AmInvestment Bank

Company Report

18 Sep 2026

BINASTRA

(BNASTRA MK EQUITY, BNASTRA.KL)

BUY

(MAINTAINED)

Price: RM2.49
Target Price (% return): RM3.10 (28%)
52-week High/Low: RM2.50/RM1.88

Construction

Rationale for report: Company Result

Margins Regain Momentum

Binastra's 1HFY27 earnings were in line with expectations. Normalised material costs and lower administrative expenses supported stronger 2Q profitability, increasing our confidence in future earnings delivery. Its RM6.7bil order book provides medium-term visibility, while an established track record in DC construction and M&E fit-out works broadens its growth opportunities. We keep our earnings forecast unchanged and maintain BUY with a TP of RM3.10.

- **Maintain BUY with unchanged TP of RM3.10,** based on 14x P/E (+0.5SD to two-year historical average), applied to CY27F EPS of 22 sen. We believe this valuation is supported by its secured earnings visibility, expanding DC capabilities and improved cash generation. Operating cash flow strengthened to RM69.2mil in 1H from RM34.7mil, supporting shareholder distributions. The Group declared a 4 sen interim dividend (+33.3% YoY), representing 51% of 1HFY27 earnings, with an ex-date of 2 Oct 2026.
- **Results broadly in line.** 2QFY27 net profit increased 78.2% to RM50.6mil, lifting 1HFY27 earnings to RM85.9mil (+60.3% YoY), equivalent to 47% of ours and 49% of consensus estimates. Quarterly revenue rose 65.9% YoY to RM658.4mil, supported by conventional construction and DC projects, alongside contribution from LF Lansen and solar installation activities.
- **Normalised material costs underpin margin recovery.** Management attributed the QoQ margin improvement to normalised material costs. Gross margin expanded 2.3ppt QoQ to 11.6% in 2Q, lifting net profit margin to 7.7% from 5.8%. A 12.0% decline in administrative expenses to RM4.7mil provided additional support, driving earnings growth ahead of the 8.7% sequential increase in revenue.
- **Margin recovery to strengthens earnings.** Binastra's RM6.7bil outstanding order book provides visibility over the next four FY with DC contracts accounted for RM994.2mil, or 76% of the RM1.3bil YTD awards. Its cumulative RM2.4bil DC awards include RM445mil of M&E fit-out contracts for EXSIM and AIMS projects. The 51%-owned LF Lansen further broaden its capabilities into thermal energy storage and buffer tanks. Together, these capabilities position the Group to secure a broader scope of work within DC developments, supporting future order replenishment.

YE to Jan	FY26	FY27F	FY28F	FY29F
Revenue (RM mil)	1,502.3	2,264.6	2,931.9	2,989.1
Core net profit (RM mil)	133.5	182.1	244.5	246.5
FD Core EPS (sen)	12.2	16.7	22.4	22.6
FD Core EPS growth (%)	47.9	36.4	34.3	0.8
Consensus Net Profit (RM mil)	133.5	175.1	206.7	226.4
DPS (sen)	6.5	8.9	11.9	12.0
PE (x)	20.3	14.9	11.1	11.0
EV/EBITDA (x)	13.8	9.5	7.1	6.7
Div yield (%)	2.6	3.6	4.8	4.8
ROE (%)	42.1	46.1	49.4	40.4
Net Gearing (%)	nm	nm	nm	nm

Source: Binastra, AmInvestment Bank Bhd.

Analyst (s)

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Key Changes

Target Price:	⇔
EPS:	⇔

Stock and Financial Data

Shares Outstanding (million)	1,090.9
Market Cap (RMmil)	2,716.2
Book Value (RM/Share)	0.32
P/BV (x)	7.7
ROE (%)	42.1
Net Gearing (%)	-
Free Float	22.0
Avg Daily Value (RMmil)	1.3

Major Shareholders

JT Conglomerate Sdn Bhd	(41.2%)
Lee Yong Seng	(12.9%)
Tan Kak Seng	(11.1%)

Price performance	3mth	6mth	12mth
Absolute(%)	27.0	21.5	26.4
Relative(%)	29.7	24.1	21.6

Source: Binastra, AmInvestment Bank Bhd.

