



SkyWorld Development Bhd

Better Earnings Visibility in 2HFY26

SkyWorld's 1HFY26 PATAMI of RM10.8m met expectations, accounting for 20% of our full-year forecast. Revenue and earnings fell YoY due to completion of EdgeWood and SkyVogue Residences, but QoQ growth of 16.2% (revenue) and >100% (PATAMI) driven by Vesta Residences and SkyAman 1 launch. We deemed the result to be in-line, as we anticipate stronger earnings delivery in 2HFY26 supported by SkyAman 1, SkyAwani PRIMA, SkyAwani 6 (cumulative GDV RM843.5m) and upcoming SkyAwani Pearlmont (GDV RM592m). Current unbilled property sales stood strongly at RM589m. An interim NDPS of 0.22 sen declared. No changes to earnings. Maintain BUY call on SkyWorld with an unchanged RNAV TP of RM0.59.

1HFY26 results met expectations, with PATAMI of RM10.8m made up 20% of our FY26 forecast. We deemed the result as within expectation, as we anticipate a stronger earnings delivery in 2HFY26, propelled by higher GDV and unbilled sales. Despite the higher OPEX, EBITDA and EBIT margins only declined marginally YoY in 1HFY26, supported by the stronger GP margin. The margin expansion was partly driven by higher-margin contributions from Vesta Residences and SkyAman 1, as early-stage progressive billing typically yields better profitability. SkyWorld declared a lower DPS of 0.22sen (vs 2QFY25: 0.50 sen), which inline with company's formal dividend policy of a minimum 20% payout.

YoY. Revenue and PATAMI dwindled by 30.3% and 45.4%, respectively attributable to the completion of EdgeWood Residences and SkyVogue Residences in previous financial year, which collectively contributed RM63.6m in revenue in 2QFY25.

QoQ. Notwithstanding, both topline and bottomline elevated by 16.2% and >100% primarily due to higher progressive revenue recognised from Vesta Residences as well as revenue contributions from newly launched project during the current quarter, namely SkyAman 1 Residences in Cheras. The ETR in 2QFY26 recorded lower at 17.5% (vs 1QFY26: 49.3%) due to the recognition of previously unrecognised deferred tax assets.

Outlook. We expect 2HFY26 to be stronger propelled by the recent launch of SkyAman 1 (Cheras), SkyAwani PRIMA (Brickfields), and SkyAwani 6 (Setapak) with a combined GDV of RM843.5m (1.86x of our FY26F revenue). Collectively, there are also upcoming launch of SkyAwani Pearlmont in Seberang Jaya (GDV: RM592m) expected in 3QFY26. Unbilled sales remain solid at RM589m (+22% QoQ). To date, SkyWorld has achieved RM2.0b in GDV delivery since its July 2023 listing, equivalent to 43% of its cumulative RM4.6b GDV commitments through 2026.

Forecast. Maintain our earnings forecast at this juncture as we anticipate a higher revenue pick-up in 2HFY26, as well as pending analyst briefing.

Valuation. Pending on its post results briefing today, we reiterate our **RNAV-derived TP of RM0.59** with a 68% discount rate. 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 strong, backed by upcoming RM2.6bn GDV launch in pipeline and the group's adoption of Prefabricated Prefinished Volumetric Construction (PPVC) to enhance execution efficiency and support growth.

Results Note

BUY (↔)

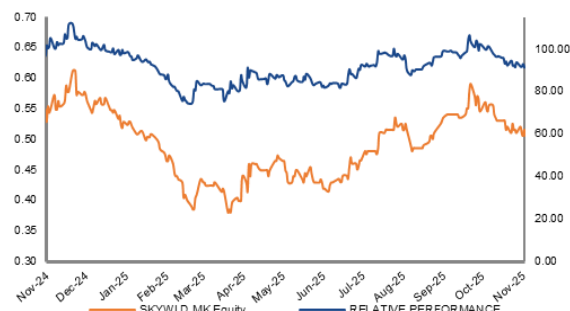
asyikin@mersec.com.my

Monday, November 24, 2025

Price: RM 0.505

Target Price: RM 0.59 (↔)

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)	1,617.57
YTD KLCI chg.	-1.5%
YTD Stock Price chg.	-10.6%

Price Performance	1M	3M	12M
Absolute (%)	-9.8%	-3.8%	-7.0%
Relative to KLCI (%)	0.8%	2.0%	2.0%

