

Team Coverage

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Recommendation:	BUY
Current Price:	RM 1.67
Previous Target Price:	RM 1.95
Target Price:	↔ RM 1.95
Upside/Downside:	16.8%

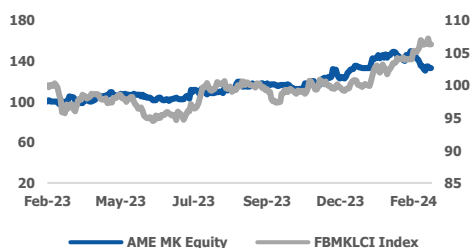
Stock information

Board	MAIN
Sector	Property
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)	1,067.3
52-Week Price Range (RM)	1.23-1.9
Beta (x)	0.6
Free float (%)	38.7
3M Average Volume (m)	0.6
3M Average Value (RM' m)	1.0

Top 3 Shareholders (%)

Lim Yook Kim	17.8
Lee Chai	17.8
Kang Ah Chee	17.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-6.7	0.0	28.5
Relative (%)	-8.7	-6.0	20.9

AME Elite Consortium Berhad

Another commendable quarter

Summary

- **9MFY24 core net profit at RM67.0m (+9.6% yoy) is in line with our expectations.**
- **Unbilled sales of RM159.2m and an outstanding construction & engineering order book of RM199.8m, securing a foundation for stable earnings visibility until 2025.**
- **Re-iterate our BUY recommendation on AME with an unchanged 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.** 3QFY24 core net profit jumped 136.2% yoy to RM21.9m, lifted by higher contributions from all segments, partially offset by a decline in construction services, where new property sales remained the top contributor. Revenue for the quarter added 31.2% yoy to RM176.2m.
- **Results within expectations, albeit slightly higher than the street's estimates.** 9MFY24 core net profit at RM67.0m came within expectations, accounting to 74.9% of our core net profit forecast at RM89.6m and was at 85.5% of consensus forecasted net profit of RM78.4m.
- **Operations Highlights.** In 3QFY24, property development revenue reached RM98.5m (+96.4% yoy, -29.0% qoq) contributing to 55.9% of total revenue. Construction segment revenue decreased to RM35.2m (-47.0% yoy, -33.9% qoq) primarily due to the ongoing construction project reaching a later stage of completion. For now, AME will remain focused on its ongoing developments in Johor.
- **Industry Highlights.** Demand for industrial property in Malaysia, particularly in regions like Johor, is expected to improve, driven by various factors including the surge in demand for industrial properties and specialised facilities. The New Industrial Master Plan 2030 is expected to further bolster this growth, with initiatives planned to attract high-technology and value-added industries.
- **Outlook.** Going forward, we expect earnings to remain stable, backed by unbilled sales amounting to RM159.2m, coupled with the outstanding construction & engineering orderbook of RM199.8m, providing earnings visibility until 2025.
- **Valuation.** No changes made to our earnings forecast, given that reported figures are deemed within estimates. Re-iterate our **BUY** recommendation on AME with an unchanged target price of RM1.95, by assigning target P/E multiple of 14.0x to FY25F EPS of 14.0 sen.
- **Risk.** Geopolitical tensions, labor shortages, insufficient industrial land, and unexpected further rise in construction costs

Thursday, February 29, 2024

Company Results

Figure 1: Results Comparison

FYE Mar (RM m)	3QFY23	3QFY24	YoY (%)	2QFY24	QoQ (%)	9MFY23	9MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	134.3	176.2	(23.8)	233.3	(42.4)	418.7	632.1	51.0		Improved contribution across almost all segments
EBITDA	71.7	41.6	72.4	40.7	76.2	160.1	122.5	(23.5)		
Pre-tax profit	20.6	38.1	(45.9)	37.4	(45.0)	97.8	114.9	17.4		
Net profit	13.9	28.5	(51.1)	27.8	(49.9)	77.8	86.3	10.9		Fairly stable in recent quarters
Core net profit	9.3	21.9	(57.7)	21.8	(57.5)	61.2	67.0	9.6		
Core EPS (sen)	0.3	0.6	(57.7)	0.6	(57.5)	1.8	2.0	9.6		
EBITDA margin (%)	53.4	23.6		17.4		38.2	19.4			
PBT margin (%)	15.3	21.6		16.0		23.4	18.2			
Core PATMI margin (%)	6.9	12.4				14.6	10.6			

