

# AGX pares gains after robust debut on ACE Market

 theedgemalaysia.com/node/700131

AGX pares gains after robust debut on ACE Market



AGX Group Bhd Group CEO Datuk Ponnudurai Periasamy (fifth from left) and chairman Datuk Rozalila Abdul Rahman (fifth from right) during the company's debut on the ACE Market on February 7, 2024. (Photo by Suhaimi Yusuf/The Edge)

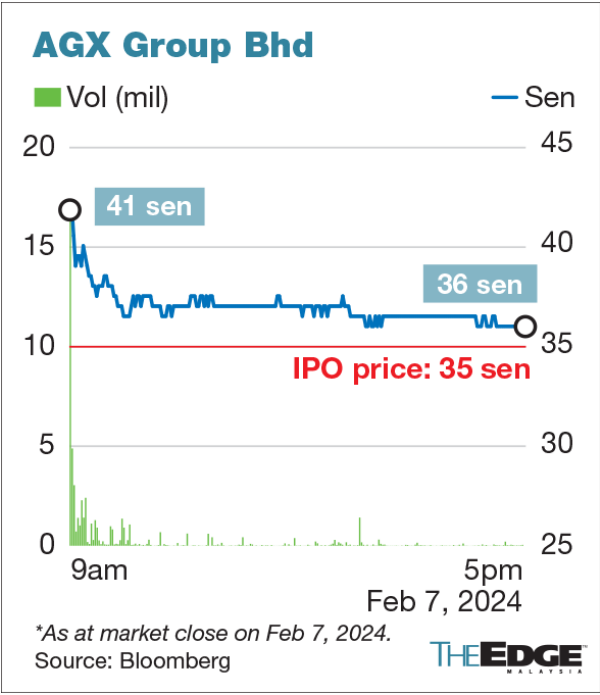
KUALA LUMPUR (Feb 7): After a robust debut on the ACE Market with a premium of 17% at 41 sen, freight forwarding and aerospace logistics provider AGX Group Bhd succumbed to selling pressure which saw its share price gains pared down to just one sen, or 2.86% from its initial public offering (IPO) price of 35 sen.

AGX ended at 36 sen per share on its maiden trading day on Bursa Malaysia.

The counter emerged among the most active stocks on Wednesday with 55.4 million shares traded. At 36 sen per share, AGX is valued at RM155.83 million based on a share capital of 432.87 million units.

At its current price, AGX is valued at about 11.5 times its price-earnings ratio based on a net profit of RM13.54 million and basic earnings per share of 3.13 sen for FY2022.

AGX has adopted a dividend policy of at least 30% of its annual profits attributable to shareholders. For the nine months ended Sept 30, 2023 (9MFY2023), the company reported a net profit of RM9.16 million on the back of RM138.16 million revenue.



Prior to its market debut, the company saw an oversubscription of 15.43 times for its IPO and successfully raised RM33.78 million in proceeds at 35 sen per share.

Sharing the company’s expansion plans, AGX Singapore executive director Mark Penu said the company will set up a new warehouse and office in Port of Tanjung Pelepas (PTP), Johor to complement its operations in Singapore.

He pointed out that the forex differentials between the Singapore dollar and the Malaysian ringgit will help contribute to the company’s profitability, as it sells in Singapore dollars and captures its costs in ringgit.

“In Singapore, the rent for a warehouse is about S\$2 [RM7.05] per square foot. In PTP, it is about RM2 per square foot. A worker costs around S\$2,000 in Singapore but RM2,000 in PTP. So, this will allow us to offer more competitive pricing to our customers from Singapore,” he told reporters during a press conference after the listing ceremony.

The company also plans to set up an office in Penang to improve its coverage in the northern region of Malaysia, as well as one in Busan, South Korea to support its sea freight business division.

Meanwhile, AGX expressed its interest in expanding its presence to Indonesia, Thailand and Vietnam, aiming to become one of the largest industry players in the Southeast Asian region.

“We are already in five out of eight big Asean markets, namely Singapore, Malaysia, the Philippines, Myanmar and Cambodia. Indonesia, Thailand and Vietnam are countries with large populations, so we cannot afford to ignore them. Even though we do not have immediate future plans, we certainly have our eyes on them,” said Penu.

Furthermore, AGX reiterated its commitment to focusing on the aerospace segment, which accounted for 37% of its revenue base.

“[The industry] has got high entry barriers. It is a growing industry as more people in Southeast Asia aspire to travel. More planes flying around means more MRO [maintenance, repair and operations], so we are well-positioned for this. What we have always required is additional working capital, and the listing status will help,” he added.

TA Securities Holdings Bhd is the principal adviser, sponsor, underwriter and placement agent for this listing exercise.

Edited By Surin Murugiah