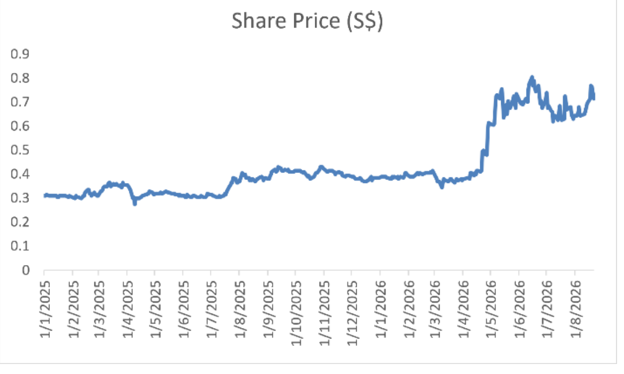
ISDN Holdings

27 Aug 2026

BUY (Maintained)

BBG	ISDN SP
Market Cap	S$318.9m
Price (27 Aug 2026)	S$0.70
Target Price	S$1.03
52-week range	S$0.34-0.82
Shares Outstanding	455.5m
Free Float	58.6 %
Major Shareholder	Teo Cher Koon 32.69% NTCP SPV VI 8.70%

Source: Company Data, Bloomberg, SAC Capital



Source: Company Data, Bloomberg, SAC Capital

ANALYST

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

INTERN

Jamian Chan
jchan_intern@saccapital.com.sg

Riding the Hydro and Electronics Wave

ISDN Holdings ("ISDN" or "The Group") is an industrial automation company that offers a full range of advanced automation solutions and services. These solutions and services range from precision components and engineering services to full machine and cloud solutions. Its components and systems power semiconductor factories, advanced medical devices, clean energy plants, electric vehicles and more across Asia. ISDN was founded in 1987 and was listed on the SGX Mainboard in 2005, and subsequently on the Main Board of The Stock Exchange of Hong Kong Limited. ISDN Holdings operates within two industries: Industrial Automation and Renewable Energy, across 60 geographies.

Financial Highlights ISDN Holdings delivered strong results in 1H2026, boasting an all-time high revenue of S$253.6 million (+19.1% YoY). Gross profit increased to S$63.1 million (+24.9% YoY), driven by a strong 33.9% YoY growth in the Industrial Automation segment. Meanwhile, gross profit margin increased by 1.2% YoY to 24.9% due to the higher margins from the hydropower segment, which grew 9.1 ppt YoY. Consequently, net profit attributable to shareholders increased 707.2% YoY to S$10.4 million. With 2 remaining mini-hydropower plants planned for completion in FY26 and the continued growth of the Industrial Automation business, we expect FY27 Group net profit to grow to S$37.3 million, a 174% increase from FY25 net profit of S$13.6 million.

Strong NODX Growth to Spur Industrial Automation Segment Singapore has seen 5 straight months of double-digit growth in Non-Oil Domestic Exports (NODX), largely driven by AI-related electronics exports. Economists have also raised full year NODX growth forecasts. ISDN, with its key revenue segments in Robotics & Industrial Automation (31.8%) and Semiconductors (31.4%), are poised to ride this growth trend and benefit from Singapore's standing as a key export hub. This is reflected in the 31.9% YoY revenue growth and 33.9% YoY gross profit growth for the Industrial Automation segment in 1H2026 and we expect this growth to continue as AI adoption becomes increasingly widespread.

Recurring Income from Renewable Energy (Hydropower) ISDN Holdings first identified an opportunity in hydropower in 2013, looking to capitalize on tailwinds from Indonesia's energy transition agenda and enter the renewable energy space. Since then, the Group has completed 3 mini-hydropower plants, with 2 more slated for completion in 2026, providing a stream of high-margin recurring income. Upon completion, we forecast the renewable segment to contribute approximately 5% and 3% to Group revenue in FY2026 and FY2027, respectively. We forecast gross profit of this segment to contribute 8% and 12% to FY2026 and FY2027 Group gross profit, respectively. Indonesia's ambitions of taking part in the regional electricity trade through wider ASEAN grid connectivity efforts also positions the hydropower segment for further growth.

