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LBS Bina Group Bhd

Margins Weigh, Backlog Holds

LBS's 9MFY26 results came in below our and market full-year expectations, weighed down by lower property development contributions and weaker-than-expected margins. Nevertheless, earnings visibility remains anchored by RM1.09bn in unbilled sales, while YTD property sales of RM971m (69% of management's RM1.4bn FY26 sales target) and RM737m in planned 4QFY26 launches should support future billings. We maintain our FY26E/FY27E earnings estimates and RNAV-derived TP of RM0.52 for now, pending a management briefing today. Maintain our BUY recommendation.

9MFY26 results came in below our/market expectations, with core net profit of RM48.7m making up 38%/41% of our/market full-year estimates. The miss came from both revenue and profitability margins. Revenue made up only 69% of our FY26E (historical 9M contribution: c.75%) on lower property development contributions following the completion or near completion of certain projects, while GP margin of 29% fell short of our 33% assumption. No dividend was declared in 3QFY26, leaving YTD DPS at 0.85 sen (9MFY25: nil), or 25% of our FY26E estimate of 3.4 sen.

YoY, 9MFY26 Topline declined 12% YoY to RM962m, mainly due to lower contributions from the property development segment following the completion or near completion of certain projects. This was partly cushioned by the construction and trading segment, whose revenue rose 281% YoY to RM129m on higher contributions from a foreign subsidiary. GP fell 14% YoY, with GP margin easing 80bps to 29.3%. EBITDA fell 24% YoY to RM164m, with margin down 3ppts to 17%, as Opex margin rose to 14% from 12% in 9MFY25, while EBIT declined 27% YoY, with margin narrowing 3.0ppts to 14.1%. Consequently, PBT fell further by 30% YoY to RM102m, with margin down 3ppts to 11%, as lower net finance costs were marginally offset by a small net share of losses from the JV and associates. Core net profit fell 43% to RM49m, weighed down further by a higher ETR of 43% versus 37% (9MFY25), resulting in a 3ppts contraction in core net margin to 5%. Meanwhile, property sales moderated 4% to RM988m, while unbilled property sales declined 23% to RM1.09bn.

QoQ, Topline fell 5% QoQ to RM325m on lower revenue recognition from ongoing projects following the completion of a project in 2QFY26. GP declined 6% QoQ, with GP margin easing 40bps to 27%. EBITDA nevertheless rose 6% QoQ to RM55m, with margin up 2ppts to 17%, as Opex margin fell to 12% from 14%, while EBIT increased 8% QoQ, with margin up 2ppts to 14%. Consequently, PBT rose 11% QoQ to RM34.0m, with margin up 2ppts to 11%. Core net profit rose 10% QoQ to RM17m, helped by a lower ETR of 41% versus 43% previously, with core net margin up 1ppt to 5%. Meanwhile, property sales rose 25% to RM330m, while unbilled property sales increased 4% to RM1.09bn.

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 11%. BUY call maintained.

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

Results Note
BUY (↔)
research@mersec.com.my
Thursday, November 19, 2026
Price: RM 0.34
Target Price: RM 0.52 (↔)

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)	1,566.73
YTD KLCI chg.	-6.7%
YTD Stock Price chg.	-10.5%

Price Performance	1M	3M	12M
Absolute (%)	-9.3%	-20.9%	-17.1%
Relative to KLCI (%)	-7.5%	-11.3%	-14.1%

Stock Information	
Market Cap (RM m)	519.4
Issued Shares (m)	1,527.5
52-week High (RM)	0.52
52-week Low (RM)	0.34
Est. Free Float (%)	56%
Beta vs FBM KLCI	1.0
3-month Avg Vol.	1,715,979
Shariah Compliant	Yes
Bloomberg Ticker	LBS MK EQUITY

Top 3 Shareholders	%
Gaterich Sdn Bhd	37.8%
KWAP	7.5%
Sri Lim Hock San	3.6%

FY Dec (RM m)	FY25A	FY26E	FY27E
Revenue	1,554	1,386	1,505
EBITDA	299.2	282.0	304.6
PBT	224.6	198.9	221.4
Net Profit	137.9	129.3	143.9
Core Net Profit	125.2	129.3	143.9
Consensus Net Profit	-	119.5	130.5
Earnings Revision (%)	-	-	-
Core EPS (sen)	8.1	8.4	9.3
Core EPS Growth (%)	88.2	3.2	11.3
Net DPS (sen)	1.3	3.4	3.7
Net Div. Yield (%)	3.8%	9.9%	11.0%
BV Per Share (sen)	131.2	143.7	135.8
P/E (x)	4.2	4.1	3.6
ROE (%)	6.8%	5.8%	6.9%

Investment Case. We like LBS for its compelling risk-reward, supported by i) a healthy RM1.09bn unbilled sales base and an 81% average take-up rate across ongoing projects, ii) its leadership in affordable housing, further supported by the Budget 2027 extension of stamp duty exemptions for first-time homebuyers to 2030, iii) landbank optimisation under the 8 x 8 Strategy, with a 3,893-acre landbank, and iv) a RM737m 4QFY26 launch pipeline (revised FY26 launch target: RM1.82bn), with Kwasa Damansara (GDV >RM8bn) targeted for launch in 2027 as a key long-term catalyst.

