



SkyWorld Development Bhd

Surprisingly weak 1QFY26; Recovery Ahead

SkyWorld posted a weak start to FY26 with core earnings of RM5.2m (-68.5% YoY), making up only 7.8% and 8.1% of our and consensus full-year estimates, respectively. This significant underperformance is mainly driven by the absence of contributions from completed projects (EdgeWood and SkyVogue Residences). On QoQ basis, revenue fell 34.8% on weaker billings from The Vesta Residences, dragging gross profit (-49.6% YoY) and PBT to RM5.6m, further hit by a RM2.3m forex loss, leading to margin compression. As at 30 June 2025, unbilled sales stood at RM483.1m (~1.0x FY26F revenue) and are expected to rise on improving take-up at The Curvo Residences and strong response to Pearlmont – Phase 1. With the RM2.2bn pipeline of launches in 2HFY25, this could potentially lift revenue cover to >2x from FY26 onwards. Outlook remains positive, underpinned by recent launches (SkyAman 1, SkyAwani Prima, Pearlmont) which have seen strong interest, though we expect meaningful earnings contributions to only come from FY27 onwards as they ramp up the S-curve. Besides, the near-term earnings will be supported by improving take-up rate at The Curvo (66%) and Vesta Residences (83%), while growth visibility is reinforced by upcoming launches (SkyAmani VI, Cassia – Phase 1) forming part of RM2.2bn targeted 2HFY26E launches. With most of the projects are in the affordable housing segment, we believe resilient demand should sustain sales momentum and drive earnings growth from FY27 onwards. To account for slower-than-expected progress billings from ongoing projects and the back-loaded recognition of new launches along the S-curve, we cut FY26-27E revenue by 6-17% and core earnings by 5.9-17.2%. Consequently, the RNAV-derived TP is also lowered to RM0.59 (from RM0.64) on a wider 68% discount.

Core earnings missed expectation. SkyWorld reported a weak start to FY26, with core net profit of RM5.2m (-68.5% YoY), accounting for just only 7.8% and 8.1% of our and consensus full-year estimates, respectively. The earnings shortfall was primarily due to the absence of contributions from the EdgeWood Residences and SkyVogue Residence, both of which were completed in 1QFY25. On a QoQ basis, revenue fell 34.8%, weighed down by lower progress billings from The Vesta Residences, which in turn dragged gross profit (-49.6% YoY). PBT also declined to RM5.6m (vs. RM9.9m in 1QFY25), reflecting the weaker topline and a one-off unrealised forex loss of RM2.3m. The weaker topline translated into margin compression on both a QoQ and YoY basis.

Healthy unbilled sales but poised to pick up. As at 30 June 2025, SkyWorld's unbilled sales stood at RM483.1m, equivalent to 1.0x of our FY26 revenue forecast. We expect this to pick up as sales momentum improves at The Curvo Residences, where take-up has lagged but is now supported by more targeted marketing initiatives. Besides, the unbilled sales should also be lifted by Pearlmont – Phase 1 @ Seberang Jaya, Penang, which was launched ahead of schedule and has recorded encouraging take-up. Going forward, we anticipate the unbilled sales to grow further with the SkyWorld's planned RM2.2bn pipeline of new launches scheduled for 2HFY25. This could potentially uplift the revenue cover to >2 times in FY27 onwards.

Outlook remains positives. SkyWorld has recently launched three projects namely SkyAman 1 Residences (GDV: RM371m), SkyAwani Prima @ Brickfields (GDV: RM192m), and Pearlmont – Phase 1 @ Seberang Jaya, Penang (GDV: RM592m). According to the management, these projects have registered strong interest, which should translate into healthy take-up rates.

