

Eco World Development Group Berhad

(8206 | ECW MK) Main | Property



Maintain **BUY**

Revised Target Price **RM2.05** (from RM2.02)

Corporate Update

First Eco Business Park in Negeri Sembilan

Maintain BUY on Eco World Development Group with a revised TP of RM2.05. Eco World entered into agreement with SD Guthrie and NS Corp to develop 1,195 acres of land in Bukit Pelandok, Negeri Sembilan into Eco Business Park VII to expand its business park segment. Eco World will hold 55% stake in the development. Net gearing is expected to increase marginally to 0.39x from 0.37x. We remain positive on Eco World as the growing business park segment will drive earnings growth.

Development of industrial park in Bukit Pelandok. Eco World announced that it has entered into agreement with SD Guthrie and NS Corp to develop 1,195 acres of land in Bukit Pelandok, Negeri Sembilan. Recall that Eco World signed MOU with SD Guthrie and NS Corp for development of industrial park in Bukit Pelandok in December 2024. According to the latest announcement, development on the land will be through a special purpose vehicle Eco Business Park 7 Sdn Bhd (EBP7SB). Eco World will subscribe 55% stake in EBP7SB while SD Guthrie and NS Corp will hold 30% and 15% stake in EBP7SB respectively.

Growing business park segment. Separately, EBP7SB entered into a conditional sale and purchase agreement with SD Guthrie for the acquisition of 1,195 acres of land in Bukit Pelandok, Negeri Sembilan for a total cash consideration of RM572.8m. the land is situated within MVV 2.0 with proximity to KLIA. The land is proposed to be developed into an integrated and managed industrial development with supporting commercial hubs known as Eco Business Park VII. The development of Eco Business Park VII is positive to Eco World as it will expand industrial development segment of Eco World with potential GDV of RM2.95b. Note that sales from Eco Business Parks contributed to 12% to total sales in FY24. The deal also marks maiden venture of Eco World to Negeri Sembilan. Meanwhile, land acquisition price of RM11psf is fair comparing to acquisition of 1,000 acres of land in MVV 2.0 by Matrix Concepts for RM10psf in June 2024.

Minimal impact on balance sheet. Impact on Eco World's balance sheet from the deal is expected to be minimal. Assuming EBP7SB funds the land acquisition via 30% equity and 70% borrowings, capital requirement for Eco World is estimated at RM94m (at 55% stake) which will lift net gearing marginally higher to 0.39x from 0.37x in 1QFY25. Meanwhile, project on the land will be developed over 9 years with first launch targeted by 1HFY26 which will support new sales prospect of Eco World.

Target price revised to RM2.05. We make no changes to our earnings forecast. We revise our TP for Eco World to RM2.05 from RM2.02 after including RNAV contribution from Eco Business Park VII. Our TP is based on unchanged 16% discount to RNAV. We remain positive on Eco World as the growing contribution from industrial development bodes well for future prospect for Eco World.

RETURN STATISTICS

Price @ 18th April 2025 (RM)	1.75
Expected share price return (%)	+17.1
Expected dividend yield (%)	+3.4
Expected total return (%)	+20.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-8.9	-8.5
3 months	-11.2	1.9
12 months	24.1	28.1

INVESTMENT STATISTICS

FYE Oct	2025E	2026F	2027F
Revenue	3,125	3,364	3,439
Operating Profit	377	378	380
Profit Before Tax	509	519	530
Core PATAMI	372	381	391
Core EPS	12.65	12.95	13.30
DPS	6.00	6.00	7.00
Dividend Yield	3.4%	3.4%	4.0%

