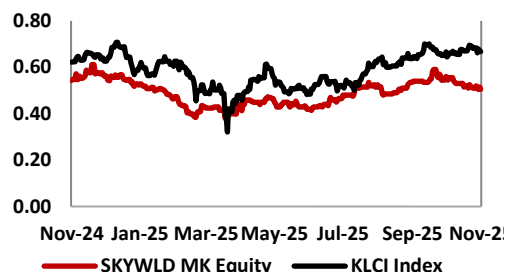


SKYWORLD DEVELOPMENT BERHAD (SKYWLD MK) **Below BUY**Share Price RM0.505  
Target Price RM0.78 ▲ +54%**Below Estimate**

- Key Highlights.** 1HFY26 core PATAMI fell 46.4% YoY to RM10.2mn on revenue of RM161.3mn (-27.7% YoY), missing our and consensus estimates at 12% and 14.7% of full-year forecasts, respectively. The decline was largely due to the high base from EdgeWood and SkyVogue Residences' completion in FY25, which had inflated last year's numbers, while contributions from ongoing projects were insufficient to offset the shortfall. For 2QFY26, revenue fell 30.3% YoY to RM86.7mn, with core PATAMI down 29.8% YoY at RM7.4mn. The YoY drop was expected following normalisation post-completions. On a sequential basis, revenue rebounded 16.2% QoQ and core PATAMI surged 3459% QoQ, benefitting from higher progressive billings at Vesta Residences and the launch of SkyAman 1 Residences. This supported a 14.8% QoQ improvement in gross profit, underscoring a recovery in earnings momentum after a subdued 1QFY26. The company also declared a first interim dividend of 0.22 sen.
- Earnings Revision.** We make no changes to our earnings forecast, pending the analyst briefing.
- Outlook.** The Group's earnings visibility remains firm, anchored by progressive revenue from ongoing projects and sales of completed inventories. Unbilled sales rose 21.9% QoQ to RM589.0mn as at 30 September 2025, driven by the launch of SkyAman 1 Residences. Year to date, launches total RM843.5mn in GDV, supporting progress towards the FY2026 RM2bn target. The upcoming SkyAwani Pearlmount Residences will further lift cumulative GDV commitments to RM4.6bn by end-2026. The Group's balance sheet remains healthy with gross gearing at 0.57x, net gearing at 0.20x, and over RM300mn in cash.
- Maintain BUY with a TP of RM0.78.** We reiterate our BUY call based on a 60% discount to our RNAV of RM2.17 per share, the outlook is supported by strong earnings visibility, underpinned by RM589mn in unbilled sales and a RM19.5bn pipeline remaining GDV over ten years. Consistent delivery and cash conversion should help narrow the discount and drive a re-rating.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(9.0)	(1.9)	(7.8)
vs FBM KLCI	(7.6)	(3.2)	(11.4)

**Stock Data**

ESG Rating	Good
Mkt Cap (RM mn)	505.0
Adjusted Beta	1.7
Free float (%)	30
Issued shares (mn)	1,000.0
52w H/L (RM)	0.72/ 0.38
3m avg. daily volume	471,345

**Major Shareholders (%)**

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

**Mohd Fadzerin Arrifin**mfadzerin@bankislam.com.my  
(603) 2613 1738**Table 1: Quarterly figures**

SKYWRLD FYE 31 Dec (RM mn)	Quarterly			Change (%)		Cumulative		YTD	BIMB	
	2QFY25	1QFY26	2QFY26	QoQ	YoY	1HFY25	1HFY26	%	FY26F	1H/26
Revenue	124.3	74.6	86.7	16.2	-30.3	223.1	161.3	-27.7	491.1	33%
EBITDA	26.3	12.1	18.3	51.2	-30.6	46.8	30.4	-35.2	109.2	28%
PBT	20.3	5.6	9.6	71.1	-52.7	34.4	15.2	-55.7	93.7	16%
Taxation	(5.8)	(2.8)	(1.7)	-39.3	-70.9	(9.9)	(4.4)	-55.1	(31.6)	14%
PAT	14.5	2.8	7.9	178.3	-45.4	24.5	10.8	-56.0	62.2	17%
Core PATAMI	10.5	0.2	7.4	3458.9	-29.8	19.0	7.6	-60.2	62.2	12%
Core EPS (sen)	0.88	0.02	0.62	3458.9	-29.8	1.60	0.64	-60.2	5.2	12%
Net gearing	(0.03)	(0.12)	(0.21)			(0.03)	(0.21)			
				Chg (ppts)					Chg (ppts)	
EBITDA margin (%)	21.2	16.2	21.1	4.9	-0.1	21.0	18.8	-2.2	22.2	
PBT margin (%)	16.3	7.5	11.1	3.6	-5.2	15.4	9.4	-6.0	19.1	
Core PATMI margin (%)	8.4	0.3	8.5	8.2	0.1	8.5	4.7	-3.8	12.7	
Effective tax rate (%)	28.5	49.3	17.5	-31.8	-11.0	28.8	29.2	0.4	33.7	

