AME ELITE (AME MK)

Post result briefing takeaways

MALAYSIA | CONSTRUCTION | UPDATE

- AME's Northern TechValley sales expected to pick up pace in 2HCY25; however, we maintain a cautious FY26 sales target of RM400m given ongoing trade and tariff risks.
- DC client remains committed to finalizing the RM210m land acquisition, on track for completion in 1HFY26
- Maintain BUY with unchanged SOP-derived TP at RM2.00

9 June 2025

BUY (maintain)

LAST CLOSE PRICE	RM1.58
TARGET PRICE	RM2.00
TOTAL RETURN	26.6%

COMPANY DATA

BLOOMBERG TICKER	AME MK EQUITY
O/S SHARES (MN) :	639
MARKET CAP (USD mn / RM mn) :	239 / 1010
52 - WK HI/LO (RM) :	1.84 / 1.46
3M Average Daily T/O (mn) :	0.27
NET CASH/(DEBT) (RMm)	(31.30)

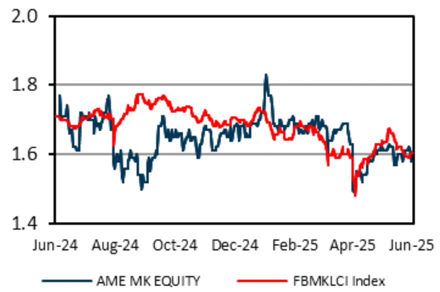
MAJOR SHAREHOLDERS (%)

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

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(1.9)	(7.1)	(7.1)
FBMKLCI RETURN	(1.1)	(0.8)	(5.7)

PRICE VS. FBMKLCI



Source: Bloomberg

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New Penang TechValley gaining good traction

AME Elite's (AME) Northern TechValley registered RM56m sales in 4QFY25, lifting the group's overall FY25 sales to RM641m (+126% YoY). Early demand was largely supported by local players from the consumer-related sector. Management anticipates sales momentum to strengthen further once infrastructure work commences in 2HCY25. AME remains focused in growing its GDV pipeline, with the pending acquisition of the land in Ijok (RM1.2–1.3bn estimated GDV) with KLK expected to complete in 2HCY25. Despite the stellar FY25 sales, AME is targeting a more conservative RM400m sales for FY26, reflecting the lingering uncertainties surrounding trade policies and tariffs that could influence the pace of foreign direct investment decisions.

DC land sale recognition expected in 1HFY26

AME is expected to recognize earnings from the RM210m land sale to DC Hyperspace in 1HFY26, pending final payment from the client by Aug25. The client has reaffirmed its commitment to complete the transaction, having paid c.RM35m deposit and interest. AME is expected to record RM85m gain from this deal. In FY25, management has replenished RM114m (-6.6% YoY) worth of new construction contracts, bringing outstanding construction order book to RM114m (-37.8% YoY). Looking ahead, management aims to grow its order book to RM200m in FY26 with an active tender book of RM0.8-1bn.

Maintain BUY with unchanged 12-month TP of RM2.00

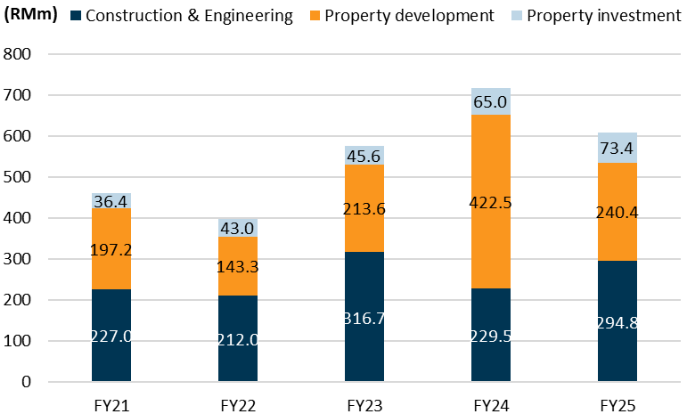
We reiterate our BUY rating with an unchanged SOP-derived TP of RM2.00. We anticipate AME to capture additional demand as it continues to benefit from growing industrial property needs in key FDI hubs such as Johor and Penang. Key risks to our BUY call include uncertainties surrounding US tariffs that could dampen property demand.

