Free Float	71.3%	
Major Shareholder	Typha Holdings Pte. Ltd	32.4%
	Lee Tien Chiat	3.9%
	Sim Hock Heng	3.3%
	Kew Boon Kee	3.3%

Source: Company Data, Bloomberg, SAC Capital



Source: Bloomberg

Analyst
Matthias Chan
+65 9687 9957
mattchan@saccapital.com.sg

Intern
Ryan Peh
rpeh_intern@saccapital.com.sg

Getting Back On Track

Sanli Environmental Limited reported mixed financial results for FY2026. The Group's FY26 revenue declined by 11.4% YoY to S$139.6 million due to extended project timelines and resulting delays in revenue recognition. The Group's overall gross margin increased 18.7% to 11.1% in FY26 from FY25 mainly due to improved margins from its Engineering, Procurement and Construction (EPC) segment. As a result, the Group's net profit increased 31.3% to S$2.25 million in FY26. The Group announced a proposed final dividend of 0.189 Singapore cents per share, constituting approximately 30% of net profit attributable to owners of the Company in FY2026.

The Group's order book stood at S$741.8 million as of 31 March 2026 a compared to S$228.6 million at the end of FY25, providing significantly stronger revenue visibility for FY27 and FY28. The Group was awarded with multiple contract wins in FY2026, accumulating approximately S$590 million of new EPC contracts. The S$590 million includes a maiden LTA project with a contract value of S$281 million, and a new project by PUB with a contract value of S$205.0 million, demonstrating PUB's continued trust in Sanli Environmental Ltd. Most recently, the Group was awarded new contracts across private and public sectors worth circa S$14.0 million, announced on 15 April 2026. The robust project pipeline reflects the Group's strong foothold in the industry and provides an encouraging outlook for the next financial year.

Continued delays in revenue recognition. The Group's FY26 revenue of S$139.6 million came in below our expected forecast of S$170.5 million, primarily due to delays in revenue recognition. Despite the elevated orderbook, we have conservatively revised our FY27 revenue forecast up 11.4% to S$225.8 million from our previous published number. Our FY27 and FY28 forecasts have taken into consideration 1-year delays on the Group's short-term projects, as Sanli looks to clear its backlog of current projects and break ground for its new projects. Due to extended project execution timelines and associated delay-related costs, we lowered our expected gross margin for FY27 to 11.0% from 12.5%. Therefore, we adjust our FY27 net profit forecast down by 35.4% to S$5.3 million. Looking ahead, we expect project execution and delivery to improve in FY28 as new projects gain momentum. Accordingly, we forecast a modest recovery in gross margin to 11.5% in FY28.

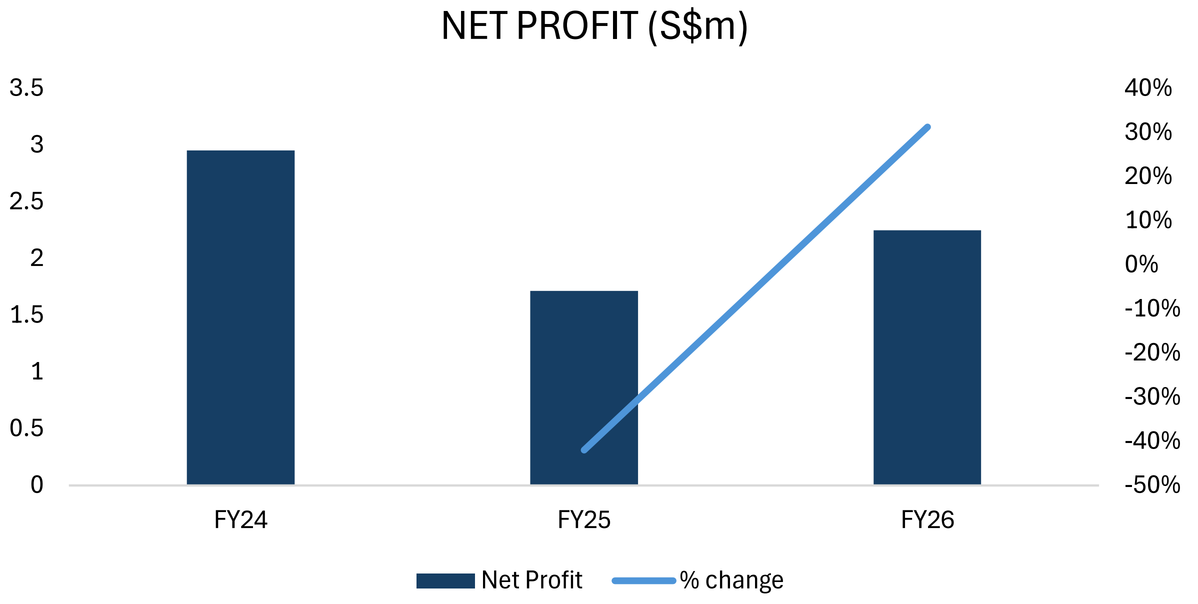
Dividends for FY2026 amounted to 0.189 Singapore cents per share, constituting 29.9% dividend payout ratio. This is consistent with the dividend payout of FY24 and FY25, with dividend payout ratios of 30.0% and 29.8% respectively. Following this, we forecast a dividend yield of 2.2% for FY2027.

