

ISOTeam Ltd

10 Sep 2026

BUY (Maintained)

BBG	ISO SP
Market Cap	S\$51.2m
Price (10 Sep 2026)	S\$0.064
52-week range	S\$0.062-0.095
Target Price	S\$0.071
Previous Price	S\$0.111
Shares Outstanding	800.5m
Free Float	34.4%
Major Shareholder	ADD Investment Holding Pte Ltd 17.60% Taisei Oncho Co Ltd 7.81% GINKO-AGT Global Growth Fund 5.95%

Source: Company Data, Bloomberg, SAC Capital



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KEY FINANCIAL HIGHLIGHTS

Year ended Jun (S\$'m)	FY24	FY25	FY26	FY27E	FY28E
Revenue	130.2	119.2	105.7	114.3	134.6
EBIT	9.2	8.8	7.9	8.5	10.4
Net profit	6.6	5.6	4.8	5.9	7.6
EPS (S\$ cents)	0.95	0.73	0.63	0.74	0.95
Dividend per share (S\$ cents)	0.08	0.08	0.11	0.19	0.19
Net cash / (debt)	(27.1)	(41.8)	(23.4)	(19.0)	(14.6)
Valuation					
Gross profit margin (%)	15.5%	16.0%	18.3%	18.3%	18.3%
Net profit margin (%)	5.1%	4.7%	4.6%	5.2%	5.7%
EV/EBITDA (x)	6.3	7.5	7.4	6.2	5.0
P/E (x)	6.8	8.8	10.2	8.7	6.7
P/B (x)	0.9	0.9	0.9	0.8	0.7
Dividend yield (%)	1.3%	1.3%	1.7%	3.0%	3.0%
ROE (%)	31.6%	21.6%	8.0%	9.1%	10.8%

Long-Term Prospects Despite Short-Term Headwinds

FY2026 Results: ISOTeam's FY26 result shows a softer-than-expected performance. The revenue of FY26 fell by 11.3% YoY to S\$105.7 million in FY26. This was 16.3% below our forecast, primarily due to the delays between contract award and project commencement in Repairs & Redecoration (-18.6% YoY), Addition&Alteration (-17.5% YoY) and Coating&Painting (-8.1%) segments. Following the implementation of cost-saving measures, gross margin improved 2.3 ppt YoY to 18.3% in FY26. Going forward, the lock-in of prices for key inputs, including paint, cables and solar PV components provide further support for margin expansion in the coming years. Net profit attributable to shareholders fell by 4.5% YoY to S\$4.9 million in FY26, reflecting the weaker revenue. As of 10 September 2026, the Group's orderbook stood at S\$185.3 million, up 14% YoY, and is expected to be progressively recognized as revenue over the next two financial years.

Multiple Growth Drivers Expands the Growth Potentials: Singapore's favorable macroeconomic outlook provides strong support for ISOTeam's construction and renovation business. The construction sector grew by 5.9% YoY in 2Q26, highlighting the continued resilience in domestic construction activity. This momentum is expected to be sustained by a robust project pipeline, with Singapore's construction demand projected to reach S\$47-53 billion in 2026 and S\$39-46 billion annually from 2027 to 2030. Major upcoming projects, including the redevelopment of NUH and the new SUSS city campus, suggest significant opportunities for ISOTeam's R&R and A&A segments.

Beyond new construction, government-led renewal and upgrading programs provide an additional source of sustained demand. The Neighborhood Renewal Programme (NRP) and Home Improvement Programme (HIP) have received government commitments of more than S\$130 million and S\$235 million, respectively, the Silver Upgrading Programme (SUP) is expected to benefit approximately 9,000 homes. Given ISOTeam's strong market position in the local building maintenance and upgrading sector, the continued implementation of these programs provide greater order-flow visibility and diversify its growth beyond new-build construction.

