

11 December 2025

Eco World Dev. Group

Raising the Bar

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ECOWLD's FY25 core earnings (+39%) beat our expectation from higher gross margins enjoyed in 4QFY25. Having beaten FY25 sales target of RM3.5b, the group believes it can sustain its sales at a higher level of RM4b moving into FY26, supported by its core township and industrial developments. This prompted us to raise our FY26F earnings by 14%. For now, the group opines good progress has been made on the construction of its Pearl Computing DC, which could begin contributing leasing revenue in 4QFY27. Upgrade to OUTPERFORM with a higher TP of RM2.24 (from RM2.15) post-RNAV updates.

FY25 above expectations. ECOWLD's FY25 core net profit of RM423m (excluding one-off net accounting gains from the consolidation of JVs and associates as well as sukuk payments) made up 109% of our full-year forecast but was within consensus full-year estimate (at 104%). The positive deviation was largely attributed to higher gross margins in 4QFY25 from the release of provisional sums to contractors tied to the sale of completed industrial projects.

YoY, FY25 revenue rose by 30% following the consolidation of then-JV Paragon Pinnacle (from a 40%-stake to a fully-owned subsidiary) as well as greater recognition from the group's ongoing projects. The year also benefitted from the sale of 123 acres of industrial land under its QUANTAM Edge segment to Microsoft Payments (RM402m). Excluding this sale, revenue for the period would improve by 12%. Overall, this uplifted gross margin to 31.6% (+4.6 ppts).

While this translated to a PBT growth of 51%, following higher effective taxes (27.7%, +2.2 ppts) and adjusting for one-off accounting adjustments from the abovementioned consolidation adjustments as well as payments for a recently issued sukuk, FY25 core net profit still improved by 39% to RM423m.

QoQ, 4QFY25 revenue dipped slightly (-2%) mostly from fewer sales from the group's Eco Rise projects. Still, thanks to the abovementioned higher gross margins from the release of reserve contingencies, gross profit for the period rose by 30% at a gross margin of 38.1% (+9.1 ppts) which cascaded to a higher core net profit of RM126.7m (+25%).

Outlook. As of Oct 2025, ECOWLD achieved record sales of RM4.55b, exceeding its RM3.5b sales target. Despite its overachievement, the group remains conservative with its sales target, though with a higher benchmark of RM4b in FY26.

Supporting the year would be launches within the township developments in Eco Botanic (remaining GDV of RM5.13b) and Eco Radiance (GDV: RM5.16b). Meanwhile, the group's industrial developments will be anchored by Eco Business Park VII (GDV: RM2.95b) with a strategic partnership with SDG and Permodalan Darul Ta'zim (PDT) to fuel the development of Eco Business Park 8 (GDV: RM3.75b) to support its pipeline in the medium-term. We note that ECOWLD would have a lower 45%-stake from the earlier announced 65%-stake, with SDG now taking up a similar share (from 25%).

Forecasts. Post results, on the back of the group's higher sales target for FY26 as well as higher reported unbilled sales which would translate favourably to revenue, we raise our FY26F earnings by 14%. Meanwhile, we also introduce our FY27F earnings.

While the group anticipates for its leasing revenue from Pearl Computing's DC lease to commence as early as 4QFY27, we remain conservative and have not factored it into our FY27F earnings given its immaterial contribution arising from the tail-end of its construction timeline. Recall that the agreement equates to RM4.8b over 20 years (i.e. RM240m/year or RM20m/month) and would meaningfully enhance the group's recurring income base.

OUTPERFORM ↑

Price : **RM2.09**
Target Price : **RM2.24** ↑

Share Price Performance



KLCI	1,611.00
YTD KLCI chg	-1.9%
YTD stock price chg	0.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ECW MK Equity
Market Cap (RM m)	6,700.2
Shares Outstanding	3,205.8
52-week range (H)	2.25
52-week range (L)	1.60
3-mth avg. daily vol.	4,059,830
Free Float	41%
Beta	1.52

Major Shareholders

Sinarmas Harta Sdn Bhd	30.3%
Liew Tian Xiong	6.8%
Eco World Development Holdings	5.3%

Summary Earnings Table

FY Oct (RM m)	2025A	2026F	2027F
Turnover	2,931	3,380	3,589
Operating Profit	651	744	754
Profit Before Tax	616	658	667
Net Profit	445	493	501
Core Net Profit	423	486	493
Consensus (NP)	-	524	538
Earnings Revision (%)	-	+14.2	NEW
Core EPS (sen)	13.9	15.9	16.2
Core EPS Growth (%)	23.9	14.9	1.4
NDPS (sen)	7.0	7.5	8.5
BVPS (RM)	1.78	1.87	1.95
PER (x)	15.1	13.1	12.9
PBV (x)	1.17	1.12	1.07
Net Gearing (x)	0.62	0.49	0.46
Net Div. Yield (%)	3.3	3.6	4.1

