AmInvestment Bank

Company Report

CONSTRUCTION

BINASTRA

(BNASTRA MK EQUITY, BNASTRA.KL) **19 Sep 2025**

Riding on DC and Johor property boom with lucrative dividend yield

BUY

(Maintained)

Liew Jin Sheng
liew.jin-sheng@ambankgroup.com
+603 2036 1687

Rationale for report: Company Result

Price	**RM1.95**
Fair Value	**RM2.70**
52-week High/Low	RM2.01/RM1.35

Key Changes

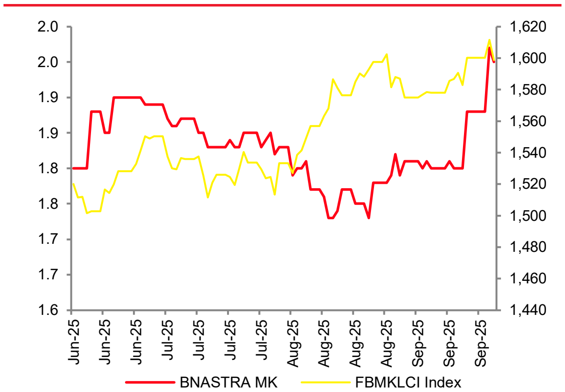
Fair value
EPS

YE to Jan	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	946.6	1,587.9	2,015.3	2,469.0
Core net profit (RM mil)	90.3	132.5	170.4	212.8
FD Core EPS (sen)	8.3	12.2	15.6	19.5
FD Core EPS growth (%)	(7.7)	46.8	28.5	24.9
Consensus Net Profit (RM mil)	-	132.8	169.6	212.6
DPS (sen)	3.0	7.3	9.4	11.7
PE (x)	23.6	16.0	12.5	10.0
EV/EBITDA (x)	15.4	10.5	8.2	6.5
Div yield (%)	1.5	3.7	4.8	6.0
ROE (%)	49.4	42.9	46.1	47.7
Net Gearing (%)	nm	nm	nm	nm

Stock and Financial Data

Shares Outstanding (million)	1,090.9
Market Cap (RMmil)	2,127.2
Book Value (RM/Share)	0.26
P/BV (x)	7.5
ROE (%)	49.4
Net Gearing (%)	-
Major Shareholders	JT Conglomerate Sdn Bhd (41.2%)
	Lee Yong Seng (12.9%)
	Tan Kak Seng (11.1%)
Free Float	0.2
Avg Daily Value (RMmil)	1.8

Price performance	3mth	6mth	12mth
Absolute (%)	8.3	14.7	32.7
Relative (%)	2.4	9.6	37.8



Investment Highlights

We reiterate our BUY call on Binastra Corporation Berhad (Binastra) with an unchanged target price of RM2.70. Binastra's 1HFY26 core net profit of RM53.5mil was within expectations, with stronger quarters ahead to be driven by data centre projects and residential projects in Klang Valley and Johor. 1HFY26 revenue and core net profit grew 59.2% YoY and 30.8% YoY on contribution from data centre projects, though EBIT margin fell 2.5ppt YoY to 10.9% due to higher recognition of revenue from M&E work for data centre projects. Interim dividend of 3sen/share (61% payout) came as a surprise. Moving forward, we expect the company to sustain a 60% payout, yielding 3.7%–6.0% for FY26–28F, backed by its sturdy balance sheet and strong ROE. As of 21 Aug 2025, YTD orderbook wins of RM1.6bil lifted the outstanding orderbook to RM4.6bil. We like Binastra for its exposure to the growing Johor property market and data centre segment, as well as its strategy to build a recurring income base through asset ownership of LSS5.

- **BUY call with an unchanged target price of RM2.70,** valuing the stock at 14x CY27F PE, which is 1SD above the 10-year forward PER mean for the KL Construction Index. The premium is justified by Binastra's robust 3-year earnings CAGR of 33.1%, underpinned by steady annual orderbook replenishment of RM4.0bil across our forecast horizon. While current YTD orderbook wins of RM1.6bil are slightly behind target, management remains confident of achieving RM4-4.5bil for FY26F with potential jobs from solar EPCC and Johor residential projects.

- **Results in line.** 1HFY26 core net profit came in at RM53.5mil, broadly within expectations, representing 40.4%/40.3% of our/consensus full-year forecasts. We expect earnings to accelerate in subsequent quarters, underpinned by contributions from data centre projects, Johor launches and solar projects. 1HFY26 revenue and core net profit rose 59.2% YoY and 30.8% YoY, supported by contribution from data center projects. However, EBIT margin contracted 2.5ppt YoY to 10.9%, weighed down by the higher contribution from mechanical & electrical (M&E) works.

