LBS Bina Group Bhd

Company Update
BUY (↔)
research@mersec.com.my
Friday, February 27, 2026
Price: RM 0.45
Target Price: RM 0.64(↔)

Enhanced Payouts and Deep Value Visibility

Post-12MFY25 briefing key takeaways include: (i) strategic transformation: the 8x8 corporate roadmap; (ii) enhanced shareholder returns and (iii) concrete earnings visibility. We remain positive on LBS's 8 x 8 Strategy, which focuses on optimised land utilisation, township expansion, and a diversified product mix. Reiterate BUY with an unchanged RNAV-based TP of RM0.64 with an attractive dividend yield of 7%-8%.

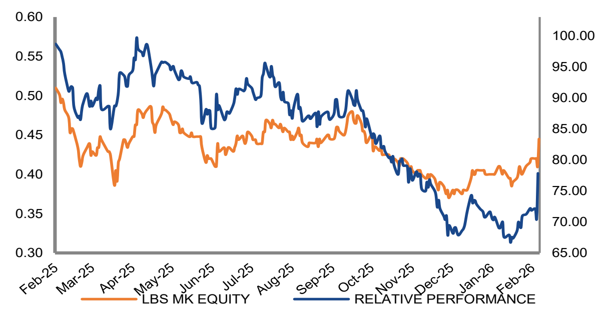
We attended LBS's 4QFY25 post results briefing and gathered several key insights on its operational developments and outlook. The key takeaways include:

1. **Strategic Transformation: The 8x8 Corporate Roadmap.** To recap, LBS Bina Group has officially embarked on its "8x8 Strategy," a comprehensive three-year corporate roadmap (2025–2027) designed to scale its property development business and diversify its revenue base. Under this strategy, the group is committed to launch RM8.0bn worth of projects over the three-year period, focusing on a diverse mix of residential high-rise and landed homes alongside state-of-the-art industrial and commercial hubs. Management is actively pivoting toward high-value developments and asset-light strategies. The disposal of a 3.5-acre land parcel in Johor is currently in progress, with the resulting profit expected to be recognized in 3QFY26. Looking ahead, the Group is preparing to launch 2,922 residential units at Kwasa Damansara with an estimated GDV exceeding RM8bn, though first-phase low-density products are only slated for 2027. Furthermore, the Klebang JV with Oriental Holdings introduces a RM7bn industrial mixed-use element to the portfolio, while the 43-MWp solar farm remains on track for grid connection by the end of this year under the CGPP deadline.

2. **Enhanced Shareholder Returns.** LBS is transitioning into a period of higher shareholder returns, as management has increased the dividend payout ratio from 30% to 40% of core earnings, beginning FY25. For the current financial year, the group has proposed a dividend of 3.30 sen per share. This is accompanied by capital management initiatives, including the cancellation of 10m treasury shares to enhance EPS accretion, eliminate dilution risk, strengthened capital discipline and reinforcing intrinsic value.

3. **High Earnings Visibility.** The group continues to demonstrate strong sales momentum and high visibility, having achieved RM1.42bn in property sales for FY25. As of 24 February 2026, YTD sales for 2026 have already reached RM163m, supported by a robust booking pipeline of RM252m. Revenue visibility remains anchored by unbilled sales of RM1.29bn as of January 2026. The group's 19 ongoing projects, which carry a total GDV of RM4.3bn, maintain a healthy average take-up rate of 79%, with top-performing projects such as Idaman (MGB) and KITA @ Cybersouth reaching 95% and 87% take-up, respectively. Furthermore, LBS has maintained strict inventory discipline, with unsold completed stock standing at just RM120m, representing a mere 1.5% of the total units launched over the past four years.

Share Price Performance



Business Overview

LBS Bina Group Berhad is a Malaysian property developer primarily focused on affordable and mid-range residential housing, supported by a strong presence in key growth corridors such as Klang Valley, Johor, and Pahang. Known for its township developments (e.g., Bandar Saujana Putra).

