



APEX SECURITIES BERHAD (47680-X)
(Formerly known as JF APEX SECURITIES BERHAD)

BUY

Maintained

AME Elite Consortium Berhad

Current Price RM 1.41

Target Price RM 1.80

“Starting Out Steadily”

Company Description

AME Elite Consortium Berhad provides real estate services. The Company offers property management, development, construction, and engineering solutions. AME Elite Consortium serves customers in Malaysia.

Stock Data

Bursa / Bloomberg code	5293 / AME MK
Board / Sector	Main / Industrial
Syariah Compliant status	Yes
FTSE4Good Index	N/A
FTSE ESG Rating	N/A
MSCI ESG Rating	N.S.
S&P Global ESG Rank	N/A
Sustainalytics Risk Score	N/A
Issued shares (m)	639.09
Market cap. (RM'm)	901.12
52-week Price Range (RM)	1.15 - 1.61
Beta (against KLCI)	0.79
3-m Average Daily Volume	0.23m
3-m Average Daily Value	RM0.32m

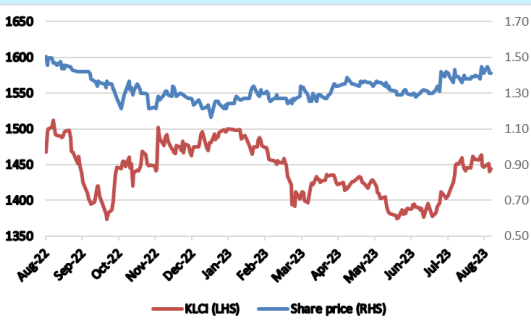
Share Performance

	1m	3m	12m
Absolute (%)	3.7	6.8	-7.8
Relative (%-pts)	3.1	-1.5	-4.5

Major Shareholders

	%
Lim Yook Kim	17.81
Lee Chai	17.78
Kang Ah Chee	17.46

Price Chart



Source: Bloomberg

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Results

- Satisfying Quarter.** In its 1QFY24, AME's revenue hit RM222.5m (+40.5 QoQ, +62.5% YoY) which is the highest revenue achieved in a single quarter contributed by overall higher stages of completion of work done in the property and construction segments. However, PAT earnings diminished to RM30.1m (-54.7% QoQ, +299.2% YoY) mainly due to the absence of the fair value gains from investment properties and the disposal industrial properties to AMEREIT during the previous quarter.
- Margins Performing.** Despite the non-appearance of gains from the previous quarter, GP margins did show improvement to 24.8% (+2.5 bps QoQ, +7.7 bps YoY) while PAT margin stood at 13.5% (28.4% QoQ, +8.0% YoY).
- Segments performed better.** The Group's business segments have mostly generated positive effect on revenue, namely the Property development segment (+85.3% QoQ, +344.0% YoY), Engineering segment (+15.9% QoQ, +194.2% YoY), and Investment Property & Management (+7.9% QoQ, +31.6% YoY). These positive contributions would offset the continued subdued performance of the Construction segment (-9.1% QoQ, -44.3% YoY) which is because of the near completion stage of the remaining projects and as the management puts lesser focus on construction.
- Unbilled Sales Resilient.** AME's new property sales stood at RM46.1m in 1Q24 compared to the full year's RM479.2m in FY23 while unbilled sales are currently lower at RM253.4m as at 30 June 2023 compared to RM351.3m in FY23 with expectations of recognition up to FY25.

Earnings Outlook/Revision

- Forecast adjusted** – We adjusted our FY24F and FY25F revenue on higher revenue recognition on its ongoing projects which would lift its core earnings by 18.4% and 18.9% for FY24F and FY25F respectively.

Valuation & Recommendation

- Maintain BUY on AME with a higher target price of RM1.80 (previously RM1.51).** Our target price is pegged at FY25F fully diluted EPS and PE multiple of 16.0x which is at its 3-year mean PE as we remain optimistic of the Group to continue to attract MNCs and to benefit from the FDI inflow into Malaysia.

Please read carefully the important disclosures at end of this publication

Figure 1: Quarterly Result

FYE Mar (RM'm)	1Q24	4Q23	1Q23	qoq (%)	yoy (%)
Revenue	222.5	158.4	136.9	40.5	62.5
GP	55.1	35.2	23.3	56.5	136.5
EBIT	38.6	81.0	15.2	(52.3)	153.3
PBT	39.3	78.0	11.3	(49.6)	246.6
PAT	30.1	66.4	7.5	(54.7)	299.2
Gross margin (%) / ppt	24.8	22.2	17.0	2.5	7.7
Operating margin (%) / ppt	17.3	51.1	11.1	(33.8)	6.2
PBT margin (%) / ppt	17.7	49.3	8.3	(31.6)	9.4
PAT margin (%) / ppt	13.5	41.9	5.5	(28.4)	8.0

Source: Apex Securities, AME Elite Consortium Berhad

FY24	1Q24	4Q23	1Q23	qoq (%)	yoy (%)
Revenue					
Construction	49.0	53.9	87.9	(9.1)	(44.3)
Property	143.4	77.4	32.3	85.3	344.0
Engineering	15.3	13.2	5.2	15.9	194.2
Investment Property	15.0	13.9	11.4	7.9	31.6
PBT					
Construction	0.7	0.7	2.8	0.0	(75.0)
Property	23.5	14.7	5.4	59.9	335.2
Engineering	1.2	3.0	0.3	(60.0)	300.0
Investment Property	12.1	69.0	9.2	(82.5)	31.5
Margin (%) / ppt					
Construction	1.4	-3.1	3.2	4.5	(1.8)
Property	16.4	17.5	16.7	(1.2)	(0.3)
Engineering	7.8	59.8	5.8	(51.9)	2.1
Investment Property	80.7	60.8	80.7	19.9	(0.0)

