AWC Berhad

Earnings Rebounded on Backloaded Project Deliveries

Results Note – 3QFY26

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Summary

- **Earnings withins expectation.** AWC registered a 3QFY26 core PAT of RM6.0m (+49.4% QoQ, +6.1% YoY), bringing 9MFY26 core PAT to RM14.2m (-22.0% YoY). The cumulative results are within expectations, accounting for 73.6% and 72.4% of our and consensus FY26 forecasts of RM19.3m and RM19.6m respectively. The sequential turnaround indicates that the anticipated backloaded effect from deferred projects begins to materialize.

- **YoY.** 3QFY26 revenue increased 17.5% YoY to RM115.9m, driven by sharp double-digit improvements in the Engineering (+32.9%), Rail (+36.5%) and Facilities (+11.2%) divisions, on the back of new projects commencement, higher project progress, and order fulfilment. Meanwhile, core PAT grew more modestly by 6.1% YoY from RM5.7m in 3QFY25 to RM6.0m in 3QFY26.

- **QoQ.** Revenue strengthened 9.8% QoQ, from RM105.5m in 2QFY26 to RM115.9m in 3QFY26, led by substantial project progress and order fulfillment in the Rail (+139.5%) and Environment (+16.1%) divisions. Coupled with a lower tax rate of 25% (32% in 2QFY26), core PAT jumped 49.4% QoQ from RM4.0m to RM6.0m.

- **YTD.** For 9MFY26, AWC registered a cumulative revenue of RM319.0m, a 3.0% YoY higher compared to RM309.7m in 9MFY25, while core PAT reduced 22.0% from RM18.2m to RM14.2m, no thanks to lower core PAT and margin recorded in the Environment segment due to the ongoing geopolitical uncertainty in the Middle East.

- **Strong engineering and rail momentum.** Revenue from the Engineering division expanded 32.9% YoY, supported by higher project progress from the air-conditioning segment. Meanwhile, the Rail division saw a surge in order fulfillment, hitting RM15.6m in revenue compared to RM11.4m in 3QFY25.

- **Middle East headwinds persist.** Slower project execution and supply chain inflation in Abu Dhabi and Dubai continue to compress margins in the Environment division. However, this was largely buffered by stable project progress across Singapore and Malaysia markets.

- **Outlook.** We believe the overall outlook for AWC has turned positive following 3Q26 sequential turnaround, with earnings risk diminishes. AWC's outstanding order book remains robust at RM865m as of 31 March 2026, providing clear earnings visibility for the coming years.

Quarterly performance 3QFY26

Quarterly performance								
FYE Jun (RM m)	**3QFY25**	**2QFY26**	**3QFY26**	**QoQ (%)**	**YoY (%)**	**9MFY25**	**9MFY26**	**YoY (%)**
Revenue	98.6	105.5	115.9	*9.8*	*17.5*	309.7	319.0	*3.0*
EBIT	8.3	6.3	8.5	*36.4*	*3.1*	25.8	20.7	*(19.6)*
PBT	7.7	6.0	8.1	*35.4*	*5.6*	23.9	19.7	*(17.9)*
Core PAT	5.7	4.0	6.0	*49.4*	*6.1*	18.2	14.2	*(22.0)*
Reported PAT	5.7	4.0	6.0	*49.4*	*6.1*	18.2	14.2	*(22.0)*
Core EPS (sen)	1.3	0.9	1.4	*49.4*	*6.1*	4.3	3.3	*(22.0)*
EBIT margin (%)	8.4	5.9	7.4			8.3	6.5	
PBT margin (%)	7.8	5.7	7.0			7.7	6.2	
Core PATMI margin (%)	5.8	3.8	5.2			5.9	4.5	

Source: AWC, M+ Global Research

HOLD

Share price	**RM0.540**
Target price	**RM0.590**
Previous TP	**RM0.520**
Capital upside	9.3%
Dividend return	-
Total return	9.3%

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)	230.9
52W High/Low	0.785 / 0.450
Est. Free float (%)	41.7
Beta (x)	1.8
3-mth avg vol ('000)	302.7
Shariah compliant	Yes

