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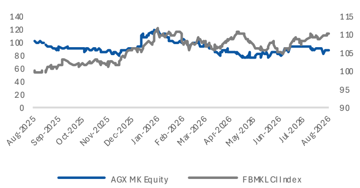
Recommendation:	**BUY**
Current Price:	RM 0.445
Previous Target Price:	RM 0.690
Target Price: ↑	RM 0.740
Capital Upside/Downside:	66.3%
Dividend Yield (%):	4.1%
Total Upside/Downside:	70.4%

Stock information

Board	ACE
Sector	Transportation & Logistics
Bursa / Bloomberg Code	0299/AGX MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	432.9
Market Cap (RM' m)	192.6
52-Week Price Range (RM)	0.372-0.596
Beta (x)	0.5
Free float (%)	25.6
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.1

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

Share Price Performance



	1M	3M	12M
Absolute (%)	-7.3	16.6	-10.3
Relative (%)	-9.2	13.3	-18.6

Earnings summary

FYE Dec (RM m)	FY25	FY26F	FY27F
Revenue (RM'm)	290.7	360.6	416.8
PATAMI (RM'm)	14.8	22.6	26.3
CNP (RM'm)	18.8	22.6	26.3
EPS - core (sen)	4.3	5.2	6.1
P/E (x)	10.3	8.5	7.3

Source: Company, Apex Securities

AGX Group Bhd

Beat Expectations, Vietnam Push Weighs on Margins

- **Excluding exceptional items, AGX reported 2QFY26 core net profit (CNP) of RM7.2m (+36.1% YoY; +40.2% QoQ), with 1HFY26 CNP tracking ahead of expectations at 57% of our full-year forecast and 54% of consensus full-year estimates.**
- **Revenue growth remained robust, though GP margin contracted as the Group prioritises market share gains in the newer, lower-margin Vietnam market. Higher contributions from Malaysia Airlines Berhad and VietJet Air are expected from 3QFY26 onwards, supporting GP margin recovery in 2HFY26.**
- **We raise our FY26F/FY27F CNP by +3.7%/+8.7% respectively, on stronger freight forwarding momentum and modest operating leverage from ongoing cost optimisation initiatives.**
- **Maintain our BUY call with a higher TP of RM0.74 (from RM0.69), based on 12.2x PE multiple applied to revised FY27F EPS of 6.1 sen (from 0.56sen).**

Results above expectation. After excluding net impairment losses on financial assets (+RM1.15m), loss on disposal of a 30% equity interest in an associate (+RM0.45m), the Group's portion of IPO-related expenses incurred at an associate level (+RM0.52m) and net foreign exchange gain (-RM0.3m), AGX reported 2QFY26 core net profit (CNP) of RM7.2m (+36.1% YoY; +40.2% QoQ). This brings cumulative 1HFY26 CNP to RM12.4m, accounting for 57% of our full-year forecast and 54% of consensus full-year estimates. **We deem the results to be tracking ahead of expectations, particularly as 1H is typically the seasonally softer half of the year for the Group.**

YoY. Revenue increased +46.7% YoY to RM102.9m, while CNP grew +36.1% YoY to RM7.2m, driven by broad-based revenue growth across all operating segments, led by air freight forwarding (+99.2% YoY to RM31.7m) and sea freight forwarding (+52.3% YoY to RM34.8m). The earnings growth was partially tempered by GP margin contraction to 20.9% (from 27.0% in 2QFY25), alongside associate contributions which remained broadly flat (+2.1% YoY to RM2.2m) following the sharp -70.6% contraction in 1QFY26.

QoQ. Revenue rose +23.8% QoQ to RM102.9m, while CNP grew +40.2% QoQ to RM7.2m, driven mainly by broad-based revenue growth led by air freight forwarding (+45.5% QoQ to RM31.7m) and sea freight forwarding (+31.5% QoQ to RM34.8m), alongside a rebound in associate contributions (+148.3% QoQ to RM2.2m). GP margin contracted to 20.9% (from 24.2% in 1QFY26) amid a revenue mix shift toward lower-margin freight forwarding segments.

