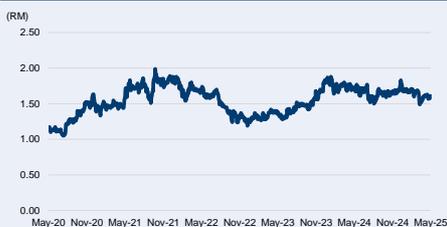


"FY25 results were within consensus and our expectations"

Share price performance



	1M	3M	12M
Absolute (%)	0.6	-5.8	-5.8
Rel KLCI (%)	2.4	-2.0	-0.2

	BUY	HOLD	SELL
Consensus	5	-	-

Stock Data

Sector	Construction
Issued shares (m)	639.1
Mkt cap (RMm)/(US\$m)	1,028.9/242.1
Avg daily vol - 6mth (m)	0.4
52-wk range (RM)	1.46-1.84
Est free float	38.4%
Stock Beta	0.75
Net cash/(debt) (RMm)	(31.3)
ROE (FY26E)	16.9%
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: +27%

Price Target: RM2.05

Previous Target (Rating): RM2.05 (BUY)

Resilient performance amid land sale delay

- **FY25 core net profit came in at RM92m (+7% yoy), with improvements in construction segment cushioning slowdown in property segment**
- **Unbilled sales doubled yoy to RM585.2m, while construction order book stood at a modest RM114.2m. Replenishment visibility remains supported by JV pipelines in Penang, Selangor and Johor**
- **We maintain our BUY call with an unchanged TP of RM2.05, based on a 20% RNAV discount. That said, US tariffs may pose downside risks to investment decisions**

Within expectations

AME's FY25 core net profit rose 7% yoy to RM91.8m, which matched consensus and our estimates. However, revenue fell 15% yoy to RM608.6m, due to a 43% drop in property development revenue following delays in the Iskandar Puteri land sale to a data centre operator. We have deferred the c.RM85m gain from this disposal to FY26E. The decline was partly offset by stronger construction (+36.6% yoy) and engineering services (+13.5% yoy) revenue. EBIT margin improved 4.3ppt yoy, supported by higher construction activity and better property profit margin.

FY25 property sales exceeded guidance; order book remains reasonable

AME's FY25 property sales surged to RM585.2m (vs RM429m in FY24), surpassing management's revised guidance of RM550m. The Penang JV achieved sales of RM55.9m during the quarter, and RM38.4m of bookings. Its unbilled sales of RM584.5m as at 4QFY25 (not including Penang JV's unbilled sales of RM51m) and outstanding order book of RM114.2m will likely underpin earnings for FY26-27E. AME's order book replenishment reached RM186.5m for FY25, and immediate replenishment prospects will largely hinge on securing building works for the Suling Hill Penang JV. The planned JVs in Selangor with KLK (estimated GDV of c. RM1.3bn) and Johor with SD Guthrie (estimated GDV of c. RM3bn) also provides good prospects for both construction order book and land bank replenishment.

Maintain our BUY call with an unchanged 12-month TP of RM2.05

We reiterate our BUY rating with an unchanged 12-month TP of RM2.05, based on a 20% RNAV discount. Our valuation horizon was already rolled forward in our [April 2025 Strategy report](#). We make minimal housekeeping adjustments to our FY26-27E EPS forecasts and introduce our FY28 estimates, pencilling in 5% yoy core earnings growth. While AME benefits from rising industrial property demand in the Johor-Singapore Special Economic Zone, uncertainties from US tariffs would pose the key downside risk to our call.

Earnings & Valuation Summary

FYE 31 Mar	2024	2025	2026E	2027E	2028E
Revenue (RMm)	716.9	608.6	897.0	735.5	742.1
EBITDA (RMm)	151.4	156.0	257.9	154.5	153.3
Pretax profit (RMm)	158.2	153.0	249.8	149.9	149.9
Net profit (RMm)	93.1	92.1	167.3	95.9	100.4
EPS (sen)	14.6	14.4	26.2	15.0	15.7
PER (x)	11.1	11.2	6.1	10.7	10.2
Core net profit (RMm)	86.4	91.8	167.3	95.9	100.4
Core EPS (sen)	13.5	14.4	26.2	15.0	15.7
Core EPS growth (%)	1.7	6.2	82.4	(42.7)	4.7
Core PER (x)	11.9	11.2	6.1	10.7	10.2
Net DPS (sen)	6.0	4.5	4.5	4.5	4.5
Dividend Yield (%)	3.7	2.8	2.8	2.8	2.8
EV/EBITDA	6.9	6.4	3.9	6.4	6.9

