

SkyWorld (SKYWLD MK)

Building up for earnings recovery

MALAYSIA | PROPERTY | UPDATE

- SkyWorld continue to build up sales momentum across its on-going projects, with average take-up rate of 60-80%; progress billings are expected to accelerate in 2HFY26
- Upcoming project launches are expected to underpin the recovery in sequential earnings growth
- Maintain our BUY rating with RNAV-derived TP at RM0.68

Building up sales momentum for ongoing projects

SkyWorld's ongoing projects, namely Curvo (RM573m GDV) and Vesta (RM592m GDV), continued to register healthy sales momentum, contributing RM102m in new sales in 1QFY26, with unbilled sales standing at RM483m. Curvo's take-up rate improved to 64% (+7% QoQ) as at Jun25, with management targeting to achieve 80% take-up before construction is complete in 4QFY26, supported by intensified marketing efforts. Meanwhile, Vesta gained a healthy take-up rate of 82% (+10%) as at Jun25, though construction progress remained at an early stage (23%) due to delays under the previous main contractor. To address this, SkyWorld has reappointed a new main contractor to take over the project in Jul25, with construction progress expected to regain traction in 2HFY26.

New launches to support sequential earnings momentum

We expect sequential earnings momentum to be supported by targeted new launches of RM2bn in FY26. Key launches slated in 2HCY25 include Sky Aman 1 (RM429m GDV), SkyWorld Pearlmont phase 1 (RM771m GDV), and Sky Awani PRIMA (RM211m GDV). Sky Aman1 was officially launched in Aug25, achieving 15% take-up rate within the first month. The recent soft launch of SkyWorld Pearlmont and Sky Awani has secured 70% and 90% bookings, respectively, ahead of their official launches in 3QFY26. These provide strong earnings visibility into 2HFY26. Looking ahead, SkyWorld plans to launch SkyAwani VI (RM193m GDV) and Silverlake (RM623m GDV) in CY26, which should sustain sales momentum beyond the current pipeline.

Maintain BUY with TP at RM0.68

We reiterate our BUY rating with an unchanged RNAV-derived target price at RM0.68. We remain positive on SkyWorld's robust RM13bn Penang project pipeline, supporting higher annual 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 (%)			-	-	-
Phillip/Consensus (%)			0.7	0.9	1.0

Sources: Company, Bloomberg, Phillip Research forecasts

26 August 2025

BUY (maintain)

LAST CLOSE PRICE	RM0.49
TARGET PRICE	RM0.68
TOTAL RETURN	38.8%

COMPANY DATA

BLOOMBERG TICKER	SKYWLD MK EQUITY
O/S SHARES (MN):	1,000
MARKET CAP (USD mn / RM mn):	116 / 490
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	8.4	16.0	(26.2)
FBMKLCI RETURN	5.2	4.8	(0.6)

PRICE VS. FBMKLCI



Source: Bloomberg

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Table 1: Launch pipeline

Project launches in 2HCY25	GDV (RMm)	Location
Sky Aman 1	428.9	Cheras, KL
PearlMont Phase 1	771	Seberang Jaya, Penang
Sky Awani PRIMA	211	Brickfields, KL
Project launches in CY26		
Sky Awani VI	192.7	Setapak, KL
Silverlake	623	Setapak, KL
Total	2,226.6	

Sources: Company, Phillip Research

Table 2: Outstanding landbank worth RM20bn

Location	Size (acres)	Estimated GDV (RM' billion)
Kuala Lumpur		
Setapak	37.0	4.2
Setiawangsa	5.2	0.4
Bukit Jalil	2.8	0.2
Taman Desa	2.7	0.1
Cheras	4.9	0.6
Batu Caves	3.3	0.3
Brickfields	2.0	0.2
Mont Kiara	3.0	0.8
Penang		
Seberang Jaya	34.0	2.3
Batu Kawan	161.5	10.5
Total	256.4	19.6
Vietnam		
Ho Chi Minh City	1.3	0.3
Total	257.7	19.9



Sources: Company

Table 3: 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

FINANCIALS

Income Statement

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	688.0	445.4	370.0	638.2	986.0
Operating expenses	(510.3)	(354.9)	(293.6)	(506.9)	(786.2)
EBITDA	177.8	90.5	76.4	131.3	199.7
Depreciation	(4.4)	(6.7)	(5.9)	(6.9)	(7.9)
EBIT	173.4	83.8	70.5	124.4	191.9
Net int income/(expense)	(8.4)	(8.1)	(9.7)	(10.7)	(15.0)
Associates' contribution	0.0	0.0	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Exceptional gain/(loss)	(5.0)	7.0	0.0	0.0	0.0
Pretax profit	159.9	82.8	60.9	113.7	176.9
Tax	(53.4)	(28.6)	(21.3)	(34.1)	(51.3)
Minority interest	0.3	0.1	0.1	0.1	0.1
Net profit	106.8	54.2	39.6	79.7	125.7
Core net profit	111.8	47.2	39.6	79.7	125.7