Price Chart

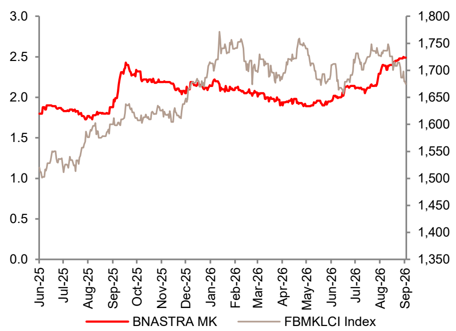
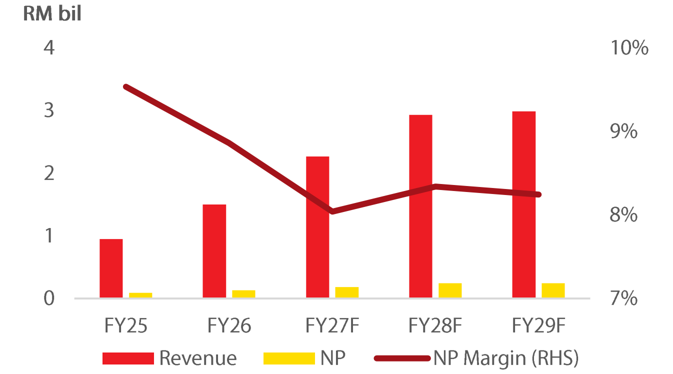


EXHIBIT 1. 1HFY27 Earnings Summary

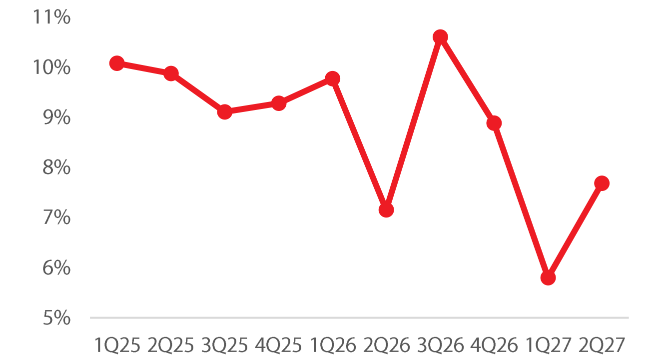
Figures in RM'mil	Quarterly Results					YTD		
	2Q26	1Q27	2Q27	QoQ %	YoY %	1H26	1H27	YoY %
Revenue	396.8	605.6	658.4	8.7	65.9	653.7	1,264.0	93.4
EBIT	38.2	51.2	71.8	40.1	88.1	71.1	123.0	73.0
PBT	37.6	50.8	71.3	40.5	89.7	70.6	122.1	73.0
Taxation	(9.2)	(12.1)	(17.3)	43.2	88.8	-17.0	-29.5	73.0
Minority interest	-	(3.4)	(3.4)	NA	NA	0.0	-6.8	NA
PATAMI	**28.4**	**35.3**	**50.6**	**43.5**	**78.1**	53.6	85.9	**60.4**
Core Net Profit	**28.4**	**35.1**	**50.6**	**44.0**	**78.2**	53.5	85.7	**60.3**
EPS (sen)	2.6	3.2	4.6	43.4	77.9	4.9	7.9	60.4
DPS (sen)	3.0	-	4.0	NA	NA	3.0	4.0	33.3
Payout ratio	115%	0%	86%			61%	51%	
				PPT	PPT			PPT
EBIT Margin %	9.6%	8.5%	10.9%	2.4	1.3	10.9%	9.7%	-1.1
PBT Margin %	9.5%	8.4%	10.8%	2.4	1.4	10.8%	9.7%	-1.1
Effective Tax Rate %	24.4%	23.8%	24.3%	0.5	-0.1	24.1%	24.1%	-0.0
Core Net Profit Margin %	7.2%	5.8%	7.7%	1.9	0.5	8.2%	6.8%	-1.4

EXHIBIT 2. Revenue, Net Profit and NP Margin Forecasts



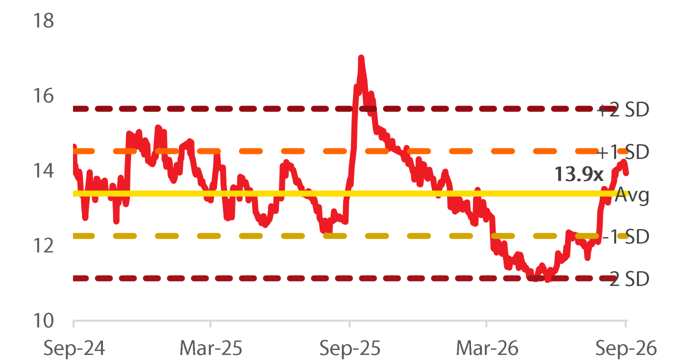
Source: Company, AmInvestment Bank Bhd.

