**Research Team**
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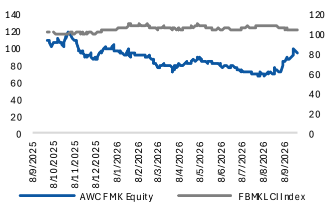
| **Recommendation:** | | **BUY** |
|---|---|---|
| Current Price: | | RM 0.62 |
| Previous Target Price: | | RM 1.22 |
| Target Price: | ↔ | RM 1.22 |
| Capital Upside/Downside: | | 96.8% |
| Dividend Yield (%): | | 3.1% |
| **Total Upside/Downside** | | **99.9%** |

| **Stock information** | |
|---|---|
| Board | MAIN |
| Sector | Industrial |
| Bursa / Bloomberg Code | 7579 / AWC FMK |
| Syariah Compliant | Yes |
| ESG Rating | ★★★ |
| Shares issued (m) | 336.5 |
| Market Cap (RM' m) | 207.0 |
| 52-Week Price Range (RM) | 0.785-0.43 |
| Beta (x) | 1.6 |
| Free float (%) | 26.7 |
| 3M Average Volume (m) | 1.0 |
| 3M Average Value (RM' m) | 0.5 |

| **Top 3 Shareholders** | **(%)** |
|---|---|
| K-Capital Sdn Bhd | 26.4 |
| Mohamed Nagoor Ahmad Kabeer Bin | 8.6 |
| Mastrack Sdn Bhd | 4.3 |

**Share Price Performance**




| | **1M** | **3M** | **12M** |
|---|---|---|---|
| Absolute (%) | 28.1 | 20.6 | -4.7 |
| Relative (%) | 32.4 | 20.3 | -8.0 |

| **Earnings Summary** | **FY26** | **FY27F** | **FY28F** |
|---|---|---|---|
| Revenue (RM'm) | 445.5 | 518.6 | 655.0 |
| PATAMI (RM'm) | 26.4 | 29.4 | 36.8 |
| CNP (RM'm) | 26.9 | 29.4 | 36.8 |
| Core EPS (sen) | 7.8 | 8.6 | 10.7 |
| P/E (x) | 7.9 | 7.2 | 5.7 |

# AWC Berhad

## First India contract win, the pivot starts to deliver

- **AWC has secured two contracts worth a combined RM13.1m (INR30.85 crore) from Gujarat International Finance Tec-City Company Limited for automated waste collection system (AWCS) connections in GIFT City, India.**
- **We view the award positively, as this is STREAM's first India contract, arriving three weeks after our last note flagging India as the Environment division's key growth market. The contract awarded is estimated to lift AWC's outstanding order book to c.RM860.5m, equivalent to 1.9x FY26 revenue.**
- **Assuming a c.14% PAT margin, the contracts are estimated to generate c.RM1.8m in PAT over 36 months. The annual run-rate of c.RM0.6m is equivalent to c.2% of our FY27F core net profit of RM29.4m.**
- **Maintain our BUY recommendation with an unchanged sum-of-the-parts TP of RM1.22.**

**Secures RM13.1m AWCS Contracts in India.** AWC, via its indirect wholly-owned subsidiary Stream Industries Sdn Bhd (STREAM), has signed two agreements with Gujarat International Finance Tec-City Company Limited to connect upcoming developments in GIFT City, Gandhinagar, to an AWCS network. The Domestic Tariff Area contract is **worth INR19.82 crore (c.RM8.4m, inclusive of GST)**, while the Special Economic Zone contract is **worth INR11.03 crore (c.RM4.7m, zero-rated for GST)**. Both contracts run for 36 months from the notice to commence. STREAM intends to novate both agreements to a newly incorporated Indian entity once established. The size is small, but that is not the point.

**Our Take.** We view the award **positively**, as it is the first hard evidence that the India pivot highlighted in our *AWC Reborn* note is starting to deliver. While the **RM13.1m contract is small**, the reference site matters more: GIFT City is a flagship smart-city development in Gujarat, giving AWC a foothold from which a successful AWCS installation could support follow-on phases and other smart-city opportunities in India. We see this as an important first step in building AWC's India track record.

More importantly, the award provides tangible evidence of management executing on its stated strategy. The India story is no longer just a plan on a slide; it now has a **signed contract, a marquee counterparty and a potential path to follow-on wins**. Assuming a c.14% PAT margin, we estimate c.RM1.8m PAT over 36 months, or c.RM0.6m p.a. (c.2% of our FY27F CNP of RM29.4m). Including this win and the RM23.1m data centre contract secured in Aug-2026, AWC's order book rises to **c.RM860.5m (1.9x FY26 revenue)**.