Key Financial Highlights

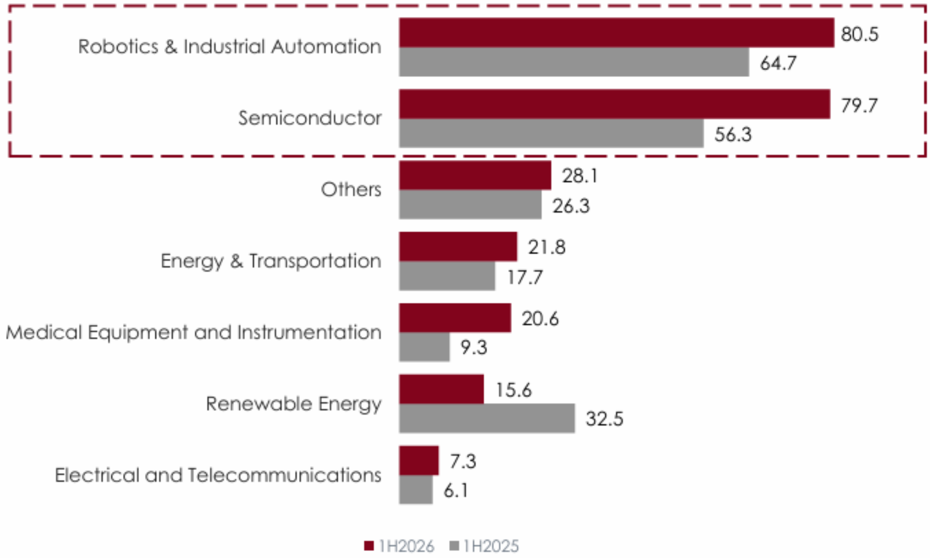
FY ended 31 Dec (S$m)	FY23	FY24	FY25	FY26E	FY27E
Revenue	341.8	372.4	440.2	511.1	550.7
EBIT	23.3	25.1	26.3	51.7	61.0
Attributable net profit	5.0	8.5	6.8	21.3	25.2
EPS (S$ cents)	1.12	1.91	1.50	4.71	5.55
Dividend per share (S$ cents)	0.28	0.47	0.53	1.18	1.39
Net cash / (debt)	(15.7)	(13.6)	(8.5)	(33.7)	(43.2)
Valuation					
Gross profit margin (%)	26.7	25.5	23.9	25.1	25.6
Net profit margin (%)	3.3	3.7	3.1	6.2	6.8
EV/EBITDA (x)	11.6	10.5	9.7	6.0	5.3
P/E (x)	62.6	36.7	46.7	14.9	12.7
P/B (x)	1.3	1.3	1.2	1.2	1.1
Dividend yield (%)	0.4	0.7	0.8	1.7	2.0
Net debt/equity (x)	0.1	0.1	0.0	0.1	0.1

ISDN Holdings

Risks: ISDN Holdings is highly dependent on factories in industries such as semiconductors, robotics, automotive and industrial machinery. Its reliance on these volatile industries makes its revenue stream vulnerable to cuts in expenditure in the overall tech industry. ISDN also faces currency risk as it operates across many Asian countries, where exchange-rate movements can induce volatility in reported earnings. Moreover, ISDN's global operations may be subject to geopolitical risks and local political risks.

Recommendation: We maintain a BUY rating on ISDN Holdings with a target price of S$1.03**,** representing a 47% upside from current levels. Our valuation is based on ISDN Holdings' blended 2-year EPS of S$0.0513, reflecting recent growth in the Industrial Automation segment, applied to the mean forward PER of 28.7x from its industrial automation and renewable energy generation peers.

Revenue Segments (S$'m)



Source: Company Data

Robotics & Industrial Automation and Semiconductor contributed 63.2% of Group revenue