Return Information			
KLCI (pts)			1,740.94
YTD KLCI chg.			3.6%
YTD Stock Price chg.			17.1%
Price Performance	**1M**	**3M**	**12M**
Absolute (%)	8.5%	9.9%	-9.4%
Relative to KLCI (%)	8.7%	1.9%	-20.4%

Stock Information	
Market Cap (RM m)	681.5
Issued Shares (m)	1,541.7
52-week High (RM)	0.53
52-week Low (RM)	0.37
Est. Free Float (%)	52%
Beta vs FBM KLCI	1.0
3-month Avg Vol. (m)	2,863,424
Shariah Compliant	Yes
Bloomberg Ticker	LBS MK

Top 3 Shareholders	%
Gaterich Sdn Bhd	37.7%
KWAP	7.7%
Sri Lim Hock San	3.1%

FY Mar (RM m)	FY25A	FY26E	FY27E
Revenue	1,553.6	1,504.7	1,579.9
EBITDA	299.2	298.3	306.7
PBT	288.4	262.1	275.3
Net Profit	224.6	189.6	202.8
Core Net Profit	137.9	144.1	154.1
Consensus Net Profit	-	117.5	130.0
Earnings Revision (%)	-	*9%*	
Core EPS (sen)	8.9	9.3	10.0
Core EPS Growth (%)	27.1	4.5	7.0
Net DPS (sen)	3.3	3.3	3.5
BV Per Share (sen)	131	137	144
Net Div. Yield (%)	7.4	7.3	7.9
P/E (x)	4.98	4.77	4.46
ROE (%)	6.8	6.8	6.9

Outlook. We remain enthusiastic about LBS's 8 x 8 Strategy, as the Group enters CY2026 with robust sales of RM1.4bn and resilient core earnings growth. The Group's earnings visibility is supported by RM1.27bn in unbilled sales (c1.18x versus FY26E revenue) and a 3,970-acre landbank. Additionally, the planned RM110m land monetization in Johor strengthens the balance sheet and is expected to result in an RM45m gain in FY2026. The approval of the Kwasa Damansara development rights by the EGM (with a GDV potential of about RM8.3bn) significantly improves LBS's long-term NAV. Although launches are not scheduled until 2027, the pre-development phase in 2026 is crucial for positioning as a developer of integrated, high-value urban townships.

Earnings. FY26E earnings revised higher (+9%) to RM144m on improved profitability margins and lower funding costs.

Valuation. We retained our 75% discount to our estimated revalued net asset value (RNAV) of RM2.54 per share. Our TP (RM0.64) implies a FY26E forward P/E range of 6.8x 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. **Undemanding valuations and a prospective dividend yield of 7%-8%, we reiterate our BUY call.**

Investment Case. We like LBS for its compelling risk-reward, supported by a i) healthy unbilled sales pipeline and strong launch across residential, commercial, and industrial segments, ii) leadership in affordable housing, while iii) disciplined financial management and landbank optimisation under the 8 x 8 Strategy.

Key Risks include: (i) Subdued property sales, b) Construction cost fluctuations and c) Project launches and completion delay.

RNAV Valuation table:

Valuation	RNAV (RM m)
Property development (DCF @ 12% WACC)	2,626.9
Shareholder fund/ equity (inclusive of irredemable convertible preference share)	1629.7
Total RNAV	4,256.6
Enlarged share capital inclusive of irredeemable convertible preference share conversion (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	0.445
Upside	43%

Key Financial Data

Balance Sheet

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
PPE	53.8	104.0	98.5	67.1	56.8
Trade and other receivables	449.2	506.5	561.2	501.6	526.6
Contract Assets	456.7	416.7	370.5	501.6	526.6
Tax asset	19.2	29.2	35.2	35.2	35.2
Other assets	3,135.1	3,070.3	2,716.7	2,845.2	2,866.1
Deposit, bank and cash	156.4	220.3	653.2	765.5	841.7
Assets	**4,270.4**	**4,347.1**	**4,435.3**	**4,716.1**	**4,853.1**
LT borrowings	157.3	369.0	935.5	935.5	935.5
ST borrowings	445.0	363.0	333.6	333.6	333.6
Payables	1,120.2	941.7	791.8	995.4	1,048.8
Other liabilities	702.4	581.1	349.4	349.4	349.4
Liabilities	**2,425.0**	**2,254.8**	**2,410.4**	**2,614.0**	**2,667.4**
Share capital	922.9	922.9	922.9	922.9	922.9
Reserves and retained earnin	544.7	722.0	788.4	867.9	951.4
Shareholder's equity	**1,455.6**	**1,629.7**	**1,691.8**	**1,771.3**	**1,854.9**
NCI	166.8	239.6	240.1	240.1	240.1
Equity	**1,845.4**	**2,092.2**	**2,024.9**	**2,104.4**	**2,188.0**
Equity and Liabilities	**4,270.4**	**4,347.1**	**4,435.3**	**4,718.4**	**4,855.4**

