

Research Team

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Recommendation:	BUY
Current Price:	RM0.44
Previous Target Price:	RM0.47
Target Price:	↑ RM0.52
Capital Upside/Downside:	18.2%
Dividend Yield (%):	2.3%
Total Upside/Downside:	20.6%

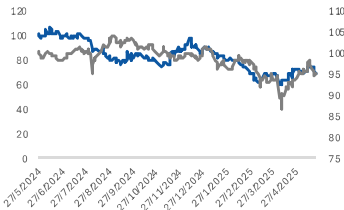
Stock information

Board	MAIN
Sector	Property
Bursa / Bloomberg Code	5315 / SKYWLD.MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,000.0
Market Cap (RM' m)	435.0
52-Week Price Range (RM)	0.715-0.38
Beta (x)	0.9
Free float (%)	27.3
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.1

Top 3 Shareholders (%)

Phing Ng Thien	44.4
Lam Soo Keong	10.3
Lee Chee Seng	5.0

Share Price Performance



	1M	3M	12M
Absolute (%)	-8.4	4.8	-35.1
Relative (%)	-5.0	4.6	-31.1

Earnings Summary

	FY25	FY26F	FY27F
Revenue (RM' m)	445.4	507.0	616.9
PATAMI (RM' m)	54.2	55.8	67.4
CNP (RM' m)	46.8	55.8	67.4
EPS - core (sen)	4.7	5.6	6.7
P/E(x)	9.4	7.9	6.5

Skyworld Development Bhd

Pipeline expansion underway

- Earnings growth is expected to improve in FY26F, driven by five new launches with a total GDV of RM2.2bn.
- PPVC plant JV on track to support Penang projects, targeting to shorten delivery timelines and improve IRR, with contributions expected from FY28F.
- After the land deal in Ho Chi Minh City fell through, the Group is currently renegotiating the deal structure to align with updated local regulations.
- We have raised our CNP higher by 8.4%/11.3% to RM55.8m/RM67.4m for FY26F/FY27F, respectively, adjusting for the potential contribution from new and ongoing launches.
- We upgrade our recommendation to BUY (from HOLD) with a higher target price of RM0.52 (from RM0.47), based on a 30% discount to our RNAV valuation and appraised with a three-star ESG rating.

Upcoming launches. SKYWLD is planning a total of RM2.2bn GDV launches in FY26F with at least five new developments on track to be launched (Figure 1). We believe that this target is achievable, as the first phase of SkyAmanyi is set to launch over the foreseeable future and the Group is backed by a strong track record of securing take-up rates above 90%. These launches are expected to support the Group's earnings growth in FY26F, with most of the contribution likely to be reflected in FY27F, given that majority of the launches are anticipated to take place in 2QFY26.

Figure 1: Future Launches

Future launches (as at 13 June 2025)	Estimated GDV (RM)	Estimated launch	Comments
Penang			
Seberang jaya	0.6m	3QCY25	
Batu Kawan	0.8m	3QCY25	
Cheras			
SkyAmanyi	0.4m	2QCY25	Confirmed launch in June 2025
			Scheduled for launch after Curvo
Setapak 2			
SkyAwani 6	0.2m	3QCY25	Residences achieves 80% take up rate
Brickfields			
Prima	0.2m	3QCY25	
TOTAL	2.2bn		

Sources: Company, Apex Securities

Updates for Ongoing Projects. Current active projects include Curvo Residences and Vesta Residences. The launch of SkyAwani 6 is scheduled once Curvo Residences reaches its 80% sales threshold.

Figure 2: Ongoing Projects

Ongoing projects (as at 26 May 2025)	Take-up	Construction progress	Estimated timeline to reach threshold (80%)
Curvo Residences	61.0%	72.2%	3QCY25
Vesta Residences	78.0%	19.9%	3QCY26

Sources: Company, Apex Securities

Build-to-Rent. Sama Square continues to perform well, with a solid 96% occupancy rate. SkyBlox, on the other hand, is still ramping up, with occupancy currently at 22%. These rental assets provide recurring income and help to diversify SKYWLD's earnings base beyond property sales. However, we expect contribution is expected to make up to only 3.8%/3.1% of core net profit for FY26F/FY27F.

