

PRESS RELEASE
For Immediate Release

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EcoWorld achieves record high sales & profits from Malaysian Operations
3rd interim dividend of 2 sen per share declared in 4Q 2022
(Total dividends of 5 sen per share in FY2022)

KUALA LUMPUR: Eco World Development Group Berhad (EcoWorld Malaysia) announced its results for 4Q 2022 today. Key highlights include the following:

FY2022 Sales and Profit After Tax (PAT) from Malaysian Operations

- EcoWorld Malaysia achieved its **highest ever sales of RM3.84 billion in FY2022**, exceeding its sales target of RM3.5 billion and surpassing its previous record high of RM3.82 billion achieved in FY2016.
 - **The Group's four business parks** – Eco Business Parks I, II & III in Iskandar Malaysia and Eco Business Park V in Klang Valley **closed off the year with combined sales of RM753.3 million**. This is 156% of FY2021 business park sales and more than triple the amount recorded in FY2020 which was RM220.4 million.
 - **RM446.3 million of commercial properties were sold in FY2022**. These mainly comprised shop-offices to serve the growing population at EcoWorld Malaysia's townships and offer lifestyle amenities at the doorsteps of the Group's highly popular *duduk* series of apartments.
 - **Total residential sales exceeded RM2.3 billion**. The Group's strategic decision in FY2022 to launch more upgrader and luxury homes across all three regions of its operations yielded very positive results. Close to RM1.7 billion of homes priced above RM650,000 were sold, representing 44% of total sales. Homes priced below RM650,000 also made up a sizeable component of the portfolio with RM648.9 million sales achieved this year.
- **PAT from Malaysian Operations in 4Q 2022 was RM96.7 million** which is 34.4% of the full year's PAT. However, it is 11.7% lower than 4Q 2021 mainly due to several active phases having been completed in 4Q 2022.
- **FY2022 PAT from Malaysian Operations of RM281.3 million is the Group's highest ever PAT**, 32.2% above the FY2021 PAT of RM212.8 million. This is attributable to improvement in the Group's gross profit margin from 20.7% in FY2021 to 24.0% in FY2022, continued savings on selling and marketing expenses and reduction in finance costs following repayments of borrowings.

A five-year summary of the Group's PAT from Malaysian operations is tabulated below:

Financial year	FY2022 RM'000	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000
PAT (Malaysian operations)	281,309	212,771	106,168	144,225	96,509

- **The Group's future revenue remains high at RM3.6 billion as at 31 October 2022**, thus providing clear earnings visibility going forward.

Stronger Balance Sheet, Cash and Net Gearing + Higher Dividends

- The high sales and higher gross profit margins achieved, amplified by the majority of the Group's projects having reached maturity, cash generative phases with infrastructure and amenities substantially completed in prior years, have significantly strengthened EcoWorld Malaysia's balance sheet.
- Based on the above, the Board has declared a **3rd interim dividend of 2 sen per share in 4Q 2022**. This brings **total dividends declared for FY2022 to 5 sen per share**.
- The marked improvement in key balance sheet metrics over the last three years, that have enabled the Group to realise its goal of paying more dividends to shareholders, is summarised below:

EcoWorld Malaysia	31 October 2022	31 October 2021	31 October 2020
Cash & Bank Balances (RM'mil)	1,336	785	456
Borrowings (RM'mil)	(2,805)	(2,880)	(3,317)
Net Borrowings (RM'mil)	(1,469)	(2,095)	(2,861)
Net Gearing	0.31	0.44	0.62
Dividend (sen)	5	4	2

- To further enhance value for shareholders, the Board will be **considering potential share buy-back opportunities** under its existing shareholders mandate to purchase its own shares, subject to compliance with the relevant regulatory requirements.

EcoWorld International

- EcoWorld International achieved RM2.158 billion sales in FY2022, 57% higher than the sales achieved in FY2021, and 8% above its RM2 billion sales target for FY2022.
- The higher sales achieved enabled **EcoWorld International** to turn net cash positive earlier than anticipated with **cash balances having exceeded total borrowings as at 31 October 2022**.
- EcoWorld International's balance sheet strength is expected to substantially improve in FY2023 as it continues to focus on monetising its existing stocks, cash preservation and generation.
- Its FY2023 sales target of RM1.4 billion for FY2023 does not include potential contribution from new launches. With completed properties making up the bulk of the sales target, **EcoWorld International expects to generate excess cash of approximately RM900 million***, after setting aside funds for its working capital requirements.
* Based on EcoWorld International internal management targets and it is neither a financial estimate, forecast or projection nor has it been reviewed by its external auditors.
- EcoWorld International's Board **aims to distribute the excess cash** within the Group **to its shareholders (which includes EcoWorld Malaysia holding a 27% stake) in the later part of 2023**, following settlement of the Company's Medium Term Notes and receipt of the necessary approvals.

Impairment of Investment in EcoWorld International

- Given continued macroeconomic uncertainties in the UK with cost pressures expected to outstrip property price increases in the near to mid-term, EcoWorld International will continue to review the feasibility of its remaining projects.
- This is with a view towards proceeding with launches only after cost pressures have stabilised and desired returns can be forecast with greater certainty. Similarly, potential acquisition of new

landbank will stringently evaluated based on required rates of return before funds are committed for any purchase.

