Company Update

Info-Tech Systems Ltd

Singapore | Information Technology

Lai Gene Lih, CFA
Equity Research

Growth runway intact

Rating	**BUY** (as at 12 August 2026)
Last Close	SGD 0.970
Fair Value	SGD 1.35

- 1H26 adjusted PATMI of SGD8.7m (+20.7% year-on-year (YoY)) came in ahead of our estimates, primarily due to lower-than-expected effective tax rate.
- Academy and Malaysia Subscriptions were key revenue growth bright spots. Singapore subscriptions continued sequential growth in 1H26 after troughing in 1H25. Retention rate was healthy at >90%.
- Increase fair value (FV) estimate from SGD1.30 to SGD1.35 on unchanged 16x FY27E price-to-earnings (P/E) multiple. Info-Tech Systems (ITL) currently trades at an attractive 11.4x FY27E P/E. BUY.

Investment thesis

We see ITL as a beneficiary of artificial intelligence (AI) rather than being negatively impacted by it. ITL's core subscription business is anchored in small and medium enterprises (SMEs) across Singapore, Malaysia, Hong Kong and India, with attractive runway where affordability, local compliance know-how and deep integration into human resource (HR), payroll and workflow processes make switching relatively difficult. At the same time, Academy gives ITL a direct route to monetise AI-readiness demand through individual and corporate training programmes. Backed by a capital-light model and robust free cash flow, we view ITL as an attractive dividend compounder.

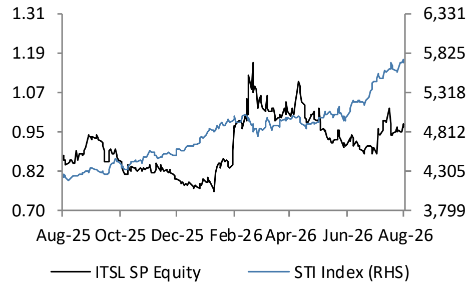
Investment summary

- **1H26 beat on lower-than-expected tax rate -** Adjusted PATMI of SGD8.7m (+20.7% YoY) was slightly ahead of our estimates and in line with consensus. The beat against our expectations was because the 20% corporate income tax (CIT) rebate following its IPO is now successfully in effect. Strong operating expense (OPEX) control was also a partial driver of the beat.
- **Broad-based revenue growth; bright spots in Academy and Malaysia –** Revenue grew 21.7% YoY to SGD27.3m, with key drivers being (i) Singapore Services (SGD4.7m, +120.7% YoY), driven by

Security information

Ticker	ITSL SP EQUITY
Market Cap (SGD b)	0.25
Daily turnover (SGD m)	0.94
Free Float	35.6%
Shares Outstanding (m)	258
Top Shareholder	Dilip Babu Setin Sub 41.42%

Price performance chart



Financial summary

SGD m	FY25	FY26E	FY27E
Revenue	56.5	63.2	70.5
Adj EBITDA	24.1	25.7	28.0
Adj. PATMI	18.0	19.7	21.8
Adj. EPS (S cents)	7.0	7.6	8.4
DPS (S cents)	3.5	4.0	4.2

Key ratios

	FY25	FY26E	FY27E
Revenue growth	29.2	11.9	11.6
Adj. EBITDA margin	42.7	40.6	39.7
Adjusted net margin	31.9	31.1	30.9
Adj. EPS growth	N.M.	9.3	10.7
Dividend yield	3.6	4.1	4.4

Source: Bloomberg, Company, OCBC Group Research strong Academy performance, and (ii) Malaysia Subscriptions (SGD5.6m, +26.7% YoY) on continued strong momentum.

