

CHINA  
DEVELOPMENT  
FINANCIAL

# ISO Team Ltd

(ISO SP/5WF.SI)

## Robust order book and BuildTech upside drive medium-term growth

Alyssa Tee / 65 6202 1193 / alyssa.tee@kgi.com

- Robust orderbook.** As of 27 August 2025, ISO Team's order book expanded to S\$181.1mn, up from S\$161.9mn as of 30 June 2025, providing clear revenue visibility through FY27. The Group remains well-positioned to capture recurring demand from public-sector upgrading, sustainability retrofits and infrastructure enhancement projects.
- Delays impacted results.** For FY25, ISO Team delivered revenue of S\$119.2mn, an 8.4% YoY decline from FY24, mainly due to delayed project commencements. Despite the weaker performance, the Group maintained its dividend distribution at 0.08 Scents per share, reflecting its commitment to shareholder returns.
- Technology driven productivity gains.** ISO Team remains on track to commercialise autonomous façade cleaning and painting drones via its BuildTech division by FY26. With 18 drones targeted and Civil Aviation Authority of Singapore (CAAS) permits pending, this first-mover advantage is set to enhance efficiency and reduce labour reliance in maintenance works.
- We maintain an **OUTPERFORM** recommendation with a 12-month target price (TP) of **S\$0.099**.

### Financials & Key Operating Statistics

YE Jun (S\$ 'mn)	2024	2025	2026F	2027F	2028F
Revenue	130.2	119.2	124.6	134.4	143.4
Net Profit	6.6	5.6	6.0	6.4	7.2
EPS (cents)	0.94	0.73	0.76	0.80	0.91
EPS growth (%)	2.3	-21.5%	3.7%	5.9%	13.2%
DPS (Sing cents)	0.08	0.08	0.23	0.24	0.27
Div Yield (Y%)	1.27	1.1%	2.8%	3.0%	3.4%
Net Profit Margin (%)	5.1%	4.7%	4.8%	4.7%	5.0%
Net Gearing (x)	0.9	1.0	0.6	0.5	0.5
Price P/B (x)	1.02	1.08	1.05	0.95	0.86
ROE (%)	15.4%	11.5%	9.8%	9.4%	9.6%

Source: Company data, KGI Research

**FY25 results disappoint but contract wins remain bright spot.** ISO Team's FY25 performance reflected near-term project delays, with revenue falling from S\$130.2mn in FY24 to S\$119.2mn in FY25. NPAT declined to S\$5.1mn from S\$6.5mn as activity in the Repairs & Redecoration (R&R) and Coating & Painting (C&P) segments slowed. Gross profit also declined 5.3% YoY to S\$19.1mn. However, gross margin improved to 16.0%, supported by better cost management. Encouragingly, contract wins in 1H26 provide a strong base for recovery, the Group secured S\$20.9mn in July 2025 and S\$22.5mn in August 2025, boosting the order book to S\$181.1mn, to be progressively recognised over 24 months.

**Equity dilution and loan issuance.** In September 2025, ISO Team raised S\$10mn through a share-cum-convertible bond placement, comprising S\$7.0mn from 86.2mn new shares and S\$3.0mn in convertible bonds. The proceeds will be deployed toward R&D and the commercialisation of the Group's BuildTech drone technology, currently in the final

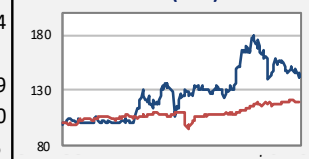
### Outperform - Maintained

Price as of 16 Oct 25 (SGD)	0.081	<b>Performance (Absolute)</b>	
12M TP (\$)	0.099	1 Month (%)	-8.0
Previous TP (\$)	0.100	3 Month (%)	-3.5
Upside, incl div (%)	24.9%	12 Month (%)	44.0

### Trading data

Mkt Cap (\$mn)	64
Issued Shares (mn)	793
Vol - 3M Daily avg (mn)	10.9
Val - 3M Daily avg (\$mn)	1.0
Free Float (%)	71.1%

