

SkyWorld Development Bhd

Championing Affordable Growth

TP: RM0.70 (+29.6%)

Last Traded: RM0.54

BUY (ESG: ★★★★★)

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We initiate coverage on SkyWorld Development Berhad with a **BUY** recommendation and a target price of RM0.70, implying a potential total return of 32%. The stock offers investors defensive exposure to Malaysia's affordable housing segment, underpinned by a robust landbank, disciplined launch strategy, and an expanding footprint in Penang. We forecast a 21% core net profit CAGR over CY24–27, positioning SkyWorld as one of the fastest-growing developers under our coverage.

Background

SkyWorld Development Bhd is an urban developer focusing on high-rise residential, commercial, and affordable properties. Since inception, it has completed 12 projects worth RM5.3bn GDV, with two ongoing projects valued at RM1.2bn. Its 257.7-acre landbank carries a potential GDV of RM20.1bn, providing strong earnings visibility through upcoming launches in Kuala Lumpur and Penang.

Investment Merits

- 1) Quality-backed affordable housing leadership;
- 2) Penang expansion as multi-year growth driver; and
- 3) Visible earnings rebound with strongest CAGR in coverage.

Forecasts

We project core earnings of RM42mn/RM95mn/RM122mn for FY26/27/28, driven by property sales of RM1.0bn/RM1.4bn/RM1.6bn. Our target price of RM0.70/share is based on 0.7x CY26 book value, with a 3% ESG premium (4-Star rating). With visible growth drivers and a defensive positioning, we initiate coverage with a **BUY** call.

Earnings Summary

FYE Mar (RM mn)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	688.0	445.5	396.2	701.8	896.0
EBITDA	173.3	98.9	116.3	199.0	246.2
EBITDA margin (%)	25.2	22.2	29.4	28.4	27.5
Pretax profit	159.9	84.6	59.7	135.3	174.2
Core Net profit	111.2	49.4	41.8	94.7	121.9
EPS (sen)	11.1	4.9	4.2	9.5	12.2
EPS growth (%)	(22.8)	(55.6)	(15.4)	126.7	28.7
PER (x)	4.9	10.9	12.9	5.7	4.4
GDPS (sen)	2.3	1.1	1.0	2.3	3.0
Div yield ^ (%)	4.2	2.0	1.9	4.2	5.6
ROE (%)	13.1	5.6	4.6	9.6	11.3

Stock Return Information

KLCI	1,610.95
Expected Share Price Return (%)	29.6
Expected Dividend Return (%)	1.9
Expected Total Return (%)	31.5

Share Information

Bloomberg Code	SKYWLD MK Equity
Stock Code	5315
Listing	Main Market
Issued Share (mn)	1000.0
Market Cap (RMmn)	540.0
52-wk Hi/Lo (RM)	0.715/0.38
Estimated Free Float (%)	27.4
Beta (x)	1.0
3-Month Average Volume (000)	478.8

Top 3 Shareholders (%)

Ng Thien Phing	45.6
Lam Soo Keong	10.3
Lee Chee Seng	5.0

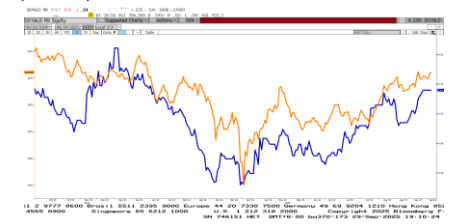
Share Performance (%)

Price Change	SKYWLD	FBM KLCI
1 mth	11.3	2.3
3 mth	24.1	5.4
12 mth	1.9	(3.0)

Financial Info

	FY26	FY27
Debt to Equity Ratio (%)	37.8	52.7
ROE (%)	4.6	9.6
ROA (%)	2.6	5.1
NTA/Share (RM)	0.9	1.0
Price/NTA (x)	0.6	0.6

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

1.0 Background

Founded in 2006 as Varsity Networks Sdn Bhd by Datuk Seri Ng Thien Phing, SkyWorld Development Berhad (SkyWorld) rebranded in 2014 to mark its official entry into property development with the launch of its maiden project, SkyArena in Setapak. The group reached a key milestone in July 2023 with its listing on the Main Market of Bursa Malaysia, reinforcing its position as a city-centric developer.

Today, SkyWorld is recognised for its expertise in high-rise residential and commercial developments, as well as affordable housing, supported by complementary businesses in construction, management services, and e-commerce.

Having completed 12 projects worth RM5.3bn in GDV and two ongoing developments valued at RM1.2bn, the group is backed by a strategic landbank of 257.7 acres and a future GDV pipeline of RM20.1bn – see **Figure 1** and **2**. Guided by its vision to be the “Always Best City Developer (ABCD)” and its purpose to “Make Living Better,” SkyWorld is well-positioned for sustainable growth, with upcoming launches planned across Kuala Lumpur and Penang.

Figure 1: Remaining Landbank and GDV

Location	Size (acres)	Estimated GDV (RM bn)
<u>Kuala Lumpur</u>		
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
Sub-total	60.9	6.8
<u>Penang</u>		
Seberang Jaya	34.00	2.3
Batu Kawan	161.5	10.7
Sub-total	195.5	13.0
<u>Vietnam</u>		
Ho Chi Minh City	1.3	0.3
Total	257.7	20.1

Figure 2: On-going Projects and Site Progress

Projects	Location	Launch	Product Type	GDV (RM'mn)	Take-up rate	Construction Progress
Curvo Residences	Setapak	Apr-23	Condominium	573.4	64.1%	77.7%
Vesta Residences	Setiawangsa	Oct-23	Apartment	591.8	81.7%	22.8%
Total				1,165.2		

Curvo Residences Site Progress



Vesta Residences Site Progress



Note: Ho Chi Minh City only includes District 8, which SPA signed.
Source: SkyWorld, TA Securities

Source: SkyWorld, TA Securities

2.0 Business Segments

SkyWorld operates through three segments, with **Property Development** as its core revenue driver, complemented by smaller recurring income streams and service-based businesses that strengthen customer loyalty.

2.1 Property Development (~99% of revenue)

SkyWorld's mainstay is high-rise residential development in Kuala Lumpur, where it has established itself as a trusted affordable housing brand. The company consistently achieves above-industry QLASSIC scores (average ~81% across 12 projects), reflecting robust construction standards upheld by its dedicated in-house Quality Assurance unit.

To cater to different market needs, SkyWorld offers three distinct product categories:

- **SkyAwani (Affordable Series)** – Anchored under *Residensi Wilayah*, this series provides quality-backed affordable housing for the M40 and B40 groups, with five fully sold projects since 2015.
- **SkySignature (Mid-Range Series)** – Targeted at the upgrader and young professional segment, this series balances affordability with aspirational urban living features.
- **X-Premier (High-End Series)** – Positioned as SkyWorld's premium offering, designed for affluent buyers seeking exclusivity and lifestyle-driven developments. The group's latest land parcel in **Mont'Kiara** is earmarked for this category, reinforcing its ability to compete in Kuala Lumpur's established luxury enclave.

This tiered product strategy enables SkyWorld to address multiple demand pools from policy-backed affordable housing to discretionary mid- and high-end buyers while maintaining brand consistency and execution discipline across all segments.

Separately, SkyWorld adopts a disciplined launch strategy that requires at least 80% take-up within 18 months before rolling out new phases. This approach has kept unsold inventory minimal and preserved pricing power, ensuring sustainable growth momentum. Looking ahead, the group's scale will be elevated by its RM13bn Penang foray under the Rumah Bakat Baru (RBB) Madani programme in partnership with Penang Development Corporation (PDC).

(See **Appendix 1** for SkyWorld's completed projects and **Appendix 2 & 3** for details on *Residensi Wilayah* and RBB Madani housing schemes.)

2.2 Property Management & Services

SkyWorld extends its relationship with buyers beyond handover through **Solution+** services (defect management, renovations, moving logistics) integrated into its **SW Connects app**. The platform enables residents to book facilities, engage with their communities, and access curated services. These initiatives enhance customer satisfaction, generate ancillary income (RM0.85mn commission in FY25 with 64% repeat purchase rate), and strengthen brand loyalty, a competitive differentiator in the affordable segment.

