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SkyWorld Development Bhd

Momentum Rebuilding, Poised for a Stronger 2H

TP: RM0.70 (+35.9%)

Last Traded: RM0.515

BUY (ESG: ★★★★★)

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Below are the key takeaways from SkyWorld's 1HFY26 results briefing:

Sales and Launch Momentum Strengthened

SkyWorld's sales and launch activities picked up pace in 2QFY26, supported by healthy demand and the resumption of its project rollout. Quarterly sales rose 61.4% QoQ to RM164.8mn, lifting 1HFY26 sales to RM266.9mn, with an overall take-up rate of 94.2% across active projects. After a pause in new launches since Vesta Residences in 2023, SkyWorld reactivated its pipeline with SkyAman I Residences in Cheras in August 2025 (2QFY26), its first launch in nearly two years. The project achieved a promising 21% take-up within two months and recorded 9.5% construction progress, marking a solid restart to its development cycle.

Ongoing projects continued to record steady sales progress. Curvo Residences (GDV RM573mn) saw take-up improve to 70% (+6 ppt QoQ), with management targeting 80% before completion in 4QFY26, driven by active marketing and visible site progress. Vesta Residences (GDV RM592mn) recorded 87% take-up (+5 ppt QoQ), with construction progressing to 27% (from 23% a quarter ago) under a newly appointed contractor. Despite the early stage of works, management remains confident of handing over the project in the next financial year.

Launch momentum is expected to accelerate further in 2HFY26, supported by strong demand for newly launched projects. SkyAwani PRIMA in Brickfields (GDV RM211mn), launched in Oct-25, has achieved around 80% bookings, while SkyAwani 6 in Setapak (GDV RM204mn), which opened for signing in Nov-25, is about 70% booked. Upcoming launches, including Silverlake Residences in Setapak (GDV RM623mn) and SkyAwani Pearlmount Residences in Seberang Jaya (GDV RM790mn), will further drive sales momentum.

We are particularly upbeat on SkyAwani Pearlmount, a freehold affordable housing project featuring 900 square foot units with three bedrooms and two bathrooms, priced from RM323,000. Buyer response has been encouraging with about 800 of 1,100 units booked during the soft launch at groundbreaking ceremony in Jul-25. Management targets at least 50% take-up upon its official launch in Jan-26.

Management Confident of Delivering a Stronger 2H

Management remained optimistic that performance in the second half of FY26 will strengthen, supported by rising unbilled sales, normalising construction progress, and sustained sales momentum across key projects. Unbilled sales rose to RM589mn as at end-September 2025 (from RM483.1mn a quarter ago), providing solid earnings visibility for the next 12 to 18 months. Stronger progress billings are expected from Curvo, Vesta, and SkyAman I in the coming quarters as site activity accelerates and new launches begin contributing.

Stock Return Information	
KLCI	1,618.78
Expected Share Price Return (%)	35.9
Expected Dividend Return (%)	1.9
Expected Total Return (%)	37.8

Share Information	
Bloomberg Code	SKYWLD MK Equity
Stock Code	5315
Listing	Main Market
Issued Share (mn)	1000.0
Market Cap (RMmn)	515.0
52-wk Hi/Lo (RM)	0.715/0.38
Estimated Free Float (%)	26.7
Beta (x)	0.8
3-Month Average Volume ('000)	471.3

Top 3 Shareholders (%)	
Ng Thien Ping	46.3
Lam Soo Keong	10.3
Lee Chee Seng	5.0

Forecast Revision		
	FY26	FY27
Forecast Revision (%)	-	-
Net Profit (RMm)	41.8	94.7
Consensus	51.8	77.4
TA's / Consensus (%)	80.6	122.3
Previous Rating	Buy (Maintained)	
Consensus TP (RM)	0.74	

Share Performance (%)		
Price Change	SKYWLD	FBM KLCI
1 mth	(7.2)	0.3
3 mth	0.0	1.0
12 mth	(8.0)	1.8

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	0.5

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Construction activities, which were affected by contractor transitions earlier in the year, are now stabilising. Vesta's progress has improved under its new contractor, while SkyAman I's construction is ramping up following its Aug-25 launch. Supported by the latest stronger take up rates, Curvo at 75%, Vesta nearing 90%, and SkyAman I at 30%, which represent notable improvement from the levels reported as at end September, together with firm demand for new launches such as SkyAwani PRIMA and SkyAwani 6 (both now at piling stage), revenue recognition is expected to strengthen meaningfully in 2HFY26.