Results Highlights

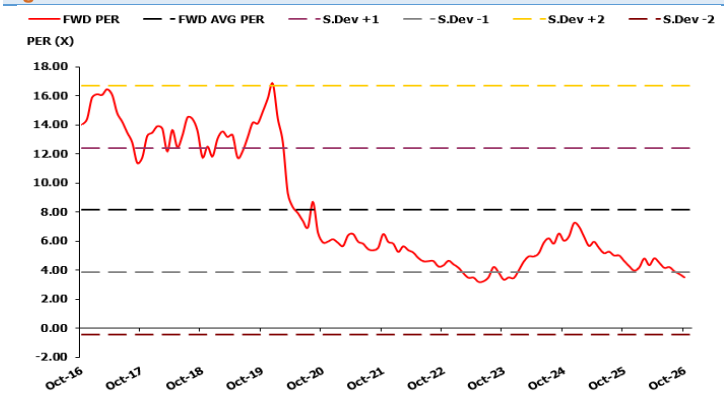
Y/E: DEC (RM m)	3QFY26	2QFY26	QoQ Chg	3QFY25	YoY Chg	9MFY26	9MFY25	YoY Chg
Turnover	**324.7**	**340.5**	***-4.6%***	**452.3**	***-28.2%***	**961.7**	**1,091.3**	***-11.9%***
Gross Profit	**87.9**	**93.5**	***-6.0%***	**112.8**	***-22.0%***	**282.2**	**328.1**	***-14.0%***
OPEX	**-37.8**	**-48.6**	***-22.1%***	**-43.5**	***-13.1%***	**-133.6**	**-130.1**	***2.7%***
EBITDA	54.6	51.4	*6.2%*	75.8	*-28.0%*	163.8	216.6	*-24.4%*
EBIT	45.3	42.0	*7.8%*	65.4	*-30.7%*	135.3	186.1	*-27.3%*
PBT/(LBT)	**34.0**	**30.7**	***10.6%***	**47.8**	***-28.9%***	**102.4**	**146.7**	***-30.2%***
Taxation	-13.8	-13.3	*3.7%*	-16.7	*-17.5%*	-44.2	-53.5	*-17.5%*
Net Profit	20.2	17.4	*15.8%*	31.1	*-35.1%*	58.2	93.1	*-37.5%*
Core net profit	**16.6**	**15.0**	***10.2%***	**29.3**	***-43.3%***	**48.7**	**84.6**	***-42.5%***
Core EPS (sen)	1.1	1.0	*10.3%*	1.9	*-42.9%*	3.2	5.5	*-42.0%*
DPS (sen)	0.0	0.9	*-100.0%*	0.0	*0.0%*	0.9	0.0	*100.0%*
Gross Margin	27.1%	27.5%		24.9%		29.3%	30.1%	
Opex	-11.7%	-14.3%		-9.6%		-13.9%	-11.9%	
EBITDA Margin	16.8%	15.1%		16.8%		17.0%	19.8%	
EBIT Margin	14.0%	12.3%		14.5%		14.1%	17.1%	
PBT Margin	10.5%	9.0%		10.6%		10.6%	13.4%	
Core net profit Margin	5.1%	4.4%		6.5%		5.1%	7.8%	
ETR	-40.6%	-43.3%		-35.0%		-43.1%	-36.5%	
Property Sales (RM m)	330.0	263.4	*25.3%*	335.0	*-1.5%*	988.4	1,025.0	*-3.6%*
Unbilled/(billed) property sales (RM m)	1,091.0	1,048.0	*4.1%*	1,410.0	*-22.6%*	1,091.0	1,410.0	*-22.6%*

Source: Company, Bursa Malaysia, Mercury Securities

RNAV Valuation table:

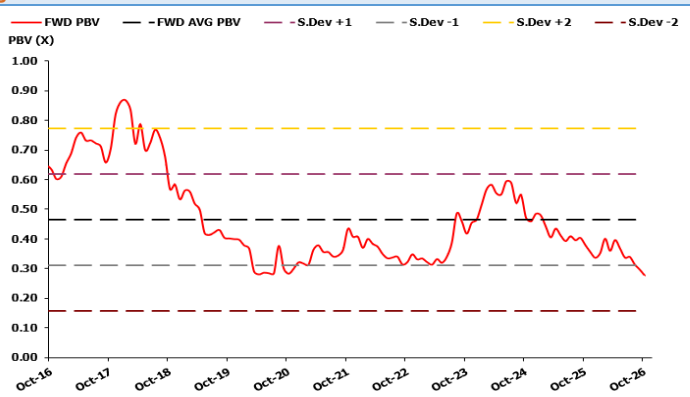
Valuation	RNAV (RM m)
Property development (DCF @ 9.4% WACC)	2,581.8
Shareholder fund/ equity (inclusive of irredeemable convertible preference share)	1646.2
Total RNAV	4,228.0
Enlarged share capital inclusive of irredeemable convertible preference share conversion (m units)	1,624.5
RNAV per share	2.60
Targeted discount to RNAV	80%
ESG Premium	0%
Intrinsic value per share	**0.52**
Current market price	0.340
Upside	53%

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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