- **Refocusing of efforts on Singapore Subscriptions bearing fruit –** Singapore subscriptions bottomed in 1H25 and have grown sequentially since then to SGD13.9m (+6.1% YoY, +2.1% half-on-half (HoH)). We believe this is favourable evidence of (i) management's refocusing towards the largest revenue category of the company, (ii) that Singapore is not an ex-growth market; and (iii) ITL is not being negatively impacted by AI. Subscription customers remained sticky, as 1H26 retention rate was healthy and "above 90%" (FY25: 90%). Taken together, we see these as proof points that ITL's value proposition to SMEs is intact.
- **Broadening focus on corporate signups for Academy –** ITL reemphasised that it is broadening its focus beyond individuals to include corporate training. ITL is leveraging general excitement on AI-readiness, as more than 85% of Academy revenue was from AI-related programmes. Academy was seasonally softer in 1H26, and we expect momentum to pick up in 2H26. However, we see risks that Singapore Services (where Academy is parked under) may experience YoY contraction in 2H26 due to high base effects in 2H25.
- **Redesignation of Chairman –** With effect from 1 Jan 2027, Mr. Peter Lee will transition from Executive Chairman to Non-Executive Chairman as part of succession planning. We are neutral to this transition, as (i) present management bench strength is strong and stable; (ii) Mr. Lee will still provide strategic guidance and mentorship; and (iii) the Malaysia platform – which he spearheaded – is already running on strong momentum from on-the-ground workforce.
- **Valuation undemanding –** With the change in analyst coverage, we raise our FY26-28E earnings per share (EPS) projections by 6-9%, primarily due to a lower CIT rate input and adjustments to our OPEX assumptions. Consequently, our FV estimate rises to SGD1.35 (previously SGD1.30) on unchanged 16x FY27E P/E multiple. ITL trades at an attractive FY26E free-cash-flow yield of 8.3%. Reiterate BUY.

SGD m	1H25	1H26	% Chg
Revenue	22.4	27.3	21.7%
Cost of sales	-3.3	-4.6	40.1%
Gross profit	19.1	22.6	18.5%
Adjusted EBITDA	9.42	11.53	22.4%
Adjusted profit after tax	7.2	8.7	20.7%
Adj. EPS (S cents)	2.79	3.37	20.7%

Source: Company, OCBC Group Research

Potential catalysts

- Acceleration of growth in Singapore Subscriptions, particularly human resource management software (HRMS), evidencing that Singapore remains a market with attractive runway
- Expansion of solutions suite in line with customers' needs, spurring new customer wins or improving customer stickiness
- Return of excess cash / free cash flow via higher dividends / dividend payout ratio

Investment risks

- Slower than expected growth in Malaysia Subscriptions and Academy
- Failure to retain existing customers due to inability to respond to changing customer preferences or deteriorating macroeconomic conditions
- Data security and/or cloud computing infrastructure downtime could impact operations and result in regulatory fines

Valuation analysis

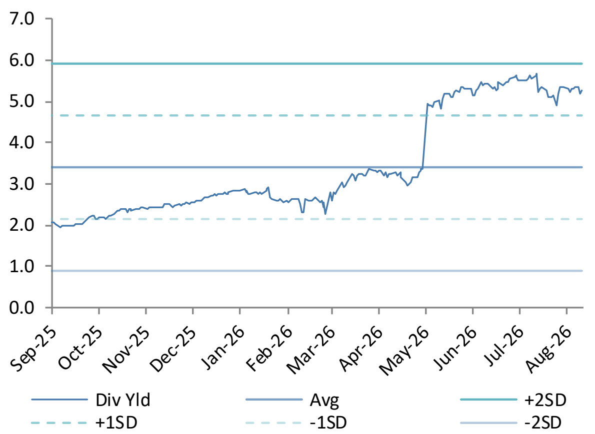
	Price/Earnings (x)		Price/Book (x)		EV/EBITDA (x)		Dividend Yield (%)		ROE (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INFO-TECH SYSTEMS INTEGRATOR (ITSL SP Equity)	11.4	10.0	4.8	3.9	NA	NA	4.7	5.6	44.7	39.7
HUMANICA PCL (HUMAN TB Equity)	11.1	8.8	NA	NA	NA	NA	7.0	8.6	10.0	12.0
PAYCHEX INC (PAYX US Equity)	20.2	18.9	10.5	9.0	14.5	13.4	4.0	4.4	63.3	52.6
WORKDAY INC-CLASS A (WDAY US Equity)	16.8	14.3	5.8	4.5	11.6	9.5	0.0	0.0	21.5	20.4
PAYLOCITY HOLDING CORP (PCTY US Equity)	16.5	15.1	1.6	3.6	11.9	12.0	0.0	0.0	29.3	25.7

Source: Bloomberg

Price/Earnings chart (x)

