AmInvestment Bank

**Company Report**



# LIM SEONG HAI

(LSH MK EQUITY, LSH.KL)

**26 Nov 2025**

*Gross profit margin expands to 39%, accelerates with KL Tower*

**BUY**

(Maintained)

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***Rationale for report: Company Result***

| | |
|---|---|
| **Price** | **RM2.19** |
| **Target Price** | **RM3.00** |
| 52-week High/Low | RM2.56/RM0.73 |

**Key Changes**

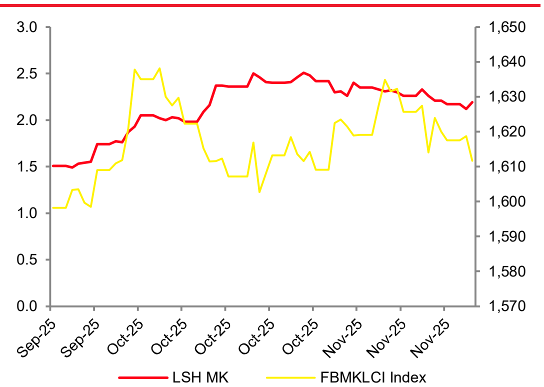
| | |
|---|---|
| Fair value | ⬄ |
| EPS | ⬄ |

| YE to Sep | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|
| Revenue (RM mil) | 460.7 | 537.9 | 643.1 | 681.2 |
| Core net profit (RM mil) | 93.7 | 130.9 | 168.9 | 171.5 |
| FD Core EPS (sen) | 10.9 | 15.3 | 19.7 | 20.0 |
| FD Core EPS growth (%) | 34.2 | 39.7 | 29.0 | 1.6 |
| Consensus Net Profit (RM mil) | - | - | - | - |
| DPS (sen) | 4.0 | 5.1 | 5.9 | 6.2 |
| PE (x) | 20.0 | 14.3 | 11.1 | 10.9 |
| EV/EBITDA (x) | 12.8 | 10.2 | 7.8 | 7.0 |
| Div yield (%) | 2.3 | 2.9 | 3.3 | 3.5 |
| ROE (%) | 17.2 | 18.7 | 20.9 | 18.5 |
| Net Gearing (%) | 7.2 | nm | nm | nm |

Stock and Financial Data

| | |
|---|---|
| Shares Outstanding (million) | 856.0 |
| Market Cap (RMmil) | 1,874.6 |
| Book Value (RM/Share) | 0.77 |
| P/BV (x) | 2.8 |
| ROE (%) | 17.2 |
| Net Gearing (%) | 7.2 |
| Major Shareholders | LSH Resources (65.4%) |
| | Lim Pak Lian (1.8%) |
| | TS Lim Keng Cheng (1.8%) |
| | Dato' Lim Keng Guan (1.8%) |
| | Lim Keng Hun (1.8%) |
| Free Float | 27.5 |
| Avg Daily Value (RMmil) | 5.4 |

| Price performance | 3mth | 6mth | 12mth |
|---|---|---|---|
| Absolute (%) | 78.0 | 173.8 | - |
| Relative (%) | 77.0 | 160.8 | - |




## Investment Highlights

**We maintain BUY on LSH with an unchanged TP of RM3.00/share (37% upside), pegged to 15x FY27F P/E, +0.5SD to mid-small cap construction 5-year average. FY25 core net profit rose 39% YoY, in line at 102% of our estimate, as gross profit margin (GPM) strengthened to 39% on a richer mix of engineering, materials and concession income. Property remained the standout driver, with revenue up 119% YoY and GP up 66% on strong LSH Segar progress billings, while construction GPM expanded 4ppt YoY to 35% on deeper integration of in-house capabilities. The KL Tower O&M concession added meaningful earnings kicker, with facilities revenue surging 30x to RM26mil and GPM rising to 69%. Altogether, the results reaffirm LSH's shift from a conventional contractor into a high-margin, consultant-led construction-developer platform, enhancing earnings visibility and supporting a valuation re-rating toward premium multiples.**

- **Maintain BUY at a target price of RM3 (37% upside).** We value LSH at 15x FY27F P/E, +0.5SD to mid-small cap construction 5-year average. A premium to small-cap contractors, justified by structurally higher margins, recurring concession earnings, and >RM10bil tender pipeline.