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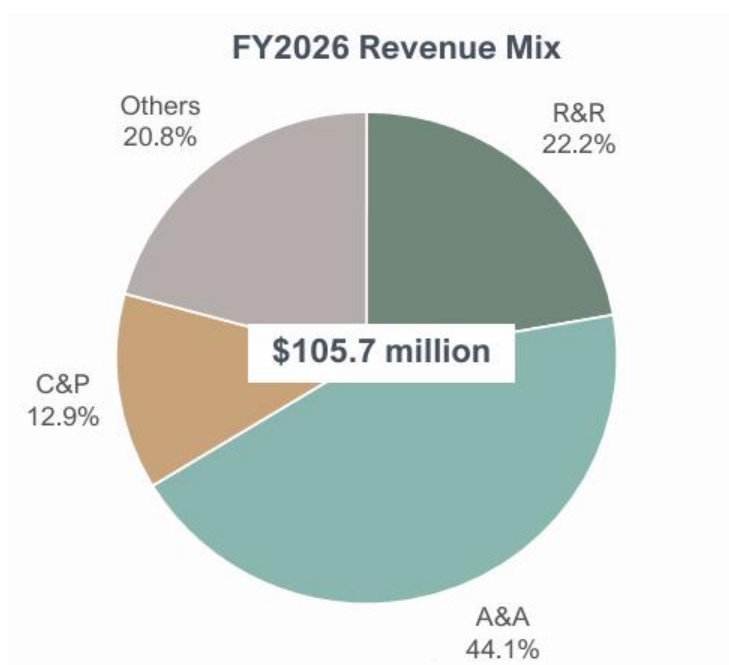
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Share Buybacks Signal Management Confidence: In Aug 2026, the co-founders of ISOTeam David Ng and Anthony Koh, conducted a series of share buybacks of ISOTeam through ADD Investment Holdings. The purchases comprised 1.5 million shares acquired on 28 Aug at S\$0.0675 per share and a further 0.5 million shares acquired on 31 Aug at S\$0.0681 per share. We view this as a signal of management's positive view of group's long-term prospects.

Risk: Key downside risks include project launch delays and intensified market competition. Given the group's project-based business model, the delays in project execution could lead to a postponement in revenue recognition. At the same time, intensifying competition may put pressure on bid win rates and profit margins. However, management notes that besides price, the quality of projects delivered and technical capabilities also play a significant role in bidding. In this regard, the group's continued investment in green products and automation technologies which aligns with the Singapore government's initiatives to promote sustainability and enhance productivity, thus, strengthening its competitiveness and contributing to its future bid wins.

Forecast Revised: Following softer-than-expected revenue, we revised our FY27 revenue forecast down by 18.5% to S\$114.3 million, and forecast revenue of S\$134.6 million for FY28. Meanwhile, with supply contracts secured for certain key components, we expect input costs to remain relatively stable and forecast gross margins for FY27 and FY28 to remain flat at 18.3%, in line with FY26. As a result of the downward revenue revision and stable margin assumptions, we revised our FY27 net profit forecast down by 41.6% to S\$5.9 million, and forecast net profit of S\$7.6 million for FY28.

Recommendation: We maintain our BUY recommendation and revised our Target Price down by 36.0% to S\$0.071, reflecting our downward revision for FY27 net profit. This implies a potential upside of 10.9% from current levels.



