

Research Team

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Recommendation:	BUY
Current Price:	RM 0.52
Previous Target Price:	RM 0.60
Target Price:	↔ RM 0.60
Capital Upside/Downside:	15.4%
Dividend Yield (%):	1.7%
Total Upside/Downside	17.1%

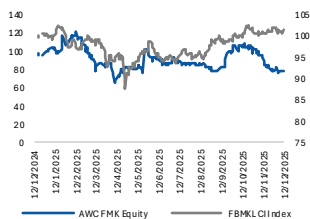
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWC FMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	338.8
Market Cap (RM' m)	174.5
52-Week Price Range (RM)	0.805-0.495
Beta (x)	2.1
Free float (%)	26.7
3M Average Volume (m)	0.7
3M Average Value (RM' m)	0.4

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 (%)	-12.7	-16.3	-34.4
Relative (%)	-11.2	-19.4	-41.4

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	412.4	416.1	432.0
PATAMI (RM'm)	24.9	22.6	26.1
CNP (RM'm)	23.0	22.6	26.1
EPS - core (sen)	6.8	6.6	7.7
P/E(x)	7.6	7.8	6.7

AWC Berhad

Shah Alam Hospital HSS Contract Extended, Worth RM26.14m

- **AWC has secured a contract extension with a value of RM26.14m (1-year extension) this continues AWC's decade-long incumbency at Hospital Shah Alam, reinforcing the depth and stickiness of its Healthcare Support portfolio within the Facilities division.**
- **Applying a 4% PBT margin, the extension is estimated to generate ~RM1.05m in PBT – equivalent to approximately 3.6% of our FY26F Group PBT of RM29.5m.**
- **No changes to our earnings forecasts. We remain cautiously optimistic on the overall outlook, mindful of geopolitical headwinds from the ongoing Iran conflict which could prolong Middle East softness and weigh on the Environment division's bottom line.**
- **Upgrade to BUY with an unchanged TP of RM0.60, based on 9x FY26F EPS of 6.6 sen, on the back of the recent share price weakness, supported by a three-star ESG rating.**

RM26.14m Shah Alam Hospital Extension. AWC has maintained a long-standing operational presence at Hospital Shah Alam since the facility first commenced operations in 2016. Following the initial award, AWC successfully secured a five-year competitive contract worth **RM107.89** million via an open tender from the Ministry of Health (MoH) for the period **January 2021 to December 2025**. The current extension, announced on March 17, 2026, extends AWC's HSS provision for a further year at a contract value of **RM26.14m** (via its wholly owned subsidiary, Ambang Wira Sdn Bhd). The contract extension value of **RM26.14m** implies an annualized run rate significantly above the previous five-year average of **RM21.58m p.a.**, suggesting that the bridge extension incorporates cost adjustments for inflation and minimum wage increases pending a new long-term tender.

Our Take. Positive on incumbency; modest but visible PBT uplift. We view this contract extension positively. It underscores AWC's ability to retain healthcare mandates through operational excellence and reinforces the predictability of its facilities division revenue stream. Hospital Shah Alam is a strategically important site within AWC's Healthcare Support portfolio, sitting alongside key anchors such as the National Cancer Institute (IKN) and the National Institute of Health (NIH). **PBT Impact.** Applying a conservative **4% PBT margin**, the **RM26.14m** extension is expected to contribute **c.RM1.05m** in PBT over the next year. This represents approximately **3.6%** of our FY26F Group PBT forecast of **RM29.5m**, a modest and visible contribution from a single-site contract. The Facilities Division remains the anchor as it is AWC's largest revenue contributor, accounting for **~50%** of 1HFY26 revenue (**RM115.8m**). The division delivered a **154.3% QoQ** PBT jump in 2QFY26 to **RM1.0m**, supported by a **15.5%** revenue increase from the facilities segment. The Hospital Shah Alam extension further bolsters this positive trajectory, AWC's Facilities order book stands at **RM465m (51.1%** of the group's **RM910m** backlog), providing multi-year earnings visibility.

