Corporate Update

Eco World Development Group Berhad

(8206 | ECW MK) Main | Property

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

3QFY25 Results Review Positives Priced In

9MFY25 earnings within expectations. Eco World Development Group (Eco World) 9MFY25 core net earnings of RM293.6m came in within expectations, making up 79% and 76% of our and consensus full year estimates. Eco World announced dividend of 2sen per share for 3QFY25, bringing total dividend to 5sen per share in 9MFY25.

Lower sequential earnings due to high base effect. On a sequential basis, 3QFY25 core net earnings were lower at RM101.2m (-11.8%qoq), in line with lower topline (-13.2%qoq) as earnings normalised in 3QFY25 from higher base in 2QFY25. Note that earnings in 2QFY25 were lifted by recognition of land sales to Microsoft Payments. Nevertheless, the earnings decline was cushioned by higher contribution from JV as a result of cost savings from projects. Besides, earnings decline was also helped by lower tax rate of 27.8% in 3QFY25 against tax rate of 34.7% in 2QFY25.

Solid earnings in 9MFY25. On a yearly basis, 3QFY25 core net income increased to RM101.2m (+13.5%yoy), bringing 9MFY25 core net income higher at RM293.6m (+26.4%yoy). The higher earnings in 9MFY25 were mainly contributed by land sales recognition to Microsoft Payments and full consolidation of Paragon Pinnacle following purchase of the remaining 40% equity stake in the company in February 2025. The above-mentioned factors offset the higher expenses and finance costs. Going forward, earnings in FY26 are expected to be boosted by recognition of land sales of >RM1.4b. Meanwhile, rental contribution from Pearl Computing data centre should lift earnings beyond FY27. Note that Eco World has awarded contract to Gamuda Berhad for the construction of the hyperscale data centers which should complete in 3QFY27.

New sales surpassed target. Eco World achieved total sales of RM3.84b in 10MFY25, which is ahead of its new sales target of RM3.5b for FY25. Residential projects contributed 54% to total new sales while industrial projects contributed 32% to total new sales. Township projects remain the key sales contributor due to strong demand for landed residential homes while sales contribution from high rise projects is growing. Meanwhile, contribution from industrial segment is expected to sustain by launch of Eco Business Park VII in Negeri Sembilan which is expected to take place by end of the year. On the other hand, future revenue is flattish at RM5.14b as of Aug 2025.

Maintain NEUTRAL with a revised TP of RM2.19. We revise our FY25/26/27 earnings by +5%/+1.5%/+4.9% as we factor in the higher-than-expected new sales. We revise our TP for Eco World to RM2.19 from RM2.15 as we narrow RNAV discount to 10% from 12% in view of the stable new sales prospect. While earnings prospect for Eco World is expected to be positive, valuation of Eco World is rich as it is trading at 32% premium to latest NTA of RM1.70 per share. Hence, we are maintaining our **NEUTRAL** call on Eco World.

Maintain NEUTRAL

Revised Target Price **RM2.19**
(from RM2.15)

RETURN STATISTICS	
Price @ 18th Sept 2025 (RM)	2.25
Expected share price return (%)	-2.7
Expected dividend yield (%)	+3.1
Expected total return (%)	+0.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.6	5.1
3months	16.0	11.2
12 months	31.6	37.1

INVESTMENT STATISTICS

FYE Oct	2025E	2026F	2027F
Revenue	3,239	4,803	3,565
Operating Profit	403	678	413
Profit Before Tax	535	820	563
Core PATAMI	391	598	415
Core EPS	13.28	20.29	14.10
DPS	7.00	7.00	7.00
Dividend Yield	3.1%	3.1%	3.1%

KEY STATISTICS

FBM KLCI	1,598.93
Issue shares (m)	2,948
Estimated free float (%)	35.20
Market Capitalisation (RM'm)	6,736
52-wk price range	RM1.52 – RM2.26
3-mth average daily volume (m)	5.11
3-mth average daily value (RM'm)	10.57
Top Shareholders (%)	
Sinarmas Harta Sdn Bhd	32.40
Liew Tian Xiong	7.23
Liew Kee Sin	5.87
Eco World Development Holdings	5.71

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Eco World Development: 3QFY25 RESULTS SUMMARY

