UPDATE | INDUSTRIALS ▪ SINGAPORE

Attika Group Ltd

(ATTIKA SP / 53W.SI)

Margins hold; property upside stays outside the base case

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Investment Highlights

- **Margin expansion is the key 1H26 read-through.** Revenue was broadly flat at S$19.2m, but gross profit rose 13.3% and gross margin expanded 2.5ppt to 20.9%. PATMI increased 11.7% to S$1.9m despite a 55.7% decline in other income, which makes the improvement more operationally grounded than the top line suggests.
- **FY26 forecasts remain unchanged.** 1H26 delivered 35.0% of our S$54.9m revenue estimate and 36.3% of our S$5.2m PATMI estimate. The implied 2H26 requirement is S$35.7m of revenue and S$3.3m of PATMI; the disclosed award pool supports visibility, while project phasing, certification and cash collection remain the proof points.
- **Property optionality is tangible; the economics are not yet disclosed.** Tagore Lane, Vision Exchange and the newly acquired Gemini @ Sims unit can support storage, training, site operations, a showroom, rental income or future monetisation. We include the S$2.0m 1H26 capex but assign no incremental property value until management discloses use, funding, rent, disposal proceeds or development returns.
- **Capital allocation is now the swing factor.** Operating cash flow was negative S$1.5m as receivables absorbed S$4.5m, while cash fell to S$2.7m and reported net debt rose to S$15.2m. The earnings thesis remains intact, but a working-capital reversal and a clear return framework for property spending are required for a cleaner re-rating.

Valuation & Action.

We reiterate **OUTPERFORM** with a DCF-based TP of **S$0.308,** down from S$0.312. The change is principally the present value of S$2.032m of FY26 capex; the post-buyback 269.482m share count is a small offset. At S$0.200, our TP implies 54.2% upside.

Risks.

Project delays or margin leakage; award replenishment; slower cash conversion; higher-for-longer interim net debt; property capital deployed without measurable returns; customer concentration and low trading liquidity.

OUTPERFORM	
Last close (S$)	0.20
12M Target Price (S$)	0.308
Previous TP (S$)	0.312
Upside / (Downside) (%)	54.2%
TRADING DATA	
Market Cap (S$mn)	53.90
Issued Shares (mn)	269.48
3M Avg Daily Vol (mn)	0.08
3M Avg Daily Val (S$mn)	0.01
Free Float (%)	26.15
MAJOR SHAREHOLDERS (%)	
Joo Tan Buan	73.9%

Financials & Key Operating Statistics

YE Dec (S$'mn)	2024	2025	2026F	2027F	2028F
Revenue	55.5	37.5	54.9	60.8	64.2
Net Profit	2.8	3.4	5.2	5.8	6.2
EPS (adj. S$ cents)	1.04	1.25	1.93	2.15	2.29
EPS growth (%)	23.7%	19.3%	54.6%	11.5%	6.3%
DPS (S$ cents)	0.56	0.56	0.67	0.75	0.80
Div Yield (%)	2.2%	2.8%	4.1%	4.6%	4.8%
Net Profit Margin (%)	5.1%	8.9%	9.5%	9.5%	9.6%
P/E (x)	15.8x	13.2x	8.6x	7.7x	7.2x
P/B (x)	5.2x	4.3x	3.4x	2.7x	2.3x

Source: Company data, KGI Research estimates

Business Updates

Margin delivery offsets a flat top line

Revenue declined 0.7% YoY to S$19.190m as the company attributed the stable top line to project timing. Cost of sales fell 3.8% to S$15.172m, allowing gross profit to rise 13.3% to S$4.018m and gross margin to expand to 20.9% from 18.4%. The pattern matters: the result is consistent with improved project selection and cost control, while the absence of top-line growth shows that award conversion remains lumpy.

Fit-out economics were stronger than the group headline. The interior fit-out segment reported S$19.190m of revenue and S$2.530m of segment profit, versus S$19.319m and S$1.620m respectively in 1H25. That is a 56.2% increase in segment profit on a slightly lower revenue base. The property segment generated no revenue and a S$0.056m loss, while the holding-company/other segment recorded a S$0.189m loss; these items explain why the group PBT growth was lower than the fit-out segment improvement.

