

**Research Team**

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<b>Recommendation:</b>	<b>HOLD</b>
Current Price:	RM0.51
Previous Target Price:	RM0.52
Target Price:	RM0.51
Capital Upside/ Downside:	0.0%
Dividend Yield (%):	2.0%
<b>Total Upside/ Downside:</b>	<b>2.0%</b>

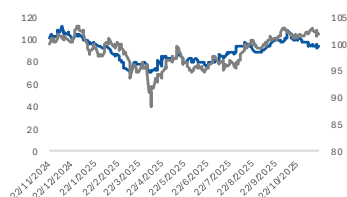
**Stock information**

Board	MAIN
Sector	Property
Bursa / Bloomberg Code	5315 / SKYWLD.MK
Syariah Compliant	Yes
ESG Rating	***
Shares issued (m)	1,000.0
Market Cap (RM' m)	505.0
52-Week Price Range (RM)	0.715-0.38
Beta (x)	0.9
Free float (%)	26.7
3M Average Volume (m)	0.5
3M Average Value (RM' m)	0.2

**Top 3 Shareholders**

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

**Share Price Performance**



	1M	3M	12M
Absolute (%)	-8.2	-1.9	-9.8
Relative (%)	-8.4	-3.2	-11.4

**Earnings Summary**

	FY26F	FY27F	FY28F
Revenue (RM'm)	400.0	471.9	677.7
PATAMI (RM'm)	49.7	62.6	89.6
CNP (RM'm)	49.7	62.6	89.6
EPS - core (sen)	5.0	6.3	9.0
P/E(x)	10.2	8.1	5.6

# SkyWorld Development Bhd

## Earnings Temporarily Soft

- SKYWLD's 2QFY26 CNP came in at RM7.0m (-34.3% YoY, +86.4% QoQ). The results were below expectations, accounting for only 21.0% of our full-year forecast and 20.9% of consensus estimate. The earnings miss was primarily driven by slower-than-expected construction progress of ongoing projects, while newly launched projects have yet to meaningfully contribute.
- The Group declared a first interim dividend of 0.22 sen per share (ex-date: 2 Jan 2026), down from 0.5 sen in 2QFY25.
- We have trimmed FY26F earnings by 3.5% to RM49.7m, while modestly raising FY27F/FY28F by 1.0%/2.0% to RM62.6m/RM89.6m, reflecting slower near-term revenue from ongoing project construction and stronger progress in subsequent years.
- Maintain HOLD recommendation with a lower target price of RM0.51 (from RM0.52), based on a 50% discount to our revised RNAV valuation and appraised with a three-star ESG rating.

**Results below expectations.** Excluding exceptional items such as gain on fair value adjustment on short-term funds (-RM1.3m) and unrealised foreign exchange loss (+RM0.4m), 2QFY26 core net profit (CNP) came in at RM7.0m. The result was weaker-than-expected, accounting for 21.0% of our forecast of RM51.5m and 20.9% of consensus estimate of RM51.8m. The earnings miss was primarily driven by lower-than-expected revenue recognition from ongoing projects due to slower construction progress from Vesta Residences, coupled with the lack of mature projects in the pipeline as most projects have only recently been launched.

**YoY/YTD.** CNP fell 34.3% YoY/47.7% YTD on the back of a 30.3% YoY/27.7% YTD decline in revenue. The weaker top line was due to the absence of contributions from completed projects (EdgeWood Residences and SkyVogue Residences) recorded in 2QFY25, while ongoing projects were insufficient to replicate the prior year's high base.

**QoQ.** CNP rose 86.4% QoQ, on the back of a 16.2% QoQ increase in revenue, driven by higher progressive billings from the ongoing Vesta Residences project and contributions from the newly launched SkyAman 1 Residences.

**Dividend.** The Group declared a first interim dividend of 0.22 sen per share (ex-date: 2 Jan 2026), down from 0.5 sen in 2QFY25.

