

Research Team

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Recommendation:	BUY
Current Price:	RM0.55
Previous Target Price:	RM0.69
Target Price:	RM0.65
Capital Upside/Downside:	18.2%
Dividend Yield (%):	1.5%
Total Upside/Downside	19.6%

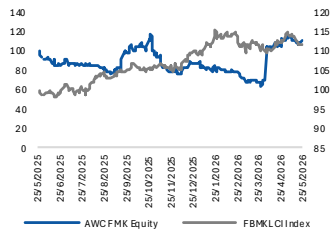
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWCFMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	337.6
Market Cap (RM' m)	185.7
52-Week Price Range (RM)	0.785-0.45
Beta (x)	1.8
Free float (%)	26.7
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.2

Top 3 Shareholders (%)

K-Capital Sdn Bhd	25.0
Mohamed Nagoor Ahmad Kabeer Bin	8.5
Mastrack Sdn Bhd	4.3

Share Price Performance



	1M	3M	12M
Absolute (%)	3.8	-6.0	-17.3
Relative (%)	4.5	-4.2	-25.7

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	415.2	431.0	444.2
PATAMI (RM'm)	21.0	24.4	27.1
CNP (RM'm)	21.0	24.4	27.1
EPS - core (sen)	6.2	7.3	8.1
P/E(x)	8.7	7.4	6.7

AWC Berhad

Rail Recovery Cushions Environment Weakness.

- **AWC's 3QFY26 CNP rose 59.8% QoQ and 44.1% YoY to RM6.8m, bringing 9MFY26 CNP to RM15.4m (-5.8% YoY), representing 68% of our full-year forecast and 73% of consensus estimates. The results missed expectations mainly due to weaker-than-expected margin performance within the Environment division amid ongoing Middle East operational disruptions.**
- **Outstanding orderbook stood at RM865m, equivalent to 2.1x FY25 revenue, providing healthy medium-term earnings visibility.**
- **We trim our FY26F-FY28F earnings forecasts by 6.6%-5.6%, mainly reflecting more conservative assumptions for the Environment division amid prolonged geopolitical uncertainties, logistics disruptions and weaker UAE margin assumptions.**
- **Maintain BUY with a lower TP of RM0.65 (from RM0.69), based on 9x FY27F EPS of 7.3 sen (revised down from 7.7 sen), supported by a three-star ESG rating.**

Missed expectations. After adjusting for EIs (+RM0.7m), AWC's 3QFY26 core net profit (CNP) came in at RM6.8m (+59.8% QoQ, +44.1% YoY). This brings our 9MFY26 CNP to RM15.4m representing a below expected 68% of our full-year forecast and an inline 73% of consensus estimate. The performance was primarily due to higher project progress and higher order fulfilment and project deliverables for the Environment division and Rail division.

QoQ. CNP increased by 59.8% to RM6.8m in 3QFY26 (vs RM4.2m in 2QFY26), supported by stronger project execution and order fulfilment activities within the Rail and Environment divisions. Group revenue increased 9.8% QoQ to RM115.9m, mainly driven by a sharp recovery in Rail segment revenue (+139.5% QoQ) due to higher project deliverables during the quarter under review. Meanwhile, Environment division revenue improved 16.1% QoQ on higher project progress in the Singapore region. This more than offset weaker contribution from the Engineering division (-10.4% QoQ), which saw slower plumbing project progress, as well as slightly lower Facilities division revenue (-4.7% QoQ). Consequently, group PBT margin improved to 7.0% from 5.7% in 2QFY26.

YoY. AWC's 3QFY26 core net profit increased 44.1% YoY to RM6.8m, driven by stronger Engineering and Rail segment contribution. Group revenue rose 17.5% YoY to RM115.9m, supported by higher project execution activities and order fulfilment during the quarter. However, group PBT margin eased to 7.0% from 7.8% in 3QFY25, mainly due to weaker profitability within the Environment and Rail divisions arising from a softer margin mix.

