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Recommendation:	BUY
Current Price:	RM 1.58
Previous Target Price:	RM 1.80
Target Price:	RM 1.95
Upside/Downside:	23.4%

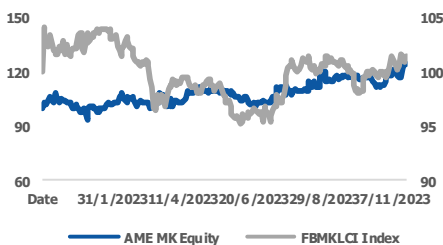
Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	5293 / AME MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	☆☆☆
Bloomberg ESG Rating	N/A
Shares issued (m)	639.1
Market Cap (RM' m)	1,009.8
52-Week Price Range (RM)	1.61-1.15
Beta (x)	0.6
Free float (%)	38.7
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.4

Top 3 Shareholders (%)

Lim Yook Kim	17.8
Lee Chai	17.8
Kang Ah Chee	17.5

Share Price Performance



	1M	3M	12M
Absolute (%)	11.3	12.1	24.4
Relative (%)	9.9	11.4	28.6

AME Elite Consortium Berhad

Boosted by strong property sales

Summary







- **1HFY24 core net profit at RM45.1m (+160.5% yoy) came ahead of our expectations, mainly attributed to higher and better-than-expected recognition of property sales.**
- **Earnings expected to remain stable, backed by unbilled sales amounting to RM203.9m, coupled with the outstanding construction & engineering orderbook of RM259.0m that will provide earnings visibility till 2025.**
- **Re-iterate our BUY recommendation on AME with a higher target price of RM1.95, by assigning target P/E multiple of 14.0x to FY25F EPS of 14.0 sen.**

Results Review

- **Results review.** 2QFY24 core net profit jumped 89.9% yoy to RM21.8m, driven by higher contribution across all, except the construction segment as new property sales remains robust. Revenue for the quarter added 58.2% yoy to RM233.3m.
- **Results above expectations.** 1HFY24 core net profit at RM45.1m (+160.5% yoy) came ahead of our expectations, making up to 68.8% of our core net profit at RM65.5m as well as 70.1% of consensus forecasted net profit of RM65.4m. The variance is mainly attributed to higher and better-than-expected recognition of property sales. A single tier interim dividend of 2.0 sen per share, payable on 5 January 2024 was declared.
- **Operations Highlights.** During the quarter, we gather that AME has locked in new property sales of RM88.5m, bringing 1HFY24 new property sales to RM134.6m. This accounts to 67.3% of our assumption of RM200.0m for FY24F. For now, AME will be kept busy with their on-going developments in Johor.
- **Industry Highlights.** Demand for industrial properties is expected to remain resilient, particularly through foreign direct investments from China, Singapore, US and Europe to setup data centres, manufacturing plants and logistics warehouses. The un-ending US-China trade dispute is also presenting opportunities to the industrial properties market.
- **Outlook.** Going forward, we expect earnings to remain stable, backed by unbilled sales amounting to RM203.9m, coupled with the outstanding construction & engineering orderbook of RM259.0m that will provide earnings visibility till 2025. Meanwhile, the upcoming launch of 176-ac joint-venture industrial park located at Penang in 2024 will key another key avenue growth driver.
- **Valuation.** Raised our earnings forecast by 36.6% and 23.7% for FY24F and FY25F respectively to adjust for the stronger-than-expected sales. Re-iterate our **BUY** recommendation on AME with a higher target price of RM1.95, by assigning target P/E multiple of 14.0x to FY25F EPS of 14.0 sen.
- **Risk.** Inability to replenish landbank, unexpected further rise in construction costs and changes in housing as well as property regulations.

Friday, November 24, 2023

Company Results
Figure 1: Results Comparison

FYE Dec (RM m)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY23	1HFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	233.3	147.5	58.2	222.5	4.9	284.4	455.8	60.3		Improved contribution across almost all segments
EBITDA	40.7	71.7	(43.3)	40.2	1.1	88.4	80.9	(8.5)		
Pre-tax profit	37.4	65.9	(43.1)	39.3	(4.7)	77.2	76.7	(0.6)		
Net profit	21.8	45.8	(52.3)	23.3	(6.2)	51.9	45.1	(13.1)		
Core net profit	21.8	11.5	89.9	23.3	(6.2)	17.3	45.1	160.5		
Core EPS (sen)	4.4	2.3	89.9	4.7	(6.2)	3.5	9.1	160.5		Fairly stable in recent quarters
EBITDA margin (%)	17.4	48.6		18.1		31.1	17.7			
PBT margin (%)	16.0	44.7		17.7		27.1	16.8			
Core PATMI margin (%)	9.4	7.8		10.5		6.1	9.9			