FYE Oct (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	761.9	44.8%	-13.2%	2179.8	34.6%
Core EBIT	166.5	22.8%	-21.1%	493.4	34.1%
Core PBT	140.1	16.6%	-23.8%	425.0	35.3%
Net Income	101.2	25.8%	-22.1%	311.3	41.2%
Core Net Income	101.2	13.5%	-11.8%	293.6	26.4%
EPS (sen)	3.4	24.6%	-22.3%	10.5	39.9%
Core EPS (sen)	3.4	12.5%	-12.1%	9.87	25.2%
Net DPS (sen)	2.0	0.0%	0.0%	5.0	25.0%
NTA/share (RM)	1.7	2.3%	2.6%	1.70	2.3%
Net Gearing (x)	0.5	NA	NA	0.53	NA
Core EBIT Margin	21.9%	NA	NA	22.6%	NA
Core PBT Margin	18.4%	NA	NA	19.5%	NA

Source: Company, MBSB Research

ECOWORLD RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Eco Majestic	100%	6,700	10%	261.1
Eco Forest	100%	1,460	10%	61.3
Eco Forest 2	81%	4,600	10%	232.9
Eco Sanctuary	100%	3,940	10%	158.4
BBCC	40%	6,270	10%	109.5
Eco Grandeur	100%	7,610	10%	260.6
Eco Businss Park V	100%	1,960	10%	91.6
Se.Duduk D' Kajang	100%	500	10%	24.8
Eco Ardence	50%	4,850	10%	95.2
Eco Botanic & Eco Botanic 2	100%	1,790	10%	82.1
Eco Botanic 3	100%	3,880	10%	150.9
Eco Spring & Eco Summer	100%	1,800	10%	75.9
Eco Tropics	100%	2,000	10%	92.5
Eco Business Park I, II, III	100%	1,660	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%	4,510	10%	94.5
Eco Businss Park VI	100%	1,580	10%	71.7
Eco Business Park VII	55%	2,950	10%	64.9
Unbilled sales		5,000	10%	236.9
Total				2,295
Shareholder Funds				4,893

Total RNAV	7,188
Number of shares	2,948
RNAV per share	2.44
Discount	10%
Target Price	**2.19**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,227	2,258	3,239	4,803	3,565
Core EBIT	389	474	403	678	413
Core PBT	354	458	535	820	563
Net Income	189	304	390	596	412
Core Net Income	273	354	391	598	415
Core EPS (sen)	9.3	12.0	13.3	20.3	14.1
Core PER (x)	24.3	18.7	16.9	11.1	16.0
NTA/share	1.62	1.66	1.67	1.68	1.68
P/NTA	1.39	1.35	1.34	1.34	1.34

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment in joint ventures	1,057	709	716	738	760
Inventories	3,213	3,096	5,324	7,720	11,194
Total non-current assets	5,666	5,569	7,518	7,946	8,399
Short-term inventories	990	991	1,139	1,219	1,244
Cash and bank balances	1,337	1,357	1,768	1,509	1,545
Other assets	910	1,007	1,556	1,524	1,235
Total Assets	8,903	8,923	11,982	12,198	12,423
LT Borrowings	1,801	1,763	3,668	3,778	3,861
ST Borrowings	731	495	832	891	953
Other Liabilities	1,598	1,771	2,551	2,584	2,648
Total Liability	4,129	4,030	7,051	7,253	7,462
Share capital	3,615	3,620	3,620	3,620	3,620
Other Equity	1,159	1,274	1,311	1,325	1,341
Total Equity	4,774	4,894	4,931	4,945	4,961
Equity + Liability	8,903	8,923	11,982	12,198	12,423

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	270	407	535	820	563
Net cash from operating activities	572	890	872	855	838
Cash flows from investing activities					
Addition to inventories	-339	-475	-409	-352	-302
Net cash used in investing activities	-691	-302	-230	-175	-133
Cash flows from financing activities					
Drawdown of bank borrowings	856	290	261	235	212
Net cash from/(used in) financing activities	-442	-449	-446	-447	-447
Net increase/(decrease) in cash and cash equivalents	-560	138	197	233	258
Cash and cash equivalent at 1 January	1235	675	813	1010	1242
Cash and cash equivalent at 1 December	675	813	1010	1242	1501

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
Core EBIT margin	17.5%	21.0%	12.4%	14.3%	11.8%
Core PBT margin	15.9%	20.3%	16.5%	17.2%	15.9%
PAT margin	8.5%	13.4%	12.0%	12.5%	11.6%
Core PATAMI margin	12.3%	15.7%	12.1%	12.5%	11.7%
ROE	5.7%	7.2%	7.9%	12.4%	8.6%
ROA	3.1%	4.0%	3.3%	5.0%	3.4%

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MBSB INVESTMENT BANK (formerly known MIDF 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