

PRESS RELEASE

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For Immediate Release

EcoWorld Malaysia records core earnings growth of 29.6% in 1Q 2018
EcoWorld International increases FY2018 sales target to RM3 billion

Kuala Lumpur: Eco World Development Group Berhad (EcoWorld Malaysia) announced today that it recorded Profit before Interest, Tax and FRS 10 gain (Core EBIT) of RM62.6 million in 1Q 2018 which is 29.6% higher than the Core EBIT of RM48.3 million achieved in 1Q 2017.

The steady growth in Core EBIT was attributed to lower expenses incurred as well as higher share of profits from the Group's Malaysian joint-ventures which have commenced profit recognition. This is notwithstanding the slight reduction of 5% and 7% in revenue and gross profit contributions respectively from its subsidiaries following handovers of close to 4,000 units of properties in FY2017.

Meanwhile, Eco World International Berhad (EcoWorld International) recorded a loss for the period of RM16.4 million which was higher than the loss recorded in 1Q 2017 of RM5.5 million. This was largely due to lower unrealised gain on foreign exchange in 1Q 2018 as compared to 1Q 2017.

Furthermore, arising from the completion method of accounting adopted in both the United Kingdom and Australia, revenue and profits associated with EcoWorld International's property development activities will only be recognised when construction of properties sold are completed and delivered to purchasers – this is expected to take place in 3Q to 4Q 2018.

Commenting on the results achieved for 1Q 2018 President and CEO of EcoWorld Malaysia, Dato' Chang Khim Wah said: "We are pleased to report that our underlying business fundamentals remain strong as attested by the growth in our core earnings. This positive trend, supported by our high effective share of unbilled sales of RM6.2 billion as at 1Q 2018, should continue as more of our joint-venture projects reach the level of construction works required to enable profit recognition to commence. Further, despite continued market challenges and a seasonally quiet 1st quarter, we have noticed a marked pick-up in sales interest after the Chinese New Year period."

"We intend to build on this positive momentum by launching an exciting new campaign called "*Celebrating Beyond Tomorrow*" shortly. This campaign will showcase not just what we have already achieved on the ground to-date and the value creation we have delivered to our buyers but also the exciting new initiatives we have in store for them to make each and every EcoWorld project the most liveable in the country," he continued.

For EcoWorld International, its President and CEO Dato' Teow Leong Seng said: "The completion of our Be Living Stage 1 Acquisitions earlier this month was a truly momentous occasion for our business in the UK. With 6 new sites along the Greater London commuter belt added to our three established projects in Central London we are able to cater to the housing and investment needs of not just local and international investors but also institutional investors interested to own good quality and well-located Built-to-Rent properties."

"Our team in the UK is tremendously excited about the huge opportunities which have opened up for the EcoWorld brand in the UK, and together with our new colleagues from Be Living, we have been reviewing our launch schedules and sales targets. Based on plans for our existing projects and the additional sales we intend to achieve from the new Be Living sites, we have raised our sales target for FY2018 from RM2 billion to RM3 billion," Teow said.

EcoWorld Malaysia Q1 2018 performance & FY2018 prospects

EcoWorld Malaysia achieved sales of RM500 million in 1Q 2018 which increased to RM602 million as at 28 February 2018 on its Malaysian projects. This is consistent with a seasonally slower period for property sales in the lead up to Christmas until Chinese New Year (CNY). Going forward, management is optimistic that sales will improve – this is based on an encouraging pick-up in sales interest following the success of the Group’s “*Bridging Hearts with Love*” CNY campaign and numerous other marketing events held at its various project sites to usher in the lunar new year.

“Over the last four years we have worked hard to establish the brand and realise our vision statement of “*Creating Tomorrow & Beyond*” – this can be seen through the signature features incorporated into every development which have become widely recognised as the EcoWorld DNA. As we enter our 5th year, we have numerous project sites in the Klang Valley, Iskandar Malaysia and Penang to serve as comprehensive showpieces of our vision to prospective customers,” Chang highlighted.

“More importantly, with close to 5,000 units already handed over to our buyers, residents and business owners are beginning to move into our townships, integrated developments and business parks. Over the CNY period we welcomed large crowds of visitors to our sales galleries and show villages – many of these were brought in by our own customers who were proudly showing off their new properties. This has created multiple new touchpoints for us to reach out to a wide network of potential buyers – the fact that they are connected to our existing customers also improves sales effectiveness and enhances future community building,” he continued.

“On the service front, our EcoWorld Residence Clubs have been actively engaging with every purchaser to do our level best to deliver the best possible service experience when we hand over their keys to them. We are delighted to note that the team’s efforts have met with positive reviews – the care taken during each handover process and attention to detail paid to create the best living conditions for our customers have generated much long-term goodwill for the EcoWorld brand. It also creates an excellent platform for us to launch our “*Celebrating Beyond Tomorrow*” campaign in conjunction with the 5th anniversary of the EcoWorld brand,” said Chang.

This upcoming Group-wide campaign will highlight the unique features of each development, value creation investments in infrastructure and amenities as well as the community building networks that have been put in place to meet customers’ lifestyle needs and aspirations. Targeted customer-focused activities will be organised at every project site to showcase what has been achieved and the Group’s ongoing efforts to improve the quality of life and generate increased business opportunities for its residents and business owners.

