

17 July 2024

Non-rated

Price
 RM0.36

Target Price
 N/A

Market Data

Bloomberg Code	AGX MK
No. of shares (m)	432.9
Market cap (RMm)	158.0
52-week high/low (RM)	0.43 / 0.24
Avg daily turnover (RMm)	0.4
KLCI (pts)	1,626.0

Source: Bloomberg, CIMB Securities

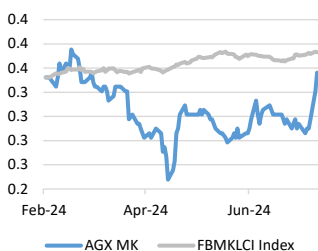
Major Shareholder (%)

Penu Mark	18.7%
Neo Lip Phang, Peter	17.6%
Jayasielan A/L Gopal.	11.5%
Free Float	28.8%

Source: Bloomberg, CIMB Securities

Performance

	3M	6M	12M
Absolute (%)	28.1	N/A	N/A
Rel Market (%)	22.5	N/A	N/A



Source: Bloomberg, CIMB Securities

Analyst

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AGX Group Berhad

Cleared for take-off

AGX is an integrated logistics service provider in Malaysia with a niche in aerospace logistics, which accounts for 30% of its 1Q24 revenue. This segment is supported by a well-established track record and a reputable client base in Southeast Asia, developed across the past 19 years. AGX sees strong growth potential in the aerospace logistics segment, driven by expansion to new markets, growth plans of existing clients and new customer acquisitions. Additionally, AGX is set to benefit from the recent surge in freight rates. The company is currently trading at a 36.1% discount to the average CY23 P/E of its global peers in the freight industry with aerospace logistics exposure (19.2x).

Financial Highlights

FYE June	2020	2021	2022	2023	1Q24
Revenue (RMm)	122.5	193.4	234.4	186.8	49.4
Core net profit (RMm)	1.1	5.8	14.8	12.9	3.5
Core EPS (Sen)	0.2	1.3	3.4	3.0	0.8
EPS growth (%)	N/A	4.5	1.5	(0.1)	N/A
DPS (Sen)	0.0	0.3	1.4	1.1	0.0
Core PE (x)	150.1	27.2	10.7	12.3	11.2*
Div yield (%)	0.0	0.8	3.7	3.1	0.0
ROE (%)	19.9	15.8	33.7	25.1	16.6*
Net Gearing (x)	(1.9)	(0.1)	Net cash	(0.0)	Net cash
PBV(x)	29.9	4.3	3.6	3.1	1.9

Source: Company, CIMB Securities

*annualised

Established integrated third-party logistic provider with operations in 7 countries

Founded in 2005, AGX Group Berhad (AGX) is an integrated third-party logistics provider focusing on freight services (sea, air, and land) and aerospace logistics. It also offers supporting services such as warehousing and other third-party logistics. Headquartered in Malaysia, AGX operates across 7 countries (6 Southeast Asia countries and South Korea).

Beneficiary of the recent surge in sea and air freight rates

The company benefits from the recent surge in global sea and air freight rates, with 57% of its 1Q24 revenue derived from these services. Freight service providers typically charge fees as a markup on freight rates charged by freight asset owners. Sea freight rates on the Asia-USA route have risen by 352% year-to-date due to global container and vessel capacity shortages and robust freight demand, expected to persist in the near term.

Sole freight-listed stock in Bursa Malaysia with a niche in aerospace logistics

A key differentiating factor for AGX vs other freight stocks is its specialized capabilities in the aerospace logistics sector, which contributed 30% to its 1Q24 revenue. With over 19 years of experience in this field, AGX offers air freight services for aircraft parts and equipment in Malaysia, Singapore, and the Philippines. We view AGX as a key proxy to rising demand for aerospace logistics in the Southeast Asia region, backed by an established customer base (including AirAsia) and rising demand for air travel (resulting in higher demand for aircraft maintenance, repair & overhaul services as well as more Aircraft on Ground (AOG) needs).

Robust growth prospects ahead across all operating segments

AGX aims to drive growth through leveraging its capabilities in the aerospace logistics segment by banking on growth of existing clients in their operational markets, including expansions into markets where these clients are present, and by attracting new regional customers. AGX intends to expand its sea and air freight business by entering new markets, cross-selling its services, and acquiring new regional clients.

Earnings re-rating on the cards; trading at 36.1% discount to global freight peers





AGX is trading at 12.3x CY23 core P/E, at a 36.1% discount compared to average CY23 P/E (19.2x) of global freight peers' with aerospace logistics exposure. As of end-1Q24, AGX maintains a net cash position of RM6.8m and a net tangible asset value of RM0.19 per share. AGX remains optimistic about its growth prospects, driven by an increasing contribution from aerospace logistics services fueled by both existing and new clients, further expansion across all operational segments, and benefits from the recent surge in freight rates.

Cleared for take-off

An integrated freight service provider with operations in seven countries

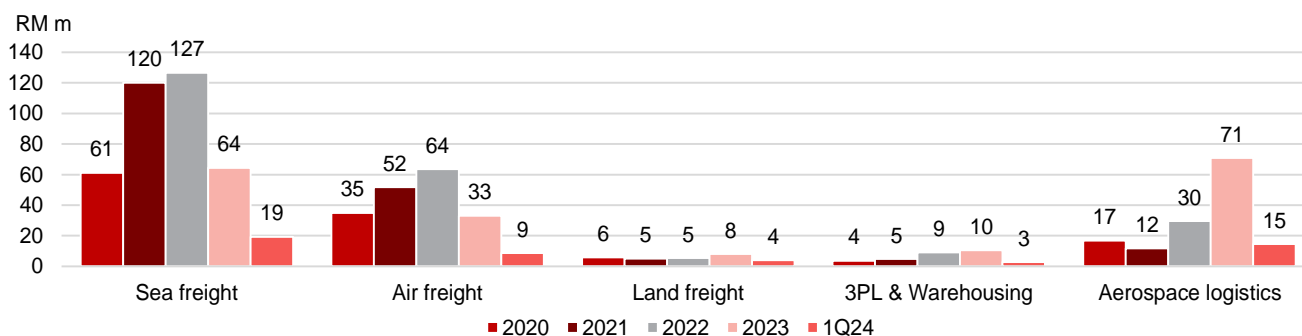
AGX Group Berhad (AGX), founded in 2004, and currently listed on Bursa Malaysia Ace, specializes in offering one-stop third-party logistics (3PL) services. These services include sea and air freight forwarding, aerospace logistics, warehousing and 3PL, and road freight transportation services. AGX operates primarily in Asia, spanning seven countries (Malaysia, Singapore, the Philippines, Korea, Myanmar, Vietnam, and Cambodia), with its headquarters situated in Malaysia. The company operates 18 offices and 11 warehouses across all these six countries, with more than 400 employees.

