

13 March 2026

# Eco World Dev. Group

## Jumpstart to FY26

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**1QFY26 net earnings (+95%) exceeded our expectations, driven by stronger revenue recognition from land sales alongside solid traction in its key residential and industrial segments. The group has already achieved RM2.06b in sales within four months, placing it on track to surpass its FY26 sales target of RM4.0b. We raise our FY26F/FY27F earnings by 12%, each as we now anticipate sales to potentially exceed RM5.0b. Consequently, we lift our TP to RM2.35 (from RM2.24), reflecting improved NPV realisation across its developments. Maintain OUTPERFORM.**

**1QFY26 above expectations.** ECOWLRD's 1QFY26 core net profit of RM156.4m made up 32% of our full-year forecast and 30% of consensus full-year estimate. The positive deviation is mainly attributed to land sales recognised during the quarter, involving Microsoft Payments (138.5 acres at Eco Business Park 1) and Pearl Computing (58.2 acres at EBP 5).

**YoY,** 1QFY26 core net profits (adjusted for sukuk payments) surged by 95% thanks to the abovementioned recognition of land sale revenue.

While the group did not disclose the exact value of the land transactions recognised during the quarter, we observed a sequential decline of RM613m in the future revenue base of the respective EBP developments. Assuming this reflects the transacted value of the land sales, non-land sale revenue would still have improved by 37% YoY, supported by ongoing progress billings from township developments, particularly Eco Botanic and Eco Majestic.

On the flipside, gross margins declined to 25.6% (-2.8 ppt) on the back of 1QFY25 benefitting from greater cost savings recognised with more projects being completed then, though this is expected to pick up in the coming quarters.

**QoQ,** revenue and core net profits increased by 80% and 23%, respectively, due to the same abovementioned reasons, though with a more prominent gross margin squeeze (-12.5 ppt) likely from larger comparative completions seen in 4QFY25 as opposed to 1QFY25's YoY decline.

**Outlook.** As of Feb 2026, ECOWLD reported sales of RM2.06b, representing 52% of its FY26 target of RM4.0b, which the group has opted to maintain for now.

ECOWLD continues to expand its industrial development exposure, notably through its 55%-owned joint venture with SDG and NS Corporation for the development of EBP VII in Negeri Sembilan. The 1,195-acre project carries a GDV of RM3b and will be launched in phases to allow for better price discovery and optimise value for prospective buyers.

On its build-to-lease data centre project for Pearl Computing, construction remains on track for completion by end FY27, with revenue contributions expected to begin in FY28. The project carries a total leasing value of RM4.8b over 20 years (i.e. RM240m/year).

**Forecasts.** Post results, we increase our FY26F/FY27F earnings by 12% each as we extend our sales assumptions from RM4.5b to RM5.0b for both years, further exceeding the group's target which they are usually conservative on.

**Maintain OUTPERFORM with a higher TP of RM2.35 (from RM2.24).**

On top of our earnings upgrade, we also incorporate higher NPVs across the group's portfolio to reflect faster GDV turnover. This is against an unchanged RNAV discount of 40% (better than industry our applied industry average of 50%).

# OUTPERFORM ↔

**Price :** RM2.10  
**Target Price :** RM2.35 ↑

### Share Price Performance



KLCI	1,711.01
YTD KLCI chg	1.8%
YTD stock price chg	0.5%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ECW MK Equity
Market Cap (RM m)	6,763.4
Shares Outstanding	3,220.6
52-week range (H)	2.30
52-week range (L)	1.60
3-mth avg. daily vol.	2,905,478
Free Float	41%
Beta	1.29

### Major Shareholders

Sinarmas Harta Sdn Bhd	30.1%
Liew Tian Xiong	6.7%
Eco World Development Holdings	5.3%

### Summary Earnings Table

FY Oct (RM m)	2025A	2026F	2027F
<b>Turnover</b>	<b>2,931</b>	<b>3,659</b>	<b>3,885</b>
Operating Profit	651	823	835
Profit Before Tax	616	736	746
<b>Net Profit</b>	<b>445</b>	<b>552</b>	<b>560</b>
<b>Core Net Profit</b>	<b>423</b>	<b>545</b>	<b>553</b>
Consensus (NP)		524	538
Earnings Revision (%)		+12.1	+12.0
Core EPS (sen)	13.2	17.0	17.2
Core EPS Growth (%)	23.9	28.8	1.4
NDPS (sen)	7.0	8.0	9.0
BVPS (RM)	1.69	1.79	1.87
PER (x)	15.9	12.4	12.2
PBV (x)	1.24	1.18	1.12
Net Gearing (x)	0.62	0.50	0.47
Net Div. Yield (%)	3.3	3.8	4.3

