

27 February 2026

## LBS Bina Group

### Better Earnings, Better Yield

By Clement Chua | [clement.chua@kenanga.com.my](mailto:clement.chua@kenanga.com.my)

LBS's FY25 core net earnings (+25% YoY) exceeded our expectations, while the enhancement to its dividend policy also resulted in stronger-than-expected shareholder returns. Management maintains that delays to its FY25 launch pipeline are unlikely to derail its cumulative GDV target of RM8b over FY25–FY27, although this implies a more backloaded and potentially lumpier launch profile in the coming year. We maintain our **OUTPERFORM** call with an unchanged TP of RM0.64.

**FY25 exceeded our expectation.** LBS's FY25 net profit (adjusted for RCPS and sukuk payments) came in at 96% of consensus full-year estimate and exceeded our full-year forecast by 17%. The positive variance was mainly driven by stronger-than-expected progress billings, which more than offset the impact of deferred launches for certain projects.

The group declared an interim dividend of 1.3 sen, bringing total FY25 dividends to 3.3 sen, representing a payout ratio of 47%. The higher-than-expected distribution reflects the stronger earnings performance and improved cash flow generation during the year. The group also revised its dividend policy, increasing the minimum payout threshold to 40% from the previous 30%.

**YoY,** FY25's core net profit of RM108.3m increased by 25%, after accounting for the disposal for its discontinued Zhuhai International Motor Circuit in FY24. Revenues increased by 8% following better progress completion of its Klang Valley projects.

**QoQ,** 4QFY25's core net profit also came in strongly at +38% thanks to the same accelerated development of ongoing projects while also benefit from significantly lower financing cost.

**Highlights.** The group experienced delays in its FY25 launches due to uncertainties surrounding the implementation of SST, leading to its launch pipeline to scale back to RM1.12b from the originally planned RM2.27b for the year. Nonetheless, management does not view this as a setback to its longer-term 8x8 strategy, which targets cumulative launches of RM8b by 2027.

The deferred launches will spill over into FY26 to strengthen the group's near-term pipeline, with a refreshed launch target of up to RM2.3b in GDV. Should take-up for these projects prove stronger than anticipated, management believes it has the flexibility to accelerate subsequent phases of ongoing developments to sustain momentum and remain on track to achieve its RM8b launch target.

Over the medium term, larger-scale developments will underpin the group's pipeline visibility through 2027. Key growth drivers include the Kwasa Damansara township and its 315-acre landbank in Genting, both of which are expected to support earnings growth and reinforce development sustainability.

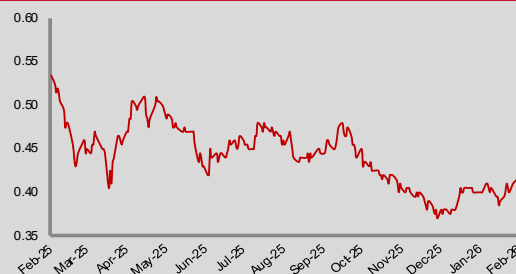
**Forecast.** We raise our FY26F earnings by 6% on slightly better development revenue recognition as seen in FY25. Meanwhile, we also introduce our FY27F numbers.

**Maintain OUTPERFORM and TP of RM0.64.** We value LBS at a 50% discount to RNAV, which is within our applied average for the industry. With a low anticipated dividend payout of 30% (peer average at c.40%), LBS already looks to offer dividend yields 7%-9% which is higher than our sector average of 3%-4%, which was further boosted by the group's improved dividend policy. This is without imputing any earnings potential of special projects undertaken by the group (i.e. Melaka land reclamation and industrial development projects).

## OUTPERFORM ↔

Price : RM0.445  
Target Price : RM0.64 ↔

### Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	17.1%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	LBS MK Equity
Market Cap (RM m)	681.5
Shares Outstanding	1,531.5
52-week range (H)	0.52
52-week range (L)	0.37
3-mth avg. daily vol.	2,863,424
Free Float	52%
Beta	0.99

