

Team Coverage

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Recommendation: **BUY**

Current Price: **RM 1.71**

Previous Target Price: **RM 1.95**

Target Price: ↔ **RM 1.95**

Upside/Downside: **14.0%**

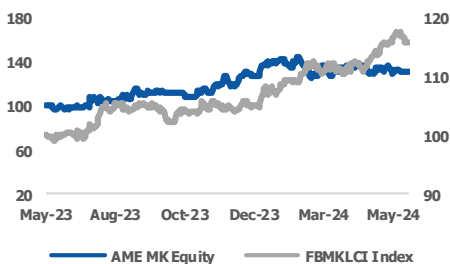
Stock information

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)	1,092.8
52-Week Price Range (RM)	1.27-1.96
Beta (x)	0.6
Free float (%)	38.7
3M Average Volume (m)	1.1
3M Average Value (RM' m)	1.9

Top 3 Shareholders (%)

Lim Yook Kim	17.8
Lee Chai	17.8
Kang Ah Chee	17.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-3.4	-1.2	25.7
Relative (%)	-5.1	-4.4	8.7

AME Elite Consortium Berhad

New launch to bolster growth ahead

Summary

- **12MFY24 core net profit at RM86.8m came in line with our expectations.**
- **Unbilled sales of RM226.8m and an outstanding construction & engineering order book of RM183.7m, securing a foundation for stable earnings visibility until FY26F.**
- **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 13.9 sen.**

Results Review

- **Results review.** 4QFY24 core net profit fell 31.9% yoy to RM14.6m, dragged down by lower stages of work completed and the timing of income recognition from the property development segment. Revenue for the quarter declined 46.0% yoy to RM84.8m. An interim dividend of 4.0 sen per share, payable on 12 July 2024 was declared.
- **Results within expectations.** 12MFY24 core net profit at RM86.8m came within expectations, accounting to 96.9% of our core net profit forecast at RM89.6m and was at 98.9% of consensus forecasted net profit of RM87.8m.
- **Operations Highlights.** In 4QFY24, property development revenue only stood at RM41.9m which shrank from RM77.4m recorded in the previous corresponding quarter. Construction segment revenue also decreased to RM39.4m, from RM83.8m in 4QFY23, primarily due relocation of internal resources to focus onto industrial property development activities. During the quarter, AME recorded new sales amounting to RM108.5m, bringing FY24 new sales to RM283.6m.
- **Industry Highlights.** After attracting solid FDI in 2023, Malaysia aims to increase foreign, domestic and direct investment by 8-10% in 2024. With strong policies laid out to support growth and investment prospects, we reckon Malaysia will be able to offer attractive investment returns as the nation gears up towards a developed, high income and inclusive country.
- **Outlook.** Going forward, we expect earnings to tick higher in FY25F, backed by unbilled sales amounting to RM226.8m (up from RM159.2m in 3QFY24), coupled with the outstanding construction & engineering orderbook of RM183.7m, sustaining earnings visibility until FY26F. The launch of new 176-ac industrial park at Penang that carries c.RM1.0b GDV in 2H24 remains well on track.










- **Valuation.** No changes made to our earnings forecast, given that reported figures are deemed within estimates. Following the weakness in the share price, we upgrade our recommendation to **BUY** on AME with an unchanged target price of RM1.95, by assigning target P/E multiple of 14.0x to FY25F EPS of 13.9 sen.

- **Risk.** Geopolitical tensions, labour shortages, insufficient industrial land, and unexpected further rise in construction costs

Friday, May 31, 2024

Company Results

Figure 1: Results Comparison

FYE Mar (RM m)	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)	12MFY23	12MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	84.8	157.2	(46.0)	176.2	(10.8)	575.9	716.9	24.5		Lower stages of work completed and the timing of income recognition
EBITDA	44.9	79.6	(43.6)	41.6	91.4	189.4	167.3	(11.6)		
Pre-tax profit	43.3	75.1	(42.3)	38.1	97.1	172.9	158.2	(8.5)		
Net profit	39.7	64.2	(38.1)	28.5	125.5	142.0	126.0	(11.3)		
Core net profit	14.6	21.5	(31.9)	22.1	(2.5)	83.3	86.8	4.2		Lower revenue recognised
Core EPS (sen)	0.4	0.6	(31.9)	0.6	(2.5)	2.4	2.5	4.2		
EBITDA margin (%)	15.9	23.6		17.4		32.9	23.3			
PBT margin (%)	15.3	21.6		16.0		30.0	22.1			
Core PATMI margin (%)	7.6	12.5				14.5	12.1			

