UOBKayHian

Company – Results | Malaysia

Friday, 18 September 2026

# Binastra Corporation Group (BNASTRA MK)

2QFY27: Yielding Impressively

## Highlights

- **Above expectations** (53% of our and consensus expectations), as we anticipate a stronger earnings momentum for 2HFY27. 2QFY27 revenue grew 66% yoy and core profit rose 78% yoy.
- **Maintain BUY with a higher target price of RM3.05 (from RM2.68),** rolled over to FY28 valuations. Binastra offers a resilient dividend yield of 3.4-4.2% in FY27-29 (based on 50% payout ratio assumptions).

### 2QFY27 Results

| | 2QFY27 | qoq chg | yoy chg | 1HFY27 | yoy chg |
|---|---|---|---|---|---|
| Year to 31 Jan (RMm) | (RMm) | (%) | (%) | (RMm) | (%) |
| Revenue | 658.4 | 8.7 | 65.9 | 1,264.0 | 93.4 |
| Operating expenses | (582.9) | (5.8) | (63.8) | (1,133.9) | (96.5) |
| EBIT | 71.6 | 40.1 | 88.7 | 130.0 | 69.8 |
| Finance costs | (0.9) | (25.6) | (14.1) | (1.5) | (74.5) |
| PBT | 71.3 | 40.5 | 89.7 | 122.1 | 73.0 |
| Taxation | (17.3) | (43.2) | (88.8) | (29.5) | (73.0) |
| PATAMI | 50.6 | 43.5 | 78.1 | 92.7 | 73.0 |
| Core PATAMI | 50.6 | 44.0 | 78.2 | 92.5 | 73.0 |
| Margin (%) | | | | | |
| EBIT | 10.9 | 2.4 | 1.3 | 10.3 | -1.4 |
| PBT | 10.8 | 2.4 | 1.4 | 9.7 | -1.1 |
| Core PATAMI | 7.7 | 1.9 | 0.5 | 7.3 | -0.9 |

*Source: Binastra, UOB Kay Hian*

## Analysis

- **Results above expectations.** Binastra Corporation Group (Binastra) reported an impressive 2QFY27 core net profit of RM50.6m (+44% qoq, +78% yoy) on record-high revenue of RM658.4m (+9% qoq, +666% yoy). 2QFY27 earnings improved 44% qoq in tandem with top-line growth, mainly reflecting better margins from selective solar installation and data centre fit-out projects, besides higher LF Lansen contributions. 1HFY27 results are deemed above expectations, making up 53% of our and consensus full-year estimates. We expect an improving earnings momentum through 2HFY27, anchored on better progress billings from the secured orderbook.

### Key Financials

| Year to 31 Jan (RMm) | 2025 | 2026 | 2027F | 2028F | 2029F |
|---|---|---|---|---|---|
| Net turnover | 947 | 1,502 | 2,251 | 2,575 | 2,846 |
| EBITDA | 134 | 207 | 261 | 295 | 326 |
| Operating profit | 125 | 194 | 261 | 295 | 326 |
| Net profit (rep./act.) | 90 | 133 | 183 | 208 | 230 |
| Net profit (adj.) | 90 | 133 | 183 | 208 | 230 |
| EPS | 8.3 | 8.3 | 12.2 | 16.8 | 19.1 |
| PE | 30.1 | 20.3 | 14.8 | 13.0 | 11.8 |
| P/B | 9.6 | 7.7 | 9.1 | 6.3 | 4.7 |
| EV/EBITDA | 10.0 | 6.7 | 5.0 | 4.2 | 3.5 |
| Dividend yield | 1.2 | 2.6 | 3.4 | 3.8 | 4.2 |
| Net margin | 9.5 | 8.9 | 8.1 | 8.1 | 8.1 |
| Net debt/(cash) to equity | (25.9) | (13.8) | (18.2) | (29.1) | (37.5) |
| Interest cover | 230.5 | n.a. | 69.5 | 88.9 | 120.5 |
| ROE | 62.0 | 42.1 | 63.4 | 58.2 | 53.3 |
| Consensus net profit | - | - | 175.1 | 206.7 | 226.4 |
| UOBKH/Consensus (x) | - | - | 1.05 | 1.01 | 1.02 |