KEY FINANCIAL HIGHLIGHTS

FY ended 31 Mar (S$m)	FY24	FY25	FY26	FY27E	FY28E
Revenue	130.6	157.6	139.6	225.8	276.3
EBIT	5.5	4.2	5.3	9.2	9.7
Net Profit Attributable to owners of the Company	2.9	1.5	2.2	5.2	5.6
EPS (S¢)	1.1	0.6	0.7	1.5	1.6
Dividend Per Share (S¢)	0.3	0.2	0.2	0.4	0.4
Net Cash/(Debt)	(32.5)	(44.7)	(40.7)	(44.2)	(60.8)
Valuation					
Gross Profit Margin (%)	12.4	9.3	11.1	11.0	11.5
Net Profit Margin (%)	2.3	1.1	1.6	2.3	2.1
EV/EBITDA (x)	11.9	14.3	12.2	7.6	8.6
P/E (x)	15.0	28.1	23.0	10.8	9.9
P/B (x)	1.4	1.3	0.8	0.8	0.8
Dividend Yield (%)	2.0	1.1	1.2	2.2	2.4
ROE (%)	9.1	4.7	3.4	7.7	7.9

Risks Rising cost pressures increasing the prices of raw materials, freight rates and labor costs pose challenges, potentially eroding Sanli Environmental Limited's gross margins.

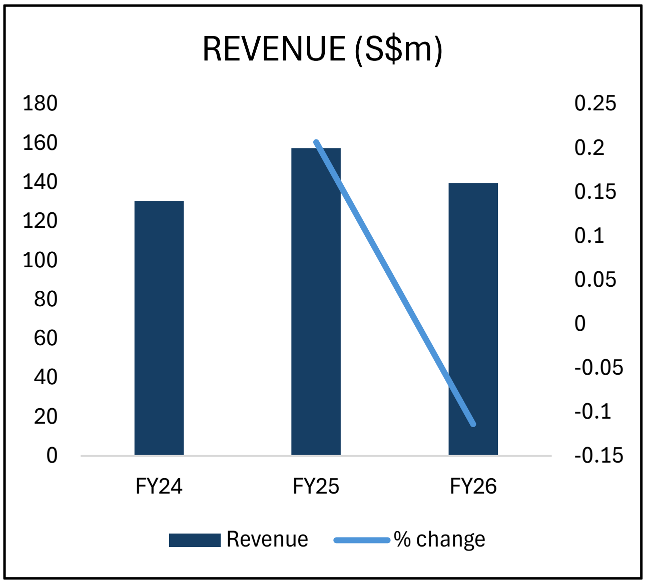
Investment Recommendation To account for project delays, we have revised down our FY27 net profit forecast by 35.4% to S$5.3 million. With the substantial pipeline of EPC projects over the next few years, we expect the Group to regain its footing in producing timely project execution and delivery. Sanli is currently trading at a one-year forward P/E of 10.3x. Using the Catalist board valuation as a reference, the median P/E of the Catalist board is 12.0. We maintain our **BUY** call with a revised price target of S¢18.2, a 20.2% reduction from our previous price target. This represents a 11.6% upside from current levels.