2.3 Property Investment

SkyWorld's property investment arm generated RM5.4mn revenue in FY25 (~1.2% of group total) from two build-to-rent (BTR) assets in Setapak, offering recurring income and future redevelopment potential:

- **SAMA Square:** A 4.15-acre lifestyle retail hub within SkySanctuary Setapak, launched in May 2024. With 44 lots (~60,255 sq ft NLA), it achieved ~97% occupancy by June 2025, anchored by F&B, fitness, and daily services.
- **SkyBlox:** Malaysia's first modular co-living complex, comprising 128 units (320 rooms). Occupancy improved from 22% in March 2025 to 30% by June 2025, supported by targeted outreach to nearby colleges. The development also functions as a live showcase of SkyWorld's modular design and build quality.

Figure 3: SAMA Square



Source: SkyWorld, TA Securities

Figure 4: SkyBlox



Source: SkyWorld TA Securities

3.0 Major Shareholders & Management Structure

SkyWorld's ownership profile demonstrates strong alignment between leadership and shareholders. Founder and Chairman Datuk Seri Ng Thien Ping holds a 45.6% stake, alongside Datuk Lam Soo Keong (10.3%) and Chief Executive Officer Lee Chee Seng (5.0%), bringing insider ownership to nearly 60%. This concentrated stake ensures strategic continuity, while institutional investors including Eastspring Investments, the Employees Provident Fund (EPF) and Lembaga Tabung Angkatan Tentera (LTAT) (2–3% each) provide additional institutional oversight and credibility.

The Board of Directors comprises seven members, of whom 57% are independent and 43% are female, reflecting a healthy balance of independence, experience, and diversity.

At the executive level, CEO Lee Chee Seng brings over 20 years of property development experience, supported by Datuk Lam Soo Keong, who contributes nearly three decades of legal and real estate expertise. Datuk Seri Ng continues to steer long-term strategy and stakeholder engagement in his role as Non-Independent Chairman.

4.0 Investment Merits

4.1 Quality-Backed Affordable Leadership – Policy-Aligned Resilience

Affordable housing remains the most resilient demand segment in Malaysia’s property market, underpinned by young demographics, urbanisation, and consistent government support to improve homeownership among the B40 and M40 income groups. Over the years, policymakers have introduced targeted initiatives such as Rumah Mampu Milik Madani, Residensi Wilayah (formerly RumahWIP) in Kuala Lumpur and the more recent Rumah Bakat Baru (RBB) Madani programme in Penang, all aimed at addressing structural affordability challenges. Developers with credible track records in delivering affordable housing are therefore well-positioned to benefit from this long-term policy priority.

SkyWorld has successfully differentiated itself within this space by pairing affordability with quality, a combination that is rarely achieved at scale. Across all 12 completed projects since inception, the group has achieved an average QCLASSIC score of ~80% (2017-2023), well above the national high-rise average of 73% - see **Figure 5**. Its flagship SkyAwani series, developed under Residensi Wilayah, has completed five fully sold projects since 2015, with average QCLASSIC scores of ~79.7%. These metrics demonstrate not only workmanship consistency but also the effectiveness of its in-house Quality Assurance unit, which conducts rigorous internal audits beyond regulatory requirements. This focus on quality helps protect long-term asset value for buyers, building stronger trust and brand loyalty, an intangible but powerful asset for the company.

Policy alignment provides an additional competitive advantage. By anchoring its product offering to Residensi Wilayah in Kuala Lumpur and RBB Madani in Penang, SkyWorld benefits from a steady base of demand, expedited approvals, and density incentives. These schemes reduce sales risks and reinforce absorption rates, as seen in the rapid take-up of past SkyAwani launches. In our view, this dual alignment with federal and state affordable housing programmes effectively underwrites sales momentum and reduces cyclicity relative to peers more reliant on discretionary mid- to high-end demand.

Figure 5: SkyWorld vs National Overall Project Average QCLASSIC Score



Source: SkyWorld, TA Securities

4.2 Penang Foray – Transformational Growth Catalyst

SkyWorld’s RMI3bn joint venture with the Penang Development Corporation (PDC) under the Rumah Mampu Milik Madani (RMM) and RBB Madani programme represents a transformational step change for the group. Covering 195.5 acres across Seberang Jaya (34 acres, GDV RM2.3bn) and Batu Kawan (161.5 acres, GDV RMI0.7bn), the initiative will deliver over 35,000 affordable housing units, the single largest affordable housing programme in Malaysia – see **Figure 6 and 7**.

The Penang expansion is significant for several reasons. First, it materially reshapes the scale of SkyWorld’s operations. Based on our projections, Penang could contribute 34% / 54% / 44% of group sales in FY26–28, diversifying the group’s revenue base and reducing reliance on Kuala Lumpur. Second, the venture embeds SkyWorld directly into Penang’s industrial growth narrative. With the state experiencing strong demand from its manufacturing and electronics sectors, particularly under the Penang2030, the need for affordable, well-located housing has never been greater. SkyWorld’s role as the anchor developer of this policy-backed programme provides a rare alignment of political, economic, and market priorities.

Third, the RBB Madani projects are designed with next-generation features such as a 10-acre elevated park, vertical schools, and multi-level parking. These elements elevate the liveability of affordable housing, positioning SkyWorld to set new benchmarks for mass-market housing in Penang. The integration of its upcoming PPVC plant in Seberang Perai Tengah will further enhance delivery speed, cost efficiency, and construction quality. Together, these factors should support superior absorption rates and margin resilience.

Unlike one-off landbank acquisitions, the Penang venture provides multi-year GDV visibility, structural diversification, and a strong policy-anchored narrative. It transforms SkyWorld from a Klang Valley-focused player into a national affordable housing champion with a foothold in one of Malaysia’s most dynamic growth corridors.

Figure 6: Location Map of SkyWorld Pearlmont & Bandar Cassia



Source: SkyWorld, TA Securities

Figure 7: SkyWorld Pearlmont vs Bandar Cassia Overview

Aspect	SkyWorld Pearlmont (Seberang Jaya)	Bandar Cassia (Batu Kawan)
Location	Seberang Jaya, Penang	Batu Kawan, Penang
Land Size	34.4 acres (freehold)	161.5 acres (freehold)
Units Planned	6,400 units	31,000 units
Phase 1A Launch	1,846 units across 3 towers	Details pending (multi-phase rollout expected)
Unit Specs	900 sq ft, 3 bedrooms, 2 bathrooms	Expected similar specs (900 sq ft, 3R2B)
Price Range	RM323,000 – RM390,000	RM225,000 – RM420,000
Construction Method	Full PPVC adoption (Prefabricated Prefinished Volumetric Construction)	Full PPVC adoption
Warranty & Fees	10-year construction warranty RM0.18 psf fixed maintenance fee	Same terms apply
Facilities	Elevated SkyPark, clubhouse, vertical school, childcare, sports courts	Expected similar community-centric infrastructure
Connectivity	6 km from Penang Bridge; near Sunway Carnival, Lotus's, UiTM, OUM	Near IKEA Batu Kawan, Design Village, Penang Second Bridge
Target Groups	M40, young professionals, industrial workforce	Same demographic focus
Strategic Role	Urban infill in mature township	Greenfield expansion in Penang's industrial corridor
Expected Launch	3QFY26 (or 4QCY25, previewed in Jul-25 700 units booked out of 1,200 units released)	CY2026

Source: SkyWorld, TA Securities

4.3 Visible Earnings Rebound with Multi-Pronged Growth Drivers

SkyWorld is set to emerge from a temporary earnings lull, with FY26 marking the trough. A robust pipeline of about RM2.2bn in launches for FY26, led by SkyAman I, SkyAwani Prima, and Pearlmont Phase I in Penang, will anchor a recovery – see **Figure 8**. These projects are already demonstrating healthy booking levels, underscoring resilient demand in the affordable high-rise segment.