Source: Apex Securities, AME Elite Consortium Berhad

Figure 2: Financial Summary

Income Statement				
FYE Mar (RM'm)	FY22	FY23	FY24F	FY25F
Revenue	398.4	575.9	605.5	665.3
Gross Profit	104.0	116.7	139.3	153.0
EBIT	74.7	183.2	95.1	104.5
PBT	69.0	172.9	94.2	103.9
PAT	52.6	142.0	70.7	77.9
Core PAT	48.6	101.5	65.5	72.2
Margins %				
Revenue Growth %	19.8%	44.6%	5.1%	9.9%
Gross Profit	26.1%	20.3%	23.0%	23.0%
EBIT	18.8%	31.8%	15.7%	15.7%
PBT	17.3%	30.0%	15.6%	15.6%
PAT	13.2%	24.7%	11.7%	11.7%
Core PAT	12.2%	17.6%	10.8%	10.9%

Balance Sheet				
FYE Mar (RM'm)	FY22	FY23	FY24F	FY25F
Long Term Assets	471.4	710.4	738.1	783.1
Inventories	8.7	8.7	8.7	8.7
Others	22.2	23.6	23.4	23.2
Total NCA	502.3	742.7	770.1	815.0
Inventories	650.0	534.1	511.0	561.4
Receivables	82.3	111.4	116.1	127.6
Contract Assets	40.8	60.2	66.2	72.8
Cash	187.2	326.9	302.8	332.6
Others	49.9	52.4	60.6	66.5
Total CA	1,010.2	1,085.0	1,056.6	1,161.0
Total Assets	1,512.5	1,827.7	1,826.8	1,976.0
Shareholder's Equity				
	746.7	1,120.8	931.4	1,094.8
Long Term Borrowings	210.2	64.7	57.9	172.3
Others	276.6	238.2	159.8	217.0
Total NCL	486.8	302.9	217.7	389.4
Payables	214.5	229.9	146.9	140.3
Short Term Borrowings	39.2	119.2	135.2	30.4
Others	25.3	54.5	395.6	321.0
Total CL	279.0	403.6	677.6	491.8
Total Liabilities	765.8	706.5	895.4	881.2
Total Equity and Liabilities	1,512.5	1,827.3	1,826.8	1,976.0

Source: Apex Securities, AME Elite Consortium Berhad

Cash Flow Statement				
FYE Mar (RM'm)	FY22	FY23	FY24F	FY25F
PBT	69.0	172.9	94.2	103.9
D&A	6.4	6.0	8.1	8.9
Working Capital	(108.7)	(32.1)	47.8	(74.3)
Others	(23.1)	(140.6)	(22.5)	(24.3)
Net CFO	(56.4)	6.2	127.6	14.2
CAPEX	(35.0)	(25.8)	(29.4)	(17.0)
Others	23.0	6.8	-	-
CFI	(12.0)	(19.0)	(29.4)	(17.0)
Dividend	(18.1)	(28.4)	(14.1)	(15.6)
Raise/(Repay) Borrowings	(15.6)	(165.7)	(56.3)	9.7
Raise/(Repay) Equity	16.3	-	-	-
Others	(0.1)	343.5	-	-
CFF	(17.5)	149.4	(70.4)	(5.9)
Net Cash Flow	(85.9)	136.6	27.8	(8.7)
Beginning Cash	293.1	207.2	343.8	371.6
Ending Cash	207.2	343.8	371.6	362.9

Ratios	FY22	FY23	FY24F	FY25F
Dividend Yield %	1.3%	1.7%	1.1%	1.2%
EPS (Sen)	7.6	15.8	10.2	11.3
PE	18.3	8.8	13.6	12.3
Net Gearing (x)	0.1	-0.1	-0.1	-0.1
P/BV	1.2	0.8	1.0	0.8
ROA	3.2%	5.6%	3.6%	3.7%
ROE	6.5%	9.1%	7.0%	6.6%
ROIC	4.9%	7.8%	5.8%	5.6%
Receivable Days	75	71	70	70
Inventory Days	596	471	400	400
Payables Days	268	180	118	125
FCF (RM'm)	-21.4	32.0	157.0	31.3
Cash Conversion Cycle (Days)	447	365	355	370

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RESEARCH RECOMMENDATION FRAMEWORK**STOCK RECOMMENDATIONS**

BUY :The stock's total returns* are expected to exceed 10% within the next 12 months.
HOLD :The stock's total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL :The stock's total returns* are expected to be below -10% within the next 12 months.
TRADING BUY :The stock's total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL :The stock's total returns* are expected to be below -10% within the next 3 months.

*capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT :The industry as defined by the analyst is expected to exceed 10% within the next 12 months.
MARKETWEIGHT :The industry as defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT :The industry as defined by the analyst, is expected to be below -10% within the next 12 months.

ESG RECOMMENDATIONS

☆☆☆☆ :Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆☆ :Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆☆ :Top 51-75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆☆ :Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

Source: Bursa Malaysia and FTSE Russell

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