Outlook. We expect steady earnings growth in 2HFY26 as revenue recognition ramps up from high-value Facilities wins, including TM Data Centres (**RM99.1m**), Kompleks E (**RM82.5m**), Masjid Putra (**RM52.3m**), and the recent Hospital Shah Alam extension (**RM26.14m**). This recovery is supported by concession extensions at revised market rates, a strategic push into high-tech FM, and the Engineering division's plumbing growth. The Environment segment's record **RM224m** order book and the ramp up of Singapore's mandated PWCS pipeline in **2H26** is expected to provide a structural earnings floor. However, **the Middle East remains a lingering overhang**; ongoing Iran-related conflict and geopolitical tensions risk further delaying projects in Abu Dhabi and Dubai, potentially sustaining the **64.9% YoY** revenue contraction seen in 1HFY26. Despite these regional risks, a strengthened Group order book of **c.RM910m** and the Rail division's **1.5x QoQ** order book jump to **RM106m** positions the Group favourably for FY27, maintaining a cautiously optimistic outlook anchored by stable, service-based recurring income.

Earnings revision. We are comfortable with our current assumptions, and this contract extension falls within our FY26F Facilities revenue estimates. While the **RM26.14m** HSS extension provides an incremental **~RM1.05m** PBT uplift (4% margin), it does not materially alter our full-year projections. As such, we retain our FY26F–FY28F revenue forecasts.

Valuation. We upgrade to a **BUY** recommendation following the recent share price weakness with an unchanged TP of **RM0.60**, based on **9x FY26F EPS of 6.6 sen** and a three-star ESG rating. We like AWC for its (i) dominant market position (90% AWS share in Malaysia, 40% in Singapore), (ii) predictable cash flows from long-term concessions, (iii) strengthened order book of **RM910m** (2.2x FY25 revenue), and (iv) a clean net cash balance sheet. At current prices, the stock trades at **7.8x FY26F P/E** - offering limited downside with a **1.7%** dividend yield.

Risks. Failure to secure improved rates for government concession contracts under the IFM segment, continued softness in the Middle East affecting the Environment Division contributions, and failure to maintain margin resilience and weaker orderbook replenishment in the Rail segment following recent declines in product mix profitability.

Figure 1: Contract Details – Shah Alam Hospital HSS Extension

Item	Recent Extension (FY26)		Previous Contract (FY21–25)	Variance
Contract Value	RM26.14 million	vs	RM107.89 million	1-yr vs 5-yr
Duration	1 Year	vs	5 Years	Extension
Period	Jan 1, 2026 – Dec 31, 2026		Jan 1, 2021 – Dec 31, 2025	
Contract Type	Extension	vs	Open Tender (MoH)	
Scope	Hospital Support Services (HSS)			
Est. PBT (@ 4% PBT Margin)	~RM1.05 million		~RM4.32 million	

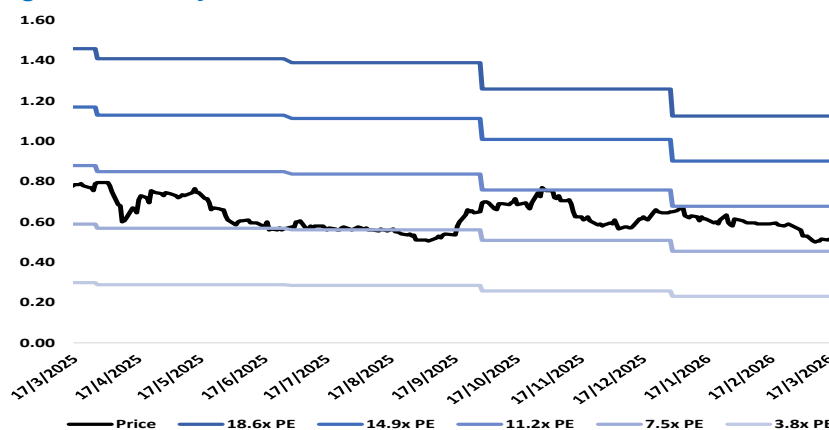
Source: Company, Apex Securities

Figure 2: Orderbook Snapshot as of Dec 25

Division	Order Book (RM'm)	% of Total	Notes
Facilities	465.0	51.1%	
Environment	224.0	24.6%	Record high; ME softness persists
Engineering	115.0	12.6%	Data centre wins driving growth
Rail	106.0	11.6%	+1.5x QoQ growth
Total	910.0	100.0%	2.2x FY25 revenue