*Source: Binastra, Bloomberg, UOB Kay Hian*


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### BUY (Maintained)

| | |
|---|---|
| Share Price | RM2.49 |
| Target Price | RM3.05 |
| Upside | +22.5% |
| Previous TP | RM2.68 |

### Stock Data

| | |
|---|---|
| GICS sector | Industrials |
| Bloomberg ticker: | BNASTRA MK |
| Shares issued (m): | 1,094.4 |
| Market cap (RMm): | 2,725.0 |
| Market cap (US$m): | 664.8 |
| 3-mth avg daily t'over (US$m): | 0.3 |

### Price Performance (%)

52-week high/low RM2.5/RM1.88

| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| 6.4 | 27.0 | 21.5 | 26.4 | 15.8 |

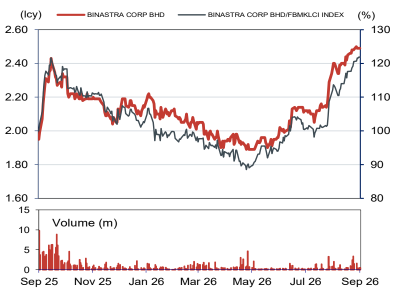
### Major Shareholders (%)

| | |
|---|---|
| JT Conglomerate Sdn Bhd | 41.1 |
| Lee Yong Seng | 11.9 |
| Tan Kak Seng | 11.5 |

### Balance Sheet Metrics

| | |
|---|---|
| FY27 NAV/Share (RM) | 0.3 |
| FY27 Net Debt/Share (RM) | 0.0 |

### Price Chart




*Source: Bloomberg*

### Company Description

Binastra Corporation Group specialises in residential, commercial and industrial construction projects in Malaysia.

- **Robust orderbook pipeline supporting earnings growth.** Binastra secured RM1.3b in new jobs ytd, clinching three new contracts amounting to RM1.31b (comprising of a RM491m data centre (DC) project in Cheras from EXSIM, a RM503m DC project from Exsim, and a RM316.5m residential project from HCK Capital). We remain confident that Binastra is well on track to achieve our FY27 orderbook replenishment target of RM3b (mainly comprising mixed development buildings and DC infrastructures from key customers). With a record-high outstanding orderbook of RM6.7b (>3x revenue cover), Binastra is well positioned for record-high earnings levels throughout FY27-29.
- **Secured two new clients; diversifying earnings streams.** Binastra has secured two new customers since FY26, which are CPI Land for the Tuan Heritag3 project (Aug 25) and HCK Capital for the Subang Sentral project (Mar 26). These two new customers expanded Binastra's residential projects' client base in addition to its initial three key customers, namely Platinum Victory (PV), EXSIM Development (EXSIM) and Maxim Global (MAXIM) which have relationships spanning many years (PV: 21 years; EXSIM: 14; Maxim: 7). We anticipate a visible increase in orderbook moving forward from these new customers, leveraging on their other developments.
- **DC exposure strengthening, …** Following another RM491m DC contract from Exsim Sri Permai secured in Jul 26, Binastra has secured about RM2.4b in DC wins across seven contracts. This makes up about 20% of the group's existing orderbook. Such exposure reiterates the group's technical capability for taking on different projects in its portfolio. Given the rising demand for Malaysia's DC infrastructures, Binastra is well positioned to secure more DC contracts in the future, leveraging on its existing track records. This will lift the group's overall margins, given DCs' shorter construction period and better profit margins.
- **…complemented by strategic acquisition of LF Lansen stakes.** Binastra acquired a 51% stake in LF Lansen, a CIDB Grade G7-certified contractor specialising in thermal energy storage systems for district cooling plants and buffer tanks for DCs in Malaysia, Singapore, Vietnam and the Philippines. This strategic acquisition strengthened Binastra's engineering, procurement, construction and commissioning capabilities and the provision of energy-efficient engineering solutions, benefitting the group's DC bids. LF Lansen is also earnings-accretive to Binastra, supported by a RM149.6m outstanding orderbook (as of end-Apr 26) and several contracts under negotiations.