**Outlook.** Environment remains the Group's key swing factor. Malaysia and Singapore should stay steady, while the Middle East remains soft amid ongoing geopolitical disruption. This win represents c.29% of our RM45m India contract assumption for FY27F. Elsewhere, the Engineering division's record c.RM100m data centre order book and Facilities' RM99.1m TM Technology Services IFM contract also continue to anchor near-term earnings visibility.

**Earnings Revision.** We make no changes to our earnings forecasts, as the contracts fall within our FY27F India contract assumption of RM45m.

**Valuation.** We maintain our **BUY** recommendation with an unchanged sum-of-the-parts **TP of RM1.22 (fully diluted)**, alongside a three-star ESG rating. We value Engineering at 15x, Environment at 13x, and Facilities and Rail at 7x each, all on FY28F earnings. We like AWC for its (i) two independent entry points into the data centre theme via Engineering and Facilities, (ii) early traction on the India smart-city pivot, (iii) predictable cash flows from long-term concessions, and (iv) a net cash balance sheet in every year since its 2003 listing.

**Risks.** Delays in novating the contracts to the new Indian entity; slower-than-expected follow-on India wins; INR exchange rate fluctuations; regulatory compliance risks in a new jurisdiction.

## Financial Highlights

**Income Statement**

| FYE Jun (RM m) | FY25 | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|---|
| **Revenue** | 414.1 | 445.5 | **518.6** | **655.0** | **745.8** |
| Gross Profit | 91.2 | 101.4 | 117.5 | 148.0 | 177.3 |
| **EBITDA** | **40.1** | **42.9** | **47.0** | **58.5** | **75.3** |
| Depreciation & Amortisation | (6.5) | (6.5) | (7.6) | (9.6) | (10.9) |
| **EBIT** | **33.6** | **36.4** | **39.5** | **48.9** | **64.5** |
| Net Finance Income/(Cost) | (1.9) | (1.6) | (0.7) | (0.4) | (0.4) |
| Associates & JV | - | - | - | - | - |
| **Pre-tax Profit** | 31.7 | 34.8 | **38.8** | **48.5** | **64.1** |
| Tax | (6.8) | (8.4) | (9.3) | (11.7) | (15.4) |
| **Profit After Tax** | **24.9** | **26.4** | **29.4** | **36.8** | **48.6** |
| Minority Interest | - | - | - | - | - |
| **Net Profit** | **24.9** | **26.4** | **29.4** | **36.8** | **48.6** |
| Exceptionals | 1.9 | (0.5) | - | - | - |
| **Core Net Profit** | **23.0** | **26.9** | **29.4** | **36.8** | **48.6** |

**Key Ratios**

| FYE Jun (RM m) | FY25 | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|---|
| EPS (sen) | 6.69 | 7.82 | 8.56 | 10.71 | 14.14 |
| P/E (x) | 9.2x | 7.9x | 7.2x | 5.7x | 4.3x |
| P/B (x) | 0.9x | 0.8x | 0.8x | 0.7x | 0.6x |
| EV/EBITDA (x) | 4.3x | 3.8x | 3.1x | 2.5x | 1.3x |
| DPS (sen) | 1.3 | 1.3 | 1.37 | 1.93 | 2.83 |
| Dividend Yield (%) | 2.1% | 2.1% | 2.2% | 3.1% | 4.6% |
| EBITDA margin (%) | 9.7% | 9.6% | 9.1% | 8.9% | 10.1% |
| EBIT margin (%) | 8.1% | 8.2% | 7.6% | 7.5% | 8.6% |
| PBT margin (%) | 7.7% | 7.8% | 7.5% | 7.4% | 8.6% |
| PAT margin (%) | 6.0% | 5.9% | 5.7% | 5.6% | 6.5% |
| NP margin (%) | 6.0% | 5.9% | 5.7% | 5.6% | 6.5% |
| CNP margin (%) | 5.6% | 6.0% | 5.7% | 5.6% | 6.5% |
| ROE (%) | 10.0% | 10.7% | 10.7% | 12.1% | 14.1% |
| ROA (%) | 5.3% | 6.6% | 6.6% | 7.4% | 8.8% |
| Gearing (%) | 42.4% | 28.7% | 26.1% | 23.6% | 20.9% |
| Net gearing (%) | -16.3% | -19.9% | -23.5% | -21.0% | -33.0% |

