



SkyWorld Development Bhd

Back-Loaded Growth Underpinned by RM1.1bn Unbilled Sales

SkyWorld reported a 9MFY26 PATAMI of RM24.2m, reaching 55% of our full-year estimate. Despite a YoY dip following the completion of EdgeWood and SkyVogue, a sharp QoQ recovery—with revenue and earnings surging 58% and 69% respectively—signifies a turnaround. This momentum is fueled by accelerated billings from Curvo and Vesta Residences, alongside a fresh RM1.5bn GDV pipeline from new launches like SkyAman 1 and the SkyAwani series. With unbilled sales peaking at a robust RM1.1bn (+84% QoQ), we anticipate a back-loaded 4QFY26E. We maintain our earnings forecasts and BUY rating with an unchanged RNAV-based TP of RM0.58.

9MFY26 results were as expected, with PATAMI of RM24.2m made up 55% of our FY26E earnings. We deemed the result as within expectation, as we anticipate a stronger earnings delivery in 4QFY26. This anticipated surge is backed by a substantial jump in unbilled sales and higher GDV recognition. Notably, EBITDA and EBIT margins remained resilient—declining only slightly YoY despite increased operating expenses—thanks to a bolstered GP margin. This margin strength was supported by early-stage billings from Vesta Residences and SkyAman 1, which traditionally offer higher profitability. No dividend was declared this quarter. SkyWorld's formal dividend policy stands at 20% payout.

YoY. Revenue and PATAMI dwindled by 9.9% and 36.1%, respectively attributable to the completion of EdgeWood Residences and SkyVogue Residences in previous financial year, which collectively contributed RM164.5m in revenue in 9MFY26.

QoQ. Both topline and bottomline saw significant sequential growth, rising **58.1%** and **68.7% QoQ**, respectively. This was primarily due to higher progressive revenue recognised from Curvo Residences and Vesta Residences, alongside maiden contributions from newly launched project during the current quarter, namely SkyAwani PR1MA Residences, SkyAwani 6 Residences and SkyAwani Pearlmont Residences Phase 1. The Group's ETR was higher at 28.2% (2QFY26: 17.5%) weighed down by higher non-deductible expenses, including non-cash expense items.

Outlook. We anticipate a significantly stronger 4QFY26, catalyzed by the recent rollout of SkyAman 1 (Cheras), SkyAwani PR1MA (Brickfields), SkyAwani 6 (Setapak), and SkyAwani Pearlmont (Seberang Jaya). This cumulative RM1.5bn GDV represents 3.3x our FY26 revenue forecast, providing a massive runway for growth. Momentum is further validated by a +84% QoQ spike in unbilled sales, now standing at RM1.1bn. Since its July 2023 listing, SkyWorld has successfully realized RM2.8bn in GDV (61% of its 2026 commitment). We remain constructive on the group's leadership in the resilient affordable housing space, further bolstered by the adoption of PPVC technology to drive execution efficiency and protect margins.

Forecast. Maintain our earnings forecast at this juncture as we anticipate a higher revenue pick-up in 4QFY26, as well as pending analyst briefing.

Valuation. Pending on its post results briefing today, we reiterate our **RNAV-derived TP of RM0.58** with a 68% discount rate to our estimated RNAV of RM1.81/share. Maintain **BUY**.

Results Note

BUY (↔)

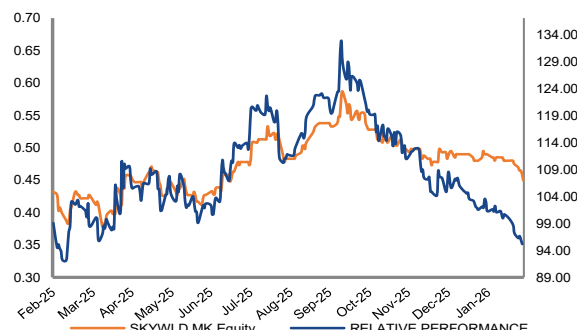
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Monday, March 2, 2026

Price: RM 0.45

Target Price: RM 0.58 (↔)

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)	1,716.61
YTD KLCI chg.	2.2%
YTD Stock Price chg.	-8.2%

Price Performance	1M	3M	12M
Absolute (%)	-9.1%	-9.6%	4.2%
Relative to KLCI (%)	-6.0%	-15.8%	-4.8%

Stock Information

Market Cap (RM m)	450.0
Issued Shares (m)	1,000
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.	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	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
Consensus Net Profit	-	50.6	77.8
Earnings Revision (%)	-	-	-
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)	3QFY26	2QFY26	QoQ Chg	3QFY25	YoY Chg	9M26	9M25	YoY Chg
Turnover	137.0	86.7	58.1%	107.9	27.0%	298.3	331.0	-9.9%
Gross Profit	44.5	30.9	43.8%	42.7	4.2%	102.4	112.3	-8.9%
OPEX	(23.9)	(20.7)	15.4%	(21.7)	10.1%	(64.5)	(57.6)	12.0%
EBITDA	25.2	16.1	56.9%	24.1	4.6%	53.1	63.4	-16.3%
EBIT	23.1	14.5	59.8%	22.6	2.3%	47.8	59.4	-19.5%
PBT/(LBT)	18.3	9.6	90.7%	21.1	-13.0%	33.5	55.4	-39.5%
Taxation	(5.2)	(1.7)	207.6%	(7.7)	-33.3%	(9.6)	(17.6)	-45.5%
Net Profit	13.2	7.9	65.9%	13.3	-1.2%	23.9	37.8	-36.7%
Core net profit	13.4	7.9	68.7%	13.3	0.5%	24.2	37.8	-36.1%
Core EPS (sen)	1.3	0.8	69.6%	1.3	0.8%	6.1	3.8	62.2%
DPS (sen)	0.0	0.2	-100.0%	0.00		0.2	0.5	
Gross Margin	32.5%	35.7%		39.6%		34.3%	33.9%	0.4%
OPEX	-17.4%	-23.9%		-20.1%		-21.6%	-17.4%	-4.2%
EBITDA Margin	18.4%	18.5%		22.3%		17.8%	19.2%	-1.4%
EBIT Margin	16.9%	16.7%		20.9%		16.0%	17.9%	-1.9%
PBT Margin	13.4%	11.1%		19.5%		11.2%	16.7%	
PATAMI Margin	9.8%	9.2%		12.3%		8.1%	11.4%	
ETR	-28.2%	-17.5%		-36.8%		-28.7%	-31.8%	
Unbilled property sales (RM m)	1,100.0	589.0				1,100.0	622.6	
Project Launches GDV (RM m)	1,500.0	843.5				1,500.0	-	

Source: Company, Bursa Malaysia, Mercury Securities

RNAV Valuation table:

Valuation	RNAV (RM m)
Property development (DCF @ 9.4% WACC)	1,268.5
Shareholder fund/ equity (inclusive of irredeemable convertible preference share)	878.1
Total RNAV	2,146.6
Enlarged share capital inclusive of irredeemable convertible preference share conversion (m units)	1,187.50
RNAV per share	1.81
Targeted discount to RNAV	68%
ESG Premium	0%
Intrinsic value per share	0.58
Current market price	0.45
Upside	33.4%



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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)

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