Financial Highlights
Income Statement

FYE Mar (RM m)	FY21	FY22	FY23	FY24F	FY25F
Revenue	460.6	398.4	575.9	818.2	817.1
Gross Profit	109.2	104.0	116.7	188.2	187.9
EBITDA	88.3	81.1	188.8	136.6	137.2
Depreciation & Amortisation	-6.7	-6.4	-5.6	-8.1	-8.9
EBIT	81.6	74.7	183.2	128.5	128.3
Net Finance Income/ (Cost)	-5.4	-7.3	-13.5	-3.9	-3.9
Associates & JV	3.5	1.6	3.2	4.1	4.1
Pre-tax Profit	79.7	69.0	172.9	128.7	128.5
Tax	-16.4	-30.9	-32.2	-32.1	-4.8
Profit After Tax	58.0	52.6	142.0	96.5	96.4
Minority Interest	-4.4	-4.0	-40.5	-7.0	-7.0
Net Profit	53.6	48.6	101.5	89.5	89.3
Exceptionals	0.0	0.0	-54.8	0.0	0.0
Core Net Profit	53.6	48.6	46.7	89.5	89.3

Key Ratios

FYE Mar (RM m)	FY21	FY22	FY23	FY24F	FY25F
EBITDA margin	19.2%	20.4%	32.8%	16.7%	16.8%
EBIT margin	17.7%	18.8%	31.8%	15.7%	15.7%
PBT margin	17.3%	17.3%	30.0%	15.7%	15.7%
PAT margin	12.6%	13.2%	24.7%	11.8%	11.8%
NP margin	11.6%	12.2%	17.6%	10.9%	10.9%
Core NP margin	11.6%	12.2%	17.6%	10.9%	10.9%
ROE	7.5%	6.5%	9.1%	9.3%	7.8%
ROA	10.9%	9.7%	13.7%	11.6%	11.0%
Net gearing	Net Cash	8.3%	Net Cash	Net Cash	Net Cash

Key Assumptions

Net Profit	FY21	FY22	FY23	FY24F	FY25F
New sales (RM' m)	168.4	140.3	479.2	300.0	300.0
Dorm occupancy (%)	>90%	>90%	>90%	>90%	>90%

Valuations

Valuations	FY25F
EPS (sen)	0.14
P/E (x)	14.0
Fair Value (RM)	1.95

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY21	FY22	FY23	FY24F	FY25F
Cash	271.4	187.2	326.9	409.1	408.6
Receivables	94.3	82.3	111.4	156.9	156.7
Inventories	311.5	650.0	534.1	690.4	689.5
Other current assets	24.5	90.7	112.6	148.0	154.6
Total Current Assets	701.7	1010.2	1085.0	1404.4	1409.3
Fixed Assets	457.2	459.0	697.7	738.1	783.1
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	32.9	43.3	45.0	32.1	31.9
Total Non-current assets	490.1	502.3	742.7	770.1	815.0
Short-term Debt	21.5	39.2	119.6	135.2	30.4
Payables	147.2	214.5	229.9	198.5	172.4
Other Current Liabilities	59.8	25.3	54.5	606.9	436.2
Total Current Liabilities	228.5	279.0	404.0	940.6	639.0
Long-term Debt	226.1	210.2	64.8	57.9	172.3
Other non-current liabilities	25.0	276.6	238.1	213.6	265.1
Total Non-current Liabilities	251.1	486.8	302.9	271.5	437.4
Shareholder's equity	674.5	706.0	811.0	926.8	1042.4
Minority interest	37.7	40.7	309.8	35.6	105.5
Equity	712.2	746.7	1120.8	962.4	1147.9

Cash Flow

FYE Mar (RM m)	FY21	FY22	FY23	FY24F	FY25F
Pre-tax profit	79.7	69.0	172.9	128.7	128.5
Depreciation & amortisation	6.7	6.4	5.6	8.1	8.9
Changes in working capital	75.8	-108.7	-32.1	-142.1	-24.8
Others	-32.0	-23.1	-140.2	-30.7	-30.0
Operating cash flow	130.2	-56.4	6.2	-36.0	82.6
Net capex	-7.9	-15.1	-25.8	-29.4	-17.0
Others	8.5	3.1	6.8	0.0	0.0
Investing cash flow	0.6	-12.0	-19.0	-29.4	-17.0
Dividends paid	-12.8	-17.1	-22.4	-19.3	-19.3
Others	-35.2	-0.4	171.8	-56.3	9.7
Financing cash flow	-48.0	-17.5	149.4	-75.6	-9.6
Net cash flow	82.8	-85.9	136.6	-141.0	55.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	210.3	293.1	207.2	343.8	202.8
Ending cash	293.1	207.2	343.8	202.8	258.7

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD

DEALING TEAM

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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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