



Binastra Corporation Bhd

Costs Still Manageable

Binastra's 12MFY26 delivered a record performance with topline and bottomline surging by 59% and 48% YoY respectively. The results were firmly in line with our expectations, with full-year PATAMI accounting for 103%/101% of our/consensus estimates. We anticipate earnings momentum to remain robust, supported by a record outstanding order book of RM7.1bn that provides a high earnings cover of 4.7x. FY27E earnings estimates unchanged as we introduce our FY28E earnings estimates. We reiterate our BUY call with an unchanged TP of RM2.54, pegged to an unchanged target PER of 16.5x on our FY27E EPS of 15.4 sen.

12MFY26's results were largely in line with expectations, with PATAMI of RM133.5m accounting for 103%/101% of ours/consensus FY26E estimates. Earnings visibility remain robust, with current orderbook at a record RM7.1bn providing earnings cover of 4.7x, based on FY26 revenue. A second interim dividend of 3.5 sen was declared, bringing the full-year dividend to 6.5 sen (above expectations). This reflects a c.53% dividend payout (FY25: c.36%) with a dividend yield of 3.3% (FY25: 1.5%).

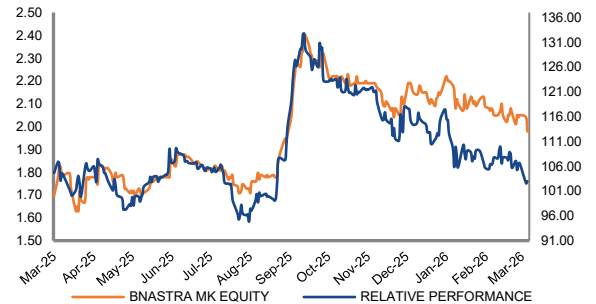
YoY, revenue and PATAMI surged 59% and 48% respectively, driven by robust construction progress and higher number of ongoing projects led by its wholly owned subsidiary Binastra Builders Sdn Bhd (BBSB). Alongside that, contributions from its newly acquired 51%-owned subsidiary, LF Lansan further support earnings, delivering PATAMI margin of c.10%. Nevertheless, PATAMI margin slightly trimmed to 9% (FY25: 10%), as FY26 featured a higher proportion of non-residential projects, such as data centres which yields a lower margin compared to residential projects.

QoQ, topline rose 29%, underpinned by the higher number of ongoing projects. GP, EBITDA and PBT margins slightly improved by approximately one ppt to 13%, 13% and 12% respectively. Meanwhile, PATAMI rose by 13%. Despite lower ETR at 26% vs 30% in 3QFY26, the Group registered a lower PATAMI margin at 9% vs 10% as mix of ongoing data centre and EPCC projects bring in lower margins.

Outlook. Following a record FY26 performance driven by project acceleration and progress billings, we expect earnings momentum to remain robust in the coming quarters. As of March 2026, Binastra's outstanding order book stands at a record RM7.1bn, providing superior visibility with approximately four years of revenue cover. Looking ahead to FY27, management has moderated its replenishment target to c.RM2.0bn to prioritize execution over aggressive expansion. Notably, the Group has already secured 41% of this target YTD, with two additional project wins anticipated are expected to fulfil the remaining replenishment target for the year. The strategic focus for FY27 will be on Data Centre (DC) and EPCC projects, though blended margins are expected to normalize as these segments typically yield lower margins of c.6% compared to traditional residential developments. While the property sector has cooled recently, Binastra is proactively managing its cost base. Despite the ongoing oil crisis and elevated diesel prices, management is currently absorbing these costs internally, with contract terms remaining highly negotiable. To mitigate fuel volatility and enhance ESG compliance, the Group is transitioning to electric cranes powered by temporary supply from TNB. By balancing a record RM7.1bn backlog with disciplined cost management and a shift toward energy-efficient construction, the Group is well-equipped to sustain its earnings trajectory despite a normalizing margin environment and global economic uncertainty.

