Eco World Dev. Group

Maiden Foray into Singapore

OUTPERFORM ↔

Price :	RM1.96
Target Price :	RM2.35 ↔

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Its maiden venture into Singapore. ECOWLD secured a 99-year leasehold site at Sin Ming Avenue, Bishan, Singapore for SGD208.1m (c.RM666m), translating to SGD1,612 psf ppr, 11% above the second-highest bid among seven bidders. We view the pricing as potentially aggressive, depending on details of product and product pricing which will be key. Execution risk is also noted given it is its first development project in Singapore. On balance, the positives are that it retains strategic control and we see strategic value in establishing its branding and a local track record in Singapore as part of the group's efforts towards regional expansion. We are NEUTRAL on the deal pending further details including planned GDV and development timeline. Maintain forecasts, OUTPERFORM call and a TP of RM2.35.

First Venture into Singapore. ECOWLD has won the tender called by the Urban Redevelopment Authority (URA) of Singapore for a parcel of vacant land at Sin Ming Avenue, Bishan, Singapore, measuring approximately 46.1k sq ft. The 99-year leasehold site was acquired for a tender consideration of SGD208.1m (approx. RM666m) and has a maximum permissible gross floor area (GFA) of 129.1k sq ft. The site is earmarked for the development of residential condominiums or flats, with the group planning to launch the project in 2028 under its new VERSIONE series.

Our View: NEUTRAL

Potentially aggressive pricing. The transaction translates to a SGD1,612 psf ppr (per plot ratio), which is 11% higher than the second-highest bid out of a total of seven bidders, implying a potentially aggressive tender although we await details on the tender. Product pricing will be key - based on our estimates, the land cost suggests that ECOWLD will need to sell units at above SGD3k psf to generate double-digit margins. According to relevant source checks, such as "propertyguru.com.sg", most of the houses in Bishan area are selling at below the SGD3k mark. While we note that the group has had a marketing presence in Singapore in the past, execution risk is also noted as this will be its first property development project in the city-state.

Longer-term Roadmap. Having said that, we view the acquisition as part of the group's longer-term roadmap to establish its brand and build a track record in Singapore, which remains a growing market with steady property sales momentum. If ECOWLD executes this project successfully, it could potentially leverage its branding recognition to participate in more future tenders and partnerships opportunities.

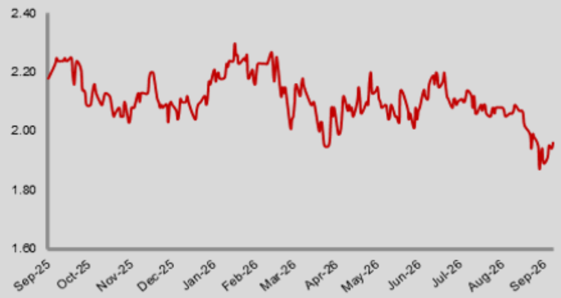
All things considered, we take a NEUTRAL view on this deal as we await the commencement of the project, targeted from 2028 onwards. The land acquisition will be funded by a combination of bank financing and internal funds with the group's net gearing as of Apr 2026 standing at a low level of 0.22x, and expected to increase to 0.32x (assuming full bank financing) following this purchase.. Meanwhile, we will continue to monitor further details pertaining to the proposed development including planned GDV and development timeframe, before effecting any changes to forecast or TP.

Forecasts. Unchanged.

Maintain OUTPERFORM and TP of RM2.35.

