

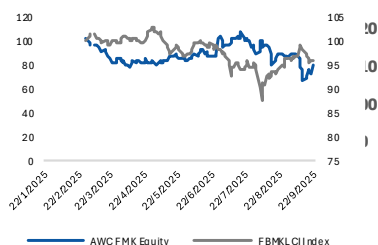
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Recommendation:	BUY
Current Price:	RM 0.76
Previous Target Price:	RM 0.88
Target Price:	RM 0.92 ↑
Capital Upside/ Downside:	21.1%
Dividend Yield (%):	1.7%
Total Upside/ Downside	22.8%

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWC FMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	339.4
Market Cap (RM' m)	257.9
52-Week Price Range (RM)	1.14-0.5
Beta (x)	2.1
Free float (%)	26.7
3M Average Volume (m)	1.0
3M Average Value (RM' m)	0.6

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 (%)	9.4	34.5	-8.4
Relative (%)	9.2	26.1	-9.1

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM' m)	414.1	430.7	447.7
PATAMI (RM' m)	24.9	34.7	40.1
CNP (RM' m)	21.0	34.7	40.1
EPS - core (sen)	6.2	10.2	11.8
P/E(x)	12.3	7.4	6.4

AWC Berhad

RM99.1m IFM Contract from TM Technology Services

- AWC has secured an RM99.1m Integrated Facilities Management (IFM) contract from TM Technology Services Sdn Bhd, a wholly-owned subsidiary of Telekom Malaysia Berhad, for the operation and maintenance of TM Data Centres and Buildings in TM Central 1. The five-year contract lifts AWC's outstanding order book to c.RM791.2m (1.9x FY25 revenue).
- The award is viewed positively, as it provides predictable cash flow and reinforces earnings visibility up to FY31.
- We have raised our FY26F-FY28F earnings forecasts by 4.9%/5.7%/5.6% respectively, to reflect the stronger order book replenishment and improved earnings visibility.
- Maintain BUY recommendation with a revised target price of RM0.92 (previously RM0.88), based on 9x FY26F EPS of 10.2 sen, supported by a three-star ESG rating.

RM99.1m Integrated Facilities Management Contract from TM Technology Services. AWC, through its wholly-owned subsidiary Ambang Wira Sdn Bhd (AWSB), has accepted a Letter of Award (LoA) from TM Technology Services Sdn Bhd, a wholly-owned subsidiary of Telekom Malaysia Berhad, for the provision of Integrated Facilities Management (IFM) services for TM Data Centres and Buildings in TM Central 1. The five-year contract, valued at RM99.1m (inclusive of SST), will commence from 1 November 2025 to 31 October 2030. The scope covers comprehensive IFM services, including operations, maintenance, and support for TM's data centre and building facilities at TM Central 1.

Our Take. We view the award **positively**, as it provides predictable cash flow and reinforces AWC's earnings visibility up to FY31. Assuming a PBT margin of 10% (after excluding the impact of SST), the contract is expected to generate c.RM9.3m in total PBT over the five-year period, translating into an annual PBT contribution of around RM1.9m. Incorporating this win, AWC's outstanding order book is estimated at RM791.2m, equivalent to 1.9x FY25 revenue, further supporting medium-term earnings visibility.

Outlook. This contract marks AWC's first entry into the data-centre IFM segment, and we remain constructive on its prospects, as margins are likely to be higher given the project's technical complexity and stringent service requirements. The award also provides a strategic platform for AWC to expand its footprint in the fast-growing data-centre and digital infrastructure space. In the near term, growth will be supported by the expiry and re-tendering of several federal concession contracts in Dec 2025, which had previously compressed margins due to elevated operating costs. The federal concessions, representing about 30% of IFM segmental revenue, are expected to be renewed under a revised framework that better accounts for cost inflation and asset lifecycle management. We believe AWC is well-positioned for renewal, supported by its established two-decade track record in managing 31 federal concession contracts.