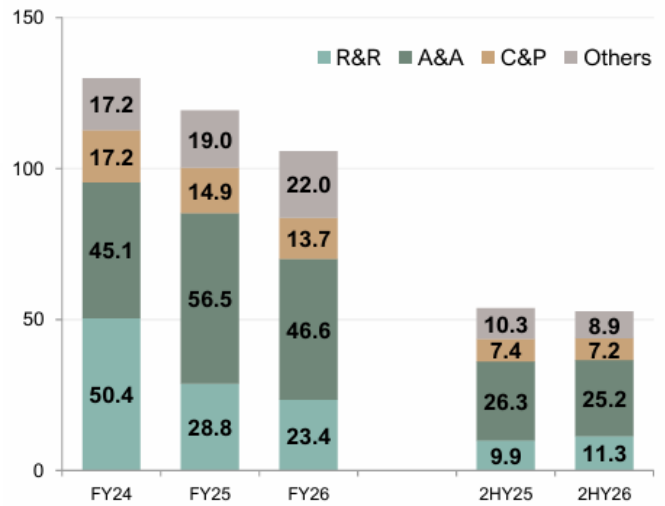
Revenue Mix

Source: Company Data

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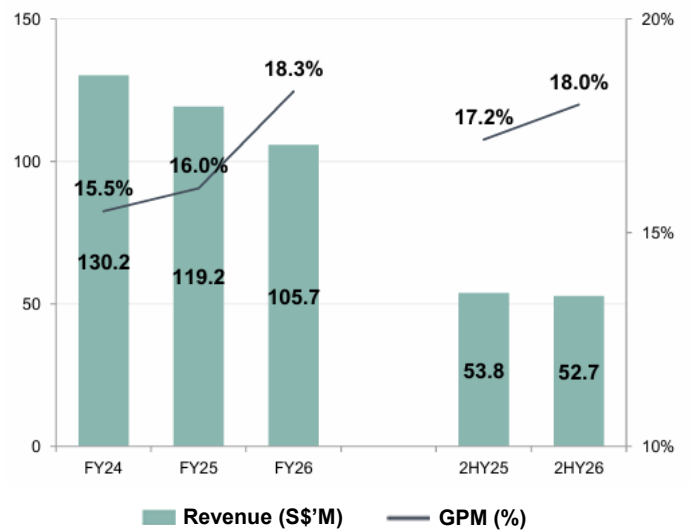
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Segmental Revenue



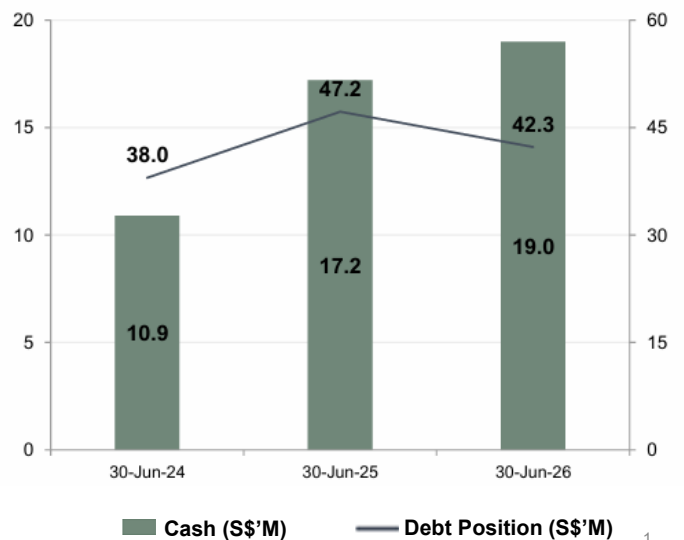
Source: Company Data

Revenue Performance



Source: Company Data

Cash and Debt Position



Source: Company Data

Income Statement

FYE Jun (\$S'm)	FY24	FY25	FY26	FY27E	FY28E
Revenue	130.2	119.2	105.7	114.3	134.6
Cost of sales	(110.0)	(100.1)	(86.4)	(93.4)	(110.0)
Gross profit	20.2	19.1	19.4	20.9	24.6
Other income	5.7	3.7	2.0	2.2	2.5
Marketing and Distribution expenses	(0.7)	(0.8)	(0.8)	(0.9)	(1.1)
General and Administrative expenses	(13.2)	(12.4)	(11.4)	(12.3)	(14.5)
Finance costs	(2.5)	(2.2)	(2.5)	(1.8)	(1.8)
Impairment loss on receivables and contract assets	(1.7)	(0.1)	(0.1)	(0.1)	(0.1)
Other operating expenses	(0.5)	(0.6)	(0.8)	(0.9)	(0.5)
Profit before tax	7.3	6.7	5.7	7.1	9.2
Tax Credit / (Loss)	(0.7)	(1.1)	(0.9)	(1.2)	(1.6)
Net income	6.6	5.6	4.8	5.9	7.6

Cash Flow Statement

FYE Jun (\$S'm)	FY24	FY25	FY26	FY27E	FY28E
Cash flows from operating activities					
Profit/(loss) before tax	7.3	6.7	5.7	7.1	9.2
Adjustments for:					
Amortisation and Depreciation	3.2	3.0	2.2	2.9	2.8
Gains and Losses on Disposal	(3.3)	(0.0)	0.0	0.0	0.0
Impairments and Write-offs	1.9	0.1	(0.5)	0.1	0.1
Interest income	(0.3)	(0.0)	(0.1)	(0.4)	(0.6)
Interest expense	2.2	1.9	2.3	1.8	1.8
Investments and Equity	0.3	0.6	0.8	0.0	0.0
Other adjustments	(1.2)	(2.7)	(0.7)	(0.4)	(3.4)
Operating profit/loss	10.1	9.4	9.7	11.1	9.9
Changes in working capital	(4.1)	(9.3)	(4.8)	(2.2)	(3.2)
Cash used in operations	6.0	0.1	5.0	8.9	6.7
Interest received	0.3	0.0	0.1	0.4	0.6
Tax paid	(0.0)	0.0	(0.9)	(1.2)	(1.6)

