



LBS Bina Group Bhd

Robust Fundamentals, Attractive Valuation, and Decade-Long Visibility

Valuation/Recommendation

We initiate coverage on **LBS Bina Group Bhd (LBS)** with a **BUY recommendation and a target price of RM0.64**, representing a **75% discount** to our estimated revalued net asset value (RNAV) of RM2.54 per share. The steep discount reflects prevailing **macroeconomic uncertainties** and the **challenging outlook for the property sector** in the near term. LBS's valuation remains undemanding relative to its peers, our TP implies a **FY25-26E forward P/E range of 5.25x–6.0x** and P/B of 0.3x, well below the broader property sector average of 11.3x–12.5x and selected peers at 16.0x–21.4x. This attractive entry point is further supported by dividend yields of 5–6%, enhancing total return potential.

Investment Highlights

Strong Positioning in Affordable Housing. LBS remains a leading player in Malaysia's affordable housing segment, with flagship developments such as **KITA @ Cybersouth** and **LBS Alam Perdana** consistently delivering strong take-up rates. This focus aligns with structural demand supported by government incentives and improving household income trends.

Robust Launch Pipeline. As of **31 July 2025**, **unbilled sales stood at RM1.38 billion**, representing a **1.1x revenue cover** against our FY25 forecast for its property development segment. LBS plans to launch **RM2.3 billion worth of new projects**, which is expected to replenish and expand the unbilled sales pipeline beyond **1.5x revenue cover by FY26–27**.

Extensive and Strategically Located Landbank. LBS commands a sizeable **total gross development value (GDV) of RM34 billion**, with **58% of its landbank located in key high-growth areas**, primarily the **Klang Valley and Johor**. These locations are well-aligned with Malaysia's urbanization trends, providing a long pipeline of future developments and earnings visibility for the next **10 to 15 years**. The strategic placement of these assets allows LBS to cater to diverse market segments, from affordable housing to township and mixed-use developments, ensuring sustainable long-term growth.

Financial Highlights.

Earnings are projected to grow at a **CAGR of ~10% over FY25E–FY27E**, reaching **RM132.3 million by FY26E**, driven by steady project launches and its resilient affordable housing segment. Profitability remains robust with **gross profit margins of 28%–34%** and **PBT margins of 13%–14% (FY22-24)**, reflecting disciplined cost control and operational efficiencies achieved through its subsidiary MGB Bhd and IBS construction technology. LBS has also strengthened its balance sheet significantly, with **net gearing improving from 0.51x in FY20 to 0.29x in FY24** and projected to further decline to **0.04x by FY26E**.

Recommendation. We initiate with a **BUY rating** and a **target price (TP) of RM0.64**, implying a **FY25-26E forward P/E range of 5.25x–6.0x**.

We believe LBS offers a compelling risk-reward profile, underpinned by: i) healthy unbilled sales pipeline and strong launch momentum, ii) leadership in affordable housing, and iii) sound financial management supporting sustainable growth.

Key Risks; a) **Subdued property sales**, b) **Construction cost fluctuations** and c) **Project launches and completion delay**.

Initiate Coverage

By **Ahmad Ramzani Ramli/ ahmadramzani@mersec.com**

Monday, September 29, 2025

Price: RM0.45

Fair Value: RM0.64

Share Price Performance



Business Overview

Founded in 1961 and headquartered in Petaling Jaya. An investment holding company with operations across: Property Development, Construction and Trading, Management and Investment, Hotel, and Others. Its core activities include residential, industrial, and commercial property development, construction, tourism, hospitality, financial services, and retail mall operations. The company operates primarily in Malaysia.

KLCI (pts)	1,609.05
YTD KLCI chg	-2.0%
YTD Stock Price chg	-17.3%

Price Performance	1M	3M	12M
Absolute (%)	-0.9	6.1	22.5
Relative to KLCI (%)	-2.6	0.8	-18.8

Stock Information

Market Cap (RM m)	701.5
Issued Shares (m)	1,541.7
52-week High (RM)	0.64
52-week Low (RM)	0.41
Estimated Free Float (%)	50%
Beta vs FBM KLCI	1.1
3-month Average Vol.(m)	1,509,511
Shariah Compliant	Yes
Bloomberg Ticker	LBS MK EQUITY

Top 3 Shareholders	%
Gaterich Sdn Bhd	37.5%
KWAP	8.9%
Lim Wee Chai	3.6%

FY DEC (RM m)	FY24A	FY25E	FY26E
Revenue	1,434.7	1,281.2	1,504.7
EBITDA	297.4	270.2	285.2
EBIT	255.5	227.1	248.9
PBT	190.9	152.3	174.1
Core Net Profit	108.5	115.7	132.3
Core EPS (sen)	7.0	7.5	8.6
Core EPS Growth (%)	(26.3)	6.7	6.7
Net Div. Yield (%)	10.4%	5.0%	5.7%
BVPS (sen)	136	141	147
PER	6.40	6.00	5.25
PBV (x)	0.33	0.32	0.31
Net Gearing (x)	0.29	0.06	0.04

**Investment merits**

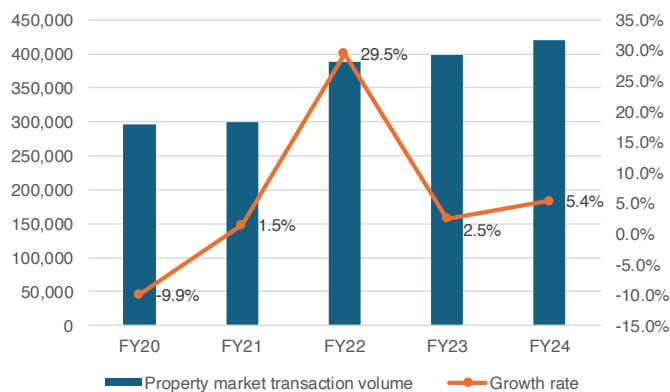
Strong earnings visibility - Strong track record in property development. With more than 30 years of experience, LBS has built a strong reputation in the Malaysian property sector since its maiden project, Jelapang Mahu Light Industrial Park in Ipoh, Perak in 1992. In its early years, LBS concentrated on large-scale township developments in Selangor, which continue to form the backbone of its property portfolio. Among its most prominent and ongoing township projects are Bandar Saujana Putra (850 acres; launched in 2003), D'Island Residence (175 acres, launched in 2011), LBS Alam Perdana in Bandar Puncak Alam (469.8 acres; launched in 2017), Kita @ Cybersouth in Dengkil (663 acres; launched in 2018). These large-scale developments have been successful in generating steady sales and recurring launches over the years, with a sizeable remaining GDV of approximately RM9.37bn still to be realized.

Following its success in large-scale township projects, LBS has also diversified into pocket land developments across its nationwide landbank, including Prestige Residence in Seri Kembangan, Selangor, Cameron Centrum in Pahang, Taman Kinding Flora in Perak, and Bandar Putera Indah in Johor. Looking ahead, we expect LBS to sustain its strong sales momentum through continuous launches from its flagship townships while selectively unlocking value from its pocket landbank projects.