We leave our operating forecasts unchanged. The 1H print represents 35.0% of FY26E revenue and 36.3% of FY26E PATMI. To meet our S$54.9m revenue and S$5.2m PATMI forecasts, 2H26 must produce S$35.7m of revenue and S$3.3m of PATMI—86.1% and 75.9% above 1H26 respectively. That is demanding, but not incompatible with the disclosed multi-year award pool if the larger commercial-office, data-centre and public-infrastructure contracts reach the assumed recognition milestones. The company paid the FY25 final dividend of S$1.488m during 1H26 and continues to target a 35% annual payout for FY26 and FY27. We retain DPS of 0.67 Singapore cents for FY26E, but the cash-flow burden makes year-end working-capital release an important precondition for the payout to be funded without further leverage

Figure 1: 1H26 results and KGI's estimate

	1H25	1H26	YoY	FY26E	1H/FY26E
Revenue (S$m)	19.319	19.190	(0.7%)	54.9	35.0%
Gross profit (S$m)	3.547	4.018	+13.3%	11.5	34.9%
Gross margin	18.4%	20.9%	+2.5ppt	21.0%	(0.1ppt)
Profit before tax (S$m)	1.974	2.285	+15.8%	6.5	35.2%
PATMI (S$m)	1.687	1.885	+11.7%	5.2	36.3%
EPS (Singapore cents)	0.62	0.70	+12.9%	1.93	36.3%

Source: Company Data, KGI Research

The August awards extend the replenishment case

Attika announced S$13.8m of new interior fit-out contracts alongside its 1H26 results, spanning JTC, the Tuas Port Cargo Inspection Centre, a hospital and a corporate office, with expected completion by 2027. The breadth is useful because it adds industrial/public, healthcare and office references rather than relying solely on one large commercial project. The contracts also reduce the risk that the FY26-27 revenue bridge is supported only by the c.S$36m office fit-out.

We do not equate S$89.8m of announcements with current order book. The S$26m, S$38m, S$12m and S$13.8m announcements are cumulative award values across different dates and completion windows. Attika has not disclosed recognised-to-date revenue, certified work, variations, cancellations or period-by-period phasing for each contract. We therefore use the award pool as evidence of demand and capacity utilisation, while treating remaining unrecognised value and FY26 contribution as open diligence items

Management's presentation describes a four-storey facility at Tuas South Connection with c.400 sqm each of carpentry/metalwork production and storage/assembly space, plus c.800 sqm of dormitory space for about 90 people. It also shows a mock-up lab and plans to deploy AI robotics at a construction site by end-2026. These capabilities can improve sequencing and quality control, but we do not model productivity savings until deployment costs, utilisation and measurable labour-hour or rework benefits are disclosed.

Figure 2: Disclosed project-award pool

Announced	Award group	Value S$m	Timing / composition
Nov-25	High-specification package	26.0	Data-centre and clean-room work; completion dates vary
Jan-26	Commercial-office awards	38.0	Includes a c.S$36m, 20-floor office fit-out due by Jun-27
Feb-26	LTA-related fit-out	12.0	Two projects expected to complete by 2027
Aug-26	Four new contracts	13.8	JTC, Tuas Port cargo inspection, hospital and corporate office; by 2027

Source: Company Data, KGI Research

Outlook

Three properties can serve three different jobs

Tagore is the largest uncommitted asset. The freehold property is carried at S$6.9m, was vacant as of 30 June and is mortgaged. Tagore's renovation plans is a three-floor concept—storage/warehouse at level one, a training centre at level two and dormitory capacity for about 48 people at level three. We treat the concept as management's potential configuration, not a forecast.

Vision Exchange is an owner-use productivity asset. Attika acquired the #08-18 unit for S$1.3m excluding GST and uses it as a site office. We believe this property helps Attika reduce rental expenses, proximity to project teams/customers, improve coordination and residual value. None of those savings are quantified but our operating model reflects ongoing margin expansion from in-house cost savings.

Gemini #01-07 bridges temporary rent and future client engagement. The unit came with a tenant through November 2026 and is intended to become Attika's showroom. Near-term rent may partly carry the asset, while a permanent showroom could display mock-ups, materials, MEP coordination and design capability to clients. The strategic logic is credible for a fit-out contractor, but acquisition price, rent, fit-out cost and conversion uplift have not been separately disclosed, and we excluded this benefit from our forecast.

