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AGX Group Berhad

Company Update
BUY (↑)
Research Team Coverage / research@mersec.com.my
Monday, September 7, 2026
Price: RM 0.430
Target Price: RM 0.640 (↔)

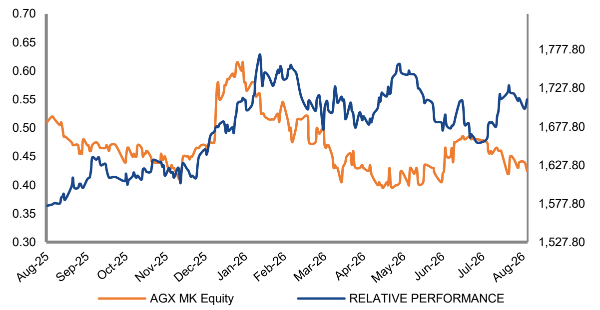
Aerospace Logistics and All-Link Fuel 2HFY26 Growth

We remain positive on AGX Group's outlook, supported by resilient freight demand, expanding aerospace logistics coverage and All-Link's regional growth. 6MFY26 revenue jumped 41.0% YoY to RM186.0m, driven by stronger contributions from sea freight forwarding, air freight forwarding and aerospace logistics, although PATAMI grew a modest 5.0% YoY to RM9.1m amid margin compression from a higher mix of lower-margin activities. Looking ahead, newly secured airline customers and the ramp-up of existing accounts should support aerospace logistics growth, while resilient air and sea freight demand provides further earnings support. Meanwhile, All-Link's SGX listing strengthens its financial flexibility to pursue customer acquisition and regional expansion. No change to our FY26E/FY27E earnings estimates of RM19.4m/RM21.1m. Target price remained at RM0.640, based on an unchanged 13.0x target P/E, as the Group's future growth prospects are already reflected in our current valuation. Maintain BUY.

We attended AGX Group Berhad's 2QFY26 post-results briefing, with key takeaways as follows:

1. **Robust topline growth but margins moderated by a lower-margin revenue mix.** Recap, 6MFY26 revenue surged 41.0% YoY and 23.7% QoQ to RM186.0m, driven by strong growth across sea freight forwarding (+33.9%), air freight forwarding (+30.8%) and aerospace logistics (+22.6%). Geographically, the Philippines remained the largest revenue contributor at 34.6%, while Vietnam was the fastest-growing market, contributing 14.9% of revenue. However, gross profit grew at a slower pace of 11.0% to RM41.6m, with GP margin narrowing to 22.4% from 28.5%, mainly due to a higher contribution from lower-margin activities as AGX lowered fees in Vietnam to gain market share. As a result, PATAMI rose a modest 5.0% YoY to RM9.1m, with PATAMI margin declining to 4.9% from 6.6%, partly reflecting higher contributions from associates and improved FX conditions.
2. **Aerospace logistics gains momentum as airline coverage expands.** AGX is primarily a third-party logistics provider offering sea and air freight forwarding, aerospace logistics, road freight transportation, warehousing and 3PL services. Within its aerospace logistics segment, AGX specialises in the transportation of aircraft parts and equipment required for MRO (Maintenance, Repair & Overhaul) and AOG (Aircraft-on-Ground) situations. While MRO involves scheduled maintenance, AOG refers to unexpected technical issues that ground an aircraft and require urgent transportation of replacement parts, typically within 24–48 hours, to minimise aircraft downtime. The aerospace logistics segment is mainly boosted by:
   - **Expanding customer and aircraft coverage.** AGX secured new customers including AirBorneo, Firefly and SEAIR, while MAS, VietJet Air and Sun PhuQuoc have progressed beyond initial onboarding into the ramp-up phase. This has expanded its aircraft coverage, with the current fleet coverage of 451 aircraft across four airlines providing a pathway towards 1,516 aircraft by 2035, supported by rising air travel demand and MRO requirements across Southeast Asia. Expansion into Indonesia is also being explored to drive further growth.
   - **Benefiting from MRO industry growth.** Southeast Asia's aircraft MRO market is projected to grow at a 10.6% CAGR from 2025 to 2031, supported by expanding aircraft fleets and rising maintenance

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)	1,708.10
YTD KLCI chg.	1.7%
YTD Stock Price chg.	-4.1%

Price Performance	1M	3M	12M
Absolute (%)	-5.5%	-4.4%	-14.9%
Relative to KLCI (%)	-1.4%	1.7%	7.7%

Stock Information	
Market Cap (RM m)	186.1
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	0.6
3-month Avg Vol. (m)	115,891
Shariah Compliant	Yes
Bloomberg Ticker	AGX MK Equity