Key Financials

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue (RMm)	716.9	608.6	1,032.8	818.0	936.2
EBITDA (RMm)	142.5	152.5	293.4	186.5	211.0
Pretax profit (RMm)	158.2	153.0	277.9	173.1	199.8
Net profit (RMm)	93.1	92.1	191.0	103.8	108.5
EPS (sen)	14.6	14.4	29.9	16.2	16.9
PER (x)	10.8	11.0	5.3	9.7	9.3
Core net profit (RMm)	91.2	89.1	191.0	103.8	108.5
Core EPS (sen)	14.3	13.9	29.9	16.2	16.9
Core EPS growth (%)	4.1	(2.3)	114.4	(45.6)	4.3
Core PER (x)	11.1	11.3	5.3	9.7	9.3
Net DPS (sen)	6.0	6.0	6.0	6.0	6.0
Dividend Yield (%)	3.8	3.8	3.8	3.8	3.8
EV/EBITDA (x)	6.4	6.8	3.6	5.2	4.6
Chg in EPS (%)			-	-	-
Phillip/Consensus (%)			1.3	1.1	1.0

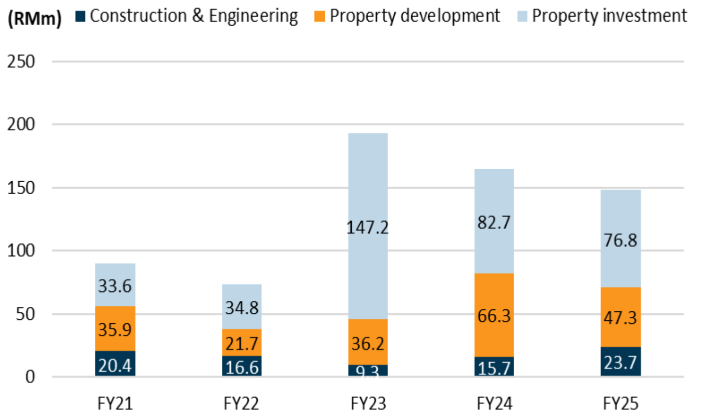
Sources: Company, Bloomberg, Phillip Research forecasts

