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Results Note
Friday, September 18, 2026
Research Team Coverage
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Binastra Corporation Bhd

Main Market
Construction Sector
BUY (↔)
TP: RM 3.12 (↔)
Last Closing Price: RM 2.49

Robust Growth Continues, Margins Take a Breather

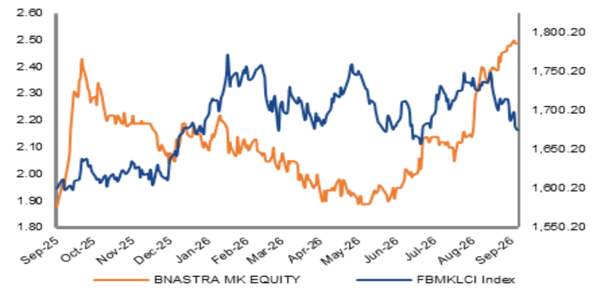
Binastra's 6MFY27 results came in within our expectations, with topline growing 93% YoY, driven by continued strength in conventional construction and data centre projects, further broadened by maiden contributions from newly acquired LF Lansen and the Group's expansion into solar installation services. Profitability margins narrowed, however, on a higher mix of lower-margin solar and data centre projects, alongside higher depreciation and finance costs. Underpinned by (i) strong earnings visibility from its RM6.7bn order book, and (ii) ongoing diversification into renewable energy and data centre related construction, we maintain our FY27E/FY28E earnings and TP of RM3.12, pegged to an unchanged PER of 16.5x applied to our FY28E EPS of 18.9 sen. Reiterate our BUY call.

6MFY27 results came in within expectations, with core net profit accounting for 51%/49% of our/market estimates, with growth mostly driven due to topline, with 6MFY27 revenue accounted for 65% of our full-year FY27E, mitigated by compression in GP margin to 10.5% (FY26: 13%). A first interim dividend of 4.0 sen was declared (6MFY26: 3.0 sen), broadly in line with expectations, representing 52% of our expectation of FY27E full-year dividend per share (DPS) of 7.7 sen.

YoY, 6MFY27 Topline surged +93% YoY to RM1.3bn, driven by continued strength in the Group's core conventional construction and data centre projects, which alone rose by RM164m (29%) to RM561m in Q2FY27, further broadened by maiden contributions from the newly acquired LF Lansen Sdn. Bhd. and the Group's expansion into solar installation services, both introduced during the current financial year. Correspondingly, Gross Profit rose +79% YoY to RM132m, with GP margin narrowed by 80bps to 10.5% (6MFY26: 11.3% vs. our assumption of 14% for the full year), likely on a higher mix of lower-margin solar and data centre projects weighing on blended margins. Subsequently, EBITDA rose +69% YoY to RM131m, trailing revenue growth as EBITDA margin compressed by 2ppts to 10% (6MFY26: 12%), due to rising Opex (>200%) YoY to RM10m. Consequently, PBT rose +73% YoY to RM122m, with PBT margin narrowing by 1ppt to 10% (6MFY26: 11%), weighed down by higher depreciation of RM8m (6MFY26: RM6m) and 2-fold increase in finance costs of RM2m (6MFY26: RM1m). Bottomline increased +60% YoY to RM86m, with PATAMI margin narrowing to 7% (6MFY26: 8%) due to the above factors, though this was partly cushioned by a flat ETR of 24% (6MFY26: 24%).

QoQ, Topline rose +9% QoQ to RM658m (1QFY27: 27% QoQ), driven almost entirely by the Construction segment, which grew to RM658m (1QFY27: RM605m), with the main contributors to the increase being data centre projects as well as contributions from LF Lansen, as explained above under YoY. GP grew by +35% QoQ to RM76m, with GP margin rising to 12% (1QFY27: 9%). EBITDA rose +38% QoQ to RM76m, with EBITDA margin rising to 12% (1QFY27: 9%), further supported by a slight improvement in Opex margin of 20bps. PBT grew +41% QoQ to RM71m, with PBT margin rising to 11% (1QFY27: 8%), due to the above reasons. Bottomline rose by +44% QoQ to RM51m, with PATAMI margin rising to 8% (1QFY27: 6%), with ETR held broadly steady at 24%.

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. The Company is currently listed on the MAIN market.

Return Information	
KLCI (pts)	1,674.74
YTD KLCI chg.	-0.3%
YTD Stock Price chg.	14.2%

Price Performance	1M	3M	12M
Absolute (%)	6.4%	27.0%	26.4%
Relative to KLCI (%)	9.4%	29.1%	22.5%

Stock Information	
Market Cap (RM m)	2,725.0
Issued Shares (m)	1,094.4
52-week High (RM)	2.50
52-week Low (RM)	1.88
Est. Free Float (%)	31%
Beta vs FBM KLCI	0.6
3-month Avg Vol.	594,414
Shariah Compliant	Yes
Bloomberg Ticker	BNASTRA MK EQUITY

Top 3 Shareholders	%
Jt Conglomerate Sdn	41.1%
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	-	*175.1*	*206.7*
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%

Outlook. We expect the Group's earnings visibility to remain underpinned by its approximately RM6.7bn order book, which includes RM1.3bn in new contracts secured to date in FY27 and provides revenue coverage over the next 3-4 financial years. This is further supported by the RM0.5bn letter of award secured during the quarter for a proposed data centre development, taking the Group's data centre wins to seven projects worth a combined RM2.4bn since entering the segment. We believe the Malaysia's construction sector should remain resilient, supported by infrastructure investment, industrial expansion, and private sector development under NIMP 2030 and NETR, with demand for industrial facilities, logistics hubs, and data centres, particularly in Johor and Selangor, likely to sustain activity. That said, we expect headwinds to persist from material price fluctuations, labour shortages, regulatory changes, and geopolitical uncertainty, which the Group aims to manage through prudent cost control and disciplined execution. Going forward, we expect the Group's focus to remain on strengthening project execution, integrating LF Lansen to enhance specialised engineering capabilities, improving working capital management, expanding its data centre presence, and embedding ESG considerations across operations.