Robotics & Industrial Automation

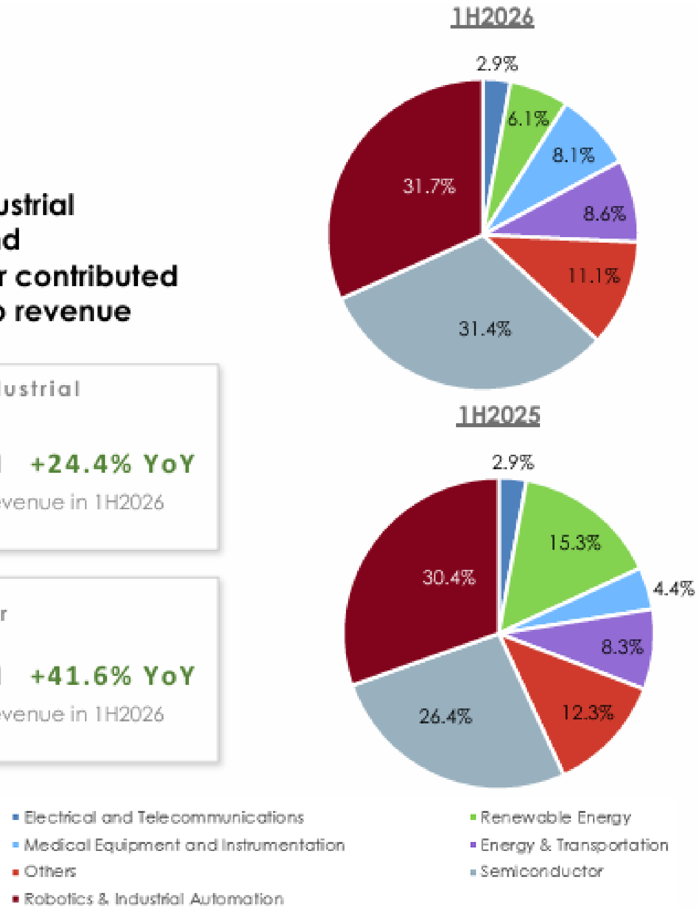
S$80.5m **+24.4% YoY**

31.8% of Group revenue in 1H2026

Semiconductor

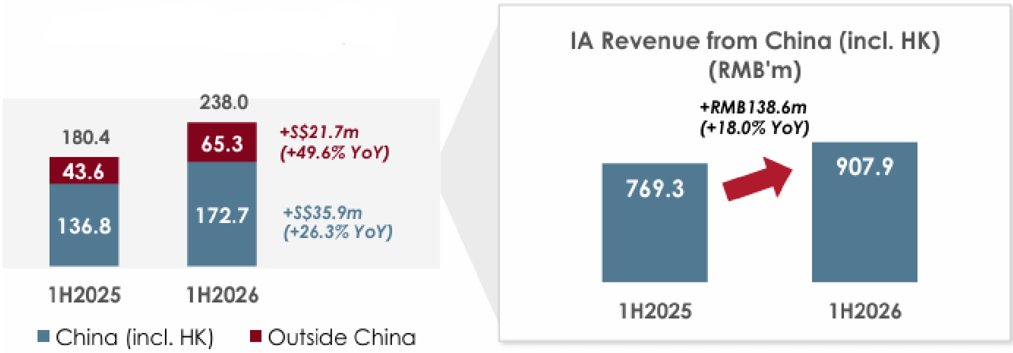
S$79.7m **+41.6% YoY**

31.4% of Group revenue in 1H2026



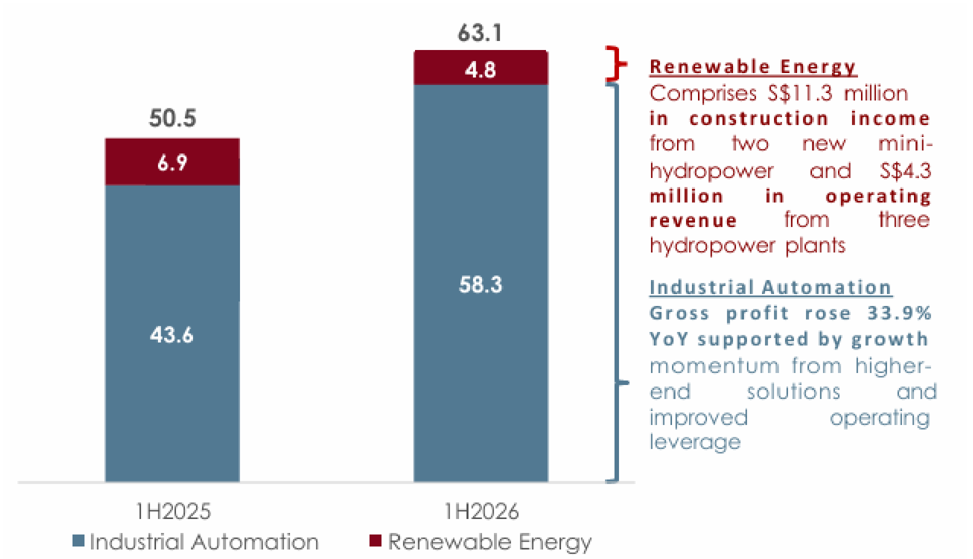
Source: Company Data

Revenue by Geography for Industrial Automation (S$'m)



Source: Company Data

Segment Gross Profit (S$m)



