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AGX Group Bhd recorded a net profit of RM9.1 million in the first half of financial year 2026. AGX WEBSITE PIC

84 SEN TARGET PRICE

PHILLIPCAPITAL KEEPS 'BUY' STANCE ON AGX

Air freight forwarding and aerospace logistics expected to remain key growth engines

KUALA LUMPUR

ANALYSTS remain positive on AGX Group Bhd's prospects for the second half of the financial year ending Dec 31, 2026, with air freight forwarding and aerospace logistics expected to remain its key growth engines.

Mercury Securities Sdn Bhd said contributions from secured aerospace service agreements with Malaysia Airlines, VietJet Air and Sun PhuQuoc Airways should become progressively more meaningful as onboarding and operations ramp up.

The firm said AGX's first half of financial year 2026 performance already showed signs of this growth trajectory, with revenue from air freight forwarding and aerospace logistics rising 80 and 42 per cent year-on-year, respectively.

"Vietnam remains a key growth market, although competitive pricing during the market-development phase may continue to cap the company's blended gross profit margin in the near term," it said.

AGX's first half of financial year 2026 results came in above Mercury's expectations, with net profit of RM9.1 million representing about 62 per cent of its full-year forecast.

"The positive variance to our estimates was driven by broad-based expansion across its core freight businesses, led by air freight forwarding, aerospace logistics and sea freight," Mercury Securities said.

Following the stronger-than-expected revenue growth, it raised its financial years 2026 and 2027 earnings forecasts by 32 and 31 per cent, respectively.

It added that the higher revenue assumptions offset its more conservative gross profit margin and tax assumptions.

Meanwhile, Phillip Capital Sdn Bhd (PhillipCapital) said AGX's first half of financial year 2026 core earnings of RM11.5 million — representing 36 per cent of its 2026 forecast — fell short of expectations due to weaker-than-expected contributions from associate All-Link.

"Nonetheless, we expect contributions to accelerate as volumes from the new customers ramp up."

PhillipCapital revised its All-Link contribution forecasts for 2026, 2027 and 2028 to RM10 million, RM12 million and RM15 million from RM14 million, RM16 million and RM18 million, respectively.

It also expects AGX's aerospace logistics contribution to accelerate in the second half of financial year 2026, driven by the continued ramp-up of its Malaysia Airlines business.

"We gather that AGX is on track to fully ramp up Malaysia Airlines in the second half of financial year 2026," it said.

PhillipCapital trimmed its 2026 to 2028 earnings per share forecasts by between two and 13 per cent after factoring in lower contributions from All-Link.

It kept its "buy" call on AGX with a lower 12-month target price to 84 sen from 91 sen.

"We remain positive on AGX's earnings prospects, underpinned by improving aerospace logistics and All-Link contributions."