



SkyWorld Dev. Group Bhd

A Step Closer to Penang Affordable Housing

SkyWorld has acquired a 25.9-acre land in Bandar Cassia, Penang from PDC for RM48.5m. This deal forms part of the phase acquisition agreement with the PDC for total land size of 161.5 acres and paves way for SkyWorld to launch its first affordable housing project in Penang with an estimated GDV of RM849m, targeted for launch in 2HFY26E. Notably, the acquisition cost translates into a land-to-GDV cost of just 5.7%, well below SkyWorld's historical average of 14–16%. This favourable entry cost should enhance its margin resilience, enabling SkyWorld to better manage input cost fluctuations and preserve profitability across future launches. Despite its strong earnings visibility, SkyWorld's share price has declined 23% YTD, which we view as unjustified. Valuations remain attractive, with the stock trading at 7.9x FY26 PE and 0.47x PB, both below the sector average of 9.9x and 0.64x respectively. Supported by a solid project launches pipeline and attractive valuation with decent 3.0% net dividend yield, we maintain our "accumulate on weakness" stance. We reiterate our BUY call with an unchanged TP of RM0.64, derived from 65% discount to our estimated RNAV of RM1.84 per share.

Contract details. SkyWorld, via its wholly-owned subsidiary SkyWorld Cassia Development Sdn Bhd (formerly SkyAvana Development Sdn Bhd), has entered into a Sale and Purchase Agreement with Penang Development Corporation (PDC) on 8 July 2025 to acquire a 25.9-acre of land, a parcel within the larger 161.5-acre of land in Bandar Cassia, Seberang Perai Selatan, Penang, for a total purchase consideration of RM48.5m or RM43 psf.

Setting for its Penang affordable housing project. This land parcel acquisition forms part of the phased acquisition agreement with the PDC for a total of 161.5 acres land in Batu Kawan. The staggered acquisition enables SkyWorld to preserve its cash flow and limit upfront capital commitment. This acquisition paves the way for the group to launch its first affordable housing project in Penang (Cassia - Phase 1) with an estimated GDV of RM849m, targeted for launch in 2HFY26E. We view this development positively as it enhances the group's long-term earnings visibility and expands its presence into a high-demand mass market housing segment in the northern region.

Our takes. We view this acquisition to be attractive, given the purchase consideration of RM48.5m only represent a land-to-GDV cost of approximately 5.7%, which is well below its historical average of 14-16%. The favourable entry cost should enhance its margin resilience, enabling SkyWorld to better manage input cost fluctuations and preserve profitability across future launches. Despite of SkyWorld robust earnings visibility, the stock has underperformed, declining 23% YTD, which we believe is unjustified. Valuation remains compelling, with the stock trading at only 7.9x FY26E PE and 0.47x FY26E PB, versus the broader Bursa Malaysia Property Index at 9.9x PER and 0.64x PB. Given the SkyWorld's strong project pipeline and attractive valuation with decent net dividend yield of 3%, we reiterate our accumulate on weakness stance

Our earnings forecast maintained. We keep our FY26–27 earnings forecasts unchanged at this juncture, as this land acquisition is within our expectation for SkyWorld's RM13bn affordable housing project in Penang. No change to our **TP of RM0.64** based on a 65% discount to our estimated RNAV of RM1.84 per share. We continue to like SkyWorld for its strong position in the affordable housing segment (cushioned by strong demand and supportive government policy), strong earning visibility backed by robust RM2.2bn GDV project launches pipeline and PPVC adoption to support growth.

Main Market
Property Sector
BUY

TP: RM0.64(↔)

Last Closing Price: RM0.44

Share Price Performance



Business Overview

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

Return Information

KLCI (pts)	1,530.1
YTD KLCI chg.	(6.8)
YTD Stock Price chg.	(23.0)

Price Performance	1M	3M	12M
Absolute (%)	(5.4)	13.0	(32.0)
Relative to KLCI (%)	(4.5)	7.0	(26.8)

Stock Information

Market Cap (RM m)	435.0
Issued Shares (m)	1,000.0
52-week High (RM)	0.660
52-week Low (RM)	0.385
Est. Free Float (%)	27.3
Beta vs FBM KLCI	0.91
3-month Avg Vol. (m)	0.30
Shariah Compliant	Yes
Bloomberg Ticker	SKYWLD MK

Top 3 Shareholders

	%
Datuk Seri Ng Thien	44.4
Phing	
Datuk Lam Soo Keng	10.3
@	
Low Soo Keong	
Lee Chee Seng	5.0

FY DEC (RM m)	FY25A	FY26E	FY27E
Revenue	445.4	548.7	932.1
EBITDA	97.5	107.3	161.9
PBT	82.8	87.4	140.6
Net Profit	54.2	66.4	106.9
Core Net Profit	54.2	66.4	106.9
Core EPS (sen)	4.6	5.6	9.0
Core EPS Growth (%)	(49.1)	22.6	60.9
Net DPS (sen)	1.5	1.3	2.1
BV Per Share (sen)	87.8	93.1	112.4
Net Div. Yield (%)	1.6	1.9	2.5
P/E (x)	9.6	7.9	3.9
P/B (x)	0.5	0.5	0.4
ROE (%)	6.2	7.1	11.9