### Perf. vs STI Index (Red)



### Major Shareholders

ADD Investment Holding Pte	17.8%
Taisei Oncho Co Ltd	7.9%
GINKO-AGT GLOBAL GROWTH	5.4%

### Previous Recommendations

8-May-25	OP S\$0.100
----------	-------------

stage of CAAS approval and trials. Additionally, ISO Team successfully issued S\$8.89mn with a coupon rate of 4.2% via its 3-month Series 002 SDAX commercial paper, providing short-term liquidity at competitive rates. These initiatives strengthen the Group's capital flexibility and support its transition toward technology-enabled maintenance solutions.

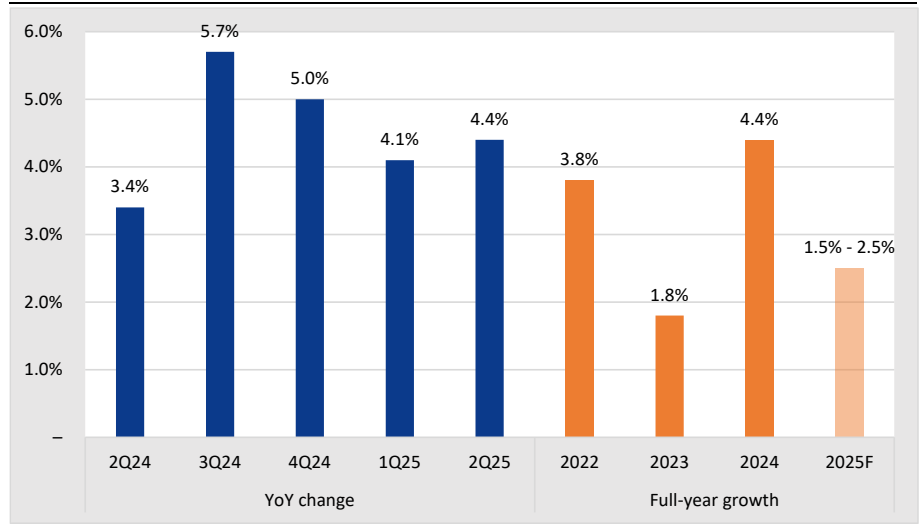
**Structural tailwinds underpin growth visibility.** ISO Team is well-positioned to benefit from Singapore's robust construction cycle and long-term sustainability policies. Its core R&R and A&A businesses align with recurring public programmes such as the Home Improvement Programme (HIP) and Neighbourhood Renewal Programme (NRP). The Ministry of National Development (MND) has committed to launching 55,000 BTO flats during 2025-2027, up 10% from prior plans. Meanwhile, the Building and Construction Authority (BCA) projects total construction demand at S\$35bn-39bn in 2025, exceeding pre-pandemic levels.

**Valuation & Action:** We reiterate our **OUTPERFORM** call and lower our 12-month TP to **S\$0.099** based on DCF methodology (terminal growth: 1.8%, WACC: 7.2%). The recent share placement expands capital capacity for growth, while the lower interest rate environment offsets the slight dilution impact. With over 80% of revenue derived from public-sector projects and an expanding portfolio in green and sustainability-linked works, ISO Team's earnings profile remains defensive and visible. Over the medium term, we expect margin expansion from BuildTech adoption and steady earnings growth supported by the Group's strong order book. Our target price implies an 8.0% potential upside from current levels.

**Risks:** Macroeconomic slowdown, margin pressure due to competition and lower-than-expected new order wins.

**Upgraded growth outlook.** According to the Monetary Authority of Singapore September report, Singapore’s gross domestic product (GDP) is projected to expand 2.4% in 2025, above the previous 1.7% estimate in the June report. In August, the Ministry of Trade and Industry raised its GDP projection for full-year 2025 to range between 1.5% to 2.5% from the earlier 0% to 2% growth projected. The construction sector remains a key growth driver, supported by large public housing and infrastructure projects. Singapore’s Ministry of National Development has raised the 2025-2027 BTO launch target to 55,000 flats, 10% above earlier projections. The increase in BTO launches, coupled with ongoing programmes like HIP, NRP, and Green Towns, provides a strong pipeline of recurring estate works.

