



Binastra Corporation Bhd

Keep Buy; Another Johor Job In The Bag

Binastra nailed another RM132m contract from Exsim Lumba Kuda Sdn Bhd for foundation and structural works on the 63-storey, 4,525-unit Causewayz Square @ JBCC serviced apartment development in Johor Bahru. Including the latest win, Binastra's FY26 YTD replenishment stands at RM1.5bn, lifting its outstanding orderbook to RM4.5bn (3.1x FY26 revenue). As this project are from its recurring client, Exsim, we anticipate margins to remain consistent with Binastra's high-rise residential projects. We view the latest contract as a positive catalyst that strengthens Binastra's positioning to secure larger-scale jobs ahead, particularly the potential main contractor role for over 11,000 residential units under the client's development pipeline in the southern region. This not only ensures recurring project flows but also strengthen its orderbook replenishment visibility. Although YTD orderbook replenishment has been modest, we anticipate a pick-up driven by upcoming launches from recurring clients and continued tendering efforts beyond its core client base. Given its undemanding valuation, we reiterate our BUY call and unchanged RM2.54 TP based on 16.5x FY27 PE.

Contract details. Binastra, via its wholly-owned subsidiary Binastra Builder Sdn Bhd, has secured a RM132m construction contract from Exsim Lumba Kuda Sdn Bhd for the proposed development of Causewayz Square @ JBCC in Jalan Ah Siang, Johor Bahru. The scope of works covers earthworks, piling, pile cap, and diaphragm wall construction for a 63-storey serviced apartment comprising 4,525 units across four residential towers. The project is slated to start on 2 September 2025, with an estimated completion timeline of 16 months.

Robust orderbook support earning visibility. Incorporating this latest contract win, Binastra's FY26 YTD replenishment has reached RM1.5bn, bringing the outstanding orderbook to an estimated RM4.5bn (after factoring in an assumed RM300m burn rate in 2QFY26). This translates into a healthy 3.1x cover of our FY26 revenue forecast, providing strong earnings visibility over next 2-3 financial years. Importantly, the contract is secured from recurring client Exsim, which should support margin sustainability given favourable contract terms and a proven working relationship.

Key read-through. We view this latest contract award positively as it establishes a strategic platform for larger-scale wins ahead. Notably, it strengthens Binastra's positioning to secure the main contractor role for the delivery of over 11,000 residential units, including future phases under the client's development pipeline in the southern region. This ensures recurring project flows beyond the current contract, but also enhances Binastra's visibility in the high-rise residential market, particularly in the southern region where housing demand remains resilient. While YTD replenishment progress has been relatively gradual (at 50% of our RM3.0bn FY26 assumption), we see this being offset by (i) strong upcoming launches from recurring clients (Exsim, Maxim and PV), and (ii) Binastra's active tendering beyond its core client base.

No changes to our forecast. The new contract win is within our orderbook replenishment assumptions; hence, we keep our FY26-27 earnings forecasts and RM3.0bn orderbook replenishment target intact. Our TP is unchanged at RM2.54, based on 16.5x FY27F P/E. We reiterate our BUY call, given the Binastra's undemanding valuation which currently trading at 18.4x (versus Bursa Malaysia Construction Index which currently trading around 20x). We continue to like Binastra for its i) robust orderbook (driven by long-standing clients with vibrant growth prospects) and ii) superior profit margin.

Main Market

Construction Sector
BUY

TP: RM2.54 (↔)

Last Closing Price: RM 1.73

Share Price Performance



Business Overview

Binastra Corporation Berhad (Binastra) specializes in providing turnkey engineering and construction services for both the residential and non-residential buildings.

Return Information

KLCI (pts)	1,592.9
YTD KLCI chg.	(3.0)
YTD Stock Price chg.	(2.8)

Price Performance	1M	3M	12M
Absolute (%)	(5.5)	(0.6)	38.4
Relative to KLCI (%)	(8.9)	(4.9)	35.4

Stock Information

Market Cap (RM m)	1,887.7
Issued Shares (m)	1,091.2
52-week High (RM)	1.90
52-week Low (RM)	1.21
Est. Free Float (%)	21.9
Beta vs FBM KLCI	1.06
3-month Avg Vol. (m)	0.62
Shariah Compliant	Yes
Bloomberg Ticker	BNASTRA MK

Top 3 Shareholders

	%
JL Conglomerate Sdn Bhd	41.2
Lee Yong Seng	12.9
Datuk Tan Kak Seng	11.1

FY DEC (RM m)	FY25A	FY26E	FY27E
Revenue	946.6	1,460.0	1,940.0
EBITDA	133.6	200.2	272.2
PBT	124.5	171.0	221.2
Net Profit	90.3	129.8	168.1
Core Net Profit	90.3	129.8	168.1
Core EPS (sen)	8.3	11.9	15.4
Core EPS Growth (%)	(9.9)	43.8	29.5
Net DPS (sen)	3.0	3.6	4.6
BV Per Share (sen)	25.9	34.2	45.0
Net Div. Yield (%)	1.7	2.1	2.7
P/E (x)	20.9	14.5	11.2
ROE (%)	32.0	34.8	34.2