Key Financial Data

Balance Sheet

FYE Dec	FY23	FY24	FY25	FY26E	FY27E
PPE	23.7	31.6	33.5	38.6	50.0
Trade and other receivables	52.1	112.5	236.5	88.5	145.6
Contract Assets	175.1	96.1	38.7	42.2	71.7
Tax asset	12.6	15.3	16.3	16.3	16.3
Other assets	816.6	803.3	849.3	744.2	840.1
Deposit, bank and cash	237.7	499.9	349.6	646.3	659.3
Assets	1,317.7	1,558.6	1,523.8	1,559.9	1,766.8
LT borrowings	323.9	276.1	188.8	188.8	188.8
ST borrowings	159.2	213.4	260.4	260.4	260.4
Payables	212.4	196.1	184.3	167.2	288.6
Other liabilities	6.5	30.1	12.2	12.2	12.2
Liabilities	702.0	715.8	645.7	628.6	750.1
Share capital	62.5	245.0	245.0	245.0	245.0
Reserves and retained earning	547.3	601.1	633.2	686.3	771.8
Shareholder's equity	609.8	846.1	878.1	931.3	1,016.8
NCI	5.9	(3.3)	(0.0)	(0.0)	(0.0)
Equity	615.7	842.8	878.1	931.2	1,016.7
Equity and Liabilities	1,317.7	1,558.6	1,523.8	1,559.9	1,766.8

Cash Flow Statement

FYE Dec	FY23	FY24	FY25	FY26E	FY27E
Profit before taxation	204.8	159.9	82.8	87.4	140.6
Depreciation & amortisation	2.1	4.9	6.7	5.8	7.2
Changes in working capital	(203.3)	47.9	(131.6)	248.7	(61.0)
Net interest received/ (paid)	(24.8)	(28.5)	(14.5)	(14.0)	(14.0)
Share of associate profits	-	-	-	-	-
Tax paid	(79.3)	(49.6)	(39.4)	(21.0)	(33.8)
Others	12.8	18.3	4.9	7.4	7.4
Operating Cash Flow	(87.8)	153.0	(91.3)	314.4	46.4
Capex	(26.1)	(26.1)	(8.7)	(11.0)	(18.6)
Others	3.9	(53.8)	29.4	6.6	6.6
Investing Cash Flow	(22.2)	(79.9)	20.8	(4.4)	(12.0)
Issuance of shares	-	166.4	-	-	-
Changes in borrowings	144.2	(15.0)	(42.0)	-	-
Dividends paid	-	(42.5)	(15.0)	(13.3)	(21.4)
Others	(0.0)	(4.0)	(0.0)	-	-
Financing Cash Flow	144.2	104.9	(57.0)	(13.3)	(21.4)
Net cash flow	34.2	178.1	(127.5)	296.7	13.0
Forex	-	-	-	-	-
Beginning cash	189.4	223.4	402.2	270.4	567.2
Ending cash	223.6	401.5	274.7	567.2	580.2

Income Statement

FYE Dec	FY23	FY24	FY25	FY26E	FY27E
Revenue	841.4	688.0	445.4	548.7	932.1
EBITDA	217.9	172.8	97.5	107.3	161.9
Depn & amort	2.1	4.9	6.7	5.8	7.2
Net interest expense	(11.2)	(8.4)	(8.1)	(7.4)	(7.4)
Associates & JV	-	-	-	-	-
EI	-	-	-	-	-
Pretax profit	204.8	159.9	82.8	87.4	140.6
Taxation	(54.1)	(53.4)	(28.6)	(21.0)	(33.8)
MI	-	-	-	-	-
Net profit	150.7	106.5	54.2	66.4	106.9
Core net profit	150.7	106.5	54.2	66.4	106.9

Key Statistics & Ratios

FYE Dec	FY23	FY24	FY25	FY26E	FY27E
Growth					
Revenue	6.4%	-18.2%	-35.3%	23.2%	69.9%
EBITDA	29.9%	-20.7%	-43.5%	10.0%	50.9%
Pretax profit	36.5%	-21.9%	-48.2%	5.6%	60.9%
Net profit	44.5%	-29.3%	-49.1%	22.6%	60.9%
Core EPS	-3.6%	-29.3%	-49.1%	22.6%	60.9%

Profitability

EBITDA margin	25.9%	25.1%	21.9%	19.6%	17.4%
Net profit margin	17.9%	15.5%	12.2%	12.1%	11.5%
Effective tax rate	26.4%	33.4%	34.5%	24.0%	24.0%
ROA	11.4%	6.8%	3.6%	4.3%	6.0%
ROE	24.5%	12.6%	6.2%	7.1%	10.5%

Leverage

Debt/ Assets (x)	0.37	0.31	0.29	0.29	0.25
Debt/ Equity (x)	0.78	0.58	0.51	0.48	0.44
Net debt/ equity (x)	0.4	Net Cash	0.1	Net Cash	Net Cash

Key Drivers

FYE Dec	FY23	FY24	FY25	FY26E	FY27E
GP margin	35.5%	36.8%	37.2%	36.0%	35.0%
PBT margin	24.3%	23.2%	18.6%	15.9%	15.1%
Unbilled sales (RM m)	944.6	548.1	461.2	1,025.4	1,864.3

Valuation

FYE Dec	FY23	FY24	FY25	FY26E	FY27E
EPS (sen)	12.7	9.0	4.6	5.6	9.0
Core EPS (sen)	12.7	9.0	4.6	5.6	9.0
P/E (x)	3.5	4.9	9.6	7.9	4.9
EV/ EBITDA (x)	3.1	2.5	5.5	2.3	0.9
Net DPS (sen)	-	2.3	1.5	1.3	2.1
Yield	0.0%	5.1%	3.4%	3.0%	4.9%
BV per share (RM)	0.62	0.84	0.88	0.93	1.12
P/BV (x)	0.7	0.5	0.5	0.5	0.4

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