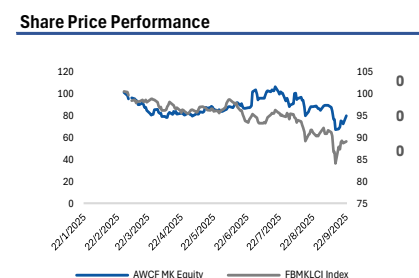


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Recommendation:	BUY
Current Price:	RM 0.64
Previous Target Price:	RM 0.78
Target Price:	↔ RM 0.78
Capital Upside/Downside:	21.9%
Dividend Yield (%):	2.0%
Total Upside/Downside:	23.9%

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWCFF MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	336.9
Market Cap (RM' m)	213.9
52-Week Price Range (RM)	1.14-0.5
Beta (x)	2.0
Free float (%)	26.7
3M Average Volume (m)	0.7
3M Average Value (RM' m)	0.4

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



	1M	3M	12M
Absolute (%)	17.6	13.4	-39.5
Relative (%)	17.2	7.3	-37.2

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	414.1	396.1	412.5
PATAMl (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)	10.3	6.5	5.7

AWC Berhad

SGD3.9m PWCS Contract in Singapore

- **AWC, via Stream Singapore, has secured a SGD3.9m (RM12.8m) contract from Singapore's HDB to design, build and operate a PWCS at Project DC & DD. The award lifts AWC's outstanding order book to c.RM607.2m (1.5x FY25 revenue).**
- **HDB's plan to launch 55,000 new BTO flats (2025-2027) continues to support PWCS demand in Singapore. Stream Singapore, as one of the key incumbents with a proven execution track record and extensive installed base across multiple estates, stands to benefit from additional contracts and recurring O&M revenue opportunities.**
- **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.**

SGD3.9m PWCS Contract in Singapore. AWC, via its indirect wholly-owned subsidiary Stream Environment (S) Pte Ltd, has secured a contract from the Housing & Development Board (HDB) of Singapore to design, build and operate (DBO) a Pneumatic Waste Conveyance System (PWCS) at Project DC & DD. The contract is valued at SGD3.9m (c.RM12.8, based on SGD/MYR of 3.27) and encompasses the full DBO package for PWCS infrastructure. The design phase for both projects is scheduled from 2 October 2025 to 1 October 2026, followed by a 24-month construction period commencing upon instruction.

Our Take. We view the award **positively** as it reinforces Stream Singapore's position as a key incumbent in Singapore's PWCS market. Earnings contribution should begin in FY26F during the design phase, with larger recognition in FY27F-FY28F as construction progresses. While the operational tenure was not disclosed, we benchmark against AWC's recent 10-year concession win at Terminal Bersepadu Gombak and assume a similar 10-year concession period. Assuming 80% of the contract value (c.SGD3.1m) is allocated to design and build, and applying a PBT margin of 9%, the contract is expected to generate c.RM0.9m in PBT over its 24-month duration. Although relatively small in value, the award enhances multi-year earnings visibility and provides a pathway to recurring O&M revenue in Singapore. Incorporating this win (excluding O&M), AWC's outstanding order book is estimated at RM607.2m (1.5x FY25 revenue), supporting medium-term earnings visibility.

Outlook. The outlook for PWCS demand in Singapore remains supported by Housing & Development Board (HDB) initiatives. HDB has announced plans to launch 55,000 new BTO flats between 2025 and 2027, alongside ongoing township developments in Clementi, Bukit Merah, Toa Payoh, and Alexandra. This sustained pipeline of public housing projects provides recurring opportunities for PWCS installations as HDB continues to integrate sustainable waste management systems in new estates. As one of the key incumbents, Stream Singapore is well positioned to secure further contracts, supported by its proven execution track record and extensive installed base across multiple estates.

Earnings revision. We make no changes to our earnings forecasts, as the latest contract win falls within our FY26F order book replenishment, while the O&M contribution lies outside our current forecast period.

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 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.

Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	399.0	414.1	396.1	412.5	425.5
Gross Profit	83.8	91.2	109.5	124.1	136.3
EBITDA	38.8	40.1	52.2	57.7	58.8
Depreciation & Amortisation	-5.8	-6.5	-7.8	-7.2	-6.4
EBIT	33.0	33.6	44.4	50.5	52.4
Net Finance Income/ (Cost)	-0.7	-1.9	-2.0	-2.1	-2.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	32.3	31.7	42.3	48.4	50.2
Tax	-8.0	-6.8	-9.2	-10.5	-10.8
Profit After Tax	24.3	24.9	33.1	37.9	39.4
Minority Interest	4.8	0.0	0.0	0.0	0.0
Net Profit	19.5	24.9	33.1	37.9	39.4
Exceptionals	4.0	3.9	0.0	0.0	0.0
Core Net Profit	15.4	21.0	33.1	37.9	39.4

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.5	6.2	9.7	11.1	11.6
P/E(x)	14.0	10.3	6.5	5.7	5.5
P/B(x)	1.0	0.9	0.8	0.7	0.7
EV/EBITDA(x)	5.9	6.3	5.5	5.4	5.8
DPS (sen)	1.0	1.3	1.3	1.4	1.5
Dividend Yield (%)	1.6%	2.0%	2.0%	2.3%	2.4%
EBITDA margin (%)	9.7%	9.7%	13.2%	14.0%	13.8%
EBIT margin (%)	8.3%	8.1%	11.2%	12.2%	12.3%
PBT margin (%)	8.1%	7.7%	10.7%	11.7%	11.8%
PAT margin (%)	6.1%	6.0%	8.4%	9.2%	9.3%
NP margin (%)	4.9%	6.0%	8.4%	9.2%	9.3%
CNP margin (%)	3.9%	5.1%	8.4%	9.2%	9.3%
ROE (%)	7.3%	9.2%	12.8%	13.0%	12.1%
ROA (%)	3.5%	4.9%	6.6%	6.9%	6.5%
Gearing (%)	50.5%	42.4%	45.4%	47.3%	48.9%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY26F
Core EPS (RM)	0.097
P/E multiple (x)	8.0
Fair Value (RM)	0.78
ESG premium/ discount	0.0%
Implied Fair Value (RM)	0.78

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	119.2	133.6	185.8	233.0	281.6
Receivables	157.6	141.7	146.0	150.3	154.8
Contract assets	51.1	43.4	59.4	61.9	63.8
Other current assets	48.4	42.5	42.3	42.0	41.7
Total Current Assets	376.3	361.3	433.4	487.2	542.0
Fixed Assets	19.1	18.9	18.1	18.0	18.2
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	46.2	48.0	47.9	47.4	46.8
Total Non-Current Assets	65.4	66.9	66.0	65.4	65.0
Short-term debt	44.4	46.1	46.8	55.0	63.5
Payables	1.5	83.1	71.7	69.2	66.5
Other current liabilities	121.6	18.8	52.9	54.9	56.4
Total Current Liabilities	167.4	148.0	171.4	179.1	186.5
Long-term debt	62.6	51.0	70.2	82.6	95.3
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-Current Liabilities	62.6	51.1	70.2	82.6	95.3
Shareholder's equity	211.6	229.1	257.9	290.9	325.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	211.6	229.1	257.9	290.9	325.1

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	32.3	31.7	42.3	48.4	50.2
Depreciation & amortisation	5.8	6.5	7.8	7.2	6.4
Changes in working capital	2.2	0.4	-15.7	-6.8	-7.2
Others	-8.1	-10.4	9.2	-10.7	-10.9
Operating cash flow	32.2	28.1	43.6	38.0	38.4
Capex	-3.8	-2.4	-4.0	-4.0	-4.0
Others	-95.3	6.2	-3.0	-2.5	-2.0
Investing cash flow	-99.1	3.8	-7.0	-6.5	-6.0
Dividends paid	-1.7	-4.2	-4.3	-4.9	-5.1
Others	85.0	-7.4	19.8	20.6	21.3
Financing cash flow	83.4	-11.6	15.5	15.7	16.2
Net cash flow	16.5	20.3	52.1	47.2	48.6
Forex	-0.8	-5.9	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	93.5	119.2*	133.6	185.8	233.0
Ending cash	109.2	133.6	185.8	233.0	281.6

*FY25 opening cash reflect latest quarterly balance, hence differs from FY24 closing

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

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(a) nil.