- **Dividend surprise.** The group signaled the willingness to pay dividends and declared an interim dividend of 3 sen/share (61% payout), which was a surprise. With a healthy net cash position of RM76.8mil and a strong ROE exceeding 40%, we expect Binastra to sustain a 60% payout ratio, yielding 3.7%–6.0% for FY26–28F.

- **Strong earnings visibility ahead.** Moving forward, the company's earnings will be supported by huge outstanding orderbook of RM4.6bil, across residential projects in Klang Valley and Johor as well as data centre projects.

EXHIBIT 1: 2QFY26 EARNINGS SUMMARY

Figures in RM'mil	Quarterly Results					YTD		
	2Q25	1Q26	2Q26	QoQ %	YoY %	1H25	1H26	YoY %
Revenue	230.9	256.8	396.8	54.5	71.9	410.5	653.7	59.2
EBIT	30.9	33.0	38.2	15.8	23.5	55.0	71.1	29.2
PBT	30.5	33.0	37.6	14.0	23.3	54.4	70.6	29.7
Taxation	(7.7)	(7.8)	(9.2)	17.2	20.0	-13.5	-17.0	26.4
Minority interest	0.0	0.0	0.0	NA	NA	0.0	0.0	NA
PATAMI	**22.9**	**25.1**	**28.4**	**13.0**	**24.3**	**41.0**	**53.6**	**30.8**
Core Net Profit	**22.8**	**25.1**	**28.4**	**13.1**	**24.6**	**40.9**	**53.5**	**30.8**
EPS (sen)	2.1	2.3	2.6	13.0	22.0	3.8	4.9	28.4
DPS (sen)	-	-	3.0	NA	NA	0.0	3.0	NA
Payout ratio	0%	0%	115%			0%	61%	
				PPT	PPT			PPT
EBIT Margin %	13.4%	12.8%	9.6%	-3.2	-3.8	13.4%	10.9%	-2.5
PBT Margin %	13.2%	12.8%	9.5%	-3.4	-3.7	13.3%	10.8%	-2.5
Effective Tax Rate %	25.1%	23.8%	24.4%	0.7	-0.7	24.8%	24.1%	-0.6
Core Net Profit Margin %	9.9%	9.8%	7.2%	-2.6	-2.7	10.0%	8.2%	-1.8

Source: Company

Company profile

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).

The modern public-listed entity was formed through the reverse takeover of Comintel Corporation, a formerly distressed firm that fell into PN17 status in Mar 2019. Binastra had injected contracts into Comintel in May 2021, followed by a majority stake acquisition by Datuk Jackson Tan and completion of a regularization plan in December 2022. All contracts have since been booked under the listed entity, with upliftment of PN17 in Sep-2023 and a change of name to Binastra Corporation Berhad in Mar-2024.

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 catalysts

BUY recommendation is premised on its exposure to the growing Johor property market and data centre segment as well as its strategy to build recurring income base through asset ownership of LSS5.

Valuation methodology

We value Binastra at 14x, which is 1SD above 10-year average forward PER for Kuala Lumpur Construction Index. The premium is justified by the strong 3-year earnings CAGR of 33.1%, which is premised on a stable replenishment value of RM4bil per annum throughout our forecast period.

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.

