

SkyWorld Development Bhd

Near-Term Weakness, Underlying Growth Intact

Research Team

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Recommendation:	HOLD
Current Price:	RM0.52
Previous Target Price:	RM0.52
Target Price:	↔ RM0.52
Capital Upside/Downside:	0.0%
Dividend Yield (%):	2.0%
Total Upside/Downside:	2.0%

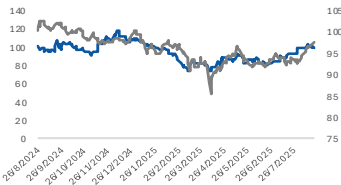
Stock information

Board	MAIN
Sector	Property
Bursa / Bloomberg Code	5315 / SKYWLDMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,000.0
Market Cap (RM' m)	515.0
52-Week Price Range (RM)	0.715-0.38
Beta (x)	1.0
Free float (%)	69.2
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.2

Top 3 Shareholders

	(%)
Lam Soo Keong	10.3
Lee Chee Seng	5.0
Phing Ng Thien	3.8

Share Price Performance



	1M	3M	12M
Absolute (%)	7.3	18.4	-4.6
Relative (%)	3.0	13.8	-2.3

Earnings Summary

	FY26F	FY27F	FY28F
Revenue (RM' m)	411.9	468.3	649.0
PATAMI (RM' m)	51.5	62.0	87.8
CNP (RM' m)	51.5	62.0	86.8
EPS - core (sen)	5.2	6.2	8.7
P/E(x)	10.1	8.4	6.0

- SKYWLD's 1QFY26 CNP came in at RM3.8m (-62.2% YoY, -73.8% QoQ). The results were below expectations, accounting for only 6.8% of our full-year forecast and 5.9% of consensus estimate. The earnings miss was primarily driven by slower construction progress of ongoing projects, while newly launched projects have yet to meaningfully contribute.
- We factor in the Penang landbank with GDV of RM12.0bn to be developed over 12 years, which raised our RNAV/share to RM1.00 after its recent launch.
- We revise our earnings forecast downward by 7.6%/8.1% to RM51.5m/RM62.0m for FY26F and FY27F, respectively, to reflect our expectation that earnings may remain subdued in the near term given the time lag between new launches and meaningful profit recognition, and roll forward FY28F to RM87.8m.
- However, we widened the RNAV discount from 30% to 50% to reflect SKYWLD's weaker-than-expected earnings delivery, limited near-term earnings visibility, and execution risks tied to the monetisation of its sizeable yet long-dated landbank.
- Downgrade to HOLD recommendation with an unchanged target price of RM0.52, based on a 50% discount to our revised RNAV valuation and appraised with a three-star ESG rating.

Results below expectations. Excluding the gain on fair value adjustment on short-term funds (-RM1.3m) and unrealised foreign exchange loss (+RM2.3m), 1QFY26 core net profit (CNP) came in at RM3.8m. The result was weaker-than-expected, accounting for 6.8% of our forecast of RM55.8m and 5.9% of consensus estimate of RM64.4m. The earnings miss was primarily driven by lower-than-expected revenue recognition from ongoing projects due to slower construction progress.

YoY. CNP fell 62.2% YoY to RM3.8m (from RM10.0m), on the back of a 24.5% YoY decline in revenue. The weaker top line was due to the absence of contributions from EdgeWood Residences and SkyVogue Residences. Earnings were supported solely by ongoing projects, namely Vesta Residences and Curvo Residences.

QoQ. CNP fell 73.8% QoQ (from RM14.5m), mainly due to the high base effect in the preceding quarter, which benefited from stronger contributions from EdgeWood Residences and SkyVogue Residences that were completed in 4QFY25, alongside higher progressive billings from key projects in the immediate preceding quarter.