Table 1: Segmental revenue



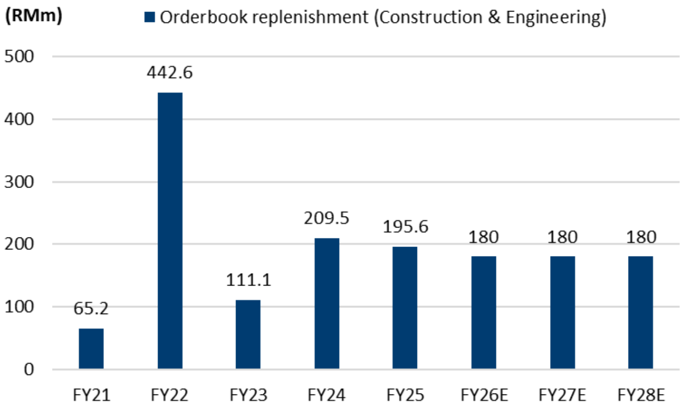
Source: Company, Phillip Research

Table 2: Segmental operating profit



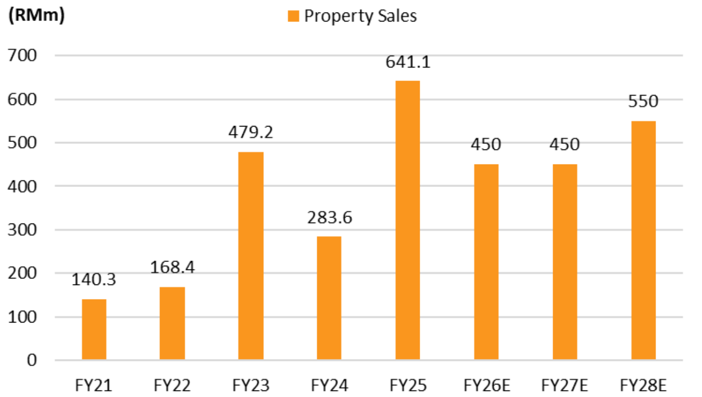
Source: Company, Phillip Research

Table 3: Annual orderbook replenishment



Source: Company, Phillip Research forecasts

Table 4: Annual property sales



Source: Company, Phillip Research forecasts

Table 5: Sum of Parts (SOP) Valuation

SOP Component	Value (RMm)	PE (x) / Disc Rate (%)	SOP Value (RMm)
FY26E construction and engineering profit	24	14	341
Property developments @ DCF (WACC 7.6%)	657	20% discount	526
AME REIT (51% equity stake)	871	51%	442
Net cash/(debt)			(32)
SOP Value			**1,277**
No. of shares (m)			639
SOP/share (RM)			**2.00**

Source: Bloomberg, Phillip Research forecasts

FINANCIALS

Income Statement

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**716.9**	**608.6**	**1,032.8**	**818.0**	**936.2**
Operating expenses	(574.4)	(456.1)	(739.4)	(631.5)	(725.1)
EBITDA	**142.5**	**152.5**	**293.4**	**186.5**	**211.0**
Depreciation	(6.3)	(6.8)	(7.4)	(8.0)	(8.6)
EBIT	**136.2**	**145.7**	**286.0**	**178.5**	**202.5**
Net int income/(expense)	3.8	3.3	(8.1)	(5.4)	(2.7)
Associates' contribution	2.7	(2.0)	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Exceptional gain/(loss)	15.6	6.0	0.0	0.0	0.0
Pretax profit	**158.2**	**153.0**	**277.9**	**173.1**	**199.8**
Tax	(32.2)	(30.3)	(66.7)	(41.5)	(48.0)
Minority interest	(32.9)	(30.6)	(20.2)	(27.7)	(43.4)
Net profit	**93.1**	**92.1**	**191.0**	**103.8**	**108.5**
Core net profit	**91.2**	**89.1**	**191.0**	**103.8**	**108.5**

Balance Sheet

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
Fixed assets	159.2	207.6	195.0	227.0	258.5
Other long term assets	642.1	724.8	837.4	808.7	765.3
Total non-current assets	**801.3**	**932.4**	**1,032.4**	**1,035.7**	**1,023.8**
Cash and equivalents	279.7	316.1	487.0	555.8	569.5
Stocks	436.6	511.1	790.0	531.1	606.3
Debtors	242.4	162.4	266.3	264.5	302.7
Other current assets	1.9	1.4	1.4	1.4	1.4
Total current assets	**960.7**	**991.0**	**1,544.7**	**1,352.7**	**1,479.9**
Creditors	275.9	226.3	572.8	318.6	363.8
Short term borrowings	137.7	175.3	175.3	175.3	175.3
Other current liabilities	50.7	72.8	56.0	56.0	56.0
Total current liabilities	**464.3**	**474.4**	**804.0**	**549.9**	**595.1**
Long term borrowings	37.0	172.1	343.6	343.6	343.6
Other long term liabilities	68.2	32.7	32.7	32.7	32.7
Total long term liabilities	**105.2**	**204.8**	**376.3**	**376.3**	**376.3**
Minority interests	**318.5**	**323.4**	**323.4**	**323.4**	**323.4**
Shareholders' Funds	**873.9**	**920.7**	**1,073.4**	**1,138.8**	**1,208.9**

Cash Flow Statement

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
PAT	93.1	92.1	191.0	103.8	108.5
Depreciation & Amortisation	6.3	6.8	7.4	8.0	8.6
Working capital changes	126.4	(46.2)	(36.4)	6.6	(68.3)
Others	(188.0)	(112.7)	20.2	28.7	43.4
Cashflow from operation	**37.8**	**(60.0)**	**182.2**	**147.2**	**92.1**
Capex	(18.4)	(10.3)	(20.0)	(40.0)	(40.0)
Disposal/(purchases)	13.5	1.0	0.0	0.0	0.0
Others	1.8	(3.7)	(124.5)	0.0	0.0
Cash flow from investing	**(3.1)**	**(13.0)**	**(144.5)**	**(40.0)**	**(40.0)**
Debt raised/(repaid)	(9.2)	172.7	171.5	0.0	0.0
Net interest income/(exp)	3.8	3.3	(8.1)	(5.4)	(2.7)
Dividends paid	(38.3)	(38.3)	(38.3)	(38.3)	(38.4)
Others	(30.4)	(22.4)	8.1	5.4	2.7
Cash flow from financing	**(74.1)**	**115.2**	**133.1**	**(38.3)**	**(38.4)**
Free Cash Flow	**19.4**	**(70.4)**	**162.2**	**107.2**	**52.1**

