

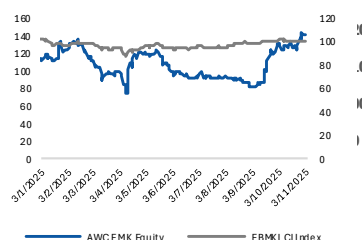
Tan Sue Wen
(603) 7890 8888 (ext 2095)
suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM0.76
Previous Target Price:	RM0.92
Target Price:	↔ RM0.92
Capital Upside/Downside:	21.1%
Dividend Yield (%):	1.8%
Total Upside/Downside	22.8%

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWC FMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	339.4
Market Cap (RM' m)	256.2
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)	0.7

Top 3 Shareholders	(%)
K-Capital Sdn Bhd	24.9
Mohamed Nagoor Ahmad Kabeer Bin	8.4
Mastrack Sdn	4.3

Share Price Performance



	1M	3M	12M
Absolute (%)	8.6	31.3	-7.9
Relative (%)	9.5	23.6	-8.3

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	412.4	430.7	447.7
PATAMI (RM'm)	24.9	34.7	40.1
CNP (RM'm)	23.0	34.7	40.1
EPS - core (sen)	6.8	10.2	11.8
P/E(x)	11.1	7.4	6.4

AWC Berhad

Proposed Bonus Issue, ESOS and Share Buy-Back

- AWC has proposed a bonus issue of free warrants, a new ESOS, and a share buy-back of up to 10% of its issued shares. Proceeds of up to RM78.9m from the warrants and RM34.6m from the ESOS will be used to strengthen its capital base and enhance funding flexibility across the engineering, environmental, and facilities-management divisions.
- We are Mildly Positive on these corporate proposals, which are expected to strengthen AWC's capital structure and enable the Group to secure higher-value projects and support future growth. The exercises are expected to dilute FY26F EPS by 28.2% on a fully diluted basis.
- We are keeping our earnings forecasts unchanged at this stage, pending completion of the proposed exercises.
- Maintain BUY recommendation with an unchanged TP of RM0.92, based on 9x FY26F EPS of 10.2sen, supported by a three-star ESG rating.

Bonus Issue of Warrants, ESOS and Share Buy-Back. AWC Berhad has proposed several corporate exercises aimed at rewarding shareholders and supporting future growth.

- The Group plans to undertake a bonus issue of up to 84.8m free warrants on the basis of one warrant for every four existing shares held. The warrants will carry a five-year tenure, with the exercise price to be fixed at a 20-30% premium to the 5-day VWAP prior to the price-fixing date. The exercise of these warrants is expected to provide additional working capital to fund business expansion.
- The Company will introduce a new Employee Share Option Scheme (ESOS) representing up to 15% of its total issued shares, excluding treasury shares, with option prices to be determined at up to a 10% discount to the 5-day VWAP prior to the grant. The ESOS will be in force for five years and may be extended by another five years, serving as a performance-based incentive to strengthen employee retention.
- AWC also proposes a share buy-back of up to 10% of its issued shares, providing flexibility in capital management.

All proposals are expected to be completed by 1QCY26, subject to shareholders' and regulatory approvals.

Based on an indicative exercise price of RM0.93/warrant and RM0.68/ESOS option, assuming full exercise of both, AWC could raise gross proceeds of up to RM78.9m from the warrants and RM34.6m from the ESOS options. The rationale for these corporate exercises is mainly to enhance financial flexibility and support business expansion across its core engineering, environmental, and facilities-management segments. On a pro forma basis, these exercises are expected to improve AWC's gearing ratio from 0.42x as of 30 June 2025 to 0.28x.

Table 1: Pro Forma Effects of the Corporate Exercises

	Audited as of 30 June 2025	After assuming full exercise of the Bonus and ESOS
	RM'm	RM'm
Share capital	129.5	243.0
Treasury shares	-1.3	-1.3
Other reserves	8.8	8.8
Reserves	92.1	91.8
Shareholders' fund/ NA	229.1	342.3
No. of shares in issue ('000)	339.4	475.1
Total borrowings (RM'000)	97.2	97.2
NA per Share (RM)	0.68	0.72
Gearing ratio (times)	0.42	0.28

Source: Company, Apex Securities

Our Take. We are **Mildly Positive** on these proposals. The funds raised from the full exercise of the warrants and ESOS options are expected to strengthen AWC's capital base and financial profile, enabling the Group to secure higher-value projects across its engineering, environmental, and facilities-management divisions, supporting a sustained long-term growth trajectory. Nevertheless, the corporate exercises, if fully exercised, are expected to dilute FY26F EPS by 28.2% under a fully diluted scenario, resulting in a fair value of RM0.66.