Exhibit 1: Summary of AGX's operations across its operating markets

					
	Sea Freight Forwarding	Air Freight Forwarding	Aerospace	Warehousing	Road Freight
 Malaysia	✓	✓	✓	✓	✓
 Singapore	✓	✓	✓	✓	✓
 Philippines	✓	✓	✓	✓	
 Myanmar	✓	✓		✓	✓
 South Korea	✓	✓			

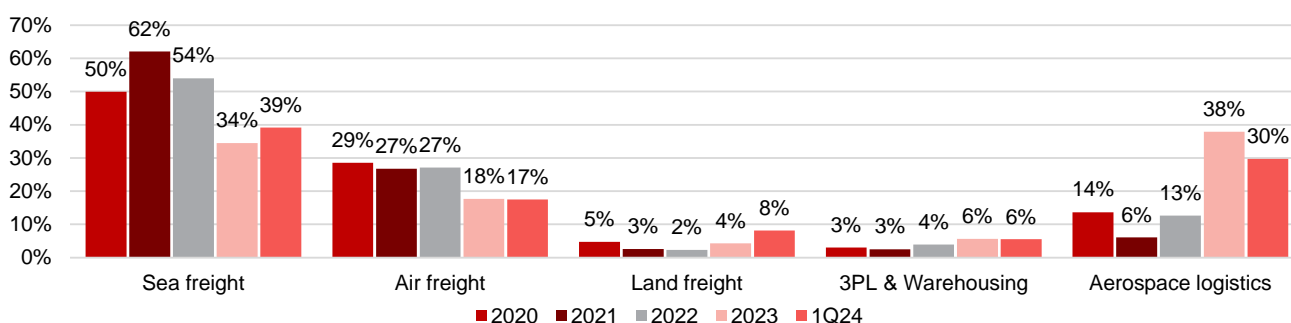
Source: Company, CIMB Securities

Exhibit 2: Revenue breakdown by operating segment (RM m, 2020-2023)



Source: Company, CIMB Securities

Exhibit 3: Revenue breakdown by operating segment (% , 2020-2023)



Source: Company, CIMB Securities

Asset light business model as a freight service provider

In the third-party logistics (3PL) sector, AGX Group Berhad (AGX) positions itself primarily as a service provider, specializing in freight forwarding rather than owning transport assets like shipping vessels, carriers, or airlines, or infrastructure such as port operations. This strategic approach allows AGX to maintain an asset-light business model by outsourcing the majority of its logistical asset needs, thereby avoiding significant capital investments in freight assets.

AGX focuses on coordinating logistics services, acting as a single point of contact for customers from origin to destination. This operational model offers several advantages. Firstly, AGX mitigates exposure to fluctuations in freight rates, as it works with various freight carriers to secure the most cost-effective options across multiple trade routes. Secondly, the company benefits from lower capital expenditure requirements compared to asset owners in the freight industry, enabling AGX to scale its operations more efficiently.

Nevertheless, AGX does own certain operational assets to support its service offerings. This includes strategically positioned warehouse facilities, all of which are leased, and a fleet of land-based transport assets, some of which are leased while others are owned outright. These assets play a crucial role in enhancing AGX's capability to deliver comprehensive logistics solutions to its clientele.

Exhibit 4: Summary of AGX's operations across its operating markets



Source: Company, CIMB Securities

Exhibit 5: Summary of AGX's operations across its operating markets

Major machinery and equipment	Number of Units (as at 22 December 2023)	Number of Units (end-CY24F)	Description
Prime Mover	7	11	Motorised vehicle that provides power to tow a trailer
Truck	3	3	Cargo vehicle where the driver's cabin is separated from the cargo area
Van	6	6	Cargo vehicle where the driver's cabin is not separated from the cargo area
Trailer (40 ft.)	14	14	Chassis, axles, and wheels designed to carry 1 40 ft. container or up to 2 20 ft. containers
Trailer (20 ft.)	3	3	Chassis, axles, and wheels designed to carry 1 20 ft. containers
Side Lifter Trailer	2	2	Trailer installed with machinery to load and unload containers onto itself
Side Curtain Trailer	3	3	Trailer where the cargo area is enclosed by movable curtains

Warehouse	Number of Units (as at 22 December 2023)	Number of Units (Apr-24)	Description
Malaysia	2	2	
Singapore	3	3	
Philippines	3	5	
Myanmar	1	1	
Total	9	11	

Source: Company, CIMB Securities

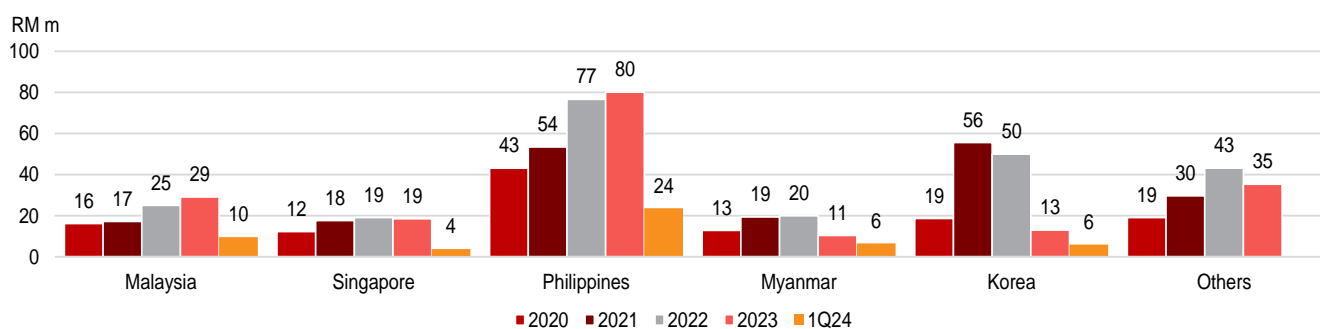
Established international presence

AGX has an established international presence, operating in seven countries and maintaining subsidiaries in six (Malaysia, Singapore, the Philippines, Korea, Myanmar, and Vietnam), along with an associate stake in a Cambodian company. Over the years, AGX's revenue has been predominantly driven by its overseas operations, consistently contributing between 80.6% and 91.1% of its total revenue from FY20 to 1Q24. This geographic diversification underscores AGX's resilience and growth potential beyond the Malaysian

market, allowing it to tap into multiple regions for continued expansion. Moreover, AGX's ability to serve customers requiring 3PL services across diverse Asian markets further enhances its growth prospects.

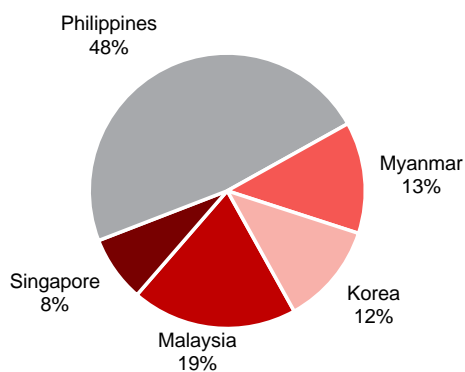
In addition to its extensive regional footprint, AGX is affiliated with several international logistics networks and platforms, including X2 Logistics Network, Lognet Global Logistics Network, and JCTrans Logistics Network. These affiliations provide AGX with access to a global network comprising over 1,100 members worldwide. Furthermore, AGX holds significant regulatory accreditations: it has been registered as a Non-vessel Operating Common Carrier (NVOCC) under the Ocean Transportation Intermediaries list (OTI) by the US Federal Maritime Commission (FMC) since June 2022, and it is accredited as an IATA Cargo Agent by the International Air Transport Association (IATA) since February 2023. These certifications confer several advantages upon AGX, including the ability to engage directly with sea and air freight carriers, negotiate favorable rates, operate independently of third-party agents, and prioritize securing freight space from asset owners such as ships and aircraft.