We forecast property sales to rebound to RM1.0bn, RM1.4bn, and RM1.6bn in FY26 to FY28, lifting unbilled sales above RM1bn in FY26 and to about RM2.5bn by FY28. This supports a projected 35% core net profit CAGR over FY25 to FY28 (21% CAGR over CY24-CY27), the strongest in our coverage universe. Importantly, gross profit margins, which have held steady at 31 – 37% through slower years, are poised to expand further from FY27 with the adoption of PPVC. Coupled with a lean balance sheet at 0.12x net gearing, SkyWorld has both the visibility and financial flexibility to sustain growth.

Beyond Kuala Lumpur and Penang, diversification into PPVC manufacturing, strategic landbanking in Mont'Kiara, and overseas ventures in Vietnam provide additional earnings levers, reducing reliance on a single geography and reinforcing confidence in the rebound

(Detailed historical sales, unbilled trends, and financial performance are discussed in Section 7.)

Figure 8: FY26 Planned Launches

Project Name	Location	Approximate land size (acres)	Estimated total planned units	Estimated GDV (RM mn)	Selling Price (RM'000)	Expected timing of launch	Status
cyAman1 Residences	Cheras, KL	3.1	510	429	700	Aug-25	15% SPA Signed, 50% booked
SkyAwani PRIMA Residences	Brickfields, KL	2.0	492	211	390	3QFY26	80% booked
cyAwani 6 Residences	Setapak, KL	2.6	638	193	300	3QFY26	APDL Obtained
SkyAwani Pearlmont Residences	Seberang Jaya, Penang	31.3	1846	771	350	3QFY26	60% booked
Iverlake SkySanctuary	Setapak, KL	3.4	830	623	723	TBC	APDL Obtained
		42.3		2,226.6			

Source: SkyWorld, TA Securities

5.0 Strategic Growth Initiatives

5.1 Prefabricated Pre-finished Volumetric Construction (PPVC) Plant – Industrialised Growth Lever

SkyWorld, via a 70:30 joint venture with Singapore’s TeamBuild, is undertaking Malaysia’s first large-scale Prefabricated Pre-finished Volumetric Construction (PPVC) plant in Seberang Perai Tengah, Penang. The total capital expenditure for the venture will not exceed RM200mn, covering land acquisition, factory construction, and machinery installation. With a planned capacity of 3,600–4,000 units annually, the facility is scheduled to commence construction in 1QCY26 and begin commercial deliveries by FY27 (4QCY26).

PPVC shortens build cycles by 20–30%, enhances margin resilience through reduced rework and financing costs, and lowers on-site waste and dust in line with ESG commitments. Importantly, integration into the *RBB Madani* programme from FY27 will improve project economics, while third-party demand could provide recurring revenue.

We view PPVC as a structural differentiator. SkyWorld is among the earliest adopters of construction industrialisation in Malaysia, and over time this capability could evolve into a competitive moat in securing government-linked affordable housing tenders.

(See **Appendix 4** for PPVC construction process, **Appendix 5** for summary of SkyWorld’s PPVC Venture, and **Appendix 6** for PPVC vs. Traditional IBS comparison.)

5.2 Mont’Kiara Entry – Brand Diversification into Premium Segment

In 2025, SkyWorld acquired a parcel of land in Mont’Kiara for RM110mn, marking its maiden entry into the premium high-rise segment. The planned development, with an estimated GDV of RM800mn, is targeted for launch in FY28.

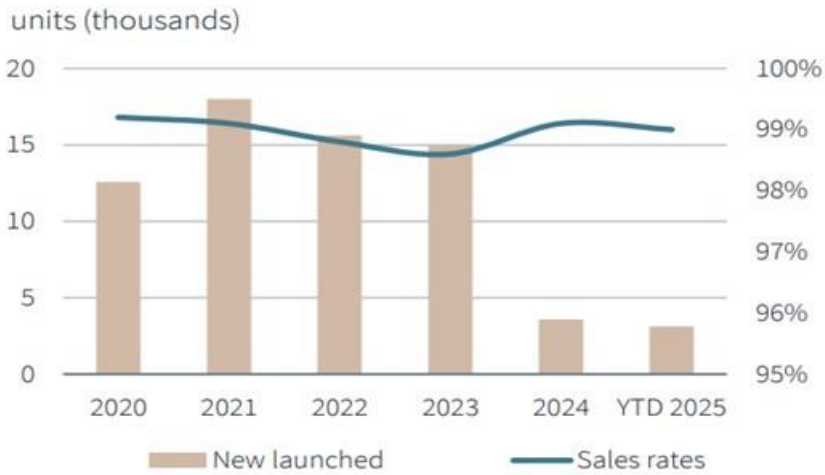
Mont’Kiara is one of Kuala Lumpur’s most established luxury addresses, characterised by resilient demand from both locals and expatriates, strong rental yields, and limited new supply. Entering this market elevates SkyWorld’s brand beyond affordable housing and broadens its product mix to capture higher-margin segments.

This initiative complements the affordable base in Kuala Lumpur and Penang, while demonstrating SkyWorld’s ability to compete in diverse market tiers. Over time, success here could unlock further expansion into other premium urban enclaves.

5.3 Vietnam Ventures – Optionality in a Recovering Market

SkyWorld’s entry into Vietnam is strategically timed to coincide with a market recovery. For years, Ho Chi Minh City’s (HCMC) housing supply was constrained by regulatory bottlenecks, but reforms such as the amended Land Law and Resolution 170/2024/QH15 (effective Apr 2025) have begun unblocking stalled projects. This has translated into tangible improvement on the ground — according to JLL, Q2 2025 recorded 1,948 new units launched and 1,731 units sold (+29% QoQ), with sales rates holding at a remarkable 99%. At the same time, primary prices averaged USD3,352/sqm (+1.1% YoY), underscoring demand resilience despite global uncertainties (see **Figures 9 & 10**).

Figure 9: Historical apartments supply and demand trend in HCMC



Source: JLL Vietnam Property Market Brief 2Q25, TA Securities

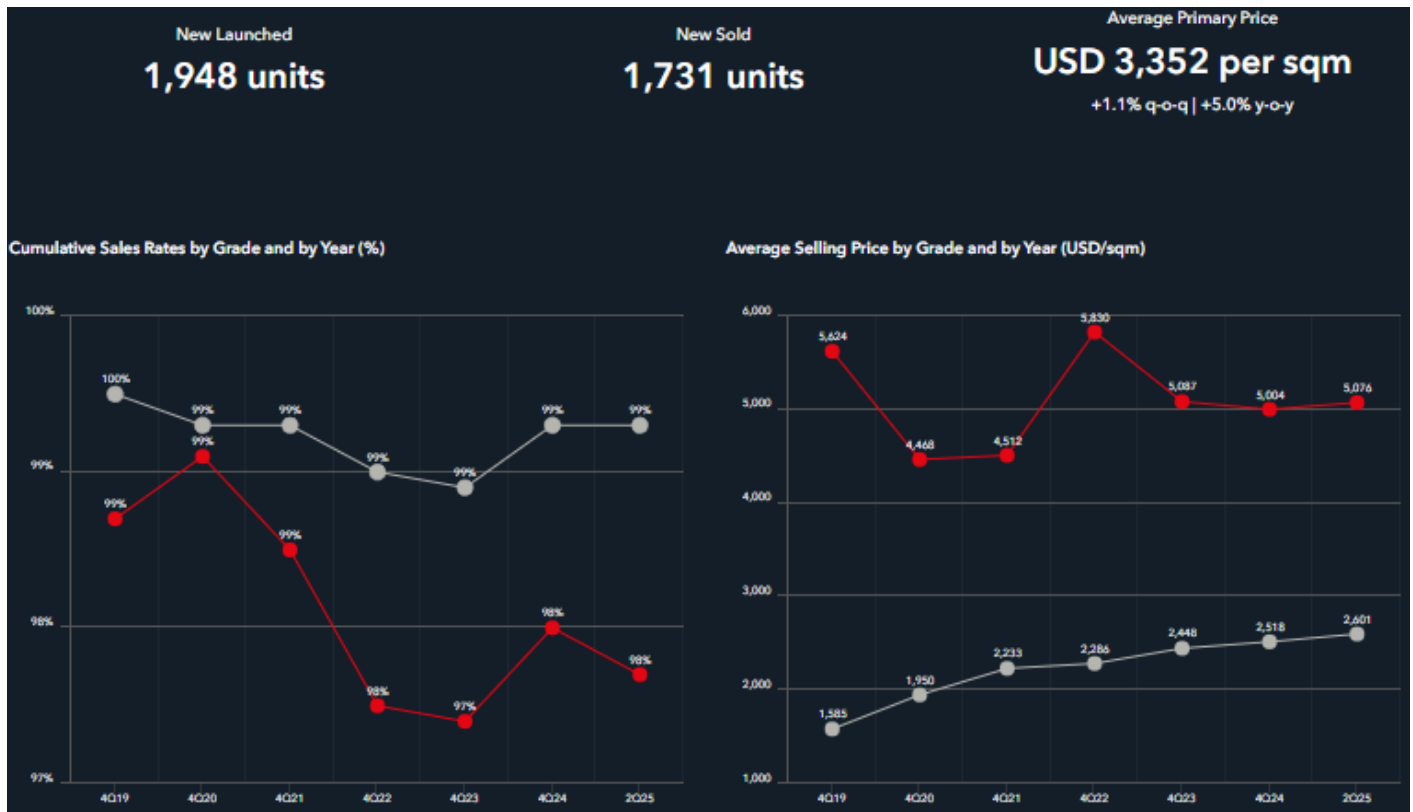
Regional restructuring provides further upside. The incorporation of Bà Rịa–Vũng Tàu into HCMC in June 2025, with Binh Duong’s integration in progress, is expected to create Vietnam’s first mega-urban agglomeration, linking HCMC’s service economy with Binh Duong’s industrial base and Ba Ria–Vung Tau’s port cluster. For developers, this means stronger demand spillovers and greater infrastructure-led growth visibility.

