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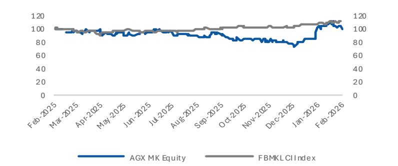
Recommendation:	**BUY**
Current Price:	RM 0.53
Previous Target Price:	N.A
Target Price:	RM 0.74
Capital Upside/Downside:	39.6%
Dividend Yield (%):	3.5%
Total Upside/Downside:	43.1%

Stock information	
Board	MAIN
Sector	Transportation & Logistics
Bursa / Bloomberg Code	0299/AGX MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	432.9
Market Cap (RM' m)	227.3
52-Week Price Range (RM)	0.405-0.625
Beta (x)	0.5
Free float (%)	28.3
3M Average Volume (m)	0.2
3M Average Value (RM' m)	0.1

Top 3 Shareholders	**(%)**
Mark Penu	19.1
Neo Lip Pheng	18.9
Periasamy Ponnudorai	11.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-4.5	12.9	-5.4
Relative (%)	-7.9	5.6	-13.9

Earnings summary

FYE Dec (RM m)	FY24	FY25F	FY26F
Revenue (RM'm)	238.4	280.4	317.1
PATAMI (RM'm)	12.7	20.9	26.3
CNP (RM'm)	12.7	20.9	26.3
EPS - core (sen)	2.9	4.8	6.1
P/E (x)	17.8	10.9	8.7

AGX GROUP BERHAD

Prepared to Take Flight

Executive Summary

- **AGX Group is a specialized logistics and supply chain service provider primarily focused on high-margin aerospace MRO services, cross-border e-commerce fulfilment and integrated sea and air freight operations across the ASEAN region.**
- **We project a net profit CAGR of 30.7% between FY24 to FY27F, underpinned by the Group's strategic shift toward high-margin air freight and aerospace logistics segment, alongside improving contributions from its 30%-owned subsidiary, All-Link.**
- **We initiate coverage on AGX with a BUY call and a TP of RM0.74, derived from 12.2x P/E applied to FY26F EPS of 6.1 sen.**

Key Investment Highlights

Aviation MRO Super-Cycle. AGX is set to be a primary beneficiary of the regional aviation MRO "super-cycle," driven by a landmark three-year contract with Malaysia Airlines Berhad (MAG) starting in late 2025. As global aircraft delivery delays force airlines to maintain older fleets, demand for AGX's specialized, high-margin aerospace logistics continues to surge. Supported by a robust recovery in Malaysian passenger traffic and a two-to-three-month operational ramp-up, AGX is poised for a significant earnings step-up beginning in 2Q26, solidifying its position as a critical partner in the regional aerospace ecosystem.

Strategic E-Commerce Growth. AGX's 30% stake in its associate, All-Link, has become a high-growth, capital-light earnings pillar by capitalizing on the surging cross-border e-commerce trade between China and ASEAN. Driven by the "China+1" manufacturing shift and the successful onboarding of a major Tier-1 Chinese e-commerce player in FY24, this segment provides margin-accretive earnings that are largely insulated from traditional freight rate cycles. By utilizing an associate model, AGX achieves rapid, scalable growth and high-quality recurring income without heavy capital expenditure, while management continues to pursue further diversification and warehouse optimization to sustain this momentum.

Leveraging Regional Trade Resilience. The Johor-Singapore Special Economic Zone (JS-SEZ) serves as a major catalyst for AGX, offering a 50% reduction in cross-border processing times and driving demand for high-value 3PL and warehousing services. With established hubs in both Johor and Singapore, AGX is uniquely positioned to manage the increased cargo flows as businesses "twin" operations across the border. This localized growth is reinforced by Malaysia's record-breaking trade volumes, which surpassing RM3trn in 2025 and the Group's direct-to-carrier model as an IATA and NVOCC-accredited agent. By bypassing intermediaries, AGX secures competitive freight terms and capacity, efficiently converting rising regional trade into sustainable, margin-protected earnings.

Robust Earnings Trajectory. AGX is projected to achieve a 30.7% core earnings CAGR through FY27F, with profits reaching RM28.4m driven by high-margin aerospace and air freight services. The aerospace segment remains the primary profit engine, while air freight is set to capture a larger share of the mix due to rising regional trade. These results are bolstered by capital-light associate contributions from All-Link, which are forecasted to hit RM21.1m by FY27F on the back of China-ASEAN e-commerce growth. Overall, this trajectory reflects a structural shift toward margin-accretive logistics and recurring income within an asset-light model.

Valuation & Recommendation. We initiate coverage on AGX Group Berhad with a **BUY** recommendation and a target price of **RM0.74**. This valuation is derived from a target P/E multiple of 12.2x pegged to our FY26F core EPS of 6.1 sen. This represents a 20% premium over the peer average forward P/E of 10.2x. We believe this premium is justified by the Group's robust operational moat and superior margin profile.

Company Background

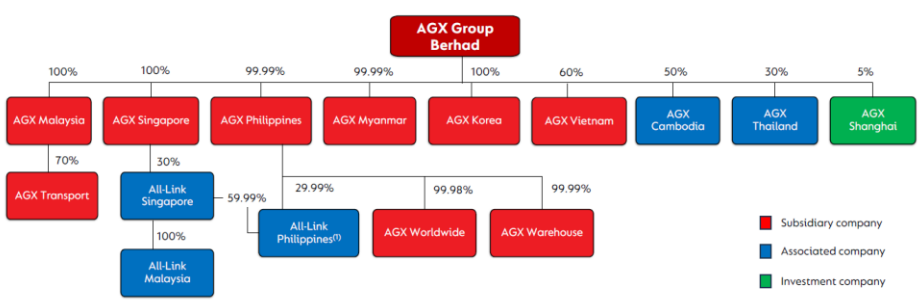
AGX Group Berhad (AGX) was founded in 2004 and commenced operations in 2005 as a Malaysia-based freight forwarding provider. Over the past two decades, the Group has evolved from a single-office operator into an ASEAN-centric, multi-modal logistics platform, underpinned by consistent regional expansion and service diversification. During its early growth phase, AGX expanded beyond Malaysia into key markets including Singapore (2010), South Korea (2012), the Philippines (2012), and Myanmar, while broadening its service offering into warehousing and third-party logistics (3PL). Following a strategic consolidation of its operating subsidiaries, the Group marked a key corporate milestone with its successful listing on the ACE Market of Bursa Malaysia in February 2024. Today, AGX maintains a physical presence across nine countries, managing a network of 28 offices and 15 warehouses. This geographically diversified footprint enhances service responsiveness, enables cross-border synergies, and mitigates reliance on any single market.

A key differentiator within the Group's business mix is its specialized aerospace logistics segment, which focuses on the time-critical handling of aircraft parts, components, and "Aircraft on Ground" (AOG) shipments. Since 2005, the Group has served major airline operators and Maintenance, Repair, and Overhaul (MRO) providers, offering mission-sensitive solutions that require 24/7 execution capability. AGX's status as an accredited IATA cargo agent and a registered Non-Vessel Operating Common Carrier (NVOCC) further strengthens this segment, allowing it to deal directly with global carriers to secure better rates and priority cargo space. This aerospace specialization typically exhibits higher service complexity and supports long-term revenue stability through established relationships with anchor clients like AirAsia.

Operating on a strategically asset-light model, AGX leases all of its warehouse and office facilities across its regional hubs rather than owning them outright. This approach allows the Group to remain agile and scalable, preserving balance sheet flexibility while allocating capital toward operational execution and advanced systems rather than fixed assets. All 15 warehouses in its network are utilized for general cargo storage under both bonded and non-bonded arrangements, supporting international forwarding and domestic distribution activities. This model enables AGX to rapidly adapt its physical footprint to meet evolving market demands and client needs without the burden of heavy real estate investments.