Outlook. In the coming quarters, we expect stronger contributions from Vesta Residences as construction accelerates, following the slower progress in 1QFY26. With a take-up rate of 85%, earnings recognition should become more meaningful, while Curvo Residences (take-up: 66%) is on track for completion in 4QFY26. We expect approximately RM408.8m to be recognised from ongoing projects. Unbilled sales stood at RM483.1m (from RM461.2m in 4QFY25), and are expected to be largely recognised in FY26. The RM2.0bn launch target for this year remains intact, although we believe meaningful earnings contributions will only materialise from FY28 onwards. The pipeline continues to be replenished through recent and upcoming launches, while longer-term prospects are supported by the RM12.0bn affordable housing projects in Penang, launched in FY26 with construction scheduled to begin in CY27. Management's recent review suggests greater confidence that the GDV of its Mont Kiara project could rise to RM1.0bn (from RM800m), underpinned by its strategic land positioning. Nevertheless, we remain cautious as new launches may not immediately translate into a meaningful earnings uplift. Channel checks indicate that SkyAman bookings have reached nearly 50%, but we remain guarded on conversion rates and overall market absorption.

Earnings Revision. After factoring in the lower-than-expected revenue recognition due to slower construction progress, we slash our FY26F and FY27F earnings forecasts by 7.6% and 8.1%, respectively.

Valuation. Following the recent rebound in share price, we downgrade SKYWLD to **HOLD** (from BUY) with an unchanged target price of **RM0.52**, based on a 50% discount to our RNAV valuation, and appraised with a three-star ESG rating. We now see SKYWLD as fairly valued, with limited near-term catalysts given slower construction progress and earnings visibility largely hinging on unbilled sales recognition, while upside from new launches and longer-term projects may take several years to meaningfully contribute.

Risks. Potential increases in construction costs, intense competition in the mid-range residential segment and regulatory changes.

Results Note

Monday, 25 Aug, 2025

Results Comparison

FYE Mar (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)	Comments
Revenue	74.6	98.8	(24.5)	114.4	(34.8)	74.6	98.8	(24.5)	
Cost of sales	(47.7)	(66.8)	(28.6)	(61.0)	(21.8)	(47.7)	(66.8)	(28.6)	
Grossprofit	26.9	32.0	(15.9)	53.5	(49.6)	26.9	32.0	(15.9)	
Other income	3.2	3.3	(4.1)	2.6	21.8	3.2	3.3	(4.1)	
Selling and marketing	(1.8)	(2.9)	(39.0)	(5.2)	(65.7)	(1.8)	(2.9)	(39.0)	
Admin expenses	(18.2)	(14.3)	26.6	(19.6)	(7.3)	(18.2)	(14.3)	26.6	
Operating profit	10.2	18.1	(43.6)	31.3	(67.4)	10.2	18.1	(43.6)	
EBIT	9.1	16.3	(44.4)	29.7	(69.5)	9.1	16.3	(44.4)	
Depreciation and amortisation	1.9	1.4	39.1	1.7	10.0	1.9	1.4	39.1	
EBITDA	10.9	17.7	(38.0)	31.4	(65.1)	10.9	17.7	(38.0)	
Finance income	1.1	1.8	(35.6)	1.6	(28.8)	1.1	1.8	(35.6)	
Finance cost	(4.6)	(4.0)	14.2	(3.9)	17.2	(4.6)	(4.0)	14.2	
Pre-tax profit	5.6	14.1	(60.1)	27.4	(79.5)	5.6	14.1	(60.1)	
Tax expense	(2.8)	(4.1)	(32.8)	(11.0)	(74.7)	(2.8)	(4.1)	(32.8)	
Net profit	2.8	9.9	(71.4)	16.4	(82.6)	2.8	9.9	(71.4)	
Core net profit	3.8	10.0	(62.2)	14.5	(73.8)	3.8	10.0	(62.2)	
Core EPS (sen)	0.4	1.0	(62.2)	16.4	(97.7)	2.9	10.0	(71.5)	
EBITDA margin (%)	14.7	17.9		27.4		14.7	17.9		
PBT margin (%)	7.5	14.2		23.9		(2.4)	14.2		
Core net profit margin (%)	5.1	10.1		12.6		(17.0)	10.1		