Outlook. We remain cautiously positive on AWC's medium-term earnings outlook, supported by its healthy outstanding orderbook of RM865m as at end of March 2026, which should continue to provide earnings visibility over the coming financial periods. The Facilities division is expected to remain resilient, underpinned by recurring concession-based income and the concession extension for the Southern Region and Sarawak until Dec of 2026. Meanwhile, we continue to favour the Engineering division's longer-term growth prospects, supported by strengthening orderbook replenishment and increasing exposure towards higher specification and infrastructure-intensive projects, including data centre-related developments. We also expect the Rail division to benefit from ongoing procurement activities, project replenishment efforts and growing emphasis on recurring maintenance and service-based activities, which could support more stable medium-term earnings contribution. That said, we remain mindful of persistent headwinds within the Environment division, where project execution in the Middle East continues to face operational and logistics-related disruptions amid ongoing geopolitical uncertainties in the Gulf region. Rising logistics and supply chain costs may also continue to exert pressure on divisional margins in the near term.

Orderbook. AWC's outstanding orderbook stood at RM865m as at end of March 2026. This backlog represents 2.1x FY25 revenue, providing a solid earnings visibility. The orderbook

composition remains anchored by the Facilities division (48.0%), followed by Environment (24.9%), Engineering (16.3%), with the remaining balance attributed to the Rail segment.

Earnings Revision. Following a change in analyst, we trim our FY26F-FY28F earnings forecasts by -6.6%, -6.0% and -5.6% respectively, mainly to reflect more conservative assumptions for the Environment division amid prolonged geopolitical uncertainties, logistics disruptions and weaker margin assumptions within the UAE operations. We also factor in slower project execution moving forward, although earnings are expected to remain supported by the Facilities, Engineering and Rail divisions.

Valuation. We maintain our **BUY** recommendation with a **lower TP of RM0.65** (from RM0.69), based on 9x P/E multiple applied to revised FY27F EPS of 7.3 sen (from 7.7 sen), supported by a three-star ESG rating. While near-term earnings visibility for the Environment division remains affected by ongoing geopolitical and logistics-related disruptions in the Middle East, we believe AWC's diversified earnings base and healthy RM865m orderbook continue to provide earnings resilience. Meanwhile, the Group's recurring concession-based income and improving execution momentum within the Engineering and Rail divisions should continue to support earnings resilience.

Risks. Prolonged weakness in the Middle East affecting the Environment division's project execution and margins, weaker orderbook replenishment, and inability to sustain margin resilience across the Engineering and Rail divisions.

Results Note

Tuesday, 26 May, 2026

BURSA RISE+

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Results Comparison

FYE Jun (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)
Revenue	115.9	98.6	17.5	105.5	9.8	319.0	309.7	3.0
COGS	(91.4)	(76.5)	19.4	(84.0)	8.8	(251.4)	(240.0)	4.7
Gross profit	24.5	22.0	10.9	21.5	13.7	67.6	69.7	(3.0)
Other operating income	1.3	1.3	(0.2)	0.3	263.6	2.2	3.3	(33.0)
Other operating expenses	(17.2)	(15.0)	14.3	(15.6)	10.2	(49.1)	(47.3)	3.9
EBITDA	12.6	9.6	32.1	8.9	41.3	28.8	29.7	(3.0)
Depreciation	(4.1)	(1.3)	219.9	(2.7)	52.8	(8.1)	(3.9)	106.3
EBIT	8.5	8.3	3.1	6.3	36.4	20.7	25.8	(19.6)
Net Finance Costs	(0.4)	(0.6)	(27.9)	(0.3)	57.7	(1.1)	(1.8)	(41.9)
Pre-tax profit	8.1	7.7	5.6	6.0	35.4	19.7	23.9	(17.9)
Taxation and Zakat	(2.0)	(2.0)	4.0	(1.9)	6.0	(5.5)	(5.7)	(5.0)
Profit-after tax	6.0	5.7	6.1	4.0	49.4	14.2	18.2	(22.0)
(-) Minority interest	-	-	-	-	-	-	-	-
PAT (-MI)	6.0	5.7	6.1	4.0	49.4	14.2	18.2	(22.0)
Core net profit	6.8	4.7	44.1	4.2	59.8	15.4	16.3	(5.8)
Core EPS (sen)	-	1.4	-	1.3	-	2.6	5.0	-
DPS (sen)	-	-	-	0.5	-	0.5	0.8	-
EBITDA margin (%)	10.9	9.7	-	8.5	-	9.0	9.6	-
PBT margin (%)	7.0	7.8	-	5.7	-	6.2	7.7	-
Effective tax rate (%)	25.3	25.7	-	32.3	-	27.7	24.0	-
Core net profit margin (%)	5.9	4.8	-	4.0	-	4.8	5.3	-