Preparations are also underway for the upcoming maiden handover of properties at *Eco Sanctuary* in the Klang Valley, *Eco Meadows* in Penang and *Eco Business Park III* in Iskandar Malaysia. *Eco Botanic*, *Eco Spring*, *Eco Summer* and *Eco Tropics* in Iskandar Malaysia as well as *Eco Sky* and *Eco Majestic* in the Klang Valley will also be continuing to deliver subsequent phases of properties sold to customers. In total, the Group is on track to complete another 4,700 properties this year which will further extend the Group’s network of influence as its communities grow.

Premised on the above and other plans which will be unveiled progressively in due course, the Group is maintaining its sales target of RM3.5 billion to be achieved from its Malaysian projects in FY2018.

EcoWorld International Q1 2018 performance & FY2018 prospects

During the first four months of FY2018, EcoWorld International secured RM243 million sales with its existing three projects in London contributing RM206 million while those in Australia generated RM37 million. Whilst market conditions for prime London properties remain soft, demand at the mid-mainstream segment continues to be robust.

“Now that we have completed our acquisition of a 70% stake in Be Living’s six development sites and their development management platform, we are on track to see our business in the UK grow in a significant manner. These six new sites alone will enable us to gain access to 14.1 acres of land bank that has a potential to develop circa 4,300 residential units in Greater London and South East of England, with a gross development value of GBP1.1 billion. In addition, the price points of the units to be developed range from GBP500 psf to GBP800 psf – this perfectly complement our existing products, which are priced from GBP800 psf to GBP1,500 psf,” said Teow.

As announced previously, five out of the six sites have secured planning consent which will enable the projects to be launched within the next one-to-two years. In addition, several projects have launched phases which can be made available for sale within the current financial year. EcoWorld International is also planning to pursue the forward sale of one or two Build-to-Rent (BTR) blocks within the other projects which will further contribute towards the Group’s sales performance for FY2018.

“Construction works of our existing three London projects are also well underway with two blocks of apartment in London City Island and one block in Embassy Gardens scheduled to be handed over in FY2018. Down south in Australia, we have commenced the construction of West Village, Parramatta in the first quarter of FY2018 and Yarra One is expected to begin in mid-2018. Both these projects are scheduled to be completed in 2020,” Teow mentioned.

As at 28 February 2018, EcoWorld International’s effective unbilled sales stand at RM5.891 billion. The upcoming handovers at London City Island and Embassy Gardens which are scheduled for handover in FY2018 will enable the Group (via its respective joint venture entities) to convert a significant portion of the unbilled sales into revenue, thereby allowing the Group to recognise its maiden profit in the current financial year.

The EcoWorld Group’s sizeable and increasingly matured land bank in Malaysia along with the brand’s growing presence in the UK is expected to contribute positively to its future prospects. With 18 out of 20 projects in Malaysia already launched and six new projects in the UK, the Group is well-positioned to grow from strength to strength as it works to further unlock the value of its Malaysian landbank and increase the breadth, depth and resilience of its overseas business under EcoWorld International.

About Eco World Development Group Berhad (EcoWorld Malaysia)

EcoWorld Malaysia is a public listed Malaysian company involved mainly in property development. The Group is led by some of the most well-known and respected players in the property industry.

It has secured approximately 8,126.4 acres of land bank with a total gross development value (GDV) of RM87.5 billion. Currently, EcoWorld Malaysia has a presence in the Klang Valley, Iskandar Malaysia and Penang with 20 projects in total comprising a product range that includes affordable, upgrader and luxury homes, integrated high-rise developments and green business parks.

Through Eco World International Berhad (EcoWorld International), the brand has also extended its reach to the United Kingdom and Australia.

In 2017 and 2016, EcoWorld Malaysia is honoured to be one of the Top 10 Developers at The Edge Malaysia Property Excellence Awards and also proud to be named ‘Best of the Best Employers - Malaysia’ in AON’s Best Employer Studies.

About Eco World International Berhad (EcoWorld International)

EcoWorld International is a public company listed on the Main Market of Bursa Malaysia Securities Berhad on 3 April 2017. Its core business involves property development outside Malaysia. It has five ongoing projects in the United Kingdom and Australia with a total gross development value (GDV) of GBP 1.1 billion. In March 2019 it completed the acquisition of six new sites in a significant joint-venture with Be Living, the development arm of Willmott Dixon, a prominent UK construction and development company, which will add another GBP1.1 billion to its total GDV.

Major shareholders in EcoWorld International are Eco World Development Group Berhad – a well-known Malaysian property developer and GuocoLand Limited – a public company listed on the Singapore Exchange.

In the United Kingdom, EcoWorld International through its joint-venture company, EcoWorld-Ballymore is currently developing three waterside residential projects in the east and west of London. They are Embassy Gardens in Nine Elms, London City Island in Leamouth Peninsula and Wardian London in Canary Wharf.

EcoWorld International is also developing a project named West Village in Parramatta, Australia – a suburb and major business district in the metropolitan area of Sydney and has recently entered the Melbourne market with the Yarra One development in South Yarra.

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