11 December 2025

Upgrade to OUTPERFORM (from MARKET PERFORM) with a slightly higher TP of RM2.24 (from RM2.15). Our higher TP is attributed to RNAV updates particularly reflecting the inclusion of Eco Business Park 8's GDV of RM3.75b, which we anticipate could complete without hurdles by its intended 2HCY26. This is against an unchanged RNAV discount of 40% (better than industry our applied industry average of 50%).

At current price points, the stock appears attractive for its valuation propositions, being: (i) its strong branding attached to its products' high quality, strong resale value, and well-received contemporary designs; and (ii) strong responsiveness to cater to market conditions with a highly flexible product portfolio (i.e. affordable homes, aspirational-priced homes). Meanwhile, the anticipated commencement of the group's leasing agreement with Pearl Computing establishes a stronger recurring income base for the group, making them more resilient against industry headwinds.

Risks to our call include: (i) slower-than-expected recovery in the local property market, (ii) changes to mortgage rates, (iii) higher construction costs.

Results Highlights

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Oct (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Revenue	750.8	761.9	-1.5%	638.5	17.6%	2,930.5	2,258.2	29.8%
Cost of Sales	-464.4	-540.8	-14.1%	-468.6	-0.9%	-2,005.0	-1,647.8	21.7%
Gross Profit	286.4	221.2	29.5%	169.9	68.6%	925.5	610.5	51.6%
Other income	31.4	25.6	22.6%	22.3	40.9%	104.2	112.0	-6.9%
Selling and marketing	-28.9	-23.0	25.9%	-17.1	69.3%	-81.7	-41.7	95.8%
Administrative expenses	-98.0	-57.7	69.8%	-69.8	40.2%	-261.7	-212.4	23.2%
EWINT Impairment Loss	0.0	0.0	N.M	-38.0	-100.0%	0.0	-38.0	-100.0%
Operating Profit	190.9	166.1	14.9%	67.2	184.0%	686.3	430.2	59.5%
Joint Ventures	16.3	15.0	8.8%	67.9	-76.0%	61.6	118.3	-48.0%
Associate	-4.0	-4.1	-1.8%	-3.1	28.6%	-16.6	-17.4	-4.3%
Finance costs	-31.2	-37.3	-16.3%	-27.3	14.5%	-132.3	-117.4	12.7%
Gain on deemed disposal and acquisition of a JV	0.0	0.0	N.M	0.0	N.M.	174.0	0.0	N.M
Impairment loss on financial instruments	1.2	0.4	251.3%	-0.2	-905.9%	1.9	-7.0	-127.6%
Loss of disposal of an associate	0.0	0.0	N.M	0.0	N.M.	-91.0	0.0	N.M
Impairment loss on investment in a JV	0.0	0.0	N.M	0.0	N.M.	-68.0	0.0	N.M
Pre-tax Profit	173.2	140.0	23.7%	104.6	65.6%	615.9	406.9	51.4%
Taxation	-39.0	-38.9	0.3%	-21.1	84.7%	-170.6	-103.4	65.0%
Minority Interests	-0.2	0.1	-272.4%	0.0	N.M.	0.0	0.0	N.M
Net Profit	134.0	101.2	32.4%	83.4	60.6%	445.3	303.5	46.7%
Exceptional	-7.3	0.0	N.M	0.0	N.M.	-22.3	0.0	N.M
Core Net Profit	126.7	101.2	25.3%	83.4	51.9%	423.0	303.5	39.4%
Dividend Per Share (sen)	2.0	2.0	0.0%	2.0	0.0%	7.0	6.0	16.7%
Net Gearing	0.32	0.53		0.19		0.32	0.19	
Gross Profit margin	38.1%	29.0%		26.6%		31.6%	27.0%	
Operating Profit margin	25.4%	21.8%		10.5%		23.4%	19.1%	
Pretax margin	23.1%	18.4%		16.4%		21.0%	18.0%	
Core net profit margin	16.9%	13.3%		13.1%		14.4%	13.4%	
Effective tax rate	-22.5%	-27.8%		-20.2%		-27.7%	-25.4%	

