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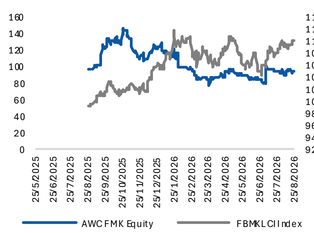
Recommendation:		**BUY**
Current Price:		RM 0.46
Previous Target Price:		RM 0.65
Target Price:	↔	RM 0.65
Capital Upside/Downside:		41.3%
Dividend Yield (%):		2.1%
Total Upside/Downside		**43.4%**

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	7579 / AWC FMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	337.0
Market Cap (RM' m)	153.3
52-Week Price Range (RM)	0.785-0.43
Beta (x)	1.7
Free float (%)	26.7
3M Average Volume (m)	0.5
3M Average Value (RM' m)	0.2

Top 3 Shareholders	**(%)**
K-Capital Sdn Bhd	26.3
Mohamed Nagoor Ahmad Kabeer Bin	8.6
Mastrack Sdn Bhd	4.3

Share Price Performance



	1M	3M	12M
Absolute (%)	1.1	-16.5	-14.2
Relative (%)	-0.9	-18.9	-22.0

Earnings Summary	**FY26**	**FY27F**	**FY28F**
Revenue (RM'm)	445.5	431.0	444.2
PATAMI (RM'm)	26.4	24.4	27.1
CNP (RM'm)	26.9	24.4	27.1
EPS - core (sen)	8.0	7.2	8.0
P/E (x)	5.8	6.4	5.7

AWC Berhad

Strong 4Q Drives Full-Year Beat

- **AWC's 4QFY26 core net profit (CNP) surged 70.1% QoQ and 147.6% YoY to RM11.5m, lifting FY26 CNP to RM26.9m (+17.3% YoY), or 110.5% of our full-year forecast and 135.7% of consensus. The results beat expectations, driven by a strong finish across the Engineering and Rail divisions that more than offset continued softness in the Environment division amid Middle East disruptions.**
- **We make no material changes to our FY27F-FY28F earnings forecasts of RM24.4m and RM27.1m, with earnings underpinned by the Facilities, Engineering and Rail divisions.**
- **Outstanding orderbook stood at RM824.3m, equivalent to 1.9x FY26 revenue, providing healthy medium-term earnings visibility.**
- **Maintain BUY with an unchanged TP of RM0.65, based on 9x FY27F EPS of 7.2 sen.**

Above expectations. After adjusting for exceptional items (+RM0.7m), AWC's 4QFY26 core net profit (CNP) came in at RM11.5m (+70.1% QoQ, +147.6% YoY), lifting FY26 CNP to RM26.9m (+17.3% YoY), representing 110.5% of our full-year forecast and 135.7% of consensus estimate. The beat was primarily driven by a strong finish across the Engineering and Rail divisions, which more than offset continued margin softness in the Environment division from ongoing Middle East disruptions.

QoQ. CNP increased by 70.1% to RM11.5m in 4QFY26 (vs RM6.8m in 3QFY26), supported by stronger project execution and order fulfilment activities within the Engineering and Rail divisions. Group revenue increased 9.2% QoQ to RM126.5m, mainly driven by a sharp recovery in Rail segment revenue (+44.1% QoQ) due to higher project deliverables during the quarter under review. Meanwhile, Environment division revenue improved 21.3% QoQ on higher project progress in the Singapore region. This more than offset slightly lower Facilities division revenue (-2.5% QoQ), while the Engineering division was broadly flat (+1.3% QoQ). Consequently, group PBT margin improved to 12.0% from 7.0% in 3QFY26. Environment's revenue gain did not fully reach PBT as Middle East margins stayed soft, while Rail's PBT outpaced its revenue on operating leverage.

YoY. AWC's 4QFY26 CNP increased 147.6% YoY to RM11.5m, driven by stronger Engineering and Rail segment contribution. Group revenue rose 21.2% YoY to RM126.5m, supported by higher project execution activities and order fulfilment during the quarter. In addition, group PBT margin expanded to 12.0% from 7.4% in 4QFY25, mainly due to stronger profitability within the Engineering and Rail divisions arising from a firmer margin mix.

FY26. For the full year, FY26 revenue grew 7.6% YoY to RM445.5m and CNP rose 17.3% YoY to RM26.9m. PBT growth was led by the Engineering division (+119.0% YoY), with Rail also higher (+5.5% YoY), more than offsetting a weaker Environment division (-28.8% YoY) on softer Middle East margins. Group PBT margin held broadly steady at 7.8% (FY25: 7.7%).