Exhibit 6: Revenue breakdown by operating segment (RM m, 2020-2023)



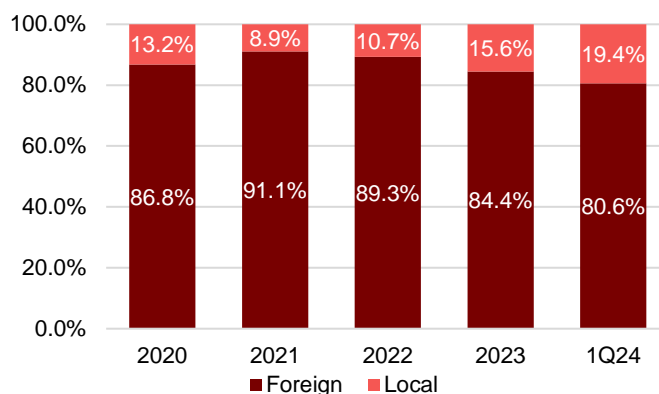
Source: Company, CIMB Securities

Exhibit 7: AGX's revenue breakdown by geographical location where AGX's operating subsidiaries are located (1Q24)



Source: Company, CIMB Securities

Exhibit 8: AGX's revenue breakdown (local vs foreign)



Source: Company, CIMB Securities

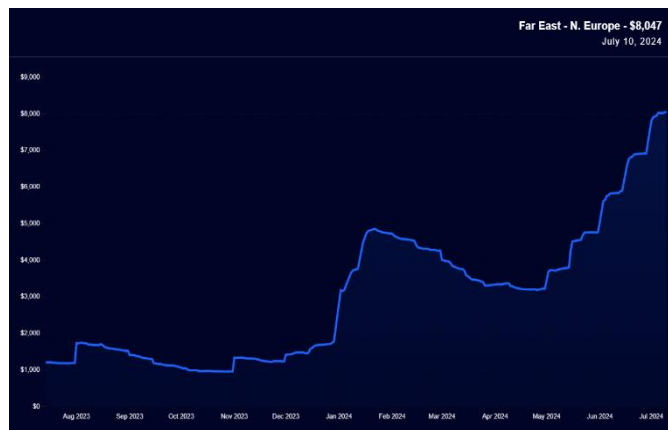
Surge in freight rates to benefit freight service providers

As a freight service provider (fees for its services are typically a markup based on freight rates), AGX stands to benefit from the recent surge in freight rates, both sea and air. This is due to various reasons, including diversions caused by unrest in the Red Sea, port congestion, and a shortage of container ships.

According to the International Air Transport Association, the demand for air cargo in the Asia-Pacific region rose about 20% yoy on May 24. However, this growth in demand outpaced the air capacity, which only grew by 9% yoy in the same period. This imbalance has driven up air freight rates, boosting AGX's potential revenue stream.

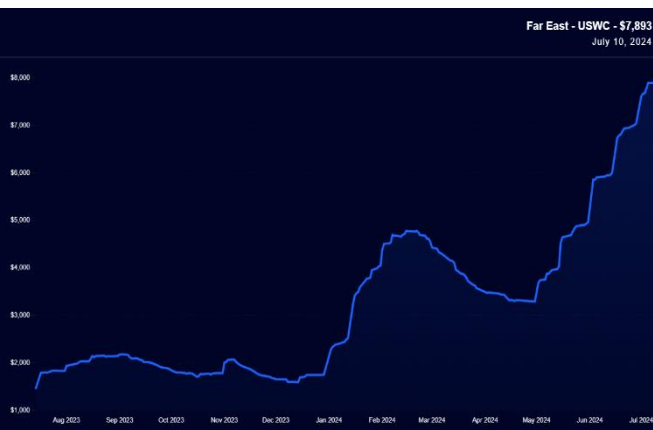
Meanwhile, in sea freight, Channel News Asia highlighted in May 2024 that global freight rates have surged due to various factors such as container capacity constraints, adverse weather conditions, and longer transit times on ocean routes. Data from Xeneta, a leading benchmarking and market analytics platform for ocean and air freight rates, reveals significant year-to-date increases in shipping rates from Asia (Far East) to Europe and the US West Coast, rising by 353% and 352%, respectively.

Exhibit 9: Shipping rates for the Asia-Europe route



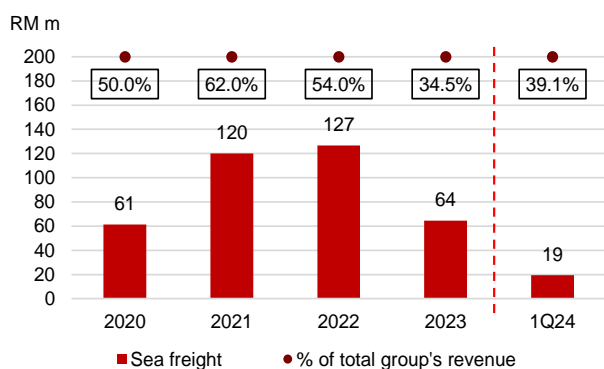
Source: Xeneta

Exhibit 10: Shipping rates for the Asia-US (West Coast) route



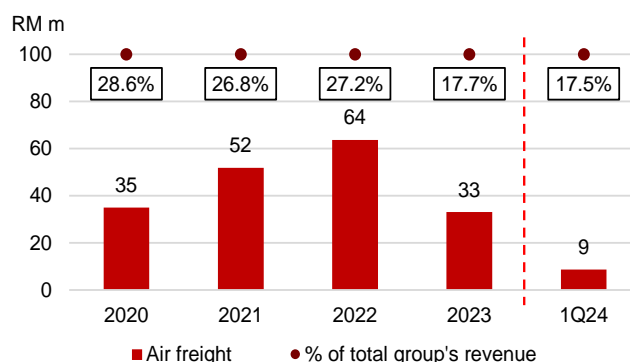
Source: Xeneta

Exhibit 11: Revenue contribution from sea freight and as a % of total group's revenue (2020-1Q24)



Source: Company, CIMB Securities

Exhibit 12: Revenue contribution from air freight and as a % of total group's revenue (2020-1Q24)



Source: Company, CIMB Securities






Aerospace logistics: Jewel in its crown

AGX has a niche in the freight services industry in the specialized aerospace logistics segment. Under this segment, the company primarily provides aerospace logistics (air freight services for aircraft parts and equipment) to airline operators, aircraft maintenance, repair and overhaul (MRO) workshops, and aircraft parts vendors. It currently has three aerospace logistics teams: Malaysia, Singapore, and the Philippines.

With extensive industry know-how and capabilities obtained across 19 years, AGX has a team of dedicated Aviation Shipping Specialists to create comprehensive logistical solutions under this segment. This is further strengthened by established relationships with different companies of parts suppliers to original equipment manufacturers (OEM) and airlines. According to AGX, this segment requires strong specialization and a good track record due to the complexity of the service needed and the time-critical nature of this segment. As a result, AGX's aerospace logistic business typically garners higher margins than its other operating segments.

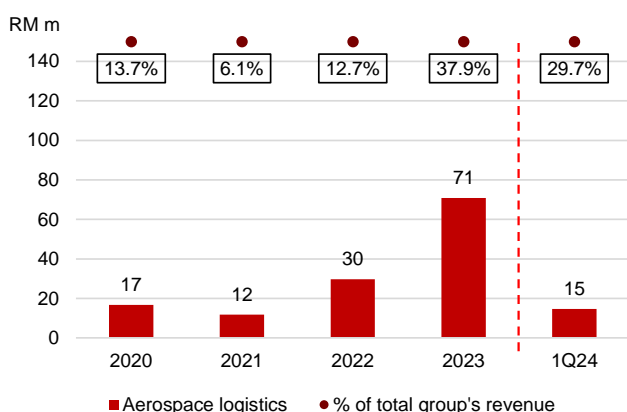
Across FY20-23, the contribution from the aerospace segment has grown by a 3-year CAGR of 61.7%. This was mainly due to rising demand from its customers in the segment and the low base effect due to the COVID-19 pandemic period (less MRO demand).

