

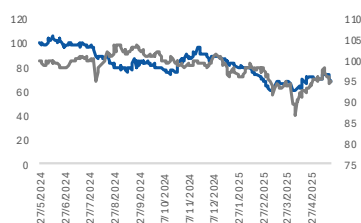
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| | |
|-------------------------------|-------------|
| Recommendation: | HOLD |
| Current Price: | RM0.44 |
| Previous Target Price: | RM0.49 |
| Target Price: | ↓ RM0.47 |
| Capital Upside/ Downside: | 6.8% |
| Dividend Yield (%): | 2.1% |
| Total Upside/ Downside | 8.9% |

| | |
|--------------------------|-----------------|
| 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) | 435.0 |
| 52-Week Price Range (RM) | 0.715-0.38 |
| Beta (x) | 0.9 |
| Free float (%) | 27.3 |
| 3M Average Volume (m) | 0.4 |
| 3M Average Value (RM' m) | 0.2 |

| | |
|---------------------------|------------|
| Top 3 Shareholders | (%) |
| Phing Ng Thien | 44.4 |
| Lam Soo Keong | 10.3 |
| Lee Chee Seng | 5.0 |

Share Price Performance



| | 1M | 3M | 12M |
|--------------|-----------|-----------|------------|
| Absolute (%) | -6.5 | -2.2 | -34.1 |
| Relative (%) | -8.0 | 1.1 | -30.5 |

| | | | |
|-------------------------|-------------|--------------|--------------|
| Earnings Summary | FY25 | FY26F | FY27F |
| Revenue (RM' m) | 445.4 | 480.8 | 560.3 |
| PATAMI (RM' m) | 54.2 | 51.4 | 57.9 |
| CNP (RM' m) | 46.8 | 51.4 | 57.9 |
| EPS - core (sen) | 4.7 | 5.1 | 5.8 |
| P/E(x) | 9.4 | 8.6 | 7.6 |

SkyWorld Development Bhd

Revenue Base Dwindles; Awaiting on Next Growth Phase

- SKYWLD's 4QFY25 CNP came in at RM14.5m (-11.6% yoy, +18.9% qoq), bringing 12MFY25 CNP to RM46.8m (-58.3% yoy). The results exceeded expectations, accounting for 101.3% of our full-year forecast and 102.3% of consensus estimate. Key deviation was primarily driven by higher-than-expected revenue recognised from greater progress on ongoing projects and lower-than-expected costs from the recently completed projects.
- However, we revise our earnings forecast downward by -0.2%/-4.4% to RM51.4m/RM57.9m for FY26F/FY27F, respectively to reflect the absence of revenue from completed projects in FY25 and our expectation that earnings may remain subdued in the near term, given the time lag between project launches and meaningful profit recognition.
- Maintain our HOLD recommendation with a lower target price of RM0.47 (from RM0.49), based on 30% discount to our revised RNAV valuation and appraised with a three-star ESG rating.

Results above expectations. Excluding the reversal of provision for ex-gratia (RM-1.5m) and other adjustments (-RM6.1m), 4QFY25 core net profit (CNP) came in at RM14.5m, bringing 12MFY25 CNP to RM46.8m (-58.3% yoy). The result was above expectations, accounting for 101.3% of our forecast of RM46.2m and 102.3% of consensus estimate of RM45.8m. Key deviation was primarily driven by higher-than-expected revenue recognised from greater progress on ongoing projects and lower-than-expected cost from the recently completed EdgeWood and SkyVogue Residences.

YoY. 4QFY25 slid 11.6% yoy to RM14.5m, dragged by the sharp decline in revenue. The revenue decline stemmed from reduced recognition from EdgeWood Residences and SkyVogue Residences, which were completed in 4QFY25, and the absence of contribution from SkyAwani V Residences, completed in FY24.

QoQ. CNP advanced by 18.9% qoq to RM14.5m, driven by higher revenue (+6.1%) and margin expansion from cost savings. The increased revenue was supported by higher recognition from EdgeWood, SkyVogue, and Vesta Residences. Additionally, cost savings were realised from the completion of EdgeWood and SkyVogue Residences during the quarter.

