

## AWC Berhad

### Ended FY25 On A Firmer Note

#### Summary

- **Earnings marginally above expectation.** AWC registered a 4Q25 core PAT of RM6.7m (+16.8% QoQ, -4.6% YoY), bringing FY25 core PAT to RM24.9m (+26.1% YoY). The results came in slightly above expectations, accounting for 105.8% and 104.6% of our and consensus estimates, respectively. The key deviations include lower-than-expected (i) net finance cost and (ii) effective tax rate.
- **YoY.** AWC's revenue increased 2.4% YoY, led by revenue increase in both the Engineering (+12.0%) and Rail (+162.3%) segments, despite other segments showing softer revenue. Meanwhile, core PAT also saw a 4.6% decline to RM6.7m, mainly due to higher cost of sales.
- **QoQ.** Revenue rose 5.9% to RM104.4m, thanks to all three segments including Engineering (+23.1%), Rail (+9.3%) and Environment (+1.8%), while Facilities segment showed a marginal decline of 0.2%. Meanwhile, core PAT saw an increase of 16.8%, from RM5.7m in 3Q25 to RM6.7m in 4Q25 due to trade receivables recovery in the Facilities segment and improvement in the Engineering segment.
- **YTD.** For FY25, AWC registered a cumulative revenue of RM414.1m, a 3.8% YoY increase compared to RM398.8m in FY24, while core PAT registered a 26.1% gain from RM19.7m to RM24.9m. We believe the key drivers include revenue growth in both Engineering and Rail segments, and lower effective tax rate (21% vs 24%).
- **Improvement in Engineering and Rail segments.** Both the Engineering and Rail segments recorded a revenue growth of 8.4% and 156.7% YoY respectively in FY25, with the former contributed by higher project progress under the Plumbing segment, while the latter contributed by higher order fulfilment and project deliverables.
- **Slowdown in Facilities and Environment Division.** Both the Facilities and Environment segments recorded a revenue reduction of 3.8% and 13.9% YoY respectively in FY25, attributed to the lower revenue from Concession and a slowdown in Abu Dhabi and Singapore regions.
- **Outlook.** We believe the overall outlook is positive for AWC, underpinned by its healthy order book of RM597m, which provides earnings visibility for the group. Even though the 10-year contract for the Facilities division is in effect until 31 December 2025, management remains confident of securing a new 10-year concession given its proven operational track record. Lastly, we expect all the other segments to continue maintaining a healthy order book while securing new contracts at the same time.

#### Quarterly performance 4Q25

Quarterly performance								
FYE Jun (RM m)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	102.0	98.6	104.4	5.9	2.4	398.8	414.1	3.8
EBIT	11.4	8.3	7.8	(5.4)	(31.2)	33.3	33.6	1.0
PBT	10.4	7.7	7.7	1.0	(25.4)	32.5	31.7	(2.3)
Core PAT	7.0	5.7	6.7	16.8	(4.6)	19.7	24.9	26.1
Reported PAT	7.0	5.7	6.7	16.8	(4.6)	19.7	24.9	26.1
Core EPS (sen)	2.1	1.7	2.0	16.8	(4.6)	5.8	7.3	26.1
EBIT margin (%)	11.2	8.4	7.5			8.3	8.1	
PBT margin (%)	10.2	7.8	7.4			8.1	7.7	
Core PATMI margin (%)	6.8	5.8	6.4			4.9	6.0	

Source: AWC, M+ Research

#### Results Note – 4QFY25

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#### BUY

Share price	RM0.530
Target price	RM0.805
Previous TP	RM0.805
Capital upside	51.9%
Dividend return	-
Total return	51.9%

#### 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)	180.2
52W High/Low	1.140 / 0.525
Est. Free float (%)	36.4
Beta (x)	1.8
3-mth avg vol ('000)	548.5
Shariah compliant	Yes

#### Major shareholders

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

#### Share price vs. KLCI (%)

	1M	3M	12M
Absolute	-7.8	-19.7	-50.5
Relative	-11.2	-23.0	-47.7

#### Earnings snapshot

FYE (Jun)	FY25	FY26f	FY27f
PAT (m)	24.9	26.1	28.6
EPS (sen)	7.3	7.7	8.4
P/E (x)	7.3	6.9	6.3

#### Relative performance chart



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## Valuation & Recommendation

- **Forecast.** Even though the core PAT is slightly above our estimate by 5.8%, we maintain our core PAT forecast of RM26.1m–28.6m for FY26–27, pending the upcoming results briefing.
- **Maintain BUY recommendation with unchanged TP of RM0.805.** We maintain our BUY recommendation on AWC with an unchanged target price of RM0.805. The target price is derived based on a P/E ratio of 10.0x pegged to mid-FY27f EPS of 8.05 sen.
- **Downside risks.** Risks to our recommendation include (i) failure to renew the 10-year Concession contract and (ii) prolonged slowdown in the Middle East caused by geopolitical risks. A more competitive environment in providing its Environmental services in Singapore and Engineering services in Malaysia will also possibly affect AWC's market share moving forward.

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### Stock recommendation guide

<b>BUY</b>	The share price is expected to appreciate more than 10% over the next 12 months
<b>HOLD</b>	The stock price is expected to range between -10% and +10% over the next 12 months
<b>SELL</b>	The share price is expected to fall more than 10% over the next 12 months
<b>TRADING BUY</b>	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
<b>TRADING SELL</b>	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
<b>NOT RATED</b>	No recommendation is assigned

