

"1QFY26 within expectations, DC land deal completed"

### Share price performance



	1M	3M	12M
Absolute (%)	4.6	0.0	-1.3
Rel KLCI (%)	0.8	-4.0	4.2

	BUY	HOLD	SELL
Consensus	5	-	-

### Stock Data

Sector	Construction
Issued shares (m)	638.6
Mkt cap (RMm)/(US\$m)	1,008.9/239.3
Avg daily vol - 6mth (m)	0.2
52-wk range (RM)	1.46-1.84
Est free float	38.9%
Stock Beta	0.70
Net cash/(debt) (RMm)	(34.7)
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: +30%

**Price Target: RM2.05**

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

### Good start to the year

- 1QFY26 core net profit came in at RM32m (+119% yoy), with strong showing from all of its segments
- AME booked new sales of RM84.7m this quarter and is guiding for a RM400m sales target in FY26E; construction order book saw a robust replenishment of RM170.9m owing to industrial building projects in Penang
- We maintain our BUY call with an unchanged target price (TP) of RM2.05, based on a 20% RNAV discount

### Within expectations

AME's 1QFY26 core net profit more than doubled yoy to RM32.4m, making up 19-22% of the consensus and our full-year forecasts. We view the results as broadly in line, as the recently completed land disposal to a data centre (DC) operator with about a RM85m gain will lift 2QFY26 earnings. Revenue grew 62% qoq and 32% yoy to RM187.5m, underpinned by strength across all segments. Construction revenue rose 29% qoq and 24% yoy, while property development revenue surged 91% qoq and 64% yoy. EBIT margin expanded 6.3ppt yoy, driven mainly by the improved property development profit margin.

### Core segments remain intact; JV with KLK to be completed this year

AME booked RM84.7m of property sales in 1QFY26 (ex-Suling Hill), with management guiding for RM400m of new sales in FY26. The Suling Hill industrial park, despite only a soft launch and lacking a sales gallery, achieved RM25.8m of sales and RM12.6m of bookings in the quarter, bringing total sales to RM81.7m — a promising start ahead of further marketing efforts. Connectivity will be boosted by the flyover linking the park to the Butterworth-Kulim Expressway (BKE), slated for completion by 3QCY26, which should enhance its appeal. Meanwhile, construction order book replenishment was robust at RM170.9m, largely contributed by industrial building projects in Penang. Looking ahead, the planned joint venture (JV) with KLK in Selangor (estimated GDV of RM1.3bn) is expected to be finalised by October, pending completion of conditions precedent.

### Maintain BUY; unchanged 12-month TP of RM2.05

We reiterate our BUY rating and TP of RM2.05, based on a 20% RNAV discount. We make no changes to our earnings forecasts; the construction order book of RM255.9m and unbilled sales of RM533.6m should underpin the earnings momentum moving forward. With more clarity on the US tariffs now, we understand AME has seen strong inquiries from prospective clients. Its efforts to replenish its diminishing landbank via JVs should help sustain medium-term earnings visibility.

### 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)	10.8	11.0	6.0	10.5	10.1
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)	11.7	11.0	6.0	10.5	10.1
Net DPS (sen)	6.0	4.5	4.5	4.5	4.5
Dividend Yield (%)	3.8	2.8	2.8	2.8	2.8
EV/EBITDA	6.7	6.3	3.8	6.3	6.8