**Figure 1: Singapore’s real GDP growth**



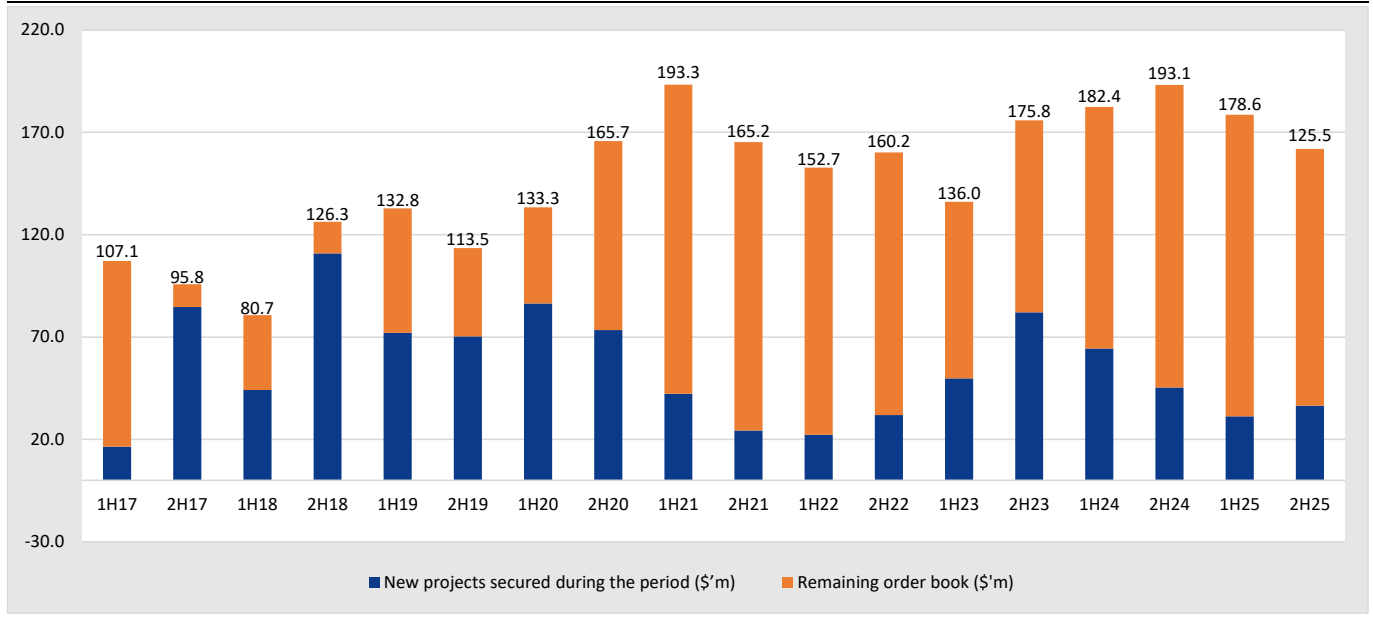
Source: Ministry of trade and industry (MTI) Singapore, KGI Research

**Earnings visibility from recurring demand.** ISOTeam is projected to gain renewed momentum in FY26. Management has highlighted an uptick in project commencements and order conversion since end of FY25, supported by two consecutive months of new wins. ISOTeam’s business model is anchored by long-term public sector upgrading cycles, ensuring steady contract flows. With an order book of S\$181.1m, equivalent to about 1.5x FY25 revenue, the company has clear earnings visibility across the next two years despite short-term volatility. Segment mix is tilting toward higher-margin A&A, with projects amounting to 47.4% of FY25 revenue, with R&R and C&P expected to benefit as housing programmes scale. The company is also advancing its BuildTech initiative, targeting commercial deployment of drones by end-2025, which should improve productivity, safety and tender competitiveness.