Source: BIMB Securities, Company

Table 4: Skyworld's RNAV Table

Items	RNAV (RM mn)
Property Development	1595
Est. Shareholders' fund FY27	983
Total RNAV	2578
Discount	60%
Net Debt	(109)
Total	923
No of shares (Fully diluted)	1188
Target Price	0.78

Source: Company, BIMB Securities

Table 3: Earnings Forecast

FYE 31 Dec (RM mn)	FY24	FY25	FY26F	FY27F	FY28F
Turnover	688	445	491	603	808
EBITDA	173	99	109	130	167
PBT	160	85	94	114	150
Core PATAMI	107	56	62	75	100
Consensus			53	83	107
Core EPS (sen)	9.0	4.7	5.2	6.3	8.4
PER (x)	6.0	11.4	10.3	8.5	6.4
BVPS (sen)	0.7	0.7	0.8	0.8	0.9
P/B (x)	0.8	0.7	0.7	0.6	0.6
DPS (sen)	2.3	1.1	1.2	1.5	2.0
Div. Yield (%)	4.2	2.0	2.3	2.8	3.7
Net Gearing (x)	Net Cash	0.1	0.2	0.2	0.2
<b>Key Ratios (%)</b>					
ROE	12.7	6.4	6.7	7.6	9.3
EBITDA margin	25.2	22.2	22.2	21.5	20.7
Pretax margin	23.2	19.0	19.0	19.0	19.0
Net margin	15.5	12.6	12.7	12.5	12.4

Source: Bloomberg, BIMB Securities

**DEFINITION OF RATINGS**

BIMB Securities uses the following rating system:

**STOCK RECOMMENDATION**

<b>BUY</b>	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
<b>TRADING BUY</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
<b>HOLD</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>TAKE PROFIT</b>	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
<b>TRADING SELL</b>	Share price may fall by more than 15% in the next 3 months.
<b>SELL</b>	Share price may fall by more than 10% over the next 12 months.
<b>NOT RATED</b>	Stock is not within regular research coverage.

**SECTOR RECOMMENDATION**

<b>OVERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
<b>NEUTRAL</b>	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
<b>UNDERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

**Applicability of ratings**

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

**Disclaimer**

This report has been prepared for information and educational purposes only and are not recommendation or endorsement to sell or solicitation to buy any securities, subscription of financial products or otherwise to be taken as investment advice of any form or kind and neither should be relied upon as such. The information herein was obtained or derived from publicly available information, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken to ensure that all information and data are accurate and the opinions are fair and reasonable, we do not represent or warrant their accuracy, timeliness, completeness and currentness or applicability of such information for any particular purpose. The investments advice or idea discussed or recommended in this report may not be suitable for all investors. Any recommendation presented in this report is general in nature and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this report. The investors are advised to conduct own research and seek independent professional advice prior to taking any investment or investment related decisions. The directors and employees of BIMB Securities Sdn Bhd and BIMB Group of Company may from time to time have a position in or either the securities mentioned or may provide services to any company and affiliates of such companies whose securities are mentioned herein. BIMB Securities Sdn Bhd and BIMB Group of Company accept no liability for any direct, indirect or consequential losses, claims and damages arising from any use of this report. BIMB Securities does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report. Unless stated otherwise, BIMB Securities is not a market maker in the securities or other capital market products of the subject company(ies) covered in this report. BIMB Securities did not receive compensation for corporate finance services from the subject company(ies) in the past 12 months. BIMB Securities did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report. The analyst(s) who prepared this research report is/are prohibited from receiving any compensation, incentive or bonus based on specific transactions or for providing a specific recommendation for, or view of, a particular company.

**Printed and published by****BIMB SECURITIES SDN BHD (290163-X)**

*A Participating Organisation of Bursa Malaysia Securities Berhad*

*Level 34, Menara Bank Islam*

*No 22, Jalan Perak,*

*50450 Kuala Lumpur*

*Tel: 03-2613 1600 Fax: 03-2613 1799*

*http://www.bimbsec.com.my*

Mohd Redza Abdul Rahman

Director of Research