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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

	1Q	4Q	QoQ	1Q	YoY	3M	3M	YoY
FYE Oct (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
<b>Revenue</b>	<b>1,353.6</b>	<b>750.8</b>	<b>80.3%</b>	<b>539.6</b>	<b>150.8%</b>	<b>1,353.6</b>	<b>539.6</b>	<b>150.8%</b>
Cost of Sales	-1,006.9	-464.4	116.8%	-386.5	160.6%	-1,006.9	-386.5	160.6%
<b>Gross Profit</b>	<b>346.7</b>	<b>286.4</b>	<b>21.1%</b>	<b>153.2</b>	<b>126.3%</b>	<b>346.7</b>	<b>153.2</b>	<b>126.3%</b>
Other income	33.5	31.4	6.7%	24.3	37.9%	33.5	24.3	37.9%
Selling and marketing	-25.3	-28.9	-12.5%	-14.7	71.5%	-25.3	-14.7	71.5%
Administrative expenses	-97.6	-98.0	-0.3%	-44.4	119.7%	-97.6	-44.4	119.7%
EWINT Impairment Loss	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
<b>Operating Profit</b>	<b>257.2</b>	<b>190.9</b>	<b>34.8%</b>	<b>118.3</b>	<b>117.5%</b>	<b>257.2</b>	<b>118.3</b>	<b>117.5%</b>
Joint Ventures	3.4	16.3	-79.2%	19.4	-82.5%	3.4	19.4	-82.5%
Associate	-4.1	-4.0	2.3%	-5.6	-26.0%	-4.1	-5.6	-26.0%
Finance costs	-32.7	-31.2	5.0%	-28.5	15.0%	-32.7	-28.5	15.0%
Gain on deemed disposal and acquisition of a JV	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Impairment loss on financial instruments	0.3	1.2	-73.2%	0.3	8.6%	0.3	0.3	8.6%
Loss of disposal of an associate	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Impairment loss on investment in a JV	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
<b>Pre-tax Profit</b>	<b>224.1</b>	<b>173.2</b>	<b>29.4%</b>	<b>103.9</b>	<b>115.6%</b>	<b>224.1</b>	<b>103.9</b>	<b>115.6%</b>
Taxation	-58.5	-39.0	49.9%	-23.6	148.0%	-58.5	-23.6	148.0%
Minority Interests & Sukuk	-9.1	-0.2	N.M.	0.0	N.M.	-9.1	0.0	N.M.
<b>Net Profit</b>	<b>156.4</b>	<b>134.0</b>	<b>16.7%</b>	<b>80.3</b>	<b>94.7%</b>	<b>156.4</b>	<b>80.3</b>	<b>94.7%</b>
Exceptional	0.0	-7.3	-100.0%	0.0	N.M.	0.0	0.0	N.M
<b>Core Net Profit</b>	<b>156.4</b>	<b>126.7</b>	<b>23.4%</b>	<b>80.3</b>	<b>94.7%</b>	<b>156.4</b>	<b>80.3</b>	<b>94.7%</b>
Dividend Per Share (sen)	2.0	2.0	0.0%	1.0	100.0%	2.0	1.0	100.0%
Net Gearing	0.20	0.32		0.38		0.20	0.38	
Gross Profit margin	25.6%	38.1%		28.4%		25.6%	28.4%	
Operating Profit margin	19.0%	25.4%		21.9%		19.0%	21.9%	
Pretax margin	16.6%	23.1%		19.3%		16.6%	19.3%	
Core net profit margin	11.6%	16.9%		14.9%		11.6%	14.9%	
Effective tax rate	-26.1%	-22.5%		-22.7%		-26.1%	-22.7%	