Investing in Construction Efficiency with PPVC Plant. SKYWLD is enhancing construction efficiency through its 70:30 JV with Teambuild to establish a precast prefinished volumetric construction (PPVC) plant, which will primarily support its Penang developments. The plant is progressing on schedule and is expected to contribute starting FY28F. Notably, revenue from this venture will not be eliminated at the Group level as modular units will be sold directly to third-party contractors. Management has guided that the total CAPEX will be capped at RM200m (including moulds and factory setup), to be funded through internal funds and/or borrowings. The venture is expected to break even within 7-8 years. The Group expects to shorten the home delivery timeline to 36 months (from the typical 42-48 months), which creates a buffer period that

can enhance IRRs. However, implementation is currently limited to sites located within 14km radius of the plant, due to logistic constraints.

Setback at Vietnam. SKYWLD's expansion into Vietnam saw a temporary setback after a land deal in Ho Chi Minh City fell through due to regulatory issues. The deposit was refunded, and the Group is currently renegotiating the deal structure to align with updated local regulations.

Earnings revision. We have raised our CNP higher by 8.4%/11.3% to RM55.8m/RM67.4m for FY26F/FY27F, respectively, adjusting for the potential contribution from new and ongoing launches.

Valuation & Recommendation. Upgrade to **BUY** recommendation with a higher target price of **RM0.52** (from RM0.47), based on 30% discount rate to RNAV and 0% ESG adjustment, reflecting the appraised three-star ESG rating. We anticipate stronger earnings in the coming years, underpinned by improved project launches, better take-up rates, and contributions from recurring income assets.

Risks. Inability to replenish landbank, rising construction costs, and policy risks.

Financial Highlights

Income Statement

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	841.4	688.0	445.4	507.0	616.9
Gross Profit	298.3	253.4	165.8	188.7	229.6
EBITDA	221.7	181.0	104.1	118.3	141.9
Depreciation & Amortisation	-2.1	-4.9	-6.7	-7.4	-7.0
EBIT	219.6	176.1	97.4	110.9	134.9
Net Finance Income/ (Cost)	-11.2	-8.4	-8.1	-25.8	-34.1
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	204.8	159.9	82.8	79.4	96.0
Tax	-54.1	-53.4	-28.6	-23.8	-28.8
Profit After Tax	150.7	106.5	54.2	55.6	67.2
Minority Interest	6.7	-0.3	-0.1	-0.1	-0.2
Net Profit	144.0	106.8	54.2	55.8	67.4
Exceptionals	0.0	-5.6	7.4	0.0	0.0
Core Net Profit	144.0	112.4	46.8	55.8	67.4

Key Ratios

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	14.4	11.2	4.7	5.6	6.7
P/E (x)	3.1	3.9	9.4	7.9	6.5
P/B (x)	0.7	0.5	0.5	0.5	0.4
EV/EBITDA (x)	0.9	2.5	3.3	1.1	1.2
DPS (sen)	3.0	2.3	0.8	1.0	1.2
Dividend Yield (%)	6.8%	5.1%	1.9%	2.3%	2.8%
EBITDA margin (%)	26.3%	26.3%	23.4%	23.3%	23.0%
EBIT margin (%)	26.1%	25.6%	21.9%	21.9%	21.9%
PBT margin (%)	24.3%	23.2%	18.6%	15.7%	15.6%
PAT margin (%)	17.9%	15.5%	12.2%	11.0%	10.9%
NP margin (%)	17.1%	15.5%	12.2%	11.0%	10.9%
CNP margin (%)	17.1%	16.3%	10.5%	11.0%	10.9%
ROE (%)	23.4%	13.3%	5.3%	6.0%	6.9%
ROA (%)	10.9%	7.2%	3.1%	3.1%	3.5%
Gearing (%)	78.5%	58.1%	51.2%	85.2%	72.3%
Net gearing (%)	39.9%	Net Cash	11.3%	34.1%	28.1%

Valuations

	FY27F	Valuation methodology
Total RNAV (RM' m)	735.8	NPV (Ke: 10%)
Discount Rate	30.0%	
Discounted RNAV (RM' m)	515.1	
No. of shares	1000.0	
Fair Value (RM)	0.52	

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	237.7	499.9	349.6	471.3	432.6
Receivables	52.1	112.5	236.5	124.7	247.1
Inventories	184.4	190.6	265.9	209.9	279.8
Other current assets	193.0	114.4	59.0	155.2	202.6
Total Current Assets	667.3	917.4	911.0	961.2	1162.0
Fixed Assets	76.9	100.8	103.6	236.2	239.2
Intangibles	3.8	3.2	2.7	2.7	2.7
Other non-current assets	569.8	537.2	506.5	616.5	506.5
Total Non-Current Assets	650.4	641.2	612.8	855.5	748.5
Short-term debt	159.2	213.4	260.4	395.3	363.7
Payables	212.4	196.1	184.3	93.6	210.7
Other current liabilities	5.6	18.9	4.7	5.3	6.2
Total Current Liabilities	377.1	428.5	449.4	494.2	580.5
Long-term debt	323.9	276.1	188.8	391.3	343.7
Other non-current liabilities	0.9	11.2	7.5	7.5	7.5
Total Non-Current Liabilities	324.9	287.3	196.3	398.7	351.2
Shareholder's equity	609.8	846.1	878.1	923.8	979.1
Minority interest	5.9	-3.3	0.0	-0.2	-0.3
Total Equity	615.7	842.8	878.1	923.7	978.8

Cash Flow

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	204.8	159.9	82.8	79.4	96.0
Depreciation & amortisation	2.1	4.9	6.7	7.4	7.0
Changes in working capital	-203.3	47.9	-131.6	-49.4	-11.6
Others	-91.4	-59.8	-49.1	-29.5	-33.6
Operating cash flow	-87.8	153.0	-91.3	7.9	57.8
Capex	-16.8	-10.8	-7.5	-140.0	-10.0
Others	-5.4	-69.1	28.3	5.6	4.8
Investing cash flow	-22.2	-79.9	20.8	-134.4	-5.2
Dividends paid	0.0	-42.5	-15.0	-10.0	-12.1
Others	144.2	147.4	-42.0	337.4	-79.2
Financing cash flow	144.2	104.9	-57.0	327.3	-91.3
Net cash flow	34.2	178.1	-127.5	200.9	-38.7
Forex	-0.2	0.7	-4.3	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	189.4	223.4	402.2	270.4	471.3
Ending cash	223.4	402.2	270.4	471.3	432.6

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Solar installations to yield an expected 5,700kg of carbon avoidance by installing 1,000 units of residential solar PV systems in 5 years
Waste & Effluent	★★★	>3,000kg of waste recycled at KL Office and Bandar Baru Setia Awan Perdana Townships
Energy	★★★	Developed energy inventory data for monitoring purposes and recorded 940,180 kWh of electricity consumption across operational buildings
Water	★★★	4,075 units of rainwater harvesting tanks installed and recorded 11,610m ³ of water consumption across operational buildings
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	141 job opportunities created in FY23 and ensure diversity, equality, and inclusivity (“DEI”) are applied, per the Human Rights Policy and Employment Policy
Human Rights	★★★	Adhere to Human Rights and Employment Policy in line with Employment Act 1995
Occupational Safety and Health	★★★	Achieve an average of 20 hours of safety training for each site employee per year and zero fatality and injury
Labour Practices	★★★	Revised Company Policy in accordance with amendments to the Employment Act

Governance

CSR Strategy	★★★	Contributed RM277,689.00 to programmes related to education, community and environmental welfare, and sports
Management	★★★	33% female board composition, 33% composition of Independent Directors
Stakeholders	★★★	Regularly maintain constructive channels of communication through both formal and informal to key stakeholders group

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to –10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to –10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.