Outlook. We remain positive on AGX's near-term prospects, supported by robust freight demand and continued regional expansion, notwithstanding a moderation in global growth momentum amid geopolitical tensions and trade policy uncertainties. Management remains confident of achieving satisfactory financial performance for FY26, underpinned by ongoing customer base diversification, operational efficiency initiatives and exploration of strategic partnerships. We expect the Aerospace Logistics segment to remain a key earnings driver over the medium term, with management guiding for higher contributions from Malaysia Airlines Berhad and VietJet Air from 3Q26 onwards, which should also support overall GP margin recovery. Meanwhile, associate contributions are expected to normalise into 2HFY26, following confirmation that a portion of the earnings drag in 1HFY26 stemmed from one-off IPO-related expenses at the associate level. Separately, the completion of All-Link Singapore's listing on the SGX-ST diluted AGX's effective equity interest in the associate, and we expect the resulting deemed disposal gain to be recognised in 3QFY26. That said, gross margin remains under near-term pressure as the Group prioritises market share gains in Vietnam, a newer and currently lower-margin market, with management guiding for margins to improve progressively as the Group scales up and establishes itself as a key regional player there.

Earnings Revision. We revise our FY26F/FY27F CNP upward by +3.7%/+8.7% to RM22.6m/RM26.3m (from RM21.8m/RM24.2m), respectively, to reflect (i) the stronger-than-expected momentum in sea and air freight forwarding following the Group's market share gains in Vietnam, (ii) higher contributions from Malaysia Airlines Berhad and VietJet Air from 3Q26 onwards as guided by management, and (iii) modest operating leverage from ongoing cost optimisation initiatives.

Valuation & Recommendation. We maintain our **BUY** call with a **higher TP of RM0.74** (from RM0.69), based on an unchanged 12.2x PE multiple applied to our **revised FY27F EPS of 6.1 sen** (from 0.56sen), supported by a three-star ESG rating. We believe AGX's structural growth drivers in aerospace logistics and regional freight forwarding remain intact, underpinned by improving 2HFY26 visibility on margin recovery and new client contributions.

Risk. Exposure to volatile trade flows, fuel price swings and fluid freight rates, as well as slower-than-expected margin recovery in Vietnam.

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	102.9	70.1	*46.7*	83.1	*23.8*	186.0	131.9	*41.0*
EBITDA	8.6	6.5	*33.1*	7.4	*15.8*	16.1	12.0	*34.1*
Pre-tax profit	7.3	5.2	*40.1*	4.9	*48.2*	12.2	10.5	*15.5*
Net profit	5.4	4.1	*30.0*	3.7	*45.3*	9.1	8.7	*4.8*
Core net profit	7.2	5.3	*36.1*	5.1	*40.2*	12.4	11.0	*11.9*
Core EPS (sen)	1.7	1.2	*36.1*	1.2	*40.2*	2.9	2.6	*11.9*
EBITDA margin (%)	8.4	9.2		9.0		8.6	9.1	
PBT margin (%)	7.1	7.4		5.9		6.5	8.0	
Core net profit margin (%)	7.0	7.6		6.2		6.6	8.4	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue								
Sea freight forwarding	34.8	22.9	*52.3*	26.5	*31.7*	61.3	47.1	*30.2*
Air freight forwarding	31.7	15.9	*99.2*	21.8	*45.6*	53.5	29.7	*80.0*
Aerospace logistics	23.2	18.4	*26.3*	22.3	*4.2*	45.6	32.2	*41.7*
Warehousing	3.3	3.4	*(1.7)*	3.4	*(0.7)*	6.7	6.2	*8.0*
Road freight	9.7	9.5	*2.2*	9.2	*5.5*	18.9	16.8	*12.8*
Total	**102.9**	**70.1**	***46.7***	**83.1**	***23.8***	**186.0**	**131.9**	***41.0***
Share of Revenue								
Sea freight forwarding	33.9%	32.6%		31.8%		33.0%	35.7%	
Air freight forwarding	30.8%	22.7%		26.2%		28.8%	22.5%	
Aerospace logistics	22.6%	26.2%		26.8%		24.5%	24.4%	
Warehousing	3.3%	4.9%		4.1%		3.6%	4.7%	
Road freight	9.4%	13.6%		11.1%		10.2%	12.7%	
Total	100.0%	100.0%		100.0%		100.0%	100.0%	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	**186.8**	**238.4**	**290.7**	**360.6**	**416.8**
Gross Profit	**57.4**	**61.0**	**70.0**	**103.1**	**120.0**
EBITDA	**24.4**	**19.7**	**29.6**	**32.8**	**40.8**
Depreciation & Amortisation	6.6	9.6	11.3	12.6	14.6
EBIT	**17.8**	**10.0**	**18.4**	**20.2**	**26.2**
Net Finance Income/ (Cost)	-1.4	-2.2	-2.6	-2.3	-4.9
Associates & JV	1.5	11.8	9.1	14.0	15.4
Other Income/(Cost)	-3.6	-4.6	-5.5	-5.6	-6.1
Pre-tax Profit	**14.2**	**15.1**	**17.4**	**26.3**	**30.6**
Tax	-4.5	-2.5	-2.6	-3.9	-4.6
Profit After Tax	**9.8**	**12.6**	**14.8**	**22.4**	**26.0**
Minority Interest	0.0	0.2	0.1	0.2	0.3
Net Profit	**9.8**	**12.7**	**14.8**	**22.6**	**26.3**
Exceptionals	0.0	1.7	4.0	0.0	0.0
Core Net Profit	**9.8**	**14.4**	**18.8**	**22.6**	**26.3**