Source: Company, Apex Securities

Segmental Breakdown

FYE Mar (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)	Comments
Revenue									
Property development	72.7	97.5	(25.4)	112.4	(35.3)	72.7	97.5	(25.4)	
Property management and investment	16.6	40.6	(59.1)	22.1	(24.8)	16.6	40.6	(59.1)	
Elimination	(14.7)	(39.3)	(62.5)	(17.1)	(13.9)	(14.7)	(39.3)	(62.5)	
Total	74.6	98.8	(24.5)	117.3	(36.4)	74.6	98.8	(24.5)	
Gross Profit									
Property development	23.6	30.1	(21.3)	50.0	(52.7)	23.6	30.1	(21.3)	
Property management and investment	14.8	39.2	(62.2)	17.5	(15.2)	14.8	39.2	(62.2)	
Elimination	(11.5)	(37.2)	(69.1)	(14.0)	(17.9)	(11.5)	(37.2)	(69.1)	
Total	26.9	32.0	(15.9)	53.5	(49.6)	26.9	32.0	(15.9)	
GP margin (%)			%pts		%pts			%pts	
Property development	32.5%	30.8%	1.7%	44.5%	-12.0%	32.5%	30.8%	1.7%	
Property management and investment	89.3%	96.5%	-7.2%	79.2%	10.2%	89.3%	96.5%	-7.2%	
Elimination	78.1%	94.7%	-16.5%	81.9%	-3.7%	78.1%	94.7%	-16.5%	
Aggregate Total	36.1%	32.4%	3.7%	45.6%	-9.4%	36.1%	32.4%	3.7%	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	688.0	445.4	411.9	468.3	649.0
Gross Profit	253.4	165.8	153.3	174.3	241.6
EBITDA	173.3	97.5	91.8	121.8	155.6
Depreciation & Amortisation	-4.9	-6.7	-7.4	-21.6	-20.1
EBIT	176.1	97.4	90.1	105.0	139.7
Net Finance Income/ (Cost)	-8.4	-8.1	-11.0	-11.9	-10.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	159.9	82.8	73.4	88.3	125.1
Tax	-53.4	-28.6	-22.0	-26.5	-37.5
Profit After Tax	106.5	54.2	51.4	61.8	87.6
Minority Interest	-0.3	-0.1	-0.1	-0.2	-0.2
Net Profit	106.8	54.2	51.5	62.0	87.8
Exceptionals	-5.6	7.4	0.0	0.0	0.0
Core Net Profit	112.4	46.8	51.5	62.0	87.8

Key Ratios

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	11.2	4.7	5.2	6.2	8.8
P/E (x)	4.6	11.0	10.0	8.3	5.9
P/B (x)	0.6	0.6	0.6	0.5	0.5
EV/EBITDA (x)	3.0	4.3	3.0	2.6	3.3
DPS (sen)	2.3	1.5	1.0	1.2	1.8
Dividend Yield (%)	4.4%	2.9%	2.0%	2.4%	3.4%
EBITDA margin (%)	25.2%	21.9%	22.3%	26.0%	24.0%
EBIT margin (%)	25.6%	21.9%	21.9%	22.4%	21.5%
PBT margin (%)	23.2%	18.6%	17.8%	18.9%	19.3%
PAT margin (%)	15.5%	12.2%	12.5%	13.2%	13.5%
NP margin (%)	15.5%	12.2%	12.5%	13.2%	13.5%
CNP margin (%)	16.3%	10.5%	12.5%	13.2%	13.5%
ROE (%)	13.3%	5.3%	5.6%	6.4%	8.5%
ROA (%)	7.2%	3.1%	3.2%	3.7%	5.0%
Gearing (%)	58.1%	51.2%	55.6%	52.8%	43.0%
Net gearing (%)	Net Cash	11.3%	25.6%	20.7%	Net Cash