Top 3 Shareholders	%
Neo Lip Pheng	18.9%
Mark Penu	18.8%
Periasamy Ponnudorai	11.3%

FY Mar (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)	1.8	1.5	1.3

requirements. This translates into higher demand for the transportation of aircraft parts and equipment, benefiting AGX's aerospace logistics segment. Growth opportunities are further supported by Capital A's MRO unit, Asia Digital Engineering (ADE), which is expanding its capacity through i) US$100m financing facility to expand its KLIA operations, ii) four additional hangar lines under construction targeted for completion by end-2027, and iii) plans to evaluate new hangar locations across Thailand, the Philippines and Bahrain. As ADE expands its capacity and serves a growing portfolio of airline customers, this could generate additional logistics opportunities for AGX, which already provides freight forwarding and customs brokerage services to ADE, particularly for time-critical AOG shipments.

- **Exploring defence aviation opportunities.** Management is exploring opportunities to expand its aerospace logistics services into government and military aircraft, beyond its current civil aviation customer base, which could further broaden its addressable market.

3. **Steady air and sea freight demand.** Despite ongoing Middle East disruptions and supply-chain volatility, global container volumes continue to grow, while cargo demand has shifted towards Southeast Asian airlines and regional logistics providers as customers seek alternative routing solutions. Elevated freight rates, particularly in selected sea freight markets, should provide near-term earnings support under AGX's cost-plus pricing model, which allows higher freight costs to be passed on to customers. Management expects air and sea freight volumes and revenue to continue growing, supported by higher freight flows, deeper customer penetration, regional collaboration and shared leads, with greater focus on growth markets such as Philippines, Vietnam, Malaysia and Singapore.
4. **All-Link post-SGX listing to unlock its next growth phase.** Following its successful listing on 5 August 2026, All-Link is well positioned to accelerate customer acquisition and regional expansion, backed by greater financial flexibility. While AGX's stake in All-Link is now diluted to 23% (from 30%), management guided a robust and resilient contribution coming from i) three global accounts secured over the past two years, with another one to two accounts targeted this year, and ii) the complementary strengths of All-Link's established China customer base and AGX's ASEAN logistics network. This China-ASEAN network provides a stronger platform to capture cross-border freight opportunities, with further expansion into Vietnam and Thailand offering additional growth potential.
5. **Management exploring M&A to support growth.** Beyond organic growth, management is evaluating strategic investment opportunities, including M&A of air and sea freight businesses, to increase freight volumes and broaden its customer base and network. Meanwhile, All-Link's post-SGX listing provides greater financial flexibility to accelerate customer acquisition and regional expansion, with its expansion into Vietnam and Thailand and potential new customer wins providing additional growth opportunities.
6. **2HFY26 set for a stronger finish.** Management expects 2HFY26 to outperform 1HFY26, supported by stronger seasonal demand, higher freight volumes and contributions from newly secured customers. Aerospace logistics should also gain further momentum as newly secured airline accounts progress into the ramp-up phase, supported by rising aircraft utilisation and maintenance requirements. Meanwhile, All-Link's post-SGX listing provides greater financial flexibility to accelerate customer acquisition and regional expansion, with new customer wins and expansion into Vietnam and Thailand offering additional growth opportunities. Collectively, these factors should drive improved earnings momentum in 2HFY26.

Post Update, we make no changes to our FY26E/FY27E earnings of RM19.4m/RM21.1m. Our GP margins assumption remained at 22%. **Valuation.** Our **TP remained at RM0.640 based on unchanged target P/E multiple of 13x**. We maintain our target P/E as the Group's future growth prospects, particularly from aerospace logistics expansion and All-Link's regional growth, are already reflected in our current valuation. Hence, we maintain our BUY call.

Investment Merit. We remain constructive on AGX's 2HFY26 outlook, underpinned by expanding aerospace logistics coverage, resilient air and sea freight demand and All-Link's regional expansion. Aerospace logistics offers the strongest structural growth opportunity, with new airline customers secured and existing accounts progressing into the ramp-up phase, while the growing Southeast Asian MRO market provides further tailwinds. Meanwhile, resilient freight volumes and AGX's cost-plus pricing model should provide earnings support, particularly across key growth markets such as Vietnam and Malaysia. All-Link's recent SGX listing also strengthens its financial flexibility to pursue new customer wins and regional expansion, particularly in Vietnam and Thailand. Together, these growth drivers should provide a solid foundation for AGX's longer-term earnings growth.

Key risks include: 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.