- **Within expectation, superior margin sustains profitability.** LSH FY25 core net profit of RM97mil (+39% YoY), accounting for 102% of our estimates. In line with our thesis, LSH's profit margin improved to 39% from 36%, reflecting stronger mix of engineering, materials and high-margin concession income. This validates our view that LSH's vertically integrated model structurally embeds margins above industry norms. LSH declared a record DPS of 3.89sen for FY25 (2% yield, 32% payout), beating our estimate. While yield is still modest, dividends will improve as recurring KL Tower income and property billings scale.

- **Property gross profit more than doubled, while construction delivers stronger margins.** Property revenue jumped 119% YoY to RM159mil, while segment gross profit rose 66% YoY to RM64mil, from accelerated LSH Segar progress billings. This is consistent with earnings trajectory expected from LSH's RM1.6bil GDV pipeline (LSH Segar + Lake Side Homes), which underpins FY25-27F growth. Construction GPM improved to 35% supported by >50% GPM from building materials and stronger engineering works which lifts gross profit by 9% YoY to RM97mil (FY24: RM89mil). This reinforces the advantage of LSH's BEST Framework (engineering + materials + solutions)

- **Concession kicker with revenue surge 30x from high-margin KL Tower.** Facilities revenue gross profit margin jumped to 69% from 35%, boosted from full contribution from the 20-year Kl Tower O&M concession. The high-margin, concession-based cash flows deepen LSH's recurring income base and further derisk group earnings going into FY26F.

**EXHIBIT 1: FINANCIAL SUMMARY**

| RM mil | 4Q24 | 3Q24 | 4Q25 | QoQ % | YoY% | FY24 | FY25 | YoY% |
|---|---|---|---|---|---|---|---|---|
| Revenue | 84 | 62 | 135 | >100 | 61 | 361 | 461 | 27 |
| Cost of sales | -41 | -39 | -80 | >100 | 96 | -233 | -282 | 21 |
| **Gross profit** | **44** | **23** | **56** | **>100** | **28** | **128** | **179** | **40** |
| Other income | 0 | 1 | 1 | 1 | >100 | 1 | 3 | >100 |
| Selling & marketing expenses | 0 | 0 | -1 | >100 | >100 | -4 | -3 | -24 |
| Administrative expenses | -6 | -5 | -9 | 63 | 51 | -26 | -36 | 39 |
| Other expenses | -1 | -1 | -1 | >100 | 41 | -3 | -5 | 49 |
| **Operating Profit** | **36** | **17** | **45** | >100 | 26 | **96** | **138** | 44 |
| Finance costs | -1 | -1 | 0 | -58 | -63 | -2.3 | -2.1 | -10 |
| Loss allowance on financial assets & contract assets | 9 | -4 | 10 | >100 | 12 | 4.4 | 3.5 | -19 |
| Share of loss of equity-accounted associate | 0 | 0 | 0 | -100 | -100 | 0.0 | 0.0 | -13 |
| Exceptional Item | | | | | | -4.5 | -3.6 | -20 |
| **Profit before taxation** | **44** | **13** | **55** | >100 | 25 | **98** | **139** | 42 |
| Income tax expense | -11 | -2 | -16 | **>100** | **51** | -23 | -36 | **53** |
| **Profit after taxation** | **33** | **10** | **38** | >100 | 16 | **74** | **103** | 39 |
| – Non-controlling interests | 0 | 0 | 4 | **>100** | **>100** | 0 | 2 | >100 |
| PATAMI | 33 | 10 | 35 | >100 | **5** | 74 | 101 | 36 |
| **Core PATAMI** | **33** | **10** | **35** | **>100** | **5** | **70** | **97** | **39** |
| | | | | | | | | |
| EPS (sen) | 2.25 | 1.47 | 4.65 | | | 10.52 | 12.6 | |
| | | | | | | | | |
| GPM | 52% | 37% | 41% | | | 35% | 39% | |
| OPM | 43% | 27% | 33% | | | 27% | 30% | |
| PBT | 52% | 20% | 40% | | | 27% | 30% | |
| PAT | 39% | 17% | 28% | | | 21% | 22% | |
| ETR | -25% | -18% | -30% | | | -24% | -26% | |
| | | | | | | | | |
| **Segment** | | | | | | | | |
| | | | | | | | | |
| Construction | 75 | 60 | 93 | 55 | 24 | 288 | 277 | -4 |
| – Construction & engineering works | 52 | 33 | 56 | 70 | 7 | 204 | 172 | -16 |
| – Construction-related services | 1 | 2 | 3 | 69 | 99 | 7 | 5 | -28 |
| – Construction products (breakdown below) | 21 | 26 | 34 | 34 | 60 | 77 | 99 | 29 |
| • *Building materials* | *10* | *9* | *22* | >100 | >100 | *38* | *53* | *40* |
| • *Lighting products* | *1* | *1* | *1* | 6 | 5 | *5* | *6* | *17* |
| • *Hardware & tools* | *4* | *4* | *5* | 25 | 21 | *16* | *15* | *-3* |
| • *Rental of machinery* | *6* | *11* | *6* | -48 | -12 | *18* | *25* | *36* |
| | | | | | | | | |
| Property development | 8 | 11 | 30 | >100 | >100 | 72 | 159 | >100 |
| Facilities management | 1 | 1 | 13 | >100 | >100 | 1 | 26 | >100 |
| Total Revenue | 84 | 62 | 135 | >100 | 61 | 361 | 461 | 27 |
| | | | | | | | | |
| Construction | 28 | 18 | 38 | >100 | 35 | 89 | 97 | 9 |
| – Construction & engineering | 19 | 13 | 21 | 63 | 15 | 67 | 63 | -6 |
| – Construction products | 9 | 5 | 17 | >100 | 75 | 22 | 34 | 56 |
| • *Building materials* | *2* | *1* | *11* | >100 | >100 | *6* | *16* | >100 |
| • *Lighting* | *1* | *0* | *0* | >100 | -22 | *2* | *2* | 19 |
| • *Hardware & tools* | *1* | *1* | *1* | -9 | -23 | *4* | *3* | -16 |
| • *Machinery rental* | *6* | *3* | *5* | 65 | -24 | *10* | *13* | 24 |
| Property development | 15 | 4 | 8 | 77 | -48 | 39 | 64 | 66 |
| Facilities management | 0 | 2 | 10 | >100 | >100 | 0 | 18 | >100 |
| Total Gross Profit | 44 | 24 | 56 | >100 | 28 | 128 | 179 | 40 |

*Source: Company, AmInvestment Bank*

**EXHIBIT 2: VALUATIONS**

| | |
|---|---|
| Target PE (x) | 15x |
| FY27 EPS | 19.7 |
| ESG premium | - |
| 12-month target price | RM3.00 |