- ***EcoWorld International's conservative stance is necessary to preserve its cash reserves*** to meet the objective to returning excess cash to shareholders. However, it prolongs the period of time required to generate future cash flows, thus necessitating a reassessment by EcoWorld Malaysia of the carrying value of its investment in EcoWorld International.
- In conducting the reassessment, a ***higher weighted average cost of capital ("WACC")*** was applied by EcoWorld Malaysia to discount the estimated future cashflows from EcoWorld International, given the more than 200-basis point increase in the UK risk-free rates as at 31 October 2022 as compared to 31 October 2021.
- The higher WACC ***contributed to the larger impairment of RM81.0 million recognised by EcoWorld Malaysia in 4Q 2022 (which does not involve a cash outflow)*** on its investment in EcoWorld International.

EcoWorld Malaysia 4Q 2022 and FY2022 Group PAT

- Arising from the impairment of investment and higher share of loss in EcoWorld International, EcoWorld Malaysia recorded a PAT of RM1.8 million in 4Q 2022 as compared to RM42.8 million in 4Q 2021.
- Notwithstanding the share of EcoWorld International's losses and the RM81.0 million impairment recognised in 4Q 2022, ***EcoWorld Malaysia remained profitable in FY2022 with RM157.2 million PAT achieved due to record high PAT of its Malaysian operations***, as discussed above.

Comments on EcoWorld Malaysia's performance in FY2022 and prospects for FY2023

"EcoWorld Malaysia had our best ever year in FY2022 with record sales and profits achieved by our Malaysian operations. This is the fruit of many years of hard work by the team to reinvent our business model, reset our cost structure and digitalise our operations to future-proof our business going forward," said Dato' Chang Khim Wah, President & CEO of EcoWorld Malaysia.

"Today we are far more than just a developer of aspirational homes. 20% of our sales in FY2022 came from our sizeable and growing industrial portfolio. Our commercial precincts are also thriving as our efforts to build and create value as well as success in attracting a largely owner-occupier customer base have attracted many retailers and business owners. Underpinning all this is our township development model which gives us tremendous flexibility in adjusting and adapting our product range to suit changing market needs and demands," he continued.

Chang noted that the Group's strategic decision to launch more upgrader and luxury homes in FY2022, across all three regions of its operations, yielded very positive results. Close to RM1.7 billion of homes priced above RM650,000 were sold, representing 44% of total Group sales. Homes priced below RM650,000 also made up a sizeable component of EcoWorld Malaysia's portfolio with RM648.9 million sales achieved this year.

"Moving ahead, our focus will be on launching more innovative products that meet the lifestyle needs of our multi-generational and multi-ethnic customer base. Products that have achieved sold-out success in the Klang Valley such as our ***duduk*** series of apartments for young suburbanites will be further refined and also introduced to our customers in Iskandar Malaysia and Penang. Similarly, our ***Co-Homes*** that have done very well in both the Klang Valley and Penang will be launched in Iskandar Malaysia to offer the best of landed and apartment living to our customers there," Chang said.

On the industrial front Chang highlighted that following the post-pandemic re-opening of the country's borders, the Group has been pursuing many leads with overseas industrialists and investors.

“The huge growth we have seen in our industrial park segment over the last 3 years have been mainly powered by local demand. Our wide range of products include highly flexible and customisable industrial units that have drawn in many SMEs whilst larger industrialists have been keen on buying our industrial lands that give them the option to construct their own built-to-suit factories,” he said.

“Since borders reopened in April 2022 however, we have been receiving increasing inquiries from many multi-national industrialists. These include leads received during the pandemic and from networks and relationships the Group has built over many years. We will be actively pursuing such leads in FY2023. Our aim is to increase the numbers of sizeable new industrialists at our business parks as their presence can have a very positive catalytic effect to draw in other upstream and downstream businesses, thus accelerating overall value creation,” Chang explained.

For FY2023, EcoWorld Malaysia will be maintaining its annual sales target at RM3.5 billion. This target was derived in furtherance of the Group's strategic goals which include:

- Improving returns by launching products with higher profit margins or that can yield higher absolute profits per square foot of land to derive optimal returns from its valuable matured land bank; and
- Generating sufficient cashflows that will enable the Group to:
 - continue to comfortably meet all its on-going operational commitments;
 - achieve its targeted growth aspirations; and
 - maintain and improve on returns to shareholders.

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 8,318.3 acres of land bank with a total gross development value (GDV) of RM85 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.

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

In December 2020, EcoWorld Malaysia was included in the FTSE4Good Bursa Malaysia (F4GBM) Index in recognition of the Group's efforts on Sustainability and good Economic, Social and Governance practices. Thereafter in April 2021, EcoWorld Malaysia was conferred the EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award 2021 and also accepted as a participant of the United Nations Global Compact (UNGC) based on our commitment to making the UNGC's principles part of the strategy, culture and day-to-day operations of our company.

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