Source: Company, Kenanga Research

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ECOWLD's RNAV and SoP-TP					
Location	Project	Stake (%)	Remaining Area (acres)	Effective Remaining GDV (RM b)	NPV of Profit (RM m)
	<b>Subsidiary</b>				
Central	EcoSky	100%	-	-	-
Central	Eco Majestic	100%	282.1	6.22	718.9
Central	Eco Forest	100%	113.9	1.23	170.8
Central	Eco Sanctuary	100%	34.9	3.75	465.8
Central	Eco Grandeur	100%	745.5	7.34	879.2
Central	Eco Business Park 5	100%	102.1	1.55	207.3
Central	Se.Duduk D'Kajang	100%	-	0.33	45.8
Central	Eco Radiance	100%	847.3	4.70	583.8
Central	Kuala Langat	100%	8.9	0.47	60.6
Central	Eco Business Park VII	100%	820.9	2.26	291.2
South	Eco Botanic 1, 2 & 3	100%	161.0	4.62	595.3
South	Eco Spring & Summer	100%	32.4	1.29	172.5
South	Eco Tropics	100%	295.7	1.64	203.7
South	Eco Business Park 1, 2, 3	100%	100.0	0.50	64.4
South	Quantum Edge	100%	132.6	0.95	131.9
North	Eco Terraces	100%	-	-	-
North	Eco Meadows	100%	15.4	0.48	66.7
	<b>Joint Venture</b>				
South	Eco Business Park 8	45%	420.9	1.69	217.4
Central	Eco Ardence	50%	43.9	2.31	286.9
Central	BBCC	40%	3.1	2.54	339.7
North	Eco Horizon & Sun	60%	65.8	2.32	278.1
			<b>4,226.2</b>	<b>46.19</b>	<b>5,780.1</b>
	<b>Unbilled Sales (RM m)</b>			4,863	367.4
	Shareholders Fund (1QFY26)				5,516.6
	<b>Total RNAV (RM m)</b>				<b>11,664.1</b>
	Discount to RNAV				40%
	<b>Discounted RNAV</b>				<b>6,998.5</b>
	Data Centre DCF Valuation				529.0
	<b>Total SoP Value</b>				<b>7,527.4</b>
	Number of shares				3,207.4
	SoP TP/ Share				<b>2.35</b>

Source: Company, Kenanga Research

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## 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.				
<b>PROPERTY DEVELOPERS</b>																	
Eco World Development Group	OP	2.10	2.35	11.9%	6,763.4	Y	10/2026	17.9	18.1	28.9%	1.4%	11.8	11.6	1.0	8.6%	8.0	3.8%
IOI Properties Group Bhd	UP	3.50	3.00	-14.3%	19,271.5	Y	06/2026	13.5	14.3	154.5%	5.9%	26.0	24.6	0.8	5.0%	6.0	1.7%
LBS Bina Bhd	OP	0.480	0.640	33.3%	739.9	Y	12/2026	7.1	8.1	66.5%	15.2%	6.8	5.9	0.4	6.1%	3.3	6.9%
Mah Sing Group Bhd	OP	1.04	1.78	71.2%	2,662.5	Y	12/2026	10.9	11.7	7.0%	7.3%	9.6	8.9	0.6	6.7%	5.5	5.3%
Malaysian Resources Corp Bhd	MP	0.300	0.560	86.7%	1,340.3	Y	12/2026	1.8	1.4	19.2%	-18.9%	42.3	22.7	0.3	1.7%	1.0	3.3%
Paramount Corporation Bhd	OP	1.01	1.47	45.5%	629.0	Y	12/2026	19.1	21.8	66.6%	14.2%	5.3	4.6	0.4	7.8%	7.5	7.4%
S P Setia Bhd	OP	0.925	1.43	54.6%	4,628.1	Y	12/2026	6.1	7.3	-33.3%	18.9%	15.2	12.8	0.3	2.4%	2.0	2.2%
Sime Darby Property Bhd	OP	1.36	1.97	44.9%	9,249.1	Y	12/2026	8.2	9.2	8.0%	11.4%	16.5	14.9	0.8	5.1%	3.3	2.4%
Sunway Bhd	UP	5.17	4.98	-3.7%	34,951.4	Y	12/2026	20.5	19.4	7.8%	-5.4%	25.2	26.6	1.9	7.8%	6.5	1.3%
UOA Development Bhd	MP	1.81	1.91	5.5%	4,805.6	Y	12/2026	13.7	14.5	18.1%	6.0%	13.2	12.4	0.8	5.8%	12.0	6.6%
<b>SECTOR AGGREGATE</b>					<b>85,040.8</b>					<b>24.0%</b>	<b>3.8%</b>	<b>21.7</b>	<b>21.0</b>	<b>0.7</b>	<b>5.4%</b>		<b>4.1%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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