Source: Company, Phillip Research forecasts

Financial Ratios and Margins

Y/E Mar (RMm)	FY24	FY25	FY26E	FY27E	FY28E
Growth					
Revenue (%)	24.5	(15.1)	69.7	(20.8)	14.4
EBITDA (%)	2.6	7.0	92.4	(36.4)	13.2
Core net profit (%)	4.1	(2.3)	114.4	(45.6)	4.5
Profitability					
EBITDA margin (%)	19.9	25.1	28.4	22.8	22.5
PBT margin (%)	22.1	25.1	26.9	21.2	21.3
Net profit margin (%)	12.7	14.6	18.5	12.7	11.6
Effective tax rate (%)	20.3	19.8	24.0	24.0	24.0
ROA (%)	5.2	5.0	8.5	4.2	9.1
Core ROE (%)	10.8	9.9	19.2	9.4	19.0
ROCE (%)	13.1	13.0	21.3	11.3	18.6
Dividend payout ratio (%)	41.2	41.6	20.1	36.9	35.4
Liquidity					
Current ratio (x)	2.1	2.1	1.9	2.5	2.5
Op. cash flow (RMm)	37.8	(60.0)	182.2	147.2	92.1
Free cashflow (RMm)	19.4	(70.4)	162.2	107.2	52.1
FCF/share (sen)	5.1	(10.9)	25.4	16.8	8.1
Asset management					
Debtors turnover (days)	118.0	121.4	118.0	118.0	118.0
Stock turnover (days)	325.2	400.3	350.0	350.0	350.0
Creditors turnover (days)	169.5	212.2	210.0	210.0	210.0
Capital structure					
Net gearing (%)	(0.1)	0.0	0.0	(0.0)	(0.0)
Interest cover (x)	(37.7)	(46.5)	36.1	34.4	79.0

Quarterly Profit & Loss

Y/E Mar (RMm)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue	**84.8**	**142.4**	**187.2**	**163.4**	**115.6**
Operating expenses	(63.9)	(114.3)	(148.7)	(133.0)	(61.3)
EBITDA	**21.0**	**28.1**	**38.5**	**30.3**	**54.3**
Depreciation	(1.6)	(1.6)	(1.1)	(1.0)	(1.8)
EBIT	**19.3**	**26.5**	**37.4**	**29.3**	**52.5**
Net int income/(expense)	1.8	0.3	(0.5)	2.1	1.4
Associates' contribution	(0.1)	(0.2)	(0.7)	(0.6)	(0.5)
Forex gain/(loss)	0.2	0.0	0.0	0.0	0.0
Exceptional items	22.1	0.0	0.0	(0.4)	6.3
Pretax profit	**43.3**	**26.6**	**36.4**	**30.4**	**59.6**
Tax	(3.6)	(6.1)	(8.1)	(6.4)	(9.8)
Minority interest	(13.6)	(5.7)	(5.9)	(5.6)	(13.4)
Net profit	**26.1**	**14.7**	**22.4**	**18.4**	**36.5**
Core net profit	**14.9**	**14.7**	**22.4**	**18.8**	**33.2**
Margins (%)					
EBITDA	24.7	19.7	20.6	18.6	47.0
PBT	51.1	18.6	19.4	18.6	51.6
Core net profit	17.6	10.3	12.0	11.5	28.7

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HOLD: Total stock return to be between -10% and +10% over a 12-month period
SELL: Total stock return is expected to below 10% over a 12-month period

Sector:

OVERWEIGHT: The sector is expected to outperform the overall FBMKLCI over the next 12 months
NEUTRAL: The sector is to perform in line with the overall FBMKLCI market over the next 12 months
UNDERWEIGHT: The sector is expected to underperform the overall FBMKLCI market over the next 12 months

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