Results Note
BUY (↔)
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Friday, August 21, 2026
Price: RM 0.435
Target Price: RM 0.52 (↔)

LBS Bina Group Bhd

Near-Term Softness, 2HFY26 Recovery in Sight

LBS's 6MFY26 results came in broadly within expectations amid weaker property development contributions. Nevertheless, we anticipate stronger earnings recognition in 2HFY26, supported by progressive billings from ongoing developments and planned project launches. Earnings visibility remains anchored by RM1.11bn in unbilled sales, while the earlier-than-usual interim DPS of 0.85 sen signals continued capital return. We maintain our FY26E/FY27E earnings estimates and RNAV-derived TP of RM0.52 for now, pending a management briefing today. Maintain BUY.

6MFY26 results accounts for 29% of both our and consensus full-year earnings estimates. The weaker performance was mainly attributable to lower contributions from the property development segment following the completion or near completion of several projects. Nevertheless, we anticipate stronger earnings recognition in 2HFY26, supported by progressive billings from ongoing developments and planned project launches. The Group declared an interim DPS of 0.85 sen—earlier than its usual 2H declaration—against our FY26E DPS assumption of 3.8 sen.

YoY, topline remained broadly stable at RM637.0m (-0.3%). GP rose 6%, supported by a 2.1ppts improvement in GP margin to 35.8%. However, OPEX increased 81%, with the OPEX-to-revenue ratio rising to 15.0% from 8.3%, partially offsetting the stronger gross profitability. EBITDA more than doubled to RM143.2m, lifting EBITDA margin by 11.6ppts to 22.5%, while EBIT increased 3% with margin improving marginally by 0.6ppts to 19.5%. Nevertheless, PBT declined 31%, compressing PBT margin by 4.8ppts to 10.7%. Consequently, core net profit fell 42% to RM32.1m, further weighed down by a higher ETR of 44% versus 37% previously, resulting in a 3.7ppts contraction in core net margin to 5.0%. Meanwhile, property sales moderated 5% to RM658.4m, while unbilled property sales declined 17% to RM1.11bn.

QoQ, topline increased 15% to RM340.5m. GP rose 27%, supported by a 3.5ppts improvement in GP margin to 37.5%. OPEX increased at a slower pace of 3%, with the OPEX-to-revenue ratio improving by 1.6ppts to 14.3%. Consequently, EBITDA surged 48% to RM85.5m, lifting EBITDA margin by 5.6ppts to 25.1%, while EBIT increased 59%, with margin expanding by 6.1ppts to 22.3%. Nevertheless, PBT declined 18%, compressing PBT margin by 3.7ppts to 9.0%. Core net profit subsequently fell 12% to RM15.0m, although the lower ETR of 43% versus 45% previously partly cushioned the decline, with core net margin narrowing by 1.3ppts to 4.4%. Meanwhile, property sales declined 33% to RM263.4m.

FY26E/FY27E earnings unchanged, pending a company update today.

Valuation. For now we maintain our RNAV-derived TP of RM0.52, which implies a FY27E forward P/E of 4.4x, which is a substantial discount to the broader property sector index of 11.6x/10.7x for FY26E/FY27E. Undemanding valuations plus a prospective dividend yield of c.9%. BUY call maintained.

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

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)			1,736.71
YTD KLCI chg.			3.4%
YTD Stock Price chg.			14.5%
Price Performance	**1M**	**3M**	**12M**
Absolute (%)	3.6%	-5.4%	0.5%
Relative to KLCI (%)	2.7%	-6.5%	-8.9%

Stock Information	
Market Cap (RM m)	670.6
Issued Shares (m)	1,541.5
52-week High (RM)	0.52
52-week Low (RM)	0.37
Est. Free Float (%)	52%
Beta vs FBM KLCI	0.9
3-month Avg Vol.	1,949,120
Shariah Compliant	Yes
Bloomberg Ticker	LBS MK EQUITY

Top 3 Shareholders	%
Gaterich Sdn Bhd	37.5%
KWAP	7.5%
Sri Lim Hock San	3.2%

FY Dec (RM m)	FY25A	FY26E	FY27E
Revenue	1,554	1,505	1,580
EBITDA	299	306	320
PBT	288	296	309
Net Profit	225	223	237
Core Net Profit	138	145	154
Consensus Net Profit	125	145	154
Earnings Revision (%)	-	-	-
Core EPS (sen)	8.1	9.4	10.0
Core EPS Growth (%)	88.2	15.8	6.1
Net DPS (sen)	1.3	3.8	4.0
Net Div. Yield (%)	3.0%	8.6%	9.2%
BV Per Share (sen)	131.2	143.3	136.6
P/E (x)	5.4	4.6	4.4
ROE (%)	6.8%	6.6%	7.3%

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 and iv) backloaded RM2.1bn 2HFY26 launch pipeline, earnings normalization and manageable cost pressures.