Main Market
Construction Sector
BUY (↔)
TP: RM 2.54 (↔)
Last Closing Price: RM 1.98

Share Price Performance



Business Overview

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

Return Information

KLCI (pts)	1,710.89
YTD KLCI chg.	1.8%
YTD Stock Price chg.	-9.2%

Price Performance	1M	3M	12M
Absolute (%)	-4.3%	-7.9%	8.6%
Relative to KLCI (%)	-2.6%	-9.9%	-4.2%

Stock Information

Market Cap (RM m)	2,161.2
Issued Shares (m)	1,091.5
52-week High (RM)	2.50
52-week Low (RM)	1.60
Est. Free Float (%)	27%
Beta vs FBM KLCI	0.8
3-month Avg Vol.	591,605
Shariah Compliant	Yes
Bloomberg Ticker	BNASTRA MK

Top 3 Shareholders

	%
Jt Conglomerate Sdn	41.2%
Lee Yong Seng	11.7%
Tan Kak Seng	11.1%

FY JAN (RM m)	FY26A	FY27E	FY28E
Revenue	1,502.3	1,940.0	2,560.0
EBITDA	194.7	234.6	327.5
PBT	181.7	222.0	272.2
Net Profit	180.8	221.2	271.4
Core Net Profit	136.9	168.1	206.2
Consensus Net Profit	132.2	174.8	209.0
Earnings Revision (%)	-	-	-
Core EPS (sen)	12.2	15.4	18.9
Core EPS Growth (%)	47.9%	25.9%	22.7%
Net DPS (sen)	3.3%	3.9%	4.8%
BV Per Share (sen)	34.1	43.1	56.3
Net Div. Yield (%)	3.3%	2.3%	2.9%
P/E (x)	16.2	12.8	10.5
Net Gearing (x)	N.Cash	N.Cash	N.Cash
ROE (%)	36%	36%	34%



Forecast and Valuation. In view of the results tracking within our expectations and costs still manageable, we leave our earnings estimates for FY27E unchanged. We reiterate our BUY rating with a TP of RM2.54, derived from a 16.5x PER applied to our FY27E EPS of 15.4 sen. We also introduce our FY28E earnings estimates. Coupled with a decent dividend yield of > 3% we **reiterate our BUY call**.

Investment case. Binastra's growth narrative is anchored by its record RM7.1bn order book, which offers high earnings visibility with approximately four years of revenue cover. This substantial pipeline is largely a product of the Group's strong and sustained relationships with its major clients, leading to a consistent stream of repeat mandates and reinforcing its reputation for execution excellence. Beyond traditional construction, Binastra is strategically pivoting into high-growth verticals such as data centers and renewable energy, capturing both rising private-sector demand and favourable government infrastructure tailwinds. Combined with a disciplined operational framework and a commitment to ESG, the Group is well-positioned to translate its expanding project pipeline into long-term value for investors.

Risks to our recommendation include: (i) weak flows of construction jobs from public and private sectors, (ii) project cost overrun, and (iii) rising cost of building materials.

Results Highlights

Y/E: Jan (RM m)	4Q26	3Q26	QoQ Chg. %	4Q25	YoY Chg. %	12M26	12M25	YoY Chg. %
Key financial highlights								
Turnover	477.2	371.4	28.5%	270.2	76.6%	1,502.3	946.6	58.7%
Gross Profit	63.0	45.3	39.1%	41.6	51.3%	178.4	142.7	25.0%
OPEX	(4.0)	(2.8)	42.7%	(2.2)	83.3%	(10.0)	(9.9)	1.0%
EBITDA	62.7	42.6	47.2%	39.6	58.2%	172.6	133.6	29.2%
EBIT	59.1	39.2	50.8%	36.8	60.6%	159.5	125.1	27.6%
PBT/(LBT)	59.0	39.1	51.0%	37.2	58.7%	158.7	124.6	27.4%
Taxation	(15.1)	(11.8)	27.3%	(12.1)	25.0%	(43.9)	(34.2)	28.4%
Net Profit	43.9	39.4	11.5%	25.1	75.0%	136.9	90.3	51.6%
PATAMI	42.4	37.5	13.0%	25.1	68.9%	133.5	90.2	47.9%
Core EPS (sen)	3.9	3.4	12.8%	2.3	65.6%	12.2	8.4	45.0%
DPS (sen)	3.5	0.0		3.0		6.5	3.0	
Gross Margin	13.2%	12.2%		15.4%		11.9%	15.1%	
Opex	-0.8%	-0.8%		-0.8%		-0.7%	-1.0%	
EBITDA Margin	13.1%	11.5%		14.7%		11.5%	14.1%	
EBIT Margin	12.4%	10.6%		13.6%		10.6%	13.2%	
PBT Margin	12.4%	10.5%		13.8%		10.6%	13.2%	
PATAMI Margin	8.9%	10.1%		9.3%		8.9%	9.5%	
ETR	-25.6%	-30.3%		-32.5%		-27.7%	-27.5%	

Source: Company, Bursa Malaysia, Mercury Securities



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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)

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