Earnings revision. Following the recent contract wins, AWC has surpassed our earlier contract award assumptions. As a result, we have raised our FY26F-FY28F earnings forecasts by 4.9%/5.7%/5.6% respectively, to reflect the stronger order book replenishment and improved earnings visibility.

Valuation. Post-earnings adjustment, we derive a new TP of **RM0.92** (from RM0.88), based on 9x FY26F EPS of 10.2sen, supported by a three-star ESG rating. Maintain **BUY**. 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	430.7	447.7	461.4
Gross Profit	83.8	91.2	111.5	126.9	139.2
EBITDA	38.8	40.1	54.3	60.5	61.7
Depreciation & Amortisation	-5.8	-6.5	-7.8	-7.2	-6.4
EBIT	33.0	33.6	46.5	53.3	55.3
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	44.4	51.2	53.1
Tax	-8.0	-6.8	-9.7	-11.2	-11.5
Profit After Tax	24.3	24.9	34.7	40.1	41.6
Minority Interest	4.8	0.0	0.0	0.0	0.0
Net Profit	19.5	24.9	34.7	40.1	41.6
Exceptionals	4.0	3.9	0.0	0.0	0.0
Core Net Profit	15.4	21.0	34.7	40.1	41.6

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.5	6.2	10.2	11.8	12.2
P/E(x)	16.7	12.3	7.4	6.4	6.2
P/B(x)	1.2	1.1	1.0	0.9	0.8
EV/EBITDA(x)	7.0	7.4	6.2	6.0	6.4
DPS (sen)	1.0	1.3	1.3	1.5	1.6
Dividend Yield (%)	1.3%	1.7%	1.7%	2.0%	2.1%
EBITDA margin (%)	9.7%	9.7%	12.6%	13.5%	13.4%
EBIT margin (%)	8.3%	8.1%	10.8%	11.9%	12.0%
PBT margin (%)	8.1%	7.7%	10.3%	11.4%	11.5%
PAT margin (%)	6.1%	6.0%	8.1%	8.9%	9.0%
NP margin (%)	4.9%	6.0%	8.1%	8.9%	9.0%
CNP margin (%)	3.9%	5.1%	8.1%	8.9%	9.0%
ROE (%)	7.3%	9.2%	13.4%	13.6%	12.6%
ROA (%)	3.5%	4.9%	6.7%	7.0%	6.6%
Gearing (%)	50.5%	42.4%	45.8%	48.0%	49.7%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY26F
Core EPS (RM)	0.102
P/E multiple (x)	9.0
Fair Value (RM)	0.92
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.92

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	119.2	133.6	196.0	246.5	298.6
Receivables	157.6	141.7	146.0	150.3	154.8
Contract assets	51.1	43.4	64.6	67.2	69.2
Other current assets	48.4	42.5	42.3	42.0	41.7
Total Current Assets	376.3	361.3	448.8	506.0	564.4
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	47.5	56.4	65.7
Payables	1.5	83.1	79.8	77.0	74.1
Other current liabilities	121.6	18.8	57.1	59.1	60.7
Total Current Liabilities	167.4	148.0	184.3	192.5	200.5
Long-term debt	62.6	51.0	71.2	84.7	98.5
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-Current Liabilities	62.6	51.1	71.2	84.7	98.5
Shareholder's equity	211.6	229.1	259.3	294.1	330.3
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	211.6	229.1	259.3	294.1	330.3

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	32.3	31.7	44.4	51.2	53.1
Depreciation & amortisation	5.8	6.5	7.8	7.2	6.4
Changes in working capital	2.2	0.4	-7.6	-7.2	-7.4
Others	-8.1	-10.4	7.6	-11.4	-11.6
Operating cash flow	32.2	28.1	52.3	39.8	40.4
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	-4.5	-5.2	-5.4
Others	85.0	-7.4	21.5	22.4	23.1
Financing cash flow	83.4	-11.6	17.0	17.2	17.7
Net cash flow	16.5	20.3	62.3	50.5	52.1
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	196.0	246.5
Ending cash	109.2	133.6	196.0	246.5	298.6

*FY25 opening cash reflects 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.