Eco World Dev. Group

Breaking New Highs

OUTPERFORM ↔

Price : **RM1.94**

Target Price : **RM2.35 ↔**

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9MFY26 net earnings (+34% YoY) met expectations. The spotlight was nevertheless on headline sales, thanks to industrial segment, exceeding RM5.0b for the first time cumulatively, and having eclipsed the entire FY25 haul of RM4.55b. While there is no refreshed sales target, we have slightly upped FY26 sales assumption to RM5.6b for FY26. Industrial sales momentum play remains strong and recent share price weakness to now trading at -0.6sd on 5-year average PE presents an accumulation opportunity. Maintain OUTPERFORM with TP of RM2.35.

9MFY26 within expectations. ECOWLD's 9MFY26 core net profit of RM397.7m made up of 73% of both Kenanga/consensus full-year forecasts. DPS of 2 sen per share was declared, taking YTD DPS to 6 sen (9MFY25: 5 sen), also in line with expectation.

YoY, 9MFY26 core net profits (ex-sukuk payments as well as one-off net gains from disposal in 1HFY25) rose 34%. This was on revenue growth of 43.3% propelled by completion of industrial land sales to property players. Gross profit margins fell to 27.6% (-1.7 ppts) attributed to cost savings previous period and more landed product mix. Even so, conversion to cash improved, as ECOWLD pencilled in a net cash generated from operations that doubled to RM1.86b, which has helped net gearing ease to 0.21x (Oct 2025: 0.28x), with free-cash flow per share at 9 sen per share in 9MFY26 alone.

QoQ, 3QFY26 revenue fell by 22% although higher GPM in the preceeding quarter coupled with lower JV/associate profit contribution from Eco Horizon and BBCC led to a 13% weaker bottom line.

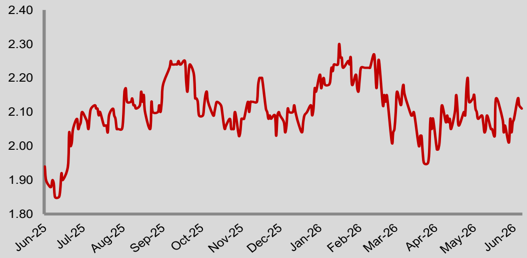
Outlook. ECOWLD disclosed YTD 2026 sales of RM5.06b, eclipsing its FY26 sales target of RM4.0b and the entire 2025 sales of RM4.55b. The sales figure is 10MFY26 data and includes the September industrial land sale of 222 acres to Tera Data Centers for RM1.01b, its sixth data center deal. The group's industrial pipeline will be supported by this EBP VIII of which RM1.96b had been sold in 10MFY26 and EBP IX (GDV: RM1b) in FY28. Industrial segment sales of RM2.3b (10 months) looks in touching distance of doubling that of FY25 of RM1.2b.

No details yet on maiden foray into its Singapore project including its GDV yet, but guides that typical margins are less favourable than Malaysia, at 10-15% which is not surprising and we believe pricing would be key with respect to its land cost. It retains strong strategic control without plan for partnership. Locally, following its Duduk Series, the group's strategy has been to launch a more premium high-rise product, Versione WKND in Iskandar.

Forecasts. Versus our earlier close to RM5.0b sales assumptions, we have nudged this up to RM5.6b. But net change to earnings is a muted c1% as we lowered our previously more aggressive contribution from JV/associates as projects remain at initial stages.

Maintain OUTPERFORM and TP of RM2.35. Our TP is based on an unchanged RNAV discount of 40% (industry average applied at 50%). Trading at -0.6sd over 5 year mean PE, the stock is attractive 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 pending commencement leasing agreement with Pearl Computing establishes a strong recurring income base for the group, underpinned by leasing value of RM4.8b over 20 years (i.e. RM240m/year); construction completion is slated for end-FY27.

Share Price Performance



KLCI	1,672.31
YTD KLCI chg	-0.5%
YTD stock price chg	-7.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ECW MK EQUITY
Market Cap (RM m)	6,280.5
Shares Outstanding	3,237.3
52-week range (H)	2.30
52-week range (L)	1.87
3-mth avg. daily vol.	2,011,300
Free Float	40%
Beta	1.18

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
Turnover	**2,931**	**3,881**	**3,959**
Operating Profit	651	869	851
Profit Before Tax	616	742	748
Net Profit	**445**	**557**	**561**
Core Net Profit	**423**	**550**	**554**
Consensus (NP)		545	536
Earnings Revision (%)		0.8	0.2
Core EPS (sen)	13.2	17.1	17.3
Core EPS Growth (%)	23.9	29.9	0.7
NDPS (sen)	7.0	8.0	9.0
BVPS (RM)	1.69	1.79	1.87
PER (x)	14.7	11.3	11.2
PBV (x)	1.15	1.09	1.04
Net Gearing (x)	0.62	0.52	0.48
Net Div. Yield (%)	3.6	4.1	4.6