Outlook. Unbilled sales fell to RM461.2m (from RM622.6m in 3QFY25) due to project completions. The pipeline is expected to be replenished through a series of upcoming launches. Longer-term prospects are supported by the RM13.0bn affordable housing projects in Penang, scheduled for launch in CY2026. The Group is also making its first foray into the luxury segment via the upcoming Mont Kiara development, with an estimated GDV of RM800-900m targeted for launch in CY2027. Given the limited land availability in Mont Kiara, this represents an opportunity to tap into a high-end, supply-constrained market. With a net gearing of 11.3% as at the end-FY25, the Group retains ample capacity for further landbanking activities. However, we remain cautious as project launches may not translate into immediate or significant earnings uplift in the near term and the mid-range residential segment remains competitive and sales may take longer to materialise for the ongoing projects (Curvo Residences and Vesta Residences) due to ample supply in the market.

Earnings Revision. We lowered our earnings forecast by -0.2%/-4.4% to RM51.4m/RM57.9m for FY26F/FY27F, respectively, to reflect the absence of revenue from completed projects in FY25 and subdued earnings from future launches.

Valuation. We maintain our **HOLD** recommendation on SKYWLD with a lower target price of **RM0.47 (from RM0.49)**, based on a 30% discount to our revised RNAV valuation and appraised with a three-star ESG rating.

Risks. Land scarcity, potential construction cost increases, and regulatory changes.

Results Note

Monday, 26 May, 2025

Results Comparison

| FYE Mar (RM m) | 4QFY25 | 4QFY24 | yoy (%) | 3QFY25 | qoq (%) | 12MFY25 | 12MFY24 | yoy (%) | Comments |
|----------------------------|--------|--------|---------|--------|---------|---------|---------|---------|----------|
| Revenue | 114.4 | 157.7 | (27.4) | 107.9 | 6.1 | 445.4 | 688.0 | (35.3) | |
| EBITDA | 31.4 | 42.0 | (25.4) | 24.3 | 29.4 | 104.1 | 181.0 | (42.5) | |
| Pre-tax profit | 27.4 | 39.4 | (30.7) | 21.1 | 29.9 | 82.8 | 159.9 | (48.2) | |
| Net profit | 16.4 | 20.7 | (20.9) | 13.3 | 23.3 | 54.2 | 106.8 | (49.2) | |
| Core net profit | 14.5 | 16.4 | (11.6) | 12.2 | 18.9 | 46.8 | 112.4 | (58.3) | |
| Core EPS (sen) | 1.4 | 1.6 | (11.6) | 1.2 | 18.9 | 4.7 | 11.2 | (58.3) | |
| EBITDA margin (%) | 27.4 | 26.7 | | 22.5 | | 23.4 | 26.3 | | |
| PBT margin (%) | 23.9 | 25.0 | | 19.5 | | 18.6 | 23.2 | | |
| Core net profit margin (%) | 12.6 | 10.4 | | 11.3 | | 10.5 | 16.3 | | |

