Malacca Securities
Building Wealth Together

AWC Berhad (AWC)

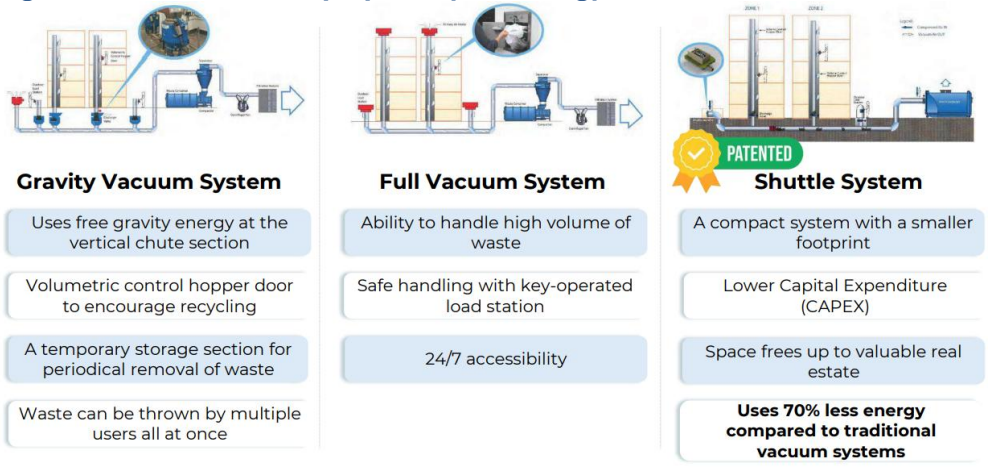
Integrated Engineering, From Waste To Wealth

- **AWC Berhad is a Malaysia-based engineering group involved in the provision of integrated facilities management services, including building maintenance, automated waste collection systems, M&E engineering works, and rail-related construction services, with clients across Malaysia, Singapore, the Middle East, and others.**
- **We project 3-year earnings CAGR of 13.7%, with core PATMI expected to reach RM23.5m-RM28.6m over the next three years. This growth is underpinned by (i) the group's continuous expansion of AWCS in Malaysia, Singapore and Middle East, (ii) renewal of both concession and non-concession contracts, and (iii) potential orders secured from Penang LRT project.**
- **We initiate AWC with a target price of RM0.805 per share, indicating a 43.8% upside from the current share price of RM0.560. This valuation is based on a P/E multiple of 10.0x pegged to mid-FY27f EPS of 8.05 sen.**

Investment highlights

Leading player in Automated Pneumatic Waste Collection System (AWCS). According to the management, AWC's wholly-owned STREAM division commands a 90% market share in Malaysia and around 40% in Singapore, with over 30 years of experience and more than 370 completed projects globally. The group handles the entire value chain, from design and supply to installation, testing, and commissioning, while also securing recurring income stream through post-installation operation and maintenance contracts. The group provides three types of AWCS, namely (i) gravity vacuum system, (ii) full vacuum system and (iii) shuttle system, which is patented and consumes 70% less energy than the traditional vacuum systems.

Fig #1 STREAM's AWCS proprietary technology



Source: AWC Berhad

Riding the environmental tailwinds with orderbook. AWC is well-positioned to benefit from regulatory and structural tailwinds, including mandated AWCS adoption in Singapore for high-rise developments with more than 500 units, rising demand in smart cities like Penang and Johor, increasing adoption in the Middle East and also opportunities from affordable housing projects following's Government's effort for a cleaner and more hygienic environment. Some of the group's AWCS landmark projects include Merdeka 118 (the world's tallest AWCS) and Abu Dhabi's Al-Raha Beach (the world's longest AWCS). As of April 2025, the group has an order book of RM169m for the Environment division.

Company Initiation

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BUY

Share price	**RM0.560**
Target price	**RM0.805**
Previous TP	-
Capital upside	43.8%
Dividend return	-
Total return	43.8%

Company profile

AWC Berhad is an engineering group specialising in integrated facilities management, including building maintenance, automated waste collection, M&E engineering, and rail-related works, serving clients across Malaysia, Singapore, and the Middle East.