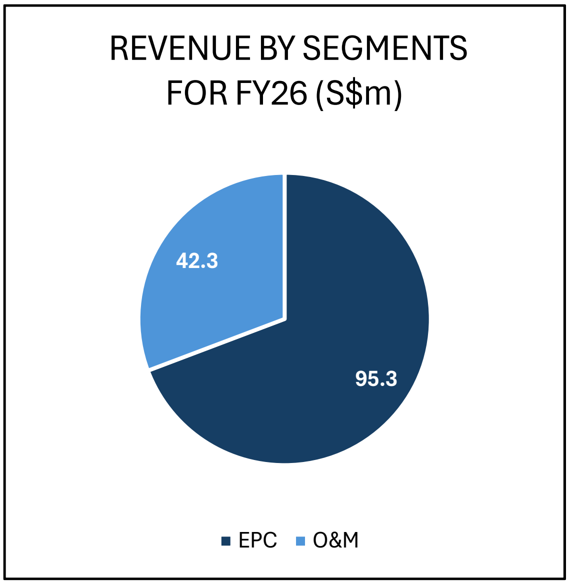
Source: Company, SAC Capital

Key Financial Results

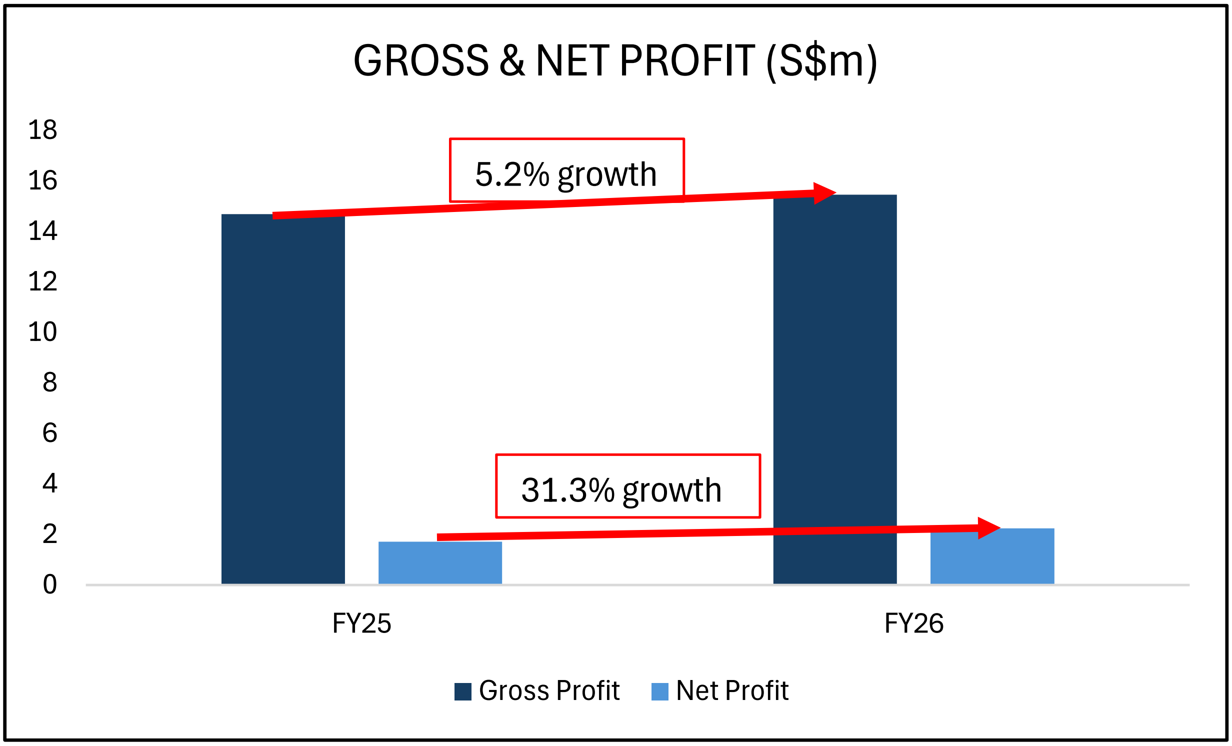
Sanli Environmental Limited saw a drop in its top line in FY2026, mainly due to the project timeline extensions. As such, the Group's FY26 revenue of S$139.6 million fell short of our expectations by 22.1%, representing a 11.4% decrease YoY. Revenue from the Group's EPC segment accounted for 68.2% of total revenue, while its O&M segment accounted for another 30.3%. The remaining 1.5% was from its Emerging Business Segments (EBS). An improvement in the Group's gross profit margin ensured that its gross and net profit continued to increase YoY by 5.2% and 31.3%, respectively in FY2026.