SkyWorld’s pipeline is well placed to benefit:

- **District 8, HCMC (1.3 acres, ~RM300mn GDV)** – target launch in 2027, amended SPA signed May 2025.
- **Binh Chanh (29.2 acres)** – MoU signed, definitive agreement targeted 3QFY26.
- **Binh Duong (2.33 acres, ~1,200 units)** – MoU signed Sep 2025, earmarked for a 40-storey mixed-use development.

While we have not factored Vietnam into forecasts, these projects represent medium-term growth optionality. Although relatively small in GDV compared to SkyWorld’s core Malaysia portfolio, they provide a strategic foothold in a recovering market. This optionality offers exposure to long-term growth without materially impacting near-term earnings forecasts. Key risks include regulatory execution, currency volatility, and potential delays in finalising joint venture structures, which could affect project timelines and returns.

Figure 10: Vietnam Apartment Sales Rates and ASP by Segment



Note: The red line denotes the high-end segment, while the grey line denotes the mass market/affordable segment.
Source: JLL Vietnam Property Market Brief 2Q25, TA Securities

6.0 Property Sector Outlook

Malaysia’s property sector is in a consolidation phase after several years of recovery. NAPIC data shows 1H2025 residential transactions for the 4 major states in Malaysia slipped marginally (-0.2% YoY in volume; -0.1% in value) while overhang units rose to 26,911, still well below pre-pandemic highs. The weakness is concentrated in higher-end condominiums and fringe locations, whereas demand for affordable and strategically located homes remains resilient. Developers have also become more disciplined, with incoming supply trending well below the 2012–2015 cycle, which reduces the risk of a prolonged oversupply.

Looking ahead, the backdrop is both policy- and liquidity-supportive. Budget 2026 is expected to introduce fresh housing incentives, financing schemes and targeted Rent-to-Own programmes to sustain first-time buyer demand. The 25 bps OPR cut in 2H2025 will further improve mortgage affordability. At the same time, structural reforms under RMK13 and the Urban Renewal Act will drive demand in urban centres, while infrastructure investments under the NETR and JS-SEZ are likely to benefit selected corridors.

From an investor’s perspective, the affordable and mid-market segments stand out as the most resilient demand corridors, while higher-end projects may continue to see selective absorption. Developers with proven delivery track records, disciplined launches, and strong alignment with government programmes are best positioned to capture this demand.

Sector Risks

- Persistent **construction cost pressures** (labour, materials) could weigh on margins, though IBS and prefabrication adoption may mitigate this.

- **Policy execution risk** around new housing programs and urban renewal remains, given administrative bottlenecks and potential funding constraints.
- **Consumer sentiment** is still sensitive to macro shocks (employment, inflation), which could impact higher-ticket purchases.

Implication for SkyWorld

For SkyWorld, this macro backdrop is distinctly favourable. Its focus on affordable high-rise housing directly taps into policy agendas such as Residensi Wilayah and the RBB Madani programme in Penang. Its disciplined launch approach (requiring 80% take-up before rolling out new phases) keeps unsold inventory minimal, shielding it from sectoral overhang pressures. With ~RM20bn GDV in pipeline, of which a sizeable portion is anchored in the affordable segment, SkyWorld is structurally aligned to outperform as policy and financing tailwinds reinforce demand for mass-market housing.

Figure 11: 4 Major States Residential Property Transaction Volume Eased 0.2% YoY in IH25

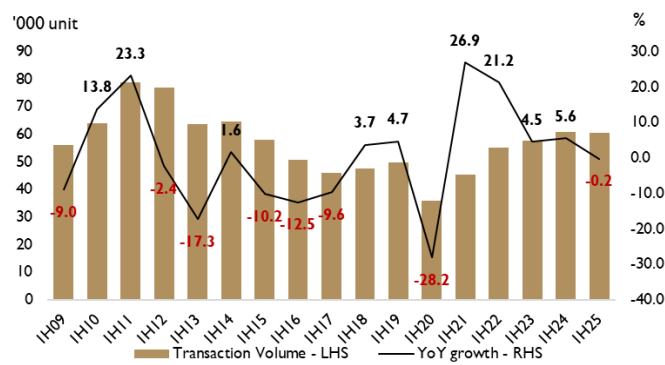
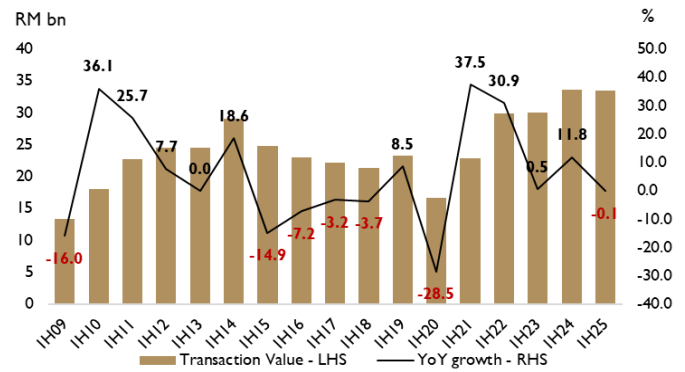


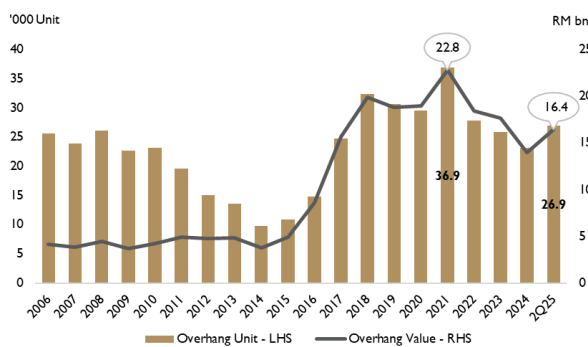
Figure 12: 4 Major States Residential Property Transaction Value Eased 0.1% YoY in IH25



Source: NAPIC, TA Securities

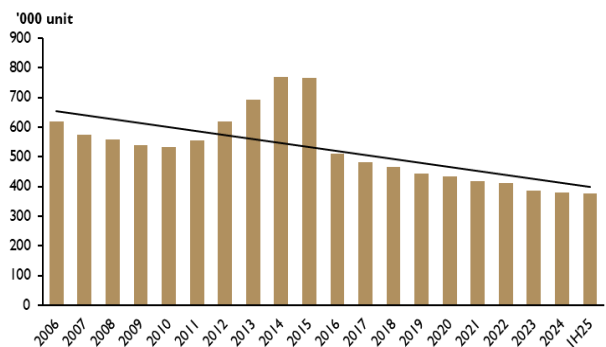
Source: NAPIC, TA Securities

Figure 13: Residential overhang ticked up in IH25, but remains below pre-pandemic highs



Source: NAPIC, TA Securities

Figure 14: Incoming supply trending well below historical peaks, reflecting stronger developer discipline



Source: NAPIC, TA Securities

7.0 Financial Highlights and Earnings Outlook

7.1 Historical Launches and Sales

SkyWorld’s launch activity has been deliberately paced, reflecting both market conditions and management’s disciplined approach. There were no new launches in FY23, while activity in FY25 was again moderated to avoid overlaps and allow value engineering – see **Figure 15**. This prudence kept completed inventory minimal at RM7.4mn as at March 2025.