Following its public listing, AGX has shifted its strategic focus toward accelerating regional growth and scaling higher-margin segments, particularly its aerospace logistics division. The Group's post-IPO roadmap emphasizes expanding its physical presence in high-growth markets, exemplified by its recent operational commencement in Vietnam in July 2024 and planned deepening of its footprint in Indonesia. Management is concurrently prioritizing digital transformation, investing in advanced warehouse management systems (WMS) and real-time reporting tools to drive internal cost efficiencies and enhance operational visibility. Furthermore, the Group is intensifying its commitment to sustainability and ESG principles, such as deploying specialized fuel-efficient trucks to reduce carbon emissions while continuing to benefit from increasing supply chain complexity in Asia.

Fig 1: Corporate Structure



Source: Company

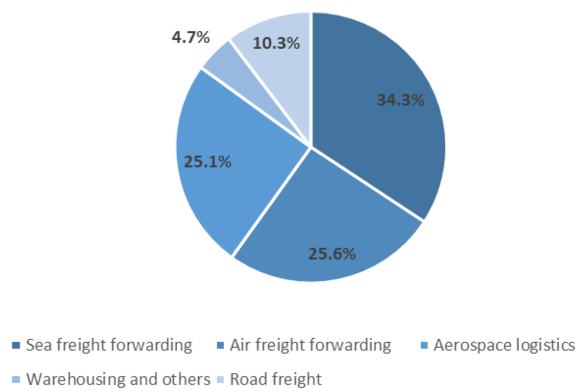
Business Overview

Business Model. The Group provides a comprehensive suite of services through its subsidiary, spanning: (i) sea freight forwarding, (ii) air freight forwarding, (iii) aerospace logistics, (iv) road freight transportation and (v) warehousing and other 3PL services.

Fig 2: Geographical Markets

Source: Company

Fig 3: 3QFY25 Revenue Segmentation



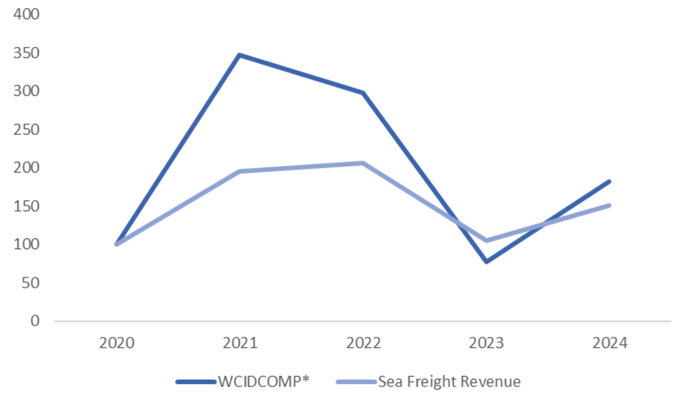
Source: Company, Apex Securities

Sea Freight Forwarding (34.3% of 3QFY25 Revenue)

Key Revenue Contributor. AGX Group Berhad's sea freight forwarding business serves as the contributor, accounting for RM70.1m or 34.3% of total revenue in 9MFY25. It provides international ocean freight solutions that anchor long-term customer relationships across major ASEAN trade routes. Operating on an asset-light model, the Group avoids the heavy capital expenditure of vessel ownership, acting instead as a strategic intermediary that leverages a regional office network in Malaysia, Singapore, the Philippines, South Korea, Vietnam, and Myanmar to manage end-to-end cargo movements. A significant competitive advantage is the Group's NVOCC registration, which allows for direct contracting with shipping lines, improving operational control and providing the flexibility to secure priority container space.

Value-Added Service Integration. While the segment's revenue is largely pass-through and subject to freight cycles, its integration with the Group's warehousing and distribution services enables AGX to offer value-added solutions such as consolidation and deconsolidation. This cross-selling capability is vital, as the sea freight business facilitates entry into higher-margin specialized verticals like aerospace logistics. Historically, sea and air freight services have collectively formed the dominant share of Group revenue, consistently exceeding 80% when combined with aerospace logistics. Management continues to focus on improving consolidation efficiency and regional coverage to maintain the segment as a stable earnings contributor amidst global trade volatility.

Fig 4: Indexed WCI Composite Container Freight Benchmark against Sea Freight Revenue



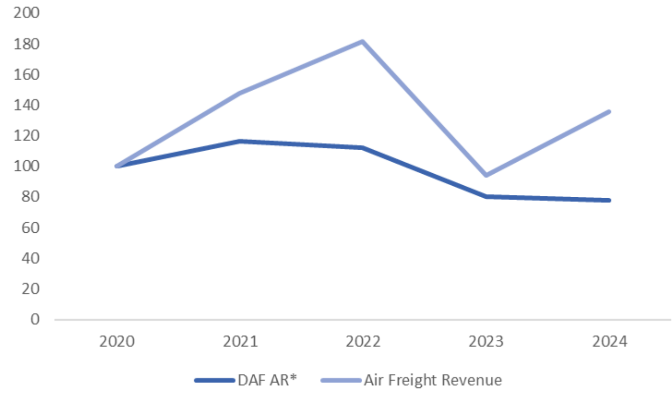
**WCIDCOMP represents the WCI Composite Container Freight Benchmark Rate per 40ft Box Drewry*
Source: Bloomberg, Apex Securities

Air Freight Forwarding (25.6% of 3QFY25 Revenue)

High-Velocity Strategic Pillar. This segment represents a vital strategic pillar for AGX, contributing RM52.4m or 25.6% of total revenue in 9MFY2025. The Group's air freight forwarding business is a high-velocity pillar of its integrated logistics platform, providing time-critical transportation solutions for urgent, high-value cargo across regional and international air routes. Serving mission-sensitive industries such as aerospace, electronics, and semiconductors, the Group operates an asset-light model that leverages its regional office network and long-standing airline relationships to optimize routings without the capital intensity of aircraft ownership. As an accredited International Air Transport Association (IATA) cargo agent, AGX maintains direct access to carrier capacity and the ability to issue in-house air waybills, which enhances operational control and response times for mission-critical shipments.

Scalable Yield Resilience. The segment is a significant profit contributor, often exhibiting higher margin intensity relative to sea freight due to its greater service complexity and the high cost of urgency. Profitability is primarily driven by yield management and gross profit per kilogram, and the business has historically demonstrated resilience. For instance, gross profit for its air freight forwarding operations grew by 10.2% to reach RM12.9m in FY22, fueled by higher demand and expanded routes in key markets like the Philippines. Strategically, the segment acts as a vital gateway into the Group's specialized aerospace logistics and AOG services, strengthening customer stickiness through high-touch delivery. Management's post-listing focus remains on deepening airline partnerships and expanding regional connectivity across the nine countries in which it operates, positioning air freight as both a profit center and a buffer against broader supply chain disruptions.

Fig 5: Indexed Drewry Air Freight Average Rate against Sea Freight Revenue



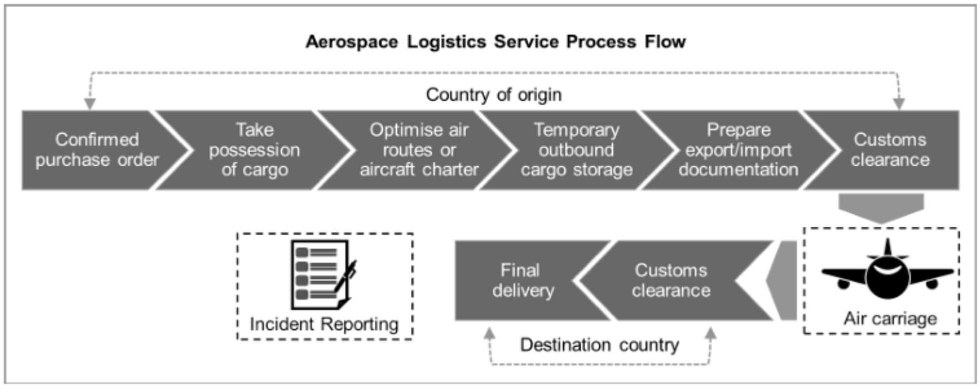
**DAF AR represents the Drewry Air Freight Average Rate (USD/kg)*
Source: Bloomberg, Apex Securities

Aerospace Logistics (25.1% of 3QFY25 Revenue)

Next Growth Driver. Generating RM51.3m in 9MFY2025, this segment remains a significant revenue driver with a 25.1% share of total turnover. AGX Group Berhad's aerospace logistics segment is a high-value, specialized division that provides mission-critical solutions tailored to the rigorous demands of the aviation industry. Focusing on the time-sensitive transportation of aircraft parts, components, and consumables, the Group prioritizes AOG support where speed and execution precision are essential to minimizing flight downtime. This segment serves a blue-chip client base of airline operators and MRO providers, leveraging 24/7 operational capabilities and long-standing regional relationships. Unlike conventional freight forwarding, aerospace logistics involves navigating complex regulatory frameworks and multi-jurisdictional coordination, creating significant barriers to entry and fostering deep customer stickiness.