Balance Sheet

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
Fixed assets	31.6	33.5	66.2	74.4	81.5
Other long term assets	609.7	579.4	679.8	841.8	852.1
Total non-current assets	641.2	612.8	746.1	916.2	933.7
Cash and equivalents	499.9	349.6	505.9	406.3	357.4
Stocks	190.6	265.9	132.6	215.3	332.8
Debtors	197.7	190.5	152.1	262.3	405.2
Other current assets	29.2	105.0	105.0	105.0	105.0
Total current assets	917.4	911.0	895.6	988.9	1,200.3
Creditors	164.2	141.5	132.6	227.3	351.3
Short term borrowings	213.4	260.4	260.4	260.4	260.4
Other current liabilities	50.9	47.5	47.5	47.5	47.5
Total current liabilities	428.5	449.4	440.5	535.2	659.2
Long term borrowings	289.8	323.9	276.1	188.8	290.9
Other long term liabilities	(2.5)	(127.6)	22.3	223.6	130.8
Total long term liabilities	287.3	196.3	298.4	412.4	421.7
Minority interests	(3.3)	(0.0)	(0.0)	(0.0)	(0.0)
Shareholders' Funds	846.1	878.1	902.7	957.4	1,053.1

Cash Flow Statement

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
PAT	106.8	54.2	39.6	79.7	125.7
Depreciation & Amortisation	4.4	6.7	5.9	6.9	7.9
Working capital changes	7.2	(162.2)	162.9	(98.3)	(136.4)
Others	34.6	9.9	(0.1)	0.9	1.9
Cashflow from operation	153.0	(91.3)	208.3	(10.8)	(0.9)
Capex	(26.1)	(7.5)	(15.0)	(15.0)	(15.0)
Disposal/(purchases)	0.0	0.0	0.0	0.0	1.0
Others	(53.8)	28.2	(124.1)	(162.9)	(13.3)
Cash flow from investing	(79.9)	20.8	(139.1)	(177.9)	(27.3)
Debt raised/(repaid)	6.4	(40.3)	102.1	114.0	9.3
Net interest income/(exp)	(8.4)	(8.1)	(9.7)	(10.7)	(15.0)
Dividends paid	(22.5)	(15.0)	(15.0)	(25.0)	(30.0)
Others	129.4	6.4	9.7	10.7	15.0
Cash flow from financing	104.9	(57.0)	87.1	89.0	(20.7)
Free Cash Flow	127.0	(98.7)	193.3	(25.8)	(15.9)

Source: Company, Phillip Research forecasts

Key Financial Ratios and Margins

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
Growth					
Revenue (%)	(18.2)	(35.3)	(16.9)	72.5	54.5
EBITDA (%)	(18.8)	(49.1)	(15.6)	71.8	52.1
Core net profit (%)	(22.8)	(57.7)	(16.1)	101.1	57.8
Profitability					
EBITDA margin (%)	25.8	20.3	20.7	20.6	20.3
PBT margin (%)	23.2	18.6	16.4	17.8	17.9
Core net profit margin (%)	16.2	10.6	10.7	12.5	12.7
Effective tax rate (%)	33.4	34.5	35.0	30.0	29.0
ROA (%)	7.4	3.5	2.5	4.5	6.2
Core ROE (%)	15.4	5.5	4.4	8.6	12.5
ROCE (%)	14.4	6.3	5.1	8.4	11.7
Dividend payout ratio (%)	21.1	20.3	37.9	31.4	23.9
Liquidity					
Current ratio (x)	2.1	2.0	2.0	1.8	1.8
Op. cash flow (RMm)	153.0	(91.3)	208.3	(10.8)	(0.9)
Free cashflow (RMm)	127.0	(98.7)	193.3	(25.8)	(15.9)
FCF/share (sen)	12.7	(9.9)	19.3	(2.6)	(1.5)
Asset management					
Debtors turnover (days)	110.8	159.0	150.0	150.0	150.0
Stock turnover (days)	157.5	298.0	190.0	180.0	180.0
Creditors turnover (days)	136.6	199.5	190.0	190.0	190.0
Capital structure					
Net gearing (%)	-1%	11%	5%	27%	30%
Interest cover (x)	11.0	6.2	5.1	6.2	8.5

Quarterly Profit & Loss

Y/E Mar (RMm)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue	98.8	124.3	107.9	114.4	74.6
Operating expenses	(81.0)	(104.5)	(86.1)	(84.9)	(62.7)
EBITDA	17.8	19.9	21.8	29.6	11.9
Depreciation	(1.5)	(1.6)	(1.8)	(1.8)	(1.9)
EBIT	16.3	18.3	20.0	27.7	10.0
Net int income/(expense)	(2.2)	(2.0)	0.0	(2.3)	(3.4)
Associates' contribution	0.0	0.0	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Exceptional items	0.0	4.0	1.1	2.0	(0.9)
Pretax profit	14.1	20.3	21.1	27.4	5.6
Tax	(4.1)	(5.8)	(7.7)	(11.0)	(2.8)
Minority interest	0.0	0.0	(0.0)	0.0	0.0
Net profit	10.0	14.5	13.3	16.4	2.8
Core net profit	10.0	10.5	12.2	14.5	3.8
Margins (%)					
EBITDA	18.0	16.0	20.2	25.8	15.9
PBT	14.2	16.3	19.5	23.9	7.5
Core net profit	10.1	8.5	11.4	12.6	5.1

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 HOLD: Total stock return to be between -10% and +10% over a 12-month period
 SELL: Total stock return is expected to below 10% over a 12-month period

Sector:

OVERWEIGHT: The sector is expected to outperform the overall FBMKLCI over the next 12 months
 NEUTRAL: The sector is to perform in line with the overall FBMKLCI market over the next 12 months
 UNDERWEIGHT: The sector is expected to underperform the overall FBMKLCI market over the next 12 months

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