Source: Company, Kenanga Research

11 December 2025

ECOWLD's RNAV and SoP-TP					
Location	Project	Stake (%)	Remaining Area (acres)	Effective Remaining GDV (RM b)	NPV of Profit (RM m)
Subsidiary					
Central	EcoSky	100%	-	-	-
Central	Eco Majestic	100%	282.1	6.35	570.2
Central	Eco Forest	100%	113.9	1.26	135.3
Central	Eco Sanctuary	100%	34.9	3.79	365.0
Central	Eco Grandeur	100%	745.5	7.42	689.8
Central	Eco Business Park 5	100%	104.5	1.59	164.6
Central	Se.Duduk D'Kajang	100%	-	0.37	42.8
Central	Eco Radiance	100%	870.0	5.16	497.0
Central	Kuala Langat*	100%	8.9	0.47	46.9
Central	Eco Business Park VII	100%	1,195.4	2.95	294.5
South	Eco Botanic 1, 2 & 3	100%	228.5	5.13	512.1
South	Eco Spring & Summer	100%	32.4	1.36	140.8
South	Eco Tropics	100%	295.7	1.73	166.6
South	Eco Business Park 1, 2, 3	100%	116.1	0.64	59.5
South	Quantum Edge	100%	132.6	0.95	102.0
North	Eco Terraces	100%	-	-	-
North	Eco Meadows	100%	15.4	0.48	53.5
Joint Venture					
South	Eco Business Park 8*	45%	420.9	1.69	168.4
Central	Eco Ardence	50%	44.3	2.35	225.8
Central	BBCC	40%	3.1	2.56	264.6
North	Eco Horizon & Sun	60%	69.3	2.39	215.0
			4,713.4	48.63	4,714.3
Unbilled Sales (RM m)				4,888	369.4
Shareholders Fund (4QFY25)					5,434.3
Total RNAV (RM m)					10,518.0
Discount to RNAV					40%
Discounted RNAV					6,310.8
Data Centre DCF Valuation					529.0
Total SoP Value					6,839.8
Number of shares					3,051.7
SoP TP/ Share					2.24

* Land acquisition pending completion
Source: Company, Kenanga Research

11 December 2025

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)		ROE		Net Div. (sen)		Net Div Yld	
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.		
PROPERTY DEVELOPERS																					
ECO WORLD DEVELOPMENT GROUP	OP	2.09	2.24	7.2%	6,700	Y	10/2026	15.9	16.2	14.9%	1.4%	13.1	12.9	1.0	7.7%	7.5	3.6%				
IOI PROPERTIES GROUP BHD	MP	2.59	2.30	-11.2%	14,261	Y	06/2026	11.2	12.4	112.2%	10.1%	23.1	20.9	0.6	4.5%	5.0	1.9%				
LBS BINA GROUP BHD	OP	0.385	0.640	66.2%	593	Y	12/2025	6.2	7.6	45.7%	23.3%	6.2	5.1	0.3	5.4%	2.3	6.0%				
MAH SING GROUP BHD	OP	1.00	1.78	78.0%	2,560	Y	12/2025	10.5	11.0	12.0%	4.7%	9.6	9.1	0.6	6.4%	5.0	5.0%				
S P SETIA BHD	OP	0.795	1.43	79.9%	3,978	Y	12/2025	6.1	7.3	-33.3%	18.9%	13.0	11.0	0.2	2.4%	2.0	2.5%				
SIME DARBY PROPERTY BHD	OP	1.39	1.97	41.7%	9,453	Y	12/2025	8.3	8.6	11.9%	4.6%	16.8	16.1	0.9	5.3%	3.0	2.2%				
SUNWAY BHD	UP	5.61	4.73	-15.7%	37,926	Y	12/2025	25.0	20.3	66.6%	-18.5%	22.5	27.6	2.2	10.1%	6.5	1.2%				
UOA DEVELOPMENT BHD	OP	1.83	1.94	6.0%	4,859	Y	12/2025	14.5	15.3	59.0%	5.4%	12.6	11.9	0.9	6.8%	13.0	7.1%				
SECTOR AGGREGATE					80,330					40.1%	-2.9%	20.7	21.3	0.8	5.9%		3.7%				

Source: Kenanga Research

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11 December 2025

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	☆		
	Anti-Corruption Policy	★	★	☆		
	Emissions Management	★	★	☆		
SPECIFIC	Product Quality & Safety	★	★	★	★	
	Effluent/Water Management	★	★	★		
	Waste Management	★	★	★		
	Biodiversity & Conservation	★	★	★	☆	
	Green Building	★	★	★	☆	
	Supply Chain Management	★	★	★	☆	
OVERALL		★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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