



# AGX Group Berhad

## Solid Results, Near-Term Challenges Cap Re-Rating

AGX's 1HFY25 results were in line with expectations. Core net profit more than doubled YoY, driven by broad-based demand across its service lines and a 25% YoY revenue increase, supported by contained operational costs and lower forex losses. Although Trump's tariff-related pressures have eased, AGX remains vigilant and cautious, maintaining strategic focus on i) Diversifying its customer base and expanding into emerging markets to mitigate regional slowdown risks, ii) Optimising operational efficiencies, and iii) Exploring strategic partnerships to broaden service offerings and reinforce its market position. We maintain our forecasts but lower our TP slightly to RM0.53 (from RM0.54) after switching our valuation methodology from PER to EV/EBITDA. Maintained Hold.

AGX's 1HFY25 core net profit accounted for 49% of our full-year forecast, meeting expectations. No dividend was declared, as expected, but the company remains committed to a 30% payout, likely to be declared at end-CY25.

YoY, revenue rose 25% in 1HFY25, underpinned by: (i) road freight transportation (+83% YoY) supported by higher volumes on Thailand-Myanmar routes, (ii) air freight forwarding (+58% YoY) mainly from Malaysia and Vietnam, and (iii) sea freight forwarding (+21% YoY) from Malaysia and Vietnam. Malaysia benefited from its expanded logistics hubs in Penang and Johor Bahru. By geography, Vietnam contributed RM7.6m as a new market, while the Philippines remained the largest contributor at 38% (1HFY24: 44%). Contributions from Malaysia and Myanmar improved by +5ppts and +3ppts (1HFY24: 26% and 15%), respectively. Korea's contribution fell due to weaker demand from the petrochemical industry amid stronger Chinese competition. Gross margin contracted 90bps to 28% (within estimates), reflecting pricing pressures from market share expansion in Vietnam. Core net profit surged >100% to RM8.39m, supported by a lower effective tax rate of 20% (-8ppts YoY from non-taxable associates' share of results) and improved EBITDA margin (+2.5ppts YoY to 13%) on lower forex losses and the absence of IPO expenses.

QoQ, 2QFY25 revenue rose 13% on strong demand for (i) aerospace logistics (+34% QoQ) driven by Malaysia and the Philippines, and (ii) road freight transportation from Myanmar. However, core net profit fell 9% QoQ to RM4.0m, due to higher net forex losses (RM1.13m) and weaker associate contribution (-RM0.85m).

**Cautious and Vigilant Ahead.** With Trump's tariff risks easing, the IMF's July 2025 World Economic Outlook Update raised global GDP growth projection to 3.0% (from 2.8% in April), reflecting stronger resilience in major economies. Trade diversification and inter-regional trade flows should sustain AGX's growth trajectory. Nonetheless, AGX remains cautious and continues to focus strategically on: i) Strengthening revenue streams through customer and market diversification, ii) Optimising operational efficiencies via advanced logistics technologies and process enhancements, and iii) Exploring partnerships to broaden service offerings and reinforce market position.

**Forecasts.** Maintained as results were in line.

## Results Note

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Tuesday, August 26, 2025

Price: RM 0.51

Target Price: RM 0.53 (↓)

## 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)               | 1,602.45 |
| YTD KLCI chg. (%)        | -2.37    |
| YTD Stock Price chg. (%) | -7.27    |

| Price Performance    | 1M    | 3M    | 12M |
|----------------------|-------|-------|-----|
| Absolute (%)         | 0.0   | (1.0) | 5.2 |
| Relative to KLCI (%) | (5.2) | (6.0) | 2.2 |

## Stock Information

|                          |        |
|--------------------------|--------|
| Market Cap (RM m)        | 216.4  |
| Issued Shares (m)        | 432.8  |
| 52-week High (RM)        | 0.63   |
| 52-week Low (RM)         | 0.41   |
| Estimated Free Float (%) | 80.99  |
| Beta vs FBM KLCI         | 0.21   |
| 3-month Average Vol. (m) | 0.2    |
| Shariah Compliant        | Yes    |
| Bloomberg Ticker         | AGX MK |

## Top 3 Shareholders

|                      | %    |
|----------------------|------|
| Mark Penu            | 18.7 |
| Neo Lip Pheng        | 18.4 |
| Periasamy Ponnudurai | 11.5 |

| FY Jun (RM m)       | FY24A | FY25E | FY26E |
|---------------------|-------|-------|-------|
| Revenue             | 238.4 | 263.3 | 289.5 |
| EBITDA              | 22.8  | 34.5  | 31.3  |
| EBIT                | 13.1  | 23.0  | 22.9  |
| Net Profit          | 12.7  | 17.2  | 17.4  |
| Core Net Profit     | 12.5  | 17.0  | 17.2  |
| Core EPS (sen)      | 0.03  | 0.04  | 0.04  |
| Core EPS Growth (%) | 3.90  | 5.09  | 5.16  |
| Net DPS (sen)       | 0.9   | 1.2   | 1.2   |
| Net Div. Yield (%)  | 1.8%  | 2.3%  | 2.3%  |
| BVPS (sen)          | 20.7  | 25.3  | 29.2  |
| PER (x)             | 17.6  | 12.6  | 12.4  |
| PBV (x)             | 2.5   | 2.0   | 1.7   |
| Net Gearing (x)     | Cash  | Cash  | Cash  |



**Valuations.** We switch our valuation methodology from PER (13.5x previously) to EV/EBITDA to better reflect AGX's asset-light business model amid geopolitical uncertainties and logistics cost fluctuations. Applying 5.5x FY26E EV/EBITDA (based on peers' best forward multiples), we derive a TP of RM0.53 (previously RM0.54 on PER 13.5x). HOLD maintained.

**Investment case.** We remain cautious as the freight forwarding industry is closely tied to global trade flows, supply chain dynamics, and regional production shifts. Nonetheless, we are constructive on AGX's long-term outlook, supported by: (i) a scalable asset-light model offering financial agility, (ii) niche strength in aerospace logistics & MRO demand post-COVID, and (iii) positioning to capture cross-border e-commerce and logistics opportunities.

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

### Results Highlights

| Y/E : Dec (RM m)                | 2Q25    | 1Q25    | QoQ Chg. % | 2Q24    | YoY Chg. % | 6M25    | 6M24    | YoY Chg. % |
|---------------------------------|---------|---------|------------|---------|------------|---------|---------|------------|
| <b>Key financial highlights</b> |         |         |            |         |            |         |         |            |
| Revenue                         | 70.11   | 61.83   | 13.4%      | 55.80   | 25.7%      | 131.94  | 105.22  | 25.4%      |
| Gross Profit                    | 18.96   | 18.65   | 1.7%       | 15.94   | 18.9%      | 37.61   | 30.89   | 21.8%      |
| OPEX                            | (10.38) | (13.64) | -23.9%     | (11.88) | -12.6%     | (24.01) | (25.10) | -4.3%      |
| EBITDA                          | 8.70    | 8.48    | 2.5%       | 8.50    | 2.3%       | 17.18   | 11.03   | 55.7%      |
| EBIT                            | 5.88    | 5.92    | -0.7%      | 4.45    | 32.2%      | 11.80   | 5.24    | 125.1%     |
| PBT/(LBT)                       | 5.18    | 5.34    | -3.1%      | 3.82    | 35.4%      | 10.52   | 4.21    | 149.7%     |
| Taxation                        | (1.17)  | (0.96)  | 22.5%      | (0.86)  | 36.8%      | (2.13)  | (1.21)  | 76.2%      |
| Net Profit                      | 4.15    | 4.53    | -8.5%      | 3.03    | 37.0%      | 8.68    | 3.10    | 180.2%     |
| PATAMI                          | 4.01    | 4.39    | -8.6%      | 2.97    | 35.0%      | 8.39    | 3.01    | 179.2%     |
| Core EPS (sen)                  | 0.93    | 1.01    | -8.6%      | 0.69    | 35.0%      | 1.94    | 0.69    | 179.2%     |
| Net DPS (sen)                   | 0.00    | 0.00    | -          | 0.00    | -          | 0.00    | 0.00    | -          |
| <b>Margins</b>                  |         |         |            |         |            |         |         |            |
| Gross Margin                    | 27.0%   | 30.2%   |            | 28.6%   |            | 28.5%   | 29.4%   |            |
| Opex                            | -14.8%  | -22.1%  |            | -21.3%  |            | -18.2%  | -23.9%  |            |
| EBITDA Margin                   | 12.4%   | 13.7%   |            | 15.2%   |            | 13.0%   | 10.5%   |            |
| EBIT Margin                     | 8.4%    | 9.6%    |            | 8.0%    |            | 8.9%    | 5.0%    |            |
| PBT Margin                      | 7.4%    | 8.6%    |            | 6.9%    |            | 8.0%    | 4.0%    |            |
| PATAMI Margin                   | 5.7%    | 7.1%    |            | 5.3%    |            | 6.4%    | 2.9%    |            |
| ETR                             | -22.6%  | -17.9%  |            | -22.4%  |            | -20.2%  | -28.6%  |            |
| <b>Segmental (RMm)</b>          |         |         |            |         |            |         |         |            |
| Sea Freight Forwarding          | 22.88   | 24.20   | -5.5%      | 19.68   |            | 47.07   | 39.02   | 20.6%      |
| Air Freight Forwarding          | 15.92   | 13.79   | 15.4%      | 10.18   |            | 29.71   | 18.81   | 58.0%      |
| Aerospace Logistics             | 18.40   | 13.76   | 33.8%      | 17.99   |            | 32.16   | 32.69   | -1.6%      |
| Warehousing and 3PL             | 3.41    | 2.82    |            | 2.81    |            | 6.22    | 5.52    | 12.7%      |
| Services                        |         |         | 21.0%      |         |            |         |         |            |
| Road Freight Transportation     | 9.51    | 7.27    | 30.7%      | 5.14    |            | 16.78   | 9.17    | 83.0%      |

Source: Company, Bursa Malaysia, Mercury Securities



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