Stock information

Bursa Code	7579
Bloomberg ticker	AWCF MK
Listing market	MAIN
Share issued (m)	339.9
Market Cap (m)	190.4
Shariah compliant	Yes

Major shareholders	%
K-Capital Sdn. Bhd.	25.3
Dato' Ahmad Kabeer Bin Mohamed Nagoor	6.2
Mastrack Sdn Bhd	4.4

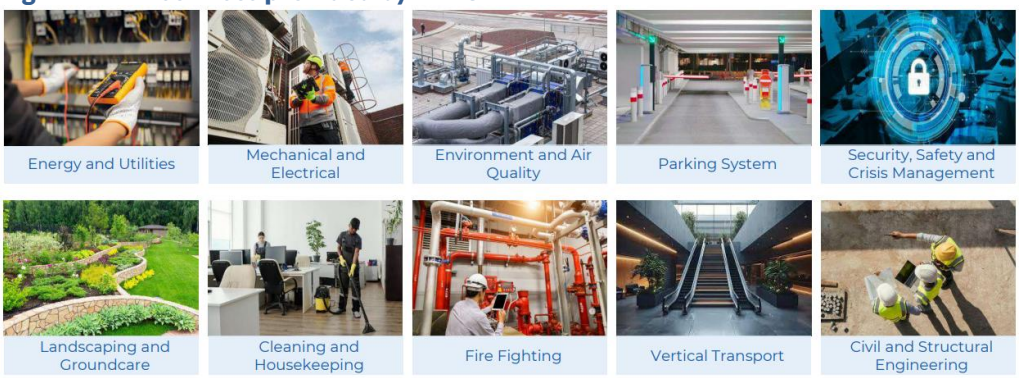
Earnings snapshot

FYE (Jun)	FY24	FY25f	FY26f
PATMI (m)	19.5	23.5	26.1
EPS (sen)	5.7	6.9	7.7
P/E (x)	9.8	8.1	7.3

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Long-standing concession operator track record with renewal visibility. AWC has been providing integrated facilities management (IFM) services for 31 federal government buildings under a long-term concession since 1998, covering high-profile assets such as the Prime Minister's Office and CIQ Complex. The group also undertakes the Critical Asset Refurbishment Programme (CARP) under the same concession, driving higher contract value through asset replacement and upgrades. With the current term ending in December 2025, management remains confident of securing a new 10-year concession given its proven operational track record. Beyond concession clients, AWC also serves commercial, healthcare and education sectors, diversifying its income base and reinforcing its position as a full-suite IFM provider nationwide.

Fig #2 IFM services provided by AWC



Source: AWC Berhad

Diversified engineering services with edge over green certification. AWC's Engineering division provides a full range of mechanical and electrical services, from water supply and plumbing, to ventilation, air-conditioning (HVAC), and automated control systems that manage lighting, climate, and security. The division's expertise in combining eco-friendly features, such as rainwater harvesting, with smart building technologies makes AWC a valuable partner for developers targeting modern, green-certified projects. For example, the group installed a grey water treatment system at Merdeka 118 that recycles wastewater for non-potable use, contributing to its client's LEED Platinum certification. Other notable engineering projects completed include Exchange 106, KLIA2 (Satellite Building), Menara Public Mutual and Elite Pavilion Kuala Lumpur. As of April 2025, the group has an order book of RM109m for the Engineering division.

Fig #3 Engineering services delievered by AWC



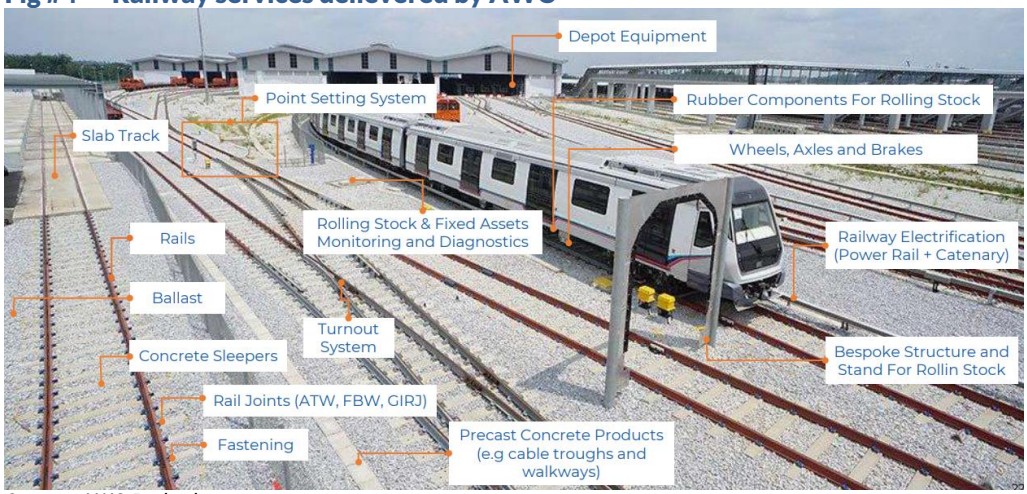
Cold/Hot Water and Sanitary Plumbing	Rainwater Harvesting	Ventilation & Air Conditioning (HVAC) System	Building Automation Systems/Building Management Systems (BAS/BMS)
Design and build of cold/hot water plumbing systems	Design, supply, and installation of Rainwater Harvesting Components and Products (RHCP)	Distributor of international brands of building controls and engineering components for HVAC system	Design and installation of BAS/BMS that integrates and automates building systems such as security system, lighting, and indoor climate control