**Margin resilience through digitalisation.** Gross margin improved to 16.0% in FY25 despite revenue declines. This resilience reflects better project mix and cost control. Looking ahead, the commercialisation of drones and AI-driven solutions is expected to structurally lift margins by halving labour requirements for painting and washing, reducing timelines and enhancing safety outcomes.

**Growth from green economy initiatives.** ISOTeam has been increasing exposure to sustainability-linked projects, including solar installations, eco-retrofitting, and cool-coating works under Singapore’s Green Plan 2030. Government funding to extend cool coatings to all HDB estates by 2030 and targets to scale solar capacity to 2GWp provide a multi-year pipeline for higher-value contracts. These initiatives enhance both topline growth and profitability.

Figure 2: Order book as of 30 June 2025



Source: Company data, KGI Research

**Conclusion.** ISOTeam remains a defensive small-cap with earnings visibility, backed by a resilient order book and productivity-driven margin upside. While FY25 was weighed down by delays, the medium-term outlook will improve with stronger project flows, green project exposure and BuildTech’s near-term commercialization.

**Financials**

FYE 30 June					
<b>INCOME STATEMENT (SGD' 000)</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>
<b>Revenues</b>	<b>130,168</b>	<b>119,208</b>	<b>124,576</b>	<b>134,421</b>	<b>143,374</b>
Cost of sales	(109,996)	(100,102)	(105,267)	(113,586)	(120,612)
<b>Gross profit</b>	<b>20,172</b>	<b>19,106</b>	<b>19,309</b>	<b>20,835</b>	<b>22,762</b>
Other income	5,732	3,720	4,687	5,057	5,087
Marketing and distribution expenses	(733)	(839)	(832)	(867)	(964)
General and administrative expenses	(13,169)	(12,398)	(12,780)	(14,114)	(15,198)
Finance costs	(2,494)	(2,218)	(1,726)	(1,649)	(1,616)
Impairment loss on receivables and contract	(1,723)	(105)	(963)	(1,039)	(778)
Other expenses	(470)	(601)	(447)	(550)	(607)
<b>Profit before income tax</b>	<b>7,315</b>	<b>6,665</b>	<b>7,248</b>	<b>7,673</b>	<b>8,687</b>
Income tax expense	(711)	(1,108)	(1,232)	(1,304)	(1,477)
<b>Profit</b>	<b>6,604</b>	<b>5,557</b>	<b>6,016</b>	<b>6,369</b>	<b>7,210</b>
<b>BALANCE SHEET (SGD' 000)</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>
Cash and cash equivalents	10,911	17,205	17,908	20,030	25,417
Other current assets	70,127	75,924	74,186	80,049	85,381
<b>Total current assets</b>	<b>81,038</b>	<b>93,129</b>	<b>92,094</b>	<b>100,079</b>	<b>110,797</b>
Property, plant and equipment	19,990	17,727	24,513	22,570	20,971
Other non-current assets	7,276	9,894	9,894	9,894	9,894
<b>Total non-current assets</b>	<b>27,266</b>	<b>27,621</b>	<b>34,407</b>	<b>32,464</b>	<b>30,865</b>
<b>Total assets</b>	<b>108,304</b>	<b>120,750</b>	<b>126,501</b>	<b>132,543</b>	<b>141,662</b>
Trade and other payables	25,433	22,858	24,116	25,699	27,501
Contract liabilities	1,635	750	1,489	1,579	1,686
Other current liabilities	25,583	38,548	26,285	24,285	24,285
<b>Total current liabilities</b>	<b>52,651</b>	<b>62,156</b>	<b>51,889</b>	<b>51,562</b>	<b>53,472</b>
Lease liabilities	2,622	2,387	2,387	2,387	2,387
Other non-current liabilities	10,156	7,781	10,781	10,781	10,781