EXHIBIT 3. Historical Core PATAMI Margins



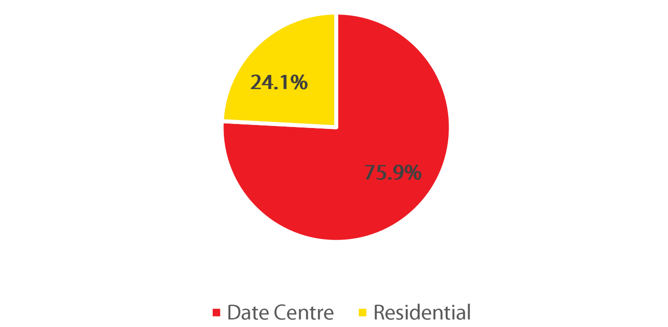
Source: Company, AmInvestment Bank Bhd.

EXHIBIT 4. 2-year Forward PE Band



Source: Bloomberg, AmInvestment Bank Bhd.

EXHIBIT 5. RM1.3bil YTD Order Book Replenishment



Source: Company, AmInvestment Bank Bhd.

EXHIBIT 6: Valuations

Target PE (x)	14x
CY27 EPS	0.22
12-month target price	RM3.10*

*May not add up due to rounding
Source: AmInvestment Bank

Company Profile

Integrated construction player with strong client relationships.

Binastra Construction (M) Sdn. Bhd. was founded in 1980 by Tan Nge, father of current managing director Datuk Jackson Tan. The firm provides end-to-end construction services alongside civil engineering works such as earthwork, rock hacking, piling and concrete framework / architecture work.

The firm's notable former clients include JL99 Group and Titijaya Land Berhad. In 2005, the firm commenced their relationship with Platinum Victory, having since developed multiple low-cost apartments throughout PVs Setapak township. In 2013, the firm broke ground on EXSIM's maiden residential project, The Treez, and in 2021, the firm commenced their first project with Maxim (Mizumi Residences).

Binastra has since underwent multiple corporate exercises, including a 1:10 rights issue, private placement of 9.1% of the enlarged share capital, and a 1:1 bonus issue was completed on 12 Jun 2024.

Investment Thesis and Catalyst

Diversified growth opportunity.

Proxy to high-density property growth. Binastra offers exposure to rising demand for high-rise/high-density developments in Klang Valley and Johor. This is supported by its >40-year construction track record, with earnings expected to grow at a 23% 3-year CAGR, driven by steady order book replenishment of RM1.3bil.

Strong order book visibility from sticky clients. The group's order book is backed by longstanding relationships with EXSIM, Maxim and Platinum Victory, giving it access to direct negotiations, more predictable contract values, and 4–5 years of project visibility. This supports better resource planning and helps sustain PAT margins.

Building a new data centre-related vertical. Beyond main building works, Binastra is expanding into M&E/data-centre solutions through its 51% stake in LF Lansen. LF Lansen supplies thermal energy storage systems, district cooling plants and buffer tanks for data centres, giving Binastra broader exposure to the emerging ASEAN data centre space.

Valuation Methodology

Maintain BUY at unchanged TP of RM3.10.

We maintain BUY with an unchanged TP of RM3.10, based on 14x CY27F P/E (+0.5SD above two-year historical average), applied to CY27F EPS of 22 sen. The premium is justified by the strong 3-year earnings CAGR of 23%, supported by sustained contract replenishment and a sizeable RM6.7bil outstanding orderbook.

