

Team Coverage

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Recommendation:	BUY
Current Price:	RM 1.70
Previous Target Price:	RM 1.95
Target Price:	↔ RM 1.95
Upside/Downside:	14.7%

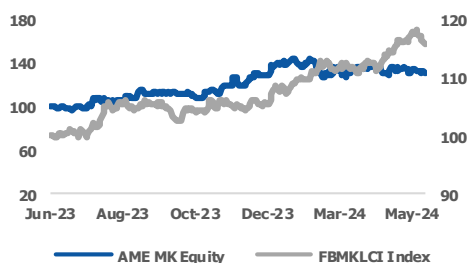
Stock information

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)	1,086.5
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	1.8	25.9
Relative (%)	-3.8	-1.9	8.9

AME Elite Consortium Berhad

New launch to bolster growth ahead

Summary

- **Acquiring three parcels of freehold land located at Kulai, Johor, measuring approximately 37.5-ac for a total cash consideration of RM106.2m.**
- **Post acquisition, AME's balance landbank will bump up to 302.2-ac that will keep the Group occupied till 2030.**
- **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.**

Company Update

- **Acquisition of landbank.** AME via its wholly-owned subsidiary, Golden Symphony Sdn Bhd is acquiring three parcels of freehold land located at Mukim of Kulai, District of Kulai, State of Johor, measuring approximately 37.5-ac from Dahlia Utama Sdn Bhd for a total cash consideration of RM106.2m. The said acquisition is expected to be completed in 3Q2024.
- **Land details.** The subject lands are strategically located within Taman Teknologi Johor in Senai that is accessible from Senai town centre via Skudai – Senai Highway and thereafter onto Jalan Persiaran Teknologi (see Appendix 1). At present, the said commercial lands are planted with oil palms (no details were disclosed over the tree age profile). We are neutral over the price tag of the said acquisition which translates to approximately RM65/sqf vs the historical transaction of surrounding land priced at RM66.10/sqf recorded in recent times.
- **Post acquisition impact.** AME is expected to remain in the net cash position for FY25F, despite borrowings are expected to record an additional increase of RM95.6m that takes up 90.0% of the funding of the said acquisition (balance RM10.6m will be funded by internal funds). The move is also expected to bump AME's balance landbank to 302.2-ac whereby bulk of it makes up from 176.0-ac development land located at Penang. The balance landbank is expected to keep AME busy till 2030.
- **Outlook.** Going forward, AME will be focusing onto the launching of their 176.0-ac industrial development park that carries a total GDV of c.RM1.0b located at Penang as the Group aims to replicate the success of Senai Industrial Park development into the northern region. We believe that demand for industrial properties within Johor remains firm, mushrooming with data centers as of late and ahead of the more detailed plan announcement of the Johor-Singapore Special Economic Zone (JS-SEZ) development.
- **Valuation.** Tweaked our earnings forecast slightly lower by 0.5% to RM109.6m and RM114.9m for FY25F and FY26F respectively, to account for the higher interest expense arising from the increase in borrowings. Still, we maintained 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.
- **Risk.** Geopolitical tensions, labour shortages, insufficient industrial land, and unexpected further rise in construction costs

Appendix 1: Land location



Source: Company

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	-9.0	-9.3
Associates & JV	0.5	3.2	0.5	0.5	0.5
Pre-tax Profit	67.8	172.9	155.1	221.4	232.1
Tax	-16.4	-30.9	-32.2	-54.1	-56.7
Profit After Tax	51.4	142.0	122.9	167.2	175.4
Minority Interest	4.0	40.7	0.0	0.0	0.0
Net Profit	47.4	101.3	122.9	167.2	175.4
Exceptionals	-3.3	18.0	-11.0	0.0	0.0
Core Net Profit	51.9	83.3	86.8	109.6	114.9
Diluted Core Net Profit	51.9	83.3	86.8	108.8	113.8

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%	24.2%	24.2%
PAT margin	12.9%	24.7%	17.1%	18.3%	18.3%
NP margin	11.9%	17.6%	17.1%	18.3%	18.3%
Core NP margin	11.9%	17.6%	17.1%	18.3%	18.3%
Dividend yield	5.0%	5.0%	5.0%	5.0%	5.0%
ROE	6.4%	9.0%	10.3%	13.8%	12.7%
ROA	3.1%	5.5%	7.0%	8.8%	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	314.6	437.2
Receivables	82.3	114	142.8	150.3	157.8
Inventories	649.9	534.1	436.6	468.8	451.4
Other current assets	90.8	12.7	104	109.7	115.2
Total Current Assets	1010.2	1085.1	960.5	1043.4	1161.6
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	219.6	197.6
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	571.8	566.4
Long-term Debt	210.2	64.8	37.3	33.5	30.2
Other non-current liabilities	276.7	238.2	67.5	73.4	79.9
Total Non-current Liabilities	486.9	303.0	104.8	107.0	110.1
Shareholder's equity	706.0	811.0	873.9	962.7	1071.4
Minority interest	40.7	309.8	318.5	248.8	308.6
Total Equity	746.7	1120.8	1192.4	1211.5	1380.0

Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	67.8	172.9	155.1	221.4	232.1
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	-50.0	-52.4
Operating cash flow	-56.7	6.2	37.8	123.1	196.2
Net capex	-15.1	-35.2	-22.5	-145.3	-48.0
Others	3.1	16.2	19.3	0.0	0.0
Investing cash flow	-12.0	-19.0	-3.1	-145.3	-48.0
Dividends paid	-18.1	-28.5	-66.9	-25.6	-25.6
Others	0.5	177.8	-7.2	95.6	0.0
Financing cash flow	-17.6	149.4	-74.1	69.9	-25.6
Net cash flow	-86.3	136.6	-39.4	47.7	122.6
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	314.6
Ending cash	187.2	326.9	279.7	314.6	437.2

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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