Malacca Securities
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# AWC Berhad

## Arbitration Win Potentially Strengthen FY26 Earnings

### Newsbreak

- AWC Berhad announced that its subsidiary, Trackwork & Supplies Sdn Bhd, has received an arbitration award worth RM2.16m from the Asian International Arbitration Centre (AIAC) in a dispute with Emrail Sdn Bhd over unpaid sums for material supply. The arbitrator will award RM2.16m to Trackwork, together with interest of 5% per annum from 15 September 2021 until full settlement, as well as costs amounting to RM303,920. Emrail is also required to bear the administrative costs of the arbitration, effectively concluding the long-standing dispute in Trackwork's favour.

### M+ Global View

- We view the arbitration outcome as positive for AWC, as it enables the group to recover RM2.16m plus accrued interest and legal costs from Emrail Sdn Bhd after a long-running dispute. The settlement is expected to strengthen AWC's cash position and could result in a one-off earnings boost. Nonetheless, we note that this is a non-recurring item.

### Valuation & Recommendation

- **Forecast.** Although the arbitration award is expected to contribute a one-off income of approximately RM2.98m under the other income segment, we maintain forecast for core PAT at RM27.1m for FY26f as this is being viewed as a non-recurring income.

- **Maintain HOLD with a TP of RM0.66. We maintain our Hold recommendation for AWC with a same TP of RM0.66.** The target price is derived based on a P/E ratio of 10.0x pegged to mid-FY27f fully-diluted EPS of 6.58 sen.

Company update

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## HOLD

| | |
|---|---|
| **Share price** | **RM0.715** |
| **Target price** | **RM0.660** |
| **Previous TP** | **RM0.660** |
| Capital upside | -7.7% |
| Dividend return | - |
| Total return | -7.7% |

**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) | 427.7 |
| Market Cap (m) | 305.8 |
| 52W High/Low | 1.14 / 0.50 |
| Est. Free float (%) | 41.2 |
| Beta (x) | 2.1 |
| 3-mth avg vol ('000) | 785.7 |
| 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 (%)**

| Hist. return | 1M | 3M | 12M |
|---|---|---|---|
| Absolute | 7.5 | 27.7 | -17.8 |
| Relative | 8.8 | 21.4 | -17.2 |

**Earnings snapshot**

| FYE (Jun) | FY25 | FY26f | FY27f |
|---|---|---|---|
| PATMI (m) | 24.9 | 27.1 | 29.2 |
| EPS (sen) | 5.8 | 6.3 | 6.8 |
| P/E (x) | 12.3 | 10.4 | 10.5 |

**Relative performance chart**




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## Financial Forecast

*All items in (RM m) unless otherwise stated*

**Balance Sheet**

| FYE Jun (RM m) | FY24 | FY25 | FY26f | FY27f | FY28f |
|---|---|---|---|---|---|
| Cash | 119 | 134 | 132 | 149 | 173 |
| Receivables | 158 | 142 | 155 | 166 | 174 |
| Inventories | 29 | 27 | 29 | 31 | 32 |
| PPE | 19 | 19 | 20 | 20 | 20 |
| Others | 116 | 107 | 107 | 107 | 107 |
| **Assets** | **442** | **428** | **443** | **474** | **506** |
| | | | | | |
| Debts | 107 | 97 | 93 | 89 | 85 |
| Payables | 91 | 83 | 90 | 96 | 100 |
| Others | 32 | 19 | 19 | 19 | 19 |
| **Liabilities** | **230** | **199** | **202** | **204** | **204** |
| | | | | | |
| Shareholder's equity | 212 | 229 | 241 | 270 | 302 |
| Minority interest | - | - | - | - | - |
| **Equity** | **212** | **229** | **241** | **270** | **302** |