Source: Company, SAC Capital



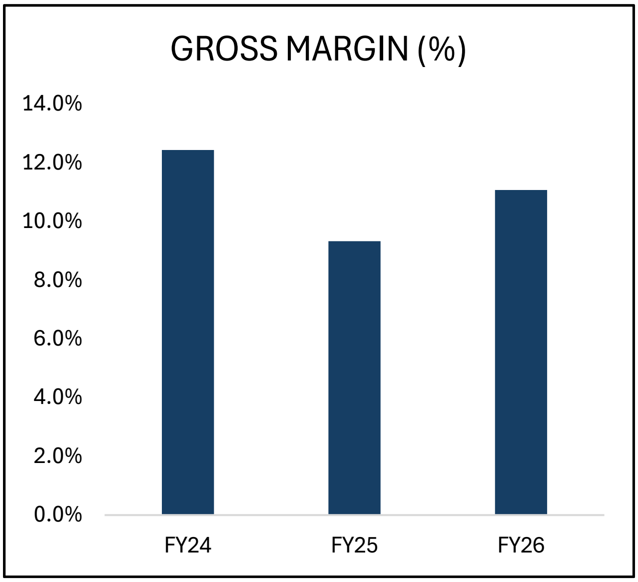
Source: Company, SAC Capital



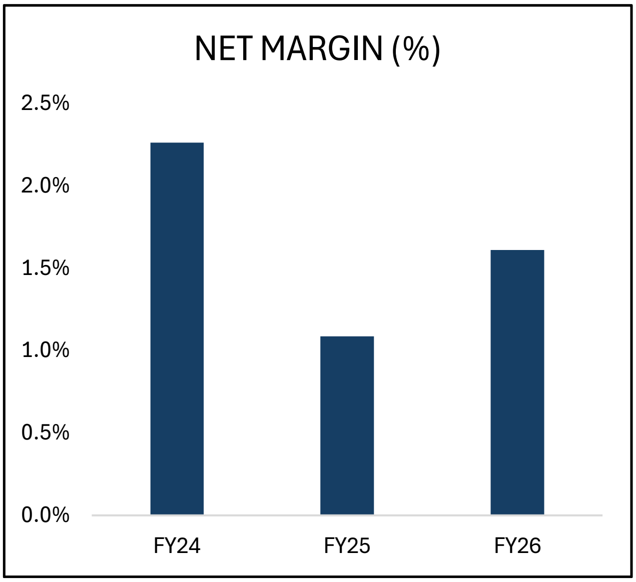
Source: Company, SAC Capital

Key Financial Results

Sanli Environmental Limited saw improvements in its gross margins to 11.1% from 9.3% in FY26, in spite of rising costs of raw materials and additional costs arising from the extension of ongoing project timelines. This reflects the Group's prudent cost management. As such, we expect Sanli Environmental Ltd to maintain their gross margin at 11.0% in FY27 and improve to 11.5% in FY28.



