

SkyWorld (SKYWLD MK)

A slow quarter before new launches contribute

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- SkyWorld's 1QFY26 core net profit declined 62% YoY attributed to the lower number of ongoing projects; below expectations
- Upcoming project launches are expected to support the recovery in earnings momentum
- We trim our FY26-27E earnings by 10-31% to account for higher effective tax rate and slower billing recognition. Maintain our BUY rating with a lower RNAV-derived TP at RM0.68

Below expectations

1QFY26 revenue declined 25% YoY to RM75m, mainly due to a lower number of ongoing projects. EBITDA margin contracted 2.1ppts to 15.9% due to weaker operating leverage from fewer ongoing projects. Elsewhere, the effective tax rate came in higher at 49%, attributed to non-cash expenses incurred, including the RM2.3m unrealised forex loss. Consequently, 1QFY26 core net profit fell 62% YoY to RM3.8m. Overall, the results were below expectations, representing 7% of our and 6% of consensus full-year forecasts. The negative deviation from our forecast was attributed to the higher-than-expected tax rate and slower progress billings for its ongoing projects, namely Curvo (RM573m GDV) and Vesta (RM590m GDV).

New launches to support sequential earnings momentum

Sequentially, 1QFY26 revenue declined 35% QoQ to RM75m after the handover of SkyVogue (RM279m GDV) and Edgewood (RM518m GDV) in the previous quarter. The EBITDA margin declined 9.9ppts QoQ to 15.9%, due to the absence of finalisation cost savings from the handover of SkyVogue and Edgewood. Looking ahead, we expect sequential earnings momentum to improve, backed by unbilled sales of RM483m (+6.6% QoQ) and planned launches totalling RM2bn across Klang Valley and Penang. Key launches scheduled across 2HCY25 include Sky Aman 1 (Cheras, KL), SkyWorld Pearlmont (Seberang Jaya, Penang), and Sky Awani Prima (Brickfields, KL).

Maintain BUY with lower TP at RM0.68

We cut our FY26-28E earnings by 10-31% to account for a higher effective tax rate and slower billing recognition. Post earnings adjustment, we lower our RNAV-derived target price to RM0.68 (from RM0.70). Maintain our BUY call, as we remain positive on SkyWorld's robust RM13bn Penang project pipeline, supporting higher project launches. Key risks to our call include lower-than-expected property sales and higher building material prices.

Key Financials

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue (RMm)	688.0	445.4	370.0	638.2	986.0
EBITDA (RMm)	177.8	90.5	76.4	131.3	199.7
Pretax profit (RMm)	159.9	82.8	60.9	113.7	176.9
Net profit (RMm)	106.8	54.2	39.6	79.7	125.7
EPS (sen)	10.7	5.4	4.0	8.0	12.6
PER (x)	4.8	9.5	13.0	6.5	4.1
Core net profit (RMm)	111.8	47.2	39.6	79.7	125.7
Core EPS (sen)	11.2	4.7	4.0	8.0	12.6
Core EPS growth (%)	(22.8)	(57.7)	(16.1)	101.1	57.8
Core PER (x)	4.6	10.9	13.0	6.5	4.1
Net DPS (sen)	2.3	1.1	1.5	2.5	3.0
Dividend Yield (%)	4.4	2.1	2.9	4.9	5.8
EV/EBITDA (x)	2.8	6.8	7.3	5.9	4.2
Chg in EPS (%)			-31.4	-15.6	-9.7
Phillip/Consensus (%)			0.6	0.8	0.8

Sources: Company, Bloomberg, Phillip Research forecasts

25 August 2025

BUY (maintain)

LAST CLOSE PRICE	RM0.52
TARGET PRICE	RM0.68
TOTAL RETURN	32.0%
(PREVIOUS TP:	RM0.70)

COMPANY DATA

BLOOMBERG TICKER	SKYWLD MK EQUITY
O/S SHARES (MN):	1,000
MARKET CAP (USD mn / RM mn):	122 / 515
52 - WK HI/LO (RM):	0.72 / 0.38
3M Average Daily T/O (mn):	0.31
NET CASH/(DEBT) (RMm)	(108.90)

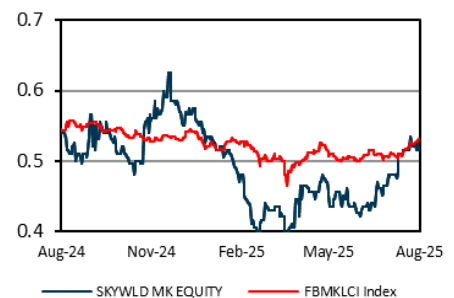
MAJOR SHAREHOLDERS (%)

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

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	9.4	17.0	(26.2)
FBMKLCI RETURN	4.5	3.3	(0.8)

PRICE VS. FBMKLCI



Source: Bloomberg

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Results at a glance

Y/E Mar (RMm)	1QFY25	4QFY25	1QFY26	QoQ % chg	YoY % chg	Comments
Revenue	98.8	114.4	74.6	(34.8)	(24.5)	Lower revenue YoY attributed to fewer on-going projects
Op costs	(81.0)	(84.9)	(62.7)	(26.1)	(22.6)	
EBITDA	17.8	29.6	11.9	(59.8)	(33.3)	
<i>EBITDA margin (%)</i>	<i>18.0</i>	<i>25.8</i>	<i>15.9</i>	<i>(9.9 ppt)</i>	<i>(2.1 ppt)</i>	Lower margins YoY due to weaker operating leverage from fewer on-going projects
Depn and a mort	(1.5)	(1.8)	(1.9)	2.1	26.7	
EBIT	16.3	27.7	10.0	(63.9)	(38.8)	
<i>EBIT margin (%)</i>	<i>16.5</i>	<i>24.2</i>	<i>13.4</i>	<i>(10.8 ppt)</i>	<i>(3.1 ppt)</i>	
Int expense	(4.0)	(3.9)	(4.6)	17.2	14.2	
Int and other inc	1.8	1.6	1.1	(28.8)	(35.6)	
El	0.0	2.0	(0.9)	<i>n.m</i>	<i>n.m</i>	RM1.3m fair value gain on short-term funds, RM2.3m unrealised forex loss, RM0.1m reversal of provision
Pretax profit	14.1	27.4	5.6	(79.5)	(60.1)	
Core PBT	14.1	25.4	6.5	(74.2)	(53.5)	
Tax	(4.1)	(11.0)	(2.8)	(74.7)	(32.8)	
<i>Tax rate (%)</i>	<i>29.3</i>	<i>40.0</i>	<i>49.3</i>	<i>9.2 ppt</i>	<i>20.0 ppt</i>	Higher tax rate due to non-cash expenses ie: unrealised forex loss
MI	0.0	0.0	0.0	<i>n.m</i>	<i>n.m</i>	
Net profit	10.0	16.4	2.8	(82.6)	(71.5)	
EPS (sen)	1.0	1.6	0.3	(82.6)	(71.5)	
Core net profit	10.0	14.5	3.8	(73.9)	(62.2)	Below expectations

Sources: Company, Phillip Research

Table 1: Revalued net asset value (RNAV) valuation

Segments	RNAV Value (RMm)
Property developments @DCF (WACC 5.6%)	1,592
Investment properties	69
Net cash/(debt)	-45
RNAV	1,616
Fully-diluted no. of shares (m)	1,188
Fully-diluted RNAV/share (RM)	1.36
Target price at 50% discount to RNAV	0.68

Source: Phillip Research forecasts

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