AGX Group (AGX MK)

Soaring to new heights

MALAYSIA | TRANSPORT | UPDATE

- AGX is expected to secure a substantial share of MAS' logistics requirements following its recent appointment
- All-Link's 2025E earnings are likely to undershoot our previous forecast due to near-term headwinds from US tariff disruptions
- We lower our 2025E but raise 2026–27E earnings forecasts to factor in the anticipated ramp-up in MAG contribution. Maintain BUY with higher TP of RM0.90

9 February 2026

BUY (maintain)

LAST CLOSE PRICE	RM0.56
TARGET PRICE	RM0.90
TOTAL RETURN	62.2%
(PREVIOUS TP:	*RM0.85)*

COMPANY DATA

BLOOMBERG TICKER	AGX MK EQUITY
O/S SHARES (MN) :	433
MARKET CAP (USD mn / RM mn) :	62 / 242
52 - WK HI/LO (RM) :	0.63 / 0.41
3M Average Daily T/O (mn) :	0.24
NET CASH/(DEBT) (RMm)	(22.20)

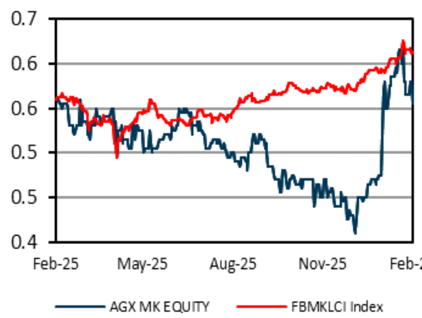
MAJOR SHAREHOLDERS (%)

Mark Penu	19.1%
Neo Lip Pheng	18.1%
Gopal Jayasielan	11.5%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	6.7	23.3	18.1
FBMKLCI RETURN	2.7	7.0	3.1

PRICE VS. FBMKLCI



Source: Bloomberg

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Major share of MAG logistics

We recently met with AGX and walked away encouraged by its growth prospects following its appointment as a service provider to Malaysia Aviation Group (MAG), handling freight forwarding and customs brokerage for aircraft parts. MAG's vendor network includes roughly 1,000 parts suppliers, compared with 300 for AirAsia, which requires greater coordination but also provides AGX with long-term operational stickiness. AGX is now expected to act as the primary provider, managing a significant share of MAG's MRO and AOG logistics, alongside one other shortlisted vendor. Previously responsible solely for AOG services, AGX's expanded scope, combined with higher fleet activity from Visit Malaysia 2026, positions the group to benefit from increased maintenance demand.

Expect MAG contribution to be in full swing 4Q26

Management expects a 6-month ramp-up period to achieve full operating efficiency. AGX currently employs 100 staff in Malaysia and anticipates only a 10–20% increase in headcount, demonstrating the scalability of its operations with minimal incremental costs. Margins from MAG are expected to be broadly in line with other airline customers, alleviating concerns over margin dilution despite higher operational complexity. Management indicated that MAG's earnings contribution could eventually be comparable to AirAsia's. In our base case, we assume MAG contributes c.11% of group revenue in FY27E, reflecting AGX's growing role within the logistics ecosystem.

Maintain BUY call with a higher 12-month TP of RM0.90 (from RM0.85)

We trim our 2025E EPS by 17% to reflect near-term headwinds from US tariff disruptions affecting All-Link contribution. Conversely, we raise our 2026–27E estimate by 6-14% to incorporate MAG's contribution. Our 12-month TP is raised to RM0.90, based on unchanged target 2026E PER of 12x. Maintain BUY. Overall, AGX's stronger earnings visibility underpinned by a projected 3-year CAGR of 43% provides a clear catalyst for potential re-rating as MAG's contribution materialise.