Reflecting this confidence, management aims to pay no less than last year's dividend of 1.1 sen/share (with 0.22sen already declared for 1HFY26), suggesting expectations of a stronger earnings recovery in the second half, which could bring full-year profitability closer to FY25 levels. This comes despite 1HFY26 core net profit remaining 48% lower YoY, mainly due to fewer contributing ongoing projects and higher financing costs from the issuance of RM100mn medium term notes.

Strategic and Recurring Income Updates

SkyWorld also reported steady progress on its longer-term growth initiatives. The Prefabricated Prefinished Volumetric Construction (PPVC) facility in Seberang Perai Tengah is moving ahead after the group signed an SPA in August 2025 for 26.4 acres of freehold land, with construction expected to start in 4QFY26 and operations targeted by 3QFY27. In Vietnam, progress remains on track following the amended SPA for the District 8 site in May 2025, while negotiations for Sai Gon Thuan An Central project underway. The 13D Project (Binh Chanh) MOU has lapsed as management focuses on the first two ventures. Meanwhile, recurring income improved with full occupancy at Sama Square (retail) and higher occupancy of 82% at SkyBlox (co-living), reflecting rising tenant demand and growing contribution from investment properties.

Forecasts

We make no changes to our FY26–FY28 earnings forecasts, maintaining new sales assumptions of RM1.0–1.6bn. We believe our RM1.0bn FY26 sales assumption is achievable, as it represents only about 45% take-up of the group's planned RM2.3bn new launches for the year. Going forward, management plans to sustain annual launches of around RM2.0bn, which underpins our projected 35% core net profit CAGR over FY25–FY28.

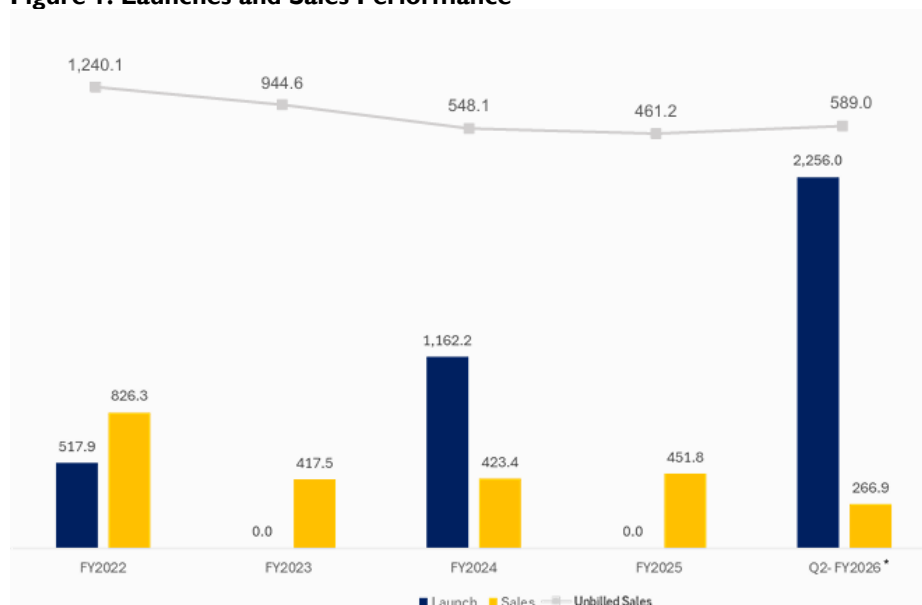
As of Sep-25, the group's remaining landbank stood at 249.2 acres, carrying an estimated GDV of RM20.3bn.

Recommendation and Valuation

Post-briefing, we remain positive on SkyWorld's near-term outlook. The 2QFY26 results and operational updates confirm the group's recovery trajectory remains intact. Rising unbilled sales, a robust launch pipeline, and accelerating progress billings provide clear earnings momentum into 2HFY26. Medium-term catalysts such as the PPVC facility and Vietnam ventures also enhance scalability and margin sustainability.