Results Highlights

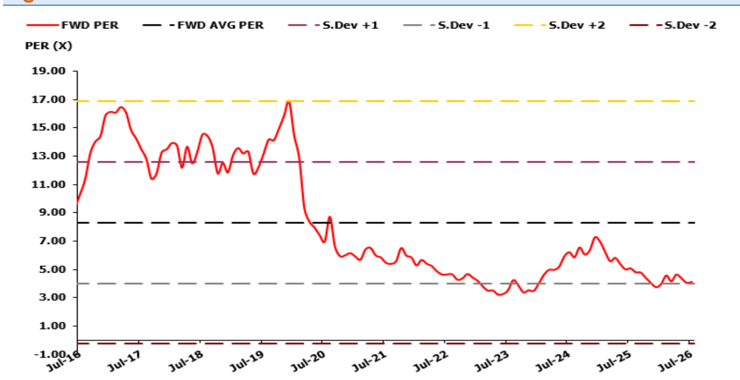
Y/E: DEC (RM m)	2Q26	1Q26	QoQ Chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
Turnover	**340.5**	**296.5**	***14.8%***	**309.8**	***9.9%***	**637.0**	**639.0**	***-0.3%***
Gross Profit	**127.5**	**100.8**	***26.6%***	**107.2**	***18.9%***	**228.3**	**215.3**	***6.0%***
OPEX	**-48.6**	**-47.2**	***3.0%***	**-52.8**	***-8.0%***	**-95.8**	**-52.8**	***81.3%***
EBITDA	85.5	57.7	*48.0%*	69.6	*22.8%*	143.2	69.6	*105.8%*
EBIT	76.1	48.0	*58.6%*	59.5	*27.7%*	124.0	120.7	*2.7%*
PBT/(LBT)	**30.7**	**37.7**	***-18.4%***	**48.3**	***-36.3%***	**68.4**	**98.8**	***-30.8%***
Taxation	-13.3	-17.1	*-22.0%*	-18.8	*-29.0%*	-30.4	-36.8	*-17.5%*
Net Profit	**17.4**	**20.6**	***-15.5%***	**29.5**	***-41.0%***	**38.0**	**62.0**	***-38.7%***
Core net profit	**15.0**	**17.0**	***-11.6%***	**27.1**	***-44.4%***	**32.1**	**55.3**	***-42.0%***
Core EPS (sen)	1.0	1.1	*-11.6%*	1.8	*-44.0%*	2.1	3.6	*-41.5%*
DPS (sen)	0.85	0.0	*N.a*	0.0	*N.a*	0.85	0.0	*N.a!*
Gross Margin	37.5%	34.0%		34.6%		35.8%	33.7%	
Opex	-14.3%	-15.9%		-17.1%		-15.0%	-8.3%	
EBITDA Margin	25.1%	19.5%		22.5%		22.5%	10.9%	
EBIT Margin	22.3%	16.2%		19.2%		19.5%	18.9%	
PBT Margin	9.0%	12.7%		15.6%		10.7%	15.5%	
Core net profit Margin	4.4%	5.7%		8.7%		5.0%	8.7%	
ETR	-43.3%	-45.3%		-38.8%		-44.4%	-37.2%	
Property Sales (RM m)	263.4	395.0	*-33.3%*	409.0	*-35.6%*	658.4	690.0	*-4.6%*
Unbilled/(billed) property sales (RM m)	6.0	1,100.0	*-99.5%*	-280.0	*-102.1%*	1,106.0	1,330.0	*-16.8%*

Source: Company, Bursa Malaysia, Mercury Securities

RNAV Valuation table:

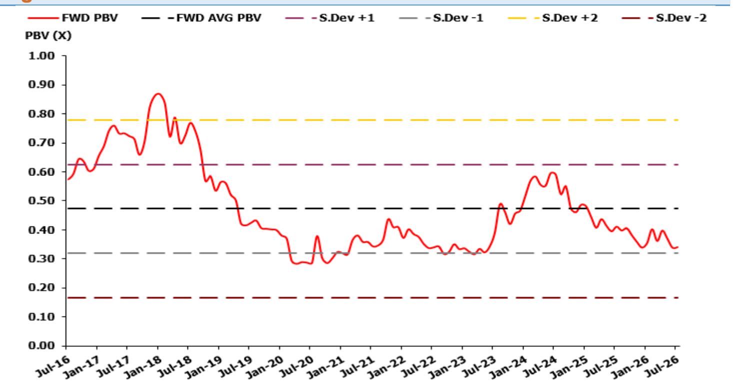
Valuation	RNAV (RM m)
Property development (DCF @ 9.4% WACC)	2,711.0
Shareholder fund/ equity (inclusive of irredeemable convertible preference share)	1663.7
Total RNAV	4,374.7
Enlarged share capital inclusive of irredeemable convertible preference share conversion (m units)	1,673.5
RNAV per share	2.61
Targeted discount to RNAV	80%
ESG Premium	0%
Intrinsic value per share	**0.52**
Current market price	0.445
Upside	20%

Figure 1: 10-Year P/E Band



Source: Bloomberg, Mercury Research

Figure 2: 10-Year P/B Band



Source: Bloomberg, Mercury Research

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