### Major Shareholders

Gaterich Sdn Bhd	37.7%
Kumpulan Wang Persaraan	7.7%
Tan Sri Lim Wee Chai	3.1%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
<b>Turnover</b>	<b>1,553.6</b>	<b>1,594.2</b>	<b>1,630.9</b>
Operating Profit	275.6	292.0	306.9
Profit Before Tax	224.6	230.0	246.8
<b>Net Profit</b>	<b>125.2</b>	<b>141.8</b>	<b>152.1</b>
<b>Core Net Profit</b>	<b>109.0</b>	<b>125.5</b>	<b>135.9</b>
Consensus (NP)	-	117.5	130.0
Earnings Revision	-	+6%	NEW
Core EPS (sen)	7.1	8.1	8.8
Core EPS growth (%)	66.5	15.2	8.3
NDPS (sen)	3.3	3.8	4.1
BVPS (RM)	1.10	1.15	1.21
PER (x)	6.3	5.5	5.1
PBV (x)	0.41	0.39	0.37
Net Gearing (x)	0.4	0.3	0.2
Net Div. Yield (%)	7.4	8.5	9.2

\* Note our CNP forecast is based on **profit attributable to ordinary shareholders** i.e. after deducting Perpetual Bonds and RCPS interest costs. Note that consensus' forecasts may have defined their CNP as before RCPS interest costs, resulting in higher forecasts.

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We like LBS as they also offer: (i) efficient land bank management that minimizes carrying costs while leveraging its substantial existing land holdings, and (ii) a growing recurring income stream from its expansion into commercial and mixed-use developments.

**Risk to our call include:** (i) extended overhang in the affordable home segment; (ii) drastic changes in mortgage rates; (iii) elevated inflation; and (iv) changes to project timeline and deliverables.

Results Highlights

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
<b>Revenue</b>	<b>462.3</b>	<b>452.3</b>	<b>2.2%</b>	<b>287.1</b>	<b>61.0%</b>	<b>1,553.6</b>	<b>1,434.7</b>	<b>8.3%</b>
Cost of Sales	-305.4	-339.5	-10.0%	-173.5	76.1%	-1,068.6	-952.1	12.2%
<b>Gross Profit</b>	<b>156.9</b>	<b>112.8</b>	<b>39.1%</b>	<b>113.7</b>	<b>38.0%</b>	<b>485.0</b>	<b>482.6</b>	<b>0.5%</b>
<b>Operating Profit</b>	<b>89.5</b>	<b>65.4</b>	<b>36.7%</b>	<b>27.1</b>	<b>229.9%</b>	<b>275.6</b>	<b>404.2</b>	<b>-31.8%</b>
Net Interest Income/(Expense)	-11.6	-17.6	-33.9%	-10.6	9.4%	-51.1	-51.5	-0.8%
Associate Contributions	0.0	0.0	-134.1%	0.0	-36.4%	0.0	0.3	-99.7%
<b>Profit Before Tax</b>	<b>77.9</b>	<b>47.8</b>	<b>62.8%</b>	<b>16.5</b>	<b>371.0%</b>	<b>224.6</b>	<b>353.0</b>	<b>-36.4%</b>
Taxation	-33.2	-16.7	98.1%	-3.5	848.0%	-86.7	-91.2	-4.9%
Minority Interest	-4.1	-2.4	68.0%	-3.4	20.0%	-13.3	-21.6	-38.6%
<b>Net Profit</b>	<b>40.6</b>	<b>28.6</b>	<b>41.8%</b>	<b>9.6</b>	<b>322.5%</b>	<b>124.6</b>	<b>240.2</b>	<b>-48.1%</b>
<b>Core Net Profit*</b>	<b>35.1</b>	<b>25.5</b>	<b>37.5%</b>	<b>9.6</b>	<b>264.8%</b>	<b>108.3</b>	<b>86.6</b>	<b>25.0%</b>
Gross Profit Margin	33.9%	24.9%		39.6%		31.2%	33.6%	
Operating Margin	19.4%	14.5%		9.4%		17.7%	28.2%	
Pretax Margin	16.8%	10.6%		5.8%		14.5%	24.6%	
Net Margin	7.6%	5.6%		3.3%		7.0%	6.0%	
Effective Tax Rate	-42.6%	-35.0%		-21.1%		-38.6%	-25.8%	
Net Gearing (X)	0.36	0.45		0.24		0.36	0.24	

\* Adjusted for sukuk and RCPS payments; as well as discontinued motor racing circuit operations in FY24