Source: AWC Berhad

Potential beneficiary of Penang Mutiara Line LRT project. AWC supplies and maintains track construction machineries, which include tamping machines, ballast regulators and track trolleys, refurbishment of railway vehicles and also undertaking

specialised track works like thermit welding and turnout assembly. As a registered supplier of Ministry of Finance (MoF) and Keretapi Tanah Melayu Berhad (KTMB), AWC is well-positioned to secure a slice of the expected RM2bn contracts for track works, grinding and depot maintenance, out of the RM10–13bn Penang Mutiara Line LRT project value. Tender is expected to open in 2H25 while construction is expected to commence in 4Q26, with completion scheduled at December 2031.

Fig #4 Railway services delievered by AWC



Source: AWC Berhad

Regional expansion underpinned by different catalysts and megatrends.

(i) **Malaysia:** AWC is expected to ride the data centre boom, with Malaysia's data centre market size projected to grow at a 22.4% CAGR to USD13.6bn by 2030, benefitting the engineering segment. Other catalysts for the group include smart cities' adoption in Penang and Johor, potential opportunities from the Government's affordable housing initiative, upcoming renewal of major concessions and also the Penang Mutiara Line LRT project.

(ii) **Singapore:** AWC's environmental division is poised to gain from Singapore's Zero Waste Masterplan, which targets a 70% recycling rate and a 30% waste reduction per capita per day by 2030. Regulatory mandates to install pneumatic waste conveyance systems (PWCS) for high-density developments, including 50,000 Build-To-Order (BTO) units slated for 2025–2027, will incur higher demand for AWC's AWCS.

(iii) **Middle East:** Middle East countries place strong emphasis on environment sustainability and smart city development, including national visions like Saudi Arabia's Vision 2030, UAE's Integrated Waste Management Agenda and Qatar's National Vision 2030. AWC's proven track record, including delivering the world's longest AWCS system at Al-Raha Beach, UAE, enhances its credibility in capturing future projects like Saudi Arabia's USD500bn NEOM development.

Company background

Headquartered in Selangor, AWC Berhad is a Malaysia-based engineering services provider for sustainable building and infrastructure needs, with operations primarily across Malaysia, Singapore, and the Middle East. The Group operates through four core segments:

(i) **Facilities** – providing biomedical, facilities engineering maintenance services, security and cleaning services;

(ii) **Environment** – specialising in automated pneumatic waste collection systems;

(iii) **Engineering** – offering heating, ventilation & air-conditioning (HVAC) and plumbing services for commercial and infrastructure projects; and

(iv) **Rail** – delivering design and construction works for railway systems.

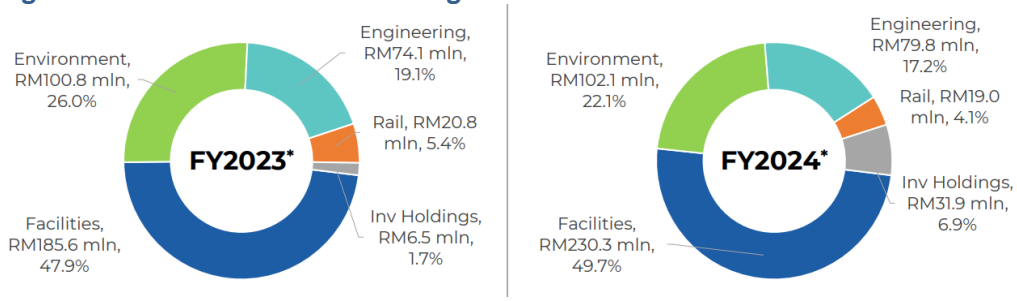
With a portfolio of fully owned subsidiaries and long-term concession contracts, the Group is focused on delivering recurring income, operational reliability, and value-added services across its core markets.