The absence of launches inevitably weighed on sales. Annual new sales hovered around RM400mn in FY23 and FY24, before improving modestly to RM449.1mn in FY25. As a result, unbilled sales fell to a low of RM461mn in March 2025, before recovering slightly to RM483mn in June 2025 as ongoing projects such as Curvo and Vesta gained traction – see **Figure 16**.

Figure 15: Historical Launches

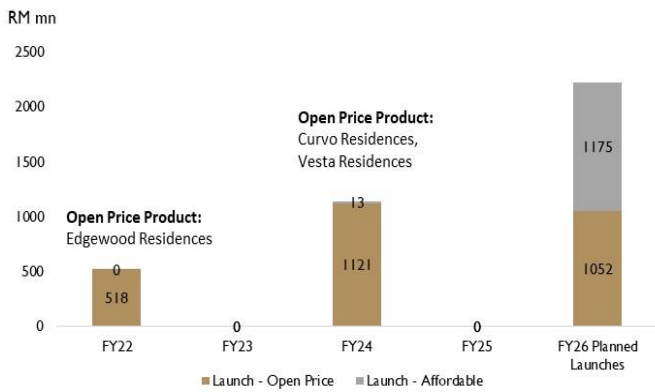
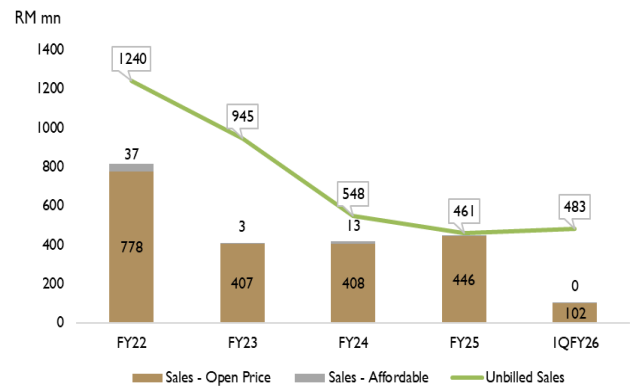


Figure 16: Historical Sales and Unbilled Sales Trend



Source: SkyWorld, TA Securities

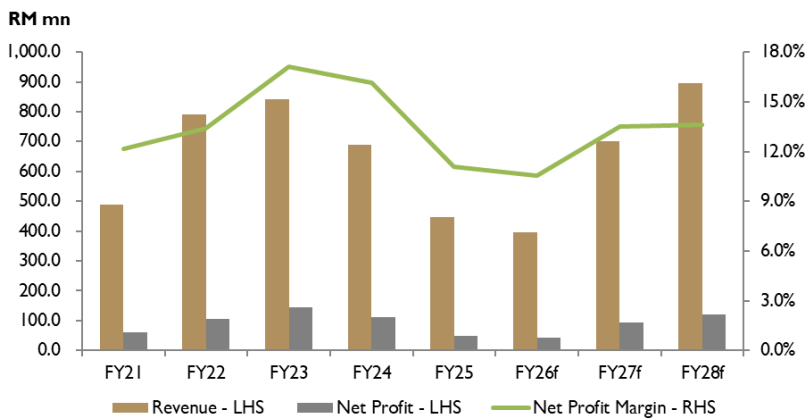
Source: SkyWorld, TA Securities

7.2 Financial Performance

This softer sales trajectory translated into a cyclical earnings profile. Revenue expanded from RM488.8mn in FY21 to RM841.4mn in FY23, supported by robust billings, before contracting sharply to RM445.5mn in FY25. Core net profit followed a similar trend, rising from RM59.5mn (FY21) to RM144.0mn (FY23), before moderating to RM56.2mn in FY2025. Importantly, gross profit margins remained resilient at 31–37% across the period (see **Figure 17**), underscoring SkyWorld’s ability to defend profitability even in periods of slower topline growth.

Looking ahead, the group is preparing a strong pipeline of ~RM2.2bn GDV in 2HFY26, led by SkyAwani VI and SkyAwani Prima in Kuala Lumpur. These projects, skewed towards affordable high-rise housing, are well positioned to capture demand from the M40 segment and benefit from supportive housing policies.

Figure 17: Financial Highlights



Source: SkyWorld, TA Securities

7.3 Latest Quarterly Performance (1QFY26)

SkyWorld's 1QFY26 (Apr–Jun 2025) results reflected residual effects of the launch gap. Revenue fell to RM75mn (-25% YoY, -35% QoQ) as two projects, SkyVogue and EdgeWood, were completed in late FY25. EBIT margin narrowed to 13.7% (vs. 18.3% a year ago) on weaker operating leverage.

Core net profit came in at RM3.8mn (-62% YoY, -74% QoQ), below consensus but not unexpected given the absence of new project contributions. On a more positive note, sales momentum improved, with RM102mn secured during the quarter. Curvo's take-up rose to 64% (from 57% in 4QFY25) and Vesta's to 82% (from 72%), reflecting stronger buyer demand compared with the previous quarter.

We expect earnings recovery from 2H as new launches feed into billings, though FY26 profit may still come in slightly below FY25 given the soft start.

Figure 18: Snapshot of Latest Quarterly Performance

RM mn	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
Revenue	98.8	114.4	74.6	(34.8)	(24.5)
EBIT	18.1	31.3	10.2	(67.4)	(43.6)
PBT	14.1	27.4	5.6	(79.5)	(60.1)
Net Profit	10.0	16.4	2.9	(82.6)	(71.5)
Core Net Profit	10.0	14.5	3.8	(73.9)	(62.2)
EPS (sen)	1.0	1.4	0.4	(73.9)	(62.2)
DPS (sen)	0.0	0.6	0.0	nm	0.0
EBIT Margin (%)	18.3	27.3	13.7	(13.6)	(4.6)
PBT Margin (%)	14.2	23.9	7.5	(16.4)	(6.7)
Core Net Margin (%)	10.1	12.6	5.1	(7.6)	(5.0)

Source: SkyWorld, TA Securities

7.4 Earnings Outlook

We believe FY26 will mark the trough and a turning point for SkyWorld's earnings trajectory. From FY27 onward, the company should see a strong upswing supported by its pipeline. The catalysts for recovery are already in motion: Curvo and Vesta are contributing steady billings and will approach completion in FY26. More importantly, the slew of launches in late-2025 (SkyAmanI, SkyWorld Pearlmont, SkyAwani PRIMA) will begin contributing meaningfully by FY27. By 2026, additional launches such as SkyAwani VI and the Silverlake @ SkySanctuary project will hit the market, ensuring sales continuity.

With these drivers, we expect SkyWorld's annual new sales to comfortably exceed RM1bn from FY26 onward (versus ~RM400mn in FY23–25). Expanded contribution from Penang's Pearlmont project (where Phase I is already 70% booked) will bolster FY27–28 results, while the continued rollout of RBB Madani phases provides multi-year growth visibility. Given the long-cycle nature of property development, the revenue from this pipeline will gradually reflect over FY27–28, driving a sharp earnings rebound.

