



Binastra Corporation Bhd

Strong Growth Momentum in 1QFY27

Binastra's 1QFY27 results saw topline surged >100% YoY driven by solar installation and data centre projects. Bottomline grew 40% YoY, although margins contracted due to a higher mix of lower-margin solar and data centre projects, as well as elevated materials costs. We remain positive on the Group, underpinned by (i) strong earnings visibility supported by a RM6.8bn order book, providing ~3.5x FY27E revenue coverage, and (ii) ongoing diversification into renewable energy and data centre-related construction activities. We reiterate our BUY call with a new TP of RM3.12, pegged to an unchanged target P/E of 16.5x as we move forward our valuation to FY28E EPS of 18.9 sen.

1QFY27 results were broadly in line with expectations, coming in at 21%/20% of ours/market FY27E estimates. A first interim dividend of 3.5 sen was declared, broadly in line with expectations, representing c.45% of our FY27E full-year dividend assumption of 7.7 sen.

YoY, topline surged 136% driven by the construction segment's expansion into new construction services, particularly solar installation projects which contributed 37% in the quarter. Alongside that, conventional construction and fit-out data centre projects saw higher contributions, increasing by >RM100m. Despite GP grew by 50%, margin fell 5.3ppts following higher project mix of solar and data centre projects which command lower margins (vs residential projects) as well as rising diesel and cement prices which was moderately mitigated by reduced prices of steel bars. Consequently, PBT margin contracted by 4.4ppts as OPEX grew >200% and depreciation rose (+20%), while PATAMI margin fell by 4ppts, with the ETR flat at 24%.

QoQ, topline rose 27% driven by the solar and data centre fit-out projects. However, GP fell 11% as margins were impacted by a similar project mix skew towards lower-margin segments and sustained material cost pressures, contracting margin by 3.9ppts. Accordingly, PBT fell 14% as margin contracted by 4ppts, while PATAMI dropped 17% as margin fell 3.1ppts despite marginally lower ETR vs 26% in 4QFY26.

Outlook. We expect sequential improvement in 2QFY27, supported by stronger execution momentum and steady order book conversion. Near-term margin dynamics could also see some relief from moderating diesel prices in recent weeks, following easing geopolitical tensions and a gradual normalisation in energy-related cost pressures. YTD FY27 contract wins of RM819.5m have already secured 41% of the Group's FY27 replenishment target of RM2.0bn, providing healthy visibility on near-term order book sustainability. The Group's c.RM6.8bn order book continues to provide robust revenue visibility, with coverage extending into FY27-FY28, underpinning earnings stability. Execution will also be supported by the ongoing rollout of the Subang development, with three additional phases expected to contribute incremental construction activity over the long term. Looking ahead, FY27 earnings are expected to improve, driven by more stable execution progress and a more balanced project mix, which should support gradual earnings normalisation and margin stability.

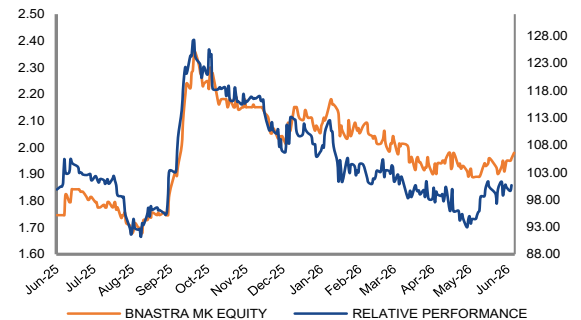
Post-results, we kept our FY27E/FY28E earnings estimates unchanged. We reiterate BUY with a new TP of RM3.12, based on an unchanged 16.5x target P/E applied to FY28E EPS of 18.9 sen. Notably, our target P/E multiple implies +1 standard deviation above its forward 5-year average of 8.9x, below peers historical average P/E multiples of 22.9x (3-year), 21.9x (5-year) and 20.1x (10-year), leaving room for further re-rating.

Main Market
Construction Sector
BUY (↔)

TP: RM 3.12 (↑)

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)	1,711.39
YTD KLCI chg.	1.9%
YTD Stock Price chg.	-9.2%

Price Performance	1M	3M	12M
Absolute (%)	4.8%	-1.7%	13.4%
Relative to KLCI (%)	5.7%	-1.1%	0.2%

Stock Information

Market Cap (RM m)	2,161.6
Issued Shares (m)	1,091.5
52-week High (RM)	2.50
52-week Low (RM)	1.70
Est. Free Float (%)	31%
Beta vs FBM KLCI	0.7
3-month Avg Vol.	648,253
Shariah Compliant	Yes
Bloomberg Ticker	BNASTR MK

Top 3 Shareholders

Shareholder	%
Jt Conglomerate Sdn	41.2%
Lee Yong Seng	11.9%
Tan Kak Seng	11.5%

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	174.4	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)	6.5	7.7	9.5
Net Div. Yield (%)	3.3%	3.9%	4.8%
BV Per Share (sen)	34.1	40.0	49.5
PBV (x)	5.8	4.9	4.0
P/E (x)	16.2	12.8	10.5
Net Gearing (x)	N.Cash	N.Cash	0.0
ROE (%)	36%	39%	38%