Source: Company, Apex Securities

Segmental Breakdown

| FYE Mar (RM m) | 4QFY25 | 4QFY24 | yoy (%) | 3QFY25 | qoq (%) | 12MFY25 | 12MFY24 | yoy (%) | Comments |
|------------------------------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|---------------|----------|
| Revenue | | | | | | | | | |
| Property development | 112.4 | 207.7 | (45.9) | 106.2 | 5.8 | 438.9 | 736.9 | (40.4) | |
| Property management and investment | 22.1 | 92.3 | (76.1) | (19.0) | nm | 62.0 | 154.9 | (60) | |
| Others | (17.1) | (167.7) | (89.8) | 19.0 | nm | (55.4) | (203.7) | - | |
| Total | 117.3 | 132.4 | (11.3) | 106.2 | 10.5 | 445.4 | 688.0 | (35.3) | |
| Gross Profit | | | | | | | | | |
| Property development | 50.0 | 99.6 | (49.8) | 39.0 | 28.1 | 154.3 | 275.6 | (44.0) | |
| Property management services | 17.5 | 117.0 | (85.1) | (19.0) | nm | 55.8 | 151.2 | (63.1) | |
| Others | (14.0) | (146.3) | (90.4) | 22.7 | nm | (44.3) | (173.4) | (74.5) | |
| Total | 53.5 | 70.3 | (23.9) | 42.7 | 25.1 | 165.8 | 253.4 | (34.6) | |
| GP margin (%) | | | | | | | | | |
| Property development | 44.5% | 47.9% | 108.5% | 36.7% | 484.6% | 35.2% | 37.4% | (6.0) | |
| Property management and investment | 79.2% | 126.7% | 111.8% | 100.0% | nm | 89.9% | 97.6% | (7.9) | |
| Others | 81.9% | 87.2% | 654.8% | 119.5% | nm | 79.9% | 85.1% | (6.1) | |
| Aggregate Total | 45.6% | 53.1% | 211.1% | 40.2% | 240.4% | 37.2% | 36.8% | 1.1 | |

Source: Company, Apex Securities

Results Note

Monday, 26 May, 2025

Financial Highlights

Income Statement

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 841.4 | 688.0 | 445.4 | 480.8 | 560.3 |
| Gross Profit | 298.3 | 253.4 | 165.8 | 178.9 | 208.5 |
| EBITDA | 221.7 | 181.0 | 104.1 | 112.5 | 129.6 |
| Depreciation & Amortisation | 2.1 | 4.9 | 6.7 | 7.4 | 7.0 |
| EBIT | 219.6 | 176.1 | 97.4 | 105.2 | 122.6 |
| Net Finance Income/ (Cost) | -11.2 | -8.4 | -8.1 | -26.3 | -35.2 |
| Associates & JV | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 204.8 | 159.9 | 82.8 | 73.2 | 82.5 |
| Tax | -54.1 | -53.4 | -28.6 | -22.0 | -24.8 |
| Profit After Tax | 150.7 | 106.5 | 54.2 | 51.2 | 57.8 |
| Minority Interest | 6.7 | -0.3 | -0.1 | -0.1 | -0.1 |
| Net Profit | 144.0 | 106.8 | 54.2 | 51.4 | 57.9 |
| Exceptionals | 0.0 | -5.6 | 7.4 | 0.0 | 0.0 |
| Core Net Profit | 144.0 | 112.4 | 46.8 | 51.4 | 57.9 |

Key Ratios

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|--------------------|-------|----------|-------|-------|-------|
| EPS (sen) | 14.4 | 11.2 | 4.7 | 5.1 | 5.8 |
| P/E(x) | 3.1 | 3.9 | 9.4 | 8.6 | 7.6 |
| P/B(x) | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 |
| EV/ EBITDA (x) | 0.9 | 2.5 | 3.3 | 1.1 | 1.3 |
| DPS (sen) | 3.0 | 2.3 | 0.8 | 0.9 | 1.0 |
| Dividend Yield (%) | 6.8% | 5.1% | 1.9% | 2.1% | 2.4% |
| EBITDA margin (%) | 26.3% | 26.3% | 23.4% | 23.4% | 23.1% |
| EBIT margin (%) | 26.1% | 25.6% | 21.9% | 21.9% | 21.9% |
| PBT margin (%) | 24.3% | 23.2% | 18.6% | 15.2% | 14.7% |
| PAT margin (%) | 17.9% | 15.5% | 12.2% | 10.7% | 10.3% |
| NP margin (%) | 17.1% | 15.5% | 12.2% | 10.7% | 10.3% |
| CNP margin (%) | 17.1% | 16.3% | 10.5% | 10.7% | 10.3% |
| ROE (%) | 23.4% | 13.3% | 5.3% | 5.6% | 6.0% |
| ROA (%) | 10.9% | 7.2% | 3.1% | 2.8% | 3.0% |
| Gearing (%) | 78.5% | 58.1% | 51.2% | 86.9% | 75.2% |
| Net gearing (%) | 39.9% | Net Cash | 11.3% | 34.2% | 27.9% |

| Valuations | FY27F | Valuation methodology |
|------------------------|-------------|-----------------------|
| Total RNAV(RM' m) | 676.8 | 10%NPV |
| Discount Rate | 30.0% | |
| Discounted RNAV(RM' m) | 473.8 | |
| No. of shares | 1000.0 | |
| Fair Value (RM) | 0.47 | |