In sum, we forecast core net profits of RM41.8mn, RM94.7mn, and RM121.9mn for FY26, FY27, and FY28 respectively. These projections are premised on the following key assumptions:

1. **Property Sales:** Annual property sales of RM1.0bn, RM1.4bn, and RM1.6bn in FY26, FY27, and FY28, respectively, driven by the project launches mentioned (including Penang phases and Mont'Kiara in FY28).
2. **Unbilled sales:** We assume the current unbilled sales of RM483.1mn (as at June 2025) will be substantially recognised over FY26–27, with replenishment from upcoming launches driving strong growth in the order book. We forecast unbilled sales to breach RM1.0bn by end Mar-26 and rise further to ~RM2.5bn by end Mar-28, underpinned by the Penang foray and sustained KL pipeline.
3. **Profit Margins:** We model a blended EBIT margin of 20%–23% for property development activities over FY26–28. This factors in some margin improvement from economies of scale and the introduction of PPVC (which should reduce construction costs), partially offset by higher initial expenses for the new PPVC facility and potential start-up costs in Vietnam.
4. **Earnings Growth:** Under these assumptions, SkyWorld's EPS is projected to more than double from FY25 to FY28 (about 2.5x growth). This outpaces the sector average and reflects strong earnings visibility from locked-in projects. We also note that our forecasts exclude contributions from the large Vietnam projects due to timing uncertainty. These represent pure upside optionality beyond FY28.

8.0 Balance Sheet

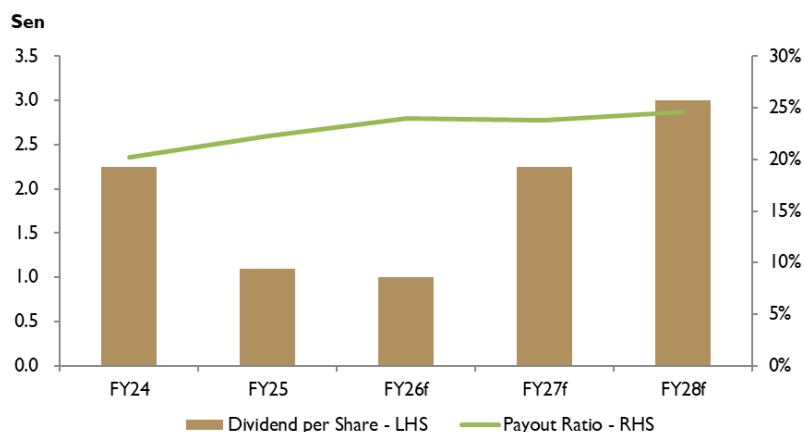
SkyWorld maintains a strong balance sheet to support growth while protecting shareholder value. As of June 30, 2025, net gearing stood at 0.12x, well below the sector average of ~0.4x. This reflects prudent capital management and cash generation from completed projects. Debt is mainly project-related, with financing costs kept manageable through careful drawdowns and the use of Sukuk Murabahah.

Management is comfortable raising net gearing to around 0.5x, giving ~RM300mn in additional headroom. This is a guideline rather than a cap as the company is prepared to exceed it temporarily for compelling opportunities. Importantly, discipline remains central: the Bandara Cassia land purchase was structured with deferred payments to preserve balance sheet strength.

9.0 Dividend Policy

SkyWorld has a formal dividend policy of distributing 20% of annual net profit to shareholders. Since its listing, it has adhered to this policy, declaring a total of 2.25 sen per share for FY24 (~21% payout) and 1.1 sen for FY25 (~20% payout). Given our earnings growth outlook, we forecast dividends of approximately 1.0 sen, 2.25 sen, and 3.0 sen for FY26, FY27, and FY28 respectively (assuming a slightly higher payout ratio of ~24% as profits scale). These translate to dividend yields of roughly 1.9%, 4.2%, and 5.6% based on the last traded price of RM0.54. The anticipated rise in dividend corresponds with earnings expansion and signals management's commitment to share prosperity with shareholders as cash flows improve.

Figure 19: Gross Dividend Per Share & Payout Ratio



Source: SkyWorld, TA Securities




10.0 ESG Consideration

Developers face significant ESG challenges, from construction impacts to community obligations and governance demands. SkyWorld has embedded sustainability as a core principle, with a proactive and multifaceted approach:

- Environmental:** All new high-rise projects target at least a Bronze GreenRE/GBI rating, featuring energy-efficient design, >10% green space, and EV charging readiness. The group is also tracking construction waste to improve recycling. SkyWorld has recorded zero environmental fines, and its upcoming PPVC plant will further reduce on-site waste and rework.
- Social:** Affordable housing remains SkyWorld's core product, delivering positive impact for middle-income and first-time buyers. Workplace safety is prioritised (zero fatalities or lost-time injuries in FY25), and training averaged ~32 hours per employee (vs. an 8-hour target). Diversity targets are exceeded, with women making up 43% of the Board and 34.5% of management. Externally, SkyWorld contributed >RM140k to youth, cultural, sports, and community initiatives, reinforcing goodwill and brand trust.
- Governance:** Despite its young listing history, SkyWorld has strong structures in place. The Board is majority independent and diverse, supported by independent committees. Reporting is aligned with GRI standards and progressing toward TCFD. SkyWorld was added to the **FTSE4Good Bursa Malaysia Index (Top 10% ESG-rated companies)** within 18 months of listing, underlining its governance quality.

Our in-house evaluation assigns SkyWorld a ★★★★★ (4-star) rating, above average for the sector. This supports a +3% ESG premium in our valuation. Strong ESG performance not only reduces operational risks but also enhances appeal to institutional investors. Looking ahead, execution of the Penang RBB Madani programme and PPVC adoption offers scope to further strengthen SkyWorld's standing as a sustainable urban developer delivering both financial returns and social value.

Figure 20: ESG Score Card FY2025

 Environment	 Social	 Governance
<ul style="list-style-type: none"> • Minimum Bronze GreenRE/GBI certification for all new high-rise developments. • Energy-efficient lighting installed in all common areas of high-rises. • At least two EV charging stations at high-rise projects (in progress). • TCFD-aligned sustainability reporting adopted by FY2025. • >10% green spaces allocated in all new high-rise developments. • Establish 3-year baseline data for non-hazardous waste and construction materials (by FY2027). • Zero environmental fines or non-compliance cases. 	<ul style="list-style-type: none"> • Zero fatalities and zero lost-time injuries in FY2025. • ≥30% female representation on Board and senior management (achieved: 42.9% Board, 34.5% managers). • Zero human rights violations recorded. • Average ≥8 training hours per employee annually (achieved: ~32 hours per employee). • Employee well-being programmes: free health screenings, mental health workshops, CPR/AED training. • Community investment: RM142,500 in donations & sponsorships (youth, culture, sports, underprivileged). 	<ul style="list-style-type: none"> • All key committees (Audit, Nomination, Remuneration, Risk) are fully independent, ensuring reasonable oversight and robust checks & balances • Zero confirmed Anti-Bribery & Corruption (ABAC) violations. • Zero data privacy or security breaches. • Zero regulatory fines for governance or compliance breaches. • Transparent stakeholder engagement through annual reports, townhalls, and disclosures aligned with GRI and TCFD. • Regular investor briefings to enhance transparency, accountability, and trust with shareholders.

Source: SkyWorld, TA Securities

11.0 Valuation

SkyWorld is deeply undervalued, trading at just 6.6x CY26 PER and 0.6x P/B, compared with the sector average of 14.4x PER and 0.8x P/B – see **Figure 22**. This steep discount is unjustified, in our view, given the company’s strong fundamentals, disciplined balance sheet, and position as one of the fastest-growing developers under our coverage.

Our target price of RM0.70/share is derived from a target multiple of 0.7x CY26 P/B, incorporating a +3% ESG premium under our in-house four-star framework. The TP also implies a substantial 62% discount to our RNAV estimate of RM1.85/share, providing ample valuation buffer. At current levels, the stock offers an attractive total return potential of +31.5% (including dividends).

Importantly, we believe the earnings downcycle has already bottomed. FY26 is expected to mark the trough, with a strong rebound from FY27 onwards supported by a visible launch pipeline, disciplined execution, and margin uplift from PPVC adoption. We forecast a CY24-CY27 core earnings CAGR of 21%, the highest in our universe. With the share price having already corrected by ~30% since IPO, we see limited downside from here.

Looking ahead, we view SkyWorld as a high-conviction growth-at-value opportunity. Its affordable housing base provides defensive earnings resilience, while its Penang foray and PPVC rollout offer fresh growth catalysts that could materially re-rate the stock. As execution improves and sales momentum accelerates, we expect the market to reward the group with higher earnings multiple and a narrowing of its steep RNAV discount.

