

Results Note

RM1.51 @ 22 May 2026

"FY26 core net profit was below expectation but fair value gains boosted bottom line"

Share price performance



	1M	6M	12M
Absolute (%)	1.3	0.7	(4.4)
Rel KLCI (%)	1.5	(4.7)	(14.6)

	BUY	HOLD	SELL
Consensus	3	0	0

Source: Bloomberg

Stock Data

Sector	Construction
Issued shares (m)	636.3
MCap (RMm/US\$m)	961/242
Avg daily vol (m)	0.4
52-wk range (RM)	1.4-1.6
Est free float	42.0%
Stock Beta	0.48
Net cash/(debt)	294.57
ROE (CY26E)	23.1
Derivatives	Yes
Shariah Compliant	Yes
FTSE4Good	No
Constituent	

Key Shareholders

Lee Chai	17.9%
Lim Yook Kim	17.9%
Kang Ah Chee	17.5%

Source: Bloomberg, Affin Hwang, Bursa Malaysia

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Ame Elite (AME MK)

BUY (maintain)

Up/Downside: +52%

Price Target: RM2.30

Previous Target (Rating): RM2.20 (Buy)

Record-high annual earnings

- AME Elite's FY26 core net profit more than doubled to RM200m with strong industrial land sales, including a lumpy land sale to a data centre operator
- Effective sales of RM522m in FY26 was a new record high as demand for industrial land in Johor and Penang remain strong
- We continue to like AME as a pure play industrial property developer that benefits from the sustained cyclical upturn of the property segment. We trim our core EPS by 2-4% in FY27-28E. Maintain our BUY call with RM2.30 target price

Below expectation at core net profit level

AME's FY26 core net profit of RM200m (+118% yoy) was 13-14% below consensus and our forecasts of RM231-233m. However, net profit of RM284m blew past market and our expectations due to fair value gain of RM84m for investment properties (RM66m net of tax and minority interest). We gather that positive rental revisions for about 7 investment properties, held by AME REIT (BUY), led to the fair value gains. Revenue jumped 59% yoy to RM970m in FY26 on accelerated progress billings for its property segment (+163% yoy), while construction revenue fell 11% yoy. EBIT jumped 123% yoy to RM332m with margin improving to 37.7% in FY26 (29.0% in FY25). Construction earnings increased 28% yoy to RM19.1m on the back of higher revenue and improved margin (10.5% in FY26 compared to 7.3% in FY25).

Good earnings visibility

High remaining order book of RM557.5m and effective unbilled sales of RM475m improve earnings visibility in FY27-28E. Effective sales of RM522m in FY26 comprises RM454m sales in Johor and RM69m in Penang [based on 50% share in joint venture (JV) company] was supported by strong industrial property demand. Its JV projects – Northern TechValley @ BKE in Penang and upcoming i-Park @ Coalfields in Selangor with GDV of RM1.3bn – will be the key projects driving property sales in FY27-28E. Its property investment and management division saw revenue growth of 10% yoy to RM80.7m, providing a recurring revenue base that will grow with plans for further investments in industrial properties.

Maintain our BUY call with TP of RM2.30

We trim our core EPS by 2-4% to reflect slower progress billings for its property development division. In the absence further investment property divestment to AME REIT and lumpy land sales to a data centre operator, we expect earnings to decline 55% yoy to RM104m in FY27E. New launches in Penang and Selangor is expected to drive core EPS growth of 8% yoy in FY28E. We introduce FY29E earnings assuming a positive trajectory of 11% yoy. We reiterate our BUY call with RM2.30 target price, based on 20% discount to RNAV. AME declared interim and special DPS of RM0.07, increasing FY26 DPS to RM0.13 or attractive net yield of 7.9%, which was a positive surprise.

Earnings and Valuation Summary

FYE 31 Mar	2025	2026	2027E	2028E	2029E
Revenue (RMm)	608.6	970.0	969.0	984.3	952.9
EBITDA (RMm)	156.0	480.2	170.4	167.0	188.7
Pretax profit (RMm)	153.0	423.3	165.5	169.7	195.6
Net profit (RMm)	92.1	284.0	104.7	112.5	129.7
EPS (sen)	14.4	44.4	16.4	17.6	20.3
PER (x)	10.5	3.4	9.2	8.6	7.5
Core net profit	91.8	199.5	104.7	112.5	129.7
Core EPS (sen)	14.4	31.2	16.4	17.6	20.3
Core EPS growth (%)	6.2	117.1	(47.5)	7.4	15.2
Core PER (x)	10.5	4.8	9.2	8.6	7.5
Net DPS (sen)	4.5	13.0	7.0	7.0	8.0
Dividend Yield (%)	3.0	8.6	4.6	4.6	5.3
EV/EBITDA (x)	6.4	1.8	5.2	5.1	4.0
Chg in core EPS (%)			(3.6)	(1.5)	New
Affin core/Consensus (x)			1.0	1.0	NA

