



## FRI | H1 FY26 Results | Initial Impressions

FRI.ASX | FINBAR GROUP LIMITED | REAL ESTATE | DEVELOPMENT

PRICE	TARGET PRICE	RECOMMENDATION
<b>A\$0.87/sh</b>	<b>A\$1.04/sh</b>	<b>BUY</b>
	(UNCHANGED)	(UNCHANGED)

### Event

FRI has released first half 2026 results. We will issue more detailed research and analysis in the short term, which may result in changes to numbers and/or price target.

Following are our first impressions:

### Impact

- FRI has reported a solid set of numbers, headlined by H1 FY26 **NPAT of \$10.6m, up 13% on pcp (vs. EH \$8m)**, on revenue of \$109.4m (-50% vs pcp), reflecting lower settlement volumes (127 lots vs 298 lots pcp) following the prior period completion of The Point, Aurora and Civic Heart. Gross profit of \$24m was broadly in line with pcp (\$25.4m), with operating profit up 12% to \$15.5m.
- EPS of 3.9c (+13%). NTA per share increased 2% to 93.4c.
- A 2c fully franked dividend has been declared.
- The balance sheet strengthened, with cash of \$68.9m (+89% vs FY25) and bank debt reduced to \$30.5m (-39%), for ~\$38m in net cash, primarily due to the sell-down of completed projects, asset sales proceeds and rental income.
- FY26 NPAT guidance of \$18-22m has been reiterated.

### Under the hood

- Record H1 sales of 409 lots (valued at \$368m, +297% vs pcp) and \$548m in FYTD presales in our view de-risks forward earnings.
- Completed stock sell-down (\$85m FYTD) is supporting cash generation and balance sheet flexibility.
- Projects under construction (667 lots, ~\$518m value) are largely de-risked from a presale perspective, while the five-year pipeline of ~\$1.8bn (1,900+ lots) provides medium-term earnings visibility.

### Action

Separately, founder John Chan will transition from Executive Chair to Non-Executive Chair, with COO Melissa Chan appointed as Executive Director. Melissa is a CA with over 25 years experience, 18 years at Lendlease. The transition should deliver operational continuity, with Melissa bringing a wealth of experience to the role.

These are a solid set of results, capitalising on current market conditions and with a strong outlook ahead. Migration, and the outperformance of the property market in Perth (apartment sector in its strongest condition since 2020/21) remains buoyant, where FRI is well positioned with a development pipeline of \$1.8b (1,900+ units) providing for revenue visibility over the medium term.

We maintain our Buy recommendation and \$1.04/sh PT.

### Analyst

Gavin Allen

gallen@eurozhartleys.com

#### UNDER REVIEW

Share Price	0.87	A\$/sh	
<b>Price Target</b>	<b>1.07</b>	<b>A\$/sh</b>	
Shares on issue	272.1 m, dil...		
Market Capitalisation	236.7	A\$m	
Enterprise Value	250.7	A\$m	
Debt	50.3	A\$m	
Cash	36.4	A\$m	
<b>Key Financial Metr...</b>	<b>25</b>	<b>26</b>	<b>27</b>
Revenue (A\$m)	290.7	164.5	178.0
EBITDA (A\$m)	21.6	26.8	31.2
EBIT (A\$m)	21.4	26.5	30.9
Reported NPAT (A\$m)	14.4	17.8	20.8
Normalised NPAT (...)	14.4	17.8	20.8
Gross Cashflow (A\$...)	14.6	18.0	21.1
Op. Free Cashflow ...	179.5	-47.0	30.1
Revenue Growth (%)	47%	-43%	8%
EBITDA Growth (%)	-19%	24%	16%
Norm. NPAT Growth...	-13%	24%	17%
Normalised EPS (Ac)	5.3	6.5	7.7
Norm. EPS growth (...)	-0.13	0.24	0.17
PER (x)	16.5	13.3	11.4
EV:EBITDA (x)	11.6	9.4	8.0
EV:EBIT (x)	11.7	9.4	8.1
DPS (Ac)	2.00	5.00	5.00
Dividend Yield (%)	<b>2.3%</b>	<b>5.7%</b>	<b>5.7%</b>