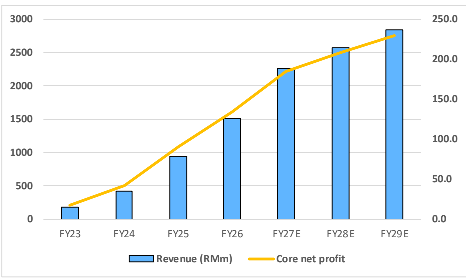
## Valuation/Recommendation

- **We raise our FY27 earnings forecast by 5%** to factor in higher progress billing and margins from DC projects.
- **Maintain BUY with a higher target price of RM3.05 (from RM2.68),** as we roll over our valuations to FY28. Our target price implies 16x FY28F PE (three-year mean). We continue to like Binastra for its discounted valuations of 13x FY28F PE, well below the sector average of 18x.
- **Following an earlier revision of the dividend payout ratio to 50% for FY27-29,** Binastra offers a prospective dividend yield of 3.4-4.2% in FY27-29 (with room for capital management upside).

## Earnings Revision/Risk

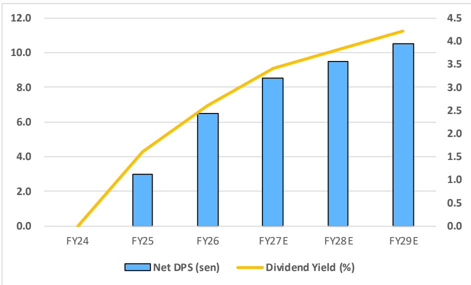
- **Earnings revision:** None.

### Revenue And Net Profit Trend (RMm)



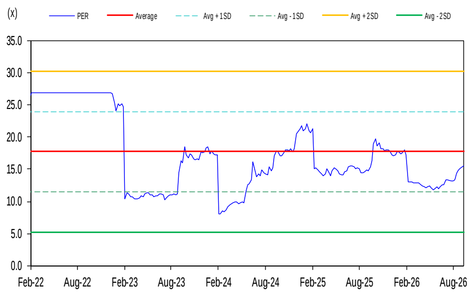

*Source: Binastra, UOB Kay Hian*

### Dividend And Yield (%)




*Source: Binastra, UOB Kay Hian*

### Three-year PE Band




*Source: Bloomberg, UOB Kay Hian*

### Environmental, Social, Governance (ESG) Updates

Environmental
- Embarked on measuring Scope 1, 2 and 3 emissions in FY25. This marks its first emissions report and serves as a basis for establishing its future emission reduction targets.

Social
- Made contributions of more than RM170,000 through 10 social initiatives, impacting more than 10,000 beneficiaries.

Governance
- Implemented integrated management systems which comply with Environmental Quality Act 1974, Occupational Safety and Health (Amendment) Act 2022, Construction Industry Development Board Act 1994 and all relevant laws and regulations.

*Source: Binastra, UOB Kay Hian*

## Profit & Loss

| Year to 31 Jan (RMm) | 2026 | 2027F | 2028F | 2029F |
|---|---|---|---|---|
| Net turnover | 1,502 | 2,252 | 2,575 | 2,9846 |
| EBITDA | 207 | 261 | 295 | 326 |
| Deprec. & amort. | 13 | 16 | 18 | 21 |
| EBIT | 194 | 245 | 277 | 305 |
| Associate contributions | 0 | 0 | 0 | 0 |
| Net interest income/(expense) | 0 | (4) | (4) | (3) |
| Pre-tax profit | 181 | 2241 | 274 | 302 |
| Tax | (44) | (58) | (66) | (73) |
| Minorities | (3) | 0 | 0 | 0 |
| Net profit | 133 | 184 | 208 | 230 |
| Net profit (adj.) | 133 | 184 | 208 | 230 |