Source: Company, Apex Securities

Financial Highlights
Income Statement

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	398.4	575.9	716.9	914.1	960.2
Gross Profit	103.9	115.2	157.7	201.1	211.2
EBITDA	80.9	189.3	160.8	237.7	249.6
Depreciation & Amortisation	-6.4	-6.3	-6.0	-7.8	-8.7
EBIT	74.6	183.0	154.8	229.9	240.9
Net Finance Income/ (Cost)	-7.3	-13.3	-0.2	-8.3	-8.6
Associates & JV	0.5	3.2	0.5	0.5	0.5
Pre-tax Profit	67.8	172.9	155.1	222.1	232.9
Tax	-16.4	-30.9	-32.2	-54.3	-56.9
Profit After Tax	51.4	142.0	122.9	167.8	175.9
Minority Interest	4.0	40.7	0.0	0.0	0.0
Net Profit	47.4	101.3	122.9	167.8	175.9
Exceptionals	-3.3	18.0	-11.0	0.0	0.0
Core Net Profit	51.9	83.3	86.8	110.2	115.4
Diluted Core Net Profit	51.9	83.3	86.8	109.3	114.3

Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
EBITDA margin	20.3%	32.9%	22.4%	26.0%	26.0%
EBIT margin	18.7%	31.8%	21.6%	25.1%	25.1%
PBT margin	17.0%	30.0%	21.6%	24.3%	24.3%
PAT margin	12.9%	24.7%	17.1%	18.4%	18.3%
NP margin	11.9%	17.6%	17.1%	18.4%	18.3%
Core NP margin	11.9%	17.6%	17.1%	18.4%	18.3%
Dividend yield	5.0%	5.0%	5.0%	5.0%	5.0%
ROE	6.4%	9.0%	10.3%	13.6%	12.7%
ROA	3.1%	5.5%	7.0%	8.9%	8.5%
Net gearing	8.3%	Net Cash	Net Cash	Net Cash	Net Cash

Key Assumptions

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
New sales (RM' m)	140.3	479.2	283.6	300.0	300.0
Dorm occupancy	>90%	>90%	>90%	>90%	>90%

Valuations

	FY25F
Diluted 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)	FY22	FY23	FY24	FY25F	FY26F
Cash	187.2	326.9	279.7	319.2	442.3
Receivables	82.3	111.4	142.8	150.3	157.8
Inventories	649.9	534.1	436.6	468.8	451.4
Other current assets	90.8	112.7	101.4	109.7	115.2
Total Current Assets	1010.2	1085.1	960.5	1047.9	1166.8
Fixed Assets	134.6	149.3	146.9	184.8	224.1
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	367.7	593.4	653.7	662.1	670.6
Total Non-current assets	502.3	742.7	800.6	846.9	894.8
Short-term Debt	39.2	119.6	137.8	88.2	94.5
Payables	214.5	229.9	137.7	130.6	126.0
Other Current Liabilities	25.3	54.4	188.3	221.7	242.8
Total Current Liabilities	279.0	404.0	463.9	440.5	463.2
Long-term Debt	210.2	64.8	37.3	145.1	134.9
Other non-current liabilities	276.7	238.2	67.5	73.4	79.9
Total Non-current Liabilities	486.9	303.0	104.8	218.6	214.8
Shareholder's equity	706.0	811.0	873.9	962.7	1071.4
Minority interest	40.7	309.8	318.5	273.2	312.1
Total Equity	746.7	1120.8	1192.4	1235.9	1383.5

Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	67.8	172.9	155.1	222.1	232.9
Depreciation & amortisation	6.4	6.3	6.0	7.8	8.7
Changes in working capital	-108.7	-32.1	-60.6	-56.0	7.8
Others	-22.1	-140.9	-62.7	-50.2	-52.6
Operating cash flow	-56.7	6.2	37.8	123.6	196.8
Net capex	-15.1	-35.2	-22.5	-45.7	-48.0
Others	3.1	16.2	19.3	0.0	0.0
Investing cash flow	-12.0	-19.0	-3.1	-45.7	-48.0
Dividends paid	-18.1	-28.5	-66.9	-25.6	-25.6
Others	0.5	177.8	-7.2	0.0	0.0
Financing cash flow	-17.6	149.4	-74.1	-25.6	-25.6
Net cash flow	-86.3	136.6	-39.4	52.3	123.1
Forex	0.0	0.0	0.0	0.0	0.0
Others	17.6	20.7	12.9	0.0	0.0
Beginning cash	255.9	169.7	306.3	266.9	319.2
Ending cash	187.2	326.9	279.7	319.2	442.3

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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