

19 June 2026

# Eco World Dev. Group

## Target Beating Surging Sales

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**1HFY26 net earnings (+46% YoY) met expectations with its strong performance attributed to a large-track land sale in 1QFY26. The group is likely to beat its RM4.0b sales target for FY26, already recording RM3.28b (82%) as of YTD-May 2026. We expect the group to achieve close to RM5.0b in FY26 sales, which we have accounted for in our assumptions. Maintain forecasts, OUTPERFORM call and TP of RM2.35.**

**1HFY26 within expectations.** ECOWLD's 1HFY26 core net profit of RM285.6m made up of 52% of both our full-year forecast and consensus full-year expectations.

**YoY**, 1HFY26 core net profits (adjusted for sukuk payments as well as one-off net gains from disposal in 1HFY25) increased by 46%. This was led by the 52% increase in topline contributed by land sale recognition recorded in 1QFY26. That said, gross margins fell to 27.7% (-1.8 ppts) attributed to relatively better product mix in the preceding period.

**QoQ**, 2QFY26 revenue fell by 41% attributed to the abovementioned land sale recorded in the prior quarter. However, as the land sale attracted lower margins in addition to a better overall product mix reported during the quarter, gross margins expanded to 31.3% (+5.7 ppts) while narrowing the decline in core net profit at 17%.

**Outlook.** As of YTD-May 2026, ECOWLD achieved YTD-May 2026 sales of RM3.28b, representing 82% of its FY26 sales target of RM4.0b and exceeding YTD-May 2025 sales of RM2.99b. Despite the strong momentum, the group has maintained its sales target. We believe the current trajectory places the group on track to surpass its FY25 sales achievement of RM4.55b, supported by continued robust demand for industrial developments. In the near-term, the group's industrial pipeline will be supported by EBP VIII (GDV: RM3.75b) upon its launch towards end-FY26 and EBP IX (GDV: RM1b) in FY28.

Following the encouraging reception of its Duduk Series, the group is preparing to launch a more premium high-rise product, Versione WKND in Iskandar. We view this as a timely move amid concerns that demand for affordable housing could soften as lower-income households contend with rising inflationary pressures.

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.** Maintained.

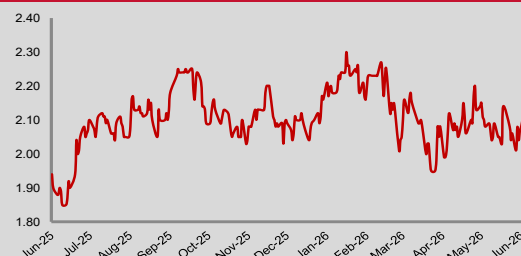
**Maintain OUTPERFORM and TP of RM2.35.** Our TP is based on an unchanged RNAV discount of 40% (better than our applied industry average of 50%). At current price points, the stock appears attractive for its valuation propositions, being: (i) its strong branding attached to its products' high quality, strong resale value, and well-received contemporary designs; and (ii) swift 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.

**OUTPERFORM** ↔

Price : **RM2.11**  
Target Price : **RM2.35** ↔

### Share Price Performance



KLCI	1,711.39
YTD KLCI chg	1.9%
YTD stock price chg	1.0%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ECW MK Equity
Market Cap (RM m)	6,801.4
Shares Outstanding	3,223.4
52-week range (H)	2.30
52-week range (L)	1.85
3-mth avg. daily vol.	2,416,887
Free Float	39%
Beta	1.22

### Major Shareholders

Sinarmas Harta Sdn Bhd	30.1%
Liew Kee Sin	9.2%
Liew Tian Xiong	7.0%

### 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)	-	545	552
Earnings Revision (%)	-	-	-
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)	16.2	12.5	12.4
PBV (x)	1.26	1.19	1.14
Net Gearing (x)	0.62	0.50	0.47
Net Div. Yield (%)	3.3	3.8	4.2