Exhibit 13: Summary of AGX’s aerospace logistics business

<u>MRO vs AOG</u>		Ability to cater to both MRO (Maintenance, Repair & Overhaul) services which are scheduled and routine in nature and AOG which are unexpected and unscheduled
<u>Time Critical</u>		AOG (Aircraft-on-Ground) is when a plane is unable take off because of technical reasons. This disrupts flight schedules and leads to additional expenses incurred for the airline and loss of revenue. Timely delivery of the required parts from the vendor to where the aircraft is located in order to restore the plane to an operational state is crucial. Typically this needs to be fulfilled within 24 to 48 hours depending on the location of the vendor.
<u>Track Record</u>		Established track record of 19 years in delivering aerospace logistic solutions
<u>Specialised Team</u>	 SUPPORT	A global aviation shipping specialist team creating comprehensive solutions supported by a 24-hour help desk for emergency and technical assistance
<u>Worldwide Shipment</u>		Handling parts coming from manufacturers, wholesalers and distributors located all around the world.

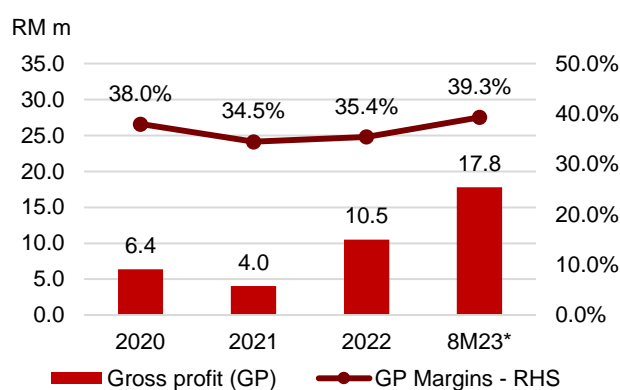
Source: Company, CIMB Securities

Exhibit 14: Revenue contribution from aerospace logistics segment and as a % of total group’s revenue (2020-1Q24)



Source: Company, CIMB Securities

Exhibit 15: AGX’s aerospace logistics revenue growth & gross profit (GP) margins (2020-8M23*)



*Data from IPO

Source: Company, CIMB Securities

Aerospace logistics: Banking on the growth of existing customers

According to AGX’s FY23 annual report, the company has expanded its aerospace logistics team, now comprising one team each in Malaysia, Singapore, and the Philippines, in anticipation of increased freight volume from a significant customer. In its IPO prospectus, AGX highlighted that the AirAsia Group is a major customer of the company, with a relationship spanning more than 18 years and business dealings in aerospace logistics and warehousing services. AirAsia Group contributed between 58.4% and 82.9% of revenue from AGX’s aerospace logistics services segment (FY20-8M23).

In 2020, AirAsia’s parent company, Capital A Berhad, established Asia Digital Engineering (ADE), the engineering and maintenance subsidiary of Capital A Berhad. In May 2021, ADE obtained Approved Maintenance Organization (AMO) certification from Malaysian regulators and currently has AMO approvals from seven countries (Malaysia, Indonesia, India, Cambodia, the Philippines, Singapore, and Nepal).

According to a recent media report by Reuters (16 Jul 24), ADE’s CEO, MaheshKumar highlighted that the global aircraft industry is expected to see more growth in the next six years due to longer usage of existing planes by airlines. This is owing to a global shortage of new planes, as new plane deliveries has dropped sharply in recent months. As a result, airlines have to retain aircraft maintenance, repairs and operations (MRO) services for longer to keep older planes in the air. According to Mahesh in another news article (media report by the Star on 25 Mar 24), ADE is well-positioned for substantial growth, with plans to double ADE’s revenue by 2025. In our view, this growth is supported by:

New Hangar Facility: ADE is constructing a new hangar facility in two phases in Malaysia. Phase 1 is targeted to be operational in Aug-24, with Phase 2 to be operational by Oct-24.

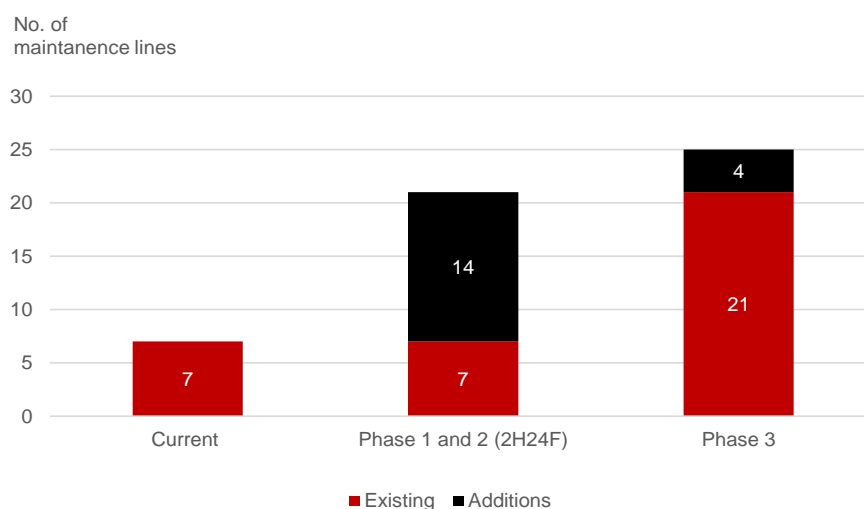
These two phases will add 14 new aircraft maintenance lines (narrow-body aircraft) to its current capacity of 7 lines. ADE also has plans for Phase 3 (an additional 4 lines) to commence after the completion of Phase 2. With the completion of Phases 1 and 2, ADE is set to become the largest MRO service provider for aircraft in Malaysia and one of the largest in Southeast Asia. ADE reports that slots for its new hangar facility have been fully booked until the end of CY25F. However, ADE has not yet announced plans regarding its current leased facilities (existing 7 lines) once the 14-line hangar opens.

Expansion into New Markets: ADE expects to begin MRO operations in the Philippines, Indonesia, Cambodia, and Thailand. Operations in the Philippines and Cambodia were expected to begin in 1H24, and in Indonesia and Thailand in 2H24.

Increased Maintenance for AirAsia Group: Recent media reports (media article by The Edge Malaysia on April 16, 2024) indicated that ADE is handling 45% of AirAsia Group's heavy maintenance. ADE intends to eventually take over all of the group's base maintenance requirements and pursue third-party work (aircraft MRO services for other airlines).

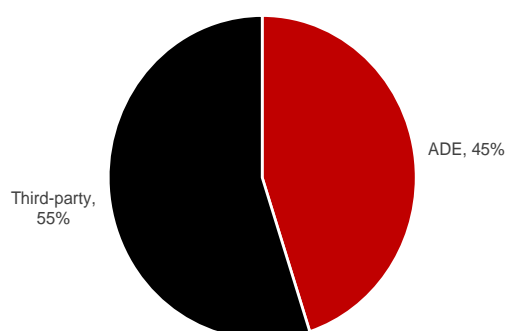
Diversification and Third-Party Work: Besides servicing AirAsia's aircraft fleet, ADE intends to conduct third-party MRO services for other airlines. It aims to derive up to 30% of its revenue from third-party works. Recent media reports (Reuters article on 16 Jul 24) highlight that ADE is also targeting to conduct MRO works for a wider range of aircraft, including potentially Chinese planemaker COMAC.

