

"9MFY25 results within expectations; land and property sales gains to boost FY4Q earnings"

Share price performance



	1M	3M	12M
Absolute (%)	0.6	0.6	-0.6
Rel KLCI (%)	-1.2	1.7	-2.3

	BUY	HOLD	SELL
Consensus	5	-	-

Stock Data

Sector	Construction
Issued shares (m)	639.1
Mkt cap (RMm)/(US\$m)	1,073.7/241.4
Avg daily vol - 6mth (m)	0.5
52-wk range (RM)	1.49-1.96
Est free float	38.4%
Stock Beta	0.57
Net cash/(debt) (RMm)	60.5
ROE (FY25E)	17.5%
Derivatives	Yes
Shariah Compliant	Yes
FTSE4Good Constituent	No
FBM EMAS (Top 200)	Top 25%
ESG Rank	

Key Shareholders

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

Source: Bloomberg, Affin Hwang

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AME Elite Consortium (AME MK)

BUY (maintain)

Up/Downside: +37%

Price Target: RM2.30

Previous Target (Rating): RM2.30 (BUY)

Showing steady progress

- 9MFY25 core net profit came in at RM56m (-17% yoy); expect bump in earnings from land and industrial property sales in 4QFY25
- Both unbilled sales and construction order book ticked upwards during the quarter, with secured and upcoming joint ventures anchoring long-term expansion prospects
- We maintain our BUY call with an unchanged 12-month target price (TP) of RM2.30, based on a 20% discount to RNAV

Within expectations

AME's 9MFY25 core net profit came in at RM56m (-17% yoy), which we deem to be within our expectations. Our full-year estimate of RM164.7m includes the RM85.1m Iskandar Puteri land-sale gain which is still expected to be recognised in FY25, barring which 9MFY25 core earnings would have made up 70% of our forecast. Gains from disposal of i-TechValley Lot 46 (estimated c. RM22m) to AME REIT has also yet to be recognised, which has obtained CCC and expected to be completed by FY25. On a quarterly basis, 3QFY25 revenue dipped 7% yoy on lower property development revenue (-44% yoy) due to timing differences in aforementioned land and property sales. Construction revenue shot up by 90% during the quarter on acceleration of progress billings.

Property and construction metrics remain healthy

AME's 9MFY25 property sales reached RM429m, while the Penang JV achieved sales of RM56m during the quarter, on track to reach management's target of RM550m. Unbilled sales ticked upwards to RM480m, while outstanding construction order book reached RM164.7m, seeing a commendable replenishment of RM89m during the quarter. We continue to like AME's order book replenishment prospects, underpinned by building works for its current and upcoming planned JVs in Penang, Selangor (with KLK, estimated GDV >RM1.3bn) and Johor (with SD Guthrie, estimated GDV >RM3bn).

Maintain BUY call with an unchanged 12-month TP of RM2.30

AME's outlook remains rosy, and we see it as a potential beneficiary of the Johor-Singapore SEZ theme with 3 industrial parks within the SEZ. We expect heightened buyer interest in the coming quarters, which will subsequently translate to improved sales. We maintain our BUY call with an unchanged TP of RM2.30, based on a 20% discount to RNAV. Downside risks: weaker-than-expected property sales.

Earnings & Valuation Summary

FYE 31 Mar	2023	2024E	2025E	2026E	2027E
Revenue (RMm)	575.9	716.9	1,075.2	675.3	469.5
EBITDA (RMm)	151.4	151.4	253.0	185.3	168.6
Pretax profit (RMm)	172.9	158.2	247.1	186.9	177.7
Net profit (RMm)	101.6	93.1	164.7	110.7	122.0
EPS (sen)	15.8	14.6	25.8	17.3	19.1
PER (x)	10.6	11.5	6.5	9.7	8.8
Core net profit (RMm)	85.2	86.4	164.7	110.7	122.0
Core EPS (sen)	13.3	13.5	25.8	17.3	19.1
Core EPS growth (%)	94.6	1.7	90.5	(32.8)	10.2
Core PER (x)	12.6	12.4	6.5	9.7	8.8
Net DPS (sen)	4.0	6.0	4.5	4.5	4.5
Dividend Yield (%)	2.4	3.6	2.7	2.7	2.7
EV/EBITDA	6.8	7.2	4.3	4.7	4.0

Chg in EPS (%)

Affin/Consensus (x)