We initiate coverage with a **BUY** recommendation.

Key risks to our call include: 1) slower-than-expected property sales recovery, 2) rising construction costs compressing margins, 3) policy shifts in affordable housing, and 4) execution risks tied to the Penang foray and PPVC commercial rollout.

Figure 21: RNAV Estimates

Location	NPV @ 12% (RM mn)
Kuala Lumpur	
Setapak	209
Setiawangsa	22
Bukit Jalil	11
Taman Desa	6
Cheras	42
Batu Caves	17
Brickfields	11
Mont Kiara	49
Sub-total	367
Penang	
Seberang Jaya	115
Batu Kawan	419
Sub-total	534
Vietnam	
Ho Chi Minh City	17
Unbilled Sales	58
Total	975
Shareholders Funds	880
RNAV	1855
No of shares (mn)	1000
RNAV/share (RM)	1.85

Source: TA Securities

Figure 22: Peers Comparisons

	Call	ESG	Price (RM)	Target price (RM)	PER (x)		ROE (%)		Div Yield (%)		P/BV (x)		CY24-27 Earnings CAGR (%)	Valuation Basis CY26
					CY25	CY26	FY25	FY26	FY25	FY26	FY25	FY26		
IOIPG	Buy	★★★★	2.09	2.78	21.8	15.8	1.6	2.7	3.8	3.8	0.5	0.5	15.9	0.6x PB, 3% ESG premium
SP Setia	Buy	★★★★	1.05	1.26	18.2	10.4	2.5	3.9	1.4	2.9	0.4	0.4	(1.2)	0.45x PB, 3% ESG premium
Sime Prop	Buy	★★★★★	1.47	2.05	17.1	15.9	5.5	5.7	2.0	2.0	0.9	0.9	8.8	1.2x PB, 5% ESG premium
Sunway	Hold	★★★★★	5.54	5.76	35.9	32.5	6.8	7.1	1.4	1.6	2.4	2.3	11.4	SOP + 5% ESG premium, implies 2.4xPB
Mah Sing	Buy	★★★★	1.12	1.72	11.0	10.4	6.5	6.6	4.5	4.9	0.7	0.7	5.1	1.0x PB, 3% ESG premium
Glomac	Hold	★★★	0.30	0.33	14.2	13.1	1.3	1.4	7.5	4.2	0.2	0.2	17.5	0.21x PB
Ibraco	Buy	★★★	1.18	1.41	11.7	10.4	10.3	10.9	3.8	3.8	1.2	1.1	16.4	SOP, implies 1.3x PB
Paramount	Buy	★★★	1.05	1.46	8.0	7.0	5.6	6.3	7.1	7.6	0.4	0.4	8.0	0.6x PB
Sector (Simple Average)					17.3	14.4	5.0	5.6	4.0	3.9	0.8	0.8	10.2	
Sector (Market Weighted)					27.1	23.4	5.3	5.8	2.2	2.4	1.5	1.5	10.5	
Mid Cap (Simple Average)					20.8	17.0	4.6	5.2	2.6	3.1	1.0	1.0	8.0	
Small Cap (Simple Average)					11.3	10.1	5.7	6.2	6.2	5.2	0.6	0.6	14.0	
SkyWorld	Buy	★★★★	0.54	0.70	12.4	6.6	5.6	4.6	2.0	1.9	0.6	0.6	21.1	0.7x PB, 3% ESG premium

Source: Companies, TA Securities

Figure 23: Earnings Summary

Profit & Loss (RMm)						Balance Sheet (RMm)					
YE Mar	2024	2025	2026f	2027f	2028f	YE Mar	2024	2025	2026f	2027f	2028f
Revenue	688.0	445.5	396.2	701.8	896.0	Fixed assets	626.6	604.6	926.1	1,072.9	1,151.8
EBITDA	173.3	98.9	116.3	199.0	246.2	Others	14.7	13.4	13.4	13.4	13.4
Dep. & amortisation	(4.9)	(6.7)	(37.1)	(39.2)	(41.1)	Total fixed assets	641.2	618.0	939.5	1,086.3	1,165.2
Net finance cost	(16.2)	(14.7)	(19.6)	(24.5)	(31.0)	Cash	499.9	349.6	252.5	228.7	469.5
EI	(4.4)	6.8	0.0	0.0	0.0	Others	417.5	563.4	504.8	703.4	738.8
PBT	159.9	84.6	59.7	135.3	174.2	Total current assets	917.4	913.0	757.3	932.1	1,208.3
Normalised PBT	164.3	77.8	59.7	135.3	174.2	Total assets	1,558.6	1,531.0	1,696.8	2,018.4	2,373.5
Taxation	(53.4)	(28.5)	(17.9)	(40.6)	(52.3)	ST debt	213.4	260.4	170.4	80.4	40.4
Net Profit	106.8	56.2	41.8	94.7	121.9	Other liabilities	215.1	194.5	178.5	277.9	341.1
Core Net Profit	111.2	49.4	41.8	94.7	121.9	Total current liabilities	428.5	454.9	348.9	358.3	381.5
Reported EPS (sen)	10.7	5.6	4.2	9.5	12.2	Shareholders' funds	846.1	880.0	911.8	984.0	1,075.9
Core EPS (sen)	11.1	4.9	4.2	9.5	12.2	MI	(3.3)	(0.0)	(0.0)	(0.0)	(0.0)
Normalised PER (x)	4.9	10.9	12.9	5.7	4.4	LT borrowings	276.1	188.9	428.9	668.9	908.9
GDPS (sen)	2.3	1.1	1.0	2.3	3.0	LT liabilities	11.2	7.3	7.3	7.3	7.3
Div Yield (%)	4.2	2.0	1.9	4.2	5.6	Total long term Liabilities	287.3	196.1	436.1	676.1	916.1
						Total equity and liabilities	1,558.6	1,531.0	1,696.8	2,018.4	2,373.5
						Ratio					
						YE Mar	2024	2025	2026f	2027f	2028f
						Profitability ratios					
						Core ROE (%)	13.1	5.6	4.6	9.6	11.3
						Core ROA (%)	7.7	3.2	2.6	5.1	5.6
						EBITDA Margins (%)	25.2	22.2	29.4	28.4	27.5
						PBT Margins (%)	23.9	17.5	15.1	19.3	19.4
						Liquidity ratios					
						Current ratio (x)	2.1	2.0	2.2	2.6	3.2
						Quick ratio (x)	1.0	1.2	1.4	2.0	1.9
						Leverage ratios					
						Total liabilities / equity (x)	0.8	0.7	0.9	1.1	1.2
						Net debt / Equity (x)	Net cash	0.1	0.4	0.5	0.4
						Growth ratios					
						Revenue (%)	(18.2)	(35.3)	(11.1)	77.1	27.7
						Pretax Profit (%)	(19.8)	(52.7)	(23.3)	126.7	28.7
						Core net earnings (%)	(22.8)	(55.6)	(15.4)	126.7	28.7
						Total assets (%)	18.3	(1.8)	10.8	19.0	17.6

Source: SkyWorld, TA Securities

Appendix I: Completed Projects

Completed Developments	Acreage	Launch	Completion	Total GDV (RM mn)	Launched units	Take-up	QLASSIC Score
Ascenda Residences, Setapak	3.41	Oct-14	Sep-17	398.9	650	100.0%	76%
SkyLuxe On The Park Residences, Bukit Jalil	1.86	Sep-16	Feb-20	409.7	477	100.0%	85%
SkyAwani Residences, Sentul	5.53	Oct-15	Jun-18	472.3	1,286	100.0%	76%
SkyAwani II Residences, Sentul	2.77	Mar-17	Feb-20	265.2	708	98.8%	79%
SkyAwani II Commercial, Sentul					102		
SkyAwani III Residences, Setapak	4.58	Feb-18	Apr-22	572.7	1,905	100.0%	79%
SkyAwani IV Residences, Setapak	3.15	Sep-19	Jan-24	534.9	1,782	100.0%	81%
SkyAwani V Residences, Sentul	2.04	Aug-20	Dec-23	188.3	615	100.0%	84%
Bennington Residences, Setapak	2.69	Jan-16	Jun-19	442.7	580	99.7%	78%
SkyMeridien Residences, Sentul	2.94	Feb-22	Feb-22	489.5	780	100.0%	82%
The Valley, Setiawangsa	4.66	Dec-19	Jun-23	759.6	1,309	100.0%	86%
SkyVogue Residences, Taman Desa	1.34	Sep-20	Mar-25	278.9	333	99.7%	84%
Edgewood Residences, Setapak	3.79	Apr-21	Jan-25	518.2	960	99.4%	86%
Total	38.8			5,330.9	11,487	99.8%	81.3%