Core Strategic Moat. The Group employs an asset-light model, utilizing third-party carriers while focusing on network coordination and its status as an IATA cargo agent to secure expedited handling and direct access to airline capacity. This specialized nature translates into a superior margin profile, with gross profit margins typically hovering around 35%, significantly outperforming the 15% seen in sea freight forwarding and 20% in air freight forwarding. These premium margins are sustained by lower price sensitivity and event-driven demand linked to aircraft maintenance cycles rather than general trade volumes. Consequently, the aerospace segment offers enhanced earnings resilience during broader freight market downturns. Strategically, AGX views this division as its primary competitive moat and a core growth engine, providing a structurally attractive revenue stream that reinforces the Group's positioning within the global aviation supply chain and supports long-term margin sustainability.

Fig 6: Aerospace Logistics Service Process Flow



Source: Company

Road Freight Transportation (10.3% of 3QFY25 Revenue)

Integrated Multimodal Link. AGX Group Berhad's road freight transportation business is a flexible and reliable component of its integrated logistics suite, providing both domestic and cross-border cargo movement across major regional corridors. The Group offers road freight as a standalone service or as a critical support function for its sea and air freight, aerospace logistics, and warehousing divisions. Operating primarily in Malaysia, Singapore, and Myanmar, the segment focuses on the carriage of general goods, including container haulage and the trucking of non-containerized items, that do not require specialized temperature or humidity controls.

End-to-End Delivery. The Group utilizes a combination of owned and leased vehicles, such as prime movers, trailers, and trucks, to ensure operational agility and consistent service delivery. A key strategic offering is its cross-border freight transportation, which facilitates seamless trade between Malaysia, Singapore, and Myanmar. Additionally, the Group provides domestic distribution services, managing the delivery of non-containerized goods from central warehouses to retail outlets or end-customer premises. This segment enables the Group to provide comprehensive end-to-end logistics solutions that minimize dependency on any single mode of transport.

Fig 7: AGX's Recent Purchase of Five Scania Super Trucks

Source: Company

Warehousing and Others (4.7% of 3QFY25 Revenue)

Asset-Light Storage Solutions. AGX Group Berhad's warehousing and 3PL services segment provides essential support to its broader logistics ecosystem, offering secured storage and distribution solutions that complement its freight forwarding activities. Operating on an asset-light model, the Group leases its entire warehousing portfolio, which currently consists of 15 facilities across Malaysia, Singapore, the Philippines, South Korea, and Myanmar. These warehouses are strategically utilized for general cargo storage under both bonded and non-bonded arrangements, allowing the Group to manage inventory, pick-and-pack services, and domestic distribution for its diverse client base.

One-Stop Supply Chain. In addition to standard storage, this segment encompasses value-added services such as labelling, crating, and cargo consolidation, which are critical for maintaining supply chain integrity. By integrating warehousing with its land transportation and customs brokerage expertise, AGX is able to provide end-to-end "one-stop" solutions that increase customer stickiness and operational transparency. Strategically, the Group is focused on establishing new physical warehouses in high-growth corridors, such as Penang and Johor in Malaysia and Busan in South Korea. This expansion is supported by investments in advanced Warehouse Management Systems (WMS) to improve inventory accuracy and real-time reporting, ensuring the Group remains agile in meeting the evolving demands of the regional e-commerce and industrial sectors.

Fig 8: Warehousing Facilities

Source: Company

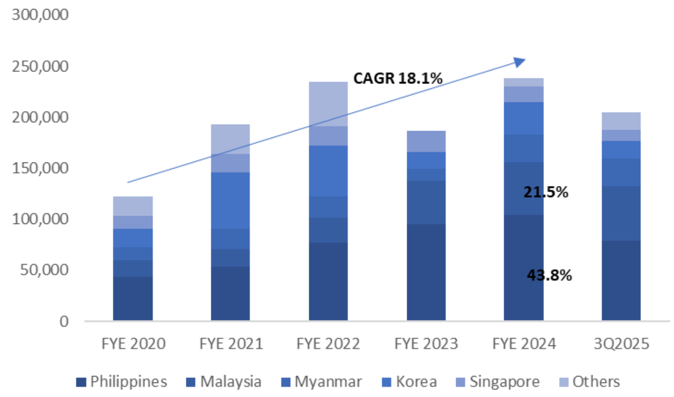
Geographical Footprint. The Philippines and Malaysia remain the primary drivers of the Group's top line, collectively accounting for 65.2% of total revenue in FY2024. Building on this regional dominance, AGX Malaysia significantly strengthened its market position in January 2026 by securing a prestigious three-year contract with Malaysia Airlines Berhad (MAB). Effective from December 2025 to November 2028, AGX serves as the official partner for air and sea freight forwarding and customs brokerage. This mandate includes 24/7 AOG support, a milestone appointment that, alongside the Group's existing agreement with Asia Digital Engineering (ADE), which is the MRO arm of Capital A, solidifies AGX's status as a primary logistics backbone for the Malaysian aviation sector. These partnerships collectively validate the Group's technical capacity to handle high stakes, time sensitive cargo at a national scale.

To further bolster this technical independence, AGX Logistics (M) Sdn Bhd achieved official status as an IATA Accredited Cargo Agent in August 2024. This credential enables the Group to bypass third party brokers and negotiate directly with airlines for cargo space, providing a vital advantage for time critical aerospace clients. By pairing this accreditation with an in-house customs brokerage license, AGX Malaysia eliminates middleman costs and delivers a seamless, high velocity logistics solution for the nation's industrial and aviation supply chains.

Dual-Accredited Logistics Power. In the Philippines, AGX Express Phils., Inc. has established a high entry barrier niche by securing a US Federal Maritime Commission (FMC) license. This elite credential officially registers the Group as a Non-Vessel Operating Common Carrier (NVOCC) for the United States market, allowing AGX to negotiate freight rates directly with major shipping lines and significantly improve margins on trans-pacific trade lanes. By issuing its own House Bills of Lading (HBL) and managing internal tariff filings, the Group provides a direct to US solution that is mandatory for many large-scale American importers and multinational manufacturers.

Complementing this maritime edge, the Group obtained IATA Cargo Agent Accreditation for its Philippine operations in early 2023. This dual certification strategy creates a formidable competitive moat, allowing AGX to manage both high volume sea freight and time critical air freight for the electronics and aerospace sectors without third party reliance. Combined with an expanding footprint of 15 regional warehouses, including strategic hubs in the Clark Freeport Zone and Subic Bay, AGX is firmly positioned as the primary logistics architect for the Philippines' high growth export sectors.

Fig 9: Geographical Segment Revenue Breakdown



Source: Company, Apex Securities

Industry Overview

Sea Freight. The sea freight industry in Malaysia and the Philippines continues to benefit from steady growth in containerised trade volumes, underpinned by regional economic expansion, rising consumption and increasing integration into ASEAN supply chains. Both markets play important, albeit differentiated, roles within Southeast Asia's maritime ecosystem, supporting demand for sea freight forwarding and related logistics services.