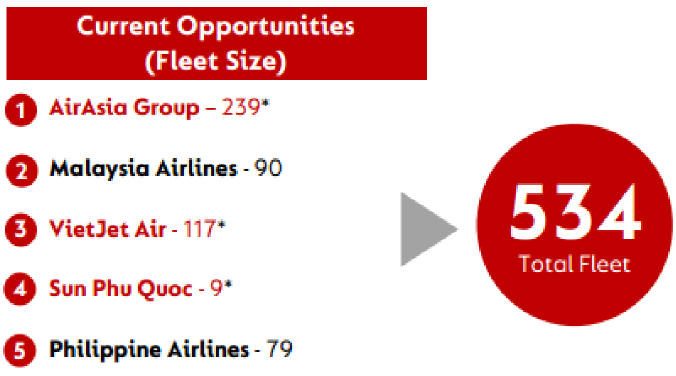
Key Financials

Y/E Dec	2023	2024	2025E	2026E	2027E
Revenue (RMm)	186.8	238.4	268.0	380.9	453.7
EBITDA (RMm)	19.3	10.5	21.0	36.3	43.0
Pretax profit (RMm)	12.8	15.4	23.6	38.6	46.0
Net profit (RMm)	8.4	12.9	20.5	32.4	38.5
EPS (sen)	1.9	3.0	4.7	7.5	8.9
PER (x)	28.7	18.6	11.7	7.4	6.2
Core net profit (RMm)	8.5	13.3	20.5	32.4	38.5
Core EPS (sen)	2.0	3.1	4.7	7.5	8.9
Core EPS growth (%)	(37.9)	55.8	53.6	58.2	19.0
Core PER (x)	28.1	18.0	11.7	7.4	6.2
Net DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA (x)	10.0	11.7	10.5	7.1	4.4
Chg in EPS (%)		-	(16.6)	+5.6	+13.5
Phillip/Consensus (%)			1.0	1.3	1.4

Sources: Company, Bloomberg, Phillip Research forecasts

Rapid fleet expansion. AGX's aerospace logistics segment has historically relied on AirAsia Group, servicing 242 aircraft in 2024. Fleet coverage increased to 365 aircraft by end-25 with VietJet Air and Sun Phu Quoc Airways onboarded. The subsequent addition of MAG's 90 aircraft under a service agreement, alongside servicing exposure to Philippine Airlines' 79 aircraft, lifted AGX's total serviced fleet to 534 aircraft. This translates into a 121% growth in fleet coverage reflecting AGX's strong execution and clear growth visibility. In addition, AGX has identified 753 aircraft across regional airlines as potential onboarding opportunities, supporting a clear long-term growth trajectory in ASEAN.