Earnings revision. No change to our earnings forecasts at this stage, pending completion of the exercises. We have updated our FY25 figures based on the latest Annual Report.

Valuation & Recommendation. We maintain our **BUY** recommendation with an unchanged TP of **RM0.92**, based on 9x FY26F EPS of 10.2sen 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.

Company Update

Tuesday, 04 Nov, 2025

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



Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	399.0	412.4	430.7	447.7	461.4
Gross Profit	83.8	91.3	114.1	129.8	142.5
EBITDA	38.8	40.3	54.3	60.5	61.7
Depreciation & Amortisation	-5.8	-6.5	-7.8	-7.2	-6.4
EBIT	33.0	33.8	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	31.9	44.4	51.2	53.1
Tax	-8.0	-7.0	-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	1.9	0.0	0.0	0.0
Core Net Profit	15.4	23.0	34.7	40.1	41.6

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.5	6.8	10.2	11.8	12.2
P/E (x)	16.6	11.1	7.4	6.4	6.2
P/B (x)	1.2	1.1	1.0	0.9	0.8
EV/EBITDA (x)	6.9	7.3	6.1	5.9	6.3
DPS (sen)	1.0	1.3	1.3	1.5	1.6
Dividend Yield (%)	1.3%	1.7%	1.8%	2.0%	2.1%
EBITDA margin (%)	9.7%	9.8%	12.6%	13.5%	13.4%
EBIT margin (%)	8.3%	8.2%	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%	5.6%	8.1%	8.9%	9.0%
ROE (%)	7.3%	10.1%	13.4%	13.6%	12.6%
ROA (%)	3.5%	5.3%	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 & short term balance	119.2	134.5	193.5	243.9	295.9
Receivables	157.6	143.3	147.6	152.1	156.6
Contract assets	51.1	47.6	64.6	67.2	69.2
Other current assets	48.4	43.0	42.8	42.5	42.2
Total Current Assets	376.3	368.4	448.5	505.6	564.0
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	47.8	47.7	47.1	46.5
Total Non-Current Assets	65.4	66.6	65.8	65.1	64.7
Short-term debt	44.4	46.9	47.5	56.5	65.7
Payables	1.5	80.0	79.2	76.3	73.3
Other current liabilities	121.6	28.7	57.0	59.1	60.7
Total Current Liabilities	167.4	155.6	183.7	191.8	199.7
Long-term debt	62.6	50.3	71.3	84.7	98.5
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-Current Liabilities	62.6	50.4	71.3	84.7	98.6
Shareholder's equity	211.6	229.1	259.3	294.2	330.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	211.6	229.1	259.3	294.2	330.4

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	32.3	31.9	44.4	51.2	53.1
Depreciation & amortisation	5.8	6.5	7.8	7.2	6.4
Changes in working capital	2.2	4.2	-5.2	-7.3	-7.5
Others	-8.1	-9.5	1.9	-11.4	-11.6
Operating cash flow	32.2	33.1	49.0	39.7	40.3
Capex	-3.8	-2.4	-4.0	-4.0	-4.0
Others	-95.3	1.4	-3.0	-2.5	-2.0
Investing cash flow	-99.1	-1.0	-7.0	-6.5	-6.0
Dividends paid	-1.7	-4.2	-4.5	-5.2	-5.4
Others	85.0	-9.2	21.5	22.4	23.1
Financing cash flow	83.4	-13.4	17.0	17.2	17.7
Net cash flow	16.5	18.7	59.0	50.4	52.0
Forex	-0.8	-5.6	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash and cash equivalents	93.5	109.2	122.4	181.4	231.8
Ending cash and cash equivalents	109.2	122.4	181.4	231.8	283.8

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and Scope 2 GHG emissions totalled 597.4m tCO ₂ e in 2024, marking a 13.1% yoy decreased from 2024.
Waste & Effluent	★★★	Waste management aligns with industry standards and regulatory requirements as well as minimise environmental impact.
Energy	★★	Energy consumption rose sharply to 1,346.2MWh in FY2025 from 341.5MWh in the preceding year, reflecting the expanded data coverage to include AWC Facilities, DDT, Qudotech, and STREAM, whereas FY2023 and FY2024 only covered STREAM.
Water	★★	Water consumption increased to 3.1 m ³ from 1.1 m ³ , consistent with the expansion in data coverage as mentioned in the energy section.
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★★	Female representation at improved to 35% from 24% in the workforce and 20% at the management level, below than the MCCC'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	★★★★	Increased by 80.6% to 9616 hours 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 RM21k to various initiatives.
Management	★★★	Among the board members, 20% (1 out of 5) were female, while 80% (4 out of 5) 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.