Fig #5 SWOT analysis of AWC Berhad

Strength	Weakness
• Diversified business model with 4 core segments • Proven track record in AWCS • Recurring income from 10-year government concession and CARP • Geographical presence across Malaysia, Singapore, and the Middle East	• Dependency on government-linked contracts in Facilities division • Fluctuations in profit and profit margins over the past years
Opportunity	**Threat**
• Growing demand for sustainable building solutions and smart city initiatives • Potential renewal or expansion of government concession agreements • Push for ESG compliance and green certifications among clients	• Heavy labour reliance • Rising costs pressure like labour and material costs • Project delays and execution risk

Source: AWC Berhad, M+ Research

Fig #6 Revenue of each business segment



Source: AWC Berhad

Substantial Shareholders and Key Management

1. Dato' Nik Mod Amin Bin Nik Abdul Majid – Non-Independent Non-Executive Chairman

Dato' Nik, aged 71, joined the Board on 1 September 2009 and was redesignated as Chairman on 29 May 2023. He holds a Bachelor's Degree in Economics from Universiti Malaya and has over 26 years of banking experience with institutions like Malayan Banking, Affin Bank, and BSN. He is the founder of Fask Capital Sdn. Bhd. and also chairs FCA Capital and Capital Investment Bank (Labuan), focusing on microcredit, investments, and financial consultancy.

2. Dato' Ahmad Kabeer Bin Mohamed Nagoor – Group Chief Executive Officer/ President

Dato' Ahmad Kabeer, aged 67, was appointed to the Board on 2 February 2005 and became Group CEO/President on 1 December 2017. He holds a Master's in Finance from the University of St. Louis, USA, and began his career at the Bank of Nova Scotia.

He is a major shareholder and also chairs the Employee's Share Option Scheme Committee of the group.

3. Muzamil Mirza Mahmood Mirza – General Manager (Healthcare), Facilities Division

Mr. Muzamil, aged 60, joined AWC in June 2023 and currently oversees operations for healthcare and commercial projects. He holds a Bachelor in Science in Geophysics and Master in Science in Physics, with over 26 years of experience in facility management and the oil and gas sector. His expertise spans Computerized Maintenance Management System (CMMS), root cause analysis, green buildings, and leasing and tenancy management. Prior to AWC, he held roles with UEMS, Raikon Building Management Company, and other regional facility management firms across Malaysia, the Middle East, and Vietnam.

4. Abdul Aziz Awang – General Manager, Facilities Division

Mr. Aziz, aged 42, was appointed General Manager of AWC Facilities Division in July 2023. He holds a Bachelor of Business (Accounting) from Victoria University and began his career in audit with KPMG. He later held senior roles in finance and business development across multiple industries, including stints in Vietnam and Labuan. At AWC, he leads business development for the Facilities Division, focusing on tenders, client engagement, and expanding new business leads.

5. Ir. Chee Kar Ming – Managing Director, Engineering Division (Qudotech)

Ir. Chee, aged 52, was appointed Managing Director of Qudotech in January 2019. He holds a Degree in Mechanical Engineering and MBA from Charles Stuart University, Australia, and is a registered Professional Engineer with Board of Engineers Malaysia (BEM) and Institution of Engineers Malaysia (IEM). With 29 years of experience in mechanical engineering, he has managed key projects including Binjai on the Park, KLIA2, The Exchange 106, TRX Lifestyle Mall and Merdeka PNB 118. He first joined Qudotech in 1996 as a Project Engineer, specialising in mechanical & electrical services.

6. Ir. Chea Thean Teik – Group CEO/Director, Environment Division (Stream Group)

Ir. Chea, aged 52, has over 26 years of experience in M&E services, waste handling systems, and automated waste collection. He holds a Bachelor's in Mechanical Engineering and is a member of IEM. He began his career in 1997 as an M&E engineer and joined Stream Group in 2005, where he currently serves as Group CEO. His responsibilities cover project implementation, finance, business development, and sales strategy.

Fig #7 Substantial shareholders

No.	Name	No. of Shares Held	%*
1.	K-CAPITAL SDN. BHD.	84,297,058	25.31
2.	AHMAD KABEER BIN MOHAMED NAGOOR	20,755,300	6.23
3.	MASTRACK SDN BHD	14,525,392	4.36
4.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD - AS BENEFICIAL OWNER (PF)	13,000,000	3.90
5.	TRAKNIAGA SDN BHD	9,764,433	2.93

Source: AWC Berhad

Fig #8 Directors' shareholding

Name of Director	No. of Ordinary Shares			
	Direct Interest	%*	Indirect Interest	%*
Dato' Ahmad Kabeer Bin Mohamed Nagoor	26,955,300	8.09	84,300,000[a]	25.31
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000	0.09	–	–
Dato' Nik Mod Amin Bin Nik Abd Majid	400,000	0.12	–	–
Sureson A/L Krisnasamy	65,000	0.02	–	–
Datuk Hashim Bin Wahir	–	–	–	–

Source: AWC Berhad

Fig #9 Corporate milestones

Year	Milestones
2003	• Listed through a reverse takeover of Trans Capital Berhad's listing status • Specialised in Integrated Facility Management (IFM) and Engineering services
2004	• Ventured into automated waste collection system business by acquiring a 51% stake in STREAM
2018	• Ventured into rail-related business by acquiring a 60% stake in Trackwork & Supplies Sdn Bhd
2023-2024	• Fully acquired the remaining shares in both STREAM and Trackwork & Supplies Sdn Bhd, establishing them as whilly-owned subsidiaries

Source: M+ Research, AWC Berhad

Business overview

(i) Facilities management (51.6% of FY24 revenue)

This segment provides integrated facilities management (IFM) services to government, commercial, and healthcare buildings. Services include engineering maintenance, biomedical support, security, and cleaning. The l undertakes full-scale HVAC and plumbing projects.