Table 1: AGX existing customers' fleet



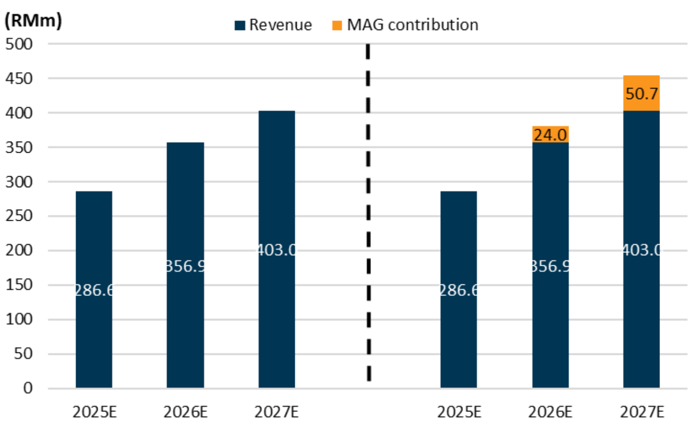
Source: Company

Table 2: AGX current countries presence

Source: Company

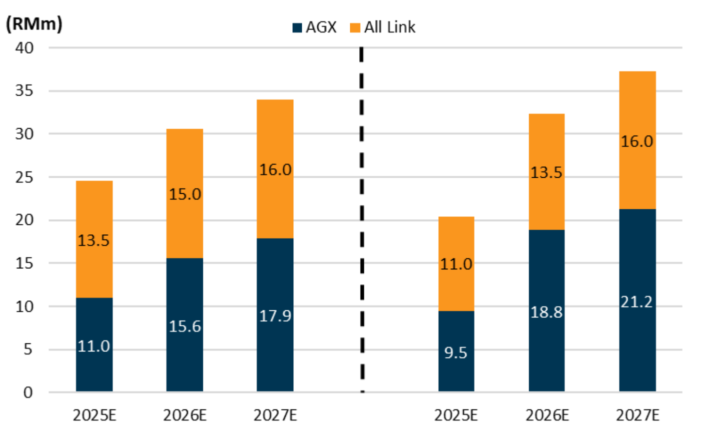
Trim 2025E EPS by 17%, but raise 2026 – 27E by 6-14%. We expect weaker-than-anticipated 4Q25 earnings as US tariff disruptions dampened order flows and weighed on All-Link contributions. Accordingly, we revise our 2025E EPS down by 17%. Looking ahead, we are more bullish on 2026–27E earnings, forecasting a 19-58% YoY increase in core net profit. A clearer recovery is expected from 2026E onwards as tariff pressures ease and the broader macro environment normalises. Incorporating MAG's contribution, we raise our 2026–27E EPS estimates by 6–14%.

Table 3: Raising our revenue forecasts to factor in MAG contributions



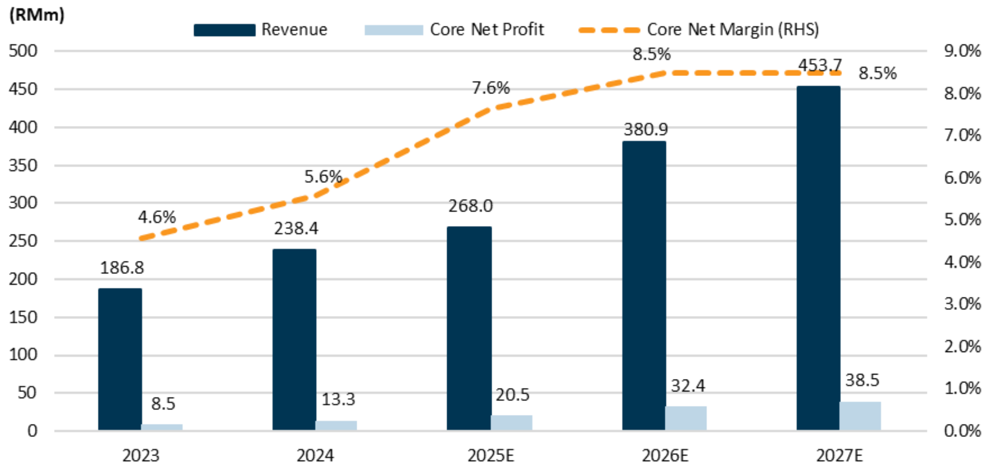
Source: Phillip Research forecasts

Table 4: Revision made to our 2025–27E earnings forecasts



Source: Phillip Research forecasts

Table 5: AGX revenue and profit forecasts



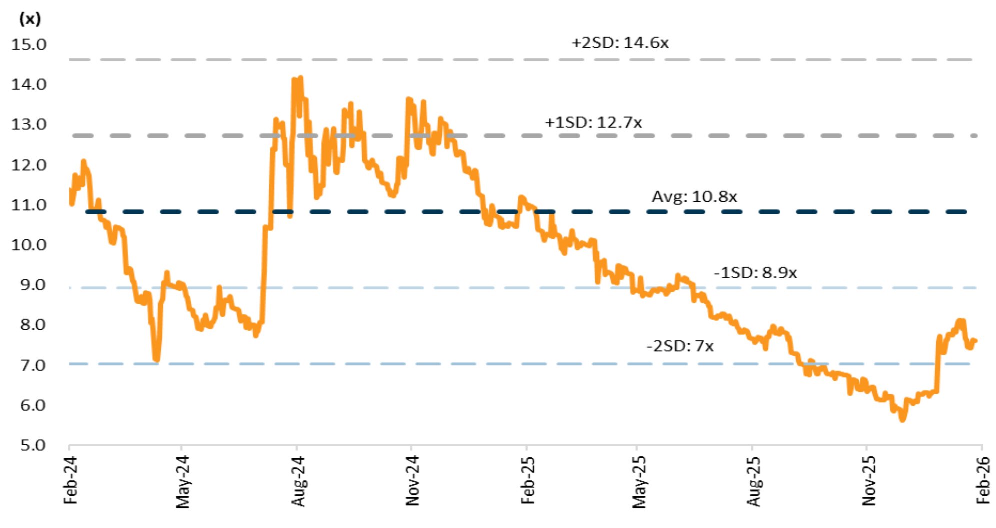
Source: Company, Phillip Research forecasts