Risk Factors

Key downside risks to our call:-

i) Client concentration

ii) Delay in project rollouts;

iii) Rising building material cost; and

iv) Project cost overrun

Financial Summary

Income Statement (RMmil)

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Revenue	946.6	1,502.3	2,264.6	2,931.9	2,989.1
EBITDA	133.7	193.1	274.2	360.2	362.9
Depreciation/Amortisation	(8.6)	(11.4)	(20.0)	(20.2)	(20.4)
Operating income (EBIT)	125.1	181.7	254.2	340.1	342.5
Other income & associates	-	-	-	-	-
Net interest	(0.6)	(0.9)	(0.3)	-	0.2
Exceptional items	-	-	-	-	-
Pretax profit	**124.5**	**180.8**	**253.9**	**340.0**	**342.7**
Taxation	(34.2)	(43.9)	(69.8)	(93.5)	(94.2)
Minorities/pref dividends	-	3.4	2.0	2.0	2.0
Net profit	**90.3**	**133.5**	**182.1**	**244.5**	**246.5**
Core net profit	90.3	133.5	182.1	244.5	246.5

Balance Sheet (RMmil)

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Fixed assets	47.4	78.7	59.8	40.6	21.3
Intangible assets	-	-	-	-	-
Other long-term assets	-	-	-	-	-
Total non-current assets	**47.4**	**78.7**	**59.8**	**40.6**	**21.3**
Cash & equivalent	97.0	114.6	174.6	221.0	350.2
Stock	-	-	-	-	-
Trade debtors	454.9	912.4	1,088.3	1,409.0	1,436.5
Other current assets	131.7	198.3	198.3	198.3	198.3
Total current assets	**683.6**	**1,225.2**	**1,461.2**	**1,828.3**	**1,985.0**
Trade creditors	326.7	639.8	799.8	1,031.0	1,052.8
Short-term borrowings	23.7	61.8	61.8	61.8	61.8
Other current liabilities	94.7	216.8	210.2	210.2	210.2
Total current liabilities	**445.2**	**918.4**	**1,071.7**	**1,302.9**	**1,324.8**
Long-term borrowings	0.2	4.1	4.1	4.1	4.1
Other long-term liabilities	3.1	3.6	3.6	3.6	3.6
Total long-term liabilities	**3.4**	**13.9**	**7.7**	**7.7**	**7.7**
Shareholders' funds	**282.4**	**352.2**	**437.5**	**552.2**	**667.8**
Minority interests	-	19.5	4.0	6.0	6.0
BV/share (RM)	0.26	0.32	0.40	0.51	0.61

Cash Flow (RMmil)

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Pretax profit	124.5	180.8	253.9	340.0	342.7
Depreciation/Amortisation	8.6	11.4	20.0	20.2	20.4
Net change in working capital	-	-	-	-	-
Others	(131.2)	(104.7)	(164.3)	(183.8)	(101.0)
Cash flow from operations	**1.9**	**87.6**	**109.6**	**176.4**	**262.1**
Capital expenditure	(51.5)	(12.1)	(1.0)	(1.0)	(1.0)
Net investments & sale of fixed assets	(5.4)	-	-	-	-
Others	(6.2)	(114.9)	(109.0)	(175.6)	(261.1)
Cash flow from investing	**(61.2)**	**(39.4)**	**(0.5)**	**(0.2)**	-
Debt raised/(repaid)	39.0	29.8	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(32,703.8)	(65,456.0)	(49,102.5)	(129,844.4)	(132,867.0)
Others	32,736.7	65,388.8	49,053.3	129,714.6	132,734.2
Cash flow from financing	**72.0**	**(37.5)**	**(49.1)**	**(129.8)**	**(132.9)**
Net cash flow	**12.7**	**10.7**	**60.0**	**46.4**	**129.3**
Net cash/(debt) b/f	**26.1**	**71.5**	**114.6**	**174.6**	**221.0**
Net cash/(debt) c/f	**64.3**	**107.6**	**200.0**	**246.4**	**375.7**

Key Ratios

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Revenue growth (%)	122.6	58.7	50.7	29.5	2.0
EBITDA growth (%)	135.6	44.5	42.0	31.4	0.7
Pretax margin (%)	13.2	12.0	11.2	11.6	11.5
Net profit margin (%)	9.5	8.9	8.0	8.3	8.2
Interest cover (x)	215.6	212.7	782.1	7,592.8	nm
Effective tax rate (%)	27.5	24.3	27.5	27.5	27.5
Dividend payout (%)	36,234.8	52,952.4	53,100.0	53,100.0	53,100.0
Debtors turnover (days)	132	166	161	155	174
Stock turnover (days)	-	-	-	-	-
Creditors turnover (days)	90	117	116	114	127

Source: Company, AmInvestment Bank Bhd.

DISCLOSURE AND DISCLAIMER