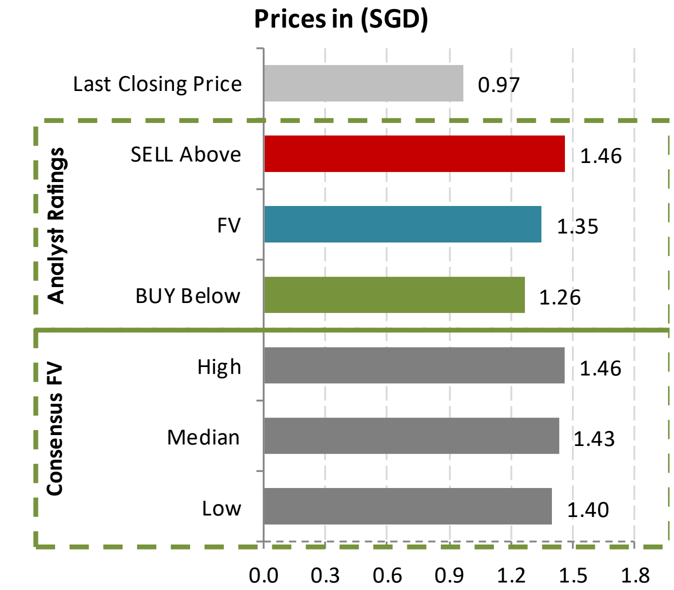
Source: Bloomberg

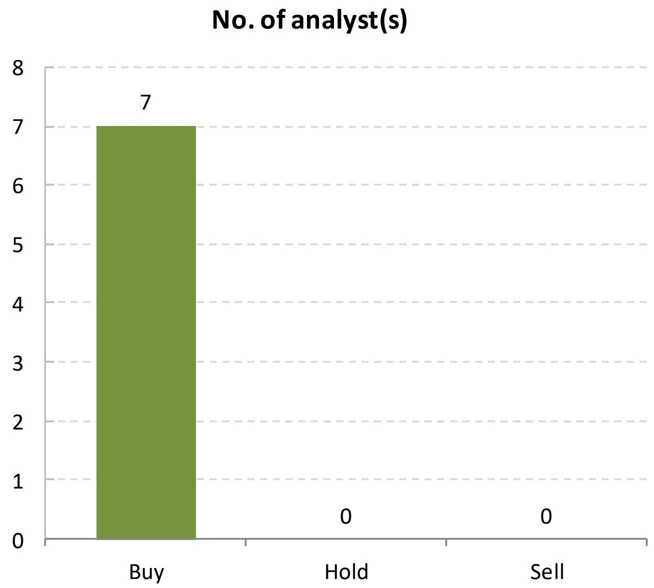
Dividend Yield chart (%)



Source: Bloomberg

Analyst ratings vs street ratings





Source: Bloomberg, OCBC Group Research

Company financials

Income statement				
Year Ended 31 Dec (SGD m)	FY24	FY25	FY26E	FY27E
Revenue	43.7	56.5	63.2	70.5
Cost of sales	-6.3	-8.4	-9.5	-10.4
Gross profit	37.4	48.1	53.7	60.1
EBITDA	17.0	21.2	26.7	28.0
Adj. EBITDA	17.0	24.1	25.7	28.0
Operating profit	14.9	18.9	24.2	25.4
Profit before tax	14.9	19.1	24.3	25.6
Tax expenses	-2.6	-4.0	-3.6	-3.8
PATMI	12.3	15.0	20.7	21.8
Adj. PATMI	12.3	18.0	19.7	21.8

Balance sheet				
As at 31 Dec (SGD m)	FY24	FY25	FY26E	FY27E
Plant, property and equipment	4.3	5.0	5.5	5.8
Total non-current assets	6.1	7.3	7.7	7.9
Cash	29.7	67.3	76.9	88.9
Total current assets	33.6	76.6	87.3	100.5
Total assets	39.7	83.9	94.9	108.4
Current liabilities ex debt	29.9	37.3	39.3	43.1
Debt (incl. leases)	3.5	4.0	2.7	1.4
Total liabilities	35.7	44.0	44.7	47.3
Unitholders' funds	4.0	39.9	50.2	61.1
Total equity and liabilities	39.7	83.9	94.9	108.4

Key rates & ratios	FY24	FY25	FY26E	FY27E
Revenue growth (%)	14.8	29.2	11.9	11.6
Adj. EBITDA growth (%)	12.4	41.9	6.3	9.2
Adj. PATMI growth (%)	17.7	45.9	9.3	10.7
Adj. Earnings per share (S cents)	-	7.0	7.6	8.4
Dividend per share (S cents)	-	3.5	4.0	4.2
Dividend yield (%)	-	3.6	4.1	4.4
ROE (%)	296.0	68.5	45.9	39.1
ROA (%)	32.6	24.3	23.1	21.4

Source: Company, OCBC Group Research

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