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

FYE Oct (RM m)	3Q FY26	2Q FY26	QoQ Chg	3Q FY25	YoY Chg	9M FY26	9M FY25	YoY Chg
Revenue	**971.5**	**797.4**	**21.8%**	**761.9**	**27.5%**	**3,122.5**	**2,179.8**	**43.3%**
Cost of Sales	-707.5	-547.7	29.2%	-540.8	30.8%	-2,262.1	-1,540.6	46.8%
Gross Profit	**264.0**	**249.7**	**5.8%**	**221.2**	**19.4%**	**860.4**	**639.2**	**34.6%**
Other income	35.0	37.8	-7.4%	25.6	36.8%	106.3	72.8	45.9%
Selling and marketing	-22.6	-19.1	18.5%	-23.0	-1.5%	-67.0	-52.8	26.7%
Administrative expenses	-74.1	-65.7	12.8%	-57.7	28.4%	-237.4	-163.8	44.9%
EWINT Impairment Loss	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Operating Profit	**202.4**	**202.7**	**-0.2%**	**166.1**	**21.8%**	**662.3**	**495.4**	**33.7%**
Joint Ventures	6.1	11.0	-44.8%	15.0	-59.4%	20.5	45.3	-54.7%
Associate	-4.2	-3.6	18.2%	-4.1	2.2%	-11.9	-12.6	-5.1%
Finance costs	-40.8	-31.5	29.7%	-37.3	9.4%	-105.0	-101.1	3.9%
Gain on deemed disposal and acquisition of a JV	0.0	0.0	N.M	0.0	N.M.	0.0	174.0	-100.0%
Impairment loss on financial instruments	0.3	0.7	-53.2%	0.4	-5.4%	1.4	0.7	98.4%
Loss of disposal of an associate	0.0	0.0	N.M	0.0	N.M.	0.0	-91.0	-100.0%
Impairment loss on investment in a JV	0.0	0.0	N.M	0.0	N.M.	0.0	-68.0	-100.0%
Pre-tax Profit	**163.8**	**179.4**	**-8.7%**	**140.0**	**17.0%**	**567.3**	**442.7**	**28.1%**
Taxation	-43.0	-41.5	3.8%	-38.9	10.5%	-143.0	-131.5	8.7%
Minority Interests & Sukuk	-8.6	-8.8	-2.8%	0.1	>100%	-26.6	0.2	->100%
Net Profit	**112.2**	**129.1**	**-13.2%**	**101.2**	**10.9%**	**397.7**	**311.3**	**27.7%**
Exceptional	0.0	0.0	N.M	0.0	N.M.	0.0	-15.1	-100.0%
Core Net Profit	**112.2**	**129.1**	**-13.2%**	**101.2**	**10.9%**	**397.7**	**296.3**	**34.2%**
Dividend Per Share (sen)	2.0	2.0	0.0%	2.0	0.0%	6.0	5.0	20.0%
Net Gearing	0.25	0.25		0.53		0.25	0.53	
Gross Profit margin	27.2%	31.3%		29.0%		27.6%	29.3%	
Operating Profit margin	20.8%	25.4%		21.8%		21.2%	22.7%	
Pretax margin	16.9%	22.5%		18.4%		18.2%	20.3%	
Core net profit margin	11.5%	16.2%		13.3%		12.7%	13.6%	
Effective tax rate	-26.3%	-23.1%		-27.8%		-25.2%	-29.7%	

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)
	Subsidiary				
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
	Joint Venture				
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
			4,195.8	**46.11**	**5,762.5**
	Unbilled Sales (RM m)			5,139	388.3
	Shareholders Fund (2QFY26)				5,618.5
	Total RNAV (RM m)				**11,769.3**
	Discount to RNAV				40%
	Discounted RNAV				**7,061.6**
	Data Centre DCF Valuation				529.0
	Total SoP Value				**7,568.9**
	Number of shares				3,225.3
	SoP TP/ Share				**2.35**

Source: Company, Kenanga Research

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	1.94	2.35	21.1%	6,280.5	Y	10/2026	17.9	18.1	28.9%	1.4%	10.9	10.7	0.9	8.6%	10.0	5.2%
IOI Properties Group Bhd	MP	3.50	4.09	16.9%	19,271.5	Y	06/2027	16.7	16.5	15.7%	-1.6%	20.9	21.3	0.8	4.5%	10.0	2.9%
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	1.00	1.82	82.0%	2,560.1	Y	12/2026	11.7	17.9	14.7%	53.7%	8.6	5.6	0.6	7.2%	10.0	10.0%
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	0.995	1.47	47.7%	619.7	Y	12/2026	16.3	19.1	42.4%	17.1%	6.1	5.2	0.4	6.7%	10.0	10.1%
S P Setia Bhd	OP	0.755	1.43	89.4%	3,814.1	Y	12/2026	6.6	9.7	-47.5%	46.3%	11.4	7.8	0.2	2.4%	0.0	0.0%
Sime Darby Property Bhd	OP	1.26	2.01	59.5%	8,569.1	Y	12/2026	8.5	9.5	11.2%	11.8%	14.9	13.3	0.8	5.3%	0.0	0.0%
Sunway Bhd	OP	4.65	5.78	24.3%	31,436.0	Y	12/2026	21.6	21.6	19.9%	0.3%	21.6	21.5	1.7	8.3%	10.0	2.2%
UOA Development Bhd	OP	1.57	1.82	15.9%	4,222.4	Y	12/2026	12.3	13.9	7.2%	13.0%	12.8	11.3	0.7	5.3%	10.0	6.4%
SECTOR AGGREGATE					**78,657.8**					**11.3%**	**9.2%**	**16.6**	**15.2**	**0.7**	**5.6%**		**3.7%**

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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