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)
Revenue Breakdown								
Facilities	59.1	53.2	11.2	62.1	(4.7)	174.9	168.5	3.8
Environment	21.5	21.6	(0.7)	18.5	16.1	58.4	65.7	(11.1)
Engineering	26.5	19.9	32.9	29.5	(10.4)	80.9	61.8	30.9
Investment holdings	4.3	5.7	(24.5)	6.2	(30.8)	14.7	15.2	(3.2)
Rail	15.6	11.4	36.5	6.5	139.5	28.9	36.2	(20.2)
(-) Elimination	(11.1)	(13.2)	(16.2)	(17.2)	(35.7)	(38.9)	(37.8)	3.0
Total	115.9	98.6	17.5	105.5	9.8	319.0	309.7	3.0
PBT Breakdown								
Facilities	1.1	0.4	160.5	1.0	7.9	2.5	1.5	69.5
Environment	4.4	6.2	(29.0)	3.9	13.6	11.5	17.1	(33.1)
Engineering	2.8	1.8	54.5	2.6	6.9	7.6	5.0	50.8
Investment holdings	2.9	3.9	(26.7)	4.1	(30.2)	9.7	9.7	0.1
Rail	0.9	1.0	(14.2)	0.3	162.7	2.2	4.8	(54.8)
Others	(0.0)	(0.0)	(50.0)	0.0	nm	(0.0)	(0.0)	(95.8)
(-) Elimination	(3.9)	(5.6)	(31.0)	(5.9)	(34.5)	(13.7)	(14.1)	(2.9)
Total	8.1	7.7	5.6	6.0	34.7	19.7	23.9	(17.8)
PBT Margins								
Facilities	1.8%	0.8%	-	1.6%	-	1.4%	0.9%	-
Environment	20.4%	28.6%	-	20.9%	-	19.6%	26.1%	-
Engineering	10.6%	9.1%	-	8.9%	-	9.4%	8.1%	-
Investment holdings	67.5%	69.4%	-	66.9%	-	66.0%	63.8%	-
Rail	5.5%	8.7%	-	5.0%	-	7.5%	13.3%	-
Total	7.0%	7.8%	-	5.7%	-	6.2%	7.7%	-

Source: Company, Apex Securities

Results Note

Tuesday, 26 May, 2026

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APEX
SECURITIES
鼎峰证券有限公司

Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	398.8	414.1	415.2	431.0	444.2
Gross Profit	83.8	91.2	94.8	107.7	121.5
EBITDA	39.5	40.1	37.5	41.3	44.0
Depreciation & Amortisation	-6.2	-6.5	-7.8	-7.2	-6.4
EBIT	33.3	33.6	29.7	34.1	37.7
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	27.7	32.0	35.4
Tax	-7.9	-6.8	-6.7	-7.6	-8.4
Profit After Tax	24.6	24.9	21.0	24.4	27.1
Minority Interest	4.8	0.0	0.0	0.0	0.0
Net Profit	19.7	24.9	21.0	24.4	27.1
Exceptionals	4.0	1.9	0.0	0.0	0.0
Core Net Profit	15.7	23.0	21.0	24.4	27.1