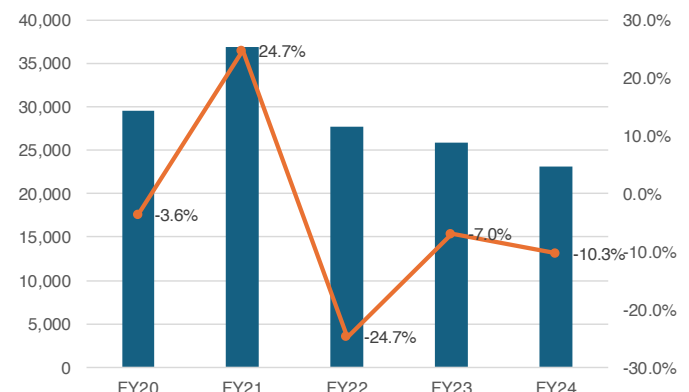
Figure 1: LBS's existing township development details

List of Property Development Projects	Location	Size of land (acres)	Launch Date (FY)	Estimated total GDV (RM bn)	Estimated launched GDV to date (RM bn)	Remaining GDV (RM bn)	Total units (launched units)	Take-up rate
Bandar Saujana Putra	Bandar Saujana Putra, Selangor	850.0	2003	7.97	4.48	3.49	15,385 (13,656)	21.0%
D'Island Residence	Puchong, Selangor	175.0	2011	3.35	1.82	1.53	4,028 (1,559)	37.0%
LBS Alam Perdana - Residential	Bandar Puncak Alam, Selangor	469.8	2017	4.52	3.58	0.94	8,462 (6,487)	67.0%
Kita @ Cybersouth	Dengkil, Selangor	633.0	2018	6.66	2.87	3.79	16,387 (7,907)	73.0%
LBS Alam Perdana - Industrial	Bandar Puncak Alam, Selangor	95.0	2024	1.02	0.92	0.10	333 (231)	67.0%
Total				23.52	13.67	9.85		

Source: Company, Mercury Securities

Figure 2: Malaysia's property market transaction trend

Source: Company, Mercury Securities

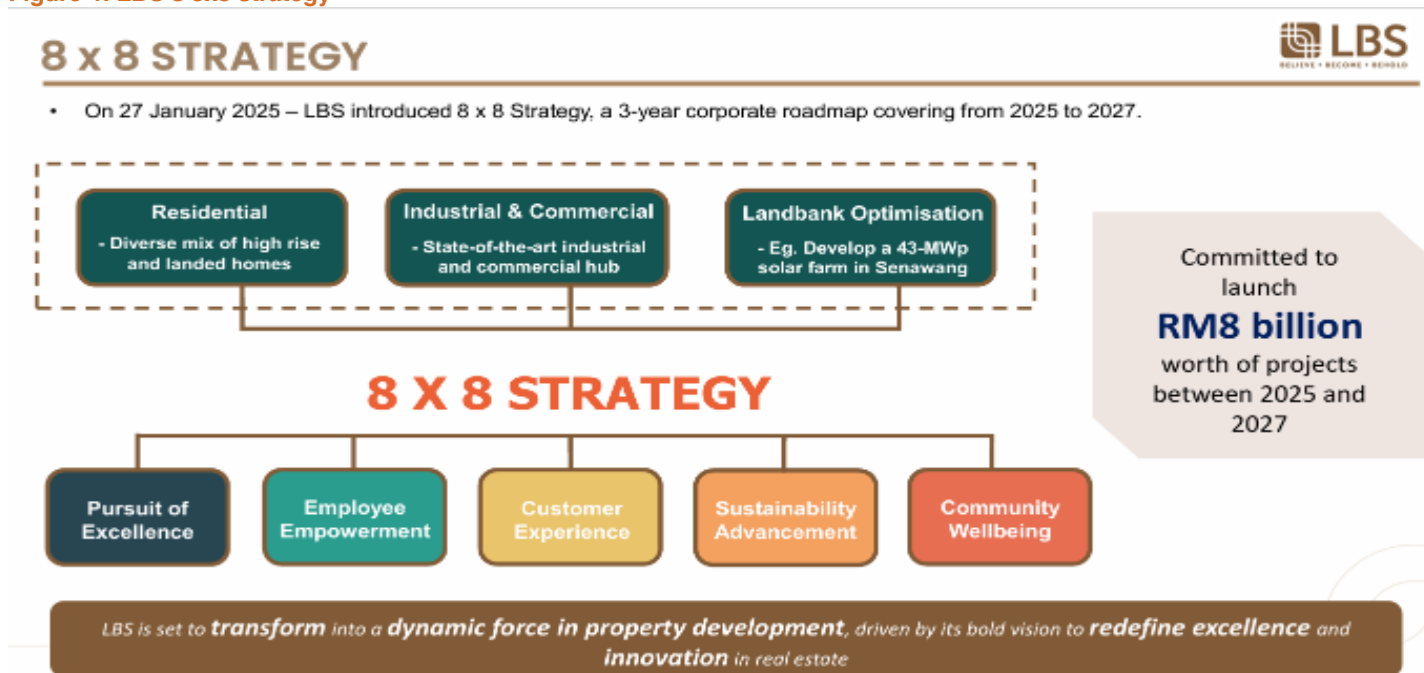
Figure 3: Residential properties overhang trend

Source: Company, Mercury Securities

Prime beneficiary of robust Malaysian property market. The Malaysian property market has staged a robust recovery in the post-pandemic period following the disruption in FY20. Transaction volumes have continued to improve steadily, supported by resilient domestic demand, accommodative financing conditions, and various government initiatives aimed at sustaining home ownership. At the same time, the overall residential property overhang has been on a declining trend, reflecting improved market absorption and healthier inventory levels. Against this favorable backdrop, we believe LBS stands as a prime beneficiary. The LBS's diversified development portfolio across different price points and geographic segments positions it well to capture demand recovery, particularly within the mass-market residential segment, where affordability remains a key theme. Moreover, LBS's strong track record in delivering high take-up rates, coupled with its strategic landbank in high-growth corridors such as the Klang Valley and Johor Bharu, enhances its ability to leverage on the sector's upturn.

A 3-year roadmap, 8x8 strategy to support growth. LBS has introduced its three-year “8 x 8 Strategy” (2025–2027), targeting RM8.0bn in new launches, underpinned by eight focus. The development pipeline will span residential, industrial and commercial projects, with a strong emphasis on township expansions (KITA @ Cybersouth, Alam Perdana, Bandar Saujana Putra, and Rimbawan) and affordable housing (Idaman series). Beyond property launches, LBS is seeking to diversify through landbank optimisation, including its 43MWp solar farm in Senawang slated for completion by end-2025, which should provide recurring income streams. The remaining strategic pillars namely pursuit of excellence, employee empowerment, customer experience, sustainability advancement, and community wellbeing, are aiming at improving execution, brand differentiation, and long-term ESG positioning. In our opinion, we see the 8 x 8 Strategy as reinforcing LBS’s position as a volume-driven developer with steady growth visibility, while also broadening its earnings base and improving ESG credentials.