Post-results, no change to our FY27E/FY28E earnings forecasts of RM168.1m/RM206.2m, as results came in line with expectations.

Valuation and Recommendation. Our TP remained at RM3.120, based on an unchanged 16.5x PER applied to FY28E EPS of 18.9 sen. We maintain our BUY call.

Investment case. We remain positive on Binastra, underpinned by strong earnings visibility supported by a sizeable order book of RM6.7bn, which provides 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.

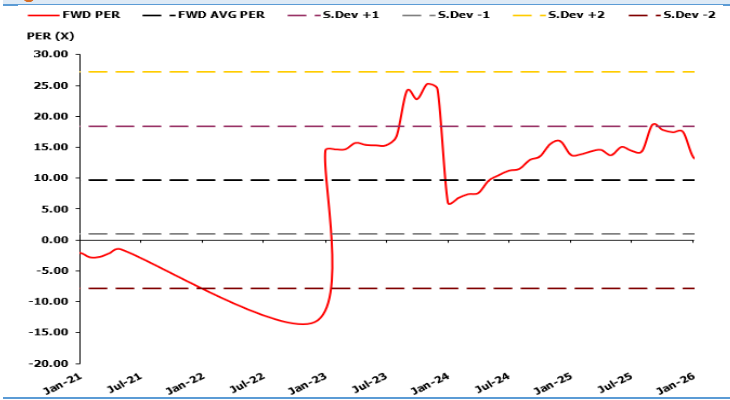
Risks to our recommendation include: (i) Weak execution of construction jobs from public and private sectors, (ii) Project cost overrun, and (iii) Rising cost of building materials.

Results Highlights

Y/E: Jan (RM m)	**2QFY27**	**1QFY27**	***QoQ Chg***	**2QFY26**	***YoY Chg***	**6M27**	**6M26**	**YoY Chg**
Key financial highlights								
Turnover	**658.4**	**605.6**	*8.7%*	**396.8**	*65.9%*	**1,264.0**	**653.7**	*93.4%*
Gross Profit	**76.1**	**56.2**	***35.4%***	**39.6**	***92.2%***	**132.3**	**74.0**	*78.8%*
OPEX	**(4.7)**	**(5.3)**	***-12.0%***	**(1.6)**	***192.6%***	**(10.0)**	**(3.2)**	*215.2%*
EBITDA	75.6	54.9	*37.8%*	41.3	*83.3%*	130.5	77.3	*69.0%*
EBIT	71.8	51.2	*40.1%*	38.2	*88.1%*	123.0	71.1	*73.0%*
PBT/(LBT)	**71.3**	**50.8**	***40.5%***	**37.6**	***89.7%***	**122.1**	**70.6**	*73.0%*
Taxation	(17.3)	(12.1)	*43.2%*	(9.2)	*88.8%*	(29.5)	(17.0)	*73.0%*
Net Profit	54.0	38.7	*39.6%*	28.4	*90.0%*	92.7	53.6	*73.0%*
PATAMI	**50.6**	**35.3**	*43.5%*	**28.4**	*78.1%*	**85.9**	**53.6**	*60.4%*
Core EPS (sen)	4.6	3.2	*43.4%*	2.6	*77.9%*	**7.9**	**4.9**	*60.4%*
DPS (sen)	4.0	0.0		3.0		**4.0**	**3.0**	
Gross Margin	11.6%	9.3%		10.0%		10.5%	11.3%	
OPEX	-0.7%	-0.9%		-0.4%		-0.8%	-0.5%	
EBITDA Margin	11.5%	9.1%		10.4%		10.3%	11.8%	
EBIT Margin	10.9%	8.5%		9.6%		9.7%	10.9%	
PBT Margin	10.8%	8.4%		9.5%		9.7%	10.8%	
PATAMI Margin	7.7%	5.8%		7.2%		6.8%	8.2%	
ETR	-24.3%	-23.8%		-24.4%		-24.1%	-24.1%	

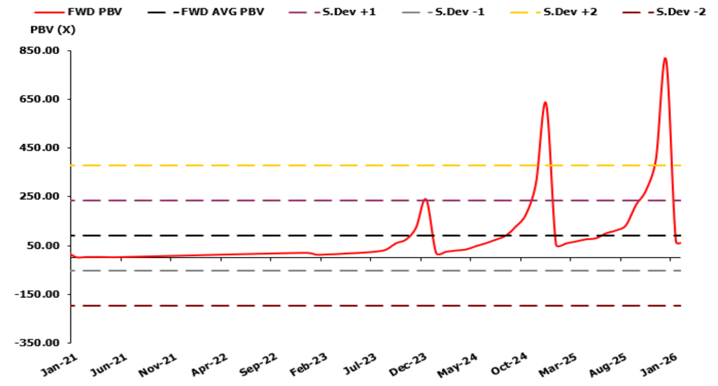
Source: Company, Bursa Malaysia, Mercury Securities

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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