

AWC Berhad

AWCS Contract Win In India

Newsbreak

- AWC Berhad announced that its indirect wholly-owned subsidiary, Stream Industries Sdn Bhd (STREAM), has on 28 September 2026 entered into two agreements with Gujarat International Finance Tec-City Company Limited for a combined contract sum of RM13.1m. The contracts entail supplying Automated Waste Collection System (AWCS) connections for developments in the Domestic Tariff Area (DTA) for RM8.4m and Special Economic Zone (SEZ) for RM4.7m within GIFT City in Gandhinagar, Gujarat, India. Both contracts carry a duration of 36 months from the Notice to Commence. To facilitate local operations, STREAM is incorporating a legal entity in India, to which the agreements will subsequently be novated.

M+ Global View

- We view this contract win positively, as it directly validates management's strategy highlighted during the recent [4QFY26 post-briefing note](#), to pivot its Environment division toward public infrastructure and smart city developments in India. Securing AWCS project in GIFT City establishes a vital execution track record in the region, serving as an operational hedge against ongoing project delays in the Middle East while complementing core regional markets in Malaysia and Singapore.
- Executed over a 36-month tenure, the project translates to an annualized top-line contribution of ~RM4.4m. Assuming a conservative NP margin of 8.0%–10.0% for environmental engineering turnkey works, the contracts are expected to contribute approximately RM1.1m–RM1.3m in cumulative net profit (~RM0.35m–RM0.44m per annum) across FY27f–FY29f.

Valuation & Recommendation

- Forecast.** As this contract win falls within our order book replenishment assumptions for the Environment division, we maintain our core PAT forecasts for FY27f–FY29f.
- Maintain BUY with a higher TP of RM0.80.** We maintain our BUY recommendation with a higher TP of RM0.80 (from RM0.65), based on a higher P/E multiple of 12.0x (from 10.0x) pegged to our mid-FY28f fully diluted EPS of 6.69 sen. The valuation re-rating reflects improving earnings visibility, underpinned by a record RM100.0m Engineering order book, largely driven by DC-related contract wins, together with the India AWCS contract, which validates the Group's regional expansion strategy and provides greater geographic diversification against ongoing Middle East project delays. Improved trading liquidity since early September further supports a narrowing of the stock's historical liquidity discount. Concurrently, we roll forward our valuation base from FY27f to mid-FY28f as part of our annual report update.
- Downside risks.** Risks to our recommendation include (i) failure to renew the government's concession contract and (ii) continued delays in Middle East project progress.

Company Update

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BUY

Share price	RM0.615
Target price	RM0.800
Previous TP	RM0.650
Capital upside	30.1%
Dividend return	-
Total return	30.1%

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)	263.0
52W High/Low	0.785 / 0.430
Est. Free float (%)	40.2
Beta (x)	1.7
3-mth avg vol ('000)	622.0
Shariah compliant	Yes

Major shareholders

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

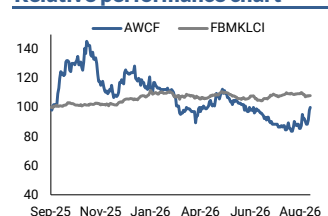
Share price vs. KLCI (%)

	1M	3M	12M
Hist. return			
Absolute	11.8	-1.0	-1.9
Relative	13.2	-3.2	-9.2

Earnings snapshot

	FY26	FY27f	FY28f
FYE (Jun)			
PAT (m)	20.1	27.8	29.4
EPS (sen)	4.7	6.5	6.9
P/E (x)	13.1	9.5	8.9

Relative performance chart



Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Jun (RM m)	FY25	FY26	FY27f	FY28f	FY29f
Cash	134	122	114	138	165
Receivables	142	145	182	191	202
Inventories	27	30	34	36	38
PPE	19	19	20	20	20
Others	107	94	107	107	107
Assets	428	410	458	493	533
Debts	97	72	72	73	74
Payables	83	72	106	111	117
Others	19	16	19	19	19
Liabilities	199	159	197	202	210
Shareholder's equity	229	250	261	291	323
Minority interest	-	-	-	-	-
Equity	229	250	261	291	323

Cash Flow Statement

FYE Jun (RM m)	FY25	FY26	FY27f	FY28f	FY29f
Profit before taxation	32	28	37	39	41
Depreciation & amortisation	-	-	-	-	-
Changes in working capital	10	(18)	(26)	(6)	(7)
Share of JV profits	-	-	-	-	-
Taxation	(7)	(8)	(9)	(9)	(10)
Others	(7)	14	(12)	-	1
Operating cash flow	28	16	(10)	24	26
Net capex	(3)	(3)	-	-	-
Others	7	4	-	-	-
Investing cash flow	4	1	-	-	-
Changes in borrowings	(10)	(25)	0	0	1
Issuance of shares	3	2	-	-	-
Dividends paid	-	(3)	-	-	-
Others	(5)	1	-	-	-
Financing cash flow	(12)	(26)	0	0	1
Net cash flow	20	(9)	(10)	24	27
Forex	(1)	(4)	-	-	-
Others	(5)	1	-	-	-
Beginning cash	119	134	124	114	138
Ending cash	134	122	114	138	165

Source: M+ Research

Income Statement

FYE Jun (RM m)	FY25	FY26	FY27f	FY28f	FY29f
Revenue	412	445	504	530	560
EBITDA	34	30	38	40	43
EBIT	34	30	38	40	43
Net finance income/ (co)	(2)	(2)	(1)	(1)	(1)
Associates & JV	-	-	-	-	-
Profit before tax	32	28	37	39	41
Tax	(7)	(8)	(9)	(9)	(10)
Net profit	25	20	28	29	31
Minority interest	-	-	-	-	-
Core earnings	25	20	28	29	31
Exceptional items	-	6	-	-	-
Reported earnings	25	26	28	29	31

Valuation & Ratios

FYE Jun (RM m)	FY25	FY26	FY27f	FY28f	FY29f
Core EPS (sen)	5.8	4.7	6.5	6.9	7.3
P/E (x)	10.6	13.1	9.5	8.9	8.4
EV/EBITDA (x)	3.1	3.5	2.8	2.6	2.5
DPS (sen)	-	0.8	-	-	-
Dividend yield	-	0.0	-	-	-
BVPS (RM)	0.5	0.6	0.6	0.7	0.8
P/B (x)	1.1	1.1	1.0	0.9	0.8
EBITDA margin	8.2%	6.7%	7.5%	7.5%	7.6%
EBIT margin	8.2%	6.7%	7.5%	7.5%	7.6%
PBT margin	7.7%	6.4%	7.3%	7.3%	7.4%
Net margin	6.0%	4.5%	5.5%	5.5%	5.6%
ROE	11.3%	8.4%	11.2%	10.7%	10.2%
ROA	5.7%	4.8%	6.4%	6.2%	6.1%
Net gearing	CASH	CASH	CASH	CASH	CASH

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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