(ii) Rail (4.8% of FY24 revenue)

The rail segment offers railway construction and maintenance solutions, including the supply of track materials, depot tools, and rolling stock components. It also provides refurbishment, diagnostics, and technical support services. The division represents global railway product manufacturers and serves major rail operators and asset owners in Malaysia.

Fig #10 Principal business activities and services provided



Source: AWC Berhad

Financials

Revenue and income highlights. The group reported a revenue increase of RM17.7m or 4.6% YoY, rising from RM381.3m in FY23 to RM399.0m in FY24.

- **Facilities division** recorded an increase of RM20.4m or 11.0% YoY in FY24, primarily driven by revenue recognition from the concession segment and CARP, a full-year contribution from new contracts secured in FY23 such as PSK Perak and IKN, as well as the commencement of new contracts under the non-concession segment. This division posted a profit of RM0.7m in FY24, marking a sharp turnaround from a RM5.9m loss in FY23, mainly due to a one-off inter-division receivables write-back amounting to RM2.9m.
- **Environment division** recorded modest revenue growth of RM1.3m or 1.3% YoY, from RM100.8m in FY23 to RM102.1m in FY24, supported by better project progress across all key markets, namely Malaysia, Singapore, and the Middle East. Over 45 projects were completed and handed over during the year, while STREAM Group's order book reached a record high following successful penetration into new markets in the Middle East. Profit for the division also surged from RM16.9m in FY23 to RM22.0m in FY24.
- However, the **Engineering division** posted a slight revenue decline of RM2.2m or 3.0% YoY, as growth in the air-conditioning unit was offset by a slowdown in the plumbing segment, mainly due to slower progress in both existing and newly secured projects. Despite the revenue drop, the profitability more than doubled to RM6.8m, supported by higher sales and maintenance services from the Singapore air-conditioning unit, and a better product mix from the rainwater harvesting unit.
- **Rail division** also saw a decline in revenue of RM1.8m or 9.0% YoY, primarily due to lower order fulfilment arising from design changes, shipping delays for key contracts, and a less favourable product mix. Nevertheless, the division returned to profitability, driven by higher commissioning income and a bad debt recovery of RM1.4m related to the LRT refurbishment project.

Following a higher revenue, the group recorded a higher PAT of RM24.3m in FY24, an impressive increase of RM13.5m or 125.4% from RM10.8m in FY23. For FPE25 ending 31st March, the group also recorded a cumulative revenue increase of RM12.9m or 4.3% YoY, from RM296.9m in 3Q24 to RM309.7m in 3Q25. Cumulative 3Q25 PAT also grew RM0.6m or 3.5% YoY, from RM17.6m in 3Q24 to RM18.2m in 3Q25.

Balance sheet. For 3Q25, the Group recorded a slight reduction in total assets from RM441.6m in FY24 to RM434.2m in 3Q25, primarily due to a decrease in inventories and trade receivables. The group remains in a net cash position, with net cash amounting to RM23.3m as of 3Q25.

Cash flow. Following a higher PBT, the group also recorded an improvement in net cash from operations, improving from RM9.4m in FY24 to RM21.5m in 3Q25. This followed after 3Q25 enjoyed a higher cash generated from operations of RM31.1m, as compared to RM17.9m in FY24. Cash flow from investing activities recorded a lower net outflow of RM3.9m in 3Q25, a drastic drop compared to a net outflow of RM127.8m in FY24, following the absence of acquisition of subsidiaries. Lastly, cash flow from financing activities recorded an outflow of RM9.4m in 3Q25 compared to an inflow of RM109.4m in FY24, following the absence of drawdown of revolving credit and term loans. As of 3Q25, the group continued to show healthy net cash flow of RM23.3m at the end of the financial period.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 13.7%, with core PATMI expected to reach RM23.5m, RM26.1m, and RM28.6m over the next three years. This growth will be largely supported by (i) the group's continuous expansion of AWCS in Malaysia, Singapore and Middle East, (ii) renewal of both concession and non-concession contracts, and (iii) potential orders secured from Penang LRT project.