**Outlook.** Earnings momentum is set to improve as Vesta Residences' construction progresses to the main residential floors, enabling faster construction, while Curvo Residences (70% take-up as at Sept 2025) remains on track for 4QFY26 completion and its 90% sales target. Unbilled sales rose 21.9% QoQ to RM589m (from RM483m), supported by the newly launched SkyAman 1, and are expected to be recognised over 12-18 months. With cumulative GDV of RM843.5m from SkyAman 1, SkyAwani PRIMA, and SkyAwani 6, the Group is on track to meet its RM2.0bn FY26 launch target. However, meaningful earnings contributions are expected from FY28 onwards, anchored by the RM12.0bn affordable housing project in Penang (construction from CY27) while near-term earnings uplift from new launches should remain gradual.

**Earnings Revision.** After factoring in slower-than-expected revenue recognition from ongoing projects, we trim FY26F earnings by 3.5% to RM49.7m, while modestly raising FY27F/FY28F by 1.0%/2.0% to RM62.6m/RM89.6m, reflecting stronger project progress in the coming years.

**Valuation.** Following the earnings revisions, we maintain **HOLD** on SKYWLD with a lower target price of **RM0.51** (from RM0.52), based on a 50% discount to our revised RNAV valuation, and appraised with a three-star ESG rating.

**Risks.** Potential increases in construction costs, intense competition in the mid-range residential segment and regulatory changes.

## Results Comparison

FYE Mar (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	86.7	124.3	(30.3)	74.6	16.2	161.3	223.1	(27.7)
Cost of sales	(55.7)	(86.7)	(35.7)	(47.7)	17.0	(103.4)	(153.5)	(32.6)
Gross profit	30.9	37.6	(17.7)	26.9	14.8	57.9	69.6	(16.9)
Other income	4.2	5.2	(19.3)	3.2	31.9	7.4	8.6	(13.4)
Selling and marketing	(4.7)	(3.1)	52.4	(1.8)	163.2	(6.5)	(6.0)	7.9
Admin expenses	(16.0)	(15.6)	2.6	(18.2)	(12.0)	(34.1)	(29.9)	14.1
Operating profit	14.5	24.2	(40.2)	10.2	41.8	24.7	42.3	(41.6)
<b>EBITDA</b>	<b>14.1</b>	<b>23.9</b>	<b>(41.0)</b>	<b>10.9</b>	<b>28.4</b>	<b>25.0</b>	<b>41.5</b>	<b>(39.8)</b>
Depreciation and amortisation	1.9	1.6	20.9	1.9	1.7	3.8	2.9	29.3
<b>EBIT</b>	<b>12.1</b>	<b>22.3</b>	<b>(45.5)</b>	<b>9.1</b>	<b>34.0</b>	<b>21.2</b>	<b>38.6</b>	<b>(45.0)</b>
Finance income	2.3	1.9	21.7	1.1	103.9	3.5	3.7	(5.9)
Finance cost	(4.9)	(3.9)	25.2	(4.6)	6.0	(9.5)	(7.9)	19.6
Pre-tax profit	9.6	20.3	(52.7)	5.6	71.1	15.2	34.4	(55.7)
Tax expense	(1.7)	(5.8)	(70.9)	(2.8)	(39.3)	(4.4)	(9.9)	(55.1)
Net profit	7.9	14.5	(45.4)	2.8	178.3	10.8	24.5	(56.0)
<b>Core net profit</b>	<b>7.0</b>	<b>10.7</b>	<b>(34.3)</b>	<b>3.8</b>	<b>86.4</b>	<b>10.8</b>	<b>20.7</b>	<b>(47.7)</b>
Core EPS (sen)	0.7	1.1	(34.3)	2.9	(75.3)	10.8	24.5	(56.0)
EBITDA margin (%)	14.0	17.9		12.1		13.1	17.3	
PBT margin (%)	11.1	16.3		7.5		9.4	15.4	
Core net profit margin (%)	8.1	8.6		5.1		6.7	9.3	