EXHIBIT 2: VALUATIONS

Target PE (x)	14x
CY27 EPS	0.19
ESG premium	0
12-month target price	2.70

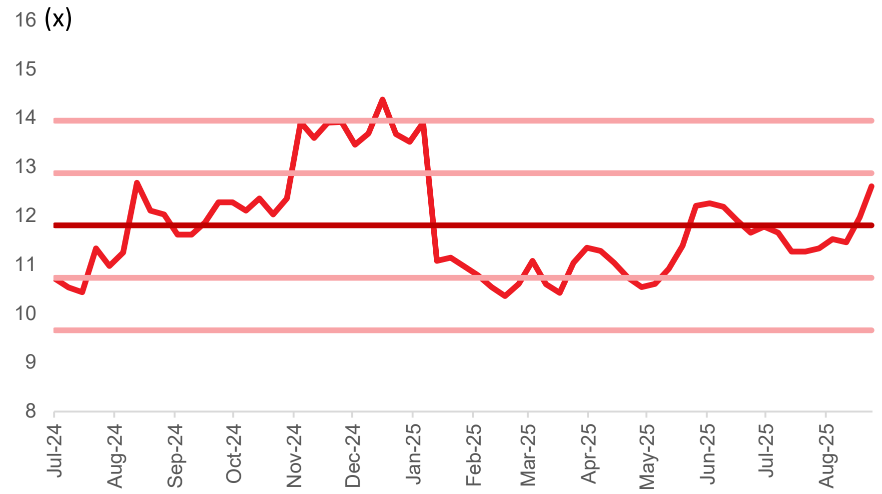
Source: AmInvestment Bank

EXHIBIT 3: ESG SCORECARD

	Environmental assessment	Parameters	Weightage	Rating					Rationale
1	Minimise waste generation	Recycled waste	25%	*	*	*			459.1 tonnes of waste recycled and diverted from landfills.
2	Scope 1 and 2 Emissions	tCO2e emitted	25%	*	*	*			FY25 marks the first emissions report. Total GHG emission by the Group was 129,855 tonnes CO2e. The intensity of total Scope 1 and 2 emissions is 4.5 tonnes/RM1 mil revenue.
3	Energy management	Energy consumption	25%	*	*	*			While total energy consumed increased sharply due to significant increase in the Group's business activities and enhanced reporting coverage. Positively, the company is looking to improve energy management by sourcing from renewabl energy.
4	Water management	Water consumption	25%	*	*	*			Water consumption increased sharply during FY25 due to higher business activities. However, the company is taking measures to reduce water consumption.
	Weighted score for evironmental assessment		**100%**	*	*	*			
	Social assessment								
1	Health, safety & well-being	Number of fatalities & injuries	25%	*	*	*			0 fatalities & injuries
2	Women in workforce	% of total workforce	25%	*	*	*			13% of workforce as of 31 Jan 2025. Excluding male-dominated general labour roles, women represent 29% of the workforce.
3	Employee turnover	% turnover rate	25%	*	*	*			Employee turnover rate improved and remained healthy at 11% in FY25 vs 14% in FY24.
4	CSR programmes	RM	25%	*	*	*			Binastra has made contributions of more than RM170,000 through 10 social initiatives.
	Weighted score for social assessment		**100%**	*	*	*			
	Governance assessment								
1	Board age diversity	% under 60 years old	25%	*	*	*			17%
2	Board women representation	% of total board directors	25%	*	*				Only one woman director on the Board, equating to 16.67% of female representation.
4	Independent board directors	% of total board directors	25%	*	*	*			50%.
5	Remuneration to directors	% of total staff costs	25%	*	*	*	*		RM205,000 for director remuneration, or 1.1% of staff cost in FY25.
	Weighted score for governance assessment		**100%**	*	*	*			
	Combined Score by respective Segments								
	Environmental score		30%	*	*	*			
	Social score		30%	*	*	*			
	Governance score		40%	*	*	*			
	Overall ESG Score		**100%**	*	*	*			

Source: Company, AmInvestment Bank

EXHIBIT 4: PE BAND CHART



Source: Bloomberg

EXHIBIT 5: FINANCIAL DATA

Income Statement (RMmil, YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	425.2	946.6	1,587.9	2,015.3	2,469.0
EBITDA	56.7	133.7	196.8	249.3	307.9
Depreciation/Amortisation	(2.4)	(8.6)	(11.4)	(11.6)	(11.8)
Operating income (EBIT)	54.3	125.1	185.4	237.6	296.1
Other income & associates	-	-	-	-	-
Net interest	(0.1)	(0.6)	0.1	0.1	0.2
Exceptional items	-	-	-	-	-
Pretax profit	**54.1**	**124.5**	**185.6**	**237.7**	**296.3**
Taxation	(13.6)	(34.2)	(51.0)	(65.4)	(81.5)
Minorities/pref dividends	-	-	2.0	2.0	2.0
Net profit	**40.6**	**90.3**	**132.5**	**170.4**	**212.8**
Core net profit	40.6	90.3	132.5	170.4	212.8

Balance Sheet (RMmil, YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	9.5	47.4	37.0	26.4	15.6
Intangible assets	-	-	-	-	-
Other long-term assets	-	-	-	-	-
Total non-current assets	**9.5**	**47.4**	**37.0**	**26.4**	**15.6**
Cash & equivalent	40.7	97.0	85.3	109.9	147.0
Stock	-	-	-	-	-
Trade debtors	227.3	454.9	763.1	968.5	1,186.5
Other current assets	18.5	131.7	131.7	131.7	131.7
Total current assets	**286.4**	**683.6**	**980.2**	**1,210.1**	**1,465.2**
Trade creditors	137.9	326.7	557.9	707.1	864.3
Short-term borrowings	24.8	23.7	23.7	23.7	23.7
Other current liabilities	49.9	94.7	94.7	94.7	94.7
Total current liabilities	**212.6**	**445.2**	**676.3**	**825.5**	**982.7**
Long-term borrowings	0.1	0.2	0.2	0.2	0.2
Other long-term liabilities	-	3.1	3.1	3.1	3.1
Total long-term liabilities	**0.1**	**3.4**	**3.4**	**3.4**	**3.4**
Shareholders' funds	**83.2**	**282.4**	**335.5**	**403.6**	**488.7**
Minority interests	-	-	2.0	4.0	6.0
BV/share (RM)	0.18	0.26	0.31	0.37	0.45