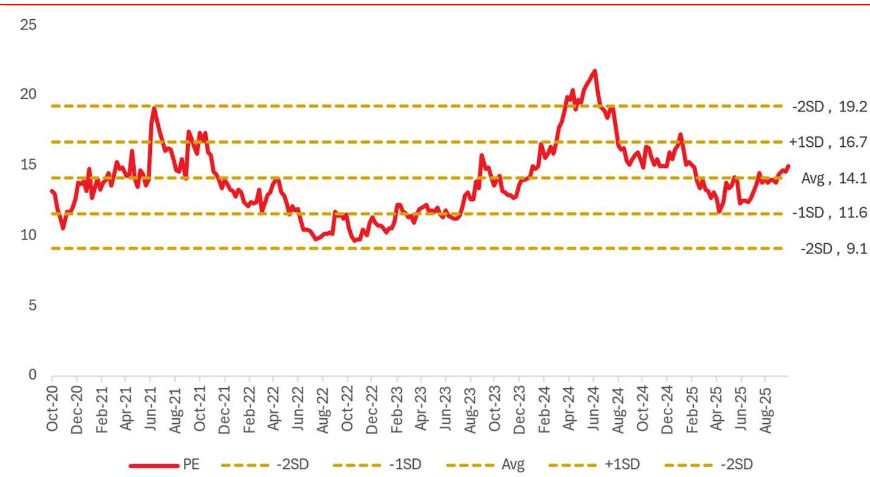
*Source: AmInvestment Bank*

**EXHIBIT 3: SMALL-MID CONSTRUCTION PEER COMPARISONS**

| Name | Ticker | Mkt Cap (RM b) | Last Price | 1 Year Forward PE | EV/EBITDA | PB | Div Yld | Next FY PAT Margin |
|---|---|---|---|---|---|---|---|---|
| Bina Puri Holdings | BIN MK | 0.3 | 0.35 | 20.9 | 13.0 | - | 0% | 3% |
| Inta Bina Group | INTA MK | 0.3 | 0.43 | 5.4 | 3.3 | 1.1 | 7% | 5% |
| MGB | MLG MK | 0.3 | 0.46 | 4.8 | 3.3 | 0.4 | 6% | 4% |
| Kumpulan Kitacon | KITACON MK | 0.4 | 0.72 | 5.8 | - | 0.9 | 5% | 6% |
| Vestland | VLB MK | 0.5 | 0.52 | 5.7 | 7.3 | 137.8 | - | 10% |
| Econpile Holdings | ECON MK | 0.6 | 0.41 | 15.0 | 7.6 | 1.4 | 1% | 5% |
| Kimlun Corp | KICB MK | 0.6 | 1.49 | 8.0 | 6.3 | 0.6 | 2% | 4% |
| Signature Alliance Group | SAG MK | 0.8 | 0.84 | 13.0 | 7.3 | - | - | 10% |
| MN Holdings | MNHLDG MK | 1.2 | 1.87 | 17.9 | 11.0 | 5.8 | 0% | 8% |
| WCT Holdings | WCTHG MK | 1.3 | 0.83 | 17.5 | 10.9 | 0.3 | 0% | 4% |
| Southern Score Builders | SSB8 MK | 1.3 | 0.58 | 15.5 | 10.4 | - | 3% | 13% |
| **Lim Seong Hai Capital** | **LSH MK** | **1.5** | **1.76** | **15.0** | **10.1** | **1.8** | **2%** | **16%** |
| Malaysian Resources Corp | MRC MK | 2.4 | 0.54 | 35.9 | 13.5 | 0.5 | 2% | 3% |
| Binastra Corp | BNASTRA MK | 2.5 | 2.31 | 15.8 | 10.6 | 6.6 | 2% | 8% |
| **Simple Average** | | | | **14.0** | **8.8** | **14.3** | **2%** | **7%** |

*Source: Bloomberg, AmInvestment Bank*

**EXHIBIT 4: 5-YEAR FORWARD PE OF SMALL-MID CAP CONSTRUCTION COMPANIES**




*Source: Bloomberg, AmInvestment Bank*

## Company profile

Lim Seong Hai Capital Berhad (LSH Capital), listed on Bursa Malaysia's LEAP Market in 2021, traces its roots back to 1966 as a family-run civil contractor before expanding into lighting, M&E, building materials and property development. Today, LSH operates on an asset-light, vertically integrated model across construction, engineering, materials distribution and project management, supported by its BEST Collaboration Framework which emphasizes value-engineering and efficiency.

