Logistics firm AGX plots higher-growth course with aerospace push

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TOTAL logistics solutions provider AGX Group Bhd (KL:AGX) expects its aerospace logistics segment to accelerate in the coming quarters following the onboarding of Malaysia Airlines and new contract wins with Vietnam's VietJet and Sun PhuQuoc Airways.

In an interview with The Edge, co-founder, group CEO and executive director Datuk Ponnudorai Periasamy says major airline customers typically require five to six months to complete operational onboarding due to the complexity of integrating suppliers and logistics networks.

Once the due diligence and onboarding process are completed, however, shipment volumes are expected to rise significantly. The larger volumes and broader network of airline partners will also enable AGX to improve cargo space utilisation and procurement efficiency as well as enhance its competitiveness.

AGX currently serves 70 to 80 aerospace customers across Southeast Asia, comprising regional airlines and aviation maintenance, repair and overhaul (MRO) operators. The group manages the transport of aircraft parts, components and equipment required for scheduled maintenance and repair work.

Malaysia's expanding aerospace ecosystem is also creating fresh opportunities. The country is home to about 250 aerospace companies, with more than 40% involved in MRO activities. Global industry players including GE Aerospace, Collins Aerospace, Airbus, Boeing, Safran, GKN Aerospace and Barnes Aerospace have expanded their presence in Malaysia in recent years.

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PICTURES BY AGX

Chang says AGX will continue to operate under its asset-light model without owning offices and warehouses

Chief financial officer Chang Poh Sheng says the specialised nature of aerospace logistics provides AGX with a competitive advantage.

“Once we become an authorised vendor, customers tend to retain us for as long as possible, provided we don’t make any major mistakes. That creates a barrier to entry for competitors,” he says.

Chang expects aerospace logistics revenue to be stronger in the second half of 2026 than in the first half.

Ponnudorai adds that over the longer term, management aims for aerospace logistics to become AGX’s largest revenue contributor. “We see significant opportunities in Thailand, Indonesia and the Philippines, and these will be key markets as we continue expanding our regional logistics and aerospace customer base in the second half.”

Sea freight forwarding remained AGX’s largest business segment in the financial year ended Dec 31, 2025 (FY2025), at 35%, supported by stronger demand from the manufacturing, electronics and industrial sectors across Asia. Air freight forwarding and aerospace logistics accounted for 27% and 25% of revenue respectively, while the balance came from road freight transport, warehousing and third-party logistics.

Chang says the air freight forwarding business has also performed strongly, particularly in Malaysia and Vietnam, following the new airline contracts.

For FY2025, AGX recorded revenue of RM290.72 million, up 21.9% from RM238.44 million in the previous year, while net profit rose 12.4% to RM14.32 million from RM12.74 million, driven by broad-based growth across all business segments.

In 1QFY2026, however, net profit fell 18.2% to RM3.71 million from RM4.53 million a year earlier, mainly attributable to a lower share of results from associates, foreign exchange losses and loss on disposal of an associate.

The Philippine market was AGX’s largest revenue contributor in FY2025, accounting for 40% of total revenue, followed by Malaysia (27%), Myanmar (11%), Vietnam (10%), South Korea (7%) and Singapore (5%).

Despite logistics disruptions caused by the Middle East conflict, Ponnudorai says the group has benefited from cargo demand shifting towards Southeast Asian airlines and regional logistics providers as customers sought alternative routing solutions.

For the sea freight forwarding business, AGX has been able to progressively pass higher freight costs to customers under its cost-plus pricing model. While it continues to absorb a small portion of certain operating costs to preserve long-term customer relationships, fuel surcharges have been fully passed through.

Supported by its diversified business model, he notes that AGX recorded 38% year-on-year revenue growth in the first five months of 2026.

Chang says gross profit margins for the aerospace logistics segment remain the highest, at 30% to 40%, compared with 20% to 30% for the sea and air freight forwarding businesses. “We have flexibility in managing costs, allowing us to maintain margins within a stable range over time, although they remain subject to market conditions and sales mix.”

Currently, AGX has a physical presence in eight markets, namely Malaysia, Singapore, the Philippines, South Korea, Myanmar, Vietnam, Cambodia and Thailand.