Cash Flow (RMmil, YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	54.1	124.5	185.6	237.7	296.3
Depreciation/Amortisation	2.4	8.6	11.4	11.6	11.8
Net change in working capital	-	-	-	-	-
Others	(43.4)	(131.2)	(128.5)	(121.9)	(142.8)
Cash flow from operations	**13.2**	**1.9**	**68.4**	**127.4**	**165.3**
Capital expenditure	(10.1)	(51.5)	(1.0)	(1.0)	(1.0)
Net investments & sale of fixed assets	(15.0)	(5.4)	-	-	-
Others	(12.5)	(6.2)	(68.0)	(127.0)	(164.8)
Cash flow from investing	**(24.4)**	**(61.2)**	**(0.5)**	**(0.6)**	**(0.5)**
Debt raised/(repaid)	21.6	39.0	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	-	(32,703.8)	(79,518.5)	(102,214.7)	(127,679.7)
Others	(0.3)	32,736.7	79,438.9	102,112.5	127,552.0
Cash flow from financing	**21.3**	**72.0**	**(79.5)**	**(102.2)**	**(127.7)**
Net cash flow	**10.0**	**12.7**	**(11.6)**	**24.6**	**37.1**
Net cash/(debt) b/f	**16.1**	**26.1**	**38.8**	**27.2**	**51.8**
Net cash/(debt) c/f	**40.7**	**64.3**	**52.6**	**77.2**	**114.3**

Key Ratios (YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	(99.8)	122.6	67.8	26.9	22.5
EBITDA growth (%)	(99.8)	135.6	47.3	26.6	23.5
Pretax margin (%)	12.7	13.2	11.7	11.8	12.0
Net profit margin (%)	9.5	9.5	8.3	8.5	8.6
Interest cover (x)	402.1	215.6	nm	nm	nm
Effective tax rate (%)	25.0	27.5	27.5	27.5	27.5
Dividend payout (%)	190.6	36,234.8	60,000.0	60,000.0	60,000.0
Debtors turnover (days)	49,146	132	140	157	159
Stock turnover (days)	30	-	-	-	-
Creditors turnover (days)	36,384	90	102	115	116

Source: Company, AmInvestment Bank Bhd estimates

DISCLOSURE AND DISCLAIMER

This report is prepared for information purposes only and it is issued by AmInvestment Bank Berhad (“AmInvestment”) without regard to your individual financial circumstances and objectives. Nothing in this report shall constitute an offer to sell, warranty, representation, recommendation, legal, accounting or tax advice, solicitation or expression of views to influence any one to buy or sell any real estate, securities, stocks, foreign exchange, futures or investment products. AmInvestment recommends that you evaluate a particular investment or strategy based on your individual circumstances and objectives and/or seek financial, legal or other advice on the appropriateness of the particular investment or strategy.

The information in this report was obtained or derived from sources that AmInvestment believes are reliable and correct at the time of issue. While all reasonable care has been taken to ensure that the stated facts are accurate and views are fair and reasonable, AmInvestment has not independently verified the information and does not warrant or represent that they are accurate, adequate, complete or up-to-date and they should not be relied upon as such. All information included in this report constituteAmInvestment’s views as of this date and are subject to change without notice. Notwithstanding that, AmInvestment has no obligation to update its opinion or information in this report. Facts and views presented in this report may not reflect the views of or information known to other business units of AmInvestment’s affiliates and/or related corporations (collectively, “AmBank Group”).

This report is prepared for the clients of AmBank Group and it cannot be altered, copied, reproduced, distributed or republished for any purpose without AmInvestment’s prior written consent. AmInvestment, AmBank Group and its respective directors, officers, employees and agents (“Relevant Person”) accept no liability whatsoever for any direct, indirect or consequential losses, loss of profits and/or damages arising from the use or reliance of this report and/or further communications given in relation to this report. Any such responsibility is hereby expressly disclaimed.

AmInvestment is not acting as your advisor and does not owe you any fiduciary duties in connection with this report. The Relevant Person may provide services to any company and affiliates of such companies in or related to the securities or products and/or may trade or otherwise effect transactions for their own account or the accounts of their customers which may give rise to real or potential conflicts of interest.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

If any provision of this disclosure and disclaimer is held to be invalid in whole or in part, such provision will be deemed not to form part of this disclosure and disclaimer. The validity and enforceability of the remainder of this disclosure and disclaimer will not be affected.