Figure 4: LBS’s 8x8 strategy

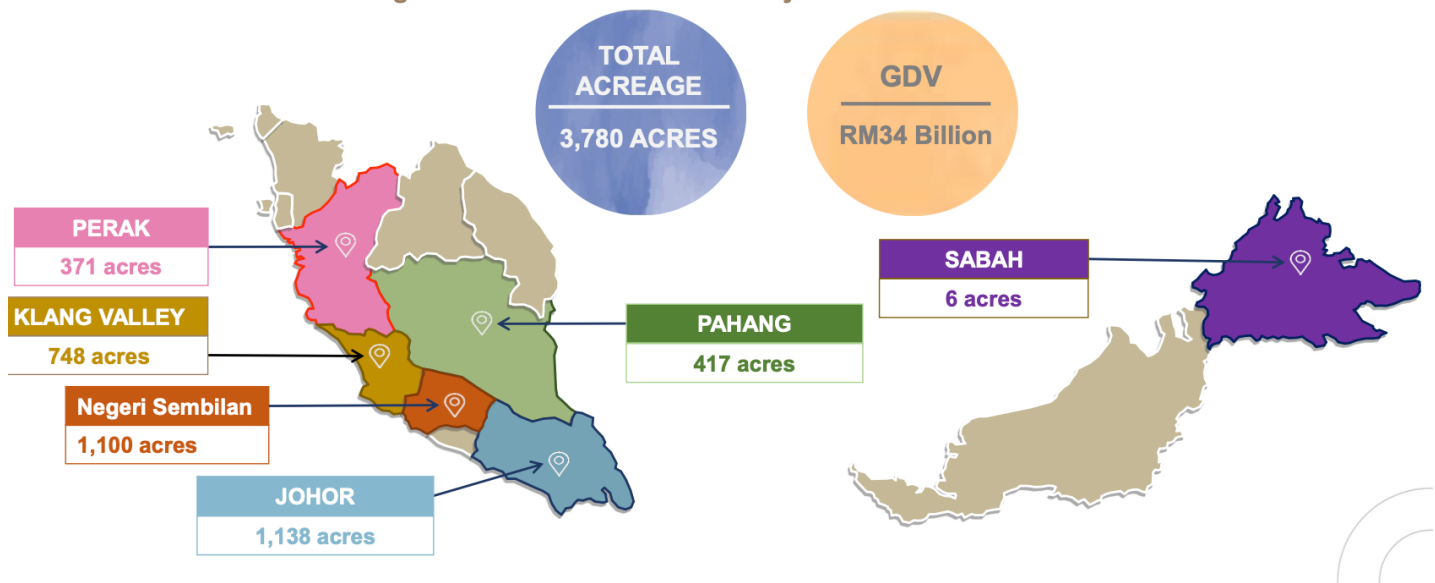


Source: Company

Extensive and strategically located landbank Supporting Long-Term Growth. LBS Bina Group Berhad offers a compelling investment case backed by its sizeable and well-diversified landbank of 3,780 acres, with an estimated gross development value (GDV) of RM34 billion as of 19 August 2025. This landbank provides visibility for sustainable growth over the next decade, with key holdings in high-demand areas such as Klang Valley (748 acres), Johor (1,138 acres), and Negeri Sembilan (1,100 acres), complemented by parcels in Pahang, Perak, and Sabah. The strategic distribution allows LBS to capture demand across different property segments and regions, balancing cyclical risks while positioning the Group to benefit from Malaysia’s urbanization trends and infrastructure-driven growth. This strong development pipeline underpins earnings visibility and supports the Group’s ability to deliver consistent shareholder value over the long term. The planned launch of new projects with a total GDV of RM8 billion is on track, with the average launch of approximately RM2.4 bil per year. However, the yearly planned launches may be adjusted based on property market sentiment to align with demand and market conditions. As of 28 Aug 2025, RM704 million worth of GDV has been launched with approximately RM1.57 billion remaining to be launched by end 2025. As of 31 July 2025, the breakdown of the RM34 billion GDV on the 3,780 acres land bank are as follows: i) Klang Valley – RM15.2 bil, ii) Pahang – RM12.9 bil, iii) Johor – RM4.3 bil, iv) Perak – RM0.9 bil, v) Sabah – RM0.6 bil and vi) Negeri Sembilan – RM0.2 bil.

Figure 5: Sizeable landbank

Sizeable land bank as of 19 August 2025 to last for the next 10 years



Source: Company

Pipeline updates

- Land bank & runway: LBS holds 3,780 acres with an estimated GDV ~RM34bn, distributed across Klang Valley (748 acres), Johor (1,138), Negeri Sembilan (1,100), Pahang (417), Perak (371) and Sabah (6). Management frames this as ~10 years of development visibility.
- Kwasa Damansara (PJ West): A Development Rights Agreement over 192.32 acres to deliver ~2,922 residential units, GDV > RM8bn—a multi-year anchor adjacent to mature demand pools.
- Klebang, Melaka (with Oriental Holdings): 561 acres, mixed-use industrial, GDV > RM7bn, phased over four stages; MOU extended to 14 Nov 2025—option value on Malaysia’s industrial/logistics thematic pending definitive agreements.
- Solar farm project (ESG/recurring contribution): Target completion by end-2025; projected ~53,000 MWh/year and ~35,000 tCO₂ abatement; also expects to supply ~53,000 RECs—modest earnings impact but positive for ESG profile and cash flow diversity.
- Melaka reclamation: Discussions ongoing with no material updates; Compliance Period extended 12 months to 7 Oct 2026—regulatory timeline risk remains.
- Execution cadence: Management reiterates the “8x8 Strategy” to launch RM8.0bn (2025–2027), aligning pipeline mobilization with balance-sheet capacity.

We see the Kwasa Damansara DRA as the most immediate value driver: its scale (RM8bn+) and location (PJ West) should enhance LBS’s Klang Valley exposure and pricing power, albeit with the usual large-scheme execution and phasing risks. Klebang (Melaka) adds a sizeable industrial/mixed-use vector (RM7bn+ GDV), but is contingent on converting the MOU and detailed approvals—treat as medium-term option value until commercial terms and phasing economics are firmed up. The solar farm strengthens ESG credentials and introduces non-development cash flows; while not transformative financially, it may lower cost of capital at the margin and support investor perception. The Melaka reclamation remains a watch item given prolonged milestones—timeline slippage and policy sensitivity could defer value realization. Overall, with ~RM34bn GDV across 3,780 acres, LBS has decade-long visibility; near-to-medium term upside hinges on Kwasa activation, MOU conversion in Klebang, and disciplined sequencing under the 8x8 launch plan, balanced against approval risk, infrastructure/industrial demand cycles, and capital intensity across these multi-year undertakings.

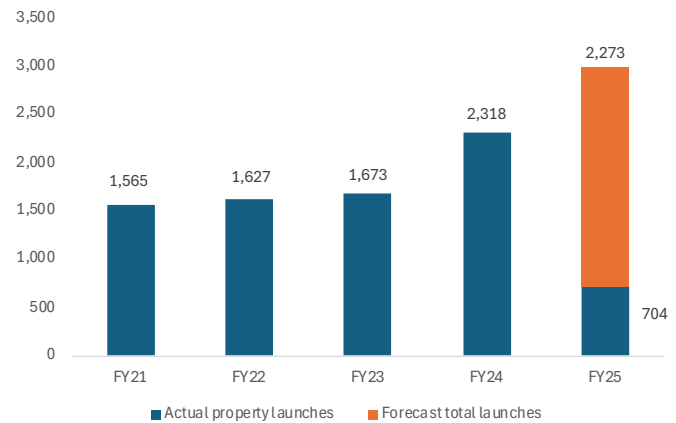


Figure 5: LBS's RM2.2bn new projects launches list

Region	Project	Product Type	Total Units	Total GDV (RM 'mil)	Expected / Launched Period	Actual Launched	Launched GDV (RM 'mil)
Klang Valley	Alam Perdana	Industrial	121	361.9	Q1/Q3	Q1	3.9
Klang Valley	D'Island Residence	Landed	79	75.6	Q3		
Klang Valley	Idaman	Highrise	937	268.7	Q1/Q4	Q1	151.3
Klang Valley	Kita @ Cybersouth	Commercial	45	61.3	Q3	Q2	61.3
Klang Valley	Kita @ Cybersouth	Highrise	1,184	457.3	Q3		
Klang Valley	Telok Gong	Industrial	29	459.1	Q3		
Pahang	Cameron Centrum	Highrise	734	547.8	Q1/Q3	Q1	471.8
Johor	Bandar Putera Indah	Landed	33	26.0	Q4		
Johor	Bandar Putera Indah	Commercial	22	15.6	Q2	Q2	15.6
TOTAL			3,184	2,273.3	2025	2025	703.9