Fig #11 Financial Highlights

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Jun (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Cash	119	119	136	154	176
Receivables	159	158	167	177	185
Inventories	35	29	33	35	36
PPE	18	19	19	19	19
Others	113	116	110	110	110
Assets	**444**	**442**	**465**	**495**	**526**
Debts	25	107	106	104	103
Payables	93	91	95	100	104
Others	29	32	28	28	28
Liabilities	**147**	**230**	**228**	**232**	**234**
Shareholder's equity	224	212	237	263	292
Minority interest	73	-	-	-	-
Equity	**297**	**212**	**237**	**263**	**292**

Cash Flow Statement

FYE Jun (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Profit before taxation	14	32	39	43	47
Depreciation & amortisation	-	-	-	-	-
Changes in working capital	(32)	5	(10)	(7)	(6)
Share of JV profits	-	-	-	-	-
Taxation	(3)	(8)	(9)	(10)	(11)
Others	24	2	-	-	-
Operating cash flow	**4**	**32**	**20**	**26**	**30**
Net capex	(3)	(3)	-	-	-
Others	5	(96)	-	-	-
Investing cash flow	**2**	**(99)**	**-**	**-**	**-**
Changes in borrowings	10	82	(1)	(1)	(1)
Issuance of shares	1	7	2	-	-
Dividends paid	(1)	(10)	-	-	-
Others	(17)	5	-	-	-
Financing cash flow	**(7)**	**83**	**1**	**(1)**	**(1)**
Net cash flow	**(2)**	**17**	**17**	**18**	**22**
Forex	0	(1)	-	-	-
Others	8	-	-	-	-
Beginning cash	113	119	119	136	154
Ending cash	119	119	136	154	176

Income Statement

FYE Jun (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	**381**	**399**	**422**	**447**	**467**
EBITDA	12	33	41	46	50
EBIT	12	33	41	46	50
Net finance income/ (cost)	1	(1)	(3)	(3)	(3)
Associates & JV	-	-	-	-	-
Profit before tax	**14**	**32**	**39**	**43**	**47**
Tax	(3)	(8)	(9)	(10)	(11)
Net profit	**11**	**24**	**29**	**33**	**36**
Minority interest	(9)	(5)	(6)	(6)	(7)
Core earnings	**2**	**19**	**24**	**26**	**29**
Exceptional items	-	-	-	-	-
Reported earnings	2	19	24	26	29

Valuation & Ratios

FYE Jun (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Core EPS (sen)	0.6	5.7	6.9	7.7	8.4
P/E (x)	87.5	9.8	8.1	7.3	6.6
EV/EBITDA (x)	2.3	0.9	0.7	0.6	0.6
DPS (sen)	0.4	2.9	-	-	-
Dividend yield	0.6%	5.2%	0.0%	0.0%	0.0%
BVPS (RM)	0.66	0.62	0.70	0.78	0.86
P/B (x)	0.9	0.9	0.8	0.7	0.7
EBITDA margin	3.3%	8.3%	9.8%	10.2%	10.6%
EBIT margin	3.3%	8.3%	9.8%	10.2%	10.6%
PBT margin	3.6%	8.1%	9.2%	9.6%	10.1%
Net margin	0.6%	4.9%	5.6%	5.8%	6.1%
ROE	1.0%	8.9%	10.5%	10.4%	10.3%
ROA	0.5%	4.4%	5.2%	5.4%	5.6%
Net gearing	CASH	CASH	CASH	CASH	CASH

Source: M+ Research

Valuations

We are initiating coverage on AWC with a BUY recommendation and a target price of RM0.805. This valuation is based on a P/E ratio of 10.0x pegged to mid-FY27F EPS of 8.05 sen. We deem this valuation fair, given that its historical P/E traded between 7.3x–9.8x over FY21–24, excluding the outlier P/E of 87.5x in FY23. We believe this is fundamentally justified, supported by (i) the group's focus on expanding its Environmental segment with margin uplift potential, (ii) improving earnings visibility after its government concession renewals, and (iii) possible involvement in the Penang LRT Line projects. These multi-segment growth drivers are expected to act as rerating catalysts for AWC, if executed well.

While we observed that industry peers in the facilities management segment trade at forward and historical P/E multiples ranging between 12.3x–21.7x, it might not be comparable due to AWC's diversified operational structure. This diversification across four segments provides a more diversified earnings base and broader growth runway. Therefore, we justified for a valuation based on its own improved fundamentals rather than tethering it to less comparable, pure-play peers. Thus, to be conservative, we are pegging P/E multiple of 10.0x, reflecting a blended multiple that accounts for all four of its operational segments and their respective growth outlooks.

