SkyWorld Development Bhd

Company Update
BUY (↔)
research@mersec.com.my
Tuesday, March 3, 2026
Price: RM 0.45
Target Price: RM 0.57(↓)

Building Momentum for a Stronger FY27

Post 9MFY26 results briefing highlighted continued operational progress and solid near-term visibility. Curvo Residence's take-up rate strengthened to 76% (+9% QoQ). Vesta Residences climbed to 90% (+3 ppts) despite early-stage construction and a contractor replacement, with margin impact deemed manageable. The group has successfully launched four projects with cumulative GDV of RM1.8bn, with commendable take-up rates despite recent launches. Beyond FY26, the Group plans to launch SkyWorld Cassia Penang (RM1.3b GDV) and its first X-Premier Series in Mont Kiara (RM1.3b GDV). SkyWorld's Vietnam ventures remain in the gestation phase, characterized by the lapse of the 13D MoU, an amended SPA for the District 8 site, and ongoing negotiations for Sai Gon Thuan An Central (aggregate Vietnam GDV: ~RM0.3b). Domestically, the group's industrialized pivot is progressing well; the RM82.7m Batu Kawan PPVC factory has secured RM189m in financing and is slated for 3QFY27 completion. Consequently, we maintain our earnings forecasts. Our TP is adjusted slightly lower to RM0.57 (previously RM0.58), representing a 68% discount to an RNAV of RM1.81. FY27E dividend yield remains attractive at 4.9%.

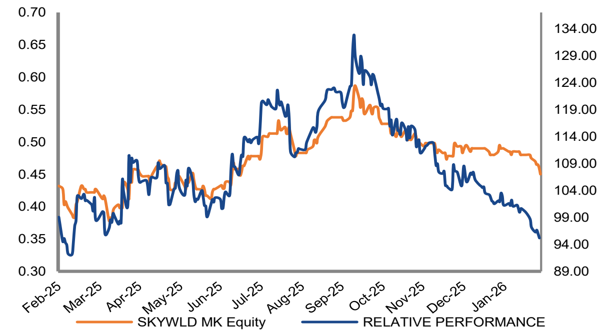
We attended SkyWorld's 9MFY26 briefing and gathered several key insights on its operational developments and outlook. The key takeaways include:

Strong take-up rate. Curvo Residence's take-up rate has grown to 76% (+9% QoQ), with expected project completion and handover slated in 4QFY26. Vesta Residences take-up rate has also steadily grown to 90% (+3 ppts), with construction progress picking up pace at 36% (+9.3 ppts). Concurrently, SkyAman 1 Residences (launched in Aug 2025) had achieved 31% take-up rate, with progress still nascent, carrying out sub-structure works. Other recent launches saw SkyAwani PRIMA (launched Oct 2025), SkyAwani 6 (launched Nov 2025) and SkyWorld Pearlmont (launched Dec 2025) achieved take-up rate of 73%, 47% and 35% respectively, with progress still in initial stages. Cumulatively, the Group have successfully realized RM2.8bn GDV, accounting for 61% of its RM4.6bn IPO commitment.

Vietnam's venture update. To recap, an amended SPA was signed in May 2025 for the District 8 land, with the land transaction targeted for completion by CY26 and project launch by CY27. Negotiations on the definitive agreements for the Sai Gon Thuan An Central project however remain ongoing, with the completion of proposed acquisition pending the fulfilment of the condition precedent of the acquisition. The project is a key near-term Vietnam catalyst, featuring a 40-storey tower with 1,241 units plus commercial components, targeted to be launched by CY26. Overall, SkyWorld's Vietnam landbanks with 3.6 acres carry an estimated GDV of RM1.1bn.

PPVC factory on-track. SkyWorld's transition toward industrialized construction is progressing well, following the RM82.7m land acquisition near Batu Kawan in August 2025. The group has since secured RM189m in credit facilities to fully fund the facility's setup. With development plans submitted in 3QFY26, construction is slated to commence in 4QFY26. We view this facility as a key margin-protection tool; by localizing production in Penang, SkyWorld will significantly reduce logistics overheads and enhance execution speed. At full scale, the plant is expected to support an annual capacity of ~3,600 residential units.

