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

APEX SECURITIES 鼎峰证券有限公司

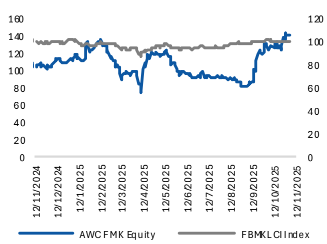
Tan Sue Wen
(603) 7890 8888 (ext 2095)
suewen.tan@apexsecurities.com.my

Recommendation:		**BUY**
Current Price:		RM 0.63
Previous Target Price:		RM 0.92
Target Price:	↔	RM 0.92
Capital Upside/Downside:		46.0%
Dividend Yield (%):		2.1%
Total Upside/Downside		**48.2%**

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWCF MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	339.4
Market Cap (RM' m)	212.1
52-Week Price Range (RM)	1.14-0.5
Beta (x)	2.1
Free float (%)	26.7
3M Average Volume (m)	1.2
3M Average Value (RM' m)	0.8

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 (%)	-8.8	12.6	-27.3
Relative (%)	-9.9	9.1	-28.9

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)	9.2	6.1	5.3

AWC Berhad

Second PWCS Contract from HDB, Worth SGD4.7m

- **AWC has secured a SGD4.7m (c.RM14.8m) DBO contract from Singapore's HDB for the installation of a Pneumatic Waste Conveyance System (PWCS) at Project EW & FM. The win lifts AWC's outstanding order book to c.RM869.7m (2.1x FY25 revenue).**
- **We view the award positively, reinforcing Stream Singapore's PWCS positioning and extending earnings visibility into FY29F, with c.RM0.4m O&M revenue per year post-completion.**
- **No changes to earnings forecasts, as the latest contract win falls within our FY26F order book replenishment assumptions.**
- **Maintain BUY with an unchanged TP of RM0.92, based on 9x FY26F EPS of 10.2 sen, supported by a three-star ESG rating.**

SGD4.7m PWCS Contract in Singapore. AWC, through its sub-subsidiary Stream Environment (S) Pte Ltd (SESG), has received a Letter of Acceptance (LoA) from the Housing & Development Board of Singapore (HDB) to design, build and operate (DBO) a Pneumatic Waste Conveyance System (PWCS) at Project EW & FM. The contract is valued at SGD4.7m (c.RM14.8m based on an exchange rate of SGD/MYR 3.18) and covers the full DBO scope for the PWCS infrastructure. The project will be implemented in two phases, consisting of a 12-month design period followed by a 24-month construction period, with works commencing upon the client's instruction.

Our Take. We view the award **positively** as it reinforces Stream Singapore's position as a key incumbent in Singapore's PWCS market. Around 95% of the contract value pertains to design and build, with the remaining 5% tied to O&M (typically over 2 years). Although the timeline was not explicitly disclosed, we expect earnings contribution to begin in FY26F during the design phase, with a larger share recognised in FY27F-FY28F as construction ramps up, and the remainder in FY29F. Applying a 9% PBT margin, the contract is expected to generate c.RM1.3m in PBT over its 36-month duration (2.9% of FY26F PBT). While modest in size, the award enhances AWC's multi-year earnings visibility and expands its recurring O&M pipeline in Singapore, estimated at c.RM0.4m revenue per annum post-completion based on the 5% O&M allocation over a two-year maintenance term. With this latest win, AWC's outstanding order book rises to RM869.7m (2.1x FY25F revenue), providing solid medium-term earnings support.

Outlook. This marks the **second PWCS contract win** from HDB YTD, following the earlier SGD3.9m award, further reinforcing Stream Singapore's positioning as a trusted partner to HDB. The repeated success strengthens our conviction in AWC's Singapore outlook, supported by mandated PWCS adoption in new HDB developments and a sustained pipeline of public housing projects. To recap, HDB plans to launch 55,000 new BTO units between 2025 and 2027, alongside major township renewal in Clementi, Bukit Merah, Toa Payoh and Alexandra. As one of the key incumbents with a strong execution track record and extensive installed base, Stream Singapore is well positioned to secure additional PWCS packages and expand its recurring O&M revenue base over the longer term.

Earnings revision. We make no changes to our earnings forecasts, as the latest contract win falls within our FY26F order book replenishment assumptions.

Valuation. 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.

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)	13.8	9.2	6.1	5.3	5.1
P/B (x)	1.0	0.9	0.8	0.7	0.6
EV/EBITDA (x)	5.8	6.2	5.3	5.2	5.6
DPS (sen)	1.0	1.3	1.3	1.5	1.6
Dividend Yield (%)	1.6%	2.1%	2.1%	2.5%	2.5%
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 tCO2 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 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	★★★★	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