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

Share Price Performance



KLCI	1,665.56
YTD KLCI chg	-0.9%
YTD stock price chg	-6.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ECW MK Equity
Market Cap (RM m)	6,335.3
Shares Outstanding	3,232.3
52-week range (H)	2.30
52-week range (L)	1.87
3-mth avg. daily vol.	2,188,269
Free Float	40%
Beta	1.18

Major Shareholders

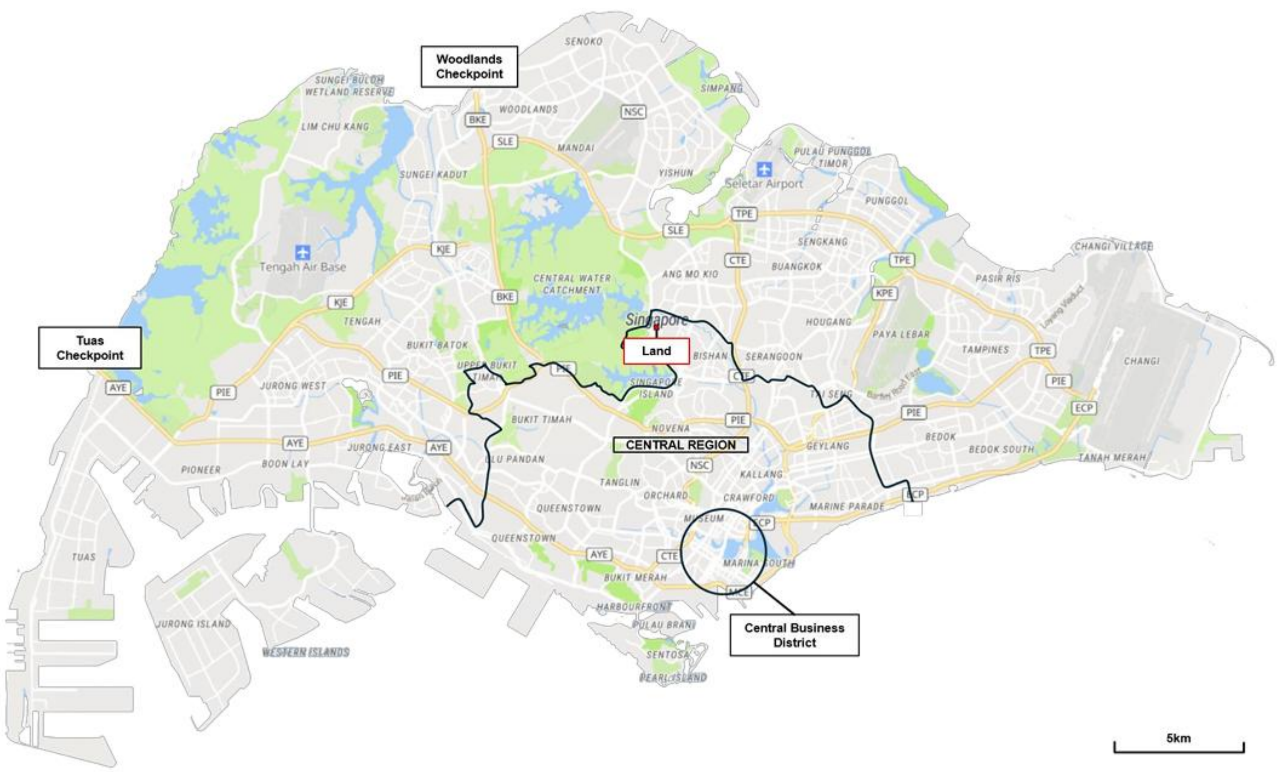
Sinarmas Harta Sdn Bhd	30.0%
Liew Kee Sin	9.2%
Liew Tian Xiong	7.0%

Summary Earnings Table

FY Oct (RM m)	2025A	2026F	2027F
Turnover	**2,931**	**3,659**	**3,885**
Operating Profit	651	823	835
Profit Before Tax	616	736	746
Net Profit	**445**	**552**	**560**
Core Net Profit	**423**	**545**	**553**
Consensus (NP)		551	549
Earnings Revision (%)		0.0	0.0
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)	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