Investment case. We remain positive on Binastra, underpinned by strong earnings visibility supported by a sizeable order book of c.RM6.8bn, which provides c.3.5x FY27E revenue coverage and extends visibility through FY27–FY28. This underpins multi-year revenue stability and execution continuity across its core construction activities. More importantly, the Group is progressively diversifying its project pipeline into structurally supported segments, including solar and data centre projects, alongside its existing portfolio. While these projects are not necessarily higher-margin in nature, they offer stronger demand visibility, improved pipeline depth and greater earnings diversification over time. This gradual shift away from more concentrated legacy exposures is expected to enhance earnings quality and reduce cyclicality. Together with its proven execution track record, we view these developments as supportive of a medium-term re-rating story driven by visibility, diversification and a more resilient earnings base.

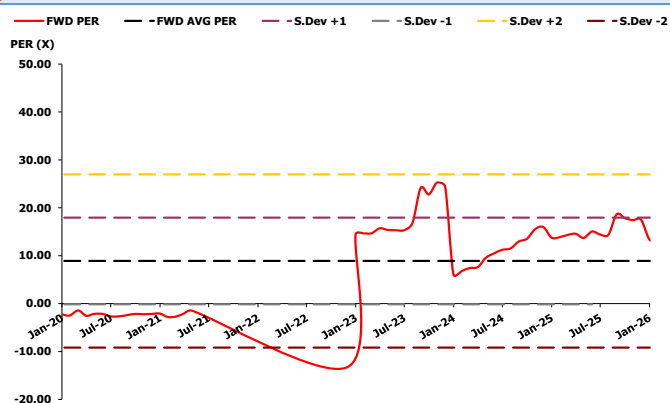
Risks to our recommendation include: (i) weak flows of construction jobs from public and private sectors, (ii) project cost overrun, and (iii) rising cost of building materials.

Results Highlights

Y/E: Jan (RM m)	1QFY27	4QFY26	QoQ Chg	1QFY26	YoY Chg	3M27	3M26	YoY Chg
Key financial highlights								
Turnover	605.6	477.2	26.9%	256.8	135.8%	605.6	256.8	135.8%
Gross Profit	56.2	63.0	-10.7%	37.4	50.2%	56.2	37.4	50.2%
OPEX	(5.3)	(4.0)	32.5%	(1.6)	238.3%	(5.3)	(1.6)	238.3%
EBITDA	54.9	62.7	-12.4%	36.0	50.8%	54.9	36.0	52.5%
EBIT	51.2	59.1	-13.3%	33.0	55.5%	51.2	33.0	55.5%
PBT/(LBT)	50.8	59.0	-13.9%	33.0	54.0%	50.8	33.0	54.0%
Taxation	(12.1)	(15.1)	-19.7%	(7.8)	54.5%	(12.1)	(7.8)	54.5%
Net Profit	38.7	43.9	-11.9%	25.1	53.9%	38.7	25.1	53.9%
PATAMI	35.3	42.4	-16.8%	25.1	40.3%	35.3	25.1	40.3%
Core EPS (sen)	3.2	3.9	-16.7%	2.3	37.6%	3.2	2.3	37.4%
DPS (sen)	3.5	3.5		0.0		3.5	0.0	
Margin								
Gross Margin	9.3%	13.2%		14.6%		9.3%	14.6%	
OPEX	-0.9%	-0.8%		-0.6%		-0.9%	-0.6%	
EBITDA Margin	9.0%	13.1%		14.0%		9.0%	14.0%	
EBIT Margin	8.5%	12.4%		12.8%		8.5%	12.8%	
PBT Margin	8.4%	12.4%		12.8%		8.4%	12.8%	
PATAMI Margin	5.8%	8.9%		9.8%		5.8%	9.8%	
ETR	-23.8%	-25.6%		-23.8%		-23.8%	-23.8%	

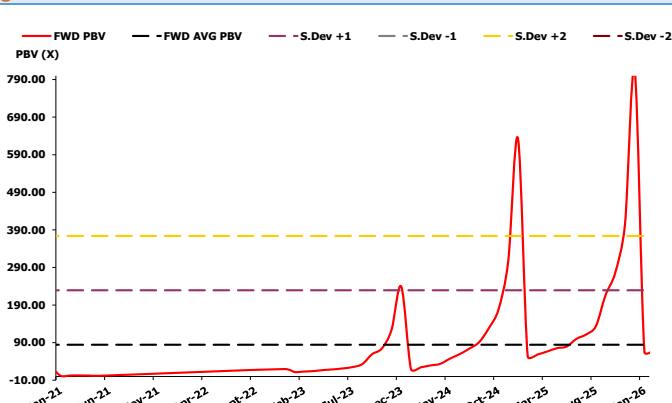
Source: Company, Bursa Malaysia, Mercury Securities

Figure 1: 5-Year P/E Band



Source: Bloomberg, Mercury Research

Figure 2: 5-Year P/B Band



Source: Bloomberg, Mercury Research

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