Source: Company, Bloomberg, Affin Hwang forecasts

Fig 1: Results Comparison

FYE 31 Mar (RMm)	4QFY25	3QFY26	4QFY26	QoQ % chg	YoY % chg	FY25	FY26	YoY % chg	Comment
Revenue	115.6	144.7	186.8	29.1	61.6	608.6	970.0	59.4	Higher property development (+163% yoy) and property investment (+10% yoy) revenue. But lower construction (-11% yoy) and engineering (-16% yoy) revenue.
Op costs	(61.0)	(98.1)	(140.6)	43.3	130.6	(452.6)	(631.2)	39.5	
EBITDA	54.7	46.6	46.3	(0.7)	(15.4)	156.0	338.8	117.2	
<i>EBITDA margin (%)</i>	<i>47.3</i>	<i>32.2</i>	<i>24.8</i>	<i>(7.4 ppt)</i>	<i>(22.5 ppt)</i>	<i>25.6</i>	<i>34.9</i>	<i>9.3 ppt</i>	
Depreciation	(1.8)	(2.7)	(2.1)	(20.4)	15.3	(6.8)	(6.8)	0.0	
EBIT	52.8	43.9	44.1	0.5	(16.5)	149.2	332.0	122.5	Gain on sale of investment properties to AME REIT and land sale to a data centre operator lifted EBIT.
<i>EBIT margin (%)</i>	<i>45.7</i>	<i>30.4</i>	<i>23.6</i>	<i>(6.7 ppt)</i>	<i>(22.1 ppt)</i>	<i>24.5</i>	<i>34.2</i>	<i>9.7 ppt</i>	
Int expense	(2.9)	(6.1)	(6.3)	1.9	117.0	(12.2)	(21.8)	78.6	
Int and other inc	4.2	6.2	6.6	7.2	56.2	15.5	29.8	92.2	
Associates	(0.5)	(1.3)	3.1	NA	NA	(2.0)	(1.1)	(43.4)	
EI	5.9	(0.3)	82.2	NA	1283.1	2.5	84.4	3322.8	
PBT	59.6	42.5	129.8	205.7	117.6	153.0	423.3	176.7	
<i>PBT margin (%)</i>	<i>51.6</i>	<i>29.3</i>	<i>69.5</i>	<i>40.1 ppt</i>	<i>17.9 ppt</i>	<i>25.1</i>	<i>43.6</i>	<i>18.5 ppt</i>	
Core PBT	53.7	42.7	47.6	11.5	(11.3)	150.5	338.9	125.1	
Tax	(9.8)	(10.1)	(15.6)	53.9	59.6	(30.3)	(89.8)	195.8	Tax rate normalising to be closer to corporate tax rate.
<i>Tax rate (%)</i>	<i>16.4</i>	<i>23.8</i>	<i>12.0</i>	<i>(11.8 ppt)</i>	<i>(4.4 ppt)</i>	<i>19.8</i>	<i>21.2</i>	<i>1.4 ppt</i>	
MI	(13.4)	(5.7)	(33.1)	484.6	148.1	(30.6)	(49.6)	62.2	
Net profit	36.5	26.7	81.1	203.9	122.0	92.1	284.0	208.4	Above expectation due to fair value gain on investment properties.
EPS (sen)	5.7	4.2	12.8	205.0	122.9	14.4	44.4	207.9	
Core net profit	33.5	26.9	(1.0)	NA	NA	91.8	199.5	117.4	Below expectation. Excluding one-off items.

Source: Affin Hwang, Company

Fig 2: RNAV and target price

Segments	Stake (%)	New RNAV (RMm)
Construction @ PE 14x sustainable PAT of RM30m	100	420
Engineering @ PE 14x sustainable PAT of RM5m	100	70
Property development @ DCF (WACC 7.2%)	100	739
AME REIT @ RM1.90 share price	51	504
Net cash/(debt)		265
RNAV		1,998
No. of shares (m shrs)		641
RNAV/share (RM)		3.11
Fully-diluted RNAV/share (RM)		2.90
Target price at 20% discount to FD RNAV/share		2.30

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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Source: Affin Hwang estimates