Source: Company Data

Renewable Energy Portfolio

Source: Company Data

SAC CAPITAL

Income Statement

FYE Dec (S$m)	2023	2024	2025	2026E	2027E
Revenue	**341.8**	**372.4**	**440.2**	**511.1**	**550.7**
Cost of sales	(250.6)	(277.5)	(335.0)	(382.9)	(409.9)
Gross profit	**91.1**	**94.9**	**105.2**	**128.3**	**140.8**
Other operating income	4.8	4.2	3.8	4.4	4.2
Distribution costs	(26.3)	(29.8)	(32.8)	(33.2)	(35.8)
Administrative expenses	(40.4)	(41.8)	(41.8)	(41.8)	(41.8)
Net impairment losses on financial assets	(1.6)	(0.1)	(0.1)	-	-
Other operating expenses	(3.7)	(1.8)	(7.7)	(5.7)	(6.1)
Finance costs	(4.4)	(5.5)	(5.3)	(5.6)	(6.7)
Share of loss of associates, net	(0.7)	(0.6)	(0.3)	(0.3)	(0.3)
Profit before income tax	**18.9**	**19.7**	**21.1**	**46.1**	**54.3**
Income tax	(7.7)	(5.7)	(7.5)	(14.5)	(17.0)
Profit for the year	**11.2**	**14.0**	**13.6**	**31.6**	**37.3**
Profit for the year attributable to:					
Equity holders of the Company	**5.0**	**8.5**	**6.8**	**21.3**	**25.2**
Non-controlling interests	6.2	5.4	6.8	10.3	12.1

Balance Sheet

FYE Dec (S$m)	2023	2024	2025	2026E	2027E
ASSETS					
Non-current Assets					
Property, plant and equipment	63.2	65.8	66.0	64.6	63.4
Investment properties	0.4	0.4	0.4	0.3	0.3
Land use rights	1.0	1.0	1.8	1.8	1.8
Goodwill	12.2	12.9	15.7	15.7	15.7
Associates	5.3	6.7	6.4	6.6	6.7
Service concession receivables	70.5	81.7	123.9	154.3	176.8
Other financial assets	0.9	0.6	-	-	-
Deferred tax assets	0.3	0.4	0.4	0.4	0.4
Total non-current assets	**153.8**	**169.4**	**214.6**	**243.8**	**265.1**
Current Assets					
Inventories	73.0	67.4	65.6	75.0	80.3
Trade and other receivables and contract assets	110.6	119.5	108.4	137.6	151.4
Service concession receivables	3.0	3.0	3.0	3.0	3.0
Cash and bank balances	60.0	56.5	68.1	56.9	69.4
Total current assets	**246.7**	**246.4**	**245.1**	**272.5**	**304.0**
Total Assets	**400.4**	**415.8**	**459.8**	**516.3**	**569.1**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	84.8	85.5	86.8	86.8	86.8
Reserves	113.9	121.3	123.1	139.1	158.0
Non-controlling interests	42.0	40.5	43.6	48.2	53.4
Total Equity	**240.7**	**247.2**	**253.5**	**274.1**	**298.2**
Non-current Liabilities					
Bank borrowings	56.0	48.9	44.0	51.0	65.6
Lease liabilities	5.0	5.9	5.4	3.6	1.7
Deferred tax liabilities	0.6	0.6	0.5	2.9	0.9
Total non-current liabilities	**61.6**	**55.4**	**50.0**	**57.5**	**68.3**
Current Liabilities					
Bank borrowings	19.7	21.2	32.6	39.6	46.9
Lease liabilities	1.4	1.9	2.0	1.2	0.4
Trade and other payables	64.6	74.7	103.3	118.0	126.4
Contract liabilities	10.8	13.8	16.6	21.1	23.2
Current tax liabilities	1.7	1.6	1.8	4.7	5.6
Total current liabilities	**98.1**	**113.2**	**156.3**	**184.7**	**202.6**
Total Liabilities	**159.8**	**168.6**	**206.3**	**242.2**	**270.9**
Total Equity and Liabilities	**400.4**	**415.8**	**459.8**	**516.3**	**569.1**