Figure 3: Attika's three recently established property platforms

Property / vehicle	Tenure / form	Disclosed value	Current status / stated use	Funding / open item
186 Tagore Lane Attika 186 Tagore Pte Ltd	Freehold; 3-storey concept	S$6.9m carrying value	Vacant. Filing says held for rent and/or capital appreciation. Presentation depicts storage/warehouse, training centre and c.48-person dormitory concept.	Mortgaged; 25-year loan matures Dec-2050
2 Venture Drive #08-18 Attika Vision 8 Pte Ltd	Leasehold office unit	S$1.3m purchase price excl. GST	Ownership transferred 19 Jan 2026; currently used as a group site office. Classified as PPE; funded from internal resources at acquisition.	No asset-level rental economics disclosed
2 Sims Close #01-07 Gemini Property Pte Ltd	Freehold strata unit	Price not separately disclosed	Acquired with an existing tenant through Nov-2026; management intends owner-occupation as a showroom thereafter. Classified as PPE.	Mortgaged; 20-year loan matures Jun-2046

Source: Company Data, KGI Research

Attika already occupies #01-03/#01-04 Gemini @ Sims as its principal office and leases #03-04 as an office investment property. The investment-property portfolio carried S$8.388m as of 30 June, comprising Tagore and #03-04; by subtraction, the Sims investment unit accounts for c.S$1.49m of carrying value. Group rental income was S$0.045m in 1H26. The Tuas South Connection facility supports carpentry, metalwork, storage/assembly and worker accommodation, providing a useful operating template for what Tagore might do if retained.

The new segment has assets but no recurring earnings proof. The property segment reported S$9.219m of assets, S$7.819m of liabilities, no revenue and a S$0.056m loss in 1H26; segment finance cost was S$0.058m and investment-property depreciation was S$0.018m. That is not a negative verdict on the assets, but it means the base case should not capitalise a rental stream or development profit that has not yet appeared.

Tagore can be an operating asset or a financial asset but should not be both in valuation

On Tagore's S$6.9m carrying value, a 4%-6% gross yield requires roughly S$0.276m-S$0.414m of annual gross rent before vacancy, property expenses, tax and financing. This is an analytical range based on our market-rent forecast research. Net rent must also exceed the incremental funding cost and the economic value of owner-use for leasing to be the superior option.

A sale could repair the balance sheet fastest. A disposal near Tagore's carrying value could reduce the 1H26 reported S$15.2m net debt by up to c.S$6.9m before taxes, transaction costs and loan discharge, leaving c.S$8.3m net debt. That would materially improve financial flexibility but forgo future rent, operating use and appreciation. We would not book the full carrying value as equity upside because the DCF already consolidates the associated balance sheet and funding.

Owner-use has strategic logic when utilisation is high. The Tuas facility suggests Attika can extract value from integrated production, storage, assembly and accommodation. A Tagore training/storage/dormitory hub could free production space, standardise skills and reduce transport or accommodation friction; Vision and Gemini can bring project teams and customers closer to a controlled showroom/mock-up environment. The benefit should ultimately appear in lower overhead, fewer defects, faster cycle time, higher win rates or better margins—not in a separate property revaluation assumption.

We assign zero incremental property value today. Our DCF includes the S$2.032m 1H26 capex and makes no sum-of-the-parts addition for Tagore, Vision or Gemini. This is conservative with respect to any eventual rent, sale premium or owner-use savings, but avoids double counting assets whose costs and operating effects already sit inside the consolidated statements. Property becomes upside only when cash returns are separable, recurring and incremental to the existing forecast.