Exhibit 16: Expansion in ADE's maintenance lines



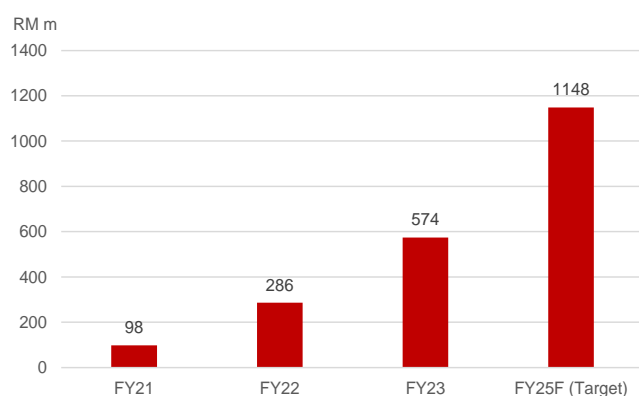
Source: The Malay Mail, CIMB Securities

Exhibit 17: Percentage of maintenance work that ADE conducts for AirAsia group



Source: The Edge Malaysia, CIMB Securities

Exhibit 18: ADE's revenue



Source: Capital A, CIMB Securities

Exhibit 19: ADE’s customer base



Source: Asia Digital Engineering, CIMB Securities

Aerospace logistics: Securing new clients

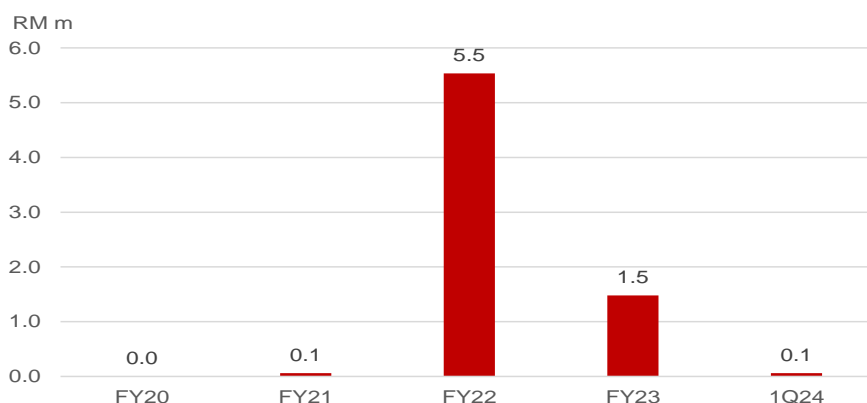
With an established track record and reputable client base, we believe that AGX stands a strong chance of securing more new customers in the aerospace logistics segment. Given its long-standing track record and established operations, this is especially true in existing markets where it operates (Malaysia, Singapore, and the Philippines). In our view, AGX could also potentially expand into new markets where: i) it currently does not have aerospace logistics operations but has a presence via other operating segments (Cambodia, Myanmar, Vietnam, and South Korea), or ii) new markets where it currently does not have any operations but its existing clients have an operational presence.

Expecting a pick-up in associate contribution

AGX has associate stakes in three companies: All-Link Philippines (48% stake), All-Link Singapore (30% stake), and AGX Cambodia (50% owned). According to AGX, its partnership with All-Link, a China-based logistics service provider, via these associate stakes allows it to tap into the demand for logistics services from All-Link’s clients in China, who have expanded their operations into Southeast Asia. As part of this partnership, AGX has the first right of equity participation in any new business ventures by All-Link within Southeast Asia.

We gather that profit contributions from associates dipped in FY23 due to a slowdown in service demand experienced by each associate company, linked to a slowdown from All-Link China’s customers. This aligns with lower freight demand, especially from China-based customers. Going forward, AGX expects the recent pick-up in industrial activities from China-based customers and the impact of the China Plus One strategy by Chinese companies to drive the performance of AGX’s associates.

Exhibit 20: Contribution of associate stake to AGX



Source: Company, CIMB Securities

AGX’s customer base and logistics network

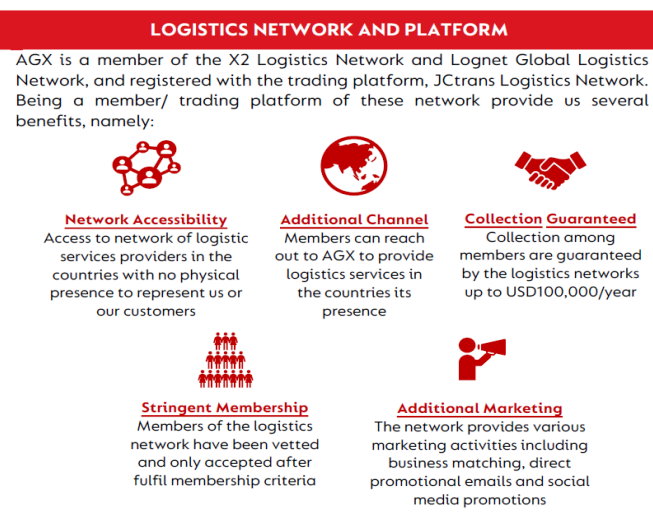
AGX highlighted that it has an established, longstanding clientele base that includes publicly listed and multinational companies from various industries. This is supported by AGX’s ability to tailor logistic solutions to meet its clients’ needs and its established logistics network. The latter allows AGX to widen its market reach and access more potential customers and partners.

Exhibit 21: Examples of AGX’s clientele base



Source: Company, CIMB Securities

Exhibit 22: AGX’s logistics network and platform



Source: Company, CIMB Securities

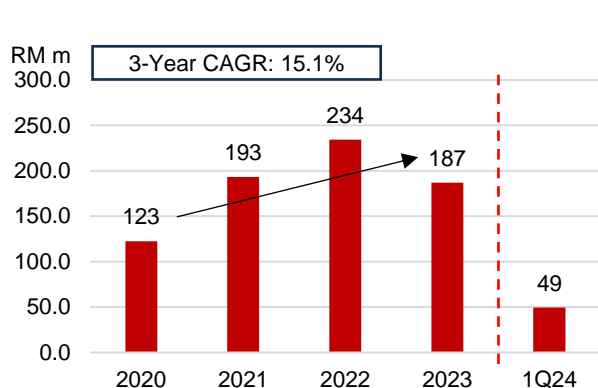
Financials

Historical results review

AGX’s revenue has been on an uptrend, rising by a 3-year CAGR of 15.1% (FY20-23). This is mainly driven by robust growth across all segments, with the exception of the air freight segment (3-year CAGR of -1.9%). In FY23, we note that revenue from the sea freight segment declined by 49.1% due to a sharp decline in sea freight rates and volumes. While this was offset by a 139% yoy rise in contribution from aerospace logistics to RM70.9m, overall FY23 revenue still dropped by 20.3% yoy.

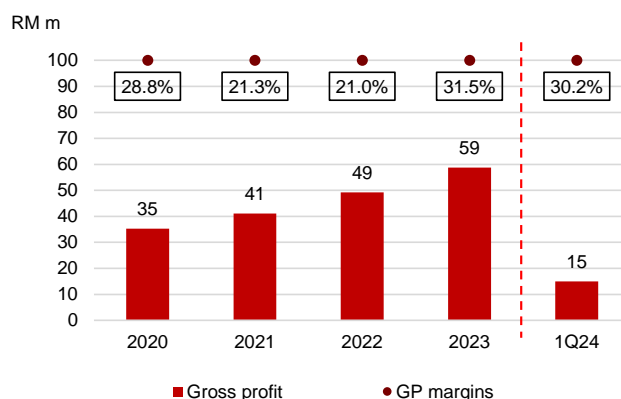
In terms of its core net profit, we estimate that AGX posted a 3-year CAGR of 130.4% (FY20-23). This aligns with growth in topline and higher contribution from the higher-margin segment: aerospace logistics. However, FY23 core net profit still declined by 13.1% yoy, mainly due to the lower topline as well as lower associate contribution of RM1.5m (-73.3% yoy).

Exhibit 23: AGX revenue growth (2020-1Q24)



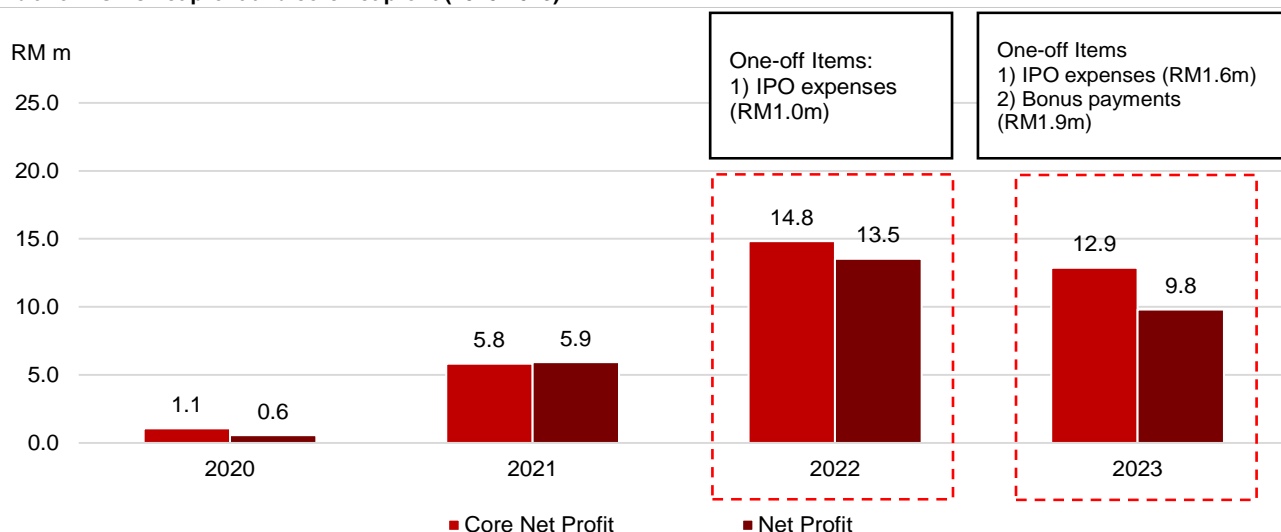
Source: Company, CIMB Securities

Exhibit 24: AGX’s overall gross profit and overall GP margins (2020-1Q24)



Source: Company, CIMB Securities

Exhibit 25: AGX's net profit and core net profit (2020-2023)

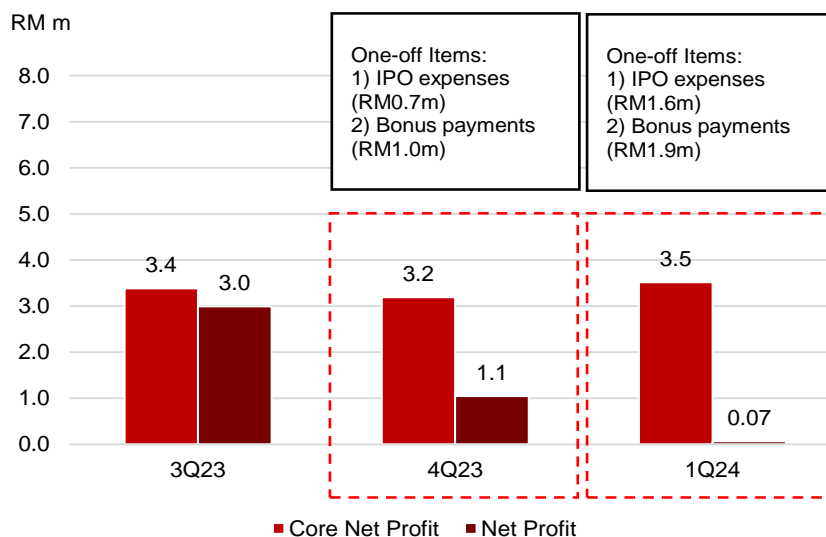


Source: Company, CIMB Securities

1Q24 results review

In 1Q24, revenue was flattish on a qoq basis at RM49.4m (+1.5% qoq) as higher contribution from sea freight (+32.0% qoq) was offset by the qoq decline in contribution from aerospace logistics (-23.4% qoq). However, the core EBITDA margin declined 1%-point qoq to 11.2% due to higher operating expenses and a less profitable revenue mix (lower contribution from the aerospace logistics segment, which has higher margins). We gather that 1Q is typically a slower quarter for aircraft maintenance works. Nevertheless, 1Q24 core net profit still rose 10% qoq to RM3.5m, thanks to lower tax payments (reversal of impairment losses, which are not taxable for tax purposes). This is post-accounting for one-off losses of RM3.5m in 1Q24 (mainly IPO expenses and one-off bonus payments).

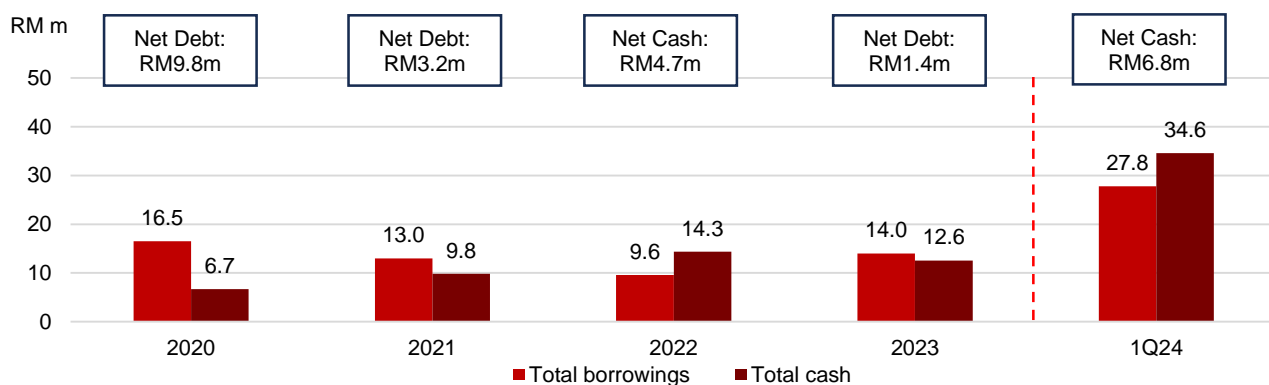
Exhibit 26: AGX's net profit and core net profit (3Q23-1Q24)



Source: Company, CIMB Securities

AGX sits on a net cash position as of end-1Q24

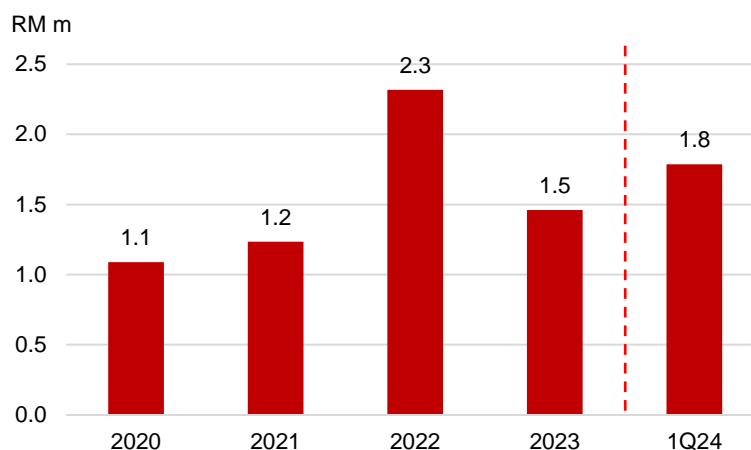
As of the end of Q1 2024, AGX had a net cash position of RM6.8m and a net tangible asset (NTA) value of 17.1 sen per share. AGX has a dividend policy to distribute at least 30% of its net profit. It is worth noting that the company was only listed in January 2024 at an IPO price of RM0.35 per share.