Key Financial Data

Income Statement

FY Dec (RM m)	2023A	2024A	2025A	2026E	2027E
Revenue	**186.8**	**238.4**	**290.7**	**364.7**	**401.2**
EBITDA	19.4	22.8	31.1	37.4	41.0
Depreciation & Amortz	(6.6)	(9.7)	(11.3)	(10.9)	(12.7)
Operating Profit	**12.9**	**13.1**	**19.9**	**26.5**	**28.3**
Interest Inc/(Exp)	(1.4)	(2.2)	(2.6)	(0.5)	0.0
Assoc Earnings	1.5	11.8	9.1	7.5	8.3
Profit Before Tax	**14.3**	**15.3**	**17.2**	**26.0**	**28.3**
Taxation	(4.5)	(2.5)	(2.7)	(6.5)	(7.1)
Net Profit	9.8	12.7	14.5	19.5	21.2
PATAMI	**9.8**	**12.5**	**14.3**	**19.4**	**21.1**

Balance Sheet

Fixed Assets	3.6	5.9	10.7	14.2	16.5
Intangible Assets	9.5	26.6	21.0	23.2	27.8
ROU Assets	1.2	1.1	0.9	0.8	0.7
Other Fixed Assets	4.6	14.5	23.3	23.5	23.5
Inventories	52.9	60.6	74.5	74.5	93.5
Receivables	12.7	14.1	15.5	17.7	21.3
Other Current Assets	2.0	8.2	13.8	8.3	(1.1)
Cash	12.6	21.1	16.2	12.9	32.8
Total Assets	**99.0**	**152.1**	**176.0**	**175.2**	**215.0**
Payables	21.1	23.5	30.0	31.0	40.4
ST Borrowings	13.8	15.1	17.3	0.0	0.0
Other ST Liability	0.1	0.8	0.1	0.1	0.1
LT Borrowings	0.2	19.7	3.2	16.9	16.9
Other LT Liability	12.5	3.0	24.0	3.1	3.1
Net Assets	**51.4**	**90.0**	**101.4**	**124.1**	**154.5**
Shareholders' Equity	51.3	89.5	101.1	124.0	144.8
Minority Interests	0.1	0.2	0.4	0.1	0.1
Total Equity	**51.4**	**89.7**	**101.5**	**124.1**	**144.8**

Cashflow Statement

FY Mar (RM m)					
Operating CF	2.9	4.2	7.3	22.8	13.9
Investing CF	2.7	(2.4)	(1.1)	6.0	9.0
Financing CF	(10.7)	16.4	(1.9)	(23.6)	(6.5)
Change In Cash	(5.1)	18.6	4.3	5.2	16.5
Free CF	5.4	3.9	5.6	26.1	17.8

Financial Data & Ratios

FY Dec	2023A	2024A	2025E	2026E	2027E
Growth	-20.3%	27.6%	21.9%	25.4%	10.0%
Turnover	-17.8%	17.2%	36.6%	20.4%	9.5%
EBITDA	-28.7%	1.8%	51.6%	33.6%	6.7%
Operating Profit	-14.9%	6.9%	13.0%	50.6%	9.0%
PBT	-27.7%	30.0%	13.9%	34.2%	9.0%
Core Net Profit	-27.9%	28.5%	14.1%	35.5%	9.0%
Profitability					
Gross Profit Margin	30.7%	25.6%	24.1%	22.0%	22.0%
EBITDA Margin	10.4%	9.5%	10.7%	10.3%	10.2%
Operating Margin	6.9%	5.5%	6.8%	7.3%	7.1%
PBT Margin	7.6%	6.4%	5.9%	7.1%	7.1%
Core Net Margin	5.2%	5.3%	4.9%	5.3%	5.3%
Effective Tax Rate	13.0%	13.0%	13.0%	13.0%	13.0%
ROA	9.9%	8.4%	8.2%	11.1%	9.9%
ROE	19.1%	14.2%	14.3%	15.7%	14.7%
Leverage					
Debt/Asset (x)	0.14	0.23	0.12	0.10	0.08
Debt/Equity (x)	0.27	0.39	0.20	0.14	0.12
Net (Cash)/Debt	1.42	13.66	4.27	4.01	(15.88)
Net Debt/Equity (x)	0.03	0.15	0.04	0.03	(0.11)
Valuations					
Core EPS (sen)	2.9	2.9	3.4	4.5	4.9
NDPS (sen)	0.7	0.9	-	1.3	1.5
BV/sh (RM)	15.3	20.7	23.4	28.7	33.5
PER (x)	19.1	14.8	14.9	11.1	10.2
Div. Yield (%)	1.6%	2.1%	0.0%	3.1%	3.4%
PBV (x)	2.8	2.1	1.8	1.5	1.3
EV/EBITDA (x)	7.5	8.8	6.1	5.1	4.2

Source: Mercury Securities, Company

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MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my