## Investment thesis and catalysts

**Structural margin outlier**. LSH sustains superior profitability supported by its integrated model spanning consultancy, construction, property, and facility management. FY24 gross margin of 35% and PAT margin of 20% validate its profitability edge. We forecast FY25–27F PAT margins of 15–18% anchored by new launches.

**Earnings visibility with upside**. RM1.4bil secured orderbook and ~RM10bil tenders provide 2-3 years of profit visibility. High-profile bids (a highway package >RM1.5 billion), flood mitigation >RM1 billion, KL Tower commercial zones RM70 mil, and LSH Bund RM506 mil) create potential upside. Backed by RM615mil equity and minimal gearing, LSH is well-positioned to secure large-scale jobs.

**Dual growth + recurring income**. Property projects (LSH Segar, Lake Side Homes; combined GDV RM1.55bil, GPM 32–34%) underpin near-term growth. These developments are expected to drive gross profit expansion by 0.9x to 4.6x from FY25F to FY27F. Meanwhile the 20-year KL Tower concession adds RM22mil recurring PATMI p.a, diversifying cash flows and enhancing earnings sustainability.

## Valuation methodology

We value LSH Capital using a P/E approach, which is appropriate given its stable earnings profile and asset-light development model, and in line with sector practice where Malaysian construction and property peers are typically benchmarked on P/E.

Our 15x FY27F P/E target multiple, pegged to +0.5SD of the 5-year mid-small cap construction average, placing it at the midpoint of 12x-18x PE small-mid cap peer valuation band.

It reflects a modest premium to small and mid-cap peers, given LSH's sector-leading 16% net margins and 40% forward earnings growth.

At the same, our valuation remains conservative relative to historical peaks, where small-mid caps have re-rated up to 30x and premium large contractors have traded in 20–25x range.

This balanced positioning captures LSH's high-margin, high-growth profile, while allowing for upside optionality as scale improves.

## Risk factors

i. Execution risk
ii. Property cycle sensitivity
iii. Concession/regulatory risk
iv. Cost inflation
v. Governance/concentration risk

## EXHIBIT 5: FINANCIAL DATA

| Income Statement (RMmil, YE 31 Sep) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Revenue | 361.4 | 460.7 | 537.9 | 643.1 | 681.2 |
| EBITDA | 108.9 | 149.7 | 183.5 | 235.4 | 242.8 |
| Depreciation/Amortisation | (4.3) | (8.2) | (10.0) | (11.7) | (13.4) |
| Operating income (EBIT) | 104.6 | 141.4 | 173.6 | 223.7 | 229.4 |
| Other income & associates | - | - | - | - | - |
| Net interest | (2.3) | (2.1) | (1.4) | (1.5) | (3.7) |
| Exceptional items | (4.5) | (3.6) | - | - | - |
| **Pretax profit** | **97.8** | **135.7** | **172.2** | **222.2** | **225.7** |
| Taxation | (23.5) | (35.9) | (41.3) | (53.3) | (54.2) |
| Minorities/pref dividends | - | (2.5) | - | - | - |
| **Net profit** | **74.3** | **97.3** | **130.9** | **168.9** | **171.5** |
| Core net profit | 69.8 | 93.7 | 130.9 | 168.9 | 171.5 |