Source: Company

Figure 6: LBS's actual project launches trend



Source: Company

Commendable take-up rate of its on-going projects. As of 19 August 2025, LBS reported a total of nine on-going projects with a cumulative launched GDV of RM4.85bn (refers to figure 6). These projects have collectively achieved a commendable average take-up rate of 65%. The strong performance was primarily driven by its affordable housing portfolio, particularly the Idaman series and township developments such as KITA @ Cybersouth and LBS Alam Perdana. We believe the favorable product positioning of these projects that focus on affordability, integrated township concepts, and strategic locations with good connectivity has driven the buyer interest. The government's ongoing support for home ownership like Home Ownership 2.0 initiatives (provide full stamp-duty exemption on the transfer and loan agreements for first-time homebuyers purchasing properties valued at RM500,000 or less), Housing Credit Guarantee Scheme, Step-Up Financing Scheme and individual tax relief on housing loan interests should further enhances the sales outlook for these developments.

Although the overall take-up rate of LBS's on-going projects has improved gradually, we expect momentum to build as market conditions strengthen. The Malaysian property market recovery supported by accommodative interest rates, improving household income growth and accommodative government policies for first-time homebuyer should help accelerate sales velocity in LBS's property projects. Moreover, LBS's low unsold inventory of RM83m as at Q2FY25 (representing only ~1% of its total RM8bn worth of launches between FY20 and FY24) highlights its effective sales execution and disciplined supply strategy. This reinforces LBS management's ability to maintain steady cash flows, reduce balance sheet risk, and enhance earnings visibility.

Overall, the combination of healthy take-up rates, light unsold inventory, and resilient demand for affordable housing provides strong support for LBS's earnings trajectory and lends confidence to its upcoming launches under the 8x8 Strategy (2025–2027). We continue to view LBS as a beneficiary of the strong structural demand in the affordable housing market and expect its township-led strategy to remain a key driver of growth going forward.

Figure 6: On-going projects take-up rate (As at 19 August 2025)

Projects	State	Official Launch Period	Product Type	Total Launched GDV (RM mil)	Take Up Rate
LBS Alam Perdana	Selangor	April 2024- Jan 2025	Township Development	989.9	67%
KITA @ Cybersouth	Selangor	Oct 2022– July 2025	Township Development	861.7	73%
D'Island Residence	Selangor	Sept 2023 – May 2024	Township Development	340.0	37%
Bandar Saujana Putra	Selangor	April 2024	Township Development	206.9	21%
Prestige Residence	Selangor	Oct 2021 - March 2023	Highrise	588.6	80%
Idaman (MGB)	Selangor	March 2023 – March 2025	Highrise	859.0	85%
Bandar Putera Indah	Johor	July 2024- June 2025	Landed & Commercial	36.9	40%
Cameron Centrum	Pahang	Aug 2024-Jan 2025	Landed	515.3	14%
Taman Kinding Flora	Perak	June 2024	Landed	9.9	75%
Others			Residential	438.0	82%
Average Take-up Rate					65%*

Source: Company

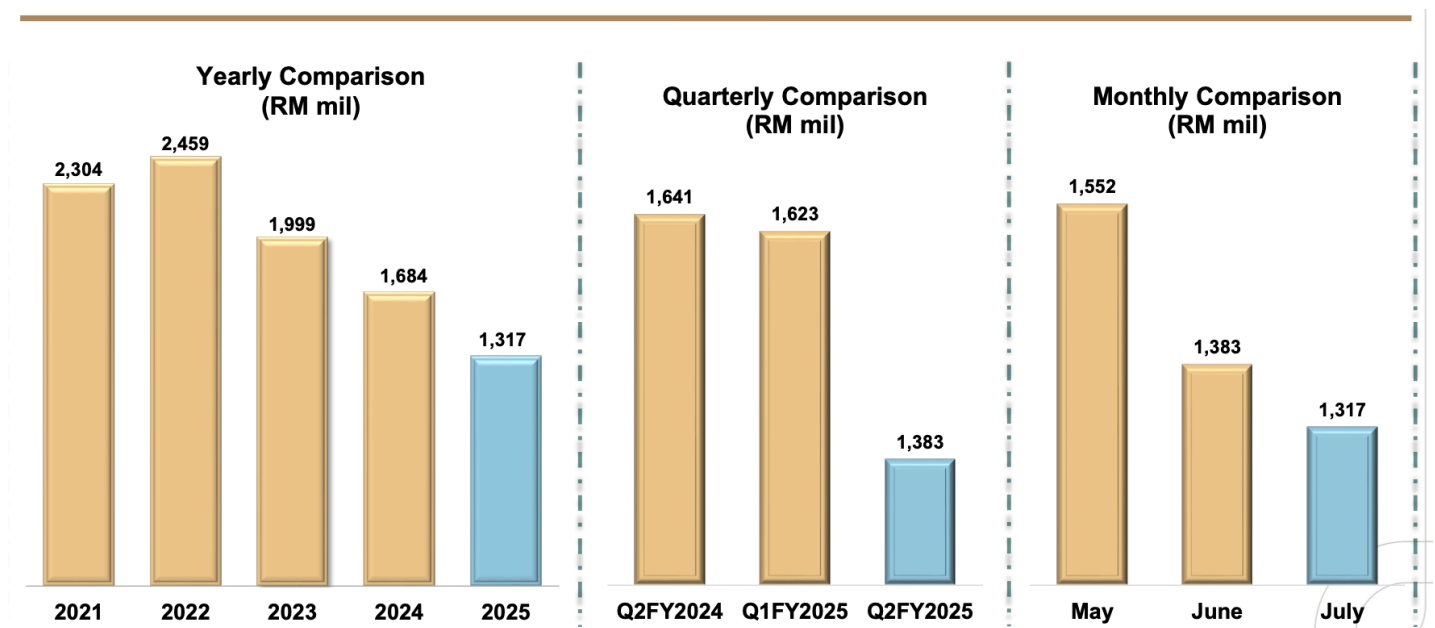
Note: * Average take-up rate was circulated based on the total number of units divided by the total number of units launched



Unbilled sales moderation nearing trough, recovery expected with upcoming launches and sustained demand. As at 31 July 2025, LBS Bina's unbilled sales stood at RM1.38bn, providing a healthy revenue cover of approximately 1.1x our FY25 forecasted property development segment revenue. While this level remains supportive of near-term earnings visibility, it represents a moderation from the peak recorded in FY22. The earlier peak was largely attributable to the accumulation of backlog orders and the disruption of construction progress during the Covid-19 lockdowns, which led to a temporary build-up of unbilled sales. As construction activities normalised post-pandemic and backlogs were gradually cleared, unbilled sales retraced sharply in FY23–24 to a more moderated level, reflecting both delivery of earlier projects and a slower pace of new sales recognition amid gradual take-up rates for ongoing projects.

We view the current level of unbilled sales as representing a cyclical trough rather than a structural weakness. Importantly, LBS is set to launch RM2.3bn worth of new projects in FY25, with a strong focus on the affordable housing and township segments that have consistently demonstrated resilient demand. Given the commendable take-up rates achieved in its flagship projects such as KITA @ Cybersouth and LBS Alam Perdana, we believe these upcoming launches will help replenish the unbilled sales pipeline meaningfully. Together with the anticipation of recovery in its property sales, we expect unbilled sales to recover gradually from FY25 onwards and potentially exceed 1.5x revenue cover by FY26–27E.

