

Kenneth Leong

(603) 7890 8888 (ext 2093)

[kenneth.leong@apexsecurities.com.my](mailto:kenneth.leong@apexsecurities.com.my)

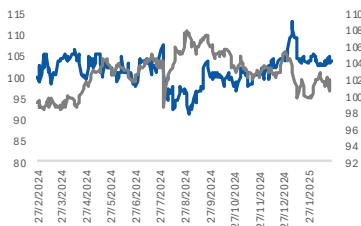
<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 1.68
Previous Target Price:	RM 1.92
Target Price:	↔ RM 1.92
Capital Upside/ Downside:	14.3%
Dividend Yield (%):	4.2%
<b>Total Upside/ Downside:</b>	<b>18.5%</b>

**Stock information**

Board	MAIN
Sector	Property
Bursa/ Bloomberg Code	5293/ AMEMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	639.1
Market Cap (RM' m)	1,073.7
52-Week Price Range (RM)	1.96-1.49
Beta (x)	0.6
Free float (%)	38.4
3M Average Volume (m)	0.4
3M Average Value (RM' m)	0.7

**Top 3 Shareholders**

	(%)
Lim Yook Kim	17.8
Lee Chai	17.8
Kang Ah Chee	17.5

**Share Price Performance**

	1M	3M	12M
Absolute (%)	0.6	0.6	-0.6
Relative (%)	-1.3	1.1	-2.8

**AME Elite Consortium Bhd****Within Expectations****Executive Summary**

- AME's 3QFY25 core net profit of RM18.4m jumped 109.2% yoy after excluding a fair value gain from the sale of industrial properties to AMEREIT in the previous corresponding quarter, but fell -17.9% qoq, bringing 9MFY25 core net profit to RM55.5m, which is within our expectations, accounting to 74.4% of our full-year core net profit forecast at RM74.6m, but was only at 32.3% of consensus forecasted core net profit of RM172.0m.
- Future earnings growth is expected to emanate from progressive recognition of new property sales to RM430.2m as well as contribution from the newly launched 175.6-ac Northern TechValley @ Butterworth-Kulim Expressway (BKE) from 4QFY25 onwards.
- We re-iterate our BUY recommendation on AME with unchanged TP of RM1.92, based on SOP valuations and ascribed with three-star ESG rating.

**Within expectations.** AME 9MFY25 core net profit at RM55.5m (+3.0% yoy) came within our expectations, accounting to 74.4% of our full-year core net profit forecast at RM74.6m, but was only at 32.3% of consensus forecasted core net profit of RM172.0m.

**YoY.** 3QFY25 core net profit jumped +109.2% yoy after stripping off fair value gain on investment properties amounted to RM13.2m in 3QFY24. Revenue for the quarter, however, declined -7.3% yoy to RM163.4m.

**QoQ.** Core net profit decreased by -17.9% qoq as billing for certain property projects has yet to pick up pace.

**Outlook.** Earnings growth is expected to emanate from the progressive recognition of strong new property sales which recorded at RM71.1m during the quarter, bringing cumulative 9MFY25 new property sales to RM430.2m – largely on track to meet management guidance of RM550.0m. We gathered that the newly launched 175.6-ac Northern TechValley @ Butterworth-Kulim Expressway (BKE) is expected to generate in new sales from 4QFY25 onwards.

**Earnings Revision.** No changes, given that reported results came in-line with in-house forecast. We also introduced FY27F core net profit at RM92.8m.

**Valuation & Recommendation.** Re-iterate our **BUY** recommendation on AME, unchanged target price of **RM1.92** based on SOP valuations and ascribed with three-star ESG rating. We continue to favour AME as a (i) proxy to rising FDI with Malaysia likely to stand as one of the beneficiaries on supply chain diversifications and (ii) backed by decent unbilled sales of RM480.0m (up from RM459.5m as at end-2QFY25) and outstanding construction & engineering orderbook of RM164.7m (up from RM148.2m as at end-2QFY25) that will provide earnings visibility over the next 18 months.