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.7	6.8	6.2	7.3	8.1
P/E (x)	11.6	7.9	8.7	7.4	6.7
P/B (x)	0.9	0.8	0.7	0.7	0.6
EV/EBITDA (x)	4.9	5.5	6.5	6.3	6.3
DPS (sen)	1.0	1.3	0.8	0.9	1.0
Dividend Yield (%)	1.9%	2.4%	1.5%	1.7%	1.9%
EBITDA margin (%)	9.9%	9.7%	9.0%	9.6%	9.9%
EBIT margin (%)	8.3%	8.1%	7.2%	7.9%	8.5%
PBT margin (%)	8.1%	7.7%	6.7%	7.4%	8.0%
PAT margin (%)	6.2%	6.0%	5.0%	5.7%	6.1%
NP margin (%)	4.9%	6.0%	5.0%	5.7%	6.1%
CNP margin (%)	3.9%	5.5%	5.0%	5.7%	6.1%
ROE (%)	7.4%	10.0%	8.5%	9.1%	9.3%
ROA (%)	3.5%	5.3%	4.2%	4.5%	4.6%
Gearing (%)	50.5%	42.4%	47.7%	52.0%	55.4%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

FY27F	
Core EPS (RM)	0.073
P/E multiple (x)	9.0
Fair Value (RM)	0.65
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.65

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
FYE Jun (RM m)					
Cash & short term balance	119.2	134.5	182.2	218.5	256.5
Receivables	157.6	143.3	147.6	152.1	156.6
Contract assets	51.1	47.6	62.3	64.6	66.6
Other current assets	48.4	43.0	42.8	42.5	42.2
Total Current Assets	376.3	368.4	434.8	477.7	522.0
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	47.2	55.8	64.7
Payables	1.5	80.0	80.1	77.6	74.2
Other current liabilities	121.6	28.7	55.2	57.1	58.6
Total Current Liabilities	167.4	155.6	182.5	190.5	197.5
Long-term debt	62.6	50.3	70.8	83.7	97.1
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-Current Liabilities	62.6	50.4	70.8	83.8	97.1
Shareholder's equity	211.6	229.1	247.4	268.6	292.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	211.6	229.1	247.4	268.6	292.1

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
FYE Jun (RM m)					
Pre-tax profit	32.5	31.7	27.7	32.0	35.4
Depreciation & amortisation	6.2	6.5	7.8	7.2	6.4
Changes in working capital	-1.2	0.4	-4.2	-6.9	-7.9
Others	-11.0	-10.4	5.3	-7.8	-8.5
Operating cash flow	26.5	28.1	36.6	24.4	25.4
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	-2.7	-3.2	-3.5
Others	83.7	-7.4	20.8	21.5	22.2
Financing cash flow	82.1	-11.6	18.0	18.4	18.7
Net cash flow	-1.9	20.3	47.7	36.3	38.1
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	182.2	218.5
Ending cash and cash equivalents	118.1	133.6	182.2	218.5	256.5

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and Scope 2 GHG emissions totalled 687.3m tCO ₂ e in 2024, marking a 0.7% yoy decreased from 2023.
Waste & Effluent	★★★	Waste management aligns with industry standards and regulatory requirements as well as minimise environmental impact.
Energy	★★★	Energy consumption decreased by 0.9% in FY24.
Water	★★★	Increased water consumption by 5%, from 1.0m ³ in the previous year to 1.1m ³ .
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★	Female representation at 24% in the workforce and 8% 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	★★★	5326 numbers 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 RM147k (+26.2% yoy) to various initiatives.
Management	★★	Among the board members, 8% (1 out of 12) were female, while 33% (4 out of 12) 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.