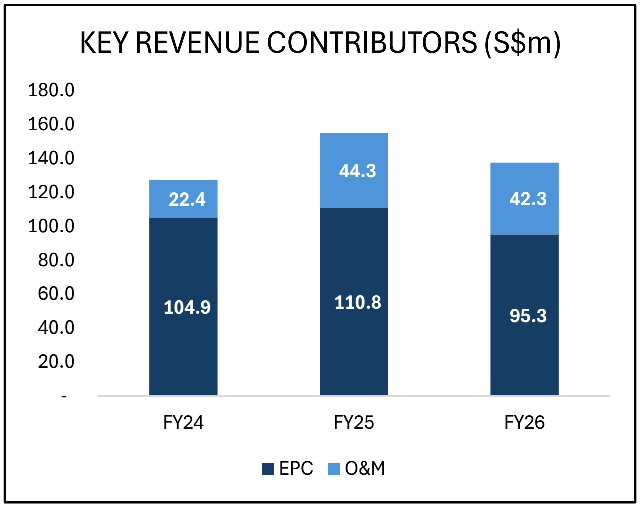
Source: Company, SAC Capital



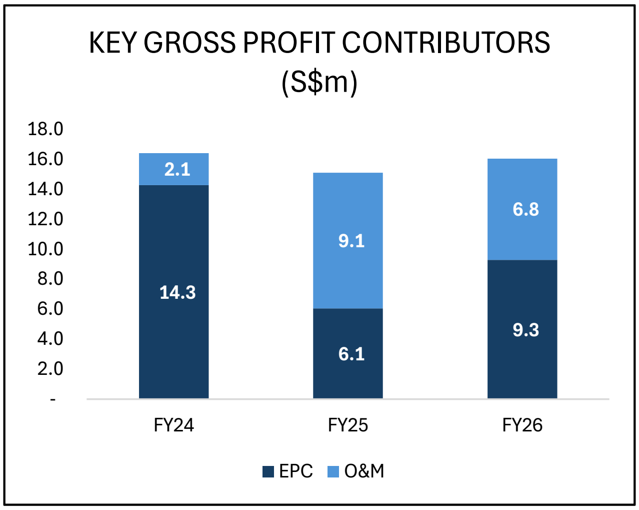
Source: Company, SAC Capital

Revenue Segments

Revenue from the Group's EPC segment fell 14.0% YoY in FY2026 due to the delays in revenue recognition. Gross profit for the EPC segment grew 53.5%, arising from cost efficiencies, including savings in raw material costs. Gross profit for the O&M segment fell 25.4%, primarily due to a lower volume of orders during the period.



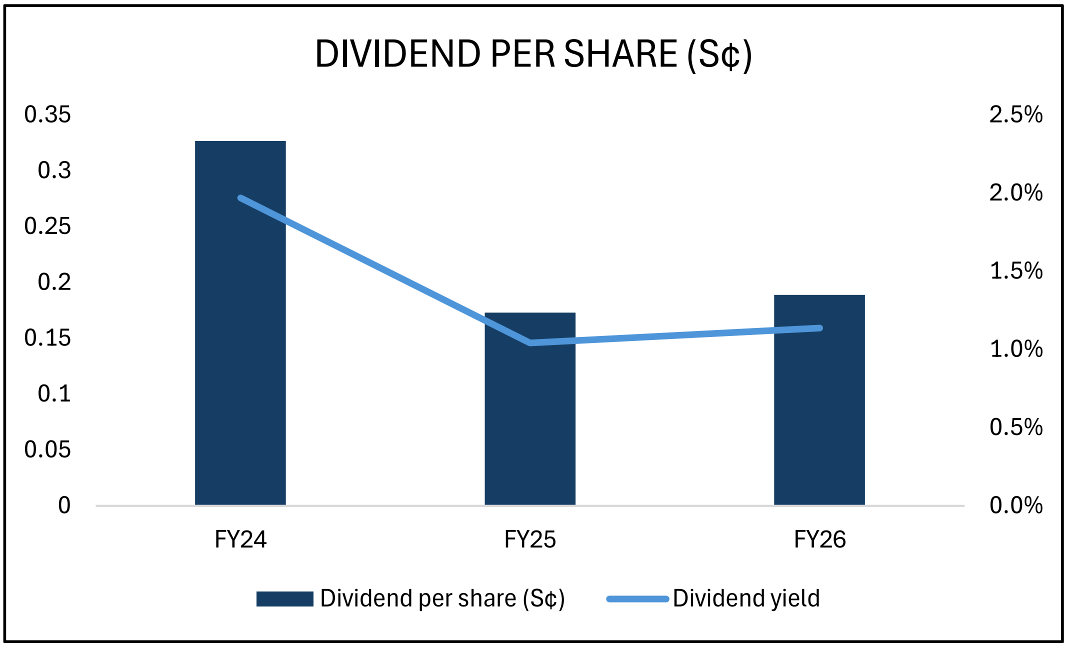
Source: Company, SAC Capital



Source: Company, SAC Capital

Dividends

Sanli Environmental Limited announced a proposed final dividend of 0.189 Singapore cents per share for FY2026, implying a 29.9% dividend payout ratio. This was consistent with the dividend payout ratio of 30.0% in FY2025. This results in a dividend yield of 1.1% in FY2026, similar to FY2025.