On plans to venture into Indonesia, Chang says the company is on the lookout for the right joint venture partner.

“It’s time for us to set up an office in Indonesia. We have been searching for the right partner in the past two to three years, focusing on their operational capabilities and network.

“If this materialises, it will complete our presence in the top eight Southeast Asian countries. We are not interested in entering the smaller countries in the region,” he says.

Given the fragmented nature of the logistics industry, he says AGX is also evaluating strategic investment opportunities, including mergers and acquisitions (M&As) to complement its long-term growth. Should the need arise, the group is prepared to raise funds such as share placements to support its expansion plans. “If we secure a suitable M&A target in the air and sea freight forwarding businesses, then it will take our business volume to the next level.”

Apart from freight forwarding, AGX operates 12 warehouses, providing primarily value-added services for customers.

Moving forward, Chang says AGX will continue to operate under its asset-light model without owning offices and warehouses.

Last year, the group undertook a one-for-four bonus issue of 108.22 million warrants. Based on an illustrative exercise price of 52 sen per warrant, the full conversion would raise RM56.27 million to fund working capital.

As at end-March 2026, AGX had RM22.7 million in cash and cash equivalents, while loans and borrowings totalled RM39.18 million, resulting in net debt of RM16.48 million.

As its earnings base and market capitalisation continue to expand, AGX is evaluating the appropriate timing for a potential transfer to the Main Market.

“We are still deliberating this option. With the transfer listing, more funds can buy into our shares, because they might not be able to do so with our current ACE Market status,” Chang says.

KAF Investment Funds Bhd and National Trust Fund are among the institutional investors of AGX, holding stakes of 4.75% and 3.68% respectively.

Ponnudorai has an 11.31% stake in the company, while other substantial shareholders are co-founder Peter Neo Lip Pheng (18.71%), non-executive director Penu Mark (18.83%) and executive director Jayasielan Gopal (11.31%).

Reaping benefits from associate’s listing

At end-June, AGX’s associate All-Link Air & Sea Pte Ltd filed a preliminary prospectus for a Singapore listing. The proceeds will be used to service new customers, increase volume from existing customers and invest in technology and digital capabilities to improve operational efficiency and scalability.

Post-listing, AGX’s stake in All-Link will be diluted to 23.2% from 30%.

“Our investment in All-Link has always been driven by a long-term business strategy rather than short-term financial gains,” says Chang.

Incorporated in Singapore in December 2021 under the “China Plus One” strategy, All-Link provides end-to-end logistics, freight solutions and supply chain management services across Asean, focusing on shipments from China, Vietnam and Thailand.

Shanghai All-Link Logistics Co Ltd owns the remaining 70% in All-Link, which has identified Vietnam and Thailand as the key growth markets, as manufacturers continue to diversify production and sourcing into Southeast Asia.

Neo, who is the CEO of All-Link, says the company operates in a “very niche” logistics sector, serving mainly e-commence and high-tech electronics customers. Its key clients include TikTok Group.

Chang says AGX’s and All-Link’s businesses are complementary.

