AGX operational ramp-up to take three months

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PETALING JAYA: AGX Group Bhd's operational ramp-up is expected to take two to three months with its latest contract award and earnings contribution anticipated from the second quarter of 2026 (2Q26) onwards.

The contract expanded AGX's role beyond aircraft on ground (AOG) services, establishing the group as a full-service logistics partner for Malaysian Airlines Bhd (MAS), including routine maintenance operations, said Phillip Capital Research.

AGX has secured a three-year freight and AOG service contract with MAS, effective December 2025 to November 2028.

No contract value was disclosed, as service charges will be based on mutually agreed rates, with payments to be settled within 60 days of invoice issuance.

Phillip Capital Research said its current earnings forecast excludes any potential contribution from this MAS contract, leaving room for upside.

The research house has maintained its earnings forecasts pending further guidance from management.

It also reiterated a “buy” call on the stock with a target price of 85 sen a share, based on a target 12 times price-to-earnings ratio multiple on 2026 earnings per share.

The key risks cited for its call include lower-than-expected freight demand, decline in freight rates, and loss of customers.

AGX’s prior involvement with MAS was limited to AOG services, but with the contract, the group became MAS’ official freight partner, responsible for both urgent AOG operations and routine maintenance logistics, it added.

MAS operates a smaller fleet of about 100 aircraft compared with AirAsia’s 240 narrow-body planes. MAS’ revenue potential is expected to be comparable, given its operation of larger aircraft with more complex shipments, heavier components, and a higher frequency of AOG requirements.

AirAsia’s 2025 revenue contribution is estimated at RM50mil or 17% of the group’s full-year forecast, providing a reference point for MAS’ potential contribution.