Source: Company, Apex Securities

Figure 3: AWC 1-year Historical PER



Source: Bloomberg, Apex Securities

Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	399.0	412.4	416.1	432.0	445.2
Gross Profit	83.8	91.3	99.1	112.5	126.8
EBITDA	38.8	40.3	39.3	43.2	46.0
Depreciation & Amortisation	-5.8	-6.5	-7.8	-7.2	-6.4
EBIT	33.0	33.8	31.5	36.1	39.6
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	29.5	33.9	37.4
Tax	-8.0	-7.0	-6.9	-7.9	-8.6
Profit After Tax	24.3	24.9	22.6	26.1	28.8
Minority Interest	4.8	0.0	0.0	0.0	0.0
Net Profit	19.5	24.9	22.6	26.1	28.8
Exceptionals	4.0	1.9	0.0	0.0	0.0
Core Net Profit	15.4	23.0	22.6	26.1	28.8

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.5	6.8	6.6	7.7	8.5
P/E(x)	11.3	7.6	7.8	6.7	6.1
P/B(x)	0.8	0.8	0.7	0.6	0.6
EV/EBITDA(x)	4.8	5.3	6.1	5.9	5.9
DPS (sen)	1.0	1.3	0.9	1.0	1.1
Dividend Yield (%)	1.9%	2.5%	1.7%	1.9%	2.1%
EBITDA margin (%)	9.7%	9.8%	9.5%	10.0%	10.3%
EBIT margin (%)	8.3%	8.2%	7.6%	8.3%	8.9%
PBT margin (%)	8.1%	7.7%	7.1%	7.9%	8.4%
PAT margin (%)	6.1%	6.0%	5.4%	6.0%	6.5%
NP margin (%)	4.9%	6.0%	5.4%	6.0%	6.5%
CNP margin (%)	3.9%	5.6%	5.4%	6.0%	6.5%
ROE (%)	7.3%	10.1%	9.1%	9.6%	9.7%
ROA (%)	3.5%	5.3%	4.5%	4.8%	4.9%
Gearing (%)	50.5%	42.4%	47.5%	51.4%	54.6%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY26F
Core EPS (RM)	0.066
P/E multiple (x)	9.0
Fair Value (RM)	0.60
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.60

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & short term balance	119.2	134.5	182.7	220.5	260.0
Receivables	157.6	143.3	147.6	152.1	156.6
Contract assets	51.1	47.6	62.4	64.8	66.8
Other current assets	48.4	43.0	42.8	42.5	42.2
Total Current Assets	376.3	368.4	435.5	479.8	525.7
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	47.2	55.9	64.8
Payables	1.5	80.0	79.2	76.7	73.2
Other current liabilities	121.6	28.7	55.3	57.2	58.8
Total Current Liabilities	167.4	155.6	181.7	189.7	196.7
Long-term debt	62.6	50.3	70.8	83.8	97.1
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-Current Liabilities	62.6	50.4	70.9	83.8	97.2
Shareholder's equity	211.6	229.1	248.8	271.4	296.5
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	211.6	229.1	248.8	271.4	296.5

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	32.3	31.9	29.5	33.9	37.4
Depreciation & amortisation	5.8	6.5	7.8	7.2	6.4
Change in working capital	2.2	4.2	-5.1	-7.0	-8.0
Others	-8.1	-9.5	5.1	-8.1	-8.7
Operating cash flow	32.2	33.1	37.3	26.0	27.0
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	-2.9	-3.4	-3.7
Others	85.0	-9.2	20.8	21.6	22.3
Financing cash flow	83.4	-13.4	17.9	18.2	18.5
Net cash flow	16.5	18.7	48.2	37.8	39.6
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	170.6	208.3
Ending cash and cash equivalents	109.2	122.4	170.6	208.3	247.9

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

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(a) nil.