



Results Note

BUY (↔)

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Monday, November 24, 2025

Price: RM 0.505

Target Price: RM 0.59 (↔)

SkyWorld Development Bhd

Better Earnings Visibility in 2HFY26

SkyWorld's 1HFY26 PATAMI of RM10.8m met expectations, accounting for 20% of our full-year forecast. Revenue and earnings fell YoY due to completion of EdgeWood and SkyVogue Residences, but QoQ growth of 16.2% (revenue) and >100% (PATAMI) driven by Vesta Residences and SkyAman 1 launch. We deemed the result to be in-line, as we anticipate stronger earnings delivery in 2HFY26 supported by SkyAman 1, SkyAwani PRIMA, SkyAwani 6 (cumulative GDV RM843.5m) and upcoming SkyAwani Pearlmont (GDV RM592m). Current unbilled property sales stood strongly at RM589m. An interim NDPS of 0.22 sen declared. No changes to earnings. Maintain BUY call on SkyWorld with an unchanged RNAV TP of RM0.59.

1HFY26 results met expectations, with PATAMI of RM10.8m made up 20% of our FY26 forecast. We deemed the result as within expectation, as we anticipate a stronger earnings delivery in 2HFY26, propelled by higher GDV and unbilled sales. Despite the higher OPEX, EBITDA and EBIT margins only declined marginally YoY in 1HFY26, supported by the stronger GP margin. The margin expansion was partly driven by higher-margin contributions from Vesta Residences and SkyAman 1, as early-stage progressive billing typically yields better profitability. SkyWorld declared a lower DPS of 0.22sen (vs 2QFY25: 0.50 sen), which inline with company's formal dividend policy of a minimum 20% payout.

YoY. Revenue and PATAMI dwindled by 30.3% and 45.4%, respectively attributable to the completion of EdgeWood Residences and SkyVogue Residences in previous financial year, which collectively contributed RM63.6m in revenue in 2QFY25.

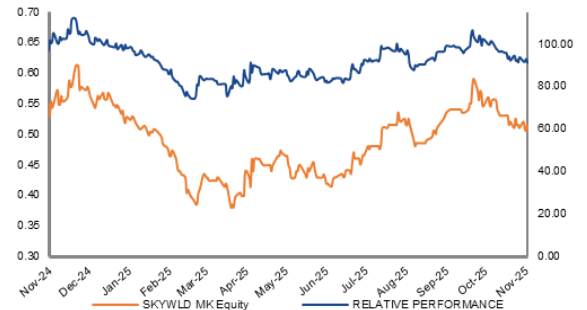
QoQ. Notwithstanding, both topline and bottomline elevated by 16.2% and >100% primarily due to higher progressive revenue recognised from Vesta Residences as well as revenue contributions from newly launched project during the current quarter, namely SkyAman 1 Residences in Cheras. The ETR in 2QFY26 recorded lower at 17.5% (vs 1QFY26: 49.3%) due to the recognition of previously unrecognised deferred tax assets.

Outlook. We expect 2HFY26 to be stronger propelled by the recent launch of SkyAman 1 (Cheras), SkyAwani PRIMA (Brickfields), and SkyAwani 6 (Setapak) with a combined GDV of RM843.5m (1.86x of our FY26F revenue). Collectively, there are also upcoming launch of SkyAwani Pearlmont in Seberang Jaya (GDV: RM592m) expected in 3QFY26. Unbilled sales remain solid at RM589m (+22% QoQ). To date, SkyWorld has achieved RM2.0b in GDV delivery since its July 2023 listing, equivalent to 43% of its cumulative RM4.6b GDV commitments through 2026.

Forecast. Maintain our earnings forecast at this juncture as we anticipate a higher revenue pick-up in 2HFY26, as well as pending analyst briefing.

Valuation. Pending on its post results briefing today, we reiterate our **RNAV-derived TP of RM0.59** with a 68% discount rate. Despite near-term headwinds, we maintain a constructive view on SkyWorld, underpinned by its strong position in the affordable housing segment, which continues to benefit from resilient demand and supportive government policies. Earnings visibility remains strong, backed by upcoming RM2.6bn GDV launch in pipeline and the group's adoption of Prefabricated Prefinished Volumetric Construction (PPVC) to enhance execution efficiency and support growth.

Share Price Performance



Business Overview

SkyWorld Development Berhad (SkyWorld), a property developer that focuses on the development of residential and commercial properties.