We reiterate Buy call on SkyWorld with an unchanged TP of RM0.70/share, based on 0.7x CY26 P/B, incorporating a +3% ESG premium given our 4-star rating.

Figure I: Launches and Sales Performance



Note*: unaudited
Source: SkyWorld

Earnings Summary (RM mn)

Profit & Loss (RMm)

YE Mar	2024	2025	2026f	2027f	2028f
Revenue	688.0	445.5	396.2	701.8	896.0
EBITDA	173.3	98.9	116.3	199.0	246.2
Dep. & amortisation	(4.9)	(6.7)	(37.1)	(39.2)	(41.1)
Net finance cost	(16.2)	(14.7)	(19.6)	(24.5)	(31.0)
EI	(4.4)	6.8	0.0	0.0	0.0
PBT	159.9	84.6	59.7	135.3	174.2
Normalised PBT	164.3	77.8	59.7	135.3	174.2
Taxation	(53.4)	(28.5)	(17.9)	(40.6)	(52.3)
Net Profit	106.8	56.2	41.8	94.7	121.9
Core Net Profit	111.2	49.4	41.8	94.7	121.9
Reported EPS	10.7	5.6	4.2	9.5	12.2
Core EPS	11.1	4.9	4.2	9.5	12.2
Normalised PER	4.6	10.4	12.3	5.4	4.2
GDPS	2.3	1.1	1.0	2.3	3.0
Div Yield	4.4	2.1	1.9	4.4	5.8

Cash Flow (RMm)

YE Mar	2024	2025	2026f	2027f	2028f
PBT	159.9	84.6	59.7	135.3	174.2
Adjustments	(59.8)	(61.6)	(17.9)	(40.6)	(52.3)
Dep. & amortisation	4.9	6.7	37.1	39.2	41.1
Changes in WC	47.9	(121.3)	42.6	(99.2)	27.8
Operational cash flow	153.0	(91.7)	121.4	34.7	190.7
Capex	(10.8)	(7.2)	(158.5)	(136.0)	(70.0)
Others	(69.0)	9.2	(200.0)	(50.0)	(50.0)
Investment cash flow	(79.9)	2.0	(358.5)	(186.0)	(120.0)
Debt raised/(repaid)	(14.4)	(41.4)	150.0	150.0	200.0
Equity raised/(repaid)	163.5	0.0	0.0	0.0	0.0
Dividend	(42.5)	(15.0)	(10.0)	(22.5)	(30.0)
Others	(1.6)	(0.6)	0.0	0.0	0.0
Financial cash flow	104.9	(57.0)	140.0	127.5	170.0
Net cash flow	178.1	(146.7)	(97.1)	(23.8)	240.7

Assumptions

YE Mar	2024	2025	2026f	2027f	2028f
New Sales	420.6	449.1	1,034.4	1,426.5	1,612.2
Prop Dev EBIT Margins	25.6	22.3	20.0	22.8	22.9

Balance Sheet (RMm)

YE Mar	2024	2025	2026f	2027f	2028f
Fixed assets	626.6	604.6	926.1	1,072.9	1,151.8
Others	14.7	13.4	13.4	13.4	13.4
Total fixed assets	641.2	618.0	939.5	1,086.3	1,165.2
Cash	499.9	349.6	252.5	228.7	469.5
Others	417.5	563.4	504.8	703.4	738.8
Total current assets	917.4	913.0	757.3	932.1	1,208.3
Total assets	1,558.6	1,531.0	1,696.8	2,018.4	2,373.5
ST debt	213.4	260.4	170.4	80.4	40.4
Other liabilities	215.1	194.5	178.5	277.9	341.1
Total current liabilities	428.5	454.9	348.9	358.3	381.5
Shareholders' funds	846.1	880.0	911.8	984.0	1,075.9
MI	(3.3)	(0.0)	(0.0)	(0.0)	(0.0)
LT borrowings	276.1	188.9	428.9	668.9	908.9
LT liabilities	11.2	7.3	7.3	7.3	7.3
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

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

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As of Tuesday, November 25, 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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