Results Note
BUY (↔)
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Thursday, February 26, 2026
Price: RM 0.41
Target Price: RM 0.64 (↔)

LBS Bina Group Bhd

Entering FY26 with Stronger Footing

LBS's 12MFY25 core net profit of RM125.2m was above expectations. The unbilled property sales as of Dec 2025 stood strongly at RM1.27bn, with the monetisation of a two-land parcel in Johor expected to be recognised by FY26 providing steady earnings visibility. No change to forecast pending a company update today. Subsequently, we maintain our BUY recommendation with an unchanged RNAV-based TP of RM0.64.

12MFY25 results were above expectations, with core net profit of RM125.2m accounting for 108%/111% of ours/consensus full year estimates. The variance came from the higher-than-expected billing progress. Property development dominated earnings, making up 94% of Group revenue. However, dividend declared was below expectations, coming in at DPS of 1.3 sen (interim) in the 4Q for FY25 (FY24: 4.7 sen).

YoY, FY25 revenue grew 8.3%, mainly attributable to a 6% growth in the Property development segment, driven by the Group's Klang Valley development projects. Core earnings from continuing operations rose 11%, on the back of a one-off foreign exchange loss incurred from the intra-group loan settlement in 4QFY24, which led to the disposal of Lamdeal Investment Limited. Additionally, LBS benefitted from the lower tax rate at c.39% (FY24: c.43%). The Construction and Trading segment registered a higher LAT of RM29m (FY24: RM2m), as certain projects were nearing completion, with additional costs incurred by a foreign subsidiary.

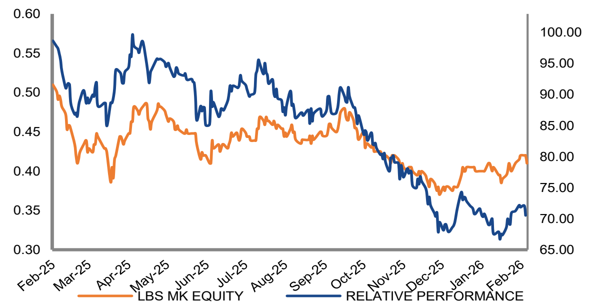
QoQ, topline and bottomline rose 2% and 39% respectively, driven by the accelerated development activities in on-going projects and realisation of cost savings for completed projects. The Group's GP margins rose 9ppts to 34% while EBITDA margins rose 5 ppts partly from lower funding costs at c.RM15m vs c.RM21m in 3QFY25. PAT margin rose 2ppts mitigated by higher ETR of 43% (3QFY25: 35%).

Outlook. We continue to be optimistic on LBS's 8 x 8 Strategy, as the Group enters 2026 with a strong footing, backed by total sales amounting to RM1.4bn and resilient core earnings growth. The Group's earnings visibility is firmly anchored by RM1.27bn in unbilled sales (c1.18x against our FY26E revenue) and a vast 3,970-acre landbank, while the strategic RM110m land monetization in Johor provides a fortified balance sheet and an anticipated RM45m gain to be recognized in FY2026. The EGM approval for the Kwasa Damansara development rights (GDV potential of c.RM8.3bn) significantly upgrades LBS's long-term NAV. While launches are only slated for 2027, the pre-development phase in 2026 will be a key period for market positioning as a developer of integrated, high-value urban townships.

Forecast. FY26E earnings unchanged pending a company update today.

Maintain BUY with a RNAV-derived TP of RM0.64. We retained our 75% discount to our estimated revalued net asset value (RNAV) of RM2.54 per share. Our TP implies a FY25–26E forward P/E of 5.25x–6.0x, well below the broader property sector's 11.3x–12.5x and the 16.0x–21.4x range of selected developer peers. The sizeable discount reflects ongoing macro uncertainties and the subdued near-term sector outlook.

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)	1,747.81
YTD KLCI chg.	4.0%
YTD Stock Price chg.	7.9%

Price Performance	1M	3M	12M
Absolute (%)	0.0%	1.2%	-16.5%
Relative to KLCI (%)	-0.2%	-7.2%	-28.0%

Stock Information	
Market Cap (RM m)	628.0
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.	2,881,829
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 Dec (RM m)	FY25A	FY26E	FY27E
Revenue	1,553.6	1,504.7	1,579.9
EBITDA	299.2	285.2	288.1
PBT	224.6	174.1	181.9
Net Profit	137.9	132.3	138.2
Core Net Profit	137.9	132.3	138.2
Consensus Net Profit	-	117.5	130.0
Earnings Revision (%)	-	-	-
Core EPS (sen)	8.9	7.4	7.7
Core EPS Growth (%)	27.1	17.1	5.2
Net DPS (sen)	1.3	2.2	2.3
BV Per Share (sen)	4.6	5.6	5.3
Net Div. Yield (%)	3.2	5.4	5.7
P/E (x)	4.6	5.6	5.3
ROE (%)	6.8	5.4	5.5

Investment Case. We continue to favour 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, (ii) Construction cost fluctuations and (iii) Project launches and completion delay.

Results Highlights

Y/E: DEC (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	12M25	12M24	YoY Chg
Turnover	**462.3**	**452.3**	**2.2%**	**287.1**	**61.0%**	**1,553.6**	**1,434.7**	**8.3%**
Gross Profit	**156.9**	**112.8**	**39.1%**	**113.7**	**38.0%**	**485.0**	**482.6**	**0.5%**
OPEX	**-11.6**	**-17.6**	**-33.9%**	**-10.6**	**9.4%**	**-51.1**	**-51.5**	**-0.8%**
EBITDA	100.4	75.8	32.3%	37.0	170.9%	100.4	37.0	170.9%
EBIT	89.5	65.4	36.9%	27.1	229.7%	275.6	239.8	15.0%
PBT/(LBT)	**77.9**	**47.8**	**62.8%**	**16.5**	**371.0%**	**224.6**	**188.3**	**19.3%**
Taxation	-33.2	-16.7	98.1%	-3.5	848.0%	-86.7	-63.4	36.8%
Net Profit	**44.7**	**31.1**	**43.9%**	**13.0**	**243.1%**	**137.9**	**263.1**	**-47.6%**
Core net profit	**40.6**	**29.3**	**38.8%**	**9.6**	**322.5%**	**125.2**	**112.7**	**11.2%**
Core EPS (sen)	2.6	1.9	38.8%	0.6	323.3%	8.1	7.3	11.1%
DPS (sen)	1.3	0.0		2.1				
Gross Margin	33.9%	24.9%		39.6%		31.2%	33.6%	
Opex	-2.5%	-3.9%		-3.7%		-3.3%	-3.6%	
EBITDA Margin	21.7%	16.8%		12.9%		6.5%	2.6%	
EBIT Margin	19.4%	14.5%		9.5%		17.7%	16.7%	
PBT Margin	16.8%	10.6%		5.8%		14.5%	13.1%	
Core net profit Margin	8.8%	6.5%		3.3%		8.1%	7.9%	
ETR	-42.6%	-35.0%		-21.1%		-38.6%	-33.7%	
Property Sales (RM m)	437.0	351.0	24.5%	321.0	36.1%			
Unbilled property sales (RM m)	1,273.0	1,410.0	-9.7%	1,684.0	-24.4%			

Source: Company, Bursa Malaysia, Mercury Securities

RNAV Valuation table:

Valuation	RNAV (RM m)
Property development (DCF @ 9.4% 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 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	0.41
Upside	55%

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

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