Valuations

	FY27F	Valuation methodology
Total RNAV (RM' m)	1028.5	NPV (Ke: 10%)
Discount Rate	50.0%	
Discounted RNAV (RM' m)	514.3	
No. of shares	1000.0	
Fair Value (RM)	0.52	

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	499.9	349.6	275.8	310.5	448.0
Receivables	12.5	236.5	102.1	167.3	206.1
Inventories	190.6	265.9	223.0	288.1	160.1
Other current assets	114.4	59.0	141.0	172.8	209.0
Total Current Assets	917.4	911.0	741.9	938.7	1023.1
Fixed Assets	100.8	103.6	236.2	224.7	214.6
Intangibles	3.2	2.7	2.7	2.7	2.7
Other non-current assets	537.2	506.5	616.5	506.5	506.5
Total Non-Current Assets	641.2	612.8	855.5	733.9	723.8
Short-term debt	213.4	260.4	285.1	285.1	259.1
Payables	196.1	184.3	154.3	179.3	247.5
Other current liabilities	18.9	4.7	5.3	6.2	7.2
Total Current Liabilities	428.5	449.4	444.7	470.6	513.8
Long-term debt	276.1	188.8	225.9	225.9	187.0
Other non-current liabilities	11.2	7.5	7.5	7.5	7.5
Total Non-Current Liabilities	287.3	196.3	233.4	233.4	194.4
Shareholder's equity	846.1	878.1	919.3	968.9	1039.1
Minority interest	-3.3	0.0	-0.2	-0.3	-0.5
Total Equity	842.8	878.1	919.2	968.6	1038.6

Cash Flow

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	159.9	82.8	73.4	88.3	125.1
Depreciation & amortisation	4.9	6.7	7.4	21.6	20.1
Changes in working capital	47.9	-131.6	35.1	-26.3	122.3
Others	-59.8	-49.1	-27.7	-31.3	-41.7
Operating cash flow	153.0	-91.3	88.2	52.2	225.9
Capex	-10.8	-7.5	-140.0	-10.0	-10.0
Others	-69.1	28.3	5.6	4.8	4.1
Investing cash flow	-79.9	20.8	-134.4	-5.2	-5.9
Dividends paid	-42.5	-15.0	-10.3	-12.4	-17.6
Others	147.4	-42.0	61.8	0.0	-64.9
Financing cash flow	104.9	-57.0	51.5	-12.4	-82.5
Net cash flow	178.1	-127.5	5.4	34.7	137.5
Forex	0.7	-4.3	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	223.4	402.2	270.4	275.8	310.5
Ending cash	402.2	270.4	275.8	310.5	448.0

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Allocating >10% of green spaces from development areas in all High-Rise Developments in Klang Valley by FY25
Waste & Effluent	★★	Establishing a 3-year baseline data of Non-hazardous Waste Diverted from disposal by FY27
Energy	★★★	Providing Energy Efficient Lighting in all common areas for High-Rise Developments in Klang Valley by FY25
Water	★★★	87.5% of Group's operations equipped with a Water Recycling System
Compliance	★★★	Compliance Monitoring Framework has been established to ensure a high level of compliance is achieved and maintained Group wide

Social

Diversity	★★★	Committed to creating a diverse and inclusive workplace
Human Rights	★★★	Zero substantiated human rights violations in FY24
Occupational Safety and Health	★★★	Zero cases of fatality
Labour Practices	★★★	Adhere to Employment Act and achieved 81.7% employee satisfaction

Governance

CSR Strategy	★★★	Contributed RM15,000 in FY24 directed to 3 beneficiary organisations in FY24
Management	★★★★	42.9% female board composition, 4/7 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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As of **Monday, 25 Aug, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.