

Team Coverage

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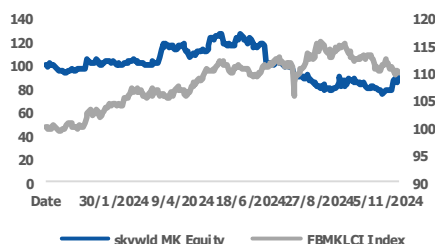
Recommendation:	HOLD
Current Price:	RM 0.56
Previous Target Price:	RM 0.65
Target Price:	RM 0.55
Upside/Downside:	-1.8%

Stock information

Board	MAIN
Sector	Property
Bursa / Bloomberg Code	5315 / SKYWLD MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	★★★
Bloomberg ESG Rating	N/A
Shares issued (m)	1,000.0
Market Cap (RM' m)	560.0
52-Week Price Range (RM)	0.73-0.475
Beta (x)	N/A
Free float (%)	29.1
3M Average Volume (m)	1.5
3M Average Value (RM' m)	0.8

Top 3 Shareholders	(%)
Phing Ng Thien	42.6
Lam Soo Keong	10.3
Lee Chee Seng	5.0

Share Price Performance



	1M	3M	12M
Absolute (%)	7.7	3.7	-1.8
Relative (%)	9.6	6.7	-10.2

SkyWorld Development Berhad

Below expectations, but recovery on sight

Summary

- **SKYWLD 6MFY25 core net profit (CNP) at RM24.5m (-59.9% yoy) came below expectations, constituting to only 29.9% and 13.5% of ours and consensus forecast respectively, affected by completion of SkyAwani IV Residences and SkyAwani V Residences in FY24.**
- **Slashed our CNP forecast by -30.7%/-26.1% to RM57.7m/RM81.1m for FY25F/FY26F respectively to account for slower-than-expected revenue recognition from on-going projects.**
- **Maintained our HOLD recommendation, but with a lower target price of RM0.55, based discount rate of 20% to our RNAV.**







Results Review

- **Results review.** 2QFY25 core net profit (CNP) slipped -24.0% yoy, but rose +45.4% qoq to RM14.5m, as the weaker yoy performance was affected by completion of SkyAwani IV Residences and SkyAwani V Residences in FY24. Revenue for the quarter stood at RM124.3m (-16.2% yoy, +25.8% qoq). A first interim dividend of 0.5 sen per share, payable on 30 Dec 24 was declared.
- **Below expectations.** 6MFY25 reported core net profit at RM24.5m (-59.9% yoy) came below expectations, accounting to only 29.9% and 31.5% of ours and consensus expectations at RM82.0m and RM77.8m respectively. Key deviation is mainly due to slower-than-expected recognition from on-going projects.
- **Operations Highlights.** As at end of 2QFY25, SKYWLD's unbilled sales rose to RM592.0m, from RM555.0m in 1QFY25, implying 0.9x of FY24 revenue that is sufficient to maintain revenue visibility for the next 12 months. The Group maintained a lean balance sheet, equipped with a net cash position that is supported by RM437.2m in cash and bank balances as at end-2QFY25.
- **Industry Highlights.** Malaysia property landscape remain vibrant with housing loan applications rose 6.1% yoy, while loan approval rate hovered above 40% during the period. According to NAPIC, transaction volume climbed 3.1% yoy to 112,305 units, while overhang units fell -3.0% qoq to 21,968 units during the quarter. We anticipate the property sector will remain vibrant in the foreseeable future, driven by stable household income growth and sustained demand.
- **Outlook.** Looking ahead, SKYWLD will be kept busy with four on-going developments namely SkyVouge Residences, EdgeWood Residences, Curvo Residences and Vesta Residences with a collective GDV of RM1.96bn. Overall average take-up rate remains healthy at 92.6% as at end-2QFY25.
- **Valuation.** Slashed our CNP forecast by -30.7%/-26.1% to RM57.7m/RM81.1m for FY25F/FY26F respectively to account for slower-than-expected revenue recognition from on-going projects. Maintained our **HOLD** recommendation on SKYWLD, but with a lower target price of RM0.55, based discount rate of 20% to our RNAV.
- **Risk.** Land scarcity, potential construction cost increases, and regulatory changes, could hamper future development.