Main Market
Property Sector
BUY (↔)

TP: RM 0.59 (↓)

Last Closing Price: RM 0.52

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)	1,597.5
YTD KLCI chg.	(2.7)
YTD Stock Price chg.	(8.0)

Price Performance	1M	3M	12M
Absolute (%)	7.3	18.4	(2.8)
Relative to KLCI (%)	3.2	14.4	(0.5)

Stock Information

Market Cap (RM m)	515.0
Issued Shares (m)	1,000.0
52-week High (RM)	0.610
52-week Low (RM)	0.380
Est. Free Float (%)	27.3
Beta vs FBM KLCI	1.21
3-month Avg Vol. (m)	0.34
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	454.1	875.2
EBIT	90.8	86.4	146.5
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)	1.6	82.9
Net DPS (sen)	1.5	1.1	2.0
BV Per Share (sen)	87.8	92.2	100.3
Net Div. Yield (%)	2.9	2.1	3.9
P/E (x)	11.4	11.2	8.1
ROE (%)	6.2	6.0	10.0



While near-term earnings contributions are likely to be modest, we expect more meaningful earnings recognition from FY27 onwards as these projects move up the S-curve. Besides, the improving take-up rates at The Curvo Residences (66%) and The Vesta Residences (83%) are expected to remain the key earnings drivers in the coming quarters. Beyond these, the growth visibility is further supported by upcoming launches such as SkyAmani VI @ Sentul (GDV: RM191m) and Cassia – Phase 1 @ Batu Kawan Penang (GDV: RM849m). Collectively, these projects form part of the RM2.2bn targeted launches for 2HFY26E. Given that the majority of upcoming projects are positioned in the affordable housing segment, we expect resilient demand to drive strong sales momentum, with faster progress recognition providing earnings visibility and supporting earnings growth from FY27 onward.

Earnings forecast and valuation. We revised our FY26-27E forecasts, trimming revenue by 6–17% to account for slower-than-expected progress billings from ongoing projects as well as the back-loaded recognition of new launches along the S-curve. Correspondingly, we cut core earnings by 5.9–17.2% over the forecast horizon. Our RNAV-derived TP is lowered to RM0.59 (from RM0.64) after applying a wider 68% discount (from 65%) to reflect these adjustments. 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 solid, supported by a robust RM2.2bn GDV pipeline of upcoming launches and the group's adoption of PPVC, which should enhance execution efficiency and drives growth.

Results Highlights

Y/E: Dec (RM m)	1Q26	4Q25	QoQ Chg. %	1Q25	YoY Chg. %	3M26	3M25	YoY Chg. %	Comments
Key financial highlights									
Revenue	74.6	114.4	(34.8)	98.8	(24.5)	74.6	98.8	(24.5)	Less contribution due to 2 project completions
Gross Profit	26.9	53.5	(49.6)	32.0	(15.9)	26.9	32.8	(15.9)	Lower due to lower revenue
Operating profit	9.1	29.7	(69.5)	16.3	(44.5)	9.1	16.3	(44.5)	
Pretax profit	5.6	27.4	(79.5)	14.1	(60.1)	5.6	14.1	(60.1)	
Net profit	2.8	16.4	(82.6)	9.9	(71.4)	2.8	9.9	(71.4)	Lower due to higher one-off unrealised forex loss
Core net profit	5.2	16.4	(68.5)	9.9	(48.1)	5.2	9.9	(48.1)	
Per share data									
EPS (sen)	0.3	1.6	(82.3)	1.0	(71.0)	0.3	1.0	(71.0)	
Core EPS (sen)	0.5	1.6	(68.5)	1.0	(48.3)	0.5	1.0	(48.3)	
Net DPS (sen)	0.0	0.6	(100.0)	0.0	0.0	0.0	0.0	0.0	No dividend issuance
BV/share (sen)	87.0	88.0	(1.1)	84.0	3.6	87.0	04.0	3.6	
Margins									
Gross Profit (%)	36.1	46.7	(10.6 pts)	32.4	3.7 pts	36.1	32.4	3.7 pts	
Operating profit (%)	12.1	25.9	(13.8 pts)	16.5	(4.4 pts)	12.1	16.5	(4.4 pts)	
Pretax (%)	7.5	23.9	(16.4 pts)	14.2	(6.7 pts)	7.5	14.2	(6.7 pts)	
Net profit (%)	6.9	14.3	(7.4 pts)	10.1	(3.1 pts)	6.9	10.1	(3.1 pts)	
Other highlights									
Unbilled sales (RM m)	483.1	461.2	4.7	555.5	(13.0)	483.1	555.5	(13.0)	Decline trend due to no new project
Project launches GDV (RM m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	No project launch during the quarter
PBT Margin	7.5	23.9	(16.4 pts)	14.2	(6.7 pts)	7.5	14.2	(6.7 pts)	

Source: Company, Mercury Securities



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