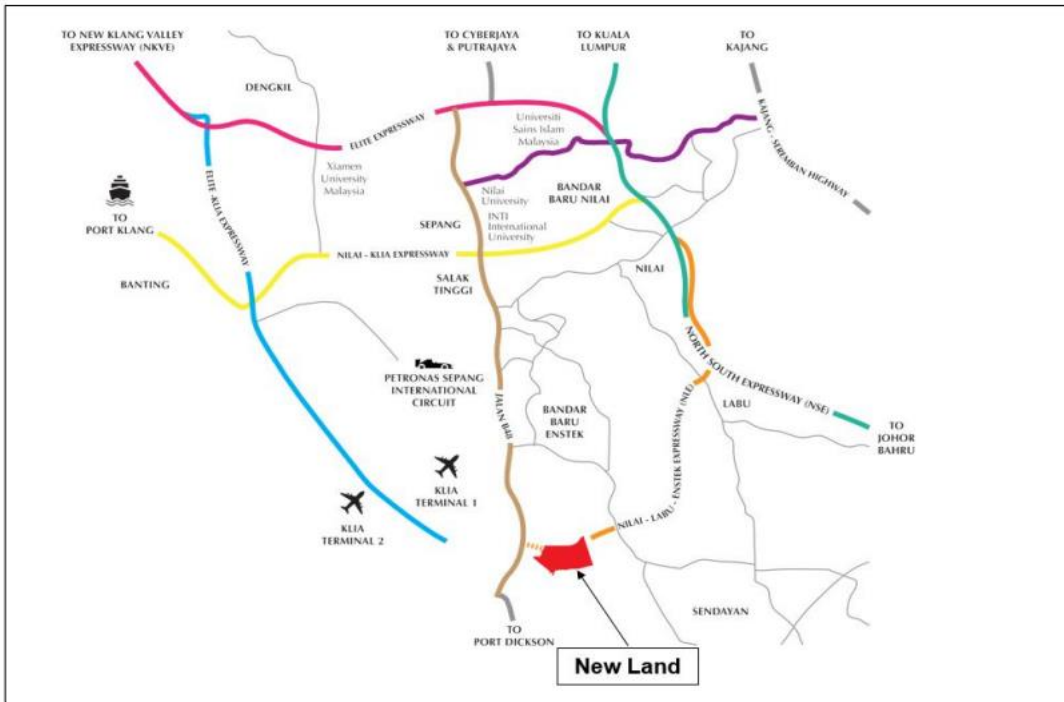
KEY STATISTICS

FBM KLCI	1,499.40
Issue shares (m)	2,948
Estimated free float (%)	25.43
Market Capitalisation (RM'm)	5,190
52-wk price range	RM1.36 – RM2.16
3-mth average daily volume (m)	8.06
3-mth average daily value (RM'm)	14.82
Top Shareholders (%)	
Sinarmas Harta Sdn Bhd	32.72
Liew Kee Sin	8.66
Eco World Development Holdings	7.41

Analyst

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Location of land



Source: Company

ECOWORLD RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Eco Majestic	100%	6700	10%	261.1
Eco Forest	100%	1460	10%	61.3
Eco Forest 2	81%	4600	10%	232.9
Eco Sanctuary	100%	3940	10%	158.4
BCC	40%	6270	10%	109.5
Eco Grandeur	100%	7610	10%	260.6
Eco Businss Park V	100%	1960	10%	91.6
Se.Duduk D' Kajang	100%	500	10%	24.8
Eco Ardence	50%	4850	10%	95.2
Eco Botanic & Eco Botanic 2	100%	1790	10%	82.1
Eco Botanic 3	100%	3880	10%	150.9
Eco Spring & Eco Summer	100%	1800	10%	75.9
Eco Tropics	100%	2000	10%	92.5
Eco Business Park I, II, III	100%	1660	10%	64.9
Quantum Edge	100%	950	10%	39.6
Eco Terraces	100%	10	10%	0.6
Eco Meadows	100%	480	10%	24.9
Eco Horizon & Eco Sun	60%	4510	10%	94.5
Eco Businss Park VI	100%	1580	10%	71.7
Eco Business Park VII	55%	2950	10%	64.9

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Unbilled sales		5000	10%	236.9
Total				2295
Shareholder Funds				4893
Total RNAV				7188
Number of shares				2948
RNAV per share				2.44
Discount				16%
Target Price				2.05

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,227	2,258	3,125	3,364	3,439	Cash flows from operating activities	270	407	509	519	530
Core EBIT	389	474	377	378	380	Net income before taxation	572	890	872	855	838
Core PBT	354	458	509	519	530	Net cash from operating activities					
Net Income	189	304	371	379	388						
Core Net Income	273	354	372	381	391	Cash flows from investing activities	-339	-475	-409	-352	-302
Core EPS (sen)	9.3	12.0	12.6	13.0	13.3	Addition to inventories	-691	-302	-230	-175	-133
Core PER (x)	18.9	14.5	13.8	13.5	13.2	Net cash used in investing activities					
NTA/share	1.62	1.66	1.67	1.68	1.68						
P/NTA	1.08	1.05	1.05	1.04	1.04	Cash flows from financing activities	856	290	261	235	212
						Drawdown of bank borrowings	-442	-449	-446	-447	-447
Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Net cash from/(used in) financing activities					
Investment in joint ventures	1,057	709	716	738	760						
Inventories	3,213	3,096	3,151	4,569	6,626		-560	138	197	233	258
Total non-current assets	5,666	5,569	5,691	6,004	6,334	Net increase/(decrease) in cash and cash equivalents	1235	675	813	1010	1242
Short-term inventories	990	991	1,001	1,071	1,092	Cash and cash equivalent at 1 January	675	813	1010	1242	1501
Cash and bank balances	1,337	1,357	1,368	1,376	1,367	Cash and cash equivalent at 1 December	270	407	509	519	530
Other assets	910	1,007	1,033	783	587						
Total Assets	8,903	8,923	9,093	9,234	9,380	Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
LT Borrowings	1,801	1,763	1,887	1,943	1,986	Core EBIT margin	17.5%	21.0%	12.1%	11.2%	11.0%
ST Borrowings	731	495	609	652	698	Core PBT margin	15.9%	20.3%	16.3%	15.4%	15.4%
Other Liabilities	1,598	1,771	1,666	1,693	1,735	PAT margin	8.5%	13.4%	11.9%	11.3%	11.3%
Total Liability	4,129	4,030	4,162	4,289	4,419	Core PATAMI margin	12.3%	15.7%	11.9%	11.3%	11.4%
Share capital	3,615	3,620	3,620	3,620	3,620	ROE	5.7%	7.2%	7.6%	7.7%	7.9%
Other Equity	1,159	1,274	1,311	1,325	1,341	ROA	3.1%	4.0%	4.1%	4.1%	4.2%
Total Equity	4,774	4,894	4,931	4,945	4,961						
Equity + Liability	8,903	8,923	9,093	9,234	9,380						

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS**STOCK RECOMMENDATIONS**

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology