AWC Berhad

Sixth Contract Win in FY26

Newsbreak

- AWC Berhad announced that its wholly-owned subsidiary, Trackwork & Supplies Sdn Bhd (TWS), has signed and accepted a Letter of Acceptance (LoA) from Prasarana Malaysia Berhad for the replacement of aluminium composite power conductor rails for LRT Ampang Line. The contract, valued at RM60.0m, covers the full scope of supply, installation, testing, and commissioning works in accordance with Prasarana's technical specifications. The contract duration is 36 months from the commencement date, which is within 14 days from the date of acceptance of the LOA. This award further strengthens AWC's Rail Division, bringing total contract wins in FY26 to ~RM330m.

M+ Global View

- We view this contract win as positive for AWC, reinforcing the group's established track record in rail infrastructure works. The 36-month contract provides earnings visibility for the Rail Division through FY26–FY28 and underscores Prasarana's continued confidence in AWC as a repeat contractor.

- Assuming a conservative NP margin of ~10%, the extension is expected to contribute around RM6.0m to earnings during the period.

Valuation & Recommendation

- **Forecast.** As this job win is within our expectation, we maintained our earnings forecast.

- **Maintain BUY with a TP of RM0.66.** We maintain our Buy recommendation for AWC with an unchanged 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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BUY

Share price	**RM0.590**
Target price	RM0.660
Previous TP	RM0.660
Capital upside	11.9%
Dividend return	-
Total return	11.9%

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)	427.7
Market Cap (m)	252.3
52W High/Low	1.14 / 0.50
Est. Free float (%)	42.1
Beta (x)	2.1
3-mth avg vol ('000)	1281.1
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	-21.9	15.7	-31.0
Relative	-22.2	12.0	-32.0

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)	10.1	9.3	8.7

Relative performance chart



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 & amortisation	-	-	-	-	-
Changes in working capital	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**	**412**	**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)	13.0	10.1	9.3	8.7	7.8
EV/EBITDA (x)	2.7	2.7	2.5	2.3	2.1
DPS (sen)	2.3	-	-	-	-
Dividend yield	3.9%	-	-	-	-
BVPS (RM)	0.5	0.5	0.6	0.6	0.7
P/B (x)	1.2	1.1	1.0	0.9	0.8
EBITDA margin	8.3%	8.2%	8.3%	8.7%	9.1%
EBIT margin	8.3%	8.2%	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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(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