

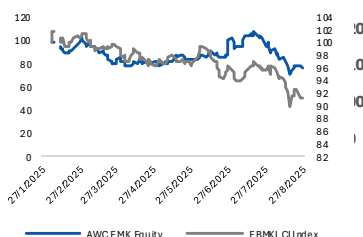
Tan Sue Wen
 (603) 7890 8888 (ext 2095)
suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM0.53
Previous Target Price:	RM0.78
Target Price:	RM0.78
Capital Upside/ Downside:	47.2%
Dividend Yield (%):	2.4%
Total Upside/ Downside	49.6%

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWC FMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	335.5
Market Cap (RM' m)	177.8
52-Week Price Range (RM)	1.14-0.525
Beta (x)	1.8
Free float (%)	26.7
3M Average Volume (m)	0.6
3M Average Value (RM' m)	0.3

Top 3 Shareholders	(%)
K-Capital Sdn Bhd	25.1
Mohamed Nagoor Ahmad Kabeer Bin	8.3
Mastrack Sdn	4.3

Share Price Performance



	1M	3M	12M
Absolute (%)	-6.2	-19.7	-50.5
Relative (%)	-9.7	-23.0	-47.7

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	414.1	396.1	412.5
PATAMI (RM'm)	24.9	33.1	37.9
CNP (RM'm)	21.0	33.1	37.9
EPS - core (sen)	6.2	9.7	11.1
P/E (x)	12.6	8.0	7.0

AWC Berhad

Missed expectations

- AWC's 4QFY25 CNP stood at RM4.7m (-1.0% QoQ, -33.3% YoY), bringing 12MFY25 CNP to RM21.0m (+48.1% YoY), representing 94.4% of our full-year forecast and 88.4% of consensus. While the result has slightly missed expectations, we make no changes to our earnings forecasts as we believe view the 4Q blip in the Rail segment to be one-off, as the rail projects are entering the accelerated phase of S-curve revenue recognition.
- 1QFY26 earnings are expected to improve, driven by stronger contributions from Engineering, supported by RM109m in outstanding jobs and robust DC-related plumbing demand, and Rail, backed by a healthy order book of RM50.8m and progressing into the accelerated growth phase of the S-curve.
- Maintain BUY recommendation with an unchanged target price of RM0.78, based on 8x FY26F EPS of 9.7 sen and supported by a three-star ESG rating.

Missed expectations. After adjusting for the reversal of impairment on receivables (-RM2.2m) and other adjustments (+RM0.2m), AWC's 4QFY25 core net profit (CNP) came in at RM4.7m (-1.0% QoQ, -33.3% YoY), bringing FY25 CNP to RM21.0m (+48.1% YoY). This represents 94.4% of our full-year forecast and 88.4% of consensus estimate. The shortfall was primarily due to slower-than-expected revenue recognition in the Rail segment.

QoQ. CNP slipped 1.0% to RM4.7m despite a 5.9% rise in revenue to RM104.4m. The muted earnings reflected flattish PBT at RM7.7m, as stronger contributions from Facilities (PBT +86.0%) were offset by weaker profitability in Rail (revenue +9.3% but PBT -49.1%), where new project rollouts saw initial billings at thinner margins. Environment also softened (PBT -9.7%) due to slower project execution in Abu Dhabi and Singapore. Core PATMI margin contracted 0.3%-ppt to 4.5%, reflecting margin compression in Rail projects completed during the quarter.

YoY. CNP contracted 33.3%, weighed down by weaker Rail, Environment, and Facilities contribution. Rail PBT plunged 73.0% as the current project phase carried thinner margins versus last year's peak (PBT margin 4.0% vs. 39.3% in 4QFY24). Meanwhile, Environment PBT declined 34.1% on slower progress in Abu Dhabi and Singapore. Facilities PBT also weakened sharply by 73.0% on higher operating costs that eroded margins.