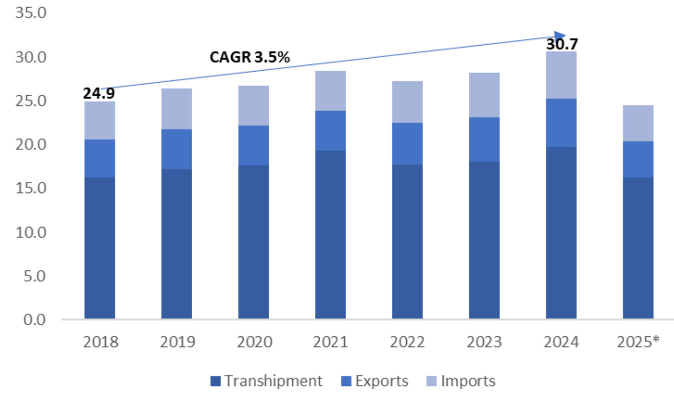
In Malaysia, container throughput handled by Malaysian ports grew at a compound annual growth rate (CAGR) of 3.5%, rising from 24.9m TEUs in 2018 to 30.7m TEUs in 2024. Growth has been supported by Malaysia's position as a regional transshipment hub, anchored by Port Klang and Port of Tanjung Pelepas, as well as strong export flows from the electrical and electronics, machinery and downstream commodities sectors. In recent years, Malaysia has also emerged as a key beneficiary of multinational companies adopting a "China+1" strategy, as manufacturers diversify production bases to mitigate geopolitical risk, supply-chain disruptions and rising costs in China. This trend has supported incremental container volumes, particularly on intra-ASEAN and Asia–US trade lanes.

The Philippines has recorded more moderate growth, with container throughput through Philippine ports increasing at a CAGR of 1.7%, from 7.5m TEUs in 2018 to 8.5m TEUs in 2025. While growth has been constrained by infrastructure bottlenecks and port congestion in key gateways, the market continues to expand on the back of rising domestic consumption, electronics assembly activity and agribusiness exports. The Philippines has also attracted selective China+1 investment, particularly in electronics and light manufacturing, supporting gradual increases in import and export volumes and reinforcing the long-term relevance of sea freight services.

From an industry standpoint, the "China+1" strategy has led to a reconfiguration of regional shipping flows, with greater emphasis on intra-ASEAN connectivity, shorter-haul trade routes and more complex multi-country supply chains. This has increased the role of freight forwarders in managing consolidation, documentation and cross-border coordination, even as competitive intensity remains high. Importantly, forwarder earnings are driven less by absolute freight rates and more by shipment volumes, network coverage and yield discipline, particularly during periods of rate volatility.

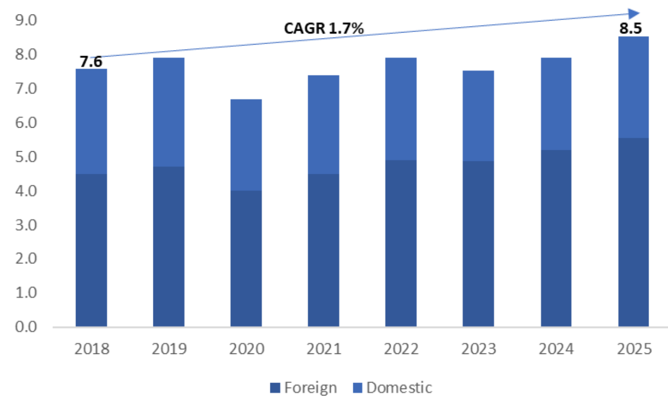
Overall, Malaysia and the Philippines represent complementary sea freight markets within ASEAN. Malaysia offers scale, transshipment activity and strong connectivity to global trade lanes, while the Philippines provides exposure to structurally growing domestic demand and evolving manufacturing participation. Together, these markets underpin sustained demand for sea freight forwarding services and reinforce the strategic value of a diversified regional logistics footprint.

Fig 10: Cargo Throughput through Malaysia Ports (m TEU)



Source: Ministry of Transport Malaysia, Apex Securities
**represents 3Q2025 figure*

Fig 11: Cargo Throughput through Philippines Ports (m TEU)



Source: Philippine Ports Authority, Apex Securities

Air Freight. The air freight sector in Malaysia has demonstrated remarkable stability and steady growth over the past six years. Cargo movement handled by Malaysian airports grew at a CAGR of 1.0%, rising from 966,000 tonnes in 2018 to 1,026,000 tonnes in 2024. This expansion is largely underpinned by Malaysia's strategic integration into the global Electrical and Electronics (E&E) supply chain, particularly in Penang and the Klang Valley. As multinational corporations adopt "China+1" strategies to diversify their manufacturing bases, Malaysia has emerged as a preferred destination for high value component assembly. These time sensitive goods, ranging from semiconductors to medical devices, rely heavily on air transport to meet lean "just-in-time" production schedules.

Furthermore, the surge in cross-border e-commerce has fundamentally reshaped the landscape. By 2024, approximately 40% of all e-commerce transactions in Malaysia involved international shipping, necessitating robust air to land logistics. The government has supported this momentum through significant infrastructure upgrades, such as the development of "Smart Airports" at KLIA and the expansion of the Advanced Cargo Centre, which utilizes automated sorting and real-time AI tracking. These investments, combined with a flourishing Halal logistics niche and specialized cold chain facilities for pharmaceuticals, have solidified Malaysia's role as a resilient multimodal gateway within Southeast Asia.

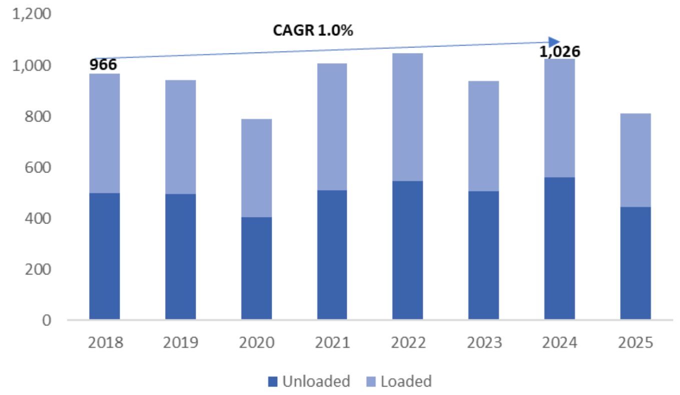
In contrast, the Philippine air freight industry has faced a challenging period of contraction. Cargo movement handled by Philippine airports declined at a CAGR of -7.2%, dropping from 274,000 tonnes in 2018 to 188,000 tonnes by 2023. This decline can be attributed to several overlapping factors: the lingering economic impact of the pandemic on domestic purchasing power, high fuel costs, and significant inflationary pressures that dampened the demand for air shipped consumer imports. Unlike Malaysia's manufacturing heavy export profile, the

Philippines' air cargo market is more heavily weighted toward domestic distribution and consumer goods. Consequently, when local consumption softened and logistical costs spiked, the segment felt the impact more acutely.

Infrastructure and geography also present unique hurdles for the Philippines. As an archipelago of over 7,000 islands, the country faces high "last-mile" costs and a historical reliance on belly-hold capacity in passenger aircraft rather than dedicated freighters. During the pandemic, the grounding of passenger fleets severely restricted available cargo space, leading to a backlog that the industry is still working to overcome. However, the outlook for 2025 and 2026 is becoming more optimistic. The government is currently prioritizing the modernization of regional airports and the digitalization of customs processes through the National Logistics Master Plan. By reducing bureaucratic bottlenecks and investing in specialized handling for high growth sectors like agriculture and e-commerce, the Philippines aims to reverse its historical decline and better compete with its regional neighbours.