Cash Flow Statement

FYE Dec (S$m)	2023	2024	2025	2026E	2027E
Cash Flows from Operating Activities					
Profit before income tax	**18.9**	**19.7**	**21.1**	**46.1**	**54.3**
Adjustments for:					
Allowance for impairment of trade and other receivables	1.7	0.1	0.3	0.3	0.4
Allowance for inventories obsolescence	0.9	1.5	2.4	2.8	2.9
Amortisation of land use rights	0.0	0.0	0.0	0.0	0.0
Depreciation of investment properties	0.0	0.0	0.0	0.0	0.0
Depreciation of property, plant and equipment	5.6	6.5	7.2	7.3	7.1
Gain on termination of leases	-	(0.0)	(0.0)	-	-
Interest expense	4.4	5.5	5.3	5.6	6.7
Interest income	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)
Inventories written off	0.0	0.0	0.0	0.0	0.0
Loss/(Gain) on disposal of property, plant and equipment, net	(0.0)	(0.2)	0.0	-	-
Loss on deemed disposal of interest in an associate	-	0.0	-	-	-
Property, plant and equipment written off	0.0	0.0	0.0	-	-
Reversal of over provision of share-based payment	-	-	-	-	-
Share of loss of associates, net	0.7	0.6	0.3	0.4	0.4
Trade and other receivables written off	0.2	0.0	-	-	-
Write back of allowance for impairment loss on trade and other receivables	(0.2)	(0.1)	(0.1)	-	-
Write back of allowance for inventories obsolescence	(0.1)	-	(0.1)	-	-
Foreign currency loss/(gain) on translation of foreign operations	1.4	(1.1)	4.5	-	-
Operating cash flow before working capital changes	32.3	32.3	40.7	62.3	71.7
Changes in working capital:					
Inventories	7.4	4.3	(0.5)	(9.4)	(5.3)
Trade and other receivables	(14.4)	(4.2)	16.5	(29.2)	(13.8)
Trade and other payables	(39.6)	8.0	17.8	14.8	8.3
Cash generated from operating activities before service concession arrangements	(13.8)	40.3	74.4	38.5	61.0
Change in receivables from service concession arrangements	3.5	(11.2)	(42.3)	(26.8)	(18.0)
Cash generated from operations after service concession arrangements	(10.3)	29.1	32.1	11.7	43.0
Interest paid	(4.2)	(5.2)	(4.4)	(5.6)	(6.7)
Interest received	0.3	0.3	0.2	0.3	0.3
Income tax paid	(10.0)	(5.9)	(7.4)	(11.6)	(16.1)
Net cash generated from operating activities	**(24.1)**	**18.4**	**20.6**	**(5.2)**	**20.5**
Cash Flows from Investing Activities					
Acquisition of land use rights	-	-	(0.9)	-	-
Dividend from associates	0.3	0.0	0.1	0.1	0.1
Net cash outflow on acquisition of subsidiaries	-	(0.4)	(1.2)	-	-
Proceeds from disposal of property, plant and equipment	0.0	0.9	0.2	-	-
Purchase of property, plant and equipment	(4.4)	(7.5)	(5.8)	(5.9)	(5.9)
Net cash used in investing activities	**(4.0)**	**(6.9)**	**(7.6)**	**(5.8)**	**(5.8)**
Cash Flows from Financing Activities					
Decrease in fixed deposit pledged and restricted bank deposit	1.6	0.4	0.4	0.4	0.4
Dividends to equity holders of the Company	(1.7)	(0.5)	(0.7)	(5.3)	(6.3)
Dividends to NCI	(6.4)	(5.7)	(4.4)	(6.7)	(7.9)
Interest expense on lease liabilities	(0.2)	(0.3)	(0.3)	(0.2)	(0.2)
Investment in associates	-	(2.2)	(0.0)	(0.7)	(0.7)
Proceeds from bank borrowings	57.1	9.3	28.4	31.6	31.6
Proceeds from NCI	-	2.7	0.3	1.0	1.0
(Repayment)/Proceeds from trust receipts and other borrowings, net	(2.8)	1.5	(0.4)	(0.6)	(0.6)
Repayments of bank borrowings	(12.5)	(16.7)	(21.9)	(17.0)	(17.0)
Repayments of lease liabilities, net	(2.3)	(2.6)	(3.0)	(2.6)	(2.6)
Net cash used in financing activities	**32.8**	**(14.0)**	**(1.6)**	**(0.2)**	**(2.3)**
Net increase/(decrease) in the cash and cash equivalents	**4.7**	**(2.6)**	**11.3**	**(11.2)**	**12.5**
Cash and cash equivalents at the beginning of the year	**54.1**	**59.3**	**56.1**	**68.1**	**56.9**
Effect of currency translation on the cash and cash equivalents	0.5	(0.5)	0.7	-	-
Cash and cash equivalents at the end of the year	**59.3**	**56.1**	**68.1**	**56.9**	**69.4**

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