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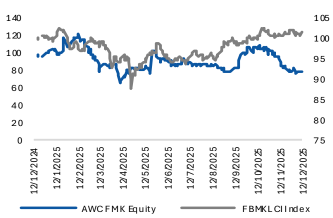
Recommendation:		BUY
Current Price:		RM 0.52
Previous Target Price:		RM 0.60
Target Price:	↑	0.69
Capital Upside/Downside:		32.7%
Dividend Yield (%):		0.0%
Total Upside/Downside		**32.7%**

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWCF MK
Syariah Compliant	Yes
ESG Rating	★★★
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)	414.1	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

Second data centre subcontract win for FY26

- **AWC has secured a RM22.2m data centre plumbing contract from a joint venture contractor for the execution and completion of plumbing, silo tank and internal sanitary works.**
- **We view the award positively, as this is Qudotech's second data centre subcontract win for FY26, bringing AWC's outstanding orderbook to RM958.3m, equivalent to 2.3x FY25F revenue.**
- **Assuming a c.21% PBT margin, the contract is estimated to generate c.RM4.7m in PBT over the next CY, equivalent to c.16% of our FY26F PBT of RM29.5m.**
- **Maintain our BUY recommendation with a higher TP of RM0.69, based on 9x P/E applied to rolled forward FY27F EPS of 7.7 sen, alongside a three-star ESG rating.**

Secures RM22.2m Data Centre Plumbing Contract. AWC, via its wholly owned subsidiary Qudotech Sdn Bhd, has accepted a Letter of Acceptance (LoA) from a joint venture contractor for the execution and completion of plumbing, silo tank and internal sanitary works for a data centre project. The contract, valued at RM22.2m, commenced on 9 January 2026 and is scheduled for completion by 27 December 2026.

Our Take. We view the award **positively**, as this is Qudotech's second data centre subcontract win for FY26. Assuming a **c.21% PBT margin**, the contract is estimated to generate **c.RM4.7m** in PBT over the next CY, equivalent **to c.16%** of our FY26F PBT of **RM29.5m**. Following this win, AWC's outstanding order book increases to **RM958.3m** (2.3x FY25 revenue), providing solid medium-term earnings support.

Outlook. Earnings growth in 2HFY26 is expected to remain steady, underpinned by progressive revenue recognition from c.RM450m of contracts secured in FY26 across its segments. We anticipate further contract wins, particularly within the engineering segment, as the Group continues to participate in data centre-related tenders in both Malaysia and Singapore. As at December 2025, its tenderbook stands at RM3.3bn, comprising facilities (64.6%), engineering (17.0%), rail (15.1%) and environment (3.3%). That said, the Middle East remains an overhang. Ongoing Iran-related conflict and broader geopolitical tensions could delay project execution in Abu Dhabi and Dubai, although contributions from its other segments are expected to provide some cushion.

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

Valuation. We maintain our **BUY** recommendation with a higher TP of **RM0.69**, based on 9x P/E applied to rolled forward FY27F EPS of 7.7 sen, alongside 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 RM958.3m (2.3x FY25 revenue)**, and **(iv) a clean net cash balance sheet**.

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 lower orderbook replenishment in the Rail segment following recent declines in product mix profitability.

Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**398.8**	**414.1**	**416.1**	**432.0**	**445.2**
Gross Profit	**83.8**	**91.2**	**96.6**	**109.6**	**123.5**
EBITDA	**39.5**	**40.1**	**39.3**	**43.2**	**46.0**
Depreciation & Amortisation	-6.2	-6.5	-7.8	-7.2	-6.4
EBIT	**33.3**	**33.6**	**31.5**	**36.1**	**39.6**
Net Finance Income/ (Cost)	-0.8	-1.9	-2.0	-2.1	-2.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**32.5**	**31.7**	**29.5**	**33.9**	**37.4**
Tax	-7.9	-6.8	-6.9	-7.9	-8.6
Profit After Tax	**24.6**	**24.9**	**22.6**	**26.1**	**28.8**
Minority Interest	4.8	0.0	0.0	0.0	0.0
Net Profit	**19.7**	**24.9**	**22.6**	**26.1**	**28.8**
Exceptionals	4.0	1.9	0.0	0.0	0.0
Core Net Profit	**15.7**	**23.0**	**22.6**	**26.1**	**28.8**

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.6	6.8	6.6	7.7	8.5
P/E (x)	11.2	7.6	7.8	6.7	6.1
P/B (x)	0.8	0.8	0.7	0.6	0.6
EV/EBITDA (x)	4.7	5.3	6.1	5.9	6.0
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 (%)	9.9%	9.7%	9.5%	10.0%	10.3%
EBIT margin (%)	8.3%	8.1%	7.6%	8.3%	8.9%
PBT margin (%)	8.1%	7.7%	7.1%	7.9%	8.4%
PAT margin (%)	6.2%	6.0%	5.4%	6.0%	6.5%
NP margin (%)	4.9%	6.0%	5.4%	6.0%	6.5%
CNP margin (%)	3.9%	5.5%	5.4%	6.0%	6.5%
ROE (%)	7.4%	10.0%	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

Valuations	FY27F
Core EPS (RM)	0.077
P/E multiple (x)	9.0
Fair Value (RM)	**0.69**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.69**

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & short term balance	119.2	134.5	183.4	221.2	260.8
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**	**436.2**	**480.5**	**526.4**
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	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	79.9	77.4	74.0
Other current liabilities	121.6	28.7	55.3	57.2	58.8
Total Current Liabilities	**167.4**	**155.6**	**182.4**	**190.4**	**197.5**
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	**32.5**	**31.7**	**29.5**	**33.9**	**37.4**
Depreciation & amortisation	6.2	6.5	7.8	7.2	6.4
Changes in working capital	-1.2	0.4	-4.4	-6.9	-7.9
Others	-11.0	-10.4	5.1	-8.1	-8.7
Operating cash flow	**26.5**	**28.1**	**38.0**	**26.1**	**27.1**
Capex	-4.4	-2.4	-4.0	-4.0	-4.0
Others	-106.0	6.2	-3.0	-2.5	-2.0
Investing cash flow	**-110.4**	**3.8**	**-7.0**	**-6.5**	**-6.0**
Dividends paid	-1.7	-4.2	-2.9	-3.4	-3.7
Others	83.7	-7.4	20.8	21.6	22.3
Financing cash flow	**82.1**	**-11.6**	**17.9**	**18.2**	**18.5**
Net cash flow	**-1.9**	**20.3**	**48.8**	**37.8**	**39.6**
Forex	0.5	-5.9	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash and cash equivalents	119.5	119.2	134.5	183.4	221.2
Ending cash and cash equivalents	**118.1**	**133.6**	**183.4**	**221.2**	**260.8**

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