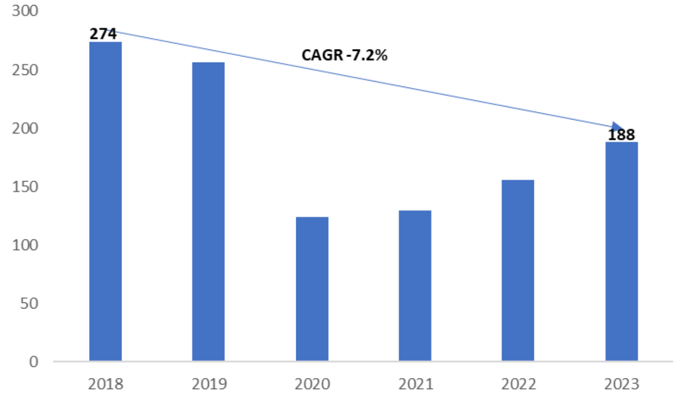
AGX Group Berhad is uniquely positioned to capitalize on these contrasting market dynamics through its extensive footprint in both nations. In Malaysia, AGX leverages its status as a newly accredited IATA cargo agent and strategic partner to major carriers like Malaysia Airlines to tap into the steady growth driven by the high-value electronics sector. Simultaneously, while the broader Philippine market has faced historical headwinds, AGX's Philippine operations remain the Group's largest revenue contributor. By maintaining an agile, asset-light model across these diverse regulatory environments, AGX transforms regional volatility into a competitive advantage, ensuring long-term earnings resilience and reinforcing its status as a premier "one-stop" logistics provider in Southeast Asia.

Fig 12: Cargo Movement Handled by Malaysia Airports ('000 tonnes)



Source: Ministry of Transport Malaysia, Apex Securities

Fig 13: Cargo Movement Handled by Philippine Airports ('000 tonnes)



Source: Civil Aviation Authority of the Philippines, Apex Securities

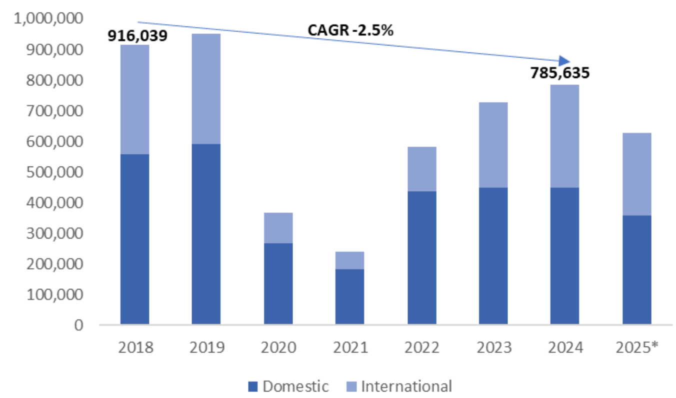
Aerospace Logistics. The aerospace logistics industry in Malaysia and the Philippines is closely linked to commercial aviation activity, fleet utilisation and regional air connectivity, serving airline operators and MRO providers through the transportation of aircraft parts, components and time-critical materials. While aircraft movements provide a useful indicator of aviation activity, demand for aerospace logistics is driven not only by flight volumes but also by aircraft age profiles, maintenance cycles and the increasing complexity of regional aviation networks.

In Malaysia, total commercial aircraft movements handled by airports declined at a CAGR of 2.5%, from 916,039 movements in 2018 to 785,635 movements in 2024, reflecting the prolonged impact of the COVID-19 pandemic and a gradual recovery thereafter. Despite the decline in movements over the period, aerospace logistics demand has remained structurally relevant, supported by Malaysia's role as a regional aviation hub, the presence of established MRO capabilities, and a growing installed base of narrowbody aircraft serving short-haul ASEAN routes. As passenger traffic continues to recover and airlines progressively normalise utilisation rates, maintenance activity and associated logistics requirements are expected to stabilise and improve.

In contrast, the Philippines has recorded relatively stable aviation activity, with total commercial aircraft movements increasing at a CAGR of 0.2%, from 270,204 movements in 2018 to 273,119 movements in 2023. The resilience reflects sustained domestic air travel demand across an archipelagic geography, where air transport remains a critical mode of connectivity. Rising passenger movements, fleet expansion among low-cost carriers and increasing aircraft utilisation have supported ongoing demand for aerospace logistics services, particularly for routine maintenance and unplanned AOG events.
From a structural perspective, the aerospace logistics industry in both markets stands to benefit from deeper regional integration, including the implementation of the Regional Comprehensive Economic Partnership (RCEP) and broader ASEAN economic cooperation. These frameworks are expected to facilitate cross-border trade, streamline customs procedures and enhance supply-chain efficiency, improving the movement of aviation parts and components across regional hubs. At the same time, the continued growth of intra-ASEAN air travel is increasing fleet intensity and operational complexity, elevating the importance of reliable, time-critical logistics solutions.

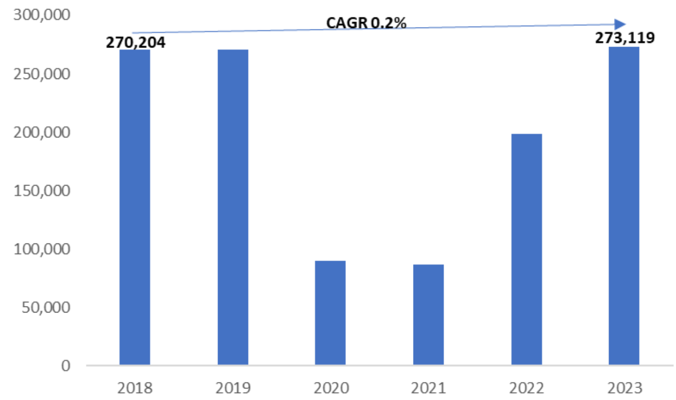
Overall, while aircraft movement trends in Malaysia and the Philippines have diverged in recent years, the medium-term outlook for aerospace logistics remains underpinned by passenger traffic recovery, fleet growth and deeper regional connectivity. Given the mission-critical nature of aircraft maintenance and AOG support, demand for specialised aerospace logistics services is less correlated to broader freight cycles and more closely tied to aviation activity and operational reliability, supporting the segment's role as a resilient and structurally attractive niche within the broader logistics industry.

Fig 14: Total Commercial Aircraft Movements Handled by Malaysian Airports



Source: Ministry of Transport Malaysia, Apex Securities
**represents 3Q2025 figure*

Fig 15: Total Commercial Aircraft Movements Handled by Philippine Airports



Source: Civil Aviation Authority of the Philippines, Apex Securities

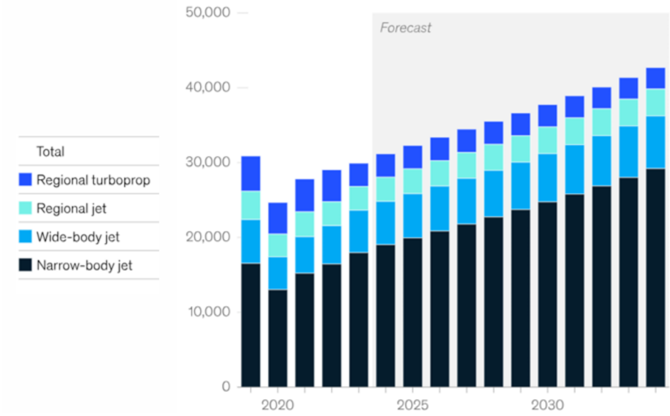
Investment Highlights

Riding the MRO "Super Cycle". AGX is a primary beneficiary of the ongoing "super cycle" in regional aviation MRO. The Group recently cemented its market leadership by securing a landmark three-year contract with Malaysia Airlines Berhad (MAG), effective December 2025. This contract establishes AGX as the official full-service logistics partner for the national carrier, handling both routine maintenance logistics and mission-critical 24/7 AOG movements. As global aircraft delivery backlogs persist, airlines are increasingly forced to extend the lifecycles of their existing fleets. This trend structurally increases the frequency and technical complexity of repairs, directly fueling demand for AGX's specialized rapid-response services.

The aerospace logistics segment remains a central engine for AGX's profitability, characterized by its significant earnings leverage and high-barrier service profile. This division commands premium gross margins of approximately 35.0%, starkly outperforming the 20.0% typically achieved in standard sea freight operations. Despite its relatively smaller contribution to total revenue, the aerospace segment accounted for nearly 45.0% of the Group's total gross profit in FY23, underscoring its outsized impact on the bottom line.