Monday, November 25, 2024

Company Results

Figure 1: Results Comparison

FYE Mar (RM m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	6MFY24	6MFY25	YoY (%)	5 Quarters Trend	Comments
Revenue	124.3	148.3	(16.2)	98.8	25.8	359.2	223.1	(37.9)		Better qoq on greater recognition from SkyVogue Residences, Curvo Residences
EBITDA	23.9	30.1	(20.6)	17.8	34.0	92.2	41.7	(54.8)		
Pre-tax profit	20.3	27.5	(26.3)	14.1	44.3	86.7	34.4	(60.4)		
Net profit	14.5	19.0	(23.7)	9.9	46.0	61.0	24.5	(59.9)		
Core net profit	14.5	19.1	(24.0)	10.0	45.4	61.1	24.5	(59.9)		
Core EPS (sen)	1.5	1.9	(24.0)	1.0	45.4	6.1	2.5	(59.9)		In tandem with improved qoq topline
EBITDA margin (%)	19.2	20.3		18.0		25.7	18.7			
PBT margin (%)	16.3	18.6		14.2		24.1	15.4			
Core PATMI margin (%)	11.7	12.9		10.1		17.0	11.0			

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	790.4	841.4	688.0	515.9	662.2
Gross Profit	249.6	298.3	253.0	165.1	211.9
EBITDA	168.6	221.5	173.3	92.9	125.8
Depreciation & Amortisation	-0.9	-2.1	-4.9	-4.2	-5.1
EBIT	167.7	219.4	168.4	88.7	120.7
Net Finance Income/ (Cost)	-14.6	-14.2	-7.0	-6.9	-6.9
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	150.0	204.8	159.9	82.2	115.5
Tax	-45.7	-54.1	-53.4	-24.7	-34.6
Profit After Tax	104.3	150.7	106.5	57.5	80.8
Minority Interest	1.7	-6.7	0.3	0.2	0.3
Net Profit	106.0	144.0	106.8	57.7	81.1
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	106.0	144.0	106.8	57.7	81.1

Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
P/E (x)	5.3	3.9	5.2	9.7	6.9
EBITDA margin	21.3%	26.3%	25.2%	18.0%	19.0%
EBIT margin	21.2%	26.1%	24.5%	17.2%	18.2%
PBT margin	19.0%	24.3%	23.2%	15.9%	17.4%
PAT margin	13.2%	17.9%	15.5%	11.2%	12.2%
NP margin	13.4%	17.1%	15.5%	11.2%	12.2%
Core NP margin	13.4%	17.1%	15.5%	11.2%	12.2%
ROE	22.8%	23.4%	12.7%	6.6%	8.6%
ROA	7.8%	10.9%	6.9%	3.6%	5.0%
Net gearing	36.0%	39.9%	Net Cash	5.1%	Net Cash

Valuations

RNAV (RM' m)	691.6
RNAV/share (RM)	0.69
Discount Rate	20.0%
Fair Value (RM)	0.55

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	280.5	237.7	499.9	429.0	462.2
Receivables	74.2	39.8	98.6	91.9	90.7
Inventories	276.6	184.4	190.6	210.7	213.3
Other current assets	177.1	205.3	128.3	141.9	145.7
Total Current Assets	808.4	667.3	917.4	873.4	911.9
Fixed Assets	1.1	1.2	1.2	1.2	1.2
Intangibles	2.8	2.5	2.0	2.0	2.0
Other non-current assets	531.3	603.1	594.9	654.4	661.0
Total Non-current assets	556.2	650.4	641.2	709.1	725.2
Short-term Debt	158.2	159.3	214.0	224.7	235.9
Payables	190.5	161.2	154.2	154.0	159.5
Other Current Liabilities	247.2	53.5	52.4	56.1	58.5
Total Current Liabilities	608.8	377.1	428.5	441.2	462.1
Long-term Debt	289.8	324.0	276.4	248.8	223.9
Other non-current liabilities	0.1	0.0	9.8	8.8	8.8
Total Non-current Liabilities	290.7	324.9	287.3	260.8	235.9
Shareholder's equity	62.5	62.5	245.0	245.0	245.0
Minority interest	-0.8	5.9	-3.3	-3.3	-3.3
Equity	465.1	615.7	842.8	880.6	939.2

Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	150.0	204.8	159.9	82.2	115.5
Depreciation & amortisation	0.9	2.1	4.9	4.2	5.1
Changes in working capital	-19.2	-203.3	47.9	24.9	-4.4
Others	-72.2	-104.1	-71.3	-60.0	-60.0
Operating cash flow	84.2	-87.8	153.0	64.4	67.4
Net capex	7.0	17.6	-16.5	10.3	13.2
Others	-26.9	-39.8	-63.4	0.0	0.0
Investing cash flow	-19.9	-22.2	-79.9	10.3	13.2
Dividends paid	0.0	0.0	-42.5	-20.0	-22.5
Others	73.6	144.2	-19.0	-27.9	-24.9
Financing cash flow	73.6	144.2	104.9	-47.9	-47.4
Net cash flow	137.9	34.2	178.1	26.7	33.3
Forex	0.0	-0.2	0.7	0.0	0.0
Others	91.0	14.3	97.7	0.0	0.0
Beginning cash	51.6	189.4	223.4	402.2	429.0
Ending cash	280.5	237.7	499.9	429.0	462.2

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD

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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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