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AGX Group Berhad

Poised for Regional Ascent

Initiate Coverage

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Tuesday, June 24, 2025

Price: RM0.54

Fair Value: RM0.54

Valuation/Recommendation

We initiate coverage on AGX Group Berhad with a HOLD rating and Target Price (TP) of RM0.54, based on FY26E PER of 13.5x. AGX is a regional third-party logistics (3PL) provider with operations across nine countries, specializing in sea and air freight forwarding, aerospace logistics, and warehousing. We are positive on its long-term potential underpinned by: (i) a scalable asset-light model that enhances financial agility, (ii) niche strength in aerospace logistics, and (iii) its positioning to tap into rising cross-border e-commerce and MRO demand.

Investment Highlights

Strategic Niche with Aerospace Edge. AGX has carved out a strategic advantage in aerospace logistics, serving major clients like Asia Digital Engineering (AirAsia's MRO arm). This high-margin segment (gross margin >30%) benefits from rising aircraft maintenance demand post-COVID, and a growing commercial fleet across Asia.

Asset-Light Expansion Model. AGX's capital-light strategy, which emphasizes leased infrastructure, enables nimble regional expansion with minimal gearing (net cash: RM25m in FY24). It recently expanded logistics hubs in Penang, Johor Bahru, and Busan, reinforcing its Southeast Asia and North Asia connectivity.

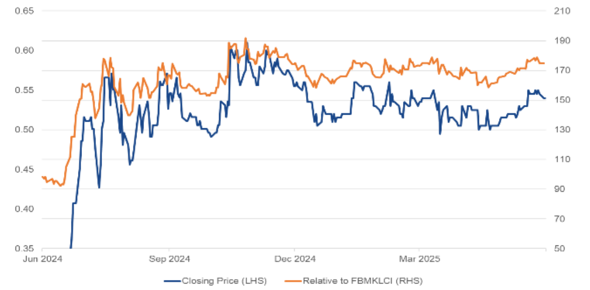
Exposure to Structural Growth Drivers. With ASEAN e-commerce expected to grow >20% CAGR through 2026, AGX's regional footprint is well-positioned to benefit from surging demand in logistics. Additionally, its exposure to cross-border trade corridors such as the Johor-Singapore SEZ adds another tailwind to growth.

Financial Outlook. We project core net profit CAGR of 28% (FY24–26E), supported by aerospace logistics recovery and stable freight volumes. FY25–27 topline is forecast to grow ~10% annually, while margins normalize at 28% gross and 12% EBITDA. The balance sheet remains robust, with estimated CapEx of only ~RM1m/year.

Initiate HOLD with TP of RM0.54. Our TP is based on 13.5x FY26E EPS, a modest 10% premium to the local logistics sector PER average, justified by AGX's strong earnings trajectory and strategic niche. However, global trade headwinds and aerospace concentration risks temper near-term upside.

Key risks include; i) Changes in local and internal regulations, ii) Decline in demand for sea and freight changes, iii) Fluctuations in sea and freight rates and iv) Dependence on a major local carrier.

Share Price Performance



Business Overview

Integrated third-party logistics service provider with presence in seven Southeast Asian countries, China and South Korea with diversified offerings across air, sea, road, warehousing, and aerospace logistics.

Return Information	
KLCI (pts)	1516.61
YTD KLCI chg	(7.7)
YTD Stock Price chg	(3.6)

Price Performance	1M	3M	12M
Absolute (%)	62.4	67.2	(1.3)
Relative to KLCI (%)	65.6	72.3	(1.6)

Stock Information	
Market Cap (RM m)	233.7
Issued Shares (m)	432.9
52-week High (RM)	0.63
52-week Low (RM)	0.30
Estimated Free Float (%)	126.3
Beta vs FBM KLCI	0.58
3-month Average Vol. (m)	0.3
Shariah Compliant	Yes
Bloomberg Ticker	AGX

Top 3 Shareholders	%
Mark Penu	18.7
Neo Lip Pheng	18.4
Periasamy Ponnudurai	11.5

FY DEC (RM m)	FY24A	FY25E	FY26E
Revenue	238.4	263.3	289.5
EBIT	13.1	23.0	22.9
Net Profit	15.3	21.8	22.1
Core Net Profit	12.7	17.2	17.4
Core EPS (sen)	0.03	0.04	0.04
Core EPS Growth (%)	28.5%	35.3%	1.2%
Net DPS (sen)	0.9	1.2	1.2
Net Div. Yield (%)	1.7%	2.3%	2.3%
BVPS (sen)	20.7	25.3	29.2
PER	17.9	12.6	12.4
PBV (x)	2.5	2.1	1.8
Net Gearing (x)	Net Cash	Net Cash	Net Cash

Investment merits

Strategic Positioning. AGX Group Bhd is well-positioned in the logistics sector with a strong regional presence and specialized service offerings that differentiate it from typical competitors. Operating across seven countries in Southeast Asia, China, and South Korea, AGX benefits from diversified market exposure and reduced reliance on any single market. A key strength lies in its focus on aerospace logistics, supported by notable partnerships. For example, AGX provides freight forwarding and customs services for Asia Digital Engineering, the MRO (Maintenance, Repair, and Overhaul) arm of AirAsia. This specialization — including services like Aircraft-on-Ground support — gives AGX a competitive edge, allowing it to tap into growing demand driven by airline fleet expansion and post-pandemic maintenance needs.

As global air travel returns to pre-pandemic levels, the demand for MRO services is accelerating. AGX is strategically positioned to benefit from both this cyclical recovery and the long-term structural growth of the aerospace sector. Airlines are increasingly investing in maintaining and extending the life of existing fleets, creating steady demand for high-quality MRO support. This segment typically commands higher margins and offers more stable revenue due to its technical complexity and regulatory requirements. AGX's established capabilities in this niche enhance its resilience, enabling it to generate recurring income even amid fluctuations in general freight rates.

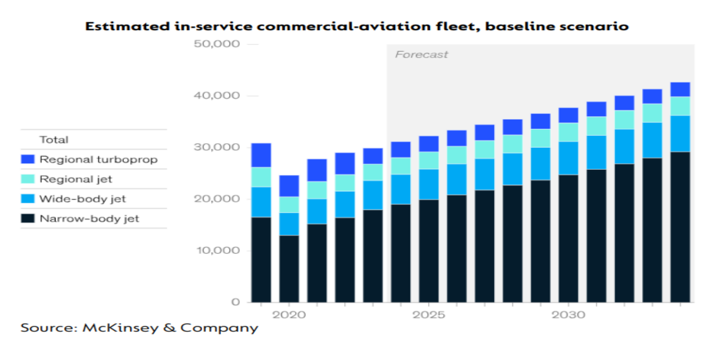
Scalable Light-Asset Model. AGX's expansion strategy is anchored in a capital efficient, asset light framework that allows the Group to scale operations while maintaining strong financial discipline. The Group's decision to lease rather than own infrastructure assets enables it to remain agile in responding to shifting market dynamics. Recent investments in logistics hubs including Penang, Johor Bharu and Busan-underscore AGX's intent to deepen its cross-border capabilities and serve growing logistics demand, all while preserving a lean balance sheet and optimizing returns on invested capital.

Macro Growth Themes. AGX Group Bhd is well-positioned to benefit from several major macroeconomic trends driving logistics demand in the region. One of the key growth drivers is Southeast Asia's rapidly expanding e-commerce sector, which is expected to grow at a compound annual rate of over 20% through 2026 (according to a January 2025 report by ResearchandMarkets.com). With a strong presence across key ASEAN countries, AGX is strategically placed to support and capitalize on increasing cross-border e-commerce flows. Simultaneously, the resurgence in air travel following the pandemic and record-high aircraft order backlogs are creating strong demand for Maintenance, Repair, and Overhaul (MRO) services. This directly supports AGX's aerospace logistics segment, which is already aligned with these long-term trends.

The company is also set to benefit from new economic initiatives such as the Johor-Singapore Special Economic Zone (JS-SEZ), which aims to enhance trade efficiency and supply chain connectivity between Malaysia and Singapore. AGX's operations on both sides of the corridor — including warehousing in Johor and logistics services in Singapore — give it a natural advantage in tapping into this enhanced flow of goods and infrastructure development.

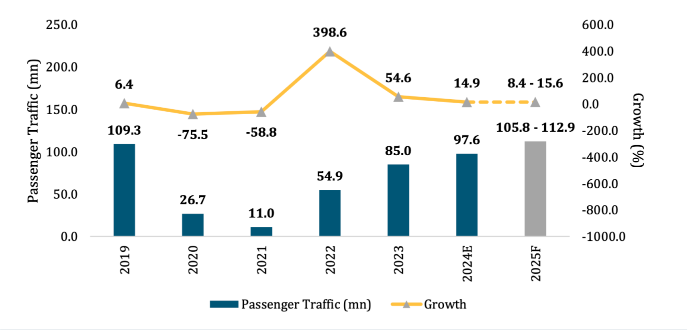
In Malaysia, passenger air traffic has made a strong recovery from just 11.0 million in 2021 to an estimated 112.9 million in 2024, with further growth expected in 2025. This robust recovery signals renewed strength in the local aviation sector, which in turn supports growing demand for aerospace logistics — an area where AGX has a strong operational footprint and proven capabilities.

Estimated in -service commercial aviation fleet, baseline scenario



Source: McKinsey

Malaysia's Passenger Traffic, 2019-2025



Source: MAVCOM, AOL Holders

Robust Margins

Over the FY2020–FY2024 period, AGX Group Bhd has demonstrated commendable gross profit margin (GPM) resilience, averaging approximately **25.5%.** Notably, gross margins peaked at **30.7% in FY2023**, before moderating to **25.6% in FY2024**, reflecting a normalization from post-pandemic highs yet remaining structurally strong.

This margin strength is underpinned by the Group's **Aerospace Logistics** division, which consistently delivers premium pricing. In FY2023, the average revenue per tonne in Aerospace Logistics stood at **RM20,600**, representing a **54% premium** over the **Air Freight Forwarding** segment, which averaged **RM13,376 per tonne.** This premium positioning reinforces AGX's differentiated value proposition in high-complexity logistics and supports margin durability across market cycles.

Robust Balance Sheet Outlook

AGX Group Bhd continues to maintain a strong financial position, supported by its asset-light business model. Since FY2020, the company's gearing has consistently declined, reaching a low of 0.01x in FY2024. Working capital requirements have remained modest, averaging RM5.3 million annually between FY2020 and FY2024, while operating cash flow averaged approximately RM11.4 million over the same period. Capital expenditure (CapEx) rose to RM4.46 million in FY2024, largely due to post-listing expansion activities. This was a temporary spike, as average CapEx from FY2020 to FY2022 stood at a more moderate RM1.3 million. Looking ahead, we forecast annual CapEx to normalize to around RM1 million for FY2025–FY2027, mainly for equipment upgrades, as AGX is expected to continue leasing warehouses tailored to its operational needs — consistent with its disciplined cost approach.

As of FY2024, AGX is in a net cash position, holding RM25 million in cash against just RM1 million in borrowings. We expect this healthy net cash position to be sustained through FY2027, providing ample headroom to fund operations and support the company's 30% dividend payout policy.

Financial Performance

Historical Earnings. AGX has demonstrated resilient growth with a 3-year CAGR of +7% for revenue and +29% for net profit. The strong bottom-line growth outpaced revenue gains due to lower tax rates in its operating countries and robust contributions from its 30%-owned associate, Air Link. Gross profit margins improved from 29% in FY2020 to a peak of 31% in FY2023, driven by strong performance in the Philippines — AGX's most profitable market. The Philippines accounted for 51% of revenue in FY2023 (up from 35% in FY2020), though this eased to 44% in FY2024. Meanwhile, Malaysia showed stronger growth momentum, with a 3-year revenue CAGR of 44%, supported by post-pandemic gains in the aerospace logistics segment. While sea and air freight forwarding were the primary revenue drivers from FY2020–FY2022, aerospace logistics overtook them in FY2023, contributing 38% of revenue. However, its share declined to 28% in FY2024, as sea and air freight rebounded to 34% and 39%, respectively.