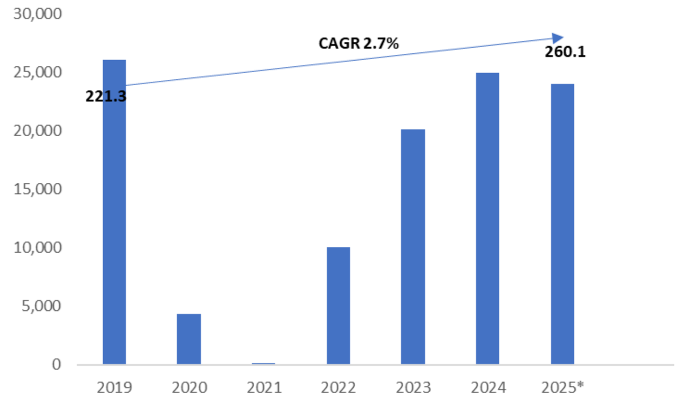
This growth trajectory is underpinned by the robust structural recovery of Malaysia's aviation sector. Passenger traffic has improved beyond pre-pandemic highs, logging a 6-year CAGR of 2.7% as volumes grew from 221.3m in 2018 to 260.1m in 2024. As regional passenger demand surges, the resulting increase in flight frequencies and fleet utilization will drive sustained, long-term demand for AGX's specialized AOG and MRO logistics services. Looking ahead, AGX is poised for a significant step-up in earnings as it begins to execute its landmark contract with MAG. Following a two-to-three-month operational ramp-up currently in progress, maiden earnings contributions from this partnership are expected to materialize starting from 2Q26. This contract is anticipated to provide high earnings visibility and further solidify AGX's position as a critical logistics partner within the regional aerospace ecosystem.

Fig 16: Estimated In-Service Commercial-Aviation Fleet



Source: McKinsey & Company, Company

Fig 17: Malaysia's Passenger Traffic (m)



Source: DOSM, Apex Securities
**represents 3Q2025*

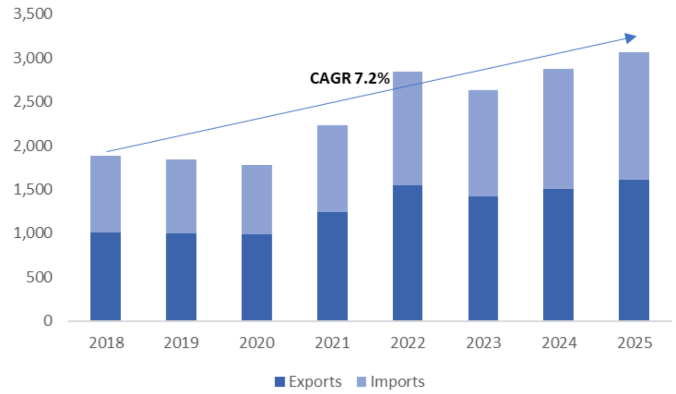
Leveraging the China-ASEAN E-commerce Boom. The Group's 30% stake in its China-based associate, All-Link, has evolved into a high-growth, capital-light earnings pillar. This partnership provides AGX with strategic exposure to the explosive cross-border e-commerce corridor between China and the ASEAN region. Following the successful onboarding of a major Chinese tier-1 e-commerce player in FY24, the associate has delivered a significant step-up in profit contributions. This growth reflects the broader "China+1" manufacturing shift, where Southeast Asia has become a critical destination for Chinese e-commerce fulfilment and regional distribution networks.

Management is actively pursuing further diversification within this segment by identifying new e-commerce partners and optimizing digital warehouse operations to sustain this momentum. As AGX utilizes an associate model for these operations, it benefits from high-quality, margin-accretive earnings without the heavy capital expenditure typically required for such rapid scaling. This earnings stream is largely decoupled from traditional freight rate cycles, providing the Group with enhanced earnings quality and a reliable source of recurring income as it expands its regional e-fulfilment footprint.

Capturing JS-SEZ Opportunities. The Group's core freight segments are poised to capture significant tailwinds from the development of the Johor-Singapore Special Economic Zone (JS-SEZ). Officially signed in early 2025, this initiative aims to create a seamless economic hub through paperless cargo clearance and a single-permit system, which is expected to cut cross-border processing times by up to 50%. With established hubs in both Singapore and Johor, AGX is uniquely positioned to manage the increased cargo flows resulting from this integration. This environment directly drives demand for the Group's higher-value 3PL services, including warehousing and regional distribution, as businesses look to "twin" their operations across the two nations to balance costs and connectivity.

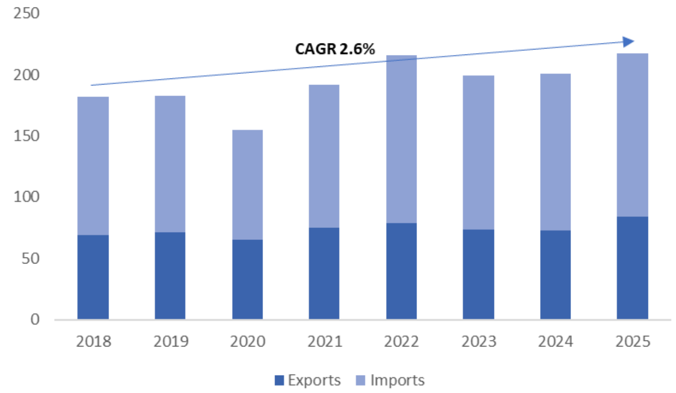
Beyond local developments, AGX is further propelled by a structural shift toward higher regional trade volumes. Malaysia has demonstrated exceptional resilience, with its total trade volume growing at a seven-year CAGR of 7.2% since 2018 and surpassing the RM3trn mark for the first time in 2025. Similarly, the Philippines has maintained a steady trade CAGR of 2.6% over the same period. As an accredited IATA and NVOCC agent, AGX possesses the institutional standing to contract directly with major global carriers, effectively bypassing intermediaries. This direct-to-carrier model allows the Group to negotiate better freight terms and secure capacity during periods of volatility, ensuring it can efficiently translate rising regional trade volumes into sustainable, margin-protected earnings growth.

Fig 18: Malaysia's Total External Trade (RM'bn)



Source: DOSM, Apex Securities

Fig 19: Philippines's Total External Trade (USD'bn)

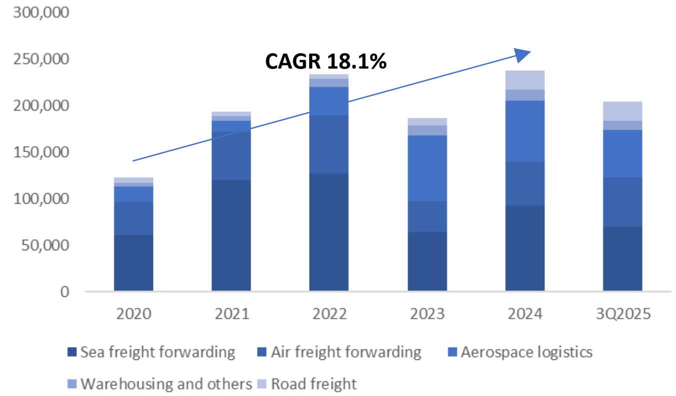


Source: Philippine Statistics Authority, Apex Securities

Financial Highlights

AGX delivered a respectable top line performance from FY2020 to FY2024, demonstrating a 18.1% revenue CAGR as turnover climbed from RM122.5m to RM238.5m. This growth was spearheaded by the aerospace logistics segment, the Group's primary growth engine, which surged at a remarkable 40.9% CAGR to reach RM66.0m. Such performance underscores the Group's ability to navigate external volatility, including the pandemic, global port bottlenecks, and the Suez Canal crisis, by focusing on time-critical, high-value services that remain decoupled from general cargo trends. Simultaneously, net profit margins expanded from 0.5% to 5.3% over the same period, driven by a strategic shift toward higher-margin air and aerospace services. This bottom-line transformation was further amplified by an asset-light business model that harnessed operating leverage, allowing incremental volume growth to translate into outsized profit gains through improved cost discipline and heightened operational efficiency.