**Risk.** Labour shortages, insufficient industrial land, and unexpected further rise in construction cost.

## Earnings Summary

<b>FYE Mar (RM m)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25F</b>	<b>FY26F</b>	<b>FY27F</b>
Revenue	575.9	716.9	647.7	726.8	757.6
EBITDA	189.3	167.4	142.5	159.9	166.7
Pre-tax profit	172.9	158.2	132.7	149.8	158.0
Net profit	101.3	93.1	74.6	88.2	89.8
Core net profit	83.3	56.5	74.6	88.2	89.8
Core EPS (sen)	10.6	7.2	9.5	11.3	11.5
P/E (x)	15.8	23.3	17.6	14.9	14.7
P/B (x)	1.2	1.1	1.1	1.0	1.0
EV/EBITDA (x)	9.3	10.4	11.8	10.9	7.9
Dividend Yield (%)	1.5%	2.4%	3.6%	4.2%	4.2%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Results Comparison

FYE Sep (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue	163.4	176.2	(7.3)	187.2	(12.7)	492.9	632.1	(22.0)	3QFY25 revenue fell yoy due to the lower stages of work completed and the timing of
EBITDA	30.0	41.6	(27.9)	38.6	(22.3)	96.6	122.5	(21.1)	
Pre-tax profit	30.4	38.1	(20.2)	36.4	(16.3)	93.3	114.9	(18.7)	
Net profit	18.4	21.9	(16.0)	22.4	(17.9)	55.5	67.0	(17.1)	
Core net profit	18.4	8.8	109.2	22.4	(17.9)	55.5	53.9	3.0	CNP improved yoy in 3QFY25 after stripping off fair value gain on investment properties amounted to RM13.2m in 3QFY24
Core EPS (sen)	2.2	1.1	109.2	2.7	(17.9)	6.6	6.4	3.0	
EBITDA margin (%)	18.3	23.6		20.6		19.6	19.4		
PBT margin (%)	18.6	21.6		19.4		18.9	18.2		
Core net profit margin (%)	11.3	5.0		12.0		11.3	8.5		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Sep (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
<b>Revenue</b>									
Construction	67.2	35.2	90.9	63.2	6.2	167.7	137.4	22.0	
Property development	54.9	98.5	(44.2)	73.4	(25.2)	188.7	380.6	(50.4)	Weighed down by lower stages of work completed and the timing of income recognition
Engineering	22.3	25.8	(13.7)	32.1	(30.6)	82.0	66.3	23.7	
Property investment	19.0	16.7	13.7	18.4	3.2	54.5	47.6	14.5	
<b>Total</b>	<b>163.4</b>	<b>176.2</b>	<b>(7.3)</b>	<b>187.2</b>	<b>(12.7)</b>	<b>492.9</b>	<b>632.1</b>	<b>(22.0)</b>	
<b>EBIT</b>									
Construction	2.5	1.2	103.9	6.0	(58.0)	9.9	3.4	189.4	
Property development	8.4	14.0	(39.9)	14.6	(42.4)	32.3	60.0	(46.2)	
Engineering	8.4	14.0	(39.9)	14.6	(42.4)	32.3	60.0	(46.2)	
Property investment	8.4	14.0	(39.9)	14.6	(42.4)	32.3	60.0	(46.2)	
<b>Total</b>	<b>27.8</b>	<b>43.2</b>	<b>(35.7)</b>	<b>49.9</b>	<b>(44.3)</b>	<b>106.8</b>	<b>183.4</b>	<b>(41.8)</b>	
<b>EBIT margin (%)</b>									
Construction	3.8%	3.5%		9.6%		5.9%	2.5%		
Property development	15.3%	14.2%		19.9%		17.1%	15.8%		
Engineering	37.7%	54.1%		45.5%		39.4%	90.5%		
Property investment	44.3%	83.8%		79.5%		59.2%	125.9%		
<b>Aggregate Total</b>	<b>17.0%</b>	<b>24.5%</b>		<b>26.6%</b>		<b>21.7%</b>	<b>29.0%</b>		