Net cash used in operating activities **6.2** **0.2** **4.2** **8.0** **5.7**

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)	(1.0)	(1.1)	(1.3)
Proceeds from disposal of investment property	0.0	0.0	0.0	0.0	0.0
Proceeds from disposal of property, plant and equipment and asset held for sale	0.1	0.1	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
Placement of other investments	0.0	0.0	(0.5)	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)	(1.5)	(1.1)	(1.3)

Cash flows from financing activities					
Proceeds from issue of share capital	10.4	0.0	7.0	0.0	0.0
Transaction costs related to issue of share capital	(0.1)	0.0	(0.3)	0.0	0.0
(Placement)/withdrawal of fixed deposits pledged to bank	1.0	(0.0)	0.8	0.8	0.8
Drawdown of borrowings	49.7	71.0	56.9	0.0	0.0
Repayment of borrowings	(56.7)	(60.8)	(64.1)	0.0	0.0
Repayment of lease liabilities	(1.4)	(1.3)	(0.7)	0.0	0.0
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
Placement of restricted cash collateral	0.0	0.0	(0.4)	0.0	0.0
Interest paid	(2.2)	(1.9)	(2.0)	0.4	0.6
Dividends paid to equity owners	0.0	(0.6)	(0.6)	(1.1)	(1.5)

Net cash used in financing activities **0.5** **6.5** **(0.4)** **0.1** **(0.1)**

Net (decrease)/increase in cash and cash equivalents **5.8** **6.5** **2.2** **7.1** **4.4**

Cash and cash equivalents at beginning of financial year **1.8** **7.6** **14.0** **16.3** **23.3**

Cash and cash equivalents at end of financial year **7.6** **14.0** **16.3** **23.3** **27.7**

Balance Sheet

FYE Jun (\$S'm)	FY24	FY25	FY26	FY27E	FY28E
Non-current assets					
Property, plant and equipment	20.0	17.7	17.5	15.7	14.3
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
Investment in associate	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.8	0.8	0.8	0.8	0.8
Total non-current assets	27.3	27.6	27.3	25.6	24.1
Current assets					
Contract assets	42.2	41.4	48.2	49.5	50.7
Asset held for sale	0.0	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.5	0.0	0.0
Trade and other receivables	27.9	34.5	34.5	37.2	43.8
Cash and bank balances	10.9	17.2	19.0	23.3	27.7
Tax recoverable	0.0	0.0	0.0	0.0	0.0
Total current assets	81.0	93.1	102.1	110.1	122.3
Total assets	108.3	120.8	129.4	135.7	146.4
Non-current liabilities					
Borrowings	10.1	7.7	9.8	9.8	9.8
Deferred tax liabilities	0.1	0.1	0.1	0.1	0.1
Lease liabilities	2.6	2.4	2.5	2.5	2.5
Total non-current liabilities	12.8	10.2	12.9	12.4	12.4
Current liabilities					
Contract liabilities	1.6	0.8	0.8	0.8	0.8
Trade and other payables	25.4	22.9	24.2	26.2	30.8
Borrowings	24.1	36.6	29.4	29.4	29.4
Lease liabilities	1.2	0.6	0.6	0.6	0.6
Provision for taxation	0.3	1.4	1.4	1.4	1.4
Total current liabilities	52.7	62.2	56.5	58.4	63.1
Total liabilities	65.4	72.3	69.3	70.8	75.5
Net assets	42.9	48.4	60.1	64.9	71.0
Share capital and reserves					
Share capital	54.3	35.0	42.3	42.3	42.3
Treasury shares	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Accumulated (losses)/profits	(4.0)	20.5	24.8	29.6	35.7
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)	0.5	0.5	0.5
Equity attributable to equity holders of the Company	42.9	48.0	60.1	64.9	71.0
Non-controlling interests	(0.0)	0.4	(0.0)	(0.0)	(0.0)
Total equity	42.9	48.4	60.1	64.9	71.0
Total equity + Total liabilities	108.3	120.8	129.4	135.7	146.4

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