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Recommendation:	BUY
Current Price:	RM0.58
Previous Target Price:	RM0.72
Target Price:	RM0.72
Capital Upside/Downside:	24.1%
Dividend Yield (%)	1.8%
Total Upside/Downside	25.9%

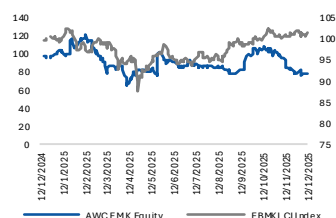
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWC FMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	339.4
Market Cap (RM' m)	196.8
52-Week Price Range (RM)	1.14-0.5
Beta (x)	2.1
Free float (%)	26.7
3M Average Volume (m)	1.4
3M Average Value (RM' m)	0.9

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 (%)	-10.8	7.4	-37.3
Relative (%)	-11.4	4.9	-38.4

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	412.4	430.7	447.7
PATAMI (RM'm)	24.9	27.2	31.2
CNP (RM'm)	23.0	27.2	31.2
EPS - core (sen)	6.8	8.0	9.2
P/E(x)	8.6	7.3	6.3

AWC Berhad

Secures RM42.3m Hyperscale Data Centre Subcontract

- AWC has secured a RM42.3m subcontract from Gamuda Engineering Sdn Bhd for specialised MEP works (cold water, rainwater harvesting and sanitary systems) for a hyperscale data centre at Eco Business Park V, Puncak Alam, Selangor. The win lifts AWC's outstanding order book to RM940.3m, equivalent to 2.3x FY25F revenue.
- We view the award positively, as it further strengthens Qudotech's positioning in the data centre segment and supports earnings growth through 1QFY28.
- 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 RM0.72, based on 9x FY26F EPS of 8.0sen, supported by a three-star ESG rating.

Bags RM42.3m Hyperscale Data Centre Subcontract at Puncak Alam. AWC, through its wholly-owned subsidiary Qudotech Sdn Bhd, has accepted a Letter of Acceptance (LoA) from Gamuda Engineering Sdn Bhd to undertake subcontract works for the cold water, rainwater harvesting and sanitary system for a hyperscale data centre located at Eco Business Park V, Puncak Alam, Selangor. The contract is valued at RM42.3m on a fixed lump-sum basis and covers mechanical-related system works for two facilities within the data centre campus. The project commenced on 8 December 2025, with scheduled completion in February 2027 (Facility 1) and September 2027 (Facility 2).

Our Take. We view the award **positively**, as it strengthens Qudotech's positioning in the data centre segment and supports earnings growth through 1QFY28. No material margin impact from SST is expected, as applicable taxes are typically factored into fixed lump-sum subcontract pricing. Assuming a 10% PBT margin, the contract is estimated to generate c.RM4.2m in PBT over its 21-month duration, equivalent to 12.1% of our FY26F PBT. Following this win, AWC's outstanding order book increases to RM940.3m (2.3x FY25F revenue), providing solid medium-term earnings support.

Outlook. Johor has begun tightening approval criteria for new data centre developments, particularly with respect to water usage, as authorities seek to manage infrastructure constraints. Based on our channel checks, a 100MW data centre can consume c.4.2m litres of water per day for cooling, equivalent to the daily water usage of a city of around 10,000 people. We believe this shift favours Qudotech, given its established expertise in water management solutions, including cold water systems, plumbing and rainwater harvesting, which are essential for higher-specification, water-efficient data centre designs. Supported by repeat MEP and water-related works from Tier-1 contractors and Malaysia's sizeable ~6GW data centre development pipeline, we expect demand for specialised MEP services to remain robust over the medium term.

Earnings revision. No changes to earnings forecasts, as the contract win is within our FY26F order book replenishment assumptions.

Valuation. Maintain our **BUY** recommendation with an unchanged TP of RM0.72, based on 9x FY26F EPS of 8.0 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.

Company Update

Monday, 15 Dec, 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	104.5	118.4	132.9
EBITDA	38.8	40.3	44.7	49.2	52.1
Depreciation & Amortisation	-5.8	-6.5	-7.8	-7.2	-6.4
EBIT	33.0	33.8	36.9	42.0	45.7
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	34.8	39.8	43.5
Tax	-8.0	-7.0	-7.7	-8.7	-9.4
Profit After Tax	24.3	24.9	27.2	31.2	34.1
Minority Interest	4.8	0.0	0.0	0.0	0.0
Net Profit	19.5	24.9	27.2	31.2	34.1
Exceptionals	4.0	1.9	0.0	0.0	0.0
Core Net Profit	15.4	23.0	27.2	31.2	34.1

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.5	6.8	8.0	9.2	10.0
P/E(x)	12.8	8.6	7.3	6.3	5.8
P/B(x)	0.9	0.9	0.8	0.7	0.6
EV/EBITDA (x)	5.4	5.8	6.0	5.9	6.0
DPS (sen)	1.0	1.3	1.0	1.2	1.3
Dividend Yield (%)	1.7%	2.2%	1.8%	2.1%	2.2%
EBITDA margin (%)	9.7%	9.8%	10.4%	11.0%	11.3%
EBIT margin (%)	8.3%	8.2%	8.6%	9.4%	9.9%
PBT margin (%)	8.1%	7.7%	8.1%	8.9%	9.4%
PAT margin (%)	6.1%	6.0%	6.3%	7.0%	7.4%
NP margin (%)	4.9%	6.0%	6.3%	7.0%	7.4%
CNP margin (%)	3.9%	5.6%	6.3%	7.0%	7.4%
ROE (%)	7.3%	10.1%	10.8%	11.1%	11.0%
ROA (%)	3.5%	5.3%	5.3%	5.6%	5.6%
Gearing (%)	50.5%	42.4%	47.0%	50.4%	53.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

FY26F
Core EPS (RM)
P/E multiple (x)
Fair Value (RM)
ESG premium/discount
Implied Fair Value (RM)

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & short term balance	119.2	134.5	189.4	232.4	277.3
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	444.4	494.1	545.3
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	81.6	79.0	75.6
Other current liabilities	121.6	28.7	57.0	59.1	60.7
Total Current Liabilities	167.4	155.6	186.1	194.6	202.0
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	252.8	279.9	309.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	211.6	229.1	252.8	279.9	309.6

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	32.3	31.9	34.8	39.8	43.5
Depreciation & amortisation	5.8	6.5	7.8	7.2	6.4
Changes in working capital	2.2	4.2	-2.8	-6.9	-8.0
Others	-8.1	-9.5	3.9	-8.9	-9.6
Operating cash flow	32.2	33.1	43.8	31.2	32.3
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	-3.5	-4.1	-4.4
Others	85.0	-9.2	21.5	22.4	23.1
Financing cash flow	83.4	-13.4	18.0	18.3	18.6
Net cash flow	16.5	18.7	54.8	43.0	44.9
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	177.2	220.2
Ending cash and cash equivalents	109.2	122.4	177.2	220.2	265.1

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.