Stock Information

Market Cap (RM m)	505.0
Issued Shares (m)	1,000.0
52-week High (RM)	0.72
52-week Low (RM)	0.38
Est. Free Float (%)	27%
Beta vs FBM KLCI	0.9
3-month Avg Vol.	472,479
Shariah Compliant	Yes
Bloomberg Ticker	SKYWLD MK

Top 3 Shareholders

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

FY MAR (RM m)	FY25A	FY26E	FY27E
Revenue	445.4	454.1	875.2
EBITDA	97.5	92.1	153.2
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)	1.5	82.9
Net DPS (sen)	1.5	1.1	2.0
BV Per Share (sen)	87.8	92.2	110.7
Net Div. Yield (%)	3.0%	2.2%	5.2%
P/E (x)	11.1	10.9	4.6
ROE (%)	6.2	6.0	11.8



Investment Case. We continue to like SkyWorld for its i) strong affordable-housing positioning, anchored by its 35,000-unit, RM13b Penang JV with PDC, ii) solid RM4.6b cumulative GDV targets through 2026, iii) adoption of PPVC to accelerate construction, enhance quality, and reduce labour and ESG risks, and iv) prudent balance sheet with latest low net gearing of 0.12x and cash exceeding RM300m.

Key Risks include: (i) Subdued property sales. (ii) Construction cost fluctuations. and (iii) Changes in housing and property regulations.

Results Highlights

Y/E: MAR (RM m)	2QFY26	1QFY26	QoQ Chg	2QFY25	YoY Chg	6M26	6M25	YoY Chg
Turnover	86.7	74.6	16.2%	124.3	-30.3%	161.3	223.1	-27.7%
Gross Profit	30.9	26.9	14.8%	37.6	-17.7%	57.9	69.6	-16.9%
OPEX	(20.7)	(19.9)	3.7%	(18.7)	10.9%	(40.6)	(35.9)	13.1%
EBITDA	16.1	11.8	36.2%	21.8	-26.3%	27.9	39.3	-29.1%
EBIT	14.5	10.2	41.8%	20.5	-29.4%	24.7	36.8	-33.0%
PBT/(LBT)	9.6	5.6	71.1%	20.3	-52.7%	15.2	34.4	-55.7%
Taxation	(1.7)	(2.8)	-39.3%	(5.8)	-70.9%	(4.4)	(9.9)	-55.1%
Net Profit	7.9	2.8	178.3%	14.5	-45.4%	10.8	24.5	-56.0%
PATAMI	7.9	2.9	178.2%	14.5	-45.4%	10.8	24.5	-56.0%
Core EPS (sen)	0.8	4.0	-80.3%	1.5	-45.5%	4.8	2.5	95.5%
DPS (sen)	0.2	0.0	-	0.50		0.2	0.5	
Gross Margin	35.7%	36.1%		30.2%		35.9%	31.2%	
OPEX	-23.9%	-26.7%		-15.0%		-25.2%	-16.1%	
EBITDA Margin	18.5%	15.8%		17.5%		17.3%	17.6%	
EBIT Margin	16.7%	13.7%		16.5%		15.3%	16.5%	
PBT Margin	11.1%	7.5%		16.3%		9.4%	15.4%	
PATAMI Margin	9.2%	3.8%		11.7%		6.7%	11.0%	
ETR	-17.5%	-49.3%		-28.5%		-29.2%	-28.8%	
Unbilled property sales (RM m)	589.0	483.1				589.0	592.0	
Project Launches GDV (RM m)	843.5	1,500.0				843.5	1,100.0	

Source: Company, Bursa Malaysia, Mercury Securities

RNAV Valuation table:

Valuation	RNAV (RM m)
Property development (DCF @ 9.4% WACC)	1,306.4
Shareholder fund/ equity (inclusive of irredemable convertible preference share)	878.1
Total RNAV	2,184.5
Enlarged share capital inclusive of irredeemable convertible preference share conversion (m units)	1,187.50
RNAV per share	1.84
Targeted discount to RNAV	68%
ESG Premium	0%
Intrinsic value per share	0.59
Current market price	0.505
Upside	17%

Disclaimer & Disclosure of Conflict of Interest

This report has been prepared by Mercury Securities pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report.

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. ("Mercury Securities") and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.



Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

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