Source: Company, Apex Securities

Income Statement

FYE Mar (RM m)	FY21	FY22	FY23	FY24F	FY25F
Revenue	460.6	398.4	575.9	818.2	818.2
Gross Profit	109.2	103.9	116.8	204.5	204.5
EBITDA	74.8	68.2	177.3	163.4	162.7
Depreciation & Amortisation	-6.8	-6.4	-6.0	-6.8	-7.5
EBIT	81.5	74.6	183.3	170.2	170.2
Net Finance Income/ (Cost)	-5.4	-7.3	-13.5	-15.9	-12.7
Associates & JV	3.5	1.6	3.2	4.1	4.1
Pre-tax Profit	79.6	68.9	172.9	151.5	154.1
Tax	-21.7	-16.4	-30.9	-37.4	-38.1
Profit After Tax	57.9	52.5	142.0	114.1	116.1
Minority Interest	4.4	4.0	40.5	24.5	24.5
Net Profit	53.5	48.6	101.6	89.6	91.5
Exceptionals	0.0	0.0	66.5	0.0	0.0
Core Net Profit	53.5	48.6	35.0	89.6	89.3

Key Ratios

FYE Mar (RM m)	FY21	FY22	FY23	FY24F	FY25F
EBITDA margin	16.2%	17.1%	30.8%	20.0%	19.9%
EBIT margin	17.7%	18.7%	31.8%	20.8%	20.8%
PBT margin	17.3%	17.3%	30.0%	18.5%	18.8%
PAT margin	12.6%	13.2%	24.7%	13.9%	14.2%
NP margin	11.6%	12.2%	17.6%	10.9%	11.2%
Core NP margin	11.6%	12.2%	17.6%	10.9%	11.2%
Dividend yield	5.0%	5.0%	5.0%	5.0%	5.0%
ROE	10.3%	9.4%	19.5%	17.0%	17.2%
ROA	4.5%	3.2%	5.6%	4.8%	4.6%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Key Assumptions

FYE Mar (RM m)	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

	FY25F
Core EPS (RM)	0.14
P/E multiple (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	397.9	380.0
Receivables	94.3	82.3	111.4	123.3	123.3
Inventories	311.5	649.9	534.1	603.0	603.0
Other current assets	24.6	90.8	112.7	160.0	160.0
Total Current Assets	701.7	1010.2	1085.1	1284.2	1266.3
Fixed Assets	131.6	134.6	149.3	167.1	184.2
Intangibles	8.8	5.3	4.5	4.5	4.5
Other non-current assets	0.0	12.4	22.7	22.7	22.7
Total Non-current assets	490.1	502.3	742.7	593.4	703.1
Short-term Debt	21.5	39.2	119.2	107.3	101.9
Payables	147.2	214.5	229.9	194.0	218.6
Other Current Liabilities	53.5	21.5	39.8	36.8	36.8
Total Current Liabilities	228.5	279.0	404.0	350.3	369.5
Long-term Debt	226.1	210.2	64.7	45.3	43.0
Other non-current liabilities	231.8	231.8	231.8	231.8	231.8
Total Non-current Liabilities	251.1	486.9	303.0	283.1	313.3
Shareholder's equity	620.1	620.1	620.1	620.1	620.1
Minority interest	37.7	40.7	309.8	309.8	309.8
Total Equity	519.6	515.8	521.6	526.4	532.3

Cash Flow

FYE Mar (RM m)	FY21	FY22	FY23	FY24F	FY25F
Pre-tax profit	79.6	68.9	172.9	151.5	154.1
Depreciation & amortisation	6.8	6.4	6.0	6.8	7.5
Changes in working capital	75.8	-108.7	-32.1	169.9	-24.6
Others	-18.6	-10.5	-128.6	-87.6	-87.6
Operating cash flow	130.1	-56.7	6.2	227.1	34.5
Net capex	37.8	9.4	20.7	24.5	24.5
Others	-37.1	-21.4	-39.7	-39.7	-39.7
Investing cash flow	0.6	-12.0	-19.0	-15.2	-15.2
Dividends paid	-13.8	-18.1	-28.5	-22.4	-22.4
Others	-34.1	0.5	177.8	0.0	0.0
Financing cash flow	-47.9	-17.6	149.4	-22.4	-22.4
Net cash flow	82.8	-86.3	136.6	189.5	-3.1
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	173.2	255.9	169.7	306.3	397.9
Ending cash	255.9	169.7	306.3	397.9	380.0

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH 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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