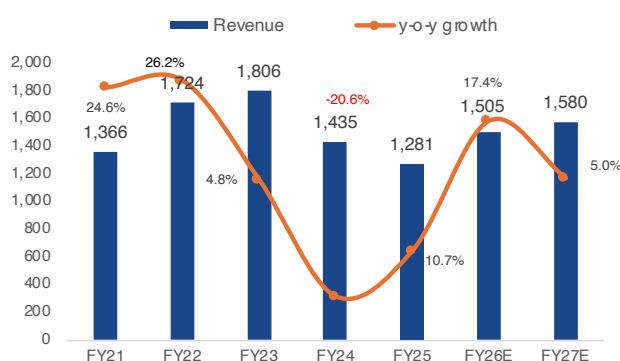
Figure 7: Unbilled sales trend (in RM m)



Source: Company,

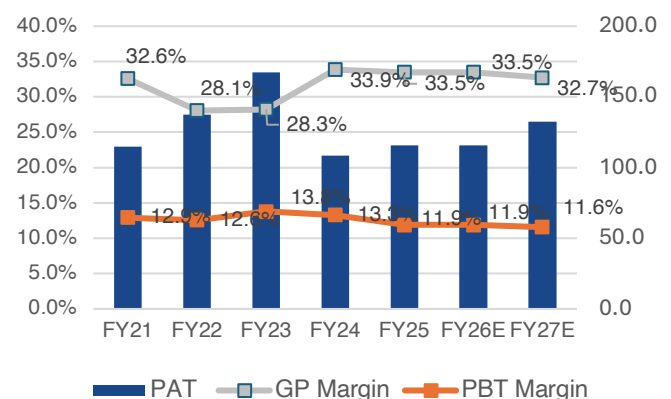
Financial Highlights

Figure 8: Revenue trend (in RM m)



Source: Company, Mercury Securities

Figure 9: PAT (in RM m) and margin trend



Source: Company, Mercury Securities

LBS Bina Group has delivered a commendable financial performance over the past three years, supported by robust demand within the affordable housing segment and consistent operational execution. In FY2022, property sales rose to RM2.0 billion, surpassing management's target by 25%, with approximately 90% of contributions coming from projects in the Klang Valley. This strong momentum extended into FY2023, driven by timely project completions and a diversified development portfolio. The Group's vertical integration



through MGB Berhad and the adoption of Industrialized Building System (IBS) technology have been instrumental in enhancing operational efficiency, accelerating project timelines, and improving construction quality. However, FY2024 saw a significant shortfall versus the company's sales targets, reflecting a normalization after the post-pandemic surge. Pre-COVID (FY2017-FY2019), LBS generated annual revenue of c.RM1.3 billion. During FY2021-FY2023, revenue was elevated as the company worked through its backlog, with construction momentum constrained during the pandemic. As operations normalize, we forecast revenue growth of 5%-17% for FY2026-FY2027, driven by steady project launches and a return to more typical construction activity levels.

Profitability has remained stable with **healthy margins back to its pre-coved margin, (Pre-Covid GP margins at 28%-32% while PBT margins at 12-16%)**, as gross margins were preserved through disciplined cost management and higher operational efficiency, even amid rising material and labor costs. The Group's ability to leverage IBS and effective supply chain management helped mitigate inflationary pressures, while stronger sales of higher-margin projects supported earnings. Cash flows remained robust, underpinned by timely revenue recognition from completed projects, and the balance sheet was further strengthened by a sizeable landbank, providing flexibility for future expansion. LBS also maintained consistent dividend payouts, balancing shareholder returns with reinvestment into growth initiatives.

The Group's **balance sheet remains robust** and well-capitalized, supported by prudent gearing levels and a strong liquidity position. Between FY20 and FY24, the net gearing ratio improved significantly, declining from 0.51x to 0.29x on account of improved cash position. This low leverage, underpinned by disciplined financial management, provides the Group with a substantial buffer to withstand market volatility and external shocks.

Operating cash flow showed demonstrated consistency, with the operating cash flow-to-current liabilities ratio ranging 0.18x–0.21x during FY20–FY24. This reflects efficient project cash collections and timely completions. Sustained cash generation has enabled LBS to self-fund new developments, minimizing reliance on external borrowings. We anticipate consistency in this metric, at 0.19x-0.20x over FY25E–FY27E.

The Group's book value per share increased to RM1.36 in FY24, accompanied by growth in net tangible assets per share, reinforcing a healthy price-to-book ratio of 0.33x. With FY24 cash reserves equivalent to 0.74x of its market capitalization — projected to rise to 1.30x by FY27 — LBS maintains ample financial flexibility to pursue strategic growth opportunities.

This strong financial foundation positions LBS to effectively manage working capital needs, strategically acquire land banks, and invest in sustainability-linked initiatives. It also ensures the resilience required to navigate cyclical downturns while capitalizing on potential upswings in the property market.

LBS posted a 1HFY2025 revenue of RM639m (–17% YoY) and **PATMI of RM62m** (–20% YoY), mainly due to several FY2024 projects reaching completion and slower progress billings from new launches. Despite the topline decline, profitability remained stable with a **PBT margin of 15.5% and 9.7% respectively**, underpinned by disciplined cost management and contributions from key Klang Valley projects such as *KITA @ Cybersouth* and *LBS Alam Perdana*. Property development continued to dominate, accounting for **97% of 1H revenue**, while YTD sales reached **RM690.2m**, supported by **RM401.1m** in pipeline bookings and **RM1.32bn** in unbilled sales as of July. Both PBT and PAT margins have normalised in 1HFY26 and we conservatively expect both PBT and PAT margins at c.12% and 9% respectively for FY25E-FY27E well within Management's guidance of 12%-15% (PBT) and 8% - 10% (PAT)

The balance sheet remains healthy, though borrowings rose to **RM1.29bn**, lifting net gearing to **0.37x**, still below management's internal comfort level of 0.40x. Liquidity improved, with a current ratio of 1.82x and cash balances of **RM549.1m**, providing sufficient flexibility for upcoming launches and strategic land acquisitions. Going into 2H2025, focus will be on **converting bookings into billings**, replenishing the unbilled sales book, and maintaining margin resilience to sustain earnings visibility amid a competitive property market.

Valuations

We derived a fair of **of RM0.64**, representing a **75% discount** to our estimated revalued net asset value (RNAV) of RM2.54 per share. The steep discount reflects prevailing **macroeconomic uncertainties** and the **challenging outlook for the property sector** in the near term. From a **valuation perspective**, our TP implies a **FY25-26E forward P/E range of 5.25x–6.0x**, which is significantly below the broader property sector average of **11.3x–12.5x** and well beneath the **16.0x–21.4x** range of selected property developer peers. On a **price-to-book (P/B) basis**, our TP corresponds to an **FY25-26E forward P/B of 0.3x**, which remains at a notable discount to the sector average of **0.6x** and peer average of **0.7x**. Currently, LBS trades at **FY24 P/E of 6.0x** and **P/B of 0.3x**, well below its peer group valuations, underscoring an **undemanding entry point** for investors. At current levels, **dividend yields are attractive at 5–6% (vs selected peers average of 3.1-3.5%)**, further enhancing the total return proposition. With **robust earnings visibility**, a **substantial landbank**, and a **large total GDV of RM34 billion** (of which **58% is located in the rapidly developing Klang Valley and Johor regions**).