Dividend. AWC declared a DPS of 0.75 sen in 4QFY26 (4QFY25: 0.5 sen), taking full-year FY26 DPS to 1.25 sen, unchanged YoY, for a payout of ~16% and a dividend yield of ~2.1%.

Outlook. We remain cautiously positive on AWC's medium-term earnings outlook, supported by its **RM824.3m outstanding orderbook**, equivalent to **1.9x FY26 revenue**, providing solid earnings visibility. Facilities remains the key earnings anchor, with the pending renewal of the government CUB concession as the main swing factor. AWC remains the incumbent, while interim extensions provide continuity, although the timing of the long-term renewal remains government-dependent. **Engineering is increasingly gaining exposure to data-cententre-related infrastructure, providing a potential structural growth driver beyond traditional air-conditioning and building services.** Rail should also benefit from MRT3, LRT3 and other upcoming tenders, supported by a healthy project pipeline. Meanwhile, we remain cautious on Environment (Stream) given its

Middle East exposure, although its growing presence in Malaysia and Singapore should provide some diversification.

Earnings Revision. We maintain our FY27F-FY28F earnings forecasts, with CNP of RM24.4m and RM27.1m respectively. While FY26 results came in above our expectations, **we will revisit our earnings forecasts following our meeting with management** to assess the sustainability of the stronger-than-expected performance.

Valuation. We maintain **BUY with an unchanged TP of RM0.65**, based on 9x FY27F EPS of 7.2 sen with 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 RM824.3m orderbook** continue to provide earnings resilience, supported by the Group's recurring concession-based income and improving execution momentum within the Engineering and Rail divisions. **We will revisit our TP following the management meeting and any subsequent earnings revisions.**

Risks. Delay or non-renewal of the government Common User Buildings concession; 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 Comparison

FYE Jun (RM m)	4QFY26	4QFY25	yoy (%)	3QFY26	qoq (%)	12MFY26	12MFY25	yoy (%)
Revenue	126.5	104.4	*21.2*	115.9	*9.2*	445.5	414.1	*7.6*
COGS	(92.7)	(82.8)	*11.9*	(91.4)	*1.4*	(344.1)	(322.9)	*6.6*
Gross profit	33.7	21.5	*56.8*	24.5	*38.0*	101.4	91.2	*11.1*
Other operating income	7.9	2.5	*216.4*	1.3	*521.9*	10.1	5.8	*73.6*
Other operating expenses	(26.0)	(16.2)	*60.8*	(17.2)	*51.4*	(75.1)	(63.4)	*18.4*
EBITDA	**18.0**	**10.4**	***73.6***	**10.0**	***80.9***	**42.8**	**40.1**	***6.9***
Depreciation	(2.4)	(2.5)	*(5.9)*	(1.4)	*68.7*	(6.5)	(6.5)	*0.3*
EBIT	**15.6**	**7.8**	***99.3***	**8.5**	***83.0***	**36.3**	**33.6**	***8.1***
Net Finance Costs	(0.5)	(0.1)	*434.8*	(0.4)	*11.1*	(1.6)	(1.9)	*(19.3)*
Pre-tax profit	**15.1**	**7.7**	***95.3***	**8.1**	***86.9***	**34.8**	**31.7**	***9.8***
Taxation and Zakat	(2.9)	(1.1)	*170.1*	(2.0)	*42.4*	(8.4)	(6.8)	*22.6*
Profit-after tax	**12.2**	**6.7**	***83.2***	**6.0**	***102.0***	**26.4**	**24.9**	***6.3***
(-) Minority interest	-	-	-	-	-	-	-	-
PAT (-MI)	**12.2**	**6.7**	***83.2***	**6.0**	***102.0***	**26.4**	**24.9**	***6.3***
Core net profit	**11.5**	**4.7**	***147.6***	**6.8**	***70.1***	**26.9**	**23.0**	***17.3***
Core EPS (sen)	3.5	1.4		-		6.1	7.1	
DPS (sen)	0.8	0.5		-		1.3	1.3	
EBITDA margin (%)	14.2	9.9		8.6		9.6	9.7	
PBT margin (%)	12.0	7.4		7.0		7.8	7.7	
Effective tax rate (%)	19.3	13.9		25.3		24.1	21.5	
Core net profit margin (%)	9.1	4.5		5.9		6.0	5.5	

