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SECTION : BIZ & FINANCE
HEADLINE : AGX GROUP BHD BUY. TARGET PRICE: RM0.91
CATEGORY : COMPANY
MEASUREMENT : 45 CM²
TONE : NEUTRAL
REMARKS : N/A

AGX Group Bhd
Buy. Target price: RM0.91



Source: Bloomberg, Phillip Capital Research

AGX reported 1Q26 core net profit of RM5m (-10% YoY) despite revenue rising 34% YoY, underpinned by stronger air freight forwarding and aerospace logistics segments, partly offset by the softer sea freight forwarding segment. Notwithstanding, EBITDA margin remains steady at 10.7%. Overall, 1Q26 revenue made up 22% of our 2026E full-year forecast and 16% of our full-year earnings forecasts. The weak sets of results were mainly due to weaker-than-expected associate contribution from All-Link. Nonetheless, we deem the result to be broadly in line with expectations of stronger quarters ahead.

Historically, 1Q is seasonally the weakest quarter for AGX. Stripping out All Link, core net profit for core business jumped 55% YoY to RM4.3m (1Q25: RM2.8m). We expect a stronger earnings trajectory in the coming quarters, driven by the ramp-up of MAS (a new significant customer secured in Jan26) and higher associate contributions from All-Link. AGX is currently handling 60% of MAS orders, with a full ramp-up expected in 2H26. All-Link earnings are expected to accelerate in 2H26 after a soft 1Q26, supported by the onboarding of 3 new customers. All-Link has recently filed for its SGX IPO, with listing targeted in Jul26, potentially unblocking a special dividend upside. Our back-of-the-envelope estimates suggest a potential dividend yield of 5% in 2026.

AGX is trading at an attractive forward PER of 4x, supported by its expanding presence across the SEA market with fast-growing contributions from All-Link. We remain positive on AGX's earnings prospects, underpinned by improving aerospace logistics.

Maintain BUY with a higher TP of RM0.91. – **Phillip Capital Research, May 29**