Recommendation:

We initiate coverage on **LBS Bina Group (LBS)** with a **BUY** call and a **target price of RM0.64** as we believe LBS is **well-positioned in the property market** as market conditions stabilize and investor sentiment improves. The company offers compelling upside potential for investors seeking exposure to Malaysia's property market recovery.



Table 1: RNAV Model Valuation

Valuation	RNAV (RMm)
Property development (DCF @ 10.2% WACC)	2,626.9
Shareholder fund/ equity (inclusive of irredeemable convertible preference share)	1629.7
Total RNAV	4,256.6
Enlarged share capital inclusive of redeemable convertible preference share conversion and treasury shares (m units)	1,672.76
RNAV per share	2.54
Targeted discount to RNAV	75%
ESG Premium	0%
Intrinsic value per share	0.64
Current market price	0.45
Upside	41%
Source: Company, Mercury	

Peer Comparison (as at 25th September 2025)

	Bl'mbg Ticker	S'hr Price	MktCap Rm'm)	EPS Growth (%)		P/E(x)		P/B (x)		ROE (%)		Dividend Yield (%)	
EcoWorld Development	ECW MK	2.2	6,707	36.0	23.0	15.7	12.8	1.3	1.2	8.6	10.2	3.1	3.3
SP Setia	SPSB MK	1.1	5,253	(21.1)	15.8	13.8	11.9	0.4	0.4	2.6	2.9	1.7	2.1
UOA Development Group	UOAD MK	1.8	4,779	4.7	12.7	15.3	13.5	0.8	0.8	5.4	6.0	6.1	6.1
UEM Sunrise	UEMS MK	0.8	3,870	1.9	19.0	36.4	30.6	0.6	0.5	1.5	1.8	1.6	1.8
Mah Sing Group	MSGB MK	1.1	2,919	13.2	8.3	10.6	9.7	0.7	0.7	6.7	7.3	4.2	4.6
Matrix Concept	MCH MK	1.4	2,609	14.4	4.3	9.8	9.4	1.2	1.1	10.7	11.2	5.4	5.7
Malaysia Resources Corp.	MRC MK	0.5	2,435	(37.1)	88.9	60.6	32.1	0.5	0.5	0.9	1.4	1.7	1.8
Eastern Oriental	EAST MK	0.8	2,031	48.5	9.2	8.9	8.2	0.7	0.6	8.0	7.3	0.9	2.1
Average				7.6	22.6	21.4	16.0	0.8	0.7	5.5	6.0	3.1	3.5
LBS Bina	LBS MK	0.46	168.4	0.0	2.9	6.7	6.5	0.4	0.4	5.9	6.0	4.3	4.3

Source: Company, Mercury Securities

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Company Background

Residential property developer. LBS is a property developer which focuses on multi-phase and large-scale township development. Since the first venture into the property development business activities in 1992, LBS has successfully launched a number of notable township development projects includes township development in Bandar Saujana Putra (850 acres), LBS Alam Perdana, Bandar Puncak Alam (469.8 acres) and Kita @ Cybersouth (663 acres). Other than township development, LBS also involved in the affordable housing development via its subsidiary, MGB Berhad that focuses on the affordable housing development under the Rumah Selangorku initiatives via collaborations with the Selangor state government and other property developers.

Construction and trading segment. LBS, through its in-house contractor, MGB Berhad which involves in the provision of full-range of construction and engineering services for all types of property development including residential (landed or high-rises), industrial and commercial buildings as well as pre-construction activities such as earthworks and piling.

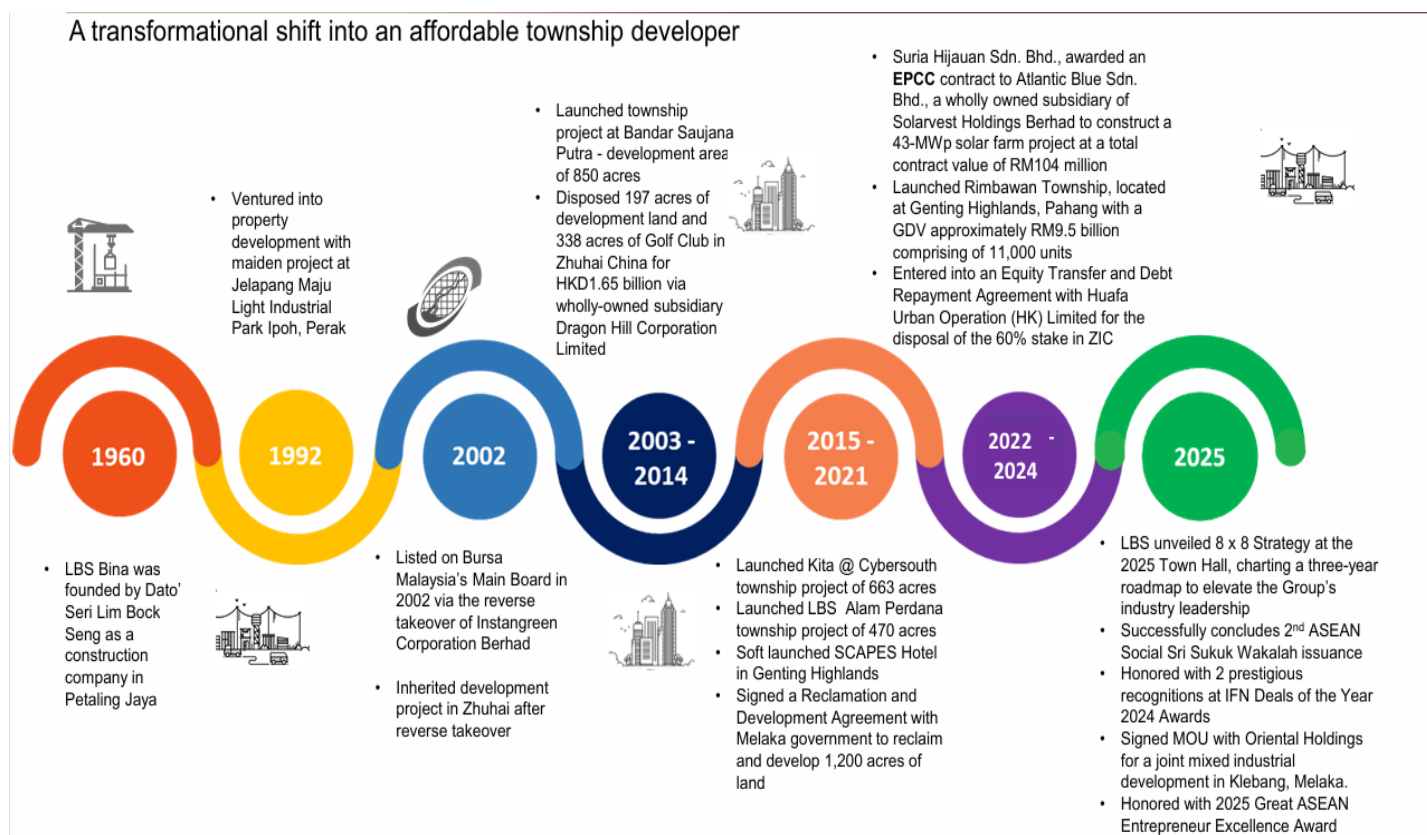
Hotel management services. LBS also owns and operates a 10-storey and 176 rooms SCAPES Hotel with ample of amenities which locates in the Genting Highland, Pahang.

Discontinued operations. LBS via its previously wholly-owned subsidiary namely the Lamdeal Investments Limited (LIL) owned 60% equity interest and operated the Zhuhai International Circuit (ZIC) located at Jin Ding town in Zhuhai City, Guangdong Province, China. However, LBS was subsequently disposed its investment in LIL in the year 2024 and recorded an one-off gain after tax of approximately RM156.12m.