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	2.3	3.3	4.3	5.2	6.1
P/E (x)	19.7	13.4	10.3	8.5	7.3
P/B (x)	3.7	2.1	1.9	2.2	2.2
EV/EBITDA (x)	8.0	9.2	7.4	6.4	5.4
DPS (sen)	0.5	0.5	0.0	1.6	1.8
Dividend Yield (%)	1.0%	1.0%	0.0%	3.5%	4.1%
EBITDA margin (%)	13.1%	8.2%	10.2%	9.1%	9.8%
EBIT margin (%)	9.5%	4.2%	6.3%	5.6%	6.3%
PBT margin (%)	7.6%	6.3%	6.0%	7.3%	7.3%
PAT margin (%)	5.2%	5.3%	5.1%	6.2%	6.2%
NP margin (%)	5.2%	5.3%	5.1%	6.3%	6.3%
CNP margin (%)	5.2%	6.0%	6.5%	6.3%	6.3%
ROE (%)	19.1%	16.1%	18.5%	25.7%	29.9%
ROA (%)	9.9%	9.5%	10.7%	12.1%	13.2%
Gearing (%)	27.2%	10.0%	40.9%	37.1%	47.1%
Net gearing (%)	2.8%	Net Cash	24.8%	20.1%	30.1%

Valuations	FY27F
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	FY25	FY26F	FY27F
Cash	12.6	20.8	16.3	15.0	15.0
Receivables	65.6	74.7	90.6	113.6	125.0
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	2.0	8.3	13.2	1.7	2.3
Total Current Assets	**80.2**	**103.9**	**120.1**	**130.3**	**142.3**
Fixed Assets	13.1	32.5	31.8	32.8	32.9
Intangibles	1.2	1.1	0.9	0.8	0.7
Other non-current assets	4.6	14.3	23.5	23.6	23.7
Total Non-Current Assets	**18.9**	**47.9**	**56.2**	**57.2**	**57.3**
Short-term debt	13.8	8.3	24.6	24.2	23.8
Payables	21.1	23.5	29.9	33.3	35.4
Other current liabilities	1.9	1.2	0.8	0.8	0.8
Total Current Liabilities	**36.8**	**33.0**	**55.3**	**58.3**	**60.0**
Long-term debt	0.2	0.6	16.9	8.4	17.6
Other non-current liabilities	10.6	28.4	2.4	32.7	34.1
Total Non-Current Liabilities	**10.8**	**29.1**	**19.3**	**41.1**	**51.7**
Shareholder's equity	51.3	89.5	101.4	87.4	87.0
Minority interest	0.1	0.2	0.2	0.6	0.9
Total Equity	**51.4**	**89.7**	**101.6**	**88.0**	**87.9**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	**14.2**	**15.1**	**17.4**	**26.3**	**30.6**
Depreciation & amortisation	6.6	9.6	11.3	12.6	14.6
Changes in working capital	-15.2	-8.2	-17.4	-15.6	-8.6
Others	-2.1	-12.2	-3.8	-16.2	-16.7
Operating cash flow	**3.5**	**4.3**	**7.5**	**7.2**	**20.0**
Net capex	-1.5	-4.8	-3.3	-12.6	-14.6
Others	3.0	2.4	2.2	1.0	1.0
Investing cash flow	**1.5**	**-2.4**	**-1.1**	**-11.6**	**-13.6**
Dividends paid	-6.6	-3.9	0.0	-6.8	-7.9
Others	-4.1	20.8	-1.9	17.7	9.0
Financing cash flow	**-10.7**	**16.9**	**-1.9**	**10.9**	**1.1**
Net cash flow	**-5.7**	**18.8**	**4.5**	**6.5**	**7.5**
Forex	1.0	-3.9	-6.8	-6.5	-7.5
Others	2.8	-6.6	-2.3	0.0	0.0
Beginning cash	30.4	12.6	20.8	15.0	15.0
Ending cash	**28.6**	**20.8**	**16.3**	**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 of 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 **Thursday, 27 Aug, 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.