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## Results Highlights

	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
FYE Oct (RM m)	FY26	FY26	Chg	FY25	Chg	FY26	FY25	Chg
<b>Revenue</b>	<b>797.4</b>	<b>1,353.6</b>	<b>-41.1%</b>	<b>878.2</b>	<b>-9.2%</b>	<b>2,151.0</b>	<b>1,417.8</b>	<b>51.7%</b>
Cost of Sales	-547.7	-1,006.9	-45.6%	-613.4	-10.7%	-1,554.7	-999.8	55.5%
<b>Gross Profit</b>	<b>249.7</b>	<b>346.7</b>	<b>-28.0%</b>	<b>264.8</b>	<b>-5.7%</b>	<b>596.3</b>	<b>418.0</b>	<b>42.7%</b>
Other income	37.8	33.5	12.9%	23.0	64.5%	71.3	47.2	50.8%
Selling and marketing	-19.1	-25.3	-24.5%	-15.2	25.9%	-44.3	-29.9	48.4%
Administrative expenses	-65.7	-97.6	-32.7%	-61.7	6.5%	-163.3	-106.1	53.9%
EWINT Impairment Loss	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
<b>Operating Profit</b>	<b>202.7</b>	<b>257.2</b>	<b>-21.2%</b>	<b>211.0</b>	<b>-3.9%</b>	<b>460.0</b>	<b>329.3</b>	<b>39.7%</b>
Joint Ventures	11.0	3.4	225.3%	10.9	1.2%	14.4	30.3	-52.4%
Associate	-3.6	-4.1	-13.9%	-2.8	25.4%	-7.7	-8.4	-8.7%
Finance costs	-31.5	-32.7	-3.9%	-35.3	-10.9%	-64.2	-63.8	0.7%
Gain on deemed disposal and acquisition of a JV	0.0	0.0	N.M	174.0	-100.0%	0.0	174.0	-100.0%
Impairment loss on financial instruments	0.7	0.3	114.8%	0.0	N.M.	1.0	0.3	205.6%
Loss of disposal of an associate	0.0	0.0	N.M	-91.0	-100.0%	0.0	-91.0	-100.0%
Impairment loss on investment in a JV	0.0	0.0	N.M	-68.0	-100.0%	0.0	-68.0	-100.0%
<b>Pre-tax Profit</b>	<b>179.4</b>	<b>224.1</b>	<b>-19.9%</b>	<b>198.8</b>	<b>-9.7%</b>	<b>403.5</b>	<b>302.7</b>	<b>33.3%</b>
Taxation	-41.5	-58.5	-29.2%	-69.0	-39.9%	-100.0	-92.6	7.9%
Minority Interests & Sukuk	-8.8	-9.1	-3.3%	0.0	N.M.	-18.0	0.1	N.M.
<b>Net Profit</b>	<b>129.1</b>	<b>156.4</b>	<b>-17.4%</b>	<b>129.8</b>	<b>-0.5%</b>	<b>285.6</b>	<b>210.2</b>	<b>35.9%</b>
Exceptional	0.0	0.0	N.M	-15.1	-100.0%	0.0	-15.1	-100.0%
<b>Core Net Profit</b>	<b>129.1</b>	<b>156.4</b>	<b>-17.4%</b>	<b>114.8</b>	<b>12.5%</b>	<b>285.6</b>	<b>195.1</b>	<b>46.3%</b>
Dividend Per Share (sen)	2.0	2.0	0.0%	2.0	0.0%	4.0	3.0	33.3%
Net Gearing	0.25	0.20		0.55		0.25	0.55	
Gross Profit margin	31.3%	25.6%		30.2%		27.7%	29.5%	
Operating Profit margin	25.4%	19.0%		24.0%		21.4%	23.2%	
Pretax margin	22.5%	16.6%		22.6%		18.8%	21.4%	
Core net profit margin	16.2%	11.6%		13.1%		13.3%	13.8%	
Effective tax rate	-23.1%	-26.1%		-34.7%		-24.8%	-30.6%	

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%	270.4	6.17	713.1
Central	Eco Forest	100%	113.9	1.22	169.4
Central	Eco Sanctuary	100%	34.9	3.73	463.3
Central	Eco Grandeur	100%	745.5	7.28	872.0
Central	Eco Business Park 5	100%	98.9	1.55	207.3
Central	Se.Duduk D'Kajang	100%	-	0.29	40.3
Central	Eco Radiance	100%	847.3	4.60	571.3
Central	Kuala Langat	100%	8.9	0.47	60.6
Central	Eco Business Park VII	100%	804.5	2.15	277.0
South	Eco Botanic 1, 2 & 3	100%	130.9	4.35	560.5
South	Eco Spring & Summer	100%	29.9	1.11	148.5
South	Eco Tropics	100%	295.7	1.54	191.3
South	Eco Business Park 1, 2, 3	100%	96.9	0.47	60.6
South	Quantum Edge	100%	16.1	0.67	93.1
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
South	Eco Business Park 9	50%	158.1	0.50	62.1
South	Versione WKND, Larkin	50%	4.2	0.50	62.1
South	Versione LIVN, Sydney	50%	0.4	0.22	26.7
Central	Eco Ardence	50%	43.9	2.30	285.0
Central	BBCC	40%	3.1	2.54	339.7
North	Eco Horizon & Sun	60%	56.3	2.29	274.5
			<b>4,195.8</b>	<b>46.11</b>	<b>5,762.5</b>
	<b>Unbilled Sales (RM m)</b>			5,384	406.9
	Shareholders Fund (2QFY26)				5,563.9
	<b>Total RNAV (RM m)</b>				<b>11,733.2</b>
	Discount to RNAV				40%
	<b>Discounted RNAV</b>				<b>7,039.9</b>
	Data Centre DCF Valuation				529.0
	<b>Total SoP Value</b>				<b>7,568.9</b>
	Number of shares				3,219.8
	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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>PROPERTY DEVELOPERS</b>																	
Eco World Development Group	OP	2.11	2.35	11.4%	6,801.4	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	4.22	4.01	-5.0%	23,235.9	Y	06/2026	13.5	15.1	154.5%	12.3%	31.3	27.9	0.9	5.0%	6.0	1.4%
LBS Bina Bhd	OP	0.415	0.510	22.9%	639.7	Y	12/2026	6.9	7.7	-1.7%	10.7%	6.0	5.4	0.3	6.0%	3.3	8.0%
Mah Sing Group Bhd	OP	0.975	1.82	86.7%	2,496.1	Y	12/2026	10.9	11.7	7.0%	7.3%	9.0	8.4	0.6	6.7%	5.5	5.6%
Malaysian Resources Corp Bhd	MP	0.325	0.560	72.3%	1,451.9	Y	12/2026	1.8	1.4	19.2%	-18.9%	45.8	24.6	0.3	1.7%	1.0	3.1%
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	1.02	1.43	40.2%	5,152.6	Y	12/2026	6.6	9.7	-47.5%	46.3%	15.5	10.6	0.3	2.4%	2.5	2.5%
Sime Darby Property Bhd	OP	1.48	1.97	33.1%	10,065.2	Y	12/2026	8.2	9.2	8.0%	11.4%	18.0	16.2	0.9	5.1%	3.3	2.2%
Sunway Bhd	MP	5.32	5.66	6.4%	35,965.4	Y	12/2026	21.6	21.6	19.9%	0.3%	24.7	24.6	2.0	8.3%	6.5	1.2%
UOA Development Bhd	MP	1.80	1.82	1.1%	4,779.0	Y	12/2026	12.3	13.9	7.2%	13.0%	14.6	12.9	0.8	5.3%	11.1	6.2%
<b>SECTOR AGGREGATE</b>					<b>91,216.4</b>					<b>20.0%</b>	<b>9.7%</b>	<b>22.8</b>	<b>20.8</b>	<b>0.7</b>	<b>5.4%</b>		<b>4.2%</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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Published by:

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