



APEX SECURITIES BERHAD (47680-X)

(Formerly known as JF APEX SECURITIES BERHAD)

BUY

Maintained

SkyWorld Development Berhad

Current Price RM 0.69

Target Price RM 1.07

“Setting Foot in Vietnam”

Company Description

SkyWorld Development Berhad primarily engaged in developing high-rise residential, commercial, and affordable properties in urban Kuala Lumpur.

Stock Data

Bursa / Bloomberg code	5315 / SKYWLD MK
Board / Sector	Main / Property
Syariah Compliant status	Yes
FTSE4Good Index	N/A
FTSE ESG Rating	N/A
MSCI ESG Rating	N.S.
S&P Global ESG Rank	N/A
Sustainalytics Risk Score	N/A
Issued shares (m)	1,000.00
Market cap. (RM'm)	695.00
52-week price Range (RM)	0.65 - 0.81
Beta (against KLCI)	N/A
3-m Average Daily Volume	N/A
3-m Average Daily Value	N/A

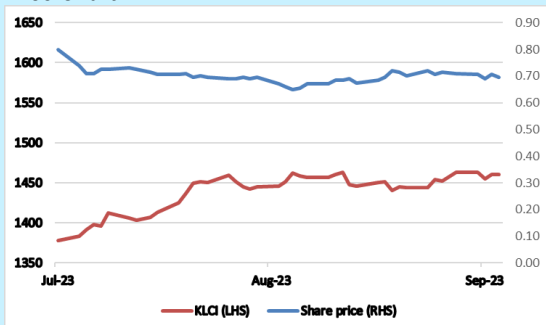
Share Performance

	1m	3m	12m
Absolute (%)	3.7	N/A	N/A
Relative (%-pts)	2.7	N/A	N/A

Major Shareholders

Major Shareholders	%
NG THIEN PHING	42.08
LAM SOO KEONG	10.28
Lee Chee Seng	5.01

Price Chart



Source: Bloomberg

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Announcement

- 1.3 Acres of Land for RM67.9m Cash** – SkyWorld announced that its wholly-owned subsidiary SkyWorld Development (Vietnam) plans to acquire 1.3 acres of land in Ho Chi Minh City, Vietnam for RM67.9m cash. The developer plans to acquire the land through the purchase of a 100% stake, equivalent to 1.7m fully paid-up ordinary shares, each valued at VND100k, in the Thuan Thanh Trading Production and Real Estate Trading Joint Stock Company.
- Land located in Ho Chi Minh City** - We see this strategic move aligned with SkyWorld Development's expansion plan to extend its urban property development business model to Ho Chi Minh City, Vietnam. The Group explains that the land is conveniently located in District 8, Ho Chi Minh City, approximately 12km from the central business district (CBD) in District 1 and well-connected to Vo Van Kiet Street, a major arterial road linking the western part of the city to the CBD. Various local amenities such as schools, hospitals and commercial shops are situated within a 3km radius from the Project Land.
- Financed Internally and Externally** – SkyWorld plans to finance the purchase using a combination of funds generated internally, loans from banks, and the issuance of Islamic commercial papers and Islamic medium-term notes. The transaction is anticipated to be finalized in the 4Q24.
- Project planning already in place** - The project company is currently in the process of fulfilling legal requirements to register and execute a project that includes a 24-storey apartment building on the land. The project is expected to be priced between VND50m to VND70m per sqm, which the Group believes will cater to a significant target market and achieve a favourable absorption rate. The estimated GDV of the project is approximately VND1,600b or equivalent to RM310.4m.

Earnings Outlook/Revision

- Forecast maintained** – We are positive on proposed development but are cautious on forex risks. We make no adjustments to our forecast pending further details from the management as the project is unlikely to contribute to near term earnings at the moment.

Please read carefully the important disclosures at end of this publication

Valuation & Recommendation

- **Maintain BUY with an unchanged target price of RM1.07.** Our target price is pegged at its peers forward 8.4x PE multiple to the Group's 2025F diluted EPS which is in line with our overall optimistic outlook of the sector as interest rate hikes are deemed to reach its peak while remain overall conservative.

Figure 1: Quarterly Result

FY24	1Q24	4Q23	qoq (%)
Revenue	210.8	226.0	(6.7)
GP	78.6	97.7	(19.5)
EBIT	62.5	75.9	(17.7)
PBT	59.2	72.6	(18.5)
PAT	41.9	59.2	(29.2)
Gross margin (%) / ppt	37.3	43.2	(5.9)
Operating margin (%) / ppt	29.6	33.6	(3.9)
PBT margin (%) / ppt	28.1	32.1	(4.0)

Source: Apex Securities, SkyWorld Development Berhad

Figure 2: Financial Summary

Year End Mar	2020	2021	2022	2023	2024F	2025F
Revenue	523.9	488.8	790.4	841.4	855.7	963.7
Cost of sales	(345.1)	(337.1)	(540.8)	(543.1)	(581.9)	(655.3)
Gross profit	178.8	151.7	249.6	298.3	273.8	308.4
Other income	44.7	0.8	1.1	0.9	0.9	1.5
Selling & Marketing expenses	(15.6)	(18.9)	(15.7)	(15.3)	(10.8)	(17.9)
Admin expenses	(3.8)	(6.2)	(10.8)	(11.6)	(7.2)	(11.9)
Operating profit	117.4	92.8	167.7	219.4	179.7	202.4
Finance costs	(15.7)	(18.5)	(17.7)	(14.8)	(19.7)	(20.1)
PBT	101.7	74.3	150.0	204.6	160.0	182.3
Tax	(36.5)	(11.0)	(45.7)	(54.1)	(48.0)	(54.7)
PAT	65.2	63.3	104.3	143.8	112.0	127.6

GP margin	34.1%	31.0%	31.6%	35.5%	32.0%	32.0%
Operating profit	22.4%	19.0%	21.2%	26.1%	21.0%	21.0%
PBT margin	19.4%	15.2%	19.0%	24.3%	18.7%	18.9%
PAT margin	12.4%	13.0%	13.2%	17.1%	13.1%	13.2%

Revenue growth		-6.7%	61.7%	6.5%	1.7%	12.6%
PAT growth		-2.9%	64.8%	37.9%	-22.1%	13.9%

EPS (sen)	6.5	6.3	10.4	14.4	11.2	12.8
PER (x)	0.1	0.1	0.1	0.1	0.1	0.1
DPS	-	-	-	-	0.00	0.03
Dividend yield	-	-	-	-	0.0%	2.4%

Source: Apex Securities, SkyWorld Development Berhad

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RESEARCH RECOMMENDATION FRAMEWORK**STOCK RECOMMENDATIONS**

BUY :The stock's total returns* are expected to exceed 10% within the next 12 months.
HOLD :The stock's total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL :The stock's total returns* are expected to be below -10% within the next 12 months.
TRADING BUY :The stock's total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL :The stock's total returns* are expected to be below -10% within the next 3 months.

*capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT :The industry as defined by the analyst is expected to exceed 10% within the next 12 months.
MARKETWEIGHT :The industry as defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT :The industry as defined by the analyst, is expected to be below -10% within the next 12 months.

ESG RECOMMENDATIONS

☆☆☆☆ :Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆☆ :Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆☆ :Top 51-75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆☆ :Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

Source: Bursa Malaysia and FTSE Russell

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