Other segments. Under this segment, it encompasses retail mall and car park operations, treasury management services, financial services, and rental income from property management. A key asset within this segment is the M3 shopping mall in Taman Melati, Kuala Lumpur, which remains a steady earnings contributor. In 2024, the mall recorded an occupancy rate of 98% (2023: 100%), reflecting its resilient demand profile despite marginal attrition. Strategically positioned within a densely populated catchment area, M3 Mall continues to cater to local residents with a diversified tenant mix across retail, F&B, leisure, and recreational offerings, generating stable recurring income for LBS.

Property development business remains the core revenue driver of LBS with revenue contribution of approximately 95% in FY24.

Figure 15: Corporate Milestone



Source: Company

Figure 16: Foundation of LBS' philosophy



Source: Company

Table 2: Key Management Team

Name and Designation	Profile
Tan Sri Dato' Sri IR. (DR.) Lim Hock San Group Executive Chairman	Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San graduated with First Class Honours in Civil Engineering from the University of Wales, Science & Technology (UWIST), UK, in 1982. Upon returning to Malaysia, he joined his family business, which then focused on lorry transportation and construction. Under his leadership, the company expanded over two decades into property development, insurance, and tourism. Appointed Managing Director in 2001, he drove LBS to become a leading property developer, later assuming the role of Executive Chairman in 2021 and Group Executive Chairman of both LBS and MGB Berhad in January 2024. His achievements have been recognized with numerous awards, including the British Steel Corporation Competition prize (1982), Platinum Entrepreneur Award (2011), Asia Pacific Entrepreneurship Award (2012), multiple IAIR leadership awards, and lifetime achievement recognitions such as the BrandLaureate Hall of Fame and World Chinese Economic Summit Award.
Datuk Wira Lim Hock Guan Group Managing Director/CEO	Datuk Wira Lim Hock Guan, a Civil Engineering graduate from Tennessee Technological University, began his career as a civil engineer before venturing into property development. Appointed Executive Director of LBS in 2001, he rose to Managing Director in 2021 and later became Group Managing Director/CEO in 2022. With over 30 years of experience, he has been pivotal in LBS' growth, particularly in establishing its presence as a leading property developer in the Klang Valley. He oversees operations, drives strategic initiatives, champions digital transformation, and promotes sustainability within the Group. A substantial shareholder and member of LBS' Sustainability Committee, he also serves as Group Managing Director of MGB Berhad and holds various directorships. Beyond business, he is active in community work as Vice President of the Malaysia-Guangdong Chamber of Investment Promotion and is a certified sharpshooter with the National Rifle Association.
Dato' Sri Lim Hock Seong Deputy CEO	Dato' Sri Lim, a Diploma holder in Telecommunication and Computer Engineering from Kolej Damansara Utama, was appointed Executive Director of LBS in 2001 before being re-designated as Deputy Chief Executive Officer in 2022 to support the company's corporate governance efforts. He oversees property development projects in Perak, managing planning, implementation, and daily operations. Recognized for his contributions to social development, he was conferred the Darjah Kebesaran Sri Sultan Ahmad Shah Pahang in 2017. Actively involved in community service, he participates in various charitable and non-profit organizations, including Yayasan Ang Koai Selangor and the Malaysian Chinese Association. He also sits on the boards of several LBS subsidiaries.
Lim Kim Kiat Deputy CEO	Lim Kim Kiat graduated with an Honours Degree in Engineering Management (Mechanical & Manufacturing) from The University of Melbourne in 2008 and began his career with LBS in 2009 in the Corporate Finance Department. Over the years, he gained extensive experience in corporate planning, financing, treasury management, risk management, investor relations, and digital transformation initiatives. Promoted to General Manager of Treasury in 2019, he later became Executive Director in 2021 before being re-designated as Deputy Chief Executive Officer in January 2022 to focus on strategic planning and execution. He also oversees LBS' digitalisation efforts and sits on the boards of several subsidiaries
Source: Company	



Key Risks

Key Risks

Subdued property sales. A softer domestic economic outlook and the prevailing property overhang could dampen demand for LBS's property projects, leading to slower launches and weaker take-up rates. Given that revenue is primarily recognised on a percentage-of-completion basis and closely tied to sales uptake, muted booking momentum may delay revenue recognition and weigh on cash flow visibility. As property development remains the group's core earnings driver, weaker-than-expected sales could materially impact overall performance.

Construction cost fluctuations. LBS remains exposed to volatility in construction materials and labour costs, which may erode margins if not passed on to buyers. Extended project timelines could further compound cost risks, raising the likelihood of overruns. However, the group seeks to mitigate these pressures by incorporating cost fluctuation assumptions into project planning and tenders, providing some cushion to protect profitability.

Project launches and completion delay. LBS also faces execution risks from potential delays in new launches or project completion, stemming from slower approvals, subcontractor underperformance, or material shortages. Such delays could defer revenue recognition and weigh on earnings delivery, particularly if disruptions are prolonged.

Swot Analysis	
S STRENGTHS	W WEAKNESS
<ul style="list-style-type: none">Established brand, strong landbank, financial resilience, low unsold inventory, efficient IBS system, supportive government policies.	<ul style="list-style-type: none">Heavy reliance on property development, declining unbilled sales, geographic concentration, execution risk for mega projects
T THREATS	O OPPORTUNITIES
<ul style="list-style-type: none">Macroeconomic downturn, construction cost volatility, regulatory delays, competitive pressure, ESG implementation challenges	<ul style="list-style-type: none">Affordable housing demand, 8x8 strategy, renewable energy diversification, attractive valuation, urbanization growth

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Sustainability Review

Key Performance achieved in FY24

Environmental Initiatives (E) – Climate Resilience and Decarbonisation

LBS has articulated a Net Zero Carbon Emissions by 2050 Roadmap, supported by a structured approach involving short-, medium-, and long-term targets. Its environmental strategy focuses on reducing carbon intensity, enhancing resource efficiency, and integrating sustainability into its development lifecycle.

LBS has also taken proactive steps in climate risk management by conducting site-specific climate risk assessments for selected developments, such as Astella and Prestige Residence. These assessments help identify operational vulnerabilities and ensure that climate considerations are embedded in project design and construction planning.




- **Renewable Energy Projects**
 -  43-MWp solar farm launched in Negeri Sembilan under CGPP to support Malaysia's green energy transition.
 -  Secured **28.67 MW** of renewable energy capacity under CGPP initiatives.
 -  RM1.03 million invested in solar PV installations at two operational sites – achieved **RM29,000** in savings within three months of operation. *Scaling up still in progress.*
- **Waste & Resource Management**
 -  **123 tonnes** of waste recycled/diverted from landfills since 2019.
 -  6% of HQ energy consumption (**55,505 kWh**) sourced from renewable solar energy.
 -  **Green Mission Programme** initiated to integrate water efficiency, waste reduction, and biodiversity protection — implementation ongoing across all project sites.
- **Biodiversity & Carbon Sequestration**
 -  **5,783 trees planted** at project sites to improve biodiversity and natural carbon capture.
- **Climate Risk Management**
 -  Conducted **site-specific climate risk assessments** for four projects (e.g., Astella, Prestige Residence).
 -  Findings integrated into future project designs — broader rollout across all developments planned for coming years.
- **Net Zero Commitment**
 -  **Net Zero Carbon Emissions by 2050 Roadmap** launched with clear short-, medium-, and long-term targets.
 - Initial target of **5% reduction in energy and carbon intensity** by 2025 is underway but not yet achieved.

