

AWC Berhad

Ninth Contract Win in FY26

Newsbreak

- AWC Berhad announced that its Environment Division, through subsidiaries under Stream Group Sdn Bhd namely Stream Environment Sdn Bhd (SEMY) and Stream Environment (S) Pte Ltd (SESG), has secured three automated pneumatic waste collection system (AWCS) projects across Malaysia and Singapore, with a combined contract value of RM26.6m. The projects involve the design, build and operation of AWCS and were awarded on 14 January 2026, 5 February 2026 and 6 February 2026 respectively. The projects are expected to commence from January 2026 and be completed by August 2029. With these wins, cumulative major contract wins in FY26 now stand at ~RM450m, providing improved earnings visibility.

M+ Global View

- We view this contract win as positive for AWC, as it further strengthens the Group's Environment Division and underscores AWC's strong track record in automated waste collection solutions, including its proven capability to deliver public-sector projects in Singapore.
- The contract duration provides earnings visibility for the Environment Division through FY26–FY29. Assuming a conservative NP margin between 10%, this contract is expected to contribute around RM2.7m to earnings during the period.

Valuation & Recommendation

- Forecast.** As these job wins are within our expectation, we maintained our earnings forecast.
- Upgraded to BUY with a TP of RM0.66.** As the share price has declined ahead of the company's announcement, we upgraded our recommendation from Hold to Buy 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 (from HOLD)

Share price	RM0.595
Target price	RM0.660
Previous TP	RM0.660
Capital upside	10.9%
Dividend return	-
Total return	10.9%

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)	254.5
52W High/Low	1.14 / 0.50
Est. Free float (%)	42.0
Beta (x)	2.2
3-mth avg vol ('000)	1045.9
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	-5.6	-15.6	-44.9
Relative	-8.1	-21.1	-49.4

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)	10.2	9.4	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

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)	13.1	10.2	9.4	8.7	7.9
EV/EBITDA (x)	2.8	2.7	2.6	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	1.1	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

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As of **Monday, 09 Feb, 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