### Performance



Source: IRESS

Income Statement	25	26	27
Sales	272.4	159.5	177.0
Other	18.3	5.0	1.0
<b>Revenue</b>	<b>290.7</b>	<b>164.5</b>	<b>178.0</b>
COGS	-250.1	-125.7	-138.8
Operating costs	-19.0	-12.0	-8.0
<b>EBITDA</b>	<b>21.6</b>	<b>26.8</b>	<b>31.2</b>
Depreciation	-0.3	-0.3	-0.3
<b>EBIT</b>	<b>21.4</b>	<b>26.5</b>	<b>30.9</b>
Net Interest income/(expense)	-1.4	-1.4	-1.4
Associates	0.3	0.3	0.3
<b>EBT</b>	<b>20.2</b>	<b>25.4</b>	<b>29.7</b>
Tax expense	-5.8	-7.6	-8.9
<b>Reported Earnings</b>	<b>14.4</b>	<b>17.8</b>	<b>20.8</b>
<b>Net Profit</b>	<b>14.4</b>	<b>17.8</b>	<b>20.8</b>
Cash flow	25	26	27
<b>Pretax profit</b>	<b>20.2</b>	<b>25.4</b>	<b>29.7</b>
+ Depreciation & Amort	0.3	0.3	0.3
+ Provisions	0.0	0.0	0.0
+ Revaluation	3.1	0.0	0.0
+ Share of associates AT	0.0	0.0	0.0
- Tax Paid	-8.9	-7.6	-8.9
<b>Gross Cashflow</b>	<b>14.6</b>	<b>18.0</b>	<b>21.1</b>
- Capital Expenditure	0.0	0.0	0.0
- Change in Working Capital	164.9	-65.0	9.0
<b>Operating Free Cashflow</b>	<b>179.5</b>	<b>-47.0</b>	<b>30.1</b>
- Dividends Paid	-21.8	-11.6	-11.6
+/- Revaluation	0.3	0.3	0.3
- Acquisitions (Disposals)	0.0	0.0	0.0
- Dividends received	0.0	0.0	0.0
+ Equity issued	0.0	0.0	0.0
-Disposals	0.0	0.0	0.0
-Loans to Equity Acnt	0.0	0.0	0.0
+Proceeds from Equity Acnt	0.0	0.0	0.0
+/- Other	-3.0	0.0	0.0
<b>Net Cashflow</b>	<b>154.7</b>	<b>-58.6</b>	<b>18.5</b>
BoP Net Cash / (Debt)	-168.6	-13.9	-72.5
(+/-) Net Cashflow	154.7	-58.6	18.5
<b>EOp Net Cash / (Debt)</b>	<b>-13.9</b>	<b>-72.5</b>	<b>-54.0</b>
Balance Sheet	25	26	27
Cash	36.4	33.4	51.9
Receivables	8.1	13.1	14.6
Inventories	130.1	95.8	88.8
Other	14.4	14.4	14.4
<b>Total current assets</b>	<b>189.0</b>	<b>156.7</b>	<b>169.8</b>
Receivables	41.3	66.6	73.9
Inventories	30.8	95.8	88.8
Property, plant and equipment	8.5	8.3	8.1
Equity accounted Inv.	1.0	1.0	1.0
Investment property	83.1	83.1	83.1
Deferred tax assets	6.3	6.3	6.3
Other	0.1	0.1	0.1
<b>Total non current assets</b>	<b>171.2</b>	<b>261.2</b>	<b>261.4</b>
<b>Total assets</b>	<b>360.2</b>	<b>417.9</b>	<b>431.1</b>
Payables	41.8	37.7	41.6
Interest bearing liabilities	15.9	15.9	15.9
Current tax payable	5.4	5.4	5.4
Provisions	7.9	7.9	7.9
<b>Total current liabilities</b>	<b>71.1</b>	<b>67.0</b>	<b>71.0</b>
Payables	0.0	0.0	0.0
Interest bearing liabilities	34.4	90.0	90.0
Non current tax liabilities	5.5	5.5	5.5
Provisions	0.0	0.0	0.0
<b>Total non current liabilities</b>	<b>40.0</b>	<b>95.6</b>	<b>95.6</b>
<b>Total liabilities</b>	<b>111.1</b>	<b>162.6</b>	<b>166.5</b>
<b>Net Assets</b>	<b>249.1</b>	<b>255.3</b>	<b>264.6</b>
Contributed equity	194.5	194.5	194.5
Reserves	0.0	0.0	0.0
Retained Earnings	54.6	60.8	70.1