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	4QFY26	4QFY25	yoy (%)	3QFY26	qoq (%)	12MFY26	12MFY25	yoy (%)
Revenue Breakdown								
Facilities	57.6	53.1	*8.6*	59.1	*(2.5)*	232.6	221.6	*5.0*
Environment	26.1	22.0	*18.4*	21.5	*21.3*	84.5	87.8	*(3.7)*
Engineering	26.8	24.5	*9.4*	26.5	*1.3*	107.7	86.3	*24.8*
Investment holdings	9.9	4.3	*132.7*	4.3	*132.7*	24.6	19.5	*26.6*
Rail	22.5	12.5	*79.9*	15.6	*44.1*	51.4	48.7	*5.5*
(-) Elimination	(16.5)	(12.0)	*37.3*	(11.1)	*48.8*	(55.4)	(49.8)	*11.2*
Total	**126.5**	**104.4**	***21.2***	**115.9**	***9.2***	**445.5**	**414.1**	***7.6***
PBT Breakdown								
Facilities	1.0	0.8	*31.1*	1.1	*(6.4)*	3.5	2.2	*56.3*
Environment	4.7	5.6	*(15.6)*	4.4	*7.3*	16.2	22.7	*(28.8)*
Engineering	7.6	1.9	*300.2*	2.8	*171.0*	15.2	6.9	*119.0*
Investment holdings	8.3	2.7	*207.4*	2.9	*189.3*	18.0	12.4	*45.3*
Rail	3.4	0.5	*578.8*	0.9	*302.8*	5.6	5.3	*5.5*
Others	(0.0)	(0.0)	*271.4*	(0.0)	-	(0.0)	(0.1)	*(70.9)*
(-) Elimination	(9.9)	(3.7)	*167.0*	(3.9)	*155.1*	(23.6)	(17.9)	*32.4*
Total	**15.1**	**7.7**	***95.3***	**8.1**	***86.9***	**34.8**	**31.7**	***9.9***
PBT Margins								
Facilities	1.7%	1.4%		1.8%		1.5%	1.0%	
Environment	18.1%	25.4%		20.4%		19.1%	25.9%	
Engineering	28.3%	7.7%		10.6%		14.1%	8.0%	
Investment holdings	83.9%	63.5%		67.5%		73.2%	63.8%	
Rail	15.3%	4.0%		5.5%		10.9%	10.9%	
Total	**12.0%**	**7.4%**		**7.0%**		**7.8%**	**7.7%**	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26	FY27F	FY28F
Revenue	**398.8**	**414.1**	**445.5**	**431.0**	**444.2**
Gross Profit	**83.8**	**91.2**	**101.4**	**107.7**	**121.5**
EBITDA	**39.5**	**40.1**	**42.8**	**41.6**	**44.1**
Depreciation & Amortisation	-6.2	-6.5	-6.5	-7.4	-6.5
EBIT	**33.3**	**33.6**	**36.3**	**34.1**	**37.7**
Net Finance Income/ (Cost)	-0.8	-1.9	-1.6	-2.1	-2.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**32.5**	**31.7**	**34.8**	**32.0**	**35.4**
Tax	-7.9	-6.8	-8.4	-7.6	-8.4
Profit After Tax	**24.6**	**24.9**	**26.4**	**24.4**	**27.1**
Minority Interest	4.8	0.0	0.0	0.0	0.0
Net Profit	**19.7**	**24.9**	**26.4**	**24.4**	**27.1**
Exceptionals	4.0	1.9	-0.5	0.0	0.0
Core Net Profit	**15.7**	**23.0**	**26.9**	**24.4**	**27.1**

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26	FY27F	FY28F
EPS (sen)	4.7	6.8	8.0	7.2	8.0
P/E (x)	9.8	6.7	5.7	6.3	5.7
P/B (x)	0.7	0.7	0.6	0.6	0.5
EV/EBITDA (x)	3.6	2.9	2.4	1.7	1.3
DPS (sen)	1.0	1.3	1.3	0.9	1.0
Dividend Yield (%)	2.2%	2.7%	2.7%	2.1%	2.3%
EBITDA margin (%)	9.9%	9.7%	9.6%	9.6%	9.9%
EBIT margin (%)	8.3%	8.1%	8.2%	7.9%	8.5%
PBT margin (%)	8.1%	7.7%	7.8%	7.4%	8.0%
PAT margin (%)	6.2%	6.0%	5.9%	5.7%	6.1%
NP margin (%)	4.9%	6.0%	5.9%	5.7%	6.1%
CNP margin (%)	3.9%	5.5%	6.0%	5.7%	6.1%
ROE (%)	7.4%	10.0%	10.8%	9.0%	9.2%
ROA (%)	3.5%	5.3%	6.6%	4.9%	5.0%
Gearing (%)	50.5%	42.4%	28.7%	34.4%	39.2%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.072
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	FY26	FY27F	FY28F
Cash & short term balance	119.2	134.5	121.7	175.0	213.2
Receivables	157.6	143.3	145.3	152.1	156.6
Contract assets	51.1	47.6	31.0	64.6	66.6
Other current assets	48.4	43.0	40.5	36.9	36.7
Total Current Assets	**376.3**	**368.4**	**338.4**	**428.7**	**473.1**
Fixed Assets	19.1	18.9	18.6	18.3	18.5
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	46.2	47.8	52.7	52.0	51.4
Total Non-Current Assets	**65.4**	**66.6**	**71.2**	**70.3**	**69.8**
Short-term debt	44.4	46.9	33.8	37.4	46.2
Payables	1.5	80.0	71.8	77.6	74.2
Other current liabilities	121.6	28.7	15.5	56.4	57.9
Total Current Liabilities	**167.4**	**155.6**	**121.1**	**171.3**	**178.4**
Long-term debt	62.6	50.3	38.1	56.0	69.4
Other non-current liabilities	0.0	0.0	0.1	0.1	0.1
Total Non-Current Liabilities	**62.6**	**50.4**	**38.2**	**56.1**	**69.5**
Shareholder's equity	211.6	229.1	250.3	271.5	295.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**211.6**	**229.1**	**250.3**	**271.5**	**295.1**