AirAsia remains as AGX's core revenue pillar. AirAsia Group has historically been a key revenue contributor to AGX's total group revenue, accounting for 17-28% of 2023–24 revenue and estimated to account for 20% of 2025E revenue. We estimate that MAG will account for 11% of group revenue in 2027E as AGX fully ramp up its MRO and AOG logistic operations. Consequently, AirAsia's share of total revenue is expected to decline to 11% (2024: 17%). While AirAsia's revenue share decreased in percentage terms, absolute revenue is still projected to grow. The shift in revenue mix reflects broader customer diversification and incremental revenue streams, which we view positively as it enhances AGX's revenue resilience and reduces customer concentration risk.

Maintain BUY with a higher target price of RM0.90. All in, we maintain our BUY rating on AGX with a higher 12-month target price of RM0.90 (from RM0.85), based on an unchanged target 12x PE multiple on 2026E EPS. Despite a weaker-than-expected 2025E earnings trajectory due to tariff disruptions impacting All Link's contribution, we expect earnings growth to accelerate in 2026–27E. AGX is currently trading at a forward 7.4x 2026E PE, which we view as attractive given the strong earnings visibility. The earnings trajectory is supported both by contributions from existing businesses and the incremental impact from MAG, which could drive further valuation re-rating.

Key downside risks include lower-than-expected freight demand, decline in freight rates, and loss of customers.

Table 6: AGX PE chart since listing



Source: Bloomberg, Phillip Research forecasts

FINANCIALS

Income Statement

Y/E Dec (RMm)	2023	2024	2025E	2026E	2027E
Revenue	187	238	268	381	454
Operating expenses	(167)	(228)	(247)	(345)	(411)
EBITDA	**19**	**10**	**21**	**36**	**43**
Depreciation	(6)	(4)	(7)	(10)	(11)
EBIT	**13**	**6**	**14**	**27**	**32**
Net int income/(expense)	(1)	(2)	(2)	(2)	(2)
Exceptional gains / (losses)	0	0	0	0	0
Associates' contribution	1	12	11	14	16
Pretax profit	**13**	**15**	**24**	**39**	**46**
Tax	(4)	(3)	(3)	(6)	(8)
Minority interest	0	0	0	0	0
Net profit	**8**	**13**	**20**	**32**	**39**
Core net profit	**9**	**13**	**20**	**32**	**39**

Balance sheet

Y/E Dec (RMm)	2023	2024	2025E	2026E	2027E
Fixed assets	4	32	35	43	47
Other long term assets	15	16	16	16	16
Total non-current assets	**19**	**48**	**50**	**58**	**62**
Cash and equivalents	10	16	21	29	42
Stocks	0	0	0	0	0
Debtors	66	75	84	119	142
Other current assets	4	13	13	13	13
Total current assets	**80**	**104**	**118**	**162**	**198**
Creditors	21	23	25	35	42
Short term borrowings	14	8	8	8	8
Other current liabilities	6	8	8	8	8
Total current liabilities	**41**	**40**	**42**	**52**	**58**
Long term borrowings	0	1	1	1	1
Other long term liabilities	7	22	34	36	48
Total long term liab.	**7**	**22**	**34**	**36**	**49**
Shareholders' Funds	**51**	**90**	**92**	**132**	**153**
Minority Interest	0	0	0	0	0