Source: Company, SAC Capital

Valuation

Sanli is currently trading at a one-year forward P/E of 10.3x. Using the Catalist board valuation as a reference, the median P/E of the Catalist board is 12.0x. We maintain our **BUY** recommendation with a revised price target of S¢18.2, a 20.2% reduction from our previous price target. This represents a 11.6% upside from current levels.

Sanli's two Singapore peers are loss-making while the two other water plays are China based, therefore they are not suitable comparables.

Company Name	Ticker	Market Cap (S$m)	Last Traded Price (S$)	T12M P/E	1-yr Fwd PE	T12M P/B
SANLI ENVIRONMENT LTD	**SANLI SP**	**62.5**	**0.16**	**20.9**	**10.3**	**0.7**
DARCO WATER TECHNOLOGIES LTD	DWT SP	7.0	0.08	#N/A	#N/A	0.3
MEMIONTEC HOLDINGS LTD	MHL SP	9.2	0.01	#N/A	#N/A	1.3
SIIC ENVIRONMENT HOLDINGS LT	SIIC SP	425.0	0.17	3.7	#N/A	0.2
CHINA EVERBRIGHT WATER LTD	CEWL SP	629.4	0.22	4.5	4.2	0.3
CATALIST BOARD (MEDIAN)	-	-	-	12.0	-	-

Source: Company Data, Bloomberg, SAC Capital

SAC CAPITAL

Income Statement

FYE Mar (S$m)	FY24	FY25	FY26	FY27E	FY28E
Revenue	**130.6**	**157.6**	**139.6**	**225.8**	**276.3**
Cost of contract works	(114.3)	(142.9)	(124.2)	(200.9)	(244.5)
Gross profit	**16.2**	**14.7**	**15.5**	**24.8**	**31.8**
Other income	0.5	1.5	3.1	2.0	2.0
Administrative expenses	(9.2)	(9.4)	(10.8)	(13.5)	(19.1)
Other operating expenses	(1.9)	(2.5)	(2.5)	(4.0)	(4.9)
Finance costs	(1.7)	(2.3)	(2.7)	(2.7)	(2.7)
Profit before tax	**4.0**	**2.1**	**2.6**	**6.6**	**7.1**
Income tax expense	(1.1)	(0.3)	(0.4)	(1.3)	(1.4)
Net profit	**3.0**	**1.7**	**2.3**	**5.3**	**5.7**
Less: Non-Controlling Interest	0.0	0.2	0.1	0.1	0.1
Net profit attributable to owners of the Company	**2.9**	**1.5**	**2.2**	**5.2**	**5.6**