RANKING	NAME OF TENDERER	TENDERED SALE PRICE ($)	TENDERED SALE PRICE IN $PSM OF GFA
1	Eco World Development (S) Pte. Ltd.	$208,099,000.00	$17,350.26
2	Intrepid Investments Pte. Ltd. and TID Residential Pte. Ltd.	$187,330,000.00	$15,618.64
3	SMCL Oasis Pte. Ltd.	$185,380,000.00	$15,456.06
4	EL Development Pte Ltd	$182,100,000.00	$15,182.59
5	JBE Capital Pte. Ltd.	$173,292,200.00	$14,448.24
6	SNC3 Realty Pte. Ltd., HS Invesco Pte. Ltd. and Kay Lim Realty Pte. Ltd.	$168,888,000.00	$14,081.04
7	Peak Valley Private Limited	$162,150,000.00	$13,519.26

LOCATION MAP OF THE LAND



Income Statement					
FY Oct (RM m)	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Revenue	2,227	2,258	2,931	3,659	3,885
Operating Profit	**264**	**382**	**623**	**790**	**797**
Depreciation	-22	-22	-28	-33	-39
Interest Inc/(Exp)	-103	-98	-80	-131	-125
Associate Earnings	87	101	45	78	75
Profit Before Tax	**270**	**407**	**616**	**736**	**746**
Taxation	-81	-103	-171	-184	-187
Minority Interest	0	0	0	0	0
PATAMI	189	304	445	552	560
Core PATAMI	**271**	**342**	**423**	**545**	**553**

Balance Sheet					
FY Oct (RM m)	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Fixed Assets	144	131	161	178	189
Intangible Assets	0	0	0	0	0
Other Fixed Assets	5,522	5,438	7,622	7,622	7,622
Inventories	990	1,167	1,916	1,970	2,213
Receivables	618	539	941	1,021	1,086
Other Current Assets	935	794	1,881	1,881	1,881
Cash	694	854	954	1,445	1,497
Total Assets	**8,903**	**8,923**	**13,475**	**14,117**	**14,489**
Payables	790	866	952	1,299	1,399
Short Term Borrowings	731	495	497	497	497
Other Short Term Liability	531	699	1,630	1,630	1,630
Long Term Borrowings	1,801	1,763	3,537	3,537	3,537
Other Long Term Liability	277	206	619	619	619
Net Assets	**4,774**	**4,894**	**6,240**	**6,535**	**6,806**
Shareholders' Equity	4,774	4,894	5,434	5,730	6,001
Minority Interests	0	0	805	805	805
Total Equity	**4,774**	**4,894**	**6,240**	**6,535**	**6,806**

Cashflow Statement					
FY Oct (RM m)	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Operating CF	572	890	907	851	441
Investing CF	-691	-302	-2,236	28	25
Financing CF	-442	-449	1,453	-388	-413
Change In Cash	-560	138	125	491	52
Free CF	555	874	638	801	391

Financial Data & Ratios					
FY Oct (RM m)	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Growth (%)					
Turnover	9.0%	1.4%	29.8%	24.9%	6.2%
EBITDA	9.9%	41.0%	61.3%	26.5%	1.4%
Operating Profit	10.5%	44.6%	63.3%	26.8%	0.8%
PBT	19.6%	50.7%	51.4%	19.6%	1.4%
Core Net Profit	13.9%	25.9%	23.9%	28.8%	1.4%
Profitability (%)					
Operating Margin	11.8%	16.9%	21.3%	21.6%	20.5%
PBT Margin	12.1%	18.0%	21.0%	20.1%	19.2%
Core Net Margin	12.2%	15.1%	14.4%	14.9%	14.2%
Effective Tax Rate	29.9%	25.4%	27.7%	25.0%	25.0%
ROA	2.1%	3.4%	4.0%	4.0%	3.9%
ROE	4.0%	6.3%	8.6%	9.9%	9.5%
DuPont Analysis					
Net Margin (%)	12.2%	15.1%	14.4%	14.9%	14.2%
Assets Turnover (x)	0.3	0.3	0.2	0.3	0.3
Leverage Factor (x)	1.9	1.8	2.5	2.5	2.4
ROE (%)	4.0%	7.1%	8.2%	9.8%	9.4%
Leverage					
Debt/Asset (x)	0.3	0.3	0.3	0.3	0.3
Debt/Equity (x)	0.5	0.5	0.7	0.7	0.7
Net (Cash)/Debt	1,838	1,405	3,080	2,589	2,537
Net Debt/Equity (x)	0.4	0.3	0.6	0.5	0.4
Valuations					
Core EPS (sen)	8.5	10.6	13.2	17.0	17.2
NDPS (sen)	6.0	6.0	7.0	8.0	9.0
BV/sh (RM)	1.5	1.5	1.7	1.8	1.9
PER (x)	25.2	20.0	16.2	12.5	12.4
Div. Yield (%)	2.8%	2.8%	3.3%	3.8%	4.2%
PBV (x)	1.4	1.4	1.3	1.2	1.1
EV/EBITDA (x)	13.1	10.3	3.8	4.6	4.9