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)	1,700.21
YTD KLCI chg.	1.2%
YTD Stock Price chg.	-8.2%

Price Performance	1M	3M	12M
Absolute (%)	-8.2%	-9.6%	5.4%
Relative to KLCI (%)	-5.0%	-15.6%	-2.8%

Stock Information	
Market Cap (RM m)	450.0
Issued Shares (m)	1000
52-week High (RM)	0.59
52-week Low (RM)	0.38
Est. Free Float (%)	27%
Beta vs FBM KLCI	0.8
3-month Avg Vol. (m)	299,716
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	369.2	875.2
EBITDA	97.5	77.8	153.0
PBT	82.8	58.2	132.4
Net Profit	54.2	44.2	100.6
Core Net Profit	54.2	44.2	100.6
Core EPS (sen)	4.6	3.7	8.5
Core EPS Growth (%)	(49.1)	(18.4)	127.4
Net DPS (sen)	1.5	0.9	2.0
BV Per Share (sen)	87.8	91.3	109.5
Net Div. Yield (%)	2.9	1.7%	4.9%
P/E (x)	11.3	13.8	4.9
P/B (x)	0.6	0.6	0.5
ROE (%)	6.2	4.8	11.5

Outlook. We anticipate a stronger pickup in revenue and earnings in 4QFY26, driven by four new project launches with a combined GDV of RM1.8bn. Over the longer term, earnings visibility remains supported by - Cassia Penang (est. GDV: RM1.3bn) and the group's first X-Premier Series high-end development in Mont Kiara (est. GDV: RM1.3bn).

Earnings forecast. Unchanged.

Valuation. Following a routine housekeeping exercise on the Group's developable landbank, we have adjusted our Target Price (TP) slightly to RM0.57 (previously RM0.58). This is derived from a 68% discount to our estimated RNAV of RM1.81 per share. Notably, SkyWorld offers an attractive FY27E dividend yield of 4.9%, consistent with its 20% PATAMI payout policy. Undemanding valuation and an attractive dividend yield we reiterate our **BUY call**, underpinned by its strong positioning in the affordable housing segment benefiting from resilient demand and supportive government policies as well as solid near-term earnings visibility.

RNAV Valuation table:

Valuation	RNAV (RM m)
Property development (DCF @ 9.4% WACC)	1,252.6
Shareholder fund/ equity (inclusive of irredemable convertible preference share)	878.1
Total RNAV	2,130.7
Enlarged share capital inclusive of irredeemable convertible preference share conversion (m units)	1,187.50
RNAV per share	1.79
Targeted discount to RNAV	68%
ESG Premium	0%
Intrinsic value per share	**0.57**
Current market price	0.45
Total Returns (including dividend yield)	**32.5%**

Key Financial Data

Balance Sheet

FYE Mar	FY23	FY24	FY25	FY26E	FY27E
PPE	23.7	31.6	33.5	35.3	46.2
Trade and other receivables	52.1	112.5	236.5	59.5	136.8
Contract Assets	175.1	96.1	38.7	28.4	67.3
Tax asset	12.6	15.3	16.3	16.3	16.3
Other assets	816.6	803.3	849.3	699.3	825.8
Deposit, bank and cash	237.7	499.9	349.6	664.9	650.3
Assets	**1,317.7**	**1,558.6**	**1,523.8**	**1,487.4**	**1,726.4**
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	112.4	271.0
Other liabilities	6.5	30.1	12.2	12.2	12.2
Liabilities	**702.0**	**715.8**	**645.7**	**573.9**	**732.4**
Share capital	62.5	245.0	245.0	245.0	245.0
Reserves and retained earnir	547.3	601.1	633.2	668.6	749.0
Shareholder's equity	**609.8**	**846.1**	**878.1**	**913.5**	**994.0**
NCI	5.9	(3.3)	(0.0)	(0.0)	(0.0)
Equity	**615.7**	**842.8**	**878.1**	**913.5**	**994.0**
Equity and Liabilities	**1,317.7**	**1,558.6**	**1,523.8**	**1,487.4**	**1,726.4**