Balance Sheet

FYE Mar (S$m)	FY24	FY25	FY26	FY27E	FY28E
Current assets					
Cash and cash equivalents	6.4	7.4	8.8	14.6	17.5
Trade and other receivables	20.8	19.6	16.2	27.1	33.1
Assets held for sale	6.6	3.8	-	-	-
Contract assets	62.1	73.9	90.8	109.8	119.8
Total current assets	**95.9**	**104.7**	**115.7**	**151.4**	**170.5**
Non-current assets					
Property, plant and equipment	19.6	19.1	35.5	35.4	37.4
Right-of-use assets	2.1	1.9	3.1	2.9	2.7
Deferred tax assets	0.1	0.1	-	-	-
Total non-current assets	**21.8**	**21.1**	**38.6**	**38.3**	**40.1**
Total assets	**117.7**	**125.8**	**154.4**	**189.7**	**210.5**
Current liabilities					
Borrowings	27.8	43.5	37.7	42.3	45.6
Trade and other payables	42.7	37.0	33.5	53.2	64.7
Contract liabilities	0.1	0.6	2.1	6.9	4.9
Lease liabilities	0.1	0.1	0.1	-	-
Income tax payable	0.5	0.2	0.4	-	-
Liabilities directly associated with assets classified as held for sale	1.0	0.7	-	-	-
Total current liabilities	**72.3**	**82.2**	**73.8**	**102.4**	**115.3**
Non-current liabilities					
Borrowings	11.1	8.6	11.8	16.4	19.7
Lease liabilities	1.4	1.3	2.8	2.7	2.7
Provisions	0.5	0.5	0.4	0.4	0.4
Deferred tax liabilities	0.2	0.1	2.9	1.1	1.4
Total non-current liabilities	**13.3**	**10.5**	**17.9**	**20.6**	**24.1**
Total liabilities	**85.7**	**92.7**	**91.7**	**123.0**	**139.4**
Equity					
Share capital	21.3	21.3	34.8	34.8	34.8
Treasury shares	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)
Translation reserves	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Merger reserve	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)
Revaluation reserve	-	-	13.6	13.6	13.6
Capital reserve	0.5	0.5	1.1	1.1	1.1
Retained earnings	17.3	18.0	19.6	23.7	28.1
Equity attributable to owners of the Company	**32.0**	**32.7**	**62.2**	**66.3**	**70.7**
Non-controlling interests	0.1	0.3	0.5	0.4	0.4
% of total equity	0.0	0.0	0.0		
Total equity	**32.0**	**33.0**	**62.7**	**66.7**	**71.1**
Total liabilities and equity	**117.7**	**125.8**	**154.4**	**189.7**	**210.5**

Cash Flow Statement

FYE Mar (S$m)	FY24	FY25	FY26	FY27E	FY28E
Cash flow from operating activities					
Profit before tax	4.0	2.1	2.6	6.6	7.1
Adjustments for:					
Depreciation of property, plant and equipment	1.6	2.6	2.4	3.6	3.6
Depreciation of right-of-use assets	0.3	0.2	0.1	0.2	0.2
Gain on disposal of property, plant and equipment	-	(0.0)	(0.1)	-	-
Gain on disposal of assets classified as held for sale	-	(0.5)	(2.1)	-	-
Adjustment for change in provisions	-	-	(0.1)	-	-
Property, plant and equipment written off	0.0	-	-	-	-
Share-based payments expenses	-	0.1	0.9	-	-
Finance costs	1.7	2.3	2.7	2.7	2.7
Interest income	(0.2)	(0.1)	(0.0)	(0.1)	(0.2)
Exchange differences	(0.0)	0.1	0.1	-	-
Operating cash flows before movements in working capital	**7.4**	**6.6**	**6.6**	**13.0**	**13.5**
Trade and other receivables	(1.8)	1.2	3.4	(10.9)	(6.1)
Trade and other payables	(0.3)	(4.6)	(4.6)	19.6	11.5
Contract assets	(15.6)	(11.8)	(16.9)	(19.0)	(10.0)
Contract liabilities	(5.5)	0.5	1.5	4.8	(2.0)
Cash from (used in) operations	(15.7)	(8.1)	(10.0)	7.5	7.0
Income tax paid	(1.1)	(0.7)	(0.2)	(1.8)	(1.5)
Net cash from (used in) operating activities	**(16.8)**	**(8.8)**	**(10.2)**	**5.7**	**5.5**
Cash flows from investing activities					
Purchases of property, plant and equipment	(17.6)	(3.2)	(2.3)	(4.2)	(5.2)
Proceeds from disposal of property, plant and equipment	-	0.0	0.1	-	-
Proceeds from disposal of assets classified as held for sale	-	3.0	5.3	-	-
Proceeds from partial disposal of interest in subsidiary		0.1	-	-	-
Interest received	0.2	0.1	0.0	0.1	0.2
Net cash generated from/(used in) investing activities	**(17.4)**	**(0.0)**	**3.1**	**(4.1)**	**(5.0)**
Cash flows from financing activities					
Dividends paid	(2.0)	(0.9)	(0.5)	(1.2)	(1.3)
Proceeds on issuance of shares (net of transaction costs)	-	-	13.6	-	-
Proceeds from borrowings	26.3	16.8	11.7	18.3	15.6
Proceeds from unsecured loans from directors	-	-	3.0	-	-
Repayment of unsecured loans from directors	-	-	(2.0)	(1.0)	-
Repayment of borrowings	(1.5)	(3.7)	(14.3)	(9.0)	(9.0)
Repayment of lease liabilities	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Purchase of treasury shares	-	-	(0.2)	-	-
Interest paid	(1.7)	(2.3)	(2.7)	(2.7)	(2.7)
Release of pledged fixed deposits	-	-	3.8	-	-
Net cash generated from/(used in) financing activities	**20.8**	**9.8**	**12.3**	**4.2**	**2.4**
Net increase (decrease) in cash and cash equivalents	**(13.4)**	**1.0**	**5.2**	**5.8**	**3.0**
Cash and cash equivalents at beginning of financial year	16.0	2.6	3.6	8.8	14.6
Cash and cash equivalents at end of financial year	**2.6**	**3.6**	**8.8**	**14.6**	**17.5**