Source: Company, Apex Securities

## Segmental Breakdown

FYE Mar (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
<b>Revenue</b>								
Property development	84.4	122.7	(31.2)	72.7	16.0	157.1	220.2	(28.7)
Property management and investment	16.0	19.6	(18.3)	16.6	(3.8)	32.6	60.2	(45.9)
Elimination	(13.7)	(17.9)	(23.7)	(14.7)	(7.3)	(28.4)	(57.3)	(50.4)
<b>Total</b>	<b>86.7</b>	<b>124.3</b>	<b>(30.3)</b>	<b>74.6</b>	<b>16.2</b>	<b>161.3</b>	<b>223.1</b>	<b>(27.7)</b>
<b>Gross Profit</b>								
Property development	26.9	35.3	(23.7)	23.6	13.8	50.5	65.3	(22.6)
Property management and investment	14.4	18.0	(20.0)	14.8	(2.7)	29.3	57.3	(48.9)
Elimination	(10.4)	(15.7)	(33.8)	(11.5)	(9.8)	(21.9)	(52.9)	(58.6)
<b>Total</b>	<b>30.9</b>	<b>37.6</b>	<b>(17.7)</b>	<b>26.9</b>	<b>14.8</b>	<b>57.9</b>	<b>69.6</b>	<b>(16.9)</b>
<b>GP margin (%)</b>			%-pts		%-pts			%-pts
Property development	31.9%	28.7%	3.1%	32.5%	-0.6%	32.2%	29.7%	2.5%
Property management and investment	90.4%	92.2%	-1.9%	89.3%	1.0%	89.8%	95.1%	-5.3%
Elimination	76.0%	87.6%	-11.6%	78.1%	-2.1%	77.1%	92.5%	-15.4%
<b>Aggregate Total</b>	<b>35.7%</b>	<b>30.2%</b>	<b>5.5%</b>	<b>36.1%</b>	<b>-0.4%</b>	<b>35.9%</b>	<b>31.2%</b>	<b>4.7%</b>

Source: Company, Apex Securities

# Results Note

Monday, 24 Nov, 2025

## Financial Highlights

### Income Statement

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	688.0	445.5	400.0	471.9	677.7
Gross Profit	253.4	165.4	148.9	175.7	252.2
EBITDA	173.3	98.9	89.2	122.6	161.8
Depreciation & Amortisation	-4.9	-6.7	-7.4	-21.6	-20.1
EBIT	176.1	99.2	87.5	105.8	145.8
Net Finance Income/ (Cost)	-8.4	-7.6	-11.0	-11.8	-10.3
Associates & JV	0.0	1.0	0.0	0.0	0.0
Pre-tax Profit	159.9	84.6	70.9	89.2	131.4
Tax	-53.4	-28.5	-21.3	-26.8	-42.1
Profit After Tax	106.5	56.1	49.6	62.4	89.4
Minority Interest	-0.3	-0.1	-0.1	-0.2	-0.2
Net Profit	106.8	56.2	49.7	62.6	89.6
Exceptionals	-5.6	7.4	0.0	0.0	0.0
Core Net Profit	112.4	48.8	49.7	62.6	89.6

### Key Ratios

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	11.2	4.9	5.0	6.3	9.0
P/E(x)	4.5	10.4	10.2	8.1	5.6
P/B(x)	0.6	0.6	0.5	0.5	0.5
EV/EBITDA(x)	3.0	4.1	2.7	2.5	3.1
DPS (sen)	2.3	1.5	1.0	1.3	1.8
Dividend Yield (%)	4.5%	3.0%	2.0%	2.5%	3.5%
EBITDA margin (%)	25.2%	22.2%	22.3%	26.0%	23.9%
EBIT margin (%)	25.6%	22.3%	21.9%	22.4%	21.5%
PBT margin (%)	23.2%	19.0%	17.7%	18.9%	19.4%
PAT margin (%)	15.5%	12.6%	12.4%	13.2%	13.2%
NP margin (%)	15.5%	12.6%	12.4%	13.3%	13.2%
CNP margin (%)	16.3%	10.9%	12.4%	13.3%	13.2%
ROE (%)	13.3%	5.5%	5.4%	6.5%	8.6%
ROA (%)	7.2%	3.2%	3.1%	3.7%	5.1%
Gearing (%)	58.1%	51.1%	55.4%	52.5%	42.4%
Net gearing (%)	Net Cash	11.3%	28.6%	20.0%	0.4%