Chg in EPS (%)	-	-	-	-	-
Affin/Consensus (x)	1.0	1.0	1.0	1.0	1.0

Source: Company, Bloomberg, Affin Hwang forecasts

**Fig 1: Results comparison**

FYE 31 Mar (RMm)	1QFY25	4QFY25	1QFY26	QoQ % chg	YoY % chg	Comments
<b>Revenue</b>	<b>142.4</b>	<b>115.6</b>	<b>187.5</b>	<b>62.1</b>	<b>31.7</b>	Higher property development (+64% yoy), construction (+28.7% yoy) and property investment (+10% yoy) revenue, but lower engineering (-14% yoy) revenue.
Op costs	(114.2)	(61.0)	(139.2)	128.4	21.9	
<b>EBITDA</b>	<b>28.2</b>	<b>54.7</b>	<b>48.2</b>	<b>(11.8)</b>	<b>71.2</b>	
<i>EBITDA margin (%)</i>	<i>19.8</i>	<i>47.3</i>	<i>25.7</i>	<i>(21.6 ppt)</i>	<i>5.9 ppt</i>	Higher EBITDA margin due to high-margin property sales mix.
Depreciation	(1.6)	(1.8)	(1.6)	(15.3)	(5.0)	
<b>EBIT</b>	<b>26.5</b>	<b>52.8</b>	<b>46.7</b>	<b>(11.7)</b>	<b>75.9</b>	
<i>EBIT margin (%)</i>	<i>18.6</i>	<i>45.7</i>	<i>24.9</i>	<i>(20.8 ppt)</i>	<i>6.3 ppt</i>	
Int expense	(3.5)	(2.9)	(4.3)	50.0	24.0	
Int and other inc	3.7	4.2	9.1	113.1	142.2	
Associates	(0.2)	(0.5)	(0.9)	81.6	396.8	
EI	(0.1)	5.9	0.0	(99.4)	NA	
<b>PBT</b>	<b>26.6</b>	<b>59.6</b>	<b>50.5</b>	<b>(15.3)</b>	<b>90.3</b>	
<i>PBT margin (%)</i>	<i>18.6</i>	<i>51.6</i>	<i>26.9</i>	<i>(24.6 ppt)</i>	<i>8.3 ppt</i>	
<b>Core PBT</b>	<b>26.6</b>	<b>53.7</b>	<b>50.5</b>	<b>(6.0)</b>	<b>89.8</b>	
Tax	(6.1)	(9.8)	(12.4)	27.0	102.3	Tax rate normalised close to corporate tax rate.
<i>Tax rate (%)</i>	<i>23.1</i>	<i>16.4</i>	<i>24.5</i>	<i>8.2 ppt</i>	<i>1.5 ppt</i>	
MI	(5.7)	(13.4)	(5.7)	(57.0)	0.7	
<b>Net profit</b>	<b>14.7</b>	<b>36.5</b>	<b>32.4</b>	<b>(11.4)</b>	<b>120.0</b>	Within expectations.
EPS (sen)	2.3	5.7	5.1	(11.4)	120.4	
<b>Core net profit</b>	<b>14.8</b>	<b>33.5</b>	<b>32.4</b>	<b>(3.3)</b>	<b>119.0</b>	Within expectations. Excluding one-off items.

Source: Affin Hwang, Company

**Fig 2: Segmental breakdown**

FYE 31 Mar (RMm)	1QFY25	4QFY25	1QFY26	QoQ % chg	YoY % chg
<b>Segmental results</b>					
<b>Revenue</b>					
Construction services	37.3	35.8	46.1	28.7	23.8
Property development	60.3	51.7	98.7	90.9	63.5
Engineering services	27.6	9.3	23.8	156.5	(14.0)
Property investment	17.2	18.9	18.9	0.3	10.2
<b>Total</b>	<b>142.4</b>	<b>115.6</b>	<b>187.5</b>	<b>62.1</b>	<b>31.7</b>
<b>Operating profit</b>					
Construction services	1.3	5.0	2.0	(60.5)	49.4
Property development	9.3	15.0	28.3	89.3	204.5
Engineering services	3.2	1.1	4.1	288.7	30.0
Property investment	12.5	38.7	12.4	(67.9)	(0.8)
Elimination	0.2	(0.9)	(0.1)	(91.4)	(136.9)
<b>Total</b>	<b>26.5</b>	<b>58.8</b>	<b>46.7</b>	<b>(20.5)</b>	<b>76.4</b>
<b>Operating profit margin (%)</b>					
Construction services	3.5	13.8	4.2	(9.6 ppt)	0.7 ppt
Property development	15.4	28.9	28.7	(0.2 ppt)	13.3 ppt
Engineering services	11.4	11.4	17.3	5.9 ppt	5.8 ppt
Property investment	72.8	205.1	65.6	(139.5 ppt)	(7.2 ppt)

Source: Affin Hwang, Company

**Fig 3: RNAV/share and target price**

	Segments	Stake (%)	RNAV (RMm)
Construction @ PE 14x sustainable PAT of RM20m		100	280
Engineering @ PE 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
<b>RNAV</b>			<b>1,729</b>
No. of shares (m shrs)			641
<b>RNAV/share (RM)</b>			<b>2.70</b>
<b>Fully-diluted RNAV/share (RM)</b>			<b>2.56</b>
<b>Target price at 20% discount to FD RNAV/share</b>			<b>2.05</b>

Source: Affin Hwang estimates



## Important Disclosures and Disclaimer

### Equity Rating Structure and Definitions

<b>BUY</b>	Total return is expected to exceed +10% over a 12-month period
<b>HOLD</b>	Total return is expected to be between -5% and +10% over a 12-month period
<b>SELL</b>	Total return is expected to be below -5% over a 12-month period
<b>NOT RATED</b>	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.*

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