DISCLAIMERS AND DISCLOSURES

This report has been prepared and distributed by SAC Capital Private Limited ("SAC Capital") which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for general information only and is not intended to constitute investment, legal, tax or accounting advice. It has been prepared without regard to the specific investment objectives, financial situation, tax position or particular needs of any individual person or specific group. Nothing in this report constitutes a solicitation, invitation or offer to buy or sell any securities. Prospective investors should conduct their own due diligence and obtain independent advice (including from a financial adviser) as to the suitability of any investment, taking into account their personal circumstances.

This report is confidential and is provided solely for the recipient's information. The contents of this report may not be copied, reproduced, published, distributed or transmitted (in part or in whole) to any other person without the prior written consent of SAC Capital. The distribution of this report outside the jurisdiction of Singapore is also strictly prohibited. Recipients are responsible for complying with any such restrictions. No representation is made that this report may be lawfully distributed in compliance with any applicable regulations outside Singapore.

Whereas SAC Capital has not independently verified all the information set out in this report, all reasonable care and effort has been taken to ensure that the facts stated herein are accurate, this report might contain certain forward looking statements and forward looking financial information which are based on certain assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the subject company to be materially different from those expressed herein. Predictions, projections or forecasts of the economy or market trends are not indicative of the future performance of the subject company. The inclusion of such statements and information should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions of the subject company or that the forecast results will or are likely to be achieved.

Our opinion and facts set out in this report are based on the market, economic, industry and other applicable conditions prevailing as at the date of the preparation of this report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion in light of any development subsequent to the publication of this report, that may or may not have affected our opinion contained herein.

This report may contain forward-looking statements, forecasts and projections that involve assumptions, risks and uncertainties. Actual result may differ materially from those express or implied. Such forward-looking statements are made only as of the date of this report and SAC Capital assumes no obligation to update or revise them to reflect new information or future events.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information or opinions contained herein. To the extent permitted by law, SAC Capital and its affiliates, officers, directors, employees and agents expressly disclaim any liability (including negligence) for any loss arising from the use of this report or its contents.

SAC Capital and its connected persons (including officers, directors and employees) may have positions in, make markets in, or effect transactions in securities mentioned in this report, and may from time to time provide or solicit advisory, corporate finance, underwriting, placement, sponsorship or other services to the issuers of those securities.

SAC Capital's employees or connected persons serve on the board or trustee positions of the subject companies as disclosed hereunder:

Name of the subject company	Designation
Nil	Nil

As at the date of this report, SAC Capital has proprietary positions or interests in the subject companies as disclosed hereunder:

Party	Quantum of position
Nil	Nil

As at the date of this report, SAC Capital, has had business relations with the subject company within the past 12 months, as disclosed hereunder:

Nature of Business Relation	Date of Business Relation
Placement Agent	December 2025
Continuous Sponsorship	Ongoing Relation

As at the date of this report, the analysts who covered the securities in this report have proprietary positions or material interests in the subject company covered as disclosed hereunder:

Analyst name	Quantum of position
Nil	Nil

ANALYST CERTIFICATION

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

(i) The views expressed in this report accurately reflect his/her personal views about the subject company;

(ii) The report was produced independently by him/her;

(iii) He/she does not on behalf of SAC Capital or any other person carry out other services involving any of the subject company or securities referred to in this report; and

(iv) He/she has not received and will not receive any compensation or benefits related to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. He/she has not and will not receive any compensation or benefits linked to the performance of the securities of the subject company from the time of the publication of this report either.