Source: Company, Apex Securities

Balance Sheet

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|
| Cash | 237.7 | 499.9 | 349.6 | 485.5 | 457.7 |
| Receivables | 52.1 | 112.5 | 236.5 | 106.0 | 231.7 |
| Inventories | 184.4 | 190.6 | 265.9 | 213.5 | 276.9 |
| Other current assets | 193.0 | 114.4 | 59.0 | 151.3 | 191.2 |
| Total Current Assets | 667.3 | 917.4 | 911.0 | 956.3 | 1157.6 |
| Fixed Assets | 76.9 | 100.8 | 103.6 | 236.2 | 239.2 |
| Intangibles | 3.8 | 3.2 | 2.7 | 2.7 | 2.7 |
| Other non-current assets | 569.8 | 537.2 | 506.5 | 616.5 | 506.5 |
| Total Non-Current Assets | 650.4 | 641.2 | 612.8 | 855.5 | 748.5 |
| Short-term debt | 159.2 | 213.4 | 260.4 | 400.6 | 371.8 |
| Payables | 212.4 | 196.1 | 184.3 | 79.2 | 197.2 |
| Other current liabilities | 5.6 | 18.9 | 4.7 | 5.3 | 6.2 |
| Total Current Liabilities | 377.1 | 428.5 | 449.4 | 485.1 | 575.1 |
| Long-term debt | 323.9 | 276.1 | 188.8 | 399.1 | 356.0 |
| Other non-current liabilities | 0.9 | 11.2 | 7.5 | 7.5 | 7.5 |
| Total Non-Current Liabilities | 324.9 | 287.3 | 196.3 | 406.6 | 363.5 |
| Shareholder's equity | 609.8 | 846.1 | 878.1 | 920.2 | 967.7 |
| Minority interest | 5.9 | -3.3 | 0.0 | -0.2 | -0.3 |
| Total Equity | 615.7 | 842.8 | 878.1 | 920.1 | 967.4 |

Cash Flow

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|-----------------------------|--------------|--------------|---------------|---------------|--------------|
| Pre-tax profit | 204.8 | 159.9 | 82.8 | 73.2 | 82.5 |
| Depreciation & amortisation | 2.1 | 4.9 | 6.7 | 7.4 | 7.0 |
| Changes in working capital | -203.3 | 47.9 | -131.6 | -44.8 | -0.2 |
| Others | -91.4 | -59.8 | -49.1 | -27.6 | -29.6 |
| Operating cash flow | -87.8 | 153.0 | -91.3 | 8.2 | 59.7 |
| Capex | -16.8 | -10.8 | -7.5 | -140.0 | -10.0 |
| Others | -5.4 | -69.1 | 28.3 | 5.6 | 4.8 |
| Investing cash flow | -22.2 | -79.9 | 20.8 | -134.4 | -5.2 |
| Dividends paid | 0.0 | -42.5 | -15.0 | -9.2 | -10.4 |
| Others | 144.2 | 147.4 | -42.0 | 350.5 | -71.9 |
| Financing cash flow | 144.2 | 104.9 | -57.0 | 341.2 | -82.4 |
| Net cash flow | 34.2 | 178.1 | -127.5 | 215.1 | -27.8 |
| Forex | -0.2 | 0.7 | -4.3 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Beginning cash | 189.4 | 223.4 | 402.2 | 270.4 | 485.5 |
| Ending cash | 223.4 | 402.2 | 270.4 | 485.5 | 457.7 |

Results Note

Monday, 26 May, 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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(a) nil.