Source: Company, Kenanga Research

Segmental Breakdown

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
External Revenue	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Property Development	418.1	428.5	-2.4%	262.2	59.5%	1,457.2	1,372.2	6.2%
Construction & Trading	37.2	17.2	116.5%	18.0	106.6%	71.0	38.0	87.1%
Others	7.0	6.6	6.9%	7.0	0.1%	25.3	24.6	3.2%
<b>Total</b>	<b>462.3</b>	<b>452.3</b>	<b>2.2%</b>	<b>287.1</b>	<b>61.0%</b>	<b>1,553.6</b>	<b>1,434.7</b>	<b>8.3%</b>
<b>Profit Before Tax</b>								
Property Development	85.2	52.7	61.6%	44.7	90.6%	241.2	235.4	2.5%
Construction & Trading	-9.7	-6.4	50.8%	4.3	-327.4%	-19.9	12.8	-255.1%
Others	2.4	1.5	56.2%	-32.4	-107.3%	3.2	104.8	-96.9%
<b>Total</b>	<b>77.9</b>	<b>47.8</b>	<b>62.8%</b>	<b>16.5</b>	<b>371.0%</b>	<b>224.6</b>	<b>353.0</b>	<b>-36.4%</b>
<b>Pretax Margin</b>								
Property Development	20.4%	12.3%		17.1%		16.6%	17.2%	
Construction & Trading	-26.0%	-37.3%		23.6%		-28.0%	33.7%	
Others	33.7%	23.1%		-463.1%		12.7%	426.8%	
<b>Total</b>	<b>16.8%</b>	<b>10.6%</b>		<b>5.8%</b>		<b>14.5%</b>	<b>24.6%</b>	

Source: Company, Kenanga Research

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## Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)		ROE (%)		Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>PROPERTY DEVELOPERS</b>																			
Eco World Development Group	OP	2.22	2.24	0.9%	7,144.4	Y	10/2026	15.9	16.2	14.9%	1.5%	13.9	13.7	1.0	7.7%	7.5	3.4%		
IOI Properties Group Bhd	MP	3.57	2.81	-21.3%	19,656.9	Y	06/2026	11.2	12.4	112.3%	10.1%	31.8	28.9	0.8	4.5%	5.0	1.4%		
LBS Bina Bhd	OP	0.445	0.640	43.8%	681.5	Y	12/2026	7.1	8.1	66.5%	15.2%	6.3	5.5	0.3	6.1%	3.3	7.4%		
Mah Sing Group Bhd	OP	1.22	1.78	45.9%	3,123.4	Y	12/2025	10.5	11.0	12.0%	4.7%	11.7	11.1	0.8	6.4%	5.0	4.1%		
Malaysian Resources Corp Bhd	MP	0.315	0.560	77.8%	1,407.3	Y	12/2025	1.8	1.4	19.2%	-18.9%	44.4	23.9	0.3	1.7%	1.0	3.2%		
Paramount Corporation Bhd	OP	1.09	1.47	34.9%	678.8	Y	12/2026	21.0	22.0	82.8%	4.7%	5.2	5.0	0.4	8.6%	8.5	7.8%		
S P Setia Bhd	OP	0.945	1.43	51.3%	4,728.1	Y	12/2025	6.1	7.3	-33.3%	18.9%	15.5	13.0	0.3	2.4%	2.0	2.1%		
Sime Darby Property Bhd	OP	1.47	1.97	34.0%	9,997.2	Y	12/2025	8.2	9.2	8.0%	11.4%	17.9	16.1	0.9	5.1%	3.3	2.2%		
Sunway Bhd	UP	5.95	4.98	-16.3%	40,224.5	Y	12/2026	20.5	19.4	7.8%	-5.4%	29.0	30.6	2.2	7.8%	6.5	1.1%		
UOA Development Bhd	MP	1.91	1.91	0.0%	5,071.1	Y	12/2026	13.7	14.5	18.1%	6.0%	13.9	13.1	0.8	5.8%	12.0	6.3%		
<b>SECTOR AGGREGATE</b>					<b>92,713.3</b>					<b>20.9%</b>	<b>3.9%</b>	<b>24.5</b>	<b>23.5</b>	<b>0.8</b>	<b>5.4%</b>		<b>4.0%</b>		

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating		
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★
	Community Investment	★	★	★
	Workers Safety & Wellbeing	★	★	★
	Corporate Governance	★	★	☆
	Anti-Corruption Policy	★	★	☆
	Emissions Management	★	★	☆
<b>SPECIFIC</b>	Product Quality & Safety	★	★	★
	Effluent/Water Management	★	★	★
	Waste Management	★	★	★
	Biodiversity & Conservation	★	★	★
	Green Building	★	★	★
	Supply Chain Management	★	★	★
<b>OVERALL</b>		★	★	★

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations\*\***

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%  
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%  
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\* The Expected Total Return might contain rounding discrepancy**

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
 Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

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