1.0 1.0 1.1

Source: Company, Bloomberg, Affin Hwang forecasts

Fig 1: Results comparison

FYE 31 Mar (RMm)	3QFY24	2QFY25	3QFY25	QoQ % chg	YoY % chg	9MFY24	9MFY25	YoY % chg	Comment
Revenue	176.2	187.2	163.4	(12.7)	(7.3)	632.1	492.9	(22.0)	9M25: Higher construction (+22% yoy), engineering (+24% yoy) and property investment (+15% yoy) revenue; lower property development (-50% yoy) revenue.
Op costs	(135.0)	(148.4)	(133.0)	(10.4)	(1.4)	(509.1)	(394.6)	(22.5)	
EBITDA	41.2	38.8	30.3	(21.7)	(26.4)	122.9	98.3	(20.0)	
<i>EBITDA margin (%)</i>	<i>23.4</i>	<i>20.7</i>	<i>18.6</i>	<i>(2.1 ppt)</i>	<i>(4.8 ppt)</i>	<i>19.4</i>	<i>19.9</i>	<i>0.5 ppt</i>	
Depreciation	(1.5)	(1.1)	(1.0)	(4.0)	(30.1)	(4.7)	(4.9)	5.4	
EBIT	39.7	37.7	29.3	(22.2)	(26.2)	118.2	93.4	(21.0)	Lower EBIT in tandem with lower property development revenue.
<i>EBIT margin (%)</i>	<i>22.5</i>	<i>20.1</i>	<i>17.9</i>	<i>(2.2 ppt)</i>	<i>(4.6 ppt)</i>	<i>18.7</i>	<i>18.9</i>	<i>0.2 ppt</i>	
Int expense	(4.6)	(3.9)	(4.0)	2.4	(13.6)	(13.9)	(11.4)	(18.1)	
Int and other inc	2.9	3.5	6.1	76.8	111.7	8.4	13.3	59.0	
Associates	(0.1)	(0.7)	(0.6)	(8.7)	615.3	2.8	(1.5)	NA	Start-up loss for new Penang JV as the project was only launched in 3QFY25.
EI	0.2	(0.2)	(0.4)	74.3	NA	(0.6)	(0.5)	(19.1)	
PBT	38.1	36.4	30.4	(16.3)	(20.2)	114.9	93.3	(18.7)	
<i>PBT margin (%)</i>	<i>21.6</i>	<i>19.4</i>	<i>18.6</i>	<i>(0.8 ppt)</i>	<i>(3.0 ppt)</i>	<i>18.2</i>	<i>18.9</i>	<i>0.8 ppt</i>	
Core PBT	37.9	36.6	30.8	(15.8)	(18.7)	115.5	93.8	(18.7)	
Tax	(9.7)	(8.1)	(6.4)	(21.1)	(34.0)	(28.5)	(20.6)	(27.8)	
<i>Tax rate (%)</i>	<i>25.3</i>	<i>22.2</i>	<i>21.0</i>	<i>(1.3 ppt)</i>	<i>(4.4 ppt)</i>	<i>24.8</i>	<i>22.1</i>	<i>(2.8 ppt)</i>	
MI	(6.5)	(5.9)	(5.6)	(3.6)	(13.7)	(19.3)	(17.2)	(10.9)	
Net profit	21.9	22.4	18.4	(17.9)	(16.0)	67.0	55.5	(17.1)	
EPS (sen)	3.4	3.5	2.9	(17.9)	(16.0)	10.5	8.7	(17.2)	
Core net profit	21.7	22.6	18.8	(17.0)	(13.4)	67.6	56.0	(17.1)	Within our and market expectations. Excluding one-off items.

Source: Affin Hwang, Company

Fig 2: Segmental breakdown

FYE 31 Mar (RMm)	3QFY24	2QFY25	3QFY25	QoQ % chg	YoY % chg	9MFY24	9MFY25	YoY % chg
Segmental results								
Revenue								
Construction services	35.2	63.2	67.2	6.2	90.9	137.4	167.7	22.0
Property development	98.5	73.4	54.9	(25.2)	(44.2)	380.6	188.7	(50.4)
Engineering services	25.8	32.1	22.3	(30.6)	(13.7)	66.3	82.0	23.7
Property investment	16.7	18.4	19.0	3.2	13.7	47.6	54.5	14.5
Total	176.2	187.2	163.4	(12.7)	(7.3)	632.1	492.9	(22.0)
Operating profit								
Construction services	1.2	6.0	2.5	(58.0)	103.9	3.4	9.9	189.4
Property development	14.0	14.6	8.4	(42.4)	(39.9)	60.0	32.3	(46.2)
Engineering services	4.4	1.7	2.9	76.8	(32.9)	11.0	7.8	(29.2)
Property investment	25.6	12.7	12.9	1.7	(49.5)	49.4	38.1	(22.8)
Elimination	(5.2)	2.5	2.1	(13.7)	(140.6)	(6.1)	4.8	(178.0)
Total	40.0	37.5	28.9	(22.8)	(27.6)	117.6	92.9	(21.0)
Operating profit margin (%)								
Construction services	3.5	9.6	3.8	(5.8 ppt)	0.2 ppt	2.5	5.9	3.4 ppt
Property development	14.2	19.9	15.3	(4.6 ppt)	1.1 ppt	15.8	17.1	1.4 ppt
Engineering services	16.9	5.2	13.2	8.0 ppt	(3.8 ppt)	16.5	9.5	(7.1 ppt)
Property investment	153.3	69.1	68.1	(1.0 ppt)	(85.2 ppt)	103.7	69.9	(33.7 ppt)

Source: Affin Hwang, Company

Fig 3: RNAV/share and target price

	Segments	Stake (%)	RNAV (RMm)
Construction @ PE 14x sustainable PAT of RM25m		100	350
Engineering @ PE 14x sustainable PAT of RM5m		100	70
Property development @ DCF (WACC 7.2%)		100	734
AME REIT @ RM1.49 share price		51	395
Net cash/(debt)			431
RNAV			1,980
No. of shares (m shrs)			641
RNAV/share (RM)			3.09
Fully-diluted RNAV/share (RM)			2.88
Target price at 20% discount to FD RNAV/share			2.30

Source: Affin Hwang estimates



Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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