| Sum-of-the-Parts Valuation | Equity Value (RM' m) | Valuation Method |
|---|---|---|
| Facilities | 70.0 | 7x FY28F PER |
| Environment | 218.8 | 13x FY28F PER |
| Engineering | 150.3 | 15x FY28F PER |
| Rail | 27.9 | 7x FY28F PER |
| Holding / Corporate cost (valued at par - not a re-rated bu | -4.0 | 1x FY28F PER |
| SOP Value | 463.0 | |
| Warrant exercise proceeds (RM m) — added to equity val | 60.2 | |
| Enlarged Share Base (m share) | 428.828 | |
| **Fair Value** | **1.22** | |
| ESG premium/discount | 0% | |
| **Implied Fair Value (RM)** | **1.22** | |

*Source: Company, Apex Securities*

**Balance Sheet**

| FYE Jun (RM m) | FY25 | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|---|
| Cash & short term balance | 134.5 | 121.7 | 136.4 | 136.0 | 185.6 |
| Receivables | 143.3 | 145.3 | 169.1 | 213.6 | 243.2 |
| Contract assets | 47.6 | 31.0 | 31.3 | 42.5 | 20.2 |
| Other current assets | 43.0 | 40.5 | 40.5 | 40.5 | 40.5 |
| **Total Current Assets** | **368.4** | **338.5** | **377.4** | **432.6** | **489.6** |
| Fixed Assets | 18.9 | 18.6 | 16.2 | 13.2 | 9.8 |
| Intangibles | - | - | - | - | - |
| Other non-current assets | 47.8 | 52.7 | 52.7 | 52.7 | 52.7 |
| **Total Non-Current Assets** | **66.7** | **71.3** | **68.9** | **65.9** | **62.5** |
| Short-term debt | 46.9 | 33.8 | 33.8 | 33.8 | 33.8 |
| Payables | 80.0 | 71.8 | 83.6 | 105.6 | 120.2 |
| Other current liabilities | 28.7 | 15.5 | 15.5 | 15.5 | 15.5 |
| **Total Current Liabilities** | **155.6** | **121.1** | **132.9** | **154.9** | **169.5** |
| Long-term debt | 50.3 | 38.1 | 38.1 | 38.1 | 38.1 |
| Other non-current liabilities | - | 0.1 | 0.1 | 0.1 | 0.1 |
| **Total Non-Current Liabilities** | **50.3** | **38.2** | **38.2** | **38.2** | **38.2** |
| **Shareholder's equity** | **229.1** | **250.3** | **275.0** | **305.2** | **344.1** |
| Minority interest | - | - | - | - | - |
| **Total Equity** | **229.1** | **250.3** | **275.0** | **305.2** | **344.1** |

**Cash Flow**

| FYE Jun (RM m) | FY25 | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|---|
| Pre-tax profit | 31.7 | 34.8 | 38.8 | 48.5 | 64.1 |
| Depreciation & amortisation | 6.5 | 6.5 | 7.6 | 9.6 | 10.9 |
| Changes in working capital | 0.4 | (15.4) | (12.4) | (33.7) | 7.3 |
| Others (incl. tax paid) | (10.4) | 3.1 | (9.3) | (11.7) | (15.4) |
| **Operating cash flow** | **28.2** | **29.0** | **24.6** | **12.7** | **66.8** |
| Capex | (2.4) | (3.8) | (5.2) | (6.6) | (7.5) |
| Others | 6.2 | 4.8 | - | - | - |
| **Investing cash flow** | **3.8** | **1.0** | **(5.2)** | **(6.6)** | **(7.5)** |
| Dividends paid | (4.2) | (3.4) | (4.7) | (6.6) | (9.7) |
| Others | (7.4) | (22.5) | - | - | - |
| **Financing cash flow** | **(11.6)** | **(25.9)** | **(4.7)** | **(6.6)** | **(9.7)** |
| **Net cash flow** | **20.3** | **(9.0)** | **14.7** | **(0.5)** | **49.6** |
| Forex | (5.9) | (3.8) | - | - | - |
| Others | - | - | - | - | - |
| Beginning cash and cash equivalents | 118.1 | 133.6 | 121.7 | 136.4 | 136.0 |
| **Ending cash and cash equivalents** | **133.6** | **121.7** | **136.4** | **136.0** | **185.6** |

## 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 **Tuesday, 29 Sep, 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.