

AWC Berhad

MOU To Strengthen AWC's AI Ambition

Newsbreak

- AWC Berhad announced that it has entered into a strategic memorandum of understanding (MOU) with TwinMatrix Technologies Pte. Ltd., a Singapore-based spatial digital twin and spatial AI solutions provider, to collaborate on digital transformation initiatives across AWC's facilities and infrastructure operations. The non-binding MOU aims to explore AI-enabled use cases including asset visibility, predictive maintenance, energy optimisation and lifecycle management, starting with pilot projects before potential wider deployment.

M+ Global View

- We view this MOU as strategically positive for AWC, signalling management's intent to embed digitalisation and AI-driven capabilities into its facilities and infrastructure operations. While non-binding and with no immediate financial impact, successful pilots could enhance operational efficiency, margins and differentiation, particularly in high-value segments such as data centres.
- The collaboration aligns well with AWC's growing exposure to data centre projects, where digital twins and predictive maintenance tools are increasingly critical to minimise outages and optimise energy usage. Over time, we believe this could strengthen AWC's value proposition to hyperscale clients and improve contract win rates.

Valuation & Recommendation

- Forecast.** As this MOU does not have material impact on AWC's earnings, we maintained our earnings forecast. We will only reassess our earnings forecast upon the upcoming 2Q26 results briefing.
- Downgraded to HOLD with a TP of RM0.66.** As the share price has rallied ahead of the company's announcement, we downgraded our recommendation from Buy to Hold 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

Kieran Lim
kieranlim@msec.com.my
(603) 2201 2100

HOLD (FROM BUY)

Share price	RM0.635
Target price	RM0.660
Previous TP	RM0.660
Capital upside	3.9%
Dividend return	-
Total return	3.9%

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)	271.6
52W High/Low	1.14 / 0.50
Est. Free float (%)	42.0
Beta (x)	2.2
3-mth avg vol ('000)	1188.2
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	-1.6	-14.8	-35.5
Relative	-5.3	-20.9	-42.4

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)	10.9	10.0	9.3

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

Source: M+ Research

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)	13.9	10.9	10.0	9.3	8.4
EV/EBITDA (x)	3.3	3.2	3.1	2.7	2.5
DPS (sen)	2.3	-	-	-	-
Dividend yield	3.6%	-	-	-	-
BVPS (RM)	0.5	0.5	0.6	0.6	0.7
P/B (x)	1.3	1.2	1.1	1.0	0.9
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

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

This report has been prepared by research analyst(s) of MSSB pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaim any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report.

As of **Tuesday, 27 Jan, 2026**, 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