Exhibit 27: AGX's net cash position (2020-1Q24)

Source: Company, CIMB Securities

Capex spending was low across RM1.1m to 2.3m

From FY20 to 1Q24, AGX's capital expenditures have remained low, ranging from RM1.1m to RM2.3m. These expenditures primarily support its freight operations, focusing on acquiring essential equipment necessary for its logistical services.

Exhibit 28: AGX's capital expenditure (2020-1Q24)

Source: Company, CIMB Securities

Cash conversion cycle range from 31 to 70 days across FY20-23

Throughout FY20 to FY23, AGX has maintained a cash conversion cycle ranging from 31 to 70 days. As a freight-related service provider, AGX extends credit terms to its customers typically spanning from 30 to 90 days. In terms of payables, AGX operates with shorter payables days, typically ranging from 30 to 56 days. This is shorter than the average credit terms offered by its creditors, which range from 60 to 90 days.

Exhibit 29: AGX's working capital ratios, (2020-2023)

	2020	2021	2022	2023	1Q24
Gearing (x)	1.9	0.1	Net cash	0.0	Net cash
Current ratio (x)	1.0	1.7	1.9	2.0	2.9
Inventory Average Turnover Period (Days)	0	0	0	0	0
Trade receivables Average Turnover Period (Days)	123	98	61	103	97
Trade payables Average Turnover Period (Days)	52	56	30	39	26
Cash conversion cycle (days)	70	43	31	64	71

Source: Company, CIMB Securities

Peer comparison table

AGX is currently trading at FY23 core P/E of 12.3x. This is at a 1.6% discount to CY23 P/E of freight-related stocks in Malaysia and a 36.1% discount to CY23 P/E of global peers that have exposure in aerospace logistics, based on Bloomberg consensus estimates.

Exhibit 30: Global freight stocks that have exposure to aerospace logistics business

Company name	Bloomberg Ticker	Price Local Curr	Mkt Cap (US\$)	P/E			P/BV			EV/EBITDA			Yield (%)			ROE (%)		
				CY22	CY23	CY24F	CY22	CY23	CY24F	CY21	CY22	CY23	CY21	CY22	CY23	CY21	CY22	CY23
DHL GROUP	DHL GR EQUITY	40.67	53,226	9.4	13.3	13.3	2.2	2.2	2.0	5.3	6.2	6.3	4.6	4.6	4.6	25.4	16.1	15.5
NIPPON YUSEN KK	9101 JP EQUITY	4,663.00	13,616	1.9	9.5	7.3	1.0	0.8	0.7	7.5	8.5	8.9	13.8	4.0	4.1	57.8	18.8	11.6
FEDEX CORP	FDX US EQUITY	305.02	74,517	17.2	17.9	16.0	3.0	2.8	2.6	8.7	8.6	8.0	1.7	1.6	1.7	15.6	15.9	16.9
UNITED PARCEL SERVICE-CL B	UPS US EQUITY	144.15	123,329	11.1	16.4	17.6	6.3	7.1	7.0	8.1	10.5	10.6	4.2	4.5	4.5	67.9	36.2	38.1
DSV A/S	DSV DC EQUITY	1,164.00	36,409	14.3	19.8	21.4	3.4	3.6	3.3	9.4	12.4	13.2	0.6	0.6	0.6	24.1	17.6	15.8
KUEHNE + NAGEL INTL AG-REG	KNIN SW EQUITY	256.70	34,646	11.4	21.3	24.9	7.4	9.6	9.8	7.0	11.8	12.7	5.4	3.9	3.0	72.0	39.2	37.9
EXPEDITORS INTL WASH INC	EXPD US EQUITY	119.03	16,813	14.4	23.8	24.0	5.9	7.2	7.7	8.2	15.3	16.2	1.1	1.2	1.2	41.1	27.4	31.2
C.H. ROBINSON WORLDWIDE INC	CHRW US EQUITY	87.03	10,191	11.4	26.4	23.8	7.5	7.2	7.1	8.4	18.1	16.7	2.6	2.8	2.8	55.7	23.5	29.7
XPO INC	XPO US EQUITY	113.55	13,209	32.2	38.9	31.9	12.9	10.4	8.2	16.4	16.4	13.3	0.0	0.0	0.0	62.0	16.6	27.9
NIPPON EXPRESS HOLDINGS INC	9147 JP EQUITY	7,326	4,204	5.0	17.2	11.6	0.9	0.8	0.8	6.3	6.4	5.2	5.5	4.2	4.2	16.2	4.8	6.7
KERRY LOGISTICS NETWORK LTD	636 HK EQUITY	7.09	1,642	3.5	16.2	8.4	0.7	0.7	0.7	2.6	4.8	4.6	9.5	3.2	4.1	18.1	4.5	8.3
C.J. LOGISTICS	000120 KS EQUITY	90,600	1,494	11.5	9.3	7.7	0.5	0.5	0.5	6.0	5.2	5.6	0.5	0.5	0.7	4.6	5.8	6.9
MAHINDRA LOGISTICS LTD	MAHLOG IN EQUITY	524.75	453	112.4	N/A	221.7	6.9	7.6	7.5	18.4	24.7	15.3	0.0	0.0	0.5	4.3	-6.6	3.7
Sector average				19.7	19.2	33.0	4.5	4.7	4.5	8.6	11.5	10.5	3.8	2.4	2.5	35.7	16.9	19.2
Sector weighted average				13.0	18.1	18.4	4.9	5.3	5.1	8.1	10.3	10.3	3.6	3.1	3.1	44.9	25.3	26.3

Source: Bloomberg, CIMB Securities

(data as of 15 Jul 2024)