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26	FY27F	FY28F
Pre-tax profit	**32.5**	**31.7**	**34.8**	**32.0**	**35.4**
Depreciation & amortisation	6.2	6.5	6.5	7.4	6.5
Changes in working capital	-1.2	0.4	-15.4	-1.1	-7.9
Others	-11.0	-10.4	-10.0	3.1	-8.5
Operating cash flow	**26.5**	**28.1**	**15.8**	**41.5**	**25.5**
Capex	-4.4	-2.4	-3.8	-4.0	-4.0
Others	-106.0	6.2	4.8	-2.5	-2.0
Investing cash flow	**-110.4**	**3.8**	**1.0**	**-6.5**	**-6.0**
Dividends paid	-1.7	-4.2	-3.4	-3.2	-3.5
Others	83.7	-7.4	-22.5	21.5	22.2
Financing cash flow	**82.1**	**-11.6**	**-25.9**	**18.4**	**18.7**
Net cash flow	**-1.9**	**20.3**	**-9.0**	**53.4**	**38.2**
Forex	0.5	-5.9	-3.8	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	121.7	175.0
Ending cash and cash equivalents	**118.1**	**133.6**	**121.7**	**175.0**	**213.2**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Total GHG emissions decreased by 12.1% YoY to 603.82 tCO_2e in FY2025 (down from 687.3 tCO_2e in FY2024)
Waste & Effluent	★★★	Waste management aligns with industry standards and regulatory requirements as well as minimise environmental impact.
Energy	★★	Reported energy consumption rose to **1,346.15 MWh in FY2025** (from 341.50 MWh in FY2024). This increase is due to expanding data coverage in FY2025 to include major subsidiaries AWC Facilities, DDT, and Qudotech alongside STREAM
Water	★★	Reported water consumption increased to **3.1 megalitres (ML) in FY2025** (from 1.1 ML in FY2024). This is due to expanding data coverage in FY2025 to include STREAM and AWC Facilities.
Compliance	★★★	The Group recorded **zero cases, fines, or penalties** related to environmental non-compliance in FY2025

Social

Diversity	★★	Female representation reached **35% in the overall workforce** and **20% at the senior management level**. Board-level female representation remained at **20%** (1 of 5 directors).
Human Rights	★★★	Recorded **zero instances of non-compliance or violations** of human and labour standards from FY2023 to FY2025.
Occupational Safety and Health	★★★	Total training hours surged by **80.6% YoY to 9,616 hours** in FY2025 (up from 5,326 hours in FY2024) across 1,488 participating employees. Maintained **zero fatalities**, though Lost-Time Incident Rate (LTIR) ticked up to 0.94 (2 minor injuries) from 0.09 in FY24.
Labour Practices	★★★	Adheres strictly to all national and international labour standards with zero reported compliance breaches

Governance

CSR Strategy	★★★	Active community engagement continued across 13 beneficiary organizations, but total CSR expenditures decreased to **RM21,359** in FY2025 (down from the previous year's peak of RM147k)
Management	★★★	The Board has been restructured to a streamlined **5-member board**. Independent Directors constitute **60%** (3 out of 5), satisfying the MCCG recommendation of at least 50% independent representation
Stakeholders	★★★	Regularly organizes corporate events and holds virtual annual general meetings (AGMs) to support active investor engagement

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

As of **Thursday, 27 Aug, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.