Outlook. Earnings are expected to pick up next quarter, largely driven by Engineering and Rail. Engineering should sustain robust performance, supported by RM109m in outstanding jobs, value-engineering initiatives to mitigate cost pressures, and incremental demand from DC-related plumbing works. Rail contribution is also expected to strengthen, driven by a healthy order book of RM50.8m and accelerated recognition as projects progress into the S-curve phase. Conversely, Environment is expected to remain subdued as reciprocal tariffs may delay project rollouts in the Middle East (typically account for 30-40% of the segment's PBT). Facilities are expected to stay soft through 2HCY25 until the upcoming concession re-tender provides scope for rate upside.

Order book. As of 30 June 2025, the Group's outstanding order book stood at RM597m (45.3% from Facilities, 29.9% from Environment, 16.3% from Engineering, and the remainder from Rail), representing 1.4x of FY25 revenue.

Earnings Revision. We maintain our FY26F and FY27F earnings forecasts, as the 4QFY25 earnings blip is viewed as one-off, with Rail projects poised to enter the accelerated phase of S-curve recognition from FY26. We also introduce our FY28F CNP forecast at RM39.4m.

Valuation. We maintain our **BUY** recommendation with an unchanged TP of **RM0.78**, based on 8x FY26F EPS of 9.7 sen and supported by a three-star ESG rating. We like AWC for its (i) **leading AWS system market share** (90% in Malaysia, 40% in Singapore), (ii) **predictable cash flows** from both

Results Note

Thursday, 28 Aug, 2025

BURSA RISE+
Brought to you by Bursa Malaysia
Supported by Capital Market Development Fund

concessionaire and non-concessionaire segments, and (iii) **promising growth prospects** from untapped projects in Abu Dhabi, which collectively represent a potential RM1bn order book.

Risks. Failure to secure improved rates for government concession contracts under the IFM segment, slower-than-expected order replenishment in the Environment segment, and potential delays in mega infrastructure projects that could weigh on Rail segment prospects.

Results Comparison

FYE Jun (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)	Comments
Revenue	104.4	102.0	2.4	98.6	5.9	414.1	398.8	3.8	Stronger contributions from
COGS	(82.8)	(73.3)	13.0	(76.5)	8.3	(322.9)	(315.1)	2.5	Engineering and Rail segments.
Gross profit	21.5	28.7	(24.9)	22.0	(2.4)	91.2	83.8	8.9	
Other operating income	2.5	1.7	43.7	1.3	96.2	5.8	9.0	(35.1)	
Other operating expenses	(16.2)	(19.0)	(14.9)	(15.0)	7.6	(63.4)	(59.5)	6.7	
EBITDA	10.4	13.7	(24.1)	9.6	8.5	40.1	39.6	1.2	
Depreciation	(2.5)	(2.3)	10.9	(1.3)	98.1	(6.5)	(6.3)	1.9	
EBIT	7.8	11.4	(31.2)	8.3	(5.4)	33.6	33.3	1.0	
Net Finance Costs	(0.1)	(1.0)	(90.9)	(0.6)	(85.0)	(1.9)	(0.8)	130.8	
Pre-tax profit	7.7	10.4	(25.4)	7.7	1.0	31.7	32.4	(2.3)	QoQ decline due to lower
Taxation and Zakat	(1.1)	(3.4)	(68.3)	(2.0)	(45.2)	(6.8)	(7.9)	(13.5)	contributions from Environment.
Profit-after tax	6.7	7.0	(4.4)	5.7	17.0	24.9	24.6	1.3	
(-) Minority interest	-	-	-	-	-	-	4.8	(100.0)	
PAT (-MI)	6.7	7.0	(4.4)	5.7	17.0	24.9	19.7	26.2	
Core net profit	4.7	7.0	(33.3)	4.7	(1.0)	21.0	14.2	48.1	
Core EPS (sen)	1.4	2.2		1.4		6.5	4.4		
DPS (sen)	0.5	0.5		-		1.3	1.0		
EBITDA margin (%)	9.9	13.4		9.7		9.7	9.9		
PBT margin (%)	7.4	10.2		7.8		7.7	8.1		
Effective tax rate (%)	13.9	32.8		25.7		21.5	24.3		
Core net profit margin (%)	4.5	6.9		4.8		5.1	3.6		