Cash Flow Statement

Y/E Dec (RMm)	2023	2024	2025E	2026E	2027E
Pretax Profit	13	15	24	39	46
Depreciation & amortisation	6	4	7	10	11
Working capital changes	(14)	(12)	(7)	(25)	(16)
Cash tax paid	(4)	(5)	(3)	(6)	(8)
Others	2	2	(11)	(4)	(16)
C/F from operation	**3**	**4**	**9**	**13**	**18**
Capex	(1)	(5)	(2)	(3)	(3)
Others	3	**2**	(1)	(1)	(1)
C/F from investing	**2**	**(2)**	**(3)**	**(3)**	**(3)**
Debt raised/(repaid)	(3)	(12)	0	0	0
Dividends paid	(7)	(4)	0	0	0
Others	(1)	33	(1)	(1)	(1)
C/F from financing	**(11)**	**17**	**(1)**	**(1)**	**(1)**
Net change in cash flow	(6)	19	5	8	13
Free Cash Flow	**2**	**(0)**	**7**	**10**	**15**

Financial Ratios and Margins

Y/E Dec (RMm)	2023	2024	2025E	2026E	2027E
Growth					
Revenue (%)	(20.3)	27.6	12.4	42.1	19.1
EBITDA (%)	6.4	(45.8)	99.9	73.2	18.4
Core net profit (%)	(37.9)	55.8	53.6	58.2	19.0
Profitability					
EBITDA margin (%)	10.4	4.4	7.8	9.5	9.5
PBT margin (%)	6.9	6.5	8.8	10.1	10.1
Core net profit margin (%)	4.6	5.6	7.6	8.5	8.5
Effective tax rate (%)	39.6	69.8	25.0	25.0	25.0
ROA (%)	9.0	10.3	12.8	16.7	16.0
Core ROE (%)	17.9	18.9	22.5	28.8	27.1
ROCE (%)	21.8	7.6	14.3	22.1	21.0
Dividend payout ratio (%)	0	0	0	0	0
Liquidity					
Current ratio (x)	2.0	2.6	2.8	3.1	3.4
Op. cash flow (RMm)	3	4	9	13	18
Free cashflow (RMm)	2	0	7	10	15
FCF/share (sen)	1	0	2	2	3
Asset management					
Debtors turnover (days)	128	114	114	114	114
Stock turnover (days)	0	0	0	0	0
Creditors turnover (days)	46	38	38	37	37
Capital structure					
Net gearing (%)	7%	-7%	-13%	-15%	-22%
Interest cover (x)	10.1	9.1	2.9	8.5	16.0

Quarterly Profit & Loss

Y/E Dec (RMm)	3Q24	4Q24	1Q25	2Q25	3Q25
Revenue	**66**	**67**	**62**	**70**	**73**
Operating expenses	(60)	(62)	(55)	(62)	(67)
EBITDA	**6**	**4**	**7**	**8**	**6**
Depreciation	(2)	(3)	(3)	(3)	(3)
EBIT	4	1	4	5	3
Int income	0	0	0	0	0
Int expense	(1)	(1)	(1)	(1)	(1)
Associates' contribution	2	8	3	2	3
Exceptional items	(3)	(1)	(1)	(1)	(0)
Pretax profit	**3**	**8**	**5**	**5**	**5**
Tax	(1)	(1)	(1)	(1)	(1)
Minority interest	0	0	0	0	0
Net profit	**2**	**7**	**5**	**4**	**4**
Core net profit	**5**	**8**	**6**	**5**	**5**
Margins (%)					
EBITDA	9.5	6.5	10.9	11.0	8.4
PBT	4.6	11.8	8.6	7.4	7.0
Net profit	3.6	10.8	7.3	5.9	5.8

Source: Company, Phillip Research forecasts

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Sector:

OVERWEIGHT: The sector is expected to outperform the overall FBMKLCI over the next 12 months
NEUTRAL: The sector is to perform in line with the overall FBMKLCI market over the next 12 months
UNDERWEIGHT: The sector is expected to underperform the overall FBMKLCI market over the next 12 months

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