Fig 20: Revenue Segmentation by Business Activities



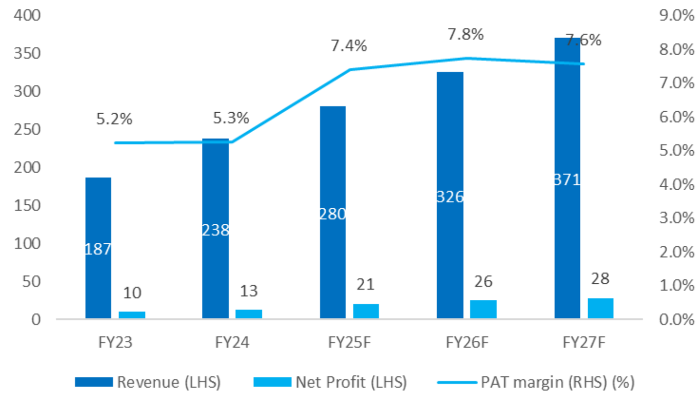
Source: Company, Apex Securities

Earnings Outlook. We project AGX's core earnings to deliver a robust 3-year CAGR of 30.7% through FY27F, with profits reaching RM20.9m, RM25.6m, and RM28.4m across the forecast period. Earnings growth is underpinned by increasing contributions from air freight forwarding and aerospace logistics, which carry gross margins of approximately 25% and 35%, respectively, compared with around 20% for sea freight.

Aerospace logistics accounted for 44.7% of Group's gross profit in FY23, despite a smaller revenue share, highlighting its outsized profitability and earnings leverage. We expect continued expansion in this segment, supported by rising aircraft utilisation, steady AOG activity and entrenched airline and MRO relationships, to drive further margin accretion at the group level. Air freight forwarding provides a complementary earnings uplift, supported by structurally higher margins and growing regional trade flows. While the segment contributed 10.8% of FY23 gross profit, we expect its share to increase steadily, driven by rising intra-ASEAN trade volumes and the Group's expanding regional footprint.

Strategic Associate Contributions. Associate contributions from All-Link add a further layer of earnings growth and diversification. AGX holds a 30% stake in All-Link, which delivered RM11.8m in pre-tax income in FY24. We forecast contributions to rise to RM16.0m in FY25, RM19.2m in FY26 and RM21.1m in FY27, driven by increasing e-commerce activity between China and ASEAN markets. This earnings stream is capital-light and margin-accretive, enhancing overall earnings quality. Overall, we view AGX's earnings trajectory as reflecting a structural uplift in profitability, anchored by a growing contribution from higher-margin logistics segments, recurring associate income and operating leverage from an asset-light model, supporting sustained double-digit earnings growth beyond FY25F despite a more normalised freight environment.

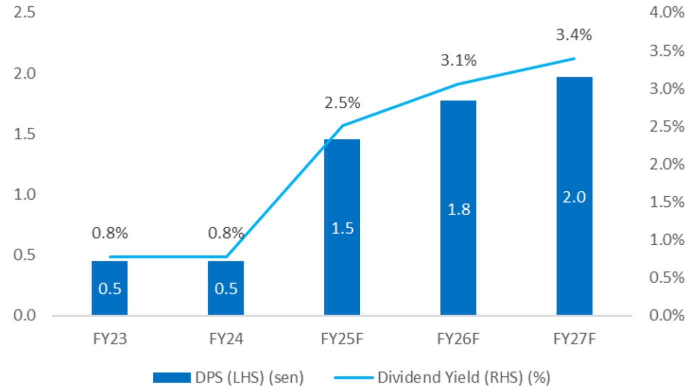
Fig 21: Financial Performance Overview



Source: Company, Apex Securities

Dividends. The Group maintains a formal dividend policy of distributing at least 30% of its annual profits, which we have adopted as a constant payout ratio for our forecast horizon. This strategy allows shareholders to participate in the Group's earnings growth while ensuring sufficient capital is retained to fund ongoing operations and future expansion initiatives. This translates to an attractive dividend yield of 2.5% to 3.4% based on current share price.

Fig 22: Dividend per Share and Dividend Yield



Source: Company, Apex Securities

Bonus Issue. During the EGM held on 27 January 2026, AGX shareholders approved the issuance of up to 108.2m warrants. These warrants are distributed on the basis of one warrant for every four existing ordinary shares held, with the exercise price fixed at RM0.70. The warrants feature a five-year exercise window, commencing on the Issue Date of 27 February 2026 and concluding on the Expiry Date of 27 February 2031. Any warrants remaining unexercised after this period will lapse and become void. Given the five-year tenure of the instruments, we have excluded any potential impact from our current valuation as share capital dilution only occurs upon the future exercise of the warrants.

	No.of Shares
Total number of issued shares as at 5 January 2026	432,866,125
To be issued assuming full exercise of the warrants	108,216,531
Enlarged share capital after the bonus issue of warrants	**541,082,656**

Sensitivity Analysis

Sensitivity Analysis on Aircrafts Serviced under Group's Aerospace Logistics Segment. We project that AGX's future earnings will be spearheaded by the aerospace logistics segment, where the primary volume driver is the number of aircrafts serviced and the most significant cost factor is the cost of sales. To evaluate the resilience of our valuation, we conducted a sensitivity analysis against our FY26F base case earnings of RM26.3m. This base case assumes a fleet of 455 aircrafts and a 36.0% gross margin for the segment. Our findings indicate that at the 455 aircrafts level, every 1.0% fluctuation in gross margin triggers a ±3.0% swing in FY26F net profit. Conversely, maintaining a steady 36.0% gross margin shows that every 5.0% change in the number of aircrafts serviced shifts earnings by ±1.9%. These results highlight the substantial operating leverage inherent in AGX's asset light model, where profitability is highly responsive to the scaling of its specialized aerospace operations.

Fig 23: Sensitivity Analysis on Net Profit Based on Number of Aircrafts Serviced and Aerospace Logistics Segment's Gross Margin

Number of Aircraft under Group's MRO and AOG Coverage	Gross Margin (%) 34.0%	35.0%	36.0%	37.0%	38.0%
410	23.9	24.6	25.3	26.0	26.7
432	24.3	25.0	25.8	26.5	27.3
455	24.7	25.5	**26.3**	27.0	27.8
478	25.1	26.0	26.8	27.6	28.4
501	25.6	26.4	27.3	28.1	29.0

Source: Company, Apex Securities

Fig 24: Percentage Change in Net Profit Based on Number of Aircrafts Serviced and Aerospace Logistics Segment's Gross Margin

Number of Aircraft under Group's MRO and AOG Coverage	Gross Margin (%) 34.0%	35.0%	36.0%	37.0%	38.0%
410	-9.2%	-6.5%	-3.8%	-1.1%	1.5%
432	-7.5%	-4.7%	-1.9%	0.9%	3.8%
455	-5.9%	-3.0%	**0.0%**	3.0%	6.0%
478	-4.3%	-1.2%	1.9%	5.1%	8.2%
501	-2.7%	0.6%	3.9%	7.2%	10.4%

Source: Company, Apex Securities

Peers Comparison

Fig 25: Selected Peers Engaged in Transportation and Logistics Services, listed on Bursa Malaysia