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

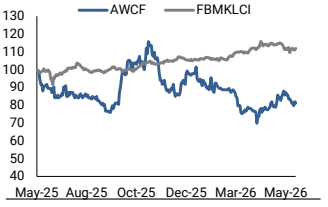
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	1.9	-7.7	-18.8
Relative	2.6	-5.9	-27.1

Earnings snapshot

FYE (Jun)	FY25	FY26f	FY27f
PAT (m)	24.9	19.3	25.2
EPS (sen)	5.8	4.5	5.9
P/E (x)	9.3	12.0	9.2

Relative performance chart



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Valuation & Recommendation

- **Forecast.** Maintained.
- **Maintained HOLD recommendation with a higher TP of RM0.59.** We maintained our Hold recommendation with a higher TP of RM0.59 (from RM0.52), derived by applying a P/E ratio of 10.0x pegged to our FY27f fully-diluted EPS of 5.90 sen. The rolled forward to FY27f EPS reflects routine annual report housekeeping.
- **Downside risks.** Risks to our recommendation include (i) failure to renew government's Concession contract and (ii) continued slowdown in the Middle East projects progress.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	119	134	124	139	158
Receivables	158	142	139	153	159
Inventories	29	27	26	29	30
PPE	19	19	20	20	20
Others	116	107	107	107	107
Assets	**442**	**428**	**417**	**448**	**474**
Debts	107	97	84	82	78
Payables	91	83	81	89	91
Others	32	19	19	19	19
Liabilities	**230**	**199**	**184**	**190**	**188**
Shareholder's equity	212	229	233	258	286
Minority interest	-	-	-	-	-
Equity	**212**	**229**	**233**	**258**	**286**

Cash Flow Statement

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	32	32	25	33	37
Depreciation & amortisation	-	-	-	-	-
Changes in working capital	5	10	11	(9)	(4)
Share of JV profits	-	-	-	-	-
Taxation	(8)	(7)	(6)	(8)	(9)
Others	2	(7)	-	-	-
Operating cash flow	**32**	**28**	**30**	**16**	**24**
Net capex	(3)	(3)	-	-	-
Others	(96)	7	-	-	-
Investing cash flow	**(99)**	**4**	**-**	**-**	**-**
Changes in borrowings	82	(10)	(13)	(2)	(4)
Issuance of shares	7	3	2	-	-
Dividends paid	(10)	-	-	-	-
Others	5	(5)	-	-	-
Financing cash flow	**83**	**(12)**	**(11)**	**(2)**	**(4)**
Net cash flow	**17**	**20**	**5**	**14**	**20**
Forex	(1)	(1)	-	-	-
Others	-	-	-	-	-
Beginning cash	119	119	119	124	139
Ending cash	119	134	124	139	158

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**399**	**412**	**385**	**425**	**440**
EBITDA	33	34	27	34	38
EBIT	33	34	27	34	38
Net finance income/ (co	(1)	(2)	(2)	(1)	(1)
Associates & JV	-	-	-	-	-
Profit before tax	**32**	**32**	**25**	**33**	**37**
Tax	(8)	(7)	(6)	(8)	(9)
Net profit	**24**	**25**	**19**	**25**	**28**
Minority interest	(5)	-	-	-	-
Core earnings	**19**	**25**	**19**	**25**	**28**
Exceptional items	-	-	-	-	-
Reported earnings	19	25	19	25	28

Valuation & Ratios

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	4.6	5.8	4.5	5.9	6.5
P/E (x)	11.9	9.3	12.0	9.2	8.3
EV/EBITDA (x)	2.2	2.2	2.7	2.1	1.9
DPS (sen)	2.3	-	-	-	-
Dividend yield	4.3%	-	-	-	-
BVPS (RM)	0.5	0.5	0.5	0.6	0.7
P/B (x)	1.1	1.0	1.0	0.9	0.8
EBITDA margin	8.3%	8.2%	7.1%	8.1%	8.5%
EBIT margin	8.3%	8.2%	7.1%	8.1%	8.5%
PBT margin	8.1%	7.7%	6.6%	7.8%	8.3%
Net margin	4.9%	6.0%	5.0%	5.9%	6.3%
ROE	8.9%	11.3%	8.6%	10.3%	10.2%
ROA	4.4%	5.7%	4.5%	5.8%	6.0%
Net gearing	CASH	CASH	CASH	CASH	CASH

Source: M+ Research

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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