Lim Seong Hai Capital (LSH)

Uptrend Remains Intact



Bloomberg

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Lim Seong Hai Capital

Company profile

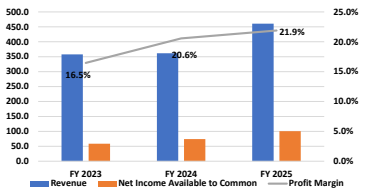
LSH is a construction company offering engineering, construction services, and related products. It also engages in property development, leveraging its expertise for additional revenue through property sales.

Technical Data

Price	2.19
R1	2.40
R2	2.41
S1	2.05
S2	2.06

M+ Research， Bloomberg

Financial Snapshot



M+ Research, Bloomberg

Technical Outlook

Uptrend Remains Intact. Accompanied by relatively lower volume on the pullback, LSH's consolidation is consider healthy. We opine an entry at ~RM2.19 provides a safety buffer, given it is just marginally above the support zone of RM2.05. RSI is inclining to above 50 and we believe the current momentum may boost the price towards resistance at RM2.41. However, a drop below RM1.90 would invalidate the technical BUY setup.

Trading Catalysts

Earnings recap. LSH registered a core net profit of RM97.0m (+39.0% YoY), exceeding street estimates by >100%. Net margins improved to 39% from 36%, on the back of stronger contributions from high value segment like (i) engineering, (ii) materials, as well as (iii) concession income.

Margins expansion. Also, we noted that its facilities revenue GPM improved to ~69% from ~35% given the full contribution of the 20-year KL Tower O&M concession.

Earnings stability command premium valuations. According to Bloomberg Consensus, LSH's FY26f earnings are expected to reach at least ~RM115.7m, valuing the Group at 15.9–18.2x of its trailing and forward PER. All in all, we believe the Group commands premium valuations of at least 19x (+2STD of small-to-mid cap construction companies), given its recurring income base, which the market seems to favour, translating to the LT fair value of RM2.62. Do note that the consensus TP stood at RM3.30.

Peer Comparison

Company Name	Ticker	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)	RSI	ST Trend
LIM SEONG HAI CA	**LSH**	**2.2**	**1836.0**	**0.7**	**17.7**	**N/A**	**21.9**	**Negative bias**	**Down**
IJM CORP BHD	IJM	2.5	8692.8	21.5	17.0	4.0	6.5	Negative bias	Up
KERJAYA PROSPEK	KERJAYA	2.8	3520.5	17.5	16.8	17.1	8.7	Positive bias	Up
BINASTRA CORP BH	BNASTRA	2.2	2379.1	23.1	18.2	38.7	9.5	Negative bias	Down
MGB BHD	MGB	0.4	0.3	4.9	5.3	8.4	5.8	Negative bias	Down
VESTLAND BHD	VLB	0.5	0.4	10.5	-	20.4	6.2	Positive bias	Up
Avg ex-LIM SEONG HAI CA			**4864.2**	**20.7**	**17.3**	**19.9**	**8.2**		

Source: Bloomberg, M+ Research

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(a) nil.