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Fig #12 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
AWC Berhad	**MAIN**	**Jun**	**0.56**	**190.4**	***9.8**	****7.3**	***8.9**	***4.9**
UEM Edgenta Bhd	MAIN	Dec	0.74	615.4	25.5	N/A	1.5	1.7
GFM Services Bhd	MAIN	Dec	0.20	148.1	6.2	N/A	11.3	12.5
Gagasan Nadi Cergas Bhd	ACE	Dec	0.37	278.6	33.4	12.3	1.9	2.2
Avg ex-AWC Berhad				**347.4**	**21.7**	**12.3**	**4.9**	**5.5**

Source: M+ Research (*FY24, **FY26f)

Investment risks

Exposure to project execution risk. The group's earnings are partially reliant on the timely execution and delivery of project-based contracts. Delays stemming from manpower shortages, supply chain disruptions, or unforeseen site conditions may result in cost overruns, liquidated damages, or project cancellations, which could adversely affect profitability and reputation.

Dependency on government-linked contracts. AWC's recurring income is supported by long-term concession and O&M contracts, many of which are tied to public sector clients. This exposes the group to changes in government policies, contract renewal risks, and budgetary constraints, particularly in the event of political transitions or fiscal tightening.

Exposure to foreign currency and cross-border risks. Given AWC's growing international footprint, particularly in Singapore and the Middle East, AWC is exposed to currency volatility, cross-border regulatory risks, and country-specific operational challenges. Fluctuations in exchange rates may impact margins, while differences in local regulations could affect project timelines and cost structures.

Dependency on key personnel and skilled labour. The group's operations and technical delivery are highly reliant on experienced engineers, project managers, and skilled technicians. High turnover, inability to attract specialised talent, or rising labour costs could disrupt ongoing projects, affect service quality and also profit margin.

Occupational safety and hazard risks. AWC's operations are involved in high-risk environments such as construction sites, confined spaces, and mechanical systems. Any lapses in safety protocols or non-compliance with regulatory standards may result in workplace accidents, injury claims, project delays, or punitive actions.

Environmental, Social and Governance (ESG) Practices

Environmental:

Waste management. For many years, AWC has provided sustainable waste management solutions for its clients through Automated Waste Collection System (AWCS), including Automated Pneumatic Waste Collection and Automated Gravity Vacuum Waste Management systems, with more than 280 projects globally. Among AWC's initiatives to improve waste management for its clients is to continue enhancing its AWCS, which uses pneumatic or vacuum technology to transport municipal or domestic solid waste from multiple collection points to the Centralised Waste Handling Facility (CWHF), which provides benefits such as i) converting food waste into renewable energy and fertiliser, ii) minimising carbon emissions, and iii) providing a hygienic and pest-free environment.

Water conservation. The group sends out monthly emails to remind employees to keep all taps closed when not in use. AWC also installed a grey water treatment system at Merdeka 118, which dramatically enhances water conservation and efficiency for its client. The system repurposes wastewater from daily activities to

reuse for irrigation, toilet flushing, and air-conditioning. As a result of AWC's grey water treatment system installed in Merdeka 118, PNB Merdeka Ventures Sdn Bhd was awarded the Leadership in Energy and Environmental Design (LEED) Platinum certification in the LEED v2009 Core and Shell rating system and is targeting Platinum certification from Green Real Estate (GreenRE) and the Green Building Index (GBI).

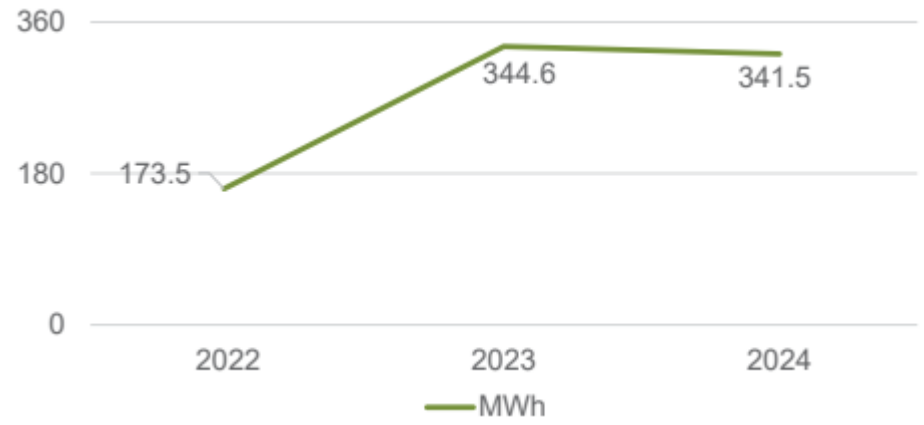
Fig #13 Installation of Grey Water Treatment System at Merdeka 118



Source: AWC Berhad

Energy management. Some of the group's energy management initiatives include i) minimising the usage of high-powered equipment, ii) limiting air-conditioner use during office hours, including temperature control and units used at one time, and iii) sending monthly emails to remind all staff to ensure electricity is turned off. As a result, the group managed to slightly reduce its overall energy consumption from 344.6MWh in 2023 to 341.5MWh in 2024. Other initiatives implemented include conducting more virtual meetings to reduce the amount of CO2 emitted through travelling and encouraging staff who are required to go onsite to stay near its operational areas to reduce the distance travelled per employee.