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen) 1-Yr. Fwd.	Core EPS (sen) 2-Yr. Fwd.	Core EPS Growth 1-Yr. Fwd.	Core EPS Growth 2-Yr. Fwd.	PER (x) - Core Earnings 1-Yr. Fwd.	PER (x) - Core Earnings 2-Yr. Fwd.	PBV (x) 1-Yr. Fwd.	ROE 1-Yr. Fwd.	Net. Div. (sen) 1-Yr. Fwd.	Net Div Yld 1-Yr. Fwd.
PROPERTY DEVELOPERS																	
ECO WORLD DEVELOPMENT GROUP	OP	1.96	2.35	19.9%	6,335.3	Y	10/2026	17.9	18.1	28.9%	1.4%	11.0	10.8	0.9	8.6%	10.0	5.1%
IOI PROPERTIES GROUP BHD	MP	3.53	4.09	15.9%	19,436.7	Y	06/2027	16.7	16.5	15.7%	-1.6%	21.1	21.4	0.8	4.5%	10.0	2.8%
LBS BINA BHD	OP	0.385	0.510	32.5%	589.1	Y	12/2026	6.9	7.7	-1.7%	10.6%	5.5	5.0	0.3	6.0%	0.0	0.0%
MAH SING GROUP BHD	OP	1.02	1.82	78.4%	2,611.3	Y	12/2026	11.7	17.9	14.7%	53.7%	8.8	5.7	0.6	7.2%	10.0	9.8%
MALAYSIAN RESOURCES CORP BHD	MP	0.290	0.560	93.1%	1,295.6	Y	12/2026	1.8	1.4	19.2%	-18.9%	40.8	22.0	0.3	1.7%	0.0	0.0%
PARAMOUNT CORPORATION BHD	OP	1.00	1.47	47.0%	622.8	Y	12/2026	16.3	19.1	42.4%	17.1%	6.1	5.2	0.4	6.7%	10.0	10.0%
S P SETIA BHD	OP	0.775	1.43	84.5%	3,915.1	Y	12/2026	6.6	9.7	-47.5%	46.3%	11.7	8.0	0.2	2.4%	0.0	0.0%
SIME DARBY PROPERTY BHD	OP	1.28	2.01	57.0%	8,705.1	Y	12/2026	8.5	9.5	11.2%	11.8%	15.1	13.5	0.8	5.3%	0.0	0.0%
SUNWAY BHD	OP	4.41	5.78	31.1%	29,813.5	Y	12/2026	21.6	21.6	19.9%	0.3%	20.5	20.4	1.7	8.3%	10.0	2.3%
UOA DEVELOPMENT BHD	OP	1.55	1.82	17.4%	4,168.6	Y	12/2026	12.3	13.9	7.2%	13.0%	12.6	11.1	0.7	5.3%	10.0	6.5%
SECTOR AGGREGATE					77,492.9					11.3%	9.2%	16.3	14.9	0.7	5.6%		3.6%

Source: Kenanga Research

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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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