Chg in EPS (%)		+0.2	+0.6	New
Affin/Consensus (x)		1.0	1.0	NA

Source: Company, Bloomberg, Affin Hwang forecasts

Fig 1: Results comparison

FYE 31 Mar (RMm)	4QFY24	3QFY25	4QFY25	QoQ % chg	YoY % chg	FY24	FY25	YoY % chg	Comment
Revenue	84.8	163.4	115.6	(29.2)	36.3	716.9	608.6	(15.1)	FY25: Higher construction (+37% yoy), engineering (+14% yoy) and property investment (+13% yoy) revenue; lower property development (-43% yoy) revenue.
Op costs	(62.1)	(133.0)	(61.0)	(54.2)	(1.8)	(565.5)	(453.1)	(19.9)	
EBITDA	22.8	30.3	54.7	80.2	140.3	151.4	156.0	2.7	
<i>EBITDA margin (%)</i>	<i>26.8</i>	<i>18.6</i>	<i>47.3</i>	<i>28.7 ppt</i>	<i>20.5 ppt</i>	<i>21.1</i>	<i>25.6</i>	<i>4.4 ppt</i>	
Depreciation	(1.7)	(1.0)	(1.8)	76.7	6.9	(6.3)	(6.8)	0.0	
EBIT	21.0	29.3	52.8	80.4	151.2	145.1	149.2	2.8	Higher EBIT in tandem with higher construction revenue, property profit margin increased despite revenue slowdown.
<i>EBIT margin (%)</i>	<i>24.8</i>	<i>17.9</i>	<i>45.7</i>	<i>27.8 ppt</i>	<i>20.9 ppt</i>	<i>20.2</i>	<i>24.5</i>	<i>4.3 ppt</i>	
Int expense	(3.9)	(4.0)	(2.9)	(28.0)	(26.7)	(17.8)	(12.2)	(31.5)	
Int and other inc	4.0	6.1	4.2	(30.6)	6.0	12.4	15.5	25.2	
Associates	(0.1)	(0.6)	(0.5)	(16.8)	416.3	2.7	(2.0)	NA	Start-up loss for new Penang JV as the project was only launched in 3QFY25.
EI	22.3	(0.4)	5.9	NA	(73.4)	15.9	2.5	(84.5)	
PBT	43.3	30.4	59.6	96.0	37.7	158.2	153.0	(3.3)	
<i>PBT margin (%)</i>	<i>51.1</i>	<i>18.6</i>	<i>51.6</i>	<i>33.0 ppt</i>	<i>0.5 ppt</i>	<i>22.1</i>	<i>25.1</i>	<i>3.1 ppt</i>	
Core PBT	21.0	30.8	53.7	74.3	155.5	142.3	150.5	5.8	
Tax	(3.6)	(6.4)	(9.8)	52.9	169.0	(32.2)	(30.3)	(5.7)	
<i>Tax rate (%)</i>	<i>8.4</i>	<i>21.0</i>	<i>16.4</i>	<i>(4.6 ppt)</i>	<i>8.0 ppt</i>	<i>20.3</i>	<i>19.8</i>	<i>(0.5 ppt)</i>	
MI	(13.6)	(5.6)	(13.4)	136.5	(1.9)	(32.9)	(30.6)	(7.2)	
Net profit	26.1	18.4	36.5	98.5	40.1	93.1	92.1	(1.1)	
EPS (sen)	4.1	2.9	5.7	98.6	40.2	14.6	14.4	(1.1)	
Core net profit	14.0	18.8	33.5	78.2	139.1	86.2	91.8	6.5	Within our and market expectations. Excluding one-off items.

Source: Affin Hwang, Company

Fig 2: Segmental breakdown

FYE 31 Mar (RMm)	4QFY24	3QFY25	4QFY25	QoQ % chg	YoY % chg	FY24	FY25	YoY % chg
Segmental results								
Revenue								
Construction services	11.5	67.2	35.8	(46.7)	210.9	149.0	203.5	36.6
Property development	41.9	54.9	51.7	(5.9)	23.5	422.5	240.4	(43.1)
Engineering services	14.1	22.3	9.3	(58.5)	(34.4)	80.5	91.3	13.5
Property investment	17.3	19.0	18.9	(0.5)	9.0	65.0	73.4	13.0
Total	84.8	163.4	115.6	(29.2)	36.3	716.9	608.6	(15.1)
Operating profit								
Construction services	(0.4)	2.5	5.0	95.1	NA	3.1	14.8	384.5
Property development	6.3	8.4	15.0	77.7	138.2	66.3	47.3	(28.7)
Engineering services	1.7	2.9	1.1	(64.1)	(36.1)	12.6	8.8	(30.1)
Property investment	33.3	12.9	38.7	199.7	16.4	82.7	76.8	(7.0)
Elimination	2.5	2.1	(0.9)	NA	NA	(3.6)	3.9	NA
Total	43.3	28.9	58.8	103.2	35.6	161.0	151.7	(5.8)
Operating profit margin (%)								
Construction services	NA	3.8	13.8	10.0 ppt	NA	2.1	7.3	5.2 ppt
Property development	15.0	15.3	28.9	13.6 ppt	13.9 ppt	15.7	19.7	4.0 ppt
Engineering services	11.7	13.2	11.4	(1.8 ppt)	(0.3 ppt)	15.7	9.7	(6.0 ppt)
Property investment	192.2	68.1	205.1	137.0 ppt	13.0 ppt	127.3	104.7	(22.6 ppt)

Source: Affin Hwang, Company

Fig 3: RNAV/share and target price

	Segments	Stake (%)	RNAV (RMm)
Construction @ PER 14x sustainable PAT of RM20m		100	280
Engineering @ PER 14x sustainable PAT of RM5m		100	70
Property development @ DCF (WACC 7.2%)		100	716
AME REIT @ RM1.50 share price		51	398
Net cash/(debt)			265
RNAV			1,729
No. of shares (m shrs)			641
RNAV/share (RM)			2.70
Fully-diluted RNAV/share (RM)			2.56
Target price at 20% discount to FD RNAV/share			2.05

Source: Affin Hwang forecasts



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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