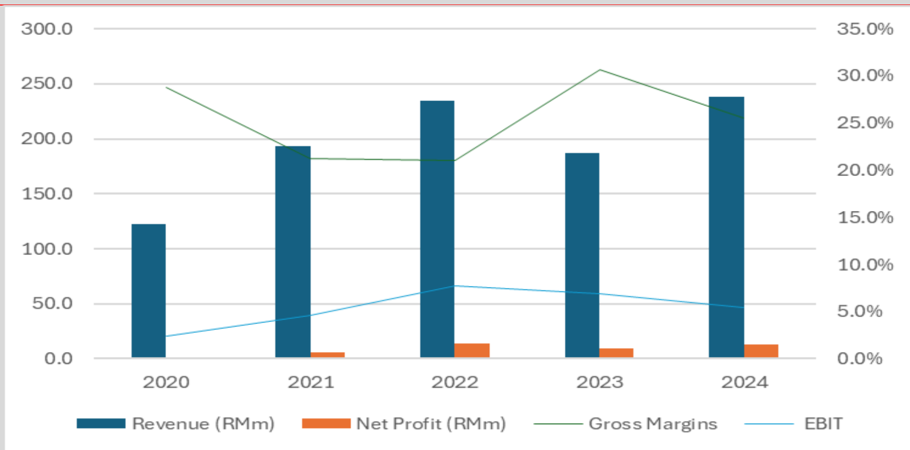
Average pricing across key segments fell sharply in FY2023 (down 18%–45%), reflecting weaker trade volumes (down 25%–41%), - attributed to tighter global monetary policy and geopolitical tensions - though aerospace logistics bucked the trend with a >100% surge in volume to 4.2k tonnes — albeit with an 18% price decline. In FY2024, volumes continued to recover, especially in aerospace (up 36% to 5.72k tonnes), but pricing trends remained mixed: sea and air freight pricing rose 13%–27%, while aerospace logistics saw a further 31% price drop.

Historical Pricing Average

	FY2020	FY2021	FY2022	FY2023	FY2024
Sea Freight Forwarding (RM/TEU	3,520.00	8,000.00	7,900.00	4,330.45	5,479.72
Air Freight Forwarding (RM/Tonnes)	11,080.00	14,940.00	15,200.00	6,577.31	7,464.72
Aerospace Logistics (RM/Tonnes)	10,766.67	17,300.00	20,600.00	16,824.45	11,554.97

Source: Company, Mercury Securities

Historical Earnings



Source: Company, Mercury Securities

Moving forward, we project a conservative topline of RM263m/RM289m/RM318m for FY25–FY27, reflecting a steady annual growth rate of ~10%. We also forecast a 5% annual growth for AGX's associate, Air Link, over the same period.

Our assumptions are based on the following:

i) Ongoing uncertainty around potential U.S. tariffs under a second Trump administration, with a baseline 10% tariff likely persisting while more extreme 20–50% tariffs are expected to be avoided for most of ASEAN;

ii) ASEAN economies gradually shifting toward greater intra-Asia trade (with China, India, Japan, and the GCC) to offset reduced U.S. access—though this transition will take time to materialize;

iii) Continued post-pandemic recovery in Asian air travel, supported by moderating inflation and lower interest rates.

We estimate core net profit to grow by 1%–35% from FY25–FY27, underpinned by stable gross profit and EBITDA margins of 28% and 12%, respectively, with EBIT margins in the 8-9% range. Our forecast also incorporates a 5% annual increase in both pricing and volumes.

Valuation

Initiate coverage with a Hold call and TP of RM0.54. We initiate coverage on AGX Group Bhd with a Hold rating and a target price (TP) of RM0.54, based on a 13.5x PER applied to FY26E EPS. This represents a 10% premium to the 10-year local industry average PER of 12.3x, justified by: (i) AGX's strong 3-year average net profit CAGR of 29% (FY21–FY24E), (ii) its position as a diversified 3PL provider operating across 8 markets and 5 business segments, and (iii) growth potential in its aerospace logistics business, supported by the continued recovery in Asia's travel sector. Valuation upside is tempered by global tariff uncertainties.

However, we remain positive on AGX's long-term prospects underpinned by: i) Sustainable demand driven by shifting global trade dynamics, ii) Strong gross profit margins (~30%) due to its diversified, cost-efficient operations, iii) A robust balance sheet with ample capacity for growth, and iv) A net cash position that supports its 30% dividend payout policy.

Domestic Peers

We base our basket of domestic peers on: (i) Tasco Bhd, (ii) FM Global Logistics Holdings Bhd and (iii) Swift Haulage Bhd

Comparison of Regional Peer Financials

	FYE	Revenue (RMm)			Net Profit (RMm)			Gross Margins %			Net (Cash) / Debt	ROE %
Company		2022	2023	2024	2022	2023	2024	2022	2023	2024	2024	2024
TASCO Bhd	June	1,481.4	1,606.3	1072.7	67.7	92.2	64.8	16.2	23.8	11.5	156.0	4.39
FM Global Logistics Bhd	June	1,152.9	948.4	817.5	49.8	47.2	33.7	19.8	24.2	28.7	137.5	7.6
Swift Haulage Bhd	Dec	643.8	671.5	716.8	49.2	63.1	41.2	30.7	29.5	28.1	767.5	5.6
								22.2	**25.8**	**22.8**		**5.86**
AGX	Dec	234.43	186.83	238.44	13.5	9.8	12.7	21.0	30.7	25.6	Net Cash	14.2%

Source: Bloomberg, Mercury Securities

Key risks

Changes in local and international regulations. Any changes in regional and international regulatory requirements imposed by government authorities could harm AGX's operations. Non-compliance may result in license revocation or non-renewal, leading to operational disruptions.

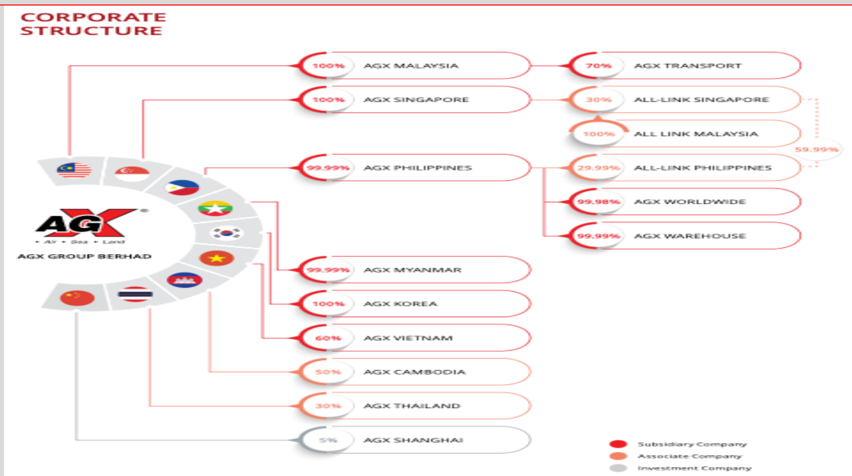
Decline in global demand for sea and air freight services. AGX's logistics services are integral to international shipments, facilitating freight movement between countries. As such, the company's volume is closely tied to the level of global trade. A downturn in demand for logistic services could negatively impact earnings. Furthermore, the logistics industry is highly competitive, with global players potentially overshadowing regional firms like AGX. Economic downturns or disruptions, such as pandemics or geopolitical tensions, can affect supply chains and demand for logistics services.

Fluctuation in sea and air freight rates. The pricing of AGX's sea and air freight forwarding and aerospace logistics services depends on freight rates. These rates are subject to various factors, including global trade activities, container availability, sea and air freight demand, and the supply of vessels and aircrafts. An unforeseen decline in freight rates could negatively affect earnings. Economic downturns or disruptions, such as pandemics or geopolitical tensions, can affect supply chains and demand for logistics services.

Dependence on a major local carrier. AGX Group Berhad's aerospace logistics segment faces significant concentration risk due to its heavy reliance on a low cost carrier which contributed over 10% of its revenue in FY2022–2023. The termination of this contract would materially impact earnings. Its exposure makes AGX vulnerable to air travel disruptions, such as pandemics, regulatory changes, or geopolitical shocks. The business is also cyclical, with revenue closely tied to airline maintenance demand. AGX's growth in this segment is dependent on the carrier MRO expansion, linking its prospects to the airline's financial and operational health. Any setback on the carrier—cost cuts, fleet downsizing, or strategic shifts—would directly affect the contribution of AGX's aerospace logistics segment.

Swot Analysis	
S STRENGTHS	**W WEAKNESS**
• Diverse Service Portfolio: AGX offers a comprehensive range of third-party logistics services, including air and sea freight forwarding, aerospace logistics, warehousing, and road freight. • Strategic Regional Presence: With operations in Malaysia, Singapore, the Philippines, South Korea, Myanmar, Vietnam, Cambodia, and Thailand. • Specialization in Aerospace Logistics: A significant portion of AGX's revenue (38%) comes from aerospace logistics, particularly handling Aircraft on Ground (AOG) services, showcasing its expertise in a niche market. • Recognition and Awards: AGX has received accolades such as the Lognet Global Logistics Network Best Partner Award and the SME International Malaysia Golden Bull Award, reflecting industry recognition.	• Limited Global Reach: While AGX has a strong regional presence, its global network is still developing compared to larger international logistics firms. • Dependence on Specific Sectors: A significant reliance on the aerospace sector means that downturns in this industry could disproportionately affect AGX's financial performance. • Resource Constraints: As a mid-sized company, AGX may face limitations in capital and resources when competing with larger logistics providers.
T THREATS	**O OPPORTUNITIES**
• Intense Competition: The logistics industry is highly competitive, with global players potentially overshadowing regional firms like AGX. • Regulatory Changes: Evolving trade regulations, tariffs, and customs procedures can impact cross-border operations and increase compliance costs. • Economic Fluctuations: Economic downturns or disruptions, such as pandemics or geopolitical tensions, can affect supply chains and demand for freight and logistics services.	• E-commerce Growth: The rapid expansion of e-commerce in Southeast Asia presents opportunities for AGX to offer last-mile delivery and fulfillment services. • Digital Transformation: Investing in technologies like AI, IoT, and blockchain can enhance operational efficiency and offer competitive advantages. • Strategic Partnerships: Collaborations with other logistics providers or tech companies can help AGX expand its service offerings and market reach.

Corporate Structure

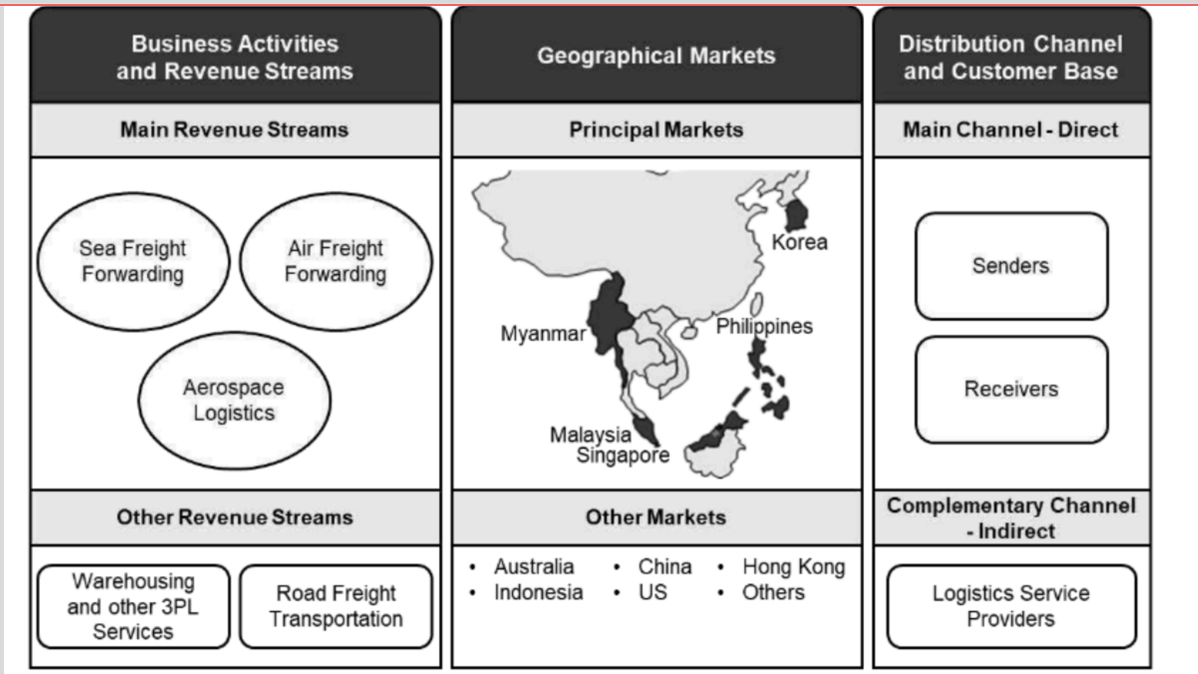


Source: Company, Mercury Securities

Company Background

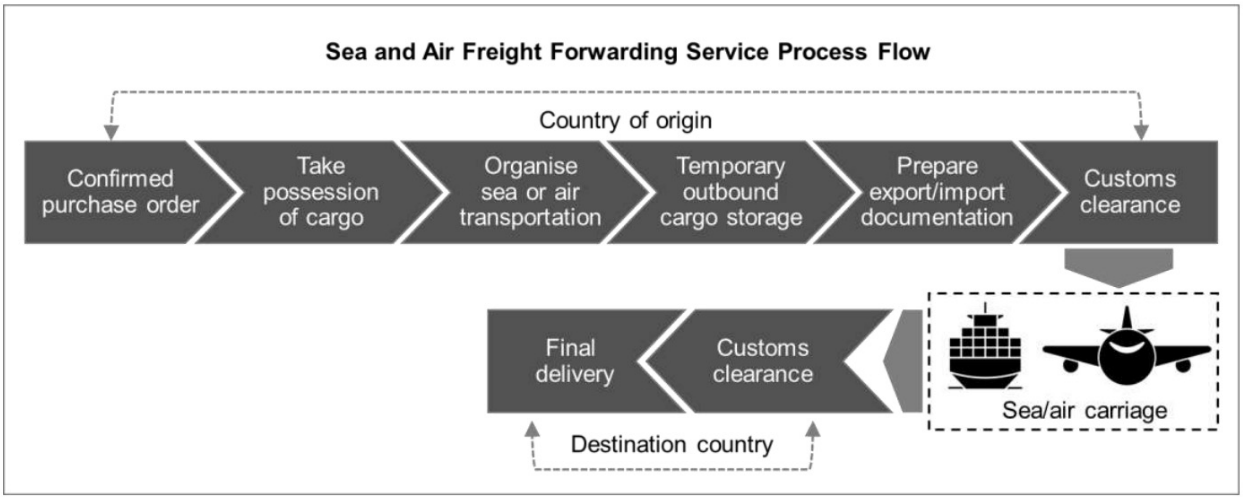
Regional integrated logistics service provider. Established in 2004, AGX is an integrated 3PL service provider, primarily offering sea and air freight forwarding and aerospace logistics services since 2005. The company provides a comprehensive range of services to meet the diverse needs of its clients, including sea and air freight forwarding, aerospace logistics, road freight transportation, warehousing, and other 3PL services. AGX has a presence in nine countries, across SEA, including Malaysia, Singapore, the Philippines, Myanmar, Cambodia, Thailand, Vietnam, China and South Korea. With its headquarters in Malaysia, the Group operates 18 offices and 11 warehouses, supported by over 400 employees. AGX is also a registered NVOCC and an IATA-accredited Cargo Agent, enabling direct engagement with sea and air freight carriers.

Business Activities and Markets



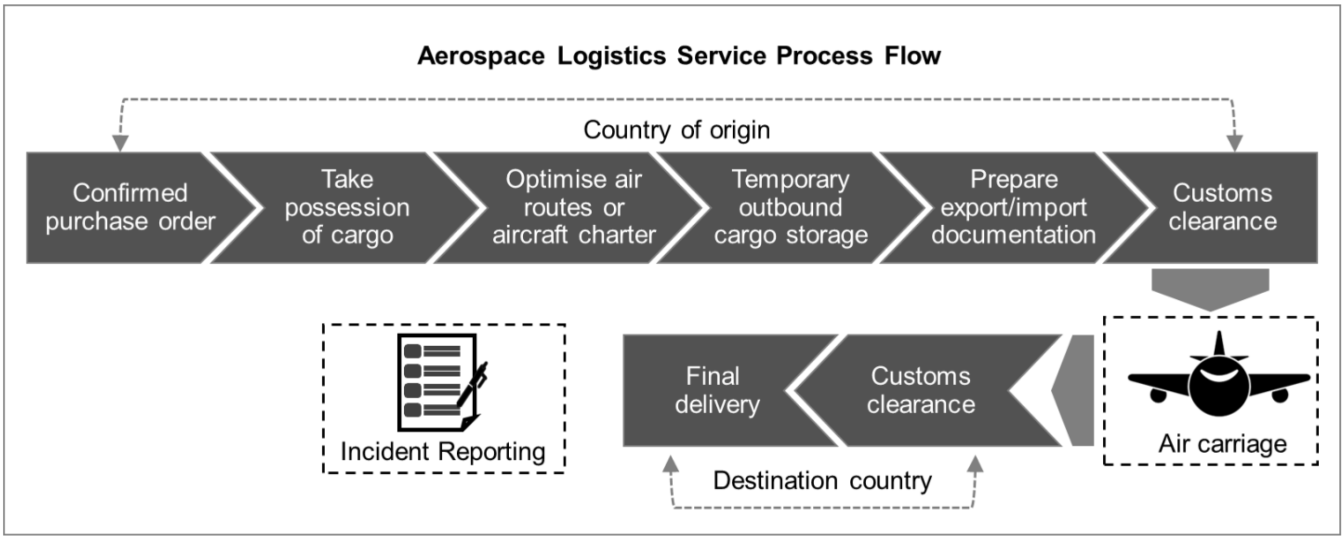
Source: Company, Mercury Securities

Forwarding Services Flow



Source: Company, Mercury Securities

Aerospace Logistics Services Flow



Source: Company, Mercury Securities

Direct and indirect distribution channels to provide a one-stop logistics solution. By leveraging these channels, AGX maximizes sales and broadens its market reach. Through direct channels, clients engage directly with AGX, while indirect channels involve partnerships with other logistics service providers, who collaborate with AGX to deliver logistics services to their customers. Direct channels typically account for c.80% of the company's total revenue, allowing AGX to offer more comprehensive, higher-value end-to-end logistics services. In contrast, indirect channels generally provide more specialized services. These channels help expand AGX's reach into regions where it does not have a physical presence, creating additional business opportunities.

Board of Directors and Management Profile

Dato' Rozalila Binti Abdul Rahman is the Independent Non-Executive Director/Chairperson, appointed to the Board in November 2022. With over 30 years of experience, she has expertise in product lifecycle management, consumer lifestyle and brand management, and client service management. Dato' Rozalila was also the CEO of Astro GS Shop Sdn Bhd, Chief Marketing Officer of Telekom Malaysia Berhad, and General Manager of Maxis Mobile Services Sdn Bhd. 1988 she graduated from the University of Putra Malaysia with a Bachelor of Food Science and Technology.

Dato' Ponnudorai A/L Periasamy is the Group's Chief Executive Officer. With over 15 years of experience in local and international freight forwarding and air freight sectors, Dato' Ponnudorai co-founded AGX Malaysia (formerly known as AGI Logistics Malaysia Sdn Bhd) in 2005. In 2016, he obtained a Procurement and Contract Professionals certificate accredited by the Chartered Institute of Logistics and Transport.

Mr. Neo Lip Pheng, Peter is the Managing Director of AGX Myanmar. He was appointed to the Board in Nov19. He joined AGX Singapore in 2011 as Regional Director and became a Board member in June 12. Peter was later appointed as the Managing Director of AGX Myanmar in 2023. He began his career as a sales executive with Jet Express (S) Pte Ltd in 1993 before leaving in 1998 to co-found AGI Freight Singapore Pte Ltd, which specializes in international freight forwarding. Peter holds a Diploma in marketing from the Chartered Institute of Marketing.

Mr. Jayasielan A/L Gopal, the Managing Director of AGX Malaysia, oversees AGX's business operations in Malaysia. With 24 years of experience in the local and international freight forwarding and air freight sectors, Mr. Jayasielan co-founded AGX Malaysia alongside Dato' Ponnudorai in 2005. He holds a Certificate in Procurement and Contract Professionals accredited by the Chartered Institute of Logistics and Transport in 2016.

Mr. Penu Mark is the Managing Director of AGX Singapore, a role he has held since cofounding the company in 2010 with Dato' Ponnudorai and Mr. Jayasielan. He holds a Bachelor of Engineering in Engineering and Management from Loughborough University, United Kingdom. Mark also founded Premier Supporters, a sole proprietorship focused on the wholesale and retail of football merchandise.

Mr. Maximino Baylen Gulmaya, Jr., is the Managing Director of AGX Philippines. He co-founded the company in 2012 and has served as its Managing Director. He is responsible for expanding the group's logistics network and overseeing product development and overall operations in the Philippines. He holds a Bachelor of Science in Customs Administration from the John B. Lacson Colleges Foundation in the Philippines.

Mr. Chang Poh Sheng is the Chief Financial Officer, managing all financial matters, including financial reporting and internal controls for the group. Mr. Chang has been a qualified accountant since 2001, certified by the Chartered Institute of Management Accountants in the United Kingdom. He is also a member of the Malaysian Institute of Accountants. Mr. Chang joined AGX as the CFO in 2018.

Mr. Yun Jaehoon is the Managing Director of AGX Korea, overseeing the expansion of AGX's logistic network and its overall operations. He co-founded AGX Korea in 2012. Mr. Yun graduated from Kyunmin University in South Korea in 2002, specializing in Office Automation, Trade Automation, and Logistics Management.

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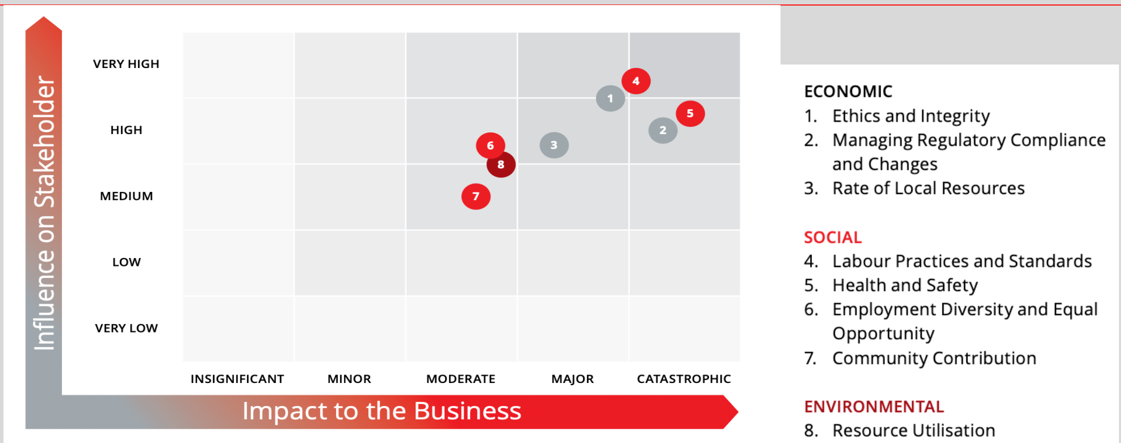
Sustainability Review

AGX Group Berhad's FY2024 Sustainability Statement underscores its commitment to responsible business practices, environmental stewardship, and sustainable value creation, guided by an integrated EES strategy. The Board of Directors oversees ESG governance, including target approvals, strategy development, and risk evaluations, while management and the CEO implement these initiatives.

Key Sustainability Initiatives:

- Ethics & Integrity: AGX enforces strict anti-corruption policies, with significant increases in employee training. Management and executive training rose from 2% to 12% and 2% to 20%, respectively.
- Local Sourcing: The proportion of spend on Malaysia-based suppliers grew from 8% in FY2022 to 13% in FY2024, strengthening local supply chains and resilience.
- Health & Safety: AGX prioritized safety, with training for 211 employees in FY2024 (an 8% increase). No fatalities or lost-time injuries occurred.
- Human Capital & Diversity: Focus on fair labor practices and diversity. Employee turnover remained low, with management turnover rising slightly.
- Community Investment: Corporate social responsibility (CSR) grew, with an investment of RM9,531.25, benefiting 44 individuals— a 340% increase in outreach.
- Resource Efficiency: Upgrades to LED lighting improved energy efficiency. Diesel consumption dropped by 24% due to optimized routes and fuel-efficient trucks. Water and electricity use rose due to business growth, areas for future improvement.



Source: Company, Mercury Securities

Materiality Assessment

AGX's materiality matrix highlights Labor Practices & Standards, Health & Safety, and Ethics & Integrity as the most critical ESG issues. Other priorities include regulatory compliance, local sourcing, employment diversity, and resource utilization.

- Top-tier (Very High Impact):
  - Labour Practices & Standards: Ensuring fair labour conditions and skill development, essential for employee retention and service quality.
  - Health & Safety: Protecting staff welfare and minimizing accidents – critical given the logistics environment.
  - Ethics & Integrity: Underpins corporate reputation and supply-chain sustainability.
- High Impact:
  - Managing Regulatory Compliance: Adapting to evolving logistics regulations (e.g. trade, tax, customs) to avoid disruptions.
  - Rate of Local Sourcing: Increasing local content ties into resilience and stakeholder support, impacting procurement strategy.
- Medium/Lower Impact (but still material):
  - Employment Diversity & Equal Opportunity: Diversity initiatives (gender, age) to attract talent.
  - Community Contribution: CSR engagement supports license to operate; as FY2024 data shows, AGX's spending here is rising rapidly.
  - Resource Utilisation: Energy/water efficiency efforts (tracked through fuel and power consumption) show progress but lower relative impact.

Performance Trends (FY2022–2024):

	INDICATOR	UNIT	FY 2022	FY 2023	FY 2024
ECONOMIC – ETHICS AND INTEGRITY	ANTI-CORRUPTION				
	Percentage of employees who have received training on anti-corruption by employee category				
	Management	Percentage	2	2	**12**
	Executive	Percentage	2	1	**20**
	Non-executive/Technical Staff	Percentage	14	16	**6**
	Confirmed incidents of corruption and action taken	Number	0	0	**0**
ECONOMIC – MANAGING REGULATORY COMPLIANCE AND CHANGES	CYBERSECURITY & DATA PROTECTION				
	Number of substantiated complaints concerning breaches of client privacy or losses of client	Number	0	0	**0**
ECONOMIC – RATE OF LOCAL SOURCES	SUPPLY CHAIN MANAGEMENT				
	Proportion of spending on local suppliers	Percentage	8	10	**13**
SOCIAL – HEALTH & SAFETY	HEALTH & SAFETY				
	Number of work-related fatalities	Number	0	0	**0**
	Lost Time Incident Rate ("LTIR")	Rate	0	0	**0**
	Number of employees trained on health and safety standards	Number	151	195	**211**
	Total hours worked	Hours	0	0	**0**
	Number of lost time injuries	Number	0	0	**0**
SOCIAL – LABOUR PRACTICES AND STANDARDS	HUMAN RIGHTS				
	Number of substantiated complaints concerning human rights violations	Number	0	0	**0**
	EMPLOYEE RETENTION AND ATTRACTION				
	Total hours of training by employee category				
	Management	Hours	138	205	**368**
	Executive	Hours	460	1,109	**872**
	Non-executive/Technical Staff	Hours	121	257	**216**
	General Workers	Hours	1,096	1,424	**51**
	Total number of employee turnover by employee category				
	Management	Number	1	0	**10**
	Executive	Number	13	13	**16**
	Non-executive/Technical Staff	Number	20	13	**14**
	General Workers	Number	27	29	**13**

Source: Company, Mercury Securities

- Anti-Corruption: Significant training increases, with no corruption incidents.
- Procurement: The percentage of spend on local suppliers increased steadily, reaching 13% in FY2024.
- Environment: While water and electricity use grew, efforts like LED lighting and fuel-efficient trucks led to improvements in fuel consumption.
- Health & Safety: Continued focus on safety, with a significant rise in worker safety training.
- Community & CSR: Community investment surged by 340%, reflecting stronger CSR engagement.
- Employee Development: Training hours increased for management, and turnover remained low, indicating stable employee retention.

Conclusion:

AGX's sustainability efforts show strong alignment with key EES priorities, including ethics, labor safety, and diversity. Performance metrics reflect progress in ethics training, local sourcing, fuel efficiency, safety training, and CSR, with no adverse EES incidents. These trends suggest a solid foundation for sustainable value creation, supporting AGX's long-term resilience and growth. Investors can view the Group's sustainability priorities and performance positively, with further improvement on disclosure of greenhouse gas emission (GHG).

Corporate Governance Review

AGX Group Berhad has largely adhered to its Board Charter and governance framework, demonstrating sound practices aligned with the Malaysian Code on Corporate Governance. The Board is well-balanced with 50% Independent Non-Executive Directors and an independent Chairperson. Clear role separation between Chair and CEO is maintained, and the company enforces a nine-year tenure cap for independent directors.

1. Board Structure & Independence: Strong governance is shown through role separation, board diversity in expertise, and tenure limits. However, formal gender diversity policy is lacking, with only 25% women on the board.
2. Board Committees: Audit, Nomination, and Remuneration Committees are fully independent and operate under clear Terms of Reference. The ARMC is particularly robust, with financial expertise and oversight over risk and audit matters.
3. Ethics & Integrity: AGX has established a Code of Conduct and a Whistleblowing Policy, both reviewed periodically and available online. These reinforce a culture of accountability and integrity.
4. Risk Management: A sound internal control and risk management framework is overseen by the ARMC. Internal audit is outsourced to a qualified firm with sufficient independence and disclosed adherence to global audit standards.
5. Sustainability Governance: Sustainability is embedded in board decisions and performance evaluations. However, the company has yet to appoint a dedicated sustainability officer, a gap in fully implementing strategic ESG oversight.
6. Stakeholder Engagement & AGM: AGX excels in AGM conduct—providing 28-day notices, full board attendance, interactive virtual meetings with transparent Q&A, and plans to comply with hybrid AGM requirements by 2025.

AGX's governance is transparent, accountable, and aligned with key governance codes, reflecting a well-functioning board and leadership team. The company's proactive steps in director evaluations, whistleblower protection, and risk oversight show a maturing governance culture. Moving forward, formalizing a gender diversity policy, appointing a sustainability lead, and enhancing director development will be key to strengthening resilience, investor confidence, and ESG readiness. These enhancements, if implemented, will reinforce AGX's long-term value creation and governance leadership in the market.

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FY Dec (RM m)	2023A	2024A	2025E	2026E	2027E
Revenue	**186.8**	**238.4**	**263.3**	**289.5**	**318.3**
EBITDA	19.4	22.8	34.5	31.3	33.6
Depreciation &Amortz	(6.6)	(9.7)	(11.4)	(8.3)	(6.0)
Operating Profit	**12.9**	**13.1**	**23.0**	**22.9**	**27.6**
Interest Inc/(Exp)	(1.4)	(2.2)	(1.2)	(0.9)	(0.7)
Assoc Earnings	1.5	11.8	12.4	13.0	13.7
Profit Before Tax	**14.3**	**15.3**	**21.8**	**22.1**	**26.9**
Taxation	(4.5)	(2.5)	(4.6)	(4.6)	(5.7)
Net Profit	9.8	12.7	17.2	17.4	21.3
Core PATAMI	**9.8**	**12.5**	**17.0**	**17.2**	**21.0**
Balance Sheet					
FY Mar (RM m)	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Fixed Assets	3.6	5.8	4.7	4.0	3.6
Intangible Assets	9.5	26.8	18.4	12.1	8.8
ROU Assets	1.2	1.1	1.1	1.1	1.1
Other Fixed Assets	4.6	14.4	14.4	14.4	14.4
Inventories	52.9	60.6	59.6	65.8	72.4
Receivables	12.7	13.7	14.6	16.1	17.7
Other Current Assets	2.0	3.0	3.9	1.0	2.8
Cash	12.6	25.4	51.3	73.8	95.5
Total Assets	**99.0**	**150.7**	**168.1**	**188.4**	**216.2**
Payables	21.1	22.9	21.9	26.3	28.9
ST Borrowings	13.8	1.0	0.0	0.0	0.0
Other ST Liability	0.1	0.9	0.9	0.9	0.9
LT Borrowings	0.2	0.0	0.0	0.0	5.3
Other LT Liability	12.5	36.8	35.8	34.8	33.8
Net Assets	**51.4**	**89.7**	**109.5**	**126.5**	**147.3**
Shareholders' Equity	51.3	89.5	109.3	126.2	147.0
Minority Interests	0.1	0.2	0.3	0.3	0.3
Total Equity	**51.4**	**89.7**	**109.5**	**126.5**	**147.3**
Cashflow Statement					
FY Mar (RM m)	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Operating CF	2.9	4.2	34.0	28.6	27.7
Investing CF	2.7	(2.4)	1.6	1.0	2.1
Financing CF	(10.7)	16.8	(8.1)	(7.1)	(8.1)
Change In Cash	(5.1)	18.6	27.5	22.5	21.7
Free CF	5.4	3.9	34.9	29.4	29.4
Source: Mercury Securities					

FY Mar	2023A	2024A	2025E	2026E	2027E
Growth					
Turnover	-20.3%	27.6%	10.4%	10.0%	10.0%
EBITDA	-17.8%	17.2%	51.3%	-9.3%	7.4%
Operating Profit	-28.7%	1.8%	75.7%	-0.3%	20.3%
PBT	-14.9%	6.9%	42.9%	1.2%	22.0%
Core Net Profit	-27.7%	30.0%	35.3%	1.2%	22.0%
Profitability					
EBITDA Margin	10.4%	9.6%	13.1%	10.8%	10.5%
Operating Margin	6.9%	5.5%	8.7%	7.9%	8.7%
PBT Margin	7.6%	6.4%	8.3%	7.6%	8.5%
Core Net Margin	5.2%	5.3%	6.4%	5.9%	6.6%
Effective Tax Rate	13.0%	13.0%	13.0%	13.0%	13.0%
ROA	9.9%	8.5%	10.2%	9.3%	9.8%
	19.1%	14.2%	15.7%	13.8%	14.4%
ROE	10.4%	9.6%	13.1%	10.8%	10.5%
Leverage					
Debt/Asset (x)	0.14	0.01	0.00	0.00	0.02
Debt/Equity (x)	0.27	0.01	0.00	0.00	0.04
Net (Cash)/Debt	1.42	(24.36)	(51.27)	(73.80)	(90.18)
Net Debt/Equity (x)	0.03	(0.27)	(0.47)	(0.58)	(0.61)
Valuations					
Core EPS (sen)	2.9	2.9	4.0	4.0	4.9
NDPS (sen)	0.7	0.9	1.2	1.2	1.5
BV/sh (RM)	15.3	20.7	25.3	29.2	34.0
PER (x)	23.1	17.9	12.6	12.4	10.2
Div. Yield (%)	133.3 %	173.1 %	226.2 %	229.0 %	279.4 %
PBV (x)	3.4	2.5	2.1	1.8	1.5

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