## Balance Sheet

| Year to 31 Jan (RMm) | 2026 | 2027F | 2028F | 2029F |
|---|---|---|---|---|
| Fixed assets | 51 | 85 | 117 | 147 |
| Other LT assets | 28 | 28 | 28 | 28 |
| Cash/ST investment | 115 | 120 | 192 | 284 |
| Other current assets | 1,111 | 1,120 | 1,353 | 1,540 |
| Total assets | 1,304 | 1,353 | 1,690 | 1,998 |
| ST debt | 62 | 62 | 62 | 62 |
| Other current liabilities | 857 | 962 | 1,162 | 1,322 |
| LT debt | 4 | 4 | 4 | 4 |
| Other LT liabilities | 10 | 10 | 10 | 10 |
| Shareholders' equity | 352 | 297 | 433 | 581 |
| Minority interest | 20 | 20 | 20 | 20 |
| Total liabilities & equity | 1,304 | 1,353 | 1,690 | 1,998 |

## Cash Flow

| Year to 31 Jan (RMm) | 2026 | 2027F | 2028F | 2029F |
|---|---|---|---|---|
| Operating | 88 | 124 | 175 | 208 |
| Pre-tax profit | 181 | 229 | 274 | 311 |
| Tax | (44) | (55) | (66) | (75) |
| Deprec. & amort. | 13 | 16 | 18 | 21 |
| Associates | 0 | 0 | 0 | 0 |
| Working capital changes | (76) | (60) | (46) | (45) |
| Other operating cashflows | 14 | (5) | (5) | (4) |
| Investing | (39) | (44) | (44) | (43) |
| Capex (growth) | (12) | (50) | (50) | (50) |
| Proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Others | (33) | 0 | 0 | 1 |
| Financing | (37) | (42) | (59) | (73) |
| Dividend payments | (65) | (71) | (87) | (103) |
| Issue of shares | 0 | 0 | 0 | 0 |
| Proceeds from borrowings | (1) | (1) | (1) | (1) |
| Others/interest paid | (1) | 0 | 0 | 2 |
| Net cash inflow (outflow) | 11 | 38 | 72 | 92 |
| Beginning cash & cash equivalent | 104 | 82 | 120 | 192 |
| Changes due to forex impact | 0 | 0 | 0 | 1 |
| Ending cash & cash equivalent | 115 | 120 | 192 | 285 |

## Key Metric

| Year to 31 Jan (%) | 2026 | 2027F | 2028F | 2029F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 13.8 | 12.3 | 12.2 | 12.2 |
| Pre-tax margin | 12.0 | 10.7 | 10.6 | 10.6 |
| Net margin | 8.9 | 8.1 | 8.1 | 8.1 |
| ROA | 13.1 | 17.0 | 17.1 | 17.1 |
| ROE | 42.1 | 63.4 | 58.2 | 53.3 |
| Growth | | | | |
| Turnover | 58.7 | 49.9 | 14.4 | 10.5 |
| EBITDA | 54.6 | 33.6 | 13.3 | 10.6 |
| Pre-tax profit | 45.2 | 33.5 | 13.3 | 10.5 |
| Net profit | 47.8 | 37.4 | 13.3 | 10.5 |
| Net profit (adj.) | 48.0 | 37.4 | 13.3 | 10.5 |
| EPS | 48.0 | 37.4 | 13.3 | 10.5 |
| Leverage | | | | |
| Debt to total capital | 15.1 | 17.3 | 12.7 | 9.9 |
| Debt to equity | 18.7 | 22.2 | 15.2 | 11.4 |
| Net debt/(cash) to equity | (13.8) | (18.2) | (29.1) | (37.5) |
| Interest cover | n.a. | 69.5 | 88.9 | 120.5 |