Figure 4: Our property decision framework

Scenario	How it can help Attika	Evidence required	Base-case treatment
Owner-use	Training, storage, staff accommodation, site office and showroom can reduce external costs, improve logistics and strengthen client demonstrations.	Approved use, conversion capex, utilisation, rent avoided, labour/rework savings and tender conversion.	No incremental value; recognise only evidenced savings in forecasts.
Lease	Tagore or surplus units could create recurring income and diversify cash flow away from project certification cycles.	Signed lease, occupancy, gross/net rent, incentives, maintenance, financing cost and stabilised net yield.	Capitalise only contracted net rent; no assumed yield today.
Sale	Monetisation could crystallise value and repay debt, improving liquidity and reducing interest expense.	Independent valuation, buyer/price, taxes, fees, debt release and net cash proceeds.	Value net proceeds when a transaction is sufficiently certain.
Develop / reposition	A higher-and-better-use plan could create development profit and expand property capability.	Zoning/GFA, approvals, budget, timeline, funding partners, pre-commitments, IRR and downside protection.	Zero development uplift until scope and risk-adjusted economics are disclosed.

Source: Company Data, KGI Research

Valuation

We reiterate our OUTPERFORM recommendation on Attika Group with a revised 12-month target price of S$0.308, down from S$0.312, implying 54.2% upside. Our target price is derived using a DCF methodology based on a 9.0% WACC and 2.0% terminal growth rate. We have made no changes to our operating forecasts; the modest target-price reduction principally reflects the inclusion of S$2.032m of FY26 capex disclosed in 1H26, partly offset by the updated diluted share count of 269.5m. We assign no incremental value to Attika Properties—including Tagore Lane, Vision Exchange and Gemini @ Sims—pending greater clarity on the intended use of these assets, potential leasing or disposal economics, funding requirements and targeted returns. Accordingly, our valuation remains conservatively anchored to Attika's core interior fit-out business, while any future rental income or value-accretive property monetisation would represent unmodelled upside.

Figure 5: DCF Model

DCF VALUATION *All Amounts Stated in 000' SGD unless stated otherwise*			***Projected***		
Year Ended 31' Dec	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
EBIT	6,873	7,582	7,987	8,361	8,672
Tax rate	20.0%	20.0%	20.0%	20.0%	20.0%
EBIT (1-T)	**5,498**	**6,065**	**6,390**	**6,689**	**6,938**
(+) D&A	472	515	496	477	460
(-) Change in NWC	(2,360)	(307)	(181)	(167)	(140)
(-) Capex	(2,032)	-	-	-	-
Free Cash Flow	**1,579**	**6,273**	**6,705**	**6,999**	**7,257**
Terminal Value					105,752
Total FCFF to be Discounted	**1,579**	**6,273**	**6,705**	**6,999**	**113,009**
PV of Free Cash Flow	**1,449**	**5,280**	**5,178**	**4,958**	**73,448**
Enterprise Value	**90,313**				
(-) Debt	14,043				
(+) Cash	6,819				
Equity Value	**83,089**				
Diluted Shares Outstanding ('000)	269,482				
Fair Value / Share (S$)	**0.308**				
Current Share Price (S$)	0.200				
Upside / (Downside)	**54.2%**				

Source: KGI Research

Financial Summary

INCOME STATEMENT (S$'mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	55.5	37.5	54.9	60.8	64.2
Cost of sales	(47.1)	(29.8)	(43.4)	(48.0)	(50.8)
Gross profit	**8.4**	**7.7**	**11.5**	**12.8**	**13.5**
Impairment Loss	(0.5)	-	-	-	-
Administrative expenses	(5.0)	(3.7)	(4.9)	(5.5)	(5.8)
EBITDA	**4.5**	**5.0**	**7.3**	**8.1**	**8.5**
Depreciation & amortisation	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)
Operating profit (EBIT)	**4.2**	**4.5**	**6.9**	**7.6**	**8.0**
Net finance income / (cost)	(0.6)	(0.4)	(0.4)	(0.4)	(0.3)
Other gains / (losses)	1.4	0.6	0.3	0.3	0.3
Profit before tax	**3.6**	**4.2**	**6.5**	**7.2**	**7.7**
Tax expense	(0.7)	(0.8)	(1.3)	(1.4)	(1.5)
Minority interests	-	-	-	-	-
Net profit (PATMI)	**2.8**	**3.4**	**5.2**	**5.8**	**6.2**
EPS (adj. S$ cents)	1.04	1.25	1.93	2.15	2.29
DPS (adj. S$ cents)	0.37	0.56	0.67	0.75	0.80