Fig #14 Total Energy Consumption

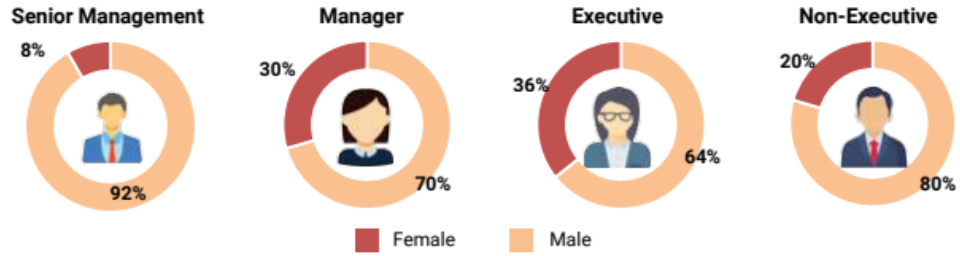


Source: AWC Berhad

Social:

Diversity and inclusion. The group adopts an anti-discriminatory hiring process, whereby candidates are evaluated based on their skill level and experience. Due to the nature of the business, which primarily involves labour work, the group requires a larger male workforce to meet its business needs. Throughout FY24, AWC hired an additional 160 new male employees and 52 new female employees, whereby all new hires are local.

Fig #15 Positions by Gender and Age Group



Age	Senior Management	Manager	Executive	Non-Executive	Total
<30	0	2	87	315	404
31-50	7	39	121	354	521
>50	5	16	18	85	124

Source: AWC Berhad

Occupational health and safety (OHS). Although EITA reported zero OSH-related fatalities, but there was one injury case reported in FY24. Nevertheless, OHS remains a key fundamental aspect for AWC, with the group conduct regular surveys across its workplaces to ensure a safe working environment, while STREAM conducts annual routine audits of its equipment to ensure optimal operation and minimise associated risks. The group perform workplace audits minimum three times a year, while some of its offices conduct these surveys daily.

Safety training and health initiatives. Although AWC reported zero OSH-related fatalities, there was one injury case reported in FY24. Nevertheless, OHS remains a key fundamental aspect for AWC, with the group conducting regular surveys across its workplaces to ensure a safe working environment, while STREAM conducts annual routine audits of its equipment to ensure optimal operation and minimise associated risks. The group performs workplace audits a minimum of three times a year, while some of its offices conduct these surveys daily.

Governance:

Anti-corruption policy. The group maintains a zero-tolerance stance on bribery and corruption, in line with the Malaysian Anti-Corruption Commission Act, ensuring ethical conduct in all business dealings. The group recorded zero reported incidents of corruption and conducted 1,072 hours of anti-corruption training in FY24 to maintain and improve its anti-corruption policies and practices.

Whistleblowing policy. A confidential whistleblowing channel is in place for employees and stakeholders to report misconduct without fear of retaliation, promoting accountability and openness.

Data privacy and security. Following the cyber-attack incident two years ago, the group continues to enhance its existing preventive measures while seeking ways to improve its policies and efforts. A new software was installed to automatically isolate infected computers that could not be cleansed, while there is a system in place for real-time backup, limiting possible data loss to a maximum of a few days. Weekly off-site backups are also executed to minimise potential data loss to a maximum of one week.

Overall ESG comments: AWC is rated 2 stars under the FTSE Russell ESG framework, which corresponds to a score range between 1.3 to 2.4. Nonetheless, we view its ESG practices as fair and developing. Governance measures are in place, with clear anti-corruption, whistleblowing, and data security policies. On the social front, AWC emphasizes workplace safety, conducting regular audits and providing structured safety training. Local hiring and anti-discriminatory recruitment are also practised,

even though gender balance remains uneven due to the labour-intensive nature of its operations. However, the group did not meet the 30% female representative threshold in its Board, which could be improved. Environmentally, AWC's efforts are commendable, particularly in waste management through its proprietary AWCS technology, as well as energy and water conservation initiatives implemented at office and key project sites.

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Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned