AGX Group Berhad

Results Note
BUY (↑)
research@mersec.com.my
Thursday, August 27, 2026
Price: RM 0.445
Target Price: RM 0.640 (↑)

Momentum Build; Earnings Upgraded

AGX Group Berhad's 6MFY26 results came in above our expectations, Topline surged 41% YoY, driven by broad-based expansion across its core freight businesses, led by air freight forwarding, aerospace logistics and sea freight forwarding. However, gross profit growth was more measured as the blended GP margin compressed amid competitive pricing and a changing revenue mix. Following the stronger-than-expected revenue trajectory, we raise our FY26E/FY27E earnings estimates by 32%/31%, with the higher topline assumptions more than offsetting our more conservative GP margin and tax assumptions. We lower our GP margin assumption to 22% from c.24% and raise our ETR assumption to 25% from 21%. Consequently, we raise our TP by 31% to RM0.64, based on an unchanged target P/E multiple of 13x FY27E EPS. Upgrade to BUY.

6MFY26 results exceeded expectations, with PATAMI of RM9.1m representing approximately 62% of full-year estimates. The positive variance to our estimates was driven by driven by broad-based expansion across its core freight businesses, led by air freight forwarding, aerospace logistics and sea freight for. No dividend was declared in the reporting quarter but AGX declared and paid a special single-tier dividend of 2.2 sen/share, amounting to approximately RM9.5m (due to the success of its 23% All-Link associate in the SGX). The dividend was declared on 1 July 2026 and paid on 27 July 2026.

YoY, topline surged 41% to RM186.0m, underpinned by strong growth across most business segments. Air freight forwarding was the standout performer, expanding 80% YoY, followed by aerospace logistics (+42%), sea freight forwarding (+30%), road freight transportation (+13%) and warehousing and 3PL services (+8%). By geography, Vietnam remained the fastest-growing market with revenue more than tripling (+214%), while Singapore (+85%), Malaysia (+39%) and the Philippines (+29%) also recorded healthy growth. Gross profit, however, increased by a more moderate 11% to RM41.6m, with GP margin narrowing by 6.2ppts to 22.4% from 28.5%, reflecting pricing pressures and a higher contribution from relatively lower-margin activities (as AGX reduced its fees in Vietnam to build market share). PBT increased 16% to RM12.2m, although PBT margin eased 1.4ppts to 6.5%, weighed by a 40% decline in share of associate profits to RM3.0m (due to listing expenses and normalise in sales) and higher impairment losses. Consequently, PATAMI rose a modest 5% to RM9.1m, while PATAMI margin narrowed to 4.9% from 6.6%, partly reflecting the higher effective tax rate of 24.5% versus 20.2% previously.

QoQ, operating momentum strengthened considerably. Revenue increased 24% to RM102.9m from RM83.1m in 1QFY26, driven predominantly by sea freight forwarding (+32%) and air freight forwarding (+46%), while aerospace logistics grew another 4%. Road freight transportation rose 5%, while warehousing and 3PL services were broadly stable. Gross profit increased 7% to RM21.5m, although GP margin moderated by 3.3ppts to 20.9% from 24.2%, reflecting the stronger contribution from lower-margin freight forwarding activities. Nevertheless, share of associate profits more than doubled to RM2.2m from RM0.9m, while lower foreign-exchange losses provided additional support. As a result, PBT jumped 48% QoQ to RM7.3m, with PBT margin expanding to 7.1% from 5.9%. PATAMI correspondingly increased 45% to RM5.4m, with PATAMI margin improving 0.8ppt to 5.2%, despite a higher ETR of 25.6%.

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. Listed on the ACE Market.

Return Information	
KLCI (pts)	1,748.54
YTD KLCI chg.	4.1%
YTD Stock Price chg.	-0.8%

Price Performance	1M	3M	12M
Absolute (%)	-7.3%	11.3%	-12.7%
Relative to KLCI (%)	-10.1%	8.3%	-21.9%

Stock Information	
Market Cap (RM m)	192.6
Issued Shares (m)	432.9
52-week High (RM)	0.60
52-week Low (RM)	0.37
Est. Free Float (%)	26%
Beta vs FBM KLCI	0.5
3-month Avg Vol.	121,340
Shariah Compliant	Yes
Bloomberg Ticker	AGX MK Equity

Top 3 Shareholders	%
Neo Lip Pheng	18.9%
Mark Penu	18.8%
Gopal Jayasielan	11.3%

FY DEC (RM m)	FY25A	FY26E	FY27E
Revenue	**290.7**	**364.7**	**401.2**
Gross Profit	**61.0**	**70.0**	**80.2**
EBITDA	31.1	37.4	41.0
EBIT	19.9	26.5	28.3
PBT	17.2	26.0	28.3
Net Profit	**14.5**	**19.5**	**21.2**
Core Net Profit	**14.3**	**19.4**	**21.1**
Core EPS (sen)	3.31	4.48	4.88
Consensus Net Profit		22.1	26.3
Earnings Revision		*31.7%*	*32.0%*
Core EPS Growth (%)	14.1%	35.5%	9.0%
Net DPS (sen)	-	1.3	1.5
Net Div. Yield (%)	0.0%	3.0%	3.3%
BVPS (sen)	23.4	28.7	33.5
PER (x)	14.9	11.1	10.2
PBV (x)	1.9	1.6	1.3
ROE (%)	14.3%	15.7%	14.7%

Earnings Revised. We raise our FY26E/FY27E earnings estimates by 32% for both FY26E/FY27E, principally reflecting the stronger-than-anticipated revenue run-rate in 1HFY26 and higher freight volumes across AGX's regional operations. The earnings upgrade is therefore predominantly volume- and topline-led, rather than margin-led. To reflect the actual 1HFY26 margin profile and the rapid expansion of lower-margin regional freight activities, we reduce our GP margin assumption to 22% from c.24%. We also raise our ETR assumption to 25% from 21%, broadly in line with the 24.5% effective tax rate recorded in 6MFY26.

Upgrade to BUY. We raise our TP to RM0.64 from RM0.48, based on an unchanged 13x target P/E multiple applied to FY27E EPS. We continue to view the target multiple as justified by AGX's i) asset-light and scalable operating model, ii) diversified regional presence across key ASEAN markets, iii) increasingly meaningful exposure to higher-value aerospace logistics, iv) strong momentum in air freight forwarding, and v) structural exposure to growing intra-Asian trade and supply-chain diversification. With the stronger earnings trajectory providing renewed valuation headroom, we **upgrade AGX to BUY from HOLD.**

Investment Case. We remain constructive on AGX's 2HFY26 prospects, with air freight forwarding and aerospace logistics expected to remain the principal growth engines. Contributions from the secured aerospace service agreements with Malaysia Airlines, VietJet Air and Sun PhuQuoc Airways should become progressively more meaningful as onboarding and operating activities ramp up. The 1HFY26 numbers already provide evidence of this growth trajectory, with air freight and aerospace logistics revenue expanding 80% and 42% YoY respectively. Vietnam also remains a key growth market, although competitive pricing during the market-development phase may continue to cap the Group's blended GP margin in the near term. Meanwhile, All-Link completed its SGX Mainboard listing on 5 August 2026, reducing AGX's effective stake to approximately 23.2%. While the dilution may temper AGX's share of associate earnings, All-Link remains a strategic investment with longer-term upside from regional expansion and customer acquisition.

Key risks remain; i) slowdown in regional and global trade, volatility in sea and air freight rates, ii) geopolitical disruptions, iii) foreign-exchange movements, iv) execution risks surrounding new airline contracts, v) weaker-than-expected margins as the Group expands into new markets, and v) lower associate earnings following the dilution of its All-Link stake.

Results Highlights

Y/E: Dec (RM m)	2Q26	1Q26	QoQ Chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
Revenue	**102.86**	**83.12**	***23.8%***	**70.11**	***46.7%***	**185.99**	**131.94**	*41.0%*
Gross Profit	**21.49**	**20.08**	***7.0%***	**18.96**	***13.4%***	**41.58**	**37.61**	*10.5%*
OPEX	**(11.83)**	**(12.32)**	***-3.9%***	**(12.63)**	***-6.3%***	**(24.15)**	**(24.86)**	*-2.9%*
Share of Profits	**2.17**	**0.88**	***148.3%***	**2.13**	***2.1%***	**3.05**	**5.11**	*-40.3%*
EBITDA	10.77	8.32	*29.4%*	8.70	*23.8%*	19.09	17.18	*11.1%*
EBIT	7.91	5.56	*42.4%*	5.88	*34.6%*	13.47	11.80	*14.2%*
PBT/(LBT)	**7.25**	**4.90**	***48.2%***	**5.18**	***40.1%***	**12.15**	**10.52**	*15.5%*
Taxation	**(1.86)**	*(1.12)*	*65.7%*	**(1.17)**	*58.9%*	**(2.98)**	**(2.13)**	*40.3%*
Net Profit	*5.40*	*3.77*	*43.0%*	*4.15*	*30.2%*	*9.17*	*8.68*	*5.7%*
PATAMI	**5.39**	**3.71**	*45.3%*	**4.01**	*34.5%*	***9.10***	**8.39**	*8.4%*
Core EPS (sen)	1.24	0.86	*45.3%*	**0.93**	*34.5%*	**2.10**	**1.94**	*8.4%*
Net DPS (sen)	0.00	0.00	*N/A*	**0.00**	*N/A*	**0.00**	**0.00**	*N/A*
Special DPS (sen)	**2.1**	**0**		**0**		**2.1**		
Margins								
Gross Margin	20.9%	24.2%		27.0%		22.4%	28.5%	
Opex	-11.5%	-14.8%		-18.0%		-13.0%	-18.8%	
EBITDA Margin	10.5%	10.0%		12.4%		10.3%	13.0%	
EBIT Margin	7.7%	6.7%		8.4%		7.2%	8.9%	
PBT Margin	7.1%	5.9%		7.4%		6.5%	8.0%	
PATAMI Margin	5.2%	4.5%		5.7%		4.9%	6.4%	
ETR	-25.6%	-22.9%		-22.6%		-24.5%	-20.2%	
Segmental (RMm)								
Sea Freight Forwarding	34.85	26.46	*31.7%*	22.88	*52.3%*	61.31	47.07	*30.2%*
Air Freight Forwarding	31.71	21.78	*45.6%*	15.92	*99.2%*	53.49	29.71	*80.0%*
Aerospace Logistics	23.25	22.31	*4.2%*	18.40	*26.3%*	45.56	32.16	*41.7%*
Warehousing and 3PL Services	3.35	3.37	*-0.7%*	3.41	*-1.7%*	6.72	6.22	*8.0%*
Road Freight Transportation	9.71	9.21	*5.5%*	9.51	*2.2%*	18.92	16.78	*12.8%*

Source: Company, Bursa Malaysia, Mercury Securities

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Published & Printed By:

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