Exhibit 31: Local peers involved in freight-related services

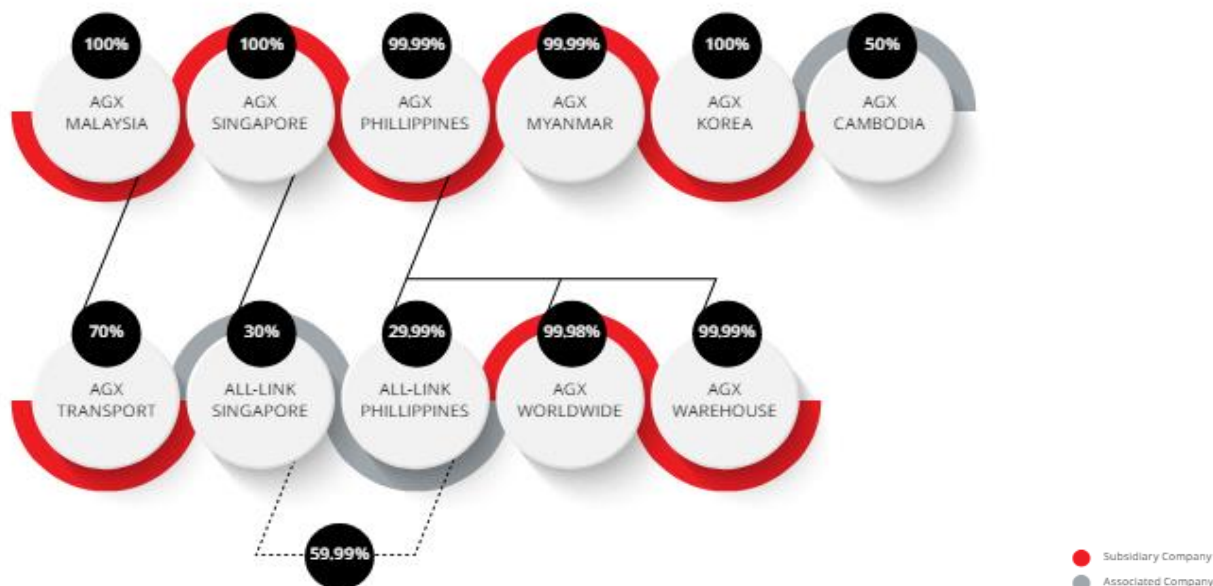
Company name	Bloomberg Ticker	Price Local Curr	Mkt Cap (US\$)	P/E			P/BV			EV/EBITDA			Yield (%)			ROE (%)		
				CY22	CY23	CY24F	CY22	CY23	CY24F	CY21	CY22	CY23	CY21	CY22	CY23	CY21	CY22	CY23
TASCO BHD	TASCO MK EQUITY	0.90	154.1	7.7	10.8	9.6	1.2	1.1	1.1	5.9	6.8	6.0	2.8	3.0	3.1	15.5	11.6	10.4
HARBOUR-LINK GROUP BHD	HALG MK EQUITY	1.55	132.3	4.1	6.2	N/A	0.9	N/A	N/A	N/A	N/A	N/A	1.8	N/A	N/A	24.6	N/A	N/A
FM GLOBAL LOGISTICS HOLDINGS	FM MK EQUITY	0.62	73.5	7.2	10.2	8.8	0.9	0.9	0.8	5.0	5.3	5.4	4.9	4.9	5.7	12.2	10.0	9.7
CJ CENTURY LOGISTICS HOLDINGS	CLH MK EQUITY	0.32	39.9	6.9	16.3	15.7	0.4	0.4	N/A	3.6	N/A	5.5	4.5	0.0	1.8	6.5	2.6	2.9
TIONG NAM LOGISTICS HOLDINGS	TNL MK EQUITY	0.84	91.9	103.8	N/A	N/A	0.5	0.5	N/A	20.5	N/A	N/A	0.0	0.0	N/A	2.7	5.4	N/A
SWIFT HAULAGE BHD	SWIFT MK EQUITY	0.52	98.3	9.1	7.1	10.6	0.7	0.7	0.6	7.5	6.6	7.4	3.8	3.5	3.3	7.5	9.1	6.5
TRI-MODE SYSTEM M BHD	TSMB MK EQUITY	0.36	12.8	5.8	23.8	N/A	0.7	0.6	N/A	N/A	N/A	N/A	2.1	1.0	N/A	12.1	2.7	N/A
ARKA BHD	ARKA MK EQUITY	2.10	29.3	79.6	N/A	N/A	2.3	2.2	N/A	N/A	N/A	N/A	0.0	0.0	N/A	2.9	-1.9	N/A
Sector average				28.0	12.4	11.2	1.0	0.9	0.8	8.5	6.2	6.1	2.5	1.8	3.5	10.5	5.7	7.4
Sector weighted average				24.3	7.7	6.0	0.9	0.7	0.5	6.4	3.3	3.6	2.6	1.8	2.0	12.7	6.3	4.8

Source: Bloomberg, CIMB Securities

(data as of 15 Jul 2024)

Appendix AGX's corporate structure

Exhibit 32: AGX's corporate structure



Source: Company, CIMB Securities

AGX's board of management

AGX's management is led by Dato' Ponnudurai A/L Periasamy, which is the group's executive director and chief executive officer. He has more than 35 years of experience in the provision of freight and logistics services and is one of the co-founders of the company. He is assisted by an experience board of directors, comprising 4 executive directors (including Dato' Ponnudurai) and 4 non-executive directors.

Note that, Dato' Ponnudurai has a 11.5% stake as at end-June 24. Collectively, we estimate that executive directors of the company hold up to 59.6% of the company's total shareholding. The largest shareholder of the company is Penu Mark (Executive Director of AGX), who has an 18.7% stake in the company.

Exhibit 33: AGX's board of directors and key senior management

Name	Sex	Designation	Nationality
Directors			
Dato' Rozalina binti Abdul Rahman	Female	Independent Non-Executive Director, Chairperson	Malaysian
Dato' Ponnudurai a/l Periasamy	Male	Executive Director / Group CEO	Malaysian
Jayasielan a/l Gopal	Male	Executive Director	Malaysian
Penu Mark	Male	Executive Director	Singaporean
Neo Lip Pheng, Peter	Male	Executive Director	Singaporean
Dato' George Alfonso Miranda	Male	Independent Non-Executive Director	Malaysian
Ong Teng Yan	Male	Independent Non-Executive Director	Malaysian
Aida Mosira binti Mokhtar	Female	Independent Non-Executive Director	Malaysian
Key Senior Management			
Dato' Ponnudurai a/l Periasamy	Male	Executive Director / Group CEO	Malaysian
Jayasielan a/l Gopal	Male	Executive Director / Managing Director of AGX Malaysia	Malaysian
Penu Mark	Male	Executive Director / Managing Director of AGX Singapore	Singaporean
Neo Lip Pheng, Peter	Male	Executive Director / Managing Director of AGX Myanmar	Singaporean
Maximino Baylen Gulmayo, Jr.	Male	Managing Director of AGX Philippines	Filipino
Yun JaeHoon	Male	Managing Director of AGX Korea	Korean
Chang Poh Sheng	Male	Chief Finance Officer (CFO)	Malaysian

Source: Company, CIMB Securities

AGX awards

Exhibit 34: Certain awards that AGX has obtained across the years

Year	Awarding Party	Recipient	Awards
2013	Lognet Global Logistics Network	AGX Group	Best Partner Award 2013 – 1 st Place
2014	Lognet Global Logistics Network	AGX Group	Best Partner Award 2014 – 1 st Place
2015	Lognet Global Logistics Network	AGX Group	Best Partner Award 2015 – 3 rd Place
2016	X2 Logistics Networks	AGX Group	Outstanding Tier 1 Member Award
2016	X2 Logistics Networks	AGX Group	Loyalty and Commitment Award
2017	X2 Logistics Networks	AGX Group	Best Overall Network Contribution Award
2018	JCtrans Logistics Network	AGX Philippines	Top 10 Global Logistics Enterprises 2017
2018	X2 Logistics Networks	AGX Group	Best Operation Asia
2019	X2 Logistics Networks	AGX Group	Best Overall Network Contribution Award
2020	Department of Finance – Bureau of Customs, Philippines	AGX Philippines	Plaque of Recognition for being one of the Top Brokers for 2020
2022	X2 Logistics Networks	AGX Malaysia	Best Overall Asia
2023	X2 Logistics Networks	AGX Malaysia	Best Operations – X2 Elite

Source: Company, CIMB Securities

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Buy	The stock's total return is expected to exceed 10% over the next twelve (12) months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
Reduce	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	<i>Note: The total expected return of a stock is defined as the sum of: the percentage difference between the target price and the current price; and the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months.</i>
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