

Team Coverage

(603) 7890 8888

research.dept@apexsecurities.com.my

Recommendation:	HOLD
Current Price:	RM 1.78
Previous Target Price:	RM 1.95
Target Price:	↔ RM 1.95
Upside/Downside:	9.6%

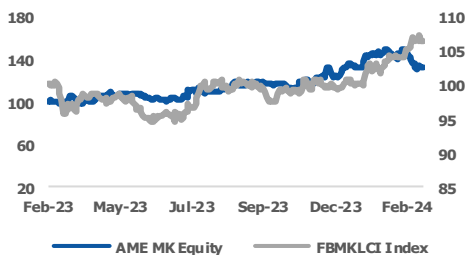
Stock information

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)	1,137.6
52-Week Price Range (RM)	1.27-1.9
Beta (x)	0.6
Free float (%)	38.7
3M Average Volume (m)	1.0
3M Average Value (RM' m)	1.8

Top 3 Shareholders (%)

Lim Yook Kim	17.8
Lee Chai	17.8
Kang Ah Chee	17.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-1.1	-3.3	27.1
Relative (%)	-4.3	-7.7	12.9

AME Elite Consortium Berhad

Unlocking value

Summary

- **Dispose 11 plots of industrial land in the i-TechValley in Phase 3 of the southern industrial and logistics clusters (SILC) in Iskander Puteri, Johor to Digital Hyperspace Malaysia Sdn Bhd.**
- **Price tag translates to approximately RM138/sqf vs historical transaction of surrounding land priced at RM120-130/sqf recorded in recent years.**
- **Downgrade recommendation on AME to HOLD with an unchanged target price of RM1.95, by assigning target P/E multiple of 14.0x to FY25F EPS of 14.0 sen as recent share price appreciation reflected fundamentals.**

Key Takeaways

- **Disposal of landbank.** AME via wholly-owned subsidiaries, Pentagon Land Sdn Bhd (Pentagon) and Greenhill SILC Sdn Bhd (Greenhill) has agreed to dispose of 11 plots of industrial land in the i-TechValley in Phase 3 of the southern industrial and logistics clusters (SILC) in Iskander Puteri, Johor, to Digital Hyperspace Malaysia Sdn Bhd for a combined RM209.8m cash. The said disposal is expected to be completed in 1Q2025.
- **Land details.** The combined land area of 31.9ac is located at i-TechValley which is part of AME's industrial park development and carries an original investment cost of RM89.2m as of 30 December 2020. We are sanguine over the said disposal with the said price tag translates to approximately RM138/sqf vs the historical transaction of surrounding land priced at RM120-130/sqf recorded in recent years.
- **Effect of disposal.** Post disposal, AME is expected to net in a pro forma gain of approximately RM85.1m. The move is also expected to bump AME's book value of RM1.40/share (vs RM1.27/share at present).
- **Utilisation of proceeds.** Bulk of the gross proceeds of RM209.8m is expected to channel towards the on-going development of i-Tech Valley at Phase 3 of SILC (RM155.0m, representing 73.9% of proceeds), whilst RM50.0m (23.8%) will be utilised for working capital and the balance RM4.8m (2.3%) for estimated expenses in relation to the corporate exercise.
- **Our take.** We are not surprise by the move, premised to the uptick in demand particular for industrial land in Johor that is riding onto the boom in data centre, AI and cloud computing market. Presently, Johor ranked as the ninth largest data centre in the Asia Pacific region and continues to attract multinational corporations with regional presence to mark their footprint into the country.
- **Valuation.** No changes made to our earnings forecast, pending upcoming 4QFY24 results release tentatively on 30 May 2024. With the recent share price appreciation, we downgrade our recommendation on AME to **HOLD** 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

Financial Highlights

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	16	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	253.7	285.8
Other Current Liabilities	53.5	21.5	39.8	36.8	36.8
Total Current Liabilities	228.5	279.0	404.0	410.0	436.8
Long-term Debt	226.1	210.2	64.7	45.3	43.0
Other non-current liabilities	231.8	231.8	208.6	208.6	208.6
Total Non-current Liabilities:	251.1	486.9	303.0	279.6	277.7
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	110.2	-32.1
Others	-18.6	-10.5	-128.6	-87.6	-87.6
Operating cash flow	130.1	-56.7	6.2	167.4	27.0
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	129.8	-10.6
Forex	0.0	0.0	0.0	0.0	0.0
Others	-15.5	-17.5	0.0	0.0	0.0
Beginning cash	173.2	255.9	169.7	326.9	397.9
Ending cash	255.9	169.7	326.9	397.9	380.0

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
<p>Head Office: 5th Floor Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7890 8899</p> <p>Petaling Jaya Office: 16th Floor, Menara Choy Fook Onn, No.1B Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7620 1118</p>	<p>Head Office: Kong Ming Ming (ext 2002) Shirley Chang (ext 2026) Norisam Bojo (ext 2027) Ahmad Mujib (ext 2028)</p> <p>Institutional Dealing Team: Siti Nur Nadhirah (ext 2032)</p> <p>PJ Office: General Line: (603) 7620 1118 Azfar Bin Abdul Aziz (Ext 822)</p>	<p>Head Office: Kenneth Leong (ext 2093) Steven Chong (ext 2068) Jayden Tan (ext 2069) Chelsea Chew (ext 2070)</p>

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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