<b>Total non-current liabilities</b>	<b>12,778</b>	<b>10,168</b>	<b>13,168</b>	<b>13,168</b>	<b>13,168</b>
<b>Total liabilities</b>	<b>65,429</b>	<b>72,324</b>	<b>65,057</b>	<b>64,730</b>	<b>66,640</b>
Share capital	54,321	35,027	42,028	42,028	42,028
Accumulated profits/(losses)	(4,044)	20,529	26,545	32,914	40,124
Other reserves	(7,365)	(7,518)	(7,518)	(7,518)	(7,518)
<b>Equity attributable to equity holders of the compar</b>	<b>42,912</b>	<b>48,038</b>	<b>61,055</b>	<b>67,424</b>	<b>74,634</b>
Non-controlling interests	(37)	388	388	388	388
<b>Total equity</b>	<b>42,875</b>	<b>48,426</b>	<b>61,443</b>	<b>67,812</b>	<b>75,022</b>
<b>Total liabilities and equity</b>	<b>108,304</b>	<b>120,750</b>	<b>126,501</b>	<b>132,543</b>	<b>141,662</b>
<b>CASH FLOW STATEMENT (SGD' 000)</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>
<b>Profit before tax</b>	<b>7,315</b>	<b>6,665</b>	<b>7,248</b>	<b>7,673</b>	<b>8,687</b>
Adjustments	2,804	2,753	4,353	4,792	4,059
<b>Operating cash flows before WC changes</b>	<b>10,119</b>	<b>9,418</b>	<b>11,602</b>	<b>12,466</b>	<b>12,745</b>
Change in working capital	(3,954)	(9,318)	3,734	(4,189)	(3,422)
Interest received	261	44	-	-	-
Tax paid	(28)	-	(1,232)	(1,304)	(1,477)
<b>Cash flows from operations</b>	<b>6,398</b>	<b>144</b>	<b>14,104</b>	<b>6,972</b>	<b>7,846</b>
Capital expenditure	(1,170)	(348)	(9,413)	(1,201)	(843)
Others	120	134	-	-	-
<b>Cash flows from investing</b>	<b>(1,050)</b>	<b>(214)</b>	<b>(9,413)</b>	<b>(1,201)</b>	<b>(843)</b>
Proceeds from issuance of ordinary shares	10,415	-	7,001	-	-
Interest paid	(2,194)	(1,729)	(1,726)	(1,649)	(1,616)
Other financing cashflow	(7,759)	8,254	(9,263)	(2,000)	-
<b>Cash flows from financing</b>	<b>462</b>	<b>6,525</b>	<b>(3,988)</b>	<b>(3,649)</b>	<b>(1,616)</b>
<b>Net increase/(decrease) in cash</b>	<b>5,810</b>	<b>6,455</b>	<b>703</b>	<b>2,122</b>	<b>5,387</b>
Beginning Cash	1,766	7,576	17,205	17,908	20,030
<b>Ending cash</b>	<b>7,576</b>	<b>14,031</b>	<b>17,908</b>	<b>20,030</b>	<b>25,417</b>
<b>KEY RATIOS</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>
DPS (SGD cents)	0.08	0.08	0.23	0.24	0.27
Dividend yield (%)	1.3	1.1	2.8	3.0	3.4
NAV per share (SGD cents)	6.1	6.8	7.7	8.5	9.5
Price/NAV (x)	1.02	1.08	1.05	0.95	0.86
<b>Profitability</b>					
EBITDA Margin (%)	11.3	10.0	9.3	9.3	8.9
Net Margin (%)	5.1	4.7	4.8	4.7	5.0
ROE (%)	15.4	11.5	9.8	9.4	9.6
ROA (%)	6.1	4.6	4.8	4.8	5.1
<b>Financial Structure</b>					
Interest Coverage Ratio (x)	3.9	4.0	5.2	5.7	6.4
Gearing Ratio (x)	0.9	1.0	0.6	0.5	0.5

**KGI's Ratings**

Rating	Definition
<b>Outperform (OP)</b>	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Neutral (N)</b>	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Underperform (U)</b>	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Not Rated (NR)</b>	The stock is not rated by KGI Securities.
<b>Restricted (R)</b>	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.

**Disclaimer**

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked 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. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities' total revenues, a portion of which are generated from KGI Securities' business of dealing in securities.

Copyright 2021. KGI Securities (Singapore) Pte. Ltd. All rights reserved.