CASH FLOW STATEMENT (S$'mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before tax	3.6	4.2	6.5	7.2	7.7
Depreciation & amortisation	0.3	0.5	0.5	0.5	0.5
Working capital changes	5.0	(0.9)	(2.4)	(0.3)	(0.2)
Tax paid	(0.5)	(0.8)	(1.3)	(1.4)	(1.5)
Other operating items	1.0	0.4	0.4	0.4	0.3
Operating cash flow	**9.4**	**3.4**	**3.7**	**6.4**	**6.8**
Capex	(0.1)	(0.1)	(2.0)	-	-
Payment on Properties	-	(1.3)	-	-	-
Other investing items	(0.8)	(0.1)	-	-	-
Investing cash flow	**(0.8)**	**(1.4)**	**(2.0)**	**-**	**-**
Net debt drawdown / (repayment)	(5.2)	(2.7)	(1.5)	(1.5)	(1.5)
Dividends paid	(1.0)	(1.0)	(1.8)	(2.0)	(2.2)
Equity issuance / (buyback)	4.4	-	-	-	-
Other financing items	(0.6)	(0.4)	(0.4)	(0.4)	(0.3)
Financing cash flow	**(2.5)**	**(4.1)**	**(3.7)**	**(3.9)**	**(4.0)**
Net change in cash	**6.1**	**(2.2)**	**(2.0)**	**2.5**	**2.8**
Beginning cash	**2.9**	**9.0**	**6.8**	**4.8**	**7.3**
Ending cash	**9.0**	**6.8**	**4.8**	**7.3**	**10.1**

BALANCE SHEET (S$'mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	9.2	6.8	4.8	7.3	10.1
Trade and other receivables	8.9	10.0	9.0	10.0	10.6
Contract assets	3.5	7.6	7.5	8.3	8.8
Tax recoverable	0.2	0.2	0.2	0.2	0.2
Current assets	**21.8**	**24.6**	**21.5**	**25.8**	**29.6**
Property, plant & equipment	5.9	5.8	7.7	7.5	7.2
Investment properties	1.5	8.4	8.4	8.3	8.3
Other non-current assets	5.7	5.6	5.3	5.1	4.8
Non-current assets	**13.2**	**19.8**	**21.4**	**20.9**	**20.4**
Total assets	**35.0**	**44.4**	**42.9**	**46.6**	**50.0**
Trade payables	8.3	11.3	9.5	10.5	11.1
Short-term borrowings	1.9	0.6	0.6	0.6	0.6
Other current liabilities	4.8	5.8	4.3	4.7	5.0
Current liabilities	**14.9**	**17.7**	**14.3**	**15.8**	**16.7**
Long-term borrowings	9.3	13.5	12.0	10.5	9.0
Other non-current liabilities	0.5	0.5	0.5	0.5	0.5
Non-current liabilities	**9.8**	**14.0**	**12.5**	**11.0**	**9.5**
Total liabilities	**24.7**	**31.8**	**26.9**	**26.8**	**26.2**

KEY RATIOS & VALUATION	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	105.9%	(32.4%)	46.3%	10.7%	5.7%
Gross margin (%)	15.1%	20.5%	21.0%	21.0%	21.0%
EBITDA margin (%)	8.1%	13.4%	13.4%	13.3%	13.2%
Net profit margin (%)	5.1%	8.9%	9.5%	9.5%	9.6%
ROE (%)	27.3%	26.5%	32.4%	29.3%	25.9%
ROA (%)	8.0%	7.6%	12.1%	12.4%	12.3%
Net debt / equity (x)	0.2x	0.6x	0.5x	0.2x	(0.0x)
Net debt / EBITDA (x)	0.4x	1.4x	1.1x	0.5x	(0.1x)
Dividend payout (%)	35.5%	29.8%	35.0%	35.0%	35.0%
P/E (x)	19.2x	16.1x	10.4x	9.3x	8.7x
EV/EBITDA (x)	14.0x	12.1x	8.0x	7.6x	7.5x
P/NAV (x)	2.7x	2.0x	1.9x	1.7x	1.6x
Dividend yield (%)	1.9%	2.8%	3.4%	3.8%	4.0%

Source: Company, KGI Research estimates

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