PERFORMANCE RATIOS	25	26	27
<b>Growth &amp; Margins</b>			
Revenue Growth	47%	-43%	8%
EBITDA Growth	-19%	24%	16%
EBIT Growth	-19%	24%	16%
Normalized Net Profit Growth	-13%	24%	17%
EBITDA margin	7%	16%	18%
EBIT margin	7%	16%	17%
Normalized net profit margin	5%	11%	12%
Effective tax rate	29%	30%	30%
<b>Liquidity</b>			
Capex/depreciation (x)	0.1	0.1	0.1
Current ratio (x)	2.7	2.3	2.4
Quick ratio (x)	1.1	1.2	1.6
Receivable days	11	30	30
Payable days	61	110	110
<b>Risk Measures</b>			
Dividend Cover (x)	2.7	1.5	1.8
Payout ratio (%)	37%	65%	56%
Net interest cover (x)	14.8	18.4	21.4
Net debt/equity (%)	6%	28%	20%
<b>Returns</b>			
ROIC	0.0	0.1	0.1
ROA	0.0	0.0	0.0
ROE	0.1	0.1	0.1
SHARE DATA/VALUATION	25	26	27
<b>Share Data</b>			
Issued shares (m)	272.1	272.1	272.1
Weighted ave shares (m)	272.1	272.1	272.1
Fully diluted shares (m)	272.1	272.1	272.1
Basic EPS (A\$)	5.3	6.5	7.7
YoY change (%)	-13%	24%	17%
Fully diluted EPS (A\$)	5.3	6.5	7.7
YoY change (%)	-13%	24%	17%
Fully dil norm EPS (A\$)	5.3	6.5	7.7
YoY change (%)	-0.1	0.2	0.2
Dividend/share (A\$)	2.0	5.0	5.0
Franking (%)	100%	100%	100%
Gross cashflow/share (A\$)	5.4	6.6	7.7
NBV/share (A\$)	91.5	93.8	97.2
NTA/Share (A\$)	91.5	93.8	97.2
<b>Valuation</b>			
PER (Basic) (x)	16.5	13.3	11.4
PER (Fully diluted) (x)	16.5	13.3	11.4
PER (Fully dil, norm) (x)	16.5	13.3	11.4
P/CFPS (x)	16.2	13.1	11.2
Price/NBV (x)	1.0	0.9	0.9
Price/NTA (x)	1.0	0.9	0.9
Dividend Yield (%)	2.3%	5.7%	5.7%
EV/EBITDA (x)	11.6	9.4	8.0
EV/EBIT (x)	11.7	9.4	8.1
EV/Revenue (x)	0.9	1.5	1.4

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Finbar Group Limited (FRI.ASX) | Price A\$0.87 | Target price A\$1.04 | Recommendation Buy;

*Price, target price and rating as at 26 February 2026 (\* not covered)*

## Additional disclosures

The analyst declares that they have a beneficial interest in: Finbar Group Limited (FRI.ASX)

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## Research Analysts

**Gavin Allen**, Executive Director & Head of Research | +618 9488 1413 | [gallen@eurozhartleys.com](mailto:gallen@eurozhartleys.com)

**Mike Millikan**, Senior Analyst | +618 9268 2805 | [mmillikan@eurozhartleys.com](mailto:mmillikan@eurozhartleys.com)

**Michael Scantlebury**, Resources Analyst | +618 9268 2837 | [mscantlebury@eurozhartleys.com](mailto:mscantlebury@eurozhartleys.com)

**Steven Clark**, Resources Analyst | +618 9488 1430 | [sclark@eurozhartleys.com](mailto:sclark@eurozhartleys.com)

**Kyle De Souza**, Resources Analyst | +618 9488 1427 | [kdesouza@eurozhartleys.com](mailto:kdesouza@eurozhartleys.com)

**Declan Bonnick**, Research Analyst | +618 9488 1481 | [dbonnick@eurozhartleys.com](mailto:dbonnick@eurozhartleys.com)

**Seth Lizee**, Research Analyst | +618 9488 1414 | [slizee@eurozhartleys.com](mailto:slizee@eurozhartleys.com)

**Oliver Porter**, Research Analyst | +618 9488 1429 | [oporters@eurozhartleys.com](mailto:oporters@eurozhartleys.com)

**Ben Ledger**, Associate Research Analyst | +618 9268 2834 | [bledger@eurozhartleys.com](mailto:bledger@eurozhartleys.com)

**Noah Egitto**, Associate Research Analyst | +618 9268 2892 | [negitto@eurozhartleys.com](mailto:negitto@eurozhartleys.com)