Results Note – 4QFY26

AWC Berhad

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FY26 Core Earnings Within Expectations

Summary

- **Earnings within expectation.** While AWC reported a stellar 4QFY26 PAT of RM12.2m (+102.0% QoQ, +83.5% YoY), bringing its FY26 reported PAT to RM26.4m (+6.2% YoY), we derived its FY26 core PAT at RM20.1m after excluding a one-off RM6.4m recovery of previously impaired trade receivables. This brought FY26 core PAT to RM20.1m, which was within expectations, accounting for 104.1% and 101.3% of our and consensus FY26 forecasts of RM19.3m and RM19.9m respectively.

- **YoY.** 4QFY26 revenue surged 21.2% YoY to a record RM126.5m, the Group's highest-ever quarterly top-line, driven by broad-based strength across all operating divisions; Rail (+79.9% YoY), Environment (+18.4% YoY), Engineering (+9.4% YoY) and Facilities (+8.6% YoY). Reporting PAT surged 83.5% YoY from RM6.7m to RM12.2m, while core PAT recorded a decline of 11.9% YoY to RM5.9m after excluding the one-off RM6.4m receivables recovery in the Engineering division.

- **QoQ.** Revenue strengthened 9.2% QoQ from RM115.9m in 3QFY26 to RM126.5m in 4QFY26, led by the Rail (+44.1% QoQ) and Environment (+21.3% QoQ) divisions on higher order fulfilment and project progress billings respectively. Reported PAT increased substantially by 102.0% QoQ, from RM6.0m to RM12.2m, while core PAT reduced 3.0% QoQ after removing the aforementioned receivables recovery.

- **YTD.** FY26 revenue of RM445.5m rose 7.6% YoY from RM414.1m, while core PAT decreased 19.3% from RM24.9m to RM20.1m. The Engineering division was the standout performer with revenue up 24.8% YoY to RM107.7m and PBT more than doubling to RM15.2m from RM6.9m, driven by its expanding data centre exposure. This compensated for the Environment division, where PBT contracted 28.8% YoY to RM16.2m amid continued Middle East geopolitical headwinds.

- **Data centre momentum accelerating.** The Engineering division's plumbing segment has established a compelling foothold in data centre infrastructure, securing its third data centre subcontract in 12 months post-quarter end (RM23.1m in August 2026). Management has highlighted data centre as a key structural growth driver, with both the Engineering and Facilities divisions actively pursuing opportunities in this space.

- **Middle East drag persists but Malaysia and Singapore buffers hold.** The Environment division's full-year PBT contracted 28.8% YoY to RM16.2m, weighed down by geopolitical-related project delays in the Middle East. However, 4QFY26 saw a revenue improvement of 21.3% QoQ and 18.4% YoY, driven by higher project progress billings in Malaysia and Singapore.

- **Dividends.** The Board proposed a final dividend of 0.75 sen per share, bringing total FY26 dividends to 1.25 sen per share, with a payout ratio of 15.9% over FY26 PAT.

- **Outlook.** We are constructive on AWC's outlook heading into FY27. The current outstanding order book of RM847.4m (including the RM23.1m data centre contract secured in August 2026), provides solid earnings visibility and translates into 1.9x FY26 revenue. Despite ongoing Middle East geopolitical tensions weighing on project timelines for the Environment division, AWC is well-positioned to sustain its growth momentum by capitalizing on expanding data centre developments.

BUY

Share price	RM0.455
Target price	RM0.590
Previous TP	RM0.590
Capital upside	29.7%
Dividend return	2.8%
Total return	32.5%

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)	194.6
52W High/Low	0.785 / 0.430
Est. Free float (%)	40.3
Beta (x)	1.7
3-mth avg vol ('000)	476.5
Shariah compliant	Yes

Major shareholders

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

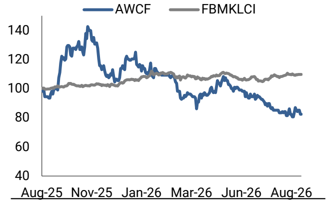
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	1.1	-16.5	-15.7
Relative	-0.9	-18.9	-23.5

Earnings snapshot

FYE (Jun)	FY26	FY27f	FY28f
PAT (m)	20.1	25.2	27.8
EPS (sen)	4.7	5.9	6.5
P/E (x)	9.7	7.7	7.0

Relative performance chart



Quarterly performance 4QFY26

Quarterly performance								
FYE Jun (RM m)	**4QFY25**	**3QFY26**	**4QFY26**	**QoQ (%)**	**YoY (%)**	**FY25**	**FY26**	**YoY (%)**
Revenue	104.4	115.9	126.5	*9.2*	*21.2*	414.1	445.5	*7.6*
EBIT	7.8	8.5	9.3	*8.6*	*18.3*	33.6	30.0	*(10.8)*
PBT	7.7	8.1	8.8	*8.5*	*13.4*	31.7	28.4	*(10.3)*
Core PAT	6.7	6.0	5.9	*(3.0)*	*(11.9)*	24.9	20.1	*(19.3)*
Reported PAT	6.7	6.0	12.2	*102.0*	*83.5*	24.9	26.4	*6.3*
Core EPS (sen)	1.6	1.4	1.4	*(3.0)*	*(11.9)*	5.8	4.7	*(19.3)*
EBIT margin (%)	7.5	7.4	7.3			8.1	6.7	
PBT margin (%)	7.4	7.0	6.9			7.7	6.4	
Core PATMI margin (%)	6.4	5.2	4.6			6.0	4.5	

Source: AWC, M+ Global Research

Valuation & Recommendation

- **Forecast.** We maintained our core PAT forecasts of RM25.2m–27.8m for FY27f–28f, and will introduce our FY29 forecasts upon our meetup with the management.
- **Maintained BUY with an unchanged TP of RM0.59.** We maintain our Buy recommendation with the same TP of RM0.59. The target price is derived based on a P/E ratio of 10.0x pegged to FY27f fully-diluted EPS of 5.90 sen.
- **Downside risks.** Risks to our recommendation include (i) failure to renew the government's concession contract and (ii) continued slowdown in Middle East project progress.

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