Valuations	FY27F	Valuation methodology
Total RNAV(RM' m)	1017.9	NPV(Ke: 10%)
Discount Rate	50.0%	
Discounted RNAV(RM' m)	509.0	
No. of shares	1000.0	
Fair Value (RM)	0.51	

Source: Company, Apex Securities

### Balance Sheet

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	499.9	349.6	246.6	315.2	437.5
Receivables	112.5	238.4	90.3	181.2	208.7
Inventories	190.6	265.9	224.6	279.9	156.4
Other current assets	114.4	59.0	158.4	173.9	213.6
Total Current Assets	917.4	913.0	719.9	950.3	1016.1
Fixed Assets	100.8	105.1	237.7	226.1	216.0
Intangibles	3.2	2.7	2.7	2.7	2.7
Other non-current assets	537.2	510.2	620.2	510.2	510.2
Total Non-Current Assets	641.2	618.0	860.7	739.1	729.0
Short-term debt	213.4	260.4	284.4	284.4	257.3
Payables	196.1	189.8	139.0	197.2	248.4
Other current liabilities	18.9	4.8	5.4	6.1	7.0
Total Current Liabilities	428.5	454.9	428.7	487.6	512.6
Long-term debt	276.1	188.9	224.9	224.9	184.2
Other non-current liabilities	11.2	7.3	7.3	7.3	7.3
Total Non-Current Liabilities	287.3	196.1	232.1	232.1	191.5
Shareholder's equity	846.1	880.0	919.8	969.9	1041.5
Minority interest	-3.3	0.0	-0.1	-0.3	-0.5
Total Equity	842.8	880.0	919.7	969.6	1041.0

### Cash Flow

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	159.9	84.6	70.9	89.2	131.4
Depreciation & amortisation	4.9	6.7	7.4	21.6	20.1
Changes in working capital	47.9	-121.3	28.3	7.1	108.5
Others	-59.8	-61.6	-26.9	-31.6	-46.2
Operating cash flow	153.0	-91.7	79.6	86.3	213.8
Capex	-10.8	-7.5	-140.0	-10.0	-10.0
Others	-69.1	9.5	5.6	4.8	4.1
Investing cash flow	-79.9	2.0	-134.4	-5.2	-5.9
Dividends paid	-42.5	-15.0	-9.9	-12.5	-17.9
Others	147.4	-42.0	60.0	0.0	-67.8
Financing cash flow	104.9	-57.0	50.1	-12.5	-85.7
Net cash flow	178.1	-146.7	-4.7	68.6	122.3
Forex	0.7	-4.3	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	223.4	402.2	251.3	246.6	315.2
Ending cash	402.2	251.3	246.6	315.2	437.5

# Results Note

Monday, 24 Nov, 2025

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Allocating >10% of green spaces from development areas in all High-Rise Developments in Klang Valley by FY25
Waste & Effluent	★★	Establishing a 3-year baseline data of Non-hazardous Waste Diverted from disposal by FY27
Energy	★★★	Providing Energy Efficient Lighting in all common areas for High-Rise Developments in Klang Valley by FY25
Water	★★★	87.5% of Group's operations equipped with a Water Recycling System
Compliance	★★★	Compliance Monitoring Framework has been established to ensure a high level of compliance is achieved and maintained Group wide

### Social

Diversity	★★★	Committed to creating a diverse and inclusive workplace
Human Rights	★★★	Zero substantiated human rights violations in FY24
Occupational Safety and Health	★★★	Zero cases of fatality
Labour Practices	★★★	Adhere to Employment Act and achieved 81.7% employee satisfaction

### Governance

CSR Strategy	★★★	Contributed RM15,000 in FY24 directed to 3 beneficiary organisations in FY24
Management	★★★★	42.9% female board composition, 4/7 composition of Independent Directors
Stakeholders	★★★	Regularly maintain constructive channels of communication through both formal and informal to key stakeholders group

Overall ESG Scoring: ★★★

## Recommendation Framework:

**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 + dividend yield

## 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.

## ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Monday, 24 Nov, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.