

EcoWorld to prosper from higher sales

Developer's new launches forecast to see solid sales

PROPERTY

PETALING JAYA: Eco World Development Group Bhd's (EcoWorld) prospects for the remainder of its financial year ending Oct 31, 2025 (FY25) remain bright on the back of the recognition of land sales to Microsoft Corp as well as a rise in residential sales from new launches, analysts say.

The property developer posted higher net profit of RM80.34mil in its first quarter ended Jan 31, 2025 (1Q25) versus RM69.63mil a year ago.

Revenue increased slightly by 0.3% year-on-year to RM539.63mil in 1Q25 from RM537.79mil.

Kenanga Research noted the flat revenue was due to stable contributions from active and newly launched phases of developments.

However, the growth in net profit was attributed to higher gross margins following lower costs incurred during the tail-end of completed projects and those near completion.

The research house highlighted that EcoWorld had achieved 55% of its FY25 sales target of RM3.5bil as of February, with more than half of total sales being contributed by its industrial segment.

The remainder of year-to-date sales of RM2.5bil comprised 35% residential and 14% commercial.

Eco World declared an interim dividend of one sen for 1Q25.

MIDF Research said, moving forward,

“EcoWorld achieved 55% of its FY25 sales target of RM3.5bil as of February, with more than half of total sales being contributed by its industrial segment.”

Kenanga Research

EcoWorld's long-term earnings outlook will be supported by growth in recurring income following a build-and-lease deal for a data centre with Pearl Computing Malaysia Sdn Bhd.

MIDF Research, which maintained a “buy” call on EcoWorld with an unchanged target price of RM2.11, said it expects better earnings for the company as land sales would support earnings growth in FY25.

CGS International Research (CGSI Research) noted that the group has guided that about 80% of the RM402mil from the sale of land in Johor to Microsoft Payments (M) Sdn Bhd will be recognised by the end of FY25.

The research house has lifted its core earnings per share estimates for EcoWorld for FY25, FY26 and FY27 by 2%, 26% and 24%, respectively, taking into account the Microsoft land sale and its 20% stake in Eco Grandeur township development and Eco Business Park in Selangor.

CGSI Research reiterated an “add” call on the group with a higher target price of

RM2.58 backed by robust earnings outlook from FY25 to FY27, further land monetisation, and a compelling dividend yield.

Meanwhile, UOB Kay Hian Research (UOBKH Research) said it expected higher residential sales in the second half of FY25 (2H25).

“While our full-year sales forecast of RM4.2bil remains unchanged – having already factored in the two land sales announced earlier – it excludes potential contributions from future projects that are pending completion such as Eco Botanic 3 in Kuala Langat, Selangor, and in Negri Sembilan,” the research house said.

UOBKH Research noted that the group expected to finalise the Eco Botanic 3 land acquisition and the joint venture (JV) agreement with SD Guthrie Bhd and NS Corp by the middle of this year, further supporting sales growth in 2H25.

The research house has maintained a “buy” call on EcoWorld with an unchanged target price of RM2.37.