**Cash Flow Statement**

| FYE Jun (RM m) | FY24 | FY25 | FY26f | FY27f | FY28f |
|---|---|---|---|---|---|
| Profit before taxation | 32 | 32 | 36 | 38 | 43 |
| Depreciation & amortis | - | - | - | - | - |
| Changes in working ca | 5 | 10 | 2 | (7) | (5) |
| Share of JV profits | - | - | - | - | - |
| Taxation | (8) | (7) | (9) | (9) | (10) |
| Others | 2 | (7) | - | - | - |
| **Operating cash flow** | **32** | **28** | **29** | **22** | **27** |
| | | | | | |
| Net capex | (3) | (3) | - | - | - |
| Others | (96) | 7 | - | - | - |
| **Investing cash flow** | **(99)** | **4** | **-** | **-** | **-** |
| | | | | | |
| Changes in borrowings | 82 | (10) | (4) | (4) | (4) |
| Issuance of shares | 7 | 3 | 2 | - | - |
| Dividends paid | (10) | - | - | - | - |
| Others | 5 | (5) | - | - | - |
| **Financing cash flow** | **83** | **(12)** | **(2)** | **(4)** | **(4)** |
| | | | | | |
| **Net cash flow** | **17** | **20** | **13** | **18** | **23** |
| Forex | (1) | (1) | - | - | - |
| Others | - | - | - | - | - |
| Beginning cash | 119 | 119 | 119 | 132 | 149 |
| Ending cash | 119 | 134 | 132 | 149 | 173 |

**Income Statement**

| FYE Jun (RM m) | FY24 | FY25 | FY26f | FY27f | FY28f |
|---|---|---|---|---|---|
| **Revenue** | **399** | **414** | **428** | **460** | **481** |
| EBITDA | 33 | 34 | 36 | 40 | 44 |
| EBIT | 33 | 34 | 36 | 40 | 44 |
| Net finance income/ (co | (1) | (2) | 0 | (2) | (1) |
| Associates & JV | - | - | - | - | - |
| **Profit before tax** | **32** | **32** | **36** | **38** | **43** |
| Tax | (8) | (7) | (9) | (9) | (10) |
| **Net profit** | **24** | **25** | **27** | **29** | **32** |
| Minority interest | (5) | - | - | - | - |
| **Core earnings** | **19** | **25** | **27** | **29** | **32** |
| Exceptional items | - | - | - | - | - |
| Reported earnings | 19 | 25 | 27 | 29 | 32 |

**Valuation & Ratios**

| FYE Jun (RM m) | FY24 | FY25 | FY26f | FY27f | FY28f |
|---|---|---|---|---|---|
| Core EPS (sen) | 4.6 | 5.8 | 6.3 | 6.8 | 7.6 |
| P/E (x) | 15.7 | 12.3 | 11.3 | 10.5 | 9.5 |
| EV/EBITDA (x) | 4.3 | 4.3 | 4.0 | 3.6 | 3.3 |
| DPS (sen) | 2.3 | - | - | - | - |
| Dividend yield | 3.2% | - | - | - | - |
| BVPS (RM) | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 |
| P/B (x) | 1.4 | 1.3 | 1.3 | 1.1 | 1.0 |
| | | | | | |
| EBITDA margin | 8.3% | 8.1% | 8.3% | 8.7% | 9.1% |
| EBIT margin | 8.3% | 8.1% | 8.3% | 8.7% | 9.1% |
| PBT margin | 8.1% | 7.7% | 8.3% | 8.3% | 8.8% |
| Net margin | 4.9% | 6.0% | 6.3% | 6.3% | 6.7% |
| | | | | | |
| ROE | 8.9% | 11.3% | 11.9% | 11.4% | 11.3% |
| ROA | 4.4% | 5.7% | 6.2% | 6.4% | 6.6% |
| Net gearing | CASH | CASH | CASH | CASH | CASH |

Source: M+ Research

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As of **Thursday, 06 Nov, 2025**, the analyst(s), Kieran Lim, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.

## 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 |


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