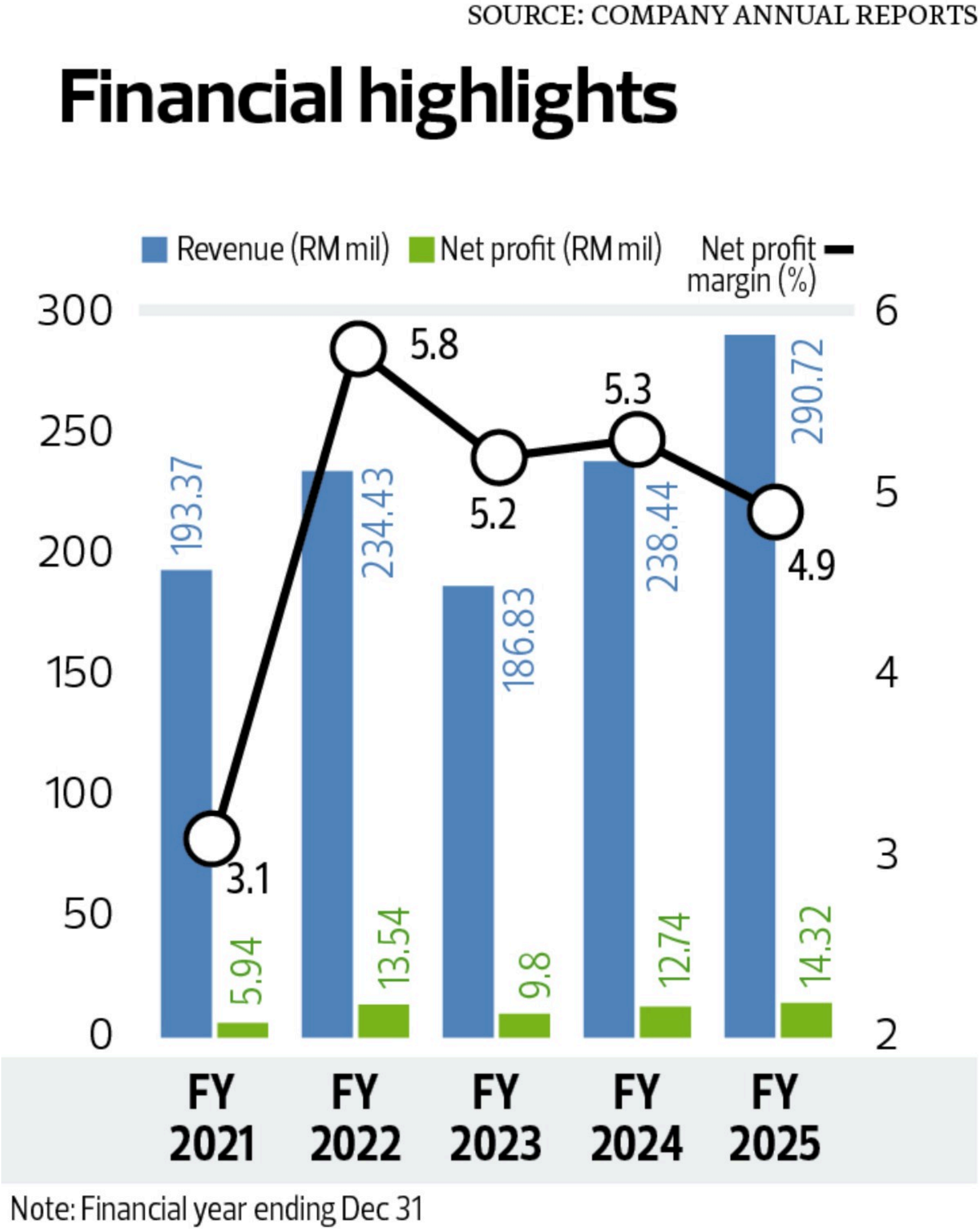
“[All-Link’s] business model is quite different from ours (AGX), but they benefit from our strong Southeast Asian network.”

Apart from potential capital appreciation, All-Link has a dividend intention of at least 30% of its 4Q net profit, which provides AGX with the potential for a consistent source of dividend income over time.

Ahead of the associate’s listing, AGX earlier this month declared a special dividend of 2.2 sen per share, representing a dividend payout ratio of about 67% based on its FY2025 earnings. The special dividend lifted its trailing 12-month dividend yield to 4.5%.

AGX is trading at a trailing 12-month price-earnings ratio of 15.5 times, with a 12-month forward PER of 6.3 times.


AGX Group
July 16
0.485
Volume ('000)
RM
2000
1500
1000
500
0
0.6
0.5
0.4
0.3
Market cap:
RM209.9
million
July 16
2025
July 16
2026



All three analysts covering AGX have "buy" calls, with a consensus target price of 69 sen, implying an upside potential of 42.3% against last Thursday's closing price of 48.5 sen that valued it at RM209.9 million. Since its listing in February 2024, the stock is up 38.6%.

Apex Securities, in a May 29 note, says AGX remains well positioned to benefit from ongoing supply chain diversification, rising cross-border trade and the gradual recovery in regional aviation and manufacturing activities.

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