Source: Company, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Financial Highlights

### Income Statement

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Revenue</b>	<b>575.9</b>	<b>716.9</b>	<b>647.7</b>	<b>726.8</b>	<b>780.5</b>
<b>Gross Profit</b>	<b>116.8</b>	<b>172.1</b>	<b>149.0</b>	<b>167.2</b>	<b>179.5</b>
<b>EBITDA</b>	<b>189.3</b>	<b>167.4</b>	<b>142.5</b>	<b>159.9</b>	<b>171.7</b>
Depreciation & Amortisation	-6.4	-7.8	-8.4	-9.7	0.0
<b>EBIT</b>	<b>183.0</b>	<b>161.0</b>	<b>134.7</b>	<b>151.5</b>	<b>162.0</b>
Net Finance Income/ (Cost)	-13.3	-5.5	-4.7	-4.4	-1.5
Associates & JV	3.2	2.7	2.7	2.7	2.7
<b>Pre-tax Profit</b>	<b>172.9</b>	<b>158.2</b>	<b>132.7</b>	<b>149.8</b>	<b>163.1</b>
Tax	-30.9	-32.2	-31.8	-36.0	-39.1
<b>Profit After Tax</b>	<b>142.0</b>	<b>126.0</b>	<b>100.9</b>	<b>113.9</b>	<b>124.0</b>
Minority Interest	40.7	32.9	26.2	25.7	31.2
<b>Net Profit</b>	<b>101.3</b>	<b>93.1</b>	<b>74.6</b>	<b>88.2</b>	<b>92.8</b>
Exceptionals	18.0	36.6	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>83.3</b>	<b>56.5</b>	<b>74.6</b>	<b>88.2</b>	<b>92.8</b>

### Key Ratios

FYE Sep	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	10.6	7.2	9.5	11.3	11.8
P/E (x)	15.8	23.3	17.6	14.9	14.2
P/B (x)	1.2	1.1	1.1	1.0	1.0
EV/EBITDA (x)	9.3	10.4	11.8	10.9	7.7
DPS (sen)	2.5	4.0	6.0	7.0	7.0
Dividend Yield (%)	1.5%	2.4%	3.6%	4.2%	4.2%
EBITDA margin (%)	32.9%	23.4%	22.0%	22.0%	22.0%
EBIT margin (%)	31.8%	22.5%	20.8%	20.8%	20.8%
PBT margin (%)	30.0%	22.1%	20.5%	20.6%	20.9%
PAT margin (%)	24.7%	17.6%	15.6%	15.7%	15.9%
NP margin (%)	17.6%	13.0%	11.5%	12.1%	11.9%
CNP margin (%)	14.5%	7.9%	11.5%	12.1%	11.9%
ROE (%)	7.4%	4.7%	6.1%	6.9%	7.0%
ROA (%)	4.6%	3.2%	4.1%	4.7%	4.8%
Gearing (%)	16.5%	14.7%	13.7%	12.7%	11.9%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations

	Valuation methodology
Property Development	834.5 20% discount to RNAV
Construction	80.4 8x P/E
Engineering	41.3 7x P/E
Property Investment & Management	208.4 7x P/E
AME REIT (51.2% equity stake)	337.9
<b>SOP Value</b>	<b>1502.5</b>
No. of shares	783.0
<b>Fair Value (RM)</b>	<b>1.92</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Cash</b>	<b>326.9</b>	<b>279.7</b>	<b>219.9</b>	<b>266.8</b>	<b>311.0</b>
Receivables	111.4	142.8	159.7	159.3	139.0
Inventories	534.1	436.6	464.6	460.0	494.0
Other current assets	112.7	101.6	129.5	109.0	93.7
<b>Total Current Assets</b>	<b>1085.1</b>	<b>960.7</b>	<b>973.8</b>	<b>995.1</b>	<b>1037.6</b>
Fixed Assets	697.7	754.4	785.1	819.2	854.7
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	45.0	46.9	49.2	51.7	54.3
<b>Total Non-Current Assets</b>	<b>742.7</b>	<b>801.3</b>	<b>834.3</b>	<b>870.9</b>	<b>909.0</b>
Short-term debt	119.6	137.7	134.9	132.2	129.6
Payables	229.9	137.7	141.9	154.6	124.3
Other current liabilities	54.4	188.9	208.2	229.2	242.9
<b>Total Current Liabilities</b>	<b>404.0</b>	<b>464.3</b>	<b>485.0</b>	<b>516.0</b>	<b>496.8</b>
Long-term debt	64.8	37.3	33.5	30.2	27.2
Other non-current liabilities	238.2	68.0	59.9	45.8	100.8
<b>Total Non-Current Liabilities</b>	<b>303.0</b>	<b>105.2</b>	<b>93.5</b>	<b>76.0</b>	<b>128.0</b>
Shareholder's equity	811.0	873.9	911.1	955.4	1003.4
Minority interest	309.8	318.5	318.5	318.5	318.5
<b>Total Equity</b>	<b>1120.8</b>	<b>1192.4</b>	<b>1229.6</b>	<b>1274.0</b>	<b>1321.9</b>

### Cash Flow

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Pre-tax profit</b>	<b>172.9</b>	<b>158.2</b>	<b>132.7</b>	<b>149.8</b>	<b>163.1</b>
Depreciation & amortisation	6.0	6.4	7.8	8.4	9.7
Changes in working capital	-32.1	-62.3	-78.1	11.9	0.0
Others	-140.6	-64.4	-31.8	-36.0	-39.1
<b>Operating cash flow</b>	<b>6.2</b>	<b>37.9</b>	<b>30.5</b>	<b>134.1</b>	<b>133.7</b>
Net capex	-25.2	-5.0	-32.4	-36.3	-39.0
Others	6.2	1.8	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>-19.0</b>	<b>-3.1</b>	<b>-32.4</b>	<b>-36.3</b>	<b>-39.0</b>
Dividends paid	-39.1	-67.0	-38.4	-44.8	-44.8
Others	188.5	-7.4	-6.5	-6.1	-5.7
<b>Financing cash flow</b>	<b>149.4</b>	<b>-74.4</b>	<b>-44.9</b>	<b>-50.9</b>	<b>-50.5</b>
<b>Net cash flow</b>	<b>136.6</b>	<b>-39.6</b>	<b>-46.8</b>	<b>46.9</b>	<b>44.2</b>
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	169.7	306.3	266.7	219.9	266.8
<b>Ending cash</b>	<b>306.3</b>	<b>266.7</b>	<b>219.9</b>	<b>266.8</b>	<b>311.0</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions stood at 74,385.78 tCO2eq in FY24
Waste & Effluent	★★★	Recycled 613.14 tonnes of scrap metal from construction site.
Energy	★★★	Solar panels installed at AME's headquarters generated 316,659.18 kWh, equivalent to approximately RM145,728.20 in electricity cost savings
Water	★★★	Water consumption rose 13.8% yoy to 107,388.57m3 in FY24
Compliance	★★★	In compliance with local and international environmental regulations

### Social

Diversity	★★★	Employees breakdown by gender; Male (78%), Female (22%)
Human Rights	★★★	Adheres to Malaysia's Employment Act 1955
Occupational Safety and Health	★★★★	1,886 hours of OHSE-related training including risk and hazard identification. Achieved Zero (0) fatalities across all divisions
Labour Practices	★★★	Meet the requirements of the Department of Labour and Responsible Business Alliance ("RBA").

### Governance

CSR Strategy	★★★	Donated to Social Hero Foundation (SHF) and RM110,000 to SJK (C) Johor Jaya, SRJK (C) Saleng, SJK (C) Pei Cheng and Kluang Chong Hwa High School.
Management	★★	22.22% women representation at the Board level
Stakeholders	★★★	Regular engagements apart from 4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

### Recommendation Framework:

**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

### 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.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Friday, 28 Feb, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.