Cash Flow Statement

FYE Mar	FY23	FY24	FY25	FY26E	FY27E
Profit before taxation	204.8	159.9	82.8	58.2	132.4
Depreciation & amortisation	2.1	4.9	6.7	5.6	6.6
Changes in working capital	(203.3)	47.9	(131.6)	281.7	(84.1)
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)	(14.0)	(31.8)
Others	12.8	18.3	4.9	7.4	7.4
Operating Cash Flow	**(87.8)**	**153.0**	**(91.3)**	**324.9**	**16.5**
Capex	(26.1)	(26.1)	(8.7)	(7.4)	(17.5)
Others	3.9	(53.8)	29.4	6.6	6.6
Investing Cash Flow	**(22.2)**	**(79.9)**	**20.8**	**(0.8)**	**(10.9)**
Issuance of shares	-	166.4	-	-	-
Changes in borrowings	144.2	(15.0)	(42.0)	-	-
Dividends paid	-	(42.5)	(15.0)	(8.8)	(20.1)
Others	(0.0)	(4.0)	(0.0)	-	-
Financing Cash Flow	**144.2**	**104.9**	**(57.0)**	**(8.8)**	**(20.1)**
Net cash flow	34.2	178.1	(127.5)	315.3	(14.5)
Forex	-	-	-	-	-
Beginning cash	189.4	223.4	402.2	270.4	585.7
Ending cash	**223.6**	**401.5**	**274.7**	**585.7**	**571.2**

Income Statement

FYE Mar	FY23	FY24	FY25	FY26E	FY27E
Revenue	841.4	688.0	445.4	369.2	875.2
EBITDA	217.9	172.8	97.5	77.8	153.0
Depn & amort	2.1	4.9	6.7	5.6	6.6
Net interest expense	(11.2)	(8.4)	(8.1)	(7.4)	(7.4)
Associates & JV	-	-	-	-	-
EI	-	-	-	-	-
Pretax profit	**204.8**	**159.9**	**82.8**	**58.2**	**132.4**
Taxation	(54.1)	(53.4)	(28.6)	(14.0)	(31.8)
MI	-	-	-	-	-
Net profit	**150.7**	**106.5**	**54.2**	**44.2**	**100.6**
Core net profit	**150.7**	**106.5**	**54.2**	**44.2**	**100.6**

Key Statistics & Ratios

FYE Mar	FY23	FY24	FY25	FY26E	FY27E
Growth					
Revenue	6.4%	-18.2%	-35.3%	-17.1%	137.1%
EBITDA	29.9%	-20.7%	-43.5%	-20.2%	96.6%
Pretax profit	36.5%	-21.9%	-48.2%	-29.7%	127.4%
Net profit	44.5%	-29.3%	-49.1%	-18.4%	127.4%
Core EPS	-3.6%	-29.3%	-49.1%	-18.4%	127.4%
Profitability					
EBITDA margin	25.9%	25.1%	21.9%	21.1%	17.5%
Net profit margin	17.9%	15.5%	12.2%	12.0%	11.5%
Effective tax rate	26.4%	33.4%	34.5%	24.0%	24.0%
ROA	11.4%	6.8%	3.6%	3.0%	5.8%
ROE	24.5%	12.6%	6.2%	4.8%	10.1%
Leverage					
Debt/ Assets (x)	0.37	0.31	0.29	0.30	0.26
Debt/ Equity (x)	0.78	0.58	0.51	0.49	0.45
Net debt/ equity (x)	0.4	Net Cash	0.1	Net Cash	Net Cash

Key Drivers

FYE Mar	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%	15.8%	15.1%
Unbilled sales (RM m)	944.6	548.1	461.2	962.7	1,750.4

Valuation

FYE Mar	FY23	FY24	FY25	FY26E	FY27E
EPS (sen)	12.7	9.0	4.6	3.7	8.5
Core EPS (sen)	12.7	9.0	4.6	3.7	8.5
P/E (x)	3.5	5.0	9.9	12.1	5.3
EV/ EBITDA (x)	3.5	2.9	6.3	3.8	1.5
Net DPS (sen)	-	2.3	1.5	0.9	2.0
Yield	0.0%	5.0%	3.3%	2.0%	4.5%
BV per share (RM)	0.62	0.84	0.88	0.91	1.09
P/BV (x)	0.7	0.5	0.5	0.5	0.4

Source: Mercury Securities, Bloomberg

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