Key Financial Data

Balance Sheet

FYE Jan	FY23	FY24	FY25	FY26E	FY27E
PPE	0.8	9.5	47.4	112.9	178.0
Trade and other receivables	114.3	227.3	454.9	292.0	388.0
Contract Assets	6.1	18.5	126.1	81.1	107.8
Tax asset	0.0	0.0	-	-	-
Other assets	0.1	0.0	5.5	5.5	5.5
Deposit, bank and cash	16.4	40.7	97.0	290.2	315.6
Assets	137.6	295.9	731.0	781.7	994.9
LT borrowings	0.3	0.1	0.2	0.2	0.2
ST borrowings	0.5	24.8	23.7	23.7	23.7
Payables	84.6	137.9	326.7	286.6	382.1
Other liabilities	9.8	49.9	97.9	97.9	97.9
Liabilities	95.2	212.7	448.5	408.4	503.9
Share capital	23.5	28.9	137.4	137.4	137.4
Reserves and retained earning	13.6	54.4	145.0	235.9	353.6
Shareholder's equity	42.4	83.2	282.4	373.3	491.0
NCI	-	-	-	-	-
Equity	42.4	83.2	282.4	373.3	491.0
Equity and Liabilities	137.6	295.9	731.0	781.7	994.9

Cash Flow Statement

FYE Jan	FY23	FY24	FY25	FY26E	FY27E
Profit before taxation	23.5	55.1	124.5	170.8	221.2
Depreciation & amortisation	0.5	1.8	8.6	29.6	51.3
Changes in working capital	(31.3)	(31.1)	(106.8)	167.8	(27.2)
Net interest received/ (paid)	-	(0.0)	(0.0)	0.3	0.3
Share of associate profits	-	-	-	-	-
Tax paid	(4.2)	(12.0)	(25.9)	(37.6)	(53.1)
Others	(0.6)	(0.7)	0.0	(0.3)	(0.3)
Operating Cash Flow	(12.1)	13.1	0.4	330.6	192.3
Capex	(0.1)	(10.1)	(46.0)	(87.6)	(116.4)
Others	(0.1)	(14.3)	(15.0)	-	-
Investing Cash Flow	(0.3)	(24.5)	(61.0)	(87.6)	(116.4)
Issuance of shares	19.4	-	68.8	-	-
Changes in borrowings	(0.4)	23.7	(1.5)	-	-
Dividends paid	-	-	-	(38.9)	(50.4)
Others	4.6	(2.4)	37.4	-	-
Financing Cash Flow	23.6	21.3	104.7	(38.9)	(50.4)
Net cash flow	11.2	10.0	45.4	204.1	25.4
Forex	-	-	-	-	-
Beginning cash	4.9	16.1	26.1	71.5	275.6
Ending cash	16.1	26.1	71.5	275.6	301.1

Income Statement

FYE Jan	FY23	FY24	FY25	FY26E	FY27E
Revenue	184.8	425.2	946.6	1,460.0	1,940.0
EBITDA	24.1	57.1	133.6	200.2	272.2
Depn & amort	0.5	1.8	8.6	29.6	51.3
Net interest expense	(0.7)	(0.0)	(0.1)	(0.0)	(0.1)
Associates & JV	-	-	-	-	-
EI	-	-	-	-	-
Pretax profit	23.5	55.1	124.5	170.8	221.2
Taxation	(6.2)	(13.6)	(34.2)	(41.0)	(53.1)
MI	-	-	-	-	-
Net profit	17.4	41.6	90.3	129.8	168.1
Core net profit	17.4	41.6	90.3	129.8	168.1

Key Statistics & Ratios

FYE Jan	FY23	FY24	FY25	FY26E	FY27E
Growth					
Revenue	379.5%	130.0%	122.6%	54.2%	32.9%
EBITDA	311.8%	137.1%	134.2%	49.8%	36.0%
Pretax profit	378.6%	134.2%	125.8%	37.2%	29.5%
Net profit	300.0%	139.4%	117.0%	43.8%	29.5%
Core EPS	46.4%	102.3%	-9.9%	43.8%	29.5%
Profitability					
EBITDA margin	13.0%	13.4%	14.1%	13.7%	14.0%
Net profit margin	9.4%	9.8%	9.5%	8.9%	8.7%
Effective tax rate	26.2%	24.6%	27.5%	24.0%	24.0%
ROA	12.6%	14.1%	12.3%	16.6%	16.9%
ROE	40.9%	50.0%	32.0%	34.8%	34.2%
Leverage					
Debt/ Assets (x)	0.01	0.08	0.03	0.03	0.02
Debt/ Equity (x)	0.02	0.30	0.08	0.06	0.05
Net debt/ equity (x)	Net cash	Net cash	Net cash	Net cash	Net cash

Key Drivers

FYE Jan	FY23	FY24	FY25	FY26E	FY27E
Construction order book (RM m)	1,055	1,379	3,600	5,090	6,150
Order book replenishment (RM m)	870	750	3,116	3,000	3,000
PAT margin	9.4%	9.8%	9.5%	8.9%	8.7%
PBT margin	13.9%	13.3%	12.4%	11.7%	11.4%

Valuation

FYE Jan	FY23	FY24	FY25	FY26E	FY27E
EPS (sen)	4.5	9.2	8.3	11.9	15.4
Core EPS (sen)	4.5	9.2	8.3	11.9	15.4
P/E (x)	38.1	18.8	20.9	14.5	11.2
EV/ EBITDA (x)	77.7	32.8	13.6	8.1	5.9
Net DPS (sen)	-	-	3.0	3.6	4.6
Yield	0.0%	0.0%	1.7%	2.1%	2.7%
BV per share (RM)	0.11	0.18	0.26	0.34	0.45
P/BV (x)	15.6	9.4	6.7	5.1	3.8



Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.



Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my