Return Information

KLCI (pts)	1,617.57
YTD KLCI chg.	-1.5%
YTD Stock Price chg.	-10.6%

Price Performance	1M	3M	12M
Absolute (%)	-9.8%	-3.8%	-7.0%
Relative to KLCI (%)	0.8%	2.0%	2.0%

Stock Information

Market Cap (RM m)	505.0
Issued Shares (m)	1,000.0
52-week High (RM)	0.72
52-week Low (RM)	0.38
Est. Free Float (%)	27%
Beta vs FBM KLCI	0.9
3-month Avg Vol.	472,479
Shariah Compliant	Yes
Bloomberg Ticker	SKYWLD MK

Top 3 Shareholders

Shareholder	%
Phing Ng Thien	46.3%
Lam Soo Keong	10.3%
Lee Chee Seng	5.0%

FY MAR (RM m)	FY25A	FY26E	FY27E
Revenue	445.4	454.1	875.2
EBITDA	97.5	92.1	153.2
PBT	82.8	72.4	132.4
Net Profit	54.2	55.0	100.6
Core Net Profit	54.2	55.0	100.6
Core EPS (sen)	4.6	4.6	8.5
Core EPS Growth (%)	(49.1)	1.5	82.9
Net DPS (sen)	1.5	1.1	2.0
BV Per Share (sen)	87.8	92.2	110.7
Net Div. Yield (%)	3.0%	2.2%	5.2%
P/E (x)	11.1	10.9	4.6
ROE (%)	6.2	6.0	11.8



Investment Case. We continue to like SkyWorld for its i) strong affordable-housing positioning, anchored by its 35,000-unit, RM13b Penang JV with PDC, ii) solid RM4.6b cumulative GDV targets through 2026, iii) adoption of PPVC to accelerate construction, enhance quality, and reduce labour and ESG risks, and iv) prudent balance sheet with latest low net gearing of 0.12x and cash exceeding RM300m.

Key Risks include: (i) Subdued property sales. (ii) Construction cost fluctuations. and (iii) Changes in housing and property regulations.

Results Highlights

Y/E: MAR (RM m)	2QFY26	1QFY26	QoQ Chg	2QFY25	YoY Chg	6M26	6M25	YoY Chg
Turnover	86.7	74.6	16.2%	124.3	-30.3%	161.3	223.1	-27.7%
Gross Profit	30.9	26.9	14.8%	37.6	-17.7%	57.9	69.6	-16.9%
OPEX	(20.7)	(19.9)	3.7%	(18.7)	10.9%	(40.6)	(35.9)	13.1%
EBITDA	16.1	11.8	36.2%	21.8	-26.3%	27.9	39.3	-29.1%
EBIT	14.5	10.2	41.8%	20.5	-29.4%	24.7	36.8	-33.0%
PBT/(LBT)	9.6	5.6	71.1%	20.3	-52.7%	15.2	34.4	-55.7%
Taxation	(1.7)	(2.8)	-39.3%	(5.8)	-70.9%	(4.4)	(9.9)	-55.1%
Net Profit	7.9	2.8	178.3%	14.5	-45.4%	10.8	24.5	-56.0%
PATAMI	7.9	2.9	178.2%	14.5	-45.4%	10.8	24.5	-56.0%
Core EPS (sen)	0.8	4.0	-80.3%	1.5	-45.5%	4.8	2.5	95.5%
DPS (sen)	0.2	0.0	-	0.50		0.2	0.5	
Gross Margin	35.7%	36.1%		30.2%		35.9%	31.2%	
OPEX	-23.9%	-26.7%		-15.0%		-25.2%	-16.1%	
EBITDA Margin	18.5%	15.8%		17.5%		17.3%	17.6%	
EBIT Margin	16.7%	13.7%		16.5%		15.3%	16.5%	
PBT Margin	11.1%	7.5%		16.3%		9.4%	15.4%	
PATAMI Margin	9.2%	3.8%		11.7%		6.7%	11.0%	
ETR	-17.5%	-49.3%		-28.5%		-29.2%	-28.8%	
Unbilled property sales (RM m)	589.0	483.1				589.0	592.0	
Project Launches GDV (RM m)	843.5	1,500.0				843.5	1,100.0	

Source: Company, Bursa Malaysia, Mercury Securities

RNAV Valuation table:

Valuation	RNAV (RM m)
Property development (DCF @ 9.4% WACC)	1,306.4
Shareholder fund/ equity (inclusive of irredeemable convertible preference share)	878.1
Total RNAV	2,184.5
Enlarged share capital inclusive of irredeemable convertible preference share conversion (m units)	1,187.50
RNAV per share	1.84
Targeted discount to RNAV	68%
ESG Premium	0%
Intrinsic value per share	0.59
Current market price	0.505
Upside	17%

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