Company	Market Group	FYE	Price (RM)	Market Cap (RM' m)	P/E (x) 2024[1]	P/E (x) 2025F[2]	Dividend Yield (%)*	Revenue (RM' m)*	Core Net Profit (RM' m)*
AGX Group Bhd	**ACE**	**Jun**	**0.53**	**227.3**	**17.8**	**10.9**	**0.9**	**238.4**	**12.6**
GDEX Bhd	MAIN	Dec	0.14	744.4	N.A	N.A	1.5	419.2	-1.9
Harbour-Link Group Bhd	MAIN	Jun	1.45	577.9	4.8	N.A	4.1	1,032.3	114.7
Tiong Nam Logistics Holdings	MAIN	Mar	0.82	428.7	8.6	N.A	N.A	853.5	4.6
Tasco Bhd	MAIN	Mar	0.46	368.0	14.3	8.2	2.7	1,011.7	35.0
Swift Haulage Bhd	MAIN	Dec	0.42	362.2	14.3	12.7	3.8	716.8	30.0
FM Global Logistics Holdings	MAIN	Jun	0.60	335.1	10.3	9.7	3.3	952.8	32.3
Average ex-AGX Group Bhd					**10.5**	**10.2**	**3.1**	**831.1**	**35.8**

[1]Denotes last FY
[2]Denotes current FY
**Figure taken from last audited financial statement*
Source: Bloomberg, Apex Securities

Valuation & Recommendation

Initiation Coverage. We initiate coverage on AGX Group Berhad with a **BUY** recommendation and a target price of **RM0.74**. This valuation is derived from a target P/E multiple of 12.2x pegged to our FY26F core EPS of 6.1 sen. This represents a 20% premium over the peer average forward P/E of 10.2x. We believe this premium is justified by the Group's robust operational moat and superior margin profile. Furthermore, AGX's strategic exposure to structurally high growth sectors such as e-commerce and E&E provides the Group with enhanced earnings visibility and a stronger growth trajectory compared to its broader industry peers.

Investment Risks

Geopolitical & Trade Risks. Exposure to volatile trade flows from potential U.S.–China tensions, shifting alliances, trade restrictions, and currency fluctuations that may impact cross-border cost structures.

Macroeconomic Risks. Persistent inflation, rising operating costs, and uneven global recovery could weigh on demand across key regions.

Industry-Specific Risks. Volatile freight rates driven by capacity constraints, fuel price swings, and uncertain demand, coupled with intensifying competition that necessitates continuous tech upgrades and service innovation.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	**186.8**	**238.4**	**280.4**	**317.1**	**360.2**
Gross Profit	**57.4**	**61.0**	**80.2**	**92.2**	**105.0**
EBITDA	**24.4**	**19.7**	**25.5**	**30.3**	**34.8**
Depreciation & Amortisation	6.6	9.6	9.8	11.1	12.6
EBIT	**17.8**	**10.0**	**15.7**	**19.2**	**22.2**
Net Finance Income/ (Cost)	-1.4	-2.2	-2.2	-2.3	-2.7
Associates & JV	1.5	11.8	16.0	19.2	21.1
Other Income/(Cost)	-3.6	-4.6	-5.1	-5.6	-6.1
Pre-tax Profit	**14.2**	**15.1**	**24.4**	**30.6**	**34.6**
Tax	-4.5	-2.5	-3.7	-4.6	-5.2
Profit After Tax	**9.8**	**12.6**	**20.7**	**26.0**	**29.4**
Minority Interest	0.0	0.2	0.2	0.3	0.3
Net Profit	**9.8**	**12.7**	**20.9**	**26.3**	**29.7**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**9.8**	**12.7**	**20.9**	**26.3**	**29.7**

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	2.3	2.9	4.8	6.1	6.9
P/E (x)	23.2	17.8	10.9	8.7	7.7
P/B (x)	4.4	2.5	2.5	2.4	2.3
EV/EBITDA (x)	9.4	11.0	8.9	7.6	6.6
DPS (sen)	0.5	0.5	1.5	1.8	2.1
Dividend Yield (%)	0.9%	0.9%	2.8%	3.5%	3.9%
EBITDA margin (%)	13.1%	8.2%	9.1%	9.6%	9.7%
EBIT margin (%)	9.5%	4.2%	5.6%	6.1%	6.2%
PBT margin (%)	7.6%	6.3%	8.7%	9.6%	9.6%
PAT margin (%)	5.2%	5.3%	7.4%	8.2%	8.2%
NP margin (%)	5.2%	5.3%	7.5%	8.3%	8.2%
CNP margin (%)	5.2%	5.3%	7.5%	8.3%	8.2%
ROE (%)	19.1%	14.2%	23.3%	27.9%	29.7%
ROA (%)	9.9%	8.4%	12.7%	15.2%	16.3%
Gearing (%)	27.2%	10.0%	16.9%	19.0%	18.0%
Net gearing (%)	2.8%	Net Cash	0.2%	3.0%	3.0%

Valuations	FY26F
Core EPS (sen)	6.1
P/E Multiple (x)	12.2
Fair Value (RM)	**0.74**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.74**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	12.6	20.8	15.0	15.0	15.0
Receivables	65.6	74.7	92.5	99.9	108.1
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	2.0	8.3	9.8	10.2	10.7
Total Current Assets	**80.2**	**103.9**	**117.3**	**125.1**	**133.8**
Fixed Assets	13.1	32.5	32.6	32.7	32.8
Intangibles	1.2	1.1	1.0	0.9	0.8
Other non-current assets	4.6	14.3	14.4	14.5	14.6
Total Non-Current Assets	**18.9**	**47.9**	**48.0**	**48.1**	**48.2**
Short-term debt	13.8	8.3	7.9	7.5	7.1
Payables	21.1	23.5	28.9	29.1	30.4
Other current liabilities	1.9	1.2	1.2	1.2	1.2
Total Current Liabilities	**36.8**	**33.0**	**38.0**	**37.8**	**38.8**
Long-term debt	0.2	0.6	7.2	10.3	10.9
Other non-current liabilities	10.6	28.4	30.1	31.1	32.3
Total Non-Current Liabilities	**10.8**	**29.1**	**37.3**	**41.4**	**43.2**
Shareholder's equity	51.3	89.5	89.6	93.3	99.1
Minority interest	0.1	0.2	0.4	0.7	0.9
Total Equity	**51.4**	**89.7**	**90.0**	**94.0**	**100.0**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	**14.2**	**15.1**	**24.4**	**30.6**	**34.6**
Depreciation & amortisation	6.6	9.6	9.8	11.1	12.6
Changes in working capital	-15.2	-8.2	-12.3	-6.7	-6.2
Others	-2.1	-12.2	-14.0	-14.3	-14.4
Operating cash flow	**3.5**	**4.3**	**7.9**	**20.7**	**26.5**
Net capex	-1.5	-4.8	-9.8	-11.1	-12.6
Others	3.0	2.4	1.0	1.0	1.0
Investing cash flow	**1.5**	**-2.4**	**-8.8**	**-10.1**	**-11.6**
Dividends paid	-6.6	-3.9	-6.3	-7.9	-8.9
Others	-4.1	20.8	6.4	2.9	0.5
Financing cash flow	**-10.7**	**16.9**	**0.1**	**-4.9**	**-8.4**
Net cash flow	**-5.7**	**18.8**	**-0.8**	**5.7**	**6.5**
Forex	1.0	-3.9	-5.0	-5.7	-6.5
Others	2.8	-6.6	0.0	0.0	0.0
Beginning cash	30.4	12.6	20.8	15.0	15.0
Ending cash	**28.6**	**20.8**	**15.0**	**15.0**	**15.0**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Energy	★★★	Transitioned to LED lighting across all office areas and key warehouse locations to reduce electricity consumption.
Compliance	★★★	The Group complies with all local and international environmental regulations.
Fuel	★★★	The Group tracks and monitor diesel fuel consumption of all transportation vehicles.

Social

Diversity	★★	Female representation at 42% in the workforce and 25% at the board level.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★	Employees participate in safety and health training to foster safe working environment.
Labour Practices	★★★	Adheres to all relevant labour laws.

Governance

Management	★★★	Undergoes training on anti-corruption and bribery every year.
Stakeholders	★★	Maintains constructive communication with all key stakeholders through consistent engagements.
Governance	★★★	Board of Directors oversees and governs the Group's sustainability agenda and strategy.

Overall ESG Scoring: ★★★

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain + dividend yield

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Wednesday, 11 Feb, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.