Cash Flow Statement

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
Profit before taxation	249.4	190.9	224.6	149.3	157.1
Depreciation & amortisation	13.2	14.4	5.7	24.2	20.2
Changes in working capital	466.6	(132.9)	(15.4)	88.5	(26.8)
Net interest received/ (paid)	(54.9)	(29.9)	(36.5)	(87.2)	(87.2)
Share of associate profits	-	-	-	-	-
Tax paid	(110.0)	(101.1)	(95.5)	(35.8)	(37.7)
Others	99.1	35.0	(14.0)	99.2	98.4
Operating Cash Flow	**663.3**	**(23.5)**	**69.0**	**238.2**	**124.0**
Capex	(12.6)	(9.0)	(12.6)	(9.5)	(10.0)
Others	(73.2)	(175.4)	(160.5)	(1.9)	(2.0)
Investing Cash Flow	**(85.8)**	**(184.4)**	**(173.1)**	**(11.4)**	**(12.0)**
Issuance of shares	-	-	-	-	-
Changes in borrowings	(155.7)	130.1	314.3	-	-
Dividends paid	(37.7)	(82.0)	(32.4)	(34.0)	(35.8)
Others	(92.2)	116.1	(169.5)	-	-
Financing Cash Flow	**(285.6)**	**164.1**	**112.3**	**(34.0)**	**(35.8)**
Net cash flow	291.9	(43.8)	8.2	192.8	76.2
Forex	-	-	-	-	-
Beginning cash	261.5	554.8	511.5	516.4	709.2
Ending cash	**553.4**	**511.1**	**519.7**	**709.2**	**785.4**

Income Statement

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
Revenue	1,806.1	1,434.7	1,553.6	1,504.7	1,579.9
EBITDA	356.6	297.4	299.2	285.2	288.1
Depn & amort	13.2	14.4	5.7	24.2	20.2
Net interest expense	(65.4)	(64.9)	(63.8)	(99.9)	(99.9)
Associates & JV	0.5	0.3	0.0	0.3	0.3
EI	-	-	-	-	-
Pretax profit	**249.4**	**190.9**	**224.6**	**149.3**	**157.1**
Taxation	(82.1)	(82.4)	(86.7)	(35.8)	(37.7)
MI	-	-	-	-	-
Net profit	**159.4**	**265.9**	**137.9**	**113.5**	**119.4**
Core net profit	**159.4**	**108.5**	**137.9**	**113.5**	**119.4**

Key Statistics & Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
Growth					
Revenue	4.8%	-20.6%	8.3%	17.4%	5.0%
EBITDA	12.5%	-16.6%	0.6%	19.8%	1.0%
Pretax profit	15.0%	-23.5%	12.9%	17.1%	5.2%
Net profit	21.7%	-35.2%	17.6%	17.1%	5.2%
Core EPS Growth	15.9%	-29.7%	27.1%	17.1%	5.2%
Profitability					
EBITDA margin	19.7%	20.7%	18.6%	19.0%	18.2%
Net profit margin	9.3%	7.6%	7.6%	7.5%	7.6%
Effective tax rate	32.9%	43.2%	24.0%	24.0%	24.0%
ROA	3.7%	2.5%	2.2%	2.4%	2.5%
ROE	8.64	12.71	4.79	5.39	5.46
Leverage					
Debt/ Assets (x)	0.16	0.22	0.29	0.29	0.27
Debt/ Equity (x)	0.38	0.46	0.63	0.63	0.60
Net debt/ equity (x)	0.25	0.29	0.30	0.24	0.20

Key Drivers

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
Unbilled Sales (RM m)	1,999	1,684	1,270	1,725	1,812
GP margin	28.3%	33.9%	31.2%	32.7%	32.6%
PAT margin	9.3%	7.6%	8.9%	7.5%	7.6%

Valuation

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	10.0	7.0	8.9	7.4	7.7
Core EPS (sen)	9.5	7.0	8.9	7.4	7.7
P/E (x)	4.7	6.3	5.0	6.1	5.8
EV/ EBITDA (x)	3.2	4.3	4.4	4.2	3.9
Net DPS (sen)	2.7	4.7	1.9	2.2	2.3
Yield	6.1%	10.6%	4.2%	5.0%	5.2%
BV per share (RM)	1.20	1.36	1.21	1.26	1.31
P/BV (x)	0.4	0.3	0.4	0.4	0.3

Source: Mercury Securities, Bloomberg

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