



SkyWorld Development Bhd

Setting up base for PPVC Plant

SkyWorld has acquired four adjoining freehold parcels in Seberang Perai Tengah, Penang, totalling 26.37 acres for RM82.7m (RM72 psf) to support its upcoming affordable housing projects in the state. We view the land acquisition as a strategically advantageous, given its close proximity (12-15km) to its affordable housing development site in Penang. This location advantage should help to lower transportation costs for prefabricated modules, thereby supporting margin expansion and improving delivery efficiency. Besides, the planned PPVC manufacturing facility will not only support the execution of SkyWorld's Penang affordable housing development pipeline but also enhance its ability to secure future large-scale affordable housing projects, supported by the PPVC plant's estimated annual production capacity of ~3,600 residential units. We believe PPVC manufacturing will become a meaningful earnings contributor for SkyWorld as execution of its Penang affordable housing pipeline gathers momentum. 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.

Key details. SkyWorld, via its 70%-owned subsidiary Prefab Master Sdn. Bhd. and in turn through its wholly-owned unit Prefab Master (Penang) Sdn. Bhd. has entered into a Sale and Purchase Agreement with Mr. Tan Tio Cheng @ Tan Chow Cheng for the acquisition of four adjoining parcels of freehold land in Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang. The land, measuring a total of approximately 26.37 acres, are purchased for a total cash consideration of RM82.7m (equivalent to RM72 per sq ft).

Primary usage of the land. SkyWorld plans to use the acquired parcels for the construction of a manufacturing facility dedicated to producing prefabricated and prefinished modular systems, which will support its upcoming joint development projects in Penang in collaboration with the Penang Development Corporation (PDC) and PDC Properties Sdn. Bhd. Recall that in December 2024, SkyWorld entered into a joint development agreement with these partners to deliver over 35,000 affordable housing units under the Rumah Bakat MADANI schemes with estimated total GDV of RM13bn over 15 years.

Our takes. We view the land acquisition as strategically positive, given its close proximity (12-15km) to SkyWorld's affordable housing development site in Penang. The close distance should translate into lower transportation costs for prefabricated modules, thereby enhancing project margins and improving delivery timelines. Besides, the new PPVC manufacturing facility will not only support the execution of its Penang affordable housing pipeline but also enhance its ability to secure future large-scale affordable housing projects, supported by the PPVC plant's estimated annual production capacity of ~3,600 residential units. Furthermore, we believe PPVC manufacturing would form meaningful earning contributor to SkyWorld once its Penang affordable housing development gains execution momentum.

Our earnings forecast maintained. We maintain our FY26-27 earnings forecasts as we expect minimal earning contribution from PPVC manufacturing in the near term. 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

Company Update

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Ng Hong Tong

hongtong@mersec.com.my

Main Market

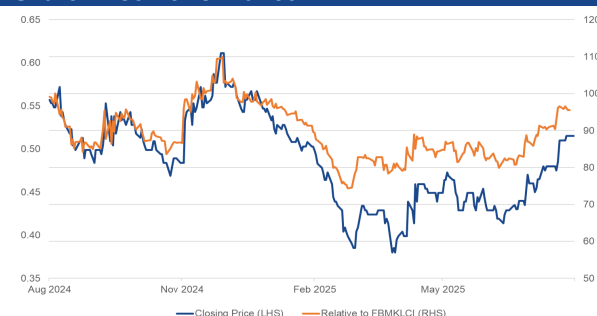
Property Sector

BUY

TP: RM0.64(↔)

Last Closing Price: RM0.52

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)	1,557.0
YTD KLCI chg.	(5.2)
YTD Stock Price chg.	(8.0)

Price Performance	1M	3M	12M
Absolute (%)	12.0	9.6	(9.6)
Relative to KLCI (%)	10.6	8.9	(7.2)

Stock Information

Market Cap (RM m)	515.0
Issued Shares (m)	1,000.0
52-week High (RM)	0.611
52-week Low (RM)	0.380
Est. Free Float (%)	33.5
Beta vs FBM KLCI	1.22
3-month Avg Vol. (m)	0.35
Shariah Compliant	Yes
Bloomberg Ticker	SKYWLD MK

Top 3 Shareholders

	%
Datuk Seri Ng Thien Phing	44.4
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	101.7
Net Div. Yield (%)	2.9	2.6	4.2
P/E (x)	11.3	9.2	5.7
P/B (x)	0.6	0.6	0.5
ROE (%)	6.2	7.1	10.5



growth.

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)	4.1	5.7	11.3	9.2	5.7
EV/ EBITDA (x)	3.5	2.9	6.3	3.0	1.3
Net DPS (sen)	-	2.3	1.5	1.3	2.1
Yield	0.0%	4.4%	2.9%	2.6%	4.2%
BV per share (RM)	0.62	0.84	0.88	0.93	1.12
P/BV (x)	0.8	0.6	0.6	0.6	0.5



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MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my