| Balance Sheet (RMmil, YE 31 Sep) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Fixed assets | 31.6 | 41.9 | 33.4 | 31.7 | 28.3 |
| Intangible assets | - | - | - | - | - |
| Other long-term assets | 158.3 | 184.9 | 184.9 | 184.9 | 184.9 |
| **Total non-current assets** | **189.9** | **226.8** | **218.3** | **216.6** | **213.2** |
| Cash & equivalent | 40.1 | 35.4 | 102.2 | 159.2 | 304.7 |
| Stock | - | - | - | - | - |
| Trade debtors | 99.2 | 163.0 | 190.3 | 227.5 | 241.0 |
| Other current assets | 312.6 | 446.9 | 477.1 | 518.2 | 541.4 |
| **Total current assets** | **452.0** | **645.3** | **769.6** | **904.9** | **1,087.1** |
| Trade creditors | - | - | - | - | - |
| Short-term borrowings | 64.2 | 82.8 | 94.1 | 109.5 | 118.2 |
| Other current liabilities | 90.2 | 96.4 | 111.3 | 111.3 | 111.3 |
| **Total current liabilities** | **154.3** | **179.2** | **205.4** | **220.8** | **229.5** |
| Long-term borrowings | - | - | - | - | - |
| Other long-term liabilities | 12.3 | 34.1 | 32.1 | 32.1 | 82.1 |
| **Total long-term liabilities** | **12.3** | **34.1** | **32.1** | **32.1** | **82.1** |
| **Shareholders' funds** | **475.3** | **655.5** | **747.1** | **865.4** | **985.4** |
| Minority interests | - | 3.3 | 3.3 | 3.3 | 3.3 |
| BV/share (RM) | 0.56 | 0.77 | 0.88 | 1.01 | 1.16 |

| Cash Flow (RMmil, YE 31 Sep) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Pretax profit | 97.8 | 135.7 | 172.2 | 222.2 | 225.7 |
| Depreciation/Amortisation | 4.3 | 8.2 | 10.0 | 11.7 | 13.4 |
| Net change in working capital | 101.6 | 145.6 | 203.6 | 233.9 | 239.1 |
| Others | (180.4) | (265.7) | (269.7) | (350.2) | (321.2) |
| **Cash flow from operations** | **23.2** | **23.8** | **116.1** | **117.6** | **157.0** |
| Capital expenditure | (4.5) | 0.8 | (10.0) | (10.0) | (10.0) |
| Net investments & sale of fixed assets | - | - | - | - | - |
| Others | 0.4 | (16.9) | - | - | - |
| **Cash flow from investing** | **(4.1)** | **(16.1)** | **(10.0)** | **(10.0)** | **(10.0)** |
| Debt raised/(repaid) | 16.6 | 35.7 | - | - | 50.0 |
| Equity raised/(repaid) | - | 112.7 | - | - | - |
| Dividends paid | (19.8) | (33.3) | (39.3) | (50.7) | (51.5) |
| Others | 3.9 | (89.1) | - | - | - |
| **Cash flow from financing** | **0.7** | **26.0** | **(39.3)** | **(50.7)** | **(1.5)** |
| **Net cash flow** | **19.7** | **33.7** | **66.8** | **57.0** | **145.5** |
| **Net cash/(debt) b/f** | **20.6** | **33.1** | **73.4** | **140.2** | **197.2** |
| **Net cash/(debt) c/f** | **40.3** | **66.8** | **140.2** | **197.2** | **342.7** |

| Key Ratios (YE 31 Sep) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Revenue growth (%) | 1.0 | 27.5 | 16.7 | 19.6 | 5.9 |
| EBITDA growth (%) | 35.4 | 37.5 | 22.6 | 28.3 | 3.2 |
| Pretax margin (%) | 27.0 | 29.5 | 32.0 | 34.6 | 33.1 |
| Net profit margin (%) | 20.6 | 21.1 | 24.3 | 26.3 | 25.2 |
| Interest cover (x) | 44.8 | 67.0 | 127.5 | 150.6 | 61.4 |
| Effective tax rate (%) | 24.0 | 26.5 | 24.0 | 24.0 | 24.0 |
| Dividend payout (%) | - | 31.1 | 30.0 | 30.0 | 30.0 |
| Debtors turnover (days) | 108 | 104 | 120 | 119 | 126 |
| Stock turnover (days) | - | - | - | - | - |
| Creditors turnover (days) | - | - | - | - | - |

*Source: Company, AmInvestment Bank Bhd estimates*

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