Source: SkyWorld, TA Securities

Appendix 2: RumahWIP (Residensi Wilayah) – Key Characteristics

Objective	Affordable high-rise housing for eligible Malaysians in Federal Territories (Kuala Lumpur, Putrajaya, Labuan), with priority for first-time buyers.
Property Specifications	<ul style="list-style-type: none"> - High-rise apartments, typically 800 sq ft (3 bedrooms, 2 bathrooms) - Basic condo-style facilities (e.g. gym, pool, multipurpose hall) - QLASSIC-certified construction quality for select projects (e.g. Sky Awani series)
Price & Subsidy	Price Cap : Up to RM300,000 per unit Subsidy : Government-supported pricing via developer incentives
Eligibility Criteria	<ul style="list-style-type: none"> - Malaysian citizen, ≥21 years old - Monthly income: <ul style="list-style-type: none"> - Individual ≤ RM10,000 - Household ≤ RM15,000 - Must live or work in Federal Territories - Not bankrupt, priority for first-time homebuyers
Ownership Terms	<ul style="list-style-type: none"> - 10-year moratorium on sale/transfer - Resale allowed only to spouse or children, subject to approval
Benefits	<ul style="list-style-type: none"> - Access to urban housing for middle-income earners - Controlled pricing in high-demand zones - Economic upliftment and asset ownership - Digital management via apps (e.g. SkyWorld Connects)

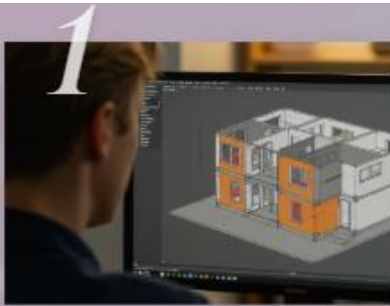
Source: Residensi Wilayah, SkyWorld, TA Securities

Appendix 3: Rumah Bakat Baru Madani – Key Characteristics

Objective	Deliver high-quality, affordable homes for new talents, especially graduates and industrial workers in Penang, supporting long-term urban inclusion and economic upliftment.
Property Specifications	Freehold apartments, ~900 sq ft (3 bedrooms, 2 bathrooms), with condo-style facilities.
Price & Subsidy	RM225k – RM420k per unit; supported by developer incentives & cost controls.
Construction Quality	IBS / prefabrication methods; target QLASSIC ~85%; 10-year construction warranty.
Eligibility Criteria	Malaysians (Penang residents / workers), ≥21 yrs, focus on first-time homebuyers.
Community Features	Vertical school, Central Park, retail outlets, playgrounds, inclusive urban living.
Benefits	Expands affordable supply, ensures quality urban housing, enhances social & economic equity.

Source: Residensi Madani, SkyWorld, TA Securities

Appendix 4: PPVC Construction Process



1
3D Digital Modelling

Advanced software is used to design accurate, fully coordinated building modules before construction begins.



2
Mould Casting

Concrete is poured into custom moulds to form the structural shell of each 3D module.



3
Cast-in Items

Essential components like pipes, electrical conduits and fittings are embedded during casting for seamless integration.



4
Controlled Finishing

Modules are completed off-site with high-quality finishes in a factory-controlled environment.



5
PPVC Transporting

Finished modules are safely transported from the factory to the construction site.



6
Installation by Crane

Modules are lifted and precisely positioned using cranes, enabling fast fit-out time.



7
Quality Checks

Each module undergoes strict inspections to ensure structural integrity and construction performance.

Source: SkyWorld, TA Securities

Appendix 5: Summary of SkyWorld’s PPVC Venture

Aspect	Detail
JV / Entity	Prefab Master Sdn Bhd SkyWorld holds 70%, Teambuild (Singapore) holds 30%
Purpose / Role	Research, design, manufacture & installation of PPVC modular systems Supports SkyWorld’s affordable housing rollout, especially in Penang
Construction Method	PPVC (Prefabricated Prefinished Volumetric Construction) - Free-standing 3D modules completed off-site with internal finishes, fixtures, and fittings - Delivered and assembled on-site like Lego blocks - Emphasises speed, efficiency, and sustainability
Land / Factory	Acquired ~26.37 acres in Seberang Perai Tengah, Penang (four adjoining freehold parcels) - Purchase price: RM82.7mn - Total investment: RM200mn
Production / Capacity	Estimated annual output: ~3,600 to 4,000 residential units
Timeline	- Construction commencement 4QFY26 (1QCY26) - Factory expected to be operational in 3QFY27 (4QCY26)
Application / Use	Will be deployed for SkyWorld Pearlmont and Rumah Bakat Baru Madani projects in Penang - Full PPVC adoption across 37,000+ units
Construction Quality	Target QLASSIC score ≥85% – factory-controlled precision
Benefits / Strategic Rationale	- Faster construction - Higher quality control - Reduced defects (esp. leakage) - Lower maintenance - Cost efficiency - Better margin control
ESG Impact	Lower site waste, safer working conditions, reduced carbon footprint

Source: SkyWorld, TA Securities

Appendix 6: PPVC vs Traditional IBS – Construction Method Comparison

Aspect	PPVC (SkyWorld’s Model)	Traditional IBS
Definition	A construction method using free-standing 3D modules completed off-site with finishes, fixtures, and fittings, then assembled on-site. Often described as Lego-like volumetric assembly emphasising speed, efficiency, and sustainability.	Precast components (walls, slabs, columns) manufactured off-site and assembled on-site. Focuses on structural elements, with finishes done in-situ.
Construction Speed	Up to 40% faster due to parallel off-site fabrication and on-site prep	Moderate – sequential site-based assembly and finishing
Quality Control	High – factory-controlled finishing; QLASSIC scores ≥85%	Variable – depends on site execution and supervision
Labour Dependency	Reduced – minimal on-site labour; safer and more predictable	Higher – requires skilled labour for assembly and finishing
Cost Efficiency	Higher upfront cost (plant, logistics), but lower lifecycle cost and defect rectification	Lower upfront, but higher risk of delays and post-handover defects
Design Flexibility	Moderate – constrained by module dimensions and transport logistics	High – adaptable to custom designs and site conditions
Site Safety	Improved – fewer workers, less scaffolding, cleaner site	Riskier – more manual handling and congestion
Environmental Impact	Lower – less site waste, better material control, reduced emissions	Higher – more waste and transport inefficiencies
Use Case Fit	Ideal for mass housing, repetitive layouts, urban infill	Suited for custom builds, low-rise, non-repetitive forms

Source: Various News Reports, SkyWorld, TA Securities

Stock Recommendation Guideline

- BUY** : Total return of the stock exceeds 12%.
HOLD : Total return of the stock is within the range of 7% to 12%.
SELL : Total return of the stock is lower than 7%.
Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★★	★★★★	★★★★	★★★★
Remark	All new projects target GreenRE/GBI Bronze; >10% green space; EV charging ready; zero environmental fines.	Focus on affordable housing; strong workplace safety (zero fatalities); active community engagement and donations.	Majority independent board; transparent disclosures; FTSE4Good Top 10% inclusion; no corruption or data breaches.	

- ★★★★★ (≥80%) : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions. +5% premium to target price
- ★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions. +3% premium to target price
- ★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions. No changes to target price
- ★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient. -3% discount to target price
- ★ (<20%) : Minimal or no integration of ESG factors in operations and management. -5% discount to target price

Disclaimer

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As of Tuesday, September 30, 2025, the analyst, Thiam Chiann Wen, who prepared this report, has interest in the following securities covered in this report:
 (a) nil

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