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)	Comments
Revenue Breakdown									
Facilities	53.1	59.0	(10.1)	53.2	(0.2)	221.6	230.3	(3.8)	
Environment	22.0	29.7	(25.8)	21.6	1.8	87.8	102.0	(13.9)	Slower project execution in Abu
Engineering	24.5	21.9	12.0	19.9	23.1	86.3	79.7	8.4	Dhabi and Singapore.
Investment holdings	4.3	5.5	(22.1)	5.7	(24.5)	19.5	31.9	(39.0)	
Rail	12.5	4.8	162.3	11.4	9.3	48.7	19.0	156.7	
(-) Elimination	(12.0)	(18.9)	(36.5)	(13.2)	(9.2)	(49.8)	(64.0)	(22.3)	
Total	104.4	102.0	2.4	98.6	5.9	414.1	398.8	3.8	
PBT Breakdown									
Facilities	0.8	2.8	(73.0)	0.4	86.0	2.2	3.0	(25.1)	
Environment	5.6	8.5	(34.1)	6.2	(9.7)	22.7	24.6	(7.8)	
Engineering	1.9	1.7	8.6	1.8	4.6	6.9	8.3	(16.6)	
Investment holdings	2.7	10.3	(73.7)	3.9	(31.0)	12.4	31.9	(61.1)	
Rail	0.5	1.9	(73.0)	1.0	(49.1)	5.3	4.6	16.6	Billings shifted into the lower-margin
Others	(0.0)	(0.0)	(88.3)	(0.0)	(86.5)	(0.1)	(0.0)	19.8	phase of the S-curve.
(-) Elimination	(3.7)	(14.8)	(75.0)	(5.6)	(34.1)	(17.9)	(39.9)	(55.3)	
Total	7.7	10.4	(25.4)	7.7	1.0	31.7	32.4	(2.3)	
PBT Margins									
Facilities	1.4%	4.8%		0.8%		1.0%	1.3%		
Environment	25.4%	28.5%		28.6%		25.9%	24.2%		
Engineering	7.7%	8.0%		9.1%		8.0%	10.4%		
Investment holdings	63.5%	187.8%		69.4%		63.8%	100.0%		
Rail	4.0%	39.3%		8.7%		10.9%	24.0%		
Total	7.4%	10.2%		7.8%		7.7%	8.1%		

Source: Company, Apex Securities

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and Scope 2 GHG emissions totalled 687.3m tCO ₂ e in 2024, marking a 0.7% yoy decreased from 2023.
Waste & Effluent	★★★	Waste management aligns with industry standards and regulatory requirements as well as minimise environmental impact.
Energy	★★★	Energy consumption decreased by 0.9% in FY24.
Water	★★★	Increased water consumption by 5%, from 1.0m ³ in the previous year to 1.1m ³ .
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★	Female representation at 24% in the workforce and 8% at the management level, below than the MCCG's recommended 30% female directors on the Board.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★	5326 numbers trained in 2024 to enhance workforce competence. No fatalities.
Labour Practices	★★★	Adheres to all relevant labour laws.

Governance

CSR Strategy	★★★★	Actively engaged with communities, contributing RM147k (+26.2% yoy) to various initiatives.
Management	★★	Among the board members, 8% (1 out of 12) were female, while 33% (4 out of 12) were independent directors
Stakeholders	★★★	Regularly organizes corporate events and holds an annual general meeting (AGM) for investors.

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report. Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

This report has been prepared by Apex Securities Berhad pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report. *This research report can also be found in MyBursa platform or via the link: [Market Research and Analysis - MyBURSA](#)*

As of **Thursday, 28 Aug, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.