AWC Berhad

Southern Zone Concession Renewed for 10 Years

Company Update

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Newsbreak

- AWC Berhad announced that its indirect wholly-owned subsidiary, Ambang Wira Selatan Sdn Bhd (AWSSB), has on 26 November 2026 entered into a Public Private Partnership (PPP) Agreement with the Government of Malaysia for the management and maintenance of Federal Government buildings in the Southern Zone (Melaka, Negeri Sembilan and Johor), for an estimated aggregate concession value of RM519.9m. The 10-year concession commences on 1 January 2027 and expires on 31 December 2036, translating to ~RM51.98m per annum. It succeeds the current arrangement expiring on 31 December 2026, extending the Group's tenure as the Southern Zone concessionaire since June 1998.

M+ Global View

- We view this renewal positively, as it removes the concession renewal overhang we had previously flagged as a key downside risk. Securing a further 10-year term extends the Group's ~28-year track record in the Southern Zone and anchors the Facilities Division's recurring income base through to FY37.

- Assuming a net margin of 4–5%, the concession is expected to generate net profit of ~RM20.8m–RM26.0m over the 10-year tenure, or ~RM2.1m–RM2.6m per annum. This represents ~7.1%–8.8% of our FY28f PAT of RM29.4m, being the first full financial year of contribution.

- Including this concession and ~RM75.9m of contracts secured since June 2026, AWC's pro-forma order book expands to ~RM1.42bn (from RM824.3m as at 30 June 2026), providing 3.2x cover ratio over FY26 revenue of RM445.5m. FYTD new contract wins of ~RM595.8m have already reached 88.5% of the record RM673.0m replenished in FY26.

Valuation & Recommendation

- **Forecast.** As the concession's annual value of ~RM51.98m falls within our annual order book replenishment assumptions for the Facilities division, we maintain our core PAT forecasts for FY27f – FY29f.

- **Maintain BUY with TP of RM0.80.** We maintain our BUY recommendation with an unchanged TP of RM0.80, based on a P/E multiple of 12.0x pegged to our mid-FY28f fully diluted EPS of 6.69 sen.

- **Downside risks.** Risks to our recommendation include (i) continued delays in Middle East project progress, (ii) rising labour and compliance costs compressing concession margins and (iii) slower-than-expected order book replenishment in the Engineering and Environment divisions.

BUY

Share price	**RM0.610**
Target price	**RM0.800**
Previous TP	**RM0.800**
Capital upside	31.1%
Dividend return	-
Total return	31.1%

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)	260.9
52W High/Low	0.785 / 0.430
Est. Free float (%)	39.6
Beta (x)	1.5
3-mth avg vol ('000)	2078.3
Shariah compliant	Yes

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

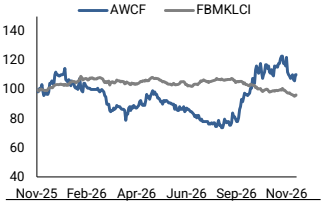
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-20.9	34.1	3.4
Relative	-9.1	49.2	6.9

Earnings snapshot

FYE (Jun)	FY26	FY27f	FY28f
PAT (m)	20.1	27.8	29.4
EPS (sen)	4.7	6.5	6.9
P/E (x)	13.0	9.4	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

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)	10.5	13.0	9.4	8.9	8.3
EV/EBITDA (x)	3.0	3.4	2.7	2.6	2.4
DPS (sen)	-	0.8	-	-	-
Dividend yield	-	1.3%	-	-	-
BVPS (RM)	0.5	0.6	0.6	0.7	0.8
P/B (x)	1.1	1.0	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

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