Social Initiatives – Community and Workforce Empowerment

LBS remains committed to fostering inclusivity and building strong communities. Its Sustainable Tenancy Initiative at M3 Shopping Mall encourages tenants to adopt energy-efficient practices, extending sustainability efforts beyond green buildings to entire communities.

Workforce well-being is prioritised through occupational safety measures, such as providing cooling areas and hydration stations at construction sites to mitigate heat-related health risks identified during climate assessments. LBS also promotes diversity, equity, and inclusion (DEI), while continuously investing in talent development programmes to strengthen its human capital.

Community engagement remains central to LBS' social strategy, with initiatives supporting local economic development, education, and social welfare. These actions align with several United Nations Sustainable Development Goals (UNSDGs), including sustainable cities, affordable housing, and decent work.

- **Sustainable Tenancy & Green Communities**
 -  **Sustainable Tenancy Initiative** introduced at M3 Shopping Mall to encourage tenants to adopt energy-saving practices — still in early implementation phase.
- **Workforce Safety & Well-Being**
 -  Cooling areas and hydration stations deployed at construction sites to mitigate heat-related occupational risks identified through climate assessments.
 -  Expansion of occupational health & safety (OSH) measures across all sites in progress.



- **Diversity, Equity & Inclusion (DEI)**
 - Policies in place to promote DEI in recruitment and workforce management — still developing measurable outcomes and KPIs.
- **Community Engagement**
 - Ongoing initiatives supporting local economic development, education, and social welfare programmes aligned with **UNSDGs**.
 - Impact measurement and reporting being improved for greater transparency.

Governance (G) – Strong Oversight and Ethical Practices

LBS has established a robust governance framework to ensure accountability and transparency across all levels of the organisation. The Board Sustainability Committee (BSC), chaired by an Executive Director, oversees ESG initiatives and climate-related risk management, supported by the Group Sustainability (GS) Department

Key governance highlights include:

- A comprehensive Sustainability Governance Framework aligned with Bursa Malaysia's SRG3 guidelines.
- Implementation of an Anti-Bribery and Corruption (ABC) Policy and Conflict of Interest Policy to uphold integrity.
- Early adoption of the Centralised Sustainability Intelligence (CSI) Platform, improving supply chain accountability.
- Clear separation of roles between the Group Executive Chairman and Group Managing Director/CEO, promoting balanced leadership and independent decision-making
- **Sustainability Oversight**
 - **Board Sustainability Committee (BSC)** established, chaired by an Executive Director, providing direct oversight of ESG strategies and climate risks.
 - **Group Sustainability (GS) Department** coordinates sustainability efforts across business units.
- **Policy Implementation**
 - **Anti-Bribery and Corruption (ABC) Policy** and **Conflict of Interest Policy** adopted and enforced.
 - Directors and employees required to sign integrity pledges annually.
- **Supply Chain Transparency**
 - Early adoption of **Centralised Sustainability Intelligence (CSI) Platform** to track supplier sustainability performance — rollout ongoing.
- **Corporate Governance Practices**
 - Clear separation of roles between **Group Executive Chairman** and **Group Managing Director/CEO** to ensure balanced leadership.
 - Compliance with **Bursa Malaysia SRG3 guidelines** and Malaysian Code on Corporate Governance (MCCG 2021).

Summary of Progress

ESG Pillar	Key Progress Made	Current Status
Environmental	Renewable energy projects, waste management, biodiversity efforts, climate risk assessments	Moderate progress, several initiatives ongoing
Social	Workforce safety, green tenancy programme, community engagement	Early to moderate progress, with scaling required
Governance	Strong governance framework, policies, and sustainability oversight	Advanced progress, well-established structures



An Ongoing ESG Journey

LBS has made significant strides in embedding ESG principles into its core operations, evidenced by its achievements in renewable energy adoption, sustainable financing, community development, and governance excellence. The Group's initiatives, such as its Net Zero Carbon Emissions by 2050 Roadmap, Green Mission Programme, and SRI Sukuk Wakalah, demonstrate a clear strategic intent to align with global best practices and stakeholder expectations.

However, while progress has been commendable, LBS' ESG journey remains ongoing rather than complete. Many initiatives, including climate risk management, supply chain transparency, and tenant sustainability programmes, are still in the early stages of implementation. Continued focus and investment will be required to meet its long-term targets and ensure tangible outcomes.

Overall, LBS has laid a strong foundation for sustainability, positioning itself as a responsible developer. Yet, achieving full ESG maturity will depend on the Group's ability to maintain momentum, expand coverage across its value chain, and consistently deliver measurable environmental and social impact in the years ahead.

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Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2023A	2024A	2025E	2026E	2027E	FY Dec	2023A	2024A	2025E	2026E	2027E
Revenue	1,806	1,435	1,281	1,505	1,580	Growth					
EBITDA	356.6	297.4	270.2	285.2	288.1	Turnover	5%	-21%	-11%	17%	5%
Depreciation & Amortz	39.6	39.2	43.1	36.2	31.4	EBITDA	12%	-17%	-9%	6%	1%
Operating Profit	314.3	255.5	227.1	248.9	256.7	Operating Profit	14%	-19%	-11%	10%	3%
Interest Inc/(Exp)	(54.9)	(29.9)	(61.5)	(61.5)	(61.5)	PBT	15%	-23%	-20%	14%	4%
Assoc Earnings	0.51	0.32	0.32	0.32	0.32	Core Net Profit	22%	-35%	7%	14%	4%
Profit Before Tax	249.4	190.9	152.3	174.1	181.9						
Taxation	(82.1)	(82.4)	(36.6)	(41.8)	(43.7)	Profitability					
Net Profit	159.4	265.9	115.7	132.3	138.2	Gross Profit Margin	28%	34%	34%	33%	33%
Core PATAMI	159.4	265.9	115.7	132.3	138.2	EBITDA Margin	20%	21%	21%	19%	18%
						Operating Margin	17%	18%	18%	17%	16%
						PBT Margin	14%	13%	12%	12%	12%
						Core Net Margin	9%	8%	9%	9%	9%
						Effective Tax Rate	-33%	0%	0%	0%	0%
						ROA	4%	2%	3%	3%	3%
						ROE	9%	5%	5%	6%	6%
						Leverage					
						Debt/Asset (x)	0.16	0.22	0.22	0.21	0.20
						Debt/Equity (x)	0.38	0.46	0.44	0.42	0.40
						Net (Cash)/Debt	0.67	0.63	0.13	0.09	(0.01)
						Net Debt/Equity (x)	0.25	0.29	0.06	0.04	0.00
						Valuations					
						Core EPS (sen)	9.53	7.03	7.50	8.57	8.96
						NDPS (sen)	2.70	4.70	2.25	2.57	2.69
						BV/sh (RM)	1.10	1.36	1.41	1.47	1.53
						PER (x)	4.72	6.40	6.00	5.25	5.02
						Div. Yield (%)	6.0%	10.4%	5.0%	5.7%	6.0%
						PBV (x)	0.41	0.33	0.32	0.31	0.29
						EV/EBITDA	3.42	4.37	3.02	2.73	2.39
Cashflow Statement											
FY Mar (RM m)											
Operating CF	663.3	(23.5)	309.9	88.7	142.8						
Investing CF	(85.8)	(184.4)	(9.7)	(11.4)	(12.0)						
Financing CF	(285.6)	164.1	(34.7)	(39.7)	(41.5)						
Change In Cash	291.9	(43.8)	265.4	37.6	89.4						
Free CF	650.7	(32.6)	301.8	79.2	132.9						

Source: Mercury Securities



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